



29 October 2009

Arriva plc

Interim Management Statement

Since we reported Interim Results on 27 August 2009 the group has continued to trade in line with management expectations.

Across the business we have taken, and continue to take, steps to manage our cost base and respond to changing market conditions in ways that will benefit Arriva into the future.

In CrossCountry, our business with the greatest sensitivity to passenger revenue growth, consistent growth has resumed in recent weeks following occasional weekly declines over the summer break period.

As anticipated, trading has been affected by a fuel cost increase, which will amount to around £60 million in the full year, weighted towards the second half.

UK Bus

Revenue growth, adjusted for the number of trading days, was 4.9 per cent for the division in the nine months ended 30 September, similar to the like-for-like growth experienced in the first half of the year. Targeted reductions have reduced commercially operated mileage by 3.3 per cent year-on-year in the same period, improving yield per mile. Mileage in our contracted London division grew by 3.0 per cent.

UK Trains

Passenger revenue growth for the 42 weeks ended 24 October was 1.3 per cent for our CrossCountry franchise, although for the last six weeks it has been 3.8 per cent. Passenger revenue growth was 6.7 per cent for Arriva Trains Wales, for the same 42 week period, after allowing for timetable changes in December. Both franchises have continued to provide excellent operational performance. Cost reduction measures already put in place will contribute annualised savings of approximately £15 million.

Mainland Europe

Revenue in our Mainland Europe division, expressed in euro, grew by 7.6 per cent in the nine months ending 30 September. Excluding the effect of acquisitions made in 2008, revenue growth was 3.5 per cent.

Though it has a lower proportion of passenger revenue than the other divisions, the effects of the economic downturn are being felt, particularly in our commercial operations in Portugal.

Financial position

The group's financial position remains robust, with continuing strong cash generation and significant undrawn bank facilities. The group's principal facility, a £615 million revolving credit facility, does not expire until mid 2012.

The group's forward fuel fixing for 2010 is substantially complete, with 15.9 per cent of the anticipated 520 million litre annual fuel requirement protected by indexation arrangements, and 76.5 per cent forward purchased at an average price of 36.2 pence per litre. Excluding the impact of fuel taxation and delivery costs, this is expected to reduce fuel costs by around £30 million in 2010. For 2011, 36.5 per cent has been forward purchased at an average price of 31.6 pence per litre.

Outlook

In the short term we continue to focus on meeting the challenges posed by economic conditions. Our careful targeting of cost reduction measures anticipates the beneficial impact of fuel cost reductions from 2010 and, from November 2011, protection from shortfalls in projected passenger revenue in the CrossCountry franchise.

The business development environment remains positive with numerous tendering opportunities under evaluation in the huge European public transport market. With consistent evidence of the improved value for money available to governments from the competitive tendering of urban and regional transport, the market continues to present Arriva with opportunities for long-term growth. We remain confident in the underlying strength and growth potential of the business, and the prospects for the delivery of long-term value to shareholders.

The group is scheduled to issue its pre-close statement for the year ending 31 December 2009 on 17 December 2009.

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Notes to editors:

Arriva is one of the largest private sector providers of passenger transport in Europe, employing more than 44,000 people (including share of associate companies) and providing more than one billion passenger journeys every year.

Arriva provides transport services including buses, trains, commuter coaches and water buses, and operates in 12 European countries: Czech Republic, Denmark, Germany, Hungary, Italy, the Netherlands, Poland, Portugal, Slovakia, Spain, Sweden and the UK.