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First seeks £80m of bus disposals in two months

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First Group: target to raise £100m from bus business sales during 2012/13

First Group has claimed that it could yet meet its target of raising £100m from bus business sales during 2012/13 despite the deadline being less than two months away.

Achieving this would require £82m of sales before the end of March following previous announcements of disposals worth £18m. This figure includes the sale of the group's operations in Wigan, Chester and The Wirral to Stagecoach and the £1.5m sale of its Kidderminster and Redditch bus businesses to Rotala, which was announced last month.

"We do see a way to achieving that [£100m] before the end of the year and that remains the target, but, as I've said, we're prepared to wait longer if it's for the sake of doing the right deals," finance director Chris Surch told City analysts.

In clarifying its disposal programme, First stated that the £100m target related solely to 2012/13 and is additional to the £14m disposal of the Northumberland Park depot in London, which transferred to Go-Ahead the day before the previous financial year ended.

First also reported that a deterioration in the economic climate had caused UK bus revenue growth to decline to 2.1% during the October-December quarter, compared to 2.6% in the first half of 2012/13. First expects the operating margin for its UK Bus business to be approximately 8% in the year to 31 March 2013.

However, the company claimed it was "making headway with our detailed plan to recover performance and equip the business to achieve increased revenue and patronage growth", following network revisions in a number of cities, and targeted fare cuts in others.

"What we're seeing at the moment is that the changes that we are making are actually proving to be relatively successful in terms of increased volumes on the back of price decreases," Surch said.

In the year ended 30 June 2012, the Kidderminster and Redditch depots that First has agreed to sell to Rotala reported combined revenues of approximately £5.2m and an operating loss of £0.27m. They employ about 120 staff. The deal also sees Rotala acquire 36 vehicles from First.



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PASSENGER TRANSPORT

This article was first published in [Passenger Transport](#), the leading fortnightly magazine for the UK transport sector.

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