



# 华住酒店集团

成就美好生活

China Lodging Group

First Quarter 2013 Results

Statements in this presentation contain “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, including, among others, those relating to China Lodging Group, Limited (“Hua Zhu” or the “Company”)'s beliefs as to the growth of the Chinese economy and the hotel industry and the factors driving expected growth, the Company's growth strategy and expansion plan, and the competitive advantage and expected execution of its hotel pipeline development and business model. These forward-looking statements are not historical facts but instead represent only the Company's belief regarding future events, many of which, by their nature, are inherently uncertain and outside of the Company's control. The Company's actual results and financial condition and other circumstances may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. In particular, the Company's operating results for any period are impacted significantly by the mix of leased hotels, managed hotels, and franchised hotels in its chain, causing the Company's operating results to fluctuate and making them difficult to predict.

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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 :

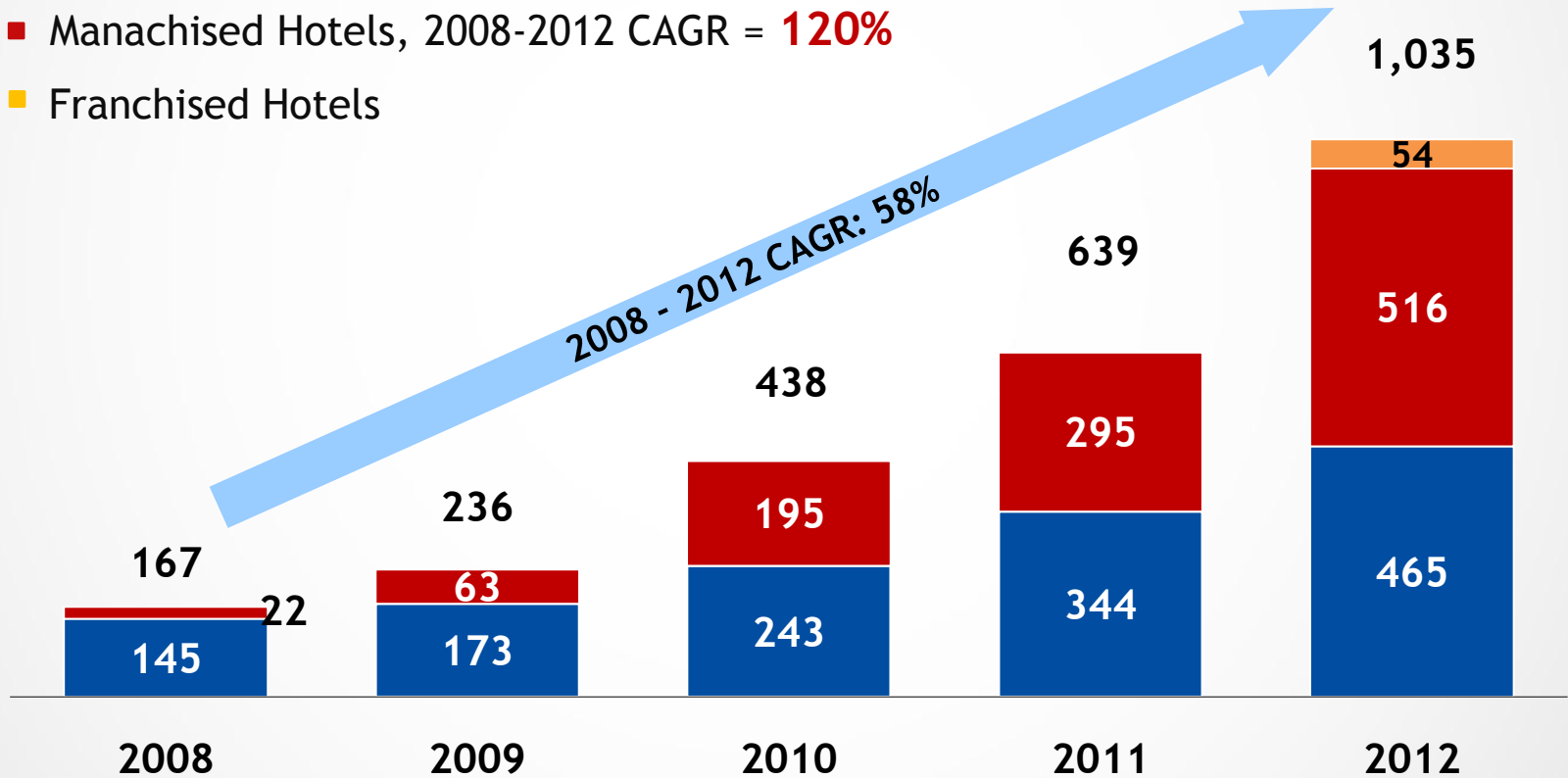
- To Build **Multiple Brands**,
- *To **Expand Fast***,
- To Be **Customers' Favorite**, and
- To Achieve **Leading Profitability**

Through Our People

# Fast Expansion with Accelerated Manachise Business

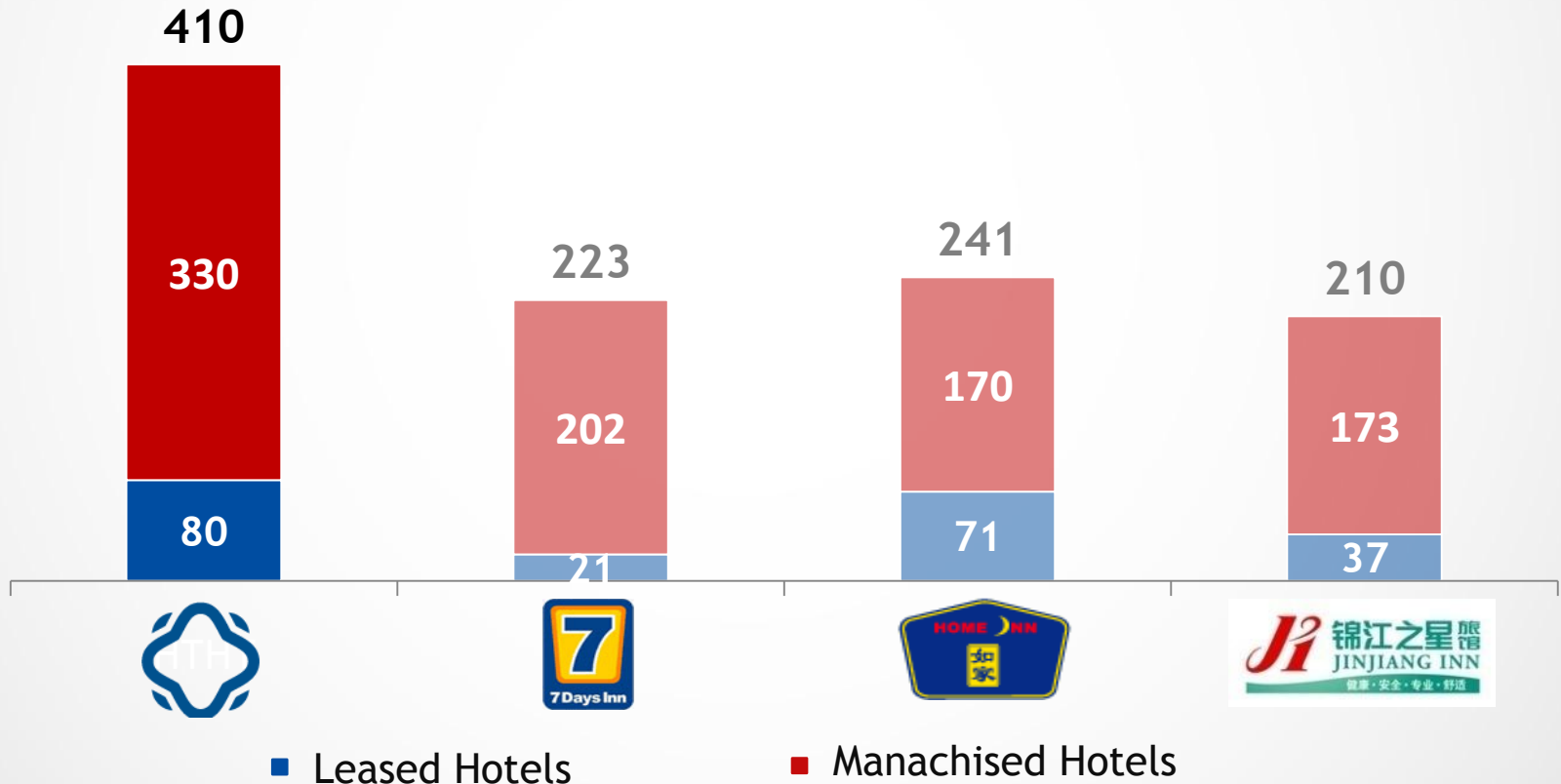
Number of Hotels in Operation (2008-2012)

- 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

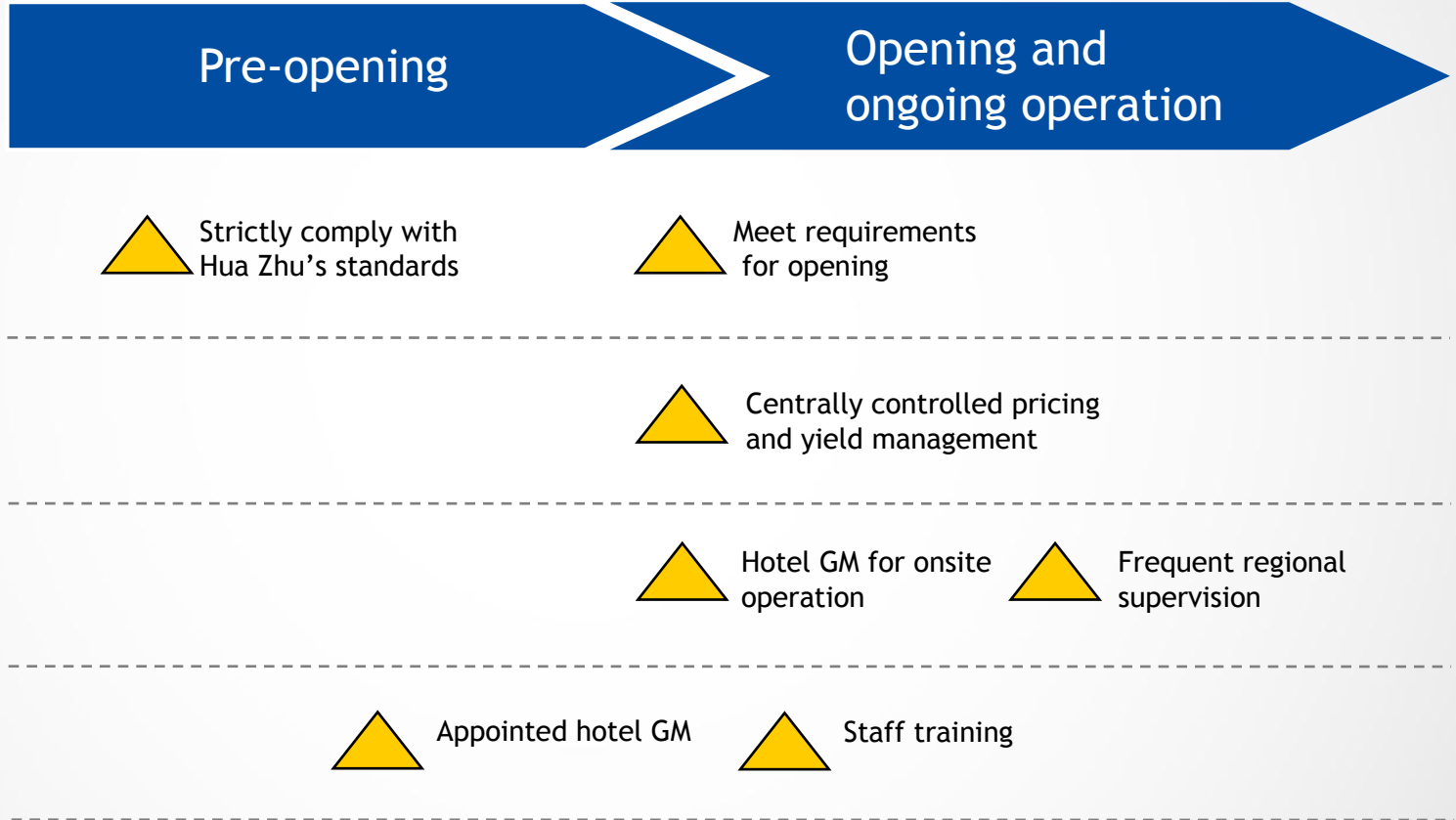
### Generate Stable Profit Stream

- ✓ 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



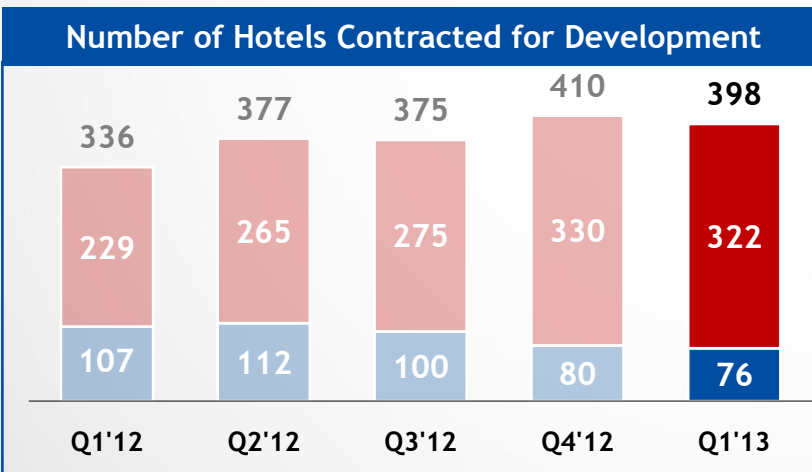
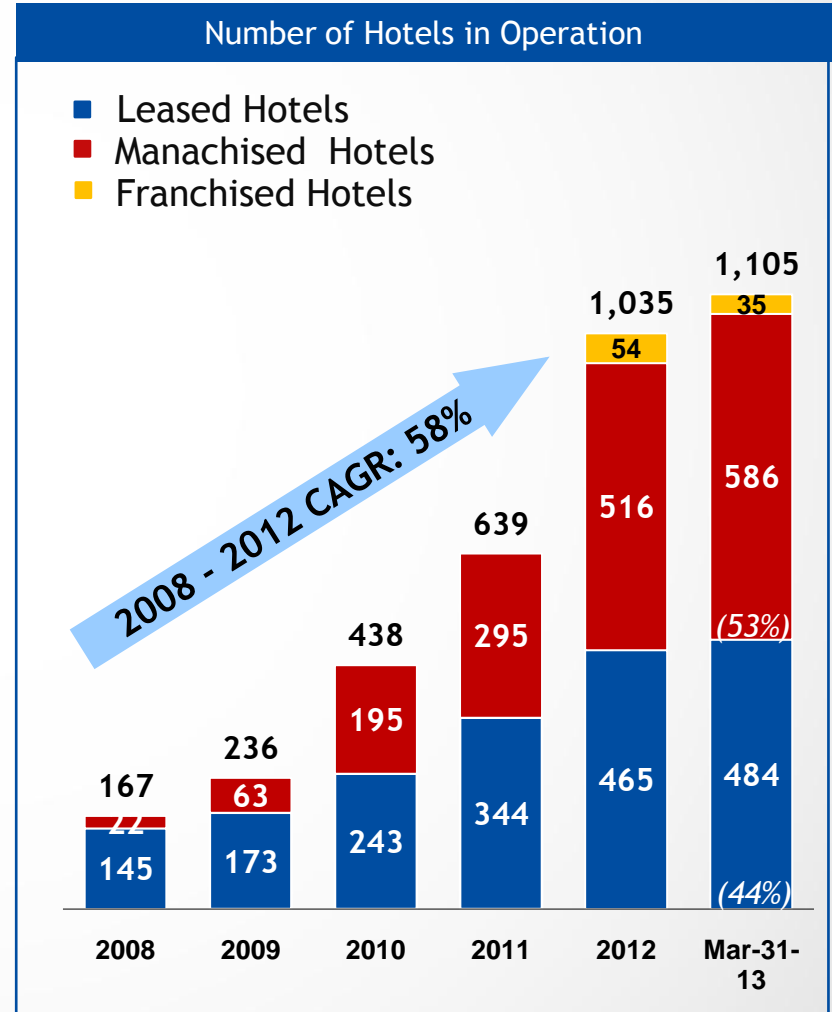
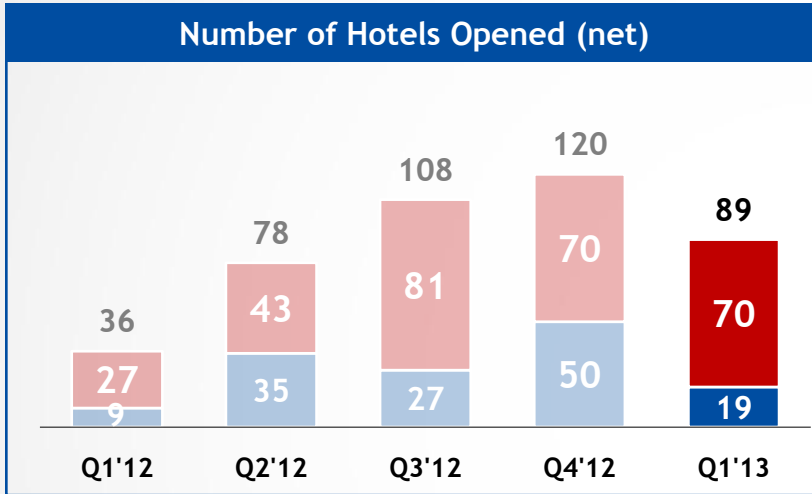
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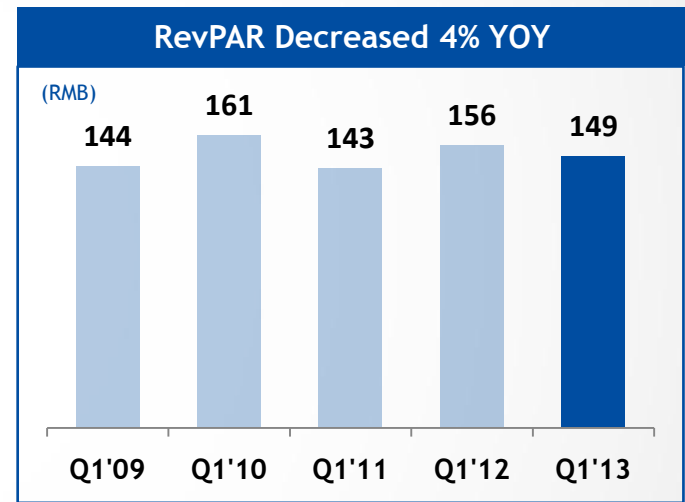
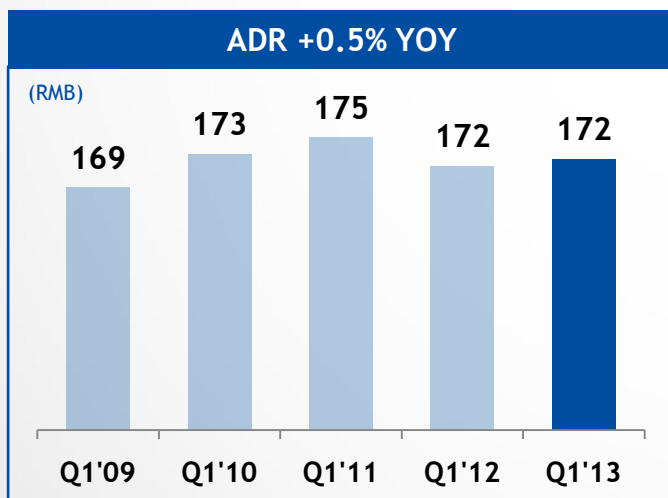
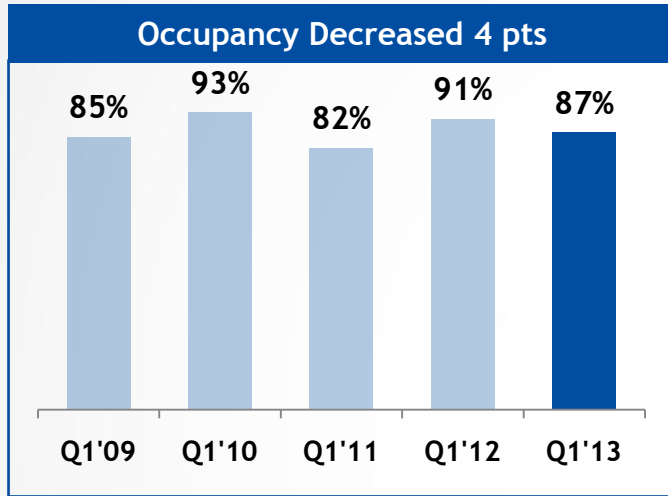
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# Hotel Openings Beyond Expectation, thanks to the Accelerated Expansion from Manachise Business



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



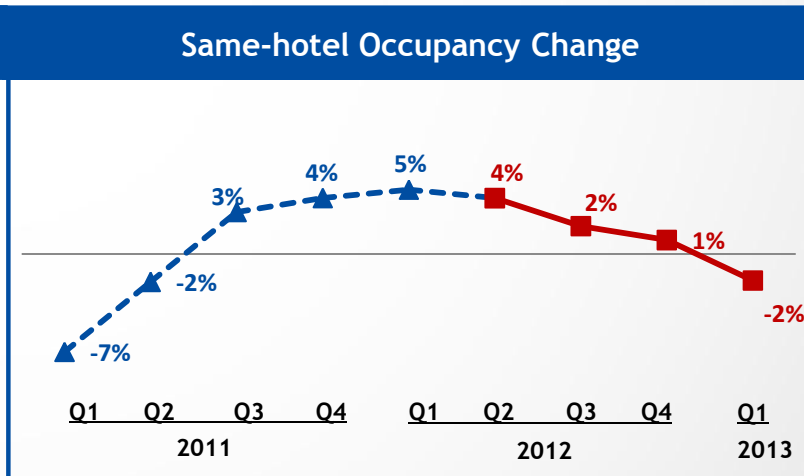
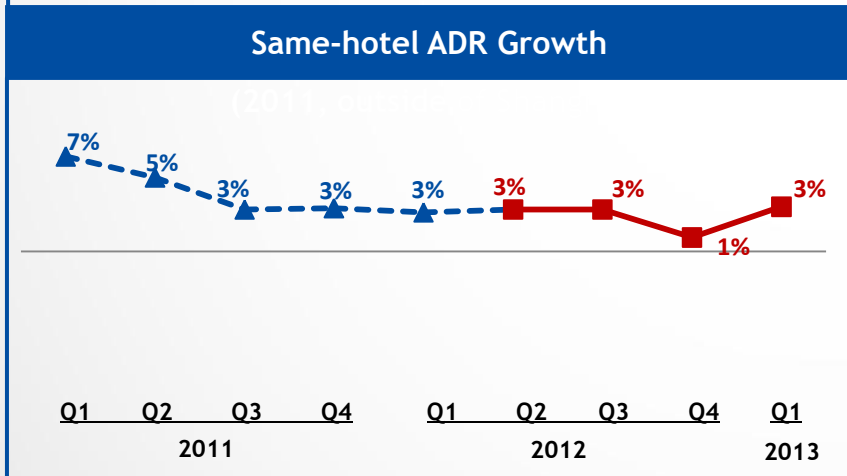
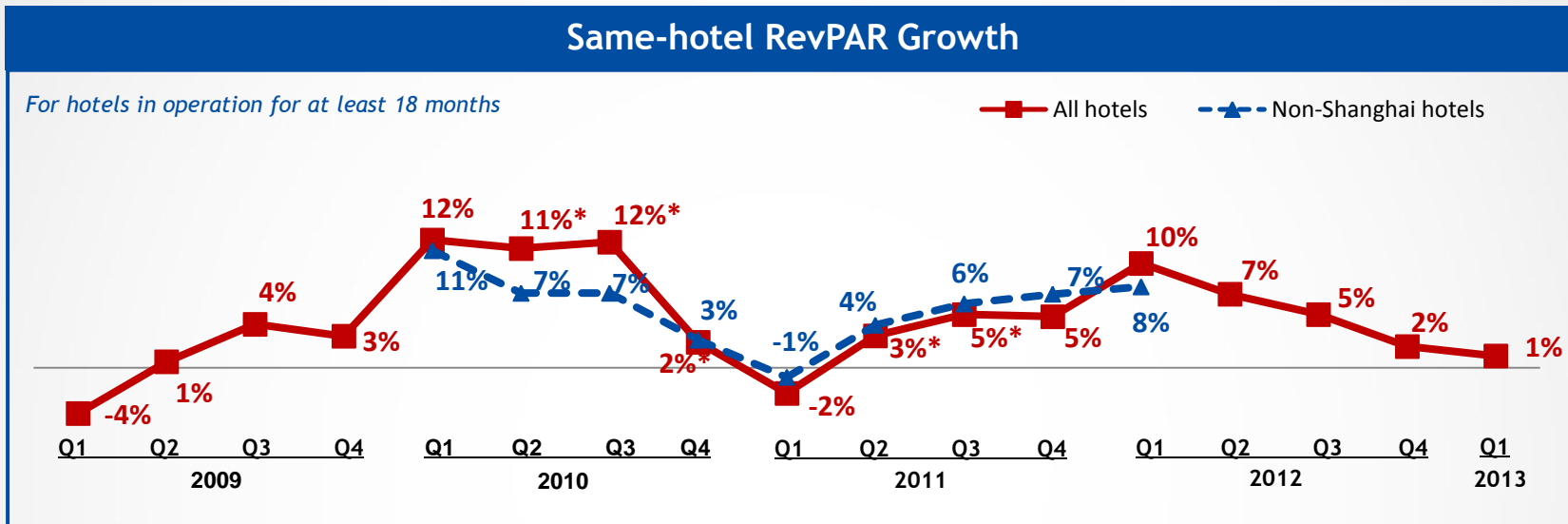
Weight of new hotels at ramp-up stage

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



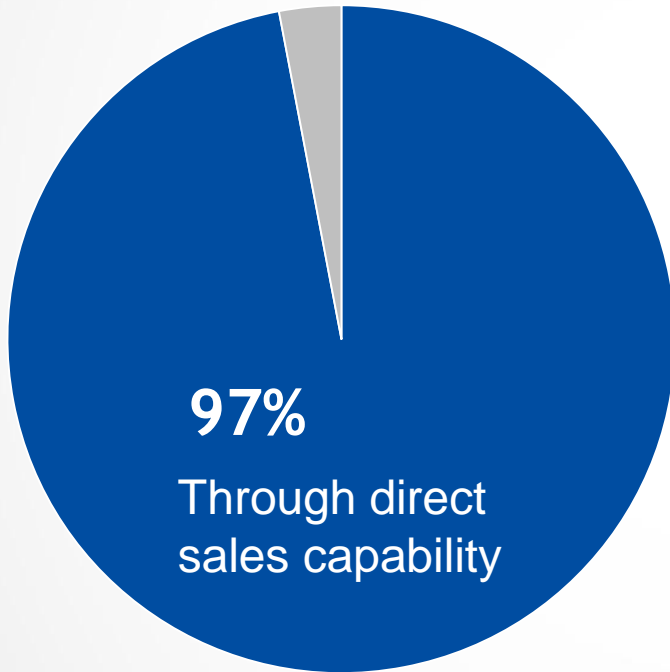
\* Normalized for Shanghai Expo

Figures excluding franchised Starway hotels

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

## Strong Direct Sales Capability

For Q1 2013

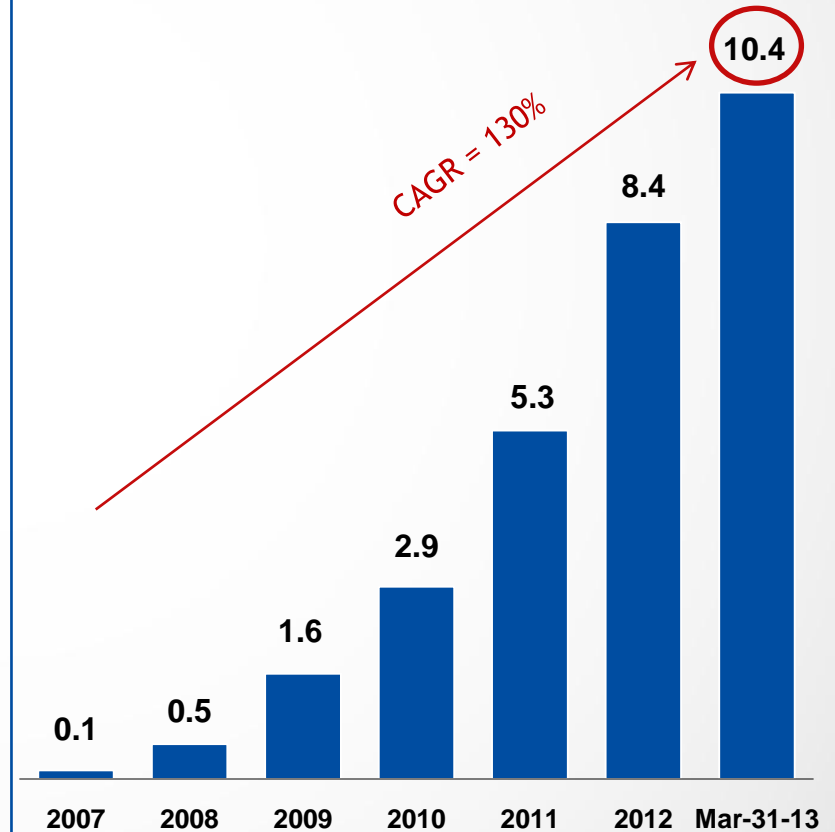


■ Direct Sales Capability   
 ■ Agencies

## 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

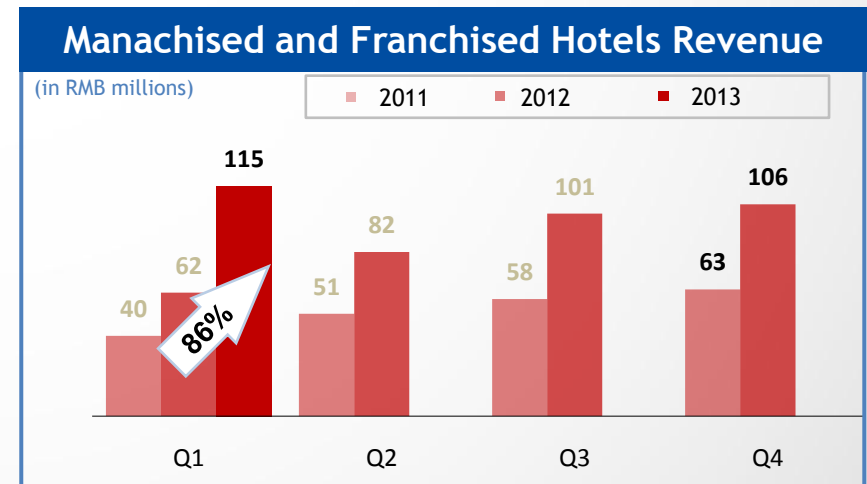
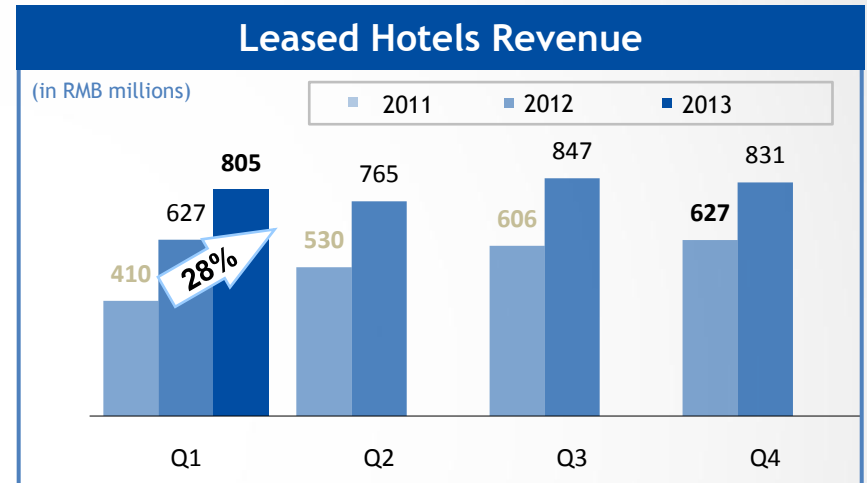
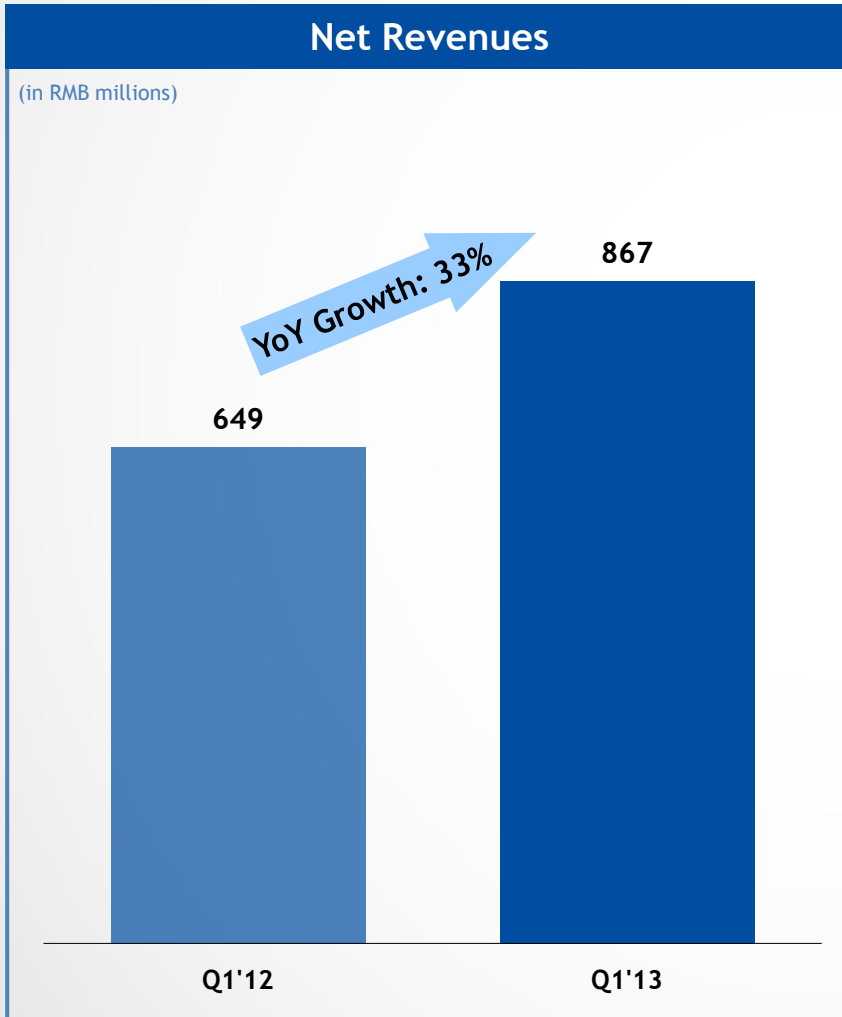
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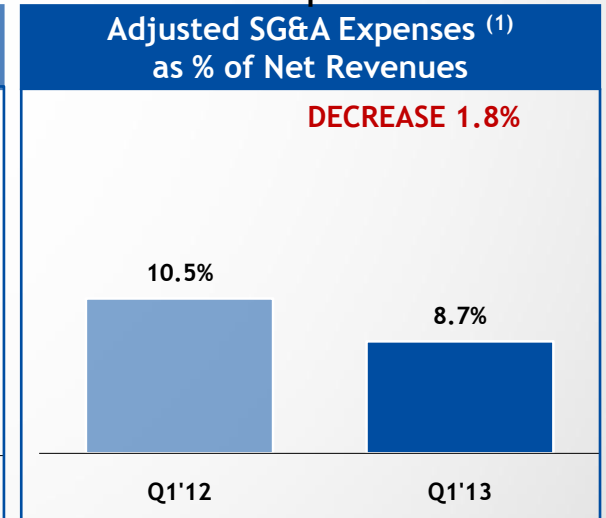
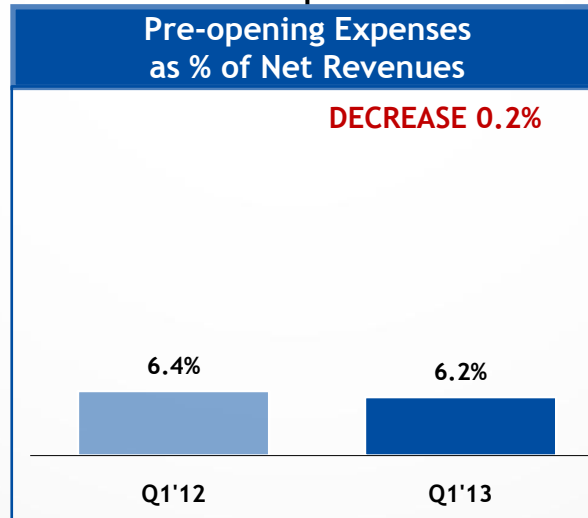
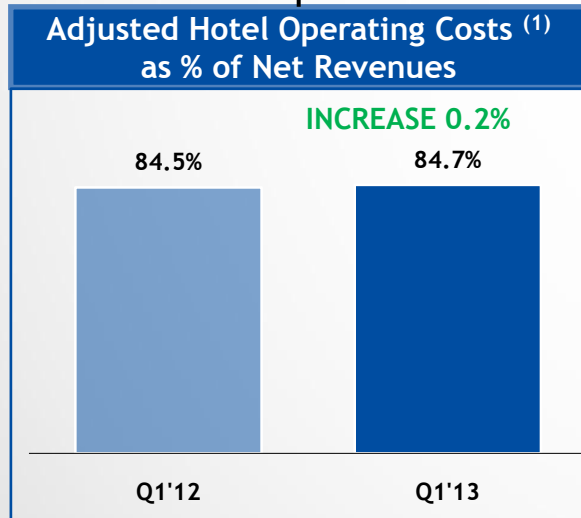
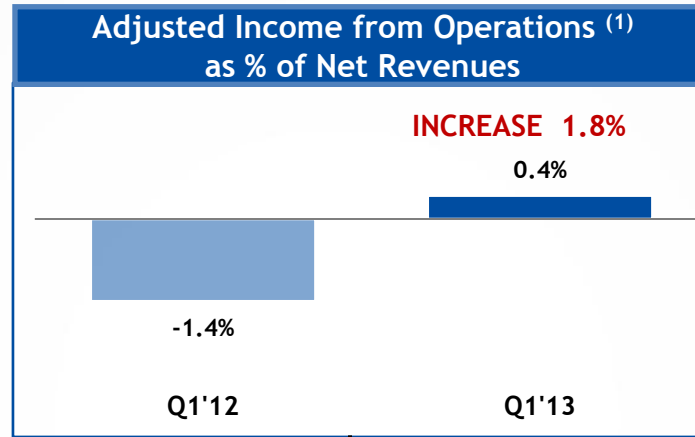
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# Q1 Net Revenues +33% YOY, Exceeded the High End of Guidance



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

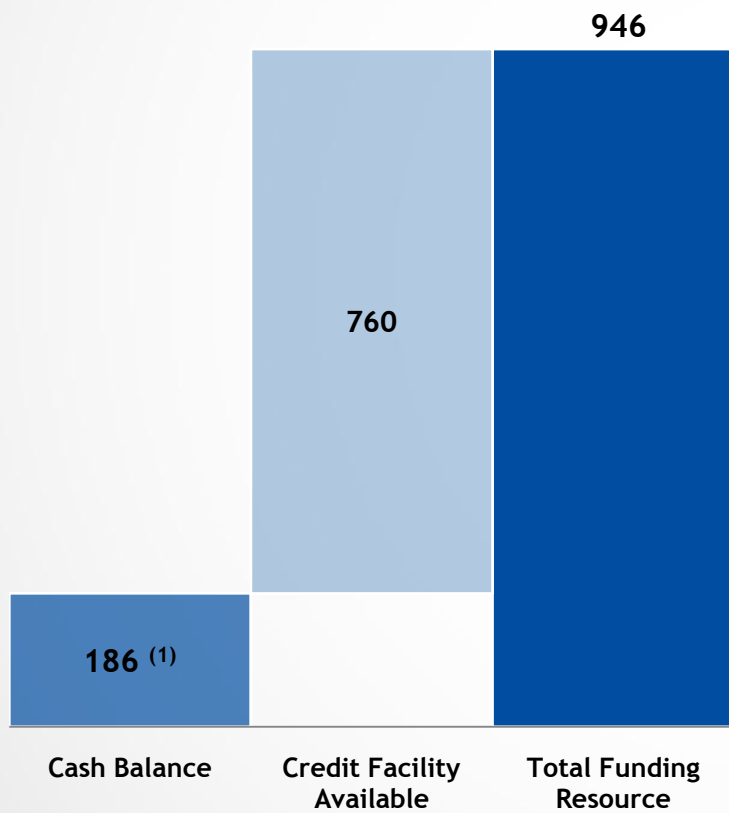


(1) Excluding share-based compensation expenses.

# Cash Position Remained Strong with Sufficient Funding Sources

## Abundant Funding Resource for Expansion

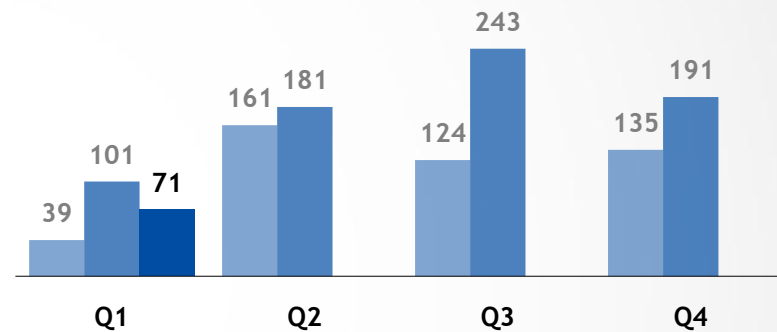
(in RMB millions)



## Cash Generated from Operations

(in RMB millions)

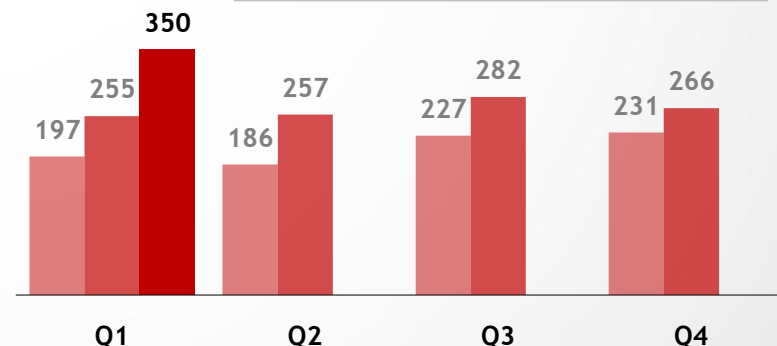
■ 2011   
 ■ 2012   
 ■ 2013



## 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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