



Huazhu Group Limited Announces Preliminary Results for Hotel Operations in the Fourth Quarter and the Full Year of 2019

14/01/2020

SHANGHAI, China, Jan. 14, 2020 (GLOBE NEWSWIRE) -- Huazhu Group Limited (NASDAQ: HTHT) ("Huazhu" or "our"), a leading and fast-growing hotel group, today announced preliminary results for hotel operations in the fourth quarter and the full year ended December 31, 2019.

Hotel Development

| | Number of hotels in operation | | | | Number of rooms in operation | |
|----------------------------------|-------------------------------|-----------------------|----------------------|-------------------------|------------------------------|-------------------------|
| | Opened in Q4 2019 | Closed (1) in Q4 2019 | Net added in Q4 2019 | As of December 31, 2019 | Net added in Q4 2019 | As of December 31, 2019 |
| Leased and owned hotels | 11 | (20) | (9) | 688 | (741) | 87,465 |
| Manachised and franchised hotels | 619 | (143) | 476 | 4,930 | 33,203 | 449,411 |
| Total | 630 | (163) | 467 | 5,618 | 32,462 | 536,876 |

(1) Reasons for closures include property-related issues, operating loss and non-compliance issues. In Q4 2019, 56 hotels were temporarily closed for brand upgrade and business model change purposes.

| | As of December 31, 2019 | |
|------------------------------------|-------------------------------|-----------------------------|
| | Number of hotels in operation | Unopened hotels in pipeline |
| Economy hotels | 3,485 | 826 |
| Leased and owned hotels | 415 | 2 |
| Manachised and franchised hotels | 3,070 | 824 |
| Midscale and upscale hotels | 2,133 | 1,436 |
| Leased and owned hotels | 273 | 41 |
| Manachised and franchised hotels | 1,860 | 1,395 |
| Total | 5,618 | 2,262 |

Operating Metrics

| | For the quarter ended | | | | yoy change |
|---|-----------------------|--------------------|-------------------|------|------------|
| | December 31, 2018 | September 30, 2019 | December 31, 2019 | | |
| <i>Average daily room rate (in RMB)</i> | | | | | |
| Leased and owned hotels | 275 | 288 | 277 | 0.9 | % |
| Manachised and franchised hotels | 218 | 235 | 223 | 2.1 | % |
| Blended | 230 | 245 | 232 | 0.9 | % |
| <i>Occupancy rate (as a percentage)</i> | | | | | |
| Leased and owned hotels | 86.7 | 90.0 | 84.7 | -2.0 | pp |
| Manachised and franchised hotels | 84.8 | 87.2 | 81.6 | -3.1 | pp |
| Blended | 85.2 | 87.7 | 82.2 | -3.0 | pp |
| <i>RevPAR (in RMB)</i> | | | | | |
| Leased and owned hotels | 238 | 259 | 235 | -1.4 | % |
| Manachised and franchised hotels | 185 | 205 | 182 | -1.7 | % |
| Blended | 196 | 215 | 191 | -2.7 | %(2) |

(2) Excluding our soft brands (Hi Inn, Elan, Starway, Madison and Grand Madison), the blended RevPAR for 2019Q4 declined by 0.5% year-over-year.

| | For the full year ended | | | yoy change |
|---|-------------------------|-------------------|-----|------------|
| | December 31, 2018 | December 31, 2019 | | |
| <i>Average daily room rate (in RMB)</i> | | | | |
| Leased and owned hotels | 267 | 276 | 3.6 | % |
| Manachised and franchised hotels | 214 | 224 | 4.6 | % |
| Blended | 226 | 234 | 3.6 | % |

Occupancy rate (as a percentage)

| | | | | | | |
|----------------------------------|------|---|------|---|------|---|
| Leased and owned hotels | 89.0 | % | 87.0 | % | -2.0 | % |
| Manachised and franchised hotels | 86.9 | % | 83.8 | % | -3.1 | % |
| Blended | 87.3 | % | 84.4 | % | -3.0 | % |

RevPAR (in RMB)

| | | | | | | |
|----------------------------------|-----|--|-----|--|-----|------------------|
| Leased and owned hotels | 237 | | 240 | | 1.2 | % |
| Manachised and franchised hotels | 186 | | 188 | | 0.8 | % |
| Blended | 197 | | 198 | | 0.1 | % ⁽³⁾ |

(3) Excluding our soft brands (Hi Inn, Elan, Starway, Madison and Grand Madison), the blended RevPAR for 2019 grew by 0.8%.

Business Update by Segment

Hotel and room portfolio by brand

| | Number of hotels in operation | | Number of rooms in operation | |
|------------------------------------|-------------------------------|----------------------------|------------------------------|----------------------------|
| | Net added in Q4 2019 | As of December 31, 2019 | Net added in Q4 2019 | As of December 31, 2019 |
| Economy hotels | 281 | 3,485 | 12,473 | 290,615 |
| HanTing Hotel | (9 |) 2,372 | (3,299 |) 224,626 |
| Hi Inn | 15 | 465 | 871 | 28,153 |
| Elan Hotel | 275 | 648 | 14,901 | 37,836 |
| Midscale and upscale hotels | 186 | 2,133 | 19,989 | 246,261 |
| HanTing Premium Hotel | 34 | 214 | 3,363 | 19,748 |
| Ibis Hotel | 6 | 185 | 472 | 20,533 |
| Ibis Styles Hotel | 5 | 55 | 549 | 6,681 |
| Starway Hotel | 33 | 350 | 3,099 | 30,363 |
| Jl Hotel | 72 | 831 | 8,289 | 104,521 |
| Orange Select Hotel | 15 | 248 | 1,510 | 28,821 |
| Crystal Orange Hotel | 8 | 85 | 975 | 11,182 |
| Manxin Hotels & Resorts | 7 | 46 | 825 | 4,133 |
| Madison Hotel | 4 | 9 | 347 | 883 |
| Mercure Hotel | 5 | 68 | 530 | 12,502 |
| Novotel Hotel | 0 | 9 | 0 | 2,928 |
| Grand Madison Hotel | 3 | 4 | 569 | 772 |
| Joya Hotel | 0 | 6 | 0 | 1,250 |
| Blossom Hill Hotels & Resorts | (4 |) 17 | (79 |) 648 |
| Grand Mercure Hotel | (2 |) 6 | (460 |) 1,296 |
| Total | 467 | 5,618 | 32,462 | 536,876 |

Same-hotel operational data by segment

| | Number of hotels | | Same-hotel RevPAR | | | Same-hotel ADR | | | Same-hotel Occupancy | | |
|------------------------------------|-------------------------------|-------------------------------|--|--|---------------|--|--|---------------|--|--|-------------------------|
| | As of December 31, 2018 | As of December 31, 2019 | For the quarter ended December 31, 2018 | For the quarter ended December 31, 2019 | yoy change | For the quarter ended December 31, 2018 | For the quarter ended December 31, 2019 | yoy change | For the quarter ended December 31, 2018 | For the quarter ended December 31, 2019 | yoy change (p.p.) |
| Economy hotels | 2,467 | 2,467 | 165 | 155 | -6.2 % | 183 | 179 | -2.4 % | 90.0 % | 86.5 % | -3.5 % |
| Leased and owned hotels | 409 | 409 | 180 | 172 | -4.4 % | 200 | 198 | -0.7 % | 90.2 % | 86.9 % | -3.3 % |
| Manachised and franchised hotels | 2,058 | 2,058 | 161 | 151 | -6.7 % | 179 | 174 | -2.9 % | 90.0 % | 86.4 % | -3.6 % |
| Midscale and upscale hotels | 950 | 950 | 266 | 253 | -4.7 % | 324 | 309 | -4.4 % | 82.0 % | 81.8 % | -0.2 % |
| Leased and owned hotels | 199 | 199 | 330 | 309 | -6.3 % | 389 | 366 | -5.9 % | 84.8 % | 84.4 % | -0.3 % |
| Manachised and franchised hotels | 751 | 751 | 243 | 233 | -4.1 % | 300 | 289 | -3.8 % | 81.1 % | 80.9 % | -0.2 % |
| Total | 3,417 | 3,417 | 199 | 188 | -5.4 % | 228 | 222 | -2.7 % | 87.3 % | 84.9 % | -2.4 % |

| | Number of hotels | Same-hotel RevPAR | Same-hotel ADR | Same-hotel Occupancy |
|-------|------------------------|------------------------|------------------------|------------------------|
| As of | For the year ended yoy | For the year ended yoy | For the year ended yoy | For the year ended yoy |

| | December 31, 2018 | | December 31, 2019 | | change December 31, 2018 | | change December 31, 2019 | | change December 31, 2019 | | change (p.p.) | |
|------------------------------------|-------------------|-------|-------------------|-----|--------------------------|-----|--------------------------|--------|--------------------------|--------|---------------|--|
| Economy hotels | 2,467 | 2,467 | 170 | 164 | -3.0 % | 184 | 184 | 0.3 % | 92.2 % | 89.1 % | -3.1 % | |
| Leased and owned hotels | 409 | 409 | 183 | 182 | -0.4 % | 198 | 202 | 1.7 % | 92.0 % | 90.0 % | -2.0 % | |
| Manachised and franchised hotels | 2,058 | 2,058 | 166 | 160 | -3.8 % | 180 | 180 | -0.2 % | 92.2 % | 88.9 % | -3.3 % | |
| Midscale and upscale hotels | 950 | 950 | 269 | 261 | -3.2 % | 323 | 317 | -1.8 % | 83.4 % | 82.2 % | -1.2 % | |
| Leased and owned hotels | 199 | 199 | 332 | 317 | -4.6 % | 385 | 374 | -3.0 % | 86.3 % | 84.9 % | -1.4 % | |
| Manachised and franchised hotels | 751 | 751 | 245 | 239 | -2.5 % | 298 | 294 | -1.2 % | 82.3 % | 81.2 % | -1.1 % | |
| Total | 3,417 | 3,417 | 201 | 194 | -3.1 % | 224 | 224 | -0.3 % | 89.5 % | 87.0 % | -2.5 % | |

About Huazhu Group Limited

Huazhu Group Limited is a leading hotel operator and franchisor. As of December 31, 2019, Huazhu operated 5,618 hotels with 536,876 rooms in operation. Huazhu's brands include Hi Inn, Elan Hotel, HanTing Hotel, HanTing Premium Hotel, Ji Hotel, Starway Hotel, Orange Hotel Select, Crystal Orange Hotel, Manxin Hotels & Resorts, Joya Hotel, and Blossom Hill Hotels & Resorts. Huazhu also has the rights as master franchisee for Mercure, Ibis and Ibis Styles, and co-development rights for Grand Mercure and Novotel, in the pan-China region. Huazhu completed the acquisition of Deutsche Hospitality on January 2, 2020, further expanding our brands portfolio to include Steigenberger Hotels & Resorts, Maxx by Steigenberger, Jaz Hotel, Intercity Hotel and Zleep Hotel.

Huazhu's business includes leased and owned, manachised and franchised models. Under the lease and ownership model, Huazhu directly operates hotels typically located on leased or owned properties. Under the manachise model, Huazhu manages manachised hotels through the on-site hotel managers Huazhu appoints and collects fees from franchisees. Under the franchise model, Huazhu provides training, reservations and support services to the franchised hotels, and collects fees from franchisees but does not appoint on-site hotel managers. Huazhu applies a consistent standard and platform across all of its hotels. As of December 31, 2019, Huazhu operates 16 percent of its hotel rooms under lease and ownership model, and 84 percent under manachise and franchise models.

For more information, please visit Huazhu's website: <http://ir.huazhu.com>.

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Huazhu undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

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