

Trainline: Great British Railway will not destroy this company¹

For professional clients

Company:	Trainline (TRN)	Market Cap:	£1.2bn (281p)
Industry:	Railway app	Debt:	£150m
Country:	UK, Europe	Revenue:	£442m
Entry Date:	24 th June – 2 nd July 2025	Operating profit:	£86m
Dividend:	£75m share buyback (6.25%)	Free cash flow:	£68m (excl. working cap, dil)
Entry:	£1.18bn (278p)	Target:	£1.7bn or 423p (+44%)

Why Trainline?

- Increasing European carrier competition offers growth opportunities
- Recent acquisitions, such as Trenes.com, increases their market share and scale in Europe
- £75m share buyback that more than offsets £22m share dilution
- Fear of UK slowdown might be overblown
- Trainline Solutions continues to grow

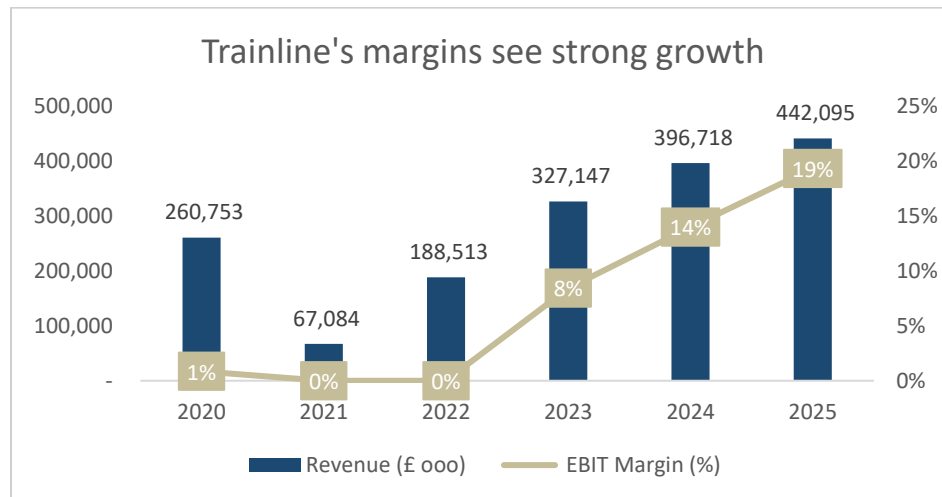
Risks

- TfL pay-as-you-go zone expansion. These zones could be established in other areas of the country
- Great British Railways establishes their own app and website successfully
- Uber is pushing promotions, undercutting Trainline's prices

¹ all assumptions and observations are based on internal modelling and data analysis

About Trainline

Trainline is Europe's #1 train booking platform with over 27m customers (incl. 18m UK customers)² that operates its rail app across 270 rail and coach companies in more than 40 countries across the UK and Europe³. With FY2025 net ticket sales of nearly £6bn, the company holds over 12% of its €55bn addressable rail market in the UK and Europe. Next to selling train and coach tickets, Trainline also provides payment and fraud prevention, journey planning, real time info, and sells its platform B2B via Trainline Solutions. As an aggregator platform, Trainline benefits from increasing carrier competition on routes due to the consumer's desire to pay the lowest price. This carrier competition is becoming increasingly widespread in Europe. Trainline's market share was around 30% in the UK in 2023⁴ and 12% in Spain's top 5 high-speed routes in 2024⁵. Next to Spain with 1.2m existing customer base, France (2.6m existing customer base) and Italy (2.1m existing customer base) are Trainline's target growth markets due to the increasing carrier competition⁶. Trainline also sells their platform to rail carriers, businesses and travel sellers under the B2B Trainline Solutions category, which has become their most profitable division as of FY 2025 and offers a total addressable market of €6bn.



Source: Trainline annual reports

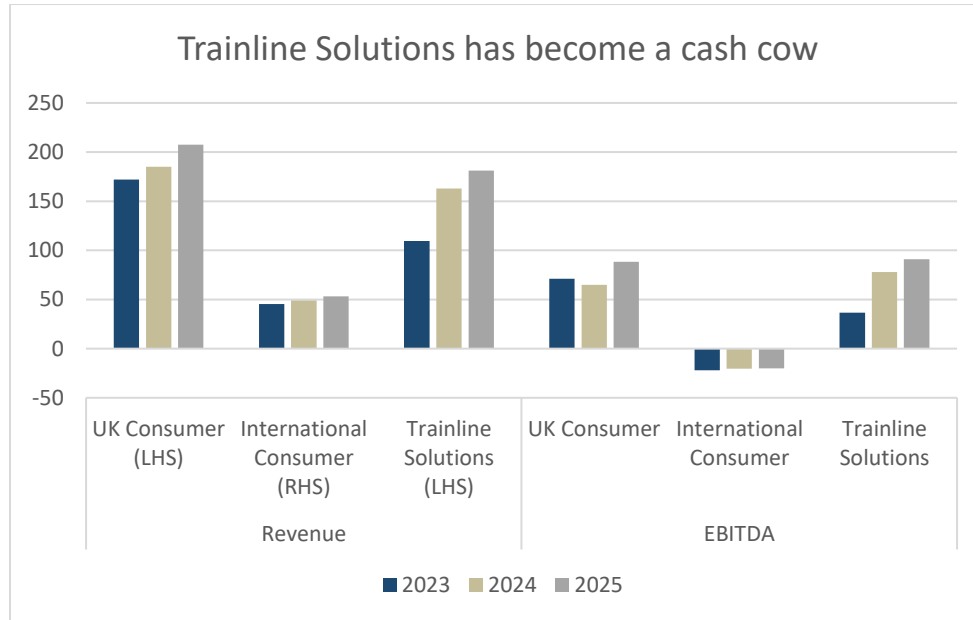
² [https://trn-13455-s3.s3.eu-west-2.amazonaws.com/media/6017/5198/8817/Intro to TL for investors FY25.pdf](https://trn-13455-s3.s3.eu-west-2.amazonaws.com/media/6017/5198/8817/Intro_to_TL_for_investors_FY25.pdf)

³ [https://trn-13455-s3.s3.eu-west-2.amazonaws.com/media/5217/4852/6491/Trainline plc Annual Report and Accounts 2025 Web.pdf](https://trn-13455-s3.s3.eu-west-2.amazonaws.com/media/5217/4852/6491/Trainline_plc_Annual_Report_and_Accounts_2025_Web.pdf)

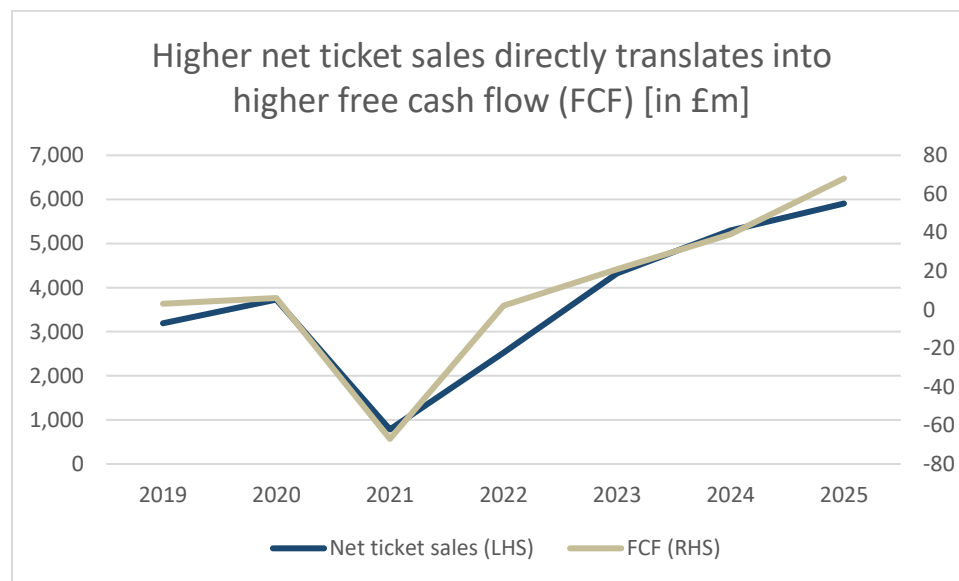
⁴ <https://www.sharesmagazine.co.uk/news/shares/why-analysts-are-so-excited-about-trainlines-potential-projecting-20-earnings-growth>

⁵ [https://trn-13455-s3.s3.eu-west-2.amazonaws.com/media/5217/4852/6491/Trainline plc Annual Report and Accounts 2025 Web.pdf](https://trn-13455-s3.s3.eu-west-2.amazonaws.com/media/5217/4852/6491/Trainline_plc_Annual_Report_and_Accounts_2025_Web.pdf)

⁶ [https://trn-13455-s3.s3.eu-west-2.amazonaws.com/media/4517/4660/2274/Trainline FY25 presentation FINAL.pdf](https://trn-13455-s3.s3.eu-west-2.amazonaws.com/media/4517/4660/2274/Trainline_FY25_presentation_FINAL.pdf)



Source: Trainline annual reports



Source: Trainline annual reports

European carrier competition expansion

The more rail carriers you have operating on a single route competitively, the more likely you will use an aggregator app like Trainline to find the best deal – it's as simple as that. The European railway market is set to expand its aggregated routes from €7.8bn annual net ticket sales in 2025 to €11.9bn in 2030 (+52%)⁷. Of the €7.8bn aggregated routes today, only €4.6bn are high-speed, whilst in 2030 the entire €11.9bn is expected to be high-speed⁸. This rail market liberalization will come with >€1bn in opportunities in 2025, €3.5bn in 2027/28 and €1.7bn in 2029⁹. Considering conservatively that Trainline is taking 10% market share of this growth (using the 12% share in Spain as a guide), this would mean at least €620m in additional international net ticket sales for Trainline, resulting in international net ticket sales to increase by over 50% from £1.055bn to nearly £1.6bn (using £/€ 1.16)¹⁰. This should shift the international division from the current (£22m) EBITDA loss to profit-making, taking the 2022 UK consumer net ticket sales of £1.8bn and the resulting £129m gross profit as a guide. This could prove too conservative, given that Trainline is also acquiring competitors, such as the Spanish Trenes.com acquisition done in 2025 pending regulatory approvals¹¹.

European railway carrier competition plans

Country	Net ticket sales	Year	Details
Spain	€1.5bn	2024	4 carrier brands on top five high-speed routes
France	>€1bn	2025	Trenitalia expanding on South-East network from June
France	€1.5bn	2027/28	3x new entrants launching on domestic routes
France	€1.7bn	2029	Channel Tunnel competition
Italy	€2bn	2027	Third carrier (SNCF) to launch on high-speed network

Source: Trainline FY 2025 presentation slide 7

⁷ https://trn-13455-s3.s3.eu-west-2.amazonaws.com/media/6017/5198/8817/Intro_to_TL_for_investors_FY25.pdf slide 7/8

⁸ https://trn-13455-s3.s3.eu-west-2.amazonaws.com/media/6017/5198/8817/Intro_to_TL_for_investors_FY25.pdf slide 7/8

⁹ https://trn-13455-s3.s3.eu-west-2.amazonaws.com/media/6017/5198/8817/Intro_to_TL_for_investors_FY25.pdf slide 7/8

¹⁰ As per annual reports 2022 p. 127 & internal modelling

¹¹ <https://www.trainlinegroup.com/media/en/press-releases/trainline-announces-agreement-acquire-trenescom-spanish-online-train-and-bus-ticket-retailer/>



Source: Trainline FY 2025 presentation slide 8

Threat #1: Tap as you go expansion

Transport for London (TfL) has expanded its contactless payment over the years with current zones 1-9 having daily anytime caps of £23.30, daily off-peak caps of £16.30 and weekly caps of £116.40 in place¹². At the same time, you can travel to Gatwick Airport via tap as you go, however, it would cost you £24 per ride on the Gatwick Express¹³ (£48 return), but with Trainline or other advance ticket sellers, you pay as little as £26 for a return ticket¹⁴. Meaning that, in some cases, once you travel outside of zone 1-9 via contactless via return ticket, you can save substantially compared to “tap as you go”. Nonetheless, TfL is expanding the contactless ticketing with 47 additional stations since 2 February 2025 ranging from £7.80

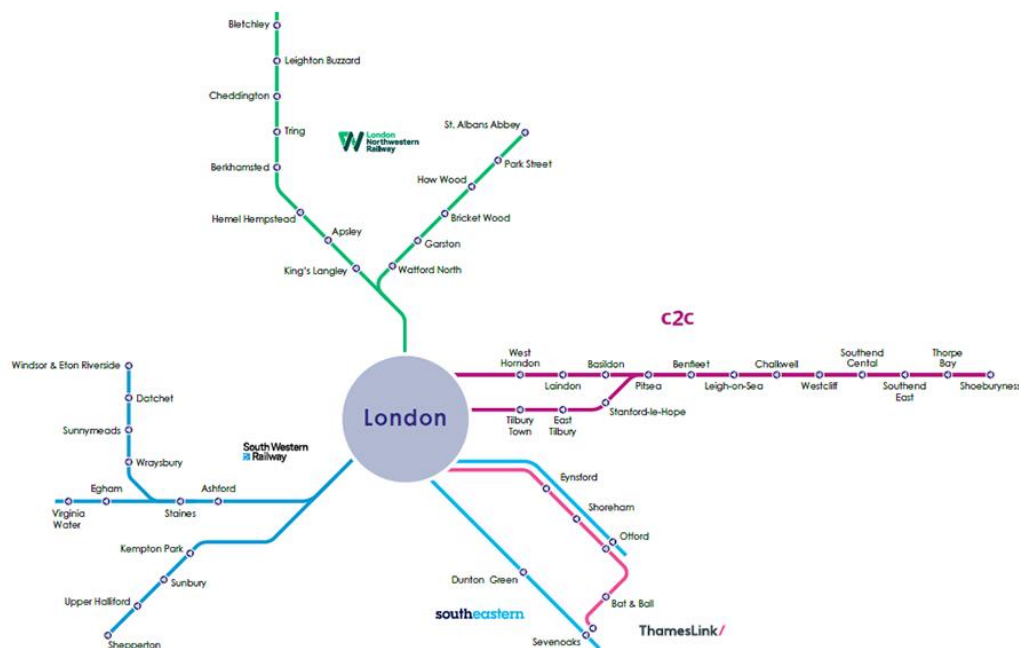
¹² <https://content.tfl.gov.uk/national-rail-adult-fares.pdf>

¹³ <https://www.toptiplondon.com/transport/airports/gatwick>

¹⁴ Searched thetrainline.com for a 1 week return ticket on 13th July for 20th-27th July

off-peak to £25.50 during peak times per tap, and an additional 49 stations (Project Oval), including Luton and Stanstead airport later in 2025¹⁵. Trainline's management expects this expansion to put £150m of net ticket sales at risk (2.5%), and despite this hit, the company expects "good growth in the year ahead"¹⁶. A further expansion of contactless is unlikely in the near-term due to infrastructure and technical challenges, fee structure complexities and the need of close collaboration between diverse local authorities. Project Oval cost the Department for Transport (DfT) over £20m¹⁷. In addition, the Rail Delivery Group (RDG) is currently trialing "digital pay as you go" (DPAYG) as an alternative for contactless payment in other regions of England, which uses, amongst others, Trainline's GPS-based technology to track people's location throughout their train journey¹⁸.

47 stations getting contactless ticketing on 2 February 2025



Source: <http://www.gov.uk/government/news/simpler-train-travel-for-the-south-east-as-contactless-ticketing-rolls-out-at-47-more-stations>

¹⁵ <https://www.gov.uk/government/news/simpler-train-travel-for-the-south-east-as-contactless-ticketing-rolls-out-at-47-more-stations>

¹⁶ [https://trn-13455-s3.s3.eu-west-](https://trn-13455-s3.s3.eu-west-2.amazonaws.com/media/3417/4738/5007/FY2025%20Results%20Presentation%20Transcript.pdf)

[2.amazonaws.com/media/3417/4738/5007/FY2025 Results Presentation Transcript.pdf](https://trn-13455-s3.s3.eu-west-2.amazonaws.com/media/3417/4738/5007/FY2025%20Results%20Presentation%20Transcript.pdf) p. 2

¹⁷ <https://www.ianvisits.co.uk/articles/london-style-contactless-train-ticketing-expanding-to-47-more-stations-next-month-78526/>

¹⁸ <https://ir.design-portfolio.co.uk/viewer/84/77850>, <https://ir.design-portfolio.co.uk/viewer/84/79085>

Threat #2: Great British Railway

The UK, as the inventor of railway¹⁹, has an incredibly rich history of its domestic railway system. According to the William-Shapps report²⁰, the railways in Great Britain employs over 240k people, ran over 21,000 daily services on the eve of the pandemic (1/3 more than before privatization in 1993) and received over £1bn in annual investments by the private sector. However, since 2012, around 2/3 of contracts have been awarded without competition²¹. The Williams-Shapps invented the Great British Railways and changed from Franchising to Passenger Service Contracts, which in turn led to private operators facing nearly zero risks²². The government essentially paid the private train operators a fixed annual management fee of 2% of operating costs + performance-based fees focusing on operational performance, customer satisfaction, finance and business management and service quality²³. For example, First Group's Southwestern Railway contract received £4.7m in fixed management fees and £10.8m of performance-based fees from the DfT in 2024 (£15.5m total vs. £123m total for the entire industry in 2023²⁴). However, the total net subsidy First Group received from the government in FY 2024 for Southwestern Railway was nearly £141m (over £2bn for the entire industry²⁵), which is largely due to the sluggish recovery from Covid, as the contract used to make net payments towards the government before 2020²⁶. By completely nationalizing the railways, Labour expects to save £680m a year by removing shareholder dividends, reducing duplication of some roles and eliminating the costs of running contract competitions²⁷. The nationalization of the 14 train operating companies (10 private operators and four that are already in the public sector) is expected to be completed by the end of the core term expiry dates, i.e. end of 2027. Whilst the nationalization of UK rail is a key risk for Trainline, given that the company thrives on competition amongst operators on the same route and makes most of its profits in the UK, Trainline will

¹⁹ <https://www.networkrail.co.uk/who-we-are/our-history/>

²⁰ <https://assets.publishing.service.gov.uk/media/60cb29dde90e0743ae8c29c1/gbr-williams-shapps-plan-for-rail.pdf>

²¹ <https://assets.publishing.service.gov.uk/media/60cb29dde90e0743ae8c29c1/gbr-williams-shapps-plan-for-rail.pdf> p. 18

²² <https://www.firstgroupplc.com/~media/Files/F/Firstgroup-Plc/reports-and-presentations/presentation/firstgroup-plc-rail-teach-in.pdf> p. 6

²³ <https://assets.publishing.service.gov.uk/media/65f1cdbc133c221271cd389a/first-mtr-south-western-trains-ltd-national-rail-contract.pdf>

²⁴ <https://www.gov.uk/government/publications/dft-payments-to-passenger-rail-operators-under-emergency-agreements>

²⁵ <https://www.bbc.co.uk/news/articles/cegg73znzseo>

²⁶ <https://www.theguardian.com/uk-news/2024/dec/03/south-western-railway-to-become-first-train-operator-nationalised-under-labour>

²⁷ <https://commonslibrary.parliament.uk/when-will-my-local-train-operator-be-nationalised/>

likely still be involved with the ticketing process²⁸, and open access railways will be maintained (e.g . Hull Trains, Grand Central, LUMP, Heathrow Express, Eurostar, etc.) & might expand if Great British Railway fails (industry experts, such as First Group's CFO, has raised his doubts to me about its success & data seems to confirm these doubts) – Although the Office for Rail and Road recently rejected applications from three companies seeking track access on the West Coast Main Line due to “insufficient capacity”²⁹ with the last open access rail line approved in November 2024³⁰.

First Group faced nearly zero risks under the Passenger Service Contracts

Contractual structure	<ul style="list-style-type: none"> Concession-based National Rail Contract; Train Operating Companies (TOCs) earn annual fee for service delivery with performance incentives Both SWR and TPE contracts to last to May 2023, with options to extend by up to two further years to May 2025 at DfT discretion Management fee comprising a fixed fee and a performance-based fee (as detailed on slide 5)
Passenger service delivery	<ul style="list-style-type: none"> Operational skills and expertise directly incentivised through passenger service performance metrics Performance-based fee scored against four categories – operational performance (including punctuality), customer satisfaction, finance and business management
Revenue risk	<ul style="list-style-type: none"> None – passenger volume and revenue variability lies with DfT
Cost risk	<ul style="list-style-type: none"> Very limited cost risk – DfT retains cost risk up to agreed annual business plan budgetary levels, with change protections TOCs bear the risk of costs in excess of the agreed annual budget unless agreed in advance with the DfT Contractual change mechanisms in place to allow budget to be increased for items outside of TOC control or for changes requested by DfT
Contingent capital risk	<ul style="list-style-type: none"> No significant contingent capital risk – Group total contingent capital across both NRCs is £15m (50% bonded) No structural changes to the ring-fenced cash mechanism or working capital cap-and-collar mechanism in place
Proposition for shareholders	<ul style="list-style-type: none"> No revenue risk and minimal cost and contingent capital risk Fees distributed up to FirstGroup plc as a dividend annually More consistent cash generation each year, greater resilience

Source: <https://www.firstgroupplc.com/~media/Files/F/Firstgroup-Plc/documents/new-national-rail-contracts-for-swr-and-tpe-presentation.pdf> slide 3

²⁸ <https://www.gov.uk/government/consultations/a-railway-fit-for-britains-future/a-railway-fit-for-britains-future#fares-ticketing-and-retailing>

²⁹ <https://www.orr.gov.uk/search-news/rail-regulator-rejects-west-coast-main-line-applications-due-insufficient-capacity>

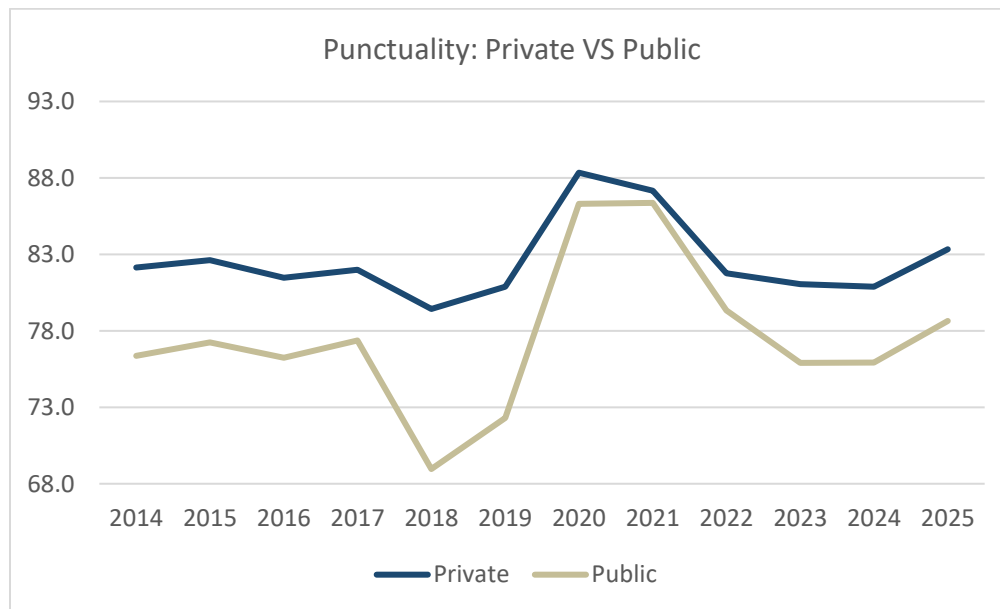
³⁰ <https://www.orr.gov.uk/search-news/regulator-approves-new-go-op-train-service-between-swindon-taunton-and-weston-super>

Timeline for nationalisation of British railways

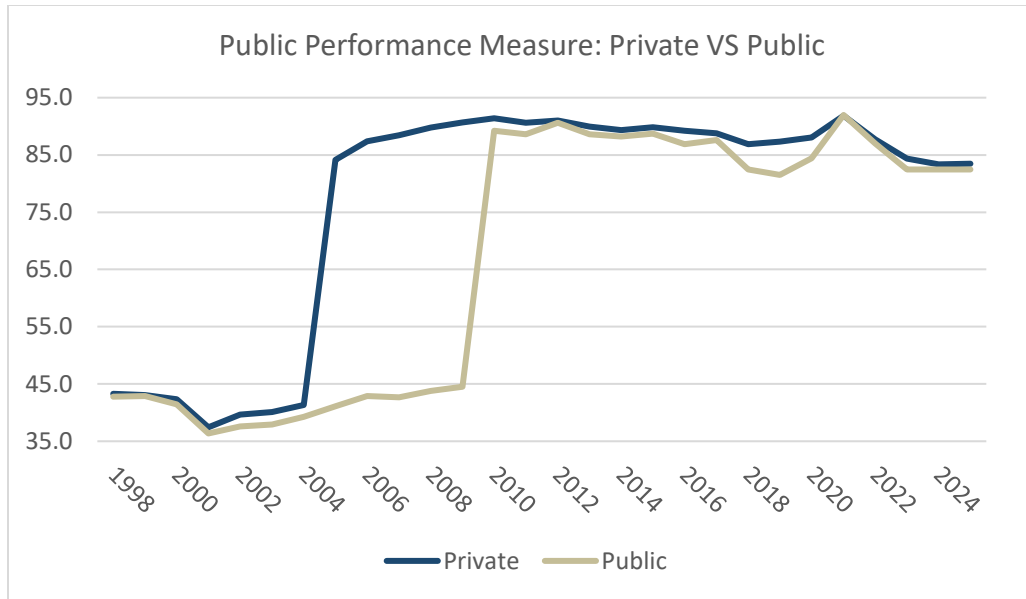
The Government has announced that SWR would be the first DfT TOC to transition, followed by c2c on 20 July and Greater Anglia on 12 October 2025, with subsequent contracts transferring at intervals of approximately three months in the order that their current core contractual terms expire

Train Operating Company	Operator	NRC Core Term expiry	NRC final expiry date
South Western Railway	FirstGroup / MTR	28 May 2023	25 May 2025
C2C	Trenitalia	23 Jul 2023	20 Jul 2025
East Anglia	Abellio	15 Sept 2024	20 Sept 2026
West Midlands	Abellio	15 Sept 2024	20 Sept 2026
Chiltern	Arriva	1 Apr 2025	12 Dec 2027
GTR	Arriva	1 Apr 2025	12 Dec 2027
Great Western Railway	FirstGroup	22 Jun 2025	25 Jun 2028
East Midlands	Transport UK	18 Oct 2026	13 Oct 2030
WCP (Avanti West Coast)	FirstGroup / Trenitalia	18 Oct 2026	17 Oct 2032
Cross Country	Arriva	17 Oct 2027	12 Oct 2031

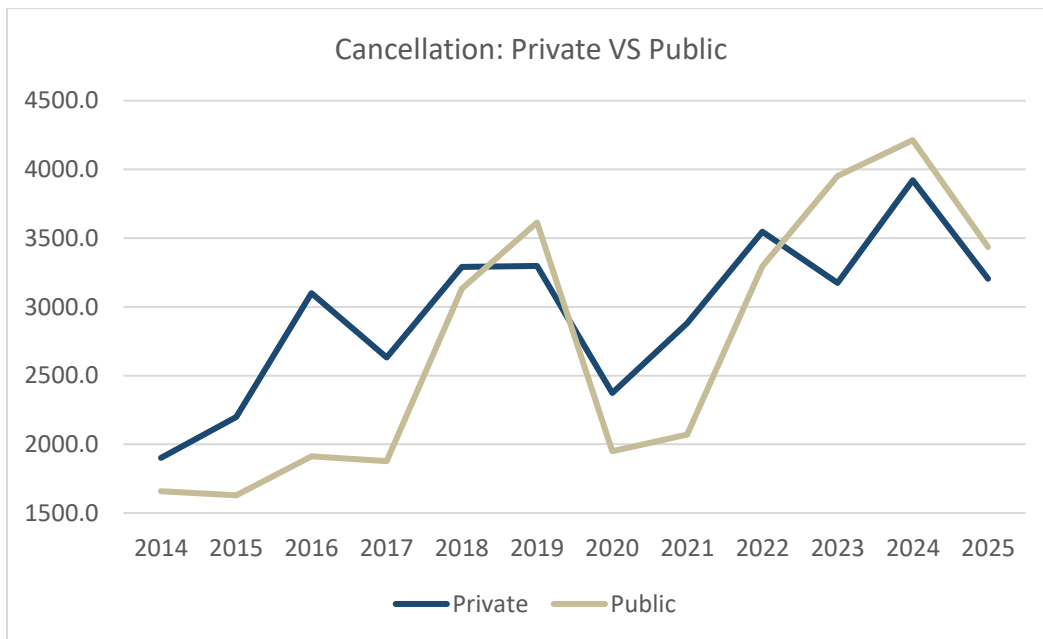
Source: <https://www.firstgroupplc.com/~media/Files/F/Firstgroup-Plc/reports-and-presentations/presentation/firstgroup-plc-fy-2025-results-presentation-v1.pdf> p. 28



Source: <https://dataportal.orr.gov.uk/statistics/performance/passenger-rail-performance/>



Source: <https://dataportal.orr.gov.uk/statistics/performance/passenger-rail-performance/>



Source: <https://dataportal.orr.gov.uk/statistics/performance/passenger-rail-performance/>

Threat #3: Uber

Uber entered the UK rail market in 2023 and has since seen an average double-digit monthly growth rate and is set to introduce a new Channel tunnel service, which will include its Uber branding³¹. However, despite the growth after entering the market almost three years ago, Trainline sees them at less than 2% market share³². Having tested the Trainline app vs. Uber app side-by-side in June 2025, Trainline could provide cheaper tickets for the same routes. In July 2025, however, Uber started running a promotion for UK trains, in which they eliminated ticket fees entirely, beating Trainline's pricing. This makes threat #3 the potentially most damaging threat of all three, because Uber is a \$200bn market cap company that could run these promotions for a very long time, capturing more market share at the expense of Trainline...

Trainline Solutions & Conclusion

One of the charts in the introduction of this note singles out Trainline Solutions as the cash cow of Trainline. This segment can be split into 1.) white-label carrier solutions, which is basically when a carrier uses Trainline's entire booking technology under their own branding and 2.) for businesses to arrange travel for employees within its own set policy parameters. There are no figures on how much Trainline Solutions' revenue is split across the two categories, but comments from management might imply that the white-label carrier solutions are more than 50%. The white-label carrier solutions are used by 6 of the 17 UK railways as well as by one international client³³, and those UK operators that fell into public hands, e.g. Northern in March 2020, continued using Trainline Solutions as their user interface (UI). Trainline's international sales through their global API rose 63% year-on-year in FY 2025³⁴. The continued strong investment (£50m in FY 2025), the expansion in Europe through carrier competition, and the continued use of Trainline Solutions under the Great British Railway could point towards further growth for Trainline Solutions, which already has 50% profit margins. Overall, I view Trainline as highly undervalued, because

³¹ <https://railway-news.com/uber-partners-with-gemini-trains-for-new-cross-channel-rail-services>

³² [https://trn-13455-s3.s3.eu-west-](https://trn-13455-s3.s3.eu-west-2.amazonaws.com/media/3417/4738/5007/FY2025_Results_Presentation_Transcript.pdf)

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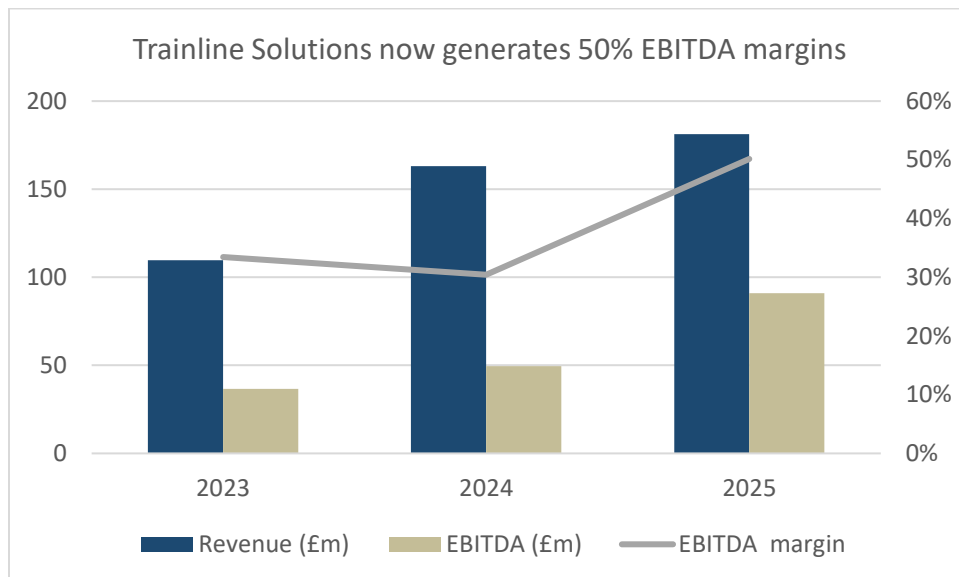
³³ <https://news.railbusinessdaily.com/trainline-partner-solutions-extends-international-operations-with-multi-modal-italo-partnership/>

³⁴ [https://trn-13455-s3.s3.eu-west-](https://trn-13455-s3.s3.eu-west-2.amazonaws.com/media/3417/4738/5007/FY2025_Results_Presentation_Transcript.pdf)

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many of the risks the company faces (perhaps apart from Uber) will not materialize until the end of 2027, and even then, the risks could potentially turn into opportunities.

For the purpose to limit this topic to the main risks and opportunities, I left out the regulated ticket fees decline in UK from 5% to 4.5% maximum³⁵ - European ticket fees seem to be in line with that of the UK - the Google algorithms that hurt Trainline's international performance in FY 2025 according to management, and that the rail regulator in UK declined maximum fees for ticket refunds by 50%³⁶. None of these developments have harmed Trainline much, which could ultimately bring year-on-year growth opportunities, as these risks are not repeating themselves in FY 2026.



Source: Trainline Annual Reports

³⁵ <https://www.raildeliverygroup.com/about-us/publications/13115-rail-industry-commission-rates-from-1st-apr-2025/file.html>

³⁶ <https://www.orr.gov.uk/search-news/rail-regulators-review-leads-50-reduction-maximum-fees-ticket-refunds>

UK train operating companies and their ticketing user interface

TOC	Ticketing UI	Private / Public	State ownership date	Owner 1	Owner 2
Greater Anglia	Trainline	Private	Autumn 2025	Transport UK Group (60%)	Mitsui (40%)
Northern	Trainline	Public	Mar-20	DfT	
West Midlands	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	Other	Public	01-Jun-18	DfT	
Southeastern	Other	Public	Oct-21	DfT	
Merseyrail	Other	Private		Transport UK Group (50%)	Serco (50%)
Great Western	Company C	Private		First Group	
Transpennine Express	Company C	Public	01-May-23	DfT	
South Western Railway	Company B	Public	May-25	DfT	
c2c	Company B	Private	01-Jul-25	Trenitalia	
Avanti West Coast	Company B	Private		First Group (70%)	Trenitalia (30%)
Chiltern	Company A	Private		Arriva UK	
Thameslink	Company A	Private		Go-Ahead (65%)	Keolis (35%)
Train of Wales	Company A	Public	01-Feb-21	Welsh Govt	

Source: Individual booking websites (estimated based on design of the user interface)



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