Press release
February 18, 2015

Record results in 2014
reflecting strong momentum in key markets
and the pertinence of the Group's new strategy

- **Growth in revenue: up 3.8% like-for-like[1] to €5,454 million**
- **Strong recurring free cash flow of €304 million**
- **Improved EBIT, up 11.7% like-for-like at €602 million**
- **Operating profit before tax and non-recurring items up 22.1% like-for-like at €578 million**
- **Net profit of €223 million : +77%**
- **Dividend of €0.95 per share[2] : +19%**
- **Solid operating performance in second-half 2014**, thanks to a steady business level, including in France, and the measures taken as part of the cost-savings plan.

Sébastien Bazin, Chairman and Chief Executive Officer of Accor, said: "*The in-depth transformation being carried out by Accor started to pay off in 2014, with the Group posting excellent results in both its businesses – HotelServices and HotelInvest – and strengthening its leadership position. In 2015, the economic environment is expected to continue to vary significantly from one region to another. In addition, along with the rest of the industry, we must meet the challenges created by the digital transition, which is spurring us to rethink our businesses, strengthen our ties with our customers whose needs and habits are changing, and adjust our corporate culture and operating procedures. Accor is a robust company with strong brands, dedicated teams and clearly defined objectives. This year, we will demonstrate once again our capacity to deliver on our objectives with determination and discipline – driving further progress in our strategy and our operating and financial performance and becoming the best performing and most highly valued hotel group for our guests, our partners, our employees and our shareholders.*"

2014 highlights:

- Complete reorganization of the Group around the **HotelServices** and **HotelInvest** businesses
- Various refinancing transactions carried out in support of the Group's strategy, for a total amount of **€3.7 billion**
- Investment of **€1 billion** in the Group's property portfolio
- Stronger partnership with **Orbis** in Central Europe
- Acquisition of a 36.6% stake in **Mama Shelter**
- Launch of the **Digital Plan** of €225 million
- Signature of a long-term alliance with **Huazhu** (China Lodging) to step up the development of the Group's brands in China

[1] Like-for-like: at constant scope of consolidation and exchange rates.
[2] Dividend payable entirely in cash, or half in cash and half in stock at a 5% discount, subject to shareholder approval at the Annual Meeting.

2014 results

(in millions of euros)	**2013**	**2014**	**Change (as reported)**	**Change (like-for-like)(1)**
Revenue	5,425	5,454	+0.5%	+3.8%
EBITDAR(2)	**1,731**	**1,772**	+2.4%	+3.8%
EBITDAR margin	*31.9%*	*32.5%*	*+0.6pt*	*N/A*
EBIT	**521**	**602**	+15.6%	+11.7%
Operating profit before tax and non-recurring items	442	578	+30.7%	+22.1%
Net profit before profit/(loss) from discontinued operations	**125**	**227**	**+81.6%**	**N/A**
Profit/(loss) from discontinued operations	1	(4)	N/A	N/A
Net profit, Group share	**126**	**223**	**+77.0%**	**N/A**

(1) Like-for-like: at constant scope of consolidation and exchange rates.

(2) Earnings before interest, taxes, depreciation, amortization and rental expense.

Consolidated **revenue** amounted to **€5,454 million**, up 3.8% year-on-year at constant scope of consolidation and exchange rates (up 0.5% as reported) thanks to a good level of demand in most of the Group's key markets: Mediterranean, Middle-East and Africa (up 9.8%), Americas (up 7.2%), Northern, Central and Eastern Europe (NCEE, up 4.7%) and Asia-Pacific (up 1.9%). France (up 0.4%) saw its performance improve in the second half thanks to the Paris Motor Show and various trade fairs, but was significantly impacted by the increase in the VAT rate from 7% to 10%, only a small portion of which was passed through to the prices charged to customers.

Growth in the Group's hotel portfolio picked up pace during the year. As a result, a total of **29,556 new rooms or 208 hotels** were opened, of which

- 91%[3] under management contracts and franchise agreements,
- 71% outside Europe.

Solid improvement in EBIT

Consolidated **EBITDAR**[4] amounted to **€1,772 million**, up 3.8% year-on-year like-for-like and 2.4% as reported. **EBITDAR margin** was stable on a like-for-like basis at **32.5%**.

EBIT reached an all-time high of **€602 million,** versus €521 million in 2013, an increase of 11.7% on a like-for-like basis. This result implies a **record margin of 11.0%** (versus 9.6% at end-2013), the

[3] In number of rooms.
[4] Earnings before interest, taxes, depreciation, amortization and rental expense.

result of strong demand in most markets, the implementation of the cost-savings plan and the first effects of restructuring the HotelInvest portfolio.

Operating profit before tax and non-recurring items amounted to **€578 million** in 2014, compared to €442 million in 2013, an increase of **22.1%** on a like-for-like basis. **Net profit**, Group share rose sharply to **€223 million**.

Funds from operations rose to €769 million from €703 million in 2013 thanks to the strong operational performance. Recurring expansion expenditure amounted to €203 million, and hotel maintenance and renovation expenditure totaled €262 million, representing 4.8% of Group revenue.

In 2014, consolidated **recurring cash flow** was a record **€304 million (up 25.1%)**.

Consolidated **net debt** totaled **€159 million** at December 31, 2014, a **reduction of €67 million** year-on-year. The acquisition of the Moor Park and Axa Real Estate hotel portfolios for €891 million was offset by the €900 million proceeds from the June 2014 perpetual subordinated notes issue, the total amount of which is treated as equity under IFRS.

There was a clear improvement in consolidated **returned on capital employed (ROCE)**, which was **14.6%** in 2014 versus 14.0% in 2013.

In June 2014, Accor set up a **new unused €1.8 billion confirmed long-term line of credit.**

The Group also reduced its borrowing costs by issuing €750 million in 2.625% bonds, CHF 150 million in 1.75% bonds and €150 million in 1.728% bonds, and redeeming 7.5% bonds in an amount of €402 million. These operations **significantly reduced the cost of debt** from 4.28% at end-December 2013 to **3.11%** at end-December 2014.

HotelServices and HotelInvest 2014 results

Both businesses delivered good performances. The **HotelServices EBIT margin** was stable **above 30%**, while **HotelInvest's rose sharply by 2.0 percentage points.**

(in millions of euros)	**Hotel Services**	**Hotel Invest**	**Corporate & Intercos**	**Accor**
Revenue	1,248	4,794	(588)	5,454
EBITDAR	**435**	**1,401**	(64)	**1,772**
EBITDAR margin	*34.8%*	*29.2%*	*N/A*	*32.5%*
EBITDA	**411**	**573**	(61)	**923**
EBITDA margin	*32.9%*	*11.9%*	*N/A*	*16.9%*
EBIT	**376**	**292**	(66)	**602**
EBIT margin	*30.1%*	*6.1%*	*N/A*	*11.0%*
2013 EBIT (restated (1))	***380***	***197***	*(56)*	***521***
2013 EBIT margin (restated (1))	*30.3%*	*4.1%*	*N/A*	*9.6%*

(1) Restated for the impact of IFRS 11.

EBIT by region and business

(in millions of euros)	**HotelServices**		**HotelInvest**		**Accor**		
	2013 restated (1)	**2014**	2013 restated (1)	**2014**	2013 restated (1)	**2014**	**Change (like-for-like)**
France	117	**122**	75	**64**	192	**186**	**-2.9%**
NCEE*	117	**110**	92	**169**	209	**279**	**+23.2%**
MMEA*	22	**36**	(27)	**(6)**	(5)	**30**	**N/A**
Asia-Pacific	52	**59**	4	**6**	56	**65**	**+12.1%**
Americas	36	**32**	15	**19**	51	**51**	**-3.6%**
Worldwide structures	36	**17**	38	**40**	18(2)	**(9)**(3)	**N/A**
Total	**380**	**376**	**197**	**292**	**521**	**602**	**+11.7%**

* NCEE: Northern, Central and Eastern Europe; MMEA: Mediterranean, Middle East and Africa

(1) Restated for the impact of IFRS 11.
(2) Includes €56 million in intercompany and corporate expenses.
(3) Includes €66 million in intercompany and corporate expenses.

Accor recorded very satisfactory growth in most of its markets, with the exception of France (down 2.9%) and the Americas (down 3.6%). The other regions recorded double-digit growth in EBIT, driven by **strong operational momentum.**

- ## HotelServices, hotel operator and brand franchiser:

HotelServices reported **€11.9 billion** in **business volume**,[5] an increase of **3.9%** at constant exchange rates, led by the rapid development of hotel facilities, particularly in emerging markets.

HotelServices detailed 2014 results

(in millions of euros)	**2013 restated (1)**	**2014**
Revenue	1,254	1,248
EBITDA	**412**	**411**
EBITDA margin	*32.8%*	*32.9%*
Margin excluding Sales & Marketing Fund and loyalty program	*47.4%*	*49.0%*
EBIT	**380**	**376**
EBIT margin	*30.3%*	*30.1%*

(1) Restated for the impact of IFRS 11.

Revenue increased by **5.5%** like-for-like to **€1,248 million**, with strong growth in the Americas (up 11.3%); the Mediterranean, Middle East, Africa region (MMEA, up 8.2%), thanks primarily to a sharp increase in the Middle East; Northern, Central and Eastern Europe (NCEE, up 6.1%); and to a lesser extent in the Asia-Pacific (ASPAC, up 3.5%). Revenue also improved in France (up 1.0%) despite the increase of the higher VAT rate, which demonstrates HotelServices' ability to weather change.

These favorable trends are also apparent in **EBITDA**, which increased by **5.3%** like-for-like to **€411 million**, reflecting a **high margin of 32.9%**. Excluding the Sales & Marketing fund and the loyalty programs, the EBITDA margin was 49%.

HotelServices **EBIT** amounted to **€376 million**, with a stable margin of 30.1% (down 0.2 percentage points), despite the initial expenses related to the implementation of the digital plan.

HotelServices had an excellent year in terms of operating performance, with growth in the hotel portfolio returning to a brisk pace (208 hotels and 29,556 rooms) and a record increase in the pipeline of 156,000 rooms.

[5] Business volume corresponds to revenue from owned, leased and managed hotels and to room revenue from franchised hotels. Change is as reported, excluding the currency effect.

The Le Club Accorhotels loyalty program also continued to grow during the year, with 4 million members joining in 2014, bringing the total to 18 million members.

HotelServices also benefited from the innovations induced by the €225 million digital plan, of which €5 million were invested in 2014, primarily to improve the guest experience through the deployment of the Welcome project in more than 1,000 hotels and to acquire French start-up Wipolo.

- **HotelInvest, hotel owner and investor:**

HotelInvest detailed 2014 results

(in millions of euros)	**2013 restated [(1)]**	**2014**
Revenue	4,798	4,794
EBITDAR	**1,354**	**1,401**
EBITDAR margin	*28.2%*	*29.2%*
EBITDA	**486**	**573**
EBITDA margin	*10.1%*	*11.9%*
EBIT	**197**	**292**
EBIT margin	*4.1%*	*6.1%*

(1) Restated for the impact of IFRS 11

On a like-for-like basis, HotelInvest's **revenue** increased by **3.0%** to **€4,794 million**.

The segment's **EBITDAR** improved by **3.6%** like-for-like to **€1,401 million**.

HotelInvest's **EBIT** climbed **26.9%** like-for-like to **€292 million**, with a **6.1% margin**, a year-on-year improvement of **2.0 percentage points**.

The increase is chiefly attributable to the restructuring operations carried out since HotelInvest's creation. In 2014, Accor acquired **three hotel portfolios** that were previously operated by the Group under variable leases. These portfolios (Moor Park, Axa Real Estate and Tritax) were acquired for a total of €980 million. Together, they represent **110 hotels** or **14,072 rooms**. Also during the year, **48 hotels** were restructured, of which **30 hotels** under leases and **18 hotels** under direct ownership.

These transactions reduced the **adjusted net debt** by **€137 million**.

HotelInvest's performance was also driven by sustained activity in the NCEE region (revenue up 4.2% like-for-like), with strong demand in particular in the UK and the Benelux countries. Emerging markets also enjoyed very favorable trends, particularly in the Americas (up 7.2%), and the MMEA region, which, after a loss of €27 million in 2013, moved closer to breakeven in 2014 thanks to the strong recovery in southern European countries.

Net operating income (NOI), which corresponds to EBITDA less maintenance expenditure, stood at **€364 million** in 2014, with owned hotels contributing 56% of the total. One of HotelInvest's objectives is to increase this contribution to 75% by 2016. Adjusted for expansion expenditure, the cash flow generated by HotelInvest in 2014 stood at €162 million, representing 28% of EBITDA and up sharply from 2013.

HotelInvest's **gross asset value** was **€6.3 billion,** as per a new valuation conducted in the second half**.** As a proportion of gross asset value, its EBITDA at end-December, factoring in the full-year impact of portfolios acquired in 2014, showed a **return on investment (ROI)** of **9.7%** on the HotelInvest assets.

Dividend policy

Operating profit before non-recurring items, net of tax amounted to **€435 million**, representing **earnings per share of €1.90**. In line with the policy of paying out 50% of this income, **Accor will ask shareholders** at the Annual Meeting on April 28, 2015 **to approve the payment of a dividend of €0.95 per share**. As in 2013, shareholders may elect to receive the entire dividend in cash, or half of the dividend in cash and the other half in stock at a 5% discount.

Priorities for 2015

The Group intends to accelerate its transformation on the basis of the broad outlines set in 2014, **with several major large-scale projects**:

- The **acceleration of restructuring** of the HotelInvest assets,
- The **implementation of the eight programs under the digital plan**,
- The **optimization of the Group's development** and **brand building**,
- A **new ambition in the area of food services** and **Purchasing management**,
- The **modernization of the Group's culture**, primarily through changes to its operating procedures.

* * *

Events since January 1, 2015

- Accor announced the **sale and management-back of the Zurich MGallery** to a private investor, already an Accor franchisee, **for a total of €55 million**. This amount includes the sale price of €32 million and a commitment from the buyer to carry out €23 million worth of renovations.

- Accor also announces **its decision to establish a sponsored Level 1 American Depository Receipt (ADR) program** to enable US investors to hold Accor shares indirectly and to trade them in the US over-the-counter (OTC) market.

Upcoming events

- *April 16, 2015: Publication of Accor SA's first-quarter 2015 revenue*
- *April 28, 2015: Annual Shareholders' Meeting*

Other information

The Board of Directors met on February 17, 2015 and approved the financial statements for the year ended December 31, 2014. The financial statements have been audited and the auditors' report is being issued. The consolidated financial statements and notes related to this press release are available on www.accor.com.

Accor, the world's leading hotel operator, offers its guests and partners the dual expertise of a hotel operator and brand franchisor (**HotelServices**) and a hotel owner and investor (**HotelInvest**) with the objective of ensuring lasting growth and harmonious development for the benefit of the greater number.
With more than 3,600 hotels and 470,000 rooms, Accor welcomes business and leisure travelers in 92 countries across all hotel segments: luxury-upscale with **Sofitel, Pullman, MGallery, and Grand Mercure**, midscale with **Novotel, Suite Novotel, Mercure and Adagio** and economy with **ibis, ibis Styles, ibis *budget*** and **hotelF1**. The Group boasts a powerful digital ecosystem, notably its booking portal **accorhotels.com**, its brand websites and its loyalty program **Le Club Accorhotels**.
As the world's top hospitality school, Accor is committed to developing the talents of its **170,000 employees** in Accor brand hotels. They are the daily ambassadors of the culture of service and innovation that has driven the Group for over 45 years.

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