

NORTH AMERICA



BRIAN STOCK
CHIEF EXECUTIVE,
NORTH AMERICA

THE NORTH AMERICAN DIVISION CONSISTS OF STUDENT TRANSPORTATION. IT OPERATES OVER 14,000 BUSES AND PROVIDES APPROXIMATELY 200 MILLION PASSENGER JOURNEYS PER ANNUM. THE DIVISION EMPLOYS OVER 18,300 PEOPLE.

REVENUE

£283.7m

(2005: £241.8m)

NORMALISED OPERATING PROFIT

£39.1m

(2005: £35.0m)

Our North American division goes from strength to strength. Revenue in the division for the year was £283.7m (2005: £241.8m) and normalised operating profit was £39.1m (2005: £35.0m). In local currency, revenue was US\$524.0m (2005: US\$440.5m) and normalised operating profit was US\$72.3m (2005: US\$63.7m).

In 2006 we experienced our best bidding season ever. We won \$30m of new business and achieved a retention rate of greater than 95%. We now operate in 25 US states and two Canadian provinces. We expanded into Florida, New Jersey, Louisiana and Arkansas and completed six tuck-in acquisitions.

Our focus during the latter part of the year has been to integrate our North American companies under one management team. Further progress continues in 2007 with the amalgamation of key office functions such as finance and information technology. The focus on one company and standardisation of processes and systems now provide us with the foundation to execute our Transformation Project.

Our Transformation Project, which commenced in the fourth quarter of 2006, is well underway and supporting further growth in North America. Our focus is to differentiate our offering in the market and deliver even higher standards of customer service and

satisfaction. The project will bring new standard, streamlined systems and processes to our operations, will enhance significantly the quality of our information, allow our local management to focus on the key roles of customer and employee relationship management and also develop our leadership team. In addition to the change in management focus, investment in technology is a key enabler to deliver these improvements and to achieve benefits of scale in such a geographically diverse business. Ultimately the project will enable us to improve our product offering and therefore achieve greater success.

As announced on 26 January, the Port Authority of New York and New Jersey Board Commissioners have approved the purchase of the operating lease at Stewart International Airport, New York State for \$78.5m. Completion of the sale is anticipated in the second half of the year.

▼ THE HEART AND SOUL OF OUR OPERATIONS – OUR CUSTOMERS AND DRIVERS

