

Financial data

Stagecoach Group plc

1. A five-year financial summary for Stagecoach and its UK bus division is set out in Table 1.

TABLE 1 Stagecoach five-year financial summary

	Years ended 30 April					£ million
	2001	2002	2003	2004	2005	
Stagecoach						
Turnover	2,083.5	2,114.4	2,076.6	1,792.3	1,794.7	
Operating profit/loss*	198.9	166.6	146.4	147.5	156.7	
Profit/loss on activities before taxation†	-268.8	96.5	-466.2	129.7	132.8	
Net assets before debt	1,706.0	1,683.7	877.1	457.6	433.6	
UK bus operations (continuing operations)						
Turnover	547.6	567.9	598.4	650.2	720.3	
Operating profit*	73.4	71.1	67.0	74.8	82.5	
Net assets before debt	346.3	344.3	298.5	306.6	295.2	
Operating margin (%)	13.4	12.5	11.2	11.5	11.5	
Percentage of Stagecoach total turnover (%)	26.3	26.9	28.8	36.3	40.1	
Percentage of Stagecoach operating profit (%)	36.9	42.7	45.8	50.7	52.7	

Source: Stagecoach Group plc annual accounts.

*Operating profit stated before goodwill write-off and exceptionals.

†2001 and 2003 loss on activities before taxation include write-downs on Stagecoach's US Coach business of £376 million and £575 million respectively.

2. Table 1 shows the UK bus division's growing importance within Stagecoach. This is demonstrated by its increasing percentage of both turnover and operating profit over the last five years. Turnover in the UK bus division increased in 2005 by 10.8 per cent to £720.3 million from 2004 (£650.2 million). Operating profit was up 10.3 per cent to £82.5 million (2004: £74.8 million). In its statutory annual Stagecoach stated that the division had recorded a strong operating margin despite 'higher fuel costs, an increased use of operating leases to finance new vehicles and costs associated with the development of new products, such as megabus.com. Excluding the impact of additional operating leases and losses relating to the development of megabus.com, UK Bus operating margin was 12.6 per cent versus 12.2 per cent in 2004'.
3. The UK bus division has continued to become more important to the group in 2005. In the interim results for the six months ended 31 October 2005, the UK bus division had a turnover of £381.1 million out of total group turnover of £793.0 million (48.1 per cent) producing an operating profit of £41.1 million out of group operating profit (before exceptionals and goodwill amortization) of £82.7 million (49.7 per cent) at a margin of 10.8 per cent.¹ The decrease in margin Stagecoach partly attributed to increase in fuel costs for the UK bus division of £9.2 million.

¹Interim results include at least one period of post-joint-venture revenue from Scottish megabus operation. Revenue post-joint-venture arose from the subcontract agreement with the joint venture. Prior to this revenue was generated from ticket sales.

4. Stagecoach states in its comments on the six months ended 31 October 2005 that independent research compiled by the CPT showed Stagecoach running 11 of the 15 fastest-growing bus networks in the UK.
5. In the annual accounts, for the year ended April 2005, Stagecoach reported that total passenger volumes, excluding London and megabus, were up 1.5 per cent. In relation to megabus it invested in a telephone booking facility to complement online sales, and a new fleet of double deck coaches at a cost of £6.6 million. Around 1.3 million passengers travelled with megabus during the year, which Stagecoach states improved both the average load factor and the average fare.

Stagecoach Scotland Limited

6. Stagecoach's Scottish operations, including Scottish megabus services, are reported through Stagecoach Scotland. A five-year financial summary for Stagecoach Scotland in relation to the UK bus division is set out in Table 2.

TABLE 2 UK bus and Stagecoach Scotland summary performance

	Years ended 30 April					£ million
	2001	2002	2003	2004	2005	
UK bus operations (continuing operations)						
Turnover	547.6	567.9	598.4	650.2	720.3	
Operating profit*	73.4	71.1	67.0	74.8	82.5	
Stagecoach Scotland						
Turnover	74.8	73.8	74.3	82.6	92.4	
Change in turnover (%)		-1.3	0.7	11.2	11.1	
Operating profit*	7.1	7.9	8.6	10.6	11.6	
Operating margin (%)	9.5	11.1	11.6	12.8	12.6	
Percentage of UK Bus total turnover (%)	13.7	13.0	12.4	12.7	12.8	
Percentage of UK Bus operating profit (%)	9.7	13.9	12.8	14.2	14.1	

Source: Stagecoach and Stagecoach Scotland annual accounts.

*Operating profit stated before goodwill write off and exceptionals.

7. Stagecoach Scotland is a profitable business, contributing in each of the four years ended April 2005, with the exception of 2003, approximately 13 per cent of UK Bus operations turnover and 14 per cent of its operating profit.
8. [X]

Braddell financial overview

9. A five-year financial summary for Braddell and its subsidiary Scottish Citylink is set out in Table 3. It shows the decreasing contribution of Scottish Citylink to Braddell on both a turnover and operating profit basis. In 2001 Scottish Citylink contributed 11.5 per cent of turnover and 10.8 per cent of operating profit. In 2004 this had fallen to 8 per cent of turnover and 6.6 per cent of operating profit. Scottish Citylink's revenue in particular has remained flat while Braddell's turnover has increased by 64 per cent over the four-year period 2001 to 2005. This turnover increase is primarily a result of Braddell's London bus operations.

TABLE 3 **Braddell and Scottish Citylink financial summary**

	<i>Years ended December*</i>					<i>£ million</i>
	<i>2000†</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	
Braddell						
Turnover‡	74.7	105.9	118.5	144.4	173.8	
Operating profit§	4.5	8.3	10.7	11.2	16.7	
Profit/loss on activities before taxation	-2	-1	0.8	1.9	6.7	
Net assets (consolidated)	-2.5	31.6	31.1	31.6	34.6	
Scottish Citylink						
Turnover	13.4	12.2	13.1	13.5	13.9	
Change in turnover (%)		-9.0	7.4	3.0	2.9	
Operating profit	0.4	0.9	1.6	1.4	1.1	
Operating margin (%)	3.0	7.4	12.2	10.4	7.9	
Scottish Citylink as a:						
Percentage of Braddell's total turnover (%)	†	11.5	11.1	9.3	8.0	
Percentage of Braddell's operating profit (%)	†	10.8	15.0	12.5	6.6	

Source: Braddell and Scottish Citylink statutory accounts.

*Braddell and Scottish Citylink year ends are not always coterminous due to Scottish Citylink reporting in either 52- or 53-week periods.

†Represents a 63-week period as a result of a change in accounting year end for Scottish Citylink. Braddell accounts in 2000 were for a 12-month period. No percentages are included as the two companies' figures are not comparable.

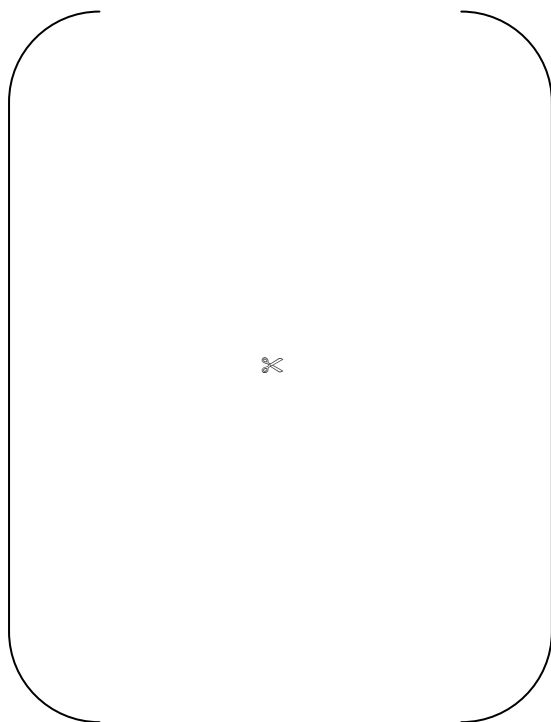
‡Turnover and operating profit all arise in UK and Ireland.

§Operating profit stated before goodwill write-off and exceptionals.

Joint venture

- Table 4 sets out the budget for the joint venture for the first full calendar year ending December 2006.

TABLE 4 Joint venture budget for the year ending December 2006



Source: [X]

[X]

11. Table 5 shows a comparison of the joint venture 2006 budget with individual and pro-forma consolidated figures for Scottish Citylink and megabus for the calendar years 2004 and 2005.²

²Megabus has been adjusted to December period ends by taking a consistent 13 periods (accounting period 10 to accounting period 9).

TABLE 5 Comparison of consolidated Scottish Citylink and megabus 2004 and 2005 profit and loss with joint venture 2006 profit and loss budget

£'000

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Source: [X]

[X]

12. Table 5 shows [X].³

13. The synergies include:

- (a) the budgeted mileage for 2006 decreasing to [X] million miles a year in comparison to [X] million miles a year operated by the two parties in total pre-joint venture; a reduction of [X] per cent;⁴ and
- (b) significant decreases in operating costs and in particular staff costs and marketing are shown in Table 6. These synergy benefits equate to around £[X] a year.⁵

TABLE 6 Comparison of consolidated 2005 overheads with joint venture 2006 budgeted overheads

£'000

	2005	2006
Empty table content	X	

Source: [X]

[X]

³[X]

⁴Megacity business plan.

⁵[X]