

Commercial Due Diligence for thetrainline.com

Service Area	Transaction Support, Strategic Sales and Marketing	Sector	Travel and Leisure
Client	Exponent Private Equity	Date	2 months, 2006

The Project

The Trainline.com is the dominant player in the UK rail travel booking sector. It is the amalgamation of several individual transport groups' efforts to develop such an on-line capability, including the Virgin Rail Group and National Express. Having passed through the early stages of development (technological and commercial) and moving into a phase of higher growth, the business was put up for sale in 2006.



Our Role

Maddox Consulting was retained by Exponent Private Equity, one of the parties bidding for the company, to provide commercial and strategic advice through the acquisition process. During this time we:

- conducted due diligence on key commercial drivers in the business, including the volume of tickets sales and prices by sector / operator, likely internet penetration of sales, commission structures and levels, existing and emerging competition, and upside opportunities;
- gained insight and validated our views through an extensive range of interviews (i.e., train operating companies, national rail industry entities, Government, retailers and rail sub-sector experts) and through customer referencing;
- analysed the opportunities for diversification through B2B sales, white-labelling and deals with Train Operating Companies;
- undertook a detailed review of current competition and analysed the technical and logistical barriers to entry;
- developed revenue and yield forecasts for the business under different growth scenarios and tested different sales and marketing strategies; and
- assisted Exponent in preparing the overall financing package for their bid and presented to prospective debt providers.



The Outcome

Exponent PE was successful in its acquisition of the trainline.com (for £163m), having become convinced on the business' upside potential. Due to the robust commercial plan, they were able to secure debt at competitive rates despite the relatively embryonic nature of the sector and latent threat of new entrants.