

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  
奇度制酒店

贝壳酒店  
SheWo Hotel

W 无眠酒店

GreenTree Hospitality Group Ltd.

2018 Q3 Results Presentation | November 19, 2018



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## 1. Business and Strategy Review

# Q3 2018 Performance Overview



As of September 30, 2018

**98.8%** F&M Hotels<sup>(1)</sup>

**70.0%** Revenue Contribution from F&M Hotels

**2,558** Hotels

**209,463** Rooms

ADR: **+4.4%** YoY to RMB167

Occupancy: **-0.2%** YoY to 87.2%

RevPAR: **+4.3%** YoY to RMB146

**504** Hotels Contracted for or under Development



**~26 million** Loyal Members

**1,020,000+** Corporate Members

Revenue **+21.6%** YoY to RMB257MM

Gross Profit **+19.5%** YoY to RMB181MM

Adjusted EBITDA (non-GAAP) **+24.2%** YoY to RMB157MM<sup>(2)</sup>

Net Income **+36.3%** YoY to RMB152MM

Basic and diluted net income per ADS

**RMB1.50 (US\$0.22)**

## Notes:

1. Franchised-and-managed hotels

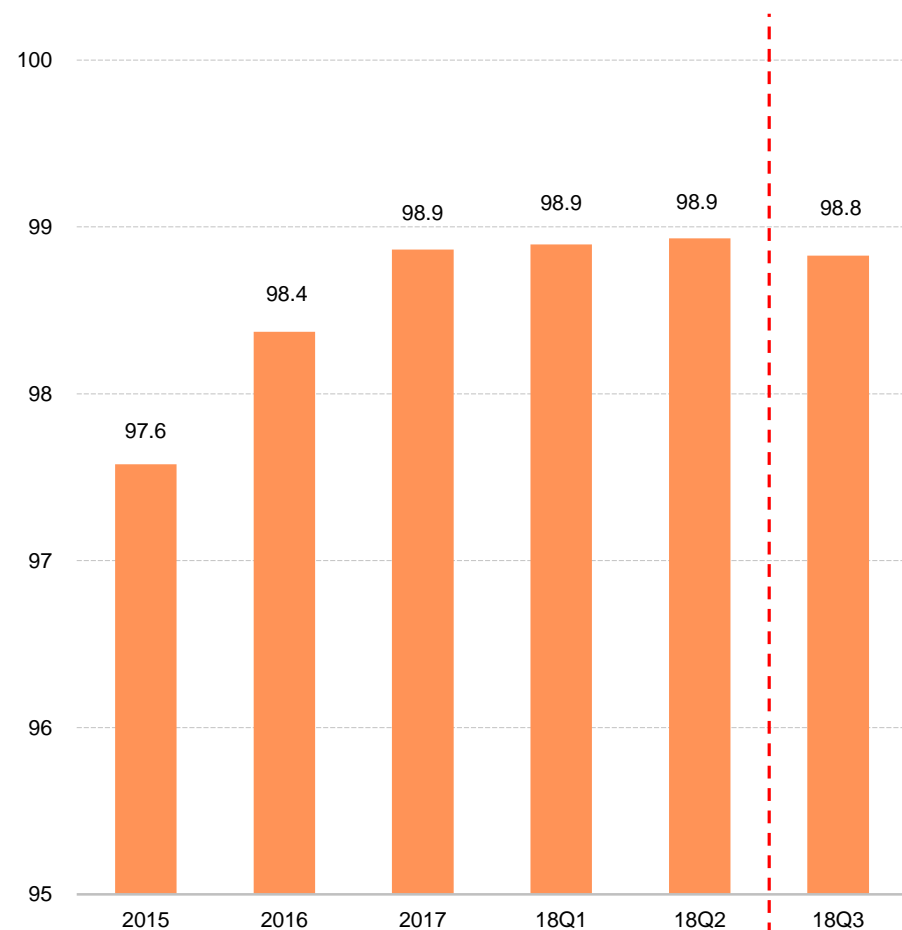
2. Adjusted EBITDA (non-GAAP) is calculated as net income plus other operating expenses, income tax expense, share of loss in equity investees (net of tax), interest expense, share-based compensation, depreciation and amortization, losses from securities and other expense net, but excludes other operating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

# Continued Strategic Focus on the F&M Model



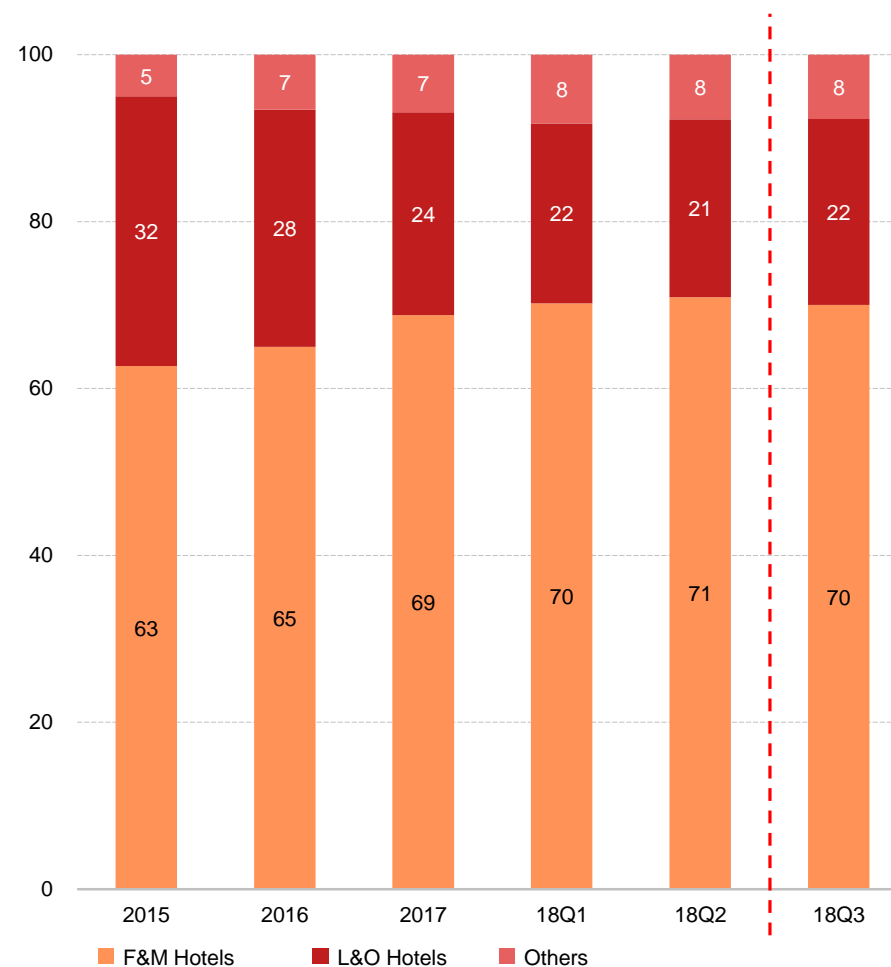
## 98.8% of Our Hotel Portfolio are F&M Hotels

% of F&M hotels



## F&M Hotels Contribute ~70% of Our Revenue

Revenue, %

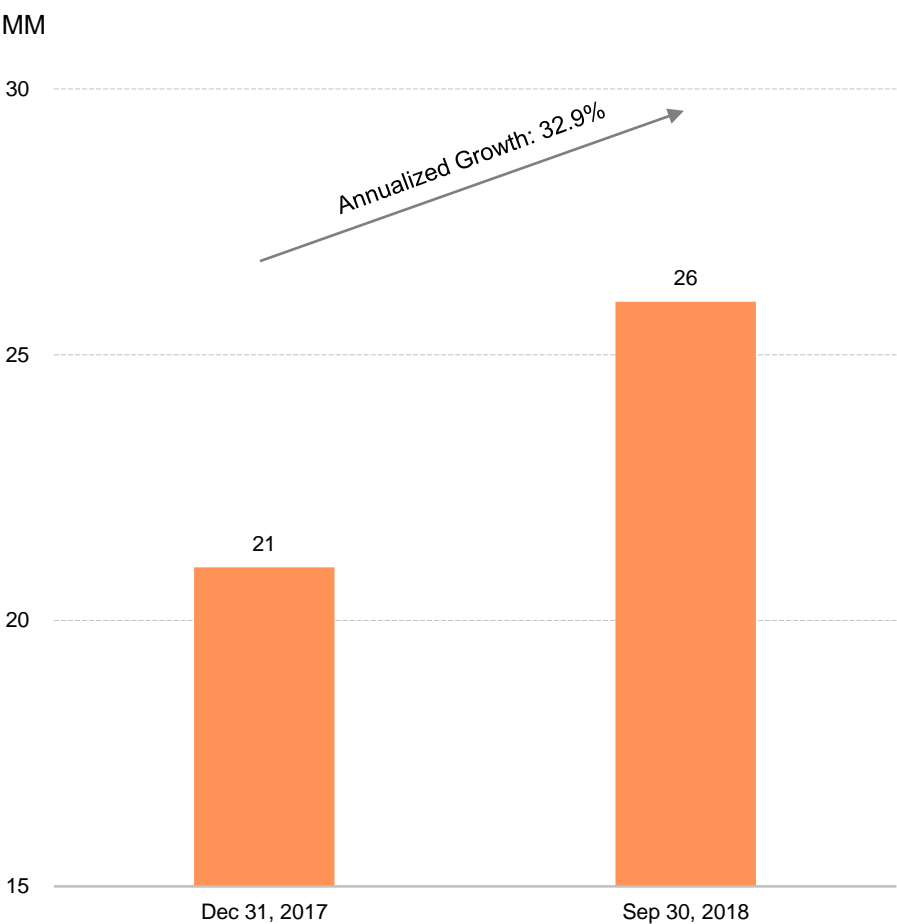


# Fast-Growing Loyal Membership Base

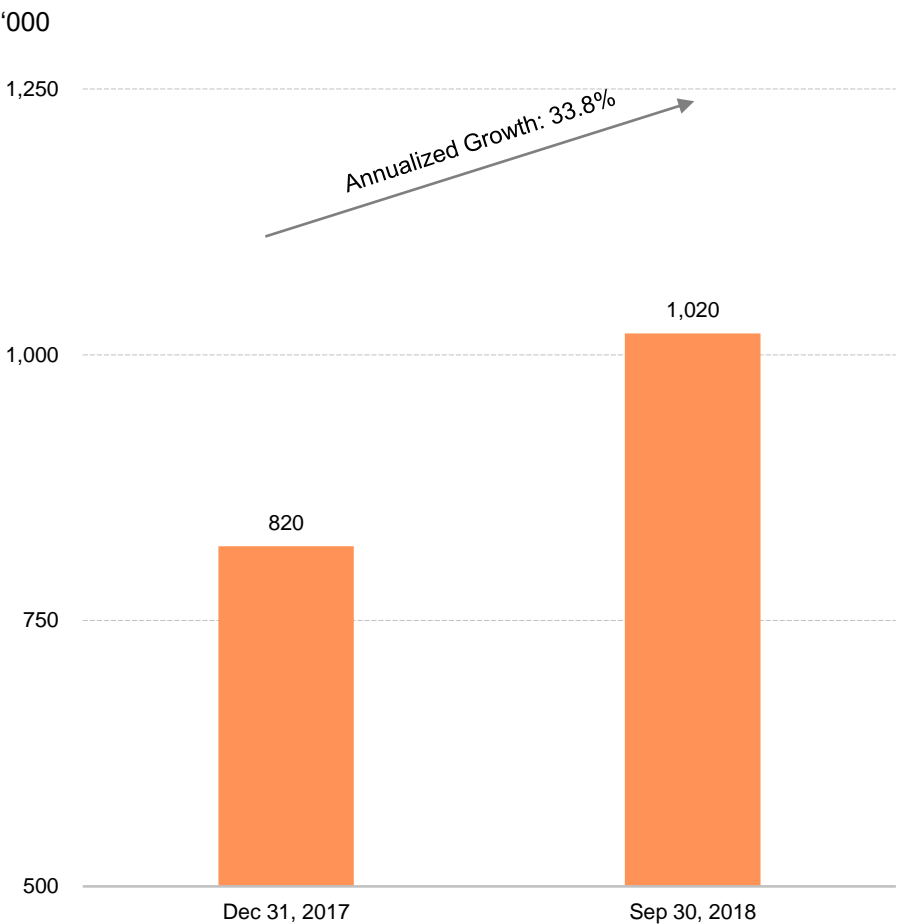


94.9% of rooms nights sold through direct sales

## Robust Membership Growth



## Increase in Corporate Members

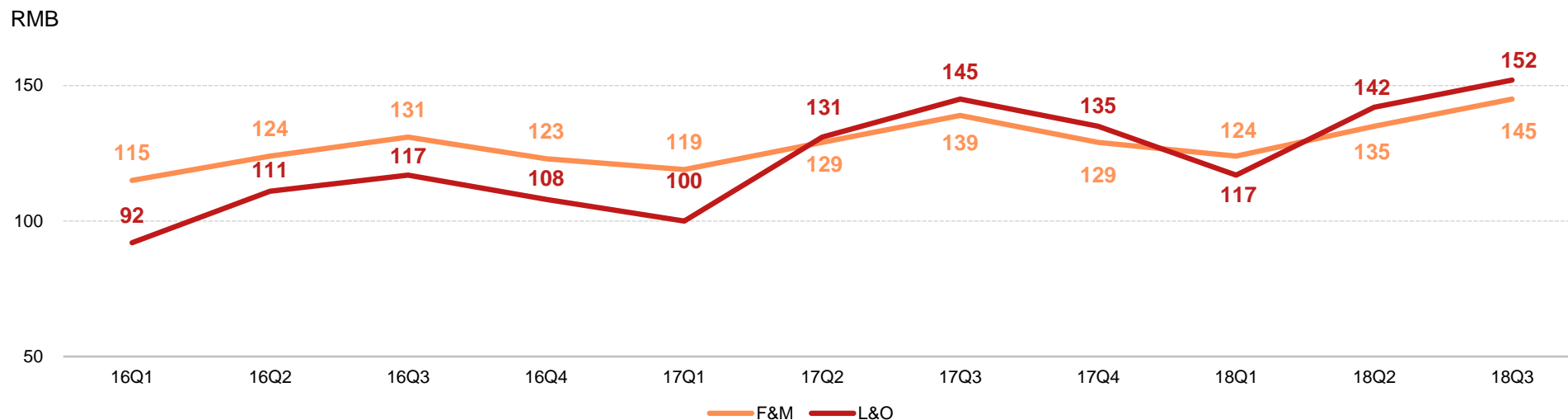




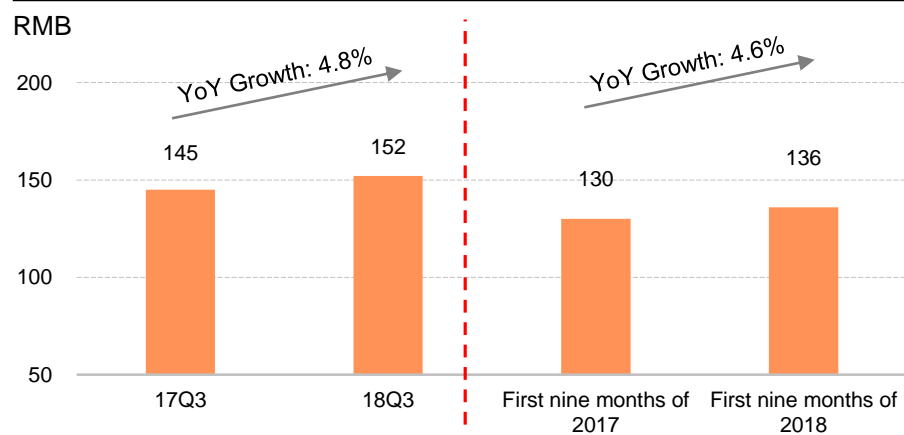
# Consistently Healthy RevPAR Growth



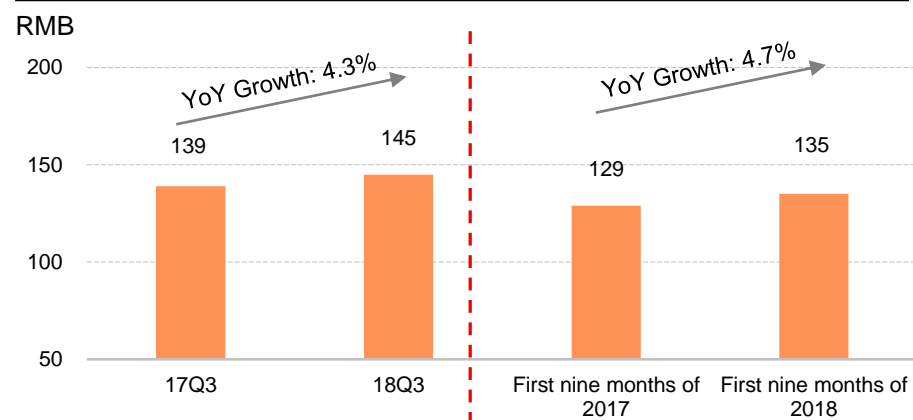
## Quarterly RevPAR



## RevPAR YoY Growth for L&O Hotels



## RevPAR YoY Growth for F&M Hotels



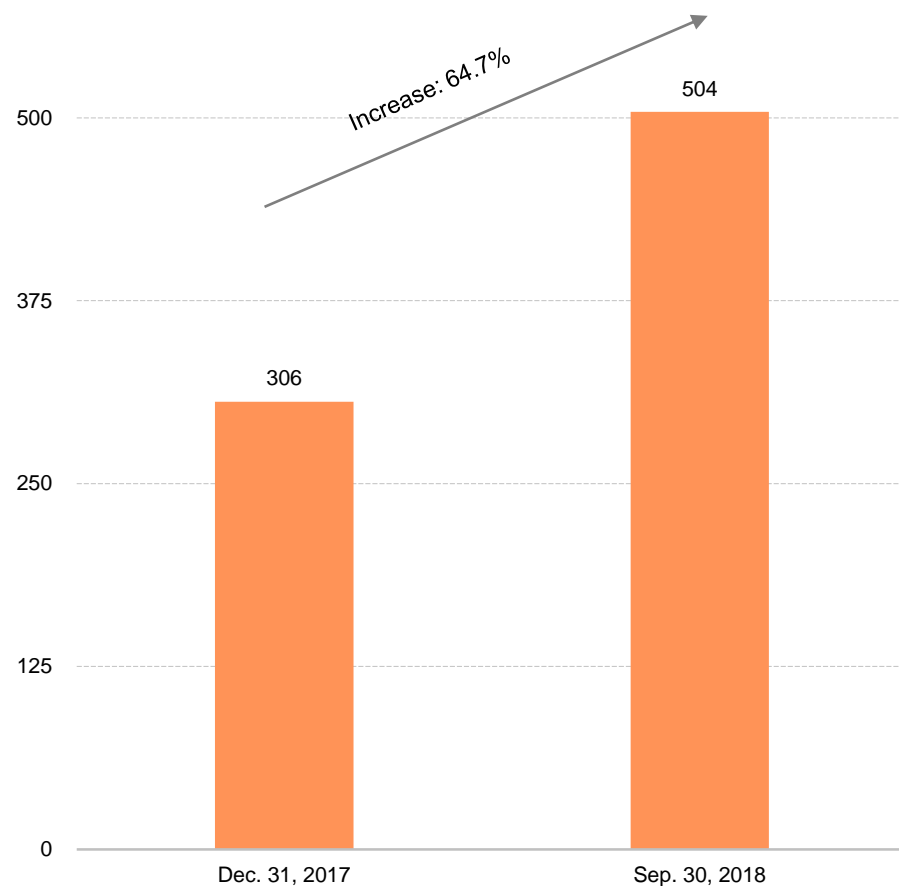


# Continue to Build up Hotel Pipeline to Fuel Accelerated Growth



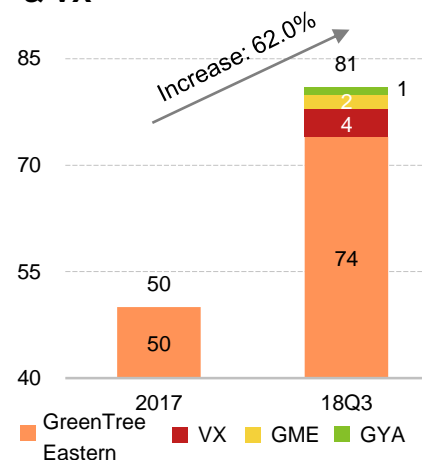
## Strengthening Hotel Pipeline

Number of hotels contracted for or under development

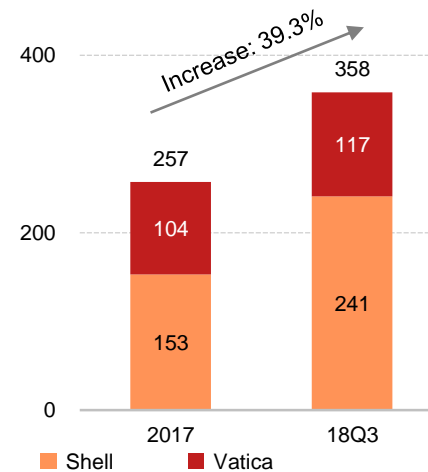


## Business to Mid-to-up-scale and Economy Segments Fuel Stronger Growth and a More Diversified Portfolio

### GreenTree Eastern, Gme, Gya & VX



### Vatica and Shell



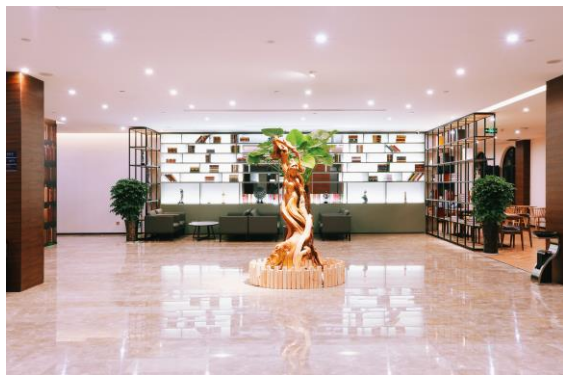
### % of Total Hotels

	2016	2017	18Q3
Business to Mid-to-up-scale	1.5%	2.2%	3.2%
Mid-scale	90.4%	86.6%	82.8%
Economy	8.1%	11.2%	14.0%

# Further Development of Business to Mid-to-up-scale Brands



- Mid-to-up-scale business hotels designed to be a calm and unique haven for business travelers
- Price: RMB 280–350
- Grand opening of **2** in Anhui Province in Q3 2018
- **36** in pipeline



- Mid-to-up-scale smart, fashionable and trendy hotels highlighting individuality
- Price: RMB 280–350
- Grand opening of **1** in Jiangsu Province in Q3 2018
- **21** in pipeline



- 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
- Grand opening of **3** in Jiangsu Province in Q3 2018
- **24** in pipeline



# Four newly added L&O hotels



<u>Brands</u>	<u>Name</u>	<u>Location</u>	<u>Number of Rooms</u>
	GreenTree Eastern Yancheng Administration Center Hotel	Yancheng, Jiangsu Province	88
	GreenTree Eastern FoShan ShunDe District Huicong Electronics Store Hotel	Foshan, Guangdong Province	193
	GreenTree Inn Xuzhou High Speed Railway Zhanqian Square Hotel	Xuzhou, Jiangsu Province	157
	无眠酒店 <sup>(1)</sup> (Wumian Hotel)	Xuzhou, Jiangsu Province	61



GreenTree Eastern Yancheng Administration Center Hotel

GreenTree Eastern FoShan ShunDe District Huicong Electronics Store Hotel

GreenTree Inn Xuzhou High Speed Railway Zhanqian Square Hotel

无眠酒店<sup>(1)</sup> (Wumian Hotel)  
Mid-scale hotels provide comfortable, intimate, simple and stylish space to business travelers for "a deep sleep"  
Price: RMB 269–400

## Notes:

1. Wumian Hotel's English trademark is currently being registered.



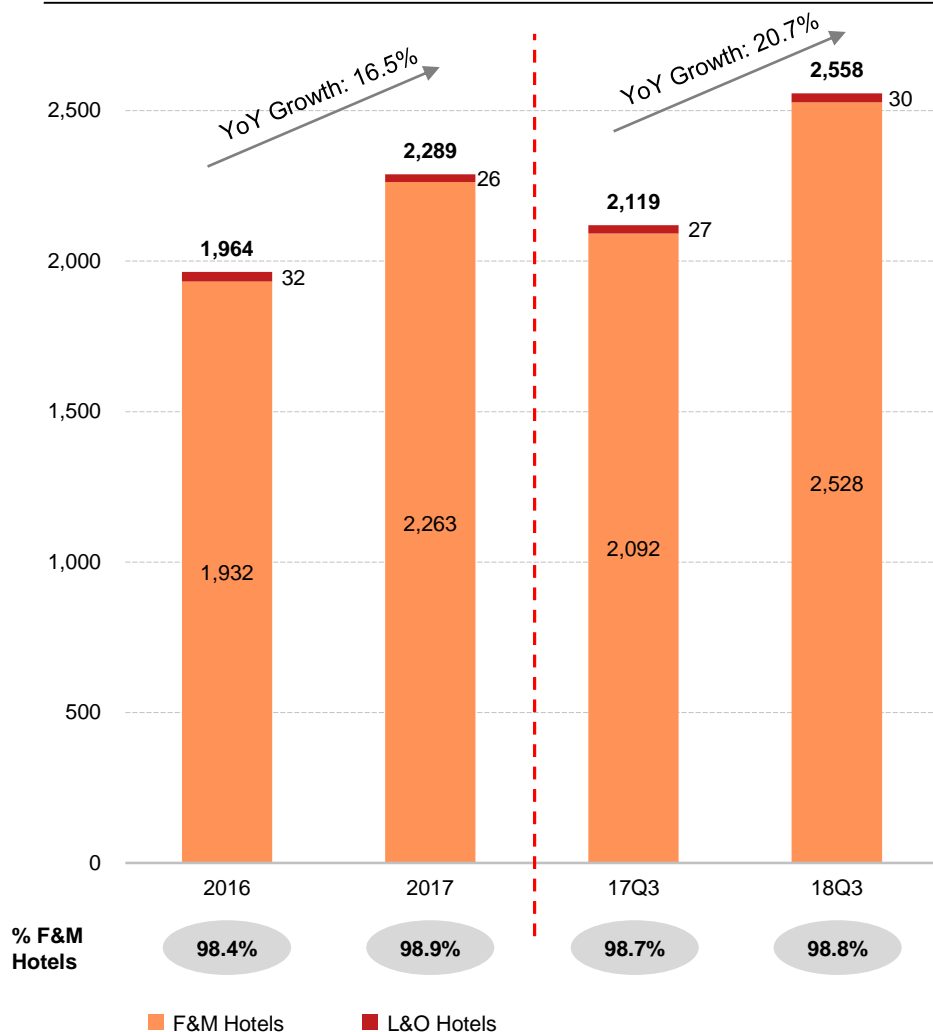


## 2. Operational and Financial Highlights

# Rapid Growth with Low Hotel Closure Rate

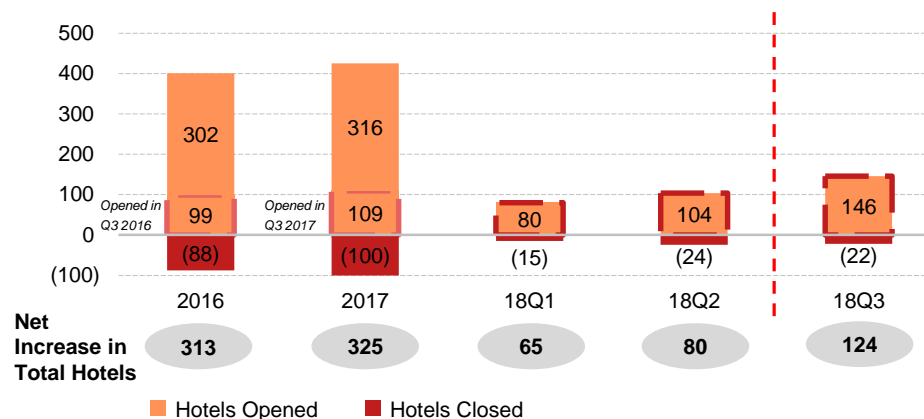


## Increasing Number of Hotels in Operation



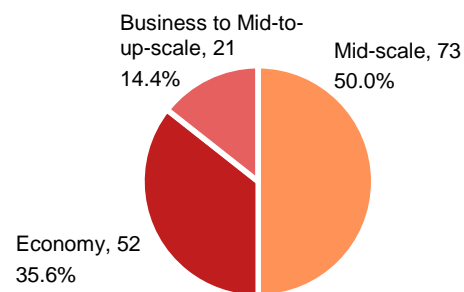
## Hotel Openings / Closures

### Number of hotels

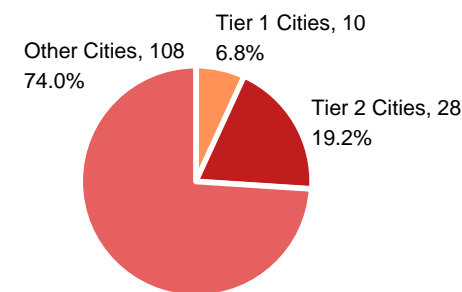


## Breakdown of New Hotel Openings in Q3 2018

### By Brand Segments



### By City Tier<sup>(1)</sup>



### 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

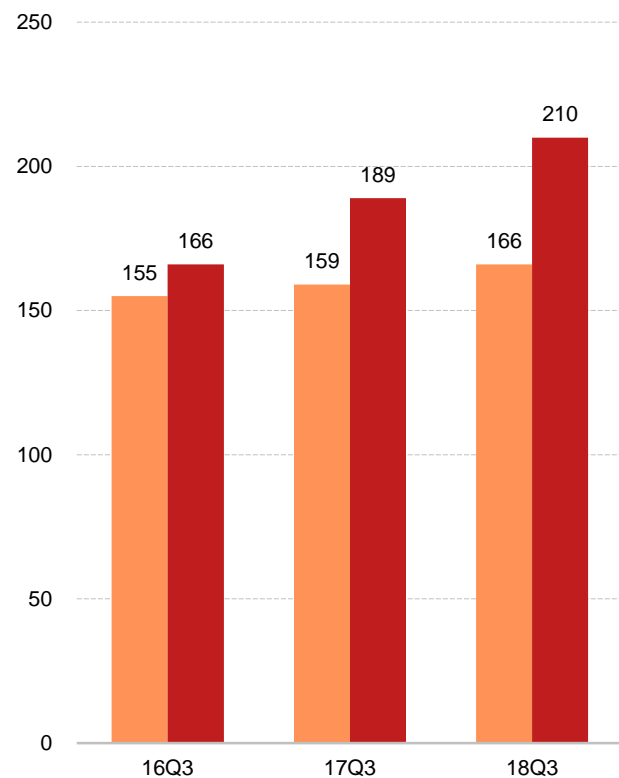
# Improving ADR and Stable Occupancy Lead to Sustained RevPAR Growth



The Company has achieved a steady **4.3%** RevPAR YoY growth.

## ADR

RMB



% ADR YoY Growth

2.6%

13.9%

4.4%

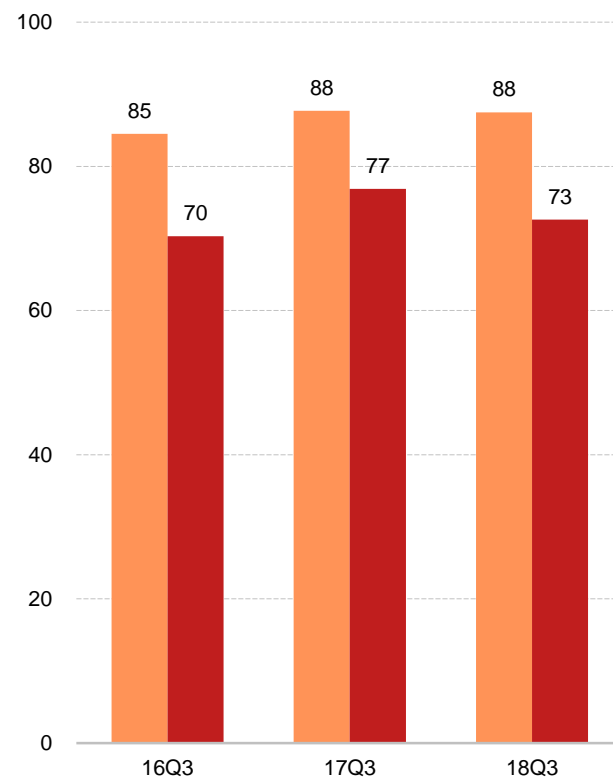
11.1%

F&M Hotels

L&O Hotels

## Occupancy

%



% Occupancy YoY Growth

3.2%

6.6%

(0.2%)

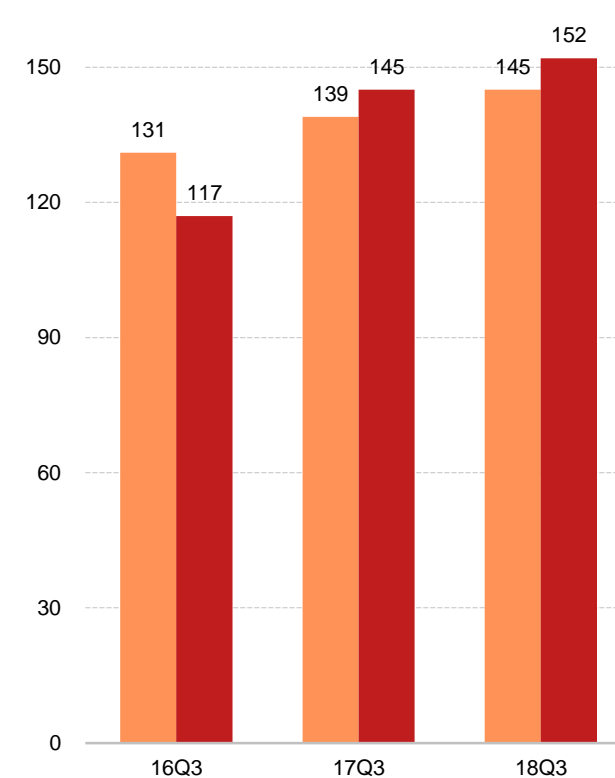
(4.3%)

F&M Hotels

L&O Hotels

## RevPAR

RMB



% RevPAR YoY Growth

6.1%

23.9%

4.3%

4.8%

F&M Hotels

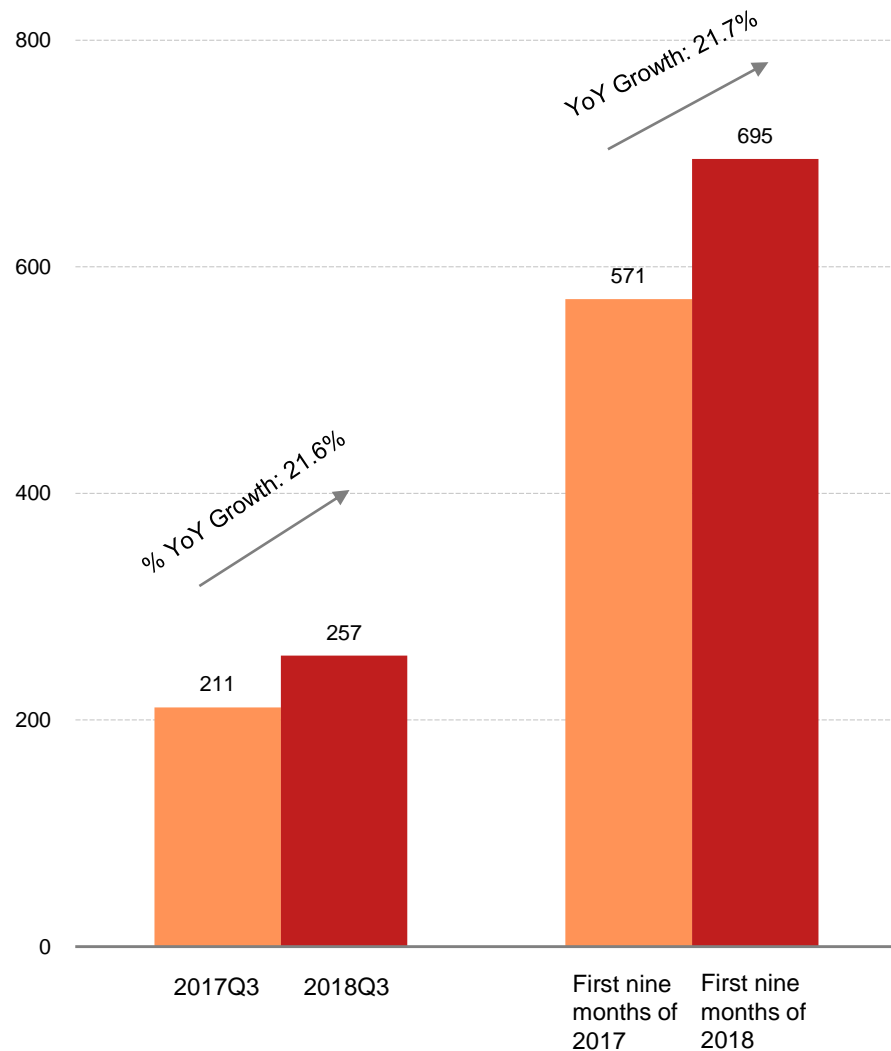
L&O Hotels

# Robust Revenue Growth



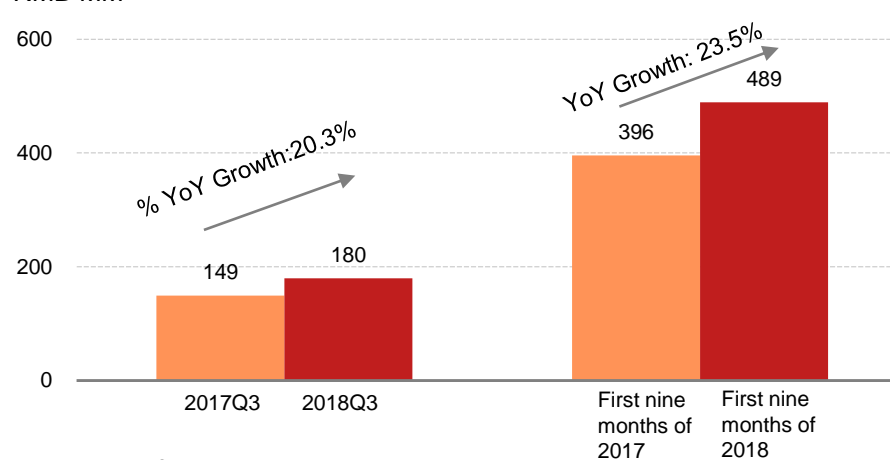
## Total Revenue

RMB MM



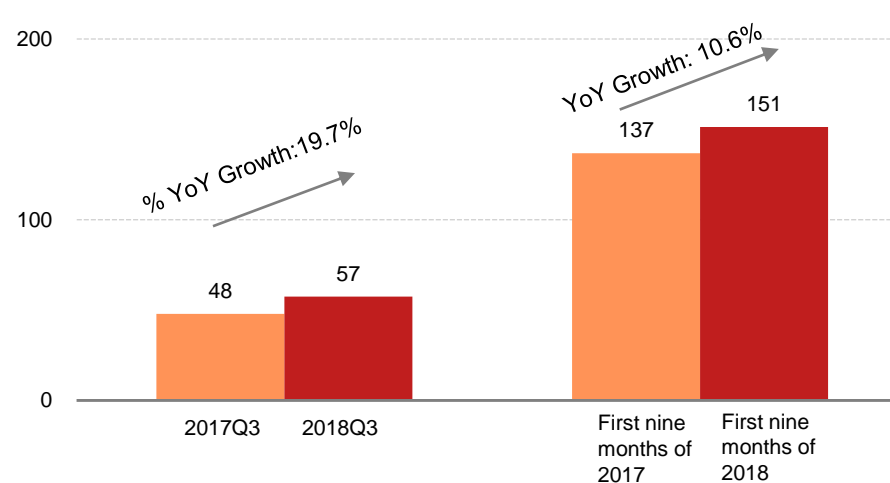
## Revenue from F&M Hotels

RMB MM



## Revenue from L&O Hotels

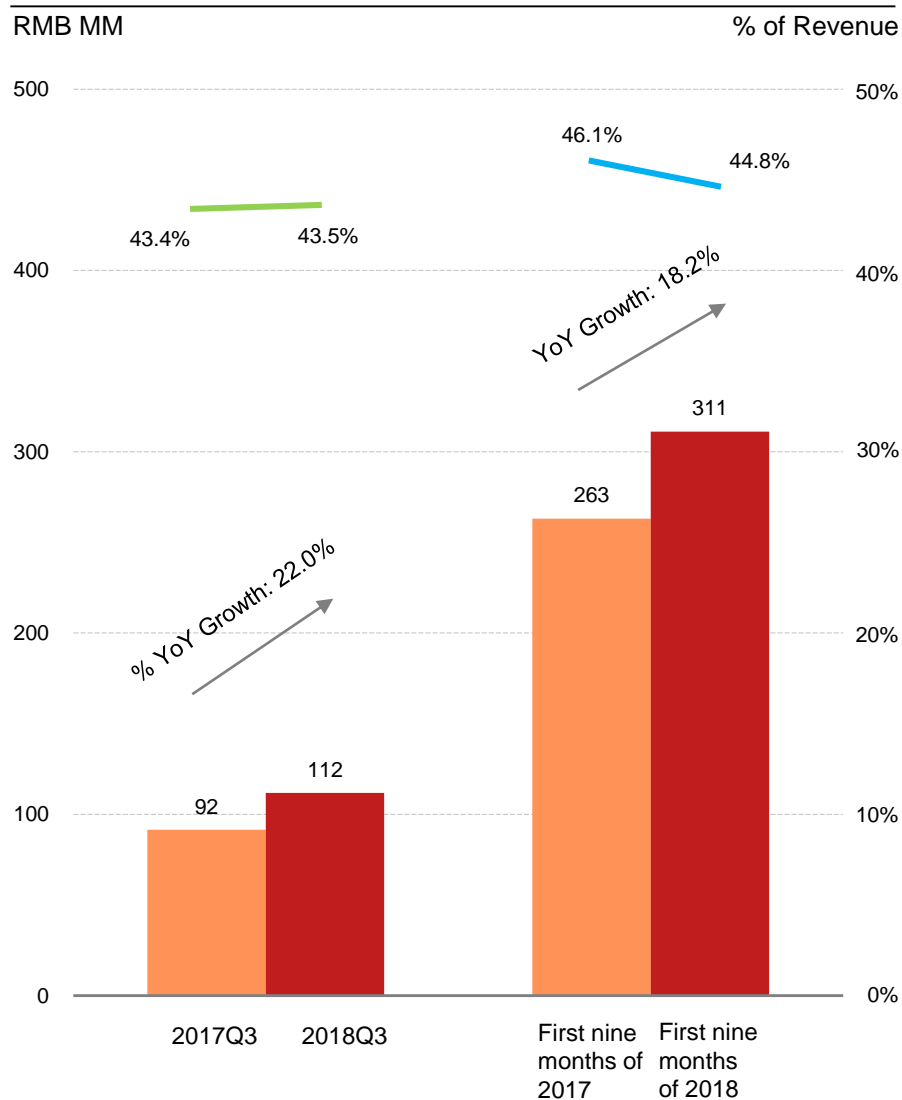
RMB MM



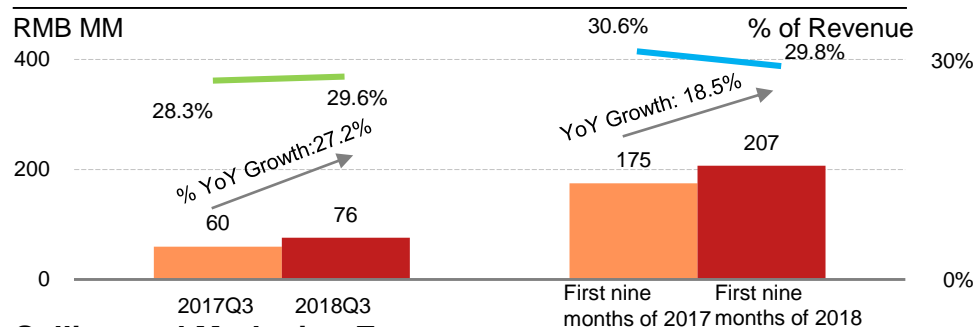




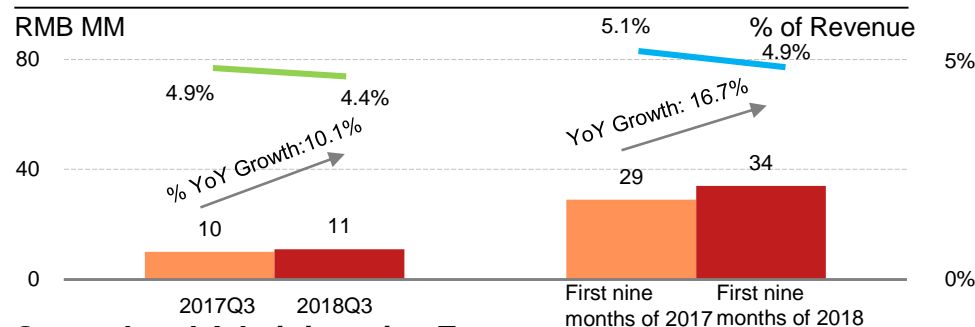
## Total Operating Costs and Expenses<sup>(1)</sup>



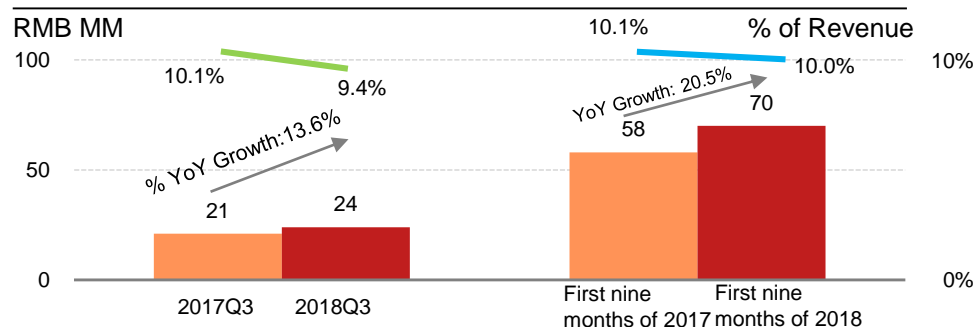
## Hotel Operating Costs



## Selling and Marketing Expense



## General and Administrative Expense

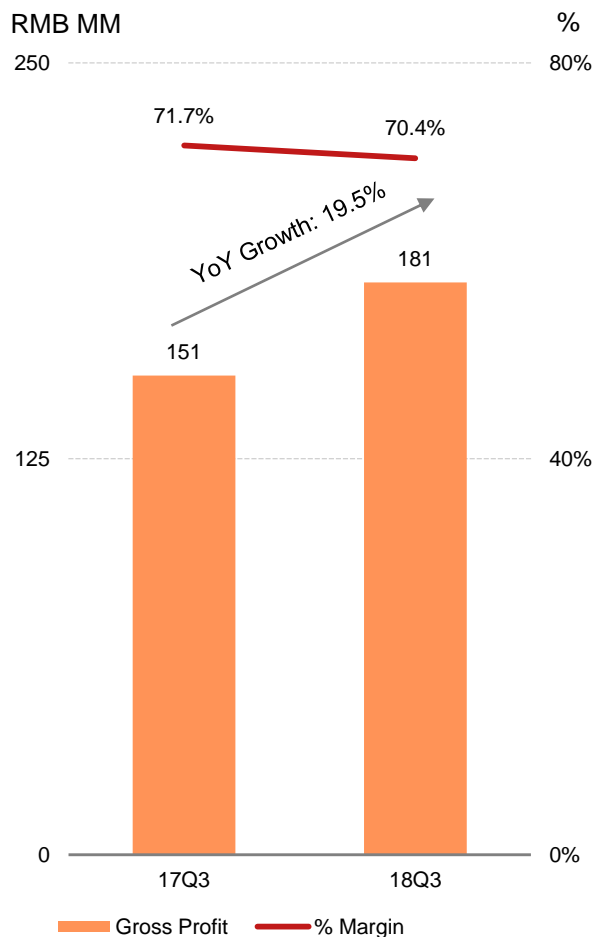


Note  
1. Total operating costs and expenses consist of hotel operating costs, selling and marketing expenses, general and administrative expenses and other operating expenses.

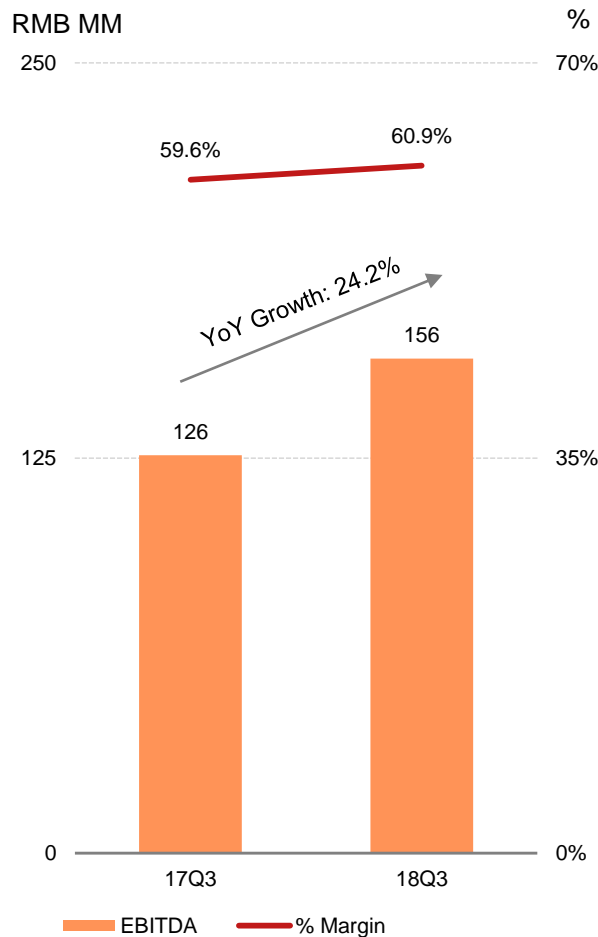
# Strong and Improving Profitability - 18Q3 vs. 17Q3



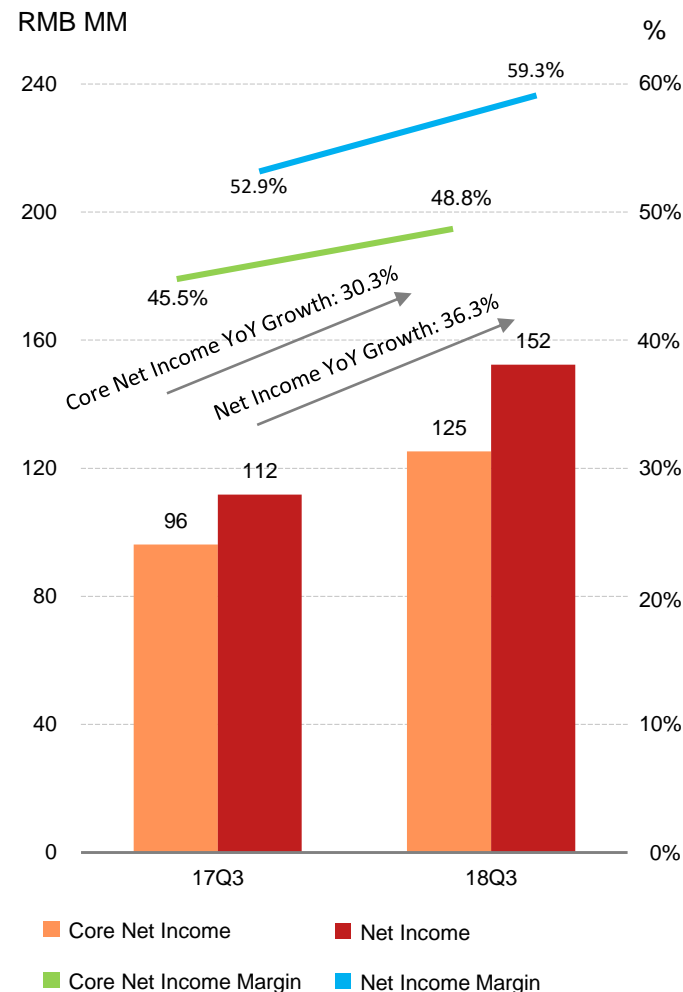
## Gross Profit and Margin



## Adjusted EBITDA and Margin<sup>(1)</sup>



## Core Net Income/Net Income and Margin<sup>(2)</sup>



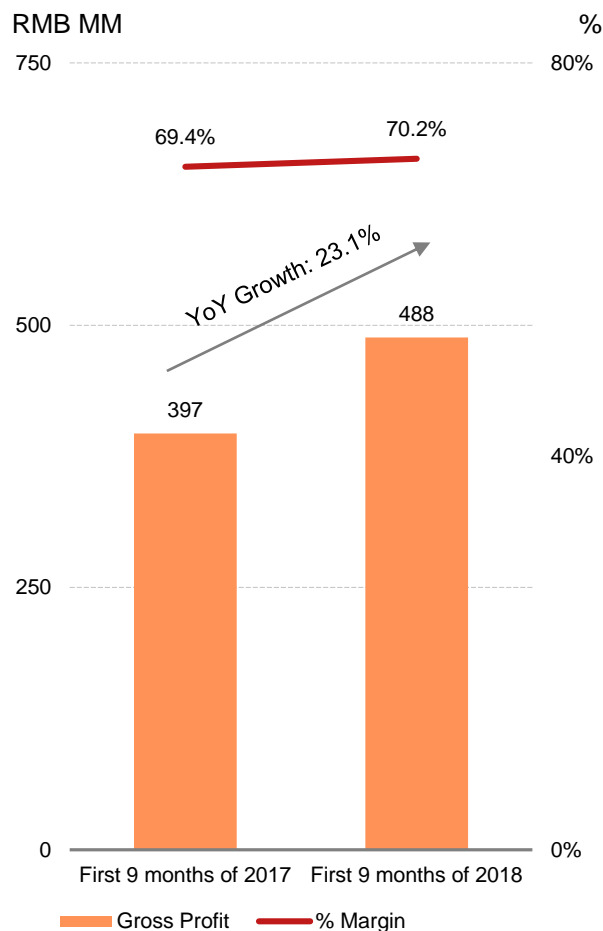
### Notes:

- 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 from securities and other expense net, but excludes other operating income, interest income and other net, gains from securities, share of gain in equity investees (net of tax) and other income net.
- Core net income (non-GAAP) is calculated as net income plus share-based compensation, losses from securities (net of 25% tax) and other expense (net of 25% tax), but excludes government subsidies (net of 25% tax), gains from securities (net of 25% tax), reimbursement related to the ADS program and other income net (net of 25% tax).

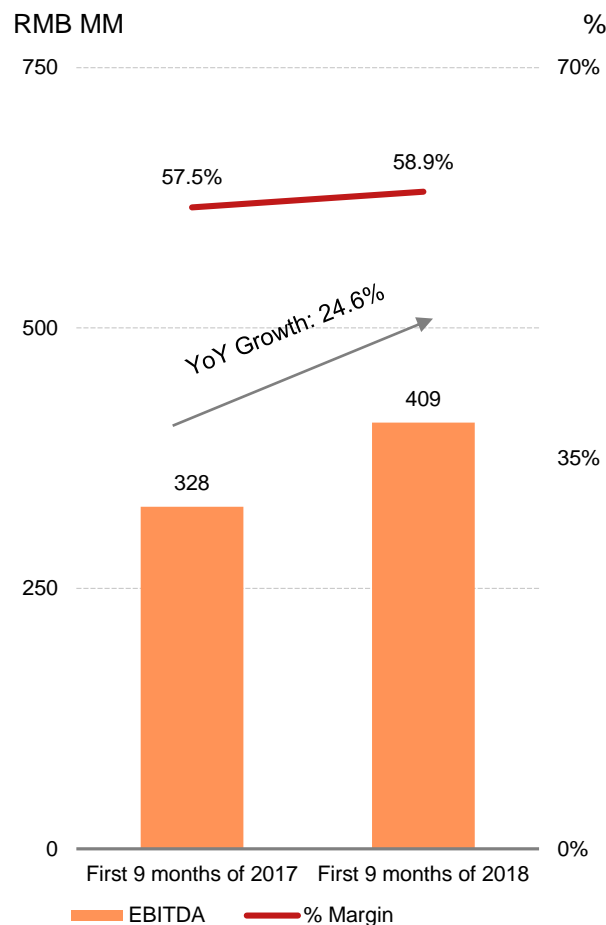
# Strong and Improving Profitability – First 9 months of 2018 vs. First 9 months of 2017



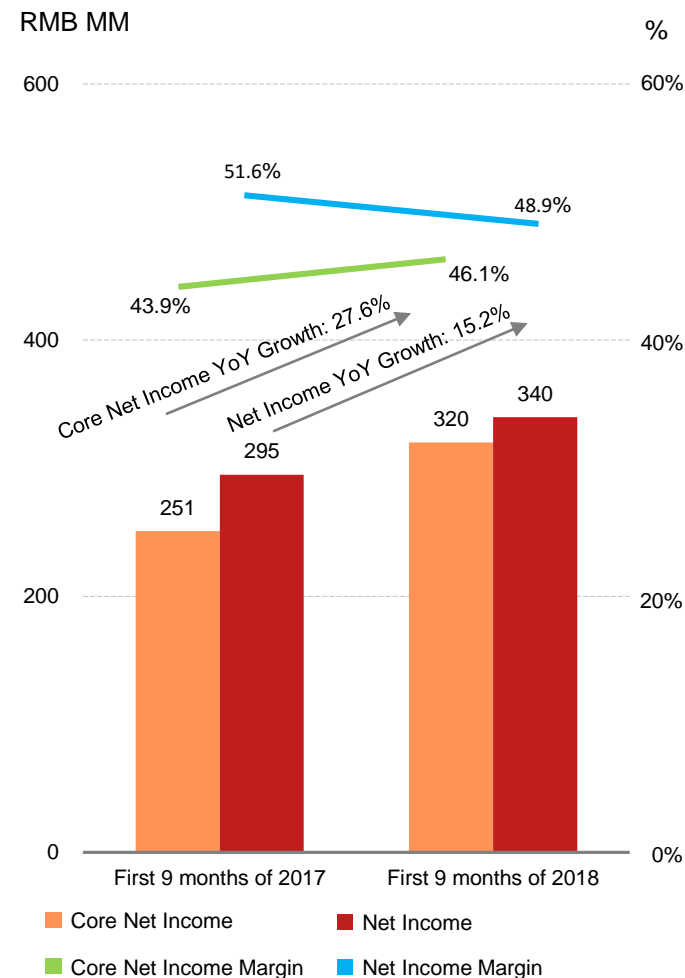
## Gross Profit and Margin



## Adjusted EBITDA and Margin<sup>(1)</sup>



## Core Net Income/Net Income and Margin<sup>(2)</sup>



### Notes:

- 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 from securities and other expense net, but excludes other operating income, interest income and other net, gains from securities, share of gain in equity investees (net of tax) and other income net.
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# Abundant Cash Balances to Support Capital Investments and Acquisitions



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



### Note

1. Others include net changes in other investing activities and effect of exchange rate changes on cash and cash equivalents



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

**Thank you!**

**Q&A**

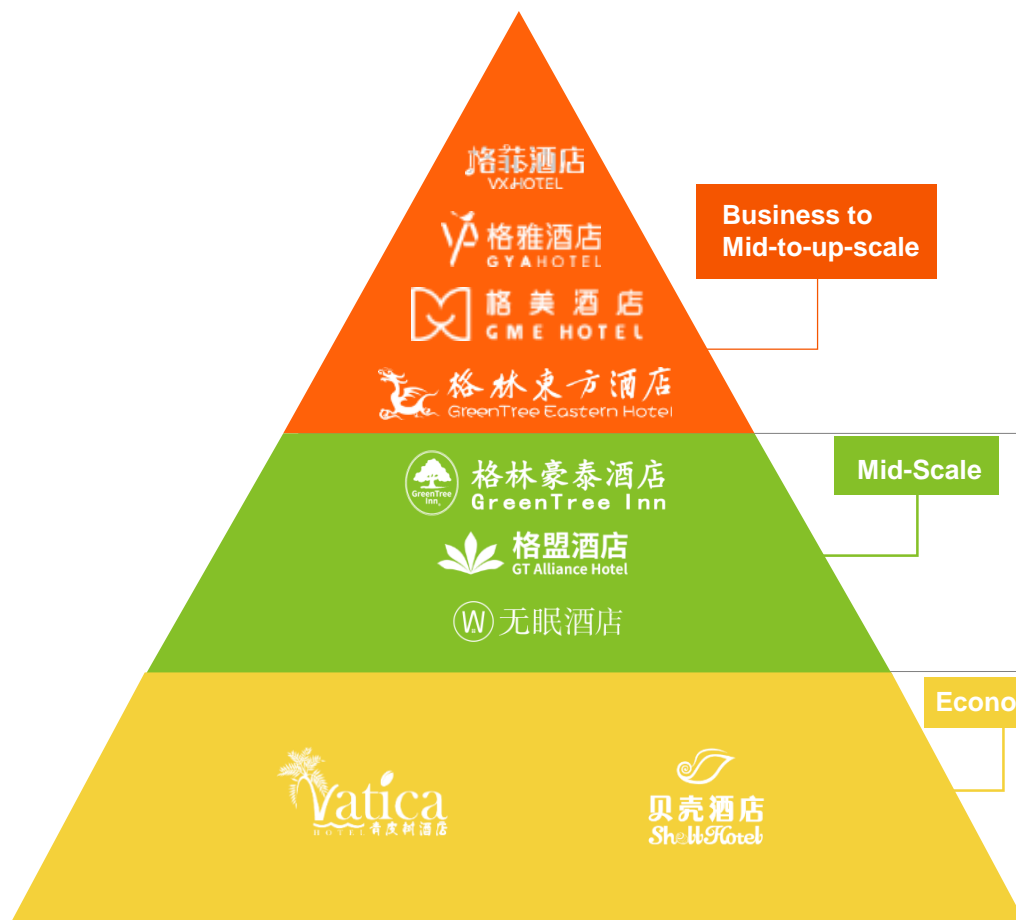


## Appendix: Hotel Performance

# 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
格林东方酒店 GreenTree Eastern Hotel	300–600	2012	74	8,270
格美酒店 GME HOTEL 格雅酒店 GYAHOTEL 格菲酒店 VX HOTEL	280–350	2017	7	599
格林豪泰酒店 GreenTree Inn	180–400	2004	1,824	158,174
格盟酒店 <sup>(1)</sup> GT Alliance Hotel	150–400	2008	294	23,199
W 无眠酒店 <sup>(2)</sup>	270–400	2018	1	61
Vatica 酒店 青皮利酒店	130–300	2013	117	8,698
贝壳酒店 Shell Hotel	99–260	2016	241	10,462
<b>Total</b>			<b>2,558</b>	<b>209,463</b>

Notes: data as of September 30, 2018

- GreenTree Alliance Hotel brand changed to GT Alliance Hotel in 2018
- Wumian Hotel's English trademark is currently being registered.



# Hotel Breakdown by Segment



	Number of Hotels in Operation		Number of Hotel Rooms in Operation	
	2017Q3	2018Q3	2017Q3	2018Q3
<b>Economy hotels</b>	<b>201</b>	<b>358</b>	<b>11,307</b>	<b>19,160</b>
Vatica	92	117	6,822	8,698
Shell	109	241	4,485	10,462
<b>Mid-scale</b>	<b>1,878</b>	<b>2,119</b>	<b>162,490</b>	<b>181,434</b>
GreenTree Inn	1,655	1,824	144,639	158,174
GT Alliance	223	294	17,851	23,199
无眠酒店 <sup>(1)</sup> (Wumian Hotel)	-	1	-	61
<b>Business to Mid-to-up-scale</b>	<b>40</b>	<b>81</b>	<b>4,738</b>	<b>8,869</b>
GreenTree Eastern	40	74	4,738	8,270
VX	-	4	-	359
Gme	-	2	-	170
Gya	-	1	-	70
<b>Total</b>	<b>2,119</b>	<b>2,558</b>	<b>178,535</b>	<b>209,463</b>

**Notes:**

1. Wumian Hotel's English trademark is currently being registered.



	2017Q3	2018Q3
<b>Total hotels in operation</b>	<b>2,119</b>	<b>2,558</b>
Leased and owned hotels	27	30
Franchised hotels	2,092	2,528
<b>Total hotel rooms in operation</b>	<b>178,535</b>	<b>209,463</b>
Leased and owned hotels	3,396	3,857
Franchised hotels	175,139	205,606
<b>Number of cities</b>	<b>244</b>	<b>278</b>

	2017Q3	2018Q3
<b>Occupancy rate (as a percentage)</b>		
Leased-and-owned hotels	76.9%	72.6%
Franchised hotels	87.7%	87.5%
Blended	87.4%	87.2%
<b>Average daily rate (in RMB)</b>		
Leased-and-owned hotels	189	210
Franchised hotels	159	166
Blended	160	167
<b>RevPAR (in RMB)</b>		
Leased-and-owned hotels	145	152
Franchised hotels	139	145
Blended	140	146