

Strong Earnings Growth in First-Half 2007

Dynamic Implementation of the Strategic Plan

A Promising 2007 Outlook

New €500 million share buyback program

- **Operating Profit Before Tax** and Non Recurring Items up 34% to €379 million
- **Net profit, Group share** : €596 million compared to €241 million as of June 2006
- **Full-year target for Operating Profit Before Tax** and Non Recurring Items :
€870-890 million

The Board of Directors met on August 28, 2007 under the chairmanship of Serge Weinberg and approved the financial statements for the six months ended June 30, 2007.

| <i>(in € millions)</i> | H1 2006 | H1 2007 | Change Reported | Change L/L⁽¹⁾ |
|---|----------------|----------------|------------------------|---------------------------------|
| Revenue | 3,690 | 4,015 | +8.8% | +6.1% |
| EBITDAR | 969 | 1,095 | +13.0% | +10.2% |
| <i>EBITDAR margin</i> | 26.3% | 27.3% | +1.0 pts | +1.0 pts |
| Operating Profit Before Tax and Non Recurring Items | 282 | 379 | +34.4% | +31.5% |
| Net profit, Group share | 241 | 596 | +147.6% | |

(1) L/L: Like-for-like (excluding changes in scope of consolidation and exchange rates)

Consolidated **Revenue** rose by a reported 8.8% to €4,015 million in the first six months of 2007. At constant scope of consolidation and exchange rates, the like-for-like increase was 6.1%, reflecting the ongoing favorable environment in the Services and Hotel businesses.

EBITDAR amounted to €1,095 million, up 10.2% (L/L) compared with first-half 2006. The Hotel division's new business model, the upturn in the hotel cycle in Europe – leading to a sharper rise in average room rates – and sustained activity levels in the Services business drove a 1.0-point improvement in EBITDAR margin to 27.3% of revenue in first-half 2007. EBITDAR margin in the Hotel business increased by a like-for-like 0.7 points in the Upscale and Midscale segment, 1.5 points in European Economy Hotels and 1.6 points in US Economy Hotels. The Services business reported an EBITDAR margin of 41.9% for the period, a 2.4-point like-for-like increase that attested to the business' robust performance in its markets.

Operating Profit Before Tax and Non Recurring Items was 31.5%, higher like-for-like, at €379 million in first-half 2007.

Net profit, Group share amounted to €596 million, up 147.6% over the year-earlier period. The total includes €311 million in capital gains on property disposals mainly in the United Kingdom, in Germany and the Netherlands. It also includes the €204 million gain on the sale of Go Voyages and the €173 million impairment charge recorded on Red Roof Inns, pending disposal of this business, to be completed in the second half 2007.

Earnings per share rose by 150.9% to **€2.66** from €1.06 in first-half 2006, based on the weighted average 224 million shares outstanding during the period. **Earnings per share before non recurring items, net of tax**, came to €1.15, up 32.2% compared to first-half 2006.

Net debt amounted to €928 million at June 30, 2007, after taking into account €676 million in **development expenditure** compared to €164 million in first-half 2006, of which €211 million for the Kadéos acquisition and €186 million for the acquisition of control of Dorint, and the €953 million proceeds from **asset disposals**, corresponding mainly to the sale of Go Voyages under the non-strategic assets disposal policy (€280 million) and property disposals under the asset management strategy (€560 million). **Dividends** paid in first-half 2007 amounted to €678 million (versus €267 million in the year-earlier period), including a special dividend of €1.50 per share for a total payout of €336 million. In addition, equity was reduced by €398 million during the period through the share buyback program (representing €492 million at June 30, 2007). The €700 million program had been completed as of the end of August.

The main **Financial Ratios** improved significantly, reflecting the Group's robust financial position. Gearing stood at 25.0% at June 30, 2007, the ratio of adjusted funds from operations to adjusted net debt¹ came to 23.6%, up 1.4 points compared to the end of December 2006, while the Return On Capital Employed² continued to improve, rising to 12.8% from 11.0% at June 30, 2006.

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

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

Dynamic Implementation of the Strategic Plan

- **Continuing expansion of the Hotels and Services businesses**

The Group opened 13,825 rooms in first-half 2007, in line with the 200,000-room development program covering the period 2006 to 2010. The new rooms are in the economy segment for 46%, 52% are in emerging markets and 83% concern hotels operated under management or franchise contracts. Another 83,000 rooms were in the pipeline as of end-August .

In March, Accor Services announced the acquisition of Kadéos in France for €211 million. This acquisition positions Accor Services as the leader in the French gift card and voucher market.

- **Launch of three hotel brands**

The worldwide launch of **Sofitel's** new positioning is scheduled for October 2007. The brand is being repositioned in the international luxury hotel segment, as illustrated by the 400-room Sofitel Wanda Beijing hotel with its "Pré Lenôtre" restaurant that was opened on August 18.

As part of the repositioning of the luxury and upscale brands, the Group is reviving the **Pullman** name to create a new upscale brand. The Pullman name enjoys a heritage that is closely associated with travel and the new brand will target primarily business travelers. The Pullman hotels will be located in the world's major cities and will offer all the facilities required to hold large-scale seminars and international conventions. The brand will be rapidly rolled out worldwide through management and franchise contracts, with potentially 300 hotels by 2015. In the first phase of the rollout, 45 Sofitel and Grand Mercure units in 23 countries will be converted to the Pullman brand.

In the non-standardized economy hotel segment, Accor has decided to broaden its offer by launching the **All Seasons** brand. Fourteen existing hotels under Accor brands are scheduled to be rebranded under the All Seasons name by June 2008 and so far thirty-one franchise agreements are committed. The new brand will potentially represent a total of 10,000 rooms by 2010, through the rebranding of existing hotels and through franchise contracts.

- **Further divestments of non-strategic businesses**

In April, under the non-strategic assets disposal policy, the Group announced the sale of **Red Roof Inns** to a consortium comprised of Global Special Situations Group and Westbridge Hospitality Fund, L.P. for \$1.32 billion. The transaction is scheduled for completion in September 2007.

In August, Accor announced the sale of its **Italian institutional catering business** to Barclays Private Equity for €135 million. The transaction completion date is expected to be in October 2007.

- **Ongoing program of property disposals**

In first-half 2007, Accor pursued its asset-right strategy adapted to the risk-reward profile of each market segment and region.

From 2005 to the end of June 2007, Accor realized more than €3.2 billion through the disposals of its property assets (459 hotels) of which €1.3 billion in first half 2007 (155 hotels) and another €1.9 billion (350 hotels) is expected to be generated in the period from July 2007 to December 2008. Over the 2008-2009 period, the Group is planning to change the operating structures of an additional 550 hotels. In all, more than 1,300 hotels will have been restructured by the end of 2009.

- **Optimized balance sheet**

- Debt refinanced with new €2 billion syndicated line of credit

In July, as part of its debt refinancing process, Accor obtained a €2 billion confirmed line of credit from a group of leading banks. The five-year facility, which is renewable for two one-year periods, was arranged on significantly improved financial terms. The transaction has lengthened the average maturity of Accor's financing, thereby enhancing its financial flexibility.

- New share buyback program

Considering the currently weak financial markets, the share issue from the conversion of Colony bonds last July and the confidence of the Group in its ability to successfully implement its strategic plan, **Accor has decided to implement a new €500-million share buyback program.** This plan follows the €500-million program completed in 2006 and the €700-million program completed at the end of August 2007.

Outlook for 2007

- **Business activity in July 2007**

In July, like-for-like RevPAR rose 8.4% in the Upscale and Midscale segment and 7.8% in the Economy segment in Europe. It declined 0.4% in the Economy segment in the US. Activity levels in France were particularly satisfactory, with RevPAR up 15% in the Upscale and Midscale segment and 8.6% in the Economy segment.

Services revenue for the month was up 12% like-for-like.

- **2007 earnings objective**

Over the full year, the Group is aiming to report an **Operating Profit Before Tax and Non Recurring Items** of around **€870 million to €890 million** (excluding the financial impact of the new share buyback program). This target reflects the Group's confidence that activity levels will remain good in the second half, takes into account marketing expenses related to the launch of the new hotel brands and the disposal of Go Voyages (deconsolidated in April 2007), Red Roof Inns (deconsolidated in September 2007) and the Italian Institutional Catering business (deconsolidated in October 2007).

Next meetings

- *October 16, 2007: Third quarter revenue release*
- *October 22 and 23, 2007: Investor Days "Accor Hospitality, the new business model"*

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