



Press Release

Hotels and Services: Growth Drivers

Paris – March 8, 2006

2005 Financial Results

<i>in € millions</i>	2004	2005	<i>% change (reported)</i>	<i>% change (like-for-like)</i>
Consolidated revenue	7,064	7,622	+7.9%	+4.7%
EBITDAR	1,825	1,986	+8.8%	+6.3%
<i>EBITDAR margin</i>	<i>25.8%</i>	<i>26.1%</i>	+0.3pt	+0.4pt
Profit before tax and non recurring items	513	603	+17.6%	+17.5%
Net profit	233	333	+42.9%	

2005 **Consolidated revenue** rose by 7.9% to €7,622 million. At constant scope of consolidation and exchange rates, the increase was 4.7%.

Ebitdar (earnings before interest, taxes, depreciation, amortization and rental expense) totaled €1,986 million, an increase of 8.8% and Ebitdar margin stood at 26.1% of revenue.

Profit before tax and non recurring items rose by 17.6% to €603 million. The increase reflected the gradual improvement in margins thanks to a more favorable hotel cycle, and efficient management of holding costs.

Net profit, Group share rose by 42.9% to €333 million in 2005.

Earnings per share rose to €1.55 from €1.17 in 2004, based on the weighted average 214,782,601 shares in 2005.



At the Annual Meeting on May 10, 2006, Accor shareholders will be asked to approve an ordinary **dividend** of €1.15 per share, payable on May 17.

Funds from operations increased 9.6% to €935 million.

With €4,396 million in total equity and minority interests for €1,420 million in net debt at December 31, 2005, the **gearing ratio** stood at 32%, compared with 71% at December 31, 2004.

Return on capital employed (ROCE) rose to 10.7% from 10.0% in 2004.

On a recommendation made by executive management, the Board of Directors of Accor has validated the following first orientations:

ACCOR, A GROUP ANCHORED IN ITS TWO GLOBAL BUSINESSES: HOTELS AND SERVICES

Hotels

- **A strategic focus on the brands**

Accor intends to leverage its powerful brands and innovative and differentiated products, to capitalize on its “leadership drivers”.

In terms of operations, more powerful brands will enable a stronger revenue growth. Making the brands more attractive will also support human resources initiatives to attract the best talent.

In terms of asset management, more powerful brands will strengthen Accor's profile and thus its strategy of partnering with leading real estate companies around the world.

Lastly, more powerful brands will enable Accor to speed growth under ownership, management or franchise operating structures.

Accor's ambition is to make brands even more attractive.

These objectives bring Accor to create a strategic marketing department to know clients better, to favor the creation of innovative products, to advertise on the brands, to promote them through internet portals, and to revitalize loyalty programs.



- **From brand segmentation to operating structures differentiation**

To optimize the hotel portfolio, hotel operating structures must be tailored to individual market segments depending on their return on capital employed.

This rationalization process means that the portfolio must be thoroughly reviewed to identify strategic hotels to be managed under the appropriate long term holding structure and non-strategic hotels that could be sold, either outright or through sale & franchise-back arrangements.

Through this strategy, Accor plans to divest, between 2005 and 2008, around €1,500 million of assets.

- **New resources: for what kind of development?**

Anticipating changes in global demand, Accor plans to open more than 200,000 new rooms by 2010, mainly in Economy and Budget hotels (50%).

The openings will be in mature countries (33%) and in emerging markets (67%). Overall, 70% of the openings will involve low capital-intensive solutions (management or franchise contracts), while 30% will be either owned or leased properties.

To fit to these objectives, Accor would invest €2,500 million by to 2010 with a target of 15% return on investment.

The Services business

Accor Services has several objectives: to be #1 on all markets, to be the leader in innovations and to achieve double digit growth of its results.

Accor Services has four lines of business. Three of which are dedicated to companies:

- Employee benefit services
- Incentive and loyalty programs
- Expense management

and a service dedicated to public institutions, which aims at guaranteeing the proper use of public funds.

This market enjoys very high growth potential because of an extended range of products and operations start-ups in new countries.

Opportunities for acquisitions exist in order to increase market share or procure skills and expertise or even sign partnerships. In this context, Accor plans to invest €500 million between now and 2010 with a 20% ROCE objective.



*"Our 2005 results are in line with our objectives," said **Chief Executive Officer Gilles Pélisson**. "Moreover, with a much stronger financial position, we can envision an ambitious development program particularly in emerging countries to become the global leader in the economy and midscale segments. Building on our core Hotels and Services businesses, we'll leverage our increasingly powerful brands to improve operating margin and return on capital employed in the years ahead."*

With 168,000 people in 140 countries, **Accor** is the European leader and one of the world's largest groups in travel, tourism and corporate services, with two major international activities:

- **Hotels, with the Sofitel, Novotel, Mercure, Suitehotel, Ibis, Etap Hotel, Formule 1, Motel 6 and Red Roof Inns**, representing more than 4,000 hotels and 470,000 rooms in 92 countries, as well such strategically related businesses as restaurants and food services (with **Lenôtre** and other leading brands), casinos and travel agencies.
- **Services to corporate clients and public institutions**: 21 million people in 35 countries use a broad range of services (food vouchers, people care and services, incentive, loyalty programs) engineered and managed by **Accor Services**.

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