



Huazhu Group Limited Announces Preliminary Results for Hotel Operations in the Second Quarter of 2021

22/07/2021

SHANGHAI, China, July 22, 2021 (GLOBE NEWSWIRE) -- Huazhu Group Limited (NASDAQ: HTHT and HKEX: 1179) ("Huazhu", "we" or "our"), a world-leading hotel group, today announced preliminary results for hotel operations in the second quarter ("Q2 2021") ended June 30, 2021.

COVID-19 update

For our Legacy-Huazhu business, the RevPAR in 2Q2021 recovered to 102% of 2019, slightly below our previous expectation. RevPAR recovery in June achieved 100%, slowing down from 106% in May. It was mainly due to COVID-19 resurgence in Guangdong Province and traffic control in Beijing for the celebration of centenary of the Communist Party of China since late May. However, if excluding the impact of Guangdong Province and Beijing, our RevPAR recovery was on track. In July, with the COVID-19 resurgence in Guangdong effectively contained and relaxation of travel restriction in Beijing, our RevPAR recovery resumed.

Steigenberger Hotels AG and its subsidiaries ("DH") saw an initial recovery of hotel demand along with vaccination process in Germany since the first lockdown in November 2020. As of July 16th, 2021, almost 60% of Germans have received at least one shot of vaccine. In July, the recovery continued with occupancy rate reaching 35%. But the recovery is still uncertain given that the recent news shows there is possibly another upcoming wave of delta variant of COVID-19 resurgence in European countries.

Operating Results: Legacy-Huazhu⁽¹⁾

| | Number of hotels | | | Number of rooms | |
|----------------------------------|-------------------|----------------------------------|----------------------|------------------------------------|---------------------|
| | Opened in Q2 2021 | Closed ⁽²⁾ in Q2 2021 | Net added in Q2 2021 | As of June 30, 2021 ⁽³⁾ | As of June 30, 2021 |
| Leased and owned hotels | 18 | (7) | 11 | 675 | 91,892 |
| Manachised and franchised hotels | 381 | (149) | 232 | 6,329 | 575,778 |
| Total | 399 | (156) | 243 | 7,004 | 667,670 |

(1) Legacy-Huazhu refers to Huazhu and its subsidiaries, excluding DH.

(2) The reasons for hotel closures mainly include non-compliance with our brand standards, operating losses, and property-related issues. In Q2 2021, we temporarily closed 8 hotels for brand upgrade and business model change purposes.

(3) As of June 30, 2021, 32 hotels were requisitioned by governmental authorities.

| | As of June 30, 2021 | |
|------------------------------------|---------------------|-----------------------------|
| | Number of hotels | Unopened hotels in pipeline |
| Economy hotels | 4,451 | 1,295 |
| Leased and owned hotels | 417 | 3 |
| Manachised and franchised hotels | 4,034 | 1,292 |
| Midscale and upscale hotels | 2,553 | 1,401 |
| Leased and owned hotels | 258 | 13 |
| Manachised and franchised hotels | 2,295 | 1,388 |
| Total | 7,004 | 2,696 |

Operational hotels excluding hotels under requisition

| | For the quarter ended | | | |
|---|-----------------------|----------------|---------------|------------|
| | June 30, 2020 | March 31, 2021 | June 30, 2021 | yoy change |
| <i>Average daily room rate (in RMB)</i> | | | | |
| Leased and owned hotels | 205 | 243 | 311 | 51.8% |
| Manachised and franchised hotels | 181 | 203 | 246 | 36.2% |
| Blended | 185 | 209 | 255 | 38.3% |
| <i>Occupancy rate (as a percentage)</i> | | | | |
| Leased and owned hotels | 67.4% | 64.0% | 81.1% | 13.7 p.p. |
| Manachised and franchised hotels | 69.1% | 66.6% | 82.5% | 13.4 p.p. |
| Blended | 68.8% | 66.2% | 82.3% | 13.5 p.p. |
| <i>RevPAR (in RMB)</i> | | | | |

| | | | | |
|----------------------------------|-----|-----|-----|-------|
| Leased and owned hotels | 138 | 156 | 252 | 82.7% |
| Manachised and franchised hotels | 125 | 135 | 203 | 62.7% |
| Blended | 127 | 138 | 210 | 65.5% |

| | For the quarter ended | | |
|---|-----------------------|---------------|------------|
| | June 30, 2019 | June 30, 2021 | yoy change |
| <i>Average daily room rate (in RMB)</i> | | | |
| Leased and owned hotels | 281 | 311 | 10.4% |
| Manachised and franchised hotels | 225 | 246 | 9.2% |
| Blended | 236 | 255 | 7.9% |
| <i>Occupancy rate (as a percentage)</i> | | | |
| Leased and owned hotels | 89.4% | 81.1% | -8.4p.p. |
| Manachised and franchised hotels | 86.3% | 82.5% | -3.8p.p. |
| Blended | 86.9% | 82.3% | -4.6p.p. |
| <i>RevPAR (in RMB)</i> | | | |
| Leased and owned hotels | 252 | 252 | 0.1% |
| Manachised and franchised hotels | 194 | 203 | 4.4% |
| Blended | 206 | 210 | 2.2% |

Same-hotel operational data by class

Mature hotels in operation for more than 18 months (excluding hotels under requisition)

| | Number of hotels | | Same-hotel RevPAR | | | Same-hotel ADR | | | Same-hotel Occupancy | | |
|------------------------------------|------------------|-------|--------------------------------|------|------------|--------------------------------|------|------------|--------------------------------|-------|------------|
| | As of June 30, | | For the quarter ended June 30, | | yoy change | For the quarter ended June 30, | | yoy change | For the quarter ended June 30, | | yoy change |
| | 2020 | 2021 | 2020 | 2021 | | 2020 | 2021 | | 2020 | 2021 | (p.p.) |
| Economy hotels | 3,017 | 3,017 | 107 | 168 | 57.7% | 146 | 196 | 34.4% | 73.1% | 85.8% | 12.7 |
| Leased and owned hotels | 408 | 408 | 109 | 191 | 75.7% | 154 | 227 | 47.6% | 70.8% | 84.2% | 13.5 |
| Manachised and franchised hotels | 2,609 | 2,609 | 106 | 163 | 53.6% | 144 | 189 | 31.3% | 73.7% | 86.2% | 12.5 |
| Midscale and upscale hotels | 1,520 | 1,520 | 172 | 272 | 57.8% | 254 | 336 | 32.3% | 68.0% | 81.0% | 13.1 |
| Leased and owned hotels | 213 | 213 | 182 | 316 | 73.3% | 285 | 405 | 42.3% | 64.0% | 77.9% | 13.9 |
| Manachised and franchised hotels | 1,307 | 1,307 | 170 | 262 | 54.1% | 247 | 321 | 29.9% | 68.9% | 81.7% | 12.8 |
| Total | 4,537 | 4,537 | 133 | 210 | 58.1% | 187 | 250 | 33.9% | 71.1% | 83.9% | 12.8 |

| | Number of hotels | | Same-hotel RevPAR | | | Same-hotel ADR | | | Same-hotel Occupancy | | |
|------------------------------------|------------------|-------|--------------------------------|------|------------|--------------------------------|------|------------|--------------------------------|-------|------------|
| | As of June 30, | | For the quarter ended June 30, | | yoy change | For the quarter ended June 30, | | yoy change | For the quarter ended June 30, | | yoy change |
| | 2019 | 2021 | 2019 | 2021 | | 2019 | 2021 | | 2019 | 2021 | (p.p.) |
| Economy hotels | 2,308 | 2,308 | 179 | 168 | -5.9% | 193 | 195 | 1.2% | 92.5% | 86.0% | -6.5 |
| Leased and owned hotels | 392 | 392 | 202 | 187 | -7.2% | 217 | 223 | 2.9% | 93.3% | 84.1% | -9.2 |
| Manachised and franchised hotels | 1,916 | 1,916 | 172 | 163 | -5.6% | 187 | 188 | 0.8% | 92.3% | 86.5% | -5.8 |
| Midscale and upscale hotels | 931 | 931 | 285 | 269 | -5.7% | 337 | 338 | 0.1% | 84.6% | 79.7% | -4.9 |
| Leased and owned hotels | 184 | 184 | 350 | 311 | -11.1% | 406 | 401 | -1.4% | 86.1% | 77.7% | -8.5 |
| Manachised and franchised hotels | 747 | 747 | 264 | 255 | -3.3% | 314 | 317 | 1.1% | 84.1% | 80.4% | -3.7 |
| Total | 3,239 | 3,239 | 216 | 203 | -5.7% | 240 | 243 | 1.0% | 89.7% | 83.8% | -6.0 |

Operating Results: Legacy-DH⁽⁴⁾

| | Number of hotels | | | | As of June 30, 2021 ⁽⁵⁾ | Number of rooms As of June 30, 2021 | Unopened hotels in pipeline As of June 30, 2021 |
|---------------|-------------------|-------------------|----------------------|--|------------------------------------|--|--|
| | Opened in Q2 2021 | Closed in Q2 2021 | Net added in Q2 2021 | | | | |
| Leased hotels | 1 | - | 1 | | 74 | 13,839 | 27 |

| | | | | | | |
|----------------------------------|----------|----------|----------|------------|---------------|-----------|
| Manachised and franchised hotels | 1 | - | 1 | 48 | 10,775 | 11 |
| Total | 2 | - | 2 | 122 | 24,614 | 38 |

(4) Legacy-DH refers to DH.

(5) As of June 30, 2021, a total of 5 DH brand hotels were temporarily closed due to COVID-19, and 1 hotel was closed for renovation.

| | For the quarter ended | | | |
|---|-----------------------|----------------|---------------|------------|
| | June 30, 2020 | March 31, 2021 | June 30, 2021 | yoy change |
| <i>Average daily room rate (in EUR)</i> | | | | |
| Leased hotels | 82.4 | 77.9 | 85.2 | 3.4% |
| Manachised and franchised hotels | 96.5 | 59.0 | 77.9 | -19.3% |
| Blended | 86.5 | 68.5 | 81.5 | -5.8% |
| <i>Occupancy rate (as a percentage)</i> | | | | |
| Leased hotels | 18.7% | 14.6% | 20.0% | 1.3% |
| Managed and franchised hotels | 17.3% | 26.5% | 30.8% | 13.5% |
| Blended | 18.3% | 18.8% | 24.4% | 6.1% |
| <i>RevPAR (in EUR)</i> | | | | |
| Leased hotels | 15.4 | 11.4 | 17.04 | 10.7% |
| Managed and franchised hotels | 16.7 | 15.6 | 24.01 | 43.5% |
| Blended | 15.8 | 12.9 | 19.85 | 25.6% |

Hotel Portfolio by Brand

| | Total | | Unopened hotels in pipeline |
|---|---------------------|----------------|-----------------------------|
| | Hotels in operation | Rooms | |
| Economy hotels | 4,465 | 370,297 | 1,307 |
| HanTing Hotel | 2,834 | 260,252 | 740 |
| Hi Inn | 430 | 25,419 | 83 |
| Elan Hotel ⁽⁶⁾ | 976 | 60,645 | 431 |
| Ibis Hotel | 211 | 22,320 | 41 |
| Zleep Hotels | 14 | 1,661 | 12 |
| Midscale hotels | 2,146 | 241,370 | 1,121 |
| Ibis Styles Hotel | 78 | 9,046 | 19 |
| Starway Hotel | 477 | 39,524 | 279 |
| Ji Hotel | 1,203 | 148,008 | 616 |
| Orange Hotel | 360 | 40,285 | 202 |
| CitiGO Hotel ⁽⁷⁾ | 28 | 4,507 | 5 |
| Upper midscale hotels | 408 | 61,350 | 250 |
| Crystal Orange Hotel | 129 | 17,517 | 60 |
| Manxin Hotel | 68 | 6,764 | 54 |
| Madison Hotel | 31 | 4,745 | 40 |
| Mercure Hotel | 117 | 19,786 | 57 |
| Novotel Hotel | 13 | 3,579 | 17 |
| IntercityHotel ⁽⁸⁾ | 48 | 8,535 | 20 |
| Upscale hotels | 101 | 17,681 | 54 |
| Joya Hotel | 9 | 1,760 | 0 |
| Blossom House | 29 | 1,420 | 30 |
| Grand Mercure Hotel | 7 | 1,485 | 6 |
| Steigenberger Hotels & Resorts ⁽⁹⁾ | 51 | 12,239 | 12 |
| MAXX ⁽¹⁰⁾ | 5 | 777 | 6 |
| Jaz in the City | 2 | 424 | 2 |
| Others | 6 | 1,586 | 2 |
| Other hotels ⁽¹¹⁾ | 6 | 1,586 | 2 |
| Total | 7,126 | 692,284 | 2,734 |

(6) As of June 30, 2021, 17 Ni Hao Hotels were included in the operational hotel for Elan Hotels and 111 Ni Hao hotels were included in the pipeline for Elan Hotels.

(7) We completed CitiGO acquisition in May 2021.

(8) As of June 30, 2021, 2 operational hotels and 4 pipeline hotels of IntercityHotel were in China.

(9) As of June 30, 2021, 1 operational hotel and 5 pipeline hotels of Steigenberger Hotels & Resorts were in China.

(10) As of June 30, 2021, 5 pipeline hotels of MAXX were in China.

(11) Other hotels include other partner hotels and other hotel brands in Yongle Huazhu Hotel & Resort Group (excluding Steigenberger Hotels & Resorts and Blossom House).

About Huazhu Group Limited

Originated in China, Huazhu Group Limited is a world-leading hotel group. As of June 30, 2021, Huazhu operated 7,126 hotels with 692,284 rooms in operation in 17 countries. Huazhu's brands include Hi Inn, Elan Hotel, HanTing Hotel, Ji Hotel, Starway Hotel, Orange Hotel, Crystal Orange Hotel, Manxin Hotel, Madison Hotel, Joya Hotel, Blossom House, Ni Hao Hotel and CitiGO Hotel. Upon the completion of the acquisition of DH on January 2, 2020, Huazhu added five brands to its portfolio, including Steigenberger Hotels & Resorts, MAXX by Steigenberger, Jaz in the City, IntercityHotel and Zleep Hotels. In addition, Huazhu also has the rights as master franchisee for Mercure, Ibis and Ibis Styles, and co-development rights for Grand Mercure and Novotel, in the pan-China region.

Huazhu's business includes leased and owned, manachised and franchised models. Under the lease and ownership model, Huazhu directly operates hotels typically located on leased or owned properties. Under the manachise model, Huazhu manages manachised hotels through the on-site hotel managers that Huazhu appoints, and Huazhu collects fees from franchisees. Under the franchise model, Huazhu provides training, reservations and support services to the franchised hotels, and collects fees from franchisees but does not appoint on-site hotel managers. Huazhu applies a consistent standard and platform across all of its hotels. As of June 30, 2021, Huazhu operates 15 percent of its hotel rooms under lease and ownership model, and 85 percent under manachise and franchise models.

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

Safe Harbor Statement Under the U.S. 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; economic conditions; the regulatory environment; our ability to attract and retain customers and leverage our brands; trends and competition in the lodging industry; the expected growth of demand for lodging; and other factors and risks detailed in our filings with the U.S. 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.

Huazhu 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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