

**TRAINS (UK)**



**DAVID FRANKS**  
CHIEF EXECUTIVE,  
TRAINS DIVISION

**WE OPERATE C2C, CENTRAL TRAINS, GATWICK EXPRESS, MIDLAND MAINLINE, 'ONE' INCLUDING THE STANSTED EXPRESS, AND SILVERLINK. WE PROVIDE 230 MILLION PASSENGER JOURNEYS PER YEAR AND EMPLOY 9,500 PEOPLE.**

**REVENUE**

**£1,497.6m**

(2005: £1,497.2m)

**NORMALISED OPERATING PROFIT**

**£49.1m**

(2005: £64.2m)

Revenue for the year was £1,497.6m (2005: £1,497.2m with normalised operating profit of £49.1m (2005: £64.2m). The reduction in the operating profit primarily related to the transfer of the Great Northern and Wessex franchises in April 2006.

The division experienced a good year with a 6.1% increase in passenger numbers driven by investment in services, good operational performance and strong airport growth.

In the industry's operational performance tables Gatwick Express topped the regional category and c2c retained its position as Britain's best performing rail franchise. Midland Mainline retained its position as the UK's best performing inter city train company as well as Passenger Operator of the Year award winner for 2006.

We have been working to deliver greater value for money to our customers. Off peak discounted fares promotions have been introduced using yield management systems in Midland Mainline ("MML") and these have delivered growth of 20%. MML became the first train operator to launch a new Print@Home facility, allowing customers to purchase and print their train tickets at home. In December the £50m Sheffield Station Gateway Masterplan, a key hub for MML, was completed and in the last quarter of the year, MML moved into the new St. Pancras International station.

In December we made our latest submission on the Brighton Main Line Route Utilisation Strategy, the outcome of which will affect Gatwick Express. Our other London franchises performed well in the period.

At 'one' a £25m modernisation and refurbishment of the mainline inter city fleet was completed. In April a new customer service academy was opened in London. In addition the Stansted Express has seen an enhanced frequency to every 15 minutes and seating capacity to cater for the increased demands of this growing airport. To assist with the increased energy costs that the train industry is facing, a project to introduce regenerative braking onto the 'one' fleet of Class 360 trains is underway.

We have recently submitted our bids for the East Midlands and New Cross Country franchises. We believe we have submitted excellent bids which reflect the aspirations and expectations of customers as well as the financial considerations of the Department for Transport. We have also prequalified for the Inter City East Coast franchise, one of the most prestigious in the UK and look forward to submitting a similarly excellent bid later in the year. Whilst the market for rail franchises remains intense, we are committed to bidding for franchises where we believe long term growth and shareholder returns can be achieved.



**^ C2C - THE UK'S BEST PERFORMING RAILWAY IN 2006 (NATIONAL RAIL TRENDS, ORR)**

**< OUR CUSTOMER SERVICE ACADEMIES PROVIDE A DEDICATED TRAINING RESOURCE FOR OUR PEOPLE**

