national express

Full Year Results

Year ended
31st December 2011

29 February 2012

National Express is now a best in class public transport operator

- Record statutory profit before tax and amortisation of £180.2m (2010: £97.3m, 2009: £(23.1)m)
- No exceptional charges in 2011
- Group revenue growth of 5.3% to £2,238m
- Operating profit up 10.3% to £225.2m (2010: £204.2m)
- Sector leading operating margin of 10.1% - up from 5.9% in 2009
- Basic EPS up 14.4% to 27.0p
- Annual dividend growth of 5.6%; final dividend up 8.3%

All terms in this report are normalised except where otherwise stated

Turnaround now complete in every division

- Major recovery programme delivered within two years:
  - UK Bus margins improved from 7.1% to 12.4%
  - North America margins increase from 5.7% to 10.0%
- Record profits in UK Coach: £34.9m
- Industry leading margins in Spain, North America, UK Coach and UK Rail

Delivering organic growth in every division

- Revenue growth in every division
- Supported by volume growth:
  - Passenger volumes in Spain, UK Coach and UK Rail
  - Bus volume in North America
  - Volume growth in UK Bus by end of 2011
- Investing in new fleet
  - £132m spent in 2011; over 1,300 new vehicles

National Express

Strong platform to deliver shareholder value

Core bus & coach platform

- Strong margins
- Cash generative
- Growth potential
- Value for money for customers

Outstanding in Spain

- Proven performer in recession
- Margins protected with top line growth
- Winning new business
- Modal shift

North America growth potential

- Delivering more conversion contracts
- Robust return on capital established
- Market opportunities

Multiple growth opportunities

- Rail
- Emerging markets
- Developing Europe

Common group strengths

Strong financial platform
Operational excellence
Established team

2011
Turnaround has delivered strong results

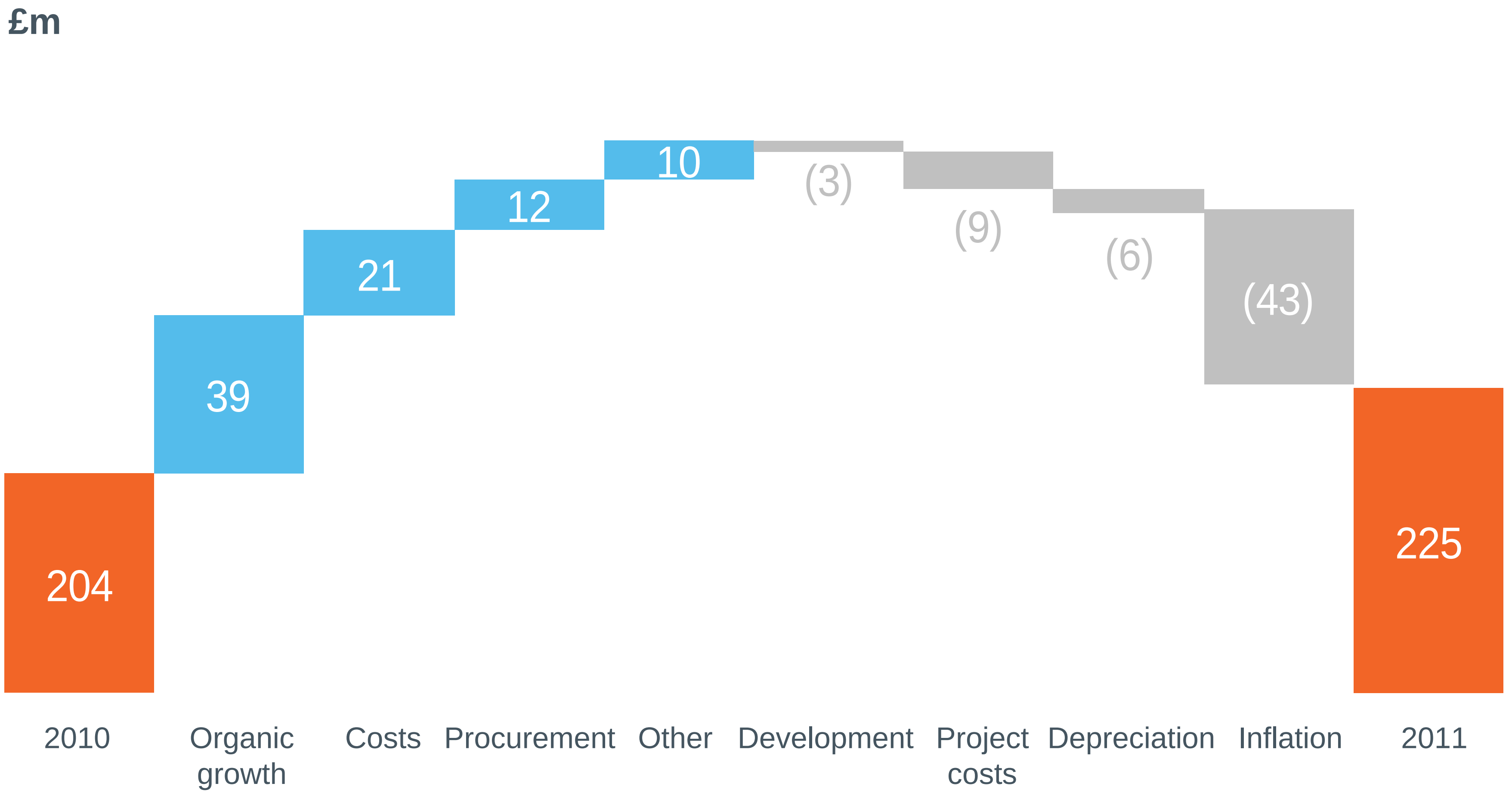
£m	2011	2010	Change
Revenue	2,238.0	2,125.9	5%
Operating profit	225.2	204.2	10%
Net finance costs	(46.4)	(44.0)	(5)%
Associates	1.4	0.3	-
Profit before tax	**180.2**	**160.5**	**12%**
Exceptional charge/discontin'd	**-**	(63.6)	-
Intangible amortisation	(50.8)	(57.1)	11%
Tax	(26.8)	22.5	-
Statutory profit	**102.6**	**62.3**	**65%**
Basic earnings per share	**27.0**	**23.6**	**14%**

2011
Revenue and profit growth in each division

	Operating Profit		
£m	2011	2010	Change
Bus	32.7	28.3	16%
Coach	34.9	32.0	9%
Rail	43.4	33.8	28%
Total UK	111.0	94.1	18%
Spain	90.1	86.2	5%
North America	47.9	36.9	30%
Centre	(14.6)	(13.0)	(12%)
Project costs	(9.2)	-	-
Group	**225.2**	**204.2**	**10.3%**

- Revenue growth driven by yield management
- Volume growth in every business by year end
- Turnaround completed in UK Bus and North America
- Margin development through continuing cost base efficiency
- One off project-related costs, including settlement of US claim (£5m)

2011 Organic growth and cost management driving profit

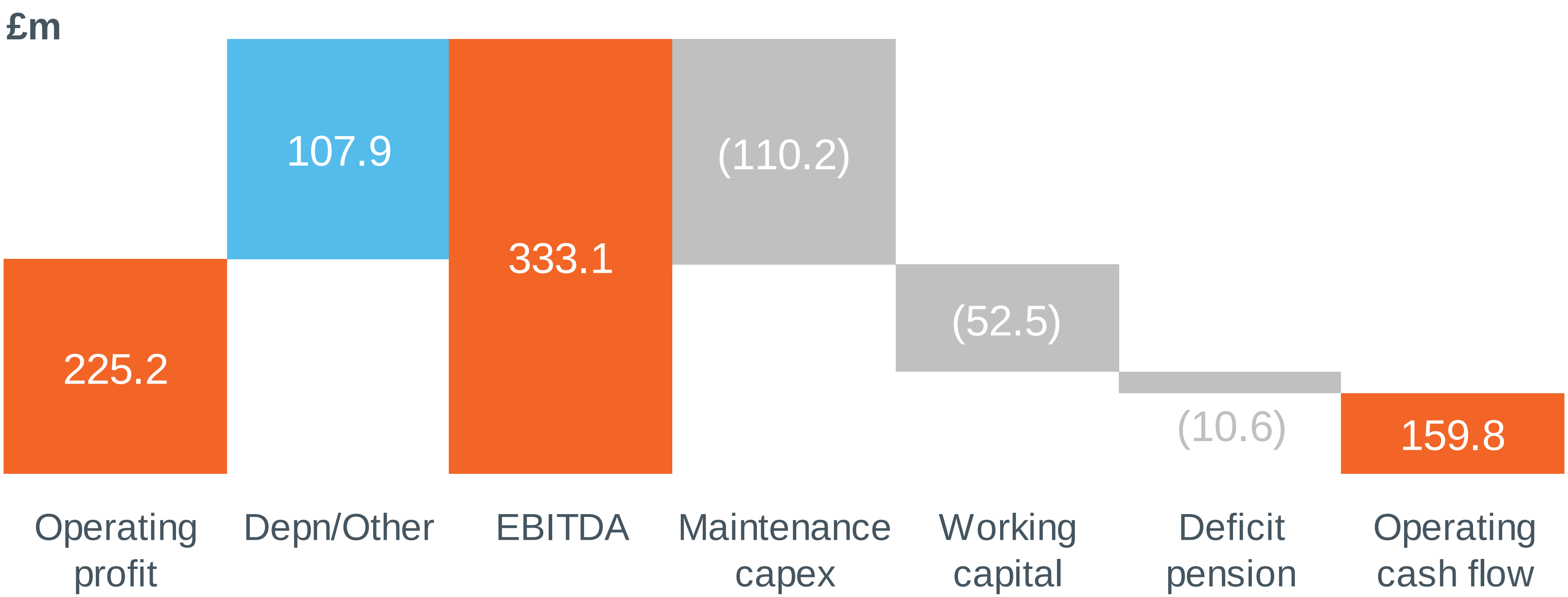


2011 Revenue increase from yield and volume growth

	Yield	Volume	Revenue	Network Efficiency*	LFL growth
Spain					
Urban - Spain	1%	-	1%	-	1%
Urban - Morocco	7%	30%	37%	(36)%	1%
Intercity	5%	1%	6%	(1)%	5%
Passenger			6%	(3)%	3%
Non-passenger			(2)%		
Total			**4%**		
North America			**8%**		
UK Bus					
Passenger	11%	(7)%	4%	2%	6%
Concession/other			(2)%		
Total			**2%**		
UK Coach					
Core NE network	4%	1%	5%	(1)%	4%
Other			(2)%		
Total			**4%**		
UK Rail	3%	5%	**8%**		

** Decrease / (increase) in mileage operated*

2011 Robust cash conversion supporting fleet investment



- 71% conversion of operating profit into cash
- Increase in fleet replacement investment – expected to drive passenger growth
- Working capital increase:
  - Scheduled Spanish social security repayment
  - Net extension of receivables in Spain; one customer

2011
Free cash flow robust as one-offs decline

£m	2011	2010
Operating cash flow	**159.8**	**221.7**
Rail franchise exit/discontinued	(5.8)	(25.5)
Exceptional cash	(8.2)	(52.6)
Payments to associates	(8.0)	(8.6)
Net interest	(44.6)	(42.7)
Tax & minorities	(8.8)	(8.6)
Free cash flow	**84.4**	**83.7**

- One-off payments significantly reduced: East Coast wash-up, no exceptional charge
- Penultimate ICRRL (Eurostar) associates payment
- Cash tax expense remains well below Effective Tax Rate

2011 Free cash flow invested in organic growth, acquisition and sustainable dividend

Free cash flow
£84.4m

Growth Capex
£35.6m

- North American bid wins
- Morocco new contracts
- Spain contract wins

Dividends
£45.8m

- Final dividend +8.3%
- Total dividend 9.5 pence per share (2010: 6.0p)

Acquisitions (net of disposals)
£7.6m

- Vogel (school bus)
- Spain

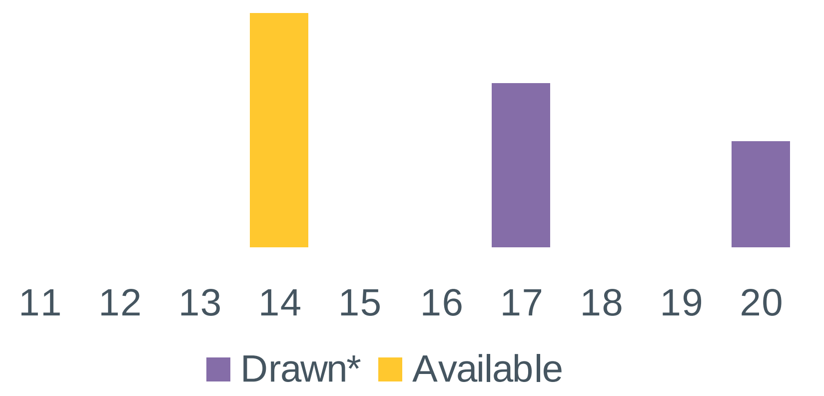
	2011	2010
Return on capital employed	14.1%	13.2%
Non-rail dividend cover	2.1x	3.0x

2011 Robust balance sheet with substantial debt capacity

Gearing Ratios	31 Dec 2011	31 Dec 2010	Covenant
Net debt/EBITDA	1.9x	2.1x	<3.5x
Interest cover	7.2x	6.9x	>3.5x

Ratings	
Moodys	Baa3
Fitch	BBB-

Strong debt maturity profile



- Gearing below our target level – 2.0x to 2.5x net debt/EBITDA
- Committed to investment grade rating; rating confirmed 2011
- No refinancing due until 2014
- Over £500m committed headroom* at end 2011

** Available cash and undrawn committed facilities*

Delivering our strategy in 2011

Driving improvement in the existing core operations		Targeting additional growth	
1 Delivering margin improvement	**2 Achieving organic growth**	**3 Securing targeted expansion**	**4 Developing strategic opportunities**
o At least industry average margin achieved in each division o Relentless focus on cost base: taking out unprofitable mileage, improving productivity o Industry leadership: Spain, UK Coach, N America	o Revenue growth in every division o Volume growth in Spain, N America and UK Rail o Attracting customers through better service and improved accessibility o Opportunities to leverage position in economic austerity	o New contracts won in Spain and N America worth c. £250m o Madrid Tourist Bus; Agadir add-on o Successful North America bid season, Vogel acquisition	o Same and similar modes of transport o Overlapping geographies o Advantages of scale with immediate synergies o Clearly defined financial objectives

Operational excellence embedded → Securing organic growth → Developing opportunities

From loss to record profit in two years

2009 Business Survival	2010 Business Turnaround	2011 Profit and Growth
Actions		
o Managing debt & liquidity o Resolving East Coast losses o Determining corporate ownership o Achieving appropriate capital structure	o Regaining operational control o Driving out excess cost o Creating effective leadership o Refinancing debt	o Improving margin o Delivering organic growth o Sourcing ‘bolt on’ acquisitions o Identifying growth options o Return to dividend
Performance		
o Revenue: £2,711m o EBITA: £159.8m o Margin: 5.9% o PBT[1]: £(23.1m) o Gearing: 2.5x o EPS: 17.8p[2]	o Revenue: £2,126m o EBITA: £204.2m o Margin: 9.6% o PBT[1]: £97.3m o Gearing: 2.1x o EPS: 23.6p	o Revenue: £2,238m o EBITA: £225.2m o Margin: 10.1% o PBT[1]: £180.2m o Gearing: 1.9x o EPS: 27.0p

1 Pre-amortisation, post exceptionals
2 Post rights issue equivalent (not IFRS)

Four divisions now deliver industry leading profitability

£m	Revenue		EBITA		Margin		Industry leading margin		New Management	
	09	11	09	11	09	11	09	11	09	11
UK Bus[1]	294	263	21	33	7%	12%		17%		Promoted
UK Coach	243	259	34	35	14%	14%		14% (NX)		✓
UK Rail	1,190	688	12	43	1%	6%		6% (NX)		Promoted
Spain	547	551	76	90	14%	16%		16% (NX)		x
North America	444	481	25	48	6%	10%		10% (NX)		✓

Key achievements

UK Bus	UK Coach	UK Rail	Spain	North America
o W Mids profit nearly doubled o Yield up o Cost down o Investing in fleet	o Strong profit o Growth restored o Segmentation driving development	o Strong profit o Past issues resolved	o Growth restored o Morocco development o Austerity managed	o Profit broadly doubled o Margin restored/ cost out o Growth delivered

[1] *2009 includes London Bus revenues*

Spain

2011

- Intercity +6% revenue – growth in scheduled & tourist and in all geographic areas
- Urban +5% revenue – steady demand in Spain; Agadir contract expansion
- Madrid City Tour contract commenced
- Receivables management strong

	2011	2010
Revenue	€635.4m	€612.7m
Revenue	£551.1m	£525.6m
Operating profit	£90.1m	£86.2m
Operating margin	16.4%	16.4%

% of Group profit

40%

Outlook for the future

- Excellent value, high quality services – suits economic conditions
- Benefit from reduced capacity in airlines/reduction in public funding of rail
- Flexible cost base & long-term concessions – resilient platform
- Contract/concession order book €3.1 billion – focus on renewing 9% revenue due for tender in 2012
- Multiple opportunities for concession/contract expansion – Morocco, new outsourcing, partnerships
- Platform for growth in liberalising Europe/beyond – utilise Alsa expertise, scale & reputation

North America

2011

- Best in class margin - $40m annual savings delivered since 2009
- Organic revenue growth – Acquisitions, Bids, Conversions
- Excellent bid season – 98% retention, over 1,000 routes won
- 94% customer endorsement
- Stronger capital management

	2011	2010
Revenue	$772.2m	$712.1m
Revenue	£481.0m	£459.8m
Operating profit	£47.9m	£36.9m
Operating margin	10.0%	8.0%

% of Group profit

21%

Outlook for the future

- $1.3 billion order book in lower risk, highly contracted school bus market – offers stable, robust returns
- Investment in technology will drive further margin improvement
- Scope for profitable expansion:
  - Pipeline of conversion opportunities driven by funding pressure on school boards
  - Petermann acquisition & synergy benefits
  - Expansion into adjacent capital-light markets – exploring (para) transit market

UK Bus

2011

- Robust revenue growth – smarter marketing, new services, fleet investment
- 16% profit improvement – better operational cost control, leveraging Group scale
- Embedding operational excellence – efficient, on-time, lowest cost

	2011	2010
Revenue	£263.5m	£257.8m
Operating profit	£32.7m	£28.3m
Operating margin	12.4%	11.0%

% of Group profit

15%

Outlook for the future

- Executing well, every day – advanced driver accreditation programme, lean engineering – drive towards industry-leading margin
- Investment in fleet - 250 new buses introduced over 12 months, including 18 hybrids
- Technology – real time service information, smartcards, telemetry/CCTV will drive growth
- Efficiency & growth will help mitigate reduced fuel duty rebate from April

UK Coach

2011

- Record profit for the division
- >5% revenue growth in core network
- Yield improvement – shift away from heavy discounting to everyday value
- Strong passenger volume growth in regional and airport routes; significant Eurolines growth

	2011	2010
Revenue	£259.1m	£250.3m
Operating profit	£34.9m	£32.0m
Operating margin	13.5%	12.8%

% of Group profit

15%

Outlook for the future

- Preeminent value leader in long distance travel – further opportunities with austerity/rising rail fares
- Flexible, low capital model – further opportunities for improvement
- Differentiate through delivering great customer service – new routes, 24/7 customer support, fleet/technology investment
- Significant headwind from withdrawal of senior citizen concessionary funding from November 2011 – mitigating actions underway
- Platform to expand European operations alongside Alsa

UK Rail

2011

- 8% revenue growth across 2 franchises
  - Volume driven
  - Exposure to strong London/SE economy
  - NXEA completed £185m investment programme delivery
- Strong profit growth across c2c and NXEA
- c2c top performing UK operator
- NXEA handover completed Feb 2012

	2011	2010
Revenue	£688.3m	£637.5m
Operating profit	£43.4m	£33.8m
Operating margin	6.3%	5.3%

% of Group profit

19%

Outlook for the future

- c2c franchise extension to May 2013
  - Profit share basis
  - Continued focus on delivering industry-leading operational excellence
- Rail remains attractive value opportunity
  - Unlike peer group, minimal residual downside for rail earnings & franchise cash benefit
  - c2c secured four star EFQM rating & Network Rail alliancing partnership
  - Invested in highly experienced team to evaluate, bid & operate future franchises
  - Submitted pre-qualification bids in current round

Summary

Organic growth for existing portfolio	Strategic growth	Capital strength
Further margin improvement Revenue growth Contract wins	Bolt-on acquisition to existing business Development of transit and paratransit European expansion Selected other markets Rail potential	Robust balance sheet Cash generation Focused capex Strong funding position

Outlook

2012

- Trading momentum of 2011 continued into current year
- Good underlying growth in each business
- Already addressed the specific issues facing the sector
- Focus on growth initiatives for the future

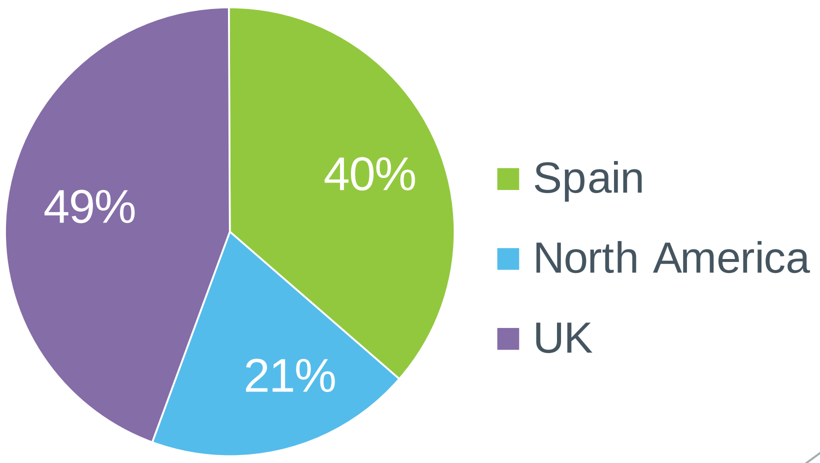
- Robust, defensible portfolio
- Markets offer sustainable, profitable growth & strong cash generation
- Driving margins further through cost improvement
- Building pipeline of contract & market opportunities (£60 billion revenue market)

Q&A

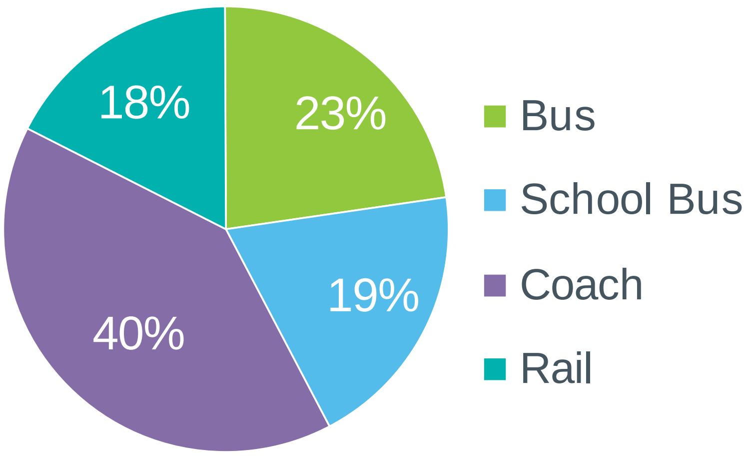
Appendix

Diverse geographic & modal portfolio

Operating Profit by geography



Operating Profit by mode



Excludes central & project costs

2011
Summary divisional income statements

£m	Spain	N America	UK Bus	UK Coach	UK Rail
Revenue	551	481	264	259	688
Depreciation	34	45	16	4	6
Normalised op. profit	90	48	33	35	43
Driver wages*	25%	44%	36%	7%	8%
Capex	47	74	11	11	2
Fuel*	13%	8%	11%	2%†	5%

** As a percentage of revenue*
†Excludes third party operators

2011
Rail franchise payments

Full year (£m)	2011 NXEA	2010 NXEA	2011 c2c	2010 c2c
Franchise premium	131.6	134.8	12.0	6.0
Franchise support credit	(42.7)	(42.3)	-	-
Net cost	88.9	92.5	12.0	6.0

2011
Net finance costs

Committed Facilities:

- 2017 6.25% £350 million Sterling bond
- 2020 6.625% £225 million Sterling bond
- £500m unsecured revolving credit facility committed until August 2014
  - Floating rate
  - LIBOR + 1.25% (EBITDA ratchet)

£m	2011
Bond interest	(37.8)
Bank interest	(8.4)
Finance lease interest	(5.0)
Other interest and discounting	(1.9)
Interest paid	(53.1)
Interest received	6.7
Net finance cost	(46.4)

2011
Risks managed: fuel and pension

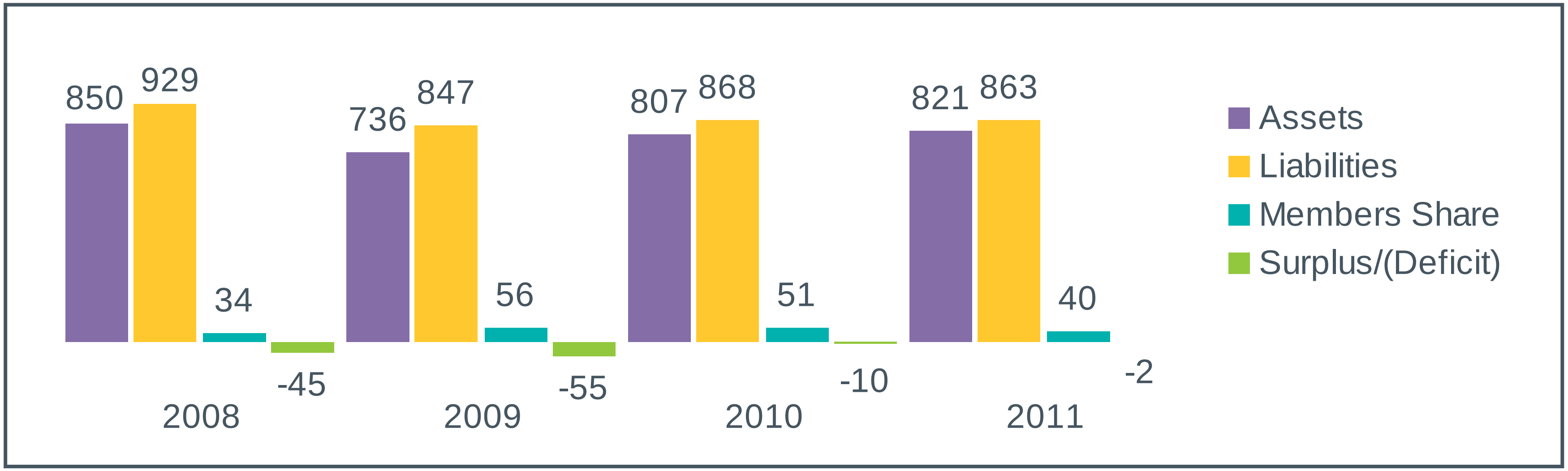
Fuel Hedging

	2012	2013
% hedged	100%	50%
Price per litre	44p	47p

Volume: 250 million litres

- Match fuel requirements of contracted businesses to length of contract
- "Owned" businesses based on minimum 15 months; provides a buffer for price increases

Pensions £m (IAS19)



2011

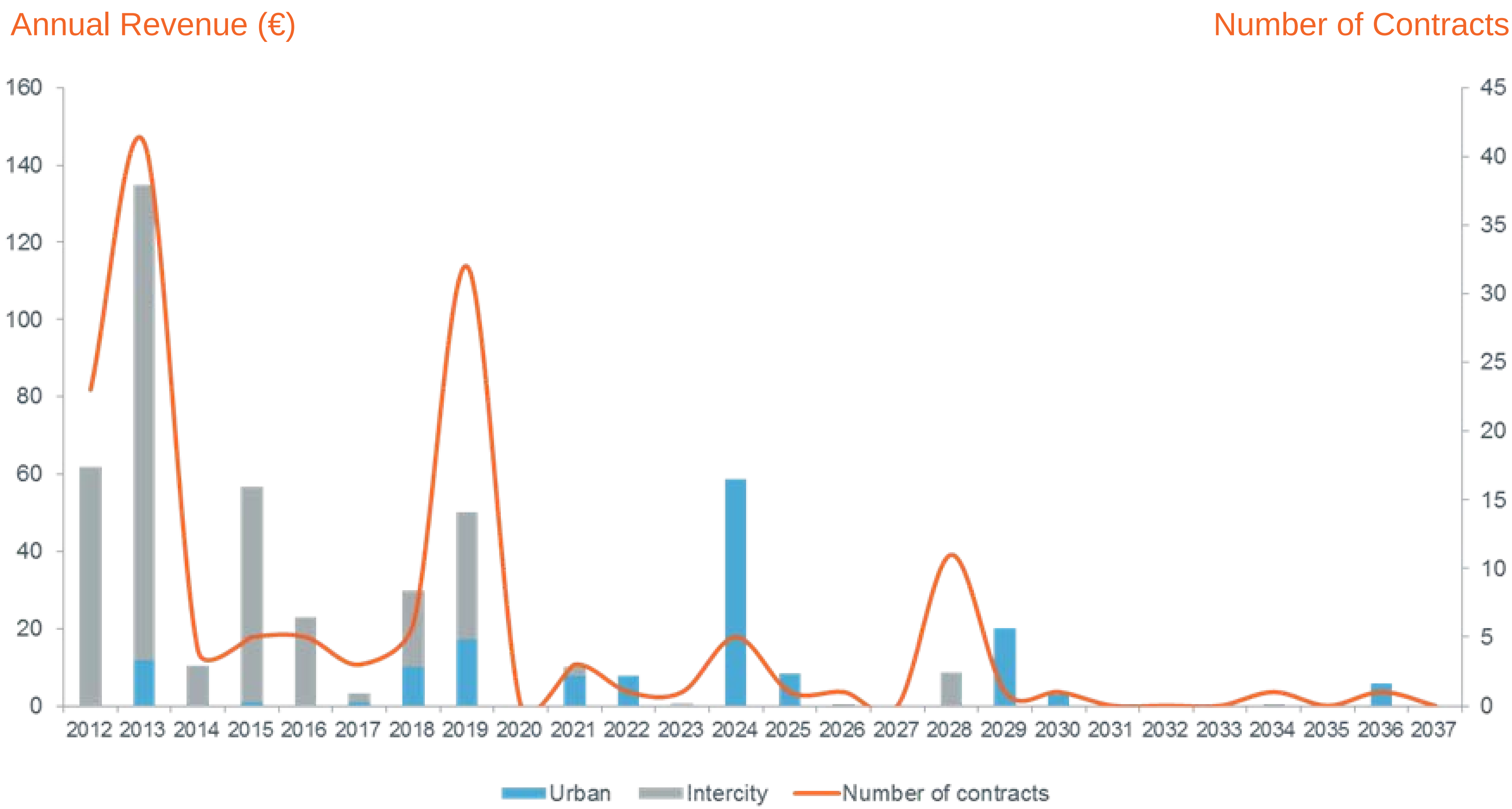
Other financial areas - pensions

£m	Asset /(Liability) 2011	Asset /(Liability) 2010	P&L (charge)/credit 2011	P&L (charge)/credit 2010
UK Bus	(16.8)	(5.3)	(1.9)	(5.3)
UK Coach	18.6	-	0.5	1.5
UK Rail	(2.2)	(3.7)	(6.8)	(8.3)
Other	(1.4)	(1.4)	-	-

2011

Alsa concession profile

Concessions due for renewal in Spain by quantity and annual revenue



National Express Group PLC