

**Atour Lifestyle Holdings**  
**First Quarter 2025 Earnings Conference Call**

**Opening Remarks**

**Operator introduction**

Ladies and Gentlemen, thank you for standing by, and welcome to the Atour Lifestyle Holdings First Quarter 2025 Earnings Conference Call. At this time, all participants are in listen-only mode. After the speakers' presentation, there will be a Q&A session. Today's conference is being recorded. I would now like to turn the conference over to Mr. Luke Hu, Senior IR manager. Please go ahead, sir.

**Luke Hu:**

Thank you, operator. Good morning and good evening, everyone. Welcome to our First Quarter 2025 Earnings Conference Call. Today, you will hear from our Founder, Chairman and CEO, Mr. Wang Haijun, and our EVP and Co-CFO, Mr. Wu Jianfeng.

Before we continue, please be aware that today's discussion will include forward-looking statements under federal securities laws. These statements are subject to various risks and uncertainties, and actual results may differ significantly from what is stated or implied in our comments today. The Company is not obligated to update any forward-looking statements except as required by applicable laws.

Additionally, during this call, our management will discuss certain non-GAAP financial measures solely for comparison purposes. For a clear understanding of these measures and a reconciliation of GAAP to non-GAAP financial results, please refer to the earnings release issued earlier today.

Furthermore, a webcast replay of this conference call will be accessible on our website at [ir.yaduo.com](http://ir.yaduo.com), where a copy of the results presentation is also available. Now, I will turn the call over to Mr. Wang, our CEO.

## Haijun Wang:

Thank you, Luke. Hello, everyone, and thank you for joining Atour's first quarter 2025 earnings call today.

In the first quarter of 2025, China's domestic travel market experienced fluctuations amid a complex and volatile macro environment, with numerous uncertainties presenting both challenges and opportunities. As a leading lifestyle group, we have always adhered to our business philosophy of "serving people" and are confidently navigating these evolving market dynamics. We continue to respond proactively to shifting consumer preferences for superior quality, personalized service, and experience-driven consumption. Meanwhile, we remain firmly committed to advancing the strategic initiative of "Chinese Experience, 2,000 Premier Hotels," which not only strengthens our brand awareness and product offerings, but also drives the transformation and elevation of the industry's value chain.

Next, I would like to provide more details on our business performance for the first quarter of 2025.

Let's begin with our hotel business. Please turn to slide 4 of our 1Q25 results presentation. Our RevPAR reached RMB304.4 in the first quarter of 2025, representing 92.8% of its level in the same period of 2024. Specifically, OCC reached 95.8% and ADR stood at 97.2%, both compared to the same period in 2024.

Please turn to slide 5. RevPAR for our mature hotels in operation for more than 18 months in the first quarter of 2025 was 92.8% of the level for the same period in 2024, in line with the Group's overall performance, while OCC and ADR for these mature hotels reached 95.6% and 97.4% of 2024's levels for the same period, respectively.

Please turn to slide 6. Benefiting from our strengthening brand influence and robust organizational efficiency, our hotel network continued to expand, demonstrating the resilience of our business. In the first quarter, we opened 121 new hotels, representing a 24.7% year-over-year increase. By the end of the first quarter, we had a total of 1,727 hotels in operation, representing a 32.6% year-over-year increase.

This quarter, franchisees remain positive about our brand development. This has led to a continuous expansion of our pipeline projects. By the end of the first quarter, the number of hotels under development reached 755. While pursuing scale expansion, we always adhere to the quality standards. We carefully screen and evaluate both new hotel signings and openings to ensure sustainable, high-quality growth.

Next, I would like to share the latest developments for Atour's hotel brands.

In the first quarter, guided by our long-term growth philosophy and deep insights into current business travel trends, we implemented upgrades to our midscale and upper midscale hotel products.

Please turn to slide 7. In the upper midscale segment, we launched Atour 3.6 in the first quarter. This product embodies an in-harmony-with-nature design philosophy, seamlessly integrating business functionality and a relaxed ambiance. Furthermore, Atour 3.6 prioritizes enhanced convenience and comfort through optimized space utilization and upgraded functional design. This innovation enables us to deliver a comprehensive, full-scenario “ultimate business travel” experience, setting a new benchmark for premium business travel in the upper midscale market.

Since its launch, Atour 3.6 has received widespread market recognition and positive feedback from franchisees through its strong product vitality, holistically upgraded customer experience features, and efficient investment returns. We believe this product will further solidify our core competitiveness in the upper midscale segment.

Please turn to slide 8. Looking ahead, the Atour Series 3 and Series 4 product lines will jointly shape our next-generation upper midscale hotel portfolio, operating in parallel to complement each other. Atour Series 3 strengthens our leading brand position in core business travel scenarios. Meanwhile, Atour Series 4 offers an extended lifecycle and shapes the future of the upper midscale market. Together, Series 3 and Series 4 product lines address diverse customer aesthetic preferences and accommodation needs, while also providing franchisees with a broader range of investment options. In addition, for existing hotels with renovation needs, we have introduced the Atour "3.5SE" renovation program to help them maintain market competitiveness.

Please turn to slide 9. In the midscale segment, we remain committed to product innovation and experiential upgrades that cater to the diverse needs of younger consumers. In 2023, we introduced Atour Light 3.0, which effectively addressed critical market challenges such as outdated aesthetics and inadequate service experiences by incorporating youthful, fashionable design and innovative service touchpoints. This product has received widespread acclaim from both franchisees and consumers. Meanwhile, during the operation, we have gained valuable insights into the preferences of younger consumers.

Building on this foundation, we launched Atour Light 3.3 in the first quarter. Inspired by the “Blue Nights of Genoa,” Atour Light 3.3 provides customers with a relaxing and restorative resting experience through immersive atmospheric design. Atour Light 3.3 features comprehensive upgrades in visual design, spatial perception, and facilities, while offering tailored functionality for business meetings and work-related needs. These enhancements further elevate the overall customer experience. With its improved quality, expanded versatility, and adherence to our “Atour-signature” experience standards, we believe Atour Light 3.3 will serve as a key driver in achieving the scale of 1,000 Atour Light hotels and will establish itself as a flagship product in the midscale segment.

In an increasingly competitive market, we remain focused on creating products with extended lifecycles. By continuously enhancing our product competitiveness with reinforced experience differentiations, we effectively meet the diverse needs of broader demographics, further solidifying our leadership across market segments.

Now moving to our retail business, please turn to slide 10.

The growth of our retail business is a natural extension of our positioning as a lifestyle group and our business philosophy of “serving people.” In the first quarter, our retail business maintained strong growth momentum, with GMV reaching RMB845 million, up 70.9% year-over-year, driven by rising brand strength and growing customer loyalty. Online channels continued to contribute over 90% of total GMV.

Please turn to slide 11. Since its inception, Atour Planet has remained committed to studying and integrating customers’ sleep needs across both hotel and home environments. This anchors the deep-sleep experience firmly in the minds of customers. Across different scenarios, Atour Planet’s products not only fulfill customers’ functional needs but also deeply resonate with their emotional needs.

In the pillow category, our Deep Sleep Memory Foam Pillow PRO series maintained robust sales performance in the first quarter, consistently ranking as the top seller in its category on major third-party e-commerce platforms. Since its launch, the accumulated sales of the Deep Sleep Memory Foam Pillow PRO series have exceeded 6 million units, further solidifying Atour Planet’s leading position in the pillow category.

Please turn to slide 12. Based on our capture and exploration of user needs, as well as the refinement and analysis of user feedback, Atour Planet has developed a standardized, user-driven product iteration model. In March, in line with seasonal changes, we launched the Deep Sleep Thermo-Regulating Comforter Pro 2.0 (Summer Season). Serving as the upgraded version of the Deep Sleep Lightweight Comforter introduced last year, this new product further optimizes the breathable cooling system, aiming to provide the customers with a “natural and cozy coolness” instead of an “ultimate cold touch.” Upon launch, the product received widespread consumer praise, ranking first in sales in its category on Tmall and Douyin in its first month. Within just 48 days, the product exceeded RMB100 million GMV, making it another blockbuster product in the Deep Sleep series.

In addition, amidst an increasingly competitive market environment, we have been steadily reinforcing Atour Planet’s core strengths. On one hand, we continue to drive innovation in product materials and manufacturing technologies. On the other hand, by establishing a comprehensive set of production standards, we have achieved end-to-end quality control and ensured consistent and reliable product quality. Moreover, Atour Planet remains focused on refining product details based on customer needs, aiming to enhance the overall usage experience. With the continuous improvement of both product performance and quality, Atour

Planet is well positioned to meet consumers' growing expectations for high-quality living, redefining new standards for both product quality and customer experience.

Please turn to slide 13. Moving to our membership business and channel development progress.

Thanks to the continued enhancement of our membership ecosystem and an expanding range of membership benefits, our registered individual members surpassed 96 million by the end of the first quarter, representing a 35.4% year-over-year increase. Our core CRS channel continued to maintain stable performance, accounting for 65.1% of total room nights sold during the first quarter. The contribution of room nights sold to corporate members was 19.8% during the first quarter.

Please turn to slide 14. We continue to enhance our ACARD membership ecosystem by gaining deeper insights into user behavior and preferences across different business formats. This enables us to further integrate hotel and retail businesses, thereby driving cross-consumption between them. In the first quarter, alongside the launch of new retail products, we introduced cross-promotional campaigns that allow retail customers to access our hotel membership benefits. These initiatives have attracted more retail customers to our hotels, driving further conversions across our business segments.

In terms of member engagement, we actively leverage emerging trends in leisure and business travel to continuously deliver experiences and benefits that highly resonate with customers. For example, during the Spring Festival, we launched our "counter-trend travel" blind hotel booking campaign, catering to the younger travelers' growing preference for exploring niche, crowd-free destinations. We also introduced "destination ambassadors" to share local travel inspiration. Additionally, we partnered with a vertical travel platform to establish integrated memberships, further embedding our value proposition throughout customers' journeys and enhancing member loyalty.

Finally, I am pleased to announce the recent release of our 2024 ESG Report. Please turn to slide 15. Throughout 2024, we continued to strengthen our ESG governance by embedding sustainability principles across both hotel and retail businesses. At the same time, we are actively fulfilling our social responsibilities through industrial support and social assistance programs in Yaduo Village. And by leveraging our brand influence, we also built bridges for biodiversity conservation.

Looking ahead, we remain committed to upholding our product philosophy of being "humane, warm and inspiring," scaling the expansion and driving quality enhancements to both our hotel and retail businesses. Guided by our long-term growth principle, we remain committed to making tangible contributions to sustainable development and the betterment of society.

I will now turn the call over to our Co-CFO, Mr. Wu Jianfeng, who will discuss our financial results.

**Wu Jianfeng:**

Thank you, Haijun. I'd like to present the Company's financial performance for the first quarter of 2025.

Please turn to slide 17 of the results presentation. Our net revenues for the first quarter of 2025 grew by 29.8% year-over-year and fell by 8.6% quarter-over-quarter to RMB1,906 million.

Revenues from our managed hotels for the first quarter of 2025 were RMB1,032 million, up by 23.5% year-over-year and down 6.7% quarter-over-quarter. The year-over-year increase was primarily fueled by our ongoing hotel network expansion.

Revenues contributed by our leased hotels for the first quarter of 2025 were RMB129 million, a decrease of 23.5% year-over-year and 21.6% quarter-over-quarter. The declines were primarily due to a decrease in the number of leased hotels as a result of our product mix optimization.

Revenues from our retail business for the first quarter of 2025 were RMB694 million, up by 66.5% year-over-year and down 9.3% quarter-over-quarter. The year-over-year increase was driven by growing recognition of our retail brands and effective product innovation and development as we successfully broadened our range of product offerings.

Now, let's move to costs and expenses. Please turn to slide 18.

Hotel operating costs for the first quarter of 2025 increased by 11.2% year-over-year and decreased by 7.3% quarter-over-quarter to RMB736 million. The year-over-year increase was primarily due to the increases in variable costs, such as hotel manager costs, associated with our ongoing hotel network expansion. Gross margin of our hotel businesses expanded to 36.6% in the first quarter of 2025 from 34.1% during the same period of 2024.

Retail costs for the first quarter of 2025 rose by 63.7% year-over-year and decreased by 12.5% quarter-over-quarter to RMB337 million. The year-over-year increase was associated with the rapid growth of our retail business. Gross margin of our retail business expanded to 51.4% in the first quarter of 2025 from 50.5% during the same period of 2024, primarily attributable to the increasing contribution from higher-margin products.

Now please turn to slide 19. Selling and marketing expenses accounted for 14.8% of net revenues for the first quarter of 2025, compared with 11.9% for the same period of 2024. The increase was mainly due to investment in brand recognition and the effective development of online channels, in line with the growth of our retail business.

General and administrative expenses, excluding share-based compensation expenses, accounted for 4.1% of net revenues for the first quarter of 2025, compared with 5.0% for the

same period of 2024. The decrease was primarily due to improved management efficiency and economies of scale.

Technology and development expenses accounted for 2.1% of net revenues for the first quarter of 2025, compared with 1.6% for the same period of 2024. The increase was mainly due to increased investments in technology systems and infrastructure to support our expanding hotel network and retail business and improve the customer experience.

Please turn to slide 20. Adjusted net income for the first quarter of 2025 was RMB345 million, representing a 32.3% increase year-over-year. Adjusted EBITDA for the first quarter of 2025 was RMB474 million, up by 33.8% year-over-year. Adjusted net profit margin for the first quarter of 2025 was 18.1%, representing an increase of 0.3 percentage points year-over-year. Adjusted EBITDA margin for the first quarter of 2025 was 24.9%, an increase of 0.8 percentage points year-over-year.

Please turn to slide 21. We also maintained a healthy cash position. As of March 31, 2025, our cash and cash equivalents totaled RMB3,146 million, with net cash of RMB3,074 million.

Please turn to slide 22. As part of our commitment to enhancing shareholder value, in accordance with the Annual Dividend Policy adopted in August 2024, today we declared our first cash dividend in 2025 of US\$0.14 per ordinary share or US\$0.42 per ADS, for an aggregate amount of approximately US\$58 million.

Concurrently, we announced a three-year Share Repurchase Program, under which we may repurchase an aggregate value of up to US\$400 million. Through a comprehensive shareholder return initiative encompassing dividends and share repurchases, we are taking concrete actions to reward shareholders' trust and support, enabling all shareholders to share in the company's growth achievements.

Please turn to slide 23. For full year 2025, we currently expect total net revenues to increase by 25% to 30% compared with full year 2024.

That concludes our financial highlights for the first quarter of 2025.  
Now, let's open the floor for Q&A.

**Luke Hu:**

Thank you for joining us today. If you have any further questions, please feel free to contact our IR team. We look forward to speaking with you again next quarter. Thank you, and goodbye.