

# FirstGroup boss to step down after largest shareholder demands resignation

Bus and rail operator FirstGroup has announced that its chief executive is to step down, a day after the company's biggest shareholder demanded he resign.

FirstGroup said Matthew Gregory, who has been in the post for less than three years, would leave in September amid anger over the sale of two US businesses.

Mr Gregory said he was leaving to "move on to new opportunities".

New York-based hedge fund Coast Capital had urged him to quit just a day earlier.



Image:

Matthew Gregory said the time was right to leave for new opportunities

It believed he had presided over the £3.3bn sale of First

Student and First Transit in the US on the cheap, arguing the deal was poorly timed at the peak of [COVID-19](#) disruption.

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It was backed by just over 60% of investors in May.

The company responded by saying it would return £500m to shareholders in an attempt to appease the dissenters.

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FirstGroup said on Tuesday that its chairman, David Martin, would become executive chairman until a successor to Mr Gregory was appointed and there was no change to its plan to sell its Greyhound coach business – delayed by the pandemic.

The news overshadowed the publication of the company's annual results which showed underlying pre-tax profits slumped to £39.4m from £109.9m previously after a tough year for public transport amid the pandemic.

FirstGroup said it was “encouraged” by improving demand for bus travel as restrictions ease, with passenger numbers now at about 60% of pre-pandemic levels.

The group said it expected volumes to recover to between 80% to 90% of pre-pandemic levels during the first year after social distancing restrictions on public transport end.

Shares, up 13% in the year to date, were trading slightly higher in early deals.