MOODY'S RATINGS

Corporate Finance Group / Hong Kong

Ying Wang
Vice President - Ratings

Stephanie Lau
Senior Vice President - Ratings

Ashley Qi
Senior Ratings Associate

H World Group Limited:

Behind the first-time Baa2 issuer rating

Agenda

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Company Profile

Diversified 30+ brands

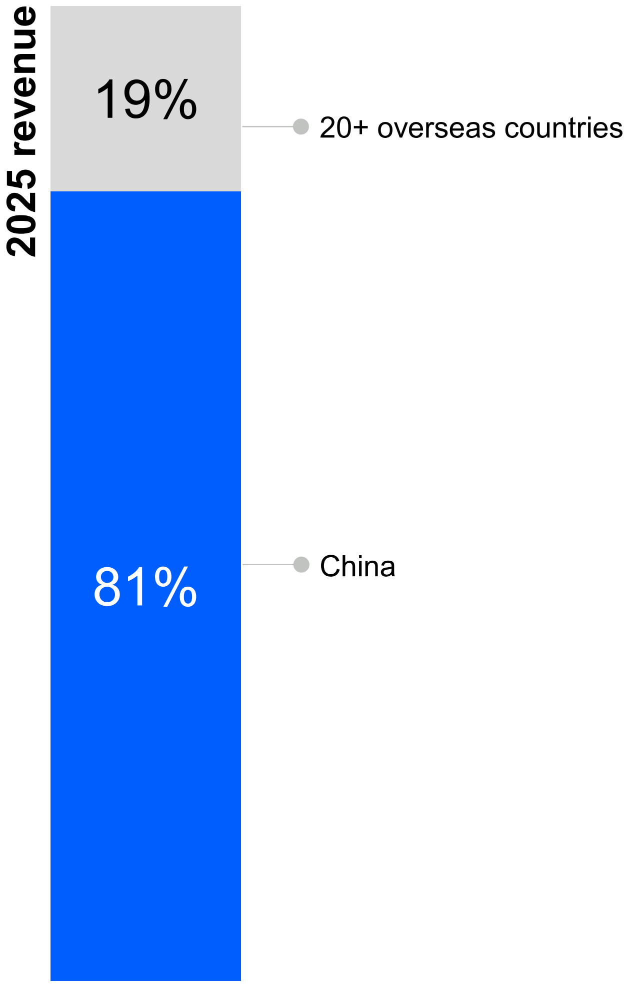
Majority midscale to economy

Luxury	1%	宋品 SONG HOTEL; STEIGENBERGER ICONS; STEIGENBERGER; JOYA; BLOSSOM HOUSE
Upscale	10%	IntercityHotel; 全季大观; CRYSTAL; MERCURE 美居酒店; MaxX; MAN XIN HOTEL
Midscale	43%	全季酒店; 桔子酒店; STARWAY HOTEL
Economy	46%	汉庭酒店; 你好酒店; 汉庭快捷; 海友酒店; ibis 宜必思酒店

Mitigants against macroeconomic challenges

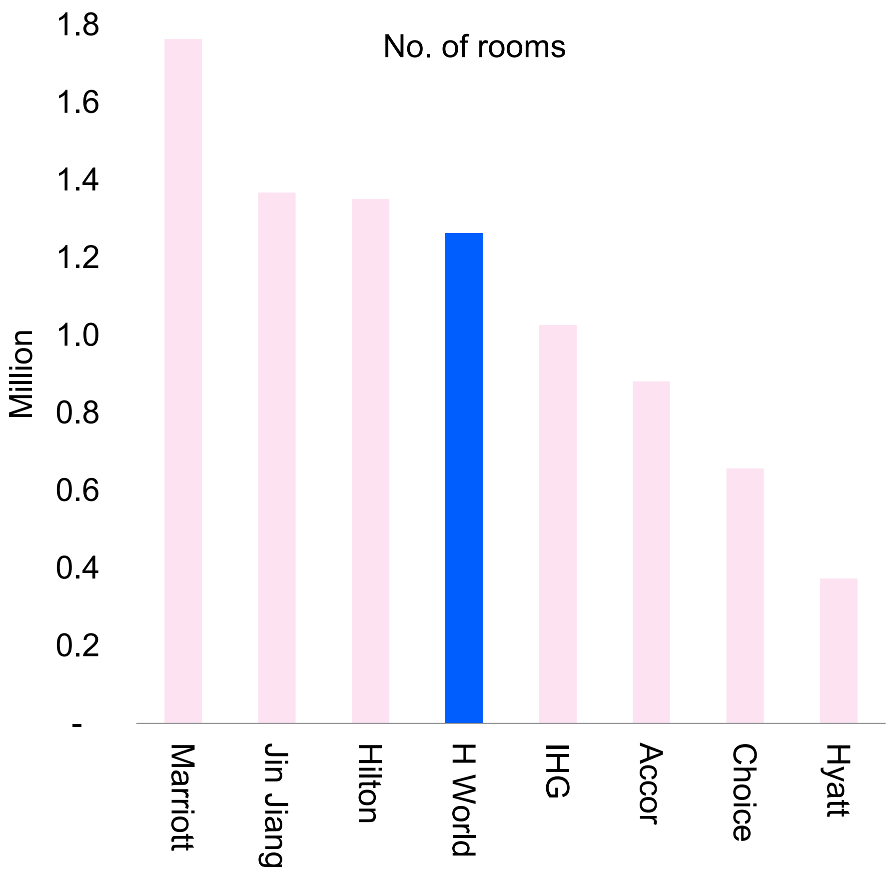
1.3 million rooms, world's no. 4

China focused; disciplined overseas expansion

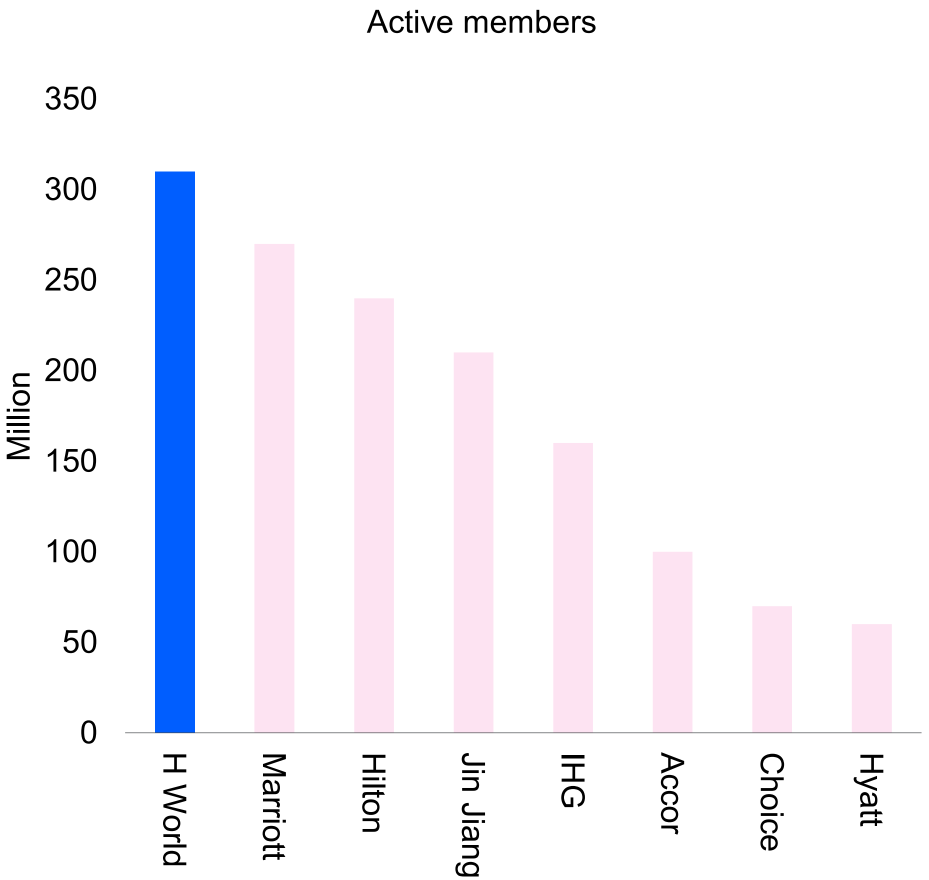


World-class scale

No. 4 by room count



Largest loyalty ecosystem

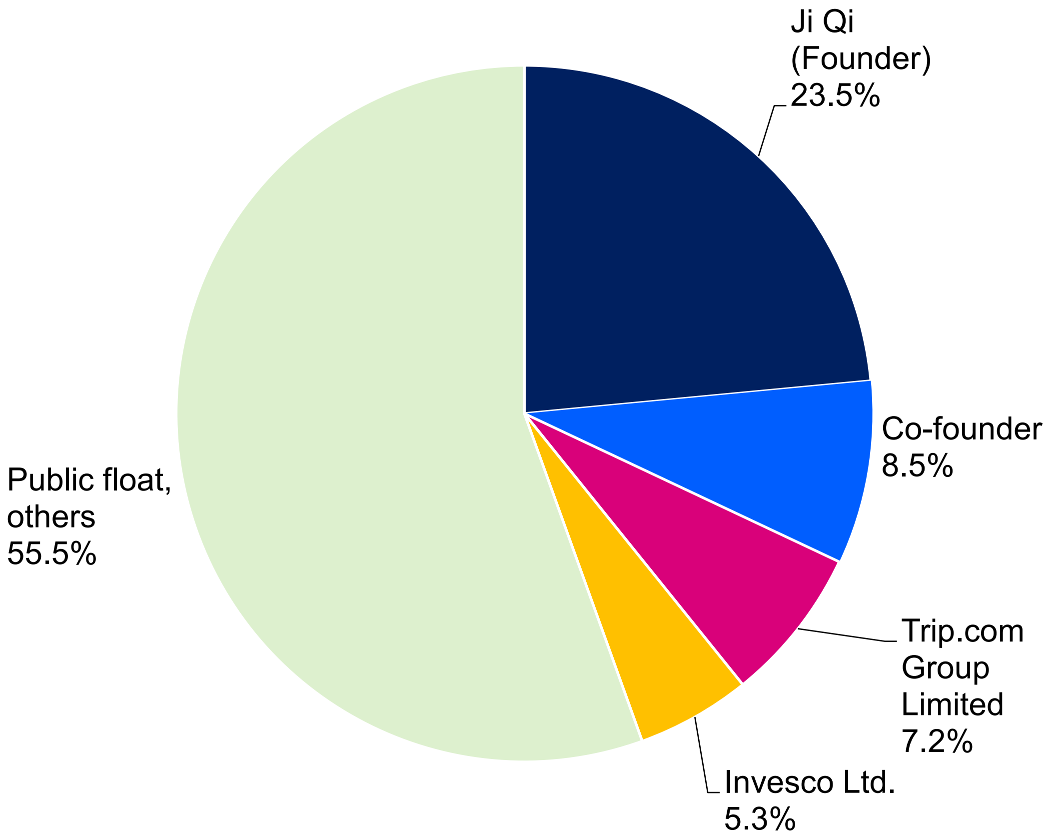


H World's direct booking from its proprietary platform contributes >70% of its revenue, among highest in the industry and reducing reliance on online travel agencies (OTAs).

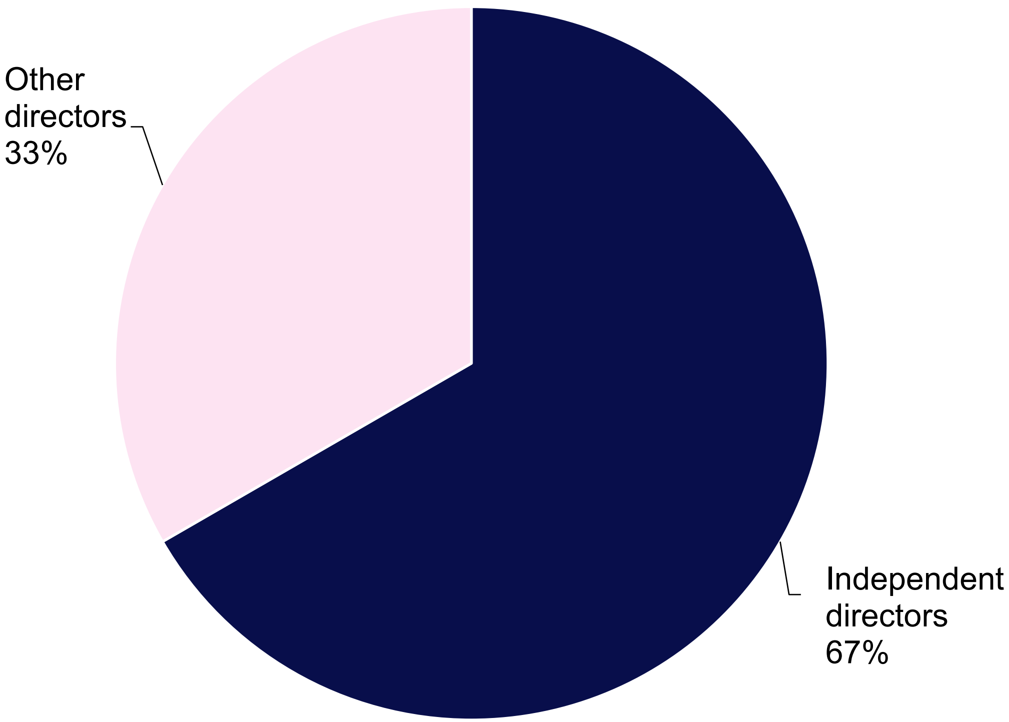
Source: Company filings; Moody's Ratings

Diversified shareholders and balanced board

Shareholders



Board



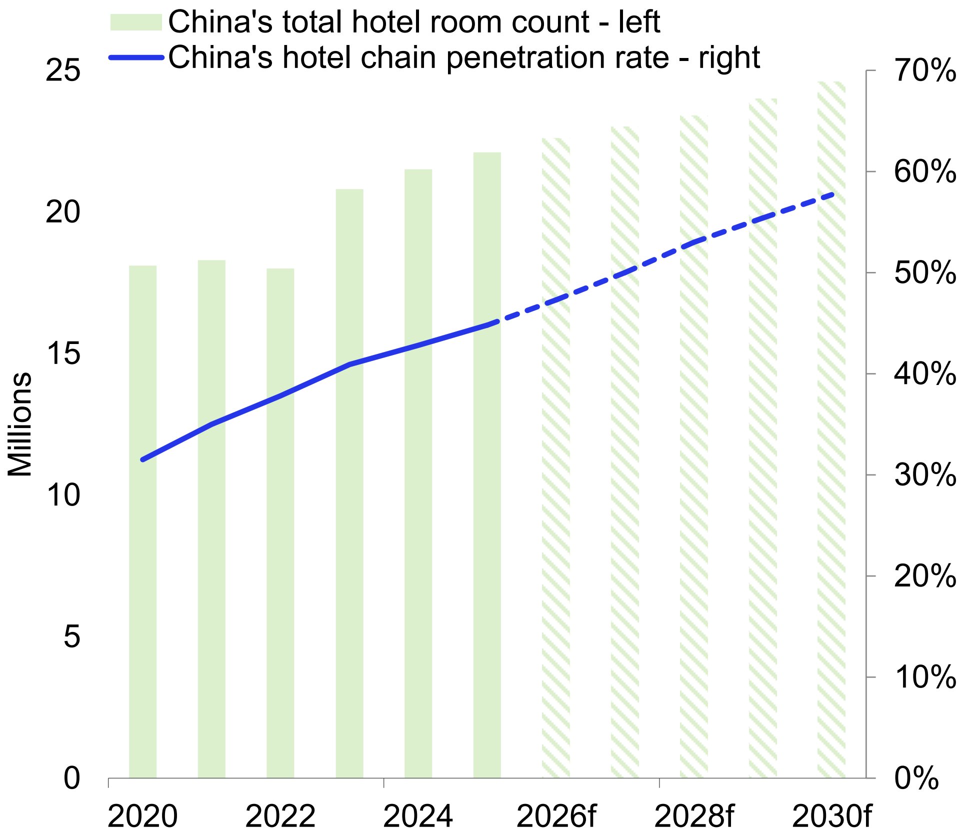
Key Rating Considerations

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

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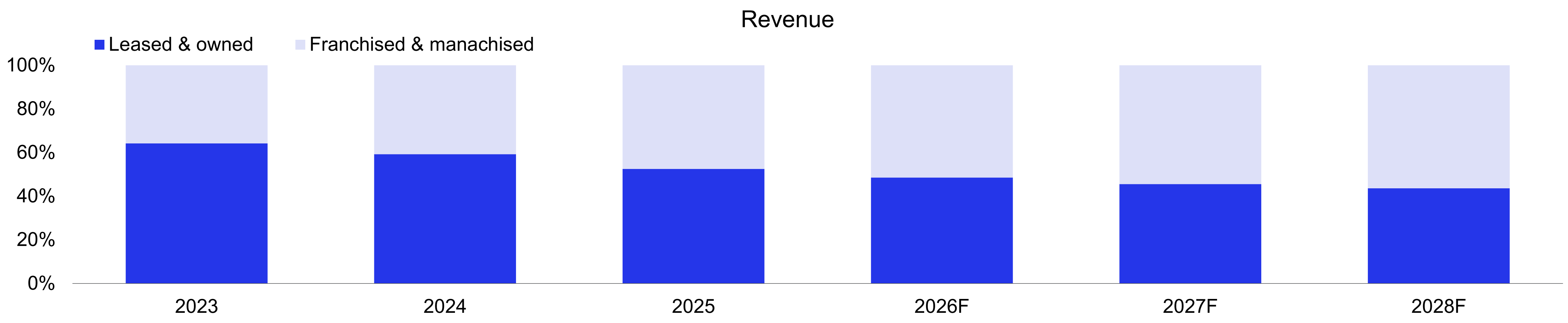
30+ brands highlight portfolio diversity

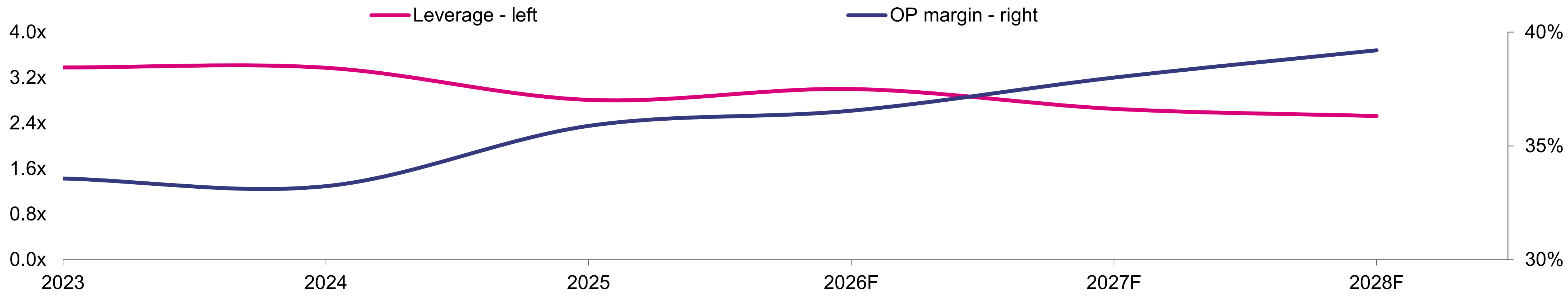
华住会

Mass Market	Select	Lifestyle	Upscale	Extended Stay
汉庭酒店 HANTING HOTEL	全季大观 GRAND JI HOTEL	MERCURE HOTELS 美居酒店	宋品 SONG HOTEL	城家公寓 CJIA APARTMENT
你好酒店	水晶酒店	漫心府	STEIGENBERGER ICONS 施柏阁大观	城家公寓酒店 CJIA APARTHOTEL
汉庭快捷 HANTING INN	城际酒店 Intercity Hotel	漫心酒店	施柏阁 STEIGENBERGER	suisse place 瑞贝庭公寓酒店
海友酒店	全季酒店 JI HOTEL	CitiGO 欢阁酒店	禧玥酒店 JOYA HOTEL	CitiGO HOUSE 欢阁服务公寓
星程酒店 STARWAY HOTEL	ORANGE 桔子酒店	NOVOTEL	花间堂 BLOSSOM HOUSE	CJIA LUX | 城家奢华公寓
	美仑酒店 MADISON	HOUSE OF BEATS	MaxX 美仑美奂酒店	
	ibis	Jaz in the city		

Source: Company filings

Asset light strategy anchors improving metrics

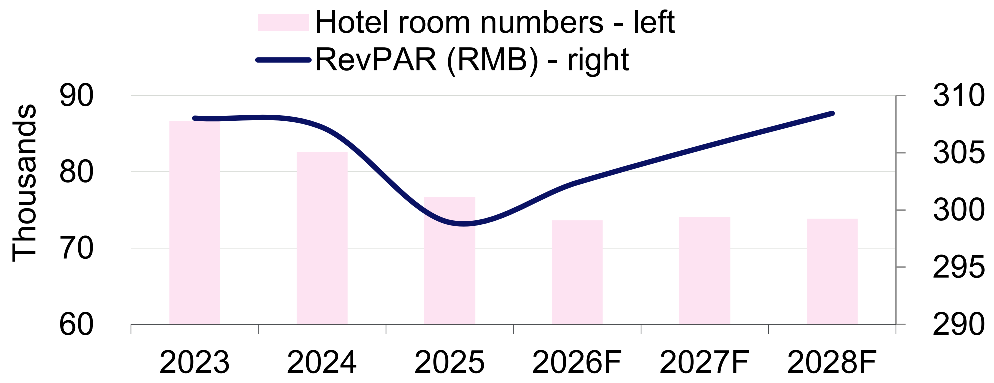


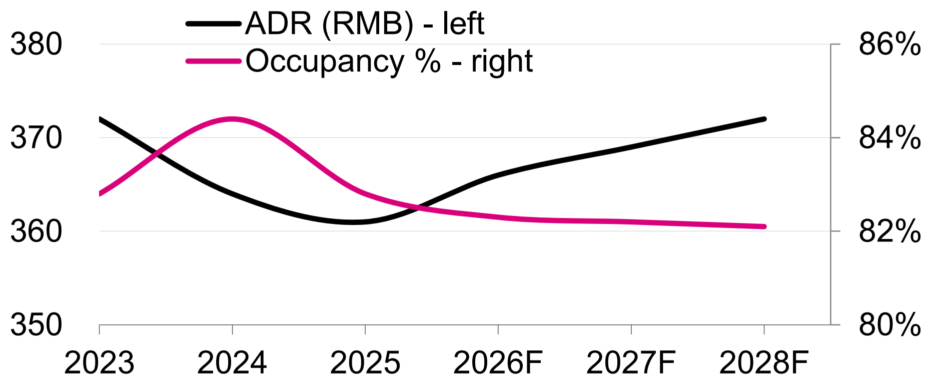


Note: leverage calculations include the company's lease obligations, which accounts for over 80% of adj. debt.

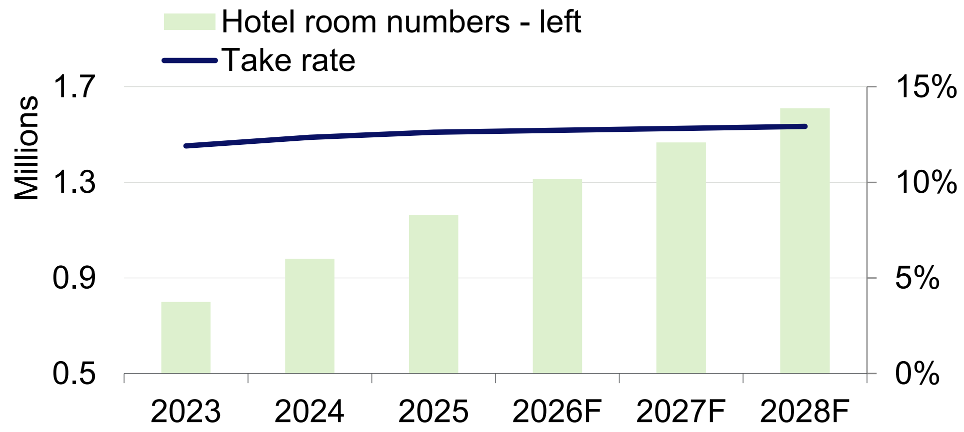
Asset-light expansion drives growth

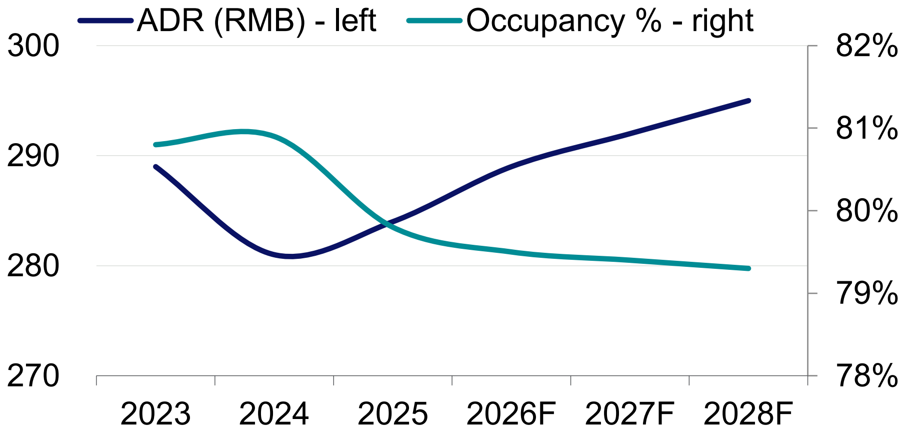
Leased & owned





Franchised & manachised (asset light)





RevPAR: Revenue per available room = ADR x Occupancy

ADR: average daily rate

Source: Company; Moody's

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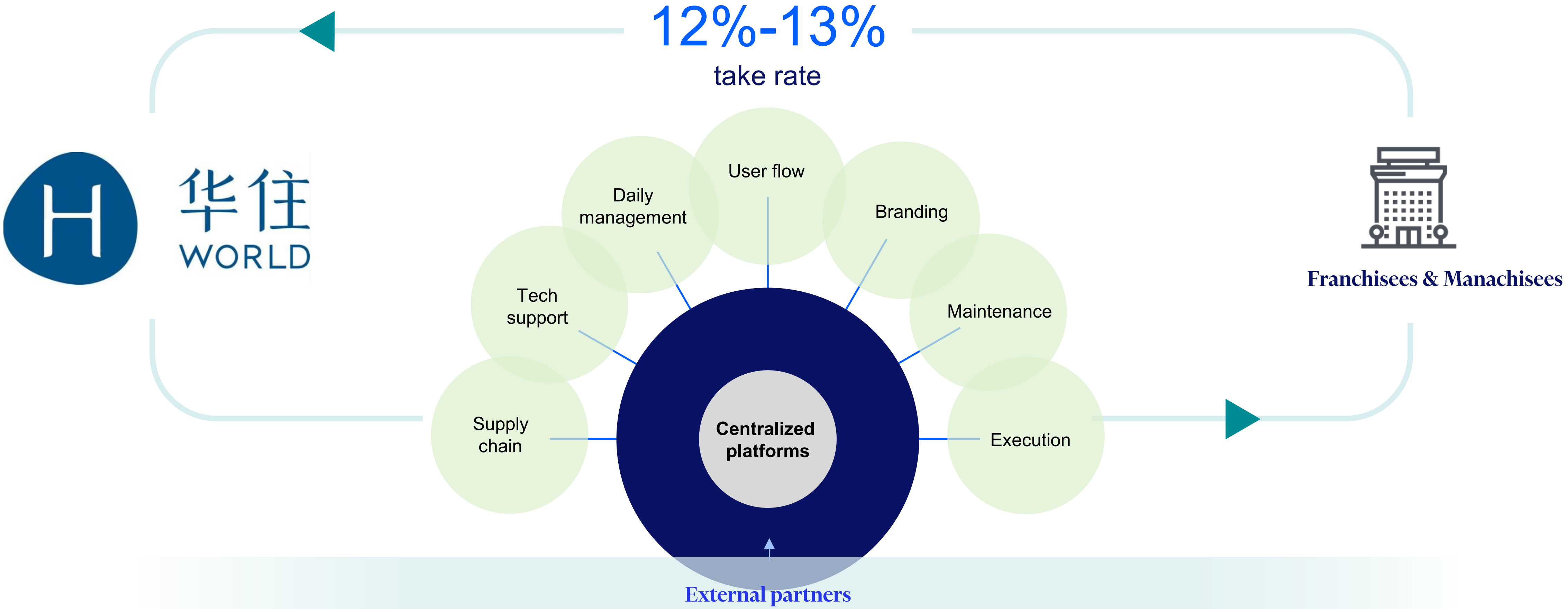
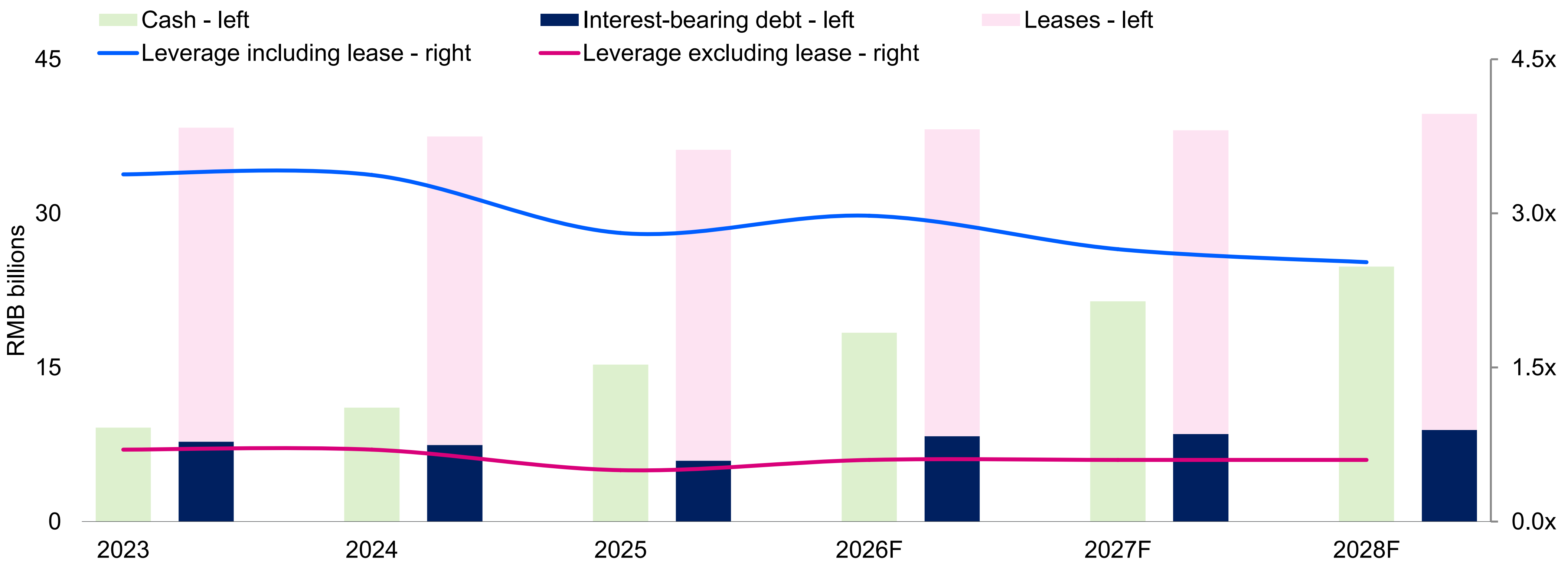
Centralized platforms support network growth



Source: Company; Moody's Ratings

Lower leverage and robust cash provide buffers



Source: Company; Moody's Ratings

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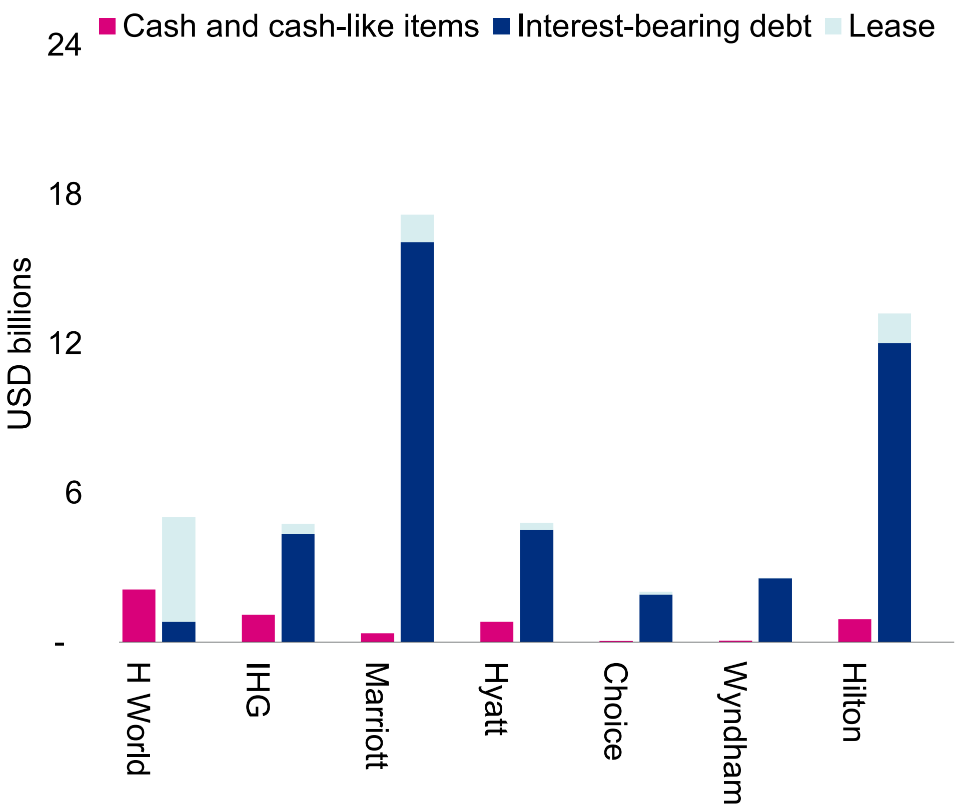
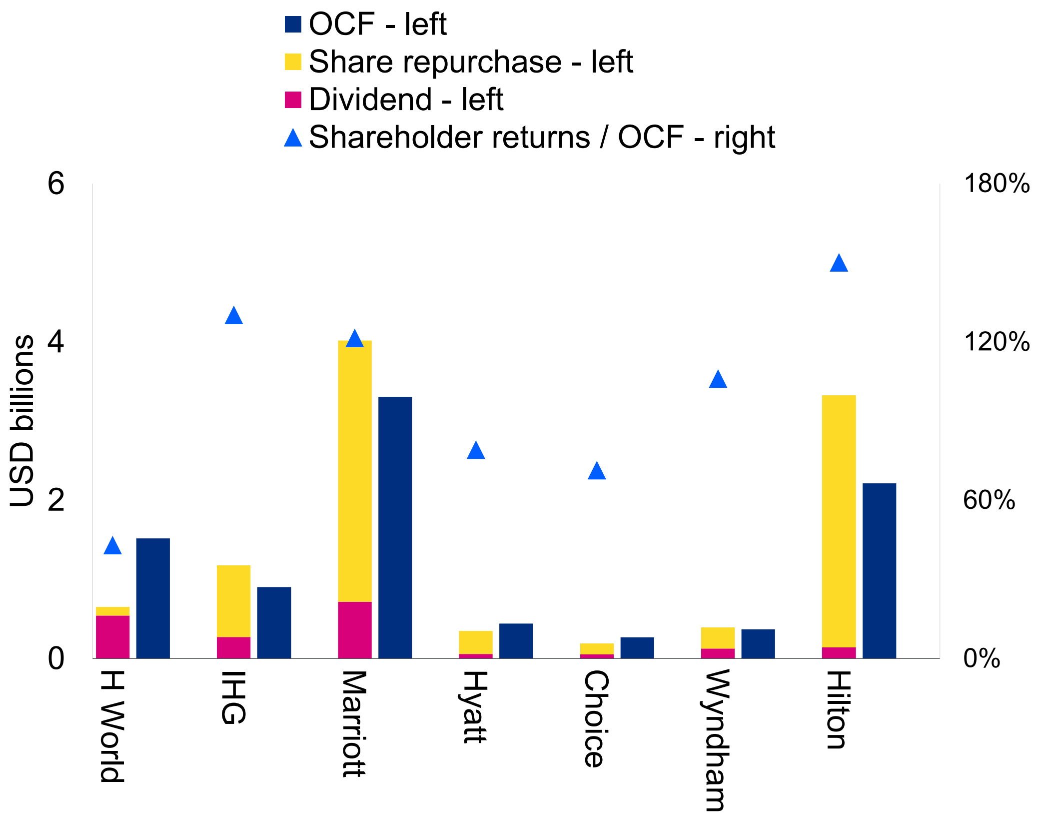
Strong liquidity and prudent shareholder returns

H World maintains robust cash holdings



Disciplined shareholder returns relative to OCF



Source: Companies; Moody's Ratings

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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

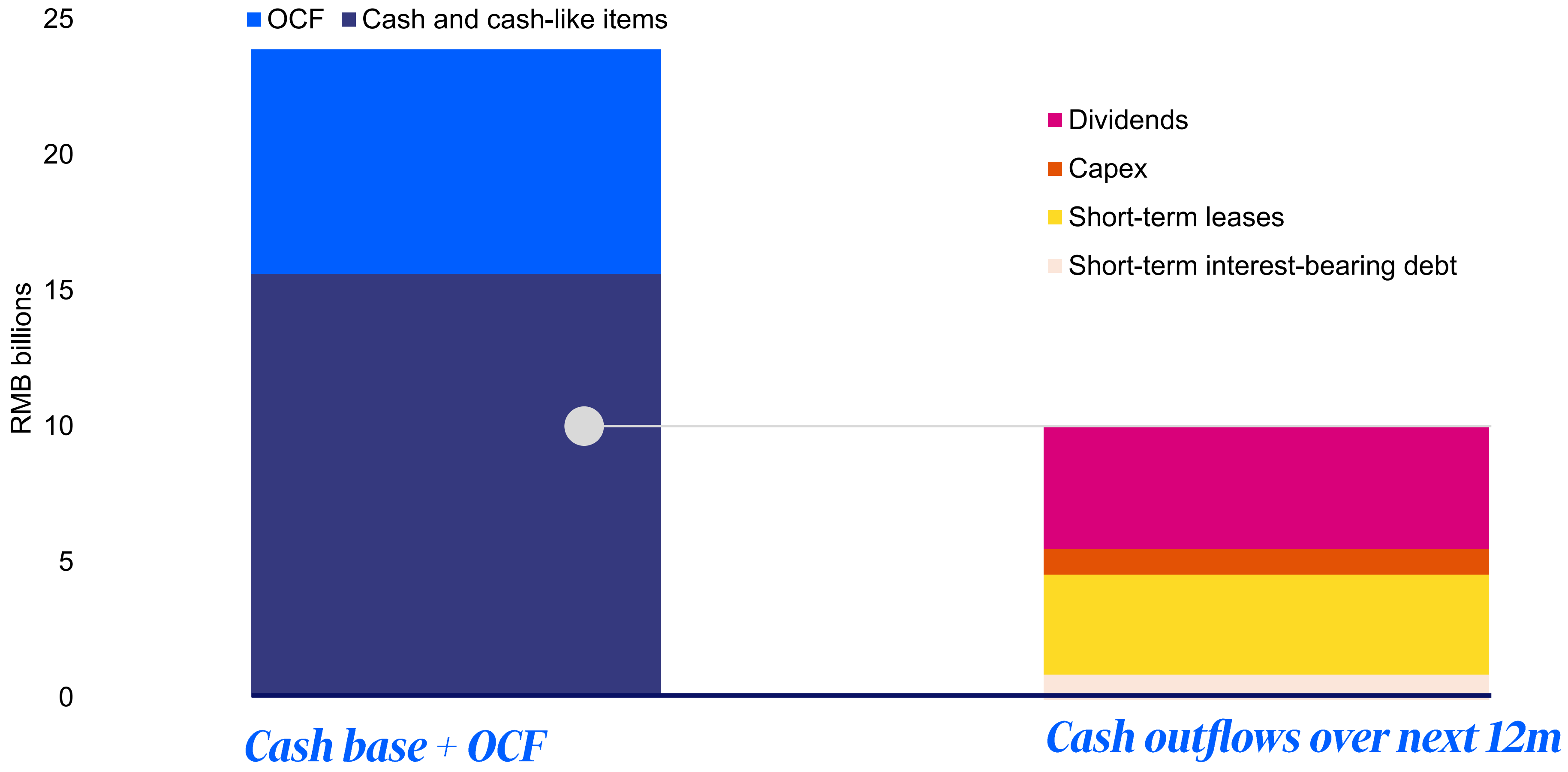
Source: Moody's Financial Metrics and Moody's Projections ™

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:

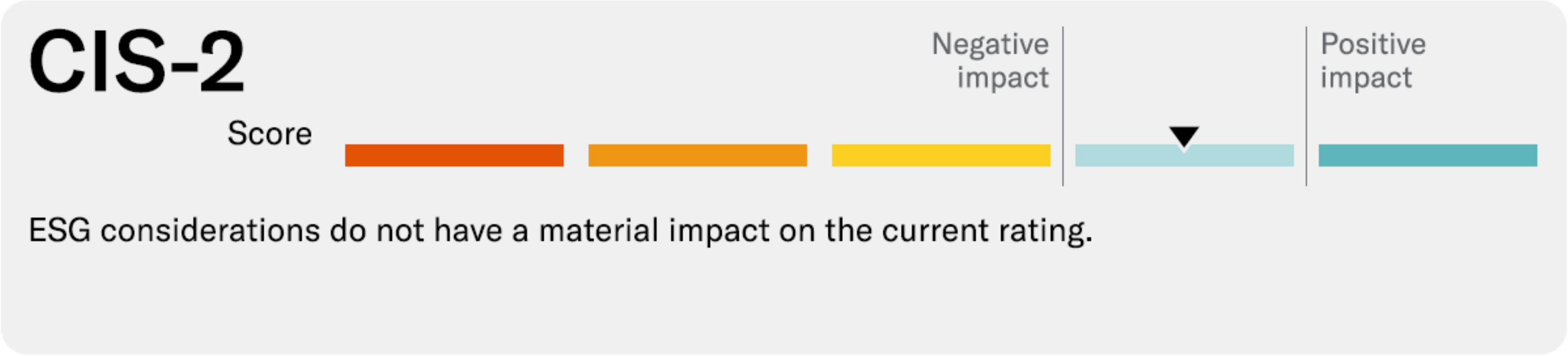
- Deteriorating cash flow; declining profitability;
- Debt/EBITDA > 4.0x and interest-bearing debt/EBITDA > 3.5x; or
- Worsening liquidity;

All on a sustained basis.

ESG Assessment

ESG considerations

Credit Impact Score (CIS)



Issuer Profile Scores

Questions & Answers

Thank you

Ying Wang
Vice President – Ratings
Corporate Finance Group
Moody's Ratings
ying.wang@moodys.com

Stephanie Lau
Senior Vice President – Ratings
Corporate Finance Group
Moody's Ratings
stephanie.lau@moodys.com

Ashley Qi
Senior Ratings Associate
Moody's Ratings
ashley.qi@moodys.com

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