GO-AHEAD HALF YEAR RESULTS

for the six months ended 29 December 2012

21 February 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 · Anglian Bus

Southern · Gatwick Express · southeastern · london midland

HALF YEAR RESULTS OVERVIEW

- Overall results in line with management expectations
- Strong bus operating profit of £37.1m, up 5.4%, despite significant fuel cost headwinds
- Sector-leading deregulated passenger growth continues
- On track to meet bus operating profit target of £100m by 2015/16
- Excellent performance in delivering key Olympic Games transport services
- Overall solid revenue growth in rail
- Welcome the recommendations set out in the Brown review of rail franchising
- Strong cash management and robust balance sheet
- Maintained half year dividend at 25.5p
- Overall expectations for the full year remain unchanged

KEITH DOWN

Group Finance Director

GOOD PERFORMANCE IN BUS AND RAIL

	Operating profit H1'12 £'m	One-off benefits H1'13 £'m	Acquisitions H1'13 £'m	Like-for-like Variance £'m	Operating profit H1'13 £'m
Deregulated bus	18.0	-	0.1	(1.2)	16.9
Regulated bus	17.2	1.6	1.5	(0.1)	20.2
Total bus	**35.2**	**1.6**	**1.6**	**(1.3)**	**37.1**
Rail	16.5	-	-	(2.4)	14.1
Total	**51.7**	**1.6**	**1.6**	**(3.7)**	**51.2**

- Overall results for the Group in line with management expectations
- Group revenue up 8.1%
- Like-for-like operating profit down £3.7m. Acquisitions contributed £1.6m
- Strong half year bus profits, despite significant fuel cost headwinds
- Regulated profits helped by Olympic contracts which contributed £1.6m

Unless otherwise stated operating profit excludes amortisation throughout this presentation

DEREGULATED BUS: Revenue

Total	H1'13	H1'12	FY'12
Revenue	9.6%	6.9%	7.6%
Passengers	5.5%	4.8%	4.5%

Excluding acquisitions

Revenue	4.7%	5.0%	4.7%
Passengers	2.7%	3.6%	2.8%

- Performance consistent with prior years
- Like-for-like revenue up 4.7%
- Like-for-like passenger growth up 2.7%
- Passenger growth in all our deregulated businesses
- Strong growth in fare paying passengers was partly offset by a weaker concessionary performance

REGULATED BUS: Revenue

Total	H1’13 (inc Olympics)	H1’13 (exc Olympics)	H1’12	FY’12
Revenue	16.9%	13.9%	3.0%	7.6%
Mileage	11.1%	10.0%	1.8%	5.6%

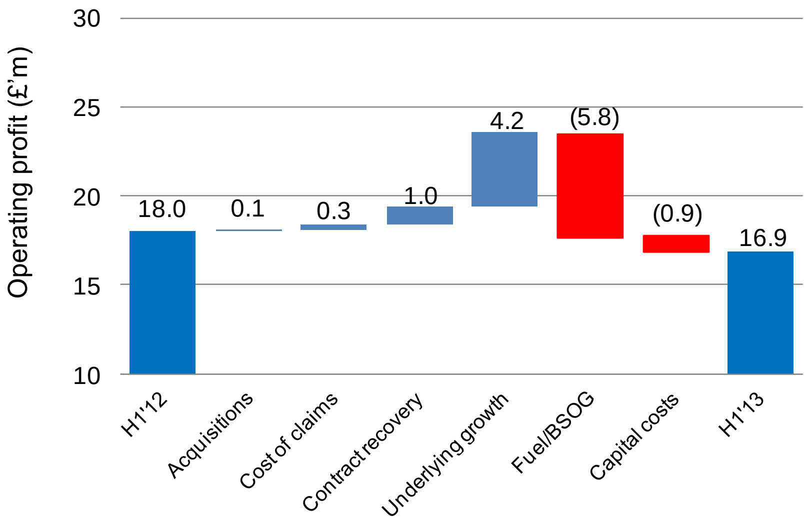
Excluding acquisitions

Revenue	9.4%	6.3%	n/a	5.8%
Mileage	4.4%	3.3%	n/a	3.9%

QICs	£4.5m	n/a	£3.1m	£6.8m

- Like-for-like revenue up 6.3%
- Like-for-like mileage up 3.3%
- Total regulated mileage increased as expected by 11%, due to contract wins and the Northumberland Park acquisition - expect full year growth of 6%
- Underlying mileage in second half expected to be flat
- Strong contribution from QICs due to strong performance and fewer roadworks around Olympics

DEREGULATED BUS: Profit

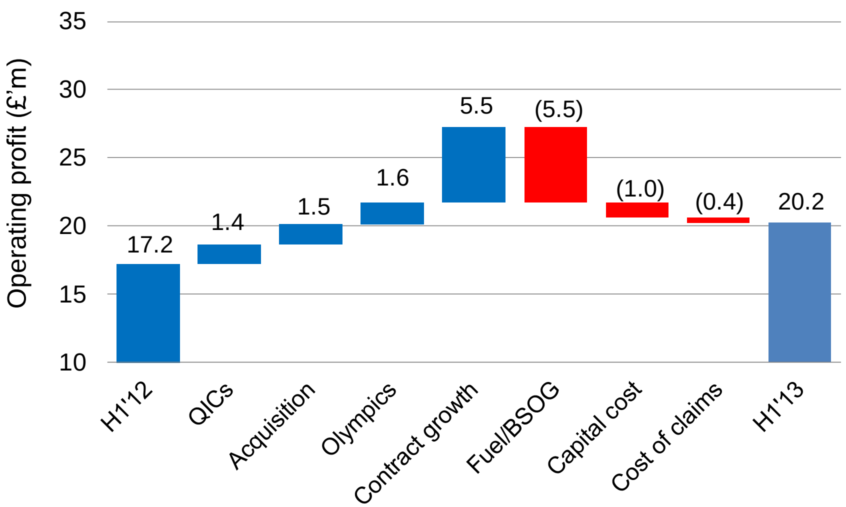


- Operating profit down £1.1m to £16.9m
- Acquisitions includes the contribution from the four new businesses acquired in 2011/12
- Cost of claims reduced slightly
- Loss-making contract from last year now back to break even
- Strong underlying organic growth
- BSOG impact and increased cost of fuel, as expected
- Capital costs represent depreciation and leasing expenditure, in line with increased investment in fleet
- Margins impacted by BSOG and fuel costs

Margin performance

	H1'13	H1'12	H2'12	FY'12
Operating profit margin	10.0%	11.7%	11.0%	11.3%

REGULATED BUS: Profit



- Operating profit up £3.0m to £20.2m
- Strong contribution from QICs due to strong performance and fewer roadworks around Olympics
- Acquisitions reflects the benefit from Northumberland Park, acquired in 2011/12
- Successful delivery of Olympic contracts. Overall net benefit
- BSOG impact and increased cost of fuel, as expected
- Capital costs represent depreciation and leasing expenditure, in line with increased investment in fleet
- Cost of claims rose slightly
- Margins impacted due to BSOG and fuel costs

Margin performance

	H1'13	H1'12	H2'12	FY'11
Operating profit margin	9.0%*	9.5%	8.9%	9.5%

*Excluding Olympic impact

BUS: Fuel

Fuel hedging prices	FY'13	FY'14	FY'15	FY'16
% hedged	Fully#	77%	38%	13%
Price (pence per litre)	49	51	50	48
Usage (m litres pa)	126	126	126	126
£'m commodity cost	62	64*	63*	60*

- FY'13 – fuel fully hedged at 49ppl, 8ppl higher than FY'12
- Future years hedging in line with policy
- Current outlook remains relatively stable
- Fuel and BSOG impact in line with expectations
- Headwinds have been managed, offset by:
  - Contribution from acquisitions and additional regulated contracts
  - Yield benefits

FY'13 expected bus fuel cost	Pence per litre	Cost# £m
Commodity cost	49	62
Duty	59	74
Delivery	1	1
BSOG	(37)	(47)
Net cost	72	90

* Assuming hedging completed at same average price
# Based on anticipated annual usage of 126m litres of fuel

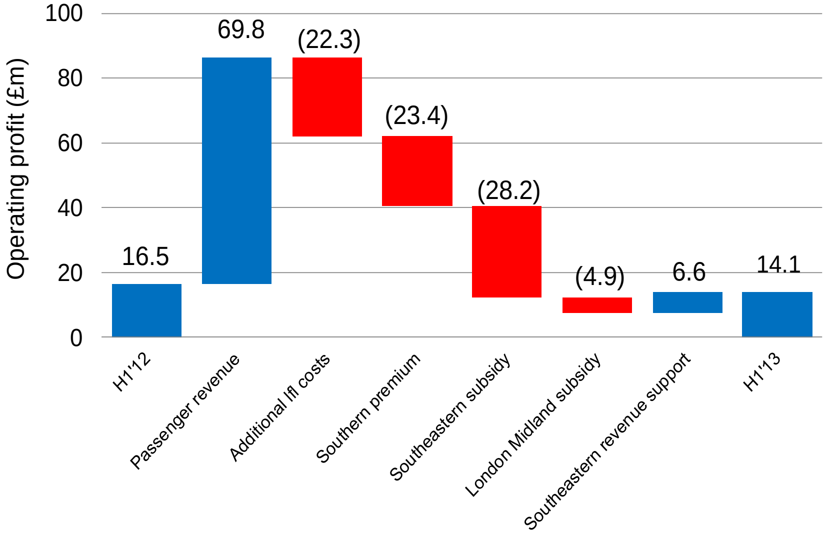
RAIL: Revenue

Passenger revenue	H1'13 (inc Olympics)	H1'13 (exc Olympics)	H1'12	FY'12
Southern	6.0%	5.5%	9.0%	7.9%
Southeastern	12.7%	10.0%	8.8%	10.1%
London Midland	13.6%	12.4%	14.0%	13.3%

Passenger journeys				
Southern	(1.8)%	(2.3)%	3.1%	1.2%
Southeastern	5.4%	2.3%	3.3%	1.3%
London Midland	3.2%	2.6%	11.5%	7.4%

- **Southeastern:** Stable performance. Remains in 80% revenue support.
- **Southern:** Continues to face challenges. Becomes eligible for revenue support in September 2013. Expected to remain profitable this financial year.
- **London Midland:** Good revenue performance despite passenger growth reducing as anticipated. Higher yield due to stronger growth on high value routes.
- As average January 2013 fare increases were 4.2% vs 5.9% last year, a more modest revenue yield in the second half is assumed.

RAIL: Profit



- Operating profit down £2.4m to £14.1m
- Passenger revenue increased by 10.0%
- Olympics was profit neutral
- Net premium payments to DfT (exc revenue support) up £54.6m
- Margin reduced as revenue increased at slower rate than costs and DfT payments
- Bid costs of £4m expected for full year

Margin performance

	H1'13	H1'12	H2'12	FY'12
Operating profit margin	1.5%	1.9%	2.7%	2.3%

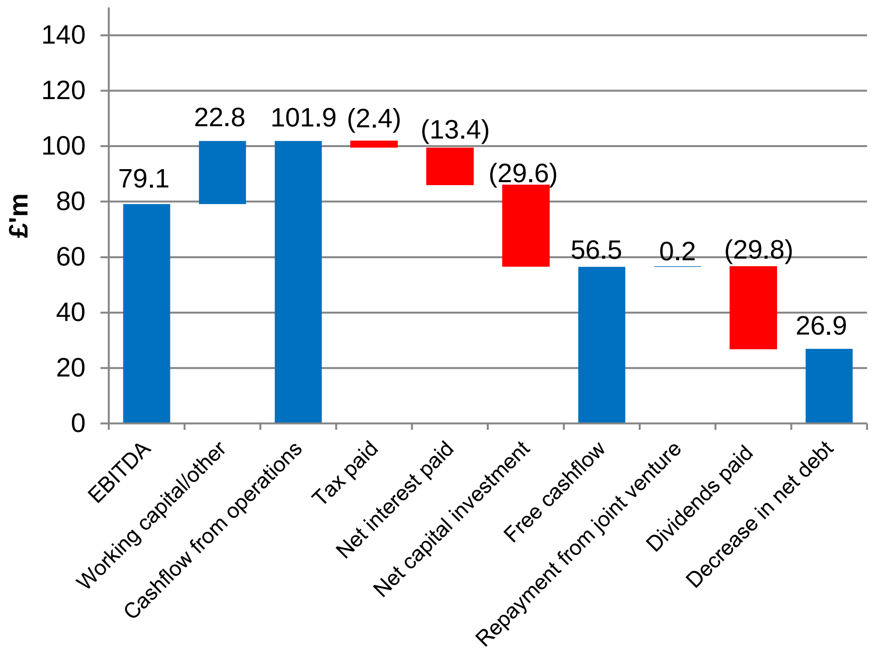
SUMMARY INCOME STATEMENT

£'m	H1'13	H1'12	*Variance*	
Revenue	1,296.6	1,199.5	*97.1*	
Operating profit	**51.2**	**51.7**	***(0.5)***	
Net finance costs	(8.0)	(7.7)	*(0.3)*	→ Slightly better than expectations
Profit before tax*	**43.2**	**44.0**	***(0.8)***	
Amortisation	(5.2)	(4.8)	*(0.4)*	
Profit before tax	**38.0**	**39.2**	***(1.2)***	
Tax	(7.3)	(8.6)	*1.3*	→ Effective tax rate 19.2% (H1'12 21.9%)
Profit for the year	**30.7**	**30.6**	***0.1***	
Non-controlling interests	(3.8)	(4.3)	*0.5*	→ 35% Keolis rail holding
Profit attributable to members	26.9	26.3	*0.6*	

Adjusted, continuing eps (p)	**70.0**	**67.4**	***2.6***	→ In line with expectations
Total dividend per share (p)	**25.5**	**25.5**	**-**	→ Dividend maintained. Payable 12 April 2013

*Before amortisation

CASHFLOW ANALYSIS*

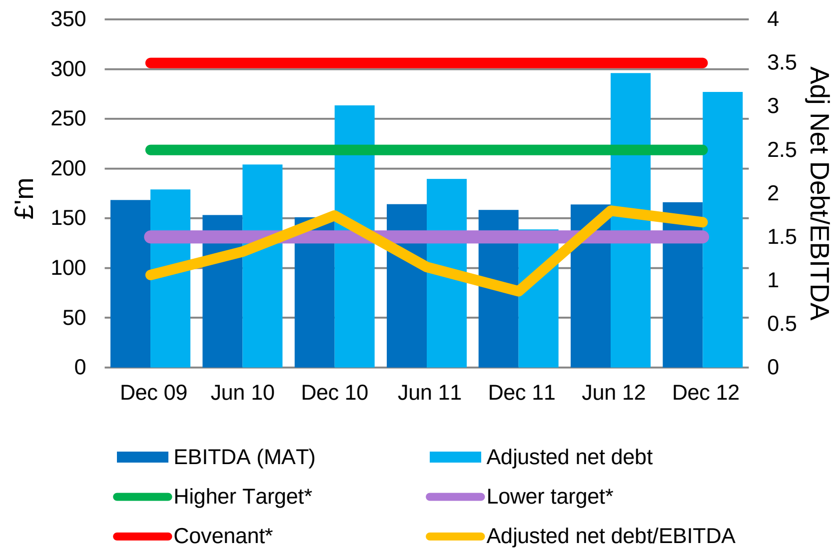


- Positive working capital movement due to season ticket payments, expected to reverse in second half
- Expect a small overall negative working capital movement at the year end
- Free cashflow of £56.5m was £18.2m higher than last year (H1'12: £38.3m) as capital expenditure and tax paid decreased
- **Bus capital expenditure**: £28.3m (H1'12: £42.8m) – lower as fewer new buses required for London contracts. FY'13 expect c. £60m
- **Rail capital expenditure**: £2.1m (H1'12: £4.5m). FY'13 expect c.£10m

*Cashflow analysis excludes cash of £90.6m (£75.5m plus VAT) in respect of sale of rolling stock which was paid to the DfT in January 2013

BALANCE SHEET

- Adjusted net debt / EBITDA 1.67x, well within target range* of 1.5x - 2.5x
- BBB- / Baa3 (stable) rating
- Restricted cash was £303.6m**
- Full year net debt expected to be c£100m
- Full year adjusted net debt/EBITDA expected to be around 2x



As at 29 December 2012	£'m
Five year syndicated facility 2016	275
7½ year £200m sterling bond 2017	200
Total core facilities	**475**
Amount drawn down	301
Total headroom	**174**

As at 29 December 2012	£'m
Restricted cash**	303.6
Net cash	(26.5)
Adjusted net debt	277.1
EBITDA	79.1
Adjusted net debt/EBITDA (twelve month rolling basis)	1.67x

* Targets and covenant refer to adjusted net debt to EBITDA
** When adjusting for £90.6m for the sale of rolling stock, H1'13 restricted cash was £213.0m

PENSIONS

£m	H1’13	H1’12	FY’12
Assets	559.3	512.4	535.9
Liabilities	(611.2)	(554.3)	(558.7)
Net deficit	(51.9)	(41.9)	(22.8)
Less tax	11.9	10.5	5.5
Post tax deficit	(40.0)	(31.4)	(17.3)

Rail pensions:

- Net operating cost of £15.7m (H1’12: £14.4m)
- Rail schemes moving from RPI to CPI
- No reduction in cash contributions assumed until agreed with trustees
- Net deficit £8.1m (FY’12: £7.7m). DfT guarantee any deficit after franchise end

Bus pensions:

- Net operating cost £2.6m (H1’12: £2.2m)
- Discount rate: 4.6% (FY’12 : 5.0%)
- +/- 0.1% discount rate = -/+ c£10.1m deficit
- Actuarial valuation results during 2013
- Different assumptions applied on actuarial valuation compared to accounting valuation above

IAS19 (revised):

- IAS19 (revised) becomes effective for the Group in the 2013/14 financial year
- Had it been effective in 2011/12, reported operating profit before tax would have been £14.6m lower, down £11.8m in rail and £2.8m in bus
- No impact on cash, credit rating or bank covenant

DAVID BROWN

Group Chief Executive

DEREGULATED BUS (REGIONAL)

HIGHLIGHTS

- Sector-leading passenger growth
- Marketing and efficiency plans progressing

	H1'13	H1'12	FY'12
Operating margin	**10.0%**	11.7%	11.3%
Revenue growth (lfl)	**4.7%**	5.0%	4.7%
Passenger growth (lfl)	**2.7%**	3.6%	2.8%

- High quality, convenient and locally focused services continuing to drive strong passenger growth
- No significant regional variations
- 90% of our business is commercially operated
- Successful integration of acquisitions made in H2'12
- Investment of £15m on 85 new buses – almost half of which are hybrid
- Successfully absorbed significant cost headwinds
- Good progress made with marketing and cost efficiency plans

REGULATED BUS

HIGHLIGHTS

- Strong operating profit
- Performance boosted by Olympics and Northumberland Park

	H1'13	H1'12	FY'12
Operating margin	**9.0%***	9.5%	9.2%
Revenue growth (lfl)	**6.3%**	3.0%	5.8%
Mileage growth (lfl)	**3.3%**	1.8%	3.9%

* Excluding Olympic impact

- Cost efficient and high quality operator
- 95% contract retention rate
- Margins remain best in class despite BSOG and fuel costs
- Performance in first half helped by successful delivery of Olympic contracts and QICs
- Northumberland Park driving growth – contributing over 6% of mileage growth
- London market remains mature and stable
- TfL committed to maintaining mileage

PROGRESS TOWARDS £100M TARGET

Delivering our marketing plans:

- 120,000 passenger journeys a day made using “the key”
- 500,000 online customers
- Continued roll out of mobile-ticketing
- Free Wi-Fi on many services
- Launched “key benefits” – driving loyalty
- New journey planning and retail apps in development
- Expanding B2B – only operator to create online capability to promote employee public transport solutions

PROGRESS TOWARDS £100M TARGET

Incremental cost efficiency improvements:

- New engineering system that standardises parts, manages warranties and improves job costing
- Insurance claims process improvements
- IT infrastructure improvements reducing hardware and software costs
- Improved staff utilisation reporting
- Shared services for some administration processes
- On going procurement savings
- Spill-free fuel systems and re-launch of Mix Telematics
- Benchmarking of efficient scheduling

Confident in our target to achieve £100m of profit through organic growth by 2015/16

RAIL

HIGHLIGHTS

- Robust performance
- Welcome Brown review

	H1'13	H1'12	FY'12
Operating margin	**1.5%**	**1.9%**	2.3%
Passenger revenue growth (lfl)	**8.4%**	**9.6%**	9.6%
Passenger journey growth (lfl)	**0.4%**	**4.4%**	2.1%

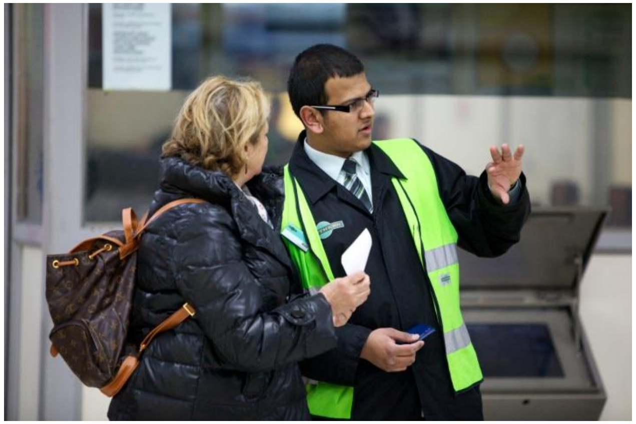
Southeastern

- Strong operational performance - best ever punctuality and customer satisfaction
- Stable revenue and growth trends
- Key role in Olympic transport plan - Javelin service
- Investors in People Champion status
- High Speed success
- Franchise due to expire in March 2014

RAIL continued

Southern

- Remains challenging
- Working with Network Rail to improve performance
- Expect franchise to remain profitable
- Will enter revenue support in September 2013
- Cost efficiency programme introduced



London Midland

- Operational challenges due to driver shortages
- Package of benefits including compensation for passengers agreed with DfT
- Confirmation that franchise will run until September 2015
- 110mph trains introduced to increase capacity
- Only franchise of its time not in revenue support

RAIL GOING FORWARD

- Welcome Brown recommendations:
  - The bidding process is not fundamentally flawed
  - Franchise term should be determined by the circumstances and size of each individual franchise
  - 7 to 10 year initial franchise term with 3 to 5 years extension based on performance
  - Franchisees should be responsible for risks they can manage and should not be expected to take external macroeconomic, or exogenous, revenue risk
  - Improved flexibility and change mechanisms should be built into each ITT
  - The franchising programme should be restarted
- Await further clarity from the DfT on how these recommendations will be implemented and when the franchising timetable will resume
- We will continue to work closely with the DfT to help shape the outcome
- Remain shortlisted to bid for the Thameslink franchise
- We urge the DfT to begin the tender process within the coming months

OUTLOOK AND SUMMARY

FY’13 Outlook:

- Overall expectations remain unchanged
- Expect bus division to deliver a broadly similar second half:
  - Deregulated to benefit from cost efficiency initiatives
  - Regulated to be slightly weaker due to non-recurring QICs and Olympics
- Expect rail to be slightly lower due to continued weakness at Southern

Summary:

- We have leading positions in the bus and rail markets
- Good long term growth fundamentals
  - We are a high quality and innovative operator
  - Modal shift continues
  - Strong political support for public transport
- In line with strategy, greater proportion of operating profit to come from bus
- We operate with financial discipline and are committed to maintaining the dividend

Q&A

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