AccorHotels

BUY

Fair Value EUR45 vs. EUR48

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World Tourism expectations: Further growth

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2015 another year of growth…

§ According to the WTO, international tourist arrivals increased by 4.4% in 2015 to reach 1,181 million stays, up 50 million from 2014. This is the 6th consecutive year in which growth has exceeded the average of 4% in the past 10 years.

§ 2015 growth was driven by exchange rates, mainly the appreciation of the USD encouraging outbound travel from the United States and a manmade crisis in many parts of the world.

§ By geography, the imbalance persisted between growth in advanced economic destinations (+5%) and other developing regions. As a result, Europe, the Americas and Asia-Pacific all showed growth of around 5% while the Middle East was up by 3% and Africa down 3%.

§ China continued to strengthen its position as a leading source of international tourists. In 2015, 109 million Chinese people travelled abroad (10 million in 2000) with 174 million forecast by the year 2019. Today, only 5% of China's population holds a passport and most stays concern Asia and neighbouring countries. Together, Hong Kong, Taiwan and Macao account for 70%. South Korea, Thailand, Japan and Vietnam follow. In terms of long distance destinations, the US was in the lead followed by France. Measures to facilitate visa attribution have played an important in attracting these visitors enabling groups to benefit from the windfall.

…with further growth expected for 2016 and beyond

§ For 2016, the regions where the strongest growth may be expected are Asia-Pacific (+4% to +5%) and the Americas (+4-5%), followed by Europe (+3.5-4.5%).

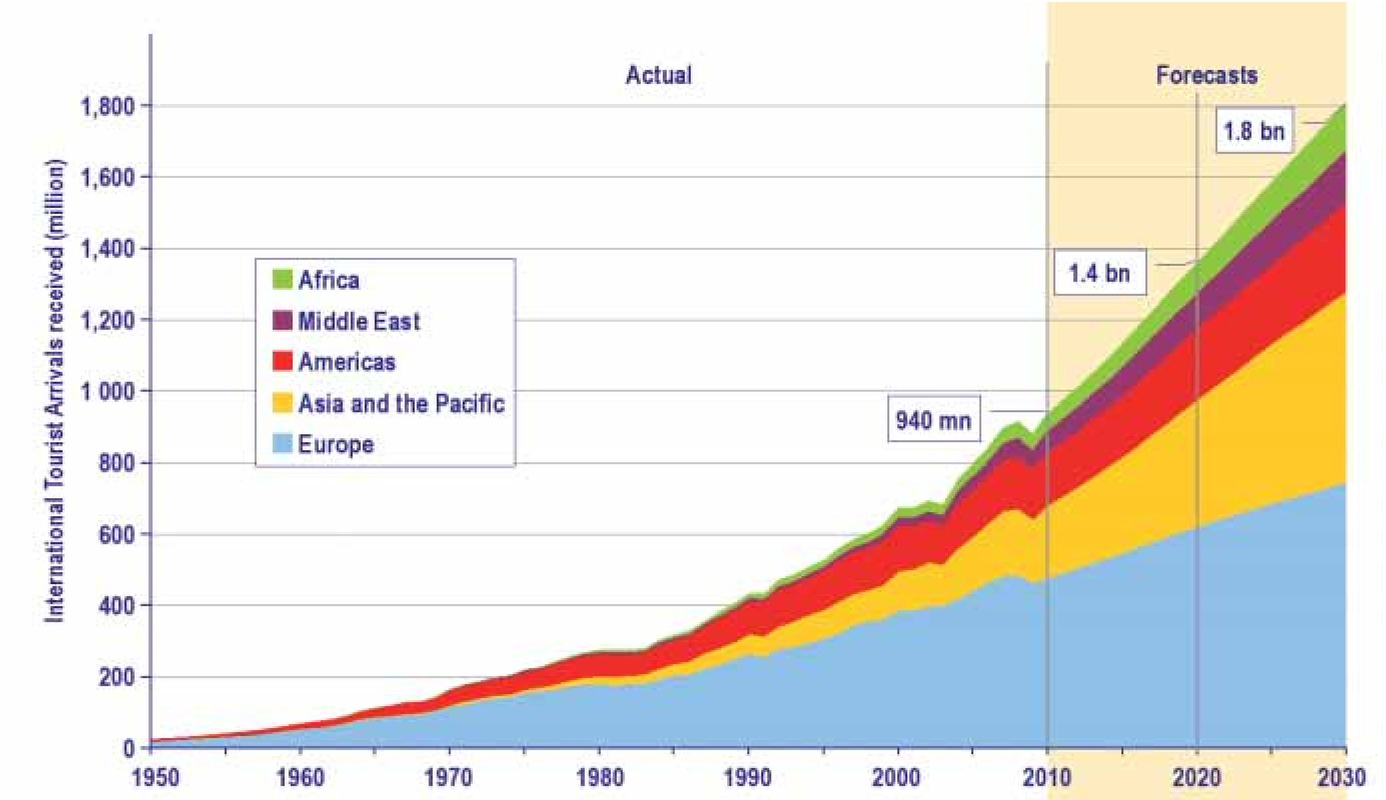
§ Chinese travellers should represent 125 million

World Tourism expectations: Further growth

Bryan, Garnier & Co

Comments

UNWTO Tourism Towards 2030



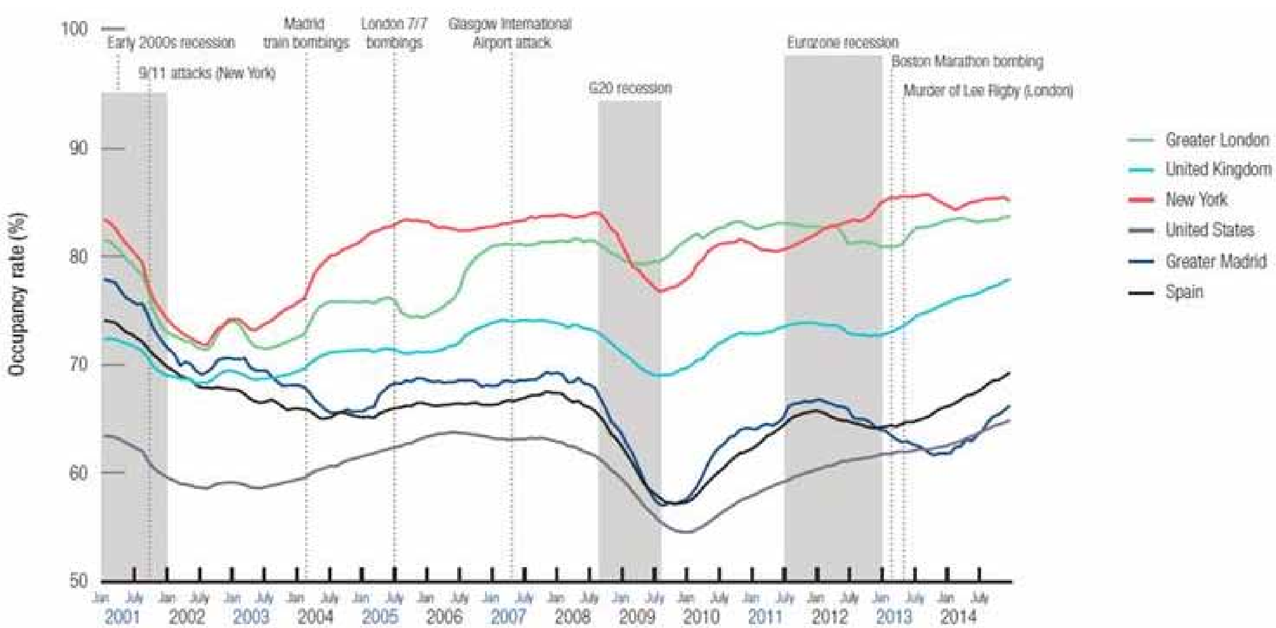
Source: UNWTO Tourism Highlights, 2015 Edition

Terrorist attacks: How tourism business can bounce back

The hotel industry is becoming more resilient to shocks from terrorism

- After 9/11, the occupancy rate for **New York** hotels took 34 months to recover. In comparison, it took 12 months for **Madrid** hotels to find the same rate after the 2004 attacks and nine months for **London** hotels after those of July 2005. The attack in **Boston** and the murder of Lee Rigby in **London** had **limited impacts**.
- In Paris, the **"Charlie Hebdo"** and **"Hyper Cacher"** attacks in January 2015 also had a limited impact on hotel occupancies. Although domestic and regional travellers appear to be less deterred by isolated incidents, international demand is sensitive to the threat level portrayed by the press and travel advisories.

Occupancy rate trend in selected locations around the world



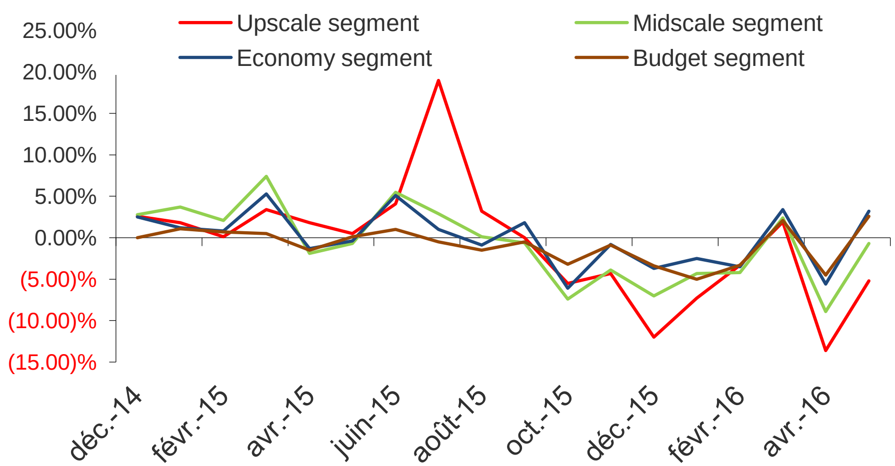
Source: STR Global and Deloitte analysis, strictly illustrative

Terrorist attacks: How tourism business can bounce back

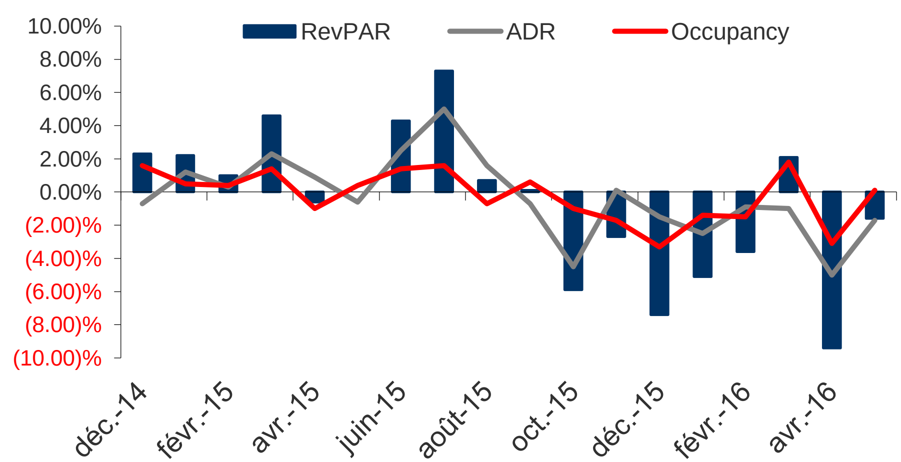
13th November terrorist attack impacts in France

- Once again, France was significantly affected by the 13th November terrorist attacks with RevPAR down 7.4% in December despite the positive effect of COP 21 for almost 15 days. By segment, the upper scale segment was the most affected with RevPAR down 12% in December compared with -7% in midscale, -3.7% in economy and -3.4% in budget.
- In Q1, some improvement compared to Q4 2014 with RevPAR down 2% vs. -5.3%. Paris "intra muros" was down 12.8% compared with -8.3% in "Ile de France" and positive RevPAR in provinces up 3.4%. **The second quarter registered a relapse with RevPAR down 9.4% in April while May was better with RevPAR down only 1.6%.**
- For AccorHotels, RevPAR in Q1 was up 0.4% with France down 2.5% o/w -11% in Paris-Ile de France and provinces up 5%.

Hotel RevPAR trend by segment in France



Hotel trend in France



Source: MKG Hospitality ON; Bryan, Garnier & Co.

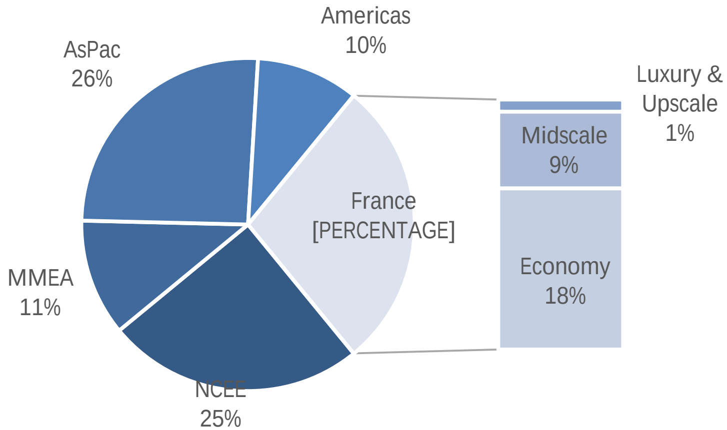
…and a recovery depending largely on implementation of security protocols

- As after previous terrorist attacks, cancellations were first made by international travellers, particularly Asian, with a significant impact on occupancy rates in the upper scale segment (occupancy was down 7.3% in the upper scale segment in December compared with -3.8% in midscale hotels, -2.2% in economy and -2.3% in budget).
- As such, the ability of nations to implement security protocols to respond quickly and efficiently to terrorist attacks is essential to bounce back relatively quickly as did Paris following the “Charlie Hebdo” shootings or after the 13th November attacks.

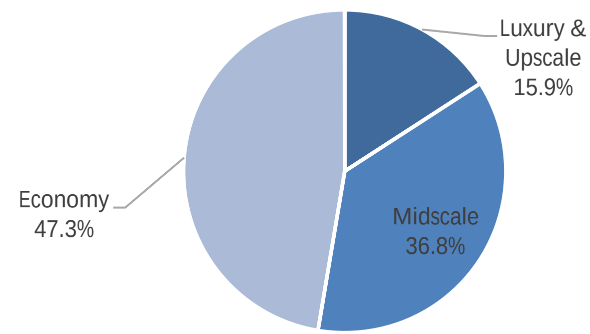
AccorHotels network

- At the end of 2015, AccorHotels operated 3,873 hotels with 511,517 rooms, o/w 35% owned & leased, 34.9% managed and 30% franchised.
- Some highlights by geography:
  1. In France, Paris/Ile de France with over 450 hotels represents over 27% of the offer but generates over 60% of EBIT.
  2. In the Americas, Brazil is the main country accounting for 75.5% of the region with 231 hotels and 37,616 rooms.

AccorHotels offer per geography in number of rooms



AccorHotels offer per segment in number of rooms



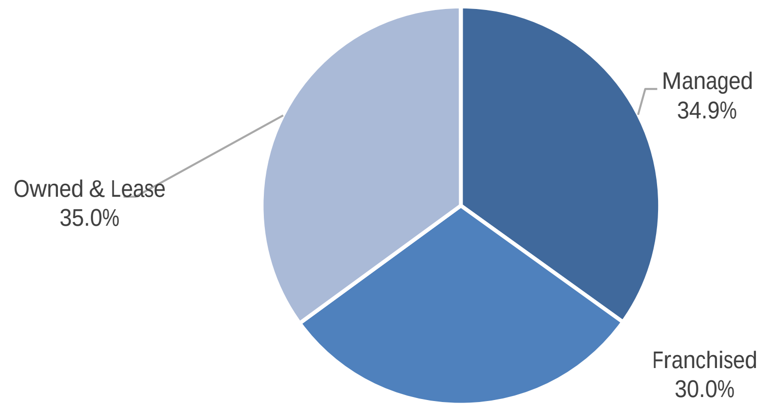
Source: AccorHotels; Bryan, Garnier & Co.

EBIT sensitivity to RevPAR and currencies

AccorHotels EBIT sensitivity to RevPAR changes (based on 2015 results and explained 50/50 by occupancy and ADR)

Sensitivity to RevPAR for 1% decline	HotelServices	HotelInvest	Total
Impact EBIT (EURm)	-3	-16	**-19**

Sensitivity to RevPAR for 1% increase	HotelServices	HotelInvest	Total
Impact EBIT (EURm)	4	11	**15**



AccorHotels EBIT sensitivity to currency (based on 2015 results)

Currency sensitivities	In EURm on EBIT +/- 10%	% consolidated EBIT
GBP	9,9	15%
BRL	1,9	3%
AUD	2,7	4%
CHF	2,5	4%
USD (USA + South-East Asia)	3,2	5%
PLN	2,8	4%
Consolidated EBIT 2015	**665**	

Source: AccorHotels; Bryan, Garnier & Co. est.

Our new "Base case" scenario for 2016…

- Our main assumptions are the following:
  1. **RevPAR growth** of 3.5% vs. 4.4% previously estimated after 2.3% in 2015. Our RevPAR adjustment was mainly due to the current environment in **France** where we now anticipate flat RevPAR growth vs. 3% previously. RevPAR in Q1 (-2.5%) showed an improvement month after month but Q2 still looks challenging notably after a significant relapse in April (RevPAR down 9.4%) while May sounds better (RevPAR down 1.6%). We are still anticipating positive impacts from the EURO 2016 football tournament in June and July and the motor show in Paris in October. In **Brazil**, the 2016 Summer Olympic Games should sustain RevPAR but still no rebound is anticipated compared with last year (RevPAR in Brazil was down 6% in Q1 2016).

  2. **Expansion** is based on 20,000 new rooms per year (after c. 30,000 in 2015 and in 2014).

  3. A **forex** impact using average rates since the beginning of the year and the last exchange rate for the rest of the year.

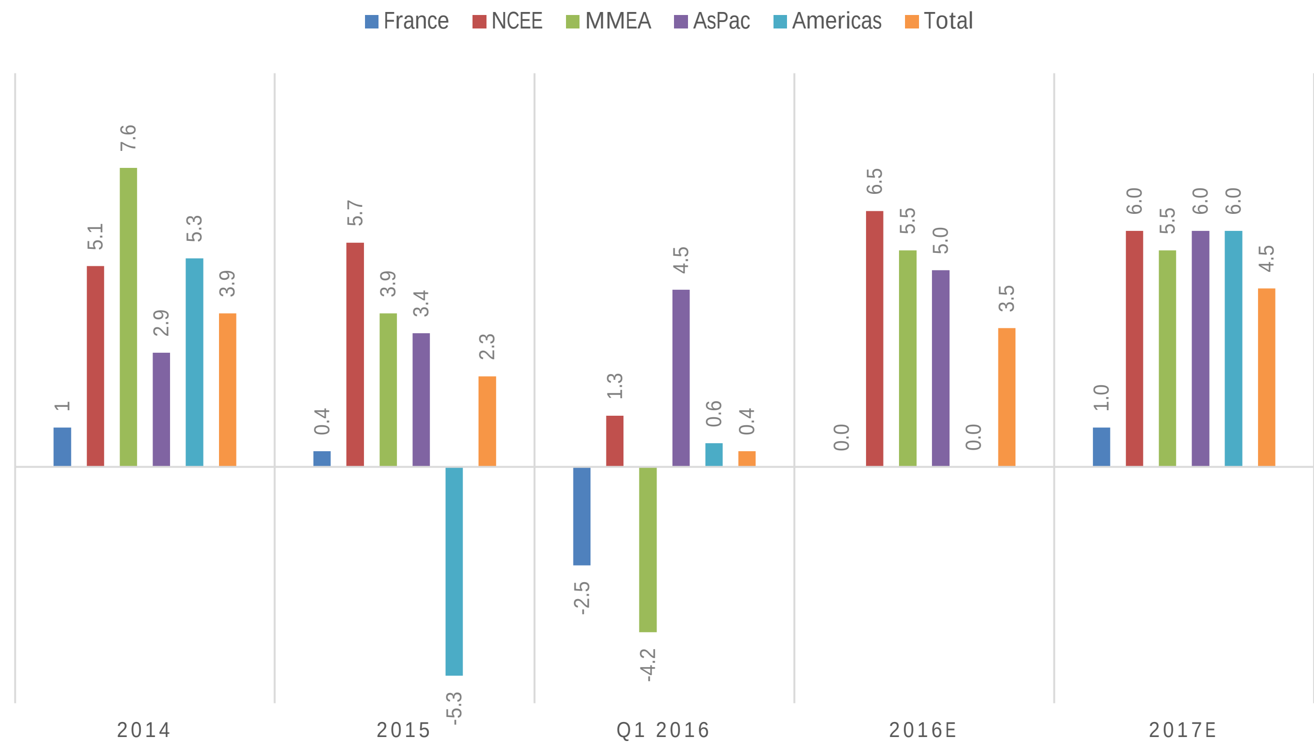
  4. The **digital plan** announced in October 2014 represents an investment of EUR225m (to foster growth) + EUR25m (for the market place) between 2014 and 2018 (EUR5m in 2014, EUR78m in 2015, EUR86m in 2016e, EUR49m in 2017e and EUR25m in 2018e) o/w 51% on capex and 49% opex.

  5. Positive impacts from all **the initiatives implemented** notably from Food & Beverage Procurement, the asset restructuring programme and digital plan.

…and for 2017

- Our forecasts are based on RevPAR growth of 4.5% (5.2% previously) o/w 1% for France (3.5% previously). We have retained net new rooms of 20,000.

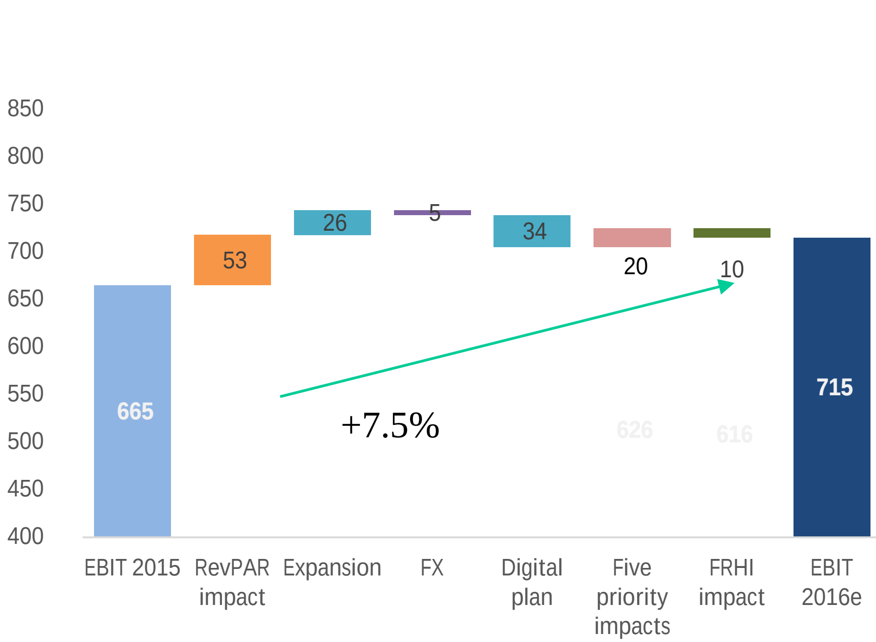
New “Base case” 2016e and 2017e RevPAR by geography



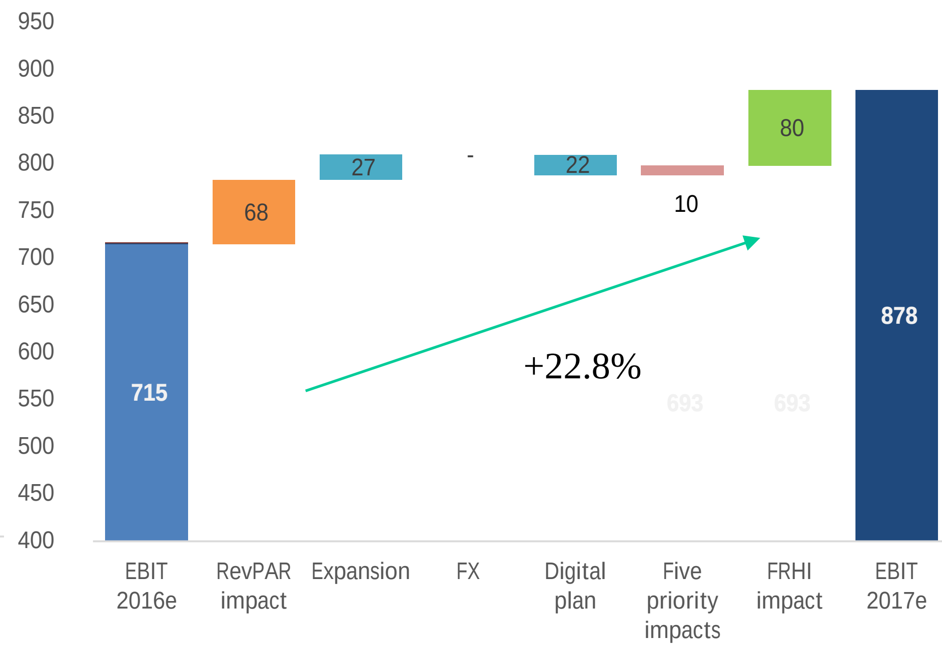
Source: Bryan, Garnier & Co. est.

New “Base case” 2016e and 2017e EBIT bridge

Accor Hotels 2016e EBIT bridge (with FRHI)



Accor Hotels 2017e EBIT bridge (with FRHI)



Source: Bryan, Garnier & Co. est.

Our new "Stress case" scenario

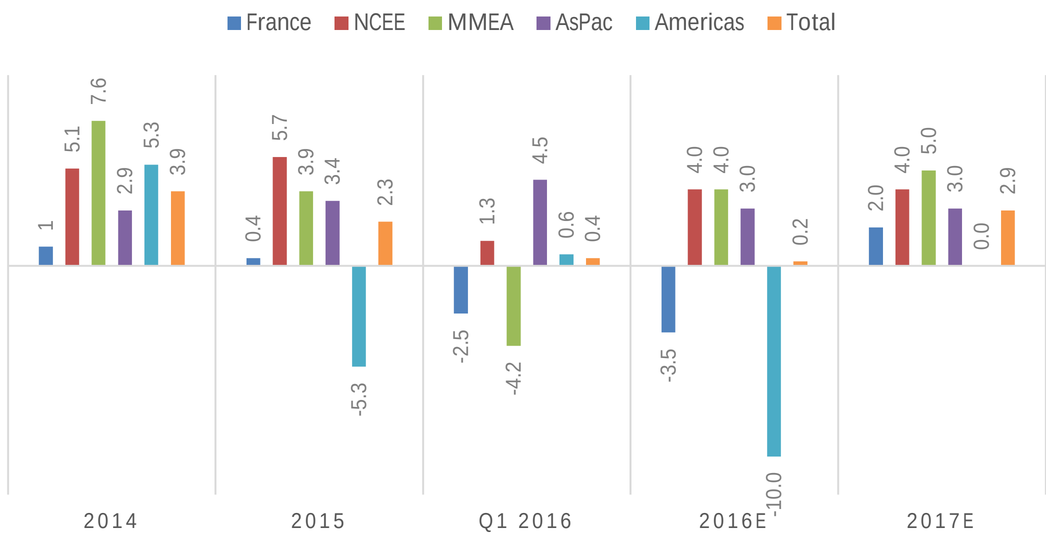
§ Compared with our "Base case" scenario, changes concern RevPAR growth with the following assumptions:

1. **For 2016, RevPAR growth** of 0.2% for 2016e vs. 3.5% in our "Base Case" notably with RevPAR down 3.5% in **France** (after -2.5% in Q1 2016) and higher negative RevPAR in **Americas** due to **Brazil**.

2. Some improvement in **2017** with a RevPAR growth of 2.9% (+4.5% in our "Base case" scenario).

3. <u>Based on these assumptions assumptions and all other factors remaining equal</u>, our EBIT would move to EUR666m in 2016e flat vs. 2015 (EUR665m) and to EUR790m for 2017 with the impact of the full year consolidation of FRHI.

2016e and 2017e RevPAR by geography: "stress case" scenario



Source: Bryan, Garnier & Co. est.

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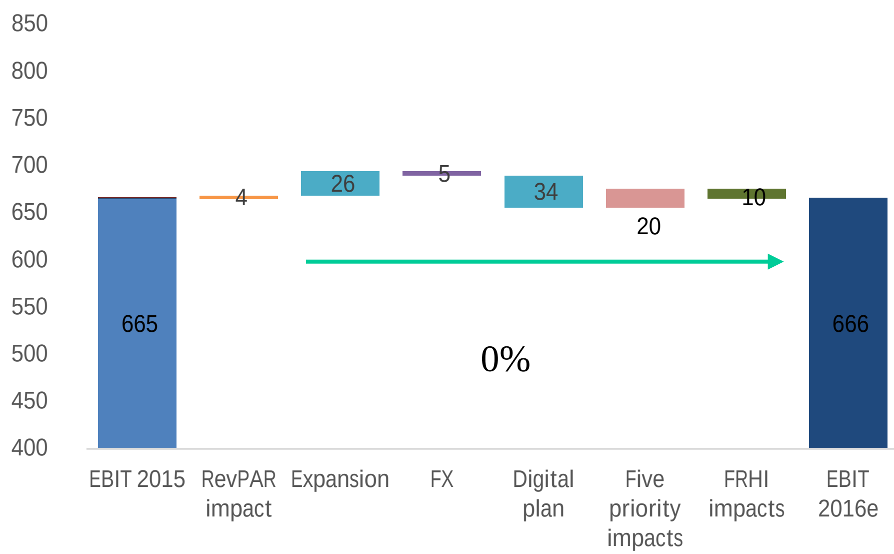
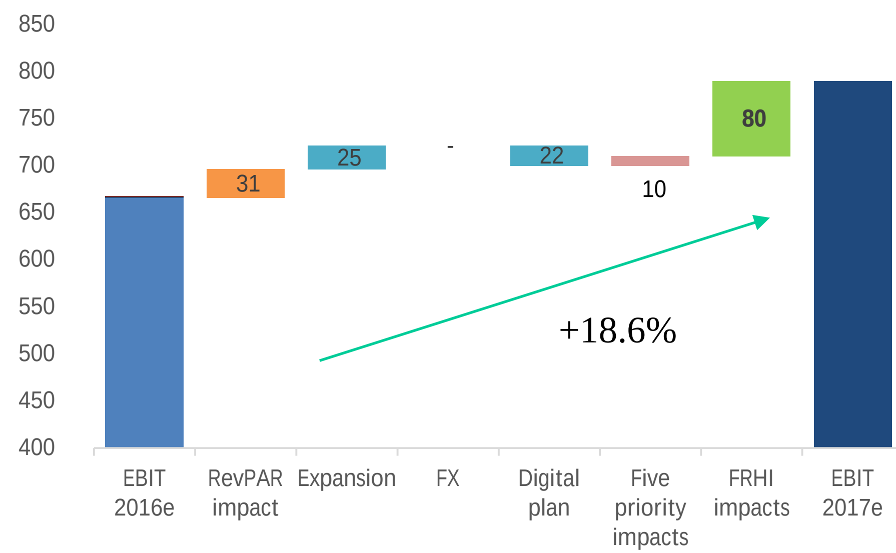
New "Stress case" scenario 2016e and 2017e EBIT bridge

Accor Hotels 2016e EBIT bridge (with FRHI)



Accor Hotels 2017e EBIT bridge (with FRHI)



Source: Bryan, Garnier & Co. est.

New "Base case" scenario valuation: Our DCF points to a Fair Value of EUR45

§ Our calculation is based on the following assumptions:

1. WACC of 9.1% with a cost of capital of 9.7% assuming:
   - A market risk premium of 7% which is calculated on the basis of an arithmetical average of three-year risk premiums on the Stoxx50, Stoxx600 and CAC40 indices.
   - A risk-free rate of 1,6%, which corresponds to the average over five years of ten-year rates in the five main European countries, namely Germany, France, the UK, Italy and Switzerland.
   - A Beta of 1.16.

2. A growth-rate to infinity of 2.5% as of 2025 with normal average EBIT margin of 15% compared with a margin of 11% in 2014, 11.9% in 2015, 11,8% in 2016e and 13.3% in 2017.

3. An average recurring tax rate of 30%.

4. Maintenance capex of 4%.

New "Stress case" scenario valuation: Our DCF points to a Fair Value of EUR38

§ Lower EBIT growth due to lower RevPAR is the main difference compared with our "Base Case" scenario, all other factors remaining equal.

"Base case" valuation: DCF model and sensitivity to growth-rate and WACC

EUR m	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Long-assumptions
Revenue	6 063	6 616	7 166	7 701	8 213	8 690	9 124	9 503	9 819	10 065	
% chg. In revenue	*11,2%*	*9,1%*	*8,3%*	*7,5%*	*6,6%*	*5,8%*	*5,0%*	*4,2%*	*3,3%*	*2,5%*	*2,5%*
EBIT	**715**	**878**	**966**	**1055**	**1143**	**1228**	**1309**	**1384**	**1452**	**1510**	
EBIT margin	*11,8%*	*13,3%*	*13,5%*	*13,7%*	*13,9%*	*14,1%*	*14,4%*	*14,6%*	*14,8%*	*15,0%*	*15,0%*
- IS	214	263	290	290	343	368	393	415	435	453	
+ DAP	365	383	399	411	420	425	426	423	415	403	
as a % of revenue	6,0%	5,8%	*5,6%*	*5,3%*	*5,1%*	*4,9%*	*4,7%*	*4,4%*	*4,2%*	*4,0%*	*4,0%*
+ Chg in WCR	72,8	84,1	79,7	73,4	65,3	55,3	43,5	30,2	15,6	0,0	
as a % of revenue	*1,2%*	*1,3%*	*1,1%*	*1,0%*	*0,8%*	*0,6%*	*0,5%*	*0,3%*	*0,2%*	*0,0%*	*0%*
Operating Cash Flow	**938**	**1 082**	**1 155**	**1 161**	**1 286**	**1 340**	**1 386**	**1 422**	**1 446**	**1 459**	
- Capex	243	265	287	308	329	348	365	380	393	403	
as a % of revenue	*4,0%*	*4,0%*	*4,0%*	*4,0%*	*4,0%*	*4,0%*	*4,0%*	*4,0%*	*4,0%*	*4,0%*	*4,0%*
Free Cash Flow	**695**	**817**	**868**	**853**	**957**	**993**	**1 021**	**1 042**	**1 054**	**1 057**	
Discount coefficient	*0,95*	*0,88*	*0,80*	*0,74*	*0,67*	*0,62*	*0,57*	*0,52*	*0,48*	*0,44*	
Discounted FCF	**664**	**715**	**696**	**627**	**645**	**613**	**578**	**541**	**501**	**461**	

Sum of discounted FCF	**6041**
Terminal Value	**7154**
- Net Debt	783
- Minority Interest	225
+ Financial investments (book value)	655
Equity Value	**12842**
Number of shares (m)	284,5
Fair Value (EUR)	**45,13**
Last Price (EUR)	38,13
Upside/Downside	**18,4%**

Growth rate (i)

	45,1	**2,0%**	**2,3%**	**2,5%**	**2,7%**	**3%**
	8,35%	48,5	49,9	51,0	52,1	54,0
	8,60%	46,6	47,9	48,9	49,9	51,6
	8,85%	44,9	46,1	46,9	47,9	49,4
WACC	**9,10%**	43,3	44,4	**45,1**	46,0	47,3
	9,35%	41,8	42,8	43,5	44,2	45,5
	9,60%	40,4	41,3	41,9	42,6	43,7
	9,85%	39,0	39,9	40,5	41,1	42,1

Source: Bryan, Garnier & Co.

BRYAN, GARNIER & CO

"Stress case" scenario valuation: DCF model and sensitivity to growth-rate and WACC

EUR m	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Long-assumptions
Revenue	5 538	5 881	6 218	6 546	6 861	7 160	7 438	7 693	7 921	8 119	
% chg. In revenue	*1,5%*	*6,2%*	*5,7%*	*5,3%*	*4,8%*	*4,3%*	*3,9%*	*3,4%*	*3,0%*	*2,5%*	*2,5%*
EBIT	**666**	**790**	**848**	**905**	**962**	**1018**	**1072**	**1124**	**1173**	**1218**	
EBIT margin	*12,0%*	*13,4%*	*13,6%*	*13,8%*	*14,0%*	*14,2%*	*14,4%*	*14,6%*	*14,8%*	*15,0%*	*15,0%*
- IS	200	237	254	254	289	305	322	337	352	365	
+ DAP	365	383	385	385	382	376	368	356	342	325	
as a % of revenue	6,6%	6,5%	*6,2%*	*5,9%*	*5,6%*	*5,3%*	*4,9%*	*4,6%*	*4,3%*	*4,0%*	*4,0%*
+ Chg in WCR	72,8	84,1	77,8	70,2	61,4	51,2	39,9	27,5	14,2	0,0	
as a % of revenue	*1,3%*	*1,4%*	*1,3%*	*1,1%*	*0,9%*	*0,7%*	*0,5%*	*0,4%*	*0,2%*	*0,0%*	*0%*
Operating Cash Flow	**904**	**1 020**	**1 056**	**1 049**	**1 117**	**1 140**	**1 158**	**1 170**	**1 177**	**1 177**	
- Capex	243	265	276	286	296	304	311	317	322	325	
as a % of revenue	*4,4%*	*4,5%*	*4,4%*	*4,4%*	*4,3%*	*4,3%*	*4,2%*	*4,1%*	*4,1%*	*4,0%*	*4,0%*
Free Cash Flow	**661**	**755**	**781**	**762**	**821**	**836**	**846**	**853**	**855**	**852**	
Discount coefficient	*0,95*	*0,88*	*0,80*	*0,74*	*0,67*	*0,62*	*0,57*	*0,52*	*0,48*	*0,44*	
Discounted FCF	**631**	**661**	**626**	**560**	**553**	**516**	**479**	**443**	**407**	**372**	

Sum of discounted FCF	**5248**
Terminal Value	**5770**
- Net Debt	783
- Minority Interest	225
+ Financial investments (book value)	655
Equity Value	**10666**
Number of shares (m)	284,5
Fair Value (EUR)	**37,49**
Last Price (EUR)	38,13
Upside/Downside	**-1,7%**

				Growth rate (i)		
	37,5	**2,0%**	**2,3%**	**2,5%**	**2,7%**	**3%**
	8,35%	40,2	41,4	42,2	43,2	44,7
	8,60%	38,7	39,8	40,5	41,4	42,7
	8,85%	37,3	38,3	39,0	39,7	40,9
WACC	**9,10%**	36,0	36,9	**37,5**	38,2	39,3
	9,35%	34,8	35,6	36,1	36,8	37,7
	9,60%	33,6	34,4	34,9	35,4	36,3
	9,85%	32,5	33,2	33,7	34,2	35,0

Source: Bryan, Garnier & Co.

AccorHotels

ACCOR	
Last Price (E)	36,2
Market Cap (Em)	8 620
EV (BG estimate, EURm)	8 425
EPS CAGR (14-17e)	4,7%
Gearing (2015)	-4,9

	2014	2015	2016	2017
Sales (EURm)	5 454	5 581	6 063	6 616
% change yoy		2,3%	8,6%	9,1%
EBITDA (EURm)	923	986	1 079	1 261
EBIT (EURm)	602	665	715	878
EBIT margin	11,0%	11,9%	11,8%	13,3%
EPS (EUR)	1,7	1,9	1,7	1,9
P/E (x)	21,6	19,2	21,5	18,8
EV / Sales	1,61	1,51	1,71	1,40
EV / EBIT	14,6	12,7	14,5	10,5
Dividends (EUR)	1,0	1,0	1,1	1,3
Div. yield	2,6%	2,8%	3,0%	3,4%
Net debt	159	-195	783	699
EV	8 779	8 425	10 381	9 236

vs. consensus	2014	2015	2016	2017
Sales	5 454	5 581	5 842	6 194
BG vs. IBES	*0,0%*	*0,0%*	*3,8%*	*6,8%*
EBITDA	923	1 011	1 076	1 251
BG vs. IBES	*0,0%*	*-2,5%*	*0,3%*	*0,8%*
EBIT	602	665	739	887
BG vs. IBES	*0,0%*	*0,0%*	*-3,3%*	*-1,1%*
EPS	1,57	1,59	1,80	2,10
BG vs. IBES	*6,8%*	*18,8%*	*-6,0%*	*-8,4%*
DPS	0,95	1,00	1,03	1,14
BG vs. IBES	*0,0%*	*0,0%*	*7,0%*	*9,4%*

Performances	ACCOR	Abs.	Rel.	STOXX EUROPE 600 E	Abs.
Last close	36,25			321,98	
Since 24/06/15	47,80	-24,2%	-6,4%	397,32	-19,0%
1 week	36,30	-0,2%	1,0%	325,78	-1,2%
1 month	40,03	-9,4%	-1,7%	349,64	-7,9%
3 months	36,80	-1,5%	1,9%	333,15	-3,4%
6 months	37,03	-2,1%	3,8%	341,35	-5,7%
1 year	47,68	-24,0%	-6,3%	396,85	-18,9%
#N/A	#N/A	-	#VALUE!	#N/A	-

ACCOR : BUY - FV EUR48

Source: Bryan, Garnier & Co.

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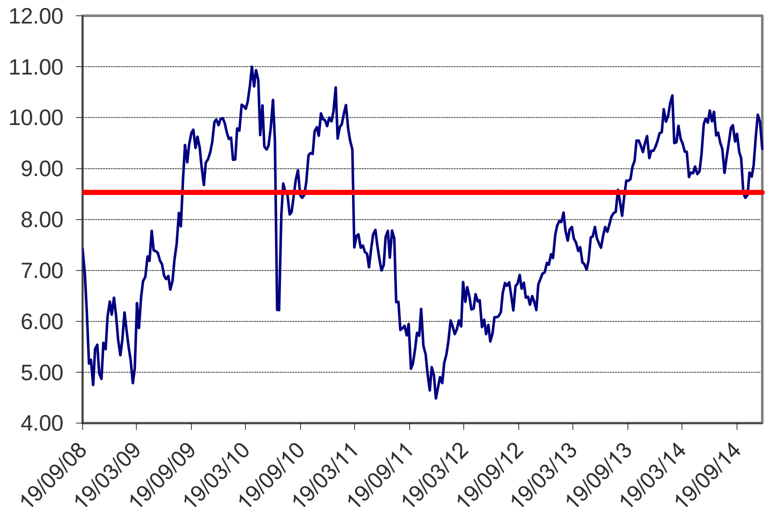
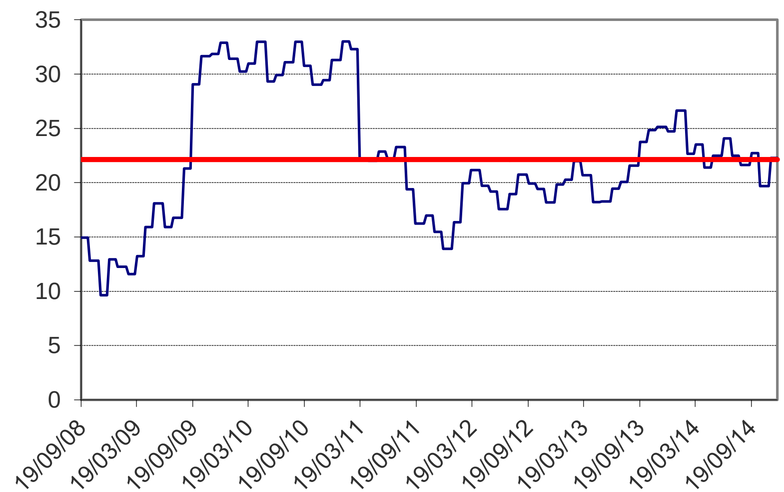
AccorHotels 1-year forward EV/EBITDA and historical P/E valuation





Source: IBES consensus; Bryan, Garnier & Co.

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Valuation vs. European and US peers

		EV		EV /Sales		EV/EBITDA		EV/EBIT		PER	
	Last price	2016e	2017e	2016e	2017e	2016e	2017e	2016e	2017e	2016e	2017e
ACCOR	36,245	8 949	8 825	1,53	1,44	8,32	7,15	12,10	10,09	20,2	17,2
IHG	2757	9 281	9 130	5,28	5,01	11,93	11,05	13,44	12,41	18,1	15,5
MELIA	9,59	2 688	2 600	1,49	1,40	9,62	8,64	15,84	13,55	25,3	19,7
NH HOTELS	3,98	2 269	2 242	1,52	1,43	11,74	9,88	23,93	17,41	43,7	22,8
MILLENIUM	434,50	202 221	203 456	2,37	2,31	9,41	9,01	12,86	12,26	17,5	16,8
WHITBREAD	3830,00	790 618	807 638	2,71	2,50	10,32	9,82	13,90	13,10	16,2	15,6
REZIDOR	35,70	680	682	0,68	0,65	6,52	5,48	11,13	8,46	16,0	13,1
Average				2,23	2,11	9,69	8,72	14,74	12,47	22,42	17,26

		EV		EV /Sales		EV/EBITDA		EV/EBIT		PER	
	Last price	2016e	2017e	2016e	2017e	2016e	2017e	2016e	2017e	2016e	2017e
MARRIOTT INTL.'A'	63,91	20 378	20 703	1,31	1,23	10,59	9,85	12,89	11,56	17,1	14,9
CHOICE HOTELS INTL.	45	3 210	3 166	3,46	3,32	12,66	11,89	13,24	12,39	19,6	17,8
HILTON WORLDWIDE HDG.	22	30 242	29 451	2,53	2,39	10,01	9,39	14,38	13,06	23,0	19,7
STARWOOD HTLS.& RSTS. WORLDWIDE	72	13 254	12 938	2,47	2,51	11,55	11,41	16,11	15,37	23,7	22,8
WYNDHAM	67	10 543	10 522	1,83	1,75	7,70	7,34	9,36	8,88	11,8	10,7
Average				2,32	2,24	10,50	9,98	13,20	12,25	19,04	17,16

Source: IBES consensus; Bryan, Garnier & Co.

Appendix

AccorHotels shareholding structure

BRYAN, GARNIER & CO

Before FRHI….

	Shares (estimated)	%
Colony capital		
Eurazeo		
SS total	***26 316 357***	***11,08%***
Jin Jiang	**35 757 485**	***15,06%***
Founders & Directors	4 488 981	1,89%
Employees	1 995 103	0,84%
Free float	168 871 206	71,1%
Total	**237 512 245**	**100,0%**

…after FRHI (closing scheduled early July)

	Shares (estimated)	%
Colony capital		
Eurazeo		
SS total	***26 316 357***	***9,26%***
Jin Jiang	**35 757 485**	***12,58%***
Founders & Directors	4 488 981	*1,58%*
Employees	1 995 103	*0,70%*
Free float	168 871 206	*59,43%*
Qatar Investment Authority (QIA)	30 119 062	10,6%
Kingdom Holding Company (KHC)	16 593 898	5,8%
SS total	**46 712 960**	**16,4%**
Total number of share	**284 142 092**	**100,0%**

China Lodging: Strategic alliance finalised in January 2016

BRYAN, GARNIER & CO

A "groundbreaking" alliance to strengthen the two groups' respective footprints

- The alliance is set to accelerate both groups' expansion, especially in China.
  1. China Lodging is one of the most significant hotel groups in China and the 13th largest hotel group in the world with c.2,800 hotels and 280,000 rooms at the end of December 2015. China Lodging operates hotels under lease, franchised and managed models with seven brands covering all market segments from upscale (Joya hotel, Manxin Hotels & Resorts) to Midscale (JI Hotels, Starway) and economy (Hanting, Elan and Hi Inn).
  2. AccorHotels (3,815 hotels with over 500,000 rooms) currently has 149 hotels in China compared with a total number of rooms of 33,760.
  3. AccorHotels takes a stake of 10.8% and a seat on the Board of directors.

Significant development based on the agreement

- AccorHotels' economy and midscale platforms in China will be integrated into China Lodging Group, which will become AccorHotels' exclusive master franchisee, operating and developing in Mainland China, Mongolia and Taiwan. Upscale brands will still be managed and developed by AccorHotels and China Lodging Group will take a 10% stake in AccorHotels' luxury and upscale businesses in China. The aim is to accelerate both groups' development and China Lodging plans to open 350 to 400 new hotels under AccorHotels brands in the next five years.
- Moreover, this agreement will offer combined loyalty programmes together representing 75m cardholders with a network of 6,600 hotels around the world.

FRHI (closing Q2 2016): a major move for AccorHotels

BRYAN, GARNIER & CO

A network fitting perfectly with that of AccorHotels

- With a total number of 155 hotels (over 56,000 rooms) o/w 40 under construction (13,000 rooms), FRHI brands will strengthen AccorHotels: i) in the luxury segment, from a share contribution of 19% to 35% of HotelServices, ii) in the US market with 42 more hotels in gateway cities, iii) and in high-end client databases, mostly based in the US, including three million loyalty members.
- Most of the hotels (108) are operated under long-term management contracts (average remaining term of 28 years). Six hotels are under lease contracts and one is owned (Barbados). Regarding the luxury segment, the portfolio will represent 10 brands with a total number of 645 hotels (490 AccorHotels and 155 FRHI) o/w 170 under construction (134 AccorHotels and 40 FRHI).

Expensive but justified regarding the quality of brands…

- Based on an enterprise value of c. USD2.9bn (USD840m in cash + market value of USD2bn for the 46.7 million of shares based on one-month VWAP of EUR40.3), the price-tag for FRHI is 13.8x 2016e EBITDA post synergies estimated by management at EUR65m.
- Before synergies and based on 2016e EBITDA of USD140m including the USD20m share of EBITDA from JV investments, the total amount represents EV/EBITDA of c.21x, which compares for example with 21.5x for Kimpton Hotel & Restaurant bought by IHG at the end of 2014.
- Regarding synergies, i.e EUR65m, the full benefit should be reached within three years (2018) and would mainly stem from costs for 80% (55% from support cost optimisation, 30% marketing and distribution efficiency and 15% hotel P&L maximisation) and revenue for 20%. Implementation costs are estimated at EUR120m.

FRHI (closing Q2 2016): a major move for AccorHotels

…that should be accretive on EPS from year two including run-rate synergies

- The closing should take place before the end of H1 and FRHI is likely to be consolidated in H2 2016. On that basis, taking into account two-thirds of synergy implementation costs i.e. USD80m in 2016 and one-third in 2017 with a positive impact of USD40m and the full benefit in 2018 (as anticipated by AccorHotels), **FRHI would be dilutive by around 10% on 2016e EPS, 3% on 2017e EPS and positive by c.2% in 2018 on our "Base Case" scenario.**

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