GreenTree Hospitality Group Ltd. 2020Q1 Results

June 4, 2020

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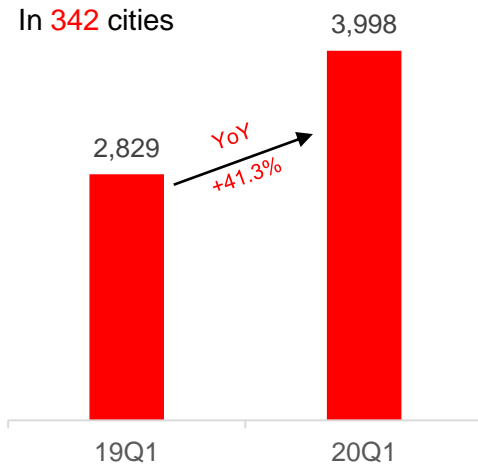
Contents

01 | Performance Review

Overview of 2020Q1

As of March 31, 2020

Number of Hotels

In **342** cities

- 19Q1: 2,829
- 20Q1: 3,998
- YoY +41.3%
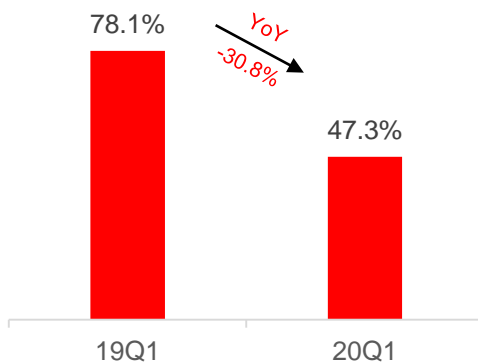
ADR

RMB

- 19Q1: 162
- 20Q1: 150
- YoY -7.8%

Occupancy

- 19Q1: 78.1%
- 20Q1: 47.3%
- YoY -30.8%

RevPAR

RMB

- 19Q1: 127
- 20Q1: 71
- YoY -44.1%
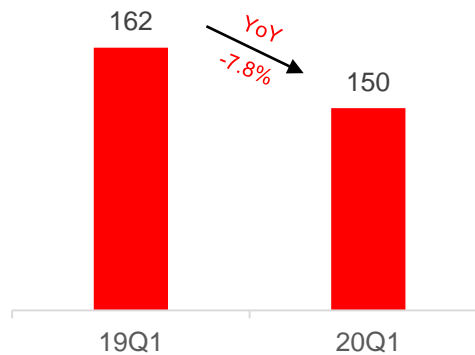
Financial Overview

RMB (M)

- Total Revenue 20Q1: 157.4 (-33.1%)
- Gross Profit 20Q1: 67.6 (-56.4%)
- Adjusted EBITDA (Non-GAAP) 20Q1: 47.6 (-64.5%)
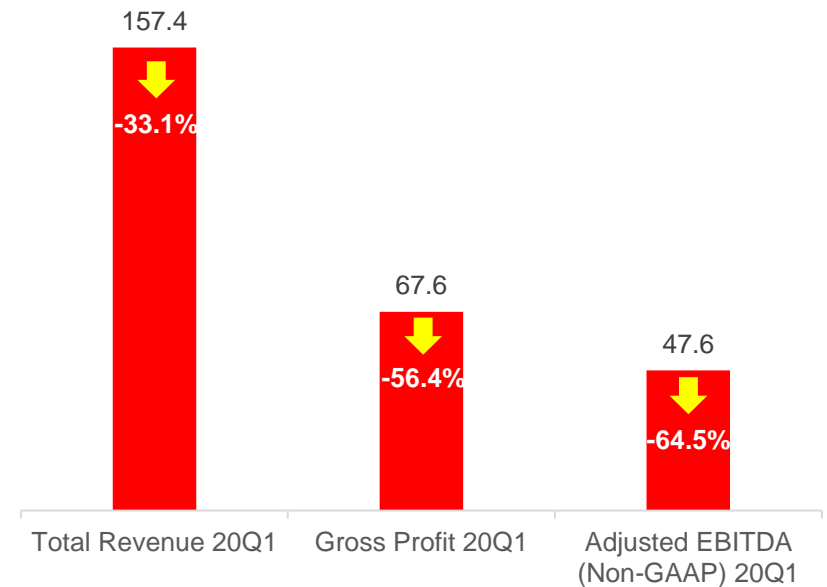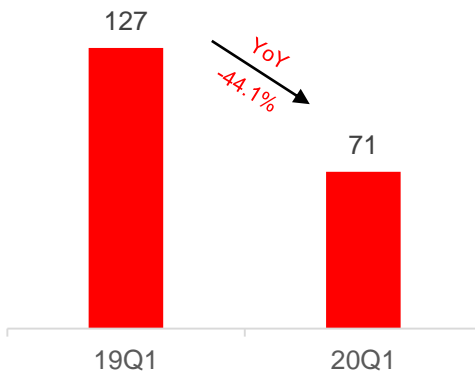
Core Net Income per ADS (basic and diluted)

2020Q1 **RMB0.27 (US$0.04)** (YoY: -70.3%)

格美酒店
GEM HOTEL

02 | **COVID-19**

COVID-19: Impact on Performance

■ Hotels in China [1]   ■ GreenTree

ADR 2020Q1 YoY
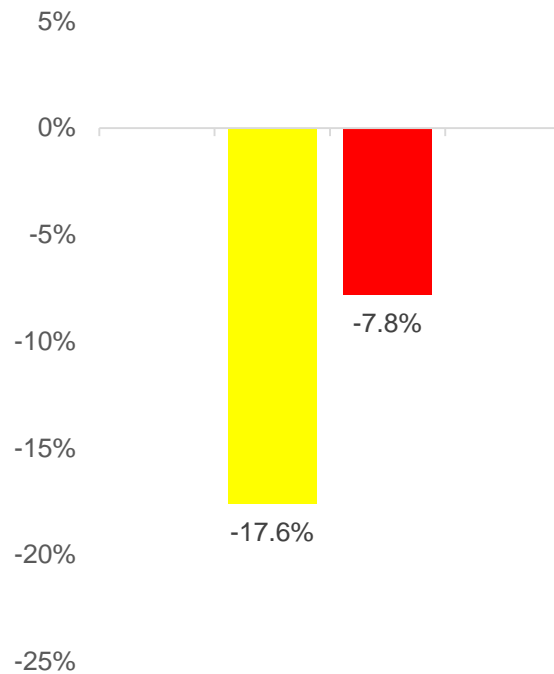
- -17.6%
- -7.8%

Occupancy 2020Q1 YoY
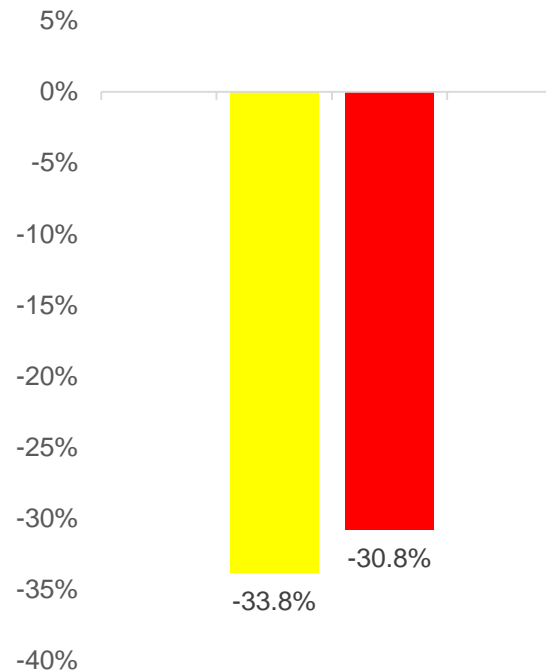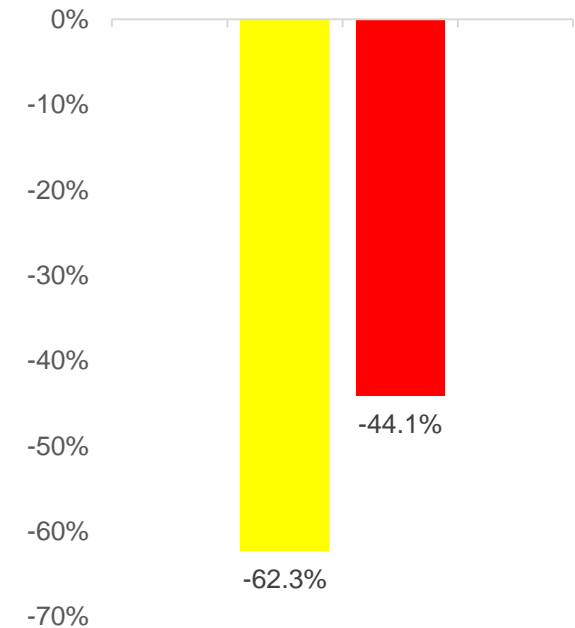
- -33.8%
- -30.8%

RevPAR 2020Q1 YoY

- -62.3%
- -44.1%
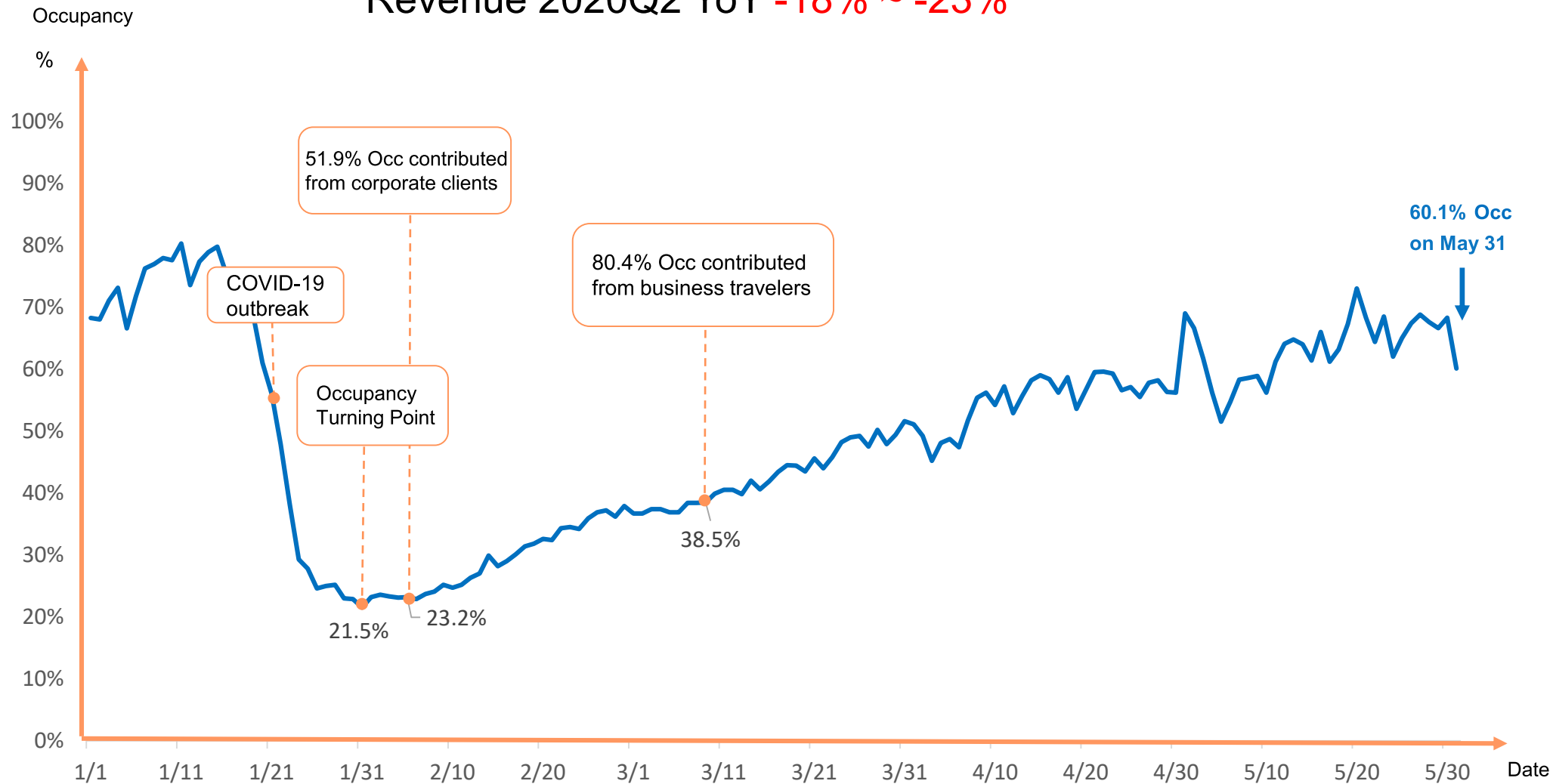
格菲酒店
VX HOTEL

03 | **Operating and Financial Highlights**

Hotel Growth

Increasing Number of Hotels in Operation

Legend: ■ Total ■ L&O Hotels

	2016	2017	2018	2019	2019Q1	2020Q1
Total	1,964	2,289	2,757	3,957	2,829	3,998
L&O	32	26	29	34	30	35
Base	1,932	2,263	2,728	3,923	2,799	3,963

YoY +16.5%
YoY +20.4%
YoY +43.5%
YoY +41.3%
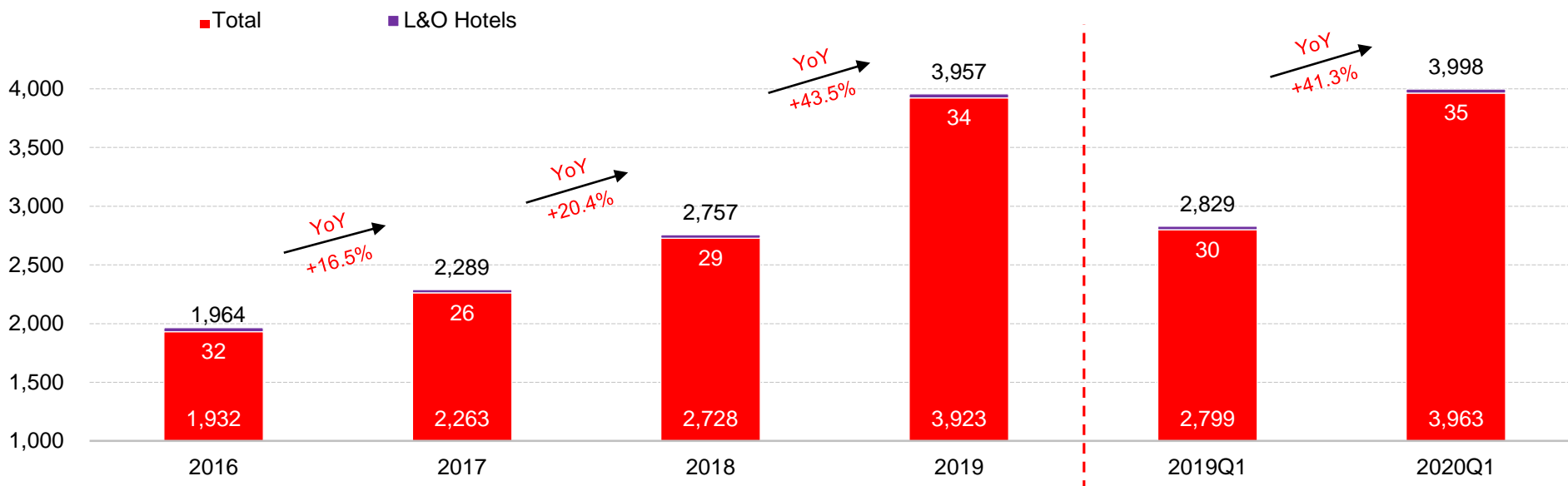
% by Hotel Segment

Legend: ■ Luxury ■ Mid-to-upscale ■ Midscale ■ Economy

19Q1
- 4.4%
- 81.9%
- 13.7%

20Q1
- 0.5%
- 6.8%
- 64.6%
- 28.1%
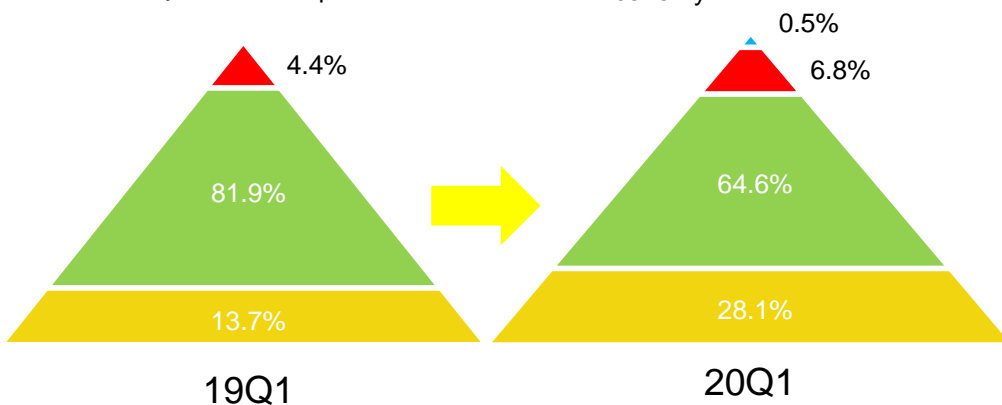
% by City Tier [1]

Legend: ■ Tier 1 Cities ■ Tier 2 Cities ■ Other Cities

19Q1
- 22.3%
- 12.7%
- 65.0%

20Q1
- 23.6%
- 9.6%
- 66.8%
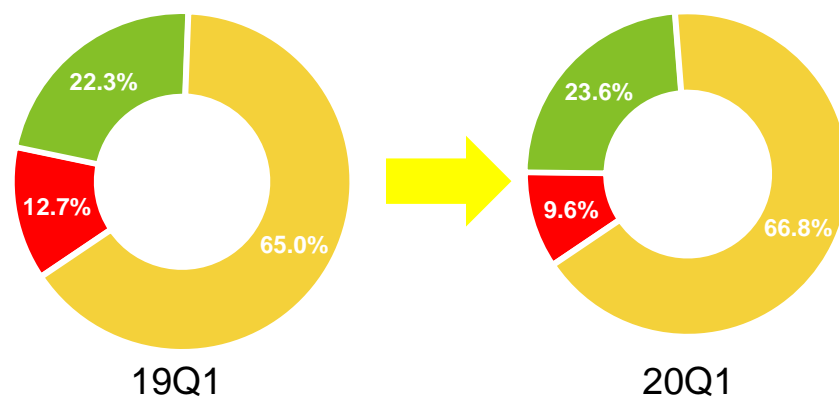
New Hotel Openings and Closures

Gross Openings
YoY -39.2%

Openings

Closures

	19Q1	20Q1	19Q2	20Q2	19Q3	20Q3	19Q4	20Q4
Openings	102	62	134		181		190	
Closures	-30	-21	-35		-34		-41	

20Q1 New Openings Breakdown by Market Segment

Mid-to-Up-Scale
7
11.3%

Mid-Scale
37
59.7%

Economy
18
29.0%

20Q1 New Openings Breakdown by City Tier [1]

Tier 2 Cities
13
21.0%

Other Cities
46
74.2%
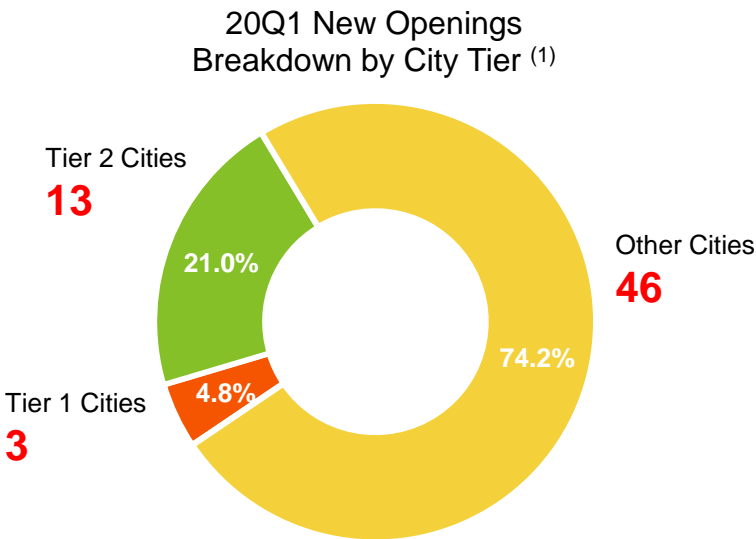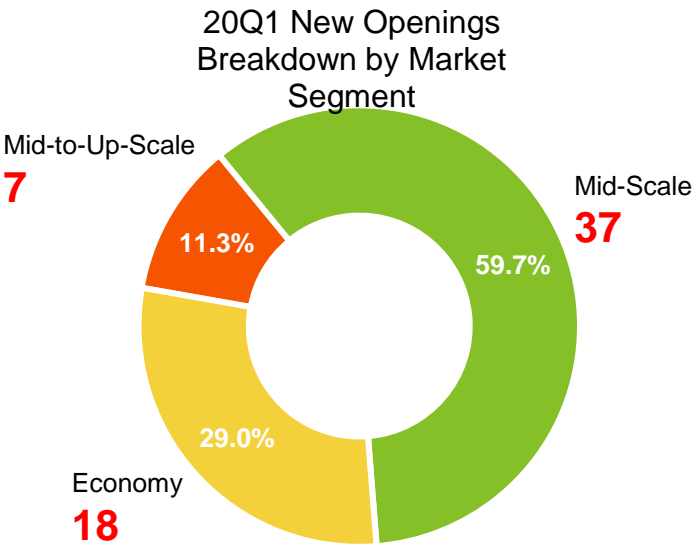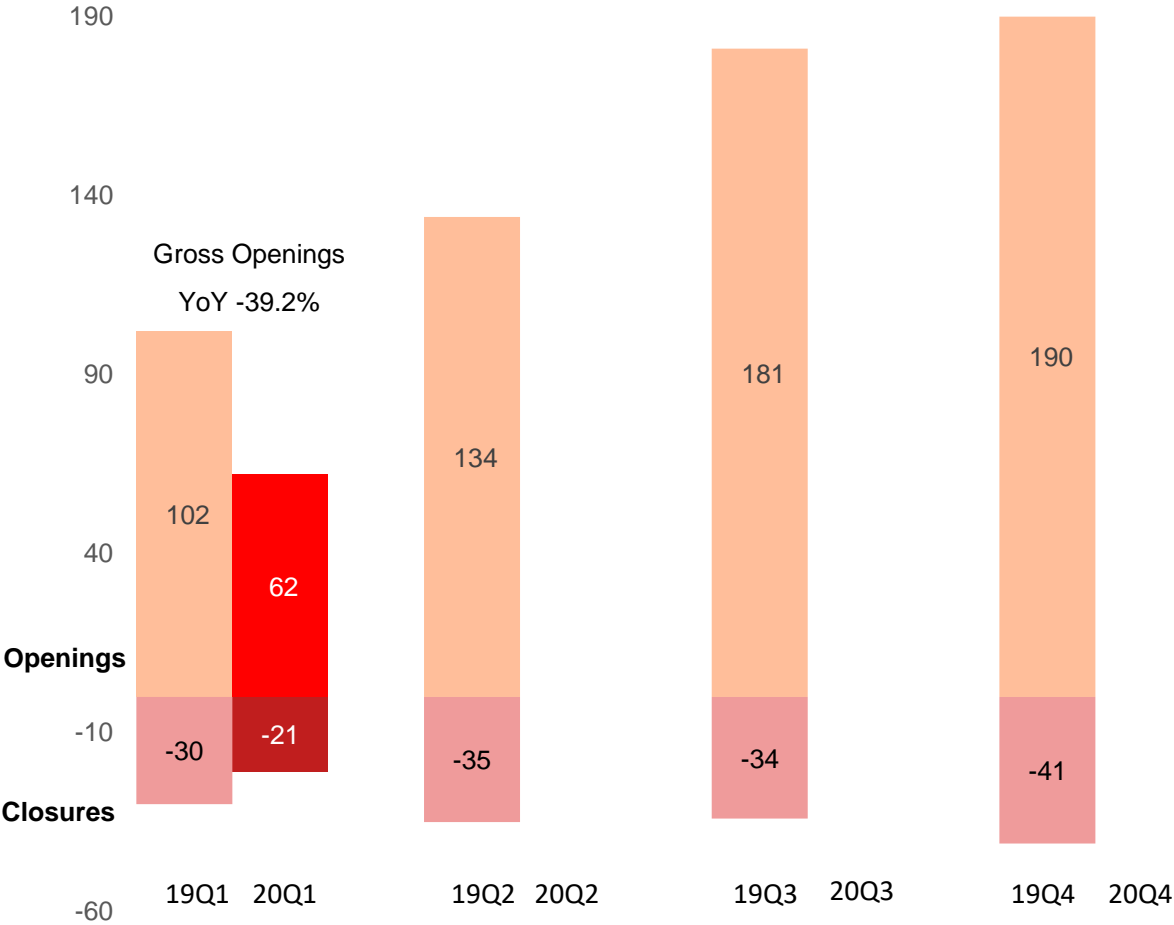
Tier 1 Cities
3
4.8%

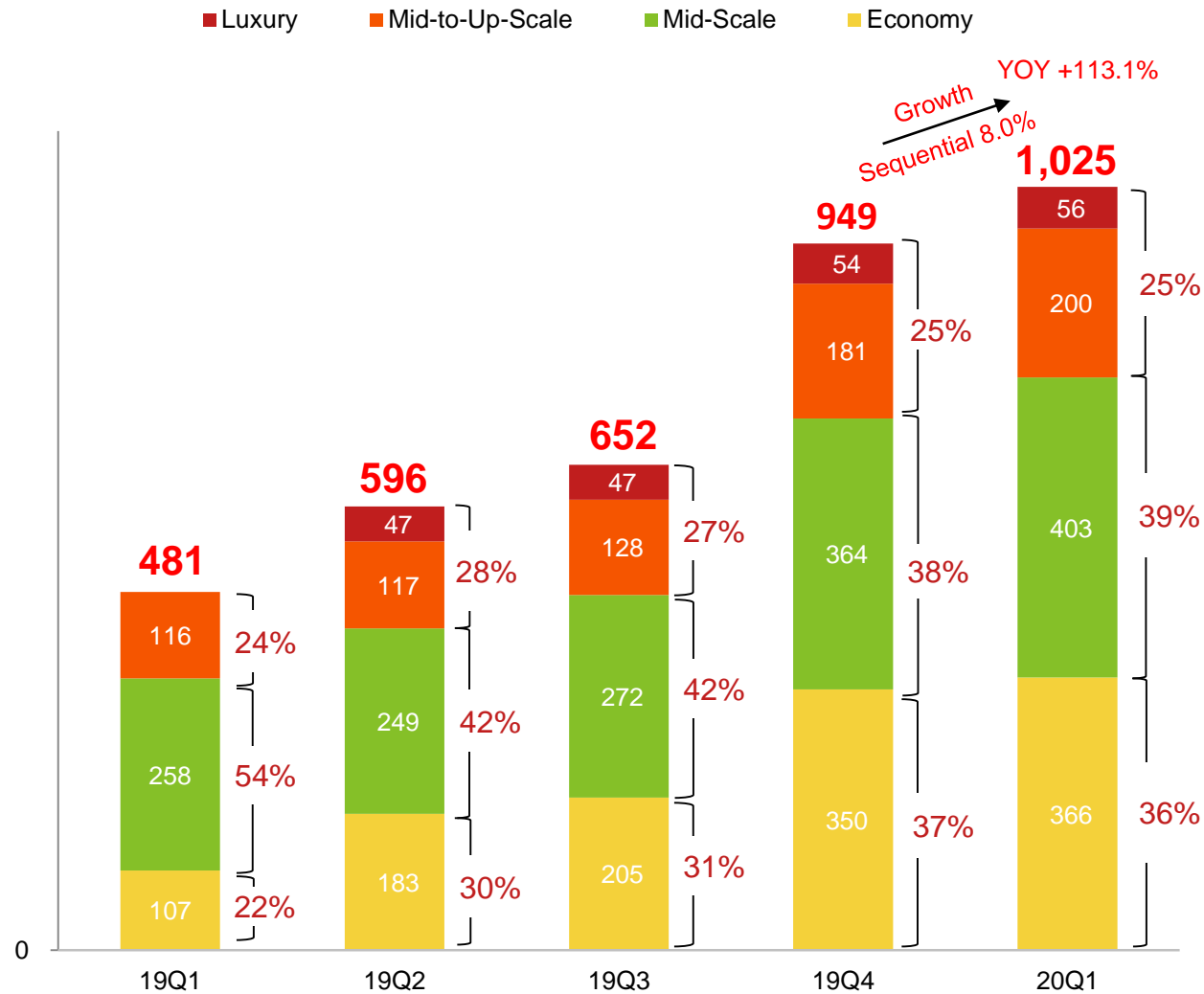**Notes:**

1. Tier 1 Cities refers to Beijing, Shanghai, Shenzhen and Guangzhou; Tier 2 Cities refers to the 32 major cities, other than Tier 1 Cities, including provincial capitals, administrative capitals of autonomous regions, direct-controlled municipalities and other major cities designated as municipalities with independent planning by the State Council
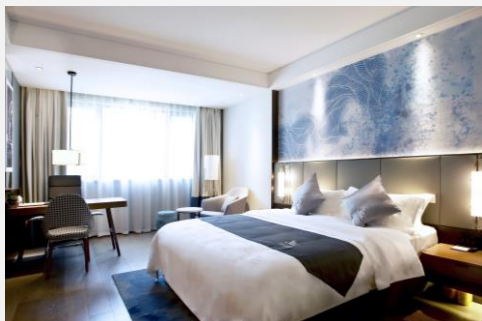
20Q1 Pipeline Growth by Market Segment

■ Luxury ■ Mid-to-Up-Scale ■ Mid-Scale ■ Economy

YOY +113.1%

Growth
Sequential 8.0%

481
- 116 — 24%
- 258 — 54%
- 107 — 22%

596
- 47
- 117 — 28%
- 249 — 42%
- 183 — 30%

652
- 47
- 128 — 27%
- 272 — 42%
- 205 — 31%

949
- 54
- 181 — 25%
- 364 — 38%
- 350 — 37%

1,025
- 56
- 200 — 25%
- 403 — 39%
- 366 — 36%

0

19Q1   19Q2   19Q3   19Q4   20Q1

Strategic Development

Further Expansion into Mid-to-Upscale and Luxury Brands

GreenTree Eastern

- Premium boutique hotels with traditional oriental themes
- **109** hotels as of 20Q1
- Pipeline: **51**
- Rate: RMB **300-600**

Deep Sleep Hotel

- Intimate and stylish
- **2** hotels as of 20Q1
- Rate: RMB **270-400**

Argyle Hotel

- Mid-to-Upscale hotels with a uniquely Australian flavor
- **30** hotels as of 20Q1
- Pipeline: **76**
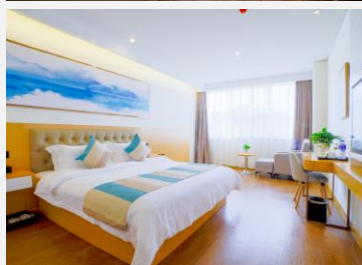- Rate: Argyle RMB **400-1000**
  Ausotel RMB **200-400**

Gem Hotel

- Calm sanctuary for business travelers
- **28** hotels as of 20Q1
- Pipeline: **32**
- Rate: RMB **280-350**

Gya Hotel

- Fashionable and unique
- **26** hotels as of 20Q1
- Pipeline: **24**
- Rate: RMB **280-350**

Vx Hotel

- Relaxing in artistic spaces
- **22** hotels as of 20Q1
- Pipeline: **22**
- Rate: RMB **280-350**

Urban Garden Hotel [1]

- Peaceful and serene
- **75** hotels as of 20Q1
- Pipeline: **44**
- Rate: RMB **200-350**

Notes:
1. Include other brands in mid-to-up-scale segment of Urban
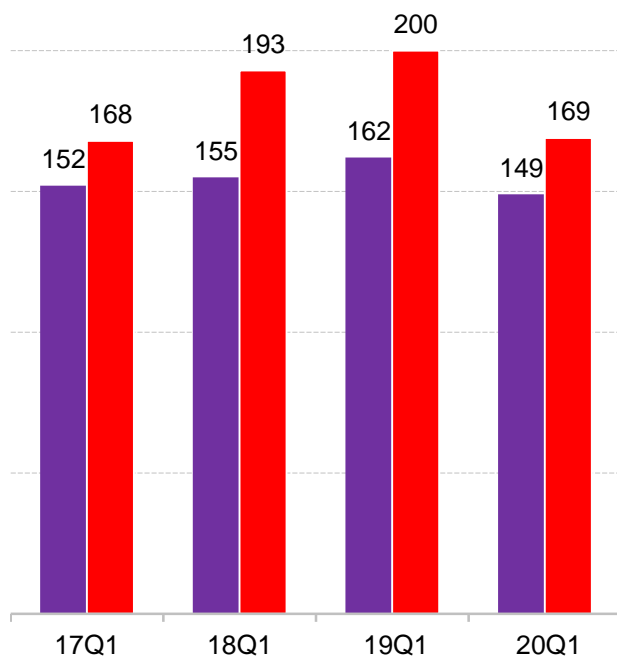
13

Hotel Performance Q1 2020

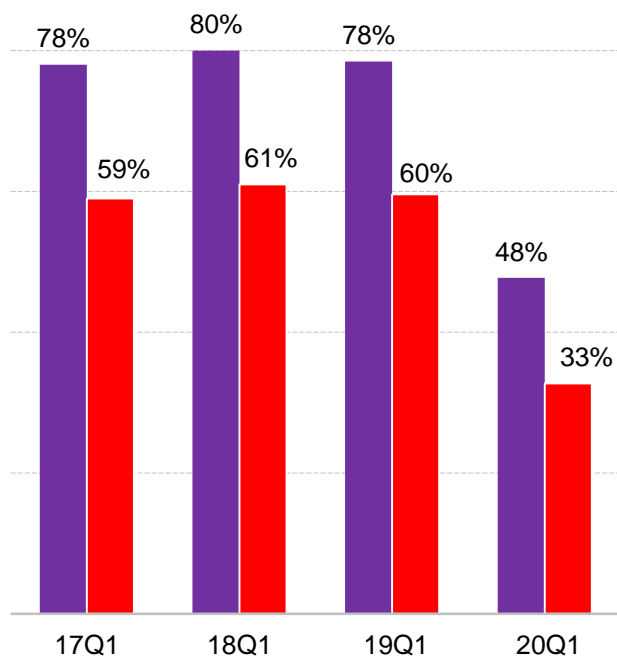The Company had a **44.1%** RevPAR YoY decrease in 20Q1.
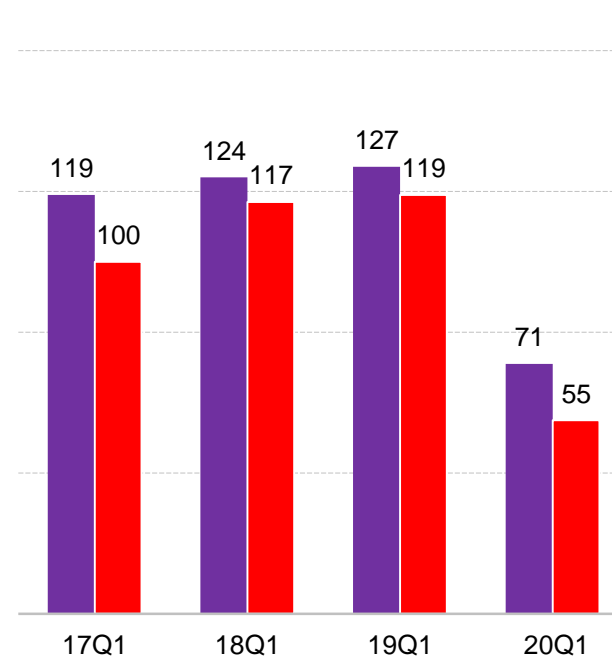
■ F&M Hotels ■ L&O Hotels

ADR
RMB

	17Q1	18Q1	19Q1	20Q1
F&M	152	155	162	149
L&O	168	193	200	169

Occupancy

	17Q1	18Q1	19Q1	20Q1
F&M	78%	80%	78%	48%
L&O	59%	61%	60%	33%

RevPAR
RMB

	17Q1	18Q1	19Q1	20Q1
F&M	119	124	127	71
L&O	100	117	119	55

YoY

F&M	2.0%	3.9%	-7.6%
L&O	14.9%	3.6%	-15.4%

F&M	1.5%	-1.1%	-30.7%
L&O	1.1%	-0.9%	-26.9%

F&M	4.2%	2.5%	-43.8%
L&O	17.0%	2.1%	-53.6%

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RevPAR Growth

Quarterly RevPAR

RMB

F&M Hotel   L&O Hotel   Growth Trend (F&M)   Growth Trend (L&O)
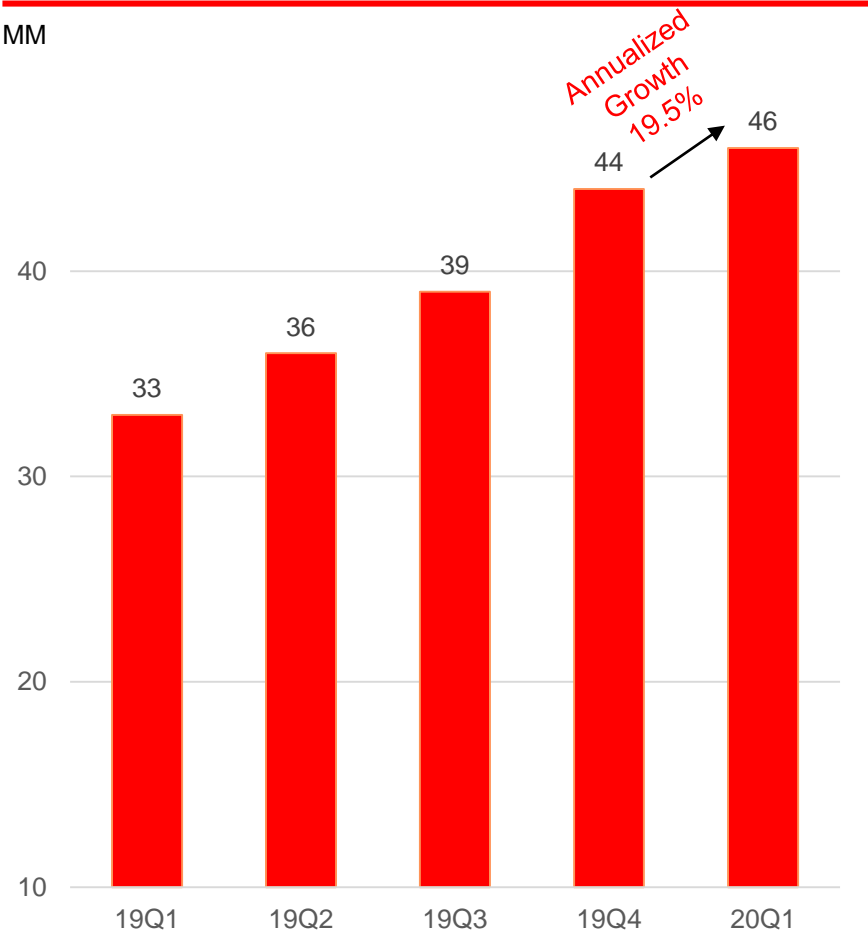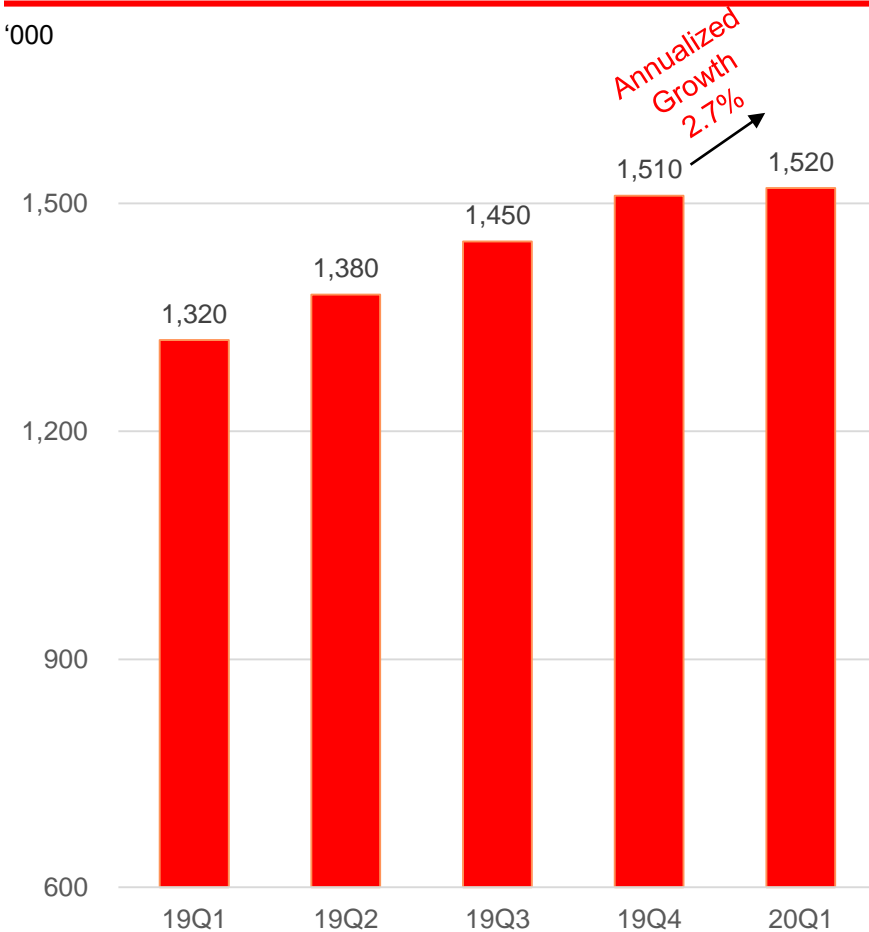
Membership Program
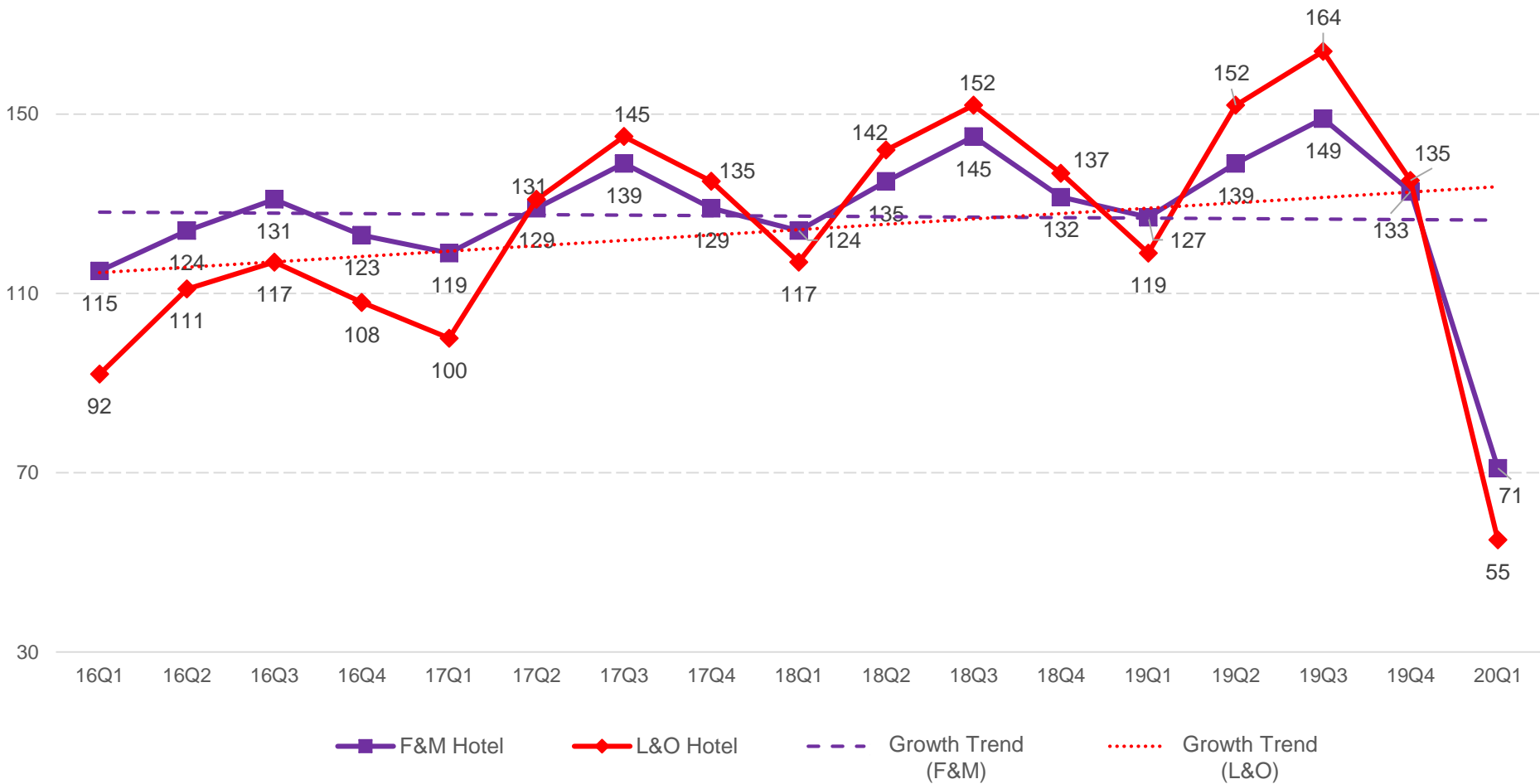
93.6% of room nights sold directly

Individual Members

MM

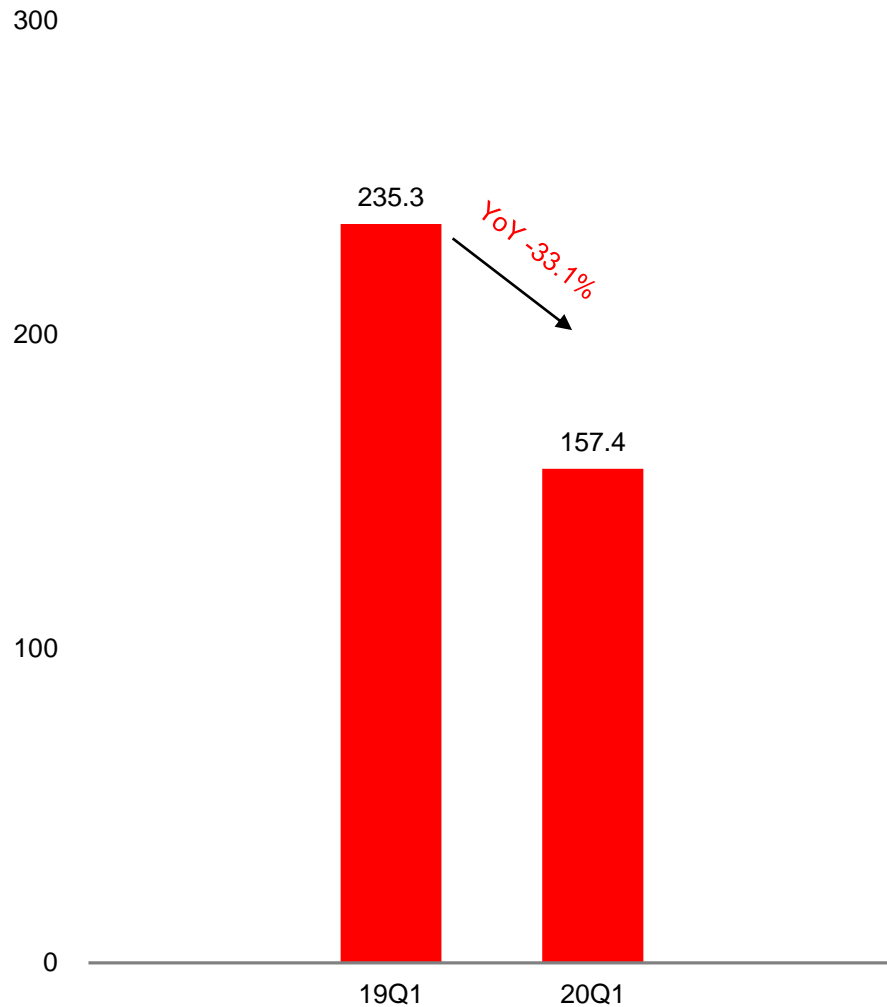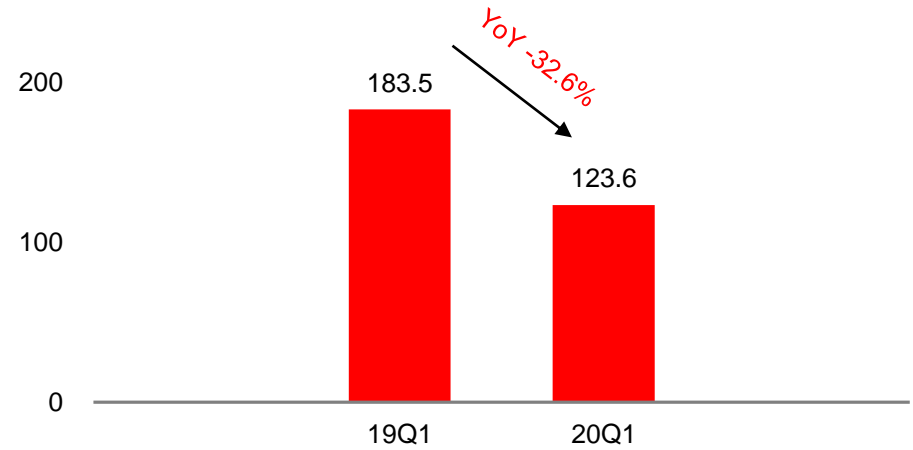## Corporate Members

'000

Revenue Growth

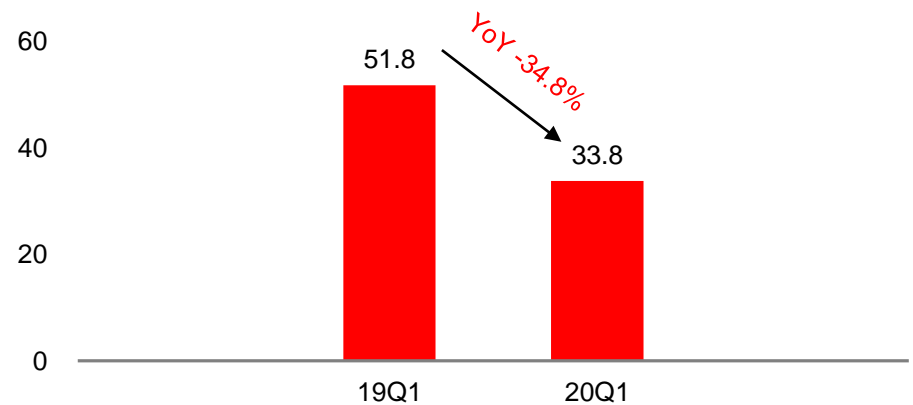## Total Revenue

RMB (M)

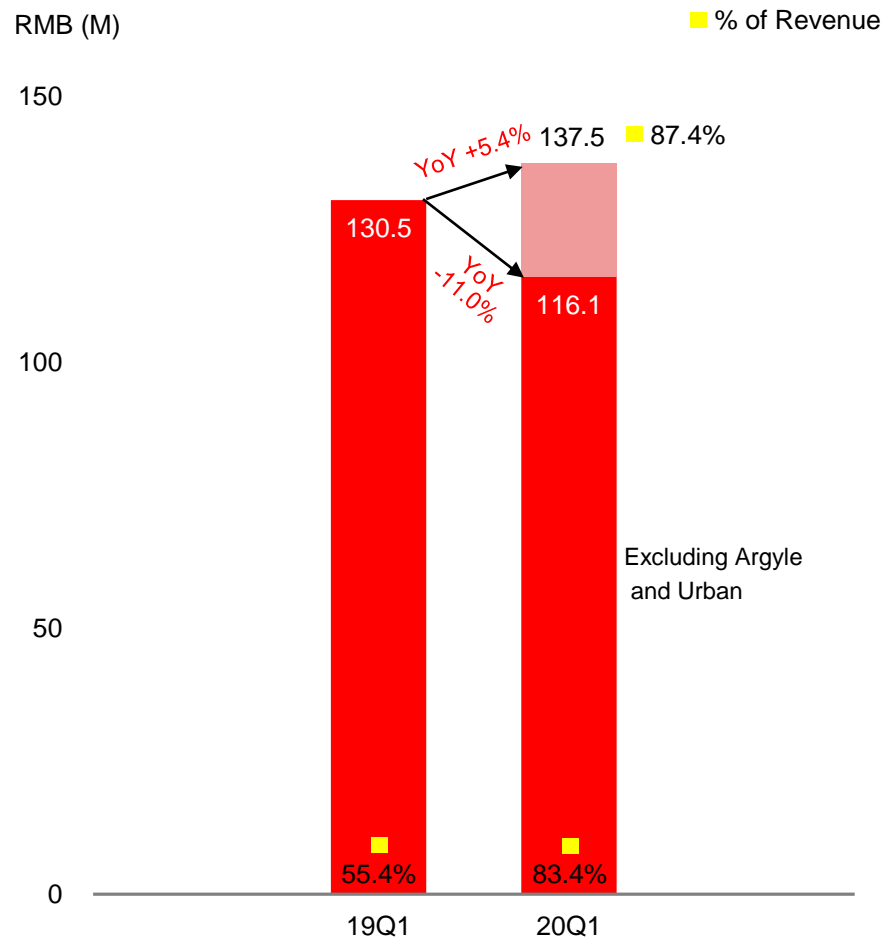## Revenue from F&M Hotels
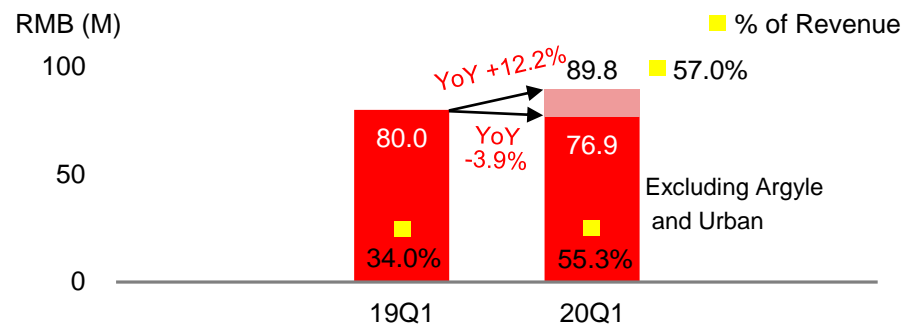
RMB (M)

Revenue from L&O Hotels

RMB (M)

Total Hotel Operating Costs and Expenses

Total Hotel Operating Costs and Expenses [1]

RMB (M)

■ % of Revenue

150

YoY +5.4% → 137.5 ■ 87.4%

130.5

YoY -11.0% → 116.1

Excluding Argyle and Urban

100

50

55.4%   83.4%

0

19Q1   20Q1

Hotel Operating Costs

RMB (M)

■ % of Revenue

100

YoY +12.2% → 89.8 ■ 57.0%

80.0

YoY -3.9% → 76.9

Excluding Argyle and Urban

50

34.0%   55.3%

0

19Q1   20Q1

Selling and Marketing Expenses

RMB (M)

■ % of Revenue

30

YoY -27.7% → 17.8 ■ 11.3%

24.7

YoY -34.0% → 16.3

Excluding Argyle and Urban

20

10

10.5%   11.7%

0

19Q1   20Q1

General and Administrative Expenses

RMB (M)

■ % of Revenue

30

YoY +11.7% → 28.7 ■ 18.3%

25.7

YoY -15.5% → 21.7

Excluding Argyle and Urban

20

10

10.9%   15.6%

0

19Q1   20Q1

Notes:
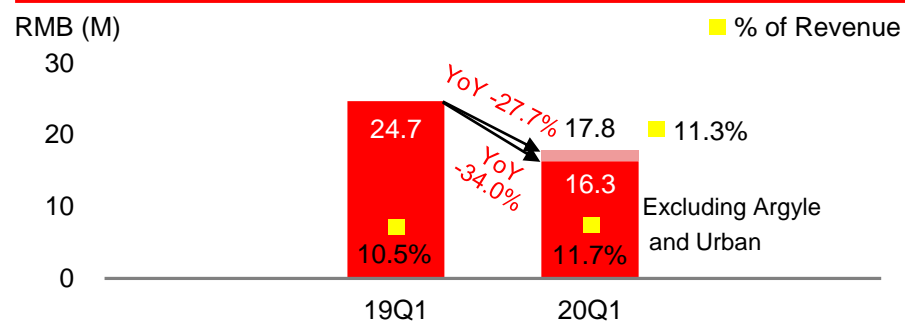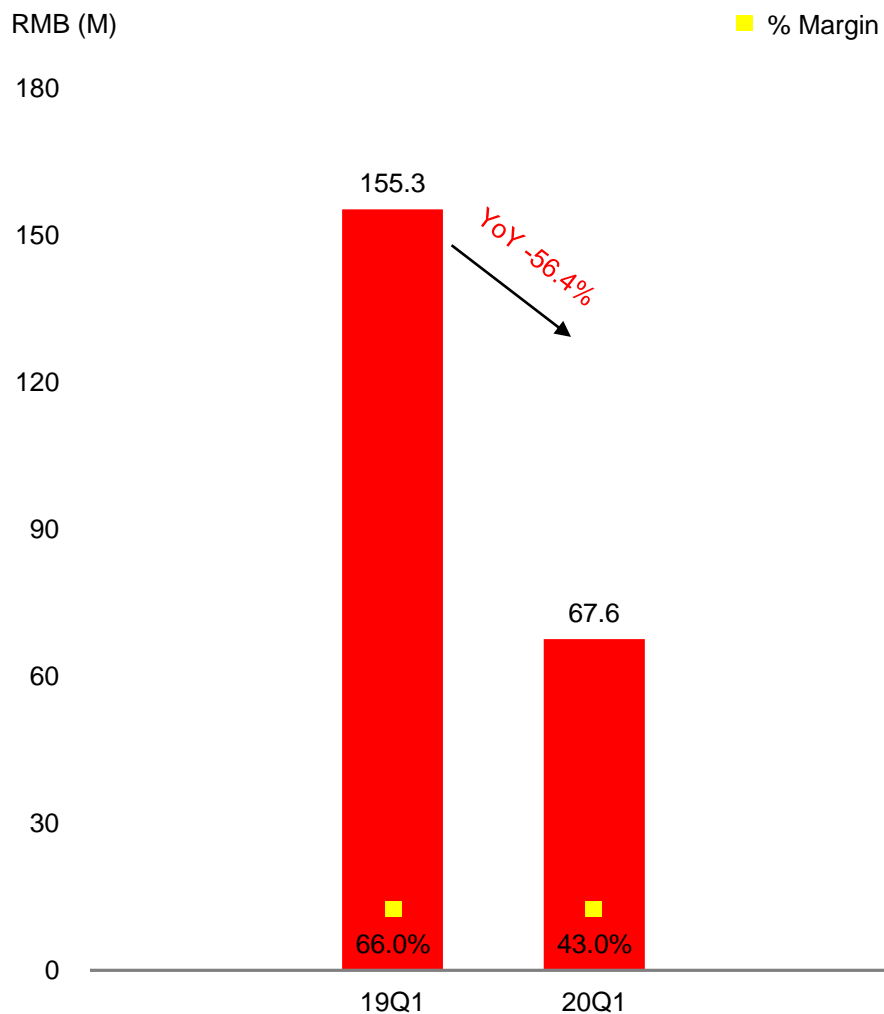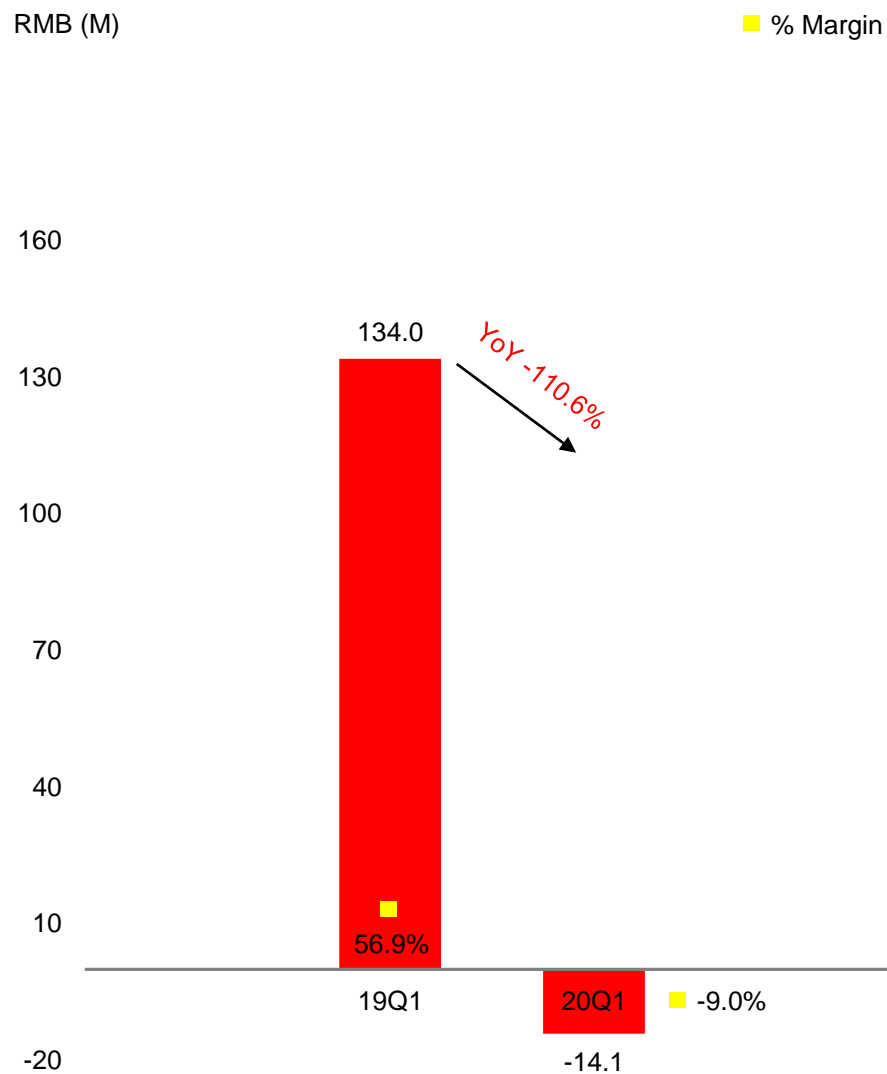1.   Total operating costs and expenses consist of hotel operating costs, selling and marketing expenses, general and administrative expenses and other operating expenses.

Profitability

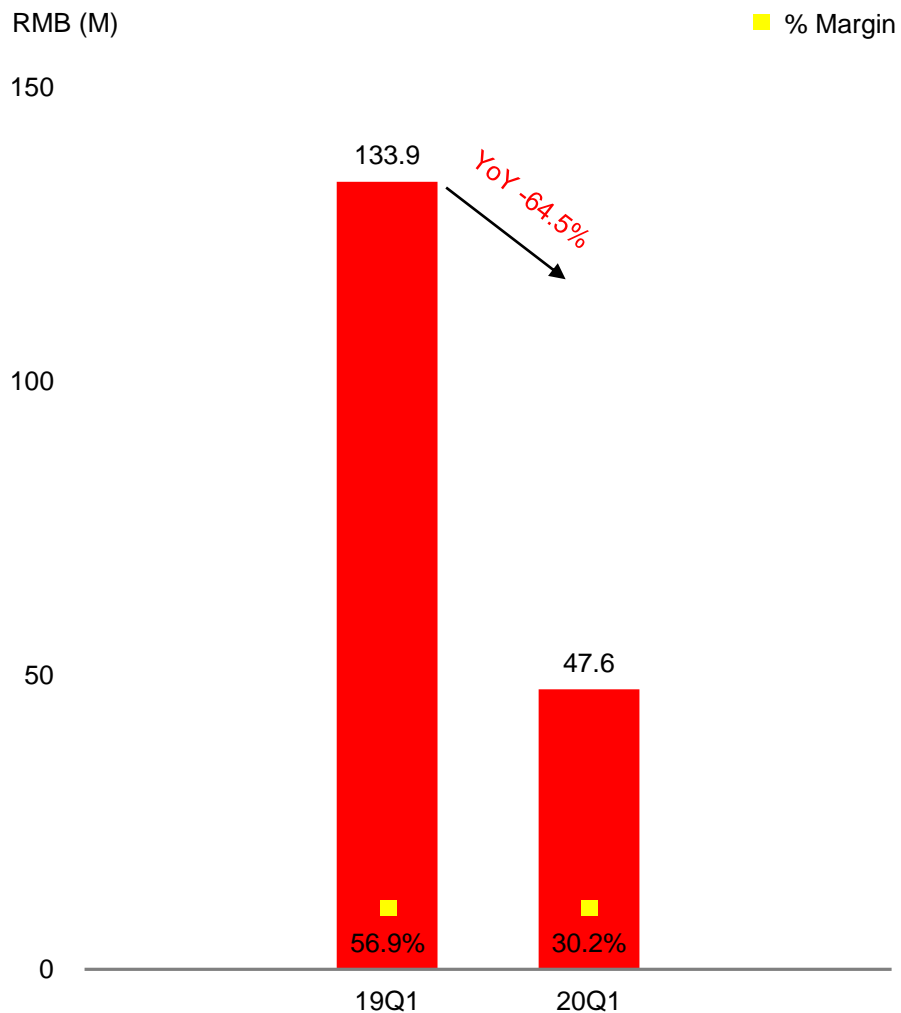## Gross Profit and Margin

RMB (M)   ■ % Margin

180

150

120

90

60

30

0

155.3

YoY -56.4%

67.6

66.0%   43.0%

19Q1   20Q1

Net Income and Margin

RMB (M)   ■ % Margin

160

130

100

70

40

10

-20

134.0

YoY -110.6%

56.9%

19Q1   20Q1   ■ -9.0%

-14.1

Profitability

Adjusted EBITDA [1] and Margin

RMB (M)   ■ % Margin

150

133.9

YoY -64.5%

100

50   47.6

0

56.9%   30.2%

19Q1   20Q1

Core Net Income [2] and Margin

RMB (M)   ■ % Margin

150

100   92.3

YoY -69.9%

50

27.7

0

39.2%   17.6%

19Q1   20Q1

Profitability

Net Income per ADS (Basic and Diluted)

RMB

```
1.8

      1.33
1.3    ┌──┐      YoY -108.7%
       │  │
0.8    │  │
       │  │
0.3    │  │
       │  │
0.0 ───┤  ├──────────┬──┬──────
       19Q1          │  │ 20Q1
-0.2                 -0.11
```

Core Net Income per ADS (Basic and Diluted) (Non-GAAP) [1]

RMB

```
1.5

        0.91
1.0    ┌──┐      YoY -70.3%
       │  │
0.5    │  │
       │  │        0.27
       │  │       ┌──┐
0.0 ───┴──┴───────┴──┴────
       19Q1       20Q1
```
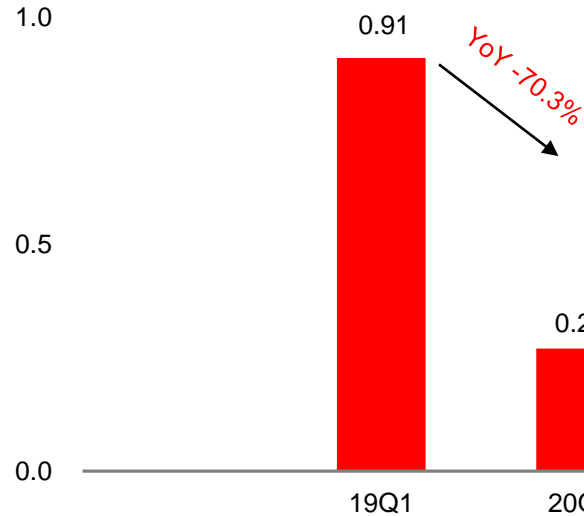
Cash and Cash Equivalents

Total cash and cash equivalents, restricted cash, short-term investments, investments in equity securities and time deposits of **RMB1,614 million** as of March 31, 2020.

RMB (M)
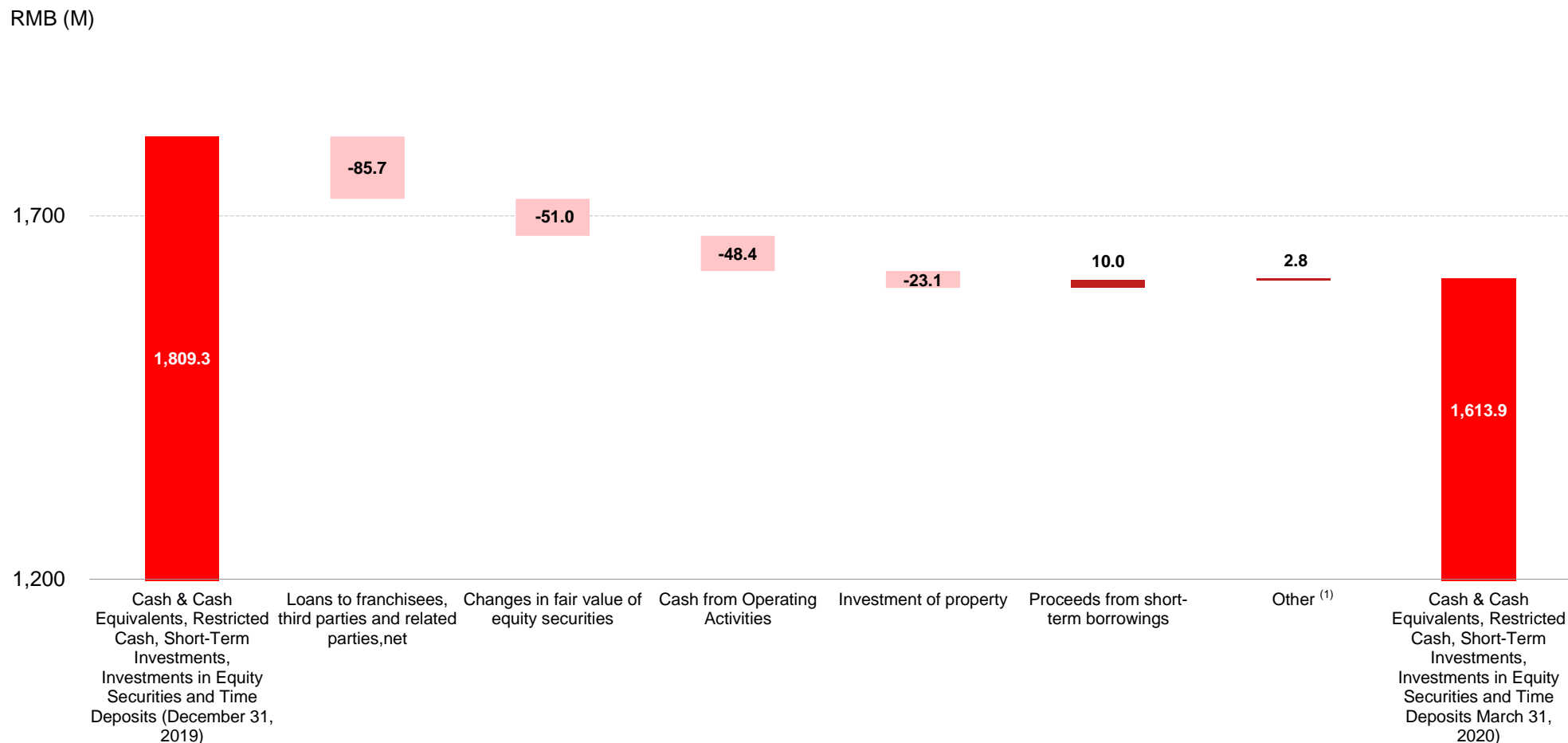
Notes
1. *Other mainly include Capital contribution from noncontrolling interest holders, etc.*

Total revenues for the full year of 2020 are expected to decline 10%~15% from 2019.

Thank you!

Q&A

无眠酒店
DEEP SLEEP HOTEL

04 | **Appendix**

Our Portfolio

As of March 31, 2020

Luxury

- Hotels in operation: 20
- Hotel rooms in operation: 4,607
- Room rates: RMB 400 - 1,000

Mid-to-upscale

- Hotels in operation: 272
- Hotel rooms in operation: 24,595
- Room rates: RMB 200 - 600

Mid-scale

- Hotels in operation: 2,582
- Hotel rooms in operation: 211,155
- Room rates: RMB 150 - 400

Economy

- Hotels in operation: 1,124
- Hotel rooms in operation: 52,359
- Room rates: RMB 90 - 300

Hotel Breakdown

By Market Segment and Brand	Number of Hotels in Operation		Number of Hotel Rooms in Operation	
	2019Q1	2020Q1	2019Q1	2020Q1
Luxury	**-**	**20**	**-**	**4,607**
Argyle	-	20	-	4,607
Mid-to-up-scale	**124**	**272**	**12,718**	**24,595**
GreenTree Eastern	91	109	9,732	11,649
Deep Sleep Hotel	1	2	62	161
Gem	14	28	1,337	2,517
GYa	5	26	445	2,165
VX	13	22	1,142	1,766
Ausotel	-	10	-	1,287
Urban Garden and others [1]	-	75	-	5,050
Mid-scale	**2,318**	**2,582**	**196,323**	**211,155**
GreenTree Inns	1,901	2,027	164,181	172,385
GT Alliance	294	315	23,090	24,231
GreenTree Apartment	2	10	129	438
Vatica	121	122	8,923	8,937
City 118 Selected and others [1]	-	108	-	5,164
Economy	**387**	**1,124**	**16,716**	**52,359**
Shell	387	555	16,716	24,215
City 118 and others [1]	-	569	-	28,144
Total	**2,829**	**3,998**	**225,757**	**292,716**

Notes
1.   Others include other brands in each segment of Urban.

Operating Data

	2019Q1	2020Q1
Total hotels in operation	**2,829**	**3,998**
Leased and owned hotels	30	35
Franchised hotels	2,799	3,963
Total hotel rooms in operation	**225,757**	**292,716**
Leased and owned hotels	3,790	4,349
Franchised hotels	221,967	288,367
Number of cities	**292**	**342**

	2019Q1	2020Q1
Occupancy rate		
Leased-and-owned hotels	59.6%	32.7%
Franchised hotels	78.4%	47.7%
Blended	78.1%	47.3%
Average daily rate (in RMB)		
Leased-and-owned hotels	200	169
Franchised hotels	162	149
Blended	162	150
RevPAR (in RMB)		
Leased-and-owned hotels	119	55
Franchised hotels	127	71
Blended	127	71