

## National Express Group PLC: Trading Update

9 May 2019

### Growth in every division

National Express Group PLC (“National Express” or “the Group”) today reports its Trading Update for the period 1 January 2019 to 30 April 2019 (“the period”).

	Revenue growth in constant currency
ALSA	+11.8%
North America	+8.3%
UK	+4.4%
<i>UK bus</i>	+1.8%
<i>UK coach</i>	+7.0%
German Rail	+5.2%
<b>Group</b>	<b>+8.3%</b>

### Overview

- The Group has built on its record performance in 2018 and delivered growth in every division.
- Group revenue increased by 8.3% on a constant currency basis, up 11.3% on a reported basis.
- Good growth in Group profit before tax year-on-year, on both constant currency and reported bases.
- The Group remains on target to deliver its revenue, profit, free cash flow and leverage targets for the year.

### Highlights

ALSA has had a particularly strong start to the year, with revenue increasing by 11.8% in constant currency. On a like-for-like basis, revenue grew 7.8%. All Spanish segments, Morocco and Switzerland grew strongly, continuing the positive trend of broad-based growth across ALSA. Trading over the important Easter period was positive, with revenue up 9.1% and passengers increasing by 5.5%, year-on-year.

We are delighted to have renewed our largest Spanish urban bus franchise, a 10 year contract in Bilbao. The long haul concession renewal process has still not resumed and we do not expect any material impact on earnings before 2021. We are well-advanced in our preparations for our new services in Rabat, which start later this year.

North America has increased revenue by 8.3% in constant currency, despite the impact of school closures after particularly severe snow. The incremental year-on-year profit impact from the associated school closures is currently around \$4.5 million, although we expect a sizeable proportion of the lost schools days to be made up within our first half of the year. On a like-for-like basis, revenue grew 3.2%.

We have again applied a disciplined approach to pricing in the school bus bid season, prioritising margins and managing driver wage inflation. With 40% of our school bus revenue up for renewal, we are pleased to have so far secured an average rate increase of 5%, or 3.4% across our whole portfolio. These increases are fully offsetting driver wage inflation.

With our focus on margins and on-going 'up-or-out' strategy we have lost net 1,000 buses during the season so far, but expect that this figure will reduce as bidding closes and new routes are picked up when schools start.

In the period, and as previously announced, we acquired a majority stake in WeDriveU, Silicon Valley's premier employee shuttle business. This is a fast-growing business in a fast-growing region that also transforms our credentials in a very attractive nationwide market. We also made a further small acquisition in the period: a transit and para-transit operator in Arizona that also provides our first entry in to the growing non-emergency medical transportation services market.

Our UK operations have built further on their good performance in 2018, with revenue up 4.4%. Our UK coach business revenue has grown by 7.0% in the period. Our core coach business has delivered revenue growth of 5.3% in the period; this performance includes a particularly strong Easter, with revenue up 7.1% and passenger growth of 3.1%, year-on-year. We were delighted to retain our contract for both airside and car park shuttle services at Stansted Airport, for another five years at least. A trial of an on-demand coach service focusing on large events ('NEON') has also been launched.

Our UK bus business continues to see the benefit from the rapid adoption of smart, mobile and contactless ticketing. In the period, total bus revenue was up 1.8%, driven by an increase in commercial patronage of 1.6% and growth in tendered contracts. Commercial revenue per mile again grew strongly at 4%. We continue to work closely with the relevant local authorities to prepare for the start of Birmingham's Clean Air Zone (CAZ) on 1 January 2020. Our bus fleet will be fully-compliant ahead of the CAZ's introduction and we are well-advanced in developing options to support the policy's ambition to secure significant modal shift.

Our German rail services continue to perform well, with underlying revenue growth of 5.2%. The mobilisation for our next contract – the first of three on the Rhine-Ruhr Express routes – is firmly on-track ahead of its start in June 2019.

We continue to have a strong pipeline of further acquisition and bidding opportunities across all divisions.

When Matthew Ashley's two-year assignment as President and CEO of our North American business concludes on 31 August he will assume a new role of Group Business Development Director, working on a number of projects including a particular focus on acquisitions. With the significant recent growth in our Transit business, Judith Crawford (Chief Executive of Transit) and Gary Waits (Chief Executive of School Bus) will both join the Group Executive Committee.

Following the close of the Annual General Meeting, Dr Ashley Steel will assume the role of chair of the Remuneration Committee. Jane Kingston, the current chair of the Remuneration Committee, will remain on the Board and as a member of the Remuneration Committee.

Dean Finch, Group Chief Executive, commented:

"I am pleased all of our divisions have started 2019 in a positive manner and we have seen strong trading over the important Easter period. Organic revenue growth has been secured across all of our increasingly diversified international portfolio. As our acquisition of a majority stake in WeDriveU demonstrates, this diversified international portfolio also continues to present new opportunities for further expansion, which we pursue when they meet our strict financial criteria.

“We will continue to focus on operational excellence to drive shareholder value, by both delivering high quality services for our customers and generating cash to invest in technological modernisation and future expansion. We remain on track to meet our full year profit and cash flow expectations.”

### **Enquiries**

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**There will be a call for analysts at 8:00am, hosted by Dean Finch, CEO, and Chris Davies, Group Finance Director. The dial-in-details for the call are:**

**UK Toll Number: +44 3333 000 804**

**UK Toll-Free Number: 0800 358 9473**

**URL for international dial in numbers:**

**[http://events.arkadin.com/ev/docs/NE\\_W2\\_TF\\_Events\\_International\\_Access\\_List.pdf](http://events.arkadin.com/ev/docs/NE_W2_TF_Events_International_Access_List.pdf)**

**Participant PIN: 28168044#**

### **Notes**

*Legal Entity Identifier: 213800A8IQEMY8PA5X34*

*Classification (referencing DGTR Annex 1R): 3.1*

*The disclosure in this announcement regarding Matthew Ashley's change of role is made pursuant to Listing Rule 9.6.11R (3).*

*For definitions see page 205 of the 2018 Annual Report and Accounts.*