

## Statement by Robert Tchenguiz - FirstGroup

Robert Tchenguiz has an economic interest of 4.7% in FirstGroup PLC.

As the person with the largest individual economic interest in FirstGroup, Robert Tchenguiz is very disappointed with how the management misled or at best confused the public in the manner they expressed their announcement on Thursday.

The statements made were ambiguous, confusing and misleading, and suggested that the management of FirstGroup might still be committed to the defunct strategy presented by the deposed Chairman in May 2019. As a result, the investors suffered a massive 20% decline in the share price during the day.

In numerous communications with the Chairman, Robert Tchenguiz has asked him to publicly clarify that the "Strategic Plan outlined in May" is not being adopted by the company – which is no more than what he has been discussing with major shareholders in exclusive meetings. The Chairman however has refused to clarify his position publicly to stakeholders, and, regrettably, has forced this public request.

There is a clear disconnect between what the Chairman has stated and what the CEO presented on Thursday:

- In the Chairman's statement (buried on page 3 of the press release), he states that: *"I have ... met with our major stakeholders and have a clear understanding of their views and perspectives. There is broad alignment in the view that the task of extracting greater value from the Group is the clear priority. I agree that this is best achieved through a rationalisation of the current portfolio"*. The Chairman has also expressed to major stakeholders that the board *"is looking at all options"*.
- However, Matthew Gregory, the CEO of FirstGroup, stated in his presentation that [FirstGroup will] *"...focus on First Student and First Transit, our core contract businesses in North America"* and that the *"First Bus separation workstreams [are] making progress"*; he then made various references to the "Strategic Plan outlined in May".

These statements are in direct contradiction with one another and must be reconciled immediately by the Chairman. Key shareholders are not aware of what the strategy is – they have publicly on numerous occasions asked for a sale of the US business. Such a step would enable the company's operations to thrive under different, and more competent, ownership, and would release an important amount of value to investors.

Clearly, the rationale of a vibrant US business which is being managed in Aberdeen, six time zones away, is not the most effective or efficient management strategy. Although FirstGroup has the largest US school bus and transport business, the third largest US competitor has just attracted investment in the billions from major US/Canadian pension funds.

FirstGroup has no existing US shareholders of any significance although its largest asset is situated in the US. The business is geographically fragmented and not focused. There is a bus business in the US and one in the UK; there is a train business in the UK. If companies focused on their core business in particular regions, this is more conducive to and would attract more investment.

The right steps have already been taken by the company - which is the separation of the core businesses. Now a transparent Strategic Review should be conducted in parallel. The company is not making clear

that it is conducting a Strategic Review. This omission begs the question as to whether the company is ignoring investors' requests in order to continue a flawed, status quo strategy presented in May?

Every news article since the announcement only makes reference to concerns around minor financial issues and accounting changes communicated on Thursday, and this lack of transparency in respect of the company's strategy has caused unwarranted volatility in its share price.

Robert Tchenguiz's request of the Chairman was very specific; the Chairman has said in private meetings that the board will consider all options – he has asked the Chairman to use the correct terminology that the market will recognise which is that the Company will conduct a **Strategic Review**.

A Strategic Review is a structured process and will identify value-creating opportunities within the business. It will involve the board and its professional advisors and enable them to identify the best value propositions for the shareholders that may result in a break-up of the Company's disparate operations. This information should be available publicly to the stakeholders as soon as practicably possible.

It will also prevent the type of misleading statements that were made in November 2018, when the company announced an incorrect pension deficit of 1 billion pounds resulting in an unprecedented drop in the company's share price to the lowest it has seen.

Because of the EGM in June, the analyst community looked at and was very much in favour of Coasts Plan of a separation process. In June 2019, RBC analyst stated *"If Coast Capital's plan succeeds, then we see scope up to 245 pence a share. The US business alone is worth over 3.25 Billion Pounds"*.

Robert Tchenguiz regrets to have to make this forced announcement, but he is hereby publicly asking the Chairman to clarify his intentions and to put into effect a strategic review and clarify for the stakeholders without any ambiguity that this is what the company is doing.

*"If this sensible request is not adhered to, I am committed to doing whatever it takes to present stakeholders with transparency and more importantly, value creation opportunities which will most probably lead to trading in line with the company's international peers. In line with this commitment, I will look to conduct an EGM as soon as practically possible to remove the volatility created by ambiguity and provide shareholders with transparency in respect of the company's intentions and the measure of its value.*

*It is important that steps are taken as soon as possible to identify value creation for investors, and to implement these steps as soon as practically possible, giving employees and clients of these assets in North America the ability to pursue an independent future under a more engaged, competent, and well capitalized ownership".*