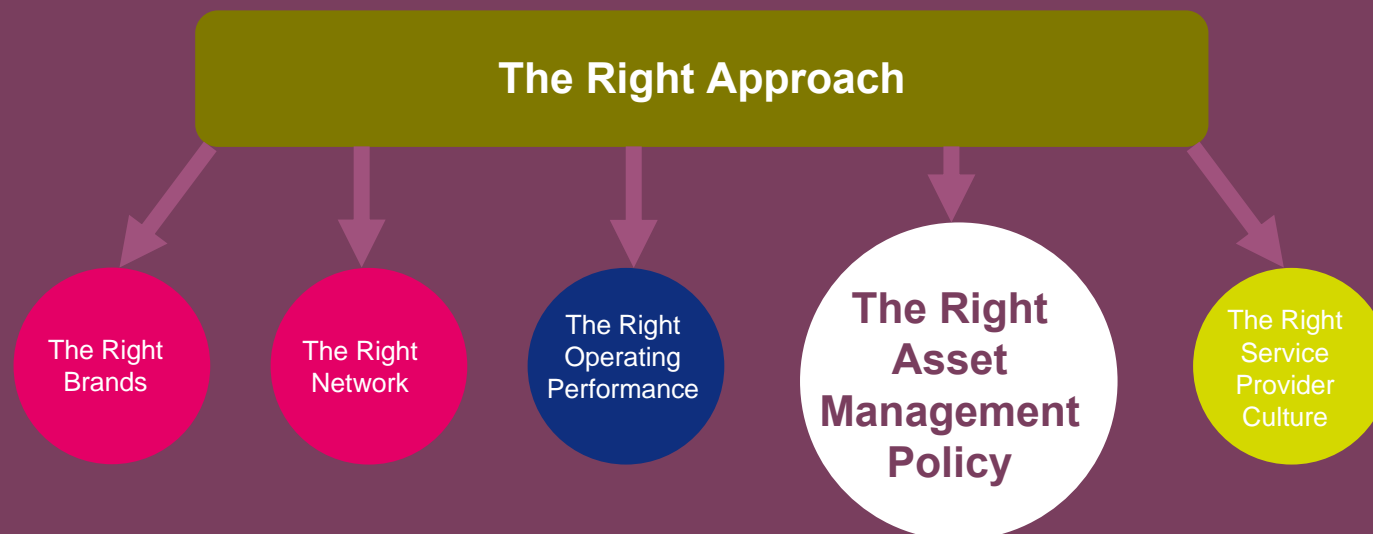


## The new business model's impact on profitability

### Accor Hospitality: The New Business Model



# CHANGE IN THE BUSINESS MODEL: IMPACT ON THE GROUP PROFITABILITY

Jacques Stern CFO

## Change in the Business Model: Impact on Margins

Ebitdar Margin	2001	2004	2006
Upscale / Midscale	26.9%	24.4%	25.1%
Economy	38.0%	36.1%	36.3%
Economy US	38.9%	36.0%	38.9%
<b>TOTAL</b>	<b>32.3%</b>	<b>29.4%</b>	<b>30.6%</b>

### Objective 2010

→ Asset Management	1.0 pt
→ Operational Leverage (on top of cycle)	1.1 pt
→ Expansion (at cruise speed)	0.9 pt
<b>Δ 2006 / 2010</b>	<b>3.0 pts</b>

## Change in the Business Model: Impact on ROCE

Roce	2000	2004	2006
Upscale / Midscale	11.0%	7.1%	8.7%
Economy	14.6%	15.4%	19.2%
Economy US	11.4%	6.8%	9.0%
<b>TOTAL</b>	<b>11.9%</b>	<b>8.8%</b>	<b>11.1%</b>

### Objective 2010

→ Asset Management	2.0 pt
→ Red Roof Inn	0.3 pt
→ Operational Leverage (on top of cycle)	0.5 pt
→ Expansion (at cruise speed)	0.8 pt
<b>Δ 2006 / 2010</b>	<b>3.6 pts</b>

# Change in the Business Model: Impact on Volatility

## Program 2005-2010

Sale &  
Management  
back



Reduction of **70%** of volatility  
vs ownership/ Fixed lease

Sale &  
Variable lease  
back



Reduction of **30%** of volatility  
vs ownership/ Fixed lease

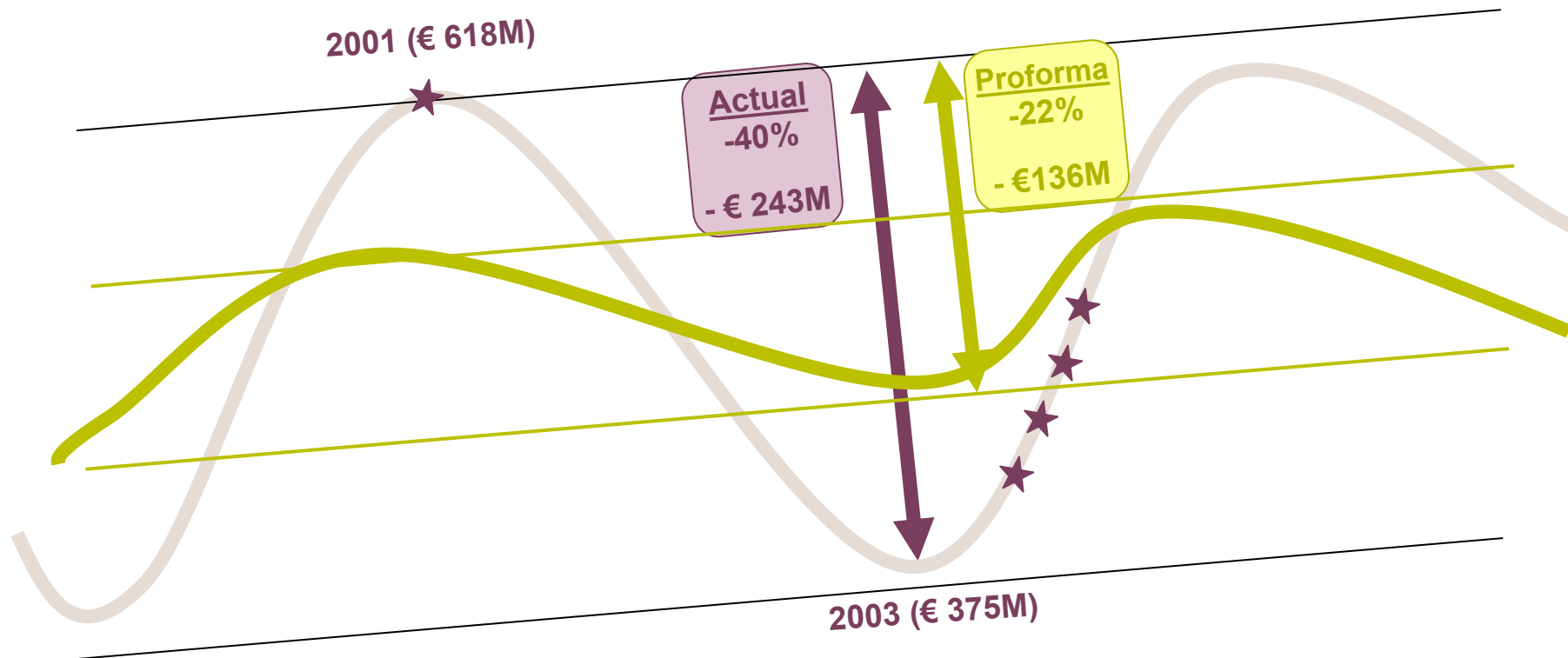
Variable &  
Franchise  
back



Reduction of **85%** of volatility  
vs ownership/ Fixed lease

Reduction of  
**45% (\*)**  
of volatility(\*\*)  
versus last cycle

# Change in the Business Model: Impact on EBIT Volatility



**45% Reduction in volatility**