



ACCOR HOTELS

Feel Welcome

Press Release

Paris, October 19, 2017

Like-for-like third-quarter 2017 revenue

up 6.4% to €504 million

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Full-year 2017 EBIT expected at the upper end

of the €460m to €480m target range

Third-quarter 2017 business activity was strong in the vast majority of the Group's markets. Revenue totaled €504 million, up 6.4% at constant scope of consolidation and exchange rates, and up 7.2% as reported.

Commenting on the announcement, Sébastien Bazin, Chairman and Chief Executive Officer, said:

“AccorHotels delivered another robust performance in the third quarter. The positive operating trends observed in our key markets in the first half were confirmed, and early signs of a recovery emerged in Latin America. The Group continued its rapid development. In the course of the quarter, our hotel base crossed the symbolic mark of 600,000 rooms and our pipeline reached a record level, reflecting the increasingly strong attractiveness of our brand portfolio, which now includes Orient Express and Nextdoor, and will soon extend to Mantra, BreakFree and Peppers. This favorable trend is expected to continue until the end of the year, allowing us to reach the upper end of the target EBIT range announced in July.”

Highlights of the period

- Sustained growth in all of the Group's markets
- Opening of 73 hotels and more than 11,000 rooms
- More than 600,000 rooms opened and a record pipeline of 178,000 rooms
- Signing of agreements for the acquisition of Gekko and Mantra Group
- Partnership with SNCF for the development of Orient Express
- Partnership with Bouygues Immobilier for the development of Nextdoor



On July 12, 2016, AccorHotels announced its intention to turn HotelInvest into a subsidiary and dispose of the 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 2017 data presented in this press release reflect this accounting treatment.

Accordingly, the Group is now structured around the following business lines:

- **HotelServices**, which houses the hotel franchisor and operator business, as well as activities related to hotel operations.
- **New businesses**, at this stage combining FastBooking, onefinestay and John Paul (previously part of HotelServices), as well as Availpro, VeryChic, TravelKeys and SquareBreak, consolidated since the current half-year.
- **Hotel assets**, which include HotelInvest assets not transferred to AccorInvest, mainly corresponding to Orbis, and hotels operated under lease agreements based on a percentage of EBITDAR (with no minimum guarantee, also known as management leases).

SOLID GROWTH IN REVENUE

With solid growth for **HotelServices** (+3.5%) and the **New Businesses** (concierge services, luxury home rentals and digital services for independent hotel operators, +5.6%), the **Group** recorded revenue growth of 6.4% at constant scope of consolidation and exchange rates (LFL) in the third quarter of 2017. Revenue derived from the **hotel assets** held by the Group, mainly in Central Europe and Brazil, grew by a substantial 7.2%.

Changes in the scope of consolidation (acquisitions and disposals) contributed €18.7 million (+4.0%) to revenue growth, thanks in particular to the New Businesses.

Currency effects had a negative impact of €15.1 million, attributable primarily to the Egyptian pound (-€9 million), the Turkish lira (-€2.2 million) and the US dollar (-€1.8 million).

<i>In € millions</i>	Q3 2016	Q3 2017	Change (as reported)	Change (LFL)
HotelServices	430	442	2,7%	3,5%
New businesses	13	32	N/A	5,6%
Hotel assets	171	170	(0,7)%	7,2%
Holding & Intercos	(144)	(140)	N/A	N/A
Total	470	504	7,2%	6,4%



POSITIVE MOMENTUM FOR HOTELSERVICES

HotelServices, which operated 4,209 hotels (604,000 rooms) under franchise agreements and management contracts at the end of September 2017, reported a 3.5% increase in revenue like-for-like to €442 million. This growth reflected the impact of very strong business levels in the majority of regions, except South America, where Brazil appears to have reached the low point of the cycle, resulting in an increase in the region’s occupancy rate for the first time in three years.

<i>In € millions</i>	Q3 2016	Q3 2017	Change % (LFL)
France & Switzerland	103	106	2,3%
Europe	110	118	7,9%
Middle East & Africa (MEA)	29	24	1,2%
Asia-Pacific	110	111	4,1%
North America, Central America & the Caribbean	47	43	14,6%
South America	21	17	(15,3)%
Worldwide structures	9	23	N/A
Total	430	442	3,5%

Consolidated RevPAR was up 4.5%.

In **France & Switzerland**, revenue was up 2.3% on a like-for-like basis. This growth reflects sound levels of business, with RevPAR up sharply (+5.0%) driven by a 4.2-point increase in the occupancy rate, with a slight decline in prices (-0.9%) partially offset by changes in the scope of consolidation, including the sale of 62 hotelF1 venues.

- Paris reported a strong increase in RevPAR (+6.6%), particularly in the leisure segment (+21%), while volumes of corporate room nights remained robust (+3%).
- Regions were also up (+3.8%), again with a pronounced recovery in the leisure segment (+6%), notably on the Côte d’Azur.

Europe posted strong like-for-like revenue growth (+7.9%), driven by RevPAR growth of 7.8%, all segments combined.

- The United Kingdom performed very well, with RevPAR up 4% over the quarter. Performance was mixed between London (+0.9%), where the occupancy rate edged down, and Regions (+6.6%), with sustained business in most major cities driven by “staycations” as British holidaymakers opted for domestic stays in the wake of the decline in the sterling exchange rate.
- RevPAR increased by 2.9% in Germany, despite a weak trade fair calendar. Business was notably driven by the G20 meeting in Hamburg in July, not to mention the great success of the Munich Oktoberfest, a year after the attacks



that affected the Bavarian capital. RevPAR in Eastern Europe grew by 8.0%, supported by an economy that is booming across the entire region, notably in Hungary (+18.8%), and by the renovations carried out in 2016.

- The Iberian Peninsula continued its recovery, recording strong business levels once again, with RevPAR growth of 12.3%.

The **Middle East & Africa** region recorded a 1.2% increase in revenue, with contrasting situations between Morocco and Egypt, where business was very robust, and a significantly more complex environment in the Gulf region.

The **Asia-Pacific** region performed very well, posting 4.1% growth driven by the luxury and midscale segments (RevPAR up 6.2%) and persistently strong development.

North America, Central America & the Caribbean enjoyed very strong growth (+14.6%), bolstered by a 6.4% increase in RevPAR, particularly in the Luxury segment (6.8%), thanks to the Fairmont hotels, which enjoyed a substantial increase in activity in Canada (+15.3%) thanks to a low Canadian dollar. Overall, Canada recorded a 14.0% increase in RevPAR, while business stabilized in the United States (+0.1%).

Lastly, despite early signs of a recovery, the situation remains challenging in **South America**, and particularly in Brazil, notably in Rio. Revenue was down 15.3% across the region. However, there was an upturn in the average occupancy rate, which increased by 0.4 pt this quarter, ending a decline spanning three consecutive years.

ACCORHOTELS CROSSES THE THRESHOLD OF 600,000 ROOMS

The Group's **development** continues at a rapid pace. During the third quarter, AccorHotels opened 73 hotels, representing more than 11,000 rooms. This took the Group across the threshold of 600,000 rooms, notably with the opening of its 800th hotel in the Asia-Pacific region. At the end of September 2017, the Group's pipeline comprised 992 hotels and 178,000 rooms, of which 81% in emerging markets and 47% in the Asia-Pacific region. As indicated, organic development is expected to exceed 40,000 rooms in 2017, a record performance for the Group.



STRONG GROWTH IN NEW BUSINESSES

In the nine months to end-September 2017, revenue from **New Businesses** amounted to €32 million, compared with €13 million at end-September 2016, an increase of 5.6% on a like-for-like basis and more than 150% as reported, following the consolidation of John Paul, SquareBreak, TravelKeys, VeryChic and Availpro since the third quarter of 2016.

On October 2, AccorHotels announced the acquisition of Gekko to round out its range of hotel distribution solutions dedicated to business customers, thereby creating a global leader in B2B hotel distribution.

John Paul's integration into the Group is continuing at a fast pace; it has taken charge of Customer Care, and is managing the **AccorLocal** project, which will be launched soon.

HOTEL ASSETS: STRONG PERFORMANCE IN CENTRAL EUROPE

Overall, the **Hotel Assets** business generated revenue of €170 million, up 7.2% on a like-for-like basis. That growth is led to particularly strong performance of Orbis in Central Europe, that widely offset very muted business level in Brazil, and especially in Rio.

In light of these factors and the expected continuation of the trends observed since the beginning of the year in its various markets, the Group expects to reach the upper end of the target EBIT range of between €460 million and €480 million announced in July.

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Upcoming events:

2017 annual results on February 21, 2018

Combined Annual and Extraordinary Shareholders' Meeting on April 20, 2018



HIGHLIGHTS OF THE PERIOD FROM JANUARY 1 TO OCTOBER 18, 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 FCDE's minority interest in Noctis, representing 31% of its share capital

On June 30, 2017, AccorHotels' Extraordinary General Meeting approved with a 99.67% majority the contribution of assets held by Accor SA to AccorInvest SAS

On July 25, 2017, Nextdoor announced its aim of becoming the European leader in new collaborative workspaces

On July 26, 2017, onefinestay became the global leader in luxury private rentals

On October 2, 2017, AccorHotels signed an agreement to acquire Gekko, a specialist in hotel distribution solutions for business travelers

On October 4, 2017, AccorHotels and SNCF Group signed a strategic partnership for the development of the Orient Express brand



On October 12, 2017, AccorHotels signed an agreement to acquire Mantra Group Limited

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, Fairmont, SO Sofitel, Sofitel, Onefinestay, Rixos, MGallery by Sofitel, Pullman, Swissôtel and 25hours Hotels; the popular midscale and boutique brands Novotel, Mercure, Mama Shelter and Adagio; 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 acquisition of John Paul, the world leader in concierge services.

With an unmatched collection of brands and a 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 shares are listed on the Euronext Paris stock exchange (ISIN: FR0000120404) and traded in the United States on the OTC market (Code: ACRYF)

For more information or to make a reservation, go to accorhotels.group or accorhotels.com. Or join us and follow us on Twitter and Facebook.

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RevPAR excluding tax by segment and market - Third-quarter 2017

	Occupation rate		Average room rate		RevPAR	
	%	chg pts LFL	€	chg % LFL	€	chg % LFL
Luxury & Upscale	74.3	+2.3	216	+0.3	161	+3.6
Midscale	73.8	+5.1	104	-1.6	77	+5.6
Economy	75.3	+3.8	61	-0.2	46	+5.2
France & Switzerland	74.8	+4.2	83	-0.9	62	+5.0
Luxury & Upscale	79.4	+5.7	163	+5.9	129	+14.2
Midscale	79.4	+1.8	84	+3.8	66	+6.2
Economy	81.3	+1.7	63	+4.7	51	+6.9
Europe	80.3	+2.2	83	+4.9	66	+7.8
Luxury & Upscale	61.1	+0.3	154	-5.7	94	-5.2
Midscale	63.6	+3.6	66	-1.2	42	+4.9
Economy	62.1	+2.5	51	-5.1	32	-1.3
Middle East & Africa	62.0	+1.6	105	-5.9	65	-3.4
Luxury & Upscale	71.0	+4.0	102	+0.3	72	+6.2
Midscale	73.7	+3.9	76	+0.7	56	+6.2
Economy	73.1	+2.8	44	+0.3	32	+4.1
Asia-Pacific	72.7	+3.6	77	+0.8	56	+5.9
Luxury & Upscale	84.1	+2.0	248	+4.2	209	+6.8
Midscale	85.4	-2.9	129	+6.2	110	+2.6
Economy	66.0	-5.4	40	+11.3	26	+3.4
North America, Central America & the Caribbean	82.6	+0.9	219	+5.3	181	+6.4
Luxury & Upscale	53.8	+1.4	125	-16.5	67	-14.6
Midscale	59.1	+3.9	67	-19.2	40	-13.6
Economy	56.5	-1.3	46	-9.8	26	-11.8
South America	56.9	+0.4	58	-12.8	33	-12.4
Luxury & Upscale	72.3	+3.1	155	+0.7	112	+5.1
Midscale	74.5	+3.3	85	+0.2	64	+5.0
Economy	73.8	+2.4	57	+0.7	42	+4.1
Total	73.7	+2.9	88	+0.5	65	+4.5



Hotel base - As of September 30, 2017

	Managed		Franchised		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Luxury & Upscale	34	6,995	26	2,043	60	9,038
Midscale	161	23,216	260	23,603	421	46,819
Economy	334	36,626	831	59,002	1,165	95,628
France & Switzerland	531	66,918	1,119	84,783	1,650	151,701
Luxury & Upscale	61	12,853	31	9,036	92	21,889
Midscale	234	41,280	241	30,341	475	71,621
Economy	369	51,423	232	22,632	601	74,055
Europe	665	105,648	504	62,009	1,169	167,657
Luxury & Upscale	68	23,048	3	383	71	23,431
Midscale	47	9,564	12	2,316	59	11,880
Economy	61	10,584	4	632	65	11,216
Middle East & Africa	184	44,275	20	3,584	204	47,859
Luxury & Upscale	194	51,105	43	6,663	237	57,768
Midscale	193	45,775	57	8,061	250	53,836
Economy	168	30,136	123	16,811	291	46,947
Asia-Pacific	570	129,097	232	32,524	802	161,621
Luxury & Upscale	49	21,312	2	702	51	22,014
Midscale	7	1,475	7	1,462	14	2,937
Economy	16	2,090	2	238	18	2,328
North America, Central America & the Caribbean	73	25,200	11	2,402	84	27,602
Luxury & Upscale	17	3,548	4	981	21	4,529
Midscale	76	10,971	12	1,560	88	12,531
Economy	114	21,180	76	9,069	190	30,249
South America	208	35,754	92	11,610	300	47,364
Luxury & Upscale	423	118,861	109	19,808	532	138,669
Midscale	718	132,281	589	67,343	1,307	199,624
Economy	1,062	152,039	1,268	108,384	2,330	260,423
Total	2,231	406,892	1,978	196,912	4,209	603,804



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