

Fourth Quarter and Full Year of 2024 Earnings Call

H World Group Limited

(NASDAQ: HTHT and HKEX: 1179)



March 20, 2025

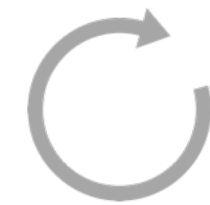
AGENDA

01



**2024 Review and
2025 Focus**

02



**24Q4 and 2024
Operational and
Financial Review**

03



Q and A

04



Appendix

Operational Highlights in 2024

2024年经营亮点

01 '1,000 Cities, 10,000 Hotels'
Milestone

02 Record-High Hotel Openings
of 2,442 New Hotels

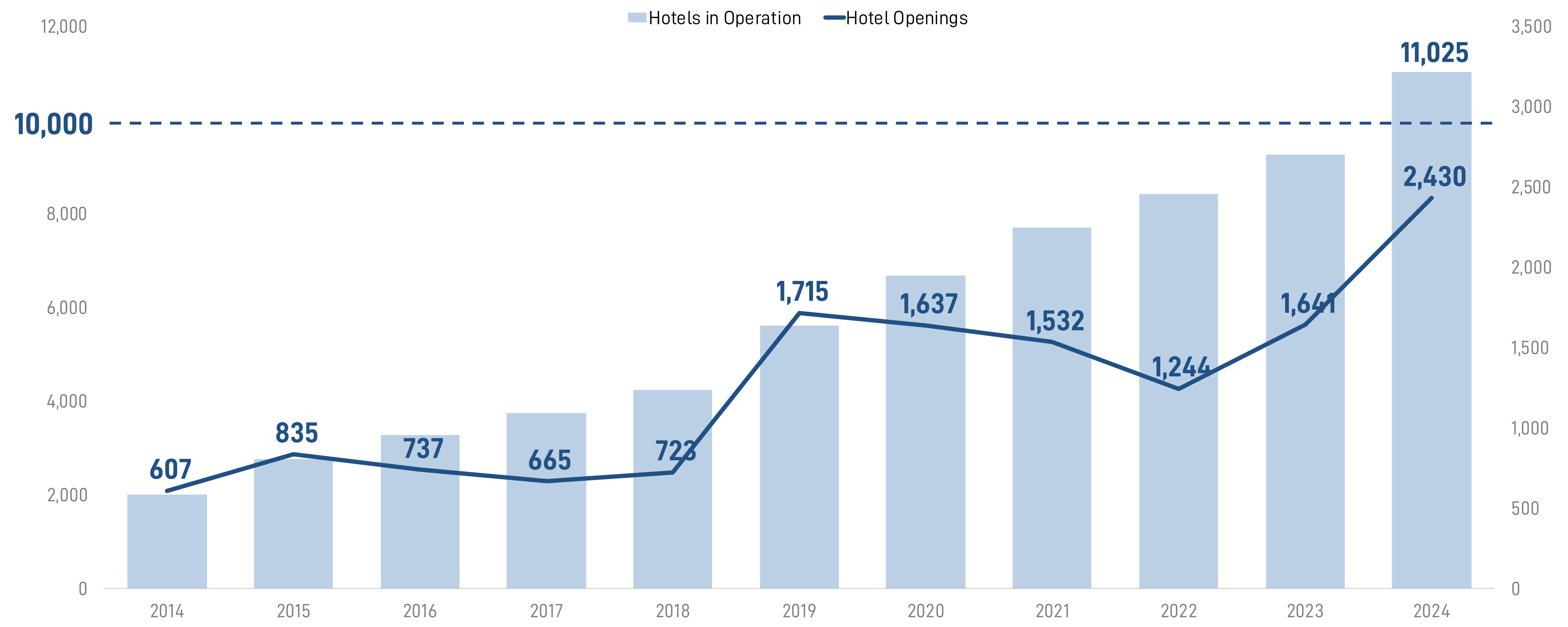
03 Strong Growth Momentum for
the Upper-Midscale Segment

04 Increasing Asset-Light Hotel
Contribution

Legacy-Huazhu Hotel Network Expansion Over the Past 10 Years

华住中国过去十年持续的网络扩张

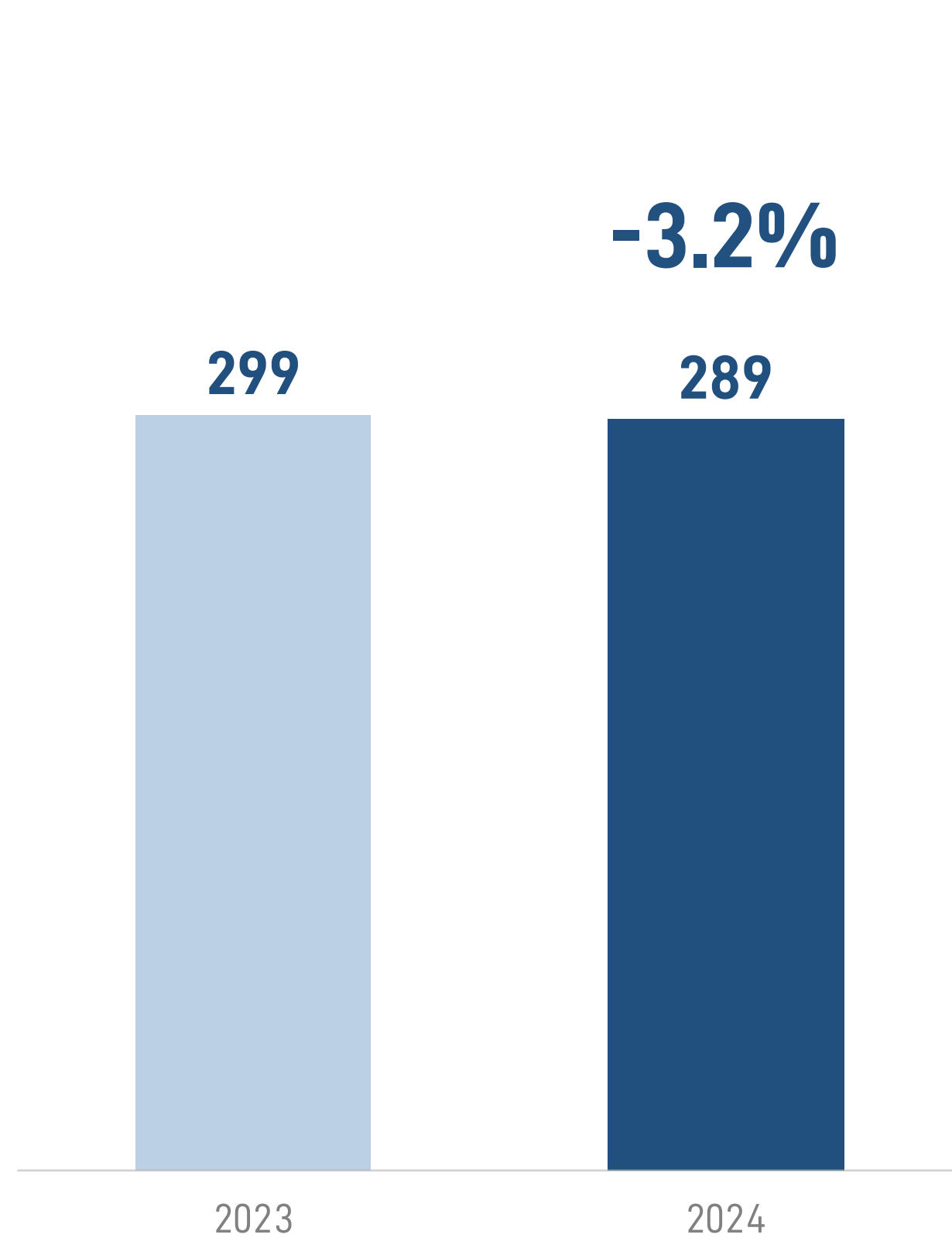
Achieved 10k
Hotels Milestone



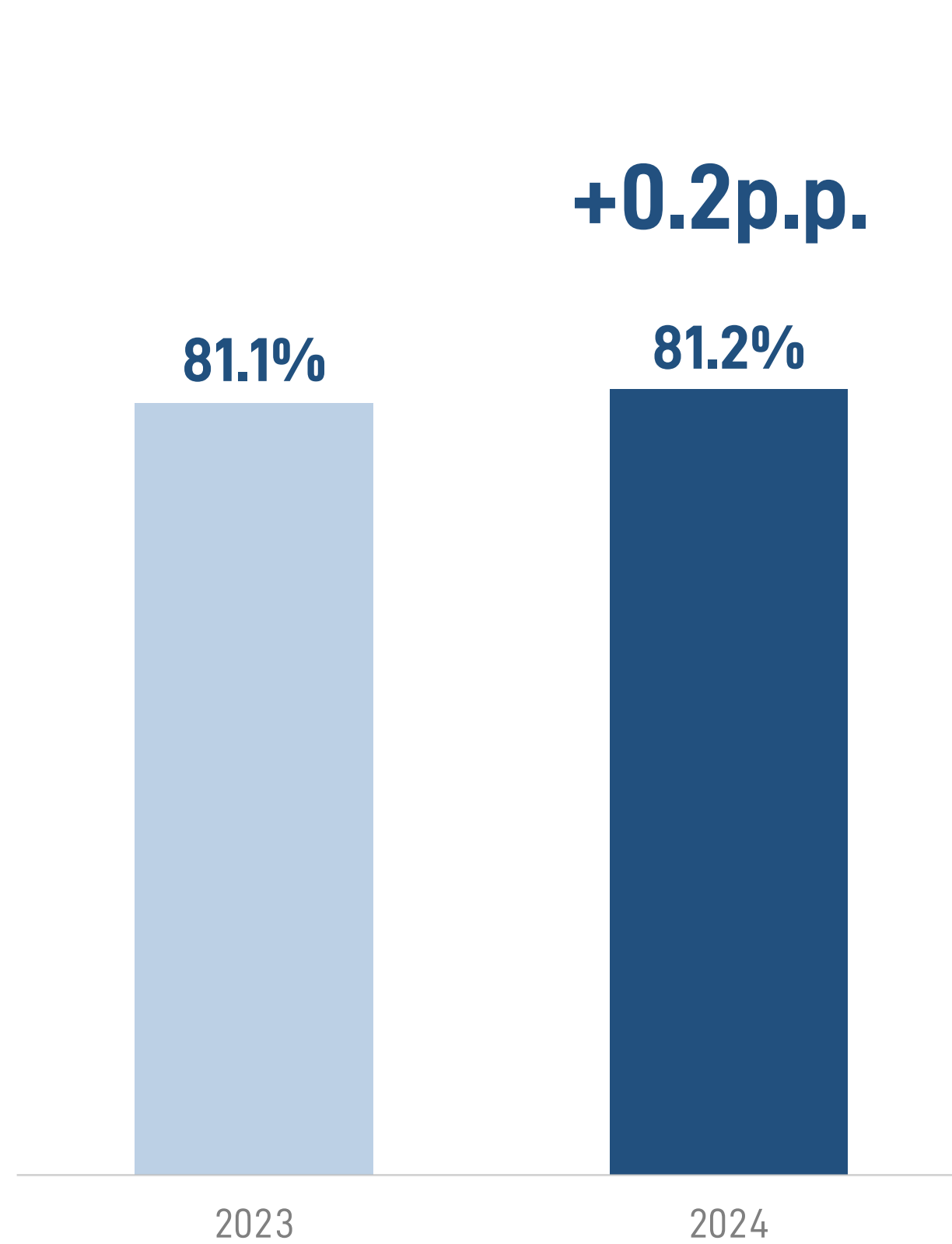
Legacy-Huazhu Maintained a Stable Occupancy Rate in 2024

华住中国2024年入住率同比稳定

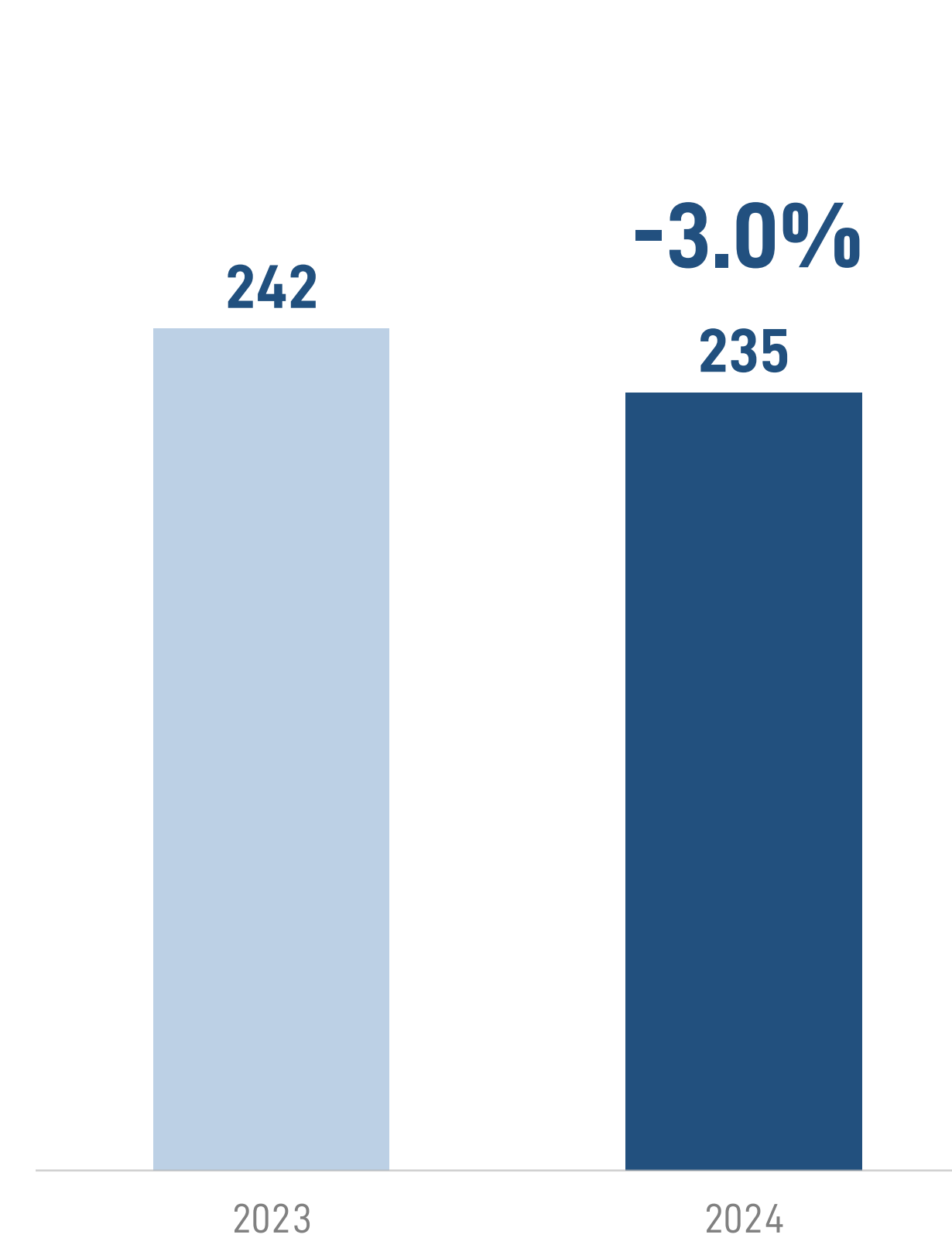
ADR (RMB)



OCC



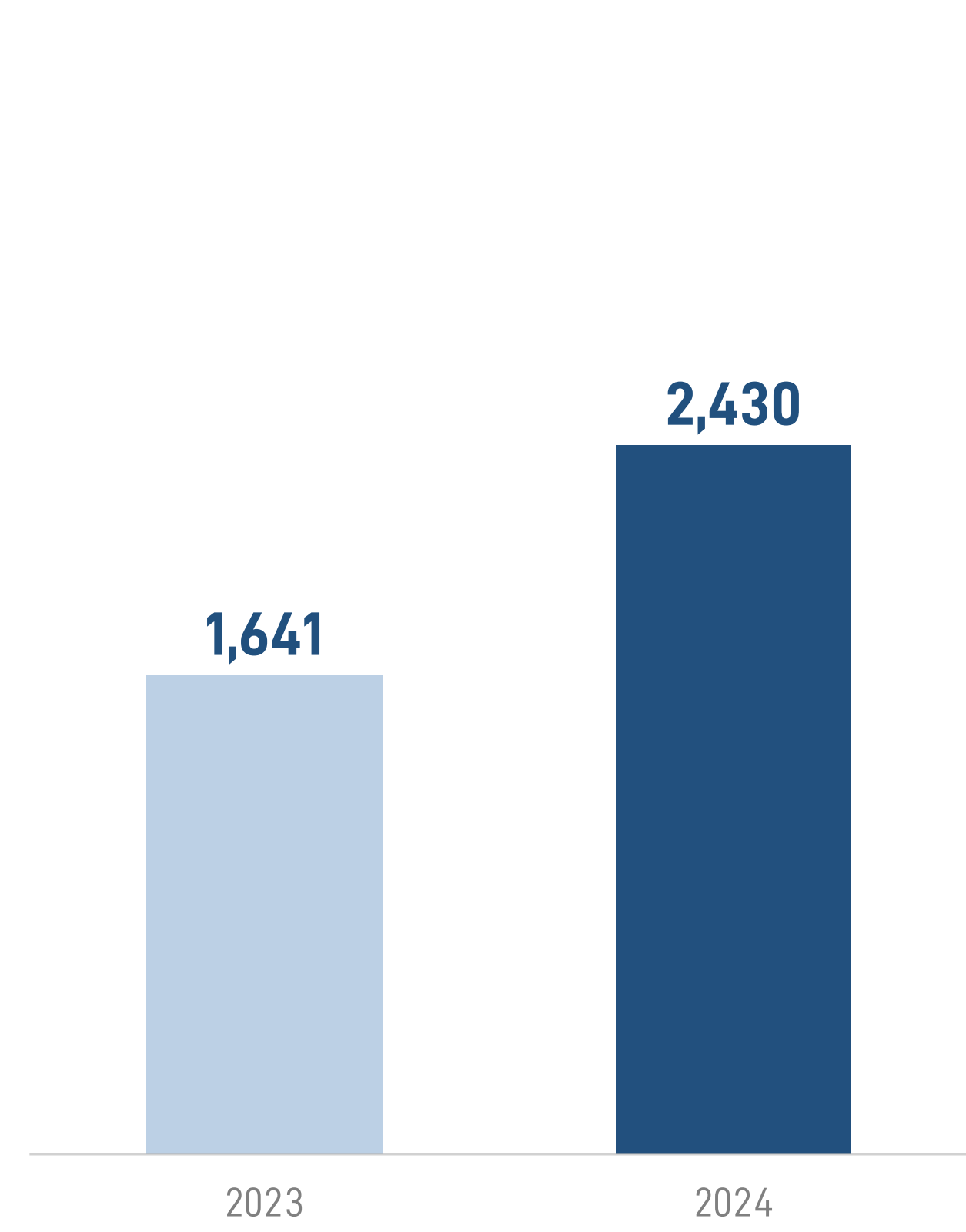
RevPAR (RMB)



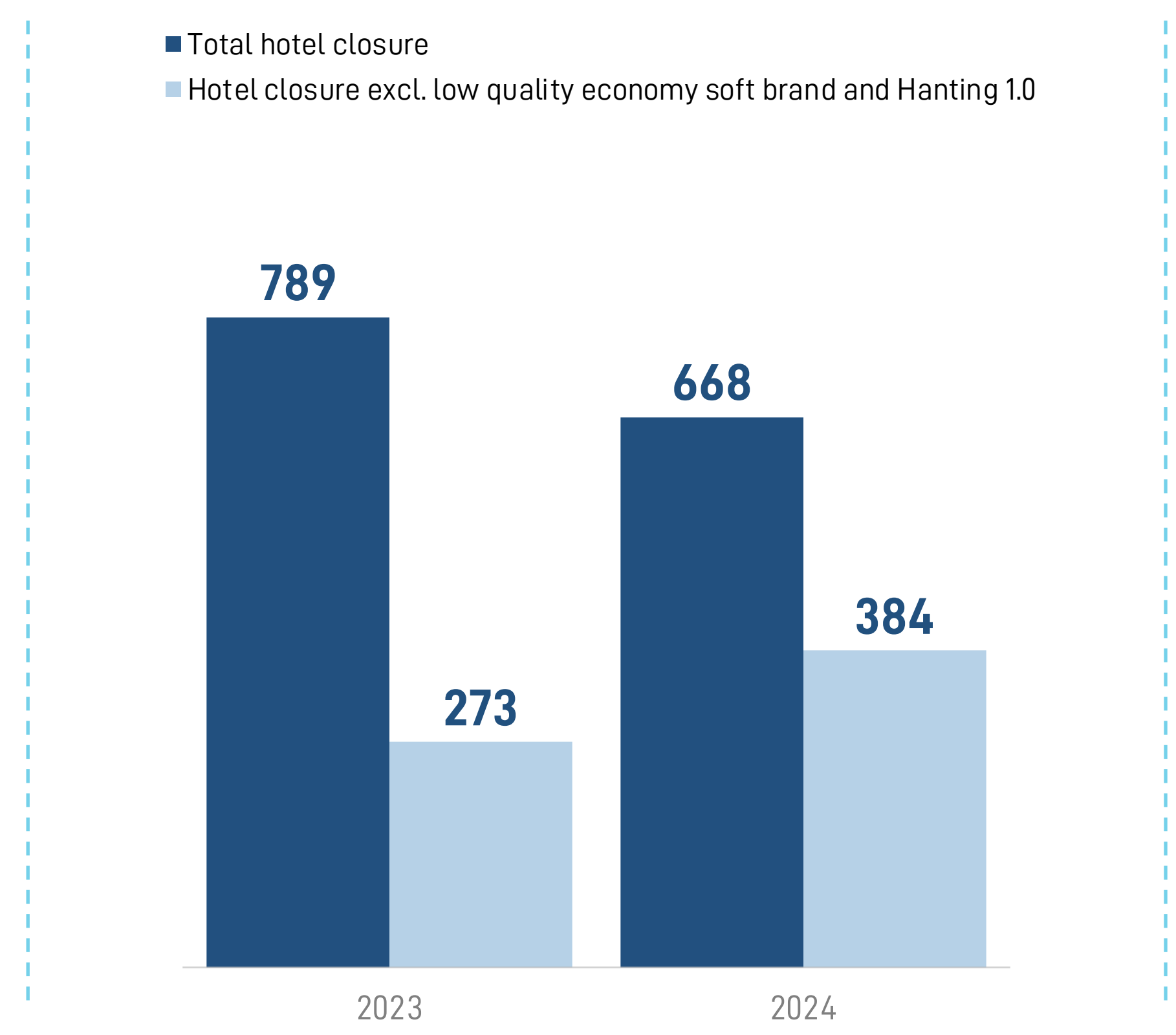
Accelerated Network Expansion

酒店网络加速扩张

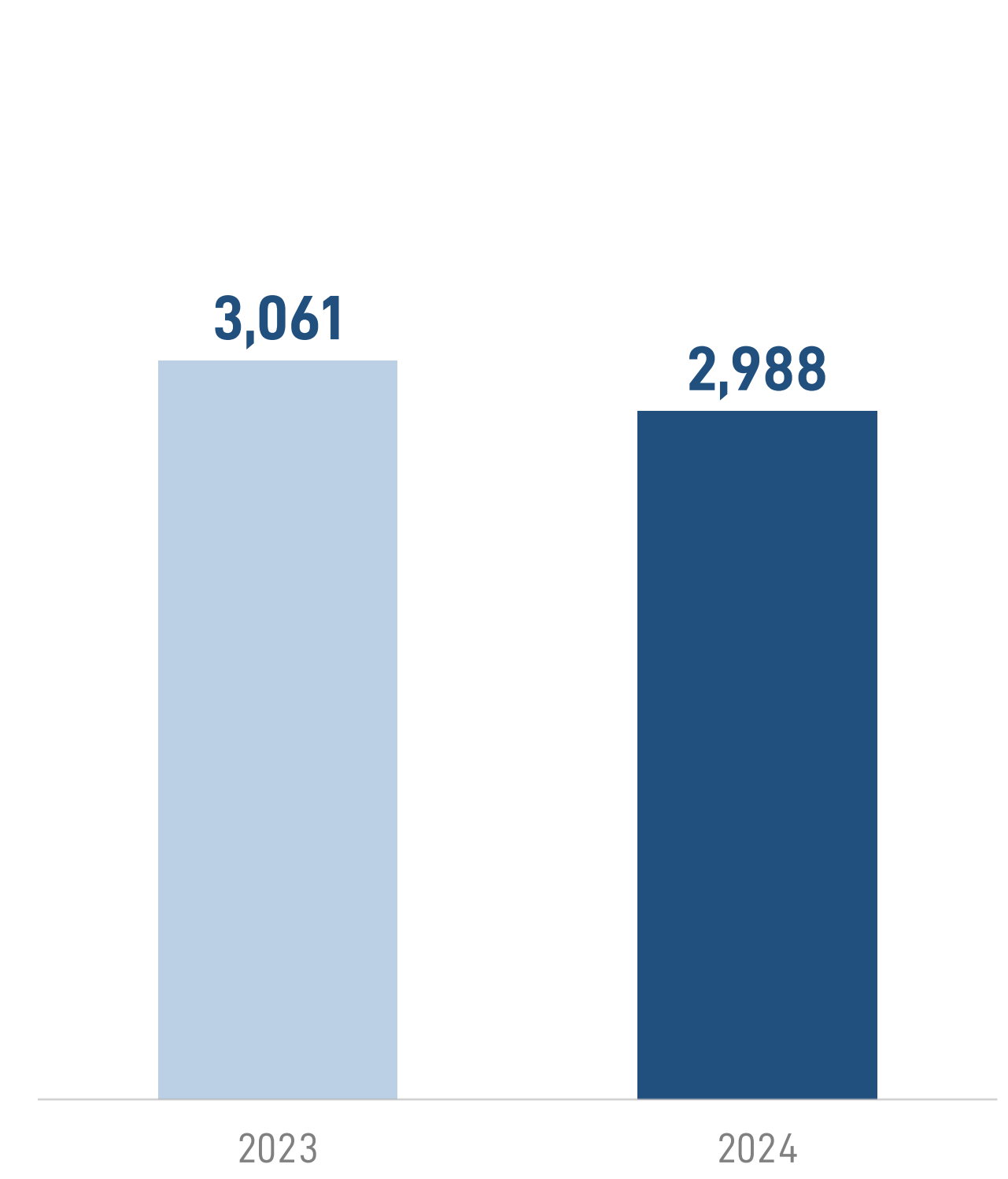
Number of Hotel Opening



Number of Hotel Closure



Number of Hotel in Pipeline (as of Dec 31)



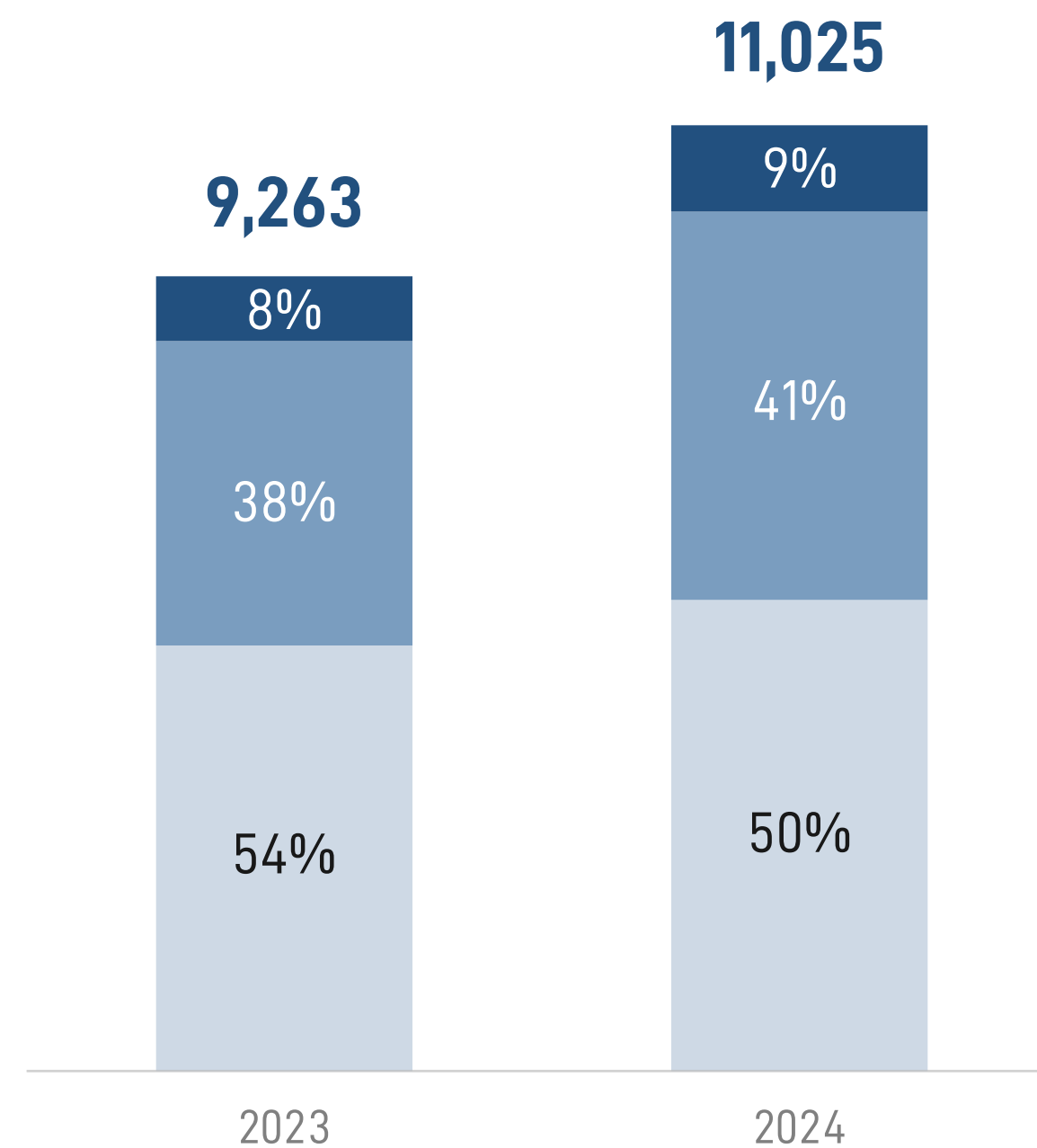
* Numbers in this page refers to Legacy-Huazhu business

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

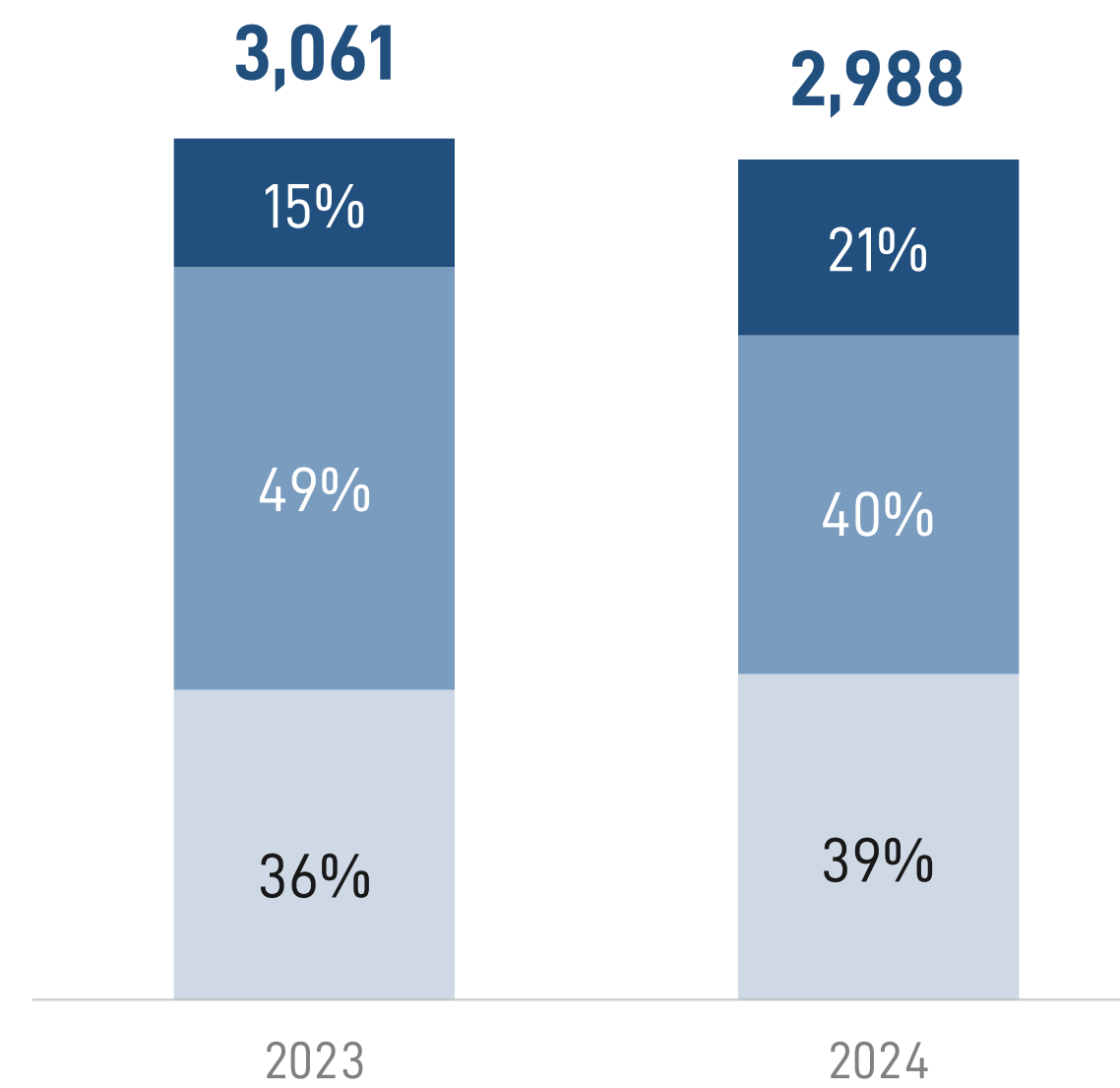
Number of Hotels in Operation
(as of Dec 31)

■ Economy ■ Midscale ■ Upper midscale and above



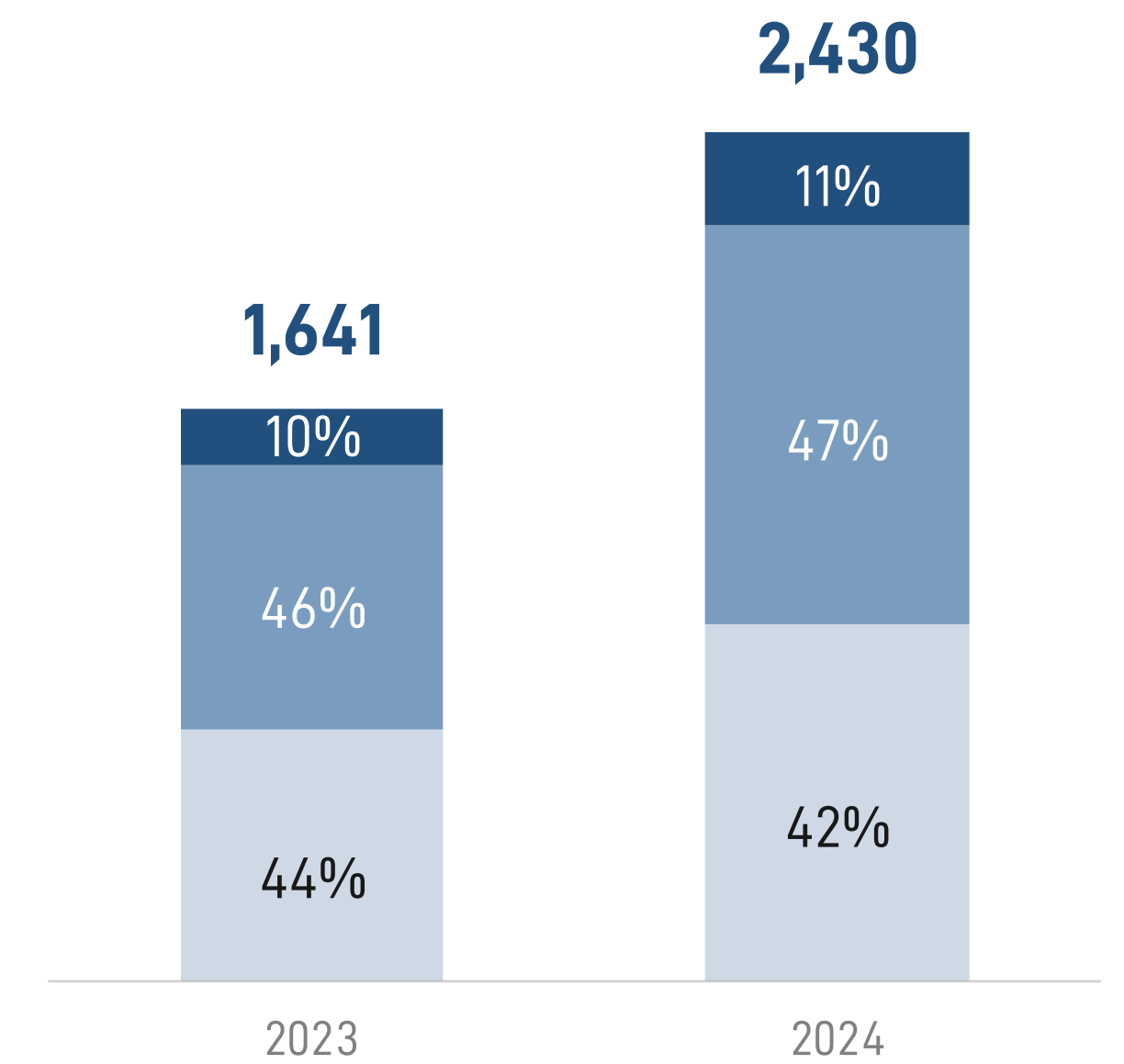
Number of Hotels in Pipeline
(as of Dec 31)

■ Economy ■ Midscale ■ Upper midscale and above



Number of Hotel Opening

■ Economy ■ Midscale ■ Upper midscale and above



New Versions Introduced in 2024

你好、海友、桔子水晶2024年推出了新版本



Consistent Product Upgrade - Hanting

品牌的持续升级 - 汉庭

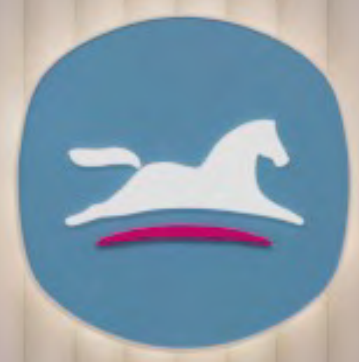
2023年05月10日
周三
12.28

大道酒店

8折	门市价	门市价	门市价
元	229元	219元	249元
元	247元	237元	269元
元	247元	237元	269元
元	293元	281元	319元

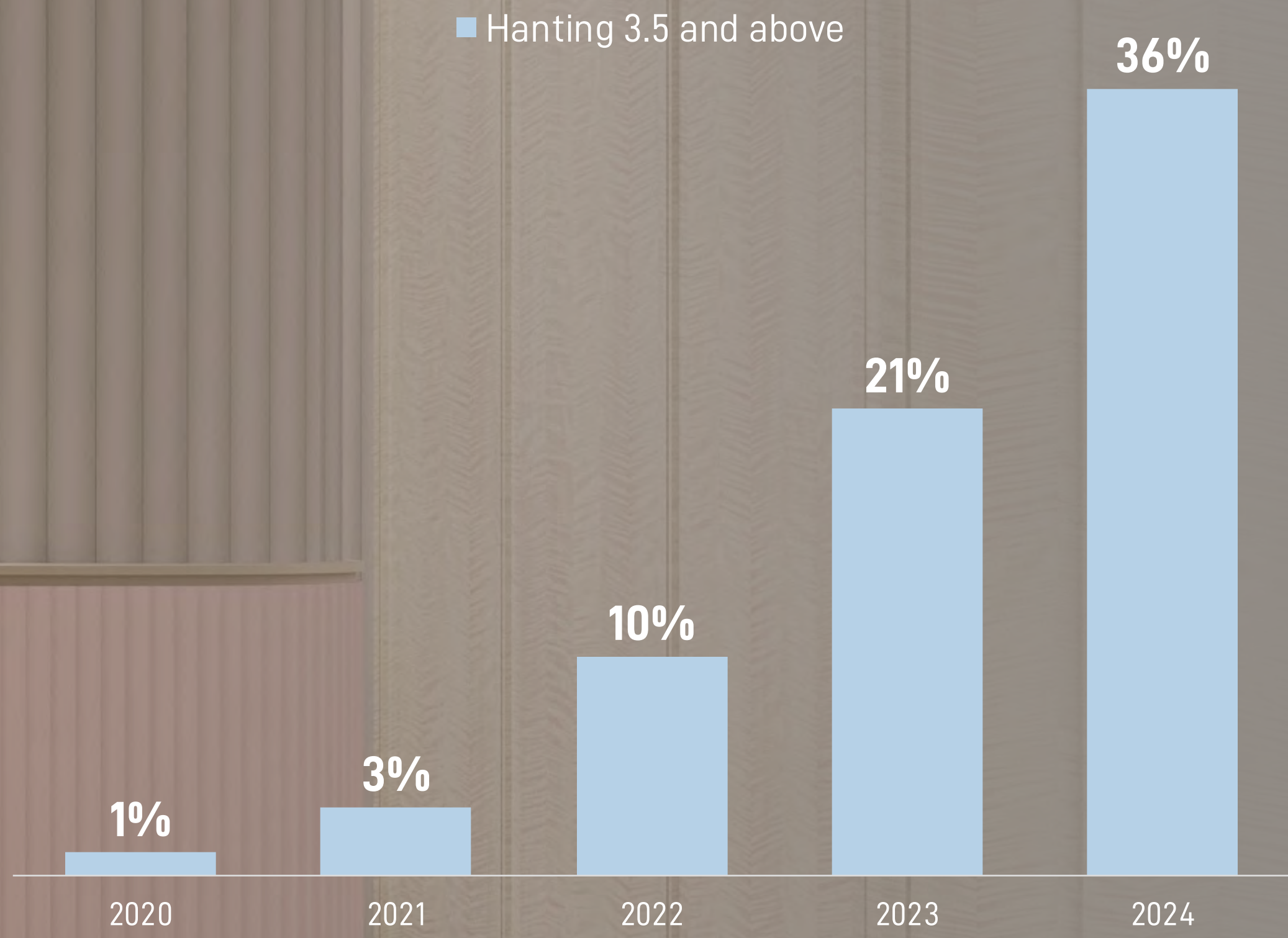
15/4小时, 银会员及以上立减20元

(计价单位: 元)



Proportion of Hanting 3.5 and Above in Operation

■ Hanting 3.5 and above

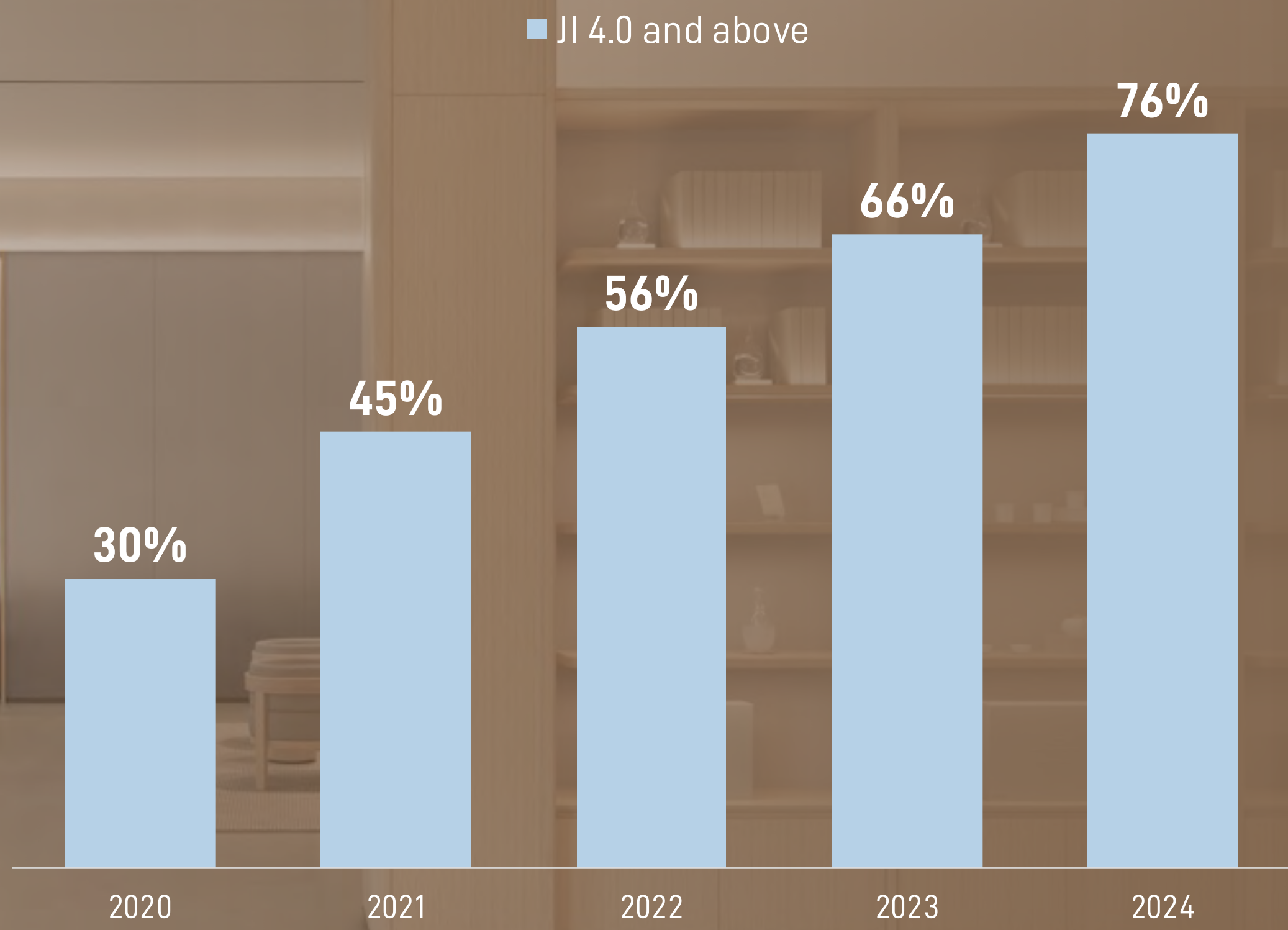


* Numbers in this page refers to Legacy-Huazhu business

Consistent Product Upgrade - JI

品牌的持续升级 - 全季

Proportion of JI 4.0 and Above in Operation



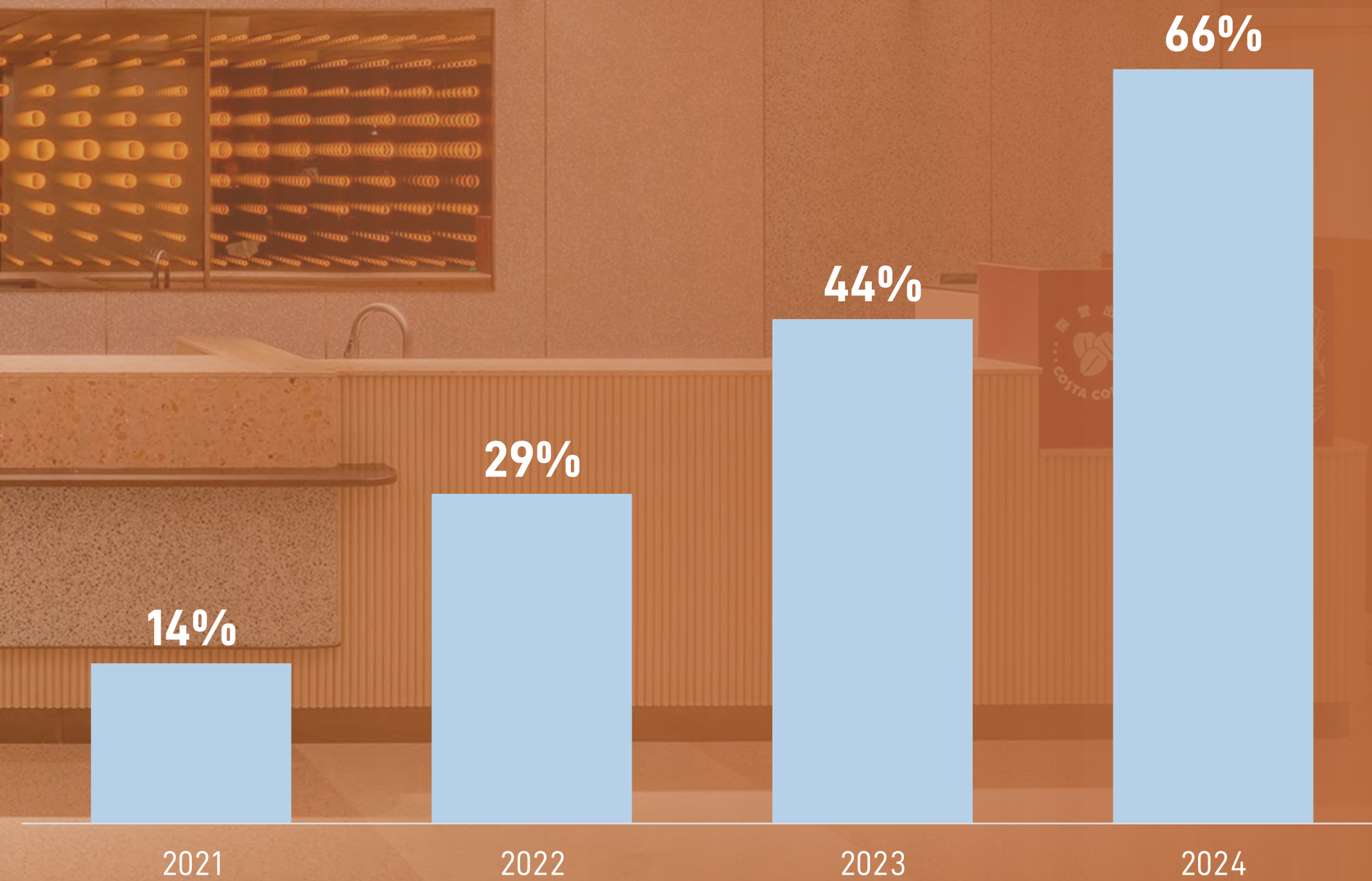
* Numbers in this page refers to Legacy-Huazhu business

Consistent Product Upgrade - Orange

品牌的持续升级 - 桔子

Proportion of Orange 2.0 and Above in Operation

■ Orange 2.0 and above



* Numbers in this page refers to Legacy-Huazhu business

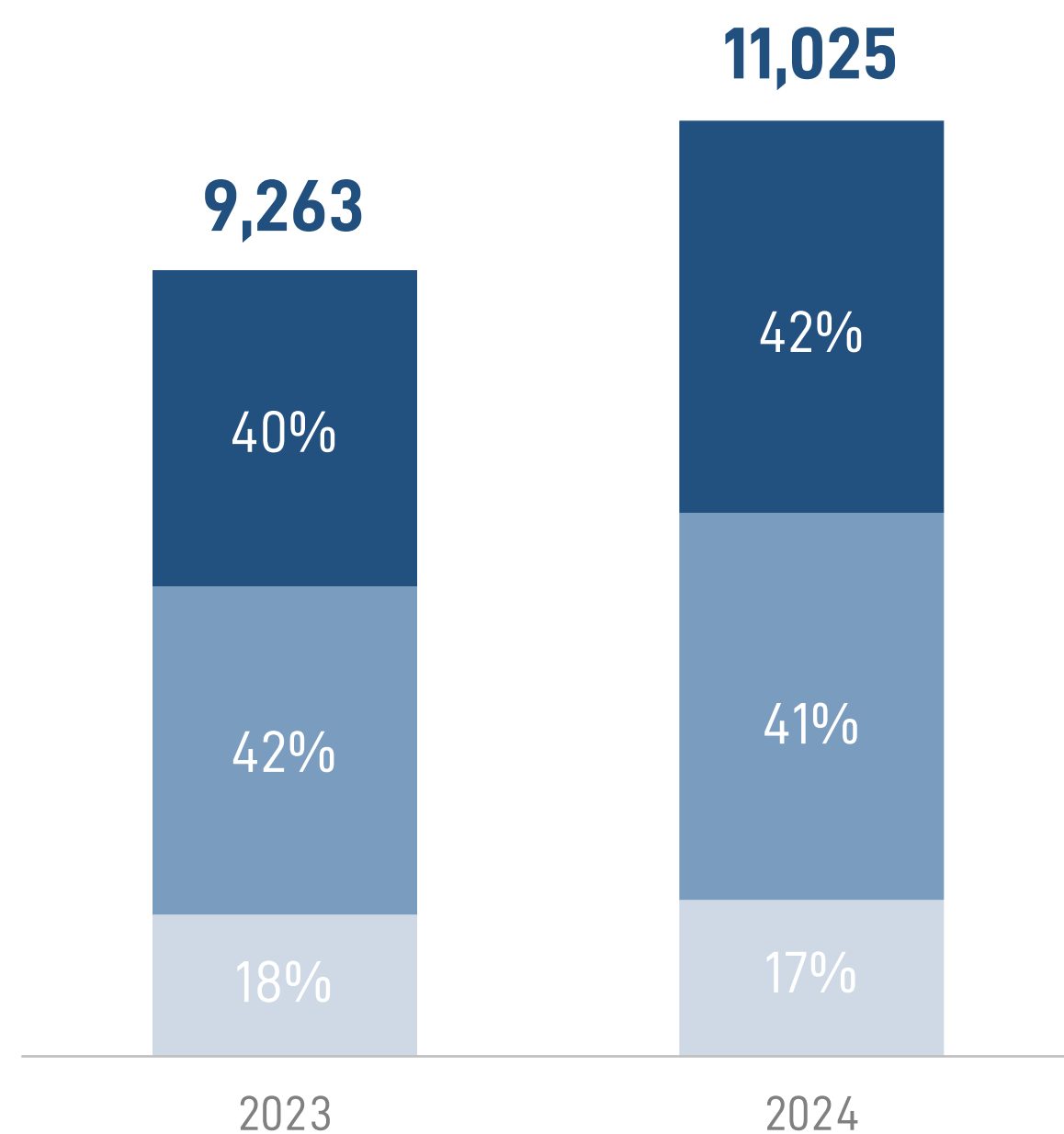
Enhancing Presence in the Lower Tier Cities

加强低线城市布局

Number of Hotels in Operation

(as of Dec 31)

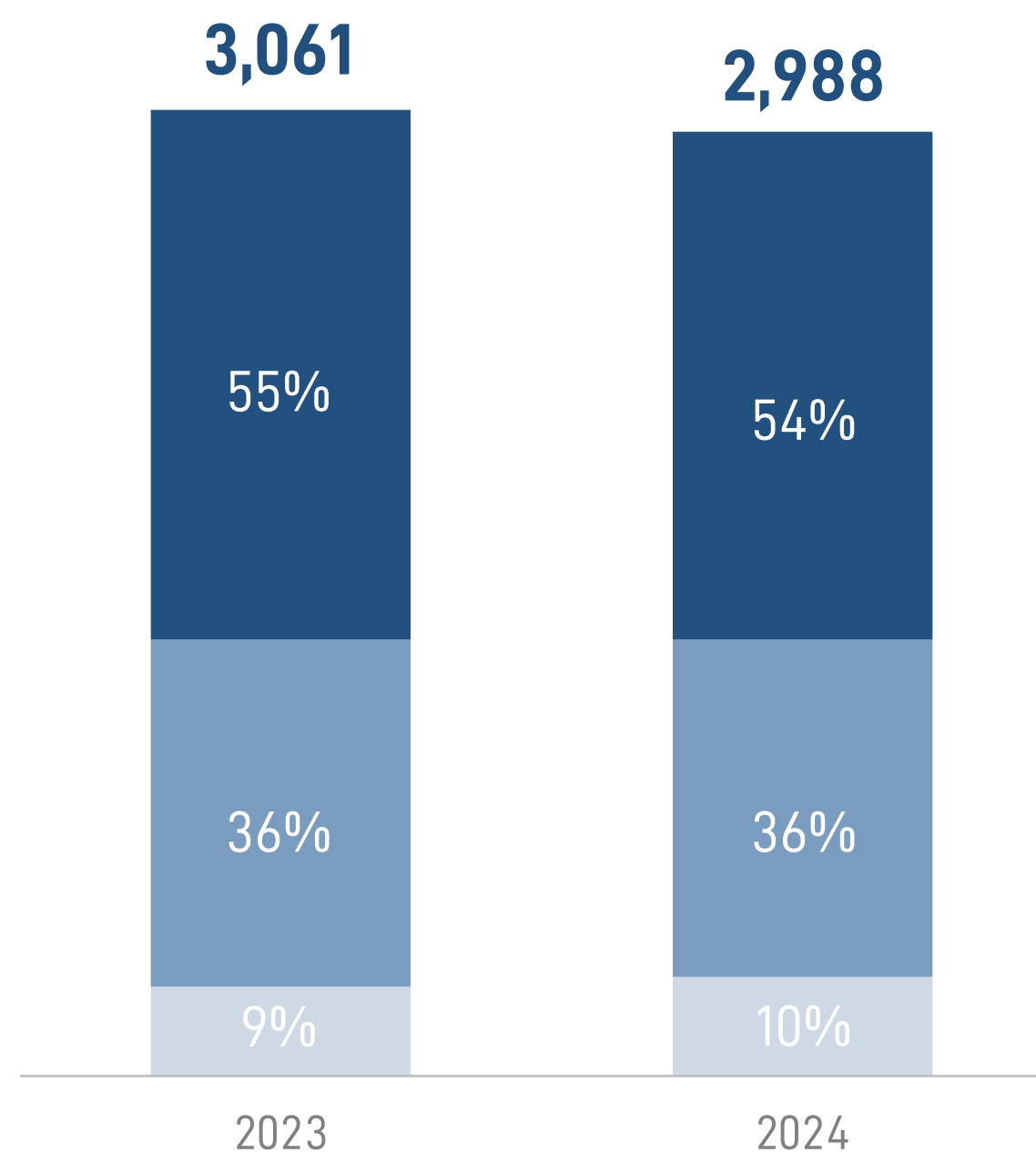
■ Tier-1 ■ Tier-2 ■ Tier-3, 4 and below



Number of Hotels in Pipeline

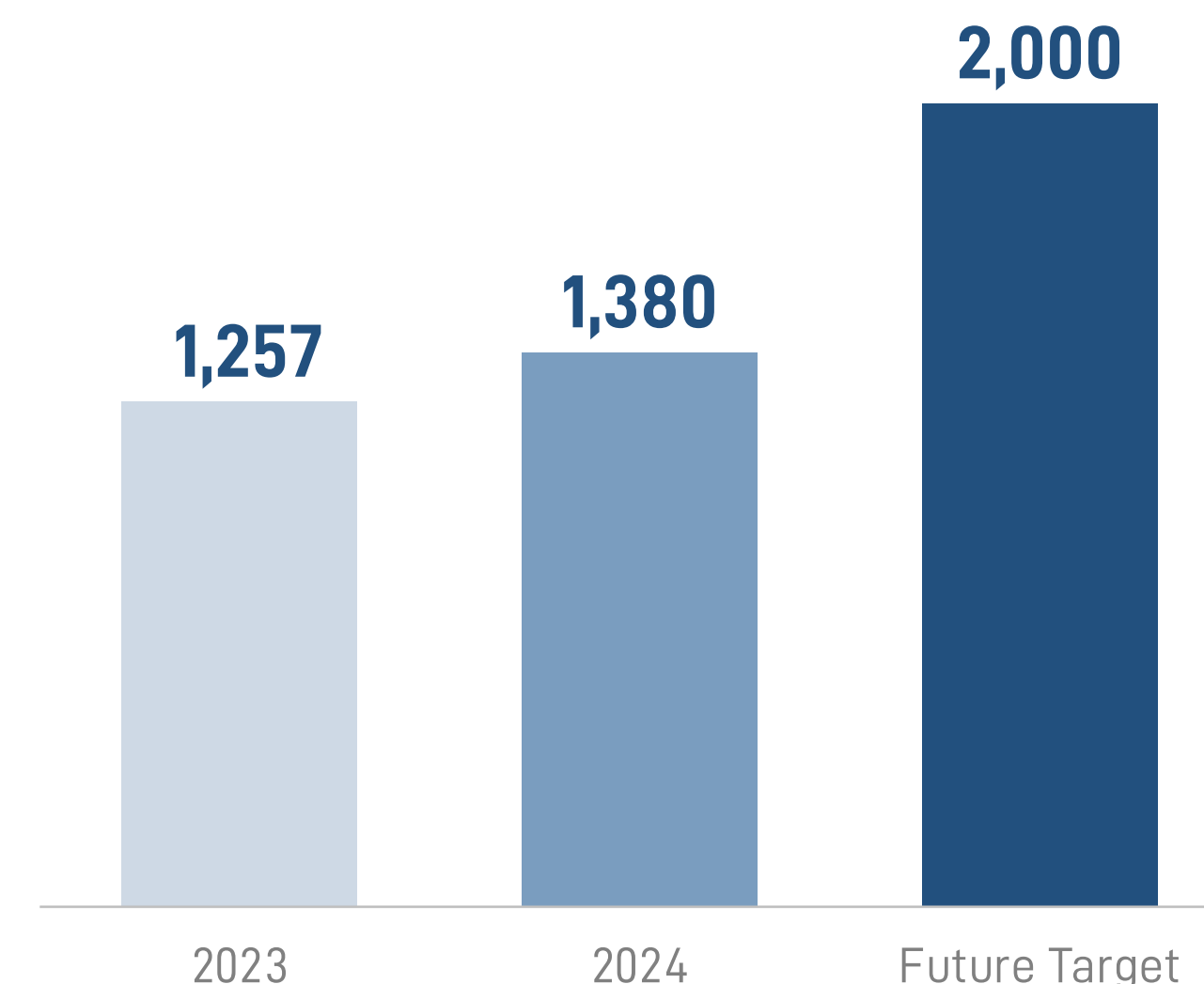
(as of Dec 31)

■ Tier-1 ■ Tier-2 ■ Tier-3, 4 and below



City Coverage

(hotels in operation and in pipeline)

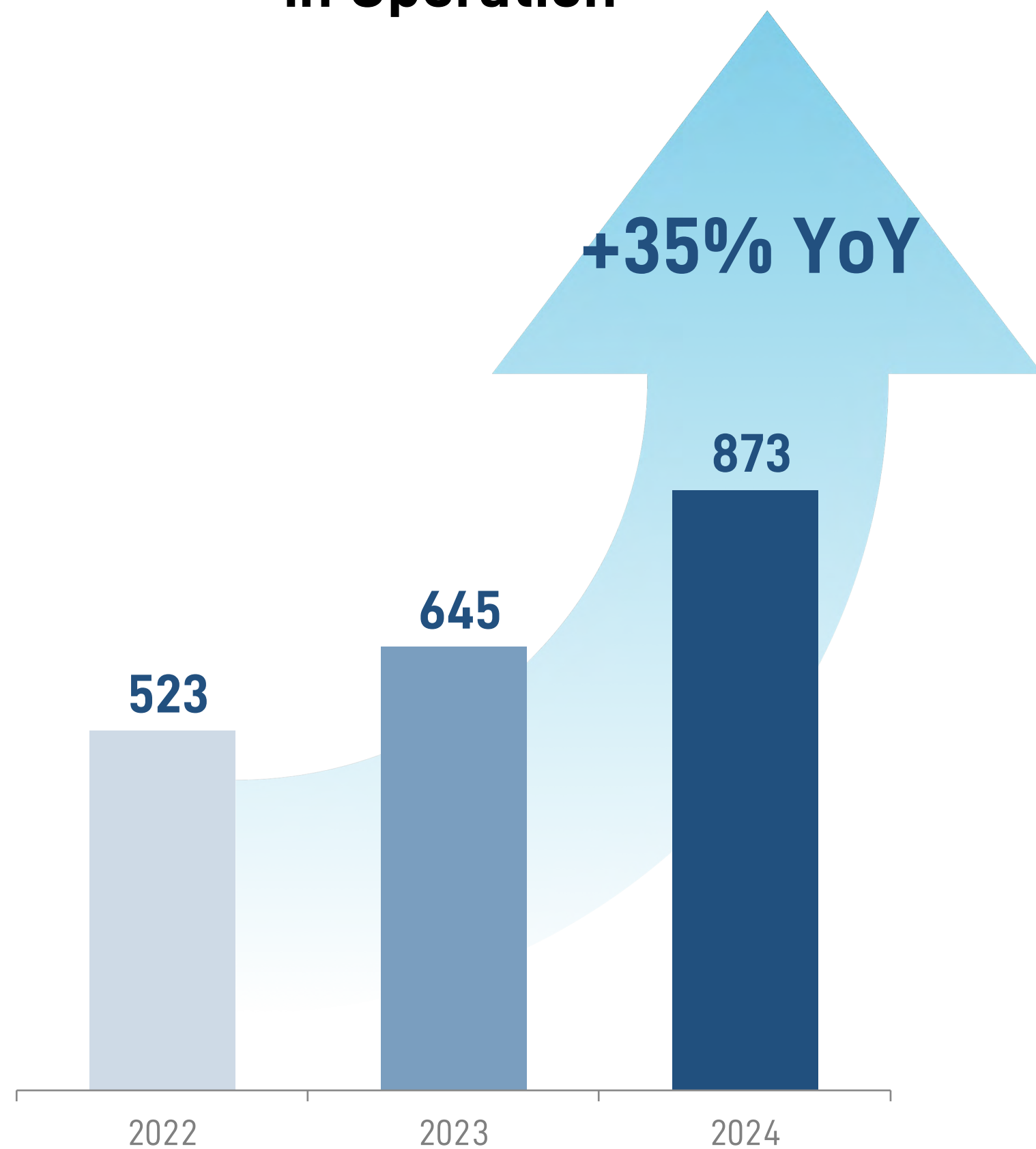


* Numbers in this page refers to Legacy-Huazhu business

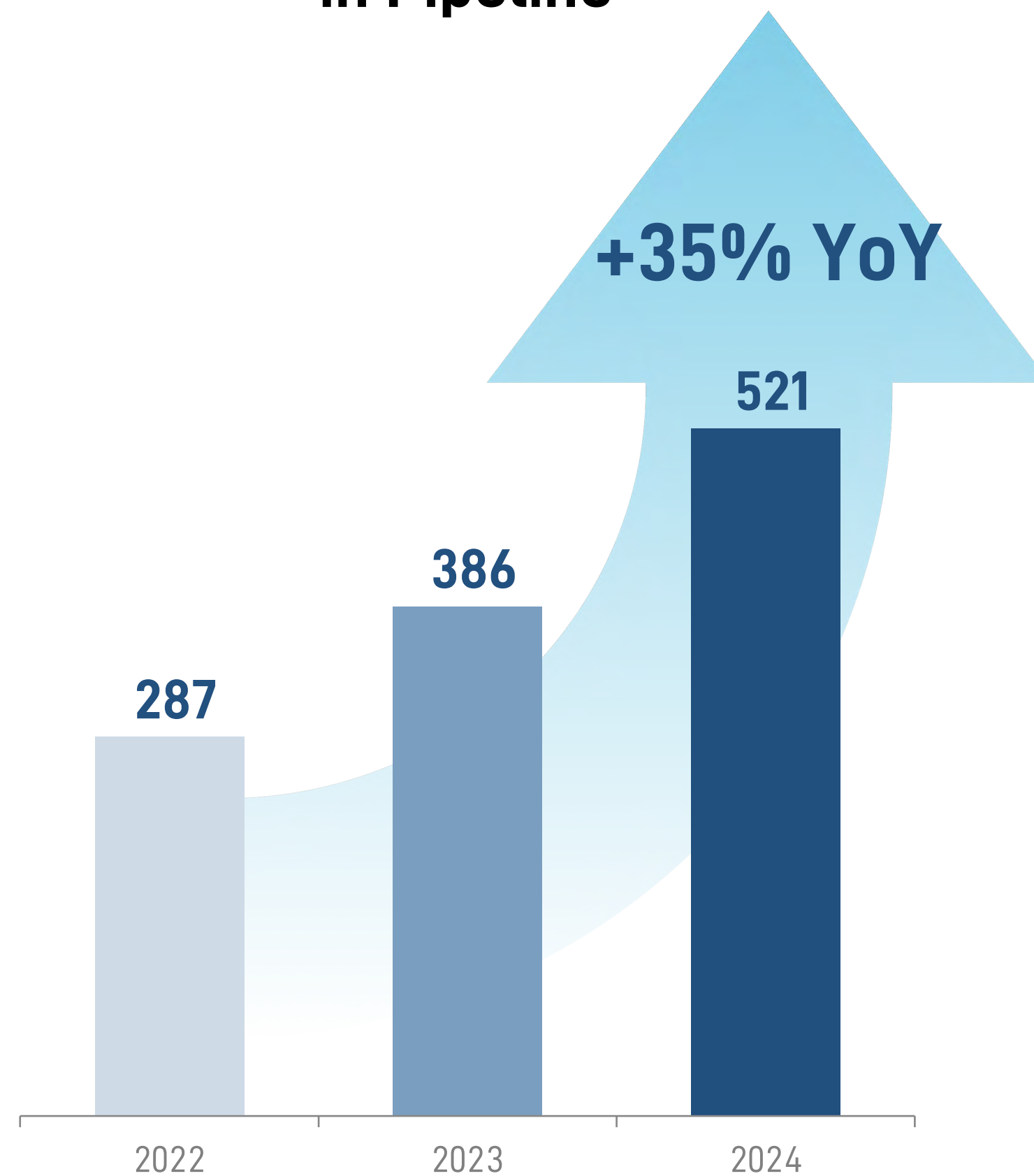
Stepping-Up the Development of Upper-midscale Segment

进一步推动中高档品牌的发展

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

Strengthening Direct B2B Sales Capability

华住商旅的不断加强

Direct Room Nights
Booked via B2B Channels

27.6mn+
+39% YoY

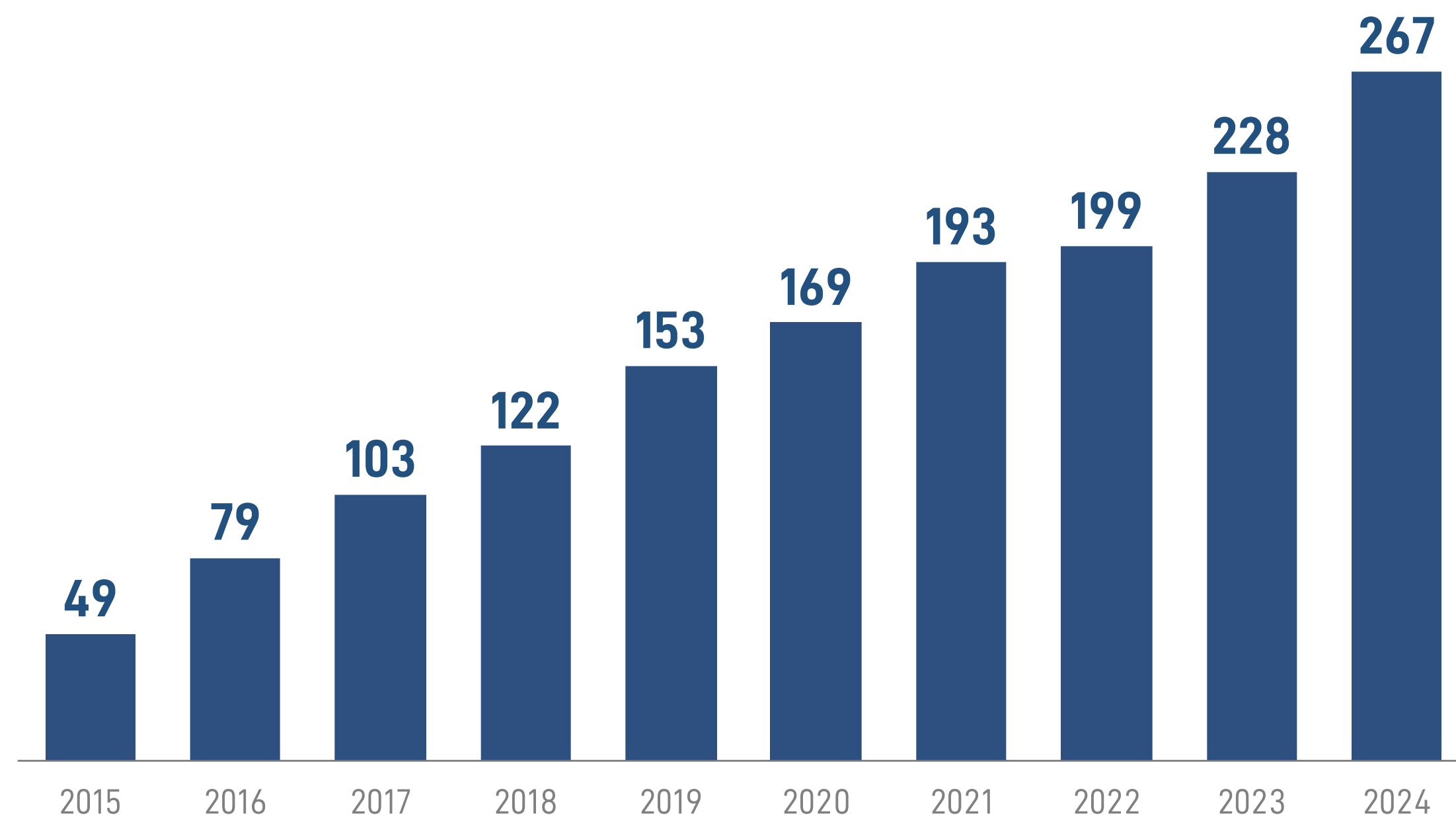
Number of Active
Corporate Clients

5,300+
+49% YoY

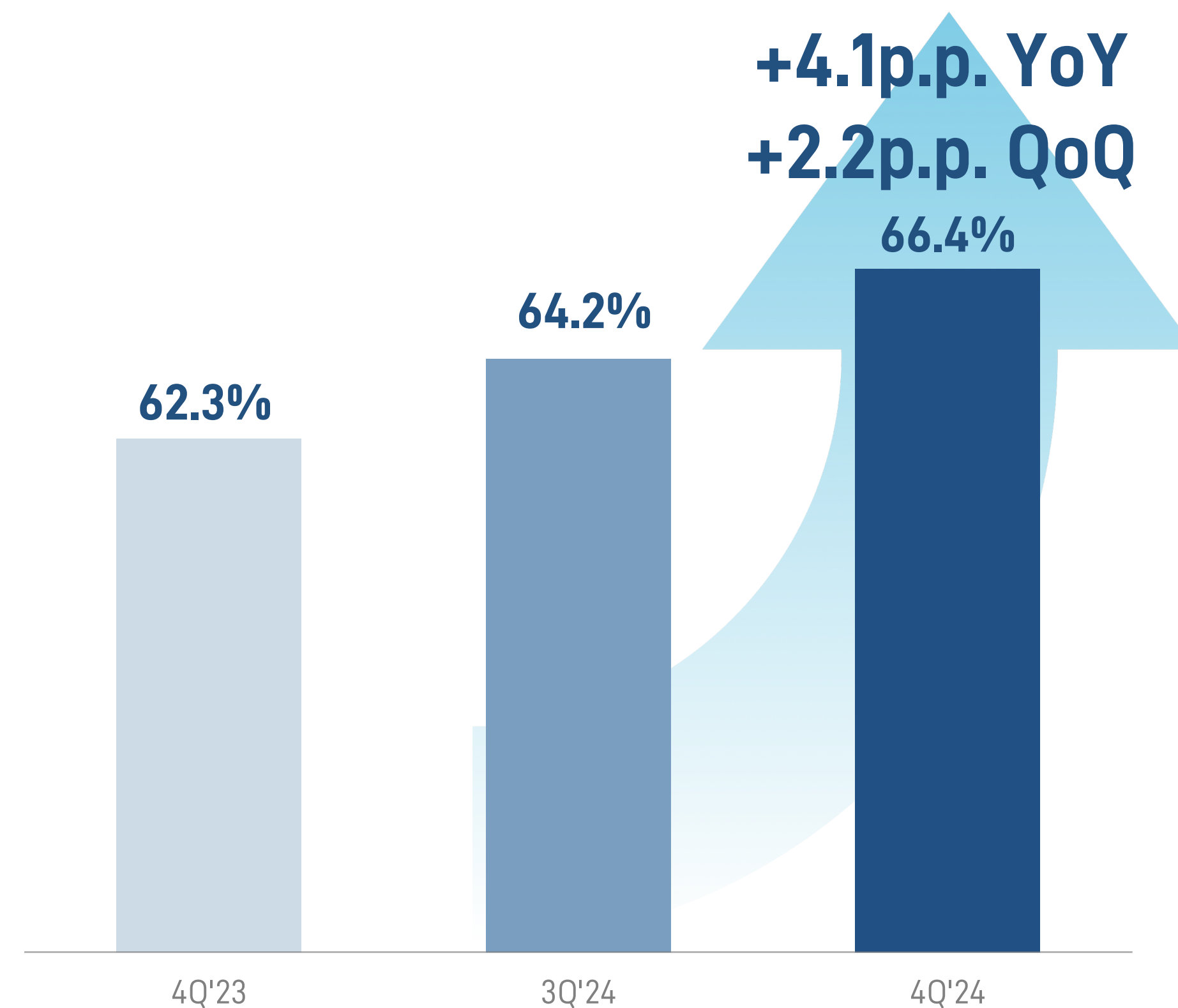
Rising Membership and CRS Contribution

会员规模及中央预定占比提升

Number of Members Continue Increasing



Direct Booking through H World CRS



* Numbers in this page refers to Legacy-Huazhu business

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

Strategic Focus in 2025

2025年战略重点

Grow High-Quality Hotel Network

- To further penetrate lower-tier cities
- To strengthen upper-midscale presence

Strengthen Brand Positioning

- To establish stronger brand positioning
- To continue enhancing products and service quality

Further Pursue Asset-Light Strategy

- To continue pursuing asset-light strategy
- To continue exiting leased and owned hotels

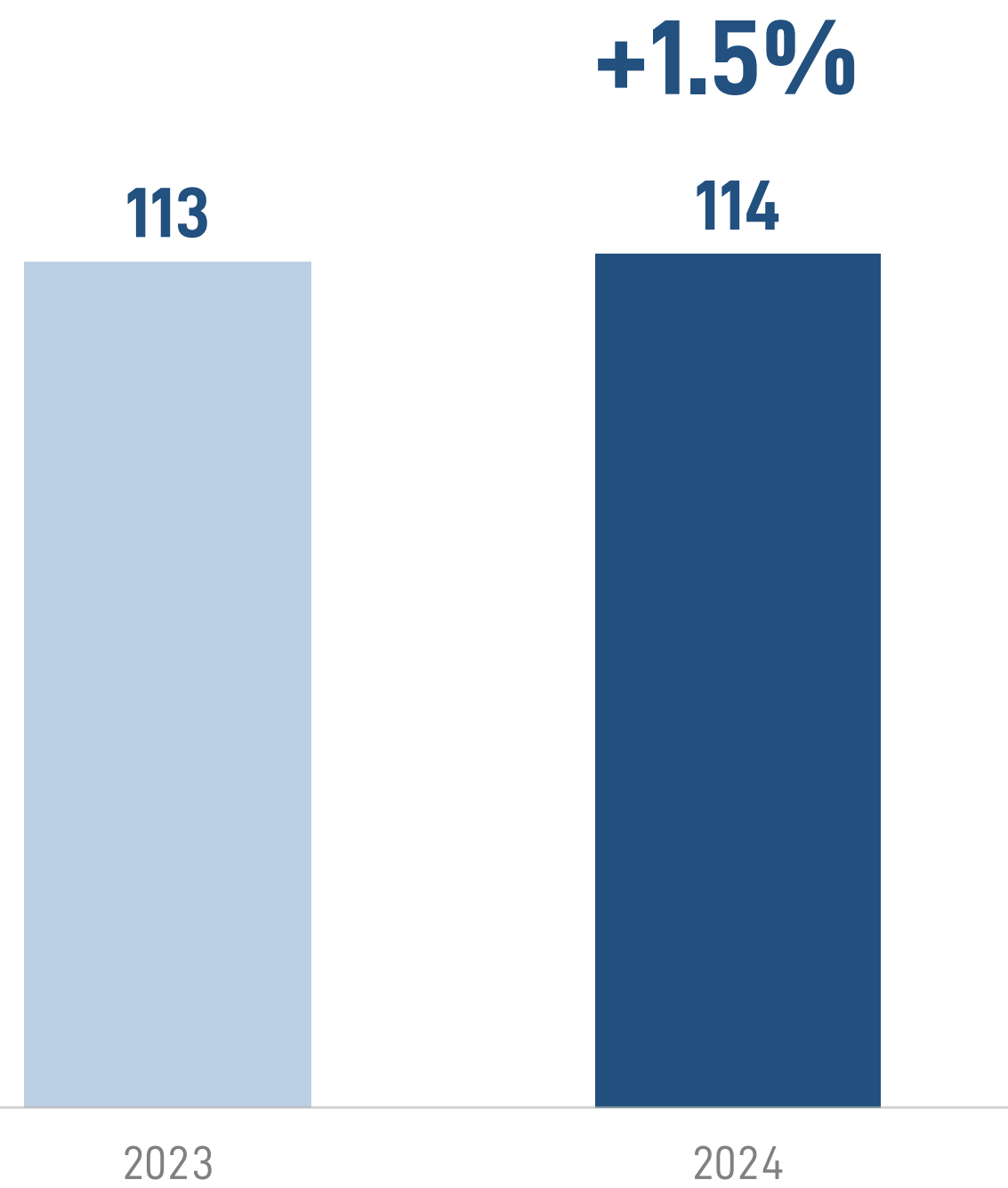
Enhance Direct Sales Capability

- To optimize H Reward membership program and improve member engagement
- To enhance sales capability catering to a more diverse customer base

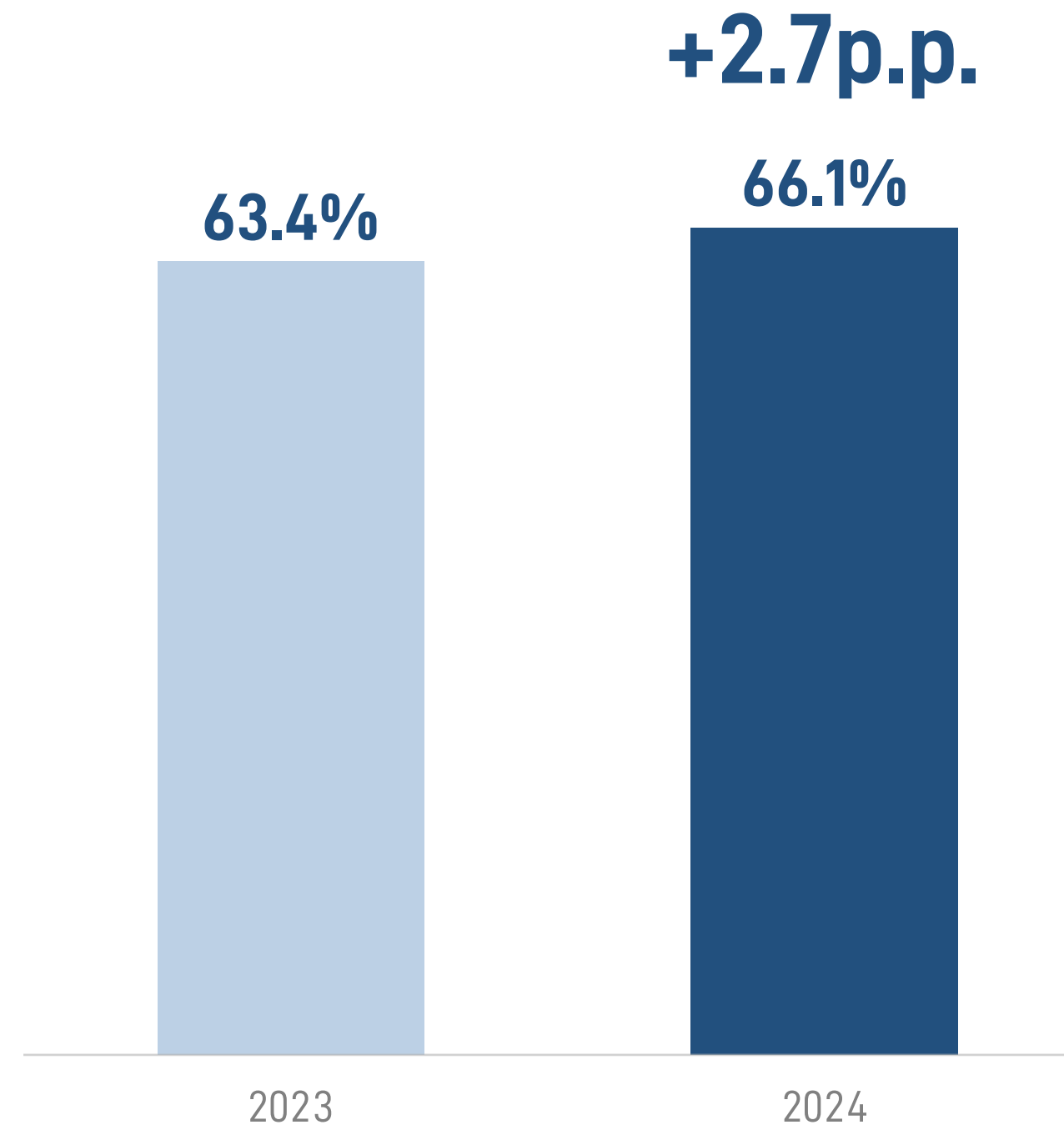
Legacy-DH RevPAR Increased 5.9% YoY in 2024

DH2024年RevPAR同比增长5.9%

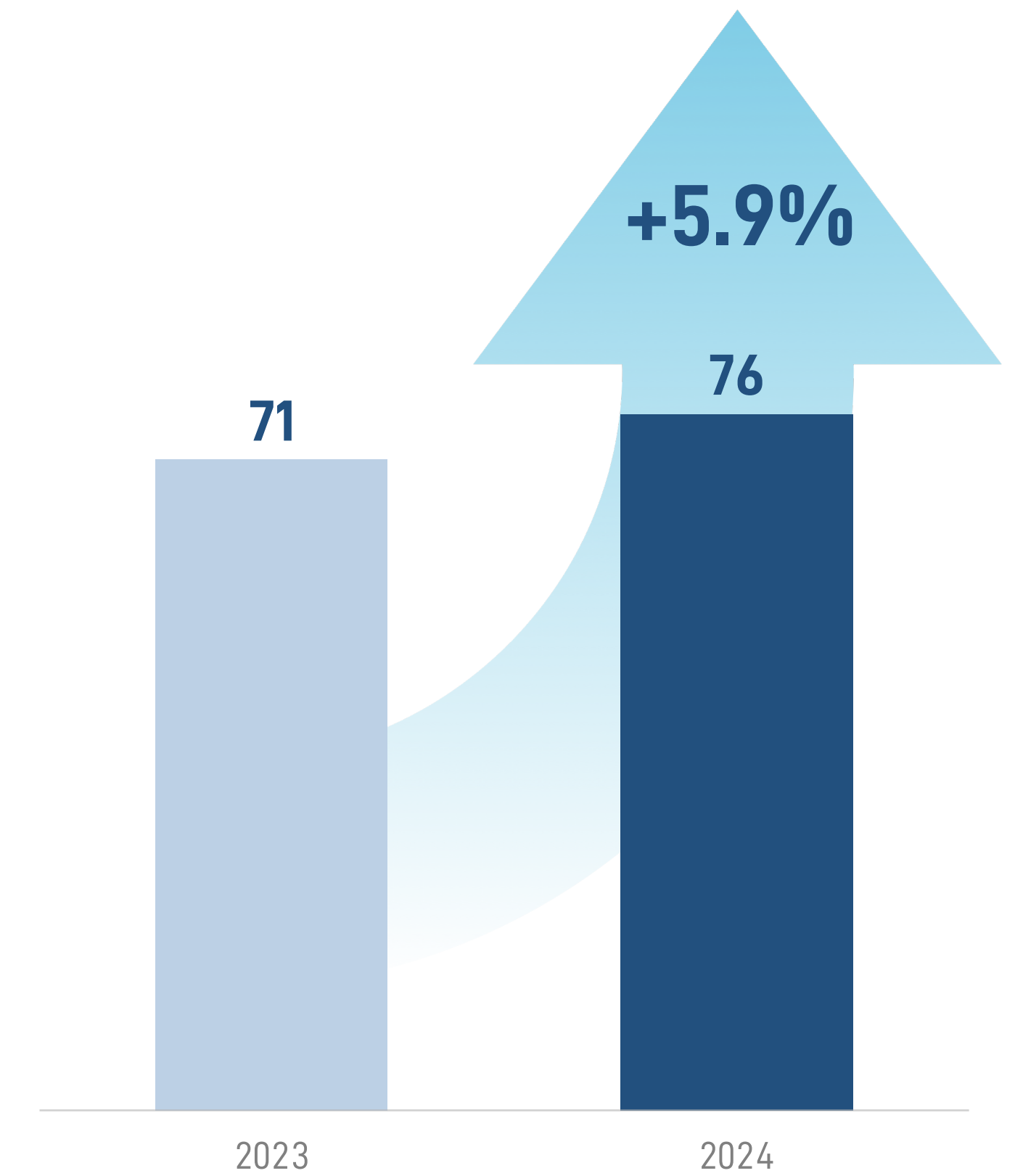
ADR (EUR)



OCC



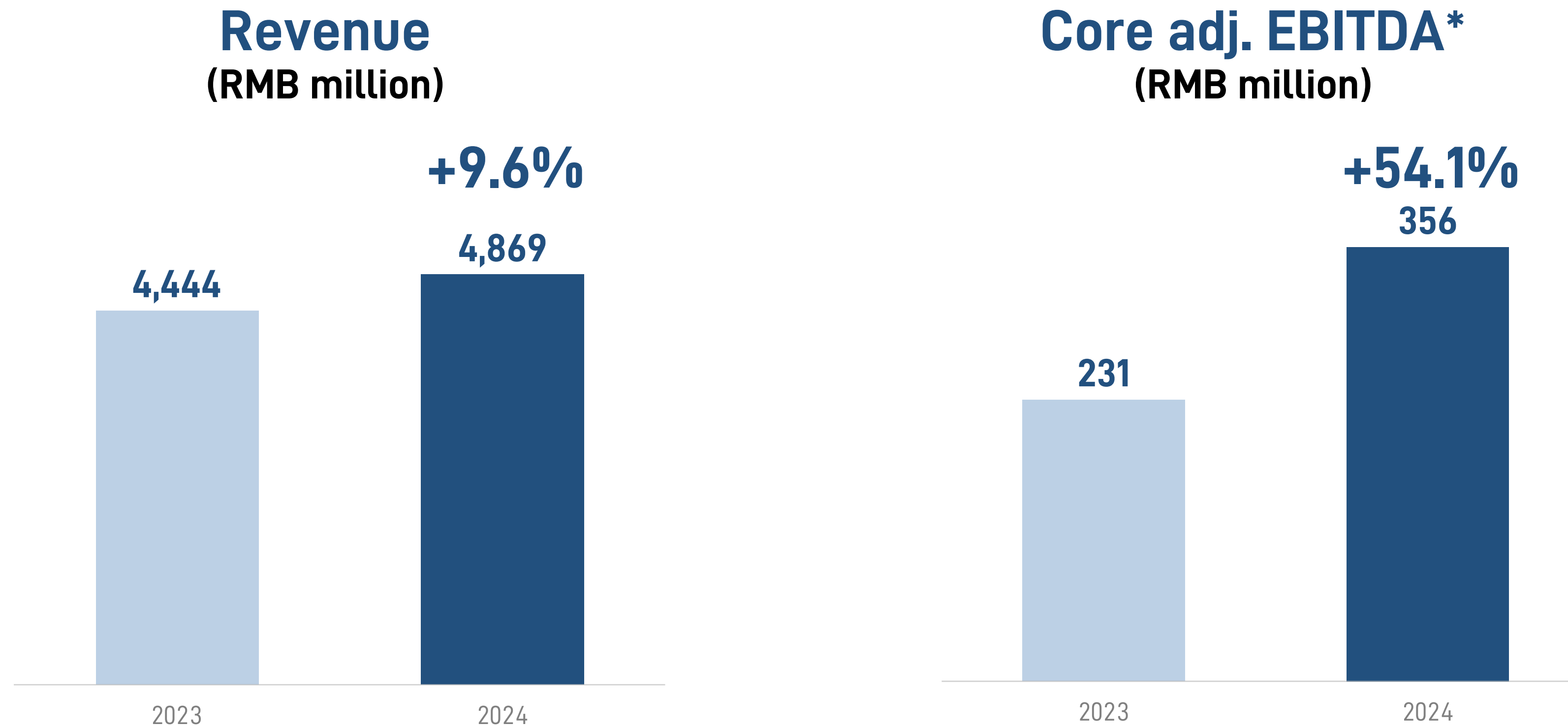
RevPAR (EUR)



DH - Improving Core Profitability

DH核心盈利水平提升

- Streamlined headquarters – reduced administration staff by **30%+**
- Optimized hotel operations & Improved hotel performance
- Started to accelerate asset-light business journey, with **14** L&O hotels removed from our portfolio



* Numbers in this page refers to Legacy-DH business

* Core Adjusted EBITDA excludes foreign exchange (gain) loss, net, (gain) loss on disposal of investment, impairment loss, one-off restructuring costs, and COVID-related rental reductions

DH - 2025 Focus

DH 2025年工作重点

Hotel Operation Enhancement

- To further improve hotel performance and optimize hotel operations

Cost Reduction & Profit Optimization

- The major restructuring in 2024 to bring cost savings starting from 2025
- To further scrutinize overhead costs

Asset-Light Transformation

- Recently exited another **11** leased contracts
- To continue develop asset-light portfolio

AGENDA

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24Q4 and 2024
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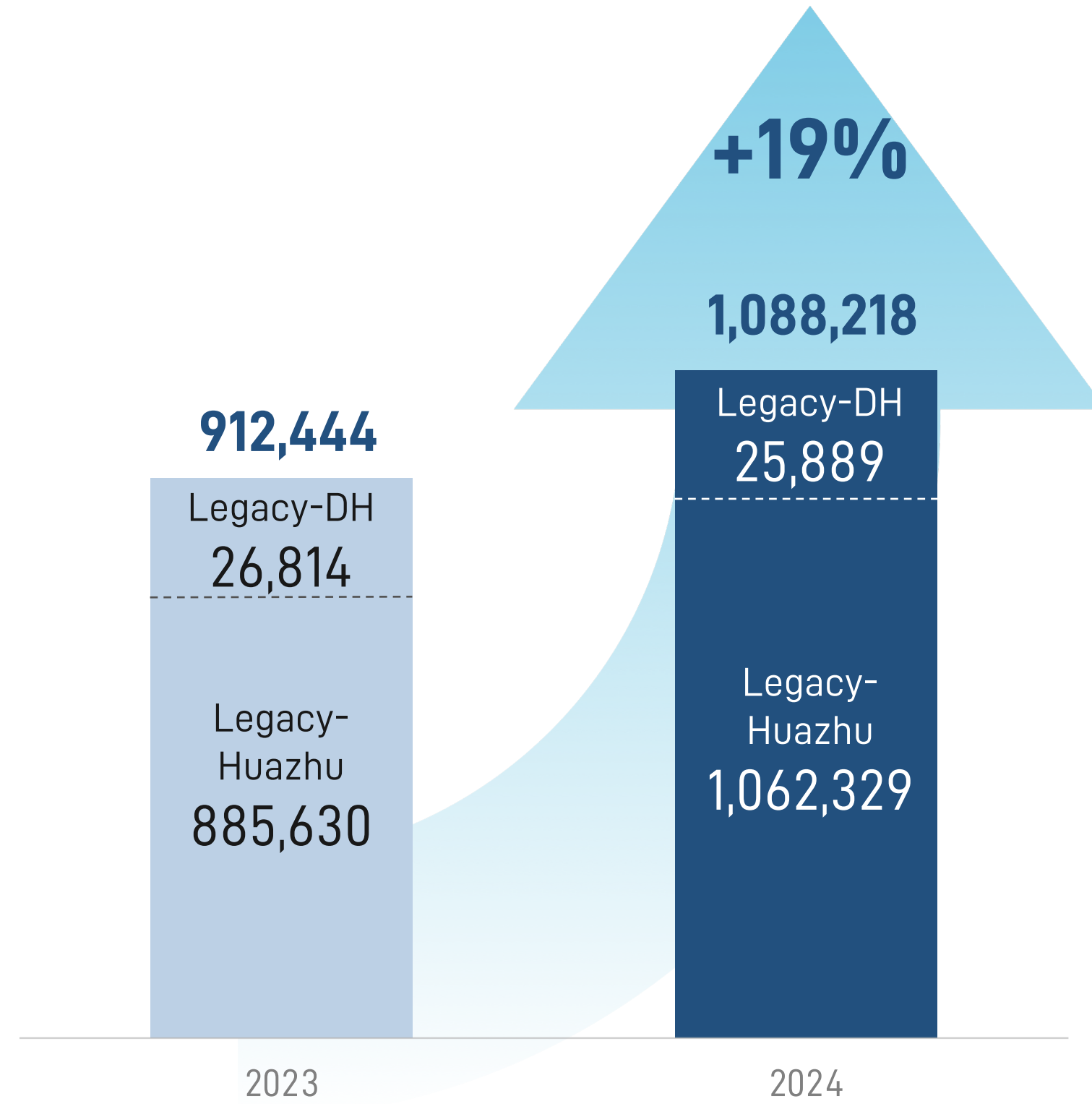
Appendix

Hotel Network Continues to Expand

酒店网络持续扩张

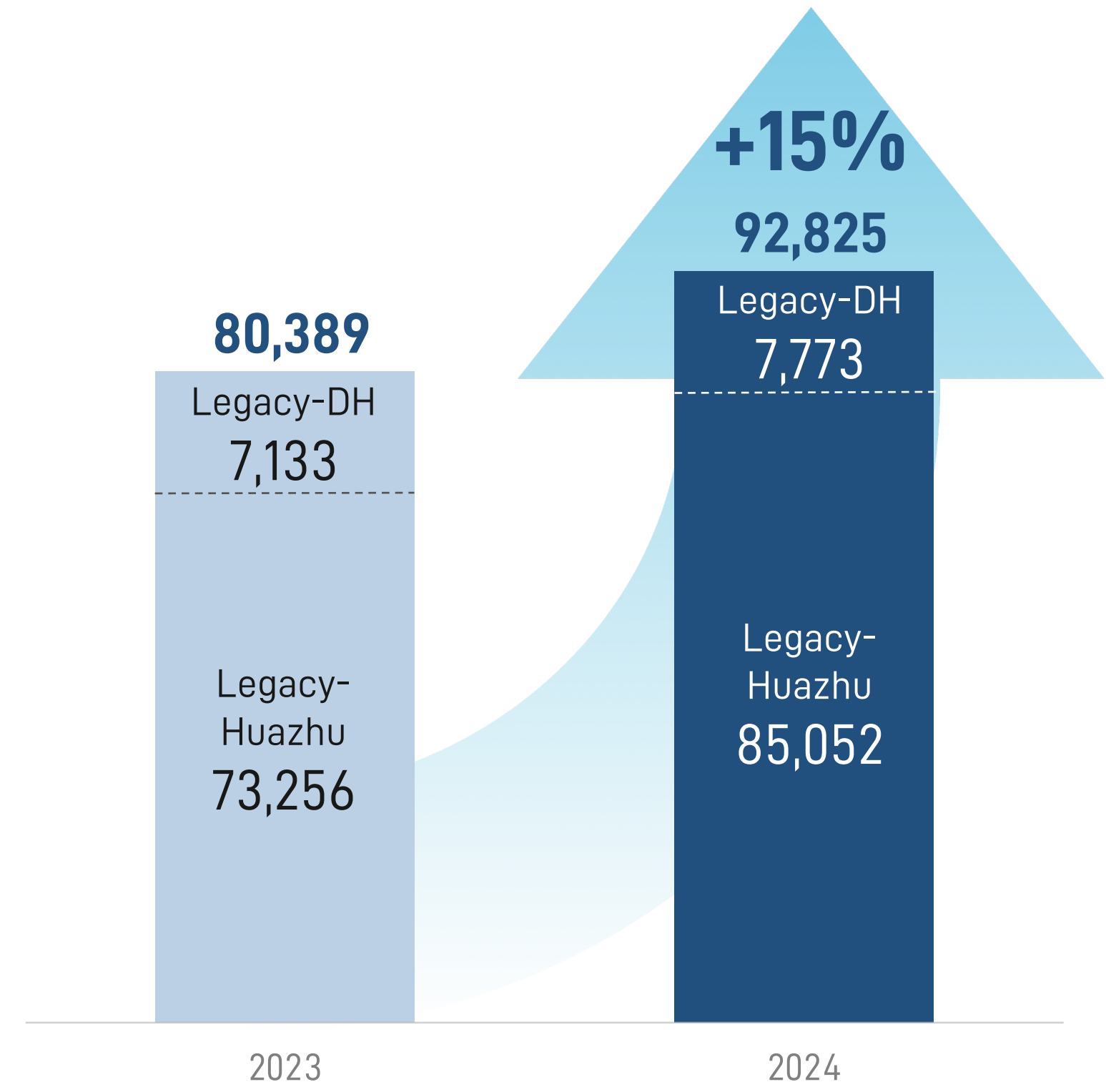
Hotel Network Expansion

(Number of rooms in operation)



Hotel Turnover

(in RMB millions)



Steady Revenue Growth in 2024

2024年营收稳健增长

<i>In million RMB</i>	4Q24	4Q23	YoY	3Q24	QoQ	2024	2023	YoY
Revenue from Legacy - Huazhu	4,787	4,384	9.2%	5,162	-7.3%	19,022	17,438	9.1%
- Leased & Owned Hotels	2,178	2,288	-4.8%	2,461	-11.5%	9,146	9,522	-3.9%
- Manachised & Franchised Hotels	2,470	1,992	24.0%	2,568	-3.8%	9,385	7,596	23.6%
- Others	139	104	33.7%	133	4.5%	491	320	53.4%
Revenue from Legacy - DH	1,236	1,201	2.9%	1,280	-3.4%	4,869	4,444	9.6%
- Leased & Owned Hotels	1,195	1,165	2.6%	1,229	-2.8%	4,697	4,274	9.9%
- Manachised & Franchised Hotels	29	24	20.8%	34	-14.7%	113	98	15.3%
- Others	12	12	0.0%	17	-29.4%	59	72	-18.1%
Revenue	6,023	5,585	7.8%	6,442	-6.5%	23,891	21,882	9.2%

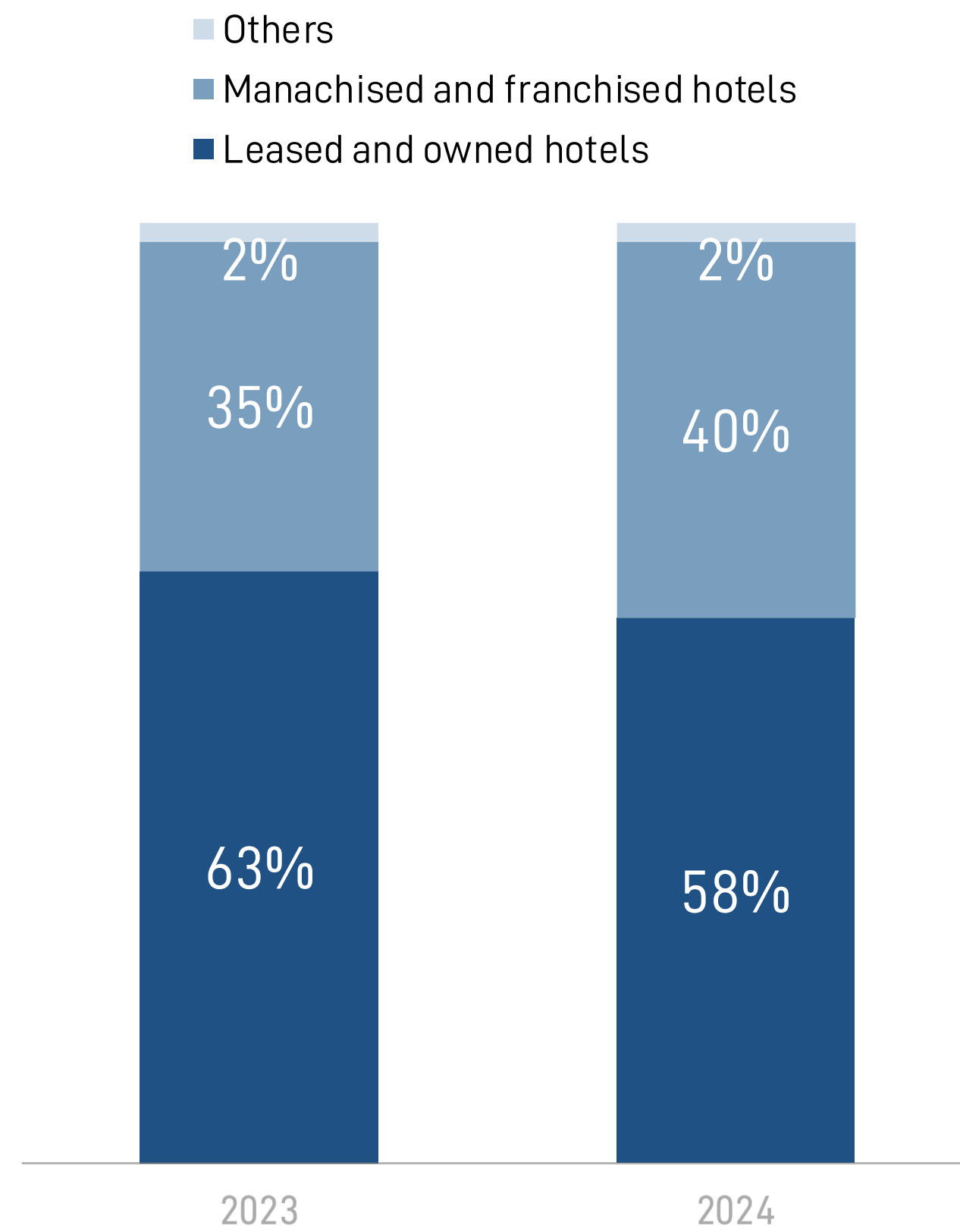
• Legacy-Huazhu revenue increased 9.2% YoY in the fourth quarter of 2024, beat our guidance on the strong openings of manachised & franchised hotels, but was partially offset by the closures of leased & owned hotels. Revenue grew 9.1% YoY for the full year of 2024.

• Legacy-DH revenue increased 2.9% YoY in the fourth quarter of 2024, driven by RevPAR growth. Revenue grew 9.6% YoY for the full year of 2024.

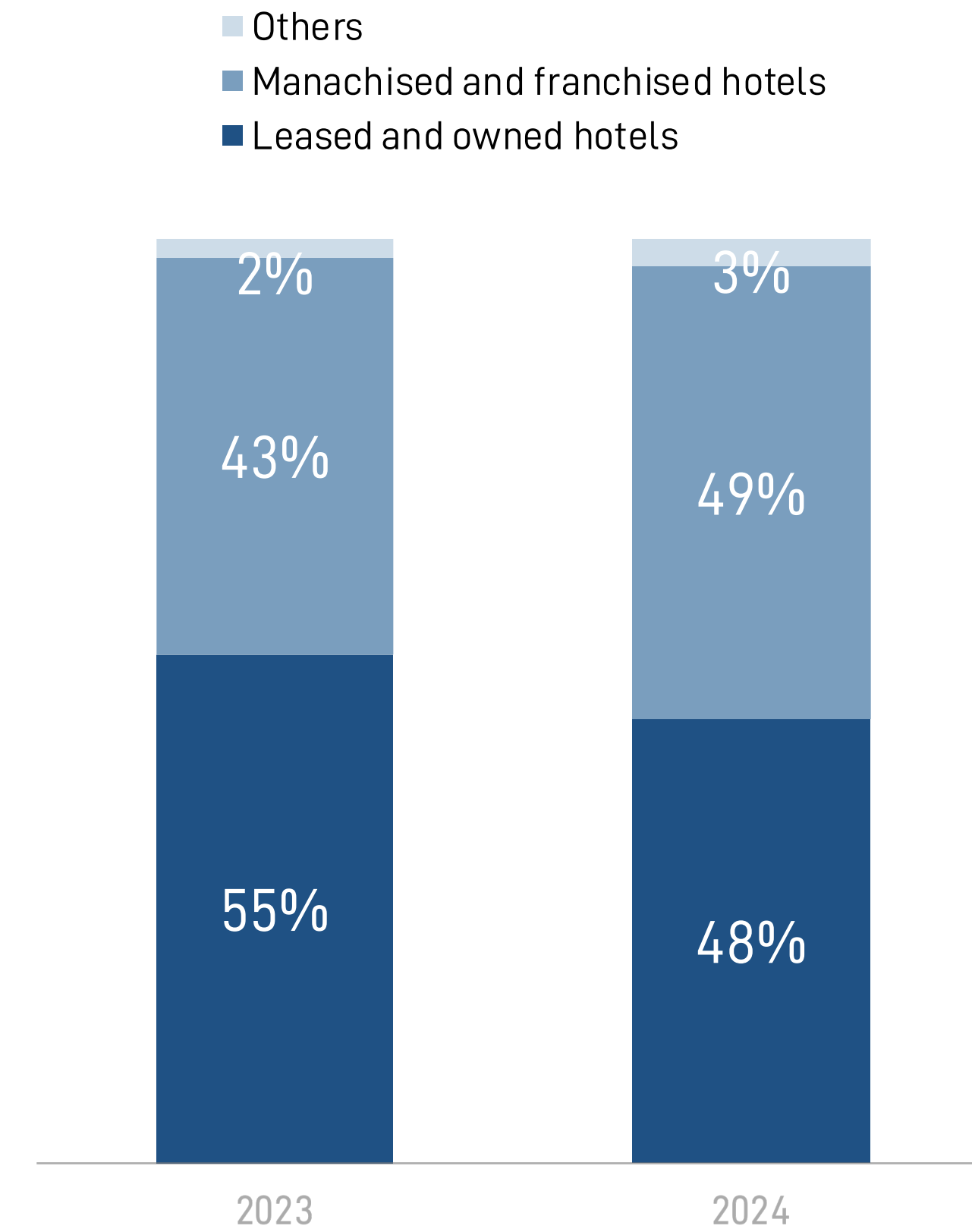
Increasing Revenue Contribution from Asset-Light Model

轻资产收入占比持续提升

H World Revenue Breakdown



Legacy-Huazhu Revenue Breakdown



Operating Income Achieved RMB5.2 Billion in 2024

2024年经营利润达到人民币52亿元

<i>In million RMB</i>	4Q24	4Q23	YoY	3Q24	QoQ	2024	2023	YoY
Hotel operating costs	4,190	3,996	4.9%	3,799	10.3%	15,285	14,341	6.6%
- Legacy-Huazhu	2,782	2,937	-5.3%	2,803	-0.7%	10,936	10,539	3.8%
- Legacy-DH	1,408	1,059	33.0%	996	41.4%	4,349	3,802	14.4%
SG&A expenses	1,021	970	5.3%	975	4.7%	3,684	3,158	16.7%
- Legacy-Huazhu	778	686	13.4%	643	21.0%	2,651	2,214	19.7%
- Legacy-DH	243	284	-14.4%	332	-26.8%	1,033	944	9.4%
Income from operations	902	757	19.2%	1,723	-47.6%	5,200	4,714	10.3%
- Legacy-Huazhu	1,213	821	47.7%	1,763	-31.2%	5,606	4,899	14.4%
- Legacy-DH	(311)	(64)	-385.9%	(40)	-677.5%	(406)	(185)	-119.5%

- Legacy-Huazhu - hotel operating costs decreased 5.3% YoY in 4Q and increased slightly by 3.8% YoY in 2024, slower than the revenue growth as we continued transforming to a more asset-light model.
- Legacy-DH - hotel operating cost amounted RMB1.4bn in 4Q and RMB4.3bn in 2024, primarily due to the impairment loss.
- Legacy-Huazhu - SG&A expenses increased 13.4% YoY in 4Q and 19.7% YoY in 2024 due to the rise in SBC to attract and retain core employees who are key to our sustainable long-term business growth.
- Legacy-DH - SG&A expenses decreased 14.4% YoY in 4Q thanks to the restructuring and our cost optimization effort. Legacy-DH Full year SG&A grew 9.4% YoY.
- Legacy-Huazhu - operating income grew 47.7% YoY in 4Q and 14.4% YoY in 2024.
- Legacy-DH - operating loss widened due to impairment loss and one-off restructuring costs.

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>	4Q24	4Q23	YoY	3Q24	QoQ	2024	2023	YoY
Adjusted EBITDA*	1,246	1,130	10.3%	2,113	-41.0%	6,820	6,268	8.8%
- Legacy-Huazhu	1,493	1,136	31.4%	2,092	-28.6%	6,981	6,200	12.6%
- Legacy-DH	(247)	(6)	-4,016.0%	21	Nm	(161)	68	Nm
Core Adjusted EBITDA**	1,731	1,499	15.5%	2,226	-22.2%	7,454	6,542	13.9%
- Legacy-Huazhu	1,545	1,349	14.5%	2,121	-27.2%	7,098	6,311	12.5%
- Legacy-DH	186	150	24.0%	105	77.1%	356	231	54.1%
Adjusted Net Income	321	517	-37.9%	1,372	-76.6%	3,718	3,513	5.8%
- Legacy-Huazhu	603	607	-0.7%	1,461	-58.7%	4,223	3,797	11.2%
- Legacy-DH	(282)	(90)	-213.3%	(89)	-216.9%	(505)	(284)	-77.8%
Operating Cash Inflow	2,704	2,411	12.2%	1,693	59.7%	7,518	7,674	-2.0%

- Legacy-Huazhu adjusted EBITDA increased 31.4% YoY in 4Q and 12.6% YoY in 2024. Excluding impairment loss and the one-off items, Legacy-Huazhu core adjusted EBITDA grew 14.5% YoY in 4Q and 12.5% YoY for the full year of 2024, which was driven by both the growing hotel network as well as the better profitability thanks to our asset-light strategy.

- Legacy-DH's profitability was dragged by RMB420mn impairment loss and RMB97mn one-off restructuring costs in 2024. Excluding impairment loss and the one-off items, DH's core adjusted EBITDA grew 24.0% YoY in 4Q and 54.1% YoY for the full year of 2024, driven by RevPAR growth and our cost optimization effort.

- The Group adjusted net income declined 37.9% YoY in 4Q due primarily to the withholding tax related to dividend distributions, and increased 5.8% YoY for the full year of 2024. The Group generated operating cash flow of RMB7.5 billion in 2024.

* Adjusted EBITDA and adjusted net income excludes foreign exchange (gain) loss, net, (gain) loss on disposal of investments, gains/ (losses) from fair value changes of equity securities and share-based compensation expenses

** Core Adjusted EBITDA further excludes impairment loss, one-off restructuring costs, and COVID-related government subsidies and rental reductions

Liquidity Position Update

流动性情况更新

**Cash Balance (incl.
Time Deposits)**

RMB11.9 bn

**Net Cash (incl.
Time Deposits)**

RMB6.5 bn

**Unutilized
Bank Facilities**

RMB3.3 bn

* As of December 31, 2024

* Cash balance and net cash position includes RMB4.4bn time deposits and financial products

Shareholder Return

股东回报情况

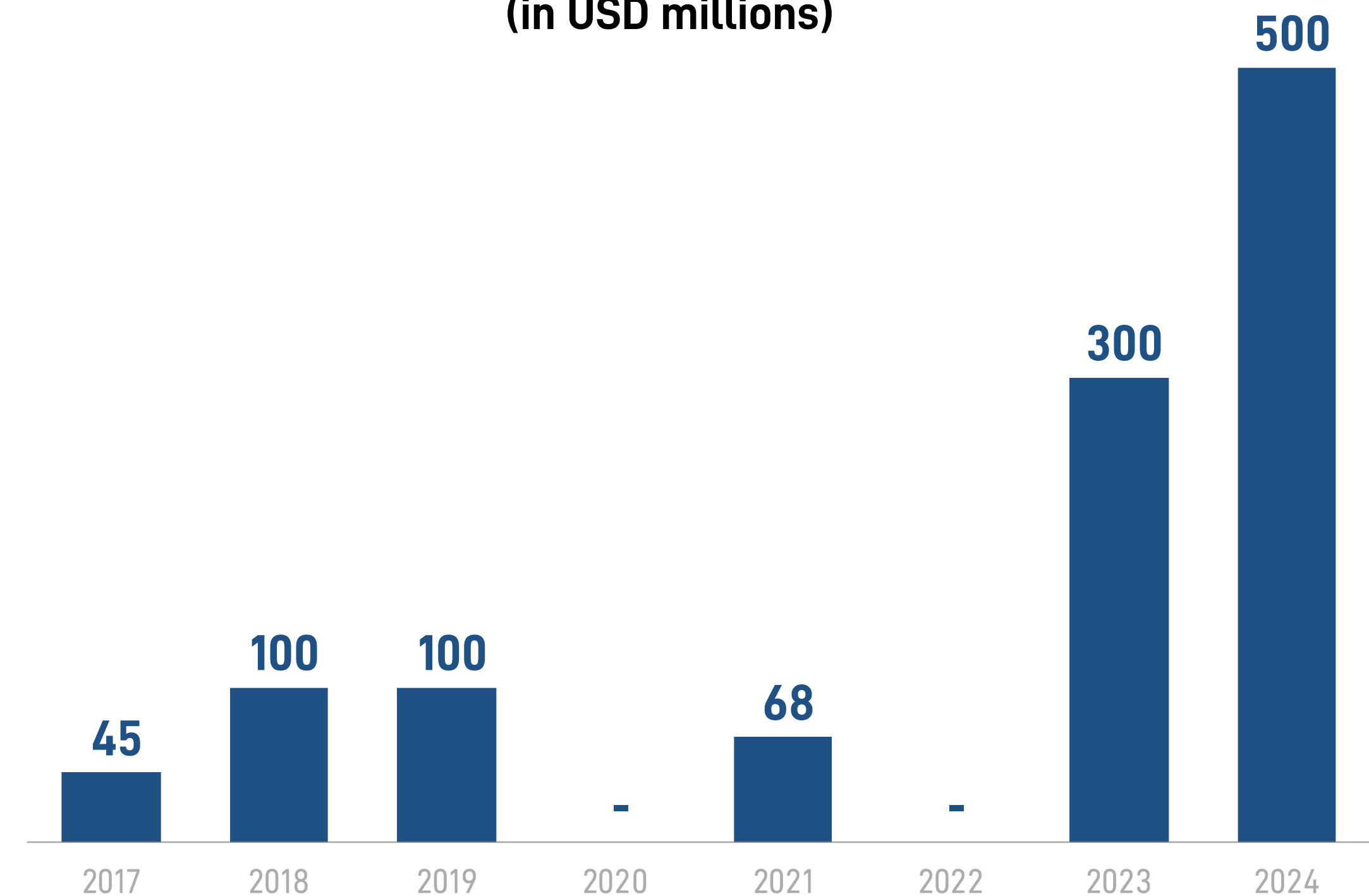
~USD770 mn total shareholder return in 2024, which included

- **USD500 mn** cash dividend
- **~USD270 mn** share repurchase

To consistently distribute cash dividend to shareholders, under our up to **USD2 bn** three-year shareholder return plan

Cash Dividend

(in USD millions)



Guidance

业绩指引

Q1

2025

Total revenue vs. Q1 2024

- Grow 0%-4%
- Excluding DH - Grow 3%-7%

M&F revenue vs. Q1 2024

- Grow 18%-22%

Full Year

2025

Total Revenue vs. 2024

- Grow 2%-6%
- Excluding DH - Grow 5%-9%

M&F Revenue vs. 2024

- Grow 17%-21%

Hotel network

- Gross Opening: ~2,300 hotels
- Closure: ~600 hotels

* M&F stands for manachised & franchised

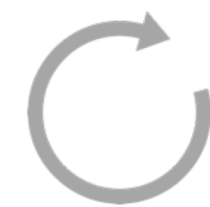
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Q and A

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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,		
	2023	2024	2023	2024	yoy change	2023	2024	yoy change	2023	2024	yoy change (p.p.)
Economy hotels	3,757	3,757	179	166	-7.5%	215	204	-5.0%	83.2%	81.0%	-2.2
Leased and owned hotels	272	272	215	202	-6.0%	253	239	-5.3%	85.1%	84.5%	-0.6
Manachised and franchised hotels	3,485	3,485	175	161	-7.8%	211	200	-5.0%	82.9%	80.5%	-2.4
Midscale and Upper midscale hotels	3,406	3,406	286	268	-6.3%	352	335	-4.6%	81.5%	80.0%	-1.4
Leased and owned hotels	253	253	373	356	-4.5%	446	427	-4.1%	83.6%	83.3%	-0.3
Manachised and franchised hotels	3,153	3,153	276	258	-6.6%	339	323	-4.7%	81.2%	79.6%	-1.5
Total	7,163	7,163	238	222	-6.7%	289	276	-4.6%	82.2%	80.5%	-1.8

* Numbers in this page refers to Legacy-Huazhu business

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		
	December 31,		December 31,			December 31,			December 31,		
	2023	2024	2023	2024	yoy change	2023	2024	yoy change	2023	2024	yoy change (p.p.)
Economy hotels	3,757	3,757	191	180	-6.0%	229	217	-5.0%	83.7%	82.8%	-0.9
Leased and owned hotels	272	272	229	220	-3.8%	270	256	-5.2%	84.8%	86.0%	+1.2
Manachised and franchised hotels	3,485	3,485	187	175	-6.3%	223	212	-5.0%	83.6%	82.4%	-1.2
Midscale and Upper midscale hotels	3,406	3,406	301	285	-5.2%	369	351	-4.8%	81.5%	81.2%	-0.3
Leased and owned hotels	253	253	384	373	-2.9%	467	446	-4.5%	82.2%	83.5%	+1.4
Manachised and franchised hotels	3,153	3,153	290	274	-5.5%	356	339	-4.9%	81.4%	80.9%	-0.5
Total	7,163	7,163	250	236	-5.4%	303	289	-4.8%	82.5%	82.0%	-0.6

* Numbers in this page refers to Legacy-Huazhu business

Number of Hotels and Rooms

酒店数量和房间数量

As of December 31, 2024

	Hotels	Rooms in operation	Unopened hotels	
			Total	
			in pipeline	
Economy hotels	5,489	449,763	1,167	
HanTing Hotel	4,139	359,475	711	
Hi Inn	546	28,680	294	
NiHao Hotel	415	31,335	136	
Elan Hotel	162	8,018	-	
Ibis Hotel	223	21,598	17	
Zleep Hotels	4	657	9	
Midscale hotels	4,547	484,733	1,204	
Ibis Styles Hotel	105	10,105	8	
Starway Hotel	724	58,547	127	
Ji Hotel	2,867	325,999	814	
Orange Hotel	851	90,082	255	
Upper midscale hotels	935	126,158	526	
Crystal Orange Hotel	245	31,105	159	
CitiGO Hotel	34	5,107	4	
Manxin Hotel	166	15,585	64	
Madison Hotel	149	17,623	105	
Mercure Hotel	199	30,714	55	
Novotel Hotel	31	6,850	19	
IntercityHotel	99	17,466	113	
MAXX	12	1,708	7	
Upscale hotels	149	21,790	106	
Jaz in the City	3	587	1	
Joya Hotel	7	1,234	1	
Blossom House	75	3,622	91	
Grand Mercure Hotel	9	1,726	-	
Steigenberger Hotels & Resorts	55	14,621	13	
Luxury hotels	16	2,325	5	
Steigenberger Icon	9	1,804	3	
Song Hotels	7	521	2	
Others	11	3,449	5	
Other hotels	11	3,449	5	
Total	11,147	1,088,218	3,013	