



Paris – September 6, 2006

Press Release

2006 Interim Results and Strategic Review of the Group's Businesses

Strong Growth in First-Half 2006 Results

- Profit before tax of €282 million, up 36.7%
- Net profit, Group share of €241 million, up 54.3%
- Earnings per share of €1.06, up 47.2%
- Full-year profit before tax objective of €680-700 million, up 20%

<i>(in € millions)</i>	H1-2005 pro forma*	H1-2006	% Change
Revenue	3,404	3,690	+8.4%
EBITDAR**	864	969	+12.1%
Operating profit before tax and non-recurring items	206	282	+36.7%
Net profit, Group share	156	241	+54.3%

*In accordance with IFRS, Carlson Wagonlit Travel's net profit in 2005 and 2006 has been recognized below profit before tax and non-recurring items, in "profit or loss from discontinued operations."

**Earnings before interest, taxes, depreciation, amortization and rental expense.

Consolidated **revenue** rose by a reported 8.4% in the first six months of 2006. At constant scope of consolidation and exchange rates, the like-for-like increase was 6.0%, reflecting the strong performance by all the businesses and by every operating region.

EBITDAR amounted to €969 million, up 12.1% compared with first-half 2005, and represented 26.2% of revenue, compared with 25.4% a year earlier. The 0.8-point improvement (1.0 point like-for-like) was led by the strong growth in the Group's two core businesses. EBITDAR margin in the Hotels business increased by 1.1-point like-for-like, reflecting the highly significant margin improvement in the upscale and midscale segments in Europe outside France (+2.0 pts L/L) and in the US economy segment (+2.5 pts L/L). The Services business reported an EBITDAR margin of 40.6% for the first-half, a 1.8-point like-for-like increase that confirmed the business' robust performance in all its markets.

Operating profit before tax and non-recurring items rose by a sharp 36.7% to €282 million for the half.



Net profit, Group share increased by 54.3% to €241 million, including a €129 million capital gain on the sale of 68 hotels to Foncière des Murs during the period. As with the first transaction carried out in June 2005, the sale was designed to reduce earnings volatility by making use of variable leases based on a percentage of revenues with no guaranteed minimum.

As a result, **earnings per share** rose 47.2% to €1.06 from €0.72 in first-half 2005, based on the weighted average 228,278,721 shares outstanding during the period.

Net debt amounted to €1,248 million at June 30, 2006. Cash flow for the period included in particular **€92 million in proceeds from the disposal of assets** resulting from the strategy of refocusing on two core businesses, Hotels and Services, and the commitment to actively managing the hotel property portfolio. Equity was reduced by **€62 million during the period through the cancellation of 5,714,500 Accor SA shares** acquired under the share buyback program launched in May to enable shareholders to benefit from the Group's positive outlook.

The main **financial ratios** improved over the period, reflecting the Group's strengthened financial situation. Gearing stood at 31% at June 30, 2006. The ratio of adjusted funds from operations to adjusted net debt¹ rose to **18.5%** from 15.5% a year earlier, while the return on capital employed² steadily improved, rising to 11.0% from 10.3% at June 30, 2005.

Outlook for 2006

July and August RevPAR was up an aggregate **10.4%** in upscale and midscale hotels in Europe, **6.3%** in economy hotels in Europe and **3.6%** in US economy hotels. Over the same two months, Services revenue was up **15.6%** like-for-like.

The Group's 50% interest in Carlson Wagonlit Travel was sold **in August** for **€365 million**.

As of September 6, the share buyback program had been completed up to 80%, with the total impact on net debt and equity amounting to €407 million. The Group intends to complete the entire €500 million program by the end of the year.

For the full year, the Group's objective is to achieve operating income before tax and non-recurring items of €680 million to €700 million, an increase of more than 20% from the €569 million reported on a pro forma basis in 2005.

¹ Adjusted funds from operations correspond to cash flows from operating activities before non-recurring items and change in working capital. The ratio of adjusted funds from operations to adjusted net debt is calculated according to a method used by the main ratings agencies, with net debt adjusted for the 8% discounting of future minimum lease payments and funds from operations adjusted for the interest expense on these payments.

² EBITDA expressed as a percentage of fixed assets at cost plus working capital.



Strategic Review of the Group

A Group refocused on its two growth businesses Services and Hotels

FURTHER DIVESTMENT of non-strategic investments, totaling more than €500 million in 2007-2008

SERVICES

- “Ticket” positioned as an umbrella brand
- To sustain organic growth of 8% to 16% a year
- €500 million in expansion investments by 2010

HOTELS

- Creation of a new brand for non-standardized economy hotels in Europe
- Repositioning of Sofitel hotels
- Relaunch of the Formule 1, Ibis and Novotel brands
- Strategic review of Red Roof Inn
- Stepped up property disposals, totaling more than €3.2 billion* by 2008
- Launch of three key business projects in Europe
- Confirmed opening of 200,000 rooms representing an investment of €2.5 billion by 2010

**Of which €1.6 billion in cash and €1.6 billion in off-balance sheet commitments.*

The Board of Directors approved the in-depth strategic review conducted by the Executive Committee. The Group refocuses on its two core businesses, Hotels and Services, while pursuing the divestments of non-strategic assets.

In the **SERVICES** business, Accor’s ambition is to enhance its global market leadership with highly innovative voucher products under the “Ticket” umbrella brand.

Organic growth will be led by **four main drivers**: increasing the penetration rate, extending the product lines, deploying products outside their original countries and entering new countries. In this way, the Services business could achieve organic growth (excluding acquisitions and the currency effect) of 8% to 16% a year.

Acquisitions represent another important driver of future development in Services. **Accor is therefore planning to spend €500 million** over the next five years to enable the business to acquire market share or expertise, thereby potentially driving an additional 5% growth per year.

In the **HOTELS** business, Accor’s ambition is to be on the five continents the leader in economy and midscale hotels and a major player in the upper upscale segment by promoting its expertise and adapting its operating structures.

In this way, Accor intends to **revitalize its brand portfolio** by taking a new marketing approach. **A new brand for non-standardized economy hotels** will be created in Europe and offered to independent franchisees beginning in 2007 in France. In the upper upscale segment, **the Sofitel brand will be repositioned**, while in the midscale and economy segments, **the Formule 1, Ibis and Novotel brands will be relaunched** with new innovation and design.



In the United States, a strategic review of Red Roof Inn is being conducted.

Accor is also accelerating the **program to divest its hotel property assets**. After selling 261 hotels in 18 months for more than €1.6 billion (of which €725 million in cash), the Group will implement a program to sell 535 properties that is expected to raise another **€3.2 billion** by 2008 (including more than €1.6 billion in cash).

In Europe, an assertive action plan is underway to implement **three key business projects** designed to improve the profitability of both the hotel units, in particular in the two core European markets of France and Germany, and of the corporate support functions. These projects are expected **to improve profit before tax by more than €60 million** by 2008.

To support its expansion, the worldwide operating organization will be structured around **eight expertise and excellence platforms**, creating a unique system of shared expertise essential to the faster implementation of the management contracts and franchise strategy.

Accor confirms that **200,000 new rooms will be opened from 2006 to 2010**, including 51% in the economy segment and 34% in the midscale. More than two-thirds of them will be opened under management or franchise contracts. The expansion plan is focused on emerging markets in the Middle East, in Latin America and in the "BRICs" (Brazil, Russia, India and China which represent 50% of openings). It represents an investment of €2.5 billion between 2006 and 2010, with a targeted 15% ROCE. Half of the investments will be committed in Europe and 44% in emerging markets.

Accor is continuing to **divest its non-strategic investments**. **More than €600 million** in assets have already been sold, including the stakes in Compass and Club Méditerranée in the first half and the interest in Carlson Wagonlit Travel in August. Further divestments, **totaling more than €500 million**, are scheduled for 2007-2008. Proceeds from these divestments will be returned to shareholders.

The cash from property disposals will first be used to invest in new projects. Any remaining excess cash may be returned to shareholders, as long as this enables the Group to maintain its BBB credit rating.

Contacts

Armelle Volkringer

Vice President, Corporate Communications
and External Relations

Phone: +33 (0)1 45 38 84 85

Arnaud Leblin

Chief Media Relations Officer

Phone: +33 (0)1 45 38 84 85

Eliane Rouyer

Senior Vice President, Investor Relations
and Financial Communication

Phone: +33 (0)1 45 38 86 26

Anthony Pallier

Investor Relations

Phone: +33 (0)1 45 38 86 33

For further information about Accor, visit www.accor.com