

The Telegraph

Go-Ahead boosted by rail growth but bus costs hit profits

Transport operator Go-Ahead has hailed strong growth in its rail division despite a 12.9pc fall in first-half profit.



Pre-tax profit at Go-Ahead, which runs the Southeastern rail network, fell to £39.2m from £45m

By Nathalie Thomas

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The Newcastle-headquartered group, which operates the Southern, Southeastern and London Midland rail franchises, blamed costs associated with a new deregulated bus contract and a one-off £9m benefit in the previous year's accounts for the profit decline.

Pre-tax profit for the six months to December 31 fell to £39.2m from £45m the last time round. However, revenue across the group was up 5.9pc to £1.2bn as David Brown, chief executive, said the rail business would start contributing to the Treasury's coffers from April.

The London Midland franchise saw record passenger growth of more than 11pc during the period. Mr Brown said that although the franchise is now eligible for revenue support from the Department for Transport (DfT), it would not draw on the state payments.

The DfT is obliged to make up significant shortfalls in revenue after about four years into a franchise under an arrangement known as "cap and collar".

Go-Ahead has submitted initial bids for two further franchises, Thameslink and Essex Thameside, along with its French joint venture partner Keolis.

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A shortlist is expected to be drawn up by April but UK operators such as Go-Ahead are tipped to face stiff competition from foreign bidders.