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CORPORATE SPEAKERS:

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HBX Group; Chief Executive Officer

Brendan Brennan

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HBX Group; Chief Commercial Officer, Deputy Chief Executive Officer

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PRESENTATION:

Isabel Green: Hello and welcome, everyone. Good morning. I'm Isabel Green, Head of Investor Relations here at HBX Group. And it's really nice to see everyone here in the room. But also, welcome if you're online or on the conference call. So nice to see you.

Before we start the call today, it's part of my duty to remind you of the disclaimers at the very back of the presentation, also included in our results announcement. The full disclaimers around forward-looking statements are in those documents, which are both available to download from our website.

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When we move ahead now to the agenda, just to introduce to you what's happening today, the first half performance will be summarized by Nicolas, to start with, our CEO. We will then hand over to our CFO, Brendan Brennan. He's going to run through the first half results in more detail. And then Carlos Muñoz, our Chief Commercial Officer and Deputy CEO, will share our views on the latest market trends and also our outlook for the rest of the year.

Our prepared remarks, expect it to last for just around 30 minutes, after which we have got plenty of time to take your questions. We'll start here in the room, but we will also find time to go to those online and on the conference call. And with that, thank you very much. I will hand over to our management team.

Nicolas Huss - Thank you, Isabel. It's nice to see everyone in the room and also connected for our first set of results since becoming a listed entity. As you have seen, we have reported a strong set of results today, achieving a double-digit growth on top line, margin expansion, and, of course, significant reduction in our net debt.

If I go through every one of them one by one, actually, we grew our transaction value by 12% to EUR 3.4 billion, growing double the rates of the accommodation market. We executed our plans to have new supply and distribution to our platform. Revenue was at EUR 319 million, up 10%, with a consistently strong market-leading rate of conversion of TTV into our top line. EBITDA, EUR 159 million, up 14% with a 50% margin, which is above last year. We'll come back to that.

Summarizing this first part, I think we like the way we handle the markets. We are proud of our high profit margins. We have this well-invested, resilient, scalable technology platform and embrace opportunities to use these to deliver incremental productivity and efficiency with a strong focus, of course, on profitable growth. I will leave all of these to Brendan at some stage.

I mentioned the 2% of additional margin. It also I think reflect on high-cost control. And last word on this financial part before getting into some highlights. We have, as you have seen, adjusted our net debt, bringing it to a 12-month trading leverage of below two times.

Coming now to the following slide here, what is interesting in this part is the fact that, as you can see, we have actually quite a good level of delivery. I'll start with the MarketHubs. You see that we have held two MarketHubs events during this first semester, being MarketHubs in Asia, Macau, and also in Europe.

And here we spent some time on the trends of the MarketHubs, as you can see on the screen. And what was very good was, of course, the Gen Z focus, but also there was highlights on the luxury segment, which were actually very, very positive.

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Coming also into our people, it's all about partnership. It's all about connectivity. It's making sure that we have the right people. We did, as you may have seen, some organizational changes that Carlos drove went well. We keep on investing, of course, on our products, and that's something very important.

So, we actually have announced today the acquisition of Civitfun, which is something very important. It's a Spanish technology innovation business that help hotel in the digitalization of their services. They do contactless check-in, they do contactless check-outs, as well as enhance guest experiences.

If I move now to the middle column, the one about technology and data, I think we saw at some stage in February a 7 billion peak daily storage volume with 23% more rate keys generated than last year, which was on record. Remember last year we mentioned 6.5, so it's now even above.

And even with this increase, actually, we still improve the platform availability. We reduced our costs on a unit cost basis, as we also focus that it's region for us on stability, on efficiency of the platform. And all of these searches and transaction, they also mean that we have a large data lake. And some of you may remember that we insisted on that, of more than 400 terabytes, which is a vital part of the value we create. We will provide some examples as we go through.

From an AI and machine learning technology perspective, we were very proud to win the AI-based travel tech solution of the year in the travel tech breakthrough. This was based on the success of our Gen AI training for customer services, but there are many more examples of what we do with AI.

Here, we focus on higher product quality description in many languages with a speed and an efficiency that exceed what would be achievable with traditional approaches. Machine learning, as I was saying, is also vital in what we do. We have implemented new processes to actually generate more accurate forecasts, which are very important for our partners, and also support better decision-making.

And thirdly, of course, I won't come back to that, but you may remember that we started 20 years ago as a business. We were owned by a hotel company at some stage, owned then by a tour operator, and then by private investors. And we became part of the Spanish public market during this semester. I wouldn't tend to forget that, I guess, but that was a key event. And for our teams and employees, very positive, very important. They are very happy with that and they feel really a part of this.

So, getting now to the following slide, a few examples of commercial highlights. And we have Carlos with us. He will give you all of the detail that you need.

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But I just wanted through four of them, maybe to provide a view on different examples of what we do to make it more visible for you. So, starting maybe with the luxuries. Some of you may remember that we announced that just before the IPO, it's a new platform to connect best-in-class travel advisory.

And we actually link high-end, extraordinary hotels with a design which is specifically created for luxury travelers and the luxury segment, which is one of the segment which is really working very well right now. And it has received a very positive reception from our clients. We have the potential add-on of in-app for travel, of concierge services. That's very positive.

We also announced, as you will see at the bottom of the page, the strategic partnership with Despegar. Despegar is the largest OTA, online travel agency in Latin America. And it's a great achievement, a great partnership that Carlos has been negotiating with them. It's won competitively on the market, as you can imagine, for such a large deal. And it's an eight-years plus agreement, so really working already very well.

If I go now to Minor Hotels that you have here as a second bullet point, well, what's interesting here is that Minor is an Asian group of hotel. They acquired some time ago, some of you would know that, the NH Hotel Group, listed in Madrid. And we used to be a very good partner of NH. And we were able to expand the partnership to the entire group. And interestingly, this means that we will expand our footprint in Asia with something like 200 hotel, and we're adding a great potential there.

And now, I kept this one for the end, Turkish Airlines Holidays. Turkish Airlines, major airline, incredible number of destination, 120 countries, 90 plus million passengers in 2025. They started their new global Holidays product, and they trusted us and PerfectStay. Some of you may remember that we mentioned that in the IPO process, to create this dynamic packaging capability, which I think is very important when the market becomes more volatile or you want to adjust to something specific.

It's about accommodation. It's also about experiences and transfer. So, it's everything that we deliver together.

And summarizing on this page, I think all of these commercial agreements are now actually, I think, the proof that we have this unique combination of relationship and technology that work very well and help us expanding our ecosystem.

I will now hand over to Brendan to walk you through the financial performance.

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Brendan Brennan - Thank you, Nicolas, and thanks, everybody, for joining today. We're very excited to be here with you and be able to update you on what was a very solid start to our year, as Nicolas commented.

I'm going to go through a little more detail today and bring you through some of the major elements of our P&L account, all the way through to profitability.

Our TTV, which is the total transaction value from accommodation, mobility and experiences product lines, was EUR 3.4 billion, up 12% on the prior period, about twice the market growth, and in line with the pace of growth we delivered in 2024. So, very solid performance there.

The adverse impact from the Easter timing, which, as you recall, was in March last year, April this year, had a modest 1%, meaning that on a like-for-like basis, the growth was actually 13%, which was very much in line with the midpoint of our previously given guidance.

Revenue was EUR 319 million, up 10% on the prior period, with a small FX tailwind that added one percentage point to the growth. This implied a take rate of 9.5%, 0.1 percentage points lower than the same period last year. I'll come back to revenue in a little more detail on the following slide.

Our adjusted EBITDA was EUR 159 million, up 14%. Our margin was 50%, up two percentage points on the prior year, helped by the strong top-line growth and the high proportion of fixed cost in our business. And of course, you'll know from our previous conversations that we're very focused on costs, and I'll come back to that in a later slide as well, as it's an area where we think is a real core strength of the organization.

It's worth pointing out that our revenue is recognized when the traveler checks in. So, our first half period is generated from winter holidays. The results in a seasoned, seasonal second half, waiting to our financial results, were about 60% of our revenue generated in H2. The seasonality also impacts the take rate, which is structurally higher in the winter months due to mix and EBITDA margin, which is structurally lower due to fixed costs.

We reported an operating loss of EUR 90 million, as you can see from the slide, which included, of course, EUR 199 million of non-underlying, non-recurring charges mostly relating to the IPO. Without these charges, we would have reported an operating profit of EUR 109 million, 22% higher than the same period last year.

Net finance charges were EUR 152 million, reflected our pre-IPO debt structure, of course, including EUR 88 million of non-underlying finance charges relating to pre-IPO debt and refinancing charges. Future charges will meet [materially] less due to the lower level of net debt and the refinancing that was completed in March on much more favorable terms. And we'll speak to that a little bit more as we go through the slides.

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The tax credit in the period was EUR 16 million compared to the prior period charge of EUR 25 million. For the full year, we expect the underlying effective tax rate to remain much as we indicated at the time of the IPO in the mid-20s. And that's on an adjusted basis.

Net loss was EUR 227 million, giving a loss per share of EUR 1.15. However, normalizing for non-underlying and non-recurring charges, as well as the proportion of the interest charges related to the IPO debt structure, this would have been a profit of EUR 61 million, an earnings per share of EUR 0.31 on an adjusted basis.

So, let's look at a little more detail around the revenue, as I said previously, and let's dig into that in a bit more detail. We saw resilient double-digit growth in Europe and the Middle East, and Asia, as you can see from the slide, based on destination markets here, of course, just so you're clear. The regions together make up about two-thirds of our revenue and predominantly driven by international travelers journeying outside of their home nation for leisure travel.

This is where we are strongest. Helping hotels to attract hard to reach guests, traveling internationally, and often long-haul for holiday and experiences. These trips are typically booked earlier, canceled less, and last longer. They are often more complex with multiple elements. This makes them more valuable for both the hotel and for the tour operator and allows us to generate more revenue as well.

Revenue growth was slower in the Americas, as you can see from the slide, up only 2% in the U.S. and other markets, or other Americas, I should say. The slower growth in the U.S. continues the trend from last year, with a softening in growth that followed in particularly strong, recovering immediately after COVID.

We see a high proportion of third-party supply in the U.S. market, and a higher proportion of guests are domestic travelers as well, as you can see from the slide, both of which contributed to a more competitive trading environment and lower conversion of TTV growth into revenue than we achieved in other regions.

After the U.S., our largest American markets are Mexico, Brazil, and Canada. Both Mexico and Canada are in the top 10 destinations for U.S. travelers, of course. And these markets have experienced similar trends from what we've seen in America, obviously, with U.S. travel being more domestic focused in the last period of time.

Moving now to our operating costs. As I mentioned earlier on, a very strong area for us and a very good area of focus. It's very disciplined and efficient, and they've helped us to deliver margin expansion in the first half, certainly.

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You can see at the top, total operating costs are up 6% by comparison, revenue up 10%. This shows the power of our leverage and our largely fixed cost base in a growth environment, with 83% of our total costs not directly related to volumes.

We pay very close attention to make sure that our costs don't creep up over time. In our frontline teams, commercial and operational costs were we actually saw really good control here. We kept the cost growth down with a 3% increase in commercial and a 1% decrease in operational. So, really, really good cost control there. We've been using AI to become more efficient and improve productivity with increased automation, as well as new award-winning AI training programs for customer services.

We've also been recognized in teams in some of our , sorry, in winning AI programs for customer service. We've also been recognizing teams in some of the key areas, such as sourcing and pricing, to unlock efficiencies and improve delivery. In fact, while the volumes increase, we actually lowered headcount and achieved 1.5% reduction in the average headcount in the period.

Technology costs increased 8%, which was mostly volume-related with the increase mainly due to cloud costs. Being fully cloud native means we are seeing more spend in OpEx now instead of CapEx spend in-house servers in the past. Central costs are up 7%, which was a one-off step up reflecting the higher costs associated with being a listed company, of course.

Finally, non-functional costs, which are 13% higher, with the addition of EUR 3 million of costs, mostly related to investments in new products, including our luxury platform Nicolas mentioned earlier, and tools that support our commercial teams with better insights and better data management for the hotels.

Okay, moving to slide 10, where we focus on cash. What you can see here on the slide is a EUR 478 million improvement in our adjusted net debt from EUR 1.3 billion in September to EUR 807 million in March. This drop in debt, along with growth and profitability, took our leverage down meaningfully to 1.9 times, from 3.2 times. And of course, you'll recall that we were at 2.5 times when we actually did the IPO. So, very, very good progress.

We've split our debt into two parts. Firstly, the changes resulting from the IPO contributing EUR 450 million to deleveraging, comprising proceeds, legacy incentives, and refinancing costs. Then we had an outflow of EUR 266 million from our operating cash flows, interest in CapEx, as well as exchange rate costs, and other items.

Operating cash flows included investments in strategic partnerships in the period, which help to secure long-term volume commitments and that will bring substantial additional income to the growth over the coming years.

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In half-year comparisons such as this, the working capital adjustment are important as we have significant seasonal working capital movements that need to be averaged out in order to show the real progress we have made. And you'll recall again, some of that analysis and math from the time we did the IPO, where we averaged out our pieces over the last or an average debt position over the last 12 months, to give a better trailing 12-month position.

Okay, so moving to slide 11, the next slide shows the operating free cash flow and the working capital cycle in much more detail. Our ability to get EBITDA into cash is a very strong part of our business model. Our trailing 12 months adjusted EBITDA to operating free cash flow conversion was 107%. This is largely due to our favorable working capital cycle, which grows as we expand the business.

In the first half, we had a large working capital outflow as we peak cash at the end of summer, collected from travel distributors and paid to suppliers. We broadly maintained our favorable differential with around 20 to 25 days between DSO and DPO. This is a structural difference due to the standard payment terms in the industry and is really quite predictable, as you can see in the chart, and you will recall from our materials that we distributed at the time of the IPO.

In addition to the working capital, the other elements in EBITDA to cash walk in CapEx, we spent EUR 22 million in the first half, EUR 3 million more than the same period last year. Nearly all our CapEx is capitalized software investment, which makes up around half of our total investment in technology. Our platforms and systems are core elements of our value proposition. And each year, we expect to spend around 12% of revenue on technology from a CapEx and OpEx perspective combined.

This is my last slide before handing over to Carlos to talk us through some of the outlook on the current trends. We had a strong start to the year with growth and profitability in line with guidance we set out earlier in the year, and slightly ahead of the half-year market expectations we were able to collect in the run-up to today.

We are a resilient segment in the market. People want to have trouble and experience, and resist giving up when economic conditions turn against them. That said, we are still a cyclical industry. And when there are periods of high volatility uncertainty, we see consumer behavior change. Booking comes in later. Travelers become more price-sensitive. And if the uncertainty becomes a downturn, that spend does go down for a while at least.

Today, we have a less certain environment. Visibility for summer arrivals is lower. And the range of possible outcomes has widened. So, we've taken a cautious approach and widened the guidance range slightly for FY25 by EUR 10 million or 1%. As I said, we still see the upper end of the range as achievable if the short-term bookings accelerating the ramp-up to summer 2025.

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We've also introduced for the first time, FY25 guidance for EBITDA and cash conversion. Our revenue, sorry, our range for EBITDA is narrower than for revenue as there is more we can do there with tight cost management and implementation efficiency and productivity improvements, such as some of the ones I've mentioned previously.

Although new, this guidance is consistent with our midterm guidance already provided and broadly consistent with the market expectations we collected prior to results and published on our website. Our medium-term outlook is fully retained as we see HBX ideally positioned to deliver continued outperformance in a structurally fast-growing travel market.

So, in summary, when I step back this organization and think about it, it is a company that's in generally great shape with strong foundations and a resilient model and has a long history of outperformance, which is what Carlos will now talk a little bit more in more detail. Thank you.

Carlos Muñoz - Okay. Thank you, Brendan. Good morning to everyone.

Before moving to the Q&A, I would like to dedicate some minutes to explain why we feel so confident about our future, not taking the words from Brendan. So, I've been in this industry for the last 25 years. So, I have seen this business moving from a small company to the international market leader that it is today.

During this long tenure, what I have seen is that the industry is extremely robust, strong, solid, and resilient. So, in this graph, you can see the evolution over the past 75 years, since the '50s of the travel and tourism space, growing at an average of 6% CAGR, which is twice the speed of the global economy. And today, it represents 10% of the global GDP.

Within this space of travel and tourist, accommodation only represents EUR 500 billion, with hundreds of thousands of businesses being part of it.

So, during this period, what we have seen is a number of different crises, as you can imagine. So, we had, they are marked here. So, we got the credit crunch in the early '90s, the financial crisis in 2007, 2008, but also one major global event that was COVID. In all cases, with no exception, the industry is being rebounding very quickly and very strongly, with no exception.

And within this space at HBX, we are doing very well. We've been growing above market for the last 20 years, okay? And a good example of this is our performance since '19. With COVID in the middle, we've been growing three times faster than the market. And why that is because we've got a very diversified model. We are operating more than 170 market, source market, and destination, and this is hedging our position.

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We work with more than 60,000 travel distributors and 100,000 directly contracted hotels. What this means is if something happens in one side of the world, we are protected. So, the business is flowing, is leaking to other segments and to other geographies, and then we are capturing that.

For example, today there is less customers from Canada going into the States, but our Canadian customers are looking for destination Caribbean, destination U.S., and we are offering this alternative destination. So, the net effect for us is nothing. And I'm sure that in the future, Canadians will go back to the U.S. And then we'll be offering the best hotels, the best products, the best price and availability in the States. So, that's why our business model is very safe.

We talk more about what we do. As I commented before, we work with 60,000 travel distributors, and they are made up of tour operators, travel advisors, OTAs, but also loyalty companies, airlines, and other type of distributors. And what we offer to them is access to a vast network of accommodation, hotels, but also transfers, activities, and car hire.

We do not only process the seven billion searches that they are sending to us on a daily basis, but we also curate our answers. We offer the best product, the best price, and availability to maximize the conversion and the profitability for our clients. And we do not only offer our 100,000 directly contracted hotels, which is our core activity, our core business. We also offer them access to the wider external offering, which is the third-party supply. So, the network effect here is huge.

That's from a customer perspective. From a supplier perspective, we find something similar. What we offer to our suppliers, I think Brendan was commenting before, is access to the largest network of high-value customers. These tend to be international, with more profitable for the hotels because they booked earlier, they spend more at the hotel, they got longer stays, they cancel less. That's our core activity.

But also, when there is changes in the market, we shift. And for example, in the U.S., we are also offering access to the domestic market, therefore maximizing the cash flow and the profitability of the hotels,

We also offer to the hotels the ability to have integrity in the rate distribution. So, they give us B2B rates, we make sure that these rates, they don't end up directly in the end consumer, but through B2B, B2C distributors, okay? And the opinion all of this in our model, what we've got is technology and data. So, our state-of-the-art technology, but also our data lake with huge amounts of data that we use to create value for us and also for our partners. That's our business model.

If we move to the right-hand side of the slide, what you see here is an illustration of what is happening today in the market. So, in here, we are taking the offers and promotions that we

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are receiving from the hotels in April '25 versus April '24. So, last year for the blue bar, so 250% increase. And also, versus January this year, which is the green bar, 100% increase.

What this means is, number one, the hotels are giving us much more offers and promotions because they rely on our channel to get access to customers. And second, they are much more active in creating these offers and promotions because they need this distribution in these times of geopolitical uncertainty.

We also give to the hotels the ability through our algorithms to select the right promotions and offers that they have a higher conversion rate and more profitability for them.

Let me finish with some additional comments about what is happening in the market, what this means for us, and what are we doing about it. So, the current geopolitical situation is a context that historically has been benefiting the business model of Hotelbeds. Why HBX? Why? Because the hotels, they are looking for more distribution capabilities. So, they are coming to us as an example of the offers and promotions that I gave before. They want to gain access to customers, to our large network of 60,000 travel distributors.

But also on the client side, the clients, they are looking for more competitive hotels, more competitive portfolios, differentiated portfolios, which is precisely what we do. And in this context, we are focusing our activities in two main areas.

Number one, driving revenue. And there are a number of initiatives. For example, we double our investment in fast-growing markets. Destinations like Japan and Dubai, they are growing much faster than the rest. Therefore, we are expanding our hotel portfolio in these destinations.

We are also doubling on our cross-selling and bundling capabilities. And we put earlier the example of Turkish Airlines, which is a good example of this, but there is more in our pipeline. And finally, we are entering into new segments and products like the fast-growing luxury space that we launched earlier this year quite successfully.

And finally, we are also very mindful about the importance of protecting our margin. And in this space, what we are doing is number one, we continue expanding our strategic partnership with large customers. We put the example of Despegar in the customer side, but also Minor on the supplier side, but we continue extending our portfolio of differentiated hotels and relationships. We keep transforming our company to keep our costs low.

And finally, we continue investing in artificial intelligence and machine learning to increase our productivity. So, hopefully, that's a good nutshell about what's going in the market, what are we doing about it. And with this, I would like to hand over to Nicolas for the closing remarks.

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Nicolas Huss - Okay, one last slide. Here, what you see is a summary of what we've been saying so far. First of all, we had a very strong first-half performance. This double-digit growth that Brendan has explained, the margin expansion, the significant reduction in adjusted net debt.

The second comment here is that we have been building over the period significant new commercial relationship. We kept investing, we say that in technology, people, and products. And because our view is that we want to deliver not only for today, but also, we mentioned it again and again for the years to come.

The third comment here is that you've seen that with Carlos, we believe that we have a very resilient business. We have low concentration risk, we have strong value proposition, and we have this market which is supposed to grow as seen in one of the slides.

And finally, as a company, but also personally, I want really to reiterate that we are very confident, and I am absolutely confident, in our ability to keep on delivering on our numbers now, but also for the future.

Thank you very much, everyone. I understand that we will now move to Q&A. Have to follow Isabel's rules here, so we'll start with the room, and then we'll go online and on the phone. Someone will bring a mic to you.

Q&A

Victor Cheng, Bank of America - Hi, thanks, it's Victor from Bank of America. Two, if I may.

I guess just look at the guidance, obviously, that implies a very wide range for H2. Can you talk a bit about the assumptions on what you see on the high end and low end in terms of either macro volatility and commercial wins?

And then secondly, on -- well, can you give us some more color on what you saw towards the of H1? What's the -- obviously, we saw U.S. being a bit weaker, but what is the run rate that you saw towards end of H1, and is that improving or has that changed heading into H2?

Actually, last one, if I can squeeze this in, just thinking about take rate as well, can you talk a bit about the take rate evolution when we exclude the changes and mixes? Because I think you talk about U.S., maybe seeing a bit more competition, more local bookings, how has that evolved over time? Thank you.

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Brendan Brennan - Yes, I'll certainly start off in terms of the range and the -- I suppose, the puts and pulls in that range. You're quite right. We've maintained a relatively broad range as we go into the second half of the year. As we said, and as I said in my prepared comments, that is very much around making sure that we're taking in the environment that we're in right now.

And as obviously we've seen during the course of April, now stabilizing in May, it has to be said, but during the course of April, we did see disruption in the macroeconomic environment, okay, and as everybody did. And so, we wanted to make sure that we were very reflective of that, that we had the full range of opportunity there.

I think also, my prepared remarks, I said we still have the ability to get to the top end of that range. And so, we're still very much focused on delivering. And so, we see good opportunity there.

As you will have seen from the structure of the guidance as well, and just to reiterate the point that I made, is that we do see there is that breadth in our revenue range, but you can also see that we've narrowed that EBITDA range, which again, gives you more comfort and more of a clarity in terms of our ability not only to deliver that top line, but to go beyond that, make sure we're efficient from using our cost base and really delivering on an EBITDA perspective. Maybe the take rate question relates to that.

Nicolas Huss - Maybe if it's fine with you, I'll pass on Carlos, if you're fine with the take rate, because remember, we always want to look at it from a supply perspective and then from a distribution perspective, because often, you have a different dynamic. And then what does it mean for us if it's finally? Do you want to start, Carlos?

Carlos Muñoz - Yes, structurally, we don't see any impact on the take rate. And the reason why is because this situation of uncertainty, what is creating is that the customers, they are booking a bit later, not so much in anticipation, but then what this means is a trade-off. So, they book a bit later, that it's a bit less visibility, but the later you book, the higher the prices. Because the hotels, they tend to increase prices when arrival comes.

Nicolas Huss - If you want cancellation, so you would pay something on top.

Carlos Muñoz - And there is less cancellations. There is a trade-off between the two. So, with the shorter lead times, what you achieve is, in our business model, you achieve higher prices, therefore, higher revenues for our company in exchange of less certainty (inaudible) the booking profile,

Nicolas Huss - So, Carlos, if I summarize, and sorry if I simplify, what we're saying here is that people would want more flexibility. That's what we've observed recently to your question,

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but this comes with a price. Whether you pay a higher price for the hotel room or you pay a cancel and refund option, which has a cost for us in Europe, it will still make money. And if I go now to the supply, have you observed something like a disruption in the discount that we get from the hotels, etcetera?

Carlos Muñoz - Yes, what I illustrated with the graph, the hotels, they are providing much more offers and promotions that we are transferring to the market. It's not that we are benefiting out of this. We transfer the prices and discounts to the customers, to the B2C, but also to the end customer to attract demand and to get the customers buying. So, there is significant shift in terms of the need of the hotels to get access to more distribution and to more demand.

Nicolas Huss - And Brendan, if I now move to us to answer the question finally, it's summer is always a strange period because we have some regions which are overrepresented, which are usually slightly less profitable because booked and competitive. Do you think that we have a risk on our margins and on our take rate?

Brendan Brennan - As we look into the second half of the year, you'll recall from the seasonality, we talked about the first half, the second half on seasonality, it does have an impact on take rate. I mentioned it in my prepared remarks. Well, also, what we see is very strong EBITDA because obviously, much more revenue dropping down on our massively fixed cost base.

I think if we think about the take rate year over year, we did imply that there would be a slight degradation year over year, but it's still very much in line with our initial thesis. So, I don't see that this has moved too much. I think we've given -- obviously, we've expanded that range a little. But still, it's only, and I think, 0.1 of our percentage points, really that we're looking at in terms of expansion.

So, we're still very confident in our ability to deliver. We think our mix might be slightly different as we go into the second half than we initially anticipated, but still a very good, robust, and resilient environment where we think we can do well.

Nicolas Huss - Thank you, Brendan. There is one question here on the first. Yes, over there. And then we'll come to you.

Adam Wood. Morgan Stanley - Thanks, it's Adam Wood from Morgan Stanley. Maybe if I could just dig in a little bit more detail into the guidance for second half and the change in the range. In terms of the change in April, could you give us a little bit more detail in terms of the scale of magnitude, the order of magnitude of that? And the bottom end of the range, would that imply from macro point of view that we return to the April environment and that persists for the rest of the year?

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And maybe just secondly, on FX, obviously, you had a one-point tailwind in H1. I mean, the spot rates, that's going to reverse in the second half. Could you just help us with how that factors into the guidance? Are you comfortable with where spot rates are and being able to get those numbers?

Maybe just second here on the EBITDA, it looks as if the drop through the margin improvement to the second half at the midpoint is a little bit lower. Are there specific investments that you've got planned for H2, or is that just linked to a little bit more uncertainty on the top line? Thank you.

Nicolas Huss - Okay, very happy to start with. So, maybe we start with April. I can summarize and say that from a top-line perspective, April was very aligned to the first half with a different structure, obviously in terms of destination, as you can imagine, but very aligned. Brendan?

Brendan Brennan - Yes, absolutely. Yes, I think what we saw in April was very decent and in line with first half actual trading metrics. I thought what we saw and we referenced is it was a little more hesitant in terms of the booking patterns. But as we came into May, we saw that again, stabilizing, and getting to a better position.

So, really, what we're trying to do with that revenue range is very much reflect upon that. There was a little more uncertainty. As things progress, we might well see that change course. We're seeing progress from a macroeconomic environment. And again, we wanted to reflect both of those pieces in the range.

So, what I was saying earlier on is still very whole as much true. We certainly can still be in the mid to the top end of the range if we see good progress. Yes, we have also modeled, I suppose, if we don't see that kind of traction and progress. And to your point, the extension of the rain really takes account of those elements.

And just while I'm on the point on FX as well, which is an interrelated topic, the -- yes, I suppose what you've absolutely rightly spotted is yes, we had a bit of a help, a bit of a tailwind from FX on the first half to the tune of 1%.

As we look at the second half of the year, then, yes, absolutely, you've seen that big movement in the dollar, unfortunately, in around the first of April. And that will represent a bit of a headwind, which you're quite right as well, that that is now built into that wider guidance range from that perspective also.

Nicolas Huss - All right, now there were questions here.

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Guilherme Sampaio - Well, yes, okay, thank you. Thank you for taking my question. Guilherme Sampaio from CaixaBank.

Just digging a bit on take rates. First, Easter timing. Should we think about any impact of Easter timing on take rates? And then in terms of competitive environment across regions, have you seen any changes since the IPO? And third, on take rates as well, have you seen initial appetite for SPAs in the current scenario?

And my second question is on the -- if you could provide a bit more color on the revenue performance acceleration in Europe and APAC and the Middle East versus the figures from last year, thank you.

Nicolas Huss - Okay, so maybe we start with the competitive evolution, the SPAs, the impact on take rate, Carlos?

Carlos Muñoz - Yes, I think in terms of, I mean, competitive environment, what we do see in line with what we explained about the hotels, the hotels, they are launching more offers and promotions, they need more demand. They need more the participation of travel distributors like HBX. Therefore, we are in a good position for this, and everyone is capturing this opportunity. So, that's what we are seeing in terms of the marketplace.

Nicolas Huss - So, we had take rate, competitive, and SPAs.

Carlos Muñoz - SPAs, yes. So, no impact on the take rate as I commented before, because at the end, we are just transferring the offer that we get from the customers.

In terms of the SPAs, yes. I think the customers, they are looking for more competitive products. They want to capture the demand. They are looking for differentiated content, which is our core activity. So, we are very well placed in this context and in this environment.

Brendan Brennan - If I may, just to add to your comment on the timing of Easter. And again, it was something I pointed out in my prepared remarks, but just to re-emphasize. Obviously, Easter falling into April this year compared to March this year, so into H2 versus H1, that was a bit of a headwind as we talked about on our total volume to the tune of 1%.

So, actually, if you think about it from that perspective and bring that up, they go very much in line. You saw first half that was very much in line with the midpoint of our TTV guidance, so 13%.

Nicolas Huss - So, when we come to the second part, second question, which is around evolution versus last year, as you have seen in one of the graph here, the slides, the evolution

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versus last year has been strong in every single region, but the Americas, to simplify. So, strong evolution in Europe and in Spain, Carlos?

Carlos Muñoz - Yes, what we have seen is, I mean, Europe is strong, Spain is growing. It's a core market for us as a destination. In this case, 15% versus last year on half one. So, it's in a strong position. And then the fastest growing still is Asia at that moment. So, markets like Northeast Asia, countries like Japan, and others, they are growing really, really fast and developing the opportunity here ourselves.

Nizla Naizer from Deutsche Bank- Hi, thank you for the presentation. I have two as well. Could you just tell us, based on the type of hotels in H1, the regional versus independent versus global, what have the trends been like in terms of demand, in terms of activity, in terms of take rate? Some color there would be great.

And secondly, you may have mentioned it, but I didn't really get it. The accommodation versus mobility and experiences trends. Did mobility and experiences grow faster than anticipated? Was the take rate there better? Anything you can give on the mix there as well would be great. Thank you.

Nicolas Huss - Perfect. So, Carlos, why don't we start with global versus regional change and independent, and then we'll take the mobility and experience.

Carlos Muñoz - Exactly. When we take the data market by market, I mean, for example, European market, regional versus independent versus global, we don't see any difference in terms of the performance. What is true is that the global change, they got more weight into the America, into the U.S. Therefore, they are more impacted by this low growth than the rest of the segments. But by region, there is no difference across the different supplier segments.

Brendan Brennan - Yes, no, I think what we saw there was actually a very similar pattern. So, as you know, given the weighting of our overall P&L, it really reflects the accommodations business because it is still a very significant part of our overall business. We saw very similar patterns in the first half with our M&E business. So, very much in line with the corporate 12% TTV growth rates that we talked about in absolute terms.

You'll recall as well that structurally, our M&E business does have higher take rates. And they certainly persisted in the first half of the year versus the accommodation business. So, obviously leading to that relatively robust, I would say, performance and take rate in the first half versus the first half of 2024.

Leo Carrington, Citigroup - Thank you. It's Leo Carrington from Citi.

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If I could just go back to that -- those numbers on the additional promotions that are being offered to you at HBX, how much of that do you think is hoteliers reacting to the uncertain demand environment versus growth of this channel generally, or specifically, your technology investments and platform being recognized?

And then I suppose it's slightly separate. In terms of the -- you mentioned your growth had been roughly double the underlying market. How much of that premium growth is due to wider participation of your existing suppliers and customers versus the new agreements you've signed, like the Turkish Airlines Holidays and so on? Thank you.

Carlos Muñoz - Okay, shall I start with the first one? I think in terms of the promotions and offers, I think by order, number one, the hotels, they are sending more offers and promotions because of the geopolitical situation and the tensions in terms of the demand. That's the number one reason.

The second, once this is true, they are sending even more to us because they trust our channel and they trust our distribution capabilities. It's the two of them, but I would say number one is market, number two is us.

Nicolas Huss - And when we think of how much are we growing with our partners, or versus acquisition of new clients and hotel partners?

Carlos Muñoz - What we've been seeing is an acceleration of the acquisition of new partners, both in the hotels and also in the customers. We put here some examples in existing segments, but also new segments, like new segment is luxury or the Turkish Airlines, et cetera. So, we are gaining traction, again, because our business model is appealing, and we are offering the solutions that the market requires, that the customers require.

Nicolas Huss - But Carlos, what I have observed, to answer the question so fully, is that when it comes to new clients' acquisition, it's a step process. It takes something almost two or three years before we would be on the run rate because we need to build the connections, we need to get to know each other. It's not like in other industries where you just connect and you go through.

Carlos Muñoz - Exactly, it doesn't come overnight. We acquire new business, a new relationship, a brand-new relationship. Then we have to, for example, if it is a new hotel that we acquire in our portfolio, we incorporate into our systems, and then we have to make sure that our 60,000 travel distributors, okay, they map the product and they start promoting these products in their channels. Once this is done, it's very solid and steady stage. It goes very fast, and it goes very resilient. But it requires a period of ramp-up, I would say.

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Michael Briest, UBS - Thank you. Two for me, just on M&A. I noticed in the prospectus you've got an option to buy out the rest of PerfectStay. Do you expect to execute that and -- at the earliest opportunity, or not? And then what's the other M&A opportunities out there in this market?

And then, Brendan, just on the balance sheet, the long-term prepayments went up by EUR 75 million. Is that related to Despegar, and can you talk about how it works, when you get that cash paid through to you? Thanks.

Nicolas Huss - I'll start maybe with the M&A, and then we'll move on to the client side. So, what is very obvious to us is that, and we heard that in the IPO process again and again, is let's try to keep the parameters stable for the first year, to say something. So, what we're trying to do now is to build, I would say, in a clever way, some long-term partnerships which would be very interesting to us.

We mentioned PerfectStay. We did this JV on The Luxurist. We mentioned the acquisition of Civitfun, which is a technology partner today. But we're not doing that with engaging a lot of cash, actually. We build some clever iron-out processes and things like that.

When it comes to PerfectStay, we are very happy with the first steps of the process. We would say that humbly, but we won every single RFP that we've gone through since the beginning against very important competitors. And major alliance, we mentioned Saudi alliance, we mentioned Turkish alliance, and we have others. So, we like that.

What we need to do now, exactly as Carlos just explained, we need to make sure that we ramp it up correctly. It's already at a good level of efficiency, but we want to come to the best level of efficiency as we see, for instance, in our partnership with easyJet Holidays.

Brendan Brennan - Okay, and on the balance sheet piece, the -- you're quite right. Obviously, there was a pretty significant movement. It's not just in relation to that Despegar customer that you related to. So, there are other elements as well, but the majority is primarily in relation to that relationship.

As you know, we use credit in our business, both on our supply side and on our distributor side, to build in relationships and to build partnerships over time. That's a very long tenured relationship of circa eight years. And so, over the period of it, we will see that amortized back into the P&L account during that period.

We mean, I think the good news there is we've seen really, really great performance with that relationship so far. It's having a meaningful impact and a very positive piece. And so, something that we'll actually consider about doing more of those types of relationships

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using some of our credit and our balance sheet to actually develop more ability to bring in those big anchor-type customers and suppliers into our organization as we go forward.

So, we see it as part of our commercial toolkit, if you like, in terms of how we can do this.

Nicolas Huss - Sorry, and to rebound on that, and Carlos is the one negotiating all of the agreements, we want to do more of this because we like the fact that these are very skilled players with a great reputation and very long-term agreements. So, we really lock in the collaboration for quite some time, so they are very interesting.

Carlos Muñoz - It's a win-win relationship in which we offer our portfolio product at the best and competitive conditions. And in a chain, we get the volumes from these customers through a long period of time.

Nicolas Huss - Isabel, questions on the phone?

Isabel Green - Yes, can we open up the phone line? I can see we have at least one person who has already got their hand up. But as a reminder, if you're on the conference call and you would like to ask a question, please do register your interest to do so.

Over to the conference call, then.

Operator - Thank you. Your first question comes from the line of Fernando Abril of Alantra.

Fernando Abril, Alantra - Hello. Thank you for the presentation. Have a couple of questions, please.

Firstly, you've provided insightful trends by geography in TTV growth. And now, if you could please elaborate on the trends you're seeing across the different travel buyer archetypes, which segments are growing faster and why.

And lastly, also on the 12% TTV growth, I don't know if you can please break it down into RevPAR growth from your existing hotel partners, increased serve wallet from those partners as well, and the contribution from newly added hotels into the platform. Thank you.

Nicolas Huss - Maybe we can start with the second one, which is how much is what we call ADR or RevPAR in this question, versus normal growth.

Brendan Brennan - Yes, I think maybe just two parts to that because I think you were asking maybe similar, re-asking a similar question from earlier on as well, which is the existing versus new elements as well.

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And as we've said, we've seen good growth, and Carlos mentioned this. We've seen good growth in the expansion of our relationships, but they do take some time to develop.

And so, in the normal course, you would expect that a lot of our repeat customers, repeat business, well-established relationships still make up the majority, but with good growth coming through. But the vast majority coming from that piece.

I think on ADR and RevPAR, particularly, I mean we don't -- we get into the granularity of splitting it in too much detail. We have seen in the first half certainly good resilience on ADRs as we came into the course of this year.

So, I'd say that it's probably an even enough distribution. We always see that more of it really comes from room rates to be absolutely honest, and that's certainly been the thematic for the first half of this year as well.

Nicolas Huss - Yes. By far, the biggest part comes from growth actually, versus price.

Carlos Muñoz - Versus related to the customer segments, we don't see in our half one results a significant difference by customer segment. So, customer segment like to operators, they've been growing very fast during the first half, saying that travel agencies, because they were taking advantage of long lead time bookings at the time during the period, so it's been quite strong.

And then on the other side of the funnel, we find also the OTAs with fast growth, particularly taking advantage of the period in February and March in which there were shorter lead times. So, both of them, they've been growing very fast. And in the middle, we will find the loyalty and the airline, which are the new segments that we are developing with new acquisitions that they are fueling the growth of these segments also.

Nicolas Huss - Thank you. Isabel, I heard that there was a second question.

Isabel Green - In fact, I think I can see two more hands up. So, two more questions. Operator, can you go to the next question, please?

Operator - Your next question comes from the line of Carlos J. Trevino of Santander.

Carlos J. Trevino, Santander - Yes, good morning. And thank you for taking my questions. Two, if I may.

The first one is while you're widening the range of the guidance in revenues, but not in TTV. So, should we agree there that perhaps the uncertainty could have a bit of higher risk on your take rate? If this is the case.

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And my second question is on gross margin. Gross margin has been flat year on year in the first half, but it's below the levels reported in fiscal '24. So, I am wondering if there could be a bit of also seasonality in the gross margin, and should we expect a higher gross margin in the second half, and also the reasons behind that. Thank you.

Brendan Brennan - Yes, I'll start off with the second question, which is around gross margin. Yes, absolutely. We saw some pieces of pressure on gross margin year over year. Some of that is related to different provisioning that happens in the balance sheet.

But also, I think what we've seen is the biggest parts, as we talked about it before, are really our credit card rebates and costs in there. So, that's usually the biggest moving piece that we look at there. But we did see a slight increase in our bad debt provision in the first half of the year as well, which is worthy to point out.

Of course, in the second half with the higher levels of revenue, yes, the proportional -- proportionally, that should -- we should see a stronger gross margin profile in the second half as we go into the second half of the year.

I don't know, on the take rate, just maybe technically or structurally, just to answer that question, obviously, if you extend the revenue range and not the TTV range, you're by implication extending the take rate. I would say it's, going back to maybe my comments in my prepared remarks, we saw it as appropriate and conservative and reflective of the macro environment that we were in.

So, you saw point one of a movement on the range of take rates so -- that we talked about and we were talking about initially in the [8.8 to 8.9] range, and now it's slightly broader than that. I think that really just takes and reflects on the mix and the potential mix of business in the second year, part of the year, as we mentioned.

We've seen the domestic trend in the United States in the first half of the year. If that persists, obviously, that could have an impact as international business obviously has a better take-rate profile than domestic.

But it is really much more around that idea of just reflecting on the macro environment and making sure that we have ranges that really do accurately reflect upon that. The top and middle end of our range, as we said, is still very much something we're focused on and still something that we very much -- we think is very doable from a market perspective.

Isabel Green - Okay, then we have the last question on the conference call. So, operator, you could open up the third question from the conference call line, please.

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Operator - Our next question comes from the line of Thomas Poutrieux of BNP Paribas Exane. Your line is now open.

Thomas Poutrieux, BNP Paribas Exane - Yes, thank you for taking my question. I've got three, actually.

First of all, maybe coming back to the trade repayment question. Is it fair to say that it also reflects, in some way, a higher share of SPA in the mix in the period? And can you give us a sense of the SPA mix and percentage of TTV in fiscal H1?

Secondly, as you said, number of employees was slightly down in H1. Can you elaborate on what brought that exactly? And how do you think about net hiring in the coming quarters, especially in the context of your investments in a stronger growth geographies? You mentioned Japan and Dubai.

And then last question on this regard, are there any investments to be made on your end related to the partnership? And if so, what do you expect is the impact on CapEx? Thank you.

Nicolas Huss - Okay, do we want to go with the first two, and then we'll take

Brendan Brennan - Yes, on the -- and I'm sure Carlos will have a comment here on the SPA piece in relation to its proportionality in the balance sheet.

Yes, that's always a proportion. It's, again, part of the special nature of those deals. We have seen decent traction in our SPA relationships year over year. As I said, primarily, however, the mix of things, it was slightly more primarily Despegar that we were seeing in the balance sheet movements. But I think good progress on SPAs in the first half of this year in line with last year.

Carlos Muñoz - Despegar was an existing customer. We are just doubling on the commercial relationship and on the business expectations, but we are not adding any new technological development here, yes.

Brendan Brennan - Yes, on headcount, yes. And again, thank you for noting it, we are really, really happy with the efficiency and delivery we've been able to do from that perspective. As we said, headcount's actually down year over year, so.

And a lot of that came from our operational group, as I mentioned in my prepared remarks. That cost in that group actually decreased in the same period, in the first half this year versus first half of last year.

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And of course, you see the volumes and the value of our business increase significantly in that period of time. And that's driven by some of the technological, both machine learning and AI implementations that we put in, and we see that as really great leverage.

This is a big part of our thesis as we go forward. We want to see this continue, that we want to really see that leverage continue in the second half. We're assiduous cost managers. And I think we will see that in every part of the P&L.

Nicolas Huss - But, Brendan, it doesn't mean that we are not hiring. Very far from that. To the second part of the question, we really invest in the key location, the key deals, et cetera, Carlos.

Carlos Muñoz - We keep investing, as I said, destinations with fast-growing products and segments that deliver superior growth, like luxury, as we mentioned before. And we keep investing in business lines like dynamic packaging or cross-selling, okay, where we see the opportunity.

Nicolas Huss - Okay, one more question, I guess. You were saying?

Isabel Green - Yes, so we're slightly over our planned time, so I'm just going to squeeze in one question from the website: Brendan, before we wrap up. Just how the -- we should think about net interest expense on an annual basis in relation to the net journey. So, that's from : **John O'Shea**.

Brendan Brennan - Yes, obviously, we're going to see significant improvement as we come out of this year, particularly into next year. That's when it's going to be most noticeable. But you'll see it in the first half versus second half.

I spoke to the quantum of one-off interest, if you like, in the first half that related particularly to the IPO. We were very successful in refinancing in the first half of the year. You would have seen the Moody's and the S&P upgrades as well. All very positive.

We did manage to get our debt away at a blended two and two-and-three-quarter percent rate. That will have a meaningful impact year over year. So, you're talking about a new annual position around interest, more in the mid-50s, 60s of millions, and we're looking to optimize that as we go through time as well. So, a very, very substantial improvement to the P&L as a result of that.

Nicolas Huss - Okay, we're done, I guess. So, thank you very much, everyone. Happy with the first result on our side. Very strong commitment for the second part of the year. And thanks for the one that have been able to join and thanks for the one that have joined digitally. It's a pleasure as always. Thank you.