ACCOR

Press Release

OCTOBER 26TH, 2023

Third-quarter 2023 revenue of €1,286 million up 13% like-for-like

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REVPAR UP 15% COMPARED WITH Q3 2022

UPGRADED REVPAR GROWTH GUIDANCE FOR 2023

EBITDA EXPECTED TO IMPROVE AT BETWEEN €955 MILLION AND €985 MILLION

Sébastien Bazin, Chairman and Chief Executive Officer of Accor, said:

"The Group's strong performance during the quarter illustrates once again the strength of business momentum in all of our markets, notably in Asia, and for the brands in our two segments: Premium, Midscale and Economy, on the one hand, and Luxury and Lifestyle on the other. For Accor, this is the 6th consecutive quarter of growth since the return to post-pandemic business levels. These positive trends and our strict financial and operational discipline enable us, once again, to raise our RevPAR and EBITDA guidance for the year."

Hotel demand remained very strong throughout Q3 with RevPAR up 15% compared with prior year despite a very high comparable basis (RevPAR in Q3 2022 was up 14% compared with Q3 2019).

The underlying dynamics observed in previous quarters remained constant, with average price still high and a marked improvement in the occupancy rate which slightly lags the level of 2019.

All regions and segments contributed through solid operating performances, even if the first signs of normalization of activity growth are materializing after several quarters of intense recovery.

In third-quarter 2023, Accor opened 73 hotels, for around 9,200 rooms, and has thus achieved net unit growth of 3% over the last 12 months. At end-September 2023, the Group had a hotel portfolio of 812,425 rooms (5,537 hotels) and a pipeline of around 219,000 rooms (1,273 hotels).

For 2023, the Group is confirming its forecast of net unit growth in the network between 2% and 3%.

Consolidated revenue

The Group reported third-quarter 2023 **revenue** of €1,286 million, up 13% like-for-like (LFL) versus Q3 2022. This growth breaks down into a 13% increase for the Premium, Midscale and Economy Division and 17% for the Luxury & Lifestyle Division.

Changes in the scope of consolidation, mainly due to the consolidation of Paris Society in the Luxury & Lifestyle Division (Hotel Assets & Other segment), contributed positively by €85 million.

Currency effects had a negative impact of €98 million, stemming mainly from the Australian Dollar (-11%), the US dollar (-7%) and the Turkish Lira (-38%).

In € millions	Q3 2022	Q3 2023	Change (as reported)	Change (LFL) [1]
Management & Franchise	201	225	+12%	+17%
Services to Owners	257	279	+9%	+11%
Hotel Assets & Other	261	262	+1%	+10%
Premium, Mid. & Eco. [2]	**719**	**767**	**+7%**	**+13%**
Management & Franchise	107	108	+2%	+11%
Services to Owners	309	343	+11%	+18%
Hotel Assets & Other	22	88	+293%	+20%
Luxury & Lifestyle	**438**	**539**	**+23%**	**+17%**
Holding & Intercos	**(9)**	**(19)**	**N/A**	**N/A**
TOTAL	**1,149**	**1,286**	**+12%**	**+13%**

[1] Like-for-like = at constant scope of consolidation and exchange rates

[2] Premium, Mid. & Eco. = Premium, Midscale and Economy

Premium, Midscale and Economy revenue

Premium, Midscale and Economy, which includes fees from Management & Franchise (M&F), Services to Owners and Hotel Assets & Other activities of the Group's Premium, Midscale and Economy brands, generated a revenue of €767 million, up 13% LFL versus Q3 2022. This increase is in line with the activity recovery over the period.

Management & Franchise (M&F) revenue stood at €225 million, up 17% LFL versus Q3 2022 and in line with the increase in RevPAR over the period (+15%). The regional performance of Management & Franchise is detailed in the pages hereafter.

Services to Owners revenue which includes the Sales, Marketing, Distribution and Loyalty activities, as well as shared services and the reimbursement of hotel staff costs, came to €279 million in Q3 2023, up 11% LFL year on year. Reimbursements of hotel personnel costs were lower than in the third quarter of 2022, which included the re-invoicing of costs incurred under the accommodation management agreement for the Football World Cup in Qatar in 2022. Services to Owners revenue excluding the reimbursements of hotel personnel costs grew at a higher pace than RevPAR growth.

Hotel Assets & Other revenue was up 10% LFL relative to Q3 2022. This segment, closely linked to business in Australia, was impacted by a less favorable base effect owing to the recovery in leisure tourism which materialized earlier than in the rest of the Group.

Luxury & Lifestyle revenue

Luxury & Lifestyle, which includes fees from Management & Franchise (M&F), Services to Owners and Hotel Assets & Other activities of the Group's Luxury & Lifestyle brands, generated revenue of €539 million, up 17% LFL versus Q3 2022.

Management & Franchise (M&F) revenue stood at €108 million, up 11% LFL versus Q3 2022, driven by RevPAR growth. Based on the current macroeconomic and geopolitical environment, the Group has decided to adopt a cautious approach to the recognition of incentive fees for hotels under management contracts.

Services to Owners revenue which includes the Sales, Marketing, Distribution and Loyalty activities, as well as shared services and the reimbursement of hotel staff costs, came to €343 million in Q3 2023, up 18% LFL compared with Q3 2022. The increase in revenue, higher than the RevPAR variation, reflects the greater contribution from distribution channels (notably direct and indirect web channels) on which Accor collects fees.

Hotel Assets & Other revenue was up 20% LFL relative to Q3 2022. Reported revenue includes a significant scope effect following the consolidation of Paris Society at end-2022.

Management & Franchise (M&F) revenue

In € millions	Q3 2022	Q3 2023	Change (as reported)	Change (LFL) [1]
ENA[2]	130	140	+7%	+8%
MEA APAC[3]	55	66	+19%	+36%
Americas	16	19	+24%	+29%
Premium, Mid. & Eco.	**201**	**225**	**+12%**	**+17%**
Luxury	80	80	0%	+10%
Lifestyle	27	28	+5%	+17%
Luxury & Lifestyle	**107**	**108**	**+2%**	**+11%**
TOTAL	**308**	**334**	**+8%**	**+15%**

[1] Like-for-like = at constant scope of consolidation and exchange rates

[2] ENA = Europe North Africa

[3] MEA APAC = Middle East Africa Asia-Pacific

Management & Franchise (M&F) revenue stood at €334 million, up 15% LFL versus Q3 2022. This reflects the growth in RevPAR in the different Group regions and segments that reached +15% compared with Q3 2022. Potential distortions between M&F revenue and RevPAR reflect mainly the differences in recognition of incentive fees of hotels as part of management contracts in Q3 2023 and Q3 2022.

The **Premium, Midscale and Economy** division reported RevPAR up 15% compared with Q3 2022, two-thirds driven by prices.

- The **Europe North Africa** (ENA) region posted RevPAR up 9% relative to Q3 2022.
  - In **France**, which represents 44% of the region's room revenue, business benefited from the increase in international leisure tourists to Paris, offsetting weaker domestic tourist numbers. In September, the rest of France was boosted by the Rugby World Cup and more particularly in cities where hotel supply is more limited such as Lille and Nantes.
  - In the **United Kingdom**, which represents 13% of the region's room revenue, RevPAR trends were comparable with France thanks to the influx of international tourists which benefited London more than other cities.

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  - In **Germany**, which accounts for 13% of the region's room revenue, RevPAR saw more moderate growth than in France and the United Kingdom. This market remains particularly dependent on large events, such as trade fairs, shows and conventions, which did not return to their pre-Covid levels.

- The **Middle East Africa Asia-Pacific (MEA APAC)** region reported a 25% increase in RevPAR compared with Q3 2022, benefiting from a considerable rebound in activity in Asia.

  - Accounting for 22% of the region's room revenue, the **Middle East** continued to post solid price growth. Occupancy rates improved slightly as they have now returned to pre-Covid levels. The two major religious pilgrimages linked to Ramadan (early in the second quarter) and the Hajj (end of the second quarter) were key drivers of activity in first half of the year, explaining the more normalized growth in RevPAR in Q3.

  - The **Pacific**, which accounts for 27% of room revenue for the region, reported relatively moderate growth in domestic customer numbers but benefited from a recovery in international business customers from Asian countries.

  - **South-East Asia,** which accounts for 28% of the region's room revenue, reported strong RevPAR growth, notably in Singapore. The return of international business customers to the country enabled a sharp increase in prices.

  - In **China**, which represents 23% of room revenue for the region, the recovery continued, and RevPAR is now slightly above 2019.

- The **Americas** region, which mainly reflects the performances of Brazil (63% of room revenue for the region), began a stabilization phase. Indeed, Brazil exceeded its pre-crisis occupancy rate since the second quarter of 2022 and growth is now driven by prices.

The **Luxury & Lifestyle** division reported a 14% increase in RevPAR compared with Q3 2022, also two-thirds driven by prices.

- **Luxury**, which accounts for 77% of the division's room revenue, posted a 15% increase in RevPAR compared with Q3 2022, driven by volumes and prices. The latter are still increasing but approaching a stabilization phase, notably for the Fairmont hotels in North America.

- **Lifestyle** RevPAR increased by 12% compared with Q3 2022. This segment had benefited from a faster recovery than Premium, Midscale and Economy segments after the Covid crisis, the base effect (i.e. comparison with 2022) is therefore less favorable.

Outlook

Based on the performance over the first nine months of the year and considering the known-to-date macroeconomic and geopolitical uncertainties, the Group raises its guidance for fiscal year 2023:

- Growth in RevPAR now expected to slightly exceed 20% (previously at the top end of the 15-20% range);
- Consolidated EBITDA now expected between €955 million and €985 million (previously between €930 million and €970 million)

Events from July 1st, 2023 to October 26th, 2023

Acquisition of Potel & Chabot

Accor acquired a 63% stake in Potel & Chabot, in addition to the 37% already owned by the Group, becoming the sole shareholder. Potel & Chabot will be consolidated within the Group's Luxury & Lifestyle division.

Hybrid bond refinancing

In October 2023, Accor successfully completed the January 2019 hybrid bond refinancing transaction:

- On October 2, Accor issued perpetual hybrid bonds for an amount of €500 million with a 7.25% coupon. The transaction was oversubscribed four times reflecting renewed investors' confidence in the credit quality and the growth potential of the Group;
- On October 10, Accor successfully completed the refinancing of its January 2019 hybrid bond following the completion of the Tender Offer on a perpetual hybrid bond (4.375% coupon) for a total amount of €442 million. Pursuant to the terms and conditions of the bonds, the Company exercised its clean-up call option for €58 million at their principal amount.

€400 million share buyback program

On October 10, following its return to a S&P Investment Grade rating and the successful refinancing of the January 2019 hybrid bond, Accor launched a €400 million share buyback program, consistent with the commitment it made to return €3 billion to shareholders over the 2023-27 period.

ABOUT ACCOR

Accor is a world leading hospitality group offering experiences across more than 110 countries in 5 500 properties, 10 000 food & beverage venues, wellness facilities or flexible workspaces. The Group has one of the industry's most diverse hospitality ecosystems, encompassing more than 40 hotel brands from luxury to economy, as well as Lifestyle with Ennismore. Accor is committed to taking positive action in terms of business ethics & integrity, responsible tourism, sustainable development, community outreach, and diversity & inclusion. Founded in 1967, Accor SA is headquartered in France and publicly listed on Euronext Paris (ISIN code: FR0000120404) and on the OTC Market (Ticker: ACCYY) in the United States. For more information, please visit www.group.accor.com or follow us on Twitter, Facebook, LinkedIn, Instagram and TikTok.

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RevPAR excluding tax per segment – Q3 2023

Q3 2023 vs. Q3 2022	Occupancy rate		Average room rate		RevPAR	
	%	chg pts LFL	€	chg % LFL	€	chg % LFL
ENA	73.6	+0.7	103	+8.0	76	+9.0
MEA APAC	69.8	+7.0	80	+13.2	56	+25.4
Americas	60.8	(0.7)	67	+14.4	40	+13.2
Prem., Mid. & Eco.	**70.7**	**+3.0**	**90**	**+10.1**	**64**	**+14.9**
Luxury	65.9	+3.8	254	+8.4	167	+14.8
Lifestyle	69.0	+1.4	218	+10.0	151	+12.1
Luxury & Lifestyle	**66.7**	**+3.3**	**245**	**+8.8**	**163**	**+14.2**
Total	**70.1**	**+3.0**	**110**	**+9.8**	**77**	**+14.7**

RevPAR excluding tax per segment – YTD 2023

YTD 2023 vs. YTD 2022	Occupancy rate		Average room rate		RevPAR	
	%	chg pts LFL	€	chg % LFL	€	chg % LFL
ENA	67.9	+5.5	99	+12.4	67	+22.3
MEA APAC	66.8	+10.4	84	+19.7	56	+40.9
Americas	58.2	+2.0	66	+22.1	38	+26.3
Prem., Mid. & Eco.	**66.4**	**+7.0**	**90**	**+15.8**	**60**	**+29.2**
Luxury	62.8	+9.7	252	+8.6	158	+27.8
Lifestyle	65.0	+5.8	219	+9.8	142	+20.0
Luxury & Lifestyle	**63.4**	**+8.9**	**243**	**+9.1**	**154**	**+26.1**
Total	**66.0**	**+7.3**	**110**	**+14.5**	**72**	**+28.3**

Hotel portfolio – September 2023

September 2023	Owned & leased		Managed		Franchised		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
ENA	8	2,493	926	138,838	2,030	187,027	2,964	328,358
MEA APAC	40	7,070	781	178,574	784	111,575	1,605	297,219
Americas	56	11,395	168	29,566	227	31,999	451	72,960
Premium, Mid. & Eco.	**104**	**20,958**	**1,875**	**346,978**	**3,041**	**330,601**	**5,020**	**698,537**
Luxury	5	839	293	73,754	75	7,953	373	82,546
Lifestyle	2	152	115	23,239	27	7,951	144	31,342
Luxury & Lifestyle	**7**	**991**	**408**	**96,933**	**102**	**15,904**	**517**	**113,888**
Total	**111**	**21,949**	**2,283**	**443,971**	**3,143**	**346,505**	**5,537**	**812,425**