

National Express Group PLC: Trading Update

17 October 2019

STRONG TRADING OVER KEY SUMMER PERIOD

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

Dean Finch, Group Chief Executive said:

“We had another good trading performance in our key summer period. ALSA performed particularly well and our UK coach business grew despite lapping a very strong comparative period last year. North America posted strong growth, boosted by both our WeDriveU acquisition and a good back-to-school performance including improved wage control.

“With these results, the further delay to Spanish concession renewal and our recent successes in winning, retaining and mobilising significant contracts, our outlook remains positive. We will continue to focus on operational excellence as the foundation of our strategy to drive growing shareholder returns and maintain profit growth in the coming years.”

Group highlights

A good summer’s trading, with all divisions growing revenue and profit. Our Spanish and Moroccan division, ALSA, performed particularly well. This drove a strong Group performance:

- Group revenue was up 14.5% in reported terms (11.8% in constant currency);
- Group Operating Profit grew 14.3% in reported terms (15.0% in constant currency);
- Group Operating Margin was also up in the period.

This performance has been complemented by significant new contract wins, renewals and mobilisations in the period which will help sustain momentum in the medium term (as referred to in yesterday’s statement):

- A €1 billion, 700 bus contract in Casablanca, for up to 15 years. Having doubled our presence in Morocco with our Rabat contract, which started in August, Casablanca nearly doubles our presence again.
- The renewal and expansion of our second largest North American transit contract, in Boston. This renewal is for up to 7.5 years, starts in January 2020 and will nearly double revenue to \$420 million across the contract.
- Our new National Express Accessible Transport (NEAT) business successfully started operations in the period, in the West Midlands. This 400 vehicle operation helps build a strong credential to target expansion in this interesting and growing market.

The Spanish concession renewal process has been further delayed, after a successful legal challenge by another operator against the live tenders. These and future tenders will now be revised to address the legal challenge. This further delay only reinforces our previous guidance that any significant impact from the renewal process on ALSA’s earnings will not be felt for a number of years.

Divisional highlights

ALSA: strong summer trading and significant new Moroccan contracts

- Revenue increased by 8.5% in constant currency, overwhelmingly driven by organic growth.
- Passenger numbers for the division grew by 9.5%.
- Every segment of ALSA's business grew both revenue and passengers in the period;
- Revenue per kilometre for the Spanish operation grew by 7.9%.
- A very successful mobilisation of our over 400 bus Rabat, Morocco contract in August. After our success in Casablanca, ALSA will be the sole operator in five of Morocco's six largest cities and we are targeting further growth in both urban services and entry in to the inter-urban market.

North America: the best ever back-to-school wage performance and a major transit award

- Revenue increased by 20.6% in constant currency, with our recent acquisition WeDriveU performing in line with expectations and therefore driving the majority of this growth.
- A good back-to-school period was exemplified by the early success of our wage control initiative:
 - This delivered the best ever September wage-to-revenue ratio, helping to drive an increase in school bus margin;
 - It was achieved through a new standardised and audited driver scheduling system, developed through the Delivering Excellence programme;
 - As well as firmly embedding and enhancing this approach, 2020 will see further Delivering Excellence initiatives to drive efficiency and operational improvements.
- In addition to our successful renewal and expansion of our Boston paratransit contract, we have two small contract wins in New York and another in Connecticut continuing our hub strategy, growing efficiently from existing locations in major urban areas.

UK: a good summer performance, despite lapping a very strong comparative period

- Positive trading across both our bus and coach businesses, against a very strong comparative period last year, saw revenue increase by 3.2%.
- UK coach performed well in its key summer period:
 - Core revenue was up 3.1%;
 - Core passengers was up 3.9%;
 - Core revenue per mile was up 3.0%.
- UK bus maintained its revenue and passenger growth in the West Midlands:
 - Commercial revenue increased by 0.7%;
 - Commercial passengers increased by 0.4%;
 - Revenue per mile was up 2.9%;
 - Overall UK bus revenue was up 4.3%, after the inclusion of our NEAT services.
- National Express West Midlands was judged the safest public transport company of all those audited across the world by the British Safety Council.

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
<i>Maitland/AMO</i>	020 7379 5151
James McFarlane	07584 142665

There will be a conference call for investors and analysts at 0900 on 17 October 2019. 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: 12078241#

Legal Entity Identifier: 213800A8IQEMY8PA5X34.

Classification (referencing DTR6 Annex 1R): 3.1.

Notes

All revenue, profit and margin data are based on the Group's continuing operations and refer to normalised results, which exclude intangible amortisation for acquired businesses and results for the period from discontinued operations. 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.

Unless otherwise stated, financial data are presented on a constant currency basis, comparing the 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.

Cautionary statement

Information set forth in this announcement may contain certain 'forward-looking statements' with respect to National Express Group PLC ('Company' or 'Group') and the Group's financial condition, results of its operations and business, and certain plans, strategy, objectives, goals and expectations with respect to these items and the economies and markets in which the Group operates.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'anticipates', 'aims', 'due', 'could', 'may', 'should', 'will', 'would', 'expects', 'believes', 'intends', 'plans', 'targets', 'goal' or 'estimates' or, in each case, their negative or other variations or comparable terminology. Forward-looking statements are not guarantees of future performance. By their very nature, forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Many of these assumptions, risks and uncertainties relate to factors that are beyond the Group's ability to control or estimate precisely. There are a number of such factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, changes in the political conditions, economies and markets in which the Group operates (including the outcome of the negotiations to leave the EU); changes in the legal, regulatory and competition

frameworks in which the Group operates; changes in the markets from which the Group raises finance; the impact of legal or other proceedings against or which affect the Group; changes in accounting practices and interpretation of accounting standards under IFRS, and changes in interest and exchange rates.

Any forward-looking statements made in this announcement, or made subsequently, which are attributable to the Company or any other member of the Group, or persons acting on their behalf, are expressly qualified in their entirety by the factors referred to above. Each forward-looking statement speaks only as of the date it is made. Except as required by its legal or statutory obligations, the Company does not intend to update any forward-looking statements.