ACCOR

Press Release
PARIS, JULY 31, 2019

First-half 2019: Solid results and swift strategic plan execution

REVENUE UP 27.8% TO €1,926 MILLION (+4.8% LFL)
EBITDA UP 30.1% TO €375 MILLION (+5.1% LFL)
RECURRING FREE CASH FLOW OF €144 MILLION
NET PROFIT, GROUP SHARE OF €141 MILLION

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FULL-YEAR 2019 EBITDA TARGET
BETWEEN €820 MILLION AND €850 MILLION

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

"Once again, Accor reported another semester of solid results, in line with its objectives set for the medium term. Transformed into an asset-light player, the Group is now capitalizing on its growth drivers — strong complementary brands that are leaders in the majority of their markets, a sustained development, leading positions in the most touristic markets and a unique ecosystem for the benefit of the Group's millions of customers and partner-owners. The execution of our plan and our business momentum remain on track to achieve another record year in 2019."

The first-half 2019 results confirm the Group's excellent performance in the execution of its objectives. After adding 18,589 rooms (149 hotels) on an organic basis during the period, Accor had a portfolio of 717,314 rooms (4,892 hotels) and a pipeline of 202,000 rooms (1,153 hotels) at June 30, 2019, of which 78% in emerging markets.

Strong growth in consolidated revenue

Consolidated revenue for the first half of 2019 amounted to **€1,926 million, up 4.8% like-for-like** (LFL) and **up 27.8% as reported** compared with first-half 2018.

In € millions	H1 2018[1]	H1 2019	Change (as reported)	Change (LFL)[2]
HotelServices	1,231	1,366	+10.9%	+5.0%
Hotel Assets	225	519	+130.5%	+7.1%
New Businesses	70	77	+10.3%	+4.5%
Holding & Intercos	(20)	(36)	N/A	N/A
TOTAL	**1,507**	**1,926**	**+27.8%**	**+4.8%**

[1] Proforma financial information.

[2] Like-for-like: at constant scope of consolidation and exchange rates.

Reported revenue for the period reflects the following factors:

- Changes in the **scope of consolidation** (acquisitions and disposals) had a positive impact of €324 million (+21.5%), due in particular to the contributions of Mantra and Mövenpick.
- **Currency effects** had a positive impact of €23 million (+1.5%), primarily relating to the US dollar (€30 million).

HotelServices revenue

HotelServices reported **business volumes of €10.4 billion**, versus €8.9 billion in first-half 2018, and **revenue of €1,366 million, up 5.0% like-for-like**, reflecting positive business trends and expansion of the hotel network.

Management & Franchise (M&F) revenue amounted to **€486 million**, a like-for-like increase of 5.0% that reflects the Group's growth in all of its markets.

In € millions	H1 2018(1)	H1 2019	Change (LFL)(2)
Europe	242	245	+5.7%
Asia-Pacific	97	100	(0.0)%
Middle East & Africa	38	52	+4.6%
North America, Central America & the Caribbean	59	65	+7.2%
South America	21	24	+16.1%
TOTAL	**458**	**486**	**+5.0%**

(1) Proforma financial information.

(2) Like-for-like: at constant scope of consolidation and exchange rates.

Consolidated RevPAR rose by 2.9% overall in first-half 2019.

In **Europe**, M&F revenue was up a sharp 5.7% on a like-for-like basis, underpinned by a 4.4% increase in RevPAR, all segments combined.

- In **France**, RevPAR was up 4.7% like-for-like, with solid performances from both the Greater Paris area and regional cities (up 5.3% and 4.2%, respectively). In June, business was boosted by the International Paris Airshow and the Women's Football World Cup.

- RevPAR growth remained moderate (+1.2%) in the **United Kingdom**, with London and the regional cities still posting highly contrasted performances. The increase in RevPAR in London (+4.3%) reflects a persistently active domestic tourism market, while RevPAR in regional cities (-2.1%) was impacted by uncertainties related to Brexit.

- In **Germany**, RevPAR increased by 3.9%, driven as expected by a favorable trade fair calendar.

- **Spain** recorded a significant 11.9% rise in RevPAR thanks to strong growth in demand.

Asia-Pacific posted stable M&F revenue on a like-for-like basis, despite a slight decline in RevPAR (-0.2%) in the first half. The trend in RevPAR nonetheless improved in the second quarter (+0.3% in Q2 vs. -0.6% in Q1). Expansion of the hotel network was offset by a decline in incentive fees, relating in particular to the renovation of the Fairmont Singapore Hotel.

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The **Middle East & Africa** region recorded an increase in M&F revenue of 4.6% despite moderate growth in RevPAR of 1.0%. A solid performance by hotels in Makkah during Ramadan in May brought in additional incentive fees during the period.

North America, Central America & the Caribbean reported an increase in M&F revenue of 7.2%, thanks notably to the ramp-up of the Fairmont Austin Hotel. RevPAR for the region rose by 0.8%.

Lastly, **South America** continued to post strong growth, particularly in Brazil, with revenue up 16.1% on the back of a 13.8% increase in RevPAR.

Services to Owners revenue, which includes the Sales, Marketing, Distribution and Loyalty division, as well as shared services and the repayment of hotel personnel costs, came to **€879 million**, versus **€773 million** in first-half 2018.

Hotel Assets & Other revenue

Hotel Assets & Other revenue amounted to €519 million, a like-for-like increase of 7.1%. The reported rise of 130.5% notably reflects the consolidation of Mantra in June 2018 and Mövenpick in September of the same year. Following the reclassification of Orbis' real estate operations as assets held for sale in accordance with IFRS 5, this segment is mainly driven by the Asia-Pacific region.

Excluding Orbis, the division's hotel base included 173 hotels and 31,893 rooms at June 30, 2019.

New Businesses revenue

New Businesses (concierge services, luxury home rentals, private sales of luxury hotel stays, and digital services for hotels) generated revenue of €77 million in first-half 2019, up 4.5% on a like-for-like basis. The 10.3% increase as reported reflects the acquisitions of ResDiary and Adoria in April and June 2018, respectively.

EBITDA

Consolidated EBITDA amounted to **€375 million** in the first half of 2019, up 5.1% like-for-like and up 30.1% as reported compared with first-half 2018.

In € millions	H1 2018[1]	H1 2019	Change (as reported)	Change (LFL)[2]
HotelServices	326	344	+5.5%	+3.7%
Hotel Assets	29	97	+241.1%	+0.2%
New Businesses	(11)	(1)	+89.5%	+84.7%
Holding & Intercos	(55)	(65)	N/A	N/A
TOTAL	**288**	**375**	**+30.1%**	**+5.1%**

[1] Proforma financial information.

[2] Like-for-like: at constant scope of consolidation and exchange rates.

The **EBITDA margin** gained 0.4 of a point to reach **19.5%**.

In € millions	Hotel Services	New Businesses	Hotel Assets	Holding & Intercos	ACCOR
Revenue H1 19	1,366	77	519	(36)	1,926
EBITDA H1 19	**344**	**(1)**	**97**	**(65)**	**375**
EBITDA margin	*+25.2%*	*(1.5)%*	*+18.7%*	*N/A*	*+19.5%*
Revenue H1 18[1]	1,231	70	225	(20)	1,507
EBITDA H1 18[1]	**326**	**(11)**	**29**	**(55)**	**288**
EBITDA margin	*+26.5%*	*(15.3)%*	*+12.7%*	*N/A*	*+19.1%*

[1] Proforma financial information.

HotelServices EBITDA by business

The **Management & Franchise EBITDA margin** widened by 4.7 points.

In € millions	M&F	Services to Owners	HotelServices
Revenue H1 19	486	879	1,366
EBITDA H1 19	**353**	**(9)**	**344**
EBITDA margin	*+72.5%*	*(1.1)%*	*+25.2%*
Revenue H1 18[1]	458	773	1,231
EBITDA H1 18[1]	**311**	**15**	**326**
EBITDA margin	*+67.8%*	*+1.9%*	*+26.5%*

[1] Proforma financial information.

Management & Franchise EBITDA by region

In € millions	H1 2018[1]	H1 2019	Change (LFL)[2]
Europe	180	191	+7.9%
Asia-Pacific	58	67	+3.2%
Middle East & Africa	29	38	(4.8)%
North America, Central America & the Caribbean	35	46	+17.8%
South America	7	11	+17.4%
TOTAL	**311**	**353**	**+7.1%**

[1] Proforma financial information.

[2] Like-for-like: at constant scope of consolidation and exchange rates.

HotelServices' Management & Franchise division recorded a like-for-like increase in **EBITDA** of 7.1%, reflecting contrasted regional growth performances:

- Europe (+7.9%) benefited from the launch, presented at the November 2018 Capital Market Day, of plans to reorganize the region's support functions.
- Asia-Pacific (+3.2%) demonstrated our capacity to keep costs under control in a challenging environment.
- The Middle East & Africa region remains solid. The like-for-like change (-4.8%) was impacted by an unfavorable basis of comparison due to the reversal of provisions recorded in 2018.
- On the other hand, North America, Central America & the Caribbean (+17.8%) benefited from the reversal of provisions this year.

- South America (+17.4%) recorded EBITDA growth in line with its revenue growth.

Hotel Assets & Other EBITDA

Hotel Assets & Other EBITDA came to €97 million in first-half 2019, a significant increase over the €29 million recorded in the prior-year period, due notably to the acquisitions of Mantra and Mövenpick. The EBITDA margin came to 18.7%.

New Businesses EBITDA

New Businesses EBITDA improved sharply to a negative €1 million in the first half of 2019 from a negative €11 million in first-half 2018, reflecting the initial benefits of the strategy implemented to restructure and streamline certain operations, including onefinestay and John Paul.

Net profit

In € millions	**H1 2018[1]**	**H1 2019**	Change (as reported)	Change (LFL)[2]
Revenue	1,507	1,926	+27.8%	+4.8%
EBITDA	**288**	**375**	**+30.1%**	**+5.1%**
EBITDA margin	+19.1%	+19.5%	+0.4 pts	+0.1 pts
EBIT	**206**	**234**		
Operating profit	(55)	214		
Net profit/(loss) before profit from discontinued operations	**(115)**	**125**		
Profit from discontinued operations	2,294	16		
Net profit, Group share	**2,179**	**141**		

(1) Proforma financial information.

(2) Like-for-like: at constant scope of consolidation and exchange rates.

In first-half 2019, in the absence of any material non-recurring items, net profit before profit from discontinued operations improved sharply to €125 million. The net profit, Group share, came to €141 million. During the same period in 2018, the sale of 58% of the capital of AccorInvest resulted in the recognition of a capital gain of €2.4 billion.

Robust recurring free cash flow and a healthy financial position

In € millions	H1 2018[1]	H1 2019
EBITDA	**288**	**375**
Cost of net debt	(30)	(30)
Income tax paid	(26)	(39)
Payment of lease liabilities	(31)	(67)
Non-cash revenue and expenses included in EBITDA and other	5	54
Funds from operations excluding non-recurring items	**206**	**293**
Recurring renovation/maintenance and development expenditure	(55)	(75)
Change in working capital and contract assets	15	(74)
Recurring free cash flow	**166**	**144**
Cash conversion rate[2]	**78%**	**76%**

(1) Proforma financial information.

(2) (EBITDA - recurring expenditure - payment of lease liabilities) / (EBITDA - payment of lease liabilities)

In the first half of 2019, **recurring free cash flow** came to €144 million, reflecting a cash conversion rate of 76%.

Recurring expenditure — which includes key money paid by HotelServices in relation to its development, as well as digital and IT investments, and maintenance investments in the remaining owned and leased hotels — came to €75 million in first-half 2019, versus €55 million in the prior-year period.

Net debt amounted to €2,237 million at June 30, 2019, up €1,084 million versus December 31, 2018. The increase primarily reflects the recognition of lease liabilities in accordance with IFRS 16, for a total of €882 million.

At June 30, 2019, the average cost of the Group's debt was 1.7%, with an average maturity of 4.1 years.

Full-year 2019 EBITDA target

Based on the RevPAR trends observed in the first half, which are expected to continue during the second half of the year, and on record organic development in terms of room numbers, the Group is forecasting **full-year 2019 EBITDA of between €820 million and €850 million**.

Events during first-half 2019

Financing

In January 2019, Accor successfully completed two liability management operations:

- On January 24, Accor placed two bonds, for €1.1 billion:
  - a €500 million perpetual hybrid bond with a 4.38% coupon;
  - a €600 million 7-year senior bond with a 1.75% coupon.

  Both transactions were oversubscribed by about six times, reflecting strong investor confidence in the Group's new business model, growth potential and attractive risk profile.
- On January 31, Accor successfully closed these tender offers and partially redeemed two bonds, namely a perpetual hybrid bond (4.12% coupon) and a senior bond maturing in 2021 (2.63% coupon), for a total amount of €736 million:
  - €386 million on the perpetual hybrid bond (€900 million bond issue in June 2014);
  - €350 million on the 2021 bond.

On February 25, Accor established a €500 million Negotiable EUropean Commercial Paper (NEU CP) program. With this program, Accor has diversified its sources of funding while optimizing its average cost of debt.

Orbis

On January 23, Accor confirmed the acquisition of 33.15% of Orbis for around €339 million. Accor now owns, directly and indirectly, 85.84% of Orbis' share capital. As a result, Accor has strengthened its control of Orbis and consolidated its leadership in the region. It has also signed a cooperation agreement under which the Group and Orbis are working on structuring options.

On June 12, Accor announced material progress in the disposal process of Orbis. Accor has agreed the key terms for taking over Orbis' hotel services business for €286 million, and begun the disposal of its real estate operations, whose gross asset value (excluding corporate overheads) totaled €1.18 billion at end-2018.

Hotel activities

On February 21, Accor announced the launch of a new customer promise embodied by the "ALL Accor Live Limitless" program, which will combine its distribution platforms with a new experiential loyalty program. The Group also announced several international partnerships against this backdrop, notably with AEG, IMG and Paris Saint-Germain Football Club. ALL will become the club's principal partner and official jersey sponsor as of next season.

On March 4, Accor continued to expand its brand portfolio with the launch of its new midscale lifestyle brand, Tribe.

On March 5, sbe launched a new global lifestyle brand, The House of Originals.

On April 4, Accor announced the opening of two majestic hotels in India, Raffles Jaipur and Raffles Udaipur. The move signals a new direction for Accor in India, with a stronger focus on luxury and premium brands.

On June 20, Accor announced a loyalty program partnership with Air France-KLM Group enabling Flying Blue and Le Club AccorHotels loyalty program members to get Miles and Points simultaneously. For the first time in the European travel industry, the two groups are offering their loyal customers a dual reward scheme.

Upcoming events in 2019

October 17, 2019: Publication of third-quarter 2019 revenue

Other information

The Board of Directors met on July 31, 2019 and reviewed the financial statements for the six months ended June 30, 2019. 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.accor.com website.

ABOUT ACCOR

Accor is a world-leading augmented hospitality group offering unique experiences in 4,900 hotels and residences across 110 countries. The Group has been acquiring hospitality expertise for more than 50 years, resulting in an unrivaled portfolio of brands, from luxury to economy, supported by one of the most attractive loyalty programs in the world.
Beyond accommodation, Accor enables new ways to live, work, and play, by blending food and beverage with nightlife, wellbeing, and co-working. It also offers digital solutions that maximize distribution, optimize hotel operations and enhance the customer experience.
Accor is deeply committed to sustainable value creation and plays an active role in giving back to planet and community via its Planet 21 – Acting Here program and the Accor Solidarity endowment fund, which gives disadvantaged groups access to employment through professional training.
Accor SA is publicly listed on the Euronext Paris Stock Exchange (ISIN code: FR0000120404) and on the OTC Market (Ticker: ACRFY) in the United States. For more information visit accor.com. Or become a fan and follow us on Twitter and Facebook.

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RevPAR excluding tax by segment – H1 2019

H1 2019	Occupancy rate		Average room rate		RevPAR	
	%	chg pts LFL	€	chg % LFL	€	chg % LFL
Luxury & Premium	70.0	+1.8	165	+4.2	115	+6.9
Midscale	69.2	+0.7	96	+2.7	66	+3.8
Economy	70.0	+0.7	65	+3.0	46	+4.0
Europe	**69.6**	**+0.8**	**85**	**+3.2**	**59**	**+4.4**
Luxury & Premium	64.5	+0.2	114	-0.3	73	+0.1
Midscale	69.0	-0.2	81	+0.2	56	-0.1
Economy	70.9	-0.5	44	-0.1	31	-0.8
Asia-Pacific	**67.9**	**-0.1**	**81**	**-0.0**	**55**	**-0.2**
Luxury & Premium	65.1	+3.6	152	-2.9	99	+2.5
Midscale	66.9	+1.1	70	-5.1	47	-3.6
Economy	63.1	-1.6	56	-3.4	35	-5.9
Middle East & Africa	**64.6**	**+1.9**	**119**	**-1.9**	**77**	**+1.0**
Luxury & Premium	71.8	+0.2	230	+0.6	165	+0.9
Midscale	75.8	+2.3	136	+0.8	103	+3.8
Economy	60.3	-4.2	42	+2.2	25	-4.2
North America, Central America & the Caribbean	**71.3**	**-0.0**	**204**	**+0.9**	**145**	**+0.8**
Luxury & Premium	56.7	+1.3	118	+11.1	67	+13.9
Midscale	58.1	+2.7	66	+9.5	39	+14.8
Economy	54.5	+2.6	43	+8.3	23	+13.7
South America	**55.7**	**+2.5**	**57**	**+8.7**	**32**	**+13.8**
Luxury & Premium	**66.5**	**+1.1**	**151**	**+0.8**	**100**	**+2.5**
Midscale	**68.4**	**+0.6**	**89**	**+2.0**	**61**	**+2.9**
Economy	**67.8**	**+0.6**	**58**	**+2.7**	**39**	**+3.6**
Total	**67.6**	**+0.7**	**91**	**+1.8**	**62**	**+2.9**

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RevPAR excluding tax by segment – Q2 2019

Q2 2019	Occupancy rate		Average room rate		RevPAR	
	%	chg pts LFL	€	chg % LFL	€	chg % LFL
Luxury & Premium	75.9	+1.6	177	+5.2	134	+7.4
Midscale	75.7	+1.2	100	+2.8	76	+4.5
Economy	76.2	+1.1	68	+3.4	52	+4.9
Europe	**75.9**	**+1.2**	**90**	**+3.5**	**68**	**+5.1**
Luxury & Premium	63.8	+0.1	108	+0.3	69	+0.5
Midscale	69.2	+0.0	78	+0.4	54	+0.4
Economy	71.3	-0.7	42	-0.2	30	-1.1
Asia-Pacific	**67.8**	**-0.1**	**78**	**+0.3**	**53**	**+0.3**
Luxury & Premium	62.9	+3.6	166	-1.8	104	+3.8
Midscale	63.4	+1.1	65	-4.8	41	-3.2
Economy	59.2	-0.4	51	-4.1	30	-4.8
Middle East & Africa	**62.0**	**+2.2**	**127**	**-1.1**	**79**	**+2.5**
Luxury & Premium	76.9	+1.2	230	+1.7	177	+3.4
Midscale	78.1	+2.6	143	+0.7	111	+4.1
Economy	60.8	-3.8	43	+2.5	26	-3.2
North America, Central America & the Caribbean	**75.6**	**+0.9**	**205**	**+1.9**	**155**	**+3.1**
Luxury & Premium	55.1	+0.8	113	+13.0	62	+14.7
Midscale	58.4	+2.9	66	+12.4	39	+18.4
Economy	54.8	+3.4	42	+9.7	23	+16.9
South America	**55.8**	**+3.0**	**56**	**+10.4**	**31**	**+16.7**
Luxury & Premium	**67.4**	**+1.2**	**155**	**+2.1**	**105**	**+3.9**
Midscale	**71.9**	**+1.0**	**90**	**+2.3**	**65**	**+3.7**
Economy	**71.7**	**+0.9**	**60**	**+3.2**	**43**	**+4.6**
Total	**70.6**	**+1.1**	**93**	**+2.4**	**66**	**+4.0**

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Hotel base – June 30, 2019

2019	Hotel assets		Managed		Franchised		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Luxury & Premium	22	6,021	101	18,787	59	11,000	182	35,808
Midscale	58	10,940	318	50,927	568	60,908	944	122,775
Economy	55	8,498	596	76,249	1,197	93,447	1,848	178,194
Europe	**135**	**25,459**	**1,015**	**145,963**	**1,824**	**165,355**	**2,974**	**336,777**
Luxury & Premium	11	2,316	256	62,010	61	9,865	328	74,191
Midscale	26	4,201	271	63,527	110	16,792	407	84,520
Economy	2	350	196	35,890	203	24,664	401	60,904
Asia-Pacific	**39**	**6,867**	**723**	**161,427**	**374**	**51,321**	**1,136**	**219,615**
Luxury & Premium	2	525	148	37,034	6	956	156	38,515
Midscale	2	235	52	10,339	9	2,015	63	12,589
Economy	5	826	50	9,129	3	530	58	10,485
Middle East & Africa	**9**	**1,586**	**250**	**56,502**	**18**	**3,501**	**277**	**61,589**
Luxury & Premium	0	0	71	27,000	10	4,718	81	31,718
Midscale	0	0	6	2,641	8	1,725	14	4,366
Economy	0	0	21	2,775	3	377	24	3,152
North America, Central America & the Caribbean	**0**	**0**	**98**	**32,416**	**21**	**6,820**	**119**	**39,236**
Luxury & Premium	0	0	26	5,948	5	1,094	31	7,042
Midscale	13	2,205	80	11,290	13	1,651	106	15,146
Economy	49	9,908	82	13,664	118	14,337	249	37,909
South America	**62**	**12,113**	**188**	**30,902**	**136**	**17,082**	**386**	**60,097**
Luxury & Premium	**35**	**8,862**	**602**	**150,779**	**141**	**27,633**	**778**	**187,274**
Midscale	**99**	**17,581**	**727**	**138,724**	**708**	**83,091**	**1,534**	**239,396**
Economy	**111**	**19,582**	**945**	**137,707**	**1,524**	**133,355**	**2,580**	**290,644**
Total	**245**	**46,025**	**2,274**	**427,210**	**2,373**	**244,079**	**4,892**	**717,314**