

May 13, 2012 7:01 pm

## Eurostar eyes expansion across Europe

By Mark Odell, Transport Correspondent



The operator of cross-Channel passenger train services is eyeing an ambitious expansion of its network out of London, by adding up to 10 destinations in four European countries over the next five years.

Eurostar is looking at running services from its base at St Pancras, London, into the Netherlands, Germany, southern France and Switzerland in a direct challenge to airlines that

dominate those markets.

The high-speed train operator has effectively killed off the air travel market between London, Paris and Brussels since starting services between the three cities in 1994, offering much faster journey times between the city centres.

After some teething problems in the early years, it has established an 80 per cent market share between the three cities, carrying 9.7m passengers a year. The time savings offered by the rail link were boosted by the full opening of the high-speed rail line between the Channel tunnel and London, along with its St Pancras International terminus, in 2007.

Nicolas Petrovic, chief executive of Eurostar, is planning to use the creeping liberalisation of European rail markets to launch services across western Europe to destinations including Amsterdam, Frankfurt, Cologne, Lyon, Marseille and Geneva.

“By 2016 and 2017 we would like people when they are thinking about travelling to these cities to consider taking Eurostar rather than flying,” he told the FT.

Eurostar is set to lose its monopoly on high-speed services through the Channel tunnel, with Deutsche Bahn planning to enter the market by the end of 2015.

Mr Petrovich, who took over the top job at the high-speed train operator two years ago, believes the German state rail operator will be joined by at least one other rival and

sees the competition as an opportunity and more of a threat to airlines.

“The key growth area for us is to take market share off airlines and if more [train] operators come in it will grow the whole market for high-speed rail,” he said. In the longer term, Eurostar is looking to set up a second hub, with Brussels the most likely candidate.

Eurostar is 55 per cent owned by SNCF, the French state operator, 40 per cent by the UK government and 5 per cent by SNCB, the Belgium state train company. It was converted into a separate legal entity in late 2010 and reports limited financial data. It reported a 6 per cent jump in revenues last year to £803m and an unaudited net profit of £20.8m.

Eurostar’s planned expansion is timed to coincide with the arrival of 900-seater trains, which it is buying from Germany’s Siemens, from the end of 2014. The €600m order for 10 Valero-D trains caused controversy in France as Eurostar became the first SNCF affiliate to order trains from a rival to France’s Alstom.

The trains will augment Eurostar’s original fleet of 27 Alstom trains, most of which are expected to get a complete refit over the next three years, at a cost of €100m. The move will extend their life by at least 15 years.

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