



## PRESS RELEASE

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# Scandic expects occupancy of 30-35 percent for September

**The average occupancy level at Scandic's hotels went up during June and July before decreasing slightly in August. Scandic today estimates that the occupancy rate will be 30-35 percent in September leading to expected occupancy of around 35 percent for the third quarter.**

Scandic's average occupancy rate was 42 percent in July and 34 percent in August, with significant variations in the company's hotel portfolio. In general, the hotels with the highest occupancy were those in smaller towns, while demand in the big cities is still very weak. Norway was the Nordic market with the highest level of activity during the summer. During the period July-August, occupancy exceeded 30 percent in all markets.

There has been a gradual increase in booking activity since the end of August, but due to the continued high element of rebookings and cancellations, the increased booking activity has not yet led to increased occupancy. Based on the current booking rate, the occupancy level for September is estimated to reach 30-35 percent leading to expected occupancy of around 35 percent for the third quarter as a whole. Guests are continuing to book with short lead-times and market development in the coming months will depend largely on the level of activity among corporate customers. Scandic expects occupancy to increase gradually during the autumn as activity levels in the larger cities are expected to recover from a very low level. In the beginning of September, approximately 95 percent of Scandic's total room capacity was open.

- As anticipated, the level of activity increased during the summer mainly due to domestic tourism. It's important, however, to emphasize that the way things develop during the rest of the year will largely depend on our corporate customers. Covid-19 will likely impact our industry for a long time to come, so we need to ensure profitability at lower occupancy levels than before, says Jens Mathiesen, President & CEO of Scandic Hotels Group.

Scandic expects adjusted EBITDA for the third quarter to be impacted positively by direct government support, excluding aid for furloughed team members, of at least 300 MSEK, attributable to the company's Swedish, Danish and Norwegian operations. Scandic estimates that an average occupancy level of around 40 percent is normally needed to achieve break-even based on adjusted EBITDA, excluding government support.

During the first half-year, Scandic carried out substantial cost-reduction measures and further actions are planned. Part of this work is the dialogue with our landlords regarding temporary rent reductions for 2020. To further adjust costs, staff reductions are being implemented in Norway and Denmark. The restructuring cost for this is estimated to amount to approximately 70 MSEK and will be reported in the third quarter.

Scandic has a clear ambition to exceed its adjusted EBITDA margin target of 11 percent over time, even with RevPAR and occupancy rates below 2019 levels.

### About Scandic Hotels Group

Scandic is the largest hotel company in the Nordic countries with more than 280 hotels, in operation and under development, in more than 130 destinations. The company is the leader when it comes to integrating sustainability in all operations and its award-winning Design for All concept ensures that Scandic hotels are accessible to everyone. Well loved by guests and employees, the Scandic Friends loyalty program is the largest in the Nordic hotel industry and the company is one of the most attractive employers in the region. Scandic Hotels is listed on Nasdaq Stockholm.

[www.scandichotelsgroup.com](http://www.scandichotelsgroup.com)

Scandic's Interim Report for the third quarter will be published on November 3 at 07:30 CET.

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**Om Scandic Hotels Group**

Scandic är det största hotellföretaget i Norden med 16 000 medarbetare och med ett nätverk av närmare 280 hotell i drift eller under utveckling. Scandic Friends är Nordens största lojalitetsprogram inom hotellbranschen. Ett ansvarsfullt företagande är en del av Scandics DNA och Scandic har varit en pionjär när det gäller att integrera hållbarhetsarbete i alla sina verksamheter. Scandic är noterat på Nasdaq Stockholm. [www.scandichotelsgroup.com](http://www.scandichotelsgroup.com)