

Go-Ahead's Southern franchise may miss growth expectations

Britain's double-dip recession has taken its toll on rail travel in the south of England, according to transport operator Go-Ahead.



Passenger numbers on the Southern franchise are forecast to increase 1.5pc in the 12 months to June 30 but growth rates are not as strong as assumed in 2009. Photo: PA

By [Nathalie Thomas](http://www.telegraph.co.uk/journalists/nathalie-thomas/) (<http://www.telegraph.co.uk/journalists/nathalie-thomas/>)

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The bus and train company warned it would likely miss growth expectations on its Southern franchise, which is a vital commuter artery between London and the south coast of England.

Although passenger numbers are forecast to increase 1.5pc in the 12 months to June 30, the company said growth rates were not as strong as assumed in 2009 when the latest franchise governing that line began.

Go-Ahead operates the Southern routes through a joint venture with French company Keolis.

In a statement ahead of its full-year results in September, Go-Ahead said it expected like-for-like revenue growth of 8.5pc on the Southern franchise but warned: "The current economic environment does present challenges going forward as the bid model in 2009 assumed stronger underlying economic growth rates at this stage in the franchise."

Go-Ahead has bid to retain the Southern franchise, which will be combined with Thameslink. It also runs the Southeastern and London Midland franchises through its joint venture, Govia.

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Bids for the next round of franchises are likely to cost the group £6m in the next financial year. Despite the slower-than-expected growth rates in some parts of its rail business, Go-Ahead said it remained confident of delivering full-year results in line with expectations, helped by a strong performance at its bus division, which is concentrated in the south of Britain.

John Lawson at Investec expects Go-Ahead to deliver full-year pre-tax profits of £94m against £97.6m in 2011.

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