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HBX Group (Q1 FY26)

HBX Group Trading Statement Q1 FY26



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PRESENTATION:

Operator: Hello, and thank you for standing by. Hi, my name is Bella, and I will be your conference operator today. At this time, I would like to welcome everyone to HBX Group Trading Statement Q1 '26.

All lines have been placed on mute to prevent any background noise. After the speaker's remarks, there will be a question-and-answer session. (Operator Instructions).



I would now like to turn the conference over to Isabel Green, Head of Investor Relations. You may begin.

Isabel Green: Thank you, Bella, and thank you, everyone, for joining us today on our trading update call.

With me on the call today are Nicolas Huss, our CEO; and Brendan Brennan, our CFO. As Bella mentioned, we're going to start the call with a short overview from Nicolas and Brendan on our trading in the quarter and the outlook for the remainder of the year. And after that, there will be time for questions.

If you're listening on the webcast, you can turn questions into the Q&A box. And if you're on the conference call, you can register for a question at any time by pressing star one on your keypad.

Finally, before I hand over to Nicolas, a reminder that in our call today, we will be making forward-looking statements, which are by their nature uncertain, and actual outcomes may differ.

With that, over to you, Nicolas. Thank you.

Nicolas Huss: Thank you. Good morning, everyone.

HBX Group delivered a strong start to FY26 with results in line with our guidance. The quarter demonstrated accelerating TTV growth, good booking momentum, showing the first tangible benefits from our shift toward an even more customer-centric and agile organization.

Highlighting the detail and group revenue for the quarter reached EUR 170 million at 5% in constant currency, while TTV grew 16% in constant currency to EUR 2 billion, a clear indicator of an improved trading performance across regions.

As expected, TTV grew faster than revenue. This was due to margin pressure from product and geography mix, market-wide travel trends, and targeted commercial action to win market share, all of which was, of course, built in our guidance.

Before we get into our Q1 results, let me briefly frame the market as we see it for 2026.

The outlook for the 2026 travel market is positive with mid-single-digit growth for the intermediate accommodation market, similar somehow to what we used to see pre-COVID, and broadly consistent with last year. This is being driven mainly by room nights growth, with average daily room rates impacted by lower occupancy growth and stabilizing inflation.



Market growth is expected to be, of course, stronger in MEAPAC, and good news in the U.S., with a structurally higher economic growth in key MEAPAC markets, such as Saudi, the UAE, India, and Indonesia.

In China, travel spend is accelerating with visa restriction lifted and continued investment in hotel capacity.

And in the U.S., we are seeing a market-wide rebound in travel spend held by events such as the 250th anniversary of independence. And of course, we're having a very clear look at the FIFA World Cup this summer.

Another comment on this side is that luxury travel remains strong with differentiated experiences driven by social media, economic resiliency, and the - of course, of the high net worth and earners. Also, we do see some moderation in ADR growth even in these segments of the market.

We also expect the trend for shorter lead times to continue. Booking less than one week ahead of the stay - account for almost 50% of the bookings for the top five B2C sites. HBX Group, as you know, is less exposed to this segment with typically longer lead times for two operators and travel advisors compared to the OTAs that I've just mentioned.

And of course, direct bookings. Around half of our bookings are happening actually three months or more before the guest travels. And this is clearly an opportunity for us that we're focusing on.

The final comment on geopolitics and macro uncertainty, which I think was the major factor for travel booking during key windows last year. While we still see uncertainty and risk hindering total booking confidence, there are signs that the market is becoming slightly less sensitive to this environment.

Brendan, and over to you to cover our trading performance for the quarter and guidance for the rest of the year.

Brendan Brennan: Thank you, Nicolas.

We delivered 60% TTV growth and 5% revenue growth out in constant currency, slightly above the midpoint of our full-year guidance and consistent with our Q1 expectations shared during our full-year results.

From a source market perspective, based on the location of our distribution partners, performance was strong in many of our largest markets, with over two-thirds of the countries in our top 30 growing at a double-digit rate.



Travel from the U.S., UK, China, and Germany all grew well, helped by successful sales campaigns and commercial actions to turn around our performance compared to the end of last year.

Looking at the regional picture by destination, we had strong growth in all three of our regions. Europe grew 14% in TTV and 7% in revenue. Spain was a standout leisure destination with strength on European corridors and ongoing recovery in regional travel. Performance in the rest of Europe was supported by good growth in Germany and France, partly offset by softer growth in travel to the UK.

The Americas delivered 16% TTV growth and 5% revenue growth. The U.S. saw volume-driven growth supported by strong domestic demand, but with a mix shifted towards lower ADR second-tier destinations. Other American markets contributed positively with solid interregional travel.

MEAPAC was our strongest region with 20% TTV growth. However, revenue was flat year-on-year, partially due to one-off benefits in the prior period related to revenue recognition. Trading was robust across Asia Pacific and selected Mediterranean - or sorry, Middle Eastern destinations with Japan, China, India, and Australia all performing well.

This good start to the year gives us confidence in our full-year guidance, which is unchanged. We still expect to deliver constant currency TTV growth of 12% to 18%, revenue and adjusted EBITDA growth 2% to 7%, and of course, operating free cash flow conversion of around 100%.

We are one month into Q2, with a satisfactory level of bookings already secured for the quarter, helped by continued targeted actions to win share in key segments and markets. Our visibility is lower for the second half of the year, but comparatives do get - but obviously, the comparatives do get easier, and we are working hard to drive continued market outperformance.

Our revenue guidance implies a circa 1% reduction in take rates at the midpoint compared to FY25, with segment mix and targeted commercial actions having an impact.

One of the lessons from last year is that we need more commercial flexibility to compete effectively. We need to be competitive from a commercial perspective and ready to shift our mix of business to go after the opportunities. This is very much our plan for 2026.

We remain focused on profitability, cash generation, and capital discipline. Our EBITDA guidance implies a stable margin despite a EUR 12 million headwind from positive one-offs in FY25, mostly in Q4, as you'll recall.

We have a strong financial profile, and our 100% cash conversion leaves us in a good position to invest in growth and return cash to shareholders while maintaining appropriate leverage.



Earlier this month, we announced a EUR 100 million buyback program, subject to approval at our AGM next month, and our intention to start regular dividends in FY26 based on a 20% adjusted earnings payout ratio. We expect our first dividends will be announced alongside half-year results in May and paid shortly after.

Investments for growth prioritises technology and commercial opportunities that derive incremental revenue. This includes CapEx, working capital, commercial agreements, and, of course, M&A.

Any investment is subject to close scrutiny. We have a strict assessment and approval process to ensure that any capital investment is aligned to our strategy and makes good financial sense. We have a good track record here, for example, investments in Despegar and Civitfun, and as last year, which are showing great results to date.

I'll now hand back to Nicolas to talk about the changes we have made to drive improved performance by becoming more customer-centric and agile.

Nicolas Huss: Okay, Brendan, thanks. Maybe just wanted, before we get into the Q&A, to share some of the initial impacts that we're seeing from the strategic repositioning that we announced last October.

In October, you remember, we reorganized the business to five verticals. Sourcing, distribution, fintech and insurances, mobility and experiences, and, of course, hotel tech, each one of them being empowered to drive results and being accountable for end-to-end delivery and customer success.

And of course, this new structure is underpinned by the accelerated adoption of AI, the automation that we've mentioned several times, and the intention here is to enable faster execution, improve scalability, and profitability.

So, if I start maybe with from a sourcing point of view, we have increased our reach by expanding our third-party supply network. This is expected to be a key growth driver for the rest of FY26 as it enables us to respond faster to shifting demand patterns and access inventory at competitive cost points. It's incremental to our market-leading direct contracting. And of course, in parallel, we're still committed to strengthen competitiveness on direct contracting and developing our SPA and direct relationships with their preferential rates and availability.

We have, if you remember, also implemented the new attention model for the different hotel segments to better serve their different requirements and needs, acknowledging the differences, and tailoring our offering to fit. As a result, we are being able to identify the best growth opportunities for cross-selling to optimize operations and to maximize profitability.



The second point that I wanted to focus on is the capturing of structural travel growth in MEAPAC and the U.S. That's more on the distribution side. We are actually securing long-term sustainable agreements, expanding the share of wallet with existing clients, and reinforcing commercial effort in acquisition.

The early signs are very positive. We have a number of sign already, potential new and refreshed agreements in progress.

For example, we have the launch of Flair Vacations with Flair Airlines. We have David's Bridal who, in partnership with HBX alongside The Luxurist and Travel Hour, will soon be launching a fully branded bespoke B2C online booking platform for accommodation and related travel services.

My third comment is around applying targeted commercial actions to support high-value partner relationship, and capture market share. For instance, we have taken a more agile approach to support Black Friday and January sales campaign, which is consistent with the commercial actions that Brendan just outlined.

And finally, we're accelerating the internal adoption of AI. I mean, becoming an AI-first company to structurally redefine our competitive advantage. Our new data and of - AI office setup is leading this delivery. And we have taken practical steps that I wanted to share with you.

The first one, we're actually encouraging an AI-first mindset through a proven training curriculum to our employees that elevates AI literacy, make sure that we have standardized baselines, capabilities across the organization. And this is actually empowering our teams to use AI automation and no-code tools to improve productivity.

We're also integrating AI in core processes with the creation of a business intelligence brain. And this will assist in spotting shifts in the market early and uncover opportunities from market and trading dynamics. We will keep building on these AI insights and translate them into actionable pricing strategies that are actually expected to create a competitive edge.

So, to wrap up, the outlook for the year ahead is encouraging. Our actions are delivering a turnaround. Market has relatively stabilized, and consumer demand for leisure travel is resilient despite circumstances. The market is competitive. We will keep working hard to capture the opportunities in line with our strategy to be more agile, to be even more customer-centric. We've made the changes. We believe that we have the momentum and are in motion to deliver.

Thank you. And I think that will now open to the Q&As.

Operator: We will pause for just a moment to compile the Q&A roster.



Your first question comes from the line of Leo Carrington with the Citi. Your line is now open. Please go ahead.

Leo Carrington: Thank you very much. Could I ask three, please? Firstly, can you speak to the factors behind the shifting take rates across the three regions, be it on the third-party supply side, which is mentioned, or indeed the customer type? I sense there may be different factors in each region.

Secondly, if you could add some comments about the competition and your performance in mobility and experiences, what the outlook is for this past business the rest of the year.

And then lastly, your comments on late bookings in certain smaller markets implies other markets are normalizing from your statement. What do you think is driving this differential? Thank you.

Brendan Brennan: Yes, Leo, thanks for the questions. I'll start off just to run through your geographical piece, particularly around take rates in individual markets.

As I was calling out, we've seen good growth across all of our major market which is very positive from a TTV growth perspective. And we've seen, as we mentioned, particularly in Europe, a good strong growth across Germany and France, particularly, and held back by the UK as a destination a little bit.

I think when you look at the individual elements of take rate buying markets, you see, and again, it depends on the market very much, but you certainly see different factors. Europe has been our well-established market. As you guys know, it's one of our biggest markets. But it is a competitive market, and it's important for us to remain competitive in that market.

So, I think in the Europe context, probably a little more commercial, sharp elbows from us, and making sure that we're maintaining that very good growth position. It is a very fragmented market, as you guys know, and we have a good foothold in it. So, we're keen to protect that as a defensive moat in our book of business.

In the Americas, I think, again, good strong growth, very, very good strong growth outside the U.S., 16% TTV across the Americas, 5% revenue growth. And again, if we look at what some of the major factors there were, you do see in the U.S., particularly, which has been traditionally our highest ADO market, as you guys will know, of course, as well, we have seen a shift to those second-tier destinations. We mentioned that last year. I think that's still the case this year with that domestic demand supporting the U.S. to market, but obviously in some of those second-tier locations.



That does put a different tone on things. We've seen in Latin America, particularly very solid inter-regional travel, and that's sustaining good growth. But obviously, the mix of take rates between the U.S. and South America is different. With more weighting going in South America, you see that having an overall Americas impact, as well as the ADO piece I called out about those second-tier destinations.

MEAPAC is, again, our third region. Again, very strong growth, 20% TTV. I mean, the one-off impact last year, we had a bit of a positive impact last year that was slightly out of water. Sometimes that happens in revenue recognition. However, I would say that what we have seen there is very good, strong growth. This is clearly the strongest growth market in the marketplace. We need to and want to be a big player in the MEAPAC region as things go forward. We think we have the right to do that, and the scale and the presence to do that.

And so, yes, while we had that bit of a one-off that probably pulled back that revenue number comparatively last year, we do and want to remain active and competitive in this market.

Structurally, this is a market that has lower take rates, as we know. It's probably a bigger market with a more established player there already. And it is, as I said, one of the largest growth markets. So, it's important for us to remain very focused on take-rate there and being competitive, particularly in that market.

I think your comments on your second question around M&E are valid. We - it is a competitive marketplace. We've seen that. We saw that in the back half of last year. Again, we're well established, and we think our cross-sell ability should give us the right to really sustain this and grow it, particularly in when I think of activities and transfers, they're an area where it just makes natural and good sense to have that connectivity between our businesses. And we want to look to develop that, further integrate it, and further sustain that development.

I think it is fair to say, however, that we have seen competitive pricing practices in that marketplace. But really, what we're trying to do is add more value and create a higher-level product by having the combination of factors as we've talked about on our cross-sell. So, that certainly remains a competitive market. It remains - as we talked about, it remains a bit of a drag in our take rate. But we are very focused on making sure that our cross-sell is working well there strategically as we move forward.

Your last question, I'll just ask you to give me a quick reminder. Something to do with bookings in smaller markets? Sorry, go ahead.

Nicolas Huss: Yes, I think the question was on take rate, as you were saying, and also the lead time story and the evolution.



Brendan Brennan: Correct.

Nicolas Huss: Happy to start with this one, maybe, Brendan. So, on the lead time, I think, well, it's been there for some time, and it has accelerated last year. We see that happening.

I think there were some results published yesterday. I don't remember if it was Jet2 or Ryanair. I think it was Jet2 that mentioned people booking closer to the travel date to buy and looking for a better rate, some form of a bargain, or something like that. And clearly, that's something which we see happening. It's been there already for a year, almost, at least from an acceleration perspective.

So, for us, it's - as I was explaining, it's not our DNA. It's something where we think the OTAs have some form of an advantage versus us. But it's also an opportunity.

We believe that we have up to a EUR 1 billion of potential TTV that we could go and grab there. It doesn't mean that we would grab all of this on the first time, but we have been spending some time reacting faster. We still believe that we have improved in the first weeks or up to two months lead time versus what we had a year ago. We still have some work to do on the less-than-seven-days lead time. So, good opportunity on our side.

Leo Carrington: Thank you, Nicolas. Thank you, Brendan.

Operator: Your next question comes from the line of Thomas Poutrieux with BNP Paribas. Please go ahead.

Thomas Poutrieux: Yes, good morning. Thanks for taking the question. I have a few too.

Maybe starting with TTV growth as constant currency obviously was quite impressive, the acceleration to 16% in the quarter. Maybe could you help us understand the drivers of that, what has been driven by market growth versus new customers, investors, and increasing your share of wallet with existing customers?

Also, secondly, can you provide us with updated numbers around number of hotels that are connected to the platform? I think at IPO you talked about more than 250,000, and more than 200,000 was mentioned in the annual report. Where are we now?

Third question, maybe following up again on the take rate, I think it was down 90 bps year-on-year in the quarter. Can you quantify out of these 90 bps what was driven by the evolution in indirect versus direct sourcing mix and other factors, please? Thank you.

Brendan Brennan: Sure, I'll kick off again. And Nicolas, you join in if you feel you should.



TTV growth versus where we see the market, yes, we were pleased with our expansion there. I talked about that from a regional perspective. So, obviously, we saw some good rebounds in some of the markets that were slower.

As I mentioned, the U.S. was - is good, and has been sustained well. The domestic market holding up well there. The luxury market and the top end of the market has done as well very good, and we continue to develop there.

I think when we looked at our business, I mean, I made the comments on the call that we did specifically want to think about our mix of business. And then obviously, I'll come back to that in your third point. And looking at making sure that we were really being very proactive in the fast-growth markets. You saw that again with MEAPAC. Again, regionally, that was a market that continues to be a great growth opportunity. And obviously, we're taking opportunity there and being able to outgrow the marketplace.

So, yes, we are very happy with our progress in Q1 from a TTV growth perspective. We do feel like this is, I would say, a return to form in terms of our ability to be substantial in the marketplace and take market share at a competitive rate versus our large peers. And that's really what we wanted to show, that we had the ability to do that coming into 2026, particularly. And obviously, we've shown that well, I think, in the first quarter.

I think it goes without saying that you're going to have different mix. You're going to be looking at where the market's faster. To Nicolas's point, you're going to be looking at a shorter lead time market much more as well. So, you're looking at different areas and how to grow, and they all have different take rate, and mix implications. So, that's certainly what we've seen.

Isabel, on the second point there, I do believe we referenced 300,000 on the most recent documentation. I think that value is a good indication of where we are at the moment.

We continue to expand our relationships. You're quite right. That's obviously geographically as well. Obviously, the MEAPAC region being an area where we are very, very hot. LATAM as well is a very region where we are very focused on continuing to expand our footprint.

But honestly, we've done a really good job. And I'm very pleased with the team and the progress they're making, even this year, in terms of some of our core elements for our business, such as our SPA relationships and the amount of scale that we're developing in that area. So, it's been very pleasing to see that. That remains obviously a core focus for us. And then just on the last point on take rate, you were looking about the indirect TPS element versus the direct elements. Yes, as we indicated, in Q4, we would look at the mix of business as we came into 2026. We have seen an acceleration absolutely in our TPS business. And I think we had indicated in the past couple of



years that's been circa mid-teens, in that 15% rate. We do see that moving closer in 15% to 20% range as we've come into Q1. We'll keep a close eye to that.

So, there's certainly an element of mix that's happening. However, we are also seeing a good level of development from our commercial actions, as I mentioned earlier on, and really making sure that they're having an impact on the market.

Operator: Thank you. All right. Thank you, Mr. Poutrieux, for your question.

Your next question comes from the line of Guilherme Sampaio with CaixaBank BPI. Please go ahead.

Guilherme Sampaio: Hello, thank you for taking my questions. So, three for me.

The first one, how should we think about the dynamics of take rate across the years? I mean, the year-on-year profile with the changes in booking window, customer profile, and perhaps the commercial actions that you're undertaking.

The second question, with the visibility that you have at the moment, do you still expect a consistent constant currency deliver in terms of growth across the year?

And the third question, regarding PerfectStay, do you think that you could exercise or think about exercising the co-options over the new term? Thank you.

Brendan Brennan: Okay. I'll kick off again.

On the take rate and the mix of the take rate, it's a very valid question. We look at all elements of how we are developing that over time, of course. Yes, you're quite right. We look at short lead time, as well as a more medium-term lead time.

As Nicolas pointed out, we have historically been in business that's been focused more on longer lead time business. And yes, there is a big opportunity in short lead time opportunity in the marketplace at the moment.

And one of the other things and factors that we saw very meaningfully last year was the fact that people are in economic on certain times or in geopolitical on certain times. People do leave their decision-making process later in the year, as we've seen. And we need to take advantage of that as part of a very valid part of our marketplace, albeit with a different take rate profile.

So, yes, I think those elements do play into the take rate. I mean, we indicated in our guidance, and I think we're true to that at this point, that we would see the circa 1% impact to our take rate from



coming from '25 into '26. We still hold to that. Certainly, the mix of business that we're looking for informs that.

And as some of my comments earlier on, I just reiterate the fact that we are obviously looking at areas and territories as well, of course, where there is maybe lower structural take rates, but good growth opportunities for us as an organization, such as MEAPAC and Latin America.

So, I think all of those things remain true, and we're very, very focused on making sure that we're doing what we said we would do, which is making sure that we're taking market share on absolute terms, focusing on our TTV, but also doing that at a reasonable take rate and with good profitability.

On the, I think your visibility across the year, growth across the year, as you guys know, our H2 last year was certainly flatter. And so, we would like to see stronger profile in the second half of the year. Albeit we are still very focused on making sure that happens, and visibility is still relatively low at this point. So, we need to still do a good job of work to make sure that happens.

I would say probably, in all honesty, Q2 is probably, and 2025 is probably our strongest quarter. So, that is a tough comp for us. Let's be absolutely frank about that one. So, if there was a quarter where I think it's going to be a little tougher, it's probably Q2 with H2 obviously representing an easier comparative.

And then if I - I think just the very first part of your third question cut out on me. I think the question was in relation to PerfectStay.

Guilherme Sampaio: Yes, if you're thinking about exercising the co-option.

Brendan Brennan: Yes, I mean, this is a - that business, as you guys know, represents good packaging opportunities for us with airline opportunities. And it has been a solid business where we are looking at how we could further integrate and consider that business over time. But of course, as we develop upon that as an opportunity, we'll obviously communicate that to you guys.

Guilherme Sampaio: Okay, thank you.

Operator: Your next question comes from the line of Michael Briest with UBS. Please go ahead.

Michael Briest: Yes, morning. A couple from me. Brendan, I appreciate you can't predict currencies, but if rates stay as they are, and I'm thinking, particularly with the U.S. dollar quite weak, can you give a sense of how much of a currency headwind you've faced this year on volumes and revenues?



I know there's no Q1 margin update. But last year, you sort of had a strong H2 because you reversed the bonus accrual, et cetera. I'm just thinking about H1, H2 margins this year. Clearly, for the year, you're not expecting any progress, but should we maybe see H1 stronger than last year?

And sort of related to that, there's a lot of commentary around AI and how you're using it internally. Can you talk about the cost efficiencies and maybe headcount progression in the group for this year and medium term? Thank you.

Brendan Brennan: Yes, great questions. Thank you, Michael.

So, on the U.S. dollar, yes, I've often joked - I've often been asked that question. I've often responded by saying if I could guess what FX rates we're doing, I'd probably be somewhere else. I'd probably be doing something else. But on the U.S. dollar, yes, you're quite right. Obviously, it continues to weaken versus our major currencies, particularly the euro.

As we looked at our guidance, we were in that \$1.16, \$1.17 range. And obviously, we've seen that weaken to \$1.18. It's hard to be definitive. If you look at, I suppose, what you're seeing is maybe the best way to think about this is what you saw as a circa 4%, 5% impact year-over-year, and that was on a \$1.07 to basically \$1.17. So, it was a 10-cent movement. On a penny, you're going to see, obviously, a tenth of that at this point. If that continues to go, we'll have a look.

But if you're seeing - if I can put it this way, if you're seeing a 4% impact on 10 cents of a movement, then a 1 cent impact is going to be 10% of that 4%. So, I hope that helps with a little bit of color.

Not dramatic at this point, I suppose, is the short answer, but one to watch certainly as we see continued dynamics at play between those currency pairs.

The H1, H2 margin profile, it's - and again, a very good question. We don't - you're right, we don't go specifically in Q1 on our margin profile, but it is strong, and I'm very happy with its progress. We have seen expansion year-over-year. So, that's been very solid progress.

I think it is fair to say yes, and we called it out. And obviously, we had some releases because of performance in the back half of the year, which were appropriate. Albeit it does create a bit of a - more of a headwind going into the second half from a margin perspective.

So, I think you probably see an inverted story from the first half to the second half. So, where we have probably higher revenue comps in the first half, we see good progress on our margin. Probably the reverse is true in the second half. So, we're hoping to balance that out as we go through the course of the year.



On AI, we're very excited about it. We talk a lot about it. We're very focused on it as an organization internally, of course. And we're seeing good progress. There's no question about that in terms of its day-to-day application in the business. We have seen, and we called it out last year, the efficiencies that we saw in some of our back-office areas in terms of how we use AI. And we are continuing to see relatively flat headcounts as we come into 2026.

A lot of that is good cost discipline. However, there is a good amount of automation happening in the business as a result of AI. And of course, we are talking and thinking about how AI becomes much more of a front-footed part of our organization, from how we actually deliver on a day-to-day basis. So, that really is very exciting.

I think the cost efficiencies that we initially had around AI are built into our guidance profile, where you're looking at it to make sure that in a year where we are coming back up, we're maintaining margin profile. Of course, if we can go beyond that, we will. And as I said, I'm very pleased with the progress we're seeing, particularly the progress in the first half on margin profile to date.

So, we'll keep you posted on that as we go through the course of the year, but a very good progress to date. Probably not ready yet to call out the exact euro impact for 2026.

Michael Briest: Thank you.

Operator: Your next question comes from the line of Adam Wood with Morgan Stanley. Please go ahead.

Morgan Stanley: Hi, good morning. Thanks for taking the question.

Just wanted to ask something just maybe a little bit more strategic midterm. Obviously, the change of strategy is to take more volume, and obviously, that's going to come with you acting more in the middle and not going to those direct connections to the hotels and potentially to the agents.

With that play out, is the aim with those volumes to try to bring more of that direct over time, and this is a short-term move to address the shift in the market? Could you maybe just talk a little bit about how the economics, where you're playing that middleman role, are different from where you're direct? And how - is there any way that you can differentiate in that space versus competitors?

And maybe just linking that into the MEAPAC take rates, it'd be helpful to know the scale of that exception in the first quarter of last year, because that's obviously where the take rates has come down most significantly on a headline basis. And that's where you've got a competitor that I think would be fair to say is willing to chase volumes at a much lower take rate.



So, I guess the question from that is where you are in that middleman role, what is the risk that there's just less and less differentiation, and take rates go down more precipitously because others are chasing that same volume and willing to accept lower take rates? Thank you.

Nicolas Huss: And maybe I'll start on this one, Brendan. And I'll leave to you the economics. I think it's, Adam, I have a very different view. We're of the view that our sourcing is differentiated. We still have 80% of our sourcing, which is done in direct contracting, which helps us having really a very specific positioning. That's what we sell. That's our bread and butter.

And what we have decided to do at some stage last year was to be more aggressive on the distribution side when needed to go and grab more market share because obviously, as you were saying, there is a scale effect.

Well, when you look at all of these, I haven't seen that the EBITDA in percentage is dropping. It seems to be evolving nicely. And we are convinced that the more scale you have, then obviously, the better the agreements that you get with the distributors. Let's say the hotel for the sake of accommodation. So, therefore, there is a virtual circle here that we see.

We see a lot of interest in SPAs. The pipeline of SPAs is good, is strong. So, I wouldn't look at it, as I understood you were doing from a visual circle perspective, all of the opposite.

Brendan?

Brendan Brennan: Yes, you asked particularly around the mix shift and how we - particularly in the MEAPAC region, on the rates and the competitive positioning, but also that one-off from last year. Just maybe start off the one-off from last year. It was a couple of million, which is significant enough, actually, in terms of revenue versus TTV.

So, just to give you some kind of - to guide you a little bit on that one. So, not insignificant. And I think obviously that would improve the picture in terms of the year-over-year rate - take rates change substantially. Albeit we know that MEAPAC is a region with tougher take rates. And that obviously is driven somewhat by competitive dynamics, as you made reference to, Adam, in your comments, in that particular marketplace.

I do think you do have - certainly we have certainly still, we are a very, very large player in our market, as you guys know. We have really, really great relationships that we're developing, particularly in the MEAPAC region. And I think that's been a real strength - core strength of the business over the last number of months. And I think we have the scaling capacity to be very credible on both sides, on both source and distribution sides in that part of the market as well.



So, we don't feel like - to Nicolas' point, we don't feel like it's a pure price play. We are very aware that it is a more competitive marketplace, that it is more driven by elements like TPS, and that there are some competitors out there who are going to be aggressive. However, we do think the underlying value of our scale, of our reach, of our sourcing and distribution capabilities still gives us an ability to make sure that we're doing this in a sensible way, in a way that's probably a little more competitive from a mixed shift perspective than we have been on take rate in the past. However, still, to Nicolas' point, gives us the ability to generate good revenue and really great EBITDA flow from that.

So, I think from an overall perspective, we're happy with the development we see in that marketplace. We are very aware of the competitive threat, but we feel comfortable that we can navigate that and still produce good results.

Adam Wood: I appreciate the generous response. Thanks very much.

Operator: Your next question comes from the line of Nicolas David of ODDO BHF. Please go ahead.

Nicolas David: Yes. Good morning, Nicolas and Brendan. Thank you for taking my question. Two, if I may.

The first one is coming back on the Q2 trends. On one side, I understand that you're mentioning stronger booking trends in January. But then, the other side you mentioned a tougher comp. So, if we put those up together, it's fair to think that you could be able to maintain TTV growth and revenue growth, which would be relatively in line with Q1 or could be slightly lower. And Nicolas would (inaudible).

My second question is regarding all those commercial action. Could you help us understand, if it were design and executed that's taken to answer to the temporary change in travelers' behavior, which led to a temporary, more competitive market, or is it to answer to a more structural, stronger competition in your market overall?

And specifically on the supply base using third-party supply platform, do you see that as temporary? I mean, while you are building the supply in some region where you have some gaps, or is it something that you can use as a structural lever because it's quite effective in the end, despite addition of the great ? Thank you.

Nicolas Huss: Do you want me to start maybe with the last one, Brendan, and I think -

Brendan Brennan: Yes, that's fine, Nicolas. Absolutely. Absolutely.

Nicolas Huss: And then we have these - the two other questions.



So, I think third parties are the essence of our industry. I mean, it's an industry which is, as you know, incredibly fragmented despite being very big, above 10% of global GDP. And we are - for many years, what we have done was to source and sell ourselves.

We started post-COVID to use some third parties, both on the sourcing side, which we called TPS, third-party supply, and on the distribution side to resell our products. It took us some time to connect, of course, to these guys. We're still doing a huge connection effort on the TPS side. And we have dramatically increased the number of providers, allowing us to have two things which are important, which we mentioned earlier on. The first one is an expanded connectivity to more hotels elsewhere in location, geographies that we do not tackle directly.

I'll give you an example. In Egypt, we're signing our first SPA as we speak. For many years, we didn't have a lot of direct connections with hotels in Egypt. So, that's typically an example where we could use third-party supplies to help us. And also, as we were saying, it help us react faster to big market changes, as it happened last year, where we did not react fast enough.

And on the retail side, it's sometimes we have to do it because of some exclusivity agreements with big hotel chains that they use us to channel their access to the inventory. But sometimes it's also a choice. Again, in geographies that we do not reach directly ourselves, or do not reach well, we would use them.

Do you want to go to lead time, Brendan? Is it structural or more temporary? I think what we usually say is that it's both of them. There is a part that is here to stay with the younger generations, which have a very different behavior. They book more often. They dedicate more of their overall budget into traveling. They are driven by experiences, and they have a lower loyalty to established brands. And finally, they book at a later stage, closer to the arrival date.

But there is also, I think, a part of it, which is driven by the prices on the hotel rooms, which you know that a big part of the recovery post-COVID in hotels in the hotel industry was driven by an ADR increase. And I think that in these times of macro - now, I think we see, and I'm not the only one to comment, that in this time of macro uncertainty, it's putting pressure on people's budget. So, that's also if you have a nonrefundable rate and you buy a long time in advance, you're probably buying at a more expensive price, and you have less flexibility if your plans change for anything. So, it's also reaction of the people.

Do you want to go through the third one, Brendan?

Brendan Brennan: Sure, Nicolas, yes, and that was around the Q1, Q2 trend that we're seeing. So, I think I did make a - and I called it out specifically earlier on that we've seen Q1 as very solid, very happy with that progress as we talked about. Q2, as I said, is our toughest comp. I think your



question was how in line with Q2 would Q1 be. I mean, we're still early enough in the quarter, so we're still putting the numbers together, so.

But the initial trends are - show very, very solid TTV growth, albeit we're still looking at some of the elements of how that mix will play out. I think it will be a reasonable quarter, albeit, as I said, there are tough comps there to deal with.

So, I think it's probably a little early for us to say that it'll be very much mirroring the Q1 performance, albeit we're still very resolute on our full year guidance. As we said, the H2 performance, we do expect to be stronger comparatively versus 2025. And Q2 is probably the one where it's a bit of a tougher ask for us.

So, I think that's the way I would think about it. Solid start to the year. A little tougher than Q2, but H2 should be making good recovery.

Nicolas Huss: And Brendan, sorry, I know that we only have 10 minutes and there's questions to go through. But I think from an industry perspective, what we see on Q2, to give you also some color, is on one hand, it's good from a volume perspective because Easter wasn't in Q2 last year and is this year, which is good and is helping us.

On the other hand, this - you may have seen that the sales campaign in the UK, et cetera, they didn't seem to be taking as strongly as they were taking last year. So, you see that there is a waiting mode going back to the short lead times that we saw. And therefore, that's the two different trends that we see.

One is very positive. The other one for the moment, there is probably a lower appetite in some countries into the sales campaign versus last year, when the Black Friday sales campaign worked very well for us.

Nicolas David: That's very helpful. Thank you very much.

Operator: Your next question comes from the line of Nizla Naizer with Deutsche Bank. Please go ahead.

Nizla Naizer: Great, thank you. I have two questions remaining from my end.

Since you ended on the Q2 momentum, maybe a question I have also is around the current situation in the U.S. in terms of the volatility there. The adverse weather that we're seeing as well, is that something that could potentially hinder growth in Q2 in the Americas? Some color there would be great.



And linked to that as well, with the World Cup upcoming, do you think that that could potentially be a benefit for traveling to the U.S.? And would you see some positive impact on that? Some color there would be great.

And then on the share buyback that you just announced, it was taken quite well. Just wanted to understand your thinking behind the volume of the buyback that you announced. Could there be more to come if you continue to deliver on your targets? And where do you anticipate leverage to be for the group at the end of the year on the back of these announcements? Thank you.

Nicolas Huss: Let me take the first one, Brendan, and then I'll leave you the buyback.

Brendan Brennan: Sure, Nicolas, yes. Yes, absolutely.

Nicolas Huss: So, I think the situation in the U.S., you have the volatility that we have been seeing for quite some months now. We have reacted to that. Remember, we said that last year by making a very strong effort that Brendan explained into an increased sourcing work on the lower tiers of the city, allowing us to grab more domestic and be more efficient. So, I think it's helping us to compensate somehow the fluctuation from international travel.

When it comes to World Cup, as every single big event, you may remember us saying that last year was the Olympic Games in Paris. There is a double effect. The first time, we don't see much of the booking, because a lot of the hotels are booked by big companies, federations, et cetera. And we don't see the - we don't have this corporate activity.

But then, closer to the dates when the hotels start adjusting the release, and then rooms, and then we need to react very quickly. And last year, we did a good job in Paris. So, hopefully, we will be benefiting from the increased tiering that I was mentioning earlier on in the U.S. and where - the other country where it happens.

The share buybacks, Brendan?

Brendan Brennan: Yes, no, we will keep a close eye to it. We think that the EUR 100 million that we announced, obviously, is meaningful. We're also very conscious of the float in the marketplace and making sure liquidity remains well and trades well, so that there's an ability to move in and out of the stock during the course of the year.

But we are - will be proactive about that. If we feel that we're making good progress through the EUR 100 million, I think it is something that we could certainly come back to and reconsider in terms of the overall level of the quantum of buyback if we get through that faster than we anticipated at this point, albeit we fully expect that to be a minimum of one year to take - to get through the - just



from trading perspective, it will be difficult to go any faster than that with the current level of shares in the marketplace.

I think we'll remain at the one to two times. We're comfortable in that range. The interest rates are very doable, and that remains the case for us. So, we don't at this point anticipate being outside of that range, albeit we'll keep a close eye to that in terms of what I've just mentioned, but also from the opportunity, opportunistically from an M&A perspective as well. But at this point, that's very much our expectation.

Nizla Naizer: Great, thank you.

Operator: Your next question comes from the line of Olivia Venancio with Barclays. Please go ahead.

Olivia Venancio: Thank you for taking my questions. Just two quick ones from me.

You mentioned that you're increasing your third-party supply. Can you give us a sense of how dilutive this is to take rate and how this could shift over the year, particularly if 3P moved to 20% as you just indicated? And is this baked into your full-year guidance?

And then my second question is around SPAs. I think IPO, you had roughly 6,200. Do you have an updated figure there, and what do you think it could get to by year end? Thank you.

Brendan Brennan: Maybe I'll take the first one, Nicolas, just on the mechanics around the TPS. I don't know if you want to comment on the SPAs.

The TPS, yes, absolutely. We did see it increase proportionally as an overall part of our book of business in the first quarter. We had indicated that that was an area we would look at from an absolute perspective year over year.

I think we have seen good traction on that marketplace. As we've said before, it allows us to, to some extent, to help us access some of that shorter lead time bookings piece as well, which is obviously positive over time and has been a good growth area for us.

It is baked into - the take rate mix there is baked into our guidance. We had this in our minds when we came into the year. So, it is certainly baked into that kind of the ranged increase that I mentioned, which was being in around the 15s in previous years, that moving up more in the range of 15% to 20% during the course of this year is baked into the take rate that we saw and look at in terms of that 1% shift mix between '25 and '26. And we remain confident that that remains a solid - very solid part of the marketplace that we want to be able to access and that we want to get the benefit from.



So, yes, no, I think it's working as we anticipated at this point. And certainly, I wouldn't call out that it's - that it has - it had an outsized impact on our take rate versus what our expectation was in our guidance.

And then, Nicolas, on the SPAs, on the comments, I know we've been making good traction on that one this year. If you want to comment on SPAs, I know it's a - it is a bit of a break point.

Nicolas Huss: Yes, maybe there are two things which are interesting on SPA. We see - we have seen, for the past two to three months, a very good - again, a very good traction on SPA, which I think is a good sign. We are at this stage very much in line with our overall target for the year. I think we're a couple of points below the target, but it's only January, so we feel very confident that we will reach that.

The growth sales are also evolving double digit, which is good because it's a very important product for us. And we - I think that's - we have a very good - sorry, I should have said that we also have a very good acquisition, which are new SPA hotels way above of last year, mainly driven by North America, as you can imagine from my previous comment, but also Europe. So, that's overall, very positive, I would say.

Olivia Venancio: Thank you.

Operator: Your next question comes from the line of Victor Cheng with Bank of America. Please go ahead.

Victor Cheng: Thanks for taking my questions. Maybe just digging into some of the questions asked earlier on lead times. I think you mentioned some it is structural, some of them less so improvement in two-month lead time bookings, more work on less than one week.

But maybe can you comment on there are bookings with different lead times, they come in from different funnels. And relative to what you historically have been good at, does that mean a shift to shorter lead times? Just structurally, is moving to channels that might have a lower take rate?

Which ties to my next question, obviously, you're expanding on a mix of third-party bookings. How much of that is to address maybe the shorter lead time versus expanding market share? And if I think about, obviously, you've guided to '26. And - but if I think about going forward, how sustainable is your equilibrium of - for a party sale mix that you're looking at?

And maybe very briefly, third question on M&E. Can you maybe directionally tell us how it is performing versus Q4? Is revenue growing or - yes, maybe some color as well, please.



Nicolas Huss: Okay, I'll kick off. Yes. You're - I mean, you're quite right in terms of the lead times. It's an interesting factor. As we said, we think it's an important part of the marketplace. And as a consequence, yes, we are looking at taking more advantage there.

As I mentioned earlier, TPS does lend itself to more of that short lead time business. So, we have changed the mix there slightly to take advantage of that.

I think that is - some of that is rather, I would say, less - somewhat opportunistic on our behalf, yes, absolutely, but it is an important part of the marketplace that we want to have a greater proportion in and think have the right to play in that marketplace.

That does change the take rates, as we kind of indicated it would, and that's what we're seeing playing out. But it doesn't mean that it's not good revenue growth and good opportunity for us as a marketplace.

I think some of that will - I mean, as you get to periods of more economic certainty and less geopolitical risk, I think you'll probably see that shift where people will go back to a longer lead time direction.

But I think it's important for us to have the flexibility as an organization. And I think that was one of the key points that we wanted to make emphasize last - end of last year and into this year, that we need that flexibility to be able to shift with the marketplace, and have a bit more flexibility and take rates. And that was really the structural element of what we were thinking about and talking about in terms of TPS.

So, I do think it's a sustainable position. I do think it's something that we can continue to look at to make best use of it from a proportional perspective as we see it and need it with our business. So I do think that is something that we will continue to flex up and down as needed over time.

But right now, I think the piece that you're quite rightly pointing out is that it gives us opportunity in that short lead time marketplace and we're taking that.

On the M&E performance, quarter-over-quarter, I mean, it's been relatively solid. I mean, obviously, it's seasonal, right? So, like the rest of our business, so Q4 to Q1 is always going to see a shift.

You can see that happening in the winter months, as you would expect. So obviously, it would have dropped from Q4 to Q1, but that would have been natural to the business in absolute terms. So we were - we were happy enough with its progress, I would say.



But I think we're very focused on making sure, as we talked about, and I talked about earlier on, that we do see good progress on that business, particularly on the cross-sell through the course of this year. We know it's a price-competitive marketplace and we need to remain focused on it.

Victor Cheng: Very clear. Thank you.

Operator: Your next question comes from the line of Miguel Gonzalez Toquero with JB Capital. Please go ahead.

Miguel Gonzalez Toquero: Yes. Hi. Thank you.

Just a follow-up on my side, and I'm sorry if I missed it. But could you elaborate a bit and quantify the one-off in Asia Pacific? I mean, just to see how sales evolve like-for-like in the quarter. Thank you.

Brendan Brennan: I already mentioned earlier on, it was a couple of million in terms of revenue. So it's meaningful enough in that - in that territory. So, if you want it backwards into the map, I'm sure you can.

Miguel Gonzalez Toquero: Great. Thank you.

Operator: Your last question comes from the line of Carlos J. Trevino with Santander. Please go ahead.

Carlos J. Trevino: Yes, good morning. First, thank you for taking my question. My question, I know that we are still a bit early in the year, but I would like to know how are your bookings building for the second half this year in a comparison with previous years?

Brendan Brennan: Hi, Carlos.

As I said, we've seen - as you're quite right, it's still early in the year, so we still have relatively low levels of confirmations. But I think in terms of TTV growth, we still see good traction and good progress from a year-over-year perspective there.

But yes, I do think it's - obviously, we have closed out a good Q1. As we talked about Q2, we see a good traction from a TTV perspective there, relatively early for the remainder of the year. But the indications at this time are relatively solid, so - and good progress year-over-year.

Carlos J. Trevino: Thank you.



Operator: That's all the questions we have at this time. I will now turn the call back over to Isabel for any text questions and closing remarks.

Isabel Green: Thank you, Bella. So we do have one question from an institutional investor on the webcast Q&A. So thank you to Alex Mackenzie at Lancaster. He's asked if we can talk a little bit more about agentic AI and how that could be an opportunity for us rather than a threat to the business.

Nicolas Huss: Thank you. Happy to take this one, if you want.

So, I think if we look at it from a distribution perspective, I mean, AI is doing great. We discussed that several times in the last roadshow in terms of itinerary building. But we don't see for the moment much of it in direct booking. And we still see most of the players relying on suppliers, partners, and OTAs.

The LLMs need - from a fulfillment partnership perspective, clearly what we hear from them is that they lack inventory. Service is also very important. And also, you need to have this legal and risk shield that would be representing when - where the merchant of record, so which are legal and compliance capabilities. This is our core strength actually.

And also, what is difficult probably, but to address from an AI perspective is the multiple fragmentation, the multiple regulations, the local compliance, the - connect to less structured or even unstructured suppliers. It's almost I would look at it from a last-mile perspective and I think we all agree with the AI players. That's what we do well for them.

And clearly, if I - last comment, I think it's all about prediction and personalization. So, the system, they need to ensure that. They need real agnostic B2B data, which is, we believe, our role and one of our competitive advantage in the - in the ecosystem.

Guys, I'm conscious of time. So, Isabel, if there are no other question, I would just thank everyone, I felt that it was very interactive, and close the call.

Operator: Ladies and gentlemen, that does conclude our conference call today. Thank you all for joining, and you may now disconnect. Everyone, have a great day.