



格菲酒店
VX-HOTEL

 格林东方酒店
GREENTREE EASTERN HOTEL

 格美酒店
GME HOTEL

 格雅酒店
GYA HOTEL

 格菲酒店
VX-HOTEL

 格林豪泰酒店
GreenTree Inn

 格盟酒店
GT Alliance Hotel

 格林公寓
GreenTree Apartment

 无眠酒店
DEEP SLEEP HOTEL

Argyle

AUSOTEL

 格林酒店集团
GreenTree Hospitality Group Ltd.

 Vatica
HOTEL 青皮树酒店

 贝壳酒店
Shell Hotel

GreenTree Hospitality Group 2019Q2 Results Presentation

August 16, 2019



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This presentation includes certain non-GAAP financial measures, which are different from financial measures calculated in accordance with U.S. GAAP. Such non-GAAP financial measures should be considered in addition to and not as a substitute for or superior to financial measures calculated in accordance with U.S. GAAP. In addition, the definitions of Adjusted EBITDA and Margin and Core Net Income and Margin in this presentation may be different from the definition of such term used by other companies, and therefore comparability may be limited. A quantitative reconciliation of non-GAAP financial measures to the most directly comparable U.S. GAAP financial measures has been included in this presentation.

Except for historical information, all of the statements, expectations, and assumptions contained in this presentation constitute forward-looking statements made under the “safe harbor” provisions of Section 21E of the Securities Exchange Act of 1934, as amended, and the U.S. Private Securities Litigation Reform Act of 1995. These statements include descriptions regarding the intent, belief or current expectations of GreenTree Hospitality Group Ltd. (the “Company”), its officers or its management with respect to the consolidated results of operations and financial condition of the Company. The Company may also make written or oral forward-looking statements in its reports filed with or furnished to the SEC, in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. These statements can be recognized by the use of words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “potential,” “continue,” “is/are likely to,” “confident,” “future,” words or expressions of similar meaning. Such forward-looking statements are not guarantees of future performance and involve known and unknown factors, risks and uncertainties that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. Such factors and risks include, but not limited to the following: the Company’s goals and growth strategies; its future business development, financial condition and results of operations; trends in the hospitality industry in China and globally; competition in our industry; fluctuations in general economic and business conditions in China and other regions where we operate; the regulatory environment in which we and our franchisees operate; and assumptions underlying or related to any of the foregoing. You should not place undue reliance on these forward-looking statements. Further information regarding these and other risks, uncertainties or factors are included in the Company’s filings with the SEC, copies of which are available for free in the Investor Relations section of the Company’s website at <http://ir.998.com> or upon request from the Company’s Investor Relations Department. All information provided, including the forward-looking statements made, in this presentation are current as of the date hereof. Neither the delivery of this presentation nor any further discussions of the Company after the date hereof shall, under any circumstances, imply that there has been no change in the affairs of the Company since such date. Except as required by law, the Company undertakes no obligation to update any such information or forward-looking statements to reflect events or circumstances after the date on which the information is provided or statements are made, or to reflect the occurrence of unanticipated events.



01



**Performance
Review**

02



**Financial
Highlights**

03



Appendix



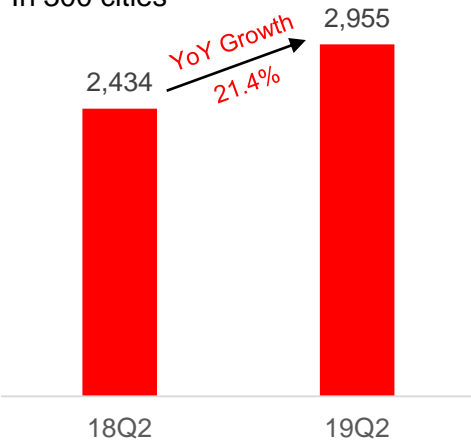
Overview of 2019Q2



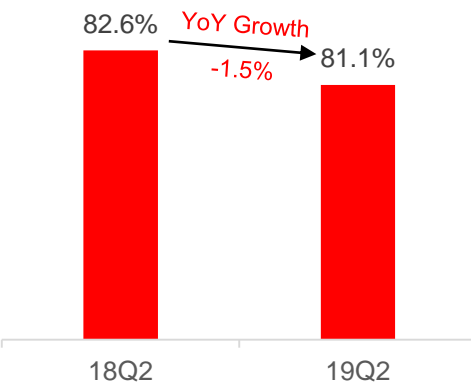
As of June 30, 2019

Number of Hotels

In 300 cities

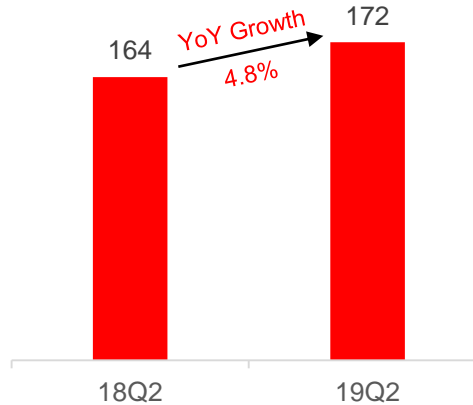


Occupancy



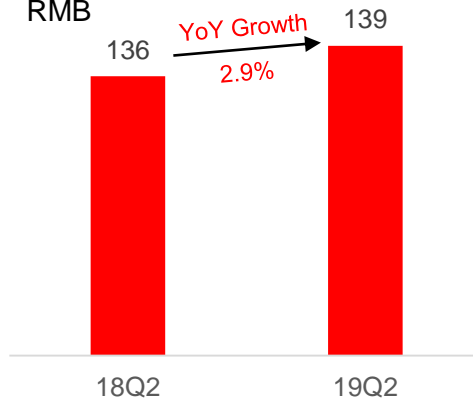
ADR

RMB



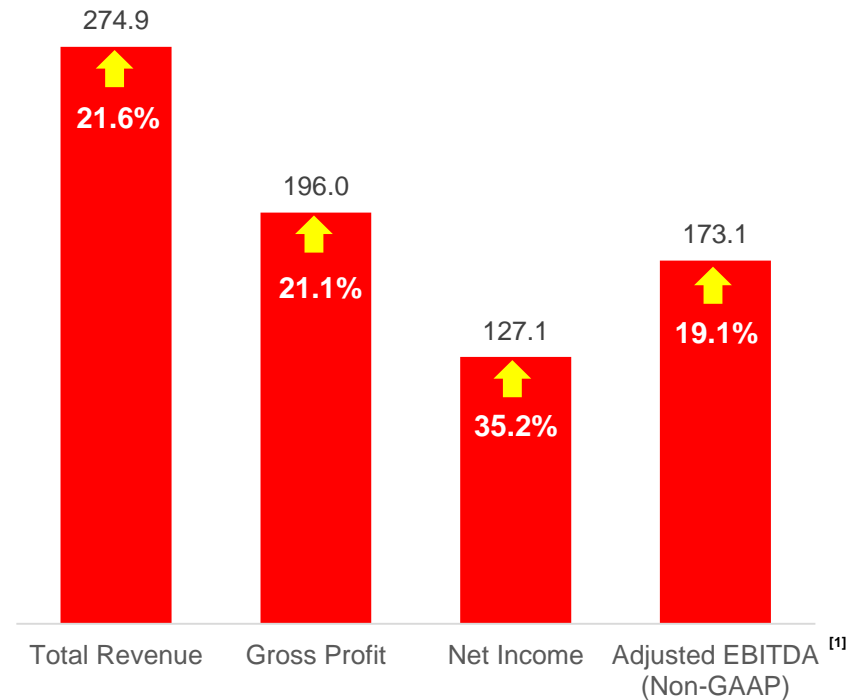
RevPAR

RMB



Financial Overview

RMB (M)



Net Income per ADS (Basic and Diluted)

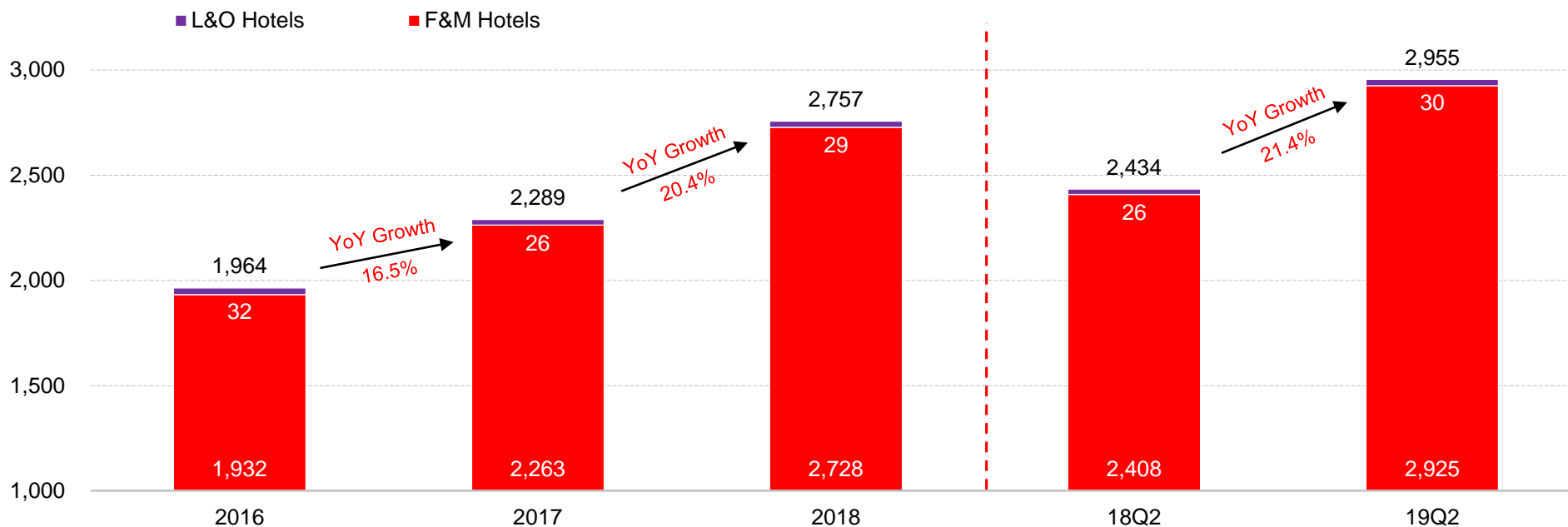
RMB1.26 (US\$0.18) (YoY Growth: + 35.5%)

Notes:

1. Adjusted EBITDA (non-GAAP) is calculated as net income plus other operating expenses, income tax expense, share of loss in equity investees (net of tax), interest expense, share-based compensation, depreciation and amortization, losses on investments in equity securities and other expense net, but excludes other operating income, gains on investments in equity securities, share of gain in equity investees (net of tax) and other income net.



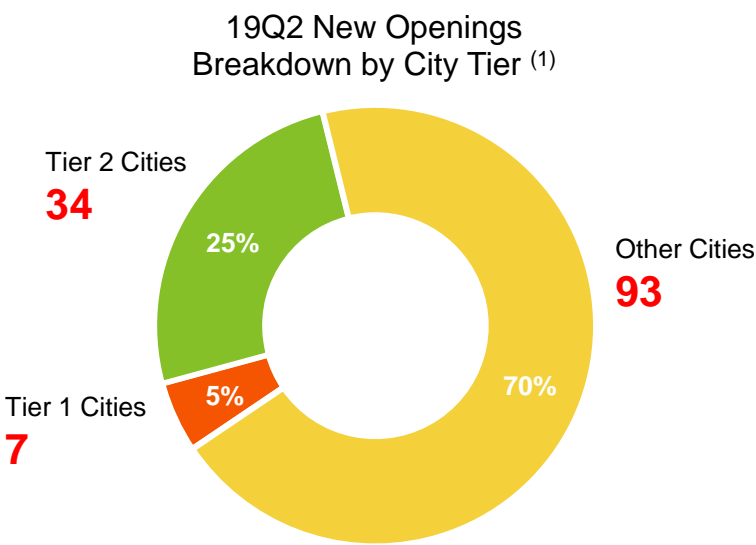
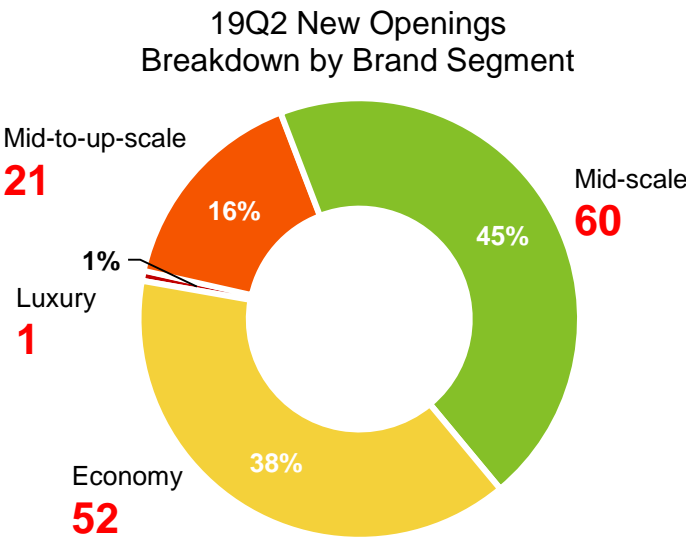
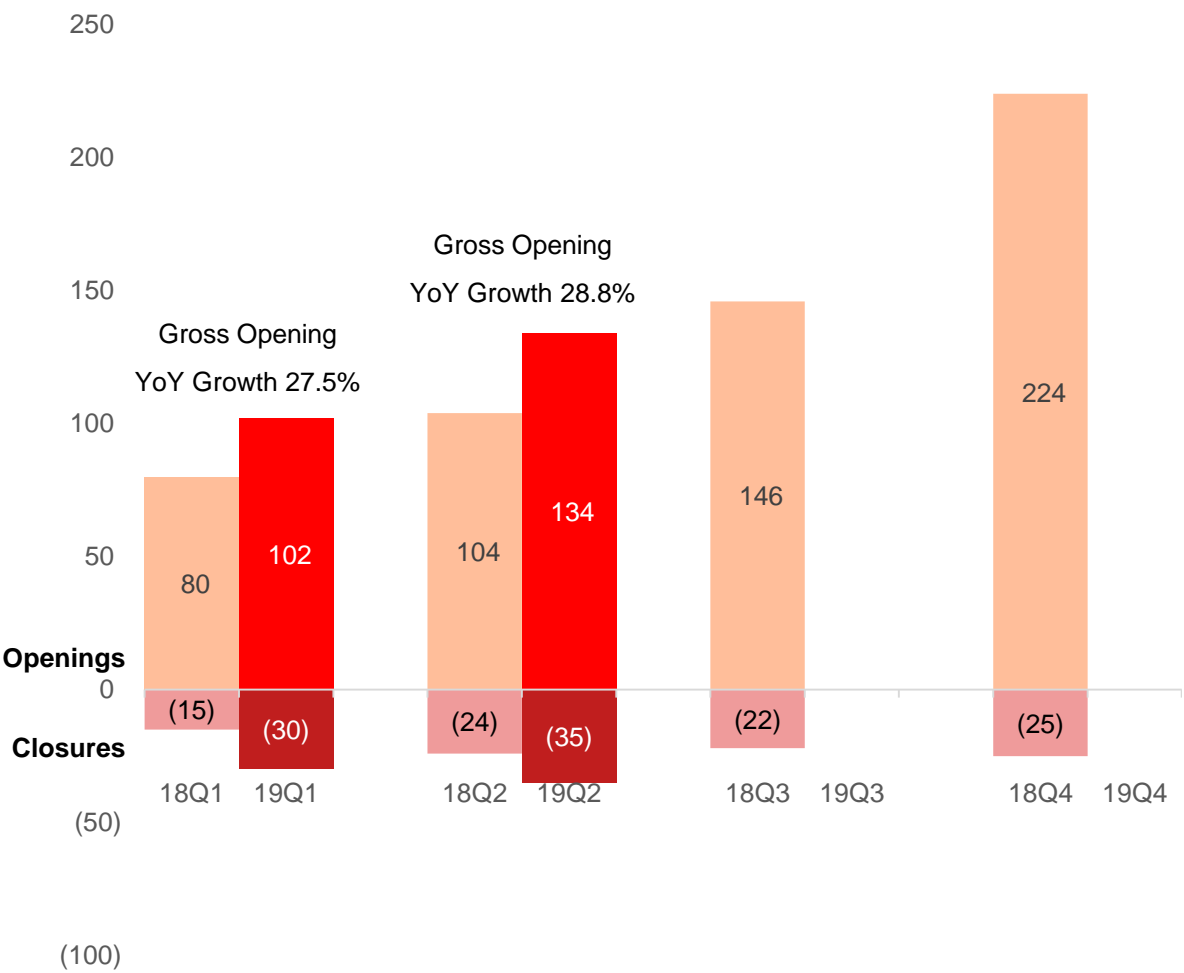
Increasing Number of Hotels in Operation



% by Hotel Segment	2016	2017	2018	18Q2	19Q2
Luxury	-	-	-	-	0.6
Mid-to-up-scale	1.5	2.2	3.9	2.5	5.1
Mid-scale	90.4	86.6	79.2	84.7	75.5
Economy	8.1	11.2	16.9	12.8	18.8



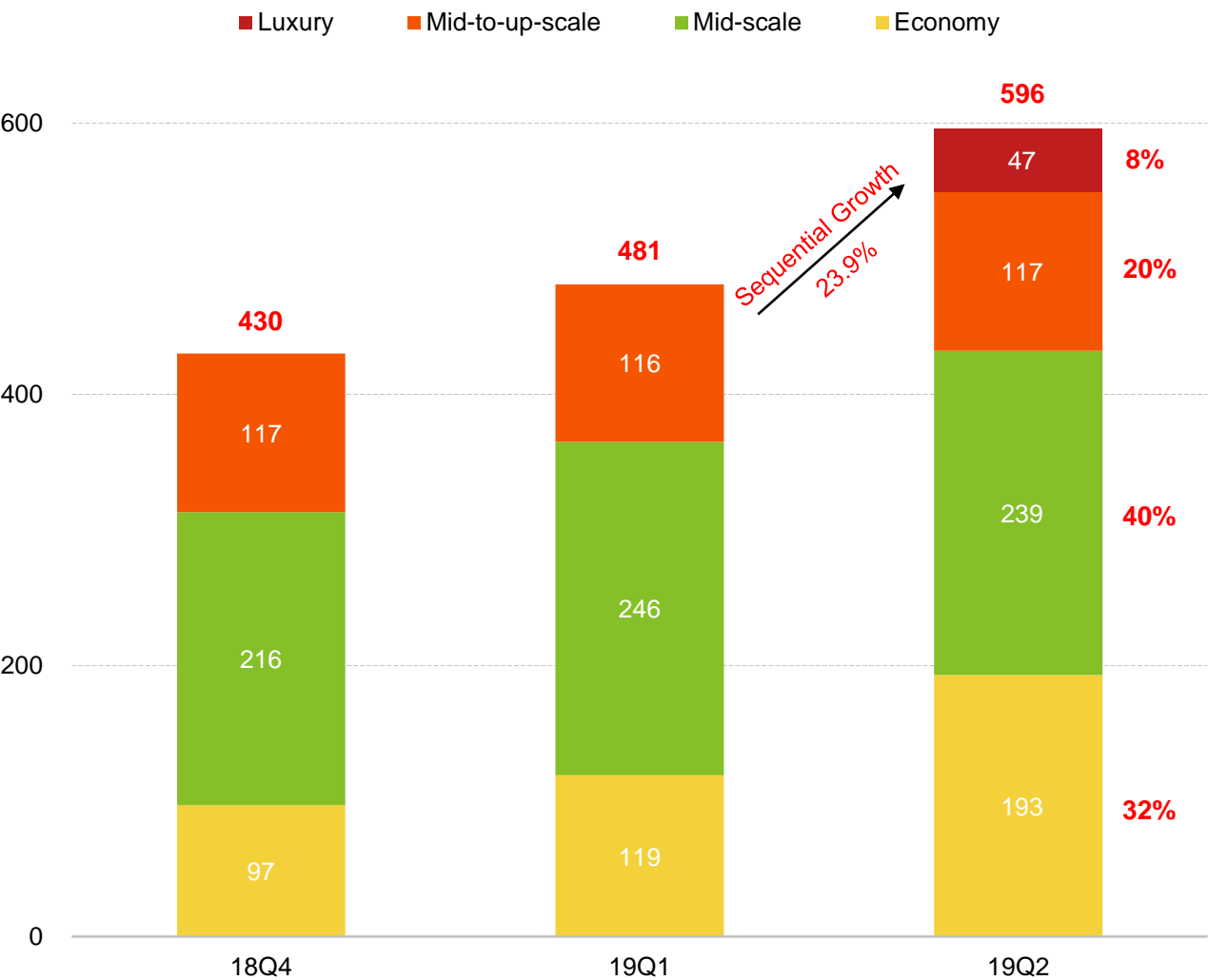
Hotel Openings and Closures



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



19Q2 Pipeline Growth by Brand Segment



Hotel Performance

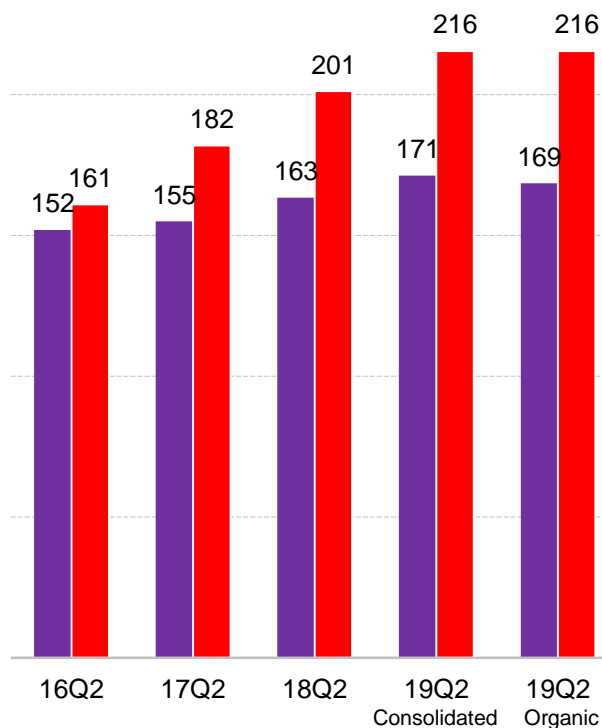


The Company has achieved a steady **2.9%** consolidated RevPAR YoY growth. Excluding Argyle, the Company achieved a **2.2%** RevPAR YoY growth.

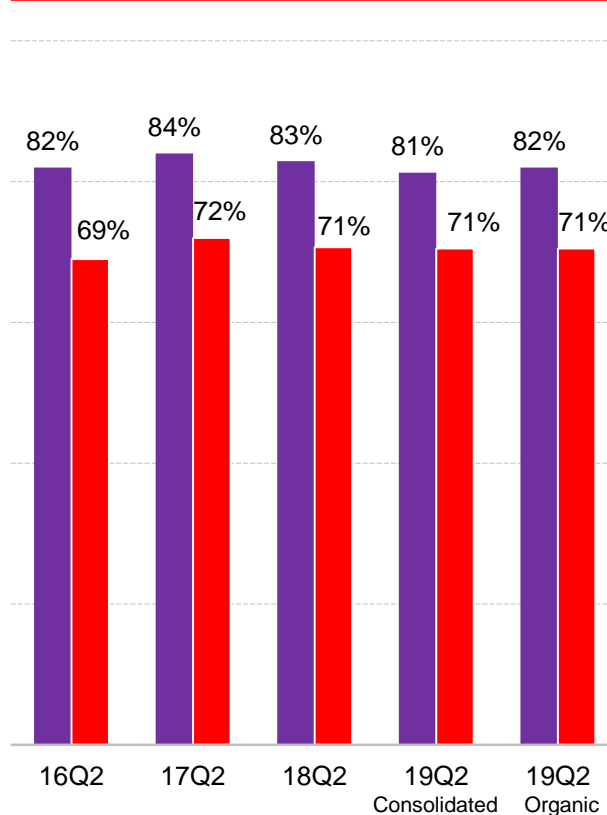
■ F&M Hotels ■ L&O Hotels

ADR

RMB

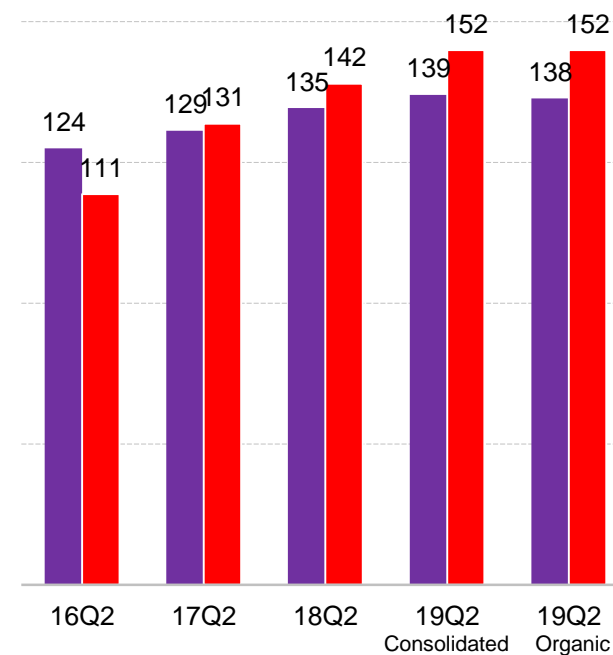


Occupancy



RevPAR

RMB



YoY Growth

F&M	2.0%	5.2%	4.8%	3.1%
L&O	13.0%	10.4%	7.1%	7.1%

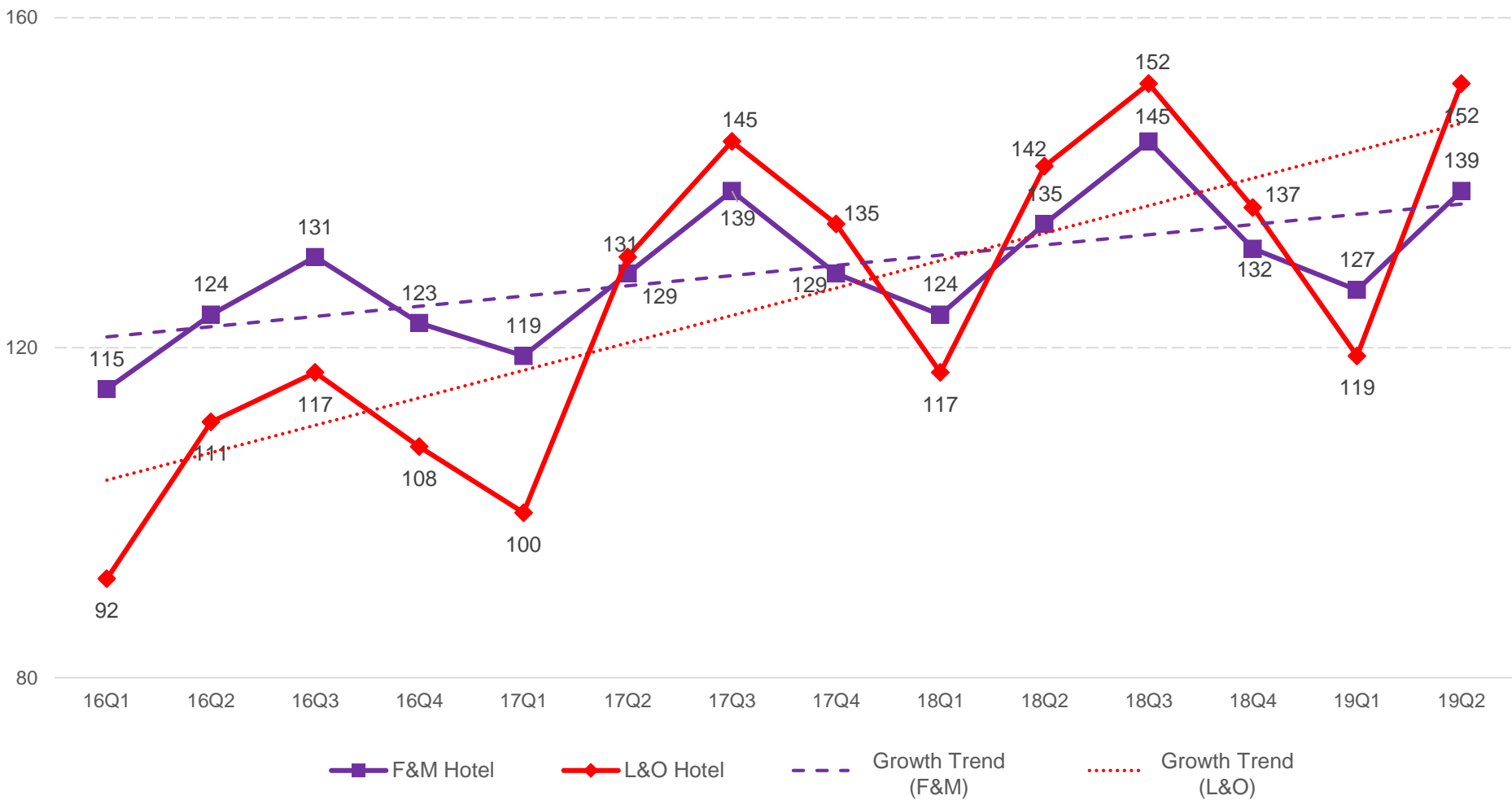
F&M	1.6%	-0.6%	-1.6%	-0.9%
L&O	2.9%	-1.4%	-0.2%	-0.2%

F&M	4.0%	4.7%	2.8%	2.1%
L&O	18.0%	8.4%	6.7%	6.7%



Quarterly RevPAR

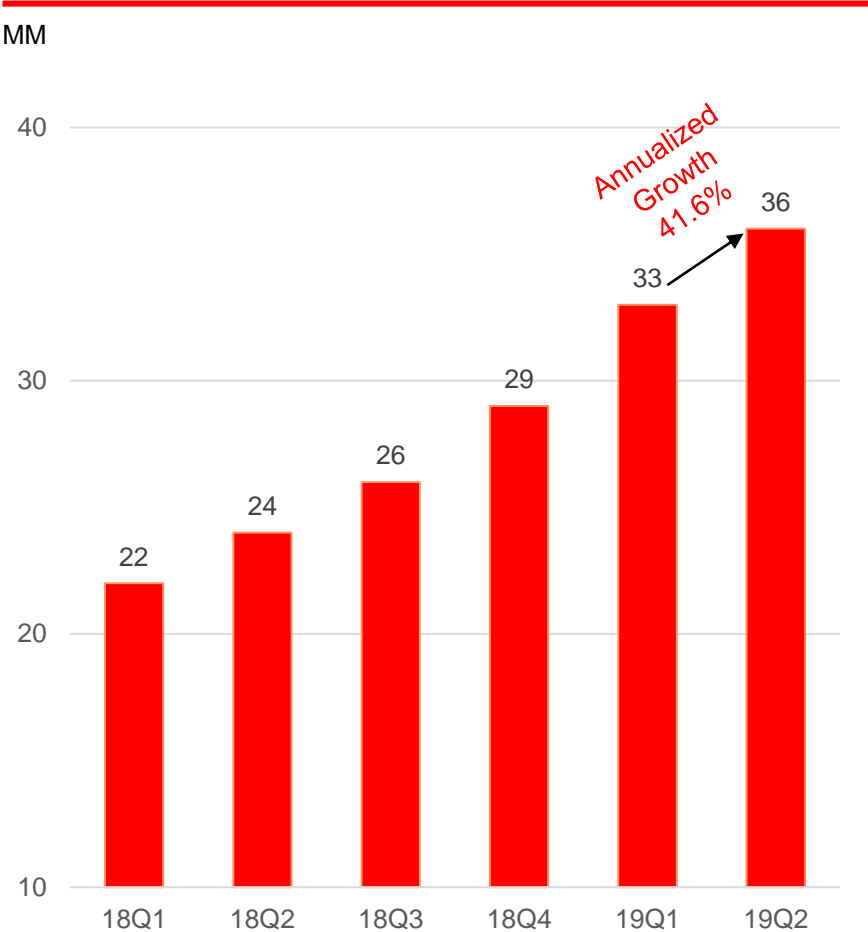
RMB



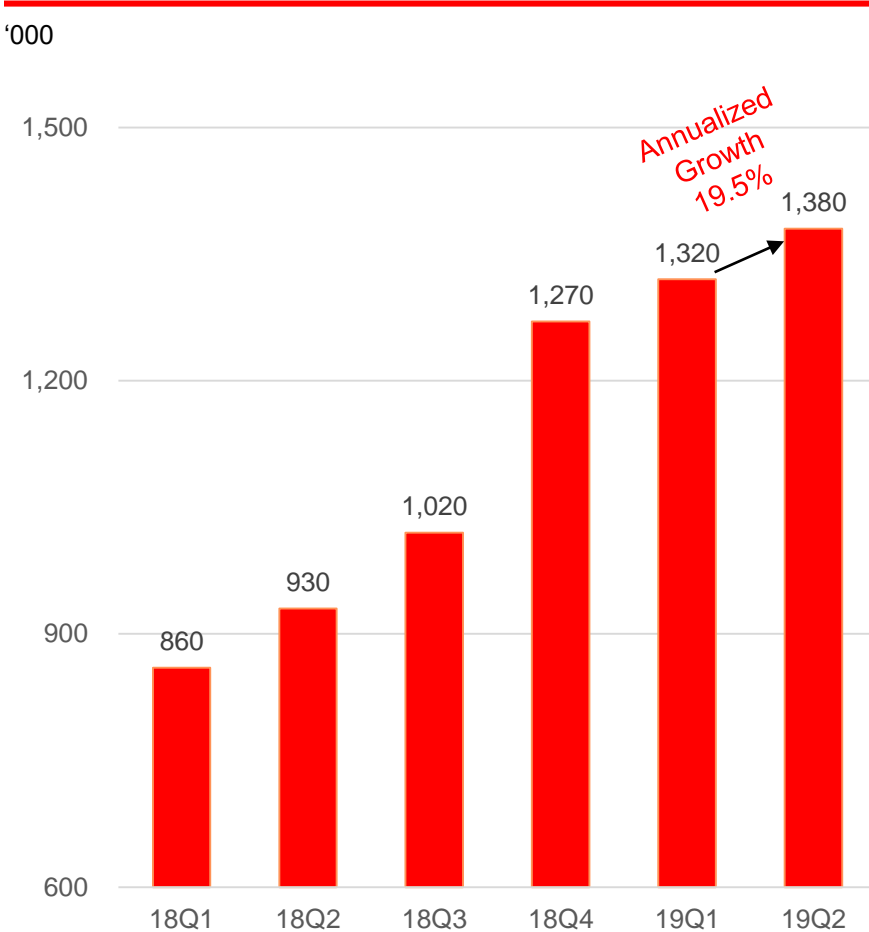


93.8% of room nights sold directly

Individual Members



Corporate Members





Business exploration to mid-to-upscale and luxury brands



GreenTree Eastern

- Premium boutique hotels with oriented features
- Opening of **7** in 19Q2 and **12** in 1H19
- Pipeline: **40**
- Price: RMB **300-600**



GMe Hotel

- A calm harbor for business travelers
- Opening of **4** in 19Q2 and **8** in 1H19
- Pipeline: **22**
- Price: RMB **280-350**



Deep Sleep Hotel^[1]

- An intimate and stylish space to business travelers for a deep sleep
- Pipeline: **1**
- Price: RMB **270-400**



GYa Hotel

- A fashion hotel highlights individuality
- Opening of **5** in 19Q2 and **8** in 1H19
- Pipeline: **22**
- Price: RMB **280-350**



Argyle Hotel

- Luxury and mid-to-upscale hotels with a unique Australian lifestyle
- **28** in operation in 19Q2
- Pipeline: **66**
- Price: Argyle RMB **400-1000**
Ausotel RMB **200-400**



VX Hotel

- A relaxing place with artistic interiors
- Opening of **4** in 19Q2 and **6** in 1H19
- Pipeline: **13**
- Price: RMB **280-350**



- Integrating loyalty program among JV companies, including food and beverage sector and Yibon Hotel Group, etc.
- Improving technology applications to enhance customer service, to reduce workload and to increase productivity

Notes:

1. Wumian Hotel changed its name to Deep Sleep Hotel in 19Q2, while its English trademark is currently being registered...

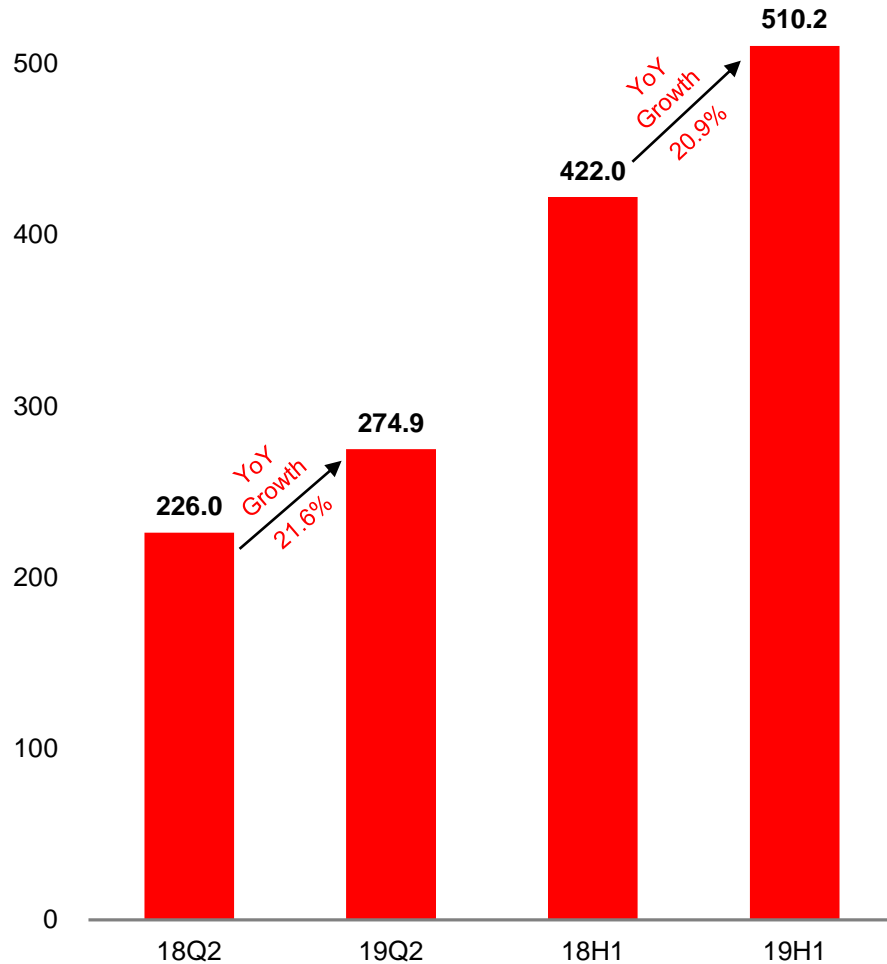


02 | Financial Highlights



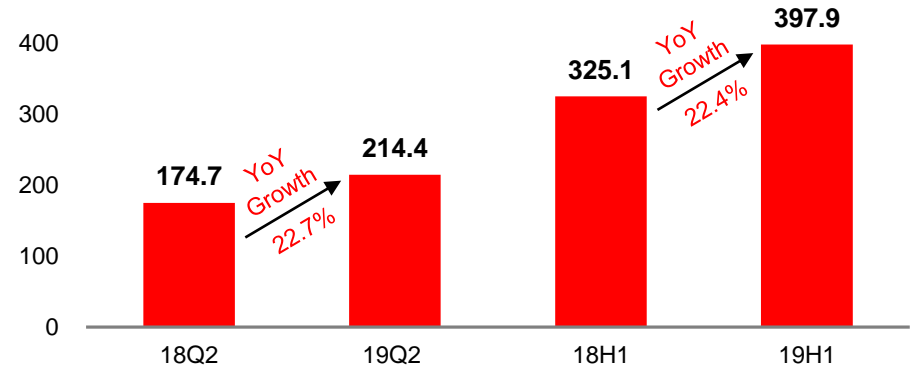
Total Revenue

RMB (M)



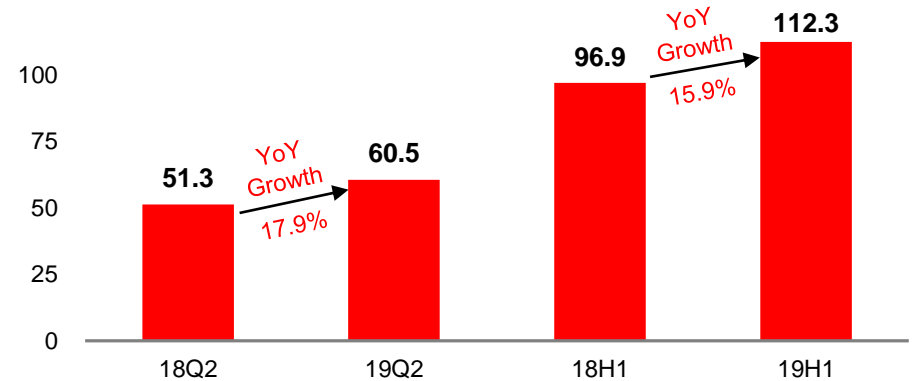
Revenue from F&M Hotels

RMB (M)



Revenue from L&O Hotels

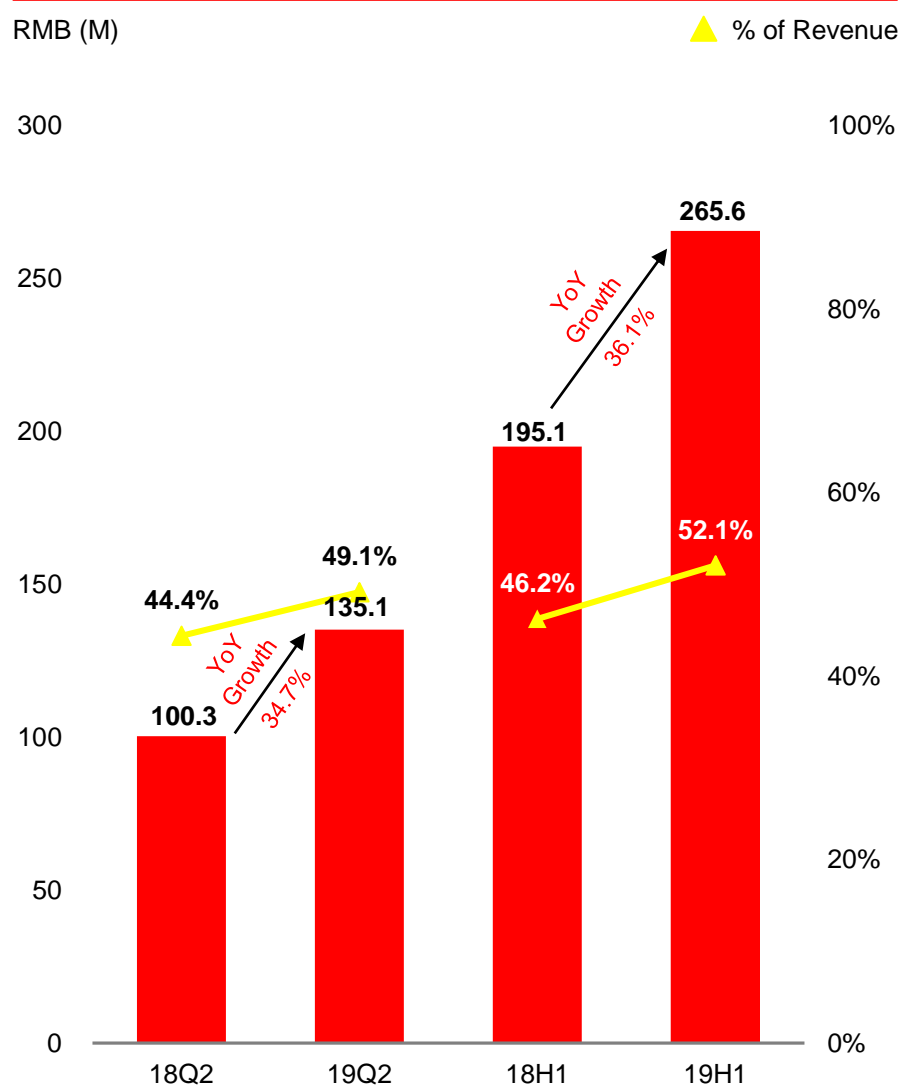
RMB (M)



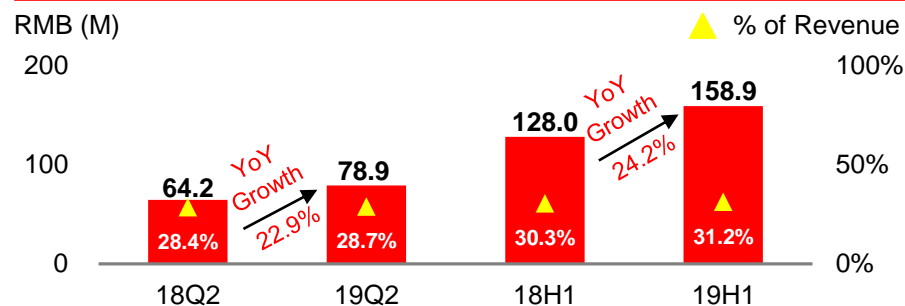
Operating Costs and Expenses



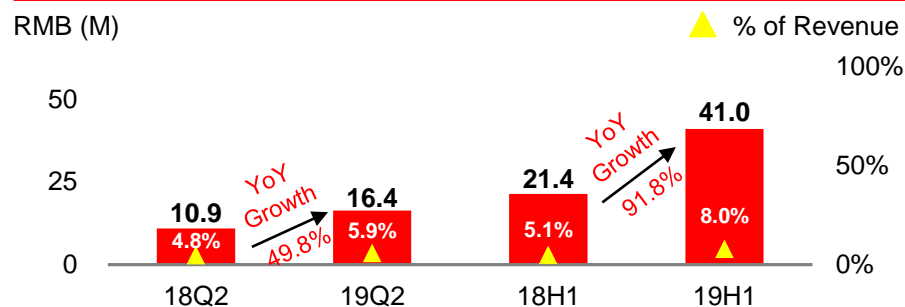
Total Operating Costs and Expenses ⁽¹⁾



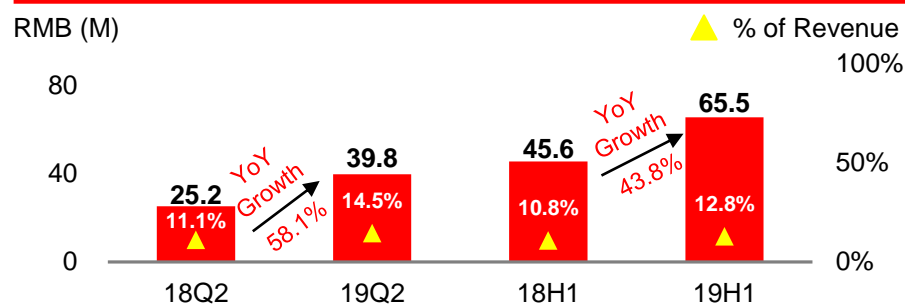
Hotel Operating Costs



Selling and Marketing Expenses



General and Administrative Expenses

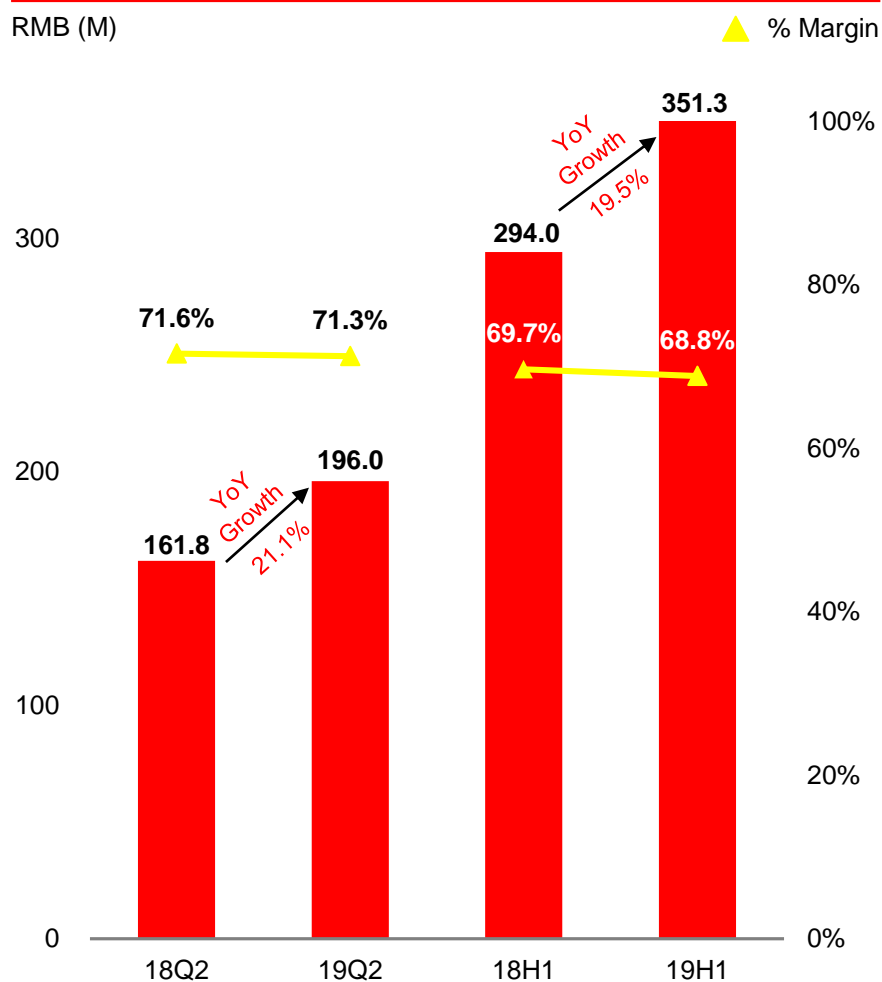


Notes:

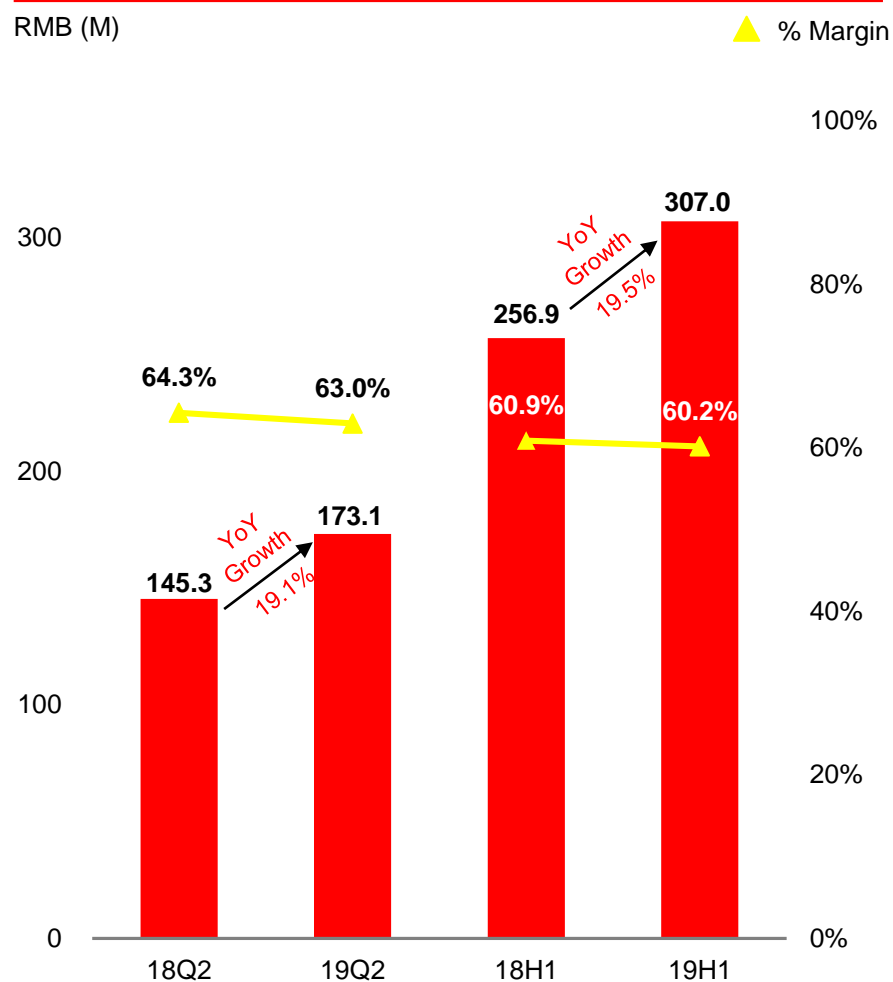
1. Total operating costs and expenses consist of hotel operating costs, selling and marketing expenses, general and administrative expenses and other operating expenses.



Gross Profit and Margin



Adjusted EBITDA ⁽¹⁾ and Margin

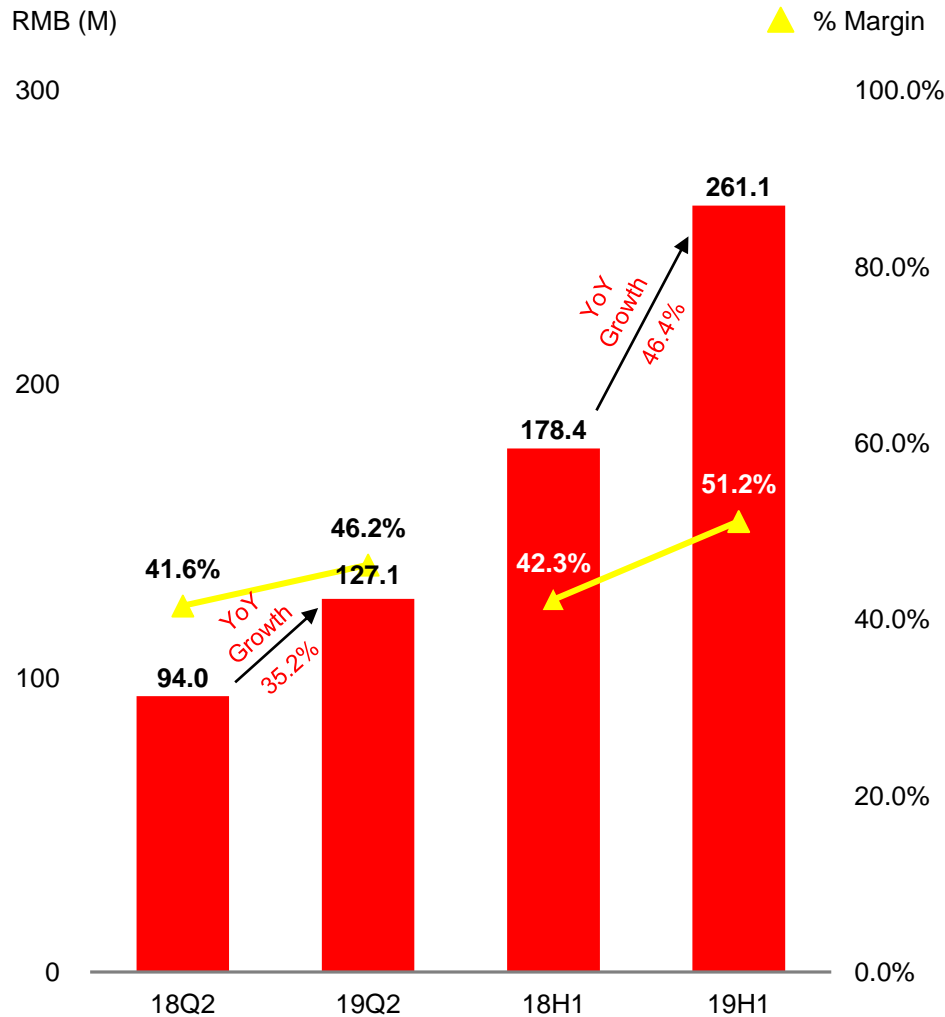


Notes:

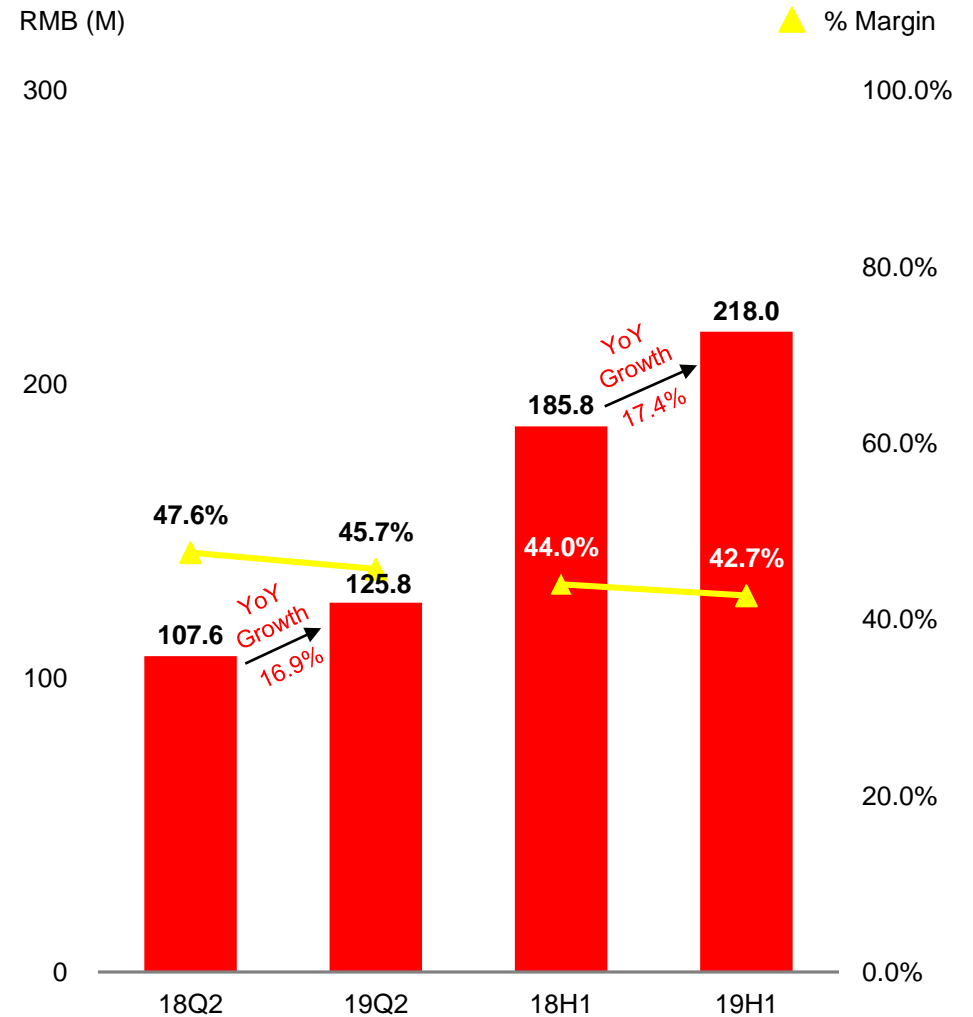
1. Adjusted EBITDA (non-GAAP) is calculated as net income plus other operating expenses, income tax expense, share of loss in equity investees (net of tax), interest expense, share-based compensation, depreciation and amortization, losses on investments in equity securities and other expense net, but excludes other operating income, gains on investments in equity securities, share of gain in equity investees (net of tax) and other income net.



Net Income and Margin



Core Net Income and Margin



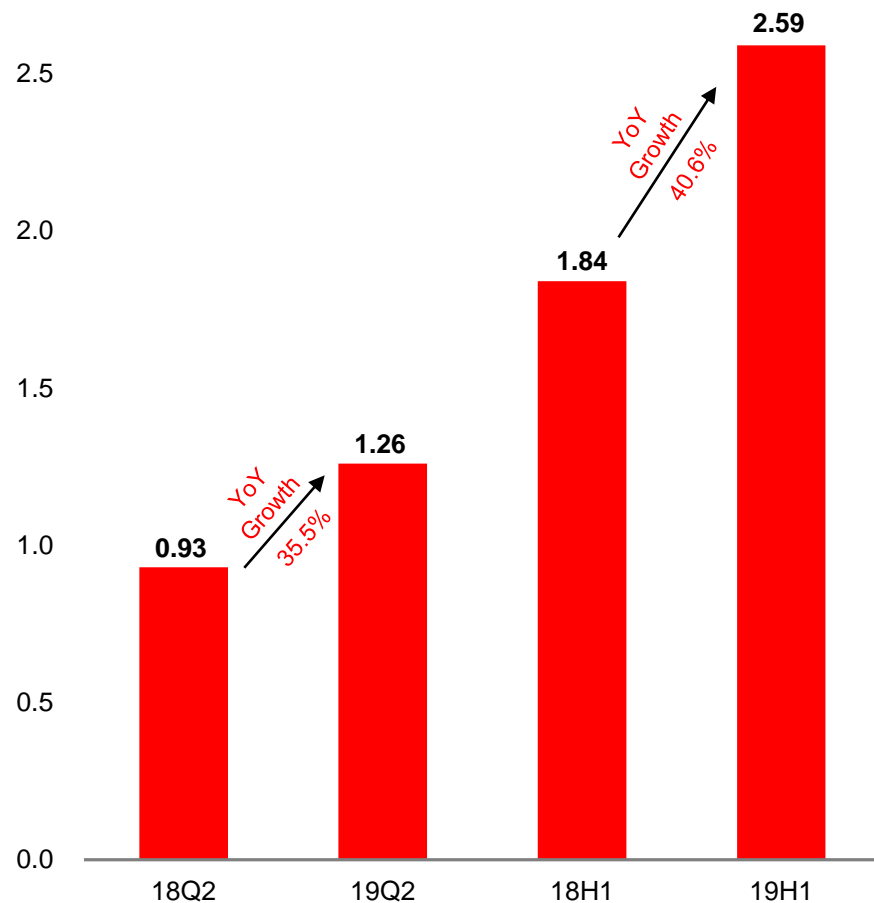
Notes:

1. Core net income is calculated as net income plus share-based compensation, losses on investments in equity securities (net of 25% tax), other expenses (net of 25% tax), income tax expenses related to dividend distribution or retained profits, and one-off expenses and charges (net of 25% tax) but excludes government subsidies (net of 25% tax), gains on investments in equity securities (net of 25% tax), reimbursement related to the ADS program, and other income (net of 25% tax).



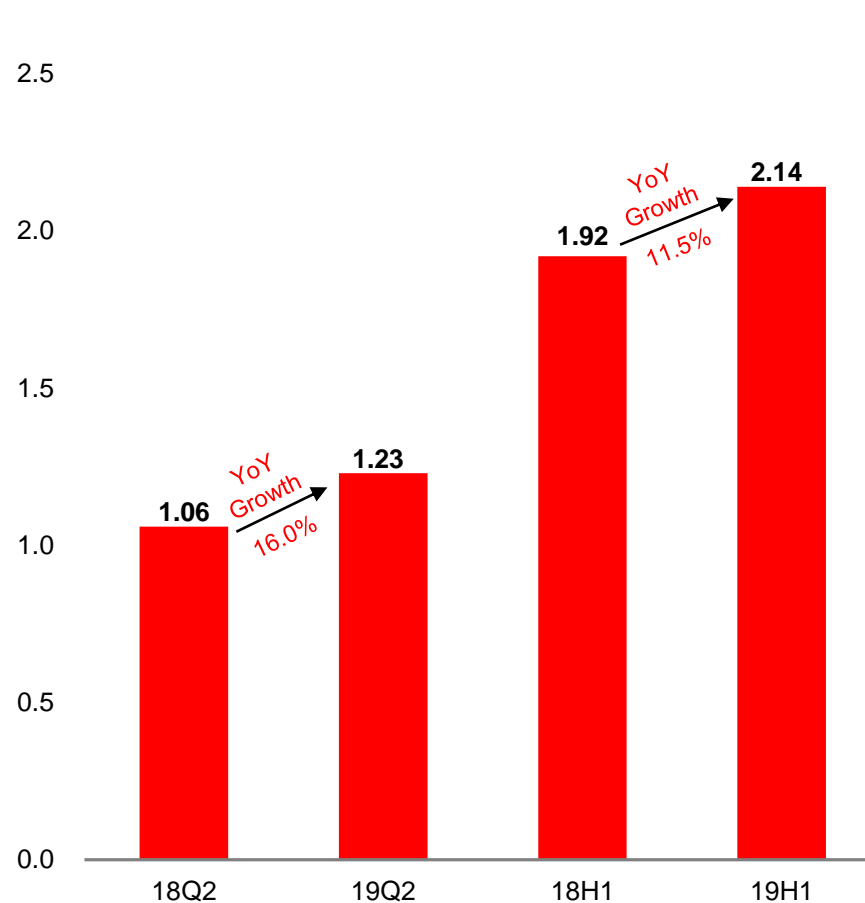
Net Income per ADS (Basic and Diluted)

RMB



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

RMB



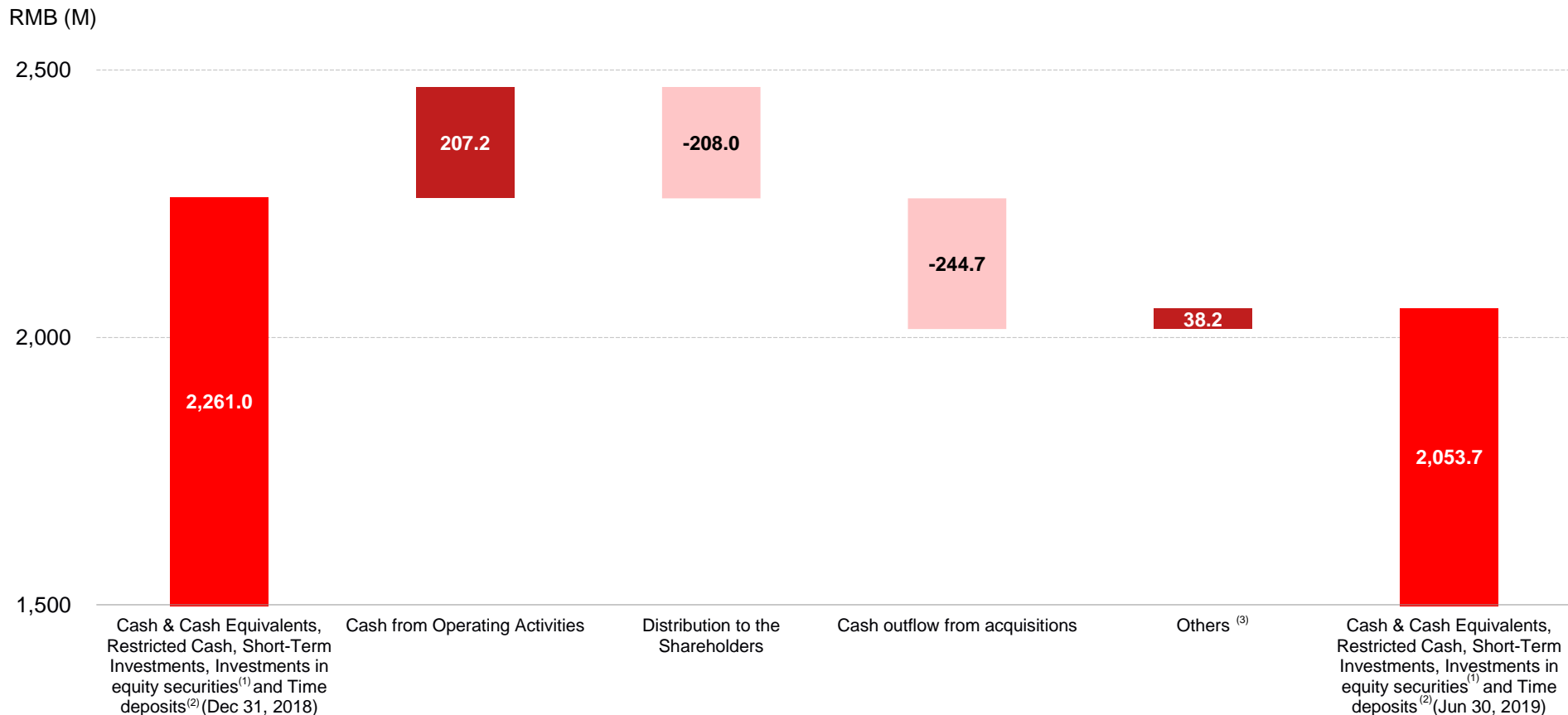
Notes:

1. Core net income is calculated as net income plus share-based compensation, losses on investments in equity securities (net of 25% tax), other expenses (net of 25% tax), income tax expenses related to dividend distribution or retained profits, and one-off expenses and charges (net of 25% tax) but excludes government subsidies (net of 25% tax), gains on investments in equity securities (net of 25% tax), reimbursement related to the ADS program, and other income (net of 25% tax).

Cash and Cash Equivalents



Total cash and cash equivalents, restricted cash, short-term investments, investments in equity securities and time deposits of **RMB2,053.7 million** as of June 30, 2019



Notes:

1. Investments in equity securities include securities and investments in Gingko and New Century, which are recorded in Long-term investments account.
2. Time deposits are the time deposit certificates, which last over three months.
3. Others mainly include purchases of property and equipment, purchase of investments, and loans to third parties and franchisees, etc.



- *Expect total revenue for the full year of 2019 to grow **23%-28%** from 2018*

Thank you!

Q&A





As of June 30, 2019

Luxury

- Hotels in operation: 19
- Hotel rooms in operation: 4,017
- Room prices: RMB 400 - 1,000

Mid-to-upscale

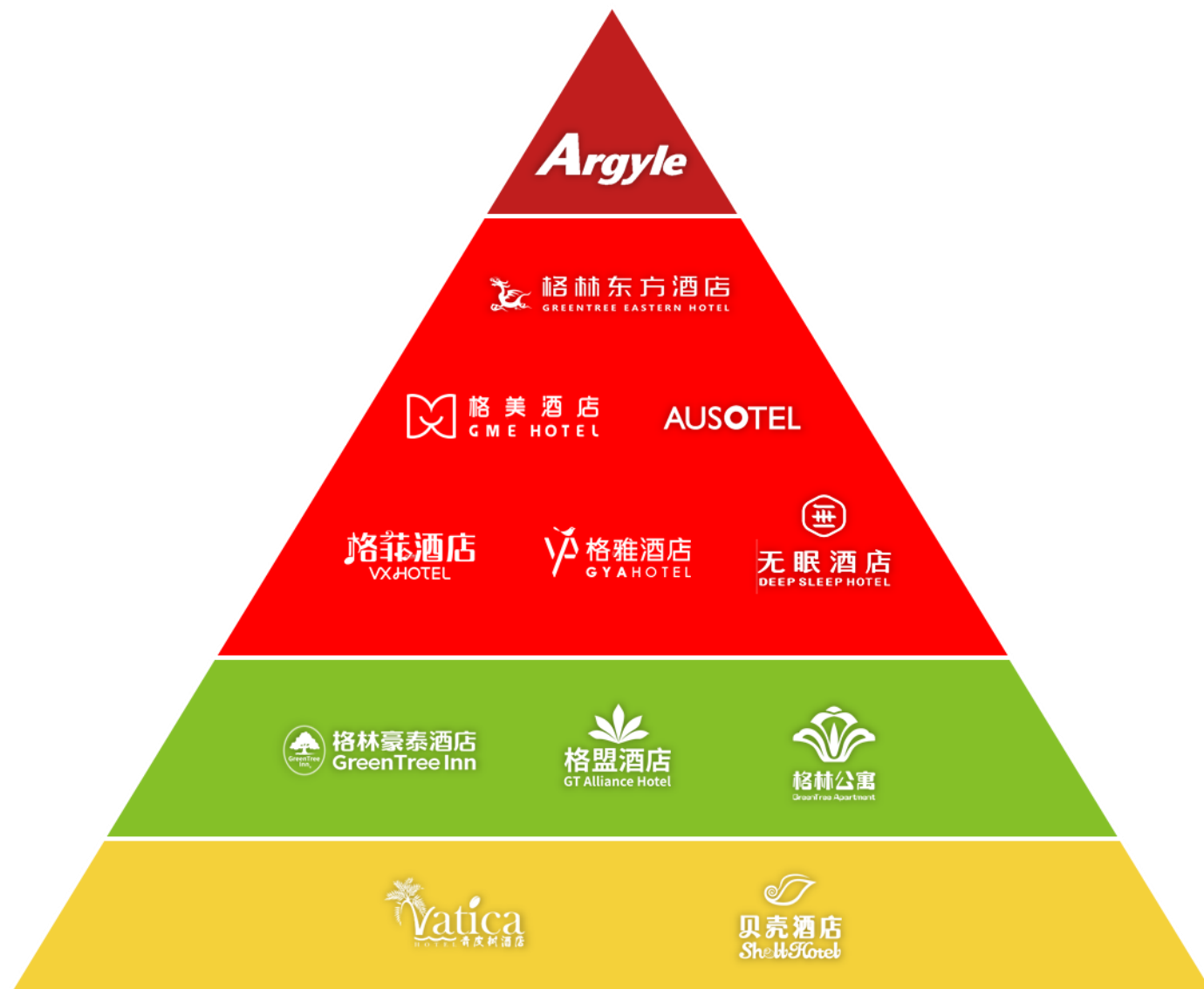
- Hotels in operation: 152
- Hotel rooms in operation: 15,357
- Room prices: RMB 200 - 600

Midscale

- Hotels in operation: 2,229
- Hotel rooms in operation: 189,357
- Room prices: RMB 150 - 400

Economy

- Hotels in operation: 555
- Hotel rooms in operation: 27,826
- Room prices: RMB 90 - 300



Hotel Breakdown



By Market Segment and Brand

	Number of Hotels in Operation		Number of Hotel Rooms in Operation	
	2018Q2	2019Q2	2018Q2	2019Q2
Luxury	-	19	-	4,017
Argyle	-	19	-	4,017
Mid-to-up-scale	60	152	6,760	15,357
GreenTree Eastern	59	96	6,650	10,200
VX	1	17	110	1,397
GMe	-	18	-	1,669
GYa	-	11	-	918
Deep Sleep Hotel	-	1	-	62
Ausotel	-	9	-	1,111
Mid-scale	2,062	2,229	177,665	189,357
GreenTree Inn	1,785	1,931	155,470	166,183
GT Alliance	277	295	22,195	22,994
GreenTree Apartment	-	3	-	180
Economy	312	555	16,850	27,826
Vatica	111	119	8,295	8,819
Shell	201	436	8,555	19,007
Total	2,434	2,955	201,275	236,557

Operating Data



	2018Q2	2019Q2
Total hotels in operation	2,434	2,955
Leased and owned hotels	26	30
Franchised hotels	2,408	2,925
Total hotel rooms in operation	201,275	236,557
Leased and owned hotels	3,358	3,803
Franchised hotels	197,917	232,754
Number of cities	267	300

	2018Q2	2019Q2
Occupancy rate		
Leased-and-owned hotels	70.7%	70.5%
Franchised hotels	82.9%	81.3%
Blended	82.6%	81.1%
Average daily rate (in RMB)		
Leased-and-owned hotels	201	216
Franchised hotels	163	171
Blended	164	172
RevPAR (in RMB)		
Leased-and-owned hotels	142	152
Franchised hotels	135	139
Blended	136	139