



SCANDIC HOTELS Q1 2020

May 20, 2020

Scandic

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HIGHLIGHTS

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SUBSTANTIAL COST REDUCTIONS & SECURED FINANCING

Q1 NET SALES DOWN 18% AND ADJUSTED EBITDA OF -174 MSEK

EXTENSIVE SET OF MEASURES TO ADJUST COST BASE AND PROTECT CASH FLOWS

ONE-OFF IMPACTS: RESTRUCTURING COST OF 184 MSEK, WRITE DOWN OF INTANGIBLE ASSETS OF 2,955 MSEK AND NON CASH TAX COST OF 400 MSEK

BOOKING AND OCCUPANCY TRENDS HAVE GRADUALLY IMPROVED SINCE MID-APRIL

2.9 BSEK FINANCING SOLUTION TO SECURE SCANDIC'S LIQUIDITY THROUGH TO FYE 2021

SIGNIFICANT IMPACT ON MARKET DEMAND

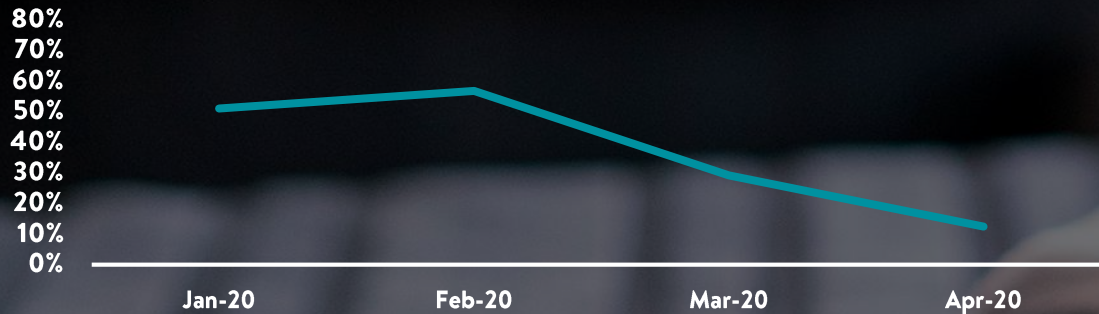
Bookings began to fall in late February

Reduced international travel and travel restrictions among corporate customers

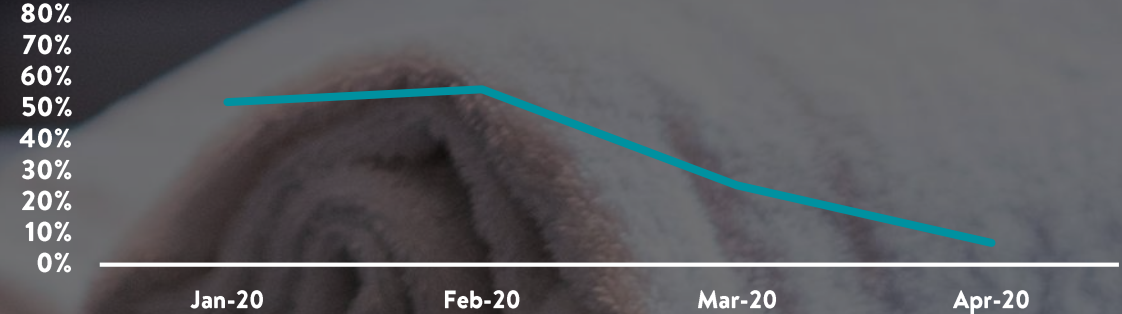
Measures taken by authorities to reduce the spread of Covid-19

LFL sales of -47% in March

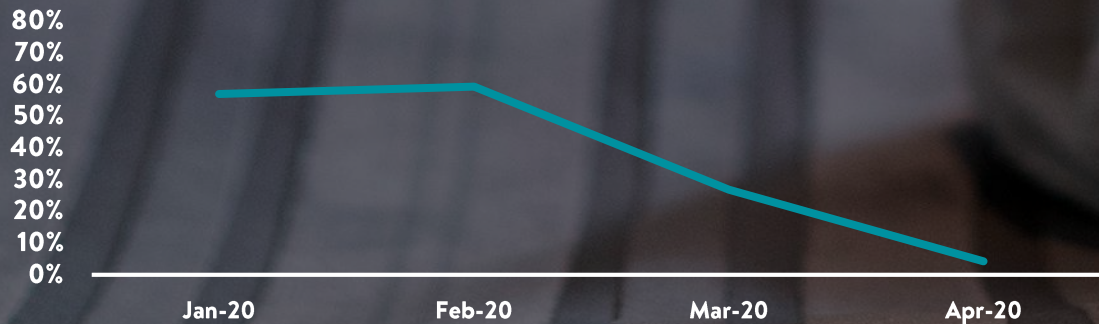
SWEDEN (TOTAL MARKET OCCUPANCY)



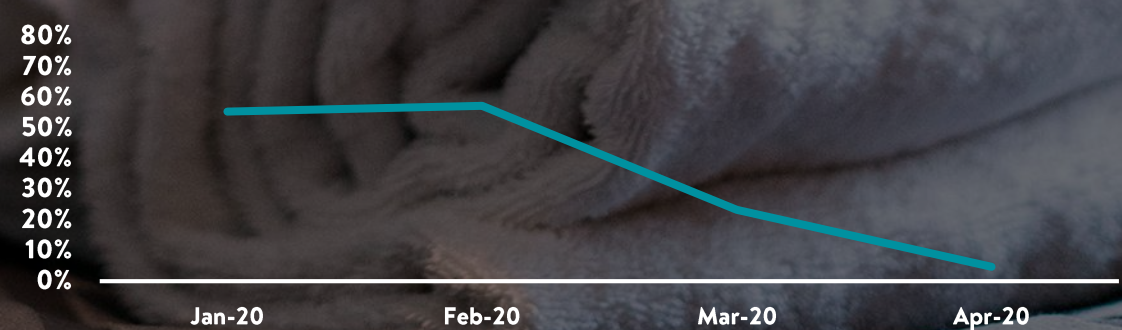
NORWAY (TOTAL MARKET OCCUPANCY)



FINLAND (TOTAL MARKET OCCUPANCY)



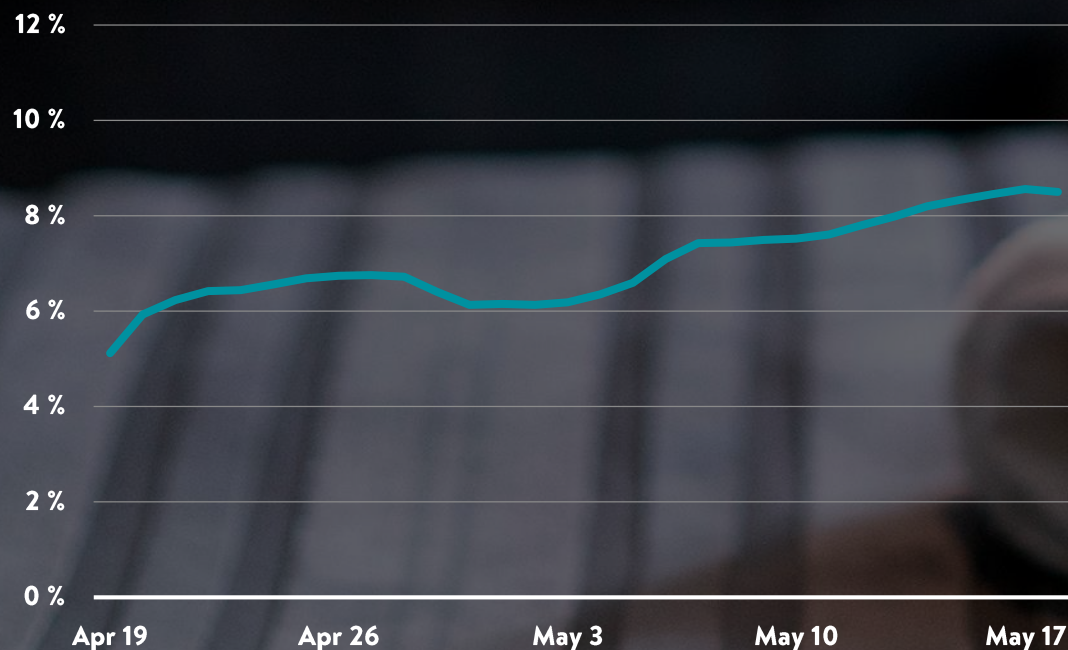
DENMARK (TOTAL MARKET OCCUPANCY)



Source: Benchmarking Alliance

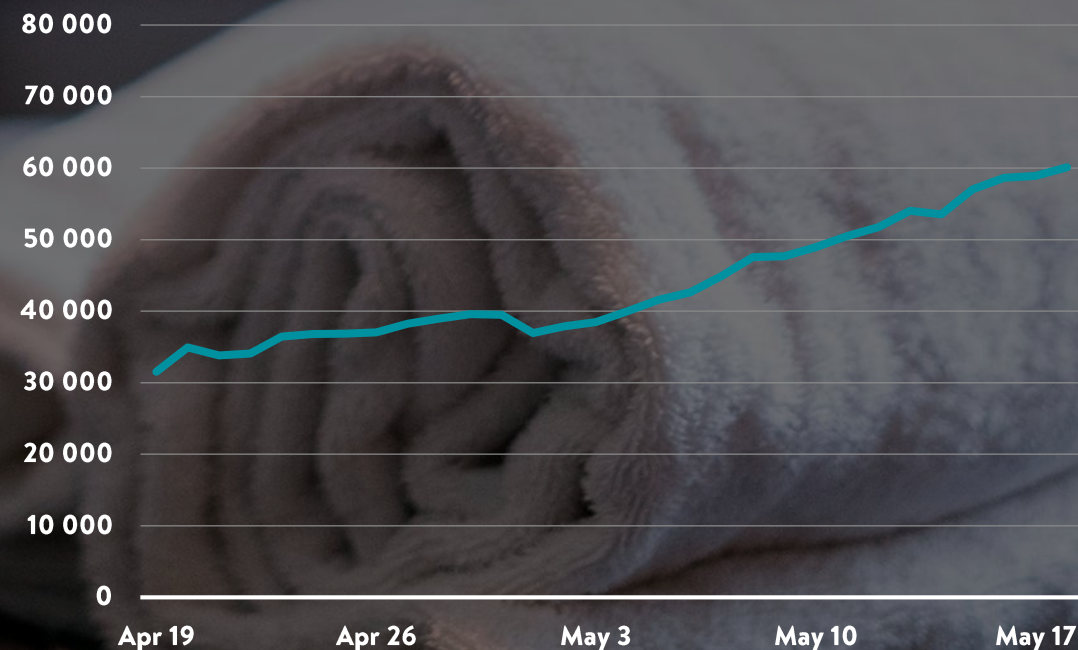
SCANDIC'S OCCUPANCY AND BOOKINGS HAVE PICKED UP SINCE MID-APRIL

SCANDIC OCCUPANCY 7 DAYS ROLLING



SCANDIC BOOKINGS 7 DAYS ROLLING

No. of room nights booked over the past 7 days



Source: Scandic

Scandic

COST REDUCTION MEASURES

OPERATIONS

TEMPORARY CLOSURE OF MORE THAN 50% OF HOTELS

REDUCED STAFF NUMBER BY >80% INCLUDING FURLOUGH

TOTAL REDUCTION OF SOME 6,000 EMPLOYEES ⁽¹⁾

MANAGEMENT TAKEN A 20% VOLUNTARY PAY CUT

GOVERNMENT SUPPORT MEASURES IMPLEMENTED

TOTAL NON-RENT COST BASE REDUCED BY >70%

“A demanding process to lay off and terminate the employment of so many team members”

(1) Mix of full-time and hourly-paid employees

CASH FLOW PROTECTION

CASH FLOWS

CANCELLATION OF 2019 DIVIDEND DISTRIBUTION

PROJECTS FREEZE AND RESCHEDULED CAPEX

AGREEMENT WITH LANDLORDS TO ADJUST PAYMENT TERMS

DEFERRED RENTS EXPECTED TO PEAK IN Q3 2020

HOTEL PORTFOLIO AND PIPELINE

	Rooms in operation	Of which with lease contracts	Rooms in Pipeline
Sweden	17,539	16,747	1,188
Norway	16,531	14,371	902
Finland	12,328	12,261	1,199
Denmark	4,955	4,745	1,574
Other Europe	1,718	1,718	739
Total	53,071	49,842	5,602

LEASE CONTRACTS TO BE ADAPTED TO MARKET CONDITIONS

15% LEASE CONTRACTS UP FOR RENEWAL BY END OF 2022 AND 25% BY END OF 2025

PIPELINE FOR 2020-2024 CORRESPONDS TO 10.6% OF CURRENT PORTFOLIO

ONLY ONE HOTEL TO BE LAUNCHED IN 2020 IN HELSINKI WITH 178 ROOMS

POTENTIAL RE-SCHEDULING OF HOTEL DEVELOPMENTS IN PIPELINE

HOTELS EXPECTED TO REOPEN DURING MAY-AUGUST

Hotel status as of May 20	Open	Closed	Total
Sweden	84	0	84
Norway	19	69	88
Finland	15	49	64
Denmark	12	15	27
Other Europe	3	3	6
Total	133	136	269

GRADUAL REOPENING EXPECTED IN MAY-AUGUST

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

ACCORDING TO RECENT SURVEY, THE MAJORITY OF SCANDIC FRIENDS MEMBERS PLAN VACATION IN HOME COUNTRY WITH JUNE BEING THE MAIN BOOKING MONTH

SCANDIC HAS EXECUTED QUICKLY IN A DIFFICULT 2020 TO RESET FOR STRONG RECOVERY IN 2021-2022

2020

Q2

Reduced non-rent costs by 70%, adjusted payment terms for rent and extended financing

Expected gradual increase in occupancy of a few percentage points per month in May and June

H2

Gradual recovery in the second half of the year

Full year revenues expected to be less than half of 2019

Additional cost saving measures to be implemented

2021

RevPAR recovery with high cash conversion given streamlined cost base

**Longer
Term**

Potential to exceed 11% adjusted EBITDA margin even with RevPAR below 2019 level



FINANCIAL UPDATE

Scandic

LIKE-FOR-LIKE NET SALES DOWN 18% IN Q1 2020, AND 47% IN MARCH

	Jan-Mar 2020	Jan-Mar 2019	%
Net sales	3,343	4,066	-17.8%
FX	-16		-0.3%
Organic growth	-707		-17.5%
New hotels	55		1.3%
Exited hotels	-67		-1.7%
Like-for like	-694		-17.1%

LFL NET SALES EVOLUTION PER SEGMENT IN MARCH:

	March 2020
Sweden	-44.3%
Norway	-48.5%
Finland	-45.0%
Other Europe	-55.4%
Total	-47.2%

NEGATIVE ADJUSTED EBITDA FOLLOWING MARKET WEAKNESS IN MARCH

Jan-Mar MSEK	Net sales		Adjusted EBITDA		Adjusted EBITDA, %	
	2020	2019	2020	2019	2020	2019
Sweden	1,154	1,372	1	118	0.1%	8.6%
Norway	888	1,152	-64	45	-7.2%	3.9%
Finland	833	975	36	80	4.3%	8.2%
Other Europe	468	567	-40	14	-8.5%	2.5%
Central costs & group adjustments	-	-	-107	-97	-	-
Group	3,343	4,066	-174	160	-5.2%	3.9%

**IMPLEMENTED COST
REDUCTIONS TO
MITIGATE THE NEGATIVE
EFFECT OF LOW
OCCUPANCY IN MARCH**

RESULTS IMPACTED BY RESTRUCTURING, IMPAIRMENT AND NON-CASH TAX EXPENSE

January-March excluding IFRS 16	2020	2019
Total operating income	3,343	4,066
EBITDAR	857	1,263
Total rental charges	-1,031	-1,103
Adjusted EBITDA	-174	160
Pre-opening costs	-26	-16
Items affecting comparability	-184	169
EBITDA	-384	313
Depreciation and amortization	-3,166	-199
EBIT	-3,550	114
Net financial items	-29	-27
Profit before tax	-3,579	87
Tax	-296	3
Profit/loss for the period	-3,876	90

RESTRUCTURING COSTS OF 184 MSEK RELATED TO STAFF REDUCTION

IMPAIRMENT OF INTANGIBLE ASSETS, MAINLY GOODWILL, OF 2,955 MSEK

NON-CASH TAX EXPENSE OF AROUND 400 MSEK RESULTING FROM TAX RULING IN FINLAND⁽¹⁾

(1) Scandic will appeal the ruling

LOW LEVEL OF OPERATION IMPACTED CASH FLOW DEVELOPMENT

January-March	2020	2019
Adjusted EBITDA	-174	160
Change in working capital	-24	-254
Paid tax, interest, pre-opening and other items	-303	-234
Cash flow from operations	-501	-328
Investments in existing operations	-205	-132
Free cash flow before expansion capex	-706	-460
Acquisitions/disposals	-	230
Expansion capex	-34	-69
Free cash flow	-740	-299
Net debt	4,250	4,194
Net debt / Adjusted EBITDA, LTM	2.5	2.1

WORKING CAPITAL WAS LARGELY UNCHANGED DURING Q1, HELPED BY DEFERRED RENT PAYMENTS

CAPEX SPEND WILL COME DOWN DURING THE REMAINDER OF 2020

SECURED 2.9 BSEK FINANCING AFTER NEW CREDIT FACILITY AND RIGHTS ISSUE

NEW CREDIT FACILITY OF 1,150 MSEK AND BRIDGE OF 250 MSEK FROM EXISTING BANK GROUP⁽¹⁾

- 1,150 MSEK will be made available after the completion of the Rights Issue and fully repaid by the end of 2021

RIGHTS ISSUE OF 1,750 MSEK WITH SUPPORT OF KEY SHAREHOLDERS, BOARD AND MANAGEMENT

- The three largest shareholders Stena Sessan, AMF and Formica Capital have committed to subscribe for their pro rata portion, in aggregate 41.6% of the Rights Issue⁽²⁾
- In addition, AMF will subscribe for an additional 500 MSEK of the Rights Issue, equivalent to approximately 28.6% of the Rights Issue⁽²⁾

LIQUIDITY WITH A SIGNIFICANT MARGIN IS SECURED THROUGH TO FYE 2021

- Substantial liquidity headroom even under a pessimistic recovery scenario secured to the end of 2021
- Liquidity needs are expected to peak during H1 2021 due to the seasonal build-up of working capital and settlement of certain deferred rent, tax and fees payments

EGM TO APPROVE THE RIGHTS ISSUE ON MAY 28 AND SUBSCRIPTION PERIOD RUNNING FROM JUNE 3 TO JUNE 17

(1) The facilities are subject to final documentation and satisfaction of customary conditions precedent, please refer to details in the Company press release dated 29 April 2020.

(2) Subject to customary conditions , please refer to details in the Company press release dated 29 April 2020.



OUTLOOK

Scandic

COST ASSUMPTIONS DURING “SLEEP MODE”

MSEK	“Normalized” cost base in Q2	Cost reduction in sleep mode	Of which company specific	Of which Government support
Cost of goods sold	-150	90%	100%	0%
Employee costs	-550	76%	64%	36%
Other expenses	-300	50%	85%	15%
Total operational costs excl. rents	-1,000	70%	76%	24%
Rent expenses	-450	44%	86%	14%
Total costs	-1,450	62%	78%	22%

**SLEEP MODE DEFINED AS SCANDIC
OPERATING AT VERY LOW
OCCUPANCY AND A SIGNIFICANT %
OF HOTELS CLOSED**

**FURTHER MEASURES PREPARED TO
COMPENSATE FOR THE GRADUAL
REDUCTION IN GOVERNMENT
SUPPORT**

**RUN RATE OPERATIONAL COSTS
EXCL. RENTS OF 300+ MSEK UNDER
SLEEP MODE**

**ESTIMATED AVERAGE EBITDAR
BREAK-EVEN AT ~20% OCCUPANCY**

The background image shows a modern interior space, likely a bar or lounge. In the upper part, there's a bar area with a sign that reads "APE, THEY FIX EVERYTHING ★" and "★ GREEN ROOM BAR ★". The ceiling has exposed pipes and modern lighting fixtures. In the lower part, there's a long wooden table with black metal stools. A large green plant is in the foreground on the left. The floor has a striped pattern. The overall atmosphere is contemporary and stylish.

MARKET OUTLOOK FOR Q2 2020

WE EXPECT A GRADUAL INCREASE IN OCCUPANCY OF A FEW PERCENTAGE POINTS PER MONTH IN MAY AND JUNE

WE EXPECT A FURTHER IMPROVEMENT AS DOMESTIC TOURISM RESUMES WHEN THE HOLIDAY SEASON STARTS