

Sector View

Hotels

	1 M	3 M	6 M	31/12/15
Travel&Leisure	-1.4%	-1.4%	-9.3%	-11.9%
DJ Stoxx 600	-1.0%	-0.2%	-8.3%	-9.0%

*Stoxx Sector Indices

Companies covered

ACCORHOTELS	BUY	EUR48
InterContinental Hotels	NEUTRAL	2650p
MELIA HOTELS	BUY	EUR15

Speculation: HNA denies talks with AccorHotels

On Friday, Chinese conglomerate HNA Hospitality group issued a statement dismissing as “groundless” reports that it is planning to bid for AccorHotels, in an effort to counter reported interest from another Chinese company, Jin Jiang. Remember that Jin Jiang crossed the threshold of 15% of AccorHotels capital at the end of May. At the time, the Chinese group did not rule out the acquisition of other AccorHotels shares depending on market conditions and opportunities, but stated that it is not planning to take control of the group.

ANALYSIS

- Following recent comments and reports that **AccorHotels** was trying to combine its forces with those of HNA to thwart an attempt by Chinese group Jin Jiang to increase its stake in AccorHotels, HNA Hospitality Group confirmed on Friday that it “Has not discussed taking a stake in the French group AccorHotels, and has no plans to hold such discussions. Reports to the contrary are false”
- Under the tutelage of its parent company HNA Group which operates air transportation, real estate, retailing, financial services, tourism logistics, **HNA Tourism** has quickly grown into a tourism service conglomerate operating airlines, cruises, financing platforms hotels. Remember that HNA Tourism just bought **Carlson Rezidor**, following capital investments in **Red Lion HC**, **Pierre & Vacances Center Parcs** and **NH Hotel Group**, and rumors concerning other investments or projects have also made the headlines in recent months.
- Regarding **AccorHotels’** current shareholding structure, remember that at the end of May 2016, **Jin Jiang** has crossed the threshold of 15% following payment of the dividend. Moreover, Jin Jiang doesn’t rule out acquiring more shares, although it has no plans to take control of the group. Latest rumors concerned **Colony capital** and **Eurazeo** stakes (all together 11.08%) that could be bought by **Jin Jiang**. Finally, remember that the closing of FRHI is scheduled for early July and will be paid by issuing 46.7 million new shares + a cash payment of USD840m, **QIA** and **KHC** becoming AccorHotels shareholders with respectively 10.5% and 5.8% of the equity capital.

VALUATION

- At the current share price, AccorHotels stock is trading at 9.2x EV/EBITDA 2016e and 7.6x 2017e which compares with an average European peers valuation of respectively 10x and 9x.

NEXT CATALYSTS

- AccorHotels H1 2016 results on 28th July

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NEUTRAL ratings 0%

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