

THE GO-AHEAD GROUP PLC

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

Full year results for the year ended 27 June 2020

Business overview

- Results slightly above our revised guidance, with overall financial performance significantly impacted by COVID-19 in regional bus and losses in German rail
 - Regional bus heavily impacted by COVID-19, operating profit* £20.5m (2019: £44.5m). Government support enabled breakeven performance since March
 - Resilient London & International bus businesses, operating profit of £48.5m (2019: £51.2m). Revenue protected by contracted income
 - Rail operating profit* of £8.9m (2019: £25.4m) impacted by lower contractual margins in Southeastern and significant operational and commercial challenges in German rail
- 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
- Resilient business model – 90 per cent of revenues secured through contracts with no revenue risk from changes in passenger demand
- Public transport remains critical to environmental sustainability, economic recovery, the delivery of health and wellbeing outcomes, and keeping communities connected
- Robust balance sheet, strong cashflows and good liquidity
 - Adjusted net debt to EBITDA of 1.96x**, comfortably within target range of 1.5 to 2.5x and well below 3.5x bank covenant
 - Underlying business remains cash generative
 - Unrestricted cash and unutilised facilities of c.£230m at the year end has since increased to c.£240m
- Committed to resumption of dividend payments when appropriate

* Before exceptional items of £26.7m in regional bus and £30.4m in German rail businesses. Details are provided in Note 7 to the financial statements.

** On a pre-IFRS 16 basis, in line with bank covenants.

Financial summary

	2020			2019
	Under IFRS 16	IFRS 16 effect	Under IAS 17	Under IAS 17
Revenue (£m)	3,898.4	—	3,898.4	3,674.2*
Operating profit pre-exceptional items (£m)	77.9	9.7	68.2	121.1
Operating profit post-exceptional items (£m)	20.8	9.7	11.1	104.3
Profit before tax pre-exceptional items (£m)	56.9	(4.0)	60.9	113.8
(Loss)/profit before tax post-exceptional items (£m)	(0.2)	(4.0)	3.8	97.0
Basic earnings per share pre-exceptional items (p)	51.6	(5.0)	56.6	169.4
Basic earnings per share post-exceptional items (p)	(66.5)	(5.0)	(61.5)	136.8

* Restated by £132.9m (decrease to revenue and offset by the same amount within operating costs) to reflect changes in the presentation of certain rail revenue streams.

	2020			2019
	Under IFRS 16	IFRS 16 effect	Under IAS 17	Under IAS 17
Cashflow generated from operations (excluding restricted cash) (£m)	508.6	385.5	123.1	209.9
Free cashflow (£m)**	352.8	371.8	(19.0)	74.1
Adjusted net debt (£m)^	965.9	644.3	321.6	270.3
Adjusted net debt/EBITDA^	1.76x	0.2x	1.96x	1.32x

** Before IFRS 16 lease charges (£371.8m) and restriction of previously unrestricted cash in rail (£45.7m) underlying free cashflow was £26.7m (H1: (£7.7m), H2 £34.4m). A detailed IFRS 16 reconciliation is provided in the notes to the Annual Report and Accounts 2020.

^ Adjusted net debt excludes restricted cash.

David Brown, Group Chief Executive, commented:

“Throughout this challenging period, my thoughts have been with the families and friends of our colleagues who have tragically lost their lives as a result of COVID-19.

“Our absolute priority is safeguarding the health and wellbeing of our colleagues and customers. Colleagues have been provided with additional protective equipment and cash handling has been reduced, aided significantly by our mobile ticketing, smartcards and contactless payment channels across all Go-Ahead bus and rail services.

“Our financial results for the year have been significantly impacted by the pandemic despite only four months of the crisis period falling within our financial year.

“Ninety percent of Go-Ahead revenues are secured through contractual arrangements, largely comprising revenues from our London & International bus business and UK rail franchises.

“While our German rail contracts have not been materially impacted by the crisis, this business continues to face significant operational and commercial challenges associated with the delayed delivery of trains and driver shortages. Through management action, we have seen operational performance improve and we have a clear plan to deliver profitability over the medium term.

“Our regional bus business has been heavily impacted by the crisis as the number of passengers travelling on our services reduced significantly in March as a result of lockdown restrictions. While we hope to be operating under more normal circumstances as soon as possible, we welcome the vital financial support that these services receive through government funding until passenger numbers recover.

“We are pleased to see more and more people travelling on our buses and trains. Our regional bus services are now carrying around 50 to 60 per cent of normal passenger numbers, enabling us to contribute to economic recovery while supporting social distancing requirements.

“Our devolved structure, strong values, resilient business model, disciplined financial management and risk appetite gave us a stable footing as the crisis unfolded. I believe these attributes will continue to support our business as we look to the future.

“While we live with the uncertainty that the pandemic has brought to our communities and our business, public transport continues to provide vital connectivity between jobs, education and leisure. We believe that the only way the UK Government can achieve its Net Zero carbon commitment, economic recovery and its health and wellbeing strategy, is through increased investment and focus on the use of public transport.”

For further information, please contact:

The Go-Ahead Group	
Holly Gillis, Head of Investor Relations	077 6630 5594
Press office	0207 799 8978

David Brown, Group Chief Executive, and Elodie Brian, Group Chief Financial Officer, will be hosting a Q&A conference call for investors and analysts at 9am today.

A video webcast of the presentation is available on Go-Ahead’s website from 07.00 today ; www.go-ahead.com.