



GreenTree Hospitality Group

2020Q4 & Full Year Results April 14, 2021



格林东方酒店
GREENTREE EASTERN HOTEL



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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 is 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.



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01

2020Q4 and Full Year Performance Review



Compared with 2020Q3

As % of 2019Q4

RevPAR ⁽¹⁾	+4.1%	to RMB 124.4	96.8%
Total Revenues	+8.6%	to RMB 289.8MM	100.1%
Income from Operations	+17.4%	to RMB 118.5MM with margin 40.9%	119.9%
Adjusted EBITDA ⁽²⁾ (non-GAAP)	+17.8%	to RMB 130.6MM with margin 45.1%	117.2%
Core Net Income ⁽³⁾ (non-GAAP)	+18.3%	to RMB 109.3MM with margin 37.7%	122.3%

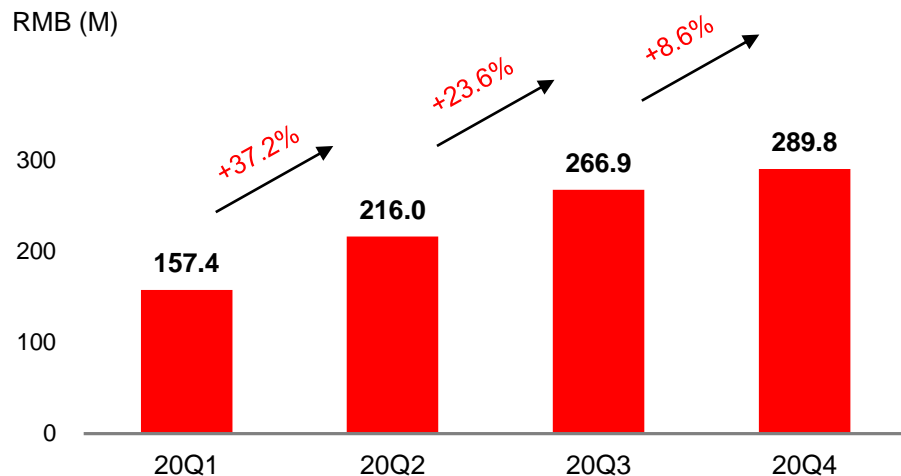
Notes:

1. RevPAR of 2019Q4 and full year of 2019 were re-stated with consideration of composition of Argyle Hotel Management Group (Australia) Pty Ltd and Urban Hotel Group's overall quarterly RevPAR.
2. Adjusted EBITDA (non-GAAP) is calculated as net income plus other operating expenses, income tax expense, interest expense, depreciation and amortization, losses from investment in equity securities, share of loss in equity investees (net of tax), but excludes other operating income, gains from investment in equity securities, share of gain in equity investees (net of tax) and other income net. The calculation of Adjusted EBITDA (non-GAAP) included in this presentation has been aligned according to the abovementioned definition.
3. Core net income is calculated as net income plus share-based compensation, losses from investments in equity securities (net of 25% tax), one-off selling expense (net of 25% tax), one-time attorney fees for M&A (net of 25% tax), one-time fees and expenses (net of 25% tax), accrued bad debt and income tax expenses related to dividend distribution but excludes government subsidies (net of 25% tax), gains from investment in equity securities (net of 25% tax), and other income (net of 25% tax).

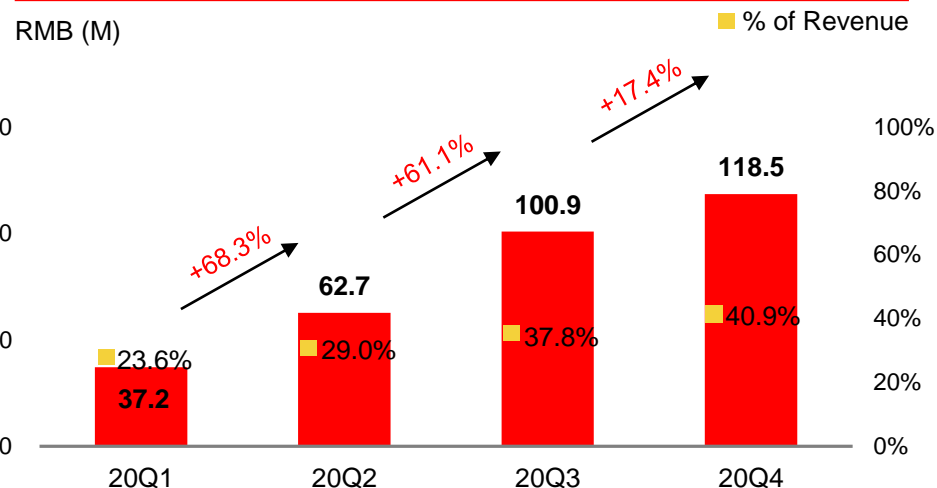
Overview of 2020



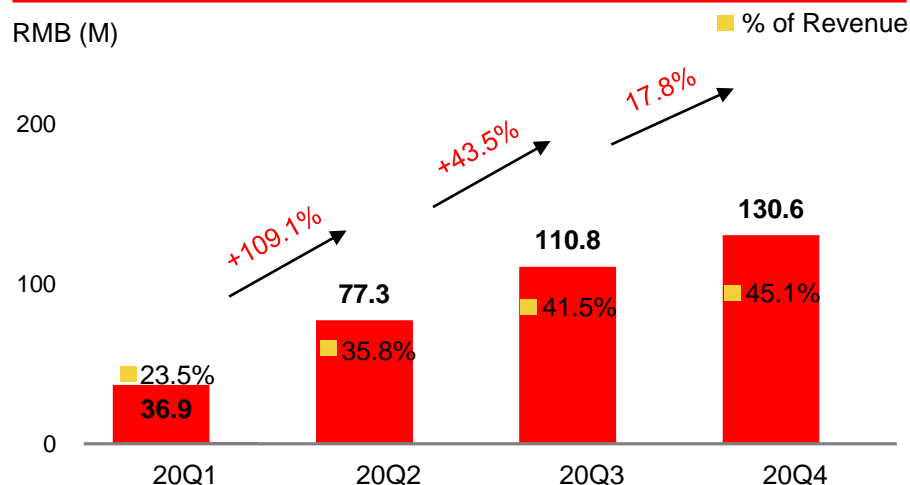
Total Revenues



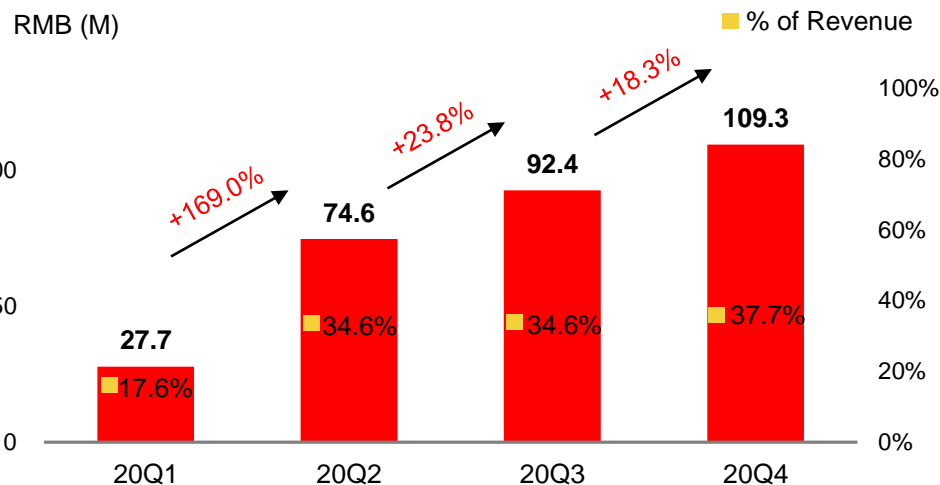
Income from Operations



Adjusted EBITDA ⁽¹⁾



Core Net Income ⁽²⁾



Notes:

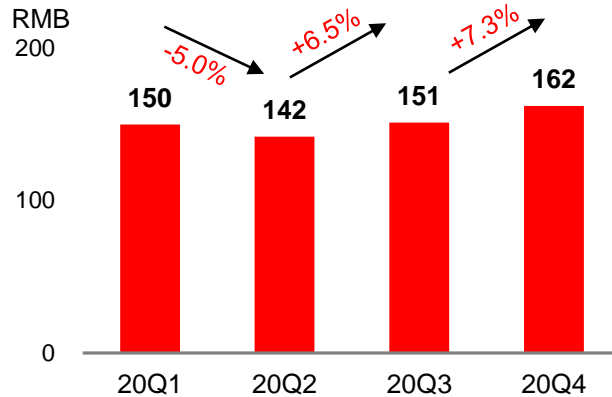
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Overview of 2020

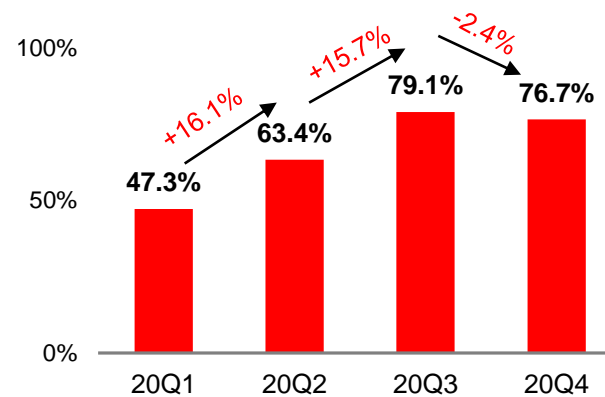


■ Hotels in China ⁽¹⁾ ■ GreenTree

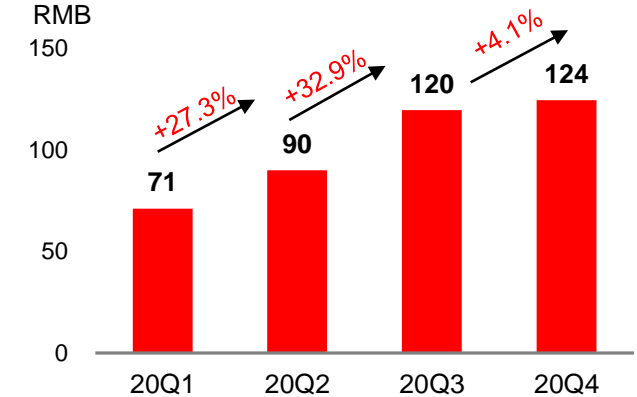
ADR



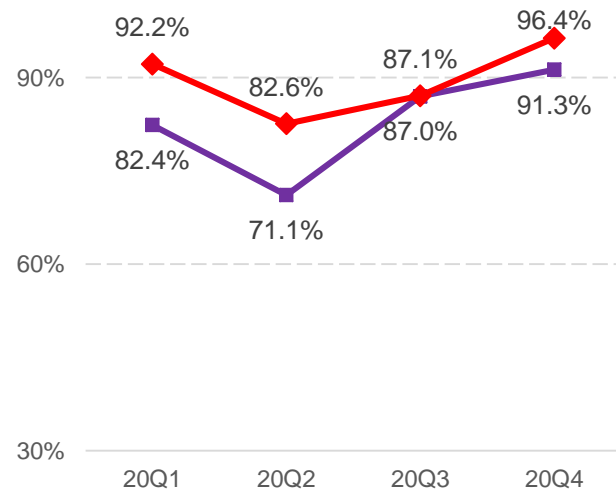
Occupancy



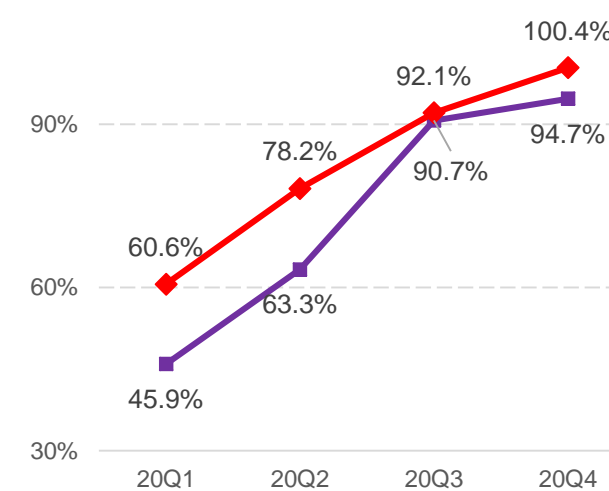
RevPAR



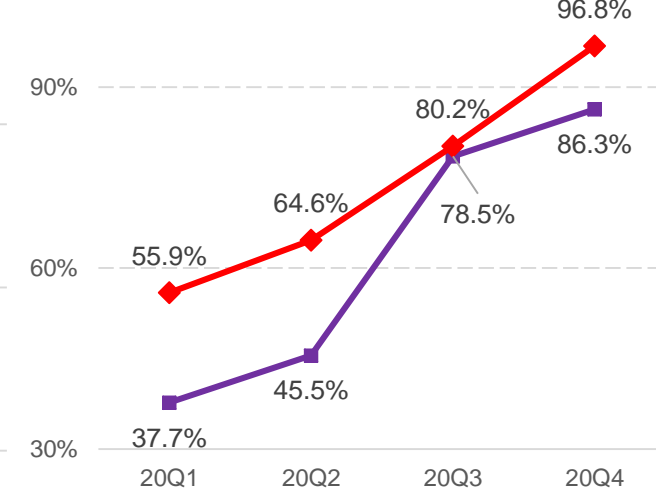
ADR as % of 2019



Occupancy as % of 2019

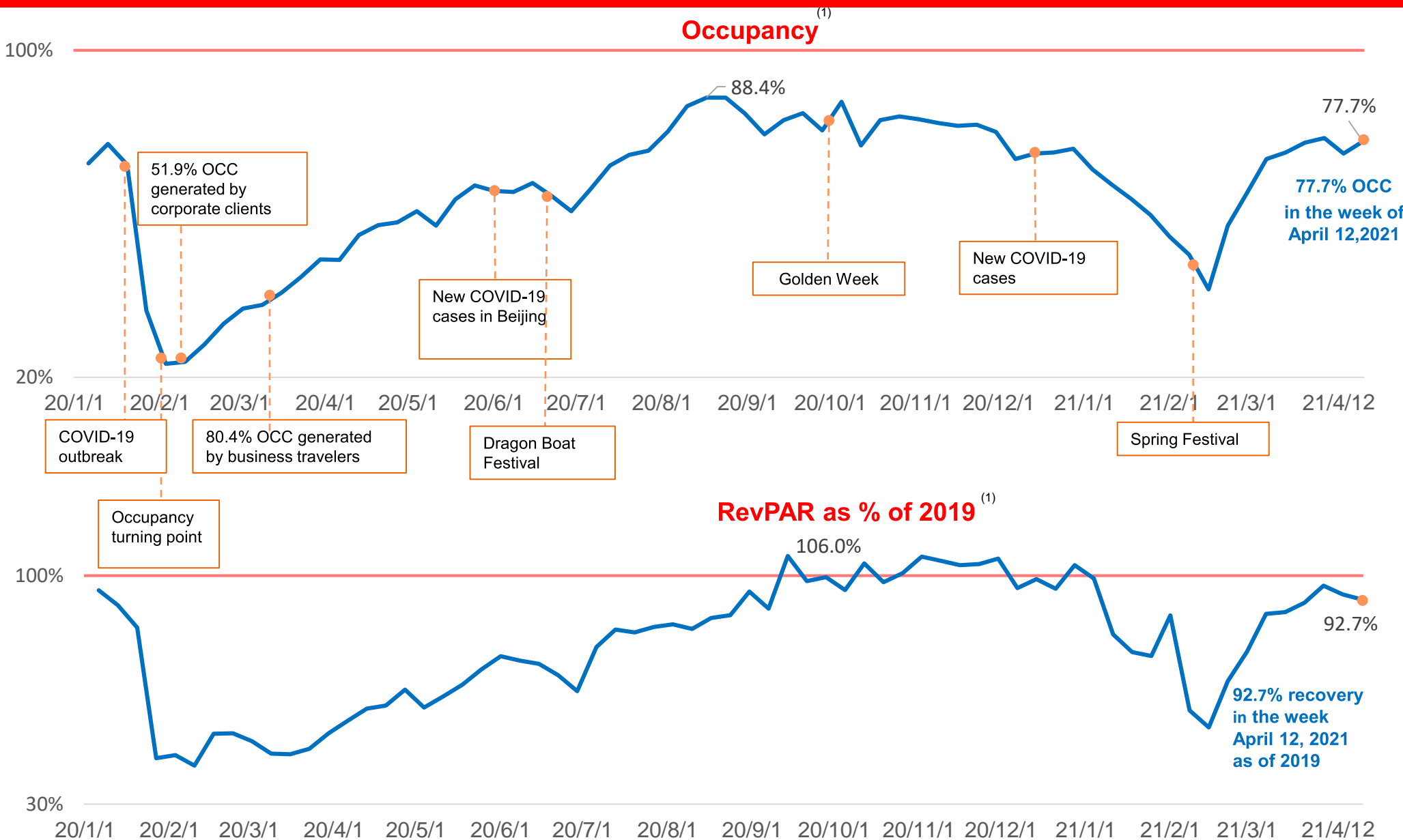


RevPAR as % of 2019



Note:
1. Average based on STR monthly data.

Overview of 2020



Note:
1. Based upon weekly average occupancy

Argyle

Argyle Hotel in Enshi Railway
Station Commercial Zone



奥山雅阁酒店

02



2021 Strategic Focus and Recent Developments



Rapid
Expansion

- L&O Hotels in Strategic Locations
- Greater Penetration in Tier 3 and Lower Cities
- Expansion into Mid-to-Up-Scale Segment

Continuous
Support to
Franchisees

- Renovation to Existing Hotels
- Continue to Improve Direct Sales and Membership Support



🏠 Strategic geographic footprint of new L&O in 2021Q1



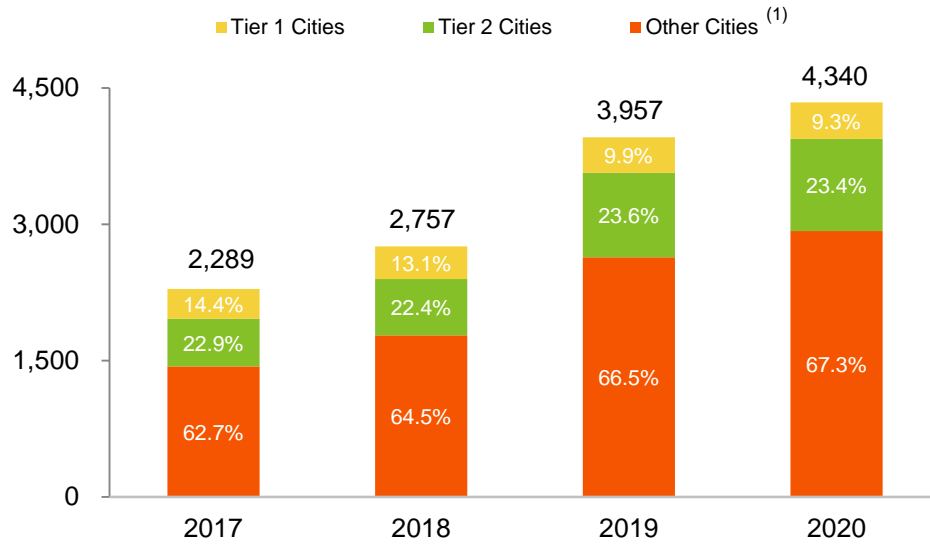
New L&O Hotels Opened in 2021Q1

- In Major Cities
Including Chengdu and Wuhan
- In Strategic Locations
Including transportation hubs, CBD areas
and government centers
- Model Hotels
~95% are mid-to-up-scale segment

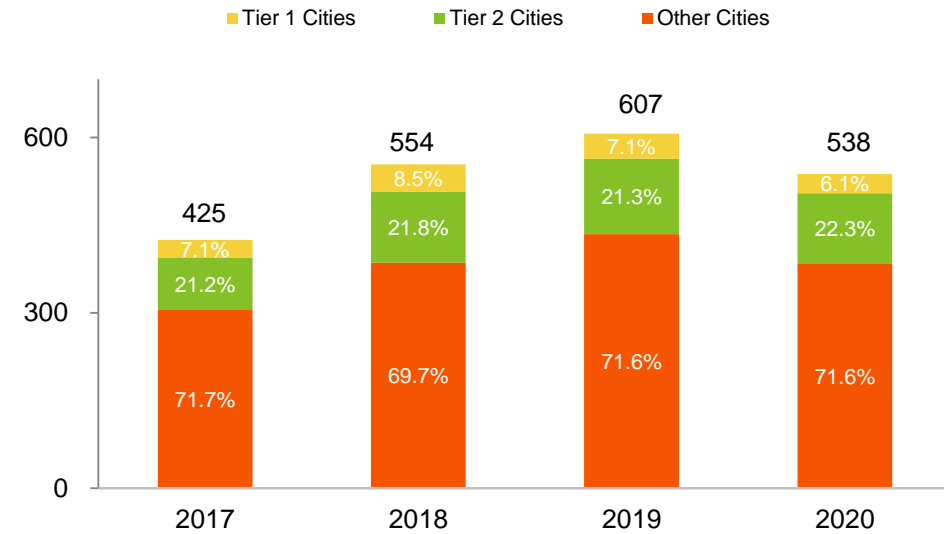
Greater Penetration in Tier 3 and Lower Cities



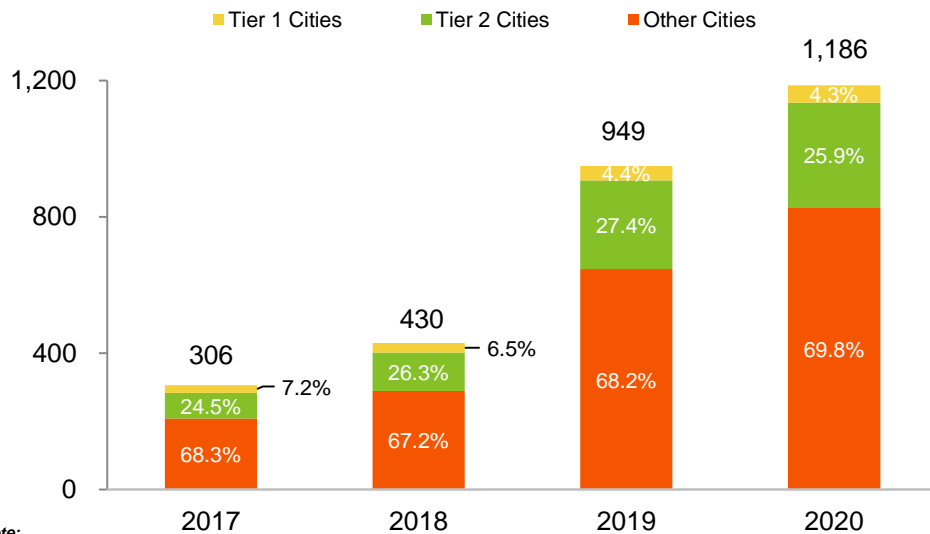
Hotel Breakdown by City Tier



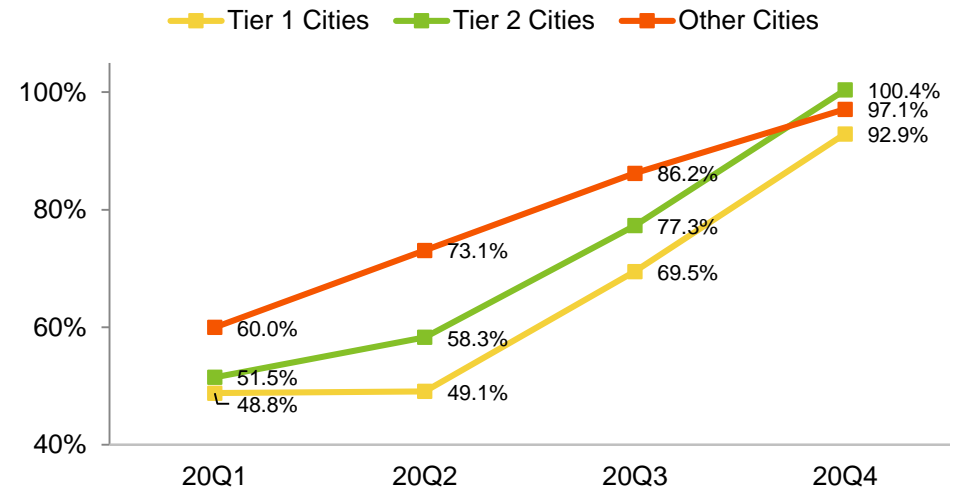
New Openings Breakdown by City Tier



Pipeline Breakdown by City Tier



RevPAR Recovery by City Tier in 2020



Note:

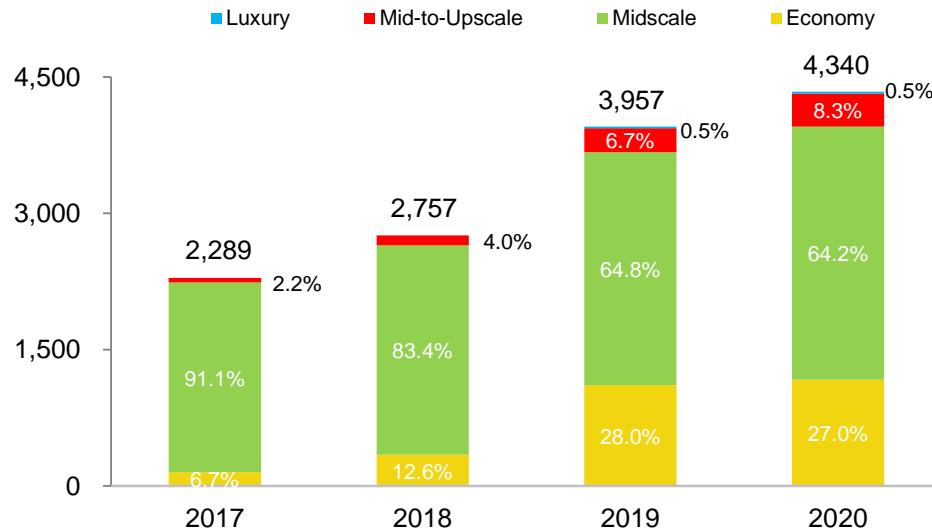
1. Tier 1 Cities refers to Beijing, Shanghai, Shenzhen and Guangzhou; Tier 2 Cities refers to the 32 major cities, other than Tier 1 Cities, including provincial capitals, administrative capitals of autonomous regions, direct-controlled municipalities and other major cities designated as municipalities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

Expansion into Mid-to-Up-Scale Segment and Renovation to Existing Hotels

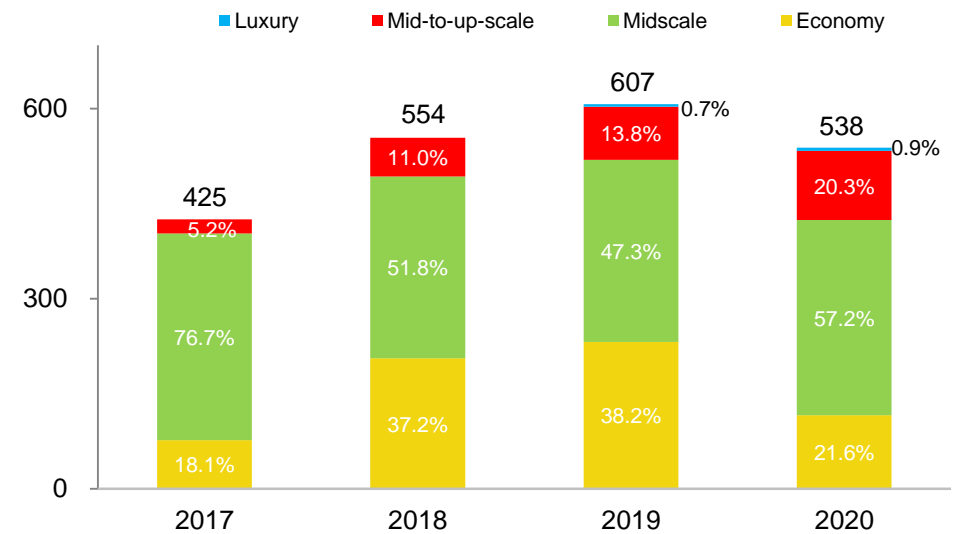


- Increasing number of new hotels in the Mid-to-Up-Scale segment
- **760+** hotels opened longer than 7 years will be renovated projected to increase RevPAR around **20%** per hotel on average

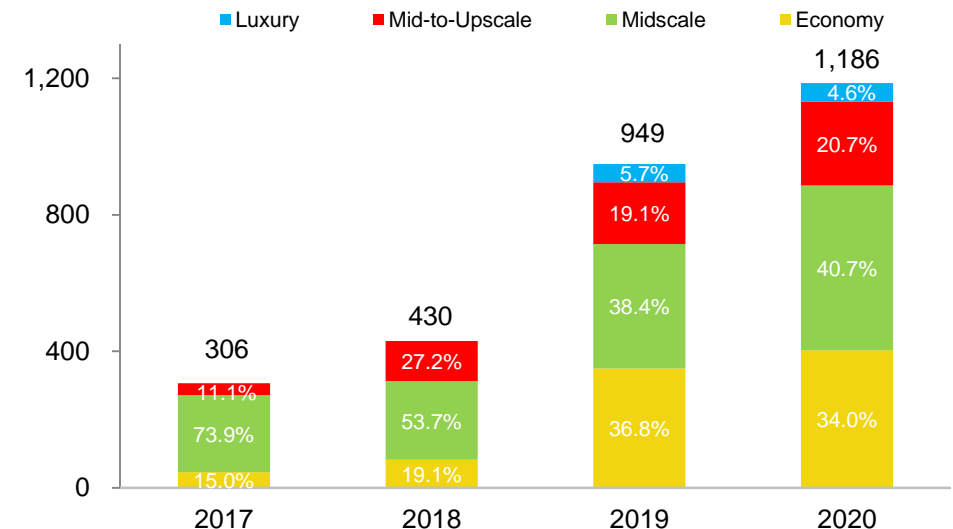
Hotel Breakdown by Segment



New Openings Breakdown by Segment

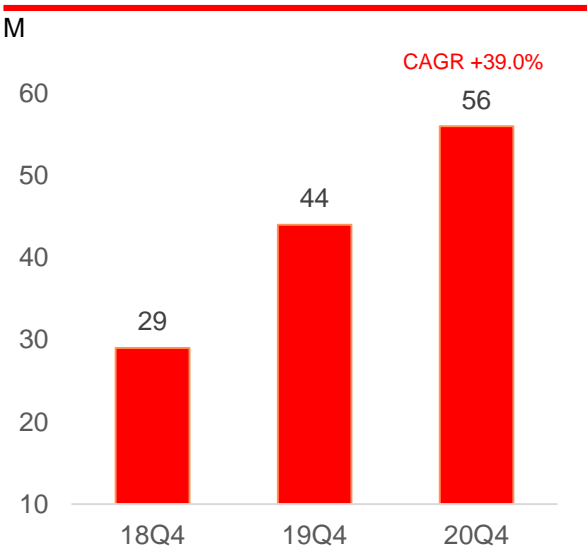


Pipeline Breakdown by Segment

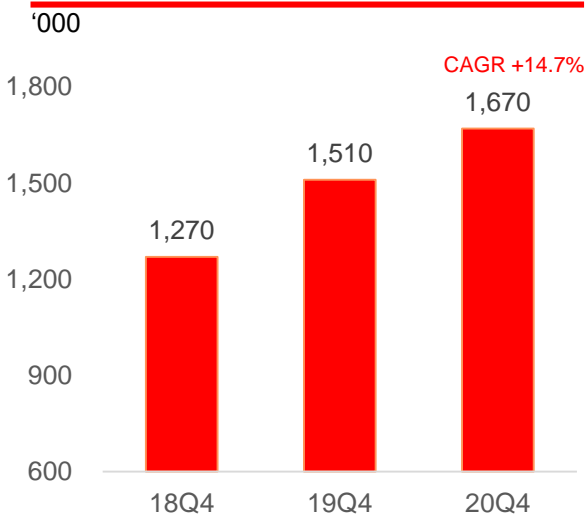




Individual Members



Corporate Members



92.2% of room nights sold directly in 2020

Membership Benefits from Our Cross-Industrial Alliances





Urban Garden Hotel

Qingdao Hongdao High-tech Zone
Fangte Exhibition



03

Operating and Financial Highlights

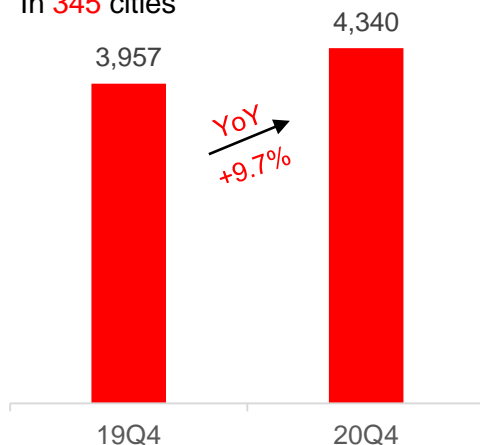
Overview of 2020Q4 and Full Year



As of December 31, 2020

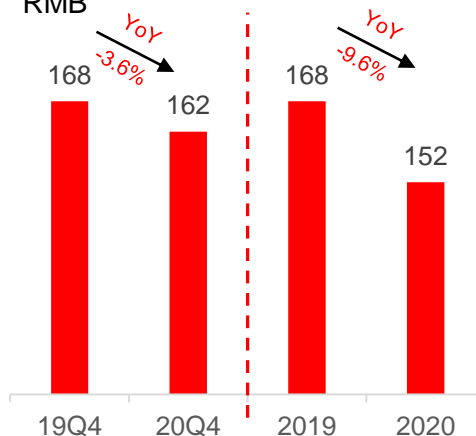
Number of Hotels

In 345 cities



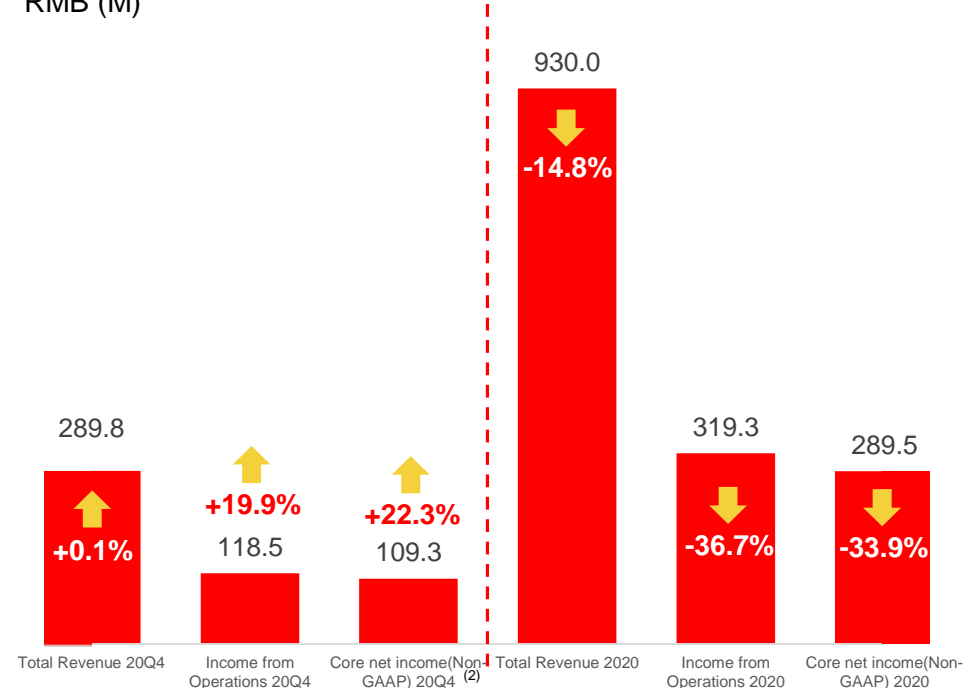
ADR

RMB

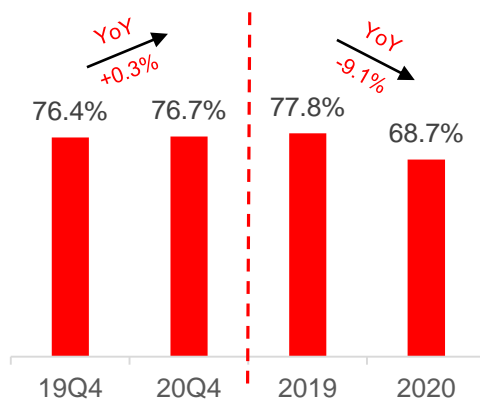


Financial Overview

RMB (M)

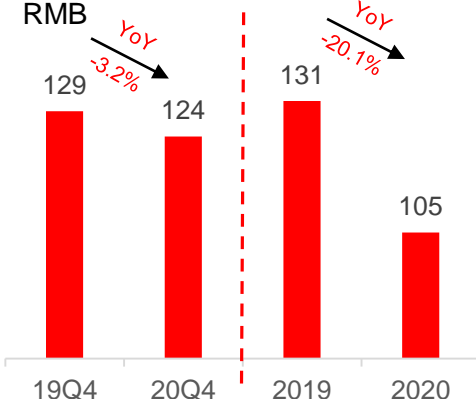


Occupancy



RevPAR⁽¹⁾

RMB



Core Net Income per ADS (basic and diluted)

2020Q4 **RMB1.06 (US\$0.16)** (YoY +21.3%)

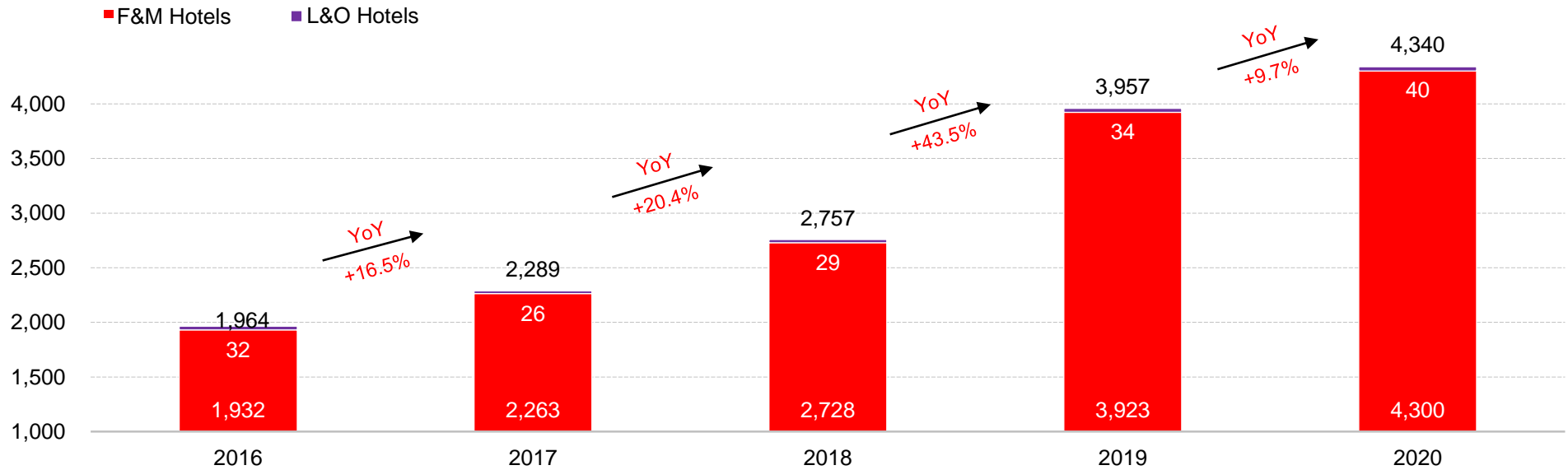
2020FY **RMB2.81 (US\$0.43)** (YoY -34.5%)

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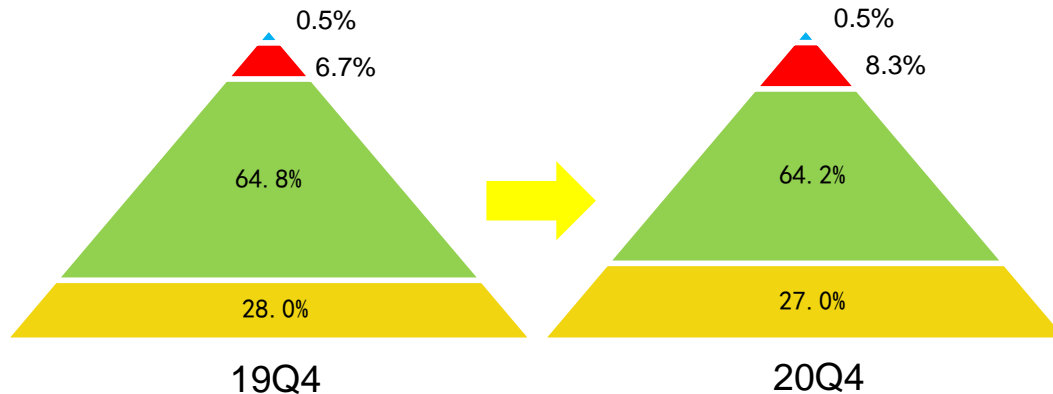


Increasing Number of Hotels in Operation



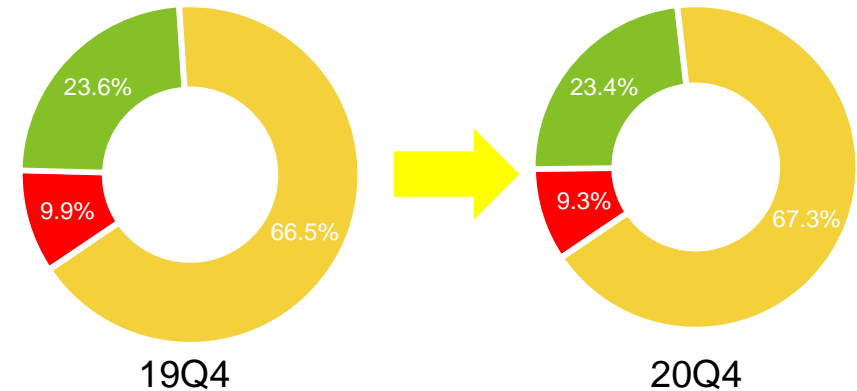
% by Market Segment

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



% by City Tier (1)

■ Tier 1 Cities ■ Tier 2 Cities ■ Other Cities



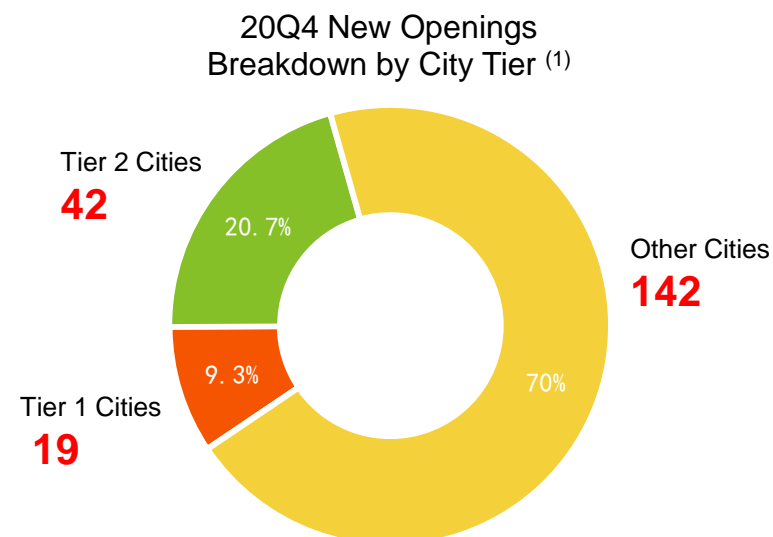
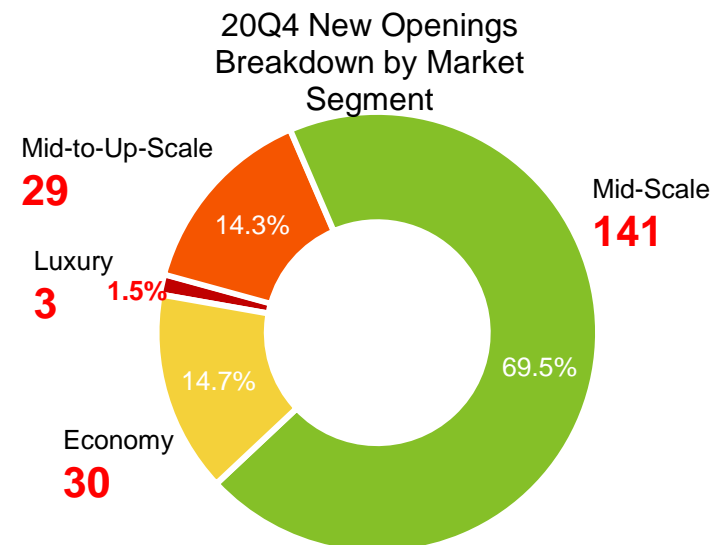
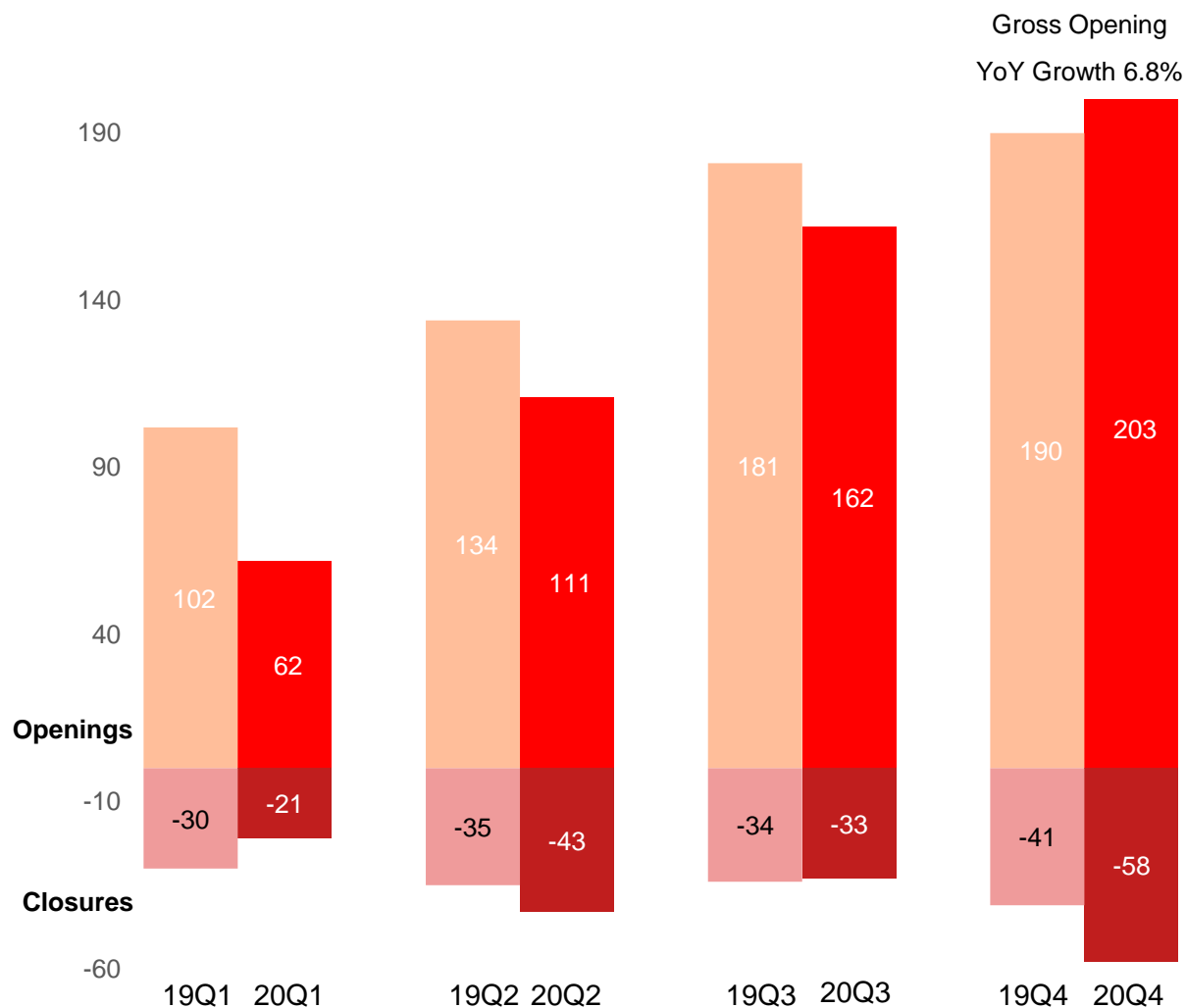
Note:

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New Hotel Openings and Closures



New Hotel Openings and Closures

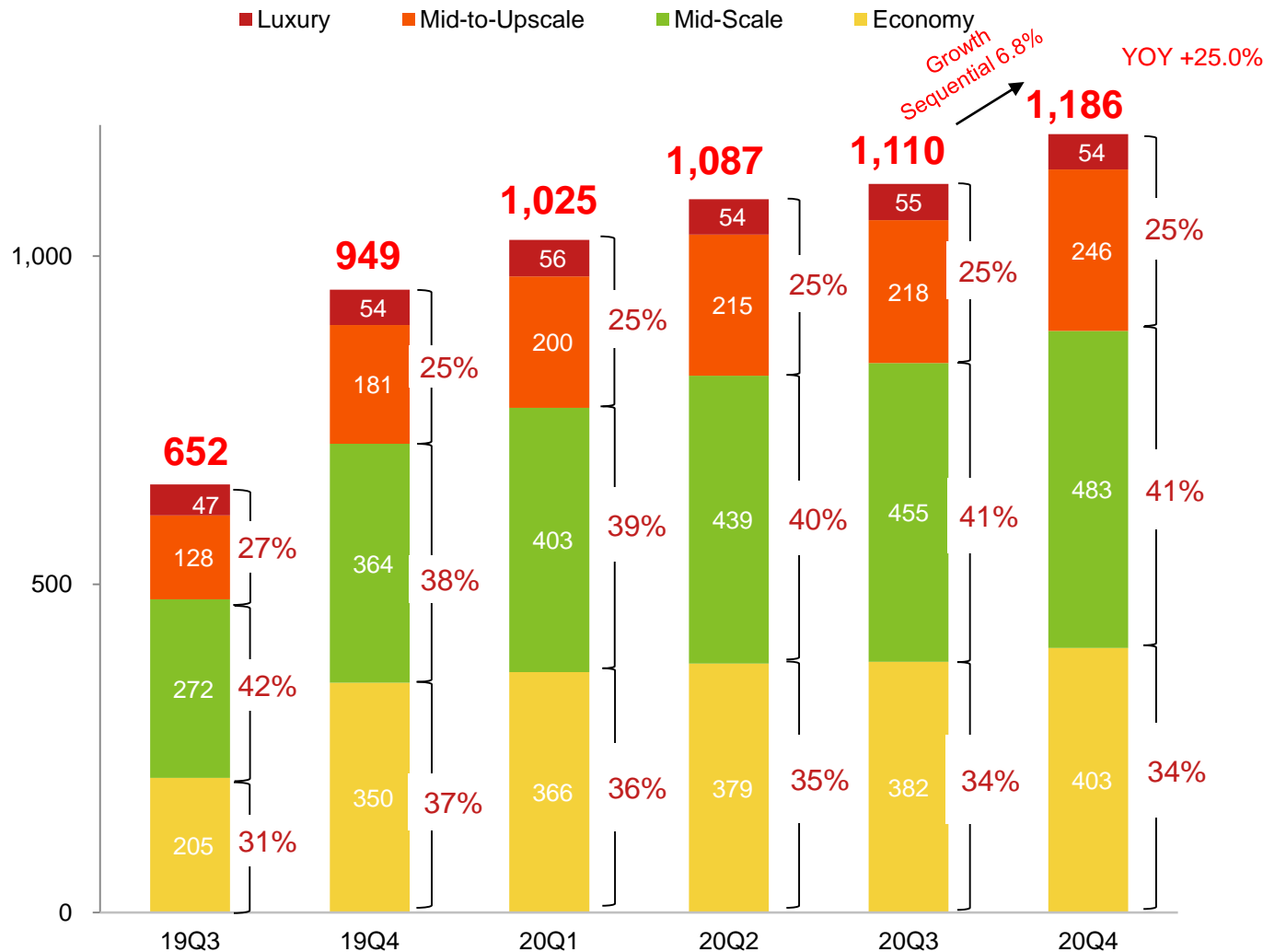


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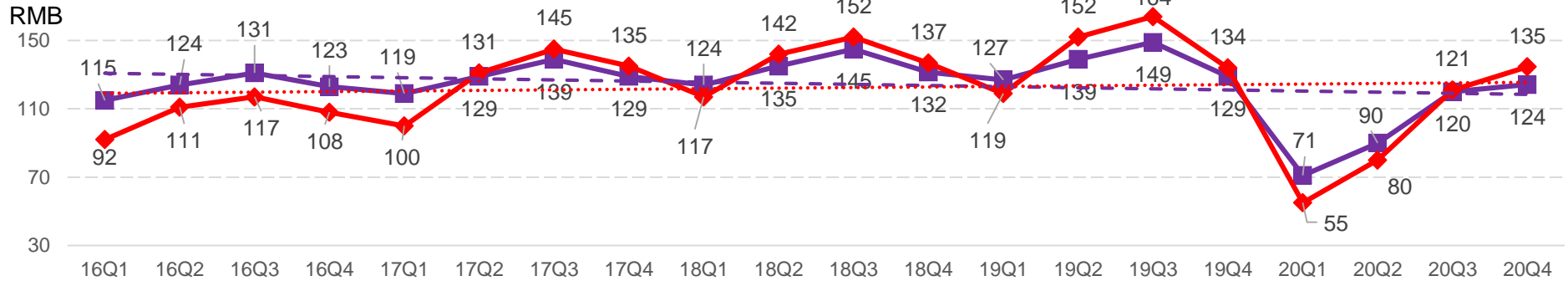
20Q4 Pipeline Growth by Market Segment



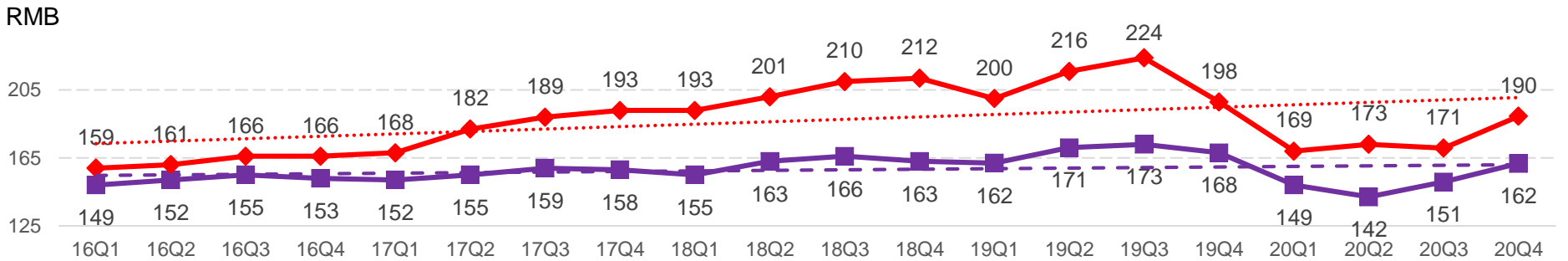
Hotel Performance



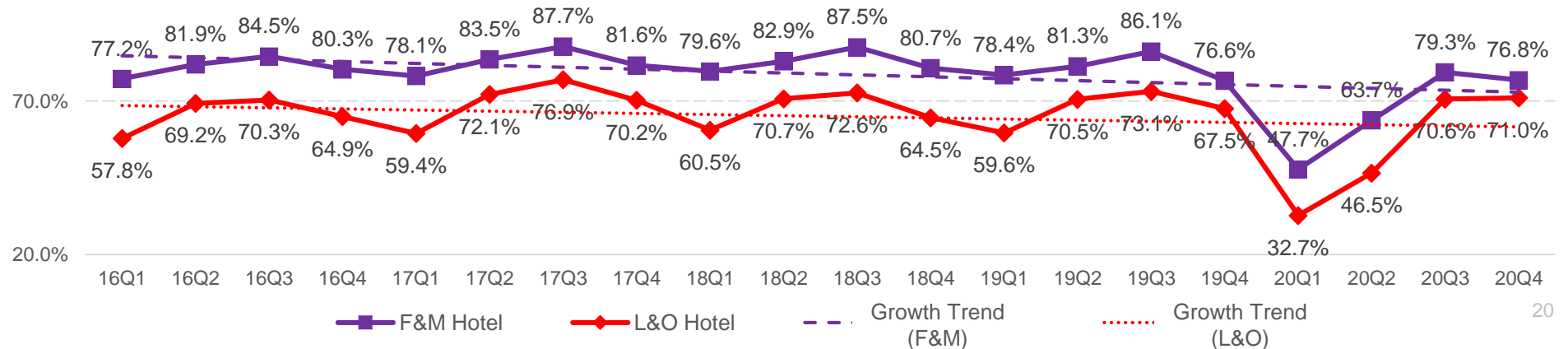
RevPAR



ADR

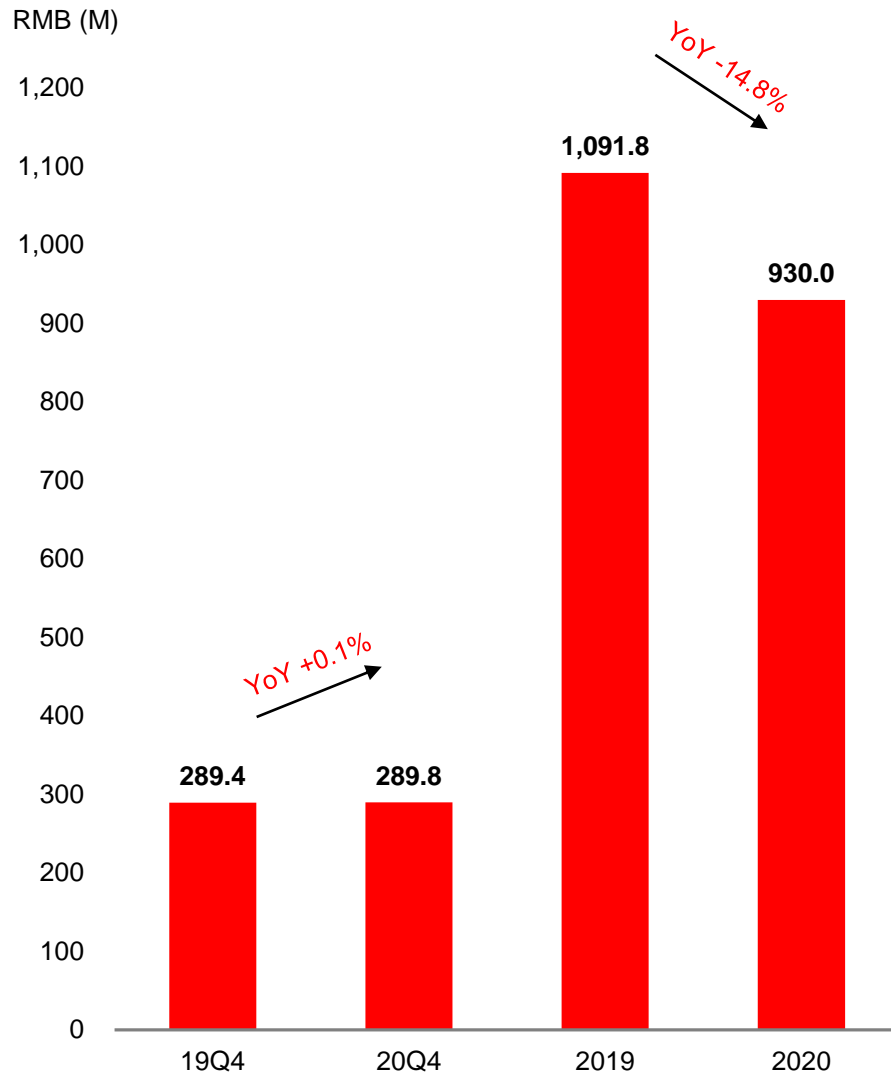


Occupancy

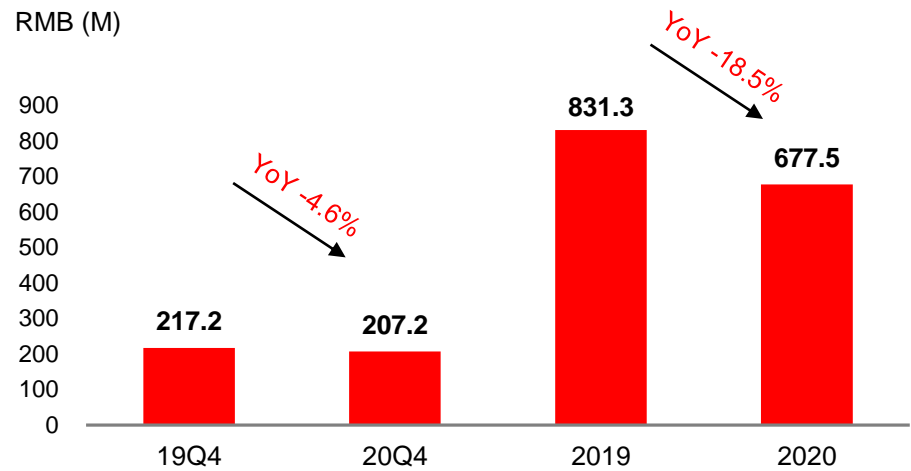




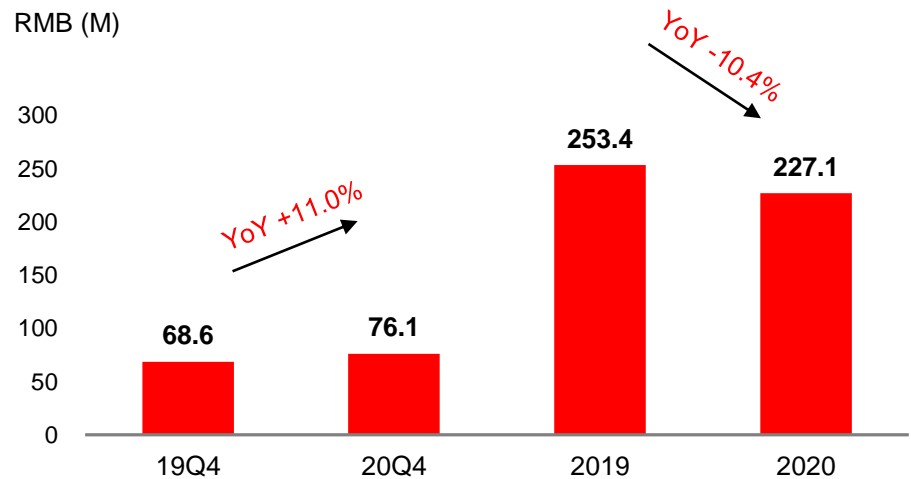
Total Revenue



Revenue from F&M Hotels



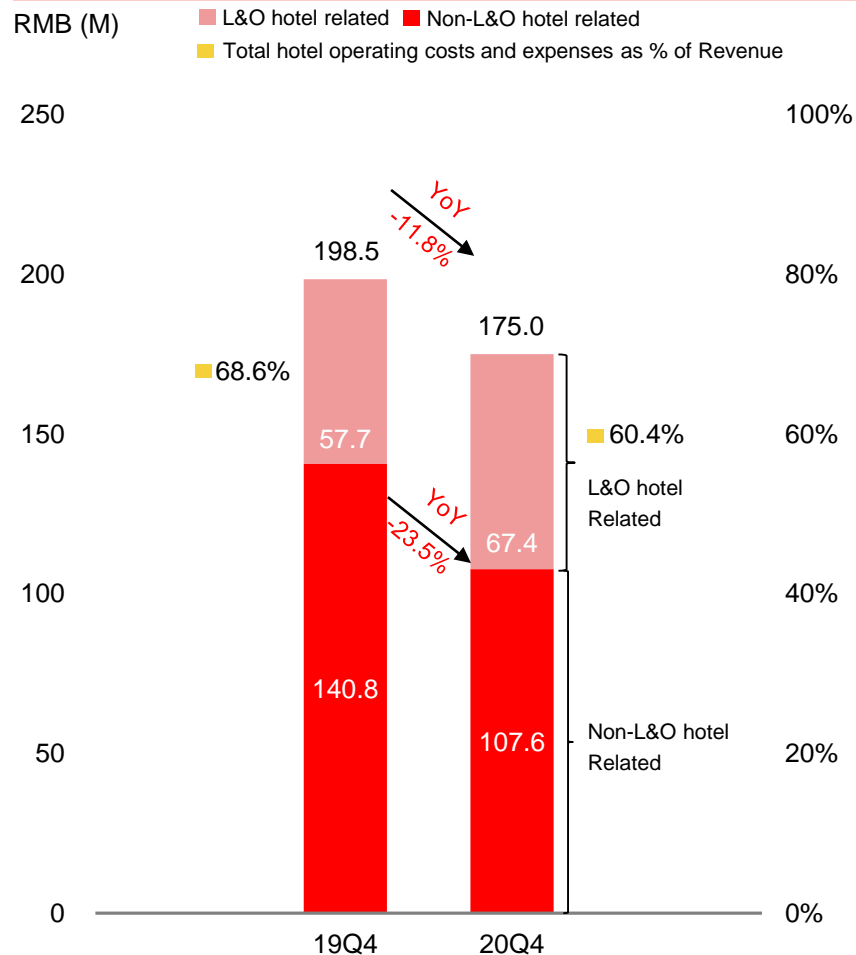
Revenue from L&O Hotels



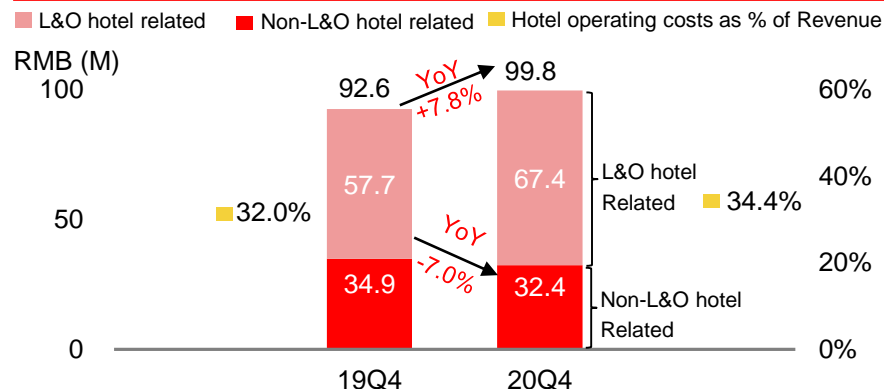
Hotel Operating Costs and Expenses——20Q4 VS 19Q4



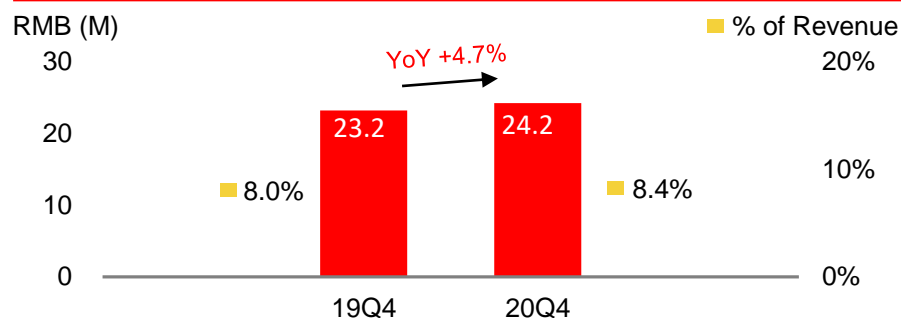
Total Hotel Operating Costs and Expenses (1)



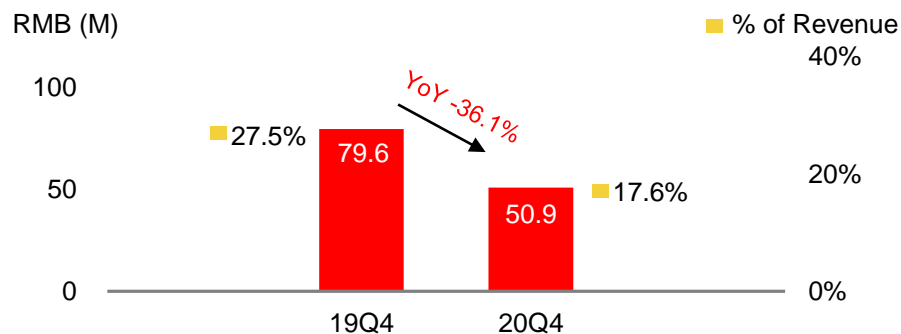
Hotel Operating Costs (2)



Selling and Marketing Expenses



General and Administrative Expenses



Note:

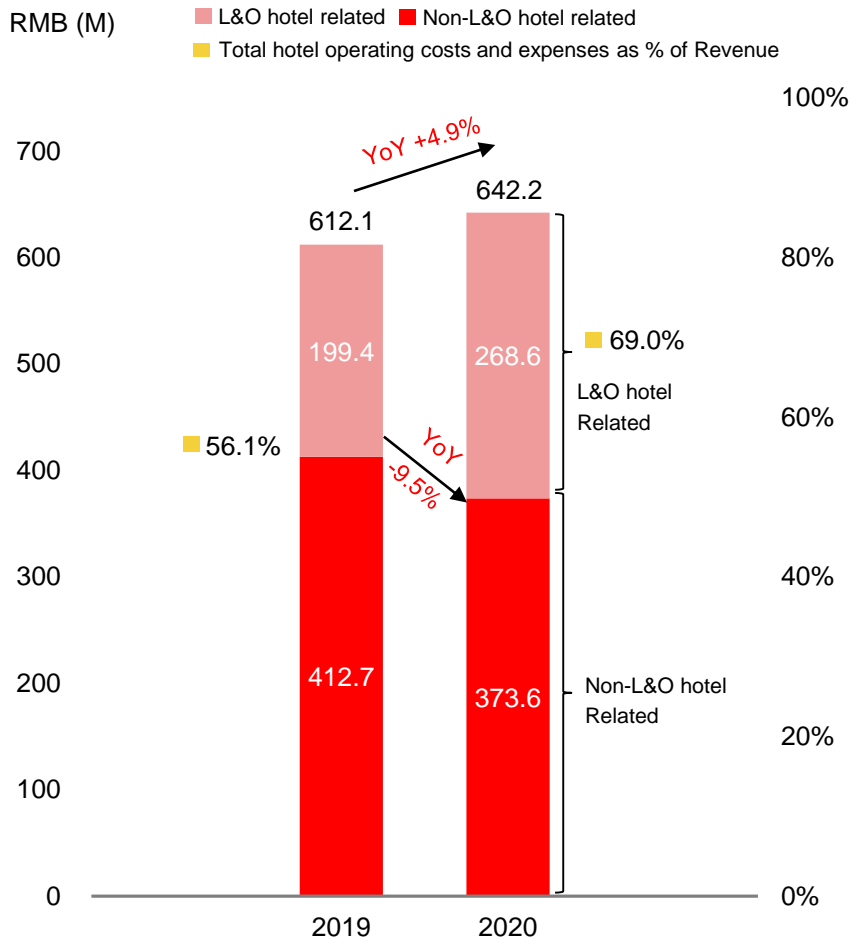
1. Total operating costs and expenses consist of hotel operating costs, selling and marketing expenses, general and administrative expenses and other operating expenses.
2. Apart from LO hotel operating costs, hotel operating costs includes FM hotel related costs and other costs.

Hotel Operating Costs and Expenses—Full Year

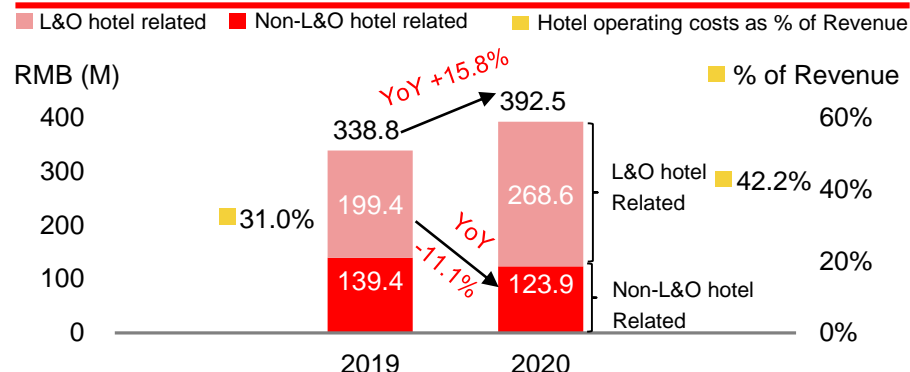


■ Cost and Expenses excluding L&O hotel operating costs ■ L&O hotel operating costs

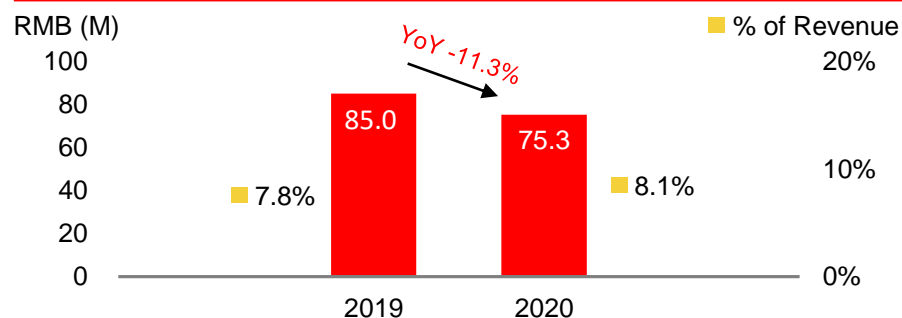
Total Hotel Operating Costs and Expenses (1)



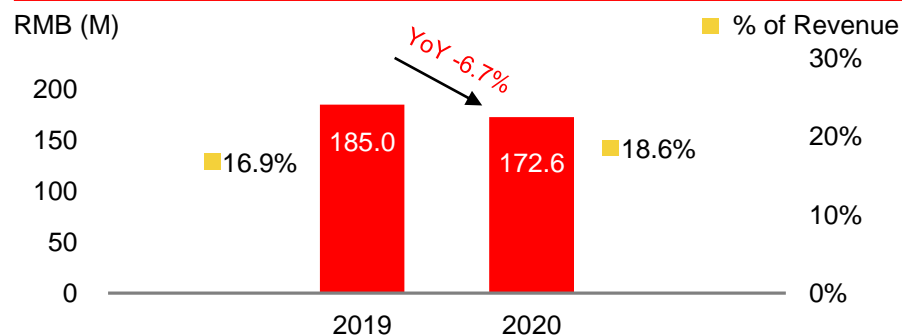
Hotel Operating Costs (2)



Selling and Marketing Expenses



General and Administrative Expenses

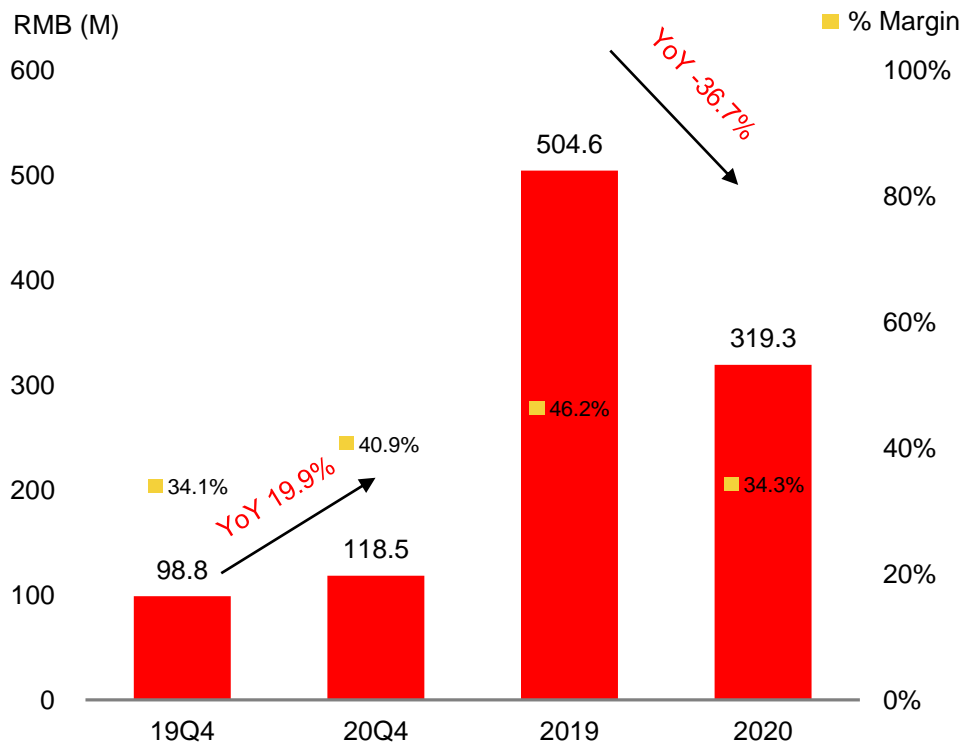


Note:

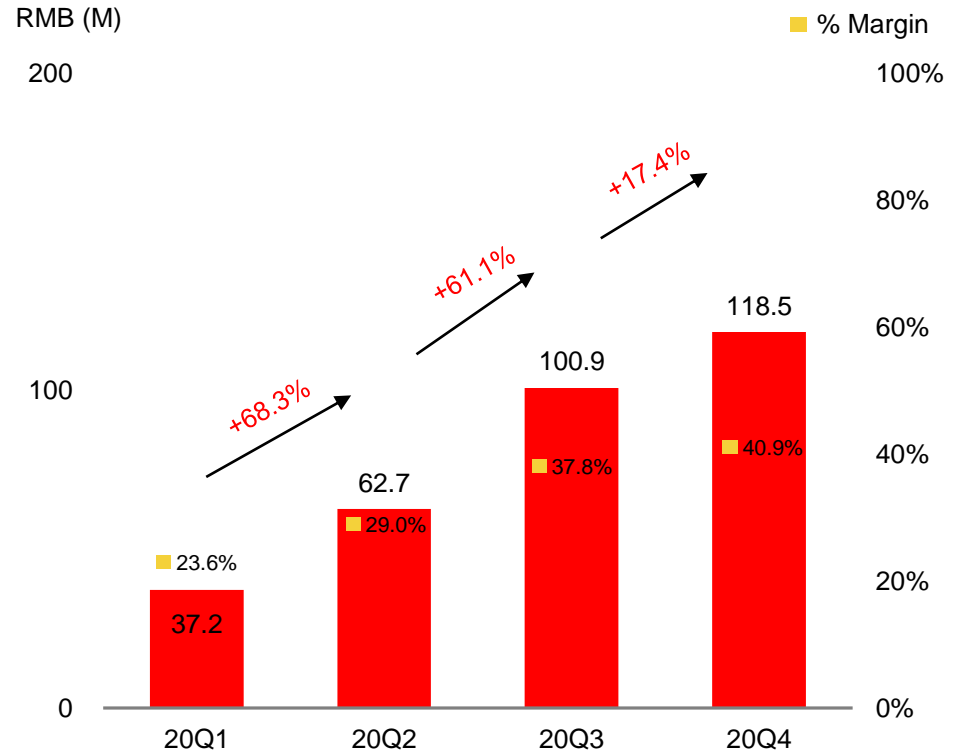
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Income from Operations and Margin Year over Year

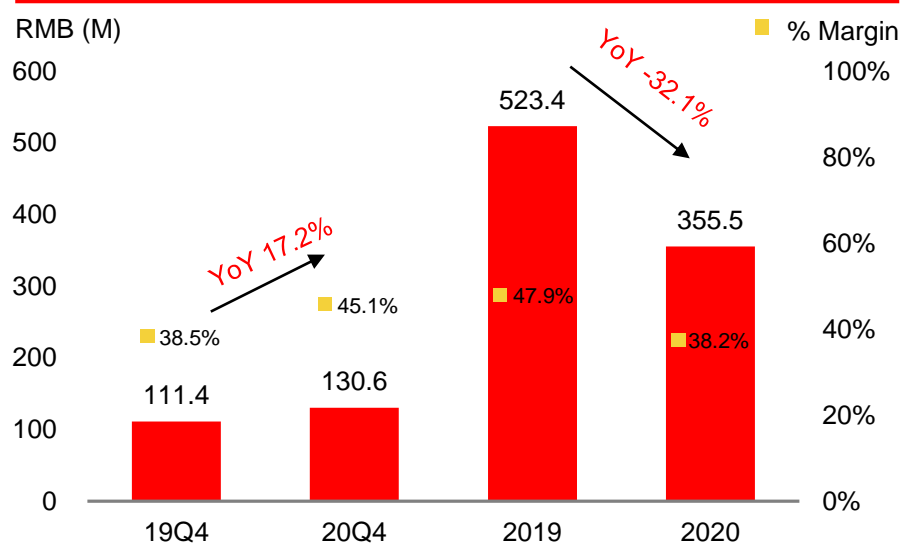


Income from Operations and Margin Quarter to Quarter

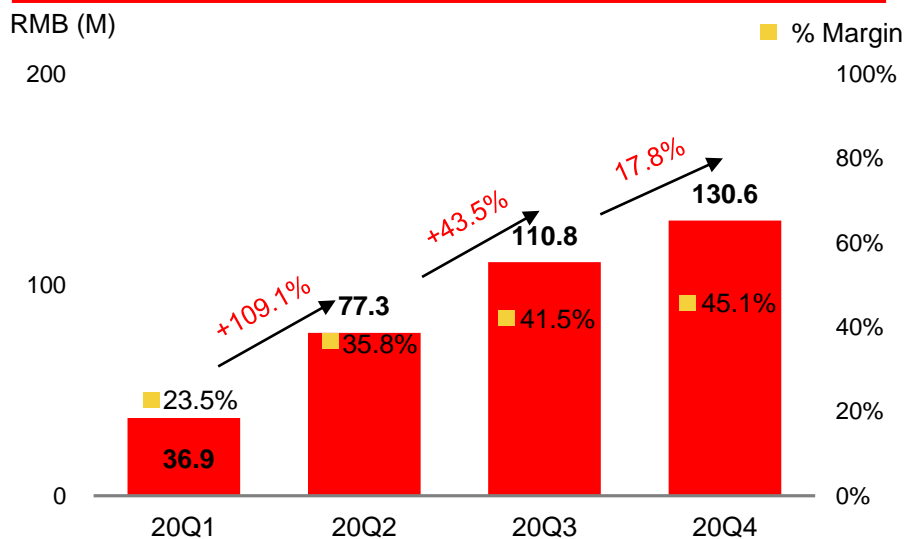




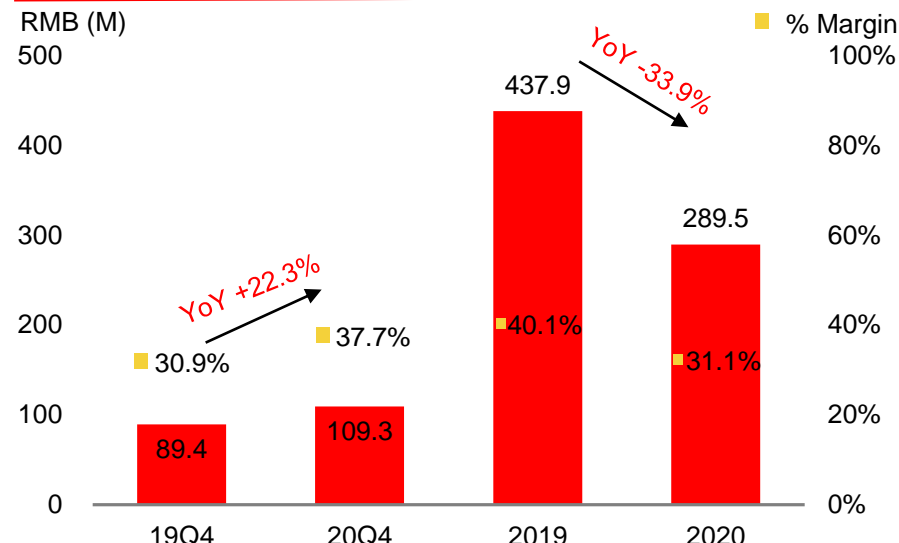
Adjusted EBITDA ⁽¹⁾ and Margin Year over Year



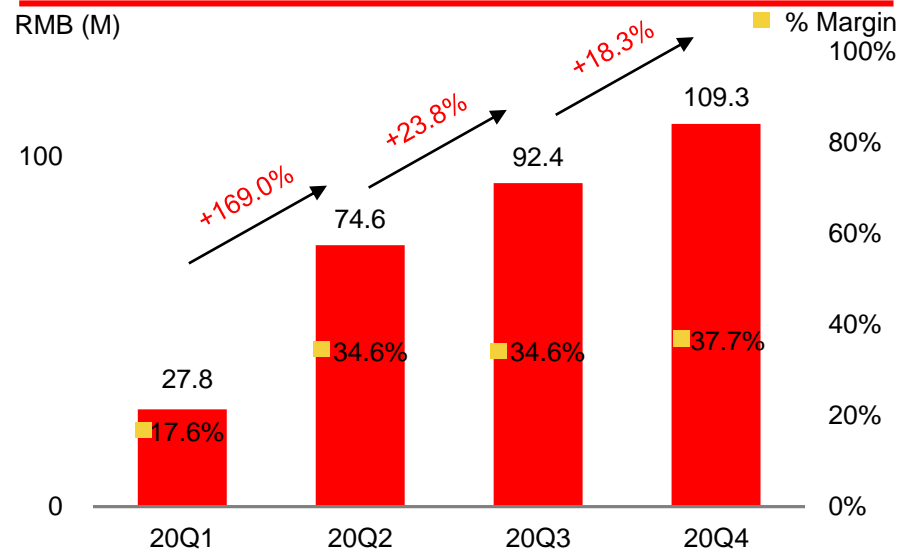
Adjusted EBITDA ⁽¹⁾ and Margin Quarter to Quarter



Core Net Income ⁽²⁾ and Margin Year over Year



Core Net Income ⁽²⁾ and Margin Quarter to Quarter

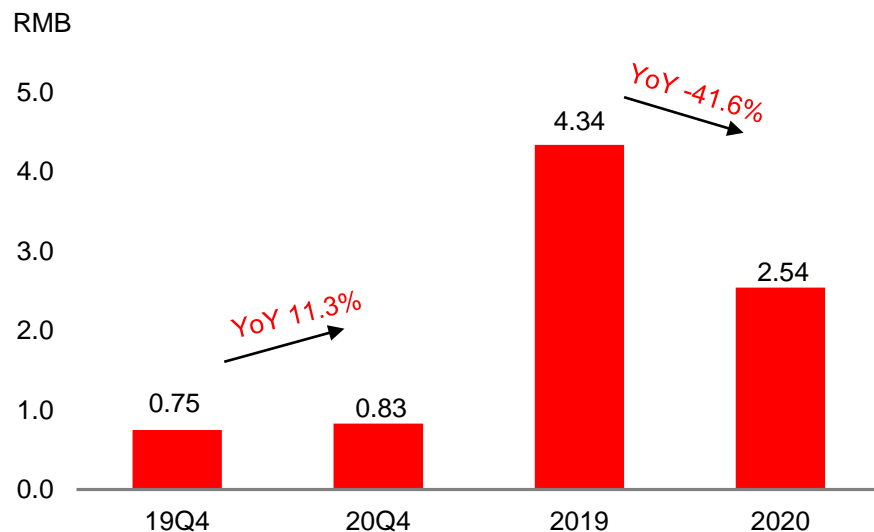


Notes:

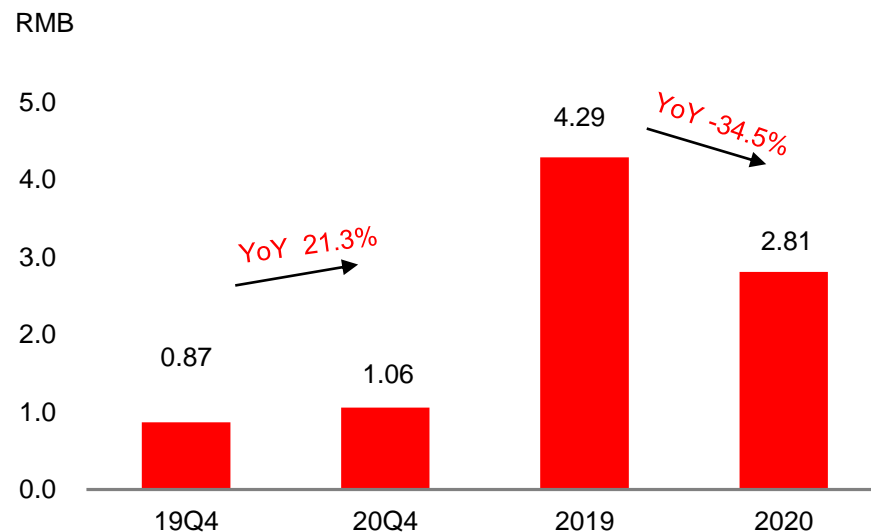
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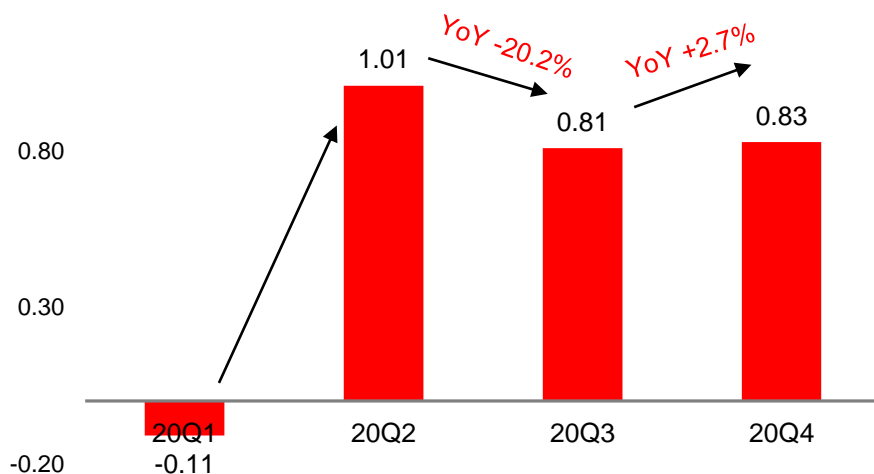
Net Income per ADS (Basic and Diluted) Year over Year



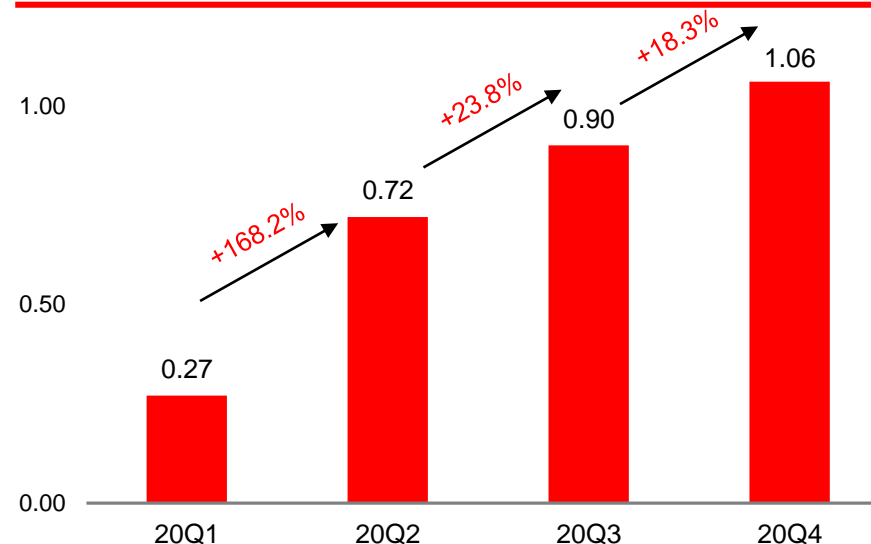
Core Net Income per ADS (Basic and Diluted) (Non-GAAP) ⁽¹⁾ Year over Year



Net Income per ADS (Basic and Diluted) Quarter to Quarter



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



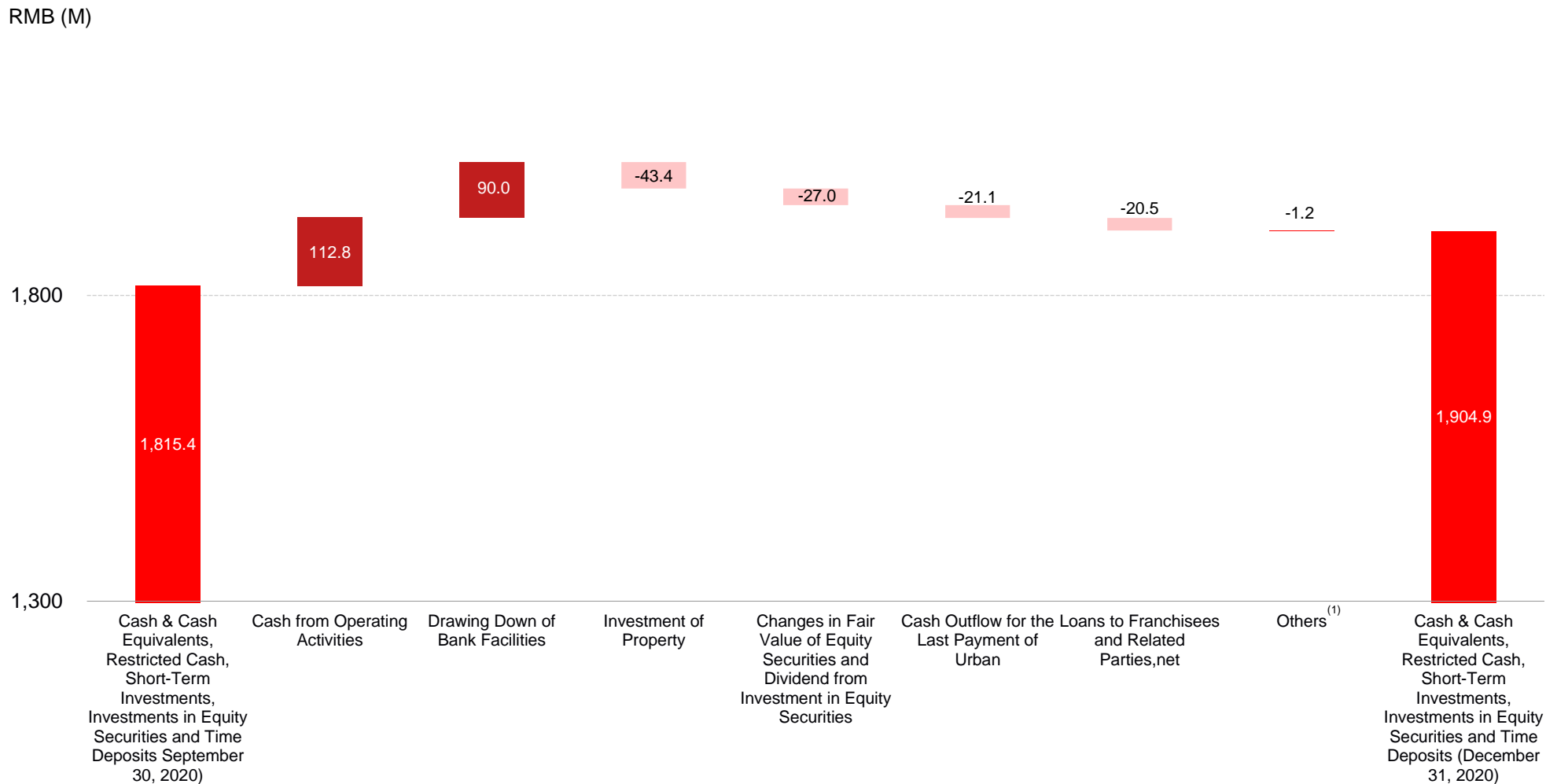
Notes:

1. Core net income is calculated as net income plus share-based compensation, losses from investments in equity securities (net of 25% tax), one-off selling expense (net of 25% tax), One-time attorney fees for M&A (net of 25% tax), One-time fees and expenses (net of 25% tax), accrued bad debt and income tax expenses related to dividend distribution but excludes government subsidies (net of 25% tax), gains from investment in equity securities (net of 25% tax), 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 **RMB1,904.9 Million** as of December 31, 2020.



Note:

1. Other mainly include Capital contribution from non-controlling interest holders, effect of exchange rate changes on cash and cash equivalents, etc.



Total revenues for the full year of 2021 are expected to grow
48%~53% from 2020.
25%~30% from 2019.

Thank you!

Q&A



Our Portfolio



As of December 31, 2020

Luxury

- Hotels in operation: 23
- Hotel rooms in operation: 4,749
- Room rates: RMB 400 - 1,000

Mid-to-Up-Scale

- Hotels in operation: 360
- Hotel rooms in operation: 32,337
- Room rates: RMB 200 - 600

Mid-Scale

- Hotels in operation: 2,786
- Hotel rooms in operation: 225,069
- Room rates: RMB 150 - 400

Economy

- Hotels in operation: 1,171
- Hotel rooms in operation: 53,180
- Room rates: RMB 90 - 300



Hotel Breakdown



By Market Segment and Brand	Number of Hotels in Operation		Number of Hotel Rooms in Operation	
	2019Q4	2020Q4	2019Q4	2020Q4
Luxury	20	23	4,556	4,749
Argyle	20	23	4,556	4,749
Mid-to-up-scale	264	360	23,816	32,337
GreenTree Eastern	105	151	11,263	15,653
Deep Sleep Hotel	2	3	161	221
Gem	27	35	2,397	3,202
Gya	26	42	2,167	3,572
Vx	22	33	1,816	2,681
Ausotel	10	13	1,183	1,666
Urban Garden and others ⁽¹⁾	72	83	4,829	5,342
Mid-scale	2,563	2,786	209,966	225,069
GreenTree Inn	2,013	2,163	171,414	181,295
GT Alliance	314	374	24,141	28,560
GreenTree Apartment	7	13	333	862
Vatica	121	121	8,907	8,749
City 118 Selected and others ⁽¹⁾	108	115	5,171	5,603
Economy	1,110	1,171	51,688	53,180
Shell	541	620	23,617	26,784
City 118 and others ⁽¹⁾	569	551	28,071	26,396
Total	3,957	4,340	290,026	315,335

Note:

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

Operating Data



	2019Q4	2020Q4
Total hotels in operation	3,957	4,340
Leased-and-owned hotels	34	40
Franchised hotels	3,923	4,300
Total hotel rooms in operation	290,026	315,335
Leased-and-owned hotels	4,290	4,888
Franchised hotels	285,736	310,447
Number of cities	339	345

	2019Q4	2020Q4
Occupancy rate		
Leased-and-owned hotels	67.5%	71.0%
Franchised hotels	76.6%	76.8%
Blended	76.4%	76.7%
Average daily rate (in RMB)		
Leased-and-owned hotels	198	190
Franchised hotels	168	162
Blended	168	162
RevPAR (in RMB)		
Leased-and-owned hotels	134	135
Franchised hotels	129	124
Blended	129	124