



EDITED TRANSCRIPT

Trainline HY2025 Results

EVENT DATE/TIME: 07 NOVEMBER 2024 / 08:30 GMT



CORPORATE PARTICIPANTS

Operator

Jody Ford – *Trainline plc – CEO*

Pete Wood – *Trainline plc – CFO*

CONFERENCE CALL PARTICIPANTS

Ed Young – *Morgan Stanley*

Alistair Johnson – *BNP Paribas*

Sean Kealy – *Panmure Liberum*

Ciaran Donnelly – *Berenberg*

PRESENTATION

Operator

Hello, everyone, and welcome to the Trainline half year 2025 results. My name is Ezra, and I will be your coordinator today. If you would like to ask a question, please press star, followed by one, on your telephone keypad now. If you change your mind, please press star, followed by two. I will now hand you over to your host, Jody Ford, Chief Executive Officer. Please go ahead.

Jody Ford – *Trainline plc – CEO*

Good morning, everyone. Thank you for joining us today for our half year results presentation. I'm Jody Ford, CEO of Trainline, and I'm joined by Pete Wood, our CFO. Let's first go through the disclaimer. On to the agenda for today. I'll give an introduction, briefly discussing the progress we've made in the first half of the year. I'll also recap on the opportunity ahead and update on the regulatory backdrop. Pete will talk you through our financial performance. I'll then update you on how we're progressing against our strategic priorities. After that, we'll hand back to the operator for questions.

The Group scaled well in the first half, processing over 110 million transactions, 18% higher than last year. In the UK, we continue to digitise rail travel, with industry eticket penetration rising to 51%, and our share of the commuter travel segment grew to 24%. In International, we further positioned ourselves as the aggregator in Europe, with combined net ticket sales across Spain and Italy up 23%.

The Group delivered a strong financial performance in the first half, with net ticket sales up 14% and revenue up 17%. Together with the benefits of operating leverage, this drove a 44% increase in adjusted EBITDA to £82 million. We are Europe's number one rail app. In the first half, our app was downloaded almost twice as often as number two and three - SNCF and Deutsche Bahn, respectively. This scale brings benefits, which we are leveraging. Platform One underpins the transactions of multiple tenants, from our branded businesses to our retailing partners. As transaction volumes grow, our investment in the platform becomes increasingly efficient.

We can integrate new supply and roll out product innovation more quickly, leveraging a scaled customer base across our geographies, and as we scale, we can increasingly turn our focus to monetising our customer relationships to drive faster revenue growth. All of this is driving our business to outperform, which Pete will discuss shortly. Before I hand over to Pete, let me update you on the regulatory backdrop, starting in the UK, where the new government is providing more clarity, stability and forward momentum for the industry.

First, they have reset and stabilised relations with the unions, ending the long running industrial dispute. They have kicked off their nationalisation agenda, which as a reminder, focusses solely on bringing rail operators into public ownership over the next few years. Importantly, it does not extend to train leasing companies nor to retailers like Trainline. They have also launched shadow GBR to unify track and trail, and we're already engaging with them around how to drive industry growth.

Finally, they remain supportive of an independent retail market, committing again through the King's Speech to accelerating the rollout of innovation. We have recently been invited into a consultation on digital pay-as-you-go trials in urban areas outside of London. In Europe, the countries - in Europe, the EU continues to prioritise initiatives to enable growth in rail travel. It aims to triple high speed passenger volume by 2050 and is championing carrier competition to encourage modal shift.

As we've seen in Spain, this has had the effect of reducing fares, increasing choice and growing passenger numbers. Furthermore, the EU has shown strong support for third party ticket retailers, with a recent report from the European Commission citing their value in promoting carrier competition. With that, I'll hand over to Pete to talk through our financial performance.

Pete Wood – *Trainline plc – CFO*

Thanks, Jody, and good morning. Before I step into the financial performance for the Group, I will briefly unpack the performance of our business units. Starting first with UK Consumer, net ticket sales grew 15% to £2 billion, as our investments continue to support the adoption of digital tickets, with etickets now 51% of all industry sales, up from 46% in H1 last year. It also reflected a market that's returning to normal, with industry passenger volume back to near pre-COVID levels, including the on-going return of commuters, and fewer strike days, which were also less severe in their impact.

I am pleased to say our trading since half year has remained strong, and in addition, the expected headwind from Transport for London's Project Oval expansion is now delayed until next year. International net ticket sales grew 6% to £583 million. As Jody said earlier, the strongest performance came from markets with the greatest levels of carrier competition - Spain and Italy. By innovating on our customer propositions and investing in brand marketing, we delivered net ticket sales in these markets of 23% year on year.

Net ticket sales across France and Germany slowed, reflecting our decision to pause brand marketing in France until we see more widespread carrier competition. Similarly, industry-wide changes to the presentation of Google's search engine results, as we first discussed a year ago, continued to subdue web sales in International Consumer, with the impact most pronounced in the foreign travel. However, growth in app sales remained strong, with the share of our transactions through the app increasing to 67% from 62% last year.

Net ticket sales within Trainline Solutions grew 19% to £449 million. As a reminder, this business unit provides B2B retailing capabilities to rail carriers and other travel platforms. For rail carriers, our IT Carrier Solutions business

delivered a strong performance, supported by feature releases and market recovery. Our B2B Distribution business also performed well, increasing our global API sales in both the UK and Europe.

To date, Trainline has focussed on net ticket sales as the primary driver of revenue growth. However, as the business scales, we are now more effectively monetising our customer relationships, which in turn is growing non-commission revenue. This includes launching ancillary products and services within the booking flow. In H1, we saw strong growth in demand for hotels, particularly in Europe. Similarly, we saw good take up of travel insurance products, most notably in the UK. In aggregate, the ancillary revenue generated from these two lines was three times larger than last year, and I see further opportunity ahead.

Bringing that together, in the first half, Group net ticket sales grew strongly, up 14% to £3 billion. This was ahead of or previously stated guidance for the full year. Revenue grew 17% to £229 million, again, ahead of our previous guidance, reflecting the mix effect of faster growth in UK Consumer, as well as non-commission revenue generation. Gross profit was up 20% to £181 million. This outpaced top line growth in part due to the reduction in the fulfilment fee we pay to the UK rail industry when a customer uses a barcode ticket.

Turning to costs, marketing declined 9% to £34 million in the half, reflecting our continued investment to drive efficiencies in new customer acquisition, as well as our decision to pause brand marketing in France. Other admin costs were up 15% to £65 million, with increased system costs reflecting our greater scale. Bringing this all together, we are seeing the benefits of operating leverage, with adjusted EBITDA growth of 44% to £82 million, outpacing net ticket sales and revenue in the first half.

As we scale, we are reaping the benefits and efficiencies of hundreds of millions of transactions coming through Platform One. In the last year alone, our cost to income ratio reduced five percentage points, during which time we continued to invest in International, where we have now built the foundation of a significantly enhanced user experience and product market fit. This now gives us scope to further optimise our cost base, which we are doing in H2, including reducing headcount where it makes sense to do so. We expect this exercise will generate around £12 million of annual cash savings, of which £8 million will be operating expenses, and we expect the cost to deliver these savings to pay back in less than one year.

The business delivered strong cash generation in the first half, with operating free cash flow of £100 million, driven by increased EBITDA plus working capital inflows, partly offset by CapEx, reflecting investment in products and tech innovation. As we generated more cash, our leverage further reduced to 0.2 times EBITDA, and Trainline would have been net cash positive had we not bought back £46 million of shares in the first half, in line with our stated capital allocation framework.

To date, we have repurchased and cancelled £83 million of shares, or around 6% of issued share capital. Altogether, I'm delighted with our performance in the first half, and as you will shortly hear from Jody, our team is delivering against a clear strategy. Trading has remained strong institution the second half, and we are now optimising our cost base. As I look ahead, we are well positioned for further growth. Having already improved guidance for this fiscal year in September, we again increased our guidance in October. We now expect net ticket sales growth of 12% to 14%, above the original 8% to 12%, revenue growth of 11% to 13%, originally 7% to 11%, and adjusted EBITDA as a per cent of net ticket sales of around 2.6%, originally 2.4% to 2.5%.

Today, we have announced we expect our EBITDA margin to continue to widen next year, too. This reflects the benefits of operating leverage, as well as our disciplined approach to managing costs, and it's despite the 25 basis point reduction in our net commissions in the UK, as we agreed back in 2022. We now expect EBITDA as a per cent of net ticket sales of between 2.6% and 2.7% in fiscal year 2026. Thank you, and I'll now hand back to Jody.

Jody Ford – *Trainline plc – CEO*

Thanks, Pete. Let's now talk about the progress we're making against our strategic priorities, starting with UK Consumer. We operate in a large rail market in the UK, worth over £11 billion. In the last 12 months, online sales were over £6 billion, the majority of which were etickets. However, over £3 billion of sales remained offline. Those are mostly tickets bought at the train station on the day of travel, primarily for commute and short distance journeys. We believe we are uniquely placed to expand the market, driving modal shift to rail, and grow adoption of online and digital ticketing.

This comes down to having all the tickets, fares and value saving features in one easy to use mobile app, with strong brand affinity and trust from our customers, reinforced with our scale and expertise to continue to invest and improve our proposition, together with a scalable tech platform that's purely optimised for the complexities of rail travel. We are the scale retailer in UK rail. As you can see on the chart, we're the number one travel app altogether, with 12 million monthly active users. That equates to more than 60% of people in the UK who travel by train each month, and we have big ambitions to grow further in the UK.

We focus on four key priorities, growing supply, providing an excellent user experience, building demand and increasing customer lifetime value. In terms of supply, we provide all the carriers and fares in one place. We also provide a comprehensive range of value saving products and features, helping customers to unlock value. We are the home of the SplitSave, the original at scale split ticket solution, saving customers £13 per booking on average, and we have over 2 million digital railcard customers. That's about a third of all railcard users in the UK, who are saving money seamlessly when booking their rail travel.

We are priming our mobile app to better serve commuters, a segment where we have historically under-indexed. This is particularly the case in season ticket sales. As a reminder, until a few years ago, no carrier accepted digital seasons on their respective networks. The rollout since then has been gradual, and today, just over half of all journeys are enabled for digital seasons. Nevertheless, we've been making good progress in growing sales of digital season tickets.

On routes enabled for a year or more, 21% of customers now benefit from using digital season ticket, with no need to carry around a physical copy. For commuters who instead buy their ticket on the day of travel, we are making it quicker and easier to buy through the app on their way to the train station. First, we can use geolocation technology to determine which station the customer is walking up to. Leveraging machine learning, we then surface the most relevant route suggestions from that particular statement at that time of day. The customer can buy tickets for one of those journeys in a few clicks, and all with the assurance of our Best Price Guarantee. This is helping support the recovery in the commuter market and grow our sales, with our segment share reaching 24%.

Our third priority in the UK is to build customer demand, with marketing campaigns that focus upon our value and commuter propositions, often with an underpin of sustainable travel. Under our flagship brand campaign - great journeys start with Trainline - in the first half, we told customers how we can help them save money, including our Best Price Guarantee, when buying tickets on the day. We're trialling new partnerships to grow demand, too. For example, we recently partnered with online bank Monzo to offer their customers our digital railcards. As a reminder, digital railcard users are some of our most frequent and sticky customers. These campaigns have contributed to active customers in the UK growing 12% year on year.

As we grow our customer base, we are increasing the frequency of which those customers transact through us, further driving up sales growth. As you can see, the longer the customer is with Trainline, the more frequently they transact through us. That's true across newer as well as older cohorts. The customers we've acquired since COVID are

transacting more frequently than customers acquired prior to COVID and now represent over half of our transactions in the UK.

Moving on to International, the rail market in Europe represents significant headroom for Trainline, with an addressable market worth €44 billion. Within that, carrier competition is due to expand in France, Italy and Spain over the next two years and beyond. We believe we occupy a unique position that we can leverage to win in Europe, with a clear remit to aggregate carriers across multiple geographies, the expertise and scale to invest in new markets and our scalable tech platform. We plan to increasingly position ourselves as the aggregator of choice as carrier competition becomes widespread across Europe.

We're making strong progress against those plans, focus on growing supply, enhancing the user experience, building demand and increasing customer lifetime value. When it comes to supply, we aggregate carriers in one highly rated mobile app. This brings clear benefits to our customers, who can search all the options to find best value, and through TopCombo, they can stitch together different carriers for return and multi-leg journeys. We also bring distinct benefits for new entrant operators. By rapidly adding their inventory as they launch services and leveraging TopCombo, we can put more passengers on their trains more quickly, accelerating the payback on their investment.

We are now testing how we can increase the prominence of new entrant brands. For example, within our search function, we recently elevated Ouigo as the best priced option between Madrid and Barcelona for a test group of customers, notably increasing their sales versus the control group. So as we hone our aggregation playbook, we are also creating the virtuous cycle of the marketplace. As we add more inventory, we become more attractive for passengers, and as we attract more passengers, we become increasingly relevant for rail operators.

As Pete mentioned earlier, we have now significantly enhanced our product market fit in International, giving us scope to optimise our cost base. However, you should expect us to continue innovating at pace. In our core markets, we continue to create a unique proposition, with exclusive products and features aimed at domestic customers. In France, we became the first and only aggregator to integrate Pass Rail, discounted tickets giving younger customers cheap travel during the summer months.

In Spain, we are the first and only aggregator to wire on Cercanias urban and suburban rail travel, and in Italy, we're the only app to auto-apply promo codes for applicable discounts for train tickets are available, saving customers on average €20 per high speed booking. While improving the travel experience for domestic customers, we continue to enhance our offering for inbound and cross-border travel. This includes our recent launch of Eurail passes. These are multi-leg rail tickets, primarily geared towards leisure travellers touring around Europe.

As I look ahead, I remain excited by the prospect of our core European markets liberalising and what that means for Trainline. Let's start with the Spanish market, which already has four carrier brands in operation. On the top three high speed routes in Spain, these carriers compete directly - compete with one another, and that competition continues to expand with low cost new entrant Ouigo set to launch services from Madrid to Seville and to Malaga by the end of this year. What's happening in Spain is coming to Italy and France, too.

In Italy, Renfe-backed Arenaways and SNCF are planning to launch from 2026. In France, Trenitalia, who already run trains between Paris and Lyon, are set to launch services between Paris and Marseille next year. Following that, Renfe are due to launch services on both routes, and thereafter, three new carrier brands are set to launch high speed services across France - ilisto, Le Train and Proxima. These new challengers are already ordering rolling stock and obtaining the regulatory clearances needed to operate train services in France.

As we've shared previously, our progress in Spain creates a highly positive read across for when we deploy our playbook in Italy and France. The first Spanish high speed routes liberalised three years ago. Since then, passengers

have enjoyed more choice and significantly lower fares. In turn, passenger volume has risen dramatically, with new entrant carriers quickly taking share. By honing our aggregation playbook, we are growing three times as fast as the market on each route, and we have doubled our share to 12%, reaching as high as 16% on Madrid to Valencia. A key part of our playbook is investing to grow brand awareness of Trainline as the market aggregator.

In Spain, we use innovative ways to capture attention, including whole station takeovers, Trainline branded music festivals, and mostly, sponsoring Real Betis, a Seville-based football team. This coincided with Ouigo's imminent launch of services from Madrid to Seville. All this has driven up brand awareness in Spain to 25%. That's over three times where it was two years ago, when we launched our first brand campaign. As our brand awareness grows, so too does our customer base. In the last 12 months, over 1 million customers in Spain transacted through Trainline, and those customers are becoming more engaged with Trainline, too, with 50% being repeat customers in the first half.

As a result, our net ticket sales have tripled over the last two years. Here's a quick video that brings to life some of the progress we're making in Spain.

[Video playing]

Finally, turning to Trainline Solutions, this business unit leverages the strength of our single global tech platform, Platform One, to support our travel partners. For white label carriers, we continue to make available products and features to enhance their mobile apps. This includes split ticketing and travel companion features, and we are actively engaging in several carrier tender processes for their online retailing solutions. This follows the cancellation of the previous government's plan to create a centralised retail app and website. For B2B travel partners, we are seeing sales increase through our global API. Here too, we are actively seeking and winning new business, including from notable clients like SAP Concur. At the same time, we continue to amp up our own branded B2B offering.

In May, I discussed how Trainline has brought together our business and consumer app, meaning customers can now flick between their business's and personal travel, while keeping their bookings separate. Since then, we've enabled client company admins to book train travel on behalf of their employees, and we've allowed clients to embed travel policies into the app, giving them greater control over their travel spend.

Platform One underpins our whole business. It increasingly leverages AI, and advanced machine learning, to improve the user experience and reduce our cost base. It also provides AI-driven tools and features that reduce friction and remove complexity for customers who are on the go. We see generative AI as additive to what we're already doing in this space, and so we are developing proprietary AI systems within our domain. This is widening the opportunity to create smarter and more personalised experiences, including the future - in the future an end-to-end Personalise Travel Assistant, so watch this space.

Before we open the call to questions, let me recap on some key takeaways from today's presentation. In the UK, as the number one travel app, we are making great progress in driving adoption of rail travel while digitising the £3 billion of sales still made at the station. At the same time, we are getting increasing clarity on the direction of the UK rail industry. In Europe, we are further honing our aggregation playbook, particularly in Spain, the most liberalised market in terms of carrier competition, where our net ticket sales have tripled in two years. This creates a highly positive read across for when we deploy our playbook on routes in Italy and France as they liberalise over the coming years.

Overall, the business has delivered an excellent performance in the first half, reflecting the progress we continue to make in delivering for our customers in the UK and across Europe. Top line growth was very strong, with our growth in profitability and cash flow generation faster still, reflecting the increasing benefit from operating leverage. Therefore, we have again increased our guidance for this fiscal year, with stronger growth and an increasing EBITDA margin that will sustain into next year.

Thank you very much for listening. I'll now hand over to the operator for questions. When asking, please state your name and your organisation.

Operator

Thank you. If you would like to ask a question, please press star, followed by one, on your telephone keypad now. Please ensure your device is unmuted locally, and if you change your mind, please press star-two. Our first question comes from Ed Young with Morgan Stanley. Ed, your line is now open. Please go ahead.

Ed Young – Morgan Stanley

Hi, good morning. It's Ed from Morgan Stanley. Three questions, please. First of all, on the regulatory side, you mentioned the consultation of the pay-as-you-go trial in the King's Speech. What kind of timeline do you see for the potential implementation of that, should the consultation be successful? Then, what kind of impetus and potential timeline do you see around the other areas you flagged as the digital season tickets being expanded and automated delay repay.

My second question, you've seen good growth in non-commission revenue in both the UK and International, and you talked to both hotels and insurance in the presentation. I wanted to talk a bit more broadly about the scale of that opportunity. How much further is there to go in areas like partnerships, or are you - are you already on the main areas you think are addressable?

Then, finally, just for clarification, the Project Oval expansion, you've said it's delayed until FY26. Do you expect any change to the scope of that impact to go along with the delay, or is it just the timing of that implementation.

Jody Ford – Trainline plc – CEO

Hey, Ed. Thanks very much for the questions. We'll pick through those between Pete and myself. As it relates, to the pay-as-you-go consultation process and ultimate rollout, where customers will be able to use it, I think we probably need to see this as a multiyear journey. I think that the trials over the likely coming year will inform that process, and I suspect we're looking at multiple years before we got to the point where this was an at scale product that customers had in their hand and were using. But we are definitely encouraged that we are now moving into a trial phase, which is critical for the development of this product, to get it into thousands of users' hands and to get it right and ultimately design a scheme which we think will work for customers throughout the country.

As it relates to digital seasons specifically, we got just over half of the addressable market online there. There's really three TOCs where most of the remaining digital seasons are - would be rolled out from, if you like, when those TOCs adopted it. If you think about Greater Anglia, GWR and SWR being the three TOCs that constitute most of the remainder, we don't have a timeline as it stands. I think probably the way to think about it was as they were brought into public ownership, that would be an obvious moment where potentially the government would choose to push those products forward. It could of course happen earlier, and then let me just pick up on the fourth question around Oval expansion, and I'll pass to Pete for the hotels question.

As it relates to Oval expansion, this is we don't believe a change to scope. We just think it's a series of operational delays, and so we're expecting that phase one of that first 50 stations to be early next year, and then phase two, which is the next 50, to be beyond that. We don't have concrete timelines, I don't think, over the following year, potentially, but that's some of the best guidance we can do at the moment. Pete, do you want to pick up on the hotel and non-commission revenue point?

Pete Wood – *Trainline plc – CFO*

Yes, so we've made very good progress over the last 12 months in these two verticals, and I still see some opportunity ahead as well, as we further optimise the implementation. Really, the success boils down to finding the right way, the right time, the right moment to share it with someone. Of course, you don't want to interrupt someone's commute journey with a hotel, and that's the sweet spot that we have found here, and I think there is a bit more juice still to go on these two. We'll continue to explore other opportunities where there's a synergy between two verticals. I don't know, maybe experiences or something like that, we'll find some way of scaling and testing a learning way there, as well. So yes, we'll continue to innovate in this area.

Jody Ford – *Trainline plc – CEO*

Thanks for the question, Ed.

Ed Young – *Morgan Stanley*

Thank you.

Operator

Our next question is from Alistair Johnson from BNP Paribas. Alistair, your line is now open. Please go ahead.

Alistair Johnson – *BNP Paribas*

Morning, guys. Thanks for taking the questions. Firstly, you mentioned getting more clarity from the UK government, generally, so I was wondering if you had further colour specifically on what the government meant or Labour Party meant when it originally talked about reducing the number of platforms, online ticketing platforms in the UK, or what it intends to do on ticket simplification. Then, secondly, your growth in Italy and Spain is very clearly being offset by the declines in France and Germany. I think I'm right in saying we lap the negative impact from that in the second half of this year, so should we expect an acceleration in International from now, effectively?

Lastly, I just wanted to ask more about the B2B distribution deal that you mentioned at the end of the presentation. What really are those, what are you providing and how do you monetise that? Thank you.

Jody Ford – Trainline plc – CEO

Thanks for the question, Alistair. I'll start with the GBR point and then pick up Spain and Italy, then hand it over to Pete. I think it's probably just worth pulling back a little bit on the broadly Labour rail agenda, just to level set, and then dive a little bit into what we're seeing around the retail environment. As I said in the presentation, I think where we're getting to here is we're getting increasing clarity with regard to their strategy, which as a reminder, they launched back in April in our offices. I think it's an agenda that lasts the full term of the government, which is helpful, given previously we were dealing with things that were more focussed on the next 12 months. That provides increasing stability for the industry, but also for third party retailers like ourselves, and the note here is [unclear] really where things tend to move fairly slowly as it relates to rail and the government engagement here. So I think what they've done is lay out where they want to go over the term of this government.

The key activities we see going on there within the GBR area is the first is designing what that looks like, creating a blueprint of how UK rail should be constructed, and that's pretty complicated because of the operational, financial and legal complexities of delivering that and designing, and so we anticipate that may take 12 to 18 months to come up with that blueprint. Secondly, there's obviously the nationalisation of the TOCs that is going on, and they've laid out an agenda for that. Exactly how long that takes, to bring them all into the DOHL will wait to be seen. I suspect it takes the majority of the current Parliament to do that.

I think third, and this is important, they want to deliver, of course, meaningful impact for customers that isn't all predicated on, if you like, the next term of government, over the coming months and years. Those short term wins I think initially were around getting - resolving the disputes and getting the trains so they weren't being cancelled and people can trust rail. But increasingly, it will be things that I think we can engage and work with them around, and some of these were in the commitments around the King's Speech. We've already touched on digital seasons, but automated delay repay, and then the idea of a mobile pay-as-you-go would be other areas that they've referenced they'd like to deploy, and that's an area where we can really engage and deliver good things for government.

That's the high level where we see GBR, but then to really turn to your questions here around the broader retailing environment, I'd just say that upfront, I back us to ultimately compete and win, however the environment evolves. As we think forward over that period of time, I think it's unlikely there will be 20-plus apps in a few years' time, and so we do expect some form of consolidation, and we think they'll work out what that looks like, if you like, during the design phase that I've said is going on right now. I wouldn't be surprised if there was some noise around that as they think through what that might look like and they consult more widely. But I would be surprised equally if anything really happened in the next two or three years in that area.

As I said two years ago on this, the most likely thing is we'll be here two years later and nothing will have happened, and I suspect that's the most likely thing in two years' time. Nothing will really have happened. Whatever does evolve, we continue to invest with our smarts, our customer trust, our base of railcard users and digital season ticket users now, and we feel very well positioned for whatever competition arrives there. Then, just to pick up on your point on simplification around fares, look, again, there is an interest in this broader area of looking at a ticket. It has been looked at a number of times over the last three years, and the intent has always been, can we simplify ticketing for customers, make it easier to understand?

I think the challenge inherent in that is that complexity is really around price discrimination and charging different groups either discounts or enhanced fares. Therefore, to simplify, you either have to invest quite a lot of money and increase the subsidy, so everyone's either flat or a winner, or you have to charge a lot of people more, and they get losers. I'd be really surprised if there's the critical will to make a lot of users here, and there's definitely been a statement that they aren't going to be increasing the subsidy. So whilst I do think that we'll see some evolution here,

what we saw in single-leg pricing from LNER I suspect could be more broadly rolled out. I don't think we'll see anything radical as it relates to simplification, just because it's too expensive.

Then, if I take the Spain, Italy question and what we are seeing there as it relates to France and Germany, yes, you're right in that we have definitely seen some very strong growth in Spain, as we've laid out today. As it relates to Italy, Italy growth is definitely positive. It's not at Spanish levels. I think just to emphasise what I said, we are very excited about the moment that SNCF will enter Italy, potentially we expect with their weaker branded trains, along a wide number of routes. That will be a pretty transformative moment for the Italian market in terms of bringing down fares, and it will position us very nicely.

As it relates to Italy, because we worked a lot with Ouigo Spain, we'll be able to work with Ouigo Italy, but we start from a far higher base in terms of brand awareness, in terms of understanding of our product and in terms of our feature set, so over the next 12 or so months, we will be focussed on making sure that works.

Then, as it relates to France, yes, you're right, and we've been pretty open about that. We pulled back French brand spend just over a year ago. We do see that lapping out, but we don't expect the acceleration there that we've seen in Spain and Italy, until we see more, if you like - the arrival of those challenger brands. Now, the good news is, that is happening on the - already happened in Paris-Lyon. Paris-Marseille is coming, and we see that Renfe is entering that market, so that's great, but that's maybe a fifth of the total market. We need to see some of the other players launching on some of the other lines, down to Bordeaux, to [Strasbourg], to Lille and so forth, before we see the Spanish levels.

Then, Germany is very much a different market, where we don't yet have the commission and broader competitive framework that will allow us to invest in the way we plan to and have done in the other three markets, and so I suspect that growth will be essentially pretty low for the next year or two. Then we would - beyond getting the right commission structure, we would need to see stronger, if you like, challenger brands coming in so that we could really invest behind that and offer the aggregation playbook, which looks like it will be a few years on.

Pete, shall I pass back to you on the broader distribution point?

Pete Wood – *Trainline plc – CFO*

Yes, thanks for the question, Alistair. So at the heart of the solution here is an API that allows people to book rail travel, and that can be through their own system that is then pushed on to a corporate or an end user, or it can be through an agent. It both allows people to book but also, of course, to make changes, because business travel, there's often changes to plans and refunds and things like that. Really, the benefit here for the travel management company is that by coming to Trainline, they get the benefit of aggregating all that supply together, so all that work that we've done for our consumer customers we also get to package up and sell to business travellers via travel management companies.

So they only need to make one connection into Trainline, and then as the different APIs evolve and adjust for all the rail companies, we're doing that lifting work for them, and they just get to stick with the one API. So they get that benefit from a tech perspective, and then in terms of the economics of how this works, of course, we have a relationship - a commercial relationship with the travel management company, and they then in turn have a relationship with corporates, and so we're just part of that ecosystem, if you like.

Then if I step back from all of that, we have been encouraged in the last 12 months with making some progress in this space. Coming out of COVID, a lot of travel management companies have really pared back, as you would imagine,

institution terms of investing, and rail was one of those areas that they didn't really turn to. But increasingly, we are seeing more conversations and the results are beginning to come through in a positive way as well, which is very encouraging.

Jody Ford – *Trainline plc* – CEO

Thanks for the question, Alistair.

Operator

Thank you. Our next question is from Sean Kealy with Panmure Liberum. Sean, your line is now open. Please go ahead.

Sean Kealy – *Panmure Liberum*

Morning, everybody. Thanks for the presentation. I'll just ask a few questions. I've got three if I can. First of all, there was a little slide in there talking about competition. In particular, I'm curious how - or if there's anything you guys would call out with respect to Uber, TrainPal, and then in particular, obviously [unclear] one subscription where they're trying to combine different offerings across a lot of different verticals. I'd love to get your views on that.

Secondly, we've talked a lot about Spain so far. Could we also talk a little bit about Italy. I think I understand that the market's been a bit of an in-between stage between Spain and France. Then, just finally, with respect to new guidance, am I right in thinking that's a bit of cost optimisation? Can you talk about how that would flow through the financial statements, please?

Jody Ford – *Trainline plc* – CEO

Sure. Let me pick up there. So we'll start on the Uber point. So look, as a reminder, in the UK, Uber launched around about two years ago now, and there's obviously been fairly significant investment, particularly in their go-to-market strategy. We've seen - and no doubt you've seen - fairly significant takeovers of London terminuses, which was actually outside of London in the second round that they did that. They've done a lot of notifications and CRM stuff to their existing base, and obviously they've had the 10% credit kickback, which is a pretty aggressive go-to-market strategy.

We triangulate, and I don't know the exact number - but we triangulate they're about 1.5 points, hovering around that area in terms of share. I think if you asked me three years ago if the number two travel company was going to enter and do rail, I would have potentially anticipated that they would have had more share at this point. So look, I take this as validation. I'm really pleased with the way Trainline's responded and the teams have responded, and I think it speaks underlying - the brand affinity, the trust that our customers have in us, and our overall feature set has proved very compelling. I think they've been challenged, so the numbers speak for themselves there.

I think the other point, the new thing to note here, is that they've launched in Spain, as well. But as yet, they haven't really deployed their full go-to-market suite of activities. We'll have to see what they do. They do have the 10% credit. I think other couple of thoughts as it relates to Spain is they are not the number one ride hailing app there. They are

in competition with Cabify, who are the number one, and so they'll have a little bit more difficult decisions about where they go with their resources between trying to promote rail versus promote the core product. Actually, we formed a partnership with Cabify that's working pretty nicely in terms of looking at their base and offering them travel, and I think there's some symbiotic relationship within that.

Then, the broader point on combining transport modes, I think the results speak for themselves. We increasingly are looking at things like those partnerships and ways we might be able to do that. So as it relates to Italy, yes, Pete, do you want to speak briefly to Italy?

Pete Wood – *Trainline plc* – CFO

Yes, so if I understood the question, I think it was around how we look at the three different markets and the stage of investment we're at. Really, as you've heard today, Spain continues to be really front and centre. It really continues to be very dynamic. We've got more routes opening up into the south, and actually, CNMC have announced that they want to look at introducing more competition up into the northwest as well, over time. That's our focus from an investment perspective, and we're experimenting and learning from a brand perspective.

At the other end of this scale, if you like, we've got France, which as Jody's just said, is in more of an incubation stage until more competition and aggregation arrives on the tracks, at which point we'll continue to invest there. Then, Italy sits somewhere in the middle. We've obviously got two premium players that are operating on high speed, and that's allowed us to really make good progress in Italy. But the growth is a little slower than it is in Spain, and what will really set that market alight is when SNCF enter the market in 2026 and bring perhaps their low cost brand, Ouigo, with them. That will really change the market, and the great thing about Italy is that the investments that we have made to date have really pushed our brand awareness up to the high 30s, at this point, and so we'll be in a much better position at that point to really make the most of the increased aggregation there, whereas in Spain we started really from a very low base once that market started unfolding. So that's really where Italy sits overall.

Then, the last one, on cost optimisation, yes, so I think the mechanics are relatively simple in terms of how it hits the P&L. So it's a £12 million cash saving that we've announced today. £8 million of that fits into EBITDA, and then there's a CapEx saving as well. But really, the step back here is how we really continue to benefit from scale here and how the operating leverage is dropping through. If I zoom out and think about where we were three years ago, we made that decision to increase our investment to make the most of the opportunity in Europe, and we've made really good progress over that time. We've more than doubled net ticket sales versus pre-COVID, but really importantly, we've significantly improved the product market fit for Spain, Italy and France. So that foundational investment is somewhat complete, and it looks much more like the UK experience from there.

Then, looking ahead, we're now in a position to be able to really tailor our investment going forwards, perhaps on things like how we further build out our aggregation playbook in Spain and then take that into Italy and France as it emerges. We're able to do that with a slightly skinnier team than we've had to date, and that's where some of these savings come from.

Jody Ford – *Trainline plc* – CEO

Thanks for the question.

Alistair Johnson – *BNP Paribas*

Brilliant. Thank you very much, guys.

Operator

Our next question is from Ciaran Donnelly with Berenberg. Ciaran, your line is now open. Please go ahead.

Ciaran Donnelly – *Berenberg*

Yes, thanks, guys. A few more just from me. Firstly, just going into France a little bit more and the pause in marketing spend, you've talked about needing to see more competition. Can you give us some context when you think that might come through and when we should expect a reacceleration of marketing spend in France in particular? The second question is more conceptual, just at this point there's less competition in these countries. Do you think perhaps in terms of capital allocation, now is the time to build brand awareness? Whilst you might not see the near-term financial impact, obviously, the long term benefits of building brand whilst competition is low could obviously drive significant value over time.

Then, thirdly, just in terms of the UK Consumer business, how should we think about the relationship between revenue and net ticket sales growth? Do you think we should expect revenue to continue to outpace net ticket sales? That's excluding the impact from the commission reduction in 2025. Thanks.

Jody Ford – *Trainline plc – CEO*

Ciaran, thanks for those questions. I'll take the first two together and then pass over to Pete. So I think as it relates to the question about when should we expect in France ultimately to see competition at rail level launching and allow us to deploy our full aggregation model, just to be a bit more specific on this, as it relates to - already, there's a Paris to Lyon from Trenitalia, who obviously have been running that service for a number of years. To give a sense, we might be selling as much as 30% or so of their tickets, that level, so we're really instrumental in driving that. We expect them to continue down to Marseille. There's an early - around '25, which will open up another number three route.

Then, Renfe we expect to launch on both of those routes next year as well. We never quite know when they're going to get passed. The operators don't know, as well. So that will actually mean that we've got four carriers on those two - the number one route, probably the number three route, because they - SNCF themselves run their own Ouigo route, so there'll be four different carriers, which is great.

Then, there's three private players who are all in various states - so there's Proxima, Ilisto, I sometimes refer to as Kevin Speed, and Le Train, and they - I won't go through all of them today, but they are looking at linking services, Bordeaux, Rennes, Nantes and then also Lille, Strasbourg, potentially another service to Lyon, and then more to Bordeaux and La Rochelle.

So what you can see is pretty much all of the principal high speed routes in France will have competition. Now, those latter set I just described, I don't think anyone really knows quite when they launch. I think optimistically, we'd be

looking at '27, but I think '28 would be realistic, and to see a number of those routes arrive. What you can see there is that the endgame here could be that there's something like six, maybe seven, operators, and then there'll be more operators, potentially going number London and Paris, operating in addition to all the different cross-border different operators.

So France could be a really, really exciting place, because they really will need aggregation, not just at a route level, but at a national level, in the way that we've had in the UK, where there is just such a complexity of different providers and brands, people didn't even know which [apps on] which route, never mind which train on which route. So if you give that a bit of a flavour of what that could look like and the kind of timelines that we'll work with - I think how to see how we'll act is we will always be ready for the next one. There's more routes launching in the next few weeks in Spain, new services launching there, and we're ready and promoting those.

Then your second question, around brand building, yes, we obviously think that we want to be not just doing that, but we will build as we see those services coming. The great news is, in Italy and France, we already have a brand that is more widely known than we are, for example, in Spain. We have the 30% plus, approaching 40%, brand awareness. As part of that, we will be leaning in France into the area of Paris, Lyon and Marseille as that competition has arrived, over these next few months, and we're already beginning to do that. So yes, we are, and we will take advantage of that, and we will be ahead of the competition in doing that.

Pete, do you want to pick up on the final question?

Pete Wood – *Trainline plc* – CFO

Yes, thanks for the question on UK revenue and NTS. There are a number of drivers, so let me unpack them. I think the first thing to say is that the last two halves, we've seen a real step change in hotels and in insurance, and that we've talked about a bit earlier in the call. I do still see some opportunity ahead, as I articulated, but that step change is somewhat complete with those two, and we'll now have to lap through some of that. Then there are a couple of other drivers, and you'll all be aware that we are growing more quickly on the day travel, where we don't charge a booking fee. So there's a natural headwind to take rates that has been masked by the ancillary revenues over the last two halves, but will - is still sitting there and will become a bit more obvious going forwards.

Then, you may also remember in May that I talked about the change of journey - sorry, the refund fees. That was an industry change that also affected Trainline, and if I look back at H1, we've got a partial half impact from that change looking backwards, and of course, looking forwards, that will then wash through more fully. Then, finally again, I think reasonably well understood, we'll have the commission change from April next year, which hits both revenue and then there's an offset in cost of sales, as well. So a number of moving parts there. Net-net, you're going to see a step down in take rates, even where we are continuing to innovate and drive ancillary revenues, which should go some way to offsetting that natural headwind we have from selling more on the day tickets.

Jody Ford – *Trainline plc* – CEO

Thanks very much, Ciaran, for the question. I think we're going to close questions. Thanks for joining today. As Pete and I have said, we have delivered a strong financial performance in H1 and improved our guidance. We're making significant progress against our strategic priorities, both in the UK and International, and we remain fully positive and energised about the growth opportunities ahead. Thank you.