



Comfort
Quality
Value
Convenience



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

Vatica
贝利酒店

贝壳酒店
(Shell Hotel)

GreenTree Hospitality Group Ltd.

Q1 2018 Results Presentation | May 15, 2018



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Our historical results are not necessarily indicative of results to be expected for any future period. The financial data contained in this presentation for the periods and as of the dates indicated are qualified by reference to and should be read in conjunction with our financial statements and related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our public filings with the U.S. Securities and Exchange Commission (the “SEC”).

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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格林東方酒店
GreenTree Eastern Hotel

1. Business and Strategy Review

Q1 2018 Performance Overview



As of March 31, 2018

98.9% F&M Hotels⁽¹⁾

70.2% Revenue Contribution from F&M Hotels

2,354 Hotels

195,552 Rooms

ADR: **+2.6%** YoY to RMB156

Occupancy: **+1.6%** YoY to 79.2%

RevPAR: **+5.1%** YoY to RMB124

406 Hotels Contracted for or under Development



~22 million Loyal Members

860,000+ Corporate Clients

Revenue **+23.3%** YoY to RMB205MM

Gross Profit **+28.0%** YoY to RMB140MM

Adjusted EBITDA **+29.6%** YoY to RMB114MM⁽²⁾

Core Net Income **+27.5%** YoY to RMB84MM⁽³⁾

Notes:

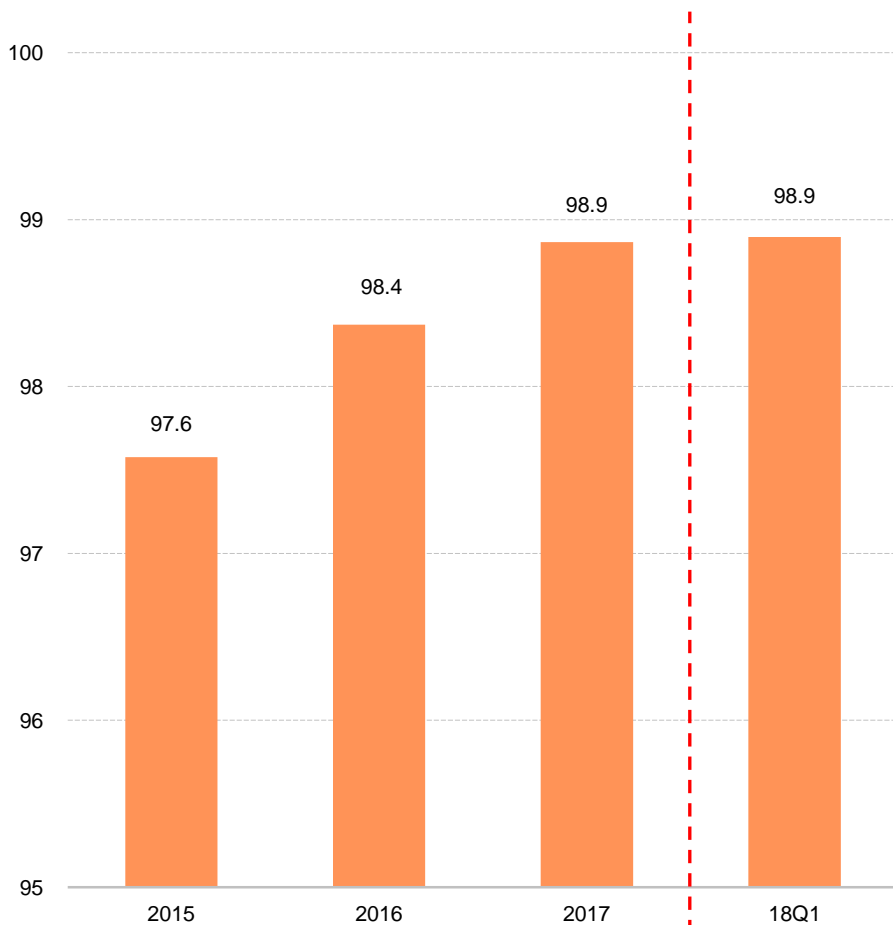
1. Franchised-and-managed hotels
2. Adjusted EBITDA is calculated as net income plus other operating expenses, income tax expense, share of loss in equity investees (net of tax), share-based compensation and depreciation and amortization, but excludes other operating income (including government subsidies), interest income and other net, gains and losses from trading securities and other expense net
3. Core net income is calculated as net income plus share-based compensation, but excludes government subsidies, gains and losses from trading securities and other expense net

Continued Strategic Focus on the F&M Model



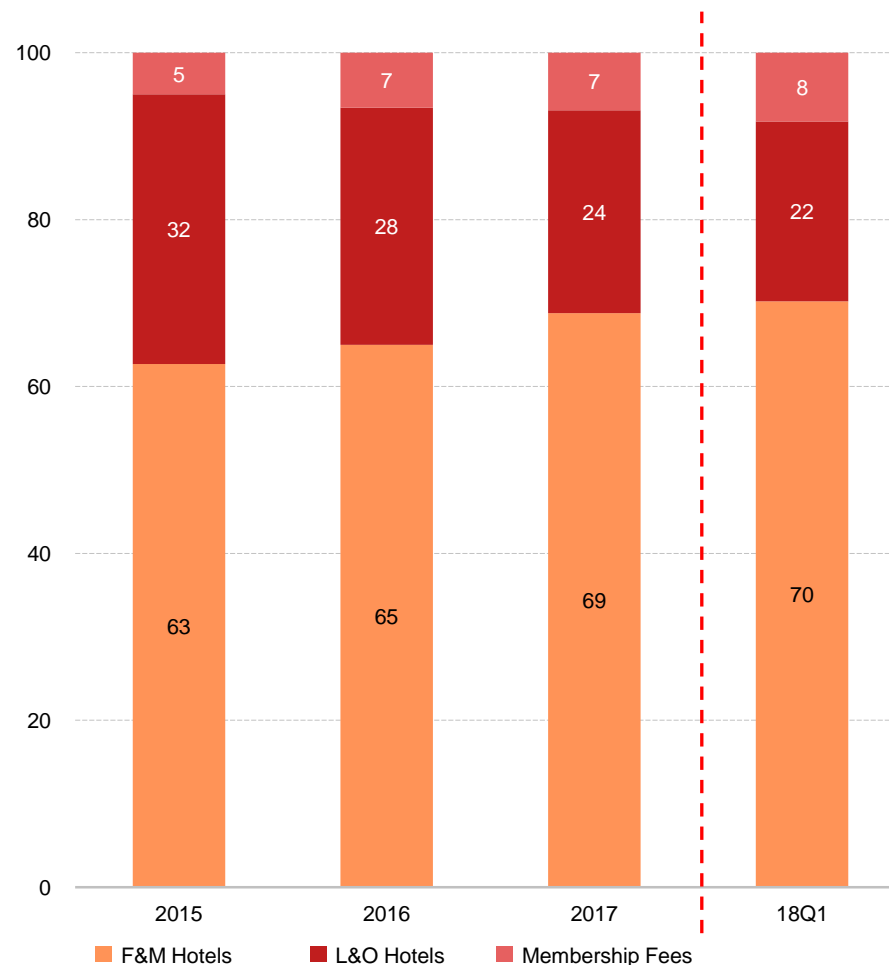
98.9% of Our Hotel Portfolio are F&M Hotels

% of F&M hotels



F&M Hotels Contribute ~70% of Our Revenue

Revenue, %

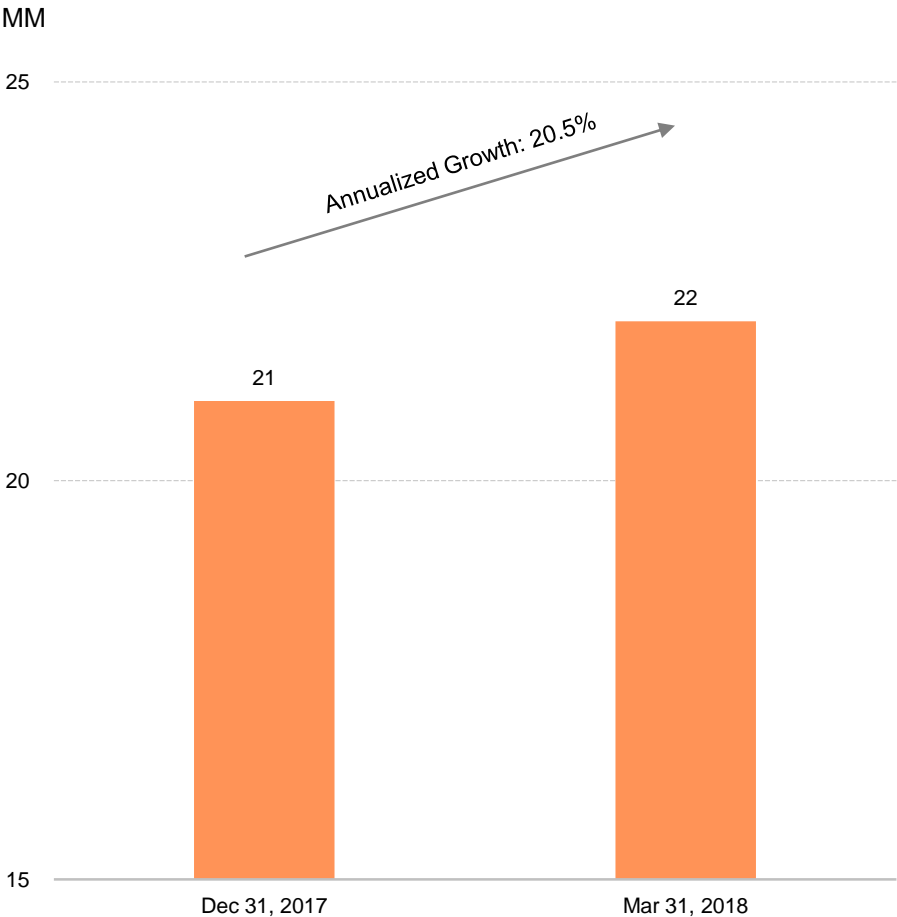


Fast-Growing Loyal Membership Base

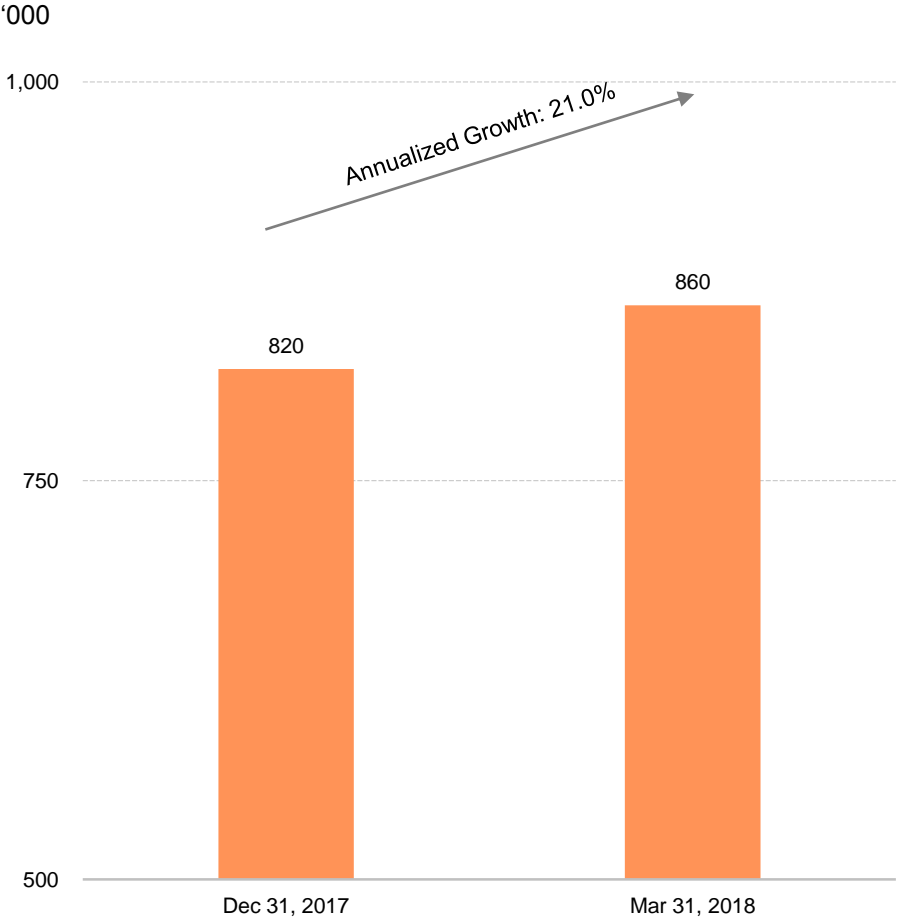


96% of rooms nights sold through direct sales

Robust Membership Growth



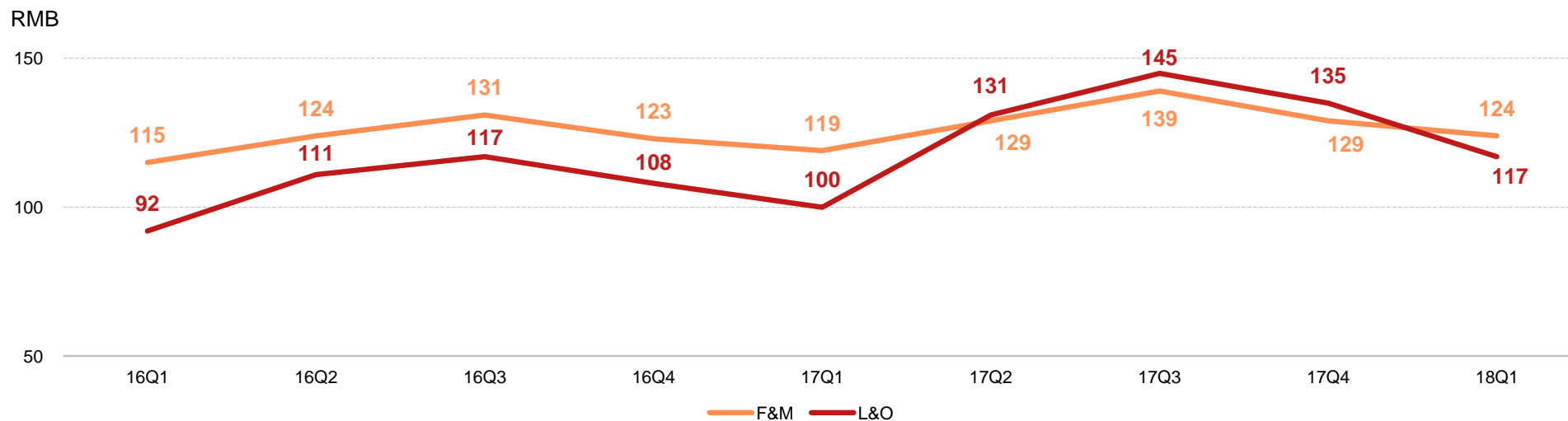
Increase in Corporate Clients



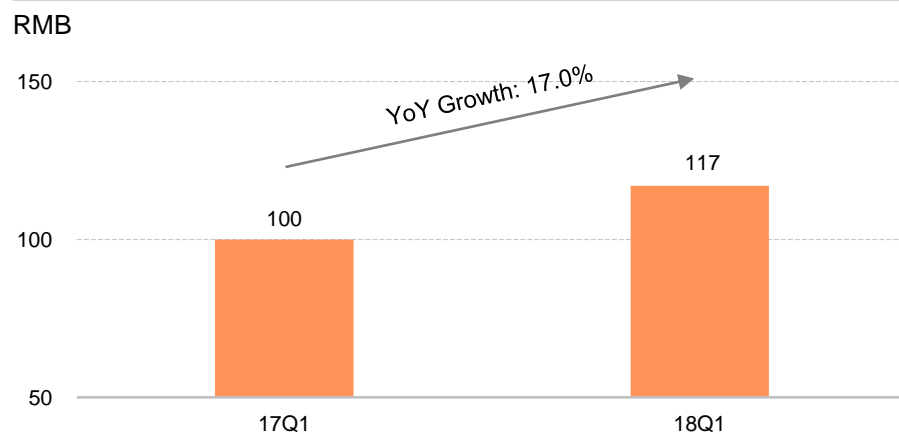
Consistently Strong RevPAR Growth



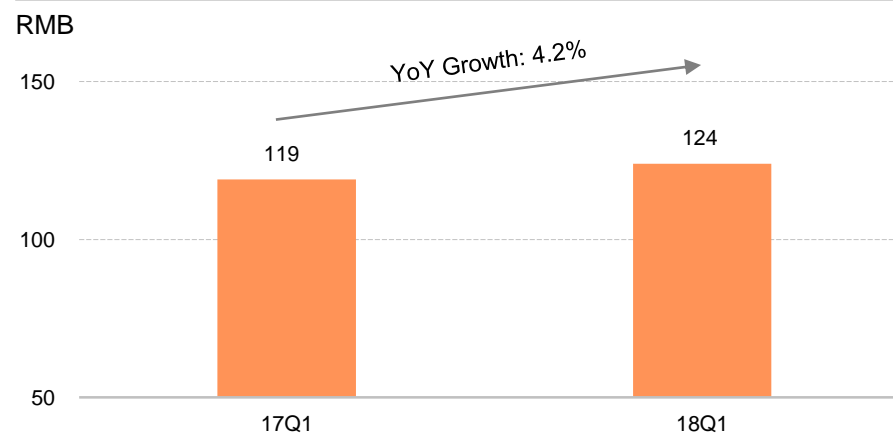
Quarterly RevPAR



RevPAR YoY Growth for L&O Hotels



RevPAR YoY Growth for F&M Hotels



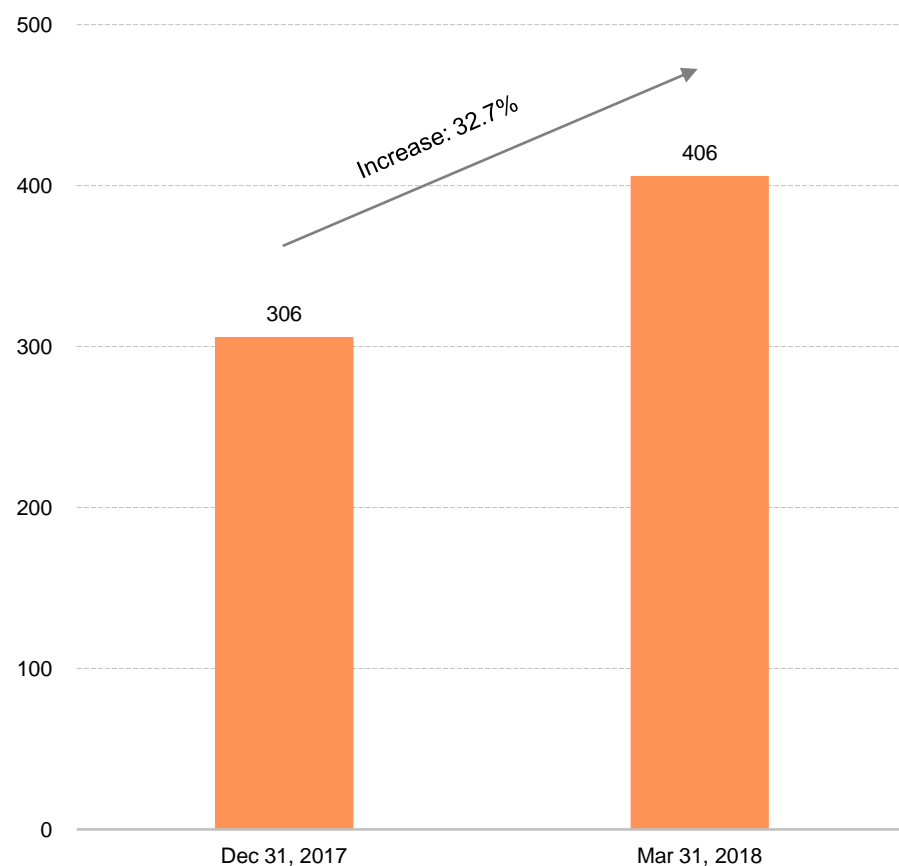
Continue to Build up Hotel Pipeline to Fuel Accelerated Growth



All **406** pipeline hotels are franchised-and-managed, strengthening our position as the **leading F&M hotel operator** in China

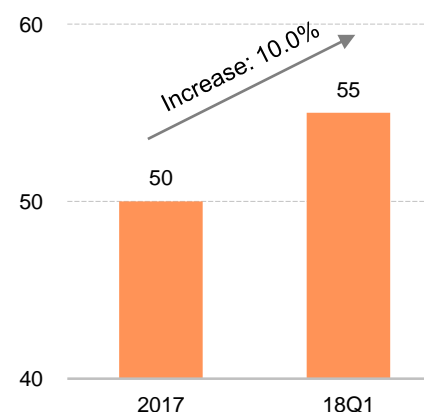
Strengthening Hotel Pipeline

Number of hotels contracted for or under development

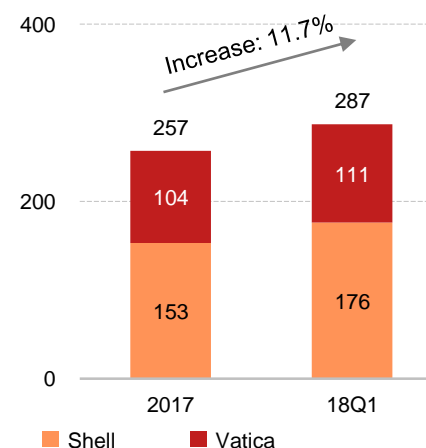


Business to Mid-to-up-scale and Economy Segments Fuel Stronger Growth and a More Diversified Portfolio

GreenTree Eastern



Vatica and Shell



% of Total Hotels

	2016	2017	18Q1
Business to Mid-to-up-scale	1.5%	2.2%	2.3%
Mid-scale	90.4%	86.6%	85.5%
Economy	8.1%	11.2%	12.2%

Introduction of Business to Mid-to-up-scale Brands



Gme 格美酒店 GME HOTEL

- Mid-to-up-scale business hotels designed to be a calm and unique haven for business travelers
- Price: RMB 280–350



Gya 格雅酒店 GYA HOTEL

- Mid-to-up-scale smart, fashionable and trendy hotels highlighting individuality
- Price: RMB 280–350



VX 洛菲酒店⁽¹⁾ VX HOTEL

- Mid-to-up-scale leisure hotels that combine youthful trends with artistic interiors to create a “Very Relaxing” space for travelers
- Price: RMB 280–350



Note
1. Currently being registered

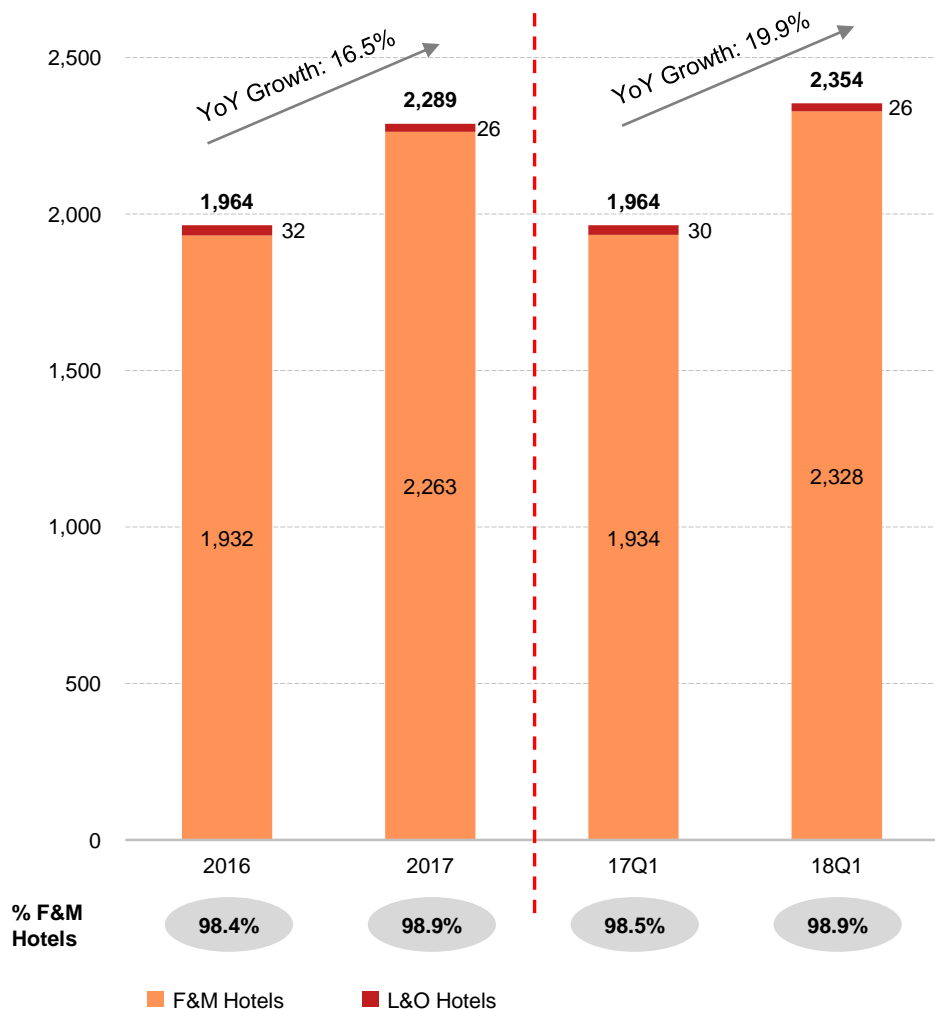


2. Operational and Financial Highlights

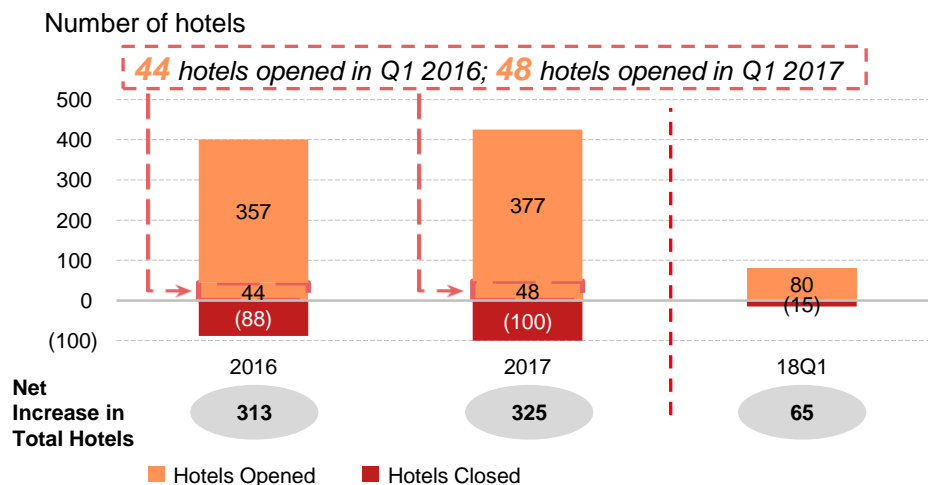
Rapid Organic Growth with Low Hotel Closure Rate



Increasing Number of Hotels in Operation

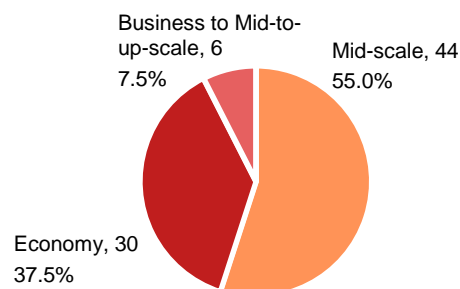


Hotel Openings / Closures

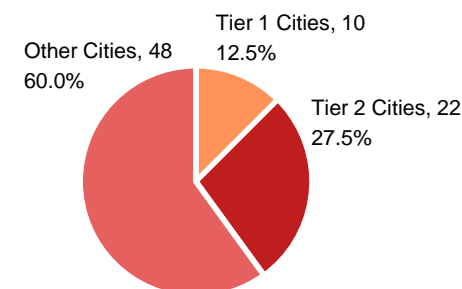


Breakdown of New Hotel Openings

By Brand Segments



By City Tier⁽¹⁾



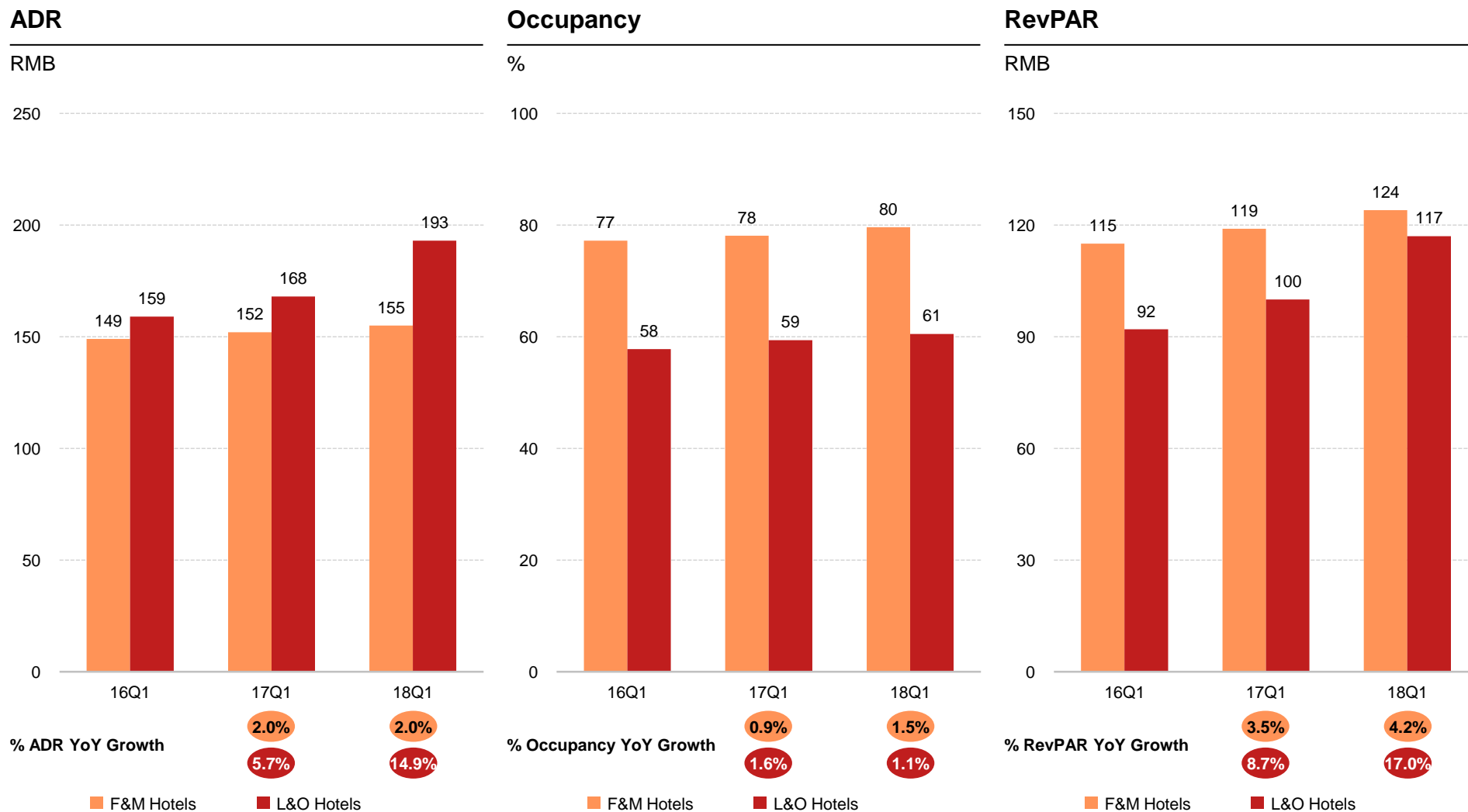
Note

1. Tier 1 cities refer to Beijing, Shanghai, Shenzhen and Guangzhou; Tier 2 cities refer 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

Improving ADR and Occupancy Lead to Sustained RevPAR Growth



The Company has achieved accelerating **4.2%** RevPAR YoY growth for F&M hotels, **0.7 ppt** higher than Q1 2017

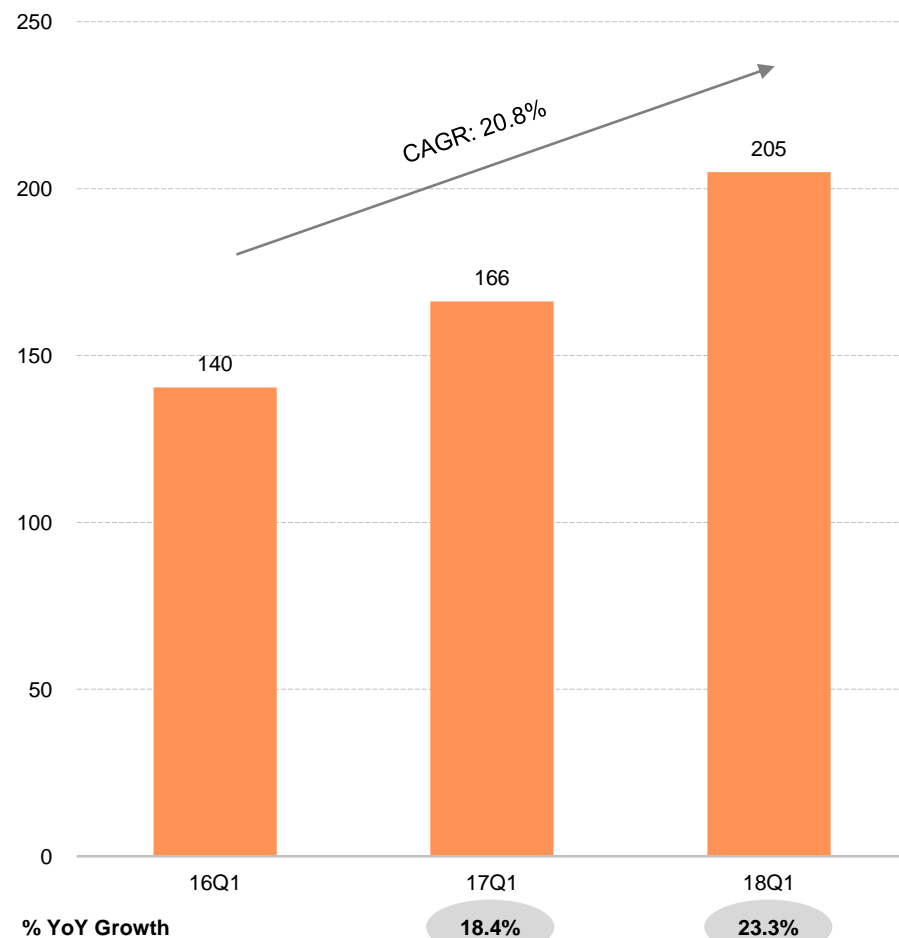


Robust Revenue Growth



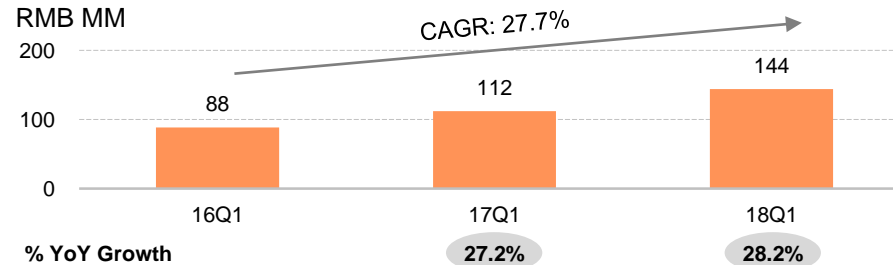
Total Revenue

RMB MM



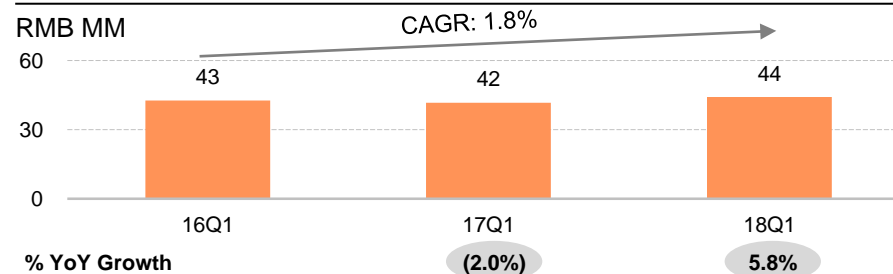
Revenue from F&M Hotels

RMB MM



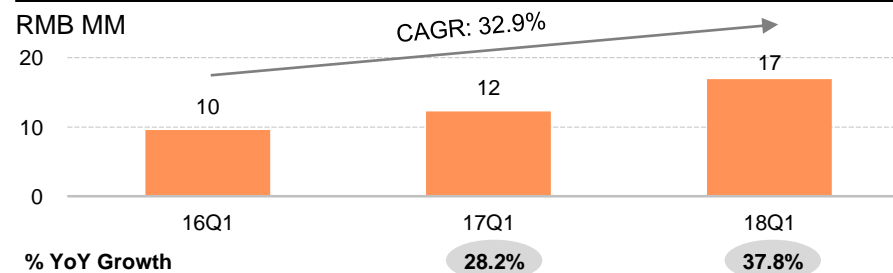
Revenue from L&O Hotels

RMB MM



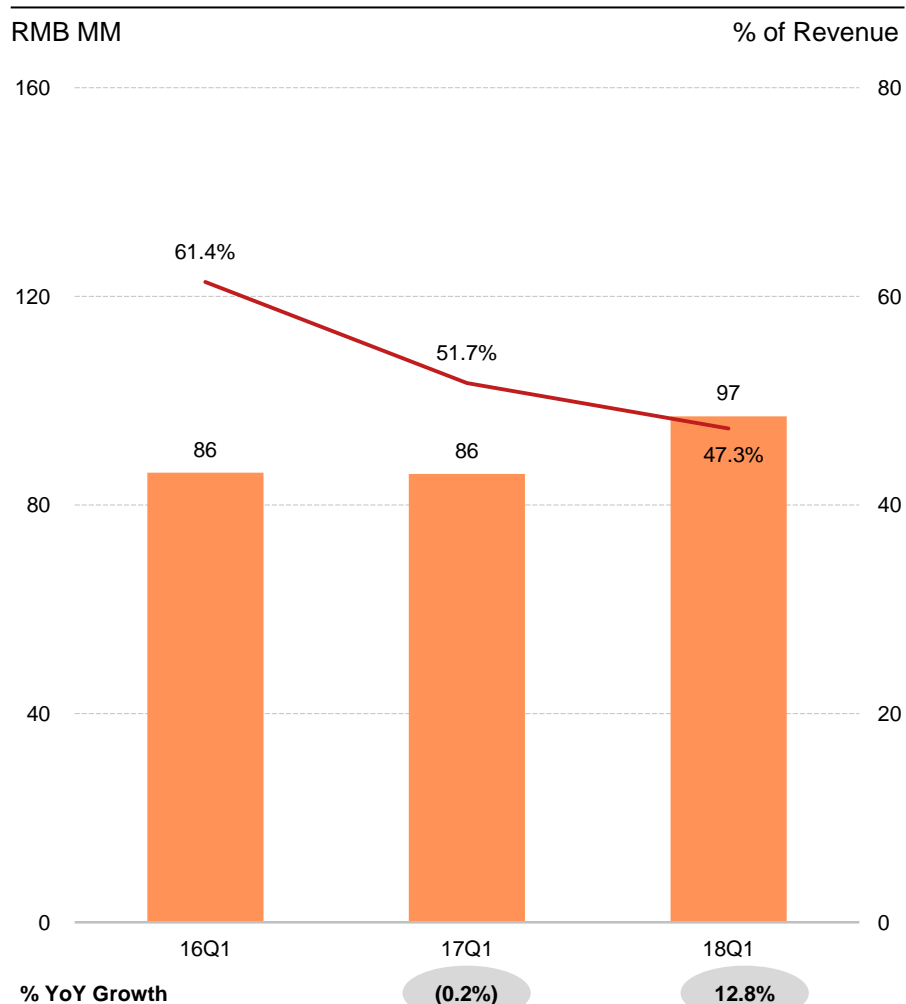
Membership Fees

RMB MM

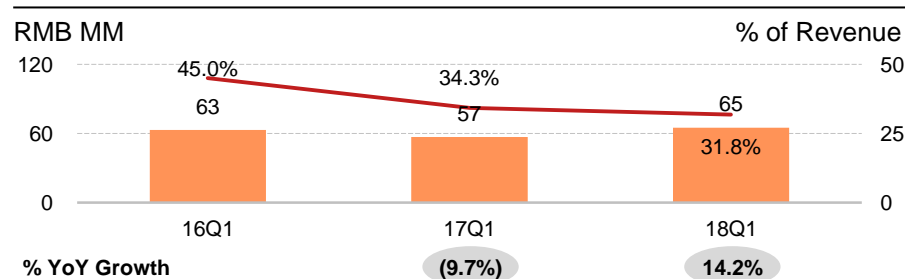




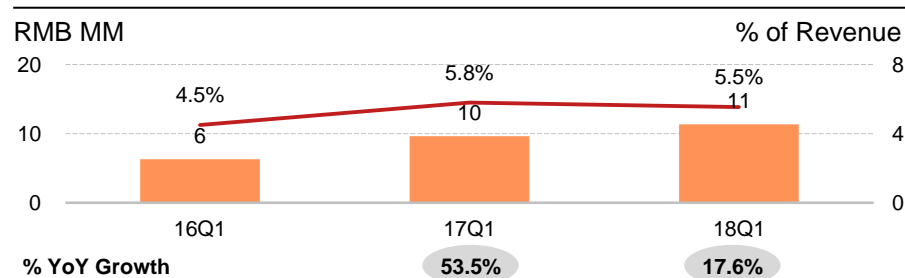
Total Operating Costs and Expenses



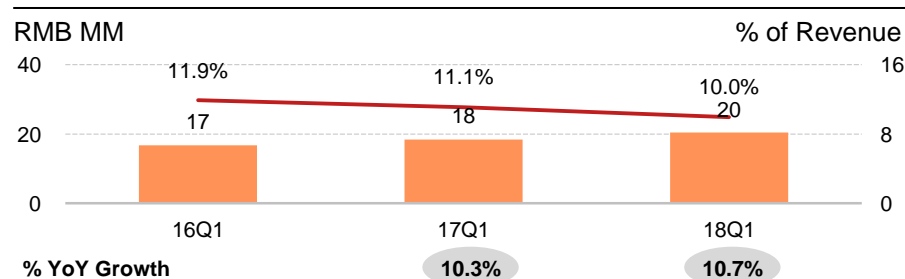
Hotel Operating Costs



Selling and Marketing Expense



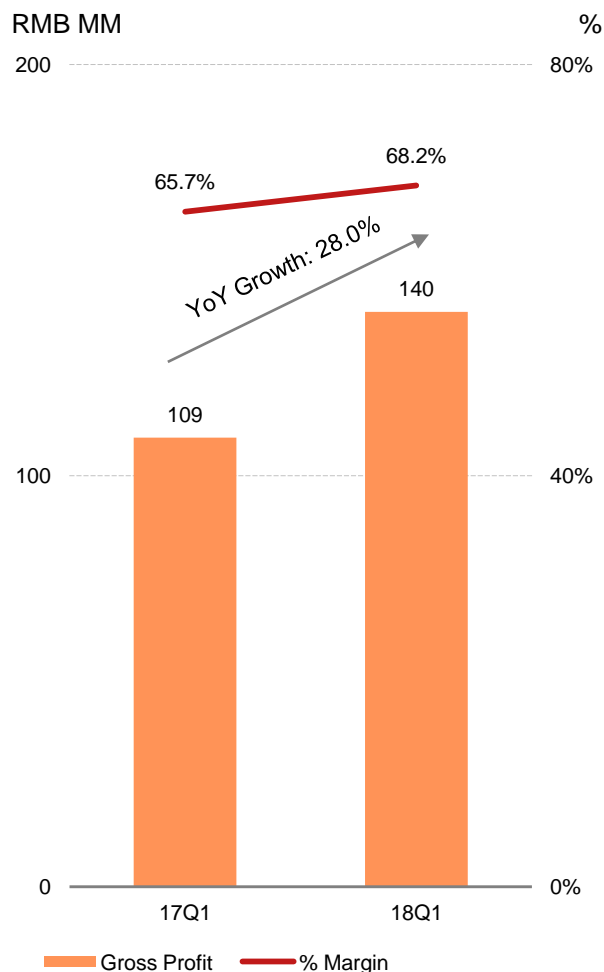
General and Administrative Expense



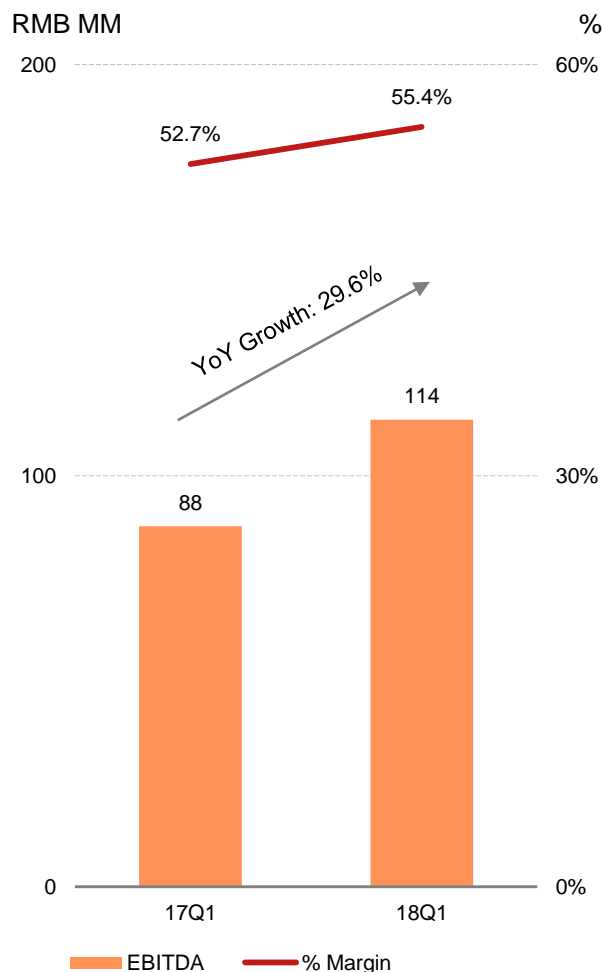
Strong and Improving Profitability



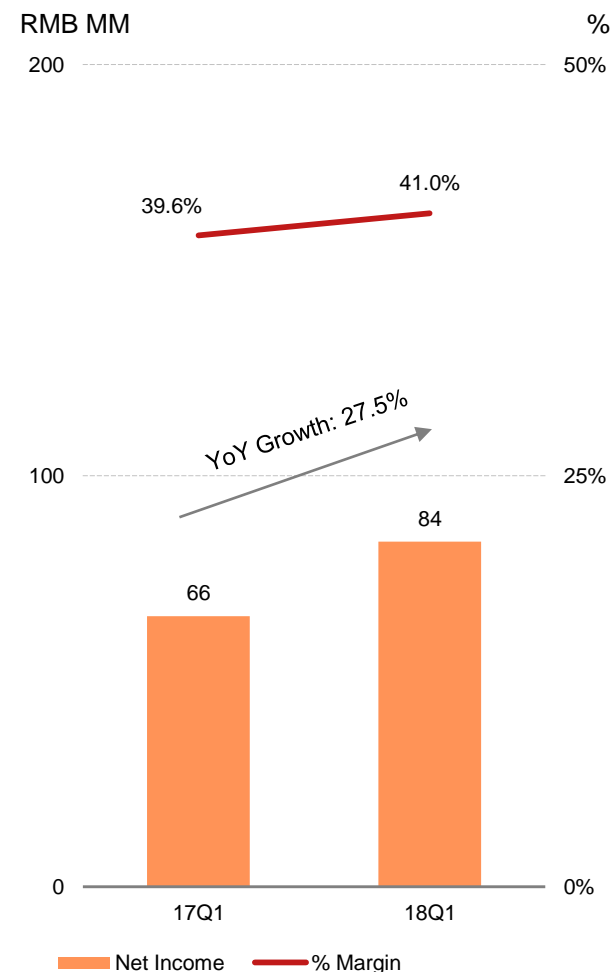
Gross Profit and Margin



Adjusted EBITDA and Margin⁽¹⁾



Core Net Income and Margin⁽²⁾



Notes:

- Adjusted EBITDA is calculated as net income plus other operating expenses, income tax expense, share of loss in equity investees (net of tax), share-based compensation and depreciation and amortization, but excludes other operating income (including government subsidies), interest income and other net, gains and losses from trading securities and other expense net
- Core net income is calculated as net income plus share-based compensation, but excludes government subsidies, gains and losses from trading securities and other expense net

Abundant Cash Balances to Support Capital Investments and Acquisitions



Strong Earnings and the IPO Proceeds Provide Resources for Future Business Expansion



Note

1. Mainly due to approximately RMB40MM distribution to the shareholders
2. Others include net change in other investing activities and effect of exchange rate changes on cash and cash equivalents



- Expect net revenue for the full year of 2018 to grow **20-25%** from 2017

Thank you!

Q&A









Appendix: Hotel Performance and Financial Statements

Our Diverse Hotel Brands



We have established a full product suite to capture a wide spectrum of market opportunities



Our Brands	Price (RMB)	Year Founded	Hotels in Operation	Hotel Rooms in Operation
 格林東方酒店 GreenTree Eastern Hotel	300–600	2012	55	6,286
 格美酒店 GME HOTEL	280–350	2017	-	-
 格雅酒店 GYA HOTEL				
 格菲酒店 ⁽¹⁾ GX HOTEL				
 格林豪泰酒店 GreenTree Inn	180–400	2004	1,755	152,821
 格盟酒店 ⁽²⁾ GT Alliance Hotel	150–400	2008	257	20,635
 Vatica 奇茂树酒店	130–300	2013	111	8,280
 贝壳酒店 (Shell Hotel)	99–260	2016	176	7,530
Total			2,354	195,552

Notes: data as of March 31, 2018

1. Currently being registered

2. GreenTree Alliance Hotel brand changed to GT Alliance Hotel in 2018.

Hotel Breakdown by Segment



	Number of Hotels in Operation		Number of Hotel Rooms in Operation	
	As of Dec 31, 2017	As of Mar 31, 2018	As of Dec 31, 2017	As of Mar 31, 2018
Economy hotels	257	287	14,060	15,810
Vatica	104	111	7,704	8,280
Shell	153	176	6,356	7,530
Mid-scale	1,982	2,012	171,041	173,456
GreenTree Inn	1,733	1,755	151,154	152,821
GT Alliance	249	257	19,887	20,635
Business to Mid-to-up-scale	50	55	5,706	6,286
GreenTree Eastern	50	55	5,706	6,286
Total	2,289	2,354	190,807	195,552

Hotel Operational Data



	As of	
	Mar 31, 2017	Mar 31,2018
Total hotels in operation:	1,964	2,354
Leased and owned hotels	30	26
Franchised hotels	1,934	2,328
Total hotel rooms in operation	168,579	195,552
Leased and owned hotels	3,829	3,301
Franchised hotels	164,750	192,251
Number of cities	233	266

	For the quarter ended	
	March 31, 2017	March 31,2018
Occupancy rate (as a percentage)		
Leased and owned hotels	59.4%	60.5%
Franchised hotels	78.1%	79.6%
Blended	77.6%	79.2%
Average daily room rate (in RMB)		
Leased and owned hotels	168	193
Franchised hotels	152	155
Blended	152	156
RevPAR (in RMB)		
Leased and owned hotels	100	117
Franchised hotels	119	124
Blended	118	124

Consolidated Balance Sheets



MM	Dec 31, 2017 RMB	Mar 31, 2018 RMB	Mar 31, 2018 USD
Assets			
Current assets:			
Cash and cash equivalents	162.0	1,227.7	195.7
Short term investment	781.9	553.4	88.2
Trading securities	307.8	296.1	47.2
Accounts receivable, net of allowance for doubtful accounts	53.9	64.8	10.3
Amounts due from related parties	3.2	3.7	0.6
Prepaid rent	4.3	2.7	0.4
Inventories	2.4	1.6	0.3
Other current assets	127.3	138.8	22.1
Loans receivable, net	6.6	10.0	1.6
Deferred tax assets	36.2	37.0	5.9
Total current assets	1,485.4	2,335.7	372.4
Non-current assets:			
Amounts due from a related party	2.6	2.6	0.4
Restricted cash	3.0	3.0	0.5
Loan receivable, net	-	13.1	2.1
Property and equipment, net	96.7	94.2	15.0
Intangible assets, net	3.7	3.5	0.6
Goodwill	3.0	3.0	0.5
Long-term investments	122.5	121.6	19.4
Other assets	5.7	61.4	9.8
Deferred tax assets	33.4	33.8	5.4
Total Assets	1,756.0	2,671.9	426.0

MM	Dec 31, 2017 RMB	Mar 31, 2018 RMB	Mar 31, 2018 USD
Liabilities and Equity			
Current liabilities:			
Accounts payable	7.3	12.0	1.9
Advance from customers	33.7	25.2	4.0
Amounts due to related parties	0.5	0.8	0.1
Salary and welfare payable	44.6	42.9	6.8
Deferred rent	2.9	3.0	0.5
Deferred revenue	109.1	115.2	18.4
Accrued expenses and other current liabilities	293.7	322.0	51.3
Income tax payable	103.8	120.6	19.2
Dividends payable	39.7	160.8	25.6
Deferred tax liabilities	27.7	25.6	4.1
Total current liabilities	663.0	828.1	132.0
Deferred rent	23.1	22.0	3.5
Deferred revenue	144.3	153.0	24.4
Other long-term liabilities	73.9	75.7	12.1
Deferred tax liabilities	5.8	5.1	0.8
Unrecognized tax benefits	113.3	117.1	18.7
Total liabilities	1,023.4	1,201.0	191.5
Shareholders' equity:			
Class A ordinary shares	160.2	217.4	34.7
Class B ordinary shares	140.7	115.5	18.4
Additional paid-in capital	212.3	989.4	157.7
Retained earnings	223.1	152.5	24.3
Accumulated other comprehensive loss	(4.1)	(4.3)	(0.7)
Total GreenTree Hospitality Group Ltd. shareholders' equity	732.2	1,470.6	234.4
Non-controlling interests	0.4	0.3	0.1
Total shareholders' equity	732.6	1,470.9	234.5
Total Liabilities And Shareholders' Equity	1,756.0	2,671.9	426.0

Consolidated Statements of Comprehensive Income



MM	Dec 31, 2017 RMB	Mar 31, 2018 RMB	Mar 31, 2018 USD
Revenues			
Leased-and-operated hotels	41.8	44.2	7.0
Franchised-and-managed hotels	112.2	143.9	22.9
Membership fees	12.3	16.9	2.7
Total revenues	166.3	204.9	32.7
Operating cost and expenses			
Hotel operating costs	(57.0)	(65.1)	(10.4)
Selling and marketing expenses	(9.7)	(11.3)	(1.8)
General and administrative expenses	(18.4)	(20.4)	(3.3)
Other operating expenses	(0.9)	(0.1)	(0.0)
Total operating cost and expenses	(86.0)	(97.0)	(15.5)
Other operating income	0.3	13.8	2.2
Income from operations	80.6	121.8	19.4
Interest income and other, net	6.7	4.7	0.7
Gains (losses) from trading securities	11.6	(5.2)	(0.8)
Other expense, net	(0.0)	-	-
Income before income taxes	98.9	121.3	19.3
Income tax expense	(23.8)	(30.2)	(4.8)
Income before share of loss in equity investees	75.1	91.1	14.5
Share of loss in equity investees, net of tax	(0.6)	(0.9)	(0.1)
Net income	74.5	90.2	14.4
Net loss attributable to noncontrolling interests	0.0	0.0	0.0
Net income attributable to ordinary shareholders	74.5	90.2	14.4
Net earnings per share			
Class A ordinary share-basic and diluted	0.82	0.98	0.16
Class B ordinary share-basic and diluted	0.82	0.98	0.16
Weighted average shares outstanding			
Class A ordinary share-basic and diluted	48.6	50.9	50.9
Class B ordinary share-basic and diluted	42.7	40.9	40.9
Other comprehensive income, net of tax			
Foreign currency translation adjustments	(1.2)	(0.2)	(0.0)
Comprehensive Income, Net of Tax	73.4	90.0	14.3
Comprehensive loss attributable to noncontrolling interests	0.0	0.0	0.0
Comprehensive income attributable to ordinary shareholders	73.4	90.0	14.4

Consolidated Statements of Cash Flows



MM	Quarter Ended		
	Mar 31, 2017 RMB	Mar 31, 2018 RMB	Mar 31, 2018 USD
Operating activities:			
Net income	74.5	90.2	14.4
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	6.6	5.4	0.9
Share of loss in equity method investments	0.6	0.9	0.1
Interest income	(3.1)	(4.7)	(0.7)
Bad debt expense	0.6	0.3	0.1
(Gains) losses from trading securities	(11.6)	5.2	0.8
Loss on disposal of property and equipment	0.9	-	-
Foreign exchange (gain) loss	(0.9)	0.7	0.1
Share-based compensation	-	0.2	0.0
Changes in operating assets and liabilities:			
Restricted cash	7.2	-	-
Accounts receivable	(10.7)	(11.2)	(1.8)
Prepaid rent	4.0	1.6	0.3
Inventories	0.2	0.8	0.1
Amounts due from related parties	2.3	(0.4)	(0.1)
Other current assets	(2.8)	(6.8)	(1.1)
Other assets	1.7	-	-
Accounts payable	1.3	4.7	0.7
Amounts due to related parties	2.7	0.3	0.1
Salary and welfare payable	(2.8)	(1.7)	(0.3)
Deferred revenue	16.9	14.9	2.4
Advance from customers	3.5	(8.5)	(1.4)
Accrued expenses and other current liabilities	12.3	4.1	0.7
Income tax payable	15.0	19.7	3.1
Unrecognized tax benefits	(0.5)	3.8	0.6
Deferred rent	(5.2)	(1.0)	(0.2)
Other long-term liabilities	(9.0)	1.8	0.3
Deferred taxes	0.0	(4.1)	(0.7)
Net cash provided by operating activities	103.5	116.0	18.5

MM	Quarter Ended		
	Mar 31, 2017 RMB	Mar 31, 2018 RMB	Mar 31, 2018 USD
Investing activities:			
Purchases of property and equipment	(4.8)	(58.3)	(9.3)
Purchases of short-term investments	-	(516.6)	(82.4)
Proceeds from short-term investments	-	745.0	118.8
Proceeds from disposal of property and equipment	1.6	-	-
Purchases of trading securities	(31.1)	(4.8)	(0.8)
Proceeds from disposal of trading securities	20.7	11.3	1.8
Loan to a related party	(1.0)	-	-
Loan to franchisees	(3.5)	(20.0)	(3.2)
Repayment from a franchisee	-	3.5	0.6
Net cash (used in) provided by investing activities	(18.1)	160.1	25.5
Financing activities:			
Distribution to the shareholders	-	(39.7)	(6.3)
Income tax paid related to the above distribution	-	(3.0)	(0.5)
Increase in restricted cash	(875.0)	-	-
Proceeds from IPO, net of capitalized expenses	-	833.2	132.8
Net cash used in financing activities	(875.0)	790.5	126.0
Effect of exchange rate changes on cash and cash equivalents	(0.2)	(0.9)	(0.1)
Net increase in cash and cash equivalents	(789.8)	1,065.7	169.9
Cash and cash equivalents at the beginning of the year	896.8	162.0	25.8
Cash and cash equivalents at the end of the year	107.0	1,227.7	195.7
Supplemental disclosure of cash flow information:			
Income taxes paid	(9.3)	(14.6)	(2.3)