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HBX Group International PLC

HBX Group Trading Statement Q3 FY26



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PRESENTATION:

Operator: Hello, everyone, and welcome to the HBX Group Q3 FY2026 Trading Statement.

Please note that this call is being recorded. After the speakers' prepared remarks, there will be a question-and-answer session. (Operator Instructions). Thank you.

I'd now like to hand the call over to Isabel Green, Director of IR. Please go ahead.

Isabel Green: Thank you, Ellie. And good morning, everyone, and thank you for joining us today for our Q3 trading update call.



With me on the call today are Nicolas Huss, our Chief Executive Officer; and Brendan Brennan, our Chief Financial Officer.

We'll begin with a short overview of the quarter and our outlook for the remainder of the year before opening the line for your questions.

If you're joining on the webcast, you can submit questions through the Q&A box. But if you're on the conference call, as Ellie said earlier, you can register a question at any time on your keypad.

Before we begin, please note that on today's call we will be making forward-looking statements, which are subject to the usual risks and uncertainties, as actual outcomes may differ.

With that, I'll hand over to Nicolas.

Nicolas Huss: Thank you, Isabel. Good morning, everyone. I'd like to start before moving into Q3 with a few words about our leadership transition announcement this morning.

Personally, it has been both a pleasure and a privilege to lead the group for almost five and a half years. And I am planning my retirement absolutely comfortable in the knowledge that I will be leaving the business in a good place and in good hands. And I have full confidence in Brendan, the SMT, and our teams to keep delivering on our strategy and to accelerate the next phase of the company.

As our CFO, Brendan has played a central role in shaping and executing our strategy as a public company. And as every one of you knows, he has the deepest understanding of our business.

Turning now to Q3. Over the last year, we have talked a lot about becoming a more agile, more customer-focused, and more accountable organization. The operating model changes that we introduced last October were, if you remember, designed to unblock execution across the organization, bringing decision-making closer to customers, increasing accountability, and improving speed of response.

From my perspective, Q3 shows those changes are working. What was particularly encouraging in the third quarter was the speed at which HBX Group responded to changing market conditions. Shorter booking windows and, of course, a volatile operating environment due to the continued disruptions in parts of the Middle East.

We performed strongly despite changing external environments by remaining agile, by supporting our partners, but also by adapting quickly to the shift in demand patterns. As a result, we generated 12% TTV growth and a revenue of EUR 177 million.



Of course, the conflict in the Middle East had a clear impact during the quarter. We saw lower travel activity within the regions and disruption across long-haul corridors, particularly between Asia Pacific and Europe. However, the global leisure travel demand was resilient, and we saw booking trends improving as the quarter progressed.

I think probably the most important message today is what our performance this quarter demonstrated about our business. We took fast action to redirect commercial focus and resources toward areas where demand was strongest. Through targeted pricing, focused sales execution, and close partner engagement, we supported volume, we captured opportunities, and this is exactly the type of active commercial management we set out to create.

A year ago, if you remember, we had less ability to influence the outcome. Today, we're actively managing the performance. This is what I meant when I said we are a better business.

On the sourcing side, we increased the use of third-party supply, and this is helping us to broaden inventory coverage, unlock additional growth opportunities, respond faster to changing demand patterns. We've made good progress on global chains, our top partners, but also selected new ways to address the longer tail of hotels and partners.

On the distribution side now, we continue to accelerate growth with leading global and regional distributors, increase share of wallet, and we also secured long-term commercial relationships. Alongside this, we have continued to execute against our strategic priorities across the accommodation growth, the ecosystem expansion, developing a new and expanding partnership, the acquisition of Bridgify, and, of course, the continued deployment of AI-powered capabilities across the organization.

To conclude, Q3 demonstrated the benefits of the changes we have made. In a quarter marked by market disruption, by volatility, the agility of our operating model enabled us to respond quickly. Leisure demand remained resilient, booking trends improved through the period, and our actions helped drive growth. Our turnaround since last year gives me confidence in our future success and our ability to thrive as AI reshapes the industry.

And now hand over to you, Brendan, to discuss the quarter in more detail.

Brendan Brennan: Thank you, Nicolas, and good morning, everyone.

As Nicolas said, our Q3 performance was strong despite the difficult external environment. Group TTV increased 12% at constant currency to EUR 2.4 billion in the quarter, while revenue was EUR 177 million, down 3% at constant currency. Growth was supported by targeted commercial actions, increased exposure to faster-growing supply and distribution channels, and stronger contribution



from shorter lead time bookings, third-party supply, and OTA demand. Year-to-date, TTV is up 15%, and revenue is broadly flat.

The Middle East disruption was clearly the most significant headwind in the quarter, representing an estimated negative four percentage points headwind to group TTV growth. Excluding this impact, of course, TTV growth would have been approximately 16% and revenue growth approximately plus 1% at constant currency. This is actually slightly better than the assumptions we outlined in H1 and reinforces our view that the business performed well during the quarter.

From a regional perspective, performance was strong in Europe and the Americas. And how I describe it in MEAPAC, which is Middle East and APAC, was relatively resilient. Europe remained supported by intra-regional and domestic leisure demand, with Southern Europe continuing to perform well.

The Americas delivered strong growth, reflecting World Cup-related travel, in particular in the US and Canada, as well as continued strength across regional distribution channels. MEAPAC remained affected, of course, by the Middle East conflict, but Asia-Pacific trends improved as flight capacity recovered and long-haul demand into Europe also began to recover.

Turning now to the dynamic between TTV and revenue. We've been talking for some time about the trade-offs associated with pursuing some of the fastest-growing opportunities in the market. As the businesses evolved, we have deliberately prioritized growth, market share, and partner relevance in areas where we see attractive long-term opportunities and where scale matters.

At H1, we broke down the key drivers of the change in more detail on the slides that we distributed to you guys. Those drivers remain unchanged today. Business mix, targeted commercial actions, together with certain non-trading revenue effects.

We took some tough medicine to strengthen the long-term position of the business that involved decisions supporting growth opportunities and positioning the platform where we see the greatest potential over time. What is encouraging is that we are starting to see the results of our actions with the take rate evolution stabilizing.

Q3 take rate was down 1.1 percentage points year-on-year compared with the decline of 1.7 percentage points in Q2. That is broadly the progression we expected to see and reinforces our view that the actions we have taken, together with underlying mixed effects, are evolving as we anticipated.

Now turning to some of the strategic execution during the quarter. Commercial progress continued across accommodation, ecosystem expansion, and AI. In accommodation, we strengthened key



partnerships, including the expansion of our relationship with lastminute.com and the strategic agreement with Sabre we announced yesterday.

In ecosystem expansion, we enhanced collaboration with the Emerging Travel Group, announced new airline and OTA partnerships, and completed the acquisition of Bridgify, which adds AI-native technology capability and expands our experiences offering.

On AI, we remain focused on practical use cases that improve productivity, commercial execution, and scalability. We are already deploying AI-powered capabilities across a number of workflows and continue to see opportunities to improve automation and efficiency across the business.

Let's talk a little bit about guidance for the remainder of the year. As we move through the second half of the year, a greater proportion of FY '26 is now delivered and/or on the books. Q3 performance was slightly ahead of expectations, helped by our rapid response to changing market conditions.

We are confident in the full-year outlook and have narrowed our TTV guidance to reflect that confidence to the range of 13% to 15%, and our revenue now in a range of minus two to flat, with an estimated headwind, of course, of around three percentage points coming as a result of the Middle East crisis.

We continue to see resilient leisure demand, gradual recovery in previously disrupted travel corridors, and the positive impact of commercial actions across the business. At the same time, we remain mindful that booking windows are short and the geopolitical backdrop remains volatile.

Adjusted EBITDA guidance remains unchanged at minus 5% to minus 2%. And we continue to expect operating free cash flow conversion of 90% to 100%.

Looking beyond 2026, our medium-term ambition remains unchanged, and we expect to make progress towards it in 2027. As we do so, there will be a number of moving parts, including the full-year consolidation of recent acquisitions, the continued normalization of the cost base, including variable pay, of course, and our focus remains on executing well, actively managing the business, and delivering against the guidance we have set out.

Finally, our capital allocation framework reflects our strong financial position. We continue to invest in strategic priorities, including products, technology, and selective M&A opportunities that strengthen the platform and the ecosystem while maintaining balance sheet flexibility.

During the quarter, we paid our EUR 18 million initial interim dividend and executed a further EUR 20 million of our EUR 100 million share buyback program, totaling EUR 38 million paid out in the quarter. Year-to-date, we have returned approximately EUR 50 million.



Thank you. Operator, we'll now hand the floor over to questions.

QUESTION & ANSWER:

Operator: Thank you. We are now opening the floor for question-and-answer session. (Operator Instructions).

Your first question comes from the line of Leo Carrington of Citi. Your line is now open.

Leo Carrington: Good morning. Thank you for taking my question. Before I ask it, Nicolas, thank you and congratulations on your retirement. I've enjoyed working with you.

In terms of the question, look, I'd be very interested in understanding more about this summer's mix changes. In particular, to what extent is the shift towards online travel agents and third-party supply because the available travelers have moved towards these channels, or is it because the lower levels of long-haul travel mean that you've expanded into mix types that you might have deemed less attractive in 2024 or outside the scope of your strategy in 2024? The reason for the question is I'm trying to understand what might happen to mix in FY '27, assuming finally we do get a resolution of the Middle East conflict. Thank you.

Nicolas Huss: Hey, probably it's for you, Brendan. Thank you very much for your comments. Do you want to go into the mix?

Brendan Brennan: Yes, sure. Thanks, Nicolas. I think it is a good question.

We have seen, as you said quite rightly, strong demand in the OTA and third-party elements of our business during the quarter. And we referenced this in the first half of the year. We had seen strength in that first half. We continue to see it in the summer period, certainly into our Q3 period. And our expectation is that it will actually remain in the fourth quarter.

I mean, as we think about a lot of the things we talked about in the back end of last year, particularly, and as we came into -- more importantly, as we came into 2026, I think we were very open and straightforward about the fact that we needed to change the mix of our business to better reflect the dynamic marketplace in which we found ourselves, a marketplace that was more concerned about geopolitical uncertainty, that was making shorter lead time decisions.

And certainly, we've seen that play out during the course of the year. In fact, if anything, we could say that the agility and the ability to move faster has actually protected our business during the course of the year. That's very much how I feel about our performance in Q3.



I think if we weren't a more agile business with a different mix as we see it on the books at the moment from where we have been historically, we would not be as resilient in the marketplace and be able to do the guidance that we're seeing at the moment.

So I do think it was a deliberate piece on our behalf. It certainly has played into OTA and third parties. I don't see that moving hugely. In terms of proportionality of the book of business, it has increased. We talked about third parties. While we don't talk specifically about the proportionality of OTAs, we have seen an increase broadly.

The third-party supply was around 15% last year. We did say that we expected that to be 15% to 20%, and we'll certainly exit the year closer to 20% in that book of business. But again, the short lead time curve that we're seeing in the marketplace and reflective that.

I think to your point, maybe just a final point on this question, I do think as there -- as uncertainty and geopolitical uncertainty decreases and people's visibility improves, that gives opportunity. Absolutely, that gives opportunity to the longer lead time business, which has been historically our strongest part of our organization.

So yes, I think there is certainly a hope that we would see that, and a larger proportion of that as we go forward. And we know we can execute very well in that space. But the big positive for me is that we also now know that we can execute very, very well in the short lead time space as well. And that really reflects the changes that we made this year. And again, I think positive changes in a dynamic marketplace.

Leo Carrington: Thank you. That's helpful.

Operator: Your next question comes from the line of Guilherme Sampaio of CaixaBank BPI. Your line is now open.

Guilherme Sampaio: Hello, good morning. Thank you for taking my questions. And thank you, Nicolas, for this time.

The question is on your guidance. So your guidance implies a 9% to 15% constant currency TTV growth in Q4 versus an 11% exit rate in Q3. And your comments assume some progression throughout the quarter, so I assume that the exit rate of the quarter is above this 11%. On the other hand, there's an improvement in terms of comparable base in Q4 versus Q3 last year. So last year as well, about 5% in Q3 and 2% in Q4. So that's a three percentage point improvement.

So my question is: within this guidance range, what are you considering at the low end and the high end, and what could lead to a deceleration, assuming that we don't have a reversal in the current diplomatic progress around the Middle East conflict?



And the second question is regarding the -- your view or initial view regarding 2027 fiscal year. So is there any factor that could prevent you from achieving your midterm guidance already in 2027, especially considering that, again, the comparables of fiscal year 2026 are easier than in normal year? Thank you.

Brendan Brennan: Yes, I'll take a crack at those ones. And thank you for the questions.

You're quite right. The -- there has been significant improvement year-over-year in terms of our TTV outlook, particularly in Q3, Q4 versus the same period last year. So very, very significant improvement. And we're very happy with that in terms of our progress.

And some of the points I made on the last question, which is that good ability to flex in the marketplace and to be relevant in the marketplace and to take share indeed in the marketplace. So we're very happy with that.

Yes, I think the range is there. I mean, at this point of the year, to your point, we do have a good amount of visibility on our trading at this point. And usually, I would steer people towards the midpoint of ranges if they wanted greater certainty around where to put their numbers. And I certainly would say that was the case in this particular instance in relation to Q4 also.

As I said, we've been very happy with the progress we've seen, particularly in TTV. We know that the other dynamic has been -- it's a slightly different mix, so that has had a little bit of impact on our revenue progression as we've seen that over the course of the year, certainly.

But again, I think one of the points I made on my opening comments is that we continue to see better connectivity quarter-over-quarter between revenue growth and TTV growth, and that continues as we go into quarter four.

So I am happy with the progress we're seeing. And as I said, if you wanted specific guidance on TTV, I would steer you to the midpoint of the ranges. But yes, very happy with the year-over-year improvement. And a real, I think, strong endorsement of our strategy as we come into 2026.

In 2027, fiscal outlook comparing to '26, I suppose yes, you're right. It is a little early for us to be too detailed in our commentary around 2027. Obviously, we're taking our time at the moment. We're -- anybody who is in the group here could tell you we're knee-deep in budget processes, and I am working well with the senior management team to give us better visibility to that, albeit with shorter lead times. Obviously, that also reduces our visibility at this point.

As we think about our midterm guidance and how that relates specifically to 2027, as I said in my opening comments, we certainly see us getting 2027 being a good year of getting towards those



midterm guidance outlooks. I think we'll need to keep an eye to the evolution of our business. I think we still anticipate strong TTV growth. I think we still are seeing good recovery in our revenue, and we expect that trend, that connectivity between TTV growth and revenue growth, particularly on take rate, to continue as we go into 2027.

And I think the other piece to maybe note at this point is that we have to do some rebuilding of bonus elements and other pay pieces like that, which obviously, important. And we want to pay out in full to our staff. They have been working hard this year, and we want to see that they're rewarded for their work as we go into 2027 as well. So we'll do some rebuilding of our cost base a little bit during 2027.

But I'm also -- I should counter that by saying I'm also excited by the opportunity that we're seeing from technology, from the really good progress that we've seen on AI internally in our organization. And we believe that we really are a strong organization from an AI development perspective, and that that will help us broadly as we go into '27, both on in terms of new commercial opportunities, but also making us a more efficient business as we go forward.

So high-level comments at this point. Good traction, I would say, obviously, as we come out at the end of the year, certainly from TTV growth perspective. Better connectivity to revenue, some rebuilding of cost base to be done, but also good opportunity from continued efficiency.

Guilherme Sampaio: Thank you.

Operator: Your next question comes from the line of Michael Briest of UBS. Your line is now open.

Michael Briest: Good morning, and my best wishes for the future to you as well, Nicolas.

Just in terms of the take-rate trend, I think in the first half you identified mix, pricing and non-trading factors. I know it's only a quarter on, but can you elaborate on that? And maybe as we look at 2027, should those non-trading factors come down to zero basis points, if you like?

And then just the last question alluded to the fact you've got a three-point benefit for next year's growth rate relative to 2026. It just feels as though there's still quite a lot of evolution in the business in terms of getting things right, not just responding to the market compared to the yesterday's guiding for mid-teens revenue growth in the six-month period. Just wondering where you feel you are on that reorganization, restructuring of your relationships with hotels and distribution partners, and how much of 2027 will still have some drag effect from that, I guess. Thank you.

Brendan Brennan: Sure. I'll give it a crack again. And Nicolas, you certainly comment if you would like to.



I think on the take rate trend that we've seen, we are pleased with the efforts we've seen and the progress we're making. So as I mentioned, substantial decrease in the absolute level of take rate decline, if you like, between Q2 and Q3. So again, it mirrors well the trend that we were talking about. And you'll recall in the second half, I mentioned the fact that we do expect to see that gap closing.

I also made specific reference to the fact that actually, in sub-segments of our business, so if we look at certain portfolios of work, we've seen much better connectivity between TTV and revenue. And what our job to do was really to make sure that we were seeing that across our entire portfolio. And I think that that progress has continued as we've come into Q3 and as we look out to Q4.

You asked a question around it's not just mix, it's not just lead time. There was an element of non-trading items. We certainly have seen that probably decrease as we come into this quarter, and that would be my expectation for fourth quarter as well. As I reflect upon that and we think about that next year, does that go to zero? It probably doesn't go to zero, although I think the meaningful impacts will probably decrease over time as opposed to increase.

So I do believe that we're -- we should, as I said, see better connectivity between revenue growth and TTV growth. And certainly, that's the direction of travel that we're seeing at the moment. But there will always be some timing differences between TTV and revenue recognition. So that's just part of the accounting in this particular sector. So we'll keep you informed of that.

But trending to zero is probably optimistic. But I do think overall, in terms of mix of business and maybe normalizing some of the mix shift as we go from this year into next year, will have a beneficial impact upon the overall take rate perspective.

I think your second question was around the -- some of the reorganization of the organization we have done in terms of commercial and distribution relationships. And I would say that I think we have been super pleased. And I'm sure Nicolas will comment on this as well. But super pleased with progress we've seen on the distribution business.

I mean, we called out today yet another number of relationships and expansion of relationships, be that Sabre, lastminute, and indeed the Emerging Travel Group relationship as well on the M&E side of the business, which continue to show the really strong progress we're making on making sure that we're a really commercially active organization in the distribution part of our industry and continuing to be significantly relevant.

I'm also really, really encouraged by our total level of TTV growth in terms of our just proportional market share there and making sure that we remain a very big and relevant player in this space, a space we expect to very much have a place on as we move forward over the next number of years.



So that's super important to me. And I think the guys have made great progress this year. I'm very, very happy with that.

I think on the sourcing side, I would say that we want to see that continue to develop. I do think we've got a long-term relationship and a long-term experience with lots of great sourcing partners, both on our hotel and our M&E side of the organization.

I think we do -- we certainly can continue to optimize that as we continue forward. And I'd like to see us be -- I'd probably -- I'd like to see us be more innovative, if I can put it that way, in terms of how we work with those partners and the offers and opportunities that we give them in the marketplace.

So I think that's still an evolving part of our business. But we -- it's very much in line with the strategy, and Nicolas has spoken to in the past, and can -- is a continuation of that as we go into '27.

Nicolas Huss: Brendan, maybe just you've covered it very well, not to be too long on the same topic. I think what's very interesting also is that when we look at the acquisition, which is in the pipeline for the coming years, it usually takes up to two or three years before we would have a full ramp-up. The acquisition numbers are very strong in distribution and sourcing, so it gives us good confidence for the future.

Michael Briest: Okay, thank you.

Operator: Your next question comes from the line of Luka Trnovsek of Berenberg. Your line is now open.

Luka Trnovsek: Hi, all. Thank you for taking my questions. So just three from me, if I can.

So just the first one on the leadership transition. You've spoken previously about Nicolas' role in setting HBX's strategic vision. So I was wondering, with his departure, what should we expect on the strategy side? Is there scope for material changes in direction, or do you feel comfortable with where you are?

Then second, I want to ask on the full-year guidance, so quite a nice upgrade to TTV and revenue, but that revenue upgrade doesn't flow through to EBITDA. So I was wondering what has changed in the cost base to absorb it.

And then just lastly, on leverage and capital returns. So on the current trajectory, it looks like you've finished this year at the bottom end of your one to two times range. So I was wondering if you're comfortable operating there, or would you look to return back towards the midpoint? And just tied



to that is I was thinking if there is capacity, could you announce a special dividend at the full year results, or is that a decision that would have to wait for the new CEO in February? Thank you.

Brendan Brennan: Yes, I'll kick off on those pieces. And again, Nicolas, please do feel free to join in.

On the leadership transition and the strategy changes, I mean, the way I look at this is I'm obviously and have been working with Nicolas very closely for the last year. And the strategy that we have as an organization that was developed in that period of time, I fully endorse. And I think it is a very strong strategy that has delivered well for us during the course of this year.

If anything, I think speaking even to the last point that we've made around some of the continuing evolution we'd like to see in our sourcing business, around just being more flexible and adaptable for our sourcing side relationships, but also to Nicolas' point, making sure that we continue to acquire and expand that is a continuing evolution of the same strategy.

So I don't see it as radically different. I think we took that step change, if you like, coming into this year, and I think it's working well. So it will be a continuation of that strategy as we go forward. And certainly in my tenure, that's exactly where I expect to go with the organisation.

I think just maybe to add to that, scale and relevance in this marketplace is super important. And I think we've seen real progress in that regard during the course of this year. Particularly happy with the TTV growth in that respect. And as this market is a very dynamic marketplace, you have to be flexible, and you have to be ready for change. And I think we've proven that as part of our strategy this year as well.

I don't know, Nicolas, if you want to comment specifically on that before I move to the other questions.

Nicolas Huss: No, no specific comment on my side, Brendan. Thank you.

Brendan Brennan: Thanks, Nicolas. The TTV revenue and EBITDA, it's a pretty simple answer to that question. We are happy with the progress we've seen on TTV and revenue.

But as is our custom and as we did last year as well, we are always more disciplined about our EBITDA. And so while we guided at the H1 results broader revenue ranges, you'll recall, we had quite a tight EBITDA range. And I suppose my comments at that point in time were if we see the bottom end of that range, we will take cost actions to ensure that we deliver on EBITDA.

We take that commitment to the market extremely seriously, extremely seriously. And we did that, and we reflected upon that last year with the changes we made to deliver upon our EBITDA range as given to the market. And we did. We delivered in our original range. And we obviously wanted to be



serious about the range we gave to you guys. And so it was more of just a factor of that element that we were already being quite tight and quite controlled with our EBITDA range in the Q2 numbers when we re-guided. So that was really the factor at play there.

The final point, you asked about leverage and capital deployment and certainly the return to being in that, I think we were at about 1.7 times at the end of H1. We're still circa in that ballpark of about 1.7 times debt to EBITDA at the end of the third quarter, which we're happy with.

I think we can operate quite well in that space. And as you guys know, cyclically we will see better cash flows in the second half of the year, and we still expect to be in a good position from a cash conversion perspective, as I mentioned, for the full year in the guidance at 90% to 100%. And I'll be honest, and the team will work hard to try to make sure that's closer to 100% rather than 90%.

I think we operate very happily in that, even in that 1.5 to two range, even though we've said one to two is our official range, if you like. So it's not an uncomfortable range for us. We do -- we manage very well there indeed. And it gives us optionality.

As I think about the future on the deployment, of capital deployment, we've obviously done a lot this year. I talked about the fact that we've already distributed EUR 50 million during the course of this year. And that really only kicked off from mid-February. So that's a combination of the new dividend that we only put in place this year for the first time, and of course, then the buyback program, which, as you will recall, is EUR 100 million.

For now, we're quite comfortable with that in terms of dividend policy and cash repatriation to shareholders. I do think we also need to be, and we shouldn't forget, consistently we said that our first use of cash will be about developing the organization. I think we've done a lot to show, during the course of this year, that we are back on track from a growth perspective. And I think there's opportunity further from an M&A perspective.

Certainly, with some of the smart tuck-ins we've done, like Bridgify, like Civitfun, these are organizations that are AI-native organizations that really help us move the dial in terms of technology. And it really allows us to, as I said, from an almost R&D perspective, to leapfrog and take bigger steps because we're bringing that AI-native organizations into our own organization and really using them to leverage the business.

I see that as a very important part of our capital growth story and our business growth story as we go forward. So I think that will -- I think it's important to mention that that's still our primary use. But of course, we'll remain focused on continuing with the good shareholder return that I think you've seen from a cash deployment perspective this year.



Operator: Your next question comes from the line of Mark Hyatt of Morgan Stanley. Your line is now open.

Mark Hyatt: Hi Brendan. Hi Nicolas. Congrats on the quarter and all the best on your retirement, Nicolas. I've got a couple of questions, please.

Firstly, you revised the assumed Middle East impact for the full year. It's obviously reassuring to hear that some of the corridors have been -- have had a better-than-expected recovery, but I think it's fair to say that the situation in the region remains quite dynamic. So could you give us some insights into how trends have held up through July? Have you seen any signs of travel hesitancy coming back? And also, obviously with the wildfires that we're seeing in Southern Europe, do you expect this to have a material impact on Europe in the fourth quarter?

And then secondly, Americas was the clear standout for the quarter. I know you called out the World Cup in the release as a driver. But in the first half, growth is also supported by Despegar. So can you give us a bit more color on in terms of what drove that strength in the region? Thanks.

Nicolas Huss: Hey, Brendan. I'll start, if you want me to, because you've been doing --

Brendan Brennan: Of course.

Nicolas Huss: -- most of the heavy lifting today. So I think Middle East what we see, I was sharing that with the Board yesterday. What we see is a gradual recovery, but not the full speed, I mean, for all of the reasons that you guys know better.

If I look for instance at the second half of the year, we're recovering step by step, but we're still something like 3% down versus last year. So it's better, but not yet there. And you know that for us, it's a region with -- that has a specific impact in terms of SPAs and things like that. So that's something which we keep monitoring and we absolutely want to do whatever we can to bring it back, at least to level of last year.

The Q4 fire impact in the Mediterranean, I mean, first of all, I think it's terrible. We all see that. We all follow that. And as a Mediterranean guy myself, I think I'm really incredibly impacted by what's happening.

When it comes to tourism, what we have observed in the past is that the ability for the travelers to readapt is something very important. We saw for instance in Europe that the lower-cost countries recently have worked well, Morocco, Egypt, et cetera, so there are always options there.



And then what we saw interestingly is the -- it's probably because of the -- certainly because of the economic impact, we saw that tour operators were doing good on the past weeks. It certainly has to do with the price certainty when you buy a package.

And when it comes to Americas, you've said it, Americas is -- has been flying, if I can use the expression, on Q3. It's market-driven, but it's also action-driven on our side. And we've discussed that if you remember already in H1. So we are confident that we will keep driving good results in Americas.

Operator: Your next question comes from the line of Victor Cheng of Bank of America. Your line is now open.

Victor Cheng: Hi, morning. Thanks for taking my questions. And Nicolas, all the best in the future.

First, maybe two questions. If I look at the TTV and revenue by region, is it correct to think that some regions where we see a bigger gap, that you're leveraging a bit more TPS, or whether you're seeing a bit more competition there? And then you talk about capital allocation. Is there an opportunity for you to potentially do more M&A to acquire some of the smaller players in specific regions to help expand inventory?

And second question is, can you maybe elaborate a bit more on the Sabre partnership? Is it correct to say that your content or inventory was already available on Sabre Mosaic previously? And if so, how is this partnership going to change how Sabre uses your content to channel more bookings to HBX? Conscious of the fact that Sabre processes a lot of corporate bookings as well. Is the take rate different for these type of bookings? Thank you.

Brendan Brennan: Sure, I'll start off on those, Victor.

In terms of TTV and revenue by region, yes, we -- I mean, as I said in my previous comments, we're very happy with the progress we're seeing on TTV. And as you can see from the numbers, obviously Americas being the standout element of that, with Europe being very solid, and trading then MEAPAC, as you would expect, with the overall perspective.

Yes, I mean, we also see mixed impacts in terms of that coming through into revenue. I think it is fair to say that the Americas is very, very strong. But a lot of that business is domestic. And as we spoke about, it's been a strong domestic market. It always has been a strong domestic market. That's very much the case this year. And some of our shifts in mix has been more domestic, as we talked about. And being able to access that more domestic market, I think, is reflective of that shift in mix as well. So that's certainly been some of the case this year.



So I mean, in terms of the take rate or the mix of take rates or the revenue growth comparatively, I hope that gives you a little bit of color there. And of course, you've got -- as always, it's a little difficult quarter-over-quarter to give those estimations. And we know we've had a lot of mix change year-over-year, so that number is not as comparable as it was in the past, perhaps. But we do feel that we have a importantly good progression in terms of our mix of business, being able to have better connectivity between revenue and TTV growth, which is something I will continue to hammer home, albeit the mix of business is going to be different in terms of domestic third-party OTA and other elements as we go forward, which is okay because it makes us more flexible and more resilient as an organization.

I think your second question was around regional M&A from that perspective, and actually, is there opportunity there to continue to develop as an organization? I would say very much so. It reflects on the conversation that we had a couple of questions ago where I was thinking and talking about the fact that we want to continue to be active in M&A. I think this is a marketplace that will continue consolidation over the next number of years. I think you are seeing it's a competitive marketplace as well.

And I'll be very clear that we see ourselves as one of the big players in this space and that we are here for the long term and want to continue to grow both through organic and M&A-led growth. So, yes, I do feel that with our strong cash conversion and our ability to generate cash, that gives us the ability to take opportunity in the marketplace.

So I would be very focused on that, myself and the management team, around using that, both from a technology differentiation perspective, as I mentioned earlier, but also around making sure that we have the right footprint in all of the regions that we operate in.

I'll ask -- I don't know, Nicolas, if you want to potentially comment.

Nicolas Huss: Certainly. Yes, I'm very happy to. So that you can breathe.

Listen, we just announced the Sabre agreement. I think, as you know, it's about us plugging our accommodation inventory directly into the Sabre marketplace. And it's very interesting because I think Sabre has, if I remember correctly, something like 250,000 agencies. So it's just vast.

What it means for Sabre is that they have the lodging contents, I mean, which is good for them. They have -- they simplify how their agencies access lodging content. And hopefully, we're providing together a better agent experience.

And on our side, it's very important because it helps us on the retail agency expansion. I mentioned earlier on that acquisition was on the good side. The difficulty in retail is that if you don't go



through networks, of course, it takes more time to go agency by agency. So it's very important because it does accelerate and leverage.

It does help to increase distribution efficiency. Brendan was saying that we're incredibly happy with the work David and the team have done on distribution. In this specific Sabre case, it helps reduce the number of systems that agencies need to access inventory. Of course, it improves adoption, and we're certain from the test that it will also improve conversion.

And then finally, it goes exactly into what we have told you for a few months now. We want to make ourselves indispensable with the big players. We want to be part of their life for quite some time. So we want our relationship to be more than a commercial agreement.

Victor Cheng: I think, historically you've been a bit more on the leisure side. Is it safe to say that this is one of the first steps, maybe to -- into exploring a bit on corporate hotel bookings?

Nicolas Huss: Sorry, say the last sentence, apologies, exploring a little bit more on?

Victor Cheng: On corporate hotel bookings.

Nicolas Huss: Oh, okay. Do you want to go for this one corporate, Brendan? Corporate.

Brendan Brennan: Yes.

Nicolas Huss: Yes.

Brendan Brennan: It's interesting. Yes, no, thank you, Nicolas.

Yes, no, I think it is an interesting element. We, as you guys know, historically have not really touched the corporate space. And this is an interesting avenue of opportunity for us. So you asked the question earlier on. I think it was part of your initial question of whether the -- whether margin profile in corporate is lesser. And I think there are some elements -- certain elements of with the corporate book of business, there is more sharing of some of the upside, be it on that and other pieces, back with the big corporate you're working with.

However, it is a less competitive space in the marketplace. And obviously, we've seen a lot of competition in the leisure space over the last number of years. So I do think this is something that we're super interested in. I think this Sabre relationship is something that can start as helping with it. That -- we don't have that first in mind. This is more about distribution expansion, so I should be clear on that.



But I would think it's fair to say that this is an interesting space and an area where we'd like to continue to develop as an organization. And we see it as almost like a greenfield territory for us to be able to expand our offering as time goes by.

Victor Cheng: Very clear. Thank you.

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

Thomas Poutrieux: Good morning. Thank you for taking my question up. A couple as well.

First of all, I mean, you highlighted new distribution partners and also expansion of existing partnerships. I was just wondering if you've used your balance sheet to win these relationships? I think it was the case in H1. So I was wondering if this is something that has continued into H2 as well.

Secondly, on mobility and experiences, can you give us your sense of how the competitive landscape has been evolving lately, whether it returned to growth in the third quarter from a revenue perspective and, if not, when we can expect this to happen? Thank you very much.

Brendan Brennan: Sure, I'll start maybe. On the new partnerships, yes, we've been very pleased with the evolution of our business from a new partnership perspective. We've talked in the past about the fact that we have sometimes used our balance sheet to help with the development or the initial onboarding costs, if you like, of some of those significant relationships.

We -- I would say that's more occasional. While we haven't ruled it out in terms of how we would develop these relationships forward, and we want to use our working capital and our good working capital cycle to support the distribution element of our business, as well as the sourcing element of our business, we haven't used it extensively in the last quarter, in this particular quarter. That's not to say that there isn't something that David and the team are planning that they're going to do something in the next quarter or next couple of quarters. So we do see it as an avenue of opportunity, albeit wasn't heavily impacting this quarter in terms of new relationships.

Let's be honest. We see every element of commercial development that we can undertake as beneficial. But in the first instance, we see ourselves as a very strong standalone distribution channel for partners with great sourcing and great product to distribute.

So we see ourselves as a very, very strong offering, and a very scaled offering to that point as well. And we want to continue to see these good expansions of these types of relationships as we go forward. And again, if necessary, we can help with balance sheet, which is -- which was one of the real strengths of the organization.



I -- on the M&E experience side, we have seen -- the way I would describe it is yes, it's been an active marketplace, obviously. There's a change, there's a slight shift in terms of some of the bigger players obviously looking to continue to expand their ecosystem of different services that they offer.

We are -- we -- as we've talked about in the past, we've been -- that part of our business has been an area where we think needs a bit more work. I think in the most recent number of weeks and couple of quarters indeed, I'm happier with the traction that we're seeing in that business, so it is moving in the right direction.

Have we gotten back to absolute revenue growth there yet? The quick answer is no, there's still work to be done, and we still need to continue to improve.

But the progress we are making is substantial. And I think we are actually moving in the right direction there. So it is incumbent upon us and actually some of the technologies that we're bringing in, Bridgify for example, will help substantially in our ability to scale that business.

Really, Bridgify will act as an AI-enabled way to develop yet faster sourcing opportunities to be brought into that organization. And that is something that we're very excited about from the breadth of the experiences that we can generate and put into our platform and then obviously put into the distribution engine.

So we are excited about the future of that business. As I said, it's taken a bit more work. Recently, we have seen good progress, but more work to do, I would say.

Thomas Poutrieux: Okay, thank you. And does that mean that in FY 2027, it is fair to assume that this has actually returned to positive growth.

Brendan Brennan: I mean, that's certainly our hope and expectation.

Thomas Poutrieux: Okay, thank you so much.

Operator: Your next question comes from the line of Carlos J. Trevino of Santander. Your line is now open.

Carlos Trevino: Good morning. Thanks for taking my questions. And Nicolas, all the best for your future.

Two questions from my side. I'm looking at your updated guidance. In TTV, you have increased the guidance by 1 percentage point and you have maintained the high end of the range. In revenues, you have increased the midpoint by 0.5%, and you have slightly reduced the high end by 1 percentage



point. So at the end, you are assuming a slightly lower take rate in the new guidance. My question is, this is mainly driven by business mix or by commercial actions that you are taking?

And my second question is on the conflict in the Middle East. Have travel patterns now normalised following the conflict? Obviously, in recent weeks we have seen that the conflict has become slightly worse. I assume this has an impact locally. But, for example, could we say that travel between Europe and Asia has now normalised following the conflict, or are we still not at that point? Thank you.

Nicolas Huss: Maybe I can start with the second one, Brendan, if it's fine with you. And then we'll get into the mix.

Brendan Brennan: Yes, of course.

Nicolas Huss: I don't think that we can say that travel has normalised in Asia. You're right that when we look at outbound travel, European outbound is good, but it's different. We see that long-haul travel is probably suffering more than regional trips and domestic trips. That's still the case.

And in Asia itself, I think there is probably more pressure because there are still significant capacity constraints from a seat-capacity perspective, plus some specific elements of travel. So we see more regional travel in Asia rather than long-haul travel from Asia. We still have some impacts directly from the Middle East and also from the consequences of the Middle East on (inaudible).

When it comes to mix, Brendan, I think probably the answer is the summer is always a moment where we have more volatility, if you remember, on the take rates because of the structure of the take rates. And it's probably still the case. And we also need to go into segments where that comes with probably lower take rates, like domestic, short lead time, et cetera. Brendan?

Brendan Brennan: Yes, I think that's fair, Nicolas. I think it is definitely probably more of a reflection, Carlos, on the mix of business that we're seeing and the strength and the mix of business that we're seeing rather than your -- I think your point was is it more us with proactive commercial actions, be those pricing actions or rather -- or is it more mix of business. And I would say, to Nicolas' point, it's probably much more mix of business.

As you made the point yourself, it's 1% in TTV, 0.5% in revenue. I think they're probably both rounded numbers, so it's probably even closer than that in real terms. So it's a very slight change, I would say, in terms of our take rate outlook versus where we were in H2. So that's maybe the first point to note. And I would say yes, it's more mix-driven than commercial action-driven.

Carlos Trevino: Thank you. That's very helpful.



Operator: Your next question comes from the line of Nicolas David of ODDO BHF. Your line is now open.

Nicolas David: Yes, good morning. Thank you for taking my question. I have two, actually. The first is regarding the free cash flow or cash conversion guidance. Given that you are expecting higher growth in TTV, shouldn't this have a positive impact on your operating cash flow, given the negative working-capital gap? Or, given that you're not upgrading the cash flow guidance, are you seeing some negative dynamics in the DSO or DPO elements? That was my first question.

And second question is, well, for Nicolas, all the best for your retirement. But before that, can you help us understand why you decided to leave now? And also, do you plan to remain a shareholder of the company? Thank you.

Brendan Brennan: I'll take the easy one first, Nicolas, and obviously let you deal with the second one.

Nicolas Huss: It's not too complicated, but very happy to answer afterwards. Yes, go, Brendan.

Brendan Brennan: Free cash flow, honestly, we -- I think your point is correct, Nicolas, in that we do see good progress on our revenue growth here, which is good. It's in line very much with, as I said to Carlos in the last point, it's not a huge change from where we were. But it is a positive change, and we see that coming through.

I do think we had that range of 90% to 100%. As I probably mentioned in one of the previous questions, I'd really rather see it closer to the 100%, which is our guidance that we started out the year with. And we do think and still are ambitious about the ability to achieve that goal as we look at the fourth quarter.

I suppose in a way, even though my previous comments are I would usually steer people to the midpoint, I'm giving you a specific different point on this one, which I would hope that we can get more towards the top end of that range. In which case, to your point, Nicolas, you'll see the benefits coming through in that cash perspective. So I don't feel that we have had a significant impact from a DPO, DSO perspective at this point.

Maybe just the last comment on this particular point. We're happy with the progress, and I'm hopeful that we'll have a good year in terms of cash conversion, as we have done in the past.

Last point just on this is that as we think about this, it's a real strength in our business. This ability to really turn EBITDA into cash flow at 100%, it doesn't happen in many organizations around the world. And we are very thankful for it.



I think it is something that we will use more commercially as we go forward. I made reference to that earlier on about how our working capital and our good balance sheet gives us additional room from a working capital management perspective to be able to draw in new sourcing relationships, to draw in new distribution relationships. And we'll think about that more dynamically maybe as we think about 2027. But for now, I'm happy, very happy with the progress we're seeing on the cash conversion.

Nicolas?

Nicolas Huss: Yes, thank you. Listen, the answer to why now is, I think, a sequence of logical events. The first is that I'm not getting any younger. The second is that I took responsibility for Hotelbeds in the midst of COVID because, as I've told you several times, I fell in love with the company. But my intention back then was not to keep managing companies. So I always had in mind that I would be very happy to drive the company through a cycle.

But my perspective—and that's the third point—is that, as a CEO, and again you've heard me say this many times, we need to drive the company from a medium- to long-term perspective. That's very important. Sometimes it is slightly more complicated when you're in the middle of events, as we are right now, but that's a key focus. And that's the discussion that I had with the Board.

So there are a lot of very logical factors behind a logical decision. And as I have said, I'm convinced—absolutely convinced—not only as a leader but also as a shareholder, and I'll answer that in a minute, that we have a great strategy and a fantastic management team, with Brendan well placed to drive this company forward.

As a shareholder, I will of course remain a shareholder. I've told you many times I think that there is more value to be extracted from HBX in the future. Probably I will have to do some arbitrage when you come to the end of an executive life, then probably the flow of cash is more limited, and you need to look at it differently. But I have no intention to sell all of my shares. I will definitely keep some of them and keep a close eye on it.

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

Operator: Thank you. We don't have any pending questions. I'd now like to hand the call back to Brendan for closing remarks.

Brendan Brennan: Thank you everyone for joining us today. We appreciate your questions. As always, we were very happy with the progress of the business in Q3. And a final word of thanks, both to Nicolas on a personal level for all his inspiration and guidance over the last number of years, and also to our broader workforce, all 3,500 people in the HBX Group. Thank you for your continued commitment to the organization. Thanks, and that's all for today, guys.



Operator: Thank you for attending today's call. You may now disconnect. Goodbye.