



**European leader and global group  
in the world of travel, tourism  
and business services**

1998 Results - March 1999

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- 1. 1998 : sharp improvement in results and profitability**
- 2. Activity through February, 1999**
- 3. Strategic initiatives :**
  - « Accor 2000 » - Succeeding Together
  - Growth

1998 Results - March 1999

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## 1998 key figures

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▶ Consolidated sales	+16.1%
▶ Total income from operations	+32.9%
▶ EPS	+28.1%
▶ Cash flow from operations	+15.8%
▶ Gearing	60%
▶ ROCE	11.2%
▶ Value creation	€ 214 M

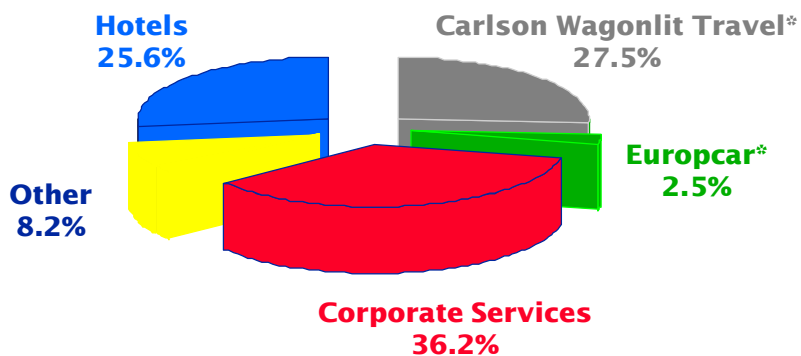


## 1998 Results



**Activity volume € 16,201 million : +7.9%**  
(FRF 106,270 million)

**Breakdown by activity**



\* Accor share



**Consolidated sales € 5,623 million : +16.1%**  
(FRF 36,881 million)

**Change in sales by activity**

(in millions)	1998 (€)	Change 98/97
<b>Hotels</b>	<b>3,174</b>	<b>+ 12.1%</b>
<b>Carlson Wagonlit Travel</b>	<b>390</b>	<b>+ 10.5%*</b>
<b>Europcar</b>	<b>402</b>	<b>+ 21.8%**</b>
<b>Corporate Services</b>	<b>365</b>	<b>+ 10.2%</b>
Restaurants	676	+ 9.5%
Onboard train services	343	+ 26.7%
Casinos	129	+127.8%
Other	144	+ 24.5%
<b>► TOTAL</b>	<b>5,623</b>	<b>+ 16.1%</b>

\* based on the same accounting methods

\*\* pro forma



## Analysis of 1998 consolidated sales

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Growth of existing activities	+ 8.0%
New business development	+ 9.4%
Asset sales	- 4.0%
Currency impact	- 0.1%
Change in accounting methods	+ 2.8%
	<hr/>
	<b>+16.1%</b>

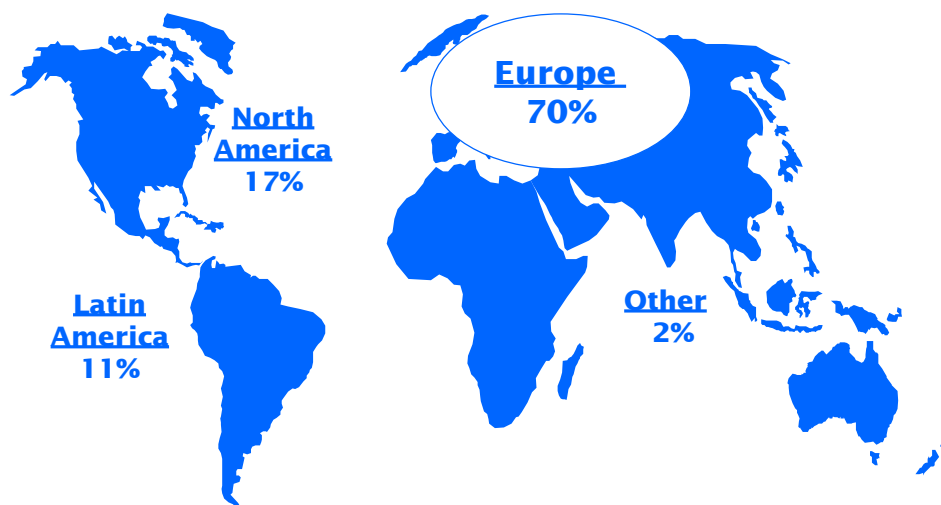
1998 Results - March 1999

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## Geographical breakdown of 1998 consolidated sales

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## EBIT : +22.7%

<i>(in millions)</i>	<i>1997 (€)</i>	<i>1998 (€)</i>	<i>1998 (FRF)</i>
<b>GOP</b>	<b>1,110</b>	<b>1,351</b>	<b>8,865</b>
<b>GOP / consolidated sales</b>	<b>22.9%</b>	<b>24.0%</b>	
<b>Rental expense</b>	<b>(283)</b>	<b>(402)</b>	<b>(2,639)</b>
<b>Depreciation expense</b>	<b>(304)</b>	<b>(307)</b>	<b>(2,011)</b>
<b>► EBIT</b>	<b>523</b>	<b>642</b>	<b>4,215</b>

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## Change in EBIT

<i>(in millions)</i>	<i>Change</i>	
	<i>(€)</i>	<i>(FRF)</i>
<b>Growth of existing activities</b>	<b>+82</b>	<b>+535</b>
<b>New business development</b>	<b>+35</b>	<b>+230</b>
Currency impact	- 2	- 13
Impact of hotel real estate sales	- 27	- 178
Asset sales	- 12	- 76
Integration of Europcar	+35	+231
Other	+8	+51
<b>► Change in EBIT</b>	<b>+119</b>	<b>+780</b>

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## Breakdown of EBIT by activity

<i>(in € millions)</i>	<i>1997</i>	<i>1998</i>	<i>Change</i>
<b>Business and leisure hotels</b>	<b>135</b>	<b>183</b>	<b>+48</b>
<b>Economy hotels</b>	<b>112</b>	<b>135</b>	<b>+23</b>
<b>Motel 6</b>	<b>162</b>	<b>145</b>	<b>-17*</b>
<b>Carlson Wagonlit Travel</b>	<b>16</b>	<b>9</b>	<b>- 7</b>
<b>Europcar</b>	<b>-</b>	<b>35</b>	<b>+35</b>
<b>Corporate Services</b>	<b>98</b>	<b>104</b>	<b>+6</b>
<b>Accor Casinos</b>	<b>11</b>	<b>19</b>	<b>+8</b>
<b>Other</b>	<b>(11)</b>	<b>12</b>	<b>+23</b>
<b>▶ Group total</b>	<b>523</b>	<b>642</b>	<b>+119</b>

\* including impact of hotel real estate sales for € 22 M

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## Total income from operations : +32.9%

<i>(in millions)</i>	<i>1997</i> <i>(€)</i>	<i>1998</i> <i>(€)</i>	<i>1998</i> <i>(FRF)</i>
<b>EBIT</b>	<b>523</b>	<b>642</b>	<b>4,215</b>
<b>Net financial expense</b>	<b>(163)</b>	<b>(158)</b>	<b>(1,036)</b>
<b>Associated companies</b>	<b>13</b>	<b>12</b>	<b>79</b>
<b>▶ Total income from operations</b>	<b>373</b>	<b>496</b>	<b>3,258</b>

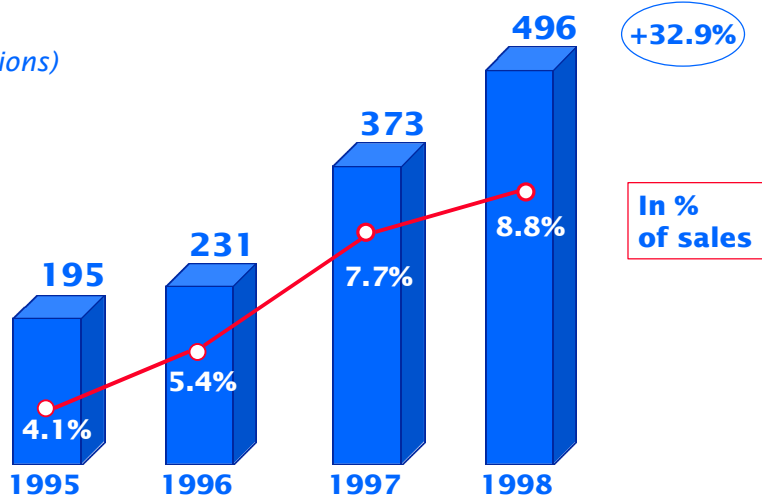
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## Total income from operations

(in € millions)



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## Current income : +28.5%

(in millions)

	1997 (€)	1998 (€)	1998 (FRF)
<b>Total inc. from operations</b>	<b>373</b>	<b>496</b>	<b>3,258</b>
<b>Result from management of hotel portfolio</b>	<b>1</b>	<b>(15)</b>	<b>(103)</b>
<b>► Current income</b>	<b>374</b>	<b>481</b>	<b>3,155</b>
<b>Net current income, Group share *</b>	<b>80%</b>	<b>84%</b>	

\* in % of net income before goodwill

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## Breakdown of result from management of hotel portfolio

<i>(in millions)</i>	1998 (€)	1998 (FRF)
<b>Capital gain on sale of hotel real estate (France)</b>	<b>20</b>	<b>128</b>
<b>Provisions and capital loss on asset sales (Formule 1, Motel 6)</b>	<b>(22)</b>	<b>(146)</b>
<b>Lease renegotiations in Germany</b>	<b>(8)</b>	<b>(49)</b>
<b>Other</b>	<b>(5)</b>	<b>(36)</b>
<b>► Result from management of hotel portfolio</b>	<b>(15)</b>	<b>(103)</b>

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## Net income, Group share : +29.4%

<i>(in millions)</i>	1997 (€)	1998 (€)	1998 (FRF)
<b>Current income</b>	<b>374</b>	<b>481</b>	<b>3,155</b>
<b>Result from management of other assets</b>	<b>11</b>	<b>21</b>	<b>135</b>
<b>Amortization of goodwill</b>	<b>(45)</b>	<b>(60)</b>	<b>(392)</b>
<b>Income taxes</b>	<b>(121)</b>	<b>(153)</b>	<b>(1,002)</b>
<b>Exceptional items (net of taxes)</b>	<b>41</b>	<b>37</b>	<b>247</b>
<b>Minority interests</b>	<b>(30)</b>	<b>(29)</b>	<b>(192)</b>
<b>► Net income, Group share</b>	<b>230</b>	<b>297</b>	<b>1,951</b>

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## Breakdown of result from management of other assets

<i>(in millions)</i>	1998 (€)	1998 (FRF)
Capital gain on sales of assets (Compass shares,...)	139	910
Year 2000 / Euro provisions	(39)	(258)
Reengineering provisions		
Travel Agencies / Onboard train services	(33)	(217)
Profit sharing	(14)	(93)
Provisions for risks *	(32)	(207)
▶ <b>Result from management of other assets</b>	<b>21</b>	<b>135</b>

\* for unitary amounts of less than € 8 million, all activities

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## Breakdown of exceptional items

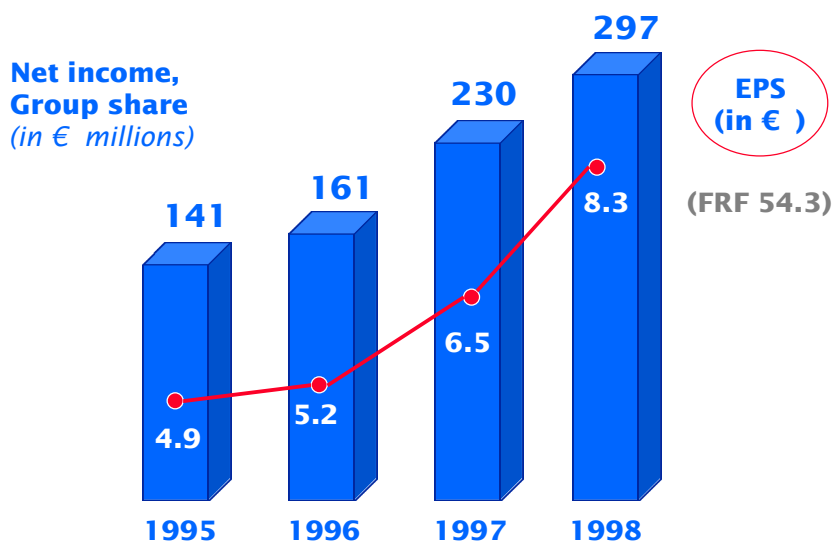
<i>(in millions)</i>	1998 (€)	1998 (FRF)
Capital gains on sales of assets :		
Hotelia	19	123
Spanish public restaurants	13	88
Capital gain on Brazilian catering	19	127
Provision for sales of Motel 6 real estate <i>(Last tranche - Resource reallocation)</i>	(14)	(91)
▶ <b>Exceptional items</b>	<b>37</b>	<b>247</b>

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## Earnings per share : +28.1%



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## Free cash flow : +18.5%

(in millions)

	1997 (€)	1998 (€)	1998 (FRF)
Cash flow from operations	601	696	4,567
Investment for renovation and modernization	(316)	(357)	(2,345)
► Free cash flow	285	339	2,222

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## Cash flow - main figures

<i>(in millions)</i>	1997 (€)	1998 (€)	1998 (FRF)
<b>Free cash flow</b>	<b>285</b>	<b>339</b>	<b>2,222</b>
<b>New capital expenditure</b>	<b>(715)</b>	<b>(731)</b>	<b>(4,793)</b>
<b>Asset disposals</b>	<b>729</b>	<b>1 438</b>	<b>9,432</b>
<b>Dividends</b>	<b>(156)</b>	<b>(210)</b>	<b>(1,374)</b>
<b>Other items</b>	<b>(109)</b>	<b>(30)</b>	<b>(201)</b>
<b>► Reduction in net indebtedness</b>	<b>34</b>	<b>806</b>	<b>5,286</b>

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## New capital expenditure

*(in € millions)*

<b>Business and leisure hotels</b>	<b>290</b>
<b>Economy hotels</b>	<b>110</b>
<b>Technological leap forward</b>	<b>51</b>
<b>Europcar</b>	<b>50</b>
<b>Accor Casinos</b>	<b>50</b>
<b>Onboard train services</b>	<b>42</b>
<b>Brazil</b>	<b>39</b>
<b>Other</b>	<b>99</b>
<b>► 1998 new capital expenditure</b>	<b>731</b>

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## 1998 asset disposals

(in € millions)

Motel 6 real estate	820
Compass shares	200
Other hotels real estate	114
Hotelia	82
Brazilian catering	79
Spanish public restaurants	30
Other	113
<b>▶ 1998 asset disposals</b>	<b>1,438</b>

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## Financial position

(in millions)

	(€)	(FRF)
Shareholders' equity	3,049	20,001
Net debt at Dec. 31, 1997	2,640	17,313
Reduction in net debt	(806)	(5,286)
<b>▶ Net debt at Dec. 31, 1998</b>	<b>1,834</b>	<b>12,027</b>
<b>▶ Gearing</b>	<b>60%</b>	
<b>▶ Interest cover</b>	<b>x 6</b>	

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## Return on capital employed (ROCE) of main divisions

	1997	1998
<b>Business and leisure hotels</b>	<b>11.4%</b>	<b>11.5% *</b>
<b>Economy hotels</b>	<b>13.1%</b>	<b>14.2%</b>
<b>Motel 6</b>	<b>9.3%</b>	<b>9.7%</b>
<b>Carlson Wagonlit Travel</b>	<b>7.7%</b>	<b>5.4%</b>
<b>Europcar</b>	<b>**</b>	<b>15.4%</b>
<b>Corporate Services</b>	<b>21.2%</b>	<b>21.3%</b>
<b>Restaurants</b>	<b>14.8%</b>	<b>15.8%</b>
<b>Onboard train services</b>	<b>2.4%</b>	<b>4.9%</b>
<b>Accor Casinos</b>	<b>16.3%</b>	<b>17.0%</b>
<b>► Group total</b>	<b>10.2%</b>	<b>11.2%</b>

\* 12.8% excluding Asia Pacific, integrated in 1998

\*\* accounted for by the equity method in 1997 ; 13.7% on a comparable basis

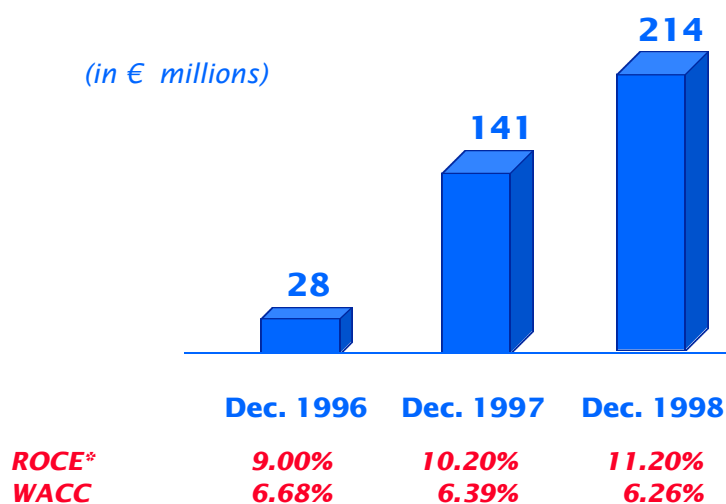
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## Value creation

(in € millions)



\* before taxes

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## Dividend : +14%

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	1997	1998	Var.
EPS (€ )	6.5	8.3	+28.1%
► Dividend (€ )	3.5	4.0 *	+14.0%
(FRF)	23	26.24	
Payout ratio	54%	48%	

\* proposed to May 27, 1999 AGM



## Activity through February, 1999



## Hotels : RevPAR structure

(cumulated as of February 28, 1999)

	Occupancy rate		Average room rate	RevPAR
	(in %)	(ch. in pts)	(ch. in %)	99/98 (ch. in %)
▶ <b>Business and leisure Europe</b>	53.5%	+0.2	+3.9%	+ 4.3%
▶ <b>Economy Europe</b>	63.1%	+2.8	+1.5%	+ 6.1%
▶ <b>Motel 6 (in \$)</b>	54.4%	+0.3	+5.7%	+ 6.3% *

\* +4.2% in FRF

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## Hotels : RevPAR by market

(cumulated as of February 28, 1999)

(in local currency)	Number of rooms	Occupancy rate		Average room rate	RevPAR
		(in %)	(ch.in pts)	(ch. in %)	99/98 (ch. in %)
▶ <b>France</b>	69,515	59.0%	+1.8	+ 2.5%	+ 5.7%
▶ <b>Germany</b>	21,193	58.4%	+3.8	- 0.3%	+ 6.7%
▶ <b>U.K.</b>	4,803	63.4%	- 3.3	+ 3.0%	- 2.1%
▶ <b>The Netherlands</b>	4,723	65.0%	- 0.7	+ 7.7%	+ 6.6%
▶ <b>Belgium</b>	4,325	55.5%	- 0.2	+ 6.6%	+ 6.1%
▶ <b>Italy</b>	2,907	55.3%	- 2.5	+ 3.9%	- 0.7%
▶ <b>Hungary</b>	2,467	34.3%	+4.0	+21.2%	+37.2%
▶ <b>USA Bus. hotels</b>	3,059	68.5%	+3.8	+ 8.3%	+14.7%

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## Travel agencies through February, 1999

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(in € millions)

▶ <b>Managed traffic</b>	<b>694</b>	<b>+11.3%</b>
▶ <b>Sales *</b>	<b>56</b>	<b>+13.6%</b>
of which - Europe	32	+11.9%
- USA	23	+15.1%

### *New management*

\* on a constant currency basis

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## Car rental through February, 1999

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▶ <b>Number of rental days (x000)</b>	<b>3,072</b>	<b>+20.5%</b>
▶ <b>Average daily rate (in €)</b>	<b>33.2</b>	<b>- 1.5%</b>
▶ <b>Sales (in € millions)</b>	<b>113.3</b>	<b>+19.9%</b>

### *Specific difficulties in UK second-hand car market*

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## Corporate services through February, 1999

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(in € millions)

▶ Volume of issuance (excl. Brazil)	618	+ 6.7%
of which - Europe	414	+ 9.0%
- Rest of Latin America	204	+ 2.5%
▶ Volume of issuance in Brazil	201	- 45.8%
		+3.5%
		<i>in Brazilian real</i>



## Strategic initiatives



## **Accor 2000 - Succeeding Together**

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- ▶ **Cohesion**
- ▶ **Profitability**
- ▶ **Competitiveness**
- ▶ **Growth**



## **Accor 2000 - Succeeding Together 1997 - 1998 achievements**

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- ▶ **Multibrand hotel organization**
- ▶ **Reorganization of salesforces**
  - **by market**
  - **a single Accor multibrand sales interface**
  - **18 international sales offices**
- ▶ **1,540 hotels « on line » at 1998 year end**
- ▶ **Purchasing :**
  - **for food, 80%-achieved**
  - **expansion to equipments and services**
  - **internationalization**



## Accor 2000 - Succeeding Together Pilot sites in 1998

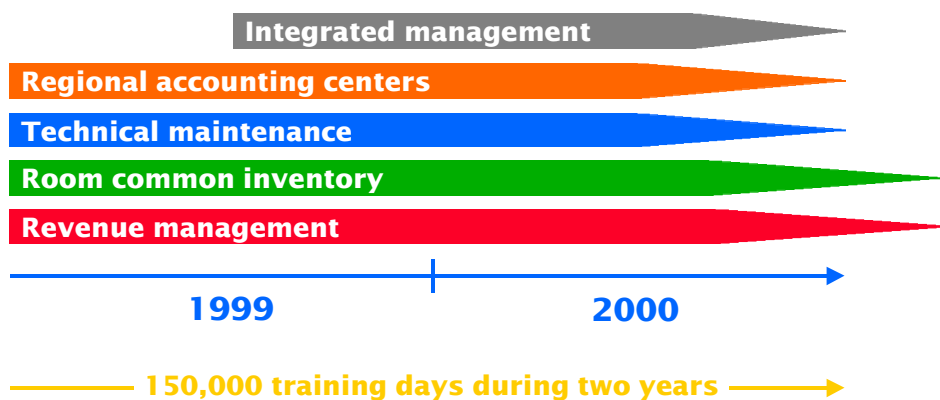
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- ▶ **Room common inventory : Strasbourg and Brussels**
- ▶ **Technical maintenance : Bordeaux**
- ▶ **Reorganization of back office (integrated management) :  
Saclay and Evry**



## Accor 2000 - Succeeding Together 1999 - 2000 deployments

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## Accor 2000 - Succeeding Together Accor comprehensive offering

- ▶ Synergies across activities (hotels, travel agencies, car rental)
- ▶ Partnerships (Air France, SNCF, American Express, Crédit Lyonnais, Danone, France Télécom, Cegetel,...)
- ▶ Loyalty programs : Carte Corporate and Carte Compliment
- ▶ Internet : communication and sales
- ▶ Advertising : launch of second worldwide campaign

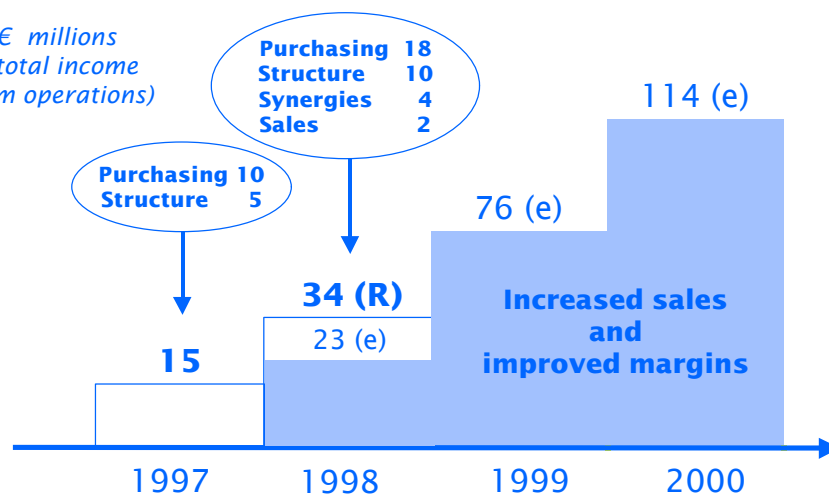
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## Accor 2000 - Succeeding Together Financial benefits

(in € millions  
on total income  
from operations)



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## Accor 2000 : Growth

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## Accor 2000 - Succeeding Together Energize growth

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- ▶ **Growth, driver of profitability :**
  - size of networks
  - economies of scale
- ▶ **Available financial resources :**
  - approximately € 3 billion over 3 years
  - within defined balance sheet ratios and profitability criteria

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## 2,646 hotels - 291,770 rooms as of December, 1998

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### Business and Leisure



113 hotels  
(20,695 rooms)



317 hotels  
(48,553 rooms)



387 hotels  
(44,926 rooms)



191 hotels\*  
(28,074 rooms)

\* included in Sofitel, Novotel and Mercure

### Economy



452 hotels  
(45,930 rooms)



179 hotels  
(13,347 rooms)



312 hotels  
(22,704 rooms)

### United States



782 hotels  
(84,926 rooms)

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## Accor 2000 - Succeeding Together Growth of hotel activities

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- ▶ **Short-term objective : strengthen european leadership (capital investments)**
- ▶ **Reinforce worldwide leadership in economy segment**
- ▶ **Long-term objective : growth in emerging markets following pace of economic development (10-12% of total investments)**
- ▶ **Long-term objective : gain worldwide leadership in upscale/midscale hotels**
- ▶ **Confirm identity and ambitions in leisure hotels**

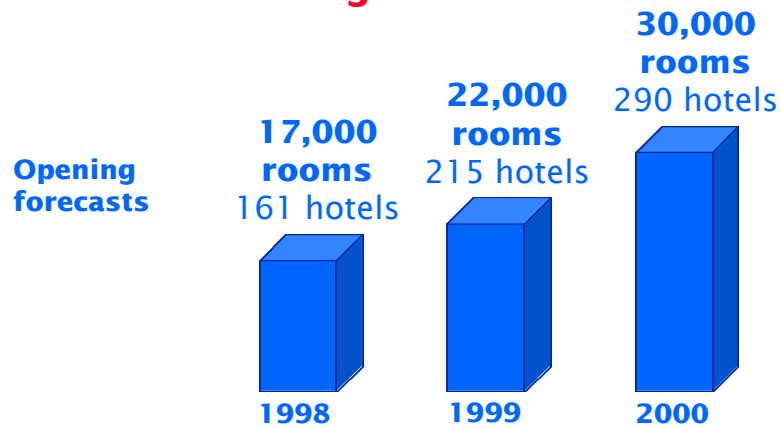
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## Accor 2000 - Succeeding Together Growth of hotel activities

### Accelerated growth



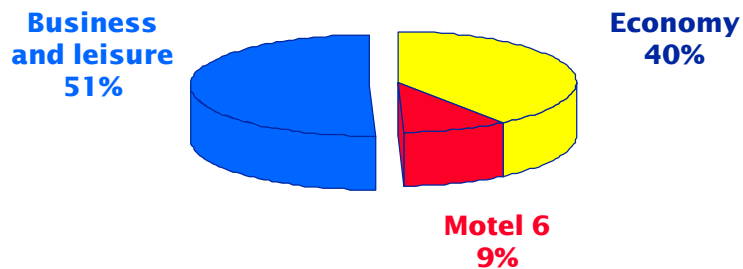
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## Accor 2000 - Succeeding Together Growth of hotel activities

### 457 hotels \* planned as of January, 1999



\* 55,111 rooms

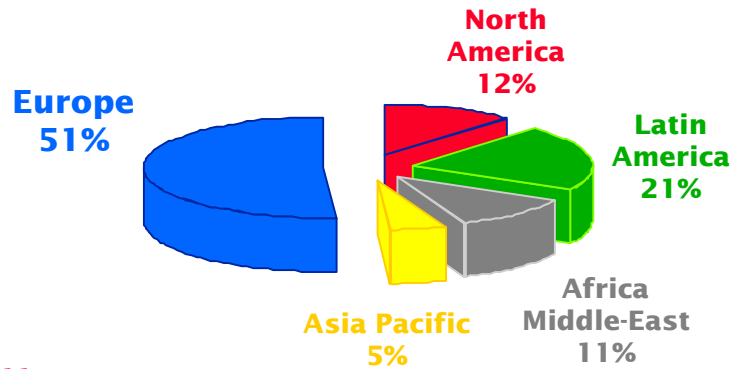
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## Accor 2000 - Succeeding Together Growth of hotel activities

457 hotels \* planned as of January, 1999



\* 55,111 rooms

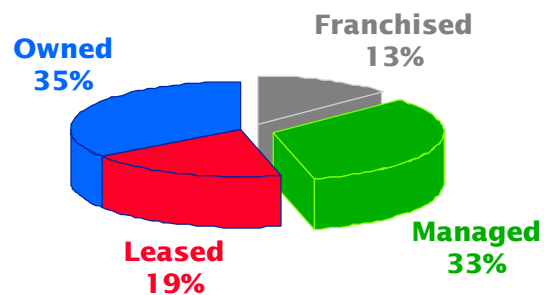
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## Accor 2000 - Succeeding Together Growth of hotel activities

457 hotels \* planned as of January, 1999



\* 55,111 rooms

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## **Accor 2000 - Succeeding Together Growth of casino activities**

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### **Accor Casinos**

- ▶ **12 casinos as of December, 1999**
- ▶ **Become one of the main actor in Europe**
- ▶ **Support and benefit from the worldwide hotel development**



## **Accor 2000 - Succeeding Together Growth of travel agency activities**

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- ▶ **Increase market shares in Europe, Asia and Latin America**
- ▶ **Achieve transformation of activity**
- ▶ **Emphasize synergies with Accor hotels and Europcar**
- ▶ **Improve profitability**



## **Accor 2000 - Succeeding Together Growth of car rental activities**

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**Europcar**

- ▶ **Become first european car rental company and develop a worldwide network**
- ▶ **With the support of its two shareholders, Accor and Volkswagen**
- ▶ **Reinforce synergies with Accor hotels and Carlson Wagonlit Travel**

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## **Accor 2000 - Succeeding Together Growth of corporate services activities**

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**ACCOR**  
CORPORATE SERVICES

- ▶ **Offer new services to businesses to improve their productivity and employee satisfaction**
- ▶ **In developed and emerging countries**
- ▶ **Change from paper vouchers to electronic cards**



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## European leader and global group



*Be the best place to work  
for its 120,000 employees*



*Offer the best services  
to its clients in 140 countries*

  
**ACCOR**



*Become the best return  
to its 65,000 shareholders*

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**ACCOR**

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