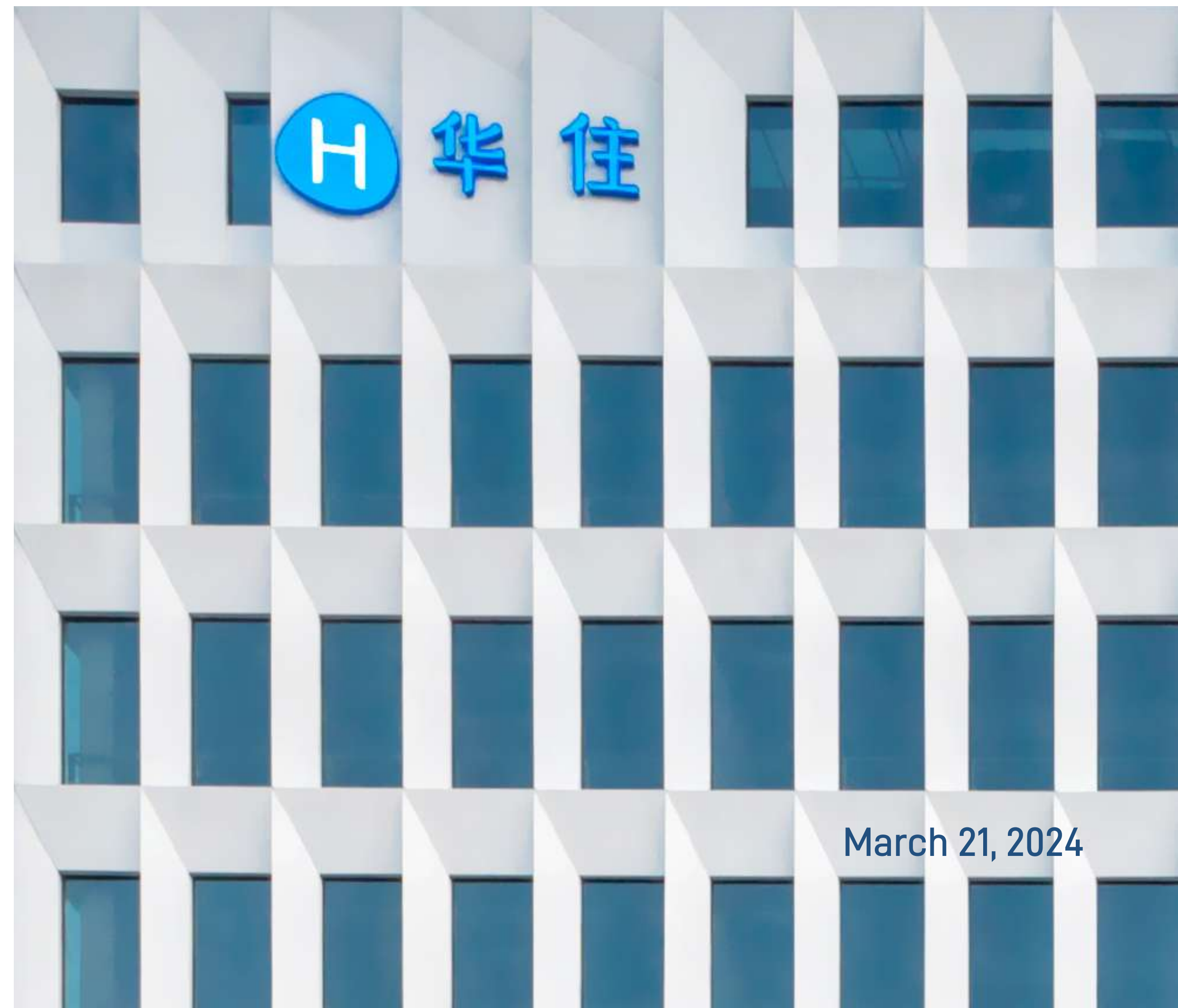


Fourth Quarter and Full Year of 2023 Earnings Call

H World Group Limited

(NASDAQ: HTHT and HKEX: 1179)



March 21, 2024

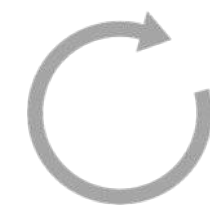
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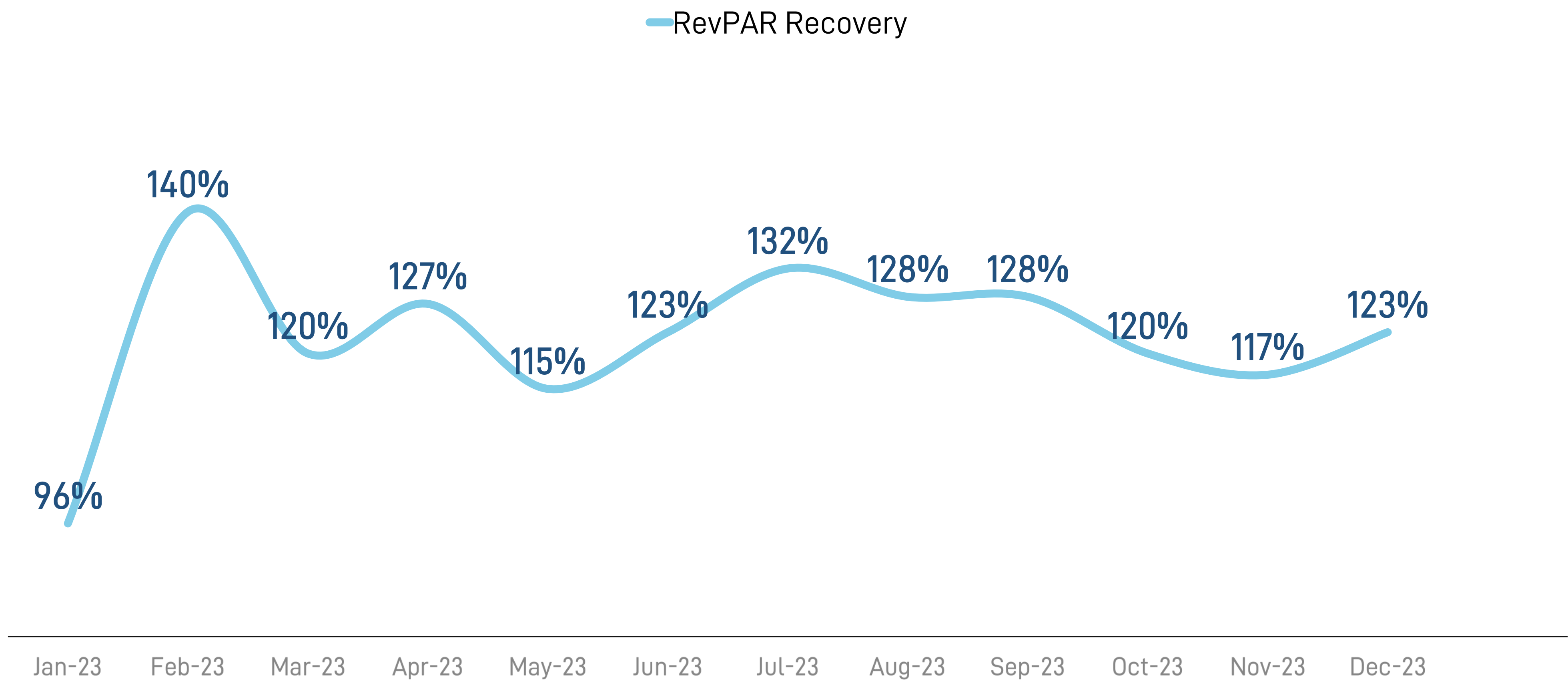


Appendix

Strong RevPAR Recovery in China

华住中国RevPAR呈现出强劲的恢复态势

Blended RevPAR in 2023 Compared to 2019



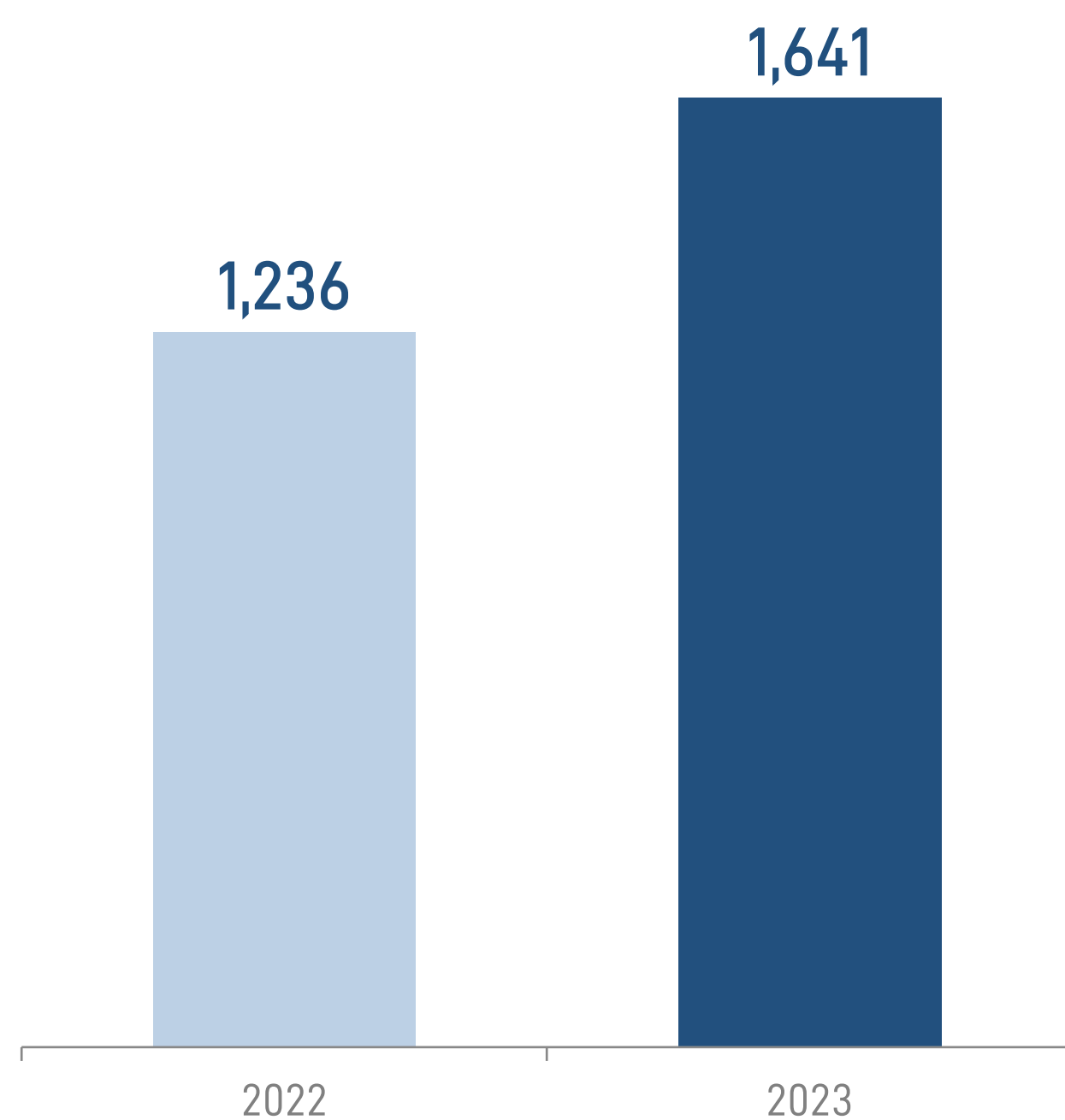
* Numbers in this page refers to Legacy-Huazhu business

Continued Network Expansion in China

酒店网络持续扩张

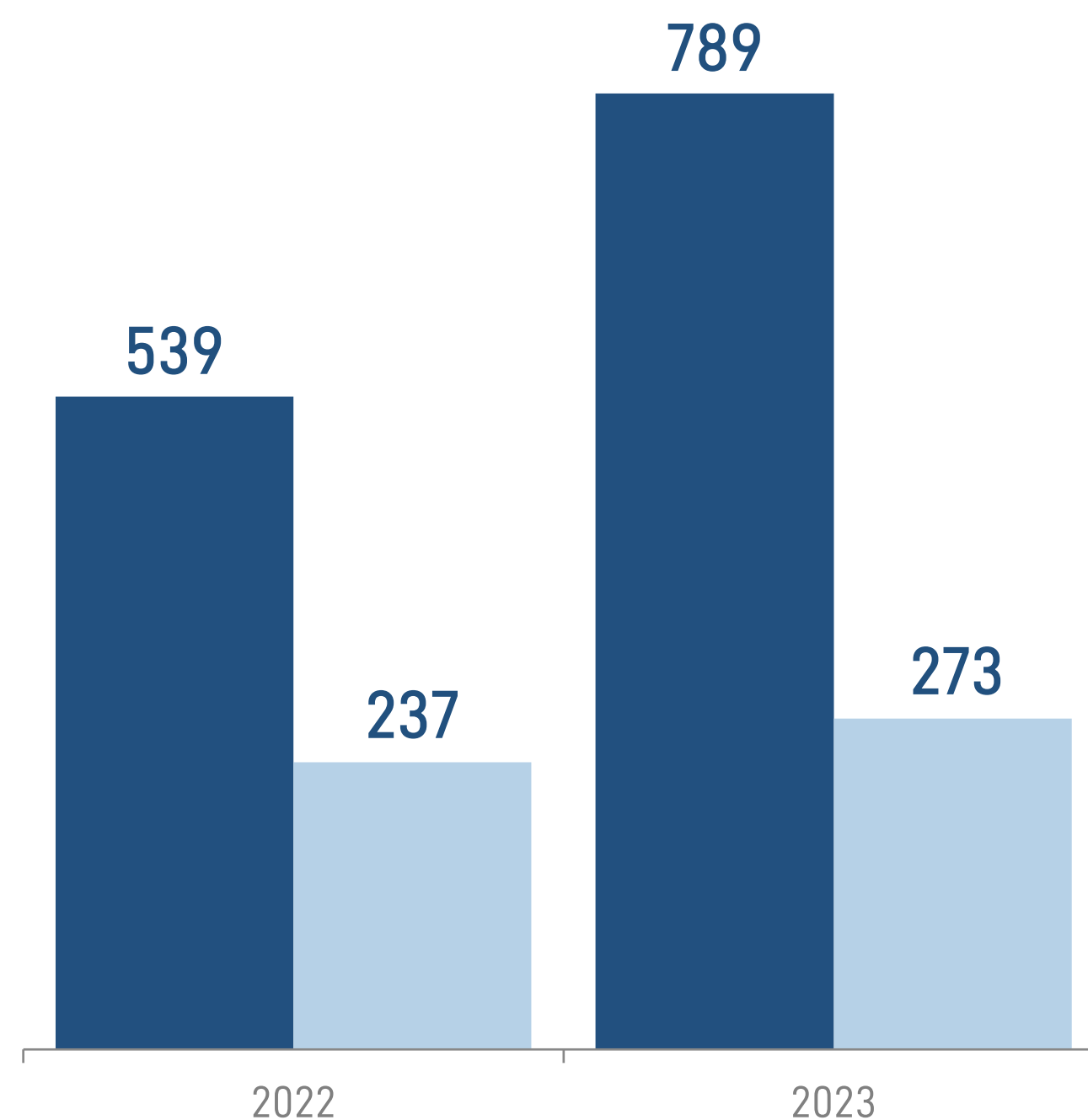
Number of Hotel Opening

Legacy-Huazhu excl. economy soft brand



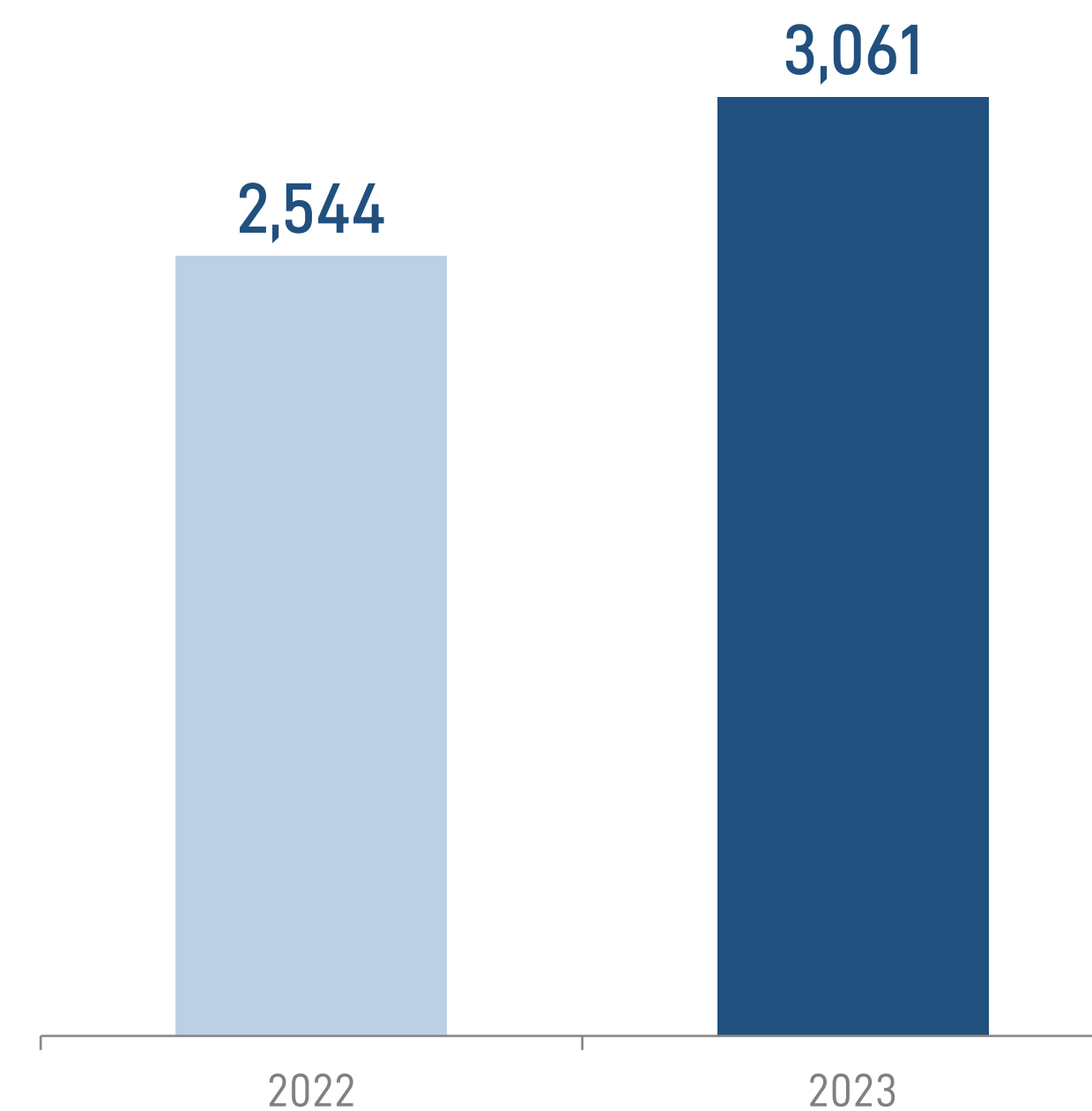
Number of Hotel Closure

- Total hotel closure
- Hotel closure excl. low quality economy soft brand and Hanting 1.0



Number of Hotel in Pipeline

(as of Dec 31)



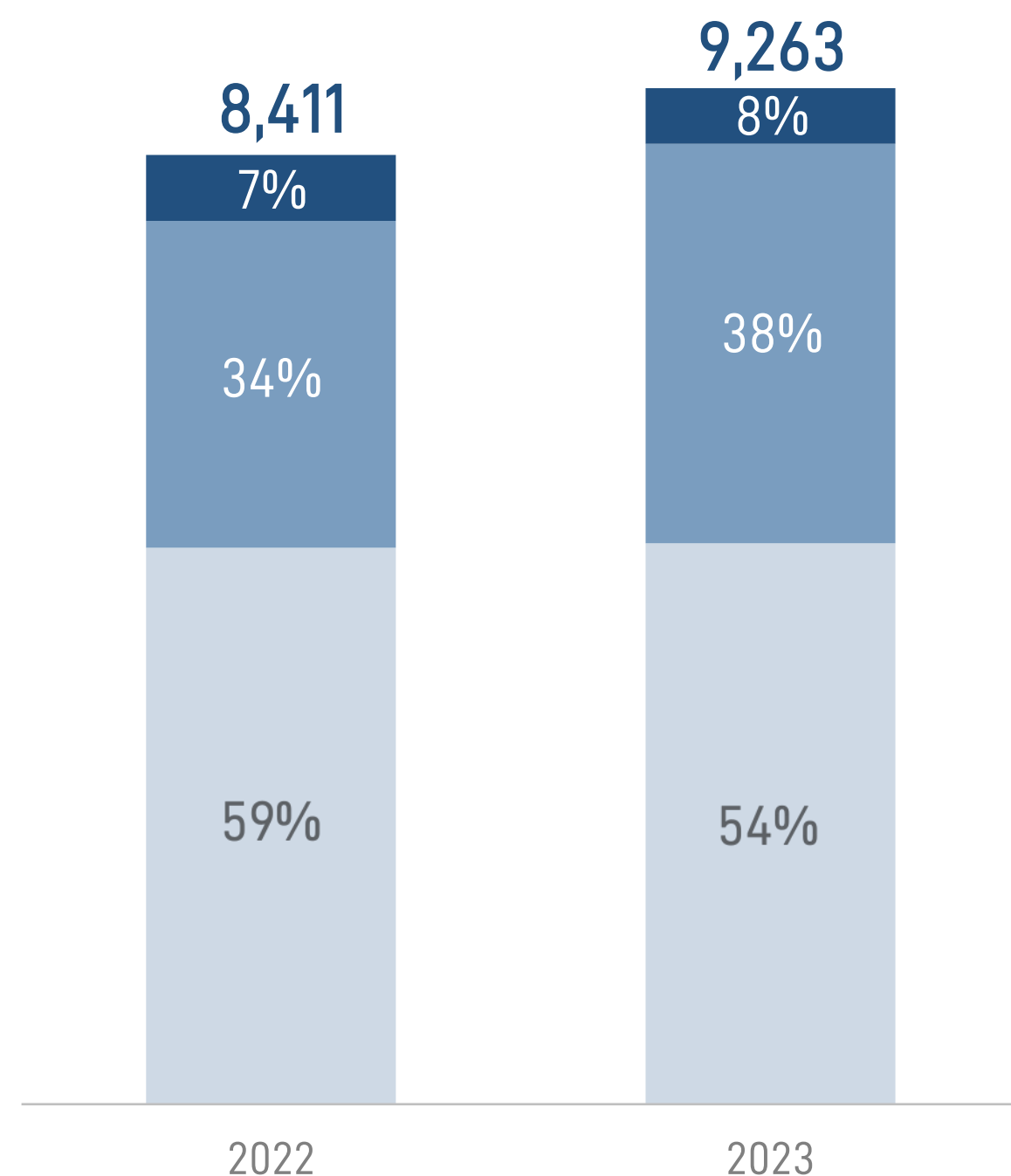
* Numbers in this page refers to Legacy-Huazhu business

Economy and Midscale as the Core Products Serving the Mass Market

经济型及中档酒店为核心，服务大众市场

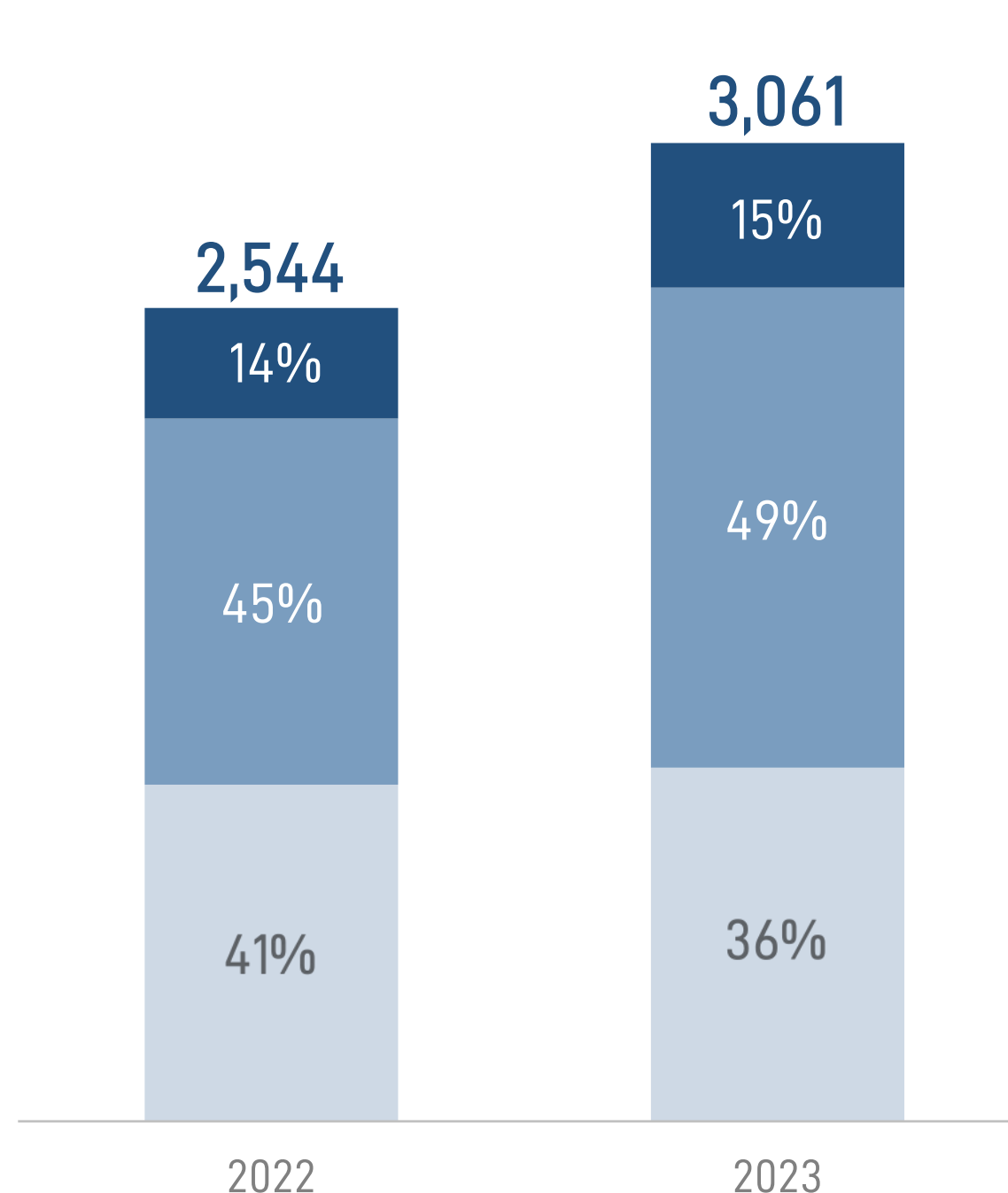
Number of Hotels in Operation (as of Dec 31)

■ Economy ■ Midscale ■ Upper midscale and above



Number of Hotels in Pipeline (as of Dec 31)

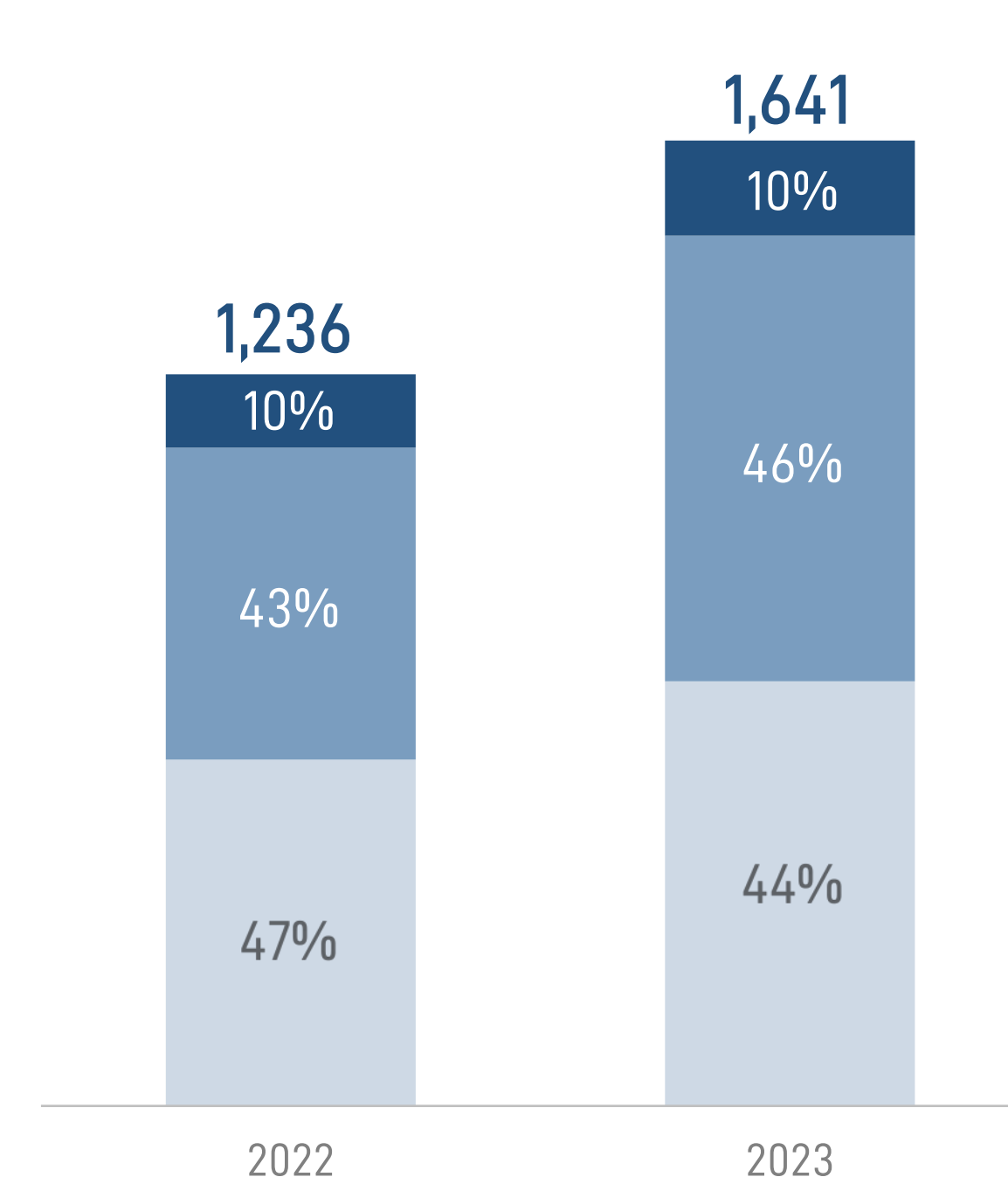
■ Economy ■ Midscale ■ Upper midscale and above



Number of Hotel Opening

Legacy-Huazhu excl. soft economy hotels

■ Economy ■ Midscale ■ Upper midscale and above



* Numbers in this page refers to Legacy-Huazhu business

Consistent Product Upgrade for Hanting Hotel

汉庭产品持续焕新

2023年05月10日
周三
12.28

湖苏州大道酒店

星会员 98折

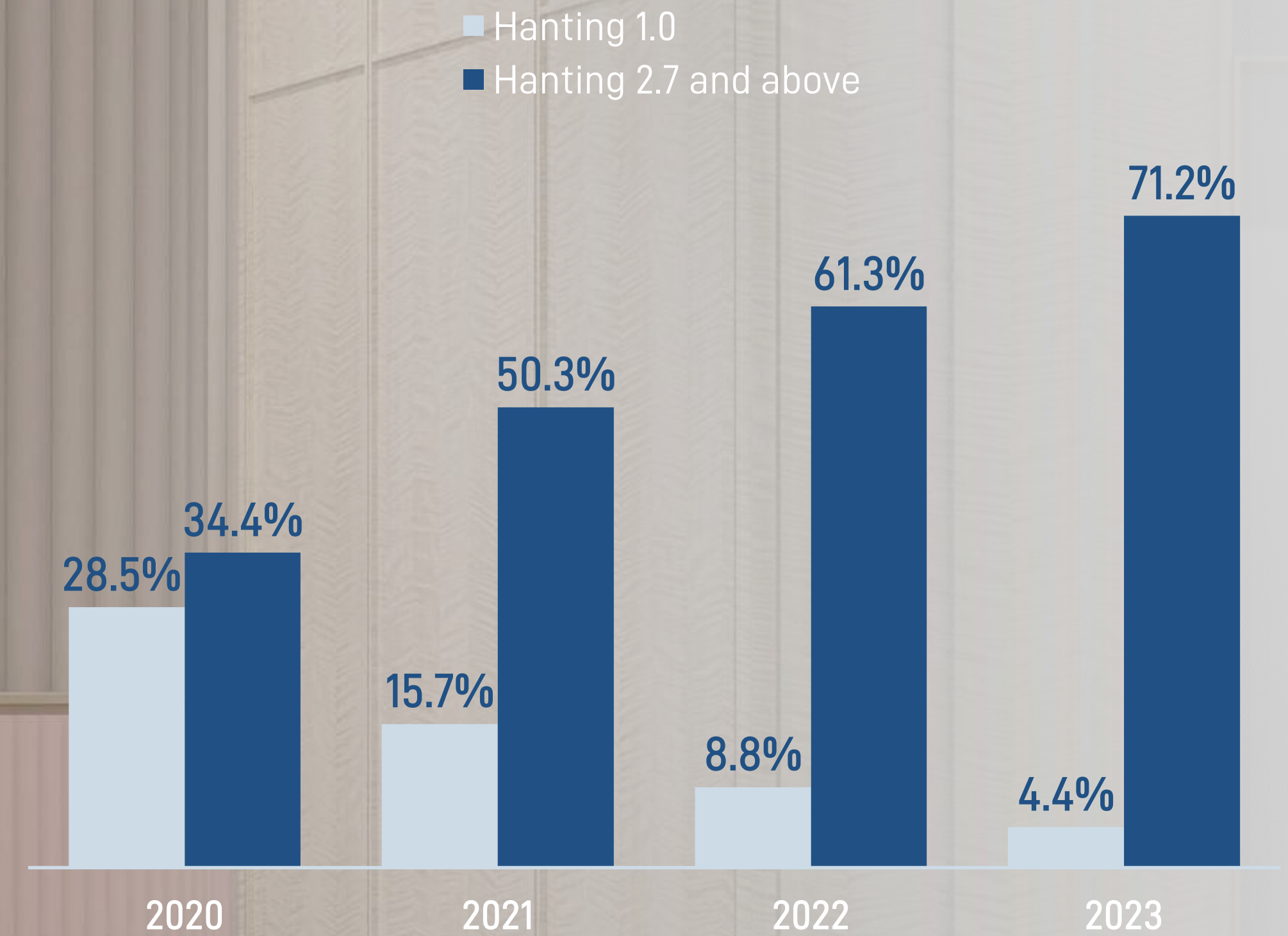
| 门市价 | 会员价 | 门市价 | 会员价 |
|------|------|------|------|
| 244元 | 229元 | 249元 | 229元 |
| 264元 | 247元 | 237元 | 219元 |
| 264元 | 247元 | 237元 | 219元 |
| 313元 | 293元 | 281元 | 261元 |

市价100元/4小时, 银会员及以上立减20元

前一天入住。(计价单位: 元)



Increasing Proportion of Hanting 2.7 and above



- Numbers in this page refers to Legacy-Huazhu business
- Proportion of Hanting 1.0 and proportion of Hanting 2.7 and above are divided by total number of Hanting Hotels

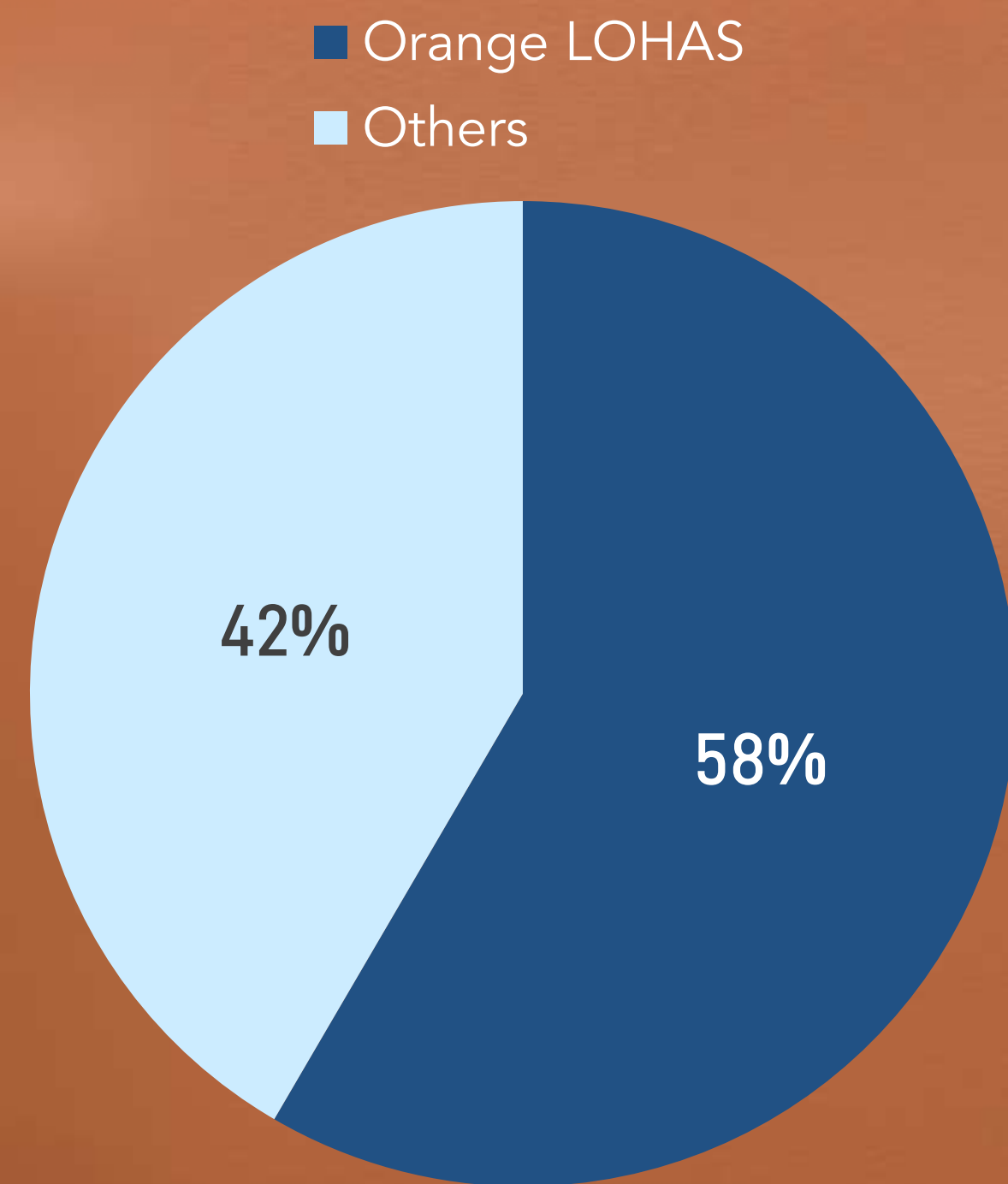
Launching JI Hotel 5.0

推出全季5.0



Orange LOHAS Gaining Popularity 桔子乐活产品广受市场欢迎

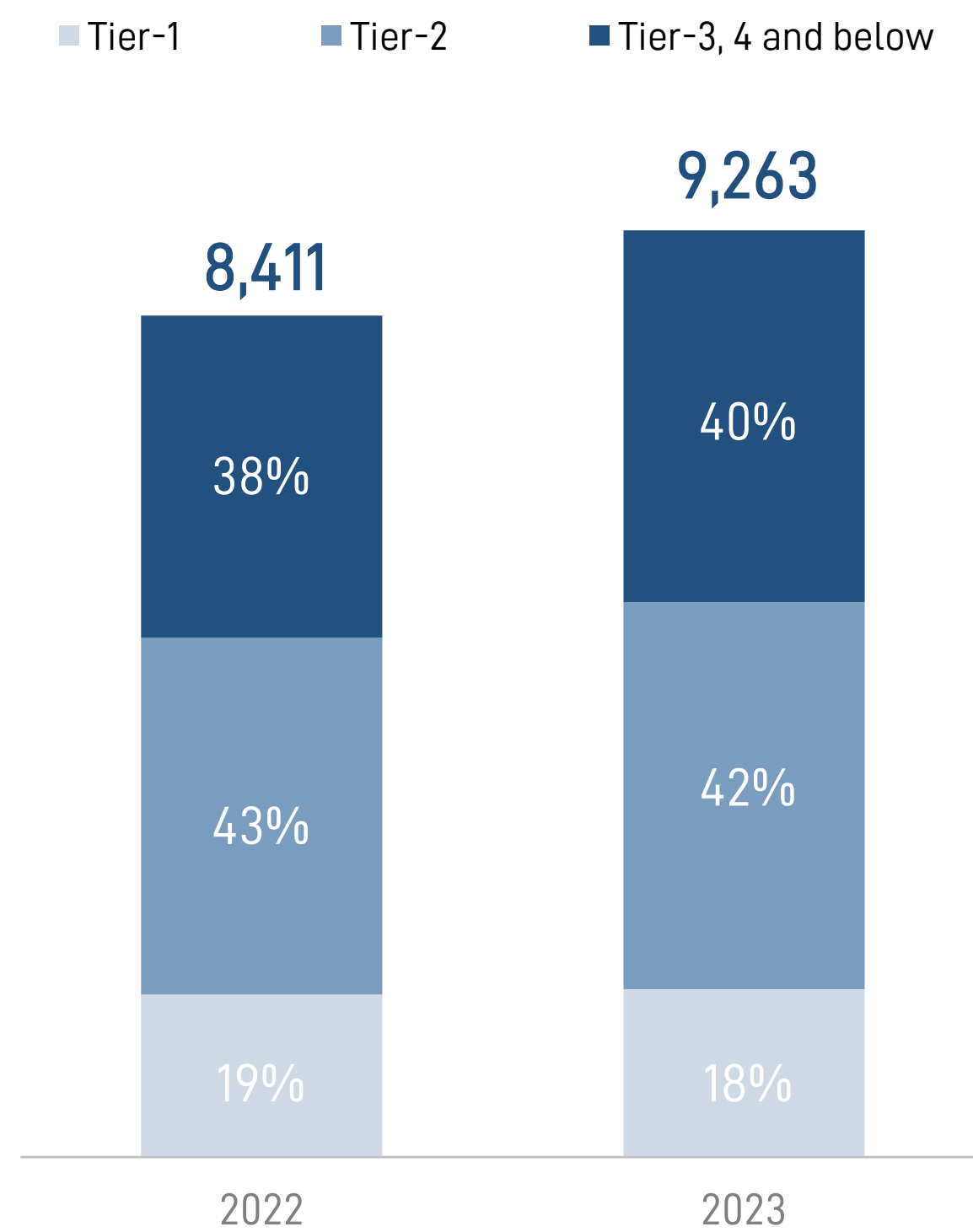
Proportion of Orange LOHAS in Pipeline (as of Dec 31 2023)



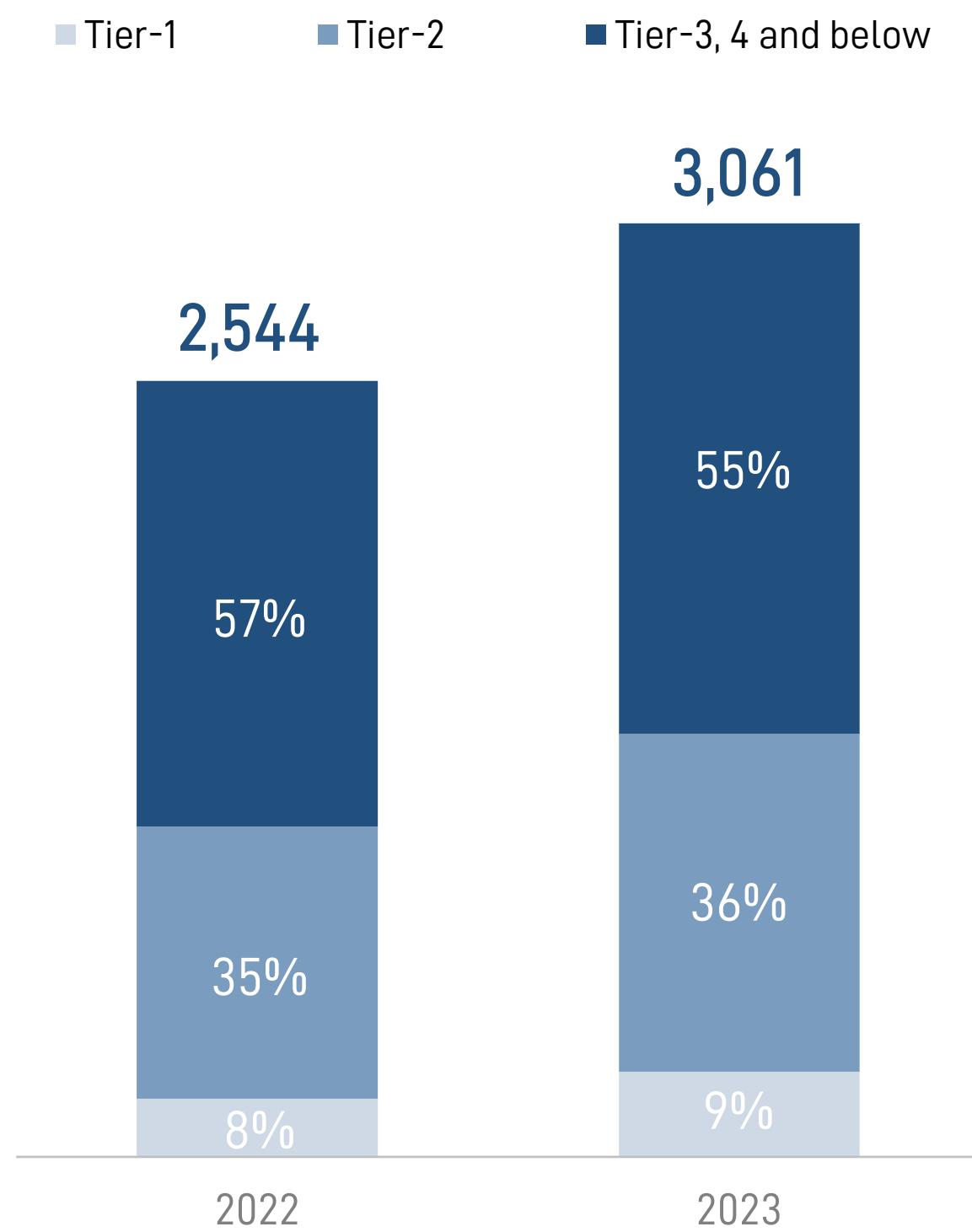
* Numbers in this page refers to Legacy-Huazhu business

Further Penetration to Lower Tier Cities in China 进一步渗透低线城市

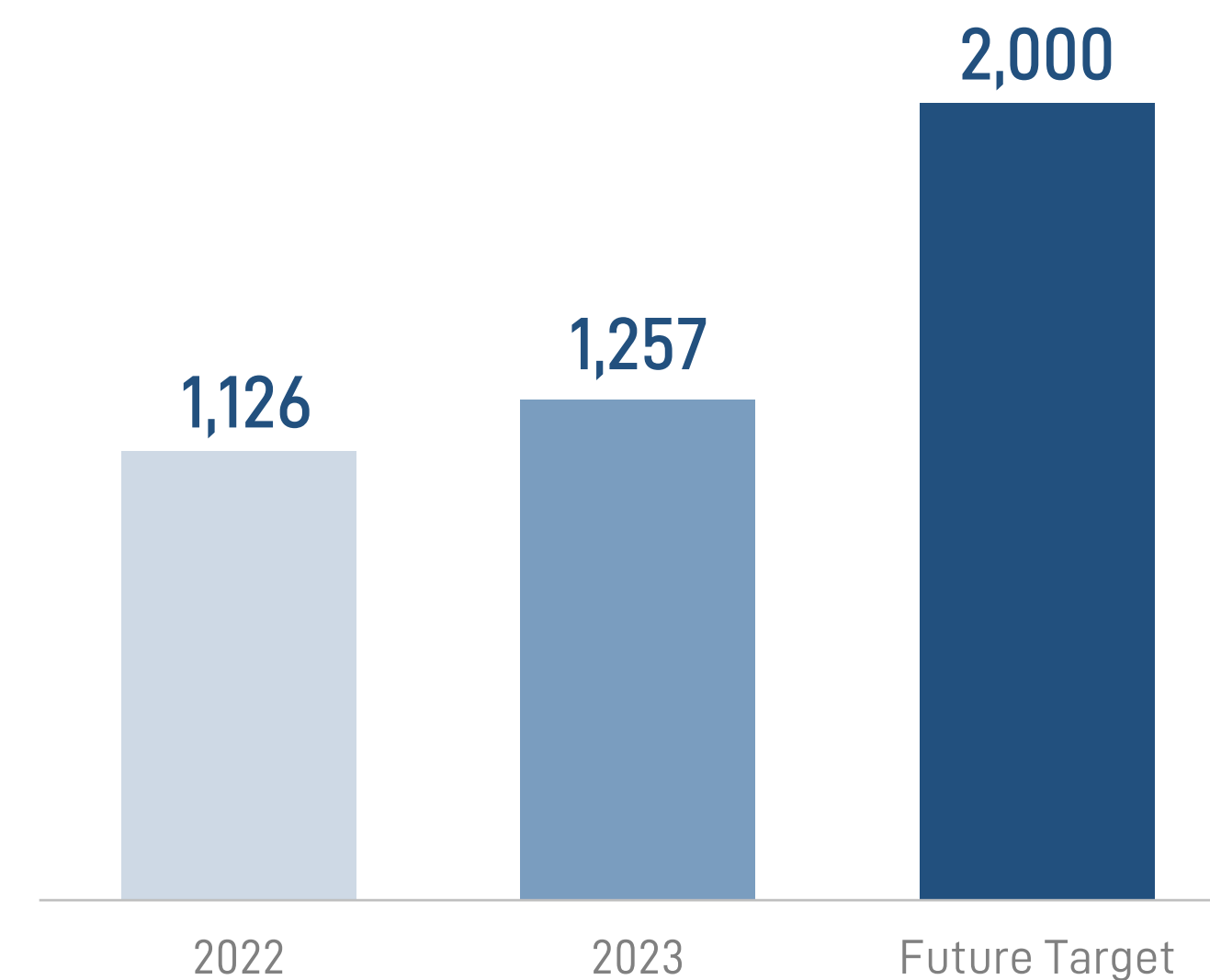
Number of Hotels in Operation (as of Dec 31)



Number of Hotels in Pipeline (as of Dec 31)



City Coverage (hotels in operation and in pipeline)



* Numbers in this page refers to Legacy-Huazhu business

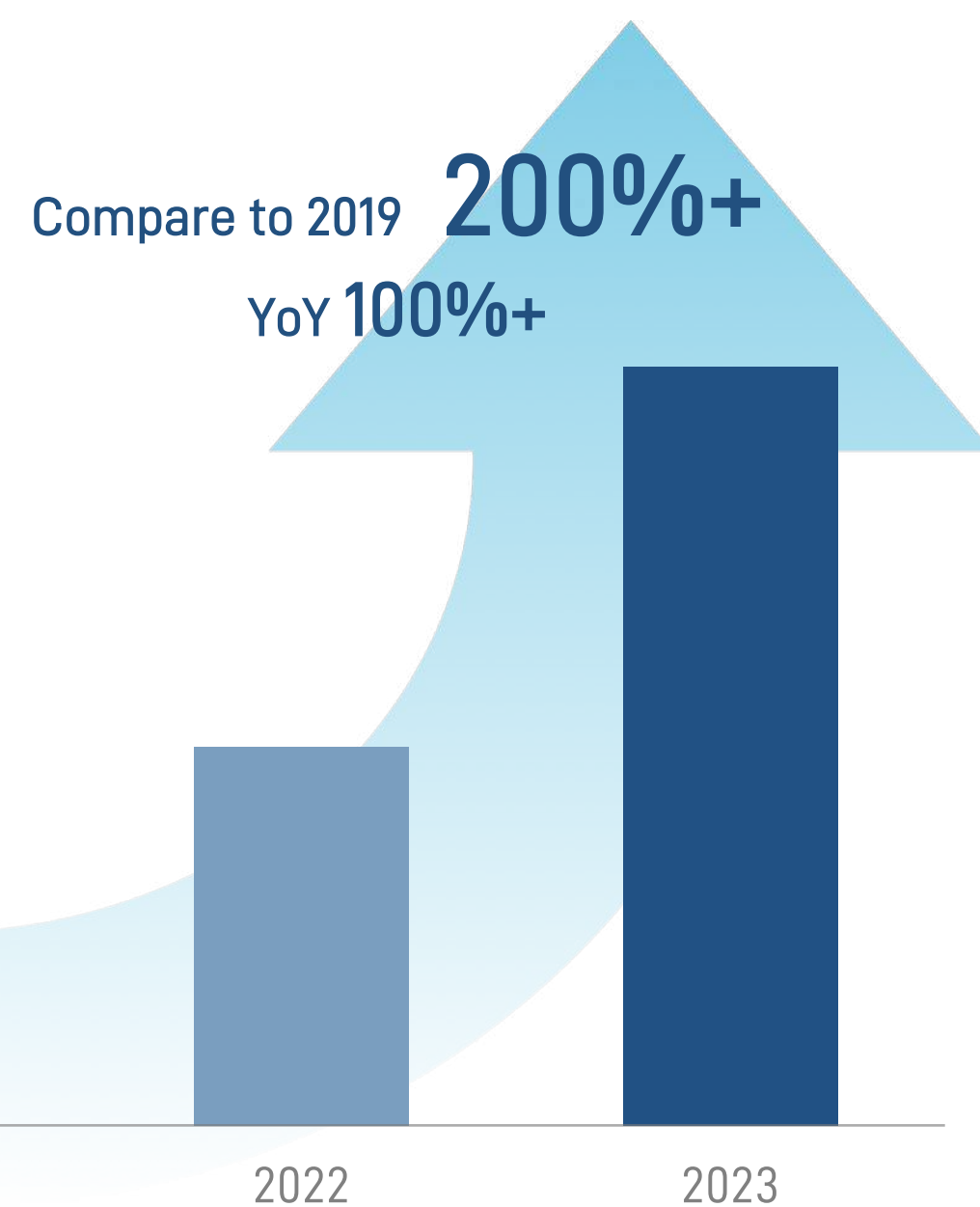
Regional Headquarters Achieved Promising Results

组织架构调整之后取得初步经营成效

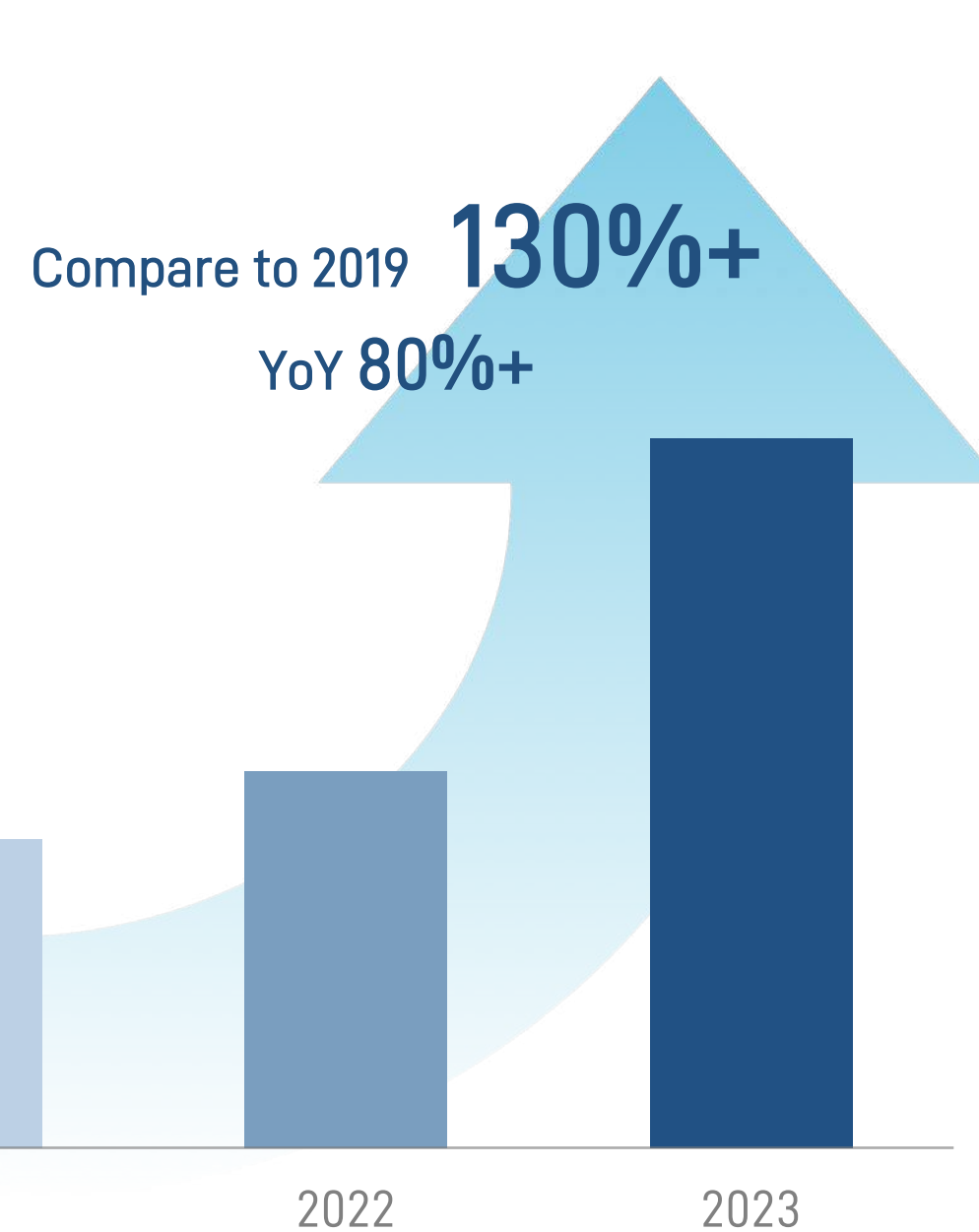
Number of New Signings Increased Significantly for Less Penetrated Areas

(new signings excl. soft brand)

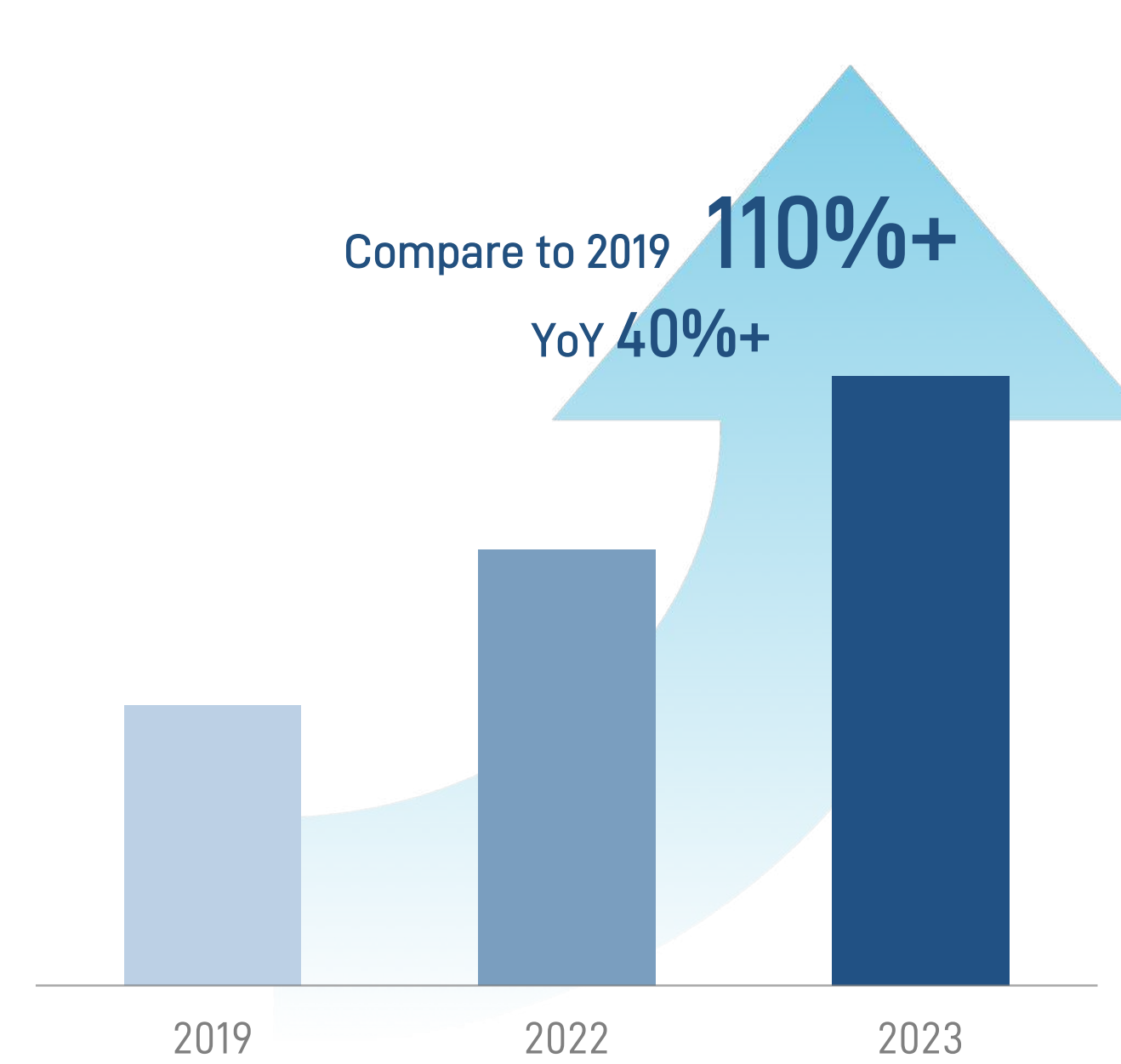
South China



West China



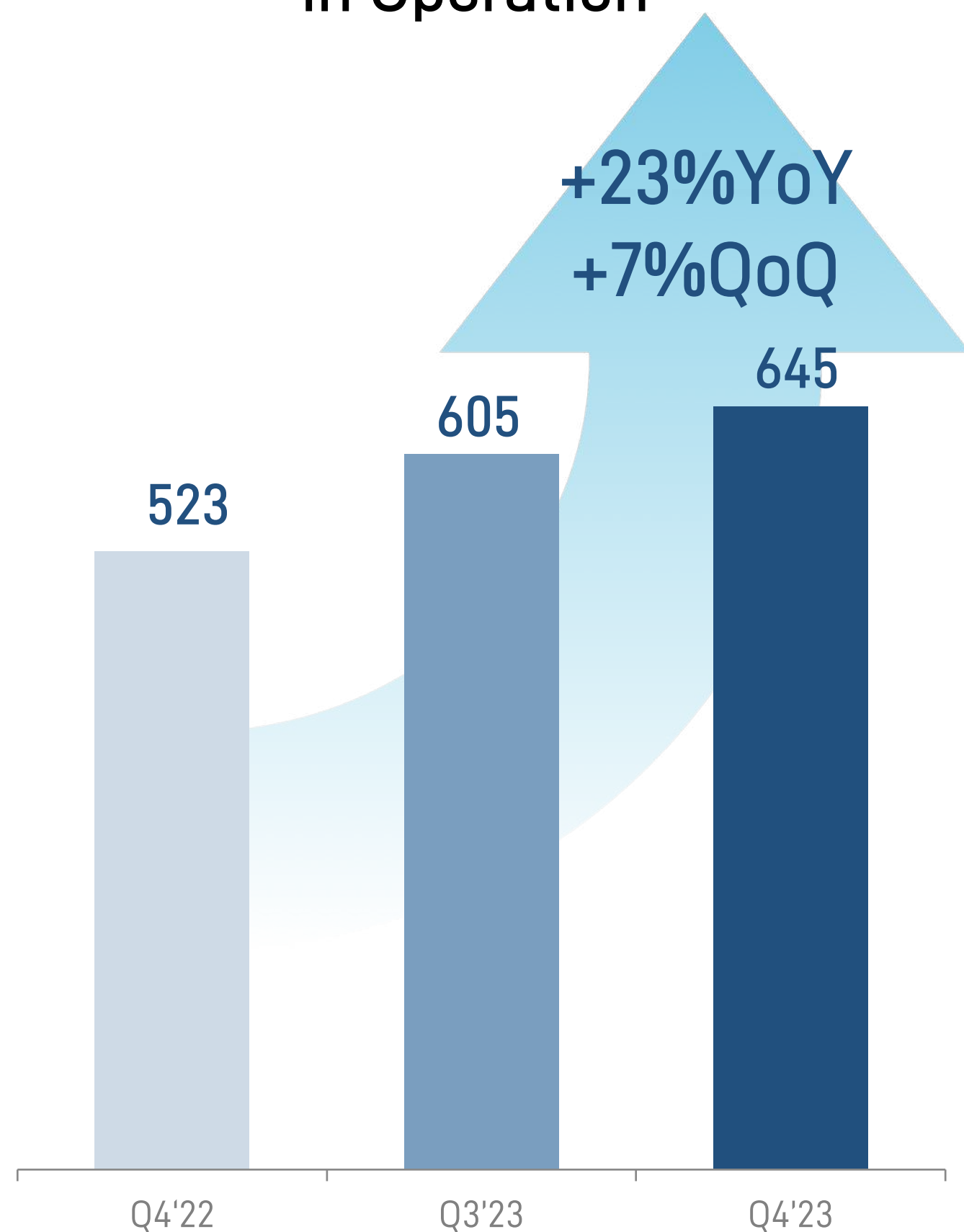
Central China



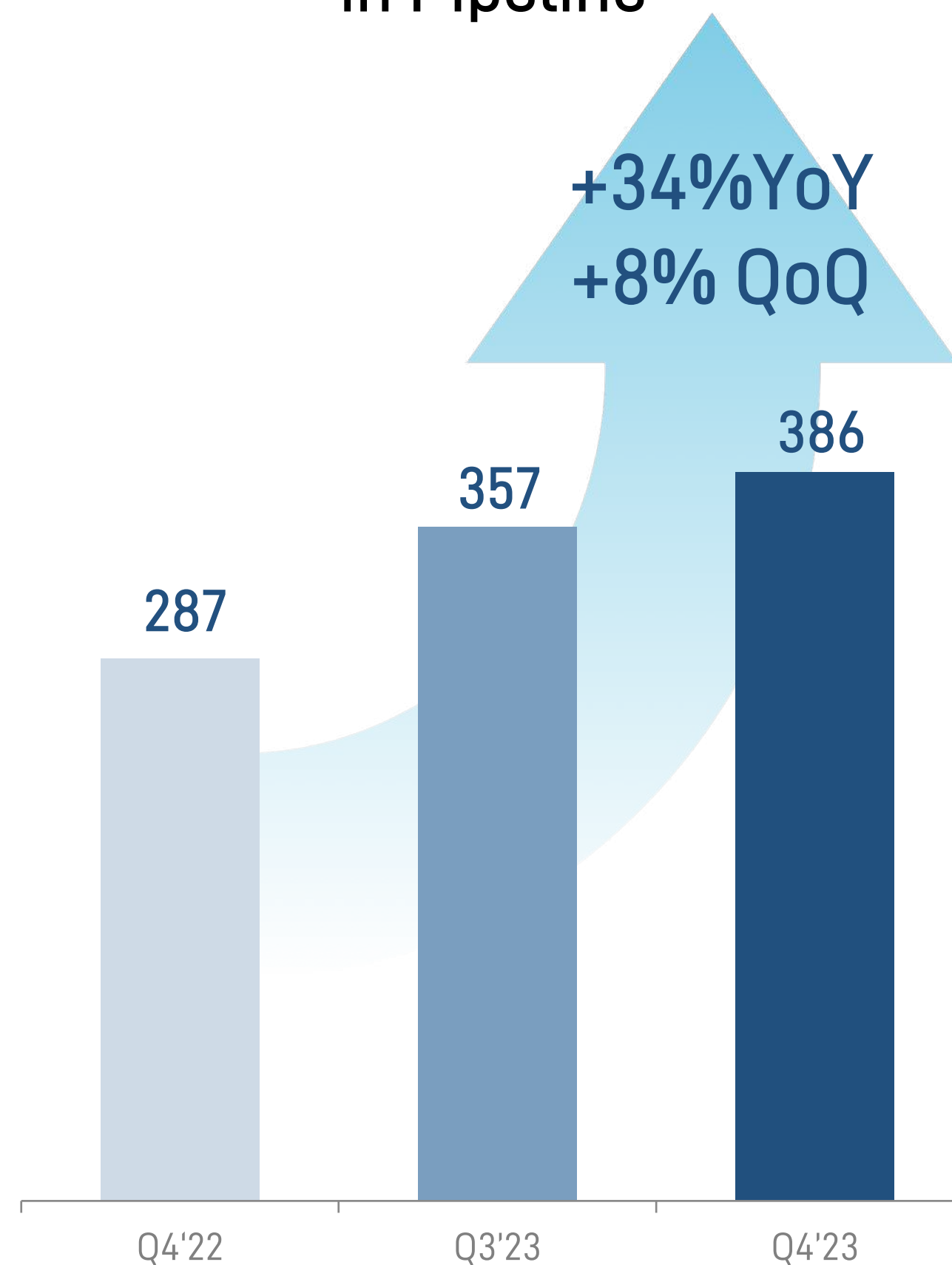
Further Development of Upper-midscale Segment

不断发展中高档品牌

Number of Upper-midscale Hotels in Operation



Number of Upper-midscale Hotels in Pipeline



Multi-brand Strategy for Upper-midscale Segment



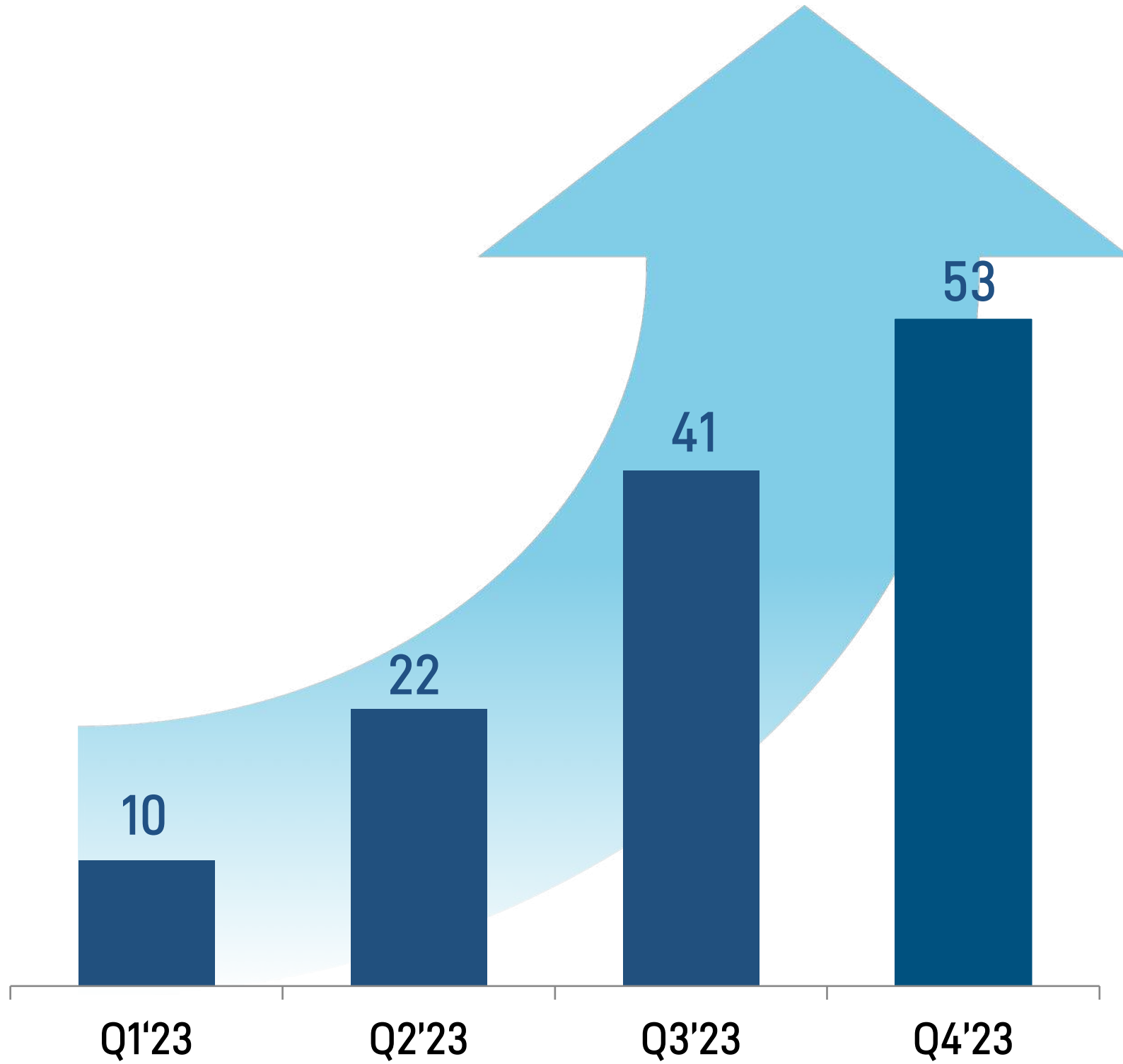
* Numbers in this page refers to Legacy-Huazhu business

InterCity and Crystal Orange Gained Traction Among Franchisees

城际酒店和桔子水晶受到加盟商青睐



Number of InterCity in the Pipeline



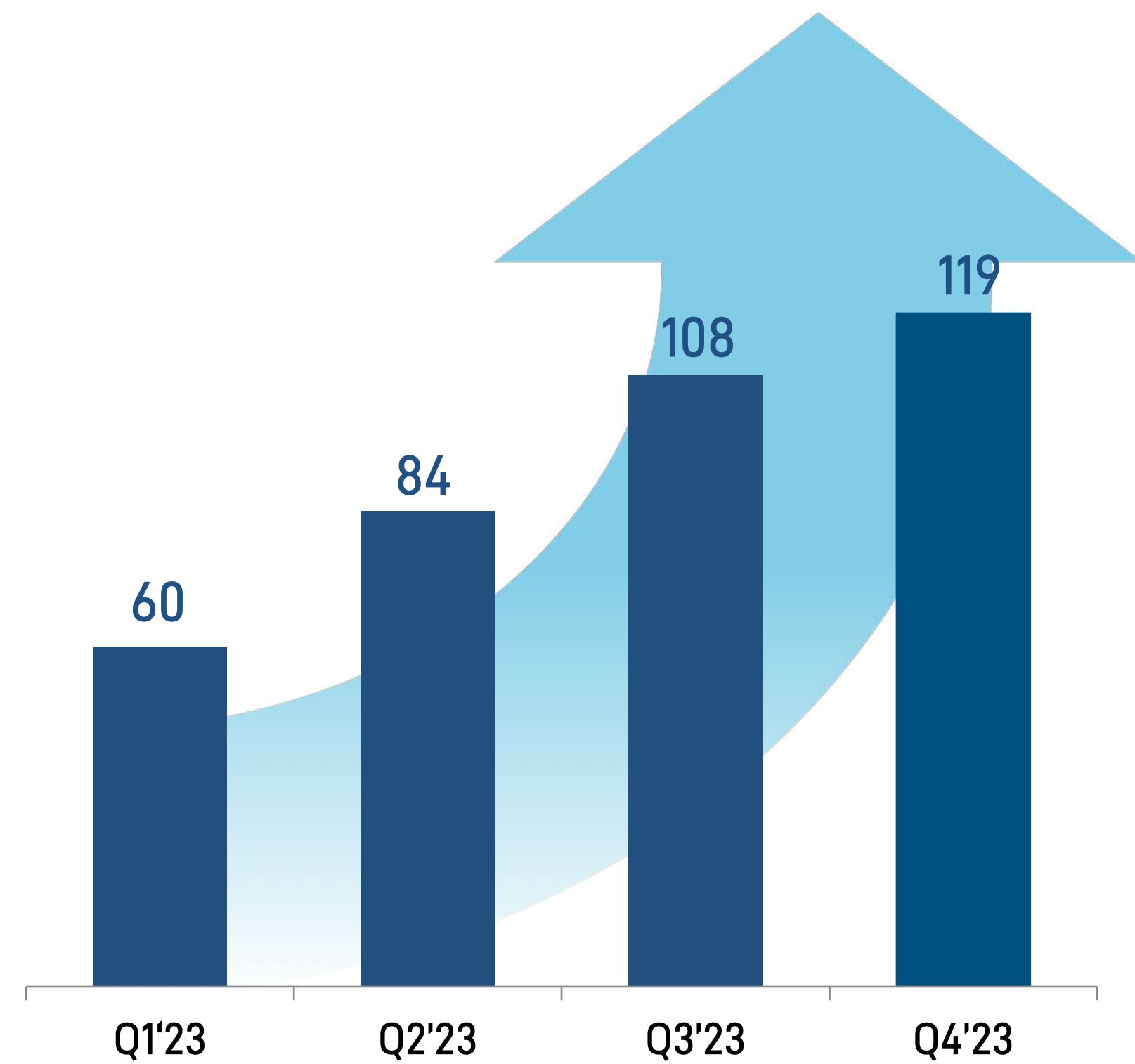
* Numbers in this page refers to Legacy-Huazhu business

InterCity and Crystal Orange Gained Traction Among Franchisees

城际酒店和桔子水晶受到加盟商青睐



Number of Crystal Orange in the Pipeline

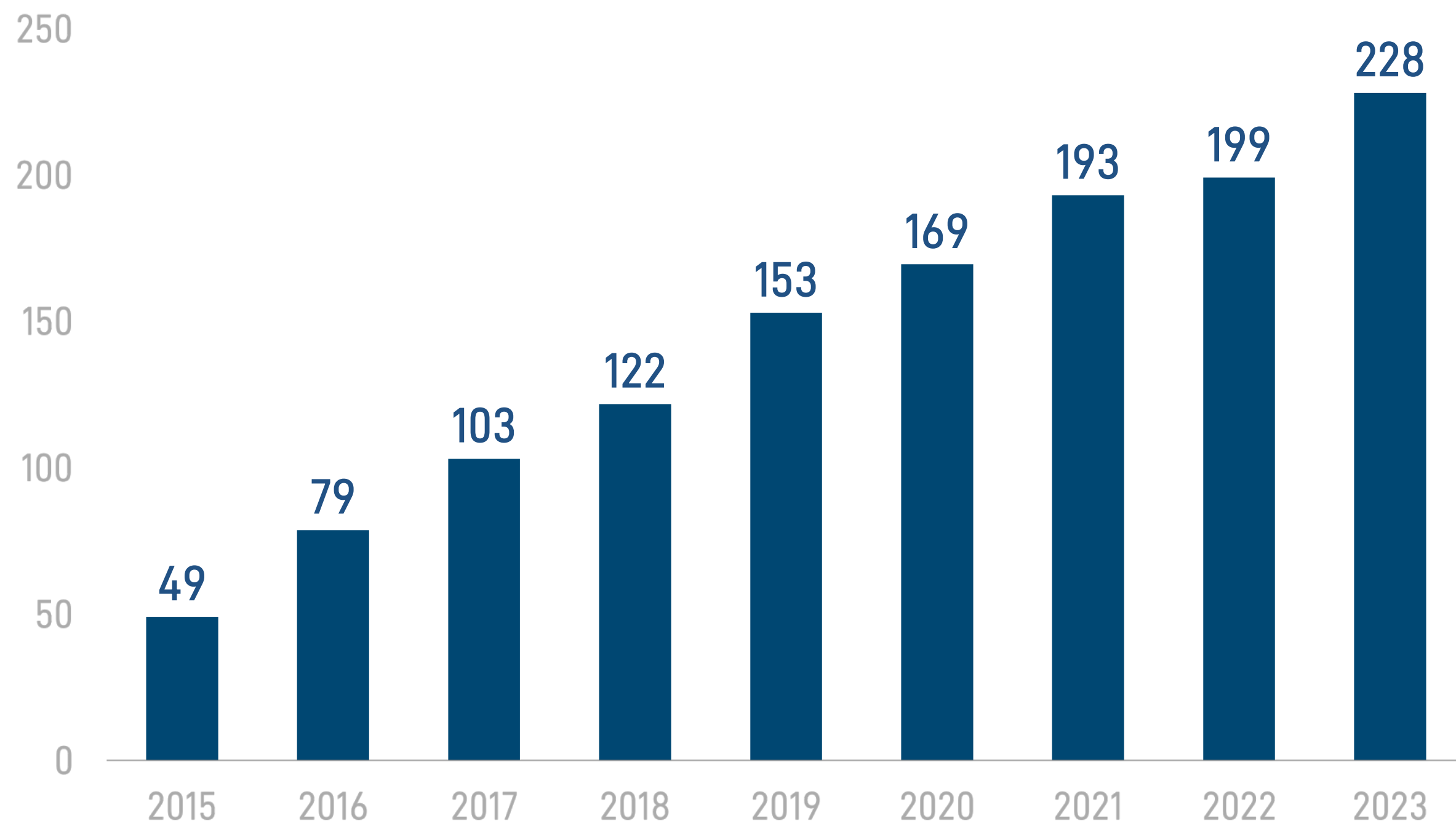


* Numbers in this page refers to Legacy-Huazhu business

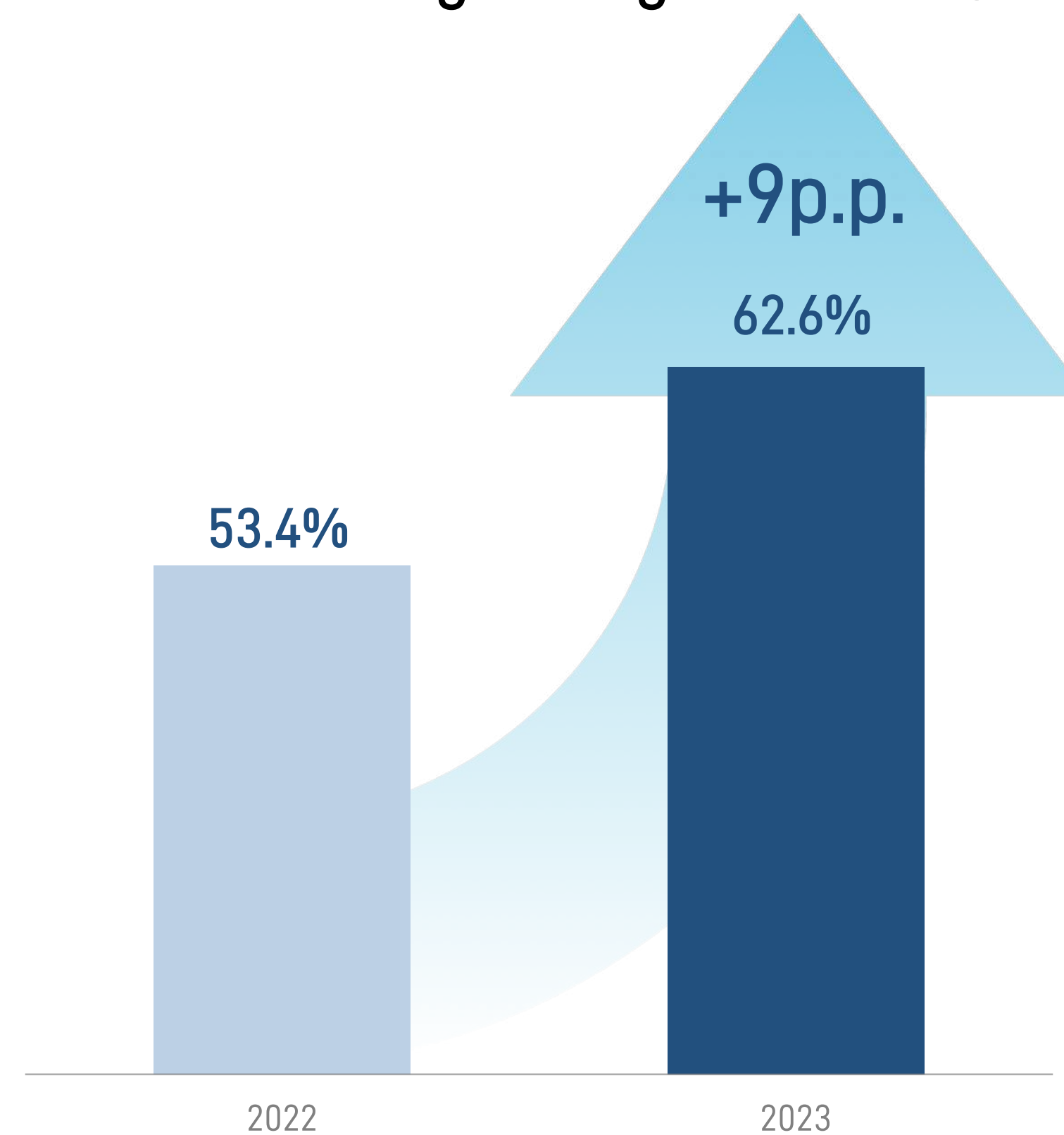
Reinforcing Membership Program and Central Reservation System

持续加强会员体系和中央预定

Number of Members Continue to Increase



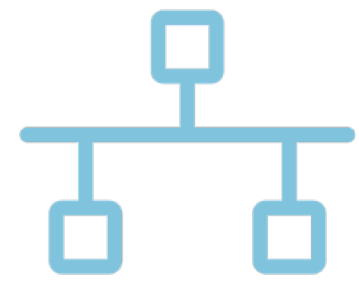
Direct Booking through H World CRS



• Includes bookings from H World's own online channels only, excludes OTAs and other third party distribution platforms.

'Service Excellence-Centric' Sustainable Quality Growth

围绕卓越服务的精益增长战略



High Quality Hotel
Network Expansion



Product Upgrade and
Service Excellence



Digitalized-based
Organizational Capability
Enhancement

2024 Strategic Focus of Legacy-DH

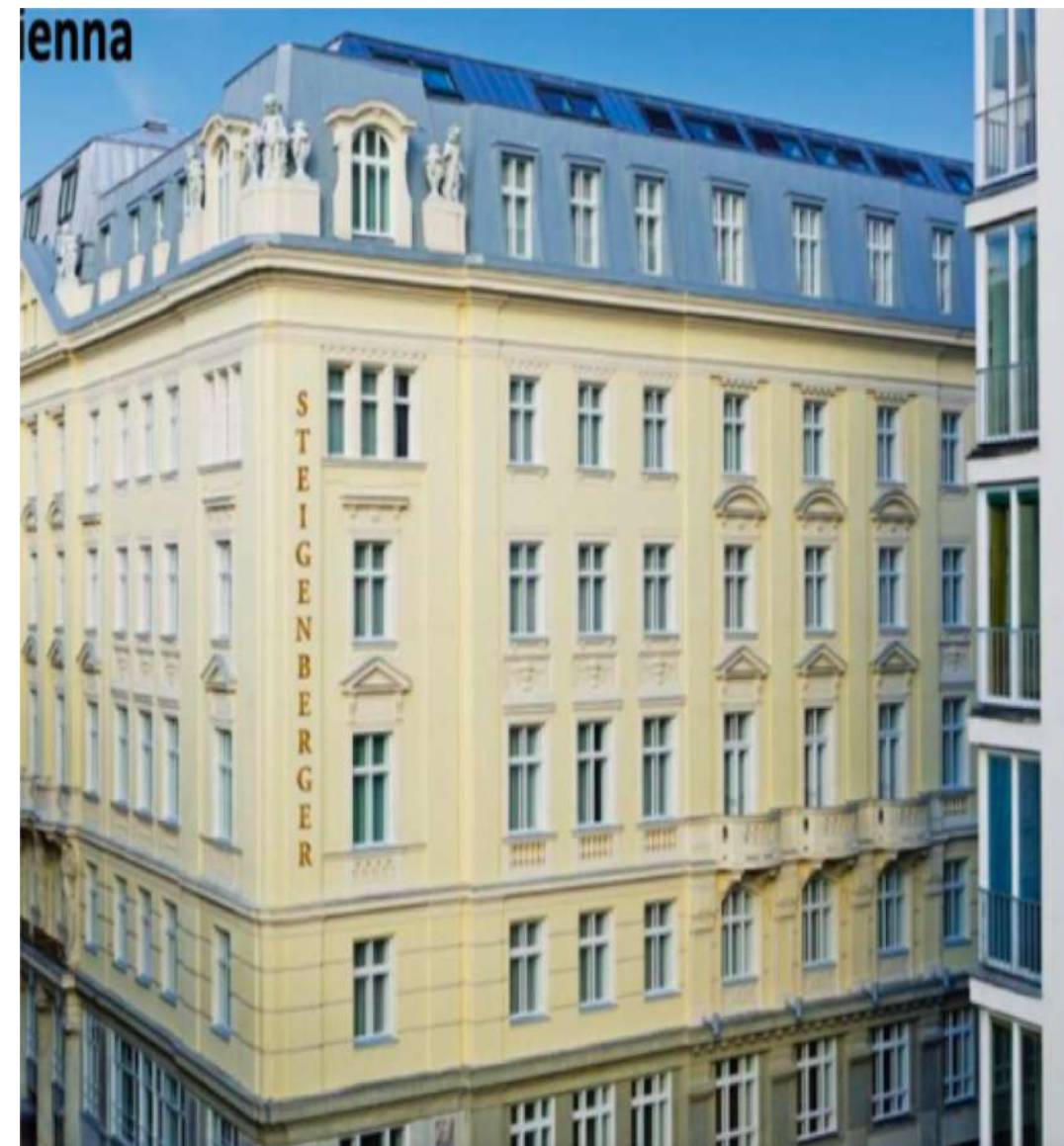
2024年DH战略重点



Transforming to Asset-light Model



Continue Focusing on Cost Reduction and Profitability



Strengthening Direct Sales via H Reward Global Loyalty Program



Seeking APAC & Middle East Growth Opportunity



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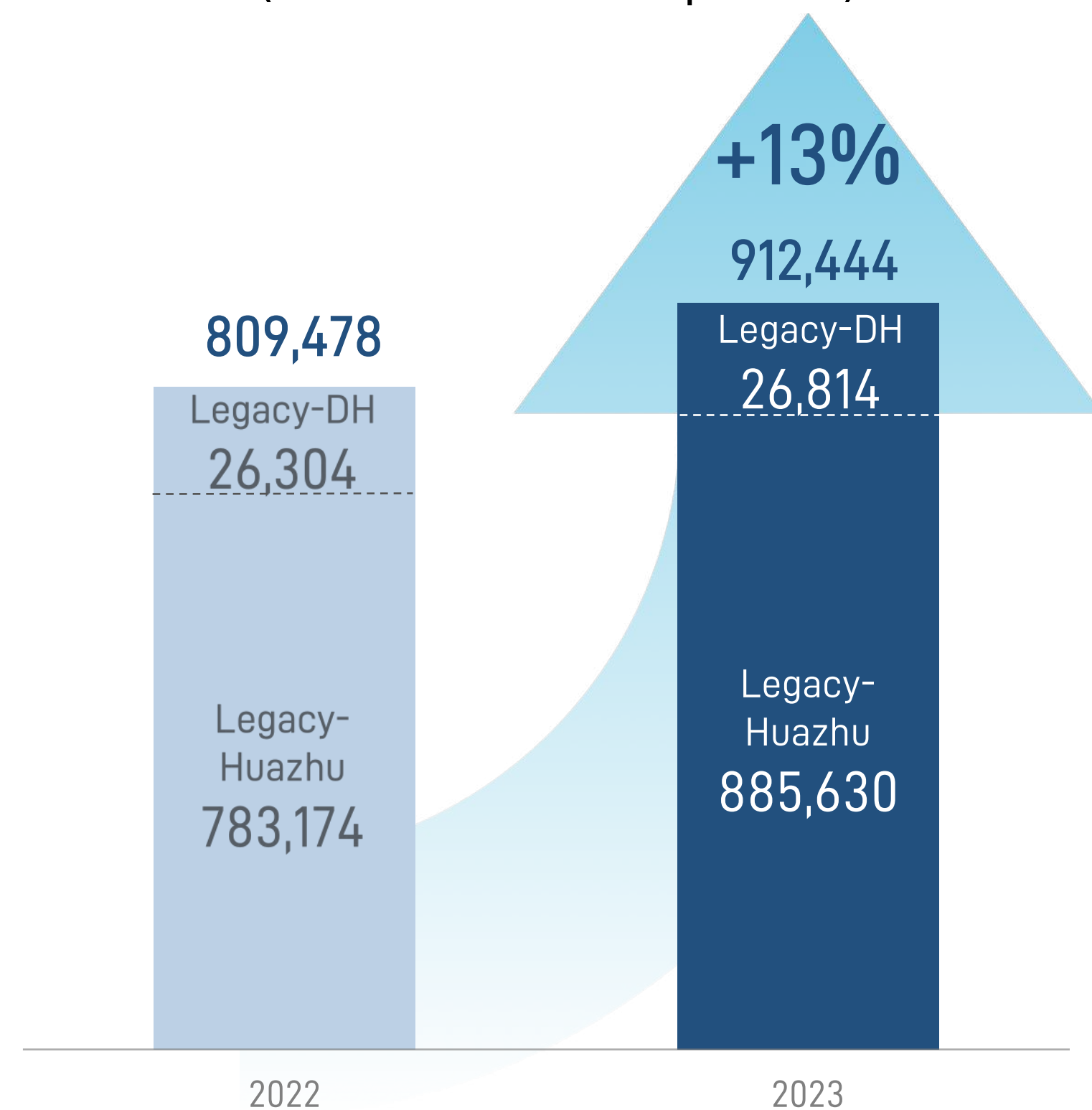
Appendix

Hotel Network Continues to Expand

酒店网络持续扩张

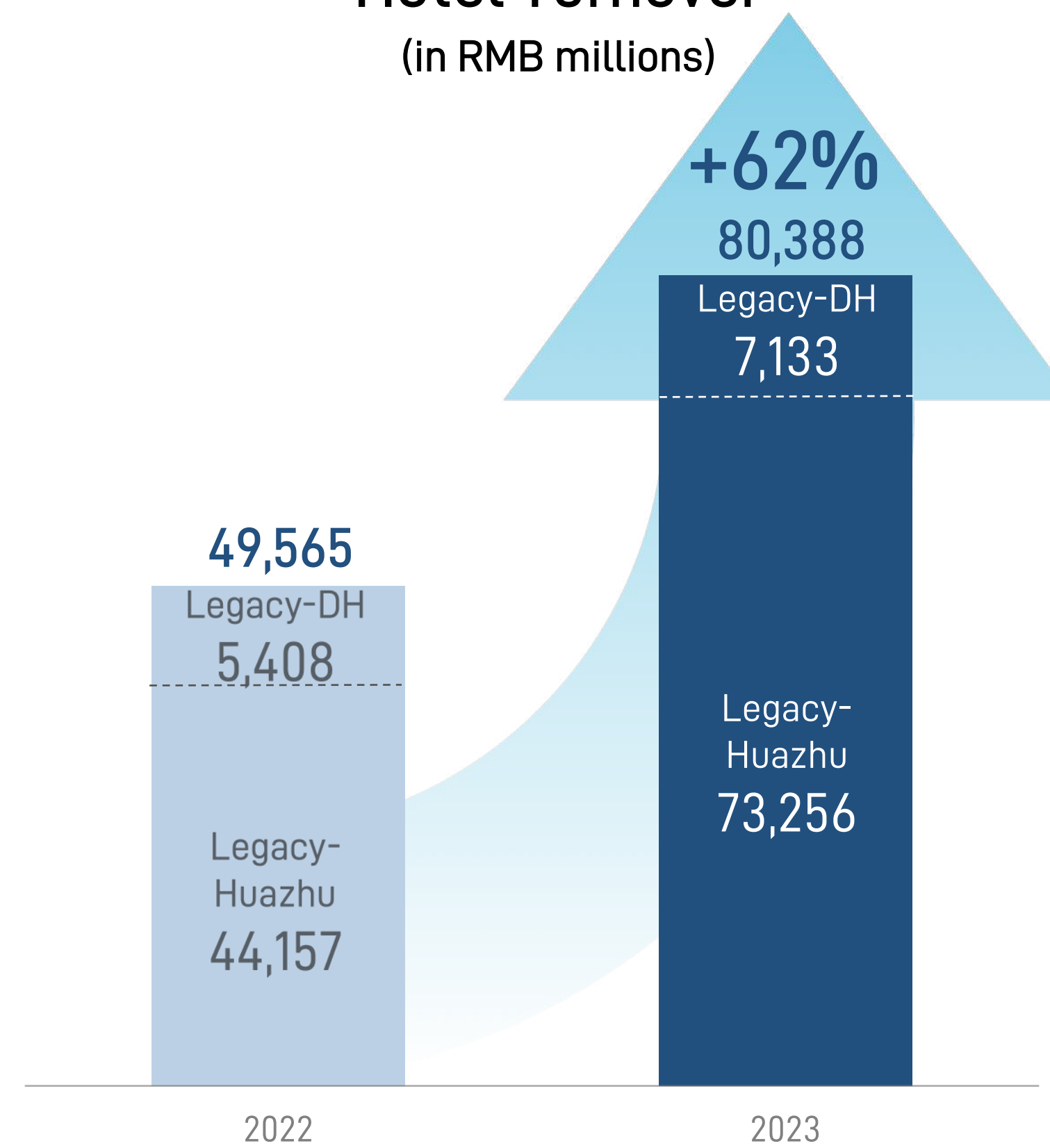
Hotel Network Expansion

(Number of rooms in operation)



Hotel Turnover

(in RMB millions)

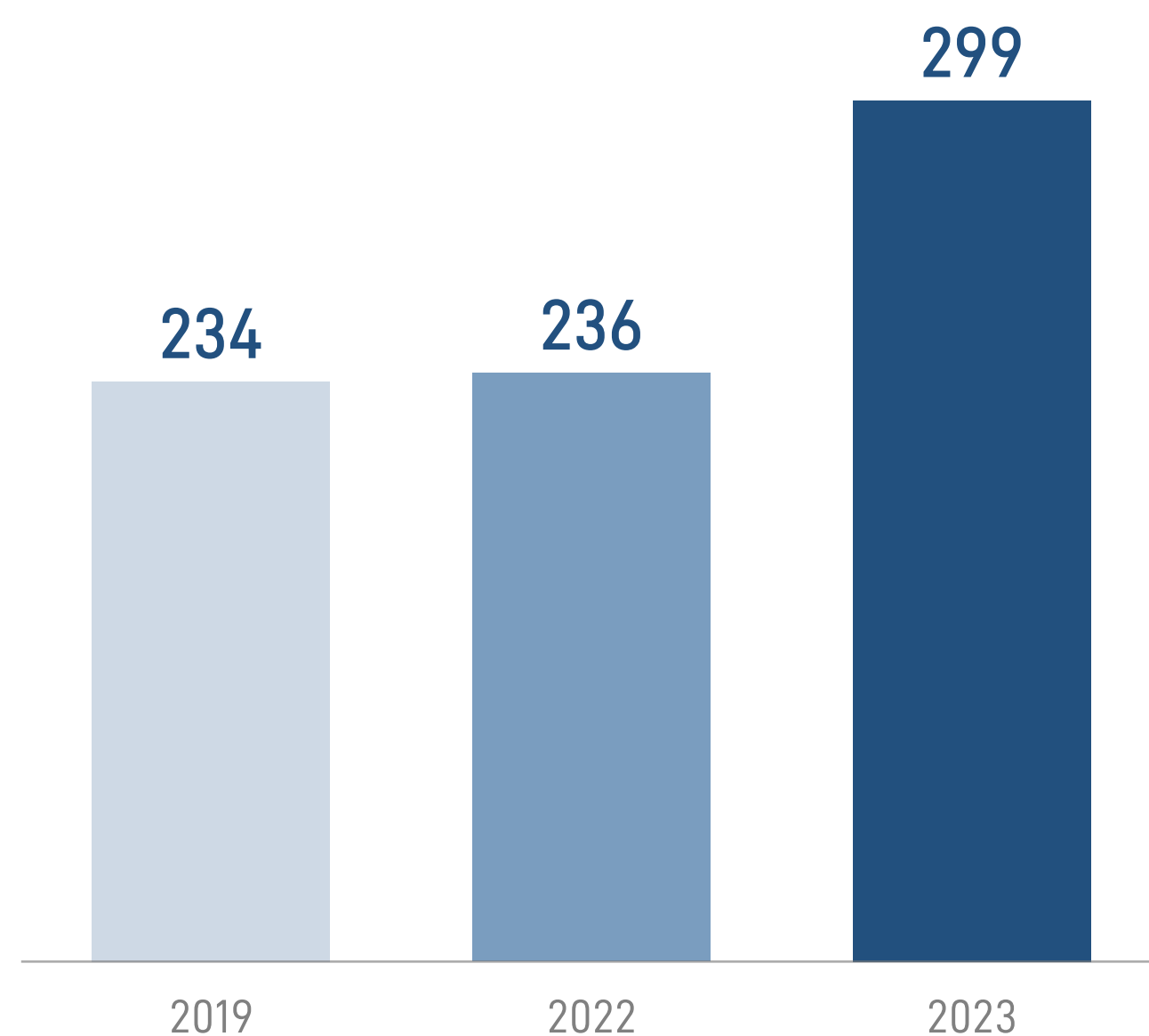


Legacy-Huazhu - Blended RevPAR Recovered to 122% of 2019

华住中国-2023年混合RevPAR恢复到2019年的122%

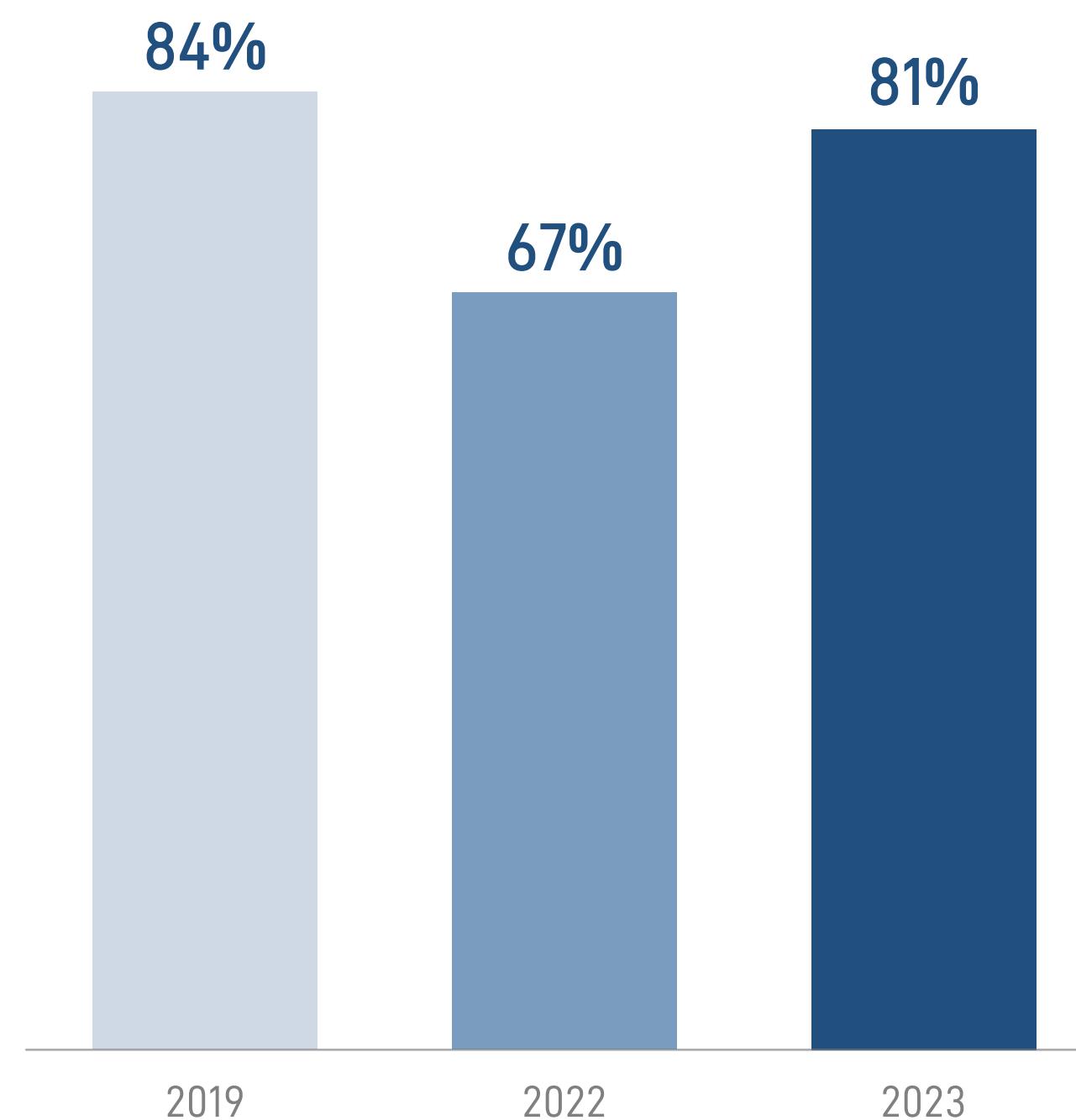
ADR (RMB)

Compare to 2019 **+27.4%**
Compare to 2022 **+26.6%**



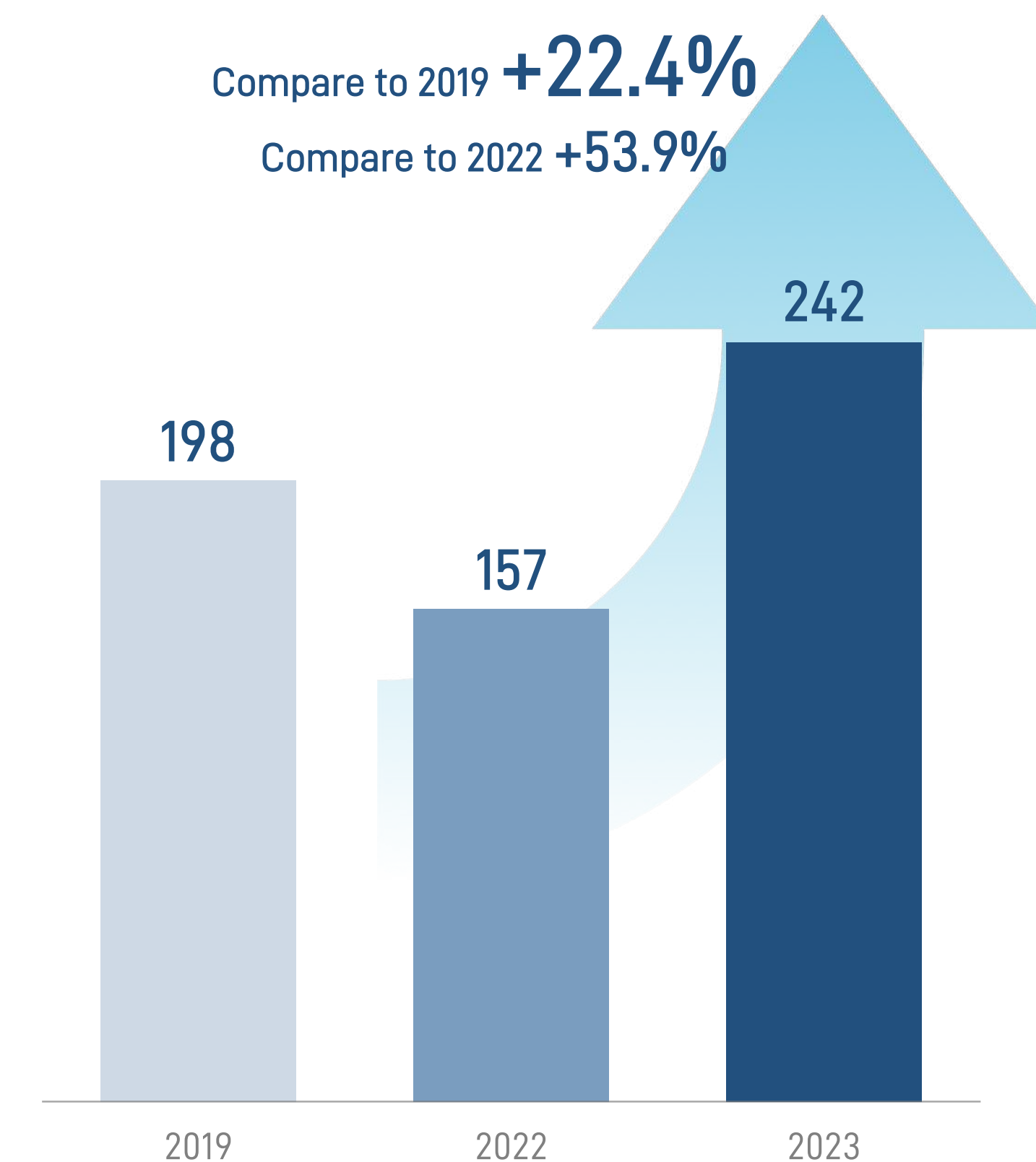
OCC

Compare to 2019 **-3.3p.p.**
Compare to 2022 **+14.4p.p.**



RevPAR (RMB)

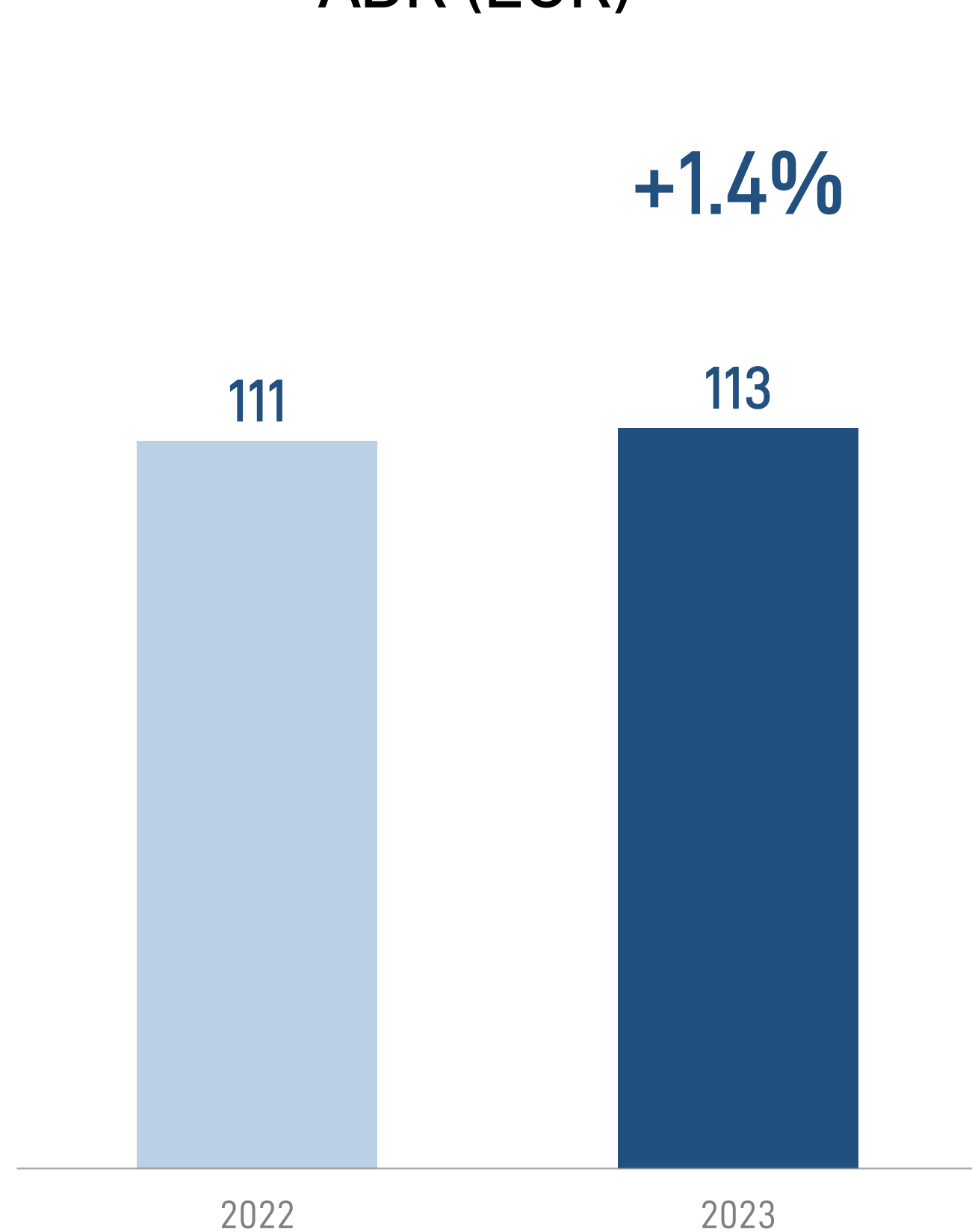
Compare to 2019 **+22.4%**
Compare to 2022 **+53.9%**



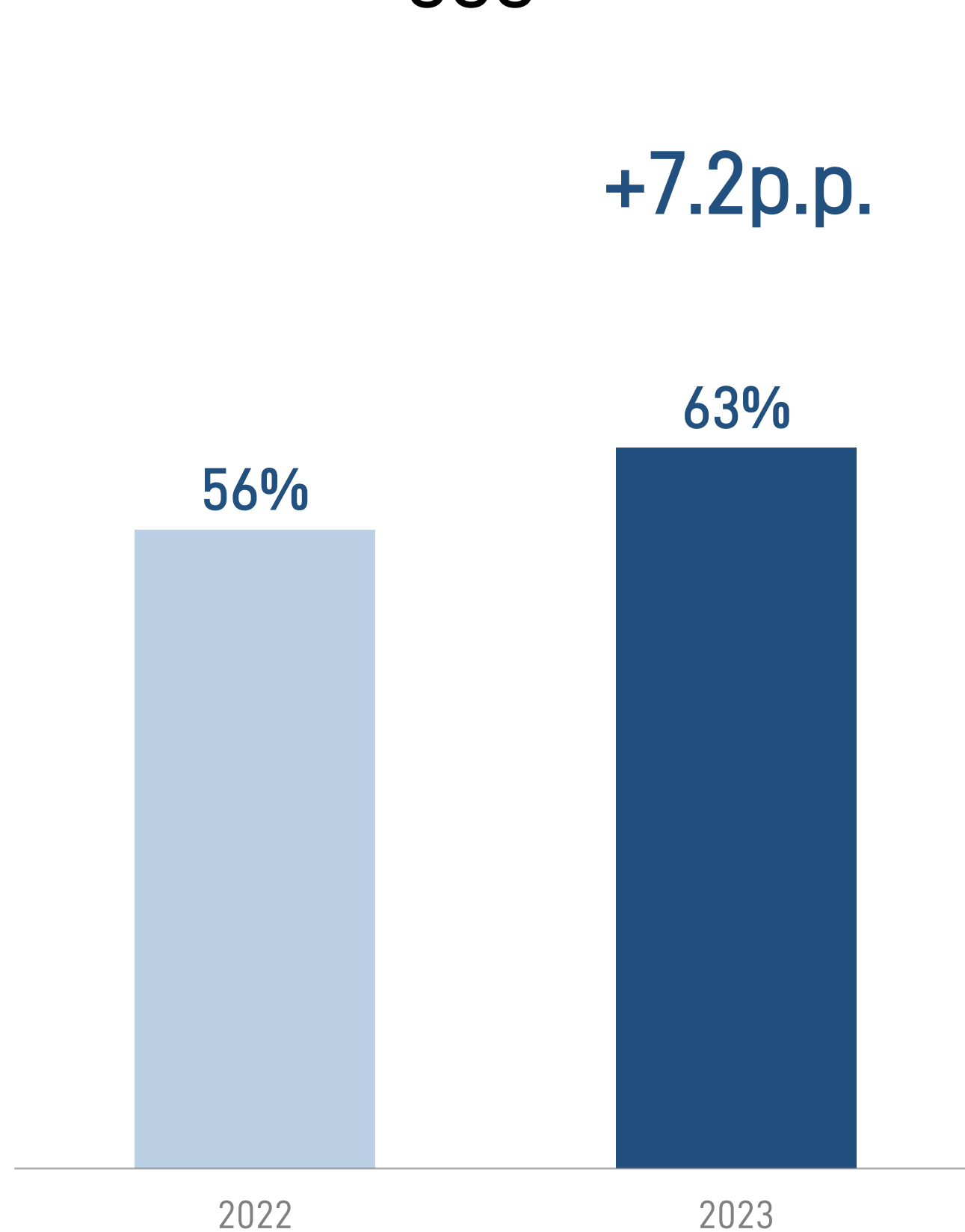
Legacy-DH - Blended RevPAR Increased 14.5% YoY

DH-2023年混合RevPAR同比增长14.5%

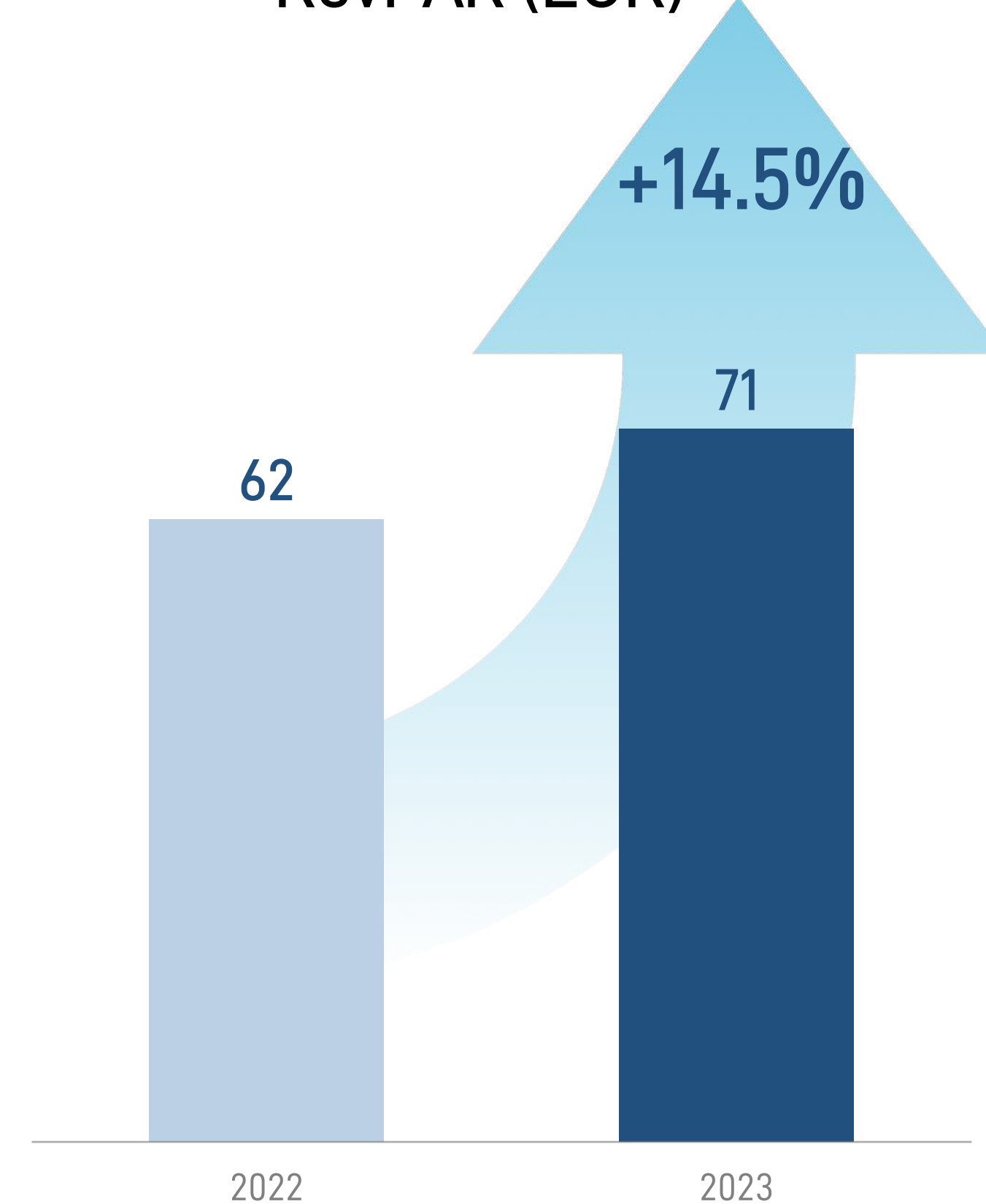
ADR (EUR)



OCC



RevPAR (EUR)



Revenue: Q4'23 Increased 51% , FY23 Increased 58%

营收四季度同比增长51%，全年同比增长58%

| <i>In million RMB</i> | 4Q23 | 4Q22 | YoY | 3Q23 | QoQ | 2023 | 2022 | YoY |
|-------------------------------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|--------------|
| Revenue from Legacy - Huazhu | 4,384 | 2,757 | 59.0% | 5,113 | -14.3% | 17,438 | 10,655 | 63.7% |
| - Leased & Owned Hotels | 2,288 | 1,537 | 48.9% | 2,748 | -16.7% | 9,522 | 6,062 | 57.1% |
| - Manachised & Franchised Hotels | 1,992 | 1,130 | 76.3% | 2,238 | -11.0% | 7,596 | 4,324 | 75.7% |
| - Others | 104 | 90 | 15.6% | 127 | -18.1% | 320 | 269 | 19.0% |
| Revenue from Legacy - DH | 1,201 | 949 | 26.6% | 1,175 | 2.2% | 4,444 | 3,207 | 38.6% |
| - Leased & Owned Hotels | 1,165 | 913 | 27.6% | 1,130 | 3.1% | 4,274 | 3,086 | 38.5% |
| - Manachised & Franchised Hotels | 24 | 28 | -14.3% | 30 | -20.0% | 98 | 81 | 21.0% |
| - Others | 12 | 8 | 50.0% | 15 | -20.0% | 72 | 40 | 80.0% |
| Revenue | 5,585 | 3,706 | 50.7% | 6,288 | -11.2% | 21,882 | 13,862 | 57.9% |

- 4Q23 and FY23 revenue of Legacy-Huazhu increased significantly YoY, thanks to
 1. strong travel demand,
 2. continued product upgrade; and
 3. market penetration and synergy through regional offices.
- 4Q23 and FY23 of DH revenue improved YoY mainly due to market recovery, favorable exchange rate and network expansion

Operating Income Achieved RMB4.7 Billion in 2023

2023年经营利润达到人民币47亿元

| <i>In million RMB</i> | 4Q23 | 4Q22 | YoY | 3Q23 | QoQ | 2023 | 2022 | YoY |
|-------------------------------|--------------|--------------|---------------|--------------|---------------|---------------|---------------|---------------|
| Hotel operating costs | 3,996 | 3,430 | 16.5% | 3,613 | 10.6% | 14,341 | 12,260 | 17.0% |
| - Legacy-Huazhu | 2,937 | 2,446 | 20.1% | 2,660 | 10.4% | 10,539 | 9,170 | 14.9% |
| - Legacy-DH | 1,059 | 984 | 7.6% | 953 | 11.1% | 3,802 | 3,090 | 23.0% |
| Pre-opening expenses | 3 | 14 | -78.6% | 11 | -72.7% | 35 | 95 | -63.2% |
| - Legacy-Huazhu | 3 | 14 | -78.6% | 11 | -72.7% | 35 | 95 | -63.2% |
| - Legacy-DH | 0 | 0 | Nm | - | Nm | 0 | 0 | Nm |
| SG&A expenses | 970 | 609 | 59.3% | 828 | 17.1% | 3,158 | 2,288 | 38.0% |
| - Legacy-Huazhu | 686 | 408 | 68.1% | 594 | 15.5% | 2,214 | 1,598 | 38.5% |
| - Legacy-DH | 284 | 201 | 41.3% | 234 | 21.4% | 944 | 690 | 36.8% |
| Income from operations | 757 | -93 | Nm | 1,909 | -60.3% | 4,714 | -294 | Nm |
| - Legacy-Huazhu | 821 | -3 | Nm | 1,906 | -56.9% | 4,899 | 51 | 9505.9% |
| - Legacy-DH | -64 | -90 | 28.9% | 3 | Nm | -185 | -345 | 46.4% |

- The YoY increase of hotel operating cost in 4Q23 was mainly due to business recovery, while the QoQ increase was mainly due to RMB200 million impairment loss of Legacy-Huazhu and RMB162 million impairment loss of Legacy-DH
- Pre-opening costs maintained at a low level as we continue to move towards asset-light model.
- Legacy-Huazhu SG&A expenses increased YoY in 4Q23 along with business recovery. Legacy-DH SG&A expenses increased YoY in 4Q23 mainly due to increased personnel cost, unfavorable exchange rate and the recovery of business.
- Operating income improved significantly YoY, driven by business recovery and operating leverage

Adjusted EBITDA, Adjusted Net Income and Operating Cash Flow

经调整后的EBITDA，净利润以及经营性净现金流情况

| <i>In million RMB</i> | 4Q23 | 4Q22 | YoY | 3Q23 | QoQ | 2023 | 2022 | YoY |
|------------------------------|--------------|--------------|---------------|--------------|---------------|--------------|---------------|----------------|
| Adjusted EBITDA | 1,270 | 398 | 219.1% | 2,186 | -41.9% | 6,874 | 610 | 1026.9% |
| - Legacy-Huazhu | 1,270 | 397 | 219.9% | 2,131 | -40.4% | 6,787 | 728 | 832.3% |
| - Legacy-DH | 0 | 1 | Nm | 55 | Nm | 87 | -118 | Nm |
| Adjusted Net Income | 657 | -255 | Nm | 1,390 | -52.7% | 4,119 | -1,375 | Nm |
| - Legacy-Huazhu | 741 | -215 | Nm | 1,427 | -48.1% | 4,384 | -974 | Nm |
| - Legacy-DH | -84 | -40 | -110.0% | -37 | -127.0% | -265 | -401 | 33.9% |
| Operating Cash Inflow | 2,411 | 1,042 | 131.4% | 1,181 | 104.1% | 7,674 | 1,564 | 390.7% |

- 4Q23 Legacy-Huazhu's adj. EBITDA and adj. net income improved YoY mainly due to the business recovery but decreased QoQ mainly due to seasonality
- Legacy-DH's adj. EBITDA turned positive for the full year of 2023
- 4Q operating cash flow improved both YoY and QoQ, and FY23 operating cash flow improved significantly.

* Adjusted EBITDA and adjusted net income excludes gains/ (losses) from fair value changes of equity securities and share-based compensation expenses

Liquidity Position Update

流动性情况更新



Cash Balance (incl.
Time Deposits)

RMB10.5 bn



Net Cash (incl.
Time Deposits)

RMB5.2 bn



Unutilized
Bank Facilities

RMB2.8 bn

* As of December 31, 2023

* Cash balance and net cash position includes RMB2.8bn time deposits and financial products

Return to Shareholders in 2023

2023年股东回报情况



Cash Dividend

~USD300 mn



Share Repurchase

USD119 mn

* As of December 31, 2023

* Cash dividend was announced in Nov 2023, and was paid out in Jan 2024

Guidance

业绩指引

Q1 2024

Revenue vs. Q1 2023

- Grow 12%-16%
- Excluding DH - Grow 11%-15%

Full Year 2024

Revenue vs. FY 2023

- Grow 8%-12%
- Excluding DH - Grow 8%-12%

Gross Opening Target: ~ 1800 hotels

Closure of ~ 650 hotels

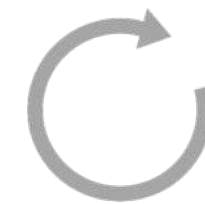
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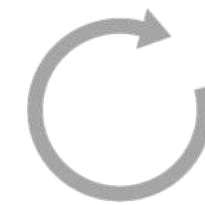
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Appendix

Same-Hotel Operational Data by Segment

同店经营数据

| | 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, | | | December 31, | | | December 31, | | |
| | 2022 | 2023 | 2022 | 2023 | yoy change | 2022 | 2023 | yoy change | 2022 | 2023 | yoy change (p.p.) |
| Economy hotels | 3,641 | 3,641 | 129 | 173 | 34.5% | 184 | 212 | 14.9% | 69.8% | 81.7% | +11.9 |
| Leased and owned hotels | 318 | 318 | 134 | 209 | 56.6% | 200 | 248 | 24.1% | 66.8% | 84.3% | +17.5 |
| Manachised and franchised hotels | 3,323 | 3,323 | 128 | 168 | 31.3% | 182 | 206 | 13.3% | 70.2% | 81.3% | +11.1 |
| Midscale and Upper midscale hotels | 2,898 | 2,898 | 197 | 283 | 44.2% | 302 | 351 | 16.0% | 65.0% | 80.8% | +15.8 |
| Leased and owned hotels | 250 | 250 | 223 | 370 | 66.0% | 364 | 445 | 22.2% | 61.3% | 83.2% | +22.0 |
| Manachised and franchised hotels | 2,648 | 2,648 | 193 | 271 | 40.5% | 294 | 337 | 14.4% | 65.5% | 80.5% | +14.9 |
| Total | 6,539 | 6,539 | 164 | 230 | 40.8% | 243 | 283 | 16.7% | 67.3% | 81.2% | +13.9 |

Same-Hotel Operational Data by Segment

同店经营数据

| | Number of hotels in operation | | Same-hotel RevPAR | | | Same-hotel ADR | | | Same-hotel Occupancy | | yoy change (p.p.) |
|---|-------------------------------|--------------|--------------------|------------|--------------|--------------------|------------|--------------|----------------------|--------------|-------------------|
| | As of | | For the year ended | | | For the year ended | | | For the year ended | | |
| | December 31, | | December 31, | | | December 31, | | | December 31, | | |
| | 2022 | 2023 | 2022 | 2023 | yoy change | 2022 | 2023 | yoy change | 2022 | 2023 | |
| Economy hotels | 3,641 | 3,641 | 129 | 186 | 44.4% | 180 | 225 | 25.1% | 71.5% | 82.5% | +11.0 |
| Leased and owned hotels | 318 | 318 | 135 | 225 | 65.9% | 196 | 266 | 36.0% | 69.2% | 84.3% | +15.2 |
| Manachised and franchised hotels | 3,323 | 3,323 | 128 | 180 | 41.0% | 178 | 219 | 23.2% | 71.8% | 82.2% | +10.4 |
| Midscale and Upper midscale hotels | 2,898 | 2,898 | 198 | 301 | 51.9% | 304 | 369 | 21.7% | 65.2% | 81.4% | +16.2 |
| Leased and owned hotels | 250 | 250 | 219 | 381 | 74.0% | 365 | 465 | 27.5% | 60.1% | 82.0% | +21.9 |
| Manachised and franchised hotels | 2,648 | 2,648 | 195 | 288 | 48.0% | 295 | 354 | 20.1% | 66.0% | 81.3% | +15.3 |
| Total | 6,539 | 6,539 | 163 | 244 | 49.4% | 239 | 298 | 24.6% | 68.3% | 81.9% | +13.6 |

Number of Hotels and Rooms

酒店数量和房间数量

As of December 31, 2023

| | Hotels | Rooms in operation | Unopened hotels | |
|--------------------------------|--------------|-----------------------|-----------------|--|
| | | | Total | |
| | | | in pipeline | |
| Economy hotels | 4,984 | 407,657 | 1,121 | |
| HanTing Hotel | 3,598 | 317,647 | 731 | |
| Hi Inn | 471 | 24,431 | 180 | |
| NiHao Hotel | 269 | 20,009 | 177 | |
| Elan Hotel | 404 | 21,012 | 1 | |
| Ibis Hotel | 226 | 22,659 | 17 | |
| Zleep Hotels | 16 | 1,899 | 15 | |
| Midscale hotels | 3,543 | 379,614 | 1,503 | |
| Ibis Styles Hotel | 105 | 10,607 | 24 | |
| Starway Hotel | 670 | 55,786 | 228 | |
| Ji Hotel | 2,116 | 244,175 | 936 | |
| Orange Hotel | 652 | 69,046 | 315 | |
| Upper midscale hotels | 704 | 98,508 | 397 | |
| Crystal Orange Hotel | 183 | 23,664 | 119 | |
| CitiGO Hotel | 35 | 5,308 | 4 | |
| Manxin Hotel | 137 | 12,678 | 69 | |
| Madison Hotel | 90 | 11,704 | 64 | |
| Mercure Hotel | 164 | 25,803 | 58 | |
| Novotel Hotel | 23 | 5,763 | 17 | |
| IntercityHotel | 63 | 12,219 | 64 | |
| MAXX | 9 | 1,369 | 2 | |
| Upscale hotels | 137 | 21,046 | 69 | |
| Jaz in the City | 3 | 587 | 1 | |
| Joya Hotel | 7 | 1,234 | - | |
| Blossom House | 63 | 2,791 | 56 | |
| Grand Mercure Hotel | 10 | 2,039 | 2 | |
| Steigenberger Hotels & Resorts | 54 | 14,395 | 10 | |
| Luxury hotels | 16 | 2,360 | 2 | |
| Steigenberger Icon | 9 | 1,847 | 2 | |
| Song Hotels | 7 | 513 | - | |
| Others | 10 | 3,259 | 6 | |
| Other hotels | 10 | 3,259 | 6 | |
| Total | 9,394 | 912,444 | 3,098 | |