



ACCOR HOTELS

Feel Welcome

Press Release
Paris, July 27, 2017

Increase in earnings* driven by strong business and dynamic development

* * *

- Revenue up 33.5% to €922 million (+8.3% LFL)
- EBIT up 68.0% to €226 million (+33.9% LFL)
- 23,000 rooms opened during the first half (115 hotels)

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Full-year 2017 EBIT target between €460 million and €480 million

Sébastien Bazin, Chairman and Chief Executive Officer of AccorHotels, said:

AccorHotels' results for first-half 2017 are particularly solid. They reflect growth in our hotel business, the rapid integration of recently acquired brands, our persistently dynamic development and the ramp-up of our new businesses. In this way, we are increasing our market share and consolidating our global leadership while profoundly transforming our business model. The separation of AccorInvest into a stand-alone legal entity has been completed. Discussions about the opening of this business to outside investors are ongoing. Our pursuit of this growth strategy enables us to aim for another year of record growth in 2017.

* AccorHotels results excl. AccorInvest (IFRS 5)



Significant events and strategic transactions in H1 2017

- Solid results in most of the Group's key markets, particularly with the recovery in France & Switzerland
- Development corresponding to 23,000 additional rooms (115 hotels), of which 94% under franchise agreements and management contracts (including 7,000 rooms from Rixos Hotels)
- Portfolio of 4,195 hotels (597,132 rooms) at the end of June 2017
- Pipeline of 910 hotels and 167,000 rooms, of which 81% in emerging markets and 45% in the Asia-Pacific region

AccorInvest

- Approval of the partial contribution of assets held by Accor SA in AccorInvest at the Extraordinary General Meeting of June 30, 2017
- Transfer of the remaining assets to AccorInvest

HotelServices

- Implementation of the strategic partnership with Rixos Hotels in the international resort segment
- Consolidation of AccorHotels' leadership in Brazil via the signature of an agreement with BHG relating to 26 hotels (approximately 4,400 rooms)
- Acquisition of 40% of Potel & Chabot, French leader in prestige event services
- Acquisition of 31% of Noctis, which specializes in events, foodservice and entertainment

New businesses

- Acquisition of TravelKeys, consolidating the Group's position as global leader in the luxury serviced home rental market with concierge services
- Acquisition of Availpro, following on from Fastbooking in 2015, creating the European leader in digital services for independent hotels
- Acquisition of VeryChic, a digital platform for the private sale of hotel rooms and apartments, cruises, stays and luxury packages



First-half 2017 results

On July 12, 2016, AccorHotels announced its intention to turn HotelInvest into a subsidiary and dispose of a majority of it, united under AccorInvest. In accordance with IFRS 5, the assets held for sale have been placed in a separate item on the balance sheet and in the income and cash flow statements. The financial data presented in this press release reflect this accounting treatment.

AccorHotels is now structured around the following segments:

- **HotelServices**, which houses the hotel franchisor and operator business, as well as activities related to hotel operations
- **New businesses**, which at this stage brings together FastBooking and Availpro, onefinestay, TravelKeys, VeryChic and John Paul (previously part of HotelServices)
- **Hotel assets**, which include HotelInvest assets not transferred to AccorInvest, mainly corresponding to Orbis, hotels operated under variable lease agreements based on a percentage of EBITDAR (also known as management leases) and a few assets intended to be restructured before the Booster transaction closes
- **Holding and Intercos**, which includes inter-company eliminations between each segment and the cost of central functions

HotelServices is organized into six operating regions:

- France & Switzerland
- Europe (including Southern Europe)
- Middle East & Africa
- Asia-Pacific
- North America, Central America & the Caribbean
- South America

Solid growth in revenue

Consolidated first-half 2017 **revenue** amounted to €922 million, up 8.3% year-on-year at constant scope of consolidation and exchange rates (+33.5% on a reported basis).

<i>In €millions</i>	H1 2016	H1 2017	Change (as reported)	Change (LFL)
HotelServices	645	839	30.1%	6.0%
New businesses	13	43	N/A	16.4%
Hotel assets	280	297	6.1%	4.6%
Holding & Intercos	(248)	(258)	N/A	N/A
Total	691	922	33.5%	8.3%



Reported revenue for the period reflected the following factors:

- Changes in the scope of consolidation (acquisitions and disposals) had a positive impact of €165.9 million (+24.1%), thanks to the contributions of Raffles, Fairmont, Swissôtel, Availpro, onefinestay, TravelKeys, VeryChic and John Paul.
- Currency effects had a positive impact of €8 million, attributable primarily to the positive effect of the Brazilian real (+€12 million) and the Australian dollar (+€6 million), partially offset by the negative impact of the Egyptian pound (-€14 million).

Revenue by business and region in H1 2017

HotelServices reported a **6.0% increase in like-for-like revenue** (30.1% on a reported basis) to €839 million. This increase reflected strong activity in Asia-Pacific (+9.3%), Europe (+8.1%), Middle East & Africa (+4.7%) and France & Switzerland (+3.7%). The North America, Central America & the Caribbean and South America regions were down 2.9% and 5.1% respectively.

<i>In € millions</i>	H1 2016	H1 2017	Change (LFL)
France & Switzerland	181	194	3.7%
Europe	181	200	8.1%
Middle East & Africa (MEA)	42	61	4.7%
Asia-Pacific	180	225	9.3%
North America, Central America & the Caribbean	17	77	(2.9)%
South America	30	34	(5.1)%
Worldwide structures	13	49	2.8%
Total	645	839	6.0%

The Group's RevPAR was up 3.8% overall.

In **France & Switzerland**, revenue was up 3.7% on a like-for-like basis. Up 2.0%, RevPAR was buoyed by an occupancy rate up 2.7 points thanks to the return of foreign tourists to Paris. As a result, Paris posted the strongest increase in RevPAR (+4.3%), driven notably by very positive trends in the luxury/upscale segment (+7.2%).

Europe posted like-for-like revenue growth of 8.1% thanks to RevPAR growth of 5.9%.

- Business was once again extremely strong in the United Kingdom (+7.1%), a market that remains attractive to British and foreign tourists, especially London.



- RevPAR increased by 1.1% in Germany on a weak trade fair calendar in April and June. In Eastern Europe, it grew by 7.8%, reflecting sustained development in that region.
- The Iberian Peninsula continued its recovery, recording strong business levels once again, with RevPAR growth of 14.9%.

The **Asia-Pacific** region also performed very well, posting 9.3% growth driven by the luxury segment (RevPAR up 6.5%) and persistently dynamic development.

The **Middle East & Africa** region recorded a 4.7% increase in revenue, driven by a 3-point rise in the occupancy rate and a 4.5% increase in RevPAR. The Middle East posted a record level of revenue during the first half (+6.6%), thanks notably to the Sofitel Gezirah, where RevPAR doubled during the period. Africa's performance (-0.7%), on the other hand, was impacted by challenging security conditions, particularly in Côte d'Ivoire and Angola.

North America, Central America & the Caribbean experienced a slowdown due to a significant decline in arrivals of foreign tourists in major cities in the United States. The 2.9% like-for-like decline in revenue does not include Fairmont; it only takes into account the hotels included in the scope of consolidation in H1 2016, which are more exposed to markets such as New York and Miami. Fairmont, which benefits from the good balance of its portfolio between the United States and Canadian markets and a strong presence in American cities with less exposure to international customers, recorded RevPAR growth of 7% in the United States and 15% in Canada.

Lastly, the situation remains difficult in **South America**, and more precisely in Brazil (-9,7%). Regional revenue was down 5.1%, with Rio facing a particularly challenging situation (occupancy rate down 13 points), reflecting the overcapacity generated by the Olympic Games and a depressed socioeconomic environment.

HotelServices' development continues at a rapid pace. AccorHotels opened 115 new hotels in the first half, representing more than 23,000 rooms; it is forecasting organic growth of 40,000 rooms in 2017. At the end of June 2017, the Group's pipeline comprised 910 hotels and 167,000 rooms, of which 81% in emerging markets and 45% in the Asia-Pacific region.

In the six months to end-June 2017, **new businesses** (concierge services, luxury home rentals and digital services for independent hotels) recorded **revenue growth of 16.4% on a like-for-like basis** to €43 million, up from €13 million at the end of June 2016.

John Paul continued its integration within the Group, notably taking charge of Customer Care and the steering of the AccorLocal project, which is currently being tested in Paris and regional cities in France.



At the same time, the acquisition of TravelKeys round out onefinestay's offer in the luxury segment, where the Group added seven new destinations during the first half.

Revenue derived from the **hotel assets** held by the Group, mainly in Central Europe and under lease in Brazil, **also grew by 4.6%**. This good overall performance reflects contrasting situations between Brazil, where business is still challenging, and Central Europe, which remains very dynamic.

Increase in net profit, Group share

<i>In € millions</i>	H1 2016	H1 2017	Change (as reported)	Change (LFL) ⁽¹⁾
Revenue	691	922	33.5%	8.3%
EBITDAR⁽²⁾	236	356	51.1%	22.4%
<i>EBITDAR margin</i>	34.1%	38.6%	+4.5 pts	+3.6 pts
EBITDA	187	303	62.1%	27.4%
<i>EBITDA margin</i>	27.1%	32.9%	+5.8 pts	+3.9 pts
EBIT	134	226	68.0%	33.9%
Operating profit before tax and non-recurring items	40	200	-	-
Net profit before profit/(loss) from discontinued operations	39	181	-	-
Profit/(loss) from discontinued operations	46	(86)	-	-
Net profit, Group share	74	77	-	-

- (1) Like-for-like: at constant scope of consolidation and exchange rates
- (2) Earnings before interest, taxes, depreciation, amortization and rental expense.

Solid improvement in EBIT

Consolidated EBITDA amounted to €303 million in first-half 2017, **up 27.4%** like-for-like on the year-earlier period and **62.1%** as reported. The **EBITDA margin** was **32.9%**, **up 3.9 points** on a like-for-like basis.

First-half 2017 **EBIT** rose by **68.0%** as reported, and by **33.9%** like-for-like to €226 million, up from €134 million in the first half of 2016.



Results by business

<i>In € millions</i>	HotelServices	New businesses	Hotel assets	Holding & Intercos	AccorHotels
Revenue	839	43	297	(258)	922
EBITDA	310	(14)	40	(33)	303
<i>EBITDA margin</i>	36.9%	(31.5)%	13.4%	N/A	32.9%
EBIT	270	(17)	17	(44)	226
<i>EBIT margin</i>	32.2%	(39.4)%	5.6%	N/A	24.5%
H1 2016 EBIT	177	(10)	11	(44)	134
<i>H1 2016 EBIT margin</i>	27.5%	(77.5)%	3.9%	N/A	19.5%

Strong growth in HotelServices' EBIT by region

<i>In € millions</i>	H1 2016	H1 2017	Change LFL
France & Switzerland	62	69	9.4%
Europe	58	65	6.6%
Middle East & Africa (MEA)	10	18	(16.5)%
Asia-Pacific	32	59	36.8%
North America, Central America & the Caribbean	(0)	37	N/A
South America	6	7	-8.1%
Operations	167	255	13.1%
Worldwide structures	10	16	N/A
Total	177	270	21.4%

HotelServices' EBIT was up 52.4% on a reported basis and 21.4% on a like-for-like basis at €270 million in first-half 2017, compared with €177 million in first-half 2016, driven by Raffles, Fairmont and Swissôtel in the amount of €54 million, thanks to stronger business and to synergies.

Up 4.7 points at 32.2%, HotelServices' EBIT margin also expanded significantly from 27.5% in first-half 2016. The increase can be attributed in large part to the sound activity levels, to the fast ramp-up of synergies on FRHI, and a favorable calendar for digital expenses in the semester.

In line with the good levels of business recorded in the first half, HotelServices posted strong EBIT growth in France & Switzerland (+9.4%), as well as in Asia-Pacific (+36.8%), driven by development (32 hotels opened in first-half 2017), and in Europe (+6.6%), particularly in the United Kingdom and in Poland.

By contrast, EBIT fell by (16.5)% and (8.1)% respectively in the Middle East & Africa and South America regions.



Record recurring cash flow and a solid financial position

In the six months to June 30, 2017, **funds from operations** amounted to €253 million, versus €118 million in first-half 2016, due to good levels of business recorded in the majority of the Group's markets.

Investments were slightly down at €71 million compared to €84 millions for the first half of 2016, essentially driven by Orbis.

As a result, the Group's **recurring cash flow** amounted to **€182 million** in the six months to June 30, 2017, compared with €34 million in first-half 2016.

Net debt totaled **€2,354 million** at June 30, 2017, an increase of €673 million since the beginning of the year, resulting chiefly from acquisitions during the period, dividend payments and the impact of financing the AccorInvest transactions.

At June 30, 2017, the **cost of the Group's debt** was **2.47%**. In January 2017, AccorHotels issued a €600 million 7-year bond with a coupon of 1.25%.

Full-year 2017 EBIT target

In light of the following factors:

- sound business in virtually all markets
- sustained development, with 23,000 rooms opened in the first half, and organic development of more than 40,000 rooms expected over the full year
- the ongoing integration of recent acquisitions, and particularly the strong synergies achieved in the luxury segment
- the ramp-up of new initiatives

The Group is forecasting 2017 EBIT of between **€460 million and €480 million**.

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Events during first-half 2017

On January 16, 2017, AccorHotels provided an updated valuation of €6.6 billion for the Booster portfolio at December 31, 2016

On January 18, 2017, AccorHotels issued €600 million in seven-year 1.25% bonds

On January 31, 2017, Colony Capital announced that it had sold all of its stake in AccorHotels and that it no longer held any voting rights

On February 5, 2017, AccorHotels began exclusive negotiations for the acquisition of TravelKeys to consolidate its leadership in the luxury private rentals market

On February 21, 2017, Nicolas Sarkozy joined AccorHotels' Board of Directors to support its international vision

On March 2, 2017, AccorHotels consolidated its leadership in Brazil with the integration of 26 BHG hotels

On March 6, 2017, AccorHotels and Rixos Hotels & Resorts announced a strategic partnership

On March 8, 2017, AccorHotels announced a revival plan for the hotelF1 brand

On March 21, 2017, Sheikh Nawaf Bin Jassim Bin Jabor Al-Thani joined AccorHotels' Board of Directors

On March 27, 2017, the management of Potel & Chabot, Edmond de Rothschild Investment Partners and AccorHotels began exclusive negotiations with the shareholders of Potel & Chabot Group

On March 31, 2017, AccorHotels acquired VeryChic, a European leader in the private sale of luxury and upscale hotel rooms and breaks

On April 5, 2017, AccorHotels acquired Availpro and created the European leader in digital services for independent hotels

On May 15, 2017, AccorHotels and FCDE entered into exclusive negotiations for the sale of 100% of the FCDE's interest in Noctis

On June 30, 2017, AccorHotels' Extraordinary General Meeting approved the partial contribution of assets held by Accor SA to AccorInvest SAS.

The Board of Directors met on July 26, 2017 and approved the financial statements for the six months ended June 30, 2017. The consolidated financial statements have been reviewed by the Auditors and their report is being issued. The consolidated financial statements and notes related to this press release are available from the www.accorhotels-group.com website.

Upcoming events in 2017

October 19, 2017: publication of third-quarter 2017 revenue



ABOUT ACCORHOTELS

AccorHotels is a world-leading travel & lifestyle group and digital innovator offering unique experiences in more than 4,200 hotels, resorts and residences, as well as in over 10,000 of the finest private homes around the globe. Benefiting from dual expertise as an investor and operator, AccorHotels operates in 95 countries. Its portfolio comprises internationally acclaimed luxury brands including Raffles, Sofitel Legend, SO Sofitel, Sofitel, Fairmont, onefinestay, MGallery by Sofitel, Pullman, and Swissôtel; as well as the popular midscale and boutique brands of 25hours, Novotel, Mercure, Mama Shelter and Adagio; the much-prized economy brands including JO&JOE, ibis, ibis Styles, ibis budget and the regional brands Grand Mercure, The Sebel and hotelF1. AccorHotels provides innovative end-to-end services across the entire traveler experience, notably through the recent acquisition of John Paul, world leader in concierge services.

With an unmatched collection of brands and rich history spanning close to five decades, AccorHotels, along with its global team of more than 250,000 dedicated women and men, has a purposeful and heartfelt mission: to make every guest Feel Welcome. Guests enjoy access to one of the world's most rewarding hotel loyalty programs - Le Club AccorHotels.

AccorHotels is active in its local communities and committed to sustainable development and solidarity through PLANET 21, a comprehensive program that brings together employees, guests and partners to drive sustainable growth.

Accor SA is publicly listed with shares trading on the Euronext Paris exchange (ISIN code: FR0000120404) and the OTC marketplace (Code: ACRYF) in the United States.

For more information and reservations visit accorhotels.group or accorhotels.com. Or become a fan and follow us on [Twitter](#) and [Facebook](#).

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RevPAR excluding tax by segment - H1 2017

H1 2017	Total					
	Occupation rate		Average room rate		RevPAR	
	chg pts LFL	€	chg % LFL	€	chg % LFL	
Luxury & Upscale	66.4	+5.6	200	-3.1	133	+5.6
Midscale	64.8	+4.3	106	-4.3	69	+2.5
Economy	65.7	+1.7	61	-1.7	40	+0.9
France & Switzerland	65.4	+2.7	82	-2.1	54	+2.0
Luxury & Upscale	67.6	+3.0	150	+3.4	101	+7.9
Midscale	69.9	+1.8	84	+2.3	58	+5.1
Economy	73.1	+2.1	61	+3.0	45	+6.1
Europe	71.1	+2.1	80	+2.9	57	+5.9
Luxury & Upscale	61.8	+2.8	188	+1.3	116	+6.1
Midscale	61.7	+4.7	83	-2.9	51	+5.1
Economy	61.4	+2.4	66	-3.9	40	-0.2
MEA	61.3	+3.3	127	-1.1	78	+4.5
Luxury & Upscale	65.9	+3.4	113	+1.0	74	+6.5
Midscale	69.9	+2.2	82	+1.6	58	+4.8
Economy	67.3	+1.1	48	+1.6	32	+3.3
ASPAC	67.9	+2.3	85	+2.0	57	+5.6
Luxury & Upscale	71.8	-0.7	243	-3.3	175	-4.3
Midscale	76.2	-0.6	127	+9.9	97	+8.8
Economy	69.9	-0.3	38	+16.0	27	+15.5
NCAC	72.0	-0.4	213	+3.4	153	+2.8
Luxury & Upscale	49.4	-4.4	153	-3.9	75	-12.0
Midscale	52.4	-0.0	75	-6.7	39	-6.8
Economy	51.8	-3.3	50	+0.1	26	-5.7
LATAM	51.7	-2.4	65	-3.1	34	-7.2
Luxury & Upscale	66.0	+3.1	159	+0.4	105	+5.3
Midscale	67.1	+2.5	89	-0.1	60	+3.8
Economy	66.4	+1.2	58	+0.6	38	+2.5
Total	66,6	+2.0	90	+0.7	60	+3.8

MEA: Middle East & Africa

ASPAC: Asia-Pacific

NCAC: North America, Central America & the Caribbean

LATAM: South America



RevPAR excluding tax by segment - Q2 2017

Q2 2017	Total					
	Occupation rate		Average room rate		RevPAR	
	chg pts LFL	€	chg % LFL	€	chg % LFL	
Luxury & Upscale	73.3	+6.2	214	-4.5	157	+4.1
Midscale	71.4	+4.3	108	-6.4	77	-0.4
Economy	72.0	+1.5	62	-3.3	45	-1.3
France & Switzerland	71.9	+2.6	84	-3.9	61	-0.4
Luxury & Upscale	73.2	+2.5	159	+3.4	116	+6.9
Midscale	76.2	+1.1	87	+1.9	66	+3.4
Economy	79.0	+1.8	64	+3.1	51	+5.4
Europe	77.2	+1.5	83	+2.7	64	+4.7
Luxury & Upscale	60.7	+3.6	205	+3.6	124	+10.0
Midscale	59.2	+2.9	77	-0.2	46	+5.0
Economy	58.3	+1.4	59	-2.9	35	-0.6
MEA	59.4	+2.6	133	+1.6	79	+6.3
Luxury & Upscale	65.9	+2.9	107	+2.0	70	+6.7
Midscale	69.9	+2.1	78	+1.2	54	+4.1
Economy	67.5	+0.7	46	+1.1	31	+2.1
ASPAC	67.9	+1.9	80	+2.2	54	+5.1
Luxury & Upscale	76.8	-0.8	249	-4.0	191	-5.0
Midscale	81.0	-1.7	135	+10.4	109	+7.9
Economy	70.0	-2.6	40	+17.0	28	+12.7
NCAC	76.6	-1.5	220	+4.0	168	+2.0
Luxury & Upscale	51.3	-0.6	139	-4.0	71	-5.2
Midscale	53.0	-0.2	72	-5.1	38	-5.5
Economy	52.2	-3.6	49	+0.9	25	-5.5
LATAM	52.3	-2.4	63	-1.4	33	-5.5
Luxury & Upscale	67.9	+3.0	163	+1.0	111	+5.8
Midscale	71.0	+2.1	89	-0.8	63	+2.2
Economy	70.5	+0.8	59	-0.0	41	+1.2
Total	70.1	+1.6	91	+0.4	64	+2.8

MEA: Middle East & Africa

ASPAC: Asia-Pacific

NCAC: North America, Central America & the Caribbean

LATAM: South America