

Atour Lifestyle Holdings
Fourth Quarter and Full Year 2025 Earnings Conference Call

Opening Remarks

Operator introduction

Ladies and Gentlemen, thank you for standing by, and welcome to the Atour Lifestyle Holdings Fourth Quarter and Full Year 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 Fourth Quarter and Full Year 2025 Earnings Conference Call. Today, you will hear from our Founder, Chairman and CEO, Mr. Wang Haijun, and our EVP, 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, 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, thank you for joining Atour's fourth quarter and full year 2025 earnings call today.

Please turn to our results presentation. Looking back at 2025, sustained global competition, structural shifts in consumption, and accelerating technological transformation collectively shaped the overarching theme of the year. Amid a volatile recovery, China's travel and consumer markets have become increasingly mature, rational, and resilient. In this environment, we are more convinced than ever that only by staying true to our "User-First" philosophy, relentlessly enhancing user experience, and building enduring brand value can we navigate industry cycles in an increasingly competitive, maturing market.

2025 marked the successful completion of our "Chinese Experience, 2,000 Premier Hotels" strategic initiative. In terms of the hotel business, we achieved our scale target of 2,000 Premier Hotels and further strengthened our brand through differentiated product positioning and customer experiences that resonate. Meanwhile, our retail business sustained strong growth momentum, accounting for nearly 40% of the Group's total revenue. Atour Planet further reinforced its leading position in China's sleep market, establishing itself as the preferred choice for consumers. We continue to see growing synergy between our hotel and retail businesses, with each strengthening the other to further enrich the value proposition of our "Chinese Experience."

As we enter 2026, we continue to see considerable market uncertainty. However, our strategic direction has never been clearer: we will embrace change while maintaining a long-term focus. We consistently create value-added experiences with a personal touch through high-quality products and services. Building on this foundation, we have officially launched a new three-year strategic plan: "Chinese Experience, Brand-Led Excellence." Experience remains the cornerstone of our development and a core driver of growth. We will further reinforce our differentiated experience moat, amplify our strengths, pioneer new frontiers, and strengthening our leadership within the industry. Brand serves as the anchor of our long-term development and the guiding force behind our strategy. We will firmly follow the course of a lifestyle group, actively exploring and expanding growth paths. By using scenarios as a bridge, we will deepen the synergy between our hotel and retail businesses, leveraging our brand to connect across scenarios, and deepening our emotional connection and resonance with users.

Now, I would like to provide more details on our hotel and retail performance for the fourth quarter and full year of 2025.

Let's begin with our hotel business: In the fourth quarter, our RevPAR was RMB335.7, representing 99.6% of the level in the same period of 2024, with the recovery showing sequential improvement trend. Specifically, OCC reached 98.8% and ADR stood at 101.5% of their levels in the same period of 2024.

In the fourth quarter, RevPAR for our mature hotels in operation for more than 18 months was 96% of the level in the same period of 2024, while OCC and ADR stood at 97% and 99.6% of 2024's levels for the same period, respectively.

In 2025, we opened 488 new hotels. By the end of the fourth quarter, the number of hotels in operation reached 2,015, representing a 24.5% year-over-year increase. As of the same date, our pipeline of hotels under development stood at 779, providing a solid foundation for the continued expansion of our hotel network.

On the hotel channel front, our core CRS channel remained stable, accounting for 62.9% of total room nights sold in the fourth quarter. The contribution of room nights sold to corporate members was 20.8% during the quarter.

Next, I would like to share the latest developments across our hotel brands.

The upper midscale segment has long been our core focus, where we have built a deep presence. With a longer-term view, at the beginning of this year we officially upgraded Atour 4.0 to an independent brand: Atour Origin. While retaining efficient business-travel functionality, Atour Origin introduces an immersive vacation ambiance, creating a serene urban retreat where customers can find peace of body and mind. Its differentiated brand positioning has been validated by the market: for full year 2025, RevPAR for Atour Origin hotels in operation exceeded RMB430. To date, 55 Atour Origin hotels are in operation, with over 50 projects in the pipeline.

Together, Atour Hotel and Atour Origin form a more competitive brand portfolio in the upper midscale market. Atour Hotel's style is tailored to mainstream business travel, offering customers dependable options that balance functionality with emotional appeal. The latest product Atour 3.6 continues to gain market recognition for its meticulous hardware configuration and outstanding service details. In the fourth quarter, the RevPAR of Atour 3.6 hotels in operation surpassed RMB380. Atour Origin expands customers' experience and enriches their sense of well-being through its unique atmosphere. The synergistic development of the two brands has created more flexible investment opportunities for our franchisees while better addressing the diverse needs of our customers across various travel scenarios. The advantages have further strengthened our competitive edge through innovative scenario designs and enhanced customer experiences, helping us maintain our absolute leading position in the upper midscale market.

SAVHE Hotel marks a substantial breakthrough in advancing our brand portfolio in the upscale market. Leveraging an efficient investment model, innovative experience design, and profound cultural expression, SAVHE Hotel has forged a distinct path within the existing market framework and become a gamechanger in the upscale segment. Currently, SAVHE has established its presence with three hotels in Shanghai, Shenzhen, and Guangzhou. With its unique aesthetic system, carefully crafted ambiance, and exceptional experiences, SAVHE is gradually becoming a cultural gateway in each city it enters, redefining the value of upscale

hotels. In the fourth quarter, SAVHE delivered exceptional operating results, with RevPAR exceeding RMB950.

In 2026, we will further develop our Eastern wellness experience and build a holistic SAVHE healing experience system. Through more refined operations and a more comprehensive framework, we will drive further brand upgrades and breakthroughs. Based on a longer-term vision, SAVHE partnered with EHL Hospitality Business School in the fourth quarter to jointly develop an upscale accommodation service system that combines global expression with Eastern values, supporting the brand's long-term development. We aim to establish SAVHE as a showcase of global vision and Eastern stories, translate its core experiential philosophy into new value benchmark for the global upscale hotel industry and bring Chinese experiences to the world stage.

The midscale hotel market has significant potential, yet product and service homogenization has long been a major pain point for the industry. We believe the key to breaking through is to develop an operating model that balances experience and efficiency while also incorporates sustainability, thereby creating a unique and differentiated competitive advantage. By the end of 2025, over 160 Atour Light Series 3 hotels were in operation. We have focused on higher-tier cities, continuously refined our products, deepened brand building, and improved operational efficiency, thereby steadily elevating brand asset quality. Atour Light has also demonstrated strong operational resilience. In the fourth quarter, the RevPAR of the Atour Light Series 3 hotels in operation recovered by more than 110% year-over-year, and full-year RevPAR recovered by over 100% year-on-year.

In 2026, we will fully roll out Atour Light's refined cost model, deepen its distinctive operations and management, and systematically improve operational efficiency and product competitiveness. At the same time, we will continue to focus on core customer needs, enhance brand recognition and influence, and build unique Atour Light mindshare. At the organizational level, we are working to establish Atour Light's distinctive talent development system to comprehensively enhance the team's overall capabilities. Atour Light's goal has always been clear: driven by product and brand strength, we will reshape the midscale market landscape and establish a new benchmark among midscale hotel brands.

Moving on to our retail business.

Over the past few years, the traditional consumer market has been mired in homogeneous competition and sluggish growth. Only brands that truly define new demand and create new value have a chance to break through the industry's structural constraints and chart a differentiated growth path. This is precisely the path Atour Planet has taken. Rather than engaging in involution with brands taking a traditional path, we have proactively chosen, and firmly committed to, an entirely new trajectory. Guided by user needs, we have forged this path of differentiated growth through deep insights into users' sleep pain points and continuous product innovation. This has not only reshaped the market landscape, but also helped drive progress and upgrade across the industry.

In 2025, our retail business sustained strong growth momentum, with full-year revenue reaching RMB3.67 billion, representing 67% year-over-year growth. Atour Planet also consistently ranked among the top brands in the bedding category on major third-party platforms. Throughout the year, we continued to drive product innovation and expand categories, and our deep sleep ecosystem grew increasingly mature. The release of the Atour Planet Deep Sleep Standard set a benchmark for the high quality and consistency of our products. Building on our solid product performance, Atour Planet's brand influence continued to strengthen, laying a solid foundation for the long-term development of our retail business.

In 2025, our pillow category further strengthened its leadership, consistently topping category rankings on major third-party platforms and gaining product mindshare among users. Cumulative sales volume of the Deep Sleep Memory Foam Pillow Pro series has exceeded 10 million units since launch, marking a significant sales milestone. Our comforter category also delivered robust growth momentum, with full-year GMV increasing by over 90% year-over-year and market share continuing to rise. Our new categories, fitted sheets and loungewear, received positive market feedback in 2025, collectively driving the continuous evolution of our deep sleep ecosystem.

Looking ahead, the industry is entering a new cycle driven by innovation, with competition increasingly centered on product value and user experience. In 2026, we will systematically enhance our core capabilities. On product excellence, we will further expand our differentiated experience advantage, making Atour Planet's deep sleep experience a competitive moat that is difficult to replicate. On the supply chain front, we will deepen rigorous management at every stage to ensure product consistency and reliable delivery. At the brand level, we remain committed to creating long-term value, building deeper emotional connections with our users. Built on deep user insights and product innovation, we are positioned to consolidate and strengthen our competitive lead. We will open a new chapter for our development while collaborating with industry partners to elevate quality and innovation across the sector.

We have always upheld our core value of serving people, continuously deepening our experiential value. This is also clearly reflected in our membership operations: unlike the membership systems prevalent in the industry, which suffer from homogenized benefits and low brand recognition, we continue to explore new scenarios to deliver truly tangible, differentiated experiences for our users. In early 2026, we partnered with Starbucks China to launch a joint membership program. Beyond linking membership systems and offering reciprocal benefits, this collaboration aims to build a multi-scenario lifestyle ecosystem spanning travel, dining, and leisure, creating a bridge to extend value across different scenarios. By the end of 2025, our registered individual members reached 112 million, representing a year-over-year growth of over 25%.

Moving forward, we will continue to deepen our membership operations with a brand-building mindset, focusing on the full user lifecycle to create a membership ecosystem that stays closely connected with users. Building on our hotel and retail business, we will continue to introduce new benefits tailored to the "Deep Sleep" scenario. At the same time, we will actively explore more diverse scenarios and expand our reach to a wider audience, further deepening emotional

connections with users. In addition, we will further enhance our digital capabilities and build a more granular operational framework for user segmentation, providing strong support for the long-term development of our membership business.

Last but not least, as we embark on our new three-year strategy, we are more resolute than ever: guided by the belief that everyone deserves kindness, we will remain user-centric and ensure that every user feels our sincerity and care. Guided by our long-term vision of “A Timeless Atour, Warmth Along Every Journey”, we will uphold our quality standards while striving to break through the ceiling of experience. At the same time, we will further strengthen our organizational capabilities and refine our digital framework, laying a solid foundation to support the Group’s long-term development. We are committed to accompanying our users on this long-term journey, moving forward together every step of the way. Dedicated to providing lasting companionship, we aim to curate experiences where body and mind return to inner peace through every genuine connection, fulfilling our warm and steadfast commitment to every user.

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 fourth quarter and full year of 2025.

Revenues from our manachised hotels for the fourth quarter and full year of 2025 grew by 28.1% and 28.0% year-over-year to RMB1.4 billion and RMB5.3 billion, respectively. The increases were primarily fueled by the ongoing expansion of our hotel network.

Revenues contributed by our leased hotels for the fourth quarter and full year of 2025 decreased by 9.8% and 15.9% year-over-year to RMB148 million and RMB590 million, respectively. 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 fourth quarter and full year of 2025 increased by 52.4% and 67.0% year-over-year to RMB1.2 billion and RMB3.7 billion, respectively. The increases were driven by growing brand recognition, successful product innovation, and a broadened range of product offerings.

The gross margin of our hotel businesses was 35.8% for the fourth quarter and 37.0% for the full year of 2025. The gross margin of our retail business improved year-over-year to 52.6% for both the fourth quarter and full year of 2025, reflecting the growing contribution from higher-margin products.

Selling and marketing expenses accounted for 16.5% and 15.2% of net revenues for the fourth quarter and full year of 2025, respectively. The year-over-year increase for the full year 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 5.5% and 4.2% of net revenues for the fourth quarter and full year of 2025, respectively. The year-over-year decrease for the full year was primarily driven by improved management efficiency and economies of scale.

Adjusted net profit margin for the fourth quarter and full year of 2025 was 17.7% and 17.9%, representing an increase of 1.7 percentage points and a decrease of 0.1 percentage points year-over-year, respectively. Adjusted EBITDA margin for the fourth quarter and full year of 2025 was 25.5% and 25.3%, respectively, up 4.3 and 0.9 percentage points year-over-year.

We maintained a healthy cash position. As of December 31, 2025, cash and cash equivalents totaled RMB3.3 billion, with net cash of RMB3.1 billion.

In line with our commitment to enhancing shareholder value, we declared aggregate cash dividends of approximately US\$108 million for the full year of 2025. In parallel, as of December 31, 2025, we had made on-market repurchases of approximately US\$46 million since the implementation began in the third quarter. Through this comprehensive shareholder return initiative, we are taking concrete actions to reward shareholders' trust and support, ensuring that all shareholders benefit from the company's growth.

For the full year of 2026, we currently expect total net revenues to increase by 20% to 24% compared with the full year of 2025.

That concludes our financial highlights for the fourth quarter and full year 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.