

HALF YEAR RESULTS

for the six months ended 2 January 2010

Go-Ahead

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KEITH LUDEMAN
Group Chief Executive
25 February 2010



Go-Ahead

Our long standing strategy is:

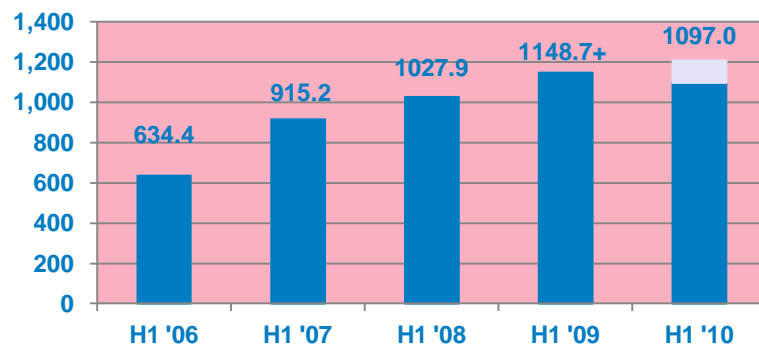
- **to deliver high quality passenger transport services**
- **in dense, urban markets**
- **primarily through bus and rail**

- **We have made good strategic progress in challenging market conditions:**
 - Retention of the Southern rail franchise
 - Successful launch of the UK's first domestic High Speed rail service
 - Investment of £29m in three UK bus acquisitions
 - Establishment of a Yellow School Bus joint venture in North America
 - Disposal of the majority of our loss-making ground handling operations and our cargo business

HI 2009/10 – Good set of results

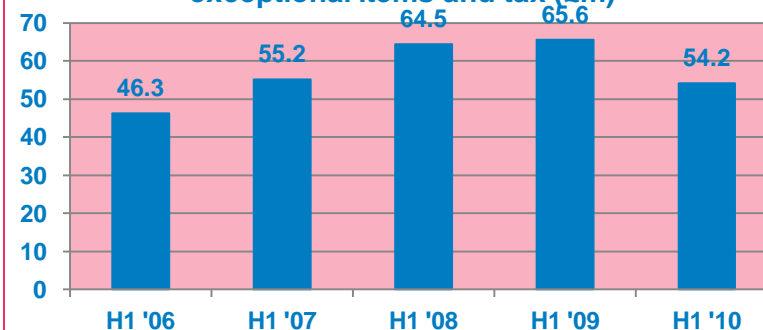
Go-Ahead

Revenue (£m)

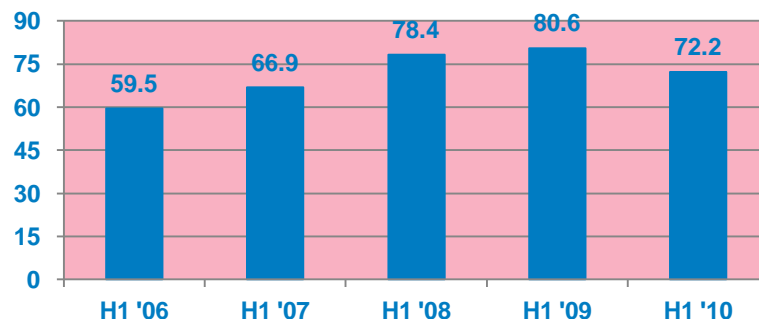


■ Reduction due to change in track access regime

Operating profit* before amortisation, exceptional items and tax (£m)



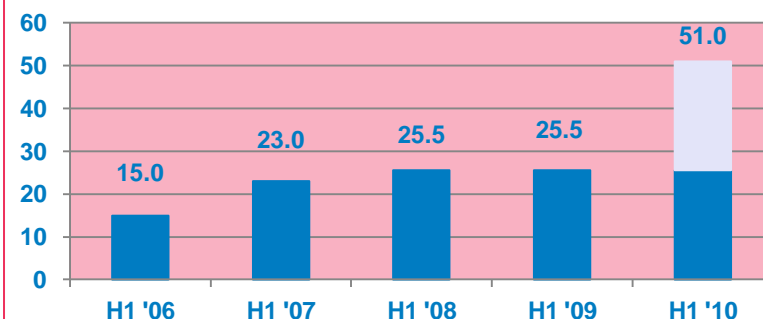
Adjusted earnings per share (pence)



+ H1'09 restated to exclude the majority of our ground handling and all of our cargo operations sold at the end of January

* before amortisation and exceptional items

Dividend per share (pence)



■ One-off change in proportion of full year dividend

Financial results: Slightly ahead of expectations

Go-Ahead

	Operating profit* H1 '09 Restated £'m	Acquisition contribution £'m	Like-for-like Variance £'m	Operating profit* H1 '10 £'m
Bus	31.4	0.7	2.2	34.3
Rail	34.9	-	(15.0)	19.9
Aviation services	(0.7)	-	0.7	-
Total	65.6	0.7	(12.1)	54.2

BUS: £2.9m increase:

- acquisition contribution
- continued passenger revenue growth and management action

RAIL: £15m reduction:

- reduction in like-for-like subsidy of approximately £27m not fully offset by passenger revenue growth and cost savings

BUS (1 of 4) Regulated (London)

Go-Ahead

Growth continues - resilient and stable business

- Revenue +8.7% (acquisitions +3.6%)
- Mileage operated +5.2% (acquisitions +3.4%)
- Won new contracts worth 36 PVR, retained 188 PVR, lost 50 PVR
- Record quality incentive bonuses: £7.4m (H1'09: £6.7m)
- QIC2 ending: vehicles Sept 09, drivers Mar 10
- Strong cost control



BUS (2 of 4)

Deregulated bus

Go-Ahead

Robust business – growth continues

- Revenue +6.2% (acquisitions 1.3%)
- Passenger numbers +4.7% (acquisitions 1.6%)
 - 2.7% due to fare paying passengers
 - 2.0% due to concessionary passengers
- High quality, local urban focus:
 - Oxford Quality Partnership
 - Brighton & Hove bus operator of the year
 - One of youngest greenest fleets in sector
- Strong cost control



BUS (3 of 4)

UK acquisitions

Go-Ahead

Strategic investment of £29m in three UK bus acquisitions

- **Plymouth CityBus**
 - Dec 2009 - bought from Plymouth City Council for £19m
 - High quality, urban operation, large centrally located depot
 - Strong local reputation which we will enhance
- **Arriva's Horsham operations**
 - Sept 2009 – bought for £5m
 - Deregulated and regulated operations
 - Incorporation into Metrobus business
- **East Thames Buses**
 - July 2009 – bought from Transport for London for £5m
 - Leverage synergies with our existing bus operations



+£44m turnover +300 buses +970 staff

BUS (4 of 4)

US Yellow School Bus Joint Venture

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Good defensive market – low risk entry

- November 2009: announced 50:50 Joint Venture with Cook Illinois to pursue yellow school bus contracts in North America
- Low risk entry into market - careful, disciplined review of opportunities
- In January 2010 secured two contracts:
 - begin Sept 2010
 - Mid West - St Louis, Missouri
 - \$6m US pa contract value, 3 years +2 year extensions
 - c. 100 buses
- Joint venture investment c\$6m



Highly fragmented market – significant opportunities

New franchise: on track v bid

- Successful transition from old to new Southern franchise on 20 September 2009
- Highly capable management team delivering new franchise
- On track with initiatives
- Good growth: Passenger revenue +10.0%, passenger journeys +4.1% (2% from remapping)
- Gatwick Express recovery
- Weather impact minimal



Quality service: 91% punctuality, 82% customer satisfaction

RAIL (2 of 3) Southeastern

Go-Ahead

Successful high speed launch

- Passenger revenue +3.9%
passenger numbers -2.0%
- 2% reduction in passenger numbers due to network remapping
- Slower growth than other Go-Ahead franchises – 70% commuting and greater exposure to London and South East unemployment
- Strong cost control
- Successful launch of UK's first domestic high speed service



Quality service: 91% punctuality, 80% customer satisfaction

RAIL (3 of 3)

London Midland

Go-Ahead

Excellent improvement in customer satisfaction

- Passenger revenue +11.0%, passenger journeys +6.4%
- 4% increase due to December 2008 timetable change
- Cost control progressing
- New management team – very significant improvement in operational performance
- Customer satisfaction +7%. **The UK's most improved franchise**



Quality service: 90% punctuality, 87% customer satisfaction (+7%)

NICK SWIFT
Group Finance Director
25 February 2010



Go-Ahead

Summary income statement:

Good first half results (before exceptional items)

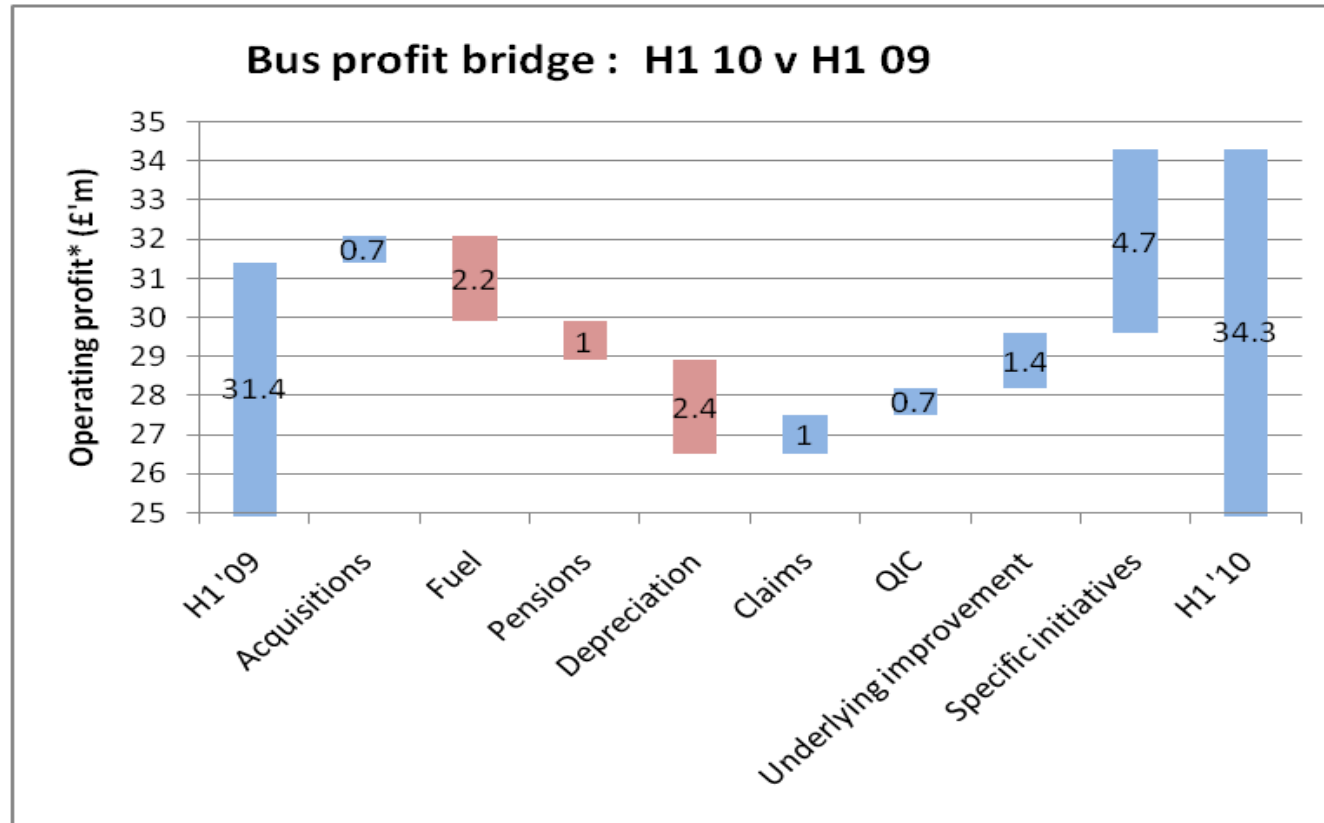
Go-Ahead

£'m	H1 2010	H1 2009 restated	Variance	
Revenue	1,097.0	1,148.7	(51.7)	Change in rail access charge regime
Operating profit*	54.2	65.6	(11.4)	
Net finance costs	(4.2)	(5.7)	1.5	
Profit before tax*	50.0	59.9	(9.9)	
Amortisation	(6.1)	(5.9)	(0.2)	
Exceptional items	(31.9)	(13.7)	(18.2)	Largely aviation services division
Profit before tax	12.0	40.3	(28.3)	
Tax	(7.7)	(11.0)	3.3	
Exceptional tax	-	(8.6)	8.6	
Profit for the period	4.3	20.7	(16.4)	
Loss from discontinued operations	(1.2)	(31.3)	30.1	Reflects disposals
Minority interest	(3.8)	(7.8)	4.0	
Loss attributable to members	(0.7)	(18.4)	17.7	
Adjusted, continuing eps	72.2p	80.6p	(8.4p)	
Proposed dividend per share	51.0	25.5	25.5	One off change

* before amortisation and exceptional items

BUS (1 of 2): Results remain strong

Go-Ahead



- Half on half improvement led by management initiatives:
- Energy consumption, procurement, labour efficiency

* before amortisation and exceptional items

BUS (2 of 2): De-risked fuel and pensions

Go-Ahead

Fuel: De-risked by extending hedging:

Fuel at Feb 2010	2008	2009	2010	2011	2012	2013
% hedged	50%	Fully	Fully	Fully	64%	11%
Price (pence per litre)	34	43	47	41	40	42
Usage (m litres pa)	110	110	110	110	110	110
£'m cost*	37	47	52	45	44	46

* Assuming hedging completed at same average price

Pensions:

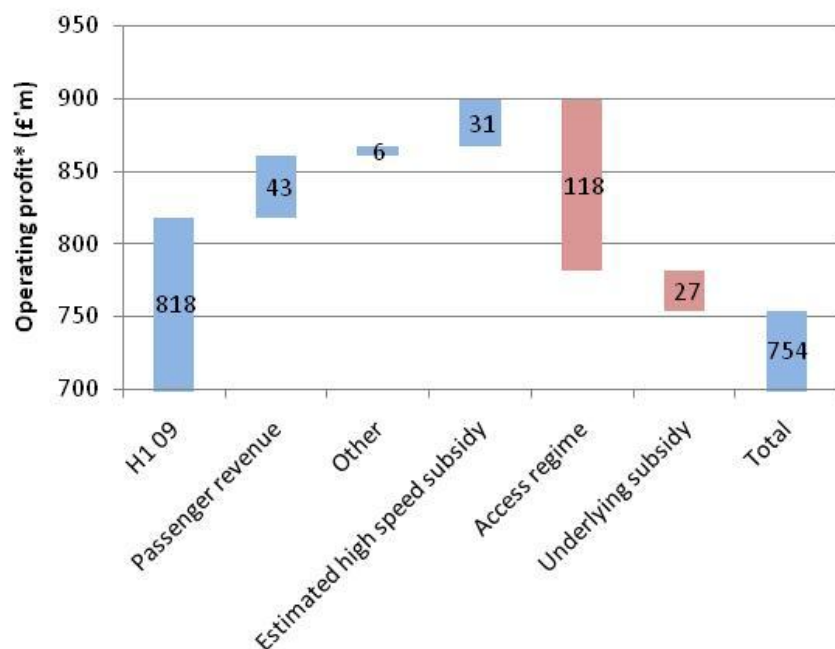
- De-risked asset allocation 07/8
- Non-rail: deficit £65.2m (post tax)
- Discount rate: 5.7% (2009: 6.3%)

Pensions (£'m)	June 08	June 09	Jan 10
Assets	436.2	428.7	501.3
Liabilities	(376.8)	(352.7)	(410.7)
Net deficit	(59.4)	(76.0)	(90.6)
Tax	16.6	21.3	25.4
Post tax deficit	(42.8)	(54.7)	(65.2)

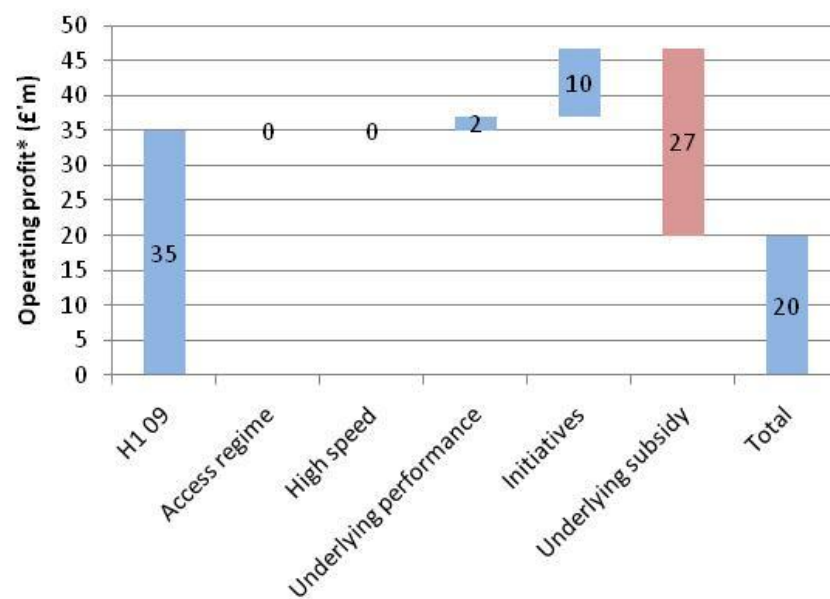
RAIL (1 of 2): Benefitting from initiatives

Go-Ahead

Rail revenue bridge H1'10 v H1'09



Rail operating profit* bridge H1'10 v H1'09



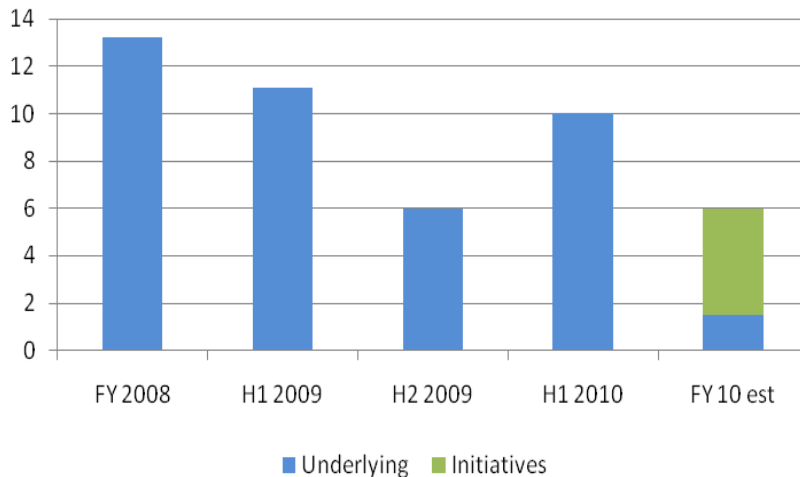
- Revenue reduction due to change in track access regime (no profit impact)
- Operating profit*: underlying performance and initiatives mitigate subsidy reduction

* before amortisation and exceptional items

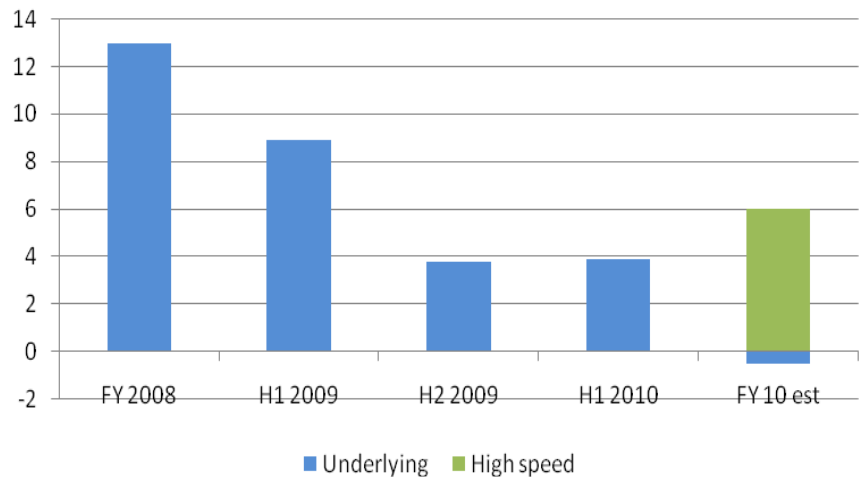
RAIL (2of 2): Revenue trends “on track”

Go-Ahead

Southern passenger revenue growth %



Southeastern passenger revenue growth %



- H1'10 benefits from Jan 09 fare increases; increase in Jan 10 “modest”
- Continue to target full year passenger revenue growth “mid single digit %”
- No change to full year rail outlook
- Expect revenue support in Southeastern from 1 April 2010

Aviation services and exceptional items:

Slightly better than expected

Go-Ahead

Exceptional items £m	H1 09	Trading statement	Discontinued	Continued
Proceeds	15.0	15.0	15.0	
Approx cost of residual operations	(13.5)	(15.0)		(13.5)
Impairment	(18.5)	(20.0)	(18.5)	
Reorganisation costs	(2.6)	(2.6)	(2.6)	
Net ground handling and cargo	(19.6)	(22.6)	(6.1)	(13.5)
Meteor Parking impairment	(16.2)	(15.0)		(16.2)
Bus and rail	(2.2)	(3.4)		(2.2)
	(38.0)	(41.0)	(6.1)	(31.9)

- Total exceptional charge £38.0m, slightly better than trading statement £41.0m
- Continuing operations: H1'10 revenue £28.6m; H1'10 operating profit* Nil
- Provides for future loss making contracts (expire 2011), so operating profit* for aviation services division expected to be broadly breakeven going forward.

Finance costs:

- Effective interest rate 1.8% (H1 2009: 5.6%), 50% gross debt fixed interest rate
- Expect approximately £9m for full year (assuming no change to financing structure)

Tax:

- Effective rate before exceptionals: 27.7% (full year 2009: 27.0%)
- Expect similar for full year

Earnings per share (eps):

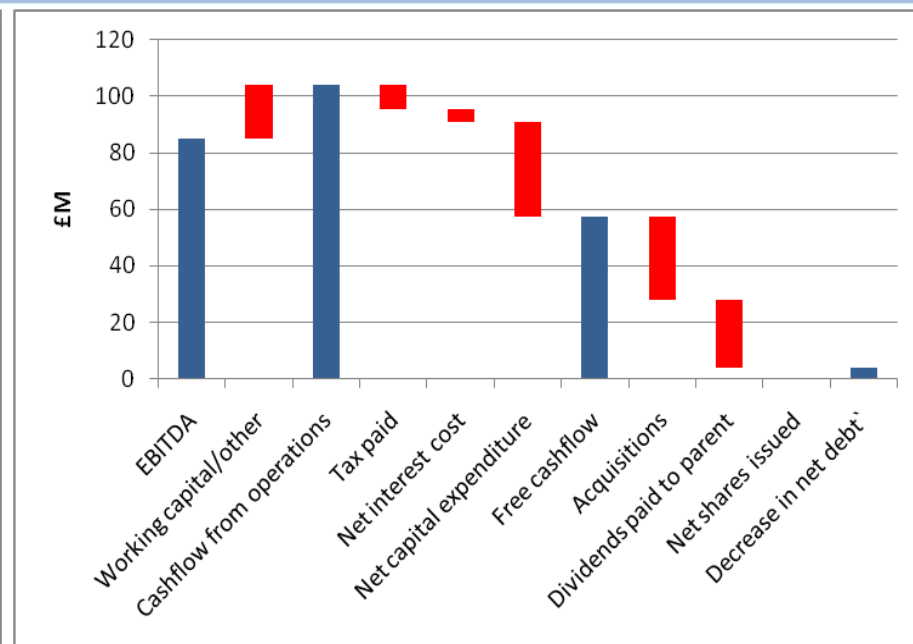
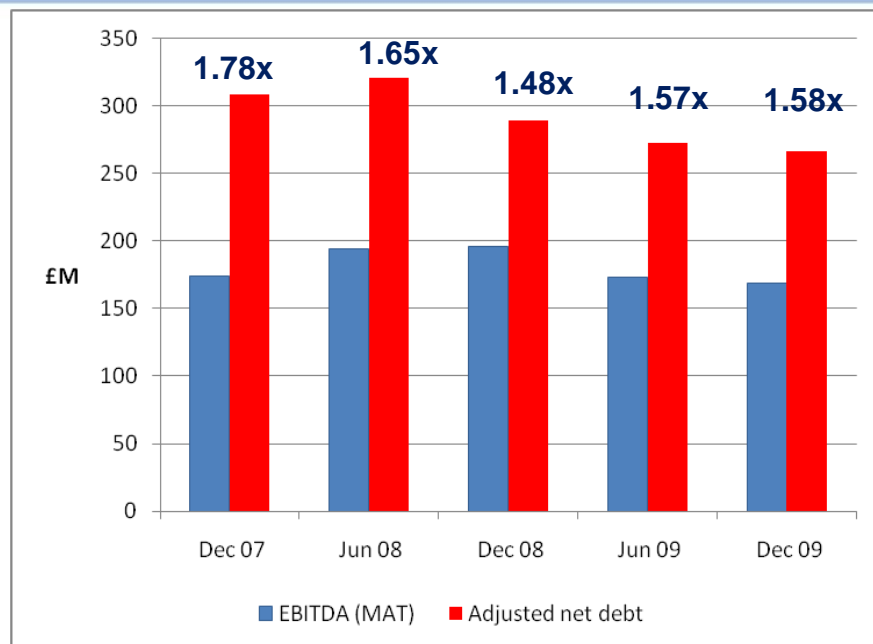
- Adjusted, continuing eps: 72.2p (H1 2009: 80.6p)
- Reduced rail operating profit, partly offset by reduced minority interest

Dividend:

- One-off increase in proportion of this year's total dividend payable at the interim stage, bringing forward 25.5p to make the interim dividend 51.0p (H1 '09: 25.5p), payable on 1 April 2010

Financial discipline: Strong balance sheet and cashflow

Go-Ahead



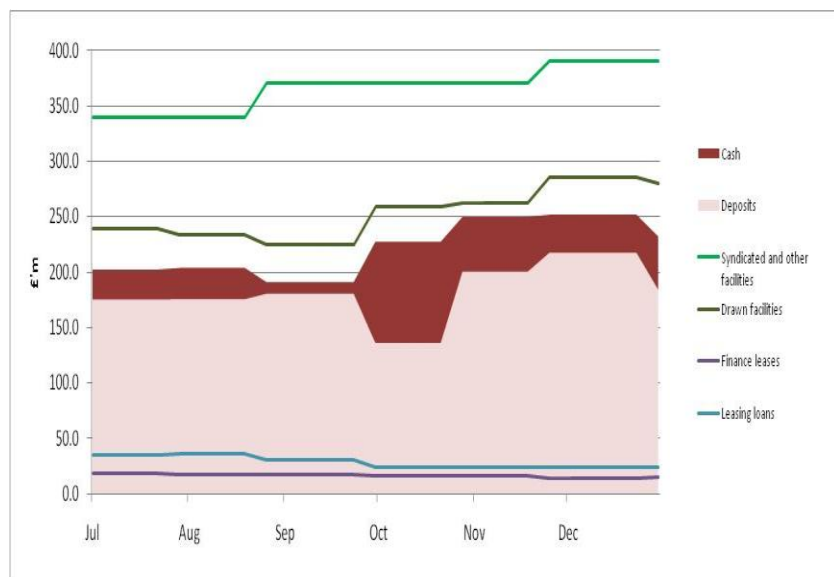
- **Key financial policy aim: maintain investment grade status**
- Currently use conservative target range of 1.5-2.5x adjusted net debt* to EBITDA
- 12 months to Dec 09: 1.58x
- Restricted cash Dec 09 £179.1m

- **Strong EBITDA conversion to operating cashflow**
- H1 working capital includes £20m deposit repayment
- Expect c£40m adverse working capital H2
- Net capex £35.5m, free cashflow £57.4m
- Acquisitions £29m
- **Net debt decreased by £4m**

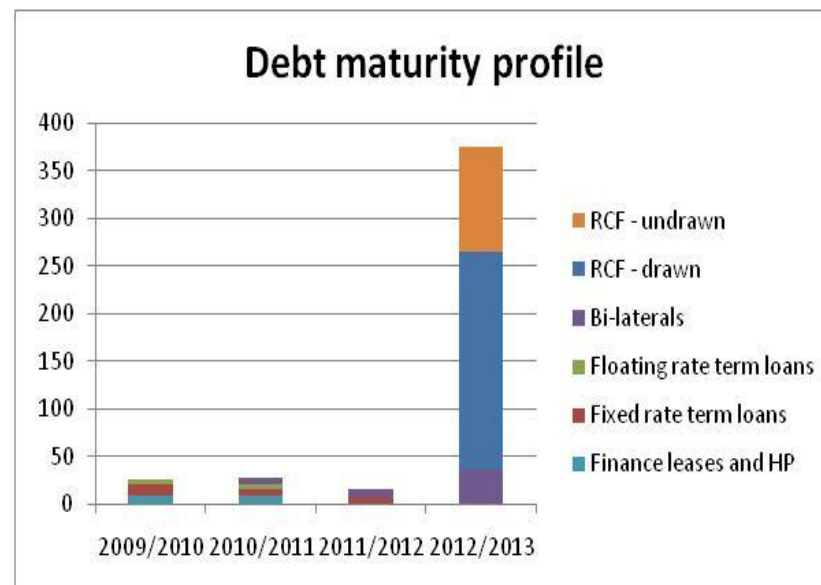
Financial discipline: Liquidity and refinancing

Go-Ahead

- £340m unsecured syndicated RCF (Nov 12)
- £50m unsecured bilateral loans
- £49.0m of leases and term loans
- No significant near term debt maturities
- Considering debt capital market alternatives to diversify financing sources and extend maturity profile



- Undrawn committed facilities (Dec 09): £110.0m



- BUS: remains strong, pensions and fuel de-risked
- RAIL: on track
- AVIATION SERVICES: majority sold
- Strong balance sheet and cashflow
- Significant liquidity, financing secure to 2012

Remain in good financial shape

KEITH LUDEMAN
Group Chief Executive
25 February 2010



Go-Ahead

Bus is the most popular mode of transport in London

- Excellent management team – quality/quantity of output stable
- Expect H2 operating profit below H1:
 - Natural expiry of contracts with high QIC / operating margins
 - Replaced at more normal margins
 - East Thames Buses
 - Ongoing cost control initiatives (wage, energy, procurement)

Bus remains a vital part of the community, particularly in urban areas

- Expect further, modest growth in H2
- Slight weather impact from snow
- Acquisition contributions
- Ongoing cost control initiatives (wage, energy, procurement)
- Fuel price reduces in FY 11
- OFT referral to the Competition Commission

We have three carefully selected commuter franchises

Overall

- Remain cautious on the prospects for the wider economy
- Pricing: 4 Jan 2010 +1.6% SE -0.4% LM / SN
- Weather impact
 - Operational challenge
 - Network Rail compensation
 - Maintain focus on cost control and quality of service
- DfT policy on future of franchising



Southern: bid based on prudent and current economic assumptions

- Franchise on track to deliver 4-5% passenger revenue growth for the full year through initiatives – slightly ahead of Bid

Southeastern: Revenue support from 1 April 2010

- Too early to assess impact of new Southeastern timetable / High Speed service
- Trends to date broadly in line with expectations
- Revenue support from 1 April 2010

London Midland: Relatively small franchise

- Pleased with operational improvement to date – but West Coast Mainline South still an issue
- Cost control remains a priority

Full year 2010 outlook - unchanged

- Confident in the full year
- Significant strategic progress

Medium term outlook – growth opportunities

- Maintain strategic focus on bus and rail markets
- Continue to drive growth and shareholder value:
 - Further organic growth in UK bus
 - Well placed for acquisitions in UK bus
 - Significant opportunities in North America Yellow School Bus – cautious approach
 - Significant share of fundamentally strong UK rail market
- Maintain financial discipline

Q&A

25 February 2010



Go-Ahead

Appendices

25 February 2010



Go-Ahead

Appendix I Amortisation:

Go-Ahead

£'m	H1 '09	H1 '08	Variance
Rail goodwill	(1.2)	(1.2)	-
Non rail intangibles	(0.5)	(0.7)	0.2
Rail intangibles	(3.7)	(3.5)	(0.2)
Software	(0.8)	(0.6)	(0.2)
Amortisation	(6.1)	(5.9)	(0.2)

Appendix 2

Minority Interest calculation:

Go-Ahead

£'m	H1 '09
Rail operating profit*	19.9
Add back group costs**	(2.8)
Net finance revenue	3.2
Rail amortisation	(4.9)
Profit before taxation	15.4
Tax	(4.6)
Profit after taxation	10.8
Minority interest (35%)	3.8

* 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 3a: Adjusted earnings per share calculation

Go-Ahead

£'m	H1 '09	H1 '08	Variance
Profit/(loss) for the period	4.3	20.7	(16.4)
Less minority interests	(3.8)	(7.8)	4.0
Profit attributable to equity holders of the parent	0.5	12.9	12.4
Add back:			
Exceptional items after tax and minority interest**	27.1	18.5	8.6
Amortisation after tax and minority interest**	3.4	3.2	0.2
Adjusted earnings*	31.0	34.6	(3.6)
Weighted average number of shares in issue (m)	42.9	42.9	0.0
Adjusted earnings per share (pence)	72.2	80.6	(8.4)

* before amortisation and exceptional items

** refer appendix 3b

Appendix 3b: Adjusted earnings per share calculation

Go-Ahead

£'m	H1 '09	H1 '08
Exceptional items before tax	(31.9)	(13.7)
Exceptional tax and tax on exceptional items	4.4	(4.8)
Exceptional items after tax	(27.5)	(18.5)
Minority interest on exceptional items	0.4	-
Exceptional items after tax and minority interest	(27.1)	(18.5)
Amortisation	(6.1)	(5.9)
Tax on amortisation	1.4	1.3
Minority interest on amortisation*	1.3	1.4
Amortisation after tax and minority interest	(3.4)	(3.2)

* Calculated as rail amortisation of £4.9m (H1 '08: £4.9m), less tax on rail amortisation of £1.0m (H1 '08: £1.0m) equals £3.9m (H1 '08 : £3.9m) at 35% equals £1.4m (H1 '08 : £1.3m)

Appendix 4

Own 65% of three commuter rail franchises

Go-Ahead

	Passenger Revenue (FY'09)	Passenger Journeys (FY'09)	Commuter passengers	Length of franchise	Eligible for revenue support
Southern Central/South London, East & West Sussex, Hampshire (includes Gatwick Express)	£487.2m	155m	c.50%	Start: Sept 2009 End: July 2015*	Sept 2013
Southeastern Central/South East London, Kent, East Sussex	£473.6m	155m	c.70%	Start: April 2006 End: March 2014+	April 2010
London Midland North London, Milton Keynes, Northampton, B'ham - Liverpool	£173.8m	50m	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 5a

RAIL bonds

Go-Ahead

	Dec 09 (£m)	June 09 (£m)
Season ticket bonds		
Previous Southern franchise	0.0	33.0
Southeastern	65.0	63.3
London Midland	13.6	13.9
Current Southern franchise	36.0	0.0
Total	114.6	110.2
Performance bonds		
Previous Southern franchise	19.8	39.8
Southeastern	36.3	36.3
London Midland	22.9	22.9
Current Southern franchise	32.7	32.7
Total:	111.7	131.7

Appendix 5b

RAIL: Restricted cash

Go-Ahead

	Dec 09 (£m)	June 09 (£m)
Previous Southern franchise	10.6	87.5
Current Southern franchise	91.0	0.0
Southeastern	57.8	65.2
London Midland	19.7	28.6
Total:	179.1	181.3