

28th January 2016

Hotels

AccorHotels

Price EUR33.97

Agreement for a new franchisee structure partly owned by AccorHotels: complex but positive

Fair Value EUR53 (+56%)

BUY-Top Picks

Bloomberg	AC FP
Reuters	ACCP.PA
12-month High / Low (EUR)	51.3 / 32.2
Market Cap (EURm)	7,995
Avg. 6m daily volume (000)	1 276

	1 M	3 M	6 M	31/12/15
Absolute perf.	-15.0%	-23.8%	-24.9%	-15.1%

Travel&Leisure	-7.2%	-4.4%	-2.7%	-7.8%
DJ Stoxx 600	-7.1%	-8.5%	-11.8%	-7.0%

	2014	2015e	2016e	2017e
P/E	20.3x	17.7x	19.8x	17.4x
Div yield (%)	2.8%	2.9%	3.2%	3.7%

ANALYSIS

- **HotellInvest is pursuing its transformation:** AccorHotels announced it is entering exclusive negotiations for the sale of a portfolio of 85 hotels in Europe to a new franchisee structure, which will become the most significant AccorHotels franchisee. The new entity will be controlled by **Eurazeo** (70%), which is also a shareholder of AccorHotels (5% of shares estimated and 9% voting rights) and **AccorHotels** (30%). The ownership structure will be reinforced with the arrival of an additional institutional investor (equity + debt).
- **Valuation and impacts:** AccorHotels will sell 28 hotels and the business interest of all 85 hotels for EUR146m cash. The total valuation of these assets represents a gross value of EUR504m representing around 13x EBITDA generated in 2015 and an EBITDA margin lower than the group average (17%). In all, and on a FY basis, AccorHotels EBIT will be reduce by around EUR10m with a positive impact on group EBIT margin. The new structure will have a budget of more than EUR100m for hotel renovations.

VALUATION

- At the current share price, the stock is trading at 8x EV/EBITDA 2015e and 7.4x 2016e which compares with an average of European peers of respectively 9x and 8.3x and US hoteliers of 10.7x and 10x (IBES consensus).

NEXT CATALYSTS

- FY results on 18th February

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Bruno de La Rochebrochard, bdelarochebrochard@bryangarnier.com

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London	Paris	New York	Geneva	New Delhi
Beaufort House	26 Avenue des Champs Elysées	750 Lexington Avenue	rue de Grenus 7	The Imperial Hotel
15 St. Botolph Street	75008 Paris	New York, NY 10022	CP 2113	Janpath
London EC3A 7BB	Tel: +33 (0) 1 56 68 75 00	Tel: +1 (0) 212 337 7000	Genève 1, CH 1211	New Delhi 110 001
Tel: +44 (0) 207 332 2500	Fax: +33 (0) 1 56 68 75 01	Fax: +1 (0) 212 337 7002	Tel +4122 731 3263	Tel +91 11 4132 6062
Fax: +44 (0) 207 332 2559	Regulated by the	FINRA and SIPC member	Fax+4122731 3243	+91 98 1111 5119
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