Press release
February 23, 2011

ACCOR: An Excellent Performance in 2010

- **Strong growth in revenue, up 7.1% like-for-like[1] to €5,948 million**
- **Sharp increase in EBIT, up 82.4% like-for-like[1] to €446 million**
- **Attributable net profit of €3,600 million**, primarily related to the non-cash impact of the demerger and reflecting **operating profit before non-recurring items, net of tax[2] of €280 million**, vs. €78 million in 2009
- **Dividend of €0.62 per share** recommended to the May 30, 2011 Annual Shareholders Meeting

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- **Faster implementation of the asset management program**, with a €1.2 billion impact on adjusted net debt[3] in 2011 and 2012

Accor's performance in 2010 was driven by:

- **A robust upturn in demand** in most countries, followed by a gradual stabilization in average room rates.
- **A solid operating performance**, with a clear **improvement in EBITDAR margin** (up 1.9 point like-for-like to 30.5%), and **firm cost discipline**, with €45 million in support costs saved during the year.
- **Accelerated implementation of the asset management program**, with the refinancing of 171 hotels (more than 18,000 rooms) having a €630 million impact on adjusted net debt.
- **An expansion plan** reoriented towards asset-light structures, with the opening of nearly **25,000 rooms** (78% of which under franchise or management contracts) lifting the Group past the 500,000-room milestone.
- A financial position enhanced by strategy execution, with in particular **a reduction in net debt to €730 million** from €1,624 million in 2009.

Denis Hennequin, Chairman and Chief Executive Officer, said: "*Accor's performance in 2010 attests to the effectiveness of its business model and has laid a firm foundation for the future. Strengthened by a new Executive Committee and a robust financial position, our objective will be to accelerate the execution of our strategy, with* ***three priorities****:* ***to be more ambitious for our brands, to promote our services and expertise more effectively****, and* ***to step up implementation of our expansion plan*** *in both mature economies and emerging markets. This strategy will be supported by our dynamic asset management strategy which will give us additional flexibility to fulfill our ambitions".*

[1] Excluding changes in scope of consolidation and exchange rates
[2] Operating profit before non-recurring items, net of tax = Operating profit before tax and non-recurring items less operating tax, less minority interests.
[3] Net debt adjusted for NPV of minimum lease payments discounted at 8% (Standard and Poor's methodology)

2010 Results

(in € millions)	**2009[(1)]**	**2010[(1)]**	**% change Reported**	**% change Like-for-like[(2)]**
Revenue	5,490	5,948	+8.4%	+7.1%
EBITDAR	**1,518**	**1,814**	**+19.5%**	**+14.7%**
EBITDAR margin	*27,6%*	*30,5%*	*+2.9 pts*	*+1.9 pt*
EBIT	**235**	**446**	**+90.1%**	**+82.4%**
Operating profit before tax and non-recurring items	108	334	+209%	+167%
Profit/(loss) from discontinued operations	30	4,014[(3)]	N/A	N/A
Net profit/(loss) attributable to shareholders	**(282)**	**3,600**	N/A	N/A

[1] In line with IFRS 5, EBITDAR from Edenred, Groupe Lucien Barrière and the Onboard train services business has been reclassified under "Profit from discontinued operations."
[2] Excluding changes in scope of consolidation and exchange rates
[3] Including a €4,044 million non-cash capital gain on the demerger of the Services business

Consolidated **revenue** for 2010 totaled €5,948 million, up 8.4% on a reported basis and 7.1% like-for-like compared with 2009.

Favorable hotel cycle dynamics in every segment

Hotels **revenue** stood at €5,693 million for the year, a **7.4%** like-for-like increase led by **sustained growth that gained momentum in the second half.**

The recovery that emerged in our main countries (Germany and the United Kingdom in the first half and France during the summer) gradually spread to most of the rest of Europe in the second half, as occupancy rates continued to rise and average room rates began to turn upwards, particularly in the fourth quarter. Consolidated revenue was also lifted by the strong growth in business in the emerging markets of Asia and Latin America during the year.

- **Excellent performance in the Upscale and Midscale segment**

In the **Upscale and Midscale segment**, **revenue** increased by 10.1% as reported and **9.0%** like-for-like.

The segment's **EBITDAR margin** came to **28.5%** of revenue, up 3.2 points as reported and **2.7 points** like-for-like. The improvement primarily reflected the increase in average room rates, notably in the leading European cities.

Margin gains were reported by all of the brands in the segment, particularly Pullman and Sofitel in the Upscale, which are capturing the full benefits of the upturn in corporate business.

- **A very solid improvement in Economy Hotels excluding the United States**

Revenue from **Economy hotels** excluding the United States rose 11.1% as reported and **6.8%** like-for-like, lifted by higher occupancy rates during the year, with average room rates stabilizing in the second half. The recovery in business was particularly significant in Germany and the United Kingdom.

EBITDAR margin for the segment stood at **37.0%**, up 1.5 point as reported and **1.0 point** like-for-like. This exceeded the margin reported in 2008, thanks to the increase in occupancy rates and the impact of the cost reduction plan. Ibis turned in a robust operating performance, with margin gaining 1.3 point like-for-like.

- **An upturn in Economy Hotels in the United States beginning in June**

Motel 6's revenue rose by 3.8% as reported and **0.7%** like-for-like, led by the increase in RevPAR, which was lifted solely by improving occupancy rates, especially in the second half.

EBITDAR margin amounted to 29.7%, down 1.1 point as reported and 1.3 point like-for-like. Note, however, that the margin trend turned around in the second half, gaining 0.7 point like-for-like after declining by 3.5 points like-for-like in the first six months of the year.

Motel 6 is continuing to **migrate its hotel portfolio towards franchise contracts**, with the opening of 58 franchised hotels and the Sale and Franchise Back of 17 others over the year. Over the past two years, Motel 6 has opened a total of 125 hotels under franchise contracts, equivalent to more than 10% of the hotel network.

Strong contribution from all segments to the 82.4% like-for-like growth in EBIT to €446 million, and sustained optimization efforts

Consolidated **EBITDAR**[4] amounted to €1,814 million in 2010, up **19.5%** as reported and **14.7%** like-for-like. **EBITDAR margin** rose to 30.5% of consolidated revenue from 27.6% the year before, a gain of 2.9 points as reported and 1.9 point like-for-like.

The hotels business saw a robust upturn in 2010, but the improvement varied by country depending on the pace of the recovering hotel cycle. Growth was primarily led by operations in the United Kingdom and Germany, where the cycle has turned sharply upwards, followed by France and the rest of Europe (except Spain and Italy). Business in the emerging markets of Asia and Latin America remained robust throughout the year.

Operating performance was also lifted by cost discipline, with the successful deployment of a €45 million support cost reduction plan during the year. In all, support costs were cut by €132 million in 2009 and 2010, compared with a targeted €125 million.

Thanks to all of these factors, the **hotels business enjoyed a high 54% flow-through ratio[5] in 2010.**

EBIT rose by 82.4% like-for-like, to €446 million from €235 million in 2009, led by the firm recovery in business, particularly in the Upscale and Midscale segment.

Operating profit before tax and non-recurring items also saw strong growth, to **€334 million**.

Net profit attributable to shareholders amounted to €3.6 billion, versus a net loss of €282 million in 2009. It was primarily impacted by the combined impact of:

- The €4,044 million non-cash capital gain on the demerger of the Services business, which was listed on the stock market under the name Edenred on July 2, 2010.
- The €79 million loss arising from the mark-to-market adjustment on Groupe Lucien Barrière.
- €284 million in impairment losses, primarily reflecting the outcome of impairment tests on Motel 6 assets.
- A €263 million write-down of a Compagnie des Wagons-Lits tax receivable.

[4] Earnings before interest, taxes, depreciation, amortization and rental expense.
[5] Defined as the like-for-like change in EBITDAR expressed as a percentage of the like-for-like change in revenue.

Operating profit before non-recurring items, net of tax stood at **€280 million**, vs. €78 million in 2009.

Funds from operations came to €695 million for the year, compared with €520 million in 2009 **Expansion expenditure** totaled €340 million, while **maintenance and renovation expenditure** remained under control at 4.7% of revenue or €281 million. Proceeds from the **disposal of 171 properties** enabled a **€541 million** reduction in debt.

Net debt ended the year at €730 million, versus €1,624 million at December 31, 2009.

In addition, at year-end 2010, the Group had **€2.0 billion in unused and confirmed credit lines** and no major refinancing maturity before 2013.

Return on capital employed (ROCE) rose to **11.3%** at December 31, 2010, compared with 8.3% a year earlier.

Asset management: a third of the 2010-2013 program was already completed in 2010, with a €630-million impact on adjusted net debt[6]

In 2010, a total of **171 hotels** representing more than 18,000 rooms were refinanced, leading to a **€630 million** reduction in adjusted net debt and a cash impact of €541 million.

These hotels were part of the multi-year program to dispose of 450 hotel properties, leading to a €2 billion reduction in adjusted net debt.

Hotel expansion in line with objectives

In 2010, Accor opened **214 hotels, representing nearly 25,000 new rooms, of which:**

- 78% were under asset-light structures.
- 44% were in the Economy Hotels excluding the US segment.
- 34% were in Europe and 24% in Asia.

Ibis was the Group's leading expansion brand in 2010, accounting for 24% of the rooms opened during the year.

The Group is pursuing a dynamic hotel portfolio expansion strategy, primarily under asset-light structures. Some **101,000 rooms (or 620 hotels)** are in the pipeline through 2014, of which 42% are in the Asia Pacific region and 32% in Europe.

A Group refocused on its core hotels business

In 2010, Accor completed the process of refocusing its activity on its **core hotel operator business** with:

- **Edenred**'s initial public offering on July 2, after the demerger of the Services business was approved by shareholders at the Annual Ordinary and Extraordinary Shareholders Meeting.
- The announcement on July 7 of the agreement to sell **Compagnie des Wagons-Lits**'s European onboard rail catering business to Newrest.
- The announcement of the agreement to sell Accor's 49% stake in **Groupe Lucien Barrière**, which will occur in the first quarter of 2011.

[6] Net debt adjusted for NPV of minimum lease payments discounted at 8% (Standard and Poor's methodology)

2011 Trends and Outlook

- **January business trends**

Sustained improvement in line with fourth-quarter 2010 trends

In January 2011, the cycle continued to recover in almost every market and in every segment. RevPAR in the Upscale and Midscale and Economy Hotels excluding the United States segments was up 10.4% and 8.1% respectively, led by rising occupancy rates. Average room rates are improving only in the Upscale and Midscale segment and gradually stabilizing in the Economy segment. Business in the emerging markets, particularly in Asia and Latin America, continues to experience strong growth.

- **Outlook**

Given the active deployment of the asset management program in 2010 (30% was already completed during the year), and the renewed appeal of the Group's assets to real-estate investors, Accor plans to step up the **asset disposal program in 2011 and 2012 in order to have a €1.2 billion impact on adjusted net debt over the two years.** This faster implementation will enable the Group to extend its disposal program beyond the 450 hotels included in the 2010-2013 plan (with a €2 billion impact on adjusted net debt).

Although a few markets remain uncertain, the upturn observed in 2010 is expected to continue in 2011, led by improving demand and, to a lesser extent, by the gradual recovery in room rates.

Upcoming events in 2011

- *April 20: First-quarter revenue released*
- *May 30: Annual Shareholders' Meeting*

Accor, the world's leading hotel operator and market leader in Europe, is present in 90 countries with 4,200 hotels and more than 500,000 rooms. Accor's broad portfolio of hotel brands – Sofitel, Pullman, MGallery, Novotel, Suite Novotel, Mercure, Adagio, ibis, all seasons, Etap Hotel,

tre – provide an extensive offer from luxury to budget.

With 145,000 employees worldwide, the Group offers to its clients and partners nearly 45 years of know-how and expertise.

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