

## Business highlights

- strong year of organic growth in bus and rail operations in UK and overseas
- further growth in UK Bus division
  - turnover up 10.8%
  - kick start and telemarketing initiatives successfully introduced
  - investment in fleet, new product development and online sales
  - passenger volumes<sup>†</sup> up 1.5% in non-London operations; turnover up 7.1%
  - turnover in London bus business up 21.0%
  - operating margin\* maintained at 11.5%, despite significant increases in fuel and other costs
- excellent performance by UK Rail division
  - turnover up 9.2%
  - South West Trains passenger volumes increased 4.8%
  - significant improvement in punctuality
  - first London operator to complete replacement of slam-door trains
- shortlisted for Greater Western, Thameslink/Great Northern and Integrated Kent rail franchises
- strong growth in North American operations
  - US\$ turnover growth of 12.7% from continuing operations
  - operating margin\* up from 4.4% to 6.7%
  - 28.6% more tickets sold at New York Sightseeing
- market-leading positions maintained in New Zealand, despite competition and cost pressures
- management team strengthened with appointment of Ian Dobbs as Chief Executive of Rail division

\*excluding restructuring costs, goodwill amortisation and exceptional items

<sup>†</sup>excluding megabus.com

## Financial highlights

- turnover from continuing operations £1,787.6m (2004: £1,641.1m)
  - total operating profit<sup>†</sup> £156.7m (2004: £147.5m)
  - operating profit £132.8m (2004: £129.7m)
  - profit before tax<sup>†</sup> £136.8m (2004: £120.2m)
  - profit before tax £108.3m (2004: £95.8m)
  - earnings per share<sup>†</sup> 9.0p, up 34.3% from 6.7p
  - full year dividend up 13.8% to 3.3p (2004: 2.9p)
  - free cash flow £173.6m (2004: £209.5m)
  - £241.3m of capital returned to shareholders
- <sup>†</sup> excluding goodwill amortisation and exceptional items

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