THE GO-AHEAD GROUP PLC FULL YEAR RESULTS FOR THE YEAR ENDED 30 JUNE 2018

BUSINESS OVERVIEW

- Good progress made in all three strategic pillars: protect and grow the core; win new bus and rail contracts; prepare for the future of transport
- Overall results ahead of expectations
- Bus operating profit pre-exceptional items at £91.4m (2017: £90.7m); regional bus achieved highest ever passenger satisfaction score (91%)
- Rail operating profit at £44.5m (2017: £59.9m), due in part to the expiry of the London Midland franchise in December 2017
- GTR impacted by industry implementation of May timetable change; reliability significantly improved since subsequent July timetable amendment
- Southeastern rail franchise extended to 1 April 2019; shortlisted for the replacement franchise
- Further progress towards our international target; won second bus contract in Ireland and fourth rail contract in Germany
- Successfully launched UK’s largest demand responsive bus transport service
- Maintained full year dividend of 102.08p (2017: 102.08p)

PATRICK BUTCHER

Group Chief Financial Officer

RESILIENT FINANCIAL PERFORMANCE

	FY'18 £m	FY'17 £m	Change £m	Change %
Revenue	3,461.5	3,481.1	(19.6)	(0.6)
Operating profit pre-exceptional items	135.9	150.6	(14.7)	(9.8)
Exceptional operating items	25.1	-	25.1	n/a
Operating profit post-exceptional items	161.0	150.6	10.4	6.9
Earnings per share (p)	207.2	207.7	(0.5)	(0.2)
Earnings per share pre-exceptional items (p)	181.6	207.7	(26.1)	(12.6)
Proposed dividend per share (p)	102.08	102.08	0.0	0.0
Capital investment	126.7	141.9	(15.2)	(10.7)
Free cashflow after minority dividends	57.7	11.6	46.1	397.4
Adjusted net debt	289.0	285.8	3.2	1.1
Adjusted net debt/EBITDA	1.30x	1.30x		

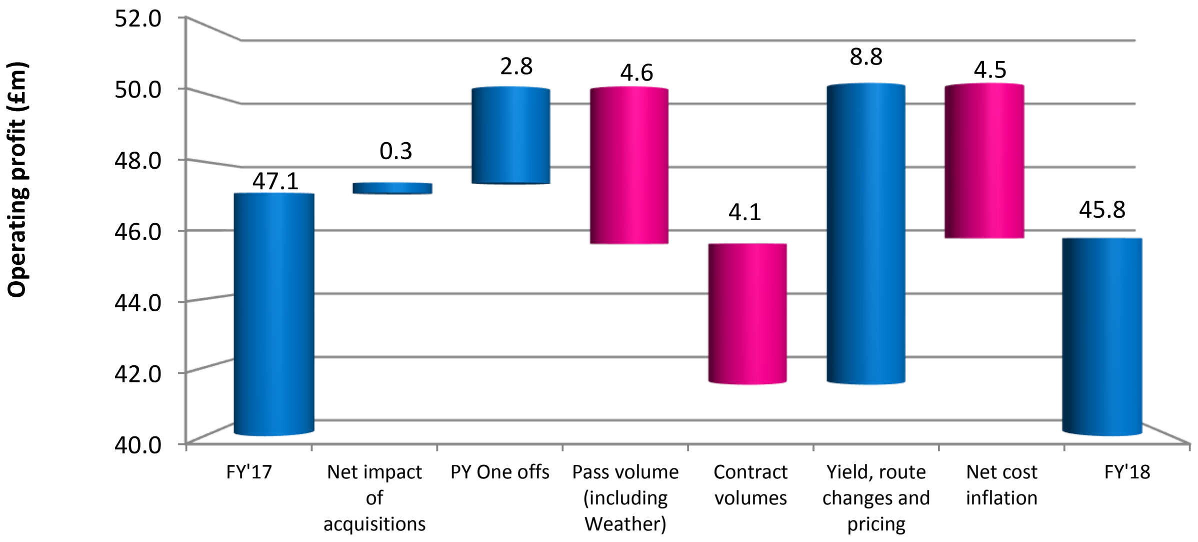
- This table contains the key financial metrics for the group, each of which is explained in more detail later in the presentation

OPERATING PROFIT BY DIVISION

	Operating profit (pre-exceptional items)			
	FY'18	Year on year change		FY'17
	£m	£m	%	£m
Regional bus	45.8	(1.3)	(2.8)	47.1
London bus	45.6	2.0	4.6	43.6
Total bus	91.4	0.7	0.8	90.7
Rail	44.5	(15.4)	(25.7)	59.9
Total	135.9	(14.7)	(9.8)	150.6

- Regional bus – Resilient performance in challenging market. H2 impacted by bad weather in February and March
- London bus – Strong QICs performance following joint work with TfL to improve service quality
- Rail – Stronger than expected trading in London Midland and profit on sale of assets of £6.4m in H1. Improving performance in Southeastern offset by challenging conditions in GTR due to May timetable implementation

REGIONAL BUS

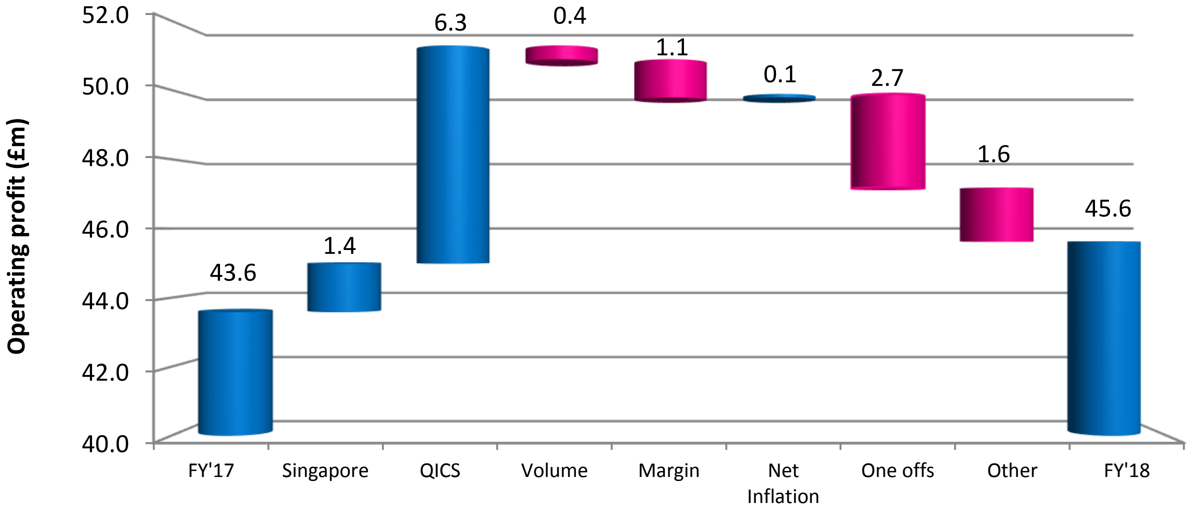


	FY’18	H1’18	FY’17
Operating profit margin	11.9%	12.8%	12.5%
Revenue growth (lfl)*	0.4%	0.4%	1.0%
Passenger growth (lfl)*	(1.6%)	(1.2%)	(0.2%)

* On a like for like basis, excluding acquisitions and route restructuring

- Operating profit down £1.3m to £45.8m due to impact of contract losses and bad weather during Quarter 3.
- Revenue per mile is 2.2% and journeys per mile are 0.1% ahead of last year, excluding acquisitions
- Net cost inflation includes £3.1m fuel benefit, £1.3m increase in depreciation and £6.3m of cost inflation
- Investment in 173 new buses reflected in higher depreciation
- Margins reduced by 0.6% against FY’17 as a result. Still strong relative to the sector

LONDON BUS

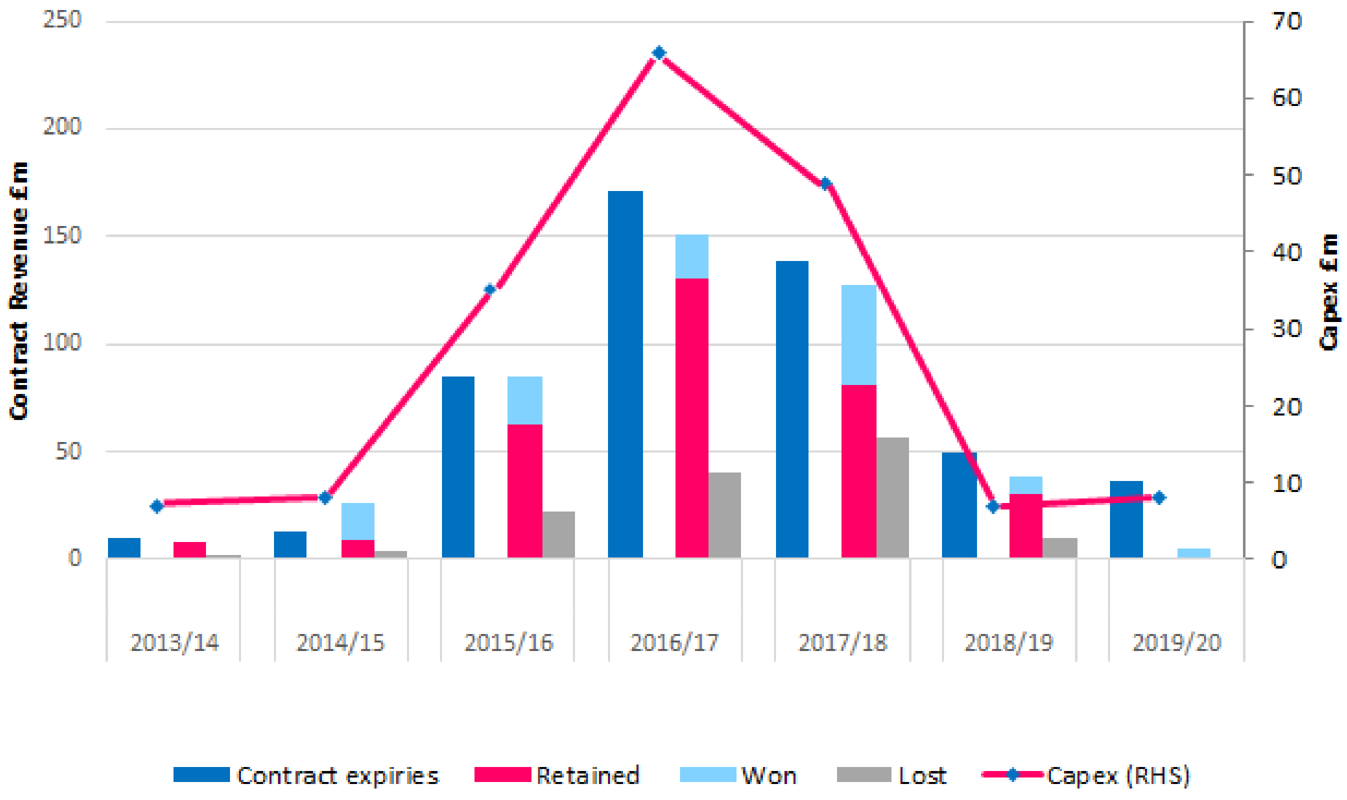


	FY’18	H1’18	FY’17
Operating profit margin	8.3%	8.1%	8.3%
Revenue growth (lfl)*	3.1%	1.5%	1.5%
Mileage growth (lfl)	(1.0%)	(0.5%)	(1.7%)
Peak vehicle requirement (PVR) growth	(1.4%)	(0.9%)	0.4%

* On a like for like basis, excluding the impact of Singapore bus operations before 4 September 2017 when the contract lapped its first year of operation & including QICs

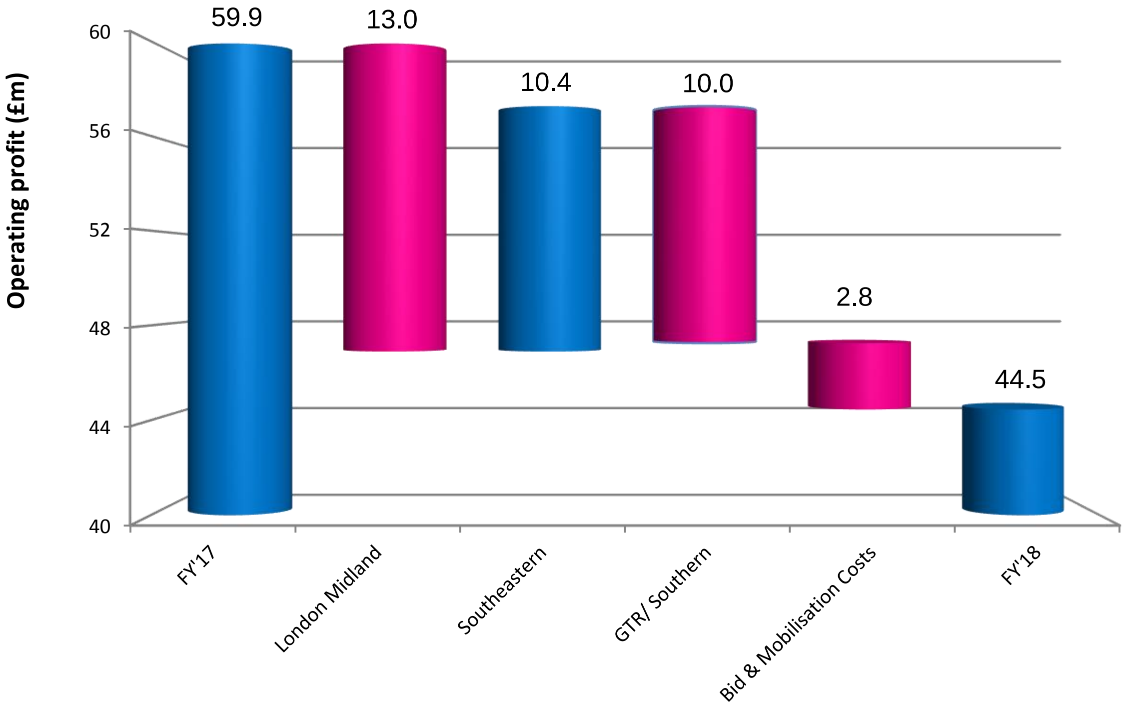
- Operating profit up £2.0m to £45.6m
- Singapore trading well, up £1.4m
- Strong QICs performance, up £6.3m
- Volume and margin movements reflect contract gains and losses with lower revenue in H2
- One-off asset sales and write downs of £2.7m as a result of contract changes
- Other includes the apprentice levy and driver sickness
- Investment in 135 new buses and higher capital expenditure in last two years reflected in higher depreciation
- Margins steady year on year in competitive market due to improved QICs performance

LONDON BUS CONTRACT RENEWALS AND CAPITAL INVESTMENT



- From 2013/14 to 2016/17 the business has retained or won new work to cover substantially all contract expiries
- The mix changed in 2017/18 with more re-tenders and more lost work
- Lower levels of expiring contract revenue over the next two years provides the opportunity to bid for up to £95m of additional work
- Expected reduction in capex to under £10m in 2018/19 provides confidence of improved future cashflows

RAIL



	FY'18	H1'18	FY'17
Operating profit margin	1.8%	3.0%	2.3%

- London Midland franchise ended in December 2017
- Southeastern performed strongly in the 2nd half of the year
- GTR reduced following impacts of May timetable implementation, software write-off and one off benefits of old Southern Franchise releases in prior year
  - H1 benefited from phasing of contract settlements
- Bidding and mobilisation:
  - Southeastern, German and Nordic bids
  - Continued mobilisation in Germany

SUMMARY INCOME STATEMENT

£m	Pre Exceptional FY'18	Exceptional items	Post Exceptional FY'18	FY'17
Group operating profit	135.9	25.1	161.0	150.6
Net finance costs	(11.6)	(2.6)	(14.2)	(13.4)
Share of result of joint venture	(1.1)	-	(1.1)	(0.4)
Profit before tax	123.2	22.5	145.7	136.8
Tax	(24.9)	(11.5)	(36.4)	(25.3)
Profit for the year	98.3	11.0	109.3	111.5
Non-controlling interests	(20.3)	-	(20.3)	(22.4)
Profit attributable to members	78.0	11.0	89.0	89.1

→ Exceptional items relate to RPI/CPI pension change and impairments

→ Tax on exceptional items

→ 35% Keolis holding in rail

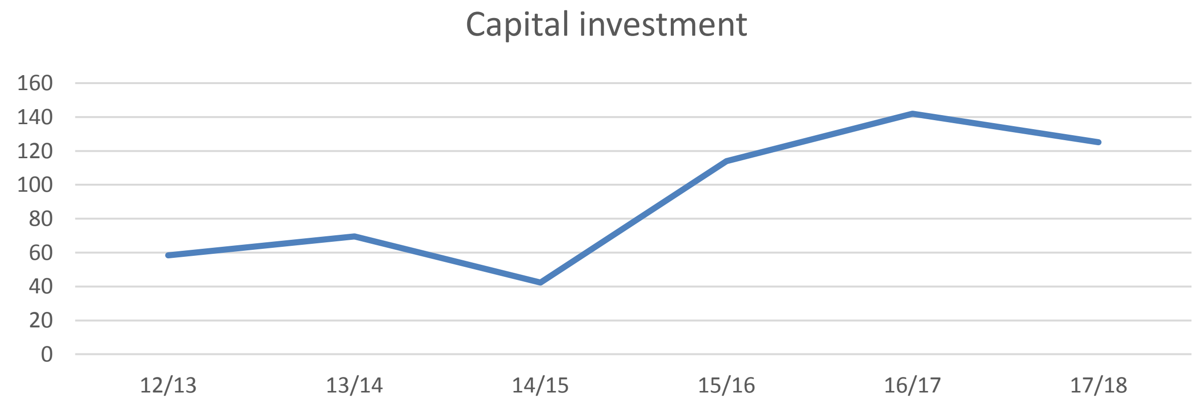
CASHFLOW

£m	FY'18	FY'17	Change		
EBITDA	221.9	219.1	2.8		
Working capital	10.9	5.3	5.6	→	Movements in receivables and payables in rail
Cashflow from operations	**232.8**	**224.4**	**8.4**		
Tax and net interest	(42.0)	(46.8)	4.8		
Net capital investment	(119.2)	(144.7)	25.5	→	Reduced capex in London bus and sale of assets
Dividends paid - Minority Partner	(13.9)	(21.3)	7.4	→	Keolis minority interest
Free cashflow	**57.7**	**11.6**	**46.1**		
Dividends paid	(43.8)	(41.8)	(2.0)		
Other	(17.1)	(16.3)	(0.8)	→	Includes £9.2m business acquisitions
Movement in adjusted net debt	(3.2)	(46.5)	43.3		
Opening adjusted net debt	(285.8)	(239.3)	n/a		
Closing adjusted net debt	(289.0)	(285.8)	n/a		

£m	FY'18	FY'17	FY'16	FY'15
Free cashflow	57.7	11.6	50.4	50.7

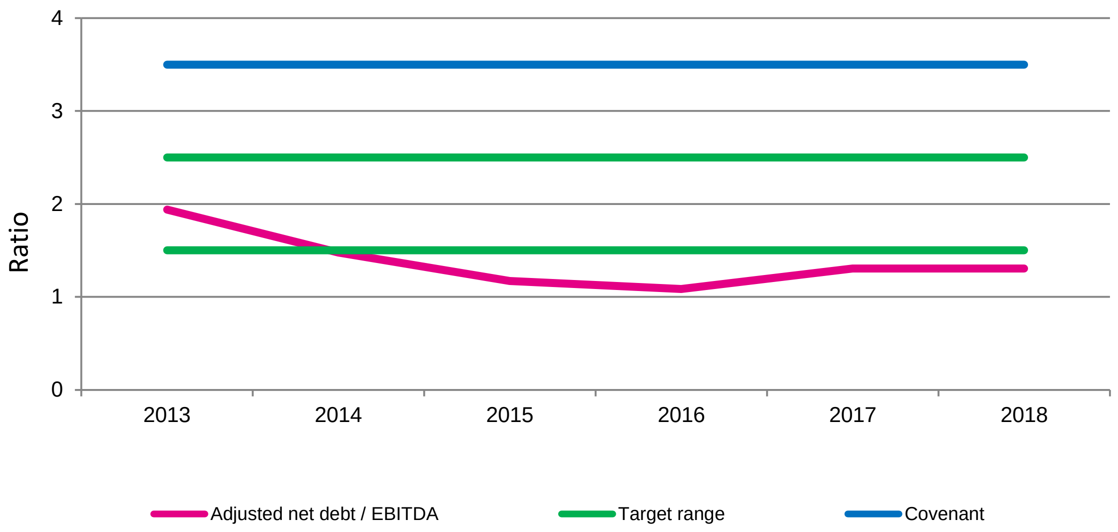
CAPITAL INVESTMENT

£m	FY'18	FY'17	Change
Regional bus fleet	41.1	37.1	4.0
London bus fleet	46.2	60.0	(13.8)
Total bus fleet	**87.3**	**97.1**	**(9.8)**
Technology and other	8.4	8.8	(0.4)
Depots	3.9	6.8	(2.9)
Rail investment	27.1	29.2	(2.1)
Total capital investment	**126.7**	**141.9**	**(15.2)**



- Investment in 173 new buses in regional bus
- Investment in 135 new buses in London bus reflecting contract requirements
- Investment in rail relates to station improvements and ticket machines required by franchise contracts

DEBT POSITION



- Adjusted net debt / EBITDA 1.30x; below target range* of 1.5x - 2.5x, as expected
- BBB- / Baa3 (stable) rating. Ratings reaffirmed in mid 2018
- 7 year £250m bond financed in July 2017. £200m September 2017 bond repaid
- 2021 Syndicated Facility extended to 2023 with further 2 year option

As at 30 June 2018	£m
Restricted cash	438.9
Net cash	149.9
Adjusted net debt	289.0
EBITDA (rolling 12 months)	221.9
Adjusted net debt/EBITDA	1.30x

* Targets and covenant refer to adjusted net debt to EBITDA on a statutory basis as required by bank covenants

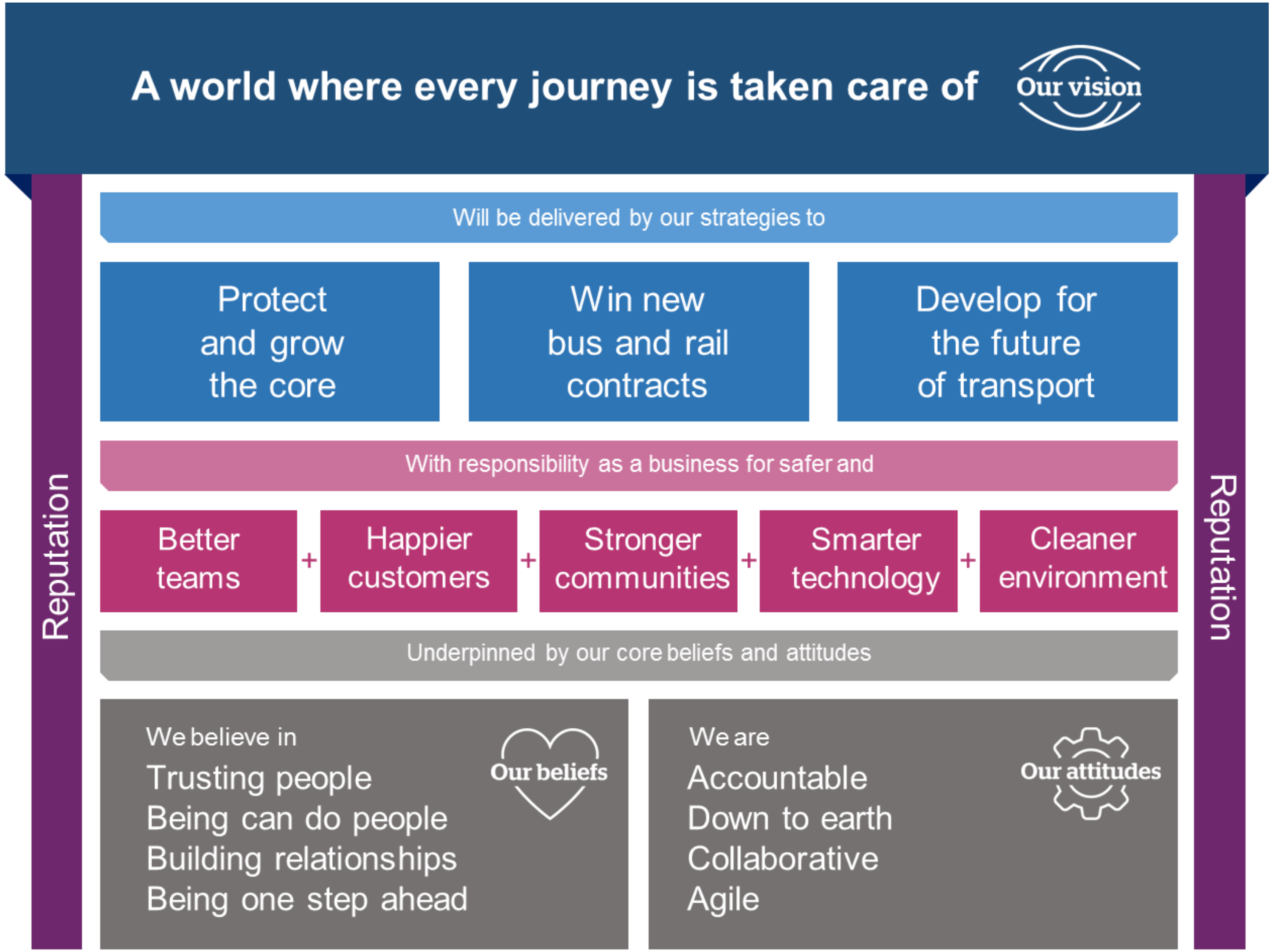
As at 30 June 2018	£m
Five year syndicated facility 2023 (+1 +1)	280.0
7 year £250m sterling bond 2024	250.0
€8m & €10.6m German facilities	16.5
Total core facilities	546.5
Amount drawn down	397.2
Total headroom	149.3

FINANCIAL OUTLOOK

- Bus Operating Profit
  - Regional slight improvement
  - London reduction following route reductions. Dublin starts operating in September 2018
- Rail Operating Profit
  - London Midland expired
  - Southeastern scheduled to end in March 2019
  - GTR – Range of 0.75% to 1.5% over its life
- Net Capital Expenditure
  - £85m into 2018/19 and then further reductions (though dependent on impact of contract wins)

DAVID BROWN
Group Chief Executive

GO-AHEAD'S STRATEGY



PROTECT AND GROW THE CORE

REGIONAL BUS

MARKET TRENDS

- Decline in passenger numbers across the UK
- Changes in society and consumer behaviours
- Air quality / congestion in urban areas
- Bus Services Act

STRATEGY

- Focus on urban areas with growth potential
- Deliver high quality services to attract customers
- Agile local responses
- Focus on how bus can solve city problems
- Work in partnership with local authorities
- Take advantage of sensible bolt-on opportunities

LONDON BUS

MARKET TRENDS

- Air quality issues
- Congestion
- Declining passenger numbers
- Mayor's Transport strategy
- TfL budgetary pressures
- Long-term population growth

STRATEGY

- Promote bus within the transport strategy
- Focus on operational performance
- Deliver cost efficiencies
- Maximise scale benefits from network of well-located depots
- Pursue tender opportunities

UK RAIL

MARKET TRENDS

- Passenger growth has driven network capacity constraints
- Significant infrastructure investment
- Competitive bid environment
- Franchise model under pressure

STRATEGY

- Focus on urban and inter-urban commuter routes
- Work with industry to demonstrate value of partnership railway
- Bid with financial discipline – only securing work on acceptable terms

SOUTHEASTERN

- Passenger numbers stabilised
- Successful resumption of services through London Bridge
- Partnership working with Network Rail ‘One local plan’
- Successful implementation of our cost efficiency programme
- “Team Victoria”; 13% uplift in customer satisfaction
- Bid submitted for the next South Eastern Franchise

GTR

- Continuously prioritising service improvements at GTR
- 634 additional qualified and trainee drivers since start of franchise
- £50m spent on station improvements
- 1,364 new carriages introduced since the start of franchise, 130 to go
- New PAYG smart ticketing solution launched, KeyGo
- Launched auto delay repay and DelayRepay15
- Following May timetable issues – 200 additional services per day now introduced with another 200 to come by December

WIN NEW BUS AND RAIL CONTRACTS

INTERNATIONAL DEVELOPMENT

- Leveraging our skills and expertise abroad
- Market entry via contracts rather than acquisition
- Capex light – focused on margins and returns
- Seven contracts won to date securing around £250m of annualised revenue
- Bid team established and pipeline of contracts in Nordics, Australia, Ireland, Germany
- Progressing towards our target for international operations to contribute 15% to 20% of Group operating profit by 2022

PREPARE FOR THE FUTURE OF TRANSPORT

PREPARING FOR THE FUTURE

- Launched the UK's largest demand-responsive bus service, PickMeUp, in Oxford
- Established the Billion Journey Project, an incubator Lab for start-up and scale-ups to access transport experts
- Two contracts won by Hammock, our digital and retail consulting arm using our in-house expertise
- Mobileeee, an all-electric car sharing scheme in Germany, grown in strength with over 140 cars now in operation
- Progressing partnership options for utilising spare depot capacity
- Exploring Mobility as a Service (MaaS) in Brighton, creating single payment journeys across buses, trains, cycle hire, taxis etc

SUMMARY

Protect and grow the core

- Stable bus operations
- Focused on improving rail services
- Enhancing the customer experience

Win new bus and rail contracts

- Continue pursuing opportunities in existing and new target markets according to international strategy
- On track to achieve our international target of 15-20% of Group profit by 2022

Prepare for the future of transport

- Piloting and trialling innovative solutions for the future of transport which are attractive to customers and deliver sustainable growth

Strong focus on shareholder returns

- Dividend maintained at 102.08p

Q&A

APPENDICES

EXCEPTIONAL ITEMS

	£'m	Per share
Unadjusted earnings	89.0	207.2
Exceptional operating items - pensions	(35.2)	
Exceptional operating items – goodwill & impairments	10.1	
Interest and tax	14.1	
Adjusted earnings	**78.0**	**181.6**

- Pension relates to RPI/CPI change
- Goodwill impairments relates to write-downs within Regional Bus

BUS PENSION

NET PENSION SCHEME ASSETS / (LIABILITIES):

£m	FY'18	FY'17
Assets	829.3	784.6
Liabilities	(792.5)	(805.5)
Less tax	(6.5)	3.6
Post tax surplus/(deficit)	30.3	(17.3)

£m	FY'18	FY'17
Operating profit (receipt)/charge	(33.5)	0.4
Cash contribution	6.6	6.5

- Scheme closed to future accrual with effect from 1 April 2014
- Different assumptions applied on actuarial valuation compared to accounting valuation
- The post tax surplus has increased following the change to the reference inflation index from RPI to CPI which resulted in a one-off gain of £35.2m

BUS FUEL UK

Fuel hedging prices	FY'18	FY'19*	FY'20*	FY'21*
% hedged	100%	100%	55%	30%
Price (pence per litre)	34.7	33.2	33.2	33.9
Usage (m litres pa)	120	120	120	119
£'m commodity cost	42	40	40	40

- Fuel hedging is consistent with policy
- Hedge periods have been extended to provide greater certainty to the fixed price contracts in London

- Benefit of low oil price hedge to show in FY'19
- FY'19 fully hedged – 4.3% lower than FY'18
- FY'20 and FY'21 – 55% and 30% hedged respectively
- No near term expectation of change in BSOG c. £20m in Regional bus

*Assuming consistent usage and that hedging is completed at June 2018 market price