

Go-Ahead Rail Investor Event and Q1 Interim Management Statement

21 October 2014

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Welcome

14.00	Q1 Interim Management Statement	Keith Down Go-Ahead Group Finance Director
14.30	Introduction	David Brown Go-Ahead Group Chief Executive
	Rail bidding	Charlie Hodgson Go-Ahead Managing Director – Rail Development
	Running GTR	Charles Horton GTR Chief Executive Officer
	Delivering our plans	Dyan Crowther GTR Chief Operating Officer
	Financial models	Keith Down Go-Ahead Group Finance Director
15.30	Coffee break	
	Southeastern direct award contract	David Statham Southeastern Managing Director
	Northern and TPE	Charlie Hodgson Go-Ahead Managing Director – Rail Development
	Q&A	
17.00	Drinks and canapes	

Q1 IMS

Keith Down

Go-Ahead Group Finance Director

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Regional bus: Q1 performance

	Revenue	Passenger journeys
	c.5%	c.0%

- 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



London bus: Q1 performance

	Revenue	Mileage
	c.5%	c.-2%

- 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

	Revenue	Passenger journeys
Southern	c.6.5%	c.2%
Southeastern	c.10%	c.6.5%
London Midland	c.2.5%	c.1%

- 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

Q&A

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Our rail business

35% of UK rail passenger journeys

GTR

2014 – 2021

118m passenger journeys
2,500 employees

SOUTHERN

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

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Rail bidding

Charlie Hodgson

Go-Ahead Group Managing Director – Rail Development

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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

Financial Submission

Funding plan, models, record of assumptions

Strategic Submission

Business plans, customer service plans, committed obligations

Legal Submission

Marked-up contracts

Technical Submission

Operational data, timetable, operational rolling stock plan

The Bid Evaluation

Compliance

Tests bid compliance with tender requirements

Quality

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

Price

Expected value to the DfT and tests on the financial stability of the bid entity



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 x 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 out of 100
- n = 33

Maximum quality scores and increments by delivery plan

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

Source: DfT's TSGN invitation to tender



Bid submissions

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

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

- 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

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Running GTR

Charles Horton

GTR, Chief Executive Officer

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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

GTR



UK's biggest rail franchise

6,500 employees

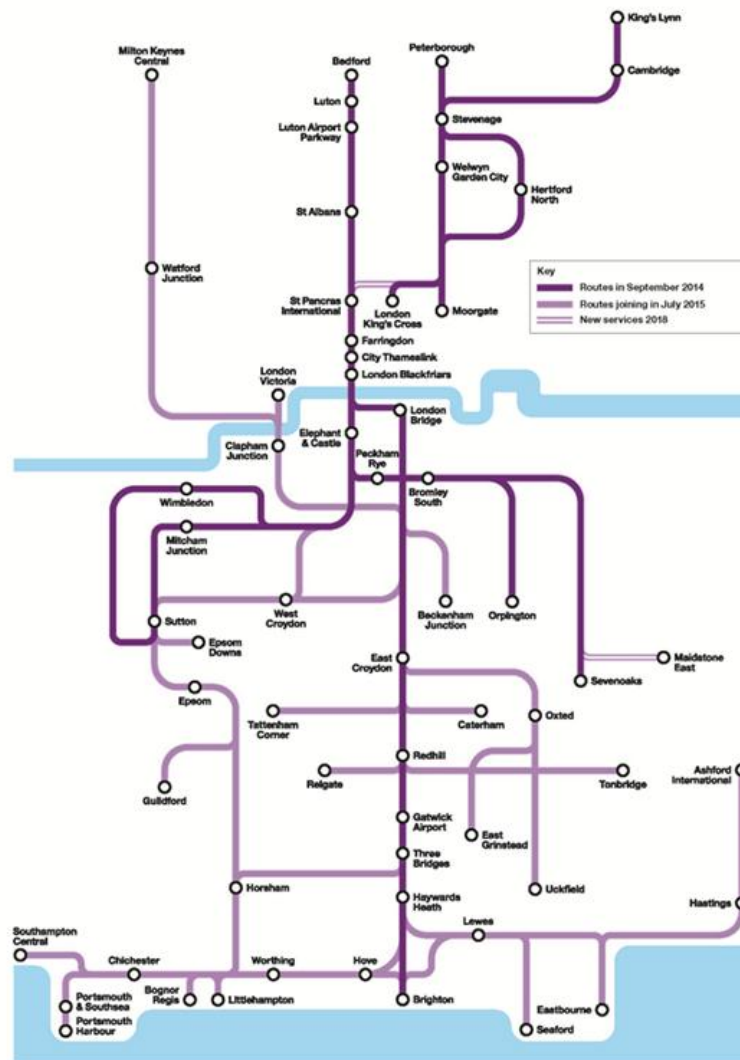
£1.3bn annual revenue

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

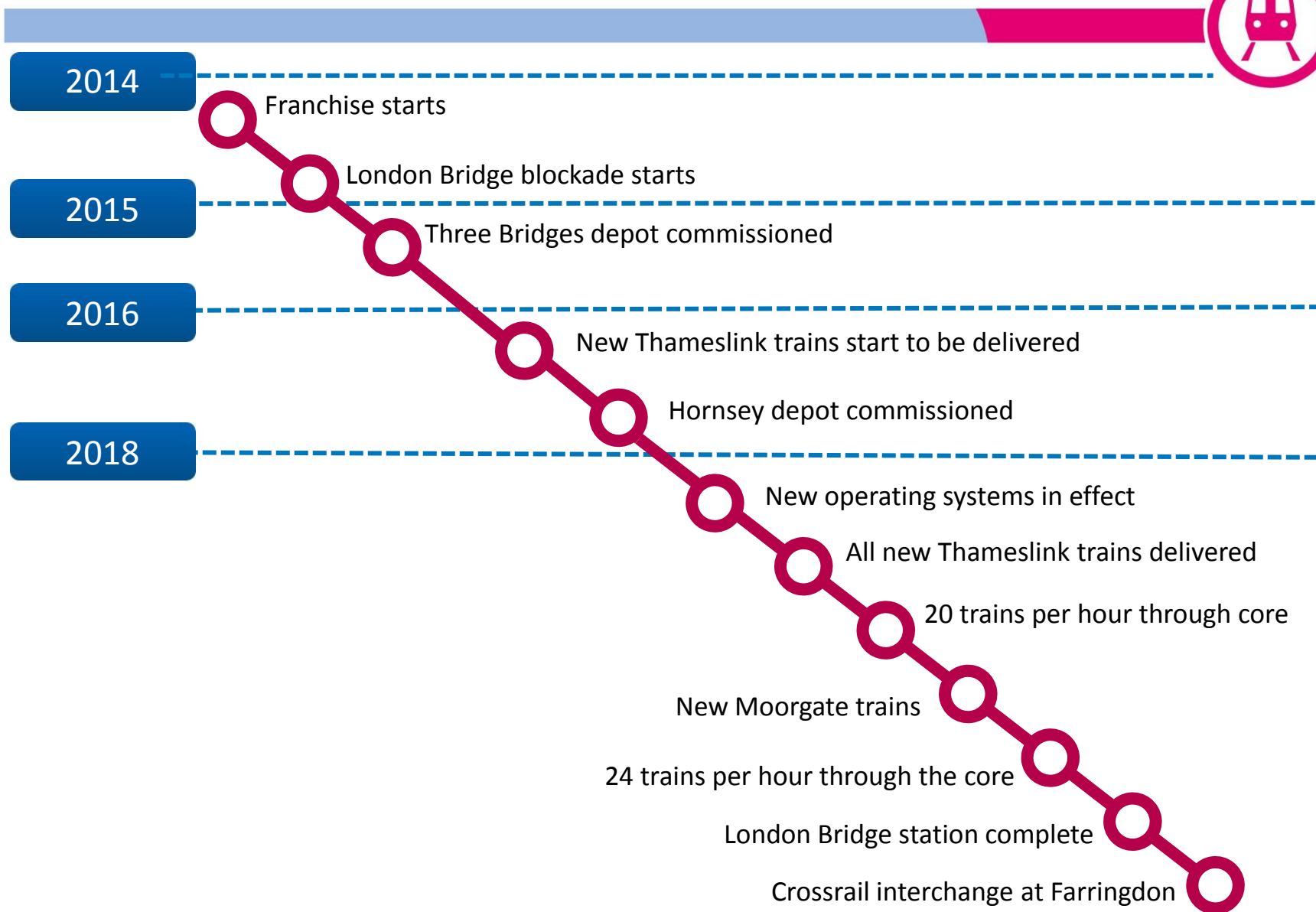




Effective project delivery

- 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







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



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Delivering our plans

Dyan Crowther

GTR, Chief Operating Office

Go-Ahead



Delivering through partnership



SIEMENS



YOUR LONDON AIRPORT
Gatwick



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

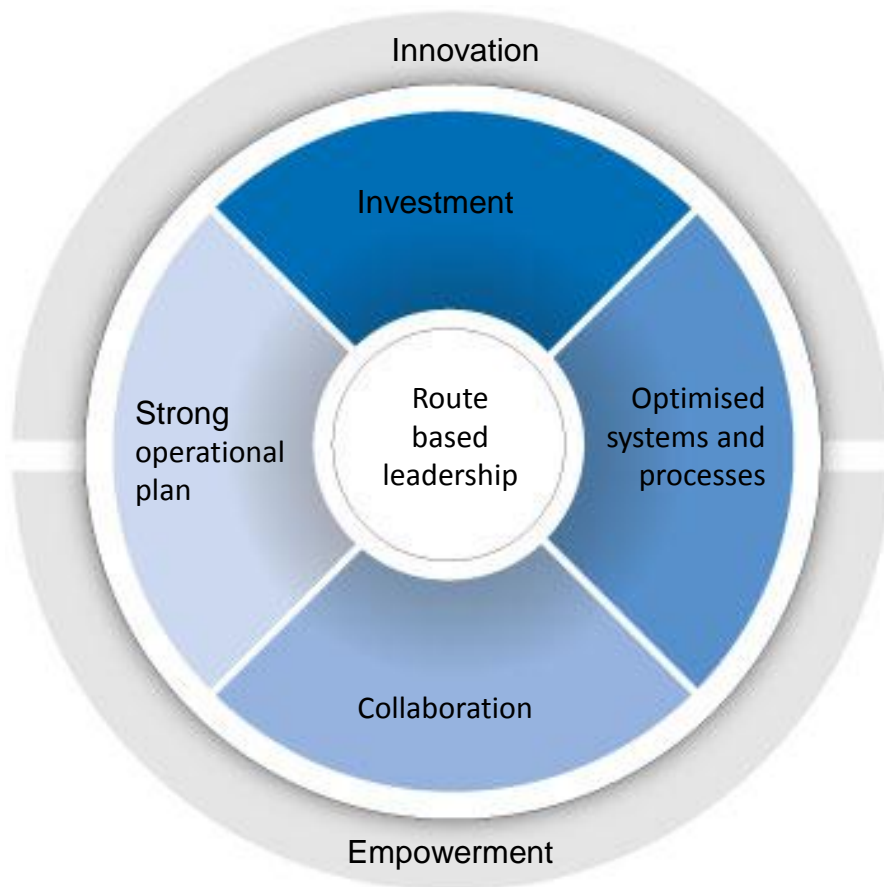
Targets for punctuality and reliability (incentive/penalty) and short formations (penalty)

Revenue protection

Targets to deliver reductions in ticketless travel (incentive/penalty)

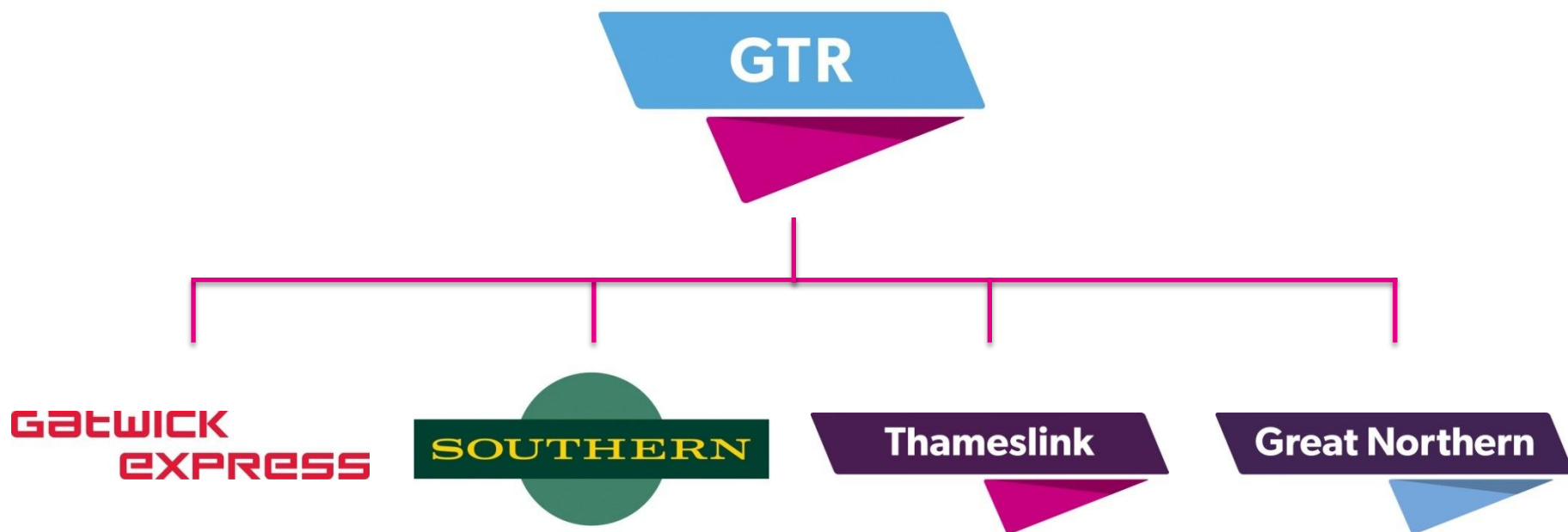


Achieving transformation





Our structure for delivery





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



SIEMENS



YOUR LONDON AIRPORT
Gatwick

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Financial models

Keith Down

Go-Ahead Group Finance Director

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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.

	Franchise payments £m	Ancillary revenue £m	Total revenue £m
2014/15	350	15	365
2015/16	1,125	70	1,195
2016/17	1,200	70	1,270
2017/18	1,325	85	1,410



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

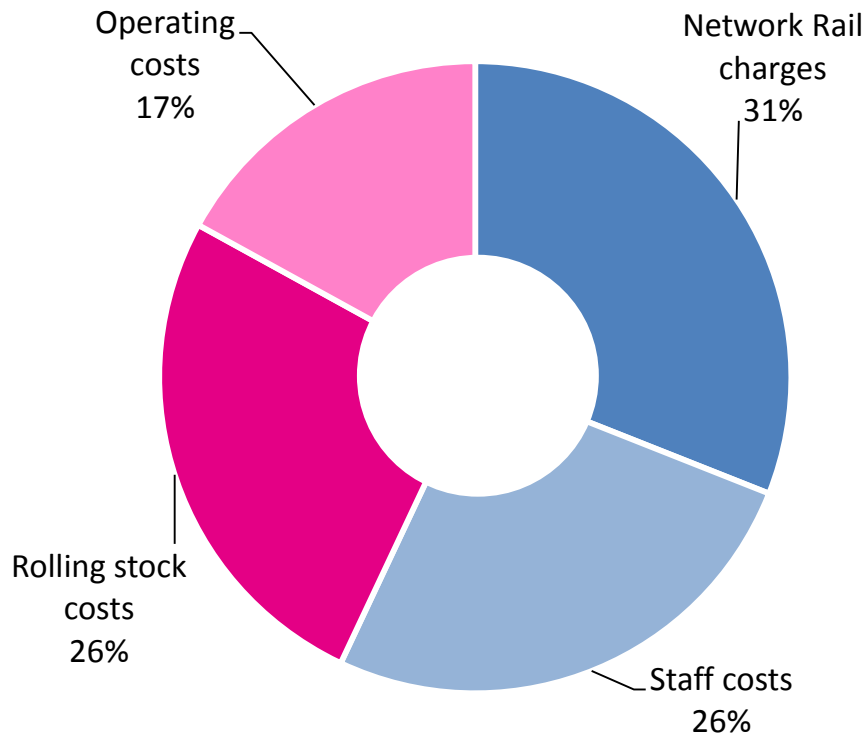
Thameslink Programme milestones

Milestone	Potential income £m	Payment date
Signalling systems	2.5	Feb-18
ATO operational	2.5	Mar-18
20 trains per hour	10.0	May-18
24 trains per hour	5.0	Dec-18
Passenger experience (+24 trains per hour)	2.5	Final franchise year
Delays (+24 trains per hour)	2.5	Final franchise year
Total	25.0	



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

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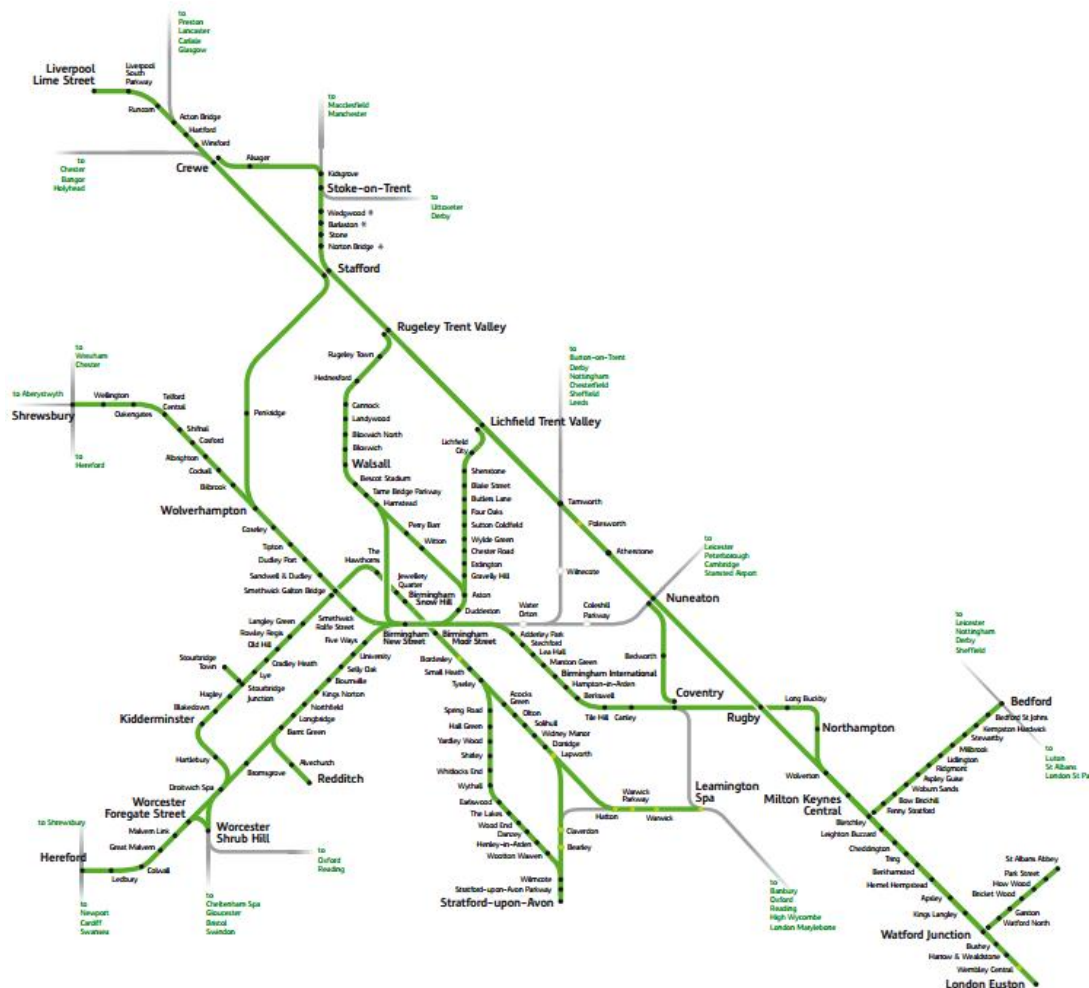
London Midland

£375.9m revenue

64m passenger journeys

2,300 employees

Direct Award Contract
to June 2017 under
discussion with the DfT



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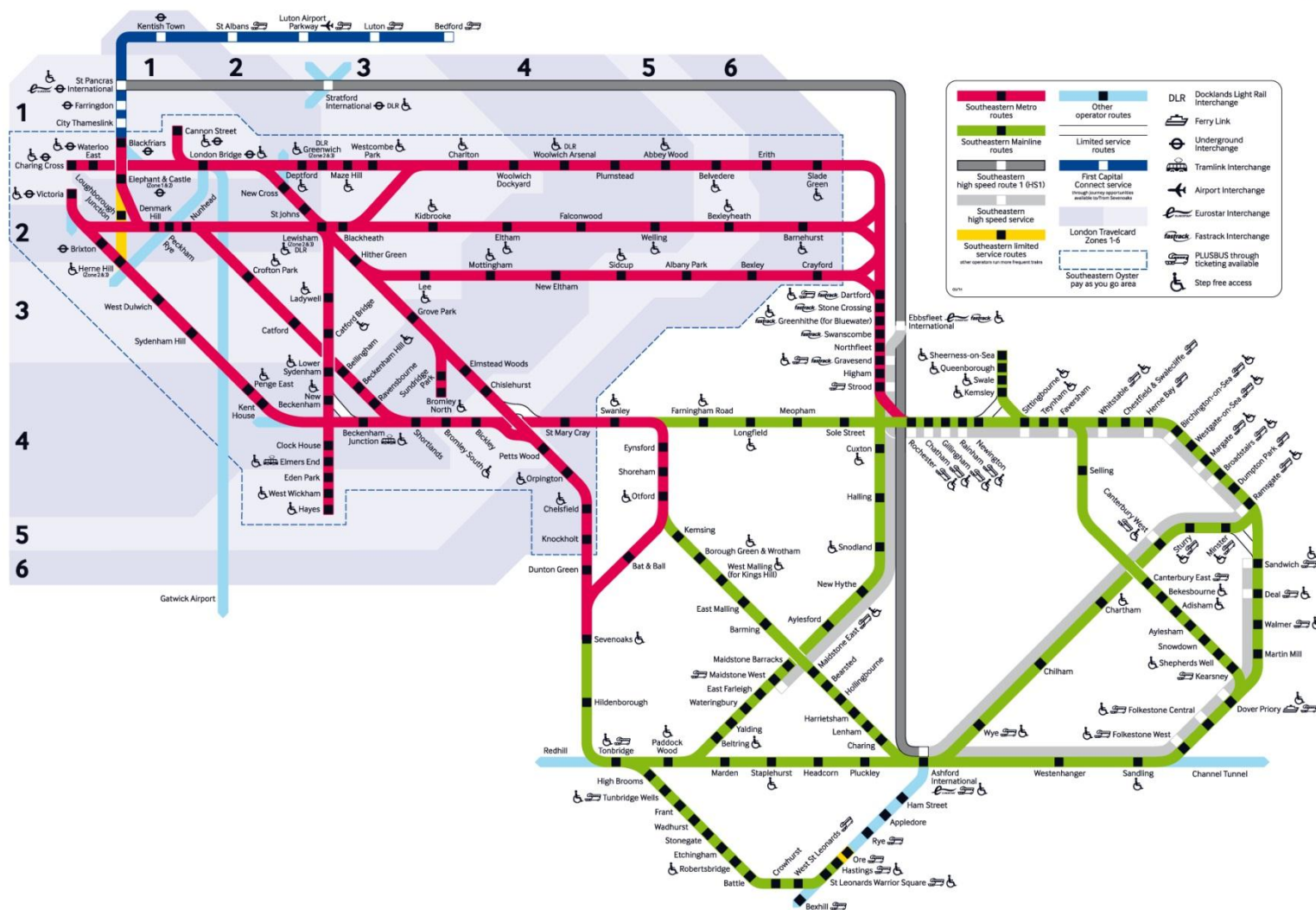
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Southeastern direct award contract

David Statham

Southeastern, Managing Director

Go-Ahead





A proud history



ATTRACTED
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@press.co.uk
@Hastings018

FURIOUS passengers were left waiting for hours for rail replacement buses after another landslide 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 ev-

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.

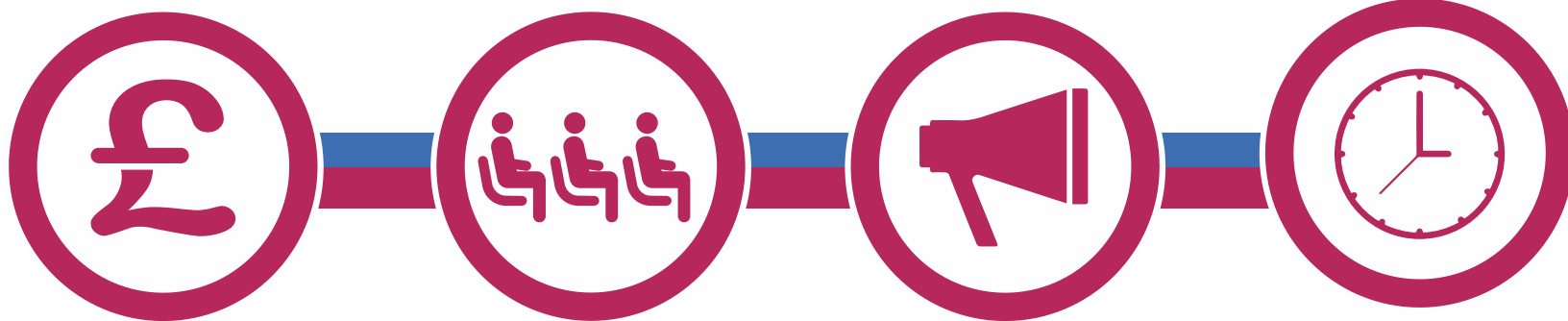
"There was also a major road accident on the A21 which delayed buses even further. We apologise to all affected customers and understand it was an extremely problematic journey home. All passengers whose journeys were delayed by 30 minutes or more are entitled to compensation."

Chris Denham, spokesman for Network Rail, said: "It has





Customers' priorities



**PRICE OF TRAIN TICKET
OFFERS BETTER VALUE
FOR MONEY**

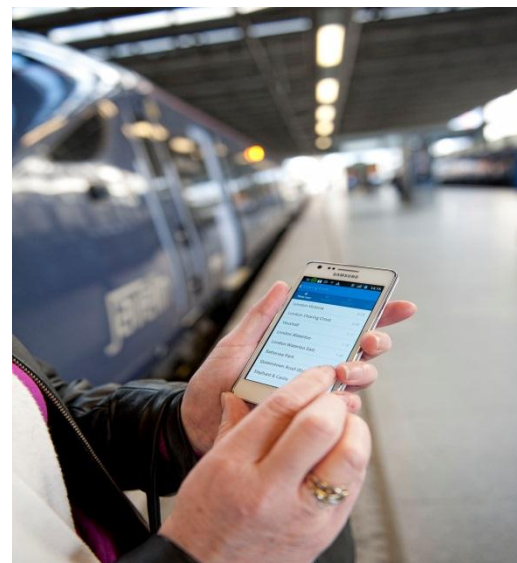
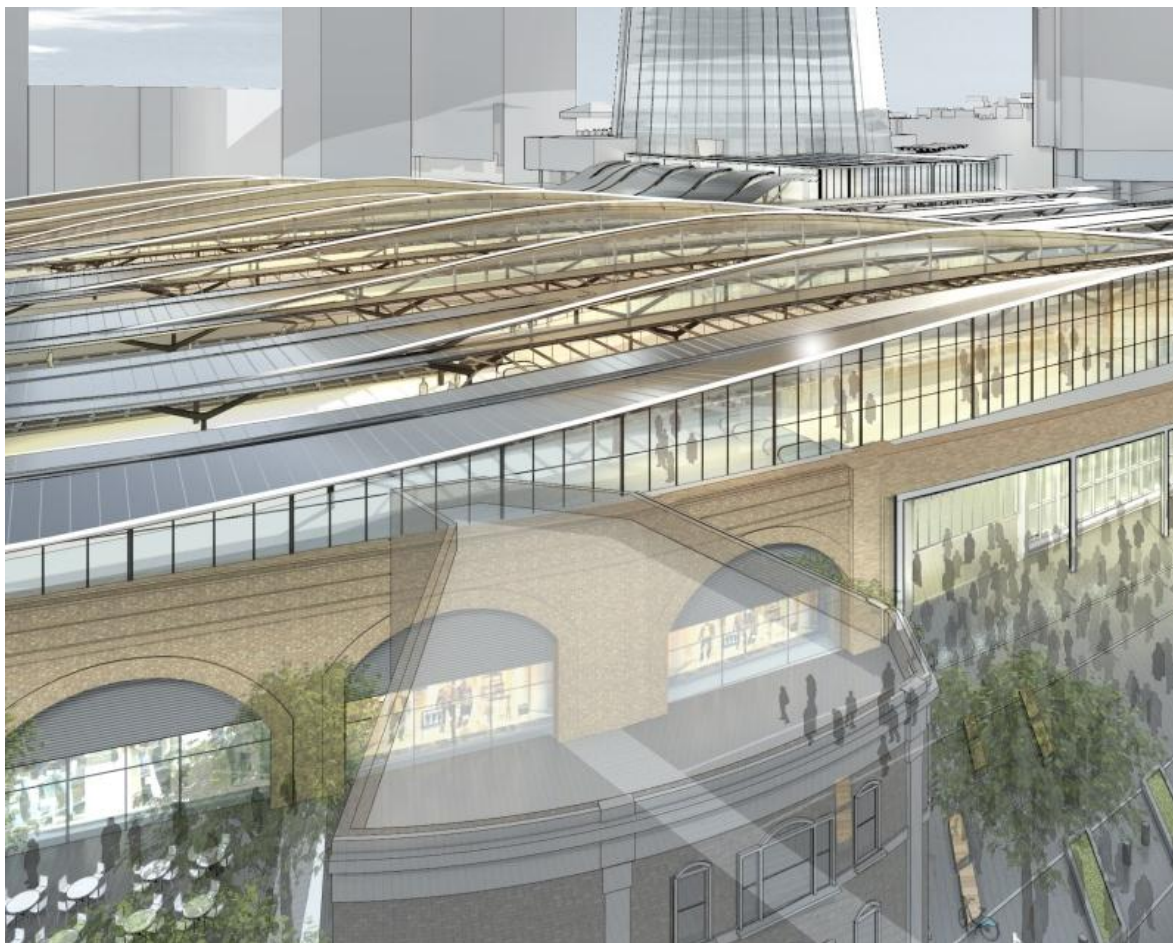
**PASSENGERS ALWAYS
ABLE TO GET A SEAT
ON THE TRAIN**

**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



PRICE OF TRAIN TICKET
OFFERS BETTER VALUE
FOR MONEY

Indulge in gourmet gatherings and save 34% on train tickets with GroupSave.

Book now

For terms and conditions visit southeasternrailway.co.uk/groupsave

The advertisement features a cartoon illustration of four people (three women and one man) sitting around a round table with a white tablecloth, enjoying a meal and drinks. A speech bubble above them says "mmmm!". A hand is shown clicking a "Book now" button.

25% OFF
MANY STANDARD OFF-PEAK
TRAIN TICKETS

**BUY NOW FOR TRAVEL
17 MAR - 21 APR**

BUY TRAIN TICKETS ►

The advertisement shows a blue high-speed train traveling on tracks through a green landscape. In the background, there are stylized buildings, including a cathedral and a clock tower. A banner at the bottom right says "BUY TRAIN TICKETS ►".

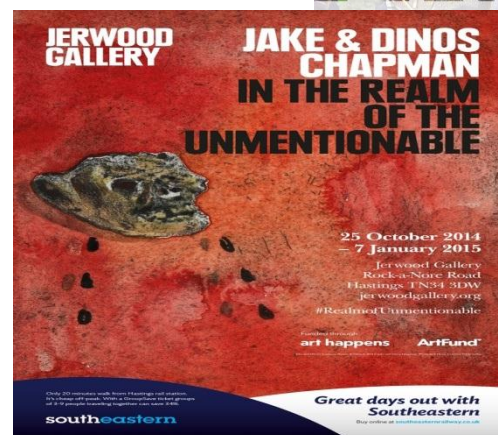


Growing our business

- 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

PASSENGERS ALWAYS
ABLE TO GET A SEAT
ON THE TRAIN





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



TRAIN COMPANY KEEPS
PASSENGERS INFORMED
ABOUT DELAYS

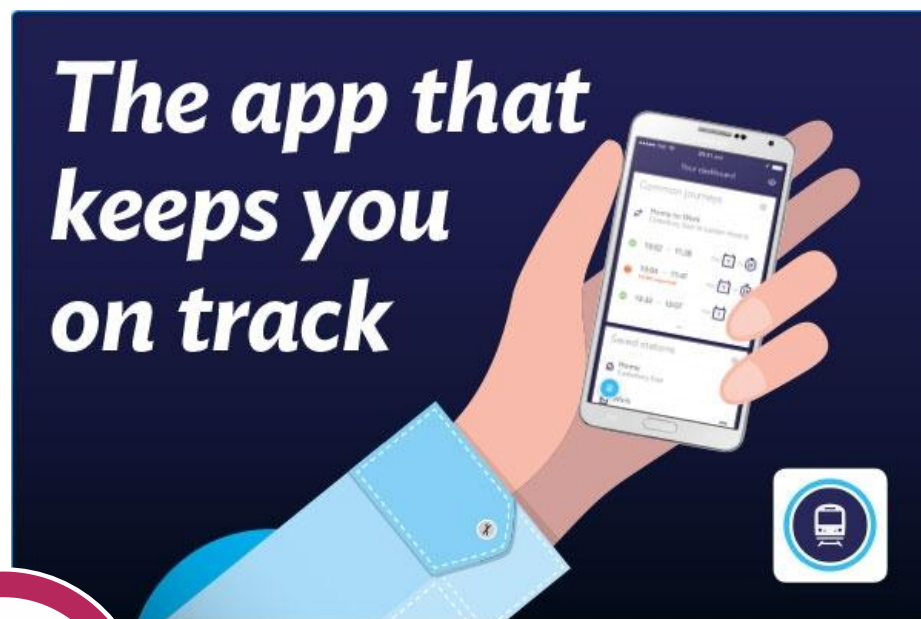




Better information to passengers

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'



**TRAIN COMPANY KEEPS
PASSENGERS INFORMED
ABOUT DELAYS**



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



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Northern and TPE

Charlie Hodgson

Go-Ahead Managing Director – Rail Development

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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

2014

2015

2016

ITT expected in December 2014

Bid submission expected
in April 2015

Contract expected to
be awarded in October 2015

Contract start date
February 2016



Opportunities

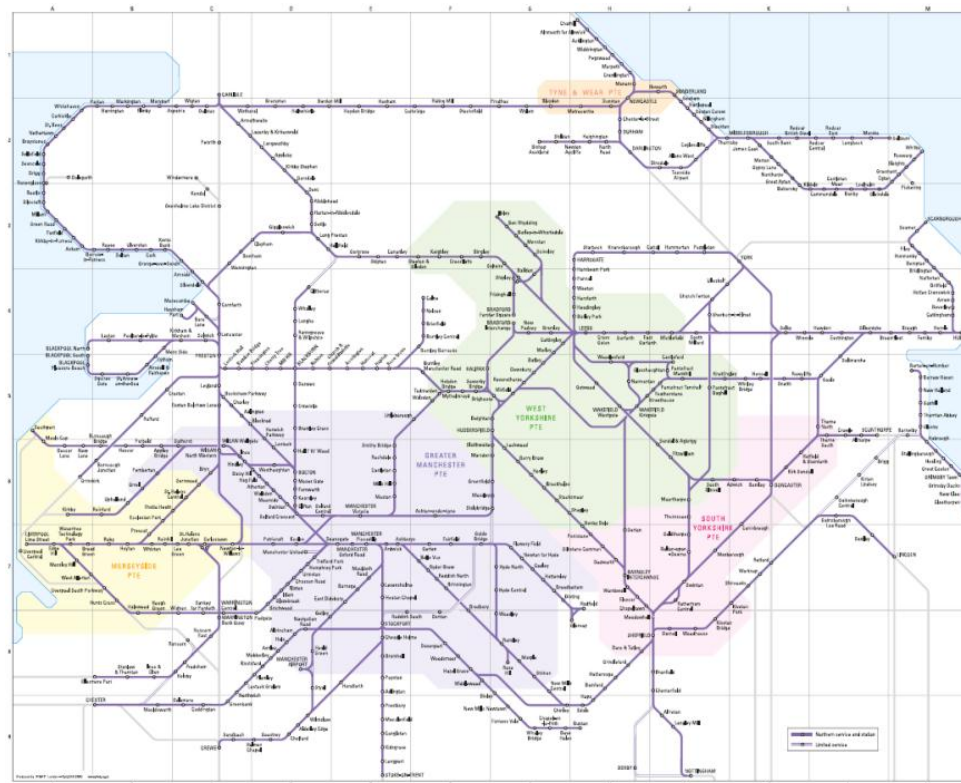
- Pipeline of opportunities
- Similarities to existing franchises
- Good counter-weight to existing risk exposure
- Partnership working is key
- Projects and change management – electrification, Northern Hub, rolling stock cascades
- Stakeholder management





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



Go-Ahead Rail Investor Event

21 October 2014

Go-Ahead



Franchise
Gatwick Express
Southern
Leisure
TransPennine Express
Commuter
Market Share
Punctuality
Business
Future
Sustainability
Go-Ahead
GTR
Southeastern
London Midland
National Rail
Performance
Northern

Q&A

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Go-Ahead