

25th August 2016

Hotels

AccorHotels

Price EUR34.28

RevPAR in France in July: Poor H1 trend continues

Fair Value EUR45 (+31%)

BUY

| | |
|----------------------------|-------------|
| Bloomberg | AC FP |
| Reuters | ACCP.PA |
| 12-month High / Low (EUR) | 46.1 / 30.0 |
| Market Cap (EURm) | 9,758 |
| Avg. 6m daily volume (000) | 1 225 |

| | 1 M | 3 M | 6 M | 31/12/15 |
|----------------|-------|--------|-------|----------|
| Absolute perf. | -8.2% | -13.4% | -2.9% | -14.3% |
| Travel&Leisure | 3.6% | -6.0% | -2.0% | -12.5% |
| DJ Stoxx 600 | 1.4% | 0.2% | 7.7% | -5.7% |

| | 2014 | 2015e | 2016e | 2017e |
|---------------|-------|-------|-------|-------|
| P/E | 20.4x | 18.2x | 20.3x | 17.8x |
| Div yield (%) | 2.8% | 2.9% | 3.2% | 3.6% |

ANALYSIS

- As anticipated, RevPARs in July in France were highly impacted by the current environment, falling 6% after -1.3% in June and -3.6% over the first six months. By segment, the H1 trend continued with the upscale segment down 11% and still the most harshly impacted by lower numbers of international travellers, while the midscale segment was down 5.8% and economy confirmed its resilience with RevPAR down only 1.4%.
- With c. 28% of the group's total number of rooms in France, AccorHotels continues to be the most impacted by that situation. Nevertheless, as was the case in H1 with RevPAR down 2.2% in France compared with -3.6% for the hotel sector, AccorHotels should remain less affected than the sector given its lower exposure to the upscale segment representing less than 5% of the group's offer in France. AccorHotels economy segment represents c.65% of the group's offer in France and the midscale segment 30%.

VALUATION

- After H1 results, management guided on FY 2016 EBIT between EUR670m and EUR720m, which compares with our current forecast of EUR715m ("base case" using RevPAR growth of 3.5%) and consensus of EUR689m. As confirmed by management, top end of the range implies RevPAR growth of about 3%. The low range of the bracket, which looks more and more realistic, **will imply flat RevPAR vs. last year and is also perfectly in line with our "stress case" scenario (EBIT of EUR663m with flat RevPAR). In this scenario, the valuation would be EUR38.**

NEXT CATALYSTS

- Capital market day on 5th October
- Q3 revenue on 18th October

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| | |
|---------|---|
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Distribution of stock ratings

BUY ratings 72%

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