

Comfort  
Quality  
Value  
Convenience

W 无眠酒店



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



无眠酒店



格林公寓  
GreenTree Apartment Hotel

Vatica  
Vatica Hotel

贝壳酒店  
Shell Hotel

# GreenTree Hospitality Group Ltd.

## 2019 Q1 Results Presentation | May 24, 2019

Notes:

\* currently being registered as trademark in PRC



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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.

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## 1. Performance Review

# Q1 2019 Performance Overview



As of March 31, 2019

**98.9%** F&M Hotels<sup>(1)</sup>

**78.0%** Revenue from F&M Hotels

**2,829** Hotels

**225,757** Rooms

**102** New Hotel Openings for Q1

**481** Hotels Contracted for or under Development

ADR: **+3.9%** YoY to RMB162

Occupancy: **-1.1%** YoY to 78.1%

RevPAR: **+2.5%** YoY to RMB127



Revenue: **+20.1%** YoY to RMB235M

Gross Profit: **+17.5%** YoY to RMB155M

Adjusted EBITDA  
(non-GAAP) : **+20.0%** YoY to RMB134M <sup>(2)</sup>

Net Income: **+58.8%** YoY to RMB134M

Basic and diluted  
net income per  
ADS: **RMB1.33 (US\$0.20)**

**33+ million** Individual Members

**1,320,000+** Corporate Members

## 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.





## 2019 Q1

- Wumian and GreenTree apartment
- Membership program integration
- Acquired **8.27%** of shares in Gingko Education Group.
- Entered into an agreement to acquire a **60%** equity stake in Argyle Hotel Group. It operates and manages **103** hotels, with **16,223** hotel rooms<sup>(1)</sup>.
- Acquired **4.95%** of shares in New century. It operates and manages **150** hotels, with **34,286** hotel rooms<sup>(2)</sup>.

## 2019 Q2

Entered into an agreement to acquire a **70%** equity stake in Urban Hotel Group, which has **600+** hotels<sup>(3)</sup>.

### Note

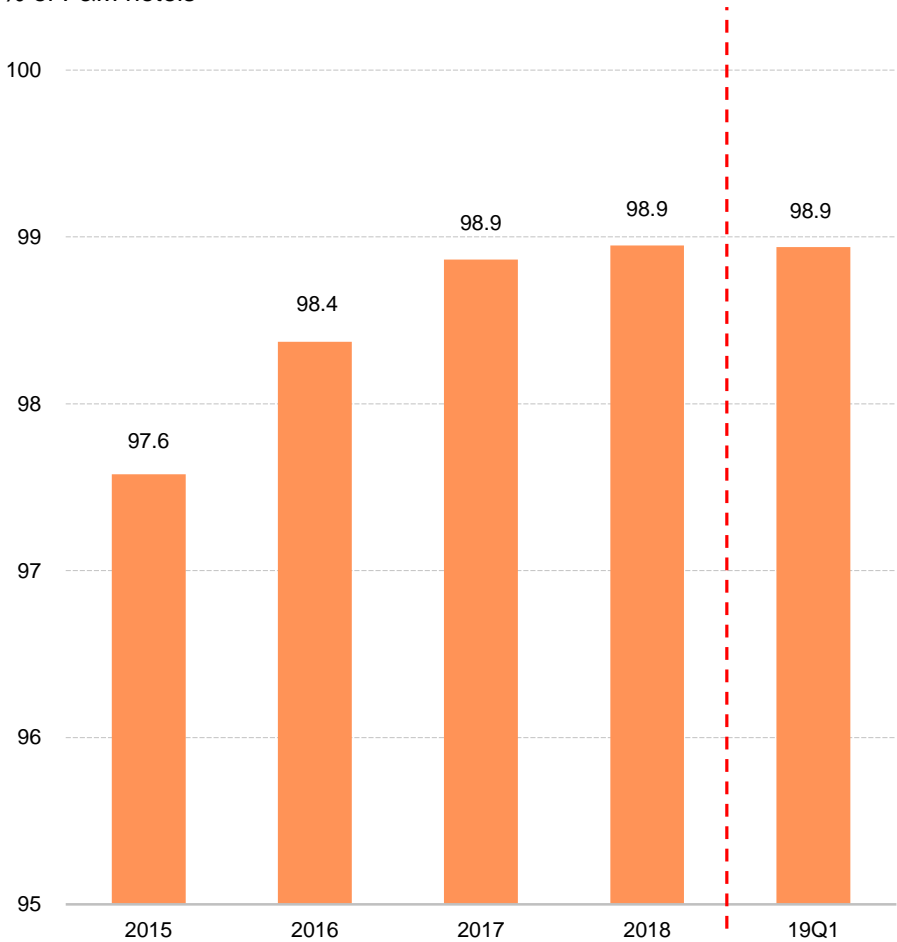
1. The hotel number and hotel rooms number are as of end of 2018.
2. From the 2018 annual report of Zhejiang New Century Hotel Management Co., Ltd.
3. The number of hotels within the scope of this cooperative investment transaction is more than 600.

# Continued Strategic Focus on the F&M Model



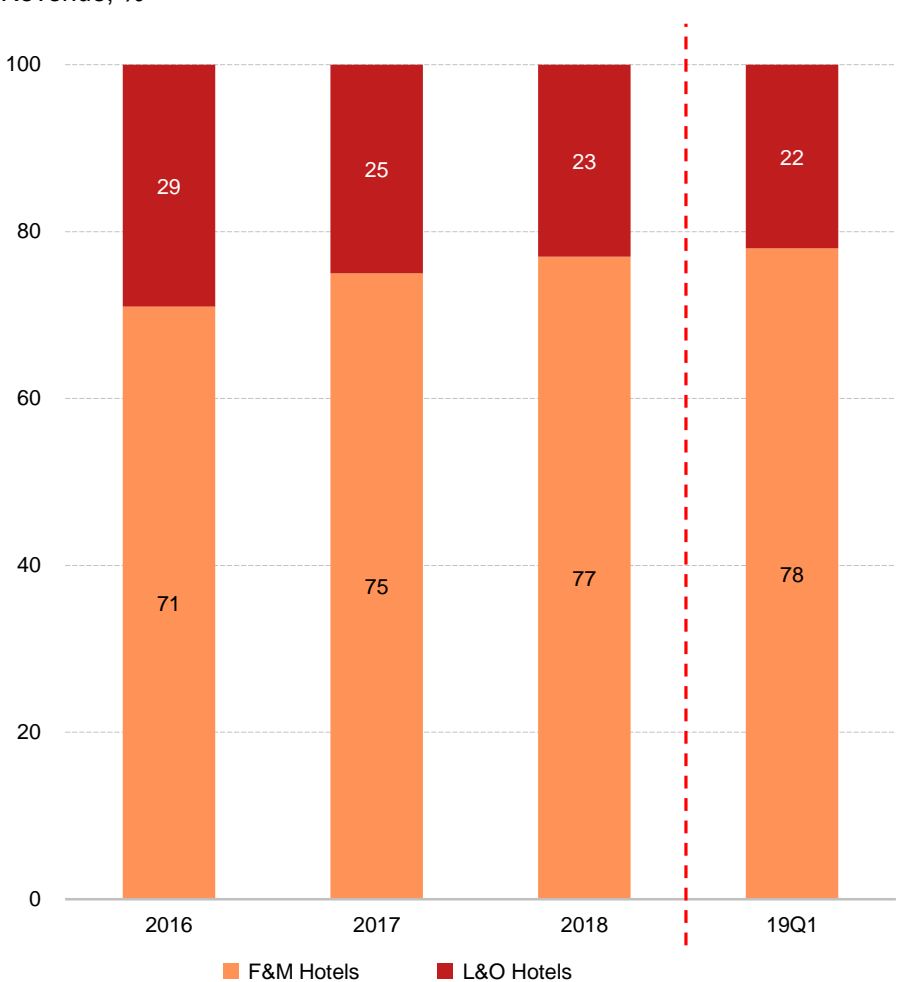
## 98.9% of Our Hotel Portfolio are F&M Hotels

% of F&M hotels



## F&M Hotels Contribute ~78% of Our Revenue

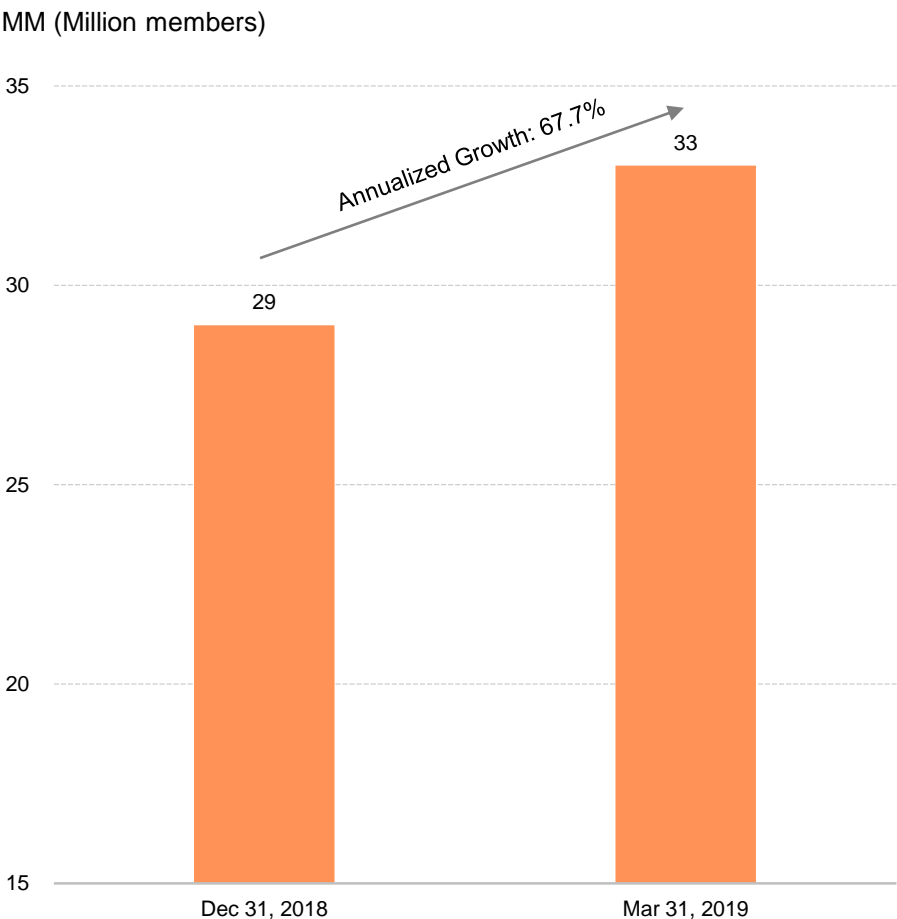
Revenue, %



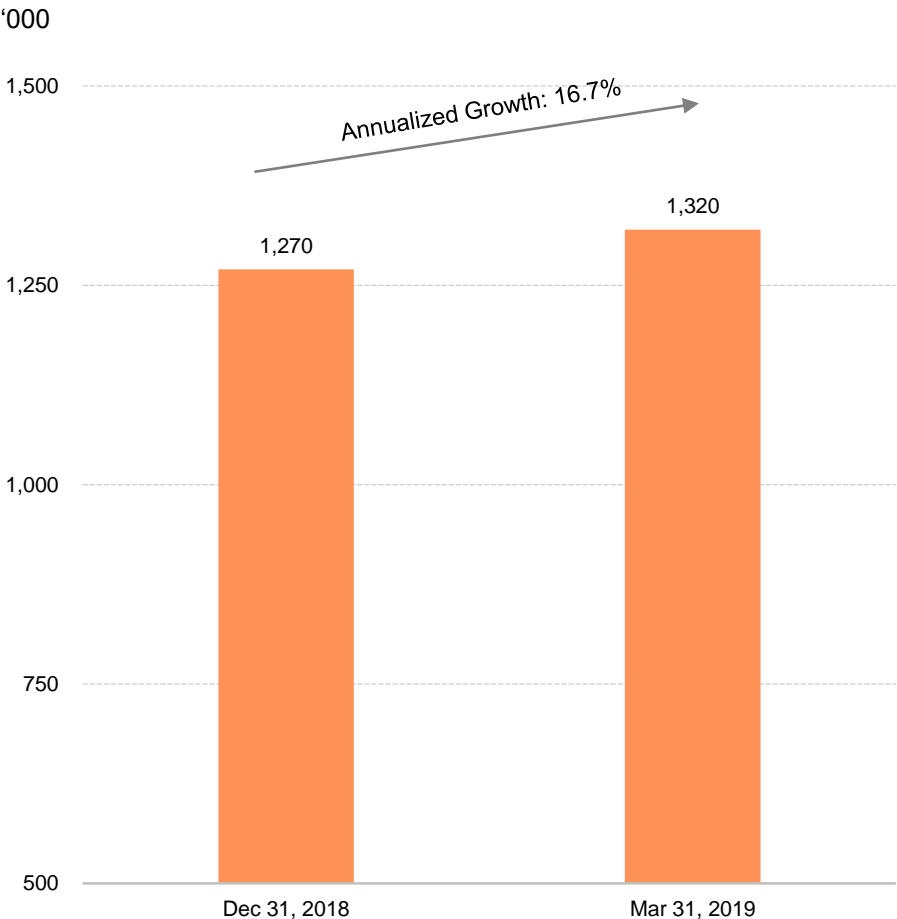


94.2% of rooms nights sold through direct sales

## Individual Membership Growth



## Increase in Corporate Members



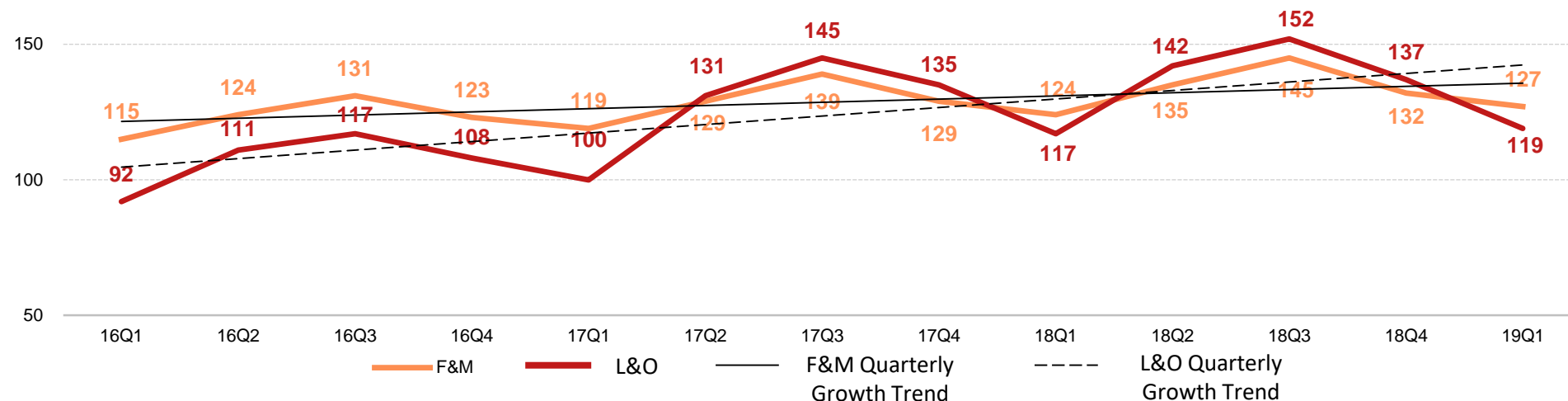


# RevPAR Growth by Quarters



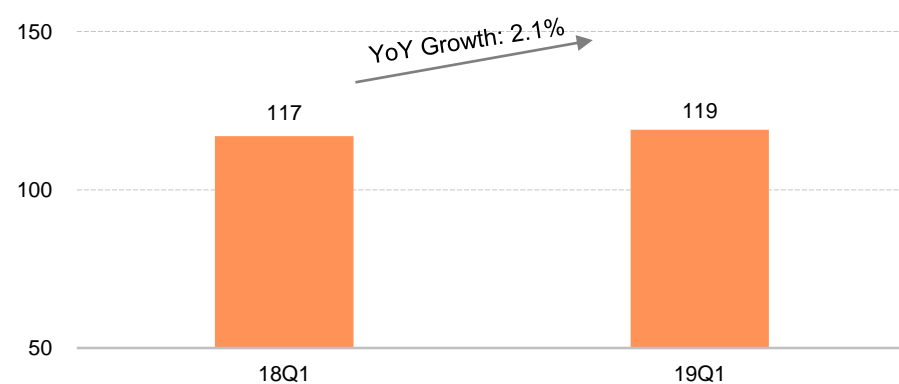
## Quarterly RevPAR

RMB



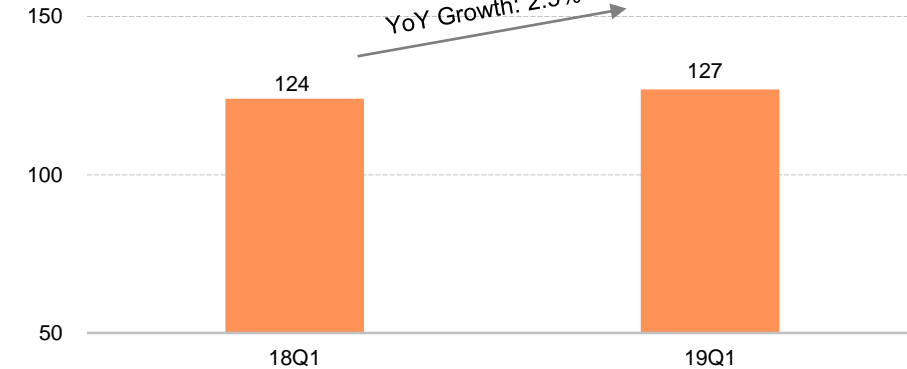
## RevPAR YoY Growth for L&O Hotels

RMB



## RevPAR YoY Growth for F&M Hotels

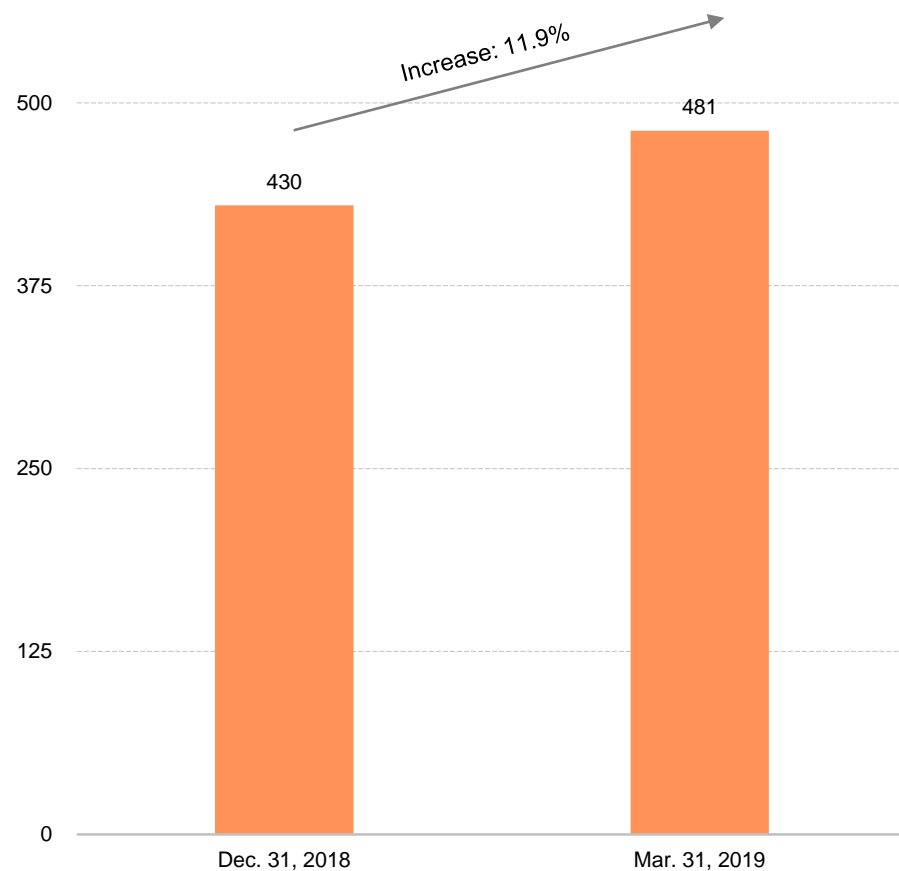
RMB





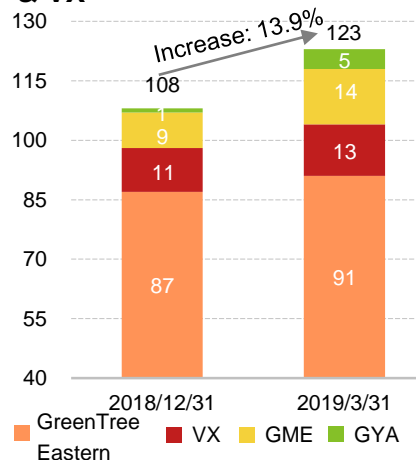
## Increasing Hotel Pipeline

Number of hotels contracted for or under development

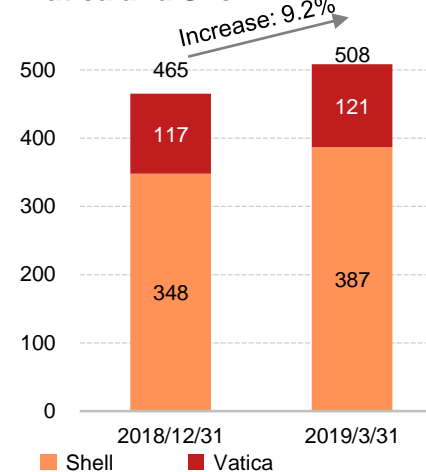


## Growth in business to Mid-to-up-scale and Economy Segments contributes to a More Diversified Portfolio

### GreenTree Eastern, Gme, Gya & VX



### Vatica and Shell



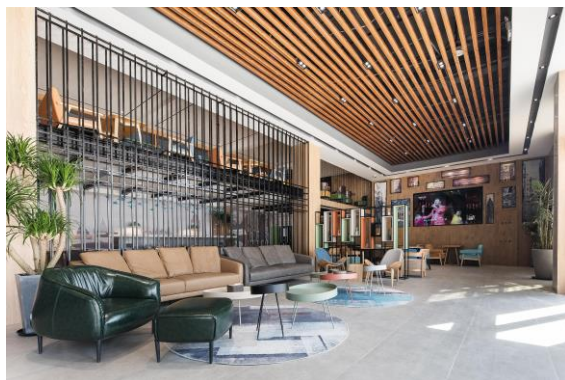
### % of Total Hotels

	2016	2017	2018	2019Q1
Business to Mid-to-up-scale	1.5%	2.2%	3.9%	4.3%
Mid-scale	90.4%	86.6%	79.2%	77.7%
Economy	8.1%	11.2%	16.9%	18.0%

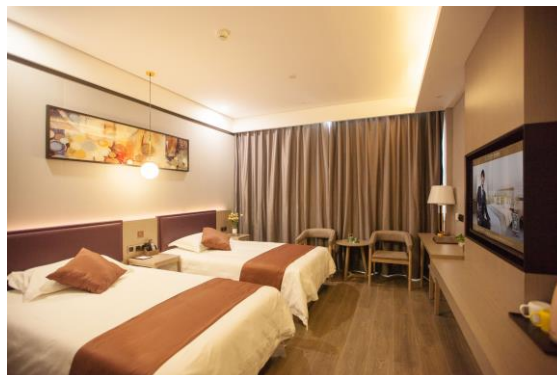
# Further Development of Business to Mid-to-up-scale Brands



- Mid-to-up-scale business hotels designed to be a calm and unique haven for business travelers
- Price: RMB 280–350
- Grand opening of **4** in Q1 2019
- Pipeline: **27**



- Mid-to-up-scale smart, fashionable and trendy hotels highlighting individuality
- Price: RMB 280–350
- Grand opening of **3** in Q1 2019
- Pipeline: **28**



- 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 **2** in Q1 2019
- Pipeline: **22**





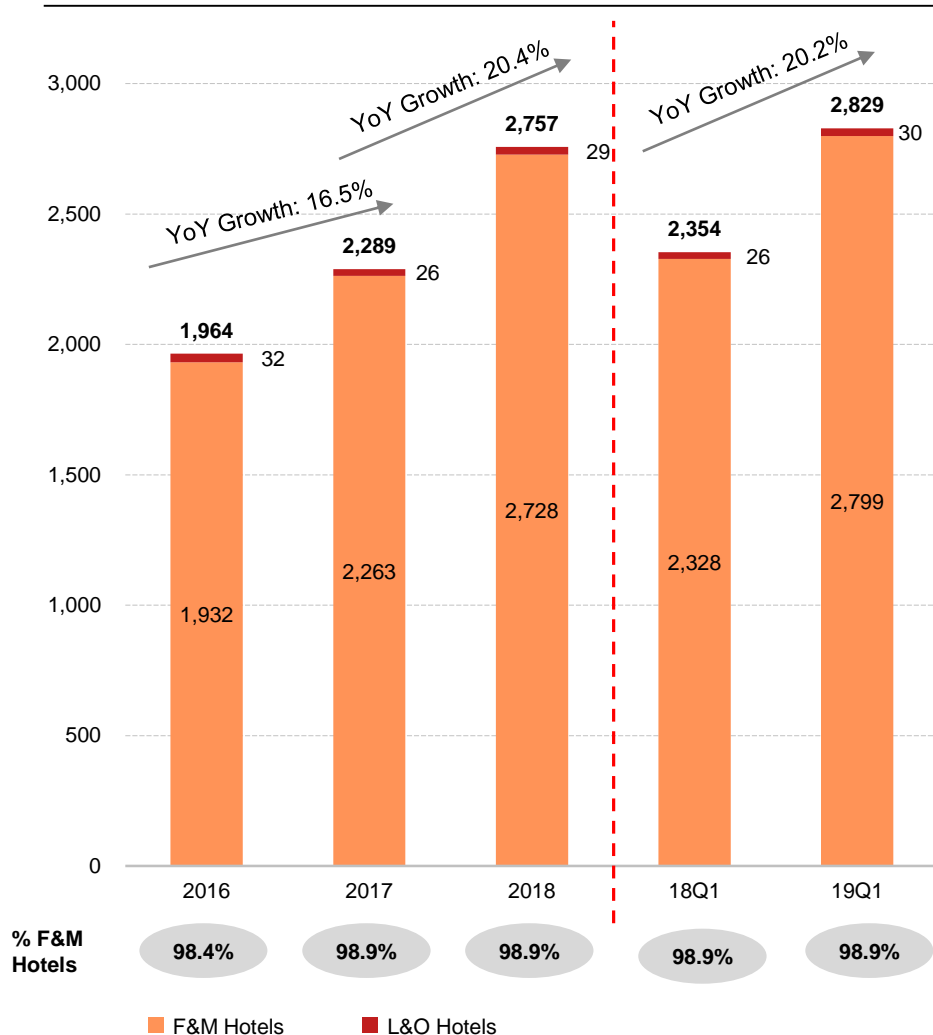
## 2. Operational and Financial Highlights



# Growth with Low Closure Rate

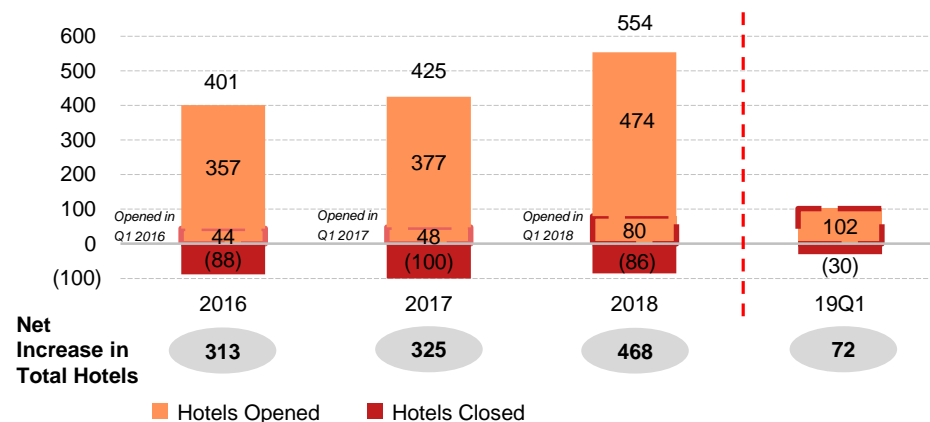


## Increasing Number of Hotels in Operation



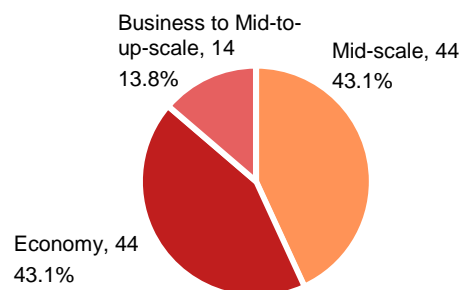
## Hotel Openings / Closures

### Number of hotels

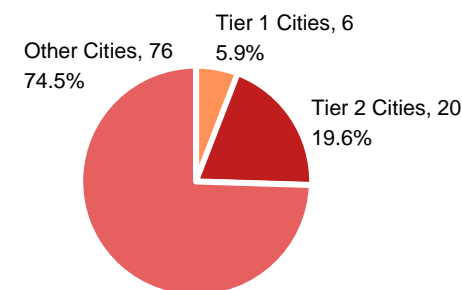


## Breakdown of New Hotel Openings in Q1 2019

### 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

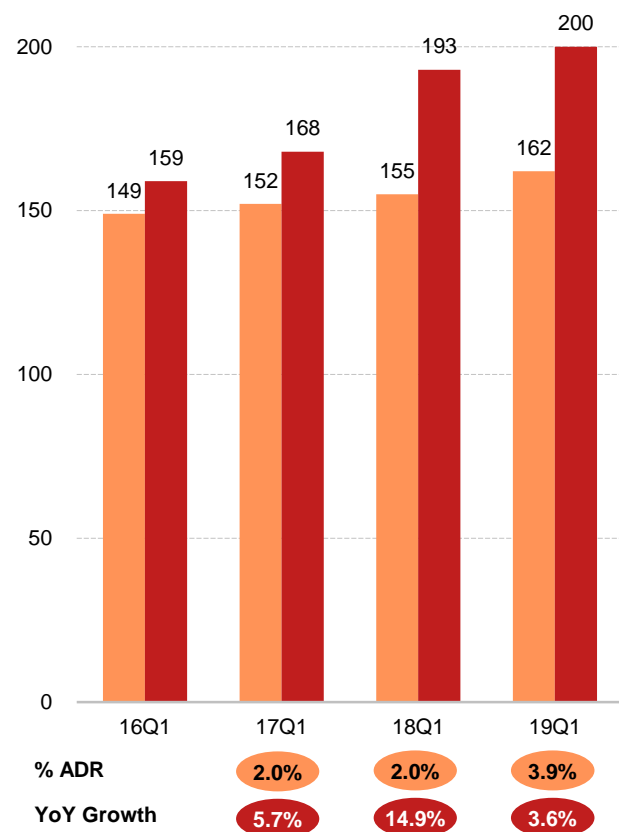
# Improving ADR and Stable Occupancy Lead to Sustained RevPAR Growth



The Company has achieved a steady **2.5%** RevPAR YoY growth.

## ADR

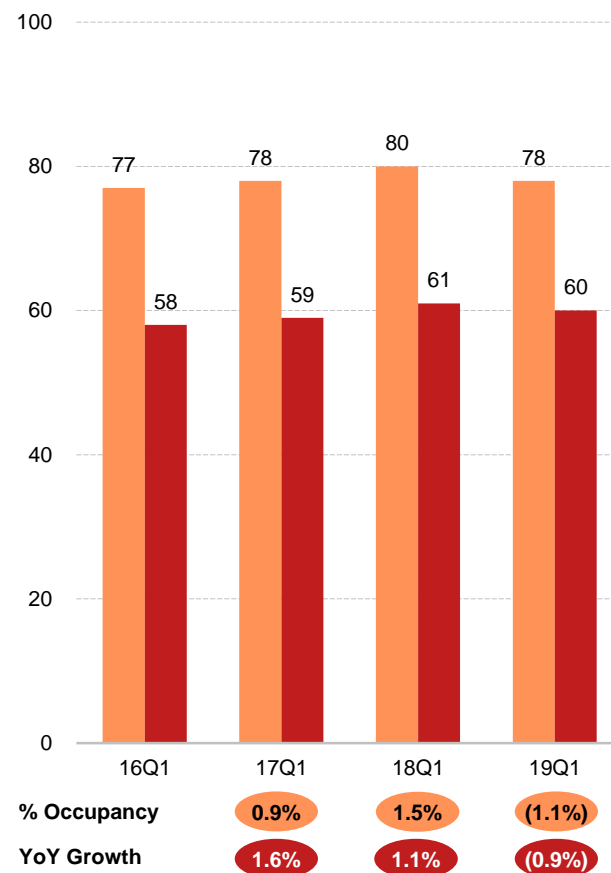
RMB



■ F&M Hotels ■ L&O Hotels

## Occupancy

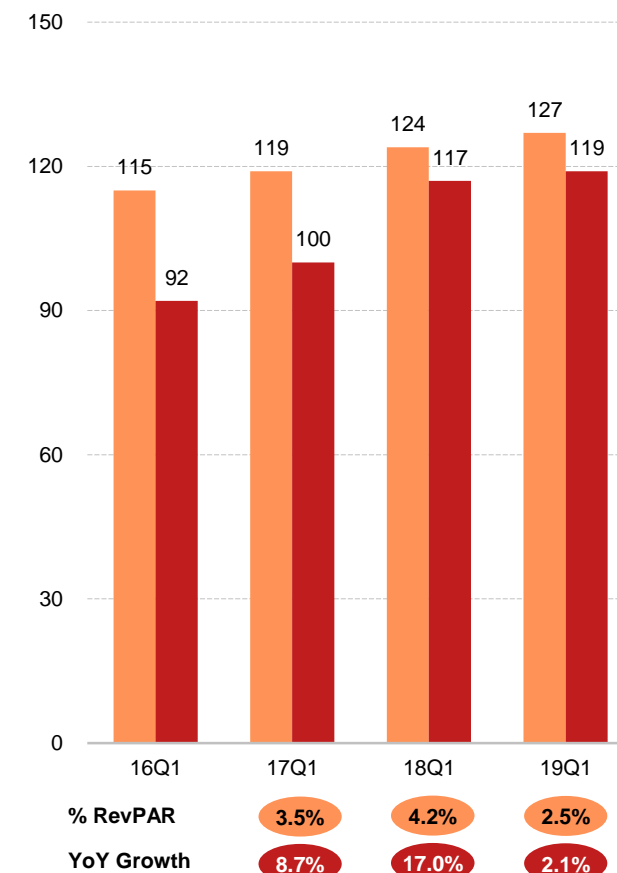
%



■ F&M Hotels ■ L&O Hotels

## RevPAR

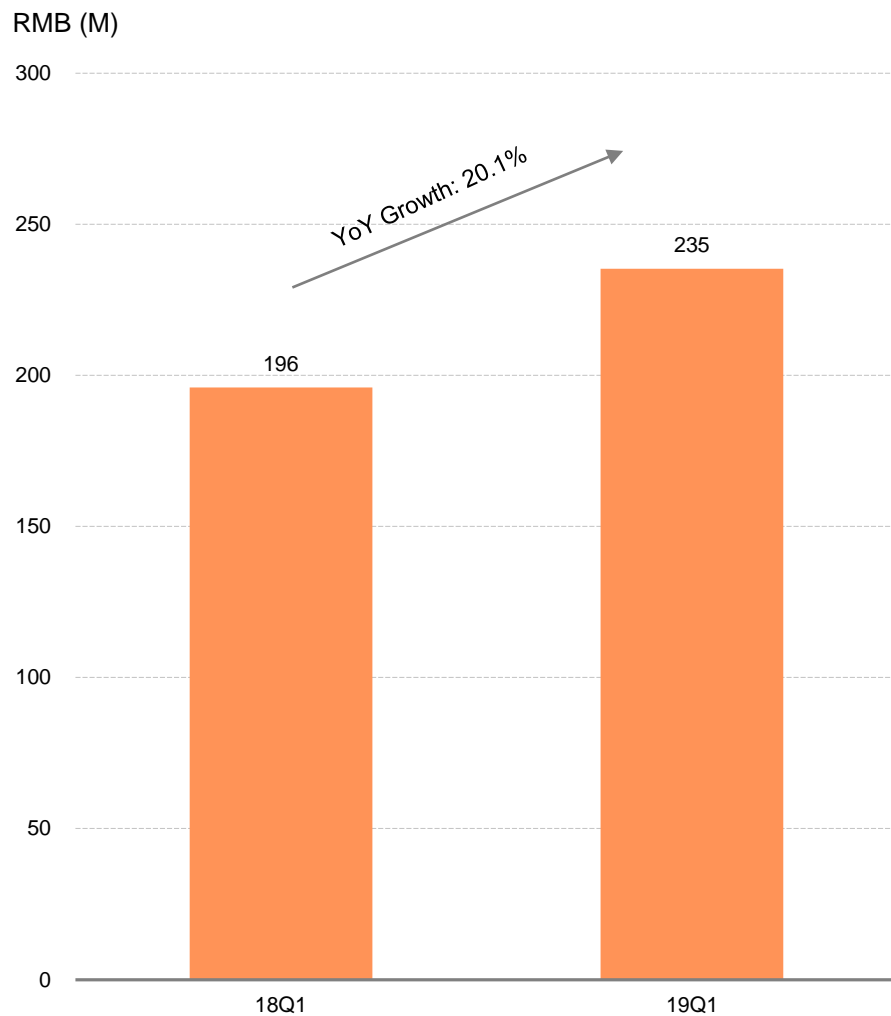
RMB



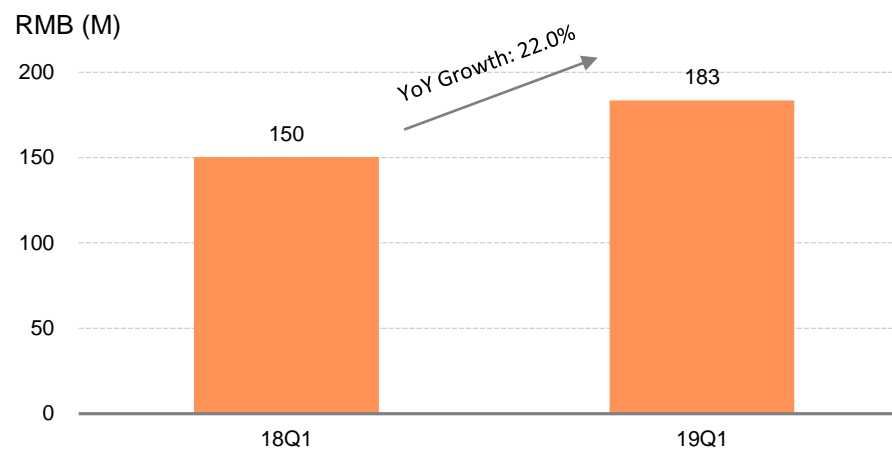
■ F&M Hotels ■ L&O Hotels



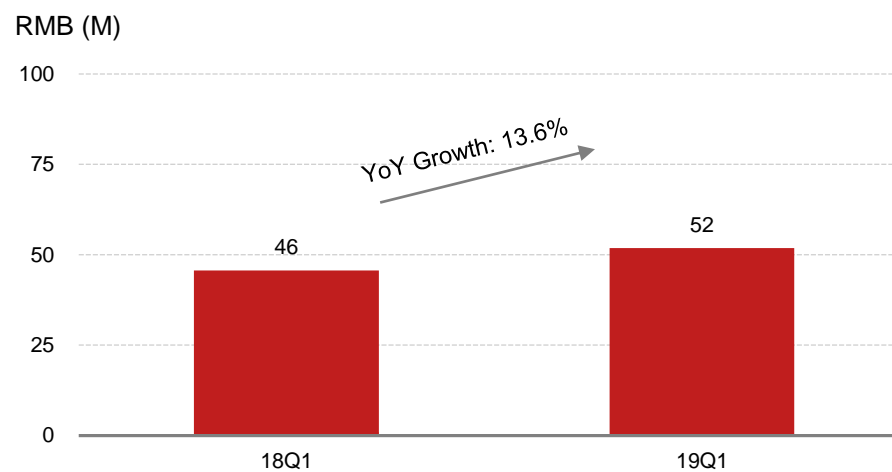
## Total Revenue



## Revenue from F&M Hotels



## Revenue from L&O Hotels

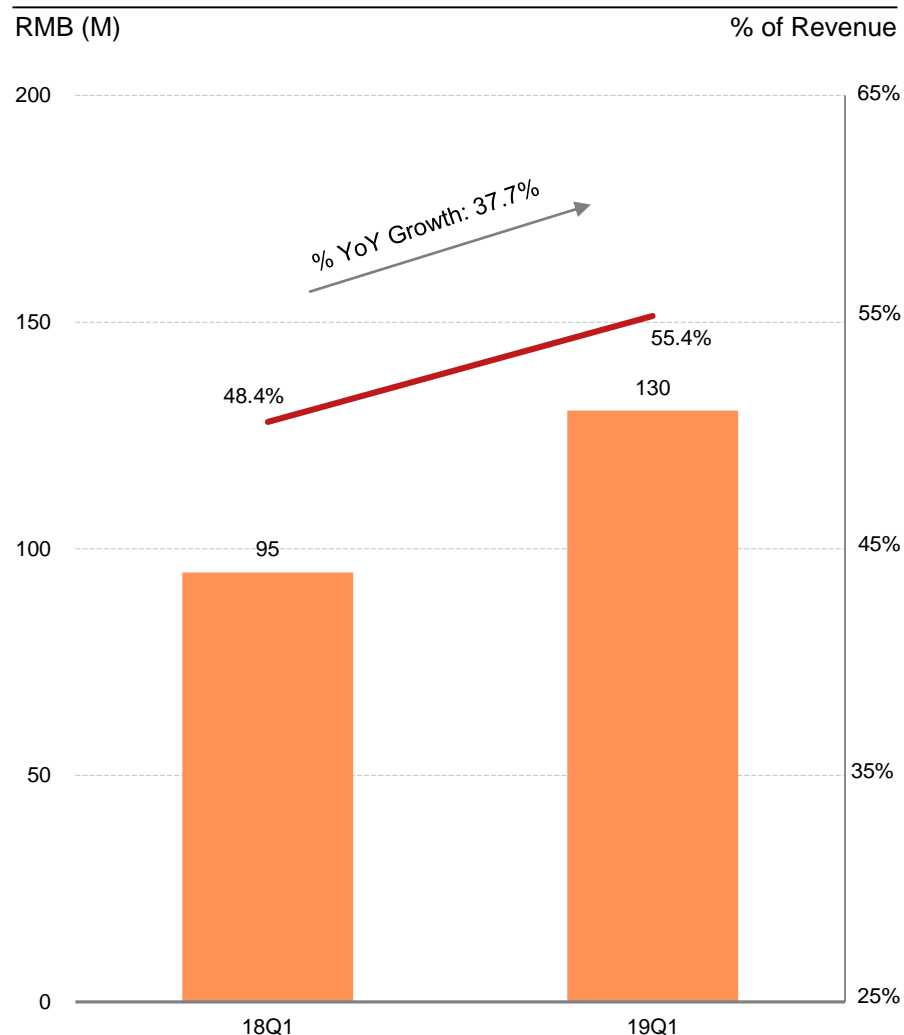




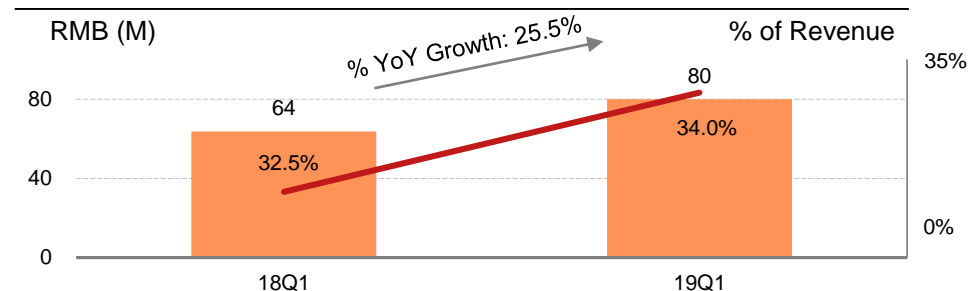
# Operating Cost and Expenses



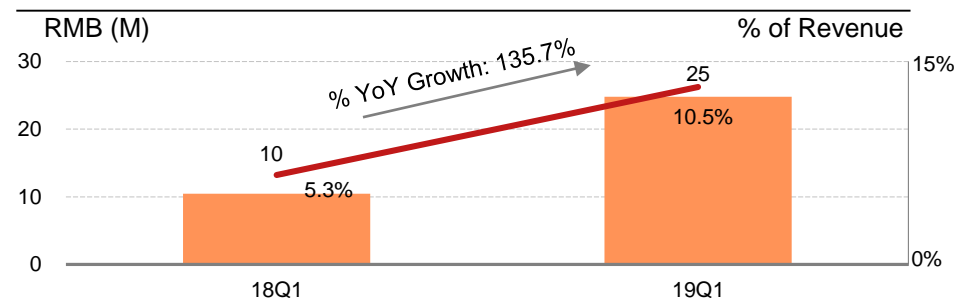
## Total Operating Costs and Expenses<sup>(1)</sup>



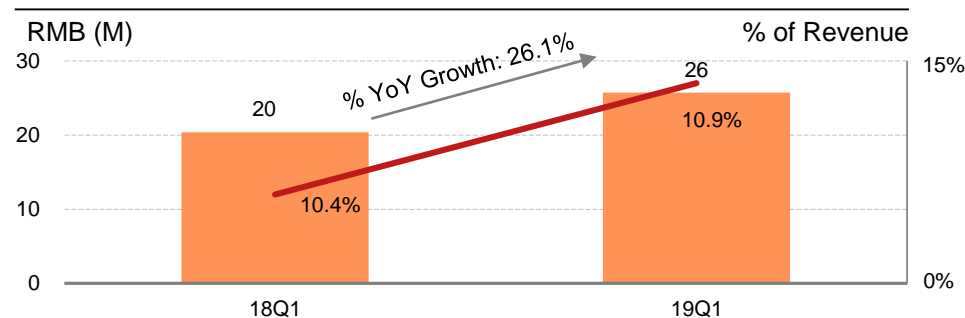
## Hotel Operating Costs



## Selling and Marketing Expenses



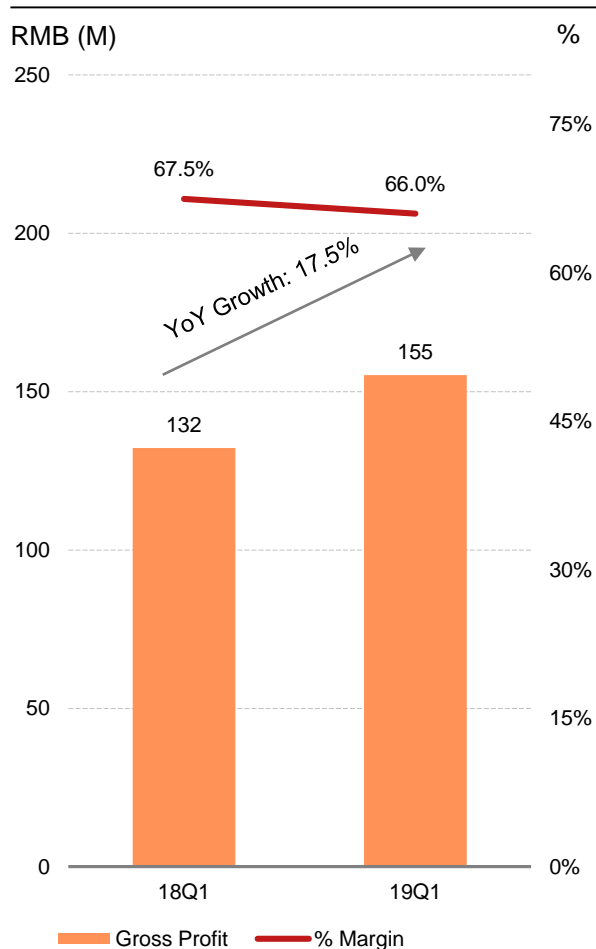
## General and Administrative Expenses



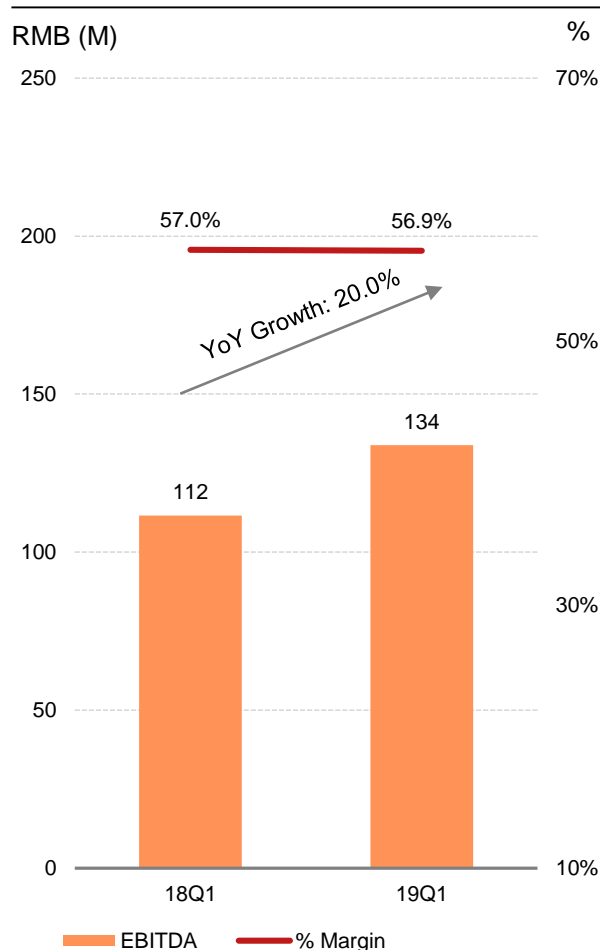
**Note**  
1. Total operating costs and expenses consist of hotel operating costs, selling and marketing expenses, general and administrative expenses and other operating expenses.



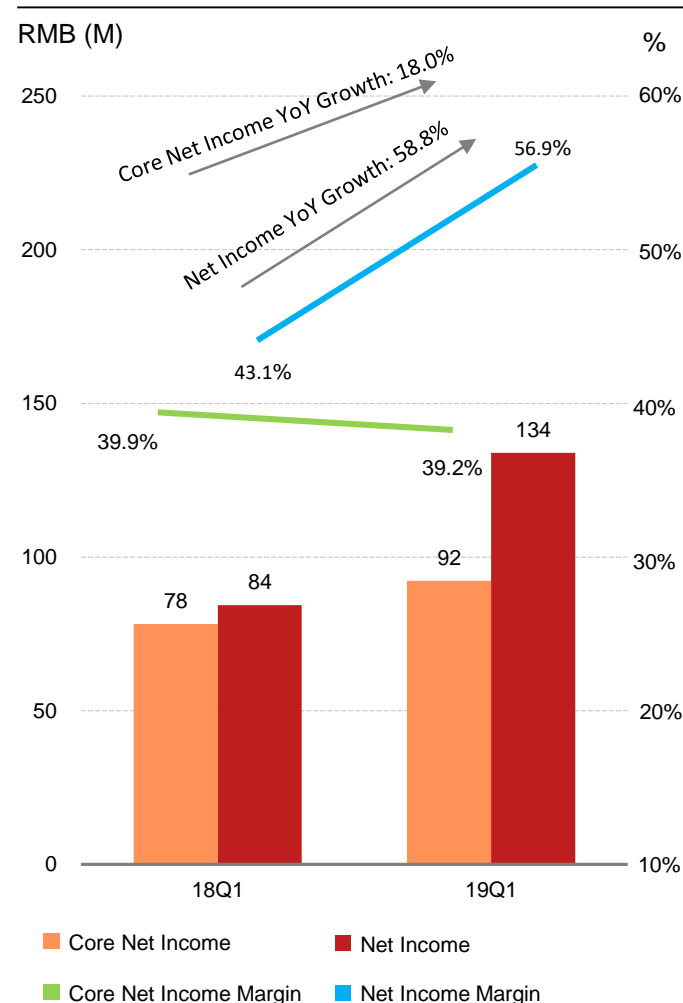
## Gross Profit and Margin



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



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



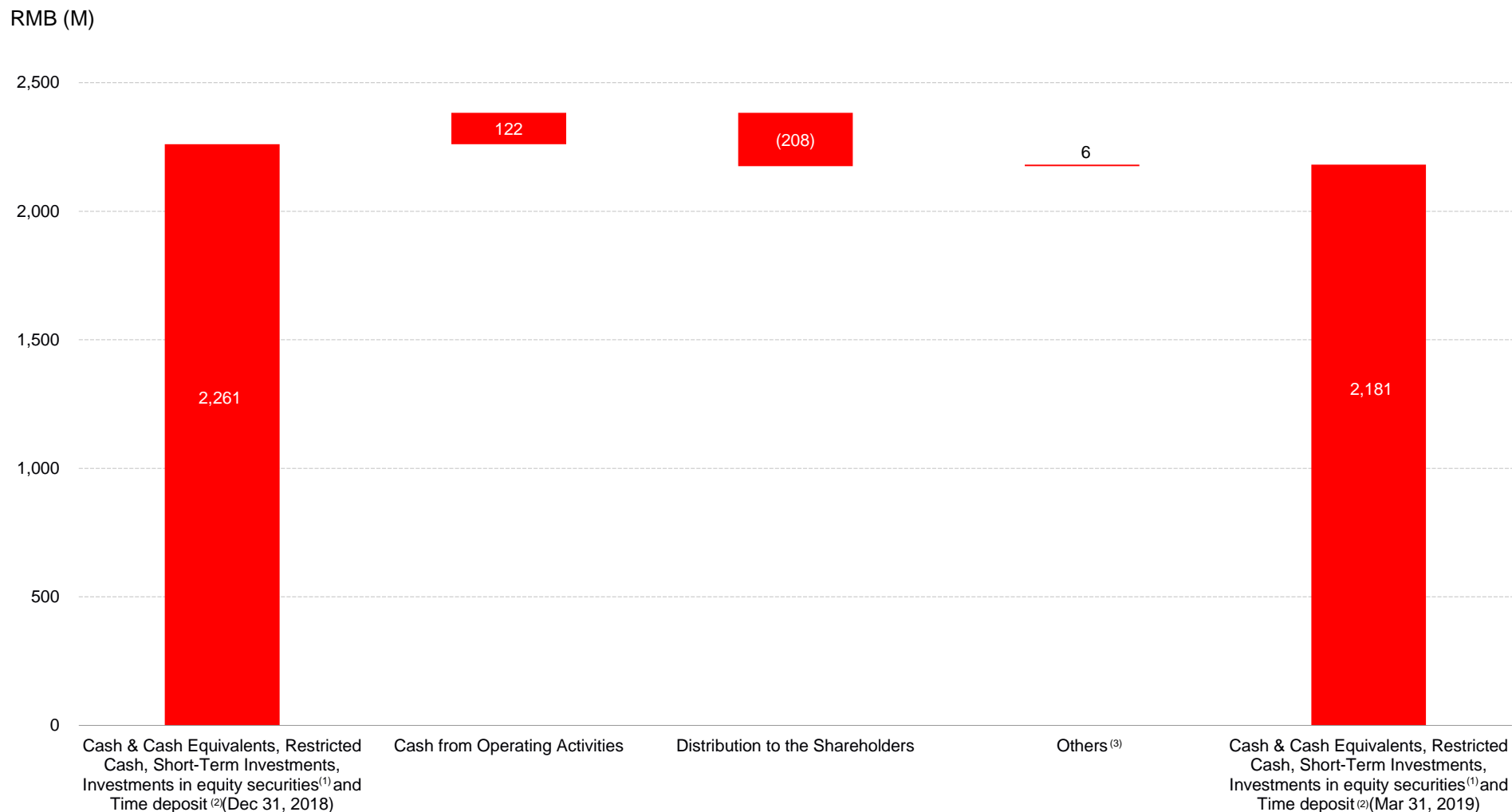
### Notes:

- 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 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).

# Cash and Cash Equivalents



Total cash and cash equivalents, restricted cash, short-term investments, investments in equity securities and time deposit of **RMB2,181M** as of March 31, 2019



**Note**

1. Investments in equity securities include securities and investment in Gingko and New Century which is recorded in Long-term investments account.
2. Time deposits are the time deposit certificates, which last over three months.
3. Others include 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

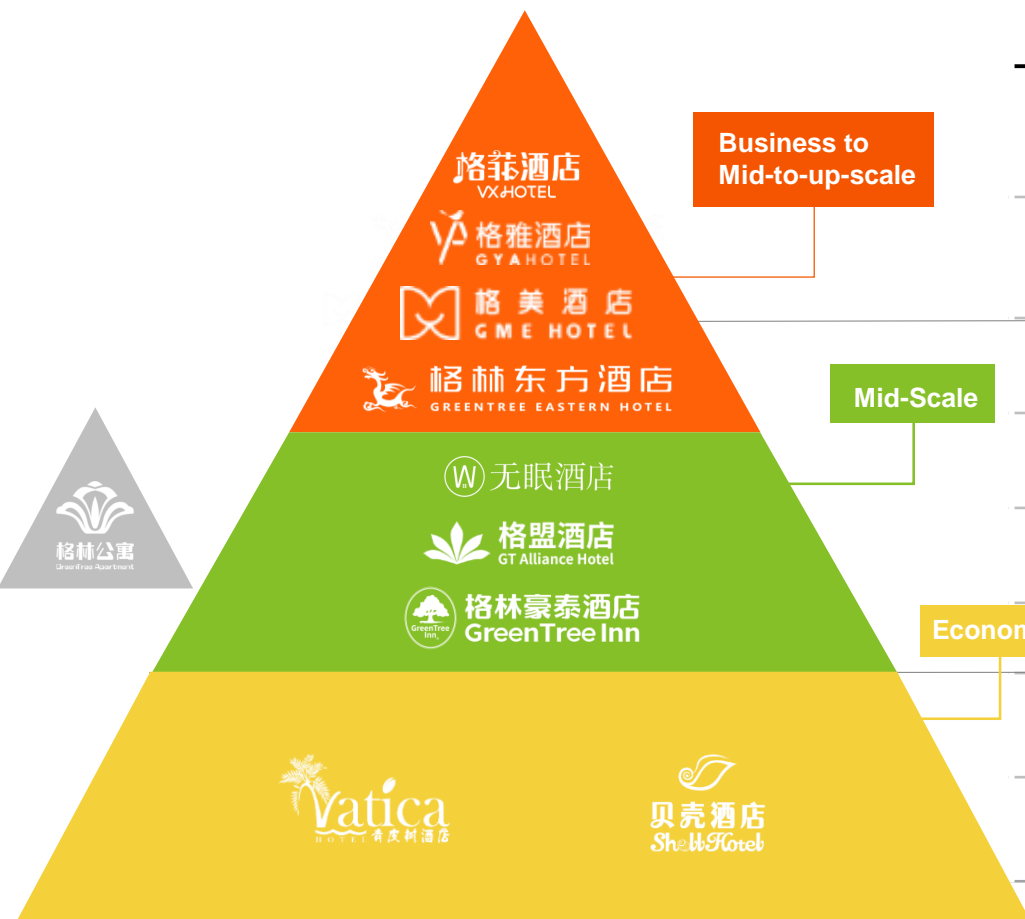
**Thank you!**

**Q&A**



## Appendix: Hotel Performance

# Our Hotel Brands



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	91	9,732
格美酒店 GME HOTEL                      格雅酒店 GYA HOTEL                      格林酒店 VX HOTEL	280–350	2017	32	2,924
W 无眠酒店 <sup>(1)</sup>	270–400	2018	1	62
格盟酒店 <sup>(2)</sup> GT Alliance Hotel	150–400	2008	294	23,090
格林豪泰酒店 GreenTree Inn	180–400	2004	1,901	164,181
格林公寓 GreenTree Apartment Inn	4000/month	2018	2	129
Vatica 度假度假酒店	130–300	2013	121	8,923
贝壳酒店 Shell Hotel	99–260	2016	387	16,716
<b>Total</b>			<b>2,829</b>	<b>225,757</b>

Notes: data as of March 31, 2019

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

# Hotel Breakdown by Segment



	Number of Hotels in Operation		Number of Hotel Rooms in Operation	
	2018Q1	2019Q1	2018Q1	2019Q1
<b>Economy hotels</b>	<b>287</b>	<b>508</b>	<b>15,810</b>	<b>25,639</b>
Vatica	111	121	8,280	8,923
Shell	176	387	7,530	16,716
<b>Mid-scale</b>	<b>2,012</b>	<b>2,198</b>	<b>173,456</b>	<b>187,462</b>
GreenTree Inn	1,755	1,901	152,821	164,181
GT Alliance	257	294	20,635	23,090
无眠酒店 (Wumian Hotel)	-	1	-	62
GreenTree Apartment	-	2	-	129
<b>Business to Mid-to-up-scale</b>	<b>55</b>	<b>123</b>	<b>6,286</b>	<b>12,656</b>
GreenTree Eastern	55	91	6,286	9,732
VX	-	13	-	1,142
Gme	-	14	-	1,337
Gya	-	5	-	445
<b>Total</b>	<b>2,354</b>	<b>2,829</b>	<b>195,552</b>	<b>225,757</b>

**Notes:**

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





	2018Q1	2019Q1
<b>Total hotels in operation</b>	<b>2,354</b>	<b>2,829</b>
Leased and owned hotels	26	30
Franchised hotels	2,328	2,799
<b>Total hotel rooms in operation</b>	<b>195,552</b>	<b>225,757</b>
Leased and owned hotels	3,301	3,790
Franchised hotels	192,251	221,967
<b>Number of cities</b>	<b>266</b>	<b>292</b>

	2018Q1	2019Q1
<b>Occupancy rate (as a percentage)</b>		
Leased-and-owned hotels	60.5%	59.6%
Franchised hotels	79.6%	78.4%
Blended	79.2%	78.1%
<b>Average daily rate (in RMB)</b>		
Leased-and-owned hotels	193	200
Franchised hotels	155	162
Blended	156	162
<b>RevPAR (in RMB)</b>		
Leased-and-owned hotels	117	119
Franchised hotels	124	127
Blended	124	127