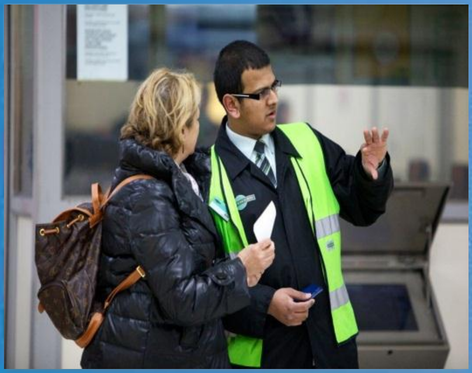




GO-AHEAD FULL YEAR RESULTS

for the year ended 29 June 2013

5 September 2013

Go-Ahead

Go-Ahead London · Go North East · METROBUS · go southcoast · Brighton & Hove · oxford bus company · city bus · konectbus · Thames Travel · carousel · Hedingham and District · anglianbus · SOUTHERN · Gatwick Express · southeastern · london midland

FULL YEAR RESULTS OVERVIEW

- Overall results slightly ahead of management expectations
- Record passenger levels across both bus and rail divisions
- Good progress towards bus operating profit target of £100m by 2015/16
- Sector-leading deregulated passenger revenue growth
- Solid revenue growth in rail
- Shortlisted for Thameslink and Crossrail franchise bid competitions
- Maintained full year dividend at 81.0p

KEITH DOWN

Group Finance Director

Go-Ahead

STRONG PERFORMANCE IN BUS

	Operating profit FY'12 £'m	One-off benefits FY'13 £'m	Acquisitions FY'13 £'m	Like-for-like Variance £'m	Operating profit FY'13 £'m
Deregulated bus	35.4	-	(0.1)	2.6	37.9
Regulated bus	34.8	1.6	2.2	1.7	40.3
Total bus	**70.2**	**1.6**	**2.1**	**4.3**	**78.2**
Rail	40.0	-	-	(15.7)	24.3
Total	**110.2**	**1.6**	**2.1**	**(11.4)**	**102.5**

- Overall results for the Group slightly ahead of management expectations
- Group revenue up 6.1%
- Like-for-like operating profit down £11.4m due to rail, offset by strong bus performance
- Record full year bus profits, despite significant fuel cost headwinds
- As previously identified, regulated profits helped by Olympic contracts worth £1.6m
- Acquisitions contributed £2.1m

Unless otherwise stated, operating profit excludes amortisation and exceptional items

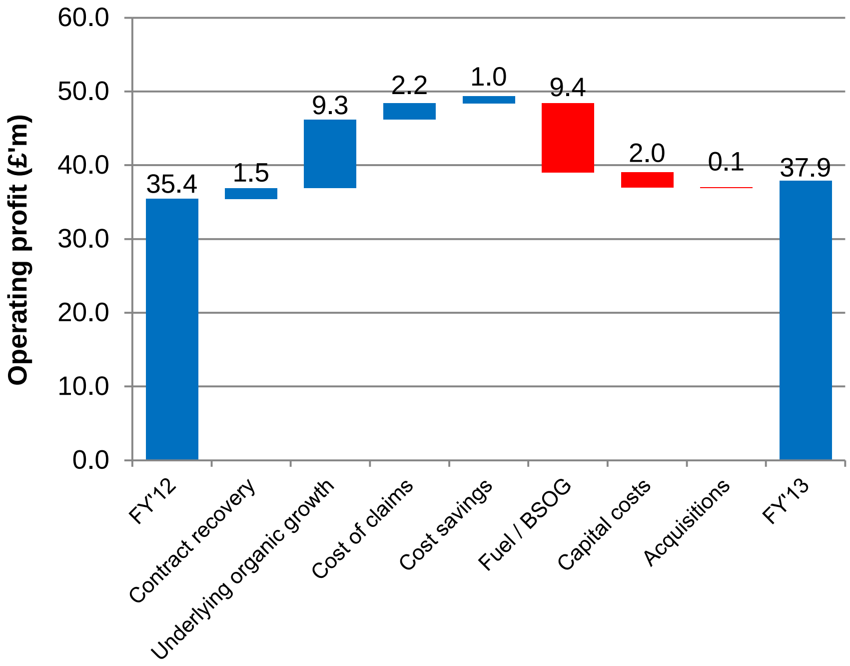
DEREGULATED BUS: Revenue

Total	FY'13	H1'13	H2'13
Revenue	7.9%	9.6%	6.1%
Passengers	3.1%	5.5%	0.7%

Excluding acquisitions	FY'13	H1'13	H2'13
Revenue	4.3%	4.7%	3.8%
Passengers	1.1%	2.7%	(0.5)%

- Performance consistent with prior years
- Lower H2 growth impacted by poor weather in Q3
- All companies reported underlying commercial revenue growth in the year.
- Growth in commercial passengers was partially offset by a weaker concessionary performance
- Lower fares increases in FY'13 compared to 4-7% increase in April 2012

DEREGULATED BUS: Profit bridge



Margin performance

%	FY'13	H1'13	H2'13	FY'12
Operating profit margin	11.2%	10.0%	12.5%	11.3%

- Operating profit up £2.5m to £37.9m
- BSOG impact and increased cost of fuel, as expected
- Capital costs in line with increased investment in fleet
- Cost savings ahead of schedule as part of £100m target
- Focus for FY'12 acquisitions has been investment to bring in line with Group standards
- Decline in number of accidents and reduced claim costs due to management action
- Underlying organic growth reflects like-for-like revenue growth outstripping cost inflation
- Improved margins in H2'13 reflect cost saving initiatives and improved claim performance

* Refers to a loss making contract which began in the first half of FY'12

REGULATED BUS: Revenue

Total	FY'13 (inc Olympics)	FY'13 (exc Olympics)	H2'13	H1'13 (inc Olympics)	H1'13 (exc Olympics)
Revenue	12.0%	10.5%	7.5%	16.9%	13.9%
Mileage	7.3%	6.8%	3.9%	11.1%	10.0%

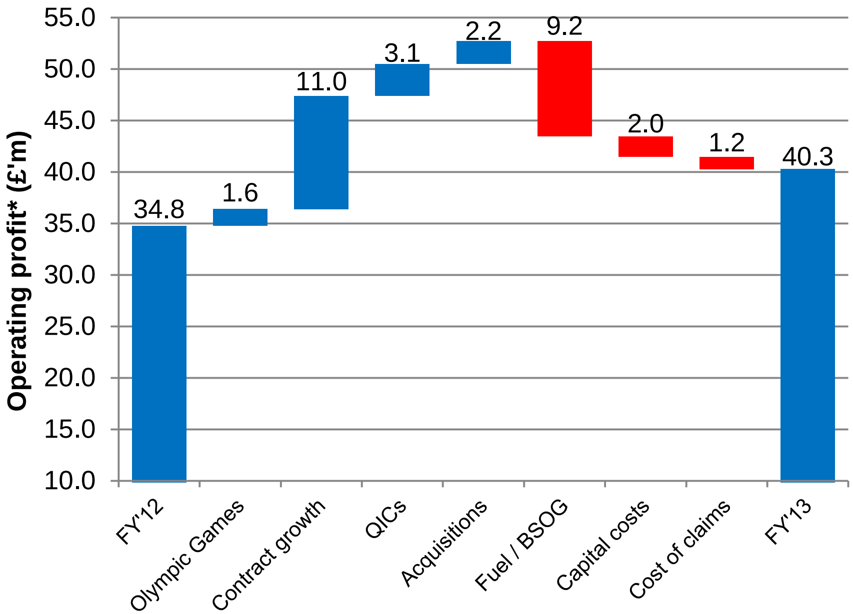
Excluding acquisitions

Revenue	6.5%	5.0%	3.8%	9.4%	6.3%
Mileage	2.5%	1.9%	0.6%	4.4%	3.3%

QICs	£9.9m	n/a	£5.4m	£4.5m	n/a

- Like-for-like revenue up 5.0%
- Like-for-like mileage up 1.9%
- Total regulated mileage increased by 7.3%, ahead of expectations due to contract wins
- Underlying mileage growth of 0.6% in H2 relatively stable as expected
- Expect mileage in FY'14 to be broadly flat +/- 1%
- Strong contribution from QICs due to strong performance and fewer roadworks around Olympics in H1 and excellent operational performance in H2

REGULATED BUS: Profit bridge



- Operating profit up £5.5m to £40.3m
- BSOG impact and increased cost of fuel, as expected
- Continued strong QICs performance post Olympics
- Capital costs in line with increased investment in fleet
- Acquisitions reflects the benefit from Northumberland Park, acquired in FY'12
- Successful delivery of Olympic contracts
- Small increase in insurance claim costs
- Margin improved in H2 due to QICs performance

Margin performance

%	FY'13	H1'13	H2'13	FY'12
Operating profit margin *	9.2%	9.0%	9.5%	9.2%

* Excluding Olympic impact

BUS: Fuel

Fuel hedging prices	FY'13	FY'14	FY'15	FY'16
% hedged	Fully	Fully	50%	25%
Price (pence per litre)	49.2	50.5	49.6	48.0
Usage (m litres pa)	127	127	127	127
£'m commodity cost	62	64	63*	61*

- FY'14 – fuel fully hedged at 50.5ppl, 2.6% higher than FY'13
- Future years hedging in line with policy
- Current outlook remains relatively stable until FY'16, with potential decrease in cost
- Headwinds of BSOG and fuel increases well managed
- 60% of fuel duty rebated through BSOG

FY'13 bus fuel cost	Pence per litre	Cost £m
Commodity cost	49	62
Duty	58	74
Delivery	1	1
BSOG	(35)	(44)
Net cost	73	93

* Assuming hedging completed at same average price

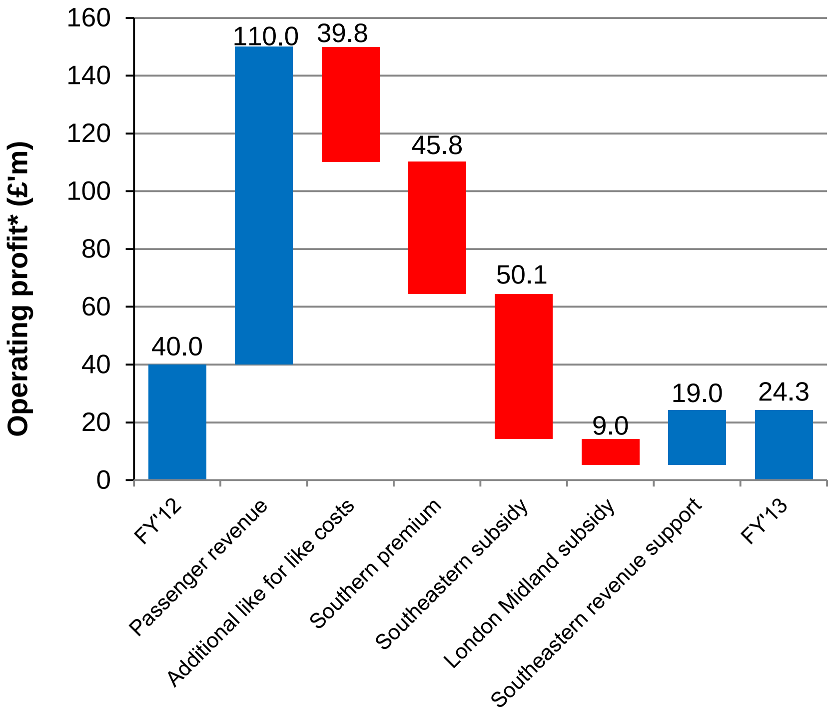
RAIL: Revenue

Passenger revenue	FY'13 (inc Olympics)	FY'13 (exc Olympics)	H2'13	H1'13 (inc Olympics)	H1'13 (exc Olympics)
Southern	5.6%	5.4%	5.3%	6.0%	5.5%
Southeastern	8.0%	6.7%	3.6%	12.7%	10.0%
London Midland	12.0%	11.5%	10.6%	13.6%	12.4%

Passenger journeys					
Southern	1.1%	0.8%	3.9%	(1.8)%	(2.3)%
Southeastern	4.7%	3.1%	3.9%	5.4%	2.3%
London Midland	2.4%	2.1%	1.6%	3.2%	2.6%

- Southern: Continues to face challenges. The franchise will enter 80% revenue support during FY'14
- Southeastern: H2 weaker due to poor weather in Q3. Remains in 80% revenue support
- London Midland: Continued strong performance despite slower passenger growth and operational issues. Higher yield due to stronger growth on high value routes
- As anticipated yields lower in second half due to lower fare increases in January 2013 than last year (2013: 4.2%, 2012: 5.9%)
- Passenger journeys increased in Q4 due to change in DfT Travelcard allocations

RAIL: Operating profit bridge



Margin performance

%	FY'13	H1'13	H2'13	FY'12
Operating profit margin	1.3%	1.5%	1.1%	2.3%

- Operating profit down £15.7m to £24.3m
- Passenger revenue increased by 7.6% partially offsetting changes in subsidy/premium
- Net premium payments to DfT up £85.9m
- Overall now a net contributor to DfT totalling £12.4m
- Margin reduced as revenue increased at slower rate than costs and DfT payments
- Bid costs of £3.2m incurred

SUMMARY INCOME STATEMENT

£'m	FY'13	FY'12	*Variance*	
Revenue	2,571.8	2,423.8	*148.0*	
Operating profit	**102.5**	**110.2**	***(7.7)***	
Net finance costs	(16.3)	(16.0)	*(0.3)*	Slightly better than expectations
Profit before tax*	**86.2**	**94.2**	***(8.0)***	
Amortisation	(10.3)	(9.7)	*(0.6)*	
Profit before tax	**75.9**	**84.5**	***(8.6)***	
Tax	(16.0)	(18.0)	*2.0*	Effective tax rate 21.1% (FY'12: 21.3%)
Profit for the year	**59.9**	**66.5**	***(6.6)***	
Non-controlling interests	(6.2)	(11.0)	*4.8*	35% Keolis rail holding
Profit attributable to members	**53.7**	**55.5**	***(1.8)***	Lower reduction on profit to members reflects underlying bus profits replacing rail

Adjusted, continuing eps (p)	**139.6**	141.9	***(2.3)***	EPS down only 1.6%
Total dividend per share (p)	**81.0**	81.0	**-**	Dividend maintained. Payable 15 November

*Excludes amortisation

FINANCE COSTS

£m	FY'13	FY'12
Finance revenue	**1.6**	**1.8**
Interest payable on £200m bond	(11.1)	(11.1)
Interest payable on loans and overdrafts	(3.9)	(4.8)
Other interest payable	(2.3)	(2.6)
Hedging ineffectiveness	0.1	0.7
Unwind of discount on provisions	(0.7)	0.0
Finance costs	**(17.9)**	**(17.8)**
Net finance costs	**(16.3)**	**(16.0)**

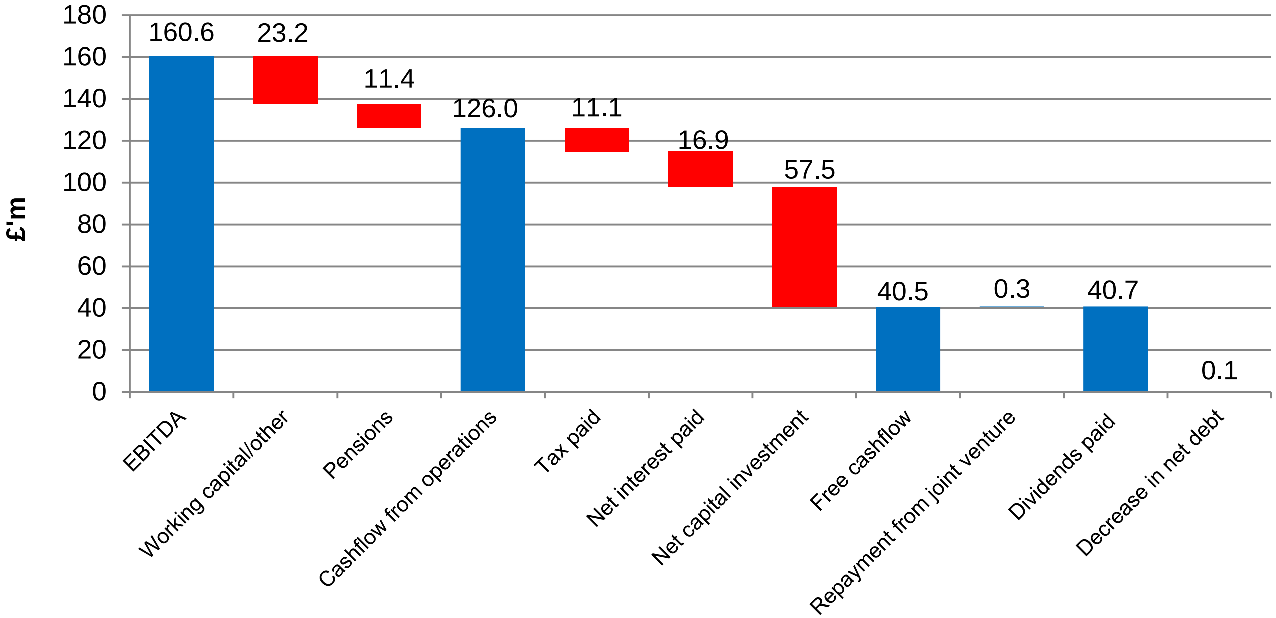
- £200m 7.5 year 5.375% sterling bond issued in March 2010
- Average gross debt interest rate 4.3% (FY'12: 4.9%). Fall due to expiry of interest rate swaps
- Expect finance costs to be relatively stable next year

TAX

£m	FY'13	FY'12
Operating profit	102.5	110.2
Net finance costs	(16.3)	(16.0)
Amortisation	(10.3)	(9.7)
Profit before tax	75.9	84.5
Tax	(16.0)	(18.0)
Effective rate	21.1%	21.3%

- Effective rate of 21.1%, below the UK statutory rate due to a £2.2m deferred tax credit
- Statutory rate expected to reduce by a further 2%, ultimately dropping to 20% by 2015
- Effective tax rate expected to be around 18% in FY'14 and broadly in line with statutory rate in future years
- Tax paid of £11.1m (FY'12: £15.7m)

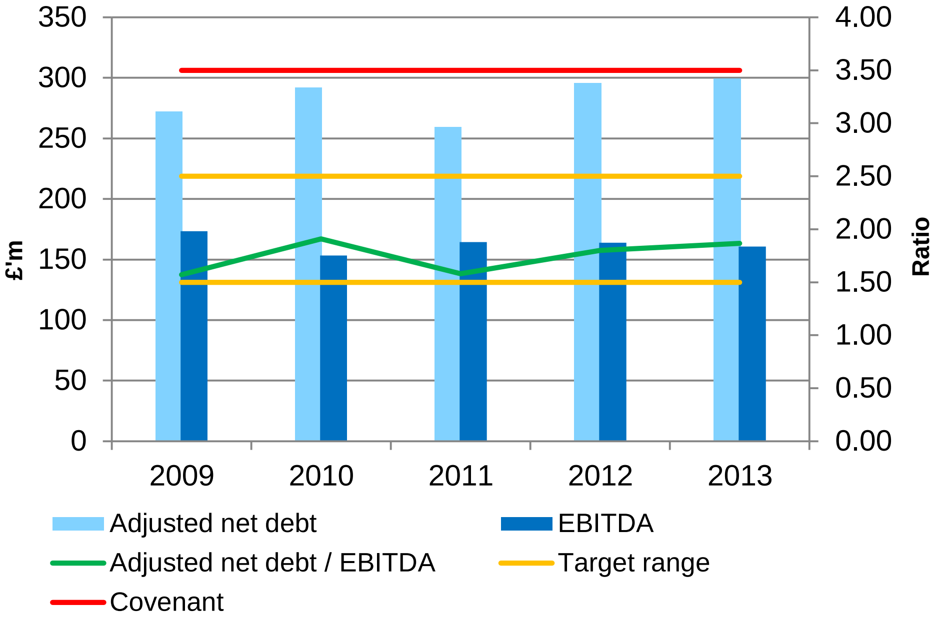
CASHFLOW ANALYSIS



- Overall no movement in net debt year on year
- As expected, H1 positive working capital movement reversed into negative movement in H2
- Similar working capital outflow next year reflecting settlement of franchise commitments
- Free cashflow £40.5m despite £56.8m of capital expenditure
- One small acquisition in the year for a total cash consideration of £0.7m (FY'12: £29.3m)
- Expect increase in net debt next year in line with working capital outflow

BALANCE SHEET

- Adjusted net debt / EBITDA 1.87x, well within target range* of 1.5x - 2.5x
- BBB- / Baa3 (stable) rating
- Restricted cash was £208.7m
- Full year net debt of £90.9m less than expected
- Adjusted net debt reflects a significant proportion of the impact on the balance sheet of loss of rail franchises



As at 29 June 2013	£'m
Five year syndicated facility 2016	275
7.5 year £200m sterling bond 2017	200
Total core facilities	**475**
Amount drawn down	333
Total headroom	**142**

As at 29 June 2013	£'m
Restricted cash	208.7
Net debt	90.9
Adjusted net debt	299.6
EBITDA	160.6
Adjusted net debt/EBITDA	1.87x

* Targets and covenant refer to adjusted net debt to EBITDA

PENSIONS

£m	FY'13	FY'12
Assets	569.6	535.9
Liabilities	617.3	558.7
Net deficit	(47.7)	(22.8)
Less tax	11.0	5.5
Post tax deficit	(36.7)	(17.3)

Bus pensions:

- Net operating cost £4.8m (FY'12: £4.9m)
- Discount rate: 4.7% (FY'12 : 5.0%)
- +/- 0.1% discount rate = -/+ c£10.1m deficit
- Different assumptions applied on actuarial valuation compared to accounting valuation above
- Actuarial valuation results due late 2013
- Commenced consultation to close scheme to future accrual

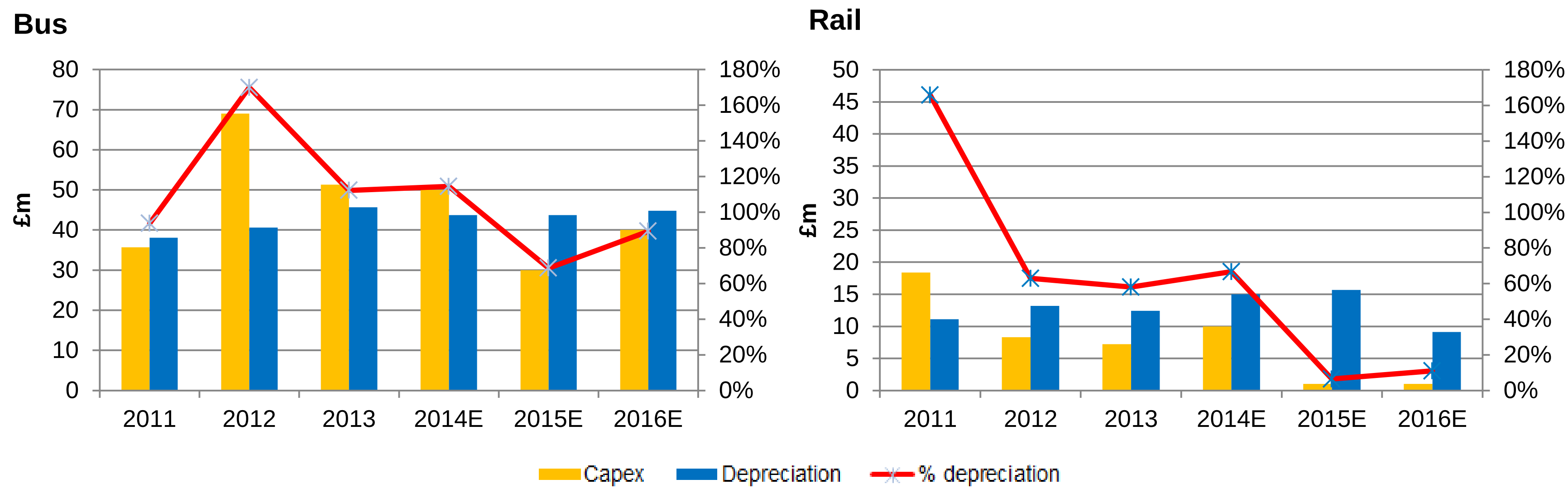
Rail pensions:

- Net operating cost of £30.7m (FY'11: £29.4m)
- Net deficit £nil (FY'12: £7.7m). DfT guarantee any deficit after franchise end

IAS 19 (revised):

- IAS 19 (revised) becomes effective for the Group in the FY'14 financial year
- Had it been effective in FY'13, reported operating profit before tax would have been £16.6m lower, down £12.8m in rail and £3.8m in bus. EPS and adjusted EPS would have reduced by 21.7p
- The impact on FY'14 operating profit before tax is expected to be a reduction of £17.9m, £13.4m in rail and £4.5m in bus. Basic EPS expected to reduce by 24.0p
- No impact on cash, credit rating or bank covenant

CAPITAL EXPENDITURE



- Bus capex decreased to £51.3m due to successful regulated contract extensions and less regulated contract wins
- Rail capex marginally down year on year to £7.2m due to fewer franchise commitments falling within the year
- Expect FY'14 bus capital spend of c£50m and rail capital spend of c£10m
- Overall spend of £60m for FY'14
- Based on current forecasts total spend on existing bus businesses is expected to drop to around £30m and £40m in FY'15 and FY'16

DAVID BROWN

Group Chief Executive

Go-Ahead

DEREGULATED BUS

HIGHLIGHTS

- Another year of record operating profit
- Sector-leading growth
- Sector-leading customer satisfaction rates of 90%

	FY'13	FY'12
Operating margin	**11.2%**	11.3%
Revenue growth (lfl)	**4.3%**	4.7%
Passenger growth (lfl)	**1.1%**	2.8%

- Good performance – high quality and locally focused
- 90% of our business remains commercially operated
- No significant regional variations
- Absorbed significant cost headwinds of around £10m
- Continuing investment in fleet
- 86 hybrid buses acquired, first gas buses introduced to our fleet
- Fare increases largely in line with inflation this year
- Continued growth of 'the key' and a strong start with m-ticketing

REGULATED BUS

HIGHLIGHTS

- Sector-leading margins
- Performance boosted by Olympics and Northumberland Park acquisition

	FY'13*	FY'12
Operating margin	**9.2%**	9.2%
Revenue growth (lfl)	**5.0%**	5.8%
Mileage growth (lfl)	**1.9%**	3.9%

* Excluding Olympic impact

- Largest operator in a mature and relatively stable market
- Excellent operational performance highlighted through improved QICs up £3.1m to £9.9m
- Successfully absorbed significant headwinds of around £10m
- Northumberland Park profit margins now in line with our existing London business
- High contract retention rate
- Small acquisition of 11 residual TfL routes in Dagenham
- Strong operational performance resulted in contract extensions
- Contract extensions require lower capital expenditure over next 2 to 3 years

TARGET 100

In October 2012 we announced our target to organically grow bus operating profit to £100m by 2015/16*

- The target assumed:
  - Flat profits in FY’13 (c£70m) due to fuel and BSOG headwinds of c£20m
  - No significant growth in regulated bus
  - Achieved through combination of revenue growth and cost efficiencies
  - Excluding future acquisitions and the impact of IAS 19 (revised)
- Strong track record of delivering growth in deregulated bus
- High quality London bus operation

* Target excludes amortisation and exceptional items

TARGET 100 continued

How are we doing?

- We have exceeded our first year expectations by around £8m, with operating profit for the division of £78.2m
- This was helped by :
  - Good revenue performance – total bus revenue growth of 10.2%
  - Continued development of ‘the key’ and a strong start with m-ticketing
  - Benefits from the Olympic Games
  - A good start to cost saving initiatives – £1.0m already achieved
  - Improvements in insurance claim costs

TARGET 100 continued

What next?

- We have developed a simple 'roadmap'
- These targets are the expected average for the next 3 years. Results may vary from year to year
- Our key assumptions are:
  - Average annual deregulated revenue growth of 3.5%
  - Average annual regulated revenue growth of 2.5%
  - Average annual cost inflation of 2.5% - 3.0%
  - Cost efficiency savings of £10m by 2015/16
  - No significant mileage growth in the regulated and deregulated businesses
  - Still based on organic growth and excluding future acquisitions
  - IAS 19 (revised) absorbed into Target 100

TARGET 100 continued

Delivering our marketing plans:

- Rollout of ‘the key’ now largely complete
- 400,000 smartcards now in issue
- 130,000 passenger journeys a day made using ‘the key’
- M-ticketing being rolled out across businesses
- Generated £1m revenue in less than 12 months through m-ticketing
- Expect around £5m of sales through m-ticketing this year
- Free Wi-Fi on many services
- New journey planning and retail apps in development
- Expanding our B2B capability

TARGET 100 continued

Cost efficiencies:

- Achieved cost savings totalling £1.0m in the second half of the year
  - Delivered through fuel savings and initiatives in procurement, IT infrastructure and staff productivity
- Further cost efficiencies of £10m will be targetted in
  - Engineering systems
  - Insurance
  - IT infrastructure
  - Staff productivity
  - Shared services
  - Procurement
  - Fuel

RAIL

HIGHLIGHTS

- Solid revenue growth in all franchises
- Delivery of Olympic Games transport

	FY'13*	FY'12
Operating margin	**1.3%**	2.3%
Passenger revenue growth	**6.9%**	9.6%
Passenger journey growth	**2.0%**	2.1%

* Excluding Olympic impact

Southeastern

- Good operational performance
- Highest ever punctuality and passenger satisfaction achieved in the year
- Stable revenue and volume growth trends
- High Speed success – 25 million passenger journeys in first 3 years
- Investors in People Champion status
- Initial 7-month contract extension from March 2014 expected to be unprofitable
- In discussions with DfT regarding planned extension to June 2018

RAIL continued

Southern

- Remains profitable
- Final two years of franchise term
- Public Transport Operator of the year at London Transport Awards
- Working with Network Rail to improve performance
- Cost efficiency programme introduced
- Smartcard initiatives

London Midland

- Improving performance following operational issues in first half of year
- In discussions with DfT regarding planned extension to June 2017
- Entitled to revenue support but not required
- Continued revenue generation through innovative marketing and value for money offers
- Growth on 110 mph services

RAIL GOING FORWARD - THAMESLINK

- Govia is pre-qualified for the Thameslink, Southern and Great Northern franchise (Thameslink). Franchise starts in September 2014

- The largest rail operations contract ever tendered in the UK, representing over 19% of passenger journeys on the UK network

- An ITT is anticipated in September 2013. Bid submission is expected in December 2013 and award in the spring of 2014

- DfT has been engaging with all pre-qualified bidders

RAIL GOING FORWARD - CROSSRAIL

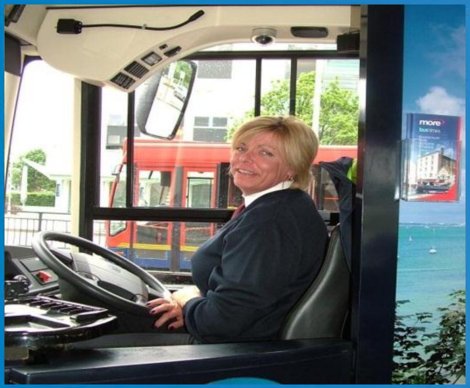
- Govia shortlisted as a pre-qualified bidder for the Crossrail Train Operating Concession (Crossrail)
- An ITT is anticipated in late September 2013. Bid submission is expected in February 2014 and award in late 2014. The new franchise will start in May 2015
- TfL is currently procuring the rolling stock that will be used to operate the service
- Strategically important to London and the UK
- TfL has just begun to engage with all pre-qualified bidders, the commercial proposition is likely to be similar to Overground

RAIL GOING FORWARD

- Focus on delivering value over remaining life of existing franchises
- Commitment to improving operational performance
- Continue to drive revenue through targeted marketing of value for money products
- Maintain focus on cost efficiencies
- Expect profitability to be lower in FY’14 due to the unprofitable Southeastern 7 month extension, continued challenging trading conditions and bid costs
- In discussions with DfT regarding planned extension periods for Southeastern and London Midland
- Impact of IAS 19 (revised) on operating profit in 2013/14 expected to be £13.4m

SUMMARY

- We have leading positions in the bus and rail markets
- Robust business model
- Growth opportunities exist across both sectors
- Ahead of plan in our progress towards Target 100 in the bus division
- Focus on delivering high quality services and maximising value from existing rail franchise
- Working on strong bids for Thameslink and Crossrail franchises
- Continued focus on revenue growth and cost efficiencies
- We operate with financial discipline and are committed to maintaining the dividend at least at current levels
- New year started well – trading in line with expectations



Q&A

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