

HALF YEAR RESULTS

for the six months ended 1 January 2011

Go-Ahead

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KEITH LUDEMAN
Group Chief Executive
18 February 2011

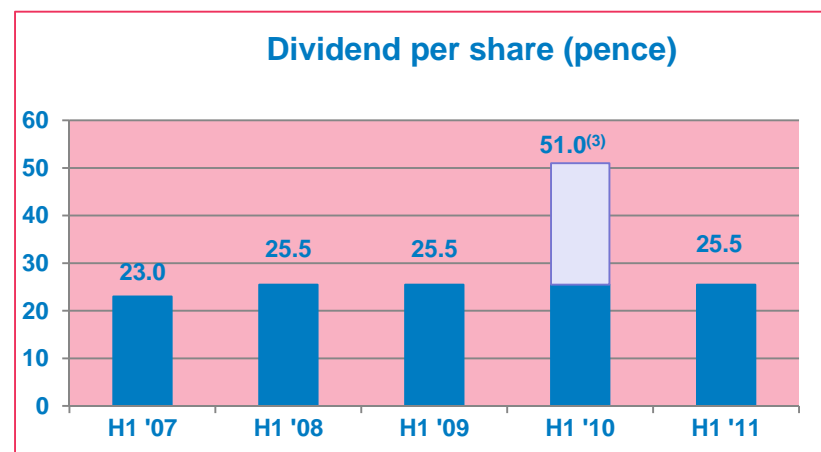
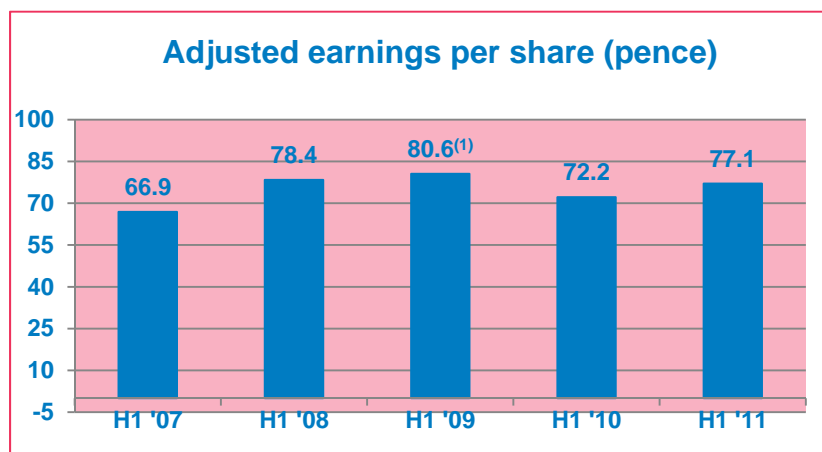
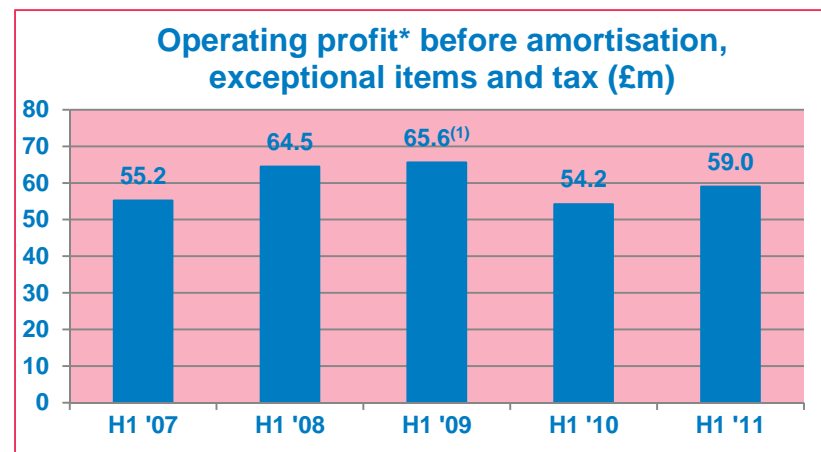
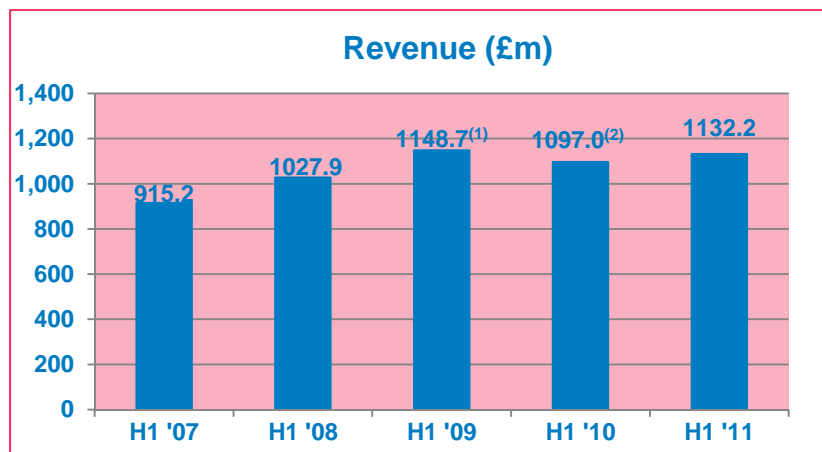


Go-Ahead

- Financial results ahead of expectations
 - Further 1.7% passenger growth – well over 1 billion pa
 - Record half year bus operating profit
 - Contract management and revenue growth in rail offsetting subsidy reduction
 - Lowest level of net debt for five years
- Challenging operating conditions in December
- Strong government support for public transport
- Increasing full year financial guidance
 - Robust start to second half of financial year
 - Now expect full year operating profit around that achieved last year
 - Bidding for Greater Anglia rail franchise

H1'11 – A return to growth

Go-Ahead



1. H1'09 restated to exclude the majority of our ground handling and all of our cargo operations sold at the end of January
2. Reduction due to change in track access regime
3. One-off change in proportion of full year dividend

* before amortisation and exceptional items

Operating profit* Ahead of expectations

Go-Ahead

	Operating profit* H1'11 £'m	Operating profit* H1'10 (Restated)** £'m	Variance £'m	Variance %
Bus	36.9	34.3	2.6	7.6
Rail	22.1	19.9	2.2	11.1
Total	59.0	54.2	4.8	8.9

- c£5m ahead of expectations
 - Bus: +£2m: QIC; Q2 deregulated revenue
 - Rail: +£3m: Contract management benefits
- Resilient growth in passenger numbers

* before amortisation and exceptional items

** restated to exclude discontinued items

BUS (1 of 3) Regulated (London)

Go-Ahead

Resilient and stable business

- Revenue *-4.9%
- Mileage operated *+0.4%
- Won new contracts worth 24 PVR, retained 358 PVR, lost 58 PVR
- Quality incentive bonuses down at £4.4m (H1'10: £7.4m – QIC2 ended last year)
- Strong cost control



* Like-for-like, i.e. adjusting to 26 weeks in H1'10 and excluding acquisitions

BUS (2 of 3)

Deregulated bus

Go-Ahead

Growth continues – despite weather

- Revenue $+5.2\%$, passenger numbers $+1.8\%$
 - Underlying 3%-4% revenue and passenger growth trend continues
 - Evidence of modal shift
 - Weather impacted Q2 revenue and numbers
- High quality, local urban focus:
 - Brighton & Hove City bus operator of the year – again!
 - One of youngest, greenest fleets in sector
 - Smartcard and new ticket machine roll-out
 - Internet retailing
- Strong cost control



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* Like-for-like, i.e. adjusting to 26 weeks in H1'10 and excluding acquisitions

BUS (3 of 3) US Yellow School Bus Joint Venture

Go-Ahead

Good defensive market – low risk entry performing well

- 50:50 Joint Venture secured two contracts:
 - started August 2010
 - Mid West – St. Louis, Missouri
 - \$6m US pa contract value, 3 years +2 year extensions
- Joint venture investment (100%) c\$7m
- Successful start, good reputation
- Results break even in the period with forecast marginal profits to year end



Highly fragmented market – significant opportunities

Performance remains in-line with bid

Growth returning:

- First anniversary of new franchise passed, with in-line bid performance
- Significant progress made with large number of franchise obligations
- Operating performance (88% PPM) and customer satisfaction (NPS 82%) remain good
- Good growth: Passenger revenue $*+7.1\%$ (10%), passenger journeys $*+3.4\%$ (4.1%)
- Some weakness on Gatwick Express compensated by strong core franchise



* Like-for-like, i.e. adjusting to 26 weeks in H1'10

Good growth, 80% revenue support since 1 April 2010

- Passenger revenue *12.0% (3.9%), passenger journeys *5.6% (-2.0%)
- High speed very successful operationally (PPM: 90%) and very popular with users (customer satisfaction: 95%) – 30% of revenue is generated
- 80% revenue support from 1 April 2010
- Good operational performance (PPM 88%), and customer satisfaction (NPS 80%)
- Contract management benefits



* Like-for-like, i.e. adjusting to 26 weeks in H1'10

Further performance improvement and growth in passengers / revenue

- Transformation in performance and quality of service: customer satisfaction rising from 80% 2 years ago to 86%, PPM at 88%
- Passenger revenue* +7.1% (11.0%) passenger journeys* +4.3% (6.4%)
- Most franchise obligations delivered – with stations transformed e.g. +3,000 car parking spaces
- Cost reduction remained challenging



* Like-for-like, i.e. adjusting to 26 weeks in H1'10

NICK SWIFT
Group Finance Director
18 February 2011



Go-Ahead

Summary income statement

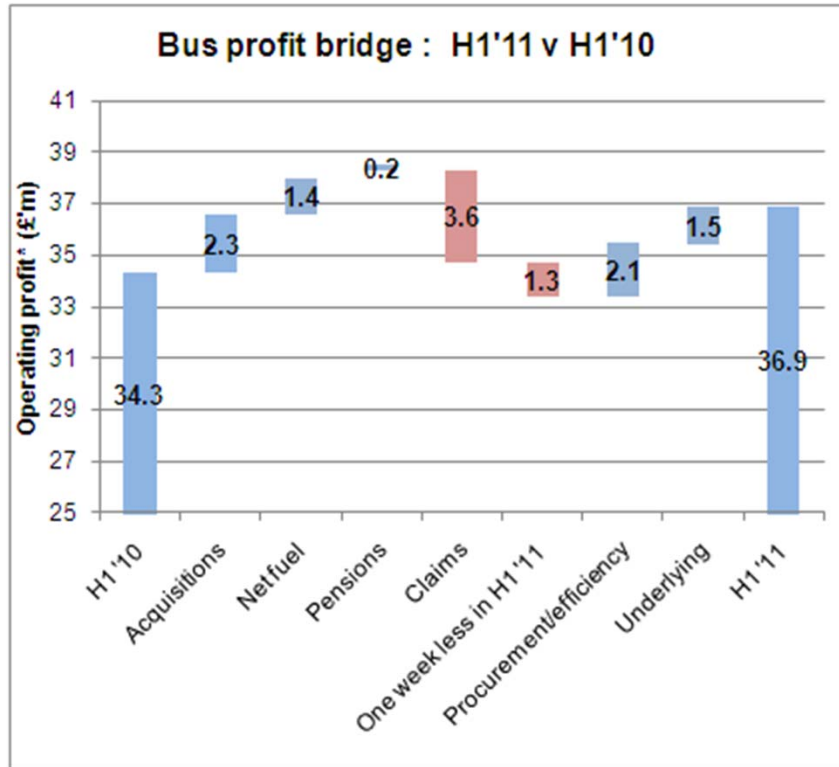
Go-Ahead

£'m	H1'11	H1'10 restated**	Variance	
Revenue	1,132.2	1,068.4	63.8	----- 6.0% increase
Operating profit*	59.0	54.2	4.8	----- 8.9% increase
Net finance costs	(8.3)	(4.2)	(4.1)	
Profit before tax*	50.7	50.0	0.7	
Amortisation	(5.1)	(6.0)	0.9	
Exceptional items	(0.6)	(2.2)	1.6	----- Mainly artics and rail restructuring
Profit before tax	45.0	41.8	3.2	
Tax	(9.7)	(11.5)	1.8	
Profit/(loss) from discontinued operations	1.2	(27.2)	28.4	----- Cargo, Ground Handling and Meteor
Profit for the period	36.5	3.1	33.4	
Minority interest	(5.3)	(3.8)	(1.5)	----- 35% of rail
Profit/(loss) attributable to members	31.2	(0.7)	31.9	
Adjusted, continuing eps	77.1	72.2	4.9	
Total dividend per share	25.5	51.0	25.5	----- Timing difference

* before amortisation and exceptional items

** restated to exclude discontinued items

Strong performance offsetting higher claims costs



Operating profit* up £2.6m to £36.9m

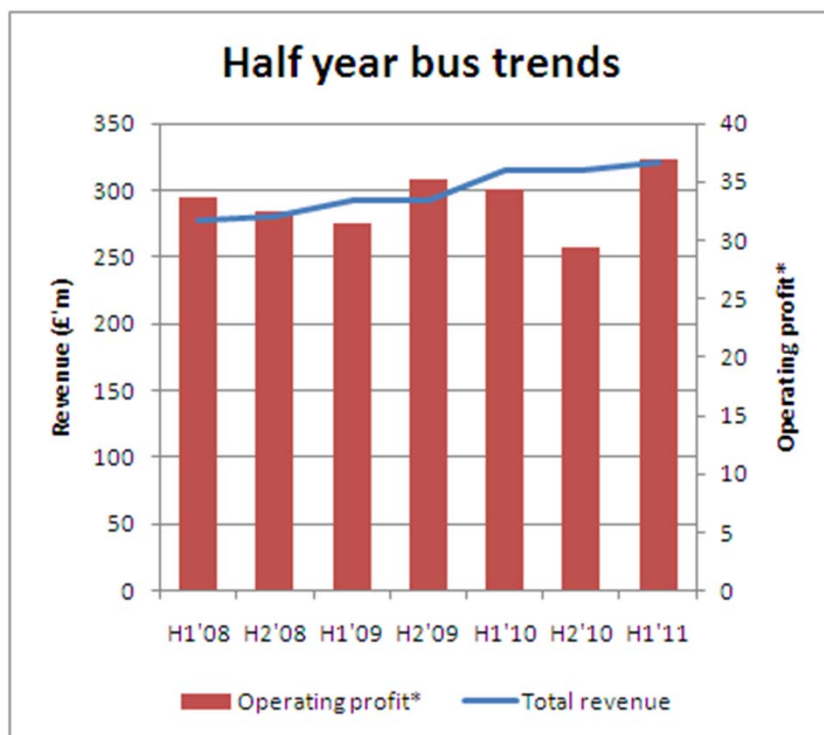
- Slightly ahead of expectation with strong December results
- Continued strong contribution from acquisitions £2.3m
- Fuel benefits offset with additional duty
- High claims costs in the first half, believe linked to economic downturn (rigorous defence response)
- Specific initiatives +£2.1m (energy, procurement, productivity)

* before amortisation and exceptional items

BUS: Half yearly trends

Go-Ahead

- Anniversary of lower margin contracts passed, lower QIC's
- Good passenger growth momentum maintained in deregulated



Lfl change [#]	H1'11	H1'10	H2'10
Regulated (London)			
Revenue	-4.9%	+7.9%	-2.8%
Mileage	+0.4%	+5.2%	+2.5%
Rev / mile	-0.2%	+3.2%	-5.2%
QIC	-£3.0m	+£0.7m	-£2.6m
Deregulated			
Revenue	+5.2%	+8.9%	+2.9%
Passengers	+1.8%	+5.9%	+3.3%
Av fare	+2.9%	+1.8%	-0.4%

* before amortisation and exceptional items

Like-for-like change compared to the equivalent period in the previous financial period

Pensions:

- Net operating cost £2.5m (H1'10: £2.7m)
- 53% of assets held in bonds / cash (July 2010: 43%)
- Discount rate: 5.5% (H1'10 : 5.7%)
- +/- 0.1% discount rate = +/- c£9m deficit

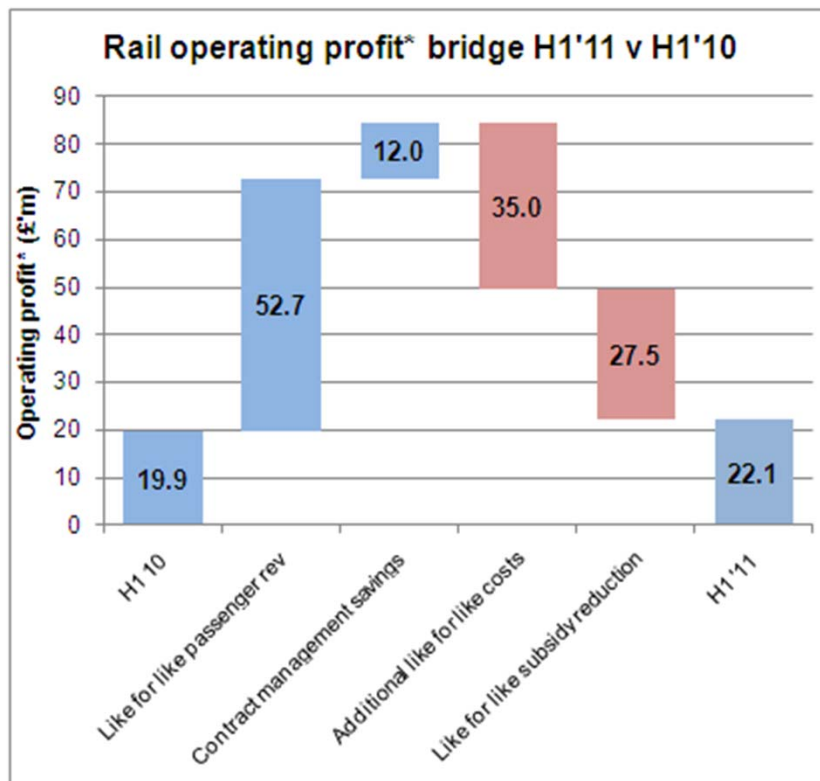
Pensions (£'m)	H1' 11	H2' 10	H1' 10
Assets	459.7	420.0	410.7
Liabilities	(530.3)	(516.9)	(501.3)
Net deficit	(70.6)	(96.9)	(90.6)
Less tax	19.1	27.1	25.4
Post tax deficit	(51.5)	(69.8)	(65.2)

Fuel:

Fuel hedging prices	2008	2009	2010	2011	2012	2013
% hedged	50%	Fully	Fully	Fully	Fully	25%
Price (pence per litre)	34	43	47	41	41	42
Usage (m litres pa)	110	110	115	115	115	115
£'m cost	37	47	54	47	47	48*

* assuming hedging completed at same average price

Initiatives more than offset by subsidy reduction and additional costs



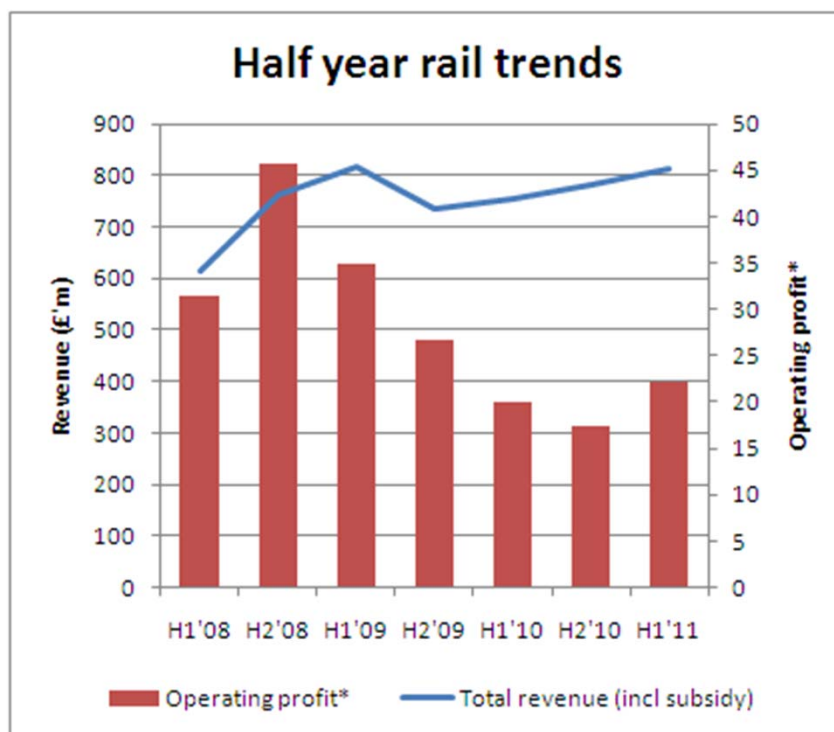
- Good revenue growth: 9.1%
- Contract management savings: £12m
 - £3m above expectations
 - around £9m not expected to repeat
- Like-for-like costs up around 4.4%
- Ongoing reduction in like-for-like subsidy of around £50m per annum

* before amortisation and exceptional items

RAIL: Half yearly trends

Go-Ahead

- Subsidy reduction from 1 April each year
- Continued growth momentum



Change Lfl#	H1'11	H1'10	H2'10
Southern			
Revenue	+7.1%	+10.0%	+9.6%
Passengers	+3.4%	+4.1%	+4.8%
Southeastern			
Revenue	+12.0%	+3.9%	+11.2%
Passengers	+5.6%	-2.0%	+5.1%
London Midland			
Revenue	+7.1%	+11.0%	+9.0%
Passengers	+4.3%	+6.4%	+2.9%

* before amortisation and exceptional items

Like-for-like change compared to the equivalent period in the previous financial year

EC4T (Electricity for Traction)

- Fixed c80% to March 2012, 50% to March 2013, 25% to March 2014
- Currently 3% below market prices

Pensions

- Rail schemes linked to government indexation orders, so should move to CPI
- Expect income statement charge to reduce by c£5m p.a.
- Assume cash contributions will also reduce in due course
- No impact to us beyond end of franchise
- Accounting requires “temporary” liability of £25m until cashflows match charge

Finance costs in line with expectations

Finance costs £m	H1'11	H1'10
Finance revenue	0.7	0.9
Interest payable on £200m bond	(5.4)	0.0
Interest payable on loans and overdrafts	(1.5)	(4.3)
Other interest payable*	(2.1)	(0.8)
Finance costs	(9.0)	(5.1)
Net finance cost	(8.3)	(4.2)

Finance costs:

- Effective interest rate 5.5% (H1 '10: 1.8%), 100% gross debt fixed interest rate
- Expect approximately £18m for full year
- Bank facilities refinanced to February 2016

* Includes ineffective hedging costs and unamortised costs on the 2007 RCF written off in the period

Other items:

Go-Ahead

Exceptional items:

- Now limited to write-down of articulated buses

Tax:

- Effective rate before exceptionals: 26.6% (full year 2010: 26.1%)
- Expect similar for full year

Profit/(Loss) from discontinued operations:

- Aviation services division now sold in entirety

Earnings per share (eps):

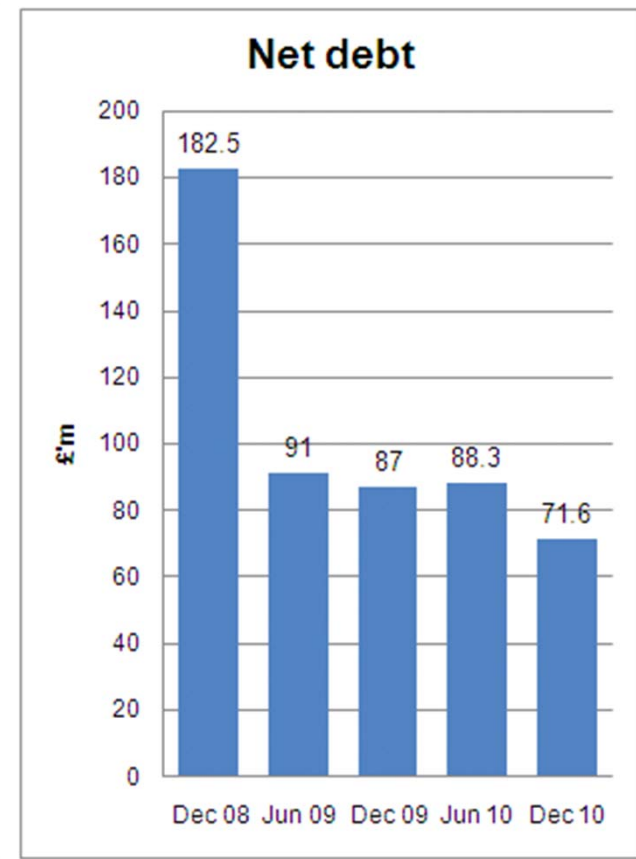
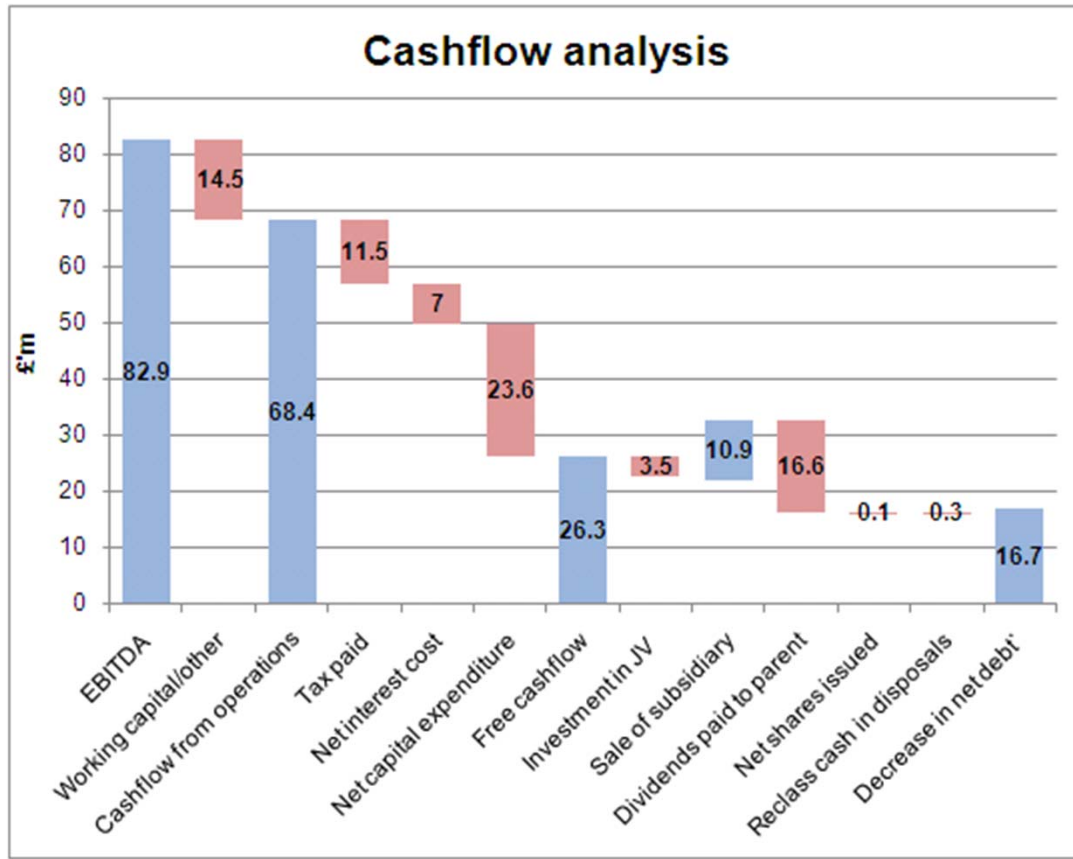
- Adjusted, continuing eps: 77.1p (H1'10: 72.2p)

Dividend:

- Maintained underlying* dividend at 25.5p payable on 8 April 2011

* last year's interim of 51.0p included a one-off increase in proportion of the total dividend payable at the interim stage, of 25.5p

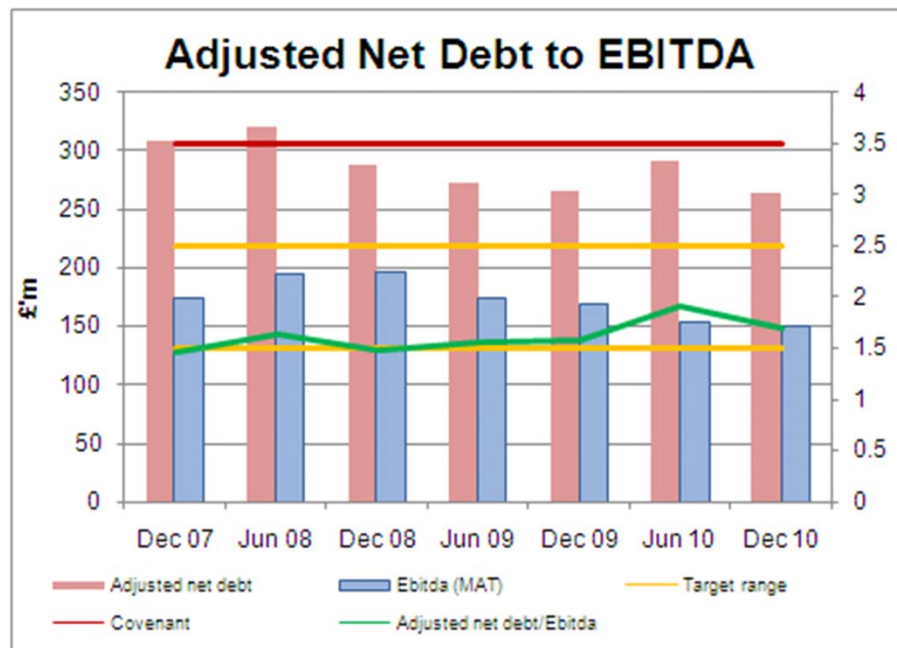
Net debt further reduced, strong cash cover for dividend



Balance sheet and liquidity

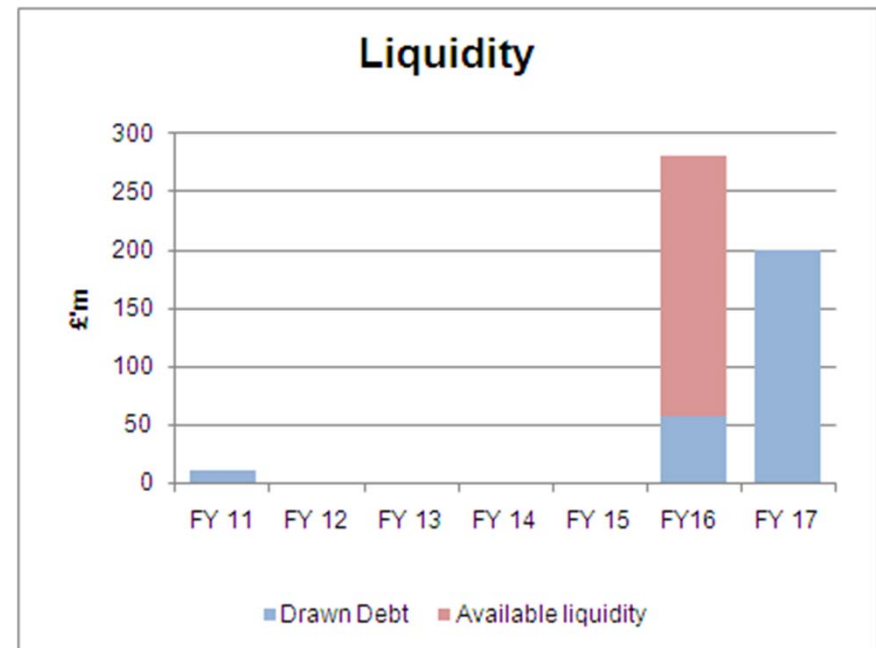
Go-Ahead

Investment grade rating



- Adjusted net debt / EBITDA 1.69x, well within target 1.5 - 2.5x range
- BBB- / Baa3 (stable) rating

Significant liquidity headroom



- £222m of available liquidity at 1 January 2011
- Average duration extended to 6.25 years, balanced between bank and bond markets

- BUS : remains strong, pensions and fuel de-risked
- RAIL : on track, remains difficult to predict
- Strong balance sheet and cashflow
- Significant liquidity, financing secure to 2016/17

Strong financial platform to support dividend and investment in operations

KEITH LUDEMAN
Group Chief Executive
18 February 2011



Go-Ahead

Comprehensive Spending Review Update

Go-Ahead

UK Bus	DfT funding pa	Go-Ahead share	Outcome	Potential consequence of any reduction
Bus service operators grant (BSOG)	£0.5bn	c£48m pa	20% reduction from 1/04/12 No Impact 2010/11	Regulated: (c£5m pa) <ul style="list-style-type: none"> being passed on to TfL on contract renewal Deregulated: (c£5m pa or c2% revenue) <ul style="list-style-type: none"> minimal impact General <ul style="list-style-type: none"> Support for Smartcards continues (8%)
Concessionary fares	£1.2bn	c£60m pa	Small impact 2010/11	Deregulated only: <ul style="list-style-type: none"> Negotiations on-going and small impact 2010/11 expected
Local bus service support	£1.2bn	N/A	No impact 2010/11	Regulated: <ul style="list-style-type: none"> Contracts for 2010/11 secured RPI+2% fare increase 1 January 2011 Deregulated: <ul style="list-style-type: none"> less than 10% of our revenue is from local authority contracts

OUTLOOK: London bus

Go-Ahead

- Our London bus operations remain market leading
- Bus continued to grow and dominates London
- Fares increase 2011 to reduce deficit rather than cut mileage
- Contract portfolio known for 2010/11
- Interested in opportunities for further market share
- Continued attention to cost base (+benefit of hedged fuel price)

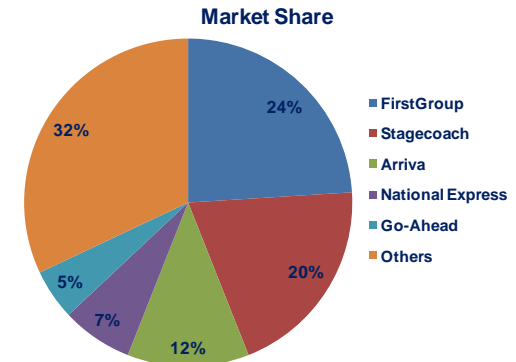
GO-AHEAD'S LONDON BUS DEPOTS



OUTLOOK: Deregulated UK bus

Go-Ahead

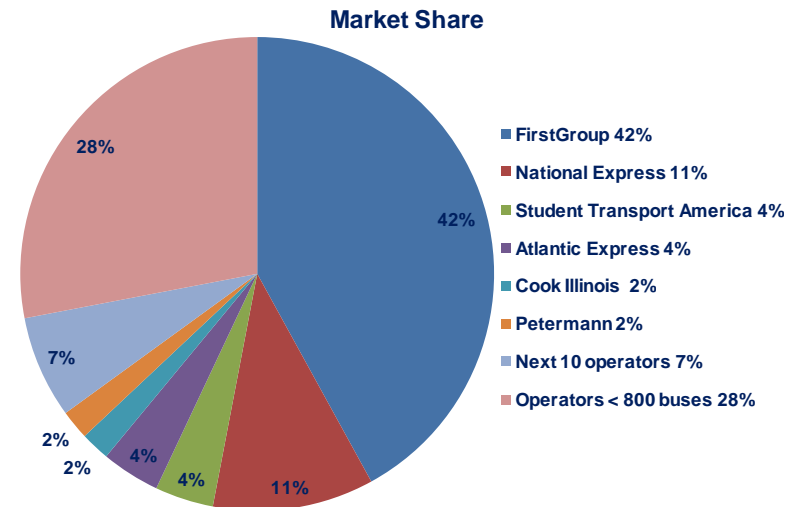
- Our deregulated operations are mainly commercial in high density urban networks
- Weather impact minimal
- Potential for further acquisitions as local authority spending cuts bite, and small operators come to the market
- Strengthened commercial focus :
 - Smartcards
 - New ticket machines
 - Website and social media
- Cost saving initiatives will continue – fuel hedge benefit / energy / efficiencies
- Competition Commission



OUTLOOK: Go-Ahead North America

Go-Ahead

- Successful start for new contracts on 17 August 2010
- New buses, premises, staff
- Total investment \$7m funded by a \$10m facility
- Significant opportunities, but cautious approach to continue
- Targeting specific, manageable market



OUTLOOK: UK Rail (I of 2)

Go-Ahead

- Regulated fares +5.8% in January 2011 Southern and London Midland, and +7.8% in Southeastern (based on July 2010 RPI of 4.8%)
- Working closely with Network Rail on performance particularly in Southeastern and Southern
- Major initiatives on internet retailing off-peak travel promotion
- Assume Southeastern franchise ends March 2014
- Maintain focus on quality and cost control in all three franchises
- Large programme of change continues at Southern



Government reviewing the future structure of UK rail

- 15-22½ year franchises, longer periods dependent on significant amount of investment
- Various based risk sharing models proposed – franchise specific
- ITT delivery – operators greater freedom to operate services commercially
- Go-Ahead will bid for Greater Anglia franchise – Prequalification starts 18 February, shortlisting announced 24 March, ITT issued 21 April, Bid submission 21 July, with selection of franchisee announced 20 October and Franchise starts 5 February 2012
- Govia relationship continues for existing TOCs
- Sir Roy McNulty value for money study
- Network Rail – customer alignment / devolution

Industry outlook

- Strong demand for public transport
- Rail Industry structure under review
- Good Government support for industry

Our priorities

- Maintain strategic focus on bus and rail markets
- Operational quality, local customer focus and detailed cost control
- Organic and acquisitive growth
- Strong financial discipline and maintain dividend per share

Leave Group in good shape and in good hands

Q&A

18 February 2011



Go-Ahead

Appendices

18 February 2011



Go-Ahead

Appendix I Amortisation:

Go-Ahead

£'m	H1'11	H1'10	Variance
Rail goodwill	-	(1.2)	1.2
Non rail intangibles	(0.5)	(0.5)	-
Rail intangibles	(3.3)	(3.6)	0.3
Software	(1.3)	(0.8)	(0.5)
Amortisation	(5.1)	(6.1)	1.0

Appendix 2

Go-Ahead

Non-controlling interest calculation:

£'m	H1'11
Rail operating profit*	22.1
Add back: Net group costs**	1.9
Interest income	0.7
Less: Rail amortisation	(3.8)
Profit before taxation	20.9
Tax	(5.8)
Profit after taxation	15.1
Non-controlling interest (35%)	5.3

* before amortisation and exceptional items

** certain group costs, including some head office costs, are allocated to the rail division for segmental reporting but are not deducted when calculating minority interest

Appendix 3: Adjusted earnings per share calculation

Go-Ahead

£'m	H1'11	H1'10	Variance
Profit for the period	45.0	41.8	3.2
Less taxation	(9.7)	(11.5)	1.8
Less non-controlling interests	(5.3)	(3.8)	(1.5)
Profit attributable to equity holders of the parent	30.0	26.5	3.5
Add back:			
Exceptional items after tax and non-controlling interest	0.4	1.2	(0.8)
Amortisation after tax and non-controlling interest	2.7	3.3	(0.6)
Adjusted earnings*	33.1	31.0	2.1
Weighted average number of shares in issue (m)	42.9	42.9	-
Adjusted earnings per share (pence)	77.1	72.2	4.9

* before amortisation and exceptional items

Appendix 4: Effective tax rate

Go-Ahead

H1'11	Profit £'m	Tax £'m	Tax rate %
Profit for the period*+	45.0	9.7	21.6%
Effective rate adjustments:			
Deferred tax rate change included in the above	0.0	2.2	
Adjustments on exceptional items	0.6	0.3	
Underlying profit and tax rate	45.6	12.2	26.6%**

* before amortisation and exceptional items

+ On continuing operations

** Rate based on detailed tax calculations, not round numbers

Appendix 5

Own 65% of three commuter rail franchises

Go-Ahead

	Passenger Revenue (H1 '11)	Passenger Journeys (H1 '11)	Commuter passengers	Length of franchise	Eligible for revenue support
Southern Central/South London, East & West Sussex, Hampshire (includes Gatwick Express)	£274.0m	81m	c.50%	Start: Sept 2009 End: July 2015*	Sept 2013
Southeastern Central/South East London, Kent, East Sussex	£262.1m	79m	c.70%	Start: April 2006 End: March 2014 ⁺	April 2010
London Midland North London, Milton Keynes, Northampton, Birmingham - Liverpool	£98.2m	27m	c.50%	Start: Nov 2007 End: Sept 2015**	Nov 2011

* With a two year extension at the discretion of the DfT

+ Assuming a two year extension based on performance targets is granted

** Assuming a year and 10 months extension based on performance targets is granted

Appendix 6a RAIL bonds

Go-Ahead

	H1' 11 (£m)	H2' 10 (£m)	H'1 10 (£m)
Season ticket bonds			
Southeastern	70.2	65.0	65.0
London Midland	14.2	13.6	13.6
Southern	38.2	36.0	38.1
Total	122.6	114.6	116.7
Performance bonds			
Previous Southern franchise	0.0	19.8	19.8
Southeastern	40.3	36.3	40.3
London Midland	18.2	22.9	18.2
Southern	30.5	32.7	32.7
Total:	89.0	111.7	111.0

Appendix 6b

RAIL: Subsidy /(premium) profile

Go-Ahead

	Southern	Southeastern	London Midland	Total
H2'10	(9)	134	95	220
H2'11	(42)	105	80	143
H2'12	(82)	55	74	47
H2'13	(116)	5	65	(46)
H2'14	(149)	(23)	55	(117)
H2'15	(187)	-	44	(143)
H2'16	(15)	-	8	(7)