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PRESS RELEASE

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THE GO-AHEAD GROUP PLC

(“GO-AHEAD” OR “THE GROUP”)

TRADING UPDATE FOR THE PERIOD FROM 28 JUNE 2020 TO 2 DECEMBER 2020

The Go-Ahead Group plc today announces its trading update for the period from 28 June 2020 to 2 December 2020. The next scheduled update is the Group’s half year results for the six months ending 2 January 2021 which will be announced on 11 March 2021.

- **Clear priorities** - during the COVID-19 crisis, we have three priorities: to safeguard the health and wellbeing of our colleagues and customers; to play our role in society in challenging times; and to protect our business
- **Robust trading performance**
  - Regional bus services continue to be supported by Government
  - London & International bus is trading well. Our expectations for the full year are now ahead of previous guidance reflecting a one-off benefit due to the timing of recognition of Quality Incentive Contract income
  - Rail expectations for the year are unchanged. Operational performance in Germany remains stable
- **Strong fundamentals**
  - 90 per cent of Group revenues are secured through contracts with no revenue risk from changes in passenger demand
  - Operations remain cash generative and the Group is expected to have around £200m available in unutilised facilities and cash at the half year end
  - As previously guided, adjusted net debt to EBITDA is expected to remain well below our 3.5 times bank covenant, peaking towards the upper end of our 1.5 to 2.5 times target range at the half year end

Go-Ahead Group Chief Executive, David Brown, said:

“As set out by the Prime Minister in his ten-point green plan, public transport is vital to achieving the country’s net zero ambitions while supporting economic growth. This, combined with public transport’s ability to support the health and wellbeing agenda, underpins my confidence in the prospects of the Group.

“As a private operator of public transport, we have the experience and skills to help communities thrive by connecting people to jobs, education, shops, family and leisure facilities.

“Prior to the second lockdown, we were pleased to see passenger journeys reaching nearly 60 per cent of pre-crisis levels in some regions, showing people’s desire to travel once restrictions are eased. With enhanced vehicle cleaning, the provision of hand sanitiser and mandatory use of face coverings, passengers can travel confidently on our services that are safe and clean.

“I am immensely proud of the commitment of our 30,000 people and all they have achieved during such a difficult time.”

Our markets

Regional bus

Our regional bus businesses continue to support their communities throughout the crisis, providing a comprehensive timetable of services, including throughout the second lockdown. Having recovered to 50 to 60 per cent of pre-crisis levels before this lockdown, commercial bus passenger numbers have reduced by around 15 percentage points over the past four weeks.

The Government continues to support bus services in England through its Coronavirus Bus Service Support Grant (CBSSG). This support, which results in a breakeven financial performance for our regional bus operating companies, will continue until it is no longer required. As a result of the reintroduction of the Government’s three-tiered system across England until at least February 2021 we now expect our regional bus services to require support further into the financial year than we had previously hoped.

Due to the ongoing uncertainty around levels of passenger demand as a result of the pandemic, we remain unable to provide meaningful full year financial guidance for regional bus. However, we do expect this division to make a positive contribution in the year, reflecting the recognition of CBSSG relating to the prior year in the first half of the year, and property rental income. In the first six months of the year we anticipate profitability to be approximately half that achieved in the same period of the prior year.

London & International bus

This division remains resilient and continues to trade well in all three geographies. We continue to work in close partnership with our transport authority clients to support the delivery of reliable bus services throughout the crisis.

Our expectations for the year ending 3 July 2021 are now ahead of previous guidance, with the majority of the upside expected to be recognised in the first half of the financial year. This stronger than expected performance is largely due to a one-off benefit due to the timing of recognition of Quality Incentive Contract income.

With 100 per cent of revenue in this division generated through contracts, we have good visibility of financial performance into the second half of the year.

Rail

In the UK, Southeastern and GTR are performing well. The contracts, which both have inbuilt extension options, are scheduled to run until Autumn 2021. The DfT has recently indicated that it may introduce direct award contracts of up to six years when current agreements end. Southeastern and GTR are not subject to any termination sum payable to the DfT.

In Germany, operational performance remains stable and improvement plans in Baden-Württemberg are progressing in line with our expectations. We continue to forecast a positive contribution from this business in our 2023 financial year. Mobilisation of the contracts in Bavaria is underway ahead of their respective start dates in December 2021 and December 2022, with a particular focus on driver recruitment and training.

Our rail business in Norway is performing well operationally. The Norwegian Government continues to support the delivery of rail services through a no net loss, no net gain arrangement which has been confirmed until at least the end of the 2020 calendar year.

Our expectations for this division remain unchanged and we continue to anticipate a breakeven performance in the year ending 3 July 2021.

Liquidity and bank covenant

The Group's balance sheet remains robust and liquidity is good and in line with our expectations. At the half year end, we expect to have around £200m available in cash and unutilised facilities.

As previously stated, we expect our adjusted net debt to EBITDA ratio to peak towards the upper end of our 1.5 to 2.5 times target range at the half year end, remaining well below our 3.5 times bank covenant.

A requirement of the current contracts in UK rail resulted in the temporary restriction of cash held in the franchises. At the end of March 2021, we expect an element of restricted cash to be made available to the Group, improving liquidity and the adjusted net debt to EBITDA ratio.

We maintain a positive dialogue with our lenders and continue to keep our arrangements under review. We have no debt maturities until 2024.

Our operations have remained cash generative throughout the crisis. Our financial discipline remains strong and we continue to minimise costs and cash outflows wherever possible. Tight control of capital expenditure continues to support our cash position. Our expectation for Group capital expenditure is unchanged at around £65m for the full year, more heavily weighted towards the second half of the year.

Since the start of the crisis, S&P and Moody's have reaffirmed respective credit ratings at BBB- and Baa3; and both consider the Group's outlook to be stable.

Dividends

We understand how important financial returns are to our shareholders and appreciate their loyalty throughout this crisis, enabling us to continue delivering essential services to our communities.

The Board is working towards paying a dividend at an appropriate level in the 2021 calendar year.

Outlook

Overall, our financial outlook for the 2021 financial year has improved, with an increase in our expectations in the London & International bus division, and no change in the rail division. While regional bus is expected to make a positive contribution in the year, ongoing uncertainty relating to the recovery of passenger demand prevents us from providing meaningful full year financial guidance for the division at this stage.

Worldwide government recognition of the importance of public transport in enabling social and economic recovery, coupled with our resilient business model and disciplined financial management, mean we can continue to support our business as we look towards the future.

A call for analysts and investors will be held at 8.30am. Please contact investorrelations@go-ahead.com for details.

ENDS

For further information, please contact:

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GO-AHEAD
Go-Ahead is one of the leading UK public transport operator companies. Our purpose is to be the local partner taking care of journeys that enhance the lives and wellbeing of our communities across the world. Employing around 30,000 people across our businesses, typically over 1.2 billion passenger journeys are undertaken on our rail and bus services every year. In addition to the travelling public, our customers include governments and local authorities. We are committed to contributing to tackling climate change, improving air quality and reducing social isolation, and aim to run a zero emission bus fleet by 2035.

BUS
Go-Ahead is one of the UK's largest bus operators. With a fleet of nearly 6,000 buses, we carry over two million passengers every day. We have a strong presence in London, with around 24 per cent market share, where we provide regulated services for Transport for London. Outside London, we principally serve high-density commuter markets, including the North East, Greater Manchester, East Yorkshire, East Anglia, South East and South West England. Internationally, we operate a bus contract in Singapore and two bus contracts in Ireland.

RAIL
The rail division operates two franchises in the UK, three contracts in Germany and one in Norway. In the UK, Southeastern and GTR (Govia Thameslink Railway) operate through our 65 per cent owned subsidiary, Govia, which is 35 per cent owned by Keolis. It is the largest rail operation in the UK, responsible for around 30 per cent of all UK passenger rail journeys through its rail franchises. In Germany and Norway, our contracts are run exclusively by Go-Ahead.