

Scandic

HOTEL

CONTINUED STRONG GROWTH AND POSITIVE DEVELOPMENT IN EARNINGS

Q3 2016

Frank Fiskers, President & CEO
Jan Johansson, CFO
Stockholm, November 8, 2016

Scandic

ANOTHER STRONG QUARTER - THE HIGHLIGHTS

**A record summer
on top of
a record summer!**

**Margin expansion
to 15.3%**

**LFL RevPar
growth of 7.7%**

**Sales growth
of 9.2%**

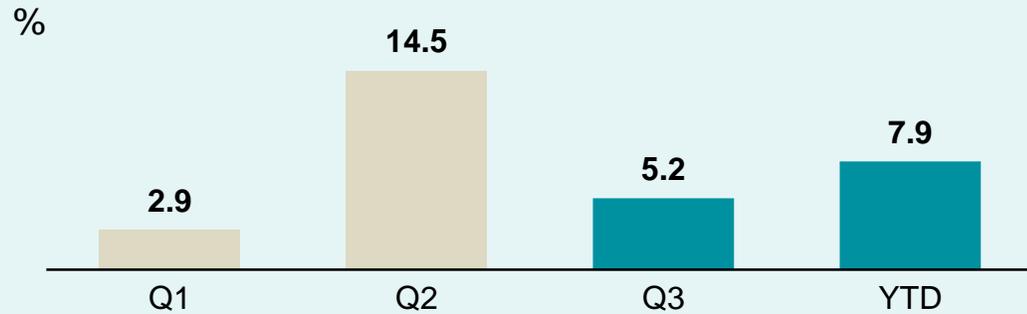
CONTINUED STRONG MOMENTUM

- A record summer with strong demand in all markets – RevPAR LFL increased by 7.7%
- Encouraging development in Norway with a stabilized market and good revenue growth in the former Rica portfolio
- Positive market share growth in all countries
- Operating margin continue to be high with good growth in Norway and Germany
- Announcement of our 5th signature hotel – Downtown Camper in Stockholm with 456 rooms and signing of a new lease for a 300-rooms hotel in Drammen, Norway
- Strengthening of the commercial organization and initiation of a number of strategic commercial investments
- Executive team expanded with the country heads and the role of COO discontinued
- First Capital Markets Day held on September 29th in Stockholm



STRONG DEMAND IN ALL MARKETS WITH ENCOURAGING DEVELOPMENT IN NORWAY

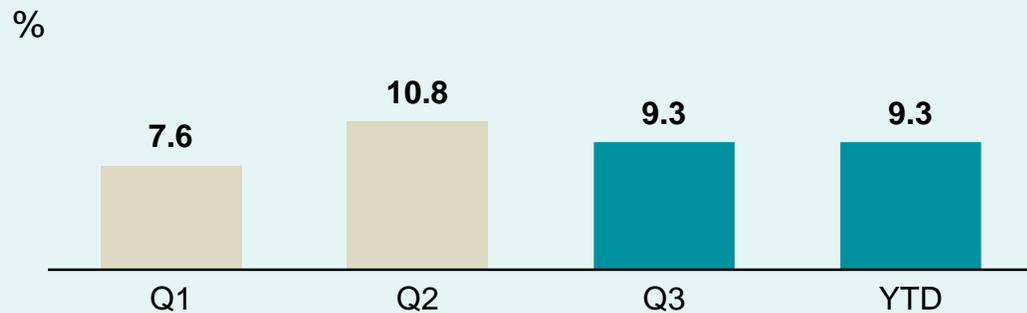
Sweden



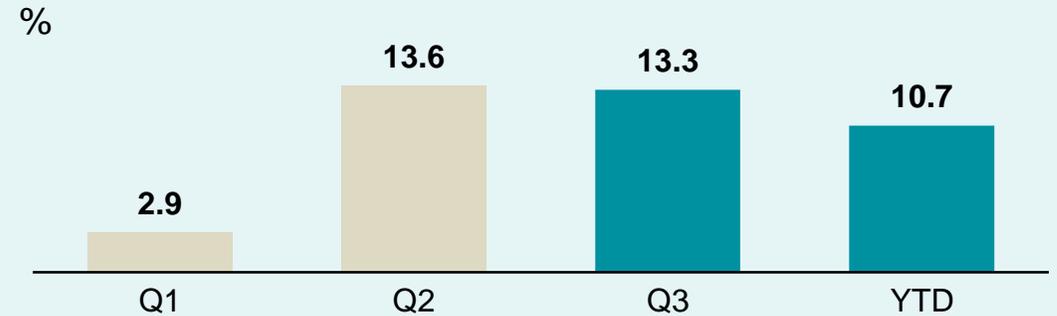
Norway



Finland



Denmark



THE PIPELINE WILL SECURE AT LEAST 3% INVENTORY GROWTH IN 2017 AND IN 2018

	Hotel	# Rooms
2016	Scandic Gällivare (franchise)	80
	Haymarket by Scandic, Stockholm	405
	Scandic Aalborg City	168
	Scandic Continental, Stockholm	392
	Scandic Vaasa	68
2017	New hotel in Drammen (H1)	287
	Scandic Bergen, Flesland (H1)	304
	Downtown Camper by Scandic, Stockholm (H2)	456
2018	Scandic Lillestrøm, Oslo (H1)	220
	Hotel Norge by Scandic, Bergen (H2)	420
	Scandic Kødbyen, Copenhagen (H2)	370
	Scandic Falconer, Copenhagen (H2)	300
	Ongoing extensions (2016 – 2018)	317
	Total	3,787



STRATEGIC INVESTMENTS IN OUR FUTURE CAPABILITIES AND PERFORMANCE



BRAND EXPERIENCE & OFFERING

In 2017, we will start a journey to not only remain the number one brand, but to own 3 targeted brand positions that drive sales in the minds of customers.



DIRECT DISTRIBUTION

Going forward we will execute on our powerful strategy to maintain the ownership of our customer relations and our large share of direct distribution.

RECURRING BUSINESS



The success factor behind the resilience of Scandic's top line.



GUEST LOYALTY

To further fuel the revenue stream from our more than 1.8m Scandic Friends-members we will launch an all-new loyalty program towards end of 2017.



DIGITAL JOURNEY

To increase agility and the leveraging of digital opportunities by leading technology, our digital journey is a key focus area for our business.



FINANCIAL UPDATE

Scandic

STRONG SALES GROWTH AND IMPROVED MARGINS

MSEK	Jul – Sept			Jan – Sept		
	2016	2015	Change, %	2016	2015	Change, %
Net sales	3,577	3,275	9.2	9,618	9,107	5.6
Adjusted EBITDAR	1,480	1,344	10.1	3,567	3,301	8.1
Adjusted EBITDAR, %	41.4	41.0		37.1	36.2	
Adjusted EBITDA	547	491	11.4	1,056	915	15.4
Adjusted EBITDA, %	15.3	15.0		11.0	10.0	
EBITDA	542	475	14.1	1,009	844	19.5
EPS, after dilution, SEK	4.22	1.29		5.78	1.23	

STRONG LFL GROWTH AND A POSITIVE START OF NEW HOTELS PROVIDE ABOVE 9% SALES GROWTH

	Jul – Sept		Jan – Sept	
	MSEK	%	MSEK	%
2015 Net sales	3,275		9,107	
LFL, sales growth	186	5.7	528	5.8
<i>Of which</i> <i>Sweden</i>	20		208	
<i>Norway</i>	91		107	
<i>Other Nordics & Europe</i>	75		213	
Currency effect	-3	-0.1	-170	-1.9
Effects from changes in hotel portfolio	120		153	
<i>Of which</i> <i>New hotels</i>	162	4.9	294	3.2
<i>Exited hotels</i>	-42	-1.3	-141	-1.5
2016 Net sales	3,577	9.2	9,618	5.6

POSITIVE PERFORMANCE IN ALL SEGMENTS – COMMERCIAL INVESTMENTS IMPACTING COSTS

Quarterly, Jul – Sept MSEK	Net sales		Adjusted EBITDA		Adjusted EBITDA, %	
	2016	2015	2016	2015	2016	2015
Sweden	1,498	1,373	291	281	19.4	20.5
Norway	1,063	974	154	119	14.5	12.2
Other Nordics & Europe	1,016	928	182	152	17.9	16.4
Central costs & group adjustments	-	-	-80	-61	-	-
Group	3,577	3,275	547	491	15.3	15.0

Accumulated, Jan – Sept MSEK	Net sales		Adjusted EBITDA		Adjusted EBITDA, %	
	2016	2015	2016	2015	2016	2015
Sweden	4,116	3,728	646	591	15.7	15.9
Norway	2,767	2,843	272	237	9.8	8.3
Other Nordics & Europe	2,735	2,537	381	293	13.9	11.5
Central costs & group adjustments	-	-	-243	-206	-	-
Group	9,618	9,107	1,056	915	11.0	10.0

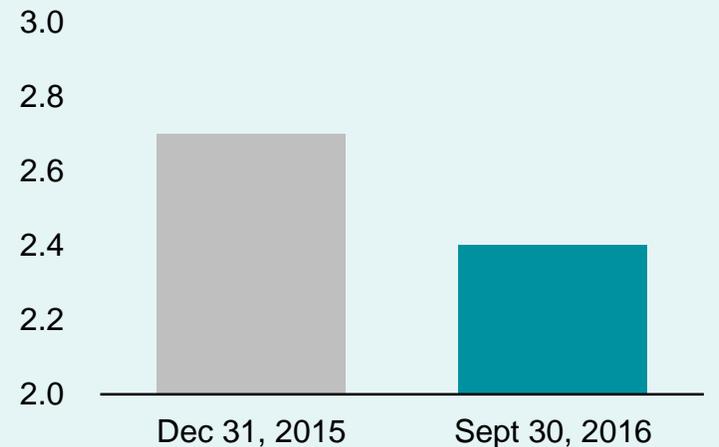
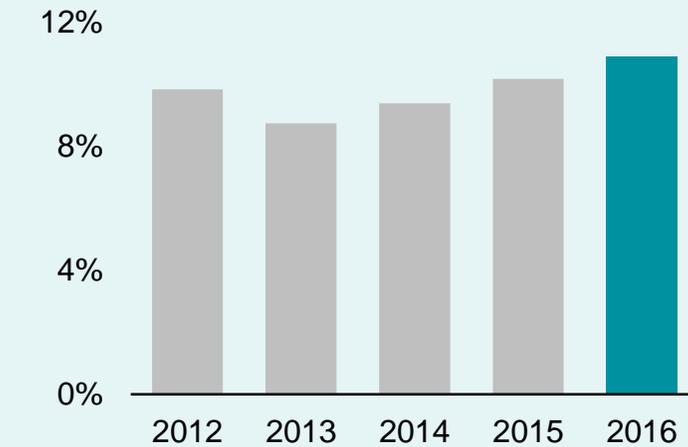
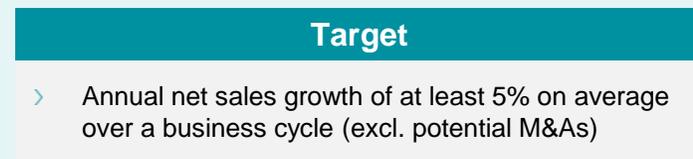
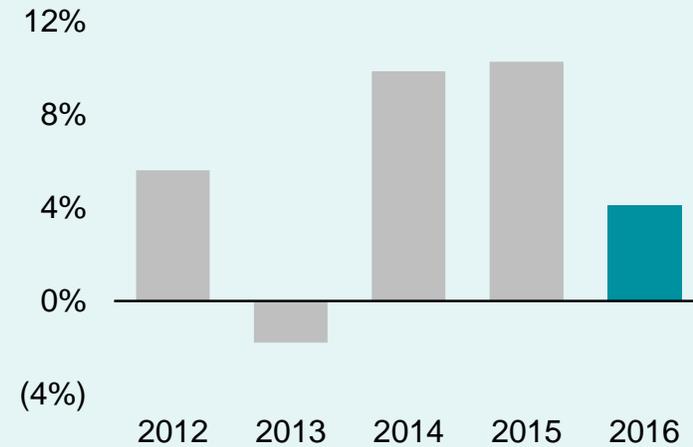
DEBT REDUCTION DURING Q3 DESPITE ADVERSE CURRENCY EFFECTS

MSEK	Jul – Sept	Jan – Sept
Opening balance	3,543	3,355
Operating cash flow	-313	-287
Currency effects	96	197
Interest paid, net	23	75
Other changes	7	16
Closing balance	3,356	3,356

NET DEBT RATIO PROGRESSING POSITIVELY AS PER PREVIOUS COMMUNICATION

MSEK	Jan – Sept 2016	Jan – Dec 2015
Cash flow before changes in working capital	1,003	1,132
Changes in working capital	-248	54
Investments	-468	-785
Operating cash flow	287	401
Net debt (C/B)	3,356	3,355
Net debt in relation to adjusted EBITDA	2.4	2.7

IMPROVED FINANCIAL POSITION



— Target

13 Note: (1) Currency effect has impacted sales growth with -2,0% LTM
Note (2) Net sales growth excluding acquisition of Rica Hotels (2014) and Bergen hotels (2015)

WE REITERATE OUR POSITIVE OUTLOOK FOR THE REMAINDER OF THE YEAR

- Well-executed strategies and tactics in a favorable market have provided a good momentum for the Group
- Improved financial position from the strong trading and our cost efficiency DNA
- Increased development activities to secure continued Nordic growth as well as expansion in the German market
- Significant strategic preparations within the commercial function to fully capitalize on future market dynamics
- We remain positive about the outlook for the remainder of the year





Q&A

Please visit our company website
www.scandichotelsgroup.com for a
comprehensive company presentation.