

News Release from Network Rail

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RECORD TRAIN PUNCTUALITY AND RECORD INVESTMENT ARE DELIVERED AS NETWORK RAIL ANNOUNCES ITS ANNUAL RESULTS

- TRAIN PUNCTUALITY HITS ALL TIME HIGH - 90.6%
- RECORD LEVELS OF INVESTMENT DELIVERED - £4.7bn
- PROFIT BEFORE TAX £1.5bn

Network Rail today unveiled its preliminary results for the year to 31 March 2009, a year in which the company delivered record levels of investment, strong financial performance with healthy profits reinvested in the railway and train punctuality at a new all time high.

Train punctuality - the number of trains arriving on time - hit 90.6% over the 12 months of 2008/9. This is the first time in the history of Britain's railways that the benchmark of 90% of trains on time has been reached over the course of a year¹.

Unveiling the results, chief executive Iain Coucher said: "Network Rail has delivered a good set of results meeting or exceeding almost all its targets and those set by the Office of Rail Regulation (ORR).

"Train performance is at an all time high, the railways have never been safer to travel on, millions of pounds are being saved from the cost of running the network and billions invested to make further improvements. Our strong focus on innovation and investment to improve our operations and reduce operating costs is driving our performance."

Performance results

Train punctuality is at its highest level since records began with an average of 90.6% of trains arriving on-time over the period. This compares to 78.6% when Network Rail became infrastructure operator in October 2002

The significant 90% mark has been reached for the first time on Britain's railways Network Rail attributed delays were reduced by 600,000 minutes over the last year. A 6.3% reduction to 8.9m down from 9.5m - the lowest level for over a decade and beating the Office of Rail Regulation (ORR) target

Financial highlights

Turnover was £6.16bn, an increase of £200m against the previous year

Operating costs (before depreciation) at £2.5bn are down by £82m in real terms

Profit before tax stable at £1,524m (2007/8: £1,597m)

Profit after tax of £609m down from £1.2bn last year, mainly due to a £524m increase in the deferred tax charge following the abolition of the industrial buildings allowance

Net debt stands at £22.3bn, up from last year's £19.7bn, but maintaining a gearing ratio of 70%, inside the ORR's 85% limit

Record investment in the railway totaling £4.7bn, up from £4bn.

With no shareholders, Network Rail's unique structure enables it to re-invest all of its profits back into the railway. The size of these profits are taken into account and regulated by the Office of Rail Regulation when deciding upon the funding the company needs to carry out its activities.

Efficiencies

4.0% efficiency gains delivered over the year, saving £360m from the cost of running the railway

£1.7bn cut from the costs of running the network over the last five years

27% efficiency delivered since 2003/4, just short of the ORR 31% target

Pensions

Value of the pension fund assets fell by 25% from £2.96bn to £2.21bn

Company's share of pension fund deficit increased from £370m to £664m

Pension costs for the year were £135m, up from £107m in 2007/8

Pension deficit, comparing assets to liabilities, is now 33%, up from 17% last year

An additional, more affordable pension scheme introduced - a career average revalued earnings pension scheme (CARE)

Taxation

Tax charge for the year rose to £915m, up from £408m

All but £9m is deferred tax

Most significant item was £524m cost to the company for the lost benefit of the abolition of the industrial buildings allowance

Projects

£9bn West Coast project completed to time and within budget

Work started on £5.5bn Thameslink programme that will quadruple capacity on one of London's most overcrowded routes

Work on £513m redevelopment of King's Cross well underway

£600m project to rebuild Birmingham New Street about to get underway

Mr Coucher concluded: "Network Rail has had a good year overall and there is always room for improvement. I am acutely aware that customers expect and deserve an ever improving rail service. Over the next five years our service will improve again as we embark upon an ambitious £35bn programme of work to deliver even higher levels of performance, reduce overcrowding and expand and grow the rail network. My vision is for a high performing railway, easy and affordable to access and comparable with the very best railways in the world."

Note to editors:

Train punctuality is measured using the Public Performance Measure (PPM), introduced in April 1996. This measures the on-time arrival of all trains. From April 1992, national train performance was measured using the 'passenger charter'. This measured the punctuality of mainly just peak-hour services. Before 1992, national train performance was not measured or recorded.

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About Network Rail

Network Rail is the 'not for dividend' owner and operator of Britain's railway infrastructure, which includes the tracks, signals, tunnels, bridges, viaducts, level crossings and stations - the largest of which we also manage

We aim to provide a safe, reliable and efficient rail infrastructure for freight and passenger trains to use

Our website: <http://www.networkrail.co.uk>