

2004 Interim Results

ACCOR.com



Improved results on H1 2004

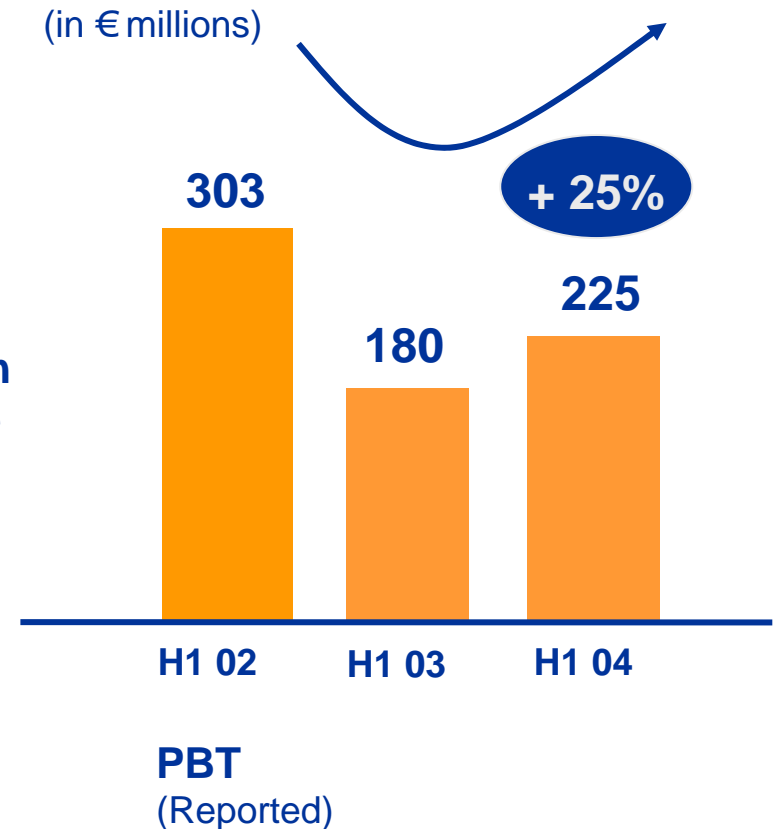


▶ Improved results in first-half 2004

- Revenues: up 4.1%
- PBT: up 25.0%

▶ In Hotels, the situation is contrasted, depending on the country and the position in the economic cycle

▶ In Services, performance was good





H1 2004: Key Figures



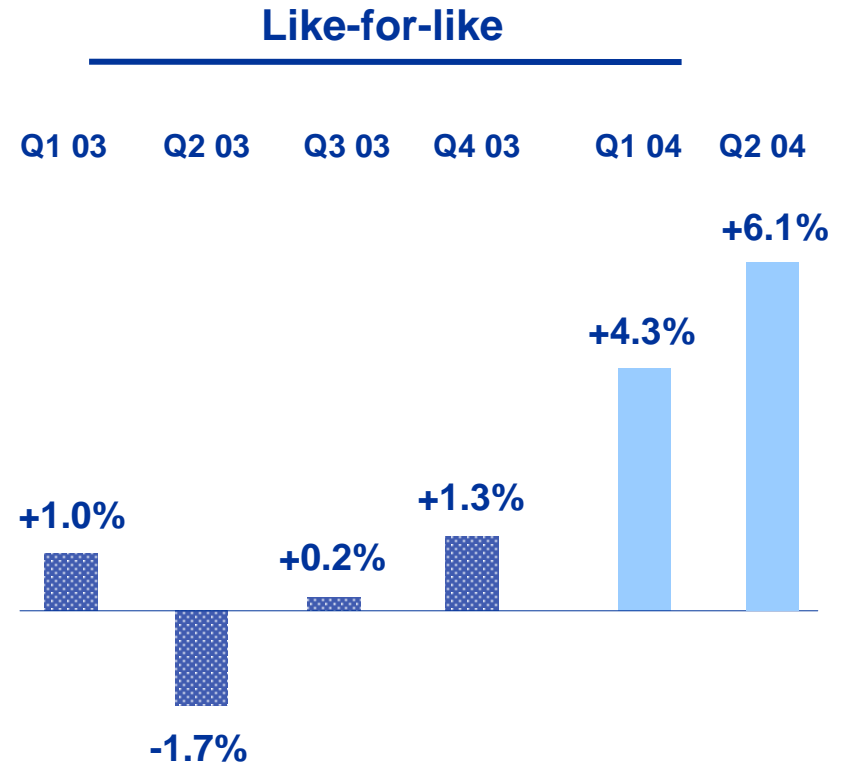
(in € millions)	H1 2003	H1 2004	Change reported	Change like-for-like
▶ Revenues	3,306	3,443	+4.1%	+5.3%
▶ Ebitdar	817	856	+ 39	+ 48
<i>Margin</i>	24.7%	24.9%	+0.2 pt	+0.2 pt
▶ PBT	180	225	+ 45	+ 48
▶ Net income, Group share	106	81	- 25	
▶ Cash flow from operations	379	389	+ 10	



Sustained improvement in revenues: €3,443 million in H1 2004



- Like-for-like +5.3%
- Expansion +2.4%
- Currency -2.2%
- Disposals -1.4%
- ▶ Reported change +4.1%



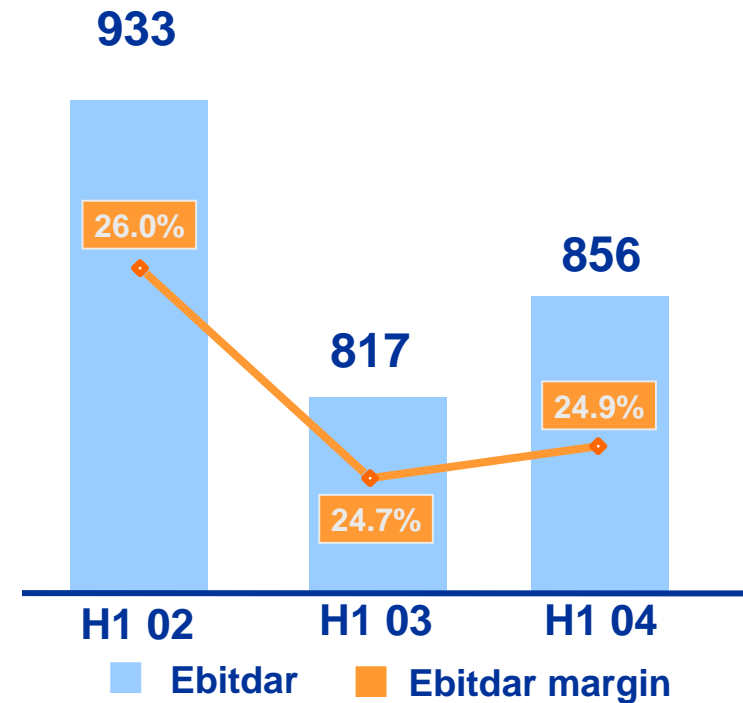


Increase of Ebitdar



(in € millions)

- Like-for-like + €48 million
- Expansion + €17 million
- Currency - €18 million
- Disposals - € 8 million
- ▶ **Reported change + €39 million**





Upscale and Midscale Hotels: Uneven growth in margins



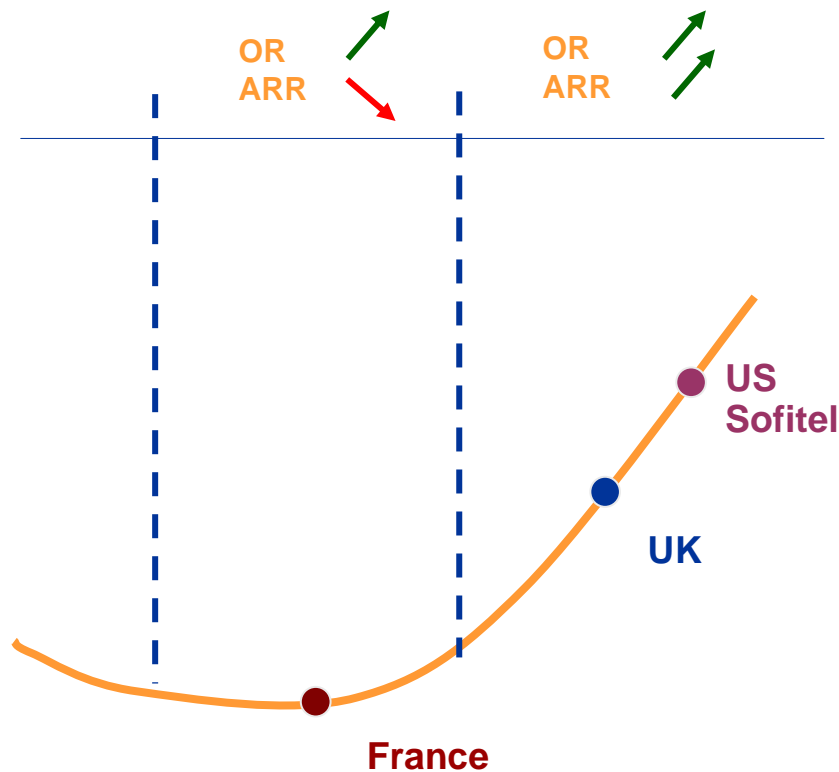
(in € millions)	H1 2003	H1 2004	Change reported	Change like-for-like
Revenues	1,295	1,412	+ 9.0%	+ 7.1%
Ebitdar	296	328	+ 32	+ 36
Ebitdar margin	22.9%	23.2%	+ 0.3pt	+ 1.0pt



Upscale and Midscale Hotels: uneven growth in margins



Economic cycle



OR: occupancy rate
ARR: average room rate



	France	UK	USA
OR (pts)	+ 2.0	+4.2	+ 9.1
ARR (%)	- 1.3%	+3.5%	+ 4.2%
RevPAR (%)	+2.0%	+9.6%	+ 19.3%
Ebitdar H1 04	€135 M	€36 M	€15 M
Ch. in margin	-0.6pt	+5.3pts	+6.7pts



Economy Hotels (excl. US): margins in progress



(in € millions)	H1 2003	H1 2004	Change reported	Change like-for-like
Sales	561	594	+ 5.9%	+ 3.9%
Ebitdar	190	204	+ 14	+ 8
Ebitdar margin	33.9%	34.3%	+ 0.4pt	+ 0.2pt



US Economy Hotels: business has not yet benefited from the recovery



(in € millions)	H1 2003	H1 2004	Change reported	Change like-for-like
Revenues	487	449	- 7.8%	+ 2.4
Ebitdar	169	153	- 16	- 2
Ebitdar margin	34.7%	34.1%	- 0.6pt	- 1.3pt



Services: good performance



(in € millions)	H1 2003	H1 2004	Change reported	Change like-for-like
Revenues	231	249	+ 7.8%	+ 9.5%
Ebitdar	88	102	+ 14	+ 17
Ebitdar margin	38.1%	41.0%	+ 2.9pt	+ 3.4pt



Uneven Growth



Strong improvement

Services

- Hot.USA (Sofitel)
- Hot.United Kingdom
- Hot.Asia Pacific
- Hot.Africa
- Hot.South America
- Hot.Other European countries

Ebitdar: +26%

Weak growth

- Hot.France
- Hot.Germany
- Hot.Southern Europe
- Hot.USA (Eco.)

Ebitdar: +1%

Ebitdar change on a like-for-like basis at June 2004



Analysis of profit before tax



(in € millions)	H1 2003	H1 2004
▶ Ebitdar	817	856
<i>Margin</i>	<i>24.7%</i>	<i>24.9%</i>
▶ Holding costs	(627)	(635)
– <i>Rental expense</i>	<i>(366)</i>	<i>(377)</i>
– <i>Depreciation</i>	<i>(228)</i>	<i>(219)</i>
– <i>Net interest expense</i>	<i>(33)</i>	<i>(38)</i>
▶ Income (loss) from associated companies	(10)	3
▶ PBT	180	225



Net Income, Group Share



(in € millions)	H1 2003	H1 2004
▶ PBT	180	225
- Capital gains and provision expense	46	(15)
- Amortization of goodwill	(49)	(53)
- Tax	(55)	(66)
- Minority interests	(16)	(10)
▶ Net income, Group share	106	81
▶ EPS (in €)	0.54	0.41



Cash flow



(in € millions)	H1 2003	H1 2004
▶ Cash flow from operations	379	389
▶ Invest. for renovation and maintenance	(139)	(133)
▶ Free cash flow	240	256
▶ Investments for expansion	(279)	(209)
▶ Disposals	198	115



Improving financial ratios



	June 2003	June 2004
▶ Net debt (in € millions)	3,043	2,673
▶ Financial ratios		
– Net debt-to-equity (Gearing)	82%	75%
– Interest cover (1)	x5.4	x5.6
– F.F.O. (2) / Adjusted net debt (3)	15.2%	15.7%

(1) Ebitdar / (cash financial expense + 1/3 of full-year rents)

(2) Funds from operations = Consolidated cash flow from operations + 2/3 of full-year rental expense

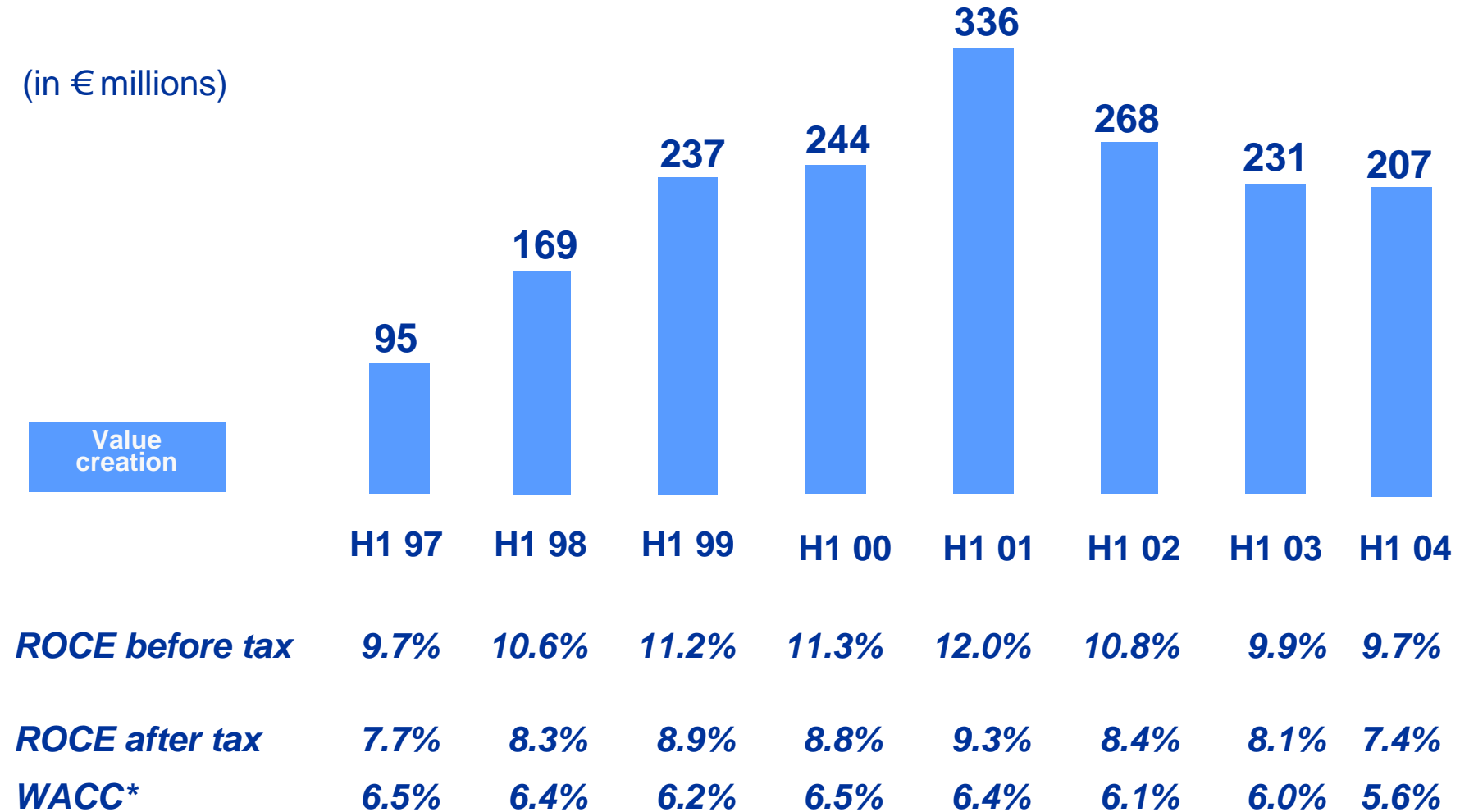
(3) Net debt adjusted to include eight times current year rental expense



ROCE and value creation



(in € millions)



* Weighted average cost of capital

A vertical collage of five smiling people's faces, arranged in a descending staircase pattern from top to bottom. The faces are of diverse ethnicities and are shown from the chest up, smiling warmly.

2004 Outlook

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2004 outlook Strategic process during H1 2004



- ▶ **Network extended:** 13,000 rooms/107 hotels opened; acquisition of Capital Incentives in Services, and of Maritz and Protravel in travel agencies
- ▶ **Dorint co-branding completed with Sofitel, Novotel, Mercure**
and 90 hotels taken over under management contracts
- ▶ **Purchase of a 28,9% stake in Club Méditerranée**
Extending the leisure customer offering
- ▶ **Product innovation:** renovation program
launched in the US (new Red Roof Inn room) and
in Europe (Novation room at Novotel), Sofitel “My Bed”
- ▶ **Creation of a European leader in casinos (Groupe Lucien Barrière)**
- ▶ **Olympics:** Accor partnering Paris for the 2012 games





2004 outlook **Operating performances**



▶ **First semester**

- Recovery in the Hotels business in the United States (upscale) and the United Kingdom, with an initial improvement in certain countries in Continental Europe
- Steady, profitable growth in Services

▶ **Second semester**

- A dismal summer in France
- US economy hotels have not taken advantage of economic rebound yet
- Improving trends in Hotels expected in September and October
- Sustained growth in Services



Full-year 2004 PBT target: €570 - 590 million

**Accor:
a balanced growth strategy
in its two core businesses**

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A balanced growth strategy



Hotels

- ▶ Major player in the global tourism industry



Sofitel Marrakech



Novotel Seoul

Services

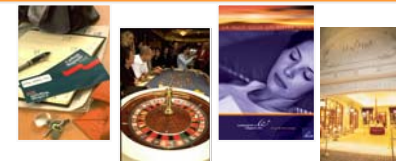


- ▶ Global leadership in human resources management services



Travel agencies, Casinos, Restaurants

- ▶ Strategic fits and synergies





Hotels: a major player in the global tourism industry



A promising market



- ▶ Increasing travel in developed nations
- ▶ Rising standards of living in emerging markets

A comprehensive, strategically aligned, innovative offering

- ▶ Presence in every customer segment:
 - From economy to upscale
 - From business to leisure
- ▶ Synergies among products under the Accorhotels umbrella (reservation, loyalty program, Internet, awareness)
- ▶ Innovations to meet emerging customer needs



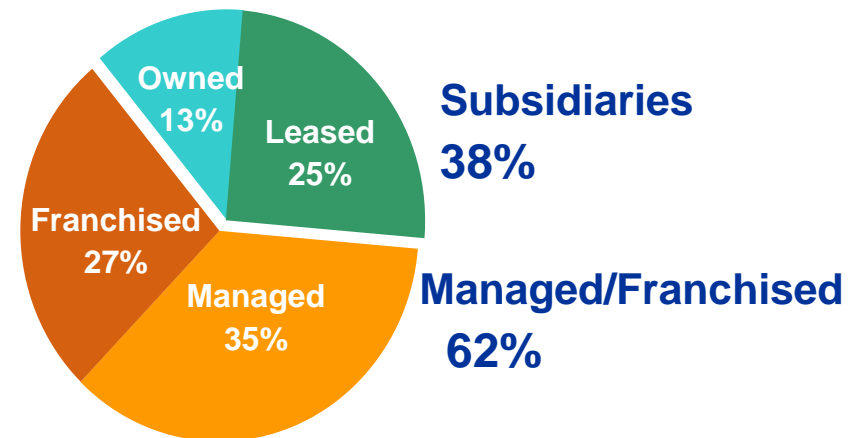


Hotels: a major player in the global tourism industry



**Assertive network development,
backed by an efficient financing policy**

- ▶ Expanding in economy and midscale hotels in Europe.
Investing in subsidiaries (high ROCE)
- ▶ Joint ventures, management contracts and variable leases to extend coverage and prepare for the future



Estimated 2004 expansion
by type of operation

2004 Openings (e): 200 hotels (25,000 rooms)



H1 hotel openings: preparing the future



Americas
31 hotels

Europe
58 hotels

Asia-Pacific
14 hotels



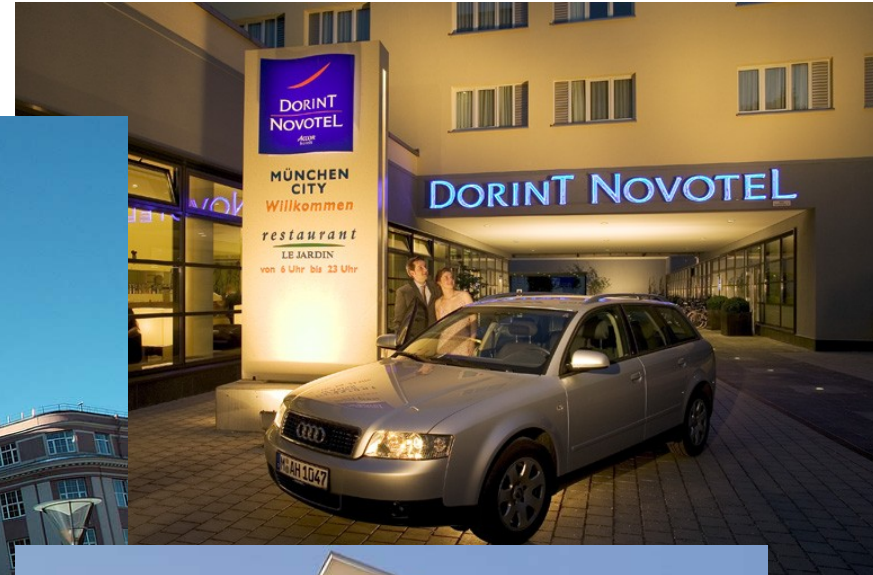
in % of rooms

H1 2004 openings: 107 hotels (13,333 rooms)

Opening examples



Dorint Novotel München City Center



Novotel Vilnius

Etap Hotel Hanover

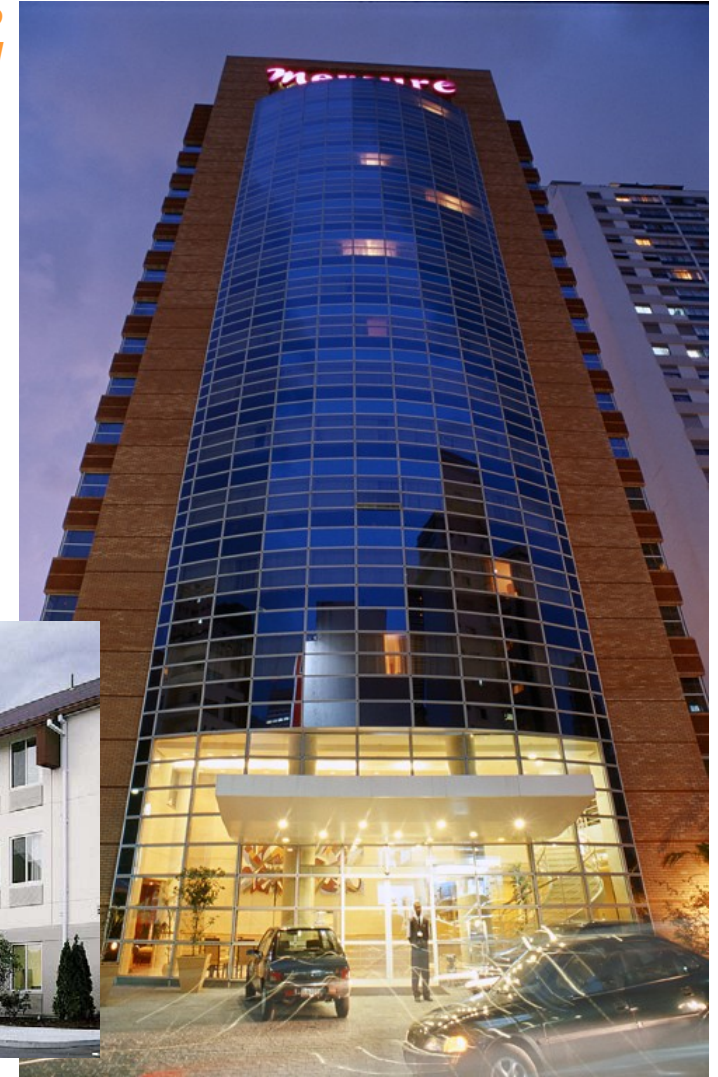


Opening examples



Ibis Tianjin - China

Mercure Sao Paulo
Brasil



Red Roof Inn





Services: expansion and global leadership in human resources management support services



A promising market

- ▶ Emerging markets: development of employee benefits
- ▶ Mature markets:
 - work/life balance
 - growing importance of incentive
 - more targeted public assistance



Sustained organic growth

- ▶ Entry into new countries: China, Peru, Australia
- ▶ Launch of new products
 - employee savings fund: Tesorus
 - work/life balance
 - professional training





Services: expansion and global leadership in human resources management support services



Assertive external growth Targeted acquisitions

- ▶ Meal and food voucher business
(Dicasa-Mexico and Hungastro-Romania)
- ▶ Gift vouchers and cards
(Capital Incentives-UK, Séditel-France)



Profitable technology



- ▶ Transition to smart and magnetic cards
 - food vouchers (Brasil, Argentina, Mexico, Venezuela)
 - gift vouchers (UK, Brasil, China)
- ▶ Internet
 - online ordering: food voucher, gift voucher
 - product support: « Bien-Etre à la Carte », « Ticket Crèche »



Related businesses



A commitment to excellence, synergies, and value creation

- ▶ **Lenôte:** - Accor's luxury signature in gastronomy
 - Outstanding success at the Olympics in Athens
- ▶ **Carlson Wagonlit Travel:** #2 worldwide for travel agencies
- ▶ **Casinos:** a European leader with Lucien Barrière Group
- ▶ **Compagnie des Wagons-Lits:** European benchmark in the travel universe



Lenôte, Olympic Games Athens



