



First can now rebase itself as Britain's largest train operator and win back market share in the bus sector  
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# FirstGroup tender offer to shed activist investor Coast Capital

Robert Lea, Industrial Editor  
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FirstGroup is to shed itself of the activist investor Coast Capital, the US hedge fund, through a tender offer.

The transport group has launched a tender offer in which shareholders have been invited to sell their shares back to the company at a 9 per cent premium to the prevailing stock price,

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for nearly one third of the tender offer.

Following the £2.3 billion sale of its US city bus services and school yellow buses to a Swedish investment fund, First has been able to clear its debt mountain and plug its pensions holes leaving £500 million to be returned to its shareholder base. The tender offer is an usual route to returning the £500 million and is open to the first 476 million shares tendered by investors.

Coast Capital’s exit is an indication that the hedge fund believes its job is done — it had agitated for the split of First’s UK and US businesses. Coast Capital first appeared on the First Group share register in the spring of 2018 not long after the group’s stock had plumbed what were then all-time lows of below 80p a share and at a time that First was attracting takeover interest from private equity firms and hedge funds.

With the US businesses gone and its largest shareholder heading for the exit, First can now rebase itself as Britain’s largest train operator and win back market share in the bus sector. First may look at re-entering the London bus market, the UK’s most lucrative segment.

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The company operates the trains on some of the UK’s most important railway lines: the west coast main line into and out London Euston, Great Western into and out of Paddington, South Western into and out Waterloo and the Trans Pennine Express between Manchester and Leeds. It has also been

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route between London King's Cross and Edinburgh.

David Martin, First's executive chairman and a veteran of Britain's privatised bus and rail sectors, said: "This marks the culmination of our portfolio rationalisation."

Proceeds from the tender offer are due to be distributed in December. If the tender is not fully taken up First said it would launch a share buyback scheme of up to £50 million and if all the money even then was not fully disbursed it would issue a special dividend.

"The policy backdrop in the UK has never been more supportive and public transport has a critical role to play in helping communities and economies build back better and more sustainably," Martin, 69, said.

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"The premium for the tender offer reflects our confidence in our future prospects as well as the substantial further sums expected to be realised by the group over time [from the completed [sale of Greyhound](#)]."

Shares in First have been moving upwards in recent weeks at the prospect of the tender offer and today put on another 5 per cent, up 5p at 101¾p. That is the highest since the shares collapsed at the onset of the pandemic during which its shares crashed to a low of 32p in response to the government's strict travel restrictions.

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