SCANDIC HOTELS

Q3, 2019

Jens Mathiesen President and CEO
Jan Johansson CFO

A RECORD QUARTER FOR SCANDIC

Sales growth 6.6%

LFL growth of 3.0%

Solid demand growth and positive RevPAR development

Adjusted EBITDA 823 MSEK (736)

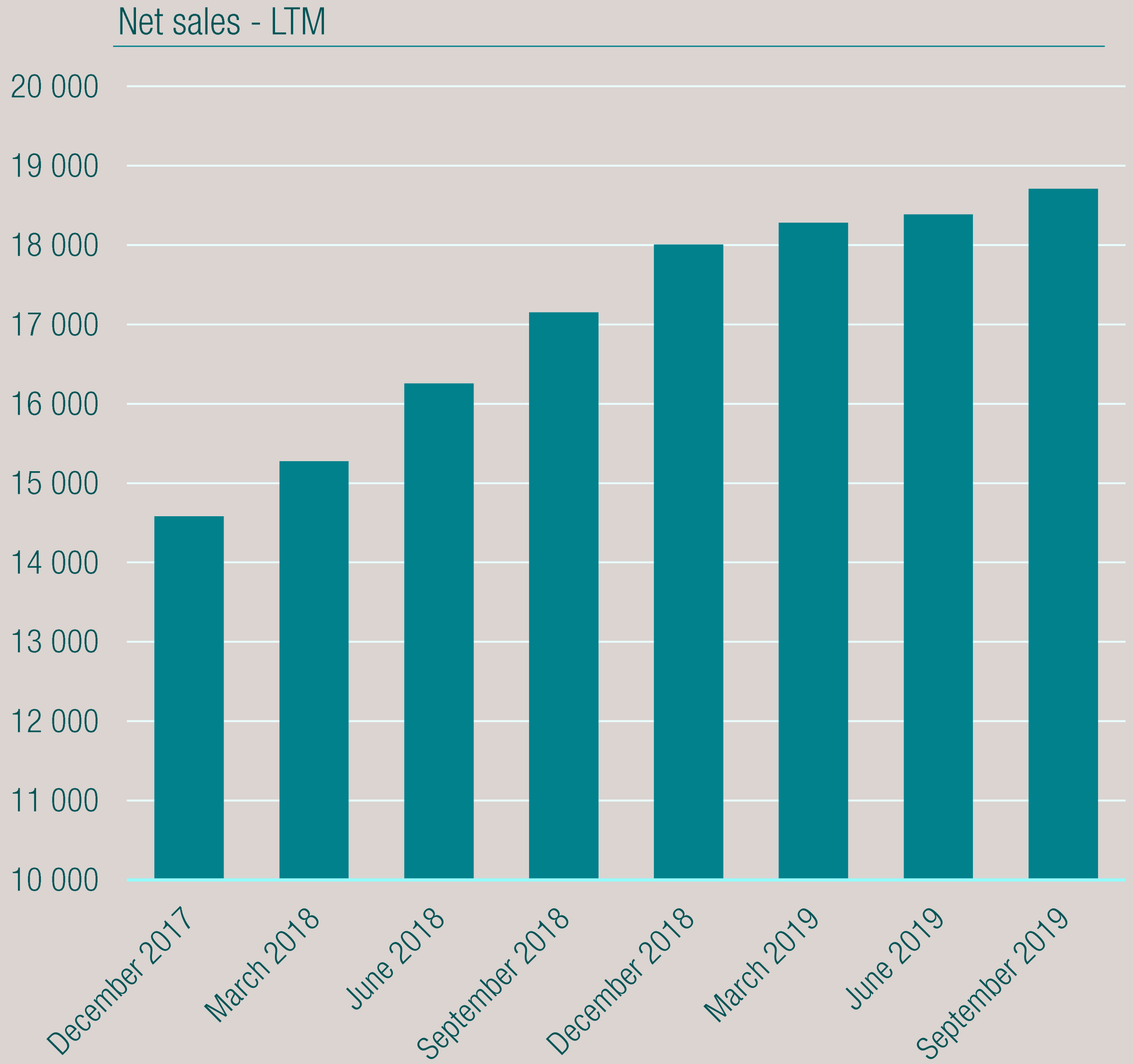
Supported by RevPAR growth and enhanced cost control

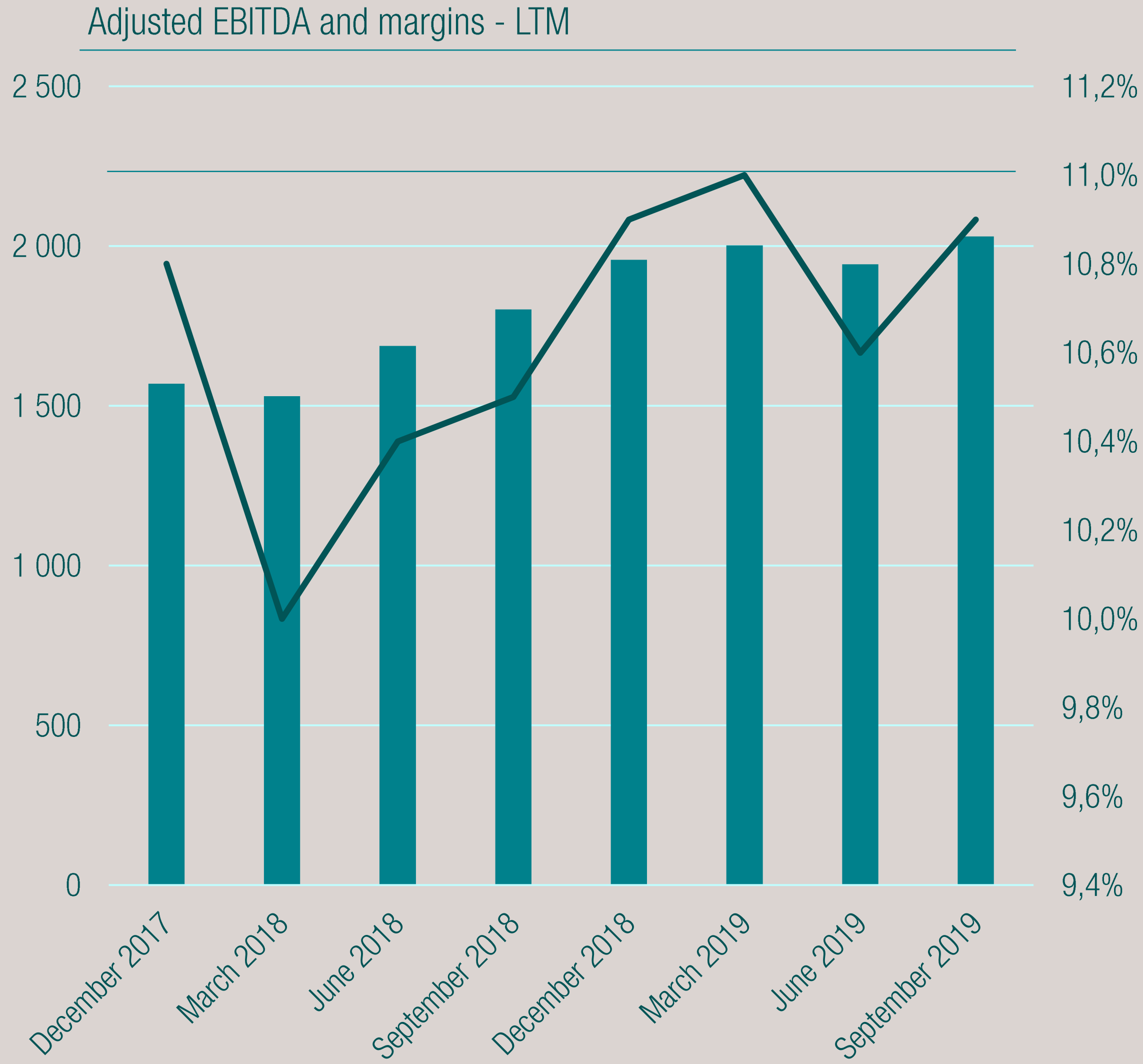
Margin improvement in Sweden, Finland and Norway

Improved cash flow generation

Marski by Scandic, Helsinki

LTM SALES AND MARGIN DEVELOPMENT





UPDATE ON OUR FIVE FOCUS AREAS

PORTFOLIO REVIEW

More active portfolio management

Two hotels were exited in Q3 and two will be exited in Q4

FOOD & BEVERAGE

Ongoing review of customer offerings and operating models across the entire business

CAPEX

A more structured capex approach with potential to reduce average investment per room

Maintenance capex/sales in 2019 expected to be lower than in 2017-2018

INTERNATIONAL DISTRIBUTION

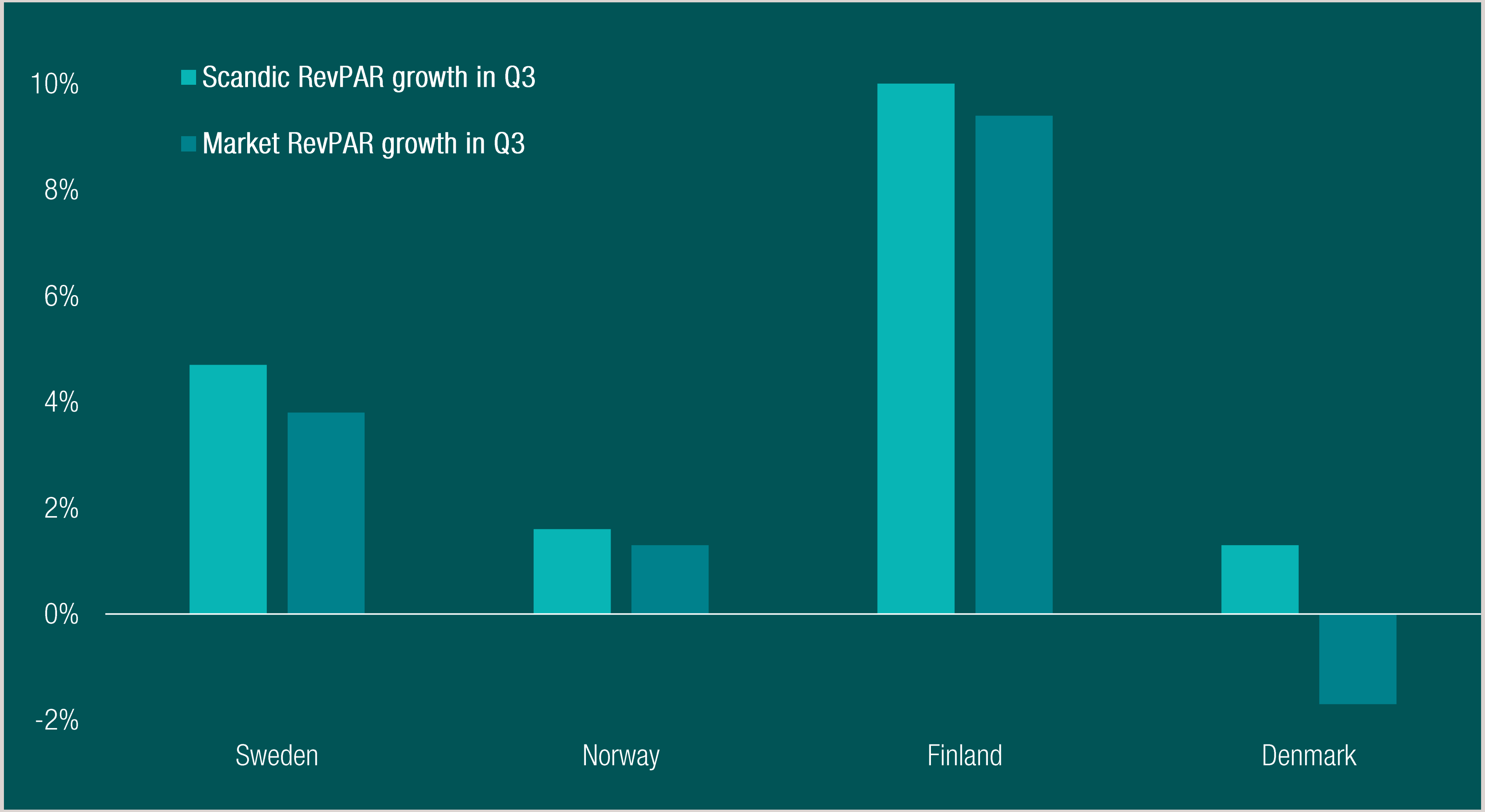
Increased market visibility with OTAs and partners

Improved RevPAR development in Q3

DIGITALIZATION

Several ongoing development projects to enhance efficiency and customer experience

SCANDIC REVPAR VS THE MARKET IN Q3

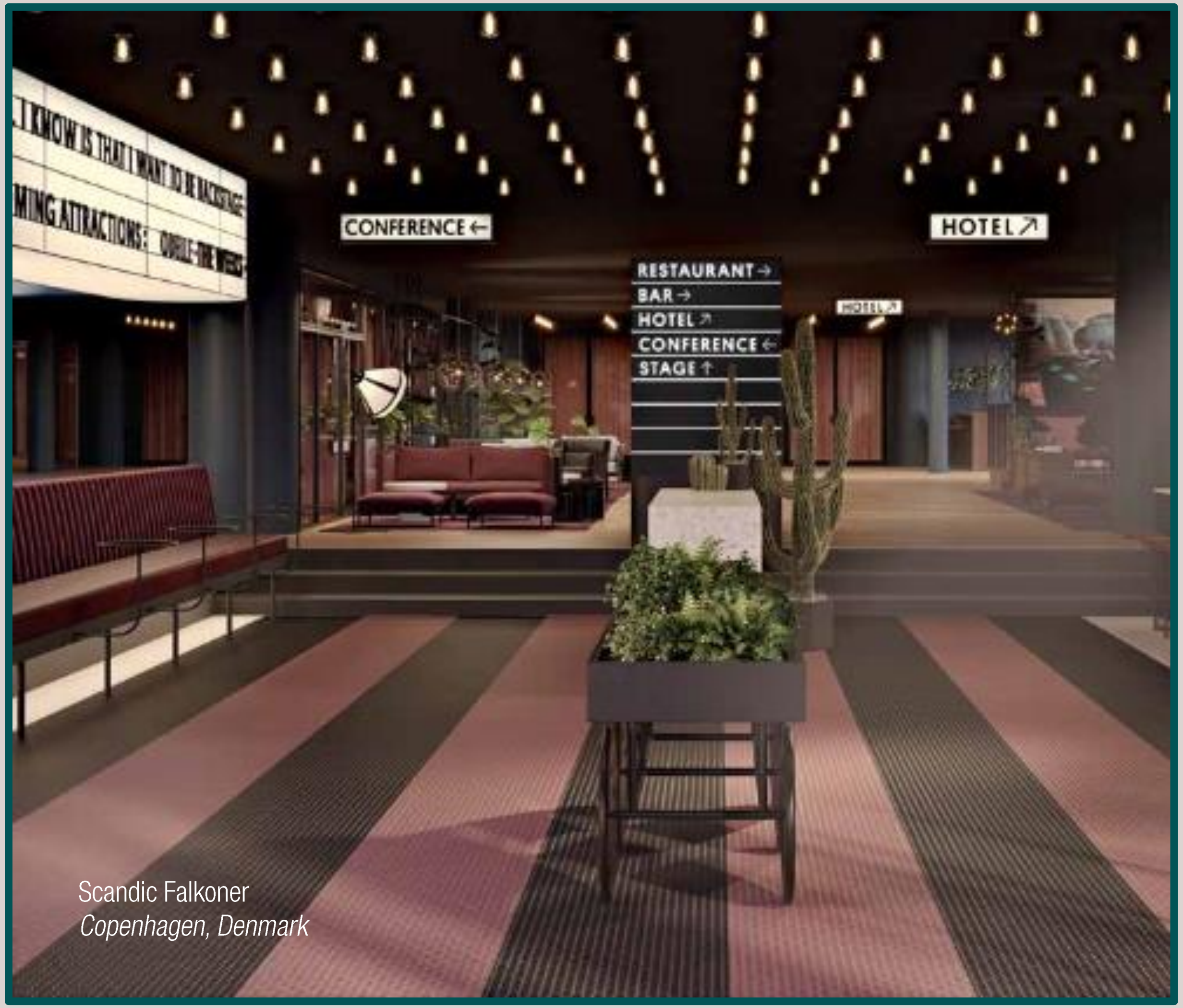


Scandic's RevPAR growth is estimated to have exceeded market growth in all Nordic markets in Q3

Source: Benchmarking Alliance

MAIN PORTFOLIO CHANGES IN Q3

- Successful opening of Scandic Falkoner in Copenhagen with 334 rooms
- Exit of Scandic Lahti and Scandic Riihimäki in Finland with 221 rooms in total

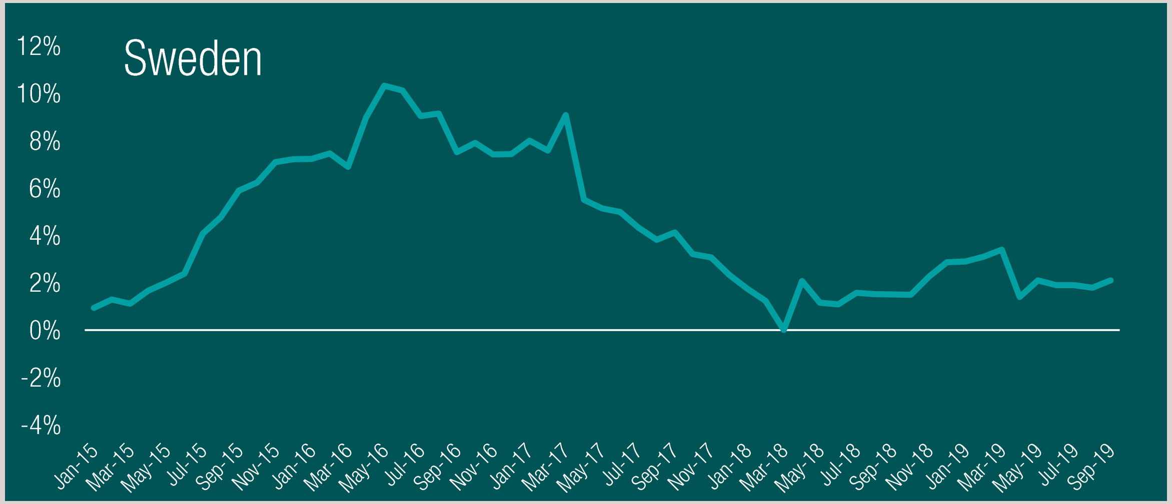


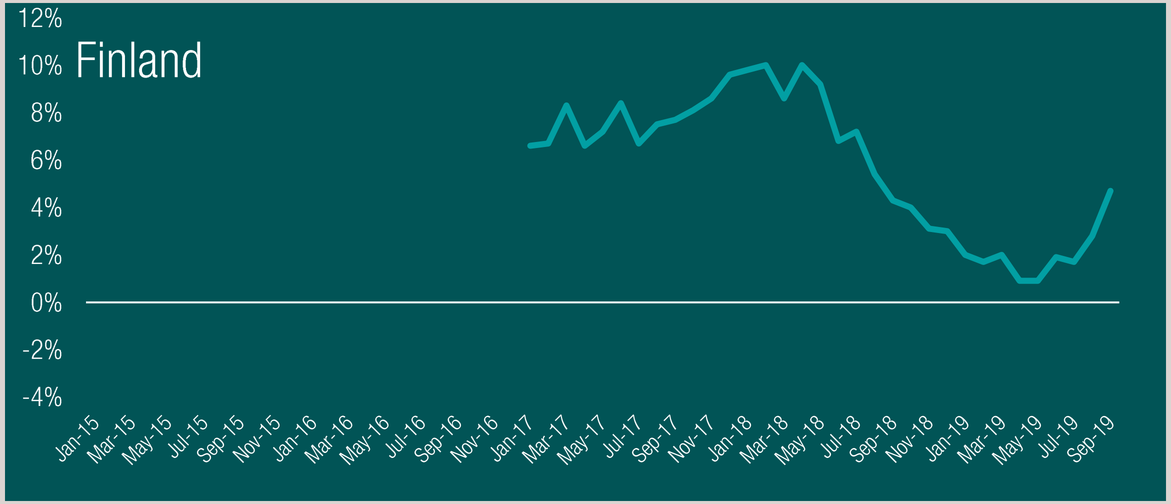
Scandic Falkoner
Copenhagen, Denmark

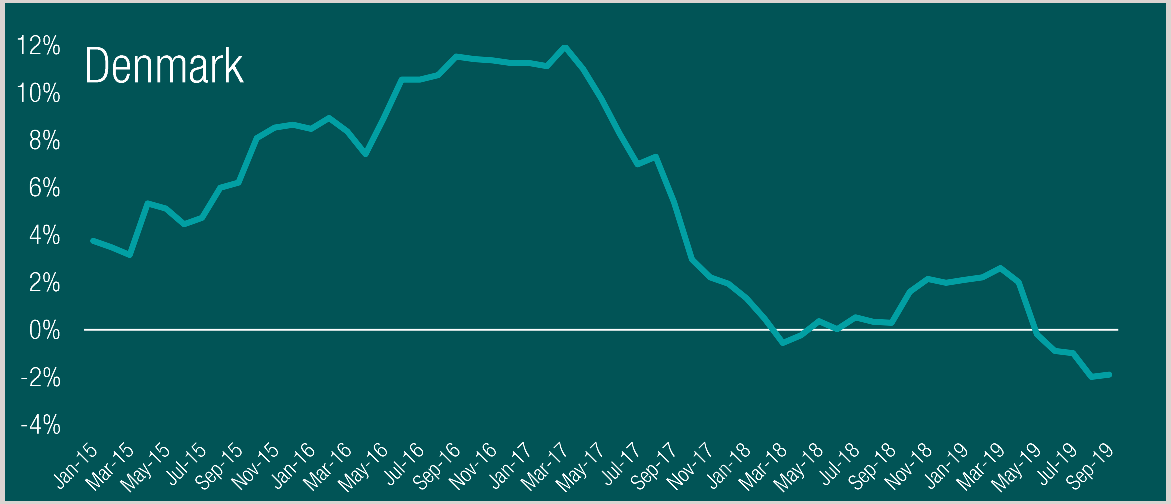
A SOLID PIPELINE– AARHUS HARBOUR ADDED IN Q3

Year	Hotel	Destination		# Rooms	% of existing portfolio/year
Q4 2019	Scandic Royal Stavanger	Stavanger, Norway	Conversion	215	0.4%
Q1 2020	Scandic Voss	Voss, Norway	New	220	
Q1 2020	Scandic Pasila	Helsinki, Finland	Conversion	178	
Q4 2020	Scandic Nørreport	Copenhagen, Denmark	New	100	0.9%
Q1 2021	Scandic Landvetter Airport	Gothenburg, Sweden	New	222	
Q1 2021	Scandic Helsinki Railway Station	Helsinki, Finland	New	491	
Q1 2021	Scandic by Copenhagen Airport	Copenhagen, Denmark	New	357	
Q3 2021	Scandic Spectrum	Copenhagen, Denmark	New	632	
Q4 2021	Scandic Hamburger Börs	Turku, Finland	Conversion	275	3.7%
Q1 2022	Scandic Helsingborg Harbour	Helsingborg, Sweden	New	187	
Q1 2022	Scandic Platinan	Gothenburg, Sweden	New	451	
Q1 2022	Scandic Ferrum	Kiruna, Sweden	New	230	
Q3 2022	Scandic Hafenpark	Frankfurt, Germany	New	506	
Q3 2022	Scandic Macherei	Munich, Germany	New	234	
Q3 2022	Scandic Trondheim	Trondheim, Norway	New	425	3.9%
Q1 2024	Scandic Aarhus Harbour	Aarhus, Denmark	New	480	0.9%
	Ongoing extensions			544	1.0%
	Exits			-171	-0.3%
	Total net pipeline			5,576	
	Total portfolio			52,744	

LTM MARKET REVPAR DEVELOPMENT – A PICK UP IN FINLAND IN Q3

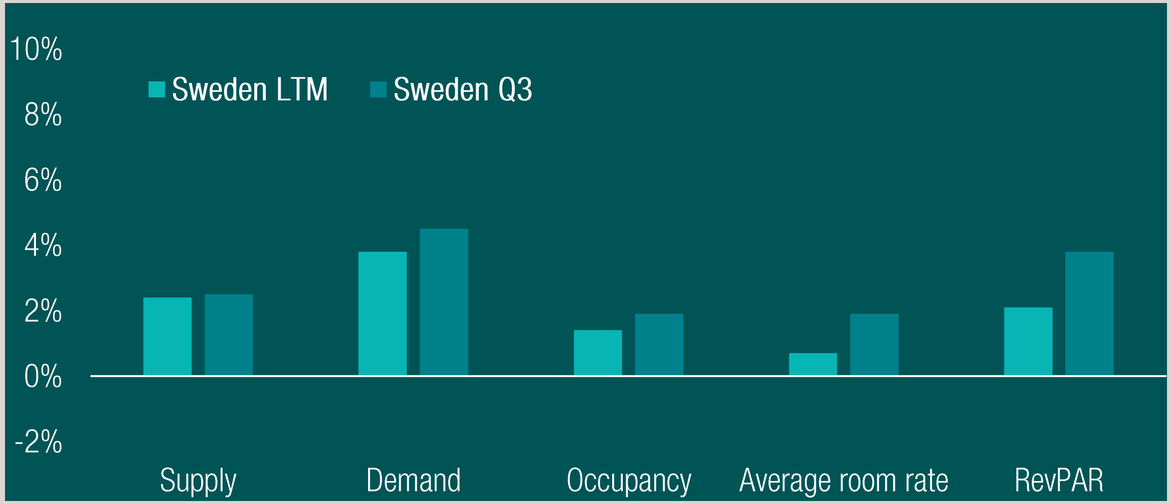


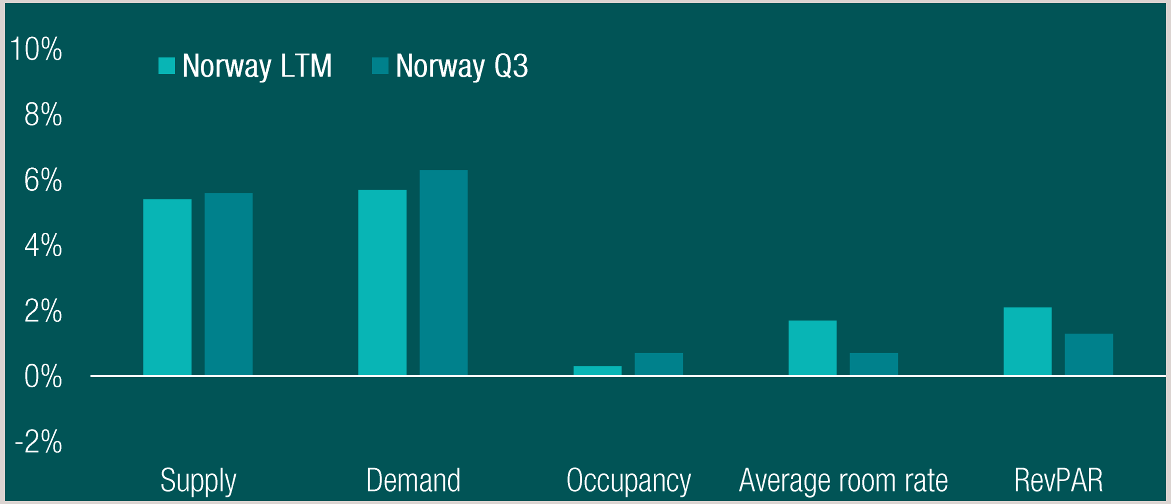


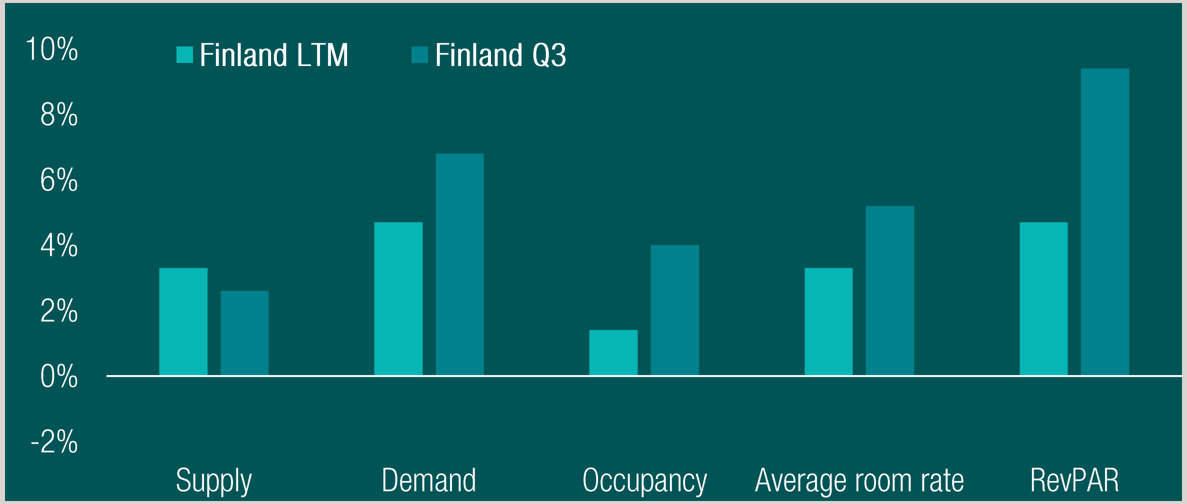


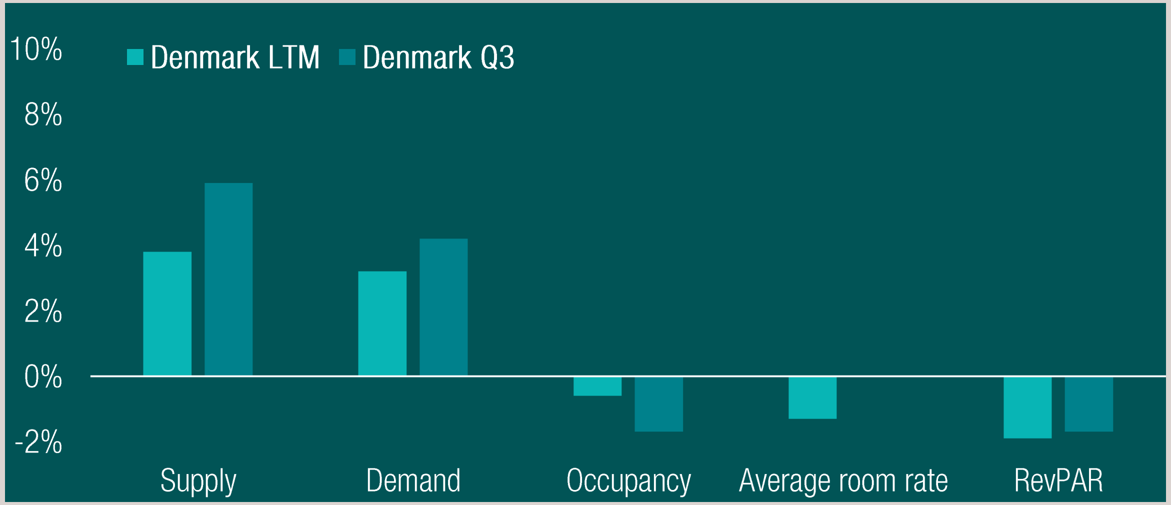
Source: Benchmarking Alliance

POSITIVE DEMAND DEVELOPMENT IN ALL NORDIC MARKETS









Source: Benchmarking Alliance

FINANCIAL UPDATE

IMPROVED LIKE-FOR-LIKE GROWTH IN Q3

	Jul-Sep 2019	Jul-Sep 2018	%	Jan-Sep 2019	Jan-Sep 2018	%
Net sales	5,195	4,874	6.6%	14,114	13,412	5.2%
FX	42		0.9%	205		1.5%
Organic growth	**279**		**5.7%**	**497**		**3.7%**
New hotels	*191*		*3.9%*	*458*		*3.4%*
Exited hotels	*-57*		*-1.2%*	*-124*		*-0.9%*
Like-for like	***145***		***3.0%***	***163***		***1.2%***

Q3 LFL sales growth per segment:

Sweden:	5.1%
Norway:	0.2%
Finland:	6.4%
Other Europe:	-1.7%

Q3: MARGIN IMPROVEMENT IN SWEDEN, NORWAY AND FINLAND

Jun-Sep MSEK	Net sales 2019	 2018	Adjusted EBITDA 2019	 2018	Adjusted EBITDA, % 2019	 2018
Sweden	1,674	1,617	309	274	18.5	16.9
Norway	1,519	1,466	232	214	15.3	14.6
Finland	1,234	1,108	247	199	20.0	18.0
Other Europe	768	683	125	120	16.3	17.6
Central costs & group adjustments	-	-	-90	-71	-	-
Group	5,195	4,874	823	736	15.8	15.1

Improved adjusted EBITDA in all segments in Q3

UNDERLYING EPS IMPROVEMENT IN Q3

SEK	July-September		January-September		October-September
	2019	2018	2019	2018	2018/2019
Reported EPS	**3.76**	**3.83**	**5.77**	**4.95**	**7.37**
Effect from finance lease	-0.51	-0.06	-1.51	-0.16	-1.61
EPS excluding finance lease	**4.28**	**3.91**	**7.31**	**5.13**	**8.98**
Items affecting comparability	-	-0.10	1.66	-0.89	1.48
EPS excluding finance lease and items affecting comparability	**4.28**	**4.01**	**5.65**	**6.02**	**7.50**

- Adjusted for effects from finance lease and items affecting comparability, EPS in Q3 improved from 4.01 to 4.28.

IMPROVED CASH FLOW

	January-September 2019	January-September 2018
Adjusted EBITDA	**1,542**	**1,469**
Change in working capital	-344	-536
Paid tax, interest, pre-opening and other items	-430	-403
Cash flow from operations	**768**	**530**
Investments in existing operations	-487	-590
Free cash flow before expansion capex	**281**	**-60**
Acquisitions/disposals	232	-54
Expansion capex	-334	-319
Free cash flow	**179**	**-433**
Net debt	**3,963**	**4,398**
Net debt/Adjusted EBITDA	**2.0**	**2.4**

- Improved working capital development and lower capex
- Maintenance capex/sales in 2019 is expected to be lower than in 2017-2018
- Record date for second instalment of the dividend, SEK 1.75, is October 28

FINANCE LEASE IMPACT ON INCOME STATEMENT

MSEK, January-September	Excluding finance lease	Effect from finance lease	Reported
Net sales	14,114		14,114
EBITDAR	5,328		5,328
Total rent costs	-3,786	2,380	-1,406
EBITDA	**1,643**	**2,380**	**4,023**
Depreciation and amortization	-629	-1,748	-2,377
EBIT	**1,014**	**632**	**1,646**
Financial net	-81	-828	-909
Pre tax profit	**933**	**-196**	**737**
Tax	-181	41	-140
Net profit	**753**	**-155**	**597**

- Finance lease effect on net result is ~50 MSEK per quarter in 2019
- IFRS 16 has resulted in an increase in tangible fixed assets of 23.5 BSEK and in finance lease liabilities of 25 BSEK

CONCLUDING REMARKS

Q4 outlook

We expect relatively stable market conditions in the fourth quarter, with like-for-like sales growth of 0-1%. In addition, having more rooms in operation is expected to contribute 2% to net sales

Marski by Scandic, Helsinki

Q&A