



**1997 net income up 42% to FF 1.5 billion
« Accor 2000 » Group project to pick up speed in 1998**

<i>(in FF millions)</i>	<i>1996</i>	<i>1997</i>	<i>Change</i>
Consolidated sales	28,305	31,780	+12%
Total income from operations	1,515	2,451	+62%
Net income, Group share	1,058	1,508	+42%
Earnings per share (FF)	34.20	42.40	+24%
Cash flow from operations	2,654	3,945	+49%

Sharp improvement in performance and profitability

- Consolidated sales rose by 12.3% or 8.1% on a constant currency basis.
- Total income from operations jumped by 62% to FF 2,451 million.
- Consolidated net income rose by FF 450 million up 42%.
- Cash flow from operations rose by nearly 50%. Free cash flow (after capital expenditures on existing assets) doubled.
- Return on capital employed increased by 1.2 percentage points to 10.2%.

Resumed expansion ...

- Expansion investments rose to FF 4,693 million, funding acquisition and construction of new hotels, full control of the Pannonia chain in Eastern Europe, expansion into casinos, and the take-over offer for minority interests in Accor Asia Pacific, the leading hotel network in the region.

... thanks to active resource reallocation strategy

- In line with the strategy initiated earlier in the year, the Group disposed of assets worth FF 4,782 million in 1997, dedicated to expansion.
- These disposals generated capital gains of FF 1,608 million during the year. Conversely, exceptional items include provisions of FF 1,356 million, primarily related to hotel properties held for disposal. The Group will continue to operate these properties under lease contracts.

Accor 2000

- Accor pursued the implementation of its Accor 2000 Group project at a rapid pace. In 1997, multi-brand organization was set up in hotel activities. Over 1,000 Accor people are working on 30 strategic initiatives. In 1998, priorities will include unification of hotel marketing and sales capabilities, optimization of Group purchasing, development and information technologies (60% of hotels wired by year end 1998), reengineering at

Europcar and Carlson Wagonlit Travel. The entire project will involve the training of 20,000 Accor associates.

- Accor is stepping up the pace of its expansion – 200 new hotel openings are planned in 1998, along with penetration of three new countries in service vouchers and the strengthening of the Europcar network in the world.

First quarter 1998

- Overall activity continued at a healthy clip in the first quarter of 1998.
- The Group's resource reallocation program saw further developments, with total asset sales of FF 3.3 billion in the first three months of the year.

Dividend up

A dividend of FF 23.00 per share (FF 34.50 including Avoir Fiscal tax credit), representing a 15% increase over the 1996 level, will be proposed to the June 9, 1998, Shareholders' Meeting. The dividend will be payable as of June 15, 1998.

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