

Press Release

Paris – March 7, 2007

Strong Growth in 2006 Results

Net Profit Up By More Than 50%

A Group With High Growth Potential

- Operating profit before tax and non recurring items up 28% to €727 million
- Net profit Group share up 51% to €501 million
- Earnings per share up 44% to €2.23
- Ordinary dividend up 26% to €1.45

- Sustained refocusing on the two core businesses, Services and Hotels
- Optimization of the financial structure through:
 - €700 million in share buybacks
 - A €320 million special dividend, of €1.50 per share
 ⇒ for a total of €1 billion in 2007

The Board of Directors met on March 6, 2007 under the chairmanship of Serge Weinberg and approved the financial statements for the year ended December 31, 2006.

<i>(in € millions)</i>	2005 Adjusted (1)	2006	% Change reported	% Change L/L (2)
Revenue	7,136	7,607	+6.6%	+6.7%
EBITDAR	1,906	2,084	+9.4%	+9.7%
EBITDAR margin	26.7%	27.4%	+0.7 pts	+0.8 pts
Operating profit before tax and non-recurring items	569	727	+27.7%	+28.7%
Net profit attributable to shareholders	333	501	+50.7%	

(1) 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."

(2) Like-for-like (excluding changes in scope of consolidation and exchange rates)

Consolidated revenue rose by a reported 6.6% in 2006. At constant scope of consolidation and exchange rates, the like-for-like increase was 6.7%, reflecting strong growth in the Group's two core businesses, Services and Hotels. This solid performance, the strongest revenue growth since 1998, was achieved in a positive environment for the Services business and benefited from an upturn in the hotel cycle in Europe, particularly in France in the fourth quarter.

Consolidated **EBITDAR** improved by 9.7% to €2,084 million, representing a record 27.4% of revenue. The 0.8-point like-for-like improvement in margin was generated by both the Services and the Hotels businesses. EBITDAR margin in the Hotels business widened by 0.7 points like-for-like, reflecting higher margins in the Upscale and Midscale segment (up 0.4 points like-for-like), in European Economy Hotels (up 0.6 points) and in US Economy Hotels (up 1.7 points).

The Services business reported an EBITDAR margin of 40.8%, a 1.0-point like-for-like improvement that confirmed the business' excellent performance in all its markets.

Operating profit before tax and non-recurring items rose by **28.7% like-for-like to €727 million**.

Capital gain on asset disposals increased by €89 million, compared to 2005. After impairment losses and restructuring costs, increase in income tax expense, profit from discontinued operations (CWT), **net profit attributable to shareholders** amounted to **€501 million, up 50.7%** for the year.

Net profit attributable to shareholders amounted to **€501 million, up 50.7%** for the year.

Earnings per share rose 43.9% to **€2.23** from €1.55 in 2005, based 225 million shares (weighted average shares during the year).

At the Combined Annual and Extraordinary Shareholders' Meeting on May 14, shareholders will be asked to approve an **ordinary dividend** of **€1.45**, up 26.1% compared with the dividend paid in respect to 2005. The dividend will be paid on May 16. It corresponds to 63% of operating profit net of tax before non-recurring items¹, compared with 66% in 2005. The payout ratio is expected to gradually trend towards 50% over the next four years, while pursuing annual growth dividend.

Net debt stood at €469 million at December 31, 2006. Cash flow for the period included **€1,459 million in proceeds from asset disposal** resulting from the strategy of refocusing on the Services and Hotels businesses (€759 million) and from the hotel asset management strategy (€700 million). Equity was reduced by **€500 million during the year through the cancellation of 10.3 million Accor SA shares** acquired, at an average price of €46.92, under the share buyback program launched in May.

The main **financial ratios** improved significantly, reflecting a solid financial situation. Gearing stood at 11.3% at December 31, 2006. The ratio of funds from operations before non-recurring items to adjusted net debt² improved by **5.4 points over the year, to 22.2% at December 31, 2006**. Return on capital employed² rose to a record 11.9% at year-end, compared with 10.7% at December 31, 2005.

Sustained refocusing on the two core businesses, Services and Hotels

Accor continues to refocus on its two core businesses. In 2006, the Group divested its stakes in Compass and in Carlson Wagonlit Travel, as well as a portion of its Club Méditerranée shares. Accor is gradually completing its **non-strategic asset disposal program**, in particular with the divestment of Go Voyages for €281 million in February.

In all, **€1 billion in disposals non-strategic equity investments have been completed over the past 15 months**.

¹ Operating profit net of tax before non-recurring items = Operating profit before tax and recurring items, less operating tax, less minority interests.

² 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 the interest expense on these payments.

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

Optimizing the financial structure

After paying out €500 million to shareholders in 2006, the Board of Directors will ask the Combined Annual and Extraordinary Meeting to approve a share buyback program of **€700 million**, and a **€320 million special dividend of €1.50 per share**, for an aggregate total of **€1 billion**.

Early 2007 trends

January and February RevPAR was up **13.2%** in Upscale and Midscale Hotels in Europe, **8.4%** in Economy Hotels in Europe and **2.0%** in US Economy Hotels.
Over the same two months, Services revenue was up **14.5%** like-for-like.

This strong growth in business is in line with fourth-quarter 2006 trends in both the Services and the Hotels businesses.

A Group With High Growth Potential

A New Hotels Business Model

A brand strategy

- 2006: Renewed visibility for the Novotel and Ibis brands
- 2007: Launch of the All Seasons non-standardized economy hotel brand
Repositioning of Sofitel

Ownership structures adapted to each segment and region

- €3.2 billion in property assets sold from 2005 to February 2007
- €1.9 billion in assets scheduled to be sold between March 2007 and December 2008

High growth potential in both core businesses

€3 billion capital investment plan well underway for 2006-2010

Services: a €500 million acquisitions plan, of which €100 million invested in 2006

Hospitality: a €2.5 billion expansion plan to open 200,000 rooms

- 22,000 rooms opened in 2006
- 77,000 rooms already in the pipeline, of which 30,000 will open in 2007

Beyond the investment plan, two important acquisitions in Services, that meet the Group's profitability criteria

- Acquisition of 50% of Accor Brazil (Services) for €154 million
- Acquisition of Kadéos, a gift card company, for €210 million in early 2007

A New Hotels Business Model

The Group is continuing to evolve towards a new business model, based on a brand strategy and ownership structures adapted to each segment and region.

A brand strategy

The brand strategy is based on renewing brand visibility, as illustrated by the pan-European advertising campaigns launched in 2006 for the **Novotel** and **Ibis** brands.

In 2007, the new **All Seasons** non-standardized economy chain will be launched, with locations in city centers and centers of activities. Simplicity, quality, friendliness and interactivity will epitomize the guest experience in the chain, which is designed to extend Accor's offering in the economy segment. Initially introduced in France, the new brand will be developed across Europe, primarily through franchising and the rebranding of existing units, with the potential to open 10,000 rooms by 2010. Already, 19 franchise contracts have been signed and 12 Accor-owned hotels will be rebranded.

Sofitel is now positioned in the international luxury hospitality segment, combining the "French Touch" and the latest trends—a repositioning that is reflected in the chain's new visual identity. By capitalizing on this concept, the current Sofitel portfolio of 200 hotels will be refined into an aligned base of 120 properties (excluding development), located in the world's leading capitals and premium resorts destinations.

Operating structures adapted to each segment and region

The Group is applying an "Asset Right" strategy to adapt operating structures to the risk-reward profile of each segment and region, and thereby generate major gains on disposals.

From 2005 to the end of February 2007, Accor has realized more than €3.2 billion through the management of its property assets (433 hotels) and expects to generate another €1.9 billion (376 hotels) from March 2007 until December 2008. Over the 2008-2009 period, the Group is planning to change the operating structures of an additional 550 hotels. In all, 80% of the hotel base will have been restructured by the end of 2009.

Now focused on hotel management, Accor will improve return on capital employed and reduce cash flow volatility through the use of variable leases and management contracts.

High Growth Potential in Both Core Businesses

A €3 billion capital investment plan well underway for 2006-2010, with a targeted ROI of more than 15%

Services: a €500 million acquisitions plan

In 2006, a total of €94 million in acquisitions were carried out:

- In human resources, with the purchase of **Commuter Check** in the United States and **Serial** in Italy.
- In marketing services, with acquisitions in India and Germany, primarily in gift vouchers.

Hospitality: a 200,000-room expansion plan for €2.5 billion invested

Nearly 22,000 rooms were opened in 2006, in line with the plan to add 200,000 new rooms by 2010. Most of these rooms were opened in emerging markets (more than 60%), in midscale and economy hotels (86%), and under management or franchise contracts (90%).

Another 77,000 rooms are already in the pipeline. Revitalizing the brands, forging top-tier partnerships with property professionals and hiring new business developers will also drive faster execution of the expansion plan.

Accor plans to invest €2.5 billion, of which €1.2 billion in Europe and €1.1 billion in emerging markets, with a targeted return on investment of 15% by 2010.

Beyond the capital investment plan, two important acquisitions in Services

In late 2006, Accor strengthened its position in Brazil by acquiring 50% of Accor Brazil for €197 million, of which €154 million was related to Services.

At the beginning of the week, Accor Services became the leader in gift cards and vouchers in France by acquiring Kadéos from the PPR Group for €210 million. The acquisition has strengthened Accor's positions in a market that is experiencing very fast growth in both the corporate and consumer segments in France and the rest of Europe.

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