Press Release
February 20, 2014

Sustained Growth and Solid Results in 2013

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Accor Is Rapidly Deploying its New Strategy

- **Revenue up 2.7% like-for-like[1] to €5,536 million**
- **Strong recurring free cash flow, at €248 million**
- **Improved EBIT, up 5.3% like-for-like to €536 million**
- **Operating profit before tax and non-recurring items up 5.9% like-for-like to €446 million**
- **Net profit, Group share of €126 million**

  Dividend of **€0.80** per share[2]

  A solid second-half performance, reflecting a firm recovery in the hotels business, the introduction of an effective distribution strategy and the impact of the cost-savings plan.

***Sébastien Bazin, Chairman and Chief Executive Officer**, said: "Our 2013 results were robust, our financial situation is healthy and our teams are energetically deploying the new roadmap with commitment and dedication. While the economic environment remains uncertain in a few regions, overall we are benefiting from the global recovery and the strength of our brands.*
In 2014, HotelServices is focusing its priorities on innovation, digital media and the brands. We are also beginning to deploy the HotelInvest strategy. Our teams are now organized around these two core competencies, with dedicated reporting processes and their own objectives."

2013 Highlights

- A **new strategy** based on leveraging the value and strategic fit between Accor's traditional business as hotel operator and brand franchisor **(HotelServices)** and its emerging role as hotel owner and investor **(HotelInvest)**.
- A **new Executive Committee** that is representative of both businesses and of the five host regions, with an operations-driven strategic focus.
- **Completion of the project to upgrade the ibis family brands, with the rebranding of more than 1,700 hotels.**
- A **€100 million savings plan** being deployed in 2013 and 2014, to maintain competitiveness in an environment shaped by rising operating costs and more aggressive competition in Europe. By the end of 2013, **€37 million in savings** had already been delivered.

[1] At comparable scope of consolidation and constant exchange rates.
[2] Dividend payable entirely cash, or half in cash and half in stock at a 10% discount, subject to shareholder approval at the Annual Meeting.

2013 results

(in millions of euros)	**2012**	**2013**	**% change (reported)**	**% change like-for-like[(1)]**
Revenue	5,649	5,536	-2.0%	+2.7%
EBITDAR[(2)]	**1,788**	**1,759**	**-1.7%**	**+2.6%**
EBITDAR margin	*31.7%*	*31.8%*	*0.1pt*	*N/A*
EBIT	**526**	**536**	**+1.9%**	**+5.3%**
Operating profit before tax and non-recurring items	468	446	-4.6%	+5.9%
Net profit before profit/(loss) from discontinued operations	**80**	**125**	**+55.9%**	**N/A**
Profit/(loss) from discontinued operations	(679)	1	N/A	N/A
Net profit/(loss), Group share	**(599)**	**126**	**N/A**	**N/A**

(1) At constant scope of consolidation and exchange rates.
(2) Earnings before interest, taxes, depreciation, amortization and rental expense.

Consolidated **revenue** amounted to €5,536 million in 2013, up 2.7% year-on-year at constant scope of consolidation and exchange rates (like-for-like) and down 2.0% as reported.

The Group reported robust growth in the key European markets during the year, led by good performances in the capital cities in the first half and a recovery in other destinations in the second. Combined with sustained demand in emerging markets, this improvement offset a still fragile situation in Southern Europe.

By segment, like-for-like growth came to **2.9%** in Upscale & Midscale hotels and **2.4%** in Economy hotels. The gains were led by **increased demand** along with **higher room rates** late in the year, and by the **14.7% organic growth** in management and franchise fees.

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

In the Upscale and Midscale segment, revenue increased by 2.9% like-for-like but was down **2.7%** as reported. The segment's EBITDAR improved by 1.0% like-for-like to €964 million, reflecting the sharp rebound in demand in the second half, which saw a 4.7% like-for-like improvement, versus a 3.2% contraction in the first half.

- **Good performance in Economy hotels**

Revenue from Economy hotels ended the year up **2.4%** like-for-like and 0.4% as reported. **EBITDAR** totaled €752 million for the year, similarly illustrating a clear second-half upswing (up 3.7% like-for-like, versus a 1.4% decline in the first half). This reflected:
- Healthier demand, primarily in the European provinces.
- The positive effects of upgrading the ibis family brands.
- Assertive, selective distribution channel management, which helped to improve volumes and rates.
- Implementation of the cost-savings plan.

Solid improvement in EBIT

Consolidated **EBITDAR**[3] amounted to €1,759 million in 2013, up **2.6%** year-on-year like-for-like and down **1.7%** as reported. **EBITDAR margin** was stable on a like-for-like basis, at **31.8%**.

EBIT rose by 5.3% like-for-like over the year, to €536 million from €526 million in 2012, lifted by the positive effects of asset disposals and lease contract restructuring.

Operating profit before tax and non-recurring items declined to €446 million as reported, from €468 million in 2012, but rose 5.9% like-for-like. **Net profit, Group share** for the year was sharply higher at **€126 million**.

Funds from operations rose to €713 million from €694 million in 2012. Recurring development expenditure amounted to €200 million for the year, while hotel maintenance and renovation expenditure totaled €265 million, including €27 million related to the ibis family upgrade.

In 2013, consolidated **recurring cash flow** was a very solid **€248 million**.

Disciplined management of the **working capital requirement** drove a **€133 million improvement**, while cost-saving measures introduced in the first half had the positive effect of reducing consolidated **net debt** by **€190 million** to **€231 million** at December 31, 2013.

Consolidated **return on capital employed** was stable at **14.0%**, with a sharp increase in the second half supported by the positive effects of the cost-savings plan.

At December 31, 2013, 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 2.5% bonds. The proceeds facilitated the repayment during the year of €700 million in bonds and other loan debentures carrying an average 6.14% in interest, thereby leading to a **significant decrease in the cost of debt**, to 4.28%.

Dividend Policy

Operating profit before non-recurring items, net of tax amounted to **€362 million**, representing earnings per share of €1.60. In line with the policy of paying out 50% of this income, Accor will ask shareholders at the Annual Meeting on April 29 to approve the payment of a dividend of €0.80 per share. Shareholders may elect to receive the entire dividend in cash, or half of the dividend in cash and the other half in stock at a 10% discount.

Asset Management Program

Accor sold 23 hotels in 2013 under its **asset management program**. A notable example was the sale and management-back of the Sofitel Paris Le Faubourg for a total of **€113 million** (including €13 million in renovation costs). More recently, in November, Accor sold its 19.4% stake in **Tourism Asset Holdings Ltd. (TAHL)** for **€46 million**, along with the repayment of €53 million in loans. In addition, 30 leased hotels were restructured during the year.

In all, hotel asset management transactions carried out during the year reduced consolidated net debt by **€331 million** in 2013 and adjusted net debt (which takes into account minimum lease payments) by **€408 million**.

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

A new way of tracking our business model

In 2014, Accor will disclose its financial indicators in line with its new business model. The main allocations between HotelServices and HotelInvest have now been completed. Based on 2013 results, the performances of HotelServices and HotelInvest would have been as follows.

HotelServices generated €11.5 billion in business volume, and €1,219 million in revenue. Some amortization, depreciation and impairment charges are allocated to HotelServices. They concerned distribution IT assets and corporate overheads. HotelServices aims at increasing its gross revenue and a strong cash flow generation.

In 2013, ***HotelInvest's*** revenue reached **€4,940 million**, with €1,376 million in EBITDAR and €196 million in EBIT, for a margin of 4.0%. 54% of the **net operating income** (Ebitda less capex) for the year was generated by owned hotels. In the future, HotelInvest will focus on sharply improving its performance through asset rotation, in particular by restructuring the least profitable lease contracts and increasing the percentage of owned hotels in its earnings stream.

Priorities for 2014

In 2014, Accor will continue deploying the new strategy announced by Sébastien Bazin on November 27, 2013. Backed by a clearer, more agile organization and a solid balance sheet, the Group will actively focus on the following strategic priorities:

- Redefining its digital strategy, particularly in terms of distribution.
- Strengthening its brands and consolidating their market share.
- Deploying the HotelInvest strategy.

Subsequent events

- On January 27, **Vivek Badrinath** was appointed Deputy Chief Executive Officer in charge of marketing, digital media, distribution and IT systems. He will join Accor and become a member of the Executive Committee on March 1, 2014.

- On January 31, 2014, Accor issued €750 million in seven-year 2.625% bonds.

- On February 4, 2014, the 7.5% bond issue was redeemed in an amount of €402.3 million.

Upcoming events

- *April 17, 2014: First-quarter 2014 revenue*
- *April 29, 2014: Annual Shareholders' Meeting*

Other information

The Board of Directors met on February 19, 2014 and approved the financial statements for the year ended December 31, 2013. 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.