
NICK SWIFT
Group Finance Director

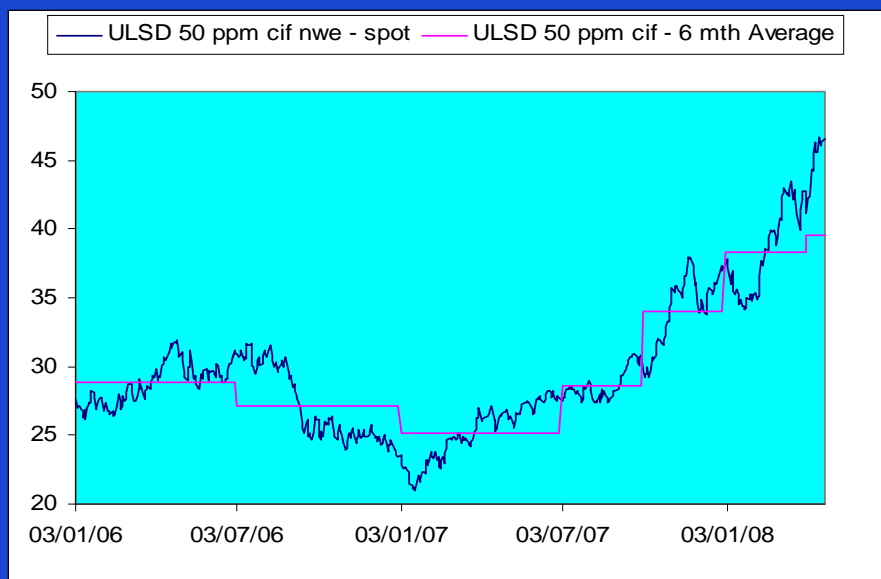
30 April 2008

Go-Ahead

Interim Management Statement recap

- Bus fuel
- Revenue growth
- Southern train procurement
- Aviation progress
- Balance sheet and cashflow

Bus fuel – price and hedging



Q3 '08 **39p**

Spot **47p**

H2 '08 **43p**

Bus fuel (pence per litre)	H1 '08 Actual	H2 '08 Interim F/c	H2 '08 Current F/c	2007/8	2008/9
Average market price	31	35	43	37	47
50% hedged (07/8)	29	29	29	29	
33% hedged (08/9)					36
Price to Go-Ahead	30	32	36	33	43
Increase (pence per litre)			4p		10p
Volume (millions litres)			55		110
Increase (£'m)			2.2		11.0

Bus fuel – management action

- **Context:**

- Fuel cost is around 10% of bus cost base
- An increase of 10 pence per litre adds £11m of cost
- This is equivalent to around 2% of turnover

- **Consumption efficiency:**

- Driver behaviour
- Supporting technology

- **Recovery:**

- London - contract price adjustment and contract renewal
- Deregulated - fare increases

- **Relative advantage:**

- Lower relative impact on public transport than on private car

Revenue growth – how sustainable?

STRUCTURAL STRENGTHS:

Service improvement

- eg. punctuality, investment

Relative improvement

- eg. cost and time v car

Political and social improvement

- eg. Stern / Eddington
- concessionary fares

v

CYCLICAL THREATS:

Unemployment

- more likely to slow growth than reverse

Discretionary travel

- we are commuter biased
- off peak travel relatively cheap

"life would have to become very bleak before you can't afford to take the bus": Guardian, 24 April 08

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Southern train procurement

- **Context:**

- Dual voltage trains are required for the Thameslink programme
- Southern is the only franchise able to procure dual voltage trains (Electrostars)

- **Procurement:**

- Southern procured 11 four-car Electrostars from Bombardier
- 40% deposit of around £20m paid to the supplier 31 March 08
- Balance due by March 09

- **Agreement:**

- Terms are confidential
- No net cashflow impact for Southern
- "Reprofiling" of profit share from 1 Jan 08 to Sept 09
- H2 07/8 benefit to Southern of c£2m

Aviation progress

- **Aim:**
 - To restore aviation services division to profitability in H2 07/8
 - Convert operational strengths to earnings improvement
- **Operational and financial discipline improved**
- **Restructuring to date:**
 - £1m exceptional cost to date (Durham Tees ground handling, Gatwick cargo)
 - Two year payback
- **Further opportunities:**
 - Significant
 - Associated costs will be classified as exceptional
 - Similar payback period expected

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Balance sheet and cashflow

- **Gearing:**
 - Adjusted net debt to EBITDA within 1.5 – 2.5x
- **Cashflow:**
 - Continuing strong operating cashflow
 - Stay in business capex broadly follows depreciation
- **Financing:**
 - Five year £340m syndication to Dec 2012
- **Dividend:**
 - Progressive policy through the cycle
 - Best in sector dividend yield

IMS recap

- Bus fuel ✓
- Revenue growth ✓
- Southern train procurement ✓
- Aviation progress ✓
- Balance sheet and cashflow ✓



Expect another record year

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Thank you
Any questions?

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