

AGM Statement

Released : 26 May 2016 07:00

RNS Number : 3305Z
Hostelworld Group PLC
26 May 2016

Hostelworld Group plc

("Hostelworld" or the "Group")

AGM Statement

As we reported in early April, the Group made good progress in the first quarter of the year, with continued strong growth in our flagship Hostelworld brand, improved efficiencies in our marketing mix, and continued geographic expansion and digital engagement across our key social platforms.

Reflecting recent geo-political events, particularly in Europe, trading over the second quarter has been at a level below our expectations. Whilst during this period Asia Pacific continued to be our fastest growing destination region, driven by hostellers' travel preferences and our increased supply in that geography, bookings into higher priced European destinations have been weaker.

We have continued to see strong bookings growth in the Hostelworld brand and launched our new Hostelworld brand advertising campaign, "In Da Hostel with 50 Cent", across digital channels last week, which we expect will support the key summer trading period. Planned changes to our supporting brands' product offering and focus on improving the quality of our revenue streams have resulted in a material reduction in bookings from these channels. Overall, Group bookings are therefore marginally down compared to last year.

Average booking value has been lower this year, reflecting the evolving geographic mix, the continued higher proportional growth in mobile bookings, which tend to be of shorter duration, and exchange rate movements, particularly in relation to GBP which is a key settlement currency for the Group. Our Elevate pricing programme, which attracts higher commissions, continues to grow in line with our expectations.

We are focused on optimising our financial performance and are making better than anticipated progress in gaining further efficiencies in direct costs with continued good management of cost-per-click. We expect that this will result in marketing investment as a percentage of net revenue coming in below the previous guidance of 45%-50% on a full year basis. We continue to see strong underlying cash conversion.

The trends in bookings and Average Booking Value that we have seen in the travel market, particularly into higher priced European destinations, while partially offset by improved marketing efficiency, means that the year's outturn will be dependent on a recovery in key European destinations over the important summer travel season, and we remain mindful of the exchange rate environment.

Hostelworld will continue to actively respond to movements in demand, supply and pricing. The strength of our brand and technology, underpinned by a growing marketplace, gives the Board confidence in the Group's future prospects.

ENDS

Contacts:

Hostelworld Group plc

Feargal Mooney, Chief Executive Officer

Tel: +353 (0) 1 498 0700

Weber Shandwick

Nick Osborne

Tom Jenkins

Tel: +44 (0) 20 7067 0000

