



华住酒店集团

成就美好生活



China Lodging Group (HTHT.US)

Q2 2017 Earnings Call

August 17, 2017

Lodging Landscape in China

Strategy Review

Operational and Financial Review

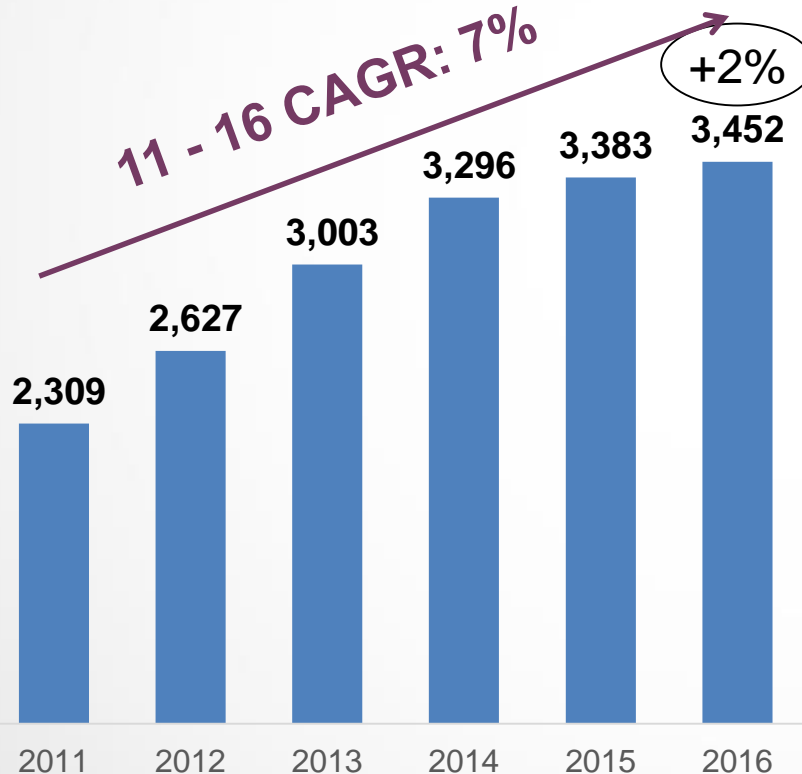
Q & A

Appendix

Strong Demand: Domestic Travel Remains ROBUST and Grows FASTER than Disposable Income

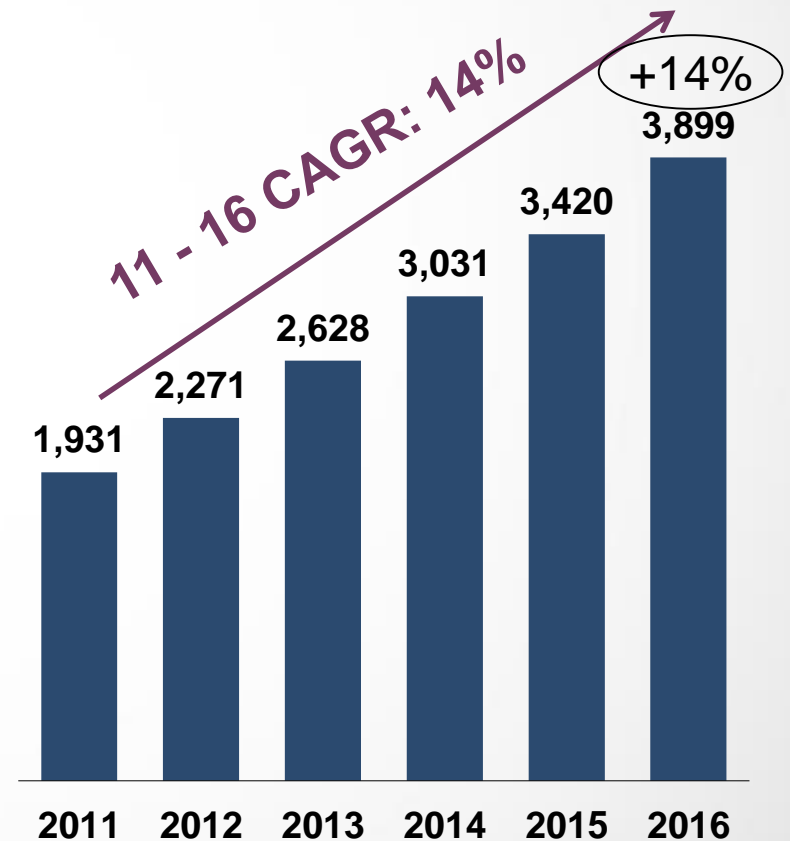
Disposable Income per capita

(USD)



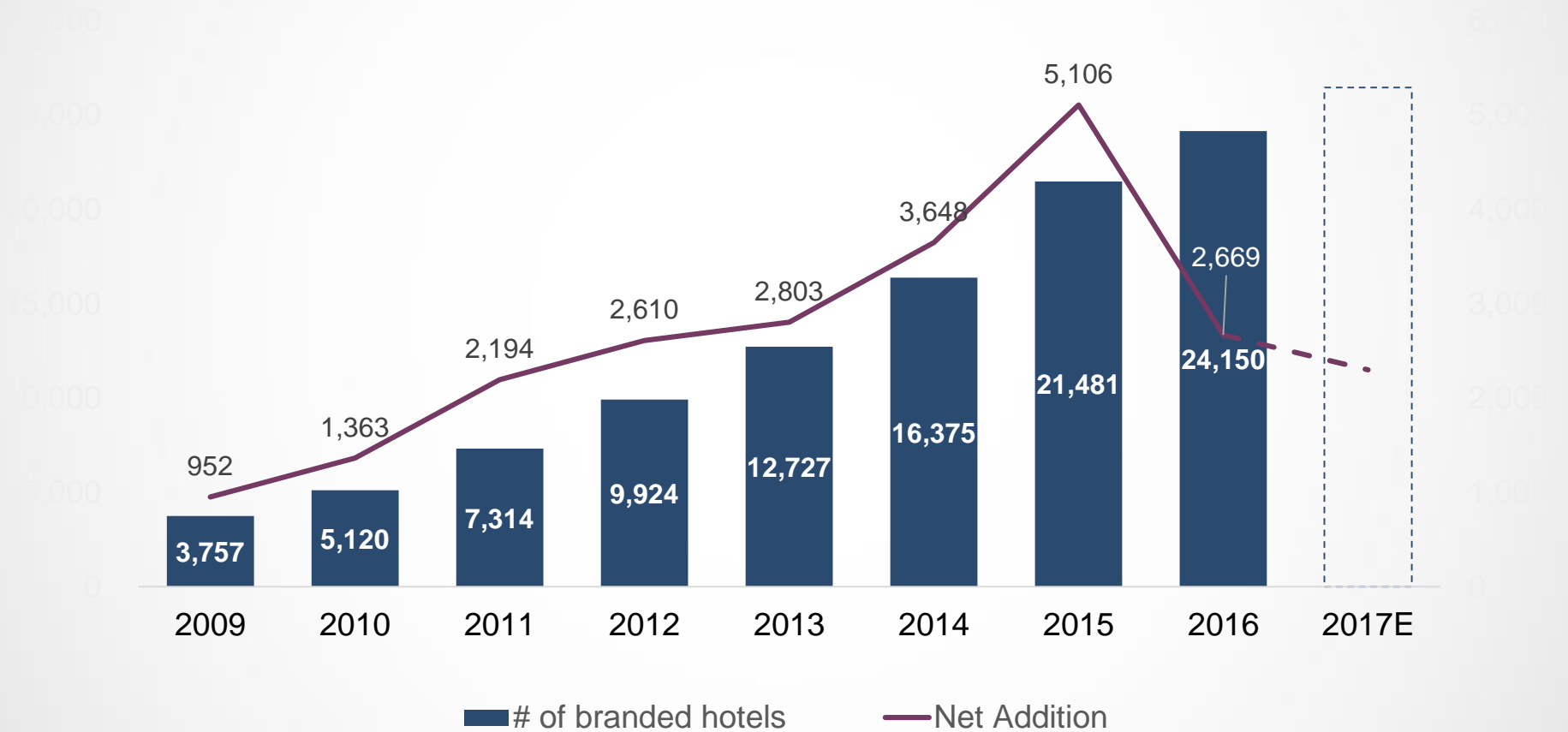
Domestic Travel Expenditures

(in RMB billions)



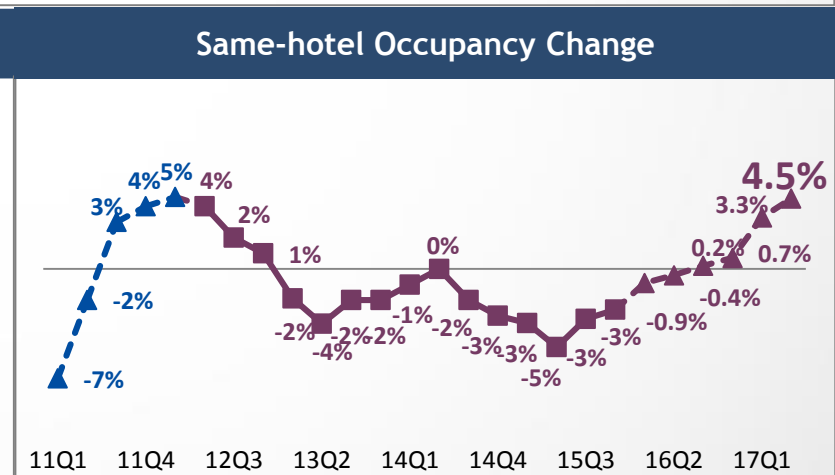
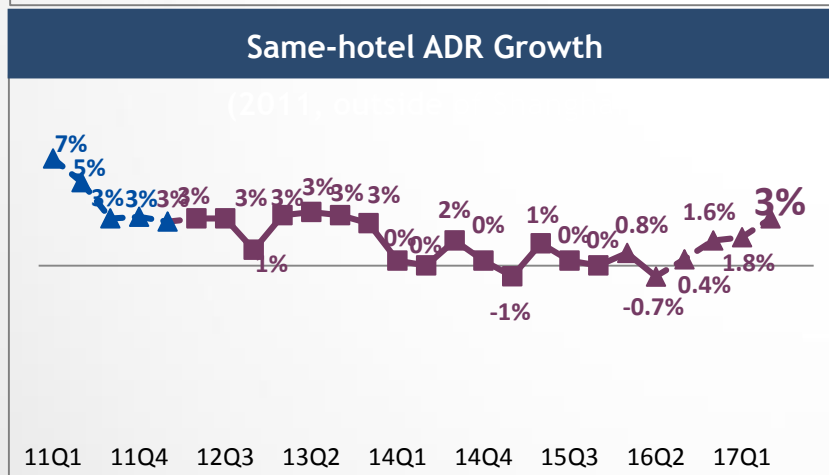
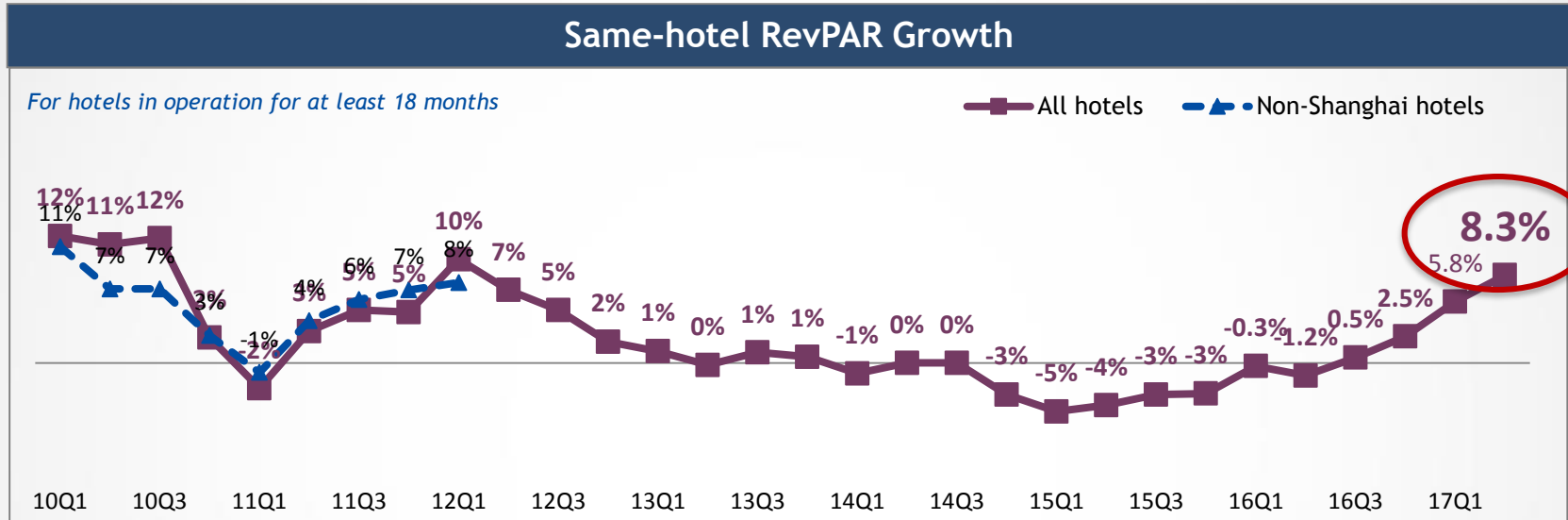
Net Addition of Branded Hotel Supply Slowed Down Since 2016

of Branded Hotels



Source: Inntie, China National Tourism Administration

Favorable Supply-Demand Relationship Drives Same-hotel RevPAR Growth



* Normalized for Shanghai Expo

Chinese Consumers' Purchase Power Fuels Long-Term Hotel ADR Growth

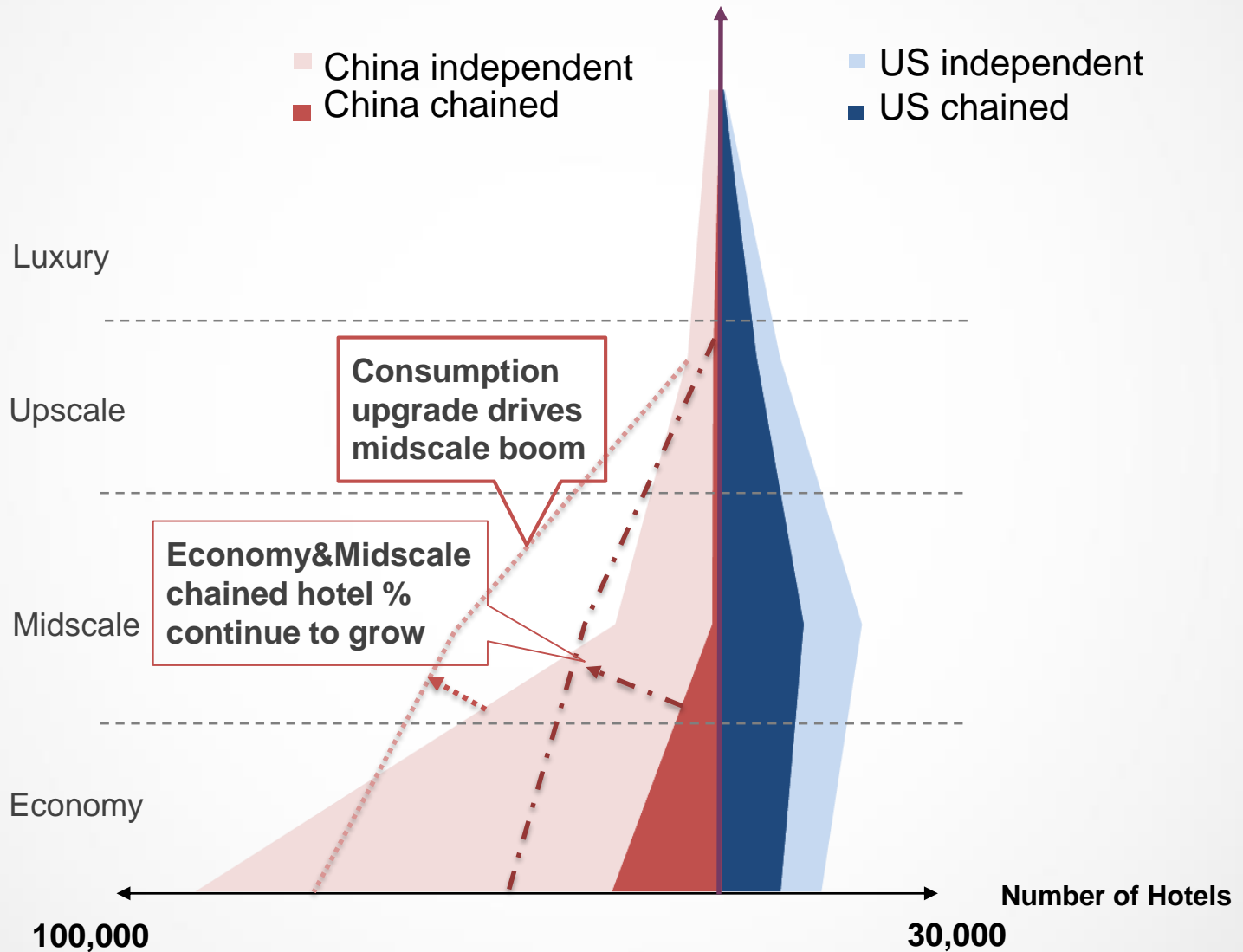
Comparison of Consumer Product Price Between China and US

Unit: US\$

Item	Brand		Brand		Diff.
Economy Hotel ADR		26		62	2.4x
Midscale Hotel ADR		47		114	2.4x
McMeal		5		7	1.4x
Running Shoe		75		75	1.0x
Movie Ticket		5		8	1.6x

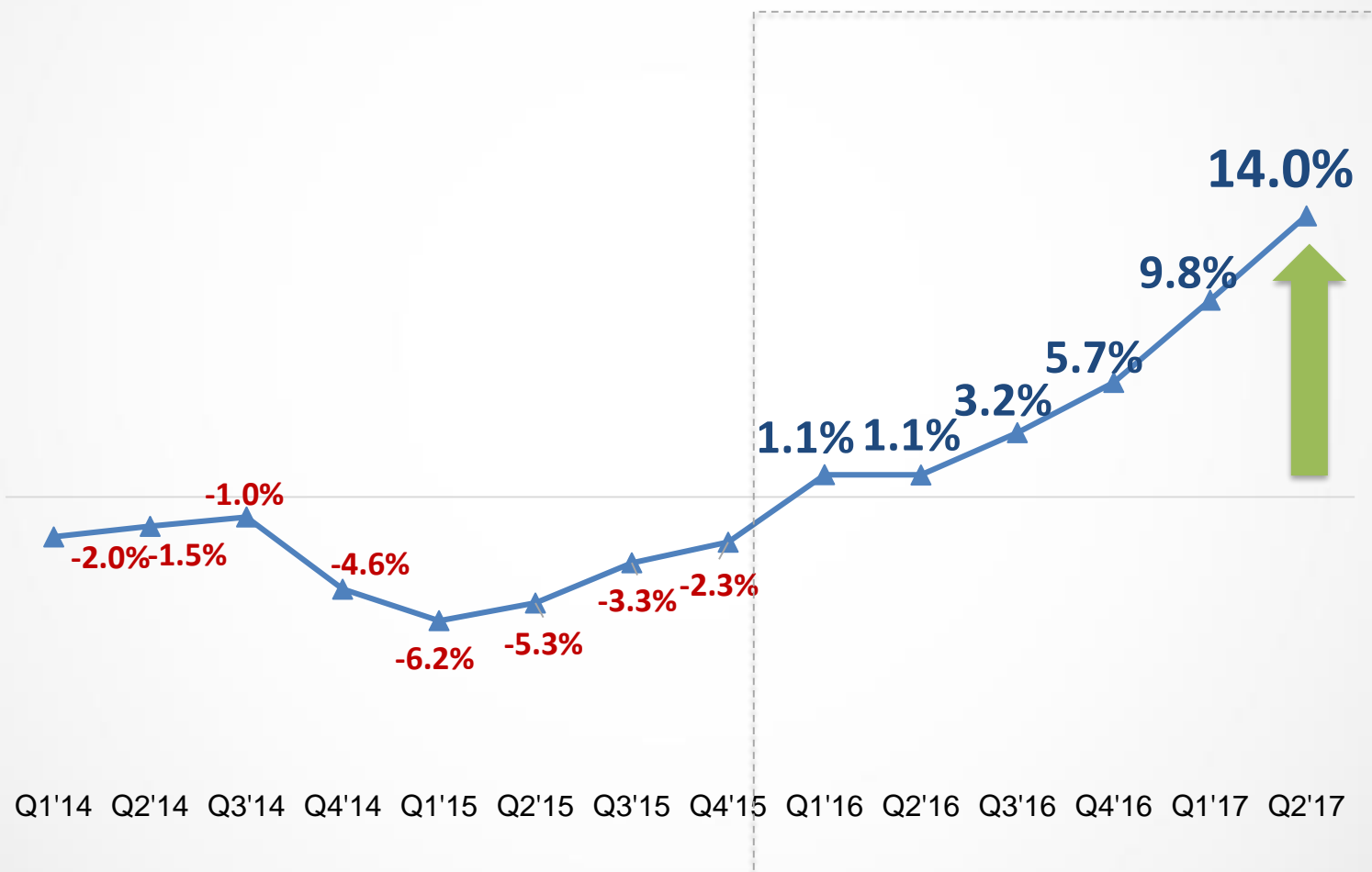
Chinese Hotel ADRs are Significantly **UNDER-PRICED** vs. Other Consumer Products

Market Outlook in China: Midscale Boom and Economy & Midscale Consolidation



Optimistic Blended RevPAR Growth Prospect Driven by ADR Growth and Mix Upgrade

Quarterly Blended RevPAR Year-over-Year Growth (Q1'14-Q2'17)



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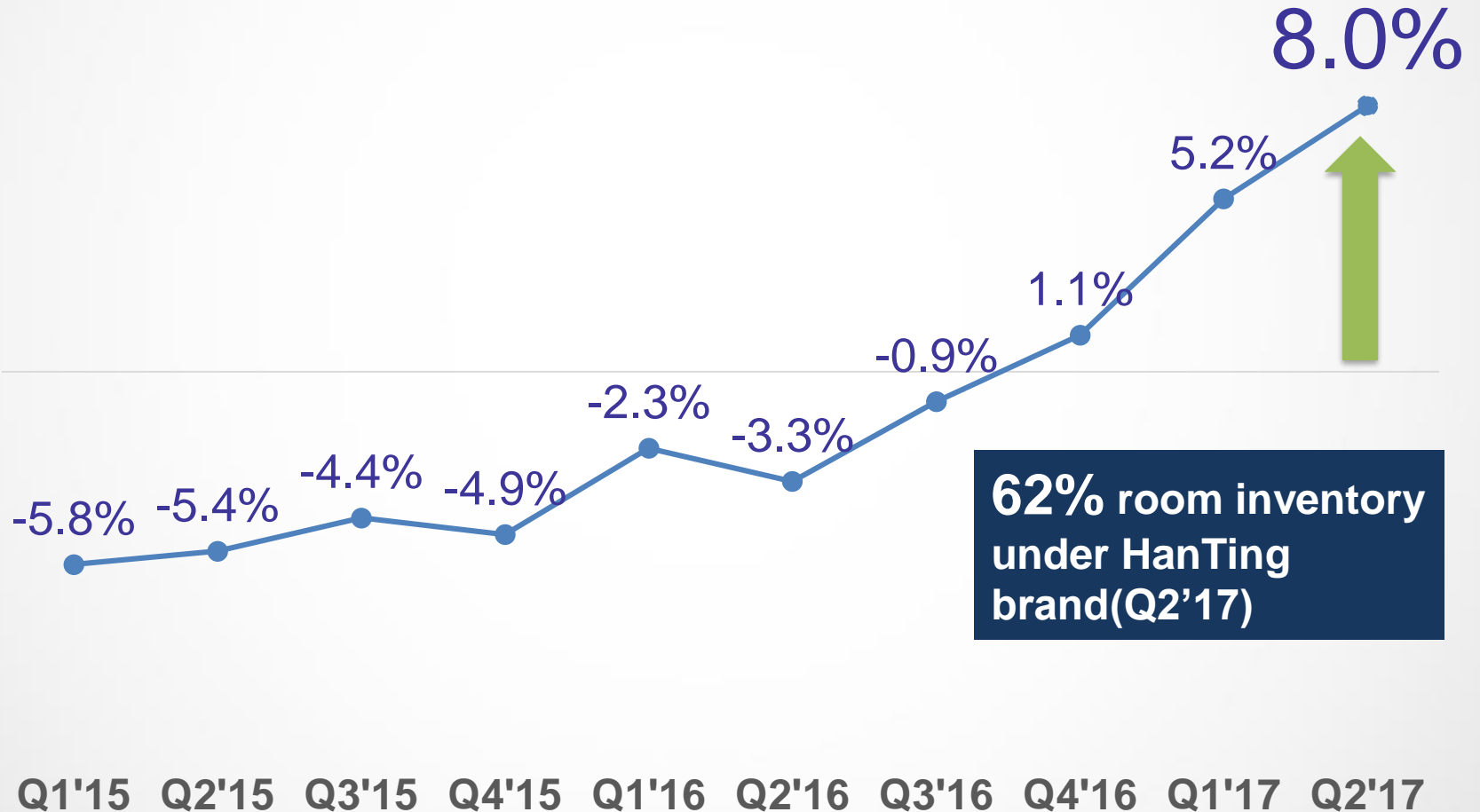
Operational and Financial Review

Q & A

Appendix

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

HanTing Same-hotel RevPAR Growth Accelerated to 8.0% in Q2'17



Upgraded Quality in HanTing is Well Received by Guests

Cleanliness
Rating



80% of guests surveyed indicated that their booking preferences are influenced by the cleanliness ratings



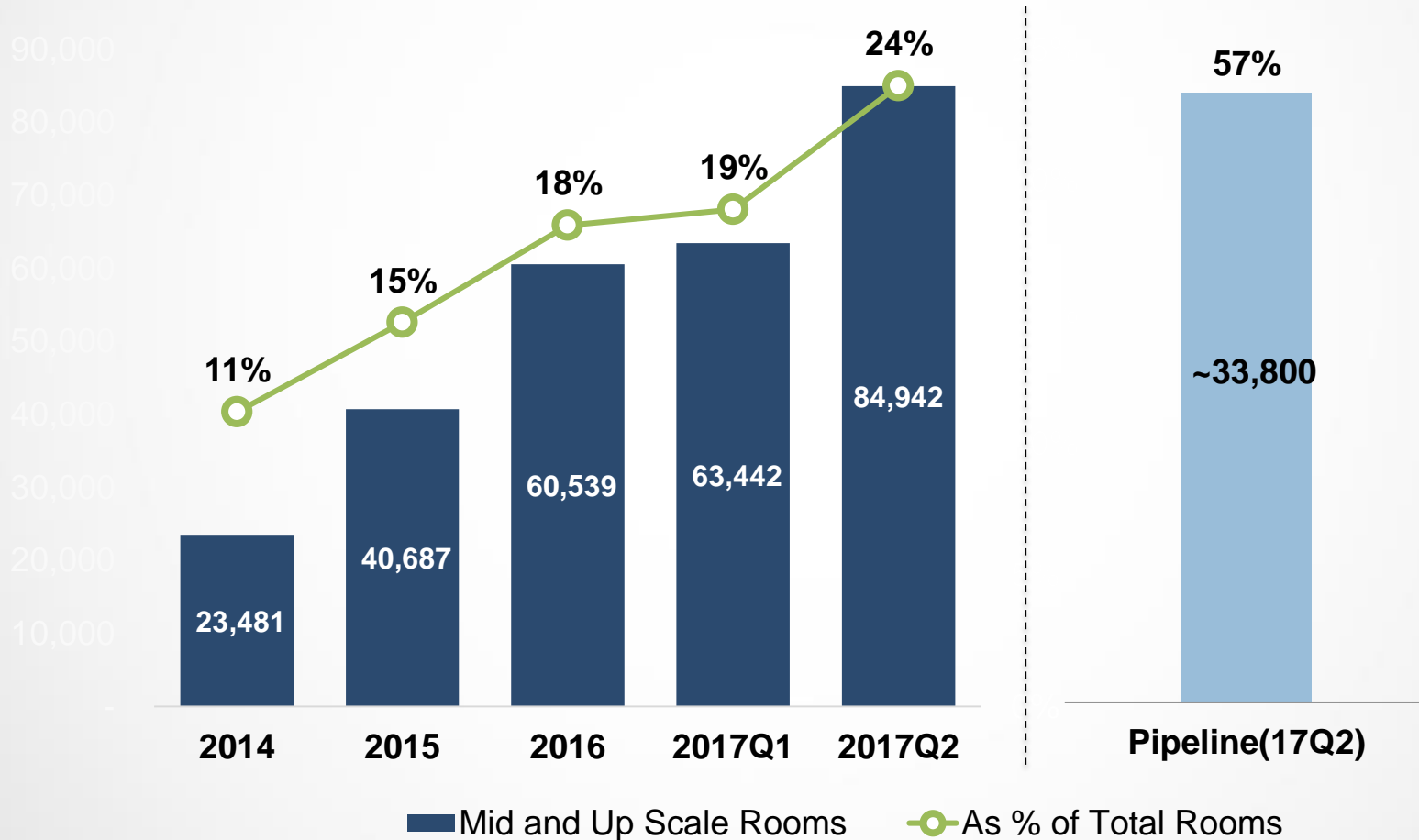
Guests may reward housekeepers for quality service with their membership points

Our Midscale Brands Foot Print



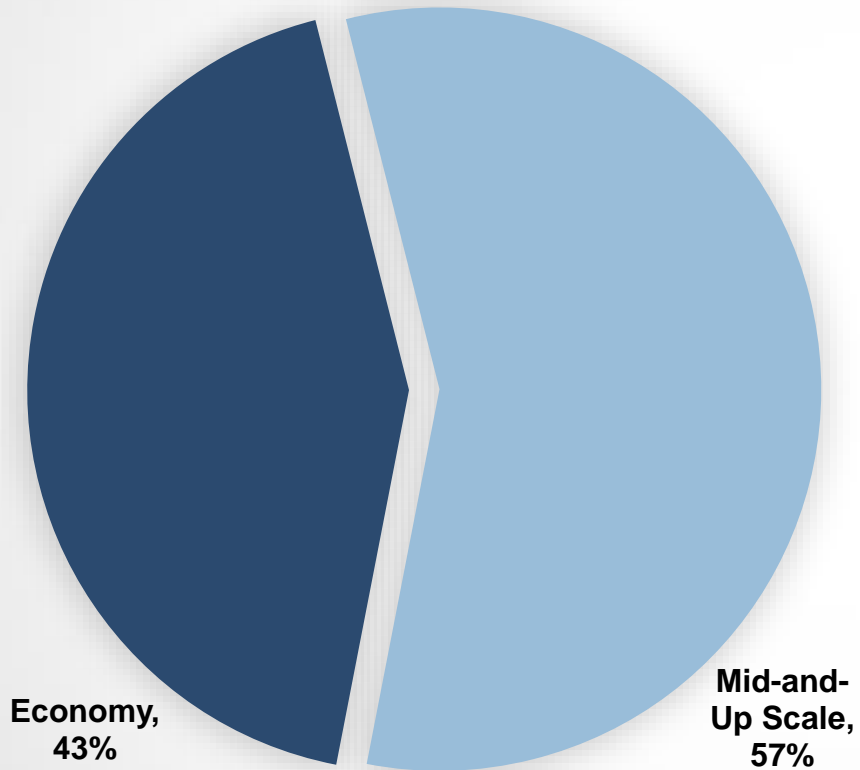
Increasing Proportion of Mid and Up Scale Room Inventory

Mid and Up Scale Rooms

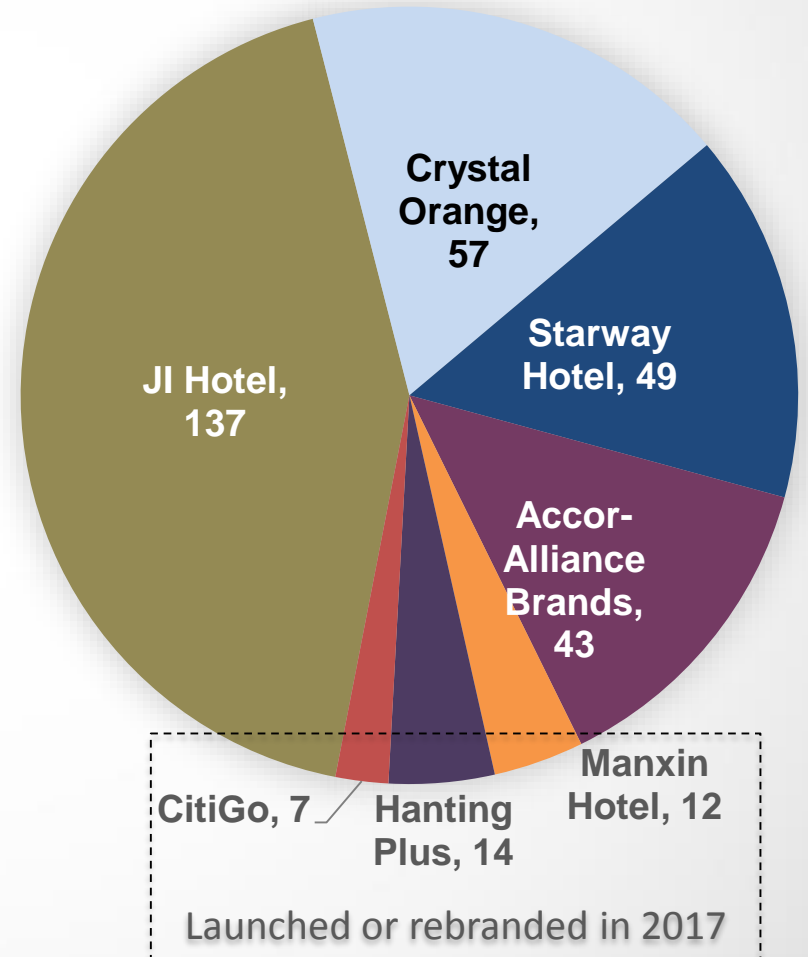


A Robust Pipeline of Midscale Brands

% of Rooms of Total Pipeline

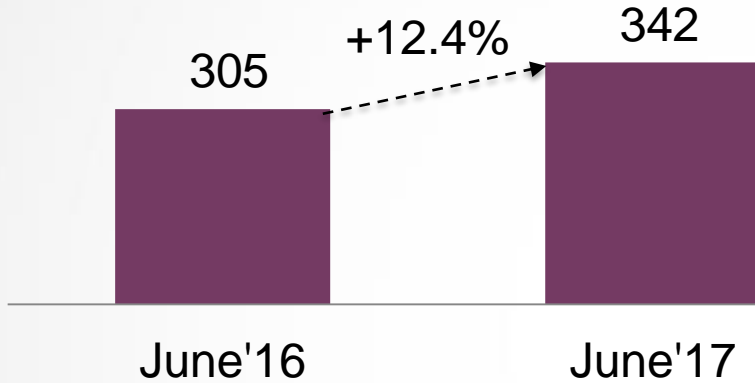


of Hotels of Mid-and Up-Scale Pipeline



Strong RevPAR Growth

Same-hotel RevPAR



Enriched Talent Pool

- Mr. Wu Hai's new role as EVP of High-End Product Innovation, in addition to CEO of Crystal Orange
- Amy Liao, the Chief Architect / Designer of Crystal Orange, expanded her responsibilities to cover more high-end brands

Integrated Direct Booking

← 上海 (10家) 🔍 📍
 08月15日 (住1晚) 📅 筛选 📏 智能排序 📉
 专票立取 全季 新品汉庭 海友

桔子水晶上海迪斯尼康桥酒店
 ★★★★★ 干净卫生 🅑 📶
 上海路浦东新区康桥路1... **¥536** 起
 手机开门 专票抵6%

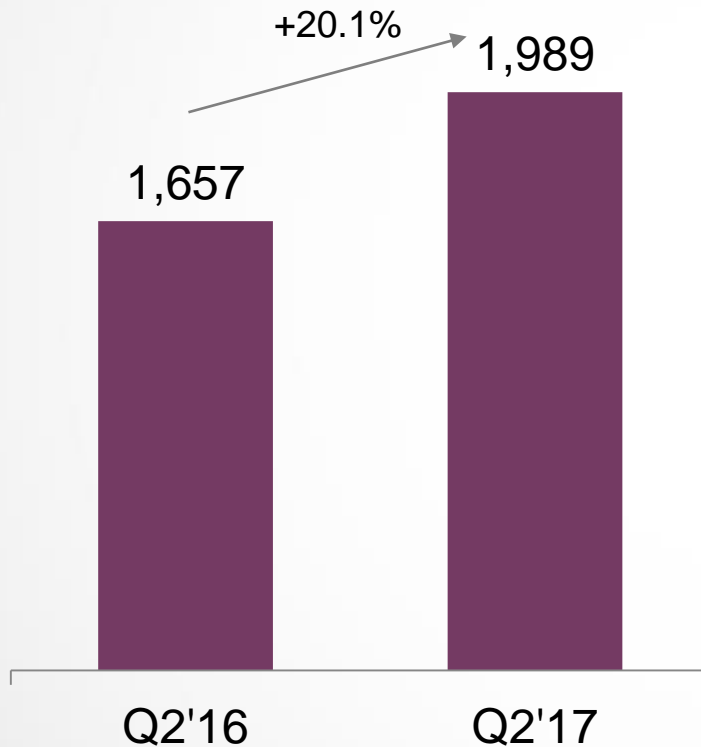
桔子精选上海静安酒店
 ★★★★★ 交通便利
 上海静安区余姚路417号 **¥518** 起
 专票抵6%

桔子精选上海斜土路酒店
 ★★★★★ 服务不错 🅑 📶 🍴
 上海市徐汇区斜土路12... **¥491** 起
 专票抵6%

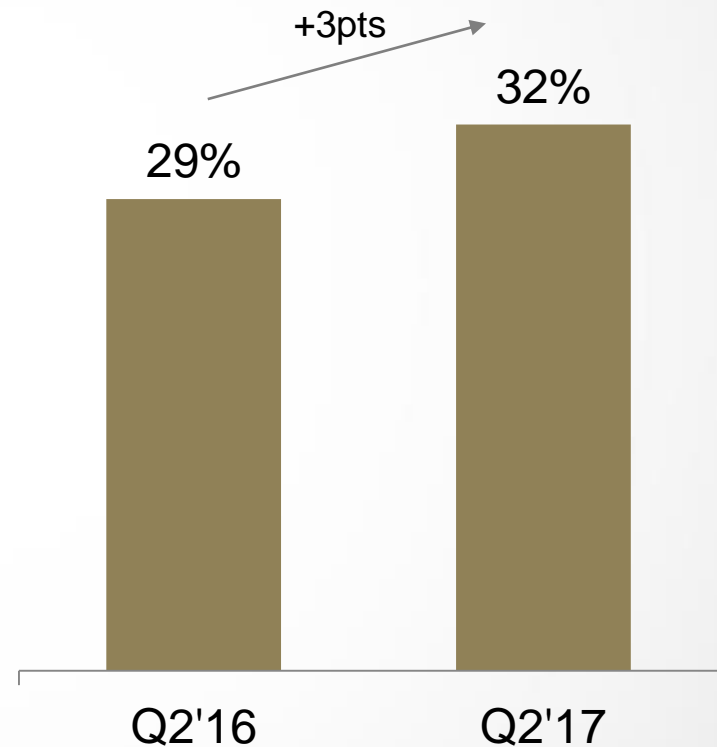
Increasing Revenue Contribution from Mid and Up Scale Hotels

Net Revenues

(in RMB millions)



Revenue from Mid-and-Up Scale Hotels as % of Net Revenues



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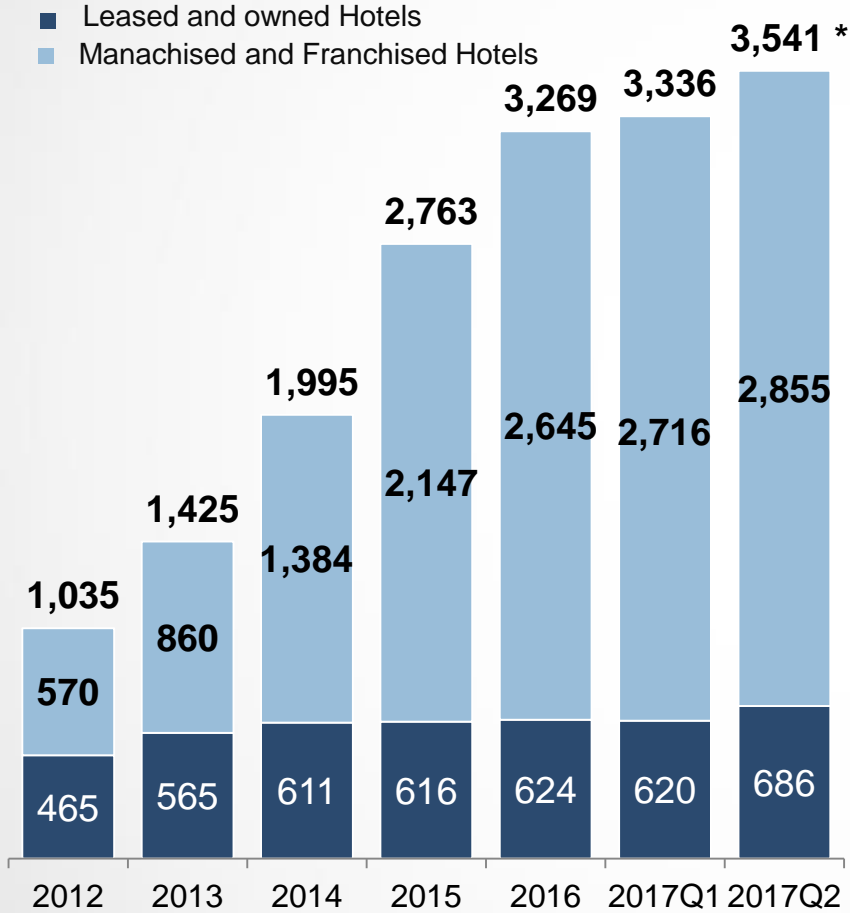
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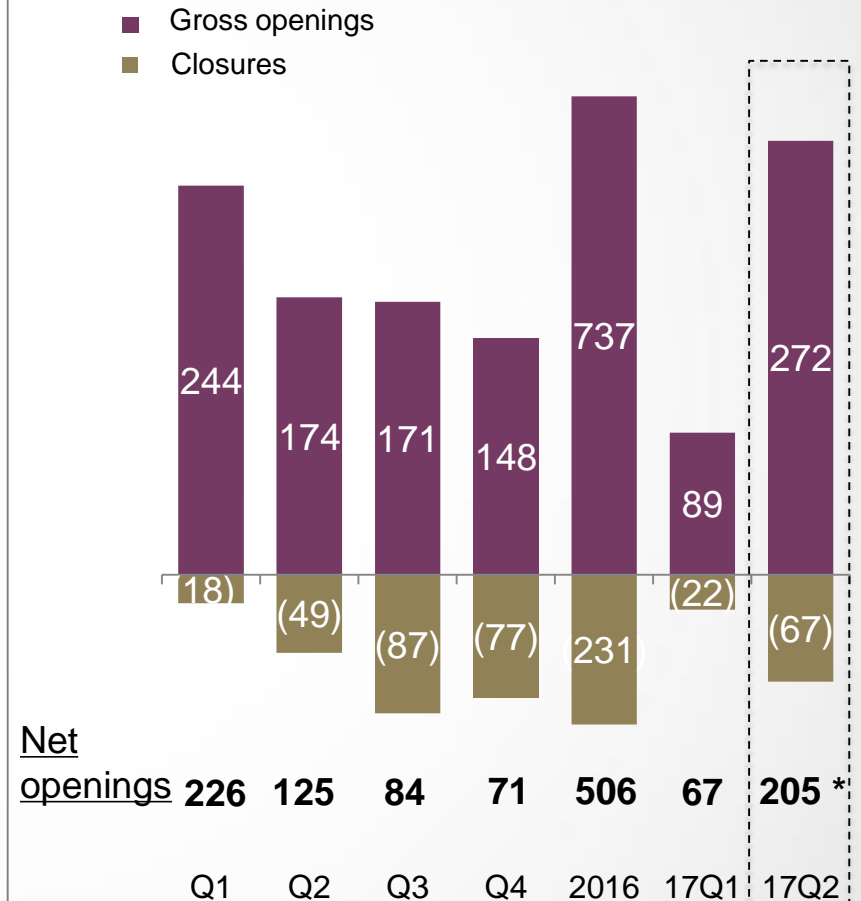
Appendix

Continue Fast Expansion with Increasing Focus on Quality

Number of Hotels in Operation



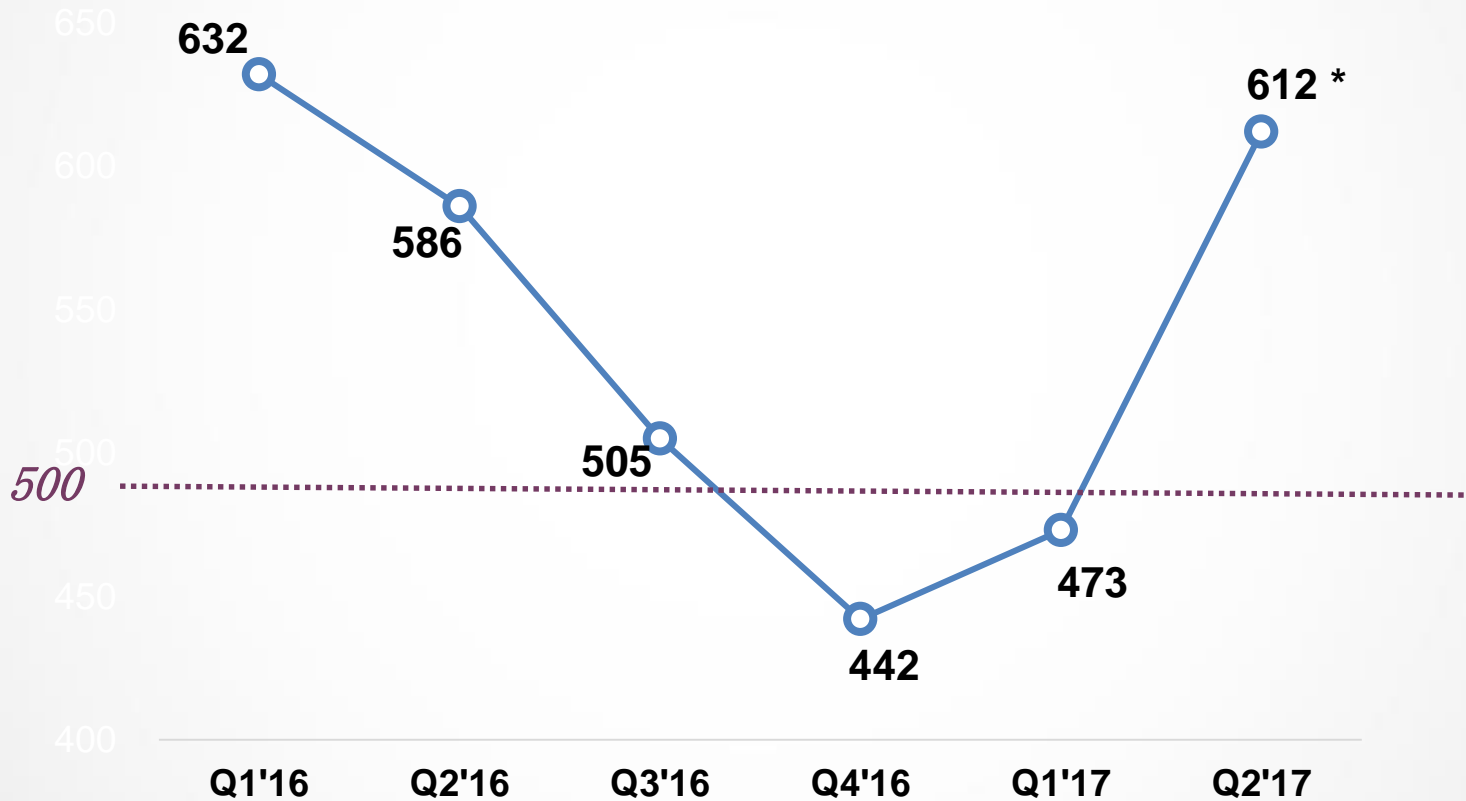
Hotel Opening/Closures 2016 Q1– 2017 Q2



* Including 140 hotels consolidated from Crystal Orange Acquisition

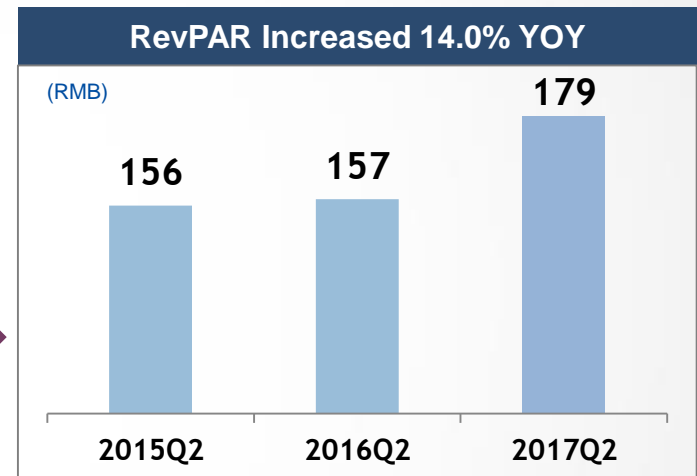
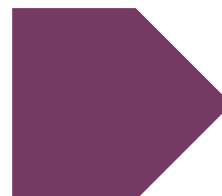
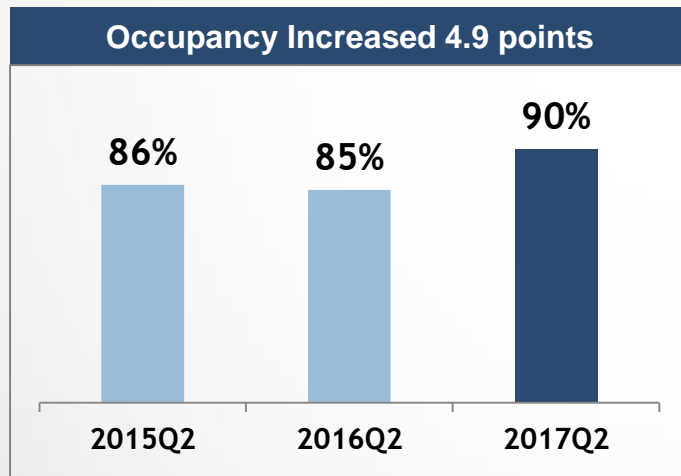
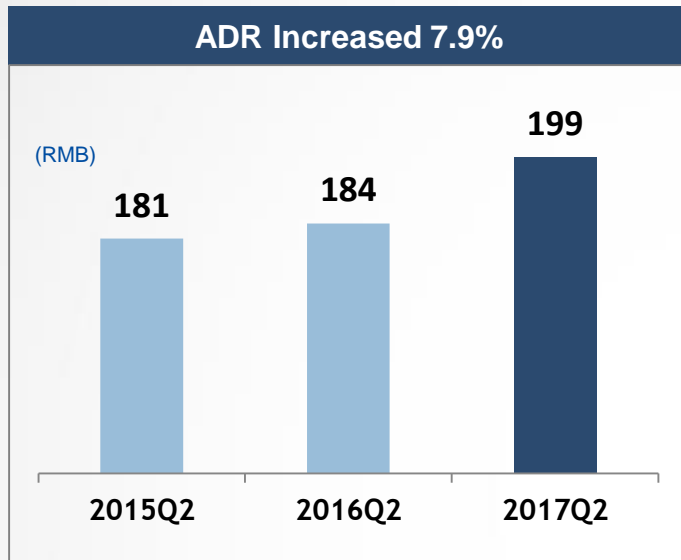
Strong RevPAR Performance Leads to Improved Pipeline of 600+ Hotels

Number of Hotels in Pipeline (Q1'16-Q2'17)



* Includes 57 hotels from Crystal Orange acquisition

RevPAR Growth Driven by Both ADR + Occupancy Growth



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

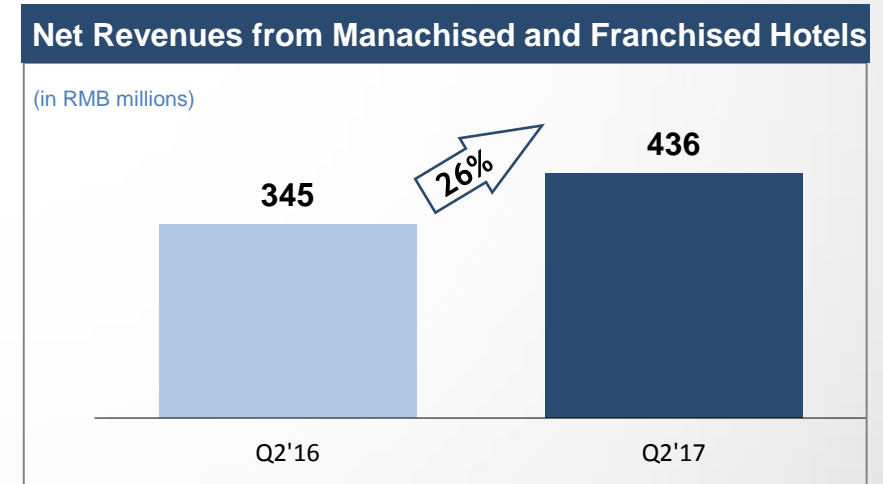
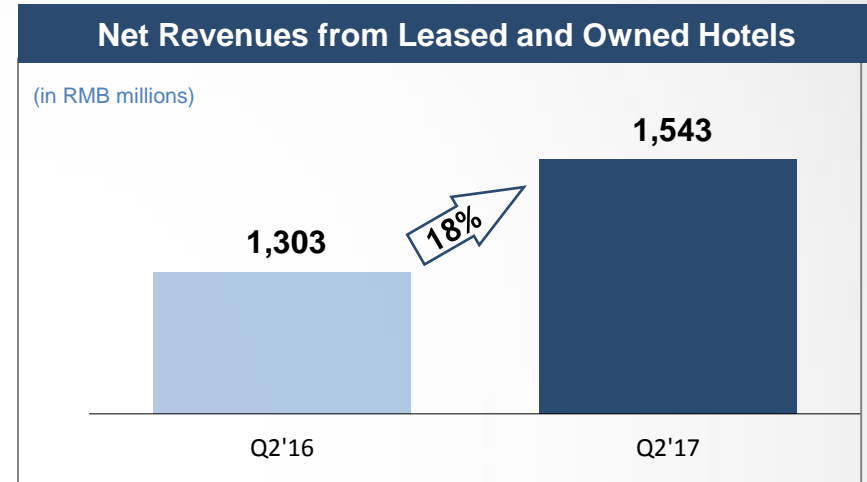
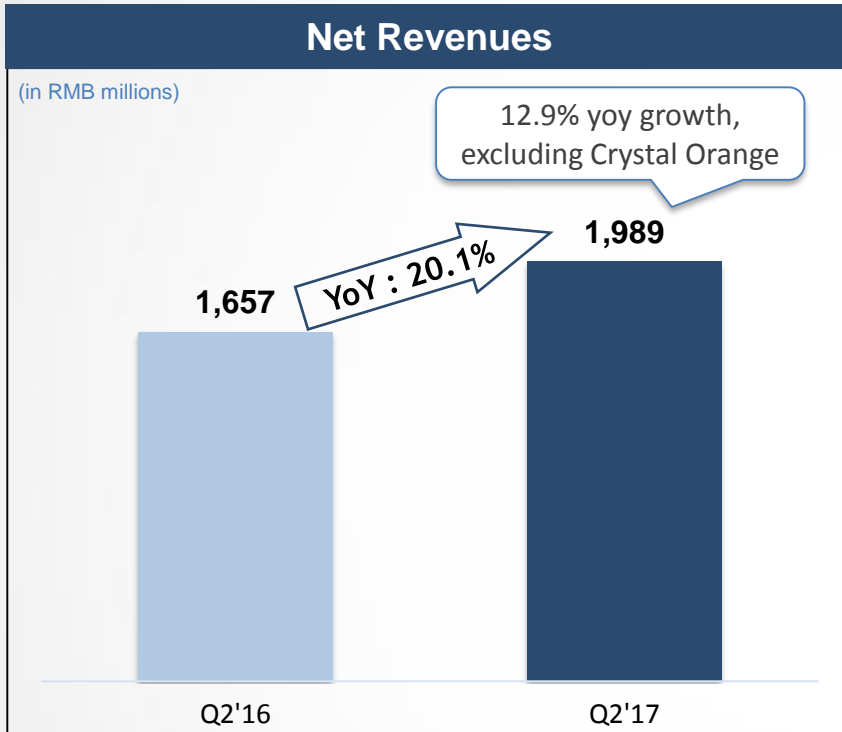
Q2'15	Q2'16	Q2'17
77%	76%	77%

Weight of hotel rooms in midscale and upscale segment

Q2'15	Q2'16	Q2'17
13%	16%	24%

Figures excluding franchised Starway hotels

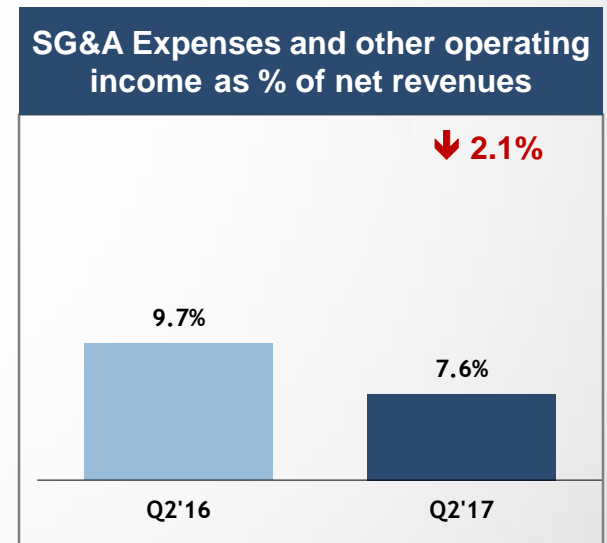
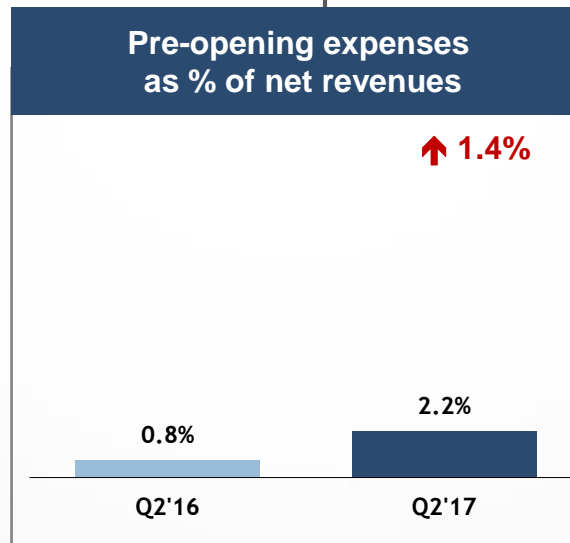
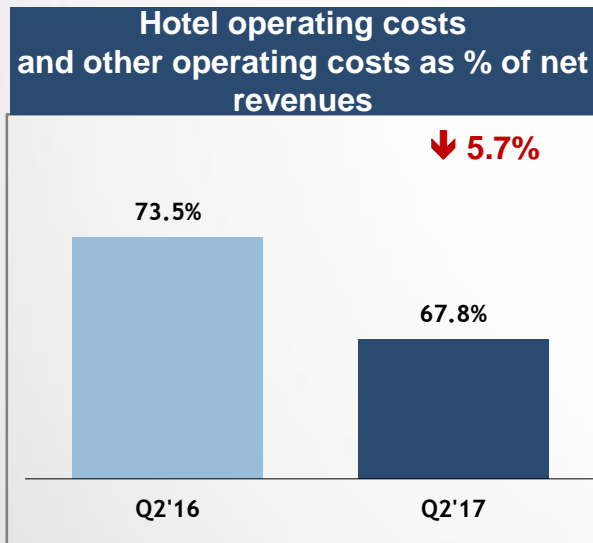
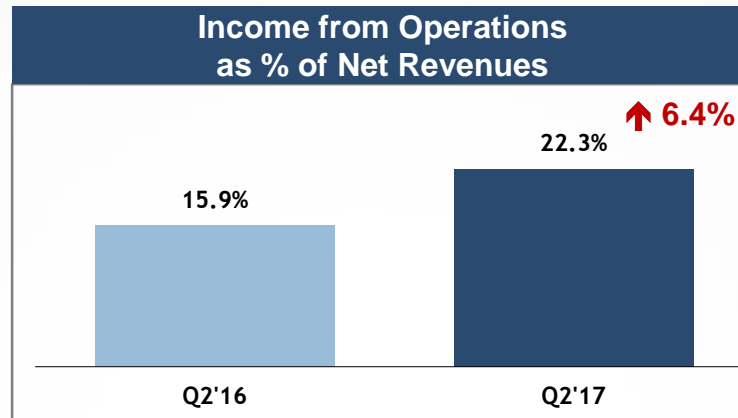
Net Revenues Increased 20.1% in 17Q2, or 12.9% Excluding Crystal Orange, beating our Q2 Guidance



Net Manachised and Franchised Hotels Revenue as % of Net Revenues

Q2'16	Q2'17
20.8%	21.9%

Operating Margin Expanded by 6.4 Pts

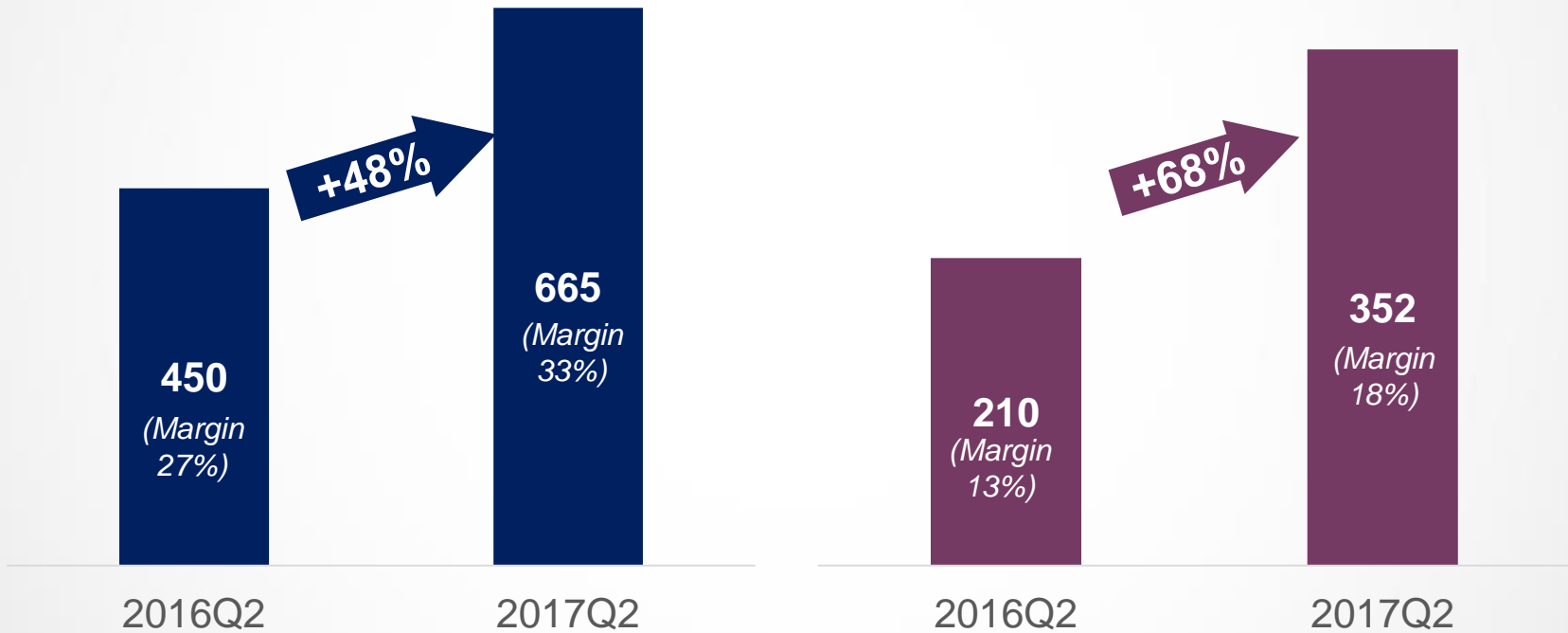


Core Financials* Growth

(in RMB millions)

EBITDA

Net Income

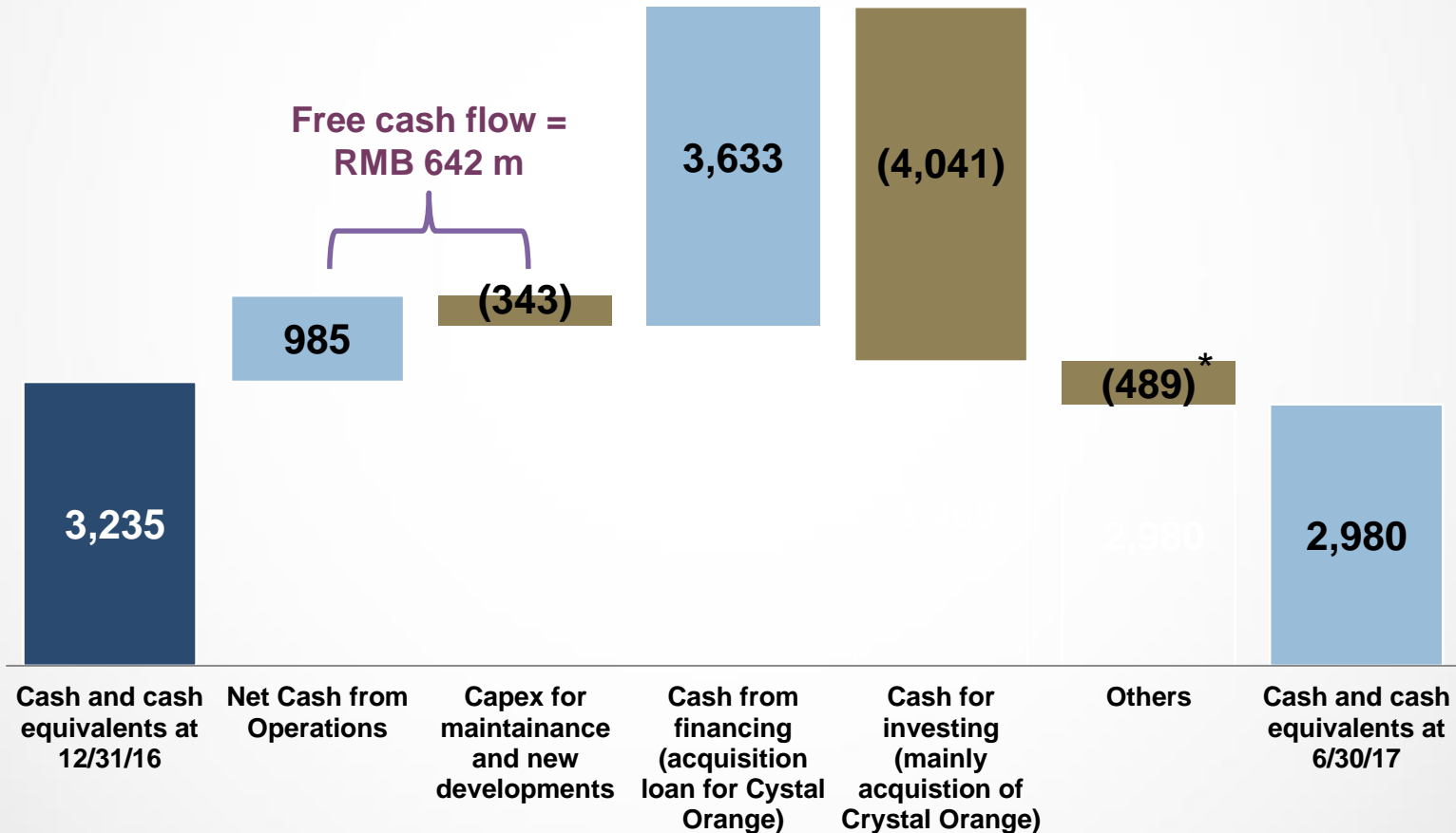


Note: * excluding investment gain of 106m in Q2'16 and 38m in Q2'17

Strong Cash Balances Support Capital Investments and Acquisitions

Abundant Funding Resource for Expansion

(in RMB millions)



Note: *Mainly consist of 467m increase in restricted cash

	Huazhu		Huazhu + Crystal Orange	
<i>Period</i>	<i>Q3'17</i>	<i>FY 2017</i>	<i>Q3'17</i>	<i>FY 2017</i>
<i>Net Revenues Growth</i>	13%-16%	12%-15% <i>(Up from 10-13%)</i>	30%-34%	23%-26%
<i>No. of Gross Opening</i>	500-550*			

* Excluded 138 hotels consolidated from Crystal Orange acquisition

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Q & A

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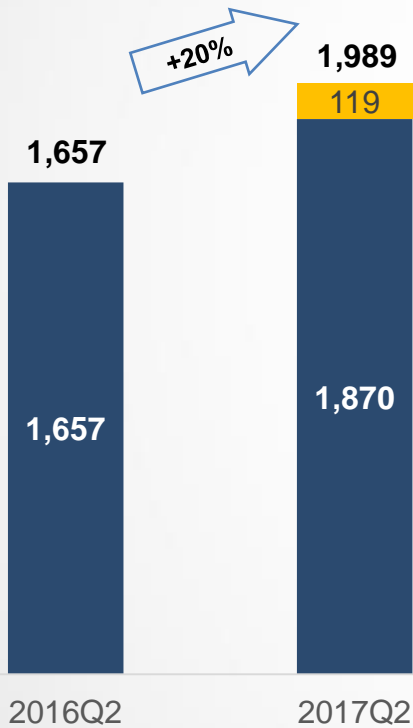
Q & A

Appendix

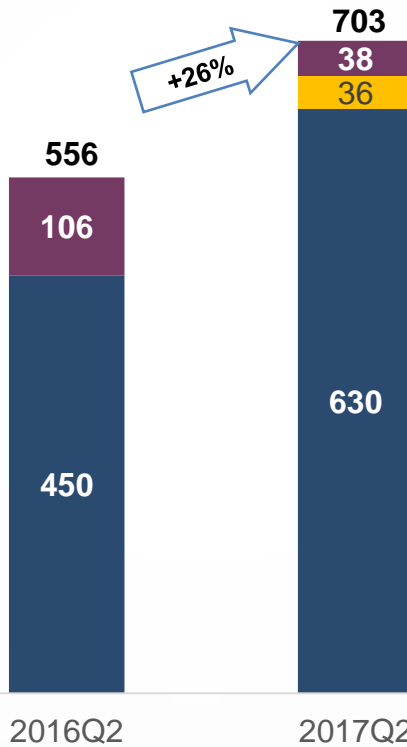
Adjustments Between Organic and Reported Financials

(in RMB millions)

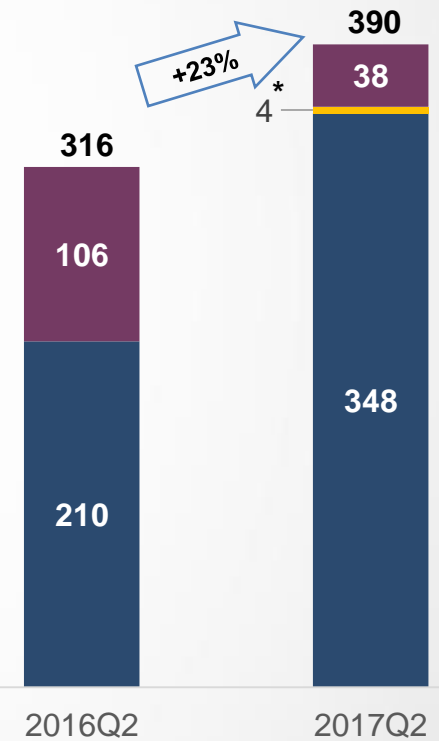
Revenue



EBITDA



Net Income



■ Organic
 ■ Crystal Orange
 ■ Investment Gain

Note: *14m consolidated from Crystal Orange, -10m acquisition loan interest expense

Same-Hotel Operational Data by Segment

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

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

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

	<u>Number of hotels in operation</u>		<u>Same-hotel RevPAR</u>			<u>Same-hotel ADR</u>			<u>Same-hotel Occupancy</u>	
	As of		For the quarter ended			For the quarter ended			For the quarter ended	
	June 30, 2016	2017	June 30, 2016	2017	yoy change	June 30, 2016	2017	yoy change	June 30, 2016	2017
Economy hotels	2,250	2,250	148	160	7.7%	168	172	2.2%	88%	93%
Leased hotels	498	498	156	170	8.5%	180	184	2.7%	87%	92%
Manachised and franchised hotels	1,752	1,752	146	156	7.5%	164	167	2.1%	89%	94%
Midscale and upscale hotels	263	263	247	272	9.9%	288	306	6.1%	86%	89%
Leased hotels	79	79	304	332	9.0%	333	357	7.3%	91%	93%
Manachised and franchised hotels	184	184	207	230	10.9%	253	267	5.4%	82%	86%
Total	2,513	2,513	162	175	8.3%	183	189	3.0%	88%	93%

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	As of 6/30/2017
Economy hotels	1,309	1,819	2,453	2,741	2,852	2,893
HanTing Hotel	1,226	1,648	2,003	2,181	2,203	2,213
Leased hotels	473	502	495	486	478	473
Manachised hotels	753	1,146	1,508	1,694	1,723	1,736
Franchised hotels				1	2	4
Hi Inn	83	158	302	375	387	395
Leased hotels	41	41	38	36	36	35
Manachised hotels	42	117	251	294	306	314
Franchised hotels			13	45	45	46
Elan Hotel		13	148	185	188	195
Manachised hotels		13	128	149	151	162
Franchised hotels			20	36	37	33
ibis Hotel				72	74	80
Leased and owned hotels				14	14	15
Manachised hotels				12	12	18
Franchised hotels				46	48	47
Orange Regular						10
Leased hotels						8
Manachised hotels						1
Franchised hotels						1
Midscale hotels and upscale hotels	116	176	310	457	484	648
JI Hotel	68	117	186	284	304	327
Leased hotels	48	62	75	81	84	85
Manachised hotels	20	55	111	201	217	239
Franchised hotels				2	3	3
Starway Hotel	46	55	118	136	141	148
Leased hotels	1	3	4	2	2	2
Manachised hotels	20	44	67	96	101	112
Franchised hotels	25	8	47	38	38	34
Joya Hotel	1	3	3	6	6	6
Leased hotels	1	2	2	3	3	3
Manachised hotels		1	1	3	3	3
Manxin Hotels & Resorts	1	1	2	2	3	4
Leased hotels	1	1	1		2	1
Manachised hotels			1	2	1	2
Franchised hotels						1
ibis Styles Hotel				10	10	10
Manachised hotels				7	6	6
Franchised hotels				3	4	4
Mercure Hotel			1	15	16	18
Leased hotels			1	2	2	2
Manachised hotels				12	13	15
Franchised hotels				1	1	1
Novotel Hotel				4	2	2
Manachised hotels				1	1	1
Franchised hotels				1	1	1
Grand Mercure Hotel				1	2	3
Leased hotels					1	1
Franchised hotels				1	1	2
Orange Selected						90
Leased hotels						42
Manachised hotels						32
Franchised hotels						16
Crystal Orange						40
Leased hotels						19
Manachised hotels						13
Franchised hotels						8
Total	1,425	1,995	2,763	3,198	3,336	3,541

Room Breakdown by Brands

Hotel breakdown by brand

	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	As of 6/30/2017
Economy hotels	245,096	250,963	256,280	260,557	261,843	274,588
HanTing Hotel	209,319	213,481	217,825	221,157	222,059	221,719
Leased hotels	56,681	56,461	56,494	56,491	55,443	54,591
Manachised hotels	152,638	157,020	161,267	164,602	166,430	166,750
Franchised hotels			64	64	186	378
Hi Inn	22,934	24,144	25,194	25,600	26,129	26,186
Leased hotels	3,575	3,429	3,412	3,411	3,349	3,031
Manachised hotels	17,482	18,552	19,011	19,361	19,947	20,267
Franchised hotels	1,877	2,163	2,771	2,828	2,833	2,888
Elan Hotel	12,843	13,338	13,261	13,800	13,655	14,349
Manachised hotels	11,009	11,216	10,935	11,121	11,082	11,880
Franchised hotels	1,834	2,122	2,326	2,679	2,573	2,469
ibis Hotel	12,075	12,244	10,274	10,251	10,615	11,280
Leased and owned hot	2,330	2,562	2,562		2,725	2,842
Manachised hotels	1,824	2,339	2,198		1,753	2,329
Franchised hotels	7,921	7,343	5,514		6,137	6,109
Orange Regular						1,054
Leased hotels						891
Manachised hotels						85
Franchised hotels						78
Midscale hotels and ups	47,066	51,413	55,666	60,348	62,892	84,942
JI Hotel	29,751	32,934	36,062	39,664	42,306	45,368
Leased hotels	13,498	13,488	13,504	14,314	14,745	14,905
Manachised hotels	16,253	19,297	22,409	25,201	27,287	30,189
Franchised hotels		149	149	149	274	274
Starway Hotel	12,852	13,760	13,463	13,206	12,798	14,325
Leased hotels	517	517	386	386	386	386
Manachised hotels	7,743	8,785	9,101	9,577	9,240	10,793
Franchised hotels	4,592	4,458	3,976	3,243	3,172	3,146
Joya Hotel	671	934	945	1,131	1,131	1,131
Leased hotels	315	326	337	523	523	523
Manachised hotels	356	608	608	608	608	608
Manxin Hotels & Resorts	236	229	203	78	230	419
Leased hotels	108	101	-	-	168	189
Manachised hotels	128	128	203	78	62	168
Franchised hotels						62
ibis Styles Hotel	1,257	1,257	1,392	1,614	1,618	1,617
Manachised hotels	729	729	973		1,010	1,010
Franchised hotels	528	528	419		608	607
Mercure Hotel	1,993	1,993	3,295	4,026	4,180	4,446
Leased hotels	239	239	463		482	496
Manachised hotels	1,476	1,476	2,554		3,420	3,672
Franchised hotels	278	278	278		278	278
Novotel Hotel	306	306	306	629	629	629
Manachised hotels	306	306	306		306	306
Franchised hotels			374		323	323
Grand Mercure Hotel	191	191	191	191	550	731
Manachised hotels					359	360
Franchised hotels	191	191	191	191	191	371
Orange Selected						10,992
Leased hotels						5,431
Manachised hotels						3,699
Franchised hotels						1,862
Crystal Orange						5,284
Leased hotels						2,587
Manachised hotels						1,713
Franchised hotels						984
Total	292,162	302,376	311,946	331,347	335,900	359,530



华住酒店集团

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