Press release – Quarterly information
August 28, 2013

ACCOR
Open New Frontiers in Hospitality

A 2013 First-Half of Changes
to Drive the Group's Transformation and Performance

- **Revenue** up 1.8% like-for-like[1] to **€2,694 million**
- **EBIT** down 6.4% like-for-like to **€198 million**
- **Operating profit before tax and non-recurring items** down 14.7% like-for-like to **€148 million**
- **Net profit** of **€34 million**, versus a net loss of €532 million in first-half 2012

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- **Asset management program**: a **€248 million** reduction in adjusted net debt already secured as of August 28

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- **Full year EBIT target of €510-530 million**

For the first six months of 2013, Accor experienced:

- **The implementation of transformation measures to consolidate the Group's performance, with:**
  - Strategic initiatives in **distribution** and **loyalty programs**, in line with the Group's digital plan
  - The launch of the **€100 million 2013-2014 cost-savings plan**, whose effects in 2013 will mainly be tangible in the second half
  - The creation of the new **Asset & Investments Department**
  - The introduction of a **new organization by brand** in Europe

- **Solid business performance**
  - **Good revenue growth** in every segment and in key markets, shaped by the sharp **15.9%** rise in revenue from **management and franchise fees**
  - **Stable operating performance** in a complex environment
  - **Funds from operations of €212 million**
  - The opening of **9,940 new rooms**, 80% of which under asset-light structures
  - The issue in March of a €600-million in six-year, 2.5% **bond**

[1] At constant scope of consolidation and exchange rates

Interim results

(in € millions)	H1 2012	H1 2013	% change reported	% change like-for-like[(1)]
Revenue	2,717	2,694	-0.9%	+1.8%
EBITDAR[(2)]	**835**	**817**	**-2.2%**	**-0.4%**
EBITDAR margin	*30.7%*	*30.3%*	*-0.4 pt*	*-0.6 pt*
EBIT	**212**	**198**	**-6.6%**	**-6.4%**
Operating profit before tax and non-recurring items	190	148	-22.0%	-14.7%
Net profit before loss from discontinued operations	**80**	**33**	**N/A**	**N/A**
Loss from discontinued operations	(612)	(1)	N/A	N/A
Net profit/(loss), Group share	**(532)**	**34**	**N/A**	**N/A**

(1) At constant scope of consolidation and exchange rates
(2) Earnings before interest, taxes, depreciation, amortization and rental expense

Consolidated **revenue** for the six months ended June 30, 2013 totaled €2,694 million, down 0.9% year-on-year on a reported basis and up 1.8% like-for-like. In particular, the period saw a robust 15.9% growth in revenue from management and franchise fees.

Supported by a favorable second-quarter calendar of events, revenue in the first-half was led by resilient business levels in Europe, both in large cities and provinces, and by robust business in emerging markets.

In the first six months **9,940** new rooms (77 hotels) were opened, including:

- 80%[2] under management contracts and franchise agreements.
- 51% in Europe and 27% in the Asia-Pacific region.

• Performance in Upscale & Midscale Hotels dampened by distribution costs

Revenue in the Upscale & Midscale Hotels segment **declined by 1.7%** as reported in the first half, but **rose by 2.3%** like-for-like, with RevPAR lifted by occupancy rates.

The segment’s EBITDAR margin stood at **4.3%**, down 1.1 points as reported and 1.5 points like-for-like. Results were particularly good in Africa-Middle East, the United Kingdom and Germany, while the cost-cutting measures undertaken in Southern Europe are beginning to produce effects. Conversely, Poland and Australia were impacted by high prior-year comparatives. Moreover, additional outlays were allocated to distribution during the period, as part of the Group’s digital transition.

• Satisfactory performance in Economy Hotels

Revenue from Economy Hotels held firm over the first half, **declining 0.5%** year-on-year as reported and **increasing 0.5%** like-for-like.

EBITDAR margin came to **12.1%**, down a slight 0.6 point as reported and 0.5 point like-for-like. The segment demonstrated further satisfactory resilience in a mixed environment in continental Europe and given the sharply lower demand in Australia's mining regions. Also, despite the decline in occupancy rates during the period, room rates continued to rise, offering some margin protection.

2 In number of rooms.

Net profit of €34 million

In a complex environment, consolidated **EBITDAR**[3] was stable at **€817 million**, **down 2.2%** as reported and **0.4%** like-for-like. **EBITDAR margin** came to **30.3%**, compared with 30.7% a year earlier.

EBIT amounted to **€198 million** for the period, versus €212 million in first-half 2012. The Group's transformation is keeping rents, depreciation and amortization and provisions under control.

Operating profit before tax and non-recurring items totaled **€148 million**, versus €190 million in first-half 2012, representing a like-for-like decrease of 14.7%. Two new bond issues launched in June 2012 and March 2013, at historically low interest rates, temporarily weighed on the financial result (€48 million at June 30, 2013 versus €29 million in the prior-year period). A total of €396 million was redeemed in May 2013, thereby reducing the average cost of debt by one point to 4.5%.

In all, **net profit** for the period was **€34 million**, versus a net loss of €532 million in first-half 2012, which was impacted by the disposal of Motel 6.

Adjusted funds from operations ended the period at €293 million. **Recurring expansion capex** amounted to €97 million while **renovation and maintenance capex** totaled €81 million.

Funds from operations stood at €212 million and **recurring free cash flow**, after recurring expansion capex, came to **€115 million**.

Net debt amounted to **€581 million** at June 30, 2013, up €160 million from a year earlier, with a **€155 million** positive impact from **asset disposals** and the €185 million negative impact of refunding the "précompte" distribution tax.

Consolidated **return on capital employed** (ROCE) came to **13.6**% at June 30, 2013, reflecting the temporary increase in capital employed attributable to the Mirvac and Posadas acquisitions and the deployment of the ibis megabrand project. For the same reason, ROCE stood at **10.8%** in the Upscale & Midscale segment and **18.3%** in the Economy segment.

As of June 30, 2013, Accor had **€1.5 billion in unused, confirmed long-term lines of credit**.

The 2013-2016 strategic plan

- ### Asset management

A total of **24 hotels** were restructured in first-half 2013, including **13** leased hotels and **11** owned hotels. These transactions had the effect of reducing adjusted net debt by **€184 million**.
As of August 28, 2013, the transactions already secured for the year will reduce adjusted net debt by **€248 million**, thanks to the ongoing deployment of the asset management program.

- ### Expansion

The 2013-2016 expansion plan is well on track, with **117,700 rooms** in the **pipeline** as of June 30, 2013, of which 84% under management and franchise contracts, 50% in the Asia-Pacific region and 47% in the "ibis family".

[3] Earnings before interest, taxes, depreciation, amortization and rental expense.

Outlook for 2013

- **Summer business trends**

In July, RevPAR[4] net of tax rose by **2.8%** like-for-like in the Upscale & Midscale Hotels segment and by **2.1%** like-for-like in Economy Hotels. This was in line with the first-half performance, in particular in the Upscale & Midscale segment.

Business levels have remained robust during the summer, in a trend that is expected to continue over the second half of the year.

- **2013-2014 cost-savings plan**

The **€100-million cost-savings plan** announced last February was launched during the first half. It is built on four pillars:

- A voluntary departures plan for the Paris head offices.
- Streamlining of European head offices.
- Prioritization and strategic review of projects.
- Hotel operating costs reduction.

Most of the plan's impact in 2013 will be effective in the second half.

- **Full year EBIT target**

Following the first-half launch of the cost-savings plan and the distribution investment plan, Accor is ready to pursue its transformation and drive faster growth.

Based on these factors, the EBIT target for the year stands at between **€510 million and €530 million**, compared with the €526 million reported in 2012.

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Upcoming event *- October 17, 2013: Third-quarter 2013 revenue*

Other information

The financial statements for the six months ended June 30, 2013 were approved by the Accor Board of Directors at its meeting on August 27, 2013. The Group's statutory auditors have conducted a limited review of these financial statements and their report will be issued shortly.

Accor, the world's leading hotel operator and market leader in Europe, is present in **92 countries** with **more than 3,500 hotels** and **450,000 rooms.** Accor's broad portfolio of hotel brands **- Sofitel, Pullman, MGallery, Grand Mercure, Novotel, Suite Novotel, Mercure, Adagio, ibis, ibis Styles, ibis *budget* and hotelF1 -** provide an extensive offer from luxury to budget. With more than **160,000 employees in Accor brand hotels** worldwide, the Group offers its clients and partners 45 years of know-how and expertise.

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[4] Owned or leased hotels only