# H World Group Limited Announces Preliminary Results for Hotel Operations in the Fourth Quarter and the Full Year of 2022

31/01/2023

SHANGHAI, China, Jan. 31, 2023 (GLOBE NEWSWIRE) -- H World Group Limited (NASDAQ: HTHT and HKEX: 1179) ("H World", "we" or "our"), a key player in the global hotel industry, today announced preliminary results for hotel operations in the fourth quarter ("Q4 2022") and the full year ended December 31, 2022.

**COVID-19 update**

For our Legacy-Huazhu business, our RevPAR in Q4 2022 recovered to 83% of the 2019 level. The recovery was accelerated after Chinese Government announced the reopening policy in mid-November. Breaking down into each month, our RevPAR in October, November and December 2022 recovered to 74%, 87% and 91% of the 2019 levels, respectively. The trend continued during the Spring Festival holiday with RevPAR recovered to roughly 95% of 2019 seven days' holiday period.

Steigenberger Hotels GmbH and its subsidiaries ("DH", or "Legacy-DH") have experienced a seasonal slowdown of RevPAR recovery in Q4 2022. Blended RevPAR recovered to 110% of 2019 levels in Q4, driven by the Steigenberger hotels in Qatar and Egypt. Excluding the effects of the FIFA World Cup and the COP27 UN Climate Conference, the RevPAR recovered to 100% of 2019 levels. RevPAR recovery continues to be driven by ADR increases while occupancy levels still remain behind the levels achieved in 2019. The ongoing reduction of energy-related risks eases energy prices in Europe. However, inflation is continuing to impact operating costs. We will bridge the rising cost through further rate increases as well as an ongoing focus on cost reduction, process optimization and stringent cash management.

***Operating Results: Legacy-Huazhu*** **(1)**

| | Number of hotels | | | | Number of rooms |
|---|---|---|---|---|---|
| | Opened in Q4 2022 | Closed (2) in Q4 2022 | Net added in Q4 2022 | As of December 31, 2022 (3) | As of December 31, 2022 |
| Leased and owned hotels | 5 | (13) | (8) | 623 | 89,638 |
| Manachised and franchised hotels | 239 | (96) | 143 | 7,788 | 693,536 |
| **Total** | **244** | **(109)** | **135** | **8,411** | **783,174** |

*(1) Legacy-Huazhu refers to H World and its subsidiaries, excluding DH.*
*(2) The reasons for hotel closures mainly included non-compliance with our brand standards, operating losses, and property-related issues. In Q4 2022, we temporarily closed 10 hotels for brand upgrade and business model change purposes.*
*(3) As of December 31, 2022, 572 hotels were requisitioned by governmental authorities.*

| | As of December 31, 2022 | |
|---|---|---|
| | Number of hotels | Unopened hotels in pipeline |
| **Economy hotels** | **4930** | **1053** |
| Leased and owned hotels | 353 | 1 |
| Manachised and franchised hotels | 4577 | 1052 |
| **Midscale and upscale hotels** | **3481** | **1491** |
| Leased and owned hotels | 270 | 13 |
| Manachised and franchised hotels | 3211 | 1478 |
| **Total** | **8411** | **2544** |

**Operational hotels excluding hotels under requisition** **(4)**

| | For the quarter ended | | | |
|---|---|---|---|---|
| | December 31, 2021 | September 30, 2022 | December 31, 2022 | yoy change |
| *Average daily room rate (in RMB)* | | | | |
| Leased and owned hotels | 286 | 294 | 279 | -2.6% |
| Manachised and franchised hotels | 232 | 248 | 236 | 1.4% |
| Blended | 239 | 254 | 240 | 0.4% |
| *Occupancy Rate (as a percentage)* | | | | |
| Leased and owned hotels | 67.4% | 73.1% | 63.1% | -4.3p.p. |
| Manachised and franchised hotels | 68.4% | 76.4% | 66.6% | -1.8p.p. |

| | | | | |
|---|---|---|---|---|
| Blended | 68.2% | 76.0% | 66.2% | -2.0p.p. |
| *RevPAR (in RMB)* | | | | |
| Leased and owned hotels | 193 | 215 | 176 | -8.8% |
| Manachised and franchised hotels | 159 | 190 | 157 | -1.2% |
| Blended | 163 | 193 | 159 | -2.6% |

| | For the quarter ended | | |
|---|---|---|---|
| | **December 31, 2019** | **December 31, 2022** | **yoy change** |
| *Average daily room rate (in RMB)* | | | |
| Leased and owned hotels | 277 | 279 | 0.5% |
| Manachised and franchised hotels | 223 | 236 | 5.9% |
| Blended | 232 | 240 | 3.6% |
| *Occupancy Rate (as a percentage)* | | | |
| Leased and owned hotels | 84.7% | 63.1% | -21.6p.p. |
| Manachised and franchised hotels | 81.6% | 66.6% | -15.0p.p. |
| Blended | 82.2% | 66.2% | -16.0p.p. |
| *RevPAR (in RMB)* | | | |
| Leased and owned hotels | 235 | 176 | -25.2% |
| Manachised and franchised hotels | 182 | 157 | -13.6% |
| Blended | 191 | 159 | -16.6% |

*(4) If including hotels under requisition, RevPAR in Q4 2022 would have been 85% of the 2019 level.*

**Operational hotels excluding hotels under requisition[(5)]**

| | For full year ended | | |
|---|---|---|---|
| | **December 31, 2021** | **December 31, 2022** | **yoy change** |
| *Average daily room rate (in RMB)* | | | |
| Leased and owned hotels | 286 | 272 | -5.1% |
| Manachised and franchised hotels | 232 | 231 | -0.2% |
| Blended | 239 | 236 | -1.3% |
| *Occupancy Rate (as a percentage)* | | | |
| Leased and owned hotels | 70.6% | 63.9% | -6.7p.p. |
| Manachised and franchised hotels | 72.4% | 67.1% | -5.4p.p. |
| Blended | 72.2% | 66.7% | -5.5p.p. |
| *RevPAR (in RMB)* | | | |
| Leased and owned hotels | 202 | 174 | -14.1% |
| Manachised and franchised hotels | 168 | 155 | -7.6% |
| Blended | 172 | 157 | -8.8% |

| | For full year ended | | |
|---|---|---|---|
| | **December 31, 2019** | **December 31, 2022** | **yoy change** |
| *Average daily room rate (in RMB)* | | | |
| Leased and owned hotels | 276 | 272 | -1.8% |
| Manachised and franchised hotels | 224 | 231 | 3.0% |
| Blended | 234 | 236 | 0.6% |
| *Occupancy Rate (as a percentage)* | | | |
| Leased and owned hotels | 87.0% | 63.9% | -23.0p.p. |
| Manachised and franchised hotels | 83.8% | 67.1% | -16.7p.p. |
| Blended | 84.4% | 66.7% | -17.7p.p. |
| *RevPAR (in RMB)* | | | |
| Leased and owned hotels | 240 | 174 | -27.8% |
| Manachised and franchised hotels | 188 | 155 | -17.5% |
| Blended | 198 | 157 | -20.5% |

*(5) If including hotels under requisition, RevPAR in 2022 would have been 82% of the 2019 level.*

**Same-hotel operational data by class**

**Mature hotels in operation for more than 18 months (excluding hotels under requisition)**

| | Number of hotels | | Same-hotel RevPAR | | | Same-hotel ADR | | | Same-hotel Occupancy | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As of December 31, | | For the quarter ended December 31, | | yoy change | For the quarter ended December 31, | | yoy change | For the quarter ended December 31, | | yoy change |
| | 2021 | 2022 | 2021 | 2022 | | 2021 | 2022 | | 2021 | 2022 | (p.p.) |
| **Economy hotels** | **3,199** | **3,199** | **137** | **123** | **-10.1%** | **183** | **181** | **-1.0%** | **75.0%** | **68.1%** | **-6.9** |
| Leased and owned hotels | 335 | 335 | 148 | 132 | -11.1% | 204 | 199 | -2.6% | 72.5% | 66.2% | -6.4 |
| Manachised and franchised hotels | 2,864 | 2,864 | 135 | 122 | -9.9% | 179 | 178 | -0.7% | 75.5% | 68.5% | -7.0 |
| **Midscale and upscale hotels** | **2,097** | **2,097** | **215** | **196** | **-8.6%** | **313** | **301** | **-3.8%** | **68.6%** | **65.1%** | **-3.4** |
| Leased and owned hotels | 227 | 227 | 245 | 222 | -9.5% | 387 | 361 | -6.8% | 63.4% | 61.5% | -1.9 |
| Manachised and franchised hotels | 1,870 | 1,870 | 209 | 192 | -8.4% | 301 | 292 | -3.2% | 69.5% | 65.7% | -3.7 |
| **Total** | **5,296** | **5,296** | **174** | **158** | **-9.2%** | **241** | **236** | **-2.0%** | **72.0%** | **66.7%** | **-5.3** |

| | Number of hotels | | Same-hotel RevPAR | | | Same-hotel ADR | | | Same-hotel Occupancy | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As of December 31, | | For the quarter ended December 31, | | yoy change | For the quarter ended December 31, | | yoy change | For the quarter ended December 31, | | yoy change |
| | 2019 | 2022 | 2019 | 2022 | | 2019 | 2022 | | 2019 | 2022 | (p.p.) |
| **Economy hotels** | **1,969** | **1,969** | **167** | **122** | **-26.8%** | **188** | **180** | **-4.1%** | **88.6%** | **67.6%** | **-21.0** |
| Leased and owned hotels | 324 | 324 | 189 | 130 | -31.5% | 215 | 197 | -8.3% | 88.0% | 65.8% | -22.2 |
| Manachised and franchised hotels | 1,645 | 1,645 | 161 | 120 | -25.4% | 181 | 176 | -2.8% | 88.8% | 68.1% | -20.7 |
| **Midscale and upscale hotels** | **1,009** | **1,009** | **272** | **192** | **-29.4%** | **325** | **300** | **-7.9%** | **83.5%** | **64.0%** | **-19.5** |
| Leased and owned hotels | 166 | 166 | 329 | 202 | -38.7% | 395 | 335 | -15.3% | 83.3% | 60.3% | -23.0 |
| Manachised and franchised hotels | 843 | 843 | 256 | 189 | -26.1% | 307 | 291 | -5.1% | 83.5% | 65.0% | -18.5 |
| **Total** | **2,978** | **2,978** | **209** | **150** | **-28.0%** | **241** | **227** | **-5.8%** | **86.6%** | **66.2%** | **-20.4** |

**Same-hotel operational data by class**

**Mature hotels in operation for more than 18 months (excluding hotels under requisition)**

| | Number of hotels | | Same-hotel RevPAR | | | Same-hotel ADR | | | Same-hotel Occupancy | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As of December 31, | | For the year ended December 31, | | yoy change | For the year ended December 31, | | yoy change | For the year ended December 31, | | yoy change |
| | 2021 | 2022 | 2021 | 2022 | | 2021 | 2022 | | 2021 | 2022 | (p.p.) |
| **Economy hotels** | **3,199** | **3,199** | **142** | **123** | **-13.6%** | **183** | **176** | **-3.6%** | **77.5%** | **69.5%** | **-8.0** |
| Leased and owned hotels | 335 | 335 | 155 | 133 | -14.1% | 207 | 194 | -6.3% | 74.5% | 68.3% | -6.2 |
| Manachised and franchised hotels | 2,864 | 2,864 | 139 | 121 | -13.5% | 179 | 173 | -3.1% | 78.0% | 69.7% | -8.3 |
| **Midscale and upscale hotels** | **2,097** | **2,097** | **224** | **196** | **-12.4%** | **315** | **301** | **-4.4%** | **71.0%** | **65.0%** | **-6.0** |
| Leased and owned hotels | 227 | 227 | 255 | 219 | -14.1% | 386 | 362 | -6.3% | 66.1% | 60.6% | -5.5 |
| Manachised and franchised hotels | 1,870 | 1,870 | 218 | 191 | -12.0% | 303 | 291 | -3.9% | 71.9% | 65.8% | -6.1 |
| **Total** | **5,296** | **5,296** | **179** | **156** | **-13.0%** | **240** | **231** | **-3.8%** | **74.6%** | **67.5%** | **-7.1** |

| | Number of hotels | | Same-hotel RevPAR | | | Same-hotel ADR | | | Same-hotel Occupancy | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As of December 31, | | For the year ended December 31, | | yoy change | For the year ended December 31, | | yoy change | For the year ended December 31, | | yoy change |
| | 2019 | 2022 | 2019 | 2022 | | 2019 | 2022 | | 2019 | 2022 | (p.p.) |
| **Economy hotels** | **1,969** | **1,969** | **174** | **121** | **-30.5%** | **192** | **176** | **-8.7%** | **90.7%** | **69.0%** | **-21.7** |
| Leased and owned hotels | 324 | 324 | 195 | 130 | -33.3% | 215 | 191 | -10.9% | 90.8% | 68.0% | -22.8 |
| Manachised and franchised hotels | 1,645 | 1,645 | 169 | 119 | -29.6% | 186 | 171 | -7.9% | 90.6% | 69.3% | -21.4 |
| **Midscale and upscale hotels** | **1,009** | **1,009** | **276** | **190** | **-31.2%** | **331** | **300** | **-9.5%** | **83.2%** | **63.3%** | **-19.9** |
| Leased and owned hotels | 166 | 166 | 334 | 200 | -40.0% | 396 | 338 | -14.6% | 84.2% | 59.1% | -25.1 |
| Manachised and franchised hotels | 843 | 843 | 258 | 187 | -27.6% | 311 | 289 | -7.1% | 82.9% | 64.6% | -18.3 |
| **Total** | **2,978** | **2,978** | **212** | **147** | **-30.8%** | **241** | **219** | **-9.0%** | **87.9%** | **66.9%** | **-21.0** |

***Operating Results: Legacy-DH*** [6]

| | Number of hotels | | | | Number of rooms | Unopened hotels in pipeline |
|---|---|---|---|---|---|---|
| | Opened in Q4 2022 | Closed in Q4 2022 | Net added in Q4 2022 | As of December 31, 2022 [7] | As of December 31,2022 | As of December 31,2022 |
| Leased hotels | 2 | - | 2 | 81 | 15,328 | 26 |
| Manachised and franchised hotels | 4 | - | 4 | 51 | 10,976 | 10 |
| **Total** | **6** | - | **6** | **132** | **26,304** | **36** |

*(6) Legacy-DH refers to DH.*

*(7) As of December 31, 2022, a total of 3 hotels were temporarily closed. 1 hotel was closed due to flood damage, 1 hotel was closed due to extensive hotel refurbishment, and 1 hotel was closed due to repairment.*

| | For the quarter ended | | | |
|---|---|---|---|---|
| | December 31, 2021 | September 30, 2022 | December 31, 2022 | yoy change |
| *Average daily room rate (in EUR)* | | | | |
| Leased hotels | 95 | 113 | 114 | 19.5% |
| Manachised and franchised hotels | 93 | 116 | 134 | 44.6% |
| Blended | 94 | 114 | 122 | 29.7% |
| *Occupancy rate (as a percentage)* | | | | |
| Leased hotels | 42.9% | 67.4% | 60.0% | +17.1 p.p. |
| Manachised and franchised hotels | 50.7% | 64.1% | 58.3% | +7.6 p.p. |
| Blended | 46.1% | 66.1% | 59.3% | +13.2 p.p. |
| *RevPAR (in EUR)* | | | | |
| Leased hotels | 41 | 76 | 68 | 67.3% |
| Manachised and franchised hotels | 47 | 74 | 78 | 66.2% |
| Blended | 43 | 75 | 72 | 66.8% |

| | For full year ended | | |
|---|---|---|---|
| | December 31, 2021 | December 31, 2022 | yoy change |
| *Average daily room rate (in EUR)* | | | |
| Leased and owned hotels | 91 | 110 | 20.1% |
| Manachised and franchised hotels | 89 | 113 | 26.6% |
| Blended | 90 | 111 | 22.9% |
| *Occupancy Rate (as a percentage)* | | | |

| | | | |
|---|---|---|---|
| Leased and owned hotels | 31.6% | 56.0% | +24.4 p.p. |
| Manachised and franchised hotels | 40.5% | 56.4% | +15.9 p.p. |
| Blended | 35.2% | 56.2% | +21.0 p.p. |
| *RevPAR (in EUR)* | | | |
| Leased and owned hotels | 29 | 61 | 112.6% |
| Manachised and franchised hotels | 36 | 64 | 76.4% |
| Blended | 32 | 62 | 96.2% |

***Hotel Portfolio by Brand***

| | As of December 31, 2022 | | |
|---|---|---|---|
| | Hotels in operation | Rooms in operation | Unopened hotels in pipeline |
| **Economy hotels** | **4,948** | **389,383** | **1,066** |
| HanTing Hotel | 3,257 | 288,956 | 652 |
| Hi Inn | 456 | 23,998 | 170 |
| Ni Hao Hotel | 159 | 11,534 | 199 |
| Elan Hotel | 836 | 39,948 | - |
| Ibis Hotel | 222 | 22,826 | 32 |
| Zleep Hotels | 18 | 2,121 | 13 |
| **Midscale hotels** | **2,898** | **317,117** | **1,146** |
| Ibis Styles Hotel | 85 | 8,864 | 25 |
| Starway Hotel | 567 | 47,378 | 242 |
| JI Hotel | 1,694 | 199,581 | 611 |
| Orange Hotel | 519 | 56,035 | 261 |
| CitiGO Hotel | 33 | 5,259 | 7 |
| **Upper midscale hotels** | **538** | **75,467** | **286** |
| Crystal Orange Hotel | 164 | 21,552 | 57 |
| Manxin Hotel | 112 | 10,601 | 59 |
| Madison Hotel | 52 | 7,195 | 64 |
| Mercure Hotel | 137 | 21,193 | 62 |
| Novotel Hotel | 17 | 4,424 | 19 |
| IntercityHotel[8] | 56 | 10,502 | 25 |
| **Upscale hotels** | **134** | **21,609** | **72** |
| Jaz in the City | 3 | 587 | 1 |
| Joya Hotel | 8 | 1,368 | 1 |
| Blossom House | 53 | 2,326 | 49 |
| Grand Mercure Hotel | 7 | 1,726 | 5 |
| Steigenberger Hotels & Resorts[9] | 54 | 14,040 | 8 |
| MAXX [10] | 9 | 1,562 | 8 |
| **Luxury hotels** | **15** | **2,318** | **5** |
| Steigenberger Icon[11] | 9 | 1,847 | 1 |
| Song Hotels | 6 | 471 | 4 |
| **Others** | **10** | **3,584** | **5** |
| Other hotels[12] | 10 | 3,584 | 5 |
| **Total** | **8,543** | **809,478** | **2,580** |

*(8) As of December 31, 2022, 5 operational hotels and 11 pipeline hotels of IntercityHotel were in China.*
*(9) As of December 31, 2022, 11 operational hotels and 3 pipeline hotels of Steigenberger Hotels & Resorts were in China.*
*(10) As of December 31, 2022, 3 operational hotels and 8 pipeline hotels of MAXX were in China.*
*(11) As of December 31, 2022, 3 operational hotels of Steigenberger Icon were in China.*
*(12) Other hotels include other partner hotels and other hotel brands in Yongle Huazhu Hotel & Resort Group (excluding Steigenberger Hotels & Resorts and Blossom House).*

**About H World Group Limited**

Originated in China, H World Group Limited is a key player in the global hotel industry. As of December 31, 2022, H World operated 8,543 hotels with 809,478 rooms in operation in 17 countries. H World's brands include Hi Inn, Elan Hotel, HanTing Hotel, JI Hotel, Starway Hotel, Orange Hotel, Crystal Orange Hotel, Manxin Hotel, Madison Hotel, Joya Hotel, Blossom House, Ni Hao Hotel, CitiGO Hotel, Steigenberger Hotels & Resorts, MAXX, Jaz in the City, IntercityHotel, Zleep Hotels, Steigenberger Icon and Song Hotels. In addition, H World also has the rights as master franchisee for Mercure, Ibis and Ibis Styles, and co-development rights for Grand Mercure and Novotel, in the pan-China region.

H World's business includes leased and owned, manachised and franchised models. Under the lease and ownership model, H World directly operates hotels typically located on leased or owned properties. Under the manachise model, H World manages manachised hotels through the on-site hotel

managers that H World appoints, and H World collects fees from franchisees. Under the franchise model, H World provides training, reservations and support services to the franchised hotels, and collects fees from franchisees but does not appoint on-site hotel managers. H World applies a consistent standard and platform across all of its hotels. As of December 31, 2022, H World operates 13 percent of its hotel rooms under lease and ownership model, and 87 percent under manachise and franchise models.

For more information, please visit H World's website: https://ir.hworld.com.

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H World undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

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