



SCANDIC HOTELS Q2 2020

July 17, 2020

Scandic



HIGHLIGHTS

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RECOVERY AT THE END OF THE QUARTER

**NET SALES DOWN 86%
ADJUSTED EBITDA -1,138 MSEK**

SUBSTANTIAL COST REDUCTIONS

**3.6 BSEK IN AVAILABLE LIQUIDITY INCLUDING
CREDIT COMMITMENTS**

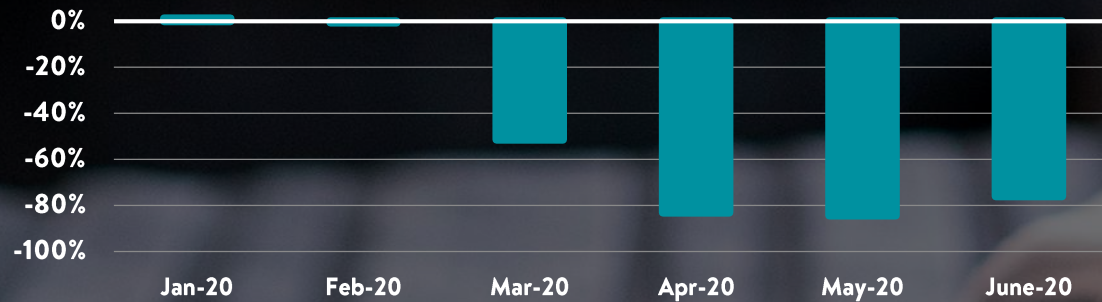
HISTORICALLY LOW OCCUPANCY IN APRIL

**OCCUPANCY IMPROVEMENT FROM MID-APRIL THAT
ACCELERATED IN JUNE**

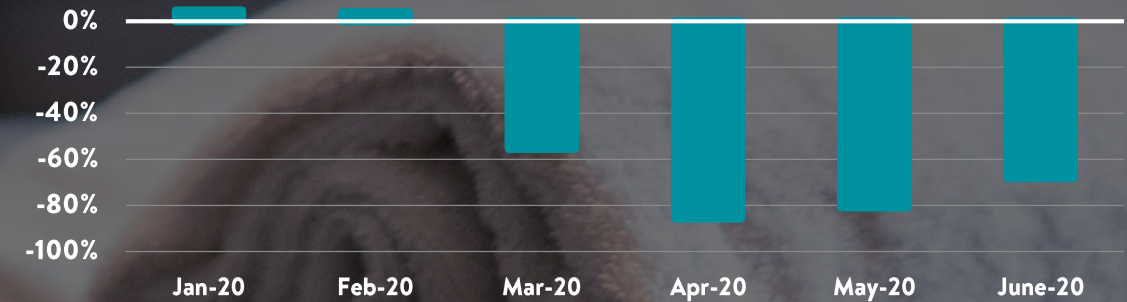
**OCCUPANCY HAS CONTINUED TO INCREASE SO FAR
IN JULY**

DRAMATIC Y-O-Y DECLINE IN MARKET REVPAR

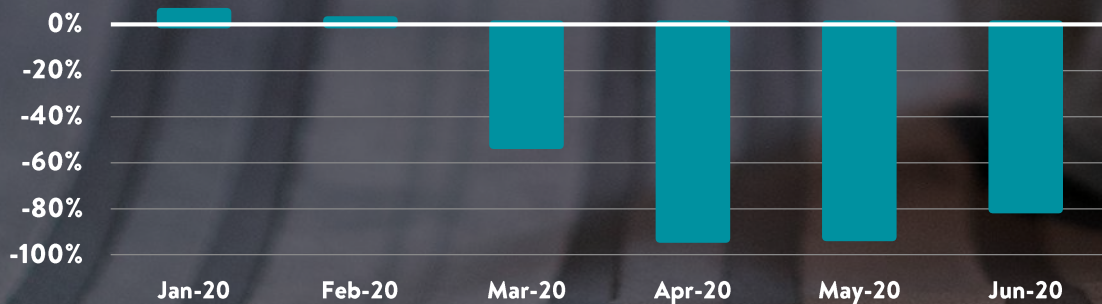
SWEDEN (Y-O-Y CHANGE IN MARKET REVPAR)



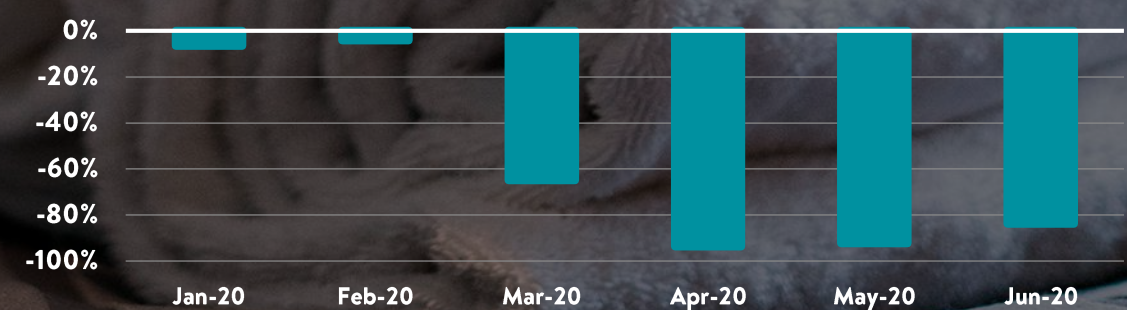
NORWAY (Y-O-Y CHANGE IN MARKET REVPAR)



FINLAND (Y-O-Y CHANGE IN MARKET REVPAR)



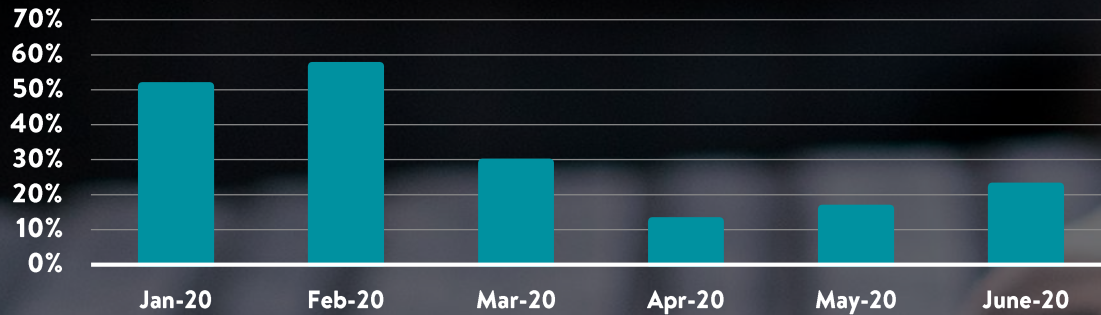
DENMARK (Y-O-Y CHANGE IN MARKET REVPAR)



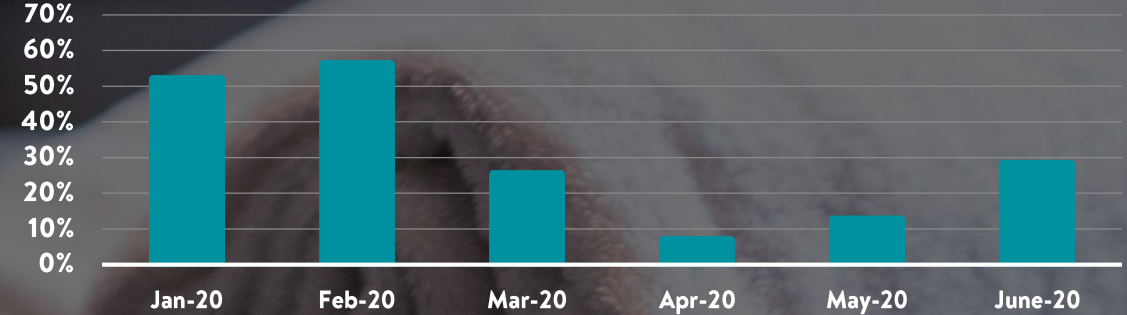
Source: Benchmarking Alliance

OCCUPANCY STARTED TO IMPROVE IN MAY

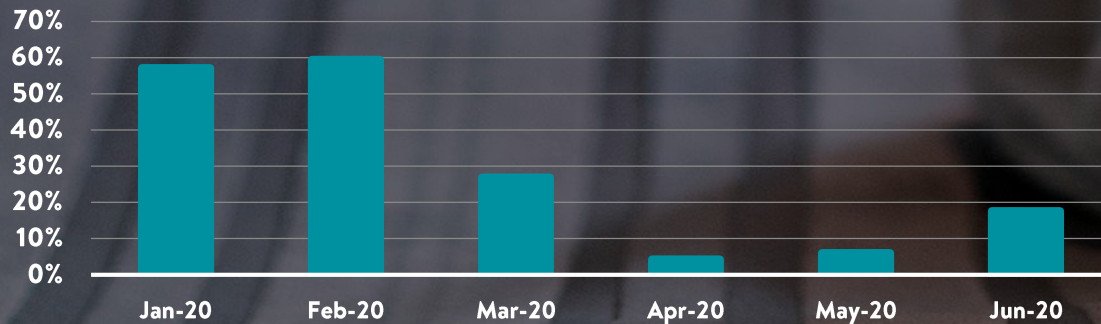
SWEDEN (TOTAL MARKET OCCUPANCY)



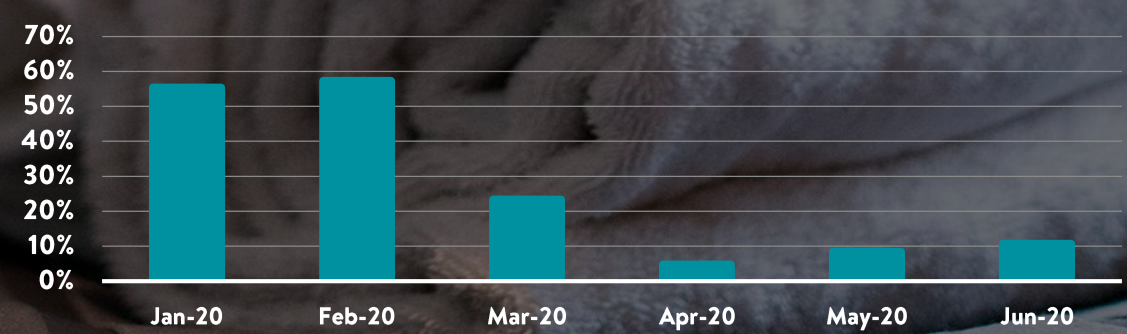
NORWAY (TOTAL MARKET OCCUPANCY)



FINLAND (TOTAL MARKET OCCUPANCY)



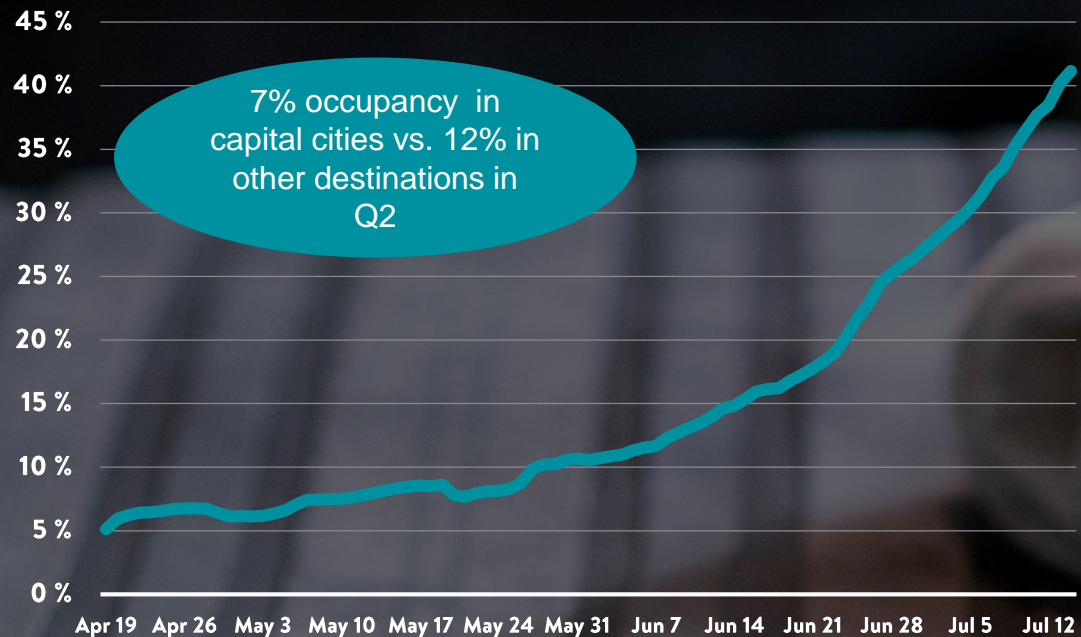
DENMARK (TOTAL MARKET OCCUPANCY)



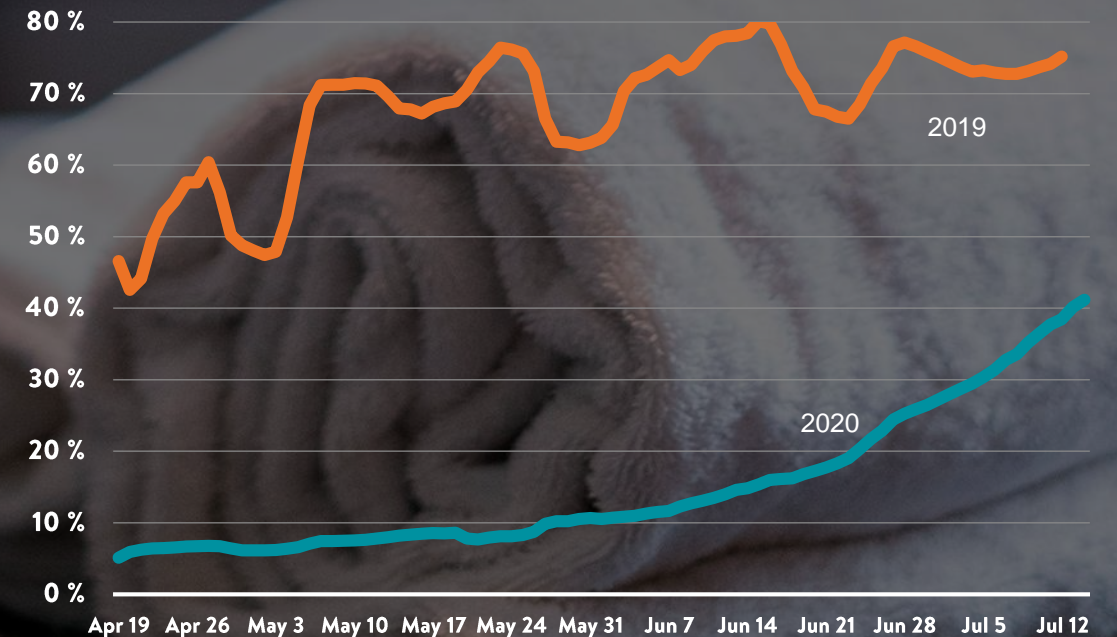
Source: Benchmarking Alliance

ENCOURAGING TREND IN THE PAST MONTH

SCANDIC OCCUPANCY 7 DAYS ROLLING



SCANDIC OCCUPANCY 7 DAYS ROLLING VS SAME PERIOD LAST YEAR

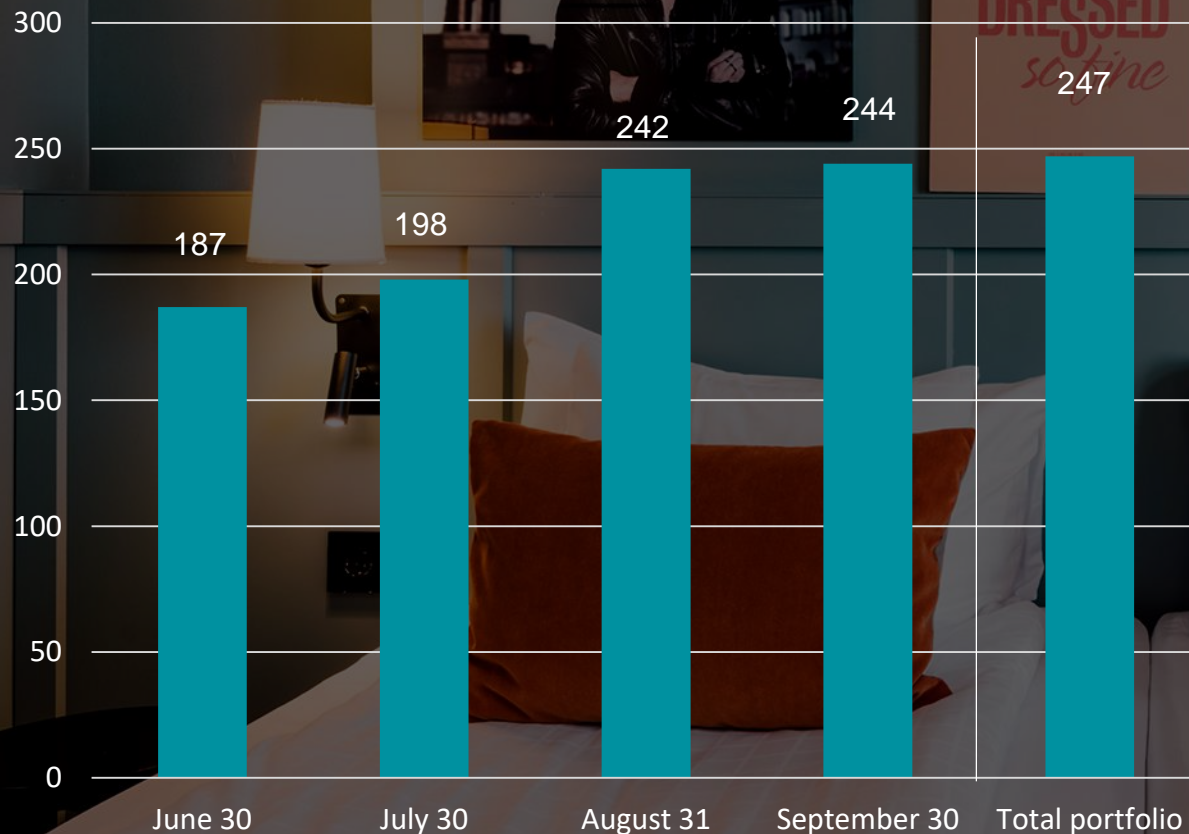


Source: Scandic

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SCANDIC OPENS UP FOR BUSINESS

Number of hotels open*



~80% OF PORTFOLIO IS CURRENTLY OPEN

**ABILITY TO REOPEN QUICKLY WITHIN 1-2 DAYS,
ONE WEEK INCLUDING MARKETING**

ADAPTED FOOD & BEVERAGE OFFERING

Source: Scandic

* Excluding 21 franchise hotels

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SOLID PORTFOLIO AND PIPELINE

	Rooms in operation	Of which with lease contracts	Rooms in Pipeline
Sweden	17,540	16,748	1,189
Norway	16,531	14,371	902
Finland	12,236	12,169	1,291
Denmark	4,955	4,745	1,574
Other Europe	1,718	1,718	739
Total	52,980	49,751	5,695

PROGRESS IN DIALOGUE WITH LANDLORDS REGARDING RENT DISCOUNTS FOR 2020

15% LEASE CONTRACTS EXPIRE BY END OF 2022 AND 25% BY END OF 2025

PIPELINE CORRESPONDS TO 10.7% OF EXISTING PORTFOLIO

EXIT OF TWO FINNISH HOTELS IN Q2 WITH 159 ROOMS

ONLY ONE NEW HOTEL TO BE LAUNCHED IN 2020 - SCANDIC PASILA IN HELSINKI IN Q3 WITH 178 ROOMS



FINANCIAL UPDATE

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SIGNIFICANT SALES REDUCTION IN ALL MARKETS

	Apr-Jun 2020	Apr-Jun 2019	%	Jan-Jun 2020	Jan-Jun 2019	%
Net sales	665	4,853	-86.3%	4,008	8,919	-55.1%
FX	-43		-1.0%	-74		-0.9%
Organic	-4,144		-85.3%	-4,837		-54.2%
New hotels	-75		-1.5%	-40		-0.4%
Exited hotels	-64		-1.3%	-109		-1.2%
Like-for like	-4,005		-82.5%	-4,688		-52.6%

COMPREHENSIVE COST REDUCTIONS

MSEK	Q2 2019	Q2 2020	Total cost reduction	Of which government support	Total cost reduction %
Cost of goods sold	404	40	364		90%
Employee costs	1,629	566	1,063	496	65%
Other expenses	975	462	513	38	53%
Total operational costs excl. rents	3,008	1,068	1,940	534	64%
Rent expenses	1,279	777	502	100	39%
Total costs	4,287	1,845	2,442	634	57%

TOTAL COST REDUCTION OF 2,4 BSEK (~60%) OF WHICH ~600 MSEK FROM GOVERNMENT SUPPORT

FURTHER MEASURES PREPARED TO COMPENSATE FOR REDUCTION IN GOVERNMENT SUPPORT

1,000 TEAM MEMBERS IN NORWAY WERE RECENTLY GIVEN NOTICE OF TERMINATION

NEGATIVE ADJUSTED EBITDA, MAINLY DUE TO WEAK APRIL-MAY

April-June	Net sales		Adjusted EBITDA		Adjusted EBITDA %	
MSEK	2020	2019	2020	2019	2020	2019
Sweden	246	1,623	-344	244	neg.	15.0%
Norway	215	1,397	-94	148	neg.	10.6%
Finland	107	1,115	-309	165	neg.	14.8%
Other Europe	97	718	-296	97	neg.	13.5%
Central costs & group adj.	-	-	-95	-95	-	-
Group	665	4,853	-1,138	559	neg.	11.5%

**IMPLEMENTED COST
REDUCTIONS AND
GOVERNMENT
SUPPORT IN ALL
MARKETS**

April-June	Net sales		Adjusted EBITDA		Adjusted EBITDA %	
MSEK	2020	2019	2020	2019	2020	2019
Sweden	1,399	2,995	-344	361	neg.	12.1%
Norway	1,102	2,547	-159	193	neg.	7.6%
Finland	940	2,091	-272	244	neg.	11.7%
Other Europe	567	1,286	-335	113	neg.	8.8%
Central costs & group adj.	-	-	-201	-192	-	-
Group	4,008	8,919	-1,311	719	neg.	8.1%

CASH FLOW SUPPORTED BY DEFERRED RENTS

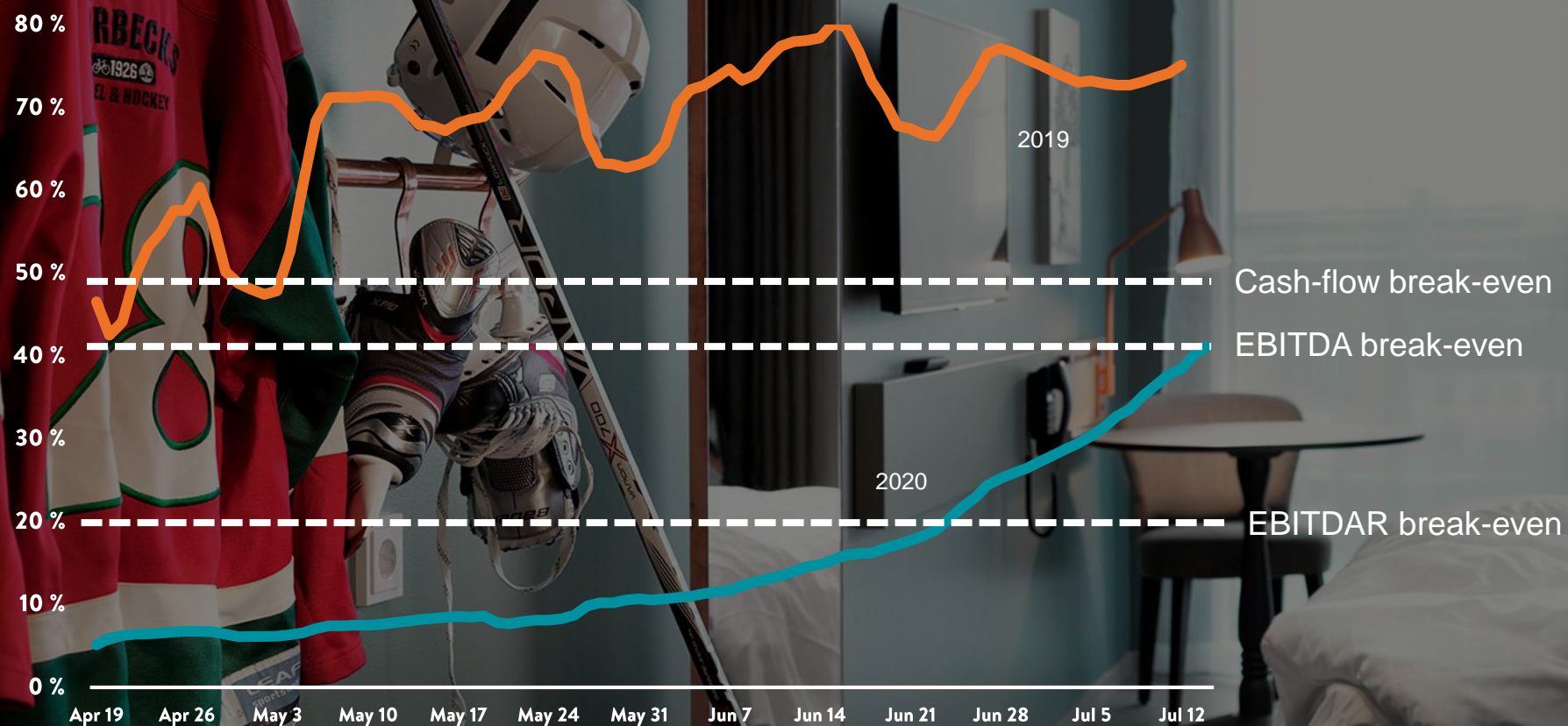
January-June	2020	2019
Adjusted EBITDA	-1,311	719
Change in working capital	753	-97
Paid tax, interest, pre-opening and other items	-291	-341
Cash flow from operations	-849	281
Investments in existing operations	-359	-359
Free cash flow before expansion capex	-1,208	-78
Acquisitions/disposals	0	230
Expansion capex	-104	-223
Free cash flow	-1,312	-71
Net debt	3,030	4,194
Available liquidity including credit commitments	3,600	

**SIGNIFICANT
POSITIVE CHANGE IN
WORKING CAPITAL
HELPED BY
DEFERRED RENT
PAYMENTS**

**NET DEBT 3.0 BSEK
AND AVAILABLE
LIQUIDITY 3.6 BSEK**

**FY CAPEX SPEND
EXPECTED TO BE
AROUND 700 MSEK**

ADDITIONAL IMPROVEMENT NEEDED TO REACH BREAK-EVEN



OUTLOOK

AVERAGE OCCUPANCY HAS BEEN AROUND 35% IN THE FIRST HALF OF JULY AND IS EXPECTED TO BE AROUND 40% DURING THE REMAINDER OF THE SUMMER VACATION PERIOD

MARKET DEVELOPMENT DURING THE AUTUMN WILL TO A LARGE EXTENT DEPEND ON ACTIVITY AMONG OUR CORPORATE CUSTOMERS

FOR 2020 WE EXPECT SALES TO BE MORE THAN HALVED COMPARED WITH 2019