

Launch of “ALL Heartist Fund”

Over the past three weeks, the crisis has severely deepened with over half the worldwide population either confined and/or under lock-down.

DUBAI, April 5, 2020 / EINPresswire.com/ -- This has resulted in a virtual standstill of travel, dining and entertainment, which is vastly affecting our industry.

Today more than half Accor branded hotels worldwide are closed, likely over two thirds in the coming weeks.

One piece of good news is the confirmation of initial recovery of the Chinese hotel market, with mild improvements in occupancy and F&B activity.



AllHeartist

The abrupt deterioration in the situation has prompted the Group to take drastic actions across its global operations. These actions are indispensable to limit the impact on earnings and cash, and necessary to prepare for the post-crisis recovery. In these unprecedented times, the Group stands more than ever by its employees, partners and communities, providing time, resources and access to its local and global network.

Mitigation measures

Measures were implemented as early as February. Given the situation, the Group has decided to take aggressive, incremental actions. Collectively, these include:

- Travel ban, hiring freeze, reduced schedules and /or furloughing for 75% of global head office teams for Q2, resulting in a minimum €60m reduction in G&A for 2020,
- Reviewed recurring investment plan for 2020 resulting in a €60m reduction in capital expenditures.

The Group is further streamlining all other costs (e.g. sales, marketing, IT), in line with lower system wide revenues.

Dividend and solidarity measures

In these uncharted territories, Accor's Board of Directors has decided to complement management actions outlined above, by withdrawing its proposal for a 2019 dividend payment of c. €280m.

After consulting with the Group's main shareholders, Jinjiang International, Qatar Investment Authority, Kingdom Holding Company and Harris Associates, Accor has decided to allocate 25% of the planned dividend (€70m) to the launch of the “ALL Heartist Fund”, a Covid-19 special purpose vehicle. This fund will typically assist:

1. The Group's 300,000 employees, pledging to pay for their COVID-19-related hospital expenses, for those who do not have social security or medical insurance,

2. On a case by case basis, furloughed employees suffering great financial distress
3. On a case by case basis, individual partners facing financial difficulty

This fund reflects the ambition of the Group and its shareholders to provide a meaningful and significant contribution to global solidarity initiatives to address the current health crisis while planning for future needs. This decision has received unanimous support from the Board members, who collectively decided to reduce their attendance fees by 20% to the benefit of the "ALL Heartist Fund". Additionally, Sebastien Bazin, Chairman and CEO of Accor, will forego 25% of his compensation during the crisis. The cash equivalent will also be contributed to the Fund.

This "ALL Heartist Fund" complements some of the initiatives which have been spearheaded by a number of hotels throughout the Middle East & Africa, including a collaboration with partner RISMA in Morocco resulting in over 500 rooms provided to front-line medical professionals. Moreover, following a training by the government in sanitation processes, the Movenpick Aswan team now assists in sanitizing schools, nurseries, Mosques, churches and more than 700 houses within their community. At the Sofitel Luxor Winter Palace, the team prepares and distributes meals daily to medical teams assisting quarantined patients. Lastly, reinforcing proper hygiene and sanitation during this time, bars of soaps and recycled soaps are widely distributed by Pullman Dakar and Movenpick Nairobi to various community groups.

Sébastien Bazin, Chairman and CEO of Accor, commented: "Welcoming, protecting and taking care of others is at the very heart of what we do. In light of the urgency and the scale of the situation, we have decided to act in an immediate and meaningful way, in the spirit of our values and commitments. Through this impactful gesture, we wish to express our solidarity and gratitude to all those demonstrating courage and selflessness during this crisis. On behalf of the Board, I would like to thank the Group's main shareholders. Without them, the "ALL Heartist Fund" would not have been possible. I also want to pay a special tribute to the Accor teams around the world. They are facing the current crisis with admirable courage, dedication and professionalism. As our industry is going through tough times, we have to make tough decisions, but Accor has a strong balance sheet which will enable it to withstand this crisis and emerge with strength during the recovery period. I am confident that Accor will soon rediscover the road to growth."

Balance sheet

Thanks to its recent asset-light transformation and cash preservation strategy, Accor can today rely on a strong balance sheet, with more than €2.5bn in cash on hand and an undrawn revolving credit facility of €1.2bn. While much uncertainty remains on the duration of this crisis, the Group expects a severe impact on its 2020 performance but remains bullish on the long-term perspective of the hospitality industry, for Accor, its employees, its owners and shareholders.

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