



Corporate Finance Group / Hong Kong

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H World Group Limited:

Behind the first-time Baa2 issuer rating

Agenda

1 Company Profile

2 Key Rating Considerations

Industry-leading scale and growth prospects

Asset-light strategy supports rising profitability & deleverage

Strong financials, overseas disciplines underscore prudence

3 Grid, Peers, Liquidity Assessment

4 ESG Considerations



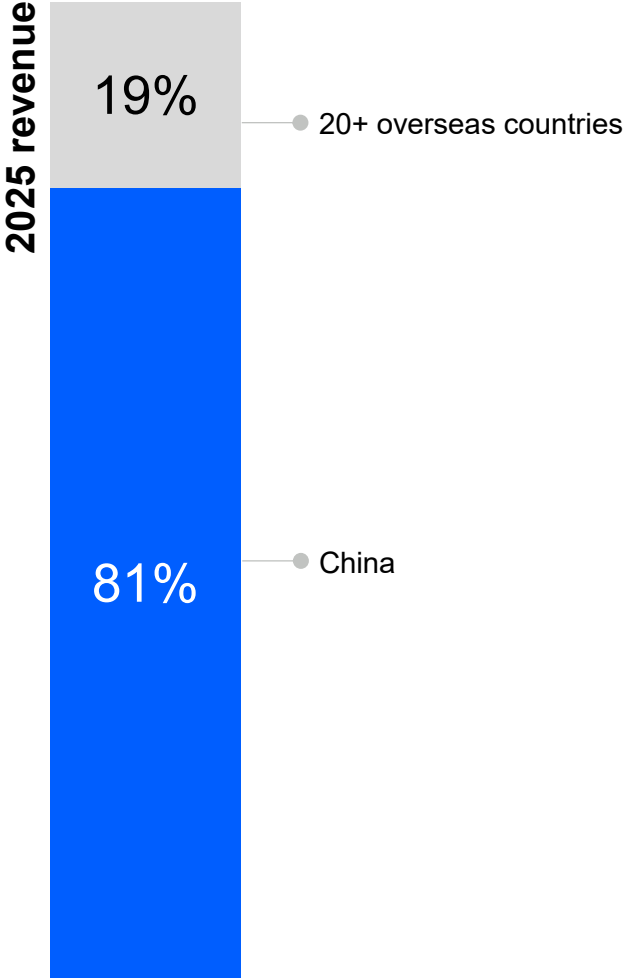
Company Profile

Diversified 30+ brands

Majority midscale to economy



China focused; disciplined overseas expansion

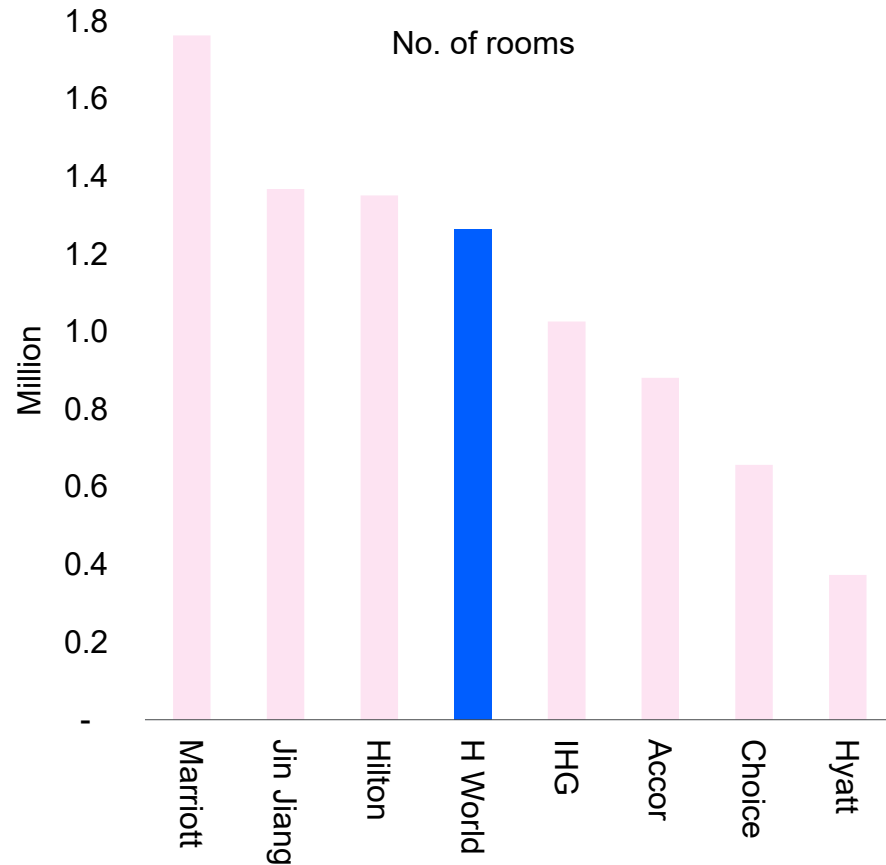


1.3 million rooms, world's no. 4

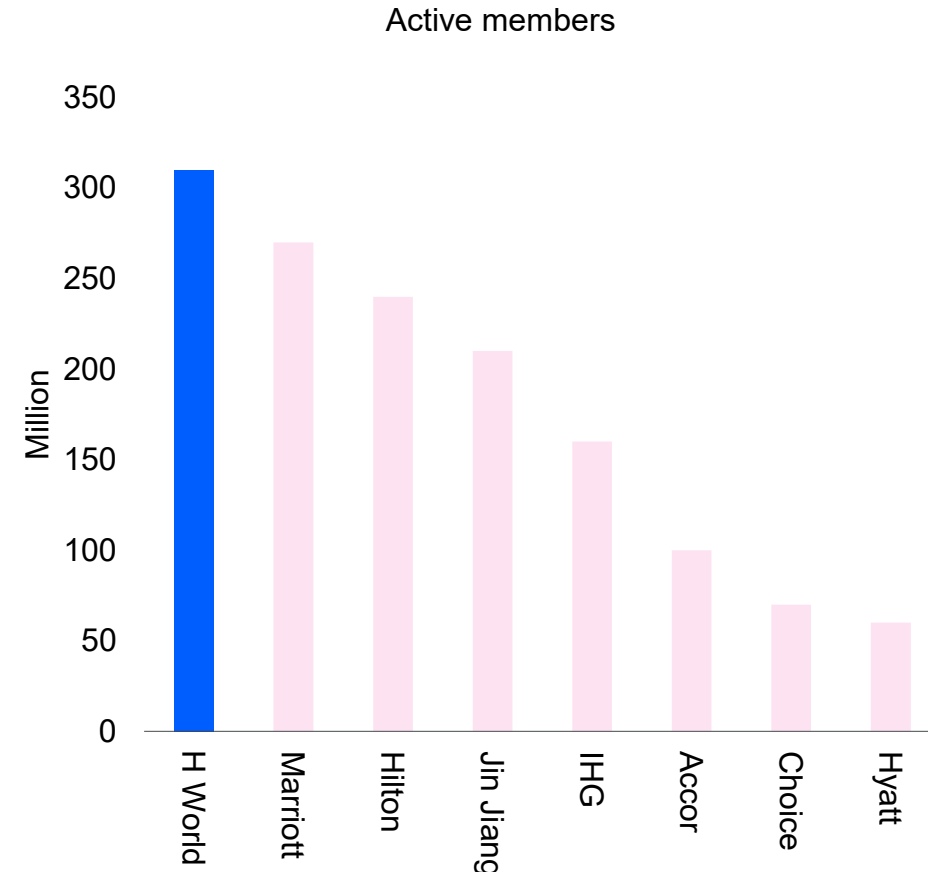
Mitigants against macroeconomic challenges

World-class scale

No. 4 by room count



Largest loyalty ecosystem

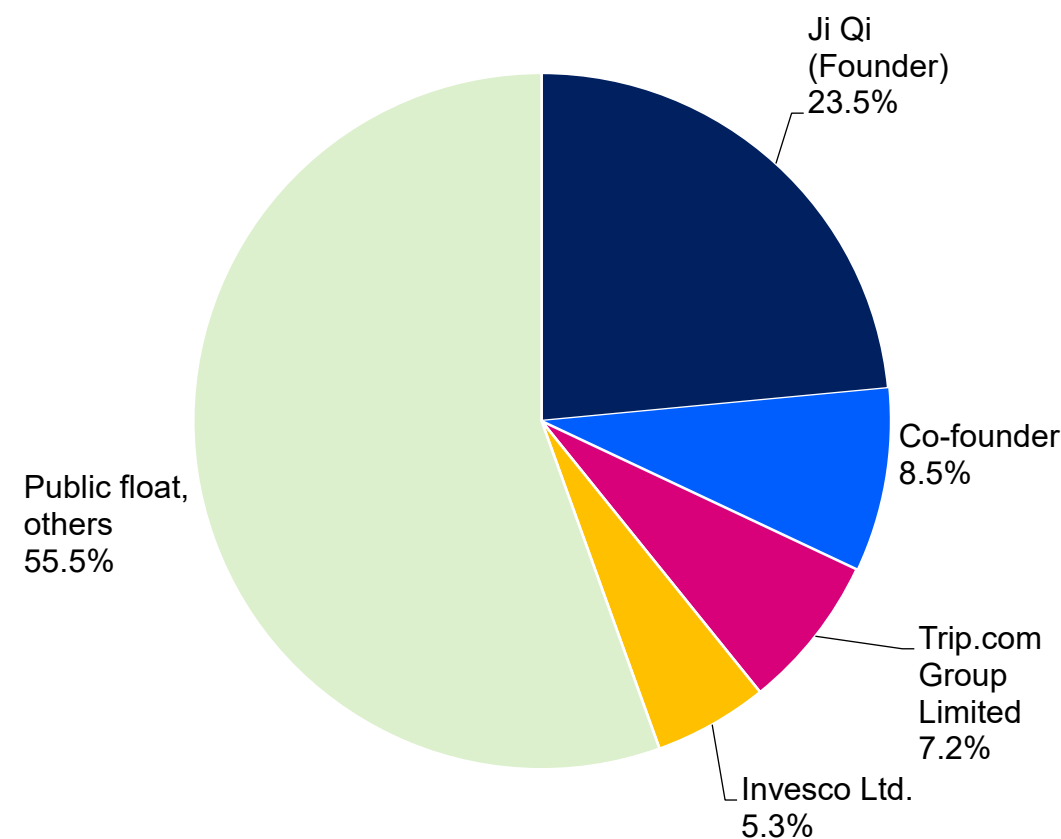


H World's direct booking from its proprietary platform contributes >70% of its revenue, among highest in the industry and reducing reliance on online travel agencies (OTAs).

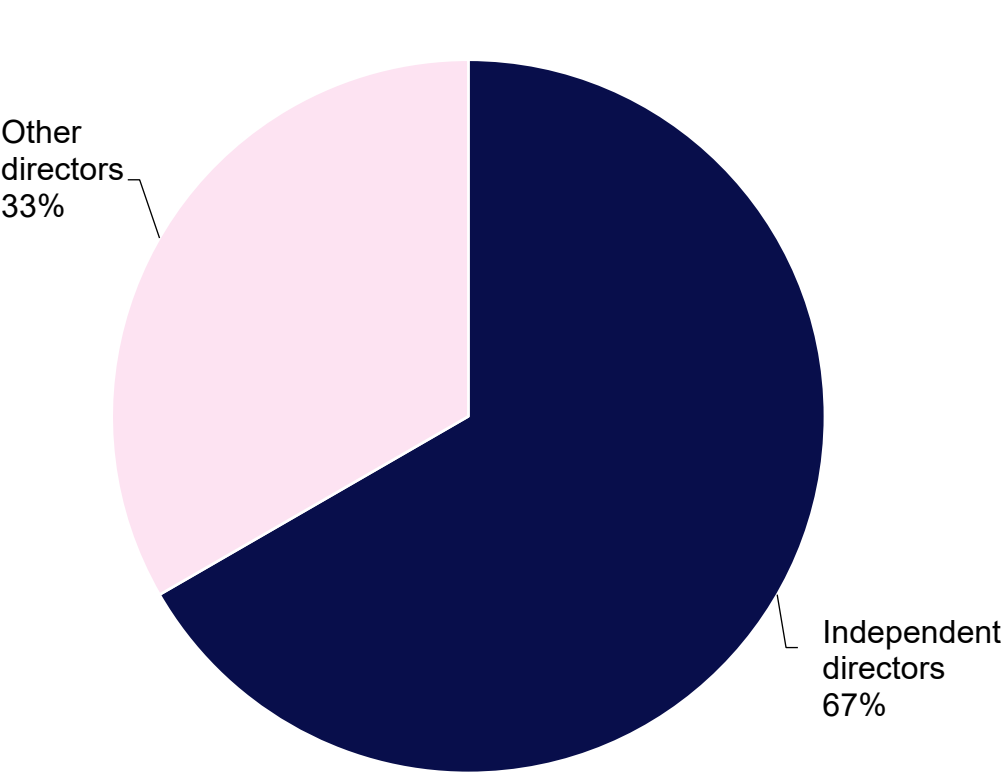
Source: Company filings; Moody's Ratings

Diversified shareholders and balanced board

Shareholders



Board





Key Rating Considerations

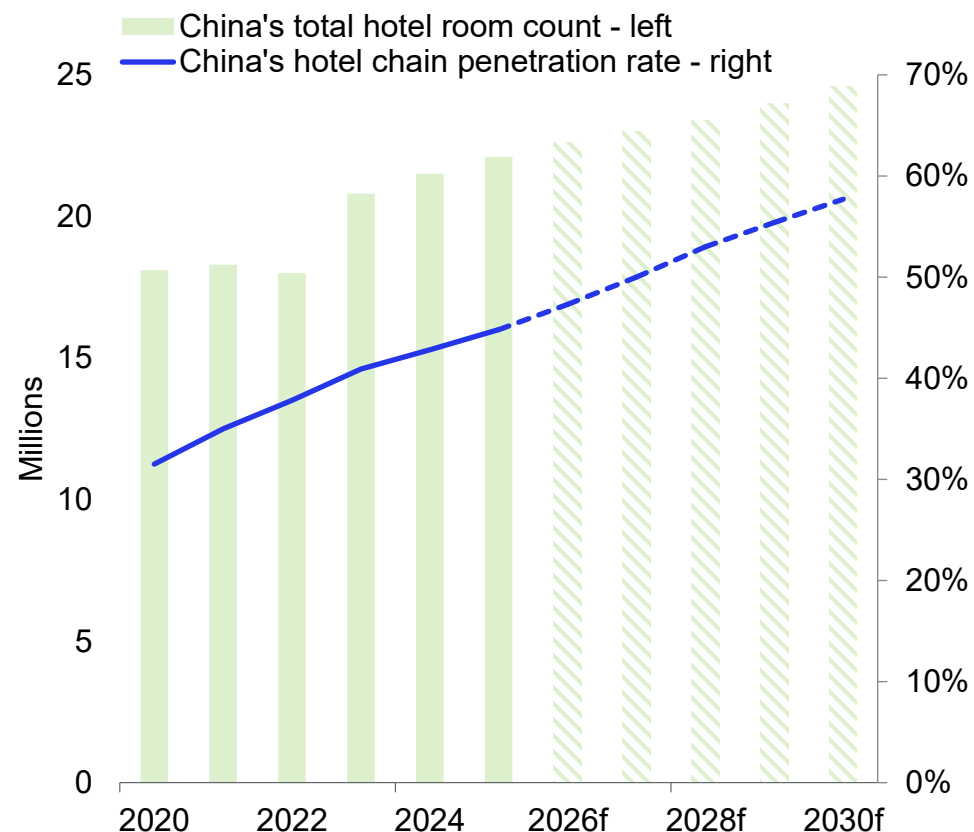
Addressable market will expand

China's services demand holds better



Source: National Bureau of Statistics; Moody's Ratings

Lodging sector consolidation continues



Source: Frost & Sullivan forecasts; Moody's Ratings

30+ brands highlight portfolio diversity



Mass Market



你好酒店



星程酒店
STARWAY HOTEL

Select

全季大观
GRAND JJ HOTEL



城际酒店
Intercity Hotel

全季酒店
JJ HOTEL

ORANGE
桔子酒店

美仑酒店
MADISON



Lifestyle

MERCURE
HOTELS
美居酒店



Citigo
欢阁酒店

NOVOTEL

碧居
HOUSE OF
BEATS

Jaz
in the city

Upscale

宋品
SONG HOTEL

STEIGENBERGER
ICONS
施柏阁大境

施柏阁
STEIGENBERGER

禧玥酒店
JOYA HOTEL

花间堂
BLOSSOM HOUSE

MaxX
美仑美奂酒店

Extended Stay



城家公寓酒店
CJIA APARTHOTEL

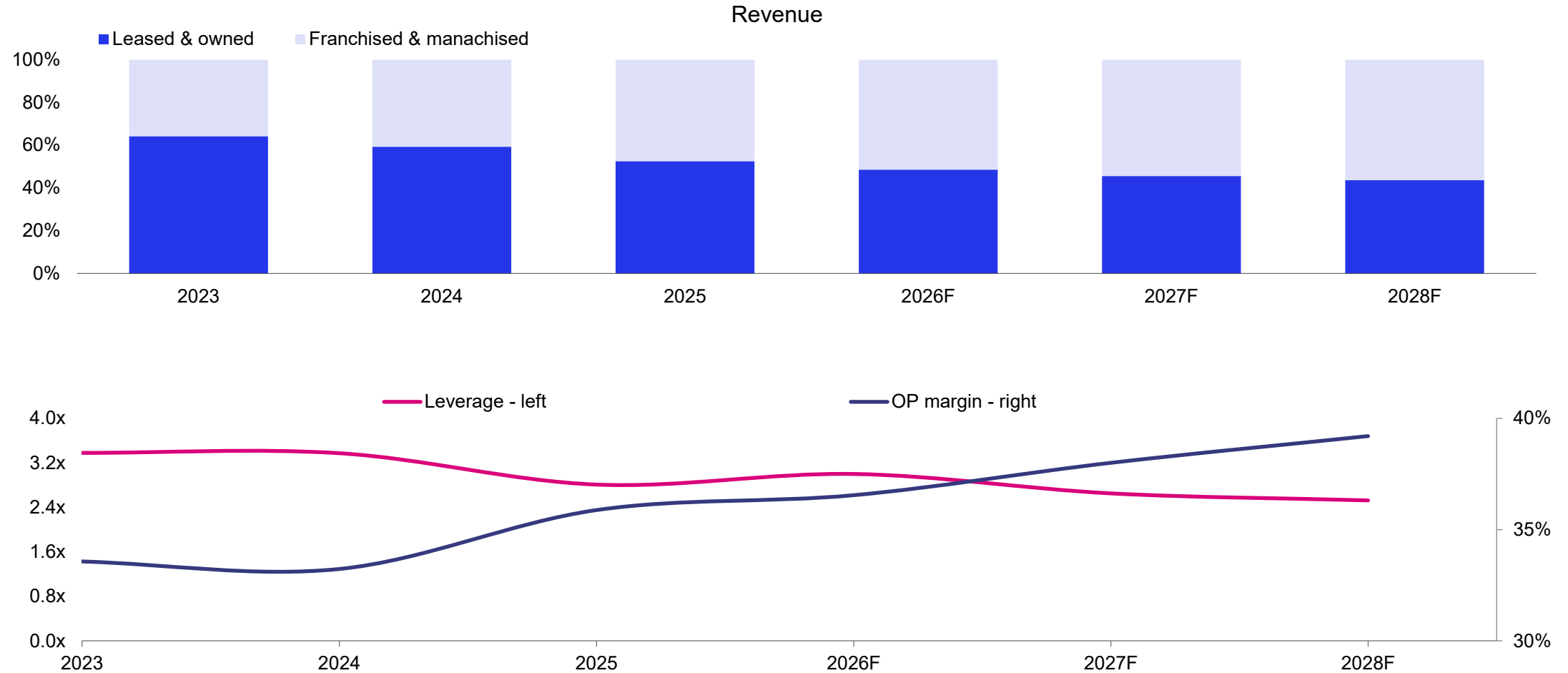
suisse place
瑞贝庭公寓酒店

Citico HOUSE
欢阁服务公寓

CJIA LUX | 城家奢华公寓

Source: Company filings

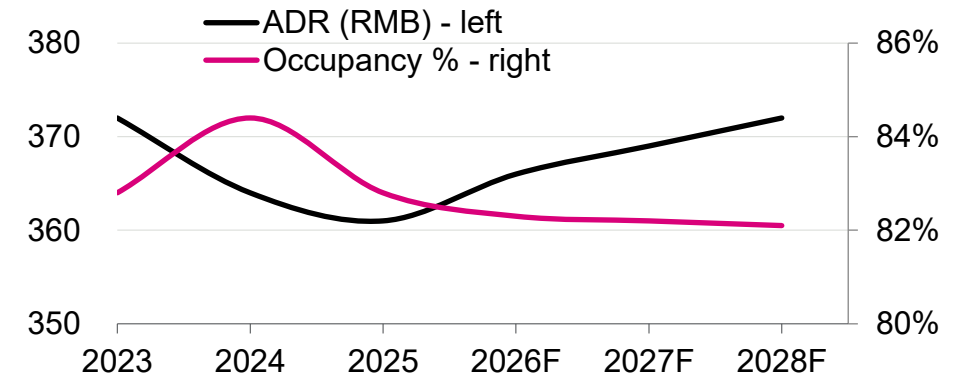
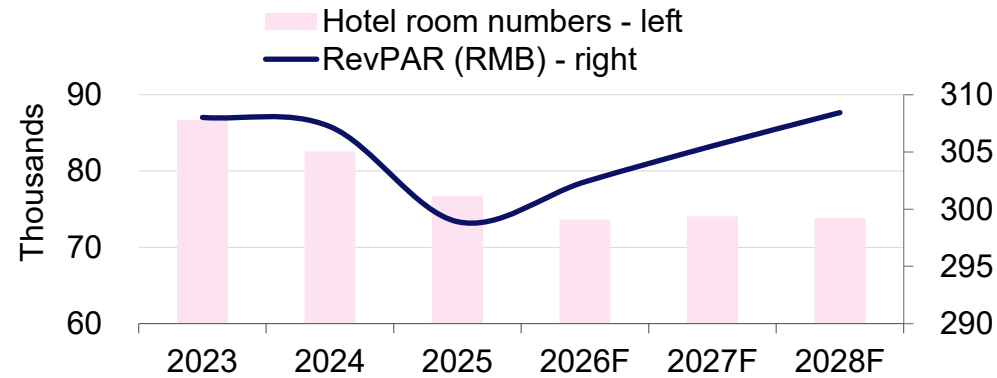
Asset light strategy anchors improving metrics



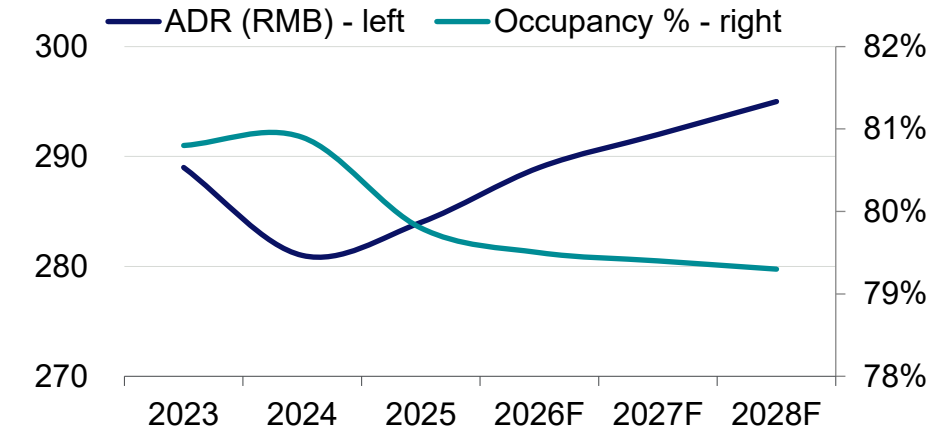
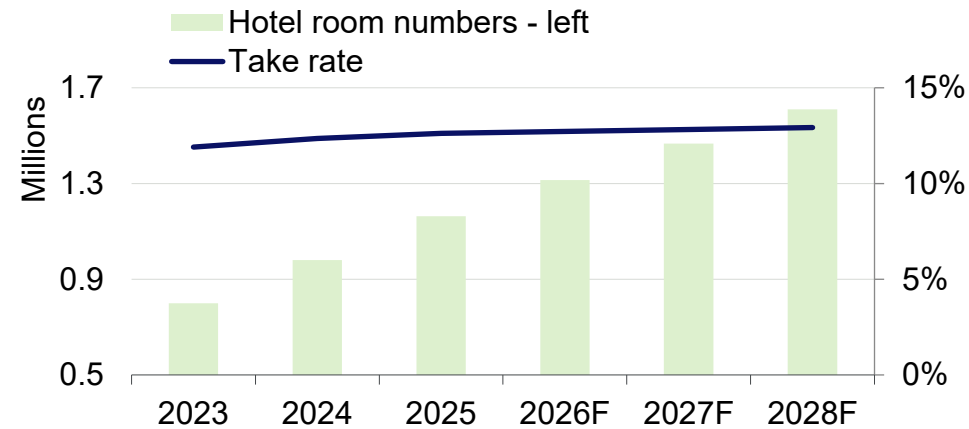
Note: leverage calculations include the company's lease obligations, which accounts for over 80% of adj. debt.

Asset-light expansion drives growth

Leased & owned



Franchised & manachised (asset light)

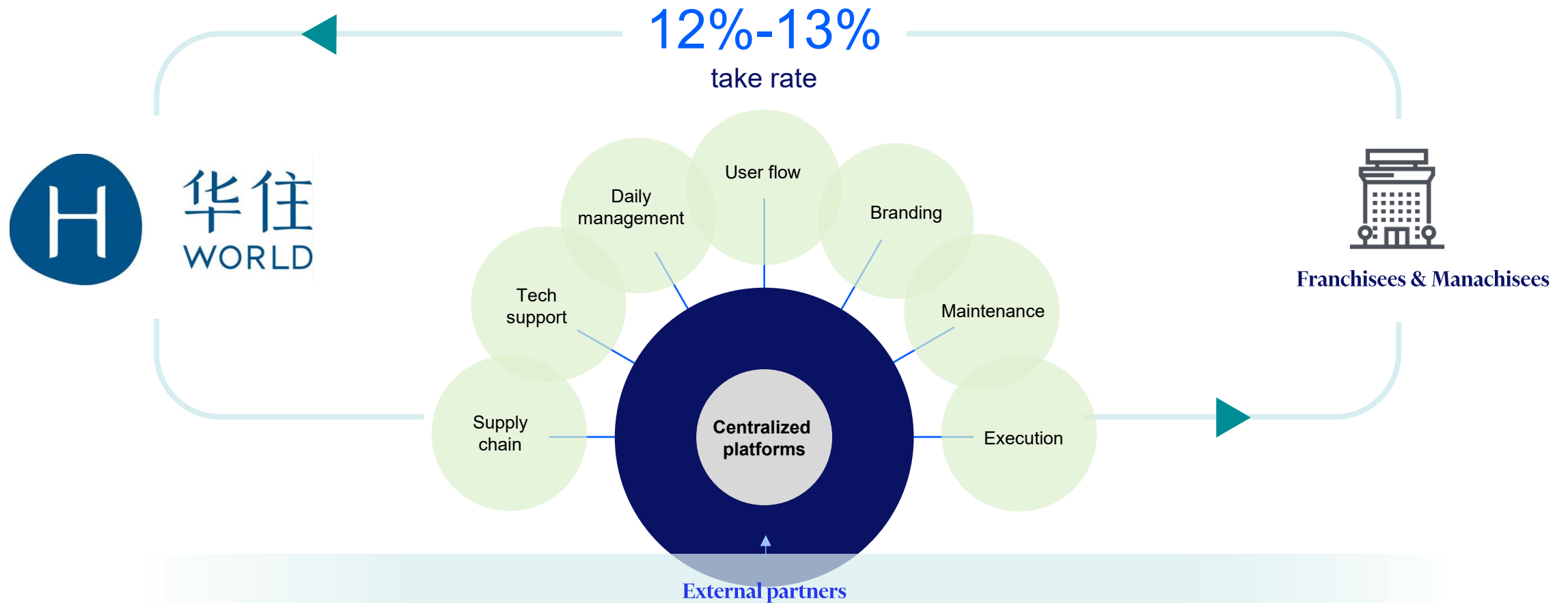


RevPAR: Revenue per available room = ADR x Occupancy

ADR: average daily rate

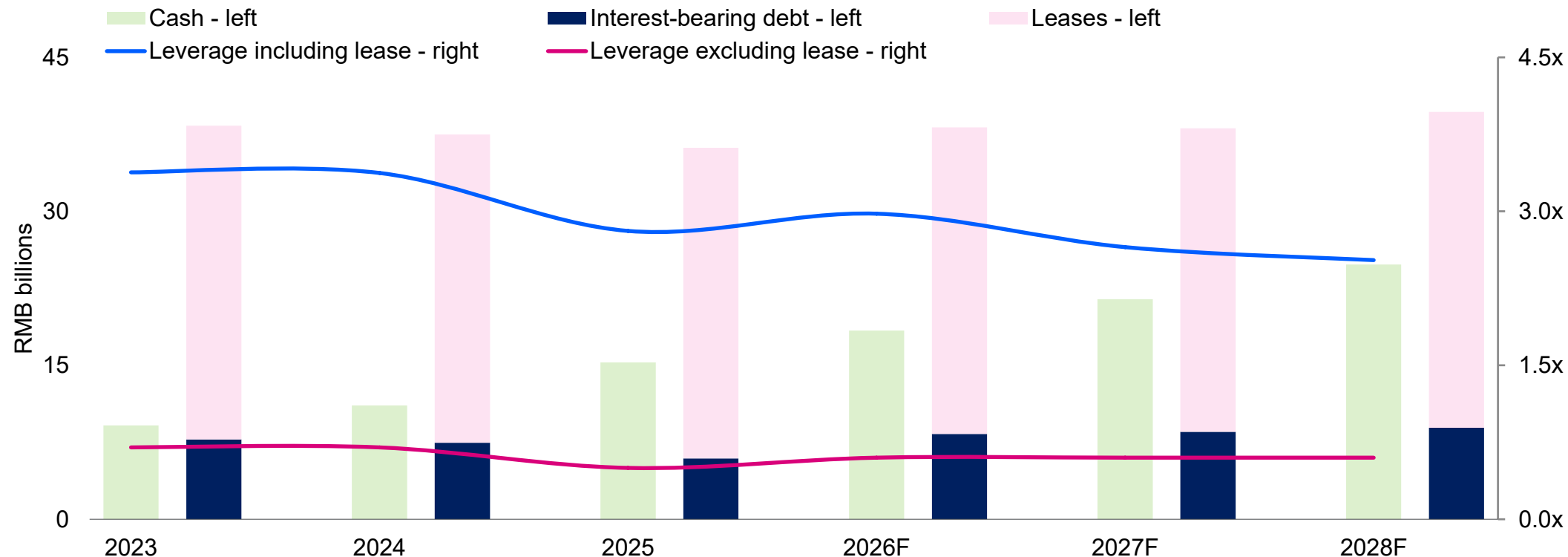
Source: Company; Moody's

Centralized platforms support network growth



Source: Company; Moody's Ratings

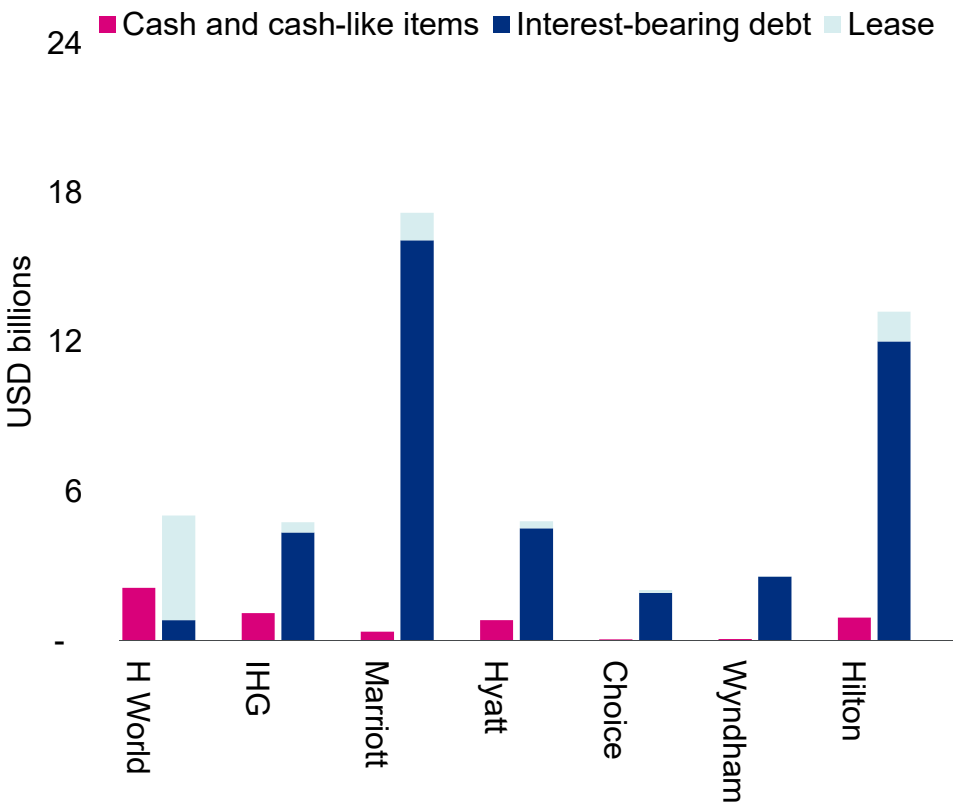
Lower leverage and robust cash provide buffers



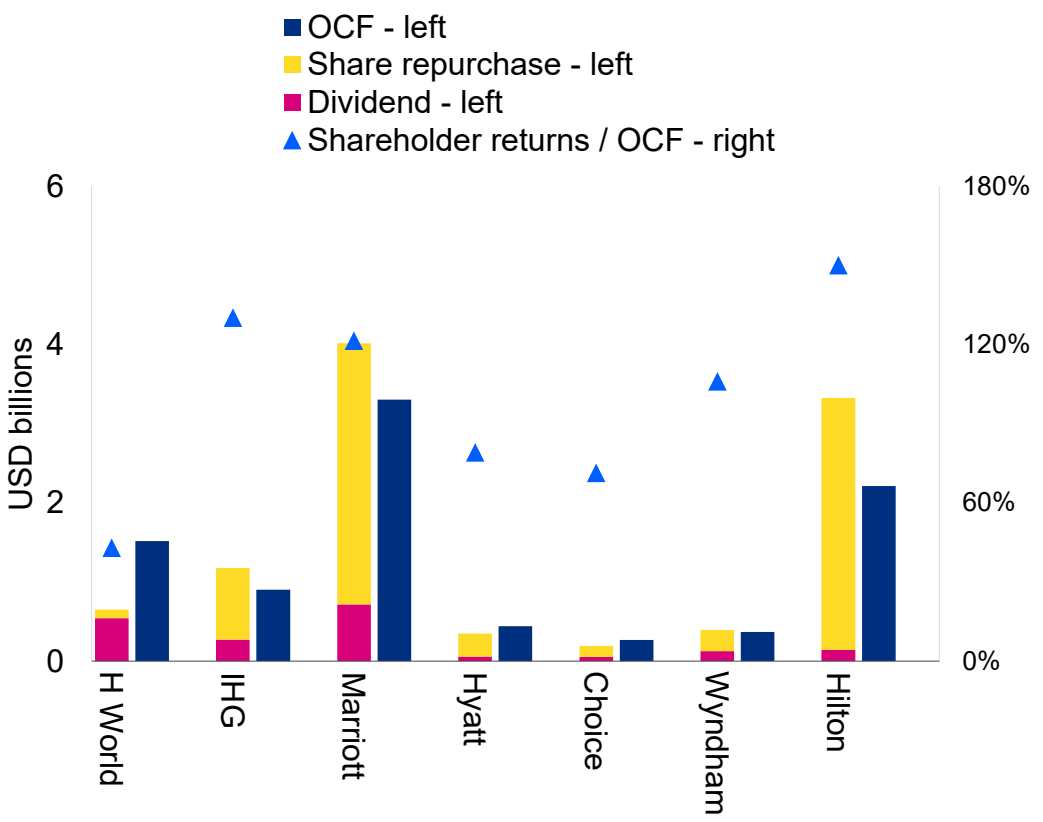
Source: Company; Moody's Ratings

Strong liquidity and prudent shareholder returns

H World maintains robust cash holdings



Disciplined shareholder returns relative to OCF



Source: Companies; Moody's Ratings

A large, stylized graphic in a medium blue color serves as a background. It consists of the letters 'N', 'M', and 'A' in a bold, sans-serif font, followed by a large closing quotation mark. The text 'Grid, Peers, Liquidity Assessment' is overlaid on the 'M' and 'A' in a white, serif font.

Grid, Peers, Liquidity Assessment

Scorecard

Business and Consumer Services Industry Scorecard *		Current LTM March 31 2026		2027F **	
Factor 1: Scale (20%)		Measure	Score	Measure	Score
a) Revenue (USD Billion)		3.3	Ba	3.8	Ba
Factor 2: Business Profile (20%)					
a) Demand Characteristics		Baa	Baa	Baa	Baa
b) Competitive Profile		A	A	A	A
Factor 3: Profitability (10%)					
a) EBITA Margin		38.6%	Aa	40.0%	Aa
Factor 4: Leverage And Coverage (40%)					
a) Debt / EBITDA		2.8x	Baa	2.7x	Baa
b) EBITA / Interest Expense		5.0x	Ba	6.0x	Baa
c) RCF / Net Debt		24.7%	Ba	20.2%	Ba
Factor 5: Financial Policy (10%)					
a) Financial Policy		Baa	Baa	Baa	Baa
Rating:					
a) Scorecard-Indicated Outcome			Baa3		Baa2
b) Actual Rating Assigned					Baa2

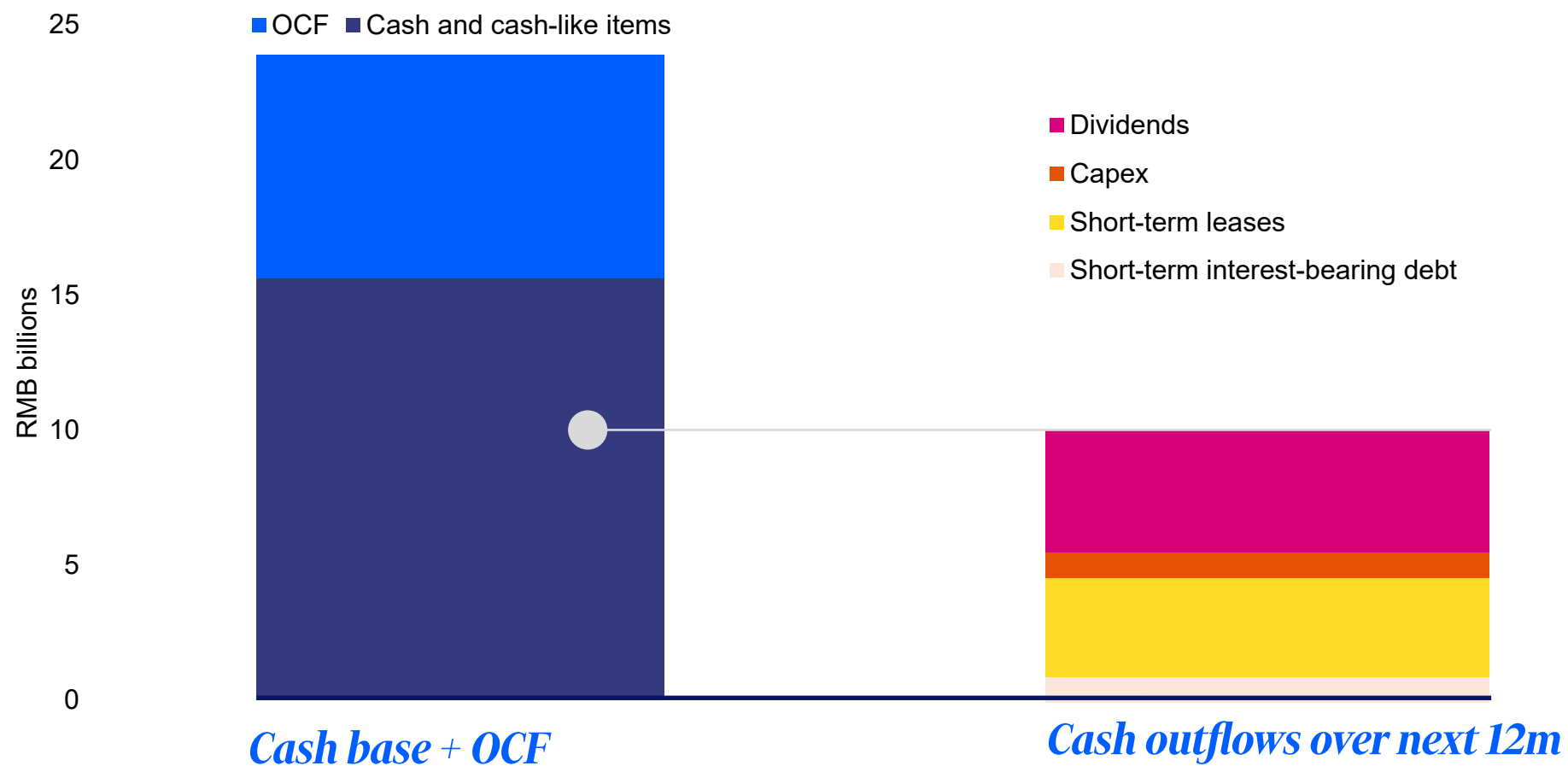
Source: Moody's Financial Metrics and Moody's Projections TM

Peers

	H World Group Limited			InterContinental Hotels Group plc			Marriott International, Inc			Hyatt Hotels Corporation		
	Baa2 Stable			Baa2 Stable			Baa2 Stable			Baa3 Stable		
(in USD millions)	FY2023	FY2024	FY2025	FY2023	FY2024	FY2025	FY2023	FY2024	FY2025	FY2023	FY2024	FY2025
Revenue	2,968	3,163	3,304	2,164	2,312	2,468	6,300	6,618	6,982	3,609	3,296	3,472
EBITA Margin	36.1%	32.9%	39.5%	52.4%	50.5%	54.5%	68.4%	68.9%	71.5%	17.8%	20.8%	12.0%
Debt / EBITDA	3.4x	3.4x	2.8x	3.2x	3.1x	3.4x	2.8x	3.2x	3.3x	3.5x	4.7x	7.3x
EBITDA / Interest	3.5x	3.7x	5.0x	9.6x	7.1x	6.8x	7.1x	6.2x	5.9x	4.1x	3.6x	1.3x
RCF / Net Debt	26.3%	17.3%	22.4%	22.2%	15.1%	16.4%	21.0%	15.0%	16.2%	24.6%	12.0%	11.6%

Source: Moody's Ratings and company filings

Excellent liquidity





Rating triggers



Stable outlook

- Steady growth and profitability under its asset-light strategy;
- Prudent financial policy with stable credit metrics



Triggers

Upgrade

- Scale growth with portfolio diversity;
- Strong financial metrics, including an adjusted debt / EBITDA sustainably $< 2.8x$;
- Continues to generate free cash flow

Downgrade

Failing to maintain business profile or financial metrics.

Indicative metrics:

- Deteriorating cash flow; declining profitability;
 - Debt/EBITDA $> 4.0x$ and interest-bearing debt/EBITDA $> 3.5x$; or
 - Worsening liquidity;
- All on a sustained basis.



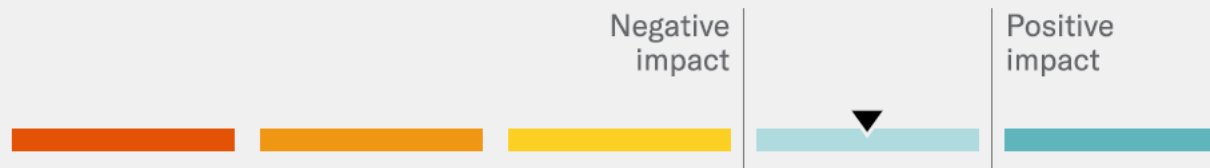
ESG Assessment

ESG considerations

Credit Impact Score (CIS)

CIS-2

Score



ESG considerations do not have a material impact on the current rating.

Issuer Profile Scores

E-2

Environmental

Score



S-3

Social



G-2

Governance



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Questions & Answers

Thank you

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