

**Company:** Trainline

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**[START OF TRANSCRIPT]**

**Jody Ford:**

Good morning, everyone. It's great to see you all in person, and thank you for joining us today for our full 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.

Onto the agenda for today, first, we'll recap on the year and then discuss our strategic growth priorities. That will include a deep dive into the international opportunity. After that, we'll open to the floor for questions. This year, the Group delivered a record operating performance. We grew net ticket sales 12% to £6 billion, and also revenue 12%, to £442 million.

In the UK, net ticket sales were up 13%, as we continued to drive the adoption of digital tickets, with eticket penetration rising to 52%. In international, we further positioned Trainline as the aggregator of choice, particularly in Spain, where sales have almost tripled over the last two years. In Trainline Solutions, we are scaling our global API, with sales from international B2B distribution up 63%.

Our strong top line growth, together with the benefits of operating leverage, resulted in 30% increase in adjusted EBITDA, to £159 million. We are Europe's number one rail app, having built a market-leading user experience and a significant customer base. As we've previously flagged, there are a few near-term headwinds, and Pete will talk about those later in more detail, but I want to make it clear upfront that our strategy remains strong. We are building long-term value, adapting quickly to the changing e-commerce landscape, while staying focussed on the significant long-term growth opportunities ahead.

These include deploying our aggregation playbook on routes across Europe as they open to carrier competition, helping us scale our base of 27 million customers, rolling out innovation like digital pay as you go, where we have a solution ready, ahead of pilots in the UK later this year, growing B2B sales internationally through our global API and leveraging AI, which has the vast potential to transform our user experience. With our scale and our leadership in our product and tech, we are in a compelling position to capitalise on these growth opportunities.

Before I hand over to Pete, let me discuss the regulatory backdrop in the UK. It's been more than two months since the government published its wide-ranging consultation document, the precursor to its railways bill. This clarified that the government are considering replacing TOC online retail sites with a single public sector app and website. However, it also made an unequivocal commitment to a fair and open retail market, while expressing the fundamental role that independent retailers played, which we welcome.

Since its publication, we've had time to reflect and decide how best to respond. Alongside other independent retailers, we are taking an increasingly assertive stance to ensure the government -

the UK government - delivers on its commitment to a fair and open retail market. This includes escalating issues that prevail today, including examples where operators self-preference their own channels, so that they don't persist in the future.

At the highest level, we expect level playing field safeguards for independent retailers. Such safeguards are typically seen in other regulated markets in the UK, including telecoms, water and energy, and our view is supported by the CMA, who advocate for building these safeguards into the design of the future retailing market.

With that, I'll hand over to Pete to talk through our financial performance.

**Pete Wood:**

Thanks, Jody, and good morning, everyone. Before I step into the financial performance for the Group, let's briefly unpack the performance of each of our business units. Starting first with UK consumer, net tickets sales grew 13% to £3.9 billion, an outperformance versus expectations and the main driver behind our increasing guidance during the year. This was partly driven by our success in growing eticket adoption, particularly for on the day travel. Etickets now represents 52% of all industry sales.

It was further supported by increased industry rail fares, a market that's returned to normal and less impacts from rail strikes. In February, we saw the first phase of Project Oval, the expansion of TFL's contactless zone. Rolling out over the next year or so, in total, we estimate Project Oval will put £150 million of our sales at risk. Despite that, we continue to expect good growth in the year ahead.

Turning next to international, where net ticket sales grew 4% to £1.1 billion, within that, different markets grew at different speeds, aligned with their degree of market liberalisation, and web sales remained subdued, given further changes to Google's search results page. Let's spend a couple of minutes unpacking these points.

This slide shows the different market segments within international. Note each segment includes domestic and foreign travel sales. As you can see, their respective growth rates vary, as we actively managed marketing, focussing investment on the routes with carrier competition. This is most evident in Spain, which represents around 15% of net ticket sales and grew 41%. Across France and Italy, which represents around 70% of net ticket sales, growth was flat, as we await the arrival of further carrier competition, while non-core markets like Germany and the rest of Europe were down 6%.

This year, Google made further industry-wide changes to its search results page. This further suppressed organic results, while increasing the prominence of paid ads, in turn impacting web sales. Web sales represents around 30% of all international transactions, though higher in foreign travel and lower in domestic.

Alongside the post-COVID surge in inbound travel levelling off, particularly from the US, this resulted in foreign travel sales reducing two percentage points year on year. However, we are proactively responding to these changes, bringing customers direct to our website and app by investing in brand and doubling down on our own channels, including CRM, and increasingly utilising affiliates and partnerships.

Now turning to Trainline Solutions, which grew 20% to £941 million. As a reminder, this business unit provides B2B retailing capabilities to rail carriers and other travel platforms. Its growth was led by B2B distribution, up 25%. This was particularly the case in Europe, with international sales through our global API up 63%. This reflects travel management companies realising the benefit of aggregated supply through a single API. We also saw strong growth in white label carrier sales, supported by feature releases and market recovery.

Bringing that together, the Group delivered another strong set of results. Net ticket sales increased 12%, to almost £6 billion, and revenue grew by 12% to £442 million, as non-commissioned revenue generation offset the dilutive effect on our take rate from faster growth in on the day travel in the UK. This included hotel bookings and insurance sales, which together more than doubled year on year. Gross profit was up 15%, to £352 million. This outpaced top line growth, in part due to a reduction of the fulfilment fee we pay in the UK to the industry when a customer uses a barcode ticket.

Marketing costs increased 5% this year to £71 million, and other admin costs were up 6%, to £122 million. Bringing this all together, you see the benefits of operating leverage. Adjusted EBITDA grew 30%, to £159 million, outpacing both net ticket sales and revenue growth, and adjusted EBITDA as a per cent of net ticket sales increased 39 basis points, to 2.69%, a significant margin expansion.

Strong EBITDA growth is translating into strong EPS growth. Adjusted EPS of 19p was up 56% year on year, and 2.5 times higher than it was two years ago. At the same time, the business is generating strong cash flows. Operating free cash flow grew 20% to £110 million, driven by increased EBITDA. This was partly offset by a £43 million CapEx charge, reflecting our continued investment in product and tech innovation, as well as working capital movements.

As we generate cash, we continue to return excess capital to shareholders, with £154 million of shares repurchased and cancelled as at the end of April, and in March, we commenced our third buyback programme, committing to buy back up to £75 million of shares in 12 months. As we grow, we increasingly benefit from operating leverage. Our cost to income ratio fell 11 percentage points in two years, against a backdrop of continued investment in international, and next year, we will see the benefits of our cost optimisation plan, which we announced last November and completed in Q4.

As a reminder, this exercise delivers £12 million of annual cash savings, £8 million from operating expenses and £4 million from CapEx. That said, we expect total CapEx next year of around £50 million, which will include one-off costs from relocating our London office. In the year ahead, we expect our growth to continue, despite flagged headwinds, including the on-going impact of Google search changes in international. While domestic rail travel continues to demonstrate resilience, as in previous economic downturns, recent macro uncertainty is impacting foreign travel, including US inbound. We therefore expect net ticket sales to grow between 6% and 9%.

Given a reduction in the UK commission rate, as announced in 2022, we expect revenue to grow slower than ticket sales, in a range between 0% and 3%. However, despite that, we expect adjusted EBITDA to grow broadly in line with net ticket sales, at a rate of 6% to 9%, reflecting the benefits of operating leverage and our cost optimisation exercise. Thank you, and I'll now hand back to Jody.

**Jody Ford:**

Thanks, Pete. Let's now talk about the progress we're making against our strategic priorities, starting with our UK consumer business, where our priorities are to grow supply, provide customers with an excellent user experience, build demand and increase customer lifetime value.

We are proud to be the UK's number one travel app. However, we're not standing still. We continue to invest in our proposition, enhancing how we help customers, and in doing so, deepening our relationship with them. We particularly focus upon unlocking value, making it quick and easy to book, particularly on the day, helping customers navigate rail disruption and increasingly using AI to supercharge the experience.

We continue to innovate and scale our range of value saving products and features. This includes digital railcards. We grew our base 9% this year to 2.3 million. Within that, our share of railcards of 16 to 30 year olds reached 43%. This is notable, given railcard users are typically amongst our most frequent and loyal customers. By storing their railcards in our app, we make it easier for them to save up to a third on travel, while encouraging them to stay within the Trainline ecosystem.

We're also the home of SplitSave, where we help customers save £13 per booking on average. We continue to grow the routes where we offer splits, which are now available on 88% of the UK network. We launched our new app home screen, which makes it easier to search and quicker to book, reducing time to purchase by 36%. This is encouraging customers to book more of their on the day travel through Trainline, supported by our best price guarantee.

While making it easier for customers to search and purchase tickets, our app helps customers navigate rail disruption, too. Two out of three customers in the UK say they have experienced disruption when travelling by train. Our app serves as a travel companion, providing features like real-time delay and disruptions alerts, and soon, we'll have notifications to inform customers if they're entitled to delay repay compensation.

Now, we are transforming our travel companion experience. We are introducing the new AI travel assistant, giving customers their own rail expert in their pocket. It's just been rolled out to all iPhone users, and it includes real-time travel and disruption information, personalised for the customer's specific journey. It's not just a chatbot. Our assistant gets things done. It performs tasks on behalf of the customer, such as processing refunds, saving them time and hassle. In fact, we see the travel assistant as a key differentiator for Trainline, and this is just the start.

The AI travel assistant is underpinned by a scalable agentic AI system, built on proprietary multi-agent architecture. As it expands, we will build more agents to handle more tasks. This will include in a disruption planning agent recommending alternative routes for a customer to get from A to B. We're also exploring how we can use AI to build customer demand. We're running a small trial with OpenAI to integrate into their ChatGPT operator tool. It provides a valuable learning opportunity, particularly given the potential for AI to revolutionise organic search.

Moving on to building demand, under our Great Journeys Start with Trainline campaign, we highlight to customers how we can help them find the best value rail tickets. Our campaign tends to focus on younger audiences and hero rail as a more sustainable way to travel. This year,

our I Came by Train initiative partnered with several Premier League football clubs, as well as Glastonbury, allowing fans to access discounted travel through Trainline.

As a result, our customer base has grown from 15 million to 18 million in two years. As we grow our customer base, we are increasing the frequency in which they transact with us. Monthly active customers now transact 2.8 times per month, up from 2.6 times two years ago. This reflects our focus on commute and short distance travel, with on the day bookings now representing more than two-thirds of all the transactions in the UK. That's driving strong growth in net ticket sales, as Pete outlined earlier.

Moving on to Trainline Solutions, but sticking with the theme of commute and short distance travel in the UK, our digital pay as you go solution offers another way to grow in this space. It leverages geolocation technology we acquired Signalbox deal, and given it's app based, it can offer capabilities not typically available through traditional tap and go, like integrated railcards, real-time pricing and family tickets. We are bidding to participate in RDG trials running later this year. We hope these trials will offer us a great opportunity to ready our digital pay as you go solution for the mass market.

Within Trainline Solutions, business travel represents our biggest growth opportunity. We estimate business travel in rail to be worth about €6 billion across our markets. We focus on growing business travel sales through our own branded channels, as well as through our B2B travel partners, leveraging our global API. The global API gives partners the ability to offer European rail options to their customers through one simple, seamless connection, rather than tackle the complexity of connecting to multiple different carrier APIs.

Many of the world's largest B2B travel providers and platforms have already connected to our global API, accessing its reach, feature set and content options, and sales are beginning to scale, with international B2B distribution up 63% this year. It's helping to take more share in Europe, adding another 10% to international overall sales.

Now, turning to our international business, our growth in Europe depends upon liberalisation, and significant proof points unfold. The aggregation opportunity, I am more confident than ever it will enable Trainline to win in Europe. Let's start with Spain, Europe's most liberalised rail market. There are now four carrier brands competing across the top five high-speed routes, following Ouigo's launch on the southern corridor.

New entrant competition is coming to France and Italy, too. In France, liberalisation is due to arrive in three waves. Wave one starts next month, when Trenitalia expands its presence on the South-East network. Following that, Renfe are due to launch services, too. For context, the South-East network is worth more than €1 billion, which is around two-thirds the size of aggregated routes in Spain.

The second wave will arrive from around 2027 to 2028. Three new carrier brands are to launch high-speed domestic services across France, liberalising a further €1.5 billion of routes. The new challengers are already ordering rolling stock and obtaining the regulatory clearances needed to operate services in France.

In the third wave, several new entrant challengers are also planning to launch services on the lucrative €1.7 billion Channel Tunnel network towards the end of the decade. This includes London to Paris, a major cross-border route that until now has been held back by relatively high

fares. The three waves of liberalisation are expected to transform the French rail market, providing a growth runway for Trainline into 2030 and beyond.

Similarly, in Italy, carrier competition is expected to ramp up in the next couple of years. Today, two carriers run service on its €2 billion high-speed network. However, experience shows us that aggregation flywheel really starts to spin when three carriers compete. As such, we see SNCF's planned launch nationwide from 2027 as a pivotal moment.

Today, the combined rail market of Spain, Italy and France together are worth about €17 billion. Within those markets, liberalised high-speed routes account for around €4.5 billion. By 2030, we expect our core markets to grow to around €23 billion, providing considerable headroom, and over that same period, we expect liberalised high-speed routes to scale to around €12 billion, creating a significant catalyst for growth.

Let's discuss how we plan to leverage this growth opportunity, starting with Spain. Liberalisation has transformed the Spanish high-speed rail market. In just a few years, new entrants have expanded across the high-speed network. Of the top five routes, new brands have taken about 50% share. Average fares have reduced by 45%, while industry passenger volumes have increased by 80%.

During this period, we have honed our aggregation playbook in Spain, where we, one, rapidly add new inventory, including most recently Ouigo's service on the southern corridor. Two, make it easy for the customer to find the best value option and make the right choices. Three, build demand and grow awareness, particularly in cities served by the new services, like our recent sponsorship of Seville-based football club, Team Real Betis.

In Spain, our brand awareness is now almost four times larger than it was three years ago. Four, increase customer engagement, growing transaction frequency, integrating nonaggregated routes, such as the Cercanías network, and growing retention with repeat customers now making up 54% of our sales in Spain.

As we position ourselves as the aggregator of choice, we are also creating the virtuous cycle of the marketplace. As we add more inventory, we become more attractive for passengers, generating incremental demand, and as we generate incremental demand, we become increasingly relevant for rail operators. In Spain, we have gone from having next to no footprint a few years ago to now being the carriers' number one retailing partner by sales. As you can see, we have grown our share across the top five high-speed routes from 5% to 12% in two years.

Over the same period, we have almost tripled our net ticket sales, making Spain a €200 million business. This provides a positive read across to France and Italy, where our app is primed and ready to aggregate all new entrants, bringing clear benefits to our customers, who can search all the options to find the best value. Through TopCombo, they can stitch together different carriers for return and multi-leg journeys, and they can rely on our travel companion features and post-sales support, too.

Likewise, we start in a strong position in both markets. Our customer base in both France and Italy is bigger than in Spain. Likewise, we already have strong brand recognition and trust scores, so we don't have to start from a low base, like we did in Spain a few years ago. All of this gives us confidence we can scale quickly in France and Italy as they liberalise. Before we finish up, I'd like to spend a few minutes discussing France's South-East network, our next aggregation

opportunity. In the next couple of months, new entrant Trenitalia will almost double its current service between Paris and Lyon, the busiest domestic route in France, and they will launch four daily services on Paris to Marseille, France's third-busiest domestic route.

Thereafter, there are more carriers set to launch, including the Spanish operator Renfe. To date, we've made good progress on Paris to Lyon, with sales up 58% over the last two years, and ahead of Trenitalia launching new services, we are seeing encouraging presales across the South-East network.

We have strong brand awareness across all three cities, notably more than 45% in Paris and over 50% in Lyon, and having paused brand spend in France two years ago, we are now increasing our investment to further grow awareness in the region. This includes our recent sponsorship of Olympic Lyonnais Football Club.

Before we open the floor for questions, let me recap on some key takeaways from today's presentation. This year, we have once again delivered strong growth, outperforming our original expectations, while increasingly benefitting from operating leverage, and we have made further good progress against our strategic growth priorities. In the UK, as the number one traveller, we continue to invest to drive adoption of rail travel and digital ticketing, and we are taking an increasingly assertive stance with government to ensure it delivers on its commitment for a fair, open and competitive future retail market.

In international, we are positioning ourselves as the market aggregator, particularly in Spain, the most liberalised rail market, where our net ticket sales have almost tripled in two years. This creates a highly positive read across for when we deploy our playbook on high-speed routes in France and Italy, as they liberalise over the coming years. Next up will be the South-East network in France, where we already have a great starting position and are generating positive presale numbers. Looking beyond that to 2030, we expect liberalised high-speed routes across our core markets to be worth €12 billion, providing a significant catalyst for Trainline's growth in Europe.

So thank you very much for listening. I will now open the floor for questions. Raise your hand if you'd like to ask a question. When asking, please state your name and your organisation.

**Alastair Reid: (Investec, Analyst)**

Thanks, morning. I'm Alastair Reid from Investec. Three for me, please. Firstly, you've obviously given us a sense today of the addressable market in Europe on those liberalised routes. Could you talk a little bit more about market share? I think you've cited your 12% in Spain. Is that a sensible, realistic aim for that market as a whole over that period, or maybe you would hope for more?

Secondly, in terms of more recent trends, whether it's with the impact of Google on international, or maybe a weaker dollar, or on foreign travel, just give a bit of an update on the latest trends you're seeing. Any signs of improvement or worsening in those?

Then lastly, longer term, on the regulatory front in the UK, could you give us your latest thoughts on what a financially independent standalone GBR app might do in terms of future reviews of your take rate, commission rate? Thank you.

**Jody Ford:**

Thanks for the questions. So the first point around market share across those markets, yes, 12% is the average of all of the routes that we operate on in Spain. Some of those routes have been more mature and have had more competition for longer, particularly as you look out to Valencia, Madrid, Barcelona, and we see a higher market share in those routes. When we think about our ambitions and expectations, we talk about openly within the Company of getting beyond 20%, and I don't think that's at all ridiculous. That's very much our ambition, and then pushing beyond 20%.

Obviously, it depends on the maturity. It depends on the intensity of the competition, but overall I would be looking for those sorts of numbers down in the South-East corridor.

In terms of the latest trends in terms of Google and what that looks like, I'll do a little bit of a step back here, and it's probably worth talking a little bit about AI, and then, Pete, maybe you can pick up on what we're seeing day to day.

What's going on here with regard to Google, and it's not just happening in rail or travel - it's happening across e-commerce. You're seeing the search page on Google having significantly more AI features, not just the rail module, That's meaning that SEO is being pushed down the page. What's pretty interesting and exciting for us is that we are indexing very well on those AI areas that Google is indexing.

As we look at the data, which we're now beginning to report, we can now compare ourselves to competition. We see ourselves as the number one in Europe in terms of the number of clicks we're getting from those pages, and that's really a function of two things. One is our on-going SEO authority. We've always been strong at SEO. As you know, we've generally been number one in the UK, always, generally number two in any European market behind the incumbent. The other thing they index against is content, and we have really significant, fantastic rail content. That is meaning in some markets we're now indexing and getting more clicks than the incumbent themselves, because we're ahead of this. Whilst it's not yet meaningful at a great scale, the number of clicks we're getting has tripled since January, so it's growing very, very fast, and it's the sort of thing I think within the next six, 12 months, will become meaningful at an SEO scale as that grows faster. So that's really encouraging.

The other thing to mention here would be ChatGPT. We are increasingly seeing clicks come through from other LLMs and ChatGPT being the lead there. Again, that is growing fast, and over the last six months, we again see very strong growth there. So actually, we see opportunity here, and it's a way to differentiate ourselves versus the other players, where scale again helps you index here.

Pete, I'll let you talk a little bit about the changes to Google search.

**Pete Wood:**

Yes, I think it's worth remembering that the majority of our business is through app, right? So in the UK, that's north of 90%. In international, it's 70%. So it impacts us, but it is the minority there. Really, what we're doing is, where we are investing in Google, we're still looking to iterate and improve the efficiency that we have got there, but CPAs, as a result of there being more ads

at the top of the page and SEO being suppressed, there is pressure, upward pressure, on the CPAs, that we're facing right now.

Then it's a question of diversification, so where we've got opportunities to lean in and brand, where we've got good signals that it's working well, we're exploring how we might go and do more there. Partnerships and affiliates have been a good source of diversification. It allows us to get into, say, young audiences. So we'll continue to explore that, as well, as well as looking at other channels, like CRM. As Jody said, we're pivoting our SEO efforts into generative engine optimisation at this point, as well.

We're rolling with the evolution that's unfolding in front of us. Then, as that relates to foreign travel, which you mentioned, of course, customers tend to be more web based in general. They're doing more research about what their trip to Europe might look like, and so the impact is felt a bit more there. But it's great that we're seeing traffic build from ChatGPT and others, as well, so we are beginning to capture some of that demand shift.

**Jody Ford:**

If I take the third question on really GBR, it's probably worth a bit of a stand back, because there's quite a lot in this space, and I'll give you a high-level view, and then we can dive into what it might look as financially independent and any commission implications. Stepping back, we have faced a number of different competitors over the last decade, and most recently, Uber coming into the market nearly three years ago now. That's a very well-funded west coast tech company, it's the number two travel app and has got a large user base.

After almost three years, we see them at less than 2% in terms of market share. That gives me huge confidence we can compete with whatever comes at us, including a GBR app. The combination of our 18 million customers, the trust in the brand, our app user experience, the broader ecosystem we've got around railcards and features and the broader personalisation, coupled with being able to do the things we're talking about around AI. So I think it's important you hear that from me.

As we think about GBR, just to give a little bit more colour on this level playing field and where we get to, what the government have clearly said already is they've committed to open and fair competition in third-party retail. What we're pushing for now is the codification of what that means, and we very much talk about a separation between the rail operator and then the GBR retailer, which is I think where the question's going, with no cross-subsidy, and have an expectation equally of parity of access to all of the fares and all of the services.

When we talk about being more assertive, here there have been increasingly abuses of what we consider that open and fair basis. Things here I'm talking about are access to one-click Delay Repay, where we believe obviously that Trainline customers should have access to that. So expect us to be pushing the government, as in the near term, frankly, to get to a position where that truly is level and fair.

I think more broadly, we're not going to stand still. We will keep pushing, as you see here today. And we don't know how many years away the GBR app could be, but our expectation is that it is independent and standalone retailers will have to operate within the same commission structure that we and other third parties operate within. So standing back on all of that, we will

continue to invest. We'll continue to compete, and we'll wait and see exactly what comes from GBR.

**Pete Wood:**

Great. Peter?

**Peter McNally: (Stifel, Analyst)**

Hi. Peter McNally from Stifel. Just following on on that last one, look, the pay as you go backbone is going to be, what, 2027 maybe by its completion date, but once we get there, what is your consumer value proposition? Because historically, it's been ease of use and value. Now, if GBR has an app, they obviously won't market it probably as much as you guys will, but if it's there, how will it - what's the value proposition to the consumer at that stage?

Then, second question is customer data. I think one of the reasons the government wants to have an app is so it can collect more customer data to provide better service. Do you plan to share customer data with the government? Is that one of the reasons - or is that something that you would consider going forward, or do you have a view on that?

Then, the third question just on marketing. You've waited for carrier liberalisation for some time. At what point, because you know it's coming, do you just say, okay, let's just go for it?

**Jody Ford:**

Sure. So I'll deal with the first one, and Pete, you should come in on this one. So there's two parts to break off here. You reference pay as you go, and if we forward out, we've been pretty clear that there's £150 million at risk, from the tap in, tap out pay as you go that many people in this room will use to get in and out around London. That expands to a certain point.

I don't expect it to expand further than that. What that does well, I think, is for commute, it's an easier travel where you have high confidence. For many other users, and pretty much all leisure users, if you think about using it with your family, when you think about railcard users and when you think about being in control of what can become by the edge of that zone maybe £50 return, that doesn't really work for most people. That's why we've invested in our digital app-based pay as you go platform, and we think that's got a very strong value proposition for all of those users and for the rest of the country. The proposition for the government and GBR and the Treasury, in many ways, is the cost to roll that out is nothing like as high, because you don't need gates. You can do it all location based.

So that's why we think that's so interesting, and we've seen that technology in various other European markets begin to take off, and it gives the customer control, and it allows them to get the value and helps drive travel. It actually gives the government a real sense of understanding in terms of what's going on, to your later point around data. So it's the commute and the smaller, shorter distance regional market.

I think there's a risk of conflating with a broader point vis-a-vis the GBR app, there are lots of apps out there that already sell tickets. I think the Trainline value proposition sits very clearly on top of that. That relates to what we do to customers to help them find great value, and whether that's around railcards, whether that's around SplitSave, whether it's about alerts, price, those are things that we continue to build on. We are on the customers' side, and they trust us to find

the best value for them, and that has been what our value proposition has been around frankly for the last 10 years and will be going forward.

We will continue to innovate well ahead of all of the other apps, because we have the scale to do that. So that's the core part, and then what you're seeing us today, which is exciting, is beginning to add to that value proposition through supporting the journey around disruption, because we know that is an area that customers - when you think about rail travel, rail travel's great until you are disrupted on that journey. Being there for them and helping them understand what's going on, what they should do in those difficult moments, we can be even more trusted, and so we're evolving our value proposition on that point.

So that's I think the first question. Do you want to take the second one around the customer data?

**Pete Wood:**

Yes, certainly. Sure, yes, we are open to sharing more data with the government and the industry in order to support the developments of the rail industry. Of course, we already do some of that today. For each journey pair, there's an origin and a destination. They understand that, and I think maybe what you're getting at is the customer data on top of that and understanding what services and how they might evolve to better suit customer needs, I think sharing data that would certainly help the industry and in turn help us.

Look, we already do a good job today in developing demand and trying to sell rail, and as ever, the private sector works best when you incentivise them to deliver on certain outcomes. That's what we've been doing, driving the digitisation of the industry and removing certain costs associated with that shift, as well. So yes, in short, I think there is an opportunity there.

**Jody Ford:**

Then, final question was around international marketing, what point do we pull the trigger? We've had on-going conversations around this over the last two or three years and we are always running tests. Just assume that we're doing that in marketing.

When you break that into the two parts we've got the on-going, almost evergreen performance marketing, and in each of those markets, we have pretty tight cycles and attribution frameworks, and we continue to lean in wherever we can. We continue to invest there, because we understand the ROI.

Then, as it relates to more top of funnel brand building, again, we continue to test there. It's very clear, when we look in Spain, we just see the number of new customers we get can justify really quite significant marketing to drive up the awareness. We have kept on-going marketing in Italy, and then as you know, we pulled back in France about two years ago, because we just couldn't justify that level of spend at that moment in time. Now, we are leaning in on a regional basis, and it's encouraging to see the awareness going up, frankly, in Lyon, Marseille, and it's always been relatively good in Paris, on that route.

Then, we will continue to lean into those other regions as they come on over the next two or three years. At some point, there will be a tipping point where bringing customers on in one

region will encourage them to take tickets elsewhere, and we'll begin to understand that better. But it wasn't true two years ago, and we'll look at that over the next months.

**Pete Wood:**

Great. Katie?

**Katie Cousins: (Shore Capital, Analyst)**

Thank you. Katie Cousins, Shore Capital. Just on that marketing and international, appreciate the trends and when you ramp up that spend, but how should we think about that in terms of EBITDA? Should we continue to expect that to improve year on year? Is the balance there, you still want to keep that trend?

Also, Japan? I've heard a marketing thing that you are offering trains in Japan, so just wondering what your plan there is that region. Then, also, in that digital pay as you go trials, just a bit more clarity on who you're competing against, if possible?

**Jody Ford:**

Sure. I'll take the Japan question, and then maybe pass back to you on the EBITDA. So you should definitely buy a ticket in Japan, if that's where the question's going. What we are doing there is we are dipping our toe in the water to sell travel around Japan, and actually, we did previously have this, and it's something pre-COVID that then got removed. We are doing that and selling rail passes in Japan, because it's a lucrative market and it allows us to begin to build relationships there.

But there's no plans beyond that at the moment for Japan, so I think that's the Japan question. Pete, do you want to go on the international?

**Pete Wood:**

Yes, certainly. So, look, we're trying to unlock longer-term value creation here, and a little bit to the question we had earlier, there might be moments where we need to accelerate marketing investment ahead of the curve. The point at which liberalisation in France really takes hold, we don't want to be shy and miss the moment, and so we're driven more by that than trying to manage some EBITDA profile, per se. We don't have false floors or anything like that, and we'll narrate and indicate ahead of time as we get towards that.

**Pete Wood:**

The digital pay as you go trials, so we're in the process of going through the tender process at the moment, and we don't know exactly who else might be interested. I'm sure there'll be names like FAIRTIQ, which is a Swiss-based company. Tracsis, for example, might be interested in these things. But at the moment, we're focussed on putting our submission in and seeing what comes of it.

**Jody Ford:**

Great.

**Pete Wood:**

Ivar?

**Ivar Billfalk-Kelly: (UBS, Analyst)**

Ivar Kelly from UBS. For the train operating companies in Spain and Italy and France, it makes an awful lot of sense for them to work with you as they're trying to build up their market share. Looking at some of the routes in Spain, that market share seems to have stabilised, so is there a risk that actually they don't want to work with you in the future? Or maybe, put it a different way, that commission rates get negotiated down? So do we have a view on when that will happen, or if it could happen?

Secondly, in a lot of the press that I read, it seems to suggest that capacity allocations between the different countries aren't quite fair, and looking in Italy specifically, the SNCF seems to be not being given as much capacity as they actually want to run their services. Competition in Europe has been a big pillar of your growth for a long time, but it seems to be pushed out further and further to the right. So at what point do we actually have comfort that we are going to see meaningful competition there coming up?

Then, in the UK, and this may be a small element, but it seems like you're investing more and more to keep people within the app. So is there a chance that actually the time people spend in the app is increasing, so can your take rates increase from higher commission rates from a higher share of eye balls.

**Jody Ford:**

Great. I'll start at the top, and then we can tag team. So the relationship with carriers, it's an evolving relationship. In some of these markets, they've never worked with third-party retailers in a meaningful way, and equally, they are new entrants. All I can tell you is the direction of travel is actually counter to what you suggest might happen. As we've been in the Spanish market, rail market, we have seen that effectively our take rate has continued to go up, as we have - they have understood that we actually can provide double-digit share for them.

As that goes forward they begin to bake that into the models, and they begin to need those customers as they go forward into the following year. That's really encouraging. I think the other thing that we haven't talked a huge amount about today, but you will begin to see if you went on the App, is we're beginning to build tools for those rail operators to be actually able to help them drive share, to explain their proposition, and those are obviously additional monetisation tools.

So as I think about the evolution of where I imagine this going in two, three years' time, there's lots and lots of marketplace models, whether in retail or food delivery, where actually they've created tools that aren't just about negotiating a take rate, per se, but are about having demand that these suppliers or train operators are actually able to buy that demand. That creates a mechanic which I think's very helpful and lets us almost step back and let them decide how that goes forward.

It's always worth remembering the unique inventory we bring in terms of cross-border travel and inbound is really, really special and very hard to get. Actually, many of those customers that we're bringing from the UK, from the US and increasingly from those domestic bases that we're building up across Europe into other European countries, almost wouldn't buy rail travel if we

didn't make it so easy. So they get very good take rates and commissions along the way, and that's always the door opener that is very interesting.

I have to say, I'm getting encouraged. We talked a little bit about the international distribution business, but of all the customers, and maybe after US tourists, the next one they want are business travellers. Actually, we're beginning to get some really great relationships, as we're saying, and that is flowing through. It does take time, but when they arrive, they are very sticky, so that's another part of the discussion with those suppliers.

Let me pick off the middle one. International capacity allocation and when's it happening? I think we've always said, it comes in fits and starts. Four and a half years ago, we weren't quite sure how Spain would open up, and then Spain opened up very quickly and at scale almost like a big bang, all at once. Clearly, that is there and the Spanish market is open. There is another phase coming, a smaller phase, but that's open.

I think even versus nine months ago, we are somewhat surprised by the scale of Trenitalia's entry into Marseille. They're not just running additional trains to Lyon. They are now increasing the size of those trains, and that means there's more capacity, more tickets to sell, and it's a helpful dynamic for customers and Trainline.

There's other things we're a bit disappointed in. Things have dropped back some months, and that's always going to be the way it works. In the end, if you look forward to 2029, 2030, and you think about the top 100 routes in Europe, many of them will be liberalised, particularly across Italy, Spain and France. Then I think you reference Italy in terms of the noise and the allocation. Frankly, you're hearing some of the same noise in France at the moment around allocation, and sometimes that turns into a safety conversation of are the trains passing the safety certificate.

There will be jostling and noise. In the end, I think there's only one outcome, right, which is ultimately we're going to have competition from many operators on most of those high-speed lines across those three countries. So I'm very encouraged with the direction of travel.

**Pete Wood:**

The last question around app and the take rate there. So, yes, I think there is an opportunity here. We obviously had success with hotels and insurance, where the ability to be able to scale it without having a material impact on the primary objective of selling rail tickets is what we've managed to achieve. And that's really doubled over the last year. So that's a good lead indicator for us.

Then it comes down to how do we allocate the resource and what are we focussed on developing the AI assistant or building out new revenue streams. There are some trade-offs to make, and of course, we have the structural headwind of selling more on the day tickets without the booking fee, which offsets that. So in the year ahead, you should expect a bit of dilution net-net of those moving parts, but that doesn't mean in the longer run that we don't see some opportunity here.

Gareth.

**Gareth Davies: (Deutsche Numis, Analyst)**

Yes, hi. Gareth Davies from Deutsche Numis. A follow up on pay as you go, in terms of what you're bidding for at the moment, do you envisage that being Trainline branded, or is it more white label type contract? Are they going for one exclusive partner in each region for now to trial, or if you're branding it Trainline, then why would you not allow more than one, as long as the technology was suitable and sensible? How does pay as you go sit within level playing field, or have you - is that something you're pushing on to ensure that it isn't one big contract, I suppose, on a UK level?

Second one, just in terms of gross margin, decent step up this year, but the year to February '25, but clearly feels like there could be a very meaningful shift in '26, given the 25 basis point reduction in underlying cost. Can you just talk about the puts and takes in gross margin in the UK in particular?

Then, final one, you may not want to answer but I'll ask it - I think you said two-thirds of transactions are on the day in the UK. Can you give a feel for the value of the on the day?

**Jody Ford:**

Great. Do you want to answer the third one and then go to the second one?

**Pete Wood:**

Yes, so second one, gross margin, you're right. There are costs that sit in this line in cost of sales. There's payment costs, and of course, we're forever trying to seek optimisation within that, but somewhat - there's only so much you can do there. We have fulfilment costs, so when the tickets are issued, we pay a certain amount to the industry, and as you heard me say, there's a partial year benefit last year, and it will follow through into this year, where that cost has reduced somewhat, because the CapEx of getting certain gate lines installed has dropped away, and we're paying an OpEx charge at this point.

Then there are some industry costs, and as you rightly pointed out, those have now dropped away when the commission change came through. So that net 50 basis point reduction is offset by 25 basis points of cost forgiveness. So net-net, there is another step forwards to come as a result of those drivers, and we'll of course share more in due course as that unfolds.

The last one - yes, two-thirds on the day. I don't have the data to hand. Typically, they are a bit less expensive, and the buy in advance are typically for longer journeys, and they are a bit more expensive. That's probably the only colour I can give you on that.

**Jody Ford:**

Then I'll just pick up, and you can by all means add, Pete. I think the thing to say around the pay as you go piece is this is very much in progress and we can't talk a huge amount around at the moment. I think after that trial, the government would be in a better position to understand how they would ultimately want to go forward with that, but we very much want to be in the heart of that, working with them. We've done a small-scale trial with our technology, and we think it looks really interesting, and look, it really is a very strong customer proposition, but we'd love to get it tested with a scaled group of customers.

Then, I think where you're going on the level playing field is right. My point about the parity of access, ultimately, that's about being able to retail any fare, however it's deployed. Whether it's selling a post or prepaid ticket, if you like, we believe we should be able to do that.

**Gareth Davies: (Deutsche Numis, Analyst)**

Okay, thanks.

**Pete Wood:**

Okay, great. James?

**James Lockyer: (Peel Hunt, Analyst)**

Hi. It's James Lockyer from Peel Hunt. Yes, three questions. Just on the assertive stance you're taking with the government, what does this mean in practice? What's the stance changed in terms of what you were doing historically?

Perhaps linked to that, historically, you've spoken about when it comes to the commission and where that should sit. You've articulated around either your financials or how that might impact the customer experience, but you've also spoken historically about how Trainline is the lowest cost to serve. Is there a way you can articulate your fee in respect to the other options that the train carriers have? Are you cheaper? Is there a way of actually articulating that numerically, which would be quite useful?

Then as a follow up from that, given your scale, your unique dataset, what more could you be doing to help carriers have better margins, say, yield or fleet management, or simply, you're a scale player, take away costs from them, do it at better margins to help the carriers make more money as well? Thanks.

**Jody Ford:**

Great. Thanks for the questions. I'll take number one. Maybe Pete takes number two. So look, the assertive point, I briefly touched on it earlier, but just to go a little bit further there, I think we are engaged, as you would expect, in the longer term in terms of how the consultation process is closed. The bill, legislation, will come in draft form autumn, we expect, and ultimately go into law next year, and GBR gets stood up in 2027. It's hugely important, those points on the level playing field, and it's the codification of their commitment to an open and fair basis.

There's open questions, like who will be the regulator of this, for example? Obviously, there's a lot of other questions for the government to answer around the whole of the railways, not just as it relates to retail. I think the assertive point really comes to - for the last couple of years, we have been given space, if you like, for the government to work out its direction of travel and to decide what it was going to do. Then, obviously, there was a change of government there. What we're being very clear on now is that these short-term abuses need to be resolved ahead of GBR's being stood up. The point I make here around Delay Repay. We don't believe it's fair, their language, for LNER customers to have one-click Delay Repay, or maybe some of those relatively rich loyalty programmes that are beginning to exist with some of the government-owned TOCs. It doesn't feel appropriate that they are not offered to Trainline customers. So I think leaning in and just making that point clearly to the Government is what we're doing there.

Pete, do you want to take the cost to serve for other options?

**Pete Wood:**

Yes, certainly. I think there's research out there, but I don't have the figures to hand. I think if you look at 4.5% commission, which is what we charge today, an efficient payment cost would be around a point. So at 3.5 points, it is very attractive, and compared with the CapEx of putting machines in the ground, it does compare favourably, but I don't have the comparative figures to hand.

Then, in terms of can we help carriers and essentially yield management, I think there is an opportunity. We have a good data set - a very strong data set. We understand customer dynamics. We have the right engineering capabilities, but to date, it's never really emerged as an opportunity where we would then want to be able to or need to control the pricing, and you get different pricing in different channels. There's a more holistic paradigm shift that carriers would need to get their head around in order to offer that up, so that's not really gone anywhere to date.

**Jody Ford:**

My one add on that would be, in the nearer term, what we're increasingly doing is working with carriers in the UK and throughout Europe on those ticket types that do offer higher margin. So that could be first class tickets, for example. We're increasingly leaning into supporting that, or helping customers potentially upgrade and so forth in that journey, or bringing those inbound tourists in, and making sure they are marketing appropriately to them. Those are the types of things, and that's a jumping-off point I think for some of the stuff that Pete was talking about.

Look, I think we're going to have to cut there. We're just coming up onto the top of hour, so thank you again, everybody, for all the questions and for attending the presentation. To recap, we've had another strong year. We're making really good progress against our strategic priorities for growth, and we're excited about the growth opportunity ahead. I look forward to speaking to you all again soon. Thank you, guys.

**Pete Wood:**

Thank you.

**[END OF TRANSCRIPT]**