

STRONG RESULTS FOR THE FIRST SIX MONTHS

Q2 2016

Frank Fiskers, President & CEO
Gunilla Rudebjer, CFO
Stockholm, August 16, 2016

Scandic

STRONG RESULTS AND LFL GROWTH

Q2

10.9%

Increase in
RevPAR (LFL)

Q2

9.8%

Increase in
Net sales (LFL)

Q2

31.3%

Increase in
Adjusted
EBITDA

Q2

13.6%

Adjusted
EBITDA-margin
(LFL)

Q2

167

Improved
Op. cashflow
(MSEK)

H1

6.7%

Increase in
RevPAR (LFL)

H1

6.3%

Increase in
Net sales (LFL)

H1

20.0%

Increase in
Adjusted
EBITDA

H1

8.4%

Adjusted
EBITDA-margin
(LFL)

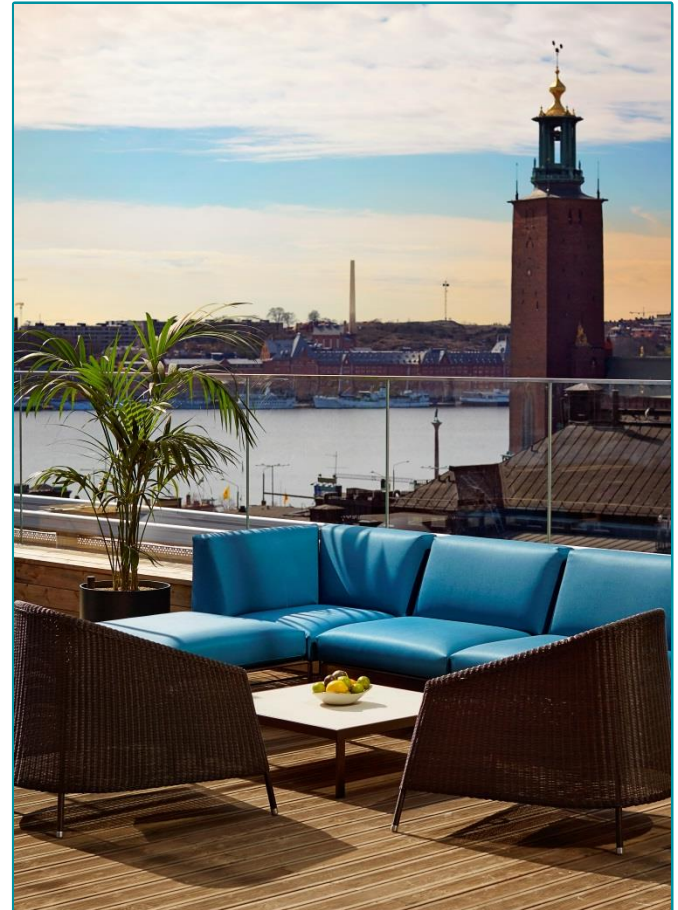
H1

125

Improved
Op.cashflow
(MSEK)

STRONG MOMENTUM AND HEALTHY DEMAND IN ALL MARKETS

- › Strong results, improved margin and market share gains
- › Significant commercial performance improvements by the former Rica hotels
- › Norway is still a mixed picture – but with some stabilisation. Limited financial impact from the recent strike
- › Remarkable start of ramp-up at Scandic Continental and Haymarket by Scandic
- › Agreement with Pandox to prolong 19 hotel leases with subsequent renovations, improvements and extensions over the next two years



A STRONG SIGNED PIPELINE WITH FULL MATERIALISATION



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



Scandic Bergen Flesland (new build)

- › Location Bergen, Norway
- › # of Room 304
- › Opening H1 2017



Haymarket by Scandic (extension)

- › Location Stockholm, Sweden
- › # of Rooms 405 (incl. 147 new)
- › Opened May 10, 2016



Scandic Lillestrøm (new build)

- › Location Lillestrøm, Norway
- › # of Rooms 220
- › Opening H1 2018



Scandic Vaasa (conversion)

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



Hotel Norge by Scandic (conversion)

- › Location Bergen, Norway
- › # of Rooms 420
- › Opening H2 2018



Scandic Aalborg City (conversion)

- › Location Aalborg, Denmark
- › # of Rooms 168
- › Opening June 2016



Scandic Kødbyen (new build)

- › Location Copenhagen, Denmark
- › # of Rooms 370
- › Opening H2 2018



Scandic Sergel Plaza (conversion)

- › Location Stockholm, Sweden
- › # of Rooms 420 (incl. 17 new)
- › Opening H1 2017

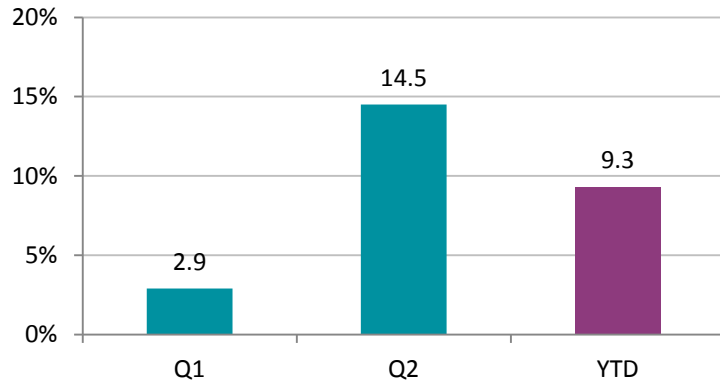


Scandic Falconer (conversion)

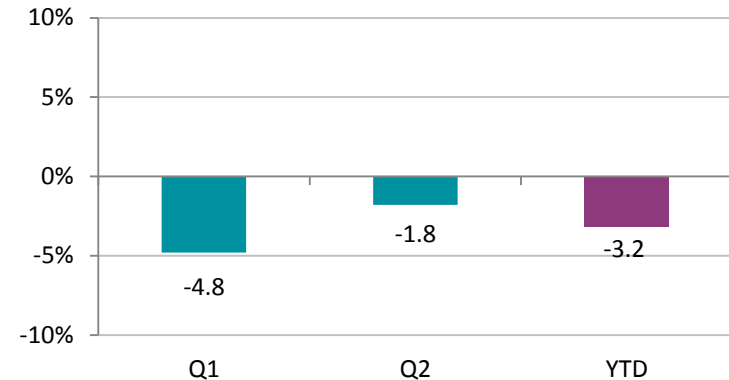
- › Location Copenhagen, Denmark
- › # of Rooms 300 (incl. 140 new)
- › Opening H2 2018

A FIRST HALF YEAR WITH GOOD MARKET CONDITIONS

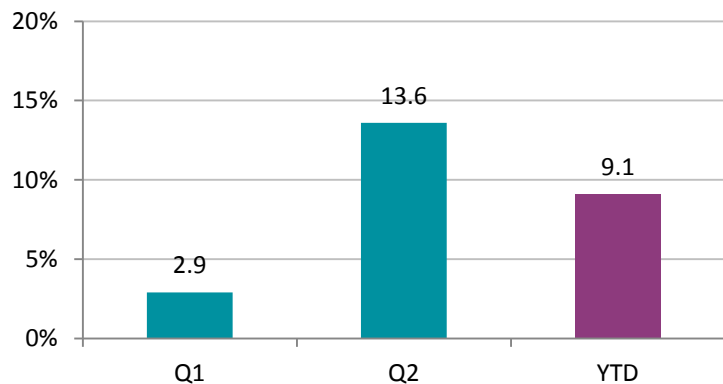
Market RevPAR growth Sweden



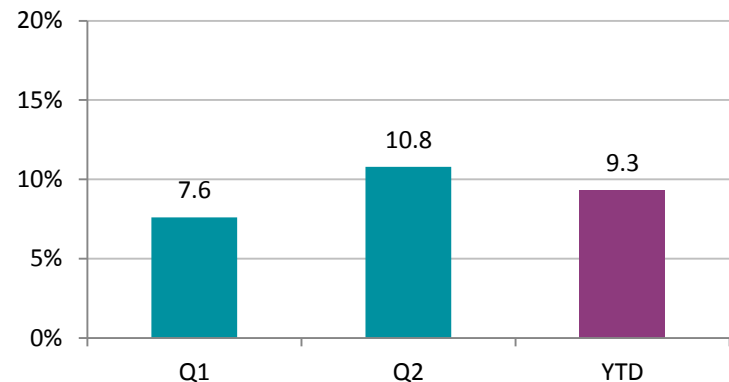
Market RevPAR growth Norway



Market RevPAR growth Denmark



Market RevPAR growth Finland



A modern living room with teal sofas, a patterned ceiling, and a large portrait of a woman on the wall. The room features a large window with a view of a city, a dark wood coffee table, and a red rug. The ceiling is made of a grid of square tiles with a geometric pattern. The walls are a light blue-grey color. A large portrait of a woman with blonde hair is on the left wall. The text "FINANCIAL UPDATE" and "Gunilla Rudebjer, CFO" is overlaid in the center.

FINANCIAL UPDATE

Gunilla Rudebjer, CFO

Q2 - CONTINUED STRONG GROWTH AND IMPROVED MARGINS

Q2 2016

- › Continued strong market demand
- › RevPAR growth driven by occupancy and rate
- › Positive Easter effect in April
- › Strike in Norway affected market RevPAR but with marginal net financial effect for Scandic
- › Fast ramp-up of new hotels
- › Improved margins driven by revenue growth and realization of Rica synergies

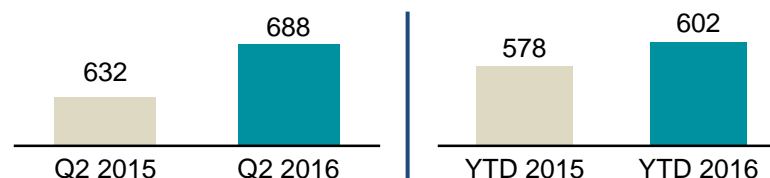
Jan-June 2016

- › Strong LFL growth in all markets except oil destinations in Norway - some stabilization seen
- › Scandic is gaining market shares
- › Reported growth negatively affected by FX
- › Improved Adj EBITDA and margins in all segments
- › Improved Net financial items, -14 MSEK (-114) from reduced interest expenses

RevPAR (SEK)

Growth: 8.8% (10.9% LFL)

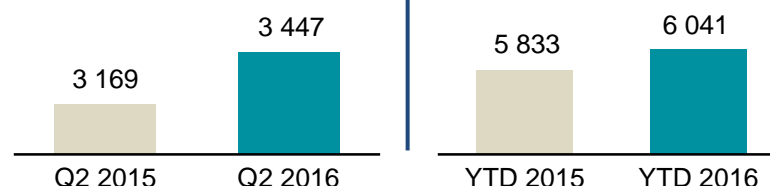
4.1% (6.7% LFL)



Net sales (MSEK)

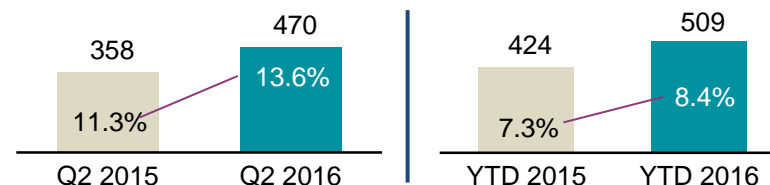
Growth: 8.8% (9.8% LFL)

3.6% (6.3% LFL)



Adjusted EBITDA (MSEK)

Adjusted EBITDA margin



SWEDEN – CAPITALIZING ON A CONTINUED STRONG MARKET

Q2 2016

- › Strong market demand with many events and conferences
- › RevPAR growth now predominantly from rate
- › Fast ramp-up of Scandic Continental and Haymarket by Scandic
- › Improved Adj EBITDA and margins from strong revenue growth with high share of business travel

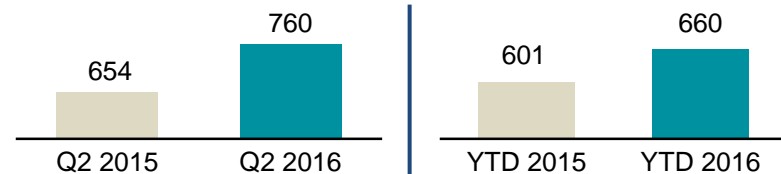
Jan-June 2016

- › Strong LFL RevPAR growth from both occupancy and rate
- › Good topline contribution from new hotels
- › Improved Adj EBITDA and margins driven by revenue growth. Partly offset by increased social charges (16 MSEK vs LY)

RevPAR (SEK)

Growth: 16.1% (14.9% LFL)

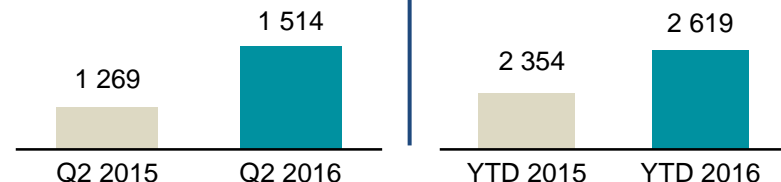
9.7% (8.8% LFL)



Net sales (MSEK)

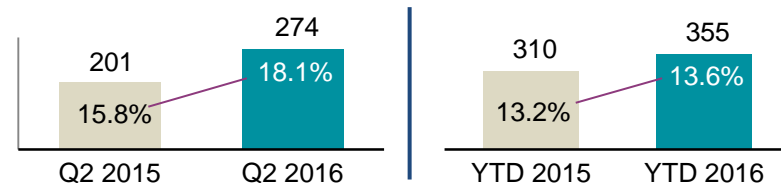
Growth: 19.3% (12.7% LFL)

11.3% (8.2% LFL)



Adjusted EBITDA (MSEK)

Adjusted EBITDA margin



NORWAY – GOOD UNDERLYING DEMAND AND IMPROVED MARGINS

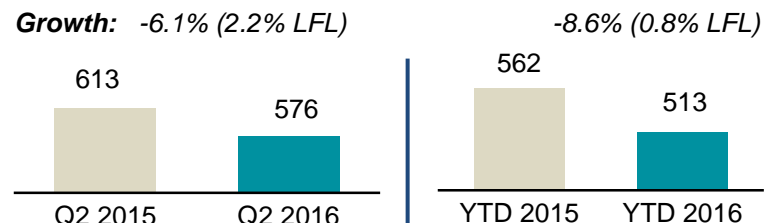
Q2 2016

- › Good underlying demand (with the exception of the oil destinations) with strong leisure demand during the summer season
- › RevPAR growth 2.2% LFL in spite of strike and Nor-shipping event in Oslo in June 2015
- › Market RevPAR negatively affected by the strike. The net financial effect for Scandic was marginal due to the operational model with variable rent and variable costs
- › Improved Adj EBITDA and margins due to realization of Rica synergies

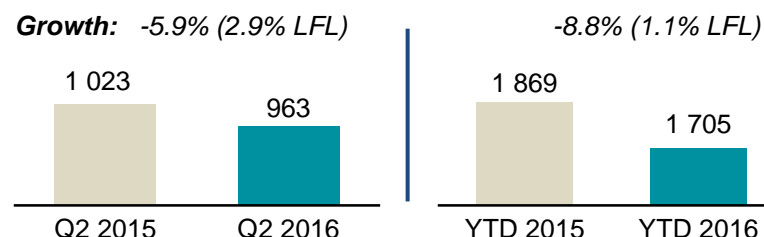
Jan-June 2016

- › Reported Net sales negatively affected by FX and the exit of Grand Hotel
- › Improved Adj EBITDA and margins due to realization of Rica cost synergies
- › Realization of Rica commercial synergies has lead to a better RevPAR development than market

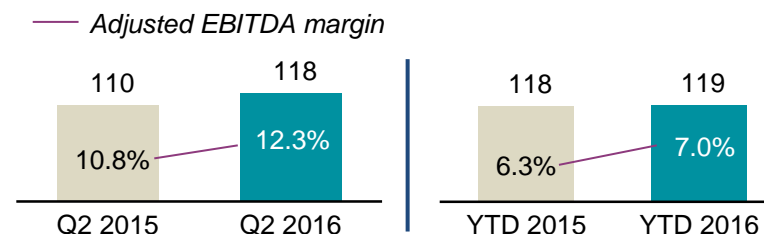
RevPAR (SEK)



Net sales (MSEK)



Adjusted EBITDA (MSEK)



OTHER NORDIC COUNTRIES & EUROPE – CONTINUED POSITIVE DEVELOPMENT

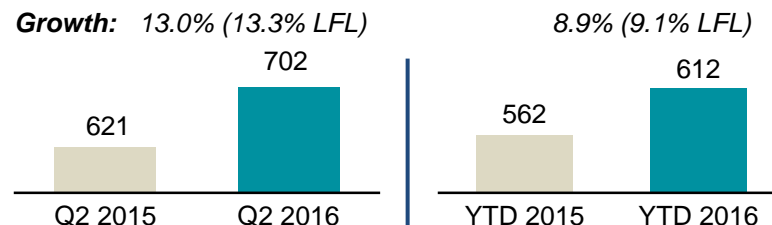
Q2 2016

- › Good market demand with high meeting and conference activity
- › Scandic Vaasa, Finland, and Scandic Aalborg City, Denmark, opened in June 2016
- › Strong RevPAR and Net sales growth driven by both occupancy and rate
- › Improved Adj EBITDA and margins as a result of revenue growth and cost synergies in Germany

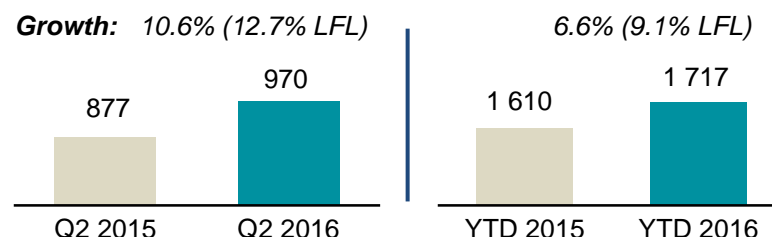
Jan-June 2016

- › Strong LFL RevPAR and Net sales growth partly offset by the exit of Scandic Antwerp and FX
- › Solid performance for the three German hotels where Scandic's operational model with clustered support functions leads to improved margins
- › Improved Adj EBITDA and margins

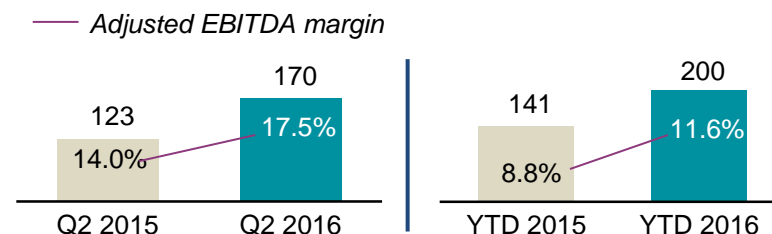
RevPAR (SEK)



Net sales (MSEK)



Adjusted EBITDA (MSEK)

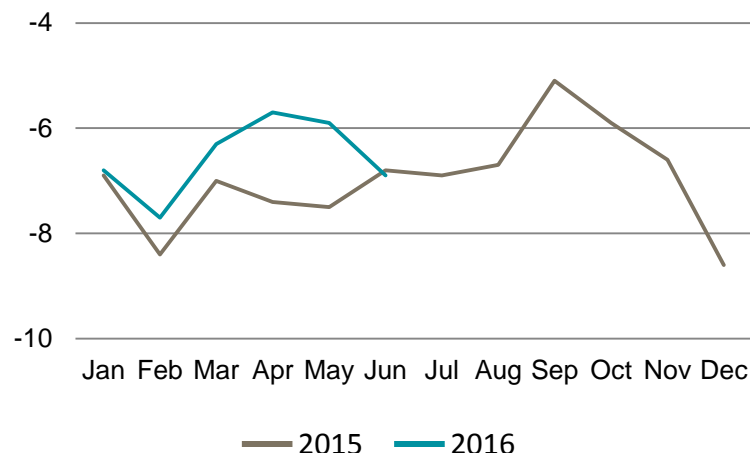


IMPROVED CASH FLOW FROM GOOD TRADING

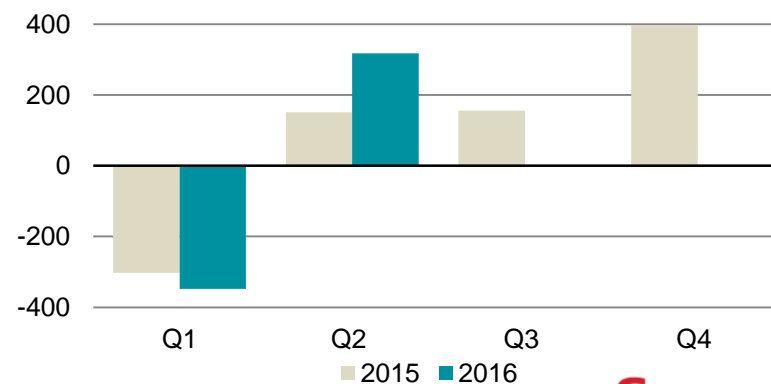
Cash flow & Net debt Jan-Jun 2016

- › Improved Operating cash flow vs last year as a result of good trading:
 - › Q2 +318 MSEK (+151)
 - › YTD -27 MSEK (-152)
- › Negative working capital: -6.9% (-6.8%) of LTM net sales due to high share of prepayments and settlements at check-out
- › H1 is cash flow weaker than H2 due to seasonality in trading
- › Net debt of 3,543 MSEK (3,355 at December 31, 2015) corresponding to 2.7x (2.7x) LTM adjusted EBITDA

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



Operating cash flow per quarter (MSEK)



CAPEX FOCUSING ON REVENUE GENERATION

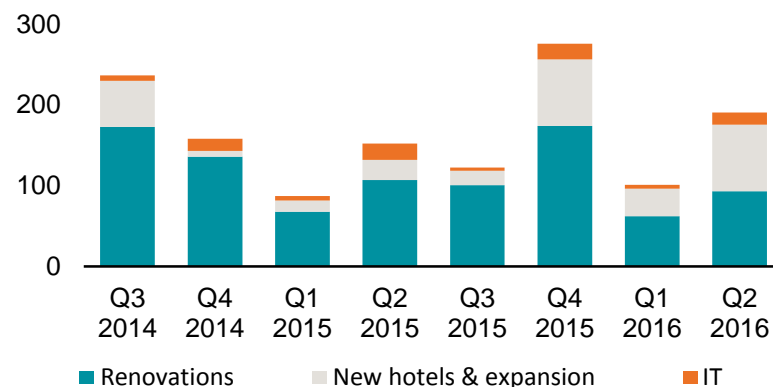
Capex Jan-Jun 2016

- › Renovation capex of 170 MSEK (175) corresponding to 3.6% of Net sales, rolling 12 months
- › Capex of 102 MSEK (39) for new hotels and expansions mainly related to:
 - › Scandic Continental
 - › Haymarket by Scandic
 - › Vasa Theatre, Grand Central
- › Investment of 20 MSEK (26) in IT mainly relates to further development of the commercial digital platform

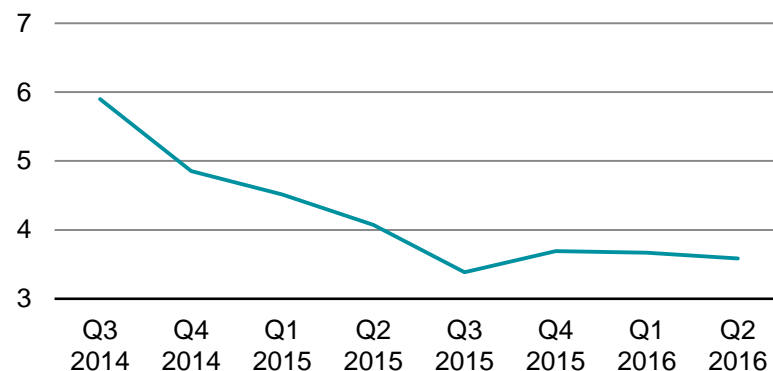
New agreement with Pandox

- › Scandic's share of the new renovation and extension program estimated to 235 MSEK 2017-2019. Included in ordinary renovation capex budget of 3-4% of Net sales

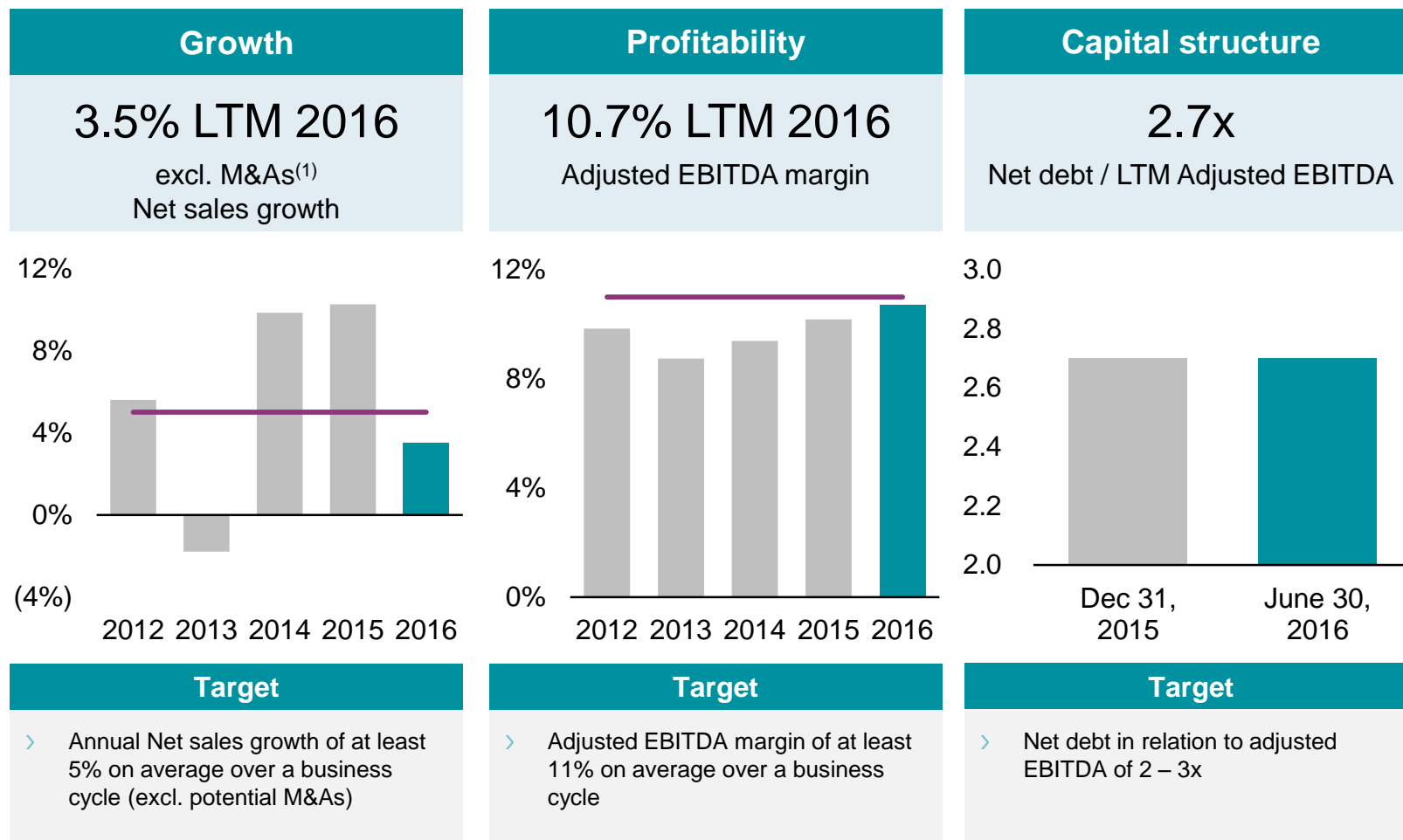
Investments (MSEK)



Renovations / Net sales, Rolling 12 Months (%)



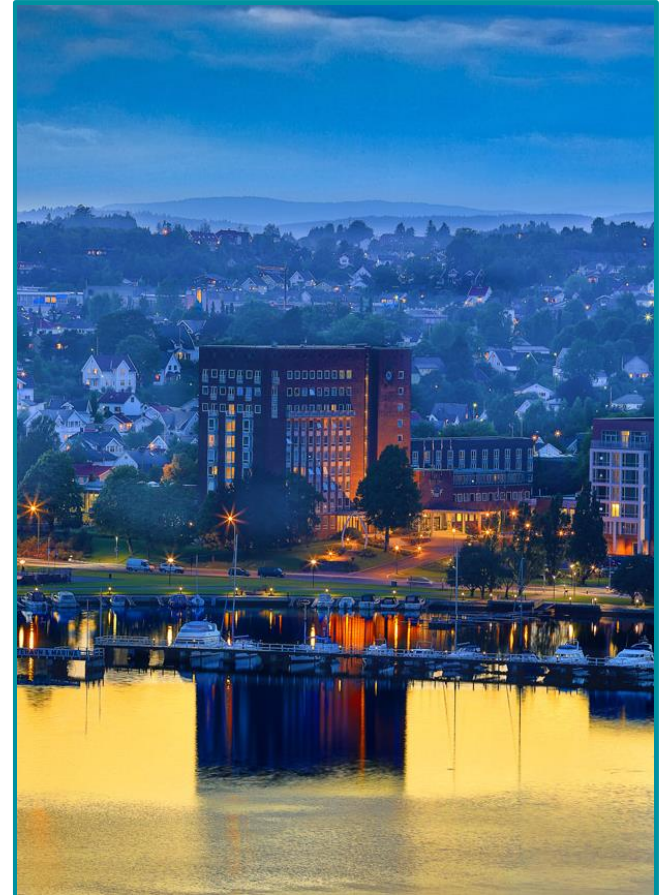
GOOD PROGRESS TOWARDS FINANCIAL TARGETS



— Target

WE REMAIN POSITIVE ABOUT THE OUTLOOK FOR 2016

- › Concluding a first half year of well executed strategies and tactics, good market conditions and thus strong financial performance for the Group
- › Wrapping up a very successful summer with record volumes in all countries
- › With currently no indications on softening demand we remain positive about the outlook for the remainder of the year
- › Strong basket of activities to secure future performance
- › Our current CFO Gunilla Rudebjer leaves Scandic on 31st August. Her successor, Jan Johansson, will start on 1st September 2016





Q&A