HSW XLON Hostelworld Group PLC

Trading Statement · RNS 8790X · 7 October 2026

Hostelworld guides FY2026 EBITDA below consensus and cuts 2027 growth to mid-single digits

Share price	103.5p
Market cap	£128m
52-week range	93.73p - 141.4p
Shares in issue	123.9m
12-month change	-12.1%

Ticker Data API, as at 6 Oct 2026, 15:12

SHARE PRICE, 12 MONTHS



SUMMARY

Hostelworld's trading update today lowered expectations: the Board now guides FY2026 adjusted EBITDA to €20.0m–€21.0m, against a company-compiled consensus of €22.9m, and expects only mid-single-digit net revenue growth in FY2027. Q3 net revenue rose 7% to €27.9m on a record 17.8% effective commission rate, but net transactions fell 2%, with the Middle East conflict and softer Europe–Americas demand weighing on long-haul routes. Growth is coming from price and commission, not more bookings, and the Elevate commission benefit annualises next year. The social network is growing fast inside the business, with member transactions up 10%, yet group volumes are flat year to date. The shares were 103.50p, down 3.37% on the day of the statement, close to the 93.73p 52-week low.

KEY FIGURES

FIGURE	VALUE	PERIOD	CHANGE
FY2026 adjusted EBITDA guidance	€20.0m to €21.0m	FY 2026	FY 2025: €19.9m; company-compiled consensus €22.9m
Q3 net revenue	€27.9m	Q3 2026	+7% YoY
Effective commission rate	17.8%	Q3 2026	Q3 2025: 16.3%
Net transactions	1.6m	Q3 2026	-2% YoY; YTD 5.4m, flat
YTD adjusted EBITDA	€16.5m	Nine months to 30 Sep 2026	YTD 2025: €15.4m
Direct marketing costs as % of generated revenue	49%	YTD 2026	YTD 2025: 50%
Net cash	€3.0m	30 Sep 2026	30 Sep 2025: €6.6m
Statutory operating profit	€1.4m	H1 2026	H1 2025: €2.1m

Sources: Trading Statement RNS, 7 Oct 2026; Interim Results 2026, 29 Jul 2026

THE ANNOUNCEMENT

- FY2026 adjusted EBITDA is now guided to €20.0m–€21.0m (FY 2025: €19.9m), a margin of about 20%, below the company-compiled consensus of €22.9m. Revenue growth for the year is expected at approximately 10%.
- FY2027 net revenue growth is expected in the mid-single digits, assuming no recovery in long-haul volumes and with the Elevate benefit to the commission rate annualising.
- Q3 net revenue rose 7% to €27.9m and net average transaction value rose 11% to €15.3, while net transactions fell 2% to 1.6m. The company estimates the Middle East conflict cut volume growth by about four percentage points, up from three in the first half.
- Long-haul softness has spread beyond Europe–Asia and Oceania routes to Europe–Americas, where higher travel costs and stronger destination currencies are deterring travellers. Industry-wide organic web traffic has also fallen as AI answers more searches.
- Q3 adjusted EBITDA was €8.3m (Q3 2025: €7.9m), with the margin slipping to 30% from 31% on product and technology investment. Net cash at 30 September was €3.0m, against €6.6m a year earlier, after a £5m buyback and the interim dividend.

AGAINST GUIDANCE

In July the Board reiterated low-double-digit revenue growth targets for 2026, and at the May AGM the chair said year-to-date revenues had not been materially affected by the conflict. The expected 10% revenue growth now sits at the bottom of that ambition. The bigger shift is on profit: the €20.0m–€21.0m EBITDA range is €1.9m–€2.9m short of the €22.9m consensus the company itself disclosed, and barely above FY2025's €19.9m. With €16.5m earned in the first nine months, the range implies Q4 adjusted EBITDA of €3.5m–€4.5m, against about €4.5m implied for Q4 2025, so the numbers look attainable but leave little room for an upside surprise.

BULL CASE

- The social network is growing inside the business: transactions from social members rose 10% in Q3 and make up almost two-thirds of the total, while chat users grew 37% and messages 77%. The company says members book more often and at materially higher margin, and 64% of bed-nights now come through the app.
- Management estimates underlying volume growth at about 4%, the same as in the first half, before the conflict effect. The 2027 outlook assumes no long-haul recovery, so any easing in the Middle East would come on top of guidance.
- The balance sheet is solvent and still funds shareholder returns: cash was €14.6m at 30 September, 2025 operating cash flow was €18.6m against €7.0m of statutory profit, and the fall in net cash follows a £5m buyback and dividend. Gresham House lifted its holding to 11.53% days before the statement.

BEAR CASE

- Growth is being carried by commission and price, and that support fades in 2027 as Elevate annualises. Year-to-date revenue rose about €7.3m but adjusted EBITDA only €1.1m, and the Q3 margin fell to 30% from 31%.
- Organic web traffic is falling across the industry as AI answers more searches, leaving the company spending 49% of generated revenue on direct marketing to keep total transactions flat. If paid channels mainly replace lost non-member bookings, commission gains are absorbed by marketing.
- Adjusted and statutory profits are diverging: H1 statutory operating profit fell to €1.4m from €2.1m while adjusted EBITDA rose. With Brent at $100.32 a barrel on 5 October, a quick long-haul rebound looks unlikely, and the profit outlook has already been lowered once since July.

WHAT TO WATCH

- Q4 delivery against the €20.0m–€21.0m EBITDA range, particularly through Asia and Oceania's seasonal peak, and whether softness reaches demand within Europe, which was broadly flat in Q3.
- Whether total net transactions return to growth while direct marketing stays within the guided range (FY 2025: 48%), showing that social-member growth adds bookings and does not just offset non-member declines.
- The full-year results, where the company has promised 2027 growth plans and its AI-enabled product roadmap: look for a bridge from adjusted EBITDA to free cash flow, including capitalised development and share-based payments.

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