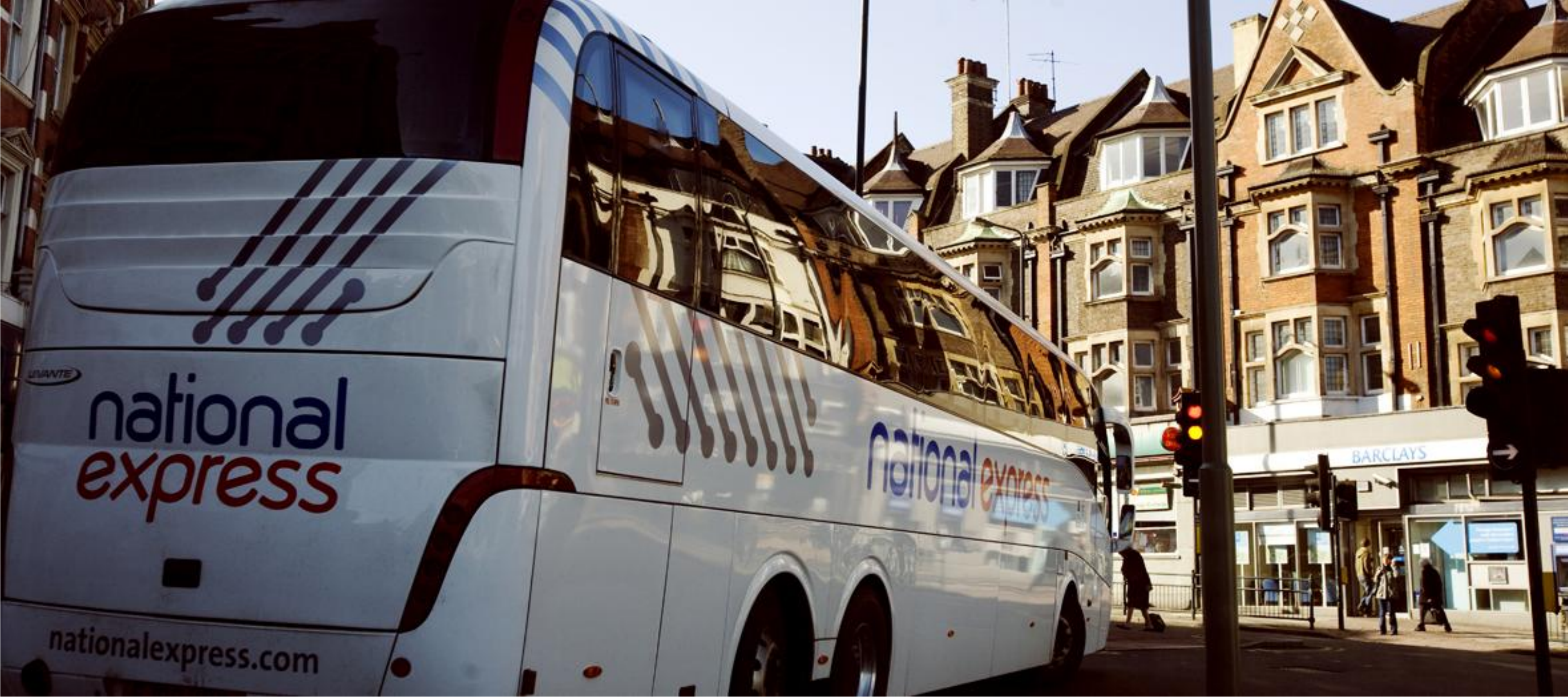

Half Year Results

For six months ending 30 June 2009

30 July 2009

Delivering value

John Devaney

Executive Chairman

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Agenda

• Delivering value	John Devaney
• Financial review	Jez Maiden
• Strategic and operational review	Ray O'Toole

Strengthening platform for future growth

Background

- Difficult economic conditions
- Excessive level of debt created uncertainty
- Rail losses increasing

Achievements

- Majority of businesses trading solidly
- Focus on great operational delivery retained
- Strong cash generation restored, debt covenants achieved
- Structured exit from rail losses, delivering much higher certainty

Strong core business drivers

	UK Bus	UK Coach	Spain	North America	Continuing Rail
Revenue visibility	High	Medium	Medium	High	Medium
Market position	Strong	Strong	Strong	Strong	Medium
Cash generative	Yes	Yes	Yes	Yes	Yes

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Our route to deliver shareholder value

Refocus on our core business to:

- Protect and grow our revenue
- Deliver greater cost savings
- Maximise cash generation

Increased value for shareholders

Financial review

Jez Maiden

Group Finance Director

First Half Performance

Financial Results

- Continuing revenue up 4.4% to £1,424.5m
- Normalised profit before tax down 42% to £55.7m
- Operating cashflow £145.7m – profit conversion c200%
- Net debt down over £200m: £977.5m
- Interim dividend passed as part of debt reduction focus

Operational Performance

- Cost saving initiatives on plan to exceed £40m in full year
- Cash management delivering reduced capex & working capital
- Resilient profit performance in most businesses

Income statement

	2009 £m	2008 £m
Continuing Operations		
Revenue	1,424.5	1,364.8
Normalised profit from operations	73.8	119.2
Net finance costs	(18.2)	(24.1)
Associates & JVs	0.1	0.2
Normalised profit before tax	55.7	95.3
Discontinued Operations	-	(5.3)
Normalised profit before tax	55.7	90.0

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Divisional revenue year-on-year growth

	Like for like		
Local currency	Yield %	Volume %	Total %
Bus +	6	(3)	3
Coach ++	4	(4)	-
Rail	4	(3)	1
Spain	2	(5)	(3)
North America	N/A	N/A	6

+ West Midlands only for "like for like"
++ Express only for "like for like"

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Divisional performance summary

£m	Operating Profit		
	2009	2008	Change
Bus	11.2	20.4	(9.2)
Coach	10.6	7.2	3.4
Bus & Coach	21.8	27.6	(5.8)
Rail	2.5	39.7	(37.2)
Total UK	24.3	67.3	(43.0)
Spain	28.6	31.7	(3.1)
North America	24.7	25.9	(1.2)
Centre	(3.8)	(5.7)	1.9
Group	73.8	119.2	(45.4)

- East Coast profit change £46m: accounts for change in Group profit
- UK Bus impacted by fuel & pensions
- Foreign exchange benefits overseas profit translation

East Coast restructuring fully provided for

- First half losses fully reflected in normalised results
- Likely reassumption of franchise by DfT later in 2009
  - Long distance franchises hardest hit by recession
  - Rising premia payments combine with limited ability to reduce costs
  - NXEC and Group continue to meet all obligations pending orderly handover
- £54.7m restructuring cost fully provided at half year
  - Cash trading losses £22.5m (funded from subordinated loan)
  - Performance bond – up to £32.2m
- Expect no further impact from East Coast trading on Group's performance

Excellent cash generation delivered

	H1 2009	H1 2008
EBITDA	**129.1**	**165.7**
Net capex	(30.2)	(51.9)
Net working capital mvt	46.8	(63.5)
Operating cash flow	**145.7**	**50.3**
Exceptionals & discontinued operations	(12.6)	(24.3)
Net interest and tax	(16.5)	(19.0)
Other	(8.8)	(8.6)
Free cash flow	**107.8**	**(1.6)**
Acquisitions & disposals	33.2	(10.7)
Dividends and shares	(0.5)	(41.4)
Net funds flow	**140.5**	**(53.7)**

- Strategy set in November 2008 is well underway
  - Strong cash management, to reduce debt
  - Stronger balance sheet and appropriate capital structure
  - Target £100m incremental cash delivery in 2009 from 3 key initiatives
- Over £150m incremental improvement delivered in first half
  - Net capex -42%
  - Working capital reduced by £46.8m
  - Dividend change
- Majority of improvements sustainable for second half
  - Good practice working capital management
  - Some fleet investment in H2

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Good progress in debt management

- Absolute debt level significantly lower
  - Half year net debt £977.5m (2008 year end: £1,179.8m)
  - Substantial undrawn committed facility headroom and cash £373m (2008 year end: £200m)
  - First facility matures September 2010 (c£462m)
- Debt covenant compliance achieved
  - Net debt: EBITDA gearing ratio 3.2x
  - Maximum gearing ratio of 4x falls to 3.5x at 31 Dec 09
- Ongoing covenant compliance will be supported by improvement programme:
  - Continued effective cash management
  - Additional business & asset sale prospects
  - Equity funding or strategic disposal options

Other financial areas

- Tax rate 23.2%
- Discontinued operations: benefit of Australia recoveries
- Pensions: IAS19 deficit increased to £77.1m (2008 year end: £45.0m)
- Fuel: substantial increase in 2009 expected to reverse in 2010
  - £13m H1/09 adverse impact
  - 87% hedged for 2010, securing saving of £25m
  - Over 50% hedged for 2011 at similar prices to 2010

Strategic and operational review

Ray O'Toole

Chief Operating Officer

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Operational strengths

- Strongly positioned businesses in growth markets
- Good margins
- Strong management teams
- Excellent operational delivery
- Flexibility of cost base

UK Bus

Revenue: £165.0m (2008: £169.2m)

Operating Profit: £11.2m (2008: £20.4m)

- 2009 figures impacted by pensions and fuel

- West Midlands - largest urban bus network outside London
  - 1,700 buses
  - 1 million passengers a day – nearly 600 routes
  - 90% of people live within 250m of a bus stop
- Benefits of scale and market leadership

UK Bus

- Bus patronage expected to grow medium term
  - Network-wide Quality Partnership signed in West Midlands
  - Investing in fleet and customer information
  - Value for money fares

Large scale business with strong cash generation

UK Coach

Revenue: £114.2m (2008: £115.3m)

Operating Profit: £10.6m (2008: 7.2m)

- Market leader in national coach travel
- Serve 1,700 destinations
- Well-established brand offers great value for money
- Flexible delivery model

UK Coach

- New initiatives to drive growth
- Focus on coach TV advertising – 135,000 new customers
- Launch of new Stansted ticket office driving sales – revenue up 18.7%
- Events and festivals business grown by 12.4%
- On track to open new Birmingham coach hub serving 3 million customers a day

Unique market position with flexible delivery model

Spain

Revenue: £263.2m (2008: £223.0m)

Operating Profit: £28.6m (2008: £31.7m)

- Clear No.1 long distance coach operator in Spain
- Resilient and balanced business model
- Long term concessions in place – no renewal until 2013
- Broad product appeal

Spain

- Focus on costs
  - Expected costs savings of €10m this year
  - Have reduced kilometres by 5%
- Focus on growth
  - Ticket sales through 7,200 bank ATMs
  - More Supra executive routes
  - Increased services to airports
  - Organic growth platform

Biggest private operator in Spain delivering strong margins and cash generation

North America

Revenue: £259.1m (2008: £190.0m)

Operating Profit: £24.7m (2008: £25.9m)

- 17,000 buses – 29 states, 2 provinces
- Contract retention remains high at over 90%
- Fragmented market - more opportunity to win conversions

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North America

- Business Transformation will drive greater value
  - Centralisation of core processes and systems
  - More efficient fleet usage – GPS realtime route planning
  - Expected cost benefits over $40m per annum from 2011
- Achievements during 2009
  - Maintenance shop consolidation – on target to reduce from 153 to 117
  - Centralised recruitment in place for 7,000 routes
  - Central procurement – 60% vehicle consumables on renegotiated strategic contracts

Value added service delivering unique competitive advantage

Our continuing rail business

Revenue: £627.7m (2008: £671.1m)

Operating Profit: £2.5m (2008: £39.7m)

- Excellent operational performance in East Anglia
  - In 80/20 Revenue Support
  - Delivering highest public performance (PPM) since franchise began in April 2004
  - Working with DfT to deliver 17% HLOS increase in train capacity
- c2c is best performing train operator in UK – PPM 95.8%
  - Joint best performer for customer satisfaction at 91% in National Passenger Survey

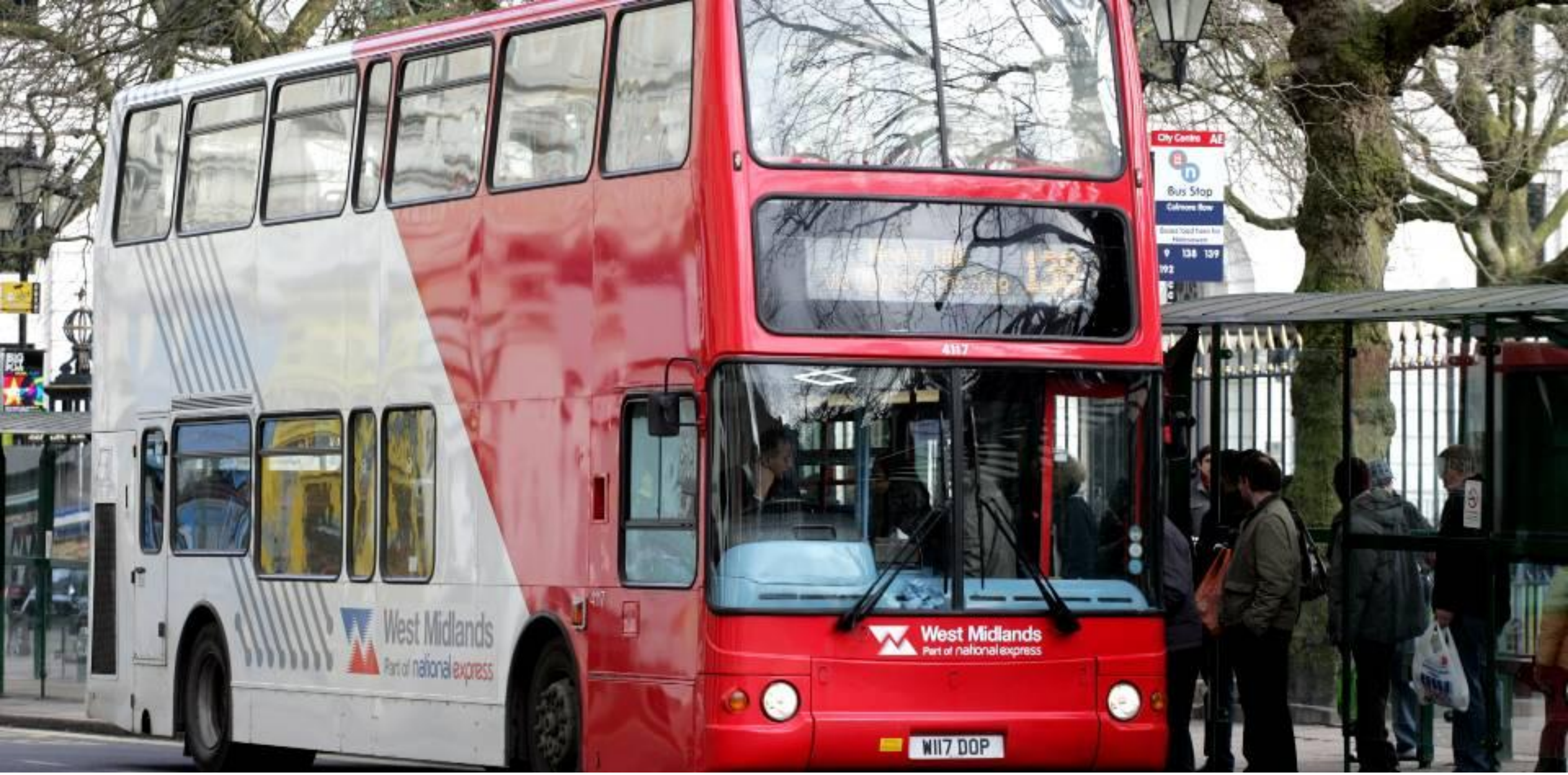
East Coast

- Delivering all its franchise commitments
- The recession has driven revenue downturn
- Planning for orderly handover towards end 2009
- Strong legal advice on cross default

Summary – a powerful business platform

- Flexible operating model generating strong cash flows
  - Increased focus on cost base
  - Deliver value for money for the customer
  - Strengthening balance sheet and reducing net debt through cash management
- Remain committed to our continuing rail franchises
- Further cost efficiency and productivity improvements – at least £10m identified

Delivering greater shareholder value from increased focus on our core businesses



Q&A

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Appendix - fuel

Annual volume hedged c270m litres

	2008	2009	2010	2011
Percentage hedged		100%	87%	51%
Price per litre	39.1	50.2	40.0	40.8
Year on year increase (decrease) in price		28%	-20%	2%

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