

Interim Results

For the 6 months ended 30 June 2008

31 July 2008



Richard Bowker

Chief Executive





Highlights

On track to deliver target for full year.

Half year:

- Increase in normalised PBT of 14%
- Increase in normalised EPS of 12%
- UK integration complete
- Successful six months for East Coast
- Integration of Spanish business complete
- Record North American conversion season
- Delivery of dividend promise – 12.72p



Gareth Wright

Acting Finance Director

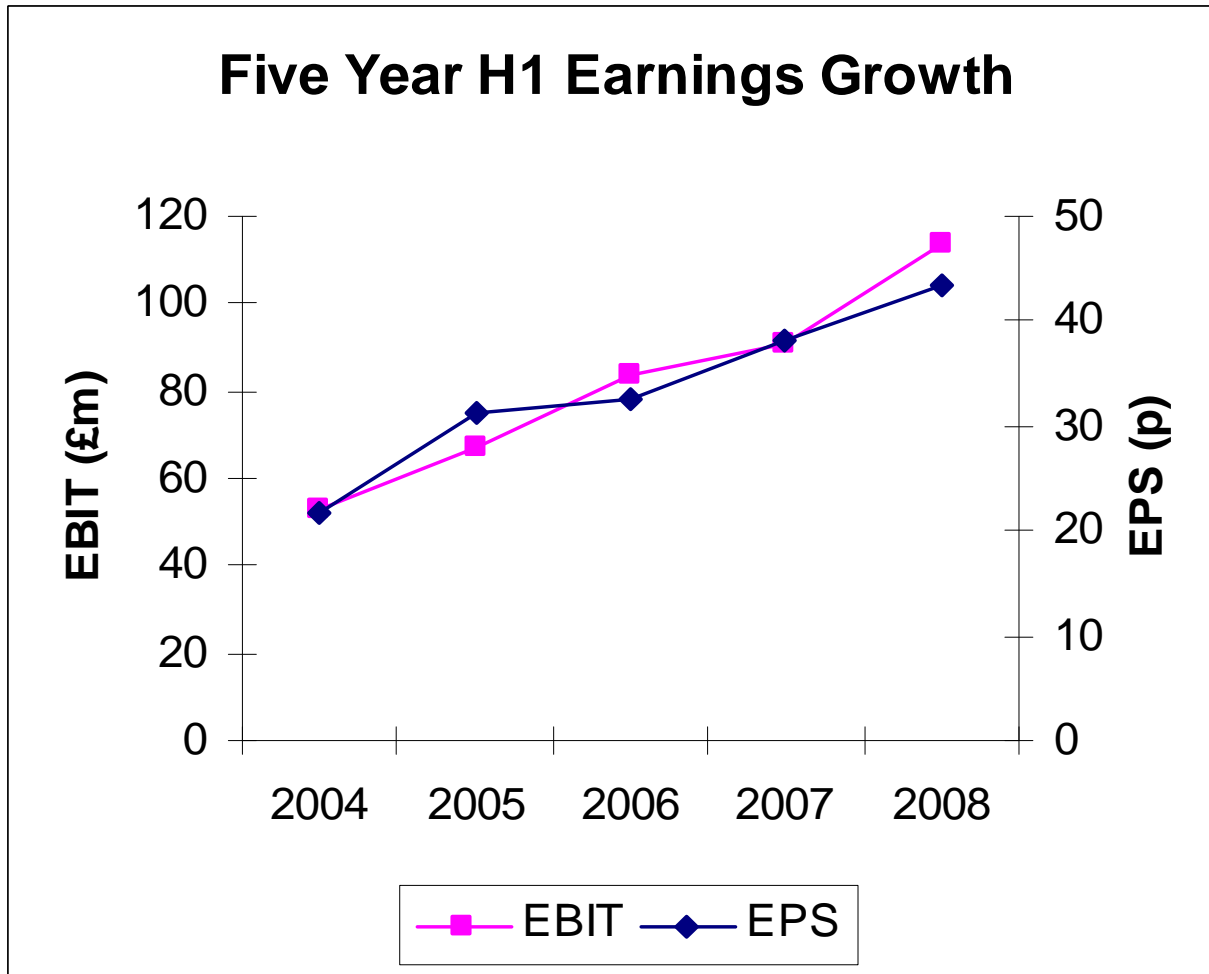


Financial highlights

- Revenue up 4.4% to £1,367.2m
- Normalised operating profit up 25.7% to £113.9m
- Group operating margin increased to 8.3%
- Normalised profit before tax up 13.9% to £90.0m
- Normalised diluted EPS from continuing operations up 12.3% to 42.8p
- Interim dividend up 10% to 12.72p
- Delivering the 3 year dividend commitment of 10% growth per annum



Strong track record



Spain

- Passenger revenue growth of 5%
- Market leading margins
- Forward bookings look strong
- Good contribution from Continental Auto
- Concessions now run until at least 2013



UK Trains

National Express East Coast

- Passenger revenue:
 - Bid CAGR of 10%
 - Actual growth of 11%
- There's still lots to go for:
 - Miniature prices
 - Market share
 - Performance
 - Customer service

BA Helpline



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UK Trains

- 9% passenger revenue growth
 - NXEA 6%
 - c2c 9%
- Margin improves to 5.9%
- Portfolio PPM above 90%



Just turn up off-peak and go with GroupSave

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c2c-online.co.uk

1/1th GroupSave 4 people travel off-peak for the price of 2 adults. Conditions apply.



UK Coach

- Underlying business performing well
 - EBIT growth 18%
 - Margin improves to 6.2%
- 5% passenger revenue growth
- Actions taken to improve Dot2Dot

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UK Bus

- 6% passenger revenue growth
- EBIT margin: 12.2%
- Concessionary fares scheme negotiations completed
- Successful implementation of Quality Partnership routes
- Capacity increase for London market



North America

- Excellent progress with Business Transformation
- Revenue growth: 17%
- New Contracts – annualised revenue of \$15m
- EBIT margin: 13.6%
- Fuel costs





Fuel

- Annual volume hedged 240m litres

	2008	2009	2010
Percentage hedged	100%	56%	10%

	2007	2008	2009
Price per litre	22.1	35.5	47.6
Year on year increase		31%	34%





Normalised Results

	2008	2007
	£m	£m
Revenue	1.367.2	1.309.3
Normalised operating profit	113.9	90.6
Profit from associates	0.2	0.5
Finance costs	(24.1)	(12.1)
Normalised profit before tax	90.0	79.0
Tax expense (2008: 27.0%)	(24.3)	(20.8)
Normalised profit after tax	65.7	58.2
Normalised diluted EPS (p)	42.8	38.1





Group Income Statement

	2008 £m	2007 £m
Revenue	1.367.2	1.309.3
Normalised operating profit	113.9	90.6
Profit from associates	0.2	0.5
Finance costs	(24.1)	(12.1)
Normalised profit before tax	90.0	79.0
Exceptional items	(15.2)	-
Intangible asset amortisation	(27.9)	(13.6)
Profit before tax	46.9	65.4
Tax expense	(11.1)	(17.4)
Profit after tax	35.8	48.0
Diluted EPS (p)	23.3	31.4



Divisional Cash Flow

	UK Bus £m	UK Coach £m	UK Trains £m	North America £m	Spain £m	Central Functions £m	Total £m
Normalised operating profit	20.6	1.8	39.6	25.9	31.7	(5.7)	113.9
Depreciation	8.9	2.9	6.9	15.9	12.7	0.1	47.4
Amortisation/disposals/ share based payments	-	0.1	(0.8)	0.1	(1.1)	0.9	(0.8)
EBITDA	29.5	4.8	45.7	41.9	43.3	(4.7)	160.5
Working capital movement	(12.5)	2.7	(37.3)	3.7	(15.8)	(7.1)	(66.3)
Ongoing net cash inflow from ops	17.0	7.5	8.4	45.6	27.5	(11.8)	94.2
Net capital expenditure	(5.6)	(5.3)	(4.5)	(10.6)	(24.0)	(2.2)	(52.2)
Operating cash flow before one-offs	11.4	2.2	3.9	35.0	3.5	(14.0)	42.0
UK Trains Franchise exits							(0.5)
Operating cash flow							41.5





Movement in Net Debt

	2008 £m
Net debt at 1 January	910.8
Operating cash flow	(41.5)
Exceptional items and payments to associates	23.9
Interest	23.7
Tax	(4.7)
Acquisitions and disposals	10.7
Financial investments and shares	1.2
Dividends	40.4
Currency translation	64.8
Net debt at 30 June	1.029.3



Richard Bowker

Chief Executive



UK integration

- Single brand
- Single business
- £11m savings achieved as forecast

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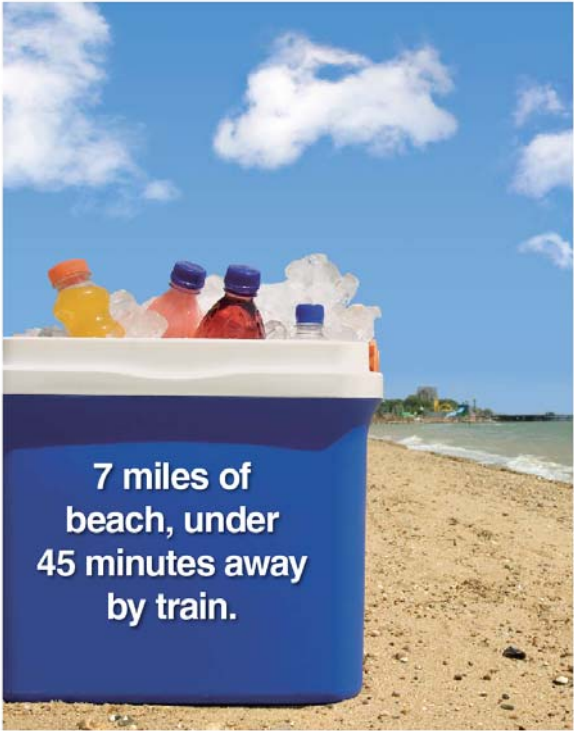
Brand strength

- 130th ranking
- A climb of 164 places



Understanding our customers

- Two million contacts with customers
- c2c database grown by over 51%
- East Coast incremental revenue up almost £4m
- Total incremental revenue £6m in 1st half due to CRM



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Daily Mirror campaign

- Fares starting at £1 to 3.7 million readers
- 80,000 responses in three weeks
- 90% new customers



Dump the pump

- Promotes the weekly travel card - £11.95
- Unlimited travel on the West Midlands bus network of 4,000 miles
- Offer includes a free Daysaver ticket to try the bus



fed up with fuel price rises?

dump the pump
jump on the bus

TRY
FOR
FREE
see inside for details



West Midlands
Part of national express



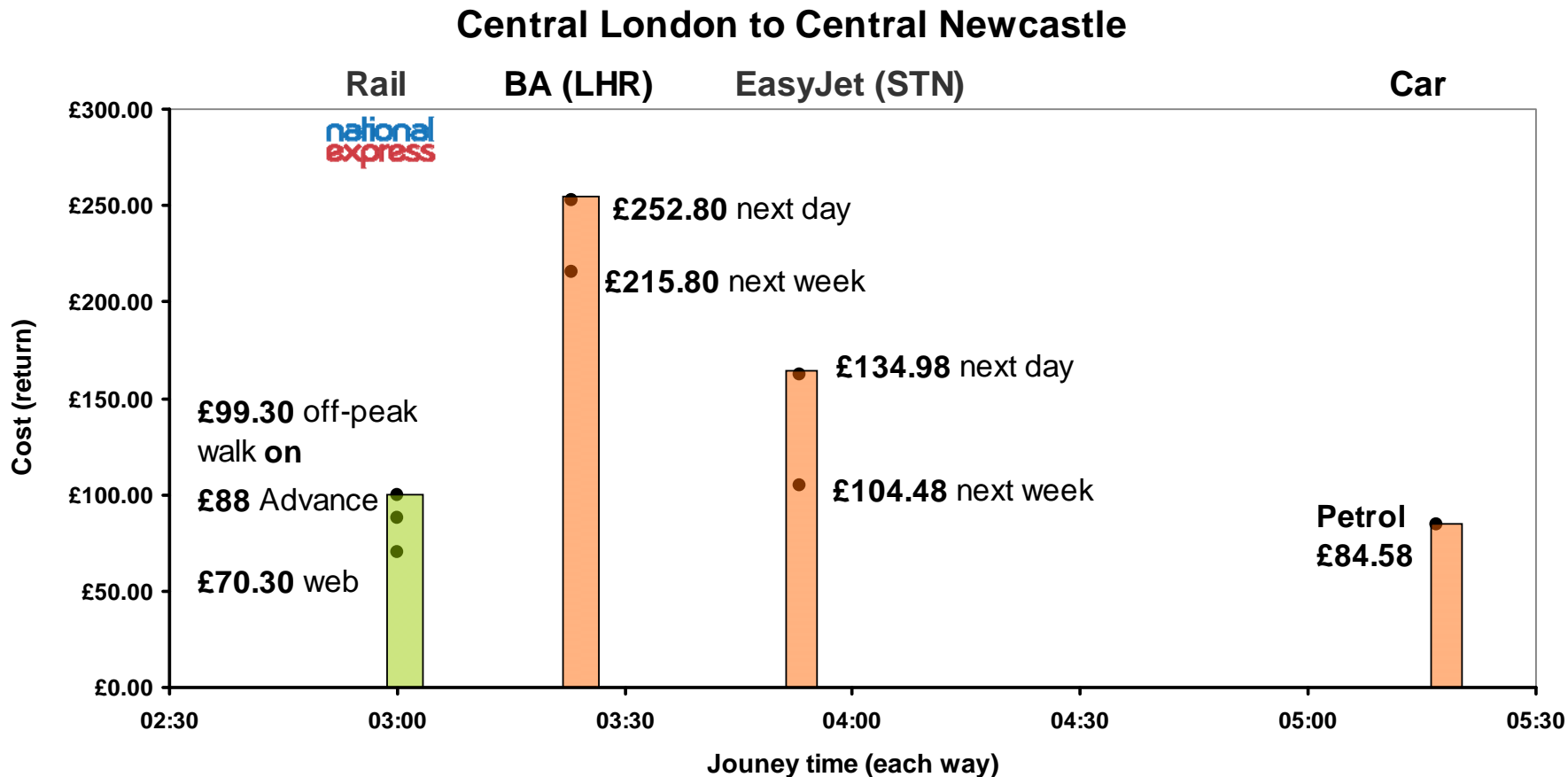
Buses

Quality partnerships

- First routes -12% growth in passengers
- Latest Dudley network results in 15% increase in passengers per km



Comparative Cost of Travel



Sources

- www.nationalexpresseastcoast.com. Advance and web fares for 06/08/08
- www.ba.com next day fare 31/07/08, next week fare 06/08/08. Transfers with Heathrow Express and Nexus Metro
- www.easyjet.com next day fare 31/07/08, next week fare 06/08/08. Transfers with Stansted Express and Nexus Metro
- www.petrolprices.com and www.theaa.com. Ford Mondeo 2.0 petrol 35.8mpg



YouGov survey

- 61% of respondents said the increased cost of fuel had affected how often they use the car
- 61% of respondents said they would consider using public transport to save on their fuel costs.

All figures, unless stated, are from YouGov Plc. Total sample size was 2006 adults. Fieldwork was undertaken between 28-30 July 2008. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).



Trains

- Miniature prices help market share on London-Edinburgh grow to 17%
- Performance is key focus for improvement
- Trains Division now delivering over 90% reliability



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North America

- Good bidding season
- New contract wins - \$15m
- Retention of over 95% of existing contracts
- Best ever conversion season
- Business transformation project



Spain

- Successful integration of Continental Auto
- Reducing the cost of sales
- Greater links with airports
- Rail liberalisation offers great potential



Summary

- Delivering on our promise and potential
- Generating growth
- New opportunities
- Resilient business



Interim Results

For the 6 months ended 30 June 2008

31 July 2008



Appendices



Appendices

Divisional Revenue

	2008 £m	2007 £m
Buses	169.2	157.0
Trains	671.1	771.1
Coaches	117.7	103.5
UK sales elimination	(3.8)	(6.8)
North America	190.0	162.8
Spain	223.0	121.7
	1,367.2	1,309.3





Appendices

Divisional Operating Profit and Margin

	Operating profit		Operating margin	
	2008 £m	2007 £m	2008 %	2007 %
Buses	20.6	19.8	12.2	12.6
Trains	39.6	28.7	5.9	3.7
Coaches	7.2	6.1	6.2	5.9
- Dot2Dot	(5.4)	-	-	-
North America	25.9	24.1	13.6	14.8
Spain	31.7	18.9	14.2	15.5
Central Functions	(5.7)	(7.0)	-	-
	113.9	90.6	8.3	6.9



Appendices

Exceptional items

- NXEC mobilisation: £2.5m
- UK Integration: £3.0m
- North America Business Transformation: £9.0m
- Continental Auto Integration: £0.7m



Appendices

Reconciliation of Operating Cash Flow to Statutory Cash Flow

	£m
Cash generated from operations	69.2
Purchase of property, plant and equipment	(57.9)
Proceeds from disposal of property	7.0
Finance lease additions	(0.7)
Remove ICRRL payment	8.4
Remove exceptional cash flows	15.5
Operating cash flow	41.5



Appendices

Balance Sheet

	30 June 2008 £m	31 Dec 2007 £m
Goodwill and intangibles	1.255.5	1.205.5
Property, plant & equipment	706.7	697.3
Other non-current assets	41.4	34.3
Working capital	(214.8)	(298.4)
Current & Deferred tax	(180.7)	(172.9)
Net debt	(1029.3)	(910.8)
Provisions	(79.3)	(88.3)
Defined benefit pension liability	(105.9)	(29.8)
Net assets	393.6	436.9



Appendices

Currency

	Closing Rate		Average Rate	
	2008	2007	2008	2007
US Dollar	1.99	2.01	1.99	1.98
Canadian Dollar	2.04	2.14	2.00	2.23
Euro	1.26	1.48	1.30	1.48





Appendices

Subsidy / Premia profile by TOC

Nominal undiscounted subsidy / premia for calendar years

	2008 £m	2009 £m	2010 £m	2011 £m	2012 £m	2013 £m	2014 £m
c2c	18.0	17.1	16.6	6.6			
NXEA	(85.1)	(100.7)	(115.7)	(131.4)	(149.7)	(170.9)	(44.1)
NXEC	(60.1)	(127.8)	(180.8)	(239.6)	(321.8)	(389.6)	(456.1)