

# **2017 PRELIMINARY RESULTS PRESENTATION APRIL 2018**



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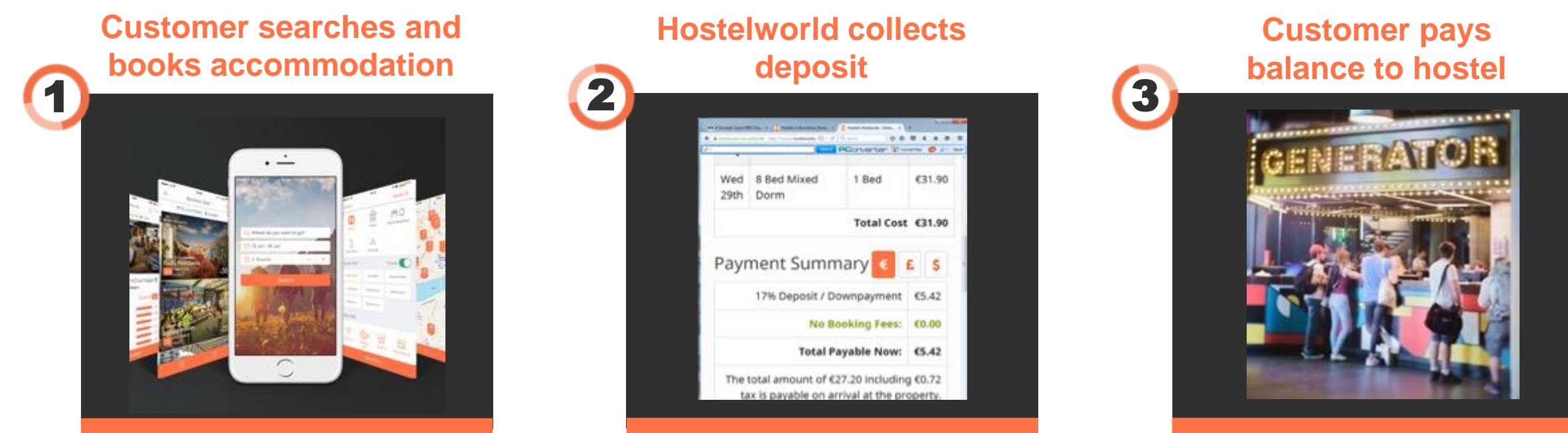
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# HOSTELWORLD AT A GLANCE

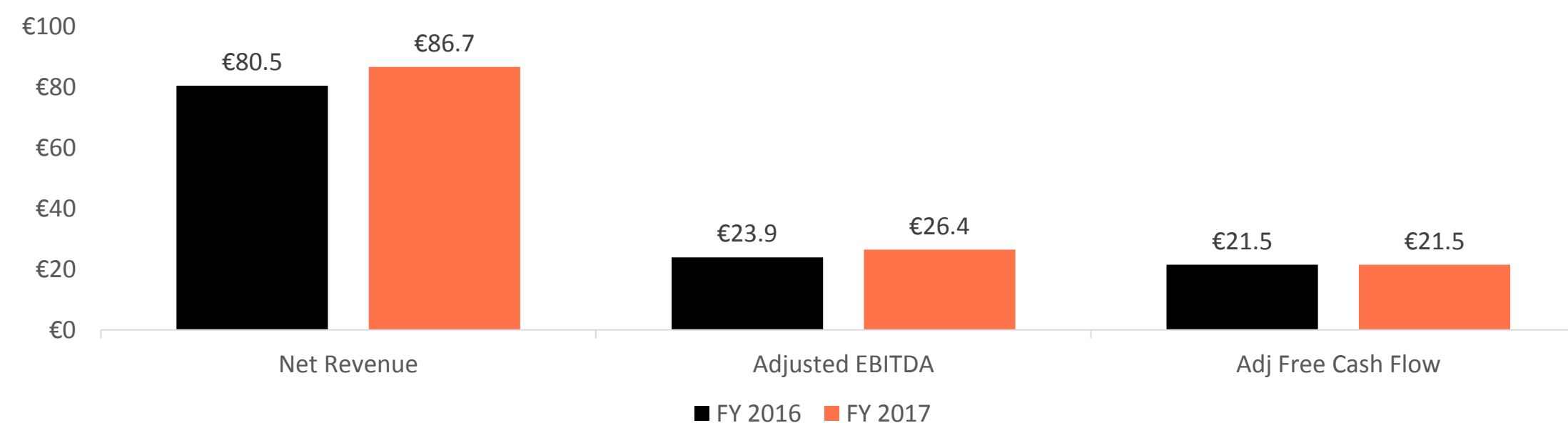
## GLOBAL, HOSTEL-FOCUSED, MARKET-LEADING ONLINE BOOKING PLATFORM

- ▶ Head Office in **Dublin** with offices in **London, Porto, Shanghai, Sydney & Seoul**; average **254 employees during 2017** (2016: 241)
- ▶ **36,000** properties globally including **16,000** hostels as at December 2017
- ▶ Focused on hostels and other budget accommodation with hostels representing **93% of 2017 bookings** (2016: 92%)
- ▶ Hostelworld, the Group's primary brand, contributed **93%** of total 2017 bookings (2016: 87%)

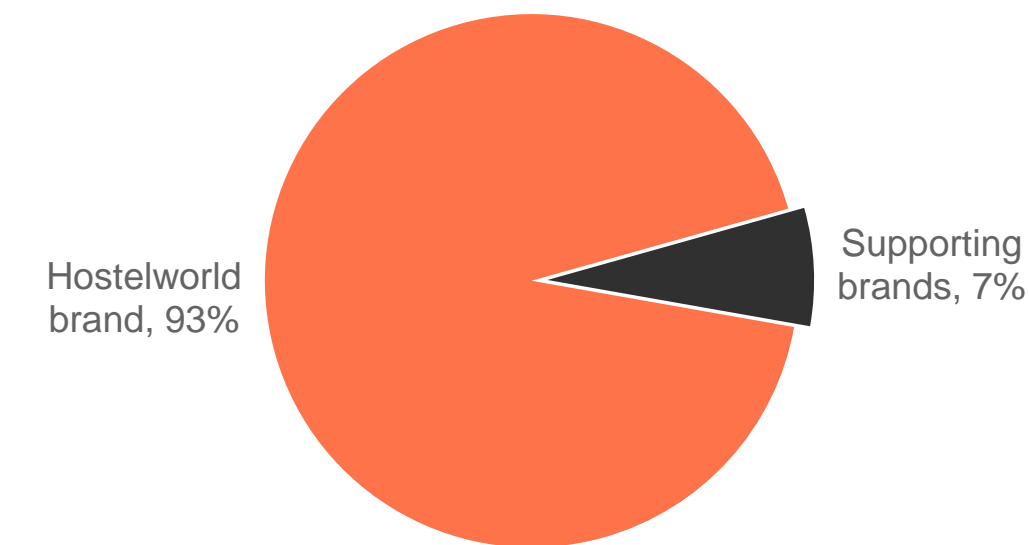
## EFFICIENT BUSINESS MODEL MAXIMISES CASH CONVERSION



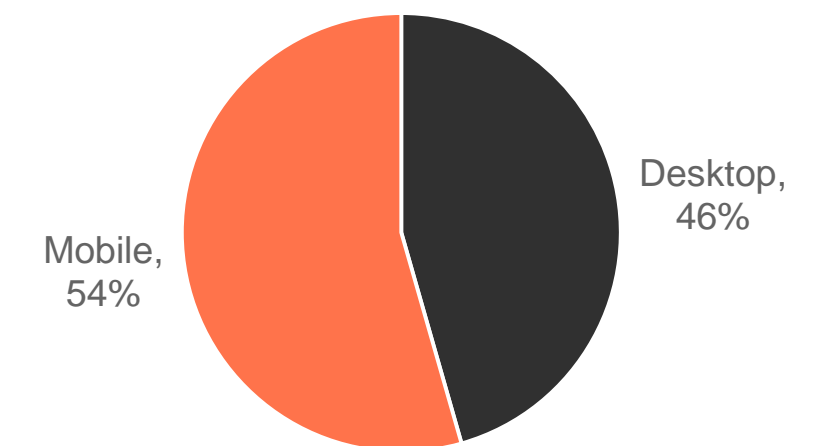
### 2017 KEY FINANCIALS (€M)<sup>4</sup>



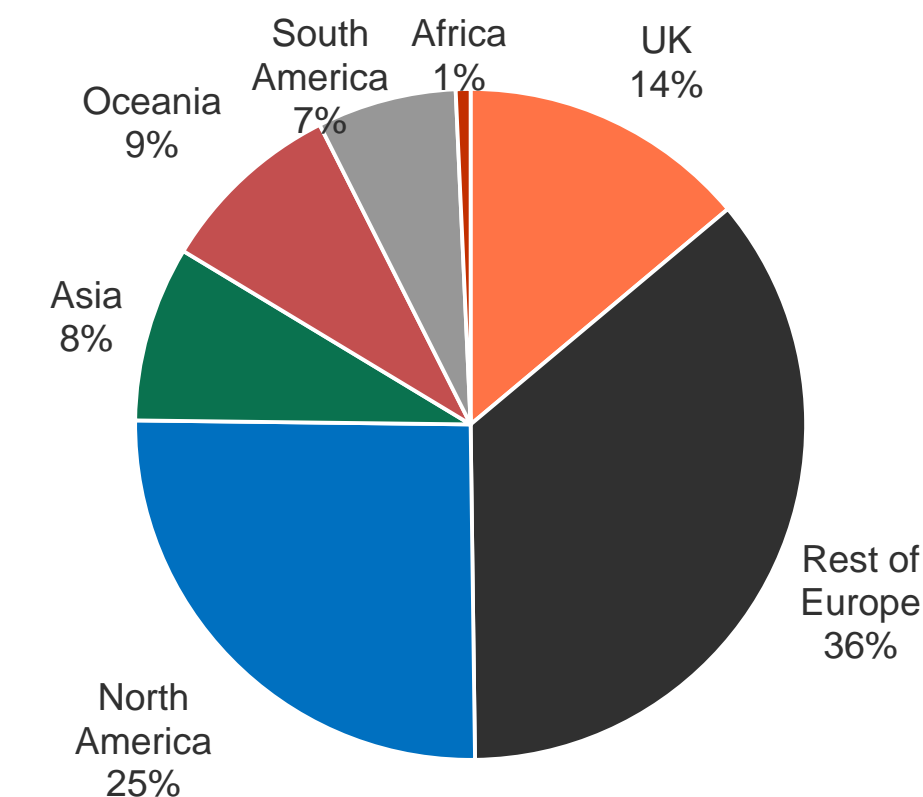
### BOOKINGS BY BRAND<sup>1</sup>



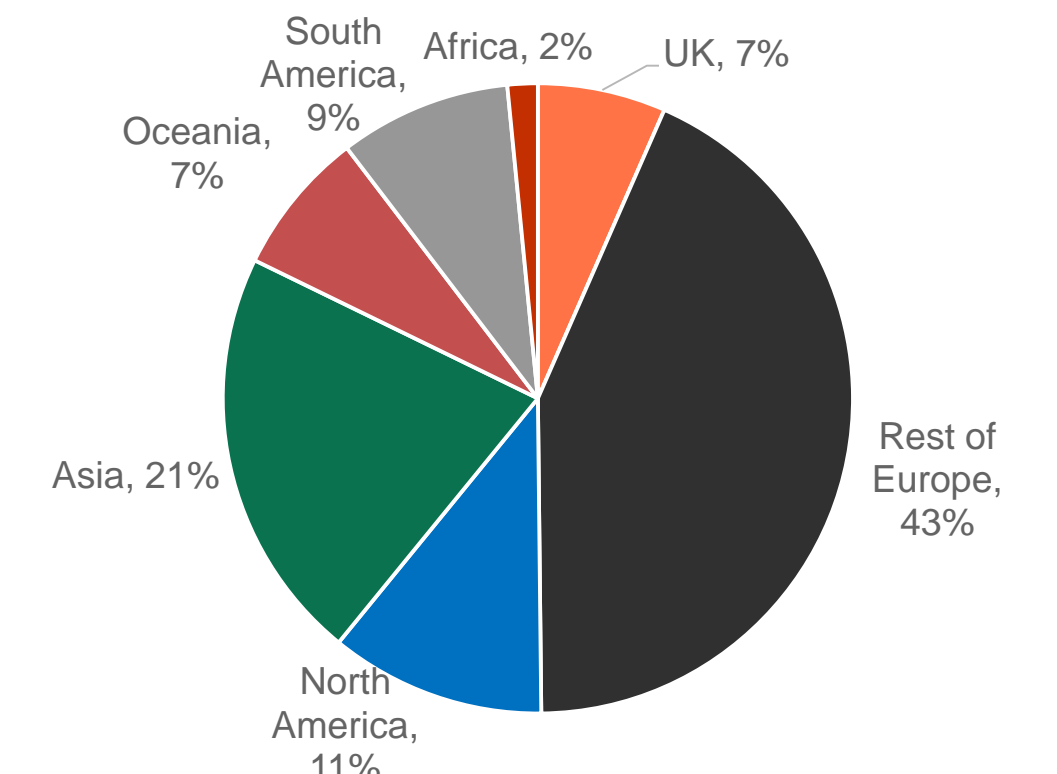
### BOOKINGS BY DEVICE<sup>2</sup>



### BOOKINGS BY NATIONALITY<sup>3</sup>



### BOOKINGS BY DESTINATION<sup>3</sup>



<sup>1</sup>Hostelworld Group ("HWG"), 2017. Supporting brands refers to Hostelbookers, Hostels.com, (hostel & affiliate) booking engines.

<sup>2</sup>HWG, 2017. Note: Mobile includes site and app bookings via phone and tablets. Source: Omniture. <sup>3</sup>HWG, 2017

<sup>4</sup>Adjusted EBITDA represents EBITDA excluding exceptional items; Adjusted free cash flow defined as free cash flow before financing activities adjusted for financial expenses and M&A costs.



# AGENDA

**FINANCIAL PERFORMANCE 2017**

**OPERATIONAL PERFORMANCE 2017  
STRATEGY AND OUTLOOK**

**Q&A**



A modern lounge area with a wooden platform floor. On the left, a tall wooden shelving unit with blue and light green doors holds various items like a clock, books, and a plant. In the center, four large beanbag chairs (two striped, two solid grey) are arranged around two small wooden tables. The ceiling features a green wall-mounted grid with hanging lights. In the background, a hallway with white pillars is visible.

# FINANCIAL PERFORMANCE



# 2017 PERFORMANCE

## FINANCIAL

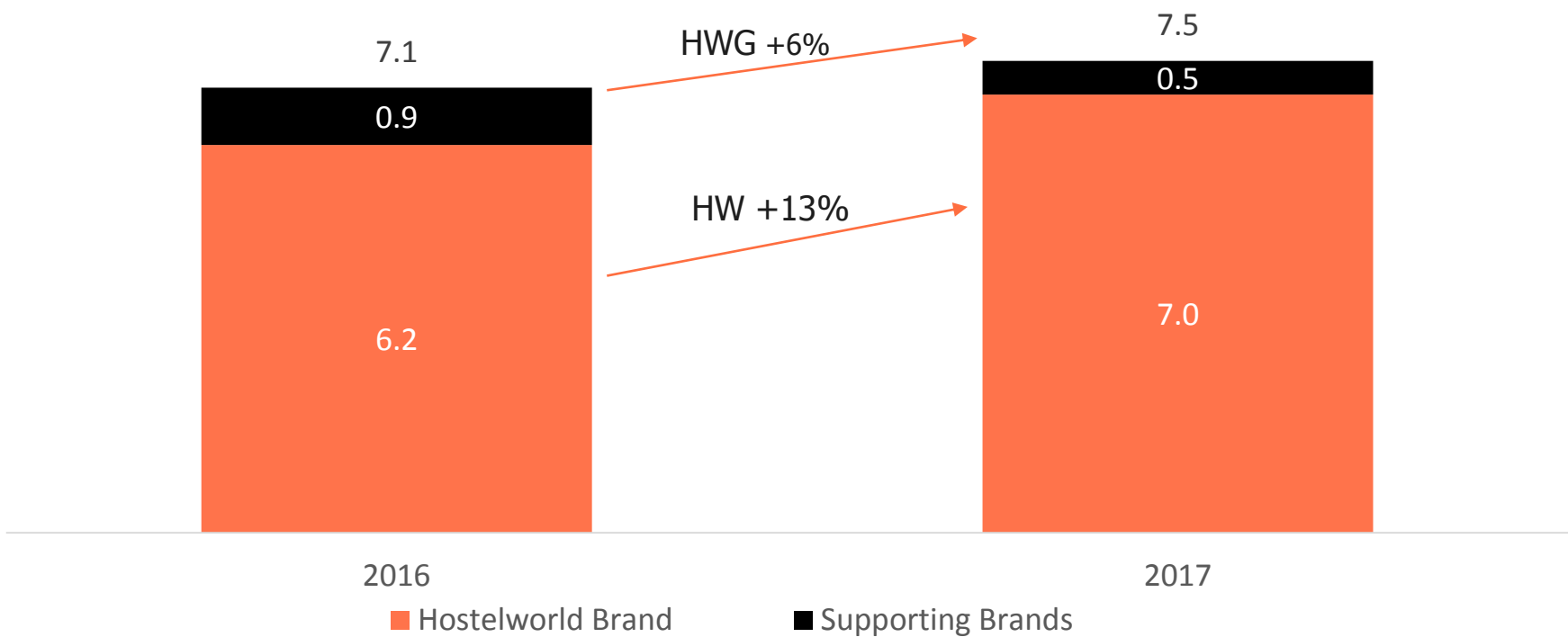
- ▶ **6%** increase in Group bookings (to 7.5m bookings); HW Brand bookings up **13%**
- ▶ Average Booking Value “ABV” at €11.6 remained flat (2% increase on a constant currency basis)
- ▶ **8%** increase in Net Revenue to €86.7m (10% increase on constant currency basis)
- ▶ Marketing Costs as a % of Net Revenue reduced to **38%** (2016: 41%)
- ▶ Adjusted EBITDA margin of **30%** (2016: 30%)
- ▶ **€26.4m** Adjusted EBITDA, up **10%** (2016: €23.9m) (13% increase on constant currency basis)
- ▶ **€21.7m** Adjusted PAT, up **12%** (2016: €19.4m)
- ▶ Strong underlying adjusted free cash conversion of **81%** (2016: 90%)
- ▶ Strong balance sheet: Cash of **€21.3m** at 31 December 2017 (31 December 2016: €24.6m)
- ▶ Proposed final dividend of **12.0** euro cent per share (2016: 10.4 euro cent per share)
- ▶ Total full year dividend of **17.1** euro cent per share (2016: 15.2 euro cent per share)

# SUMMARY FINANCIALS

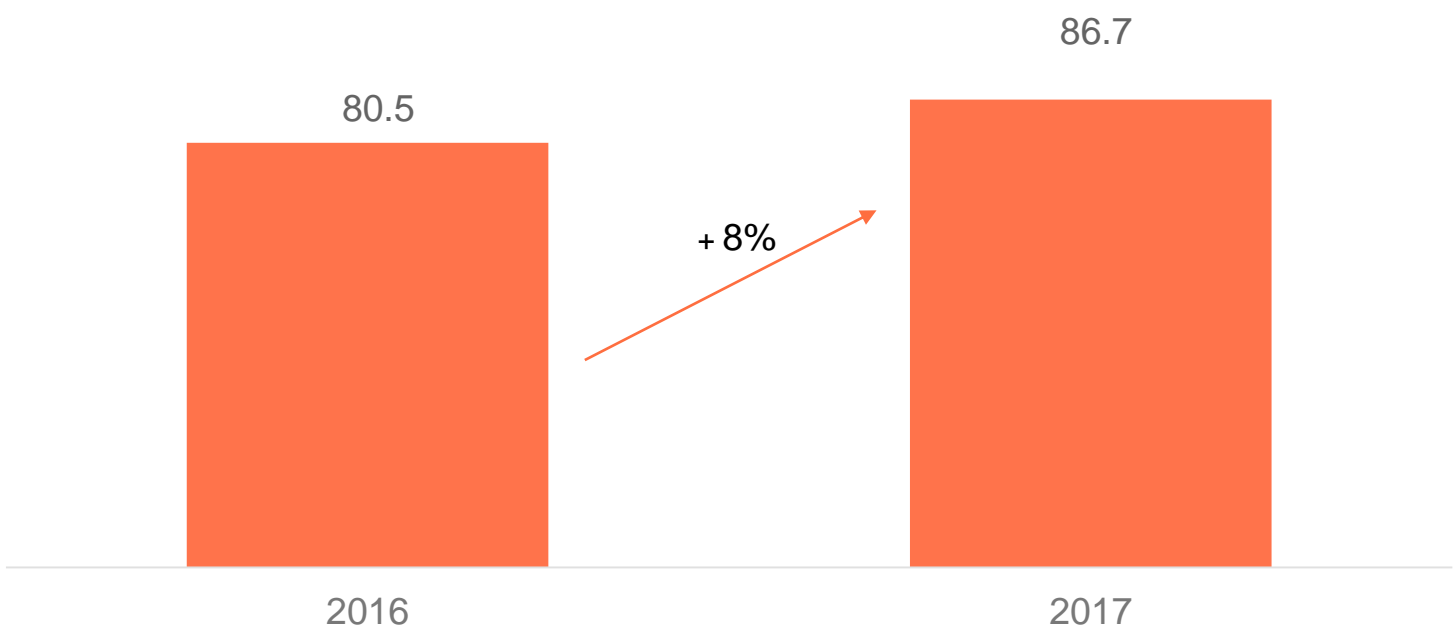
FINANCIAL

OPERATIONAL

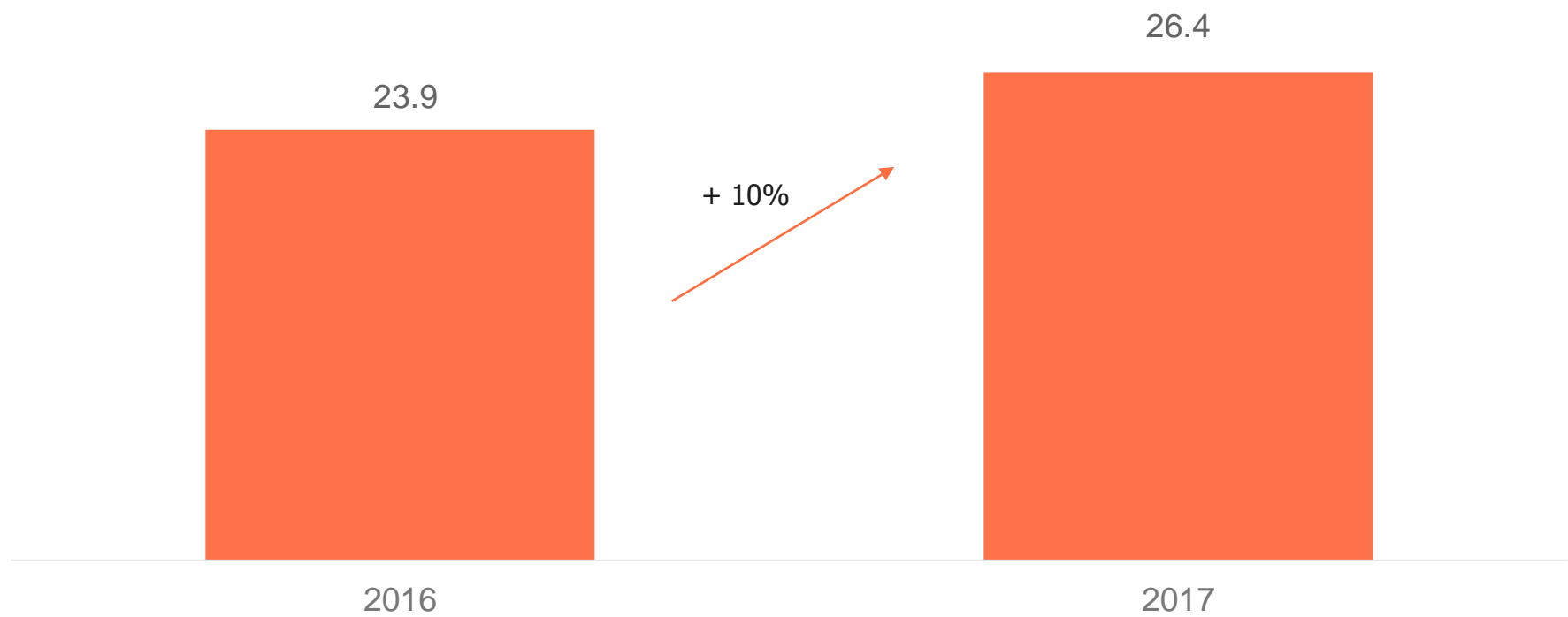
## BOOKINGS (M)



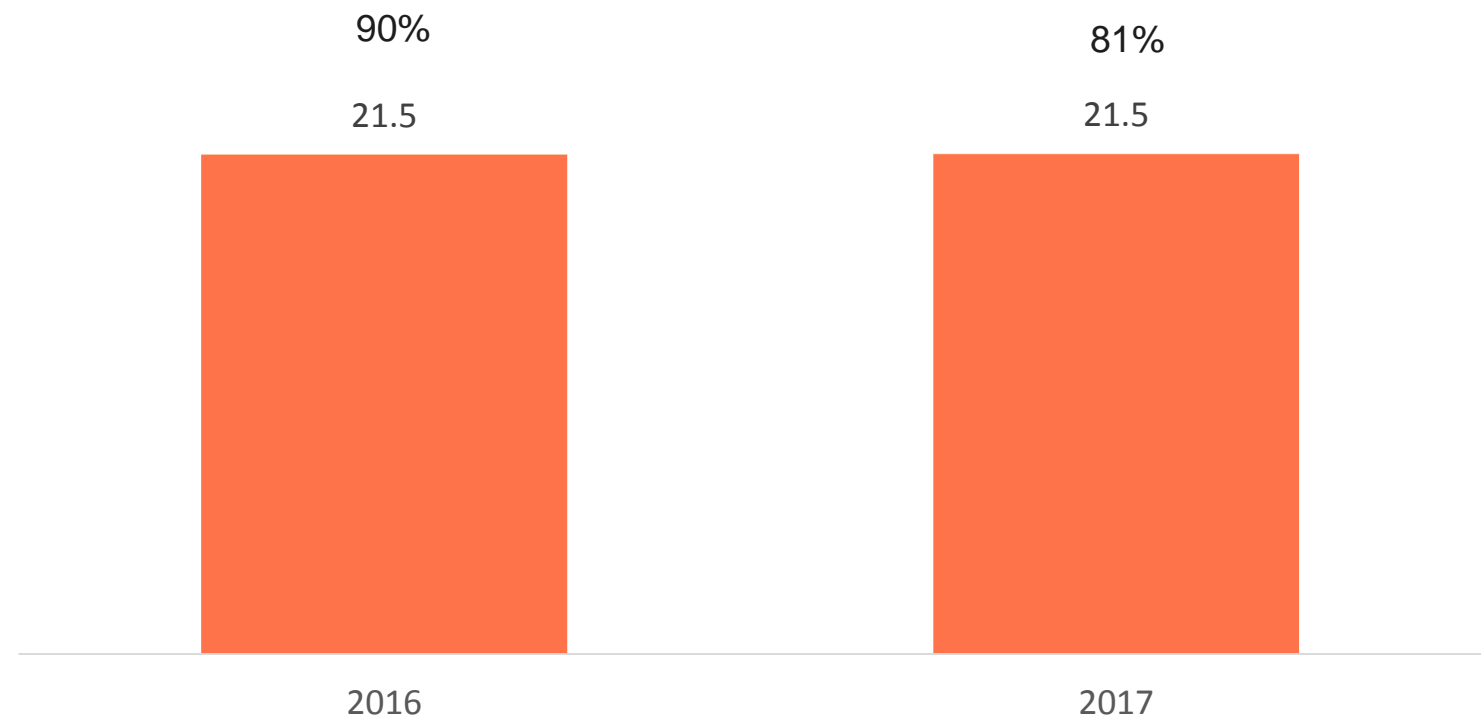
## HOSTELWORLD GROUP NET REVENUE (€M)



## HOSTELWORLD GROUP ADJUSTED EBITDA (€M)<sup>1</sup>



## ADJUSTED FREE CASH FLOW (€M) AND ADJUSTED FREE CASH CONVERSION (%)<sup>2</sup>



Source: Management information

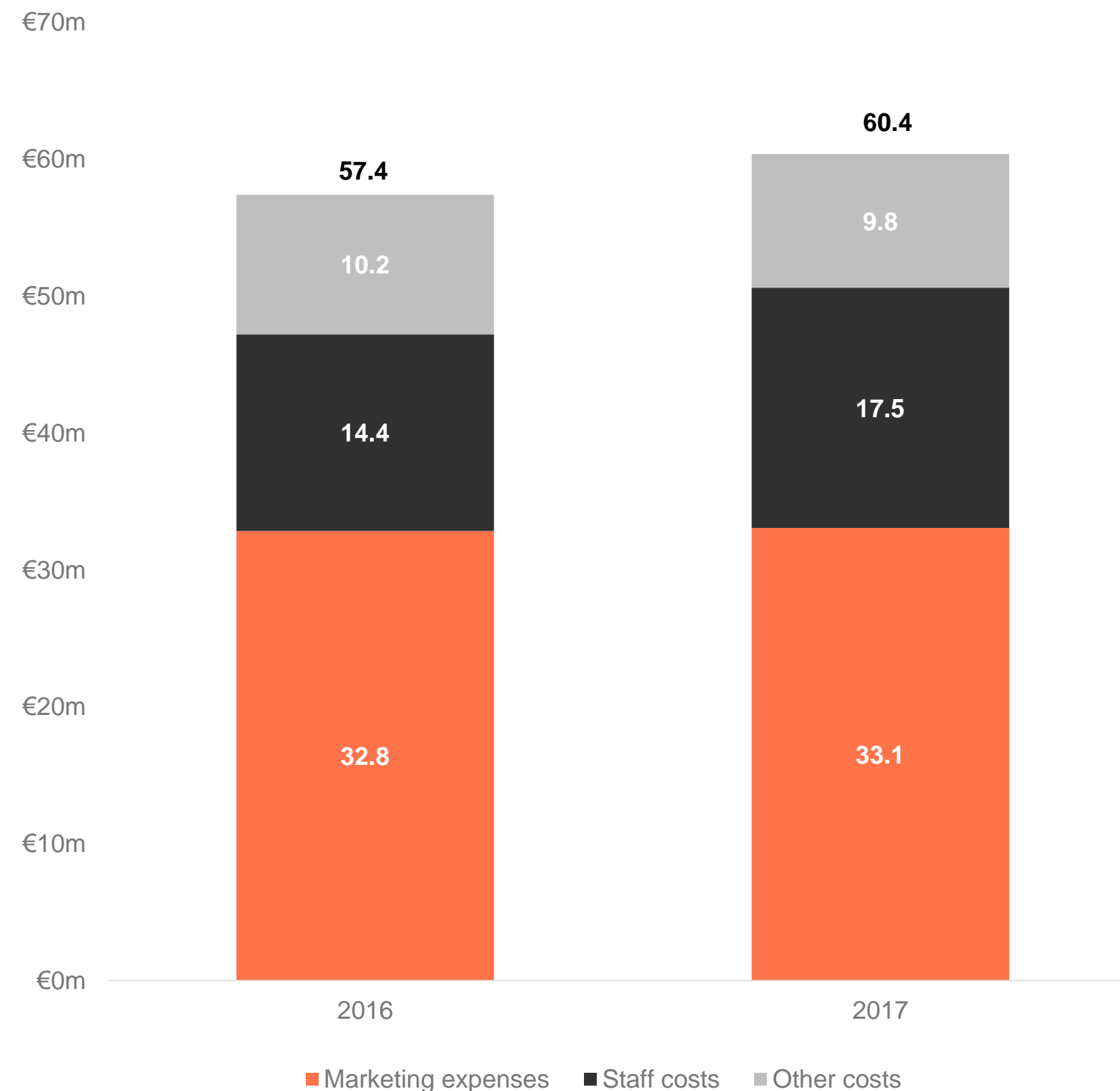
<sup>1</sup> Adjusted EBITDA excludes exceptional items

<sup>2</sup> Adjusted free cash flow defined as free cash flow before financing activities adjusted for financial expenses and M&A costs; adjusted free cash conversion shown as a percentage of adjusted EBITDA



# GROUP ADMINISTRATIVE EXPENSES

## GROUP ADMIN EXPENSES (€M)



### ▶ Marketing expenses

- ▶ Investment in marketing increased by 1% which resulted in marketing costs as a percentage of net revenue of 38% (2016: 41%).

### ▶ Staff costs

- ▶ Gross staff costs (excluding share based payment expense) increased from €16.3m to €18.7m.
- ▶ Average headcount increased by 5% from 241 in 2016 to 254 in 2017.
- ▶ Excluding the impact of the level of development labour capitalised in accordance with IFRS standards (2017: €1.7m; 2016: €2.3m), share based payment expense, and the impact of a bonus accrual in 2017 staff costs increased by 5% on a constant currency basis.

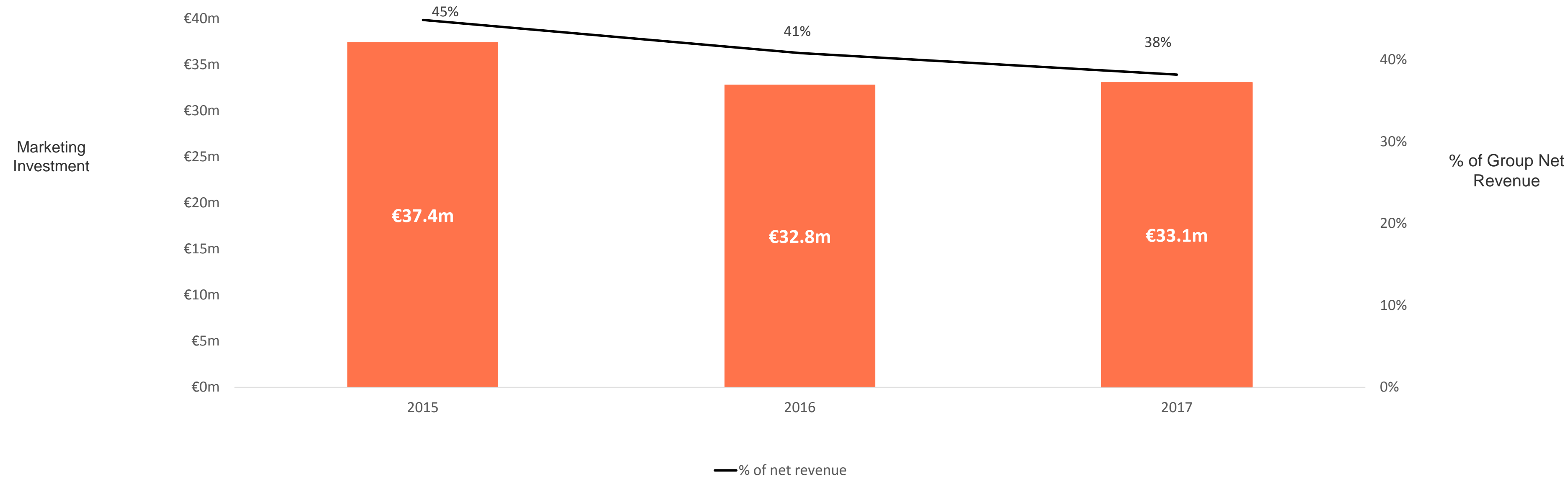
### ▶ Other costs

- ▶ Excluding exceptionals and listed company costs, other costs increased by 4%.
- ▶ Exceptional gains of €0.5m (2016: €0.4m expense) are included within other costs. 2017 exceptionals relate primarily to the release of an accrual relating to previously recognised merger and acquisition costs within the Group. 2016 exceptional costs primarily relate to redundancy costs.



# MARKETING INVESTMENT

## MARKETING INVESTMENT AS A % OF GROUP NET REVENUE

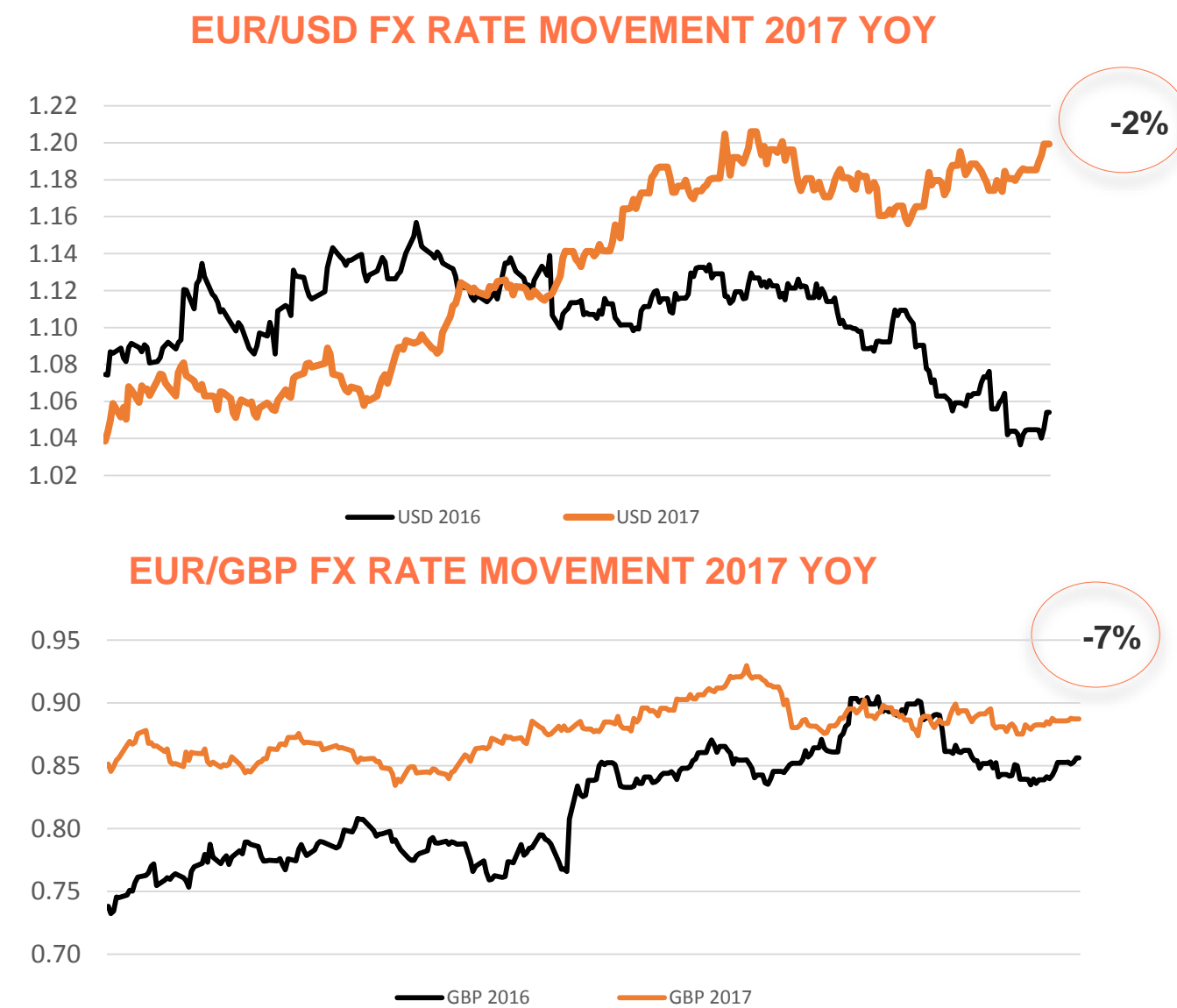


- ▶ Marketing investment increased by €0.3m in 2017 and represented **38%** of net revenue (41% in 2016). This reflects a 5% decrease in marketing cost per booking to **€4.39** (2016: €4.62)
- ▶ Increased proportion of bookings from non-paid channels to **63%** in 2017<sup>1</sup> (2016: 61%) mainly driven by increased investment in brand, mobile and social channels
- ▶ Continued focus on marketing innovation and efficiencies, with investment in new digital channels (e.g. Snapchat. Hostelworld partnered with Snapchat to be the first advertiser to test their self-service platform with our Speak the World campaign)

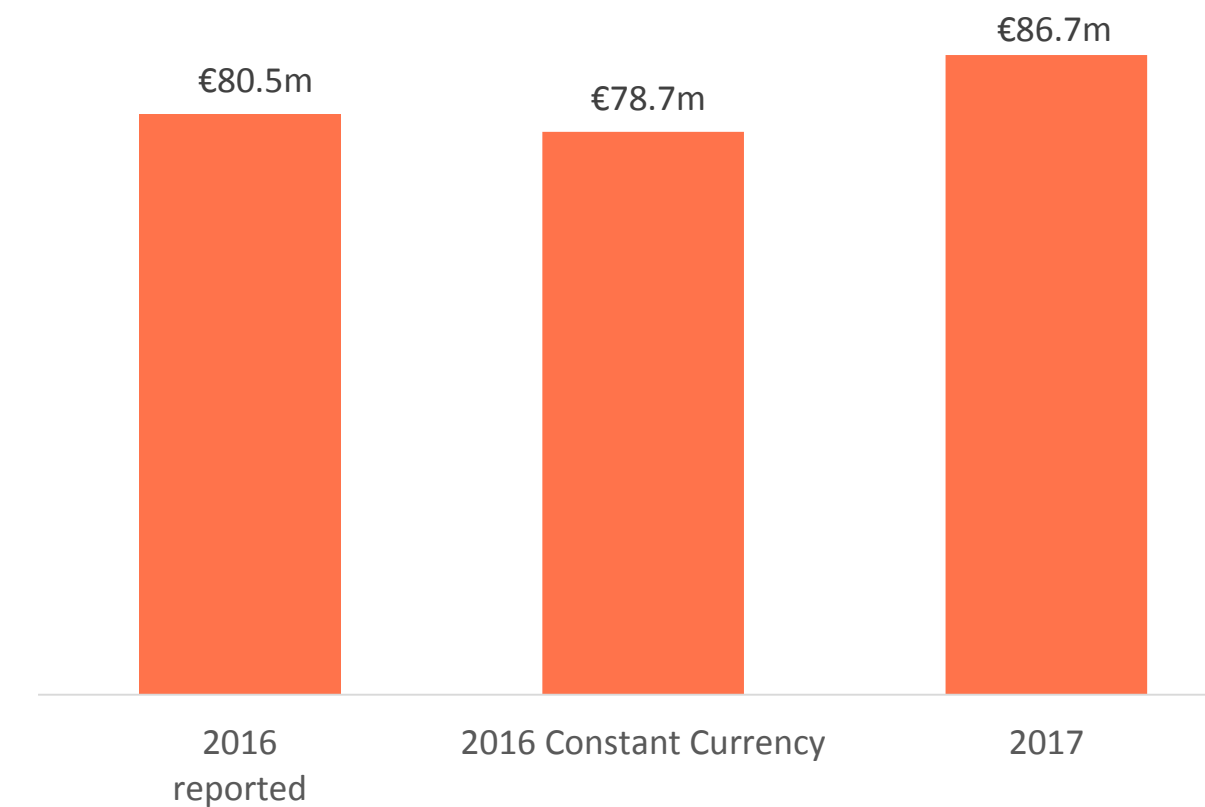


# FOREIGN EXCHANGE RISK

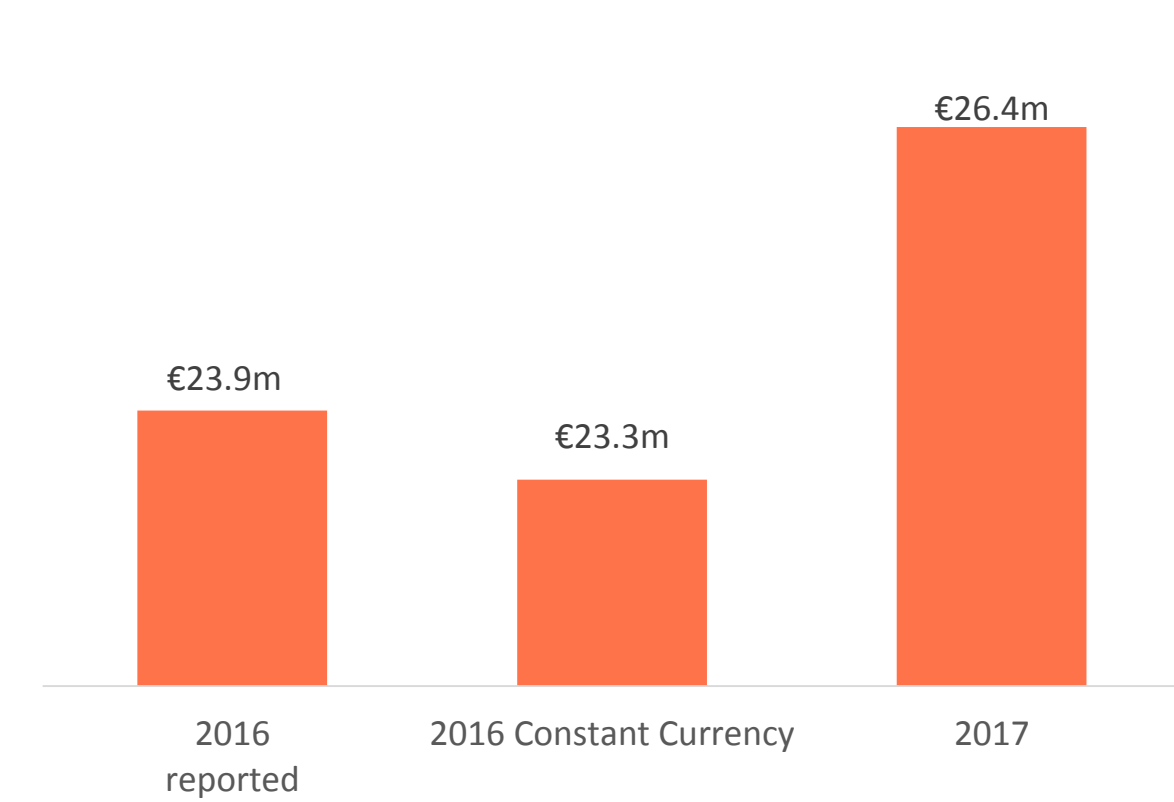
NET REVENUE INCREASED BY 10% IN CONSTANT CURRENCY



**NET REVENUE: CONSTANT CURRENCY COMPARISON**



**ADJ. EBITDA: CONSTANT CURRENCY COMPARISON**



- ▶ The Group's primary operating currency is Euro, but it also has significant sterling (GBP) and US dollar cash flows
- ▶ On a constant currency basis, Net Revenue has increased by **10%** and Adjusted EBITDA has increased by **13%**
- ▶ A **1%** movement in USD had **0.53%** impact on 2017 Adjusted EBITDA and a **1%** movement in GBP had **0.22%** impact on 2017 Adjusted EBITDA based on the FY 2017 currency profile
- ▶ The Group manages FX translation risk through matching foreign currency cash outflows and foreign currency cash inflows and by minimising holdings of excess non-Euro currency above anticipated outflow requirements



# INCOME STATEMENT

## GROUP INCOME STATEMENT SUMMARY

€'000	2016	2017
Revenue	80,514	86,672
Administrative expenses	(57,397)	(60,380)
Depreciation and amortisation expenses	(14,731)	(14,395)
Impairment losses <sup>1</sup>	(8,199)	-
<b>Operating Profit</b>	<b>187</b>	<b>11,897</b>
Financial income	5	9
Financial expenses	(59)	(75)
<b>Profit before tax</b>	<b>133</b>	<b>11,831</b>
Taxation	651	(582)
<b>Profit for the period</b>	<b>784</b>	<b>11,249</b>
<b>Adjusted Profit measures</b>		
Adjusted EBITDA <sup>2</sup>	23,927	26,421
Adjusted Profit after tax <sup>3</sup>	19,371	21,723

- ▶ **8%** increase in Net Revenue to €86.7m; on a constant currency basis revenue has increased by 10%
- ▶ Adjusted EBITDA margin of **30%** (2016: 30%)
- ▶ Fixed asset depreciation **€1.1m** (2016: €0.9m). Amortisation of capitalised development costs **€2.9m** (2016: €3.2m). Amortisation of acquired intangible assets **€10.4m** (2016: €10.6m)
- ▶ Overall Income tax charge of **€0.6m** comprises a Group corporation tax charge of **€0.7m** and a deferred tax credit of **€0.1m** relating to the amortisation of deferred tax assets offset by the reduction in deferred tax liabilities.
- ▶ The overall income tax benefit in 2016 comprised of a Group corporation tax charge of €0.5m and a deferred tax credit of €1.1m arising on reduction in deferred tax liabilities resulting from the impairment of Hostelbookers domain names, partially offset by amortisation of deferred tax assets.

<sup>1</sup>In 2016, an impairment charge of €8.2m was recognised in relation to the carrying value of the Hostelbookers domain names.

<sup>2</sup>The Group uses Adjusted EBITDA to show profit without the impact of non-cash and non-recurring items.

<sup>3</sup>Adjusted PAT defined as Reported Profit/Loss for the period excluding exceptional costs, amortisation of acquired domain and technology intangibles, impairment charges, net finance costs, share option charge and deferred taxation.



# CASHFLOW STATEMENT

## GROUP CASHFLOW STATEMENT

€'000	2016	2017
Profit before tax	133	11,831
Working capital movement	(1,577)	(1,191)
Non cash adjustments (incl. impairment charge)	23,311	15,018
Net finance costs	54	66
<b>Cashflows from operating activities</b>	<b>21,921</b>	<b>25,724</b>
Net interest paid	(54)	(66)
Income tax paid	(280)	(551)
<b>Net Cashflows from operating activities</b>	<b>21,587</b>	<b>25,107</b>
Capitalisation and acquisition of intangible assets	(2,500)	(1,820)
Purchase of property, plant and equipment	(746)	(1,780)
<b>Net cash used in investing activities</b>	<b>(3,246)</b>	<b>(3,601)</b>
Dividends paid	(7,216)	(24,848)
<b>Net cash used in financing activities</b>	<b>(7,216)</b>	<b>(24,848)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>11,125</b>	<b>(3,341)</b>
Opening cash and cash equivalents	13,620	24,632
Effect of exchange rate gains and losses	(113)	3
<b>Closing cash and cash equivalents</b>	<b>24,632</b>	<b>21,294</b>

- ▶ Non-cash adjustments primarily relate to depreciation and amortisation
- ▶ Capitalisation of intangible assets vary depending on technology projects meeting the criteria of IAS 38
- ▶ The increase in property, plant and equipment is due to the opening of the Porto office
- ▶ 2017 dividend paid includes €10.0m supplementary dividend



# CASHFLOW CONVERSION

## GROUP CASH CONVERSION

€'000	2016	2017
Adj. EBITDA	23,927	26,421
<b>Free cash flow before financing activities</b>	18,906	21,507
Adjustments to free cash flow:		
- IPO costs	2,580	-
<b>Total Adjustments</b>	2,580	-
<b>Adjusted free cash flow<sup>1</sup></b>	<b>21,486</b>	<b>21,507</b>
<b>Adjusted free cash conversion %<sup>1</sup></b>	<b>90%</b>	<b>81%</b>

- ▶ **81%** Adjusted free cash conversion for 2017
- ▶ Adjusting for the delayed receipt of a 2017 VAT claim (received January 2018), 2017 adjusted cash conversion was **86%**
- ▶ **€2.6m** of costs related to the IPO were outstanding at 31 December 2015 and paid in 2016





# BALANCE SHEET

## GROUP BALANCE SHEET SUMMARY

€'000	31 Dec 2016	31 Dec 2017
Intangible assets	139,619	128,108
Other non-current assets	3,717	4,254
Trade and other receivables	2,627	3,996
Cash and cash equivalents	24,632	21,294
<b>Total assets</b>	<b>170,595</b>	<b>157,622</b>
<b>Total equity</b>	<b>159,936</b>	<b>146,949</b>
Deferred tax liabilities	764	457
Creditors, accruals and other liabilities	9,895	10,216
<b>Total equity and liabilities</b>	<b>170,595</b>	<b>157,622</b>

- ▶ Strong Group balance sheet at 31 Dec 2017 with negative working capital of **€6.2m** (31 Dec 2016: €7.3m)
- ▶ Cash balances of **€21.3m**
- ▶ Net decrease in intangible assets driven by amortisation



# DIVIDENDS

## STRONG DIVIDEND PAYOUT TO SHAREHOLDERS

Dividend Profile	FY15	FY16	FY 17
Interim dividend per share	-	4.8c	5.1c
Final dividend per share	2.75c	10.4c	12.0c
<b>Full year dividend per share</b>	<b>2.75c</b>	<b>15.2c</b>	<b>17.1c</b>
Supplementary dividend per share	-	10.5c	-
<b>Total dividend per share</b>	<b>2.75c</b>	<b>25.7c</b>	<b>17.1c</b>

### Dividend payout:

Interim	-	€4.6m	€4.9m
Final	€2.6m	€9.9m	€11.5m
Supplementary	-	€10.0m	-
<b>Total Dividend payout</b>	<b>€2.6m</b>	<b>€24.6m</b>	<b>€16.3m</b>

- ▶ A proposed final dividend of 12.0 euro cent per share (2016: 10.4 euro cent per share), 15% growth in final dividend year on year
- ▶ Total full year dividend of 17.1 euro cent per share (2016: 15.2 euro cent per share), 13% growth in full year dividend year on year
- ▶ Including proposed final dividend FY17 (€11.5m), €43.5m returned to shareholders since IPO in 2015



# SUMMARY KPIS

FINANCIAL

OPERATIONAL

## OVERVIEW OF TRACK RECORD OF KPIS

KPI metric		2015	2016	2017
Bookings:	HW Brand	5.2m	6.2m	7.0m
	Other	<u>2.0m</u>	<u>0.9m</u>	<u>0.5m</u>
	Total	7.2m	7.1m	7.5m
Average Booking Value (ABV)		€ 12.09	€ 11.55	€ 11.55
Net revenue		€83.5m	€80.5m	€86.7m
Marketing investment (% of net revenue)		45%	41%	38%
Adjusted EBITDA		€23.6m	€23.9m	€26.4m
Adjusted Profit after tax <sup>1</sup>		€21.0m	€19.4m	€21.7m
Adjusted free cash flow <sup>2</sup>		€15.3m	€21.5m	€21.5m
Adjusted free cash conversion <sup>2</sup>		65%	90%	81%

Source: Management information

<sup>1</sup> Adjusted PAT is defined as Reported Profit/Loss for the period excluding exceptional costs, amortisation of acquired domain and technology intangibles, impairment charges, net finance costs and deferred taxation.

<sup>2</sup> Adjusted free cash flow defined as free cash flow before financing activities adjusted for financial expenses, M&A costs and impairment costs; adjusted free cash conversion shown as a percentage of adjusted EBITDA







# OPERATIONAL PERFORMANCE

**FREEHAND, MIAMI**





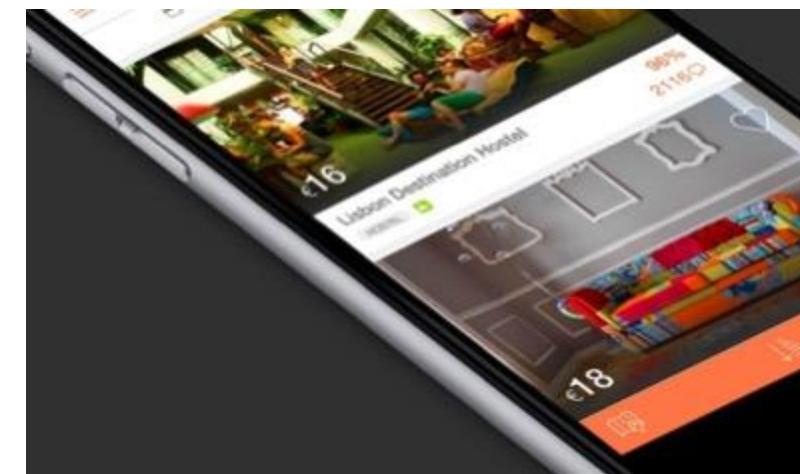
# 4 PILLARS ARE NOW INHERENT

GREAT PROGRESS AND EXECUTION



## BRAND

- ▶ Meet the World brand campaigns
- ▶ 63% bookings from non-paid channels
- ▶ Marketing investment in new digital channels supporting a more efficient marketing mix



## MOBILE

- ▶ 54% of bookings 2017
- ▶ My Trips live in 50 cities
- ▶ Hostel Noticeboard launched in December 2016
- ▶ Speak the World app launched in May 2017



## PRICING

- ▶ Elevate now on 34% of Bookings
- ▶ Increased Base Commission Rate
- ▶ Featured Listings revenue €1.9m FY 17

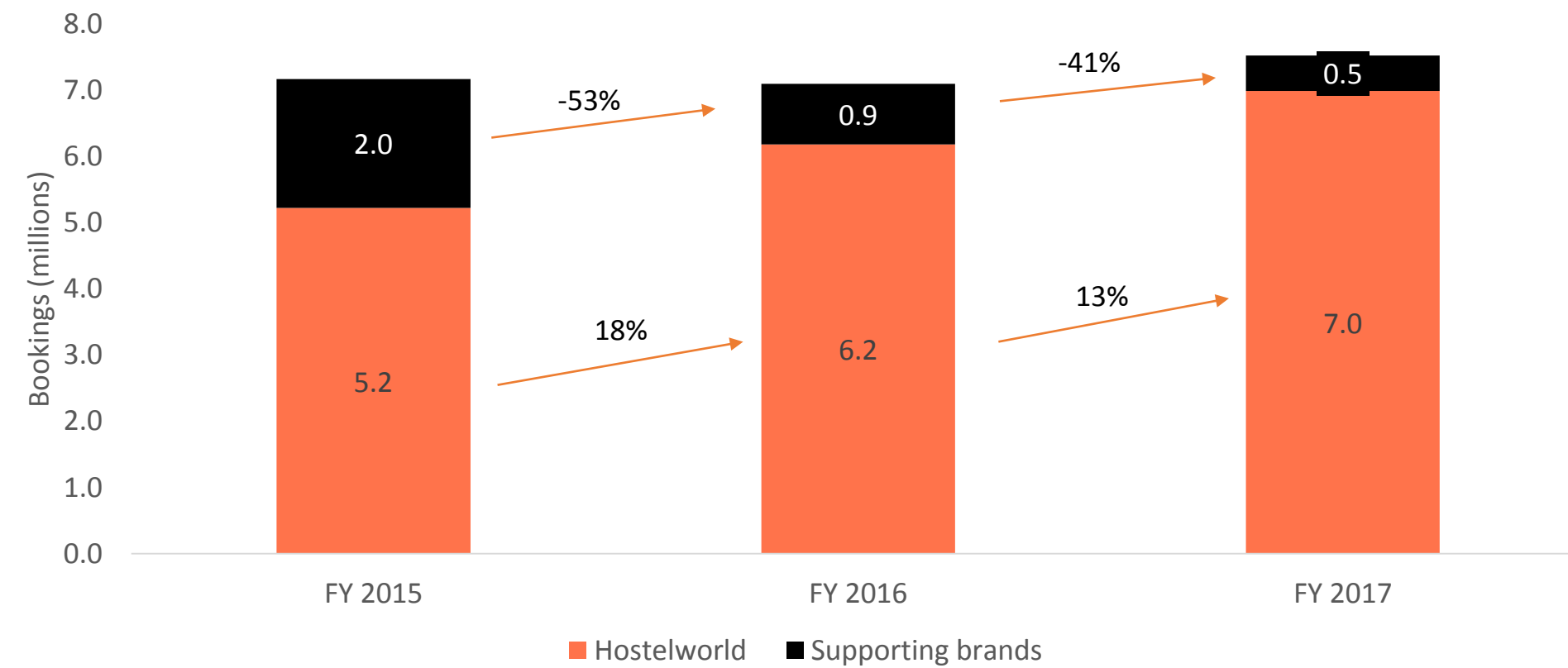


## ASIA

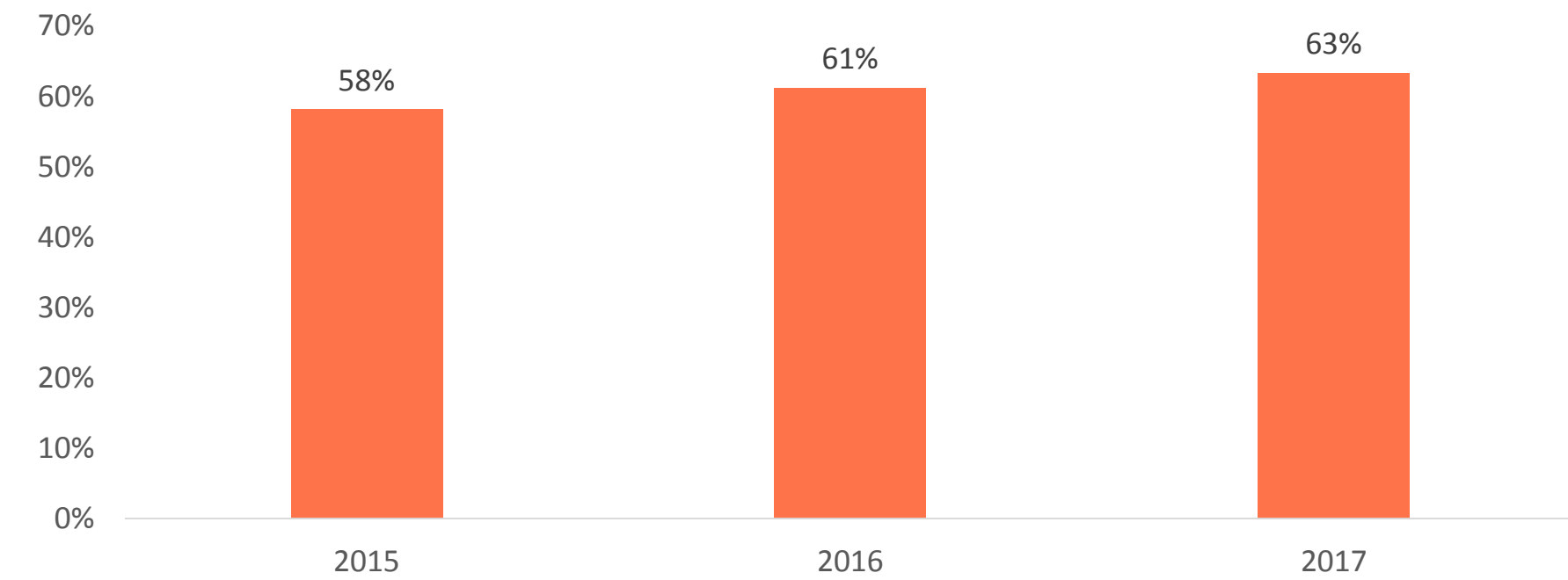
- ▶ 21% of Group bookings
- ▶ Offices in Shanghai & Seoul
- ▶ Continued strong growth destination

# BOOKINGS OVERVIEW

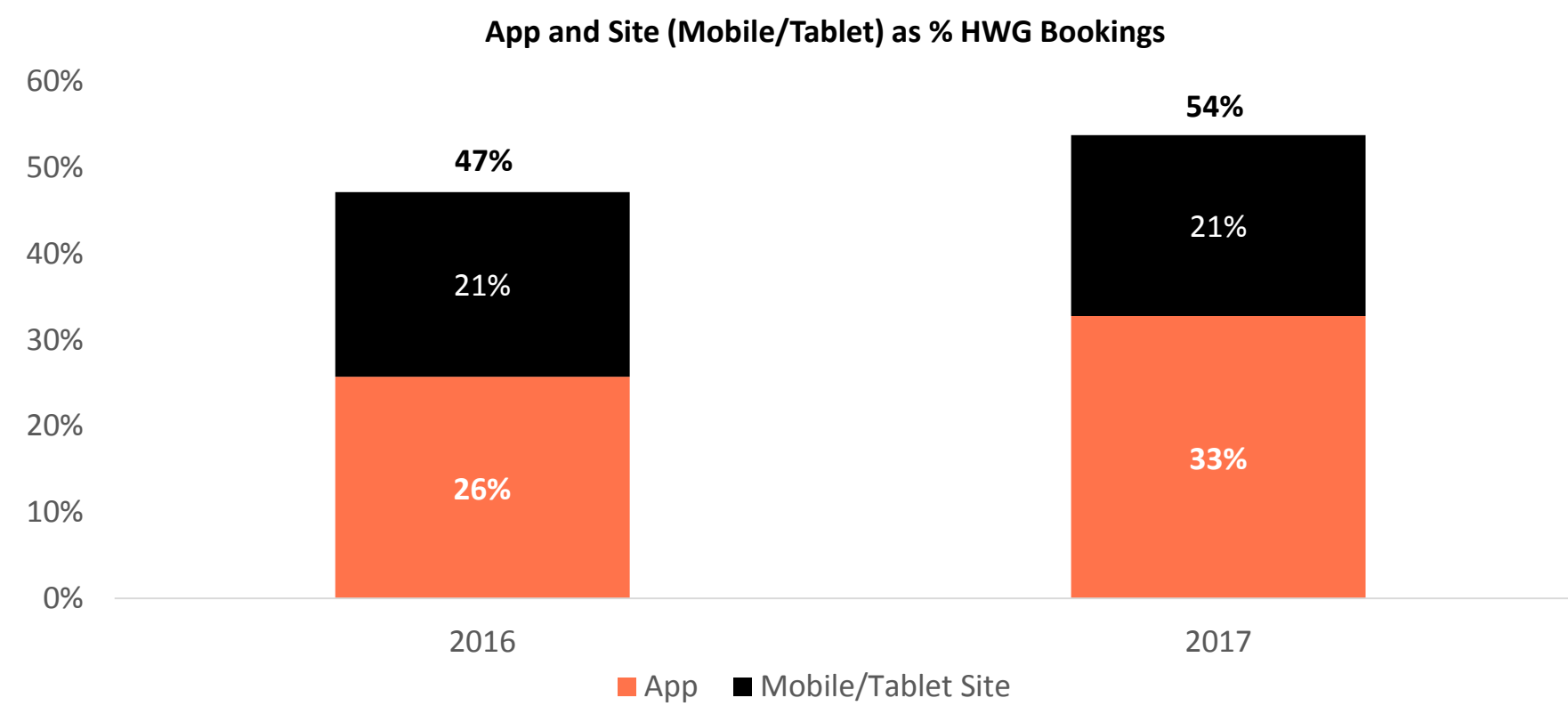
## CONTINUED GROWTH IN HOSTELWORLD BRAND BOOKINGS



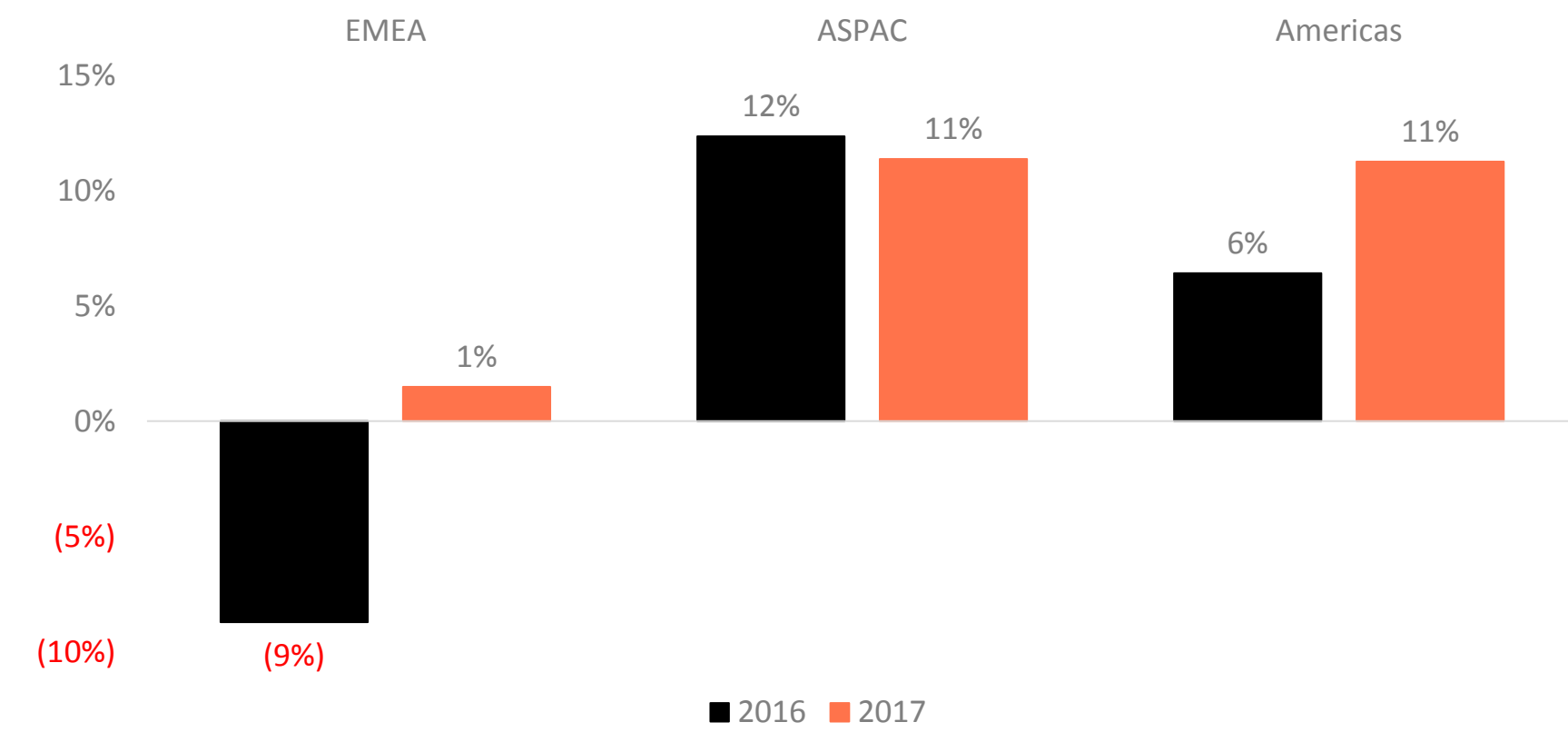
## INCREASED PROPORTION OF BOOKINGS FROM NON-PAID CHANNELS



## STRENGTHENED MOBILE OFFERINGS AND PENETRATION



## INBOUND BOOKINGS : YOY GROWTH





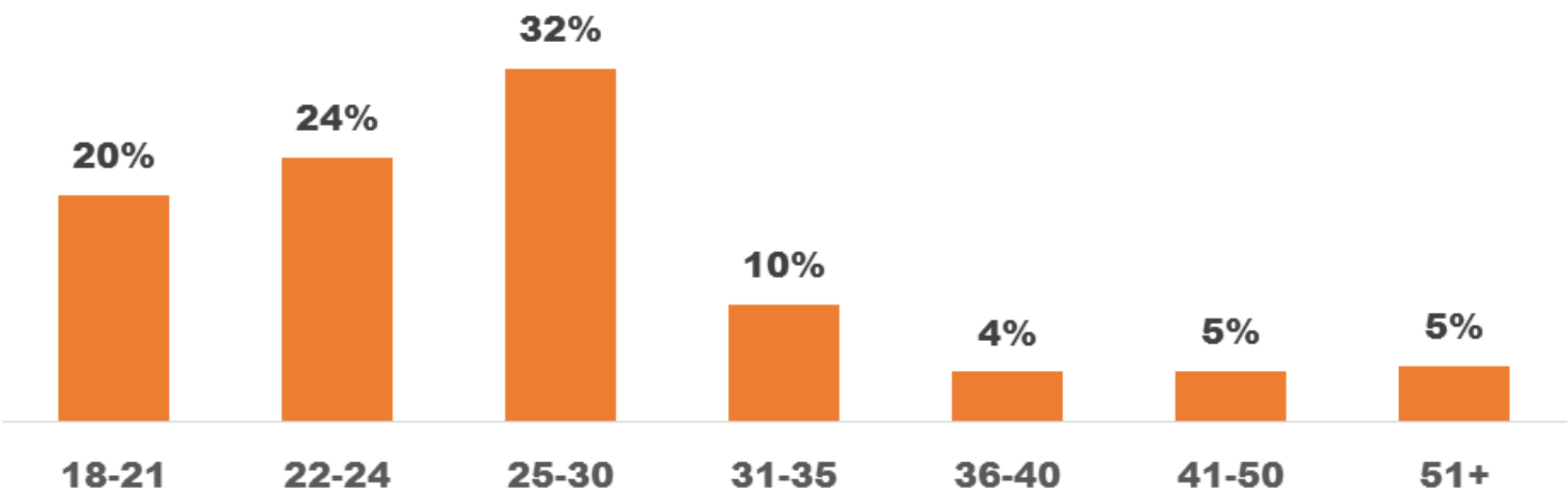
# HIGHLY ATTRACTIVE CUSTOMER DEMOGRAPHICS

FINANCIAL

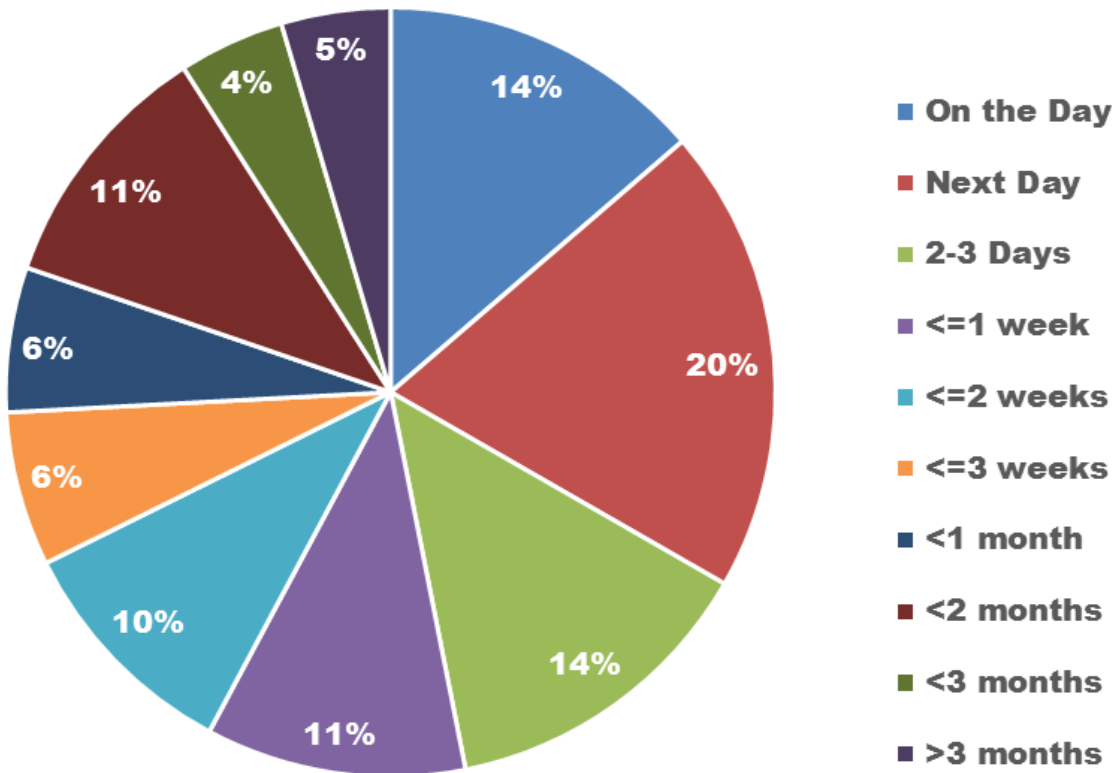
OPERATIONAL

UNDER 35, SOLO, AND BOOKING 'ON-THE-GO'

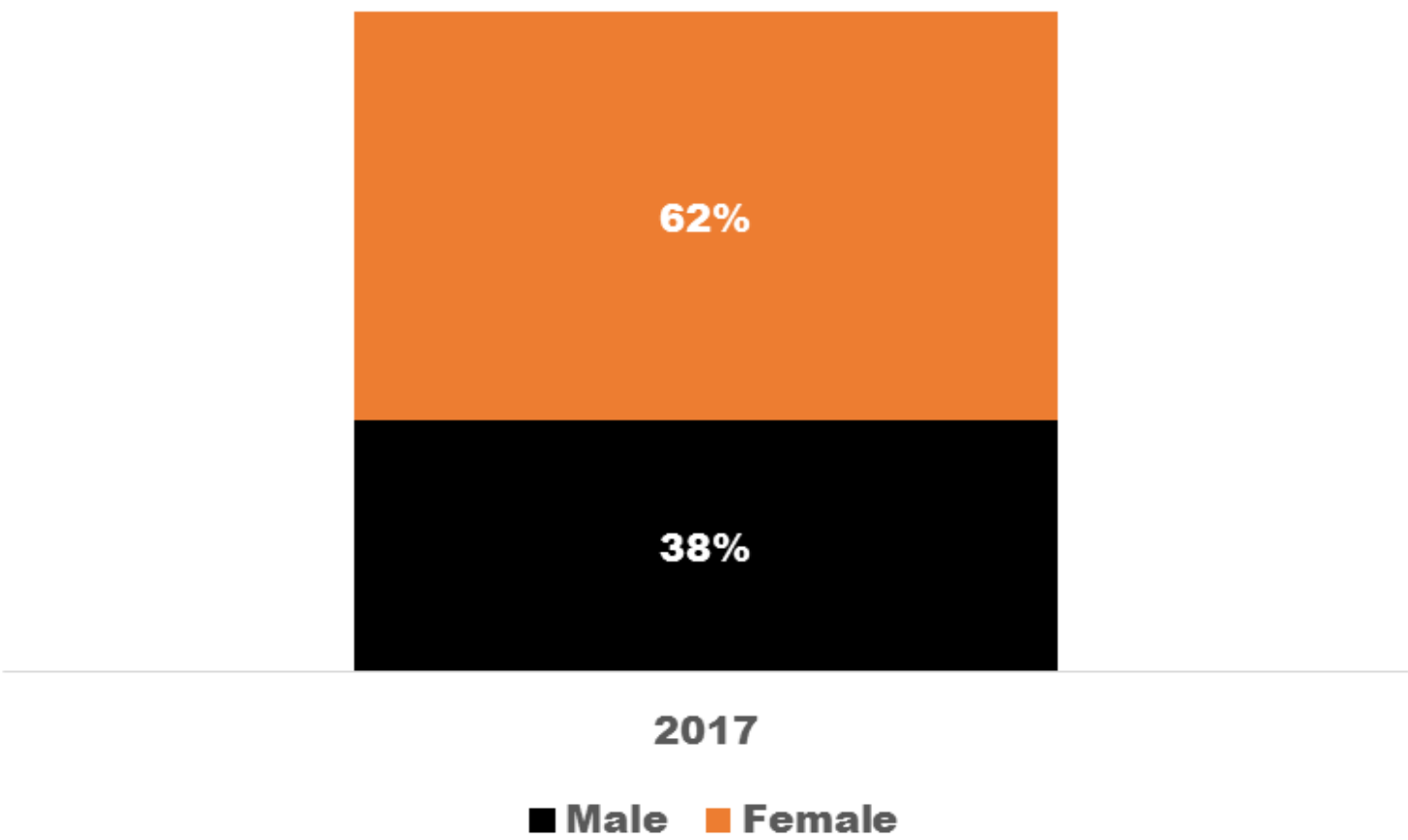
AGE<sup>1</sup>



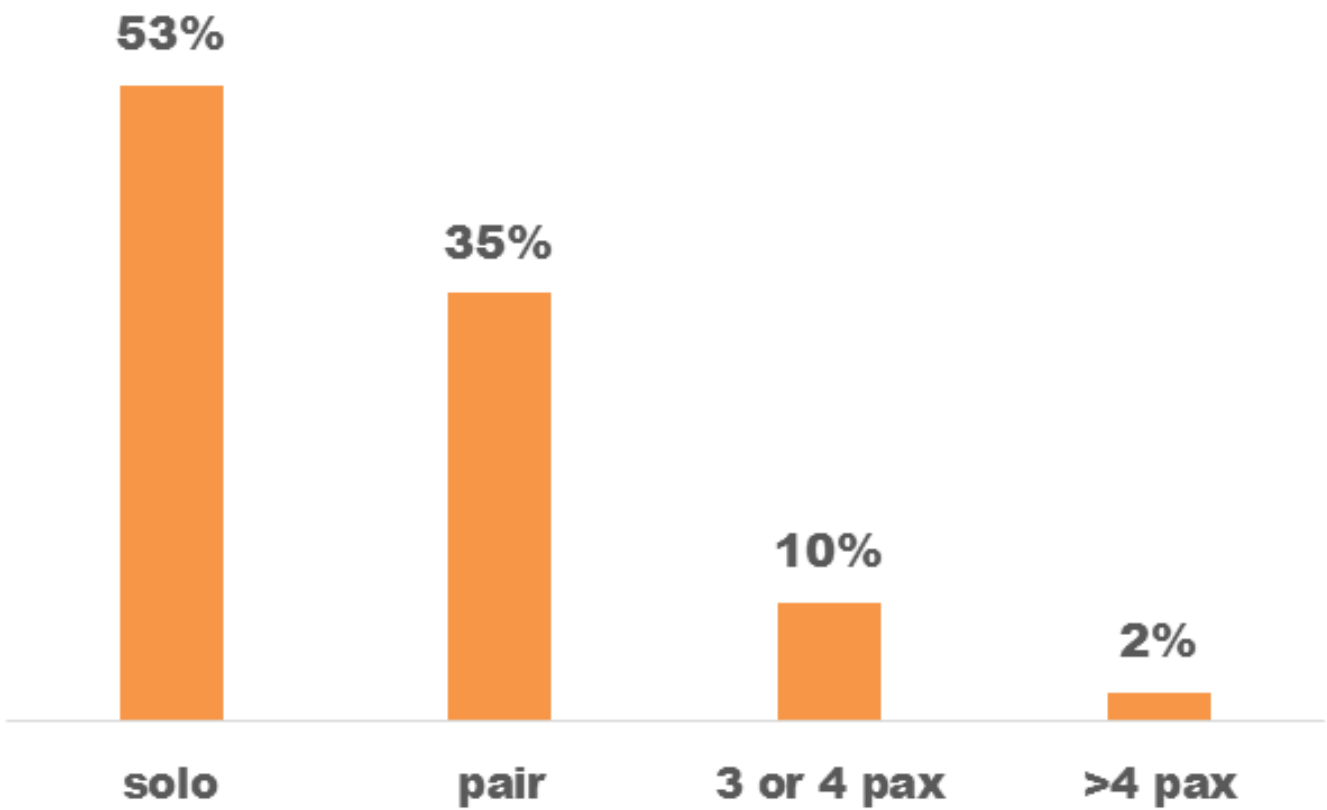
58% BOOK WITHIN ONE WEEK OF ARRIVAL<sup>2</sup>



MAJORITY ARE FEMALE<sup>1</sup>



53% TRAVEL SOLO, 35% IN PAIRS<sup>2</sup>



<sup>1</sup> Source: Customer Net Promoter Score (NPS) Survey (Hostelworld brand only): Jan-Dec 2017 / N = 25.7K

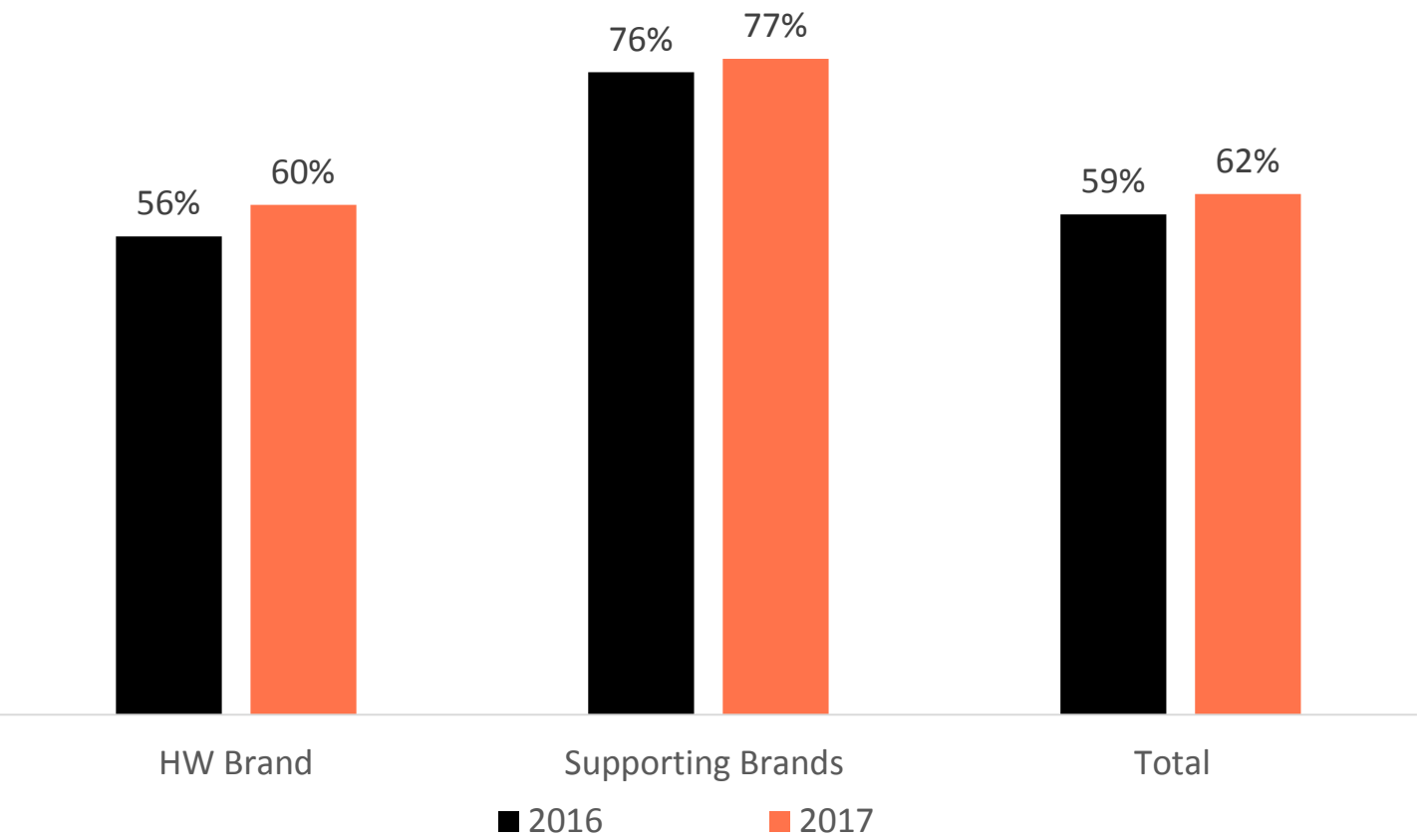
<sup>2</sup> Source: HWG bookings data (Hostelworld brand only) FY 2017



# MARKETING MARGIN BY BRAND

MARKETING MARGIN<sup>1</sup> CONTINUING TO INCREASE DURING 2017

MARKETING MARGIN<sup>1</sup> % BY BRAND



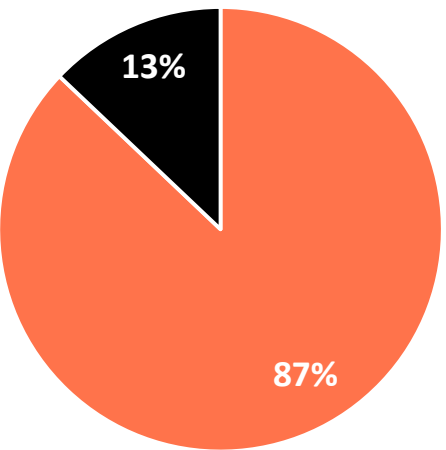
MARKETING MARGIN<sup>2</sup> CONTRIBUTION BY BRAND



Growth 2017 vs. 2016	Hostelworld	Supporting brands	Total
Bookings	13%	-41%	6%
ABV	1%	1%	0%
Marketing cost per booking	-7%	-6%	-5%

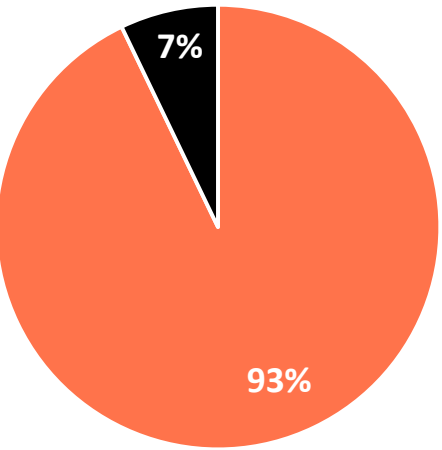
- ▶ **Continuation of efficiencies** in cost per booking for paid channels
- ▶ **Increased proportion** of bookings from non-paid channels
- ▶ Flagship Hostelworld brand accounted for **93%** of bookings in 2017 (2016: 87%)
- ▶ 91% of Group marketing margin<sup>1</sup> is derived from Hostelworld brand

2016 YTD Bookings by Brand



HW Brand Bookings Supporting Brand Bookings

2017 YTD Bookings by Brand



HW Brand Bookings Supporting Brand Bookings

<sup>1</sup> Gross Booking Revenue less all marketing costs as a percentage of Gross Booking Revenue net of rebates on hostel booking engine bookings. Comparatives have been updated for revised methodology

<sup>2</sup> Calculated as Gross Booking Revenue less all marketing costs.





# BRAND – FULL FUNNEL ACTIVITY DRIVING BOOKINGS GROWTH

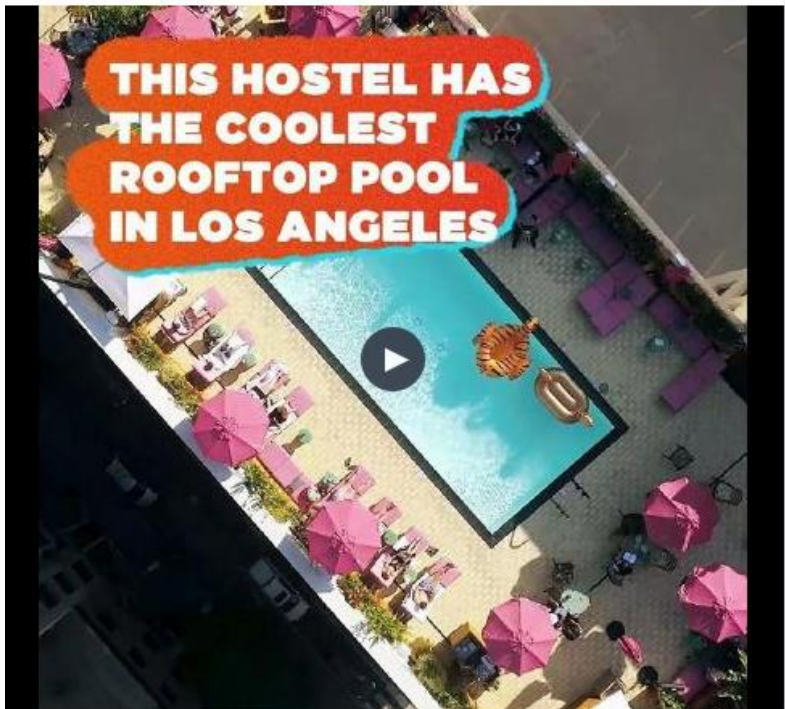
FINANCIAL

OPERATIONAL

AWARENESS / CONSIDERATION / CONVERSION ACTIVITY



WIN A TRIP TO LA 🏠  
Wanna stay in this cool AF hostel?! Tag a friend for your chance to win a trip to Freehand Los Angeles! ➡️ 🎉 🍷



3 365 Interactions 1 175 Reactions 2 010 Comments 180 Shares 36.88 Interactions per 1k Fans

- ▶ 2017 saw Hostelworld invest in bigger, full-funnel marketing campaigns, increasing awareness, driving consideration and improving marketing efficiencies further down the funnel.
- ▶ **Awareness:** Continued investment behind the ‘unexpected guest’ strategy, launching a provocative campaign using Charlie Sheen to help consumers to change their perceptions of hostels
- ▶ **Consideration:** Reinforcement of our strong strategic brand platform Meet The World with the launch of the Speak The World campaign which drove substantial uplift in app downloads with over 2m+.
- ▶ **Conversion:** Strong hostel-showcasing activity throughout the year, supporting hostel openings (e.g. Freehand LA) and local markets (e.g. Gold Coast, Australia) via hard-working social activity and PR stunts. Sand Hostel biggest PR stunt to date, generating global cut-through.





# ENGAGING CUSTOMERS BEYOND THE BOOKING

FINANCIAL

OPERATIONAL

## SPEAK THE WORLD & MY TRIPS/HOSTEL NOTICEBOARD

**Speak the World** provides a new and innovative way for customers who speak different languages to interact with one another using the power of the award winning Hostelworld app and Google cloud translate technology.

- ▶ **14%** of total unique App visitors used Speak the World May-Dec 2017 (**12%** of total iPhone visitors, **16%** of total Android visitors)<sup>4</sup>
- ▶ **3.2 million** translations were generated since launch (May-Dec 2017)<sup>4</sup>

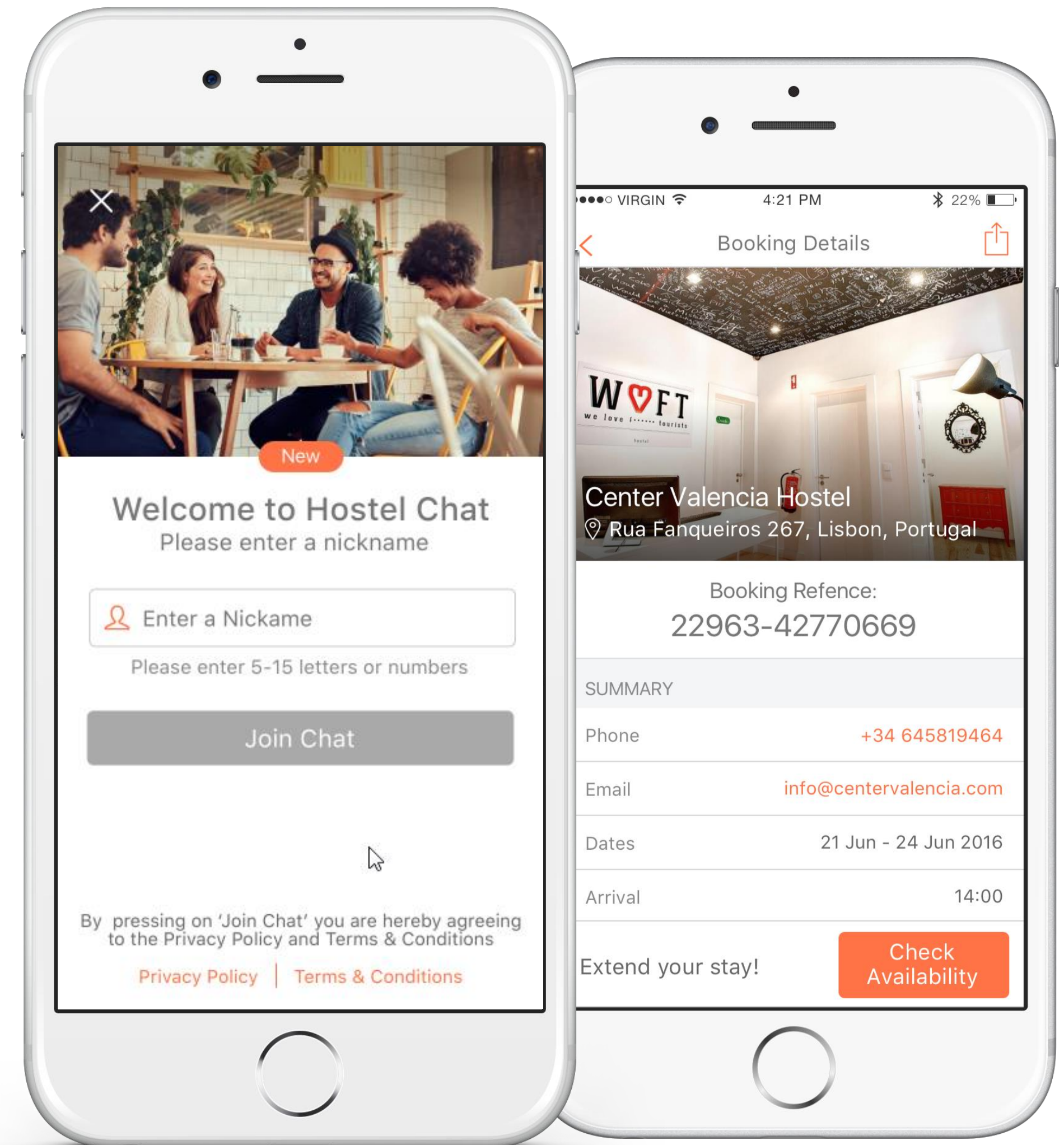
**MyTrips** launched in 2016 to engage customers in trip with recommendations on places to visit & places to eat. It expanded in 2017 to include **Hostel Noticeboard**, a feature which provides unique content for customers on things to do in the hostel.

- ▶ Live in **50 cities**, representing **40%** of Hostelworld app bookings in H1 & H2 2017 combined<sup>1</sup>
- ▶ 3 new languages added in 2017, French, German & Spanish
- ▶ **69%** of MyTrips bookers accessed MyTrips content in-app<sup>2</sup>
- ▶ **15%** of Hostels in 50 cities had noticeboard events published in app from Jun – Dec 2017<sup>3</sup>

## PILOTING HOSTEL CHAT AND EXTEND YOUR STAY

**Hostel Chat**, allows customers to get to know fellow travellers staying in their hostel. Customers are notified via push notification 48 hours before check-in and is open until check-out. The chatroom is available to all customers who have made a booking for a specific hostel through the Hostelworld app. Hostel chat has been piloted in 50 hostels worldwide.

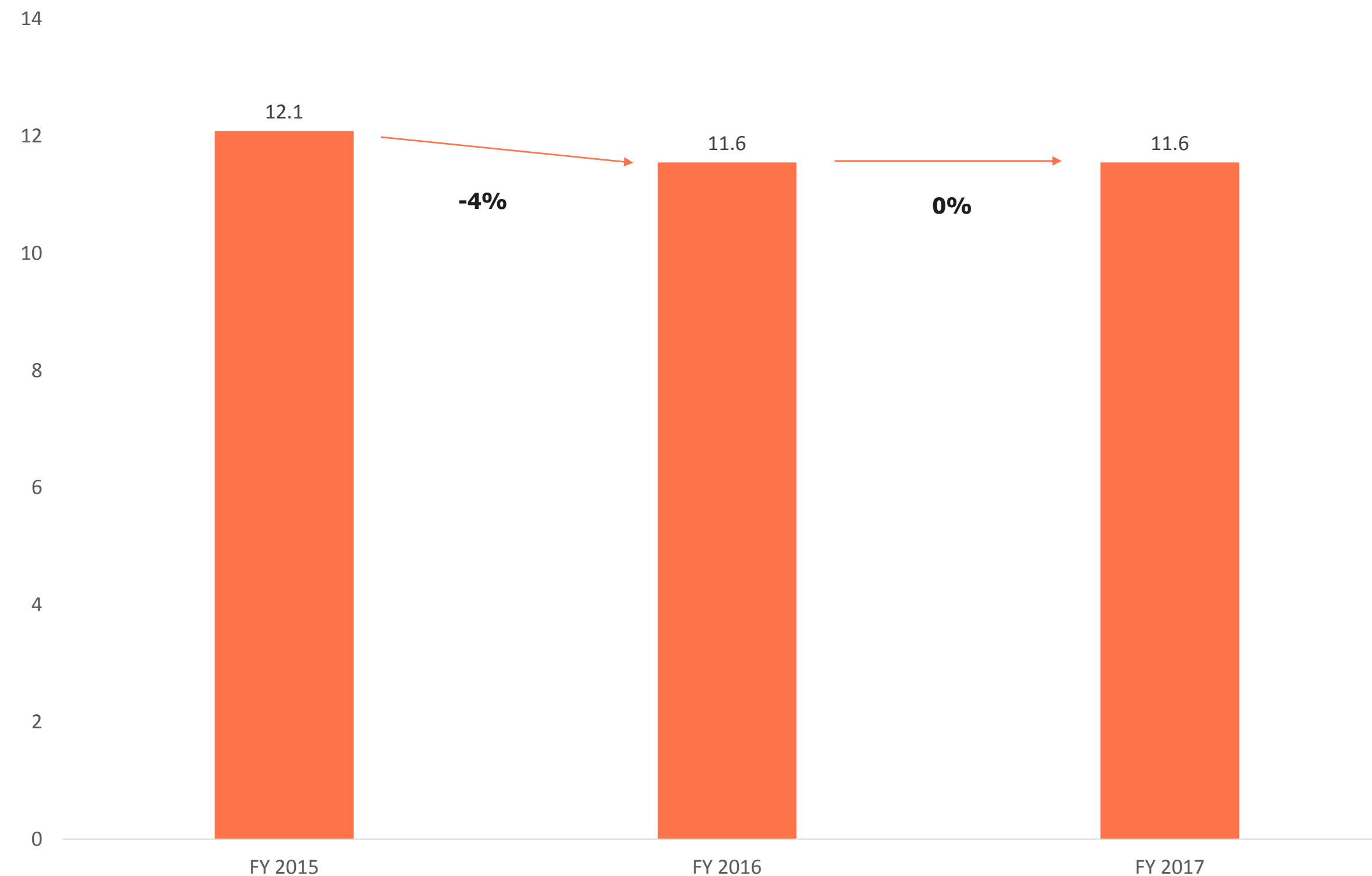
The new **extend your stay** feature enables your customers to quickly check to see if they can stay in the property for another night and book it through their mobile device. This has been piloted in 22 hostels.





# AVERAGE BOOKING VALUE (ABV)

## GROUP AVERAGE BOOKING VALUE ("ABV") (€)<sup>1</sup>



- ▶ ABV is flat (2016: 4% decline). 2% increase in constant currency partially driven by pricing initiatives
- ▶ Stronger base bed prices partially offset by the impact of bookings of shorter duration (lower pax and nights per booking), and the impact of FX
- ▶ Continued evolution of base rate mix: **33%** of bookings at higher base rate (2016 : 25%)
- ▶ Elevate penetration **34%** (2016: 30%). 60bps increase in average Elevate bid rates
- ▶ Bednights per customer have been flat.
- ▶ New contracts implemented in February 2018, 91% properties now on a 15% base rate.
- ▶ Key hostel partners transitioned to a 13% base rate in February 2018.

<sup>1</sup> Note: ABV based on Group gross revenues.

# STRONG GROWTH IN HOSTEL SUPPLY

5% GROWTH IN ESTIMATED HOSTEL BED CAPACITY



## SUPPLY GROWTH

- ▶ Hostels overall estimated bed capacity increased by 5% in the period January - December 2017
- ▶ Asia bed capacity increased by 14% in the period January-December 2017
- ▶ The first Accor Group Jo&Joe Hostel opened in Hossegor, France (40 hostels planned)



## NEW OPENINGS 2017

- ▶ A&O Bremen Hauptbahnhof, Bremen, Germany (402 beds)
- ▶ A&O Copenhagen Norrebro, Denmark (738 beds)
- ▶ FieldHouse Jones (250 beds), Chicago, USA
- ▶ Freehand Los Angeles, USA (635 beds)
- ▶ Steel House Copenhagen (1150 beds), Denmark
- ▶ Via Amsterdam (750 beds)



## TOP 10 KEY ACCOUNT NEW OPENINGS (17/18)

- ▶ Generator – Madrid, April 2018 (440 beds) & Miami (Beds & opening date TBC)
- ▶ HI USA - New Orleans, May 2018 (260 beds)
- ▶ Jo & Joe Paris Gentilly – Paris, Nov 2018 (569 beds)
- ▶ Meininger - 9 new openings  
**Amsterdam** (2017: 806 beds),  
**Berlin** x 2 ( 2017: 835 beds & 848 beds),  
**Budapest** (2017: 751 beds),  
**Milan** x 2 ( 2017: 491 & 268 beds)  
**Rome** (2017: 376 beds),  
**St Petersburg** (2017: 548 beds)  
**Munich** (2019, 822 beds),



## NEW DEVELOPMENTS

- ▶ LOV Hostels – rebranding as Cat Madrid & Mad Hostels. Excem Capital Partner -15 properties over /three years
- ▶ Selina - 25 properties (100 new openings by 2020). South American focus, new European office for expansion in Europe
- ▶ Astors York – March 2018, 70 beds (increasing to 120 beds Jan 2019) New London opening TBC
- ▶ Safestay expansion –acquisition of U Hostels & Equity Point Hostels
- ▶ Grand Hostel Berlin – Opening 2nd hostel in the city 'Urban Grand Hostel' – Apr 2018, 320 beds)
- ▶ Hilton's stated intention to enter the hostel market.



# STRATEGY AND OUTLOOK

DELIVER THE BEST PROPOSITION FOR OUR CUSTOMERS AND OUR SUPPLIERS

## COMPETING ON CORE PRODUCT FUNCTIONALITY AND DIFFERENTIATING USPS

- Non refundable rates rolled out
- Free cancellation product in staged rollout
- Piloting Extend Your Stay product
- Piloting Hostel Chat
- Further Innovation for Mobile App planned
- Supply side suite of tools in progress

HOSTELWORLD IS  
THE ONLY PLACE TO  
BOOK AND SELL  
YOUR BED

## BUILD THE HOSTELWORLD COMMUNITY

- Enable social interaction with other travellers and with hostels throughout the journey
- Enhanced blog features encouraging community engagement

## INCREASE REVENUE PER CUSTOMER AND LOYALTY

- Targeted approach to new offers and product features to drive customer loyalty backed by data science

# NEW PAYMENT MODELS

STRONG CUSTOMER TRACTION WITH NEW PAYMENT MODELS.

## NON-REFUNDABLE RATES

- ▶ Now available at more than 3,700 properties
- ▶ Representing over 50% of bookings into these properties

## FREE CANCELLATION MODEL

- ▶ Pilot testing in Q1 2018, phased rollout planned
- ▶ Higher conversion; longer lead time bookings
- ▶ Higher value beds; offsetting the loss of cancellation protection revenue
- ▶ Cancellation rates are being monitored
- ▶ Deferral of revenue recognition

**Check Availability**  
Sat 26 May 2018 - Mon 28 May 2018 | [Change](#)

✓ **FREE CANCELLATION**  
Change of plans? No problem. Choose free cancellation and you can cancel your booking free of charge before May 25, 2018.

Dorm Beds	Average price per night	Beds
Standard 8 Bed Mixed Dorm Sleeps 8 - Ensuite	<b>€29.40</b> <sup>?</sup> <a href="#">View price breakdown</a> <b>Free Cancellation</b>	Choose ▾
Standard 4 Bed Mixed Dorm Sleeps 4 - Ensuite	<b>€23.52</b> <sup>?</sup> <a href="#">View price breakdown</a> <b>Non-refundable</b>	Choose ▾
	<b>€41.40</b> <sup>?</sup> <a href="#">View price breakdown</a> <b>Free Cancellation</b>	Choose ▾
	<b>€33.12</b> <sup>?</sup> <a href="#">View price breakdown</a> <b>Non-refundable</b>	Choose ▾



# TECHNOLOGY INVESTMENT

## Focus Areas

### CUSTOMER

Drive exceptional customer experience through core competency development.

Deliver competitive products resonating with customer & hostels alike.

Better merchandising of hostel product.

Focus on driving increased conversion through CRO capability.

### MOBILE

Lead through expansion of our innovative mobile products focused on delivering experiences relevant to hostel life.

- My Trips
- Hostel Noticeboard
- Speak the world
- Hostel Chat

### DATA SCIENCE

Data science at the core of our investment & at the heart of our products.

Build personalisation capability.

Leverage the power of data science throughout technology and product development.

### COMMUNITY

Develop a vibrant hostel community celebrating hostel life.

Inspire a global audience of travellers to contribute and interact on a platform unique to the hostel community.





# IN CONCLUSION

**Successfully executing on operational capabilities,  
driving consistently strong Hostelworld Brand growth**

**Significant marketing efficiencies maintained**

**Strong customer traction with new payment models**

**Proposed final dividend of 12.0 euro cent per share**

**Continued confidence in long-term strategy and ability to execute,  
supported by increased technology investment**

**Year to date performance on track to meet Board's expectation for 2018**



The image shows the interior of a cafe or restaurant. The room has a high ceiling with exposed pipes and several industrial-style pendant lights. The walls are white and decorated with various pieces of art, including a large painting of a woman's face and a mirror. The floor is dark. In the foreground, there are several wooden tables and chairs. Some tables have a colorful, abstract pattern on the top surface. People are sitting at the tables, engaged in conversation. A man in a white shirt is standing in the background near a counter. The overall atmosphere is casual and artistic.

# Q&A