



# 华住酒店集团

成就美好生活

China Lodging Group

First Quarter 2013 Results

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**Section I:** Strategy Overview *by CEO*

Section II: Operating Highlights *by COO*

Section III: Financial Highlights *by CFO*

Section IV: Q & A

Our strategy is :

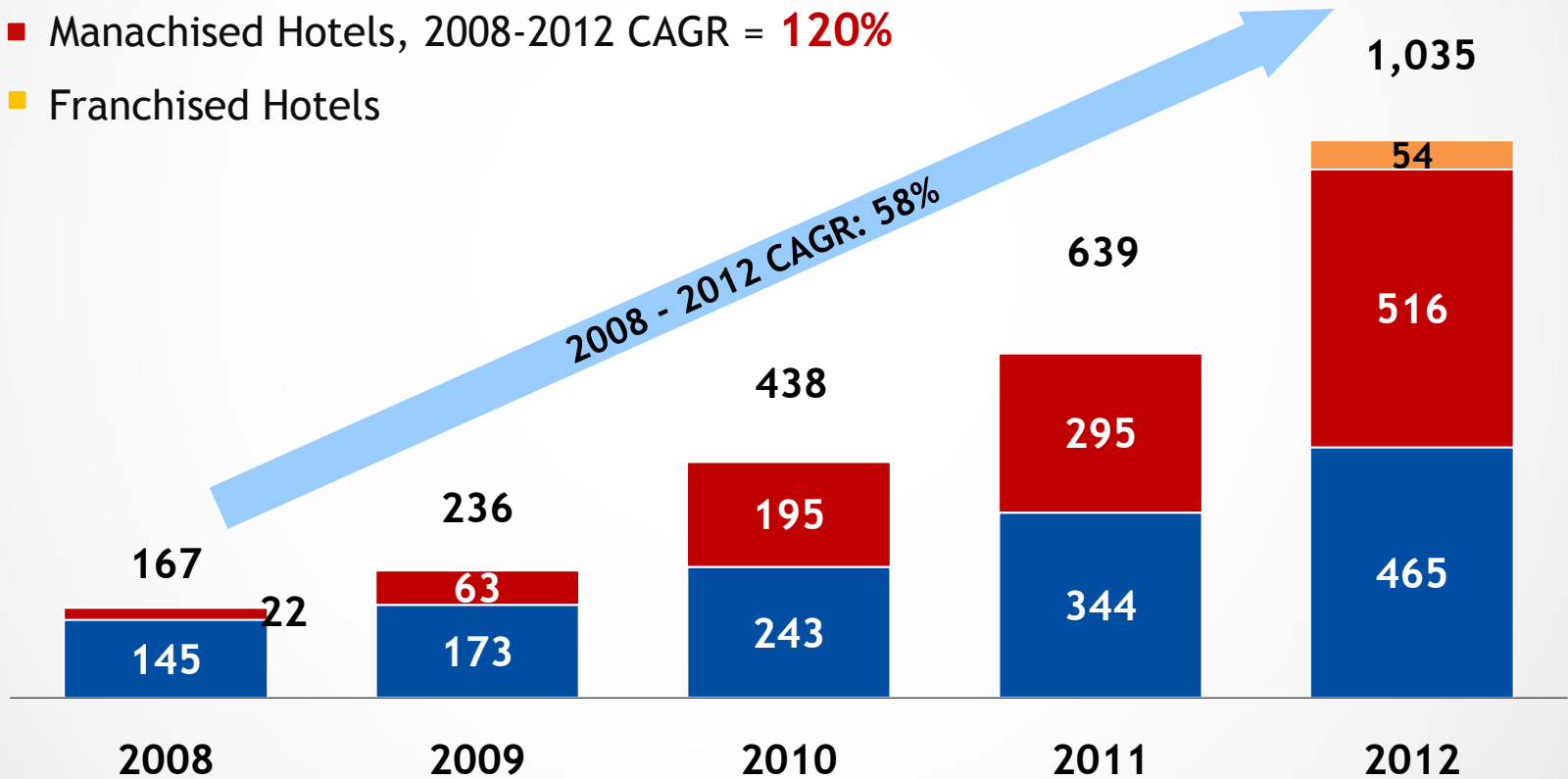
- To Build **Multiple Brands**,
- *To **Expand Fast***,
- To Be **Customers' Favorite**, and
- To Achieve **Leading Profitability**

Through Our People

# Fast Expansion with Accelerated Manachise Business

Number of Hotels in Operation (2008-2012)

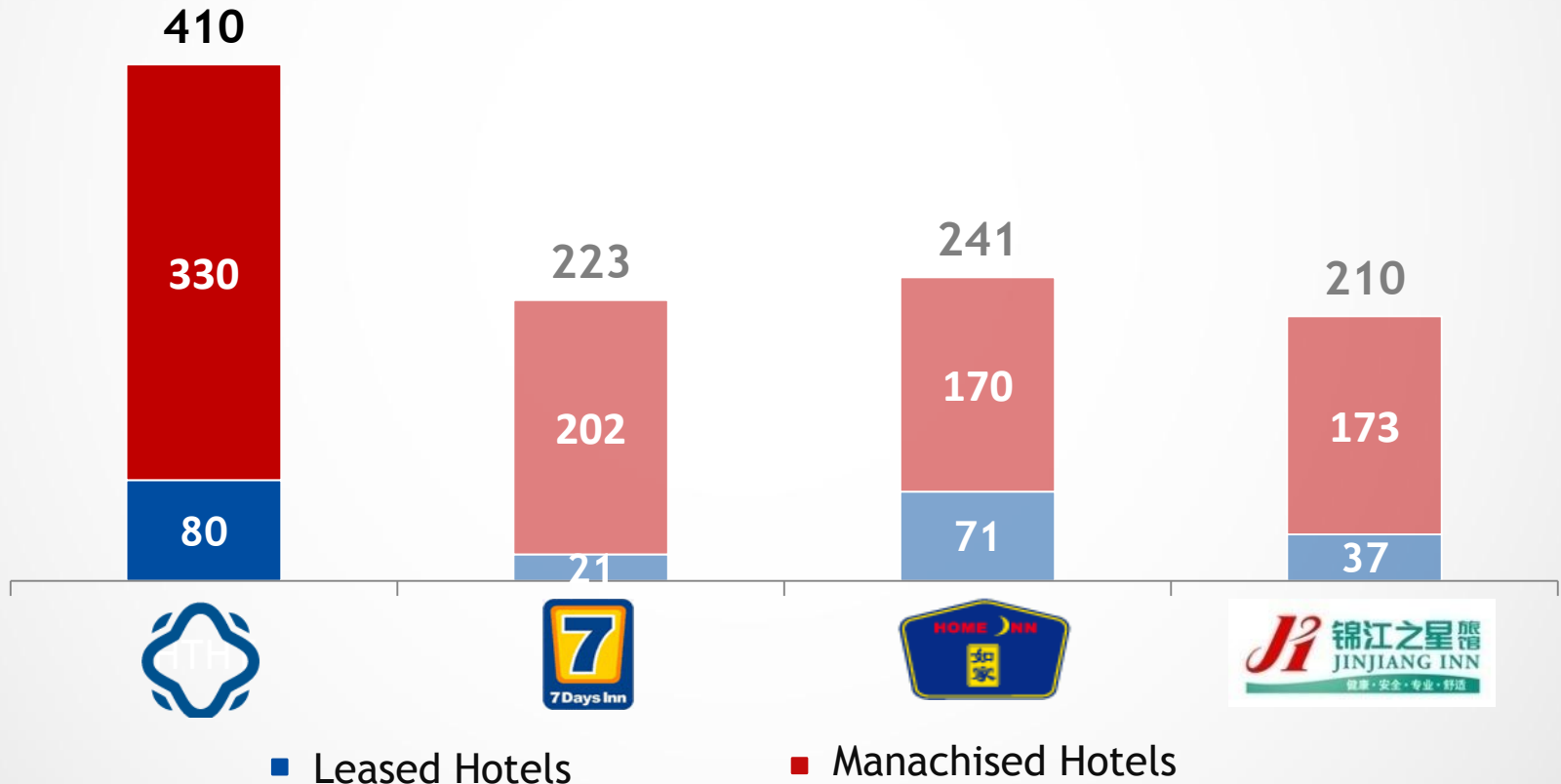
- Leased Hotels, 2008-2012 CAGR = 34%
- Manachised Hotels, 2008-2012 CAGR = **120%**
- Franchised Hotels





# Compared to the Peers, Huazhu also has the Strongest Pipeline that Underpins a Sustainable Rapid Expansion

Number of Hotels in Pipeline (as of 31 Dec 2012)



# Manachise Model Presents An Attractive Growth Opportunity

## Manachise Business

### Accelerate Expansion

- ✓ Allow for very quick expansion
- ✓ Directly manage to ensure quality

### Grow Asset-light

- ✓ No upfront capital investment
- ✓ Immediately enhance ROA, ROE

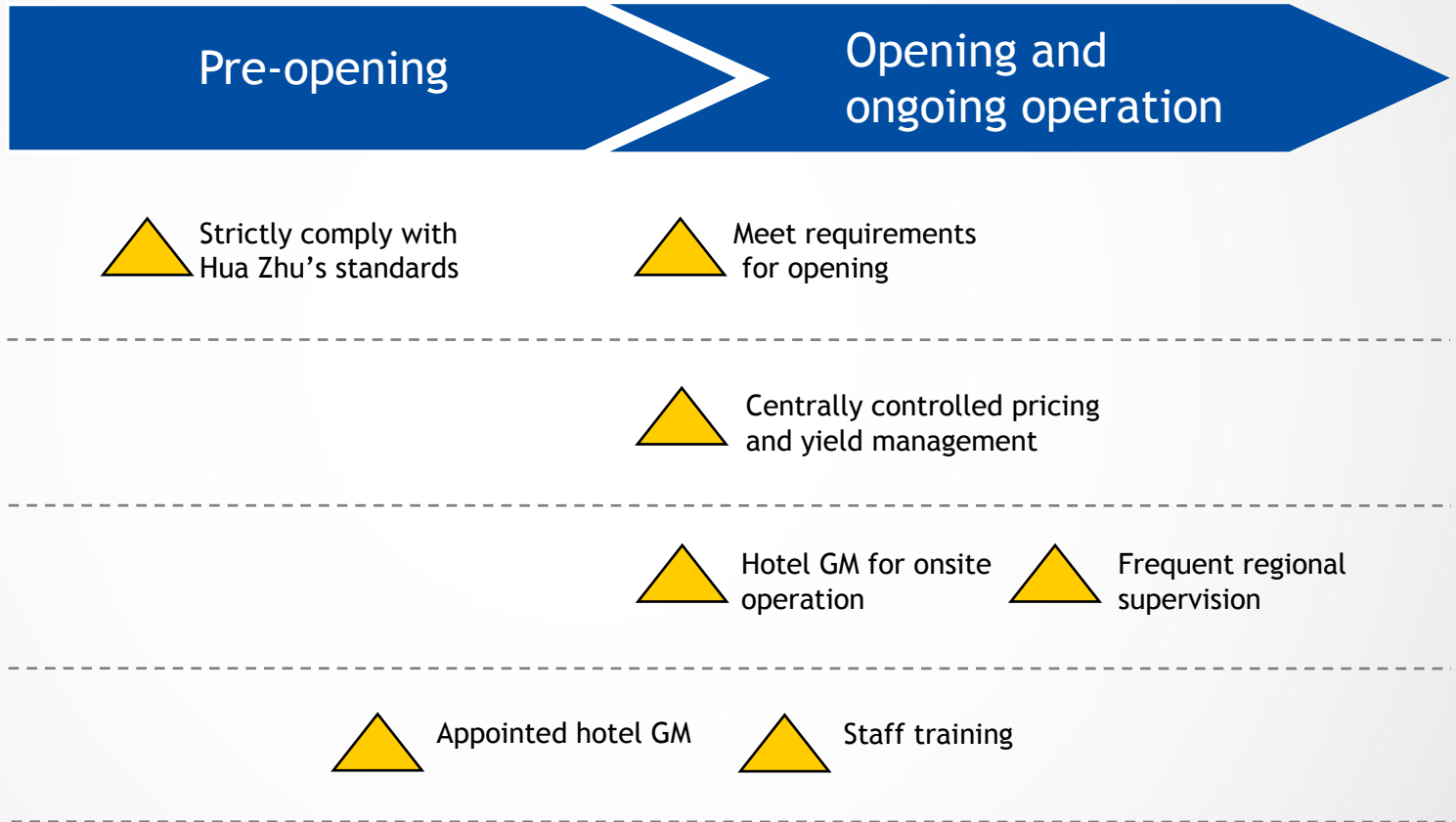
### Generate Stable Profit Stream

- ✓ Obtain high-margin franchise fee
- ✓ Generate stable revenue

### Leverage Franchisees' Local Expertise

- ✓ Utilize franchisees' access to inexpensive leased or owned properties
- ✓ Leverage local personal relationship

# Strict Control Over Manachised Hotels to Ensure Quality Consistency





# Huazhu Creates a Win-win Relationship with Franchisees

## We add value by...



Leading RevPAR Performance

- ✓ Strong brands & multiple choices
- ✓ High-quality membership program & strong direct sales capability

Extraordinary Customer Experience

- ✓ Tasteful room design
- ✓ Continuing initiatives to enhance customer experience

Effective Cost Control

- ✓ Low staff-to-room ratio
- ✓ Centralized sourcing



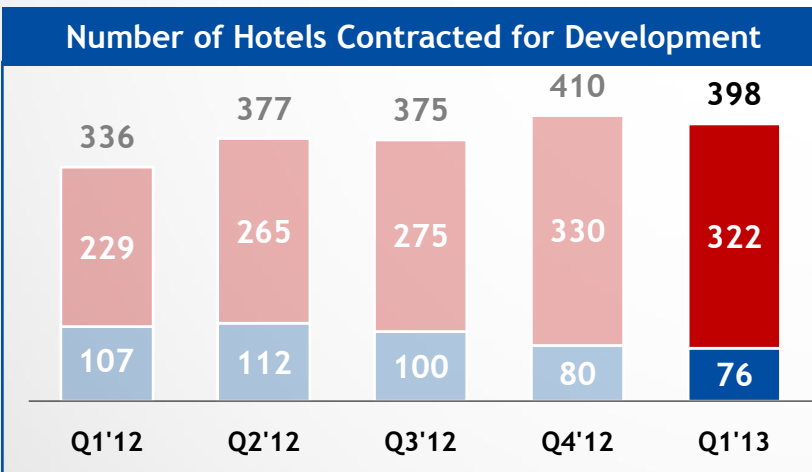
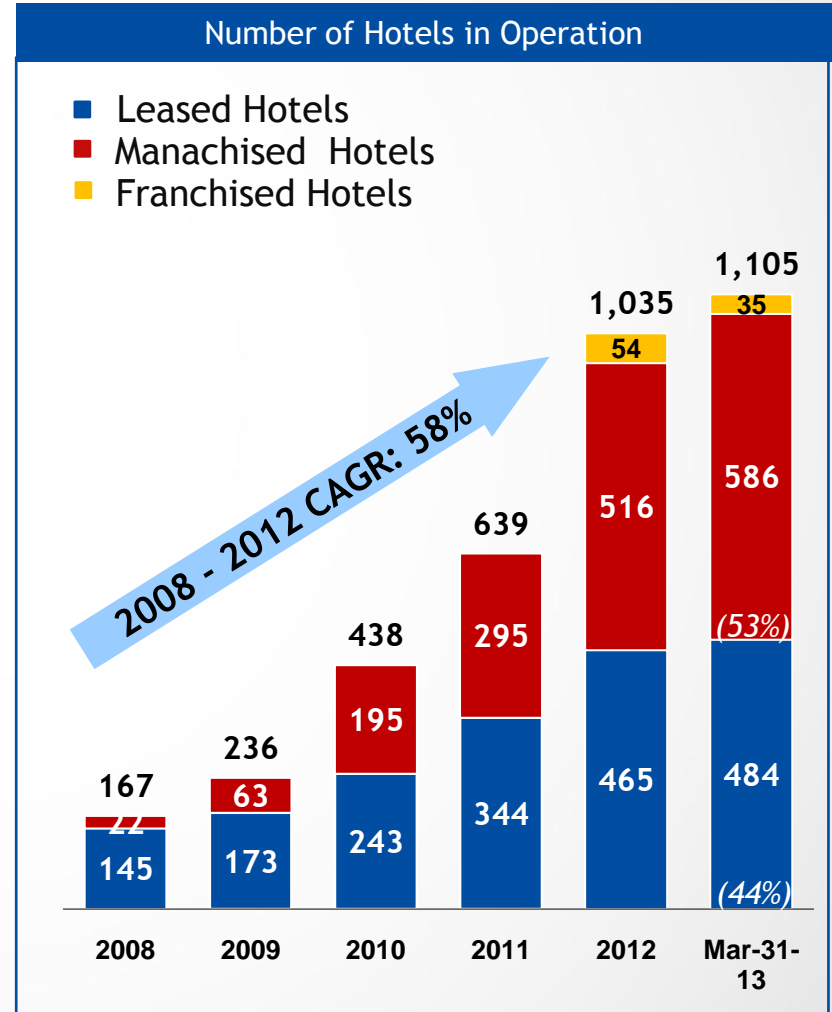
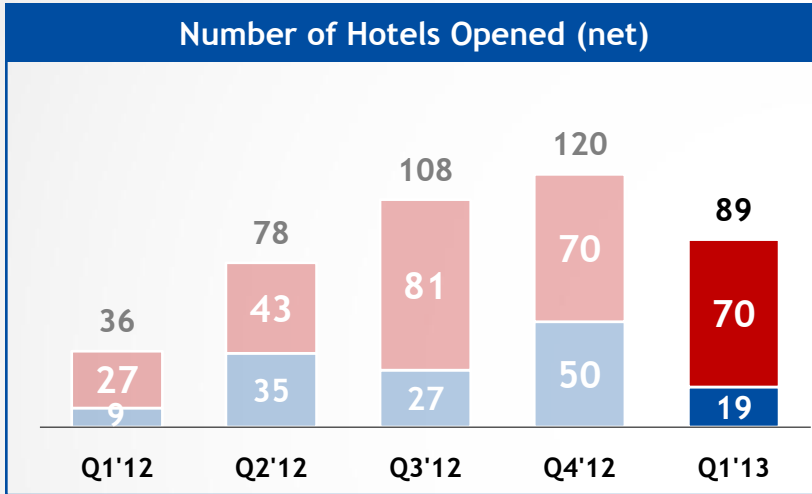
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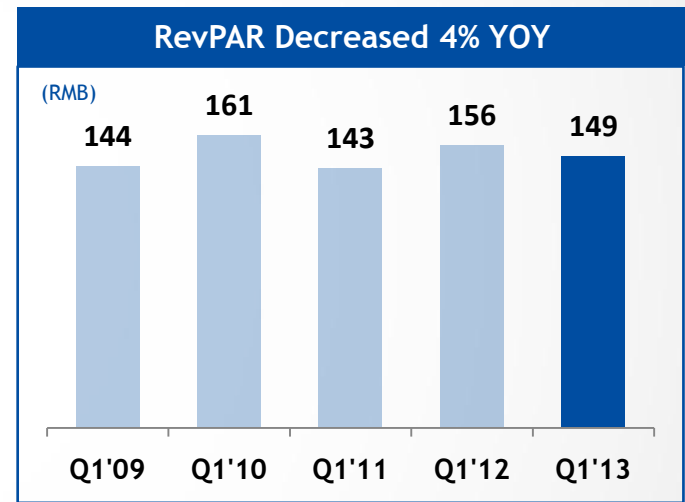
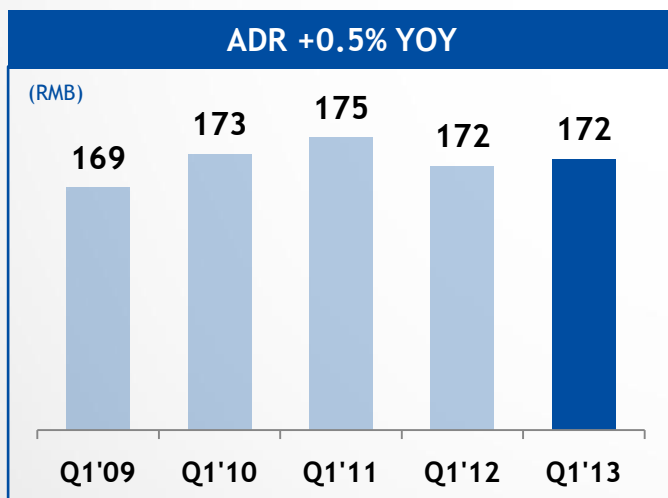
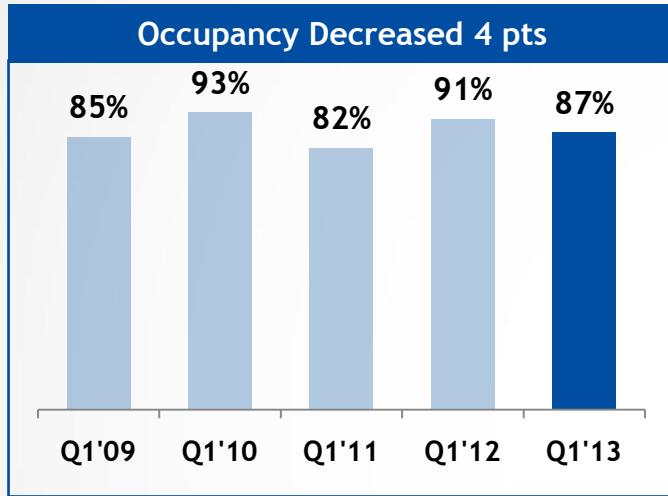
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# Hotel Openings Beyond Expectation, thanks to the Accelerated Expansion from Manachise Business



# RevPAR Decreased 4% YOY as a Result of a Higher % of Ramp-up Hotels and City Mix Shifting toward Lower-tier Cities



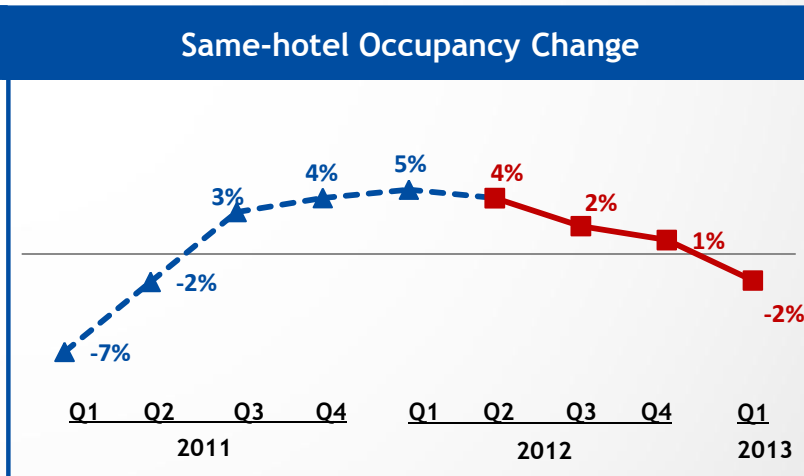
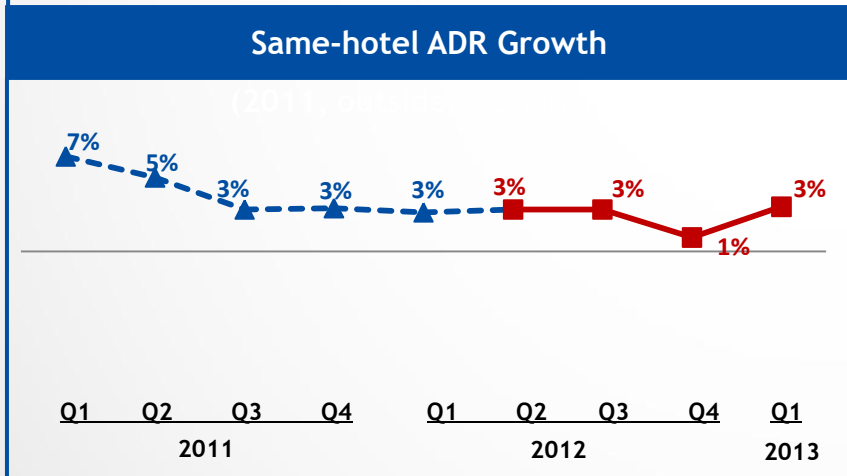
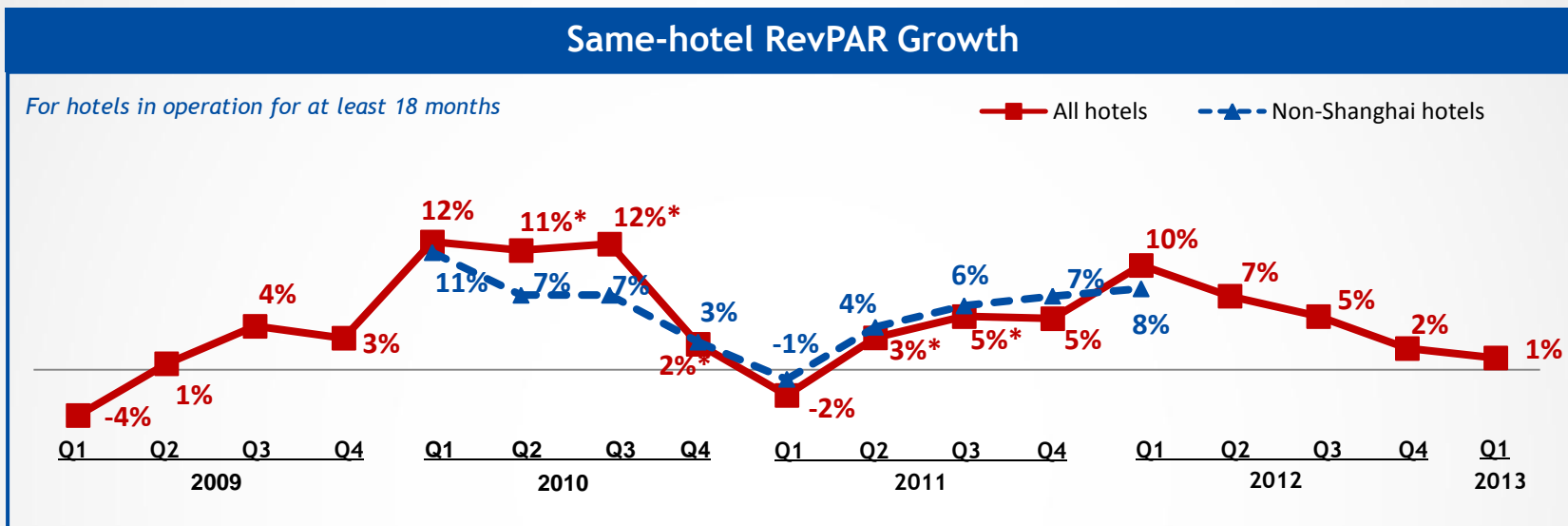
Weight of new hotels at ramp-up stage

Q1'11	Q1'12	Q1'13
22%	16%	19%

Weight of hotels in operation in tier-1 cities

Q1'11	Q1'12	Q1'13
45%	46%	40%

Figures excluding franchised Starway hotels



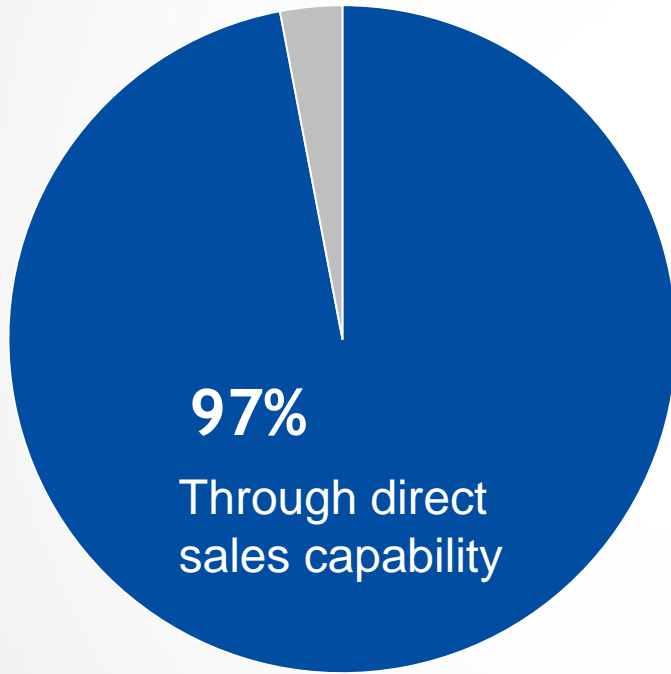
\* Normalized for Shanghai Expo

Figures excluding franchised Starway hotels

# Strong Direct Sales Capability Supported by a Fast-growing Membership Program

## Strong Direct Sales Capability

For Q1 2013

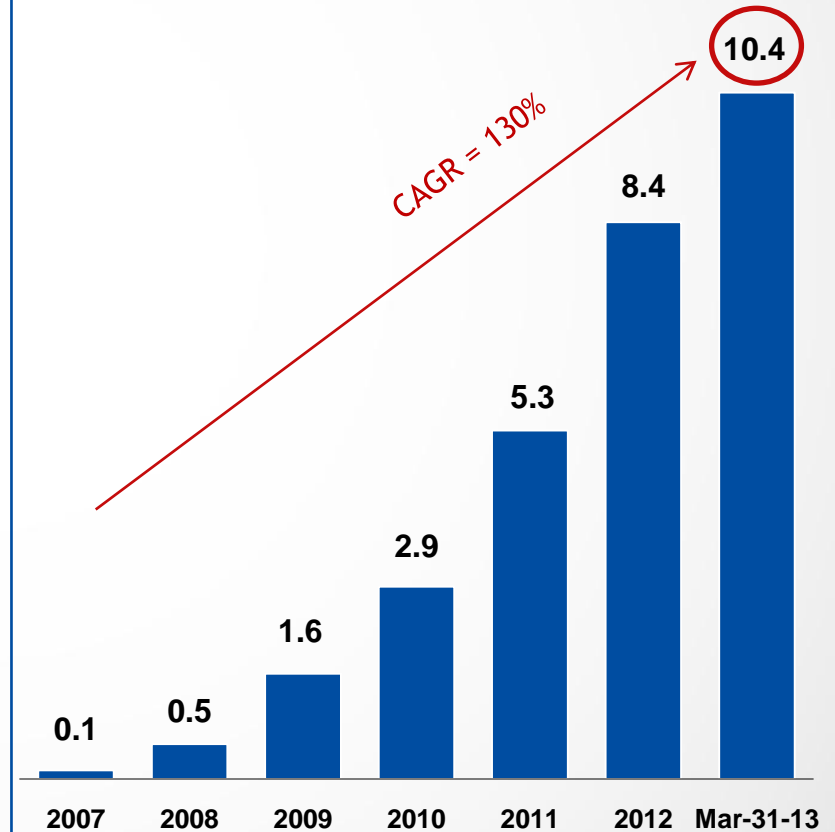


■ Direct Sales Capability   
 ■ Agencies

## Robust Growth of Membership Program

(Millions)

*Exceeded 10M Members*





# Continuing Initiatives to Enhance Customer Experience (1): Express Check-out



- ✓ Full payment at check-in
- ✓ Express check-out
- ✓ For all Hua Zhu members

# Continuing Initiatives to Enhance Customer Experience (2): Free Wifi Coverage



✓ Wifi coverage in lobby and room

✓ Free for use for hotel customers

# Continuing Initiatives to Enhance Customer Experience (3): **DIY Room Selection**



- ✓ Make reservation through e-channels
- ✓ Settle payment
- ✓ Select room through e-channels by yourself
- ✓ Express Check-in

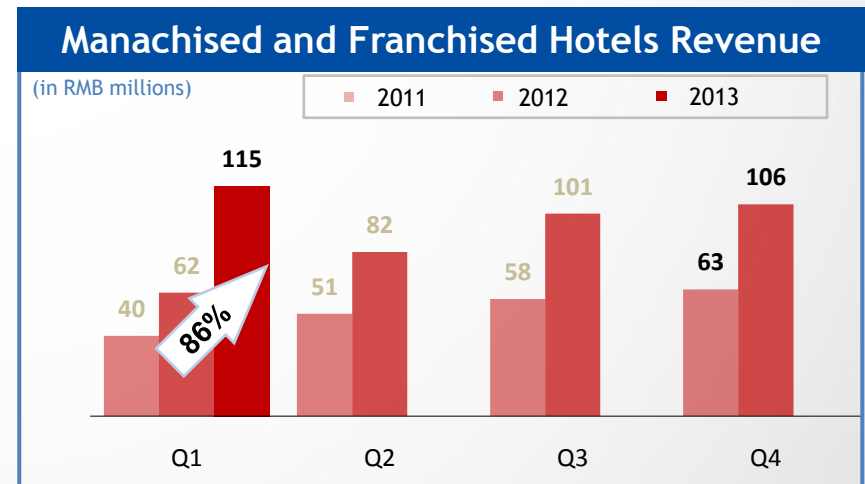
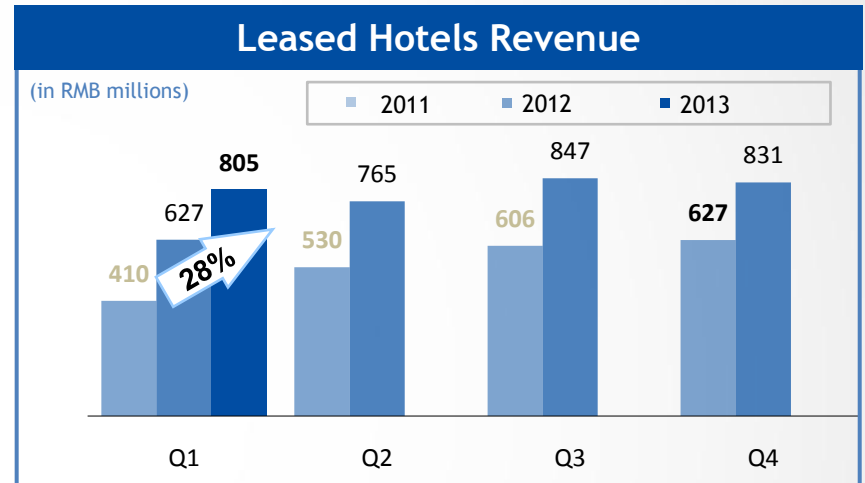
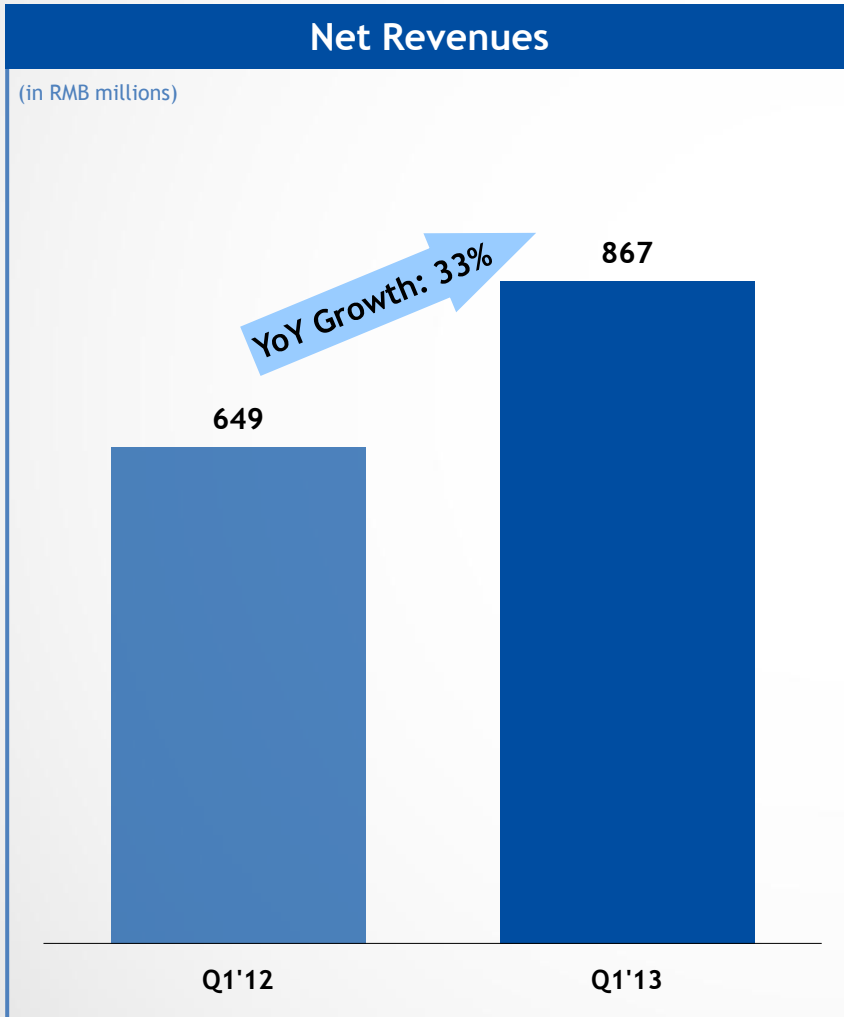
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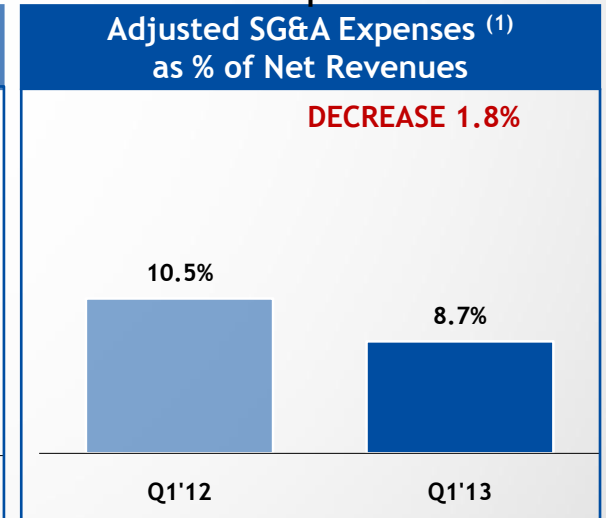
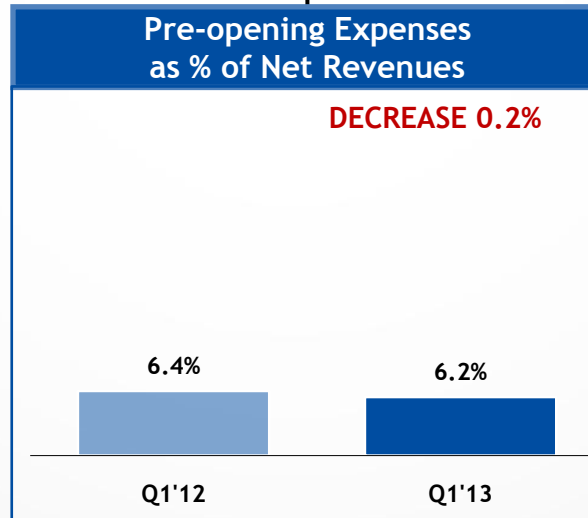
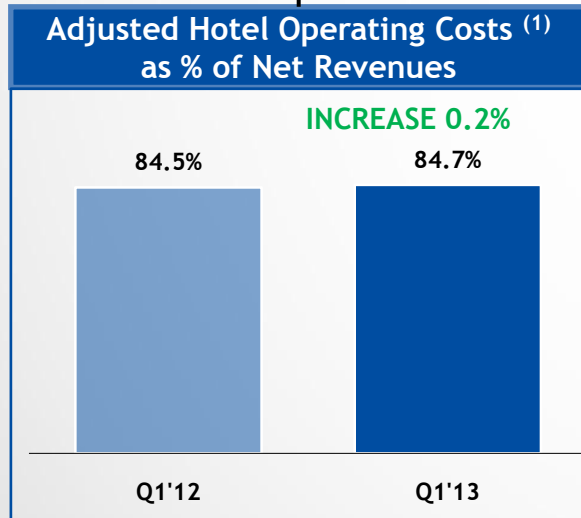
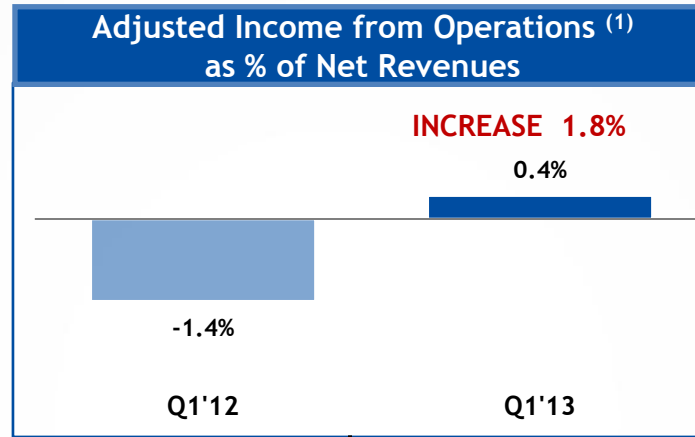
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# Q1 Net Revenues +33% YOY, Exceeded the High End of Guidance



# Q1 EBIT Margin Improved 1.8 Pts due to Economy of Scale and Cost Saving Efforts



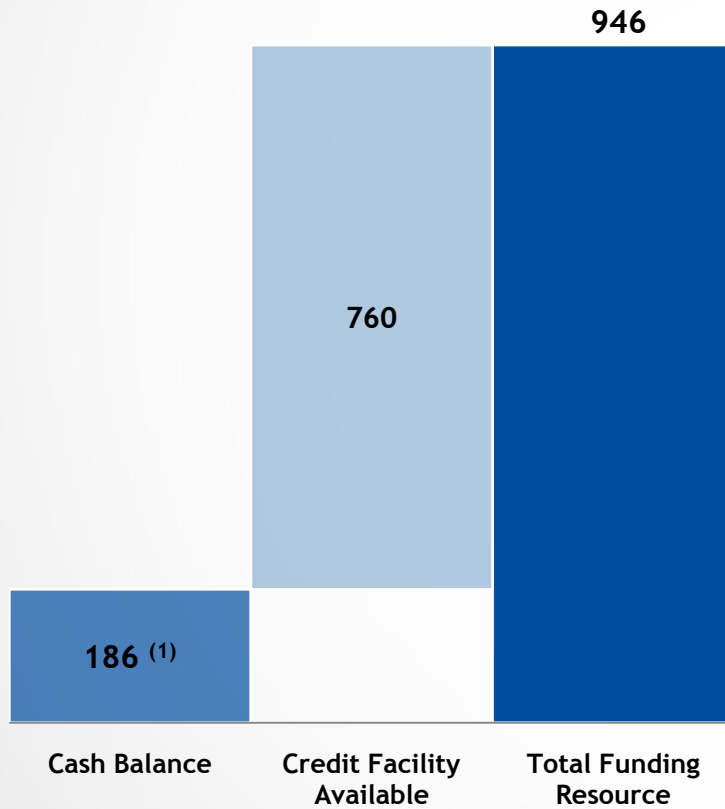
(1) Excluding share-based compensation expenses.



# Cash Position Remained Strong with Sufficient Funding Sources

## Abundant Funding Resource for Expansion

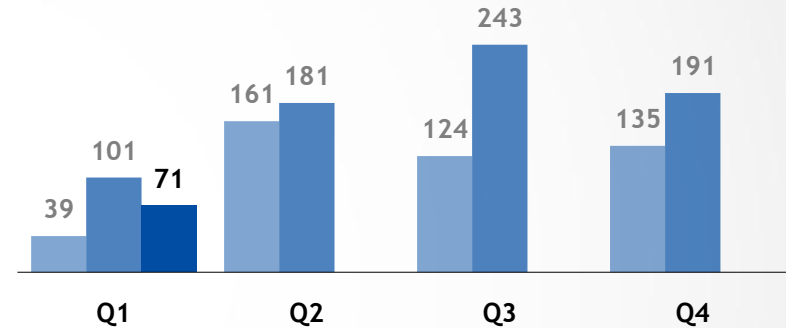
(in RMB millions)



## Cash Generated from Operations

(in RMB millions)

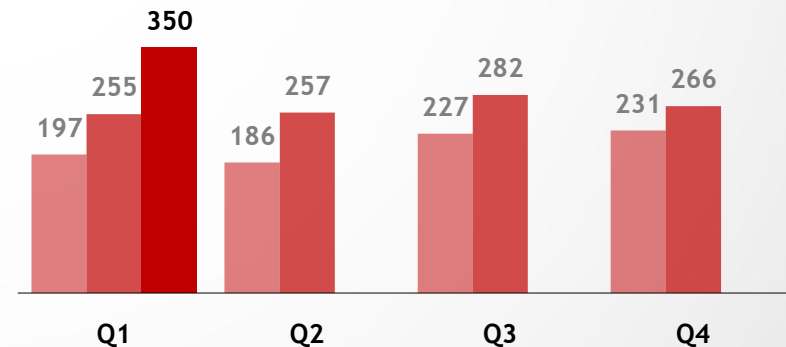
■ 2011 ■ 2012 ■ 2013



## Cash Spent on Investment <sup>(2)</sup>

(in RMB millions)

■ 2011 ■ 2012 ■ 2013



(1) Calculated as cash and cash equivalent, restricted cash, short-term investment.

(2) Cash spent on the purchase of property and equipment, purchase of intangible assets and acquisitions.

- Revise the hotel opening target for full year 2013
  - around 100 leased hotels
  - around 300 manachised hotels (previously: 230 to 270 )
  
- Q2'13 net revenues in the range of RMB1,014 to 1,029 million, representing 27% to 29% year-over-year growth

# Q & A



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