

First Quarter of 2023 Earnings Call

H World Group Limited

(NASDAQ: HTHT and HKEX: 1179)



May 30, 2023

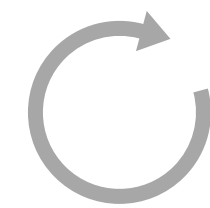
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**23Q1 Business
Update**

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23Q1 Operational
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Review

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Q and A

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Appendix

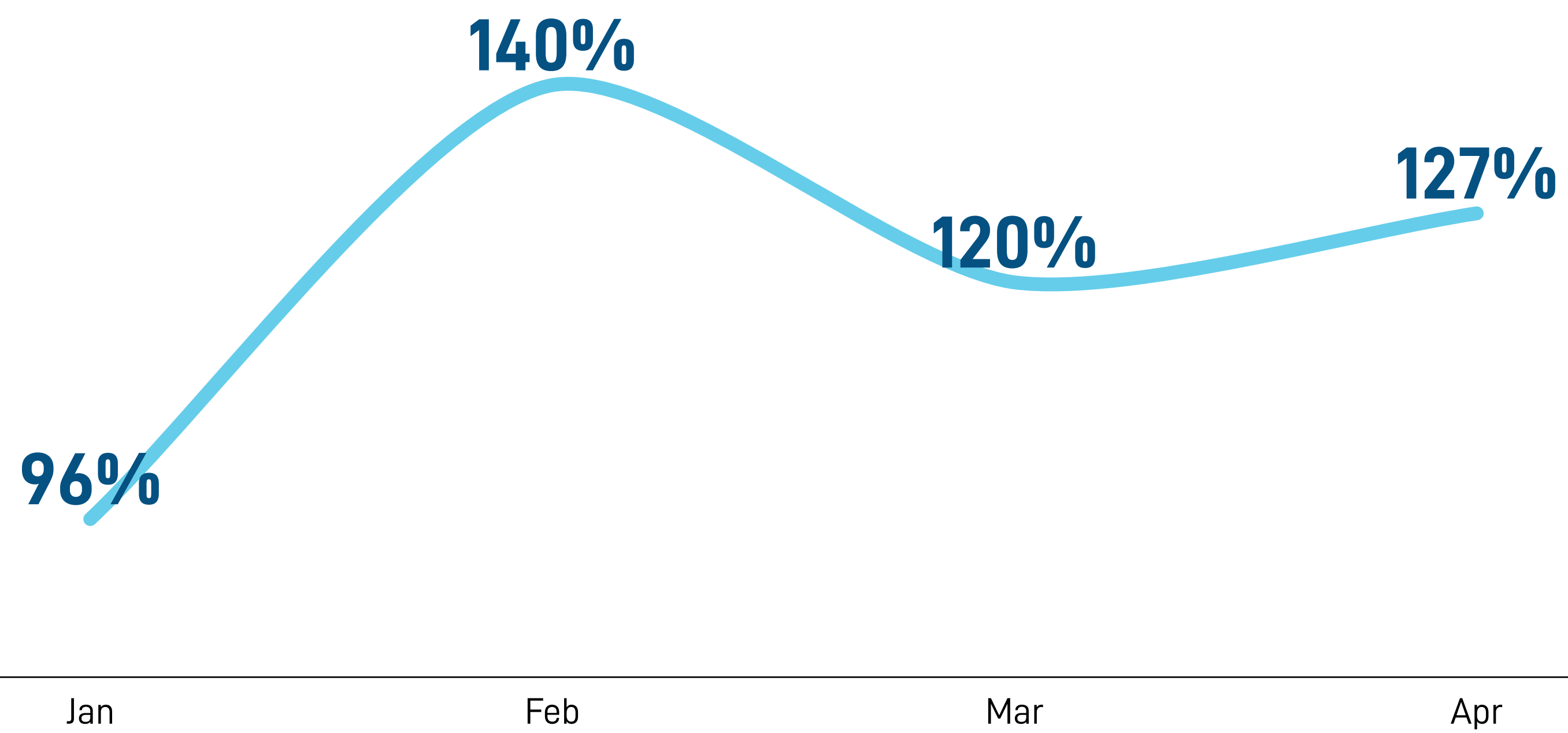
Solid RevPAR Recovery after Re-opening

放开政策之后RevPAR恢复趋势良好

Blended RevPAR in 2023 compared to 2019

— RevPAR Recovery in 2023

Special effect from Spring Festival Holiday



* Numbers in this page refers to Legacy-Huazhu business

RevPAR Recovery Driven by...

可持续的RevPAR恢复来源于...



**Higher Market
Penetration & Synergy through
Regional Headquarters**



**Uncovering Opportunities
in Lower Tier Cities
With High Resilience**



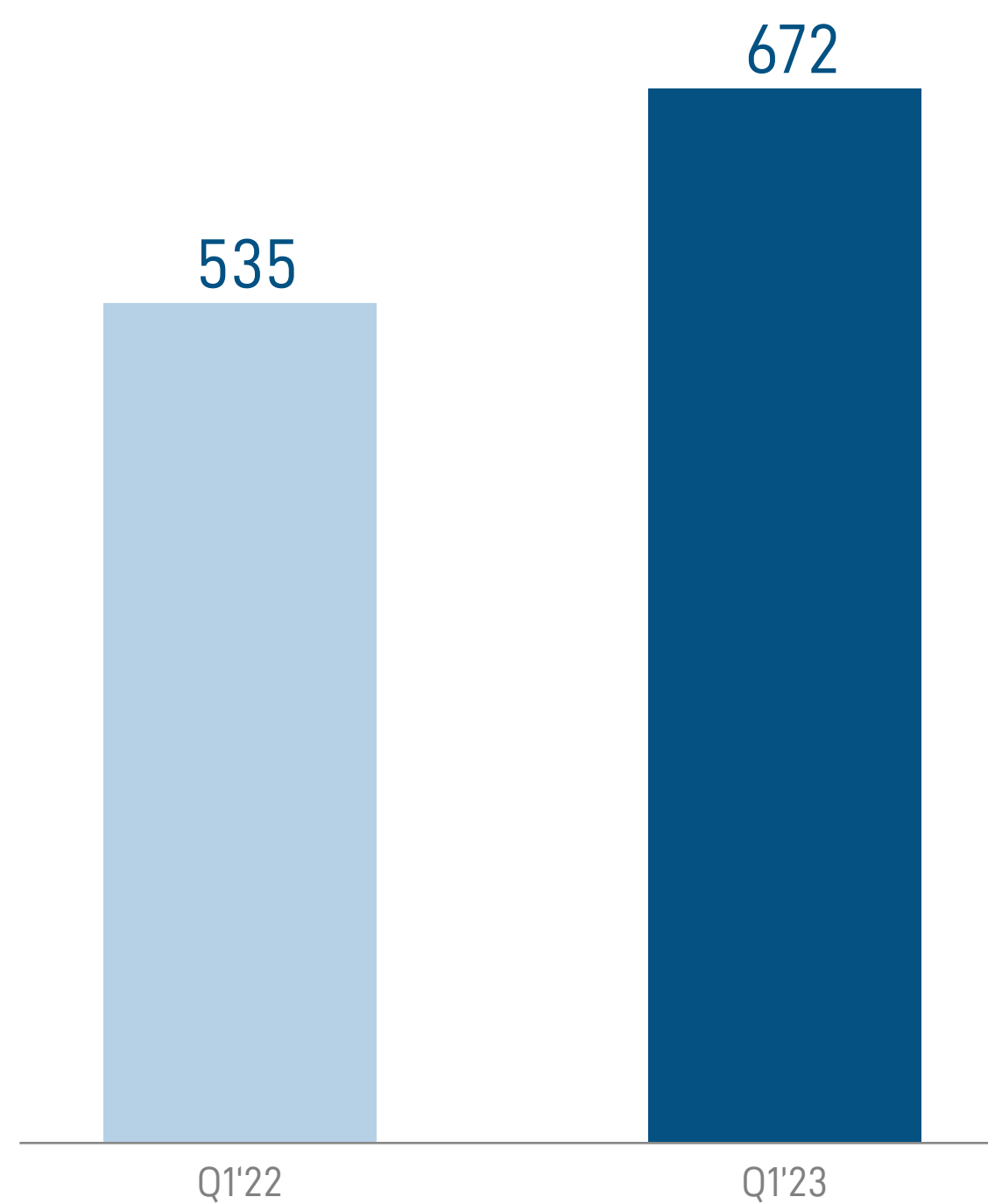
**Continuous
Product & Service
Upgrade**

Continued Network Expansion in China

酒店网络持续扩张

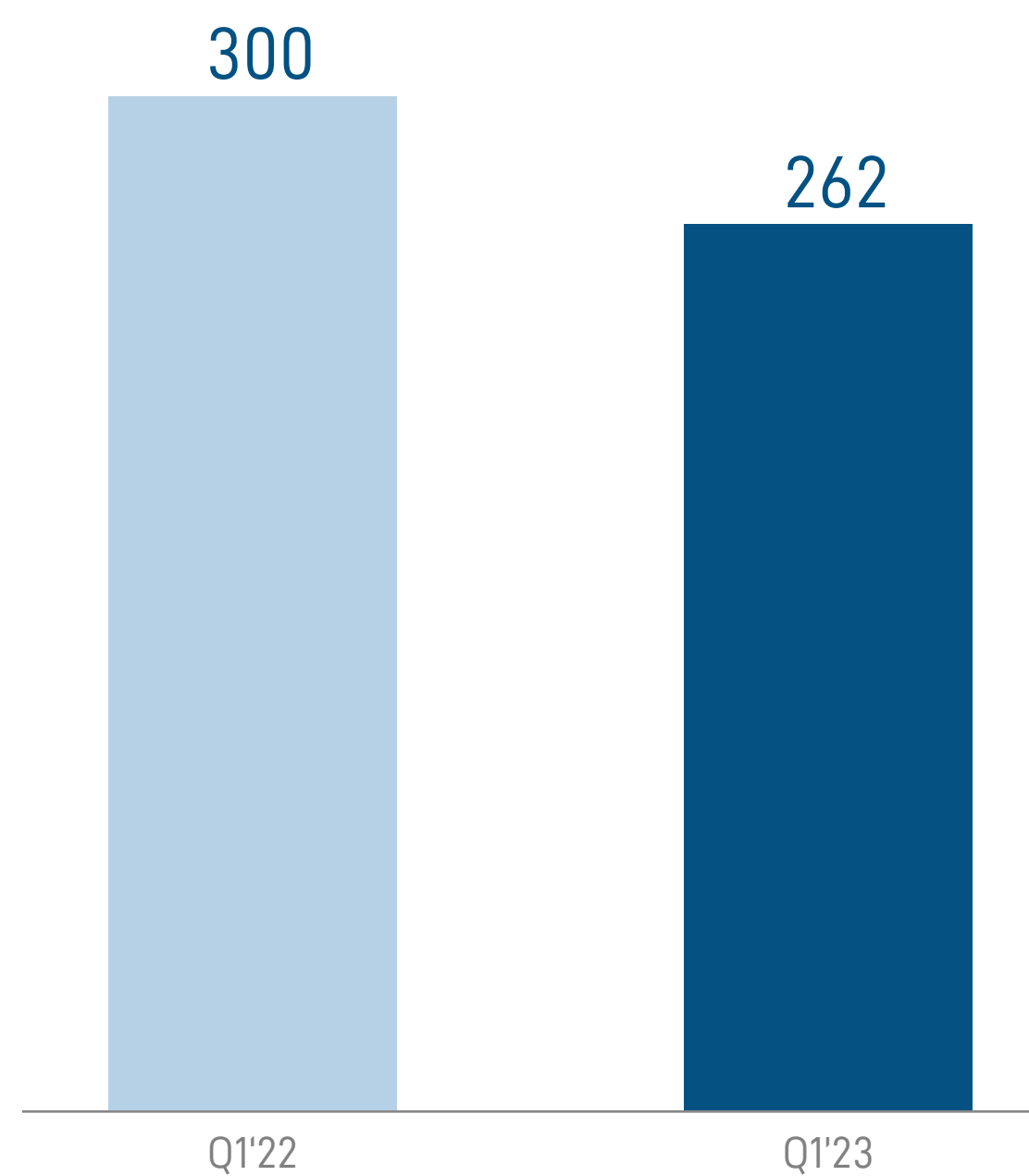
Number of New Signing

Legacy-Huazhu excl. soft economy hotels



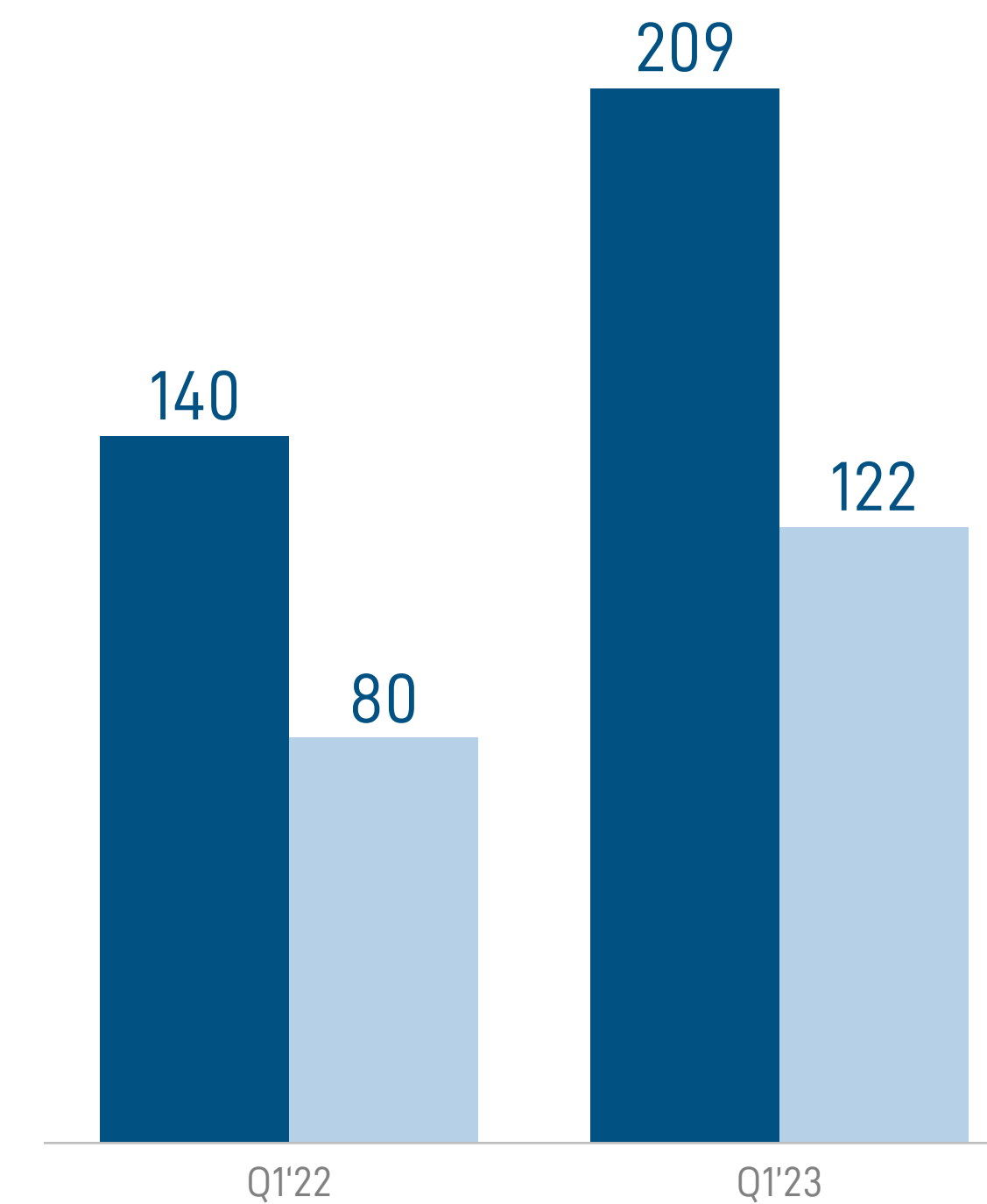
Number of Hotel Opening

Legacy-Huazhu excl. soft economy hotels



Number of Hotel Closure

■ Total hotel closure
■ Hotel closure of soft economy hotels and Hanting 1.0



* Numbers in this page refers to Legacy-Huazhu business

H World

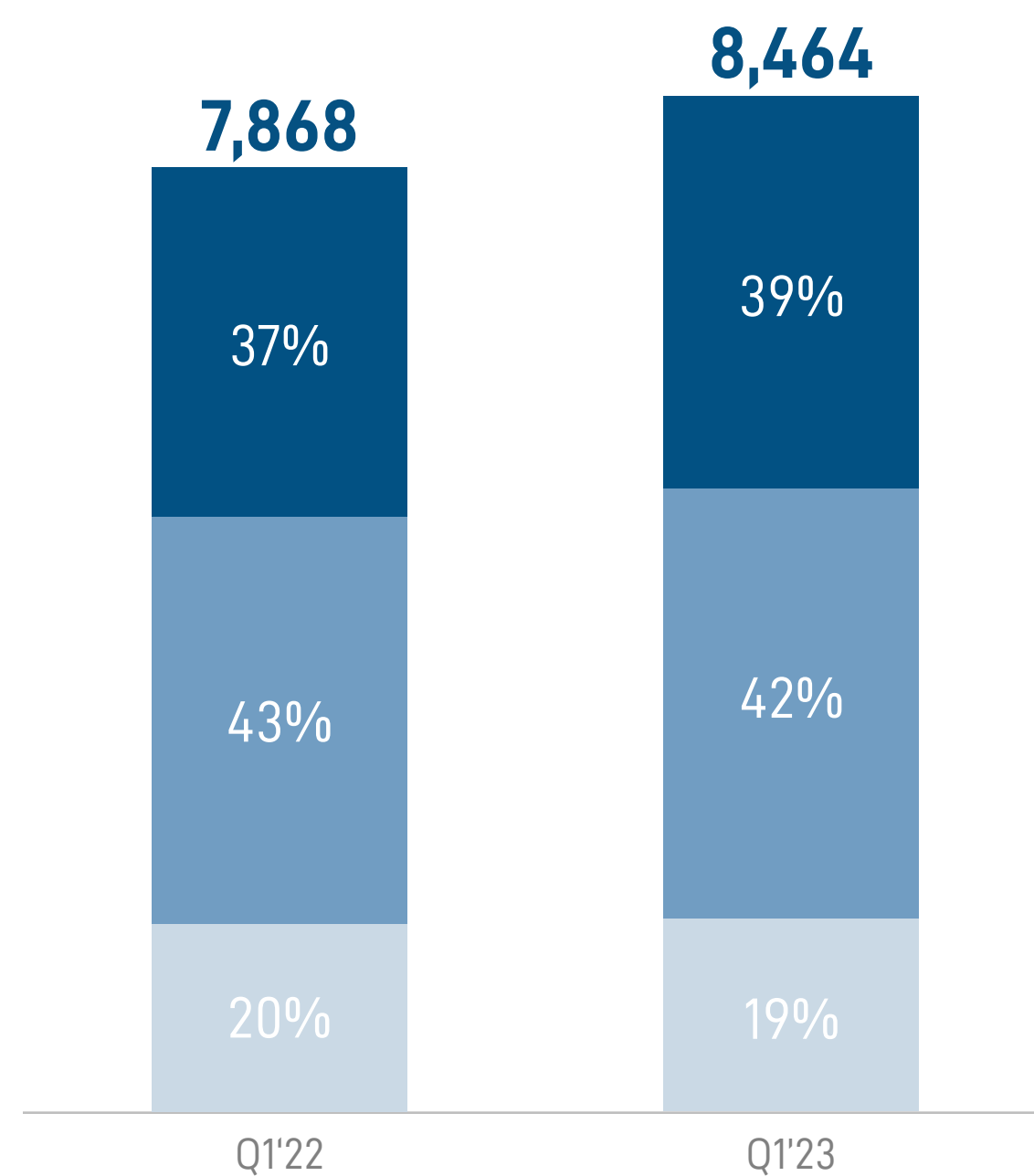
Further Penetration to Lower Tier Cities in China

持续渗透低线城市

Number of Hotels in Operation

(as of Mar 31)

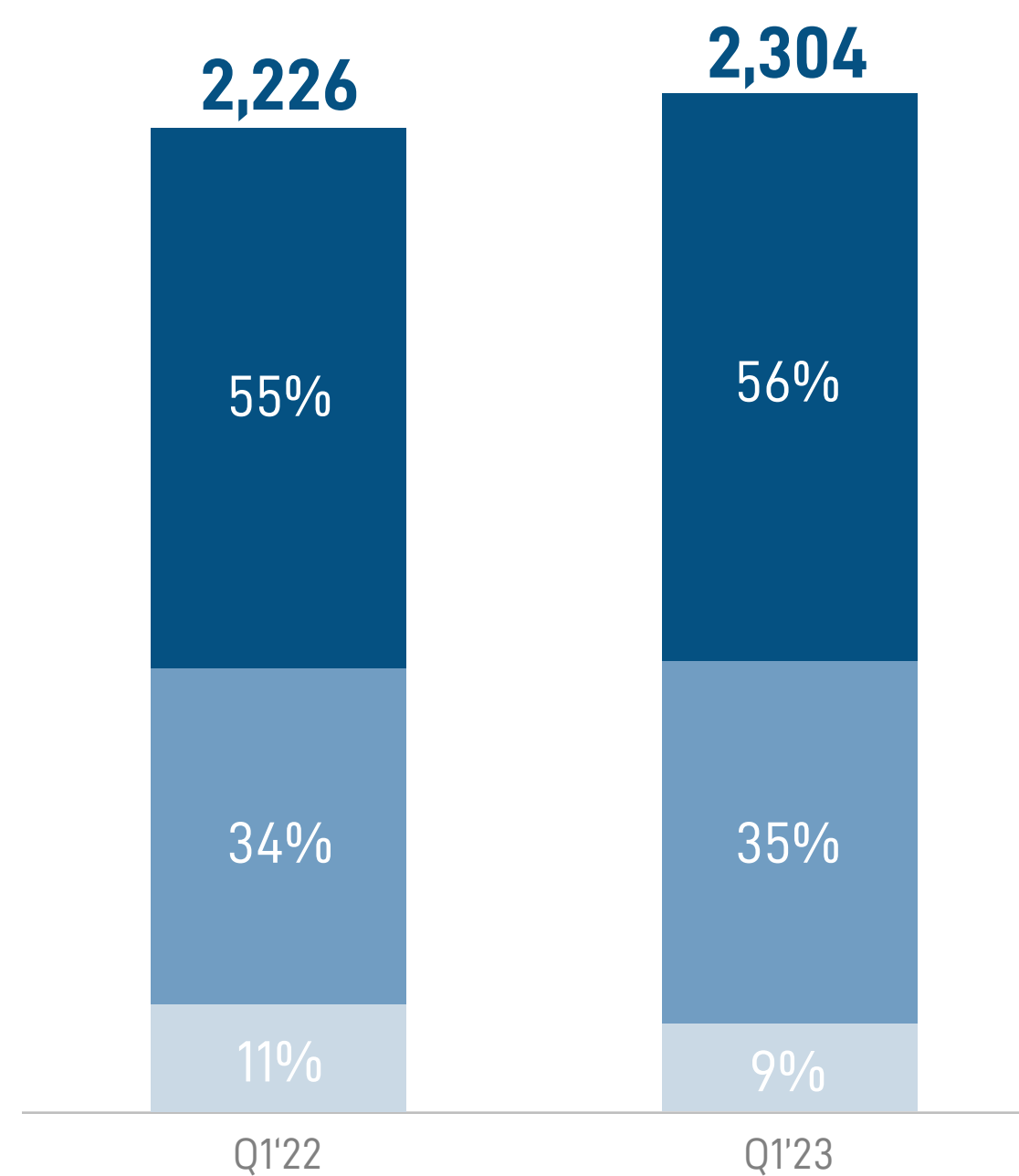
■ Tier-1 Cities ■ Tier-2 Cities ■ Tier-3 and below Cities



Number of Hotels in Pipeline

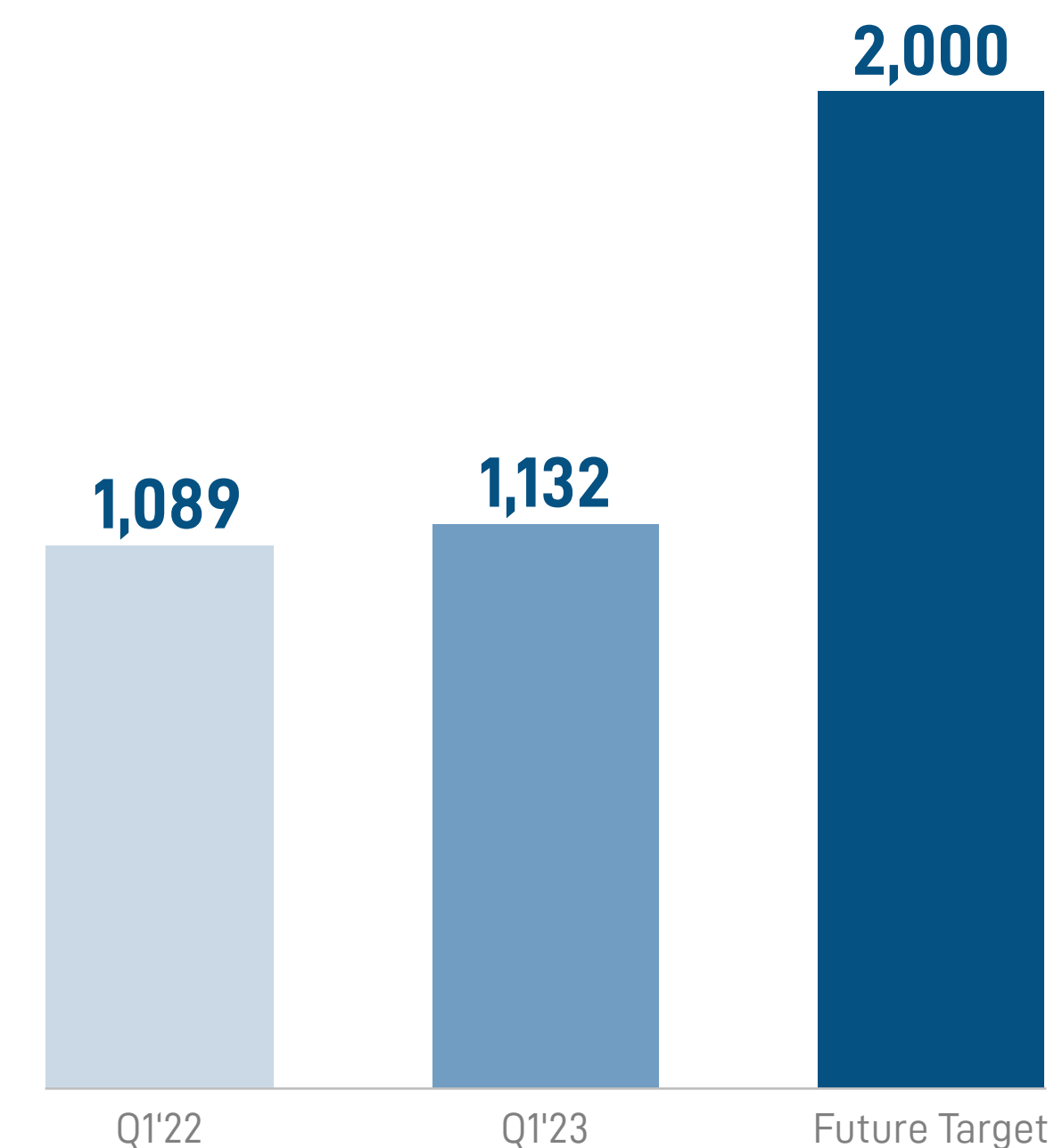
(as of Mar 31)

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



City Coverage

(hotels in operation and in pipeline)



* Numbers in this page refers to Legacy-Huazhu business



Launch of Orange Hotel 3.0

桔子3.0新品发布



健康
HEALTHY



活力
VITALITY



阳光
SUN

乐活
LOHAS

Orange 3.0: Lifestyles of Health and Sustainability

桔子3.0: 健康与可持续的生活方式

LOHAS 乐享生活

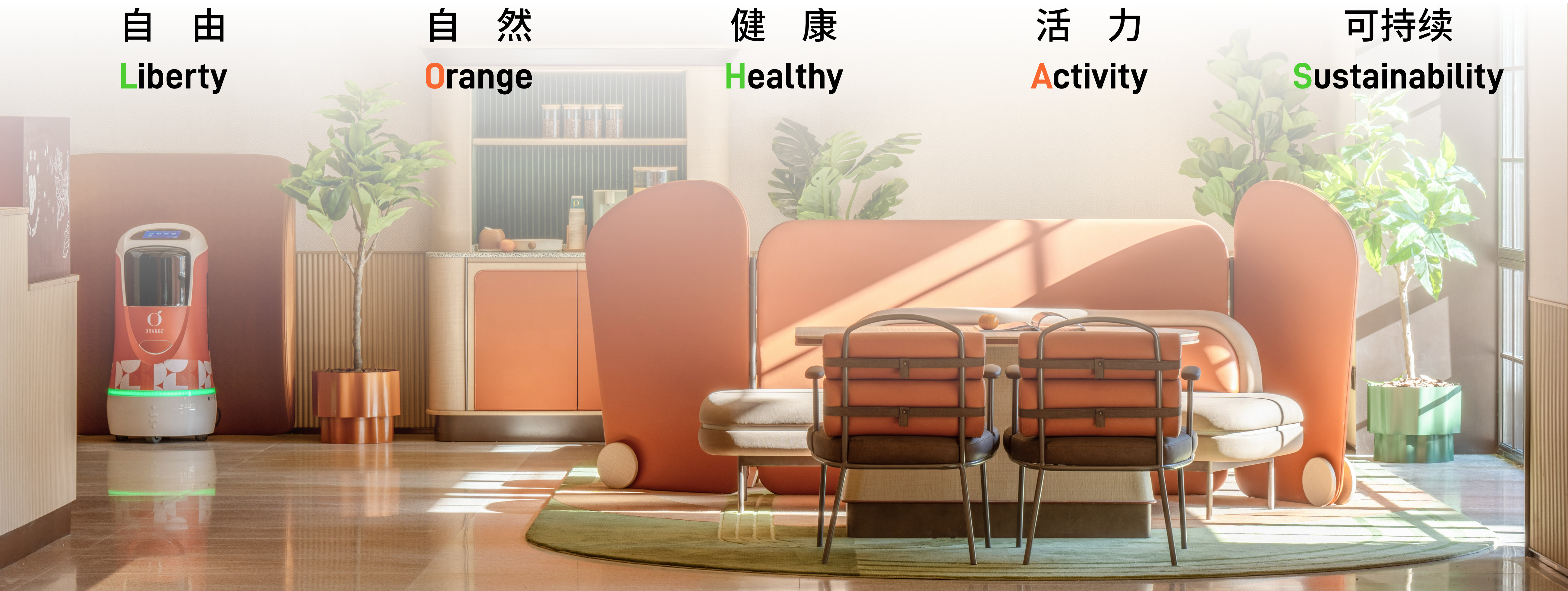
自由
Liberty

自然
Orange

健康
Healthy

活力
Activity

可持续
Sustainability



Grand Opening of New InterCity Hotels

多个城际酒店盛大开业



Intercity Brand DNA: Ultimate Business Travel Experience

品牌基因：极致商务

城际酒店
*Intercity*Hotel

From Europe to China, Inheritance and Evolution

从德国到中国，传承与进化

STAY
品质

WORK
智联

SERVICE
贴心

FOOD
风味

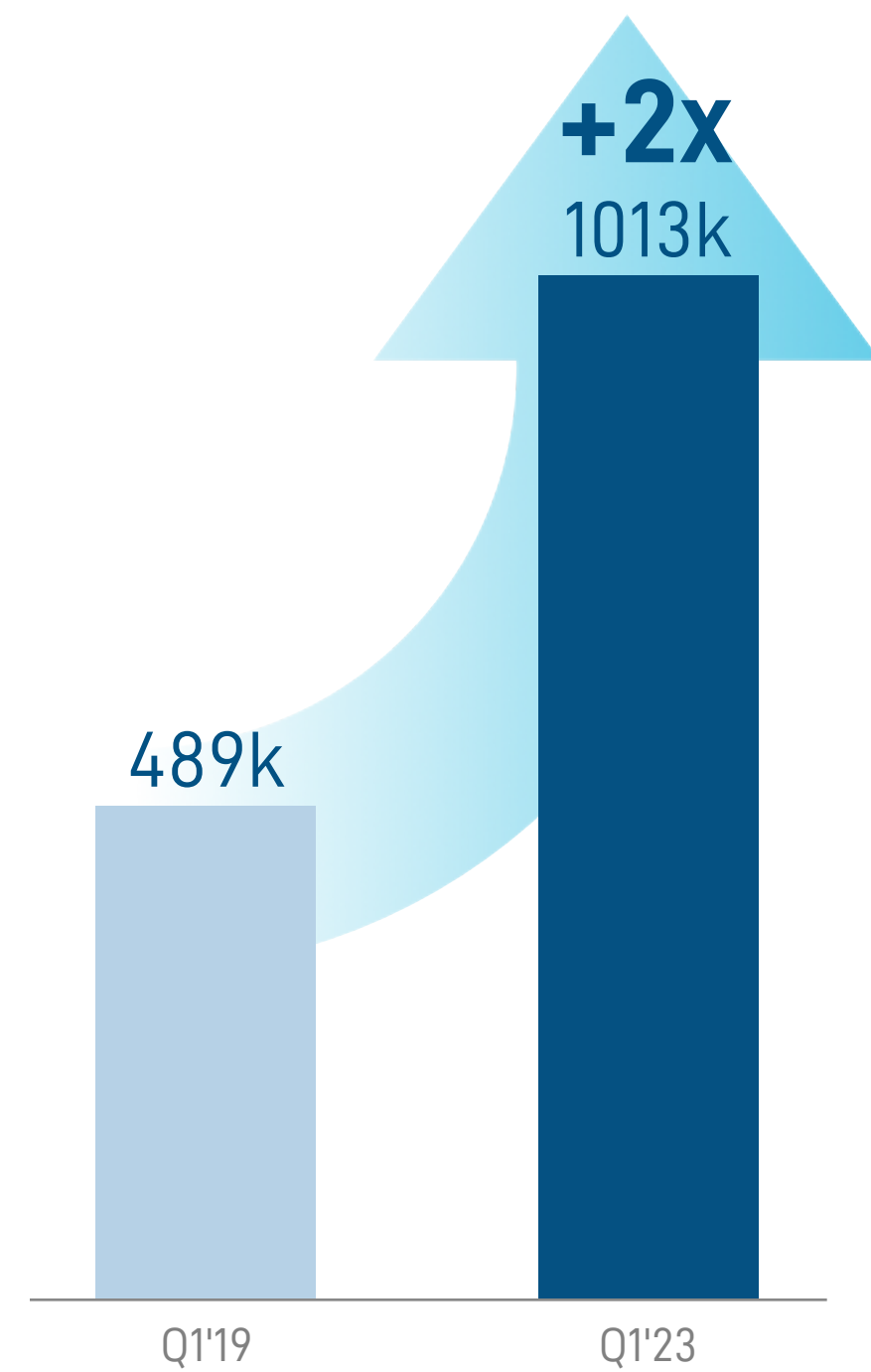


CRS Contribution Hit A Record High

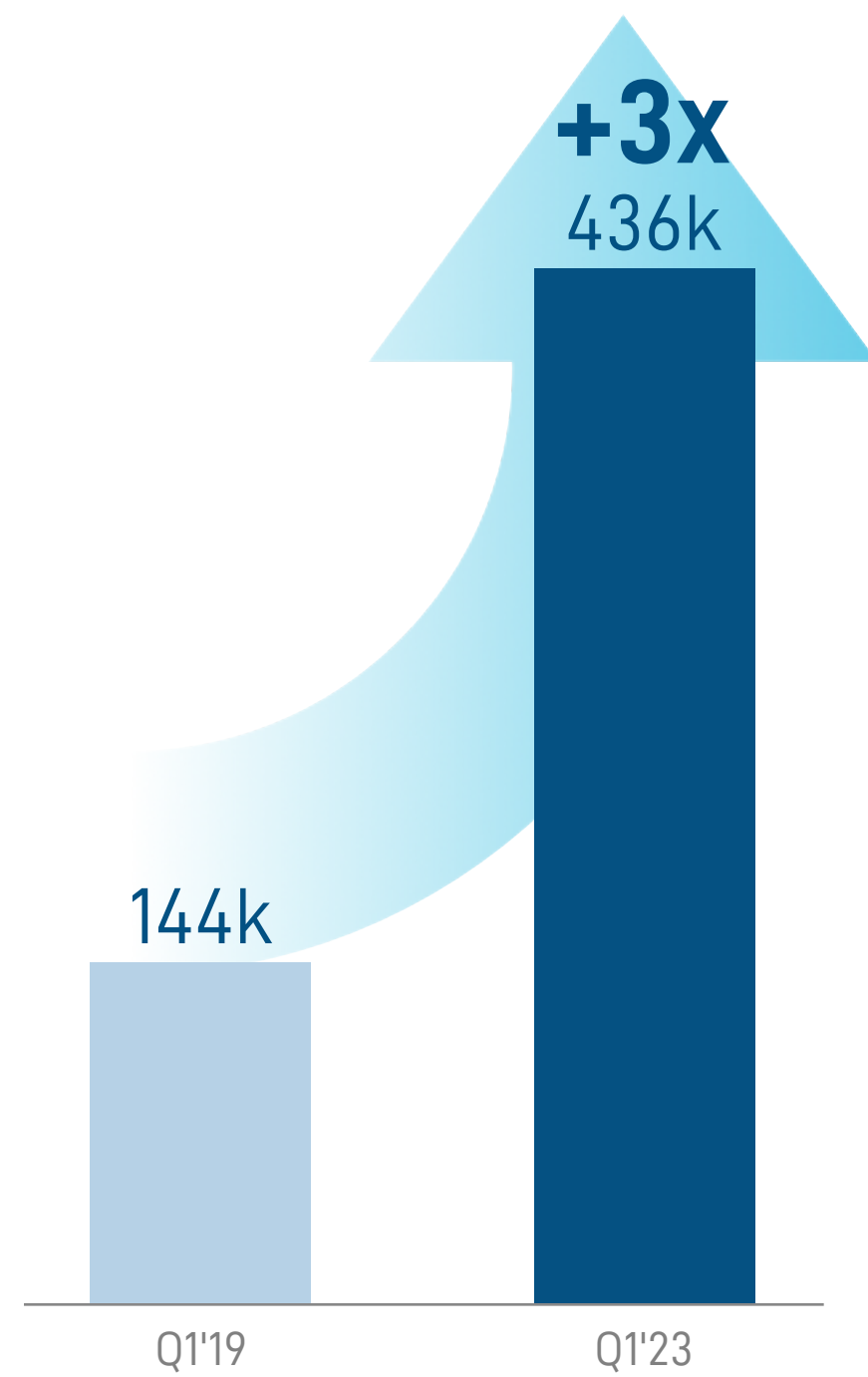
中央预定渠道占比再创新高

Daily Active User (DAU) of Direct Sales Channel

DAU of H World APP

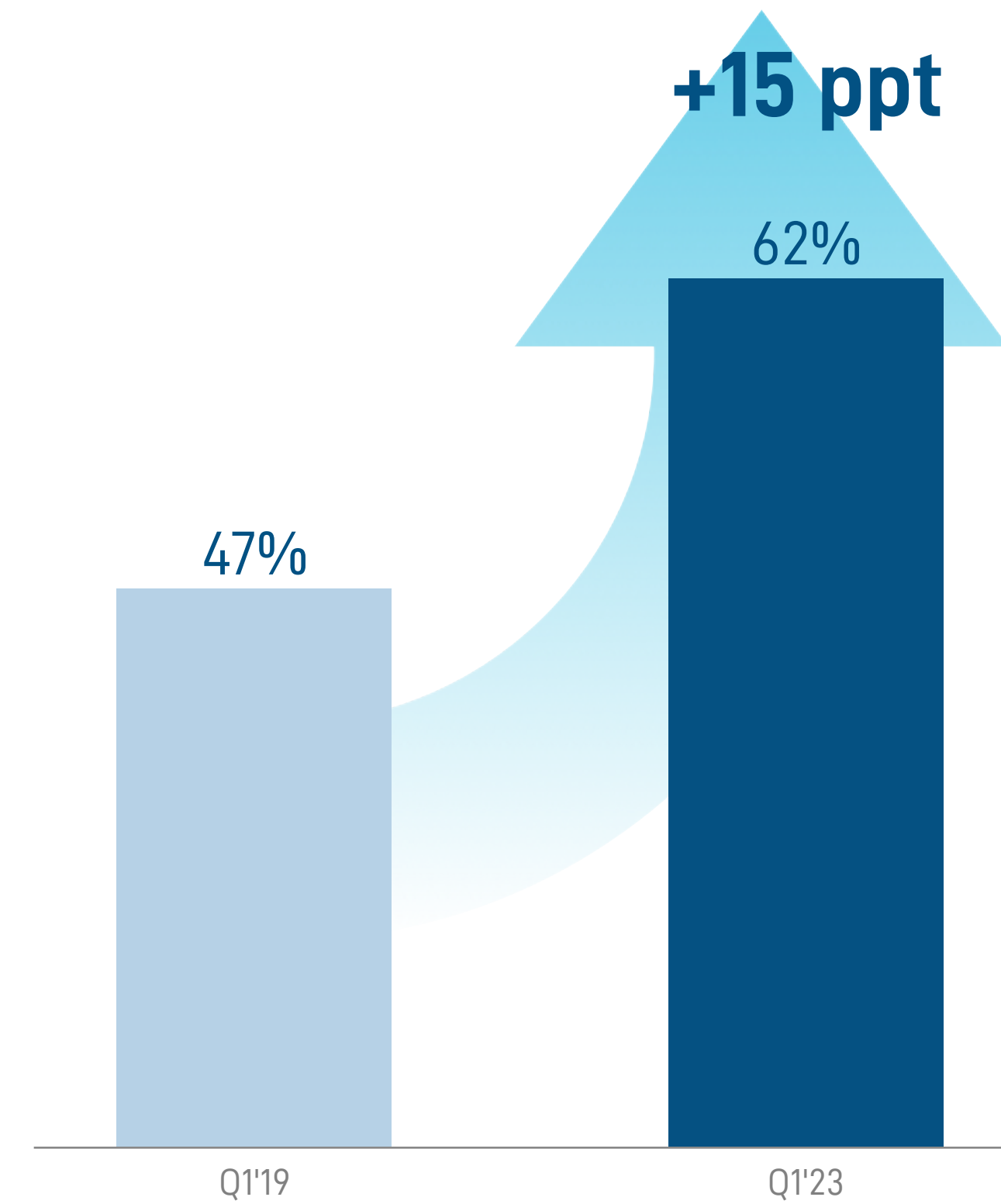


DAU of H World Mini Program



- CRS refers to central reservation system
- Average DAU of apps of other hotel groups was 83k in Q1'23.
- source: questmobile.

Direct Booking through H World CRS



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

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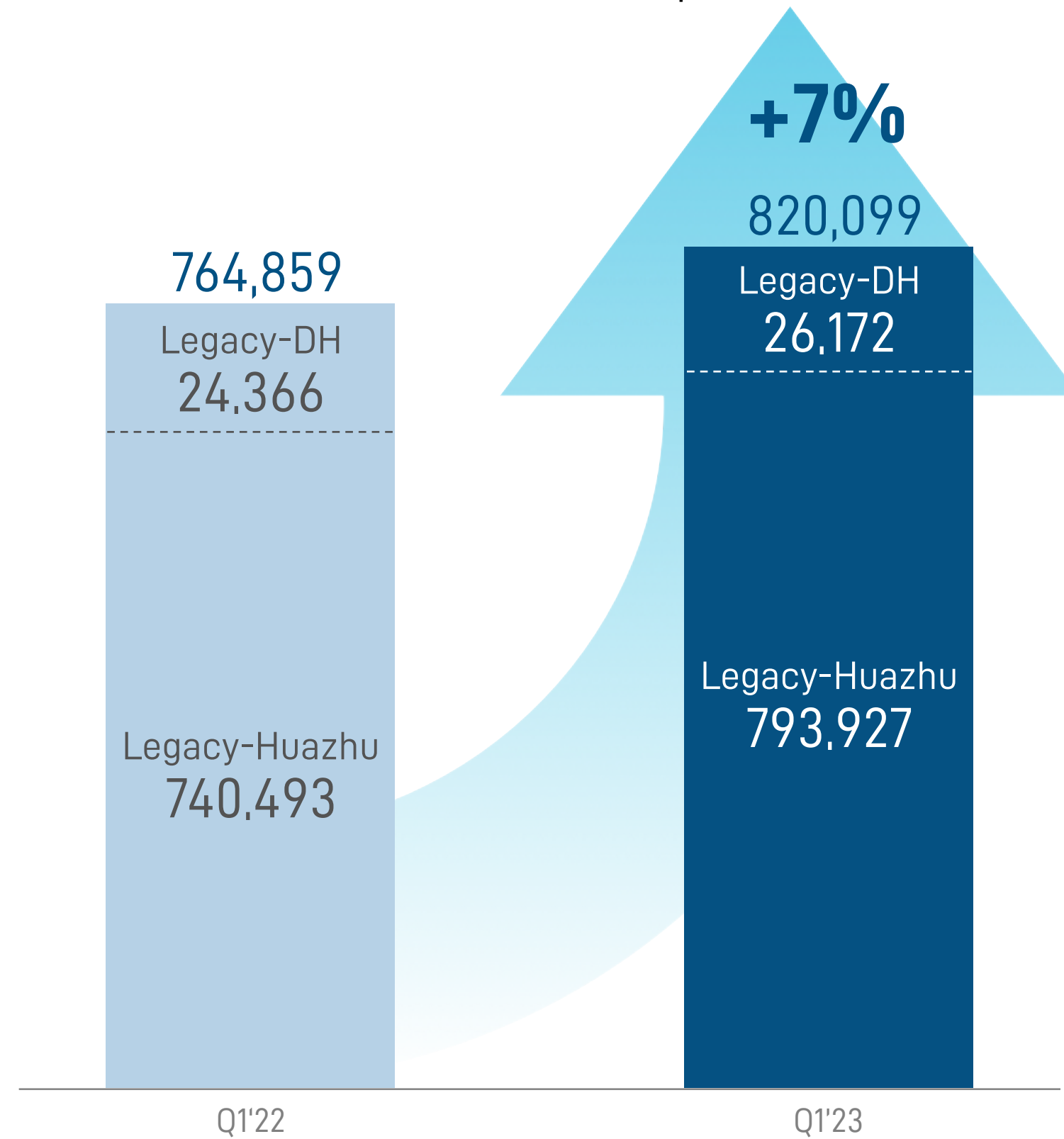
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Hotel Network Continues to Expand

酒店网络持续扩张

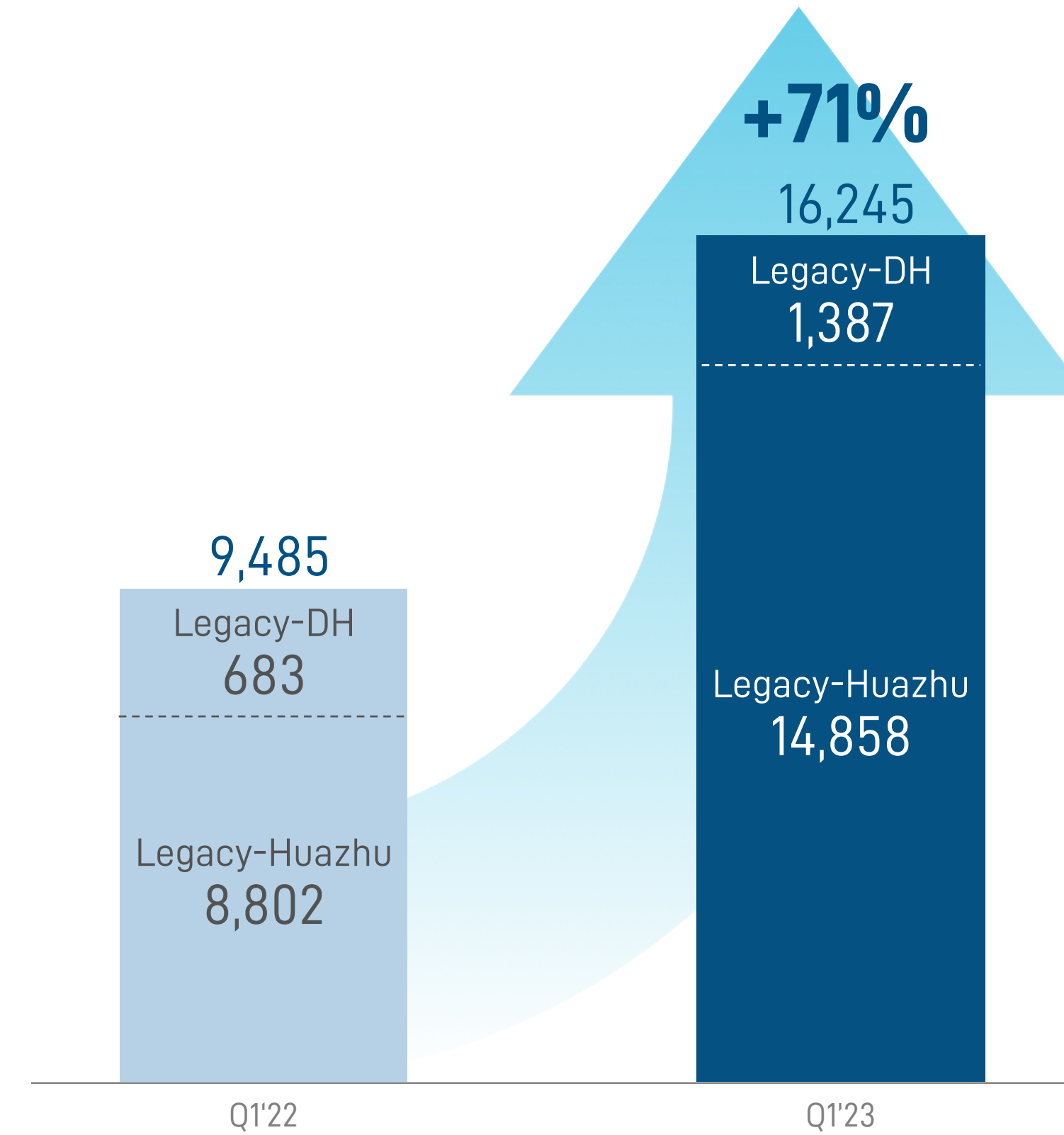
Hotel Network Expansion

(Number of rooms in operation)



Hotel Turnover

(in RMB millions)

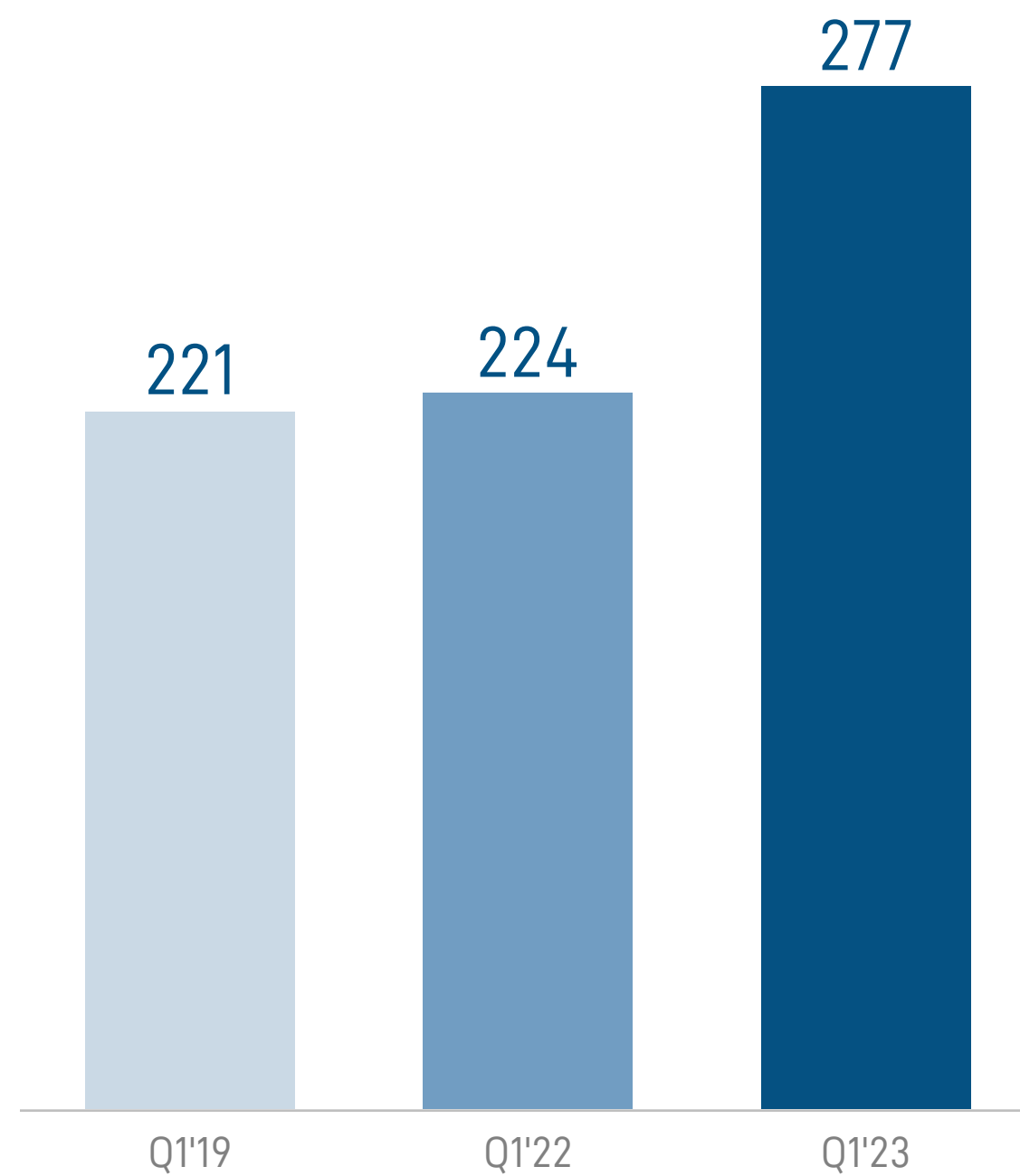


Legacy-Huazhu - Blended RevPAR Recovered to 118% of Q1'19

华住中国-2023年一季度混合RevPAR恢复到2019年一季度的118%

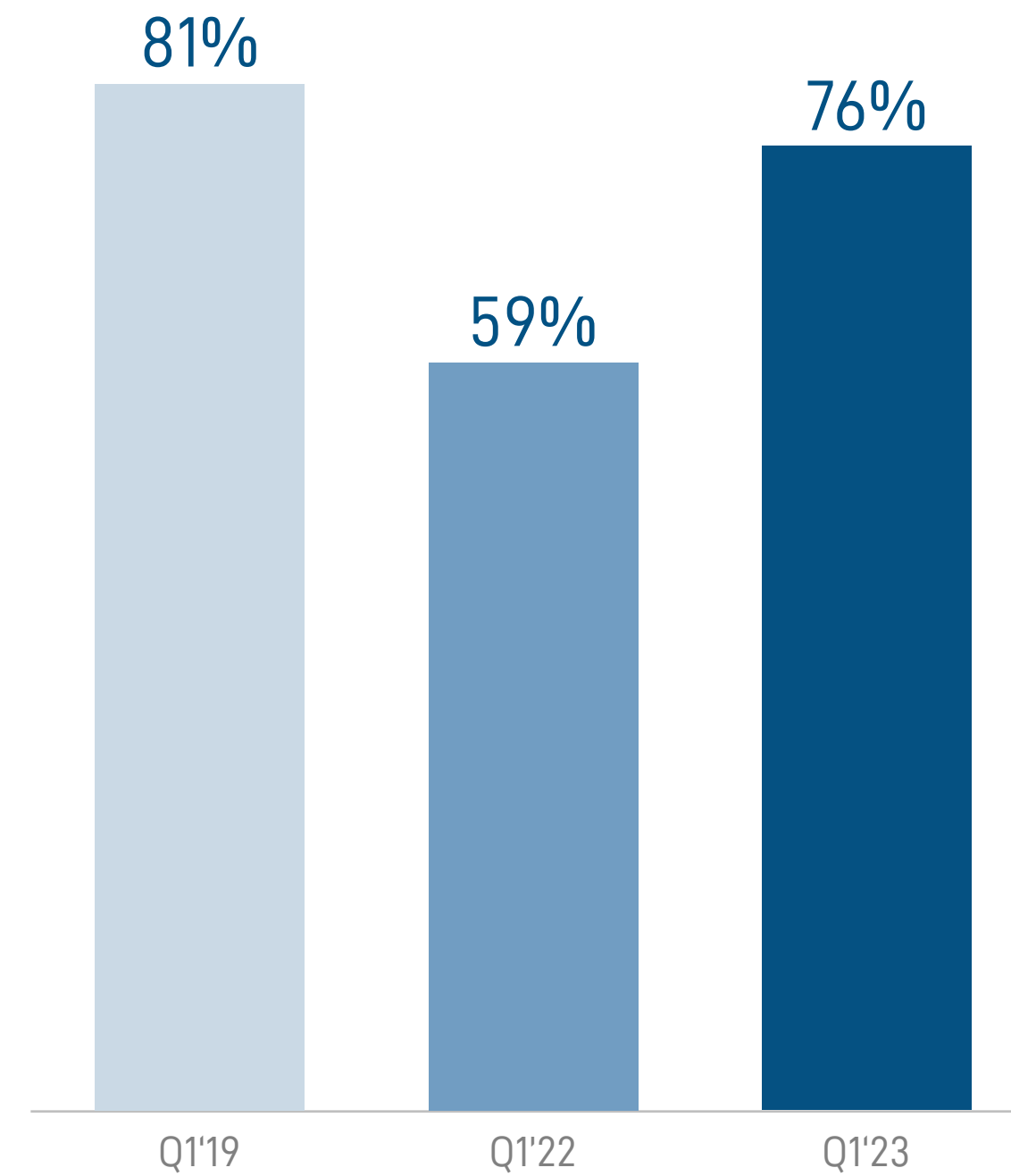
ADR (RMB)

Compare to Q1'19 **+25.4%**
Compare to Q1'22 **+23.9%**



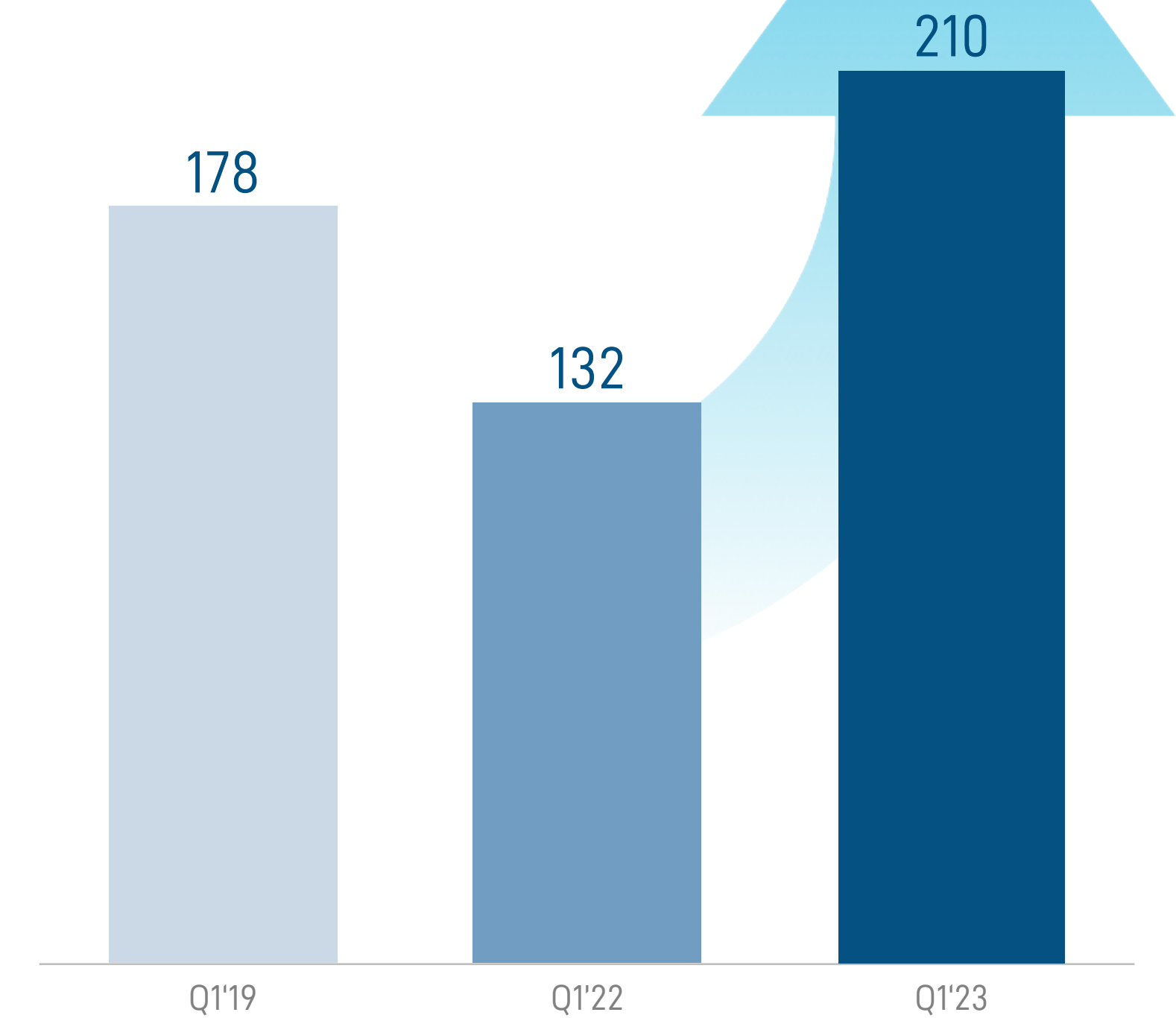
OCC

Compare to Q1'19 **-5.0p.p.**
Compare to Q1'22 **+16.4p.p.**



RevPAR (RMB)

Compare to Q1'19 **+17.6%**
Compare to Q1'22 **+58.3%**



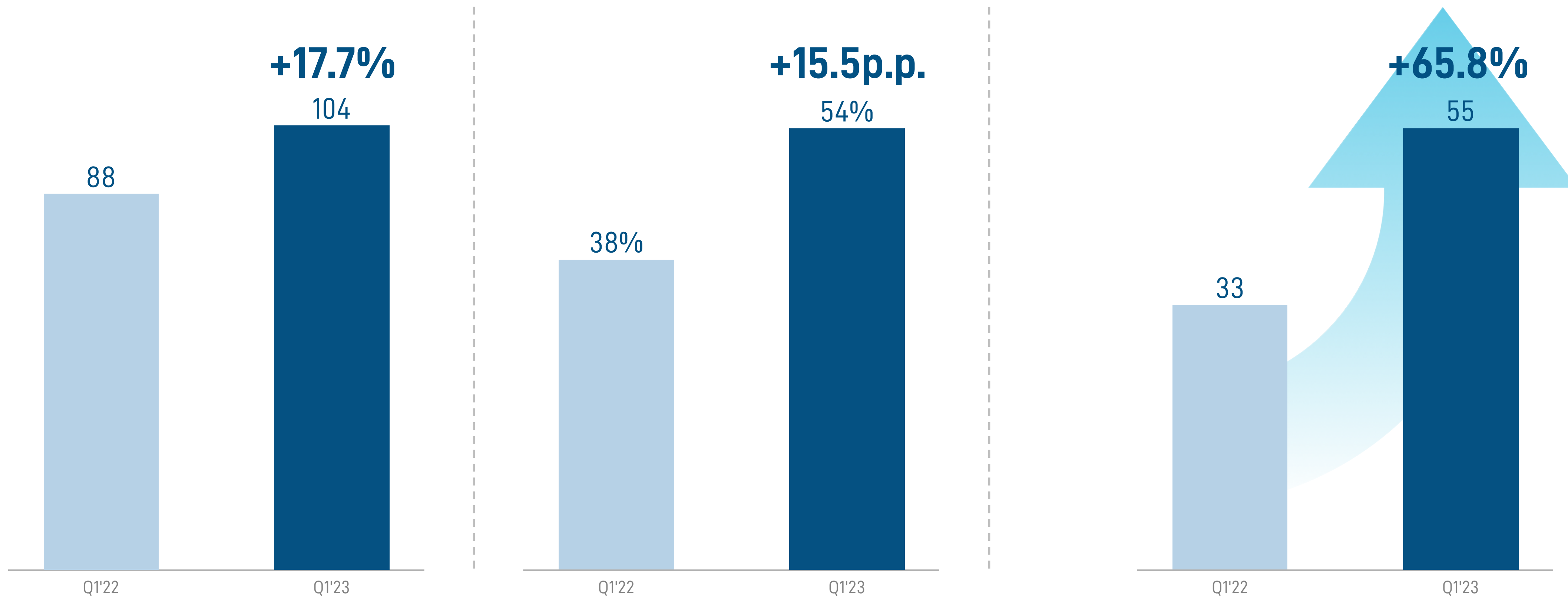
Legacy-DH - Blended RevPAR Increased 65.8% YoY

DH-2023年一季度混合RevPAR同比增长65.8%

ADR (EUR)

OCC

RevPAR (EUR)



Revenue in Q1'23 Increased 67%, Beating Our Guidance

营收增长67%，好于指引上限

<i>In million RMB</i>	1Q23	1Q22	YoY	4Q22	QoQ
Revenue from Legacy - Huazhu	3,594	2,275	58.0%	2,757	30.4%
- Leased & Owned Hotels	2,020	1,258	60.6%	1,537	31.4%
- Manachised & Franchised Hotels	1,536	974	57.7%	1,130	35.9%
- Others	38	43	-11.6%	90	-57.8%
Revenue from Legacy - DH	886	406	118.2%	949	-6.6%
- Leased & Owned Hotels	854	384	122.4%	913	-6.5%
- Manachised & Franchised Hotels	18	15	20.0%	28	-35.7%
- Others	14	7	100.0%	8	75.0%
Revenue	4,480	2,681	67.1%	3,706	20.9%

- 1Q23 revenue of Legacy-Huazhu increased significantly, thanks to 1. pent up demand; 2. continued product upgrade; 3. market penetration and synergy through regional offices.
- The improvement of DH business continued in 1Q23. The sequential decrease of DH revenue was mainly due to hotel closure and seasonality.

Operating Income

经营利润情况

<i>In million RMB</i>	1Q23	1Q22	YoY	4Q22	QoQ
Hotel operating costs	3,250	2,813	15.5%	3,430	-5.2%
- Legacy-Huazhu	2,383	2,255	5.7%	2,446	-2.6%
- Legacy-DH	867	558	55.4%	984	-11.9%
Pre-opening expenses	9	26	-65.4%	14	-35.7%
- Legacy-Huazhu	9	26	-65.4%	14	-35.7%
- Legacy-DH	0	-	Nm	0	Nm
SG&A expenses	620	584	6.2%	609	1.8%
- Legacy-Huazhu	429	424	1.2%	408	5.1%
- Legacy-DH	191	160	19.4%	201	-5.0%
Income from operations	664	-708	Nm	-93	Nm
- Legacy-Huazhu	822	-416	Nm	-3	Nm
- Legacy-DH	-158	-292	45.9%	-90	-75.6%

- Hotel operating cost increased YoY in 1Q23 mainly due to the recovery of business.
- Pre-opening costs maintained at a low level mainly due to asset-light model.
- Legacy-Huazhu saw a flattish in SG&A expenses mainly due to lower G&A expenses from streamlining of headquarter since 2Q22, but offset by increase in selling expenses along with business recovery.

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>	1Q23	1Q22	YoY	4Q22	QoQ
Adjusted EBITDA	1,651	-333	Nm	398	314.8%
- Legacy-Huazhu	1,730	-93	Nm	397	335.8%
- Legacy-DH	-79	-240	67.1%	1	Nm
Adjusted Net Income	1,004	-662	Nm	-255	Nm
- Legacy-Huazhu	1,169	-339	Nm	-215	Nm
- Legacy-DH	-165	-323	48.9%	-40	-312.5%
Operating Cash Inflow	1,844	-921	Nm	1,042	77.0%

- 1Q23 Legacy-Huazhu's adj. EBITDA and adj. net income improved significantly mainly due to recovery of Legacy-Huazhu business and liquidation of Accor's share.
- 1Q23 Legacy-DH's adj. EBITDA turned negative mainly due to seasonality.
- 1Q23 operating cash flow turn positive YoY and improved significantly sequentially.

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

Liquidity Position Update

流动性情况更新



Net Cash

RMB957 mn



Cash Balance

RMB10.4 bn



Unutilized Bank Facilities

RMB2.0 bn

Guidance

业绩指引

Q2
2023

Revenue vs. Q2 2022

- **Grow 51%-55%**
- **Excluding DH - Grow 64%-68%**

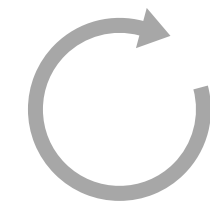
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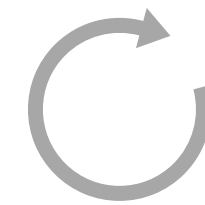
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Same-Hotel Operational Data by Segment

同店经营数据

	Number of hotels in operation		Same-hotel RevPAR			Same-hotel ADR		Same-hotel Occupancy			
	As of		For the year ended			For the year ended		For the year ended			
	March 31,		March 31,			March 31,		March 31,			yoy change (p.p.)
	2022	2023	2022	2023	yoy change	2022	2023	yoy change	2022	2023	
Economy hotels	3,427	3,427	111	160	44.6%	171	208	21.3%	64.7%	77.1%	+12.4
Leased and owned hotels	332	332	116	190	63.2%	188	241	28.5%	62.0%	78.7%	+16.7
Manachised and franchised hotels	3,095	3,095	110	155	41.4%	168	202	19.8%	65.2%	76.9%	+11.7
Midscale and upscale hotels	2,433	2,433	167	263	57.1%	292	344	18.0%	57.3%	76.3%	+19.0
Leased and owned hotels	250	250	187	319	71.1%	355	426	20.2%	52.7%	75.0%	+22.3
Manachised and franchised hotels	2,183	2,183	164	253	54.4%	282	330	17.3%	58.1%	76.5%	+18.4
Total	5,860	5,860	138	210	51.8%	227	274	20.8%	61.1%	76.7%	+15.7

Number of Hotels and Rooms

酒店数量和房间数量

As of March 31, 2023

Total

	Hotels	Rooms	Unopened hotels
	in operation		in pipeline
Economy hotels	4,896	387,694	916
HanTing Hotel	3,285	291,489	596
Hi Inn	445	23,193	129
NiHao Hotel	184	13,553	153
Elan Hotel	747	35,255	1
Ibis Hotel	219	22,308	24
Zleep Hotels	16	1,896	13
Midscale hotels	2,956	322,093	1,103
Ibis Styles Hotel	87	9,114	34
Starway Hotel	563	47,691	206
Ji Hotel	1,758	206,410	639
Orange Hotel	548	58,878	224
Upper midscale hotels	590	84,317	250
Crystal Orange Hotel	34	5,337	5
CitiGO Hotel	164	21,239	60
Manxin Hotel	114	10,903	57
Madison Hotel	56	7,369	41
Mercure Hotel	139	22,532	47
Novotel Hotel	19	4,734	12
IntercityHotel	56	10,742	23
MAXX	8	1,461	5
Upscale hotels	126	20,494	59
Jaz in the City	3	587	1
Joya Hotel	8	1,368	-
Blossom House	53	2,470	46
Grand Mercure Hotel	8	1,674	4
Steigenberger Hotels & Resorts	54	14,395	8
Luxury hotels	15	2,318	5
Steigenberger Icon	9	1,847	1
Song Hotels	6	471	4
Others	9	3,183	6
Other hotels	9	3,183	6
Total	8,592	820,099	2,339