



## **ACCOR - CLUB MEDITERRANEE**

**« A New Perspective » of Global Tourism**

# *Leisure: a high growth market*



- ▶ **Rising purchasing power and globalization**
- ▶ **More free time**
- ▶ **Democratization of travel**
- ▶ **Easier access to products via the Internet**
- ▶ **Increased demand for safety, security and quality**

**Growing demand for short and long stays**

# Leisure: an increasingly structured market



## ► Consolidation in tour operating

- 2000: C&N acquires Thomas Cook
- 2000: TUI acquires Thomson Travel
- 2002: Airtours becomes My Travel

## ► Mergers and alliances in travel agencies

- 2000: Acquisition of Havas Voyages by Thomas Cook
- 2003: Creation of the “Alliance”: Carlson Wagonlit, Selectour, Frantour, CIT (Italy), Wasteels (Belgium), Globalia (Spain)
- 2003: Partnership between Accor and TUI
- 2003: Acquisition of Protravel by Carlson Wagonlit Travel France

## ► Leisure accommodation fairly unstructured

# Accor's strategy in the leisure segment



## 1. A leisure services vision integrated into corporate strategy:

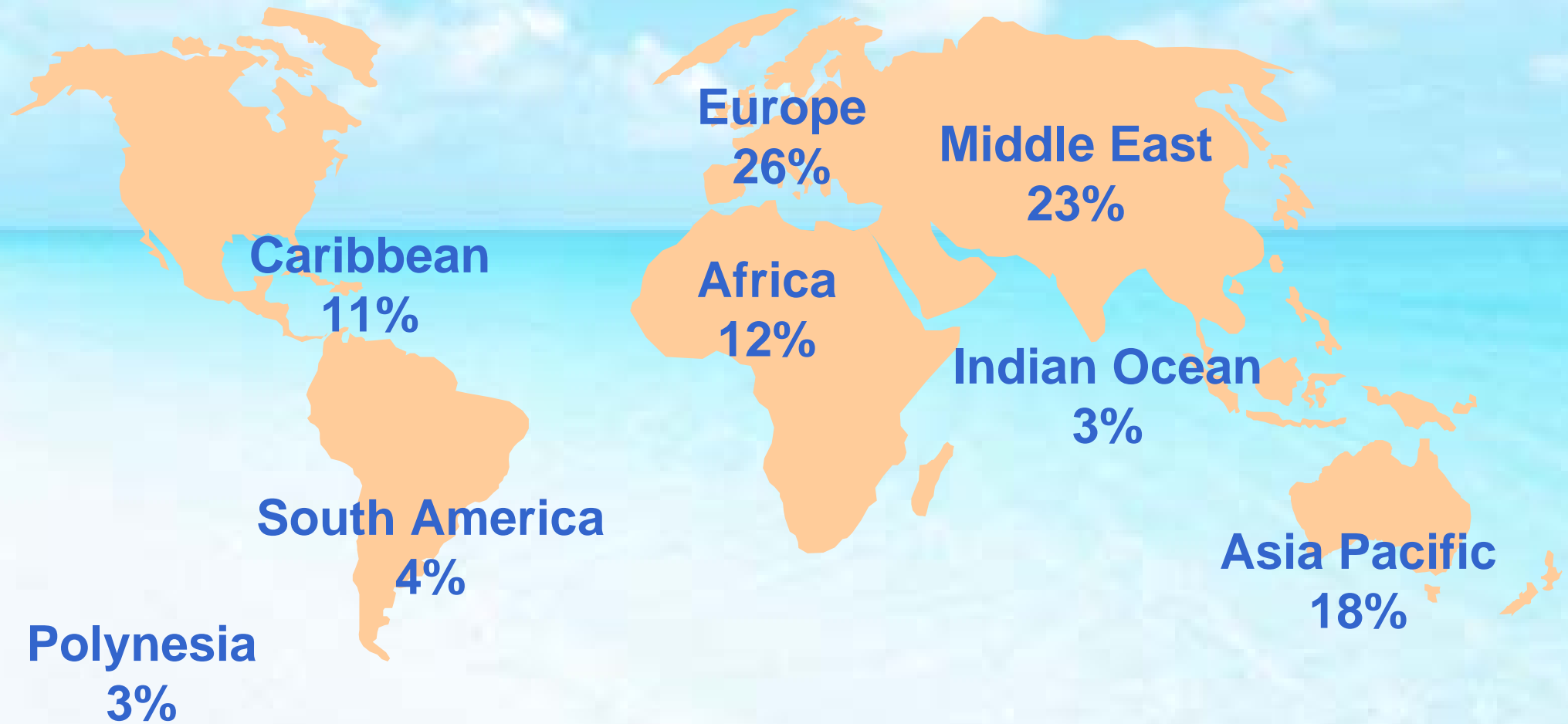
Offer a comprehensive range of products and services to business and leisure customers worldwide

## 2. Targeted successes:

- ▶ **Medium-long stays: Accor Vacances – Accor Thalassa**
- ▶ **Short stays: 35% of leisure customers in the 3,800 Accor hotels**
- ▶ **Distribution: creation of a leading business in Europe around CWT**  
**France: the Alliance comprising 3,000 agencies** (Frantour, BBL Travel, CIT, Globalia, Sélectour, Wasteels, Protravel)
- ▶ **Preferred marketing agreements with tour operators and airlines: TUI, Jet Tours, First Choice, Etapes Nouvelles, Kuoni, etc.**
- ▶ **Go Voyages: plane+hotel packages**

# Accor Vacances / Accor Thalassa

200 sites in 35 countries

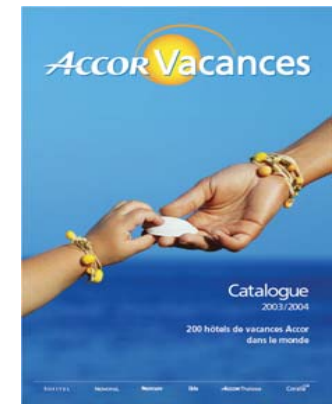


# Accor's leisure offering



## ▶ Accor Vacances: “time for holidays”

- 50,000 Sofitel, Novotel, Mercure rooms in the world's most beautiful locations
- Business volume: €300 million
- A comprehensive offer comprising recreational and cultural activities, as well as children's clubs
- A single catalogue describing Accor's vacances and leisure products



## ▶ Accor Thalassa: “feel good”

- 27 hotels, 5,000 rooms, 18 institutes and 3 spas
- Business volume: €200 million
- 80% of customers are French, 19% other Europeans
- Prestigious sites: Quiberon, Biarritz, Le Touquet, Porticcio, Port Camargue, Vilalara (Portugal), Essaouira



# *“Incomparable Club Med”*

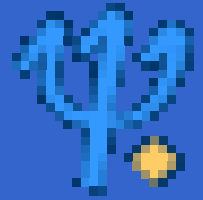


- ▶ **Inventor of the total all-inclusive vacation concept and world leader since 1950**
- ▶ **International coverage: nearly 100 villages on 5 continents**
- ▶ **20,000 G.O.'s worldwide**
- ▶ **1.7 million customers: €1,609 million in 2003 revenues**
- ▶ **A major player in the leisure services market, with a high-profile global brand identity**

***Club Med:  
a global brand, a unique concept,  
exceptional know-how***



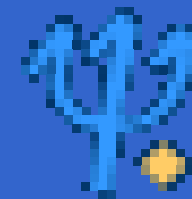
# *The changing Club Med business model*



- ▶ **Strategic repositioning of the offering: moving up market**
  - 2005 target: 91% of villages ranked 3 and 4 tridents (vs. 66% in 1998)
- ▶ **Refocusing on the core business: villages and TO (Jet tours)**
- ▶ **Cost cutting to reduce breakeven**
- ▶ **Reorganization of the distribution network to gain market share**

***All the strengths gathered  
to take advantage of the recovery***

# Club Med: Key figures



(in millions of euros)	2003
Consolidated revenues	1,609
Operating loss	(6)
Capital expenditure	74
Free cash flow	42
Shareholders' equity	474
Net debt	(389)

A vertical photograph on the left side of the slide shows a person's hand holding a white card. The hand is wearing a yellow beaded bracelet. The background is a clear blue sky.

## Acquisition of a 28.9% equity interest in Club Méditerranée



## *Proposed transaction*



- ▶ Acquisition of 28.9% of Club Med, of which 21.2% held by Exor / Ifil and 7.7% by CDC: Accor becomes the company's core shareholder
- ▶ Cost: €252 million
- ▶ Plus an earn-out payment based on Club Med's future earnings
  - Exor / Ifil: maximum of €41 million (€10 per share)
  - CDC: maximum of 550,000 Accor shares
- ▶ Price equals estimated multiple of 7.5 times 2006e EBITDA

***A strategic transaction, carried out with the support of Club Med management***



## *Financing*



- ▶ **Accor will issue €280 million of (ORANEs) convertible bonds in share or cash fully underwritten by CDC**
  - Redeemed at closing on the basis of one new Accor share per €40 bond
- ▶ **Opportunity to increase equity by €280 million**
- ▶ **At closing, CDC may hold up to 7 million additional Accor shares (3.5% of issued capital)**



## *Financial impact*



▶ **Impact on EPS:** around 3.0% dilution (2005e)

▶ **Ratios**

- FFO / net debt: neutral

- Interest cover: neutral

- Gearing: around a 3-point improvement

▶ **Club Med earnings accounted for by the equity method**



## *Estimated timetable*



▶ **ORANE offer closes**

**July 2004**

▶ **Authorization from the Monopolies Commissions**

**July / September 2004**

▶ **Closing**

(purchase of shares + redemption of ORANEs for shares)

**Autumn 2004**

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## Strategic and industrial benefits of the transaction



## Short Term Strategic and Industrial Benefits



- ▶ Accor strengthens its position in the high-potential leisure market

Accor's expertise

Club Med's unique brand  
notoriety and know-how

A partnership unique in the industry

- ▶ **Cross-fertilization of experience and implementation of synergies to speed Club Med's return to profit:** distribution, purchasing, air travel, loyalty programs, partnerships and relationship marketing, expansion, human resources, sustainable development

Synergies beneficial for both groups

**Accor has seized an opportunity with Club Med's turnaround  
and the upswing in the business cycle**



## *A promising alliance in a fast-growing market*



- ▶ **The partnership is in line with our long-term growth strategy**
- ▶ **Confirms our commitment to offering a comprehensive range of products and services to business and leisure customers**
- ▶ **Complies with our financial ratios**
- ▶ **Enables Club Med to join forces with an industry leader and speed its turnaround**

**Accor strengthens its leadership and brand identity  
in the tourism and travel industry**