A GOOD START TO THE YEAR

Q1 2016

Frank Fiskers, President & CEO
Gunilla Rudebjer, CFO
Stockholm, May 12, 2016
A GOOD START TO THE YEAR AND CONTINUED HEALTHY DEMAND

› Strong business momentum with continued healthy underlying demand
› Norway - still a mixed picture but some stabilisation
› Ongoing strike in Norway – limited short term impact
› Opened 2 significant new hotels in Stockholm – Scandic Continental and Haymarket by Scandic
› Signed 2 new hotels in Denmark and 1 in Finland
› Continued realisation of synergies and improvement of former Rica Hotels
› Launched new e-commerce platform
GOOD UNDERLYING DEMAND IMPACTED BY EASTER EFFECT DURING Q1

Market RevPAR growth Sweden

- Q1 = 2.9%
- T1* = 8.9%
- Jan: 3.6
- Feb: 8.7
- Mar: -3.0
- Apr: 26.7

Market RevPAR growth Norway

- Q1 = -4.8%
- T1* = -1.1%
- Jan: -5.4
- Feb: 2.8
- Mar: -11.9
- Apr: 10.6

Market RevPAR growth Denmark

- Q1 = 2.9%
- T1* = 3.6%
- Jan: -0.6
- Feb: 10.6
- Mar: 0.0
- Apr: 5.9

Market RevPAR growth Finland

- Q1 = 7.6%
- T1* = Not available
- Jan: 10.2
- Feb: 9.7
- Mar: 4.3
- Apr: Not available

Note: T1 = January – April 2016
Source: Benchmarking Alliance & STR Global. April data not available for Finland
The Norwegian hotel market declined by -1.1% in the first four months.

Market continues to be polarised but a number of destinations are clearly in positive mode.

Over the last half year we have seen a certain stability in the development at oil destinations.

New major supply seems more limited.
STRONG LFL GROWTH DURING THE FIRST FOUR MONTHS

First quarter

1.7% LFL
Increase in RevPAR

First quarter

2.3% LFL
Increase in net sales

First four months

7.0% LFL
Increase in RevPAR

First four months

7.4% LFL
Increase in net sales
On April 5, we launched our all-new commercial websites.

› Customer Experience
› Market Reach
› Efficiency
CONTINUED STRONG DEMAND BUT FULL EASTER EFFECT IN Q1

Q1 2016

› Negative impact from Easter holidays in Q1
› RevPAR -1.9%. LFL growth +1.7%, mainly from occupancy
› Net sales growth +2.3% LFL. Positive effect from extra leap day in February
› Reported net sales -2.6%, +0.4% at constant currencies
› Adjusted EBITDA 40 MSEK (66) and adjusted EBITDA margin 1.5% (2.5%) with positive impact from Rica synergies in Norway but negative impact from changed guest mix with higher share of leisure travel with lower margins
› Pre-opening costs of 16 MSEK (3) related to Scandic Continental and Haymarket by Scandic – opened in Q2 2016
› Interest expenses reduced to 34 MSEK (114) due to refinancing and repayment of debt in 2015
RevPAR growth +1.3% (+1.9% LFL) driven by both occupancy and rate
Net sales growth +1.7% (+3.0% LFL)
Scandic Kungsgatan closed in Nov 2015 and re-opened as 'Haymarket by Scandic' in May 2016
Adjusted EBITDA 81 MSEK (109) and adjusted EBITDA margin 7.3% (10.0%). Negatively impacted by change in guest mix due to Easter holidays
The abolishment of the reduced social charges for young employees has led to increased costs of c. 8 MSEK
Estimated full-year impact 2016 of c. 29 MSEK

Note: HTL included in segments Sweden and Norway
Norway – Outperforming Market and Realising Rica Synergies

Q1 2016

› Continued polarised market with decline in oil destinations but growth in Oslo, Trondheim and Northern Norway
› Positive impact from Junior Olympic Games in Oslo in February but significant Easter effect in March
› RevPAR -3.0% at constant currencies and -0.6% LFL
› Net sales LFL -1.0%. Reported net sales -12.3% with negative impact from exchange rate effects (-8.6%) and exit of Grand Hotel, Oslo (-3.3%). New hotels contributed +0.6%
› Realisation of Rica synergies according to expectations led to increased market shares and reduced costs
› Adjusted EBITDA 1 MSEK (9) and adjusted EBITDA margin 0.1% (1.1%). Negatively impacted by Easter holidays

Net sales, per quarter (MSEK)

Adjusted EBITDA per quarter (MSEK)

Note: HTL included in segments Sweden and Norway
OTHER NORDIC COUNTRIES & EUROPE – CONTINUED GOOD GROWTH

Q1 2016

› RevPAR growth +3.7% (+4.0% LFL) with continued good market in Denmark and Germany
› Strong market growth in Finland and signs of market recovery
› Net sales growth 2.2% (4.6% LFL)
› Continued positive revenue development for the 3 hotels in Germany and improved margins from cost synergies
› Adjusted EBITDA increased to 30 MSEK (18) and adjusted EBITDA margin to 4.0% (2.5%)

Net sales, per quarter (MSEK)

Adjusted EBITDA per quarter (MSEK)

Note: HTL included in segments Sweden and Norway
SEASONAL CHANGES IN WORKING CAPITAL AND CASH FLOW

Cash flow & Net debt

- Q4 strongest cash flow quarter and Q1 weakest due to seasonality
- Change in working capital -266 MSEK (-234)
- Negative working capital: -6.3% (-7.0%) of LTM net sales due to high share of prepayments and settlements at check-out
- Operating cash flow -348 MSEK (-303)
- Credit facilities of 250 MSEK utilised as per March 31, 2016 to bridge seasonal changes in working capital
- Net debt of 3,775 MSEK (3,355 at December 31, 2015) corresponding to 3.1x (2.7x) LTM adjusted EBITDA

Working capital / Net sales, rolling 12 months (%)

<table>
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<tr>
<th>MSEEK</th>
<th>Q1 2016</th>
<th>Q1 2015</th>
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<tbody>
<tr>
<td>Cash flow before change working capital</td>
<td>19</td>
<td>46</td>
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<tr>
<td>Change in working capital</td>
<td>-266</td>
<td>-234</td>
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<tr>
<td>Cash flow from operating activities</td>
<td>-247</td>
<td>-188</td>
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<tr>
<td>Cash flow from investing operations</td>
<td>-101</td>
<td>-115</td>
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<tr>
<td>OPERATING CASH FLOW</td>
<td>-348</td>
<td>-303</td>
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<tr>
<td>Interest payments</td>
<td>-24</td>
<td>-8</td>
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<tr>
<td>Drawn credit facility</td>
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<td>-</td>
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<tr>
<td>Cash flow from financing operations</td>
<td>226</td>
<td>-8</td>
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<tr>
<td>CASH FLOW FOR THE PERIOD</td>
<td>-122</td>
<td>-311</td>
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CAPEX FOCUSING ON REVENUE GENERATION

Capex

- Renovation capex of 62 MSEK (68) corresponding to 3.7% of net sales, rolling 12 months
- Capex of 34 MSEK (14) for new hotels and expansions mainly related to:
  - Scandic Continental
  - Haymarket by Scandic
  - Vasa Theatre, Grand Central
- Investment of 5 MSEK (5) in IT refers mainly to development of the new digital platform for e-commerce and improved customer dialog
FINANCIAL TARGETS – LTM 2016 IMPACTED BY EASTER

**Growth**

2.6% LTM 2016 excl. M&As

Net sales growth

**Profitability**

10.1% LTM 2016

Adjusted EBITDA margin

**Capital structure**

3.1x

Net debt / LTM Adjusted EBITDA

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**Target**

- Annual net sales growth of at least 5% on average over a business cycle (excl. potential M&As)

**Target**

- Adjusted EBITDA margin of at least 11% on average over a business cycle

**Target**

- Net debt in relation to adjusted EBITDA of 2 – 3x

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*Note: (1) Net sales growth excluding acquisition of Rica Hotels (2014) and Bergen hotels (2015)*
OUR 5 PILLARS OF PROFITABLE GROWTH

MARKET GROWTH
Good underlying demand

SCANDIC INITIATIVES
Launch of new e-commerce platform

RICA SYNERGIES & IMPROVEMENTS
On track with good results

RAMP UP OF RECENTLY OPENED HOTELS & SIGNED PIPELINE
2 significant hotels opened & 3 new in pipeline

NETWORK EXPANSION
Development platform in Germany
2 SIGNIFICANT NEW HOTELS IN STOCKHOLM

Scandic Continental, 392 rooms

Haymarket by Scandic, 405 rooms
### A STRONG SIGNED PIPELINE WITH FULL MATERIALISATION – 3 HOTELS ADDED IN 2016

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<tbody>
<tr>
<td>No. rooms</td>
<td>25,000</td>
<td>27,000</td>
<td>29,000</td>
<td>31,000</td>
<td>33,000</td>
<td>35,000</td>
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<td>Openings</td>
<td>25,000</td>
<td>27,000</td>
<td>29,000</td>
<td>31,000</td>
<td>33,000</td>
<td>35,000</td>
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<td>Exits</td>
<td>25,000</td>
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<td>29,000</td>
<td>31,000</td>
<td>33,000</td>
<td>35,000</td>
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<tr>
<td>Signed pipeline (incl. extensions)</td>
<td>25,000</td>
<td>27,000</td>
<td>29,000</td>
<td>31,000</td>
<td>33,000</td>
<td>35,000</td>
</tr>
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</table>

+2.5% +2.9% +2.2%
10 SIGNIFICANT HOTELS WILL BE ADDED TO THE PORTFOLIO IN 2016-2018

Scandic Continental (new build)
› Location Stockholm, Sweden
› # of Rooms 394
› Opened April 1, 2016

Haymarket by Scandic (extension)
› Location Stockholm, Sweden
› # of Rooms 405 (incl. 147 new)
› Opened May 10, 2016

Scandic Vaasa (conversion)
› Location Vaasa, Finland
› # of Rooms 140 (incl. 72 new)
› Opening June 2016

Scandic Aalborg City (conversion)
› Location Aalborg, Denmark
› # of Rooms 168
› Opening June 2016

Scandic Sergel Plaza (conversion)
› Location Stockholm, Sweden
› # of Rooms 420 (incl. 17 new)
› Opening H1 2017

Scandic Bergen Flesland (new build)
› Location Bergen, Norway
› # of Room 304
› Opening H1 2017

Scandic Lillestrøm (new build)
› Location Lillestrøm, Norway
› # of Rooms 220
› Opening H1 2018

Scandic Hotel Norge (conversion)
› Location Bergen, Norway
› # of Rooms 420
› Opening H2 2018

Scandic Kødbyen (new build)
› Location Copenhagen, Denmark
› # of Rooms 370
› Opening H2 2018

Scandic Falconer (conversion)
› Location Copenhagen, Denmark
› # of Rooms 300 (incl. 140 new)
› Opening H2 2018

All hotels above have CRFM lease contracts
WE REMAIN POSITIVE ABOUT THE PROSPECTS FOR 2016

› Opening of Haymarket by Scandic and Scandic Continental in Stockholm
› Signing of new hotels in ‘unsigned’ pipeline
› Develop our platform in Germany
› Further realisation of Rica synergies and improvements
› Capitalise on our new e-commerce platform
› Strengthen and ramping up of the commercial organisation
› Launch of new cultural platform ‘Inspiring Nordic’
› Positive start in H1 with satisfactory business on the books