Edison investment research

8 December 2010

Rotala

Year End	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
11/08	35.7	0.4	1.7	0.0	18.2	N/A
11/09	40.6	1.9	7.1	0.0	4.4	N/A
11/10e	45.4	1.9	5.8	0.8	5.3	2.6
11/11e	46.5	2.3	7.0	1.0	4.4	3.2

Note: *PBT and EPS are normalised, excluding goodwill amortisation and exceptional items.

Investment summary: Routes for growth

Through the consolidation of smaller operators and growth of the business through new business wins, Rotala has created a local bus group that is now delivering profitable growth. With larger operators under pressure, both economically and from the Competition Commission, we believe Rotala is well placed to continue its growth trajectory. Following a period of restructuring the operating model, the cash generative nature of the business is becoming increasingly apparent. With the shares trading at a substantial discount to peers, we feel there is further upside potential.

Consolidation and organic wins

Since flotation on AIM in 2005, Rotala has acquired seven smaller bus operators, predominantly in the West Midlands, South West and Heathrow/Gatwick areas. Through consolidation of head office and maintenance functions, these unprofitable businesses have been turned around and added significant business wins.

Improving financial performance

Interims demonstrated further progress from 2009, generating 23% organic growth in revenues to £22.5m and a gross profit improvement of 12% to £4.7m (21% gross margin impacted by fuel and competition pricing). Administrative expenses rose 23% to £3.1m due to the establishment of new depots to service Bath and Worcester. Following a reduced finance charge of £0.8m, adjusted PBT rose 5% to £0.8m and EPS was 2.44p (2009: 3.0p) reflecting the greater number of shares in issue.

Further support for long-term growth

Despite government budgets coming under pressure, the longer-term policy of improving public transport to reduce congestion and emissions, along with the ongoing Competition Commission investigation into the UK local bus market, are likely to provide further structural support to Rotala in the long term.

Valuation: Significant discount to peers

Rotala trades at a significant discount to its larger peers in terms of both 2011 P/E and EV/EBITDA multiples where discounts of 55% and 12% exist, respectively. We feel that this is due to Rotala's early stage of development and small cap nature.

Rotala is a research client of Edison Investment Research Limited

Price	31.0p
Market Cap	£10m

Share price graph

Share details

Code	ROL
Listing	AIM
Sector	Travel & Leisure
Shares in issue	33m

Price

	High	Low
52 week	51.0p	28.0p

Balance Sheet as at 30 November 2009

Debt/Equity (%)	113.4
NAV per share (p)	66.1
Net borrowings (£m)	19.9

Business

Rotala is a company engaged in the provision of commercial bus operations, subsidised bus routes and contracted private bus networks. It primarily operates in the West Midlands, South West and around Heathrow airport.

Valuation

	2009	2010e	2011e
P/E relative	52%	55%	52%
P/CF	2.0	2.6	2.0
EV/Sales	0.7	0.7	0.6
ROE	11%	10%	11%

Revenues by geography

UK	Europe	US	Other
100%	0%	0%	0%

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Investment summary: Successfully consolidating

Company description: Local bus operator

Rotala operates a fleet of some 500 vehicles across three main regions: the West Midlands; South West; and Heathrow/Gatwick. Its business is split evenly between private bus networks, commercial services and subsidised bus routes, providing a resilient business with c 85% contracted, and the opportunity for de-risked expansion. Since flotation on AIM in 2005, Rotala has followed a buy and build strategy, acquiring seven smaller operators and, through integration of facilities, maintenance and head offices, has turned these into a profitable and growing group.

Valuation: Small cap discount

Rotala trades at a significant discount to its major quoted peers with the P/E of 4.4x CY11 equating to a 55% discount to the larger transport groups. This narrows slightly to 12% on an EV/EBITDA basis. We feel that the significant discount being applied to Rotala is due to its relatively early stage of development and small cap status. However, in our view this does not capture the potential forecast uplifts. Placing the stock at a 25% discount to sector P/E would imply a price of c 52p, which we believe is fair.

Sensitivities: Policy key

Due to the combination of public and commercial revenues, Rotala has a number of sensitivities:

- Recession: Despite high unemployment rates in the West Midlands, the combination of commercial and subsidised services, along with Rotala's differentiated approach, allowed it to increase revenues despite the recession.
- Government factors: With the government deficit requiring substantial cuts there is potential for transportation to come under further pressure. While uncertainty remains, we feel that, with the pledge by the coalition government to implement a programme of measures to create a low-carbon and eco-friendly economy, local bus services will remain funded as a key driver to reduce car usage and emissions.
- Fuel costs: As with all transportation groups, Rotala is affected by diesel prices. The group has not had the scale to implement an efficient fuel hedging policy, however we believe it now has the opportunity to utilise this as appropriate.

Overall, it is our view that Rotala has demonstrated its ability to deliver on its strategy thus far.

Financials

The 2009 full year results and 2010 interims demonstrated that Rotala has reached a stage of maturity where results will become increasingly positive:

- 2009 organic revenue growth was 14%, with an 18% improvement in gross profit, flat administrative expenses and reduced finance charge combining to increase PBT by 442% to £1.9m and EPS by 332% to 7.1p. 2010 interims continued the top-line growth, however EPS was held back by increased fuel costs, competition and shares in issue.
- We believe that good revenue visibility, further margin improvement potential and the increasingly cash generative nature of the business will provide funds for further organic growth. Our forecasts are built upon prudent assumptions in terms of new business and we feel that there is potential for the group to outperform.

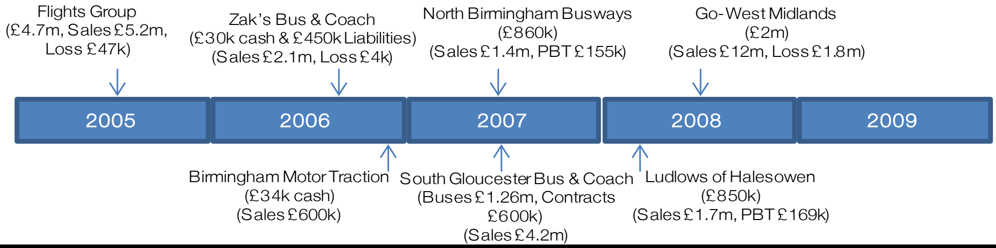
Company description: Operator in the local market

Rotala was created to capitalise on the opportunity to consolidate the small bus operator sector. This sector was attractive as a fragmented market existed outside the major national players and many small operators were loss making, allowing Rotala to consolidate, increase its presence and reduce duplicated overheads to create a profitable business. This business has the necessary scale to capitalise on the opportunities being created through both national and local government efforts to improve public transport and create a more competitive industry in regional markets.

Consolidator of smaller operations

Since flotation on AIM in 2005, Rotala has made seven acquisitions of local bus operators, primarily located in the West Midlands, South West and Heathrow/Gatwick. As a consequence, the company now operates a fleet of some 500 vehicles and employs c 900 people.

Exhibit 1: Acquisition history



Source: Edison Investment Research

Targeting the local bus market

Rotala's operations are effectively bounded by the M3, M40 and M5. The strategy is to concentrate on accessing the local bus market where there is less competition with the national companies which tend to concentrate efforts in the most densely populated city centre areas. By doing so, Rotala has been able to build up a substantial presence in its chosen markets in areas potentially deemed as marginal for the larger groups.

Balanced business portfolio

Over the course of the past five years, Rotala has created a well-balanced business that is effectively evenly split between private bus networks, subsidised bus services and commercial bus operations. Each of these elements provides its own benefits to the group and allows for sustainable organic growth opportunities. This portfolio of services also allows the group to de-risk the entry into new markets without having to face established, large operators head on. We believe that this composition is unlikely to alter significantly in the near future.

Management has significant industry experience

Following the initial acquisition of Flights Group, Simon Dunn, the MD of the two principal businesses of the group, was named as a director and subsequently as CEO. He has over 17 years of transportation industry experience.

In addition, the board of directors includes several industry veterans, including Bob Dunn (founder of Dunn-Line) with 39 years' experience and Geoffrey Flight (formerly MD of Flights Travel Group) with 25 years' experience.

Market

Rotala is focused on the local bus market in the UK. The market developed following deregulation in 1986 and, as a result, Rotala identified the opportunity to adopt a buy-and-build strategy. This opportunity arose because:

- The industry is highly fragmented outside the large operators.
- Many small operators were only marginally profitable at best. Consolidation and rationalisation of central costs provided the opportunity to transform these businesses.
- Several owners of businesses set up post deregulation were approaching retirement.
- Government transport and environment policy was seen to support future growth.

Exhibit 2: Regional bus markets

Note: * Includes passenger receipts, concessionary fare reimbursement and supported services.

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Total value of local bus market, £m*	2,496	2,567	2,711	2,928	3,029	3,260	3,629
Public transport support for buses, £m	280	310	332	369	381	430	459
Concessionary fare reimbursement, £m	344	354	397	442	446	493	747

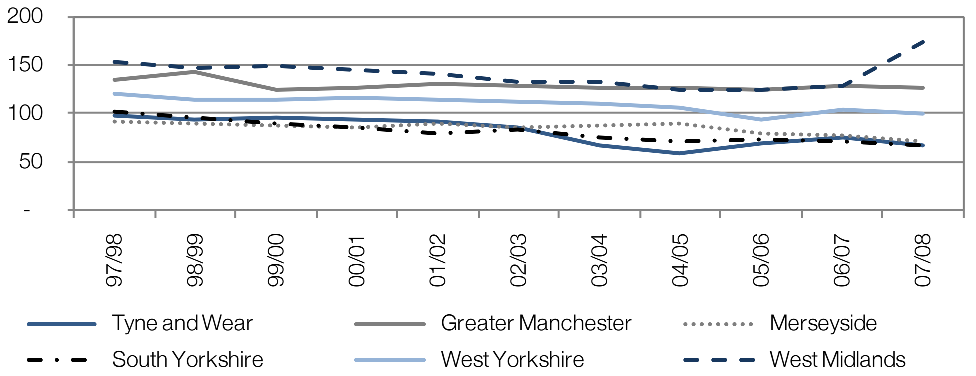
Source: Office of Fair Trading market report into Local Bus Services August 2009

As can be seen in Exhibit 2, the total value of the local bus market was c £3.6bn in 2007, a CAGR in value terms of 6% since 2001. It is interesting to note the rapid increase in concessionary fare reimbursements. New regulations due in April 2011 will alter the reimbursement formula and this may make it more difficult for the smallest operators, particularly in rural and intra-urban areas. We believe Rotala has the management experience to capitalise on opportunities this may create and shows the benefits of its balanced approach across subsidised, private and commercial routes.

Regional markets

The UK bus market has several distinct features depending on which area of the country the operator is focusing on. The London market remains regulated and is run as a series of franchises let by Transport for London (TfL). It is a fiercely competitive market in which all the large national players participate. The market outside London deregulated in 1986 and it is this local market, where Rotala has clearly focused its efforts, that we are concentrating on in our analysis.

Exhibit 3: Regional bus markets ex London – kilometres travelled (million)



Source: Department of Transport, Regional Transport Statistics 2008

Outside of the regulated London market, the West Midlands is the second largest market in the country. While we expect the market to have contracted during 2009 due to the impact of the recession, Rotala's own business continued to show underlying growth at the preliminary results.

We believe that this is in part due to its ability to profitably run services that the larger competitors have considered as marginal business and consequently withdrawn many routes.

Market drivers

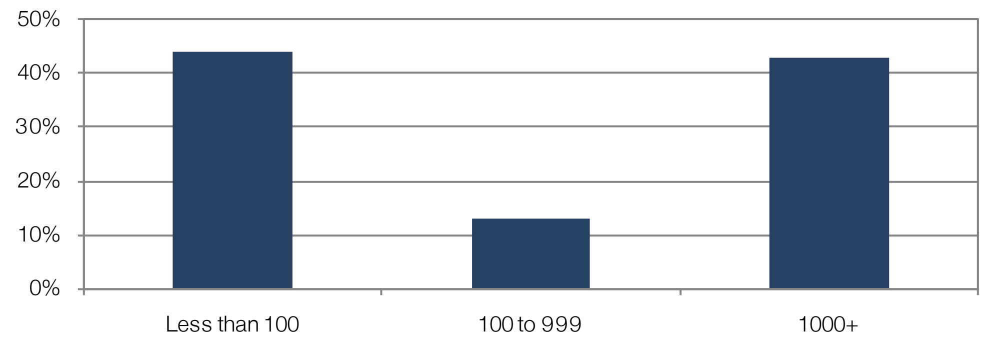
There are several key drivers of the local bus market that we believe could well impact on future rates of usage and subsidies. While commercial bus services are driven by economic prosperity, with unemployment altering the demand for travel, subsidised routes tend to be driven more by government policy. Here we highlight factors that could support the market:

- **Local transport policy.** Following the Eddington Report in 2006 and subsequent Transport Bill, Local Authorities must have a bus strategy contained within their transport plan aimed at promoting the use of buses as part of an integrated transport strategy.
- **Environmental concerns.** Given the increasing congestion on Britain's roads and the environmental impact of such congestion, a successful local bus service is seen as an effective way of reducing car usage and the associated emissions.

Competition

Competition in the bus market is characterised by several large national operators and a multitude of small local bus operators.

Exhibit 4: Proportion of total bus fleet according to size of operator's fleet (GB including London)

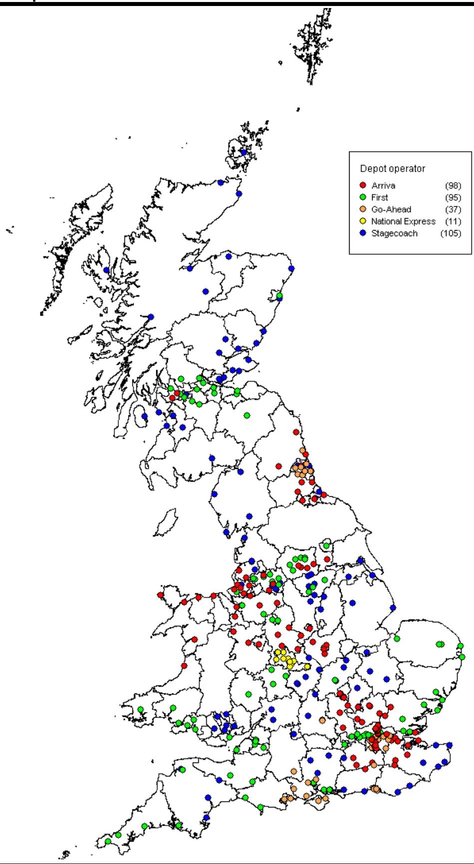


Source: OFT market report – Local Bus Services / Vehicles & Operator Service Agency (VOSA)

Many national companies operate across the country but tend to be concentrated in clusters around key urban areas and do not participate in all regional markets. This led to an apparent lack of competition and, in March 2009, the Office of Fair Trading conducted a market report into the local bus market to consider whether there was anti-competitive behaviour. The OFT ruled there was enough evidence to pass on to the Competition Commission to launch a detailed investigation. This commenced in January 2010 and is expected to report within 18-24 months.

Exhibit 5 shows that the West Midlands market is dominated by National Express and, to a lesser extent, First Group to the south of Birmingham, and in the South West. Rotala's fleet of c 250 buses in the West Midlands compares with National Express's 1,600 and its Bristol/Bath fleet of 120 compares to First Group's 750. Even at these levels, Rotala is the second largest operator in these regions.

Exhibit 5: Large bus operator depot locations



Source: OFT market report – Local Bus Services August 2009

Operating structure

Rotala operates across three main regions: West Midlands, South West and Heathrow/Gatwick.

Exhibit 6: Rotala's current depot locations

Source: Rotala

The company operates several brands across these regions which are now well established and recognised.

West Midlands

Diamond Bus (180 vehicles)

Created from the Go West Midlands acquisition, the Diamond Bus operations consist of two branded services:

- Black Diamond, which operates in the Black Country to the west of Birmingham.
- Red Diamond, which operates in Redditch and Worcestershire.

These operations have created a very visible and loyal customer base and operate in part under Voluntary Quality Partnership arrangements with Centro/Sandwell Borough Council and Worcestershire County/Redditch Borough Councils. This entails the provision of high quality buses on routes that are promoted by these councils and highlights the highly differentiated approach of the business.

Central Connect (95 vehicles)

Central Connect was formed through the amalgamation and development of the Zak's Bus & Coach acquisition with North Birmingham Busways and Birmingham Motor Traction in 2006/07. The fleet consists of c 95 vehicles operating from the Long Acre, Aston depot in northern Birmingham and serves both tendered and commercial markets.

Flights Hallmark (27 vehicles)

Flights Hallmark operates a high quality fleet of coaches utilised by many clients for contracted services. Prime examples of these are contracts with the NEC Group, Advantage West Midlands and Transco, where Rotala provides employee transport services.

South West

Wessex Connect (130 vehicles including UniConnect)

Following awards to operate two Park & Ride contracts in Bristol in early 2007, Rotala has rapidly expanded into the South West region and now runs a fleet of some 130 buses operating both commercial and subsidised services around Bristol and Bath. The phased acquisition of buses and contracts operated by the South Gloucestershire Bus & Coach Company allowed the group to expand with relatively low risk and was complemented by the 2009 opening of a depot in Keynsham. This provides a base to expand services in an area the group believes has relatively weak competition and significant opportunities from the developing local transport plan.

UniConnect & ULink

UniConnect is a new brand operating in certain areas of Bath and connecting them to the University of Bath which began operation in May 2009. The service is not only popular with University students, but has attracted a substantial non-student element as well. Likewise, the ULink service in Bristol connects the University of West of England (UWE) campuses around Bristol. Both services have been extremely successful and the contracted services have been expanded at the request of the respective universities.

Heathrow/Gatwick

Flights Hallmark (51 vehicles)

A part of the original Flights acquisition, the operations at Heathrow and Gatwick have provided a continued focus on customers in the aviation sector providing transport services to a number of airlines including British Airways, TUI, Qantas and Cathay Pacific. The business operates on both the air and land side and includes nationwide crew and passenger positioning for British Airways. This is supported by a 24-hour call centre for all aviation requirements.

Visibility of revenues

Given the nature of the operating model, with many contracts running over several years, the visibility of revenues within the group allows identification, planning and execution of organic growth from new business wins. Indeed, of the current business, c 70% of revenue is derived from contracted services and a further 15% comes from government concessionary fare agreements. As a result there is a strong core of revenues from which incremental new business can be won.

New business wins

The track record of the group has been extremely positive in accelerating the rate of new business additions and we believe that this is testament to the strategy to grow from existing operating bases and exploit the synergies achievable from its existing depots.

Exhibit 7: Annual new contract wins

	Customers		Annualised value
2007	Park & Ride (Bristol City Council & Park & Ride Ltd) - 5yr	Centro - 1/3yrs	£5.2m
	Worcestershire County Council – 3/4yrs	Aston Villa FC	
	Transco – additional staff transportation	UWE	
	Heathrow – Qantas	British Airways uplift	
	Heathrow – GlaxoSmithKline	Others	
	Several smaller Local Authorities in West Midlands		
2008	Existing company short-term contract (H108 – £960k)	British Airways x2	£5.6m
	Heathrow – large media company transport staff 3yr – £1m pa	Small Airline Staff Transport	
	Redditch Diamond Bus (avg 3-yr contracts)	Bristol enhancements	
	Adbus Ltd (5yr)	Other	
2009	Bristol & Bath Night Bus N1 to N8 (emergency to Apr 2010)	UWE extension	£8.9m
	South Gloucestershire 532/3 and 625	Bath No 18 (commercial)	
	Bath & North East Somerset Council No. 20	Diamond Bus (Centro)	
	Birmingham (Flights) – Rotary International – £1m	Diamond Bus (Worcestershire CC)	
	Advantage West Midlands – Flights Hallmark		
2010	Bath & North East Somerset Council routes 178, 778 and 20A/20C	North Somerset Council services 121, 354 and 660	£2.7m
	South Gloucestershire Council services 85-88.	Birmingham – Centro s2, s3, s4, 82 and 26A	
	Gatwick / Heathrow Staff Transportation & Hotel	Current customer extensions	

Source: Rotala/Edison Investment Research

Over the course of the last five years, Rotala has built up an enviable list of clients including British Airways (£4m pa), Centro (£2.8m), UWE (£2.3m), Worcestershire County Council (£2.3m), Bristol City Council (£2.1m), South Gloucestershire Council (£1m), Sky TV (£0.9m) and Aston Villa FC (£0.2m). The fact that many of these major clients have often extended and increased contracts with Rotala highlights the differentiated approach of the business.

Sensitivities

We believe there are several factors that could affect our forecasts for Rotala:

- **Impact of recession.** The West Midlands in particular has suffered from an increase in unemployment, reaching levels of over 9%. Despite this, Rotala managed to increase revenue, demonstrating the robust nature of the business and the fact that the areas of operation are those less affected by unemployment.
- **Government budget pressure.** In the CSR, the government announced a 20% reduction in the Bus Service Operators Grant. While this will reduce the grant, we note that the changes will not come into force until April 2012, providing enough advance warning for increased efficiencies and changes to fare structures to be put in place to offset this.
- **Diesel prices.** Like many transport groups, Rotala is impacted by changes in diesel prices. For example in 2008, group operating profits were reduced by £650k (16%) as a result of the significant spike in fuel prices. While the group has thus far not had the scale to cost effectively hedge its fuel costs, it is now in a position to examine this as an option.
- **Financing future growth.** While growth has been financed largely through recourse to the equity market, we believe that, following a series of fund-raisings in 2009 and the underlying improvement in profitability, the group is now in a position to finance modest organic growth through the cash generated by the business. We therefore believe that the likelihood of significant shareholder dilution is reducing, but cannot be ruled out entirely, if appropriate acquisition opportunities arise.
- **Environmental and regulatory legislation.** With legislation becoming increasingly stringent both in terms of CO_2 emissions and disability requirements, the need to have a modern fleet is increasingly important. Rotala's fleet is 98% compliant with disability laws and an increasing proportion of the fleet is meeting the most stringent emissions requirements as demonstrated by the £2.9m Green Bus Fund grant awarded in 2009 for the purchase of 23 hybrid diesel/electric buses, which will be used in Bristol and Bath.

Valuation: Small cap discount

Rotala trades at a significant discount to its major quoted peers, with the P/E of 4.2x CY11 EPS equating to a 55% discount to the larger transport groups, narrowing to a discount of 14% on an EV/EBITDA basis.

Exhibit 8: Peer group relative valuation, priced as at 02 December 2010

Companies	Year end	Price	Mkt Cap	CY 2011e		
		(p)	(£m)	P/E	EV/ Sales	EV/ EBITDA
Rotala	Nov	31	10	4.4	0.6	4.6
National Express	Dec	233	1190	9.4	0.9	5.5
First Group	Dec	375	1,803	9.0	0.6	4.9
Go-Ahead	Mar	1245	535	11.1	0.3	4.5
Stagecoach	Apr	205	1474	9.6	0.7	6.0
Average excluding Rotala				9.8	0.6	5.2
Average including Rotala				8.7	0.6	5.1

Source: Edison Investment Research

Overall, we feel that the significant discount being applied to Rotala is due to its relatively early stage of development and small cap status in comparison to the much larger peers in the sector.

We believe, however, that this does not capture the potential forecast uplifts that could come from the increasing business wins and expansion opportunities above our prudent assumptions.

Even if we place the stock at a 25% discount on a P/E basis, it would imply a price of c 52p, at a small premium on EV/EBITDA, which appears fair, in our view.

Financials

As demonstrated by the 2009 results and 2010 interims, we feel that Rotala has reached a stage of maturity where it has integrated the previous acquisitions and has positioned itself to benefit from the long-term growth on offer in its chosen markets. Here we identify our key financial findings.

P&L: Increasingly predictable growth

- 85% of revenue is contracted and there is a highly visible base level of revenue that provides comfort that downside risk is reduced.
- There has been year-on-year improvement in new business wins. In our forecasts we have assumed no further contract wins in 2010 and a net £1.6m increase in 2011. This is well within historic levels of new contract wins.
- We model the finance costs reducing modestly as outstanding hire purchase obligations fall in line with the fleet maturation.
- The special interim dividend of 0.45p paid in April and subsequently announced 0.3p interim dividend highlighted the group's confidence in the predictability of growth, and we forecast an ongoing progressive policy.

Cash flow: Improving net debt

- Throughout 2009, Rotala raised £3.8m through a series of equity placings.
- Cash flow in the business has improved since 2006 to a level above £4m pa, which we believe is set to improve further as the operational gearing of the business starts to generate enhanced profits.
- We are also expecting working capital to increase modestly with further organic growth of the business and for capex to run slightly ahead of depreciation.
- The result of our forecasts is a progressive reduction in net debt over the next two years.

Balance sheet: Understanding the structure

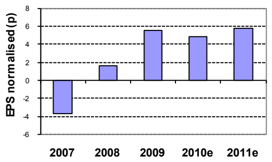
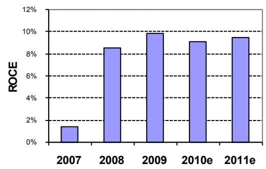
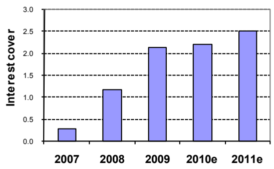
While at first glance Rotala appears to be quite heavily geared with a debt/equity ratio of over 100%, it is important to understand how that debt is constituted.

- As at 30 November 2009, £13.7m of the liabilities related to obligations under hire purchase leases secured against the assets to which they relate (ie the vehicles). The net book value of vehicles held under hire purchase was £18.6m. This improved further at the interims with obligations reducing to £13.0m despite a 10% increase in the fleet size.
- A convertible loan note was issued on 3 March 2008 and remains outstanding. It is redeemable on 31 December 2011 or is convertible into ordinary shares at a price of 67.5p, giving the right to receive a total of 6.9m shares. This would be offset to a large extent, however, by a £373k reduction in associated interest costs.

Exhibit 9: Financials

£'000s	2007	2008	2009	2010e	2011e
Year end 30 November	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS					
Revenue	19,348	35,677	40,561	45,386	46,461
Cost of Sales	(15,413)	(28,980)	(32,735)	(36,270)	(36,996)
Gross Profit	3,935	6,697	7,826	9,116	9,465
EBITDA	1,106	4,485	6,013	6,116	6,665
Operating Profit (before GW and except.)	248	2,478	3,532	3,516	3,865
Intangible Amortisation	(91)	(132)	(142)	(120)	(120)
Exceptionals	0	1,073	(126)	(126)	(126)
Share based payments	(58)	(84)	(84)	(60)	(60)
Operating Profit	99	3,335	3,180	3,210	3,559
Net Interest	(879)	(2,131)	(1,652)	(1,600)	(1,550)
Profit Before Tax (norm)	(631)	347	1,880	1,916	2,315
Profit Before Tax (FRS 3)	(780)	1,204	1,528	1,610	2,009
Tax	0	0	0	0	0
Profit After Tax (norm)	(631)	347	1,880	1,916	2,315
Profit After Tax (FRS 3)	(780)	1,204	1,528	1,610	2,009
Average Number of Shares Outstanding (m)	16.9	20.8	26.6	32.9	33.0
EPS - normalised (p)	(3.7)	1.7	7.1	5.8	7.0
EPS - FRS 3 (p)	(4.6)	5.8	5.7	4.9	6.1
Dividend per share (p)	0.0	0.0	0.0	0.8	1.0
Gross Margin (%)	20.3	18.8	19.3	20.1	20.4
EBITDA Margin (%)	5.7	12.6	14.8	13.5	14.3
Operating Margin (before GW and except.) (%)	1.3	6.9	8.7	7.7	8.3
BALANCE SHEET					
Fixed Assets	24,255	35,527	36,065	36,323	36,381
Intangible Assets	9,041	9,803	9,661	9,519	9,377
Tangible Assets	15,214	25,701	26,381	26,781	26,981
Investments	0	23	23	23	23
Current Assets	4,035	6,191	8,177	8,761	9,371
Stocks	145	694	603	553	513
Debtors	3,879	4,988	5,647	6,281	6,931
Cash	11	509	1,927	1,927	1,927
Current Liabilities	(7,520)	(11,843)	(10,907)	(9,407)	(8,407)
Creditors	(4,483)	(6,759)	(4,750)	(3,250)	(2,250)
Short term borrowings	(3,037)	(5,084)	(6,157)	(6,157)	(6,157)
Long Term Liabilities	(11,526)	(18,462)	(15,735)	(16,283)	(15,712)
Long term borrowings	(11,185)	(18,403)	(15,735)	(16,283)	(15,712)
Other long term liabilities	(341)	(59)	0	0	0
Net Assets	9,244	11,413	17,600	19,395	21,633
CASH FLOW					
Operating Cash Flow	334	4,646	4,069	3,977	5,002
Net Interest	(682)	(1,769)	(1,298)	(1,500)	(1,400)
Tax	0	0	0	0	0
Capex	740	629	(377)	(3,000)	(3,000)
Acquisitions/disposals	(1,690)	(3,312)	0	0	0
Financing	2,923	272	3,825	0	0
Dividends	0	0	0	(25)	(31)
Net Cash Flow	1,625	466	6,219	(548)	570
Opening net debt/(cash)	4,958	14,211	22,978	19,965	20,513
HP finance leases initiated	(10,878)	(9,233)	(3,206)	0	0
Other	0	0	0	(0)	(0)
Closing net debt/(cash)	14,211	22,978	19,965	20,513	19,942

Source: Company accounts/Edison Investment Research

Growth	Profitability	Balance sheet strength	Sensitivities evaluation	
			Litigation/regulatory	●
			Pensions	○
			Currency	○
			Stock overhang	○
			Interest rates	○
			Oil/commodity prices	●

Growth metrics	%	Profitability metrics	%	Balance sheet metrics		Company details	
EPS CAGR 07-11e	N/A	ROCE 10e	9.1	Gearing 10e	105.8	Address:	
EPS CAGR 09-11e	1.8	Avg ROCE 07-11e	7.7	Interest cover 10e	2.2	Beacon House, Long Acre, Birmingham B7 5JJ	
EBITDA CAGR 07-11e	56.7	ROE 10e	9.9	CA/CL 10e	0.9		
EBITDA CAGR 09-11e	5.3	Gross margin 10e	20.1	Stock turn 10e	4.4	Phone	0121 322 2222
Sales CAGR 07-11e	24.5	Operating margin 10e	7.7	Debtor days 10e	50.5	Fax	0121 322 2724
Sales CAGR 09-11e	7.0	Gr mgn / Op mgn 10e	2.6	Creditor days 10e	26.1	www.rotalaplc.co.uk	

Principal shareholders	%
John Gunn	21.7
Cazenove Capital Management	5.7
Geoffrey Flight	4.0
Gartmore	3.8
Link Traders (Aust) Pty Ltd	3.6
The Dunn Family	3.4

Forthcoming announcements/catalysts	Date *
Full year results	April 2011
*Note: * = estimated*	

Management team
CEO: Simon Dunn
Simon Dunn has 17 years of experience in the transport industry. He has operational responsibility for principal group businesses (Flights Hallmark Limited, Diamond Bus Company Limited and Central Connect Limited).
CFO: Kim Taylor
Kim Taylor was formerly group finance director of Exco Plc, Intercapital plc and Prebon Group Limited. He qualified in 1982 at KPMG.
Chairman: John Gunn
John Gunn is the director of quoted and unquoted companies including HydroDec Group plc and Ludgate 181 (Jersey) Limited. Formerly CEO of Exco International plc, chairman of Telerate Inc and British & Commonwealth Holdings plc.

Companies mentioned in this report:
National Express, First Group, Go-Ahead, Stagecoach