



华住酒店集团

成就美好生活



China Lodging Group (HTHT.US)

Q1 2018 Earnings Call

May 14, 2018

Strategy Review

Operational and Financial Review

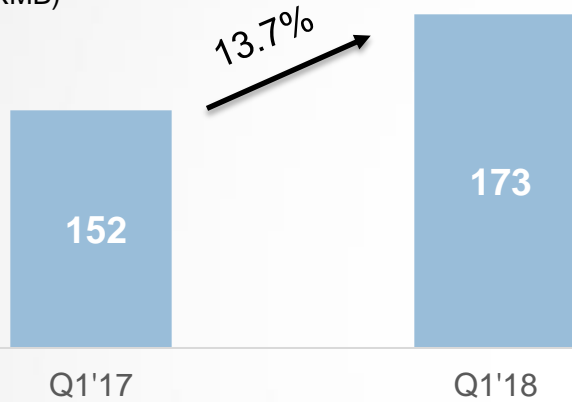
Q & A

Appendix

Strong Growth in RevPAR, Revenues and Profits; Further Margin Expansion

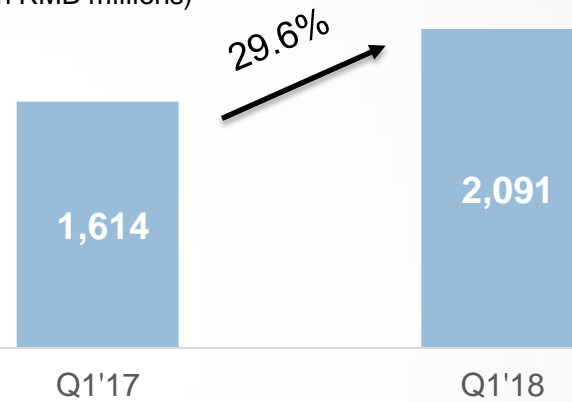
Group Blended RevPAR

(in RMB)



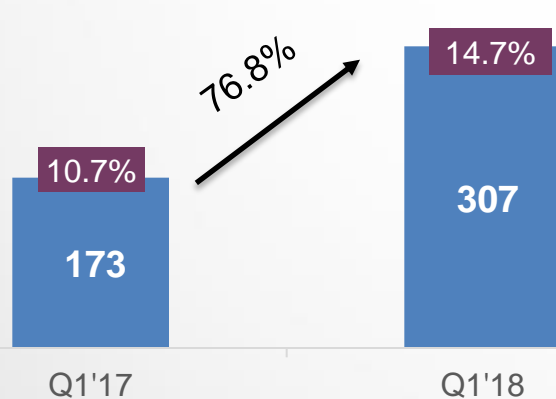
Net Revenues and Growth

(in RMB millions)



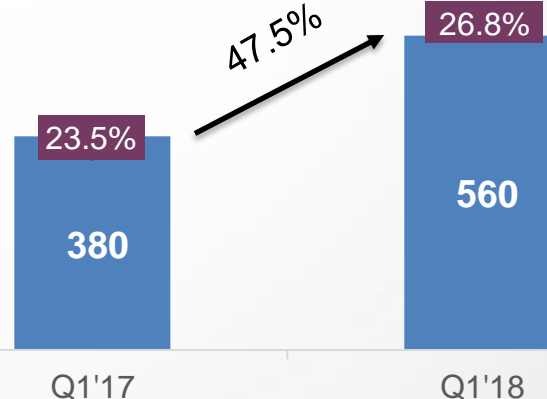
Operating Income and Margin

(in RMB millions)



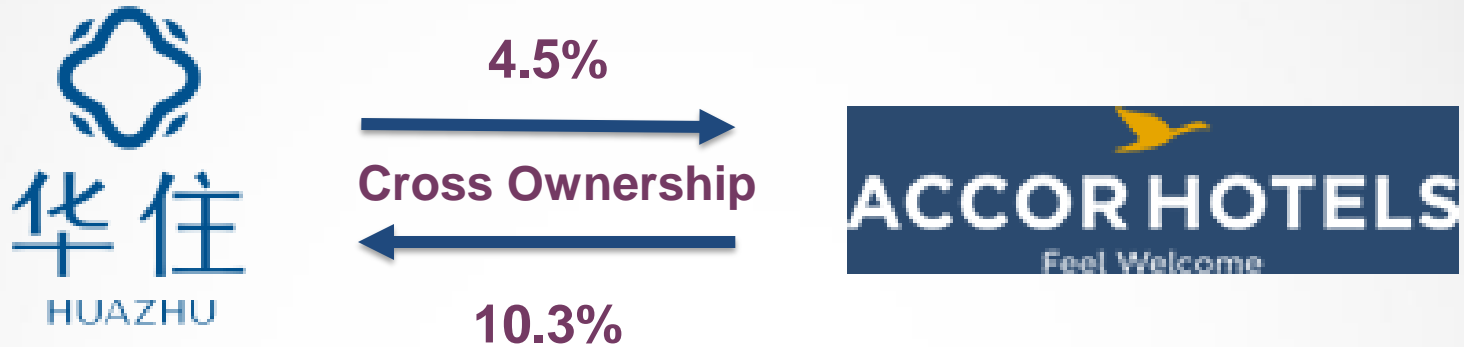
Adjusted EBITDA and Margin

(in RMB millions)



Note: Financial results for 2017 were restated under new revenue recognition guidance

Strategic Investment in AccorHotels to Strengthen Partnership

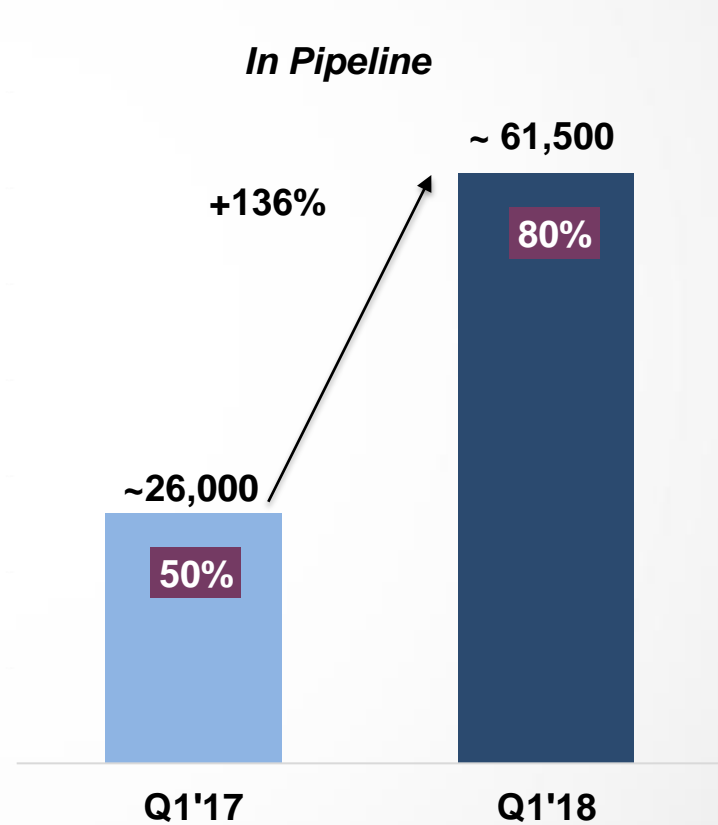
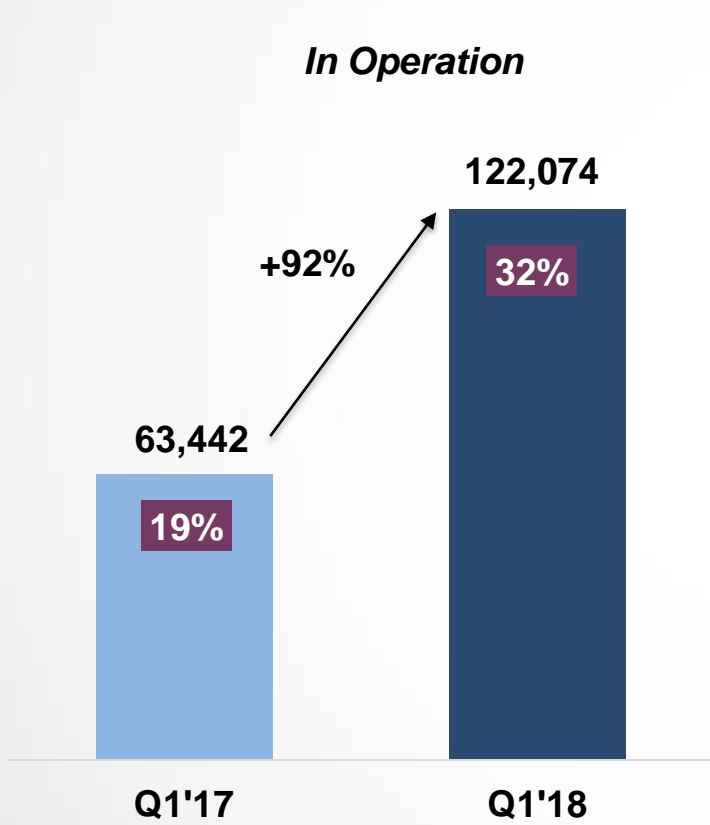


- Strategic alliance formed in 2016 - Huazhu has master franchisee rights for Mercure, ibis and ibis Styles, and co-development rights for Grand Mercure and Novotel and 28% stake in Accor Luxury and Upscale Hotel business in the Pan-China region. Accor Chairman and CEO Sebastien sits on Huazhu's board.
- Huazhu purchased 13.1 million shares (~4.5%) in AccorHotels from the open market.
- Engaged in discussions for a board representation in AccorHotels

- 1. Fast Expansion of Midscale Hotels**
- 2. Continuous Growth in Same-hotel RevPAR through Quality Improvements**
- 3. Innovation in Upscale Segment**

Mid and Upscale Rooms: 92% YoY increase in Q1; 32% Rooms in Operations; 80% Rooms in Pipeline

Mid and Upscale Rooms



■ Mid and Upscale Rooms

■ As % of Total Rooms



19 hotels in operation

40 hotels in pipeline

12.6% yoy growth

in same-hotel RevPAR



105 hotels in operation

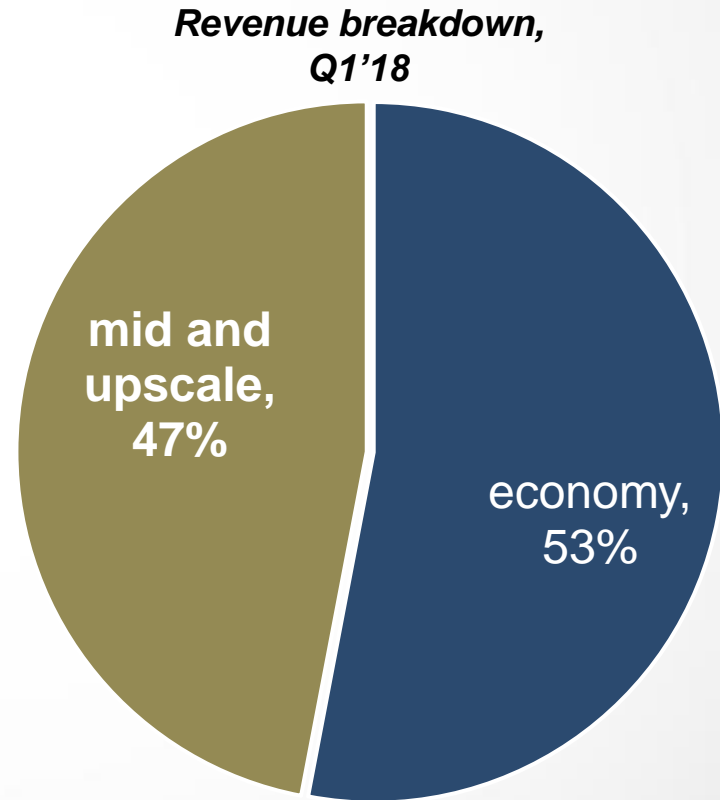
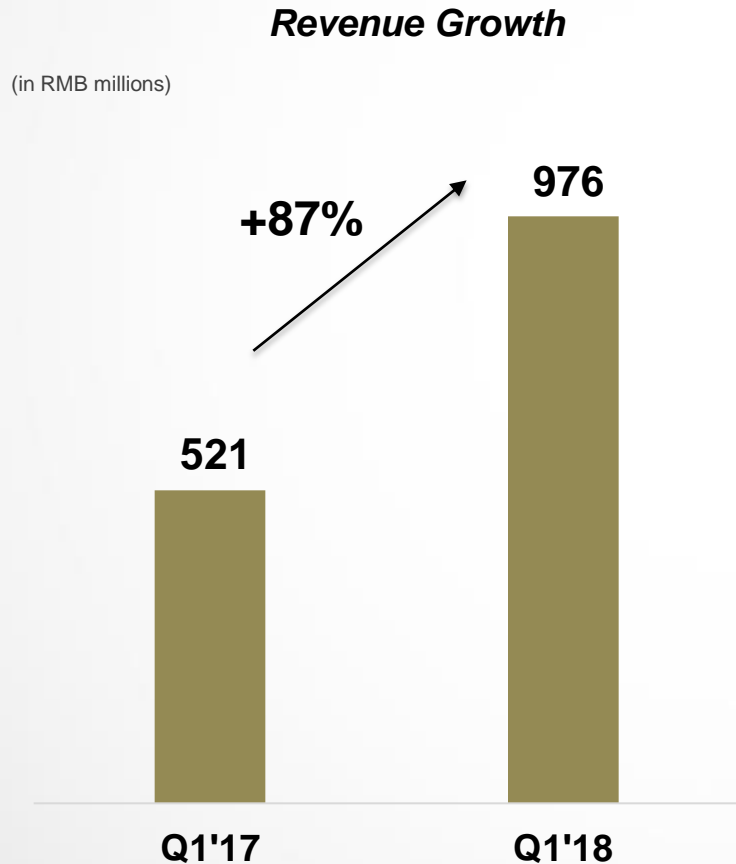
62 hotels in pipeline

14.5% yoy growth

in same-hotel RevPAR

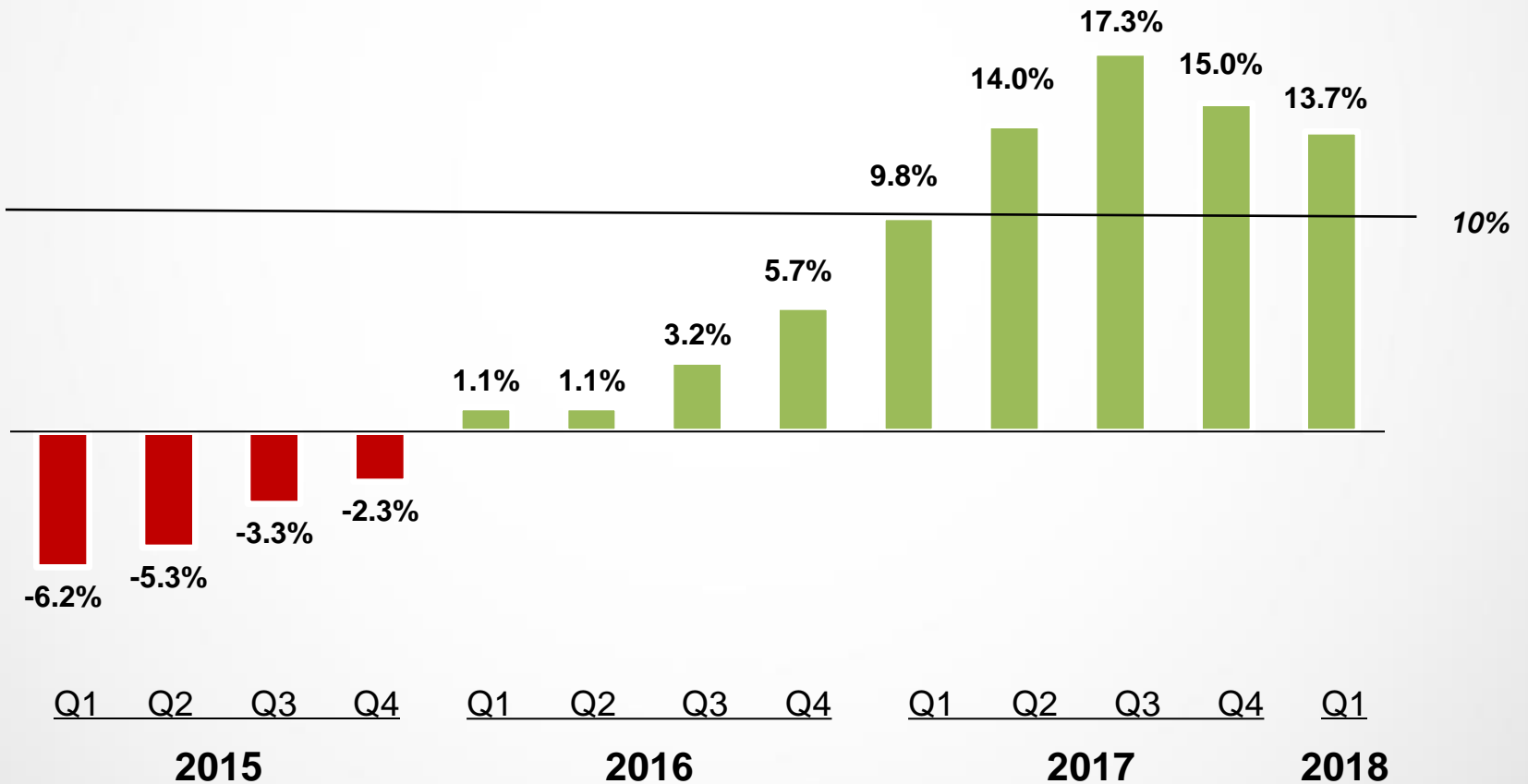
Increasing Revenue Contribution from Mid and Upscale Hotels

Revenues from Mid and Upscale Hotels Grew by 87%;
Mid and Upscale Hotels Revenues Contribution Increased by 14pts to 47%



Double-Digit Group Blended RevPAR Growth Driven by ADR Increase and Mix Upgrade

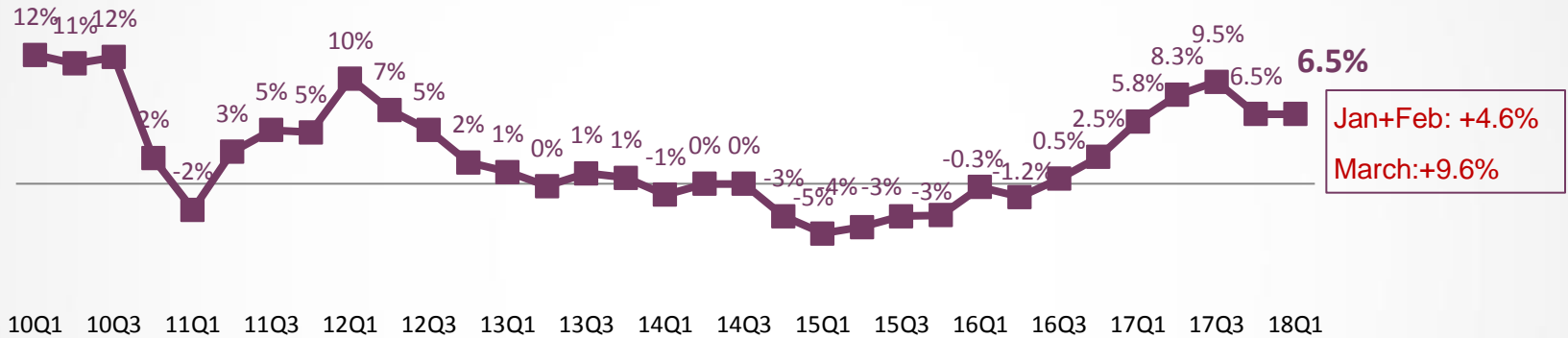
Quarterly Group Blended RevPAR Growth



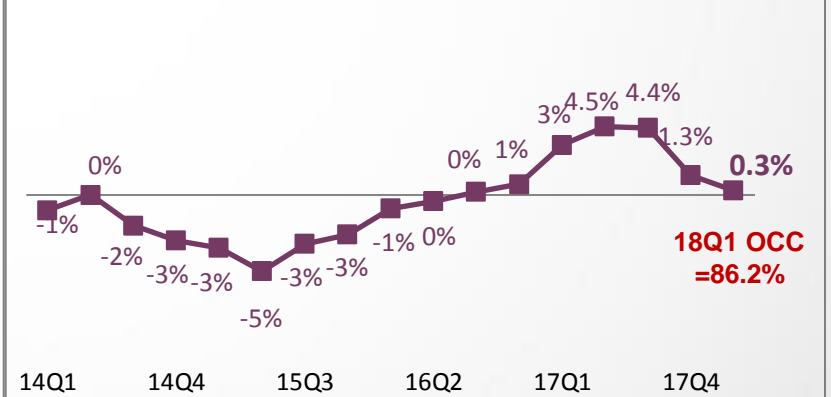
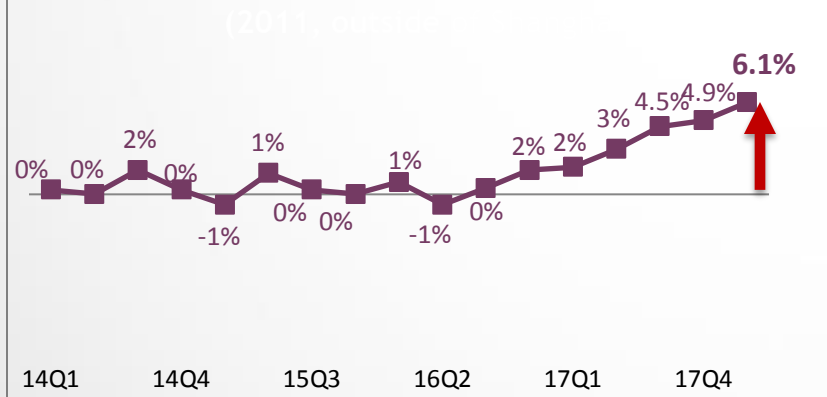
Group Same-hotel RevPAR Growth Reached 6.5% in Q1'18, Mainly Driven by Same-hotel ADR Growth

Same-hotel RevPAR Growth

For hotels in operation for at least 18 months



Same-hotel ADR Growth Same-hotel Occupancy Change

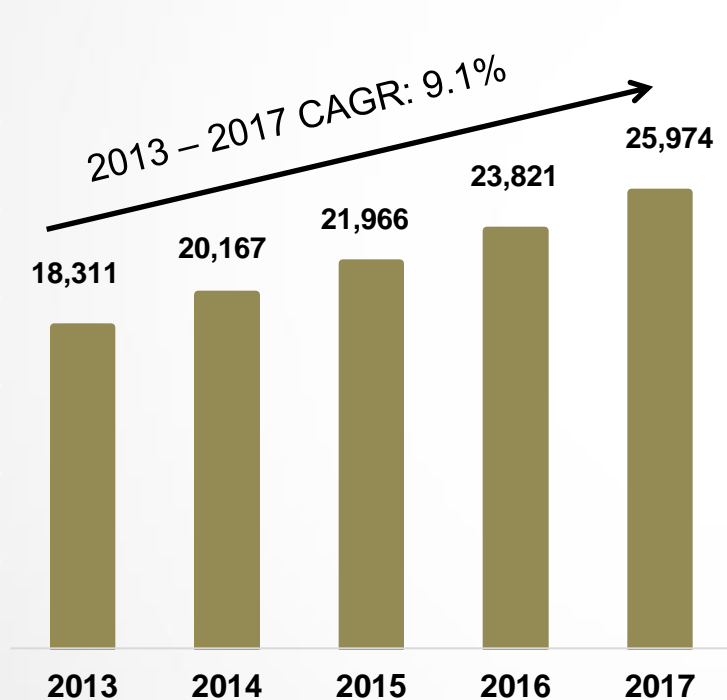


Note: Crystal Orange hotels RevPAR are not included in our reported same-hotel RevPAR statistics until they have been in Huazhu 's system for more than 18 months..

ADR Growth is Expected to Continue, Driven by Chinese Consumers' Increasing Spending on Leisure

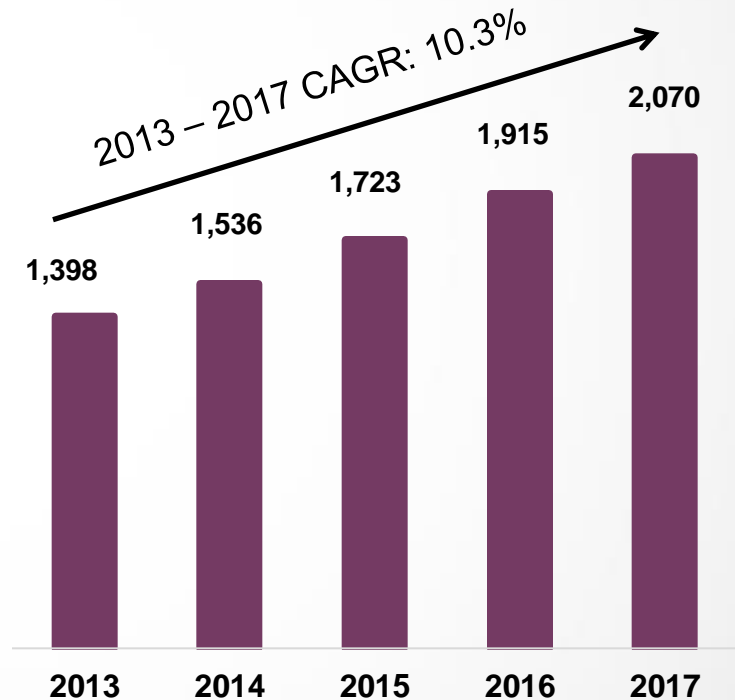
Increasing Disposable Income per capita

(in RMB)



Increasing Spending on Leisure per capita

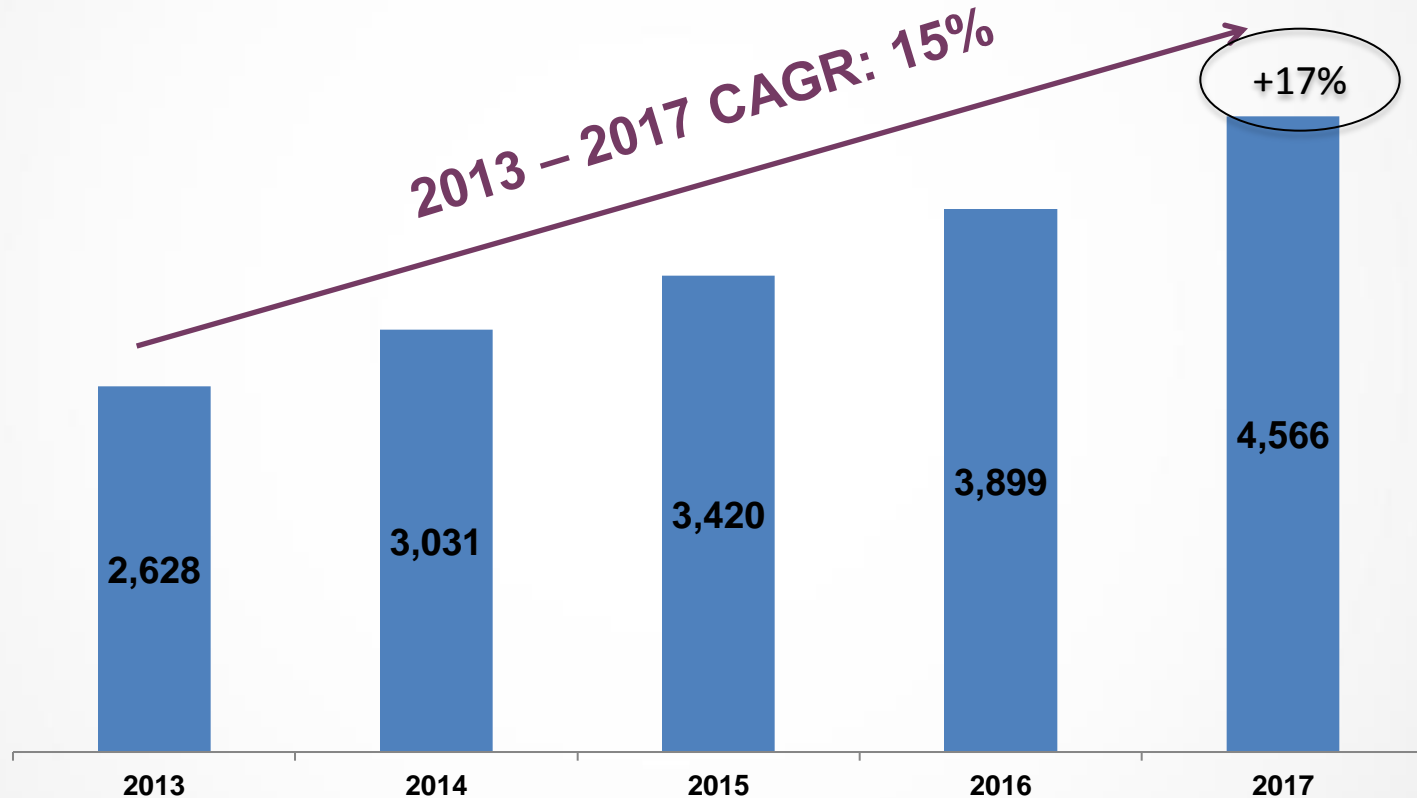
(in RMB)



Source: National Bureau of Statistics

Domestic Travel Expenditures Growth (2013-2017)

(in RMB billions)



Source: National Bureau of Statistics

Soft Opening of Shanghai Flagship Joya Hotel in March 2018



禧玥酒店

Oriental Elegance

Alliance with **SHANG XIA**

Price range of

RMB900~1,200 per night

Photos from Joya Hotel, Xujiahui, Shanghai

Strategy Review

Operational and Financial Review

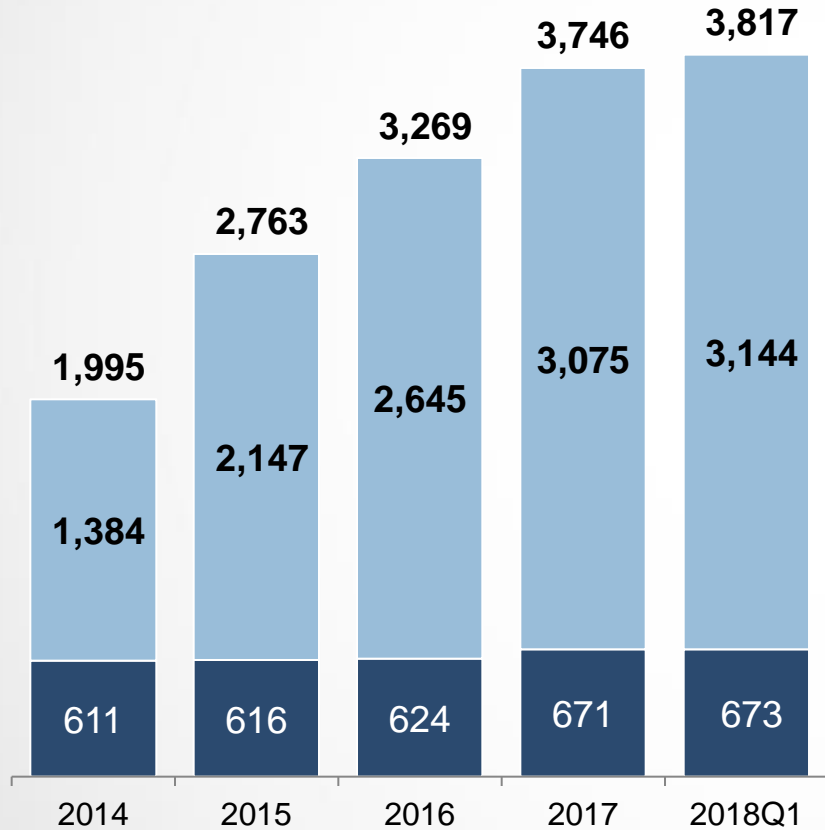
Q & A

Appendix

Continue Fast Expansion with Increasing Focus on Quality

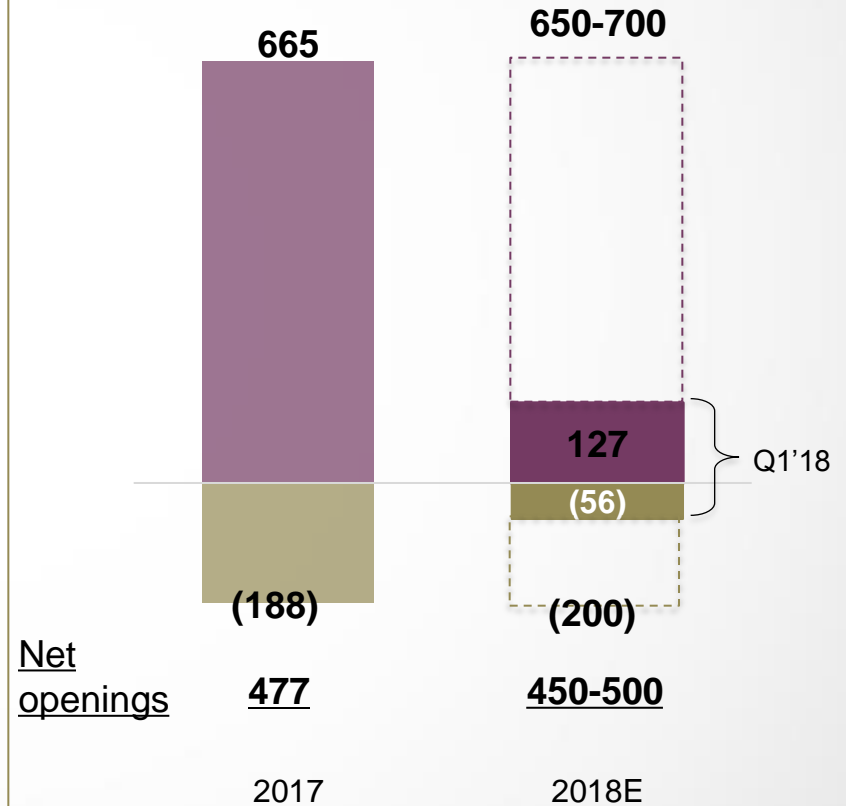
Number of Hotels in Operation

- Leased and owned Hotels
- Manachised and Franchised Hotels



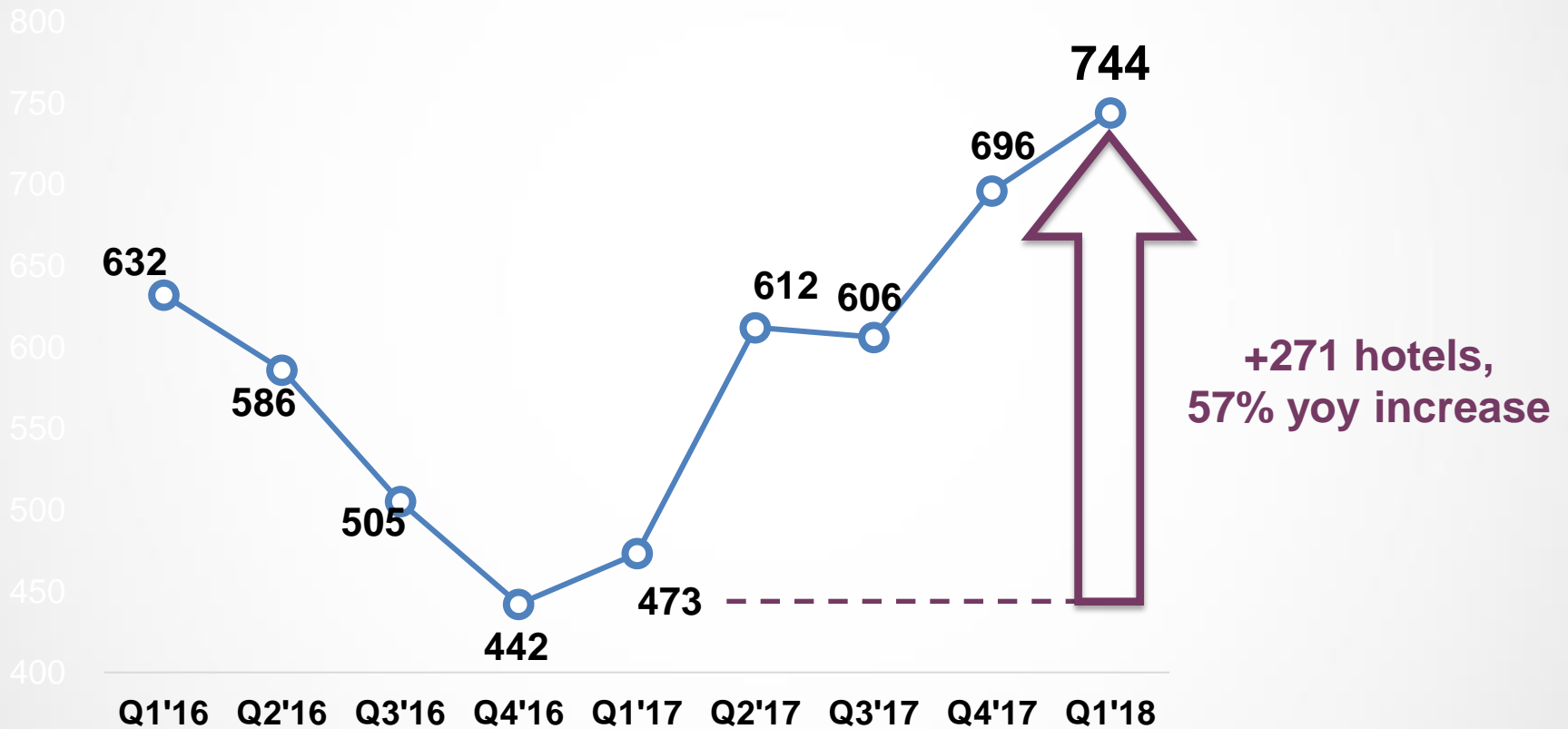
Hotel Openings/Closures

- Gross openings
- Closures



Robust Hotel Pipeline to Support Fast and Quality Expansion

Number of Hotels in Pipeline (Q1'16-Q1'18)



RevPAR Growth Driven by ADR Growth

ADR Grew 13.9% YoY

(RMB)

182

207

Q1'17

Q1'18

Occupancy Remained Flat

84%

84%

Q1'17

Q1'18

RevPAR Increased 13.7% YoY

(RMB)

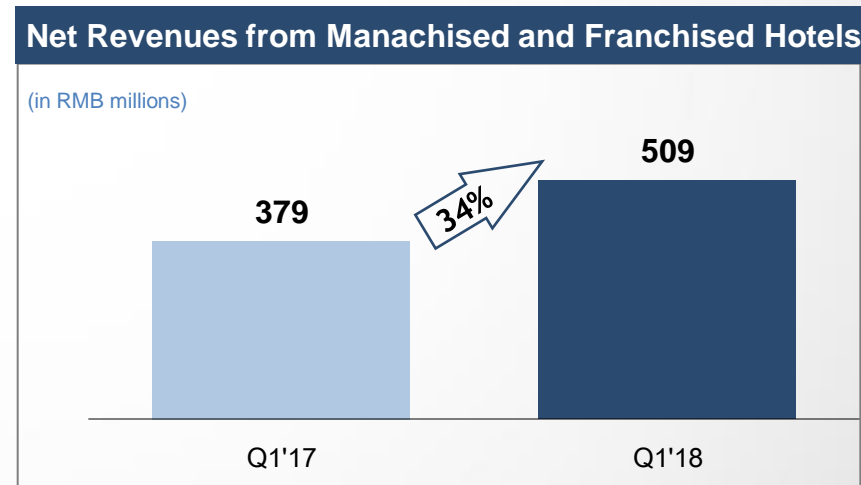
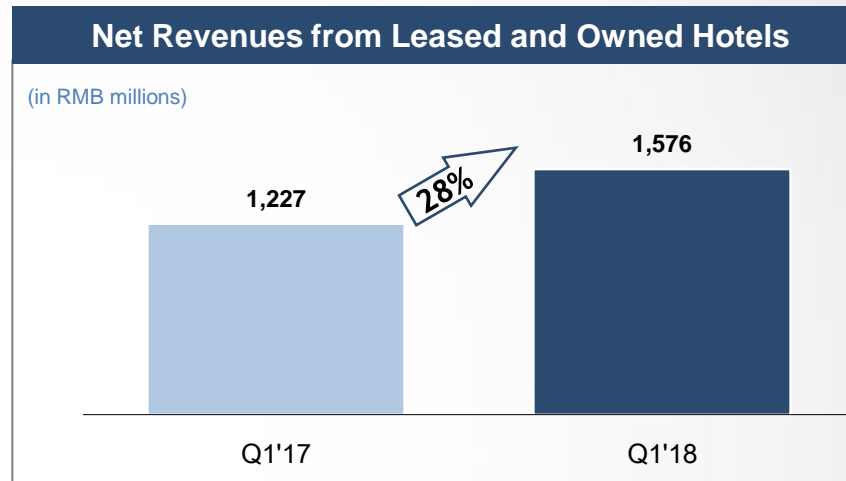
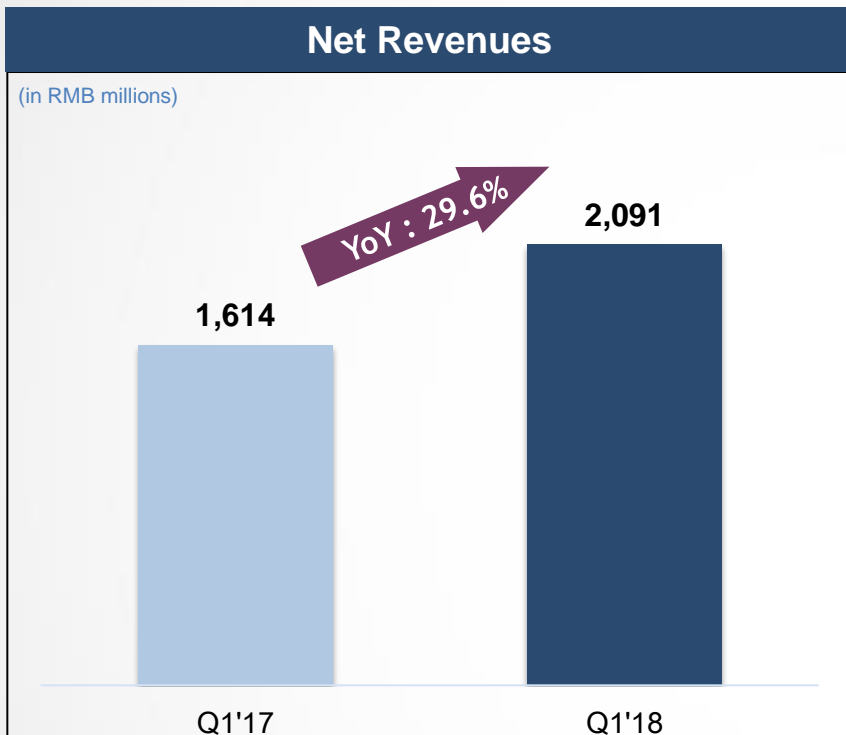
152

173

Q1'17

Q1'18

Q1 Net Revenues Grew by 29.6% (or 30.3% under previous accounting standards), Exceeding High-end of Guidance

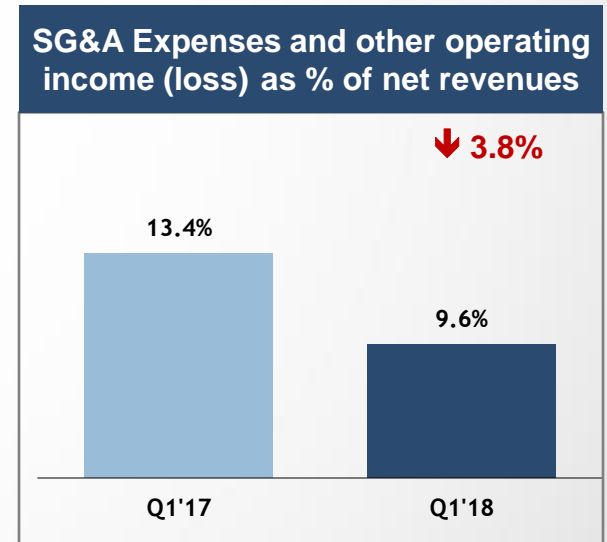
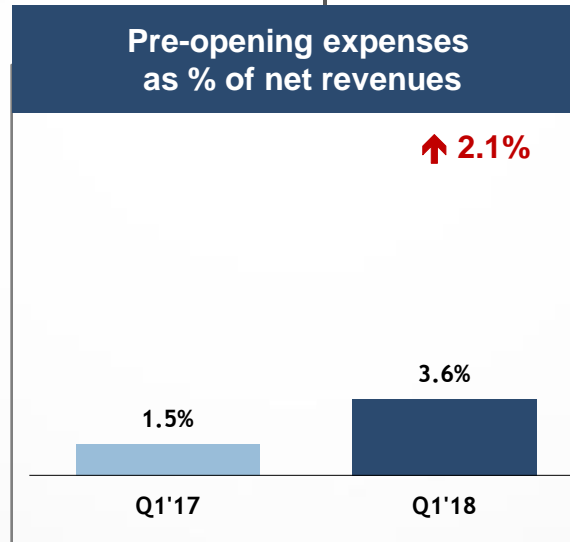
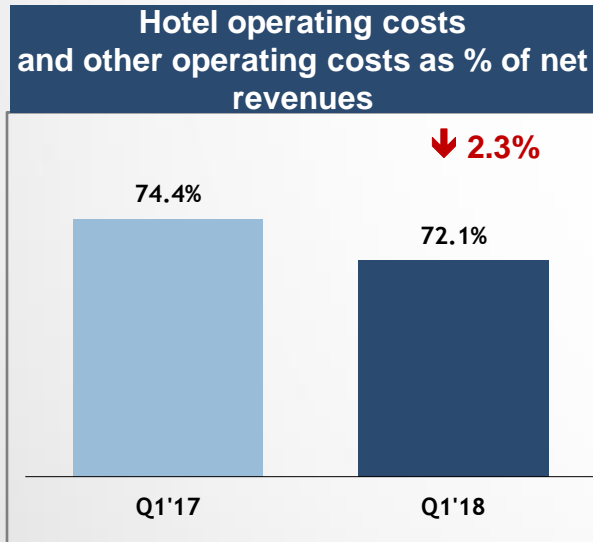
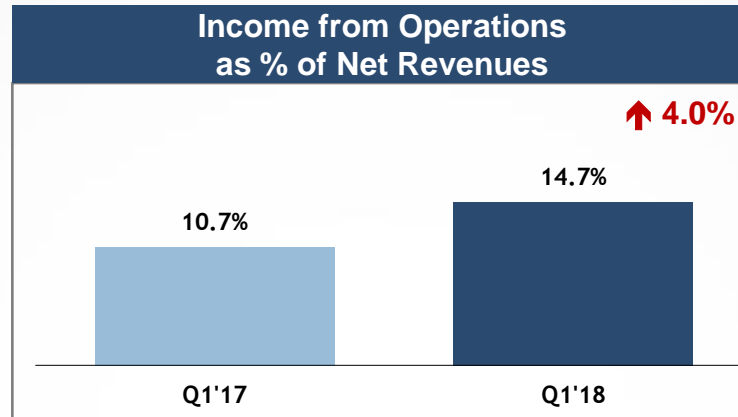


Net Manachised and Franchised Hotels Revenue as % of Net Revenues

Q1'17	Q1'18
23.5%	24.3%

• Note: Figures for Q1'17 was recast according to Accounting Standards on Revenue Recognition - ASC 606

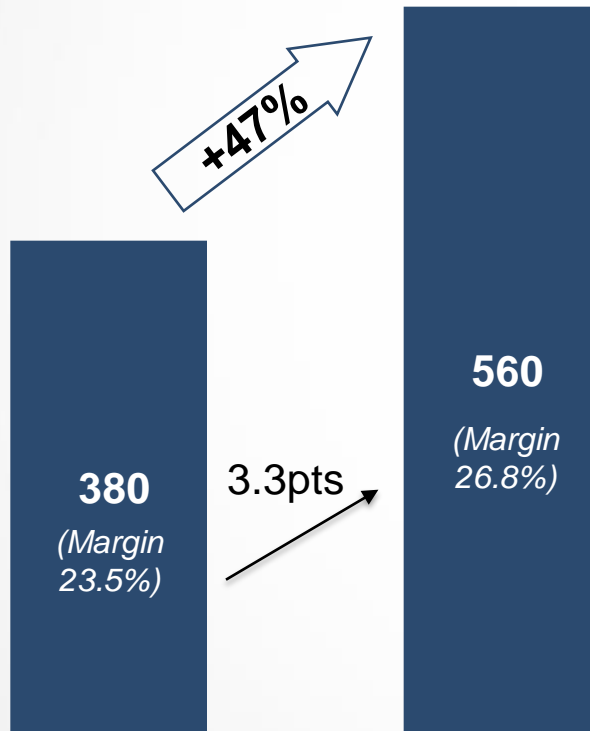
Q1 Operating Profit Grew by 76.8% with Margin Expansion of 4.0 Percentage Points



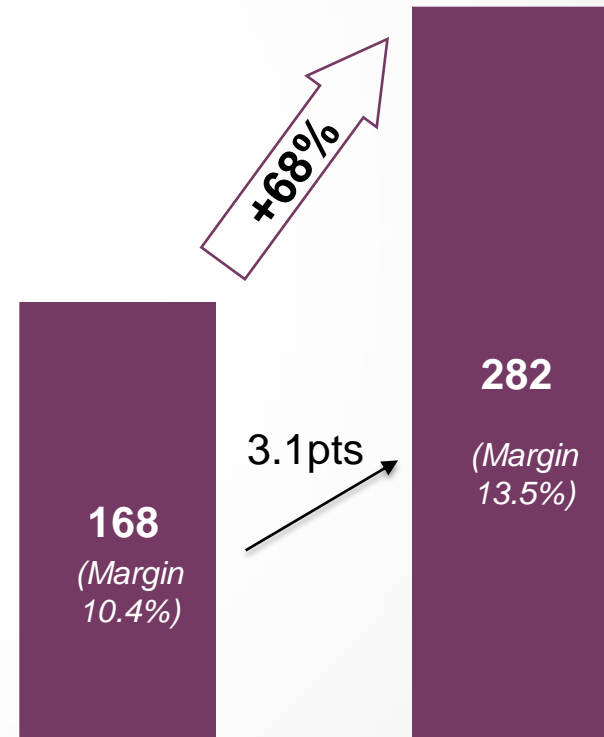
Profit Growth

(in RMB millions)

Adjusted EBITDA*



Adjusted Net Income*



Q1'17

Q1'18

Q1'17

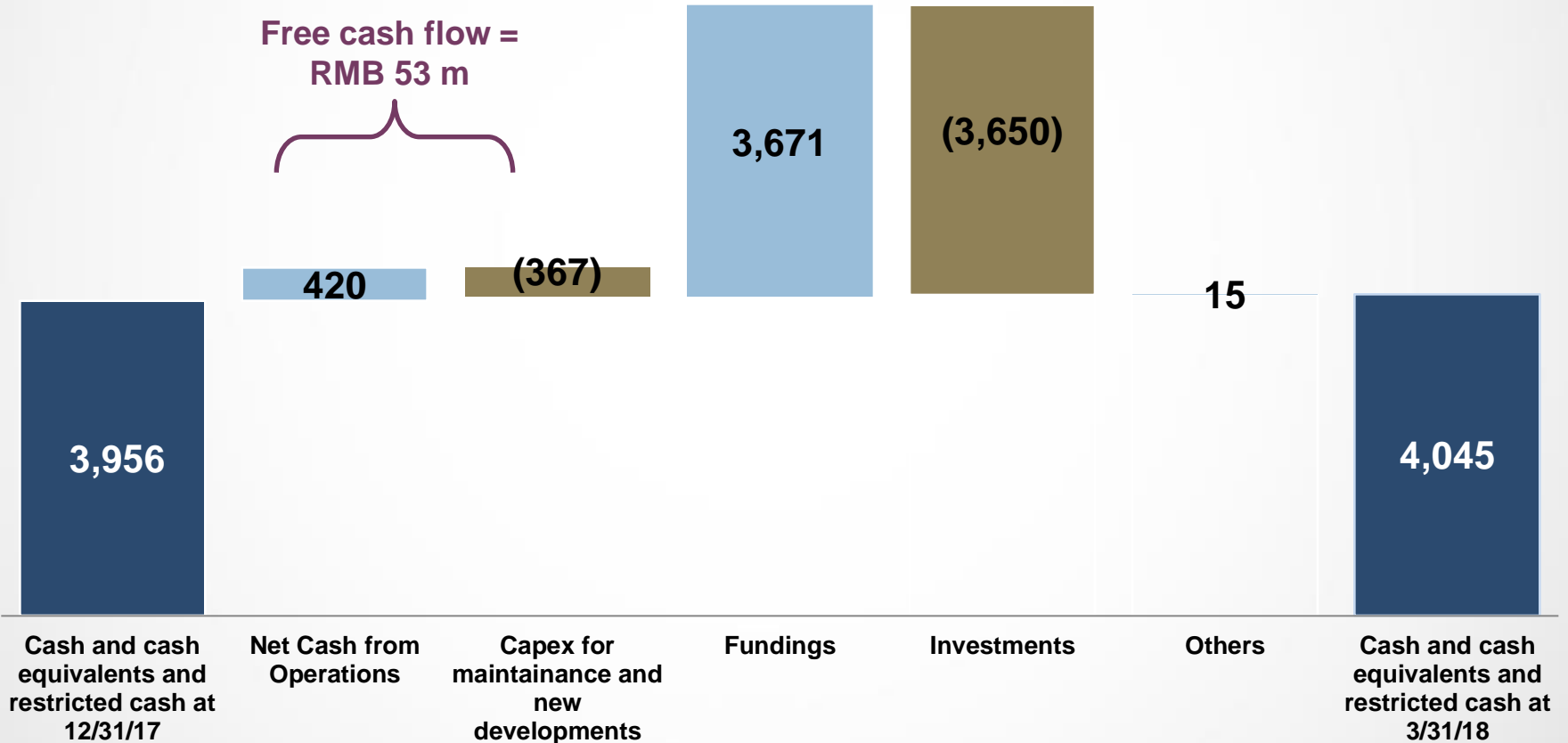
Q1'18

* Excluding unrealized loss from fair value changes of equity securities of RMB136.7m and share-based compensation expenses.

Strong Cash Balances Support Hotel Expansion and Capital Investments

Abundant Funding Resource for Expansion

(in RMB millions)



- Raise full year net revenues growth range from 16%-19% to 18%-22%, thanks to better-than-expected RevPAR outlook
- Expect Q2'18 net revenues to grow 24%-26%

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Q & A

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Appendix

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		yoy change	For the quarter ended		yoy change	For the quarter ended		yoy change
	June 30,		June 30,			June 30,			June 30,		
	2016	2017	2016	2017		2016	2017		2016	2017	
Economy hotels	2,250	2,250	148	160	7.7%	168	172	2.2%	88%	93%	4.8%
Leased hotels	498	498	156	170	8.5%	180	184	2.7%	87%	92%	4.9%
Manachised and franchised hotels	1,752	1,752	146	156	7.5%	164	167	2.1%	89%	94%	4.7%
Midscale and upscale hotels	263	263	247	272	9.9%	288	306	6.1%	86%	89%	3.1%
Leased hotels	79	79	304	332	9.0%	333	357	7.3%	91%	93%	1.4%
Manachised and franchised hotels	184	184	207	230	10.9%	253	267	5.4%	82%	86%	4.2%
Total	2,513	2,513	162	175	8.3%	183	189	3.0%	88%	93%	4.5%

	Number of hotels in operation		Same-hotel RevPAR			Same-hotel ADR			Same-hotel Occupancy		
	As of		For the quarter ended		yoy growth	For the quarter ended		yoy growth	For the quarter ended		yoy growth
	September 30,		September 30,			September 30,			September 30,		
	2016	2017	2016	2017		2016	2017		2016	2017	
Economy hotels	2,316	2,316	162	177	9.4%	176	183	4.3%	92%	96%	4.5%
Leased and owned hotels	498	498	169	185	9.6%	186	196	5.3%	91%	94%	3.6%
Manachised and franchised hotels	1,818	1,818	159	174	9.3%	172	179	3.9%	92%	97%	4.8%
Midscale and upscale hotels	287	287	265	290	9.5%	303	319	5.2%	87%	91%	3.6%
Leased hotels	81	81	320	344	7.5%	346	365	5.4%	92%	94%	1.8%
Manachised and franchised hotels	206	206	233	259	11.0%	276	291	5.3%	84%	89%	4.6%
Total	2,603	2,603	177	193	9.5%	194	202	4.5%	91%	96%	4.4%

	Number of hotels in operation		Same-hotel RevPAR			Same-hotel ADR			Same-hotel Occupancy		
	As of		For the quarter ended		yoy change	For the quarter ended		yoy change	For the quarter ended		yoy change
	December 31,		December 31,			December 31,			December 31,		
	2016	2017	2016	2017		2016	2017		2016	2017	
Economy hotels	2,406	2,406	146	156	6.9%	167	175	5.1%	87%	89%	1.5%
Leased and owned hotels	492	492	152	166	9.2%	178	189	6.3%	85%	88%	2.4%
Manachised and franchised hotels	1,914	1,914	144	152	6.1%	163	171	4.6%	88%	89%	1.2%
Midscale and upscale hotels	323	323	249	261	4.8%	300	313	4.4%	83%	83%	0.3%
Leased hotels	81	81	314	321	2.4%	348	364	4.5%	90%	88%	-1.9%
Manachised and franchised hotels	242	242	217	231	6.5%	273	286	4.7%	79%	81%	1.4%
Total	2,729	2,729	162	172	6.5%	187	196	4.9%	87%	88%	1.3%

	Number of hotels in operation		Same-hotel RevPAR			Same-hotel ADR			Same-hotel Occupancy		
	As of		For the quarter ended		yoy change	For the quarter ended		yoy change	For the quarter ended		yoy change
	March 31,		March 31,			March 31,			March 31,		
	2017	2018	2017	2018		2017	2018		2017	2018	
Economy hotels	2,406	2,406	141	150	6.4%	160	170	6.1%	88.0%	88.2%	0.2%
Leased and owned hotels	477	477	147	160	8.7%	169	182	7.6%	87.3%	88.1%	0.9%
Manachised and franchised hotels	1,929	1,929	139	147	5.6%	157	166	5.6%	88.3%	88.2%	0.0%
Midscale and upscale hotels	407	407	215	229	6.5%	279	293	5.0%	76.9%	78.0%	1.0%
Leased hotels	94	94	264	281	6.3%	320	335	4.9%	82.6%	83.7%	1.1%
Manachised and franchised hotels	313	313	193	205	6.4%	259	272	5.0%	74.4%	75.4%	1.0%
Total	2,813	2,813	155	165	6.5%	181	192	6.1%	85.9%	86.2%	0.3%

Hotel Breakdown by Brands

	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 12/31/2017	As of 3/31/2018
Economy hotels	1,309	1,819	2,453	2,741	2,874	2,864
HanTing Hotel	1,226	1,648	2,003	2,181	2,244	2,245
Leased hotels	473	502	495	486	454	440
Manachised hotels	753	1,146	1,508	1,694	1,786	1,801
Franchised hotels				1	4	4
Hi Inn	83	158	302	375	396	391
Leased hotels	41	41	38	36	30	30
Manachised hotels	42	117	251	294	321	315
Franchised hotels			13	45	45	46
Elan Hotel		13	148	185	226	220
Manachised hotels		13	128	149	193	188
Franchised hotels			20	36	33	32
Orange Hotel					8	8
Leased hotels					6	6
Manachised hotels					1	1
Franchised hotels					1	1
Midscale hotels and upscale hotels	116	176	310	528	872	953
JI Hotel	68	117	186	284	390	423
Leased hotels	48	62	75	81	91	91
Manachised hotels	20	55	111	201	296	330
Franchised hotels				2	3	2
Starway Hotel	46	55	118	136	174	173
Leased hotels	1	3	4	2	2	2
Manachised hotels	20	44	67	96	141	141
Franchised hotels	25	8	47	38	31	30
Joya Hotel	1	3	3	6	6	7
Leased hotels	1	2	2	3	3	4
Manachised hotels		1	1	3	3	2
Franchised hotels						1
Manxin Hotels & Resorts	1	1	2	2	11	15
Leased hotels	1	1	1		2	3
Manachised hotels			1	2	6	9
Franchised hotels					3	3
HanTing Premium Hotel					5	28
Leased hotels					1	11
Manachised hotels					4	17
ibis Hotel				72	100	105
Leased and owned hotels				14	16	17
Manachised hotels				12	38	44
Franchised hotels				46	46	44
ibis Styles Hotel				10	13	16
Manachised hotels				7	10	13
Franchised hotels				3	3	3
Mercure Hotel			1	15	20	19
Leased hotels			1	2	2	2
Manachised hotels				12	15	12
Franchised hotels				1	3	5
Novotel Hotel				2	4	4
Manachised hotels				1	3	3
Franchised hotels				1	1	1
Grand Mercure Hotel				1	4	5
Leased hotels					1	1
Manachised hotels					1	2
Franchised hotels				1	2	2
Orange Selected					103	114
Leased hotels					44	46
Manachised hotels					41	49
Franchised hotels					18	19
Crystal Orange					42	44
Leased hotels					19	20
Manachised hotels					15	16
Franchised hotels					8	8
Total	1,425	1,995	2,763	3,269	3,746	3,817
economy hotels	91.9%	91.2%	88.8%	83.8%	76.7%	75.0%
mid-upscale hotels	8.1%	8.8%	11.2%	16.2%	23.3%	25.0%

Note: ibis brand was repositioned as an entry-level midscale brand since January 2018.

Room Breakdown by Brands

	Number of rooms in operation					
	As of 12/31/2013	As of 12/31/2014	As of 12/31/2015	As of 12/31/2016	As of 12/31/2017	As of 3/31/2018
Economy hotels	138,576	185,959	238,156	260,557	266,145	262,885
HanTing Hotel	130,747	172,341	205,577	221,157	223,121	220,877
Leased hotels	54,154	57,306	57,277	56,491	52,300	50,637
Manachised hotels	76,593	115,035	148,300	164,602	170,443	169,862
Franchised hotels				64	378	378
Hi Inn	7,829	12,551	21,340	25,600	26,063	25,753
Leased hotels	4,422	3,895	3,698	3,411	2,727	2,837
Manachised hotels	3,407	8,656	16,725	19,361	20,466	20,160
Franchised hotels			917	2,828	2,870	2,756
Elan Hotel		1,067	11,239	13,800	16,120	15,414
Manachised hotels		1,067	9,837	11,121	13,963	13,433
Franchised hotels			1,402	2,679	2,157	1,981
Orange Hotel					841	841
Leased hotels					678	678
Manachised hotels					85	85
Franchised hotels					78	78
Midscale hotels and upscale hotels	14,303	23,996	40,687	70,790	113,530	122,074
Ji Hotel	9,106	17,052	27,559	39,664	53,054	57,192
Leased hotels	6,891	10,260	13,195	14,314	15,868	16,078
Manachised hotels	2,215	6,792	14,364	25,201	36,912	40,912
Franchised hotels				149	274	202
Starway Hotel	4,959	6,321	12,138	13,206	16,914	16,550
Leased hotels	131	451	604	386	386	386
Manachised hotels	2,222	4,939	7,183	9,577	13,677	13,415
Franchised hotels	2,606	931	4,351	3,243	2,851	2,749
Joya Hotel	141	515	515	1,131	1,131	1,197
Leased hotels	141	315	315	523	523	589
Manachised hotels		200	200	608	608	452
Franchised hotels						156
Manxin Hotels & Resorts	97	108	236	78	1,150	1,473
Leased hotels	97	108	108	-	277	447
Manachised hotels			128	78	769	922
Franchised hotels					104	104
HanTing Premium Hotel					446	2,493
Leased hotels					98	1,068
Manachised hotels					348	1,425
ibis Hotel				10,251	13,474	13,810
Leased and owned hotels					2,887	3,124
Manachised hotels					4,522	4,914
Franchised hotels					6,065	5,772
ibis Styles Hotel				1,614	1,841	2,238
Manachised hotels					1,425	1,821
Franchised hotels					416	417
Mercure Hotel			239	4,026	4,664	4,345
Leased hotels			239		496	496
Manachised hotels					3,546	3,007
Franchised hotels					622	842
Novotel Hotel				629	1,697	1,697
Manachised hotels					1,374	1,374
Franchised hotels					323	323
Grand Mercure Hotel				191	882	1,293
Leased hotels					360	360
Manachised hotels					151	562
Franchised hotels				191	371	371
Orange Selected					12,648	13,963
Leased hotels					5,732	5,990
Manachised hotels					4,817	5,768
Franchised hotels					2,099	2,205
Crystal Orange					5,629	5,823
Leased hotels					2,686	2,818
Manachised hotels					1,959	2,021
Franchised hotels					984	984
Total	152,879	209,955	278,843	331,347	379,675	384,959
economy rooms	90.6%	88.6%	85.4%	78.6%	70.1%	68.3%
mid-upscale rooms	9.4%	11.4%	14.6%	21.4%	29.9%	31.7%

Note: ibis brand was repositioned as an entry-level midscale brand since January 2018.



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