

PRESS RELEASE

15 December 2016

**THE GO-AHEAD GROUP PLC
("GO-AHEAD" OR "THE GROUP")**

PRE-CLOSE TRADING STATEMENT

**Full year rail expectations slightly lower;
higher GTR costs and increased overseas bidding**

The Go-Ahead Group plc today announces its pre-close trading update for the six months ending 31 December 2016 ahead of its half year results on 28 February 2017.

Our full year expectations for the rail division are slightly below our previous estimates* due to higher than expected costs associated with the GTR franchise and increased bidding activity in targeted markets overseas. The bus division remains in line with previous expectations.

The Group remains in a good financial position, with strong cash generation and a robust balance sheet.

Bus:

Regional:

Passenger revenue and journeys in our regional bus business are expected to be up slightly year on year in the first half of the year. Weakness in the north east continues to impact our operations in the region, suppressing overall growth rates for the division.

Expected half year growth rates:

Revenue	Passenger journeys
c. 1%	c.0.5%

Excluding the north east, our revenue growth was c.2% and passenger growth was c.1%.

London:

Following a stronger than expected performance in the first quarter of the year, Quality Incentive Contract payments have since reduced.

Expected half year growth rates:

Revenue	Mileage
c.2.5%	c.0.5%

*Excluding the impact of the change in accounting policy for rail pensions, as announced by the Group on 29 November 2016.

Singapore:

Our bus services in Singapore are operating well. We look forward to hearing the outcome of the latest contract tender in early 2017.

Rail:

Our rail division operates the GTR, Southeastern and London Midland franchises through our 65% owned subsidiary Govia.

London Midland continues to trade well and is expected to make profit share payments to the Department for Transport (DfT) for the remainder of the franchise. We recently submitted our bid for the new West Midlands franchise, due to commence in October 2017. The DfT is expected to announce the winner of the competition in early summer.

In Southeastern, which also continues to make profit share payments to the DfT, the rate of revenue growth is slowing in line with national industry trends. Last week, the DfT indicated that it will extend the term of the Southeastern franchise by 24 weeks, to December 2018, on existing terms.

GTR services continue to be heavily impacted by industrial action. Discussions with the DfT regarding our contractual claims relating to the RMT industrial action are ongoing. Since our last update the ASLEF union announced and initiated its plans for industrial action. Subsequent claims in respect of the ASLEF action will be submitted to the DfT. The GTR team continues to work towards a resolution to these issues and provide the best possible service to customers under the circumstances. In doing so, we expect to incur additional costs in this financial year. Risks to the performance of GTR, as previously disclosed, remain.

Expected half year growth rates:

	Passenger revenue	Passenger journeys
Southeastern	c.2.5%	c.2%
London Midland	c.5.5%	c.4%
GTR	c.-4%	c.-2%

Overseas:

We are currently preparing bids for a number of contracts in the German rail market as well as awaiting the outcome of a previously submitted bid. We have recently increased our rail bidding activity in other targeted markets overseas and anticipate higher than previously expected bid costs in the year.

Rail pension accounting policy change:

On 29 November 2016 Go-Ahead announced it will change the way in which it accounts for rail pensions in its income statement. The first financial statements reported under the new methodology will be the half year results for the six months ending 31 December 2016.

ENDS

For further information, please contact:

The Go-Ahead Group

David Brown, Group Chief Executive	020 7799 8971
Patrick Butcher, Chief Financial Officer	020 7799 8973
Holly Gillis, Head of Investor Relations	020 7799 8984

Citigate Dewe Rogerson

Michael Berkeley/Chris Barrie/Eleni Menikou/Toby Moore	020 7638 9571
--------------------------------------------------------	---------------

GO-AHEAD

Go-Ahead is a leading UK public transport operator, providing high quality services in the bus and rail sectors. Employing around 27,500 people across the country, over one billion passenger journeys are undertaken on our services each year. We are committed to operating our companies in a safe, socially and environmentally responsible way and are proud to have been accredited with triple Carbon Trust Standard for reductions in carbon, water and waste. In addition to the travelling public, our customers include the Department for Transport, Transport for London (TfL) and local authorities.

BUS

Go-Ahead is one of the UK's largest bus operators. With a fleet of around 4,800 buses, we carry around two million passengers every day. Our operations are focused on high density commuter markets. We have a strong presence in London, with around 24 per cent market share, where we provide regulated services for TfL. We operate deregulated services in Oxford, East Anglia, the South East, Southern and North East England. In September 2016, the Group began operating a bus contract in Singapore, on behalf of the Singaporean Local Transport Authority.

RAIL

The rail operation, Govia, is 65 per cent owned by Go-Ahead and 35 per cent by Keolis. It is the largest rail operation in the UK, responsible for over 30 per cent of all UK passenger rail journeys through its rail franchises: GTR (Govia Thameslink Railway) Southeastern and London Midland.

Disclaimer

Certain statements included in this press release contain forward-looking information concerning the Group's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the sectors or markets in which the Group operates. By their nature, forward-looking statements involve uncertainty because they depend of future circumstances, and relate to events, not all of which are within the Group's control or can be produced by the Group. Although the Group believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Nothing in this press release should be construed as a profit forecast and no part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in The Go-Ahead Group plc or any other entity, and must not be relied upon in any way in connection with any investment decision. Except as required by law, the Group undertakes no obligation to update any forward looking statement.