THE GO-AHEAD GROUP PLC
HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 29 DECEMBER 2018
BUSINESS OVERVIEW

• Continued 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

• First half performance ahead of expectations. Full year expectations increased principally due to rail

• Bus division results good – operating profit pre-exceptional items of £46.9m (H1’18: £46.6m)

• Rail division results ahead of expectations for the half year – reported operating profit of £17.6m (H1’18: £40.3m)

• Agreement reached with the DfT over contractual matters in relation to the GTR franchise including £15m funding for passenger enhancements

• Singapore bus performing well. Ireland commenced trading in the half year and off to a good start

• Mobilisation of German rail contracts progressing ahead of a June 2019 start date. Won a fifth rail contract in Germany and a new rail contract in Norway

• Interim dividend maintained at 30.17p
ELODIE BRIAN
Interim Group Chief Financial Officer
This table contains the key financial metrics for the Group, each of which is explained in more detail later in the presentation.

<table>
<thead>
<tr>
<th>Financial Metric</th>
<th>H1’19</th>
<th>H1’18</th>
<th>Change</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
<td>%</td>
</tr>
<tr>
<td>Revenue</td>
<td>1,920.8</td>
<td>1,829.4</td>
<td>91.4</td>
<td>5.0</td>
</tr>
<tr>
<td>Operating profit pre-exceptional items</td>
<td>64.5</td>
<td>86.9</td>
<td>(22.4)</td>
<td>(25.8)</td>
</tr>
<tr>
<td>Exceptional operating items</td>
<td>(16.8)</td>
<td>-</td>
<td>(16.8)</td>
<td>n/a</td>
</tr>
<tr>
<td>Operating profit post-exceptional items</td>
<td>47.7</td>
<td>86.9</td>
<td>(39.2)</td>
<td>(45.1)</td>
</tr>
<tr>
<td>Earnings per share (p)</td>
<td>60.7</td>
<td>115.5</td>
<td>(54.8)</td>
<td>(47.4)</td>
</tr>
<tr>
<td>Earnings per share pre-exceptional items (p)</td>
<td>93.2</td>
<td>115.5</td>
<td>(22.3)</td>
<td>(19.3)</td>
</tr>
<tr>
<td>Proposed dividend per share (p)</td>
<td>30.17</td>
<td>30.17</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital investment</td>
<td>42.0</td>
<td>56.8</td>
<td>(14.8)</td>
<td>(26.1)</td>
</tr>
<tr>
<td>Free cashflow after minority dividends</td>
<td>58.7</td>
<td>93.7</td>
<td>(35.0)</td>
<td>(37.4)</td>
</tr>
<tr>
<td>Adjusted net debt</td>
<td>261.7</td>
<td>254.0</td>
<td>7.7</td>
<td>3.0</td>
</tr>
<tr>
<td>Adjusted net debt/EBITDA</td>
<td>1.34x</td>
<td>1.03x</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**OPERATING PROFIT BY DIVISION**

<table>
<thead>
<tr>
<th>Operating profit (pre-exceptional items)</th>
<th>H1’19</th>
<th>Year on year change</th>
<th>H1’18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>%</td>
</tr>
<tr>
<td>Regional bus</td>
<td>23.0</td>
<td>(1.5)</td>
<td>(6.1%)</td>
</tr>
<tr>
<td>London bus</td>
<td>23.9</td>
<td>1.8</td>
<td>8.1%</td>
</tr>
<tr>
<td>Total bus</td>
<td>46.9</td>
<td>0.3</td>
<td>0.6%</td>
</tr>
<tr>
<td>Rail</td>
<td>17.6</td>
<td>(22.7)</td>
<td>(56.3%)</td>
</tr>
<tr>
<td>Total</td>
<td>64.5</td>
<td>(22.4)</td>
<td>(25.8%)</td>
</tr>
</tbody>
</table>

- Regional bus – small profit reduction in challenging market
- London bus – strong QICs performance and good result from Singapore offsetting slight mileage reduction
- Rail – stronger than expected trading in Southeastern. Settlement of GTR contract in the period. End of London Midland franchise in December 2017
• Operating profit down £1.5m to £23.0m
• Passenger journey growth of 2.3%
• Revenue per mile up 1.0% and journeys per mile down 0.4%, excluding acquisitions
• Acquisitions and new ventures reflect the benefit from East Yorkshire, Oxford City sightseeing and costs of PickMeUp
• Work underway to address the gap between passenger yield and cost inflation
• Investment in 82 new buses reflected in higher depreciation
• Outlook: full year operating profit expected to be close to last year
• Operating profit up £1.8m to £23.9m
• Strong QICs performance, increased to £7.2m
• Volume reductions reflect a 2.5% mileage loss
• Increase in depreciation reflects investment in 11 new buses in H1 and higher capital expenditure last year
• One-offs include impact of depot fire
• Singapore and Dublin trading well, up £1.5m
• Outlook: full year operating profit expected to be similar to last year
LONDON BUS CONTRACT RENEWALS AND CAPITAL INVESTMENT

- From 2013/14 to 2015/16, all contract expiries substantially covered by work retention or new wins
- Large volumes of work re-tendered in 2016/17 & 2017/18
- Lower levels of expiring contract revenue over this year and next
- Lower levels of capex expected for this year and next provide confidence in cashflow generation
- Southeastern continues to perform well with strong revenue and profit growth
- London Midland franchise ended in December 2017
- GTR agreement reached with DfT including £15m passenger investments; no profit expected in 2018/19
- Bidding costs lower due to submission of Southeastern bid in prior year
- Continued mobilisation in Germany; mobilisation started in Norway
- Outlook: higher full year expectations based on stronger trading in Southeastern
<table>
<thead>
<tr>
<th></th>
<th>Pre-exceptional</th>
<th>Exceptional items</th>
<th>Post-exceptional</th>
<th>H1’18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group operating profit</td>
<td>64.5</td>
<td>(16.8)</td>
<td>47.7</td>
<td>86.9</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>(3.2)</td>
<td>-</td>
<td>(3.2)</td>
<td>(6.9)</td>
</tr>
<tr>
<td>Share of result of joint venture</td>
<td>(0.3)</td>
<td>-</td>
<td>(0.3)</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>61.0</td>
<td>(16.8)</td>
<td>44.2</td>
<td>79.7</td>
</tr>
<tr>
<td>Tax</td>
<td>(12.3)</td>
<td>2.9</td>
<td>(9.4)</td>
<td>(16.1)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>48.7</td>
<td>(13.9)</td>
<td>34.8</td>
<td>63.6</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(8.7)</td>
<td>-</td>
<td>(8.7)</td>
<td>(14.0)</td>
</tr>
<tr>
<td>Profit attributable to members</td>
<td>40.0</td>
<td>(13.9)</td>
<td>26.1</td>
<td>49.6</td>
</tr>
<tr>
<td></td>
<td>£m</td>
<td>H1’19</td>
<td>H1’18</td>
<td>Change</td>
</tr>
<tr>
<td>------------------------</td>
<td>------</td>
<td>-------</td>
<td>-------</td>
<td>---------</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td></td>
<td>106.1</td>
<td>132.9</td>
<td>(26.8)</td>
</tr>
<tr>
<td><strong>Working capital</strong></td>
<td></td>
<td>5.9</td>
<td>34.2</td>
<td>(28.3)</td>
</tr>
<tr>
<td><strong>Cashflow from operations</strong></td>
<td></td>
<td>112.0</td>
<td>167.1</td>
<td>(55.1)</td>
</tr>
<tr>
<td><strong>Tax and net interest</strong></td>
<td></td>
<td>(10.2)</td>
<td>(26.5)</td>
<td>16.3</td>
</tr>
<tr>
<td><strong>Net capital investment</strong></td>
<td></td>
<td>(37.5)</td>
<td>(46.0)</td>
<td>8.5</td>
</tr>
<tr>
<td><strong>Dividends paid - minority interest</strong></td>
<td></td>
<td>(5.6)</td>
<td>(0.9)</td>
<td>(4.7)</td>
</tr>
<tr>
<td><strong>Free cashflow</strong></td>
<td></td>
<td>58.7</td>
<td>93.7</td>
<td>(35.0)</td>
</tr>
<tr>
<td><strong>Dividends paid - members of parent</strong></td>
<td></td>
<td>(30.9)</td>
<td>(30.9)</td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td>(0.5)</td>
<td>(31.0)</td>
<td>30.5</td>
</tr>
<tr>
<td><strong>Movement in adjusted net debt</strong></td>
<td></td>
<td>27.3</td>
<td>31.8</td>
<td>(4.5)</td>
</tr>
<tr>
<td><strong>Opening adjusted net debt</strong></td>
<td></td>
<td>(289.0)</td>
<td>(285.8)</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Closing adjusted net debt</strong></td>
<td></td>
<td>(261.7)</td>
<td>(254.0)</td>
<td>n/a</td>
</tr>
</tbody>
</table>

- **Movements in receivables and payables in rail**
- **Timing of capex in London bus**
- **Keolis minority interest**
- **H1’18 includes £5.4m business acquisitions and £23.5m impact of London Midland franchise end**
DEBT POSITION

- Adjusted net debt / EBITDA 1.34x; below target range of 1.5x - 2.5x, as expected
- BBB- / Baa3 (stable) rating. Ratings reaffirmed in mid 2018
- 7 year £250m bond financed until 2024 and syndicated facility until 2023 with a further 2 year option

As at 29 December 2018  £m

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Net cash</td>
<td>199.9</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>(461.6)</td>
</tr>
<tr>
<td>Adjusted net debt</td>
<td>(261.7)</td>
</tr>
<tr>
<td>EBITDA (rolling 12 months)</td>
<td>195.0</td>
</tr>
<tr>
<td>Adjusted net debt/EBITDA</td>
<td>1.34x</td>
</tr>
</tbody>
</table>

As at 29 December 2018  £m

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Five year syndicated facility 2023 (+1+1)</td>
<td>280.0</td>
</tr>
<tr>
<td>7 year £250m sterling bond 2024</td>
<td>250.0</td>
</tr>
<tr>
<td>€8m &amp; €10.6m German facilities</td>
<td>16.5</td>
</tr>
<tr>
<td>Total core facilities</td>
<td>546.5</td>
</tr>
<tr>
<td>Amount drawn down</td>
<td>388.0</td>
</tr>
<tr>
<td>Total headroom</td>
<td>158.5</td>
</tr>
</tbody>
</table>
FINANCIAL OUTLOOK H2 – 2018/19

Bus Operating Profit
• Regional – H2 expected to be slightly higher than H2’18, bringing full year results close to last year
• London – H2 expected to be lower than H1, with full year similar to last year
• Overall 2018/19 close to 2017/18 level

Rail Operating Profit
• Southeastern performing well and extension confirmed until June 2019
• GTR expect a break-even position for the full year, following the agreement with the DfT
• Germany continues to mobilise, due to commence trading June 2019
• Overall rail operating profit in H2 expected to be ahead of last year

Net Capital Expenditure
• Net capital expenditure in H2 expected to be slightly higher than H1, full year remains in line with expectations of around £85m
GO-AHEAD’S STRATEGY

A world where every journey is taken care of

Will be delivered by our strategies to

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

With responsibility as a business for safer and cleaner environment
Better teams + Happier customers + Stronger communities + Smarter technology +

Underpinned by our core beliefs and attitudes

We believe in
Trusting people
Being can do people
Building relationships
Being one step ahead

We are
Accountable
Down to earth
Collaborative
Agile

Reputation

Reputation
PROTECT AND GROW THE CORE
REGIONAL BUS

Strategy
• Focus on urban areas with growth potential
• Deliver high quality services
• Agile local responses
• Focus on how bus can solve city and societal problems
• Work in partnership with local authorities
• Seek “bolt-on” acquisitions and other growth opportunities

Highlights
• Growth in passenger numbers
• Market leading customer satisfaction of 91%
• Investment in new buses
• Innovation in customer apps and contactless ticketing
• Delivering health and well-being agenda
• Integration of East Yorkshire
• Announced acquisition of Manchester depot

Market trends
- Change in consumer behaviours  - National decline in volumes  - Air quality
LONDON BUS

Strategy
• Promote bus within Mayor’s transport strategy
• Focus on operational performance
• Deliver innovative cost efficiencies
• Maximise scale benefits from network of well-located depots
• Pursue tender opportunities

Highlights
• QICs performance ahead of last year
• Encouraging win rate
• Growing expertise in electric buses
• Bus Driver apprenticeship training scheme introduced
• Focus on innovation and safety leadership aligned to the Mayor’s “Vision Zero”

Market trends
- TfL budget pressure
- Congestion
- Air quality
UK RAIL

- We are participating in the Rail Review, we would like to see customer driven solutions including:
  - Different models for different customer markets
  - Contracts to drive accountability – balance of risk and reward
  - Regional political devolution – services tailored to local customer and community needs
  - Strategic body that owns and co-ordinates the vision
  - Network Rail accountability at a regional level
- Strategy may evolve based on outcome of Rail Review

Market trends
- Increased passenger numbers
- Investment & modernisation
- Rail review
• Most punctual Autumn on record, exemplary joint working with Network Rail and industry-leading communications campaign

• ‘Motion’ onboard entertainment launched through free WiFi

• ‘The Key’ smart ticketing system enhanced and extended

• Investment to improve passenger information systems

• Colleague network groups launched to boost diversity and inclusion

• Contract extension to June 2019, awaiting result of next South Eastern franchise award
GTR

- DfT contractual settlement
- Performance improvements across all routes; Southern best performance since franchise began
- Running 3,600 services a day across the GTR network
- Additional Cambridge-Brighton services and more weekend services from May
- Consultation underway on £15m customer improvement fund
- Providing better customer information by equipping customer facing staff with 3,000 new smart phones
- More than 2,000 qualified drivers across GTR
- 150 new Moorgate line carriages
WIN NEW BUS AND RAIL CONTRACTS
GO-AHEAD INTERNATIONAL STRATEGY

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

Current pipeline
Singapore | Ireland | Germany | Nordics | Australia

Success
Our target is 15-20% of Group profit by 2022
INTERNATIONAL PROGRESS

- Singapore bus performing well
- Successful mobilisation in Dublin
- Mobilisation in Germany progressing and on track for start of operations in June
- Won a fifth rail contract in Germany. Our first rail contract in Norway and a consultancy contract in Australia
- Ten international contract wins to date in five different countries with annualised revenues of over £400m
- Good progress towards achieving 15-20% of Group operating profit from international activities by 2022
PREPARE FOR THE FUTURE OF TRANSPORT
PREPARING FOR THE FUTURE

• PickMeUp in Oxford: Grown to 20,000 registered users and providing 3,000 weekly rides

• Contract with TfL to run demand responsive pilot in Sutton

• Billion Journey project: 20 start ups taken through the incubator programme, with plans to pilot Citi Logik and Airportr

• World first air filtering bus launched in Southampton

• Hammock: two contracts completed during the period; further opportunities in the pipeline
SUMMARY

Protect and grow the core
• Stable bus performance in challenging market environment
• Rail services improving, contractual certainty at GTR and 12-week extension to Southeastern
• Focus on the customer experience

Win new bus and rail contracts
• Awaiting outcome of new South Eastern franchise
• Positive momentum in winning international contracts
• 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
• Overall operating profit predicted to be ahead of management expectations principally due to rail
• Interim dividend maintained at 30.17p
# EXCEPTIONAL ITEMS

<table>
<thead>
<tr>
<th></th>
<th>£'m</th>
<th>Pence per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unadjusted earnings</td>
<td>26.1</td>
<td>60.7</td>
</tr>
<tr>
<td>Exceptional operating items - pensions</td>
<td>16.8</td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td>(2.9)</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted earnings</strong></td>
<td>40.0</td>
<td>93.2</td>
</tr>
</tbody>
</table>

- Relates to charge in respect of GMP equalisation for bus pension schemes that the Group participates in
## CAPITAL INVESTMENT

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
<th>H1’19</th>
<th>H1’18</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional bus fleet</td>
<td>17.5</td>
<td>23.1</td>
<td></td>
<td>(5.6)</td>
</tr>
<tr>
<td>London bus fleet</td>
<td>3.4</td>
<td>10.1</td>
<td></td>
<td>(6.7)</td>
</tr>
<tr>
<td><strong>Total bus fleet</strong></td>
<td><strong>20.9</strong></td>
<td><strong>33.2</strong></td>
<td></td>
<td><strong>(12.3)</strong></td>
</tr>
<tr>
<td>Technology and other</td>
<td>3.3</td>
<td>6.1</td>
<td></td>
<td>(2.8)</td>
</tr>
<tr>
<td>Depots</td>
<td>6.9</td>
<td>0.0</td>
<td></td>
<td>6.9</td>
</tr>
<tr>
<td>Rail investment</td>
<td>10.9</td>
<td>17.5</td>
<td></td>
<td>(6.6)</td>
</tr>
<tr>
<td><strong>Total capital investment</strong></td>
<td><strong>42.0</strong></td>
<td><strong>56.8</strong></td>
<td></td>
<td><strong>(14.8)</strong></td>
</tr>
</tbody>
</table>

- Investment in 82 new buses in Regional bus
- Investment in 11 new buses in London bus reflecting contract requirements
- Investment in rail relates to station upgrades and ticket machines required by franchise contracts
BUS PENSION

Net Pension Scheme Assets / (Liabilities):

<table>
<thead>
<tr>
<th>£m</th>
<th>H1’19</th>
<th>H1’18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>816.5</td>
<td>814.2</td>
</tr>
<tr>
<td>Liabilities</td>
<td>(817.7)</td>
<td>(812.7)</td>
</tr>
<tr>
<td>Less tax</td>
<td>0.2</td>
<td>(0.2)</td>
</tr>
<tr>
<td><strong>Post tax (deficit)/surplus</strong></td>
<td><strong>(1.0)</strong></td>
<td><strong>1.3</strong></td>
</tr>
</tbody>
</table>

- Scheme closed to future accrual with effect from 1 April 2014
- The post tax position has been impacted by the GMP equalisation ruling which resulted in a one-off charge of £16.8m
- Different assumptions applied on actuarial valuation compared to accounting valuation
- Triennial actuarial valuation at 31 March 2018 recently completed and showed a surplus of assets of £104.4m relative to the technical provisions
• Fuel hedging is consistent with policy
• Hedge periods have been extended to provide greater certainty to the fixed price contracts in London

• FY’20 - 75% hedged – 6.3% higher than FY’19
• FY’21 and FY’22 – 50% and 20% hedged respectively
• No near term expectation of change in BSOG c. £20m in Regional bus

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