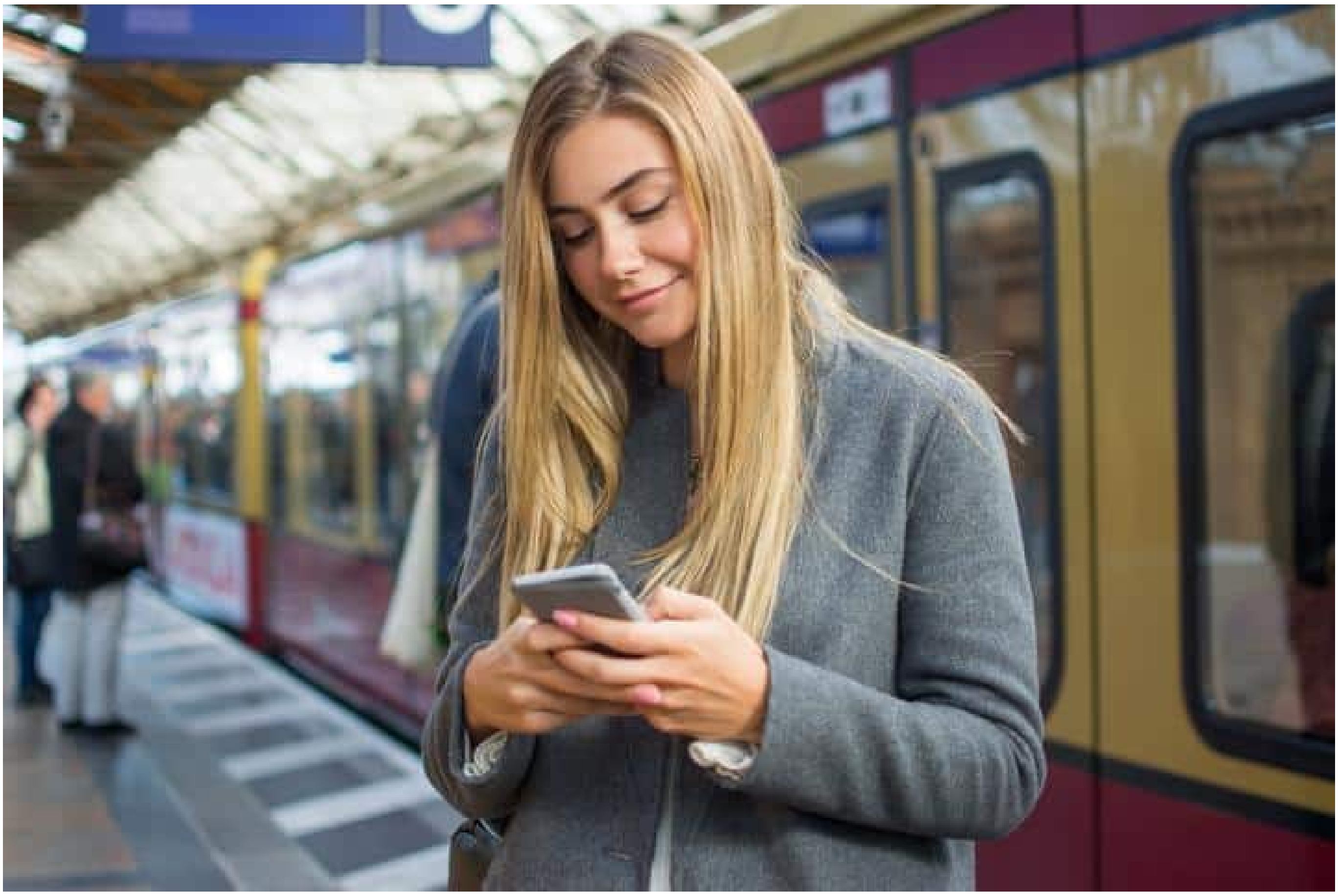
Trainline on track for long-term growth despite coronavirus challenges

May 7, 2020



The CEO of digital rail ticketing platform Trainline says she remains confident in its long-term growth plans.

The comments from Clare Gilmartin comes as company reveals its results for the year ended 29th February 2020.

A results summary:

- Net ticket sales up 17% to £3.7 billion in line with guidance, reflecting increased mobile demand from greater eticket adoption in UK and strong customer acquisition in International
- Revenue increased 24% to £261 million at top end of guidance, benefiting from net ticket sales growth, revenue optimisation and the launch of new ancillary revenue streams
- Adjusted EBITDA up 62% to £85 million driven by volume growth and the operating leverage achieved across our cost base
- Operating profit of £2 million and loss after of tax of £81 million, primarily driven by exceptional costs relating to the IPO
- Operating free cashflow of £59 million driven by strong adjusted EBITDA performance and reduced capital expenditure
- Leverage reduced to 0.8x adjusted EBITDA, benefiting from primary proceeds from the IPO and strong cashflow generation
- Good progress against strategic priorities on enhancing customer experience, building demand, optimising revenue, growing trainline for business (T4B).

Impact of COVID-19 and outlook for FY 2021

- Significant impact on trading in Q1 FY2021 to date as a result of COVID-19 lockdown, with UK and European passenger volumes currently down >95%
- Confident Trainline can navigate even an extended downturn if necessary given significant liquidity headroom and mitigating actions taken, whilst maintaining investment in the Group's strategic priorities to drive long term growth
- As previously disclosed, £150 million liquidity headroom expected as at end of May, with monthly cash outflow from operating costs and capex reduced to c.£8-9 million
- Group will update on guidance for FY 2021 once visibility improves

OUTLOOK FOR FY 2021

Significant uncertainty remains around when COVID-19 related restrictions will be lifted in our markets as well as what the macroeconomic recovery will look like thereafter. Until visibility improves, we will not provide specific guidance for FY 2021.

However, we remain confident that we can operate through an extended downturn period if required. We expect Trainline's liquidity headroom to be c.£150 million at the end of May 2020. By this time, the Group expects to have fully completed the working capital outflow arising from settling pre-existing bookings to train and coach operators as well as processing refunds to customers.

Given the expected monthly cash outflow from operating costs and capital expenditure of c.£8-9 million (see above), the Group has sufficient liquidity to operate for the foreseeable future even with no revenue generation or further cost mitigation.

Longer term, we continue to see the same structural tailwinds for the business, while in the shorter term, we expect COVID-19 to encourage a faster shift to digital ticketing as train users are less willing to use ticket machines or queue at the station. Similarly, ongoing social distancing requirements will increase the need for clear and accurate, on-the-go travel information. We also expect customers to be very value conscious and SplitSave will be an important feature for customers looking for the cheapest rail fares available. Against that backdrop, we remain resolutely focused on supporting our customers through these difficult times.

Clare Gilmartin, CEO of Trainline said: “We are pleased to have delivered a strong performance over this past year, in particular to have exceeded expectations set at IPO for FY20 Revenue growth and EBITDA. We have also made significant progress against our strategic priorities.

“In recent weeks we have seen disruption to our business due to COVID-19, and are grateful to our frontline staff in particular for helping our customers over this period. We remain confident that the long-term growth opportunity for our business remains unchanged, and are committed to our long term growth plans.”

Click here for the full details.

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