



华住酒店集团

成就美好生活



China Lodging Group (HTHT.US)

Q4 2016 Earnings

March 15, 2017

Strategy Review

Acquisition of Crystal Orange Hotel

Operational and Financial Review

Q & A

Appendix

2016 Strategy

1 Strengthen and differentiate HANTING

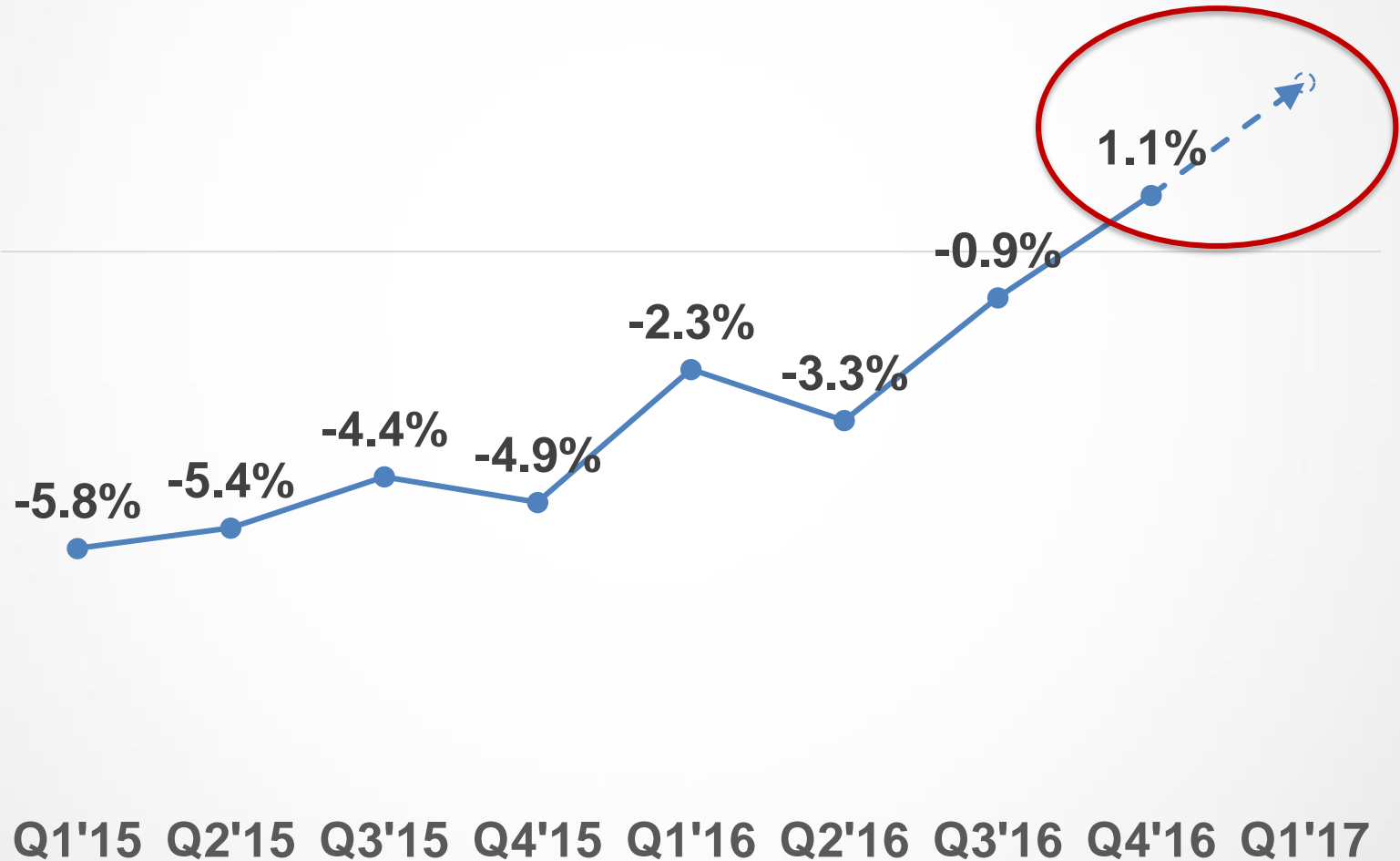
2 Continue FAST expansion

3 Further boost DIRECT sales

2016 Achievements

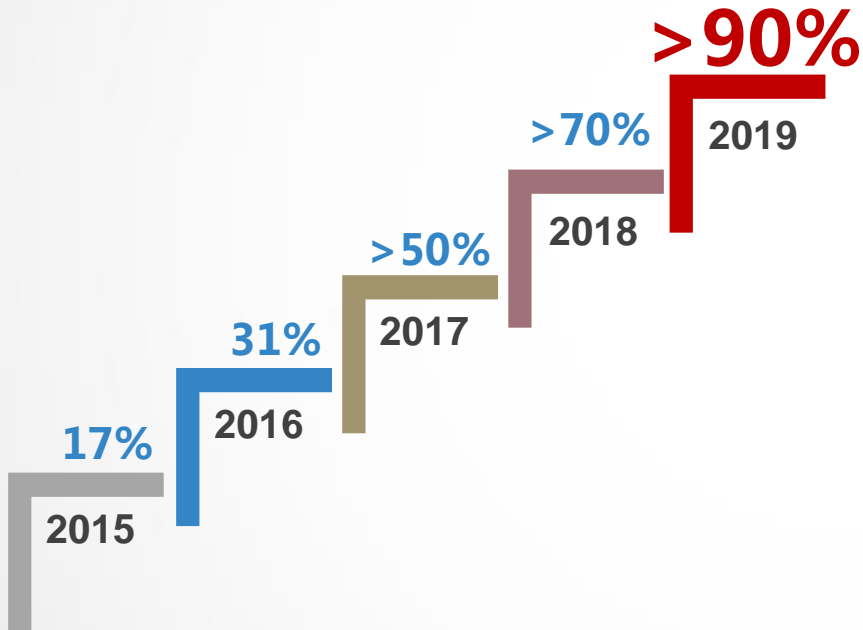
- HanTing same-hotel RevPAR turned **POSITIVE to 1.1%**
- HanTing 2.0 rooms over **30%**
- Cleanliness upgrade initiative
- Gross opening - 737 hotels
- Rooms inventory – 18% mid-and-up scale
- Pipeline rooms – 49% mid-and-up scale
- Direct channel contribution – Economy **+1.2%**; Mid-and-up scale **+2.3%**
- Best price guarantee initiative for members
- Members - **79m** at 16Q4, **+30m** vs. 15Q4

HanTing Same-hotel RevPAR Turned Positive Growth in Q4



HanTing 2.0 Upgradation Mid Term Plan

HanTing 2.0 Hotel Design



% of HanTing rooms under HanTing 2.0 model and above





实景图



建设中



建设中

汉庭 干净承诺

- 所有水环管外结-彻底定期消毒
- 所有食品管理用品保证一客一换
- 所有食品清洁用品均达到五星级酒店标准

汉庭
HANTING HOTEL

像妈妈一样，为您收拾一个干净的房间

让看不见的地方也干净

在过去一年里
她清洗过6734个水杯

她总是将每一个水杯
认真清洗后再消毒10分钟

汉庭
HANTING HOTEL

像妈妈一样，为您收拾一个干净的房间

让看不见的地方也干净

在过去一年里
她清洁过3125间浴室

她总是花上10分钟
细致的清洁马桶

汉庭
HANTING HOTEL

像妈妈一样，为您收拾一个干净的房间

让看不见的地方也干净

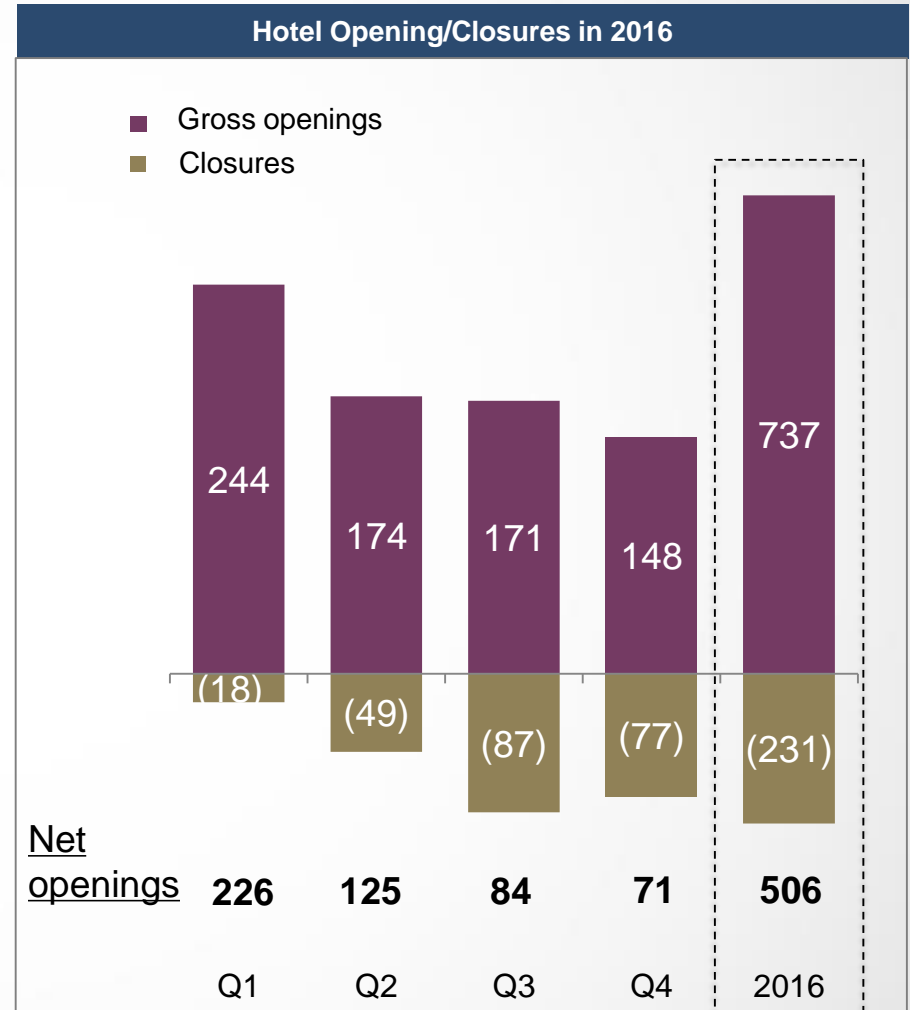
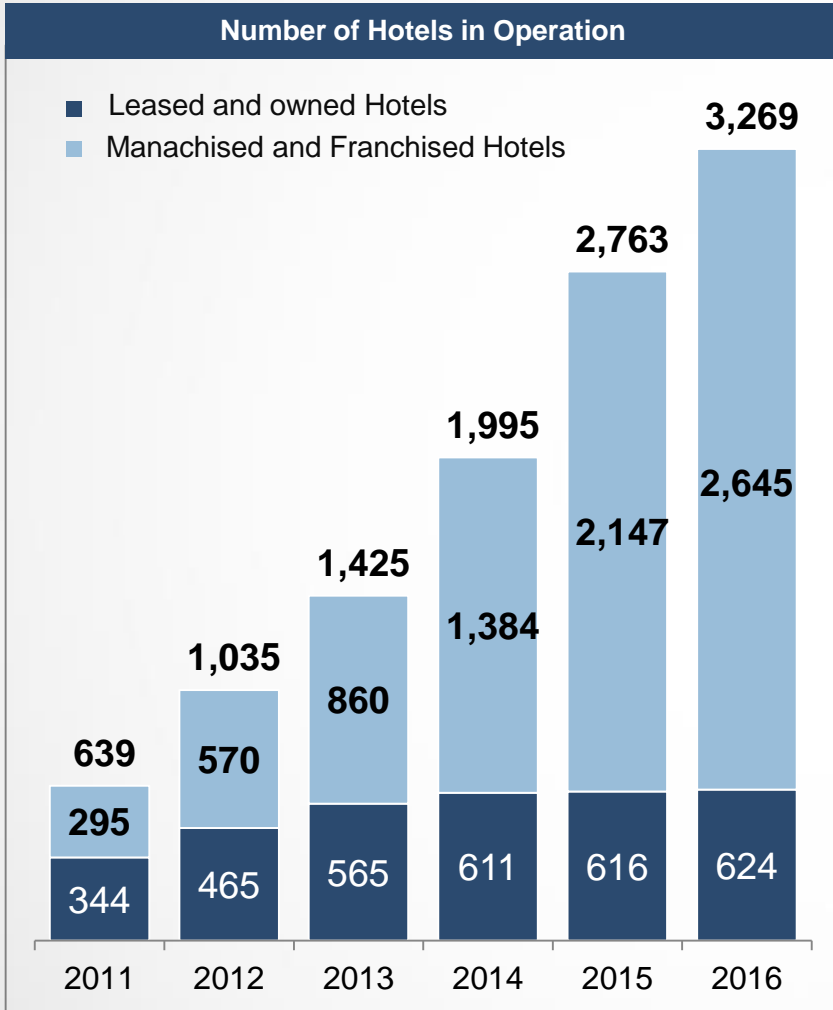
在过去一年里
她打扫过3610间卧室

她总是在离开房间前
将所有角落再检查一遍

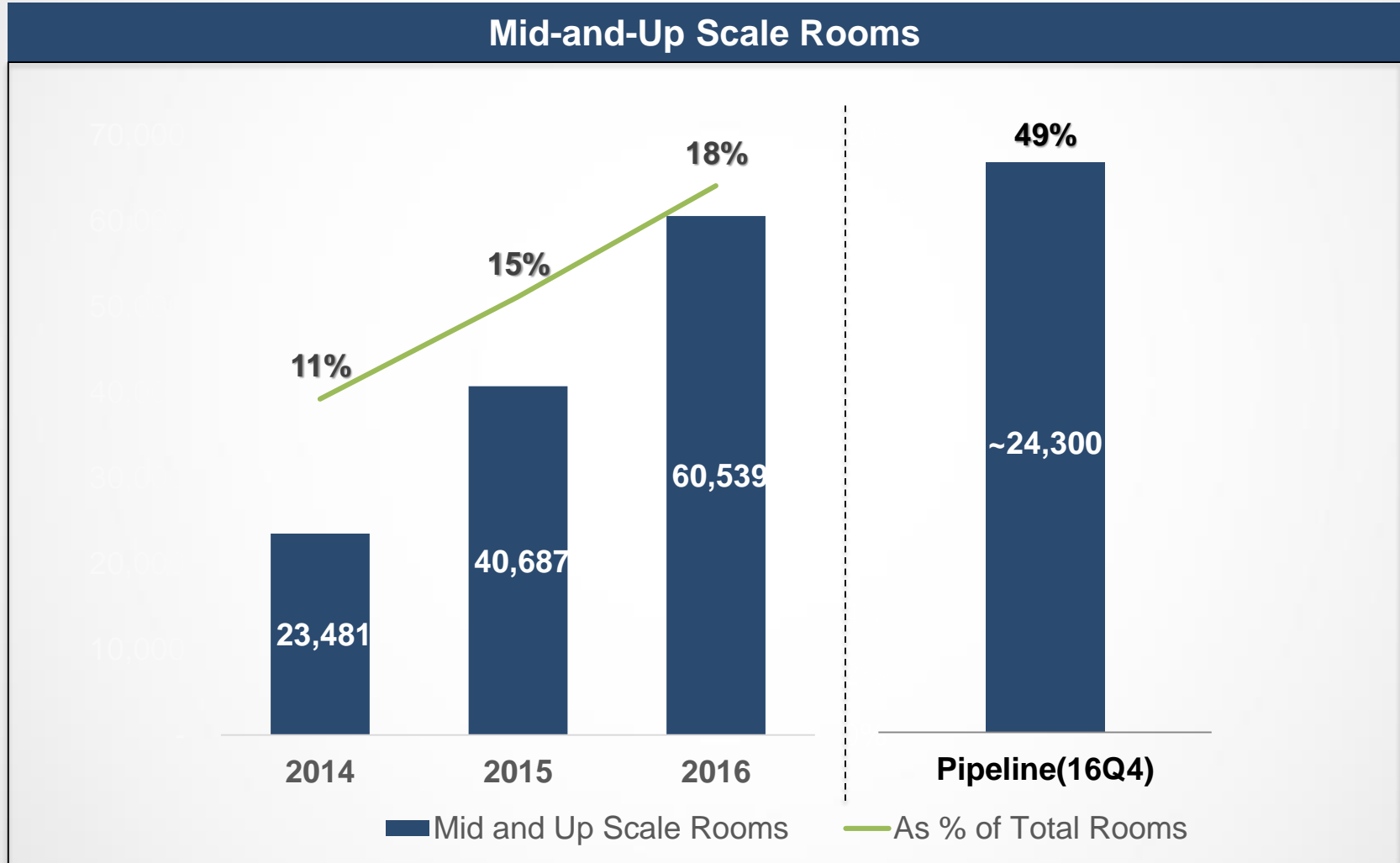
汉庭
HANTING HOTEL

“爱干净 住汉庭”

Continue Fast Expansion with Increasing Focus on Quality



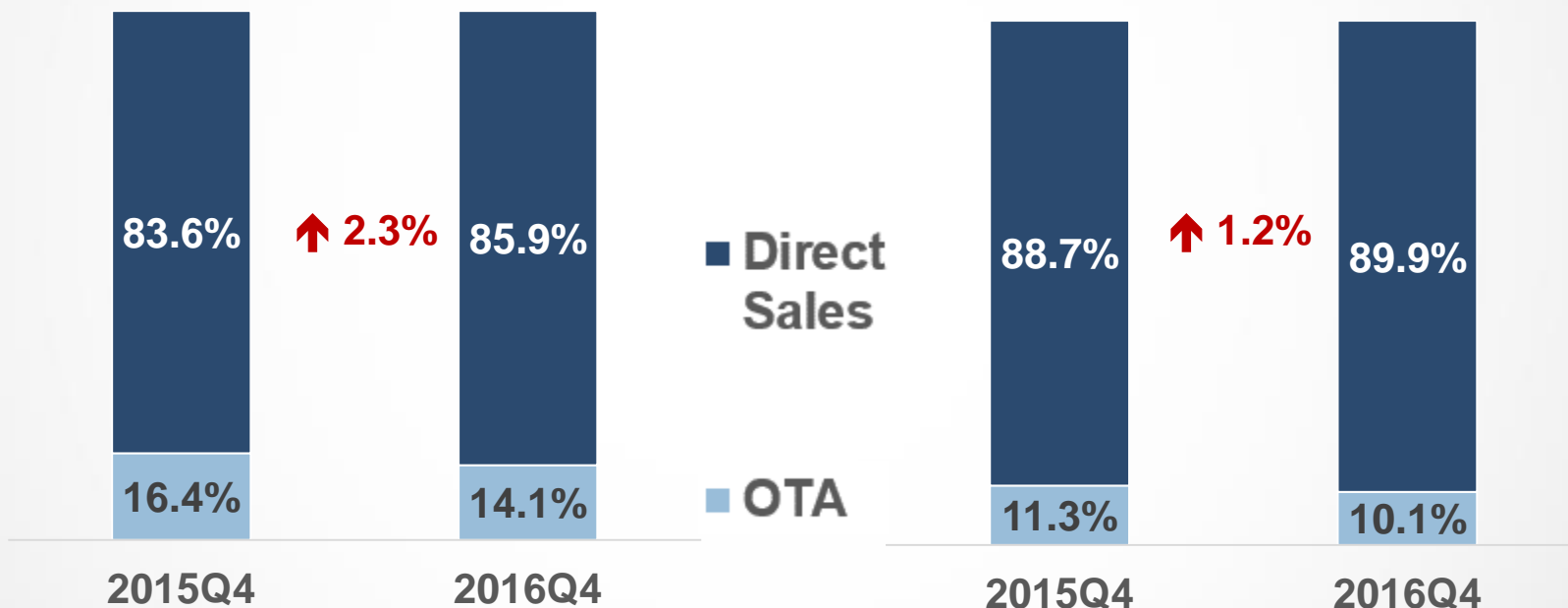
Increasing Proportion of Mid-and-Up Scale Rooms Inventory



Improving Direct Sales Capability in Both Economy and Mid-and-Up Scale Segment

Mid-and-Up Scale Segment

Economy Segment



Blended direct sales contribution **88%**

Best Price Guarantee for Members through Online Booking in Direct Channels

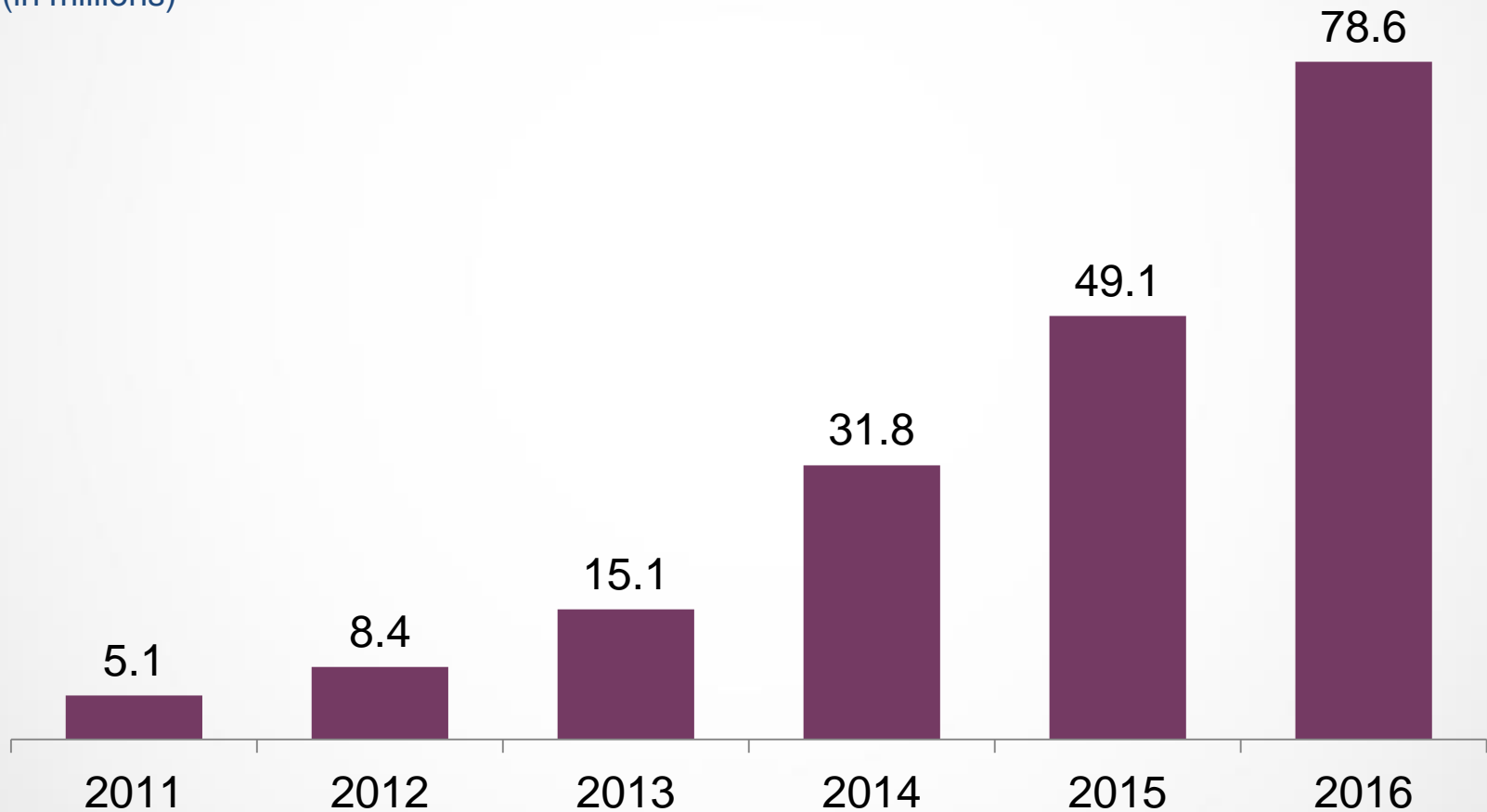


Launched since November 11, 2016 (“Singles Day”)

- Guaranteed best price through mobile app or wechat booking;
- Commit to refund 2X on the price difference

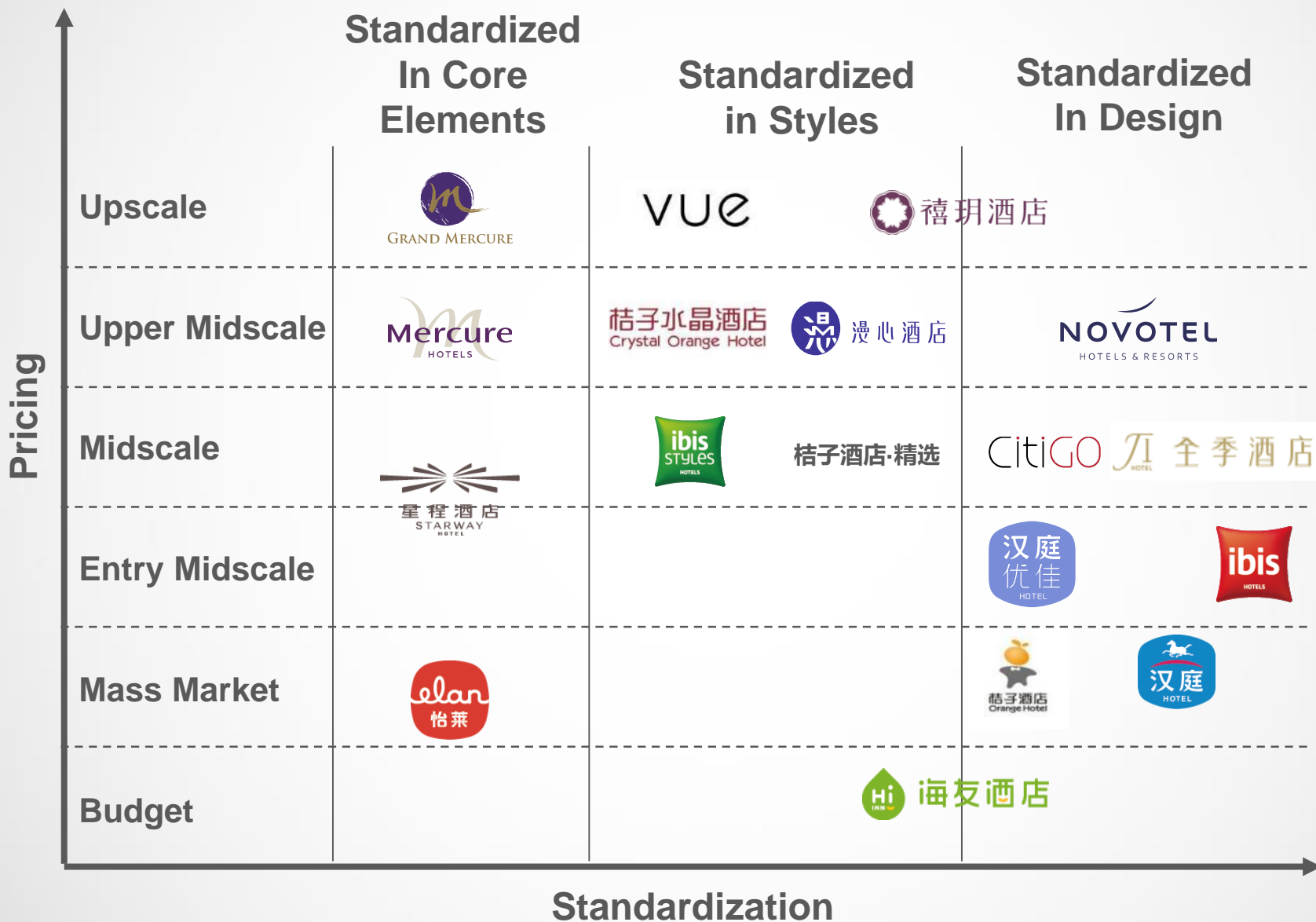
Rapid Growth in Membership Program

(in millions)



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

China Lodging Brand Portfolio



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- Largest designer hotel chain in the mid-and-up scale segment in China
 - 126 hotels opened, 50% are leased & owned
 - 55 in pipeline
 - ~30 signed Letter of Intent (“LOI”)
- Reputable brand
 - Started in 2006
 - Strong reputation in hotel design
- Solid financial growth – 2014~2016 CAGR
 - Revenue > 25%
 - EBITDA > 25 %



- Paris Fashion Week, Crystal Orange in Nanjing



- Deluxe Suite, Crystal Orange in Shanghai



- Inception Suite, Crystal Orange in Shanghai



- Transformer in Hotel Lobby

Number of Hotels under Each Brand

Upper Midscale

桔子水晶酒店
 Crystal Orange Hotel

35 Hotels
4,679 Rooms

Midscale

桔子酒店·精选
 Orange Hotel *Select*

77 Hotels
9,660 Rooms

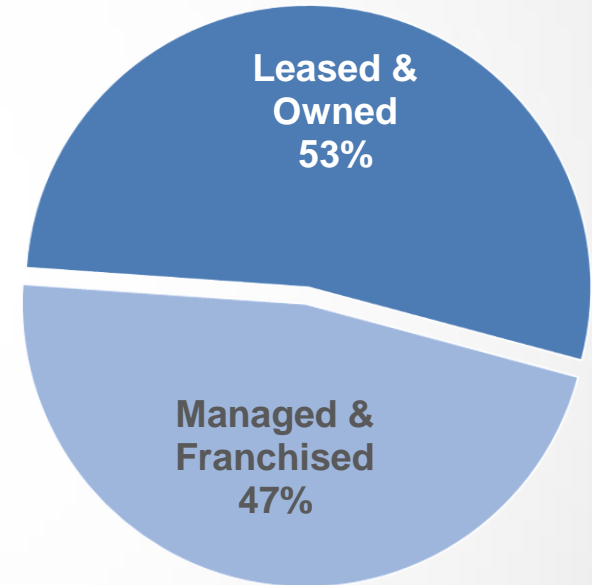
Mass Market

桔子酒店
 Orange Hotel

14 Hotels
1,570 Rooms

Room Share by Model

(in rooms)



Note: As of December 31, 2016

Key transaction metrics

- Consideration of **RMB 3.65 billion** for 100% stake in Crystal Orange
- **12-13 x EV/EBITDA** and **30-35x P/E** based on 2017 forecast

Closing

- **Closing upon** completion of anti-trust review
- **Expected:** Q2/Q3 2017

Financial Metrics - 2017 Full year Forecast

- **Revenue: RMB1,100m – 1,250m**
- **EBITDA: RMB 280m – 300m**
- **Net Profit: RMB100m – 120m**
- **Interest and amortization expenses related to the acquisition have yet to be determined subject to the timing of Closing and valuation of intangibles**

Strategy Review

Acquisition of Crystal Orange Hotel

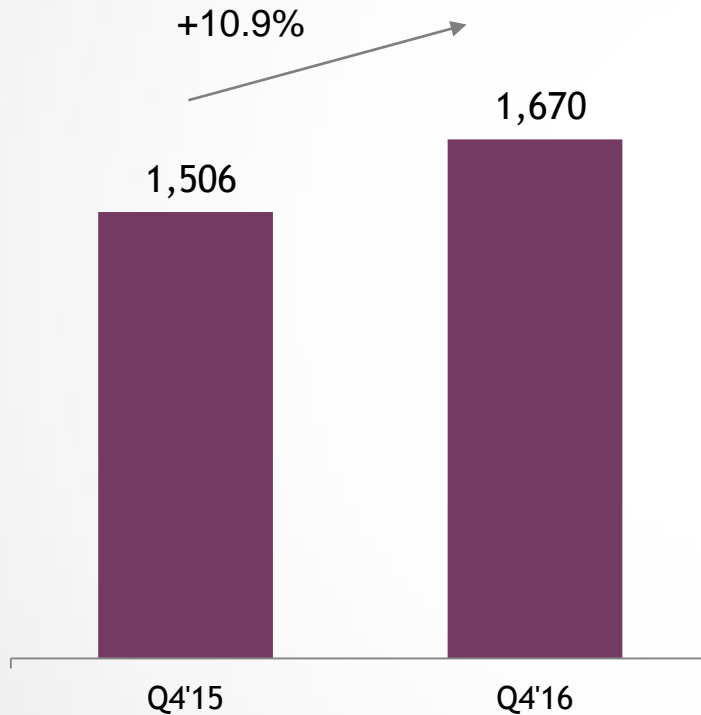
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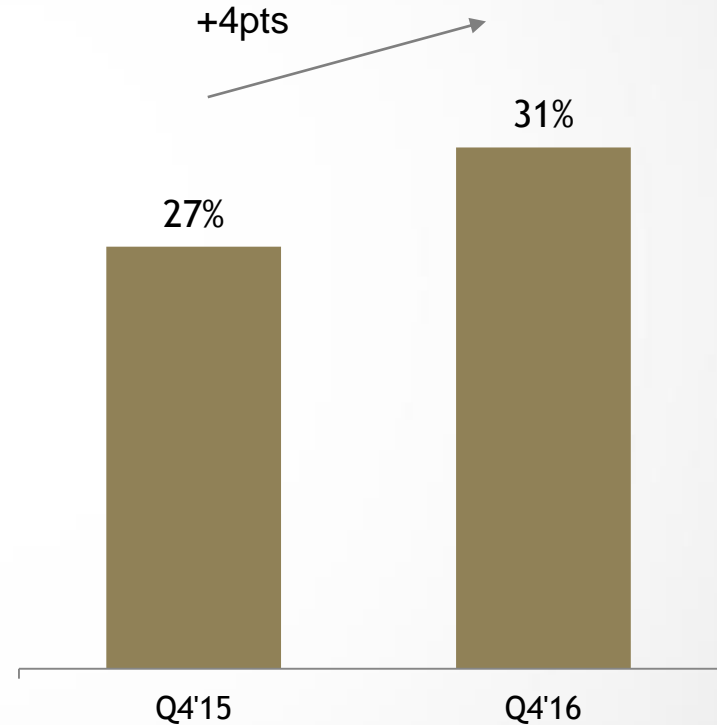
Appendix

Net Revenues

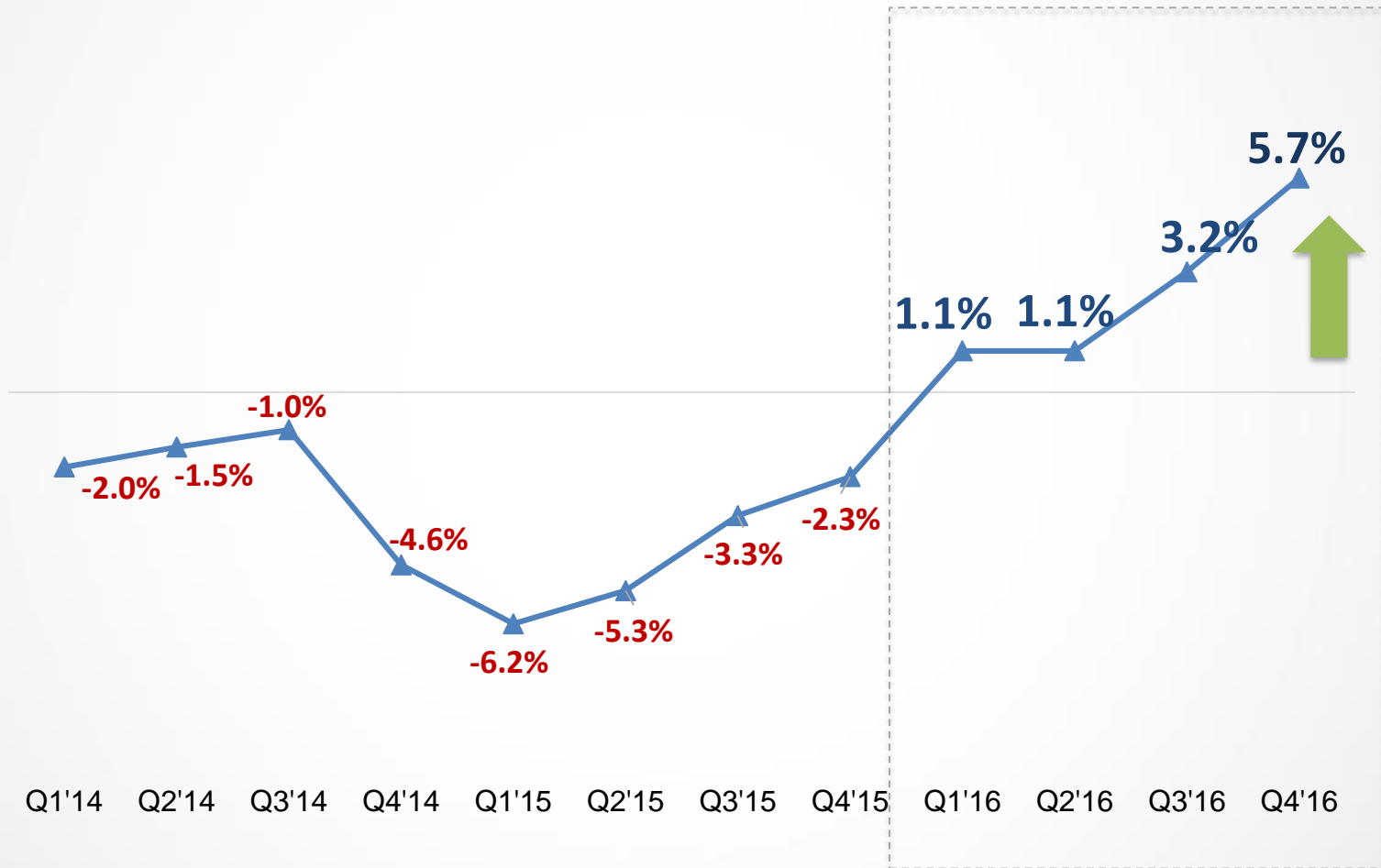
(in RMB millions)



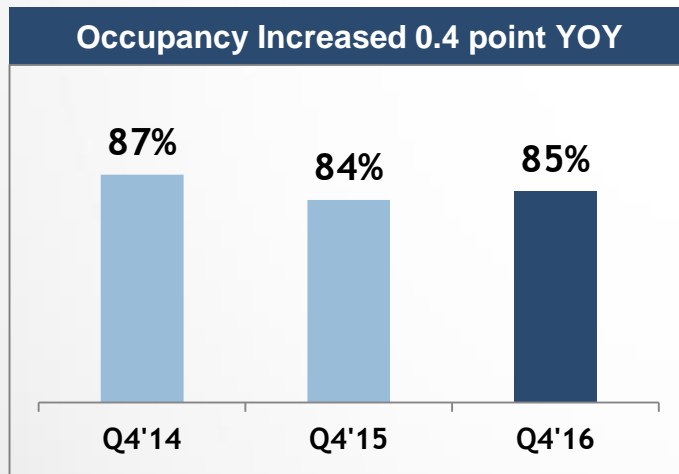
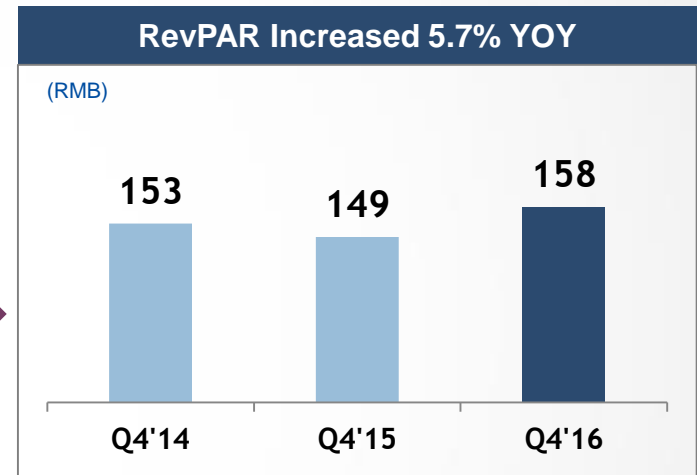
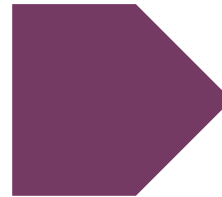
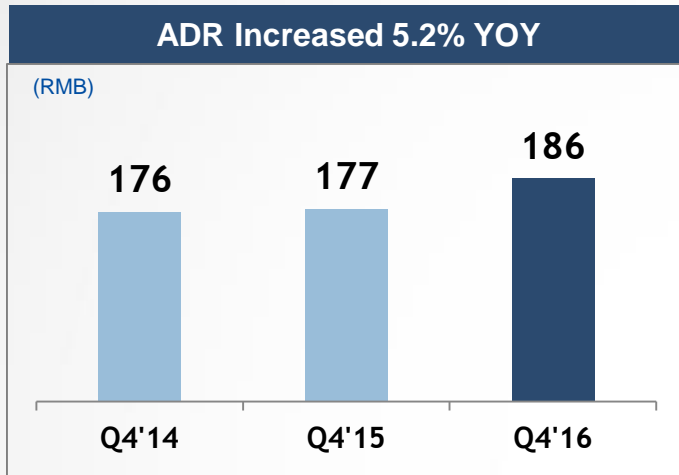
Revenue from Midscale and Upscale Hotels as % of Net Revenues



Quarterly Blended RevPAR Year-over-Year Growth (Q1'14-Q4'16)



... Driven by Both ADR + Occupancy Growth



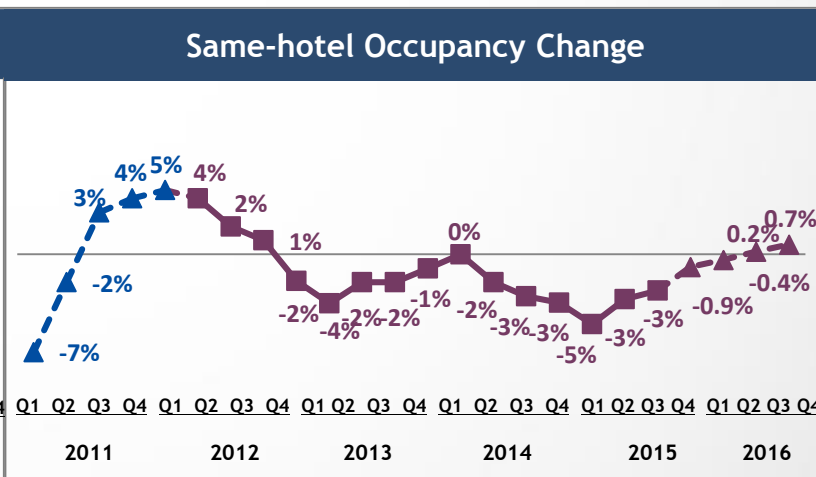
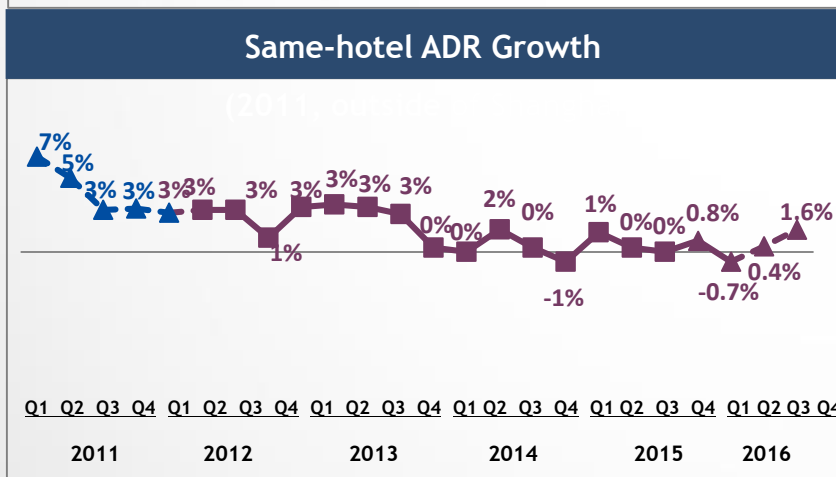
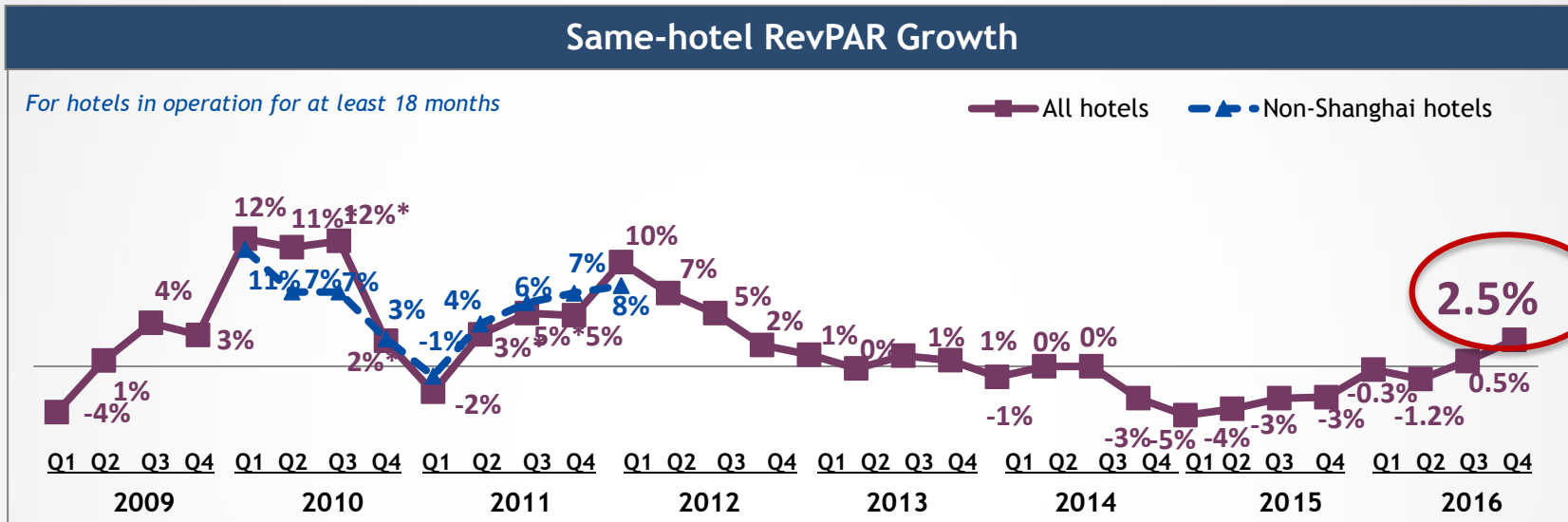
Weight of hotel rooms in 1st- and 2nd-tier cities

Q4'14	Q4'15	Q4'16
77%	76%	77%

Weight of hotel rooms in midscale and upscale segment

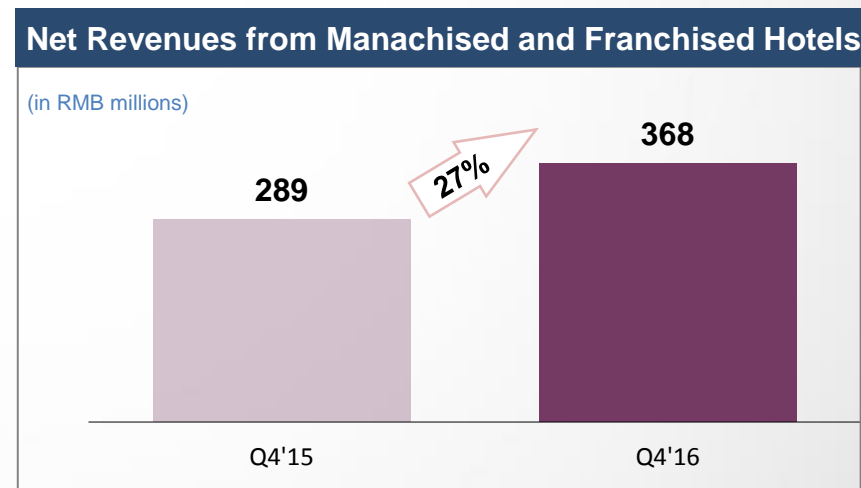
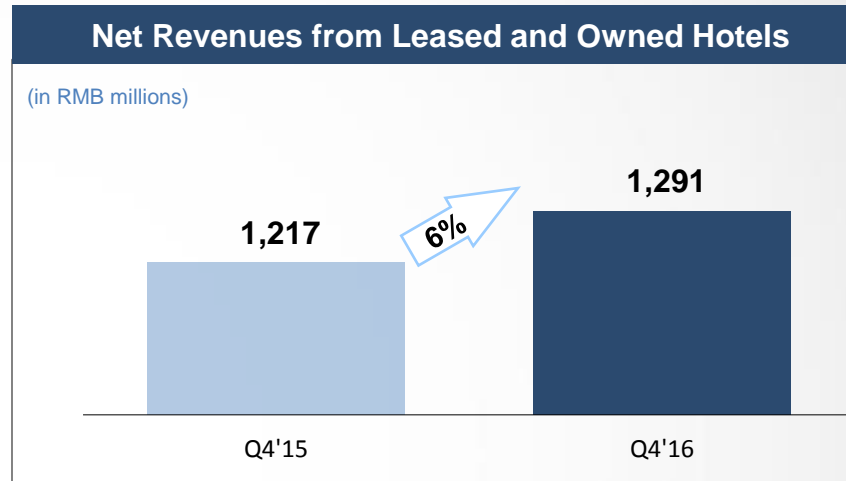
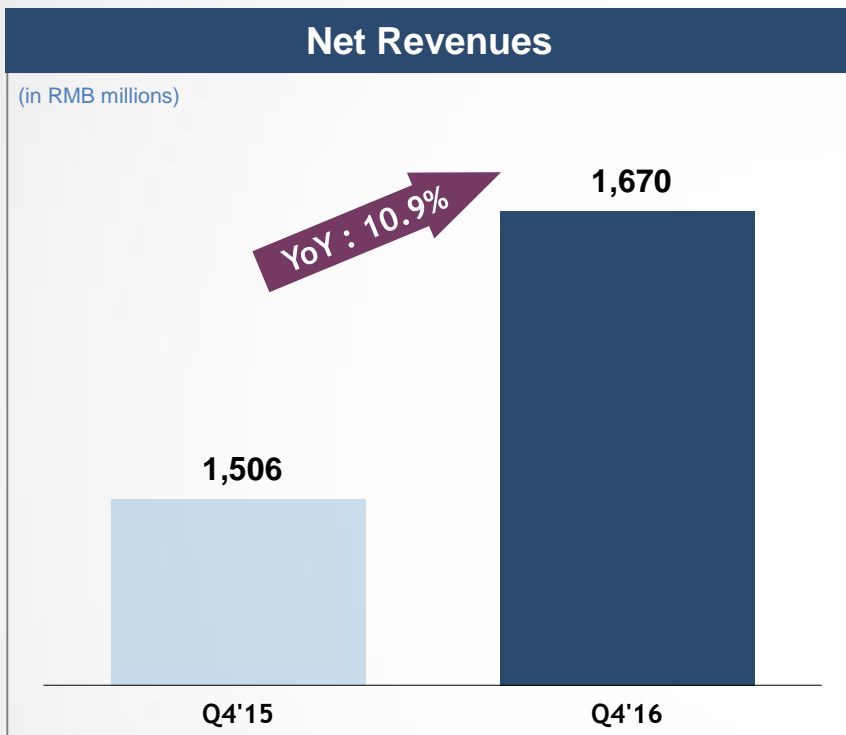
Q4'14	Q4'15	Q4'16
11%	15%	18%

Same-hotel RevPAR Growth 2.5% in 16Q4, Highest in 4 Years Since 12Q4



* Normalized for Shanghai Expo

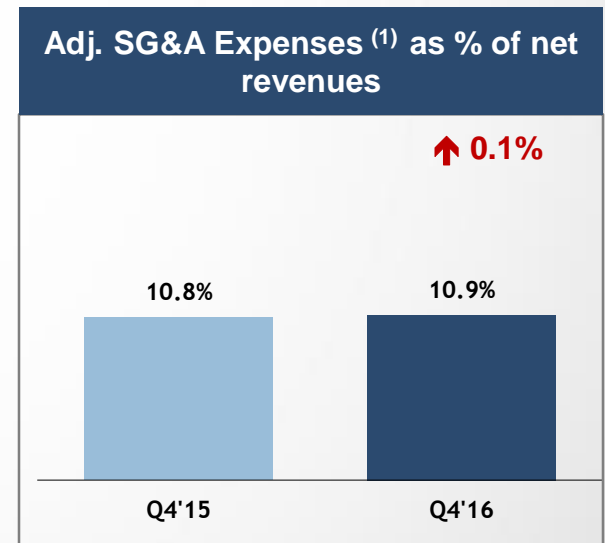
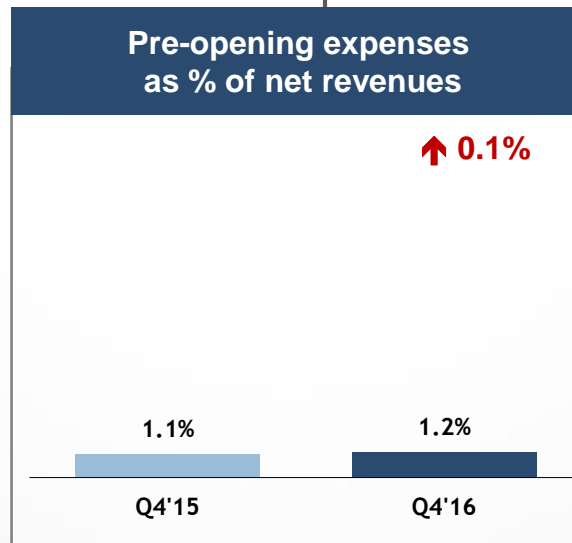
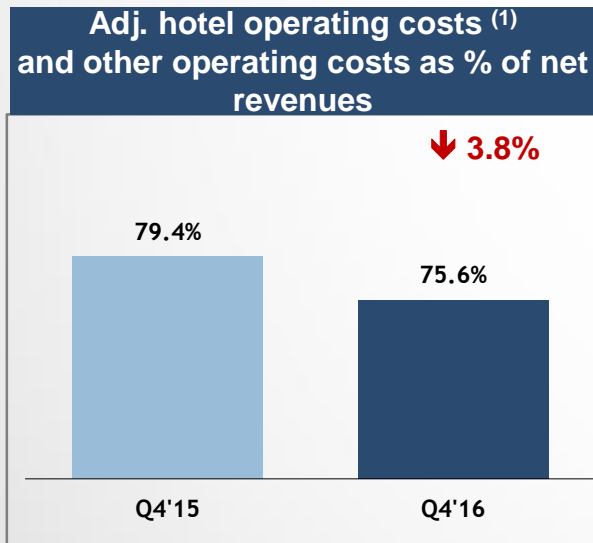
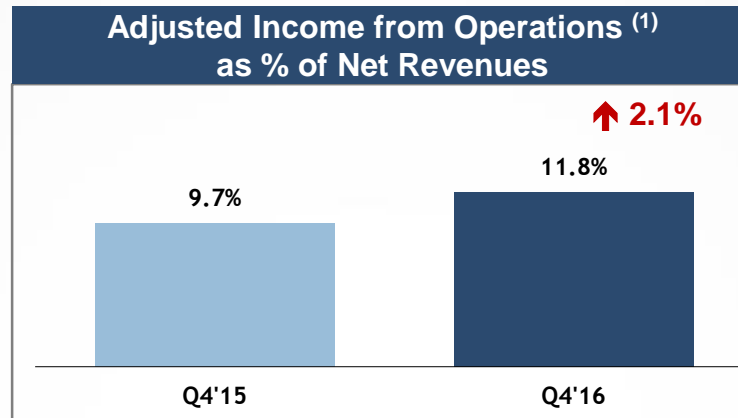
Net Revenues Increased 10.9%, High End of Guidance of 9%-11%



Net Manachised and Franchised Hotels Revenue as % of Net Revenues

Q4'15	Q4'16
19.2%	22.0%

Adjusted Operating Margin Expanded by 2.8 Pts

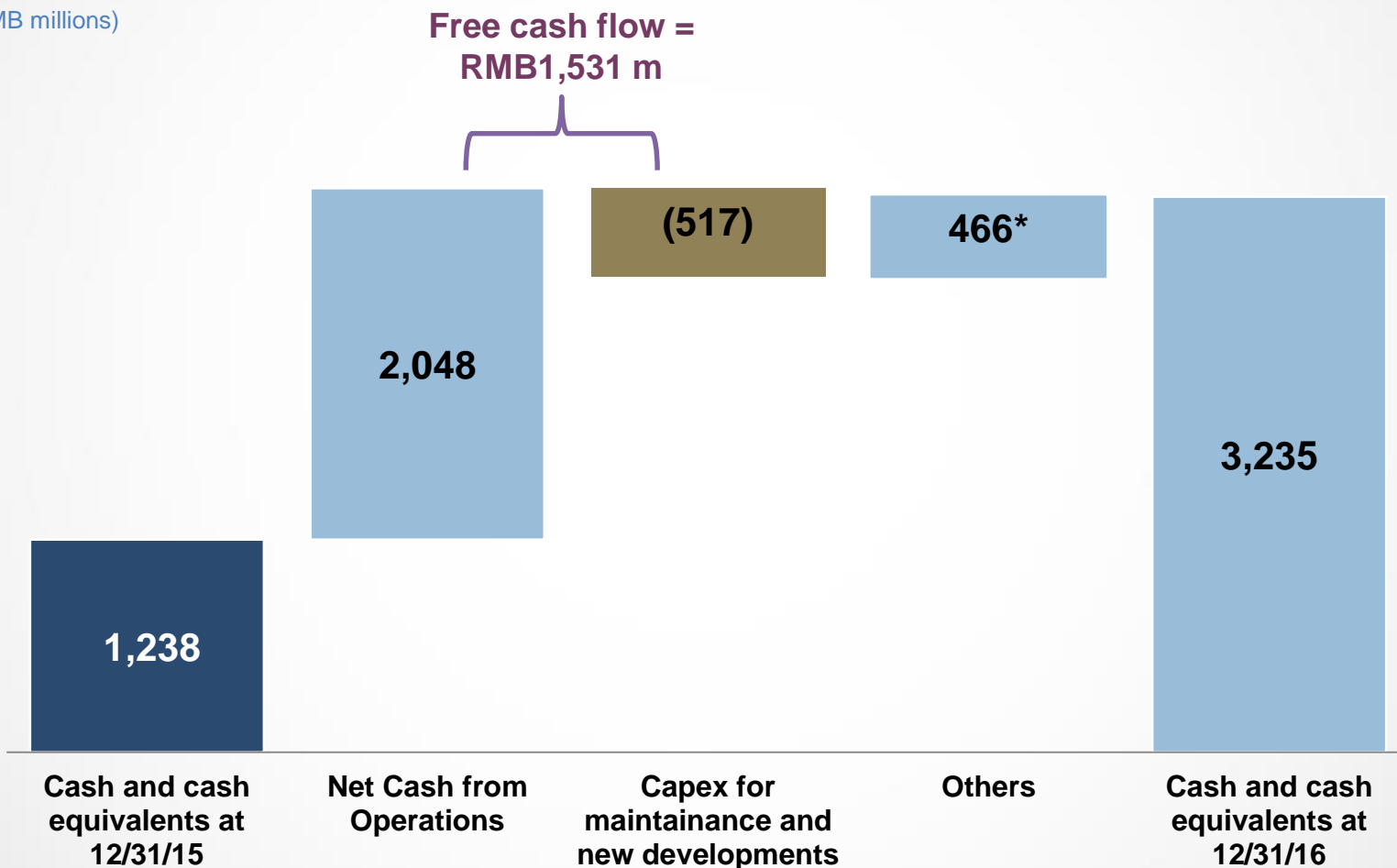


(1) Excluding share-based compensation expenses.

Capital Allocation Supported by Continuing Strong Cash Flow Generation

Abundant Funding Resource for Expansion

(in RMB millions)



Note: *Mainly consist of the disposal of HMIN shares Rmb554m, partially offset by strategic investments

- Expect Q1'17 net revenues to grow **7.2% to 8.4%** year-over-year
- Project 2017 full year net revenues to grow **8%-12%**
- Gross Opening of **450-500** Hotels with ~ **40%** in mid and up scale.

Note: The above guidance have not considered the impact of Crystal Orange Hotels acquisition.

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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			For the quarter ended			For the quarter ended		
	2015	2016	2015	2016	yoy change	2015	2016	yoy change	2015	2016	yoy change
Economy hotels	1,637	1,637	136	133	-1.9%	160	160	-0.4%	85%	83%	-1.3%
Leased hotels	518	518	138	135	-2.1%	165	165	0.0%	84%	82%	-1.8%
Manachised and franchised hoti	1,119	1,119	134	132	-1.8%	158	157	-0.5%	85%	84%	-1.1%
Midscale and upscale hotels	146	146	203	221	8.8%	256	269	5.0%	79%	82%	2.8%
Leased hotels	66	66	225	252	12.1%	276	293	6.3%	82%	86%	4.4%
Manachised and franchised hoti	80	80	178	184	3.4%	232	237	2.2%	77%	78%	0.9%
Total	1,783	1,783	142	142	-0.3%	169	171	0.8%	84%	83%	-0.9%

	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		
	2015	2016	2015	2016	yoy change	2015	2016	yoy change	2015	2016	yoy change
Economy hotels	1,739	1,739	152	148	-3.0%	172	168	-1.9%	89%	88%	-1.0%
Leased hotels	522	522	159	152	-4.1%	179	177	-1.6%	88%	86%	-2.3%
Manachised and franchised hoti	1,217	1,217	149	146	-2.4%	168	164	-2.0%	89%	89%	-0.3%
Midscale and upscale hotels	160	160	230	250	8.6%	281	290	2.9%	82%	86%	4.5%
Leased hotels	68	68	263	292	11.2%	310	322	3.8%	85%	91%	6.1%
Manachised and franchised hoti	92	92	195	204	4.6%	248	251	0.9%	79%	81%	2.8%
Total	1,899	1,899	161	159	-1.2%	183	181	-0.7%	88%	88%	-0.4%

	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		
	2015	2016	2015	2016	yoy change	2015	2016	yoy change	2015	2016	yoy change
Economy hotels	1,868	1,868	161	160	-0.8%	177	175	-0.8%	91%	91%	0.0%
Leased hotels	518	518	167	165	-0.9%	184	183	-0.5%	91%	90%	-0.3%
Manachised and franchised hoti	1,350	1,350	159	157	-0.8%	173	171	-0.9%	92%	92%	0.1%
Midscale and upscale hotels	182	182	245	263	7.5%	284	299	5.5%	86%	88%	1.6%
Leased hotels	70	70	285	311	8.9%	317	339	6.9%	90%	92%	1.6%
Manachised and franchised hoti	112	112	207	218	5.7%	250	259	3.7%	83%	84%	1.6%
Total	2,050	2,050	171	172	0.5%	188	189	0.4%	91%	91%	0.2%

	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		
	2015	2016	2015	2016	yoy change	2015	2016	yoy change	2015	2016	yoy change
Economy hotels	1,999	1,999	143	144	1.0%	165	165	0.2%	87%	87%	0.7%
Leased hotels	511	511	149	151	0.9%	175	175	0.3%	86%	86%	0.5%
Manachised and franchised hoti	1,488	1,488	140	141	1.1%	160	161	0.2%	87%	88%	0.8%
Midscale and upscale hotels	206	206	231	251	8.9%	274	295	7.6%	84%	85%	1.0%
Leased hotels	72	72	276	301	9.3%	307	336	9.4%	90%	90%	-0.1%
Manachised and franchised hoti	134	134	195	211	8.2%	245	259	5.8%	79%	81%	1.9%
Total	2,205	2,205	153	157	2.5%	177	180	1.6%	86%	87%	0.7%

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 3/31/2016	As of 6/30/2016	As of 9/30/2016	As of 12/31/2016
Economy hotels	1,309	1,819	2,453	2,642	2,726	2,771	2,813
HanTing Hotel	1,226	1,648	2,003	2,059	2,105	2,149	2,181
Leased hotels	473	502	495	493	492	492	486
Manachised hotels	753	1,146	1,508	1,566	1,613	1,656	1,694
Franchised hotels						1	1
Hi Inn	83	158	302	332	358	373	375
Leased hotels	41	41	38	38	37	36	36
Manachised hotels	42	117	251	264	285	293	294
Franchised hotels			13	30	36	44	45
Elan Hotel		13	148	169	180	179	185
Manachised hotels		13	128	142	149	146	149
Franchised hotels			20	27	31	33	36
ibis Hotel				82	83	70	72
Leased and owned hotels				12	13	13	14
Manachised hotels				9	13	14	12
Franchised hotels				61	57	43	46
Midscale hotels and upscale hotels	116	176	310	347	388	427	456
Ji Hotel	68	117	186	202	229	256	284
Leased hotels	48	62	75	77	78	78	81
Manachised hotels	20	55	111	125	149	176	201
Franchised hotels					2	2	2
Starway Hotel	46	55	118	123	136	141	136
Leased hotels	1	3	4	3	3	2	2
Manachised hotels	20	44	67	71	84	94	96
Franchised hotels	25	8	47	49	49	45	38
Joya Hotel	1	3	3	4	5	5	6
Leased hotels	1	2	2	2	2	2	3
Manachised hotels		1	1	2	3	3	3
Manxin Hotels & Resorts	1	1	2	2	2	3	2
Leased hotels	1	1	1	1	1	-	
Manachised hotels			1	1	1	3	2
ibis Styles Hotel				6	6	8	10
Manachised hotels				2	2	5	7
Franchised hotels				4	4	3	3
Mercure Hotel			1	8	8	11	15
Leased hotels			1	1	1	2	2
Manachised hotels				6	6	8	12
Franchised hotels				1	1	1	1
Novotel Hotel				1	1	2	2
Manachised hotels				1	1	1	1
Franchised hotels						1	1
Grand Mercure Hotel				1	1	1	1
Franchised hotels				1	1	1	1

Room Breakdown by Brands

Hotel breakdown by brand

	Number of rooms in operation						
	As of	As of	As of	As of	As of	As of	As of
	12/31/2013	12/31/2014	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016
Economy hotels	138,576	185,959	238,156	257,171	263,207	266,554	270,808
HanTing Hotel	130,747	172,341	205,577	209,319	213,481	217,825	221,157
Leased hotels	54,154	57,306	57,277	56,681	56,461	56,494	56,491
Manachised hotels	76,593	115,035	148,300	152,638	157,020	161,267	164,602
Franchised hotels						64	64
Hi Inn	7,829	12,551	21,340	22,934	24,144	25,194	25,600
Leased hotels	4,422	3,895	3,698	3,575	3,429	3,412	3,411
Manachised hotels	3,407	8,656	16,725	17,482	18,552	19,011	19,361
Franchised hotels			917	1,877	2,163	2,771	2,828
Elan Hotel		1,067	11,239	12,843	13,338	13,261	13,800
Manachised hotels		1,067	9,837	11,009	11,216	10,935	11,121
Franchised hotels			1,402	1,834	2,122	2,326	2,679
ibis Hotel				12,075	12,244	10,274	10,251
Leased and owned hotels				2,330	2,562	2,562	
Manachised hotels				1,824	2,339	2,198	
Franchised hotels				7,921	7,343	5,514	
Midscale hotels and ups	14,303	23,996	40,687	47,257	51,604	56,231	60,539
Ji Hotel	9,106	17,052	27,559	29,751	32,934	36,062	39,664
Leased hotels	6,891	10,260	13,195	13,498	13,488	13,504	14,314
Manachised hotels	2,215	6,792	14,364	16,253	19,297	22,409	25,201
Franchised hotels					149	149	149
Starway Hotel	4,959	6,321	12,138	12,852	13,760	13,463	13,206
Leased hotels	131	451	604	517	517	386	386
Manachised hotels	2,222	4,939	7,183	7,743	8,785	9,101	9,577
Franchised hotels	2,606	931	4,351	4,592	4,458	3,976	3,243
Joya Hotel	141	515	515	671	934	945	1,131
Leased hotels	141	315	315	315	326	337	523
Manachised hotels		200	200	356	608	608	608
Manxin Hotels & Resorts	97	108	236	236	229	203	78
Leased hotels	97	108	108	108	101	-	-
Manachised hotels			128	128	128	203	78
ibis Styles Hotel				1,257	1,257	1,392	1,614
Manachised hotels				729	729	973	
Franchised hotels				528	528	419	
Mercure Hotel			239	1,993	1,993	3,295	4,026
Leased hotels			239	239	239	463	
Manachised hotels				1,476	1,476	2,554	
Franchised hotels				278	278	278	
Novotel Hotel				306	306	680	629
Manachised hotels				306	306	306	
Franchised hotels						374	
Grand Mercure Hotel				191	191	191	191
Franchised hotels				191	191	191	191
Total	152,879	209,955	278,843	304,428	314,811	322,785	331,347



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