

18th February 2016

Hotels

**AccorHotels**

Price EUR34.46

**FY results: Robust results in a challenging environment**

**Fair Value EUR48 (+39%)**

**BUY-Top Picks**

|                            |             |
|----------------------------|-------------|
| Bloomberg                  | AC FP       |
| Reuters                    | ACCP.PA     |
| 12-month High / Low (EUR)  | 51.3 / 30.0 |
| Market Cap (EURm)          | 8,110       |
| Avg. 6m daily volume (000) | 1 425       |

|                | 1 M   | 3 M    | 6 M    | 31/12/15 |
|----------------|-------|--------|--------|----------|
| Absolute perf. | 0.3%  | -14.7% | -23.2% | -13.9%   |
| Travel&Leisure | 0.0%  | -7.1%  | -5.9%  | -10.1%   |
| DJ Stoxx 600   | -0.3% | -13.5% | -15.1% | -10.1%   |
|                | 2014  | 2015e  | 2016e  | 2017e    |
| P/E            | 20.6x | 17.9x  | 20.3x  | 17.8x    |
| Div yield (%)  | 2.8%  | 2.9%   | 3.2%   | 3.6%     |

#### ANALYSIS

- **Strong results...:** Despite difficulties in France (29% of group offer) affected by terrorist attacks in January and November and challenging economic environment in Brazil (7%), results were pretty strong with **total revenue** up 2.3% on reported and 2.9% on lfl basis at EUR5,581m (BG & Co. at EUR5,670m and consensus at EUR5,663m) with **France** down 0.5% after -6.6% in Q4 (RevPAR down in Paris/Ile de France by 3.4% after -12.4% in Q4) and -3.7% in **Americas** (-7.5% in Q4 in Brazil). **EBIT** reached EUR665m (BG & Co. at EUR667m consensus at EUR657m) up 10.6% on reported and 3.5% lfl with an EBIT margin of 11.9%, up 0.9pt% (Management EBIT guidance, confirmed after 13<sup>th</sup> November terrorist attacks, was between EUR655m and EUR675m). Excluding the digital plan, EBIT margin should have reached 12.6%.
- **...and solid financial situation:** FFO amounted EUR816m (EUR791m anticipated) and the group is in a cash net position at EUR194m representing an improvement of over EUR350m vs. 2014. Cost of debt at 2.89% is historically low and the group had an unused EUR1.8bn credit line.
- No **2016 guidance**, as usual.

#### VALUATION

- At the current share price, the stock is trading at 2016e EV/EBITDA of 7.5x which compares with an average for European peers of 7.9x and 10.6x for US Hoteliers. Based on our FV, 2016e EV/EBITDA would stand at 10.5x and under our "Stress" scenario at 9.2x.
- Management will propose at the AGM the payment of a dividend of EUR1,0 per share as anticipated.

#### NEXT CATALYSTS

- FY 2015 results meeting at 8.30am
- Q1 2016 revenue on 19<sup>th</sup> April

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|         |   |
|---------|---|
| BUY     | Positive opinion for a stock where we expect a favourable performance in absolute terms over a period of 6 months from the publication of a recommendation. This opinion is based not only on the FV (the potential upside based on valuation), but also takes into account a number of elements that could include a SWOT analysis, momentum, technical aspects or the sector backdrop. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.      |
| NEUTRAL | Opinion recommending not to trade in a stock short-term, neither as a BUYER or a SELLER, due to a specific set of factors. This view is intended to be temporary. It may reflect different situations, but in particular those where a fair value shows no significant potential or where an upcoming binary event constitutes a high-risk that is difficult to quantify. Every subsequent published update on the stock will feature an introduction outlining the key reasons behind the opinion.                     |
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## Distribution of stock ratings

BUY ratings 63,4%

NEUTRAL ratings 28,4%

SELL ratings 8,2%

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