

An aerial photograph of a city street at sunset. The sky is a mix of orange, yellow, and light blue. In the foreground, a wide street with tram tracks runs diagonally. A tram is visible on the tracks. Pedestrians are walking on the sidewalks, and cars are driving on the street. Lush green trees line the sidewalks. In the background, several multi-story buildings are visible. Some have signs on their roofs or facades, including 'TURVA', 'Oaklins', 'Bird & Bird', 'BoConcept', 'MARSKI', 'Aava', 'Regus', 'FORUM', and 'ANIS'. A tall, white, cylindrical tower with a spire is prominent in the background. The overall scene is a vibrant urban landscape during the 'golden hour' of sunset.

SCANDIC HOTELS

Q2 2019

Jens Mathiesen, President & CEO
Jan Johansson, CFO

OVERVIEW JANUARY-JUNE 2019

- **Sales growth 4.5%**
- LFL growth of 0.2%
- Positive demand development on all markets
- **Adjusted EBITDA 719 MSEK (733)**
- Slight improvement excluding one-off in H1 2018
- Effects from cost measures
- Restel cost synergies and market share gains
- **Q3 outlook: LFL growth of 1-2%**



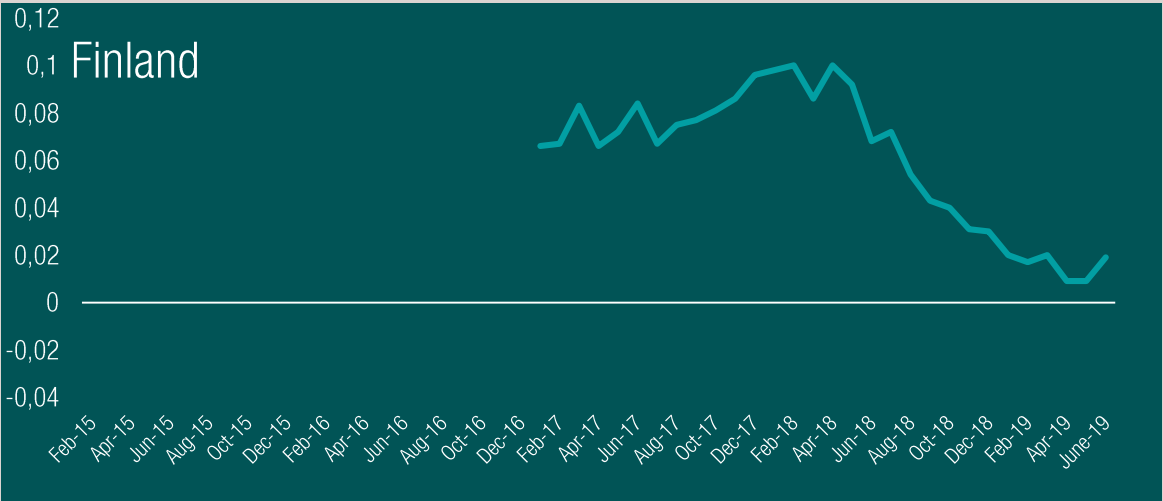
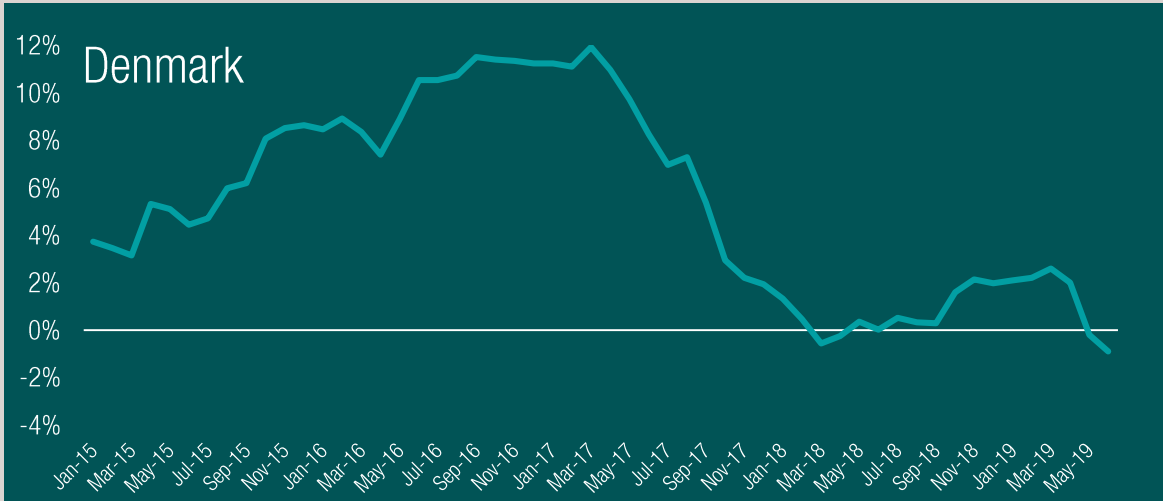
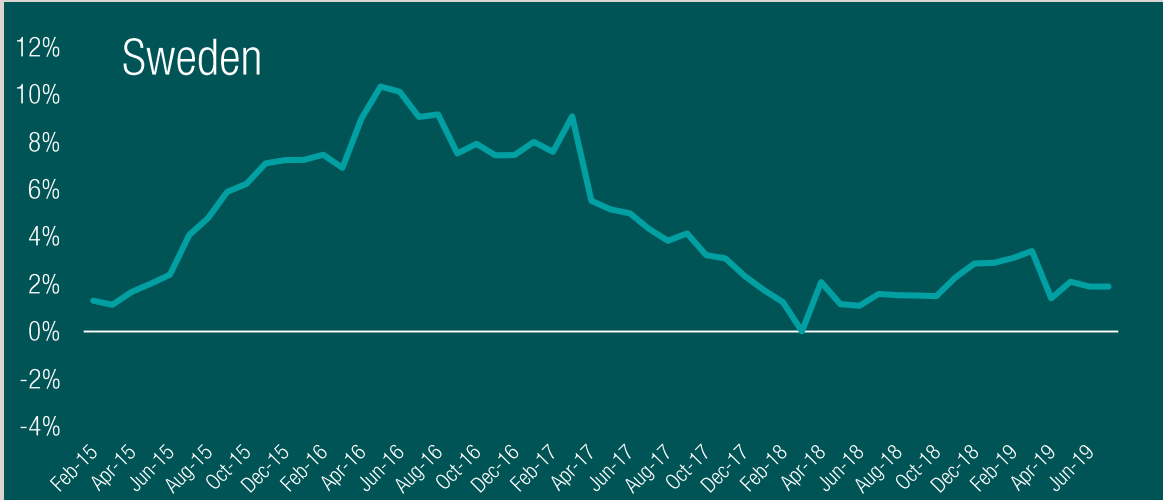
Marski by Scandic, Helsinki

MEASURES TO STRENGTHEN PROFITABILITY, CASH FLOW AND MARKET POSITION

1. Portfolio review, which will lead to exits of several hotels that do not contribute financially.
2. An increased focus on improving profitability in the restaurant and conference operations.
3. Improve capital efficiency and profitability of our renovation and expansion investments.
4. Increased focus on international customers and distribution.
5. Increased digitization rate to improve cost efficiencies and the customer experience.

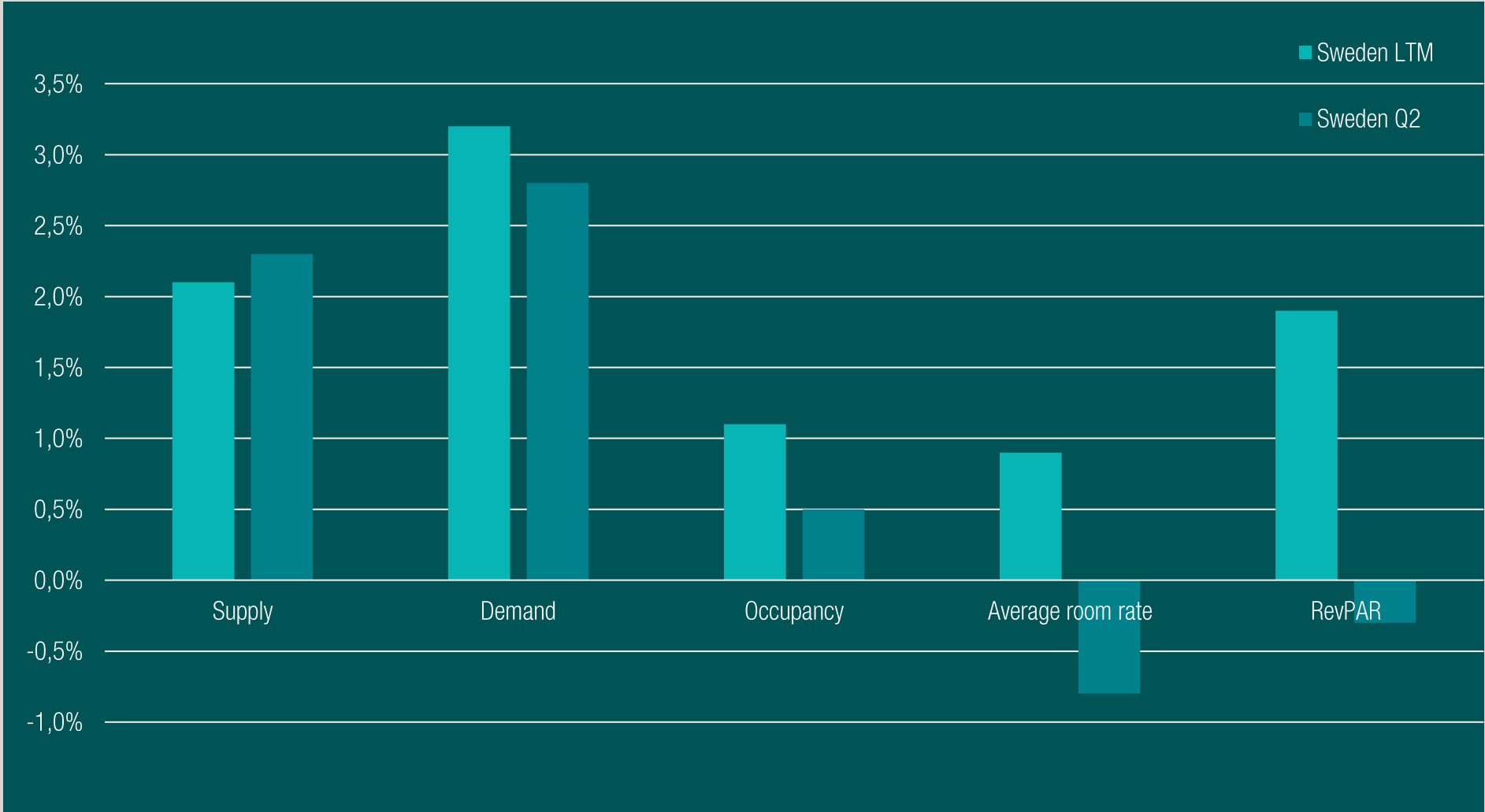
Scandic has experienced an extensive period with strong growth and a stable margin, which we are striving to improve further in coming years.

OVERALL STABLE REVPAR DEVELOPMENT SUPPORTED BY GOOD DEMAND



Source: Benchmarking Alliance

MARKET ANALYSIS SWEDEN



- Continued demand growth
- Stable market RevPAR in Q2

MARKET ANALYSIS NORWAY



- Strong demand growth absorbed the capacity increase in Oslo
- Slight positive RevPAR growth despite negative calendar effect

A SOLID PIPELINE WITH FOCUS ON KEY DESTINATIONS

Year	Hotel	Destination		# Rooms	% of existing portfolio/year
Q3 2019	Scandic Falkoner	Copenhagen, Denmark	Conversion	334	
Q4 2019	Scandic Royal Stavanger	Stavanger, Norway	Conversion	215	1.0%
Q1 2020	Scandic Voss	Voss, Norway	New	220	
Q1 2020	Scandic Pasila	Helsinki, Finland	Conversion	178	
Q3 2020	Scandic Landvetter Airport	Gothenburg, Sweden	New	222	
Q4 2020	Scandic Nørreport	Copenhagen, Denmark	New	100	1.4%
Q1 2021	Scandic Helsinki Railway Station	Helsinki, Finland	New	491	
Q1 2021	Scandic by Copenhagen Airport	Copenhagen, Denmark	New	357	
Q2 2021	Scandic Hafenpark	Frankfurt, Germany	New	506	
Q2 2021	Scandic Macherei	Munich, Germany	New	234	
Q3 2021	Scandic Spectrum	Copenhagen, Denmark	New	632	
Q3 2021	Scandic Hamburger Börs	Turku, Finland	Conversion	275	
Q3 2021	Scandic Helsingborg Harbor	Helsingborg, Sweden	New	187	
Q3 2021	Scandic Ferrum	Kiruna, Sweden	New	230	5.5%
Q1 2022	Scandic Trondheim	Trondheim, Norway	New	425	
Q2 2022	Scandic Platinan	Gothenburg, Sweden	New	451	1.7%
	Ongoing extensions			516	1.0%
	Total gross pipeline			5,573	10.6%
	Exits and assets held for sale			-393	
	Total net pipeline			5,180	9.9%
	Total portfolio			52,562	



Scandic Spectrum, Copenhagen



FINANCIAL UPDATE

SCANDIC REVPAR DEVELOPMENT

% change in local currencies	RevPAR Q2	RevPAR LFL Q2	RevPAR H1	RevPAR LFL H1
Sweden	-2.1%	-1.7%	-0.6%	-0.3%
Norway	-0.8%	-1.4%	1.2%	1.6%
Finland	4.4%	2,7%	3.1%	1.2%
Denmark	-6.9%	-10.7%	-4.3%	-6.1%
Germany	7.0%	6.7%	5.5%	4.2%
Total	-0.4%	-1.3%	0.7%	0.1%

- Positive RevPAR development in Finland and Norway in H1

SALES GROWTH FROM NEW HOTELS AND FX

	Apr-Jun 2019	Apr-Jun 2018	%	Jan-Jun 2019	Jan-Jun 2018	%
Net sales	4,853	4,748	2.2%	8,919	8,539	4.5%
FX	67		1.4%	162		2.0%
Organic growth	38		0.8%	218		2.5%
<i>New hotels</i>	<i>159</i>		<i>3.4%</i>	<i>266</i>		<i>3.1%</i>
<i>Exited hotels</i>	<i>-46</i>		<i>-1.0%</i>	<i>-67</i>		<i>-0.8%</i>
<i>Like-for like</i>	<i>-75</i>		<i>-1.6%</i>	<i>19</i>		<i>0.2%</i>

Q2 LFL sales growth per segment:

Sweden	-1.4%
Norway	-2.4%
Finland	0.7%
Other Europe	-3.9%

H1: IMPROVED ADJUSTED EBITDA IN NORWAY, FINLAND AND OTHER EUROPE

Apr-June MSEK	Net sales		Adjusted EBITDA		Adjusted EBITDA, %	
	2019	2018	2019	2018	2019	2018
Sweden	1,623	1,674	244	270	15.0	16.1
Norway	1,397	1,352	148	160	10.6	11.8
Finland	1,115	1,059	165	149	14.8	14.1
Other Europe	718	663	97	108	13.5	16.3
Central costs & group adjustments	-	-	-95	-69	-	-
Group	4,853	4,748	559	618	11.5	13.0

Jan-Jun MSEK	Net sales		Adjusted EBITDA		Adjusted EBITDA, %	
	2019	2018	2019	2018	2019	2018
Sweden	2,995	3,038	361	392	12.1	12.9
Norway	2,547	2,391	193	188	7.6	7.9
Finland	2,091	1,976	244	205	11.7	10.4
Other Europe	1,286	1,134	113	108	8.8	9.5
Central costs & group adjustments	-	-	-192	-160	-	-
Group	8,919	8,539	719	733	8.1	8.6

- Central costs & group functions in 2018 included a positive effect from market valuation of electricity hedging of 31 MSEK in Q2 and 38 MSEK in H1

UNDERLYING EPS DEVELOPMENT

SEK	April-June		January-June		July-June
	2019	2018	2019	2018	2018/2019
Reported EPS	1.67	2.51	2.02	1.12	7.44
Effect from finance lease	-0.48	-0.05	-0.99	-0.11	-1.14
EPS excluding finance lease	2.16	2.55	3.03	1.25	8.60
Items affecting comparability	-0.01	-0.61	1.66	-0.79	1.38
EPS excluding finance lease and items affecting comparability	2.17	3.16	1.37	2.04	7.21

- H1 2018 was positively affected by market valuation of electricity heading

IMPROVED CASH FLOW

	January-June 2019	January-June 2018
Adjusted EBITDA	719	733
Pre-opening costs	-46	-69
Non-recurring items	168	-104
Adjustments for items not included in cash flow	-163	-20
Paid tax and interest	-300	-63
Changes in working capital	-97	-148
Cash flow from operations	281	329
Investments in existing operations	-359	-444
Free cash flow before expansion capex	-78	-115
Acquisitions/disposals	230	-54
Expansion capex	-223	-247
Free cash flow	-71	-416
Net debt	4,194	4,391
Net debt/Adjusted EBITDA	2.2	2.6

- Improved working capital development and lower capex

FINANCE LEASE IMPACT ON INCOME STATEMENT

MSEK, January-June	Excluding finance lease	Effect from finance lease	Reported
Net sales	8,919		8,919
EBITDAR	3,106		3,106
Total rent costs	-2,388	1,566	-822
EBITDA	841	1,566	2,406
Depreciation and amortization	-409	-1,151	-1,560
EBIT	432	415	847
Financial net	-57	-544	-601
Pre tax profit	375	-129	246
Tax	-63	27	-36
Net profit	312	-102	210

- Finance lease effect on net result for H1 was -102 MSEK, in line with the estimated full year impact of around -200 MSEK

A man and a woman are seated at a dark table in a cafe or restaurant. The man, on the left, is wearing a blue denim shirt and is looking down at a white cup of coffee. The woman, on the right, is wearing a dark blue long-sleeved top and is smiling while looking at the same cup. On the table, there are two white cups of coffee, a small glass vase with dried flowers, a plate of food with a croissant, and a glass of water. The background is dark and out of focus.

Q&A