



2014 Accor Results

February 18, 2015



Sébastien Bazin

Chairman and CEO

SOFITEL
LUXURY HOTELS

pullman



GRAND MERCURE

THE
SEBEL

NOVOTEL

Suite NOVOTEL

Mercure

MAMA
SHELTER

adagio

ibis

ibis
STYLES

ibis
budget

hotelF1



ACCOR

Game changing achievements in 2014



Entire *reorganization* of the Company completed by Q1 2014

Launch of the *Digital plan* in October

€1bn invested in Real Estate Portfolios

Orbis deal for Central and Eastern Europe

36.6% stake in *Mama Shelter*

Partnership with *Huazhu* to accelerate Accor expansion in China

Various successful financing transactions for €3.7bn to support Accor's strategy



Mama Shelter Bordeaux - France



ibis Styles Ambassador Seoul South Korea



Hotel Orbis Gdynia - Poland



2014 Key results: record performance



Benefits from business first year transformation

- **€602m EBIT** and record **11% margin**, up 1.4 pts vs 2013
- Highest ever **recurring free cash flow** at **€304m**, up 25% vs 2013
- **29,556 rooms added** and **156k rooms in the pipeline**



Figures including Motel 6 until 2012



208 hotels added in 2014 with iconic flagships



ibis budget Saint-Pourçain - France



Novotel Tangerang - Indonesia



Balthazar Hotel & Spa MGallery Rennes France



Suite Novotel Den Haag - The Netherlands



Sofitel So Singapore - Singapore



ibis Styles Mexico - Mexico



HotelServices:

Leader and top performer in Europe, AsPac, LatAm and MEA



Strong achievements & performance in 2014

- HotelServices up and running by Q1 2014
- Return to fast expansion (c. 30K rooms open, o/w. 91% with third-party owners)
- New Digital strategy presented in October (€225m investment plan)
- High EBIT margin maintained above 30%, including initial expenses on the Digital plan
- Acquisition of Wipolo travel web and mobile platform
- 4m loyalty members added in 2014 (18 m at year-end)



HotellInvest: on track to become the largest AND best performing Hotel Investor in Europe



Strong achievements & performance in 2014

- HotellInvest up and running within 4 months
- Acquisitions of the Moor Park, Axa and Tritax portfolios for €1bn
- 48 hotels restructured through single deals
- EBIT margin of 6.1%, up 200bps vs. 2013





Sophie Stabile

Global CFO

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ACCOR

HotelServices & HotelInvest: Sustained growth in profits



	Hotel Services	Hotel Invest	Corporate & Intercos	Accor Group
<i>2014 figures</i>				
Revenue	1,248	4,794	(588)	5,454
EBITDAR	435	1,401	(64)	1,772
<i>EBITDAR margin</i>	34.8%	29.2%	N/A	32.5%
EBITDA	411	573	(61)	923
<i>EBITDA margin</i>	32.9%	11.9%	N/A	16.9%
EBIT	376	292	(66)	602
<i>EBIT margin</i>	30.1%	6.1%	N/A	11.0%
EBIT 2013 (restated)	380	197	(56)	521
EBIT margin (restated)	30.3%	4.1%	N/A	9.6%



HotelServices

Strong performance lifted by expansion



Key P&L elements (in €m)	2013 <i>Restated</i>	2014
Gross Revenues	€11.6bn	€11.9bn
Revenue	1,254	1,248
EBITDA	412	411
<i>EBITDA margin</i>	<i>32.8%</i>	<i>32.9%</i>
Margin excl. S&M Fund and loyalty	47.4%	49.0%
Cash-Flow elements (in €m)		
Systems Capex	(36)	(44)
Development Capex	(38)	(37)
EBITDA – Total Capex	338	331
% EBITDA	82.0%	80.5%

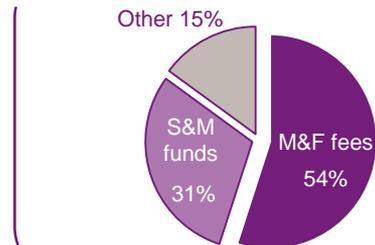
Notes

(1) Fees comprising revenues from Management, Franchise and S&M

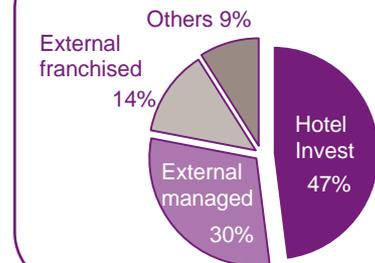
"S&M": Sales & Marketing

"M&F": Management & Franchise

Revenues



Fees⁽¹⁾ by counterparty



HotelInvest

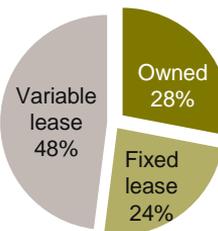
Strong cash flow conversion



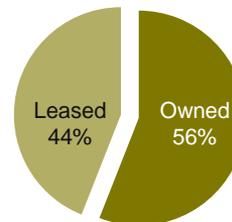
Key P&L elements (in €m)	2013 <i>Restated</i>	2014
Revenue	4,798	4,794
EBITDAR	1,354	1,401
<i>EBITDAR margin</i>	28.2%	29.2%
EBITDA	486	573
<i>EBITDA margin</i>	10.1%	11.9%
EBIT	197	292
<i>EBIT margin</i>	4.1%	6.1%
Cash-Flow elements (in €m)		
Renovation & Maintenance Capex	(224)	(209)
NOI (EBITDA – Maintenance Capex)	262	364
<i>% EBITDA</i>	53.9%	63.5%
Development Capex	(182)	(202)
EBITDA – Total Capex	80	162
<i>% EBITDA</i>	16.5%	28.4%

+12pts

Hotels by ownership structure



Contribution to NOI ⁽¹⁾



(1) Hotels from Moor Park, Axa and Tritax operations are restated as full-year owned

HotelInvest transformation generating strong improvement



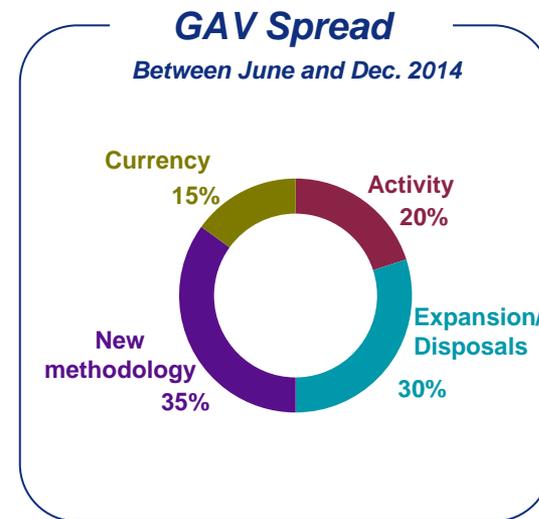
2014 Figures	Owned	Fixed lease	Var. lease	Others	Total
Number of hotels	378	329	647		1,354
Revenue	1,042	1,303	2,374	75	4,794
EBITDAR	270	427	711	(7)	1,401
<i>EBITDAR margin</i>	25.9%	32.8%	29.9%	(8.1)%	29.2%
Rents	(18)	(320)	(490)	N/A	(828)
Depreciations & amort.	(123)	(57)	(93)	(8)	(281)
EBIT	129	50	128	(15)	292
<i>EBIT margin</i>	12.4%	3.9%	5.4%	(20.7)%	6.1%
Restated 2013 EBIT	71	18	127		197
Restated 2013 EBIT margin	8.4%	1.3%	5.0%		4.1%



HotelInvest KPIs



2014 Figures	Owned	Leased Hotels	Others	Total
Number of hotels	378	976		1,354
Restated EBITDA ⁽¹⁾ (€m)	287	328		608
FIXED ASSET				
Net fixed assets (€bn) 2014-end	2.3	1.0		3.3
GROSS ASSET VALUE				
3 rd party valuations (€bn)	3.7	2.6		6.3
ROI ⁽²⁾	7.8%	12.6%		9.7%
Gross Asset Value at June-end 2014	[3.3 – 3.6]	[1.6 – 2.1]		[5.0 – 5.5]
Annualized ROI at June-end 2014	8.3%	15.0%		10.6%



2014 Revenue: €5,454m, up 3.8% L/L



+3.8%

Like-for-Like
€208.6m

HotelServices: +5.5% comp ⁽¹⁾; HotelInvest: +3.0% L/L

+0.8%

Expansion
€44.4m

29,556 new rooms (208 hotels) opened in 2014

-3.0%

Disposals
€(162.0)m

Impact of the Asset Management

-1.1%

Currency
€(62.0)m

Significant impact of Brazilian Real and Australian dollar

+0.5%

Reported
€29m

NB: 2013 and 2014 Revenue figures are restated from the IFRS 11 impacts

(1) Comparable (comp.) revenue growth – includes fees linked to expansion, at constant exchange rates



Stable EBITDAR margin



Total Group

2013
€1,731m
31.9%



2014
€1,772m
32.5%

+0.0pt

Like-for-Like
+€66m

(0.1)pt

Expansion
+€9m

+0.6pt

Disposals
€(21)m

+0.1pt

Currency
€(13)m

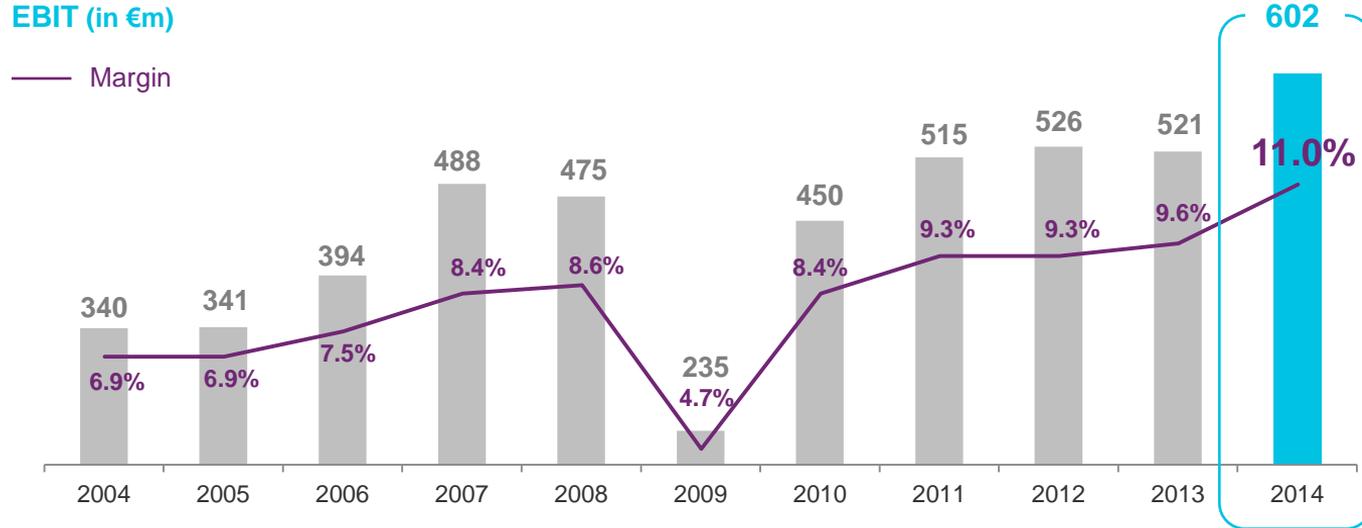
+0.6pt

Reported
+€41m

- Negative impact from VAT increase in France on pricing power, especially in H1
- Positive effect from cost-cutting plan and better organization
- Operating performance in H2 altered by
 - Increase of leisure customers across the semester
 - Larger marketing campaigns in H2
 - €2M Opex related to digital plan, as planned

➔ Stable EBITDAR growth across H1 and H2 at +3.8% L/L

Record EBIT and EBIT margin in 2014



Accor figures, restated from Edenred / Motel 6 / Red Roof Inn / GLB

Positive effects from the transformation of Accor and operating momentum



Net profit up c. 80%

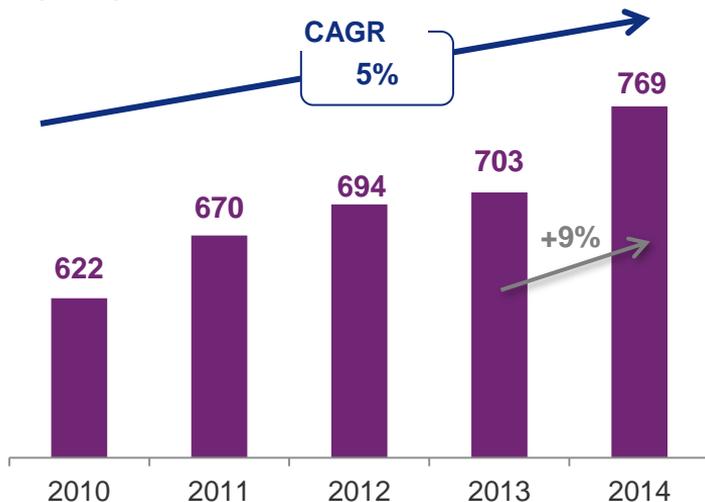


<i>In € millions</i>	FY 2013 <i>Restated</i>	FY 2014
EBIT	521	602
Net financial expense	(90)	(52)
Share of profits/(losses) of associates	11	28
Operating profit before tax and non-recurring items	442	578
Non-recurring items	(186)	(159)
Income tax expense	(120)	(175)
Minority interests	(11)	(17)
Net profit/(loss) before discontinued operations	125	227
Profit or loss from discontinued operations	1	(4)
Net profit/(loss) attributable to shareholders	126	223

Sharp increase in FFO generating record cash flow

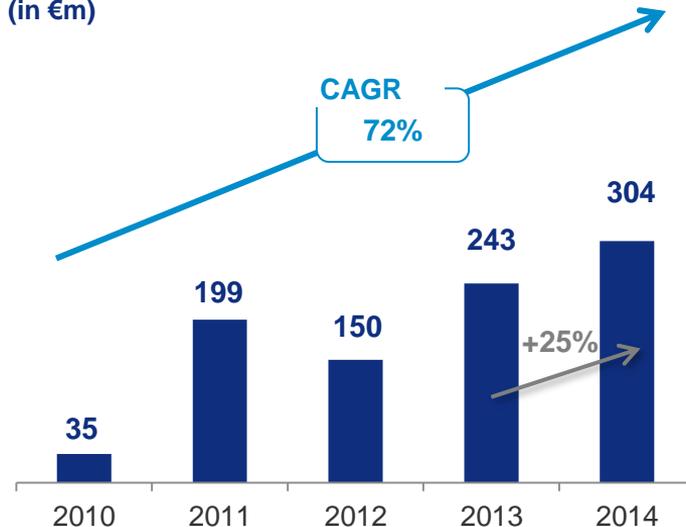


Funds from operations (FFO)
(in €m)



NB: 2010 and 2011 are restated from the disposal of Motel 6

Recurring free cash flow
(in €m)



Stable capex levels with optimized allocation



Sound financing to support Group's strategy



Various successful financing transactions in 2014 for €3.7bn

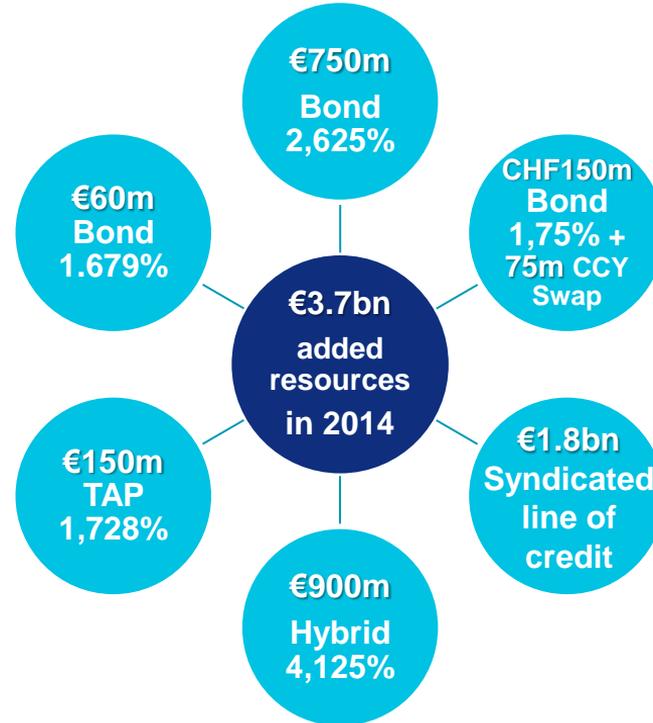
- Average cost of debt decreased to 3.11% (3.4% including the Hybrid bond)
- Extension of the maturity of the debt

€900m Perpetual Hybrid

- » Bond issue in June 2014
- » Record low coupon of 4.125%
- » Oversubscribed 5x

€750m Bond

- » Issue in January 2014
- » Record low coupon of 2.625%
- » Oversubscribed 6x



Credit ratios - in line with investment grade status



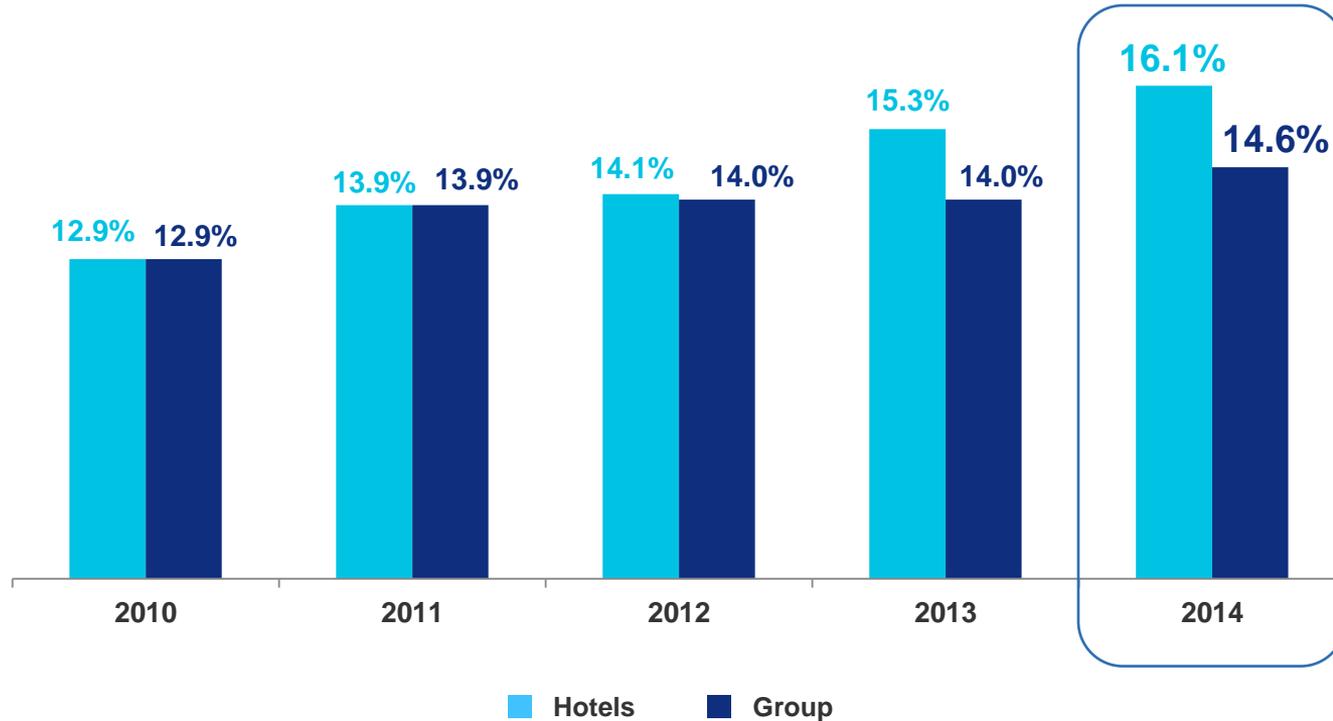
	FY 2013 <i>Restated</i>	FY 2014
Gross debt	2,210	2,866
Current financial assets	(1,984)	(2,707)
Net debt	226	159
Adjusted Funds from operations / Adjusted net debt ⁽¹⁾	31.1%	34.2%

(1) Net debt adjusted for NPV of minimum lease payments discounted at 7%

Standard & Poors and Fitch Ratings : BBB- with outlook stable



Record high ROCE of 14.6%



Accor figures, restated from Edenred / Motel 6 / GLB



Proposed 2014 dividend: +19% vs 2013, in line with operational performance



	2013	2014
Operating profit before non-recurring items, net of tax⁽¹⁾ <i>(in € millions)</i>	362	435
Operating profit before non-recurring items, net of tax per share <i>(in €)</i>	1.6	1.9
Ordinary Dividend per share⁽²⁾ (50% payout ratio) <i>(in €)</i>	0.80	0.95
Ordinary Dividend <i>(in € millions)</i>	183	218

Payment method: option between 100% cash or 50% cash / 50% shares⁽³⁾

(1) Operating profit before tax and non-recurring items, less operating tax, less minority interests

(2) Subject to shareholder approval at the Annual General Meeting on April 28, 2015

(3) 50% shares with a 5% discount





What's next?

Sébastien Bazin

Chairman and CEO

Key challenges around



RISKS

1 Digital Players

2 Alternative Lodging

3 European Economies

4 Tax / fiscal Pressure

POTENTIAL IMPACTS

Booking Frame / Operating Margins
/ Brand equity

Topline / Pricing power

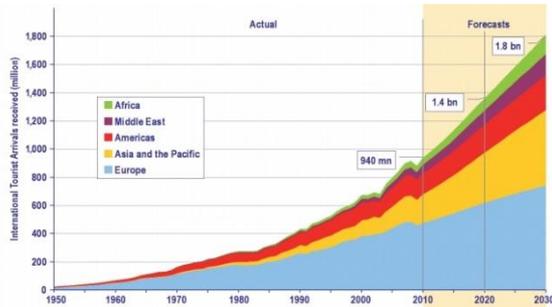
RevPAR / Topline / Real Estate

Tourist Attractiveness / Topline / Profitability

A great industry to be in

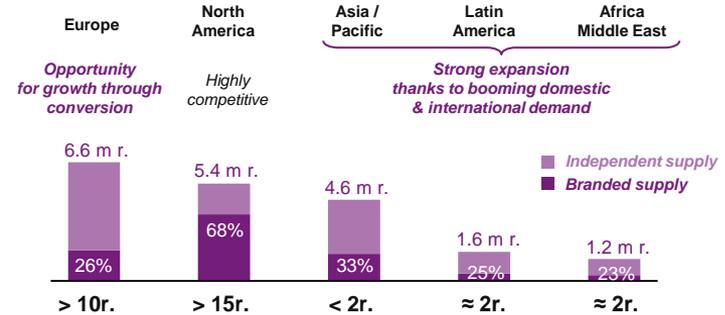


>3% GAGR in international Travel 2010 - 2030



Source: UNWTO - 2014

Huge opportunity to gain market share



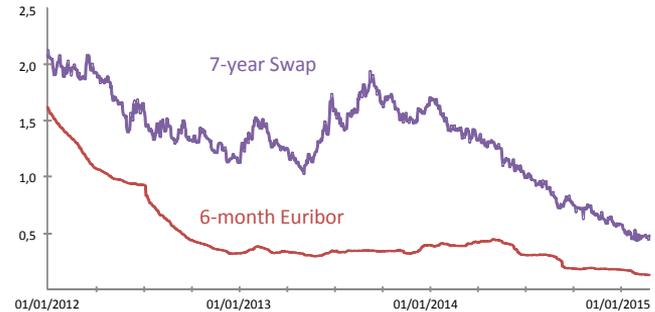
New technology enabling incremental profits

3D printed building

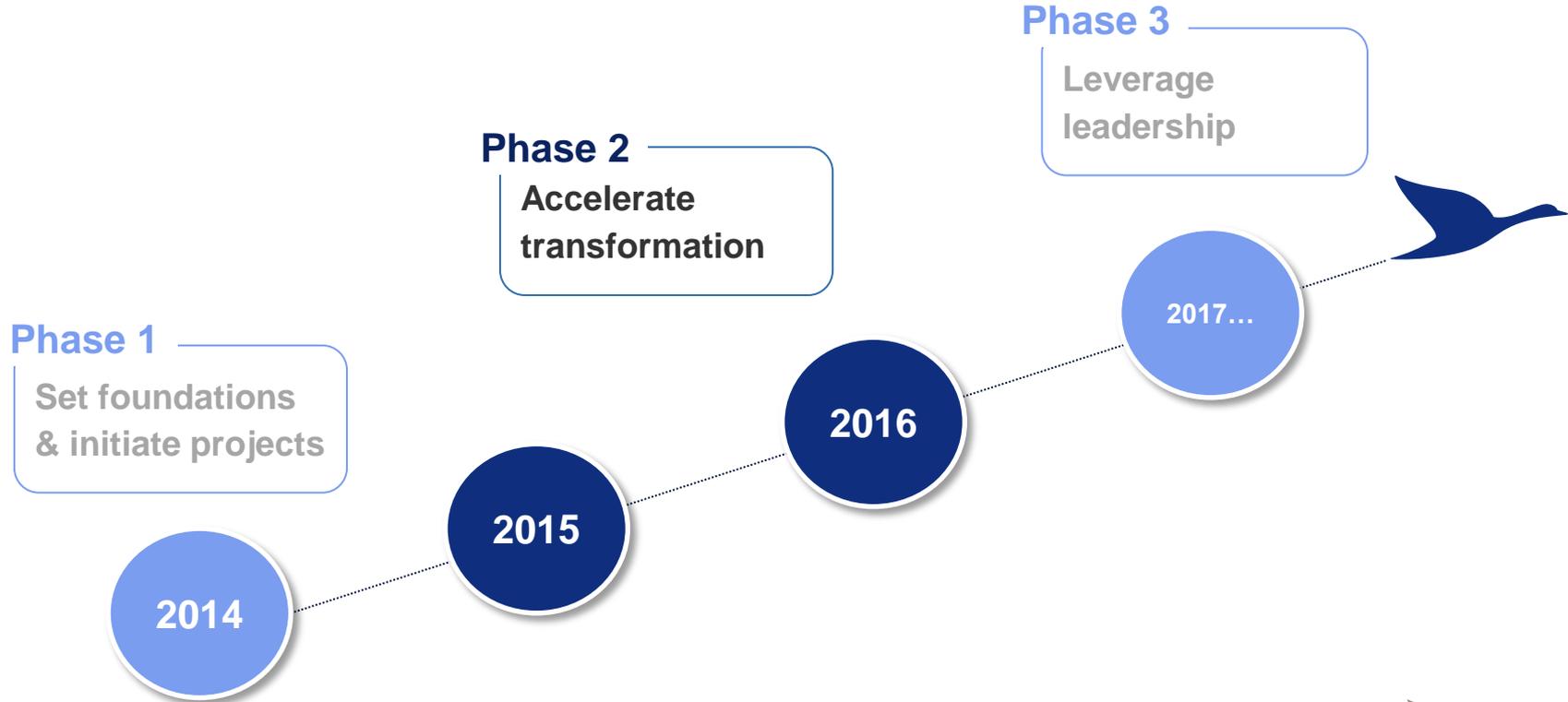


Source: Win Sun - 2015

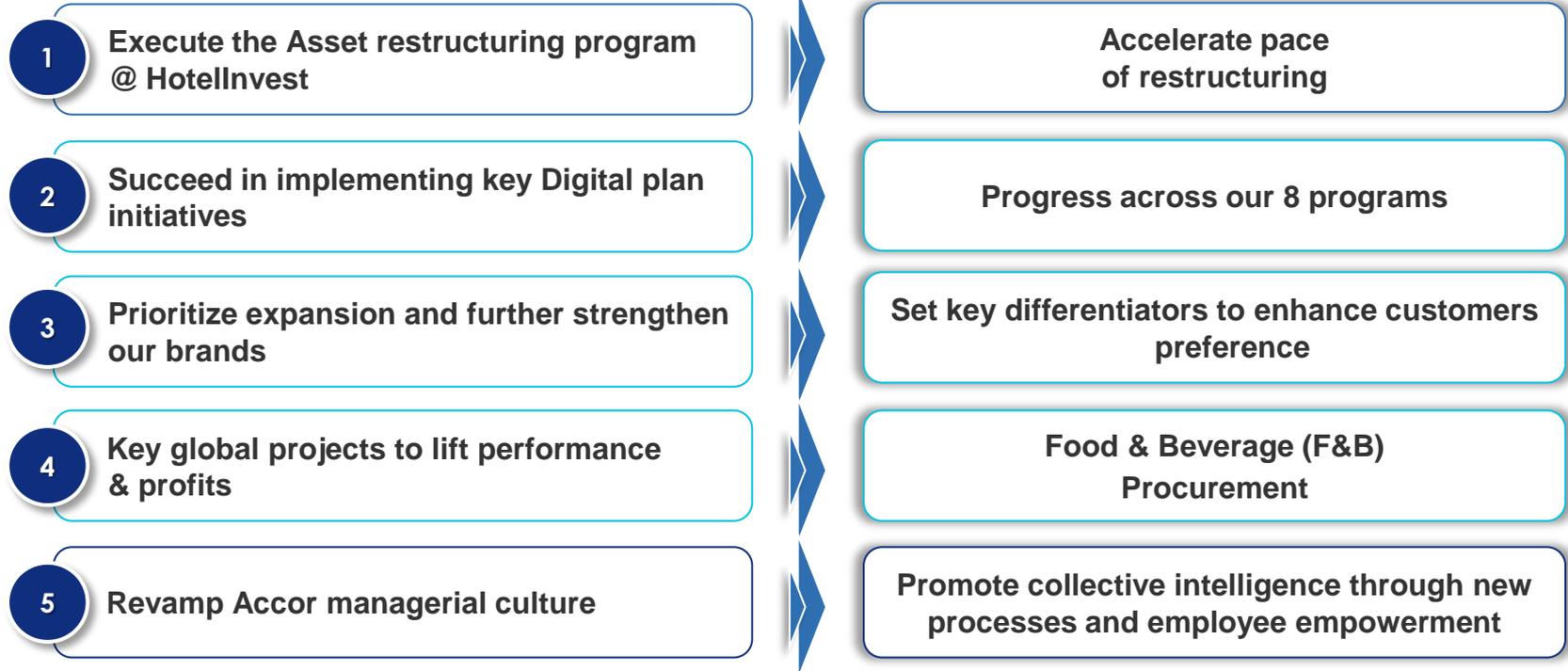
Euro interest rates change since 2012



A cadenced path for growth



Five priorities in 2015



Asset restructuring: initial success in 2015



Sale & management back of MGallery Zurich

- Asset bought back in June 2014 within the Axa portfolio
- Enterprise value of €55m including a €23m renovation plan
- Long term management contract
- In line with HotelInvest strategy to focus on the Economy and Midscale segments in Europe

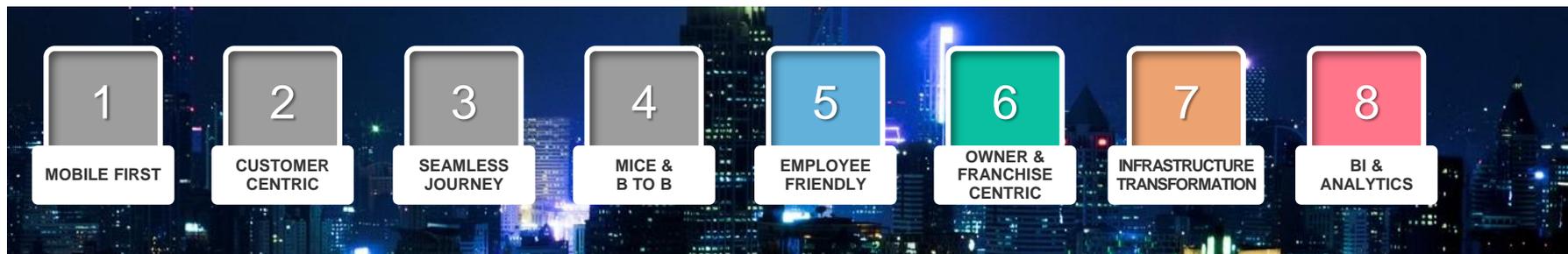


Leading digital hospitality



Expand our hospitality excellence throughout the customer journey

- Invest €220m in the digital for the next 4 years
- 8 programs focusing on serving our customers, partners and employees
- Major 2015 outputs: one single Accor App, Accor wallet, le Club Accorhotels virtual card, online booking for meetings, dashboard solutions for hotels ...

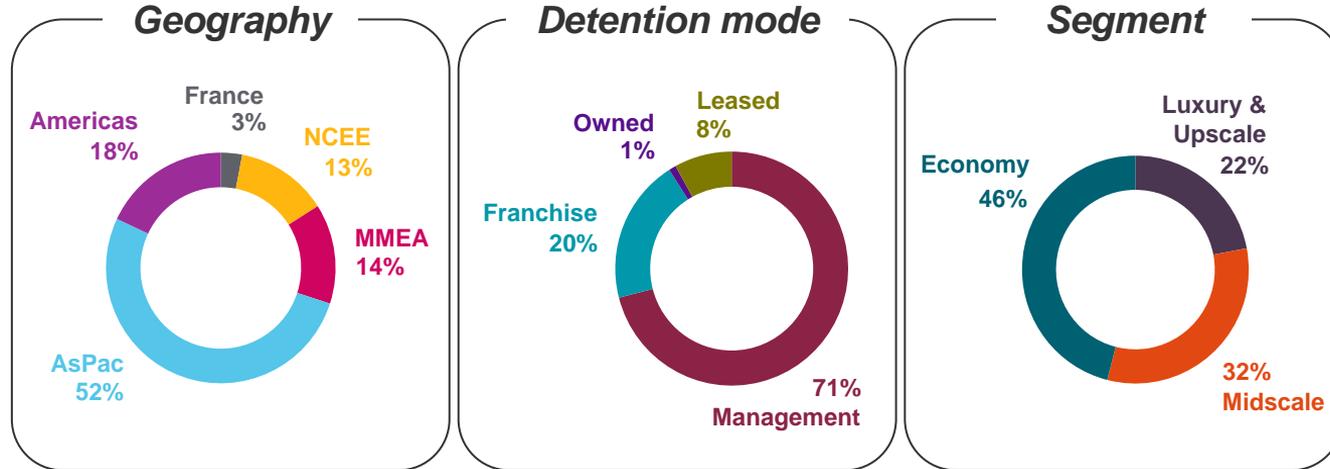


A record 156 k rooms in the pipeline



84% of the pipeline in Emerging markets

Pipeline by:



New ambition for Expansion



Implementation of strict guidelines to ensure accretion at Group level

Each new project must be accretive

- Fees margin above 50% for HotelServices (excl. S&M fund and Loyalty)
- IRR above current ROI for HotelInvest



Food & Beverage: 25% of business volume



~€3bn

F&B business volume

A large and ubiquitous portfolio

80% *done in owned, leased and managed hotels*

~75%

of revenue outside of France

of F&B revenue shared in a balanced way between breakfast, restaurant (lunch & dinner) and banqueting

>5,000

outlets all over the world

>120m *meals served per year*

100%

of hotels offer some F&B

2/3^{rds} *have a full-service restaurant*

Reaching our F&B full potential to create a virtuous circle



Guest driven

- **F&B strongly contributes to our clients' overall hotel experience**
 - F&B is viewed as an essential attribute of a hotel
 - F&B plays a key role in attracting and retaining clients in hotels (especially in midscale and LUB)

Partner driven

- **F&B is part of the service we "sell" to our partners and franchisees**
 - Key to attracting and retaining owners
 - Driver for incremental revenue and profit
 - Emotional for many independent owners

F&B improvement
A holistic perspective

Profit driven

- **F&B accounts for c. €3bn of Accor's gross volume and c. €1bn of revenue**
 - Significant impact for HotellInvest
 - Strong potential for EBIT growth at Group level

Employee driven

- **F&B is part of Accor expertise and should be considered as a real attractive "filière"**
 - Attractive career opportunity for employees (including training and mobility)
 - Alignment with current passion around F&B



Conclusion



- Record 2014 results thanks to resilient footprint, fast implementation of the new strategy and strong team dedication
- Recurring uncertain environment and industry challenges
- Momentum to accelerate transformation in 2015 and boost performance

En route to be the best performing and the world's most valued hotel company for

GUESTS

PARTNERS

EMPLOYEES

SHAREHOLDERS





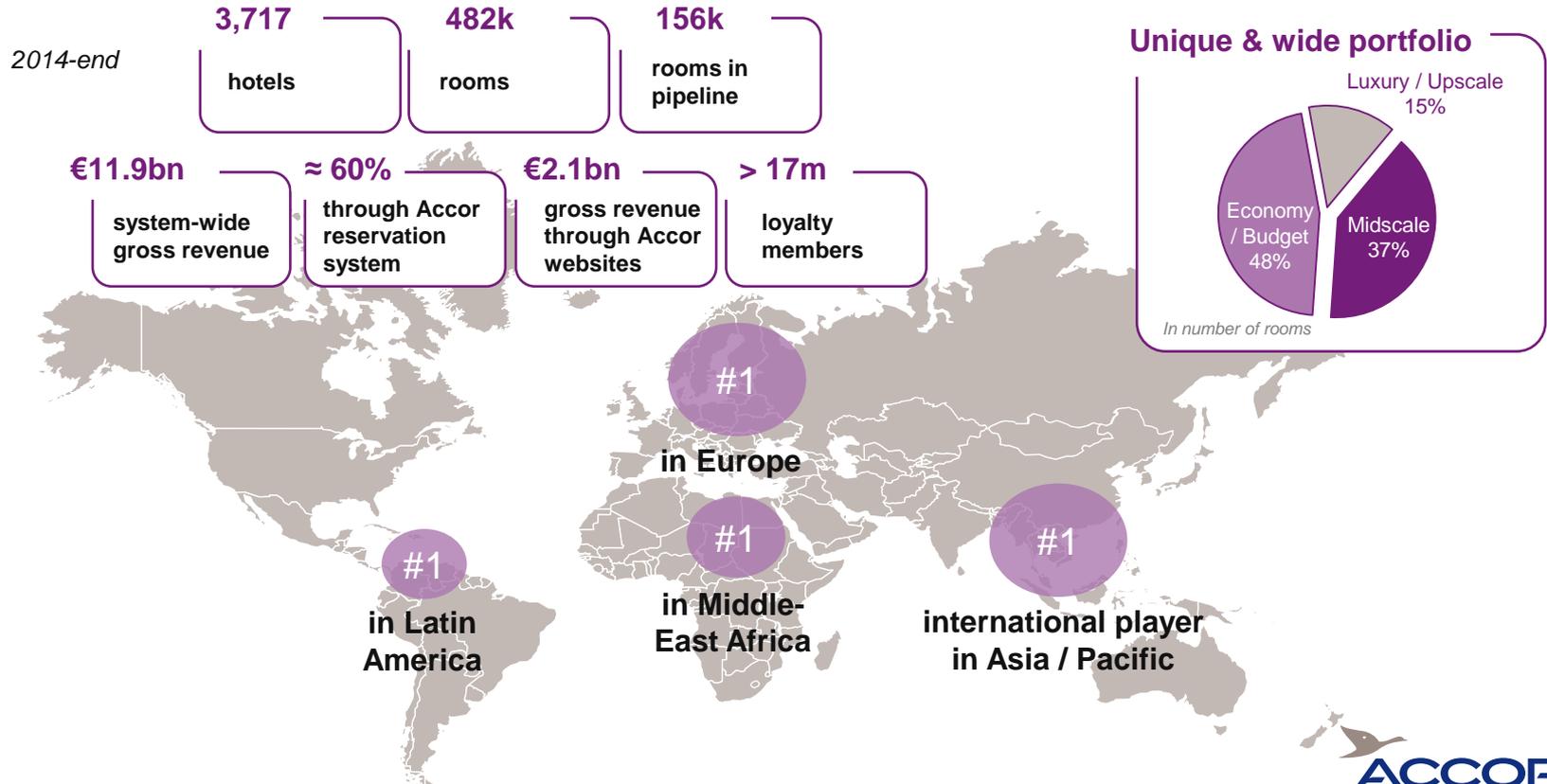
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Appendices

HotelServices



HotelServices P&L



2014 Figures	Managed & franchised	Sales & Marketing Fund	Other activities	Hotel Services
Revenue	676	389	183	1,248
EBITDAR	374	9	52	435
<i>EBITDAR margin</i>	55.3%	2.3%	28.2%	34.8%
EBITDA	367	1	43	411
<i>EBITDA margin</i>	54.3%	0.3%	23.5%	32.9%
EBIT	353	(9)	32	376
<i>EBIT margin</i>	52.2%	(2.4)%	17.7%	30.1%
2013 EBITDA margin (restated)	53.5%	1.8%	22.5%	32.8%

High EBITDA margin excl. Sales & Marketing Fund

¹ Fees comprising revenues from Management, Franchise and S&M
 "S&M" : Sales & Marketing / "M&F" : Management & Franchise





1,354 hotels (o/w 378 owned) & **186,468** rooms

77% of hotels in Europe (France + NCEE)

95% of hotels in Budget / Economy / Midscale segments

€6.3bn of Gross Asset Value

9.7% ROI ⁽¹⁾ with 7.8% for owned assets, and 12.6% for leased hotels

(1) Return On Investment: Restated EBITDA/ Gross Asset Value

(2) Hotels from Moor Park, Axa and Tritax operations are restated as full-year owned

Restructuring underway

110 hotels bought from Moor Park, Axa and Tritax in 2014

48 hotels restructured o/w 30 leased properties

378 hotels now owned by Hotellinvest at 2014-end, generating 56% of NOI ⁽²⁾

All teams now at full speed

Ebit breakdown by region: 76% in Europe



	HotelServices		HotelInvest		Accor		
	2013 <i>Restated</i>	2014	2013 <i>Restated</i>	2014	2013 <i>Restated</i>	2014	L/L Change
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 ⁽¹⁾	(9) ⁽²⁾	N/A
Total	380	376	197	292	521 ⁽¹⁾	602 ⁽²⁾	+11.7%

(1) Including €(56)m of Corporate and Intercos

(2) Including €(66)m of Corporate and Intercos



Positive recurring free cash flow at €304m



<i>In € millions</i>	FY 2013 <i>Restated</i>	FY 2014
Funds from operations	703	769
Renovation & maintenance capex	(264)	(262)
Recurring expansion capex	(196)	(203)
Recurring free cash flow	243	304

Strong cash flow generation thanks to disciplined capex policy



ROCE at 14.6%



	2013		2014	
	Capital employed	ROCE	Capital employed	ROCE
Luxury & upscale	952	7.5%	953	11.1%
Midscale	2,429	15.0%	2,602	15.1%
Economy	2,159	19.5%	2,398	18.9%
Hotels ⁽¹⁾	6,135	15.3%	6,372	16.1%
Others	178	(31.1)%	261	(21.3)%
Total Group	6,314	14.0%	6,633	14.6%

(1) Including "other brands"





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