Press release
February 20, 2013

Sustained growth and solid results in 2012

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Accor enters a deep transformation process to drive further growth

Solid results in 2012

- **Growth in revenue, up 2.7% like-for-like[1] to €5,649 million**
- **Improvement in EBIT, up 3% like-for-like to €526 million**
- **Operating profit before tax and non-recurring items, up 4.1% like-for-like to €468 million**
- **Net profit of €80 million**, before the impact of the Motel 6 disposal
- **Ordinary dividend** of **€0.76** a share, **up 17%** compared with 2011 (subject to shareholder approval)
- **Record expansion with the opening of more than 38,000 rooms**, 85% of which under management or franchise agreements
- **€1,402 million reduction in adjusted net debt** thanks to the asset management strategy, of which **€606 million** from the asset management program and **€796 million** from the disposal of Motel 6.

2013-2016: a new ambition

- **Confirmed expansion plan of 30,000 rooms per year through organic growth,** with an EBIT margin above 15%
- **Extended Asset Management plan,** with **800 hotels** to be restructured, for a total negative impact of €2 billion on the Group's revenue, and a **€2 billion reduction in Adjusted Net Debt**
- **About €30 million annual investment plan** to consolidate the Group distribution systems
- **A €100 million savings plan** between 2013 and 2014, to maintain the Group's competitiveness, in an environment shaped by increasing operating costs and accrued competition in Europe
- **A clear improvement in the Group's economic performance by 2016-end, implying a structurally strong cash-flow generation**

[1] At constant scope of consolidation and exchange rates

Accor's performance in 2012 was shaped by:

- **Sustained revenue growth** in every segment, driven by **steadily rising room rates**
- **An improvement in EBIT, to €526 million**, at the upper end of the target range announced in August 2012
- **The generation of positive free cash flow before non-recurring items, at €150 million**
- **The disposal**, on October 1st, **of Motel 6 to Blackstone**
- The effective launch of the **ibis megabrand** program, with the rebranding of **more than 1,500 hotels**
- The issue in June of €600-million in five-year, 2.875% **bond**, with a further €100 million tranche successfully added in September.

2012 full-year results

(in € millions)	**2011 adjusted[1]**	**2012**	**% change adjusted[1]**	**% change like-for-like[2]**
Revenue	5,568	5,649	+1.5%	+2.7%
EBITDAR[3]	**1,759**	**1,788**	**+1.7%**	**+1.9%**
EBITDAR margin	*31.6%*	*31.7%*	*+0.1 pt*	*-0.3 pt*
EBIT	**515**	**526**	**+2.0%**	**+3.0%**
Operating profit before tax and non-recurring items	428	468	+9.4%	+4.1%
Net profit before loss from discontinued operations	**248**	**80**	**N/A**	**N/A**
Loss from discontinued operations	(221)	(679)	N/A	N/A
Net profit/(loss), Group share	**27**	**(599)**	**N/A**	**N/A**

(1) Following signature of the sales agreement with Blackstone, the consolidated income statements for the two periods presented have been adjusted for the reclassification of Motel 6's income statement items in the loss from discontinued operations.

(2) At constant scope of consolidation and exchange rates

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

Consolidated **revenue** for the year ended December 31, 2012 totaled €5,649 million, up 1.5% year-on-year on a reported basis and 2.7% at comparable scope of consolidation and exchange rates (like-for-like).

Business in emerging markets remained robust throughout the year. Revenue was stable overall in Europe, with key markets holding firm (led by a good performance in the capital cities) and the situation in Southern Europe remaining difficult.

By segment, like-for-like growth came to **2.7%** in the Upscale & Midscale and **2.6%** in Economy hotels. The gains were due to **rising room rates across every segment** and a **16.5% organic growth** in management and franchise fees.

- **A new record year for development**

In 2012**, 266 hotels, or 38,085 rooms,** were opened, of which:

- 85%[2] were under management contracts or franchise agreements.
- 48% were in the Asia-Pacific region, 28% in Europe, 14% in Latin America and 10% in Africa Middle East.

The development momentum remains very strong, with **112,600 rooms** in the **pipeline** as of December 31, 2012, of which 84% were under management contracts or franchise agreements and 77% in emerging markets (52% in the Asia-Pacific region, 17% in Latin America and 8% in Africa Middle East).

- **Stable performance in Upscale & Midscale hotels**

In the Upscale & Midscale segment, revenue increased by **1.4%** as reported and by **2.7%** like-for-like in 2012.

The segment's EBITDAR margin was stable at **28.8%** of revenue (down 0.1 point as reported and 0.5 point like-for-like). This represented a satisfactory performance given, in particular, the renovation of several Pullman hotels and the continued deterioration in the Southern European economies.

- **Good performance in Economy hotels**

Revenue from Economy hotels increased 3.4% as reported and **2.6%** like-for-like.

EBITDAR margin stood at a **record high 38.6%**, up 0.4 point as reported and stable like-for-like, supported by robust demand and the segment's sustained development under asset-light agreements, particularly in emerging markets. A total of 15,000 rooms were opened in the ibis family during the year.

Solid improvement in EBIT

Consolidated **EBITDAR**[3] totaled €1,788 million, up **1.9%** year-on-year like-for-like and **1.7%** as reported. **EBITDAR margin** widened by 0.1 point as reported to **31.7%** of consolidated revenue.

EBIT rose by 3.0% like-for-like over the year, to €526 million (2011: €515 million), led by the reduction in depreciation and amortization charges due to the asset management program.

Operating profit before tax and non-recurring items rose to €468 million from €428 million in 2011, a like-for-like gain of **4.1%** that partly reflected the significant improvement in net finance expense, to €75 million from €92 million in 2011, due to a reduction in the average cost of debt.

Net profit excluding the impact of the Motel 6 disposal was **€80 million.**
Reported net profit was impacted by the **non-recurring €679 million accounting loss** on the Motel 6 disposal, including asset write-downs and the exercise of call options on fixed-lease hotels. As a result of this non-recurring loss, Accor posted a net loss of €599 million.

Funds from operations rose to €694 million (2011: €670 million). **Recurring expansion expenditure** amounted to €245 million for the year, while hotel **maintenance and renovation expenditure** totaled €299 million, including €39 million related to the ibis megabrand program.

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[2] In number of rooms

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

In 2012, cash flow was positively impacted by assets disposals totaling €352 million. The acquisitions of Mirvac for €193 million and of Grupo Posadas' Latin American operations for €217 million, combined with the payment of €114 million in a special dividend and the €158 million change in working capital, had a €195 million impact on consolidated debt in 2012, with the result that **net debt** amounted to **€421 million** at December 31, 2012.

Consolidated **return on capital employed** rose to **14%** at December 31, 2012 from 13.9% a year earlier. ROCE improved to **11.4%** in the Upscale & Midscale segment, due to the successful deployment of the asset disposal program, and ended the year stable at **19.5%** in the Economy segment, reflecting the roll-out of the ibis megabrand and the ongoing room renovation work in ibis *budget* hotels.

At December 31, 2012, Accor had **€1.5 billion in unused, confirmed long-term credit lines.** The Group also optimized its cost of debt over the year with the successful issue of €600-million in 2.875% bonds, with a further €100 million tranche added in September. These €700 million bond issue will be used in 2013 to retire €700 million in bonds and other loan debentures carrying an average 6.14% in interest, thereby leading to a significant decrease in financial expenses.

Continued deployment of the asset management program

In 2012, **79** hotels changed ownership structure and are now operated under variable-rent leases, management contracts or franchise agreements. Another **20** hotels were sold during the year. These transactions had the effect of reducing adjusted net debt by **€606 million**.

As of February 20, 2013, following the announced sale and management-back of the Sofitel Paris Le Faubourg and a variety of other transactions, the impact of property disposals on adjusted net debt amounted to **€111 million**. As a result, Accor has now met its **objective of a €1.2 billion** impact on adjusted net debt over the 2011-2012 period.
These transactions have confirmed Accor's ability to pursue a **dynamic asset management strategy**.

A new ambition for 2016

As part of the ongoing transformation of its business model, which is being driven both by fast growth under management and franchise contracts and by a dynamic asset management strategy, Accor is now committed, by the end of 2016, to operating its portfolio a room base 40% under franchise agreements, 40% under management contracts and 20% in owned or leased hotels.
This transformation will also lead to a geographical shift in the income stream, with the target of earning 50% of EBIT from emerging markets by the end of 2016 (15% of EBIT was earned from emerging markets at the end of 2011.)

This process will involve consolidating the Group's existing leadership in emerging markets, restructuring the portfolio in Europe to focus on a majority of management and franchise contracts, and strengthening the Group's expertise and accountability.

It will be supported by five key drivers:

1. Strengthening the brands and distribution
2. Maintaining the fast pace of development
3. Stepping up the asset management program
4. Improving organizational efficiency
5. Achieving operational excellence to improve competitiveness

1. Strengthening brands and distribution

Today, Accor has a comprehensive portfolio of strategically related brands, covering the entire market from Luxury to Economy. It intends to strengthen this strategy, which is essential in an asset light model for both guests and owners. The other critical challenge in an asset-light model is distribution, which is constantly evolving. Accor will invest about €30 million a year between now and the end of 2016 to increase online bookings to 50% of the total and to limit the influence of online travel agents.

2. Maintaining the fast pace of development

After another year of record investment, Accor has confirmed its ambitious objective of opening 30,000 new rooms and acquiring 5,000 others, with 85% of them operated under asset-light structures.
The EBIT margin targeted for this expansion is close to 17%.
By 2016, development expenditure will decrease to between €100 million and €150 million a year, from €250 million in 2012, and will be primarily dedicated to economy hotels in strategic cities around the world.

3. Stepping up the asset management program

Asset management is one of the core pillars of the Group's transformation. The 2013-2015 plan, designed to reduce adjusted net debt by €1 billion, has been accelerated with a new plan for 2016 that will restructure some 800 hotels, of which nearly 200 are owned and 600 leased. 83% of this restructuring process will take place in Europe.
The total impact on revenue will amount to €2 billion. The impact on consolidated adjusted net debt will total €2 billion by the end of 2016, of which €1.3 billion from owned hotels and €700 million from lease contracts, including €600 million in exit costs for fix-leased hotels i.e. less than 3 years of rental charge.

4. Improving organizational efficiency

To support the transformation, Accor is reorganizing its corporate functions around two departments:

- The Operations Department, with, since January 1st, 2013, an organization by brands in Europe committed to optimizing each one's identity, reputation, distribution and asset-light development.

- The Property Management Department, which will be established in first-half 2013. Its central objectives will be to implement the asset management plan, manage and optimize capital expenditure and manage property asset turnover.

Support functions will back activities in both departments.

5. Achieving operational excellence to improve competitiveness

In response to the structural increase in operational costs, a more competitive market environment (evolution of online distribution) and the sustained deterioration in market conditions in Southern Europe, Accor has launched a €100-million cost savings plan for the 2013-2014 period. In particular, the plan will involve a strategic review and prioritization of projects, as well as a reduction in operating costs for the Group and its subsidiaries in Europe.

This will come as part of the Operational Excellence program already underway, which notably implies disciplined cost management. The objective is to systematically strengthen and optimize the strategic transformations launched by the Group.

Through implementation of the above strategy by 2016 Accor is targeting to:

- Reduce its adjusted net debt by €2 billion, of which €1.3 billion for owned hotels and €700 million for leased hotels.
- Improve consolidated operating margin above 15% and ROCE above 18%.
- Structurally reduce capital expenditure to an annual envelope of €300-400 million, of which €100-150 million of expansion capex and €200-250 million for maintenance and renovation capex.
- Reduce its sensitivity to cycles by 50% vs. 2010.

Together, this will considerably optimize the structural generation of cash flow.

Besides, Accor confirms its commitment to keep its investment grade status. In that frame, the Group will continue to explore opportunistic acquisitions offering ROCE above 12% and will return cash to shareholders through ordinary dividends (with a 50% pay-out ratio) and special dividends.

Upcoming events

- *April 17, 2013: First-quarter 2013 revenue*
- *April 25, 2013: Annual Shareholders' Meeting*

Other information

The Board of Directors met on February 19, 2013 and approved the financial statements for the year ended December 31, 2012. 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 the www.accor.com website.

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Appendix

Adjusted 2011 Income Statement

In € millions	2011 Reported	2011 Motel 6	2011 Adjusted
Revenue	6,100	532	5,568
EBITDAR	1,923	164	1,759
EBIT	530	15	515
Operating profit before tax and non-recurring items	438	10	428