

Business highlights

Group

- strong year of growth and delivery of strategic objectives
- turnover from continuing operations up 4.9%
- operating margin improvement at continuing operations
- disposals of Citybus (Hong Kong) and non-core North American operations
- disposals of non-core investments in Road King and Trainline
- net debt down 88% by £492m from £560m to £68m
- proposed return of approximately £250m capital to shareholders through issue of redeemable “B” shares – equivalent to 18.0 pence per ordinary share

UK Bus

- turnover up 8.7%
- operating margin* up to 11.5% from 11.2% (including impact from increases in operating lease, National Insurance and pension costs)
- passenger volumes up 1.4% outwith London

North America (Coach USA)

- successful delivery of restructuring and disposal programme
- signs of recovery resulting in turnover from continuing operations up 5.1% in second half of year (constant currency)
- operating profit* up 5.7% on significantly reduced turnover base

Rail

- turnover up 6.1%
- operating profit* up 15.4%
- significant improvement in South West Trains’ operational performance
- first UK rail integrated control centre opened by South West Trains and Network Rail
- partner in shortlisted bids for East Coast and Integrated Kent franchises
- partnership with Virgin and Deutsche Bahn to bid for inter-city rail franchises

*excluding restructuring costs, goodwill amortisation and exceptional items

Financial highlights

- total turnover £1,792m (2003: £2,077m)
- total operating profit[†] £148m (2003: £146m)
 - £142m (2003: £121m), excluding Citybus, Road King and Trainline disposals
 - statutory operating profit £130m (2003: loss of £466m)
- profit before tax[†] £120m (2003: £113m)[‡]
 - statutory profit before tax £96m (2003: loss of £500m)
- earnings per share[†] 6.7 pence (2003: 6.4 pence)
- full year dividend up 11.5% at 2.9 pence (2003: 2.6 pence)

[†] excluding goodwill amortisation and exceptional items

[‡] prior year included £15.1m of non-recurring gains on repurchase of bonds and £8.5m non-recurring liquidated damages at South West Trains

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