

FirstGroup Statement Regarding the Extension of Great Western Railway Emergency Measures Agreement

FirstGroup are pleased to announce that the Department for Transport ('DfT') has exercised its option to extend the Emergency Measures Agreement ('EMA') for Great Western Railway ('GWR') until at least 26 June 2021.

On 30 March 2020 FirstGroup announced that they had signed an agreement with the DfT to continue operating GWR until March 2023, with a possible one-year extension. At that time, FirstGroup also announced that the franchise would run under EMA terms for at least the first six months in response to the coronavirus outbreak. That time period is now expiring and therefore the DfT has exercised its option for the EMA to continue under the same terms and conditions as previously. Under the EMA, the DfT waive our revenue, cost and contingent capital risk and GWR are paid a fixed management fee with the potential for a small performance-based fee.

Before the end of the EMA period in June 2021, the DfT has an option to further extend the EMA. GWR also has the right to revert to operating with revenue risk but with protection provided through the Forecast Revenue Mechanism until at least 2023. The franchise agreement also makes provision to agree a revenue rebasing which would apply at the end of the EMA term. The parent company support and performance bond commitments associated with GWR are each £10m, and cash ring-fenced within the train operating company was £266m as at 31 March 2020, out of a First Rail total of £612m.

GWR's existing EMA was signed on the same day as the new franchise agreement in March, and the DfT's option to review the EMA formed part of that contract. This process and timing is different from our other three rail franchises which were already on established franchise agreements before adopting EMAs in response to the pandemic. Discussions are underway with the DfT about these franchises which are under EMAs until 20 September 2020. Further updates will be provided to the market as appropriate.

Commenting, Matthew Gregory, Chief Executive said: "We welcome the news of the extension of the EMA for GWR. This demonstrates the essential nature of GWR's services to the communities it serves, and provides important clarity and continuity for our customers, employees and wider stakeholders. Across the network we are increasing service levels to provide more capacity as schools recommence and work and leisure facilities reopen, and we are taking all necessary steps to ensure our passengers continue to travel safely. This includes running services with more carriages to allow for distancing, enhanced cleaning and sanitisation of our trains and ensuring more customer-facing employees are readily available. We look forward to delivering further plans that will bring improvements for passengers over the next few months and into the future."