



First Quarter of 2022 Earnings Call

Huazhu Group Limited

(NASDAQ: HTHT and HKEX: 1179)

May 31, 2022

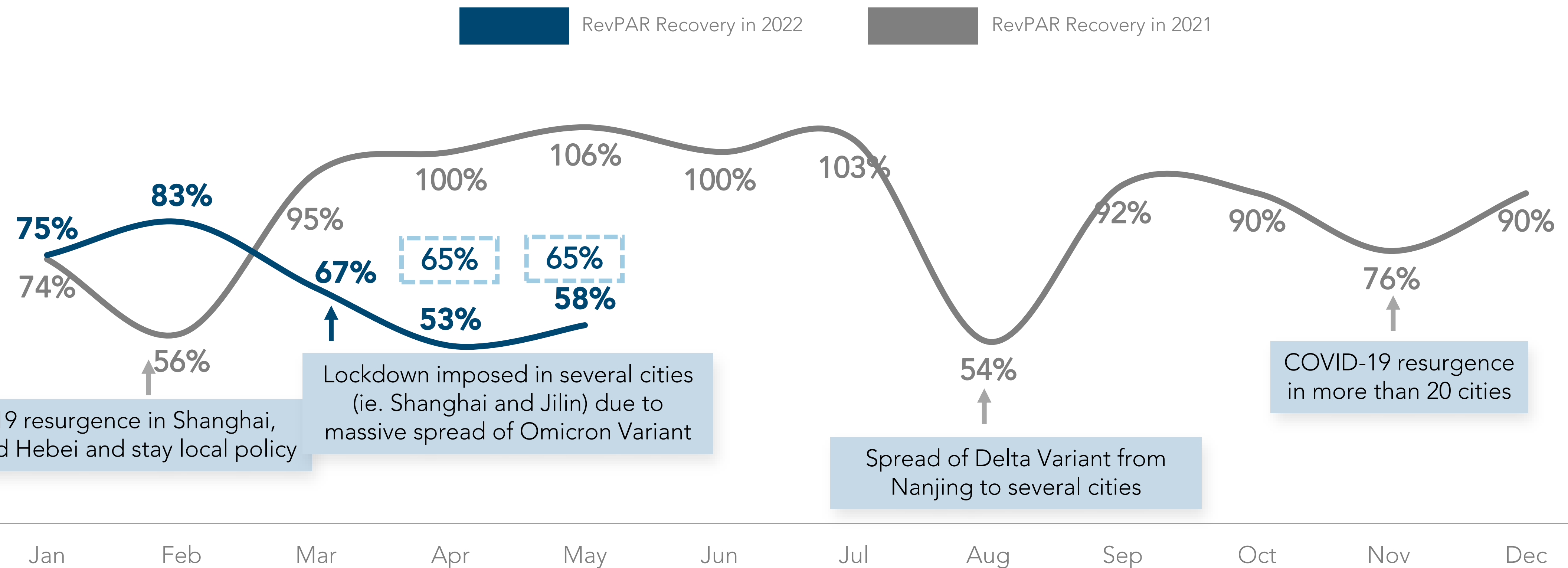
AGENDA

- **1Q2022 Business Update**
- 1Q2022 Operational and Financial Review
- Liquidity and Guidance
- Q and A
- Appendix

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 and 2022 as % of 2019



COVID-19 resurgence in Shanghai, Beijing and Hebei and stay local policy

Lockdown imposed in several cities (ie. Shanghai and Jilin) due to massive spread of Omicron Variant

Spread of Delta Variant from Nanjing to several cities

COVID-19 resurgence in more than 20 cities

* Numbers in this page refers to Legacy-Huazhu business

Blended RevPAR recovery in April and in May MTD 2022 if included hotels under requisition.

Reinforcement of Cost Control for Legacy-Huazhu

华住中国加强成本管控

1

Streamlining headcounts and expenses

人力成本和费用优化

2

Concentrating resources to major strategies

战略聚焦

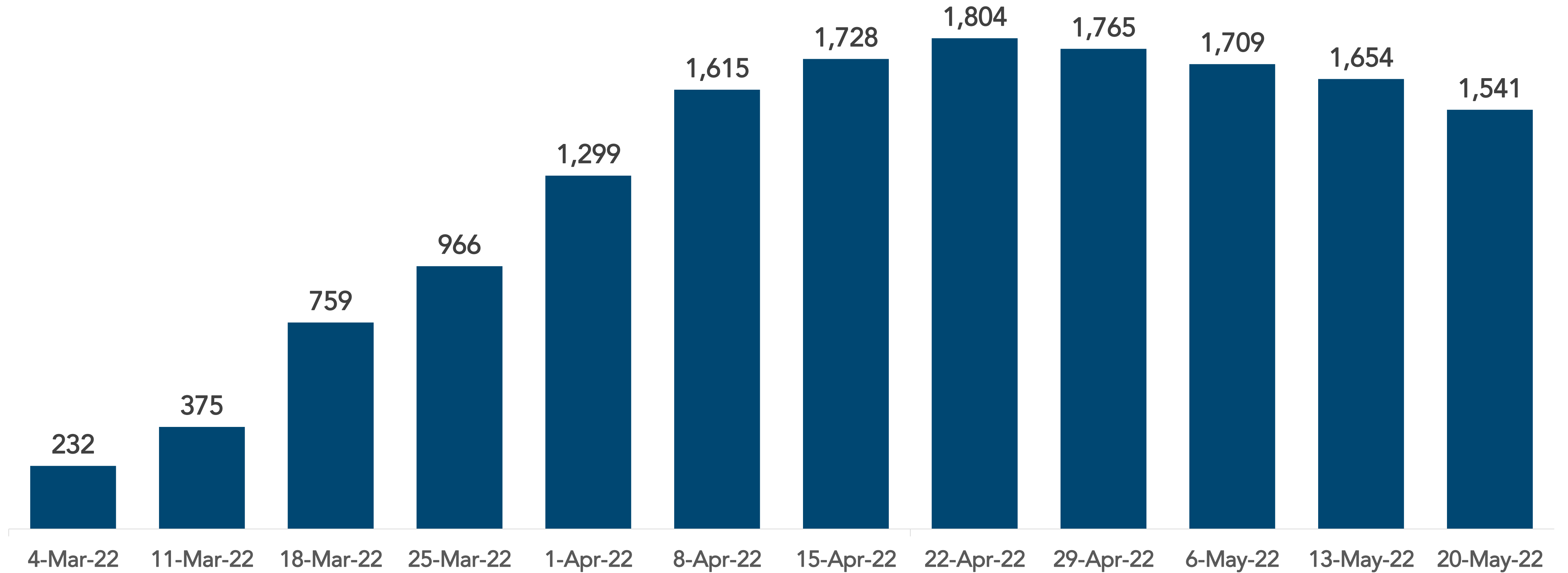
3

Negotiating on lease waiver/reduction

疫情下的租金减免

Taking on Social Responsibilities to Provide Requisitioned Hotels 承担企业社会责任，提供征用酒店

Number of Hotels under Requisition



* Numbers in this page refers to Legacy-Huazhu business

Sales and Marketing Strategies During COVID-19

疫情阶段的营销抢夺

COVID-related Accommodation Needs

- Actively seeking accommodation needs of quarantine, medical teams, delivery riders, governmental officers, corporates for both L&O and M&F hotels
- Severed **9,500+** medical staffs and **5,000+** delivery riders in Shanghai during lockdown.
- Initiating creative sales packages, such as online class rooms and work from hotels

Regional-based Sales Strategy

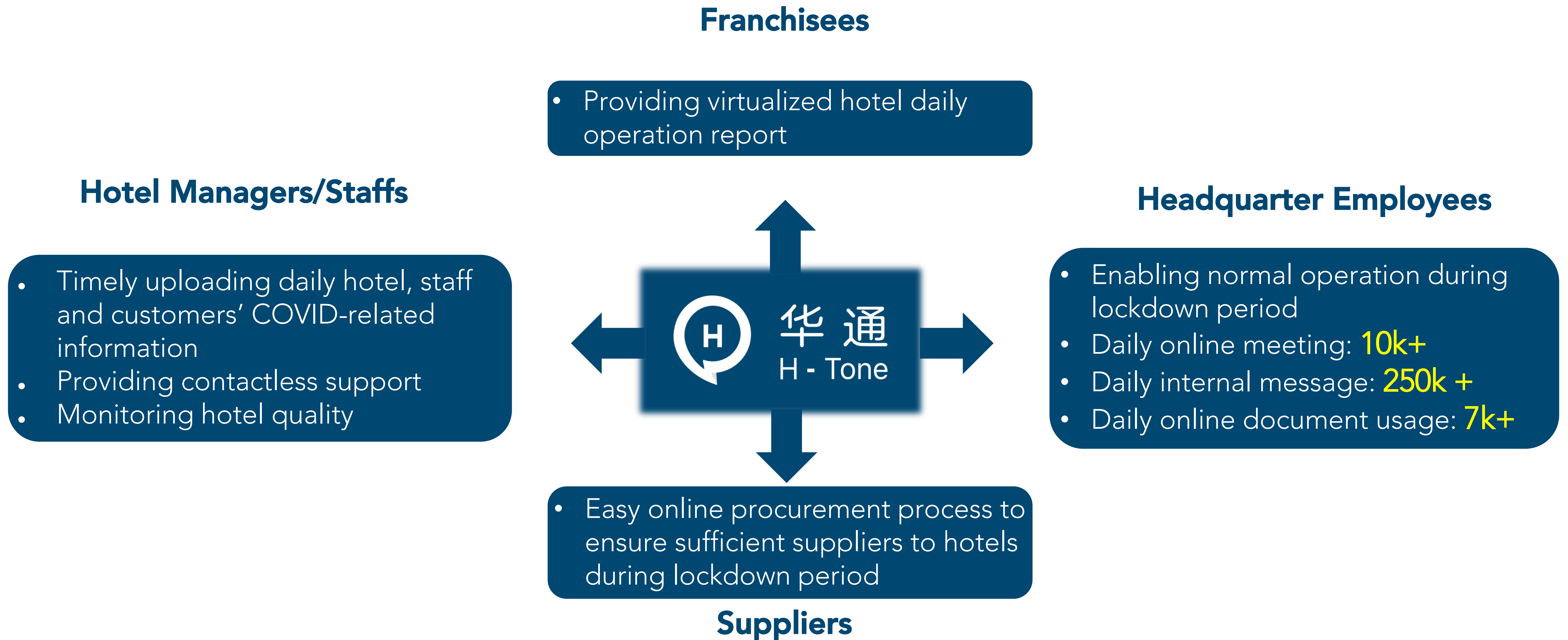
- Adjusting sales strategy from previous brand-based to new regional-based to unify pricing management and marketing strategy for better capturing local demands within the regional

Members & External Traffic Cooperation

- Extending expatriation date of members' status, privileges, and points to further improve members loyalty
- Actively participating various marketing campaigns on OTAs to capture the recovery opportunities post COVID through presales activities

H-Tone Provides A Solid Foundation for Efficient Remote Work

华通作为华住数字化基座高效支撑远程办公作业模式



Cloud-based information platform will be critical foundation for Huazhu's future broader regional and international business collaboration and synergy

Building Capabilities to Ride Through the Ups and Downs of the Economic Cycles

构建穿越周期的能力

By Caring Customers

客户关爱

Letters from Our Customers

"... I did not know much about Hanting Hotel before. During this quarantine stay in Hanting, I felt safe and comfortable here. It was just like when I stayed at home. **Hanting Hotel will be my first choice in the future, and I will also recommend Hanting Hotel to my colleagues and family members...**"

Customer of HanTing Hotel, ChengNan Park, Tangyin

"... The Omicron outbreak in Shanghai forced me to stay in Shanghai for a long time. But I was lucky that I chose Huazhu. Actually, I am a loyalty member of Huazhu for 2 years and have spent about 200 days a year in Huazhu. **I believe that with such high quality employees and services, Huazhu will have a brilliant future...**"

Customer of HanTing Hotel, Yishan Road, Shanghai

By Caring Franchisees 加盟商关爱

Management Fee Waiver & Deferral

- Deferring payment (~**RMB135mn***) and reduction of management fee (~**RMB18.8mn***) for hotels in medium/high risk areas
- Deferring payment of one-time management fee for newly signed economy and midscale hotels

Franchisee Assistance

- Assisting franchisees to apply for value-added tax credit refund
- Providing legal support to franchisees for negotiating rental waiver/reduction
- Facilitating franchisees to apply loans from various financial institutions

Supply Chain Support

- Building-up special procurement team to ensure sufficient food, COVID prevention/daily operational necessities in lockdown cities to keep hotels in operation
- Coordinating goods and materials to guarantee the on-going hotel constructions

By Caring Employees

员工关爱

Front-Line Staff Retention

- Regarding front-line staff as valuable asset to our company
- Retaining front-line staff during COVID to keep our hotels in operation

Training and Development

- Providing various promotion channels for employees to achieve better career development
- Providing **1,000+** online training programs during lockdown period for employees to further improve skillsets

Special COVID Foundation

- Establishing a Special COVID foundation to support/reward employees who are infected by COVID, who are working at requisitioned hotels, and who have outstanding contributions during the period

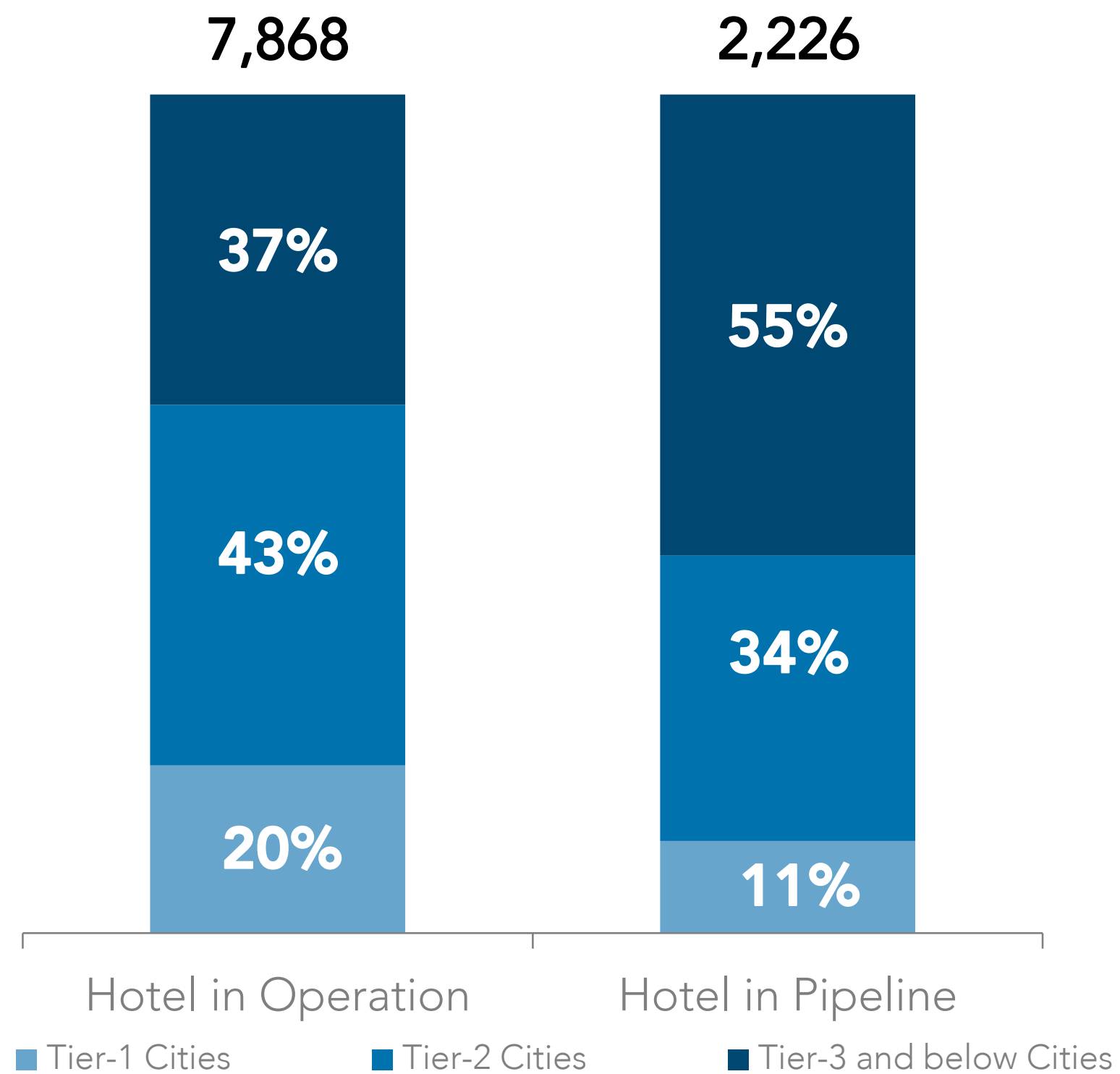
**Sustainable Quality Growth Strategy
Remains Unchanged
坚定精益增长战略不动摇**

Further Penetrating to Lower Tier Cities

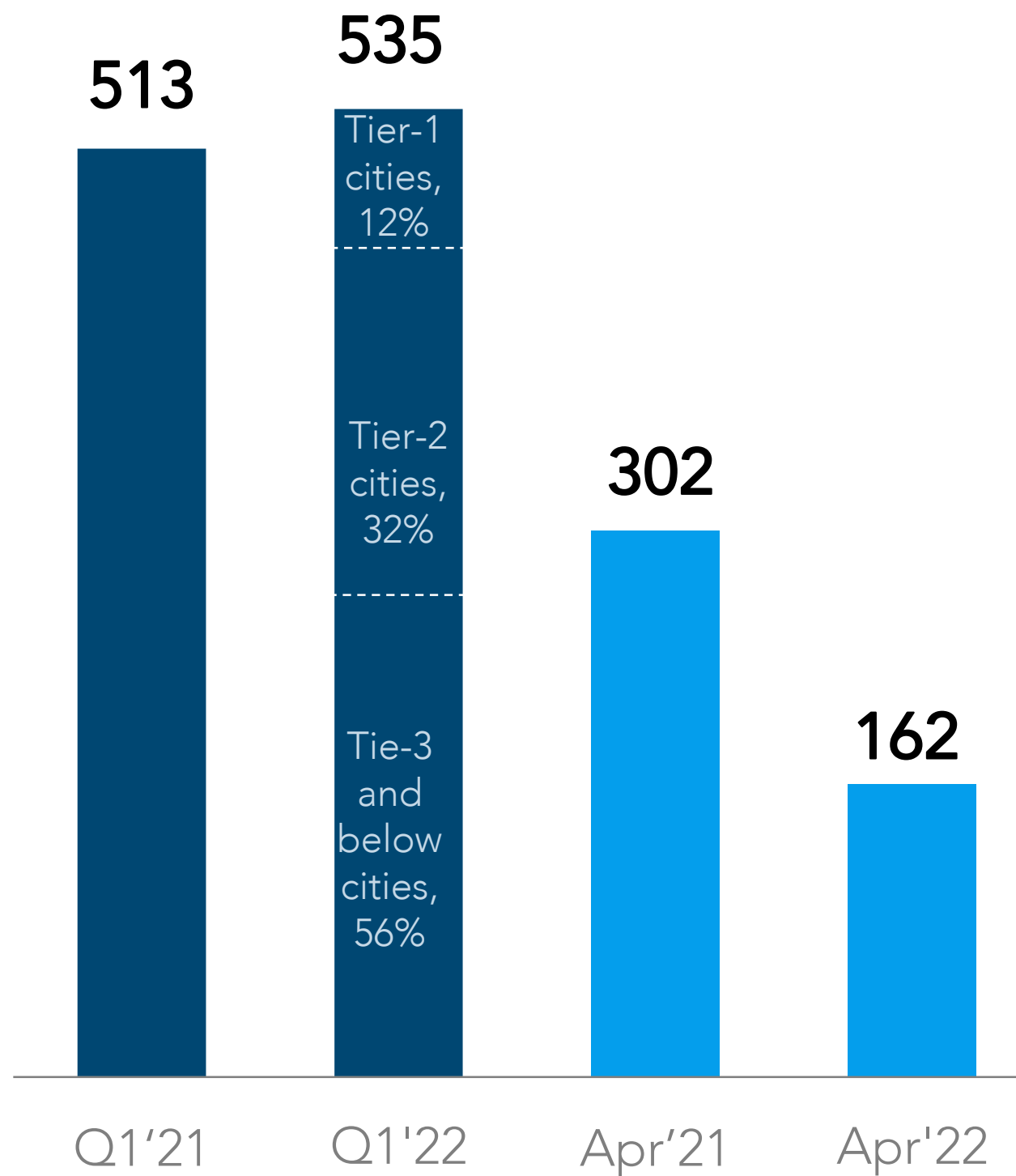
低线城市持续渗透

Hotels Breakdown

(as of March 31)

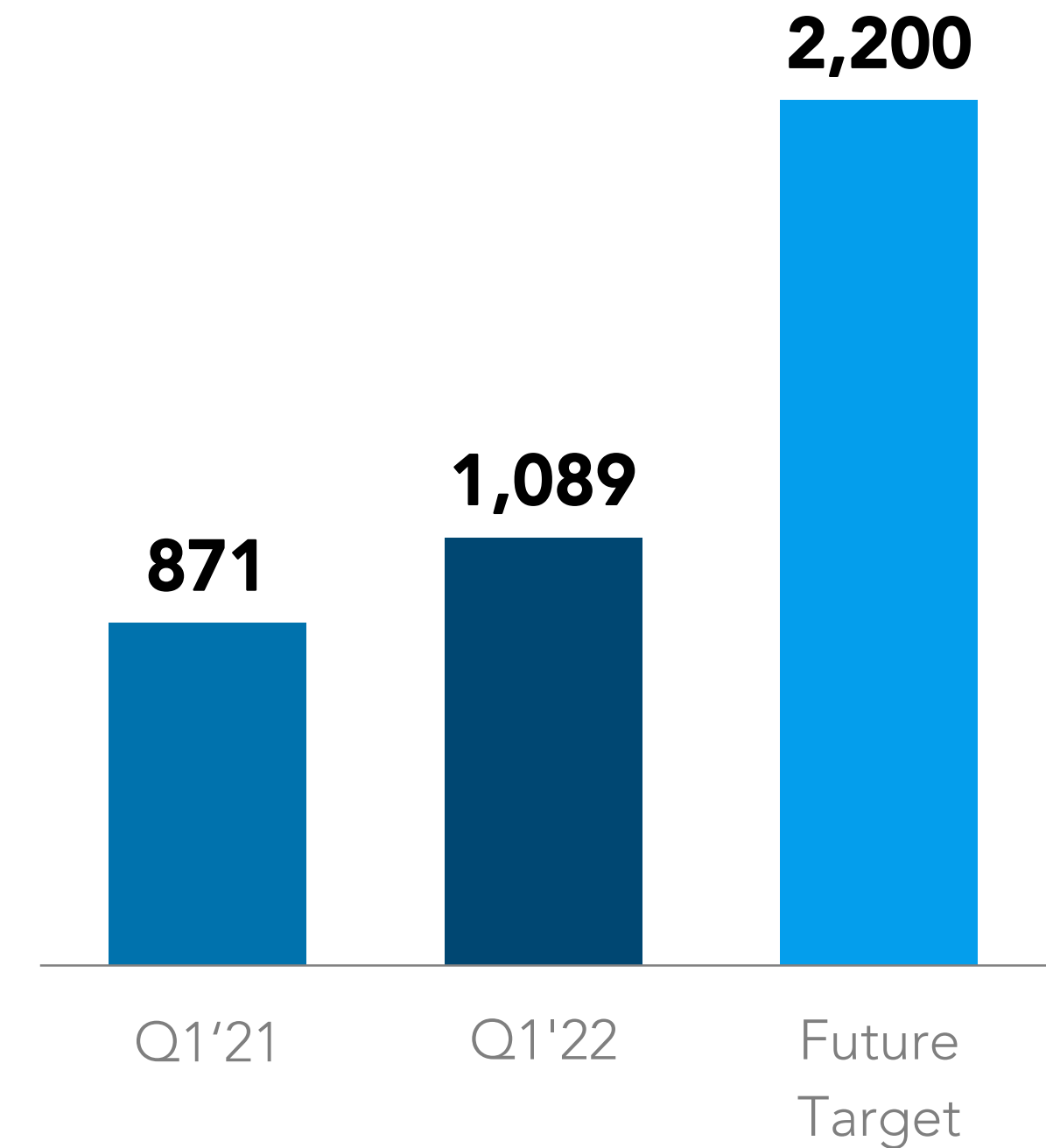


Number of New Signings



City Coverage

(hotels in operation and in pipeline)



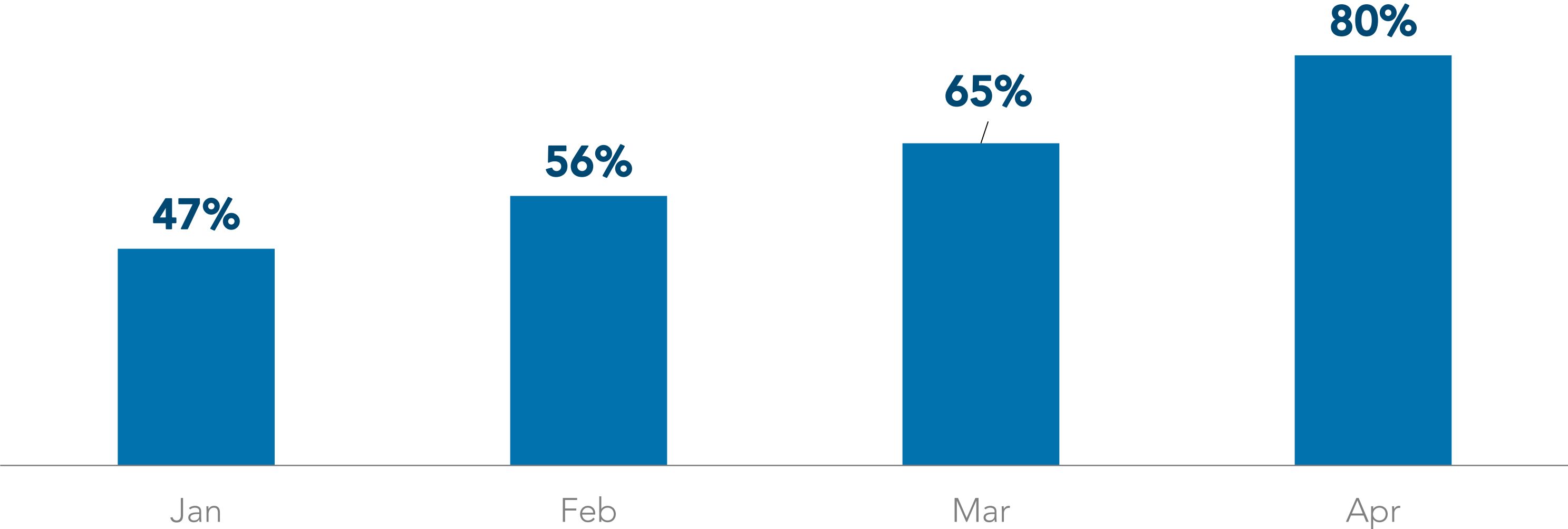
* Numbers in this page refers to Legacy-Huazhu business

* We changed our city tiers classification based on the latest classification published by <YICAI> at the end of 2021. If restated Q4.21 number to align to the new criteria, the breakdown of tier 1 to tier 3 cities for hotels in operation should be 20%, 43% and 37%, and for hotels in pipeline should be 10%, 34% and 56%.

Legacy-DH Achieved Robust RevPAR Recovery Trend in 2022

DH的RevPAR在2022年恢复势头良好

Blended RevPAR in 2022 as % of 2019



* Numbers in this page refers to Legacy-DH business

Opening-up in Germany Accelerates DH Business Recovery

德国重新开放加速DH业务恢复

Eased Restrictions Accelerates Recovery

- German occupancy recovery to **51%** in April compared to **30%** in January
- Recovery in Q1 was driven by leisure business due to prior year ban on leisure travel in Q1
- Over the coming months, business travel is expected to outperform the leisure recovery, supported by comeback of MICE business in Europe

Execution of Cost/Revenue Measure

- Continued execution of planned cost reductions to mitigate inflationary pressures and global volatility
- Fixed overhead cost, operational efficiency and lease cost are core priorities
- Deferral of non-critical CAPEX to preserve short term liquidity
- Accelerate demand/inflation-supported ADR recovery

Strategic Focus Post COVID

- Codification of cost reductions for sustained margin improvement
- Execution of digital strategy for process efficiency & analytics
- Evaluating the growth potential of limited-service hotel segment
- H-reward loyalty program globalization and multi-brand web/mobile

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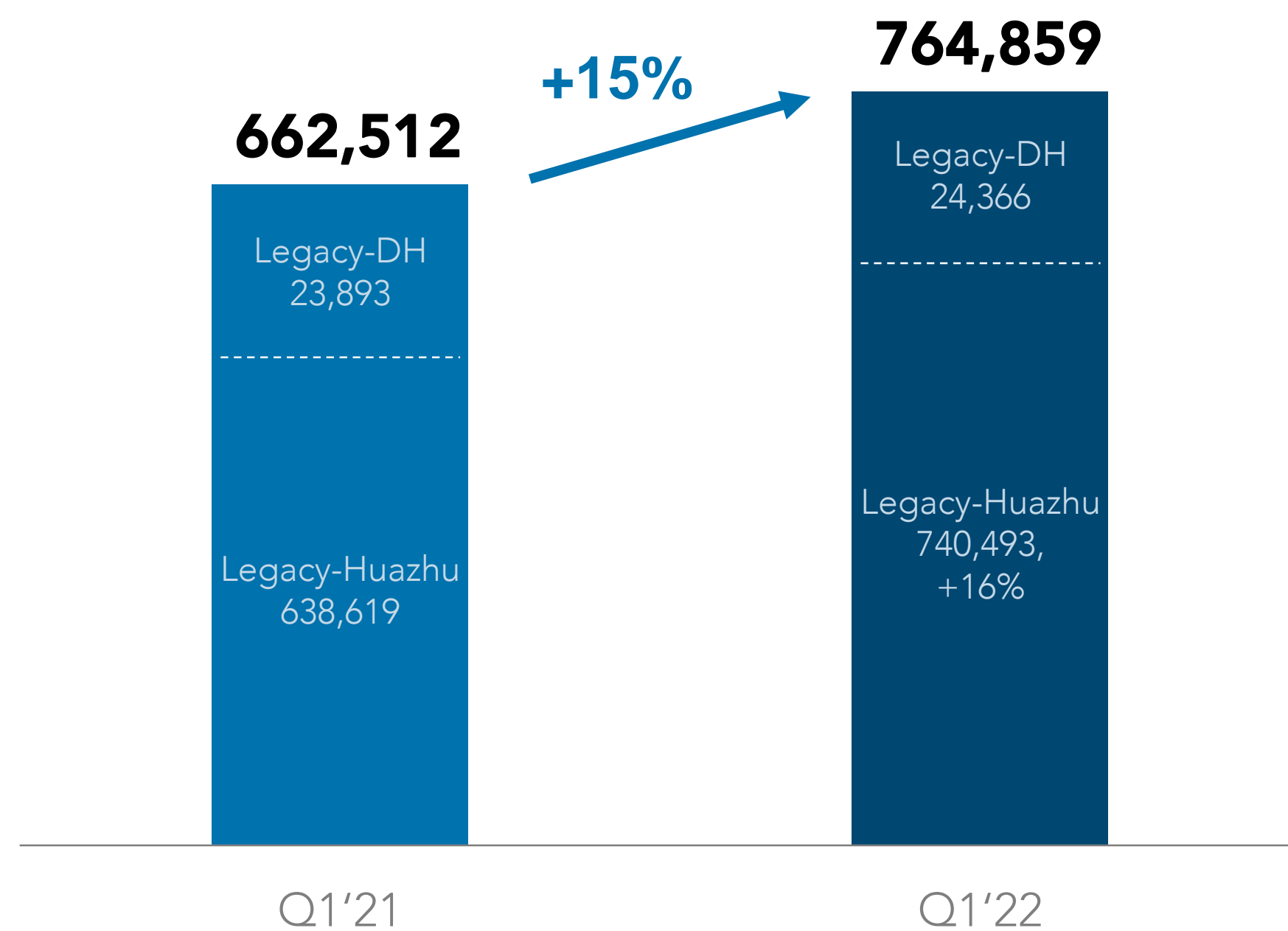
Hotel Network Continued to Expand

酒店网络持续扩张

Hotel Network Expansion

(Number of rooms in operation)

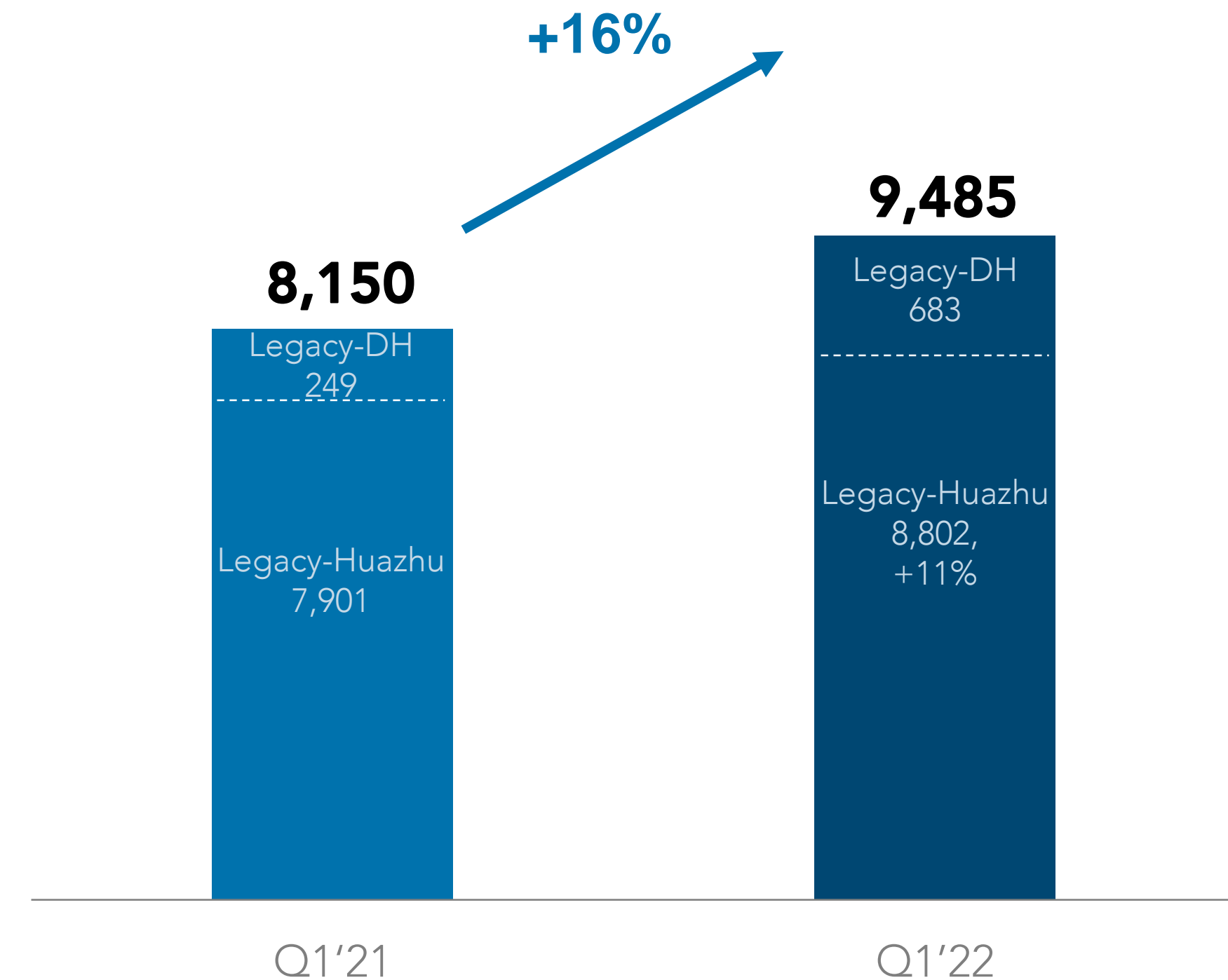
hotels in operation



Hotel Turnover

(in RMB millions)

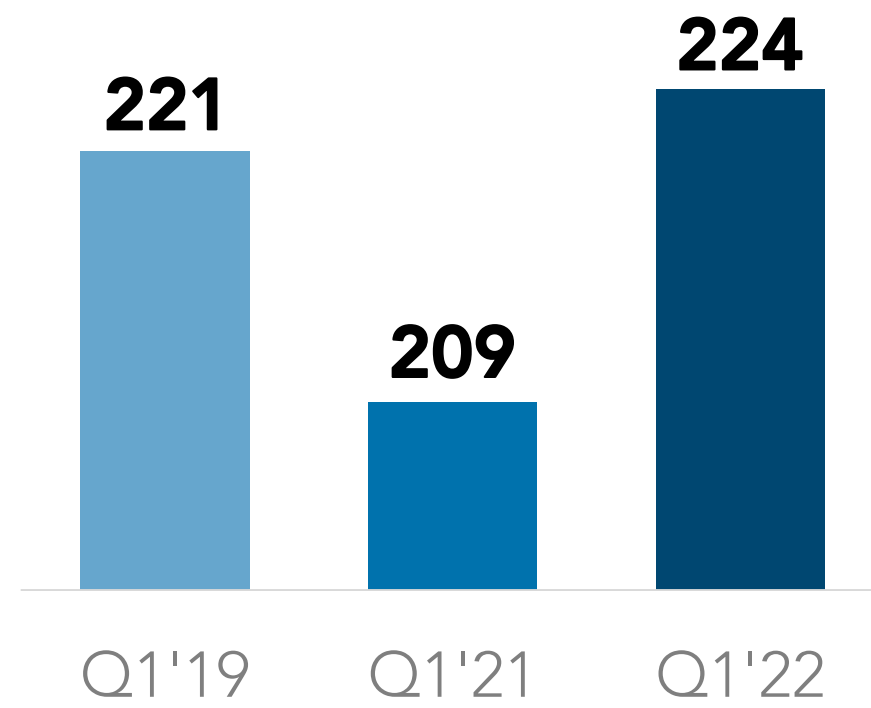
hotel turnover



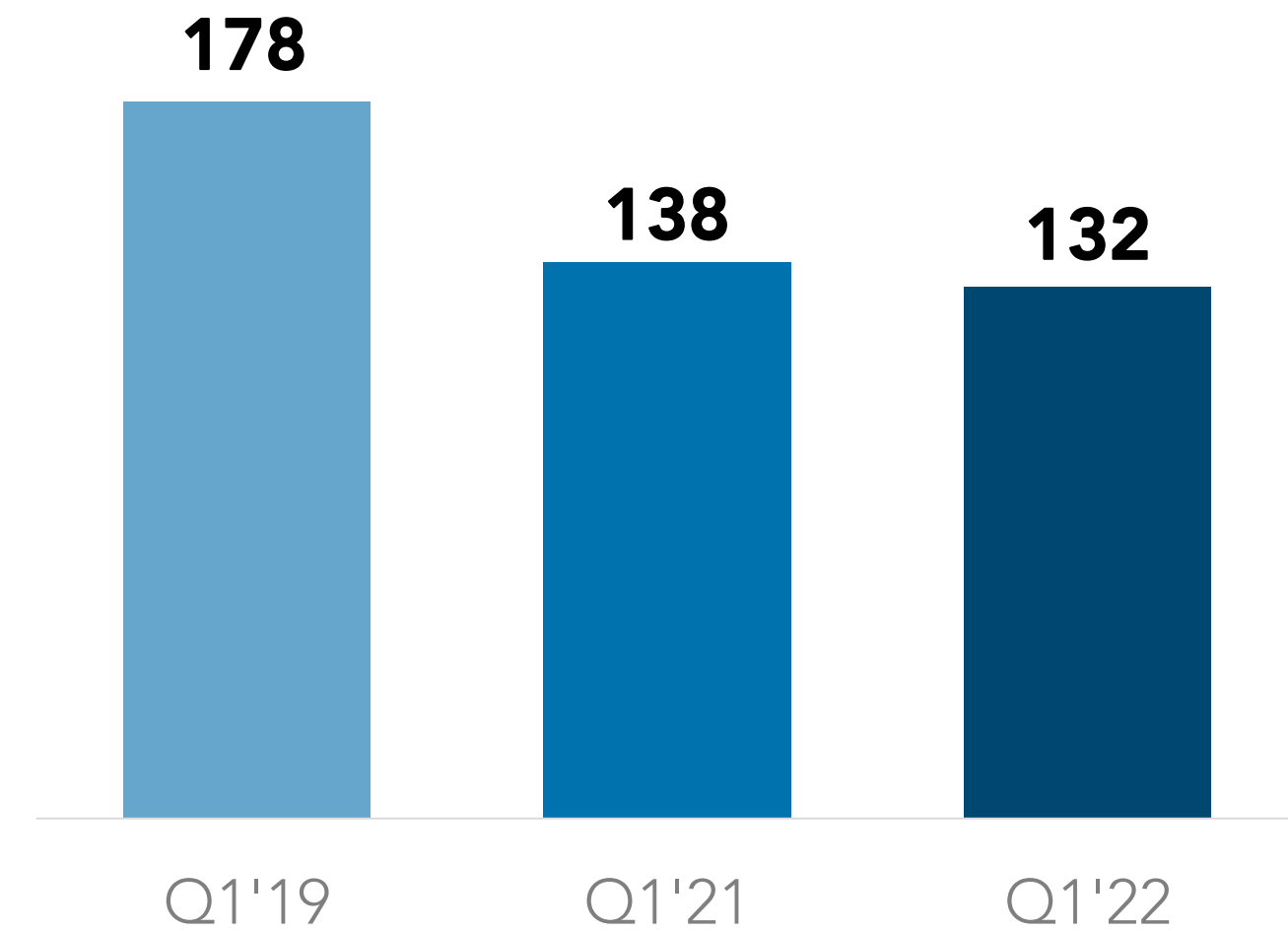
Legacy-Huazhu - Blended RevPAR Recovered to 74% of 2019 in Q1'22

华住中国-一季度混合RevPAR恢复到2019年的74%

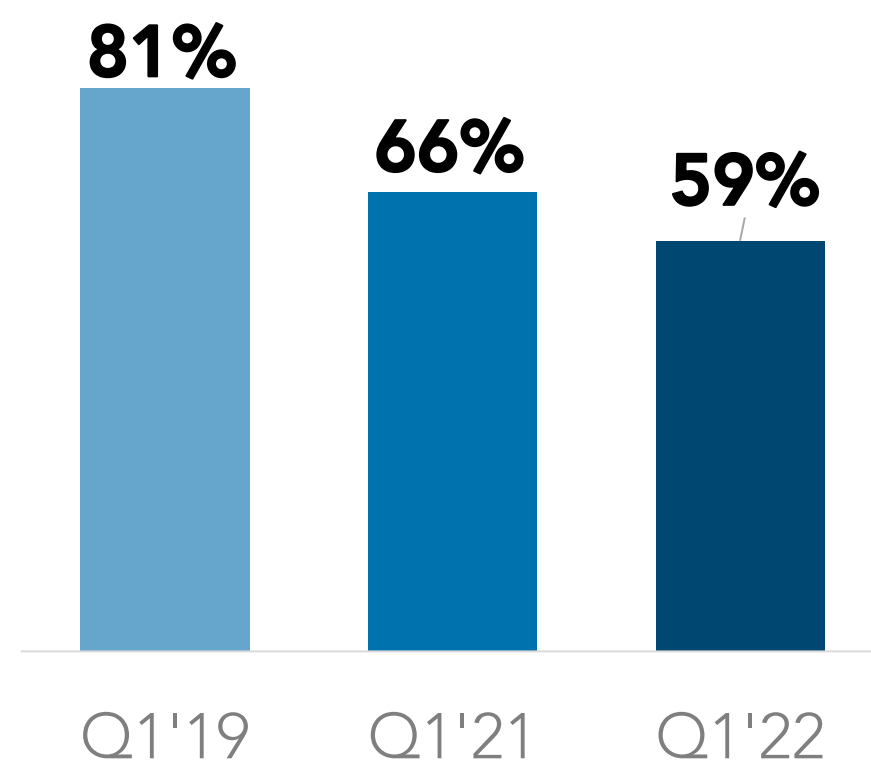
ADR +7.2% yoy and +1.2% Compared to 2019
(RMB)



RevPAR -4.1% yoy and -25.7% Compared to 2019
(RMB)



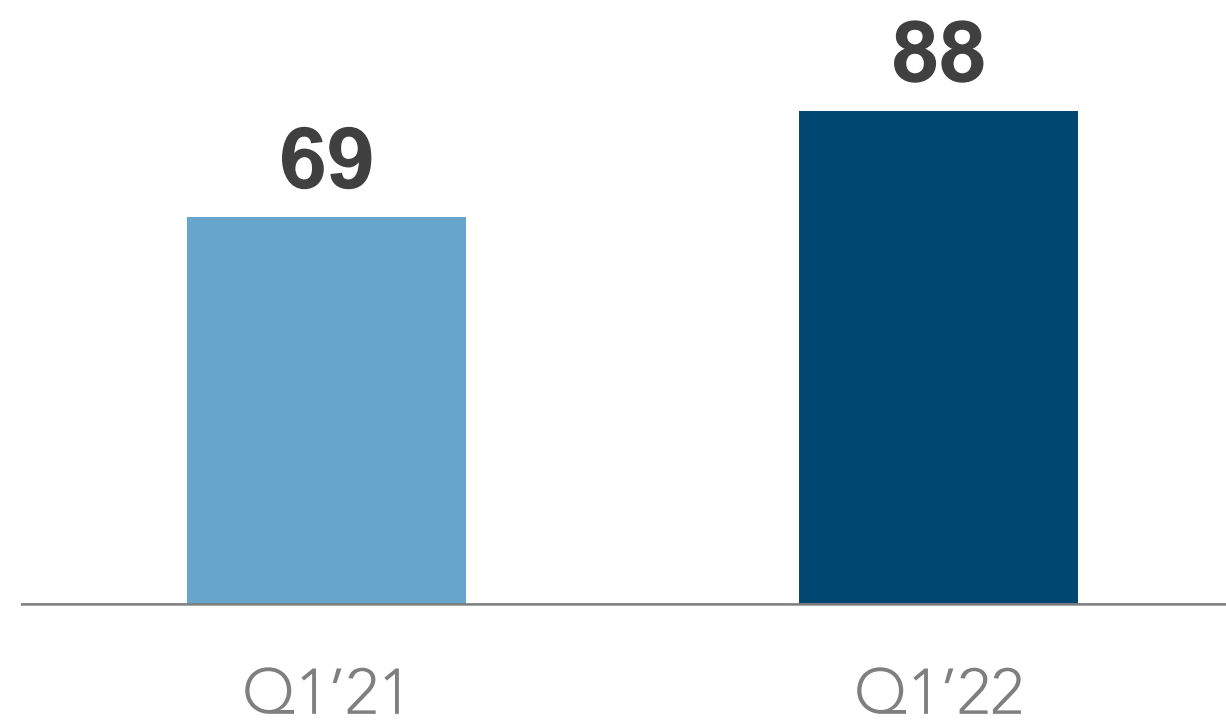
OCC -7.0 p.p. yoy and -21.4 p.p. Compared to 2019



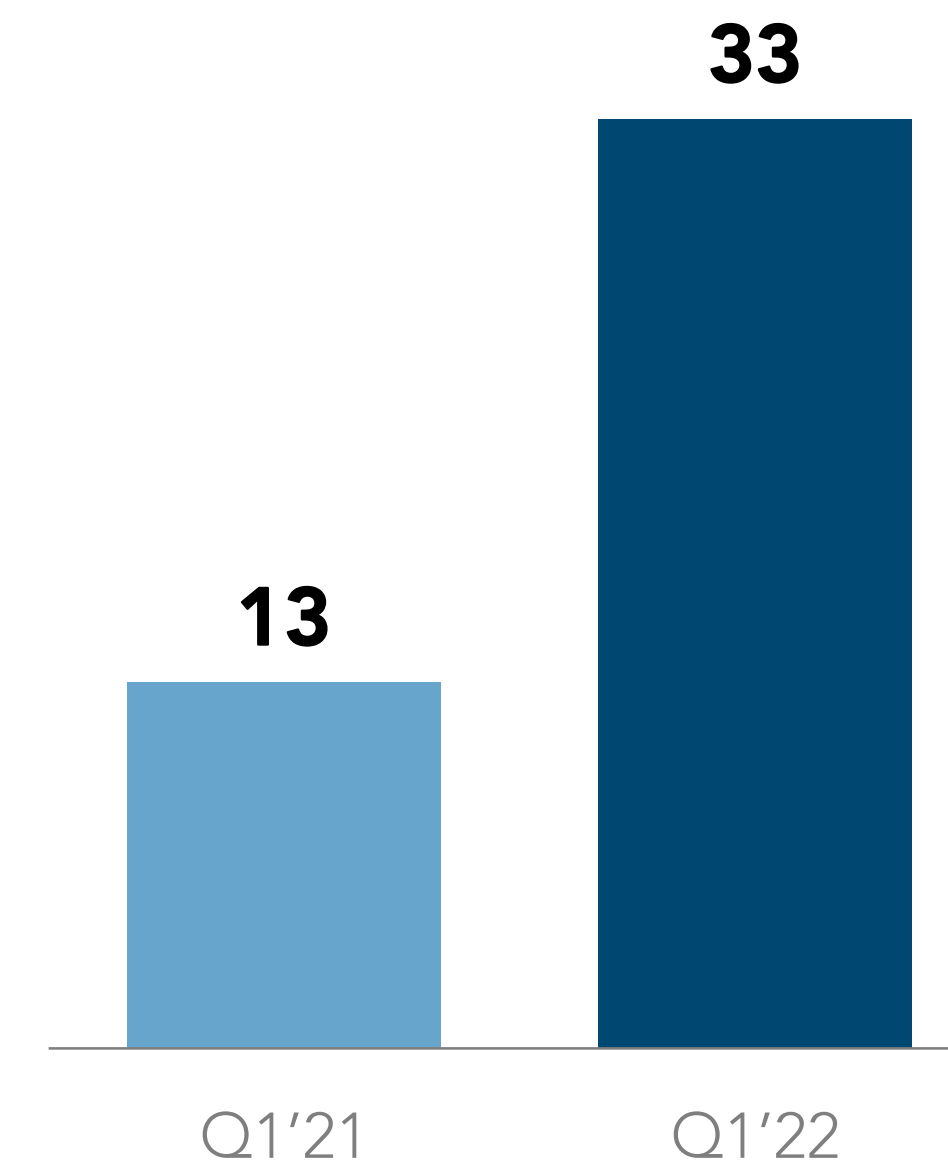
Legacy-DH - Blended RevPAR Increased in Q1'22 YoY

DH-一季度混合RevPAR同比增长

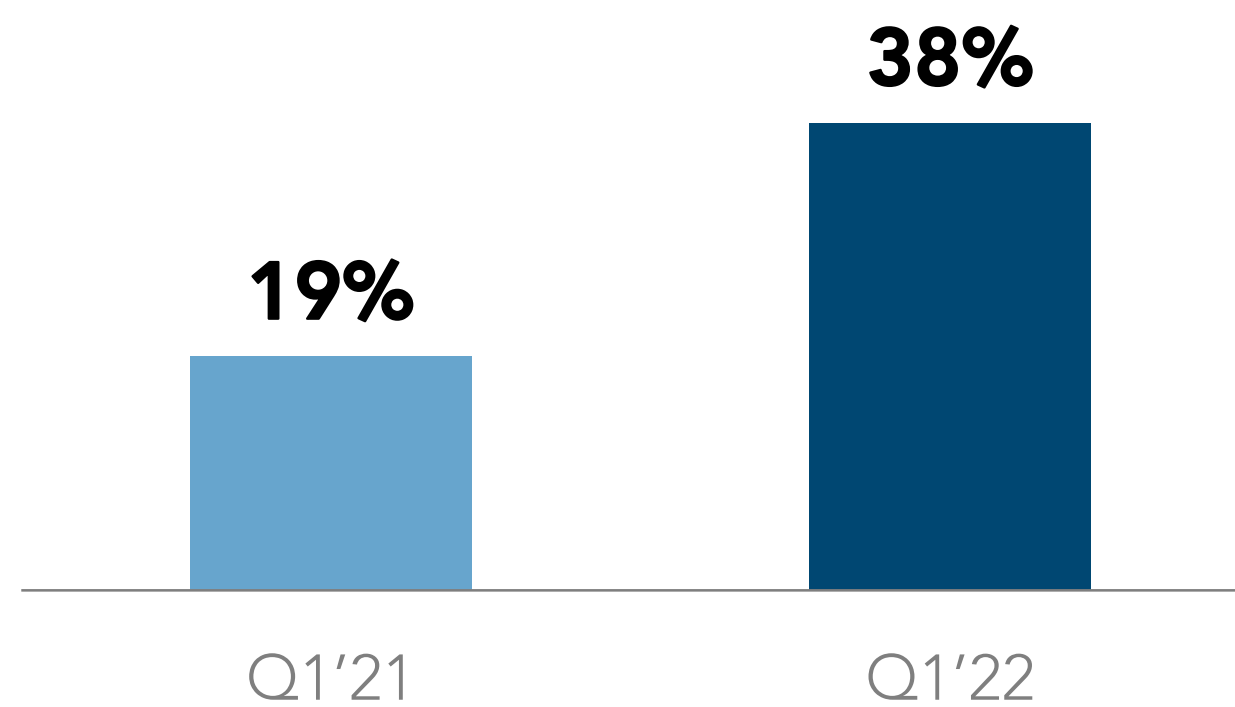
ADR +28.4% in Q1'22
(EUR)



RevPAR +158.8% in Q1'22
(EUR)



Occupancy +19.2 p.p. in Q1'22



Revenue: Q1'22 Increased 15% YoY

一季度营收同比增长15%

In million RMB	1Q22	1Q21	YoY	4Q21	QoQ
Revenue from Legacy - Huazhu	2,275	2,174	4.6%	2,776	-18.0%
- Leased & Owned Hotels	1,258	1,255	0.2%	1,565	-19.6%
- Manachised & Franchised Hotels	974	892	9.2%	1,073	-9.2%
- Others	43	27	59.3%	138	-68.8%
Revenue from Legacy - DH	406	153	165.4%	572	-29.0%
- Leased & Owned Hotels	384	143	168.5%	528	-27.3%
- Manachised & Franchised Hotels	15	5	200.0%	30	-50.0%
- Others	7	5	40.0%	14	-50.0%
Revenue	2,681	2,327	15.2%	3,348	-19.9%

Manachised and Franchised Hotels Revenue as % of Revenue

	Q1'21	Q1'22
Huazhu Group	38.5%	36.9%
Legacy-Huazhu	41.0%	42.8%

- **China business recovery was on track in Jan and Feb, but seriously interrupted by lockdown in several cities due to the massive spread of Omicron Variant since March**
- **DH saw steady improvement since the opening-up plan was unfolded in mid-Feb**

Q1'22 Operating Income Turned Negative

一季度经营利润亏损

In million RMB	1Q22	1Q21	YoY	4Q21	QoQ
Hotel operating costs	2,813	2,463	14.2%	3,194	-11.9%
- Legacy-Huazhu	2,255	2,018	11.7%	2,331	-3.3%
- Legacy-DH	558	445	25.4%	863	-35.3%
Pre-opening expenses	26	21	23.8%	30	-13.3%
- Legacy-Huazhu	26	21	23.8%	30	-13.3%
- Legacy-DH	-	-	Nm	0	Nm
SG&A expenses	584	435	34.3%	621	-6%
- Legacy-Huazhu	424	327	29.7%	437	-3%
- Legacy-DH	160	108	48.1%	184	-13.0%
Income from operations	-708	-575	-23.1%	39	Nm
- Legacy-Huazhu	-416	-172	-141.9%	60	Nm
- Legacy-DH	-292	-403	27.5%	-21	-1290.5%

- **Hotel operating cost increased mainly due to continuous hotel network expansion of Legacy-Huazhu and business recovery of Legacy-DH**
- **Higher pre-opening costs mainly due to more mid-scale L&O hotels opened YoY**
- **SG&A increased mainly due to increase in headcounts of BD team, upscale hotel division, IT and sales team, as well as business recovery of Legacy-DH**

Adjusted EBITDA and Adjusted Net Income in Q1'22

一季度调整后的EBITDA和净利润情况

In million RMB	1Q22	1Q21	YoY	4Q21	QoQ
Adjusted EBITDA	-333	-133	-150.4%	278	Nm
- Legacy-Huazhu	-93	207	Nm	209	Nm
- Legacy-DH	-240	-340	29.4%	69	Nm
Adjusted Net Income	-662	-451	-46.8%	-227	-191.6%
- Legacy-Huazhu	-339	-150	-126.0%	-187	-81.3%
- Legacy-DH	-323	-301	-7.3%	-40	-707.5%

- **Legacy-Huazhu's Adj. EBITDA loss in Q1 enlarged significantly due to the impact of COVID-19 resurgence**
- **The loss of Legacy-DH's Adj. EBITDA narrowed in 1Q22 YoY due to the better RevPAR recovery since the opening-up plan unfolded in mid-Feb**

• 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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Liquidity Position Update
流动性现状

Net Debt

RMB 6.0bn

Cash Balance

RMB 4.1bn

**Unutilized Bank
Facilities**

RMB 3.0bn

• As of March 31, 2022

Guidance

业绩指引

Q2 2022

Revenue vs. Q2 2021

- **Decline 2%-6%**
- Excluding DH - **Decline 23%-27%**

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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		
	March 31,		March 31,		yoy change	March 31,		yoy change	March 31,		yoy change (p.p.)
	2021	2022	2021	2022		2021	2022		2021	2022	
Economy hotels	3320	3320	115	105	-8.5%	161	167	4.0%	71.5%	62.9%	-8.6
Leased and owned hotels	380	380	121	114	-6.5%	177	186	4.9%	68.4%	61.0%	-7.4
Manachised and franchised hotels	2940	2940	114	104	-8.9%	158	164	3.8%	72.0%	63.2%	-8.8
Midscale and upscale hotels	1905	1905	181	164	-9.4%	281	289	2.7%	64.4%	56.8%	-7.6
Leased and owned hotels	229	229	201	187	-7.3%	339	352	4.0%	59.4%	53.0%	-6.4
Manachised and franchised hotels	1676	1676	177	160	-9.9%	271	277	2.3%	65.5%	57.7%	-7.8
Total	5225	5225	144	131	-8.9%	210	218	3.5%	68.4%	60.2%	-8.2

	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		
	March 31,		March 31,		yoy change	March 31,		yoy change	March 31,		yoy change (p.p.)
	2019	2022	2019	2022		2019	2022		2019	2022	
Economy hotels	2024	2024	160	104	-34.9%	183	167	-8.7%	87.5%	62.4%	-25.1
Leased and owned hotels	358	358	177	111	-37.4%	200	182	-9.0%	88.2%	60.7%	-27.5
Manachised and franchised hotels	1666	1666	155	102	-34.1%	178	162	-8.6%	87.3%	62.9%	-24.4
Midscale and upscale hotels	795	795	251	155	-38.1%	324	288	-11.1%	77.3%	53.8%	-23.5
Leased and owned hotels	170	170	304	171	-43.9%	383	332	-13.1%	79.4%	51.3%	-28.1
Manachised and franchised hotels	625	625	231	149	-35.4%	302	273	-9.7%	76.5%	54.7%	-21.8
Total	2819	2819	191	122	-36.2%	227	205	-9.9%	84.0%	59.4%	-24.6

Number of Hotels and Rooms

酒店数量和房间数量

As of March 31, 2022

	Hotels in operation	Total Rooms	Unopened hotels in pipeline
Economy hotels	4,824	388,174	951
HanTing Hotel	3,096	277,885	608
Hi Inn	447	24,682	117
NiHao Hotel	83	5,772	178
Elan Hotel	965	55,421	2
Ibis Hotel	219	22,751	32
Zleep Hotels	14	1,663	14
Midscale hotels	2,554	281,168	977
Ibis Styles Hotel	82	8,522	17
Starway Hotel	544	44,740	202
JI Hotel	1,449	173,866	534
Orange Hotel	449	49,231	216
CitiGO Hotel	30	4,809	8
Upper midscale hotels	472	69,267	270
Crystal Orange Hotel	148	19,793	65
Manxin Hotel	91	8,705	54
Madison Hotel	41	6,164	56
Mercure Hotel	128	21,697	53
Novotel Hotel	15	4,032	16
IntercityHotel	49	8,876	26
Upscale hotels	115	20,691	62
Jaz in the City	3	587	1
Joya Hotel	9	1,760	-
Blossom House	36	1,793	34
Grand Mercure Hotel	7	1,485	6
Steigenberger Hotels & Resorts	53	13,889	13
MAXX	7	1,177	8
Luxury hotels	15	2,327	4
Steigenberger Icon	9	1,848	2
Song Hotels	6	479	2
Others	8	3,232	7
Other hotels	8	3,232	7
Total	7,988	764,859	2,271