National Express Group PLC: Trading Update

16 May 2018

Positive performance across all divisions

National Express Group PLC ("National Express" or "the Group") today reports its Trading Update for the period 1 January 2018 to 30 April 2018 ("the period").

	Revenue growth in constant currency
North America	+9.0%
ALSA	+6.3%
UK	+1.4%
UK bus	*+0.7%*
UK coach	*+2.3%*
German Rail	(0.7%)
Group	**+6.2%**

Overview

- The Group has maintained the strong momentum from the end of 2017, with positive results across all divisions.
- Group revenue from continuing operation
- s has increased by 6.2% on a constant currency basis, up 1.7% on a reported basis.
- Double digit growth in Group profit before tax year-on-year, on both constant currency and reported bases, with improved profit margin.
- The revenue and profit performances have benefited from both organic growth and the bolt-on acquisitions made last year.
- The Group remains on target to deliver its revenue, profit, free cash flow and leverage targets for the year.

Highlights

North America had a strong start to the year with revenue up 9% in constant currency. This result reflects the benefit of recent acquisitions and robust underlying trading, despite the impact of school closures after a period of severe snow. We expect a sizeable proportion of the lost schools days to be made up within our first half of the year.

We have prioritised disciplined pricing in the school bus bid season. With the season nearly complete we have seen one of the highest rate increases of recent years: 6.2% for contracts renewed or renegotiated, or 3.6% across our whole portfolio. We expect these rates to exceed wage growth in 2018.

In the period we have acquired a 315 vehicle school bus business in New York State and won a 147 bus transit contract, close to existing operations in Massachusetts.

ALSA delivered a strong increase in revenue of 6.3% in constant currency. This growth was broad-based, with positive performances in all Spanish segments as well as in our Morocco and Swiss operations.

ALSA has made one acquisition in the period: a company that organises land-based trips and services to the growing cruise ship industry across Spain. This helps further diversify our business and provides strong synergies with our transport operations. We are still awaiting the final results of the 350 bus Rabat joint venture contract in Morocco. There are also emerging opportunities in other Moroccan cities.

In the period the Spanish government re-started the concession renewal process, with one of our smaller contracts included in this round. Importantly, the bidding specifications have again been amended (i.e. beyond those we outlined at our 2017 half year results) to further increase the technical score and reduce the price component. We believe these changes will benefit ALSA given its reputation for quality and help promote sensible pricing.

Both of our UK operations have maintained their good momentum from the end of 2017, with revenue up 1.4% on a continuing basis. Our coach business continues to benefit from its sophisticated revenue management system and marketing strategy, with revenues up 2.3% in the period despite lapping a very strong period in 2017. It enjoyed a particularly strong Easter, with revenue up 9% and passenger growth of 5%, year-on-year.

Our UK bus business also continues to benefit from sophisticated pricing, with the low fares zones and new smart ticketing continuing to prove increasingly popular and helping drive revenue up 0.7% in the period. Contactless ticketing is now fully rolled out across the West Midlands. Commercial revenue continues its positive trend, up 0.8%.

Our German rail services performed well, and we remain on-track with the mobilisation for our next contract which starts in June 2019. As expected, as we lapped the catch-up revenue recognised in the period last year, revenues declined by 0.7% in constant currency. If the catch up income is removed, then the underlying revenue improvement is 4%.

In the period we took the opportunity to amend and extend our Revolving Credit Facilities, securing nearly £500 million of liquidity to 2023.

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

Dean Finch, Group Chief Executive, commented:
"I am pleased all of our divisions have started 2018 in a positive manner. Our strong revenue performance has again been driven by both organic growth and the benefit of recent acquisitions. Our diversified international portfolio continues to deliver broad-based growth and open additional opportunities for further expansion.

"We continue to focus on operational excellence to drive growing shareholder value by both delivering high quality services for our customers and generating cash to invest in future expansion. These opportunities will continue to be sought in a disciplined manner and we will only pursue them if they meet our strict financial criteria. We remain on track to meet our full year profit and cash flow expectations."

Enquiries

National Express Group PLC	
Chris Davies, Group Finance Director	0121 460 8655
Anthony Vigor, Director of Policy and External Affairs	07767 425822
Louise Richardson, Head of Investor Relations	07827 807766
Maitland	020 7379 5151
Rebecca Mitchell	07951 057351

There will be a conference call for investors and analysts at 0815 on 16 May 2018. Dial in details are as follows:
UK Toll Number: +44 33 3300 0804
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
Participant pin: 78531978#

Notes
All revenue, profit and margin data is based on the Group's continuing operations and refers to normalised results, which exclude intangible amortisation for acquired businesses, profit for the period from discontinued operations and consequent UK restructuring. The Board believes that this gives a more comparable year-on-year indication of the operating performance of the Group and allows users of this information to understand management's key performance measures.

Constant currency basis compares current period's results with the prior period's results translated at the current period's exchange rates. The Board believes that this gives a better comparison of the underlying performance of the Group.