

Interim Results

For the six months ended 30 June 2006

28 September 2006

Richard Bowker Chief Executive

HALF YEAR HIGHLIGHTS

- Strong financial performance - in line with expectations
- Extensions secured at Central and Silverlink
- Delivering premier league operational performance
- Great start at Alsa
- Record bid season in North America
- Solid platform for growth – organic and acquisitive

Adam Walker

Finance Director

FINANCIAL HIGHLIGHTS

- Revenue £1.3bn (2005: £1.1bn)
- Normalised operating profit up 24.8% to £84.0m (2005: £67.3m)
- Operating cash flow of £79.8m (2005: £106.2m)
- Normalised operating margin of 6.7% (2005: 6.2%)
- Year on year fuel impact on UK divisions of £7.6m
- Normalised profit before tax of £67.2m up 15.7% (2005: £58.1m)
- Normalised diluted EPS of 32.5p up 3.8% (2005: 31.3p)
- Interim dividend of 10.75p up 7.5% (2005: 10p)
- Net debt of £546.5m (2005: £563.4m)

GROUP INCOME STATEMENT

	2006 £m	2005 £m
Revenue	1,252.7	1,077.7
Normalised operating profit	84.0	67.3
Loss from associates	(3.8)	(4.4)
Interest	(13.0)	(4.8)
Normalised profit before tax	67.2	58.1
Exceptional items	(27.2)	(0.3)
Goodwill & intangible asset amortisation	(34.5)	(18.3)
Profit before tax	5.5	39.5
Taxation	(14.0)	(14.7)
Profit after tax	(8.5)	24.8

DIVISIONAL OPERATING PROFIT & MARGIN

	Operating profit		Operating margin	
	2006 £m	2005 £m	2006 %	2005 %
Coaches	5.3	4.1	5.6	4.5
Buses	19.0	18.2	12.9	14.3
Trains	20.0	27.1	2.7	3.7
North America	26.6	22.6	17.2	18.3
Alsa	18.1	-	15.5	-
Central functions	(5.0)	(4.7)	-	-
	84.0	67.3	6.7	6.2

FINANCIAL SUMMARY (1)

- Trains
 - passenger growth of 4%
 - bid costs
- Coaches
 - passenger growth of 2%
- Bus
 - London
 - concessionary fares
- North America
 - top line growth of 19%
- Alsa
 - top line growth of 6%
 - financial integration

- Cost Analysis

FINANCIAL SUMMARY (2)

- Eurostar
- Altram
- Alsa intangibles
- Tax
- Dividend

DIVISIONAL CASH FLOW

	UK Coach £m	UK Bus £m	UK Train £m	North America £m	Alsa £m	Central Functions £m	Total £m
Normalised operating profit	5.3	19.0	20.0	26.6	18.1	(5.0)	84.0
Depreciation/ amortisation of FA grants/ profit on disposal/ share based payments	2.7	7.9	8.6	12.8	6.2	0.7	38.9
EBITDA	8.0	26.9	28.6	39.4	24.3	(4.3)	122.9
Working capital movement	0.8	(13.3)	0.4	2.5	(1.7)	9.1	(2.2)
Eurostar	-	-	-	-	-	(8.4)	(8.4)
Net cash inflow from operations	8.8	13.6	29.0	41.9	22.6	(3.6)	112.3
Net capital expenditure	(1.0)	(6.5)	(9.7)	(6.5)	(8.7)	(0.1)	(32.5)
Operating cash flow before one-offs	7.8	7.1	19.3	35.4	13.9	(3.7)	79.8
Other items							(21.8)
Operating cash flow							58.0

MOVEMENT IN NET DEBT

	2006 £m
Net Debt at 1 January	(563.4)
Operating cash flow	58.0
Interest	(13.6)
Taxation	5.9
Dividend	(33.4)
Shares and investments	1.7
Cash inflow before acquisitions and disposals	18.6
Acquisitions and disposals	(10.5)
Currency translation	8.8
Net Debt at 30 June	(546.5)

Ray O'Toole

Chief Operating Officer



TRAINS

- Passenger growth of 4%
- Yield management system roll-out
- Customer service investment
- Operational performance – setting the industry standard

RAIL PERFORMANCE

Percentage of trains arriving on time	2006 %	2005 %
Midland Mainline	96.1	92.9
c2c	93.1	94.0
'one' – intercity	85.5	83.3
'one' – London and SE	89.8	90.8
Silverlink	92.4	89.7
Central Trains	85.1	74.6
Gatwick Express	92.6	87.1



COACHES

- Passenger growth of 2%
- Pricing developments
- Investment in technology – new facilities
- Increased leisure venue focus
- Airport services growth
- Eurolines
- Network review



BUSES

- Concessionary fares scheme
- Travel Coventry network review
- New two year driver pay deal
- Travel London expansion
- Midland Metro proposed extension



NORTH AMERICA

- 2nd year running – record bid season
- Renewal rates - 95%
- Bolt-on geographic expansion
- Good start up
- Re-engineering project



ALSA

- Strong first six months
- Top line growth
- Promotional fares and direct selling
- New bid wins / contract extensions
- Geographic expansion
- First move into light rail
- Best practice transfer

SUMMARY

- Current trading
- Half year in line with expectations
- Strong cash flow generation and improved returns
- Future prospects
 - Growing our business
 - Rail bids
 - Accretive acquisitions in North America
 - Market opportunities for Alsa
- Shareholder returns

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