HALF YEAR RESULTS OVERVIEW

• Robust trading in the first half; results in line with management expectations
• Continued growth in bus volumes across all companies, helped by roll-out of smartcards
• Strong underlying rail performance with passenger journey growth in all franchises
• Underlying profit growth; previous first half included £9m of one-off rail contract management benefits
• Strong cash management and robust balance sheet
• Decrease in underlying net debt despite significant investment in new buses
• Maintained interim dividend at 25.5p
• Remain cautious about wider economic outlook
KEITH DOWN
Group Finance Director
ROBUST TRADING IN BUS AND RAIL

<table>
<thead>
<tr>
<th></th>
<th>Operating profit* H1’11 £’m</th>
<th>One-off benefits H1’11 £’m</th>
<th>Like-for-like Variance £’m</th>
<th>Operating profit* H1’12 £’m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deregulated bus</td>
<td>18.5</td>
<td>–</td>
<td>(0.5)</td>
<td>18.0</td>
</tr>
<tr>
<td>Regulated bus</td>
<td>18.4</td>
<td>–</td>
<td>(1.2)</td>
<td>17.2</td>
</tr>
<tr>
<td>Total bus</td>
<td>36.9</td>
<td>–</td>
<td>(1.7)</td>
<td>35.2</td>
</tr>
<tr>
<td>Rail</td>
<td>22.1</td>
<td>(9.0)</td>
<td>3.4</td>
<td>16.5</td>
</tr>
<tr>
<td>Total</td>
<td>59.0</td>
<td>(9.0)</td>
<td>1.7</td>
<td>51.7</td>
</tr>
</tbody>
</table>

- Overall trading for the Group in line with management expectations
- Group revenue up 5.9%
- Underlying operating profit* up £1.7m. Previous first half included £9m one-off rail contract management benefits
- Record half year bus profits last year

* Before amortisation and exceptional items
BUS HALF YEARLY TRENDS

Lfl change# | H1’12 | H1’11 | FY 11
--- | --- | --- | ---
Deregulated (outside of London)
Revenue | 5.0% | 5.2% | 5.1%
Passengers | 3.6% | 1.8% | 2.3%
Regulated (London)
Revenue | 3.0% | (4.9%) | (2.3%)
Mileage | 1.8% | 0.4% | (0.6%)
QICs | £3.1m | £4.4m | £8.0m

- All companies reported underlying growth – from both concessionary and fare paying passengers
- Continuing trend in uptake of period passes – reduces average yield per passenger but provides opportunity for long term growth through customer loyalty
- Regulated mileage up as expected. QICs down due to tougher targets and roadworks
- Invested heavily in new buses, reflecting contract wins in London and enhancing deregulated operations – leased 120 buses, purchased 198 buses

* Before amortisation and exceptional items
# Like-for-like excludes acquisitions. H1’11 also adjusts for the 26 weeks in H1’10
• Operating profit* down £0.5m to £18.0m
• Strong organic revenue growth, partly offset by increase in labour costs
• Expected contribution from acquisitions – Thames Travel £0.3m
• No change in underlying fuel costs
• Reduction in insurance claim costs
• Increased costs resulting from implementation of a new contract
• Taking necessary management action to mitigate costs going forward
• Operating margin reduced from 12.8% to 11.7%. In line with FY’11 margin

* Before amortisation and exceptional items
REGULATED BUS PROFIT BRIDGE: H1’12 v H1’11

- Operating profit* down £1.2m to £17.2m
- Good contribution from new contracts, partly offset by labour costs
- Reduction in insurance claim costs
- QICs down £1.3m
- No change in underlying fuel cost
- Operating margin reduced from 10.5% to 9.5%. In line with FY’11 margin

* Before amortisation and exceptional items
**BUS: FUEL**

**Fuel hedging prices**

<table>
<thead>
<tr>
<th></th>
<th>FY’09</th>
<th>FY’10</th>
<th>FY’11</th>
<th>FY’12</th>
<th>FY’13</th>
<th>FY’14</th>
</tr>
</thead>
<tbody>
<tr>
<td>% hedged</td>
<td>Fully</td>
<td>Fully</td>
<td>Fully</td>
<td>Fully</td>
<td>74%</td>
<td>39%</td>
</tr>
<tr>
<td>Price (pence per litre)</td>
<td>43</td>
<td>47</td>
<td>41</td>
<td>41</td>
<td>49</td>
<td>51</td>
</tr>
<tr>
<td>Usage (m litres pa)</td>
<td>110</td>
<td>115</td>
<td>115</td>
<td>115</td>
<td>116</td>
<td>116</td>
</tr>
<tr>
<td>£’m cost</td>
<td>47</td>
<td>54</td>
<td>47</td>
<td>47</td>
<td>57*</td>
<td>59*</td>
</tr>
</tbody>
</table>

- FY’12 - fuel fully hedged at same price as FY’11
- FY’13 - expected increase in fuel costs of c£10m
- Bus Service Operators Grant (BSOG) - 20% reduction from April 2012
  - FY’12 impact c£1.6m, reduction partly offset by smartcard subsidy
  - FY’13 impact c£9.6m
- FY’13 headwinds manageable - around 3% of bus revenue
  - Contract tender bids in London now reflect BSOG reduction
  - Yield benefits to offset reduced subsidy

* Assuming hedging completed at same average price
RAIL: HALF YEARLY TRENDS

### Southern
- **Revenue**: +9.0% (FY'11: +7.1%)
- **Passengers**: +3.1% (FY'11: +3.4%)

### Southeastern
- **Revenue**: +8.8% (FY'11: +12.0%)
- **Passengers**: +3.3% (FY'11: +5.6%)

### London Midland
- **Revenue**: +14.0% (FY'11: +7.1%)
- **Passengers**: +11.5% (FY'11: +4.3%)

- **Strong passenger and revenue growth, especially in London Midland our smallest franchise**
- **Southern**: Profits in line with management expectations (eligible for revenue support September 2013)
- **Southeastern**: Remains in 80% revenue support
- **London Midland**: Eligible for revenue support but not required due to strong performance. Passenger growth expected to fall in second half as we lap strong prior year comparatives

*Before amortisation and exceptional items
# Like-for-like in H1’11 adjusts for the 26 weeks in H1’10
Lfl passenger revenue increased by 9.6%, offsetting changes in subsidy/premium

Prior period included £9m of one-off contract management benefits

Reduced subsidy in Southeastern and London Midland in line with bid

Premium increase in Southern in line with bid

From April 2012, overall the rail division will be a net contributor to the DfT

* Before amortisation and exceptional items
## SUMMARY INCOME STATEMENT

<table>
<thead>
<tr>
<th></th>
<th>£’m</th>
<th>H1’12</th>
<th>H1’11</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td>1,199.5</td>
<td>1,132.2</td>
<td>67.3</td>
</tr>
<tr>
<td><strong>Operating profit</strong>*</td>
<td></td>
<td>51.7</td>
<td>59.0</td>
<td>(7.3)</td>
</tr>
<tr>
<td>Net finance costs</td>
<td></td>
<td>(7.7)</td>
<td>(8.3)</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Profit before tax</strong>*</td>
<td>44.0</td>
<td>50.7</td>
<td>(6.7)</td>
<td></td>
</tr>
<tr>
<td>Amortisation</td>
<td></td>
<td>(4.8)</td>
<td>(5.1)</td>
<td>0.3</td>
</tr>
<tr>
<td>Exceptional items</td>
<td></td>
<td>-</td>
<td>(0.6)</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>39.2</td>
<td>45.0</td>
<td>(5.8)</td>
<td></td>
</tr>
<tr>
<td>Tax</td>
<td></td>
<td>(8.6)</td>
<td>(9.7)</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>30.6</td>
<td>35.3</td>
<td>(4.7)</td>
<td></td>
</tr>
<tr>
<td>Profit from discontinued operations</td>
<td></td>
<td>-</td>
<td>1.2</td>
<td>(1.2)</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td></td>
<td>(4.3)</td>
<td>(5.3)</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Profit attributable to members</strong></td>
<td>26.3</td>
<td>31.2</td>
<td>(4.9)</td>
<td></td>
</tr>
</tbody>
</table>

### Adjusted, continuing eps (p)
- 67.4
- 77.1
- (9.7)

### Total dividend per share (p)
- 25.5
- 25.5
- –

* Before amortisation and exceptional items

- Finance costs down due to hedging movement
- No exceptional items this year
- Comparative relates to accelerated depreciation of articulated London buses
- Effective tax rate 26.8% (FY’11 26.2%)
- Aviation
- 35% Keolis rail holding
- In line with profits before tax
- Dividend maintained
- Payable 13 April
CASHFLOW ANALYSIS

• Cashflow analysis excludes a temporary rolling stock deposit which was reimbursed in January 2012

• **Positive working capital movements**, primarily due to timing of rail contract payments.

• Expect around half working capital movements to reverse in H2’12

• **Increased bus capital expenditure**: £42.8m (H1’11: £13.9m) - new contract wins in London and enhancing dereg fleet. FY’12 expect c. £65m

• Rail capex £4.5m (H1’11: £10.6m). FY’12 expect c. £15m
BALANCE SHEET AND LIQUIDITY

Adjusted Net Debt to EBITDA

- Adjusted net debt / EBITDA 1.77x, well within target range of 1.5x - 2.5x
- BBB- / Baa3 (stable) rating

Liquidity

- £198m of available liquidity
- Average duration over 5 years, balanced between bank and bond markets

* Targets and covenant refer to adjusted net debt to EBITDA
## Rail pensions:
- Net operating cost of £14.4m (H1’11: £17.1m)
- Rail schemes to move from RPI to CPI
- Expect income statement benefit of £5m in 2012/13
- Assume cash contributions will also be reduced in due course
- Net deficit £12.3m (DfT guarantee any deficit after franchise end)
- Actuarial valuation taking place this year

## Bus pensions:
- Net operating cost £2.2m (H1’11: £2.5m)
- 61% of assets held in bonds / cash (July 2011: 56%)
- Discount rate: 5.0% (H1’11: 5.5%)
- +/- 0.1% discount rate = +/- c£9.5m deficit

### Pensions (£’m)

<table>
<thead>
<tr>
<th></th>
<th>H1’ 12</th>
<th>H1’ 11</th>
<th>FY’11</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td>512.4</td>
<td>459.7</td>
<td>469.8</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td>(554.3)</td>
<td>(530.3)</td>
<td>(529.7)</td>
</tr>
<tr>
<td><strong>Net deficit</strong></td>
<td>(41.9)</td>
<td>(70.6)</td>
<td>(59.9)</td>
</tr>
<tr>
<td><strong>Less tax</strong></td>
<td>10.5</td>
<td>19.0</td>
<td>15.6</td>
</tr>
<tr>
<td><strong>Post tax deficit</strong></td>
<td>(31.4)</td>
<td>(51.6)</td>
<td>(44.3)</td>
</tr>
</tbody>
</table>
DAVID BROWN
Group Chief Executive

Go-Ahead
H1’12 - STRONG PASSENGER GROWTH

- H1’12 – strong underlying volume growth in deregulated bus, against a flat market:
  - Growth across all companies – value for money fares
  - Strategic focus on more vibrant urban areas in South East
  - Innovative local marketing
  - Smart-ticketing – beginning of journey

- UK rail market – 2011 UK passenger numbers grew by 6%:
  - Good underlying passenger and revenue growth in our three franchises in H1’11
  - London Midland volumes up 11.5%
  - Southeastern’s high speed service - good growth
  - Increase in off-peak reduced-price tickets; online sales up 112% YTD
  - Operationally strong – Southeastern record breaking performance

- Modal shift continues – increasing cost of private car

<table>
<thead>
<tr>
<th></th>
<th>Go-Ahead dereg bus volumes (Lfl)</th>
<th>England (excl London) bus volumes*</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1’12</td>
<td>3.6%</td>
<td>0.2%</td>
</tr>
<tr>
<td>FY’11</td>
<td>2.3%</td>
<td>(1.9)%</td>
</tr>
<tr>
<td>FY’10</td>
<td>3.2%</td>
<td>(1.3)%</td>
</tr>
<tr>
<td>FY’09</td>
<td>2.9%</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

*DfT figures for England excl London have been adjusted to correspond with Go-Ahead financial years. Note H1’12 figure is based on Q1’12 (Jul –Sept) as Q2 data (Oct – Dec) is not yet available from DfT.
DEREGULATED BUS (REGIONAL)

**HIGHLIGHTS**

- Focus on vibrant urban areas in South East
- Potential for further bolt-on acquisitions

- Deregulated operations are mainly commercial
- Strategic focus on more vibrant urban areas, mainly in South East
- High quality operator with modern bus fleet
- 91% customer satisfaction - only operator to conduct independent annual survey
- February 2012 announced acquisition of Carousel, small bus operation in High Wycombe; further potential for bolt-on acquisitions
- Continued roll-out of smart-ticketing – driving organic growth
- Benefits of local management; leveraging Group scale
- BSOG reduction and increase in fuel price manageable
- Expect H2’12 performance to be robust, despite impact of contract implementation costs

<table>
<thead>
<tr>
<th></th>
<th>H1’12</th>
<th>H1’11</th>
<th>FY’11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating margin</td>
<td>11.7%</td>
<td>12.8%</td>
<td>11.6%</td>
</tr>
<tr>
<td>Revenue growth (Lfl)</td>
<td>5.0%</td>
<td>5.2%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Passenger growth (Lfl)</td>
<td>3.6%</td>
<td>1.8%</td>
<td>2.3%</td>
</tr>
</tbody>
</table>
REGULATED (LONDON)

HIGHLIGHTS

- Sector leading margins
- High quality bus network vital to London

- Our London bus operations remain market leading
- Good depot location
- FY’12 mileage expected to be around 3%
- High quality bus network vital to London
- Bus use linked to population growth
- Two Olympic contracts won

North American Yellow School Bus

- In line with expectations – returning modest profit
- Continue to tender for contracts in the right areas at the right price

<table>
<thead>
<tr>
<th></th>
<th>H1’12</th>
<th>H1’11</th>
<th>FY’11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating margin</td>
<td>9.5%</td>
<td>10.5%</td>
<td>9.5%</td>
</tr>
<tr>
<td>Revenue growth (Lfl)</td>
<td>3.0%</td>
<td>(4.9)%</td>
<td>(2.3)%</td>
</tr>
<tr>
<td>Mileage growth (Lfl)</td>
<td>1.8%</td>
<td>0.4%</td>
<td>(0.6)%</td>
</tr>
</tbody>
</table>

16 strategically located depots in London with 85% of capacity owned as freehold
RAIL

HIGHLIGHTS

- UK’s busiest operator
- Strong position in UK rail market

<table>
<thead>
<tr>
<th></th>
<th>H1’12</th>
<th>H1’11</th>
<th>FY’11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating margin</td>
<td>1.9%</td>
<td>2.7%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Passenger revenue growth</td>
<td>9.6%</td>
<td>9.1%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Passenger journey growth</td>
<td>4.4%</td>
<td>4.4%</td>
<td>4.2%</td>
</tr>
</tbody>
</table>

- 2012 marks the beginning of busy period for UK rail market
- Strong position with long-term partner Keolis
- Proven 15 year track record
- Busiest operator - 5,500 services a day
- Operate very busy and complicated networks
- We carry more passengers than most European countries
- Innovative - London Midland 110mph
- Alliancing with Network Rail:
  - Southeastern
  - Gatwick Airport Station now run by Southern
- Southern - Rail Business of the Year award
- Permanent bid team
### CURRENT FRANCHISES:

<table>
<thead>
<tr>
<th></th>
<th>Govia split</th>
<th>Approx annual passenger revenue</th>
<th>Franchise renewal date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southeastern</td>
<td>Go-Ahead 65% Keolis 35%</td>
<td>£500m</td>
<td>March 2014</td>
</tr>
</tbody>
</table>
| Southern       | Go-Ahead 65% Keolis 35%      | £500m                           | July 2015
|                |                              |                                 | Becomes part of Thameslink                  |
| London Midland | Go-Ahead 65% Keolis 35%      | £200m                           | September 2015                             |

### SUBMITTED INITIAL BID DOCUMENTS FOR:

<table>
<thead>
<tr>
<th></th>
<th>Govia split</th>
<th>Approx annual passenger revenue</th>
<th>Franchise start date</th>
<th>Length of franchise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thameslink</td>
<td>Go-Ahead 65% Keolis 35%</td>
<td>£1bn*</td>
<td>September 2013</td>
<td>7 years</td>
</tr>
<tr>
<td>Essex Thameside</td>
<td>Keolis 51% Go-Ahead 49%</td>
<td>£100m</td>
<td>May 2013</td>
<td>15 years</td>
</tr>
</tbody>
</table>

* Thameslink passenger revenue is expected to be around £1bn following the incorporation of Southern in July 2015
SUMMARY

FY’12 OUTLOOK
• Strong position in UK rail market with Keolis
• Look forward to shortlist announcement for Thameslink and Essex Thameside
• Remain cautious about wider economic outlook
• Whilst rail remains difficult to predict, expect H1’12 rail revenue growth to continue
• Expect robust performance in bus, despite impact of contract implementation costs
• Overall, anticipate FY’12 results in line with management expectations

INDUSTRY OUTLOOK
• Strong demand for public transport; good Government support for industry
• Rail franchise reform

OUR PRIORITIES
• Maintain strategic focus on bus and rail markets
• Drive organic growth through high quality services and targeted marketing
• Further bolt-on acquisitions in deregulated bus
• Strong financial discipline and maintaining dividend per share
MODAL SHIFT CONTINUES

- The increasing costs of running a private car are impacting current motorists and potentially restricting the number of new drivers:
  - The cost of commuting by car rose 21% in 2011\(^{(1)}\)
  - Insurance premiums for 17-20 year olds have risen 68% on average over the last five years, to £2,590\(^{(2)}\)
  - Record numbers of young people now own a 16-25 Railcard, 60% up on five years ago\(^{(3)}\)
  - The number of 17 to 22 year-olds taking their driving test has fallen by 19% since 2005 - a drop of more than 200,000 people\(^{(4)}\)

1. Green Flag Survey – Nov 2011
3. ATOC – Jan 2012
4. BBC – Sept 2011
# EUROPEAN PASSENGER VOLUMES

<table>
<thead>
<tr>
<th>Country</th>
<th>Annual passenger journeys (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>2,474</td>
</tr>
<tr>
<td>UK</td>
<td>1,421</td>
</tr>
<tr>
<td>France</td>
<td>1,123</td>
</tr>
<tr>
<td>Italy</td>
<td>590</td>
</tr>
<tr>
<td>Spain</td>
<td>537</td>
</tr>
<tr>
<td><strong>Govia (Go-Ahead/Keolis)</strong></td>
<td><strong>380</strong></td>
</tr>
<tr>
<td>Switzerland</td>
<td>369</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>361</td>
</tr>
<tr>
<td>Poland</td>
<td>240</td>
</tr>
<tr>
<td>Belgium</td>
<td>239</td>
</tr>
<tr>
<td>Sweden</td>
<td>185</td>
</tr>
<tr>
<td>Denmark</td>
<td>182</td>
</tr>
<tr>
<td><strong>18 other European countries</strong></td>
<td><strong>Below 180</strong></td>
</tr>
</tbody>
</table>

*Source Eurostat (2010 Q4 to 2011 Q3) – latest available data
Govia figure based on 2011/12 annual results*