



Third Quarter of 2021 Earnings Call

Huazhu Group Limited

(NASDAQ: HTHT and HKEX: 1179)

Nov 25, 2021

From Mega Scale Growth to 'Lean' Growth

从超大规模增长到精益增长

AGENDA

- **3Q2021 Business Updates**
- 3Q2021 Operational and Financial Review
- COVID-19 Updates and Guidance
- Q and A
- Appendix

'Comfort 360' for Better Customer Experience

“安心360” 打造更好的用户体验

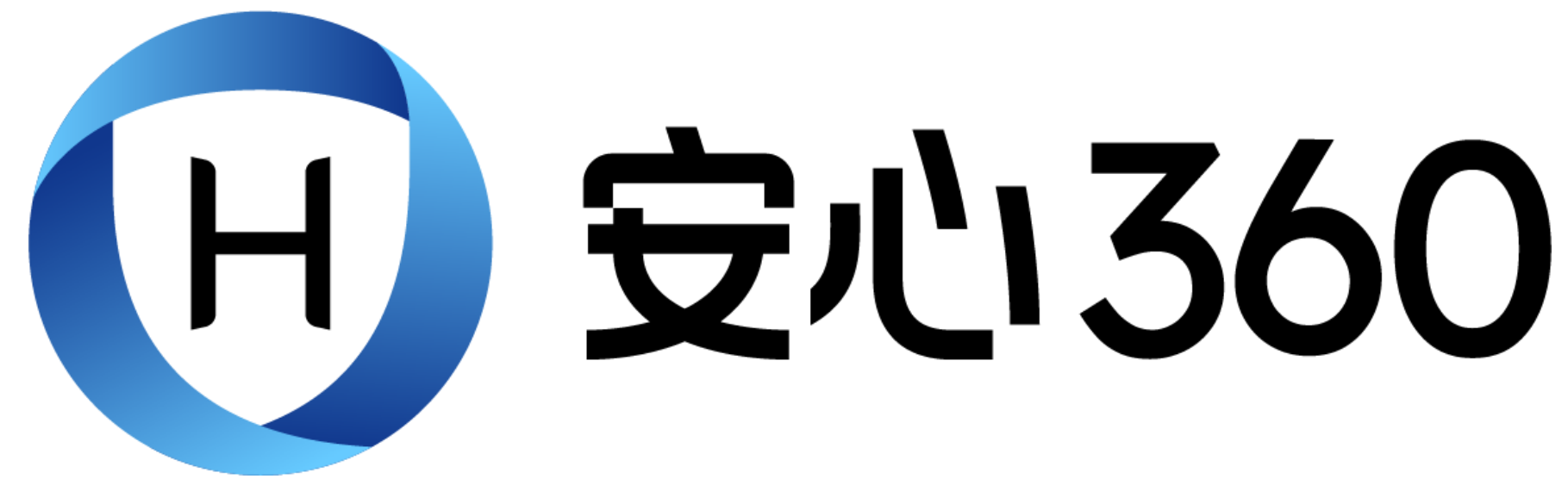
Central Procurement Standard

- 94.7% of hotels complied



Hotel Facilities Standard

- 87.6% of hotels complied



Hygiene Standard

- 82.5% of hotels complied



Safety Standard

- 97.7% of hotels complied

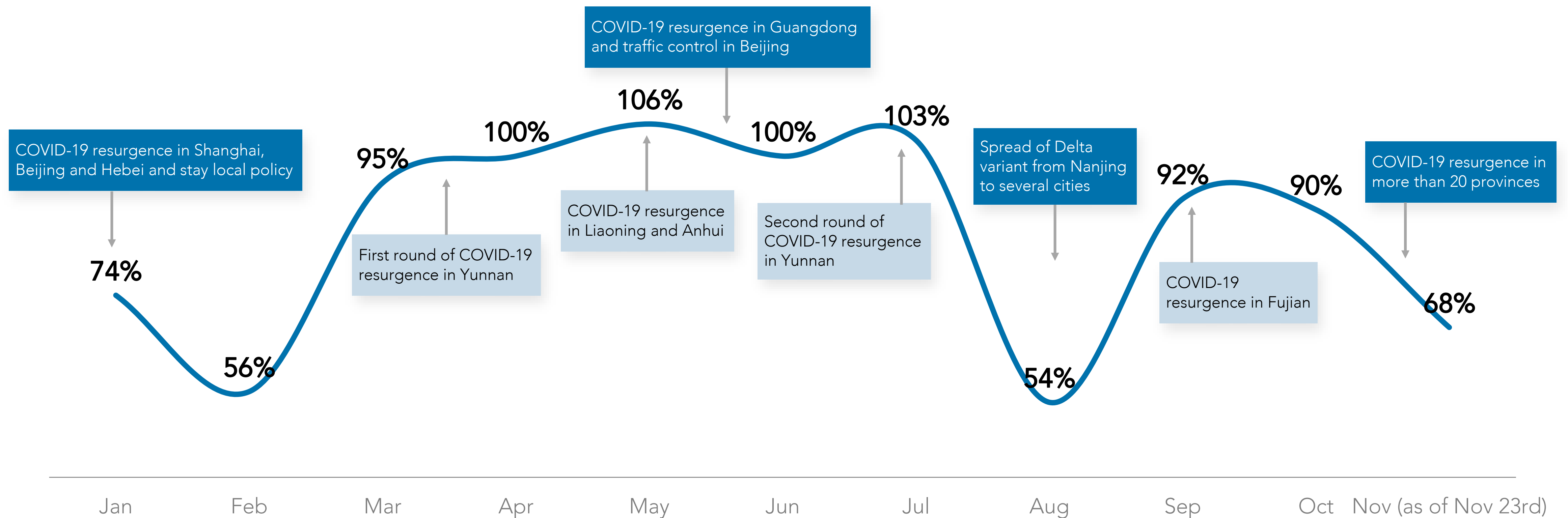


67% of hotels complied all above four standards

COVID-19 Resurgence Constantly Impact RevPAR Recovery

疫情不断反复持续影响RevPAR的恢复

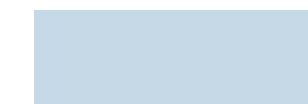
Blended RevPAR in 2021 as % of 2019



* Numbers in this page refers to Legacy-Huazhu business



COVID-19 resurgence with major impact on RevPAR



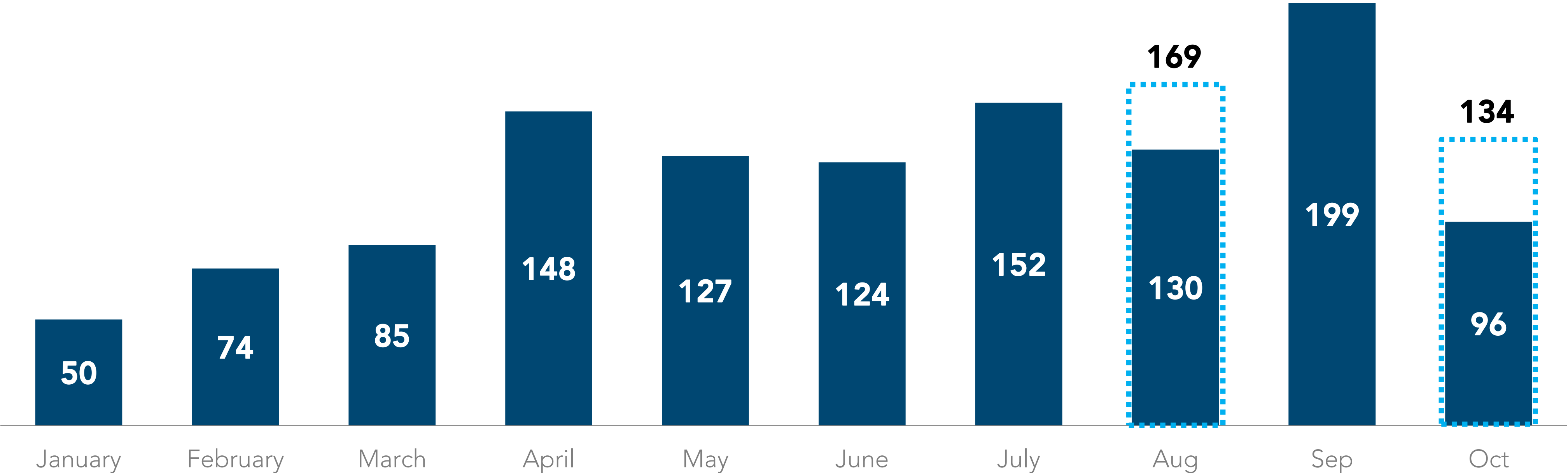
COVID-19 resurgence with limited impact on RevPAR

Hotel Openings was Impacted by COVID-19 Resurgence

疫情不断反复持续影响开店

Number of Hotels Opened

..... Number of hotels should have opened if there was no COVID-19 resurgence



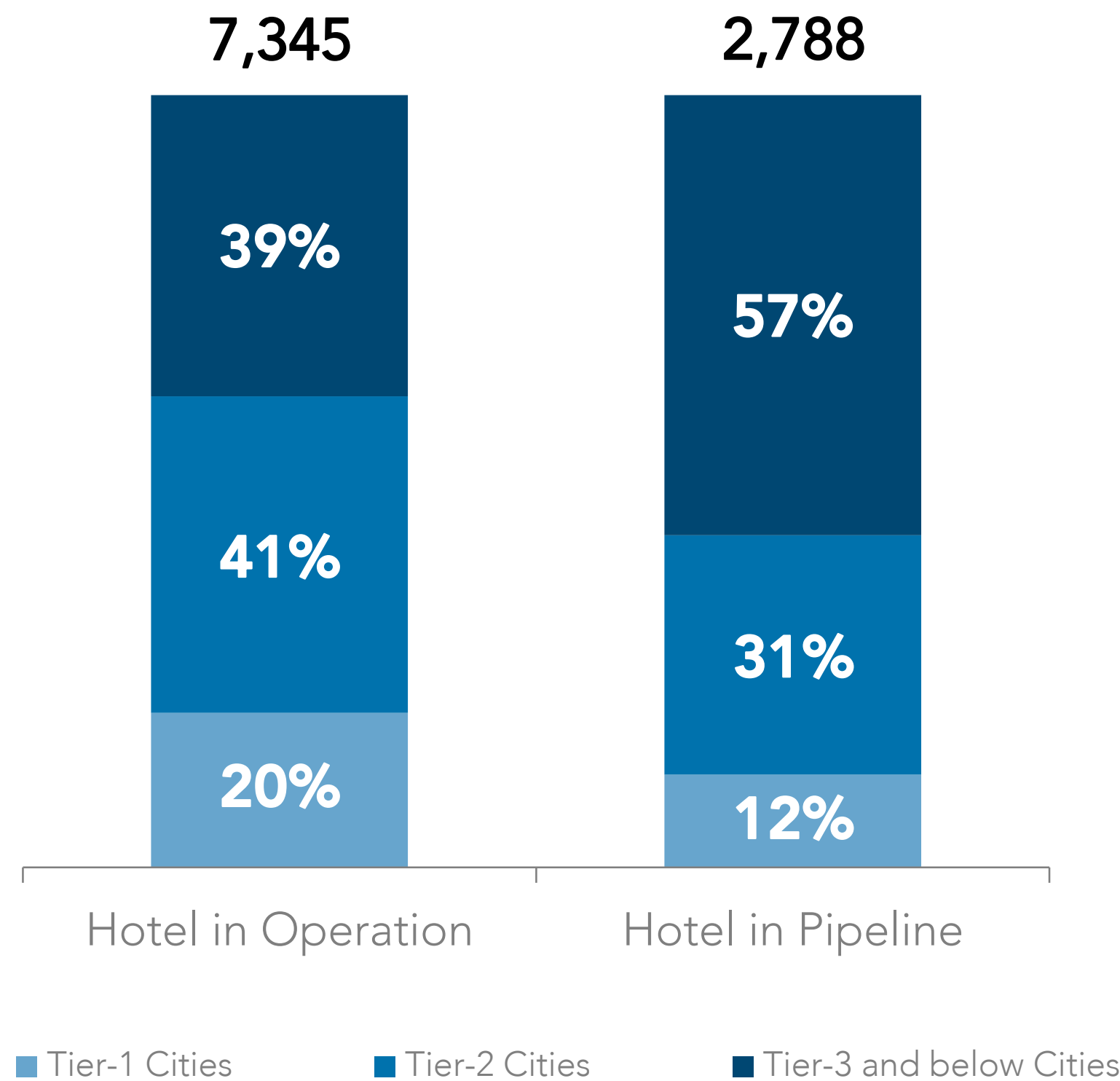
(1) 1,185 hotels were opened as of October 31, 2021
(2) Numbers in this page refers to Legacy-Huazhu business

New Signings Continue to Increase

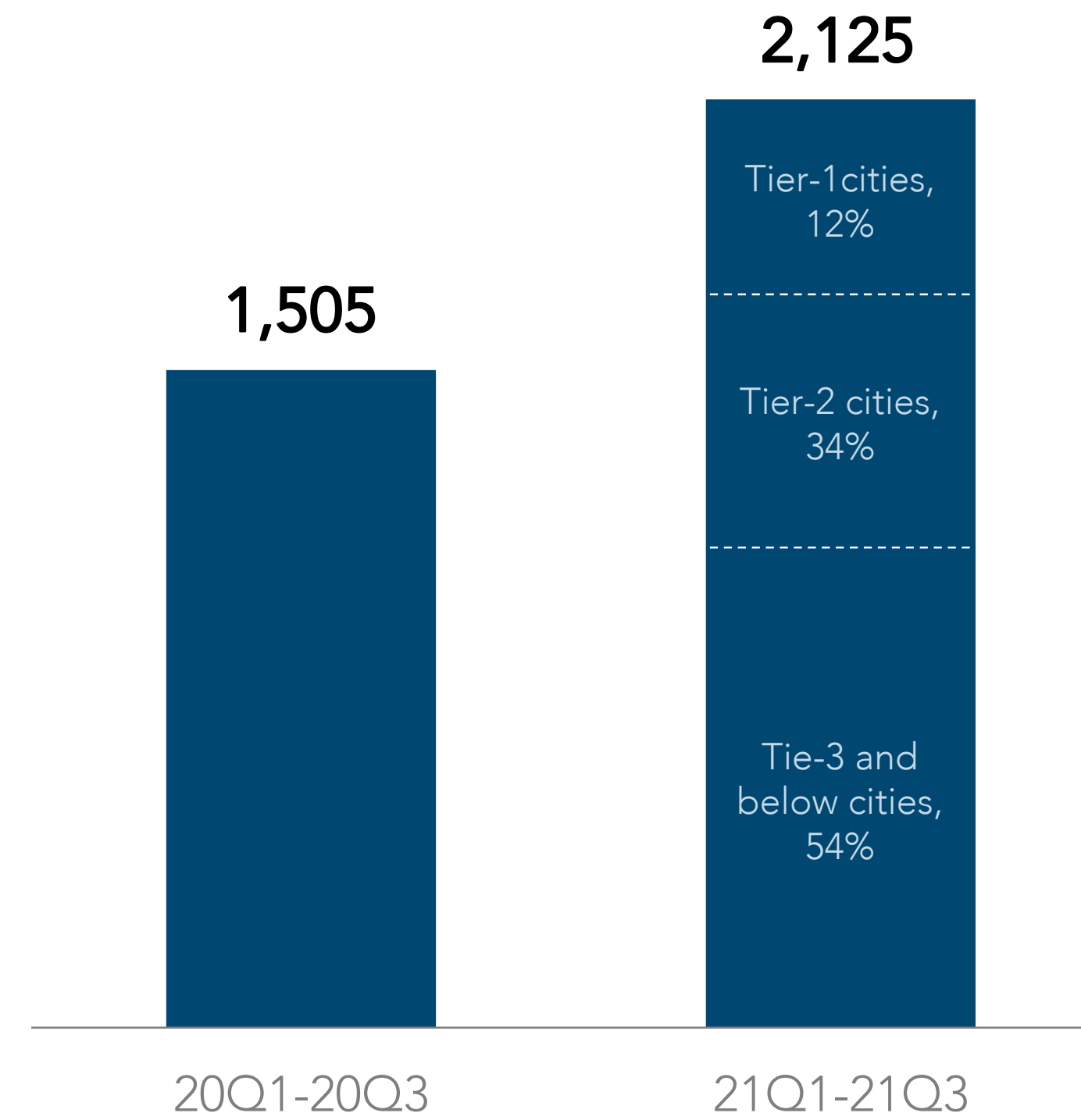
新签约数持续增长

Hotels Breakdown

(as of September 30)

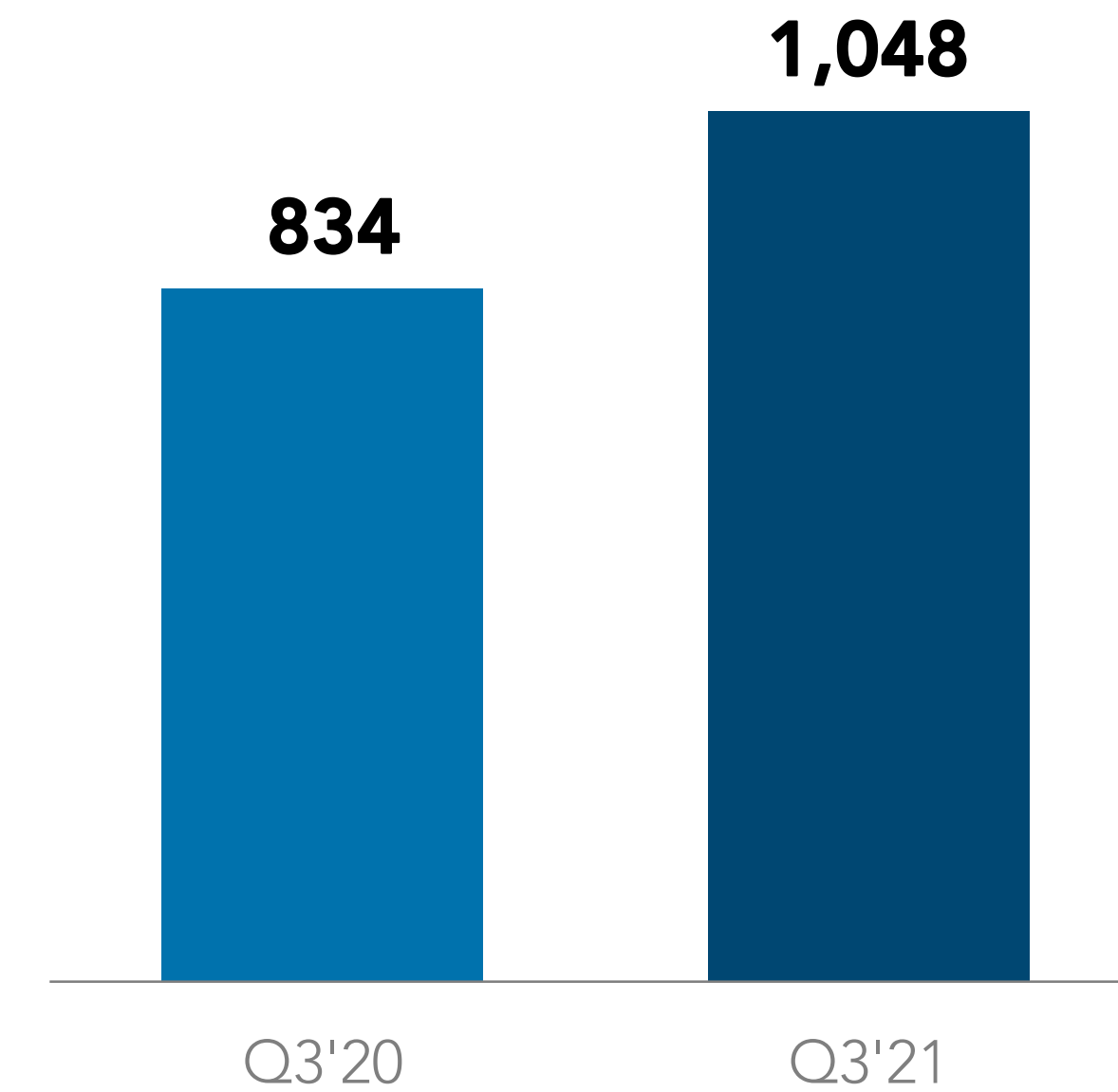


Number of New Signings



City Coverage

(hotels in operation and in pipeline)



* Numbers in this page refers to Legacy-Huazhu business

Caring Policy for Franchisees

加盟商的关爱政策

Fee Waiver

Up to 2 months **50%**
discount of management fee
for hotels in mid-to-high
risk areas

Deferred Payment

Deferred payment
on management fee
and CRS fee

Bridge Loan

Up to
RMB 1 million

bridge loan for
every qualified hotel

本店员工
均已接种
新冠疫苗

Progress of Upscale Segment

高档酒店稳步发展

As of Sept 30, 2021

10

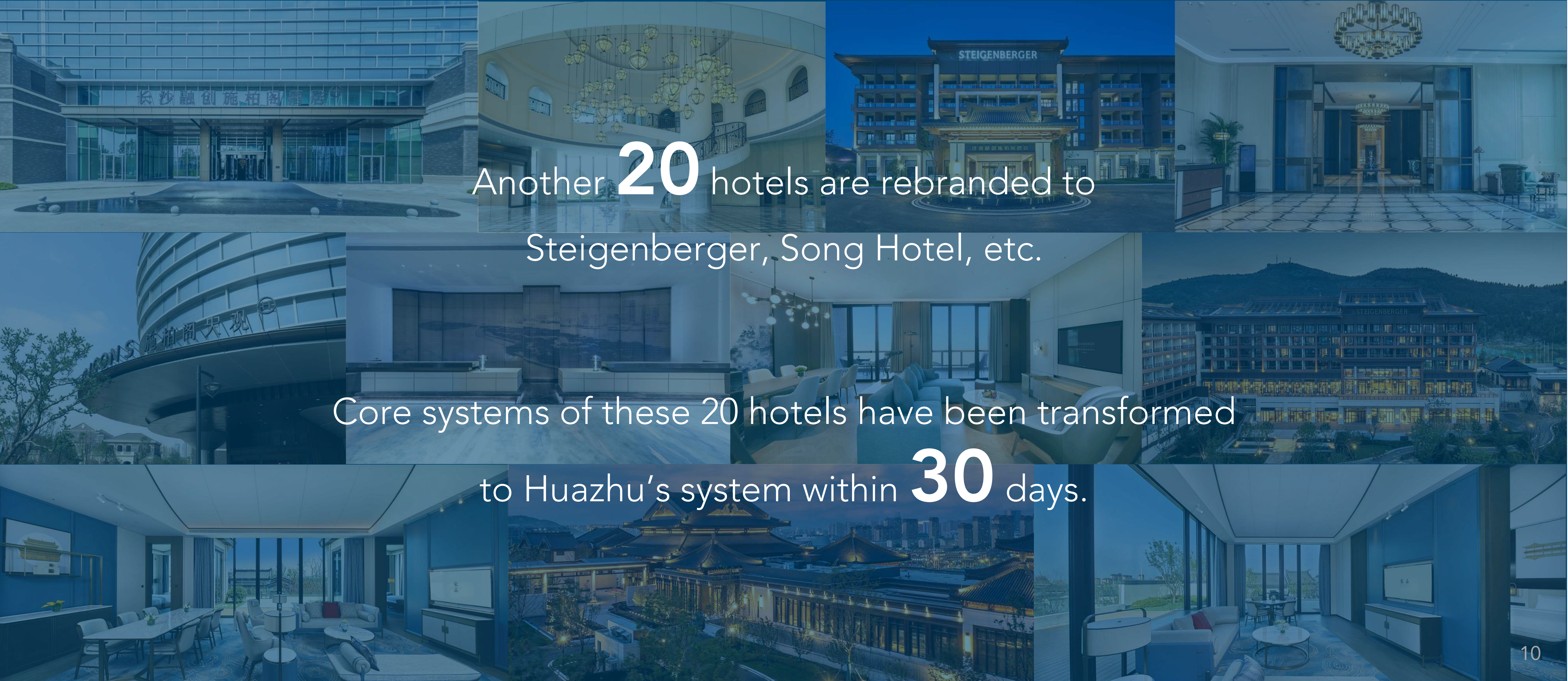
hotels opened

44

hotels signed

In Addition to Above...

除此以外...

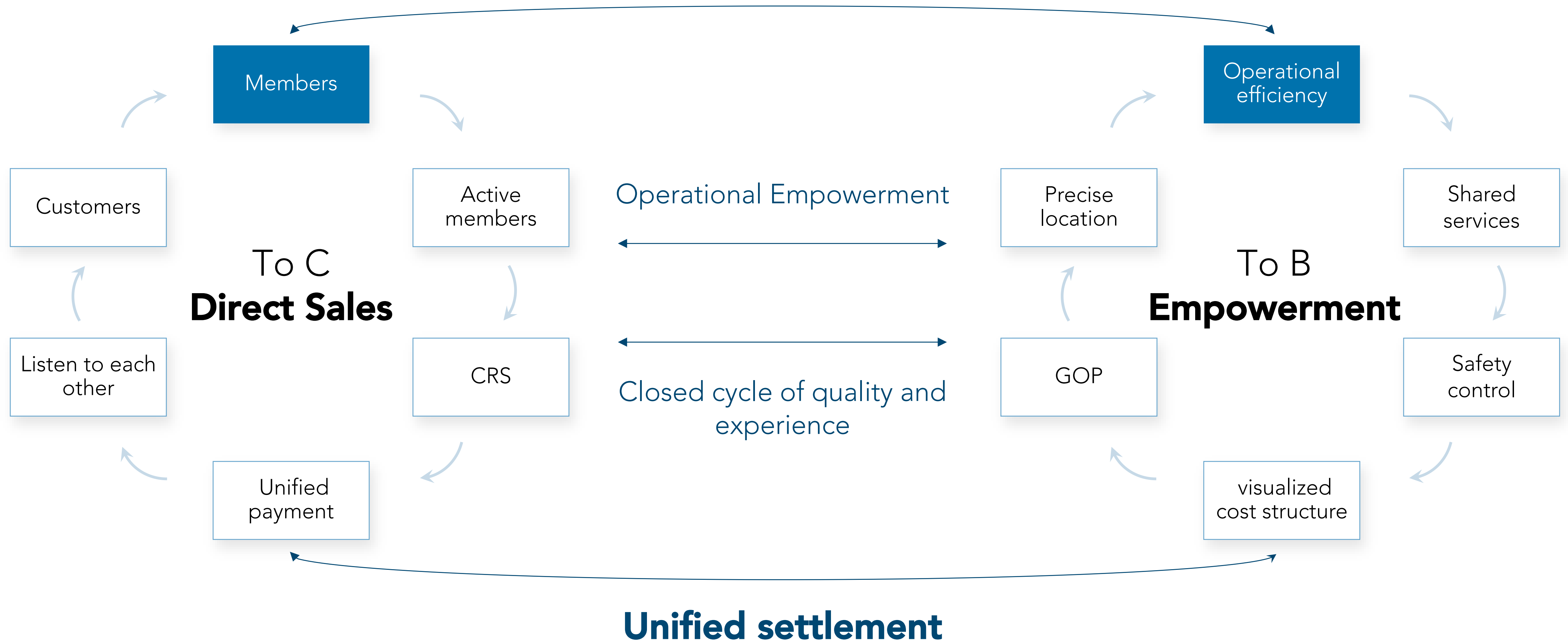


Another **20** hotels are rebranded to Steigenberger, Song Hotel, etc.

Core systems of these 20 hotels have been transformed to Huazhu's system within **30** days.

Continuous IT Development 持续的科技发展

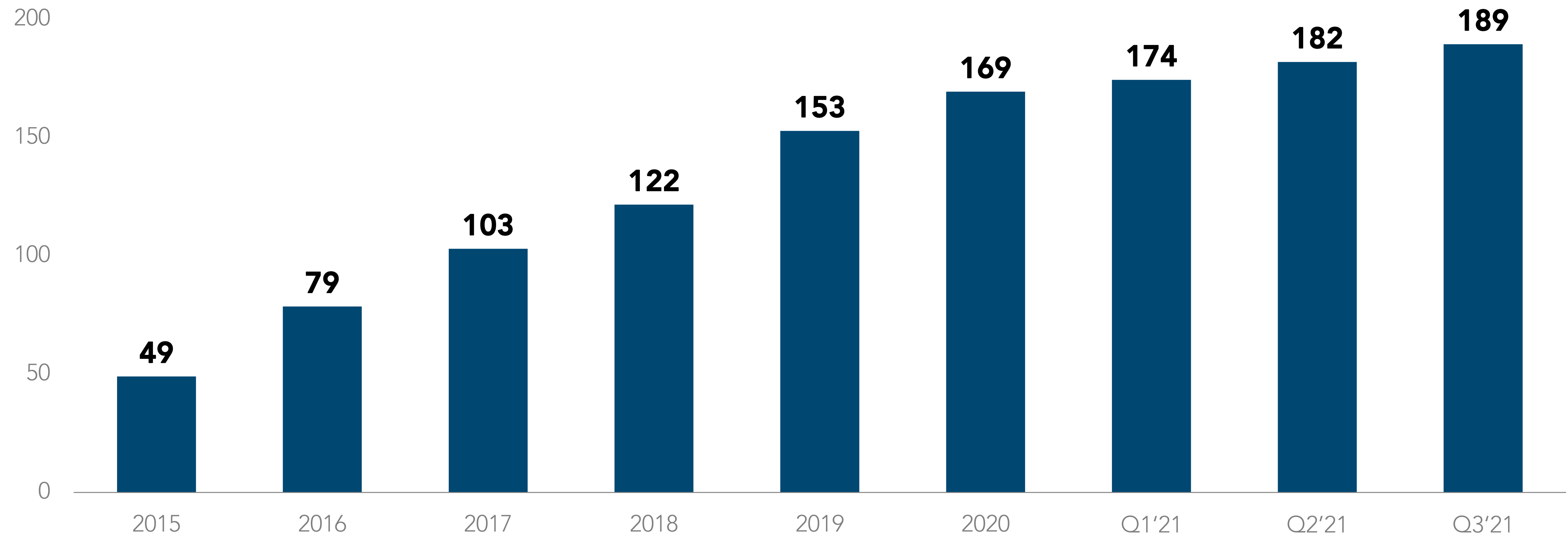
Multiple touch point to provide services



Solid Growth of Huazhu Members

会员数量稳健增长

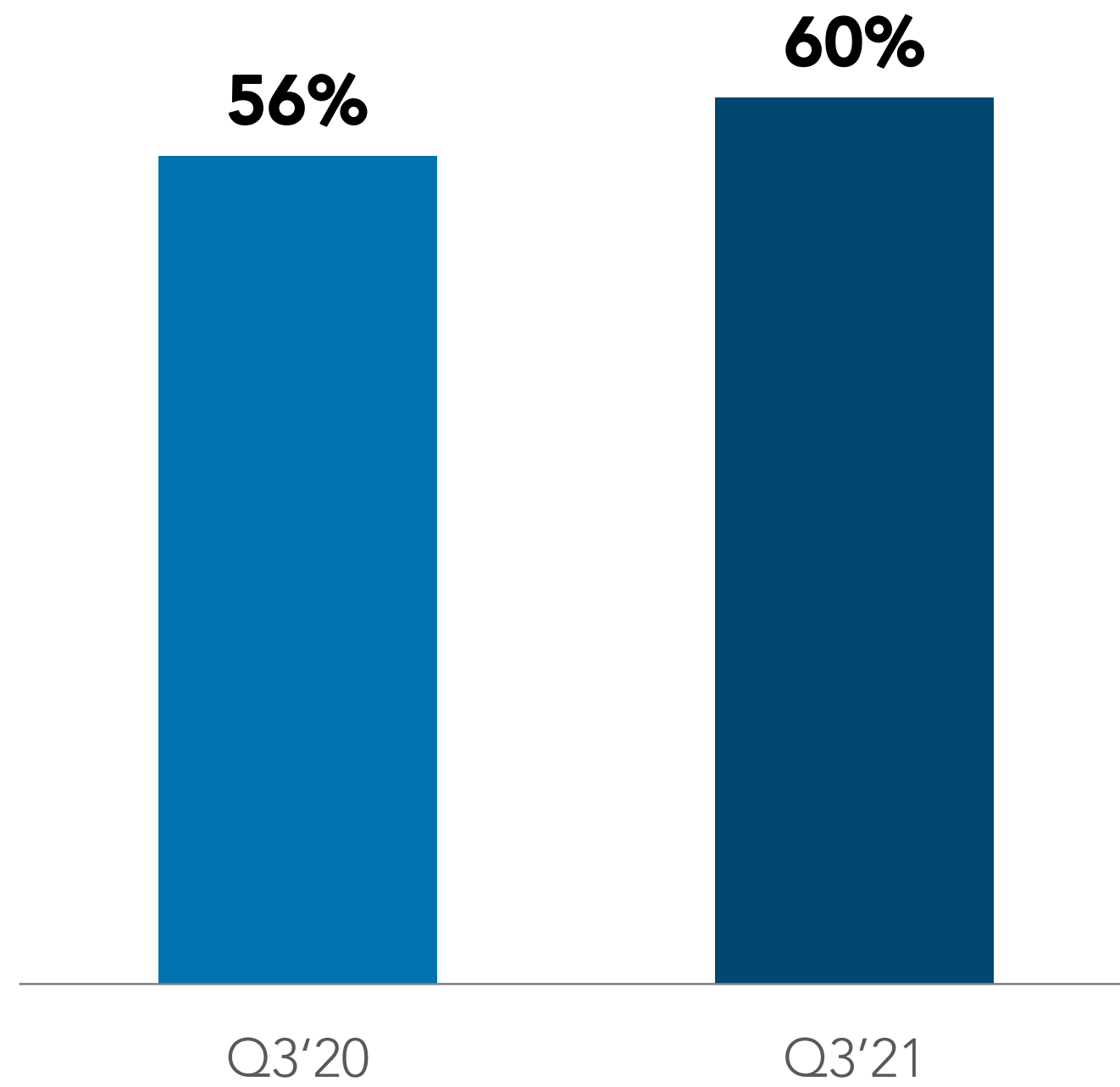
Number of Members (in millions)



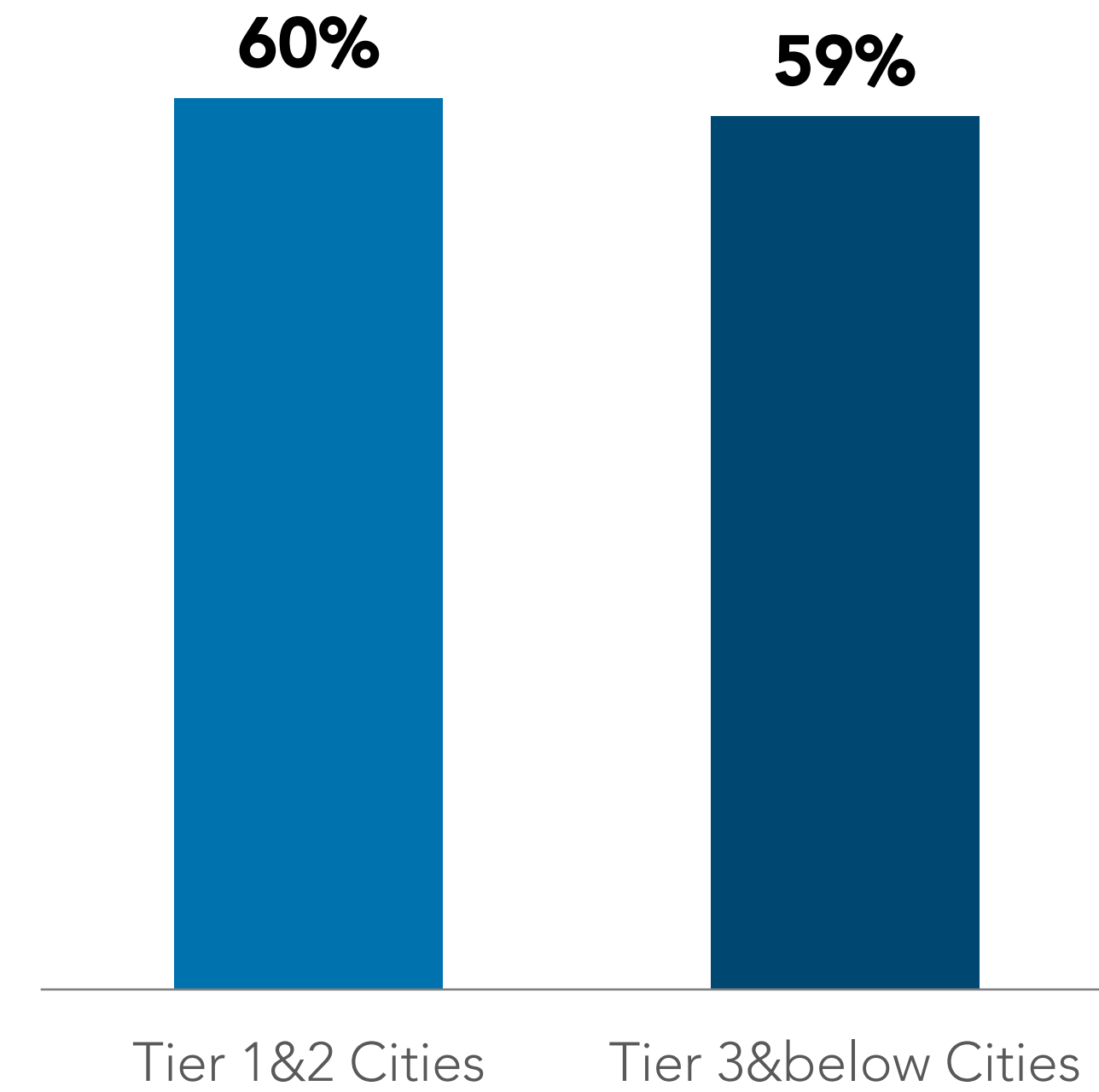
CRS Contribution Increased Across All City Tiers

中央预定贡献占比持续增加

CRS Contribution Increased YoY



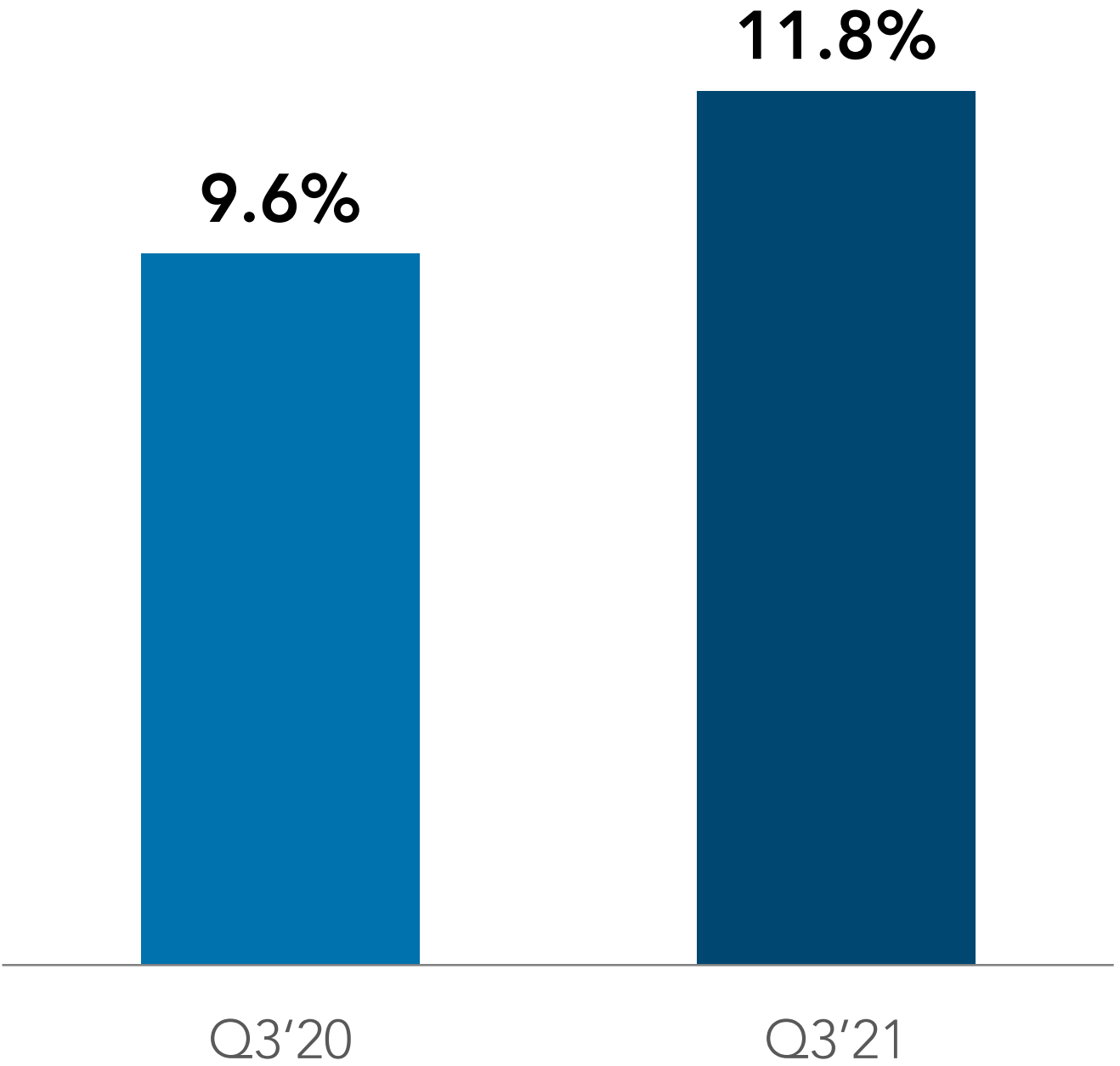
CRS Contribution by City Tier in Q3'21



Corporate Members Contribution Increased

企业客户贡献占比持续增加

Corporate Members Contribution



Corporate Members Contribution of Upper Midscale and Upscale Hotels

	Q3'20	Q3'21
Upper Midscale Hotels	24.6%	30.2%
Upscale Hotels	29.6%	35.4%

* Numbers in this page refers to Legacy-Huazhu business

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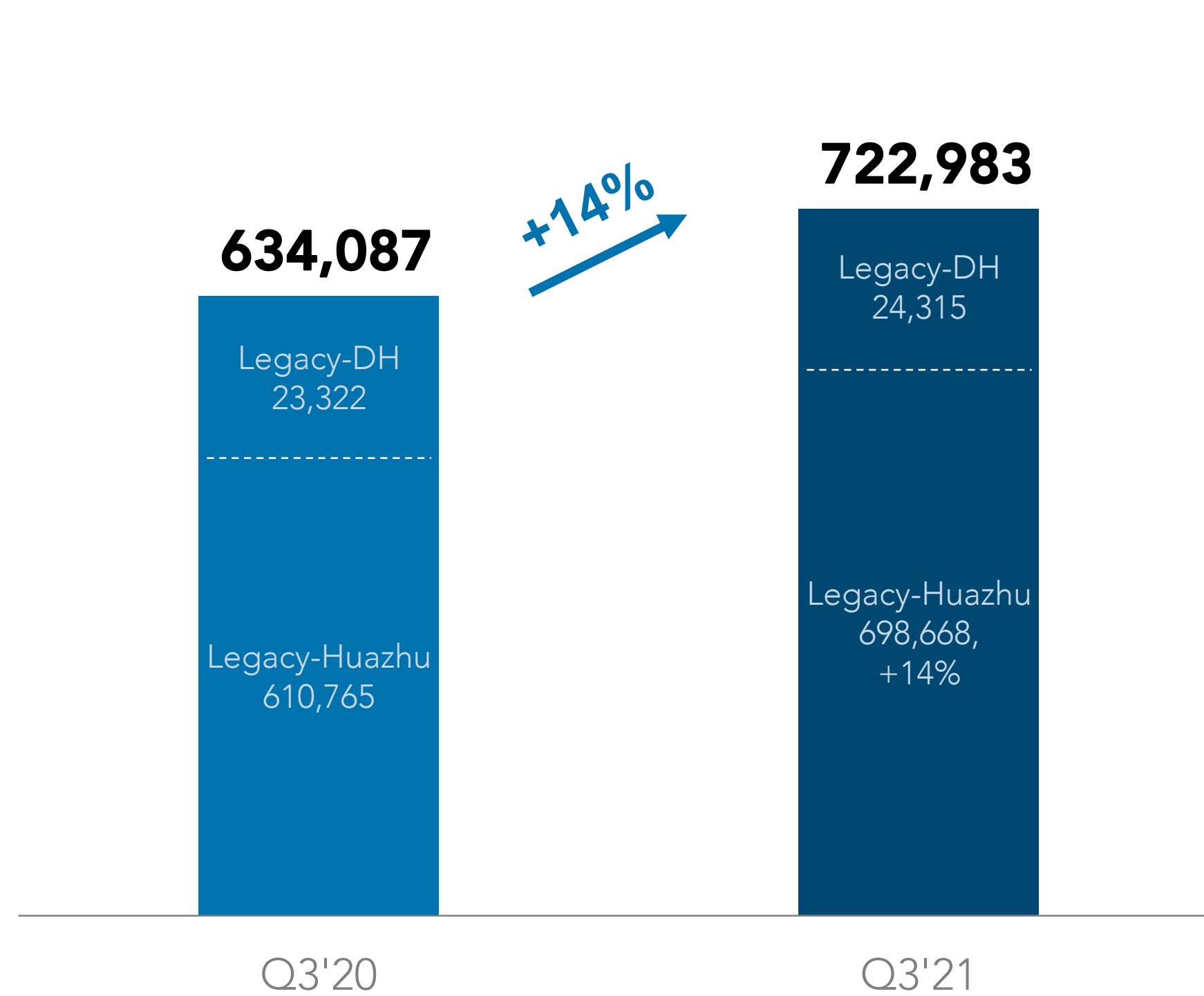
Hotel Network Continued to Expand

酒店网络持续扩张

Hotel Network Expansion

(Number of rooms in operation)

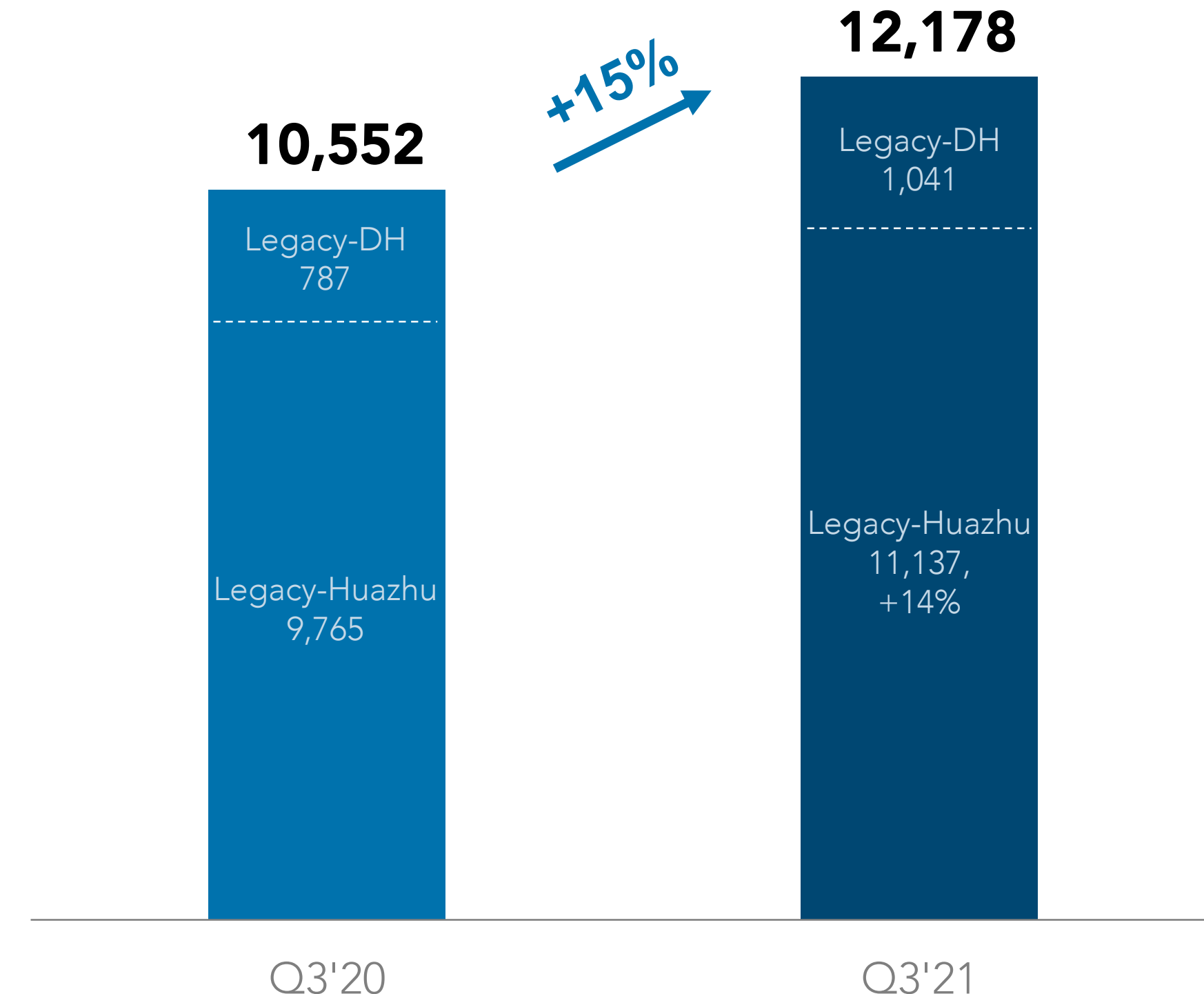
hotels in operation



Hotel Turnover

(in RMB millions)

hotel turnover

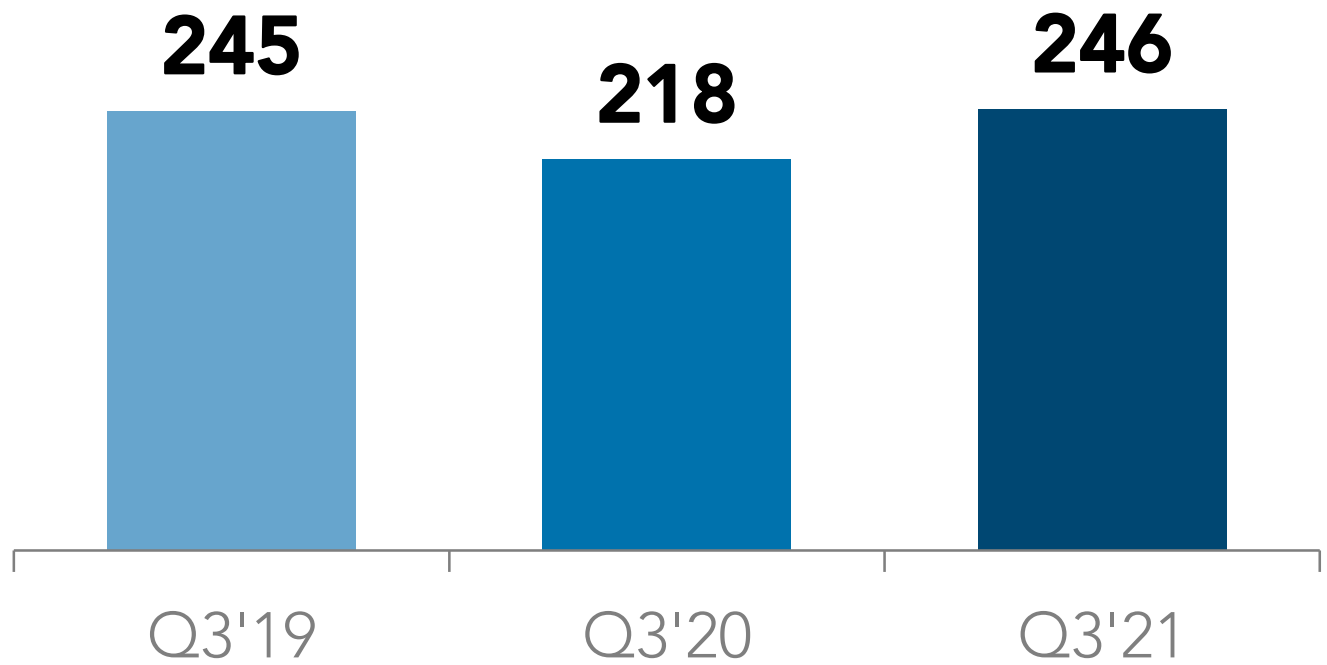


Legacy-Huazhu - Blended RevPAR decreased in Q3'21 yoy

华住中国-三季度混合RevPAR同比下降

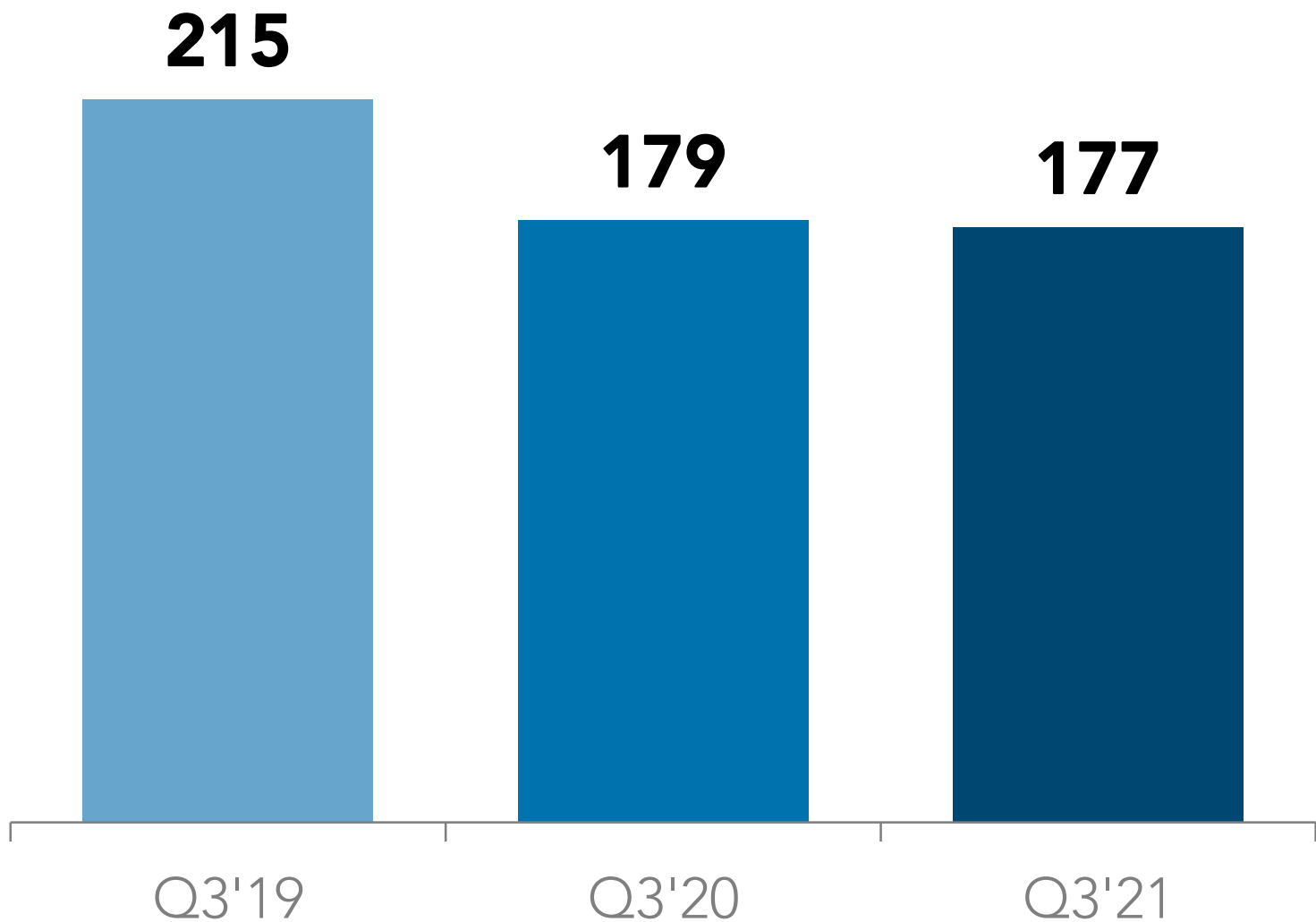
**ADR +12.8% yoy and +0.3%
Compared to 2019**

(RMB)

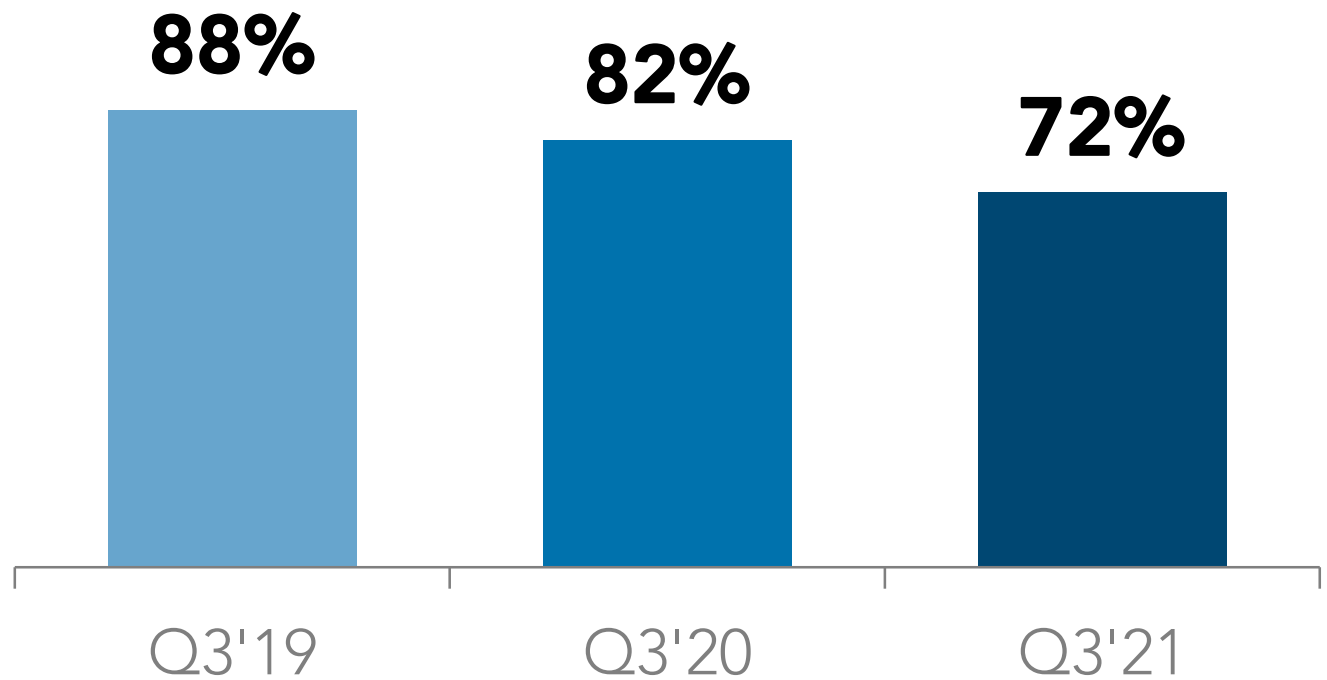


**RevPAR -1.1% yoy and -17.8%
Compared to 2019**

(RMB)



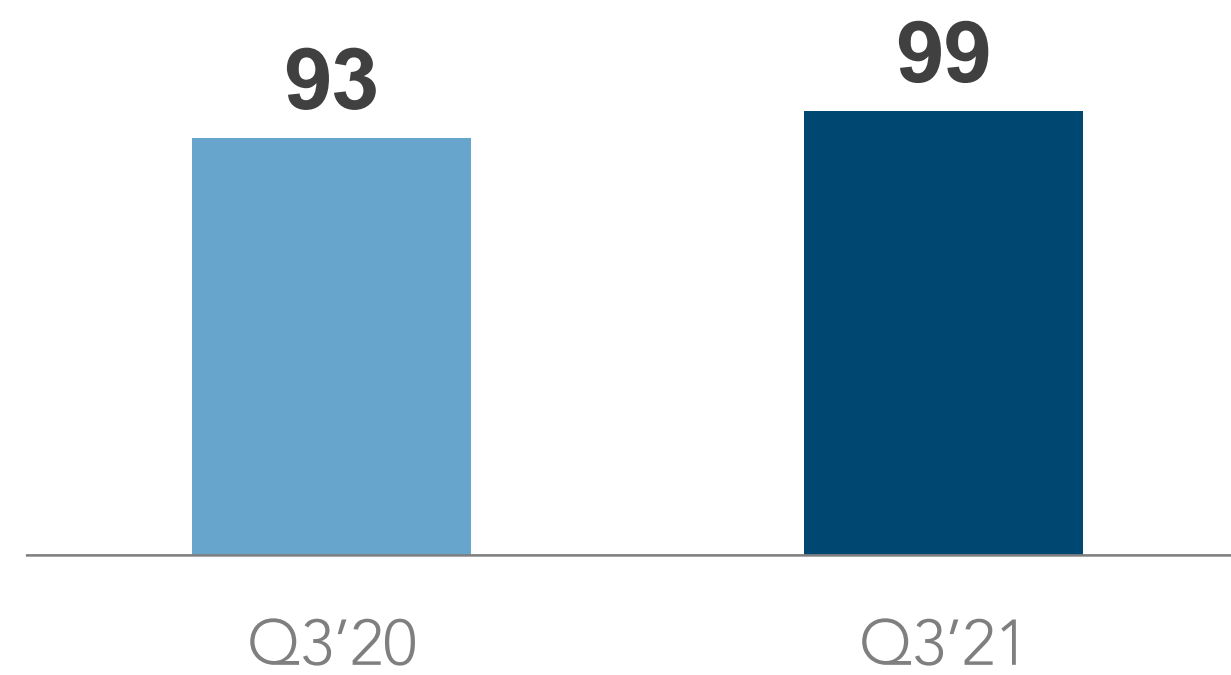
**Occupancy -10.1 p.p. yoy and -15.8 p.p.
Compared to 2019**



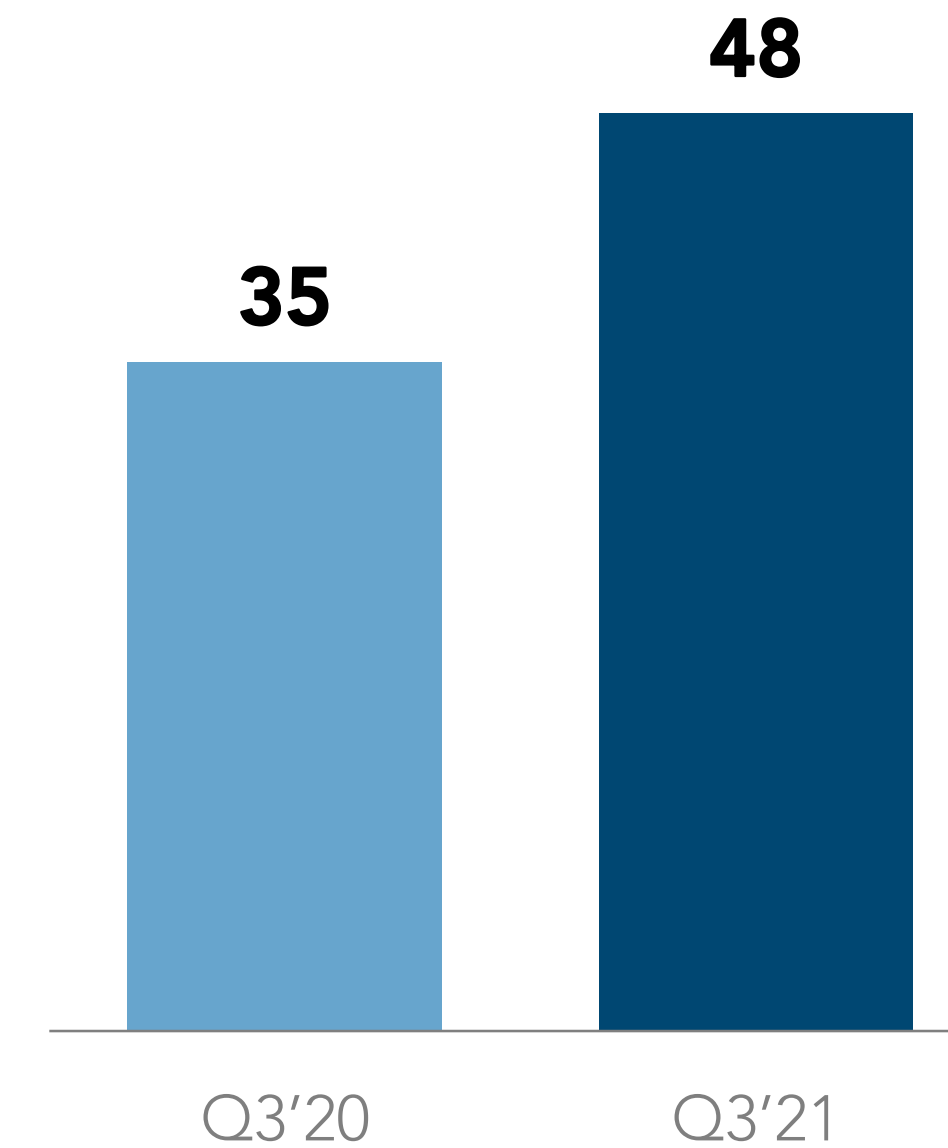
Legacy-DH - Blended RevPAR Increased in Q3'21 yoy

DH-三季度混合RevPAR同比增长

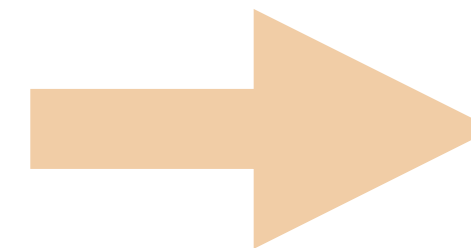
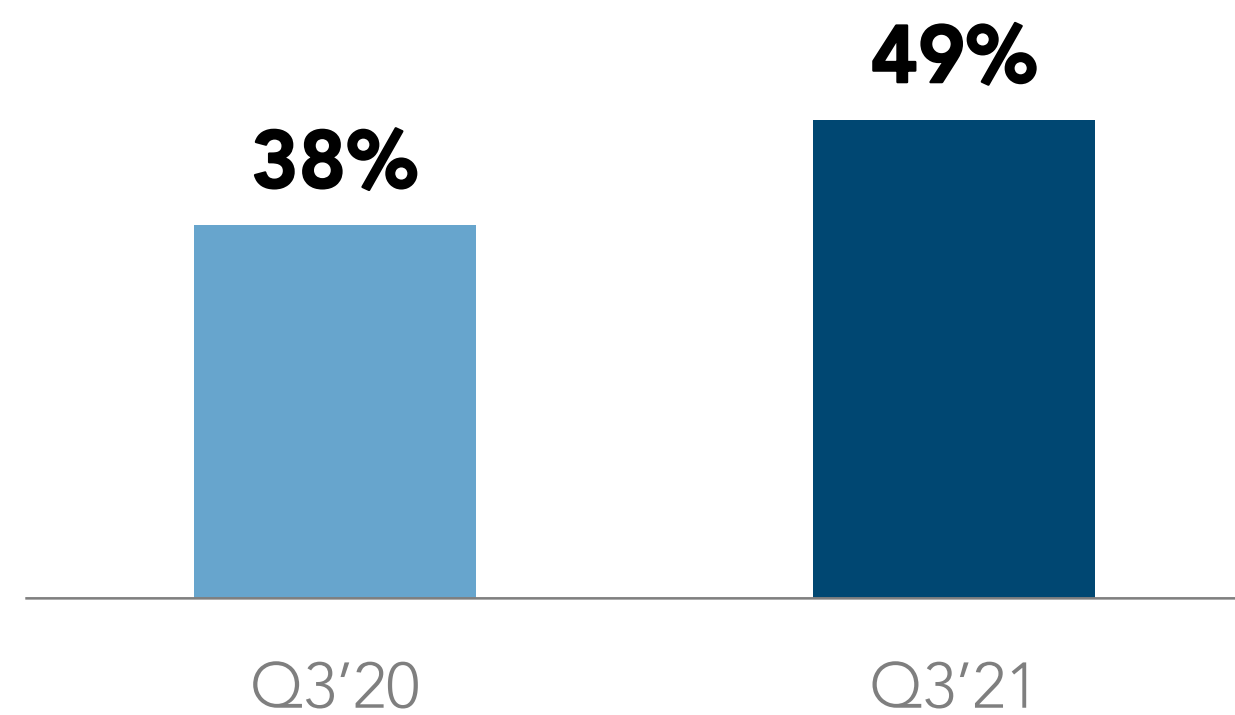
ADR +6.1% in Q3'21
(EUR)



RevPAR +35.9% in Q3'21
(EUR)



Occupancy +10.7 p.p. in Q3'21



Net Revenues: Q3'21 Increased 12%

营收三季度增长12%

In million RMB	3Q21	3Q20	YoY	2Q21	QoQ
Net revenues from Legacy - Huazhu	2,894	2,693	7%	3,337	-13%
- Leased & Owned Hotels	1,784	1,717	4%	2,070	-14%
- Manachised & Franchised Hotels	1,110	976	14%	1,267	-12%
Net revenues from Legacy - DH	579	433	34%	220	164%
- Leased & Owned Hotels	561	414	36%	212	165%
- Manachised & Franchised Hotels	18	19	-5%	8	125%
Other revenues	50	32	56%	30	67%
Net revenues	3,523	3,158	12%	3,587	-2%

Manachised and Franchised Hotels Revenue as % of Net Revenues

	Q3'20	Q3'21
Huazhu Group	31.5%	32.0%
Legacy-Huazhu	35.7%	37.8%

China business was negatively impacted by COVID-19 resurgence in Nanjing since late July

DH saw great improvement

Q3'21 Operating Income Turned Positive YoY

三季度经营利润同比转正

In million RMB	3Q21	3Q20	YoY	2Q21	QoQ
Hotel operating costs	2,885	2,470	17%	2,739	5%
- Legacy-Huazhu	2,255	1,923	17%	2,201	2%
- Legacy-DH	630	547	15%	538	17%
Pre-opening expenses	15	42	-64%	16	-6%
- Legacy-Huazhu	15	42	-64%	16	-6%
- Legacy-DH	-	-	Nm	-	Nm
SG&A expenses	577	505	14%	553	4%
- Legacy-Huazhu	435	337	29%	423	3%
- Legacy-DH	142	168	-15%	130	9%
Income from operations	72	-201	Nm	629	-89%
- Legacy-Huazhu	239	523	-54%	763	-69%
- Legacy-DH	-167	-724	77%	-134	-25%

Hotel operating cost increased mainly due to continuous hotel network expansion

Asset-light model resulted in lower pre-opening costs

SG&A increased due to increase in headcounts for BD team, upscale hotel division, IT and sales team

Adjusted EBITDA and Adjusted Net Income in Q3'21

三季度调整后的EBITDA和净利润情况

In million RMB	3Q21	3Q20	YoY	2Q21	QoQ
Adjusted EBITDA	385	184	109%	1,043	-63%
- Legacy-Huazhu	500	853	-41%	1,116	-55%
- Legacy-DH	-115	-669	83%	-73	-58%
Adjusted Net Income	-46	-218	79%	464	Nm
- Legacy-Huazhu	117	476	-75%	579	-80%
- Legacy-DH	-163	-694	77%	-115	-42%

Adjusted EBITDA and net loss in Q3 improved YoY, supported by strong recovery of DH, while offset by weaker China performance due to COVID-19 resurgence

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

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Healthy Liquidity Position
良好的流动性

Net Debt

RMB 5.2bn

Cash Balance

RMB 5.4bn

**Unutilized Bank
Facilities**

RMB 7.0bn

COVID-19 Update - Deutsche Hospitality

DH疫情近况

Vaccination

71% of entire German population have received at least one shot of vaccine as of November 23rd

Business Recovery

DH occupancy rises from **19%** in Q1, **24%** in Q2 to **49%** in Q3. However, the recovery is challenged by the **4th wave of pandemic** for the following months, depending on the government restriction policy.

Mitigation Measures

Short-time workers compensation continues until Dec 31, 2021; Ongoing negotiations of lease waivers; Ongoing deferral of major cash-outs; Additional subsidy application was submitted in Oct

Guidance

业绩指引

Q4 2021

Net revenues vs. Q4 2020

- **Grow 6%-10%**
- Excluding DH - **Decline 4%-8%**

Net revenue vs. Q4 2019

- **Grow 12%-16%**
- Excluding DH - **Decline 7%-11%**

Full year 2021

Net revenue vs.2020

- **Grow 22%-26%**
- Excluding DH - **Grow 26%-30%**

Net revenue vs. 2019

- **Grow 11%-15%**
- Excluding DH - **Decline 0%-4%**

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Same-Hotel Operational Data by Segment

同店经营数据

Operational hotels excluding hotels under requisition

	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		
	September 30,		September 30,		yoy change	September 30,		yoy change	September 30,		yoy change (p.p.)
	2020	2021	2020	2021		2020	2021		2020	2021	
Economy hotels	3,157	3,157	147	141	-3.9%	170	187	10.3%	86.6%	75.4%	-11.2
Leased and owned hotels	398	398	162	157	-3.4%	187	213	14.2%	87.0%	73.6%	-13.4
Manachised and franchised hotels	2,759	2,759	144	138	-4.1%	166	182	9.5%	86.5%	75.8%	-10.7
Midscale and upscale hotels	1,646	1,646	244	225	-7.9%	301	323	7.2%	80.9%	69.6%	-11.3
Leased and owned hotels	218	218	280	257	-8.3%	358	392	9.5%	78.4%	65.7%	-12.7
Manachised and franchised hotels	1,428	1,428	236	217	-7.8%	289	309	6.7%	81.5%	70.4%	-11.0
Total	4,803	4,803	187	176	-5.9%	222	241	8.7%	84.2%	73.0%	-11.3

	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		
	September 30,		September 30,		yoy change	September 30,		yoy change	September 30,		yoy change (p.p.)
	2019	2021	2019	2021		2019	2021		2019	2021	
Economy hotels	2,364	2,364	187	141	-24.5%	201	187	-6.7%	93.2%	75.4%	-17.8
Leased and owned hotels	385	385	209	154	-26.2%	224	210	-6.2%	93.5%	73.5%	-19.9
Manachised and franchised hotels	1,979	1,979	181	138	-24.1%	195	181	-6.9%	93.1%	75.9%	-17.2
Midscale and upscale hotels	1,057	1,057	293	219	-25.4%	340	321	-5.6%	86.4%	68.2%	-18.1
Leased and owned hotels	187	187	355	245	-31.0%	406	379	-6.7%	87.3%	64.5%	-22.8
Manachised and franchised hotels	870	870	275	211	-23.4%	320	304	-4.9%	86.1%	69.4%	-16.7
Total	3,421	3,421	226	170	-24.8%	249	234	-6.3%	90.7%	72.7%	-17.9

Number of Hotels and Rooms

酒店数量和房间数量

	As of September 30, 2021		
	Hotels	Rooms in operation	Unopened hotels in pipeline
Economy hotels	4,635	382,337	1,386
HanTing Hotel	2,937	268,347	765
Hi Inn	430	25,069	107
Elan Hotel	1,040	64,757	468
Ibis Hotel	214	22,503	34
Zleep Hotels	14	1,661	12
Midscale hotels	2,288	256,146	1,099
Ibis Styles Hotel	78	8,299	17
Starway Hotel	496	41,913	280
Ji Hotel	1,294	158,008	588
Orange Hotel	390	43,146	209
CitiGO Hotel	30	4,780	5
Upper midscale hotels	429	63,959	276
Crystal Orange Hotel	137	18,406	67
Manxin Hotel	76	7,416	63
Madison Hotel	35	5,247	54
Mercure Hotel	119	20,561	52
Novotel Hotel	14	3,723	16
IntercityHotel	48	8,606	24
Upscale hotels	107	18,383	62
Jaz in the City	3	587	1
Joya Hotel	9	1,760	0
Blossom House	32	1,579	35
Grand Mercure Hotel	7	1,485	6
Steigenberger Hotels & Resorts	50	12,013	14
MAXX	6	959	6
Others	7	2,158	4
Other hotels	7	2,158	4
Total	7,466	722,983	2,827