



Huazhu Group Limited Announces Preliminary Results for Hotel Operations in the Fourth Quarter and the Full Year of 2021

20/01/2022

SHANGHAI, China, Jan. 20, 2022 (GLOBE NEWSWIRE) -- Huazhu Group Limited (NASDAQ: HTHT and HKEX: 1179) ("Huazhu", "we" or "our"), a world-leading hotel group, today announced preliminary results for hotel operations in the fourth quarter ("Q4 2021") and the full year ended December 31, 2021.

COVID-19 update

For our Legacy-Huazhu business, RevPAR recovery in Q4 2021 was still significantly impacted by several COVID-19 resurgences in China. In terms of monthly breakdown, our RevPAR recovered to 90%, 76%, and 90% of the levels in October, November, and December 2019, respectively. Entering into 2022, we saw that the COVID-19 pandemic was still lingering in several cities and provinces, such as Xi'an, Tianjin and Henan Province, etc. Additionally, the new Omicron variant was also detected recently in several cities in China. More importantly, travelling restrictions are expected to be stricter in Beijing and its surrounding areas in anticipation of the upcoming Beijing Olympic Winter Games. Therefore, all the above factors would increase uncertainties and pressures to our RevPAR recovery in the first quarter of 2022.

After continuous business recovery in Q3 2021 thanks to the progress of vaccination campaign and easing of restrictions, Steigenberger Hotels AG and its subsidiaries ("DH") in Q4 2021 were impacted by tightened governmental control measures and testing requirements due to the third and fourth waves of the COVID-19 pandemic in European countries. As a result, the recovery trend of DH was disrupted in November 2021, as RevPAR and occupancy numbers declined compared to those in the summer. In terms of vaccination, as of January 18, 2022, approximately 75% of the entire German population has received at least one dose and approximately 72% of the population has been fully vaccinated, and 47% has received the third dose. RevPAR recovery in the near-term is expected to remain under pressure due to the recent Omicron variant. However, we believe that the RevPAR recovery trend will quickly resume once the number of COVID cases start to decline.

Meanwhile, DH continues its effort to implement a comprehensive cash and cash flow improvement program, especially focusing on personnel cost reduction, process optimization and negotiation of further lease waivers. In addition, government subsidy was received in December 2021.

Operating Results: Legacy-Huazhu⁽¹⁾

| | Number of hotels | | | As of December 31, 2021 ⁽³⁾ | Number of rooms As of December 31, 2021 |
|----------------------------------|-------------------|----------------------------------|----------------------|--|--|
| | Opened in Q4 2021 | Closed ⁽²⁾ in Q4 2021 | Net added in Q4 2021 | | |
| Leased and owned hotels | 7 | (8) | (1) | 662 | 91,284 |
| Manachised and franchised hotels | 436 | (74) | 362 | 7,044 | 636,859 |
| Total | 443 | (82) | 361 | 7,706 | 728,143 |

(1) Legacy-Huazhu refers to Huazhu and its subsidiaries, excluding DH.

(2) The reasons for hotel closures mainly included non-compliance with our brand standards, operating losses, and property-related issues. In Q4 2021, we temporarily closed 9 hotels for brand upgrade and business model change purposes.

(3) As of December 31, 2021, 147 hotels were requisitioned by governmental authorities.

| | As of December 31, 2021 | |
|------------------------------------|-------------------------|-----------------------------|
| | Number of hotels | Unopened hotels in pipeline |
| Economy hotels | 4,772 | 1,194 |
| Leased and owned hotels | 397 | 3 |
| Manachised and franchised hotels | 4,375 | 1,191 |
| Midscale and upscale hotels | 2,934 | 1,377 |
| Leased and owned hotels | 265 | 15 |
| Manachised and franchised hotels | 2,669 | 1,362 |
| Total | 7,706 | 2,571 |

Operational hotels excluding hotels under requisition

| | For the quarter ended | | | |
|----------------------------------|-----------------------|--------------------|-------------------|------------|
| | December 31, 2020 | September 30, 2021 | December 31, 2021 | yoy change |
| Average daily room rate (in RMB) | | | | |
| Leased and owned hotels | 272 | 296 | 286 | 5.1% |

| | | | | |
|---|-------|-------|-------|-----------|
| Manachised and franchised hotels | 224 | 238 | 232 | 3.9% |
| Blended | 231 | 246 | 239 | 3.7% |
| <i>Occupancy Rate (as a percentage)</i> | | | | |
| Leased and owned hotels | 79.6% | 69.7% | 67.4% | -12.2p.p. |
| Manachised and franchised hotels | 80.8% | 72.2% | 68.4% | -12.4p.p. |
| Blended | 80.6% | 71.9% | 68.2% | -12.4p.p. |
| <i>RevPAR (in RMB)</i> | | | | |
| Leased and owned hotels | 217 | 206 | 193 | -11.0% |
| Manachised and franchised hotels | 181 | 172 | 159 | -12.1% |
| Blended | 186 | 177 | 163 | -12.2% |

| | For the quarter ended | | |
|---|-----------------------|----------------------|---------------|
| | December 31, 2019 | December 31, 2021 | yoy change |
| <i>Average daily room rate (in RMB)</i> | | | |
| Leased and owned hotels | 277 | 286 | 3.2% |
| Manachised and franchised hotels | 223 | 232 | 4.5% |
| Blended | 232 | 239 | 3.1% |
| <i>Occupancy Rate (as a percentage)</i> | | | |
| Leased and owned hotels | 84.7% | 67.4% | -17.4p.p. |
| Manachised and franchised hotels | 81.6% | 68.4% | -13.3p.p. |
| Blended | 82.2% | 68.2% | -13.9p.p. |
| <i>RevPAR (in RMB)</i> | | | |
| Leased and owned hotels | 235 | 193 | -17.9% |
| Manachised and franchised hotels | 182 | 159 | -12.5% |
| Blended | 191 | 163 | -14.4% |

| | For the year ended | | |
|---|----------------------|----------------------|---------------|
| | December 31, 2020 | December 31, 2021 | yoy change |
| <i>Average daily room rate (in RMB)</i> | | | |
| Leased and owned hotels | 241 | 286 | 18.7% |
| Manachised and franchised hotels | 204 | 232 | 13.3% |
| Blended | 210 | 239 | 13.8% |
| <i>Occupancy Rate (as a percentage)</i> | | | |
| Leased and owned hotels | 68.9% | 70.6% | +1.7 p.p. |
| Manachised and franchised hotels | 71.4% | 72.4% | +1.0 p.p. |
| Blended | 71.0% | 72.2% | +1.2 p.p. |
| <i>RevPAR (in RMB)</i> | | | |
| Leased and owned hotels | 166 | 202 | 21.7% |
| Manachised and franchised hotels | 146 | 168 | 14.9% |
| Blended | 149 | 172 | 15.6% |

| | For the year ended | | |
|---|----------------------|----------------------|---------------|
| | December 31, 2019 | December 31, 2021 | yoy change |
| <i>Average daily room rate (in RMB)</i> | | | |
| Leased and owned hotels | 276 | 286 | 3.5% |
| Manachised and franchised hotels | 224 | 232 | 3.2% |
| Blended | 234 | 239 | 2.0% |
| <i>Occupancy Rate (as a percentage)</i> | | | |
| Leased and owned hotels | 87.0% | 70.6% | -16.3p.p. |
| Manachised and franchised hotels | 83.8% | 72.4% | -11.4p.p. |
| Blended | 84.4% | 72.2% | -12.2p.p. |
| <i>RevPAR (in RMB)</i> | | | |
| Leased and owned hotels | 240 | 202 | -15.9% |
| Manachised and franchised hotels | 188 | 168 | -10.8% |

Same-hotel operational data by class

Mature hotels in operation for more than 18 months (excluding hotels under requisition)

| | <u>Number of hotels</u> | | <u>Same-hotel RevPAR</u> | | | <u>Same-hotel ADR</u> | | | <u>Same-hotel Occupancy</u> | | |
|------------------------------------|---------------------------|--------------|---|-------------|---------------|---|-------------|---------------|---|--------------|---------------|
| | <u>As of December 31,</u> | | <u>For the quarter ended December 31,</u> | | <u>yoy</u> | <u>For the quarter ended December 31,</u> | | <u>yoy</u> | <u>For the quarter ended December 31,</u> | | <u>yoy</u> |
| | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>change</u> | <u>2020</u> | <u>2021</u> | <u>change</u> | <u>2020</u> | <u>2021</u> | <u>(p.p.)</u> |
| Economy hotels | 3,341 | 3,341 | 152 | 128 | -15.6% | 179 | 180 | 0.8% | 85.2% | 71.4% | -13.8 |
| Leased and owned hotels | 388 | 388 | 170 | 146 | -14.1% | 201 | 204 | 1.1% | 84.6% | 71.9% | -12.7 |
| Manachised and franchised hotels | 2,953 | 2,953 | 149 | 125 | -15.9% | 174 | 175 | 0.6% | 85.3% | 71.3% | -14.0 |
| Midscale and upscale hotels | 1,734 | 1,734 | 247 | 208 | -15.7% | 314 | 312 | -0.5% | 78.7% | 66.7% | -12.0 |
| Leased and owned hotels | 222 | 222 | 280 | 238 | -15.1% | 378 | 378 | 0.2% | 74.2% | 62.8% | -11.4 |
| Manachised and franchised hotels | 1,512 | 1,512 | 240 | 202 | -15.9% | 301 | 299 | -0.8% | 79.7% | 67.6% | -12.1 |
| Total | 5,075 | 5,075 | 192 | 162 | -15.6% | 232 | 233 | 0.3% | 82.5% | 69.4% | -13.1 |

| | <u>Number of hotels</u> | | <u>Same-hotel RevPAR</u> | | | <u>Same-hotel ADR</u> | | | <u>Same-hotel Occupancy</u> | | |
|------------------------------------|---------------------------|--------------|---|-------------|---------------|---|-------------|---------------|---|--------------|---------------|
| | <u>As of December 31,</u> | | <u>For the quarter ended December 31,</u> | | <u>yoy</u> | <u>For the quarter ended December 31,</u> | | <u>yoy</u> | <u>For the quarter ended December 31,</u> | | <u>yoy</u> |
| | <u>2019</u> | <u>2021</u> | <u>2019</u> | <u>2021</u> | <u>change</u> | <u>2019</u> | <u>2021</u> | <u>change</u> | <u>2019</u> | <u>2021</u> | <u>(p.p.)</u> |
| Economy hotels | 2,442 | 2,442 | 163 | 130 | -20.1% | 186 | 181 | -2.8% | 87.9% | 72.2% | -15.7 |
| Leased and owned hotels | 380 | 380 | 185 | 145 | -21.8% | 211 | 202 | -4.4% | 87.7% | 71.7% | -16.0 |
| Manachised and franchised hotels | 2,062 | 2,062 | 158 | 127 | -19.7% | 179 | 175 | -2.4% | 87.9% | 72.3% | -15.6 |
| Midscale and upscale hotels | 1,160 | 1,160 | 269 | 206 | -23.5% | 325 | 313 | -3.7% | 82.9% | 65.9% | -17.0 |
| Leased and owned hotels | 187 | 187 | 329 | 229 | -30.6% | 394 | 369 | -6.5% | 83.5% | 62.0% | -21.5 |
| Manachised and franchised hotels | 973 | 973 | 253 | 200 | -21.0% | 305 | 298 | -2.4% | 82.7% | 66.9% | -15.8 |
| Total | 3,602 | 3,602 | 204 | 160 | -21.7% | 237 | 229 | -3.5% | 86.0% | 69.7% | -16.2 |

Same-hotel operational data by class

Mature hotels in operation for more than 18 months (excluding hotels under requisition)

| | <u>Number of hotels</u> | | <u>Same-hotel RevPAR</u> | | | <u>Same-hotel ADR</u> | | | <u>Same-hotel Occupancy</u> | | |
|------------------------------------|---------------------------|--------------|--|-------------|---------------|--|-------------|---------------|--|--------------|---------------|
| | <u>As of December 31,</u> | | <u>For the year ended December 31,</u> | | <u>yoy</u> | <u>For the year ended December 31,</u> | | <u>yoy</u> | <u>For the year ended December 31,</u> | | <u>yoy</u> |
| | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>change</u> | <u>2020</u> | <u>2021</u> | <u>change</u> | <u>2020</u> | <u>2021</u> | <u>(p.p.)</u> |
| Economy hotels | 3,341 | 3,341 | 125 | 138 | 10.8% | 164 | 182 | 10.8% | 75.8% | 75.8% | +0.0 |
| Leased and owned hotels | 388 | 388 | 131 | 153 | 17.3% | 179 | 206 | 15.0% | 73.0% | 74.5% | +1.5 |
| Manachised and franchised hotels | 2,953 | 2,953 | 123 | 135 | 9.3% | 161 | 177 | 9.7% | 76.4% | 76.1% | -0.3 |
| Midscale and upscale hotels | 1,734 | 1,734 | 202 | 221 | 9.3% | 289 | 315 | 8.8% | 69.8% | 70.1% | +0.3 |
| Leased and owned hotels | 222 | 222 | 219 | 250 | 14.2% | 338 | 378 | 11.7% | 64.8% | 66.2% | +1.4 |
| Manachised and franchised hotels | 1,512 | 1,512 | 198 | 214 | 8.1% | 279 | 301 | 8.0% | 70.9% | 71.0% | +0.1 |
| Total | 5,075 | 5,075 | 156 | 172 | 10.2% | 213 | 234 | 10.0% | 73.3% | 73.5% | +0.1 |

| <u>Number of hotels</u> | <u>Same-hotel RevPAR</u> | | <u>Same-hotel ADR</u> | | <u>Same-hotel Occupancy</u> | |
|-------------------------|--------------------------|------------|-----------------------|------------|-----------------------------|------------|
| <u>As of</u> | <u>For the year</u> | <u>yoy</u> | <u>For the year</u> | <u>yoy</u> | <u>For the year</u> | <u>yoy</u> |

| | December 31, | | ended December 31, | | | ended December 31, | | | ended December 31, | | |
|------------------------------------|--------------|--------------|--------------------|------------|---------------|--------------------|------------|--------------|--------------------|--------------|---------------|
| | 2019 | 2021 | 2019 | 2021 | change | 2019 | 2021 | change | 2019 | 2021 | change (p.p.) |
| Economy hotels | 2,442 | 2,442 | 172 | 138 | -19.8% | 190 | 182 | -4.7% | 90.2% | 75.9% | -14.3 |
| Leased and owned hotels | 380 | 380 | 193 | 151 | -21.6% | 213 | 203 | -4.4% | 90.7% | 74.4% | -16.3 |
| Manachised and franchised hotels | 2,062 | 2,062 | 166 | 134 | -19.3% | 185 | 176 | -4.7% | 90.1% | 76.3% | -13.7 |
| Midscale and upscale hotels | 1,160 | 1,160 | 275 | 218 | -20.8% | 331 | 315 | -4.8% | 83.0% | 69.0% | -14.0 |
| Leased and owned hotels | 187 | 187 | 335 | 244 | -26.9% | 398 | 371 | -6.8% | 84.1% | 65.9% | -18.2 |
| Manachised and franchised hotels | 973 | 973 | 256 | 209 | -18.4% | 310 | 299 | -3.6% | 82.7% | 70.0% | -12.7 |
| Total | 3,602 | 3,602 | 209 | 167 | -20.1% | 238 | 227 | -4.7% | 87.6% | 73.4% | -14.2 |

Operating Results: Legacy-DH⁽⁴⁾

| | Number of hotels | | | | Number of rooms | Unopened hotels in pipeline |
|----------------------------------|-------------------|-------------------|----------------------|--|-------------------------|-----------------------------|
| | Opened in Q4 2021 | Closed in Q4 2021 | Net added in Q4 2021 | As of December 31, 2021 ⁽⁵⁾ | As of December 31, 2021 | As of December 31, 2021 |
| Leased hotels | 1 | - | 1 | 76 | 14,264 | 28 |
| Manachised and franchised hotels | 3 | (1) | 2 | 48 | 10,809 | 9 |
| Total | 4 | (1) | 3 | 124 | 25,073 | 37 |

(4) Legacy-DH refers to DH.

(5) As of December 31, 2021, a total of 4 hotels were temporarily closed. 1 hotel was closed for renovation and 1 hotel was closed due to flood damage. Additionally, 1 hotel was in winter break and 1 hotel was temporarily closed due to low demand.

| | For the quarter ended | | | |
|---|-----------------------|--------------------|-------------------|------------|
| | December 31, 2020 | September 30, 2021 | December 31, 2021 | yoy change |
| <i>Average daily room rate (in EUR)</i> | | | | |
| Leased hotels | 78 | 94 | 95 | 21.6% |
| Manachised and franchised hotels | 73 | 104 | 93 | 26.6% |
| Blended | 76 | 99 | 94 | 23.5% |
| <i>Occupancy rate (as a percentage)</i> | | | | |
| Leased hotels | 20.9% | 48.0% | 42.8% | +22.0 p.p. |
| Managed and franchised hotels | 25.4% | 49.4% | 50.7% | +25.3 p.p. |
| Blended | 22.5% | 48.6% | 46.1% | +23.6 p.p. |
| <i>RevPAR (in EUR)</i> | | | | |
| Leased hotels | 16 | 45 | 41 | 149.6% |
| Managed and franchised hotels | 19 | 52 | 47 | 152.7% |
| Blended | 17 | 48 | 43 | 152.6% |

| | For the year ended | | |
|---|--------------------|-------------------|------------|
| | December 31, 2020 | December 31, 2021 | yoy change |
| <i>Average daily room rate (in EUR)</i> | | | |
| Leased and owned hotels | 89 | 91 | 2.2% |
| Manachised and franchised hotels | 85 | 89 | 4.8% |
| Blended | 88 | 90 | 3.0% |
| <i>Occupancy rate (as a percentage)</i> | | | |
| Leased and owned hotels | 33.9% | 31.6% | -2.3 p.p. |
| Manachised and franchised hotels | 36.3% | 40.5% | +4.2 p.p. |
| Blended | 34.8% | 35.2% | +0.3 p.p. |
| <i>RevPAR (in EUR)</i> | | | |
| Leased and owned hotels | 30 | 29 | -4.6% |
| Manachised and franchised hotels | 31 | 36 | 16.8% |
| Blended | 31 | 32 | 4.0% |

Hotel Portfolio by Brand

| | As of December 31, 2021 | | |
|---|-------------------------|----------------|-----------------------------|
| | Hotels | Rooms | Unopened hotels in pipeline |
| | in operation | | |
| Economy hotels | 4,786 | 387,895 | 1,206 |
| HanTing Hotel | 3,027 | 274,118 | 696 |
| Hi Inn | 443 | 24,674 | 117 |
| Elan Hotel ⁽⁶⁾ | 1,083 | 64,606 | 353 |
| Ibis Hotel | 219 | 22,834 | 28 |
| Zleep Hotels | 14 | 1,663 | 12 |
| Midscale hotels | 2,450 | 271,421 | 1,072 |
| Ibis Styles Hotel | 79 | 8,404 | 21 |
| Starway Hotel | 528 | 44,016 | 252 |
| Ji Hotel | 1,381 | 166,836 | 575 |
| Orange Hotel | 432 | 47,393 | 217 |
| CitiGO Hotel | 30 | 4,772 | 7 |
| Upper midscale hotels | 454 | 67,068 | 264 |
| Crystal Orange Hotel | 144 | 19,190 | 58 |
| Manxin Hotel | 84 | 8,273 | 62 |
| Madison Hotel | 37 | 5,490 | 56 |
| Mercure Hotel | 125 | 21,217 | 50 |
| Novotel Hotel | 15 | 4,032 | 13 |
| IntercityHotel ⁽⁷⁾ | 49 | 8,866 | 25 |
| Upscale hotels | 125 | 23,056 | 61 |
| Jaz in the City | 3 | 587 | 1 |
| Joya Hotel | 9 | 1,760 | 0 |
| Blossom House | 34 | 1,658 | 39 |
| Grand Mercure Hotel | 7 | 1,485 | 3 |
| Steigenberger Hotels & Resorts ⁽⁸⁾ | 65 | 16,389 | 12 |
| MAXX ⁽⁹⁾ | 7 | 1,177 | 6 |
| Others | 15 | 3,776 | 5 |
| Other hotels ⁽¹⁰⁾ | 15 | 3,776 | 5 |
| Total | 7,830 | 753,216 | 2,608 |

(6) As of December 31, 2021, 70 Ni Hao Hotels were included in the operational hotel for Elan Hotels and 163 Ni Hao Hotels were included in the pipeline for Elan Hotels.

(7) As of December 31, 2021, 2 operational hotels and 8 pipeline hotels of IntercityHotel were in China.

(8) As of December 31, 2021, 14 operational hotels and 6 pipeline hotels of Steigenberger Hotels & Resorts were in China.

(9) As of December 31, 2021, 2 operational hotels and 5 pipeline hotels of MAXX were in China.

(10) Other hotels include other partner hotels and other hotel brands in Yongle Huazhu Hotel & Resort Group (excluding Steigenberger Hotels & Resorts and Blossom House).

About Huazhu Group Limited

Originated in China, Huazhu Group Limited is a world-leading hotel group. As of December 31, 2021, Huazhu operated 7,830 hotels with 753,216 rooms in operation in 17 countries. Huazhu's brands include Hi Inn, Elan Hotel, HanTing Hotel, Ji Hotel, Starway Hotel, Orange Hotel, Crystal Orange Hotel, Manxin Hotel, Madison Hotel, Joya Hotel, Blossom House, Ni Hao Hotel and CitiGO Hotel. Upon the completion of the acquisition of DH on January 2, 2020, Huazhu added five brands to its portfolio, including Steigenberger Hotels & Resorts, MAXX by Steigenberger, Jaz in the City, IntercityHotel and Zleep Hotels. In addition, 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'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 that Huazhu appoints, and Huazhu 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, 2021, Huazhu operates 14 percent of its hotel rooms under lease and ownership model, and 86 percent under manachise and franchise models.

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

Safe Harbor Statement Under the U.S. Private Securities Litigation Reform Act of 1995: The information in this release contains forward-looking statements which involve risks and uncertainties. Such factors and risks include our anticipated growth strategies; our future results of operations and financial condition; economic conditions; the regulatory environment; our ability to attract and retain customers and leverage our brands; trends and competition in the lodging industry; the expected growth of demand for lodging; and other factors and risks detailed in our filings with the U.S. Securities and Exchange Commission. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements, which may be identified by terminology such as "may," "should," "will," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "potential," "forecast," "project" or "continue," the negative of such terms or other comparable terminology. Readers should not rely on

forward-looking statements as predictions of future events or results.

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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