2019 Interim Financial Report

First-Half 2019

ACCOR

Contents

2019 Interim Management Report

Contents

1. First-half 2019 highlights

International tourism has grown continuously over the last several decades, buoyed by a steady rise in the number of travelers and their spending, and a diversification of destinations around the world. Posting annual growth of 6% and representing more than 10% of worldwide GDP, tourism is one of the most dynamic business sectors today.

Taking advantage of this favorable environment, Accor pursued its growth and transformation efforts in the first half of 2019, in line with the developments initiated in recent years, with:

- ◊ the significant step-up in organic development;
- ◊ the launch of the marketing plan announced in February, including the introduction of the new ALL lifestyle loyalty program;
- ◊ the integration of Mantra and Mövenpick, whose acquisitions were announced in May and September 2018, respectively;
- ◊ the ongoing sale of real estate company Orbis, in which the Group has an 85.8% stake after acquiring 33.15% in January 2019.

1.1. Accor has strengthened its new model

1.1.1. A newly “asset-light” Group

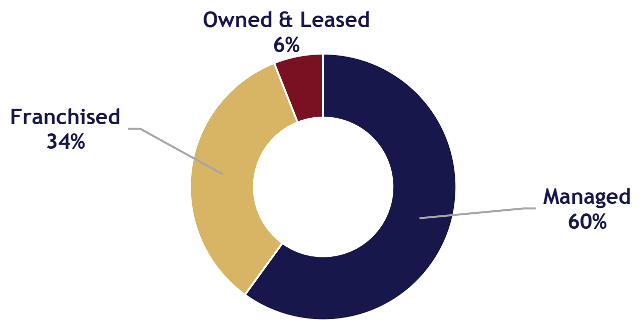
Mirroring its competitors in the 1990s, Accor changed its business model by separating its hotel services business from its real estate activities.

The carve-out resulted in the 2017 incorporation of AccorInvest, which grouped together nearly all of Accor’s owned and leased hotels, and in the subsequent sale of 64.8% of AccorInvest’s capital to international investors in 2018.

The disposal firmly refocused Accor on hotels operated under management contracts (60%) and franchise agreements (34%), representing 94% of its network at June 30, 2019.

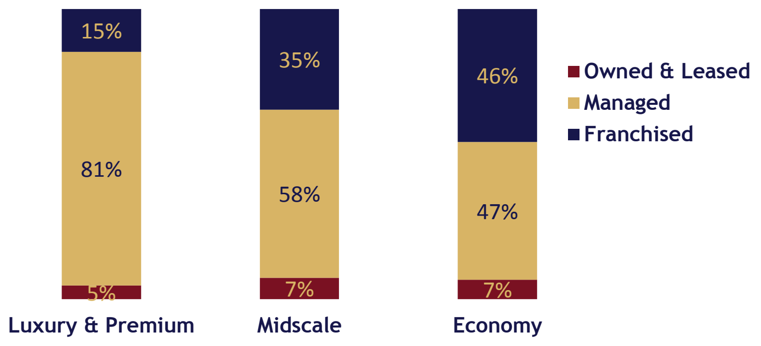
Hotel portfolio by operating structure at June 30, 2019

As a % based on number of rooms



Hotel portfolio by segment and operating structure at June 30, 2019

As a % based on number of rooms



Management and franchise agreements now account for 93% of hotels in the economy segment, 93% in the midscale segment, and 95% in the luxury and premium segment.

- More specifically, the share of management contracts has increased slightly to 81% in the luxury and premium segment, while the proportion of franchise agreements has remained stable at 15%.
- Management contracts represent 58% of the portfolio in the midscale segment and 47% in the economy segment. The proportion of franchise agreements is up slightly, to 35% in the midscale segment and to 46% in the economy segment.

Of the 6% of hotels still owned or leased by Accor, 3% are the property of Orbis in Central Europe, and are in the process of being sold.

1.1.2. Acquisition of 33.15% of Orbis in January 2019, and pending sale of the real estate operations

Orbis is the leading hotel group in Central Europe, with a portfolio at June 30, 2019 of 136 hotels in 14 countries (Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Poland, Romania, Serbia, Slovakia and Slovenia).

With exclusive rights to most Accor brands through a master franchise agreement, Orbis has long been operating hotels under the Sofitel, Pullman, MGallery, Novotel, Mercure, ibis, ibis Styles and ibis budget banners.

To consolidate its leadership in Central Europe and gain flexibility in the management of Orbis' asset portfolio, Accor launched a tender offer for Orbis' outstanding shares in November 2018. On January 23, Accor acquired 33.15% of the capital of Orbis for €339 million, increasing its stake to 85.84%.

Subsequently, in June 2019, Accor announced that it had agreed the key terms of taking over Orbis' hotel services business for €286 million, including the management and franchise agreements for its 136 operated hotels, and begun the disposal of Orbis' real estate operations. The gross asset value of this business (excluding corporate overheads) has been estimated at €1.18 billion[1].

1.1.3. Integration of Mantra and Mövenpick

At the same time, Accor continued the integration of the Mantra and Mövenpick businesses, acquired in May and September 2018. Based on the level of progress achieved at the end of June 2019, the integration of Mantra has generated 55% of expected synergies after just one year, while that of Mövenpick has already generated 34% after eight months.

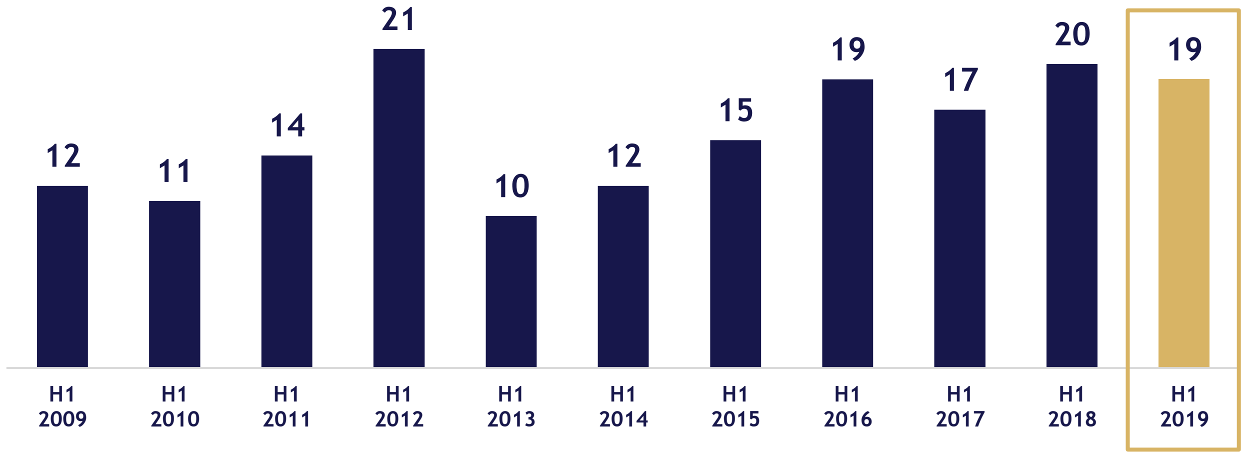
In line with its asset-light strategy, the Group intends to seize any opportunities allowing it to monetize the owned and leased assets inherited from Mantra by carrying out value-creating sale-and-manage-back transactions.

[1] Estimate by an independent expert based on the Company's 2018 results.

1.2. Development and geographic footprint

1.2.1. Development driven by very strong organic growth

Organic growth (gross, in thousands of rooms)



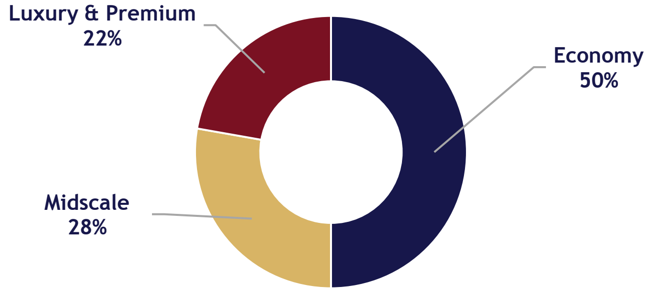
Accor posted sound organic growth in its network (18,589 rooms and 149 hotels) in the first half of 2019.

Its organic development spanned all segments. Economy accounted for 50% of openings, a noteworthy performance driven by the expansion of the ibis network, followed by midscale for 28% and luxury and premium for 22%.

The most notable openings included six Mövenpick hotels (1,227 rooms) in Asia-Pacific and the Middle East & Africa, and three Pullman hotels (728 rooms) in Asia-Pacific.

Openings by segment in first-half 2019

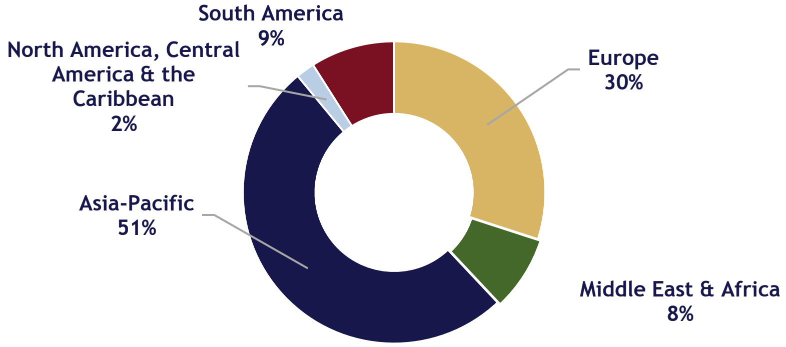
As a % based on number of rooms



Geographically, 70% of openings were outside Europe in first-half 2019, with 51% in Asia-Pacific thanks to Huazhu, 9% in South America and 8% in the Middle East & Africa.

Gross openings by region in first-half 2019

As a % based on number of rooms



At June 30, 2019, the Group's hotel portfolio comprised 4,892 hotels and 717,314 rooms.

1.2.2. Seamless global coverage spanning all segments

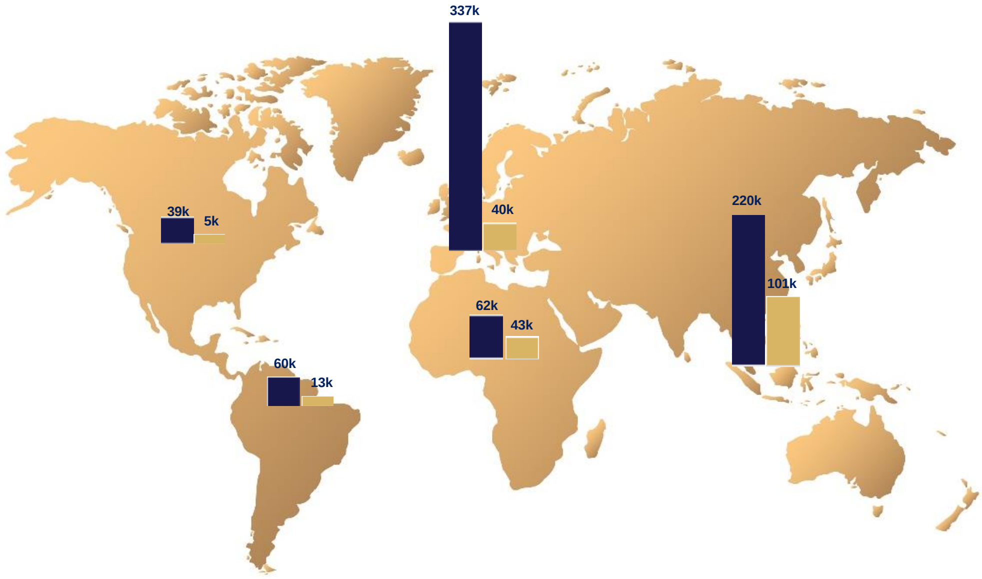
Accor operates on five continents in all market segments, from economy to luxury. A leader in most geographies (other than China and the United States), Accor is consolidating its network thanks to strong development and optimized coverage in all regions and segments.

Present in more than 100 countries, Accor is the most diversified hotel operator, particularly in regions with the greatest potential. The Group's largest market is Europe, home to an Accor network of 2,974 hotels and 336,777 rooms, representing 47% of its total portfolio by number of rooms at end-June 2019.

At the same time, Accor has growth drivers in other parts of the world, such as in Asia-Pacific with 1,136 hotels (31% of rooms), North America, Central America & the Caribbean with 119 hotels (5% of rooms), South America with 386 hotels (8% of rooms) and the Middle East & Africa with 277 hotels (9% of rooms).

Hotel portfolio and pipeline by region at June 30, 2019

In thousands of rooms



Accor currently ranks as the leading hotel operator in Europe and Asia-Pacific (excluding China), where it has the broadest footprint and is well placed to capitalize on projections of strong growth in tourism. The Group's portfolio is well balanced geographically. It is also resilient. The world's 20 most visited cities account for less than 25% of the Group's network, and the five most visited countries are spread over four continents.

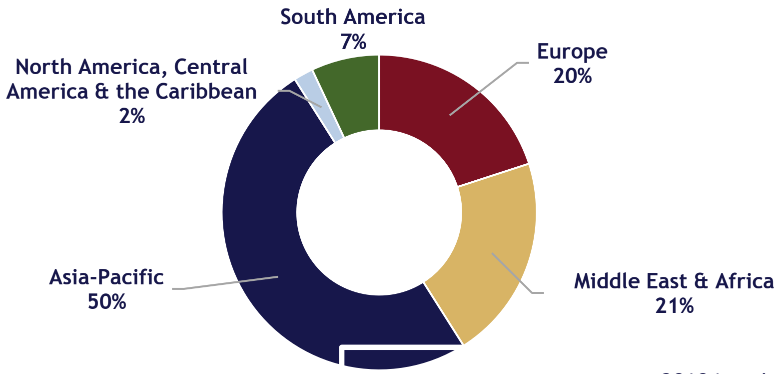
With its homogeneous global presence, Accor can tap growth in international tourist flows by strengthening its positions, both in places where it is already a leader and elsewhere. These flows still represent only 30% of the global tourism market, and so are expected to continue growing strongly in the coming years.

Hotel chain penetration is still low globally, amounting to 30% in Europe and Asia-Pacific, 35% in the Middle East & Africa and 20% in South America. This means that growth potential in these markets is very high, given rising Chinese tourist numbers. Accor is the leader in eight of the top 20 destinations for Chinese travelers.

With these positions, the Group's aim is to double the number of Chinese members in its loyalty program by 2020, and to triple the number of bookings from Chinese travelers outside China.

Pipeline by region at June 30, 2019

As a % based on number of rooms

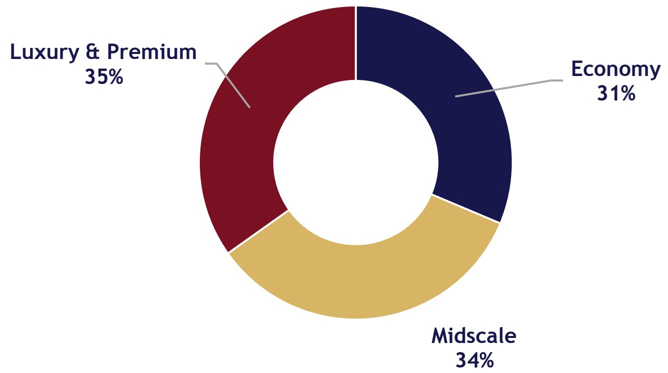


2019 Interim Management Report

At June 30, 2019, the Group's development pipeline comprised 1,153 hotels (202,000 rooms), with just under 78% in fast-growing markets and 50% in the Asia-Pacific region.

Pipeline by segment at June 30, 2019

As a % based on number of rooms



The pipeline represented 28% of Accor's hotel network at June 30, 2019 and concerned all brands and segments in its portfolio. Key to the Group's growth momentum, the pipeline secures the sustained pace of its development.

1.2.3. A firm footprint in emerging markets

The Accor network has undergone a significant transformation over the past four years, as a result of property restructuring and the expansion of the brand portfolio.

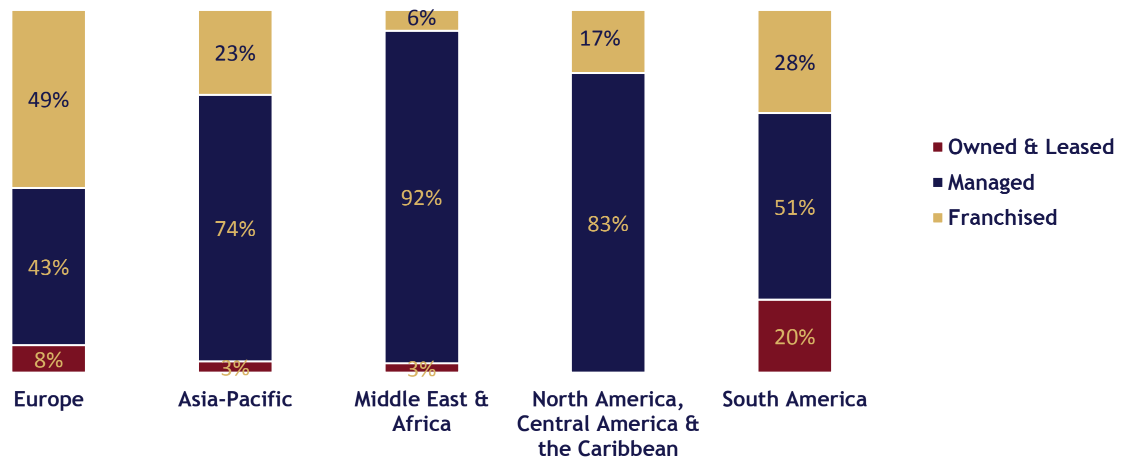
Accor is now focusing its development on hotel management and franchising.

Hotel portfolio by region and operating structure at June 30, 2019

	Managed		Franchised		Owned & Leased		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Europe	1,015	145,963	1,824	165,355	135	25,459	2,974	336,777
Middle East & Africa	250	56,502	18	3,501	9	1,586	277	61,589
Asia-Pacific	723	161,427	374	51,321	39	6,867	1,136	219,615
North America, Central America & the Caribbean	98	32,416	21	6,820	0	0	119	39,236
South America	188	30,902	136	17,082	62	12,113	386	60,097
TOTAL	2,274	427,210	2,373	244,079	245	46,025	4,892	717,314

Hotel portfolio by region and operating structure at June 30, 2019

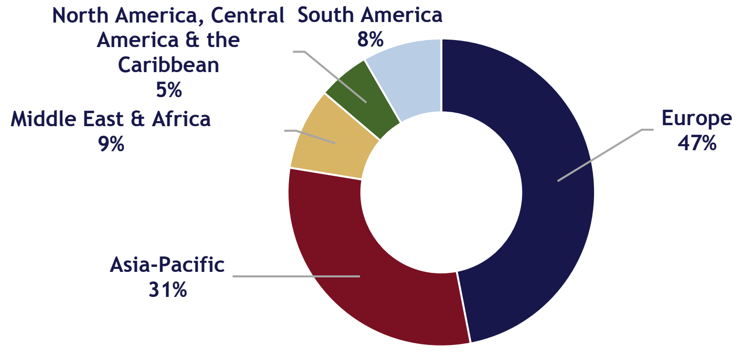
As a % based on number of rooms



In Asia-Pacific, 97% of the Group's hotels are operated under management and franchise agreements, while the North America, Central America & the Caribbean, Middle East & Africa and South America regions have 100%, 97% and 80% of hotels under management and franchise agreements, respectively. In Europe, 92% of the Group's hotels are under management and franchise agreements.

Hotel portfolio by region at June 30, 2019

As a % based on number of rooms



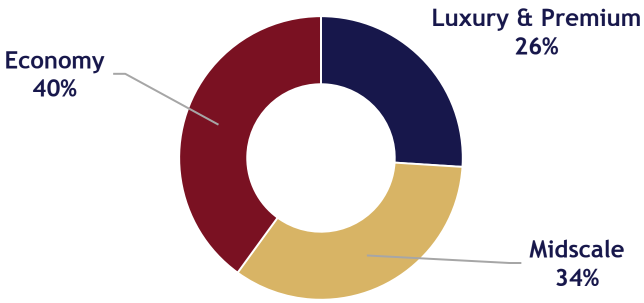
Thanks to its expansion and diversification initiatives in recent years, Accor is consolidating its operations in fast-growing areas and accelerating growth in fee income.

1.2.4. A stronger network in the luxury and premium segment

In recent years, the Group has rebalanced its portfolio of brands in favor of higher-value markets by broadening its footprint in the luxury and premium segment, which has grown three times faster than the Group's overall network as a result.

Hotel portfolio by segment at June 30, 2019

As a % based on number of rooms

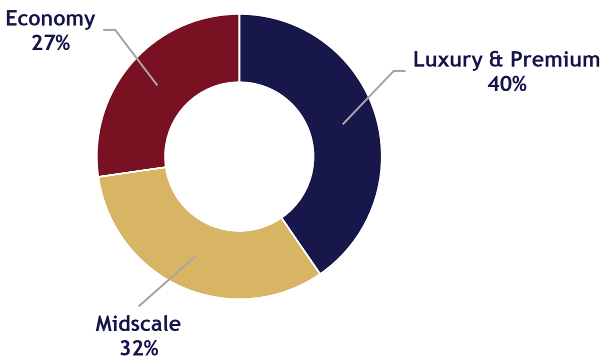


At June 30, 2019, the luxury and premium segment accounted for 26% of the Group's network, representing a year-on-year gain of 3 points, driven by acquisitions of hotel chains, partnerships and organic growth.

Accor's drive to strengthen its operations in this segment is strategic because it significantly improves its image and its portfolio of offers and skills, while optimizing its fee structure.

In first-half 2019, Accor derived 40% of its fees from the luxury and premium segment, 32% from the midscale segment and 27% from the economy segment, illustrating the preponderance of luxury hotels in the Group's revenues.

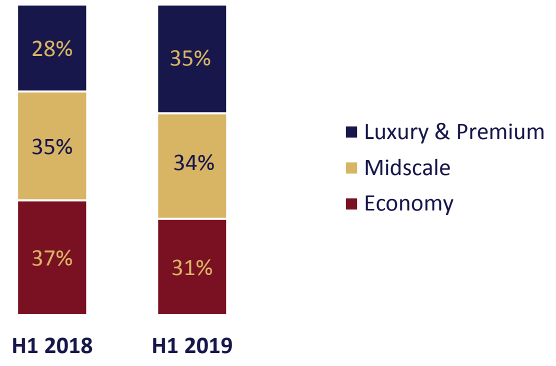
Fees by segment in first-half 2019



The luxury and premium segment is the largest contributor to Accor's revenue. Based on the current pipeline, its share is expected to grow in the coming years to represent 35% of the total, with the midscale segment stable at 34% and the economy segment poised to decline to 31%. Compared to first-half 2018, this momentum clearly accelerated in the first six months of 2019 and will sustain the Group's margins at a high level in the coming years.

Pipeline by segment at June 30, 2019

As a % based on number of rooms



The strength of its development has therefore allowed Accor to cover all the regions and market segments in which it is vital to operate, especially fast-growing markets and the luxury and premium segment, and to take full advantage of a very dynamic global tourism market.

At the same time, the Group has added two new lifestyle brands to its portfolio, Tribe and The House of Originals, bringing the total number of its hotel banners to 38.

1.3. Strengthening the lifestyle portfolio

For the past two years, Accor has been seizing every opportunity to invest in the fast-growing lifestyle accommodation segment around the world.

This segment reflects travelers' aspiration for incomparable experiences. Highly attractive, the lifestyle concept reflects a way of being, thinking and living for guests in a quest for unique and inspiring experiences, those seeking offers that resonate with their values and way of life.

The Group's lifestyle offering has been a great success, especially with Millennials in the economy segment; witness the JO&JOE hostels, where modular spaces offer scope to optimize use.

Similar options are also available in the luxury segment, where they are synonymous with exclusive experiences and outstanding concepts, with unrivaled quality of service and a new sense of what hotel accommodation can be. It was in this spirit that the Group developed the Tribe brand and entered into a partnership with SBE to create The House of Originals.

1.3.1. Acquisition of the Tribe brand in the midscale segment

Designed to meet the needs of travelers looking for quality hotel experiences but at an affordable price, Tribe's offerings are original, exciting and well thought out, with an emphasis on style.

Tribe aims to build on its original and flexible model to provide an unrivaled response to the expectations of regular, independent, curious and bold international travelers.

Tribe establishments will be lively places featuring a convivial lobby, rooms with premium comfort and advanced technologies. They will offer traditional accommodation experiences by allowing guests to work, live and play in contemporary surroundings.

Attentive to ease of use, esthetics and comfort, Tribe establishments will boast a modern style featuring iconic objects giving the impression of a high-end universe, based on design and technology.

Eight openings are planned in Europe and Asia-Pacific by 2022, representing more than 1,500 rooms.

Accor has also partnered with SBE to develop the brand The House of Originals.

1.3.2. Launch of The House of Originals, a lifestyle brand in the luxury and premium segment

The House of Originals is a collection of luxurious SBE establishments embodying a bold and inspiring spirit.

This hotel collection will initially include five locations in the United States and around the world, including the Sanderson and the St. Martins Lane in London, the Karakoy 10 in Istanbul and the Miami Beach Shore Club.

The House of Originals aims to create a community dedicated to its guests, based on a unique luxury experience, and will feature SBE's iconic culinary offerings.

Accor's role will be to establish the brand internationally by providing access for SBE customers and partners through its global distribution and supply infrastructure.

The partnership will enable Accor to enrich its catalogue with exclusive offers in a growing number of destinations, creating unforgettable experiences for demanding guests seeking trailblazing concepts.

Consolidating Accor's lifestyle ecosystem, these brands give the Group the industry's most comprehensive brand portfolio to date.

At the same time, the Group has increased the attractiveness of its loyalty program.

1.4. *Heightening the Group's attractiveness*

Like other players in hospitality, Accor is seeking to increase its hold on travelers in order to keep them in an ecosystem rich in offers over time.

Aimed at meeting increasingly numerous and specific expectations, the Group's ecosystem regularly expands to enhance Accor's relationships with its guests, and to maximize their experiences around diversified service lines, building buy-in and long-term preference.

1.4.1. Loyalty, essential in securing the Group's revenue

Loyalty is central to the Group's strategy of capturing market share, because it has a direct impact on the contribution of members to the Group's overall sales and revenue growth. Members spend more than non-members because they can earn loyalty points. This is a key factor in stimulating their spending. They are also generally more active and generate more revenue for the Group. Fully 85% of Accor's direct web sales are made with loyalty program members, whose spending tends to increase as their status in the program rises, stimulated by the benefits granted. Between 2015 and 2018, Platinum members' expenses increased by 22%, while those of Gold and Silver members increased by 14% and 7%, respectively, representing a one- to three-fold growth gap.

Increasing the proportion of members within the loyalty program is therefore a strategic challenge for the Group, as it helps secure a significant part of its revenue in an intensely competitive environment that would otherwise push members toward other players. The Group currently derives approximately 30% of its revenue from its program members, and must show boldness in the face of competitors that are very active in this area.

1.4.2. A partnership between Accor and Air France-KLM offering benefits for their loyal members

Serving people who travel by air and stay in hotels, Accor and Air France-KLM decided on June 20, 2019 to strengthen their partnership by offering their respective members a dual reward system in Points and Miles during their travels and their stays.

Points and Miles will be convertible and redeemable in both loyalty programs, thereby allowing members to capitalize on both groups' international geographic footprints.

In addition to reinforcing the attractiveness of their respective loyalty programs by providing current members with the advantage of conversion, Accor and Air France-KLM will also gain a non-negligible amount of potential bookings from each other's loyalty club members.

The new partnership was forged just a few months ahead of the launch of the new Accor lifestyle loyalty program, known as ALL, scheduled for the fourth quarter of 2019. It is geared above all toward making the Group more present in the daily lives of its members, beyond the world of hospitality.

1.4.3. Launch of ALL in fourth-quarter 2019, the Group's new lifestyle loyalty program

For some years now, loyalty club members have wanted more from loyalty programs: more simplicity, more immediacy, more variety and more tailor-made offers.

Accor's new loyalty program will position it as a travel companion offering its loyal guests the broadest range of services and benefits possible to enrich their experiences. Geared toward satisfying, recognizing and rewarding its guests, the Group's program will reinforce the trust established with each of them by making them want to be a lasting part of its augmented hospitality ecosystem, and to consume through it.

To strengthen its distribution, build its guests' loyalty and give its brands an indelible impact throughout the world, Accor unveiled a new customer promise in February 2019. Embodied by the "ALL – Accor Live Limitless" program, it will combine the Group's distribution platforms with a new experiential loyalty program.

As the new global digital loyalty platform, ALL will accompany its members in their diverse needs and wants (live, work, play) by providing a wide range of hospitality services accessible from a single portal (all.accor.com) designed to grow frequency of use and increase touchpoints.

Program members will be able to access a comprehensive range of services and experiences that represent much more than just a night's stay, combined with advantages negotiated in partnership with other players, including AEG, IMG, and the Paris Saint Germain football club.

These partnerships, applauded by the Group's guests, formed with some of the biggest names and guaranteeing high media exposure, are designed to increase the international visibility of Accor's loyalty program and brands, and to augment the efficiency of its distribution networks. Seeking to excite guests, these alliances will be a source of value for the brands, whose reputation and attractiveness will be increased, particularly among hotel owners, thereby helping further boost the Group's fees, performance and profits in the long term.

As loyalty points are exchanged for rewards within this ecosystem, Accor will gain knowledge of its members' preferred touchpoints and their purchasing behavior, and be able to develop more targeted offers.

Totaling €225 million, these initiatives will generate expenses of €55 million in 2019 and €45 million in 2020, with breakeven expected in 2021. The Group sees them adding €60 million to EBITDA by 2022, on top of the EBITDA of €1.2 billion expected that year, and €75 million per year in the following years, thanks to:

- ◊ an increase of at least 10 points in the contribution of loyal members;
- ◊ a €100 million rise in revenue (versus the €6 million delivered in 2018) thanks to greater use of the loyalty program stemming from attractive partnerships;
- ◊ an improvement of at least 3 points in RevPAR driven by greater brand awareness and new customers gained through partnerships.

1.5. Outlook

The change in the Group's model has transformed the nature of its revenue, with fees[2] collected from franchised and managed hotels now accounting for the majority of the total and generating 70.9% of consolidated EBITDA.

This new model rebalances the weighting of the various regions and segments in its revenue and earnings, in favor of emerging countries and the luxury and premium segment.

The growth of Accor's earnings is now much more sensitive to its development, because any new hotel, even unprofitable, will bring in new fees. The Group expects to deliver record organic development again this year, with its network probably exceeding 5,000 hotels by the end of 2019.

As announced in 2018, between 60% and 70% of the two-fold EBITDA increase targeted by Accor for 2022 will stem from the growth of hotel earnings – of which 30% to 40% from organic development – and 30% from new markets related to the acquisitions of Mantra, Atton, 21c and Mövenpick. The Group is also actively working on the integration of Mantra and Mövenpick, and has already achieved 55% and 34% of the synergies anticipated at the time of the respective deals.

Focusing on hotel operations and on a diversified range of offers and services has made Accor's cost structure leaner and improved the Group's profitability profile. With hotel overheads out of the equation, and thanks to the impact of efficiency measures that will ultimately account for 20% of growth in EBITDA, the EBITDA margin generated by the HotelServices' management and franchise business, which in first-half 2019 represented 72.5% of fees collected, should continue to improve.

[2] Share of revenue derived from managed and franchised hotels.

Now more agile, innovative and broader in areas adjacent to its core business, Accor has a resilient operating profile and is intensifying its growth. All of the various transactions carried out to strengthen the Group – by making it more present in the daily lives of its customers, improving profitability and driving value creation – are gradually paying off.

They are making an effective contribution to Accor's medium-term objectives by reinforcing the Group's strength and its capacity to take action in the future.

2. Review of the first half of 2019

In accordance with IFRS 16, and as permitted by the specific transition provisions, Accor has applied the new standard retrospectively as of January 1, 2019, but has not restated the 2018 information provided for comparison. Impacting the Group's financial statements in several ways (see Note 12 to the consolidated financial statements), IFRS 16 removes the distinction between operating leases and finance leases. It introduces a single model for recognizing lease contracts in lessees' balance sheets, with the recognition of an asset representing the right to use the underlying asset and a liability representing the obligation to make lease payments. In the income statement, interest expense related to this liability and the depreciation of the right to use the underlying asset replace the operating expense previously recognized for rents.

In addition, in light of the material progress made on the sale of Orbis, the subsidiary's real estate operations are now recognized in Accor's financial statements as assets held for sale in accordance with IFRS 5.

Lastly, note that Accor is structured around the following segments:

- **HotelServices**, which houses the hotel franchisor and operator business, as well as activities related to hotel operations. This division has five operating regions: Europe, Middle East & Africa, Asia-Pacific, North America, Central America & the Caribbean, and South America.
- **New Businesses**, which encompasses D-Edge, onefinestay, VeryChic, John Paul, Adoria, ResDiary and Gekko.
- **Hotel Assets**, which includes assets held primarily by Orbis in Central Europe, hotels operated under fixed leases in Asia-Pacific (inherited from the consolidation of Mantra) and hotels operated under variable lease agreements based on a percentage of EBITDAR in Brazil.
- **Holding & Intercos**, which comprises inter-company eliminations between each segment and the cost of corporate functions.

2.1.2019 Interim consolidated results

Accor benefited from solid business levels in most of its key markets in the first half of 2019. After adding 18,589 rooms (149 hotels) on an organic basis during the period, the Group had a portfolio of 717,314 rooms (4,892 hotels) and a pipeline of 202,000 rooms (1,153 hotels) at June 30, 2019, of which 78% in emerging markets.

en millions d'euros	H1 2018 (1)	H1 2019	Change (as reported)	Change (LFL) (2)
Revenue	1,300	1,926	+48.2%	+4.8%
EBITDA	**254**	**375**	**+47.7%**	**+5.1%**
EBITDA margin	*19.5%*	*19.5%*	*(0.1)pt*	*0.3pt*
EBIT	**202**	**234**	*+15.8%*	*+8.6%*
Operating result	**(58)**	**214**	-	-
Net profit/(loss) before profit from discontinued operations	**(115)**	**125**	-	-
Profit from discontinued operations	2,294	16	-	-
Net profit, Group share	**2,179**	141	-	-

(1) Restated in application of IFRS 5.
(2) Like for like: at constant scope of consolidation and exchange rates.

2.1.1. Revenue

Consolidated revenue for the first half of 2019 amounted to €1,926 million, up 4.8% like-for-like and up 48.2% as reported compared with first-half 2018.

In €millions	H1 2018 [1]	H1 2019	Change (as reported)	Change (LFL) [2]
HotelServices	1,205	1,366	+13.3%	+5.0%
Hotel Assets	225	519	+130.5%	+7.1%
New Businesses	70	77	+10.3%	+4.5%
Holding & Intercos	(202)	(36)	N/A	N/A
Total	**1,300**	**1,926**	**+48.2%**	**+4.8%**

(1) Restated in application of IFRS 5.
(2) Like for like: at constant scope of consolidation and exchange rates.

Reported revenue over the year reflected the following factors:

- Changes in the **scope of consolidation** (acquisitions and disposals) had a positive impact of €324 million (+21.5%), due to the contributions of Mantra, Mövenpick, 21c and Atton.
- **Currency effects** had a positive impact of €23 million (+1.5%), primarily relating to the US dollar (+€30 million), the Canadian dollar (+€4 million), the Brazilian real (-€5 million), the Turkish lira (-€5 million) and the Australian dollar (-€4 million).

2.1.2. EBITDA

Consolidated EBITDA amounted to €375 million in the first half of 2019, up 5.1% like-for-like and up 47.7% as reported compared with first-half 2018.

The **EBITDA margin** was **stable at 19.5%**.

In €millions	H1 2018 [1]	H1 2019	Change (as reported)	Change (LFL) [2]
HotelServices	312	344	+10.0%	+3.7%
Hotel Assets	16	97	+492.7%	+0.2%
New Businesses	(15)	(1)	+92.6%	+84.7%
Holding & Intercos	(60)	(65)	N/A	N/A
Total	**254**	**375**	**+47.7%**	**+5.1%**

(1) Restated in application of IFRS 5.
(2) Like for like: at constant scope of consolidation and exchange rates.

2.1.3. EBIT

First-half 2019 **consolidated EBIT** rose by 15.8% as reported, and by 8.6% like-for-like, to €234 million, from €202 million in the first half of 2018.

In €millions	H1 2018 (1)	H1 2019
EBITDA	254	375
Depreciation, amortization and provision expense	(51)	(141)
EBIT	**202**	**234**

(1) Restated in application of IFRS 5.

Depreciation, amortization and provision expense for the period were up €90 million compared with first-half 2018, to €141 million. In accordance with IFRS 16, they now include the depreciation of the right to use hotel assets (replacing the rents that were previously recorded) and mainly concern the leases of Mantra and Mövenpick hotels.

2.1.4. Operating profit

Operating profit, which comprises EBIT, the share of net profit of associates and joint ventures, and other income and expenses, represents income from the operations of the Group's various activities before the cost of financing and before income tax. The Group made an operating profit of €214 million in first-half 2019, compared with an operating loss of €58 million in first-half 2018.

In €millions	H1 2018 (1)	H1 2019
EBIT	202	234
Share of net profit of associates and joint ventures	20	(14)
Other income and expenses	(280)	(6)
Operating profit/(loss)	**(58)**	**214**

(1) Restated in application of IFRS 5.

The share of net profit of associates and joint ventures fell by €34 million to a negative €14 million in the six months to June 30, 2019, mainly due to the shares of losses of AccorInvest for €11 million, of joint ventures for €13 million and of China Lodging Group for €13 million.

Other income and expenses amounted to a net expense of €6 million, compared with a net expense of €280 million in first-half 2018. This primarily reflected restructuring costs for €7 million relating to the transformation plan implemented in Europe and North America. In first-half 2018, other income and expenses included impairments of €246 million on the New Businesses segment.

2.1.5. Net profit, Group share

In €millions	H1 2018 (1)	H1 2019
Operating profit/(loss)	**(58)**	**214**
Net financial expense	(31)	(38)
Income tax	(16)	(43)
Profit from discontinued operations	2,312	19
Net profit	**2,206**	**152**
Net profit, Group share	**2,179**	**141**
Earnings per share (in euros)	**7.37**	**0.38**
Net profit attributable to non-controlling interests	27	11

(1) Restated in application of IFRS 5.

Net financial expense amounted to €38 million in first-half 2019, versus €31 million in first-half 2018. This unfavorable change of €7 million in first-half 2019 is attributable mainly to an adverse impact of €8 million related to the application of IFRS 16. As explained above, the Group now records interest expense relating to the liability representing the obligation to make lease payments for leased hotel assets.

Income tax expense of €43 million was also recognized in first-half 2019, reflecting an effective tax rate of 23%, compared with income tax expense of €16 million in first-half 2018.

Profit from discontinued operations includes the net profit of €19 million of Orbis in the six months to June 30, 2019, compared with the capital gain on the disposal of 57.8% of AccorInvest in the amount of €2.4 billion in the six months to June 30, 2018. In the absence of any material non-recurring items, **profit from continuing operations** improved sharply to €125 million.

Consolidated net profit amounted to €152 million in the six months to June 30, 2019. After deducting **non-controlling interests** totaling €11 million, **net profit, Group share** came to €141 million, compared with €2,179 million in first-half 2018. This figure included the net profit of €16 million recorded by Orbis' real estate operations (now discontinued).

Based on the weighted average number of shares outstanding during the period (274,226,381), **earnings per share** amounted to €0.38 in first-half 2019, versus €7.37 in the prior-year period.

2.1.6. Financial flows and ratios

In € millions	2018 (1)	H1 2019
EBITDA	**254**	**375**
Cost of net debt	(27)	(30)
Income tax paid	(26)	(39)
Payment of lease liabilities	-	(67)
Non-cash revenue and expenses included in EBITDA and other	5	54
Funds from operations	**206**	**293**
Recurring investments	(55)	(75)
Change in operating working capital and contract assets and liabilities	15	(74)
Recurring free cash flow	**166**	**144**
Cash conversion rate (2)	**78%**	**76%**

(1) Restated in application of IFRS 5.
(2) Cash conversion rate = (EBITDA - recurring investments - lease payments)/(EBITDA – lease payments).

In accordance with IFRS 16, the Group's lease liability (corresponding to the sum of lease payments due under the lease with the lessor) decrease as payments are made throughout the lease term. **Payments of lease liabilities** represented **€67 million** in first-half 2019.

In the six months to June 30, 2019, **funds from operations** increased to **€293 million**, versus €206 million in the prior-year period. **Recurring investments** – which includes key money paid by HotelServices, digital and IT investments, and maintenance investments in owned and leased hotels – came to **€75 million** in first-half 2019, versus €55 million in the prior-year period. The Group expects its capital expenditure to be slightly below €200 million in 2019.

The **working capital requirement**, which came to **€74 million** in first-half 2019, was impacted by an unfavorable basis of comparison compared with the positive first-half 2018 performance. It reflects the seasonal nature of the Group's business, which is very pronounced towards the end of the first half, was compounded by an increase in receivables in June.

In the first half of 2019, **recurring free cash flow** came to **€144 million**, compared with €166 million in first-half 2018, reflecting a **cash conversion rate of 76%** calculated as (EBITDA - recurring investments - payment of lease liabilities)/(EBITDA - payment of lease liabilities).

Acquisitions and disposals of assets amounted to **€49 million** in the first half of 2019, and the **dividend paid** to shareholders in May 2019 to **€287 million**.

In accordance with IFRS 16, the Group now recognizes **lease liabilities** in its balance sheet. The additional lease liability represented **€882 million** at June 30, 2019, and explains a large part of the **€1,084 million increase in the Group's net debt** at June 30, 2019 compared with December 31, 2018. At June 30, 2019, the Group's **net debt** amounted to €2,237 million.

Its **average cost** was **1.7%**, with an **average maturity of 4.1 years** following the liability management operations carried out at the start of the first half, including:

- In January 2019, Accor successfully placed two bond issues: a €600 million senior bond maturing in 2026 with a coupon of 1.75% and a €500 million perpetual hybrid bond with a first call in 2024 and a coupon of 4.38%.
- These issues were used to buy back the €350 million bond issue maturing in 2021 with a coupon of 2.63% and the €386 million perpetual hybrid bond issue carried out in 2014 with a first call in 2020.
- In addition, the Group redeemed a €335 million bond that matured in March 2019.

2.2. Analysis of results by strategic business

At June 30, 2019, **Accor** had **4,892 hotels** and **717,314 rooms**, either operated under management and franchise agreements, owned or leased, as well as a development pipeline of close to 202,000 rooms (1,153 hotels).

In € millions	HotelServices	Hotel Assets	New Businesses	Holding & Intercos	Accor
Revenue H1 2019	1,366	519	77	(36)	1,926
EBITDA H1 2019	**344**	**97**	**(1)**	**(65)**	**375**
EBITDA margin	*25,2%*	*18,7%*	*-1.5%*	*N/A*	*19,5%*
Revenue H1 2018 (1)	1,205	225	70	(202)	1,300
EBITDA H1 2018 (1)	**312**	**16**	**(15)**	(60)	**254**
EBITDA margin (1)	*25,9%*	*7,3%*	*-21.6%*	*N/A*	*19,5%*

(1) Restated in application of IFRS 5.

2.2.1. HotelServices

HotelServices, which corresponds to Accor's business as a hotel manager and franchisor, is now divided into two businesses:

- **Management & Franchise**: the hotel management and franchise business, based on the collection of management and franchise fees, as well as revenue generated by purchasing.
    - **Management**: Hotels under management contracts are similar to franchised hotels in that Accor only records the fees paid by the owner and not the hotel's revenue. However, these hotels are managed by Accor. The fees received include franchise fees, as well as a management fee corresponding to a percentage of EBITDAR and, in some cases, a performance-based incentive fee paid by the owner.
    - **Franchise**: Franchised hotels are operated by their owners. Accor provides various services to its franchisees, such as the use of its brands, first and foremost, and access to the Group's centralized booking system. The other services offered to hotel owners include access to the centralized purchasing system and to the Group's corporate training academy. Accor is remunerated for these services via fees, including trademark fees and sales and marketing fees, as well as through the invoicing of additional services, where applicable.
- **Services to Owners**: This activity comprises the various services on which the Group spends the sums received from the hotels, including sales, marketing and distribution activities, loyalty program, shared services as well as re-billed costs incurred on behalf of hotels.

Since 2018, geographical monitoring of the HotelServices division has been performed within the Management & Franchise segment, based on the following five operating regions:

- Europe (including France and Switzerland)
- Middle East & Africa
- Asia-Pacific
- North America, Central America & the Caribbean
- South America

2.2.1.1. Revenue

HotelServices reported **business volumes of €10.4 billion**, versus €8.9 billion in first-half 2018, and revenue of €1,366 million, **up 5.0% like-for-like**, reflecting positive business trends and expansion of the hotel network.

HotelServices Management & Franchise (M&F) revenue amounted to **€486 million**, a **like-for-like increase of 5.0%** that reflects the Group's growth in all of its markets.

Revenue from HotelServices M&F by region

In €millions	H1 2018 (1)	H1 2019	Change (LFL) (2)
Europe	223	245	+5.7%
Asia-Pacific	94	100	-0.0%
Middle East & Africa	38	52	+4.6%
North America, Central America & the Caribbean	58	65	+7.2%
South America	19	24	+16.1%
HotelServices M&F	**433**	**486**	**+5.0%**

(1) Restated in application of IFRS 5.
(2) Like for like: at constant scope of consolidation and exchange rates.

These increases are the result of sustained business levels in Europe (+5.7%), North America, Central America & the Caribbean (+7.2%), Middle East & Africa (+4.6%) and South America (+16.1%). Asia-Pacific saw no growth compared with the six months to June 30, 2018.

Consolidated RevPAR increased by 2.9% overall on a like-for-like basis.

In **Europe**, M&F revenue was up a sharp 5.7% on a like-for-like basis, underpinned by a 4.4% increase in RevPAR, all segments combined.

- In **France**, RevPAR was up 4.7% like-for-like, with solid performances from both the greater Paris area and regional cities (up 5.4% and 4.2%, respectively). In June, business was boosted by the International Paris Airshow and the Women's Football World Cup.

- RevPAR growth remained moderate (+1.2%) in the **United Kingdom**, with London and the regional cities still posting highly contrasted performances. The increase in RevPAR in London (+4.3%) reflects a persistently active domestic tourism market, while RevPAR in regional cities (-2.1%) was impacted by a decline in consumer confidence.

- In **Germany,** RevPAR grew by 3.9%, driven by a favorable trade fair calendar as expected.

- **Spain** recorded a significant 11.9% rise in RevPAR thanks to a recovery in demand following political tension in Catalonia in 2017.

Asia-Pacific posted stable M&F revenue on a like-for-like basis, despite a slight decline in RevPAR (-0.2%) in the first half. The trend in RevPAR nonetheless improved in the second quarter (+0.3% in Q2 versus -0.6% in Q1), a sign that positive RevPAR growth can be expected for full-year 2019. Expansion of the hotel network was offset by a decline in incentive fees, relating in particular to the renovation of the Fairmont Singapore Hotel.

The **Middle East & Africa** region recorded an increase in M&F revenue of 4.6% despite growth in RevPAR of 1.0%. A solid performance by hotels in Mecca during Ramadan in May brought in additional incentive fees during the period.

North America, Central America & the Caribbean reported an increase in M&F revenue of 7.2%, thanks notably to the ramp-up of the Fairmont Austin Hotel. RevPAR for the region rose by 0.8%.

Lastly, **South America** continued to post strong growth, particularly in Brazil, with M&F revenue up 16.1% on the back of a 13.8% increase in RevPAR.

Services to Owners revenue, which includes the sales, marketing, distribution and loyalty division, as well as shared services and the repayment of hotel personnel costs, came to €879 million, versus €773 million in first-half 2018.

	Occupancy rate		Average room rate		RevPAR	
		chg pts LFL	€	chg % LFL	€	chg % LFL
Luxury & Premium	70.0	+1.8%	165.0	+4.2%	115.0	+6.9%
Midscale	69.2	+0.7%	96.0	+2.7%	66.0	+3.8%
Economy	70.0	+0.7%	65.0	+3.0%	46.0	+4.0%
Europe	**69.6**	**+0.8%**	**85.0**	**+3.2%**	**59.0**	**+4.4%**
Luxury & Premium	64.5	+0.2%	114.0	-0.3%	73.0	+0.1%
Midscale	69.0	-0.2%	81.0	+0.2%	56.0	-0.1%
Economy	70.9	-0.5%	44.0	-0.1%	31.0	-0.8%
Asia-Pacific	**67.9**	**-0.1%**	**81.0**	**0.0%**	**55.0**	**-0.2%**
Luxury & Premium	65.1	+3.6%	152.0	-2.9%	99.0	+2.5%
Midscale	66.9	+1.1%	70.0	-5.1%	47.0	-3.6%
Economy	63.1	-1.6%	56.0	-3.4%	35.0	-5.9%
Middle East & Africa	**64.6**	**+1.9%**	**119.0**	**-1.9%**	**77.0**	**+1.0%**
Luxury & Premium	71.8	+0.2%	230.0	+0.6%	165.0	+0.9%
Midscale	75.8	+2.3%	136.0	+0.8%	103.0	+3.8%
Economy	60.3	-4.2%	42.0	+2.2%	25.0	-4.2%
North America, Central America & the Caribbean	**71.3**	**0.0%**	**204.0**	**+0.9%**	**145.0**	**+0.8%**
Luxury & Premium	56.7	+1.3%	118.0	+11.1%	67.0	+13.9%
Midscale	58.1	+2.7%	66.0	+9.5%	39.0	+14.8%
Economy	54.5	+2.6%	43.0	+8.3%	23.0	+13.7%
South America	**55.7**	**+2.5%**	**57.0**	**+8.7%**	**32.0**	**+13.8%**
Luxury & Premium	**66.5**	**+1.1%**	**151.0**	**+0.8%**	**100.0**	**+2.5%**
Midscale	**68.4**	**+0.6%**	**89.0**	**+2.0%**	**61.0**	**+2.9%**
Economy	**67.8**	**+0.6%**	**58.0**	**+2.7%**	**39.0**	**+3.6%**
Total	**67.6**	**+0.7%**	**91.0**	**+1.8%**	**62.0**	**+2.9%**

2.2.1.2. EBITDA

In first-half 2019, **HotelServices** generated **EBITDA of €344 million**, compared with €312 million in the prior-year period. It was up 3.7% like-for-like due to the weak performance of Services to Owners. Slipping 0.7 point, **HotelServices' EBITDA margin** came to 25.2%, compared with 25.9% in the first half of 2018.

In €millions	**M&F**	**Services to Owners**	**HotelServices**
Revenue H1 2019	486	879	1,366
EBITDA H1 2019	**353**	**(9)**	**344**
EBITDA margin	*72.5%*	*-1.1%*	*25.2%*
Revenue H1 2018[(1)]	433	773	1,205
EBITDA H1 2018 [(1)]	**307**	**6**	**312**
EBITDA margin [(1)]	*70.9%*	*0.7%*	*25.9%*

(1) Restated in application of IFRS 5.

HotelServices M&F reported **EBITDA** of €353 million for the first half of 2019, an increase of 7.1% like-for-like on the €307 million recorded in the prior-year period. In the six months to June 30, 2019, it included €10 million in expenses related to the marketing plan announced in February 2019.

Up 1.6 points, the **EBITDA margin for HotelServices M&F** also increased to 72.5% from 70.9% in first-half 2018.

HotelServices M&F EBITDA by region

In €millions	H1 2018[(1)]	**H1 2019**	**Change (LFL)[(2)]**
Europe	179	191	+7.9%
Asia-Pacific	57	67	+3.2%
Middle East & Africa	28	38	(4.8)%
North America, Central America & the Caribbean	35	46	+17.8%
South America	7	11	+17.4%
HotelServices M&F	**307**	**353**	**+7.1%**

(1) Restated in application of IFRS 5.
(2) Like for like: at constant scope of consolidation and exchange rates.

- **Europe (+7.9%)** benefited from the launch, in November 2018, of plans to reorganize the region's support functions.
- **Asia-Pacific (+3.2%)** demonstrated the Group's capacity to keep costs under control in a challenging environment.
- The **Middle East & Africa region (-4.8%)** was impacted by an unfavorable basis of comparison due to recovery of receivables recorded in 2018.
- On the other hand, **North America, Central America & the Caribbean (+17.8%)** benefited from the reversal of a provision this year.
- **South America (+17.4%)** recorded EBITDA growth in line with its revenue growth.

Services to Owners EBITDA and **EBITDA margin** declined to -€9 million and a negative 1.1%, respectively.

2.2.2. New Businesses

This division corresponds to **New Businesses** developed by the Group (mainly through acquisitions), including:

- **digital services**, which offer digital solutions for independent hotels to foster the development of their direct sales (activity carried out by D-Edge – formerly Fastbooking and Availpro) and, more recently, restaurant owners to optimize table management and supplies (with ResDiary and Adoria);
- **hotel booking services** for companies and travel agencies with Gekko;
- **concierge services** through the integration of John Paul, with simultaneous management by Customer Care;
- **digital sales**, created through VeryChic, which offers exclusive private sales of luxury and premium hotel rooms and breaks;
- **luxury home rentals** operated by onefinestay, which has a portfolio of more than 5,000 addresses worldwide.

2.2.2.1. Revenue

In the six months to June 30, 2019, **New Businesses** posted **revenue of €77 million**, **up 4.5% like-for-like**. The 10.3% increase as reported reflects the acquisitions of ResDiary and Adoria in April and June 2018, respectively. This division is starting to benefit from streamlining efforts aimed at bringing onefinestay and John Paul to breakeven. Their restructuring will involve a short-term decline in sales due to the exit from the network of a certain number of unprofitable private residences.

D-Edge, Gekko, VeryChic and ResDiary delivered double-digit revenue growth.

In €millions	**H1 2018 (1)**	**H1 2019**
Revenue	70	77
EBITDA	(15)	(1)

(1) Restated in application of IFRS 5.

2.2.2.2. EBITDA

New Businesses EBITDA improved sharply to a **negative €1 million** in the first half of 2019 from a negative €15 million in first-half 2018, reflecting the initial benefits of the strategy implemented to restructure and streamline onefinestay and John Paul, as well as favorable calendar effects.

EBITDA is close to breakeven. As announced, the Group expects its New Businesses to break even starting in the fourth quarter of 2019.

2.2.3. Hotel Assets & Other

The **Hotel Assets & Other** division corresponds to the Group's owner-operator activities of both owned and leased hotels. It encompasses hotels operated in Eastern Europe and the hotels of the Mantra and Mövenpick groups acquired over the period, as well as a number of other hotels, primarily in Brazil, operated under variable rent leases based on a percentage of EBITDAR.

Its business model aims to improve the return on assets and optimize the impact on the statement of financial position. The division spans all asset portfolio management activities, hotel design, construction, refurbishment and maintenance activities.

This division also includes the following activities in Asia-Pacific: AccorPlus (discount card program), Accor Vacation Club (timeshare business) and Strata (room distribution and management of common areas).

At June 30, 2019, the **Hotel Assets & Other** division's hotel base included 245 hotels and 46,025 rooms.

2.2.3.1. Revenue

Hotel Assets & Other revenue amounted to **€519 million**, a **like-for-like increase of 7.1%**. The reported rise of 130.5% notably reflects the consolidation of Mantra in June 2018 and Mövenpick in September of the same year.

Following the reclassification of Orbis' real estate operations as assets held for sale, this segment is mainly driven by the Asia-Pacific region.

In the six months to June 30, 2019, Hotel Assets RevPAR increased by 8.5%, driven by strong momentum in Brazil and Turkey.

In €millions	H1 2018 (1)	H1 2019
Revenue	225	519
EBITDA	16	97

(1) Restated in application of IFRS 5.

Excluding Orbis, the division's hotel base included 173 hotels and 31,893 rooms at June 30, 2019.

2.2.3.2. EBITDA

Hotel Assets & Other EBITDA came to €97 million in first-half 2019, a significant increase over the €16 million recorded in the prior-year period, linked to the acquisitions of Mantra and Mövenpick.

On a like-for-like basis, EBITDA growth was affected by a muted performance from Mantra's leased assets in June, in a challenging Australian market.

Hotel Assets & Other EBITDA margin came to 18.7%.

2.3. Full-year 2019 EBITDA target

Based on the RevPAR trends observed in the first half, which are expected to continue during the second half of the year, and on record organic development in terms of room numbers, **the Group is forecasting full-year 2019 EBITDA of between €820 million and €850 million**.

2.4. Hotel portfolio and pipeline at June 30, 2019

In line with its strategy, Accor is continuing its organic development at a strong pace.
In first-half 2019, the Group added 149 hotels (18,589 rooms) to its portfolio.
At the same time, 45 hotels (6,100 rooms) were closed during the period.

2.4.1. Hotel portfolio by segment and operating structure

At June 30, 2019	Franchised		Managed		Hotel assets (owned/leased)		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Luxury & Premium	141	27,633	602	150,779	35	8,862	778	187,274
Midscale	708	83,091	727	138,724	99	17,581	1,534	239,396
Economy	1,524	133,355	945	137,707	111	19,582	2,580	290,644
Total	2,373	244,079	2,274	427,210	245	46,025	4,892	717,314
Total as a %	48.5%	34.0%	46.5%	59.6%	5.0%	6.4%	100.0%	100.0%

2.4.2. Hotel portfolio by region and operating structure

At June 30, 2019	Franchised		Managed		Hotel assets (owned/leased)		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Europe	1,824	165,355	1,015	145,963	135	25,459	2,974	336,777
Asia-Pacific	374	51,321	723	161,427	39	6,867	1,136	219,615
Middle East & Africa	18	3,501	250	56,502	9	1,586	277	61,589
North America, Central America & the Caribbean	21	6,820	98	32,416	0	0	119	39,236
South America	136	17,082	188	30,902	62	12,113	386	60,097
Total	2,373	244,079	2,274	427,210	245	46,025	4,892	717,314
Total as a %	48.5%	34.0%	46.5%	59.6%	5.0%	6.4%	100.0%	100.0%

2.4.3. Hotel portfolio by region and segment

At June 30, 2019	Europe	Asia-Pacific	Middle East & Africa	North America, Central America & the Caribbean	South America	Total
Luxury & Premium	35,808	74,191	38,515	31,718	7,042	187,274
Midscale	122,775	84,520	12,589	4,366	15,146	239,396
Economy	178,194	60,904	10,485	3,152	37,909	290,644
Total	336,777	219,615	61,589	39,236	60,097	717,314
Total as a %	46.9%	30.6%	8.6%	5.5%	8.4%	100.0%

2.4.4. Hotel pipeline

At June 30, 2019, the Group's pipeline totaled 1,153 hotels, representing 202,000 rooms.

2.5. *First-half 2019 highlights*

On January 23, Accor acquired 33.15% of the capital of Orbis for €339 million, increasing its stake to 85.84%. As a result, Accor strengthened its control of Orbis and consolidated its leadership in the region.

On January 24, Accor placed two new bonds, for €1.1 billion: a €500 million perpetual hybrid bond with a 4.375% coupon, and a €600 million seven-year senior bond with a 1.75% coupon.

On January 31, Accor announced the partial redemption of two bonds: a perpetual hybrid bond (4.125% coupon) and a senior bond maturing in 2021 (2.625% coupon) in a cumulative amount of €736 million (€386 million on the perpetual hybrid bond totaling €900 million, issued in June 2014, and €350 million on the bond maturing in 2021).

On February 21, Accor announced the launch of a new customer promise embodied by the “ALL Accor Live Limitless” program, which will combine its distribution platforms with a new experiential loyalty program. The Group also announced several international partnerships against this backdrop, notably with AEG, IMG and Paris Saint-Germain Football Club. ALL will become the club’s principal partner and official jersey sponsor as of the start of the next sporting season.

On February 25, Accor established a €500 million Negotiable EUropean Commercial Paper (NEU CP) program.

On March 4, Accor launched its new midscale lifestyle brand, Tribe.

On March 5, Accor and SBE launched a new global lifestyle brand, The House of Originals.

On April 4, Accor announced the opening of two majestic hotels in India, Raffles Jaipur and Raffles Udaipur, with the aim of giving fresh impetus to its operations in India by placing greater emphasis on luxury and premium brands.

On May 27, Accor acquired a 40.6% stake in the capital of Ken Group, an operator of upscale sports clubs in Paris, for €30 million.

On June 12, Accor announced that it had agreed the key terms for taking over Orbis’ hotel services business for €286 million, and begun the disposal of its real estate operations, whose gross asset value (excluding corporate overheads) totaled €1.18 billion at end-2018.

On June 20, Accor and Air France-KLM strengthened their partnership around their respective loyalty programs, Le Club AccorHotels and Flying Blue, to enable their members to simultaneously accumulate Miles and Points.

3. Main risks and uncertainties

The main risks and uncertainties that may affect the Group in the last six months of the year are presented in the 2018 Registration Document under “Risk Factors”.

4. Main related-party transactions

The main related-party transactions are presented in detail in Note 11.4 to the interim consolidated financial statements.

5. Subsequent events

None.

Condensed Interim Consolidated Financial Statements and notes

Contents

Unless stated otherwise, the amounts presented are in millions of euros, rounded to the nearest million. In general, the amounts presented in the consolidated financial statements and related notes are rounded to the nearest unit. This may result in a non-material difference between the sum of the rounded amounts and the reported total. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts.

Consolidated income statement

(€ in million)	Notes	1st semester 2018 (*)	1st semester 2019
Revenue	3	**1,300**	**1,926**
Operating expense	3	(1,046)	(1,551)
EBITDA	3	**254**	**375**
Depreciation, amortization and provision expense		(51)	(141)
EBIT		**202**	**234**
Share of net profit of associates and joint-ventures	4	20	(14)
EBIT including profit of associates and joint-ventures		**222**	**221**
Other income and expenses	5	(280)	(6)
Operating profit		**(58)**	**214**
Net financial expense	8	(31)	(38)
Income tax	9	(16)	(43)
Profit from continuing operations		**(106)**	**134**
Profit from discontinued operations	2	2,312	19
Net profit of the period		**2,206**	**152**
• Group		**2,179**	**141**
from continuing operations		(115)	125
from discontinued operations		2,294	16
• Minority interests		**27**	**11**
from continuing operations		10	8
from discontinued operations		18	3
Basic earnings per share (in euros)			
Earnings per share from continuing operations		**(0.52)**	**0.32**
Earnings per share from discontinued operations		**7.90**	**0.06**
Basic earnings per share		**7.37**	**0.38**
Diluted earnings per share (in euros)			
Diluted earnings per share from continuing operations		**(0.52)**	**0.32**
Diluted earnings per share from discontinued operations		**7.88**	**0.06**
Diluted earnings per share	**10**	**7.36**	**0.38**

(*) Restated amounts in application of IFRS 5 (see Note 2)

Consolidated statement of comprehensive income

(€ in million)	Notes	1st semester 2018 (*)	1st semester 2019
Net profit of the period		**2,206**	**152**
Currency translation adjustments	10	29	32
Effective portion of gains and losses on cash flow hedges	10	(9)	1
Currency translation adjustments from discontinued operations	10	(1)	4
Items that may be reclassified subsequently to profit or loss		**18**	**37**
Changes in the fair value of non-consolidated investments	10	(3)	4
Actuarial gains and losses on defined benefit plans	10	-	(9)
Actuarial gains and losses from discontinued operations	10	(1)	-
Items that will not be reclassified to profit or loss		**(4)**	**(5)**
Other comprehensive income, net of tax		**14**	**32**
Total comprehensive income of the period		**2,221**	**184**
• Group share		2,204	177
• Minority interests		17	6

(*) Restated amounts in application of IFRS 5 (see Note 2)

Consolidated statement of financial position

Assets

(€ in million)	Notes	Dec. 2018	June 2019
Goodwill	6	**2,399**	**2,392**
Other intangible assets	6	**2,653**	**2,576**
Property, plant and equipment	6	**1,192**	**691**
Right of use	12	**-**	**876**
Investments in associates and joint-ventures	4	2,177	2,173
Other non-current financial assets	8	339	343
Non-current financial assets		**2,516**	**2,516**
Deferred tax assets		199	205
Contract assets		176	188
Other non-current assets		4	4
Non-current assets		**9,139**	**9,447**
Inventories		15	19
Trade receivables		617	655
Other current assets		258	279
Current financial assets	8	55	42
Cash and cash equivalents	8	2,820	1,734
Current assets		**3,764**	**2,729**
Assets classified as held for sale	2	14	882
TOTAL ASSETS		**12,917**	**13,058**

Equity and Liabilities

(€ in million)	Notes	Dec. 2018	June 2019
Share capital	10	848	811
Additional paid-in capital and reserves	10	2,361	4,303
Net profit of the year		2,233	141
Ordinary shareholders' equity		**5,441**	**5,254**
Perpetual subordinated bonds	10	887	994
Shareholders' equity - Group share		**6,328**	**6,248**
Minority interests	10	108	115
Shareholders' equity	10	**6,436**	**6,363**
Long-term financial debt	8	2,760	2,825
Long-term lease debt	12	-	752
Deferred tax liabilities		531	541
Non-current provisions	7	118	118
Non-current contract liabilities		27	26
Non-current liabilities		**3,435**	**4,263**
Trade payables		426	427
Current liabilities		696	669
Current provisions	7	449	375
Current contract liabilities		201	218
Short-term financial debt	8	1,268	305
Short-term lease debt	12	-	130
Current liabilities		**3,039**	**2,125**
Liabilities associated with assets classified as held for sale	2	6	308
TOTAL EQUITY AND LIABILITIES		**12,917**	**13,058**

Consolidated statement of cash flows

	(€ in million)	Notes	1st semester 2018 (*)	1st semester 2019
+	EBITDA	3	254	375
+	Cost of net debt	8	(27)	(30)
+	Income tax paid		(26)	(39)
-	Non cash revenue and expense included in EBITDA		2	14
-	Reversal of provisions included in net financial expense and non-recurring taxes		(1)	(0)
+	Dividends received from associates and joint-ventures		4	40
+	Impact of discontinued operations	2	160	35
=	**Funds from operations excluding non-recurring items**		**366**	**395**
+	Decrease (increase) in operating working capital	3	10	(104)
+	Impact of discontinued operations	2	(58)	(9)
+	Decrease (increase) in contract asset		(4)	6
=	**Net cash from operating activities**		**313**	**288**
+	Cash received (paid) on non-recurring items (incl. restructuring costs and non-recurring taxes)		(99)	(67)
+	Impact of discontinued operations		(14)	(0)
=	**Net cash from operating activities including non-recurring items (A)**		**200**	**220**
-	Renovation and maintenance expenditure		(30)	(44)
-	Development expenditure		(1,033)	(62)
+	Proceeds from disposals of assets		4,320	7
+	Impact of discontinued operations	2	(157)	(2)
=	**Net cash from investing activities (B)**		**3,099**	**(102)**
+	Issue of hybrid capital	10	-	493
+	Reimbursement of hybrid capital	10	-	(398)
+	Proceeds from issue of shares		15	-
-	Dividends paid		(300)	(287)
-	Interests paid on perpetual subordinated bonds		(37)	(36)
-	Repayment of long-term debt		(170)	(353)
+	New long term debt		175	542
=	**Increase (decrease) in long-term debt**		**5**	**189**
+	Share buyback program	10	-	(489)
+	Orbis shares purchase	2	-	(339)
+	Increase (decrease) in short-term debt		(8)	(168)
+	Repayment of lease liability		-	(67)
+	Impact of discontinued operations	2	(248)	(7)
=	**Net cash used in financing activities (C)**		**(573)**	**(1,109)**
+	Effect of changes in exchange rates (D)		6	10
+	Effect of changes in exchange rates on discontinued operations (D)	2	27	2
=	**Net change in cash and cash equivalents (E) = (A) + (B) + (C) + (D)**		**2,759**	**(979)**
-	Cash and cash equivalents at beginning of period		1,048	2,837
-	Effect of changes in fair value of cash and cash equivalents		(9)	5
-	Net change in cash and cash equivalents for discontinued operations		125	(150)
+	Cash and cash equivalents at end of period		3,924	1,713
=	**Net change in cash and cash equivalents**		**2,759**	**(979)**

(*) Restated amounts in application of IFRS 5 (see Note 2)

Consolidated changes in equity

(€ in million)	Number of shares	Share capital	Additional paid-in capital	Currency translation reserve	Retained earnings	Equity Group share	Minority interests	Total Equity
Balance at December 31, 2017	290,122,153	**870**	**2,684**	**(372)**	**2,260**	**5,442**	**341**	**5,783**
Restatements IFRS 9		-	-	-	(13)	(13)	-	(13)
Restated Balance at January 1, 2018	290,122,153	**870**	**2,684**	**(372)**	**2,247**	**5,429**	**341**	**5,770**
Capital increase	759,498	2	13	-	(1)	14	1	15
Dividends paid		-	-	-	(306)	(306)	(14)	(320)
Share-based payments		-	-	-	9	9	-	9
Perpetual subordinated bonds		-	-	-	(37)	(37)	-	(37)
Effects of scope changes		-	-	1	(32)	(32)	(100)	(132)
Transactions with shareholders	759,498	**2**	**13**	**1**	**(368)**	**(352)**	**(114)**	**(466)**
Net profit of the period		-	-	-	2,179	2,179	27	2,206
Other comprehensive income		-	-	39	(14)	25	(11)	14
Total comprehensive income		**-**	**-**	**39**	**2,165**	**2,204**	**17**	**2,221**
Balance at June 30, 2018	**290,881,651**	**872**	**2,697**	**(333)**	**4,045**	**7,281**	**244**	**7,525**

(€ in million)	Number of shares	Share capital	Additional paid-in capital	Currency translation reserve	Retained earnings	Equity Group share	Minority interests	Total Equity
Balance at December 31, 2018	282,607,800	**848**	**2,378**	**(321)**	**3,423**	**6,328**	**108**	**6,436**
Restatements IFRIC 23(*)		-	-	-	(38)	(38)	-	(38)
Restated Balance at January 1, 2019	282,607,800	**848**	**2,378**	**(321)**	**3,385**	**6,290**	**108**	**6,398**
Capital increase	(12,340,287)	(37)	(453)	-	491	1	0	1
Dividends paid		-	-	-	(283)	(283)	(4)	(287)
Share-based payments		-	-	-	12	12	-	12
Perpetual subordinated bonds		-	-	-	59	59	-	59
Effects of scope changes		-	-	-	(7)	(7)	4	(3)
Other movements		-	-	2	(2)	(0)	(0)	(0)
Transactions with shareholders	(12,340,287)	**(37)**	**(453)**	**2**	**269**	**(219)**	**0**	**(219)**
Net profit of the period		-	-	-	141	141	11	152
Other comprehensive income		-	-	41	(4)	37	(5)	32
Total comprehensive income		**-**	**-**	**41**	**137**	**177**	**6**	**184**
Balance at June 30, 2019	**270,267,513**	**811**	**1,924**	**(278)**	**3,791**	**6,248**	**115**	**6,363**

(*) Restated amounts in application of new accounting methods (see Note 12)

Notes to the condensed consolidated financial statements

Note 1. Basis of preparation

The interim condensed consolidated financial statements of Accor Group for the six months ended June 30, 2019 were examined by the Board of Directors on July 31, 2019.

1.1. Accounting framework

The condensed consolidated financial statements have been prepared in accordance with Accounting Standard IAS 34 *Interim financial reporting*. They do not contain all the information and disclosures required in the annual financial statements. Accordingly, they should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2018.

The accounting policies adopted are consistent with those of the 2018 financial year, except for the adoption of new standards effective at January 1, 2019, as set out below, and following specific measurement principles applied for the interim financial reporting:

- Income Tax Expense: the income tax expense (current and deferred) is calculated by applying, on the one hand, the estimated annual average tax rate for the current fiscal year for each entity or tax group to profit before tax and non-recurring items of the period and, on the other hand, the current tax rate of each country to the non-recurring items of the period.
- Employee benefits: the post-employment and other long-term employee benefits obligation is calculated by projecting the December 31, 2018 obligation over a six-month period, taking into account any benefits paid and any changes to plan assets. The actuarial assumptions used in the calculation of the employee benefit obligations are updated in the event of significant change over the period.

The business carried out by the Group during the six months ended June 30, 2019 is not materially seasonal.

1.2 Evolution of accounting framework

1.2.1 New standards adopted by the Group

The Group applied the new standards, amendments or interpretations, which are mandatorily effective for financial years beginning on or after January 1, 2019.

IFRS 16 *Leases*

IFRS 16, the new standard for leases, supersedes IAS 17 *Leases* and related interpretations. The standard removes the distinction between operating and finance leases for lessees. It introduces a single on-balance sheet accounting model for lessees, with recognition of an asset reflecting the right to use the leased item and a liability representing the obligation to pay the rents.

The Group has adopted IFRS 16 retrospectively from January 1, 2019 but has not restated the comparative information for 2018, as permitted under the specific transitional provisions in the standard ("Modified retrospective approach"). Accordingly, the reclassifications and the adjustments arising from the initial application of IFRS 16 have been recognized in the opening balance sheet at January 1, 2019. The effect of applying IFRS 16 on the Group's consolidated financial statements is presented in Note 12.

IFRIC 23 Interpretation *Uncertainty over Income Tax Treatment*

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

Accor has applied IFRIC 23 using the retrospective approach, without restatement of the comparative information for 2018 as permitted by the specific transitional provisions. The cumulative effect of first application has been recognized as an adjustment to the opening consolidated statement of financial position at January 1, 2019 (see details in Note 12).

Several other amendments and interpretations are effective from January 1, 2019, but they do not have any material impact on the interim condensed consolidated financial statements.

1.2.2 Future standards, amendments and interpretations

The Group has not early adopted any other standard, amendment or interpretation applicable to financial years starting after June 30, 2019, regardless of whether they were adopted by the European Union.

1.3 Estimates and judgments

In preparing these interim condensed consolidated financial statements, management has made judgements and estimates that may affect the reported amounts of assets and liabilities, income and expenses. The significant estimates and judgements were the same as those described in the latest annual consolidated financial statements, except for the new significant judgements related to lease accounting under IFRS 16 (in particular, the assessment of lease term and the determination of discount rate used for the measurement of lease liabilities and right-of-use assets).

Note 2. Group Structure

2.1 Changes in the scope of consolidation

On May 27, 2019, Accor acquired a 40.6% interest in the share capital of Ken Group, the high-end fitness group based in Paris. The investment amounting to €30 million has been made through the acquisition of ordinary shares and the subscription to convertible bonds. As a result of the significant influence exercised by Accor, the investment was accounted for under the equity method in the consolidated financial statements.

2.2 Assets held for sale and discontinued operations

At June 30, 2019, assets and liabilities held for sale were as follows:

	Dec. 2018		June 2019	
(€ in million)	Assets	Liabilities	Assets	Liabilities
Orbis	3	-	870	301
Others	11	6	12	6
Total	**14**	**6**	**882**	**308**

Description of the disposal project of Orbis

On November 26th 2018, Accor, which owned 52.7% of the share capital of Orbis, a company listed on the Warsaw stock exchange, announced a tender offer for the acquisition in cash of the 21,800,593 shares of Orbis it did not already own, representing 47.3% of the share capital. On January 23rd 2019, after completion of the subscription period, the Group acquired 33.1% of Orbis' share capital for €339 million; thus increasing its ownership to 85.8% of the company's share capital. This transaction was accounted for as a transaction with minority interests, with no change in the consolidation method, as Orbis was already controlled by Accor.

On May 17, 2019 Orbis announced its decision to separate its business into two separate activities: a hotel-owner business ("Hotel assets") and a hotel management and franchise business ("Hotel Services"), with a view to focus on its asset portfolio. On May 29, 2019, Orbis announced its intention to sell its Hotel Services business and entered into exclusive negotiations with Accor. On June 12, 2019, Accor and Orbis agreed on key terms for the acquisition by Accor of the Hotel Services business for 1.2 billion zlotys (c. €286 million). This transaction is a transaction under common control, as defined by IFRS 3 *Business Combinations*, that will have no impact on the Group's key indicators (EBITDA, net debt). It is expected to be completed by the end of 2019.

In accordance with Polish corporate law, the proposed sale of Orbis Hotel Services business to Accor shall be approved by the shareholders of Orbis through a resolution at the General Meeting (with a 75% majority vote). The transaction is also subject to approval by the Management Board and the Supervisory Board of Orbis. The probability of obtaining such approvals is deemed high by the Group.

In order to pursue its asset light strategy, Accor announced, on June 12, 2019, its intention to sell its 85.8% ownership interest in Orbis which, post-completion of the above-mentioned Hotel Services transaction, will comprise the Hotel assets business, with a portfolio of 73 owned and leased hotels.

In June 2019, Accor has initiated discussions with a number of potential investors for the sale of its shareholding in Orbis, which will be conducted by way of a tender offer.

Accounting treatment

At June 30, 2019 the assets and liabilities related to the Hotel assets business of Orbis have been classified as held for sale. Accor considers that the conditions for applying IFRS 5 have been met at that date. The Group is committed to a plan to sell its shareholding in Orbis and considers that the transaction is highly probable, in view of the negotiations in progress with potential investors.

Accor considers that Orbis Hotel assets business constitutes a separate major line of business as defined by IFRS 5. It represents a significant part of the Group Hotel assets segment, and all its operations in Eastern & Central Europe. Accordingly, it is classified as a discontinued operation.

In the interim condensed consolidated financial statements, Orbis Hotel assets business is presented in accordance with IFRS 5 principles:

- The assets held for sale and related liabilities are presented separately from the Group's other assets and liabilities on specific lines of the consolidated statement of financial position at June 30, 2019. They have been measured at that date at the lower of their carrying amount and fair value less costs to sell. At June 30, 2019, a comparison of the gross asset value of the assets held for sale to their carrying amount did not reveal any impairment.
- The profit over the period is reported on a separate line in the consolidated income statement under "Net profit or loss from discontinued operations", and items of comprehensive income are presented separately. The comparative information over the 6 months ending June 30, 2018 has been restated accordingly.
- Cash flows attributable to Orbis Hotel assets are presented on separate lines, with restatement of the comparative information.

The detail of assets and liabilities reclassified as held for sale at June 30, 2019 and the contribution of Orbis Hotel assets business to the consolidated net profit and cash flows for the first semester 2018 and 2019 is presented below.

Assets and liabilities of Orbis held for sale

(€ in million)	June 2019
Intangible assets	62
Property, plant & equipments	493
Other non-current assets	140
Non-current assets	**694**
Trade receivables and other current assets	30
Cash and cash equivalents	146
Assets classified as held for sale	**870**
Non-current liabilities	**166**
Short-term financial debt	78
Trade payables and other current liabilities	58
Liabilities associated with assets classified as held for sale	**301**

Income statement of Orbis

(€ in million)	1st semester 2018	1st semester 2019
Revenue	**159**	**159**
Operating expenses	(115)	(114)
EBITDAR	**44**	**45**
Property rents	(7)	(1)
EBITDA	**38**	**44**
Depreciation, amortization and provision expense	(20)	(27)
EBIT	**17**	**17**
Other income and expenses	31	11
Net financial expense	(1)	(5)
Income tax	(7)	(5)
Net Profit	**40**	**19**

Cash flows attributable to Orbis

(€ in million)	1st semester 2018	1st semester 2019
Net cash flows from operating activities	37	24
Net cash flows from investing activities	53	(2)
Net cash flows from financing activities	(19)	(7)
Effect of changes in exchange rates	1	2
Net cash flows	**72**	**17**

Note 3. Operating items

3.1 Segment reporting

The Group is organized around three strategic businesses.

HotelServices

This operating segment, which corresponds to AccorHotels' core business as a hotel manager and franchisor, is split in two businesses:

- « **Management & Franchise** »: Hotel management and franchise business based the collection of fees, as well as revenue generated by purchasing;
- « **Services to owners** »: Activity gathering all the services for which the Group spends the remuneration received from hotel owners: sales, marketing and distribution, loyalty program, shared services as well as rebilling of costs incurred on behalf of hotel owners.

The Management & Franchise business is organized around the 5 following operating regions:

- Europe
- Middle East & Africa
- Asia-Pacific
- North America, Central America & the Caribbean
- South America

Hotel assets & others

This operating segment is the Group's hotel owner-operator, comprising the Group's owned and leased hotels. Its business model aims to improve the return on assets and optimize the impact on the statement of financial position. It spans all asset portfolio management activities, hotel design, construction, refurbishment and maintenance activities. This segment includes three activities conducted in Asia-Pacific: AccorPlus (rewards cards program), Accor Vacation Club (timeshare business) and Strata (room distribution and management of hotels common areas).

New Businesses

This operating segment corresponds to new businesses developed by the Group, mainly through external growth operations:

- **Digital services,** which consists in offering digital solutions to independent hotel operators that will drive growth in their direct sales (activity operated by D-Edge, merger of Fastbooking and Availpro), and, more recently, to restaurants owners to optimize table management and supply (operated by Resdiary and Adoria).
- **Private luxury home rentals,** operated by onefinestay, with over 5,000 addresses worldwide.
- **Digital sales,** with the integration of VeryChic, which offers exclusive private sales with luxury and high-end partners.
- **Concierge services,** with the integration of John Paul, which in parallel has taken over the Accor Customer Care Service.
- **Hospitality booking services** for companies and travel agencies with the integration of Gekko.

3.1.1 Reporting by strategic business

(€ in million)	1st semester 2018 (*)	1st semester 2019	Variation (%) Actual	L/L (1)
HotelServices	1,205	1,366	+13.3%	+5.0%
• of which Management & Franchise	433	486	+12.4%	+5.0%
• of which Services to owners	773	879	+13.8%	+5.1%
Hotel Assets & others	225	519	+130.5%	+7.1%
New Businesses	70	77	+10.3%	+4.5%
Corporate & Intercos	(202)	(36)	N / A	N / A
Revenue	**1,300**	**1,926**	**+48.2%**	**+4.8%**
HotelServices	312	344	+10.0%	+3.7%
• of which Management & Franchise	307	353	+15.1%	+7.1%
• of which Services to owners	6	(9)	N / A	(69.4)%
Hotel Assets & others	16	97	+492.7%	+0.2%
New Businesses	(15)	(1)	+92.6%	+84.7%
Corporate & Intercos	(60)	(65)	N / A	N / A
EBITDA	**254**	**375**	**+47.7%**	**+5.1%**

(*) Restated amounts in application of IFRS 5
(1) L/L: Like-for-like change

Over the first semester 2018, the line « Corporate & Intercos » includes the elimination of the flows realized with AccorInvest prior to its disposal, consistently with consolidation principles.

The change in Hotel Assets & others is mainly driven by the acquisitions of Mövenpick and Mantra, which contributed to €313 million of revenue and €79 million of EBITDA over the first semester 2019 (respectively €35 million and €2 million over the comparative period, corresponding to one month of Mantra's activity).

Revenue realized in France amounted to €213 million in the first half of 2019 (€143 million in the first half of 2018 and €217 million including the revenue with AccorInvest over the first five months of 2018).

AccorInvest is the main client of the Group, with a contribution to consolidated revenue of 11% over the first semester 2019.

3.1.2 Detailed information for Management & Franchise

A. Management & Franchise revenue

(€ in million)	1st semester 2018 (*)	1st semester 2019	Variation (%) Actual	L/L (1)
Europe	223	245	+9.8%	+5.7%
Middle East & Africa	38	52	+36.2%	+4.6%
Asia Pacific	94	100	+6.5%	(0.0)%
North America, Central America & Caribbean	58	65	+13.3%	+7.2%
South America	19	24	+24.4%	+16.1%
Total	**433**	**486**	**+12.4%**	**+5.0%**

(*) Restated amounts in application of IFRS 5

(1) L/L: Like-for-like change

B. Management & Franchise EBITDA

(€ in million)	1st semester 2018 (*)	1st semester 2019	Variation (%) Actual	L/L (1)
Europe	179	191	+6.8%	+7.9%
Middle East & Africa	28	38	+36.6%	(4.8)%
Asia Pacific	57	67	+17.0%	+3.2%
North America, Central America & Caribbean	35	46	+30.1%	+17.8%
South America	7	11	+49.0%	+17.4%
Total	**307**	**353**	**+15.1%**	**+7.1%**

(*) Restated amounts in application of IFRS 5
(1) L/L: Like-for-like change

3.2 Operating expenses

(€ in million)	1st semester 2018 (*)	1st semester 2019
Cost of goods sold	(24)	(48)
Employee benefits expenses	(772)	(939)
Property Rents	(51)	(29)
Energy, maintenance and repairs	(20)	(34)
Taxes, insurance and co-owned properties charges	(21)	(31)
Other operating expenses	(157)	(470)
Total	**(1,046)**	**(1,551)**

(*) Restated amounts in application of IFRS 5

Upon adoption of IFRS 16 *Leases*, property rents expense over the first semester 2019 relates to the variable part of hotel properties operated under lease contracts.

Other operating expenses consist mainly of marketing, advertising, promotional, selling and information systems costs. They include the elimination of intragroup flows with discontinued operations, mostly AccorInvest over the first semester 2018 and Orbis over the first semester 2019.

3.3 Employee benefit expenses

Over the first semester 2019, employee benefits expenses include €12 million related to share-base payments. On May 30, 2019, the Group granted 1,275,675 performance shares to its employees, subject to a three-year vesting period. At this date, the fair value of the performance share was €28.02, corresponding to the share price of €32.97 less the discounted present value of dividends not received during the vesting period and the effect of external conditions.

The shares will vest provided that the grantee remains with the Group until the end of the three-year vesting period, and the three following performance conditions are fulfilled over the years 2019 to 2022:

- Internal conditions (80% weighting): EBITDA margin compared to the budget and free cash flows excluding disposal proceeds and external growth including changes in operating working capital compared to the budget,
- External condition (20% weighting): change in Accor' Total Shareholder Return (TSR) compared with that of other international hospitality groups. The estimated probability of this performance condition being fulfilled was taken into account to determine the fair value of the performance shares on the grant date.

The total fair value of this plan amounts to €36 million and is being recognized on a straight-line basis over the vesting period under employee benefits expenses with a corresponding adjustment to equity. The cost recorded in respect of this plan over the first semester 2019 amounts to €1 million.

Note 4. Associates and joint-ventures

4.1 Share in net results of associates and joint-ventures

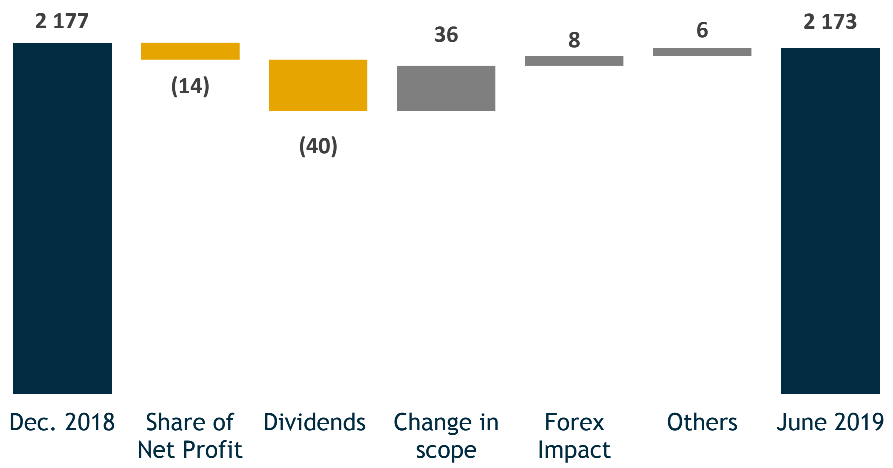
The main contributions of associates and joint-ventures are analyzed as follows:

(€ in million)	1st semester 2018	1st semester 2019
AccorInvest (*)	11	0
China Lodging Group	10	(3)
Others	(1)	2
Associates	**20**	**(0)**
Joint ventures	**(0)**	**(13)**
Share in net results of equity-accounted investments	**20**	**(14)**

(*) Corresponding to one month activity in 2018

4.2 Investments in associates and joint-ventures

Change in equity-accounted investments (€m)



At June 30, 2019, changes in scope mainly correspond to the investment in Ken Group. Dividends paid relate to AccorInvest for €32 million.

Note 5. Other income and expenses

(€ in million)	1st semester 2018 (*)	1st semester 2019
Impairment losses	(246)	(2)
Restructuring expenses	(12)	(7)
Gains and losses on management of hotel properties	1	(0)
Other non-recurring income and expenses	(23)	3
Other income and expenses	**(280)**	**(6)**

(*) Restated amounts in application of IFRS 5

Over the first semester 2019, other income and expenses include restructuring costs for €(7) million mainly related to transformation plans in Europe and North Amercia.

Over the first semester 2018, other income and expenses included impairment losses on New Businesses for €(246) million.

Note 6. Intangible and tangible assets

6.1 Goodwill

Changes in the carrying amount of goodwill over the period were as follows:

(€ in million)	Dec. 2018	Translation adjustment & others	IFRS 5 Reclass.	June 2019
Europe	289	4	-	293
Middle East & Africa	172	1	-	172
Asia Pacific	459	0	-	459
North/Central America & Caribbean	304	1	-	305
South America	109	(2)	-	107
HotelServices	**1,333**	**5**	**-**	**1,337**
HotelAssets & others	**538**	**(9)**	**(25)**	**504**
New Businesses	**353**	**(0)**	**-**	**353**
Not allocated	**465**	**6**	**-**	**471**
Gross value	**2,688**	**3**	**(25)**	**2,666**
Impairment losses	**(290)**	**(4)**	**19**	**(274)**
Net book value	**2,399**	**(1)**	**(6)**	**2,392**

6.2 Intangible and tangible assets

Changes in the carrying amount of intangible and tangible assets in the first half of 2019 were as follows:

(€ in million)	Dec. 2018	Increase	Disposals	Translation adjustment & others	Reclass. IFRS 5	June 2019
Gross value	3,122	24	(9)	(3)	(66)	3,068
Accumulated amortization and depreciation	(468)	(44)	7	2	10	(492)
Intangible assets net book value	**2,653**	**(19)**	**(2)**	**(1)**	**(56)**	**2,576**
Gross value	2,109	41	(29)	8	(989)	1,140
Accumulated amortization and depreciation	(917)	(51)	26	(3)	496	(448)
Tangible assets net book value	**1,192**	**(10)**	**(3)**	**5**	**(493)**	**691**

The decrease in net book value is mainly explained by the reclassification of Orbis' assets as assets held for sale (see Note 2).

Note 7. Provisions

Changes in provisions over the first half of 2019 can be analyzed as follows:

(€ in million)	Dec. 2018	IFRIC 23 reclass. (*)	Compre-hensive income	Increases	Reversal: Used provisions	Reversal: Unused provisions	Translation adjustment and others	IFRS 5 relcass.	June 2019
Pensions and other benefits	102	-	7	7	(2)	0	1	(6)	109
Litigation	357	(27)	-	13	(28)	(24)	0	(2)	289
Restructuring	107	-	-	1	(11)	(3)	2	(0)	96
Total	**566**	**(27)**	**7**	**21**	**(42)**	**(28)**	**3**	**(7)**	**494**
• Including non-current	118	-	7	7	(6)	(4)	2	(6)	118
• Including current	449	(27)	-	14	(36)	(24)	1	(1)	375

(*) The reclassification of provisions made as part of IFRIC 23 implementation is detailed in Note 12

At June 30, 2019, provisions amounted to €494 million, decreasing by €72 million compared to December 31, 2018, due mainly to the partial reversal of €39 million related to guarantees provided as part of AccorInvest disposal.

Note 8. Financing and financial instruments

8.1 Net financial expense

The net financial expense is analyzed as follows:

(€ in million)	1st semester 2018 (*)	1st semester 2019
Bonds interests	(28)	(31)
Other interests income and expenses	1	9
Interests on lease debt	0	(8)
Cost of net debt	(27)	(30)
Other financial income and expenses	(4)	(7)
Net financial expense	**(31)**	**(38)**

(*) Restated amounts in application of IFRS 5

8.2 Group net debt

8.2.1 Breakdown of net debt

			Other changes					
(€ in million)	Dec. 2018	Cash flows	IFRS 16	Translation adjustments	Fair value	Others	Reclass. IFRS 5	June 2019
Bonds	2,630	95	-	3	-	6	(117)	2,617
Bank borrowings	319	(24)	-	(1)	-	(8)	0	287
Other financial debts	1,070	(870)	-	(1)	-	4	2	205
Derivative financial instruments	9	-	-	-	(5)	19	-	22
Gross financial debt	**4,027**	**(799)**	**-**	**2**	**(5)**	**21**	**(115)**	**3,131**
Lease liability	-	(84)	1,069	1	-	19	(122)	882
Total debt	**4,027**	**(883)**	**1,069**	**2**	**(5)**	**40**	**(237)**	**4,013**
Cash and cash equivalents	2,820	(941)	-	2	-	(1)	(146)	1,734
Other current financial assets	25	9	-	2	-	1	(1)	36
Derivative financial instruments	30	-	-	-	-	(24)	-	6
Financial assets	**2,874**	**(932)**	**-**	**4**	**-**	**(23)**	**(147)**	**1,776**
Net debt/(cash)	**1,153**	**49**	**1,069**	**(2)**	**(5)**	**63**	**(91)**	**2,237**

On January 24th 2019, Accor placed a €600 million 7-years senior bonds with a 1.75% coupon. This issue enabled the Group to partially repurchased €350 million on the €900 million bonds maturing in 2021 issued in February 2014 (for €750 million) and September 2014 (for €150 million) with a fixed coupon of 2.625%. The exchanged portion of the bond was analyzed as a debt modification to the extent that the terms and conditions were not substantially modified.

The debt was maintained in the Group's statement of financial position at its original effective interest rate adjusted for transaction costs. The €1 million gain resulting from the renegotiation was recognized immediately in the income statement.

Moreover, the Group redeemed its €335 million bonds maturing in March 2019.

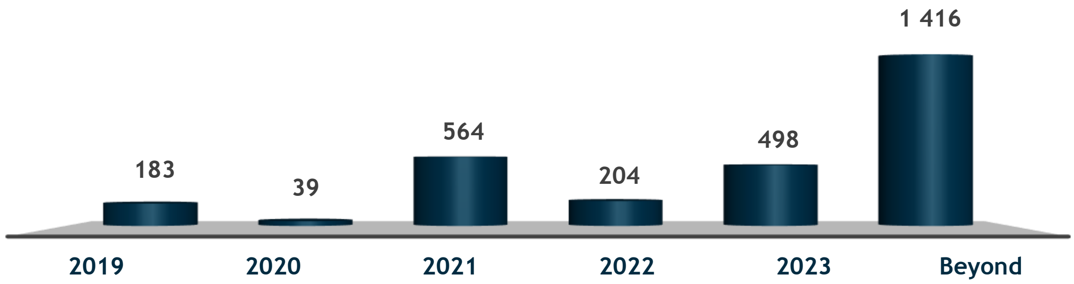
At 31 December 31, 2018, other financial debts mainly included the commitments regarding the acquisition of Orbis' minority interests and the share buy back program.

8.2.2 Analysis of gross financial debt

Bonds and bank borrowings by maturity

The maturity profile of bonds borrowings is one of the indicators used to assess the Group's liquidity position. At June 30, 2019, maturities of long term and short-term debt were as follows:

Bonds and bank borrowings schedule (€m)



Bonds and bank borrowings by currency

	Before hedging			After hedging		
(€ in million)	Amount	Interest rate	% of total debt	Amount	Interest rate	% of total debt
Euro	2,749	2%	94%	1,603	2%	55%
Australian dollar	-	-	-	595	1%	20%
US dollar	-	-	-	269	3%	9%
Swiss franc	135	2%	5%	135	2%	5%
Pound sterling	-	-	-	117	1%	4%
Singapourian dollar	-	-	-	98	2%	3%
Japanese yen	-	-	-	35	0%	1%
UAE dirham	-	-	-	30	3%	1%
Mauritian rupee	20	8%	1%	20	8%	1%
Israelian shekel	-	-	-	2	0%	0%
Bonds and bank borrowings	**2,904**	**+2%**	**+100%**	**2,904**	**+2%**	**+100%**

Note 9. Income tax

(€ in million)	**1st semester 2018 (*)**	**1st semester 2019**
Current tax	(39)	(42)
Deferred tax	23	(1)
Income tax	**(16)**	**(43)**

(*) Restated amounts in application of IFRS 5

Over the first semester 2019, the Group has a €(43) million income tax expense compared to €(16) million over the prior period. The deferred tax income over the first semester 2018 included non-recurring items for €27 million, mainly related to changes in tax rate as part of internal disposals of management contracts between the Group's operating regions.

Note 10. Equity

10.1. Share capital

10.1.1 Shareholders

At June 30, 2019, Jin Jiang is Accor' leading shareholder with 12.5% of the share capital corresponding to 16.6% of voting rights. Moreover, following the acquisition of the FRHI Group, whose capital was held by Qatar Investment Authority (QIA) and Kingdom Holding Company (KHC), these companies became shareholders of Accor SA in July 2016 and respectively hold 10.9% and 6.1% of the Company's share capital, representing 16.9% and 9.5% of voting rights.

Harris Associates realized various acquisitions of stake during the semester leading to hold 7.8% of the Company's share capital and 6.0% of voting rights.

Finally, China Lodging Group (Huazhu) holds 4.8% of the Company's share capital and 3.8% of voting rights.

10.1.2 Changes in share capital

Changes in the number of outstanding shares during the first semester 2019 are as follows:

In number of shares	2019
Number of issued shares at January 1, 2019	**282,607,800**
Performance shares vested	829,825
Shares issued on exercise of stock options	221,590
Shares cancelled	(13,391,702)
Number of issued shares at June 30, 2019	**270,267,513**

10.1.3 Distribution of dividends

On May 14, 2019, the Group paid a dividend of 1.05 euro per share for 2018 financial year results in the form a cash payment of €283 million.

10.1.4 Treasury shares

As authorized by the Annual General meeting on April 20th, 2018, the Group implemented a share buy-back program over a two-year period, through investment services providers, that would cover up to a maximum of 29 million shares.

As at December 31, 2018, the Group had acquired 9,240,421 shares of which :

- 8,378,765 shares at an average price of €42.4947 per share for the first tranche. These shares were then cancelled by way of capital decrease completed on December 31st,2018.
- 861,656 shares at an average price of €36.1091 per share for the second tranche launched on December 20th, 2018

On the first 2019 semester, the Group completed the second tranche of the program and acquired 12,530,046 shares at an average price of €37.4076 per share. These shares were cancelled by way of capital decrease completed on June 28, 2019.

10.1.5 Perpetual subordinated notes

On January 24th 2019, Accor placed a €500 million perpetual hybrid bond with a 4.375% coupon which, according to its characteristics, is recorded as an equity instrument in the Group's consolidated financial statements, in compliance with IAS 32 *Financial instruments*.

This bond issue enabled the Group to partially repurchase €386 million on the €900 million perpetual subordinated bonds issued in June 2014, with a first call date in 2020 and a fixed coupon until that date, then with a step-up clause every 5 years.

10.1.6 Reserves

Items recognized directly in shareholders' equity Group share are as follows:

(€ in million)	**Dec. 2018**	IFRIC 23	Change	**June 2019**
Currency translation reserve	(321)	-	43	(278)
Changes in fair value of financial Instruments	(43)	-	5	(37)
• of which non-consolidated investments	*(27)*	-	*4*	*(23)*
• of which derivative instruments	*(15)*	-	*1*	*(14)*
Reserve for actuarial gains/losses	(90)	-	(13)	(104)
Share based payments	239	-	12	251
Retained earnings and others	3,317	(38)	402	3,681
Total Group share	**3,102**	**(38)**	**448**	**3,513**

Over the period, the €43 million exchange gain on translating foreign operations is mainly driven by the rise in the Canadian Dollar (€34 million) and Swiss Franc (€13 million), partly offset by a depreciation of the US Dollar (€(11) million).

10.2 Minority interests

Minority interests are as follows:

€ in million	**Dec. 2018**	Variation	**June 2019**
Orbis Group	72	4	76
Others minority interests	36	3	39
TOTAL	108	7	**115**

Note 11. Unrecognized items and related parties

11.1 Off balance sheet Commitments

11.1.1 Commitments given

At June 30, 2019, commitments given by the Group amount to €474 million. They are mainly composed of commitments given in the normal course of Group' hotel development and lease commitments on contracts not yet commenced. Following IFRS 16 application, lease commitments related to headquarters and hotels assets are now recognized in the Group statement of financial position.

11.1.2 Commitments received

At June 30, 2019, the Group has no material commitment received.

11.2 Litigations, contingent assets and liabilities

No significant change occurred during the first half of 2019 regarding litigations in which the Group is involved.

11.3 Subsequent Events

No significant event occurred between the closing date and the date of issuance of the interim condensed consolidated financial statements.

11.4 Related parties

On February 21th, 2019, Accor concluded an agreement with Qatar Sport Investment (QSI), subsidiary of Qatar Investment Authority, in order to become the principal partner and official jersey sponsor of Paris-Saint-Germain from the 2019/2020 season. QSI owns the club since 2011.

The others transactions realized over the first semester 2019 are of a similar nature than the transactions with related parties realized over the year ended December 31, 2018.

Note 12. Adoption of new standards

This note presents the impact of the adoption of IFRS 16 *Leases* and IFRIC 23 *Uncertainty over Income Tax Treatment* on the Group's consolidated financial statements, and also discloses the new accounting policies that have been applied since January 1, 2019, where they are different to those applied in prior periods.

12.1 Impacts on financial statements

IFRS 16 and IFRIC 23 have been applied retrospectively, with the cumulative effect of initial application recognized in the consolidated balance sheet at January 1, 2019 without restatement of the comparative information for 2018.

Restated opening statement of financial position

(€ in million)	31 Déc. 2018 actual	IFRS 16	IFRIC 23	Jan 1. 2019 restated
Intangible assets	5,052	(14)	-	5,038
Property, plant & equipments	1,192	-	-	1,192
Right of use	-	1,078	-	1,078
Non-current financial assets	2,516	-	-	2,516
Deferred tax assets & others	379	-	-	379
Non-current assets	**9,139**	**1,065**	**-**	**10,203**
Current assets	**3,764**	**(4)**	**-**	**3,760**
Assets held for sale	14	1	-	15
Total Assets	**12,917**	**1,062**	**-**	**13,979**
Shareholders' Equity & min. interests	**6,436**	**-**	**(38)**	**6,398**
Long-term financial debt	2,760	-	-	2,760
Long-term lease debt	-	929	-	929
Non-current provisions	118	-	-	118
Deferred tax liabilities & others	558	-	-	558
Non-current liabilities	**3,435**	**929**	**-**	**4,364**
Short-term financial debt	1,268	-	-	1,268
Short-term lease debt	-	140	-	140
Current provisions	449	-	(27)	422
Current liabilities & others	1,323	(8)	64	1,379
Current liabilities	**3,039**	**132**	**38**	**3,209**
Liabilities with assets held for sale	6	1	-	7
Total liabilities & equity	**12,917**	**1,062**	**-**	**13,979**

12.2 Adoption of IFRS 16

12.2.1 Main impacts of first adoption

(a) Impacts on transition

The Group mainly leases lands and buildings for its hotel properties and headquarters. The leases for hotels are typically made for a period from 15 to 20 years, and may include a renewal option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Until December 31, 2018, the Group classified leases either as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership, in accordance with IAS 17. At December 31, 2018, almost all of the Group's leases were classified as operating leases. Lease payments (net of any incentive received from the lessor) were recognized as rent expense in the income statement on a straight-line basis over the lease term.

From January 1, 2019, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets (e.g. IT equipment). The Group recognized on its balance sheet lease liabilities representing the obligation to pay the rents and right-of-use assets representing the right to use the underlying assets.

Adoption of IFRS 16 lead to the recognition of lease liabilities amounting to €1,069 million. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at January 1, 2019. The weighted average discount rate applied at transition date is 2.1%.

The lease liabilities at January 1, 2019 can be reconciled to the operating lease commitments at December 31, 2018 as follows:

(€ in million)

Operating lease commitments at December 31, 2018	**1,096**
Add: Contracts that meet the definition of a lease under IFRS 16	178
Add: Rents for extension options reasonably certain to be exercised	94
(Less): Rents for termination options reasonably certain to be exercised	(28)
(Less): Discounting impact	(271)
Lease liability at January 1, 2019	**1,069**

The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments recognized in the balance sheet at December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

(b) Impacts over the period

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets				Lease liability
(€ in million)	Buildings	Lands	Vehicles	Total	
At January 1, 2019	**999**	**71**	**8**	**1078**	**1069**
Additions	8	-	1	9	9
Amotization & depreciation expenses	(73)	(1)	(1)	(75)	-
Interest expense	-	-	-	-	10
Rents payments	-	-	-	-	(84)
Foreign exchange impacts	0	1	-	1	1
IFRS 5 reclassification	(69)	(69)	0	(138)	(122)
At June 30, 2019	**865**	**2**	**8**	**876**	**882**

The amounts recognized in P&L over the semester are as follows:

(€ in million)	1st semester 2019
Rent expense for variable lease payments	(28)
Rent expense for short-term leases and low-value assets	(3)
Amortization & depreciation of right-of-use assets	(69)
Interest on lease liabilities	(8)
Total	**(108)**

Variable lease payments relate to leases for Hotel properties that are based on the performance of the Hotel. The Group does not expect the level of variable lease payments to materially change in future periods.

(c) Practical expedients applied

When first applying IFRS 16, the Group has used the following practical expedients permitted by the standard:

- the exclusion of initial direct costs for the initial measurement of the right-of-use assets,
- reliance on previous assessments of whether lease contracts were onerous at December 31, 2018 instead of performing an impairment test on right-of-use assets at January 1, 2019,
- the use of hindsight in determining the lease term, where the contracts contain options to extend or terminate the lease.

12.2.2 New accounting principles and methods

Set out below are the new accounting policies of the Group upon adoption of IFRS 16.

Definition of a lease

A contract is, or contains, a lease when it conveys the right to use an underlying asset for a period of time, in exchange for consideration. At inception of a contract, the Group assesses whether it meets the two following cumulative conditions to be qualified as a lease: its execution involves the use of an identified asset, and it conveys the right to direct the use of that identified asset.

Leases are recognized on the Group's balance sheet as follows:

- an asset representing the right to use the underlying asset over the lease term,
- a liability for the obligation to pay the lease payments.

Right-of-use asset

The right-of-use asset is initially measured at cost at the lease commencement date, i.e. the date at which the underlying asset is available for use by the Group. The cost of a right-of-use asset comprises:

- The initial amount of the lease liability recognized;
- Lease prepayments made to the lessor, less any lease incentives received,
- Initial direct costs incurred, and
- Estimated restoration costs of the underlying asset, when applicable.

The right-of-use asset is subsequently depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. It is subject to impairment test.

Lease liability

The lease liability is initially measured at the present value of lease payments to be made over the lease term.

The lease payments comprise:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable,
- Variable lease payments that are based on an index or a rate; and
- Payments of penalties for terminating the lease when the Group is reasonably certain to exercise the exit option at the lease commencement date.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the commencement date if the interest rate implicit in the lease is not readily determinable. It corresponds to the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment, with similar terms and conditions.

The lease liability is measured at amortized cost using the effective interest method. At each closing date, the lease liability is increased to reflect the accretion of interests and reduced by the lease payments made.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise an option to extend or terminate the lease. In such a case, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded to the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

Determination of lease term

The lease term is defined as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised. Management applies judgement to determine the lease term when lease contracts include renewal options that are exercisable only by the Group. It considers all relevant factors that create an economic incentive to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or a change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew, or to terminate the lease.

Short-term leases and leases of low-value assets

The Group applies the recognition exemption for short-term leases (i.e. lease with a lease term of 12 months or less from the commencement date) and leases of low-value assets (mainly comprising IT equipment). Associated lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

Variable leases payments

Some leases for Hotel properties contain contingent rent payments that are based on the Hotel's performance, as defined by the contract. These payment terms are common practice in the Hospitality industry. Variable lease payments are recognized in the income statement in the period in which the condition that triggers those payments occurs.

In the case variable leases include guaranteed amounts payable to the lessor, such guaranteed amounts are considered to be in-substance fixed payments, and are included in the lease liability.

12.3 Application of IFRIC 23

The Group reviewed its income tax treatments in order to determine whether IFRIC 23 interpretation could have an impact on the consolidated financial statements. In that respect, the Group recognized a €38 million income tax liability, with a corresponding adjustment to retained earnings at January 1, 2019.

Furthermore, the Group reclassified its existing income tax provisions into income tax liabilities, consistently with the current discussions held at the IFRS Interpretation Committee, which clarify that uncertain tax positions are part of the income tax measurement.

The accounting policies related to income tax described in the consolidated financial statements at December, 31, 2018 remain unchanged, with the exception of the following clarifications:

- A liability is recognized in the consolidated statement of financial position when a tax risk arising from positions taken by the Group, or one of its subsidiary, is considered as probable, assuming that the tax authorities have full knowledge of all relevant information when making their examination,
- The Group determines the level, which is the more relevant, to assess a tax risk considering the specific facts and circumstances and the nature of the risk considered,
- When applicable, the liability recognized corresponds to the amount expected to be paid, and is measured using the method, which reflects the Group's best estimate of the underlying risk.

Statutory Auditors' Review Report on the 2019 Interim Financial Information

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense Cedex

Statutory auditors' review report on the half-yearly financial information

(Period from January 1, 2019 to June 30, 2019)

To the Shareholders,
ACCOR
82, rue Henri Farman
92130 Issy-les-Moulineaux

In compliance with the assignment entrusted to us by your annual general meetings and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Accor, for the period from January 1 to June 30, 2019;
- the verification of the information contained in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the board of directors. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – the standard of IFRS as adopted by the European Union applicable to interim financial information.

Without qualifying the conclusion expressed above, we draw your attention to the note 12 "Adoption of new standards" of the condensed half-yearly consolidated financial statements that details the impacts of the application as at January 1, 2019 of the new standard IFRS 16 "Leases" and the interpretation IFRIC 23 "Uncertainty over Income Tax Treatment".

II - Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, August 1, 2019

The statutory auditors
French original signed by

PricewaterhouseCoopers Audit		ERNST & YOUNG et Autres
Olivier LOTZ	Jean-Christophe GOUDARD	François-Guillaume POSTEL

Statement by the Person Responsible for the Interim Financial Report

Statement by the person responsible for the 2019 interim financial report

I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in this interim financial report is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I hereby declare that, to the best of my knowledge, the interim consolidated financial statements have been prepared in accordance with the applicable accounting principles and give a true and fair view of the assets, liabilities, financial position and results of the Company and all of the entities within the scope of consolidation taken as a whole and that the interim management report includes a fair review of the material events that occurred in the first six months of the financial year, their impact on the financial statements and the main related-party transactions, and a description of the principal risks and uncertainties for the remaining six months of the year.

Paris – July 31, 2019

Sébastien Bazin
Chairman and Chief Executive Officer

ACCOR

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