

# Go Ahead Group

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## Go-Ahead raises expectations for London, international buses but other divisions remain under pressure

Go-Ahead Group PLC (LON:GOG) said it has raised its full-year expectations for London and international buses but added that its other divisions remain under pressure.

Around 90% of its revenues are secured through contracts, meaning there is no risk from changes in passenger demand, the group said.

### READ: Go-Ahead says London buses a relative bright spot as it swings to loss

However, there is uncertainty over the recovery of passenger demand in the regional bus network, which is expected to see profits halve in the first half of the financial year.

Commercial bus passenger numbers have fallen by 15% over the past four weeks after recovering to 50%-60% of pre-crisis levels before the latest coronavirus lockdown.

The Government continues to support bus services in England through its Coronavirus Bus Service Support Grant which will continue until at least February, the firm said.

Meanwhile, it noted that London and international buses are trading well and are estimated to deliver a solid half-year performance above expectations, mostly due to the timing of recognition of Quality Incentive Contract income.

In this division, 100% of revenue is generated through contracts.

Looking at rail, the division is expected to break even in the year to next July, the company said.

The UK's Southeastern and GTR and the Norwegian arm are performing well, while the German business is expected to make a positive contribution from 2023 onwards.

The UK contracts are scheduled to run until Autumn 2021, while the Department for Transport 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, Go-Ahead said.

The half-year is expected to end with £200mIn available in cash and unutilised facilities while full-year capital expenditure is forecast to be around £65mIn, more concentrated in the second half.

Shares advanced 4% to 892.7p on Thursday morning.

--Adds shares--

**Price:** 1213

**Market Cap:** £523.74 m

#### 1 Year Share Price Graph



#### Share Information

**Code:** GOG

**Listing:** LSE

**52 week High Low**  
1988 390.2

**Sector:** Transport

**Website:** www.go-ahead.com

#### Company Synopsis:

Go-Ahead Group is a United Kingdom-based company engaged in the provision of passenger transport and aviation services. The company operates in three divisions: Bus, Rail and Aviation Services.

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