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Go-Ahead buses take the strain

By Rose Jacobs

Trains may move faster than buses, but when they break down the slow road looks awfully appealing. While the UK rail industry is stuck on the tracks in the wake of the West Coast fiasco, companies whose bus businesses are strongest are outperforming rivals.

Go-Ahead is a case in point. Half-year operating profits at its well-managed, well-located bus businesses rose more than 15 per cent – to £37m – while rail profits fell by a sixth to £14m. And while the company is still gunning to run the Thameslink rail franchise, investors can rest assured that managers are as concerned – if not more – with hitting a 2016 target of £100m in bus profits. That focus makes the share price, at 10 times 2013 earnings, look like good value.

Half-year to December 29 2012		% change
Sales	£1.3bn	8%
Pre-tax profit	£38m	(3%)
EPS	62.8p	2%
Dividend	25.5p	flat

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