

## Press Release – Quarterly Report

Paris – April 20, 2010

# First-quarter 2010 revenue up 3.1% as reported and 0.6% like-for-like

Initial encouraging trends observed in late fourth-quarter 2009 remain in effect:

- Prepaid Services revenue down 0.4% like-for-like, reflecting a 3.8% increase in operating revenue and a 29.5% decline in financial revenue.
- Revenue from Hotels and Other Businesses up 0.8% like-for-like, of which a 1.6% gain for Hotels, with signs of improvement, especially in occupancy rates, which rose in Upscale and Midscale hotels and stabilized in the Economy segment in Europe.

Accor's consolidated revenue totaled €1,666 million for the first three months of 2010. This represented an increase of 3.1% as reported and 0.6% at comparable scope of consolidation and exchange rates (like-for-like).

(in € millions)	Q1 2009	Q1 2010	% change as reported	% change like-for-like <sup>(1)</sup>
<b>Hotels and Other Businesses</b>	<b>1,396</b>	<b>1,439</b>	<b>+3.1%</b>	<b>+0.8%</b>
Upscale and Midscale	686	717	+4.4%	+2.8%
Economy	359	385	+7.2%	+2.7%
US Economy Hotels	137	118	-14.0%	-7.5%
<b>Hotels sub-total</b>	<b>1,182</b>	<b>1,219</b>	<b>+3.1%</b>	<b>+1.6%</b>
Other businesses	213	219	+2.9%	-3.6%
<b>Prepaid Services</b>	<b>221</b>	<b>227</b>	<b>+2.9%</b>	<b>-0.4%</b>
Operating revenue	193	208	+7.7%	+3.8%
Financial revenue	28	19	-31.0%	-29.5%
<b>Total</b>	<b>1,616</b>	<b>1,666</b>	<b>+3.1%</b>	<b>+0.6%</b>

(1) At constant scope of consolidation and exchange rates.

First-quarter 2010 revenue reflected the impact of:

- The first signs of improvement in Hotel key performance indicators, in particular in occupancy rates.
- The ongoing deployment of the asset-right strategy in Hotels and the loss of contracts in the onboard train service business, especially in France and Spain, which reduced revenue by an aggregate €66 million, or 4.1%.
- The expansion strategy, which increased revenue by €79 million, adding 4.9% to reported growth. This gain was led by the opening of 4,900 rooms during the quarter and the €48 million impact of consolidating 49% of Groupe Lucien Barrière's revenue since July 1, 2009 (compared with 30% previously).
- A positive 1.7% currency effect that increased revenue by €27 million, owing in particular to the decline in the euro against the Australian dollar and the Brazilian real, which offset the impact of the 50% devaluation of the Venezuelan bolivar and the rise in the euro against the US dollar.
- **At constant scope of consolidation and exchange rates, the like-for-like increase was 0.6% for the quarter.**

## Prepaid Services: Down 0.4% Like-for-Like

Revenue from the Prepaid Services business stood at €227 million, up 2.9% as reported, reflecting the following factors:

- The currency effect, which reduced revenue by 0.8% overall, of which a negative 6.4% from the Venezuelan bolivar and a positive 4.3% from the Brazilian real.
- **Like-for-like**, revenue was down a slight 0.4%. Operating revenue trended up more sharply, rising by 3.8% compared with an increase of 0.2% in fourth-quarter 2009, while financial revenue continued its steep decline, falling by 29.5% after a 31.1% drop in the previous quarter.

### Prepaid Services in Europe: down 1.7% like-for-like

Prepaid Services issue volume in Europe rose by 4.8% like-for-like in Q1 2010

Due to the continuing high unemployment and low interest rates in the region, however, revenue eased back a slight 1.7% like-for-like (versus a 2.2% decline in fourth-quarter 2009), with a 1.6% increase in operating revenue and a 23.4% fall in financial revenue.

In **France**, issue volume rose 4.7% like-for-like. Operating revenue increased by 4.2% while financial revenue retreated 27.9%, resulting in a slight 1.0% like-for-like decline in total revenue.

The employee and public benefits segment performed well, led by sustained demand for the Ticket CESU human services voucher. The Ticket Restaurant and Ticket CESU vouchers saw like-for-like increases of 6.3% in issue volume and 8.2% in operating revenue.

The more cyclical gift voucher business experienced a like-for-like decline in both issue volume (down 3.0%) and operating revenue (down 1.5%).

In **Belgium**, issue volume increased by a robust 19.0% like-for-like. Revenue rose by 16.5% like-for-like, despite a 4.5% decline in financial revenue. The employee and public benefits segment contributed to the strong gains, due in particular to firm demand for the new EcoCheque voucher introduced in June 2009.

**In Italy**, in a tough economic environment (higher unemployment and business failures responsible for a negative impact of 6.6% on issue volume), revenue declined by 3.7% despite a slight 0.9% like-for-like increase in issue volume.

### **Prepaid Services in Latin America: up 3.0% like-for-like**

In Latin America, issue volume rose by a substantial 10.6% like-for-like during the quarter.

Revenue was up 3.0% like-for-like (versus a 5.2% decline in fourth-quarter 2009), including a 9.1% increase in operating revenue and a 38.7% drop in financial revenue. The strong growth in operating revenue was driven both by the region's favorable economic environment during the period, which led to the creation of a large number of jobs, especially in Brazil, and by the business' effective marketing performance.

**In Brazil**, like-for-like revenue was up 3.9% (including a 7.6% rise in operating revenue and a 32.0% decline in financial revenue), led by strong 9.0% growth in issue volume, of which 9.8% related to meal and grocery vouchers. The Ticket Car gasoline voucher also contributed to this solid performance with a 3.9% like-for-like increase in issue volume.

Revenue in **Hispanic Latin America**, which continued to be negatively impacted by the elimination of tax incentives in Argentina, increased by 2.0% like-for-like with a 10.8% rise in operating revenue and a 42.9% drop in financial revenue. (Excluding Argentina, Hispanic Latin America saw like-for-like increases of 16.7% in issue volume and 16.5% in operating revenue. The unfavorable basis of comparison due to Argentina will end in August 2010.)

**In conclusion**, business in Europe continued to feel the adverse effects of higher unemployment, although these were mitigated by the creation or deployment of new products, such as the EcoCheque voucher in Belgium and the CESU voucher in France.

Business in emerging markets, on the other hand, benefited from highly positive trends, led by an increase in the number of people in work and excellent marketing performances, especially in Brazil.

Financial revenue was again sharply impacted by lower interest rates. The basis of comparison should gradually improve from late in the second quarter.

The Services business presents a number of very positive medium-term growth drivers, in emerging countries as in developed markets.

### **Hotels and Other Businesses: Up 0.8% Like-for-Like**

In the first quarter of 2010, revenue from the Hotels and Other Businesses increased for the first time since third-quarter 2008, gaining 3.1% year-on-year to €1,439 million as reported. This figure takes into account:

- The negative 5.3% impact of the disposal of hotel units as part of the asset-right strategy and the loss of onboard train service contracts.
- The positive 5.5% impact of the Group's expansion strategy, which added €77 million through the opening of 4,900 rooms and the consolidation of 49% of Groupe Lucien Barrière's revenue since July 1, 2009 (representing €48 million for the quarter).
- The 2.0% positive currency effect.

- **Like-for-like, revenue rose by 0.8% over the period, of which 1.6% for the Hotels business alone.** The calendar effect was marginal, because in most European countries, spring vacation was in April both this year and last, albeit three days earlier in Germany this year.

**NOTE:** Since January 1, 2010, the hospitality industry has been affected by several changes in VAT legislation. In Germany, the VAT rate on lodging was reduced from 19% to 7%, while in the United Kingdom, the general VAT rate was increased by 2.5 points from 15% to 17.5%. This has had an impact on RevPAR figures, which include VAT (revenue is stated net of VAT).

### **Upscale and Midscale Hotels: up 2.8% like-for-like**

Revenue in the Upscale and Midscale segment rose 4.4% as reported in the first quarter.

This positive trend observed since late 2009 remained in place over the period. After showing signs of stabilization in December, occupancy rates have generally returned to growth, while average room rates are leveling out, lifting RevPAR in most countries.

The first-quarter improvement in **France** fed through to a 2.4% increase in revenue, year-on-year and like-for-like, and a slight 0.5% gain in RevPAR, led by the 1.7 point rise in the occupancy rate. The average room rate continued to decline (by 2.6%), but showed a clear improvement compared to 2009 fourth-quarter figures (-5.6%).

The recovery in the Upscale and Midscale segment also continued apace in **Germany**, where revenue rose 3.8% like-for-like on gains in both occupancy rates (up 2.6 pts) and average room rates excluding VAT (up 3.0%), implying a 7.7% increase in RevPAR excluding VAT.

The positive uptrend was even more dramatic in the **United Kingdom**, where revenue rose 3.9% like-for-like and RevPAR surged 10.2% on a 2.8 point improvement in the occupancy rate and a 5.9% increase in the average room rate excluding VAT.

### **Economy Hotels (outside the United States): up 2.7% like-for-like**

Revenue from Economy Hotels outside the United States was up 7.2% as reported in the first quarter.

Figures for the quarter indicate that economy hotels are also seeing occupancy rates stabilize, with a rise in average room rates excluding VAT.

In **France**, revenue rose 2.0% like-for-like, thanks to a relatively stable occupancy rate (down 0.3 points) and higher average room rates excluding VAT (up 1.2%) and RevPAR excluding VAT (up 0.8%).

Revenue in **Germany** was up 4.8% like-for-like, with occupancy rates gaining 0.7 points, average room rates excluding VAT increasing 5.4% and RevPAR excluding VAT rising 6.7%.

Operations in the **United Kingdom** reported significant 3.9% like-for-like growth in revenue, reflecting a 1.1 point improvement in the occupancy rate, a 0.6% decline in average room rates excluding VAT and a 1.2% increase in RevPAR excluding VAT.

### **Economy Hotels in the United States: down 7.5% like-for-like**

While the US economy lodging market remains challenging, the decline in revenue has slowed, to 7.5% like-for-like from 14.4% in fourth-quarter 2009.

In particular, Motel 6 is demonstrating firmer resistance than the competition, and is winning new market share. Occupancy rates have stabilized, gaining 1.8 points in March 2010 versus declines of 0.4 point in

February and 4.0 points in January. Average room rates and RevPAR are both still declining, by respectively 5.9% and 6.9% in dollars.

**Other businesses: down 3.6% like-for-like**

Revenue from the other businesses declined by 3.6% like-for-like during the quarter, but rose 2.9% as reported. The Casinos business has been 49% consolidated since July 1, 2009, versus 30% previously, while the Onboard Train Services business was negatively impacted by the loss of two contracts in France and Spain.

**In conclusion**, in most countries, and especially in Europe, the recovery began to emerge in the first quarter, led by the Upscale and Midscale segment, but it remains to be seen whether it will gather strength in the months ahead. Recovery in the Economy segment generally lags the Upscale and Midscale segment by three to six months.

For the first time, the rebound is simultaneous in the US and in Europe. However, the Economy segment is restarting faster in Europe than in the US.



## Quarterly Report

### Significant transactions and events of the period

**Sale of five hotels in four European countries for €154 million**

As part of the ongoing deployment of its asset right strategy, Accor announced on February 19 that it had completed an international real estate transaction involving the sale of five hotels (representing more than 1,100 rooms) in four European countries for €154 million. The transaction was carried out with Invesco Real Estate, a major real estate manager in the United States, Europe and Asia, with managed assets of more than €18 billion, of which €650 million in European hotel properties.

**Approval of the asset-contribution agreement** (see April 20 press release)

As part of the project to demerge the Group's Hotels and Services businesses, the Board of Directors of Accor SA met on April 19, 2010 and approved the asset contribution-demerger agreement (*traité d'apport-scission*) describing the terms and conditions of the demerger process, which will be submitted to shareholders approval at the June 29, 2010 Ordinary and Extraordinary Meeting of Accor SA Shareholders.

**SEIH** (see April 20 press release)

On April 19, the Board of Directors approved the contribution of all outstanding shares of Société d'Exploitation et d'Investissement Hôtelier (SEIH) to Accor and the resulting issuance of 1,985,428 new Accor SA shares as consideration. At the Ordinary and Extraordinary Meeting of June 29, 2010, shareholders will be asked to cancel the contributed shares of Accor SA stock.

## Financial position and results

### Financial position

During the quarter, Fitch affirmed the BBB- rating but upgraded the outlook from negative to stable. Standard & Poor's lowered its rating to BBB-, on confirmed CreditWatch with negative implications.

### Upcoming events

- *May 18, 2010: Accor Services Investor Day*
- *May 19, 2010: Accor Hospitality Investor Day*
- *June 29, 2010: Ordinary and Extraordinary Shareholders' Meeting*

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Accor, a major global group and the European leader in hotels, as well as the global leader in services to corporate clients and public institutions, operates in nearly 100 countries with 150,000 employees. It offers its clients over 40 years of expertise in two core businesses:

- **Hotels**, with the **Sofitel, Pullman, MGallery, Novotel, Mercure, Suitehotel, Adagio, ibis, all seasons, Etap Hotel, Formule 1, hotelF1 and Motel 6 brands**, representing 4,000 hotels and nearly 500,000 rooms in 90 countries, as well as strategically related activities, such as **Thalassa sea&spa, Lenôtre and CWL**.

- **Prepaid Services**, with 32 million people in 40 countries benefiting from Accor Services products in employee and public benefits, rewards and motivation, and expense management.

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## Revenue

in € thousand	Quarter 1		Quarter 1	
	2009	2010	Change reported	Change L/L(1)
<b>HOSPITALITY</b>				
Up & Midscale	686,425	716,698	4.4%	2.8%
Economy	358,772	384,721	7.2%	2.7%
Economy US	137,235	118,032	-14.0%	-7.5%
<b>Hotels Sub-total</b>	<b>1,182,432</b>	<b>1,219,452</b>	<b>3.1%</b>	<b>1.6%</b>
Casinos	82,994	129,003	55.4%	-3.7%
Restaurants	22,161	23,603	6.5%	7.4%
On-board train services	66,802	34,593	-48.2%	-5.3%
Holdings & Other	41,221	32,226	-21.8%	-6.5%
<b>Other Businesses Sub-total</b>	<b>213,178</b>	<b>219,424</b>	<b>2.9%</b>	<b>-3.6%</b>
<b>Total HOSPITALITY</b>	<b>1,395,610</b>	<b>1,438,876</b>	<b>3.1%</b>	<b>0.8%</b>
<b>PREPAID SERVICES</b>	<b>220,758</b>	<b>227,055</b>	<b>2.9%</b>	<b>-0.4%</b>
Operating revenue	193,049	207,922	7.7%	3.8%
Financial revenue	27,708	19,132	-31.0%	-29.5%
<b>TOTAL</b>	<b>1,616,367</b>	<b>1,665,930</b>	<b>3.1%</b>	<b>0.6%</b>

(1) At constant scope of consolidation and exchange rates.

## RevPAR by segment

HOTELS : RevPAR by segment Q1	Occupancy Rate			Average room rate			RevPAR			
	(in %)	Subsidiaries (chg in pts reported)	(chg in pts L/L (1))		Subsidiaries (chg in % reported)	(chg in % L/L (1))	Subsidiaries (chg in % reported)	Subsidiaries (like-for-like(1))	Subsidiaries & (reported)	
Upscale and Midscale Europe (in €)	54.1%	+2.3	+2.2	97	-2.9%	-4.2%	52	1.4%	-0.1%	5.6%
Economy Europe (in €)	59.3%	-0.0	+0.1	57	-0.1%	-1.5%	34	-0.1%	-1.4%	-14.3%
Economy US (in \$)	56.6%	-0.6	-0.4	40	-5.9%	-6.6%	23	-6.9%	-8.2%	-6.9%

(1) at comparable scope of consolidation and exchange rates.

## RevPAR by country

UPSCALE AND MIDSCALE HOTELS		Occupancy Rate			Average room rate			RevPAR			
RevPAR by country Q1		Subsidiaries			Subsidiaries			Subsidiaries			Subsidiaries & managed
(in local currency)		(in %)	(chg in pts reported)	(chg in pts L/L (1))	(chg in % reported)	(chg in % L/L (1))	(chg in % reported)	(like-for-like(1))	(reported)		
France	29,379	55.0%	+1.8	+1.7	114	-2.1%	-2.6%	62	1.1%	0.5%	0.0%
Germany	19,409	58.5%	+2.4	+2.6	88	-7.8%	-7.5%	51	-3.9%	-3.2%	-2.0%
Netherlands	3,475	54.9%	+1.2	-0.5	97	0.0%	-2.9%	53	2.3%	-3.9%	11.2%
Belgium	1,802	62.6%	+5.2	+5.2	106	-3.6%	-3.6%	66	5.2%	5.2%	9.2%
Spain	2,385	46.4%	+2.4	+3.0	81	-13.2%	-12.7%	37	-8.4%	-6.7%	176.6%
Italy	3,715	49.4%	+2.8	+2.8	92	-5.0%	-5.0%	45	0.7%	0.7%	-16.8%
UK ( in £)	5,641	71.3%	+2.2	+2.8	90	7.6%	8.2%	64	11.0%	12.6%	18.0%

(1) at comparable scope of consolidation and exchange rates.

ECONOMY HOTELS		Occupancy Rate			Average room rate			RevPAR			
RevPAR by country Q1		Subsidiaries			Subsidiaries			Subsidiaries			Subsidiaries & managed
(in local currency)		(in %)	(chg in pts reported)	(chg in pts L/L (1))	(chg in % reported)	(chg in % L/L (1))	(chg in % reported)	(like-for-like(1))	(reported)		
France	41,538	61.6%	-0.2	-0.3	55	1.8%	1.2%	34	1.5%	0.8%	6.6%
Germany	15,274	59.6%	+0.9	+0.7	58	-5.5%	-5.9%	35	-4.1%	-4.7%	-6.6%
Netherlands	2,410	57.7%	+1.0	+2.1	71	-5.8%	-4.4%	41	-4.1%	-0.7%	-4.1%
Belgium	2,392	64.6%	+3.7	+4.0	70	-1.0%	-4.0%	45	5.0%	2.6%	5.0%
Spain	4,680	47.5%	-5.0	-5.1	53	-3.0%	-4.5%	25	-12.2%	-14.0%	-12.2%
Italy	1,552	53.9%	+6.2	+6.2	67	-8.6%	-8.6%	36	3.3%	3.3%	3.3%
UK ( in £)	8,984	63.4%	+1.5	+1.1	60	5.1%	1.5%	38	7.7%	3.4%	10.8%
USA (in \$)	76,071	56.6%	-0.6	-0.4	40	-5.9%	-6.6%	23	-6.9%	-8.2%	-6.9%

(1) at comparable scope of consolidation and exchange rates.