



23 April 2008

Arriva plc

Interim Management Statement and AGM statement

At today's Annual General Meeting in Durham, Sir Richard Broadbent, chairman of Arriva plc, will report the following, which constitutes Arriva's first Interim Management Statement as required by the UK Listing Authority's Disclosure and Transparency Rules. It covers events in the period from 1 January 2008 to today.

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On 6 March 2008, when we announced our preliminary financial results for the year ended 31 December 2007, we reported on encouraging progress through a combination of organic growth, acquisitions and investments throughout 2007 and early 2008.

During 2007 we achieved a strong performance in our UK bus division, with operating profit up 16 per cent, and improved customer satisfaction. With the start of our CrossCountry franchise we firmly established ourselves as one of the UK's leading rail operators, alongside our position as a leading bus operator. Our mainland Europe division became the largest division in the group by revenue, and achieved an operating profit increase of 15 per cent.

Business Developments

In December 2007 we started two 10-year rail contracts in southern Germany, and two shorter rail franchises in northern Germany via Metronom, the passenger rail subsidiary of our OHE business. In the same month we began a seven-year bus contract near Frankfurt with further contracts commencing later this year, and a small two-year rail contract operated by ODEG, in which we have a 50 per cent interest. Also in December 2007 we were awarded two five-year bus contracts in Stockholm, which are now scheduled to start in the spring of 2009.

In January 2008, we started operation of a seven-year bus contract in the Rotterdam area of the Netherlands.

Also in January we acquired a further 10 per cent interest in Barraqueiro SGPS SA, the leading Portuguese passenger transport operator, taking our stake to 31.5 per cent.

In the UK, in January 2008 we acquired Heathrow-based bus, coach and airside passenger transport operator Tellings Golden Miller, which complements our operations in Germany (Frankfurt) and Italy (Bergamo). In March we further broadened our airport operations into Gatwick, Stansted and Manchester, through a bolt-on acquisition.

Earlier this month we agreed, subject to competition and regulatory clearance, to enter the Hungarian and Slovakian bus markets, by buying 80 per cent of Eurobus Invest, the largest privately owned Hungarian bus group, which provides regional, urban and contracted bus operations in Hungary and Slovakia.

Fuel prices have increased substantially since the beginning of the year. Our hedging policy protects the group from any material impact during 2008.

Business Performance

For the first three months of the year, group revenue has increased by more than 60 per cent relative to the comparable period in 2007, reflecting further growth in mainland Europe and the recently started CrossCountry franchise. At CrossCountry, like-for-like* passenger revenues have increased by 8.3 per cent for the first 12 weeks of 2008 (which this year includes Easter). Earnings per share has also substantially increased in line with management expectations.

Financial Position

The group's financial position is strong. Gearing has increased slightly as we have taken advantage of acquisition opportunities. We have ample financial capacity to meet further anticipated investment opportunities within existing cash and medium-term credit resources. Our robust balance sheet is reinforced by the resilience built in by our hedging strategies on fuel, foreign exchange and interest costs. This provides a solid base for increased shareholder returns, as demonstrated by the 10 per cent increase in final dividend for 2007.

Outlook

The outlook for 2008 is positive and we are confident of substantial revenue and earnings growth during the year.

The group is scheduled to release its interim results for the period to 30 June 2008, on Tuesday 26 August 2008.

* Estimated like-for-like passenger revenues for the re-mapped franchise

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Note to editors:

Arriva is one of the largest transport services organisations in Europe, with operations in 10 countries: the Czech Republic, Denmark, Germany, Italy, the Netherlands, Poland, Portugal, Spain, Sweden and the United Kingdom. With some 40,000 employees, including share of associate companies, Arriva provides more than one billion passenger journeys every year through an extensive range of public transport services, including buses, trains, commuter coaches, airside transport and water buses. In the UK, the group is also engaged in bus and coach distribution.