

Comfort

Quality

Value

Convenience



格林豪泰酒店 V3
GreenTree Inn



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

W 无眠酒店

格林公寓
GreenTree Apartment

Vatica
Vatica Hotel

贝壳酒店
Shekell Hotel

GreenTree Hospitality Group Ltd.

2018 Q4 and Full Year Results Presentation | March 14, 2019

Notes:

* currently being registered as trademark in PRC



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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”).

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1. Business and Strategy Review

Q4 and Full Year 2018 Performance Overview



As of December 31, 2018

98.9% F&M Hotels⁽¹⁾

77.3% Revenue Contribution from F&M Hotels for Q4

2,757 Hotels

224 New Hotel Openings for Q4

221,529 Rooms

554 New Hotel Openings for Full Year

430 Hotels Contracted for or under Development

ADR: **+3.8%** YoY to RMB164 for Q4
+4.5% YoY to RMB 164 for Full year

Occupancy: **-1.0%** YoY to 80.4% for Q4
-0.5% YoY to 82.1% for Full Year

RevPAR: **+2.3%** YoY to RMB132 for Q4
+3.8% YoY to RMB135 for Full Year



~29 million Loyal Members

1,270,000+ Corporate Members

Revenue **+20.8%** YoY to RMB250MM for Q4
+21.4% YoY to RMB945MM for Full Year

Gross Profit **+19.0%** YoY to RMB176MM for Q4
+22.0% YoY to RMB664MM for Full Year

Adjusted EBITDA (non-GAAP) **+35.2%** YoY to RMB160MM⁽²⁾ for Q4
+30.5% YoY to RMB610MM⁽²⁾ for Full Year

Core Net Income **+33.4%** YoY to RMB116MM⁽³⁾ for Q4
+31.8% YoY to RMB445MM⁽³⁾ for Full Year

Basic and diluted core net income per ADS

RMB 1.14 (US\$0.17) for Q4

RMB 4.49 (US\$0.65) for Full Year

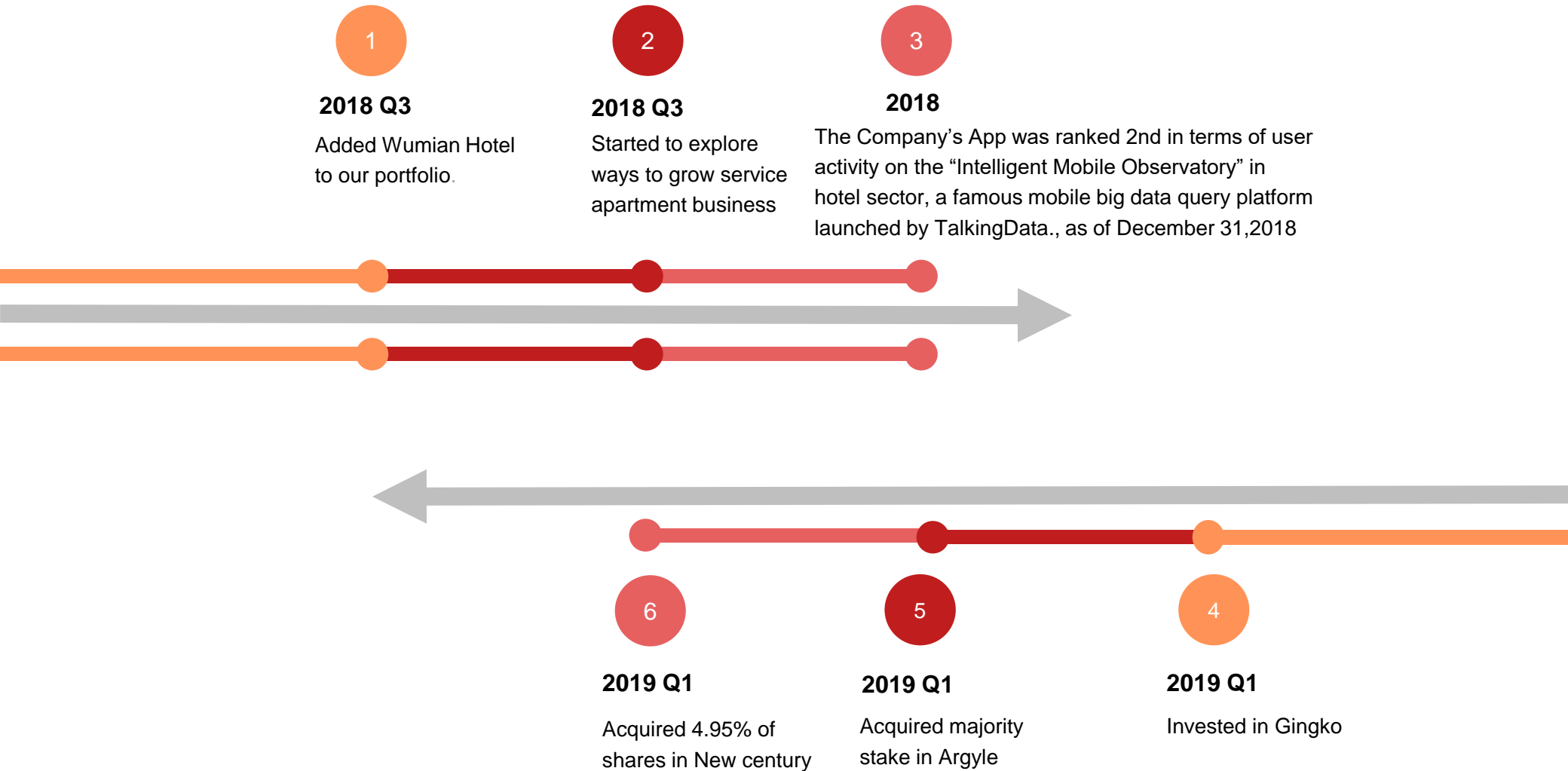
Notes:

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 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.

3. Core net income is calculated as net income plus share-based compensation, losses on investments in equity securities (net of 25% tax), other expense (net of 25% tax), income tax expenses related to dividend distribution outside PRC and Losses from joint venture closure but excludes government subsidies (net of 25% tax), gains on investments in equity securities (net of 25% tax) and other income (net of 25% tax).

2018 and 2019Q1 Important Events

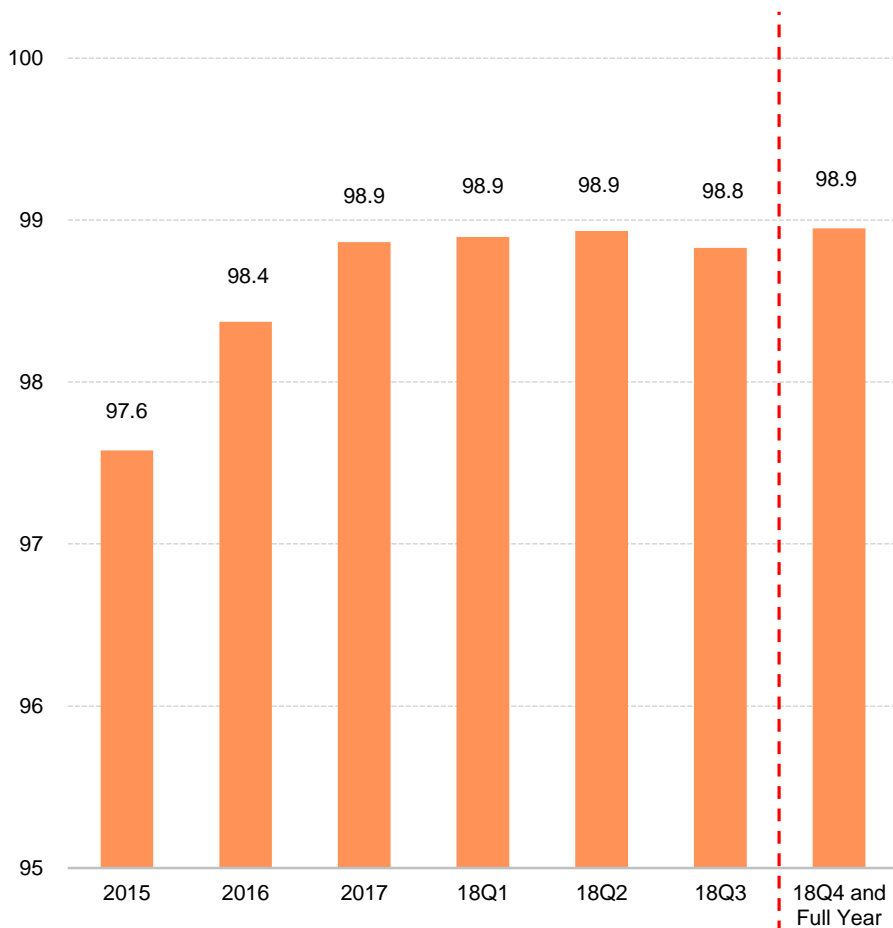


Continued Strategic Focus on the F&M Model



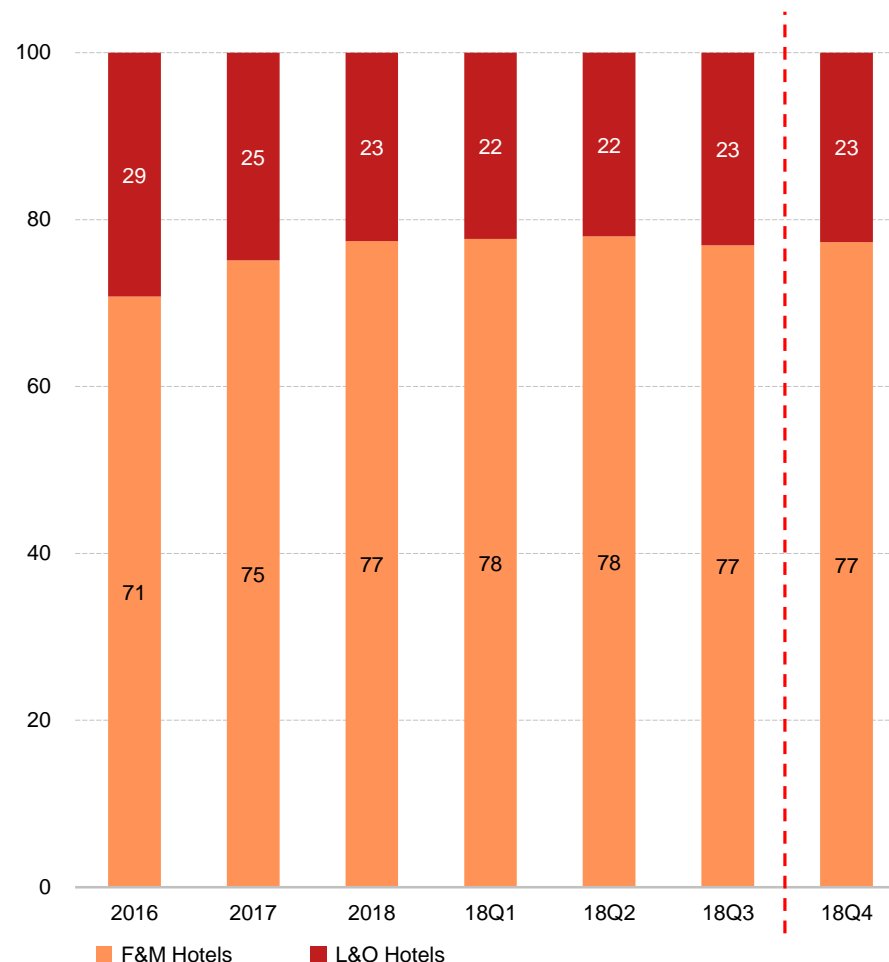
98.9% of Our Hotel Portfolio are F&M Hotels

% of F&M hotels



F&M Hotels Contribute ~77.3% of Total Revenue for 2018 Q4 ~77.4% of Total Revenue for 2018

Revenue, %



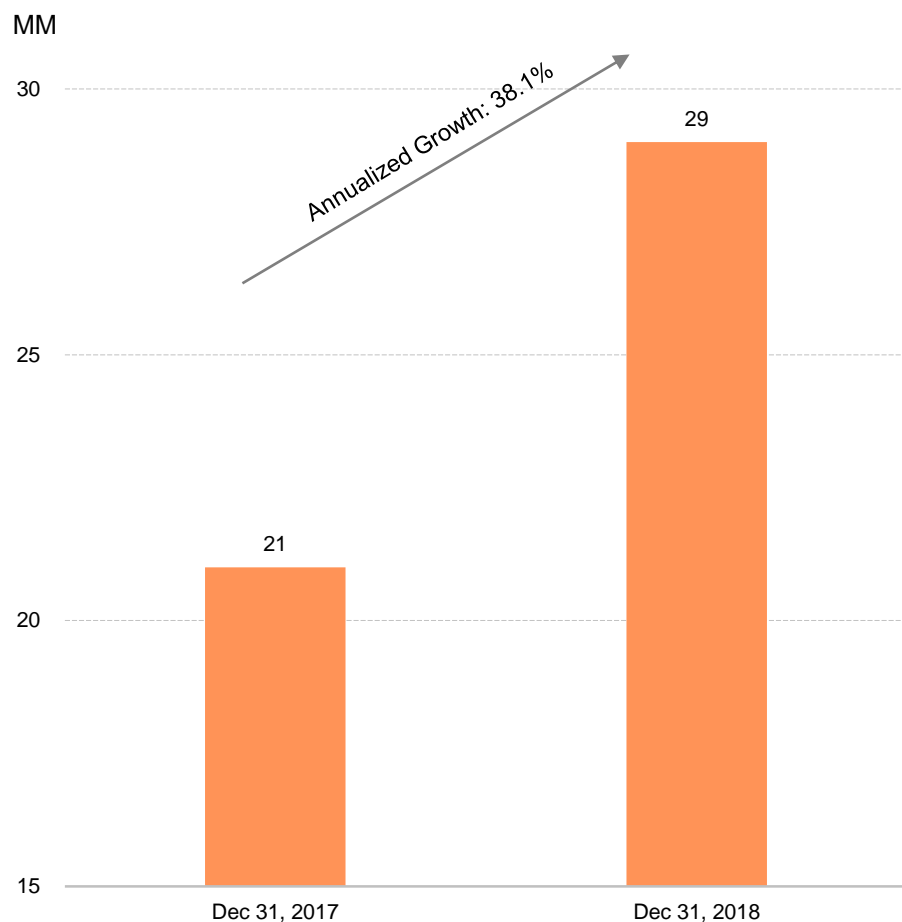
Fast-Growing Loyal Membership Base



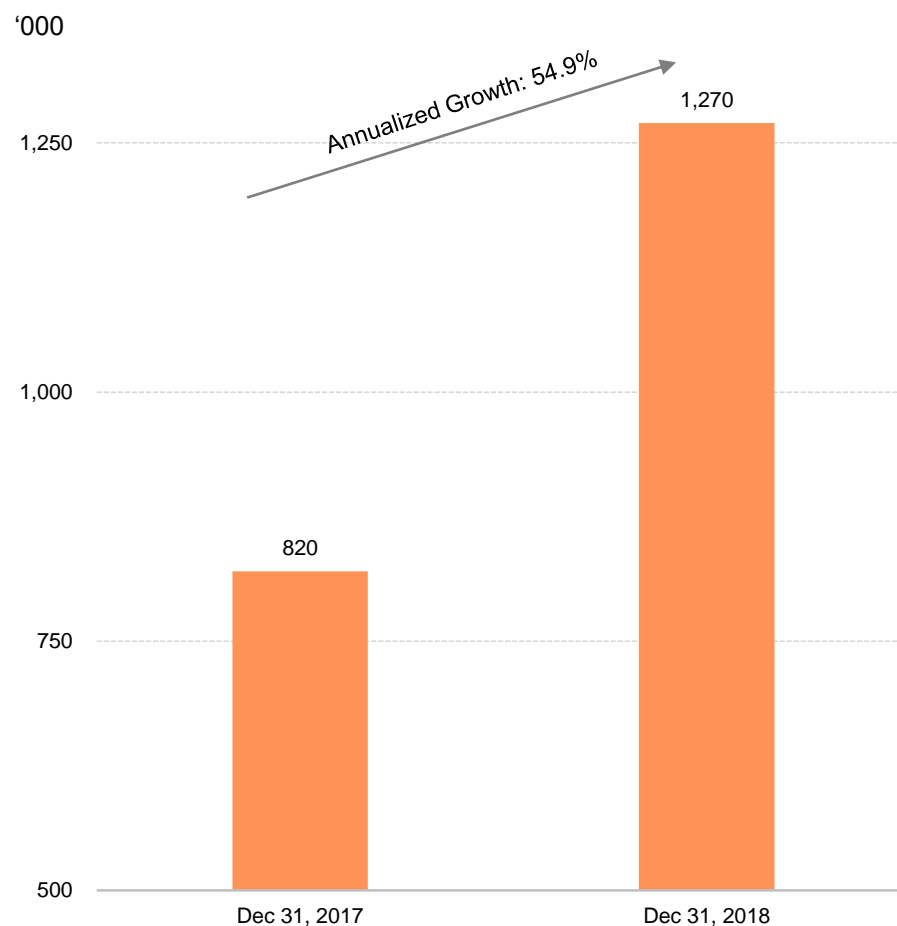
94.5% of rooms nights sold through direct sales in 2018 Q4

95.0% of rooms nights sold through direct sales in 2018

Robust Membership Growth



Increase in Corporate Members

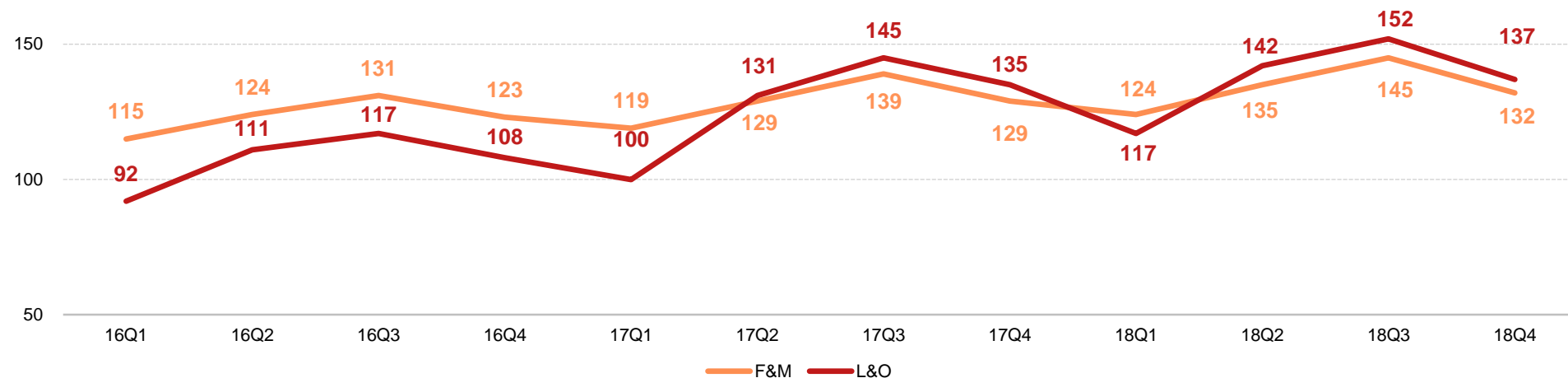


Consistently Healthy RevPAR Growth



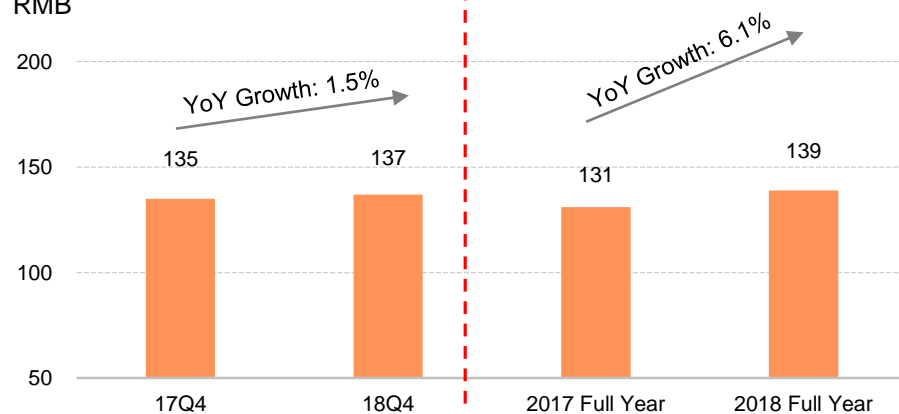
Quarterly RevPAR

RMB



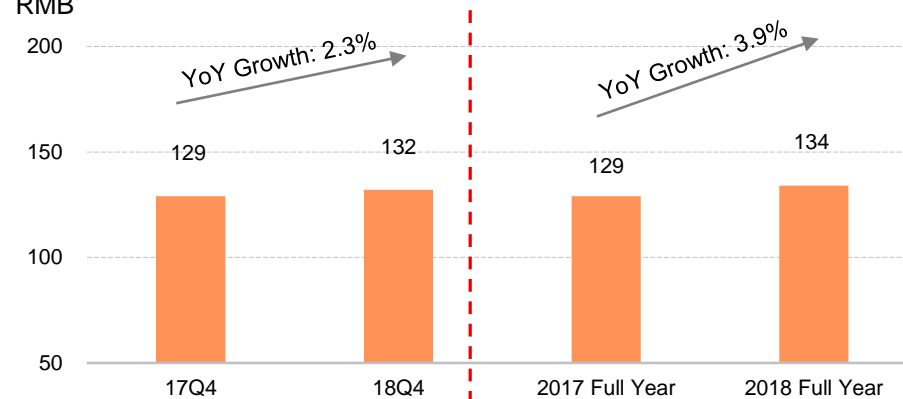
RevPAR YoY Growth for L&O Hotels

RMB



RevPAR YoY Growth for F&M Hotels

RMB

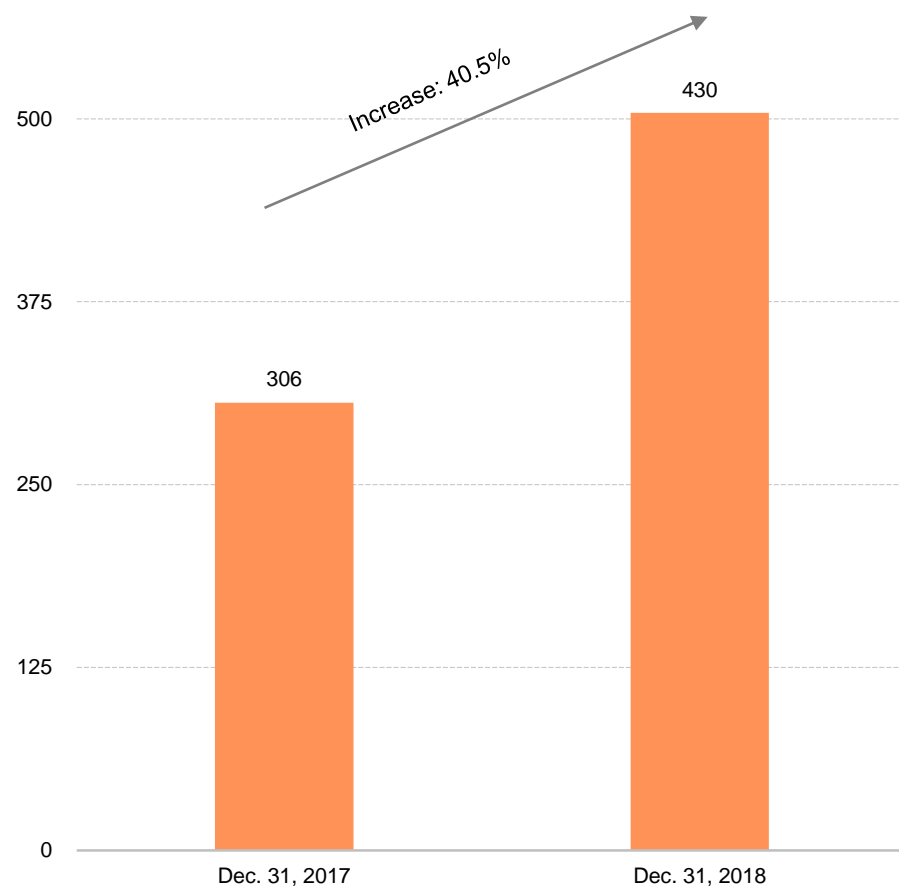


Continued to Build up Hotel Pipeline to Fuel Accelerated Growth



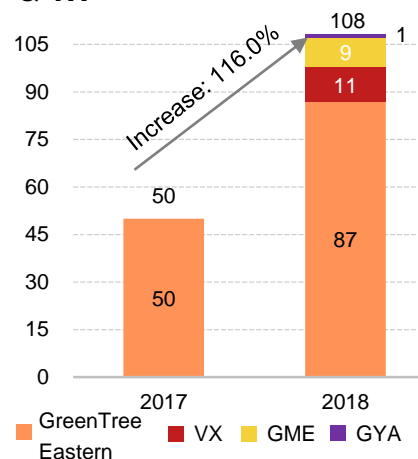
Strengthening Hotel Pipeline

Number of hotels contracted for or under development

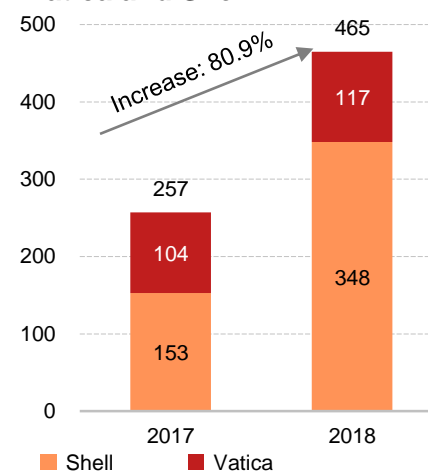


Business to Mid-to-up-scale and Economy Segments Fuel Stronger Growth and a More Diversified Portfolio

GreenTree Eastern, Gme, Gya & VX



Vatica and Shell



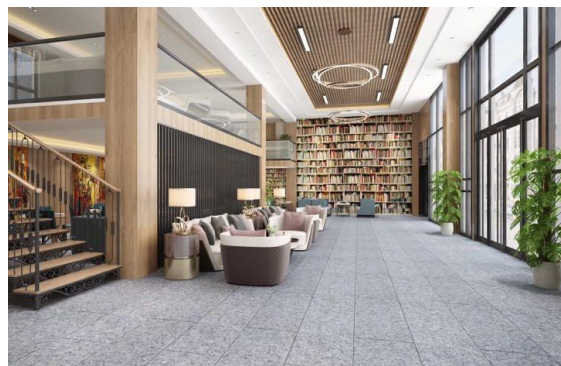
% of Total Hotels

	2016	2017	2018
Business to Mid-to-up-scale	1.5%	2.2%	3.9%
Mid-scale	90.4%	86.6%	79.2%
Economy	8.1%	11.2%	16.9%

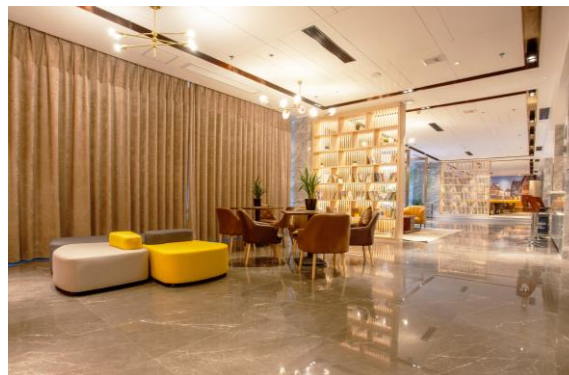
Further Development of Business to Mid-to-up-scale Brands



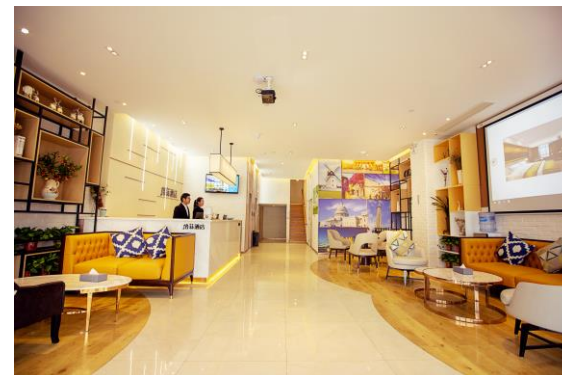
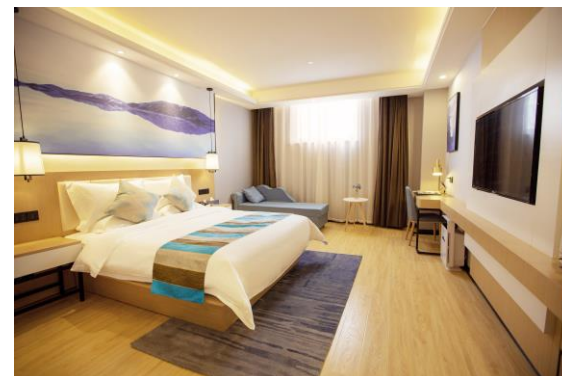
- Mid-to-up-scale business hotels designed to be a calm and unique haven for business travelers
- Price: RMB 280–350
- Grand opening of **7** in Q4 2018 and **9** in 2018 Full Year
- Pipeline: **29**



- Mid-to-up-scale smart, fashionable and trendy hotels highlighting individuality
- Price: RMB 280–350
- Grand opening of **1** in Jiangsu Province in 2018 Full Year
- Pipeline: **27**



- 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 **7** in Q4 2018 and **11** in 2018 Full Year
- Pipeline: **24**



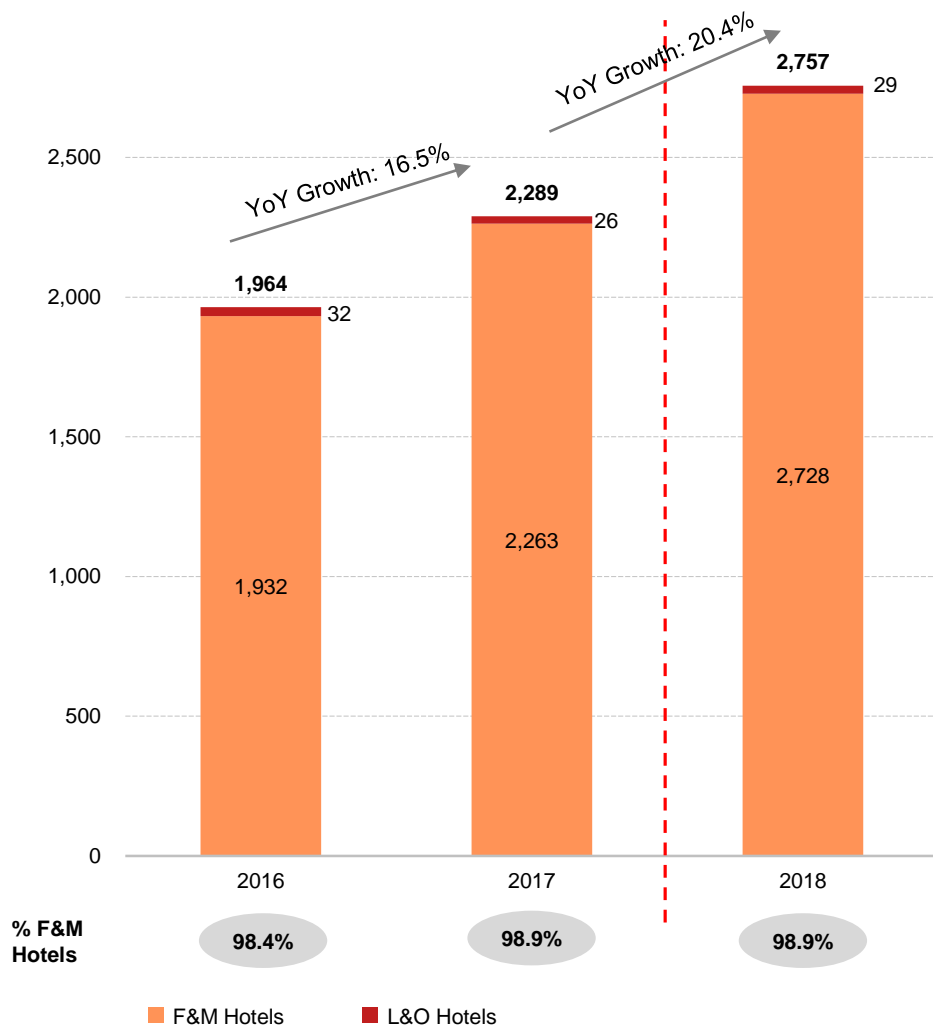


2. Operational and Financial Highlights

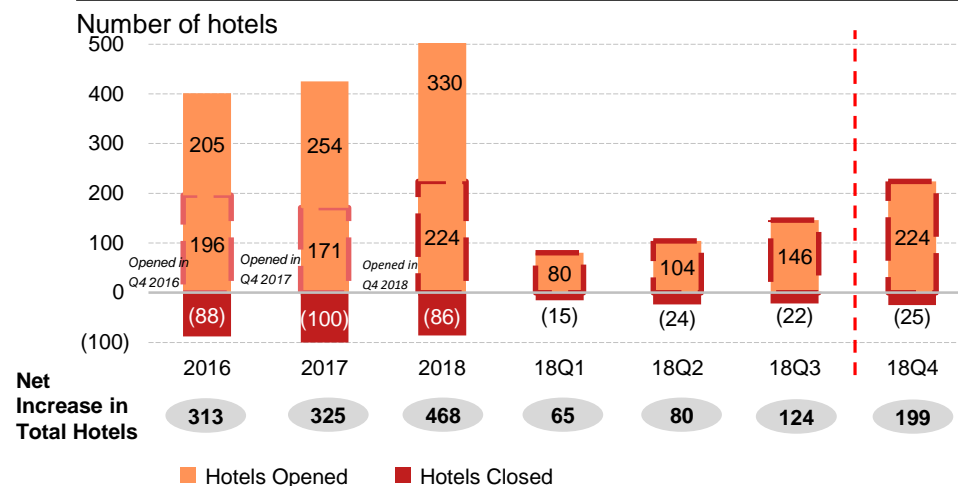
Rapid Growth with Low Hotel Closure Rate



Increasing Number of Hotels in Operation

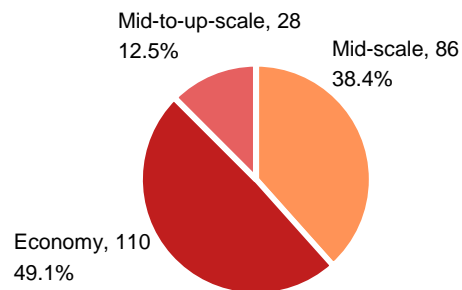


Hotel Openings / Closures

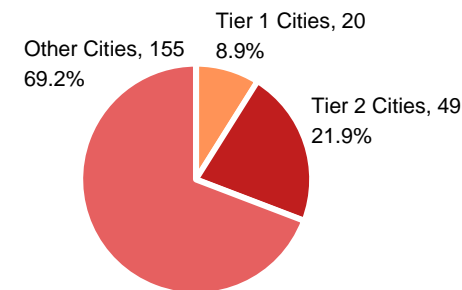


Breakdown of New Hotel Openings in Q4 2018

By Brand Segments



By City Tier⁽¹⁾



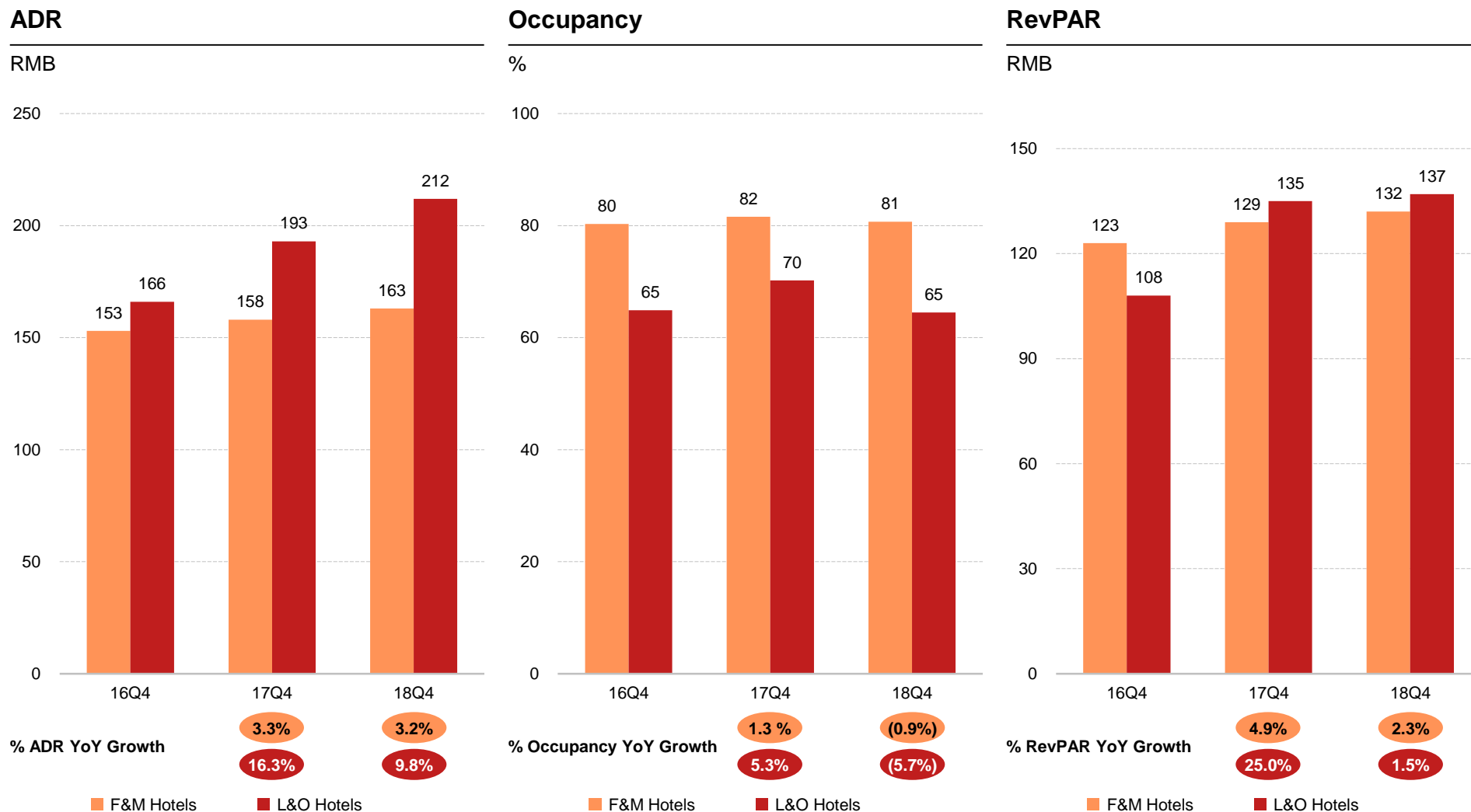
Note

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 Stable Occupancy Lead to Sustained RevPAR Growth



The Company has achieved a steady **2.3%** RevPAR increase from the same quarter of 2017



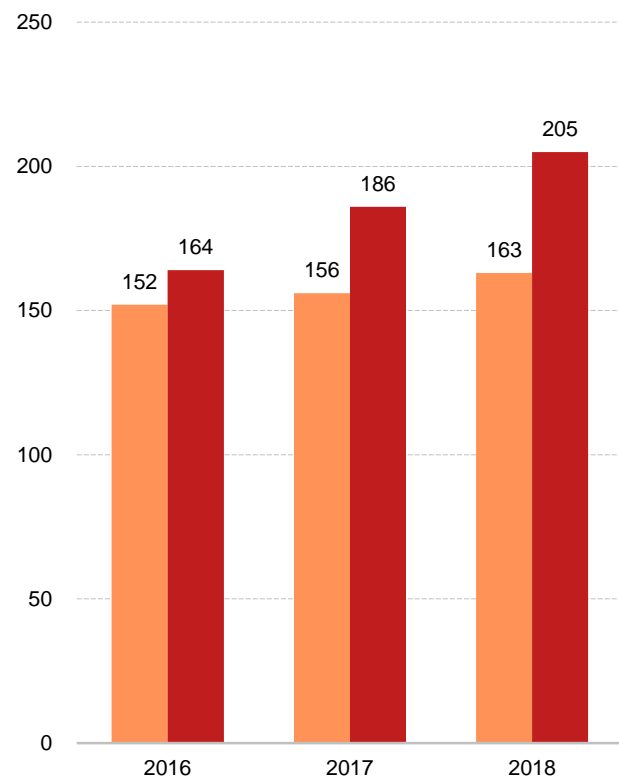
Improving ADR and Stable Occupancy Lead to Sustained RevPAR Growth



The Company has achieved a steady **3.8%** RevPAR YoY growth for full year.

ADR

RMB



% ADR YoY Growth

2.6%

13.4%

4.5%

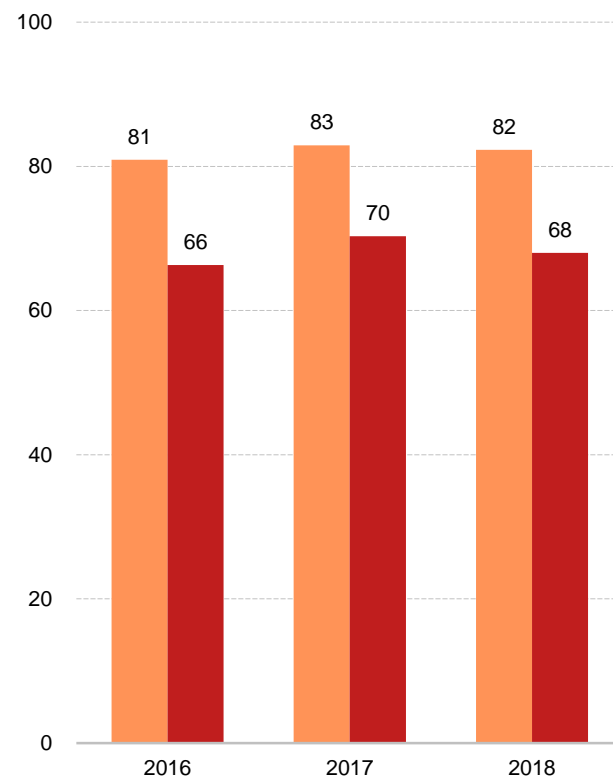
10.2%

F&M Hotels

L&O Hotels

Occupancy

%



% Occupancy YoY Growth

2.0 %

4.0%

(0.6%)

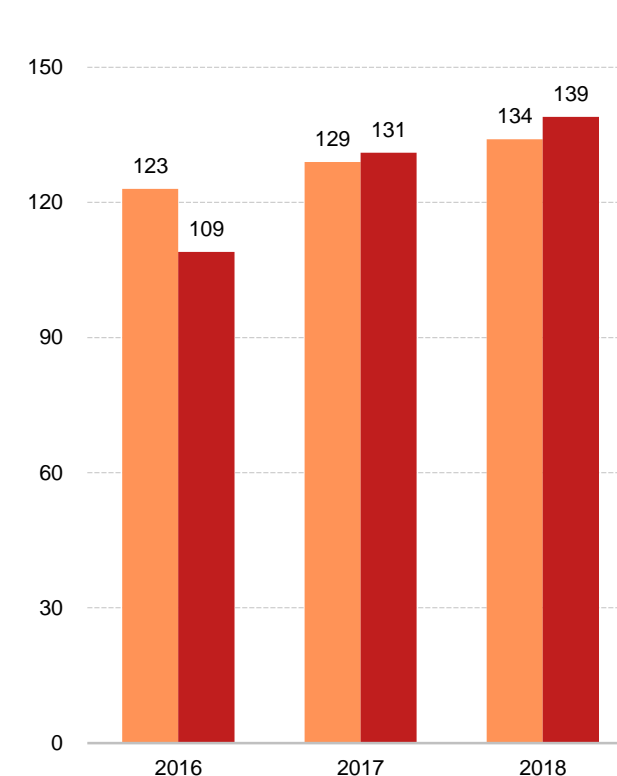
(2.3%)

F&M Hotels

L&O Hotels

RevPAR

RMB



% RevPAR YoY Growth

4.9%

20.2%

3.9%

6.1%

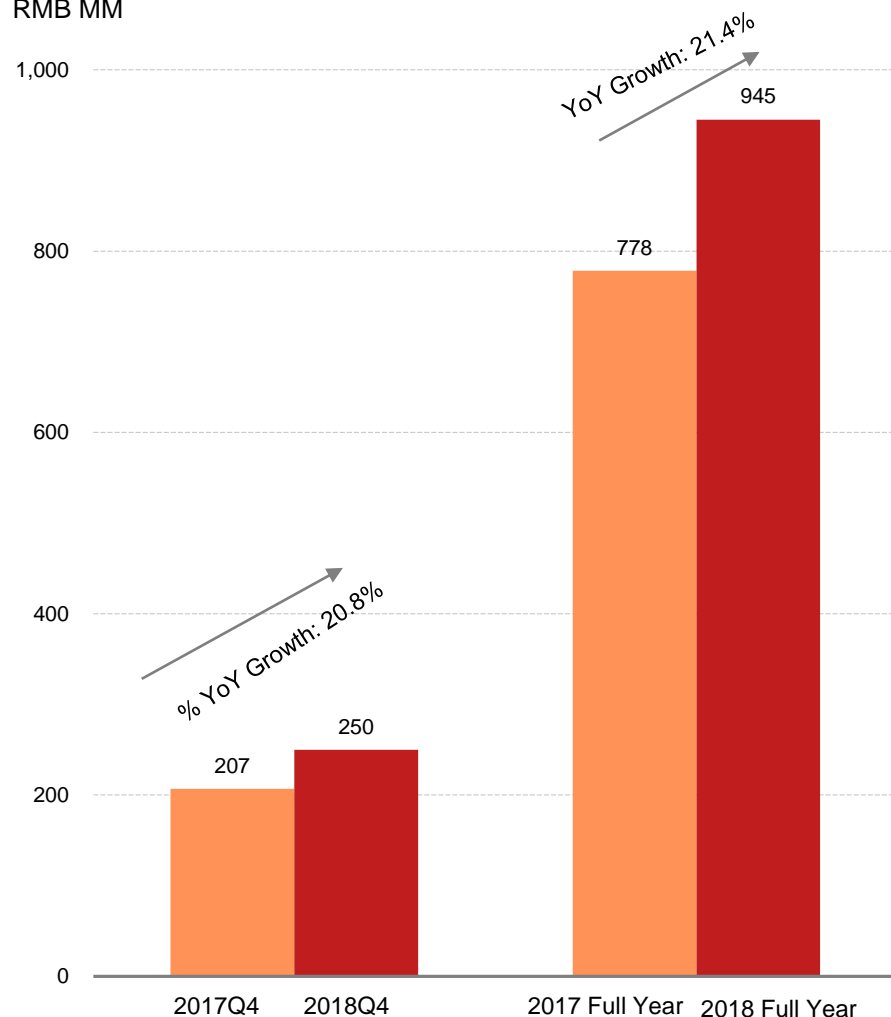
F&M Hotels

L&O Hotels



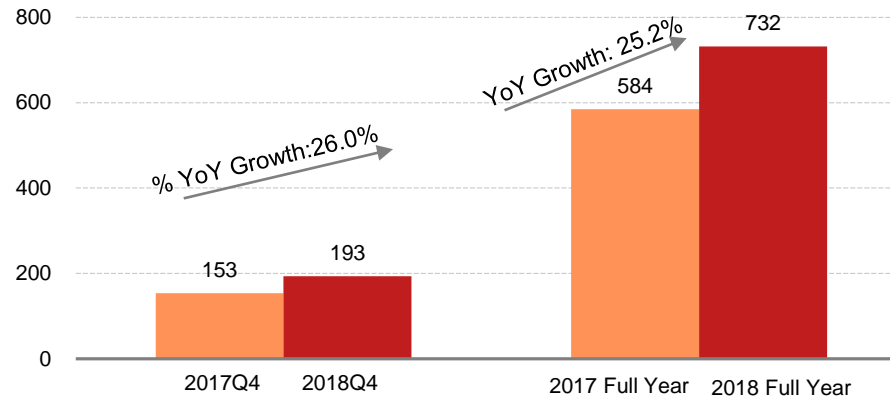
Total Revenue

RMB MM



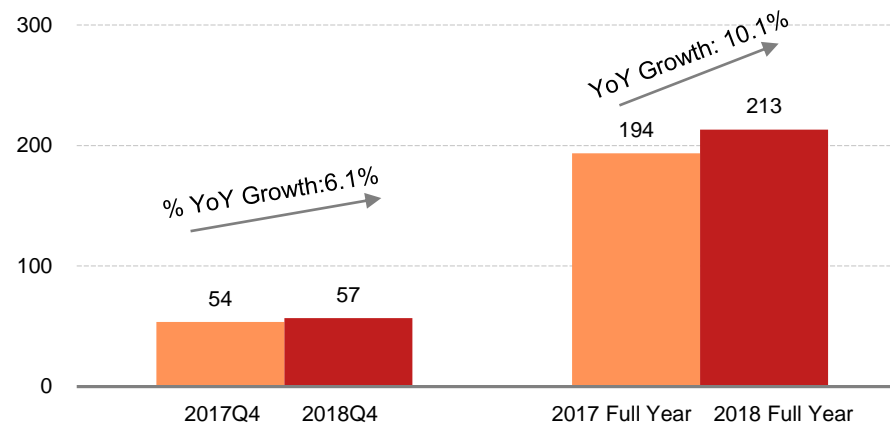
Revenue from F&M Hotels

RMB MM



Revenue from L&O Hotels

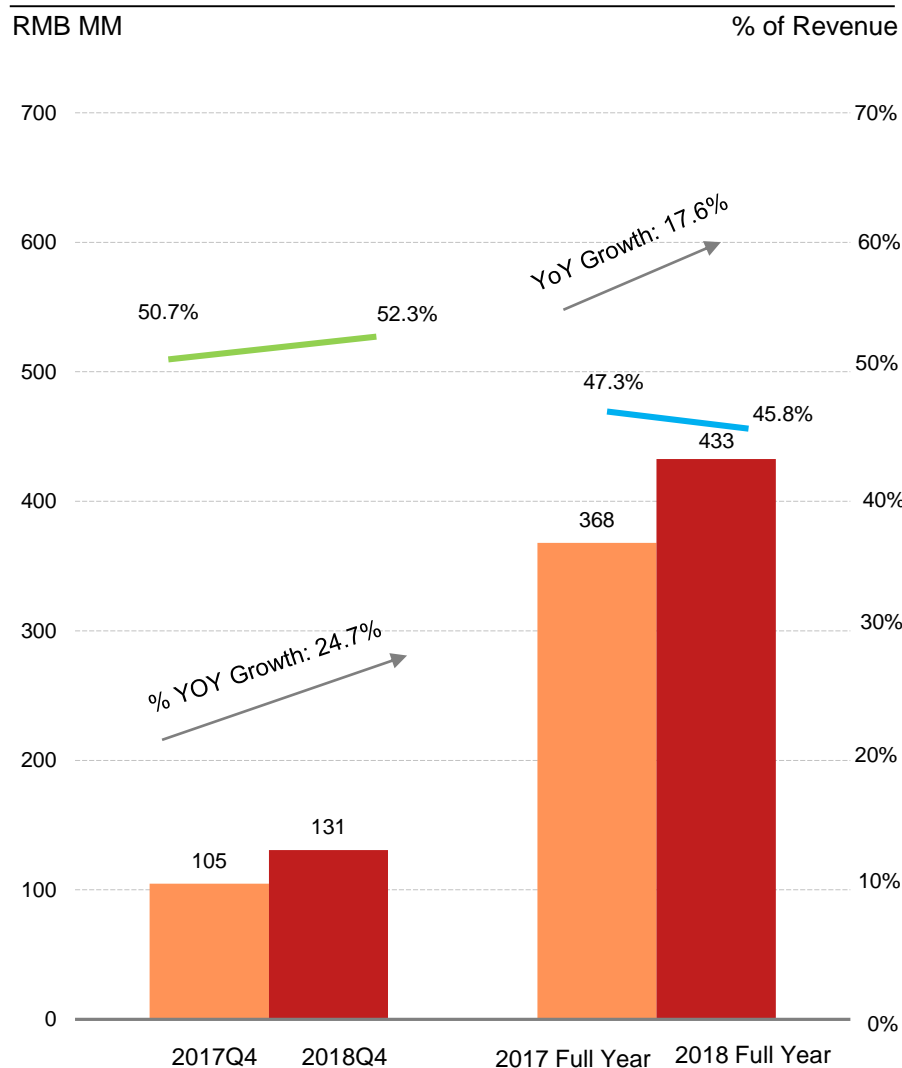
RMB MM



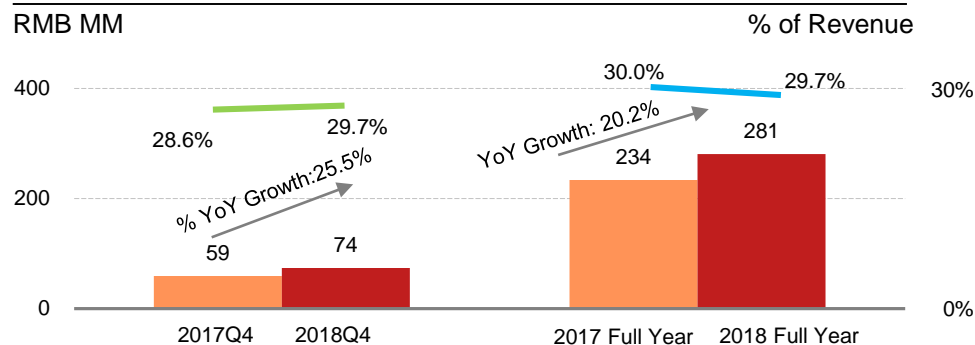
Effective Cost Structure



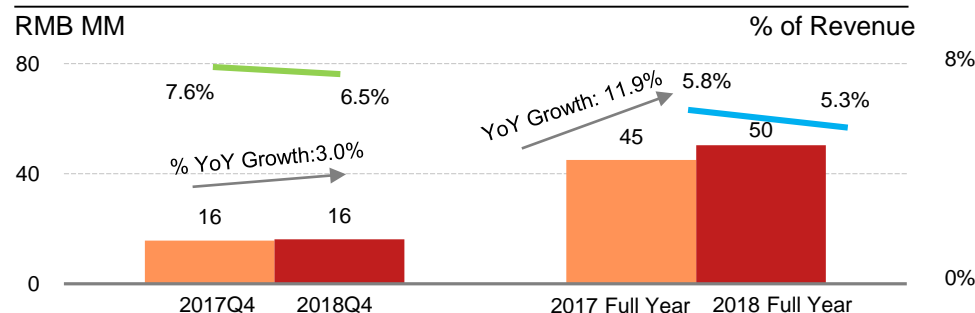
Total Operating Costs and Expenses⁽¹⁾



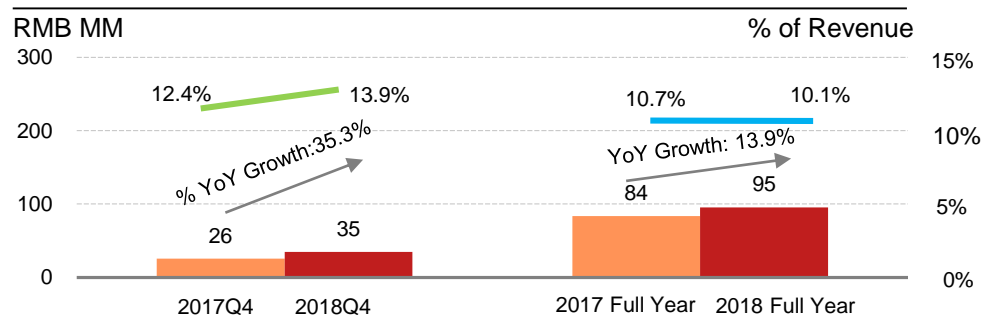
Hotel Operating Costs



Selling and Marketing Expense



General and Administrative Expense⁽²⁾



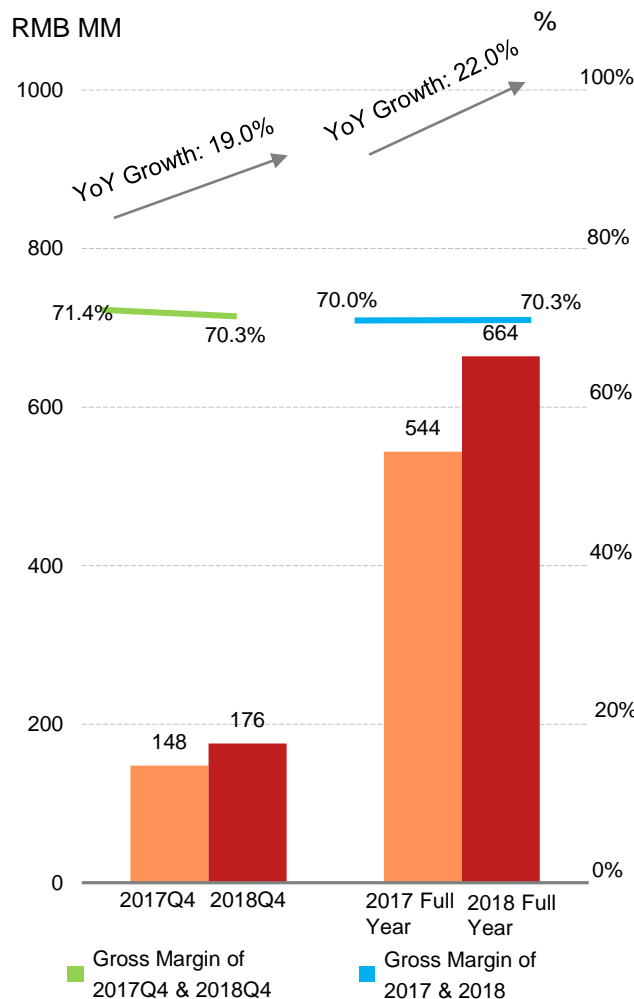
Note

1. Total operating costs and expenses consist of hotel operating costs, selling and marketing expenses, general and administrative expenses and other operating expenses. And exclude one-time expenses.
2. General and Administrative Expense exclude One-time share-based compensation expenses of RMB38.0 million in 2017 for GreenTree Inns Hotel Management Group Inc.'s shares granted to certain of our directors for their past services as directors.

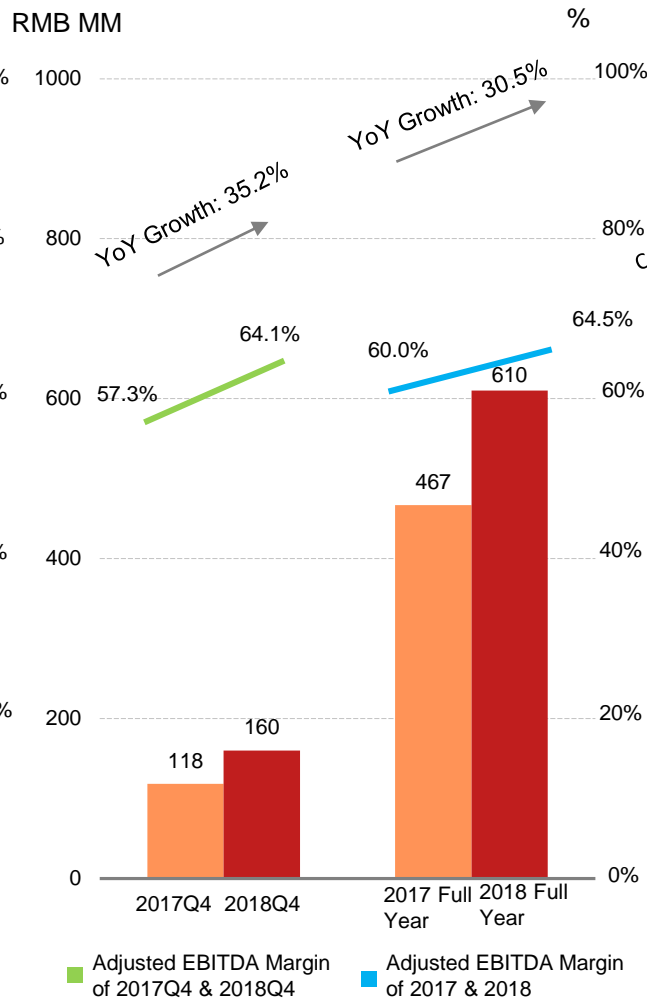
Strong and Improving Profitability



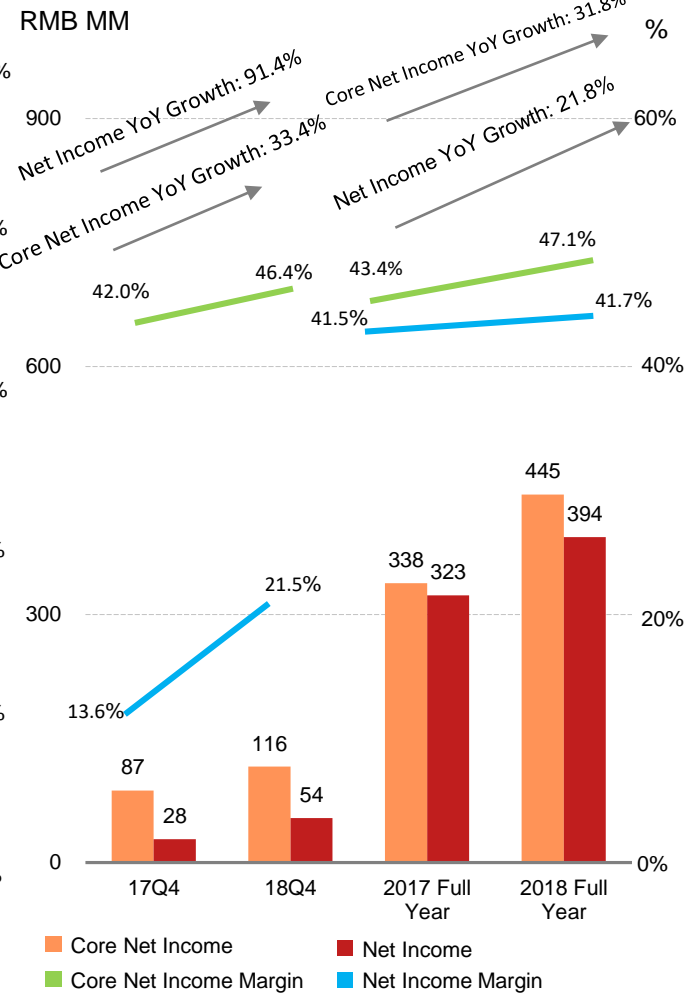
Gross Profit and Margin



Adjusted EBITDA and Margin⁽¹⁾



Core Net Income⁽²⁾/Net Income and Margin⁽³⁾



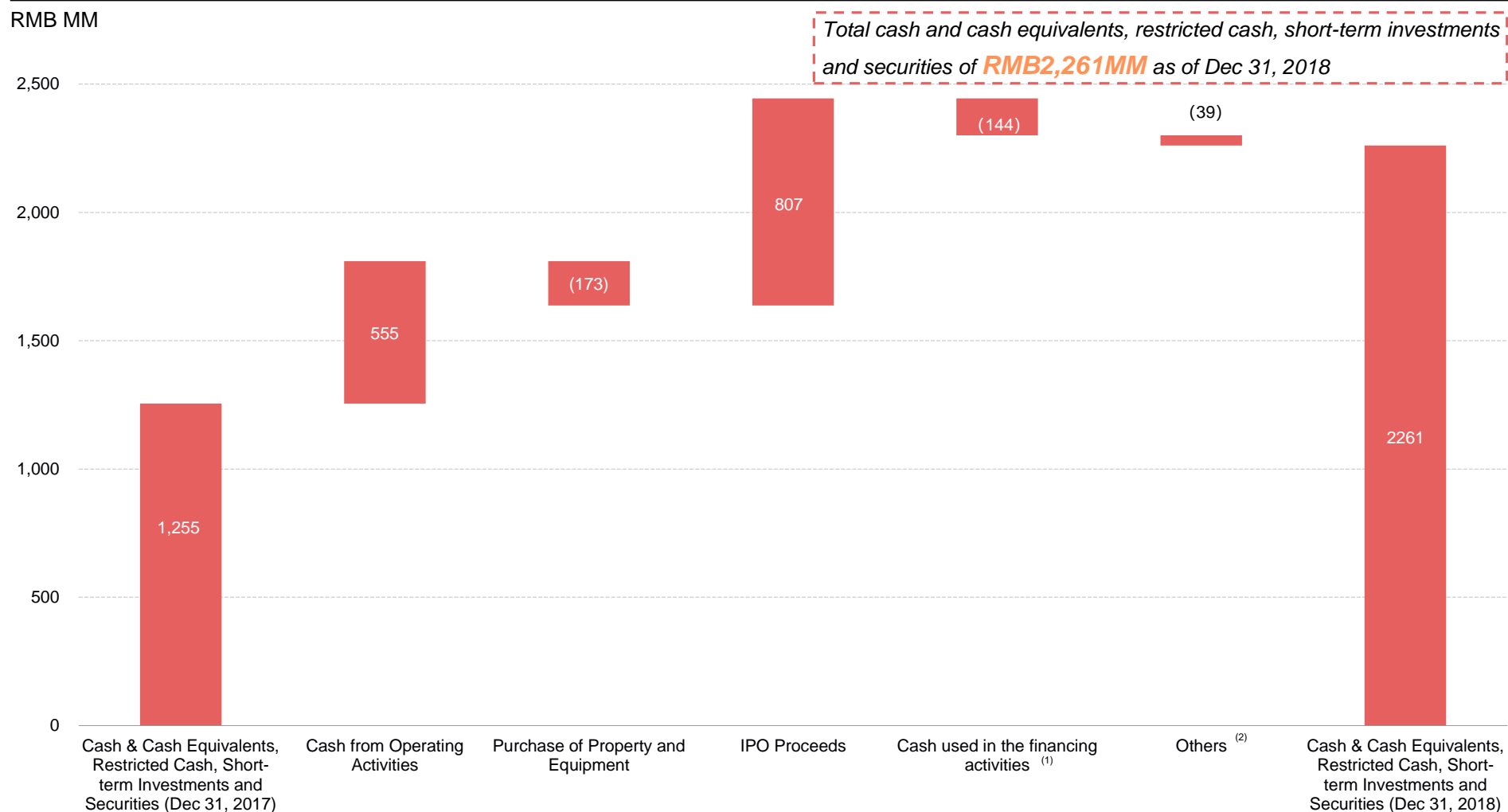
Notes:

- 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 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.
- Core net income is calculated as net income plus share-based compensation, losses on investments in equity securities (net of 25% tax), other expense (net of 25% tax), income tax expenses related to dividend distribution outside PRC and Losses from joint venture closure but excludes government subsidies (net of 25% tax), gains on investments in equity securities (net of 25% tax) and other income (net of 25% tax).
- General and Administrative Expense exclude One-time share-based compensation expenses of RMB38.0 million in 2017 for GreenTree Inns Hotel Management Group Inc.'s shares granted to certain of our directors for their past services as directors.

Abundant Cash to Support Capital Investments and Acquisitions



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



Note

1. Mainly due to approximately RMB 200MM distribution to the shareholders and RMB 60MM proceeds from short-term borrowings
2. 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 2019 to grow **20-25%** from 2018

Thank you!

Q&A

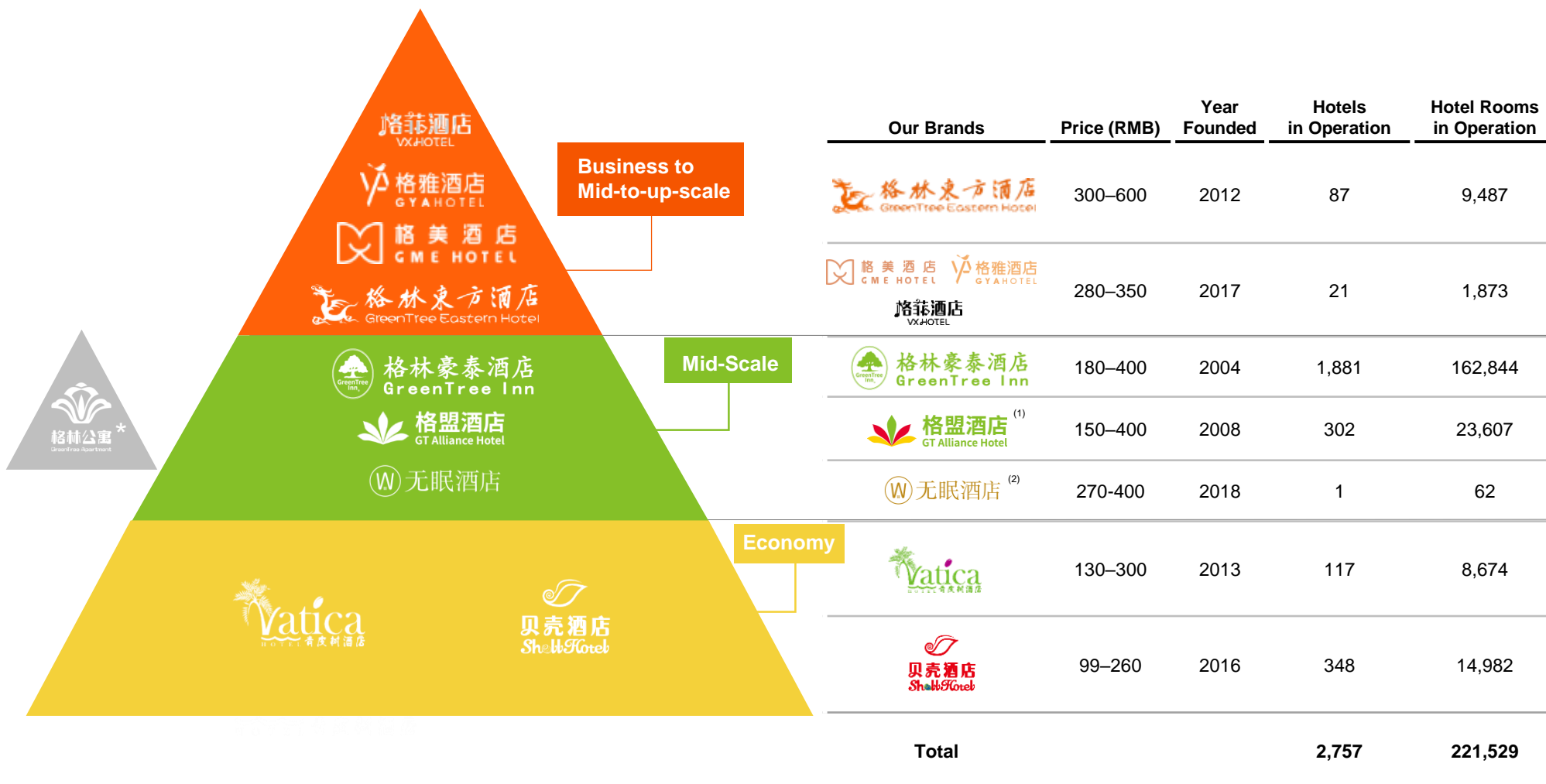


Appendix: Hotel Performance

Our Diverse Hotel Brands



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



Notes: data as of December 31, 2018

1. GreenTree Alliance Hotel brand changed to GT Alliance Hotel in 2018
2. Wumian Hotel's English trademark is currently being registered.
3. * Currently being registered as trademark in PRC

Hotel Breakdown by Segment



	Number of Hotels in Operation		Number of Hotel Rooms in Operation	
	2017	2018	2017	2018
Economy hotels	257	465	14,060	23,656
Vatica	104	117	7,704	8,674
Shell	153	348	6,356	14,982
Mid-scale	1,982	2,184	171,041	186,513
GreenTree Inn	1,733	1,881	151,154	162,844
GT Alliance	249	302	19,887	23,607
无眠酒店 ⁽¹⁾ (Wumian Hotel)	-	1	-	62
Business to Mid-to-up-scale	50	108	5,706	11,360
GreenTree Eastern	50	87	5,706	9,487
VX	-	11	-	969
Gme	-	9	-	841
Gya	-	1	-	63
Total	2,289	2,757	190,807	221,529

Notes:

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



	2017	2018
Total hotels in operation	2,289	2,757
Leased and owned hotels	26	29
Franchised hotels	2,263	2,728
Total hotel rooms in operation	190,807	221,529
Leased and owned hotels	3,302	3,734
Franchised hotels	187,505	217,795
Number of cities	263	290

	2017Q4	2018Q4	2017	2018
Occupancy rate (as a percentage)				
Leased-and-owned hotels	70.2%	64.5%	70.3%	68.0%
Franchised hotels	81.6%	80.7%	82.9%	82.3%
Blended	81.4%	80.4%	82.6%	82.1%
Average daily rate (in RMB)				
Leased-and-owned hotels	193	212	186	205
Franchised hotels	158	163	156	163
Blended	158	164	157	164
RevPAR (in RMB)				
Leased-and-owned hotels	135	137	131	139
Franchised hotels	129	132	129	134
Blended	129	132	130	135