



## 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>
<b>Total income from operations</b>	<b>213</b>	<b>239</b>	<b>+12.5%</b>
<b>Net current income, Group share *</b>	<b>112</b>	<b>142</b>	<b>+26.7%</b>
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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