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## UK recovery drives jump in Eurostar revenues

By Mark Odell, Transport correspondent



Eurostar, the operator of cross-channel passenger services, said there were signs of a sustained recovery in the UK economy after reporting its best quarterly performance since the downturn hit in 2008.

Nicolas Petrovic, chief executive, said demand in the UK had driven an “impressive” performance in the three months to the end of September, which produced a year-on-year jump in revenues of 10 per cent to £307m on the back of a 5 per cent growth in passenger numbers to 2.7m.

“There is more confidence across the board in the UK amid increasing signs that the economic recovery is beginning to take hold,” Mr Petrovic said.

A better traffic mix helped drive the strong revenue growth with more passengers buying business class and premium standard class tickets. Eurostar, which is 55 per cent owned by SNCF, the French state railway, 40 per cent by the UK government and 5 per cent by the Belgian state, does not break out quarterly profit performance.

In a clear signal that demand was strengthening, Mr Petrovic said Eurostar had increased capacity for the first time in the three summer months since the downturn hit five years ago. The first quarterly rise saw about 2 per cent more seats added to its services.

“It has been a good quarter with strong demand . . . There is a sense of normality returning,” Mr Petrovic said.

In contrast to the rebound in the UK, he said that the French and Belgian markets were still moribund. “France and Belgium are still more muted. We do not see the same situation at all in either country where there is much less confidence in the economy.”

Eurostar is beginning to diversify away from the core cross-channel market between London and Brussels and Paris that it has monopolised since 1994 as it prepares for competition.

Deutsche Bahn, the German state-owned operator, is expected to start passenger services through the Channel tunnel in 2015. In response, Eurostar has announced plans to expand across Europe.

This month, Eurostar said it had reached a commercial deal with Nederlandse Spoorwegen, the Dutch state-owned railway, to start running services from London to Amsterdam, via Antwerp and Rotterdam, from 2016.

Last month, it revealed it had teamed up with Keolis, another SNCF subsidiary, to bid for a domestic UK rail franchise – the East Coast mainline, which connects London to Edinburgh.

Mr Petrovic said Eurostar would be a minority partner and would offer Keolis its expertise in customer service on running long-distance journeys as well as in marketing and distribution.

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