

# *Conference Call Q1 2006 Revenue*

*April 26, 2006*



# Q1 2006 Revenue: €1,850M



**+5.9%**

*Like-for-like*

**+3.4%**

*Expansion*

**-2.9%**

*Disposals*

**+3.9%**

*Currency impact*

**+10.4%**

*Total reported*

▶ **Good overall performance:**

- **+10.4% reported**
- **+5.9% like-for-like**

▶ **Hotels: +5.2% like-for-like**

- **+4.6% excl. Easter holiday effect**
- **Management & Franchise : +13.3%**

▶ **Services: +15.9% like-for-like**

# Group Revenue: Contribution from expansion +3.4%



## ► Hotels: +3.8%

- Growth due to the opening of 57 hotels (as subsidiaries)



## ► Services: +5.3%

- Growth essentially due to 4 acquisitions:
  - ✓ Hungastro (Romania) – meal vouchers, 1st half of the year 2005
  - ✓ Delicard (Sweden) – gift vouchers, 2nd half of the year 2005
  - ✓ Stimula (France) – gift vouchers, December 2005
  - ✓ Commuter check (USA) – transportation vouchers, January 2006



# Group Revenue: Impact from disposals -2.9%



- ▶ Disposal of 52 hotels within the program of 200 non priority hotels
  
- ▶ Disposal of non core businesses:
  - Facility management in Brazil
  - Public catering in Luxembourg

## Upscale / Midscale Hotels



## Q1 Revenue

# Upscale and Midscale hotels Highlights



- ▶ **Growth partly boosted by calendar effect:**
  - +7.8% reported**
  - +5.5% like-for-like (+4.5% adjusted from Easter holidays)**
  
- ▶ **Europe (excl. France): favorable trend, +8.1% like-for-like**
  - **In Germany: +10.9% L/L**
    - ✓ Better economic environment
    - ✓ Easter calendar
    - ✓ More trade fairs anticipating Football World Cup
  
  - **In UK: +9.5% L/L**
    - ✓ Good economic environment
    - ✓ Customer mix: more business travelers
    - ✓ London performing better than provinces
  
  - **Italy: +13.3% L/L**
    - ✓ Winter Olympic games effect

# Upscale and Midscale hotels Highlights



- ▶ **France: modest growth, +0.9% like-for-like**
  - Impacted by renovation program on the 128 hotels as part of Foncière des Murs transaction
  - Paris better than provinces (+1.8% vs. +0.3%)
  
- ▶ **Rest of the world: strong performance, +8.5% like-for-like**
  - North America: +4.7% (+11.5% excl. Sofitel Los Angeles under renovation)
  - Emerging countries: +9.7% L/L
    - ✓ Asia: +19.9% L/L
    - ✓ Latin America: +3.8% L/L

## Economy hotels



## Q1 Revenue

# Economy hotels Highlights



- ▶ Growth of +9.2% reported and +3.6% like-for-like
- ▶ Limited sensitivity to Easter holidays (+0.4pt)
- ▶ Europe (excl. France): good growth, +4.9% like-for-like partly boosted by:
  - Germany: +6.0% due to better economic environment and favorable calendar effect
- ▶ France: +1.8% like-for-like
  - Moderate growth due to the drop of occupancy rates (-3 pts for Formule1 and Etap hotels) especially in the provinces

## Economy US Hotels



## Q1 Revenue

# Economy U.S. hotels Highlights



- ▶ **Strong growth confirmed:**
  - **+15.4% reported with currency effect (+9.6%)**
  - **+6.6% like-for-like**
  
- ▶ **Revenue growth: +6.6% like-for-like**
  - **Motel 6: +6.8%**
  - **RRI: +5.2%**
  - **Franchise: +29.8%**
  
- ▶ **Renovation program at Red Roof Inn:**
  - **107 hotels renovated up to date**
  - **16 hotels under renovation**

# SERVICES



Human Resources



Incentive and loyalty programs



Expense management



Public Social programs



# Services Highlights



- ▶ Outstanding overall performance:
  - +28.4% reported
  - +15.9% like-for-like
- ▶ Favorable legislation and new products boosted revenue growth:
  - Belgium: +22.1% L/L
  - UK: +27.4% L/L
  - Venezuela: +33.7% L/L
- ▶ Currency impact: +9.2% (principally due to Brazilian real)

# Services

## Q1 2006 Revenue



	Q1 2006 In €million	Change	
		Reported	Like-for-like
Total Services	179	+28.4%	+15.9%
<i>Of which:</i>			
▶ Europe	96	+16.4%	+12.5%
▶ Latin America	73	+48.4%	+21.5%

# OTHER BUSINESSES



# Other businesses

## Q1 2006 Revenue



		Q1 2006		
		in € million	variation reported	variation L/L
	Travel Agencies	118	+4.3%	+4.1%
	Casinos	77	+1.2%	+0.8%
 	Restaurants	142	+19.9%	+8.9%
	Onboard Train Services	59	-0.5%	-0.1%

- ▶ **Strategic initiatives moving ahead through disposal and expansion programs**
  
- ▶ **Positive overall momentum**
  - **Upscale and midscale hotels: growth improved by favorable Easter and Germany**
  - **Economy hotels: steady growth rate**
  - **Economy U.S. hotels: solid performance, favorable market conditions and positive impacts of renovations**
  - **Services: outstanding growth**

# Hotels: Q1 2006 RevPAR by segment



	Occupancy Rate		Average room Rate		RevPAR			
	(Reported)		(Reported)		Sub. Reported	Sub. Reported	Sub. L/L(1)	Sub.+Mgt Reported
	In %	In pts	In €	In %				
<b>Upscale and Midscale Europe</b>	<b>56.7%</b>	<b>+1.0</b>	<b>97</b>	<b>4.4%</b>	<b>55</b>	<b>6.2%</b>	<b>4.5%</b>	<b>6.2%</b>
<b>Economy Europe</b>	<b>65.0%</b>	<b>-1.0</b>	<b>51</b>	<b>6.0%</b>	<b>33</b>	<b>4.4%</b>	<b>3.9%</b>	<b>4.1%</b>
<b>Economy U.S (\$)</b>	<b>61.7%</b>	<b>+0.1</b>	<b>45</b>	<b>6.7%</b>	<b>28</b>	<b>6.8%</b>	<b>6.5%</b>	<b>6.8%</b>

(1) At comparable scope

# Hotels: Q1 2006 RevPAR by country



UPSCALE -MIDSCALE <i>In local currency</i>	Number of rooms	Occupancy Rate		Average room Rate		RevPAR			
		(Reported)		(Reported)		Sub. Reported	Sub. Reported	Sub. L/L(1)	Sub.+Mgt Reported
		In %	In pts	In €	In %				
France	30,387	55.2%	-0.6	105	2.7%	58	1.7%	1.2%	1.6%
Germany	13,598	59.9%	+5.7	76	3.5%	46	14.3%	11.1%	12.7%
Netherlands	3,696	52.5%	-3.0	103	5.9%	54	0.2%	0.2%	0.2%
Belgium	2,230	57.6%	-0.7	103	4.3%	59	3.1%	3.1%	7.4%
Spain	2,241	51.8%	-3.8	101	7.0%	52	-0.4%	8.5%	-0.6%
Italy	2,935	58.1%	+6.2	107	1.4%	62	13.6%	13.6%	13.6%
UK (in £)	5,145	71.1%	+3.2	79	4.2%	56	9.1%	9.4%	9.1%
USA (in \$)	3,449	68.8%	-2.3	179	11.9%	123	8.2%	8.2%	8.6%

(1) At comparable scope

# Hotels: Q1 2006 RevPAR by country



ECONOMY HOTELS  <i>In local currency</i>	Number of rooms	Occupancy Rate		Average room Rate		RevPAR			
		(Reported)		(Reported)		Sub. Reported	Sub. Reported	Sub. L/L(1)	Sub.+Mgt Reported
		In %	In pts	In €	In %				
France	44,333	66.2%	-2.2	45	6.0%	30	2.6%	2.5%	2.7%
Germany	15,187	65.3%	+1.8	53	3.6%	35	6.5%	6.4%	6.4%
Netherlands	2,215	62.7%	+3.0	67	2.3%	42	7.4%	7.4%	7.4%
Belgium	2,477	65.5%	-1.5	63	6.8%	42	4.4%	4.4%	4.4%
Spain	3,623	68.7%	+1.5	51	6.6%	35	9.0%	9.8%	9.0%
Italy	1,339	51.2%	+1.7	77	1.9%	40	5.4%	10.8%	5.4%
UK (in £)	6,566	66.3%	-5.1	51	6.6%	34	-1.0%	0.2%	-0.3%
USA (in \$)	108,072	61.7%	+0.1	45	6.7%	28	6.8%	6.5%	6.8%

(1) At comparable scope

# Reconciliation like-for-like RevPAR / Revenue



	RevPAR Sub. and Managed Reported	RevPAR Sub. Only Like-for-like	Like-for-like room revenues	Total Like-for-like revenues
▶ <b>Upscale and Midscale Europe</b>	<b>+6.2%</b>	<b>+4.5%</b>	<b>+4.6%</b>	<b>+4.4%</b>
▶ <b>Economy Europe</b>	<b>+4.1%</b>	<b>+3.9%</b>	<b>+3.9%</b>	<b>+3.3%</b>
▶ <b>Economy U.S (\$)</b>	<b>+6.8%</b>	<b>+6.5%</b>	<b>+6.5%</b>	<b>+6.6%</b>

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# ***Questions and Answers***

***April 26, 2006***

