

**Exit Trainline: Recent events have proven me wrong<sup>1</sup>**

<b>Company:</b>	Trainline (TRN)	<b>Market Cap:</b>	£1.12bn (264p)
<b>Industry:</b>	Railway app	<b>Debt:</b>	£150m
<b>Country:</b>	UK, Europe	<b>Revenue:</b>	£442m
<b>Entry Date:</b>	24 <sup>th</sup> June – 2 <sup>nd</sup> July 2025	<b>Operating profit:</b>	£86m
<b>Dividend:</b>	£75m share buyback (6.25%)	<b>Free cash flow:</b>	£68m (excl. working cap, dil)
<b>Entry:</b>	£1.18bn (278p)	<b>Exit:</b>	£1.12bn or 264p (-5%)

**Why exit Trainline?**

- Office of Rail and Road (ORR) declined recent West Coast Main Line applications, which has drawn a line in the sand<sup>2</sup>
- Trainline is suing the government for its £32m LNER Central Booking Engine award to Vix Technologies<sup>3</sup>, which is a 5-10-yr contract, indicating that the government will use this system for the entire Great British Railway (GBR)
- SSP flags consumer weakness from their European rail customers<sup>4</sup>

**Great British Railway, in fact, can shrink Trainline**

According to our analysis, the two main threats for Trainline (outside of regular competition, such as with Uber) were the contactless zone expansions (hitting their UK consumer business) and Great British Railway (GBR), which sought to establish its own online booking system (hitting their UK consumer and white label Solutions business). In the prior turnaround note ([here](#)), I felt that both risks were limiting

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<sup>1</sup> all assumptions and observations are based on internal modelling and data analysis

<sup>2</sup> <https://www.orr.gov.uk/search-news/rail-regulator-rejects-west-coast-main-line-applications-due-insufficient-capacity>

<sup>3</sup> <https://bidstats.uk/tenders/2024/W52/837222761>

<sup>4</sup> <https://www.londonstockexchange.com/news-article/SSPG/q3-trading-update/17155839>

Trainline's growth in the UK, but wouldn't alter their direction of travel. However, I did not view that GBR could become a threat to their white label business solutions, because I thought they would develop their application and website either internally, making it very hard to compete with Trainline, or would get help from the private sector, potentially from Trainline. In reality, it appears that the government has secretly awarded the contract for its ticket system user interface to its existing software provider Vix Technologies<sup>5</sup>. This led Trainline to sue the government ([here](#)). And although I was aware of this lawsuit, it was this railway forum ([here](#)) that alerted me about some of the details of this contract that the LNER struck with Vix Technologies. For example, the fact that the contract is awarded for a 5-year period with option to extend to 10 years, gives an indication that the government might use LNER's platform as a showcase for all publicly owned railways from 2027/28, because otherwise they would have put a 2-year contract in place, in line with the formation of GBR. In addition, the Office of Rail and Road (ORR), which, for now, approves open access applications, i.e. where a railway operator is applying to use an existing railway for a new connection, rejected three applications on 3 July<sup>6</sup>. This decision comes after the Department for Transport (DfT) has urged the ORR to take GBR and taxpayer money into consideration when approving applications<sup>7</sup>.

## In conclusion

Train drivers are one of the most persistent groups of people when it comes to striking. Very recently, drivers at Hull Trains began a strike due to a single colleague being made redundant<sup>8</sup>. This strike was now extended for the next six months<sup>9</sup>. Separately, in the previous note I briefly described how the train operators basically face no risks due to changes from a franchise system to a passenger service contract system<sup>10</sup>. Hence, rail operators have every incentive to set up new train lines, because they face no losses. This has led to multiple operators on the same railway, serving the same route. Although we've had significant rail strikes between 2022-2024, having had multiple operators on similar routes lowered the impact drastically, as some operators had fewer strikes than others<sup>11</sup>. However, the DfT's letter to the

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<sup>5</sup> <https://bidstats.uk/tenders/2024/W52/837222761>

<sup>6</sup> <https://www.orr.gov.uk/search-news/rail-regulator-rejects-west-coast-main-line-applications-due-insufficient-capacity>

<sup>7</sup> [https://www.orr.gov.uk/sites/default/files/2025-06/2025-06-20-Richard-Goodman-letter-to-ORR\\_Redacted.pdf](https://www.orr.gov.uk/sites/default/files/2025-06/2025-06-20-Richard-Goodman-letter-to-ORR_Redacted.pdf)

<sup>8</sup> <https://aslef.org.uk/news/aslef-action-hull-trains-long-it-takes>

<sup>9</sup> <https://www.bbc.co.uk/news/articles/cm2m2g4yd5ko>

<sup>10</sup> <https://www.aozorastep.com/trainline>

<sup>11</sup> <https://publications.parliament.uk/pa/cm5803/cmselect/cmtrans/1153/report.html> note 40.

ORR ([here](#)) basically tells the ORR to stop accepting shared access applications. Therefore, my conclusion became that the success of GBR rests on lower competition through lower shared access applications granted, completely ignoring the risks of more severe strikes with a single operator, which will ultimately lead to a monopolization of the UK rail system – the complete opposite of what’s happening nearly everywhere else. GBR might be successful in establishing their own app and website, but Trainline does not seem to be involved in the process. I have made a mistake in judging this risk as too low and recent events and interactions between the government and the ORR have helped me adjust for this risk, and it is not a risk I’m comfortable with, hence exiting Trainline.

### Ticketing user interfaces for current railway lines

TOC	Ticketing UI	Private / Public	State ownership date	Owner 1	Owner 2
Southeastern	On Track Retail	Public	Oct-21	DfT	
Thameslink	On Track Retail	Private		Go-Ahead (65%)	Keolis (35%)
Merseyrail	Other	Private		Transport UK Group (50%)	Serco (50%)
c2c	PICO4UK	Private	Jul-25	Trenitalia	
Avanti West Coast	PICO4UK	Private		First Group (70%)	Trenitalia (30%)
Chiltern	Silverrail	Private		Arriva UK	
Train of Wales	Silverrail	Public	Feb-21	Welsh Govt	
Grand Central	Silverrail				
Greater Anglia	Trainline	Private	Autumn 2025	Transport UK Group (60%)	Mitsui (40%)
Northern	Trainline	Public	Mar-20	DfT	
West Midlands (London Northwestern)	Trainline	Private		Transport UK Group (85%)	Mitsui (15%)
East Midlands	Trainline	Private		Transport UK Group	
Cross County	Trainline	Private		Arriva UK	
ScotRail	Trainline	Public	Apr-22	Scottish Govt	
LNER	Vix	Public	Jun-18	DfT	
Great Western	Worldline	Private		First Group	
Transpennine Express	Worldline	Public	May-23	DfT	
South Western Railway	Worldline	Public	May-25	DfT	
Lumo	Worldline	Private		First	
Hull Trains	Worldline	Private		First	

Source: Own estimates, <https://www.railforums.co.uk/threads/booking-systems-used-by-each-operator.241188/>



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