

National Express Group PLC

Trading Update

12 May 2021

National Express Group PLC (“National Express” or “the Group”) today reports its Trading Update for the period 1 January 2021 to 30 April 2021 (“the period”).

Overview

- The trend of improving performance is continuing despite ongoing Covid-related restrictions. April revenue is up by around 50% compared to last year.
- Despite revenue for the period being 16% below last year (with two and a half months of 2020 largely unaffected by Covid restrictions) operating profit is ahead of last year driven by the actions taken to reduce costs.
- We continue to generate positive EBITDA, slightly ahead of our base case, with positive underlying operating profit delivered in March and April, strongly ahead of last year.
- We retain significant liquidity and expect to close the first half of 2021 with around £0.9 billion in cash and undrawn committed facilities after repaying the CCFF and short-term facilities as planned.
- Given the ongoing restrictions on travel, we continue to anticipate first half performance to be at least in line with that delivered in the second half of 2020. In our base case scenario, we continue to project a robust improvement in the second half of the year as vaccination programmes enable more restrictions to be lifted.

Ignacio Garat, Group Chief Executive, said:

“I am pleased to see the continued improving performance trajectory across our business in the first four months of 2021 despite the ongoing lockdown restrictions. It is very encouraging to see the positive impact on profit delivery of the management actions taken last year.

I remain grateful for the tireless work and commitment of our colleagues, and for the ongoing support we continue to receive from both customers and authorities, once again demonstrating the strength of the relationships we have built over the years. Progress has been made on a number of the ‘big deltas’ outlined at the full year results presentation including the mobilisation of new fleet in Casablanca and the launch of new standard operating procedures in North America School Bus, already delivering financial benefits as part of our ‘Driving Excellence’ programme.

Whilst we remain focused on managing what we can control, we remain confident that as restrictions across the world are lifted we will see a strong recovery in demand for our services.”

Divisional operating highlights

ALSA

- Despite continuing lockdown restrictions, ALSA secured revenue at around 75% of 2019 levels in the period.
- Our, revenue-protected, Spanish urban operations continue to operate a full service with patronage at around two thirds of pre-Covid levels.
- Inter-regional travel restrictions continue to impact demand for our long haul services where we are running around a quarter of the service operated in the first four months of 2019, with passenger numbers at around 27%.

- In Morocco, passenger numbers are up overall by over 60% compared to pre-Covid levels driven by the expansion of Rabat and Casablanca.
 - In Casablanca we have started services on 10 new routes with the delivery of 400 new buses, and a further 300 to be delivered later in the year.

North America

- We are currently operating services on around 90% of our school bus routes, through full 'traditional' or 'hybrid' (a mix of in-school and at home learning) arrangements.
 - Working closely with customers, we have secured around three quarters of our pre-Covid school bus revenue and continue to flex staffing levels as required
 - With the 2021/22 school bidding season almost complete, we have secured rate increases of 3.5% on contracts up for renewal, resulting in a 2.9% increase across the whole portfolio, with a 95% retention rate.
 - This compares favourably to the latest realised levels of wage inflation, however following the extension to September of the enhanced unemployment benefits programme, we are budgeting for an increase in the cost of driver recruitment at the start of the new school year.
- In our Transit business we are seeing an increasing demand for services which are now running at more than 75% of pre-Covid levels securing around 80% of pre-Covid revenue.
- In our Shuttle business, our strong customer relationships continue to underpin revenue of around 75% of pre-Covid levels, with 27% of services running.
- Our 'Driving Excellence' programme is already delivering financial benefits with record levels of on-time performance being delivered consistently across our school bus portfolio.

UK

- Our UK Bus business continues to run a full service with patronage over 60% of pre-Covid levels. We continue to benefit from government support, underwriting the cost of operating a socially-distanced service.
 - We welcome the National Bus Strategy and the proposals for operators to work in partnership with local authorities, an approach that has worked very well for many years in the West Midlands.
 - The launch of the Birmingham Clean Air Zone on 1st June along with further bus priority measures will help to drive modal shift, reducing congestion, improving air quality and growing passenger volumes.
- Having temporarily mothballed our UK coach network due to England's third lockdown, we have reopened and are currently running 13% of pre-Covid mileage with occupancy rates of around 85% of available seats translating into 8% of 2019 passenger numbers.
 - Social distancing restrictions remain the key determinant of occupancy levels, with less than half the normal seating capacity available to sell. Once social distancing restrictions are removed, we expect occupancy rates to rise given the pent-up demand for travel.
- Our NETS business has seen a surge in advance holiday bookings for travel after June, with bookings in March 2021 performing ahead of pre-Covid levels.
 - We have secured a number of new contract wins including shuttle services for the Wimbledon Tennis and Open Golf Championships.
- Our NEAT business continues to expand, winning a new demand responsive contract for Warwick University.

Enquiries

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About National Express

National Express is a leading mass transit provider with bus, coach and rail services in the UK, North America, continental Europe, North Africa, and the Middle East.

Notes

Legal Entity Identifier: 213800A8IQEMY8PA5X34

Forward looking statements and other important information

This document contains forward-looking statements with respect to the financial condition, results and business of National Express Group PLC. By their nature, forward-looking statements involve risk and uncertainty and there may be subsequent variations to estimates. National Express Group PLC's actual future results may differ materially from the results expressed or implied in these forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, National Express does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise. Forward-looking statements can be made in writing but also may be made verbally by members of the management of the Group (including without limitation, during management presentations to financial analysts) in connection with this document.