



2018 INTERIM RESULTS PRESENTATION AUGUST 2018



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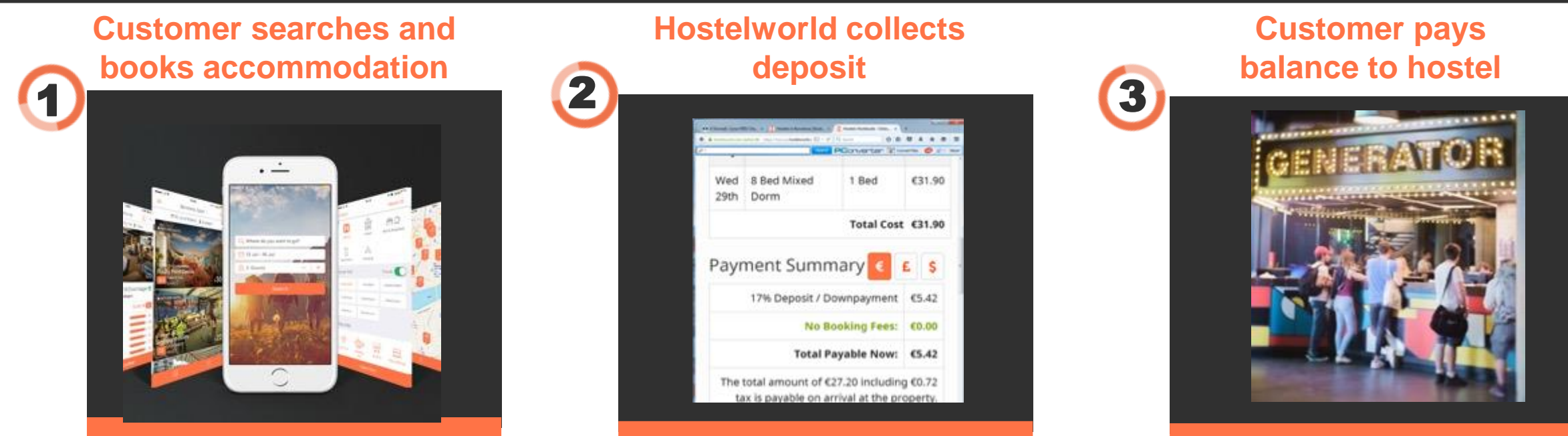
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HOSTELWORLD AT A GLANCE

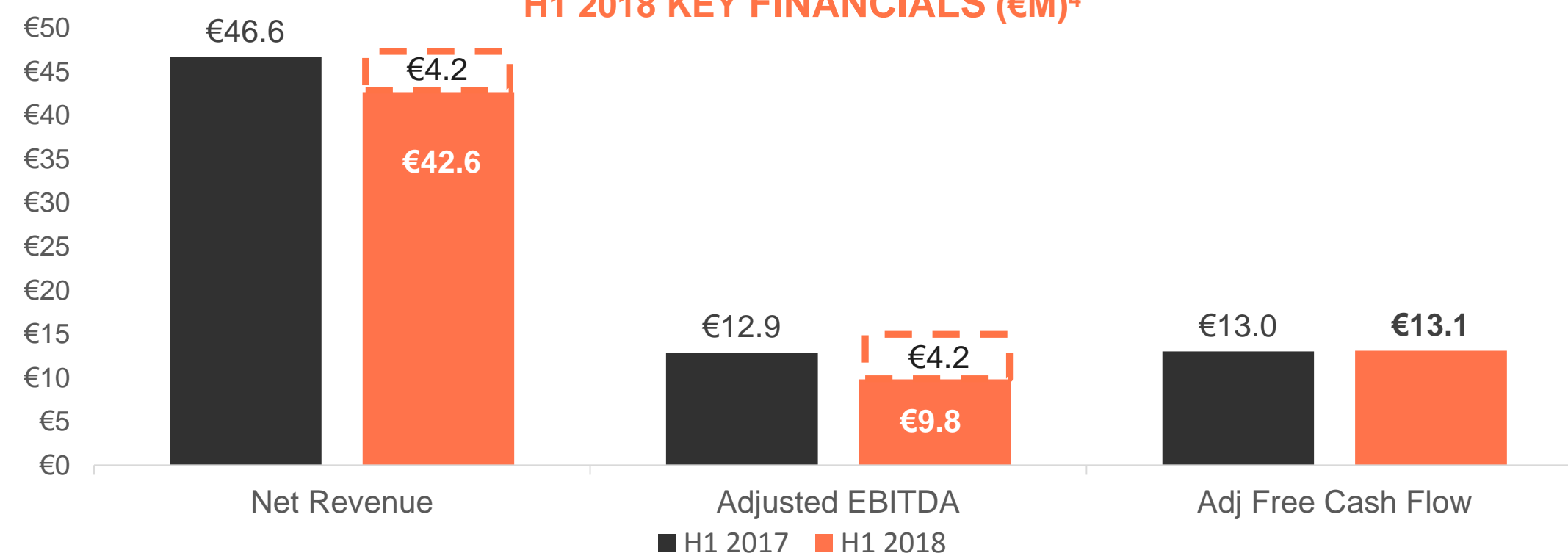
GLOBAL, HOSTEL-FOCUSED, MARKET-LEADING ONLINE BOOKING PLATFORM

- ▶ Head Office in **Dublin** with offices in **London, Porto, Shanghai, Sydney & Seoul**; average 281 employees during H1 2018 (H1 2017: 240).
- ▶ **36,000** properties globally including **16,000** hostels as at June 2018.
- ▶ Focused on hostels and other budget accommodation with hostels representing **94% of H1 2018 bookings** (H1 2017: **92%**).
- ▶ Hostelworld, the Group's primary brand, contributed **96%** of total H1 2018 bookings (H1 2017: **92%**).

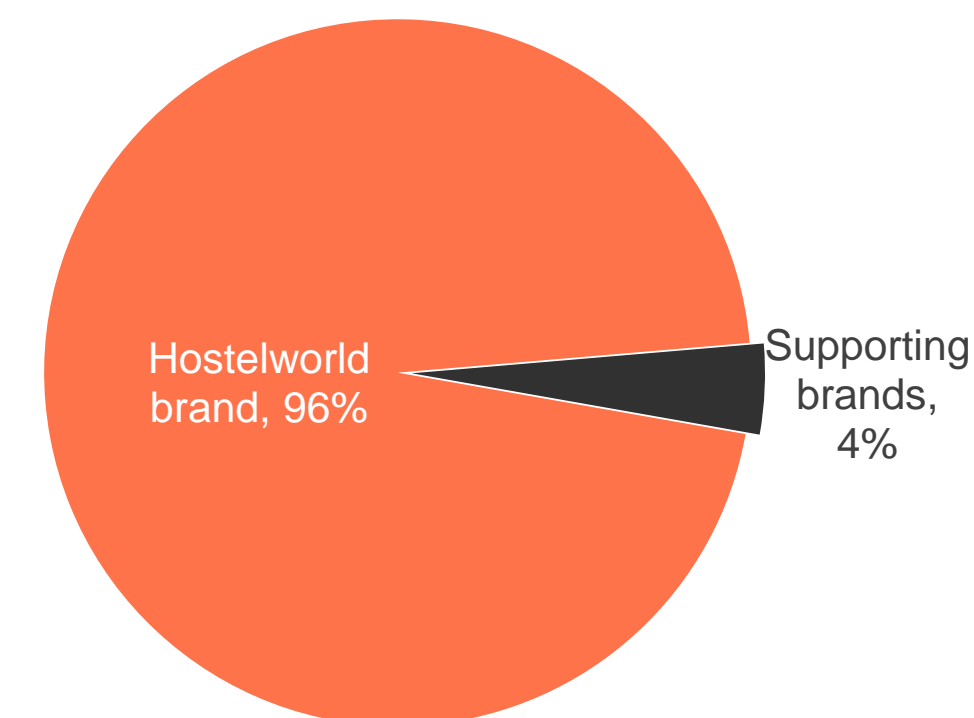
EFFICIENT BUSINESS MODEL MAXIMISES CASH CONVERSION



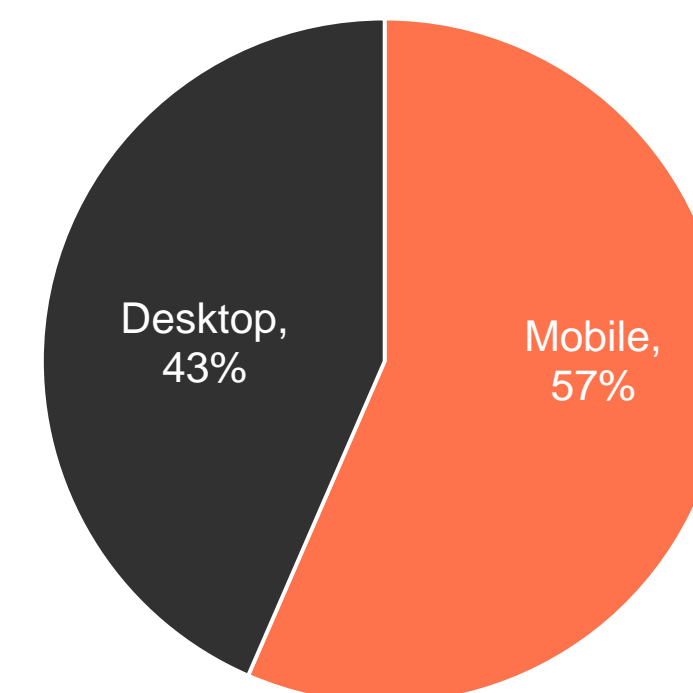
H1 2018 KEY FINANCIALS (€M)⁴



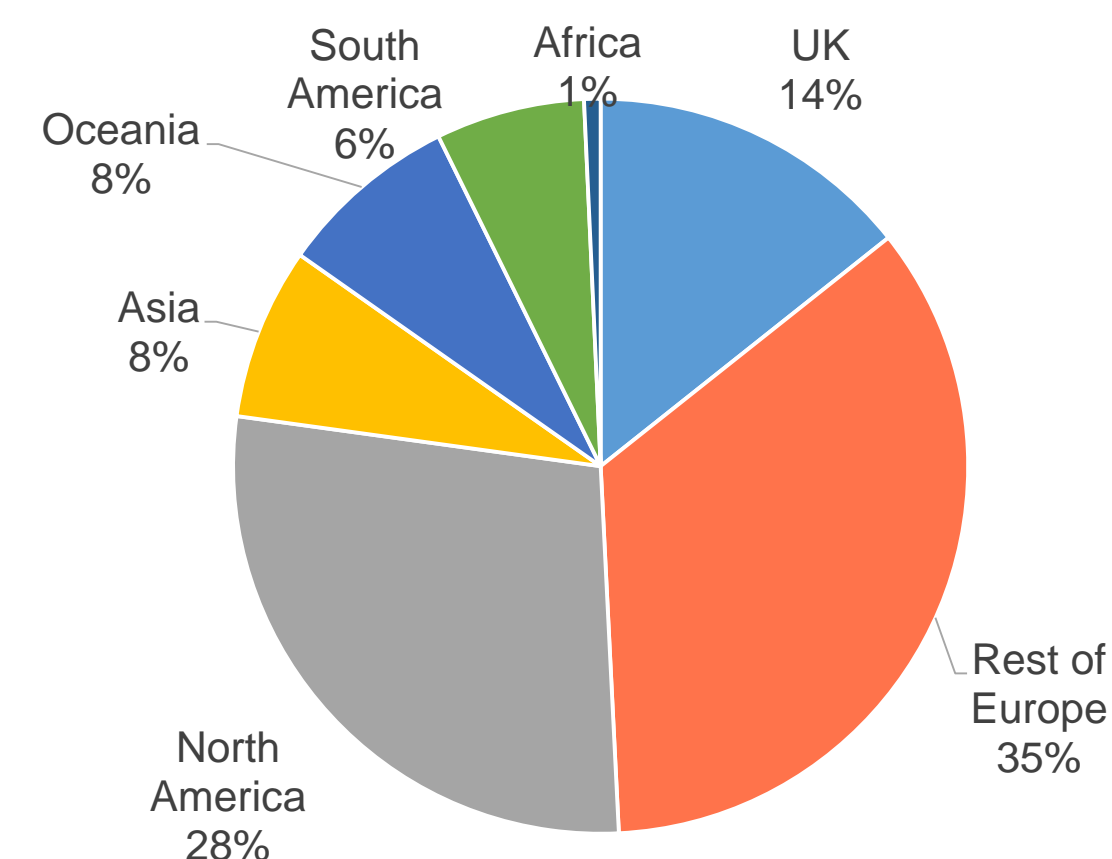
BOOKINGS BY BRAND¹



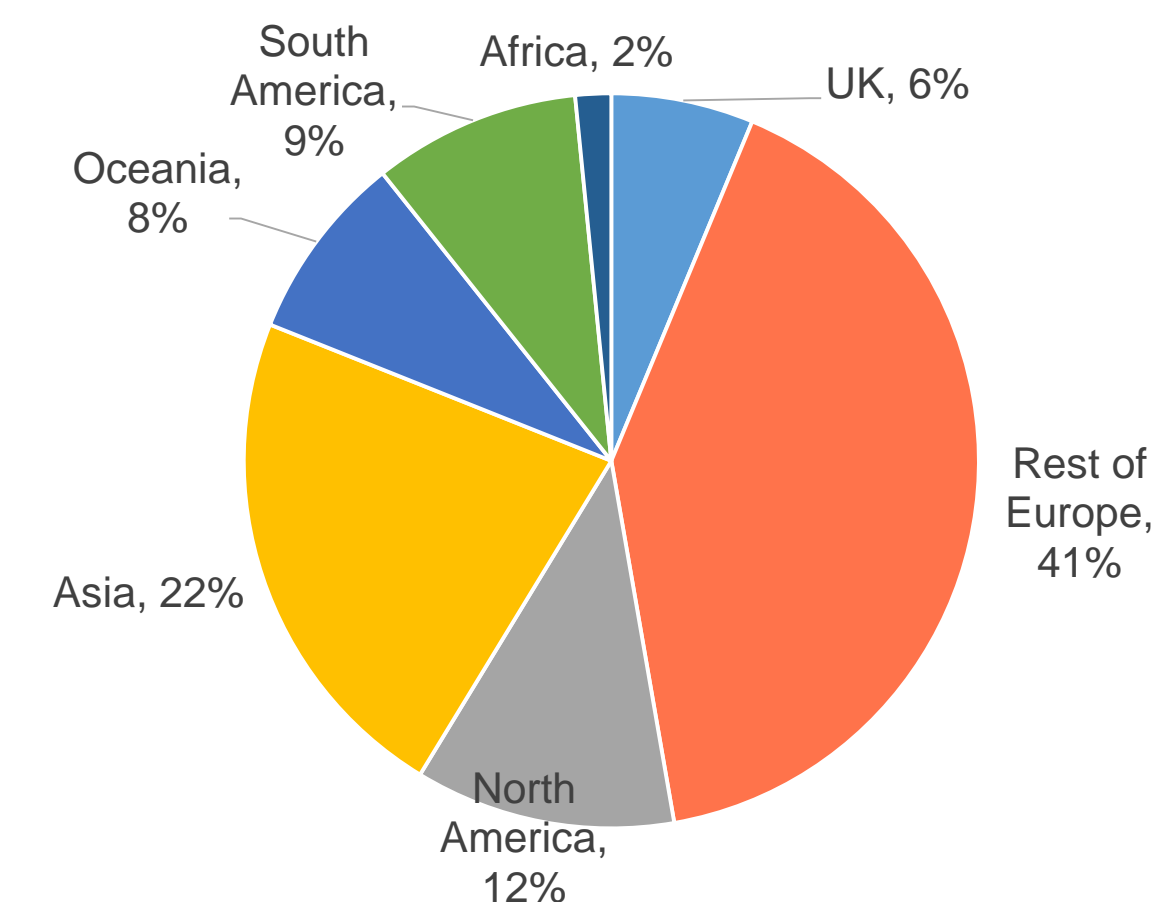
BOOKINGS BY DEVICE²



BOOKINGS BY NATIONALITY³



BOOKINGS BY DESTINATION³



¹Hostelworld Group ("HWG"), H1 2018. Supporting brands refers to Hostelbookers, Hostels.com, (hostel & affiliate) booking engines.

²HWG, H1 2018. Note: Mobile includes site and app bookings via phone and tablets. Source: Omniture.

³HWG, H1 2018.

⁴Adjusted 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 H1 2018

Ruthanne Monaghan – Interim CFO

OPERATIONAL PERFORMANCE H1 2018

Gary Morrison - CEO

Q&A



FINANCIAL PERFORMANCE

H1 2018 PERFORMANCE

Bookings

- ▶ **6%** growth in HW Brand bookings; **2%** increase in Group bookings (to 4.0m bookings).
- ▶ Average Booking Value “ABV” at **€12.2** remained flat (**5%** increase on a constant currency basis).

Revenue

- ▶ At H1 2018, **€4.2m** of revenue during the period from free cancellation bookings has been deferred and will be recognised, net of cancellations, at the point at which the traveller no longer has the right to cancel. All direct costs associated with deferred bookings have been recognised.
- ▶ **€42.6m** Net Revenue, **9%** decrease from H1 2017, **3%** decrease on constant currency basis, (remained flat excluding the impact of €4.2m deferred revenue).

Marketing Costs

- ▶ Marketing Costs as a % of Net Revenue increased to **43%**, H1 2017: **41%**, (**39%** excluding the impact of deferred revenue).

Profit

- ▶ **€9.8m** Adjusted EBITDA, **24%** decrease from H1 2017, (**9%** increase excluding the impact of deferred revenue).
- ▶ Adjusted EBITDA margin **23%**, **5%** decrease from H1 2017, (**2%** increase excluding the impact of deferred revenue).
- ▶ **€7.6m** Adjusted PAT, **26%** decrease from H1 2017, (**14%** increase excluding the impact of deferred revenue).

Cash

- ▶ Strong underlying adjusted free cash conversion of **133%**, H1 2017: **101%**, (**93%** excluding the impact of deferred revenue).
- ▶ Strong balance sheet: Cash of **€22.9m** at 30 June 2018, (30 June 2017: **€17.7m**).

Dividend

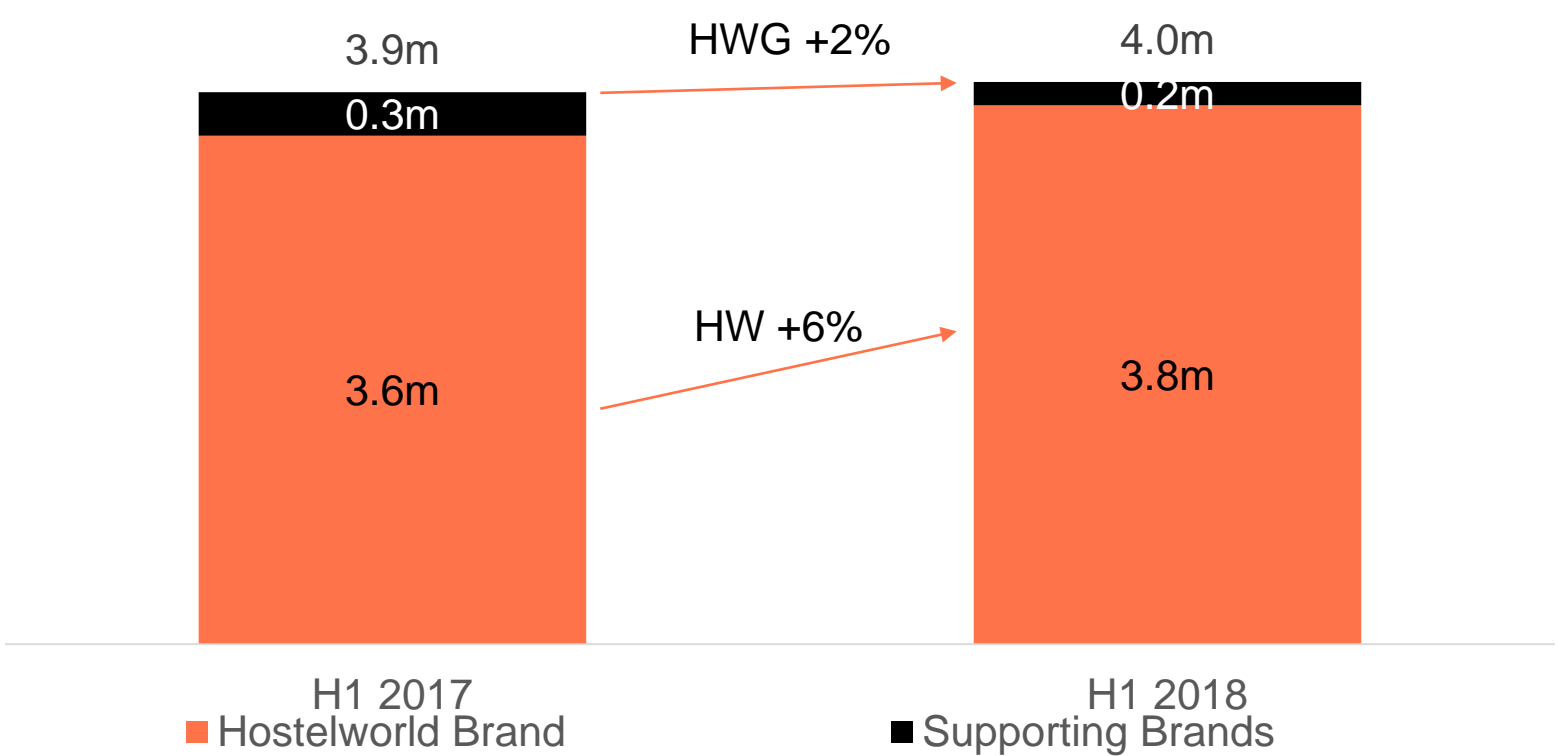
- ▶ Interim dividend of **4.8 euro cent** per share (H1 2017: **5.1 euro cent** per share).

SUMMARY FINANCIALS

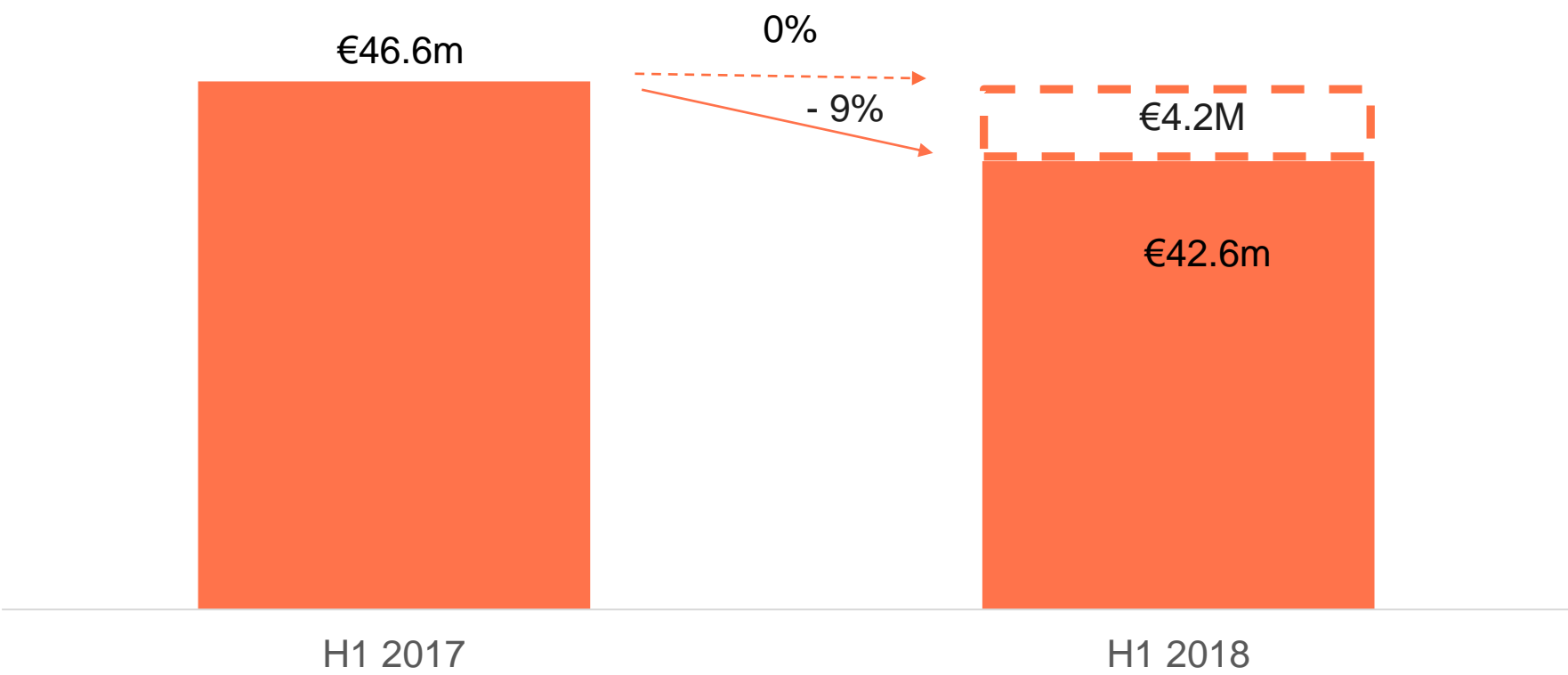
FINANCIAL

OPERATIONAL

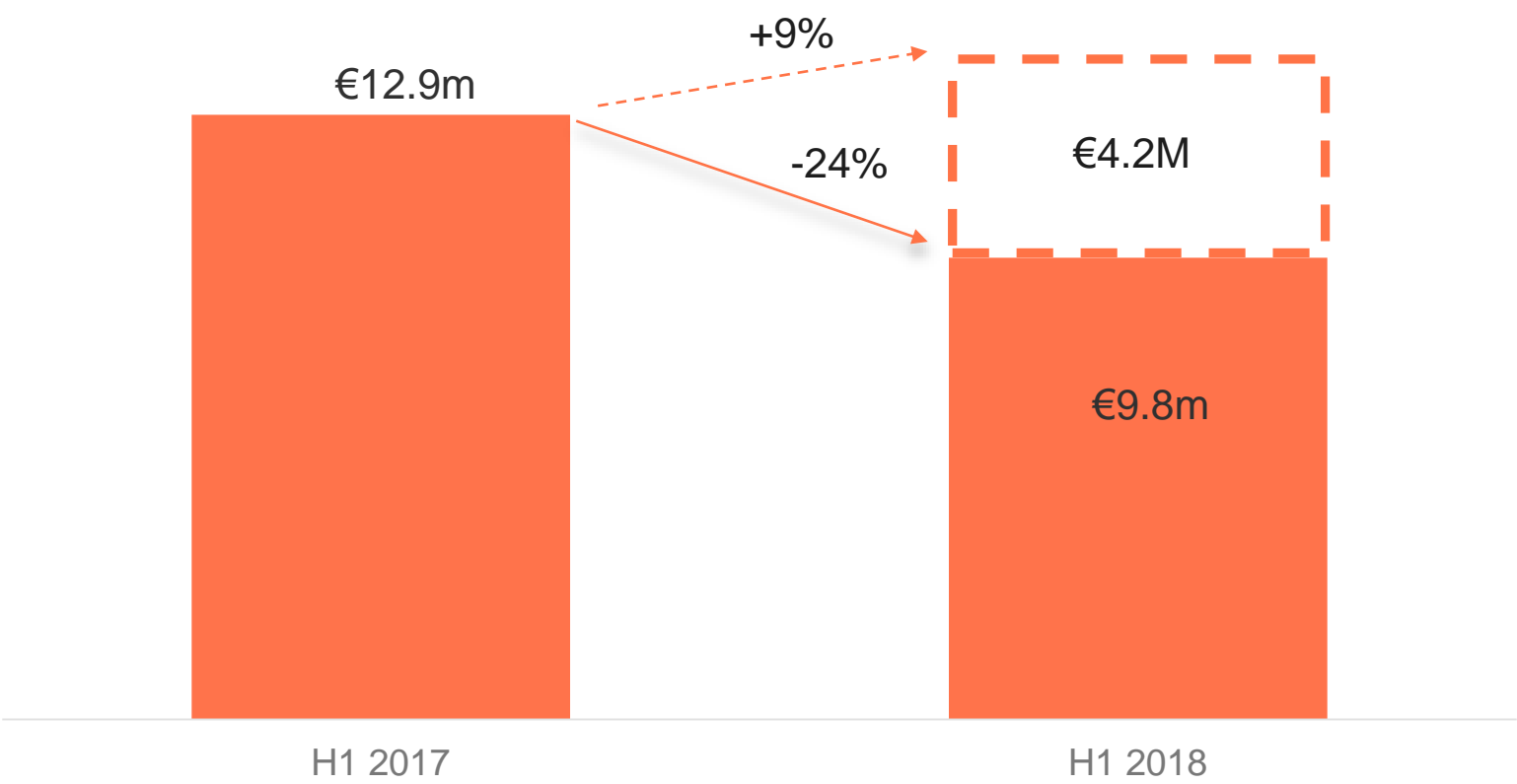
BOOKINGS



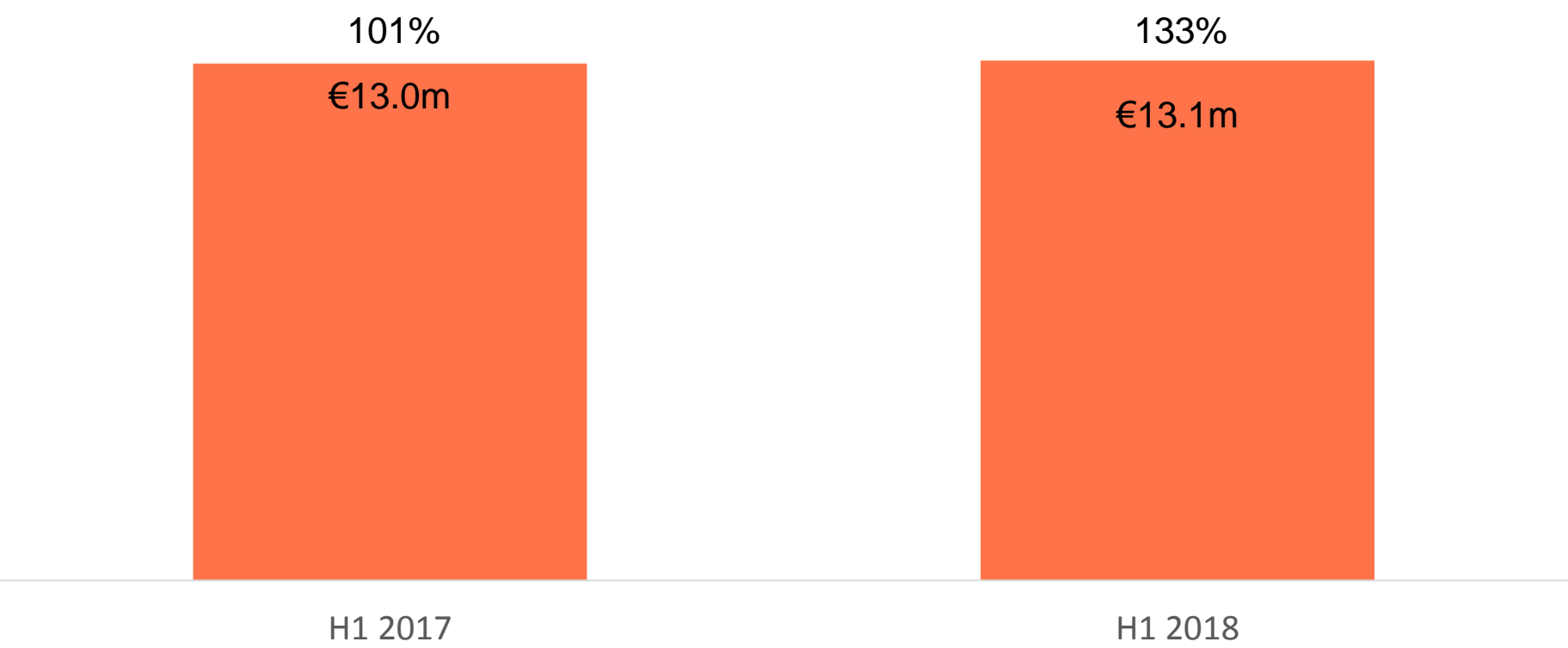
HOSTELWORLD GROUP NET REVENUE



HOSTELWORLD GROUP ADJUSTED EBITDA ¹



ADJUSTED FREE CASH FLOW AND ADJUSTED FREE CASH CONVERSION (%)²



Source: Management information

¹ Adjusted EBITDA excludes exceptional items and is net of €4.2m deferred revenue in relation to free cancellations, this revenue will be recognised at the point at which the traveller no longer has the right to cancel.

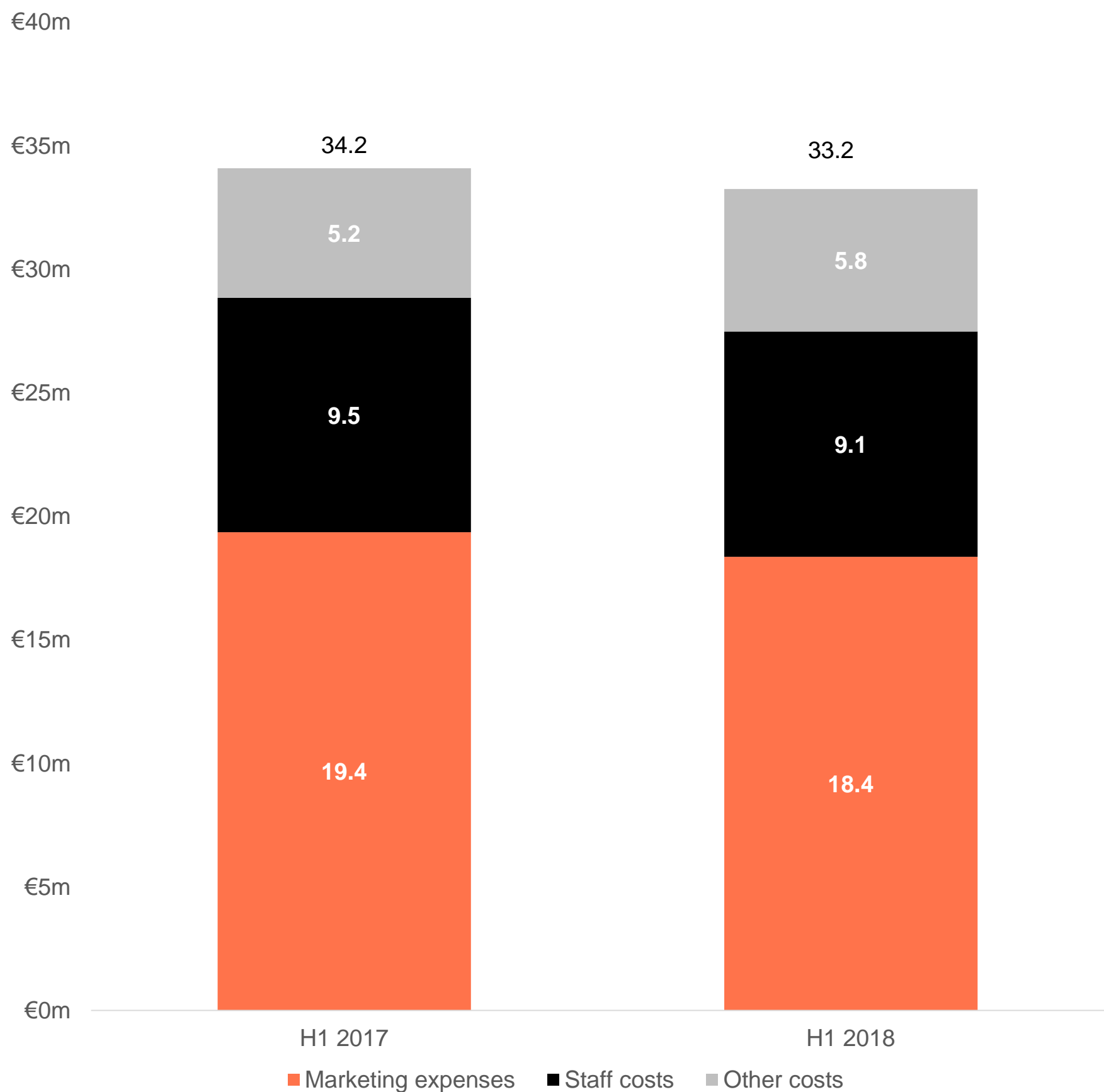
² Adjusted free cash flow defined as free cash flow before financing activities adjusted for financial expenses and M&A costs; adjusted free cash conversion shown as a percentage of adjusted EBITDA.

GROUP ADMINISTRATIVE EXPENSES

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GROUP ADMIN EXPENSES (€M)



Marketing expenses

- ▶ Investment in marketing decreased by **5%** which resulted in marketing costs as a percentage of net revenue of **43%**.
- ▶ Adjusting for the impact of deferred revenue in relation to free cancellation bookings, marketing investment would be **39%** of net revenue (H1 2017: **41%**).

Staff costs

- ▶ Gross staff costs (excluding share based payment expense) increased from **€9.4m** to **€9.5m**.
- ▶ Average headcount increased by **17%** from 240 in H1 2017 to 281 in H1 2018.
- ▶ Excluding the impact of the level of development labour capitalised in accordance with IFRS standards (H1 2018: **€0.8m**; H1 2017: **€0.4m**), share based payment expense, and the impact of a bonus accrual staff costs increased by **13%** on a constant currency basis.

Other costs

- ▶ Excluding exceptional and listed company costs, other costs increased by **8%**, driven by increased investment in technology overheads.

Source: Management information

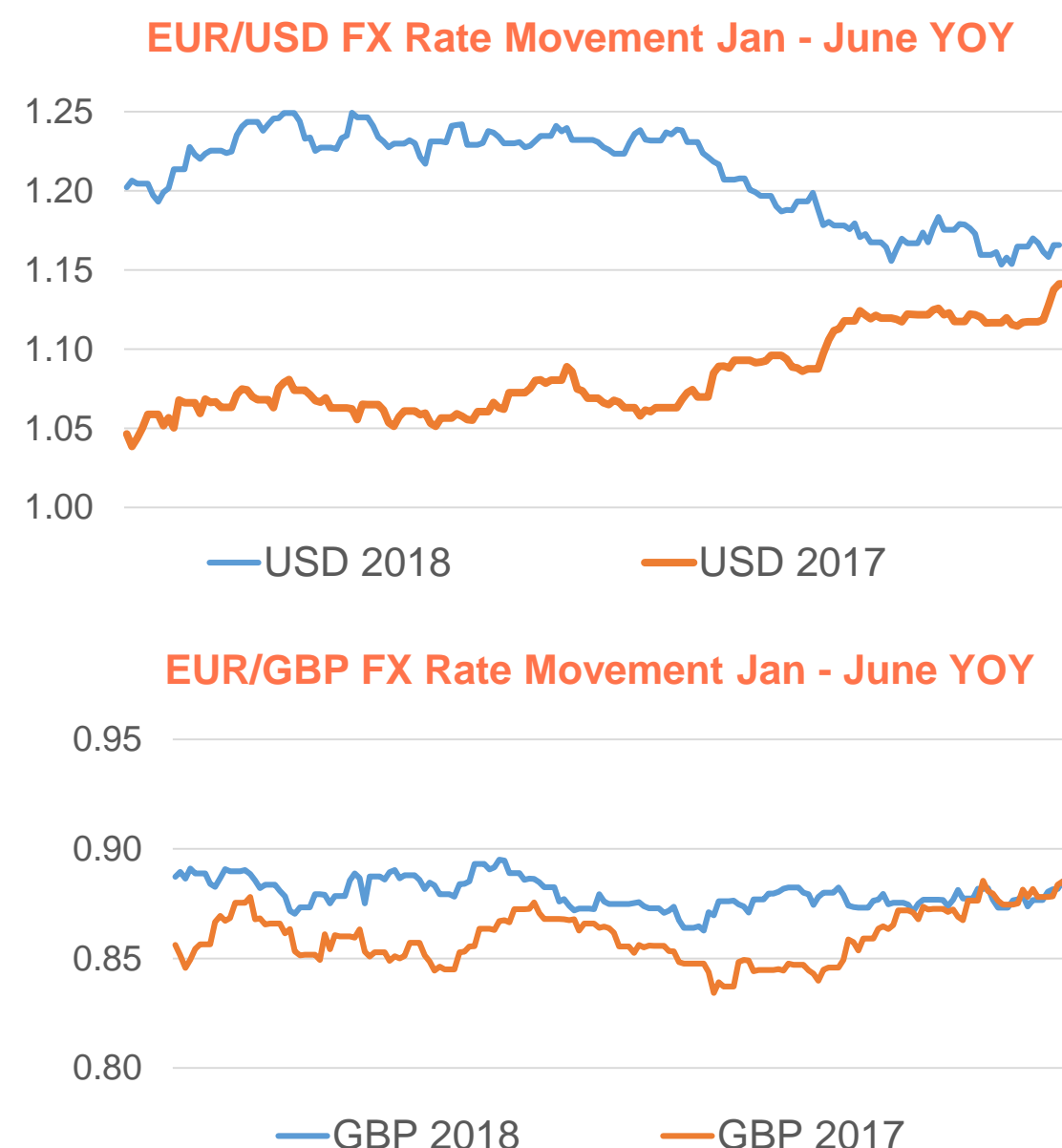
Note: Marketing expenses include affiliate advertising, PPC costs and other marketing expenses; Other expenses include website maintenance, credit card fees, holding company administration costs, establishment costs and other admin costs.

FOREIGN EXCHANGE RISK

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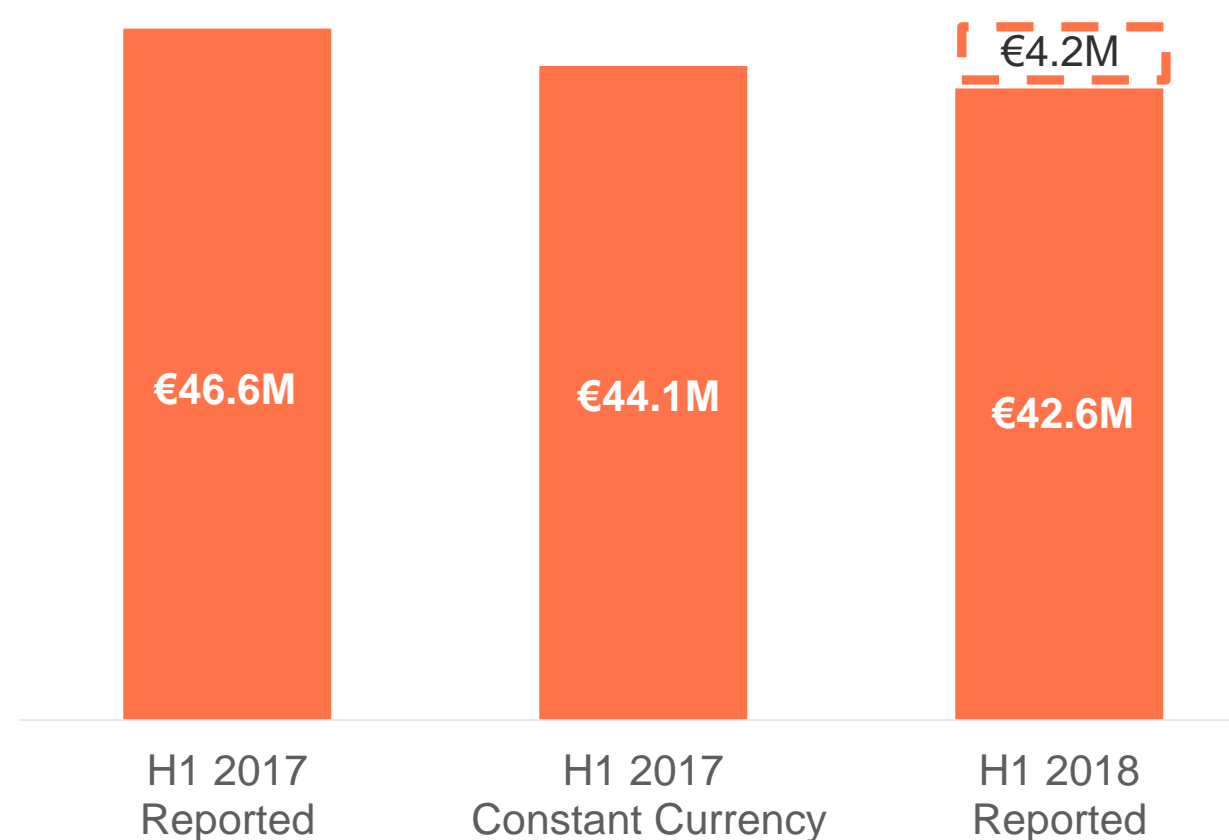
NET REVENUE EXCLUDING THE ADJUSTMENT FOR DEFERRED REVENUE INCREASED BY 6% IN CONSTANT CURRENCY



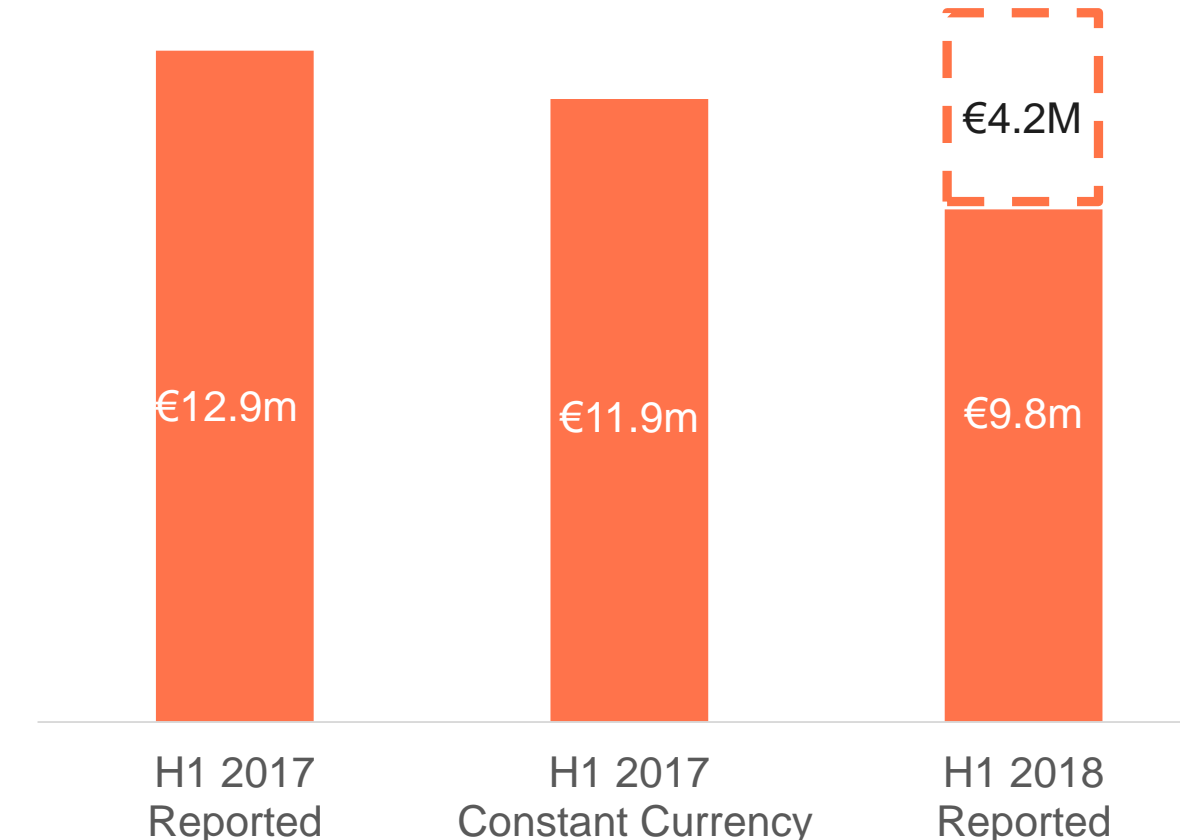
-11.9%

-2.3%

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 decreased by **3% (€1.5m)**, (increase of **6%** excluding the impact of deferred revenue) and Adjusted EBITDA has decreased by **18% (€2.1m)**, (increase of **18%** excluding the impact of deferred revenue).
- ▶ A **1%** movement in USD had **0.47%** impact on H1 2018 Adjusted EBITDA and a **1%** movement in GBP had **0.26%** impact on H1 2018 Adjusted EBITDA based on the H1 2018 currency profiles of our revenue and cost base.
- ▶ 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

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GROUP INCOME STATEMENT SUMMARY

€'000	H1 2017	H1 2018
Revenue	46,649	42,621
Administrative expenses	(34,183)	(33,243)
Depreciation and amortisation expenses	(7,250)	(6,518)
Operating Profit	5,216	2,860
Financial income	4	4
Financial expenses	(43)	(31)
Profit before tax	5,177	2,833
Taxation	(784)	(789)
Profit for the period	4,393	2,044

Adjusted Profit measures

Adjusted EBITDA ¹	12,864	9,823
Adjusted Profit after tax ²	10,338	7,612

- ▶ **9%** decrease in Net Revenue to **€42.6m**, **3%** decrease on constant currency basis, (remained flat excluding the impact of €4.2m deferred revenue).
- ▶ Adjusted EBITDA margin of **23%** (H1 2017: **28%**), 30% excluding the impact of deferred revenue.
- ▶ Fixed asset depreciation **€0.6m** (H1 2017: **€0.5m**). Amortisation of capitalised development costs **€0.9m** (H1 2017: **€1.5m**). Amortisation of acquired intangible assets **€5.0m** (H1 2017: **€5.2m**).
- ▶ Overall income tax charge of **€0.8m** comprises a Group corporation tax charge of **€0.7m** and a deferred tax charge of **€0.1m** relating to the movement of deferred tax assets offset by the movement in deferred tax liabilities.

¹The Group uses Adjusted EBITDA to show profit without the impact of non-cash and non-recurring items.

²Adjusted 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	H1 2017	H1 2018
Profit before tax	5,177	2,833
Working capital movement	1,627	4,665
Non cash adjustments	7,648	6,958
Net finance costs	38	26
Cashflows from operating activities	14,490	14,483
Net interest paid	(39)	(26)
Income tax paid	(275)	(275)
Net Cashflows from operating activities	14,176	14,181
Capitalisation and acquisition of intangible assets	(405)	(929)
Purchase of property, plant and equipment	(770)	(180)
Net cash used in investing activities	(1,175)	(1,109)
Dividends paid	(19,974)	(11,468)
Net cash used in financing activities	(19,974)	(11,468)
Net (decrease)/increase in cash and cash equivalents	(6,973)	1,604
Opening cash and cash equivalents	24,632	21,294
Effect of exchange rate gains and losses	3	(3)
Closing cash and cash equivalents	17,662	22,895
Free cash flow before financing activities	13,002	13,072
Adjusted free cash conversion %¹	101%	133%

- ▶ Non-cash adjustments primarily relate to depreciation and amortisation.
- ▶ The increase in working capital movement is due to the receipt of **€4.2m** of revenue related to free cancellation bookings which was deferred in the period.
- ▶ Capitalisation of intangible assets vary depending on technology projects meeting the criteria of IAS 38.
- ▶ **133%** Adjusted free cash conversion for H1 2018.
- ▶ Adjusting for **€4.2m** of deferred revenue in relation to free cancellation bookings, adjusted free cash conversion would have been **93%** (H1 2017: **101%**).

¹ 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.

BALANCE SHEET

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GROUP BALANCE SHEET SUMMARY

€'000	30 Jun 2017	31 Dec 2017	30 Jun 2018
Intangible assets	133,257	128,108	123,117
Other non-current assets	3,561	4,254	3,634
Trade and other receivables	3,970	3,996	4,365
Cash and cash equivalents	17,662	21,294	22,895
Total assets	158,450	157,622	154,011

Total equity	144,742	146,949	137,949
Deferred tax liabilities	592	457	359
Deferred Free Cancellation revenue	-	-	4,236
Creditors, accruals and other liabilities	13,116	10,216	11,467
Total equity and liabilities	158,450	157,622	154,011

- ▶ Strong Group balance sheet at 30 June 2018 with negative working capital of **€11.4m** (31 Dec 2017: **€6.3m**).
- ▶ Cash balances of **€22.9m**.
- ▶ Net decrease in intangible assets driven by amortisation.
- ▶ **€4.2m** of deferred revenue relates to free cancellation bookings not yet recognised.

DIVIDENDS

STRONG DIVIDEND PAYOUT TO SHAREHOLDERS

Dividend Profile	FY15	FY16	FY 17	H1 18
Interim dividend per share	-	4.8c	5.1c	4.8c
Final dividend per share	2.75c	10.4c	12.0c	
Full year dividend per share	2.75c	15.2c	17.1c	
Supplementary dividend per share	-	10.5c	-	
Total dividend per share	2.75c	25.7c	17.1c	
Dividend payout:				
Interim	-	€4.6m	€4.9m	€4.6m
Final	€2.6m	€9.9m	€11.5m	
Supplementary	-	€10.0m	-	
Total Dividend payout	€2.6m	€24.6m	€16.3m	

- ▶ Interim dividend of 4.8 euro cent per share (H1 2017: 5.1 euro cent per share).
- ▶ Dividend payout in line with stated dividend policy.
- ▶ Including interim dividend (H1 18: **€4.6m**), **€48.1m** returned to shareholders since IPO in 2015.

SUMMARY KPIs

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OVERVIEW OF TRACK RECORD OF KPIs

KPI metric		H1 2016	H1 2017	H1 2018
Bookings:	HW Brand	3.0m	3.6m	3.8m
	Other	<u>0.5m</u>	<u>0.3m</u>	<u>0.2m</u>
	Total	3.5m	3.9m	4.0m
Average Booking Value (ABV)		€11.8	€12.2	€12.2
Net revenue		€40.2m	€46.6m	€42.6m
Deferred Free Cancellation revenue		-	-	€4.2m
Marketing investment (% of net revenue) ³		43%	41%	43%
Adjusted EBITDA		€10.1m	€12.9m	€9.8m
Adjusted Profit after tax ¹		€7.7m	€10.3m	€7.6m
Adjusted free cash flow ²		€10.8m	€13.0m	€13.1m
Adjusted free cash conversion ²		107%	101%	133%

Source: Management information

¹ 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.

² 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.

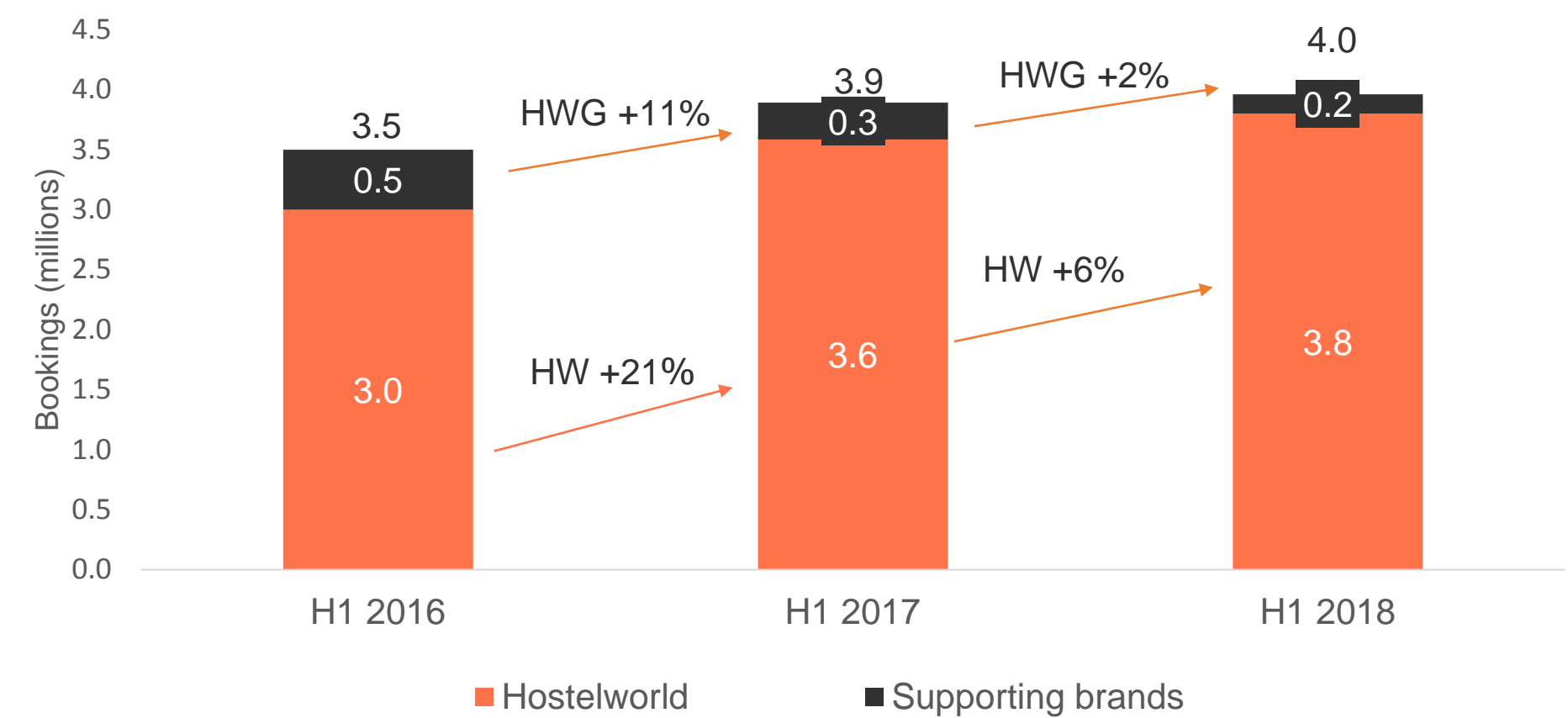
³ Marketing investment as a % of net revenue excluding the deferred revenue adjustment is 39%.



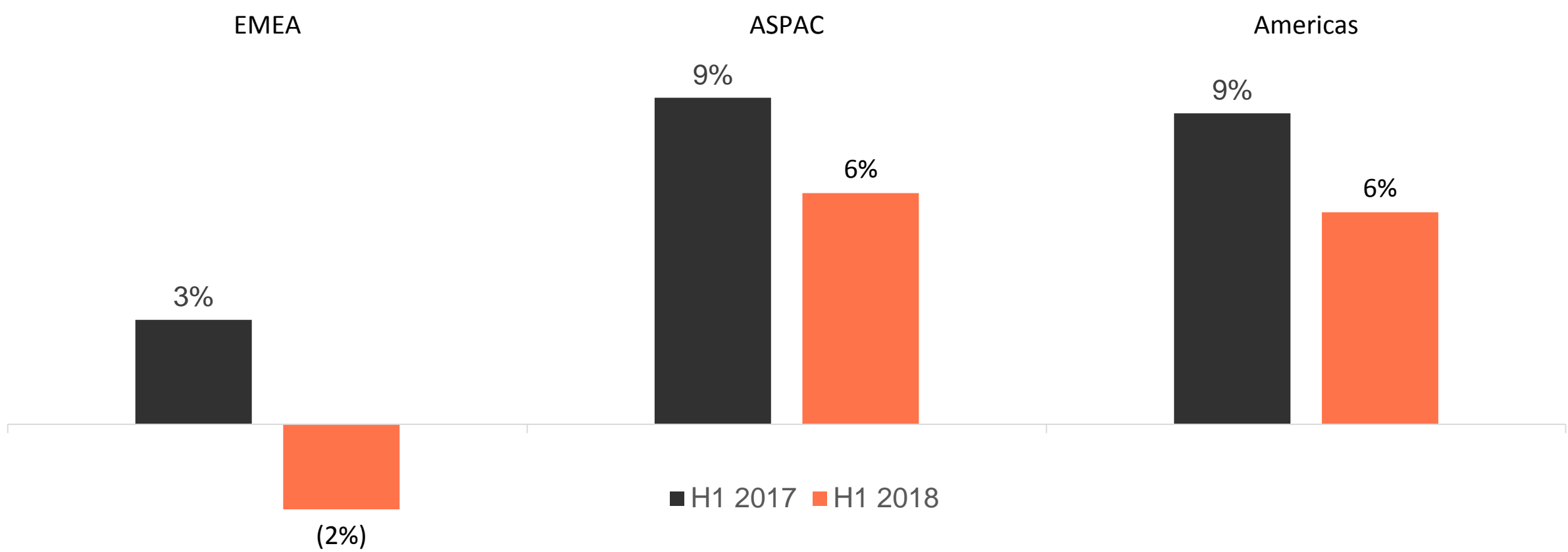
OPERATIONAL PERFORMANCE

BOOKINGS OVERVIEW

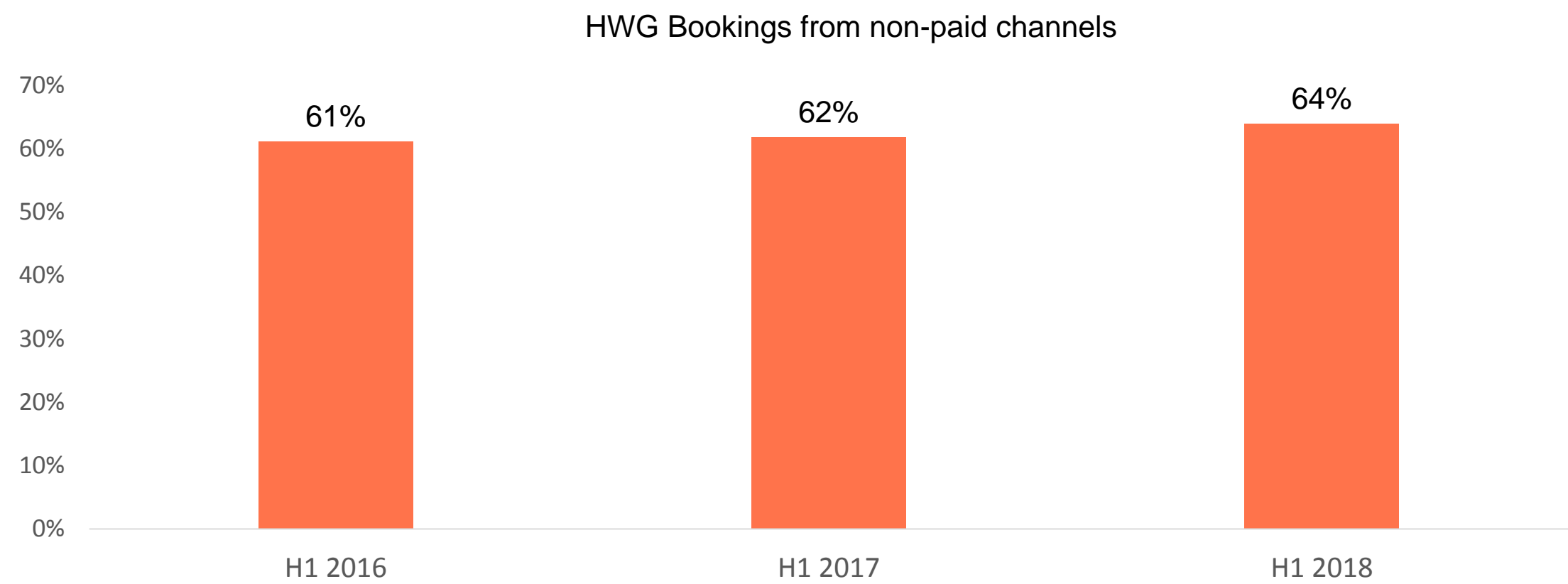
CONTINUED GROWTH IN HOSTELWORLD BRAND BOOKINGS



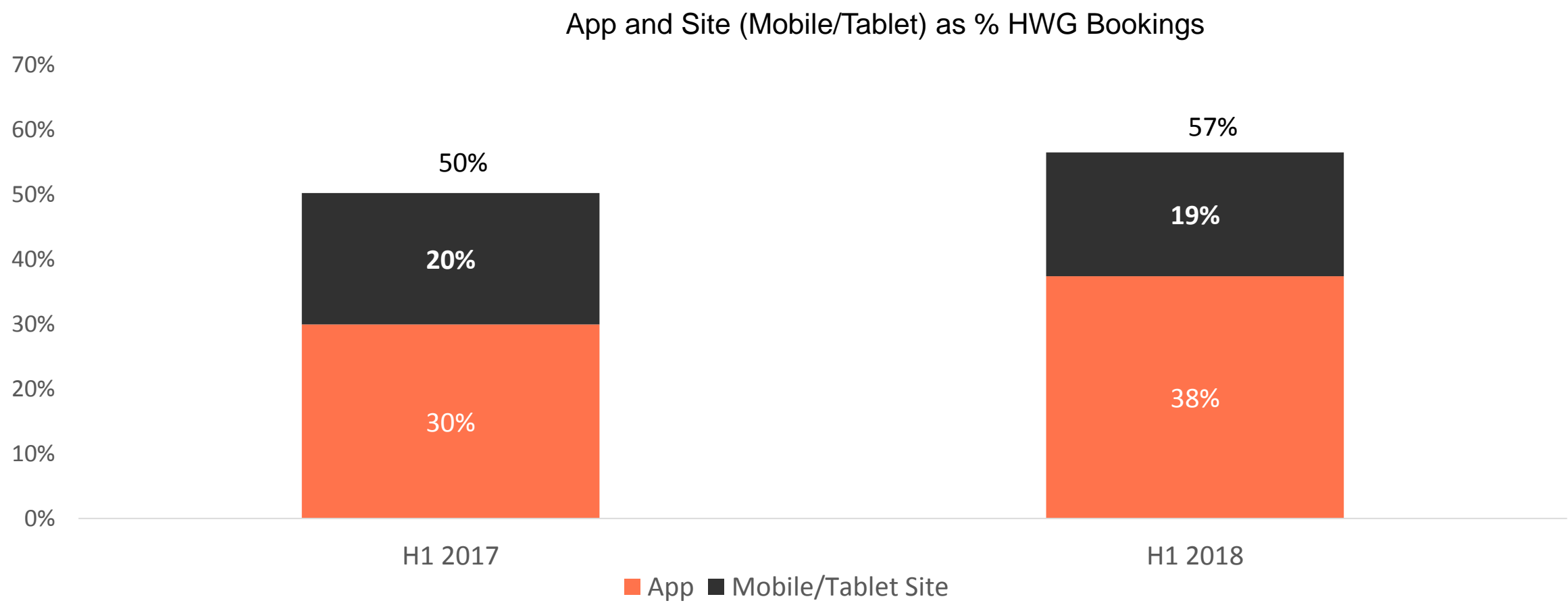
DESTINATION MIX (HWG) : YOY GROWTH



INCREASED PROPORTION OF BOOKINGS FROM NON-PAID CHANNELS



STRENGTHENED MOBILE OFFERINGS AND PENETRATION

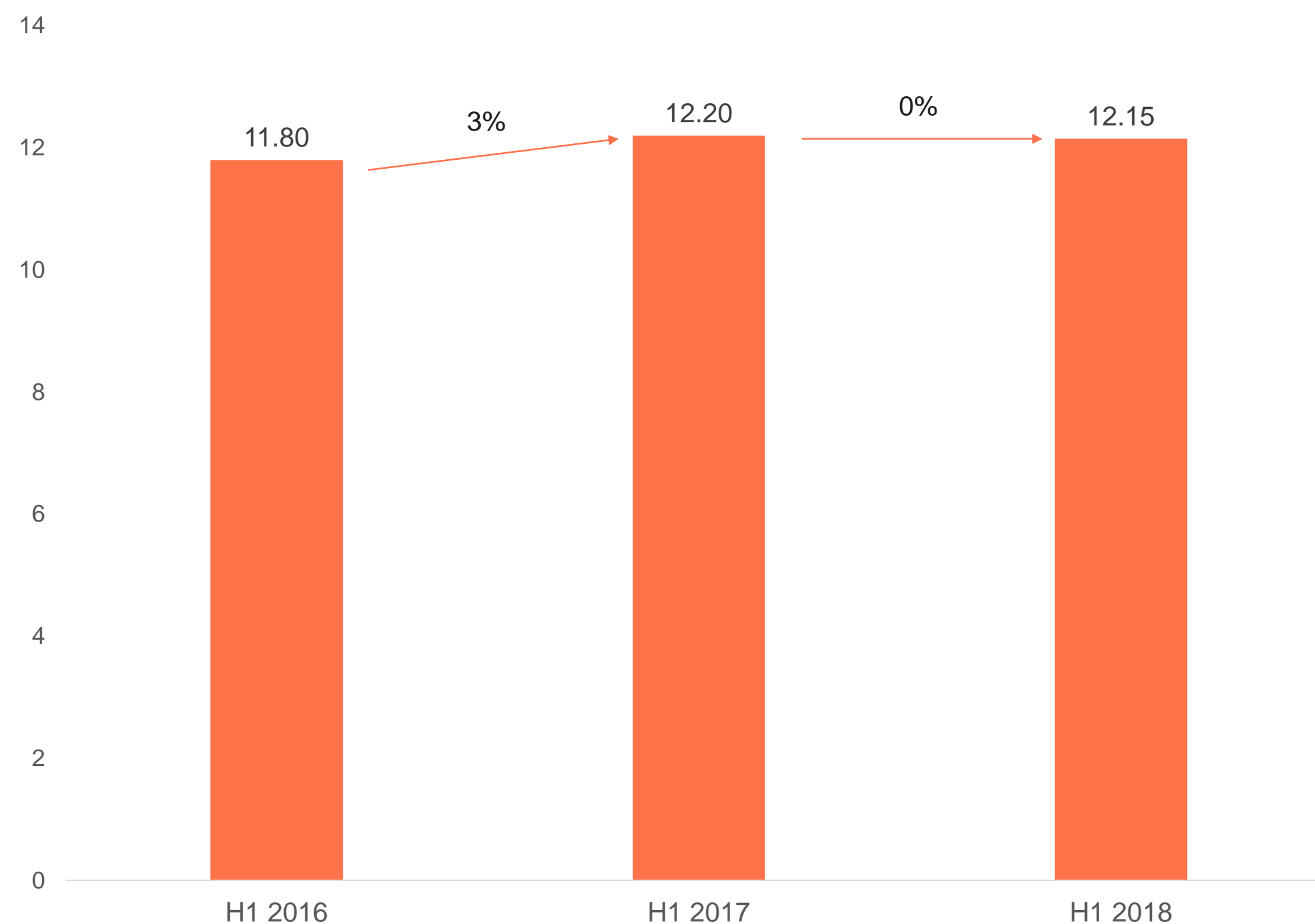


AVERAGE BOOKING VALUE

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GROUP AVERAGE BOOKING VALUE ("ABV") (€)¹



ABV is flat (H1 2017: 3% increase), 5% increase in constant currency

Tailwinds

- ▶ Increase in net base bed prices.
- ▶ Increased commission
 - New contracts implemented in February 2018, **>90%** properties and **>58%** of bookings now on a **15%** base rate.
 - Elevate penetration remained flat due to the increase in base commission.

Headwinds

- ▶ Bednights per booking have declined as a result of continued shift to App/Mobile.
- ▶ Weakening EUR/USD exchange rate.

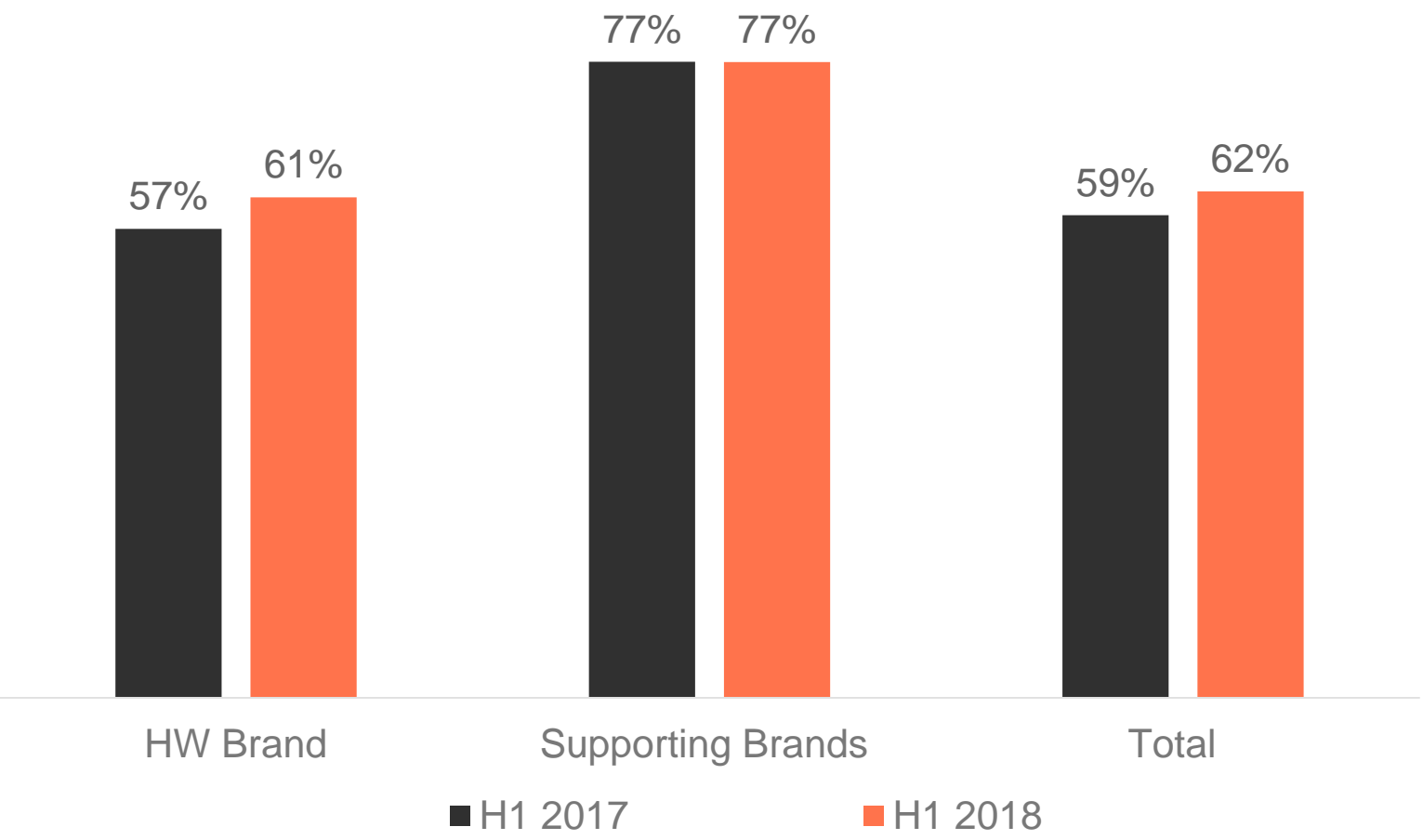
¹ Note: ABV based on Group gross revenues.

MARGIN BY BRAND

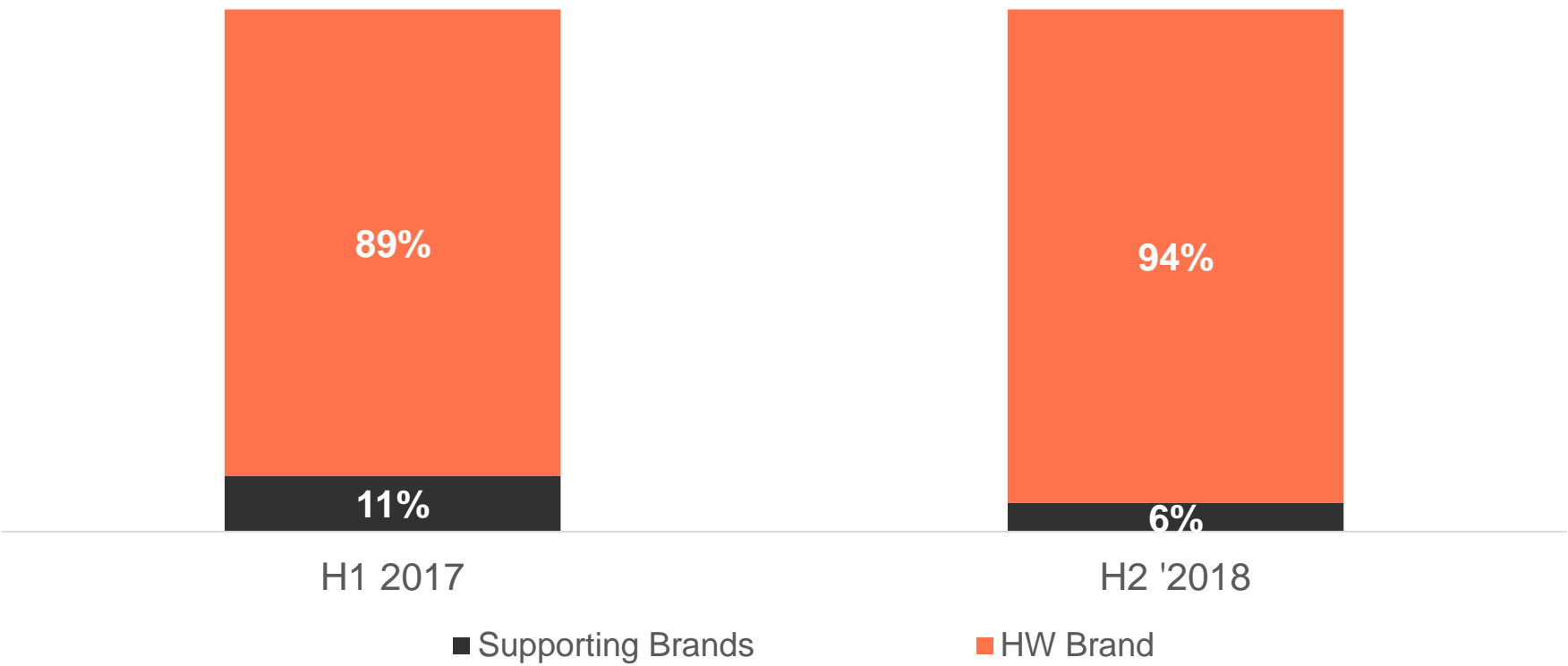
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MARKETING MARGIN BY BRAND¹



MARKETING MARGIN CONTRIBUTION BY BRAND²

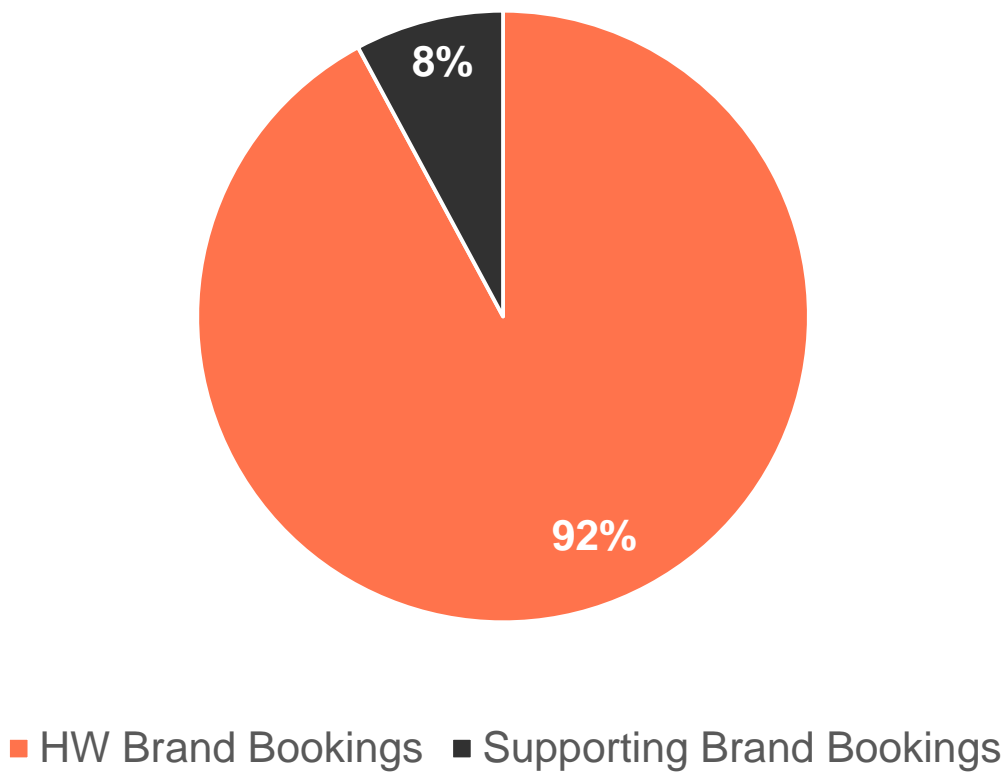


Growth H1 2018 vs. H1 2017

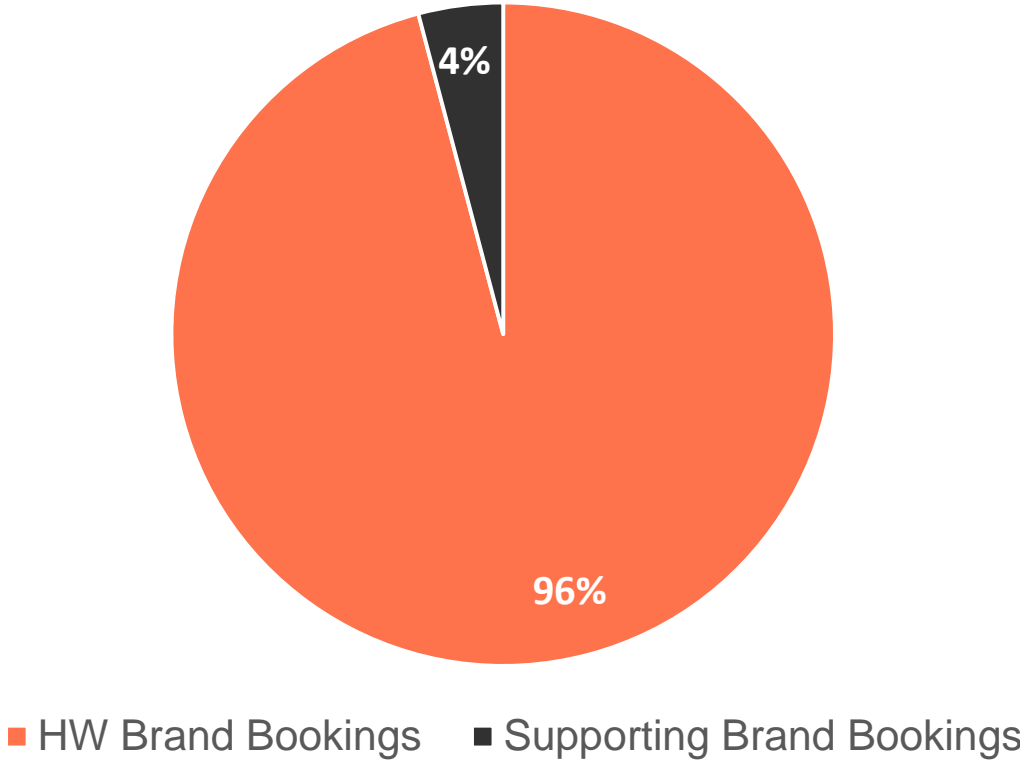
	Hostelworld	Supporting Brands	Total
Bookings	6%	(47%)	2%
ABV	0%	4%	0%
Net Revenue (excluding the impact of deferred revenue)	4%	(43%)	0%
Marketing Cost as a % Net Revenue (excluding the impact of deferred revenue)	(2%)	(1%)	(2%)

- Increased percentage of bookings from non-paid channels.
- Cost per booking reduced on paid bookings.

H1 2017 BOOKINGS BY BRAND¹



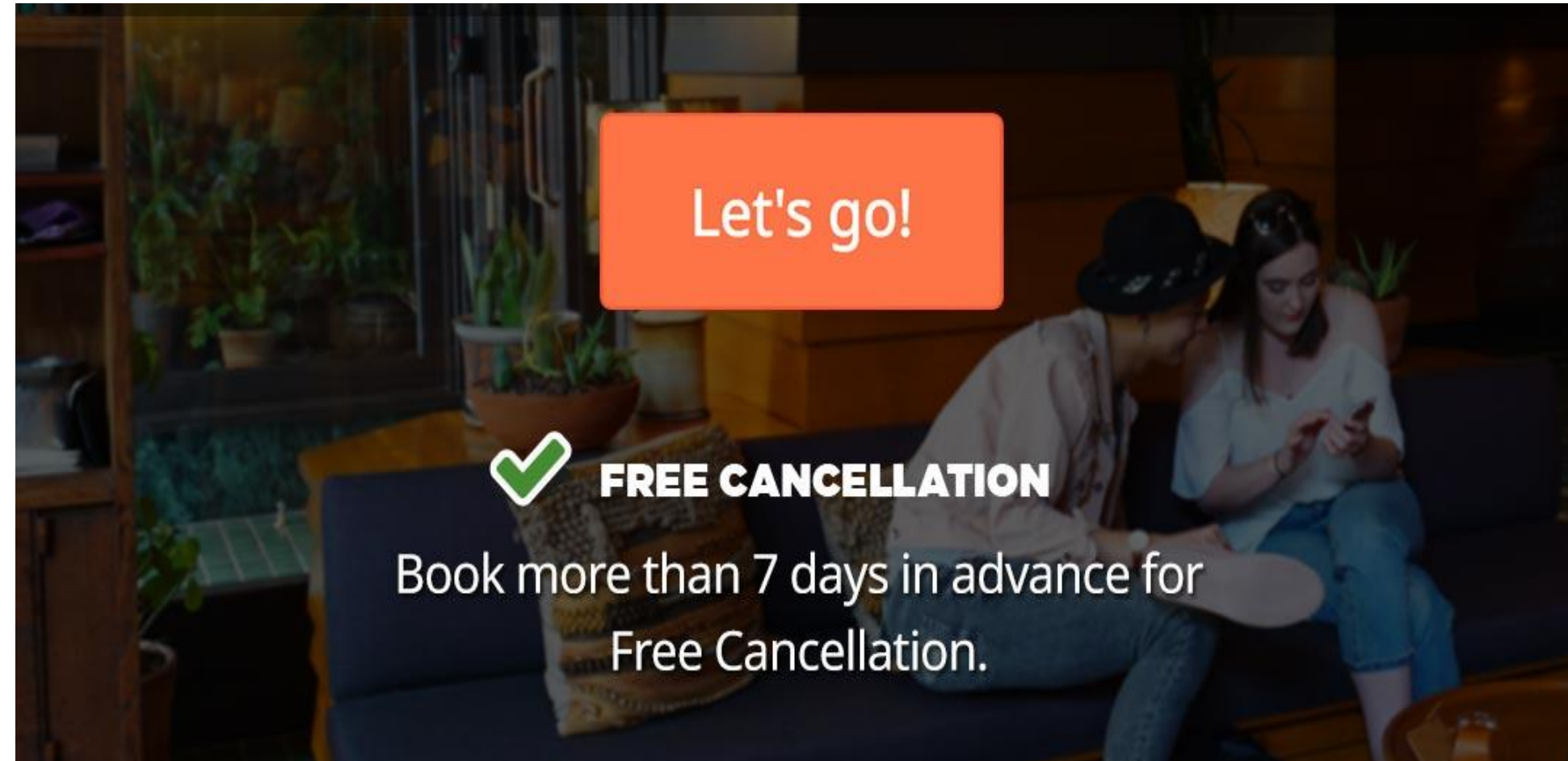
H1 2018 BOOKINGS BY BRAND¹



1 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.
2 Calculated as Gross Booking Revenue less all marketing costs.

COMPETITIVE INNOVATIVE PRODUCTS

DELIVERING UNIQUE AND PERSONALISED FEATURES HAS LEAD TO A HIGHLY ENGAGED CUSTOMER SEGMENT



FREE CANCELLATION
Book more than 7 days in advance for
Free Cancellation.

FREE CANCELLATION PRODUCT PERFORMING WELL

- ▶ Phased global rollout on Hostelworld Brand completed by July 2018
- ▶ Initial results continue to be encouraging
 - Increased overall conversion
 - Increased lead times and higher ABVs
 - Initial cancellation rates within expected range



CORE HW APP IMPROVING ACROSS ALL DIMENSIONS

- ▶ App Bookings increased by **27%**
- ▶ Bookings/Customer greater on App than non App channels
- ▶ Growing usage of hostel specific features
 - Hostel Noticeboard
 - Hostel Chat
 - Speak the World
 - Extend your stay
- ▶ Partnered with Musement offering bookable tours and activities based on a city destination

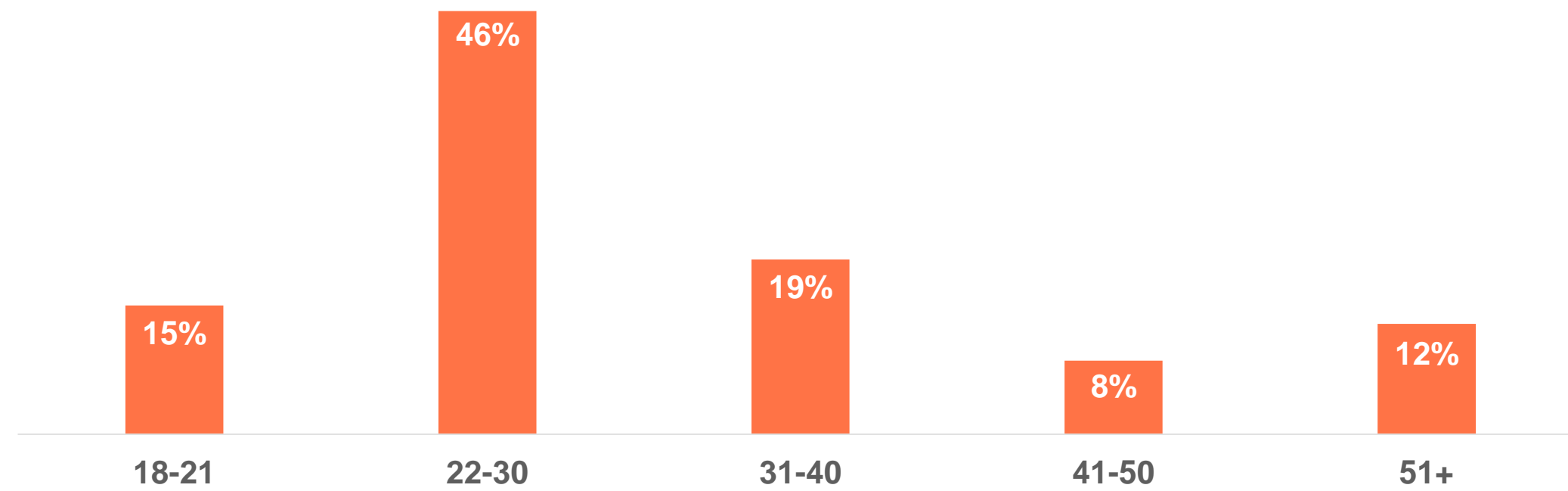
UNIQUE CUSTOMER NEEDS

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

AGE¹

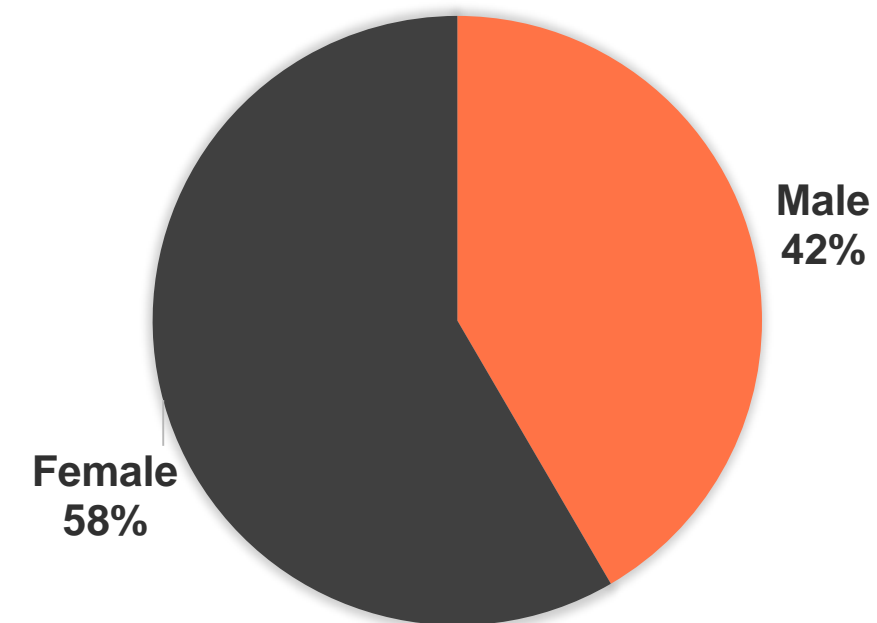


DORM V PRIVATE CUSTOMER PREFERENCE

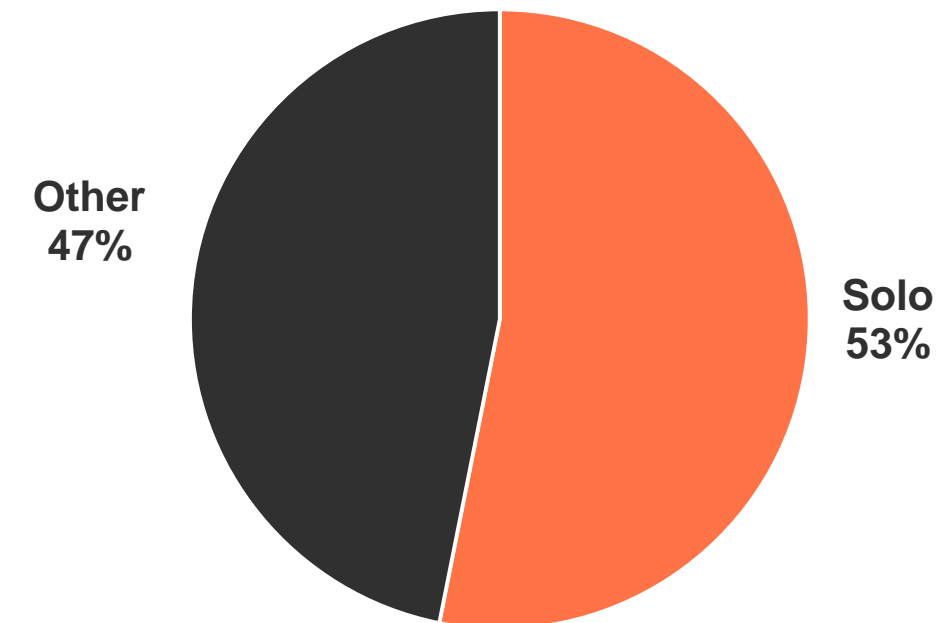


- Multiple destinations per trip
- Mixture of upfront & in-trip bookings
- Shorter booking window
- Year-round

MAJORITY ARE FEMALE¹



53% TRAVEL SOLO²



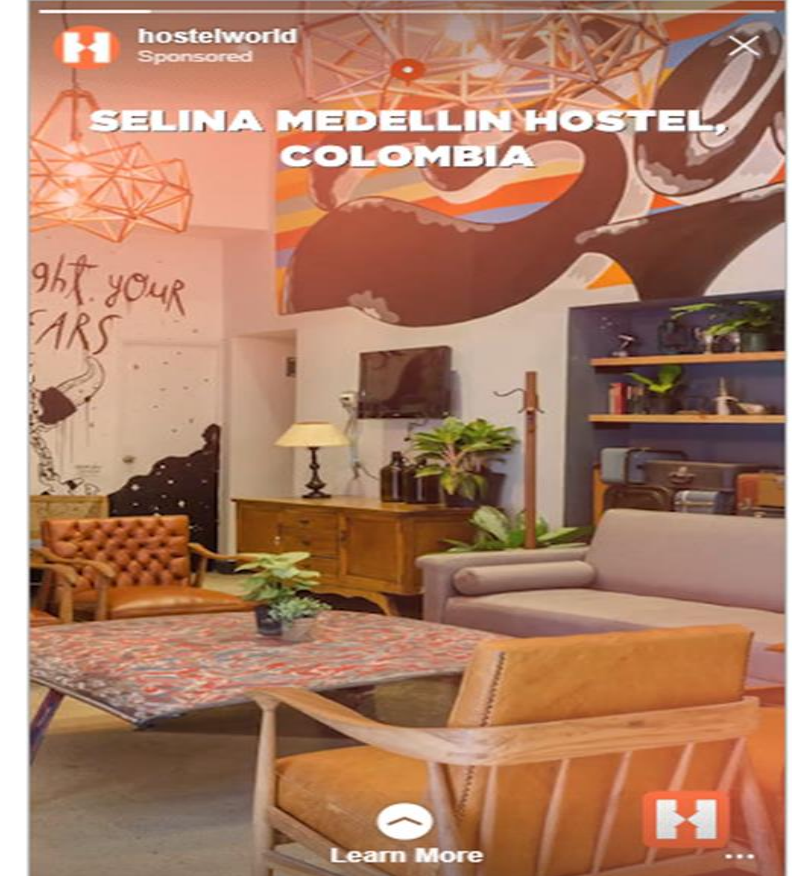
- Single destination per trip
- Upfront bookings
- Longer booking window
- Seasonal

¹ Source: Customer Net Promoter Score (NPS) Survey (Hostelworld brand only); H1 2018 / N=3.4K

² Source: HWG bookings data (Hostelworld brand only) H1 2018.

CONTINUOUS MARKETING OPTIMISATION

TEST & LEARN APPROACH TO INCREASING MARKETING EFFICIENCIES



Growth in App bookings

- ▶ Bookings through the App grew by **27%** in H1 2018
- ▶ Continue to extend innovative & unique features on the app platform resulting in a highly engaged app audience
- ▶ Extended app partnerships to launch commercial revenue generating partners at the end of H1 2018

Increasing Marketing Efficiencies

- ▶ Increased proportion of bookings from non-paid channels to **64%** (from 62% in H1 2017)
- ▶ Marketing cost per booking decreased **7%** YoY
- ▶ 'Top-of-funnel' awareness driving campaign, targeting in-market travel & new audiences:
 - Mariah Carey (Unexpected Guest) (**62m** Views)
 - Joe Wicks Body Coach (**439K** Views)
- ▶ Target prospective bookers with highly relevant ads through our in-market audience based strategy and custom creatives

Building a unique and powerful community

- ▶ Increasing community usage: 29% increase YoY in visits to our Blog
- ▶ Increasing publishing quality: 92% increase YoY in high quality articles published – real travel stories from real travellers and influencers
- ▶ Social boosting focus, 34% growth YoY in social followers across all our media, 60% growth in Instagram
- ▶ Destination focused campaigns with relevant partnerships

INCREASED TECHNOLOGY INVESTMENT

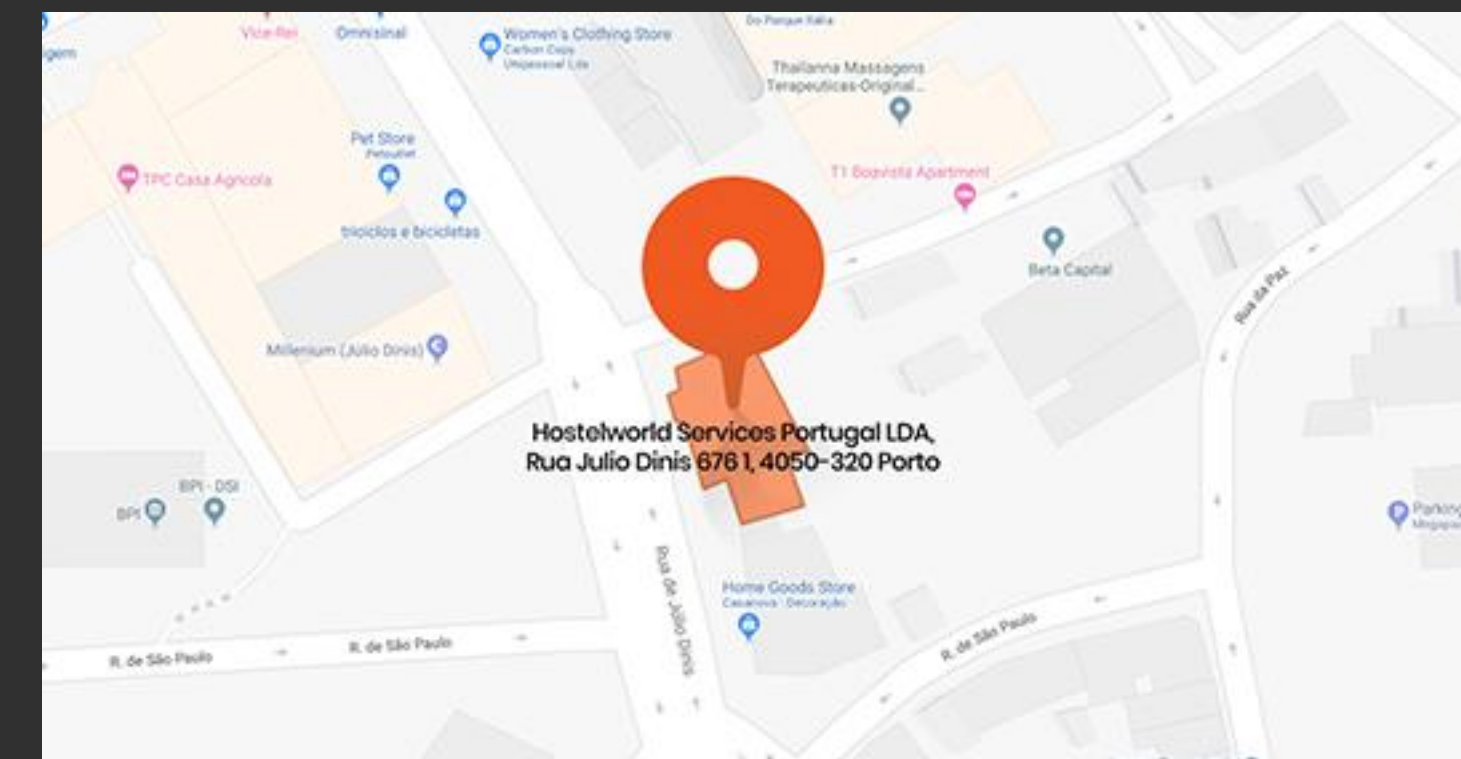


CONTINUING TO ACCELERATE INVESTMENT IN ENGINEERING AND DATA SCIENCE

Porto development centre opened in May 2017.

36 FTE as at June 2018, predominately technology and data science professionals.

We plan to double this headcount to enable us to accelerate the delivery of our strategy.



CONTINUED GROWTH IN HOSTEL SUPPLY

ESTIMATE 2% GROWTH IN HOSTEL BED CAPACITY



Supply Growth

- ▶ Increases across all key continents
- ▶ Most significant growth, North America **+7%**, noted for high quality
- ▶ Asia bed capacity increased by **2%**



Key Openings

- ▶ Meininger **>2.6k** beds in H1, 755 due in H2
- ▶ Selina **>2.7k** beds in H1
- ▶ Further **1.5k** beds expected in H2, from Generator, Jo & Joe, and A&O



New Developments

- ▶ Excem Capital Partners (15 properties over 3 years); Cats and Mad have been rebranded as Cats Party and Cats Chillout Hostels. They are also planning to launch Hatch Hostels, a more exclusive brand.
- ▶ Generator, Selina and Safestay expansion to continue
- ▶ Clink to enter the Dublin market
- ▶ Stated intention to enter the market by the Hilton

IN CONCLUSION

Consistent Hostelworld Brand growth,
successfully executing on our core KPIs

Global roll out of free cancellation completed,
positive performance across all KPI's

Increased marketing efficiencies driven by 27% growth in app bookings

Continue to invest in Tech/Data Science to accelerate growth

Interim dividend of 4.8 euro cent per share

Continued confidence in long-term strategic proposition and
ability to execute

Q&A