National Express Group

Interim Results

For the six months ended 30 June 2007

26 July 2007

Richard Bowker
Chief Executive

HALF YEAR

- Strong trading across all divisions
- Continental Auto
- Integration of UK businesses
- Record bid season in North America
- Official travel supplier to Wembley and partnership with FA
- Industry-leading performance and customer service record on UK railways
- Growth in the West Midlands
- Rail franchises

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Adam Walker
Finance Director

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FINANCIAL HIGHLIGHTS

• Revenue up 5% to £1.3bn	(2006: £1.3bn)
• Normalised operating profit up 8% to £90.6m	(2006: £84.0m)
• Operating cash flow of £77.7m	(2006: £67.3m)
• Normalised operating margin of 6.9%	(2006: 6.7%)
• Normalised profit before tax up 18% to £79.0m	(2006: £67.2m)
• Normalised diluted EPS up 17% to 38.1p	(2006: 32.5p)
• Interim dividend of 11.56p up 7.5%	(2006: 10.75p)
• Net debt of £412.7m	(31 Dec 2006: £438.4m)

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GROUP INCOME STATEMENT

	2007 £m	2006 £m
Revenue	**1,309.3**	**1,252.7**
Normalised operating profit	**90.6**	**84.0**
Profit/(Loss) from associates	0.5	(3.8)
Interest	(12.1)	(13.0)
Normalised profit before tax	**79.0**	**67.2**
Exceptional items	---	(27.2)
Goodwill & intangible asset amortisation	(13.6)	(34.5)
Profit before tax	**65.4**	**5.5**
Taxation	(17.4)	(14.0)
Profit/(Loss) after tax	**48.0**	**(8.5)**

DIVISIONAL OPERATING PROFIT & MARGIN

	Operating profit		Operating margin	
	2007	**2006**	**2007**	**2006**
	£m	**£m**	**%**	**%**
Alsa	18.9	18.1	15.5	15.5
Coaches	6.1	5.3	5.9	5.6
Buses	19.8	19.0	12.6	12.9
North America	24.1	26.6	14.8	17.2
Trains	28.7	20.0	3.7	2.7
Central functions	(7.0)	(5.0)	---	---
	90.6	**84.0**	**6.9**	**6.7**

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ALSA

- Passenger growth 3%
- Internet sales 20%
- Margin outlook

ALSA

- Long distance growth
  - Promotional fares
  - Loyalty card
  - Supra
- Regional contracts
- New urban contracts
- Rabat new contract
- Investment in fleet €19.5m

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COACHES

- Passenger growth 3%
- Internet sales 34.5%
- Improvement in margin
- Seasonality
- Strong cash conversion

COACHES

- Revenue growth
  - Yield management
  - Special events
  - Core network
  - Targeted fun fares
- Investment in infrastructure
  - Stations
  - Ticket machines
- Eurolines opportunity

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BUSES

- Passenger growth
  - West Midlands 2%
  - Dundee 4%

- Fuel hedged

  29m litres (58m full year)

BUSES

- Fare paying passenger growth
- Concessionary fare scheme
- London
  - New and retained contracts
- Investment in fleet

NORTH AMERICA

- Top line growth 16%
- ROIC 11.5%
- Contracts retained 98%
- Net new revenue won $38m
- Fuel costs absorbed $13m for full year
- Adverse currency impact £2.4m

NORTH AMERICA

- Significant growth pre fuel costs in local currency
- Record bid season
- Customer focussed
- Competitive landscape
- Business Transformation project on track
- Stewart Airport

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TRAINS

- Passenger growth 6%
- PPM for division 90.4%
- Rail bid costs £7.5m
- EC4T deal costs £8.1m
- Refurbishment costs £5.5m

TRAINS

- Recovery of financial performance at ‘one’
  - London economy
  - Improved performance
  - Growth at Stansted
  - Refurbished trains
- EC4T
- Franchise exit costs

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	6.1	19.8	28.7	24.1	18.9	(7.0)	90.6
Depreciation/ amortisation of FA grants/ profit on disposal/ share based payments	2.3	8.4	8.1	12.3	6.3	0.7	38.1
EBITDA	8.4	28.2	36.8	36.4	25.2	(6.3)	128.7
Working capital movement	5.1	(10.2)	(10.6)	7.0	(1.9)	0.3	(10.3)
Net cash inflow from operations	13.5	18.0	26.2	43.4	23.3	(6.0)	118.4
Net capital expenditure	1.0	(6.8)	(2.6)	(15.6)	(13.5)	---	(37.5)
Operating cash flow before one-offs	14.5	11.2	23.6	27.8	9.8	(6.0)	80.9
Franchise exits							(3.2)
Operating cash flow							77.7

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MOVEMENT IN NET DEBT

	2007 £m
Net Debt at 1 January	(438.4)
Operating cash flow	77.7
Payments to associates	(8.4)
Interest	(12.2)
Taxation	0.1
Dividends	(36.5)
Share proceeds	4.8
Cash inflow before acquisitions and disposals	**25.5**
Acquisitions and disposals	(3.6)
Currency translation	3.8
Net Debt at 30 June	**(412.7)**

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THE FUTURE

- Three geographies with strong economies
- Management excellence
- Clear strategy is being implemented
- Developing plans in areas where we can differentiate ourselves

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UK INTEGRATION

- Formation of single UK business group
- Acceleration of decision making
- Annual benefits of £11 million
  - Property
  - People
  - Systems
- One-off cost of £8.5 million in 2007
- Implementation from 1 January 2008

SUMMARY

- Strong trading performance
- Current trading gives confidence for full year
- Growth opportunities across three geographies
  - Acquisition growth in core markets
  - Re-orientate business towards the customer
- Shareholder value

Interim Results

For the six months ended 30 June 2007

APPENDICES

APPENDICES
DIVISIONAL REVENUE

	2007 £m	2006 £m
Coaches	103.5	94.8
Buses	157.0	147.5
Trains	771.1	744.0
North America	162.8	155.0
Alsa	121.7	117.1
Inter-company elimination	(6.8)	(5.7)
	1,309.3	**1,252.7**

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APPENDICES
BALANCE SHEET

	30 June 2007 £m	31 December 2006 £m
Goodwill and intangibles	687.4	697.6
Property, plant and equipment	499.3	501.9
Other non-current assets	31.1	37.2
	1,217.8	**1,236.7**
Working capital	(330.0)	(339.0)
Non-current assets held for sale	17.9	17.7
Net debt	(412.7)	(438.4)
Provisions	(72.2)	(78.7)
Deferred benefit pension liabilities	(43.9)	(52.8)
Net assets	**376.9**	**345.5**

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APPENDICES

CURRENCY

	Closing Rate		Average Rate	
	2007	**2006**	**2007**	**2006**
US Dollar	2.01	1.85	1.98	1.79
Canadian Dollar	2.14	2.06	2.23	2.03
Euro	1.48	1.44	1.48	1.45

APPENDICES
FUEL

	2007	2008	2009
Volumes hedged (million litres)			
UK Bus, UK Coach and UK Train	142	57	24
North American Bus	45	23	12
Alsa	42	35	24
	229	**115**	**60**
Percentage of usage hedged	**90%**	**68%**	**35%**

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