China Lodging Group (HTHT.US)

Q1 2017 Earnings Call

May 11, 2017

Agenda

Strategy Review

Operational and Financial Review

Q & A

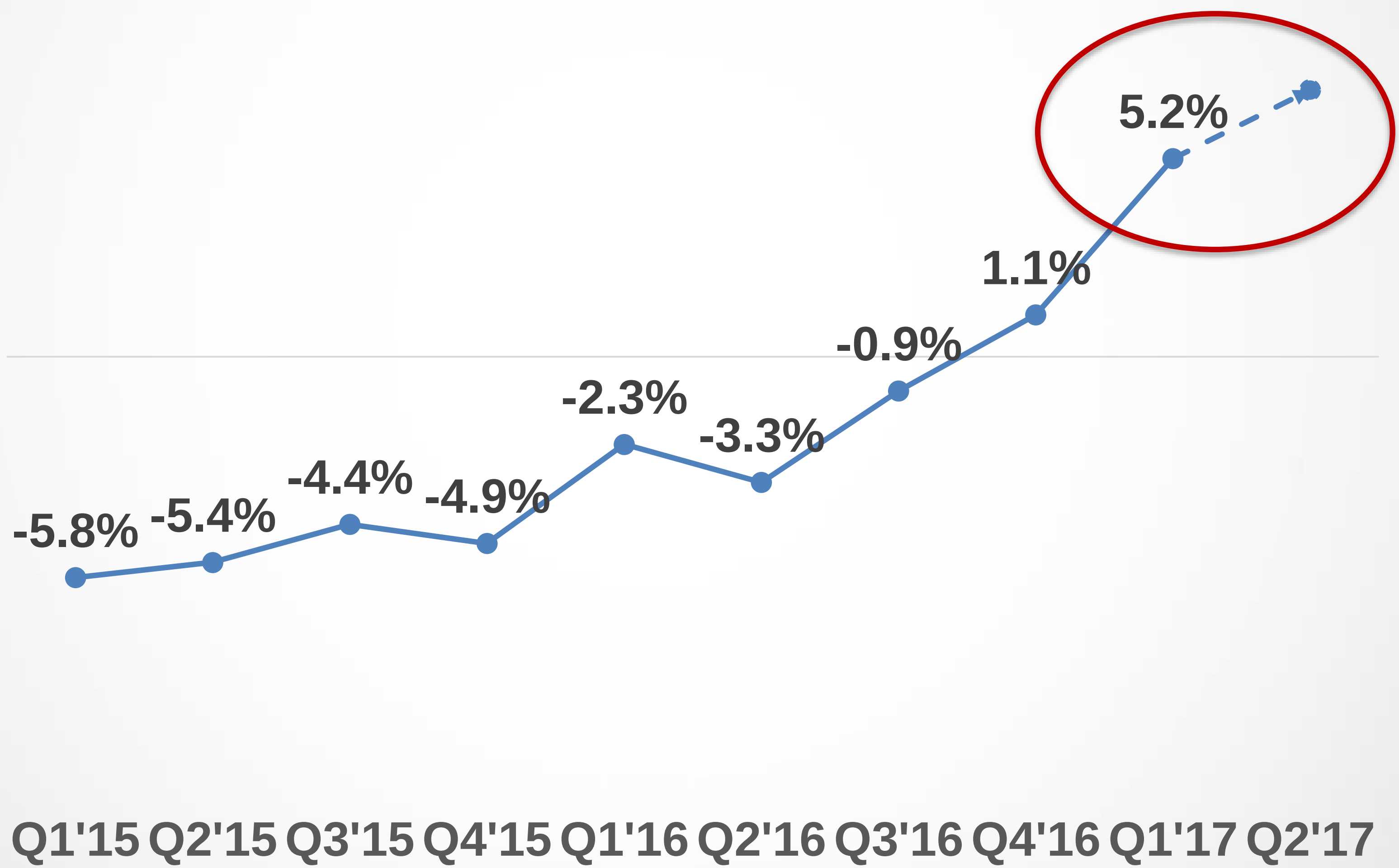
Appendix

华住酒店集团 成就美好生活

Strategic Focus for 2017

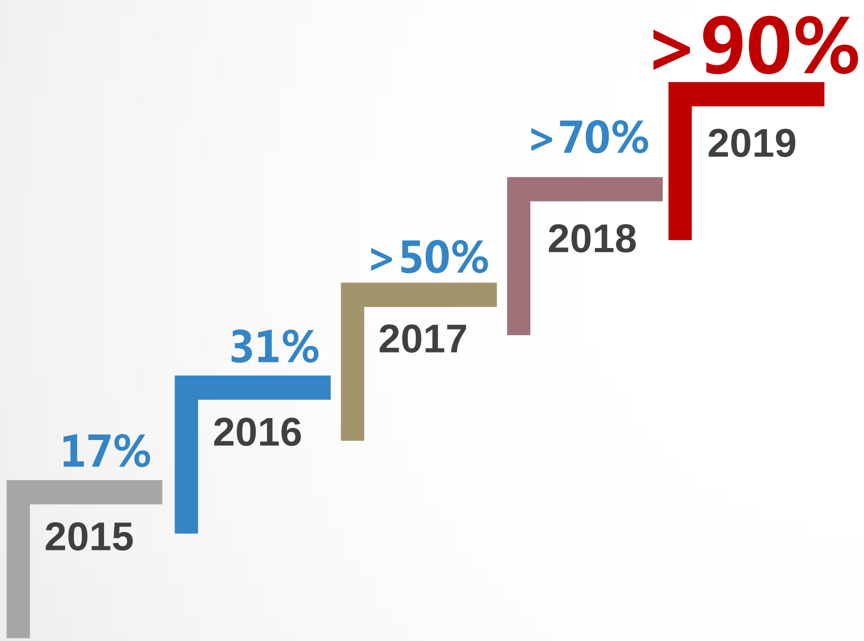
- **Upgrade** for Economy Hotels
- **Multi-brand Strategy - Fast Expansion of Midscale Hotels**
- **Continuous Growth in Same-hotel RevPAR**

HanTing Same-hotel RevPAR Growth Further Accelerated to 5.2% in 17Q1



Upgrade for HanTing is On Track

HanTing 2.0 Upgradation Mid Term Plan



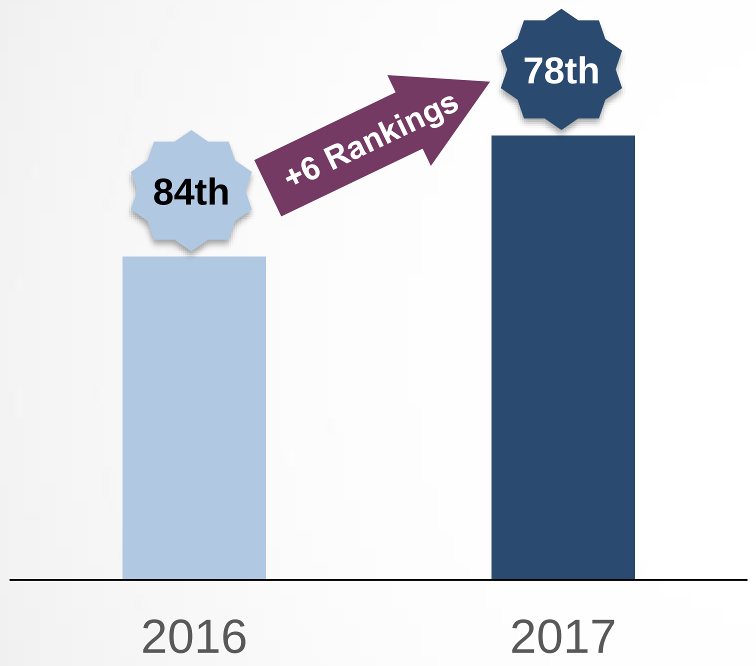
2017Q1: 32%

Note: % of HanTing rooms under HanTing 2.0 model and above

HanTing 2.0 Hotel Design

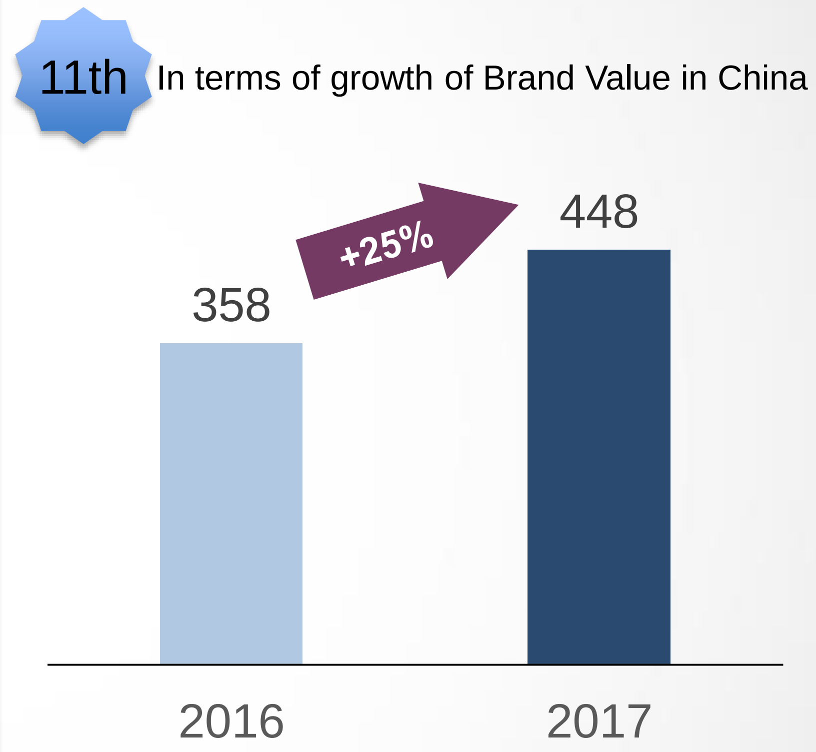
Escalating HanTing's Brand Value

China Brand Value Ranking by BrandZ



China Brand Value

(in USD millions)



BRANDZ™ *provides brand value ranking all over the world, authorized by WPP group; Under the same global standard, BrandZ uses public financial data, reflects the financial contribution of a brand, covers more than 30 countries globally, near 50 thousand brands and 2 million consumer survey in the past 17 years.*

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We Launched 3 "New" Midscale Hotel Products

CitiGo

CitiGO

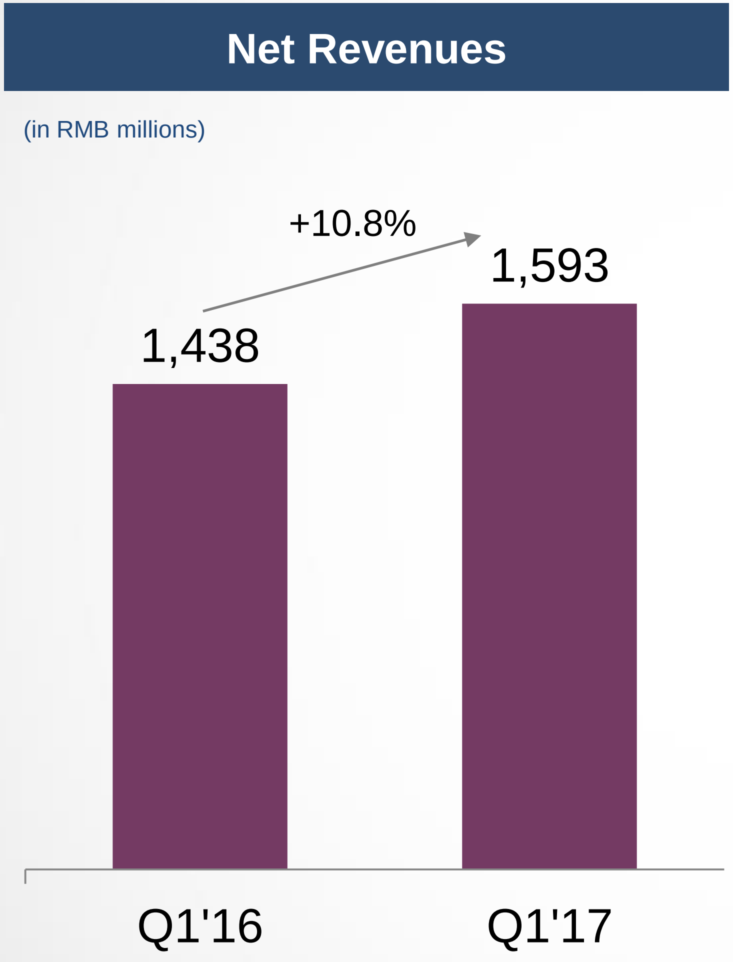
Manxin

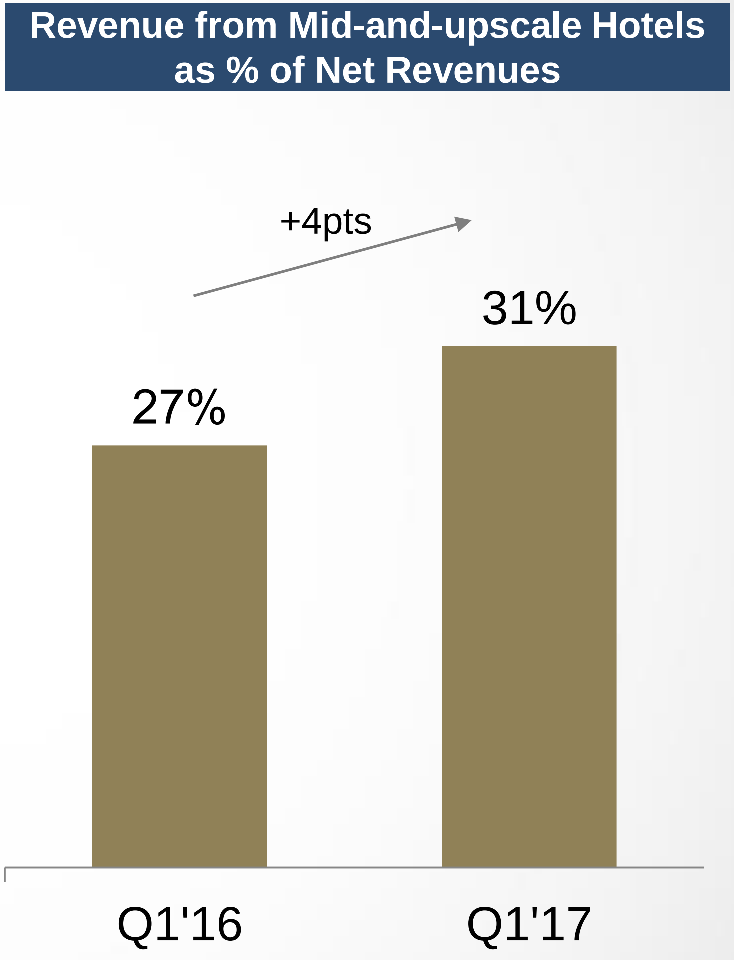
漫心酒店

HanTing Plus

汉庭优佳
HOTEL

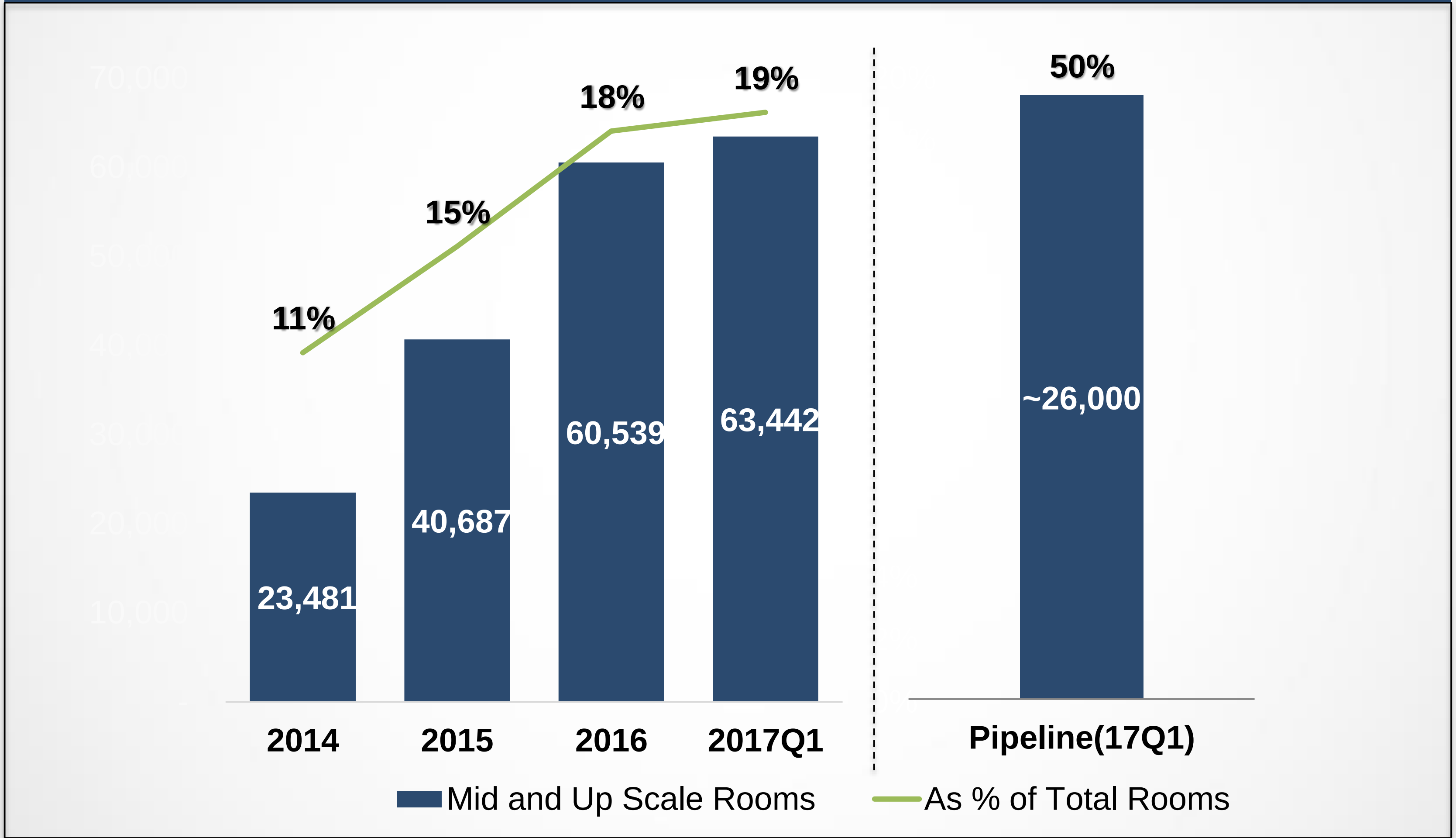
Increasing Revenue Contribution From Mid-and-Up Scale Hotels





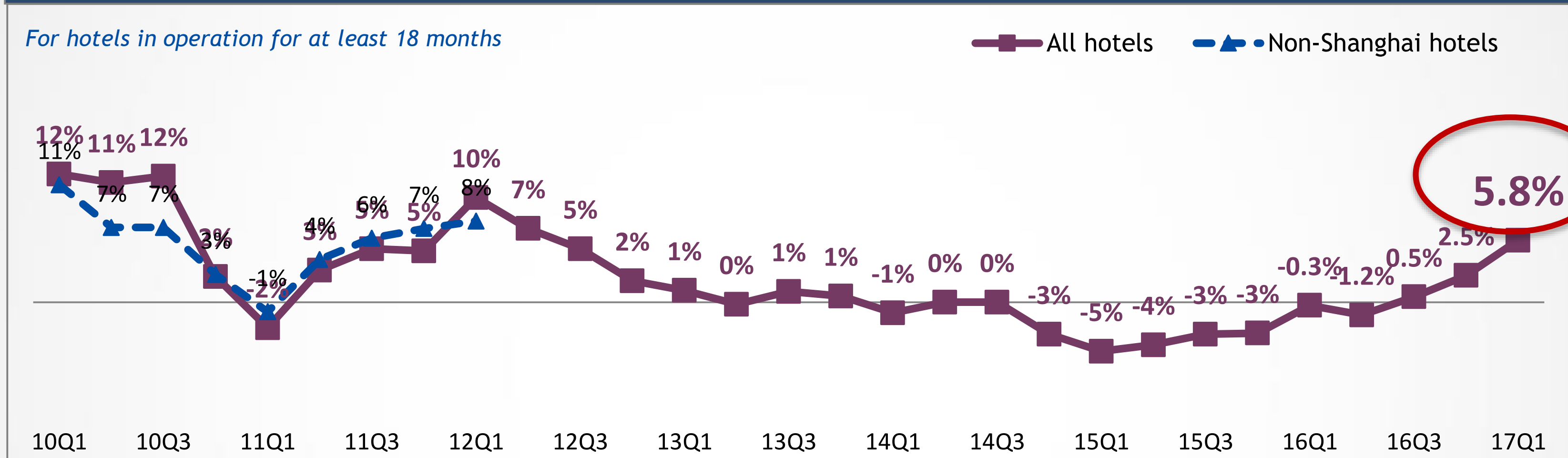
Increasing Proportion of Mid-and-Up Scale Rooms Inventory

Mid-and-Up Scale Rooms

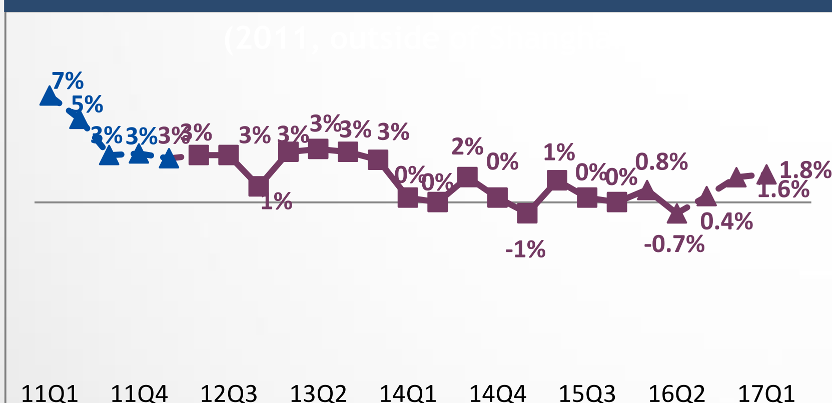


Same-hotel RevPAR Growth Further Accelerated to 5.8% in 17Q1, Highest in 4 Years Since 12Q3

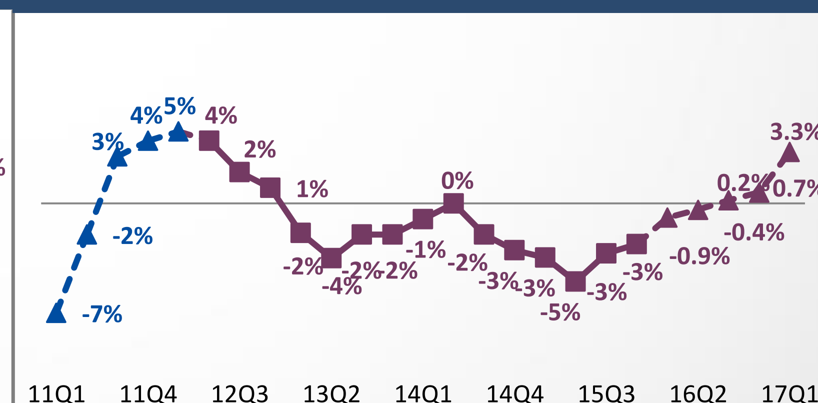
Same-hotel RevPAR Growth



Same-hotel ADR Growth



Same-hotel Occupancy Change



* Normalized for Shanghai Expo

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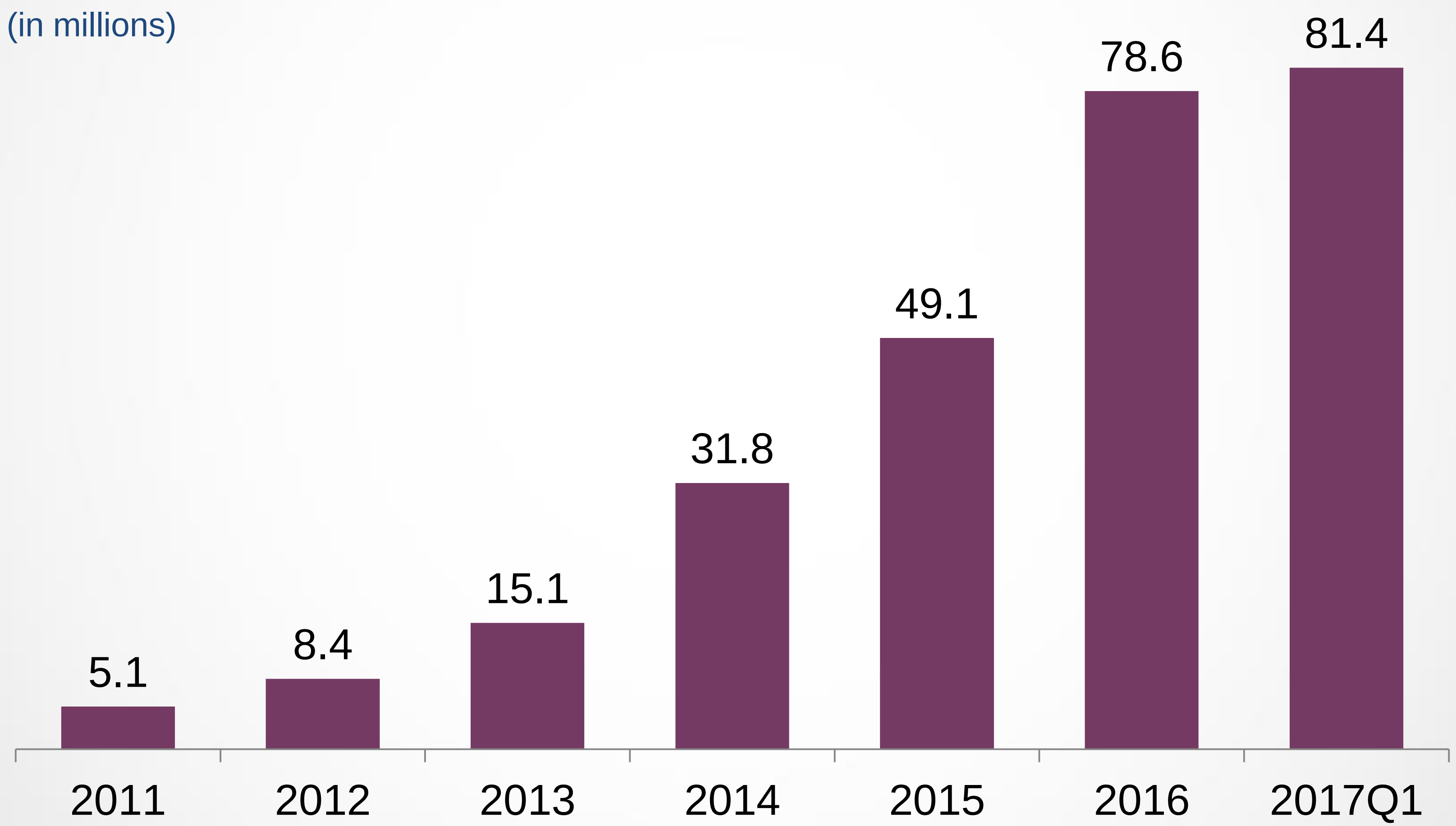
Fast-growing Membership Program

Rapid Growth in Membership Program



华住酒店集团 成就美好生活

Agenda

Strategy Review

Operational and Financial Review

Q & A

Appendix

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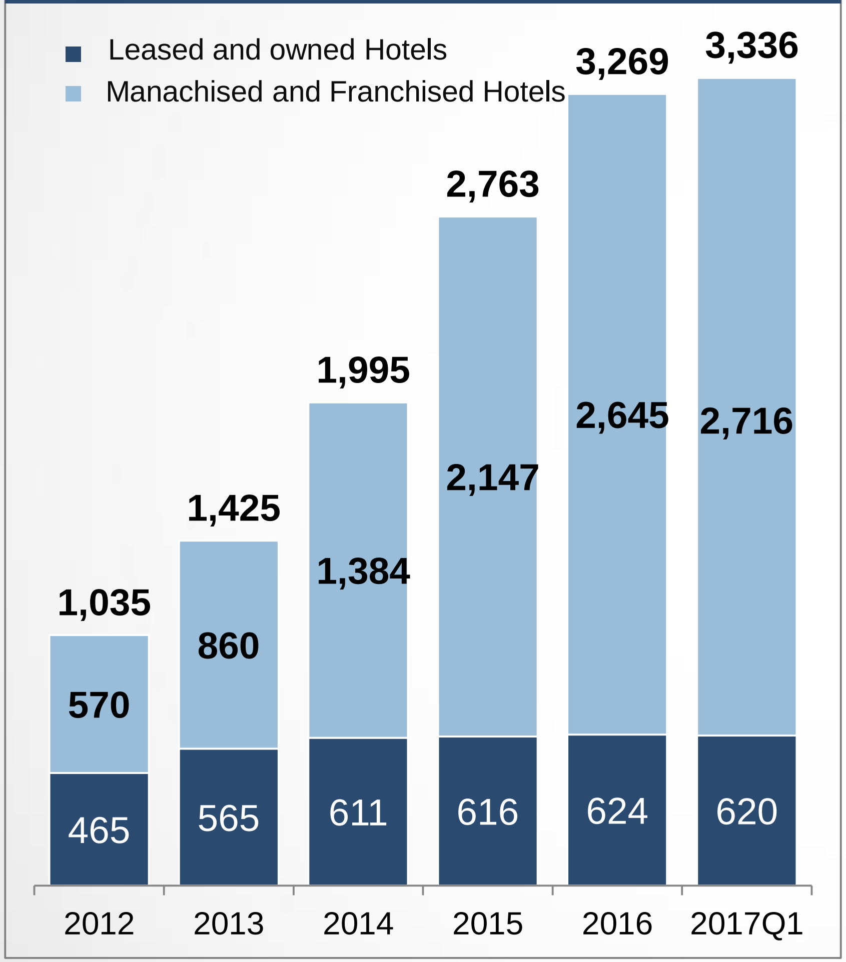
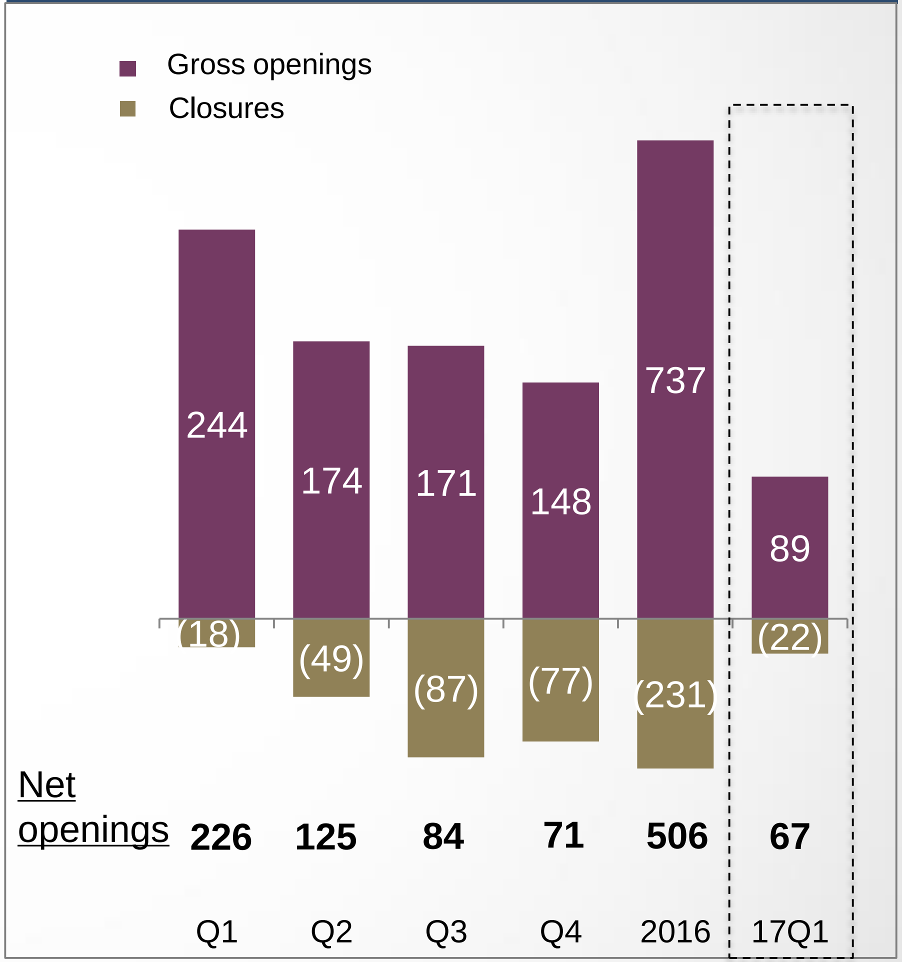
Continue Fast Expansion with Increasing Focus on Quality

Number of Hotels in Operation



Hotel Opening/Closures 2016 Q1– 2017 Q1



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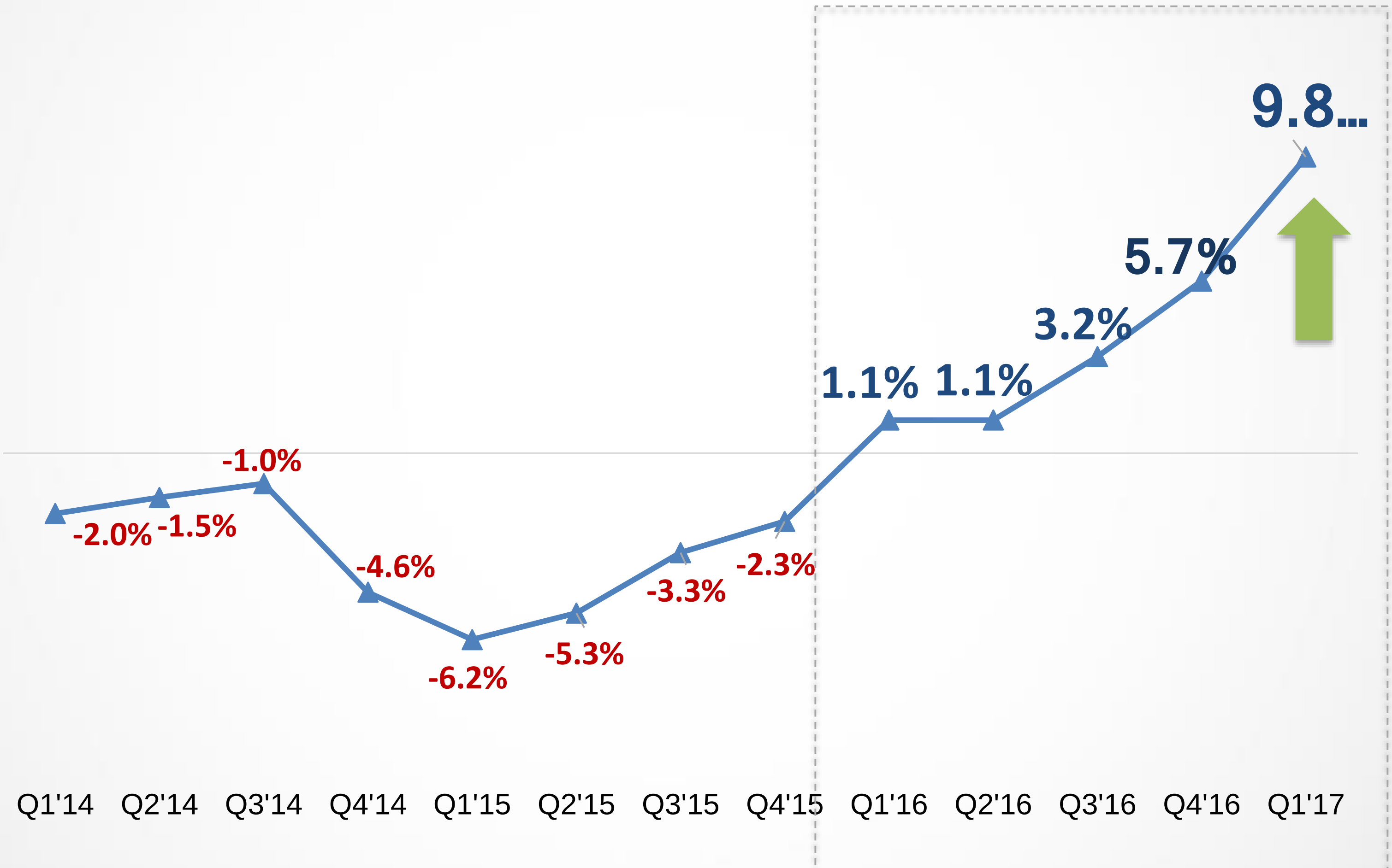
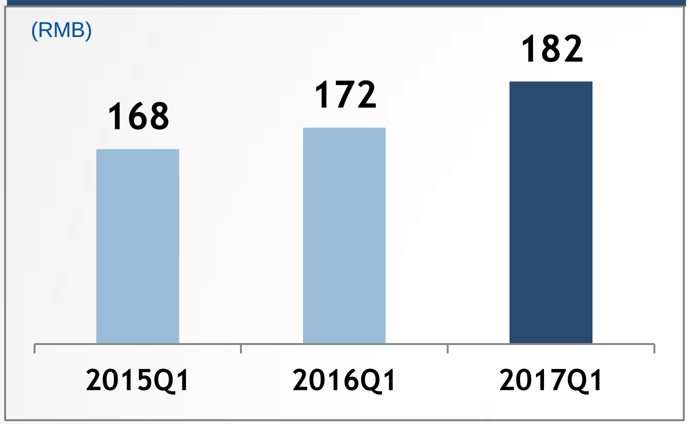
Blended RevPAR Growth Continue to Accelerate in 2017Q1

Quarterly Blended RevPAR Year-over-Year Growth (Q1'14-Q1'17)

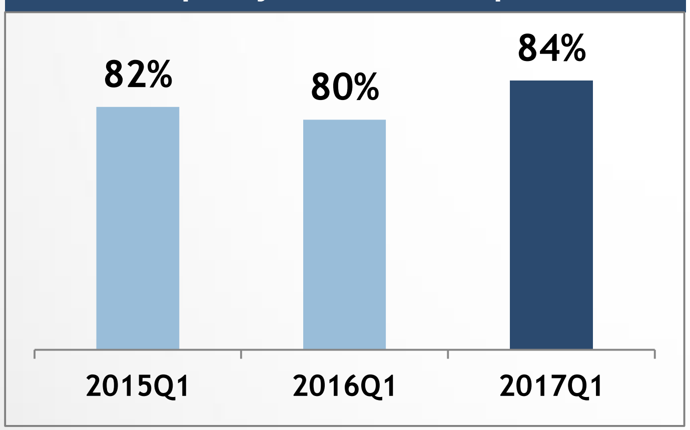


… Driven by Both ADR + Occupancy Growth

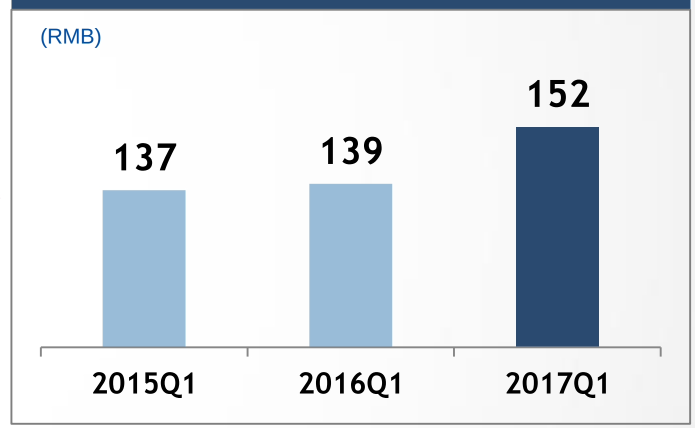
ADR Increased 5.2%



Occupancy Increased 3.5 points



RevPAR Increased 9.8% YOY



Weight of hotel rooms in 1st- and 2nd-tier cities

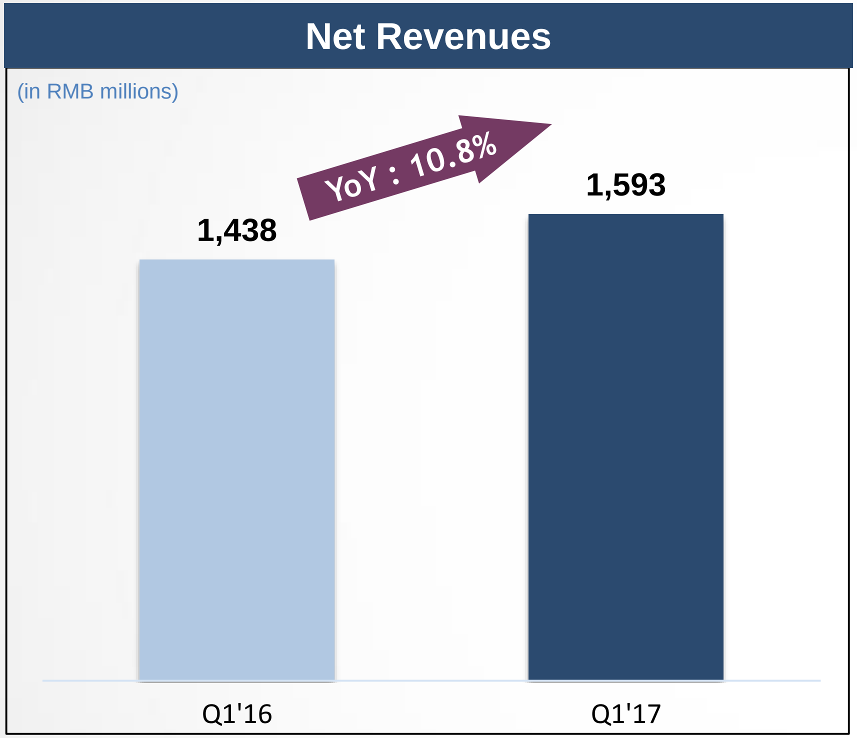
Q1'15	Q1'16	Q1'17
77%	76%	77%

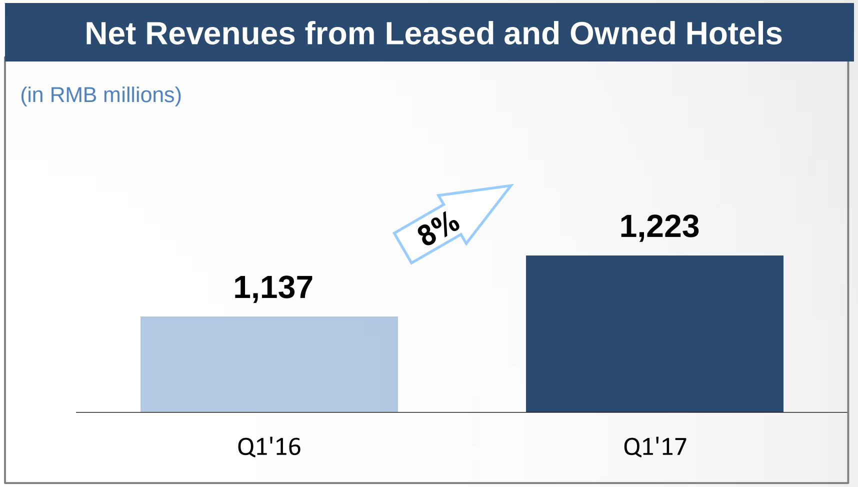
Weight of hotel rooms in midscale and upscale segment

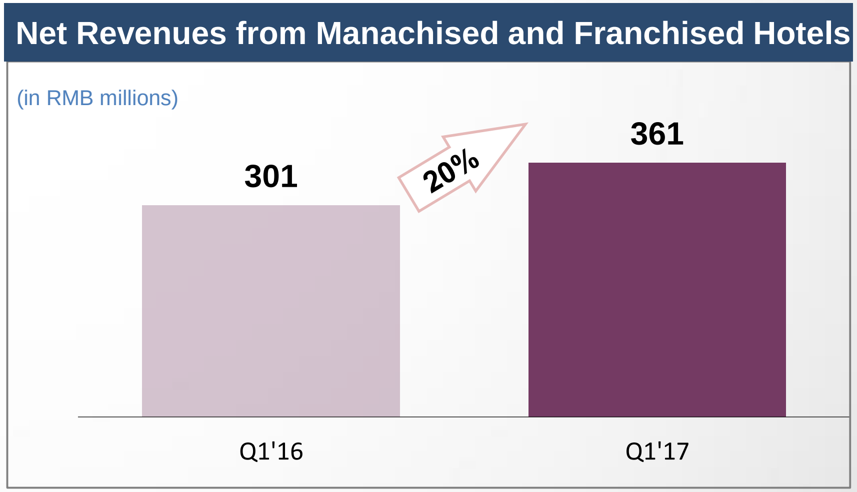
Q1'15	Q1'16	Q1'17
12%	16%	19%

Figures excluding franchised Starway hotels

Net Revenues Increased 10.8% in 17Q1, Higher than Guidance of 7.2%-8.4%





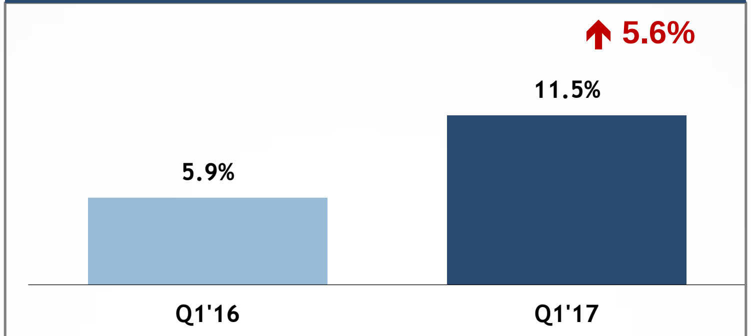


Net Manachised and Franchised Hotels Revenue as % of Net Revenues

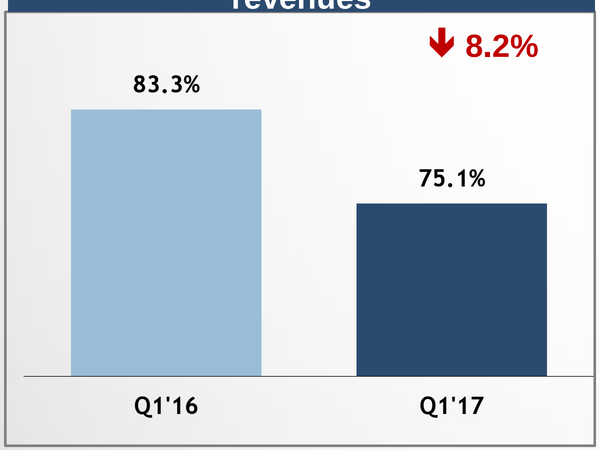
Q1’16	Q1’17
20.9%	22.7%

Adjusted Operating Margin Expanded by 5.6 Pts, or 8.4 Pts for Normalized Operating Margin

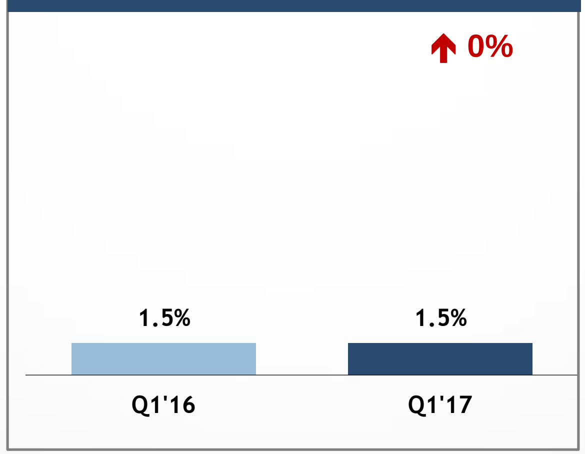
Adjusted Income from Operations [1] as % of Net Revenues



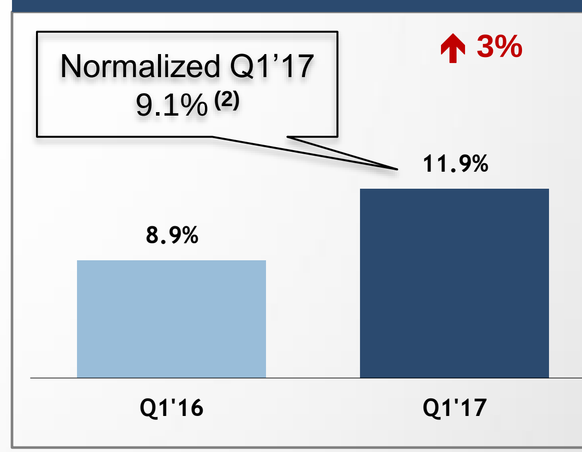
Adj. hotel operating costs [1] and other operating costs as % of net revenues



Pre-opening expenses as % of net revenues



Adj. SG&A Expenses [1] as % of net revenues

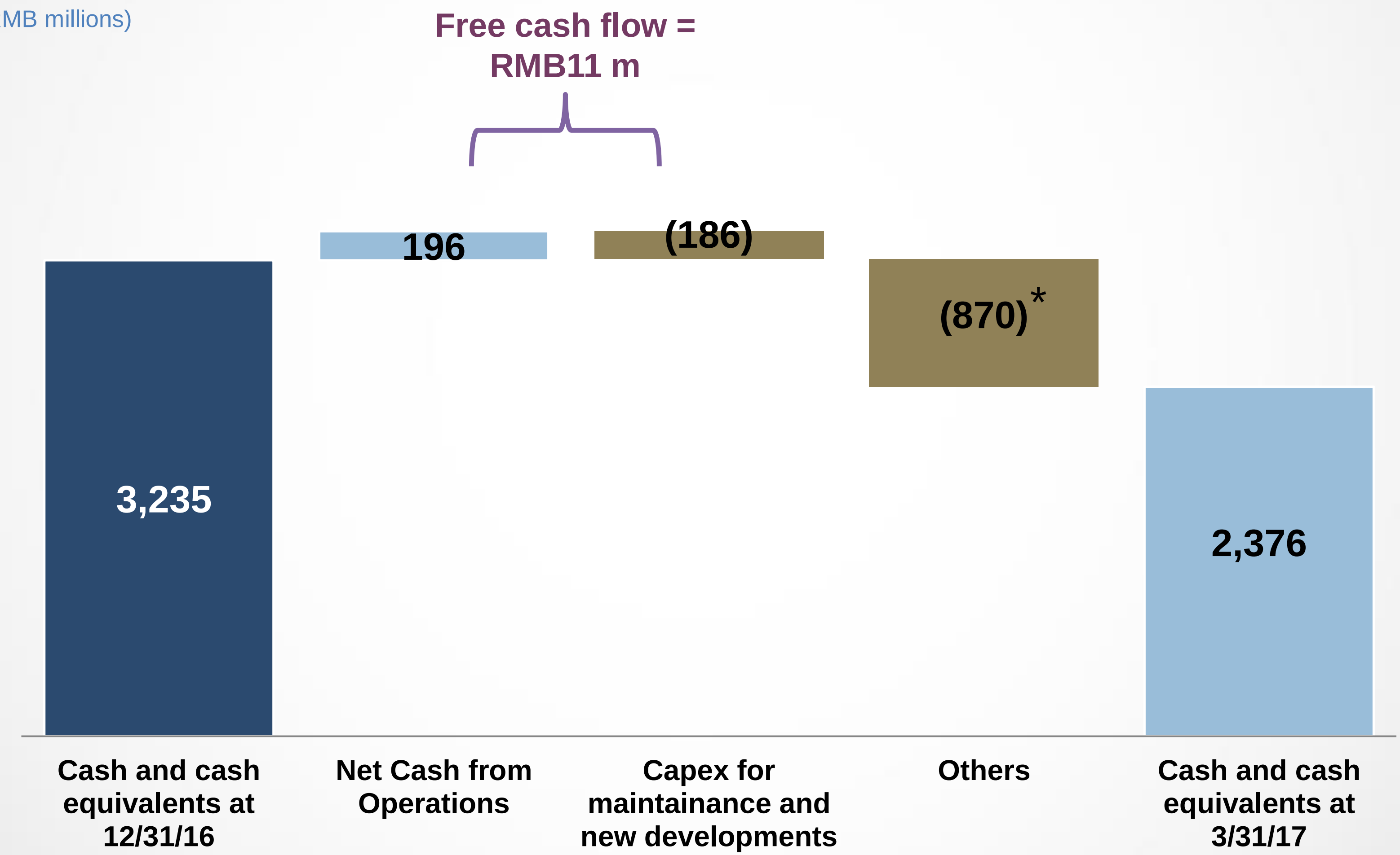


(1) Excluding share-based compensation expenses
(2) Normalize for Crystal Orange one-off transaction fee RMB 45mm

Strong cash balances support capital investments and acquisitions

Abundant Funding Resource for Expansion

(in RMB millions)



Note: *Mainly consist of 700m deposits for Crystal Orange acquisition and other strategic investments

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Guidance

- Expect Q2'17 net revenues to grow **10% to 12%** year-over-year
- Revise-up 2017 full year net revenues growth to **10% to 13%** year-over-year
- Maintain Gross Opening of **450-500** hotels with ~ **40%** in mid-and-up scale
- Expect Crystal Orange acquisition to close in May 2017

Note: The above guidance have not considered the impact of Crystal Orange Hotels acquisition.

Agenda

Strategy Review

Operational and Financial Review

Q & A

Appendix

Agenda

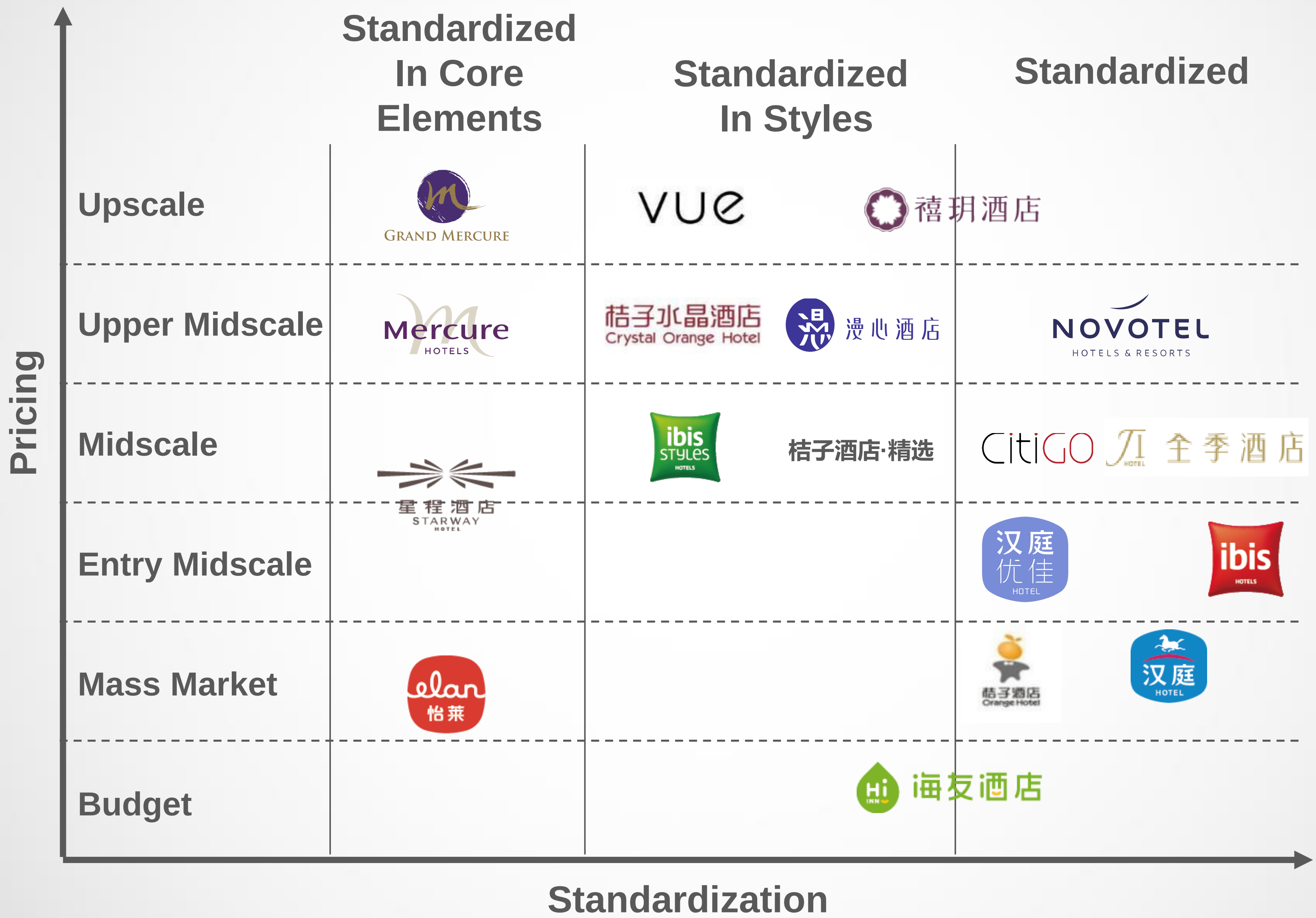
Strategy Review

Operational and Financial Review

Q & A

Appendix

China Lodging Brand Portfolio



Same-Hotel Operational Data by Segment

	Number of hotels in operation		Same-hotel RevPAR			Same-hotel ADR			Same-hotel Occupancy		
	As of		For the quarter ended			For the quarter ended			For the quarter ended		
	June 30,		June 30,		yoy	June 30,		yoy	June 30,		yoy
	2015	2016	2015	2016	change	2015	2016	change	2015	2016	change
Economy hotels	1,739	1,739	152	148	-3.0%	172	168	-1.9%	89%	88%	-1.0%
Leased hotels	522	522	159	152	-4.1%	179	177	-1.6%	88%	86%	-2.3%
Manachised and franchised hot	1,217	1,217	149	146	-2.4%	168	164	-2.0%	89%	89%	-0.3%
Midscale and upscale hotels	160	160	230	250	8.6%	281	290	2.9%	82%	86%	4.5%
Leased hotels	68	68	263	292	11.2%	310	322	3.8%	85%	91%	6.1%
Manachised and franchised hot	92	92	195	204	4.6%	248	251	0.9%	79%	81%	2.8%
Total	1,899	1,899	161	159	-1.2%	183	181	-0.7%	88%	88%	-0.4%

	Number of hotels in operation		Same-hotel RevPAR			Same-hotel ADR			Same-hotel Occupancy		
	As of		For the quarter ended			For the quarter ended			For the quarter ended		
	September 30,		September 30,		yoy	September 30,		yoy	September 30,		yoy
	2015	2016	2015	2016	change	2015	2016	change	2015	2016	change
Economy hotels	1,868	1,868	161	160	-0.8%	177	175	-0.8%	91%	91%	0.0%
Leased hotels	518	518	167	165	-0.9%	184	183	-0.5%	91%	90%	-0.3%
Manachised and franchised hot	1,350	1,350	159	157	-0.8%	173	171	-0.9%	92%	92%	0.1%
Midscale and upscale hotels	182	182	245	263	7.5%	284	299	5.5%	86%	88%	1.6%
Leased hotels	70	70	285	311	8.9%	317	339	6.9%	90%	92%	1.6%
Manachised and franchised hot	112	112	207	218	5.7%	250	259	3.7%	83%	84%	1.6%
Total	2,050	2,050	171	172	0.5%	188	189	0.4%	91%	91%	0.2%

	Number of hotels in operation		Same-hotel RevPAR			Same-hotel ADR			Same-hotel Occupancy		
	As of		For the quarter ended			For the quarter ended			For the quarter ended		
	December 31,		December 31,		yoy	December 31,		yoy	December 31,		yoy
	2015	2016	2015	2016	change	2015	2016	change	2015	2016	change
Economy hotels	1,999	1,999	143	144	1.0%	165	165	0.2%	87%	87%	0.7%
Leased hotels	511	511	149	151	0.9%	175	175	0.3%	86%	86%	0.5%
Manachised and franchised hot	1,488	1,488	140	141	1.1%	160	161	0.2%	87%	88%	0.8%
Midscale and upscale hotels	206	206	231	251	8.9%	274	295	7.6%	84%	85%	1.0%
Leased hotels	72	72	276	301	9.3%	307	336	9.4%	90%	90%	-0.1%
Manachised and franchised hot	134	134	195	211	8.2%	245	259	5.8%	79%	81%	1.9%
Total	2,205	2,205	153	157	2.5%	177	180	1.6%	86%	87%	0.7%

	Number of hotels in operation		Same-hotel RevPAR			Same-hotel ADR			Same-hotel Occupancy		
	As of		For the quarter ended			For the quarter ended			For the quarter ended		
	March 31,		March 31,		yoy	March 31,		yoy	March 31,		yoy
	2016	2017	2016	2017	change	2016	2017	change	2016	2017	change
Economy hotels	2,144	2,144	133	139	5.0%	159	160	0.8%	84%	87%	3.5%
Leased hotels	503	503	139	147	5.7%	167	169	0.9%	83%	87%	3.9%
Manachised and franchised hot	1,641	1,641	130	137	4.7%	155	156	0.8%	84%	87%	3.3%
Midscale and upscale hotels	236	236	214	233	9.2%	265	284	6.9%	81%	82%	1.7%
Leased hotels	76	76	257	279	8.9%	298	324	8.8%	86%	86%	0.1%
Manachised and franchised hot	160	160	182	200	9.5%	239	252	5.4%	76%	79%	3.0%
Total	2,380	2,380	143	151	5.8%	172	175	1.8%	83%	87%	3.3%

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Hotel Breakdown by Brands

Hotel breakdown by brand

	Number of Hotels in Operation				
	As of 12/31/2013	As of 12/31/2014	As of 12/31/2015	As of 12/31/2016	As of 3/31/2017
Economy hotels	**1,309**	**1,819**	**2,453**	**2,813**	**2,852**
HanTing Hotel	1,226	1,648	2,003	2,181	2,203
Leased hotels	473	502	495	486	478
Manachised hotels	753	1,146	1,508	1,694	1,723
Franchised hotels				1	2
Hi Inn	83	158	302	375	387
Leased hotels	41	41	38	36	36
Manachised hotels	42	117	251	294	306
Franchised hotels			13	45	45
Elan Hotel		13	148	185	188
Manachised hotels		13	128	149	151
Franchised hotels			20	36	37
ibis Hotel				72	74
Leased and owned hotels				14	14
Manachised hotels				12	12
Franchised hotels				46	48
Midscale hotels and upscale hc	**116**	**176**	**310**	**456**	**484**
JI Hotel	68	117	186	284	304
Leased hotels	48	62	75	81	84
Manachised hotels	20	55	111	201	217
Franchised hotels				2	3
Starway Hotel	46	55	118	136	141
Leased hotels	1	3	4	2	2
Manachised hotels	20	44	67	96	101
Franchised hotels	25	8	47	38	38
Joya Hotel	1	3	3	6	6
Leased hotels	1	2	2	3	3
Manachised hotels		1	1	3	3
Manxin Hotels & Resorts	1	1	2	2	3
Leased hotels	1	1	1		2
Manachised hotels			1	2	1
ibis Styles Hotel				10	10
Manachised hotels				7	6
Franchised hotels				3	4
Mercure Hotel			1	15	16
Leased hotels			1	2	2
Manachised hotels				12	13
Franchised hotels				1	1
Novotel Hotel				2	2
Manachised hotels				1	1
Franchised hotels				1	1
Grand Mercure Hotel				1	2
Leased hotels					1
Franchised hotels				1	1
Total	**1,425**	**1,995**	**2,763**	**3,269**	**3,336**

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Room Breakdown by Brands

Hotel breakdown by brand

	As of 3/31/2014	As of 3/31/2015	As of 3/31/2016	As of 6/30/2016	As of 9/30/2016	As of 12/31/2016	As of 3/31/2017
Economy hotels	**1,412**	**200,051**	**257,171**	**263,207**	**266,554**	**270,808**	**272,458**
HanTing Hotel	1,319	181,811	209,319	213,481	217,825	221,157	222,059
Leased hotels	481	58,266	56,681	56,461	56,494	56,491	55,443
Manachised hotels	838	123,545	152,638	157,020	161,267	164,602	166,430
Franchised hotels					64	64	186
Hi Inn	93	14,450	22,934	24,144	25,194	25,600	26,129
Leased hotels	40	3,895	3,575	3,429	3,412	3,411	3,349
Manachised hotels	53	10,213	17,482	18,552	19,011	19,361	19,947
Franchised hotels		342	1,877	2,163	2,771	2,828	2,833
Elan Hotel		3,790	12,843	13,338	13,261	13,800	13,655
Manachised hotels		3,427	11,009	11,216	10,935	11,121	11,082
Franchised hotels		363	1,834	2,122	2,326	2,679	2,573
ibis Hotel			12,075	12,244	10,274	10,251	10,615
Leased and owned hotels			2,330	2,562	2,562		2,725
Manachised hotels			1,824	2,339	2,198		1,753
Franchised hotels			7,921	7,343	5,514		6,137
Midscale hotels and ups	**118**	**27,491**	**47,257**	**51,604**	**56,231**	**60,539**	**63,442**
JI Hotel	80	19,269	29,751	32,934	36,062	39,664	42,306
Leased hotels	51	10,934	13,498	13,488	13,504	14,314	14,745
Manachised hotels	29	8,335	16,253	19,297	22,409	25,201	27,287
Franchised hotels				149	149	149	274
Starway Hotel	36	7,471	12,852	13,760	13,463	13,206	12,798
Leased hotels	1	662	517	517	386	386	386
Manachised hotels	24	4,934	7,743	8,785	9,101	9,577	9,240
Franchised hotels	11	1,875	4,592	4,458	3,976	3,243	3,172
Joya Hotel	1	515	671	934	945	1,131	1,131
Leased hotels	1	315	315	326	337	523	523
Manachised hotels		200	356	608	608	608	608
Manxin Hotels & Resorts	1	236	236	229	203	78	230
Leased hotels	1	108	108	101	-	-	168
Manachised hotels		128	128	128	203	78	62
ibis Styles Hotel			1,257	1,257	1,392	1,614	1,618
Manachised hotels			729	729	973		1,010
Franchised hotels			528	528	419		608
Mercure Hotel			1,993	1,993	3,295	4,026	4,180
Leased hotels			239	239	463		482
Manachised hotels			1,476	1,476	2,554		3,420
Franchised hotels			278	278	278		278
Novotel Hotel			306	306	680	629	629
Manachised hotels			306	306	306		306
Franchised hotels					374		323
Grand Mercure Hotel			191	191	191	191	550
Manachised hotels							359
Franchised hotels			191	191	191	191	191
Total	**1,530**	**227,542**	**304,428**	**314,811**	**322,785**	**331,347**	**335,900**

Mid and u

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