<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Presenter</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.00</td>
<td>Q1 Interim Management Statement</td>
<td>Keith Down Go-Ahead Group Finance Director</td>
</tr>
<tr>
<td>14.30</td>
<td>Introduction</td>
<td>David Brown Go-Ahead Group Chief Executive</td>
</tr>
<tr>
<td></td>
<td>Rail bidding</td>
<td>Charlie Hodgson Go-Ahead Managing Director – Rail Development</td>
</tr>
<tr>
<td></td>
<td>Running GTR</td>
<td>Charles Horton GTR Chief Executive Officer</td>
</tr>
<tr>
<td></td>
<td>Delivering our plans</td>
<td>Dyan Crowther GTR Chief Operating Officer</td>
</tr>
<tr>
<td></td>
<td>Financial models</td>
<td>Keith Down Go-Ahead Group Finance Director</td>
</tr>
<tr>
<td>15.30</td>
<td>Coffee break</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Southeastern direct award contract</td>
<td>David Statham Southeastern Managing Director</td>
</tr>
<tr>
<td></td>
<td>Northern and TPE</td>
<td>Charlie Hodgson Go-Ahead Managing Director – Rail Development</td>
</tr>
<tr>
<td></td>
<td>Q&amp;A</td>
<td></td>
</tr>
<tr>
<td>17.00</td>
<td>Drinks and canapes</td>
<td></td>
</tr>
</tbody>
</table>
Q1 IMS
Keith Down
Go-Ahead Group Finance Director
Regional bus: Q1 performance

- Good revenue growth
- Revenue driven by contract revenue – associated journeys not recorded
- Flat passenger numbers year on year
- Some weakness in the north east
- Next phase of Tyne & Wear contract scheme discussions

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>Passenger journeys</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>c.5%</td>
<td>c.0%</td>
</tr>
</tbody>
</table>


London bus: Q1 performance

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>Mileage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>c.5%</td>
<td>c.-2%</td>
</tr>
</tbody>
</table>

- Revenue growth driven by reallocation of BSOG of 4.9%
- Reduction in year on year mileage, as expected
- Significant contract wins in prior year
- Similar levels of rail replacement work year on year
- Expect broadly flat mileage growth over the year
## Rail: Q1 performance

<table>
<thead>
<tr>
<th></th>
<th>Revenue</th>
<th>Passenger journeys</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southern</td>
<td>c.6.5%</td>
<td>c.2%</td>
</tr>
<tr>
<td>Southeastern</td>
<td>c.10%</td>
<td>c.6.5%</td>
</tr>
<tr>
<td>London Midland</td>
<td>c.2.5%</td>
<td>c.1%</td>
</tr>
</tbody>
</table>

- Southern trading in line with expectations, remains in 80% revenue support
- Strong trading and underlying revenue growth of 8.5% in Southeastern. Began new direct award contract in October
- London Midland revenue impacted by engineering works. Adjusted revenue would be 5.5%. No overall profit impact
- GTR began operating in September. No significant variations to bid model
Outlook

- Overall, trading across the Group has been robust and our expectations for the full year are unchanged
- Good financial position
- Strong cash generation, robust balance sheet
- Progressive dividend policy and flexibility to pursue value-adding opportunities supported
- Continue to focus on key strengths of providing high quality, locally-focused transport services
Go-Ahead Rail Investor Event

21 October 2014
Our rail business

35% of UK rail passenger journeys

GTR

2014 – 2021
118m passenger journeys
2,500 employees

2009 – 2015 (then part of GTR)
176m passenger journeys
4,000 employees

southeastern

2006 – 2018
179m passenger journeys
3,900 employees

London Midland

2007 – 2017*
64m passenger journeys
2,400 employees

*including direct award contract extension – under discussion with the DfT
Rail bidding
Charlie Hodgson
Go-Ahead Group Managing Director – Rail Development
The DfT bidding process

- Getting to the start line – pre-qualification
- Bids are ‘scored’ like exams
- Answering the question correctly is fundamental
- Bidders need to ‘pass’ all questions and points are awarded for approach taken
- ‘Showing your workings’ is an important part of the process
- The DfT allows flexibility for bidders to reflect their own strategy (e.g. the rolling stock plan on TSGN)
- Strategy and tactics are needed in the areas bidders choose to aim for high points
## Bid deliverables

### The Bid

<table>
<thead>
<tr>
<th>Financial Submission</th>
<th>Strategic Submission</th>
<th>Legal Submission</th>
<th>Technical Submission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding plan, models, record of assumptions</td>
<td>Business plans, customer service plans, committed obligations</td>
<td>Marked-up contracts</td>
<td>Operational data, timetable, operational rolling stock plan</td>
</tr>
</tbody>
</table>

### The Bid Evaluation

<table>
<thead>
<tr>
<th>Compliance</th>
<th>Quality</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tests bid compliance with tender requirements</td>
<td>Quality of the bid and risk assessment to delivery. Bidders can and do fail here, it is a DfT quality judgment not a fixed threshold</td>
<td>Expected value to the DfT and tests on the financial stability of the bid entity</td>
</tr>
</tbody>
</table>
Our winning submission

Govia won on both ‘quality’ and ‘price’ criteria
- ‘Quality’ points are given for elements that deliver customer benefits
- Introducing new trains – score highly on the ‘quality’ rating
- Working efficiently and reducing costs – scores well on ‘price’

The bid’s overriding strength was its operational plan
- More frequent, faster, and improved services for customers
- Alongside efficient use of rolling stock and crew, reduced mileage, reduced track access charges, reduced energy consumption

So new trains and a robustly efficient timetable assisted with both
- The quality and price scores
- All bids are different and cannot be compared directly
- Tailored our bid to meet the DfT’s requirements
Award criteria

The evaluation criteria
- The compliant bids were ranked using the following: \( CDFS = P - (n \times Q) \) where
- \( CDFS \) = combined deliverability and funding score
- \( P \) = a score equivalent to the NPV in millions of the franchise payments due from DfT to the bidder
- \( Q \) = the quality score expressed as a score our of 100
- \( n \) = 33

Maximum quality scores and increments by delivery plan

<table>
<thead>
<tr>
<th>Delivery plan</th>
<th>Delivery plan weighting</th>
<th>Max quality score – expressed in £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Franchise management</td>
<td>7.5%</td>
<td>248</td>
</tr>
<tr>
<td>Train service delivery</td>
<td>40.0%</td>
<td>1,320</td>
</tr>
<tr>
<td>Delivering the Thameslink Programme</td>
<td>15.0%</td>
<td>495</td>
</tr>
<tr>
<td>Marketing, fares, ticketing and revenue protection</td>
<td>15.0%</td>
<td>495</td>
</tr>
<tr>
<td>Improving the customer experience</td>
<td>22.5%</td>
<td>742</td>
</tr>
<tr>
<td></td>
<td><strong>100.0%</strong></td>
<td><strong>3,300</strong></td>
</tr>
</tbody>
</table>

*Source: DfT’s TSGN invitation to tender*
Bid submissions

The winning bid was determined by the lowest Combined Deliverability and Funding Score (CDFS).

<table>
<thead>
<tr>
<th></th>
<th>Govia</th>
<th>Bid B</th>
<th>Bid C</th>
<th>Bid D</th>
<th>Bid E</th>
</tr>
</thead>
<tbody>
<tr>
<td>P = Price</td>
<td>6,891</td>
<td>7,243</td>
<td>7,470</td>
<td>7,443</td>
<td>7,459</td>
</tr>
<tr>
<td>Q = Quality</td>
<td>62.55</td>
<td>53.12</td>
<td>55.92</td>
<td>54.96</td>
<td>51.38</td>
</tr>
<tr>
<td>n</td>
<td>33</td>
<td>33</td>
<td>33</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>(n*Q)</td>
<td>2,064.15</td>
<td>1,752.96</td>
<td>1,845.36</td>
<td>1,813.68</td>
<td>1,695.54</td>
</tr>
<tr>
<td>CDFS</td>
<td>4,826.85</td>
<td>5,490.04</td>
<td>5,624.64</td>
<td>5,629.32</td>
<td>5,763.46</td>
</tr>
</tbody>
</table>

- Scored highest on both quality and price
- All bids contain different elements and can’t be compared directly
- Our operational plan was ‘win-win’ on both price and quality
- Franchise incumbent
- Network knowledge

*Source: DfT Freedom of Information request*
Running GTR

Charles Horton
GTR, Chief Executive Officer
Running GTR

- The new franchise
- Delivering change
- Thameslink Programme
- Growing the business

Managing the business and delivering customer priorities – Dyan Crowther

- Our targets
- Incentives
- Investment
- Operational delivery
UK’s biggest rail franchise

6,500 employees

£1.3bn annual revenue

237m passenger journeys

£50m investment in stations

50% increase in capacity

1,398 new train carriages
An exciting programme

- New trains
- More reliable and faster services
- Effective major project delivery
- Easier and better information
- Responsive to customer priorities
- Engaged and invested in employees
A bit about the contract

- DfT receives all passenger revenue – we are entrusted with raising it on their behalf
- GTR bears full cost risk - we need to be as efficient as possible
- Key incentives around train performance, service quality (on trains and at stations) and revenue protection – we need to deliver
- Up to £25m for key performance milestones in Thameslink Programme – we need to work effectively with our partners
A busy first year is already underway

- Creation of a new business
- Multiple transition dates
- New leadership team
- Cultural integration
- Changing railway infrastructure
- Committed obligations programme

14 Sept 2014: Franchise starts: Thameslink and Great Northern services (ex FCC)

21 Dec 2014: Southeastern joint services (and seven stations) transfer in

26 July 2015: Southern and Gatwick Express services integrated into GTR franchise
First 100 days - priorities

- **Establishing the company and its capacity to deliver**
  - Profitability: ‘bid to actual’ financial reconciliation
  - Corporate governance: implement risk management, delegated authorities
  - Organisation structure, systems and processes
  - Thameslink Programme: establish team

- **Delivering the passenger service and early franchise commitments**
  - Driver resourcing and training strategy
  - Franchise compliance system
  - Successful integration of Southeastern services and stations
  - Rolling stock: introduce Class 387s, procure Gatwick Express fleet and agree strategy for Moorgate

- **Creating momentum and direction**
  - Cascade company objectives, goals and targets
  - Employee engagement: identify and plan activities
  - Stakeholder relationships: create framework and strategy
  - Operational performance: stabilise and establish reporting systems
Worth remembering

“It ought to be remembered that there is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things. Because the innovator has for enemies all those who have done well under the old conditions, and lukewarm defenders in those who may do well under the new.”

Niccolò Machiavelli
Il Principe (written c.1505)
It’s all about people

- Change and integration programme
- £9.8m for staff training and development
- Leadership development
- Investors in People – aiming for Champion status
- Employee engagement, annual surveys, staff recognition
- Apprenticeships and graduate placements
Engaged employees throughout the business

‘It’s always sit, stay, heel...

...never innovate, think for yourself’

Peter Steiner The New Yorker Collection/The Cartoon Bank
Thameslink Programme - the centrepiece

- Government sponsored £6.5bn investment
- More capacity, more journey opportunities, better reliability and transformed stations
- Our task is to integrate train operations with the new systems and infrastructure
- Introducing 1,140 new Siemens Class 700 vehicles and commissioning new depots
- First use of Automatic Train Operation (ATO) on UK heavy rail

26% more carriages
10,000 extra morning peak seats
50% more capacity
Effective project delivery

- Dedicated Programme Office - Arup appointed as programme delivery partner
- Collaborative project working with the DfT, Network Rail and Siemens
- Expertise from Keolis and SNCF in comparable projects in Paris and Lyon
- Close working with Network Rail to ensure effective customer communication
- Utilising TfL Travel Demand Management as pioneered during London 2012
Crossrail interchange at Farringdon

London Bridge station complete

24 trains per hour through the core

New Moorgate trains

20 trains per hour through core

New operating systems in effect

All new Thameslink trains delivered

New Thameslink trains start to be delivered

Hornsey depot commissioned

Three Bridges depot commissioned

London Bridge blockade starts

Franchise starts

Key dates:

- 2014: Franchise starts
- 2015: London Bridge blockade starts, Three Bridges depot commissioned
- 2016: New Thameslink trains start to be delivered, Hornsey depot commissioned
- 2018: New operating systems in effect, All new Thameslink trains delivered, 20 trains per hour through core, New Moorgate trains, 24 trains per hour through the core, London Bridge station complete, Crossrail interchange at Farringdon
Growing the business

- GTR responsible for growing revenue
- Fares policy all regulated by DfT
- Roll out of smartcard ‘the key’ across the franchise area; innovation including single-leg pricing, trials of flexible season tickets and advance tickets based on ‘time zones’
- Oyster Pay As You Go (PAYG) extensions as far as Epsom, Gatwick Airport, Luton Airport, Welwyn Garden City and Hertford North
Marketing

- Annual budget of £12.5m set by DfT, marketing plans developed by GTR and approved by DfT
- Investing in e-CRM capability
- Personalised offers to maximise yield
- Joint marketing with Gatwick and Luton Airports
- Exploiting opportunities presented by Thameslink Programme and Crossrail
What does success look like?

**Four key elements:**

- Delivering a quality product
- Keeping our promises
- Being a good delivery partner for the Thameslink Programme
- Managing costs effectively
Go-Ahead Rail Investor Event
21 October 2014
Delivering our plans

Dyan Crowther
GTR, Chief Operating Office
Delivering through partnership
A transformation...

By the end of the franchise in 2021:

- Overall passenger satisfaction up by 4% to 86%, the highest level ever achieved on the route
- Public Performance Measure (PPM) up by over 2.5%
- Demand up by 43.3%, and revenue up by over £1.2bn per annum
- Controllable cost per vehicle mile down by 7% by the end of the franchise; and
- Safer operations, measured by continuous improvement in our safety KPIs
Incentive structure

**Passenger experience**
Service based quality measures and passenger satisfaction (incentive and penalty regime)

**Performance**
Targets for punctuality and reliability (incentive/penalty) and short formations (penalty)

**Revenue protection**
Targets to deliver reductions in ticketless travel (incentive/penalty)
Achieving transformation

- Route based leadership
- Collaboration
- Empowerment
- Optimised systems and processes
- Investment
- Strong operational plan
- Innovation
Our structure for delivery

- GTR
  - Gatwick Express
  - Southern
  - Thameslink
  - Great Northern
Investment

- Three new fleets of trains
- Stations - £50m to enhance all 239 on the network
- People - £10m for training and development
- Customer information - higher quality, better systems, more real-time information
- Technology – app and website development, mobile systems to support customer service
- Innovation - £1m fund for customer led information development
Three new train fleets

- 1,140 new Siemens vehicles for Thameslink routes (2016-2018); UK’s largest fleet order
- New trains for Gatwick Express (by 2016). 108 vehicles specifically designed for the service and including free WiFi
- New Metro trains for Moorgate services in 2018. 150 new high capacity vehicles
- Introduction of newer trains (Class 377) on Cambridge and Kings Lynn route (by 2017)
Strong operational plan

- Entering into an Alliance arrangement with Network Rail, with the creation of joint teams to manage performance and reliability
- Brighton Main Line timetable restructuring in December 2015 will assist performance through better service spacing and longer turnarounds
- Co-location in Three Bridges Route Operations Centre
- Transforming driver training
- Our international experience from Keolis and SNCF will assist in ensuring reliable use of Automatic Train Operation
Automatic Train Operation (ATO)

- First use on UK national rail
- ATO enables reliable operation of 24 trains per hour in central London core
- ATO maximises available speed profile between stations, provides consistent operating performance and reduces station dwell time

ATO operates between these two points
Investing in stations

- Investment of £50m across all our station, including new retail facilities, information screens, new and upgraded toilets, additional CCTV
- Significant enhancements planned for St Albans and Luton stations. Development funding for Stevenage
- £1m annual fund for improvements to small stations, customers to determine priorities
- First to last staffing at 101 busiest stations
- Free WiFi at 104 stations
- Ticket purchasing, customer information, help point and shelter facilities at all stations
Better customer information

- Customer app with train loading information, door to door journey planning, car park availability
- 22 new interactive touch screens
- Real-time train running updates (including Tube) on all trains
- 24/7 real-time social media communications
- Real-time information on rail replacement buses
- £1m information innovation fund
Collaboration with partners

- **Network Rail** – alliance to include joint working on service enhancements, network development and driving down whole industry cost

- **Transport for London** – partnership working on customer experience, station developments, operational and timetable coordination, maximising opportunities from Crossrail interchange

- **Gatwick Airport** – partnership working on new trains introduction, station development, marketing, operational integration – to improve rail mode share

- **Luton Airport** – partnership working on making rail travel easier, new overnight services, improved retail facilities, marketing – to improve rail mode share
Listening to customers

- ‘Connections’ – customer report published twice a year
- Regular Meet the Manager events, and roadshow events at non-railway venues
- Online 'Passenger Panel’ for customers to voice opinions, give feedback and respond to surveys
- ‘Customer Cabinets’ to provide advice on customer strategy, with own communications resource
- Online voting exercises
- Online initiatives for young people, senior citizens and flexible workers
Achieved through collaboration and partnership
Financial models

Keith Down
Go-Ahead Group Finance Director
GTR franchise

- Six weeks in – no significant cost variations against bid
  - Mobilisation costs in line with plan at c.£3m
  - Working capital inflow of c.£40m in respect of season ticket monies, treated as restricted cash
  - Assets acquired from incumbent in line with expectations
- Target average operating profit margin of c.3% over the franchise term after estimated annual non-cash margin impact of c.1% for IAS 19 (revised) pension costs
- Margins expected to be largely stable over the contract life
GTR revenue

- Revenue = franchise payments + ancillary revenue
- Govia will work with the DfT to generate passenger revenue of an estimated £12.4bn over the life of the franchise for the benefit of the taxpayer. Franchise payments from the DfT to Govia will amount to an estimated £8.9bn, with an anticipated NPV of £6.8bn*
- The DfT receives all passenger revenue and performance payments for network disruption
- Franchise payments are contracted at 30 September 2014 prices and are largely indexed at RPI
- Ancillary revenue includes services such as car parking and advertising, and property and station income.

<table>
<thead>
<tr>
<th></th>
<th>Franchise payments £m</th>
<th>Ancillary revenue £m</th>
<th>Total revenue £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014/15</td>
<td>350</td>
<td>15</td>
<td>365</td>
</tr>
<tr>
<td>2015/16</td>
<td>1,125</td>
<td>70</td>
<td>1,195</td>
</tr>
<tr>
<td>2016/17</td>
<td>1,200</td>
<td>70</td>
<td>1,270</td>
</tr>
<tr>
<td>2017/18</td>
<td>1,325</td>
<td>85</td>
<td>1,410</td>
</tr>
</tbody>
</table>

*Based on DfT discount rate of 3.5% in real terms
GTR performance regimes

- Annual performance incentive regime for:
  - Ticketless travel
  - Cancelled services
  - Train capacity
  - Train delays
  - Passenger experience at stations and on trains
- Model assumes no net benefit
- Individually, penalties would not have a material impact on franchise performance
- Thameslink Programme milestone incentives
  - Early delivery of Thameslink Programme milestones
  - Some scope for sliding scale payments but largely definitive milestones

Thameslink Programme milestones

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Potential income £m</th>
<th>Payment date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signalling systems</td>
<td>2.5</td>
<td>Feb-18</td>
</tr>
<tr>
<td>ATO operational</td>
<td>2.5</td>
<td>Mar-18</td>
</tr>
<tr>
<td>20 trains per hour</td>
<td>10.0</td>
<td>May-18</td>
</tr>
<tr>
<td>24 trains per hour</td>
<td>5.0</td>
<td>Dec-18</td>
</tr>
<tr>
<td>Passenger experience (+24 trains per hour)</td>
<td>2.5</td>
<td>Final franchise year</td>
</tr>
<tr>
<td>Delays (+24 trains per hour)</td>
<td>2.5</td>
<td>Final franchise year</td>
</tr>
<tr>
<td>Total</td>
<td>25.0</td>
<td></td>
</tr>
</tbody>
</table>
GTR financial risk

Cost base over contract life c.£9.1bn

- DfT retains passenger revenue risk (full upside and downside)
- Govia bears cost and ancillary revenue risk
- Following mobilisation, rolling stock costs fixed, in line with bid model
- Over 50% of cost base now largely known for duration of the contract
- Therefore, largest variable cost items are staff and operating costs
- Aside from the performance regimes, key cost risks include integration, staff, electricity and cost saving initiatives
- The cost structure is no different to a typical franchise, but may be less stable due to Thameslink Programme transformation
GTR capital structure and commitments

- Subscription for £5m of share capital
- Two subordinated contingent loan facilities totalling £136.4m to support working capital and capital investment
  - £63.9m: unbonded
  - £72.5m: 50% bonded
  - Given the expected cash flow profile of the franchise it is not anticipated that these facilities will be materially drawn over the franchise life
- Season ticket bond
  - 100% cash backed, dependent on season ticket income
  - Expected to increase from c.£40m to c.£95m on the integration of Southern
- Performance bond: £20m
- Govia will be directly funding c.£40m of investment on franchise initiatives over the franchise term. Most of which will be in the first two years
Southeastern direct award contract

- Began direct award contract on 12 October 2014 – runs to June 2018
- Possible extension of up to seven periods at DfT’s discretion
- Total revenue over life of the contract expected to be c.£3.1bn (c.£800m in 2015/16)
- Passenger revenue over contract expected to be £2.9bn
- Revenue growth assumption - 6.9% CAGR on current economic growth model of around 2%
- Margins of c.3% expected over the franchise term after estimated annual non-cash margin impact of c.1% for IAS 19 (revised) pension costs
- Will receive DfT subsidy for the duration of the contract
- Profit share arrangement in place
- Held harmless for London Bridge disruption – DfT arrangement in place
Summary

GTR
- Prudent economic assumptions
- Financial risks manageable based on our detailed operational knowledge
- Financial discipline key to managing net cost base through Thameslink Programme and franchise integration
- Dependent on new performance regimes

Southeastern
- Business as usual under new franchise terms

Rail outlook
- Future profitability enhanced by successful delivery of GTR and Southeastern
London Midland

£375.9m revenue

64m passenger journeys

2,300 employees

Direct Award Contract to June 2017 under discussion with the DfT
Southeastern direct award contract

David Statham
Southeastern, Managing Director
A proud history

ATTRACTION 1/3 MORE PASSENGERS

INTRODUCED THE UK’S FIRST DOMESTIC HIGH SPEED SERVICE
A challenging environment

Chaos reigns on the trains after more landslips

BY RICHARD GLADSTONE
richard.gladstone@prnewswire.co.uk
@gladstonrj

FURIOUS passengers were left waiting for hours for rail replacement buses after another landslip in Wadhurst crippled the main train route into Hastings on Friday afternoon (January 17).

People were left stranded at Tunbridge Wells station in the cold in the evening, with tempers becoming increasingly frayed.

was a total joke.

“A coach eventually arrived and it was complete bedlam, with people pushing and shoving each other, arguments breaking out, and all because there was no control on where passengers should queue.

“I finally got on a coach at just gone 7pm. But when we finally got to Robertsbridge we were told there were no trains for at least another 45 minutes, so the coach went on to call at all stations to Hastings, except Crowhurst.

“I walked in my front door at 9.05pm, the longest it’s ever

said: “Unfortunately bus operators do not have a fleet of buses on standby and this is particularly difficult during peak periods, which was the case on Friday afternoon.

“There was also a major road accident on the A21 which delayed buses even further. We apologise to all affected customers and understand it was an extremely problematic journey home. All passengers whose journeys were delayed by 30 minutes or more are entitled to compensation.”

Chris Denham, spokesperson for Network Rail, said: “It has
Customers’ priorities

- Price of train ticket offers better value for money
- Passengers always able to get a seat on the train
- Train company keeps passengers informed about delays
- More trains arrive on time than happens now
Taking care of our customers
Value for money and new fares

New fares offering value for money

• Introducing more discount fares for off-peak (including web-based advance fares)
• Working with TfL to:
  – Extend Oyster to Dartford and Swanley
  – Introduce Oyster as payment for high speed journeys between Stratford and St Pancras
Growing our business

- Full revenue risk - no revenue support
- Brand development
- A real focus on marketing
  - Development of customer relationship management
  - Promoting off-peak fares
  - Destination and event-based promotions
  - Partnership marketing
- PR campaigns to enhance reputation
- 24/7 Twitter coverage

PRICE OF TRAIN TICKET OFFERS BETTER VALUE FOR MONEY
A timetable focused on passengers’ needs

Timetable and service improvements

- Increased high speed peak services creating extra capacity
- Additional evening and weekend Metro services to London Victoria
- Additional fast Hastings service
- Direct off-peak services between Maidstone East and Canterbury West
- New peak services between Maidstone East and Blackfriars
- Working together with Network Rail to identify actions to improve train performance by improving infrastructure management
Punctuality and reliability

Infrastructure improvements
- Infrastructure currently accounts for 70% of delays
- Removing speed restrictions
- Better performance in autumn and winter
- A focus on London Bridge
- Critical assets

Southeastern improvements
- More reliable trains
- An improved timetable

Working together with Network Rail
- Joined up planning
- Shared technology
Better information to passengers

Transformed technology and information

- iPads for drivers, onboard and gateline staff to ensure better access to service information
- 20 new customer information screens at key stations
- Improvements to the Southeastern website and mobile journey planning app ‘On Track’
More staff to help our passengers

**Additional staff**

- Over 100 additional staff within the first four months of the franchise:
  - Hiring and deploying extra gateline employees
  - New post for Thameslink Programme communications
  - Additional employees at Cannon Street for the extended opening hours
- Additional people at key stations during major timetable changes to provide information and assistance to customers
At the heart of the community

Greater investment for strengthened partnerships and green initiatives

- Increased funding for Kent Community Rail Partnership
- Expansion of the CitySafe Haven scheme – principal transport partner
- Introducing new measures to enhance green credentials, including solar panels and biomass boilers

Data transparency

- Publishing Public Performance Measure (PPM) Data by line of route
- Quarterly environmental performance report
- Publishing Customer Service Engagement Strategy and six monthly customer report
An improved travelling environment

**Improved stations**
- Investing a further £4.8 million in station improvements
- Deep clean all stations by 2015
- Upgrading passenger information systems
- Enhancing the Eyewitness and CCTV monitoring service
- 63 additional ticket vending machines
- Ticket gates at Staplehurst and Swanley

**Enhanced trains**
- Extensive interior refresh to 112 Electrostar trains
- Improving accessibility on 190 Networkers
An exciting future...

- New franchise contract brings
- Major opportunities and challenges over the next 3-4 years
- Significant benefits for passengers, shareholders and taxpayers
Northern and Transpennine Express (TPE) franchises

**Northern**
- **Shortlist**
  - Govia (65% Go-Ahead/35% Keolis)
  - Abellio (current incumbent with Serco)
  - Arriva
- **Franchise facts**
  - Annual revenue c.£600m
  - Around 6% of UK rail journeys
  - Eight to ten year contract term

**TPE**
- **Shortlist**
  - Keolis Go-Ahead Ltd (65% Keolis/35% Go-Ahead)
  - FirstGroup (current incumbent with Keolis)
  - Stagecoach
- **Franchise facts**
  - Annual revenue c.£300m
  - Around 2% of UK rail journeys
  - Seven to nine year contract term

**Timeline**
- **2014**: ITT expected in December 2014
- **2015**: Bid submission expected in April 2015
- **2016**: Contract expected to be awarded in October 2015
- **Contract start date**: February 2016
Opportunities

- Pipeline of opportunities
- Similarities to existing franchises
- Good counter-weight to existing risk exposure
- Partnership working is key
- Projects and change management – electrification, Northern Hub, rolling stock cascades
- Stakeholder management
Stakeholder relationships

- The DfT will lead on procurement and be responsible for decision making. Rail North, a partnership of 33 local authorities, will influence the specification and manage the franchise after it is awarded.

- Rail North’s strategy focuses on:
  - Wider economic benefits from transport investment
  - Social benefits through Community Rail

- Large number of stakeholders
  - Five core cities: Leeds, Liverpool, Manchester, Newcastle, Sheffield
  - Others include: Bradford, Salford, Sunderland, Wakefield
Summary

- Mix of leisure, commuter and business passengers
- Diversification of rail income stream beyond south east England
- Revenue risk is expected to be borne by the franchisee but significant subsidy remains
- Typical franchise cost risks including staff costs
- Dependent upon Network Rail (construction of Northern hub infrastructure), DfT’s national rolling stock cascade plan, other infrastructure and rolling stock projects
- Timing around general election could result in changes to the bid programme
- Large franchises with stable income
Q&A

Download our IR iPad app and follow us on Twitter and Facebook