



1999 first half results

- . Accelerated business development
- . Total income from operations up 12.5%
- . Net current income, Group share, up 26.7%

<i>(in € millions)</i>	<i>June 1998</i>	<i>June 1999</i>	<i>Change</i>
Consolidated sales	2,733	2,854	+4.4%
Gross operating profit	626	683	+9.2%
<i>GOP / sales</i>	<i>22.9%</i>	<i>23.9%</i>	<i>+ 1 pt</i>
Total income from operations	213	239	+12.5%
Net current income, Group share *	112	142	+26.7%
Net income, Group share	159	155	-2.7%
ROCE	10.6%	11.2%	+0.6 pt

* excluding capital gains on the management of non hotel assets

Development

Accor stepped up the pace of its business development in the first half of 1999. In the first eight months of the year, a total of **563 new hotels** - representing 61,000 rooms - were added to the Accor network.

As a result, Accor strengthened its position as the world's leading hotel operator. The Group also rose **from fifth to third place worldwide** in terms of number of hotels - 3,170 units with 348,515 rooms - irrespective of their type of management.

After the Red Roof Inns acquisition in the US in July, Accor considerably reinforced its **economy hotel portfolio** - which accounts for 60% of the total - thereby meeting the needs of a new, rapidly growing customer base, particularly in Europe and emerging markets. Service vouchers, offered by **Accor Corporate Services**, also pursued their diversification and global expansion.

Deployment of Accor 2000

Productivity continued to improve through optimization of purchasing and marketing synergies across Group businesses, notably between travel agencies and hotels.

The pace of **technological change** accelerated, with 1,850 hotels linked to the Accortel telecommunications network.

Accor's **development and sales teams** now constitute a unique force worldwide compared to its competitors.

The second phase of the Accor 2000 Group project encompasses the development of a **new global reservation system, e-commerce, and integrated management**.

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Sales rose by 4.4% over the first half 1998 level. Excluding currency fluctuations and disposals, sales have increased by 12.7%.

Productivity gains resulted in a 1 percentage point increase in **gross operating margin**.

Total income from operations increased by 12.5%. Total income from operations, as a percentage of sales, rose from 7.8% in the first half of 1998 to 8.4% in the first half of 1999.

Net current income, Group share, excluding capital gains on the management of non-hotel assets, after taxes and minority interests, rose by 27%, while **net income, Group share**, was virtually unchanged, reflecting lower gains on the sale of Compass shares compared to the first half of 1998.

Reflecting the sharp increase in new business investments, the Group's **debt-to-equity ratio** stood at 78% at the end of the first half and should reach 95% at year end.

Return on capital employed (ROCE) rose to 11.2%, 60 basis points higher than in the first half of 1998. Based on the Group's weighted average cost of capital (WACC) of 6.16%, the **value created by Accor** in the first half amounted to € 237 million.

Activity as of August, 1999

In **hotel activities**, revenue per available room (RevPAR) rose by 2% in European business and leisure hotels (up 5% excluding the impact of the Soccer World Cup). RevPAR in the European economy segment increased by 6.7%. In the US, RevPAR at Red Roof Inns and Motel 6 rose by 1.7% and 6.3%, respectively.

Issuance volume of **service vouchers** outside of Brazil rose by 10.8%. In Brazil, issuance volume rose by 2% in local currency terms.

Traffic at **Carlson Wagonlit Travel** increased by 8.2%.

Europcar revenues jumped 17.8% in the first eight months of the year, over the comparable 1998 period.

Full year 1999 forecasts

Based on information to date, forecasts for full year 1999 are as follows:

Sales: up 8% to € 6 billion

Total income from operations: up 15% to € 570 million

Net income, Group share: approximately up 10% to € 325 / € 330 million.

The Group will continue to expand its hotel portfolio, with the addition of approximately 700 hotels for the full year.

Half year consolidated accounts are available upon request.

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