



Home Inns & Hotels Management Inc. (NASDAQ: HMIN)

Fourth Quarter and Full Year 2012

Earnings Conference Call

March 11, 2013





Safe Harbor Language

Statements in this presentation contain forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates” and similar statements. Any statements in this press release that are not historical facts are forward-looking statements that involve factors, risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such factors and risks include our anticipated growth strategies; our future results of operations and financial condition; the economic conditions of China; the regulatory environment in China; our ability to attract customers and leverage our brand; trends and competition in the lodging industry; the expected growth of the lodging market in China; our expected successful consolidation and integration of Motel 168 with our existing operations; and other factors and risks detailed in our filings with the Securities and Exchange Commission. This press release also contains statements or projections that are based upon information available to the public, as well as other information from sources which management believes to be reliable, but it is not guaranteed by us to be accurate, nor does it purport to be complete. We undertake no obligation to update or revise to the public any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.



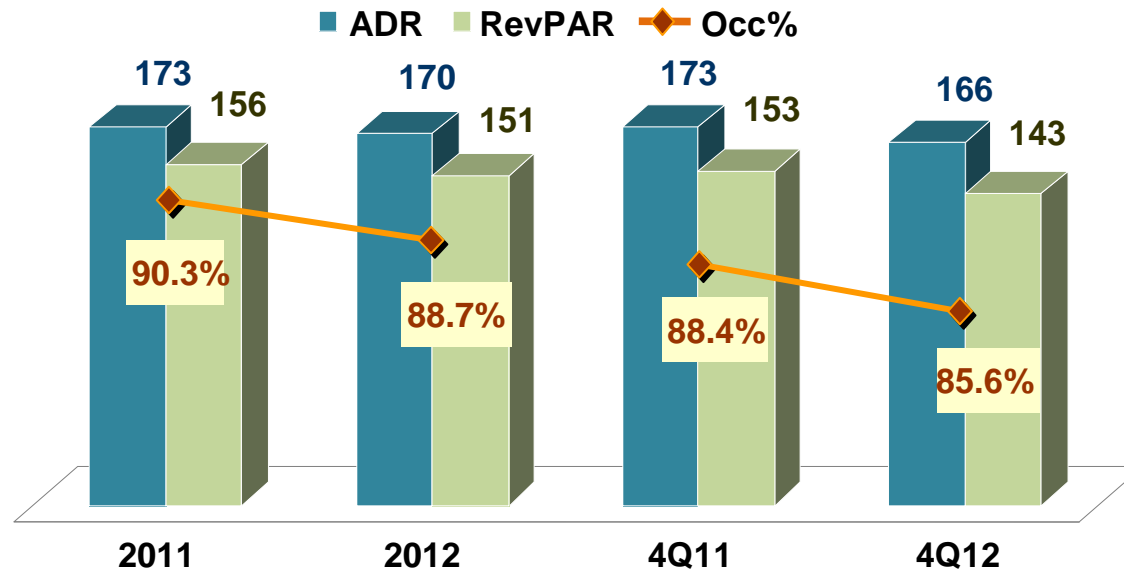
Summary

- ❑ Satisfactory results given persistent market softness
- ❑ 366 new openings including 257 franchised-and-managed hotels
- ❑ Multi-brand strategy
 - ❑ Core Home Inns – matured hotels 90.4% occupancy rate and flat ADR in 4Q
 - ❑ Motel 168 – 9.7% RevPAR increase in 4Q
 - ❑ Yitel – ready to replicate with varied business models
- ❑ Cost control initiatives generating meaningful benefits
 - ❑ Hotel personnel costs increase slower than revenue growth in 4Q
 - ❑ Corporate G&A cost as a % of revenue decreased in 4Q and FY12



Multi-Brand Strategy – Home Inns & Yitel

Core HMIN Op Metrics



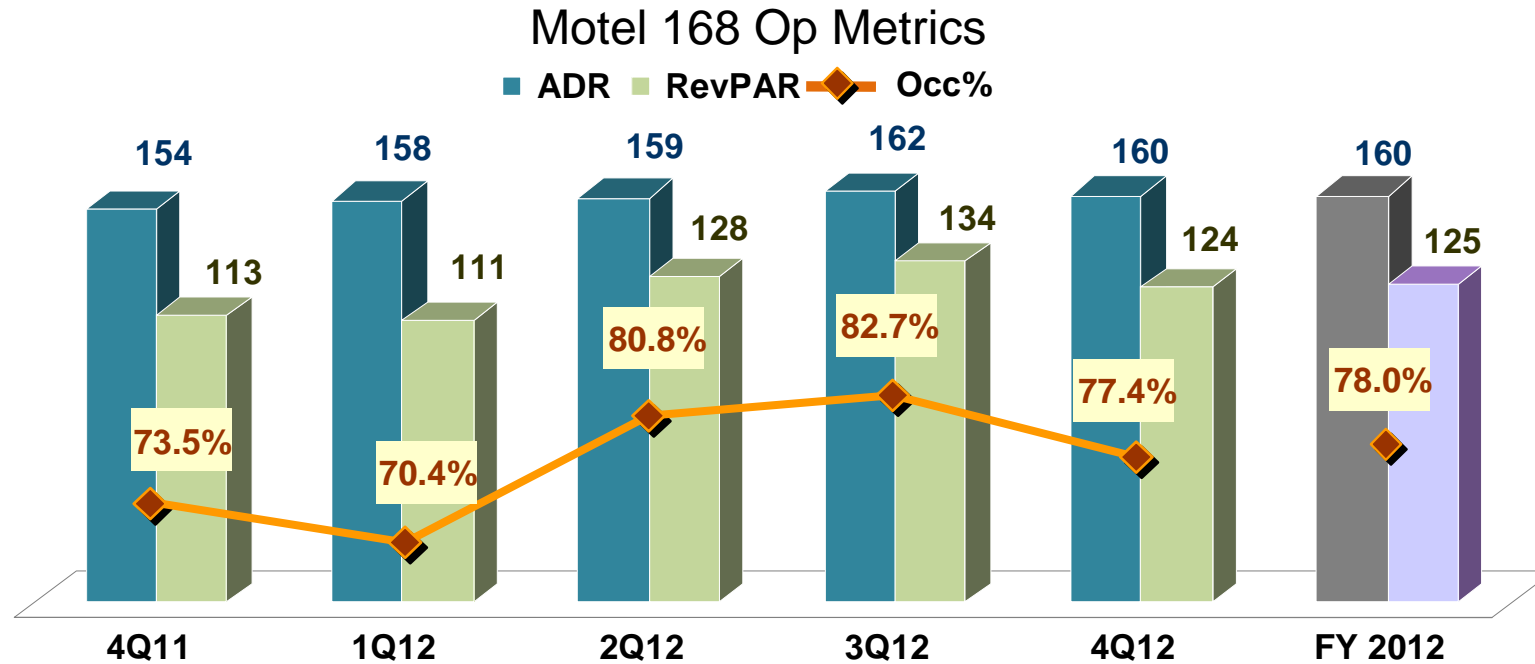
Core HMIN LFL Op Metrics

# of Hotels	919	
	4Q11	4Q12
Occ%	91.5%	90.4%
ADR (RMB)	172	172
RevPAR (RMB)	158	156
RevPAR change (YoY)		-2

- Resilient mature hotel LFL comparison: flat ADR with 90.4% occupancy rate in 4Q12
- Slower ramp-up by hotels in lower-tier cities prior to stable performance once matured
- Assuring results at 7 Yitel hotels in operation, prudent expansion planned with varied business models



Multi-Brand Strategy – Motel 168



- Positive improvement trend quarter after quarter
- Full year increase in room revenue offset by sharp F&B revenue reduction
- Approx. 30 dual-branded conversions to aid further RevPAR expansion in 2013
- Integration expected to conclude in second half of 2013



Growth with Franchise-and-Managed Model

- ❑ No capital expenses, limited direct expenses, high margin
- ❑ 55% of existing portfolio and 71% of new hotel pipe line at year end
- ❑ As much as 80%-85% new hotel openings in 2013
- ❑ Strong alliance with franchise partners with proven execution, brand loyalty and attractive return on investment
- ❑ Best-run franchise hotel programs with over 5 years of track record



Operating Costs and Expenses / Operating Income

Fourth Quarter 2012

RMB/USD in Millions

	GAAP Results			Share-based Comp.		Integration Cost		Adjusted non-GAAP		
	RMB	USD	Vpts	RMB	USD	RMB	USD	RMB	USD	Vpts
Vpts - change in %pts of total revenues										
Leased-and-Operated Hotel Costs	1,208.8	194.0	1.0pts	-2.0	-0.3	-19.9	-3.2	1,186.9	190.5	0.8pts
Franchised-and-Managed Hotel Personnel Costs	24.6	3.9	0.1pts	-2.5	-0.4	-	-	22.1	3.5	0.1pts
Sales and Marketing Expenses	24.8	4	0.2pts	-0.4	-0.1	-	-	24.4	3.9	0.2pts
General and Administrative Expenses	83.4	13.4	-1.1pts	-17.6	-2.8	-0.6	-0.1	65.2	10.5	-0.3pts
Total Operating Costs and Expenses	1,341.6	215.3	0.3pts	-22.5	-3.6	-20.5	-3.3	1,298.6	208.4	0.8pts
Total Operating Income	36.3	5.8	-	-22.5	-3.6	-20.5	-3.3	79.2	12.7	-0.6pts

Full Year 2012

RMB/USD in Millions

	GAAP Results			Share-based Comp.		Integration Cost		Adjusted non-GAAP		
	RMB	USD	Vpts	RMB	USD	RMB	USD	RMB	USD	Vpts
Vpts - change in %pts of total revenues										
Leased-and-Operated Hotel Costs	4,642.0	745.1	5.7pts	-8.2	-1.3	-83.7	-13.4	4,550.1	730.3	4.5pts
Franchised-and-Managed Hotel Personnel Costs	125	20.1	0.3pts	-9.6	-1.5	-	-	115.5	18.5	0.3pts
Sales and Marketing Expenses	76.9	12.3	0.2pts	-1.5	-0.2	-0.1	-	75.3	12.1	0.2pts
General and Administrative Expenses	315.2	50.6	-3.0pts	-74.1	-11.9	-13.2	-2.1	228	36.6	-1.0pts
Total Operating Costs and Expenses	5,159.1	828.1	3.2pts	-93.4	-15.0	-97.0	-15.6	4,968.8	797.6	4.0pts
Other Income	16.6	2.7	n/a					16.6	2.7	n/a
Total Operating Income	273.7	43.9	-2.8pts	-93.4	-15.0	-97.0	-15.6	464.1	74.5	-3.5pts

- ❑ Tight cost control and productivity gains
- ❑ Economies of scale and leverage



Margin Pressure under Weak Market Conditions

EBITDA (non-GAAP)

RMB/USD in Millions	<u>Fourth Quarter 2012</u>			<u>Full Year 2012</u>		
	<u>RMB</u>	<u>USD</u>	<u>%Rev</u>	<u>RMB</u>	<u>USD</u>	<u>%Rev</u>
<u>% of Total Revenues</u>						
EBITDA (Non-GAAP)	188.2	30.2	12.8%	849.5	136.4	14.7%
Net Foreign Exchange Gain/Loss	-15.0	-2.4	-1.0%	-0.2	0.0	0.0%
Share-Based Compensation Expenses	22.5	3.6	1.5%	93.4	15.0	6.4%
Integration Cost	20.5	3.3	1.4%	97.0	15.5	6.6%
Non-Operating Income/Expenses	-1.0	-0.2	-0.1%	6.7	1.1	0.5%
Gain/Loss on Fair Value Change in Convertible Notes	45.4	7.3	3.1%	87.1	14.0	5.9%
Adjusted EBITDA (Non-GAAP)	<u>260.5</u>	<u>41.8</u>	<u>17.8%</u>	<u>1133.4</u>	<u>181.9</u>	<u>19.6%</u>

Consolidated Net Income Attributable to Home Inns Group's Shareholders

RMB/USD in Millions	<u>Fourth Quarter 2012</u>			<u>Full Year 2012</u>		
	<u>RMB</u>	<u>USD</u>	<u>%Rev</u>	<u>RMB</u>	<u>USD</u>	<u>%Rev</u>
<u>% of Total Revenues</u>						
Net Income (GAAP)	6.3	1.0	0.4%	-26.8	-4.3	-0.5%
Net Foreign Exchange Gain/Loss	-15.0	-2.4	-1.0%	-0.2	0.0	0.0%
Share-Based Compensation Expenses	22.5	3.6	1.5%	93.4	15.0	1.6%
Integration Cost	20.5	3.3	1.4%	97.0	15.6	1.7%
Amortization of Upfront Fees on Term Loan	2.0	0.3	0.1%	43.3	6.9	0.7%
Non-Operating Income/Expenses	-1.0	-0.2	-0.1%	6.7	1.1	0.1%
Gain/Loss on Fair Value Change in Convertible Notes	45.4	7.3	3.1%	87.1	14.0	1.5%
Adjusted Net Income (Non-GAAP)	<u>80.6</u>	<u>12.9</u>	<u>5.5%</u>	<u>300.3</u>	<u>48.2</u>	<u>5.2%</u>

- ❑ No systematic price increase to absorb rising operating costs



Full Year and 1Q13 Guidance

- 360 to 380 new hotels for the year
 - 80 to 90 new Leased-and-operated hotels
 - 270 to 300 new Franchised-and-managed hotels

- Home Inns Group Revenues
 - FY 2013: RMB 6,600 million to RMB 6,800 million
 - Q1 2013: RMB 1,385 million to RMB 1,415 million

- *Including Motel 168 Revenues*
 - *FY 2013: RMB 1,650 million to RMB 1,700 million*
 - *Q1 2013: RMB 330 to RMB 340 million*



Q&A