



**Hostelworld Group plc
("Hostelworld" or the "Group")**

Trading statement and update on COVID-19 impact

Hostelworld, a leading global OTA focused on the hostel market, today provides the following update on trading in light of the unprecedented challenges presented by the COVID-19 outbreak.

Trading Update

On 4 March 2020 at the time of the Group's preliminary results, Hostelworld estimated that the impact of COVID-19 would be a reduction in Q1 2020 EBITDA in the range of €3 to €4 million. Since early March booking trends have continued to deteriorate as the outbreak expanded, and while the Group took immediate steps to mitigate the financial impact, we now expect the overall EBITDA reduction in Q1 2020 to be c. €5.0 million.

COVID-19 Risk Management

The well-being and safety of our employees, customers and hostel partners remains our top priority. During the first half of March 2020 a series of actions were taken to protect the health and safety of our employees, including restricting travel and meetings and the adoption of flexible working arrangements for colleagues. Detailed contingency plans were also drawn up to ensure business continuity in the light of evolving government guidelines. On the 13 March 2020, we took the further step of implementing a full working from home policy for all our employees in Europe.

Cash conservation measures

Liquidity

As at 24 March 2020, the Group's net cash position remains strong, with in excess of €20 million of immediately available cash on hand (as at 31 December 2019: €19.4 million). The Group confirms it has no debt obligations. As at 24 March 2020, Deferred Revenue, reflecting customer deposits made under the free cancellation booking product, amounted to €2.5 million. While the rate of cancellation under this booking option has increased due to changes in travel patterns in response to COVID-19 outbreak, we are working to minimise any negative cashflow impacts to the business, by offering credits in lieu of cash refunds.

Dividend

Given the current focus on cash conservation, we have taken the decision to cancel the proposed final dividend of 2.1c per share (representing a €2.0 million cash outflow), in respect of the financial year to 31 December 2019.

Variable costs

Variable costs in the business relate primarily to paid performance marketing channels. While reducing overall marketing spend, the Group is actively optimising any expenditure across these channels to match investments with near term revenue.

Fixed costs

Fixed costs comprise mainly of Staff Costs and Other Administrative Costs. While we continue to progress against our "Roadmap for Growth" initiatives, we have implemented various measures to reduce near term costs and conserve cash.

FY20 outlook

As a result of the significant uncertainty surrounding the impact of the COVID-19 outbreak, it is too early to predict or quantify the impact this will have on the Group's results for the financial year ending 31 December 2020.

Our balance sheet remains strong and we have taken mitigating actions to preserve cash as detailed above. The Board continues to monitor the situation and will provide an update to the market as appropriate. However, with continued tight cost control and the Group's strong cash generative characteristics, the Group remains resilient in volatile market conditions.

Gary Morrison, Chief Executive of Hostelworld, commented:

"The COVID-19 outbreak has had an enormous impact on the hostelling industry, the wider travel market, and the communities we live in. Right now, the Hostelworld team and I are fully focused on supporting our employees, our customers and our hostel partners; just as we have done so over the last 20 years and will continue to do so for the next 20 years to come. Given the strength of our balance sheet and the initiatives we have taken in recent weeks I am confident that when this crisis passes, as it inevitably will, we will emerge stronger than ever."

This announcement contains inside information for the purposes of Article 7 of Regulation 596/2014 ("MAR").

For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is being made on behalf of the Company by TJ Kelly, Chief Financial Officer.

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About Hostelworld Group

Hostelworld Group, the global hostel-focussed online booking platform, inspires passionate travellers to Meet The World, and come back with life-changing stories to tell. Our customers are not your average tourists; they crave cultural connection and unique experiences that we make possible by providing an unbeatable selection of hostels in unmissable locations – all in the palm of their hand.

It is the social nature and community feel of hostels and their environment that enable travellers to embrace journeys of discovery, adventure and meaning. We have more than 13 million reviews across more than 17,700 hostels in more than 179 countries, making our brand the leading online hub for social travel. Our website operates in 19 different languages and our mobile app in 13 languages.

Disclaimer:

This announcement may contain forward-looking statements with regard to the financial position and results of Hostelworld's activities. Any forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially. Many of these risks and uncertainties relate to factors that are beyond Hostelworld's ability to control or estimate precisely. The risks and other factors which may affect financial performance are detailed in Hostelworld's publicly filed annual reports. Any forward-looking statements in this announcement are current only as of the date on which such statements are made. Hostelworld undertakes no obligation to update any forward-looking statements, save in respect of any requirement under applicable law or regulation.