

22nd December 2016

Hotels

AccorHotels

Price EUR35.89

New lease contract portfolio restructuring in Australia

Fair Value EUR42 (+17%)

BUY

Bloomberg	AC FP
Reuters	ACCP.PA
12-month High / Low (EUR)	41.0 / 30.0
Market Cap (EURm)	10,218
Avg. 6m daily volume (000)	1 152

	1 M	3 M	6 M	31/12/15
Absolute perf.	6.8%	2.1%	-6.1%	-10.3%
Travel&Leisure	3.6%	3.3%	-3.0%	-11.9%
DJ Stoxx 600	6.0%	5.3%	6.0%	-1.4%

	2015	2016e	2017e	2018e
P/E	22.5x	21.5x	17.5x	15.3x
Div yield (%)	2.8%	2.8%	3.1%	3.2%

ANALYSIS

- Management announced yesterday evening a new restructuring of lease contract in Australia. In fact, the agreement concerns a portfolio of 31 hotels (4 097 rooms), owned by a subsidiary of Abu Dhabi Investment Authority (ADIA) and managed by AccorHotels under lease contract.
- Under the restructuring, AccorHotels will convert 15 lease contracts (triple-net) into 50-year management contracts, extend the management term of 1 hotel also to 50 years and will acquire the remaining 15 hotels for a total of AUD\$200m (EUR137m).
- Management announced that the deal will be accretive to group 2017 EBIT, but provided no detail or precise numbers. As of 30th June 2016 (before FRHI deal) AccorHotels operated 207 hotels in Australia with a total of 27 355 rooms representing 5.2% of the group total.

VALUATION

- At the current share price, the stock is trading 9.9x EV/EBITDA 2016e and 8.5x 2017e.

NEXT CATALYSTS

- FY results on 22nd February

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BUY ratings 72%

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