



## Huazhu Group Limited Announces Its Preliminary Results for Hotel Operation in the Third Quarter of 2018

October 16, 2018

SHANGHAI, China, Oct. 16, 2018 (GLOBE NEWSWIRE) -- Huazhu Group Limited (NASDAQ: HTHT) ("Huazhu", or the "Company"), a leading and fast-growing multi-brand hotel group in China, today announced its preliminary results for the hotel operation in the third quarter ended September 30, 2018.

### 2018 Q3 Revenues expected to exceed the high-end of guidance

Due to the better-than-expected hotel performance, the unaudited revenue for 2018 Q3 exceeded the high end of our previous revenue guidance (10.5%-12.5%) by a few percentage points, subject to the review by our auditors.

### Operating Metrics

|   | September 30,<br>2017 | For the quarter ended<br>June 30,<br>2018 | September 30,<br>2018 | yoy<br>change |
|---|-----------------------|---|-----------------------|---------------|
| <i>Occupancy rate (as a percentage)</i> |                       |   |                       |               |
| Leased and owned hotels                 | 92.8%                 | 91.4%                                     | 92.0%                 | -0.8%         |
| Manachised hotels                       | 94.1%                 | 89.8%                                     | 91.1%                 | -3.1%         |
| Franchised hotels                       | 78.9%                 | 78.7%                                     | 80.7%                 | 1.8%          |
| Blended                                 | 93.1%                 | 89.6%                                     | 90.7%                 | -2.3%         |
| <i>Average daily room rate (in RMB)</i> |                       |   |                       |               |
| Leased and owned hotels                 | 257                   | 270                                       | 279                   | 8.8%          |
| Manachised hotels                       | 204                   | 212                                       | 226                   | 10.7%         |
| Franchised hotels                       | 236                   | 248                                       | 264                   | 11.7%         |
| Blended                                 | 218                   | 226                                       | 239                   | 9.8%          |
| <i>RevPAR (in RMB)</i>                  |                       |   |                       |               |
| Leased and owned hotels                 | 238                   | 246                                       | 257                   | 7.8%          |
| Manachised hotels                       | 192                   | 190                                       | 205                   | 7.1%          |
| Franchised hotels                       | 186                   | 195                                       | 213                   | 14.3%         |
| Blended                                 | 203                   | 203                                       | 217                   | 7.1%          |

Like-for-like performance for hotels opened for at least 18 months during the current quarter

|                                  | As of and for the quarter ended<br>September 30,<br>2017 | As of and for the quarter ended<br>September 30,<br>2018 | yoy<br>change |
|----------------------------------|--|--|---------------|
| Total                            | 2,908  | 2,908  |               |
| Leased and owned hotels          | 551  | 551  |               |
| Manachised and franchised hotels | 2,357  | 2,357  |               |
| Occupancy rate (as a percentage) | 95.5%  | 93.2%  | -2.3%         |
| Average daily room rate (in RMB) | 208  | 222  | 6.7%          |
| RevPAR (in RMB)                  | 199  | 207  | 4.2%          |

### Hotel Development

Number of hotels in operation

Number of rooms in operation

|                                     | Opened<br>in Q3 2018 | Closed <sup>(1)</sup><br>in Q3 2018 | Net added<br>in Q3 2018 | As of<br>September 30, 2018 | Net added<br>in Q3 2018 | As of<br>September 30, 2018 |
|-------------------------------------|----------------------|-------------------------------------|-------------------------|-----------------------------|-------------------------|-----------------------------|
| Leased and owned hotels             | 30                   | (5)                                 | 25                      | 698                         | 594                     | 86,825                      |
| Manachised and franchised<br>hotels | 205                  | (78)                                | 127                     | 3,357                       | 15,505                  | 322,691                     |
| <b>Total</b>                        | <b>235</b>           | <b>(83)</b>                         | <b>152</b>              | <b>4,055</b>                | <b>16,099</b>           | <b>409,516</b>              |

(1) Reasons for closures include property-related issues, operating loss and non-compliance issues. As of September 30, 2018, 14 manachised and franchised hotels were temporarily closed for brand upgrade.

**Number of hotels in pipeline  
as of September 30, 2018**

|                                  |            |
|----------------------------------|------------|
| Leased hotels                    | 42         |
| Manachised and franchised hotels | 882        |
| <b>Total<sup>(2)</sup></b>       | <b>924</b> |

(2) Including 150 hotels under brands of ibis, ibis Styles, Mercure, Grand Mercure and Novotel; 137 hotels under brands of Orange Select and Crystal Orange, 13 hotels under brand of Blossom Hill.

**Business Update by Segment**

**Hotel breakdown by segment**

|                                    | Number of hotels in operation<br>Net added<br>in Q3 2018 | As of<br>September 30, 2018 |
|------------------------------------|--|-----------------------------|
| <b>Economy hotels</b>              | <b>1</b>   | <b>2,858</b>                |
| HanTing Hotel                      | 19   | 2,255                       |
| Leased hotels                      | (2)  | 426                         |
| Manachised hotels                  | 21   | 1,825                       |
| Franchised hotels                  | 0  | 4                           |
| Hi Inn                             | (3)  | 392                         |
| Leased hotels                      | (1)  | 28                          |
| Manachised hotels                  | (2)  | 315                         |
| Franchised hotels                  | 0  | 49                          |
| Elan Hotel                         | (14)   | 204                         |
| Manachised hotels                  | (16)   | 172                         |
| Franchised hotels                  | 2  | 32                          |
| Orange Hotel                       | (1)  | 7                           |
| Leased hotels                      | (1)  | 5                           |
| Manachised hotels                  | 0  | 1                           |
| Franchised hotels                  | 0  | 1                           |
| <b>Midscale and upscale hotels</b> | <b>151</b>   | <b>1,197</b>                |
| Ji Hotel                           | 49   | 501                         |
| Leased hotels                      | 0  | 91                          |
| Manachised hotels                  | 48   | 407                         |
| Franchised hotels                  | 1  | 3                           |
| Starway Hotel                      | 16   | 193                         |
| Leased hotels                      | 0  | 2                           |
| Manachised hotels                  | 16   | 161                         |
| Franchised hotels                  | 0  | 30                          |
| Joya Hotel                         | (1)  | 6                           |
| Leased hotels                      | 0  | 4                           |
| Manachised hotels                  | (1)  | 1                           |
| Franchised hotels                  | 0  | 1                           |
| Manxin Hotels & Resorts            | 4  | 21                          |
| Leased hotels                      | 1  | 4                           |
| Manachised hotels                  | 3  | 14                          |
| Franchised hotels                  | 0  | 3                           |
| HanTing Premium Hotel              | 14   | 59                          |
| Leased hotels                      | 2  | 19                          |

|                         |            |              |
|-------------------------|------------|--------------|
| Manachised hotels       | 12         | 40           |
| Ibis Hotel              | 13         | 125          |
| Leased and owned hotels | 0          | 19           |
| Manachised hotels       | 16         | 67           |
| Franchised hotels       | (3)        | 39           |
| Ibis Styles Hotel       | 5          | 28           |
| Leased hotels           | 0          | 1            |
| Manachised hotels       | 5          | 25           |
| Franchised hotels       | 0          | 2            |
| Mercure Hotel           | 7          | 35           |
| Leased hotels           | 5          | 9            |
| Manachised hotels       | 2          | 21           |
| Franchised hotels       | 0          | 5            |
| Novotel Hotel           | 2          | 7            |
| Leased hotels           | 1          | 1            |
| Manachised hotels       | 0          | 4            |
| Franchised hotels       | 1          | 2            |
| Grand Mercure           | 0          | 6            |
| Leased hotels           | 0          | 1            |
| Manachised hotels       | 0          | 3            |
| Franchised hotels       | 0          | 2            |
| Orange Select           | 16         | 143          |
| Leased hotels           | 2          | 50           |
| Manachised hotels       | 7          | 61           |
| Franchised hotels       | 7          | 32           |
| Crystal Orange          | 5          | 52           |
| Leased hotels           | 0          | 20           |
| Manachised hotels       | 1          | 19           |
| Franchised hotels       | 4          | 13           |
| Blossom Hill            | 21         | 21           |
| Leased hotels           | 18         | 18           |
| Manachised hotels       | 3          | 3            |
| <b>Total</b>            | <b>152</b> | <b>4,055</b> |

#### Same-hotel operational data by segment

|                                    | Number of hotels in operation |       | Same-hotel RevPAR     |      |            | Same-hotel ADR        |      |            | Same-hotel Occupancy  |      |            |
|------------------------------------|-------------------------------|-------|-----------------------|------|------------|-----------------------|------|------------|-----------------------|------|------------|
|                                    | As of                         |       | For the quarter ended |      |            | For the quarter ended |      |            | For the quarter ended |      |            |
|                                    | September 30,                 |       | September 30,         |      | yoy change | September 30,         |      | yoy change | September 30,         |      | yoy change |
|                                    | 2017                          | 2018  | 2017                  | 2018 |            | 2017                  | 2018 |            | 2017                  | 2018 |            |
| <b>Economy hotels</b>              | 2,425                         | 2,425 | 178                   | 185  | 4.1%       | 182                   | 196  | 7.2%       | 98%                   | 95%  | -2.8%      |
| Leased hotels                      | 450                           | 450   | 182                   | 197  | 8.3%       | 192                   | 208  | 8.5%       | 95%                   | 94%  | -0.2%      |
| Manachised and franchised hotels   | 1,975                         | 1,975 | 177                   | 182  | 2.9%       | 180                   | 192  | 6.7%       | 98%                   | 95%  | -3.5%      |
| <b>Midscale and upscale hotels</b> | 483                           | 483   | 272                   | 284  | 4.3%       | 308                   | 323  | 5.0%       | 88%                   | 88%  | -0.5%      |
| Leased and owned hotels            | 101                           | 101   | 326                   | 339  | 4.1%       | 356                   | 374  | 5.1%       | 92%                   | 91%  | -0.9%      |
| Manachised and franchised hotels   | 382                           | 382   | 250                   | 262  | 4.4%       | 288                   | 302  | 4.9%       | 87%                   | 87%  | -0.4%      |
| <b>Total</b>                       | 2,908                         | 2,908 | 199                   | 207  | 4.2%       | 208                   | 222  | 6.7%       | 96%                   | 93%  | -2.3%      |

The Company consolidated the results of the acquired Crystal Orange Hotels since May 25, 2017, which has a significant impact on our blended RevPAR, as follows:

The year-over-year growth rate for blended RevPAR

|                          | 2018 Q1 | 2018 Q2 | 2018 Q3 |
|--------------------------|---------|---------|---------|
| As reported              | 13.7%   | 13.2%   | 7.1%    |
| Excluding Crystal Orange | 9.8%    | 10.7%   | 7.5%    |

## **About Huazhu Group Limited**

*Huazhu Group Limited is a leading hotel operator and franchisor in China. As of September 30, 2018, the Company had 4,055 hotels or 409,516 rooms in operation. With a primary focus on economy and midscale hotel segments, Huazhu's brands include Hi Inn, Elan Hotel, HanTing Hotel, HanTing Premium Hotel, Ji Hotel, Starway Hotel, Manxin Hotel, Joya Hotel, Crystal Orange Hotel, Orange Hotel Select, Orange Hotel and Blossom Hill. The Company also has the rights as master franchisee for Mercure, Ibis and Ibis Styles, and co-development rights for Grand Mercure and Novotel, in Pan-China region.*

*The Company's business includes leased and owned, manachised and franchised models. Under the lease and ownership model, the Company directly operates hotels typically located on leased or owned properties. Under the manachise model, the Company manages manachised hotels through the on-site hotel managers it appoints and collects fees from franchisees. Under the franchise model, the Company provides training, reservation and support services to the franchised hotels and collects fees from franchisees but does not appoint on-site hotel managers. The Company applies a consistent standard and platform across all of its hotels. As of September 30, 2018, Huazhu Group operates 21 percent of its hotel rooms under lease and ownership model, 79 percent under manachise and franchise models.*

*For more information, please visit the Company's website: <http://ir.huazhu.com>.*

*Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: The information in this release contains forward-looking statements which involve risks and uncertainties. Such factors and risks include our anticipated growth strategies; our future results of operations and financial condition; the economic conditions of China; the regulatory environment in China; our ability to attract customers and leverage our brand; trends and competition in the lodging industry; the expected growth of the lodging market in China; and other factors and risks detailed in our filings with the Securities and Exchange Commission. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements, which may be identified by terminology such as "may," "should," "will," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "potential," "forecast," "project," or "continue," the negative of such terms or other comparable terminology. Readers should not rely on forward-looking statements as predictions of future events or results.*

*The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.*

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