



1. 1998 first half results
2. Operating trends through September
3. Current sensitivities and opportunities  
1998 forecasts
4. Strategic initiatives underway

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## 1. 1998 first half results

### Key figures

*(in FF millions)*

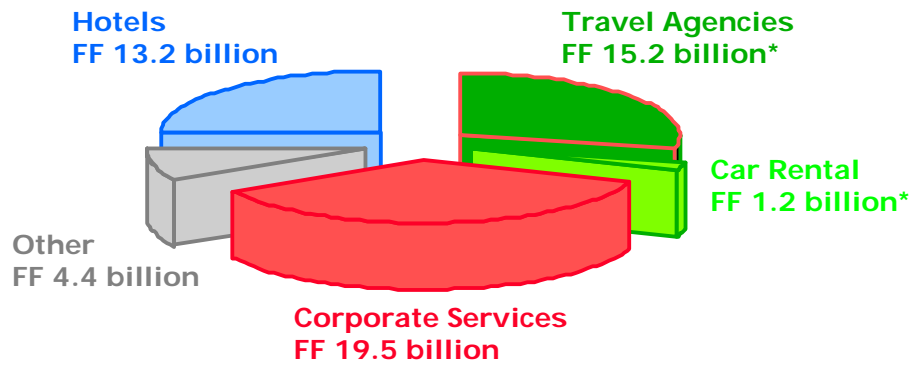
	<i>1998 first half</i>	<i>Change</i>
▶ Consolidated sales	17,929	+ 19.6%
▶ EBIT	1,908	+ 28.4%
▶ Total income from operations	1,397	+ 44.9%
▶ Net income, Group share	1,042	+127.5%
▶ « Net current income »	737	+ 65.2%

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### 1. 1998 first half results

**Activity volume : FF 53.5 billion (+11.6%)**



\* Accor share : 50%

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### 1. 1998 first half results

**Consolidated sales : FF 17.9 billion**

(in FF millions)	1997 first half	1998 first half	Change / published
Hotels	8,763	10,045	+14.6%
Travel Agencies	1,916	1,254	- 34.6% (1)
Car Rental	-	1,174	NS (2)
Corporate Services	1,016	1,162	+14.4%
Other activities	3,296	4,294	+30.3%
► <b>Group total</b>	<b>14,991</b>	<b>17,929</b>	<b>+19.6%</b>

(1) pro forma : +15.2%

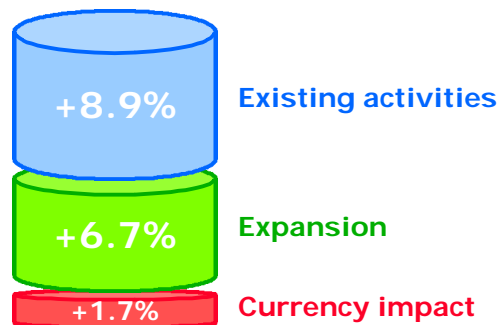
(2) pro forma : +23.6%

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1. 1998 first half results  
**Consolidated sales**

+17.3% based on comparable methods,  
of which :



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1. 1998 first half results  
**EBIT : +28.4%**

(in FF millions)

	1997 first half	1998 first half	Change
Business and Leisure Hotels	366	550	+184
Economy Hotels	316	382	+ 66
Motel 6	460	482	+ 22
Travel Agencies	52	27	(25)
Car Rental	-	62	+ 62
Corporate Services	290	299	+ 9
Restaurants, Casinos			
Railway onboard Services,...	2	106	+104
► Group total	1,486	1,908	+422

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### 1. 1998 first half results

## Total income from operations : +44.9%

(in FF millions)

	1997 first half	1998 first half	Change
EBIT	1,486	1,908	+422
Net financial expense	(543)	(536)	+ 7
Associated companies	21	25	+ 4
▶ Total income from operations	964	1,397	+433

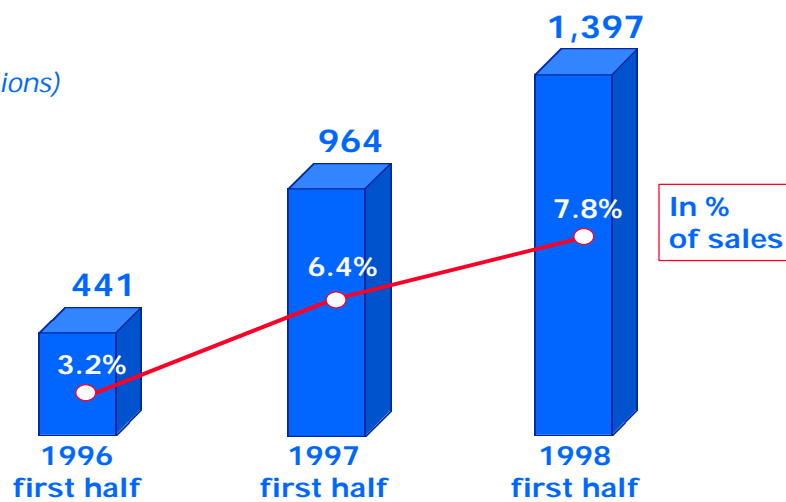
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### 1. 1998 first half results

## Total income from operations

(in FF millions)



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**1. 1998 first half results**  
**Current income : +43.9%**

<i>(in FF millions)</i>	<i>1997 first half</i>	<i>1998 first half</i>	<i>Change</i>
<b>Total income from op.</b>	<b>964</b>	<b>1,397</b>	<b>+433</b>
<b>Result from management of hotel portfolio</b>	<b>(77)</b>	<b>(121)</b>	<b>(44)</b>
<b>▶ Current income</b>	<b>887</b>	<b>1,276</b>	<b>+389</b>
<b>▶ « Net current income » <i>after tax and before goodwill</i></b>	<b>446</b>	<b>737</b>	<b>+291</b>

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**1. 1998 first half results**  
**Result from management of hotel portfolio**

<i>(in FF millions)</i>	<i>1998 first half</i>
<b>Capital gains on sale of hotel properties</b>	<b>40</b>
<b>Provisions for lease renegotiations (Germany)</b>	<b>(70)</b>
<b>Provisions for asset depreciation (France, U.S.)</b>	<b>(91)</b>
<b>▶ Result from management of hotel portfolio</b>	<b>(121)</b>

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### 1. 1998 first half results

## Net income

<i>(in FF millions)</i>	<i>1997 first half</i>	<i>1998 first half</i>	<i>Change</i>
<b>Current income</b>	<b>887</b>	<b>1,276</b>	<b>+389</b>
<b>Result from management of other assets</b>	<b>28</b>	<b>448</b>	<b>+420</b>
<b>Amortization of goodwill</b>	<b>(107)</b>	<b>(194)</b>	<b>(87)</b>
<b>Income taxes</b>	<b>(299)</b>	<b>(409)</b>	<b>(110)</b>
<b>Exceptional items (net of taxes)</b>	<b>39</b>	<b>7</b>	<b>(32)</b>
<b>Minority interests</b>	<b>(90)</b>	<b>(86)</b>	<b>+ 4</b>
<b>▶ Net income, Group share</b>	<b>458</b>	<b>1,042</b>	<b>+584</b>

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### 1. 1998 first half results

## Result from management of other assets

<i>(in FF millions)</i>	<i>1998 first half</i>
<b>Capital gains on sale of securities</b>	<b>909</b>
<b>Provision for transition to Euro and Year 2000</b>	<b>(175)</b>
<b>Provisions for risks*</b>	<b>(286)</b>
<b>▶ Result from management of other assets</b>	<b>448</b>

\* no individual provision exceeds FF 50 million (all businesses)

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## 1. 1998 first half results Exceptional items

(in FF millions)

1998 first half

Capital gain on sale of Hotelia	101
Motel 6 : additional resource reallocation	(94)
▶ Exceptional items (net of taxes)	<u>7</u>

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## 1. 1998 first half results Cash flow

(in FF millions)

1997 first half      1998 first half      Change

Cash flow from operations	1,812	2,007	+195
Investment for renovation and modernization	<u>(1,019)</u>	<u>(993)</u>	<u>+ 26</u>
▶ Free cash flow	793	1,014	+221

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**1. 1998 first half results**  
**New capital investments**

<i>(in FF millions)</i>	<i>1998 first half</i>
Hotels	857
Casinos	280
Services onboard trains	250
Car Rental	200
Investments in information technology (Hotels, Travel Agencies)	153
Miscellaneous	241
▶ Total	<u>1 981</u>

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**1. 1998 first half results**  
**Asset sales**

<i>(in FF millions)</i>	<i>1998 first half</i>
Motel 6 real estate	5,609
Participation in Compass	1,314
Hotelia	421
Hotel real estate in Europe	338
Other	230
▶ Total	<u>7,912</u>

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## 1. 1998 first half results

### Cash flow

Main figures

<i>(in FF millions)</i>	<i>1997 first half</i>	<i>1998 first half</i>	<i>Change</i>
Free cash flow	793	1,014	+ 221
New capital investments	(2,108)	(1,981)	+ 127
Asset sales	2,882	7,912	+5,030
Other items (working capital, dividends,...)	(1,679)	(1,576)	+ 103
▶ Reduction in net debt	(112)	5,369	+5,481

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## 1. 1998 first half results

### Financial position

*(in FF millions)*

Net debt at 1997 year end	17,313
Reduction in net debt	(5,369)
▶ Net debt at June 30, 1998	11,944
▶ Gearing	0.61
▶ Interest cover	5.34

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**1. 1998 half year results**  
**Return on capital employed**  
**(ROCE)**

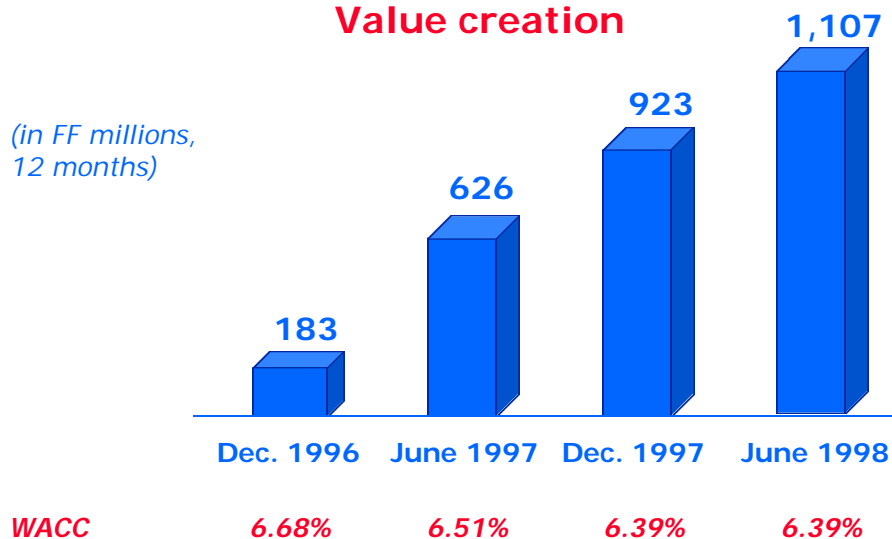
	<i>June</i> <i>1997</i>	<i>June</i> <i>1998</i>
<b>Hotels</b>		
Business and Leisure	10.5%	11.6%
Economy	12.5%	13.6%
Motel 6	8.9%	9.3%
<b>Travel Agencies</b>	8.1%	7.1%
<b>Car Rental</b>	NC	16.9%
<b>Corporate Services</b>	19.2%	20.0%
<b>Services onboard trains</b>	3.0%	4.2%
<b>Restaurants</b>	13.0%	14.8%
<b>Casinos</b>	15.3%	16.9%
<b>▶ Group total</b>	<b>9.7%</b>	<b>10.6%</b>

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**1. 1998 first half results**  
**Value creation**

*(in FF millions,  
12 months)*



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## 2. Operating trends through September 1998

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### 2. As of September, 1998 Evolution of RevPAR

	<i>1998 first half</i>	<i>1998 Third quarter</i>	<i>Sept. 1998 year to date</i>
▶ <b>Business and Leisure Eur.</b>	+12.3%	+11.8%	+12.2%
▶ <b>Economy Europe</b>	+ 7.1%	+ 5.9%	+ 6.6%
▶ <b>Motel 6 (in \$)</b>	+ 5.0%	+ 7.1%	+ 5.9%

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## 2. As of September, 1998

### RevPAR structure

(year to date)

	Occupancy rate		Average room rate	RevPAR 98/97
	(in %)	(ch. in pts)	(ch. in %)	(ch. in %)
▶ <b>Business and Leisure Europe</b>	66.4%	+1.9	+9.0%	+12.2%
▶ <b>Economy Europe</b>	74.5%	+2.0	+3.7%	+ 6.6%
▶ <b>Motel 6 (in \$)</b>	66.5%	- 0.4	+6.4%	+ 5.9%

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## 2. As of September, 1998

### Hotels by market

(in local currency)	Nb rooms	Occupancy rate		Average room rate	RevPAR 98/97
		(in %)	(ch. en pts)	(ch. in %)	(ch. in %)
▶ <b>France</b>	70,041	71.0%	+1.7	+10.8%	+13.5%
▶ <b>Germany</b>	21,128	64.9%	+1.7	- 1.2%	+ 1.4%
▶ <b>U.K.</b>	4,624	76.4%	+1.8	+ 6.5%	+ 9.0%
▶ <b>Belgium</b>	4,310	71.4%	+5.9	+ 6.4%	+16.0%
▶ <b>The Netherlands</b>	4,030	81.9%	+4.2	+10.4%	+16.4%
▶ <b>Italy</b>	2,843	64.2%	+3.5	+ 5.1%	+11.0%
▶ <b>Hungary</b>	2,856	65.9%	- 1.6	+20.1%	+17.3%
▶ <b>USA Business Hot.</b>	4,805	70.2%	- 2.8	+12.1%	+ 7.8%

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## Estimated impact of Soccer World Cup on consolidated sales

**FF 250 million**

70% of total impact in the first half



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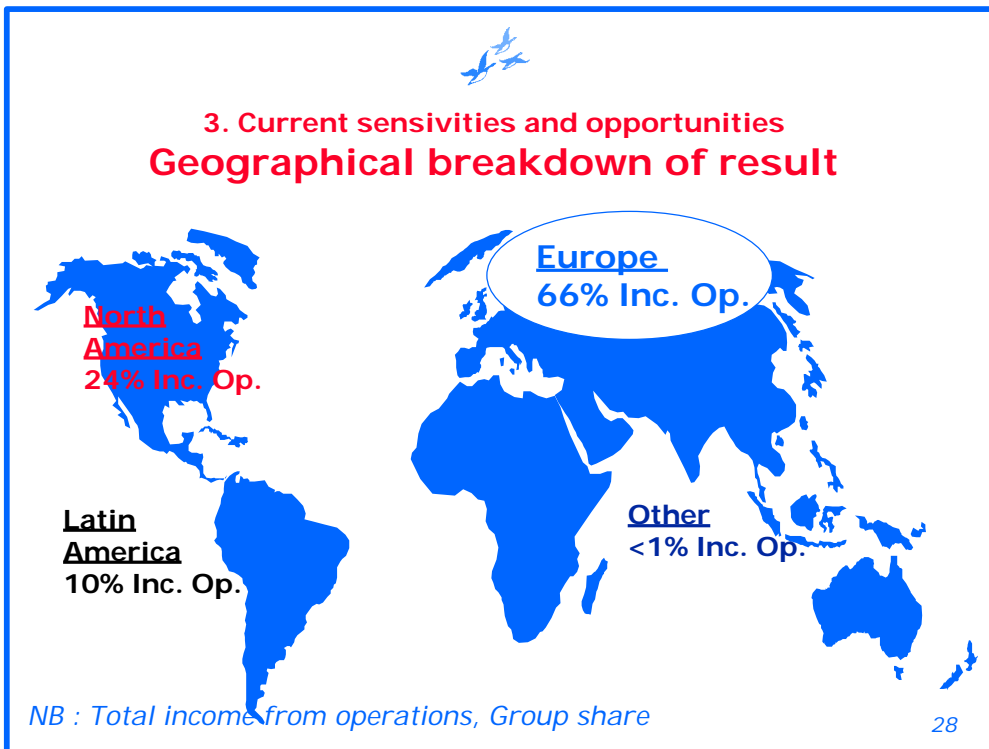
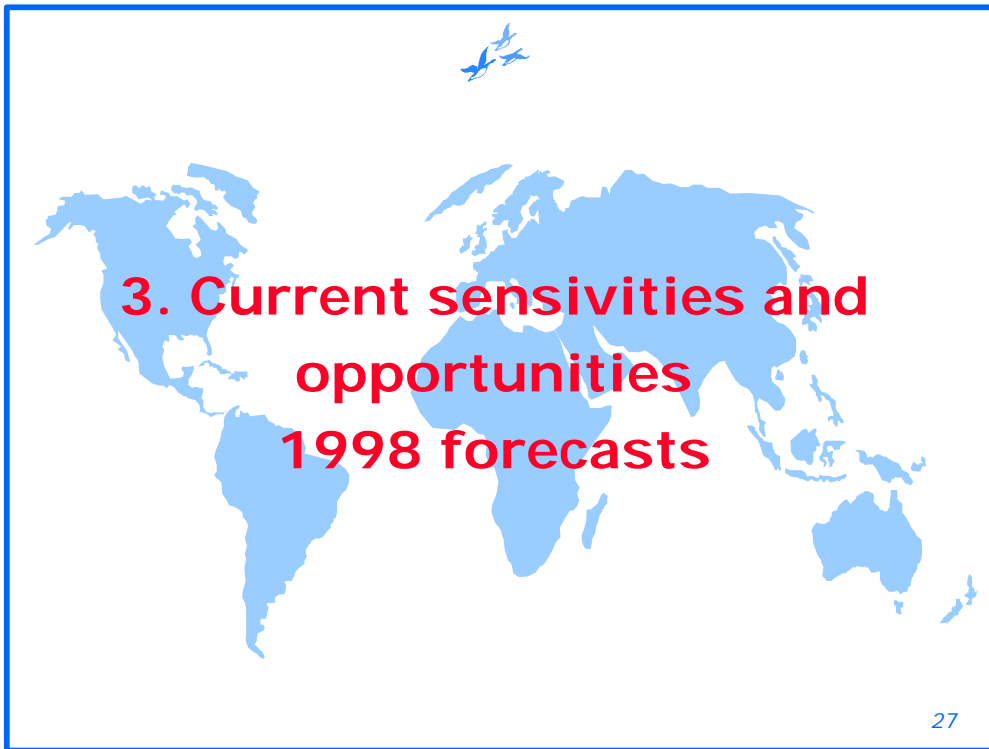
## 2. As of September, 1998

### Other businesses (estimated)

	1998 first half	1998 third quarter	Sept. 1998 year to date
▶ <b>Travel Agencies</b> (sales)	+15.2%	+10.8%	+13.0%
▶ <b>Car Rental</b> (sales)	+23.6%	+17.6%	+21.2%
▶ <b>Corporate Services</b> (vol. issued)	+13.9%	+ 6.0%*	+11.3%

\* +11.1% excluding currency impact

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### 3. Current sensitivities and opportunities

## Limited sensitivity to currency fluctuations on total income from operations

*Estimated Impact  
sept.-dec.98*

▶ \$	FF 26 million
▶ \$ zone	FF 20 million
▶ £	FF 8 million

- \$ zone : Brazil + Mexico + Argentina + Venezuela + Canada  
- based on an average currency exchange rate of \$ 1 = FF 5.35  
and £ 1 = FF 9

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### 3. Current sensitivities and opportunities

## Motel 6

- ▶ **Product :**
  - Three-fourths of network totally renovated at 1998 year end ; sharp improvement in customer satisfaction surveys
  - Strongest brand image in its category
  - Promising launch of franchising programs (67 units by 1998 year end)
- ▶ **Environment :**
  - One-third of network on West Coast, where market conditions are favorable
  - Diminishing risk of oversupply
- ▶ **Finance :** lower capital employed and long-term leases under favorable terms

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### 3. Current sensitivities and opportunities

## Asia Pacific

- ▶ **Hotel portfolio :**
  - Well-balanced between Asia (70 hotels) and Pacific (64 hotels)
  - Under management contracts
  - Less than 2% of Accor total assets
- ▶ **Activity and results :**
  - Occupancy rate, September year to date :
    - Asia : 47.5% (-8.7 points)
    - Pacific : 70.2% (-2.0 points)
  - Estimated 1998 total income from operations for Asia Pacific : zero (vs FF 50 million profit forecast as of 1997 year end)
- ▶ **Opportunistic business development :**
  - Strengthen leadership positions
  - Open flagship hotels in key metropolitan centers : Hong Kong, Singapore, Beijing, New Delhi, Camberra, ...
  - Resume growth through partnerships in China, India and Japan

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### 3. Current sensitivities and opportunities

## Brazil

- ▶ **Accor Brazil, unchallenged leader in Corporate Services, with a 22-year expertise**
- ▶ **70% of total income from operations generated by Service Vouchers**
- ▶ **Impact of a possible 10% devaluation of the Real on Accor 's net income, Group share : FF 15 to 20 million on a full-year basis ...**
- ▶ **... without taking into account the positive impact on activity**

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### 3. 1998 forecasts

- ▶ **Consolidated sales :**  
approximately **FF 37 billion** vs FF 31.8 billion in 1997
- ▶ **Total income from operations :**  
**FF 3.1 - 3.2 billion** vs FF 2.4 billion in 1997
- ▶ **Net income, Group share :**  
approximately **FF 1.9 billion** vs FF 1.5 billion in 1997

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### 4. Strategic initiatives underway



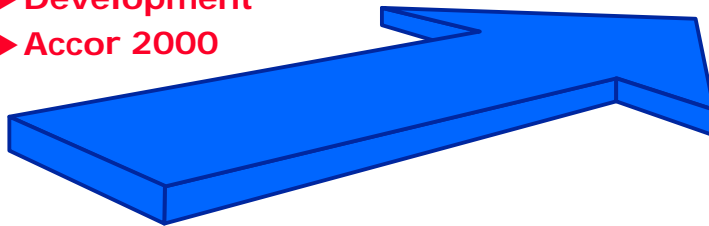
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#### 4. Strategic initiatives underway

**3 key strategic priorities :**

- ▶ Resource reallocation
- ▶ Development
- ▶ Accor 2000



**Customer satisfaction**

**Employee motivation**

**Shareholder value**

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#### 4. Strategic initiatives underway

### Resource reallocation

**Asset disposals through September, 1998**

**FF 8.6 billion**  
*chiefly hotel properties*

**Business developments through September, 1998**

- ▶ 129 new hotels
- ▶ 3 new casinos
- ▶ Car Rental : acquisition of British Car Rental, and Trade Car AS in Norway
- ▶ Corporate Services : openings Romania, Chili,...
- ▶ Travel Agencies : expansion in Eastern Europe

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#### 4. Strategic initiatives underway

### Resource reallocation

#### Impact on hotel portfolio breakdown

(2,635 hotels as of September, 1998)

939 hotels

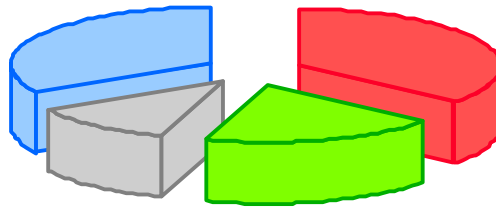
**Owned**

33% of total rooms

871 hotels

**Leased**

36% of total rooms



447 hotels

**Franchised**

12% of total rooms

378 hotels

**Managed**

19% of total rooms

37



#### 4. Strategic initiatives underway

### Medium-term targets

#### Hotels

- ▶ Increase supply by 10% per year and achieve worldwide leadership
- ▶ In Europe : building federating network (France, Italy, Spain, Benelux, U.K. ...)
- ▶ In emerging markets : acquisition opportunities, using various financing formulas (Central Europe, Africa, Asia, Latin America)
- ▶ In the U.S. : Motel 6 franchise program and development of Sofitel in the main gateways

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**4. Strategic initiatives underway**  
**Medium-term targets**  
Other businesses

- ▶ **Travel Agencies** : reengineering and mutation of the business
- ▶ **Car Rental** : #1 in Europe and develop a worldwide position
- ▶ **Corporate Services** : enhance global leadership with new countries and new products

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**4. Strategic initiatives underway**  
**Accor 2000**  
1998 achievements

- ▶ **Sales organization** :
  - Domestic sales forces have been merged
  - 18 international sales desks established
  - Customer segmentation by market
- ▶ **Shared inventories** : prototype in Strasbourg, tests in Brussels
- ▶ **« Technological leap forward »** : 1,500 hotels hooked up by 1998 year end (100 per month)
- ▶ **Group purchasing** : 80% of purchases in France and 70% internationally through referenced suppliers
- ▶ **Training** : 20,000 training sessions

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#### 4. Strategic initiatives underway

### Accor 2000

#### 1999 and 2000 projects

- ▶ Back office reengineering in all business areas
- ▶ State-of-the-art reservation setup : shared inventories and yield management
- ▶ Transformation of « Travel Agencies » : large-scale business centers and new information systems
- ▶ Pursue initiatives underway : training, technical maintenance, restaurants, loyalty programs, workflow, synergies,...

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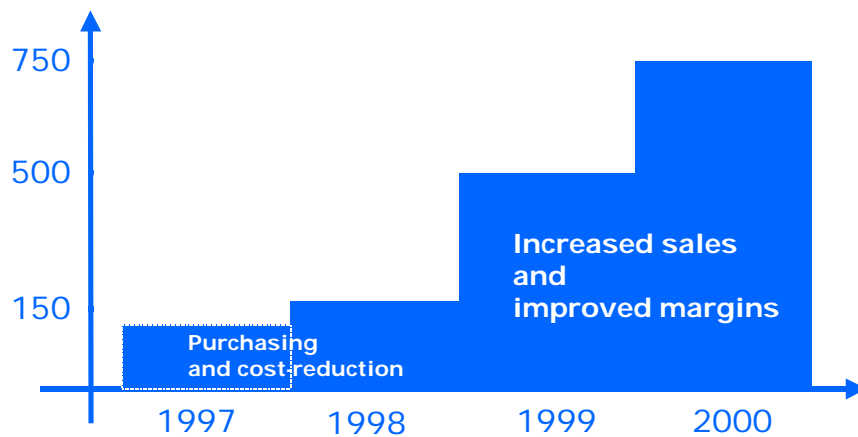


#### 4. Strategic initiatives underway

### Accor 2000

#### 1998: in line with initial financial targets

(in FF millions)



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#### 4. Strategic initiatives underway

### Accor 2000

#### A motivating project

*On June 5, 1998, Accor 's Workers Council ...*

*« ... approved the strategy implemented by the Management Board to achieve the Group 's objectives :*

- increased customer satisfaction*
- professional fulfillment of all employees*
- improved shareholder value*

*The Council also approves the initiatives carried out to implement this strategy through the Accor 2000 Group project ...*

*... and notes with satisfaction that significant resources are devoted to employee training as part of the Accor 2000 project. »*

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**Winning galaxy**

**in the universe of travel, tourism and**

**business services**

**ACCOR**