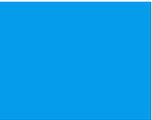




# Second Quarter of 2021 Earnings Call

**Huazhu Group Limited**  
(NASDAQ: HTHT and HKEX: 1179)

Aug 25, 2021

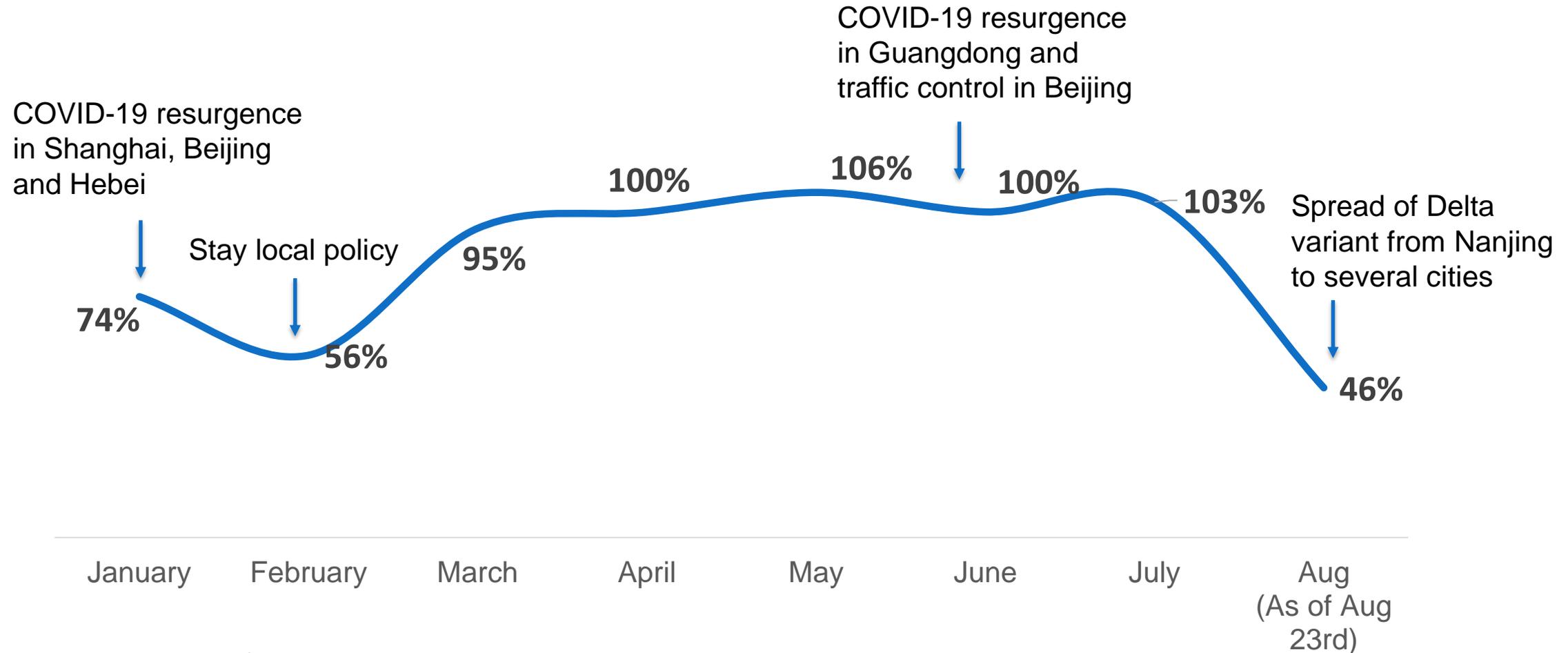


# AGENDA

- **2Q2021 Business Updates**
- 2Q2021 Operational and Financial Review
- COVID-19 Updates and Guidance
- Q and A
- Appendix

# RevPAR in late July Start to Decline for the Spread of Delta Variant 从七月下旬开始RevPAR受新一轮疫情影响同比2019年开始下滑

## Blended RevPAR in 2021 as % of 2019



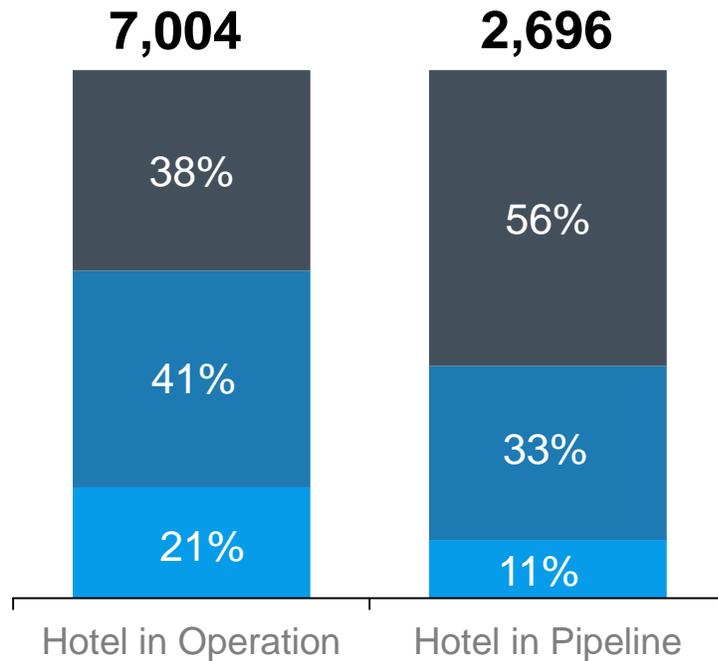
\*Numbers in this page refers to Legacy-Huazhu business

# New Signings Hit a Record High in 2021H1

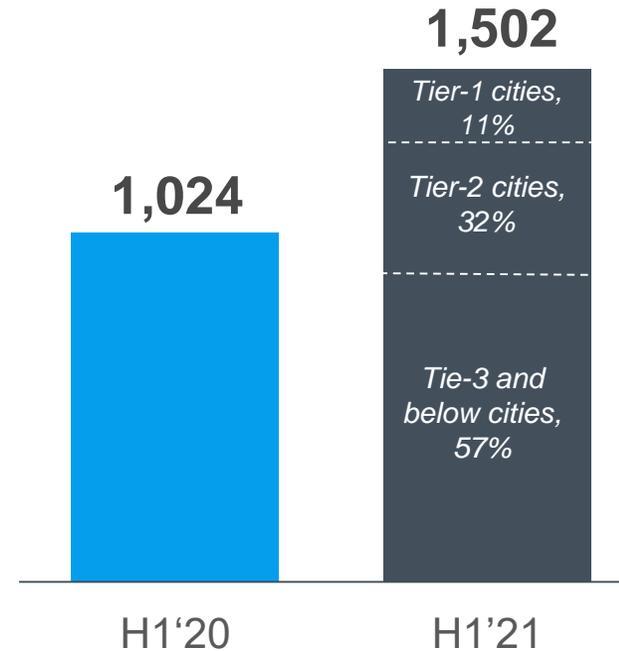
## 上半年新签约创新高

### Hotels Breakdown

(as of June 30)

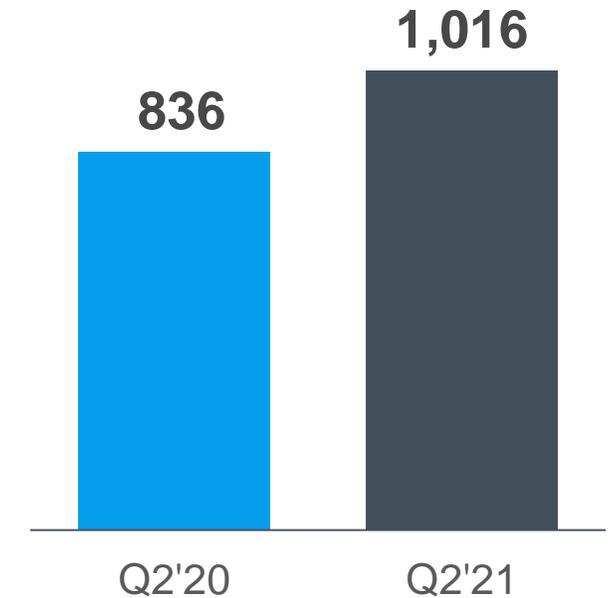


### Number of New Signings



### City Coverage

(hotels in operation and in pipeline)



■ Tier-3 and below Cities ■ Tier-2 Cities ■ Tier-1 Cities

\*Numbers in this page refers to Legacy-Huazhu business

# Multi-Brand Strategy in Upper Midscale Segment

## 多品牌探索中高档酒店市场机会



CRYSTAL  
桔子水晶酒店  
ORANGE

城际酒店  
IntercityHotel

- **As of Q2'21:**

406 hotels in operation

248 hotels in pipeline

Mercure  
HOTELS



漫心酒店  
MAN XIN HOTEL

- **Target:**

1000+ Hotels in 2023 ( in operation  
and in pipeline)

MADISON  
美仑酒店

NOVOTEL

# Joint Hotel Brand between Steigenberger and Porsche Design Group 施柏阁携手保时捷设计合作全新酒店品牌

STEIGENBERGER  
—  
§  
施柏阁

  
PORSCHE DESIGN



STEIGENBERGER  
**PORSCHE DESIGN**  
HOTELS

# CRS Contribution Increased in Lower Tier Cities

## 低线城市中央预定贡献占比增加

### CRS Contribution by City Tier in Q2'21

Overall



Tier 1&2 cities



Tier 3 and Below cities



# Data Security is of Our Highest Priority

## 数据安全是华住的生命线

### ISO27001/27701 Certificate

#### bsi. Certificate of Registration

信息安全管理体系 - ISO/IEC 27001:2013

兹证明: 华住酒店管理有限公司  
中国  
上海  
闵行区  
吴中路699号  
励业公社1楼  
邮编: 201103

持有证书: **IS 716865**

并运行符合 ISO/IEC 27001:2013 要求的信息安全管理体系

信息安全管理体系以下范围, 由信息技术部为IT系统的开发和运行维护服务, 以及桌面和IT基础设施的声明书一致。  
注册地址: 江苏省昆山市花桥镇兆丰路18号  
The management of information security in the management systems and related auxiliary systems. The provision of desktop and IT infrastructure Technology Department for the Huazhu Hotels Applicability version 1.0, dated June 6 2019. Registration Address: No. 8, Zhaofeng Road, K

BSI代表:

Chris Cheung

首次发证日期: 2019-09-19

最新发证日期: 2019-09-19



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信息咨询服务: BSI, Kilmarnock Court, Dairy Avenue, Kilmarnock, Midlothian, Scotland, EH32 8PP, 电话: +44 345 900 9000  
BSI认证有限公司, 总部地址: 注册号7805221, 地址: 389 Chiswick Avenue, Uxbridge, Middlesex, UK, 电话: +44 1895 939900  
BSI集团成员。



#### bsi. Certificate of Registration

隐私信息管理体系 - ISO/IEC 27701:2019

兹证明: 华住酒店管理有限公司  
中国  
上海  
闵行区  
吴中路699号  
励业公社1楼  
邮编: 201103

Huazhu Hotel Management Co., Ltd.  
1st Floor, Liye Gongshu  
No. 699, Wuzhong Road  
Minhang District  
Shanghai  
201103  
China

持有证书: **PM 736518**

并运行符合 ISO/IEC 27701:2019 要求的隐私信息管理体系, 认证范围如下:

请见认证范围页

BSI代表:

Chris Cheung, 亚太地区 合规风险主管

首次发证日期: 2020-12-07

最新发证日期: 2021-07-26

生效日期: 2020-12-07  
有效期至: 2022-09-18

Page: 1 of 2



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关于证书的有效性, ISO/IEC 27701:2019 标准的详细情况, 请咨询我们的网站。  
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信息咨询服务: BSI, Kilmarnock Court, Dairy Avenue, Kilmarnock, Midlothian, Scotland, EH32 8PP, 电话: +44 345 900 9000  
BSI认证有限公司, 总部地址: 注册号7805221, 地址: 389 Chiswick Avenue, Uxbridge, Middlesex, UK, 电话: +44 1895 939900  
BSI集团成员。

...making excellence a habit.™

### Compliance of PCI-DSS



**Attestation of Compliance for PCI DSS Assessments**  
No.: atsec-2021-PCI-DSS-C-01878-02354  
This is to certify that:

**CHINA LODGING HOLDING**  
Has been assessed and valid following payment card **Payment Card Industry (PCI) D Requirements and Security** Version 3.2.1, M

Service(s) assessed: Central Reservation System  
Office location: Layer 5, Building 02, No 421,1 P. R. China  
Data center location: AWS

Assessment Scope:  
Cardholder data (including PAN, expiration date and cardholder name) are secured by strong cryptographic HTTPS interface. Once completed, cardholder data (including PANs, sent to Property management system (out-of-cryptographic HTTPS tunnel over Internet. Cardholder name and expiration date) are stored in CVC2, CID, CAV2 data) are neither stored, processed nor transmitted in the environment of CRS.

Date of Issue: June 10, 2021  
Date of Initial Compliance: June 10, 2021  
Date of Expiry: June 9, 2022



**atsec (Beijing) Informatio**  
Tel: +86 10 53056681  
Fax: +86 10 53056678  
The validity of this attestation can be verified. Refer to Report on Compliance (ROC) for this



**Attestation of Compliance for PCI DSS Assessments**  
No.: atsec-2020-PCI-DSS-C-01402-11279  
This is to certify that:

**China Lodging Group, Limited**  
Has been assessed and validated according to the following payment card industry standard: **Payment Card Industry (PCI) Data Security Standard (DSS) Requirements and Security Assessment Procedures** Version 3.2.1, May 2018

Service(s) assessed: Internet-based Card Acquiring System  
Office location: No. 699, Wuzhong Rd, Minhang Dis, Shanghai, P.R. China  
Data center location: Layer 4, Building 57, No 461, Hongqiao Rd, Hongqiao Dis, Shanghai, P.R.China

Assessment Scope:  
Huazhu provides various payment services, such as payment authorization service, refund service and payment guarantee service. Sensitive authentication data (including CVV2 and CV2) and cardholder data (including PAN, expiration date and cardholder name) are securely transmitted over Internet with strong cryptographic HTTPS interface. Once internal payment processes are completed, cardholder data and sensitive data are transmitted to payment processors over Internet with strong cryptographic HTTPS interface. Only PANs are stored in local database servers for payment guarantee service purpose, and these stored cardholder data are protected via AES 128 bits encryption. Sensitive authentication data (including CVV2 and CV2) are held in the VRAM and purged immediately after authorization. No sensitive authentication data are stored in the cardholder data environment.

Date of Issue: May 19, 2020  
Date of Initial Compliance: May 19, 2020  
Date of Expiry: May 18, 2021

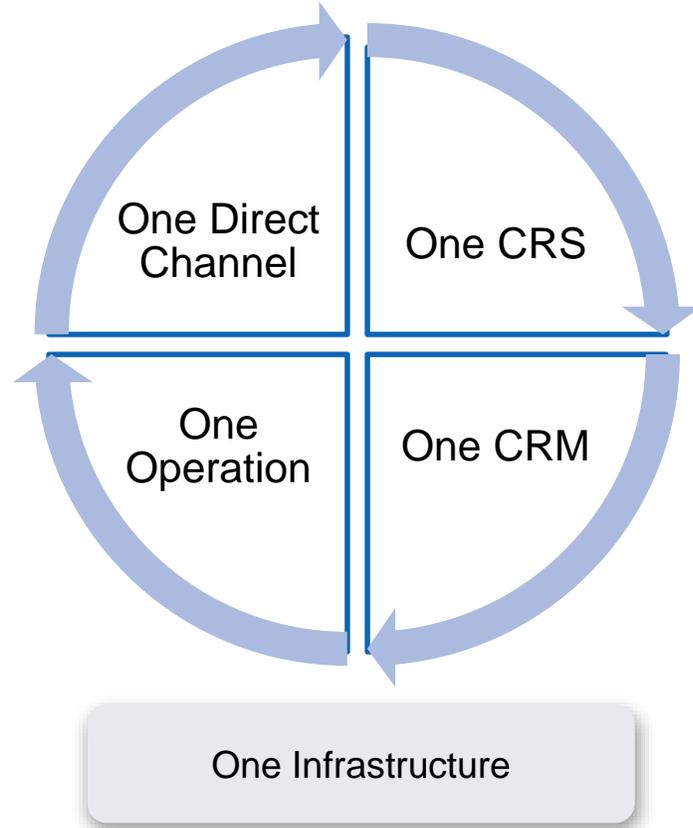


**atsec (Beijing) Information Technology Co., Ltd**  
Tel: +86 10 53056681  
Fax: +86 10 53056678  
The validity of this attestation can be verified through the above website. Refer to Report on Compliance (ROC) for the compliance and assessment details.

**Liu Yan**  
PCI Laboratory Director

# One Global Digital Platform Ready for Massive Rollout In DH

## 全球数字化平台进入DH规模化推广阶段



### One Global Share Service Digital Platform

- Seamless Guest Journey
- Efficiency-driven hotel operation
- Centralized business model globally

Target to roll out to 70% of DH hotels by the end of 2021 and 100% by the end of 2022



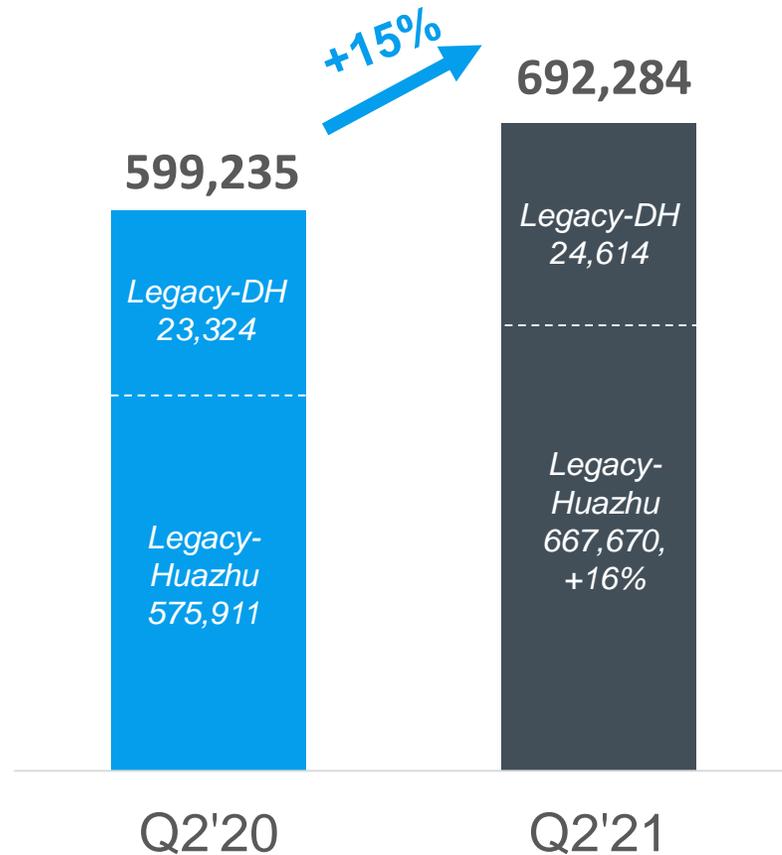
# AGENDA

- 2Q2021 Business Updates
- **2Q2021 Operational and Financial Review**
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# Hotel Network Continued to Expand 酒店网络持续扩张

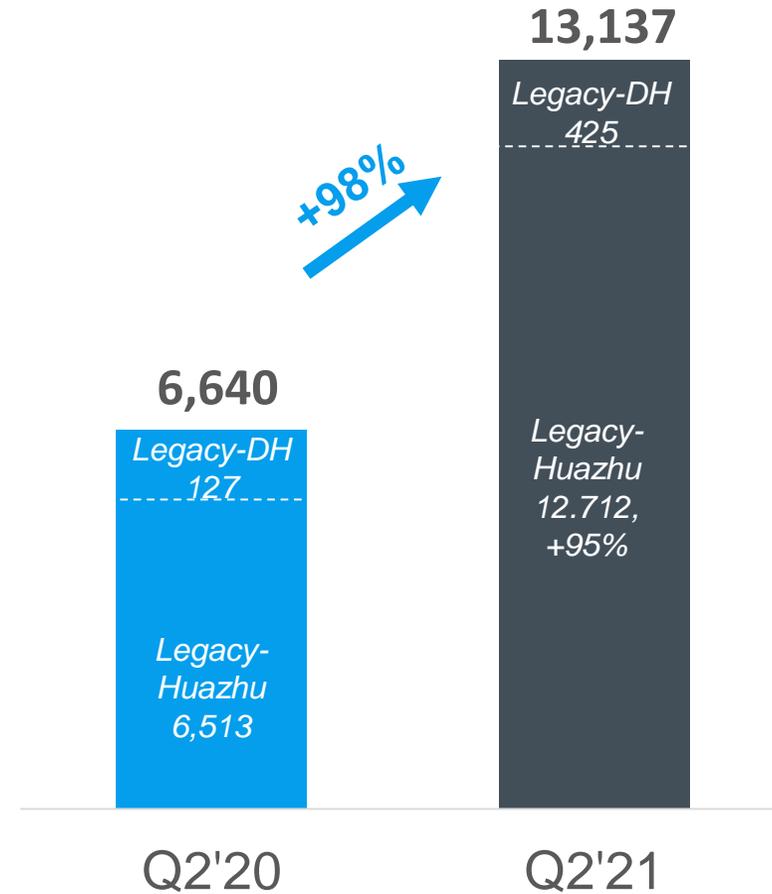
## Hotel Network Expansion

(Number of rooms in operation)



## Hotel Turnover

(in RMB millions)

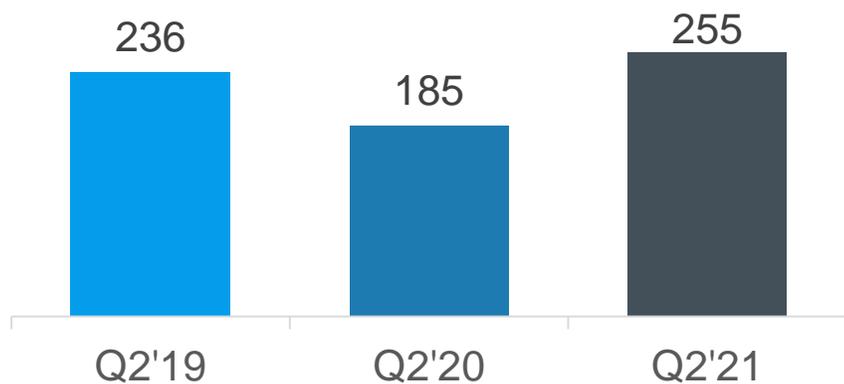


# Legacy-Huazhu - Blended RevPAR Increased in Q2'21 yoy

## 华住中国-二季度混合RevPAR同比增长

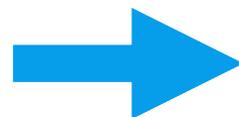
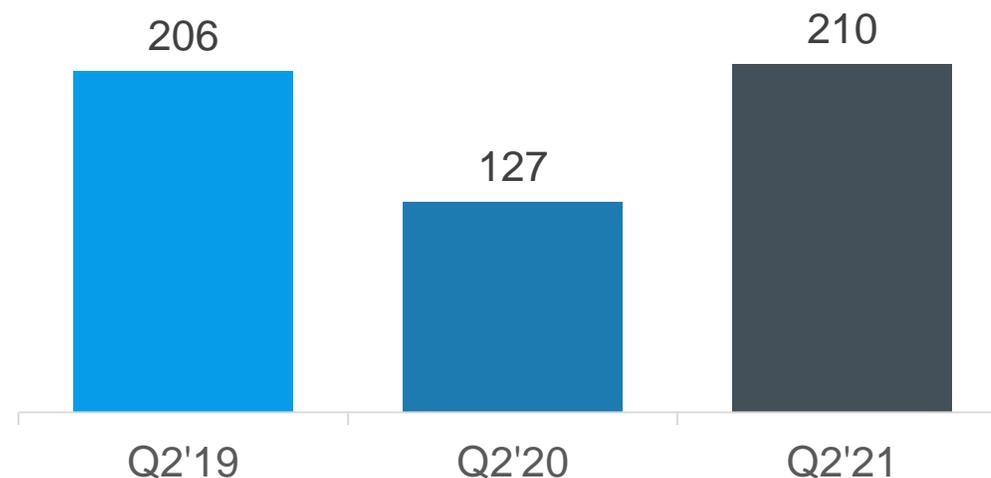
ADR +38% yoy and +8% Compared to 2019

(RMB)

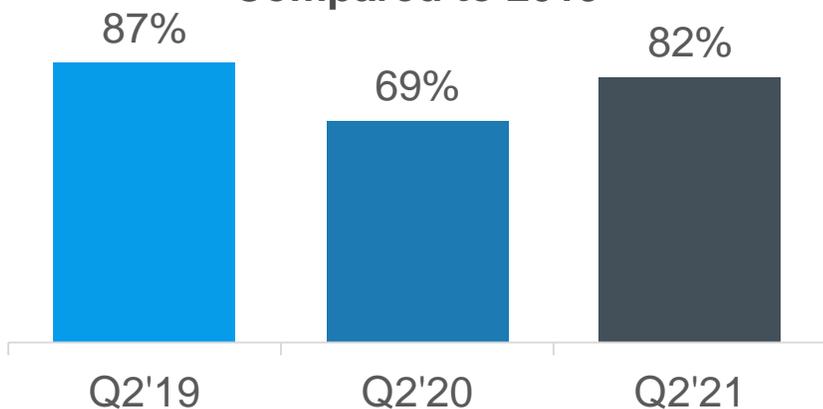


RevPAR +65% yoy and +2% Compared to 2019

(RMB)



Occupancy +13 p.p. yoy and -5 p.p. Compared to 2019

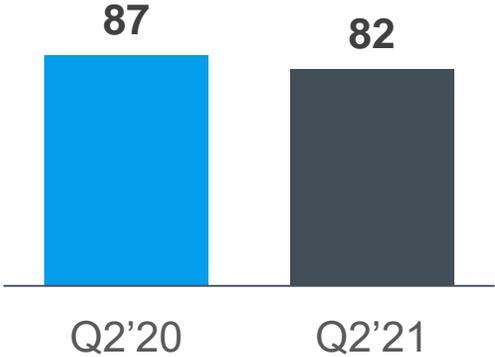


# Legacy-DH - Blended RevPAR Increased in Q2'21 yoy

## DH-二季度混合RevPAR同比增长

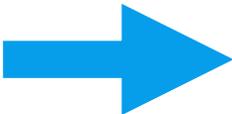
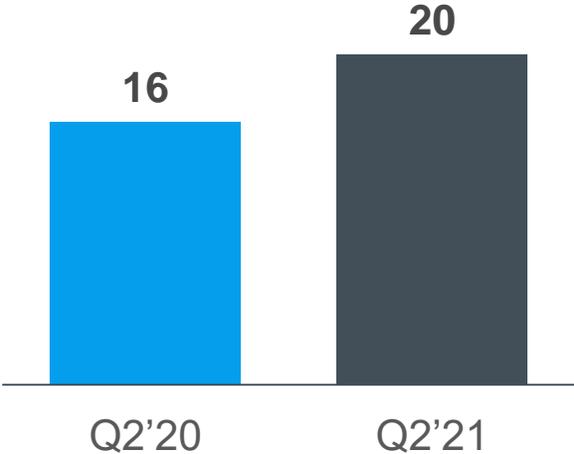
ADR -6% in Q2'21

(EUR)

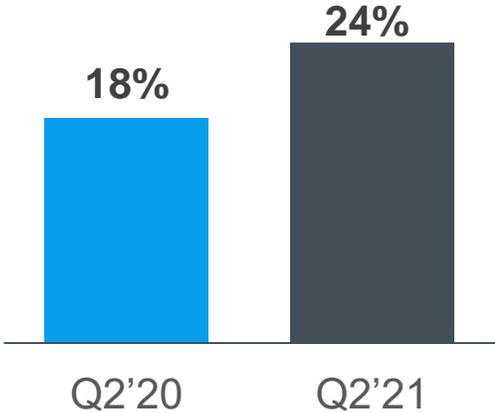


RevPAR +26% in Q2'21

(EUR)



Occupancy +6 p.p. in Q2'21

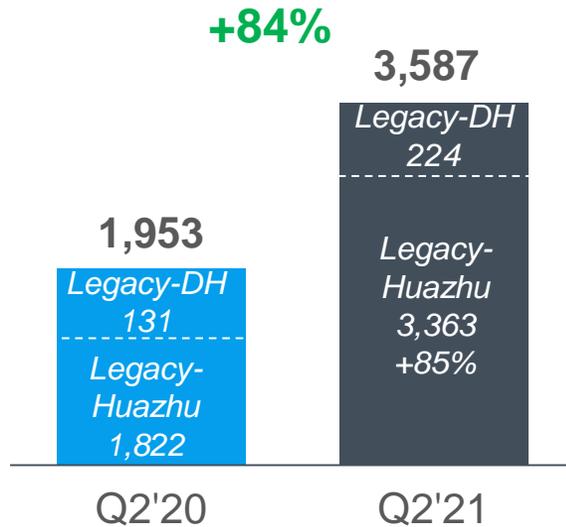


# Net Revenues: Q2'21 Increased 84%

## 营收二季度增长84%

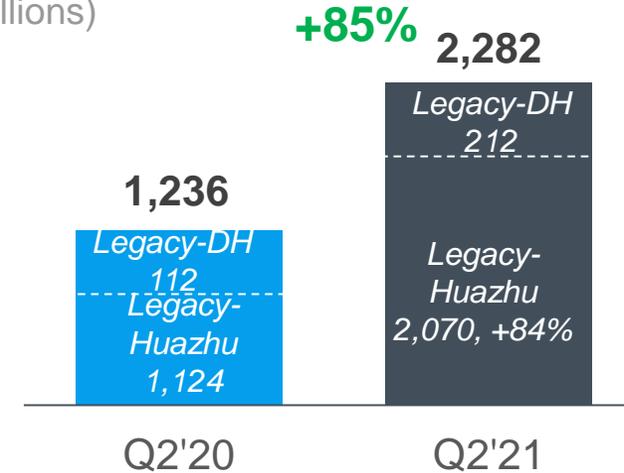
### Net Revenues

(in RMB millions)



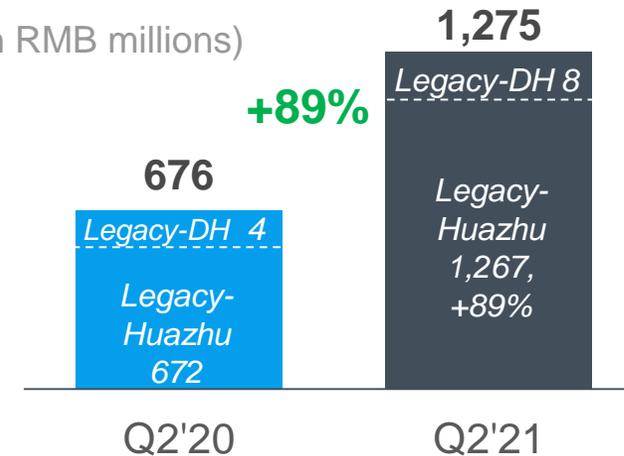
### Net Revenues from Leased and Owned Hotels

(in RMB millions)



### Net Revenues from Manachised and Franchised Hotels

(in RMB millions)



### Manachised and Franchised Hotels Revenue as % of Net Revenues

	Q2'20	Q2'21
Huazhu Group	35%	36%
Legacy-Huazhu	37%	38%

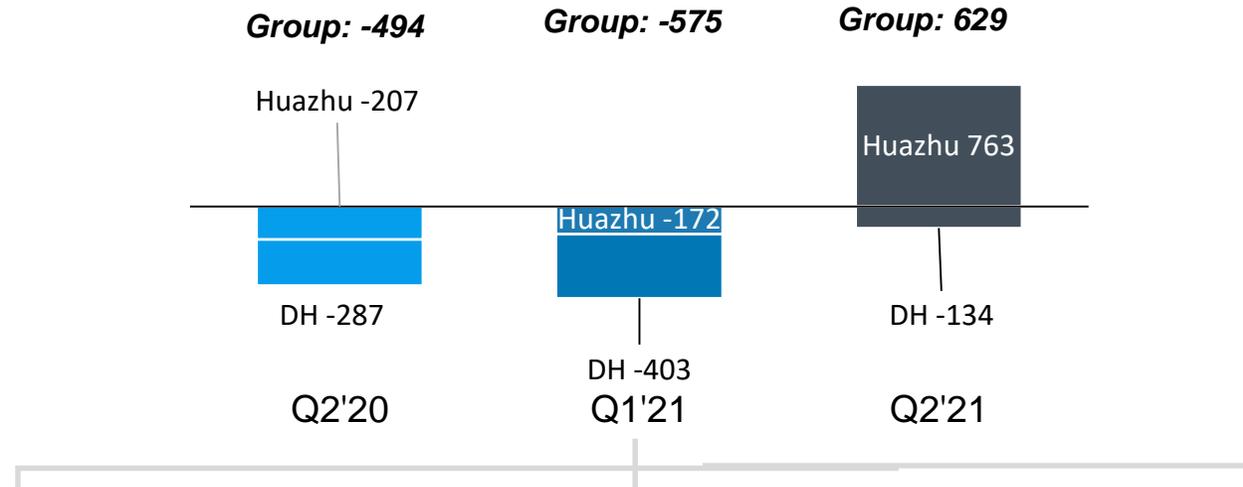
# Q2'21 Operating Income Turned Positive 二季度经营利润转亏为盈

## Income from Operations

( in RMB millions )

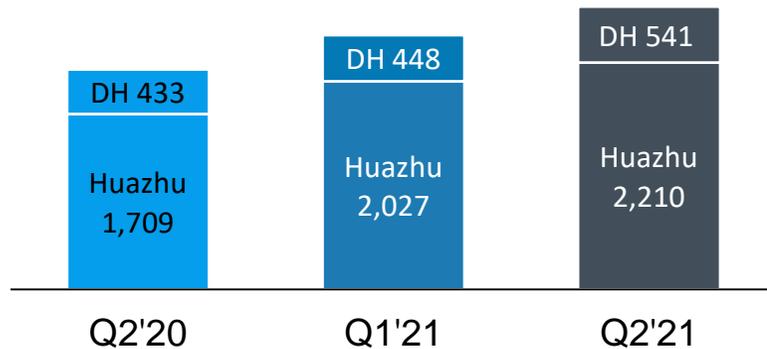
\*Huazhu refers to Legacy-Huazhu

\*DH refers to Legacy-DH

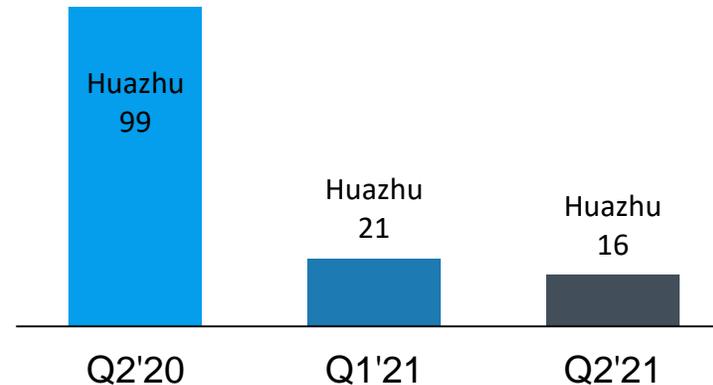


## Hotel operating costs and other operating costs

Group: 2,142    Group: 2,475    Group: 2,751

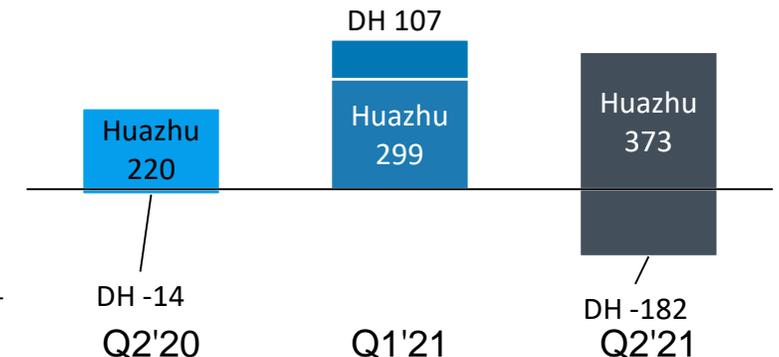


## Pre-opening expenses



## SG&A Expenses and other operating income

Group: 206    Group: 406    Group: 191

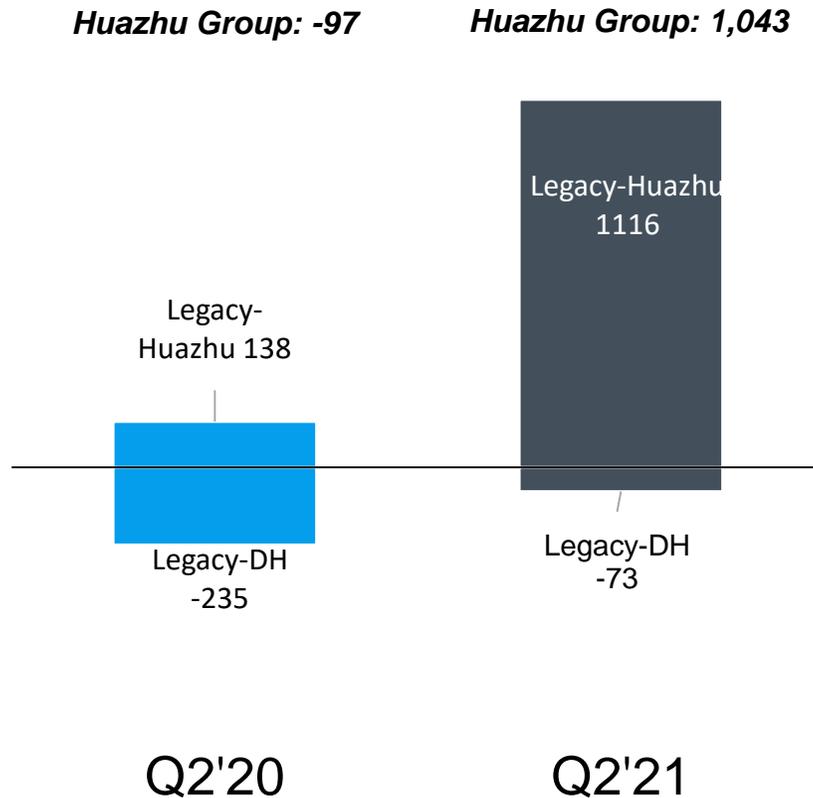


# Adjusted EBITDA and Adjusted Net Income in Q2'21

## 二季度调整后的EBITDA和净利润情况

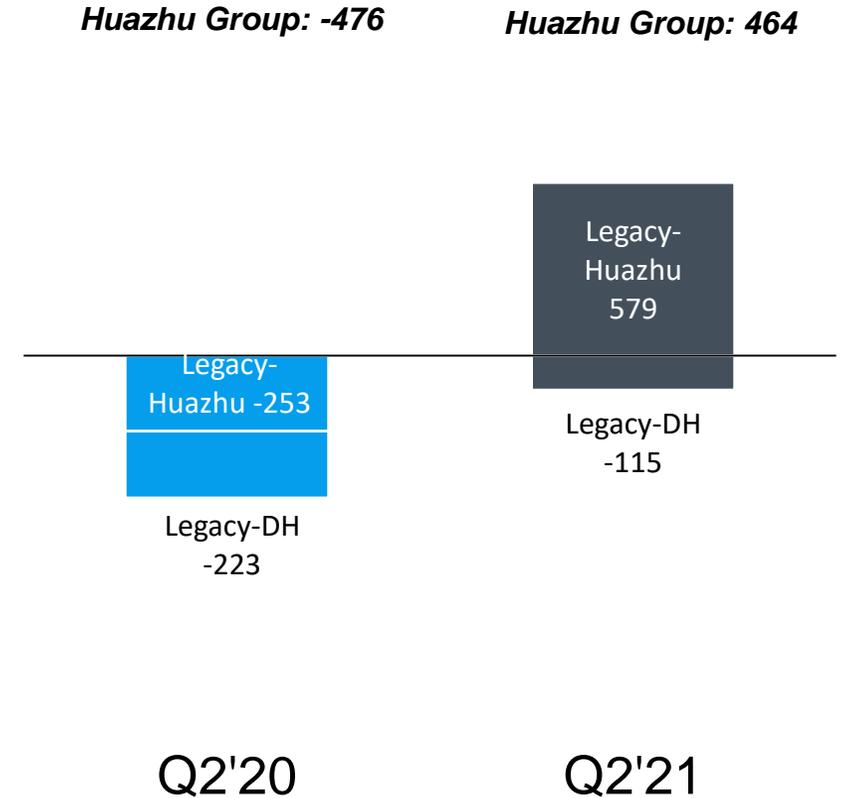
### Adjusted EBITDA

(in RMB millions)



### Adjusted Net Income

(in RMB millions)



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



# AGENDA

- 2Q2021 Business Updates
- 2Q2021 Operational and Financial Review
- **COVID-19 Updates and Guidance**
- Q and A
- Appendix

# COVID-19 Update

## 疫情情况更新

- **Improved liquidity :**
  1. Net debt – **RMB4.4 billion** at June 30, 2021
- **Increased available cash and bank facilities at June 30, 2021**
  1. Cash balance – **RMB6.2 billion**
  2. Legacy-Huazhu Banks facilities – Unutilized bank facilities of **RMB6.8 billion**

# COVID-19 Update - Deutsche Hospitality

## DH疫情情况更新

- DH occupancy rises continuously from about 19% in Q1, 24% in Q2 and roughly 50% in August, 2021.
- 93% or 114 of the 122 hotels remained open at beginning of August 2021.
- As of August 23<sup>rd</sup>, about 64% Germans have received at least one shot of vaccine and 59% Germans have received two shots.
- Short-time worker compensation received as of August 2021 amounted to EUR 15.8 million and the policy provides continuing compensation until December 31, 2021.
- Signed lease waivers since the outbreak of Covid-19 achieved EUR 12.9 million, 3.3million more than last quarter; further negotiations are continuing.
- EUR 38 million subsidy from the German government was received and recorded in the 2<sup>nd</sup> quarter of 2021.
- Available bank credit lines totaling EUR 12 million at June 30, 2021.

# Guidance 业绩指引

## Q3 2021

- Net revenues vs. Q3 2020
  - Grow 8%-12%
  - Excluding DH - Grow 4-8%
- Net revenue vs. Q3 2019
  - Grow 12%-16%
  - Excluding DH - Decline 3%-7%

## Full year 2021

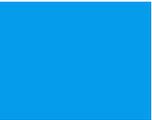
- Net revenue vs.2020
  - Grow 29%-33%
  - Excluding DH - Grow 34-38%
- Net revenue vs. 2019
  - Grow 17%-21%
  - Excluding DH - Grow 2-6%

• *Guidance is based on our current expectation that the recent Delta Variant of COVID-19 resurgence can be well contained by the beginning of September and there will be no massive resurgence of COVID-19 in the remaining of the year.*



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- Appendix



# AGENDA

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# Same-Hotel Operational Data by Segment

## 同店经营数据

### Same-hotel operational data by segment

#### Operational hotels excluding hotels under requisition

	Number of hotels in operation		Same-hotel RevPAR			Same-hotel ADR			Same-hotel Occupancy		
	As of June 30,		For the quarter ended June 30,			For the quarter ended June 30,			For the quarter ended June 30,		
	2020	2021	2020	2021	yoy change	2020	2021	yoy change	2020	2021	yoy change (p.p.)
<b>Economy hotels</b>	3,017	3,017	107	168	57.7%	146	196	34.4%	73.1%	85.8%	+12.7
Leased and owned hotels	408	408	109	191	75.7%	154	227	47.6%	70.8%	84.2%	+13.5
Manachised and franchised hotels	2,609	2,609	106	163	53.6%	144	189	31.3%	73.7%	86.2%	+12.5
<b>Midscale and upscale hotels</b>	1,520	1,520	172	272	57.8%	254	336	32.3%	68.0%	81.0%	+13.1
Leased and owned hotels	213	213	182	316	73.3%	285	405	42.3%	64.0%	77.9%	+13.9
Manachised and franchised hotels	1,307	1,307	170	262	54.1%	247	321	29.9%	68.9%	81.7%	+12.8
<b>Total</b>	4,537	4,537	133	210	58.1%	187	250	33.9%	71.1%	83.9%	+12.8

	Number of hotels in operation		Same-hotel RevPAR			Same-hotel ADR			Same-hotel Occupancy		
	As of June 30,		For the quarter ended June 30,			For the quarter ended June 30,			For the quarter ended June 30,		
	2019	2021	2019	2021	yoy change	2019	2021	yoy change	2019	2021	yoy change (p.p.)
<b>Economy hotels</b>	2,308	2,308	179	168	-5.9%	193	195	1.2%	92.5%	86.0%	-6.5
Leased and owned hotels	392	392	202	187	-7.2%	217	223	2.9%	93.3%	84.1%	-9.2
Manachised and franchised hotels	1,916	1,916	172	163	-5.6%	187	188	0.8%	92.3%	86.5%	-5.8
<b>Midscale and upscale hotels</b>	931	931	285	269	-5.7%	337	338	0.1%	84.6%	79.7%	-4.9
Leased and owned hotels	184	184	350	311	-11.1%	406	401	-1.4%	86.1%	77.7%	-8.5
Manachised and franchised hotels	747	747	264	255	-3.3%	314	317	1.1%	84.1%	80.4%	-3.7
<b>Total</b>	3,239	3,239	216	203	-5.7%	240	243	1.0%	89.7%	83.8%	-6.0

# Number of Hotels and Rooms

## 酒店数量和房间数量

As of June, 2021

	Total		
	Hotels in operation	Rooms	Unopened hotels in pipeline
<b>Economy hotels</b>	<b>4,465</b>	<b>370,297</b>	<b>1,307</b>
HanTing Hotel	2,834	260,252	740
Hi Inn	430	25,419	83
Elan Hotel	976	60,645	431
Ibis Hotel	211	22,320	41
Zleep Hotels	14	1,661	12
<b>Midscale hotels</b>	<b>2,146</b>	<b>241,370</b>	<b>1,121</b>
Ibis Styles Hotel	78	9,046	19
Starway Hotel	477	39,524	279
Jl Hotel	1,203	148,008	616
Orange Hotel	360	40,285	202
CitiGO Hotel	28	4,507	5
<b>Upper midscale hotels</b>	<b>406</b>	<b>60,926</b>	<b>248</b>
Crystal Orange Hotel	129	17,517	60
Manxin Hotel	68	6,764	54
Madison Hotel	31	4,745	40
Mercure Hotel	117	19,786	57
Novotel Hotel	13	3,579	17
IntercityHotel	48	8,535	20
<b>Upscale hotels</b>	<b>103</b>	<b>18,105</b>	<b>56</b>
Joya Hotel	9	1,760	0
Blossom House	29	1,420	30
Grand Mercure Hotel	7	1,485	6
Steigenberger Hotels & Resorts	51	12,239	12
MAXX	5	777	6
Jaz in the City	2	424	2
<b>Others</b>	<b>6</b>	<b>1,586</b>	<b>2</b>
Other hotels	6	1,586	2
<b>Total</b>	<b>7,126</b>	<b>692,284</b>	<b>2,734</b>

# Number of Hotels in Operation 在营酒店数量

	As of 12/31/2020	As of 3/31/2021	As of 6/30/2021
<b>Economy hotels</b>	<b>4,376</b>	<b>4,397</b>	<b>4,465</b>
HanTing Hotel	2,780	2,767	2,834
Hi Inn	439	436	430
Elan Hotel	938	972	976
Ibis Hotel	205	208	211
Zleep Hotel	14	14	14
<b>Midscale hotels</b>	<b>1,949</b>	<b>2,005</b>	<b>2,146</b>
Ibis Styles Hotel	69	70	78
Starway Hotel	455	453	477
Ji Hotel	1,105	1,137	1,203
Orange Hotel	320	345	360
CitiGo Hotel			28
<b>Upper midscale hotels</b>	<b>358</b>	<b>374</b>	<b>406</b>
Crystal Orange Hotel	114	121	129
Manxin Hotel	61	63	68
Madison Hotel	22	25	31
Mercure Hotel	104	108	117
Novotel Hotel	12	12	13
Intercity Hotel	45	45	48
<b>Upscale hotels</b>	<b>101</b>	<b>100</b>	<b>103</b>
Joya Hotel	10	10	9
Blossom House	28	27	29
Grand Mercure Hotel	7	7	7
Steigenberger Hotels & Resort	49	49	51
MAXX	5	5	5
Jaz in the City	2	2	2
<b>Others</b>	<b>5</b>	<b>5</b>	<b>6</b>
Other hotels	5	5	6
<b>Total</b>	<b>6,789</b>	<b>6,881</b>	<b>7,126</b>

# Number of Rooms in Operation 在营房间数量

	As of 12/31/2020	As of 3/31/2021	As of 6/30/2021
<b>Economy hotels</b>	<b>361,435</b>	<b>363,494</b>	<b>370,297</b>
HanTing Hotel	254,106	255,385	260,252
Hi Inn	25,282	25,228	25,419
Elan Hotel	58,753	59,319	60,645
Ibis Hotel	21,633	21,901	22,320
Zleep Hotel	1,661	1,661	1,661
<b>Midscale hotels</b>	<b>218,553</b>	<b>224,709</b>	<b>241,370</b>
Ibis Styles Hotel	7,992	8,119	9,046
Starway Hotel	38,657	38,110	39,524
Ji Hotel	135,737	139,943	148,008
Orange Hotel	36,167	38,537	40,285
CitiGo Hotel			4,507
<b>Upper midscale hotels</b>	<b>53,288</b>	<b>55,409</b>	<b>60,926</b>
Crystal Orange Hotel	15,400	16,240	17,517
Manxin Hotel	6,009	6,155	6,764
Madison Hotel	2,950	3,850	4,745
Mercure Hotel	17,486	17,846	19,786
Novotel Hotel	3,387	3,387	3,579
Intercity Hotel	8,056	7,931	8,535
<b>Upscale hotels</b>	<b>17,351</b>	<b>17,374</b>	<b>18,105</b>
Joya Hotel	1,842	1,842	1,760
Blossom House	1,249	1,272	1,420
Grand Mercure Hotel	1,485	1,485	1,485
Steigenberger Hotels & Resort	11,574	11,574	12,239
MAXX	777	777	777
Jaz in the City	424	424	424
<b>Others</b>	<b>1,535</b>	<b>1,526</b>	<b>1,586</b>
Other hotels	1,535	1,526	1,586
<b>Total</b>	<b>652,162</b>	<b>662,512</b>	<b>692,284</b>