

## National Express Group PLC

### Q1 Trading Update – Revenue back to 2019 levels

26 April 2022

National Express Group PLC (“National Express” or “the Group”) today reports its Trading Update for the period 1 January 2022 to 31 March 2022.

#### Overview

- Q1 Group revenue back to 2019 levels, with March ahead of 2019:
  - Seventh consecutive quarterly improvement, with revenue up 30% year on year in constant currency.
- Particularly strong recovery seen in our UK and ALSA coach businesses, demonstrating strong pent-up demand for travel.
- Fuel hedged 100% for 2022, 69% for 2023 and 33% for 2024 at prices in line with, or below 2021.
- Securing rate increases ahead of wage inflation on renewed contracts as we work to mitigate the industry wide challenge of driver shortages in US School Bus.
- Continue to see good growth opportunities across the Group:
  - Actively involved in a number of bids in North American Transit and Shuttle;
  - Short-listed for an urban bus contract in Dubai;
  - First of our new contracts in Portugal to commence operations in June.
- Renewed confidence in our short and long term guidance, including 2022 revenue in line with 2019 levels, and delivering at least £1.25 billion of free cash flow between 2022 and 2027 inclusive.

#### Ignacio Garat, Group Chief Executive, said:

“We have made a good start to the year and it’s pleasing that revenues have bounced back to 2019 levels, improving through the first quarter. The strong recovery in our discretionary coach businesses in both the UK and Spain shows the pent-up demand for travel which is further evidenced by our strong trading over Easter.

The cost of living crisis is starting to bite for many people, and our bus services offer an attractive low cost alternative form of travel to help offset higher prices elsewhere.

Modal shift out of cars is the single most important thing we can do to tackle climate change – and National Express has a major role to play here, providing safe, reliable and affordable services that not only help our planet but also our passengers in their daily lives.

Governments around the world are aware of this and are adjusting policy towards greater use of public transport to meet their decarbonisation and clean air targets.

We continue to believe that our proposed combination with Stagecoach, with at least £45 million of run-rate synergies, represents a superior value creation opportunity to the DWS offer. However, we will remain disciplined in the assessment of our options going forward.

Looking ahead, having made an encouraging start to 2022, we anticipate further strong recovery in demand over the balance of the year, and are confident of delivering further improvements in performance during the year.”

## **Divisional operating highlights**

### **ALSA**

- Revenue grew by 53% in constant currency in Q1, now exceeding 2019 levels in both Spain and Morocco.
- Continued recovery in demand for our long haul services where revenue is now at around 72% of 2019 levels, and patronage at around 70%, rising further over the Easter period with some routes seeing demand at over 90% of 2019 levels.
- In Morocco, revenue was up 21% in Q1 and, encouragingly, we saw record passenger numbers recorded in both Rabat and Tangier.
- In Portugal, we are mobilising our two contracts, the first of which will start operating services in Lisbon in June.

### **North America**

- Revenue grew by 11% in constant currency in Q1, now at around 87% of 2019 levels.
- Driver shortages in School Bus continue to be a short-term industry challenge which will inevitably require wage levels to rise. As contracts are renewed over time, we are securing rate increases ahead of wage inflation and expect to continue to do so as the majority of remaining contracts are tendered through this year and next.
- In our Transit business, service levels are running at over 75% of pre-Covid levels while in Shuttle we are now operating over 90% of services.
- Transit is actively engaged in a number of bidding opportunities, while Shuttle has secured another new contract in the Universities sector, increasing our exposure and credentials in this growing and attractive market.

### **UK & Germany**

- UK revenue grew by 33% in Q1
- Rapid recovery in Coach, with revenue in March at 70% of pre-Covid levels, and rising:
  - Airport routes seeing a strong recovery in demand - with passenger demand up 40% month on month in March;
  - Intercity revenue is close to 80% of 2019 levels, with a number of key routes back at 100%;
  - Patronage now at its highest level as a percentage of 2019 passenger journeys with occupancy improving to 70%.
- Strong demand over the busy Easter period, with our London to airport routes approaching pre-pandemic levels on Good Friday.
- Further strong recovery expected in the year, as we continue to add capacity to capture the strong growth opportunities presented by the pent-up demand for travel.
- UK Bus is seeing passenger demand at over 80% of pre-Covid levels, where our low fares strategy is supporting passengers during the cost of living crisis.
- Working in partnership with TfWM, we have secured funding for 124 Hydrogen buses, making further progress towards our net zero emission fleet targets.
- Over £200 million further grant funding secured for the West Midlands, which will help encourage modal shift to buses through schemes such as doubling of bus priority lanes and support for low fares.
- German rail grew revenue by 64% in constant currency in Q1, boosted by the successful mobilisation of the two emergency contract awards.

### **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

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