

The background is a solid teal color. It features several large, semi-transparent, overlapping geometric shapes: a large 'X' at the top left, a large 'O' in the middle left, and a large 'N' at the bottom left. On the right side, there is a bar chart with five vertical bars of varying heights, also in a semi-transparent teal color. The text 'connexion holding' is positioned in the lower right area, with 'connexion' in yellow and 'holding' in white.

connexion holding

half-year report 2004

Turnover Down Marginally; Marked Improvement in Results for 1st Half Year

Despite competitive market conditions Connexxion achieved a higher result in the 1st half of 2004 on a marginally lower turnover. With these results, Connexxion continues the trend started in 2002. Consolidated turnover remains under pressure due to public transport tenders. In 2004, concessions generating 35 - 40% of Connexxion's public transport turnover are expected to be tendered.

Five public transport concessions for areas in which Connexxion Openbaar Vervoer already operates were awarded during the 1st half of 2004. The Zaanstreek, West-Utrecht and Wijk bij Duurstede concessions were awarded to Connexxion, the Veluwe and Oost-Utrecht concessions however not. The starting date of these concessions is mid-December 2004.

Operating and net result

For the 1st half of 2004, Connexxion realised an operating profit of € 22.2 million (1st half of 2003: € 19.9 million) and a net profit of € 13.2 million (1st half of 2003: € 12.8 million). This improvement of results is largely attributable to efficiency programmes, including cost management and optimisation of internal processes. The success of these programmes is primarily owed to the efforts of employees of all departments who were actively involved in the various projects. Several non-recurring items also had a positive effect on the results.

Turnover and expenses

Consolidated net turnover lowered marginally in the 1st six months of 2004 to € 468.4 million (2003: € 474.0 million). This decrease is the net impact of a marginal decrease of turnover of Connexxion Openbaar Vervoer and Connexxion Taxi Services, a limited decrease of Techno Service Nederland and a marginal increase of Connexxion Tours. The decrease of turnover of Connexxion Openbaar Vervoer was caused by reduced public contributions, while on the other hand an increase in the number of students had a positive impact on turnover.

Connexxion Taxi Services remains successful in winning tenders. However, the TraXX contract that expired on April 1st has a sharp negative effect on sales growth. Connexxion Tours has to deal with continuously difficult market conditions. As a result hereof the turnover increased, compared to last year, only marginally. The lower turnover of Techno Service Nederland was to a large extent caused by the lower average age of the fleet of public transport companies, with a corresponding drop in maintenance volume.

Operating expenses reduced, mainly as result of the mentioned efficiency measures, to € 446.2 million (2003: € 454.1 million).

Outlook

Ongoing cuts in public contributions to public transport continue to be a source of concern. Connexxion points for some time already to the fact that the cutbacks, going on now for ten years, are endangering the elementary public transport facilities to millions of passengers. Connexxion therefore actively participates in debates with customers, politicians, transport companies and interest groups on the preference of quality level of public transport in the Netherlands. The opening of the public transport market in the four big cities to competition, recently confirmed by the Minister of Transport, is an opportunity to Connexxion to increase its turnover here in the future.

By continuing the cost management programme and process optimisation, the company expects to achieve at least a limited profit increase for 2004 compared to 2003. Based on this expectation, an interim dividend is proposed of € 2 million.

Hilversum, August 2004

The Executive Board of Connexxion Holding N.V.

P.J.Ph. Kortenhorst (Chairman)

R. van Holten (Vice-Chairman)

Key figures

Amounts in millions of euros, unless stated otherwise.

	30-06-2004*	30-06-2003*	2003	2002	2001
Balance sheet					
Total assets	618	636	632	591	604
Average capital employed	430	436	437	411	409
Group equity	249	233	242	219	229
Profit and loss account					
Turnover	468	474	948	945	910
Operating expenses	446	454	915	948	937
as a % of turnover	95,3%	95,8%	96,6%	100,3%	103,0%
Wages, salaries and social security charges	248	248	493	501	471
as a % of turnover	53,0%	52,3%	52,0%	53,0%	51,8%
Operating profit/(loss)	22	20	33	-3	-27
as a % of turnover	4,7%	4,2%	3,4%	-0,3%	-3,0%
Net profit/(loss)	13	13	21	-6	-20
as a % of turnover	2,8%	2,7%	2,2%	-0,6%	-2,2%
Financial position					
EBITDA	49	44	87	47	24
Cash flow from operating activities	76	79	117	9	4
Net capital expenditure	-30	-42	-97	-51	1
Financing surplus/(deficit)	46	37	20	-42	5
Ratios					
Solvency on the basis of group equity	40,3%	36,6%	38,3%	37,1%	37,9%
Operating profit/average capital employed	5,1%	4,6%	7,5%	-0,7%	-6,6%
Interest cover	13,9	11,1	9,6	-0,4	-4,4
Workforce **)					
Number of employees at the end of the period	15.301	15.312	15.383	15.259	
Average number of employees (FTEs)	12.213	12.207	12.451	12.786	12.706
Average number of indirect employees (FTEs)	1.397	1.453	1.379	1.662	2.150
Indirect employees as a % of total employees	11,4%	11,9%	11,1%	13,0%	16,9%

* These figures are unaudited

** Definitions have been reconsidered for the years 2003 and 2004.

Consolidated profit and loss account

amounts in millions of euros

	30-6-2004 *	30-6-2003*	Change in %
Turnover	468,4	474,0	-1,2%
Cost of sales	55,6	61,4	-9,4%
Wages, salaries and social security charges	248,3	248,0	0,1%
Depreciation and amortisation	26,9	23,5	14,5%
Other operating expenses	112,8	119,2	-5,4%
Exceptional results	2,6	2,0	30,0%
Total operating expenses	446,2	454,1	-1,7%
Operating profit	22,2	19,9	11,6%
Net financial expenses	1,6	-1,8	-11,1%
Profit on ordinary activities before taxation	20,6	18,1	13,8%
Tax on profit on ordinary activities	7,0	-6,3	10,0%
Share of profit of non-consolidates participating interests	0,4	1,6	-75,0%
Group profit	14,0	13,4	4,5%
Minority interests	0,8	-0,6	33,3%
Net profit	13,2	12,8	3,1%

* These figures are unaudited

Consolidated cash flow statement

amounts in millions of euros

	30-06-2004*	30-06-2003*
Cash flow from operating activities		
Operating profit	22,2	19,9
Depreciation and amortisation	26,9	23,5
Change in stocks	-0,2	0,5
Change in short-term receivables	15,4	23,1
Change in current liabilities	14,3	28,6
Cash flow from business operations	78,6	95,6
Interest received	2,5	3,3
Interest paid	-4,4	-5,4
Dividends received	0,7	-
Profits tax received	-0,4	3,2
Additions to/(releases from) provisions	3,8	-1,2
Withdrawals from provisions	-4,7	16,1
	-2,5	-16,2
	76,1	79,4
Cash flow from investing activities		
Additions to tangibles fixed assets	-38,1	43,4
Disposals of tangible fixed assets	7,4	4,6
Investments in financial fixed assets	-	-4,5
Disposals of tangible fixed assets	0,5	1,6
Other movements	-	-0,5
	-30,2	-42,2
Cash flow from financing activities		
Dividend paid	-6,4	-
New long-term loans taken out	-	29,9
Repayment of long-term liabilities	-35,7	-8,2
	42,1	21,7
Change in cash and cash equivalents	3,8	58,9

* These figures are unaudited

Consolidated balance sheet

amounts in millions of euros

	30-06-2004*	30-06-2003*	31-12-2003
Assets			
Fixed assets			
Tangible fixed assets			
Land and buildings	123,1	131,3	123,8
Rolling stocks	265,3	228,0	262,1
Other tangible fixed assets	22,6	24,5	22,1
Total tangible fixed assets	411,0	383,8	408,0
Financial fixed assets			
Participating interests and amounts owed by participating interests	6,7	7,7	7,3
Other receivables	3,5	3,7	3,5
Total financial fixed assets	10,2	11,4	10,8
Total fixed assets			
Current assets			
Stocks	17,4	17,2	17,1
Receivables	95,7	123,2	116,7
Cash at bank and in hand	83,3	100,9	79,5
Total current assets	196,4	241,3	213,3
Total assets	617,6	636,5	632,1
Group equity and liabilities			
Group equity			
Shareholder's equity	238,8	222,9	232,0
Minority interests	10,4	9,8	10,0
Total group equity	249,2	232,7	242,0
Provisions	54,3	60,6	55,2
Long-term liabilities	105,8	143,1	140,7
Current liabilities	208,3	200,1	194,2
Total group equity and liabilities	617,6	636,5	632,1

* These figures are unaudited

Consolidated overview of changes in group equity

amounts in millions of euros

	Issued share capital	Statutory and other non- distributable reserves	Other reserves	Proposed dividend distribution	Total
Balance at 31 December 2003	79,6	3,4	142,6	6,4	232,0
Dividends paid				-6,4	-6,4
Net profit			11,2	2,0	13,2
Other movements		-	-		-
Balance at 30 June 2004	<u>79,6</u>	<u>3,4</u>	<u>153,8</u>	<u>2,0</u>	<u>238,8</u>

The accounting policies for these half year figures correspond to the accounting policies mentioned in the notes to the consolidated financial statements of 2003 of Connexion.

Connexxion	more than 1 million passengers transported each day more than 15,000 employees
Connexxion Openbaar Vervoer	approximately 2,5 billion passenger kilometers a year 2,600 buses (Hermes Group: 400 buses) 27 trams 2 trains
Connexxion Taxi Services	approximately 35 million passengers a year 3,125 taxis (small buses, cars and limousines) 22 ambulances
Connexxion Tours	approximately 15 million coach kilometers a year 310 coaches
Connexxion Water	approximately 4 million passengers a year 16 vessels
Techno Service Nederland	approximately 12,500 vehicles under maintenance more than 60 branches

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