THE GO-AHEAD GROUP PLC
HALF YEAR RESULTS FOR THE
SIX MONTHS ENDED 30 DECEMBER 2017

BUSINESS OVERVIEW

- Good first half performance; full year expectations increased, driven by one-offs
- Bus division results good and in line with expectations - operating profit of £46.6m (H1'17: £46.4m)
- Rail division results ahead of expectations for the half year – reported operating profit of £40.3m (H1'17: £26.6m)
- Mobilisation of Dublin bus contract and three German rail contracts is progressing well ahead of respective 2018 and 2019 start dates
- Strong bid pipeline in our target international markets over next few years
- Interim dividend maintained at 30.17p
- Influence stakeholders and Government on the value private companies bring through the delivery of customer-focused public-sector transport services
- Progress in all three Group strategic objectives: protect and grow the core, win new bus and rail contracts and develop for future transport needs

PATRICK BUTCHER

Group Chief Financial Officer

GOOD FINANCIAL PERFORMANCE

£m	H1’18	H1’17	£m change	% change
Group operating profit	86.9	73.0	13.9	19.0
Earnings per share (p)	115.5	107.6	7.9	7.3
Proposed dividend per share (p)	30.17	30.17	0.0	0.0
Capital investment	56.8	93.8	(37.0)	(39.4)
Free cashflow	94.6	(13.0)	107.6	
Adjusted net debt	254.0	286.7	32.7	
Adjusted net debt/EBITDA	1.03x	1.35x		

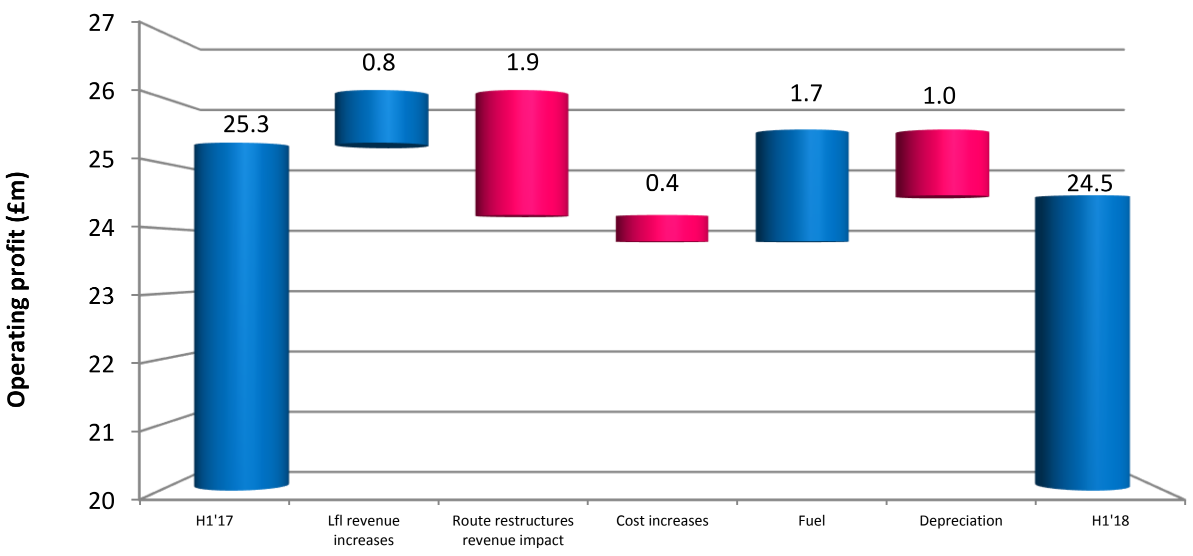
- This table contains the key financial metrics for the Group, each of which is explained in more detail later in the presentation

OPERATING PROFIT BY DIVISION

	Operating profit			
	H1'18	Year on year change		H1'17
	£m	£m	%	£m
Regional bus	24.5	(0.8)	(3.2)	25.3
London bus	22.1	1.0	4.7	21.1
Total bus	46.6	0.2	0.4	46.4
Rail	40.3	13.7	51.5	26.6
Total	86.9	13.9	19.0	73.0

- Regional bus – Stable performance in challenging market
- London bus – Strong QICs performance offsetting slight reduction in mileage
- Rail – Stronger than expected trading in London Midland and profit on sale of assets of £6.4m. Phasing of contractual settlements in GTR benefits H1

REGIONAL BUS

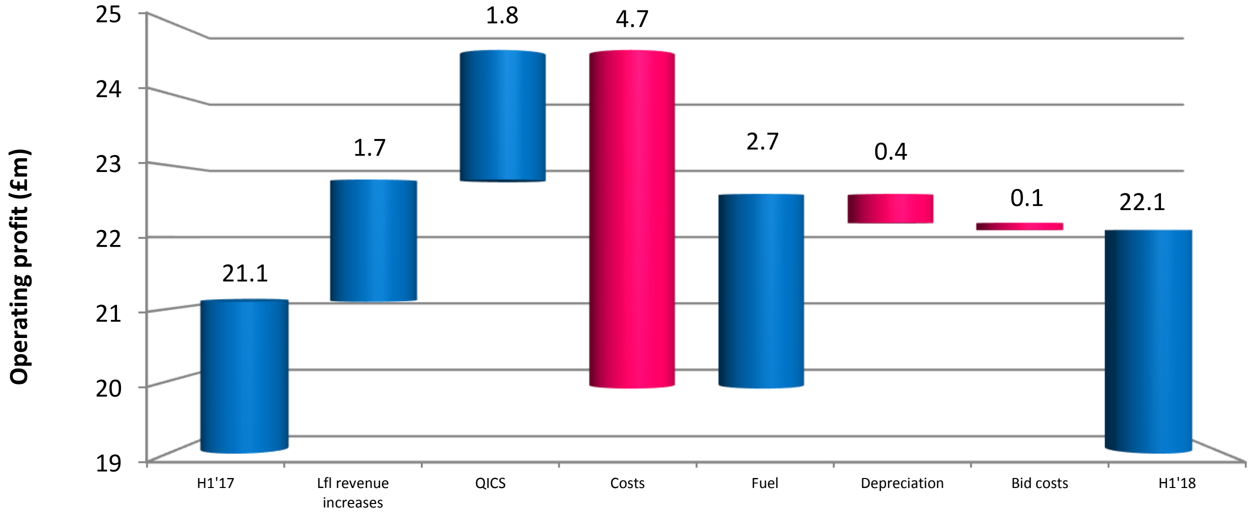


	H1’18	H1’17	FY’17
Operating profit margin	12.8%	13.5%	12.5%
Revenue growth (lfl)*	0.4%	0.8%	1.0%
Passenger growth (lfl)*	(1.2%)	(0.7)%	(0.2)%

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

- Operating profit down £0.8m to £24.5m due to strong H1’17 comparator
- Revenue per mile is 2.1% and journeys per mile are 0.9% ahead of last year, excluding acquisitions
- Fuel cost movements reflect decrease in the hedged price
- Investment in 139 new buses reflected in higher depreciation
- Margins reduced by 0.7% against H1’17 as a result. Still strong relative to the sector and FY’17
- Outlook: Full year expectations are unchanged, with lower passenger numbers offset by reversal of one-off costs from H1’17

LONDON BUS



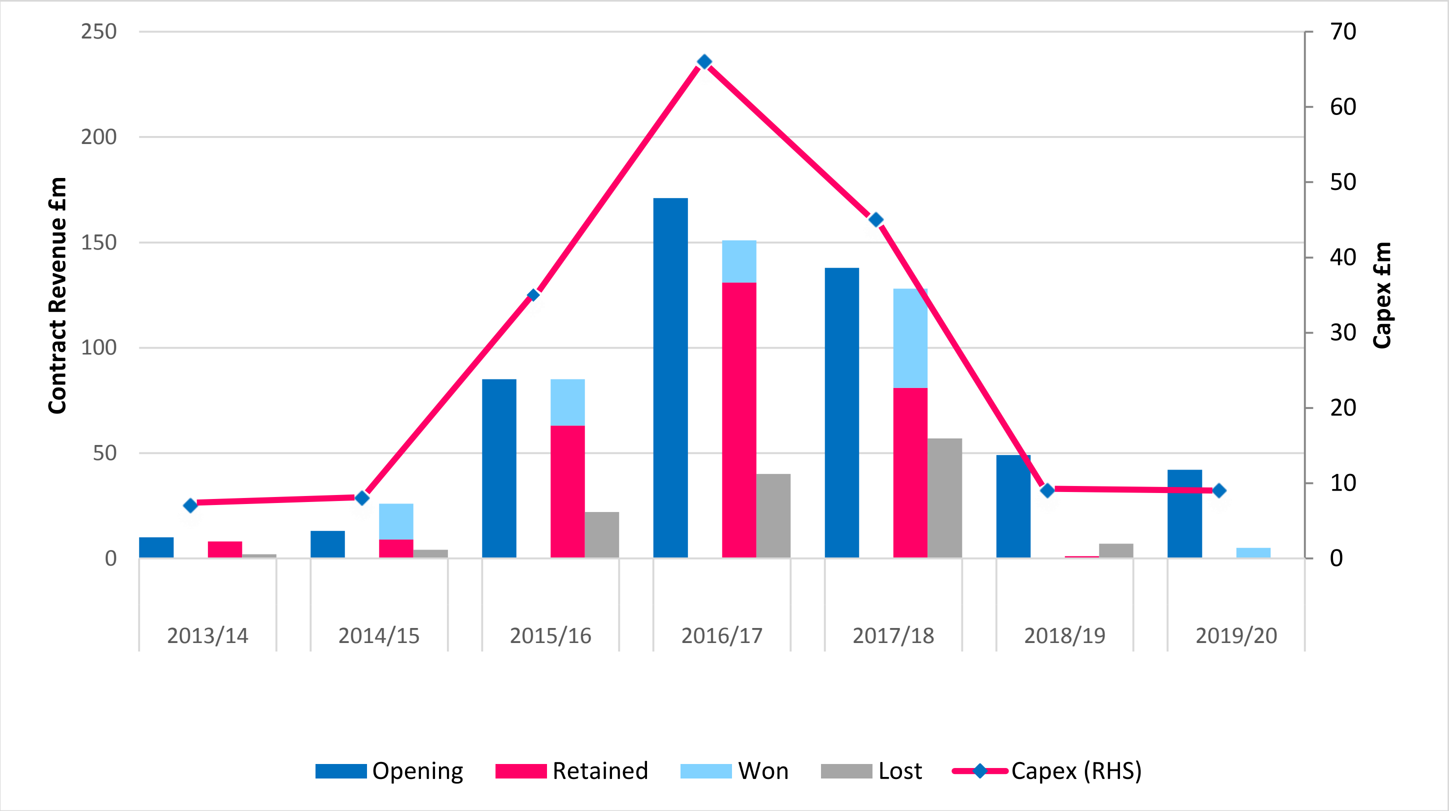
	H1'18	H1'17	FY'17
Operating profit margin	8.1%	8.1%	8.3%
Revenue growth (lfl)*	1.5%	2.8%	1.5%
Mileage growth (lfl)**	(0.5%)	(0.2)%	(1.7)%
Peak vehicle requirement (PVR) growth**	(0.9%)	1.8%	0.4%

* 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

** Excluding Singapore bus operations

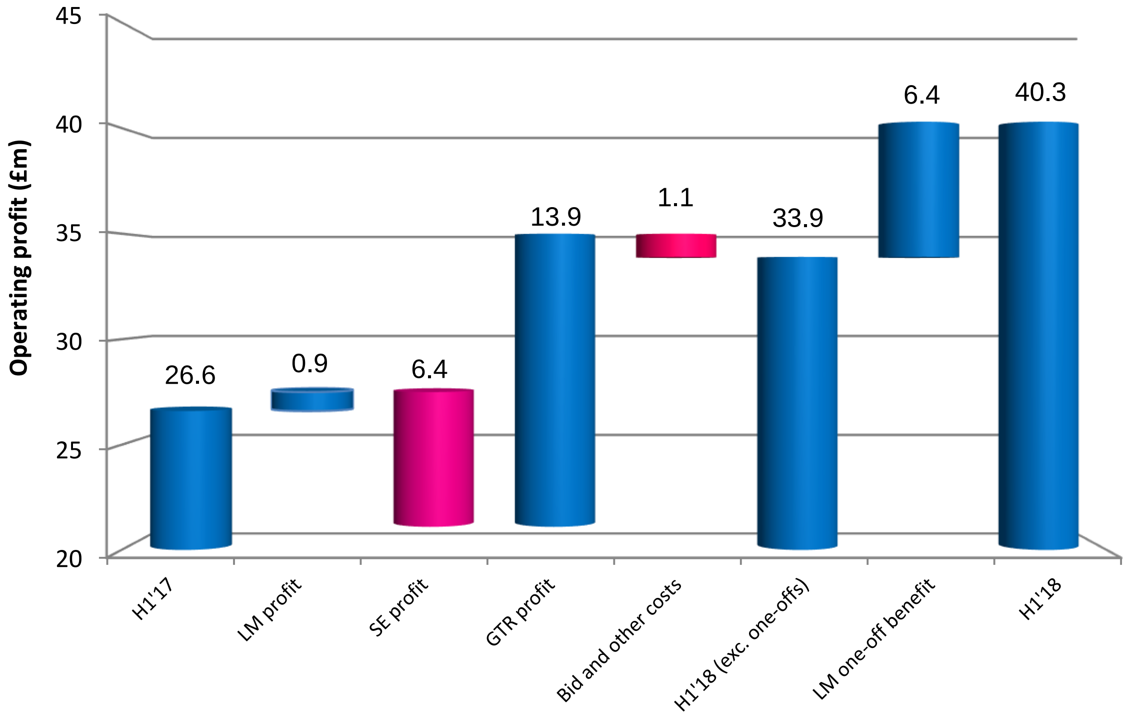
- Operating profit up £1.0m to £22.1m
- Revenues reflect timing of contract gains and losses with lower revenue expected in H2
- Strong QICs performance, up £1.8m
- Fuel cost movements reflect decrease in hedge price
- Margins held up year on year in competitive market
- Singapore trading well
- Outlook: Full year expectations are unchanged

LONDON BUS CONTRACT RENEWALS AND CAPITAL EXPENDITURE



- From 13/14 to 16/17 the business has retained or won new work to cover substantially all contract expiries
- The mix changed in 17/18 with more re-tenders and more lost work
- Lower levels of expiring contract revenue over the next two years provides opportunity to bid for new work
- Expected reduction in capex to around £10m in 2018/19 provides confidence of improved future cashflows

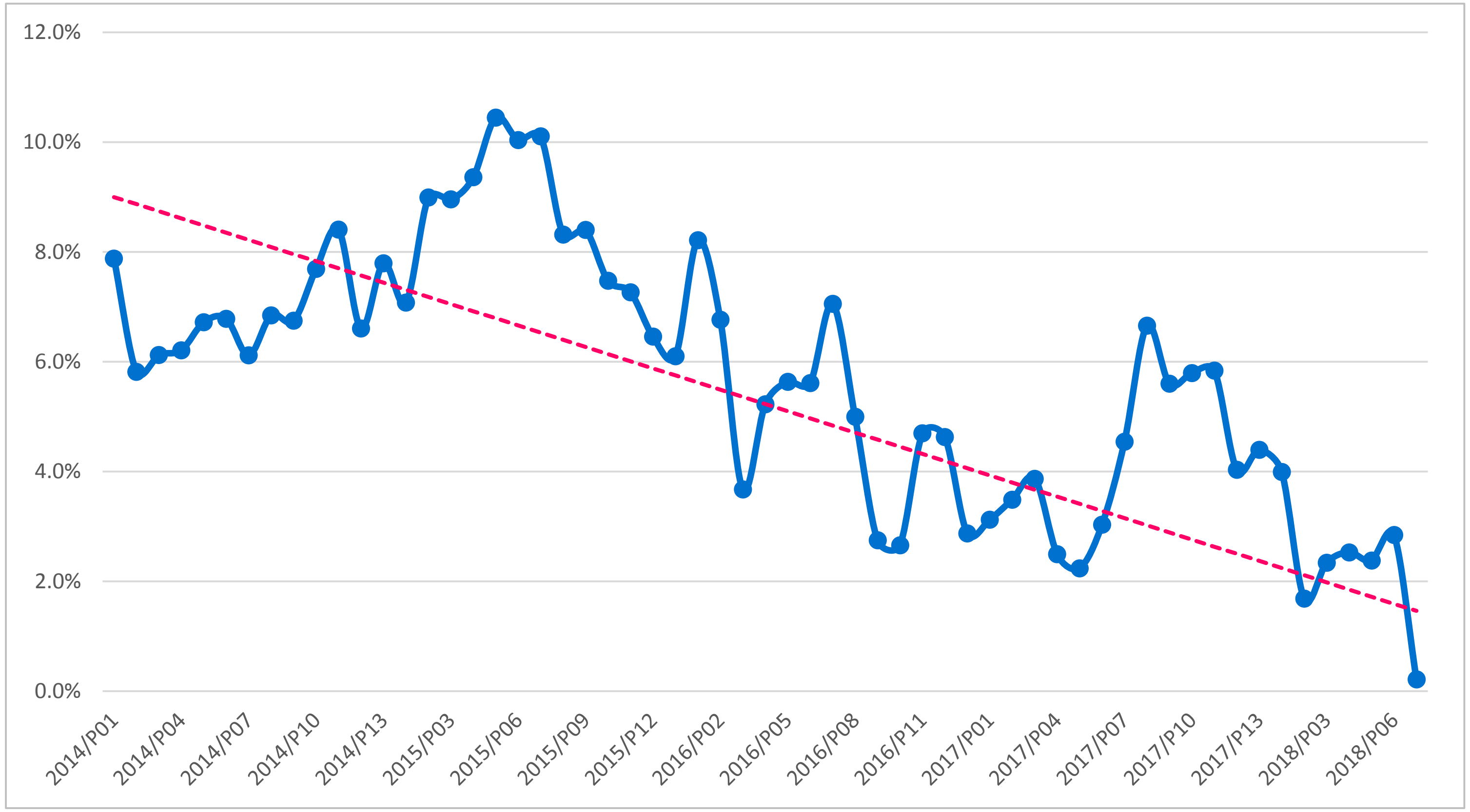
RAIL



	H1'18	H1'17	FY'17
Operating profit margin	3.0%	2.1%	2.3%

- London Midland franchise ended in December 2017
- Southeastern continues to show the impact of slower revenue growth
- Improving service performance in GTR driving better financial results
  - H1 benefited from phasing of contract settlements
- Bidding and mobilisation
  - Southeastern, German and Nordic bids
  - Continued mobilisation in Germany
- Outlook: impact of stronger than expected trading in London Midland (c£2m) and asset sales (£6.4m) will benefit full year result by around £8m

SOUTHEASTERN REVENUE GROWTH



NOTE: Revenue normalised for:

- Revenue losses for core blockade dates
- Significant weather events such as storms with a quantifiable impact

- The rate of revenue growth continues to decline
- Revenue in the last few months has been impacted by weather and infrastructure issues
- Run rate will be kept under review as we prepare our bid for the next franchise

SUMMARY INCOME STATEMENT

£m	H1'18	H1'17
Revenue	1,829.4	1,715.6
Operating profit	86.9	73.0
Net finance costs	(6.9)	(5.8)
Share of result of joint venture	(0.3)	(0.2)
Profit before tax	79.7	67.0
Tax	(16.1)	(10.8)
Profit for the year	63.6	56.2
Non-controlling interests	(14.0)	(10.1)
Profit attributable to members	49.6	46.1

Earnings per share (p)	115.5	107.6
Proposed dividend per share (p)	30.17	30.17

→ Principally growth in GTR and Southeastern

→ 2 bonds in place from July to September 2017. £200m bond repaid September 2017

→ 35% Keolis holding in rail

→ Dividend maintained. Interim dividend payable 20 April 2018

CASHFLOW

£m	H1'18	H1'17	Change
EBITDA	132.9	104.9	28.0
Working capital	34.2	10.0	24.2
Cashflow from operations	**167.1**	**114.9**	**52.2**
Tax and net interest	(26.5)	(31.8)	5.3
Net capital investment	(46.0)	(96.1)	50.1
Free cashflow	**94.6**	**(13.0)**	**107.6**
Dividends paid - members of parent	(30.9)	(28.9)	(2.0)
Dividends paid - non-controlling	(0.9)	(0.4)	(0.5)
Other	(31.0)	(5.1)	(25.9)
Movement in adjusted net debt	31.8	(47.4)	79.2
Opening adjusted net debt	(285.8)	(239.3)	
Closing adjusted net debt	(254.0)	(286.7)	

→ Movements in receivables and payables in rail

→ Payments in respect of prior years

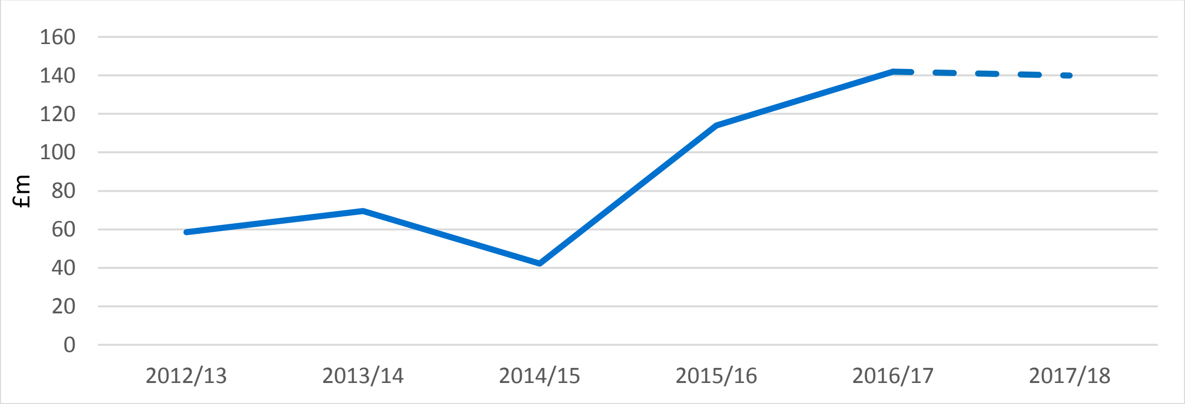
→ Timing of capex in London bus

→ Increase in dividend per share paid

→ Includes £5.4m business acquisitions and £23.5m London Midland franchise end

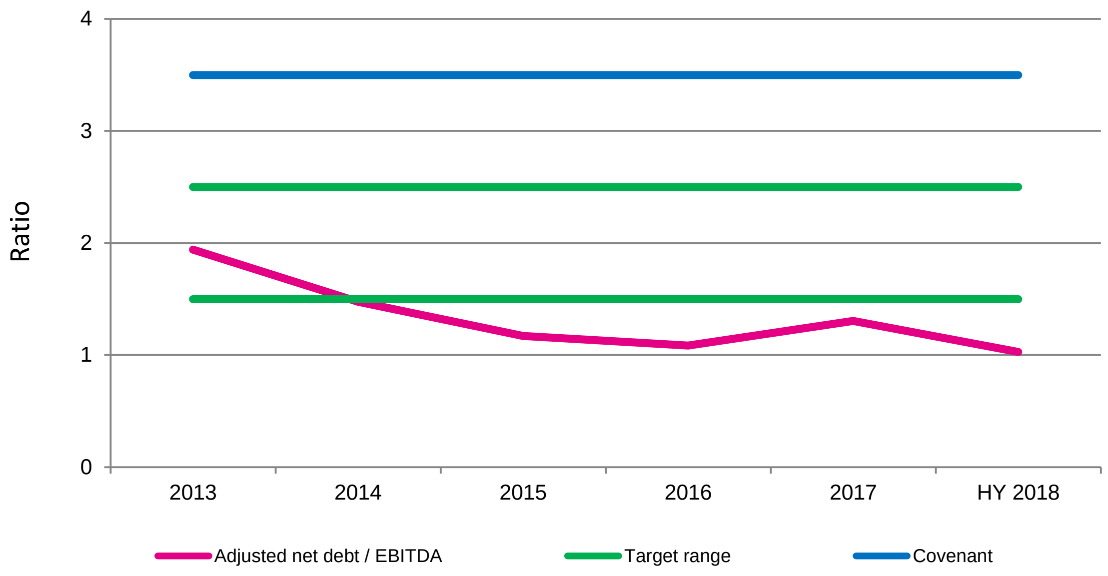
CAPITAL INVESTMENT

£m	H1'18	H1'17	Change
Regional bus fleet	23.1	19.4	3.7
London bus fleet	10.1	57.5	(47.4)
Total bus fleet	**33.2**	**76.9**	**(43.7)**
Depots	0.0	0.6	(0.6)
Rail investment	17.5	12.5	5.0
Technology and other	6.1	3.8	2.3
Total capex	**56.8**	**93.8**	**(37.0)**



- Investment in 109 new buses in regional bus
- Investment in 30 new buses in London bus reflecting contract requirements
- Investment in rail relates to station upgrades and ticket machines required by franchise contracts
- Full year capex for bus of £100m and rail of £40m expected

DEBT POSITION



- Adjusted net debt / EBITDA 1.03x; below target range* of 1.5x - 2.5x, as expected
- BBB- / Baa3 (stable) rating. Ratings reaffirmed in mid 2017
- 7 year £250m bond financed in July 2017. £200m September 2017 bond repaid

As at 30 December 2017	£m
Restricted cash	418.8
Net cash	164.8
Adjusted net debt	254.0
EBITDA (rolling 12 months)	247.1
Adjusted net debt/EBITDA	1.03x

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

As at 30 December 2017	£m
Five year syndicated facility 2021	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	389.2
Total headroom	157.3

FINANCIAL OUTLOOK H2 – 2017/18

- Bus operating profit
  - Regional – slight year on year improvement expected as one-offs of £2.8m reverse
  - London – H2 expected to be lower than H1 due to timing of contract losses
  - Overall 2017/18 consistent with 2016/17
- Rail operating profit
  - No further profits from London Midland – franchise ended in December 2017
  - Slowing revenue growth in Southeastern impacts profit
  - 2017/18 expectations increased by one-offs from London Midland of £8m
  - GTR – Profit still expected to be in range of 0.75% to 1.5% over contract life
- Capital investment and debt
  - Net debt to increase over H2 before falling in 2018/19 in line with reduced London bus capex

DAVID BROWN
Group Chief Executive

GO-AHEAD'S STRATEGY

A world where every journey is taken care of — Our vision

Reputation

Will be delivered by our strategies to

Protect and grow the core	Win new rail and bus contracts	Develop for the future of transport

Focus on 5 interconnected change themes

Lean + Technology + Customer experience + Culture change + Leadership

Underpinned by our core beliefs and attitudes

Our beliefs

We believe in

- Trusting people
- Being can do people
- Building relationships
- Being one step ahead

Our attitudes

We are

- Accountable
- Down to earth
- Collaborative
- Agile

Reputation

PROTECT AND GROW THE CORE

REGIONAL BUS

MARKET TRENDS

- Overall decline in passenger numbers
- Changes in society – consumer behaviours
- Air quality agenda
- Bus Services Act

STRATEGY

- Focus on urban areas with growth potential
- Deliver high quality services to attract passengers
- Promote bus use by making services easier to use
- Respond to demand through local focus

LONDON BUS

MARKET TRENDS

- TfL budgetary pressure
- Congestion
- Declining passenger numbers
- Air quality agenda
- Population growth – long-term effects

STRATEGY

- Maximise benefits of scale from network of well located depots
- Operate in innovative way to deliver cost efficiencies
- Achieve above average performance against targets
- Agile approach to solving TfL's operational requirements

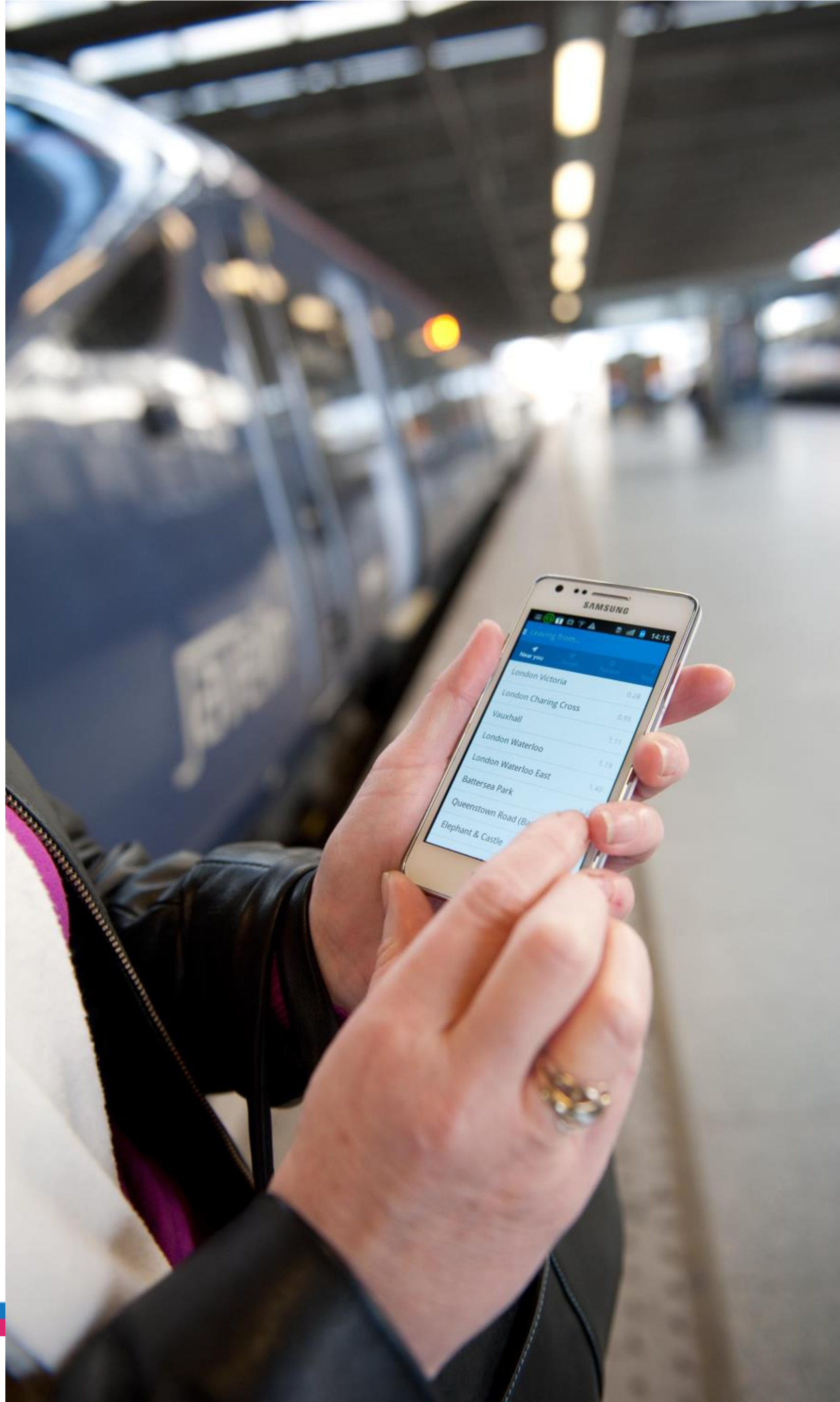
RAIL

MARKET TRENDS

- Competitive environment
- Industrial relations issues
- Significant infrastructure improvements
- Network capacity constraints

STRATEGY

- Focus on urban and inter-urban franchises
- Low capital requirements
- Bid with financial discipline – only securing work on acceptable terms



SOUTHEASTERN

- Improved customer satisfaction and employee engagement
- Passenger numbers continue to decline
- Changing customer trends
- Alliancing with Network Rail
- Bidding for new South Eastern franchise
  - due to commence April 2019
- Negotiating a short extension of current franchise with the DfT

GTR

- Modernising the railway
- A key role in supporting completion of Thameslink Programme
- Performance is improving
- Customer satisfaction up to 76% (H1'17: 72%)
  - highest ever satisfaction on Thameslink at 83%
- Complex contract – ongoing contract variations with the DfT

WIN NEW BUS AND RAIL CONTRACTS

INTERNATIONAL DEVELOPMENT

Why

Opportunities in the UK are well defined in a mature market. We have expertise and skills from our UK bus and rail operations that other countries recognise and want to benefit from

How

Our strategy is to proactively target new bus and rail contracts and develop for the future of transport

What

Plays to our strengths –
Land transport
Urban environment
High quality operations
Strong employee recruitment and engagement
Focus on customer experience
Devolved local management

- Good return on capital
- Visible pipeline of work
- Preferred market entry via contract with regulatory authority
- Low capital requirements

Where

- Stable political & legal systems
- Consistent with our values
- Transport authority which wants international expertise

Progress

Today
Singapore | Ireland | Germany

Tomorrow
Germany | Ireland | Australia | Nordics | Singapore

Success

Our target is 15-20% Group profit in 5 years

PREPARE FOR THE FUTURE OF TRANSPORT

PREPARING FOR THE FUTURE

- Seeking new ways to use our skills, knowledge and assets to enhance and enable long term sustainable growth

- Commercialising our expertise in smart ticketing and payment solutions
  - first contract won through new IT consultancy start-up, Hammock

- New electric car-sharing partnership
  - 12% stake in Mobileeee

- Progressing options for utilising depot capacity

- Demand Responsive Transport (DRT) and Mobility as a Service (MaaS) initiatives

SUMMARY

Protect and grow the core

- Financial stability through UK bus business
- Steady progress in rail
- Focusing on customer experience

Win new bus and rail contracts

- Continue pursuing opportunities in existing and new target markets
- International target: 15% to 20% of Group profit within five years

Prepare for the future of transport

- Exploring new ways of using our skills, knowledge and assets to enhance returns and deliver sustainable growth

Strong focus on shareholder returns

- Maintaining our interim dividend at 30.17p

Q & A

APPENDICES

BUS PENSION

NET PENSION SCHEME LIABILITIES:

£m	H1'18	FY'17
Assets	814.2	784.6
Liabilities	(812.7)	(805.5)
Less tax	(0.2)	3.6
Post tax surplus/(deficit)	1.3	(17.3)

£m	H1'18	FY'17
Operating profit charge	0.8	0.4
Cash contribution	3.2	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 due to positive market performance resulting in higher net assets

BUS FUEL

Fuel hedging prices	H1'18	FY'18	FY'19*	FY'20*	FY'21*
% hedged	100%	100%	80%	45%	25%
Price (pence per litre)	34.6	34.6	32.5	33.1	33.9
Usage (m litres pa)	62	124	120	119	119
£'m commodity cost	21	43	39	39	40

- Benefit of current low oil price to show in FY'17
- FY'18 fully hedged – 4.9% lower than FY'17
- FY'19 80% hedged – 6.1% lower than FY'18
- FY'20 and FY'21 – 45% and 25% hedged respectively
- No near term expectation of change in BSOG c£20m in regional bus

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

*Assuming consistent usage and that hedging is completed at December 2017 market price

IMPACT OF AMORTISATION ON OPERATING PROFIT

	H1'18 pre amortisation £m	Amortisation £m	H1'18 post amortisation £m	H1'17 pre amortisation £m	Amortisation £m	H1'17 post amortisation £m
Regional bus	25.1	0.6	24.5	25.7	0.4	25.3
London bus	22.3	0.2	22.1	21.5	0.4	21.1
Total bus	47.4	0.8	46.6	47.2	0.8	46.4
Rail	41.0	0.7	40.3	26.9	0.3	26.6
Total	88.4	1.5	86.9	74.1	1.1	73.0