

**Interim results  
for the six months to  
30 September 2002**

**Wednesday 6 November 2002**

**Moir Lockhead**  
**Group Chief Executive**

# Business Highlights

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- **Good start to the year - first half results in line with expectations**
- **UK Bus volumes up 1.5%**
- **Rail volumes recovering up 4%**
- **North America expansion on target for 1,000 new buses this year**
- **Solid performance in difficult market**
- **Focused strategy**

**Iain Lanaghan**  
**Group Finance Director**

# Introduction

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- **Good financial performance**
- **Growth in all three divisions**
- **Invested £82m in the business**
- **Managing cost pressures**
- **Debt reduced by £81m**

# Financial Highlights

## Six months to 30 September 2002

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**Sales £1,069m** up 7%

**Operating profit<sup>1</sup> £84.4m** up 1%

**Profit before tax<sup>1</sup> £55.8m** up 1%

**Cash generation<sup>2</sup> £133.5m** up 3%

**First half debt reduced by £81m to £692m**

**Adjusted basic EPS 9.3p** up 2%

**Dividend per share 3.55p** up 8%

1. Before goodwill, exceptional items and profit on disposal of fixed assets

2. Operating profit before goodwill, exceptional items and profit on disposal of fixed assets plus depreciation

# Divisional analysis

## Six months to 30 September 2002

	Turnover £m	Op profit <sup>1</sup> £m	Margin %
UK Bus	418.7	45.9	11.0
UK Rail	385.4	29.5	7.7
N America	261.6	16.5	6.3
Lease interest	-	(2.9)	-
Other <sup>2</sup>	3.2	(4.6)	-
<b>TOTAL</b>	<b><u>1,068.9</u></b>	<b><u>84.4</u></b>	<b>7.9</b>

1. Before goodwill, exceptional items and profit on disposal of fixed assets

2. Tram operations, central management, Group information technology and other items

# Turnover analysis UK Bus

## Six months to 30 September 2002

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	£m
<b>Six months to 30/09/01</b>	<b>395.7</b>
<b>Volume growth</b>	<b>5.9</b>
<b>Fare increases</b>	<b>5.1</b>
<b>London new business</b>	<b>13.3</b>
<b>Other</b>	<b>(1.3)</b>
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<b>Six months to 30/09/02</b>	<b>418.7</b>
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# Turnover analysis UK Rail

## Six months to 30 September 2002

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	£m
Six months to 30/09/01	364.3
Passenger income	12.4
GCC compensation	5.6
Other	3.1
Six months to 30/09/02	<u>385.4</u>

# Turnover analysis N America

## Six months to 30 September 2002

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	£m
<b>Six months to 30/09/01</b>	<b>231.9</b>
<b>First Student</b>	<b>23.8</b>
<b>First Transit</b>	<b>15.3</b>
<b>First Vehicle</b>	<b>0.8</b>
<b>Foreign exchange movements</b>	<b>(10.2)</b>
<b>Six months to 30/09/02</b>	<b>261.6</b>

# Cash flow

## Six months to 30 September 2002

		£m
Cash generation		133.5
Invested in the business		
Capex	(71.9)	
Acquisitions/disposals	(9.7)	
		(81.6)
Return to shareholders		
Dividends paid	(29.4)	
Share repurchases	(5.4)	
		(34.8)
Interest and Tax		
Interest	(15.1)	
Tax	(11.3)	
		(26.4)
Working capital		(50.4)
		(59.7)
Foreign exchange and Other		20.5
Net cash flow		(39.2)
Net Debt at 30 Sept 2002		(691.7)
Net Debt at 31 March 2002		(652.5)
Net Debt at 30 Sept 2001		(772.6)

# Financial summary

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- **Excellent results**
- **Actively managing costs**
- **Growth**
- **Investment**
- **Delivering results**

**Dr Mike Mitchell**  
**Chief Operating Officer**  
**UK**

# UK Divisions - Highlights

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- **Volume growth in bus and rail**
- **Political climate improving**
- **Rail franchising update**

# UK Bus

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- **Overall Volume Growth +1.5%**
- **Focused marketing strategy**
- **Political Climate improving**
- **Driver retention – sickness control**
- **Computer scheduling**
- **Engineering cost reductions**
- **Property gains on disposal £11.2m**
- **Standardised procedures – ie. safety**

# UK Rail

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- **Rail volumes recovering**
- **Working with stakeholders**
  - First with stakeholder advisory boards
  - Network rail progress encouraging
- **Improving customer service**
- **Industrial relations good**
- **New trains**
  - Most now in service
  - FGE Siemens trains on time
- **Franchising**
  - Consolidation

# **Robbie Duncan**

## **North America**

# North America Business Review

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- **Good quality growth**
- **Student**
  - on target for 1,000 new buses
  - start ups successful – no staff shortages
- **Transit**
  - lowest cost operator
  - Maintaining quality
- **Vehicle Services back on track and growing**

# North America Outlook

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- **Improving results from first half gains**
- **Growth self funding**
- **Good opportunities for next season**
- **Competition**
- **Strong team in place**

**Moir Lockhead**  
**Group Chief Executive**

# Summary

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- **Clear focused strategy delivering results**
- **Good growth opportunities in all divisions**
- **Sound financial position**
- **Well placed for the second half**

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**Appendices**

# Profit and Loss Account (1)

## Six months to 30 September 2002



	2002 £m	2001 £m	increase
Group turnover	1,068.9	995.0	7.4%
Group operating profit <sup>1</sup>	84.4	83.8	0.7%
Interest	(28.6)	(27.0)	
Associates/ Joint ventures	-	(1.3)	
Pre-exceptional pre-tax profit <sup>1</sup>	55.8	55.5	0.5%
Goodwill	(13.1)	(14.7)	
Exceptional items <sup>2</sup>	10.2	(5.9)	
Profit before tax	52.9	34.9	51.6%

1. Before goodwill, exceptional items and profit on disposal of fixed assets

2. Including property disposal profits

# Profit and Loss Account (2)

## Six months to 30 September 2002

	2002 £m	2001 £m	increase
Profit before tax	52.9	34.9	51.6%
Tax on operating profit	<u>(12.2)</u>	<u>(11.3)</u>	
Profit after tax	40.7	23.6	72.5%
Minority interests	-	(0.1)	
Dividends	<u>(14.8)</u>	<u>(13.8)</u>	
Profit for the period	<u>25.9</u>	<u>9.7</u>	167.0%
Adjusted EPS <sup>1</sup>	9.3p	9.1p	2.2%
Adjusted cash EPS	21.1p	20.0p	5.5%
Cash generation <sup>2</sup>	133.5	129.7	2.9%

1. EPS adjusted for goodwill amortisation, exceptional items and profit on disposal of fixed assets

2. Operating profit before goodwill, exceptional items and profit on disposal of fixed assets plus depreciation

# FirstGroup America

## six months to 30 September 2002



\$m	Student	Transit	Vehicle	Total
Sales	<u>230.8</u>	<u>125.6</u>	<u>35.4</u>	<u>391.8</u>
EBITDA	45.2	8.3	2.3	55.8
EBITDA %	19.6%	6.6%	6.6%	14.2%
Depreciation	<u>28.0</u>	<u>3.6</u>	<u>0.2</u>	<u>31.8</u>
EBIT	<u>17.2</u>	<u>4.7</u>	<u>2.1</u>	<u>24.0</u>
EBIT %	7.4%	3.7%	6.0%	6.1%

# Interest charge

## Six months to 30 September 2002

	2002	2001
	£m	£m
Loans and overdrafts	24.4	21.7
Leases and HP	3.7	6.1
	<u>28.1</u>	<u>27.8</u>
Income from short term deposits	(1.1)	(1.6)
Notional interest	1.6	0.8
	<u>28.6</u>	<u>27.0</u>
Cash generation: interest cover	<u>4.7</u>	<u>4.8</u>

# Capital Expenditure

## Six months to 30 September 2002

	2002	2001
	£m	£m
UK Bus	6.0	9.9
North America	56.5	106.3
Rail/Other	5.4	1.4
	<u>67.9</u>	<u>117.6</u>

# Taxation

## Six months to 30 September 2002

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	2002	2001
	£m	£m
Current tax	9.6	7.9
Deferred tax	2.6	3.4
Tax charge	<u>12.2</u>	<u>11.3</u>
Tax rate on profit before goodwill and exceptional items	30%	31%
Cash tax rate	20%	23%