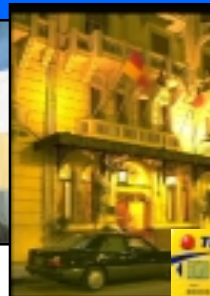




*European Leader and Global Group  
in the World of Travel, Tourism and Services*

**Accor's Internet  
Strategy Takes Off**



**Outstanding 1999 Results**



**Sustainable,  
Balanced Growth**

**Strong Operating Levels  
in First Two Months of 2000**

*Accor, partner of the French Olympic Committee  
for the Sydney Games*





1999 Results

First Two Months of 2000

Expansion

Internet Strategy

## Outstanding 1999 Results

- ▶ Sustained growth and improving profitability
- ▶ Accelerating trends in second half
  - contribution of Red Roof Inns from July
  - sale of Europcar in November
  - 4th quarter better than anticipated



## Key Figures

### Income Statements

Financial Position

Value Creation

(EUR millions)	1998	1999	Variation
▶ <b><u>Consolidated Sales</u></b>	5,623	6,105	+ 8.5%
▶ <b><u>EBIT</u></b>	642	723	+12.3%
▶ <b><u>Total Inc. From Operations</u></b>	496	595	+19.6%
<b><i>Margin on sales</i></b>	<b>8.8%</b>	<b>9.7%</b>	
▶ <b><u>Current Income</u></b>	481	613	+27.3%
▶ <b><u>Net Income</u></b> , Group Share	297	352	+18.2%
<b><u>EPS (in EUR)</u></b>	<b>1.65</b>	<b>1.94</b>	<b>+17.1%</b>



1999 Results

First Two Months of 2000

Expansion

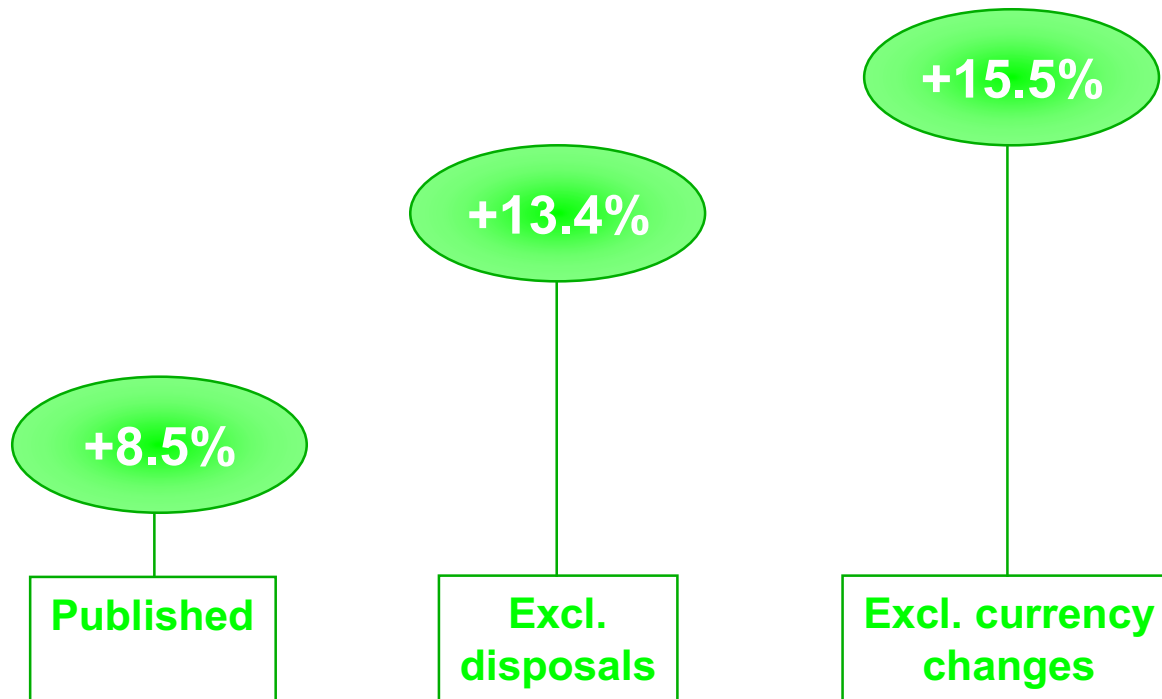
Internet Strategy

### Increase of Consolidated Sales

Income  
Statements

Financial  
Position

Value  
Creation





**EBIT by Activity**

**Income Statements**

Financial Position

Value Creation

(EUR millions)

	1998	1999	Variation
<b>Hotels</b>	<b>457</b>	<b>539</b>	<b>+18.3%</b>
<b>Services</b>	<b>104</b>	<b>116</b>	<b>+12.1%</b>
<b>Casinos</b>	<b>19</b>	<b>28</b>	<b>+43.0%</b>
<b>Travel Management (CWT)</b>	<b>9</b>	<b>(4)</b>	
<b>Catering</b>	<b>33</b>	<b>20</b>	
<b>Car Rental</b>	<b>35</b>	<b>22</b>	
<b>Other</b>	<b>(15)</b>	<b>2</b>	
<b>TOTAL</b>	<b>642</b>	<b>723</b>	

**+20.5% excl. Soccer World Cup impact**

**Despite a difficult situation in Brazil**

**Stable results excluding non-recurring charges**

**Stability excluding Brazil restructuring**

**+12.3%**





### Summarized Income Statements

#### Income Statements

Financial Position

Value Creation

(EUR millions)	1998	1999	Variation
▶ Total Inc. From Operations	496	595	+19.6%
▶ Hotel Portfolio	(15)	18	NS
▶ Current Income	481	613	+27.3%



Summarized Income Statements

Income Statements

Financial Position

Value Creation

(EUR millions)	1998	1999
▶ <b>Other Assets and Non-Operational Income</b>	21	(29)
▶ <b>Goodwill</b>	(60)	(68)
▶ <b>Income Taxes</b>	(153)	(222)
▶ <b>Exceptional Items</b>	37	82
▶ <b>Minority Interests</b>	(29)	(24)
▶ <b>Net Income, Group Share</b>	297	352
<b>EPS</b>	1.65	1.94

One-time impact  
Europcar  
and income tax  
rate in France

Europcar sale

+ 18.2%

+ 17.1%





1999 Results

First Two Months of 2000

Expansion

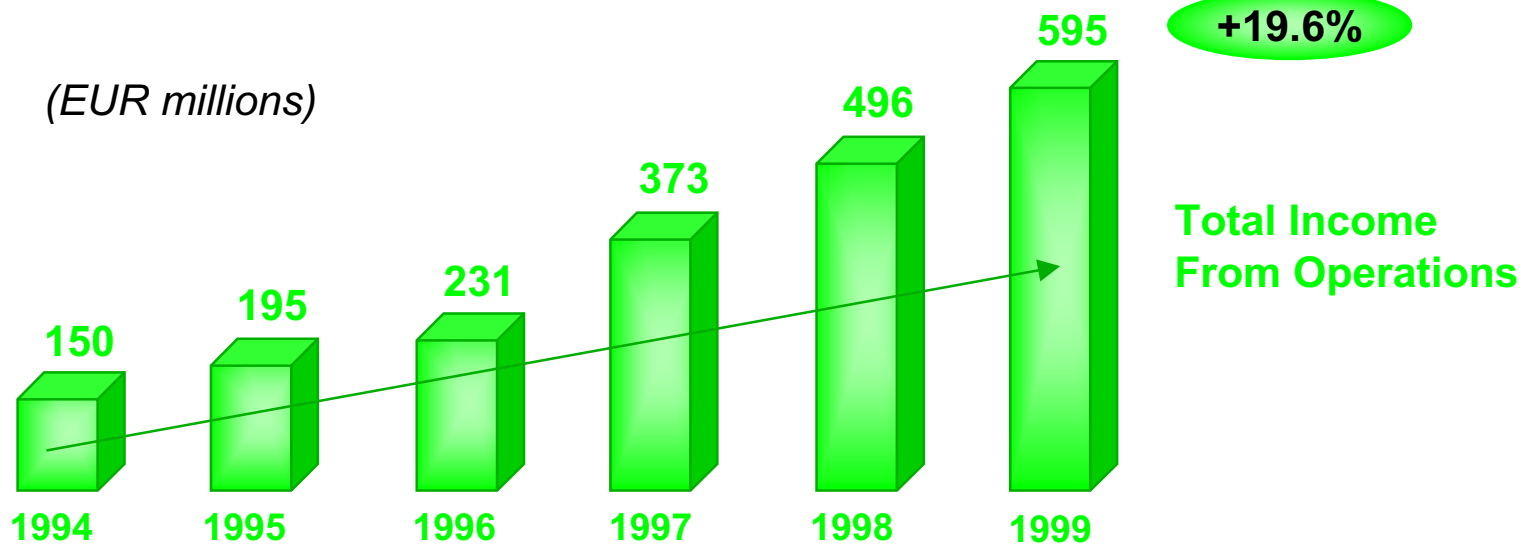
Internet Strategy

### Sustained Growth

Income Statements

Financial Position

Value Creation





1999 Results

First Two Months of 2000

Expansion

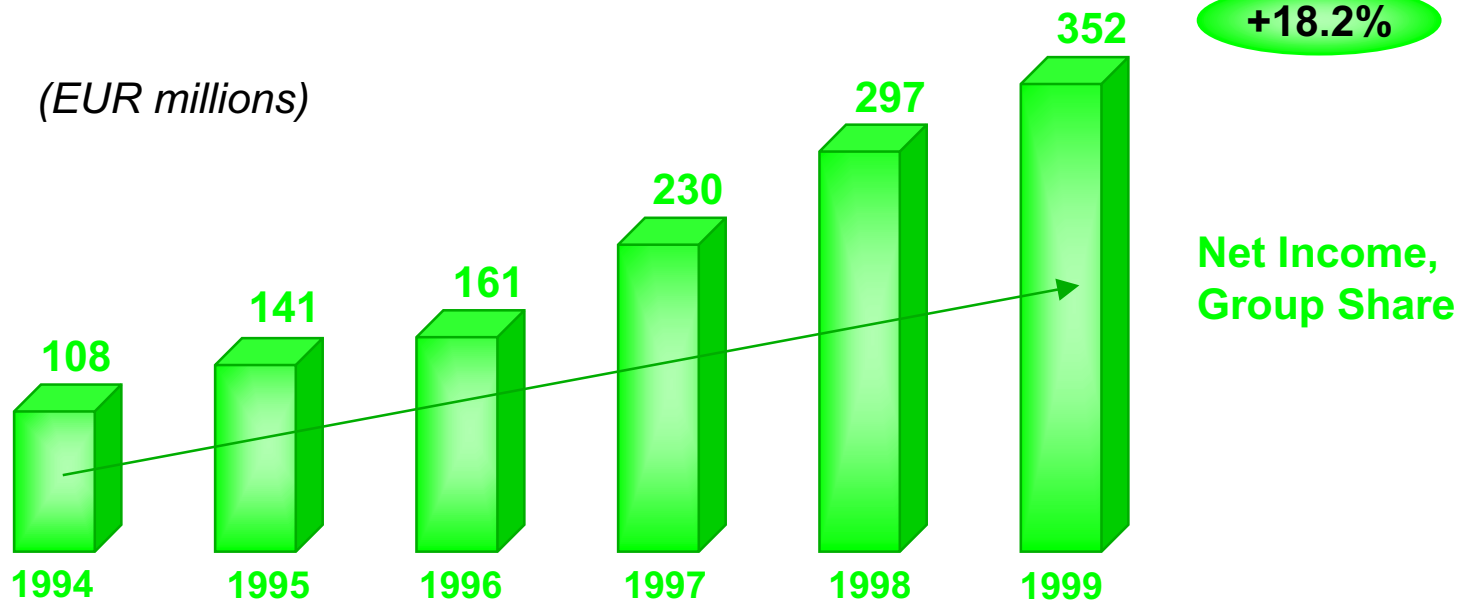
Internet Strategy

### Sustained Growth

Income Statements

Financial Position

Value Creation





### Cash Flow From Operations

Income Statements

Financial Position

Value Creation

(EUR millions)	1998	1999	Variation
▶ Cash Flow From Op.	696	778	+11.7%
▶ Investments for renovation and maintenance	(357)	(431)	+20.7%
▶ Free Cash Flow	339	347	+ 2.2%

Income Statements

**Financial Position**

Value Creation

**Financial Flows**

<i>(EUR millions)</i>		1998	1999
▶	<b>Free Cash Flow</b>	<b>339</b>	<b>347</b>
	<b>New Capital and Technology Expenditures</b>	<b>(731)</b>	<b>(2,680)</b>
	<b>Proceeds From Assets Disposals</b>	<b>1,438</b>	<b>1,868</b>
	<b>Other</b>	<b>(240)</b>	<b>(366)</b>
▶	<b>Decrease / (Increase) in Net Indebtedness</b>	<b>806</b>	<b>(831)</b>





## Financial position

Income Statements

Financial Position

Value Creation

▶ <b>Net Indebtedness (EUR millions)</b>	
– at Dec. 31, 1998	<b>1,834</b>
– at Dec. 31, 1999	<b>2,665</b>
▶ <b>Ratios :</b>	
– <b>Gearing</b>	<b>77%</b>
– <b>FFO / Adjusted Net Debt</b>	<b>21%</b>
– <b>Adjusted Interest Cover</b>	<b>x 5</b>



### Return On Capital Employed (ROCE) by Activity

Income Statements

Financial Position

Value Creation

(12 months)

#### Hotels

Business and Leisure

Economy

Motel 6

#### Services

#### Casinos

#### Travel Management

#### Catering

#### ▶ TOTAL

1998

1999

11.5%

10.3%

14.2%

14.3%

9.7%

10.9%\*

21.3%

23.5%

17.0%

16.9%

5.4%

3.8%

10.3%

9.2%

11.2%

11.2%

11.5% excl. organic growth

11.6% excl. organic growth

\* Including Red Roof since July, 1999





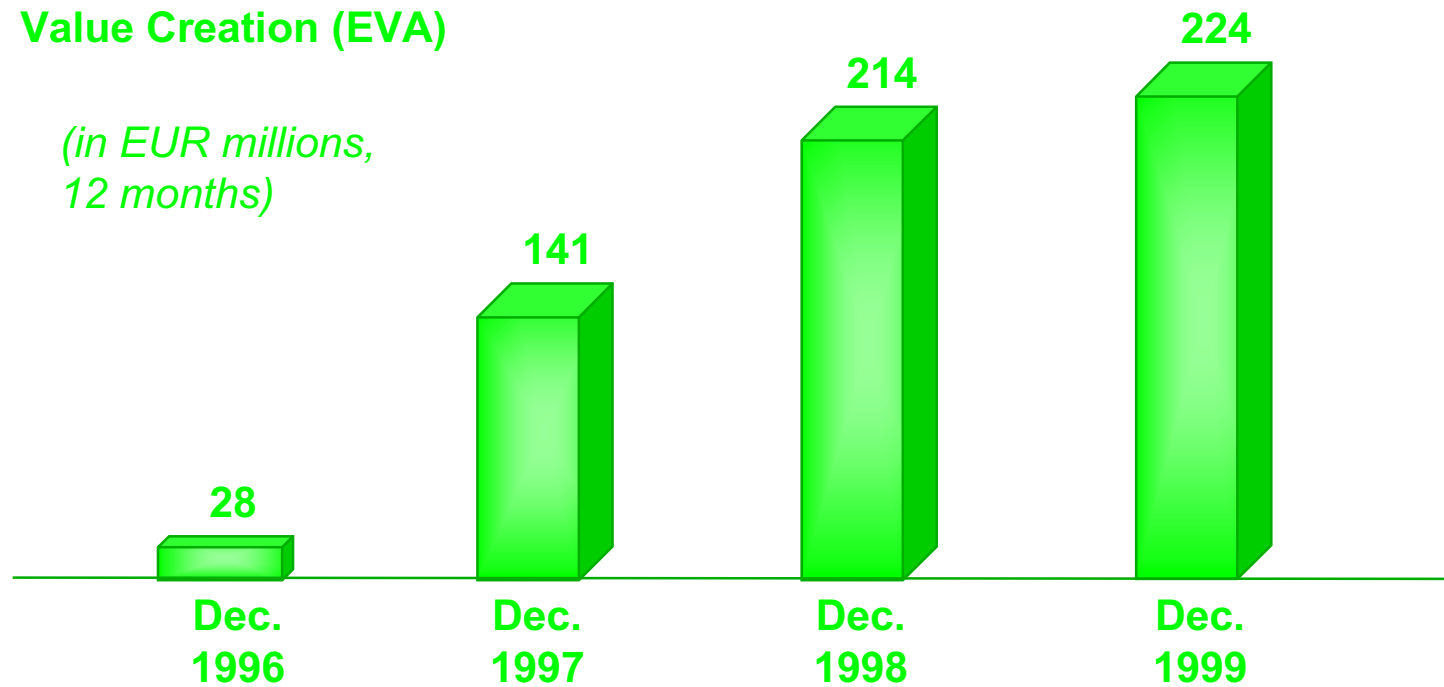
### Value Creation (EVA)

(in EUR millions,  
12 months)

Income  
Statements

Financial  
Position

Value  
Creation



<b>ROCE*</b>	7.0%	8.1%	8.7%	8.7%
<b>WACC</b>	6.7%	6.4%	6.3%	6.4%

\* after taxes





1999 Results

First Two Months of 2000

Expansion

Internet Strategy

## Operating Levels in First Two Months of 2000

► Strong overall trend driven by :

- the Group's worldwide exposure
- diversified, well-positioned hotel portfolio
- dynamic Accor Services, in industrialized and emerging markets



**RevPar by Market Segment (cumulated as of February 29, 2000)**

Hotels

Services

Travel Management

<i>Occupancy rates</i>	<i>Average room rates</i>	<i>RevPAR</i>
<i>(in %) (var. in pts)</i>	<i>(var. in %)</i>	<i>(var. in %)</i>

▶ <b>Business and Leisure Europe</b>	<b>54.8%</b>	<b>+0.6</b>	<b>+4.3%</b>	<b>+5.5%</b>
▶ <b>Economy Europe</b>	<b>64.0%</b>	<b>+1.6</b>	<b>+5.6%</b>	<b>+8.3%</b>
▶ <b>Economy North America (in \$)</b>	<b>57.5%</b>	<b>+0.3</b>	<b>+2.7%</b>	<b>+3.2%</b>



1999 Results

**First Two Months of 2000**

Expansion

Internet Strategy

**Services as of February 29, 2000**

Hotels

Services

Travel Management

(EUR millions)	1999	2000	Variation on a constant currency basis
▶ <b>Total volume of issuance incl.</b>	<b>819</b>	<b>946</b>	<b>+15.4%</b>
<b>Europe</b>	<b>414</b>	<b>471</b>	<b>+13.8%</b>
<b>Latin America (excl. Brazil)</b>	<b>204</b>	<b>239</b>	<b>+17.3%</b>
<b>Brazil*</b>	<b>201</b>	<b>235</b>	<b>+16.9%</b>

*\* increase of taxes and decrease of interest rates  
will impact 2000 Results*





1999 Results

**First Two Months of 2000**

Expansion

Internet Strategy

### Travel Management as of February, 2000

Hotels

Services

	(\$ millions, 100%)	1999	2000	Variation on a constant currency basis
<b>▶ Traffic</b>		<b>1,450</b>	<b>1,607</b>	<b>+10.8%</b>
<b>▶ Net revenue</b>		<b>122</b>	<b>130</b>	<b>+ 6.3%</b>

Travel Management





1999 Results

First Two Months of 2000

Expansion

Internet Strategy

Sustainable, Balanced Growth

Focusing on High-Potential Markets





1999 Results

First Two Months of 2000

Expansion

Internet Strategy

## Further Expansion of Hotel Network

[Hotels](#)

Services

Travel  
Management

- ▶ **1999: +22%** (of which half from Red Roof Inns)
- ▶ **2000-2001: +10%** per annum, a large part of which is already underway  
*With its diversified portfolio and worldwide coverage,  
Accor can reach this target without a major acquisition*



1999 Results

First Two Months of 2000

Expansion

Internet Strategy

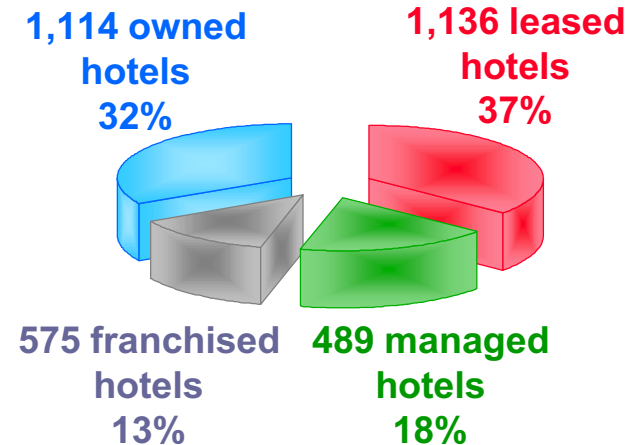
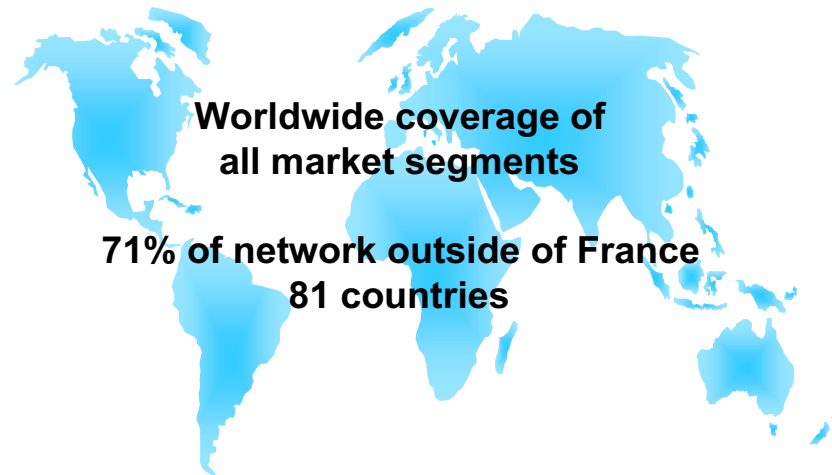
[Hotels](#)

Services

Travel  
Management

## Accor First Hotel Operator in the World

3,314 hotels (365,687 rooms) as of February, 2000 :  
+92 hotels since Jan.1, 2000



*(as a % of rooms, as of February, 2000)*



1999 Results

First Two Months of 2000

Expansion

Internet Strategy

## Hotel Network Expansion - Priorities

Hotels

Services

Travel  
Management

- ▶ **European leadership: Accor federator in the process of industry consolidation**
- ▶ **Expansion of unique worldwide economy hotel network (215,000 rooms at 1999 year end)**



1999 Results

First Two Months of 2000

Expansion

Internet Strategy

## Hotel Network Expansion - Priorities

Hotels

Services

Travel  
Management

- ▶ **Medium- and Long-Term Growth**, using financial formulas **to reduce commitments and risks**
  - in **Emerging Countries**: Asia Pacific (177 hotels at 1999 year end), Latin America (109 hotels and residences)
  - and **Resorts**:
    - 180 hotels (30,000 rooms), 30 destinations
    - integration in France, Spain & Portugal: backed by a network of travel agencies and tour operators



1999 Results

First Two Months of 2000

Expansion

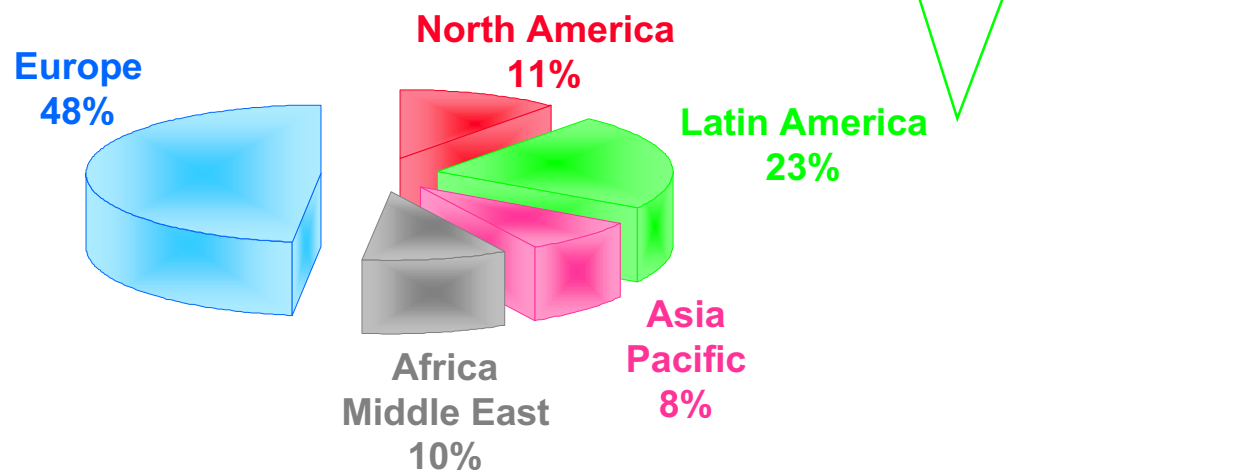
Internet Strategy

## Projects Currently Under Development 477 hotels (60,000 rooms)

[Hotels](#)

Services

Travel  
Management



(as a % of rooms)



1999 Results

First Two Months of 2000

Expansion

Internet Strategy

## Services

Hotels

Services

Travel  
Management

▶ **Geographical diversification: 30 countries**

▶ **Magnetic or smart cards**  
**Target: one million users in 2000**

- ▶ **New services:**
- Incentives
  - Employee Assistance Program
  - Services to local authorities

***Products other than "Ticket Restaurant" today account for 43% of activity volume at Accor Services***



1999 Results

First Two Months of 2000

Expansion

Internet Strategy

## Carlson Wagonlit Travel:

Hotels

Services

Travel Management

### Development Focusing Exclusively on New Technologies

- ▶ B2B Intranet in operation
- ▶ B2C travel portal due to open
- ▶ Technological investments 2000-2002: \$100 million (100%)



1999 Results

First Two Months of 2000

Expansion

Internet Strategy

## Sustainable Expansion and Growth

- ▶ To enhance its expansion and growth, Accor implements proactive, effective strategies in the areas of
  - human resources
  - environment
  - corporate governance

*In January 2000, Accor was awarded positive ratings on all three criteria by France's Agence de Rating Social et Environnemental (ARESE)*

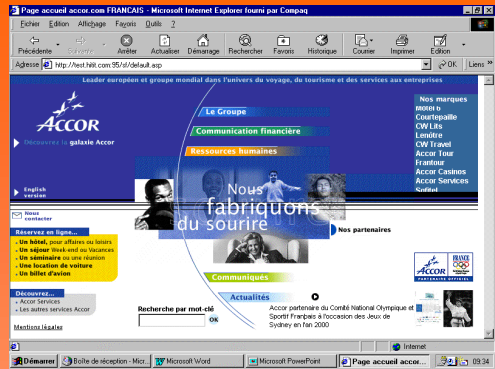
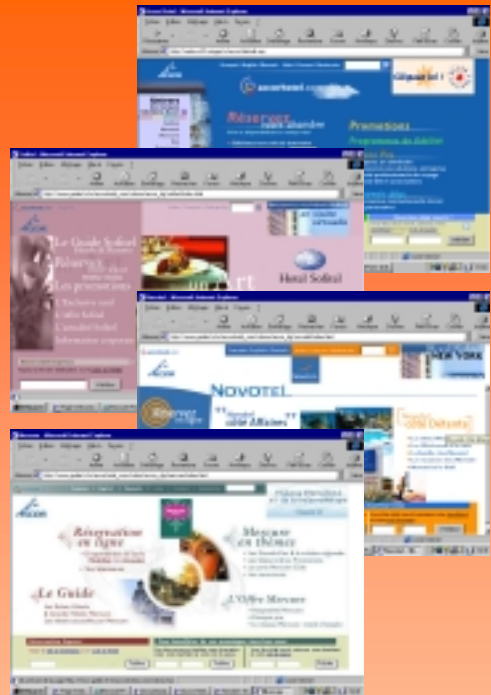


1999 Results

First Two Months of 2000

Expansion

Internet Strategy



Accor's Internet Strategy Takes Off

and starts on-line distribution





1999 Results

First Two Months of 2000

Expansion

Internet Strategy

Strategy  
and vision

Web Leader

E-Company

**Accor's Strategy in the New Economy**

▶ **Accor Web Leader**

- Hotels
- Services

▶ **E-Company :**

- investments and partnerships in distribution channels
- investments in specialized startups



1999 Results

First Two Months of 2000

Expansion

Internet Strategy

## With Accor 2000, the Group is Fully Prepared for the Internet World

### Strategy and vision

Web Leader

E-Company

- ▶ **2,500 hotels interconnected in 2000**
- ▶ **New worldwide reservation system operational in 2000**
- ▶ **Operational and effective Intranet**
- ▶ **Sharp improvement in Accor brand recognition, notably in Europe**



1999 Results

First Two Months of 2000

Expansion

Internet Strategy

## Accor is Devoting Considerable Resources to its Technological Leap Forward

### Strategy and vision

Web Leader

E-Company

- ▶ 1997-2000: EUR 120 million for hotel equipment and Accor worldwide communications network Accortel
- ▶ 2000-2002: EUR 60 million for reservation and ERP projects
- ▶ Web: 180-people strong dedicated team (50% in-house)



1999 Results

First Two Months of 2000

Expansion

Internet Strategy

## Travel and Tourism Industry Uniquely Positioned to Benefit from the Internet

### Strategy and vision

Web Leader

E-Company

- ▶ **Strong steady growth of tourism (12% of world GDP today)**
- ▶ **On-line tourism expected to explode - 10-fold increase and 15% of total sales within 5 years**
- ▶ **On-line hotel reservations expected to reach 20% of total in major US and European networks in the medium term**



## The Net in the Hotel Industry - Powerful Top-Line and Bottom-Line Booster

### Strategy and vision

Web Leader

E-Company

#### ▶ Attract new clients:

- universal reach
- serve existing clients, recognition and loyalty
- optimize revenue management

#### ▶ Cost optimization:

- sharp drop in distribution costs
- procurement: combine Internet and ERP



1999 Results

First Two Months of 2000

Expansion

Internet Strategy

## Accor's Strengths - Hotel Web Leader

Strategy  
and vision

Web Leader

E-Company

- ▶ Fully integrated worldwide network: consistent products across segments, multibrand organization, shared technologies
- ▶ Strong brands associated with clearly differentiated products
- ▶ Major partnerships: airlines, telecoms, banks and financial services...

*With the Internet, Accor's recognition reaches a new stage - worldwide visibility of the Accor network and portfolio*



1999 Results

First Two Months of 2000

Expansion

Internet Strategy

## Accor's Strengths - Hotel Web Leader

Strategy  
and vision

Web Leader

E-Company

- ▶ Through the web, the economy hotel sector will soon be able to distribute its products on a global basis - **revolution in the way we do business**
- ▶ In business hotels, Accor enjoys an expanded midscale-upscale offering, with higher potential and less cyclical
- ▶ In leisure hotels, the Internet highlights Accor's offering without massive investments in distribution



1999 Results

First Two Months of 2000

Expansion

Internet Strategy

## Accor Web Leader in Services

Strategy  
and vision

Web Leader

E-Company

**Accor's B2B service offering benefits from the trust and notoriety built through:**

- ▶ a unique network of 1 million small & medium businesses and independent owners around the world (notably in Europe and Latin America)
- ▶ 11 million daily users
- ▶ a broad range of well-known brands



1999 Results

First Two Months of 2000

Expansion

Internet Strategy

## Hotels - Launch of Accor On Line

Strategy  
and vision

Web Leader

E-Company

▶ Sites already operational



▶ Other brands, operational sites by late April



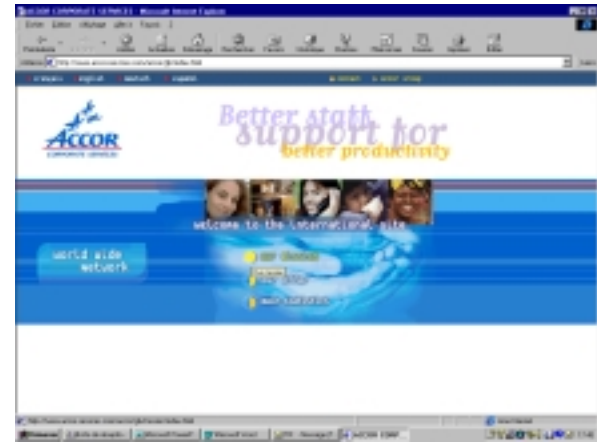
▶ Due to open next fall: leisure and economy portals (alone or through partnerships)

Launch of Accor On Line in Services

Strategy and vision  
Web Leader  
E-Company

**B2B vouchers and cards under operation in France, Italy and Brazil**

- ▶ to attract new clients
- ▶ to reduce operating costs
- ▶ to enhance service quality





1999 Results

First Two Months of 2000

Expansion

Internet Strategy

## Launch of New B2B Service Offering

Strategy  
and vision

Web Leader

E-Company

- ▶ In September, opening of a « restaurant portal » in France
  
- ▶ Under construction:
  - Incentives: « Electronic Gift Voucher »
  - Employee Assistance Program
  - Procurement and services for small & medium businesses



1999 Results

First Two Months of 2000

Expansion

Internet Strategy

### Opening of 3 Generalist Accor Portals

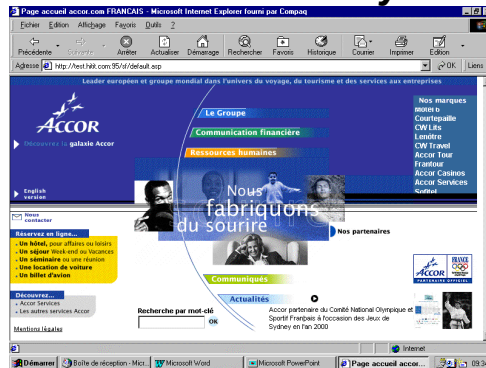
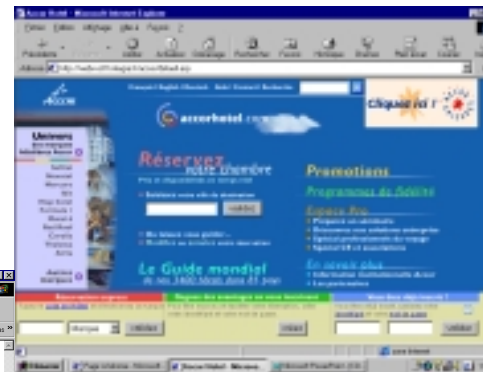
Strategy and vision

Web Leader

E-Company



**A Comprehensive Offering of Accor Galaxy**







1999 Results

First Two Months of 2000

Expansion

Internet Strategy

## Accor and the Web: Presence in all Stages of E-Distribution

Strategy  
and vision

Web Leader

E-Company

### **Generalist and Themes Portals**

Yahoo, Amazon, Voilà,...  
Priceline, Wal-mart,...  
Wanadoo, Freeserve,  
MAP...

WAP technology,...

**Major Corporate  
Clients**  
extranet

### **Travel Shopping Malls**

Travelocity,  
Expedia,  
Lastminute,...

**Hotel  
Back-end**  
Worldres,  
Pegasus,  
Wizcom,...



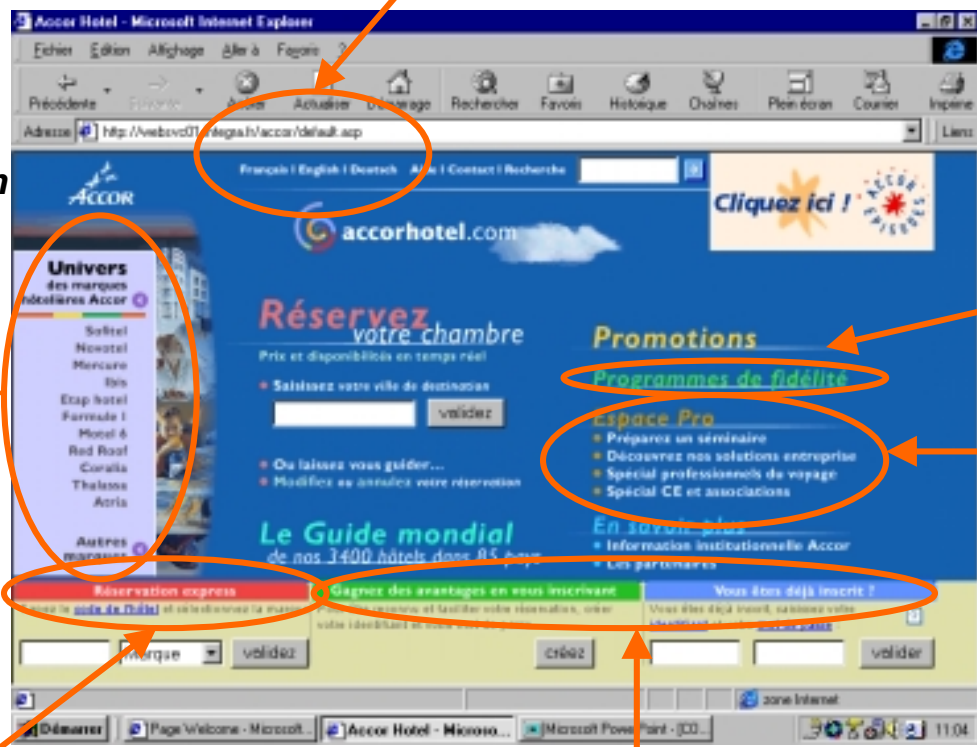
Strategy and vision  
 Web Leader  
 E-Company

**On-Line Reservation Demo**

**5 languages**

**User-friendly  
 Fast  
 Effective  
 Secure**

**Real-time search  
 through entire  
 Accor network**



**Loyalty**

**Access  
 to business  
 offers**

**Fast, direct reservation  
 (4 clicks)**

**Recognition / Customization**





1999 Results

First Two Months of 2000

Expansion

Internet Strategy

### E-Company:

## Investments and Partnerships in Distribution Channels Specialized Startups, Tourism and Services

Strategy  
and vision

Web Leader

E-Company

### ► Unique strengths of Accor E-Company :

#### – hotels:

- unparalleled position in Europe and worldwide economy network
- 365,000 interactive room potential
- 100 million clients

#### – services:

- worldwide coverage
- powerful networks



1999 Results

First Two Months of 2000

Expansion

Internet Strategy

Strategy  
and vision

Web Leader

E-Company

### E-Company:

## Investments and Partnerships in Distribution Channels Specialized Startups, Tourism and Services

### ► Objectives:

- broaden sales channels
- direct traffic to our operational sites
- toll taxes
- share expertise
- stock market valuation

- Phase I investments - around \$100 million in a first step - first completion in coming weeks



1999 Results

First Two Months of 2000

Expansion

Internet Strategy

### Conclusion: Accor in 2000

▶ **Where we are:**

Thanks to our expansion, our geographical scope, the diversity of our product offering uniquely suited to meet consumer demand, our productivity gains and modernization initiatives, Accor is particularly well positioned to achieve sustainable growth in profitability

▶ **Tomorrow: the Internet will give new momentum to Accor's sales, notoriety and strong results**



1999 Results

First Two Months of 2000

Expansion

Internet Strategy



Accor Casinos

