Scandic

INCREASED FOCUS ON COSTS

Q1, 2018

Even Frydenberg, President & CEO
Jan Johansson, CFO

INCREASED FOCUS ON COSTS

- Strong sales growth driven by more rooms in operations and the acquisition of Restel
- Underlying like-for-like sales growth, adjusted for calendar effects, around 3 percent
- Impact of cost adjustments for lower occupancy in Stockholm clearly visible
- Integration of Restel according to plan, and cost synergies on track to be realized
- Launch of new loyalty program

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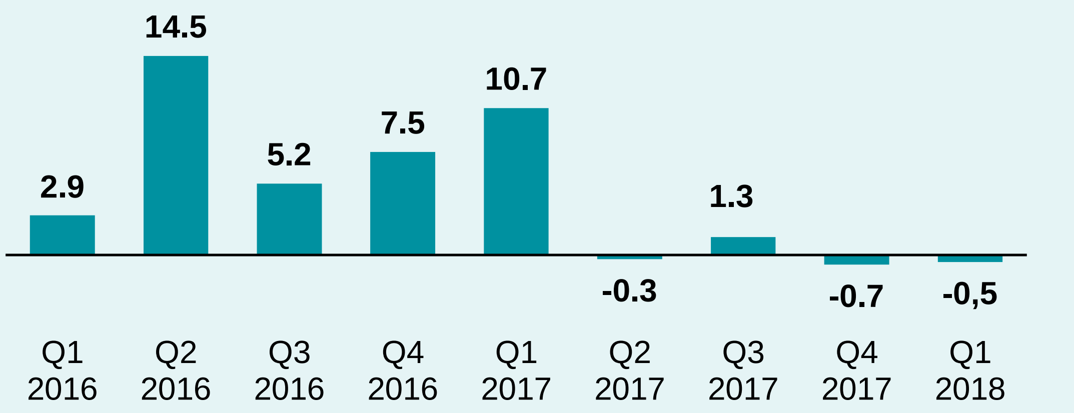
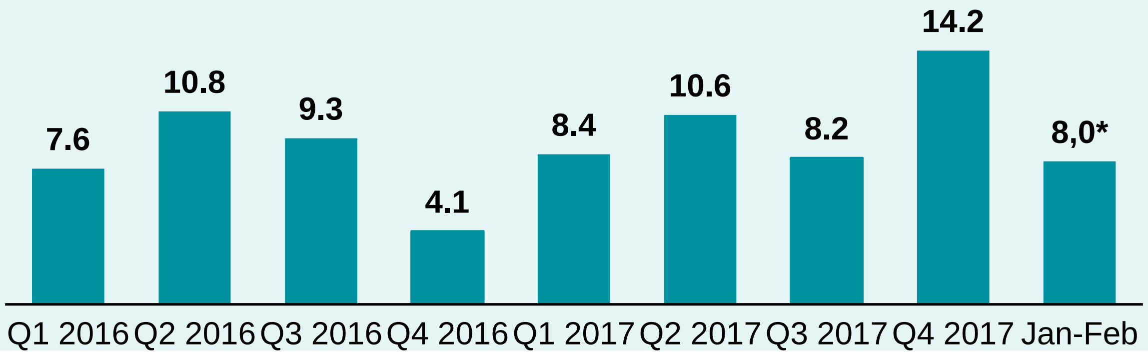
GOOD UNDERLYING MARKET DEVELOPMENT IN FINLAND AND NORWAY

Sweden



Norway

Finland



Denmark

** Estimate for January-February 2018*

Market RevPAR growth based on data from Benchmarking Alliance, STR, Finland Statistics

POSITIVE LIKE-FOR-LIKE ADJUSTED FOR CALENDAR EFFECTS

% change y-o-y local currencies	**RevPAR** **Jan-Mar**	**RevPAR LFL** **Jan-Mar**
Sweden	-3.4	-3.7
Norway	-2.6	-2.8
Finland	-11.4	5.3
Denmark	-0.9	0.4
Germany	7.6	5.4
Total	**-4.6**	**-1.6**

- Estimated calendar effect:
  Norway -7-8 pp
  Sweden -3-4 pp
- Restel diluted RevPAR in Finland, while like-for-like growth was 5.3%
- Weaker RevPAR than the market in Sweden due to Scandic's high share of business customers
- The decline in Sweden was largely explained by Stockholm

RESTEL INTEGRATION ACCORDING TO PLAN

- 17 of the hotels are currently operating under the Scandic brand
- Rebranding expected to be completed during Q2
- Cost synergies on track to be realized within marketing, procurement and IT
- As expected, Restel did not contribute to adjusted EBITDA in the seasonally weak Q1
- Considerable room for revenue synergies when the hotels get access to Scandic's distribution capacity
- Market conditions remain positive in Finland

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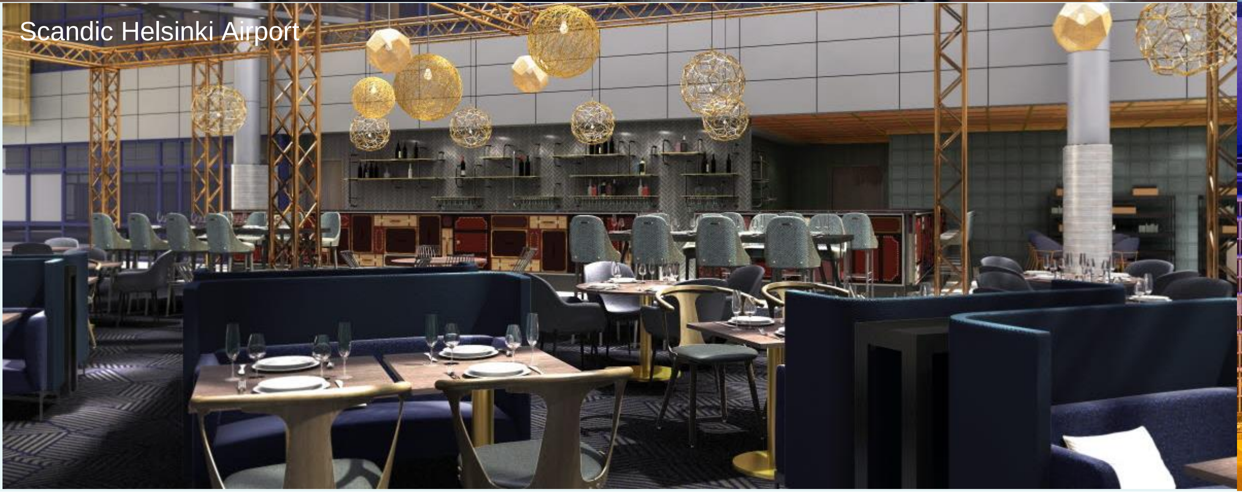
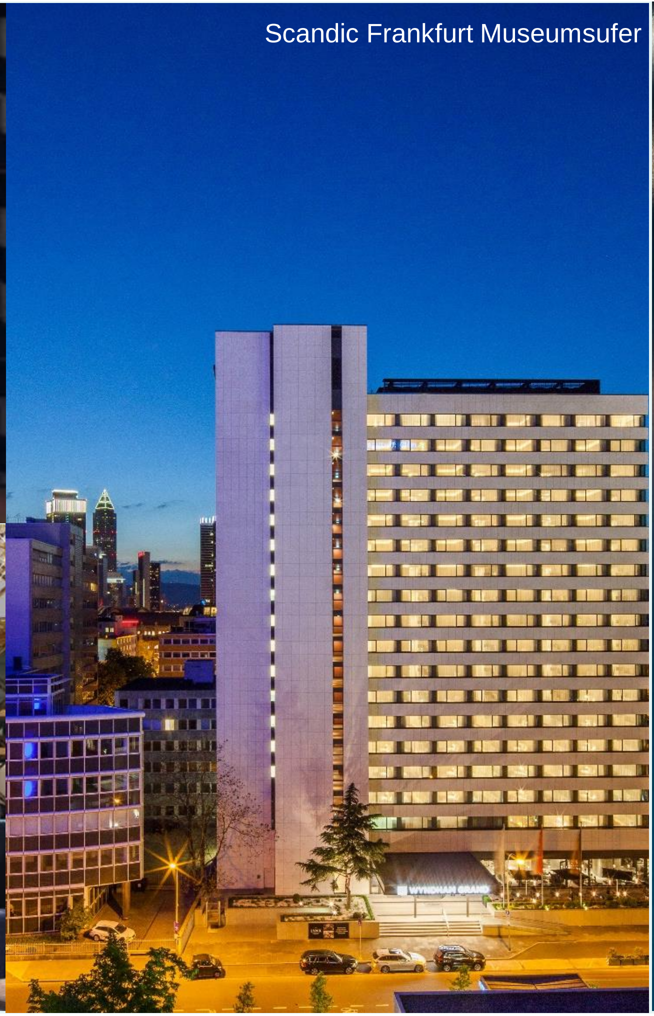
4 OPENINGS WITH 800 ROOMS IN Q1

Scandic Lilleström



Scandic Helsinki Airport



Scandic Frankfurt Museumsufer

Scandic The Mayor Aarhus

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ALMOST 5,000 ROOMS IN PIPELINE

Year	Hotel		# Rooms
2018	Scandic Brennemoen, Norway (H2)	Franchise	100
	Holiday Inn, West, Finland (Q2)	Renovation	256
	Scandic Hönefoss (Q2)	Franchise	83
	Hotel Norge by Scandic, Bergen (H2)	Conversion	417
	Scandic Kødbyen, Copenhagen (H2)	New	372
2019	Scandic Falconer, Copenhagen (H2)	Conversion	336
	Scandic Marski, Helsinki	Renovation	363
	Holiday Inn, Messukeskus	Renovation	244
2020	Scandic Platinan in Gothenburg	New	362
	Scandic Landvetter Airport, Gothenburg	New	220
	Scandic Helsinki Railway Station	New	483
	Scandic Copenhagen Airport	New	357
2021	Scandic Spectrum, Copenhagen	New	632
	Scandic Hamburger Börs, Turku	Conversion	300
	Scandic Hafenpark, Frankfurt	New	506
	Ongoing extensions, exits net		311
	Total		**5,242**
	Assets held for sale		-391
	Total pipeline as of 31 March		**4,851**
	Total portfolio as of 31 March		**47 652**
	Pipeline as % of portfolio		**10%**

On 23 April, Scandic announced a new hotel in Helsingborg with 180 rooms with planned opening in 2021

Scandic Copenhagen Airport

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FINANCIAL UPDATE

FINANCIAL SUMMARY Q1

- Revenue growth 22.5%
- LFL sales fell by 1.2%, with an estimated negative calendar effect of 4 pp
- Adjusted EBITDA 115 MSEK (154) in Q1 corresponding to a margin of 3.0% (5.0)
- Transaction cost for Restel of 24 MSEK in Q1
- Net debt/adjusted EBITDA 2.6 including Restel

Scandic Helsinki Aviacongress

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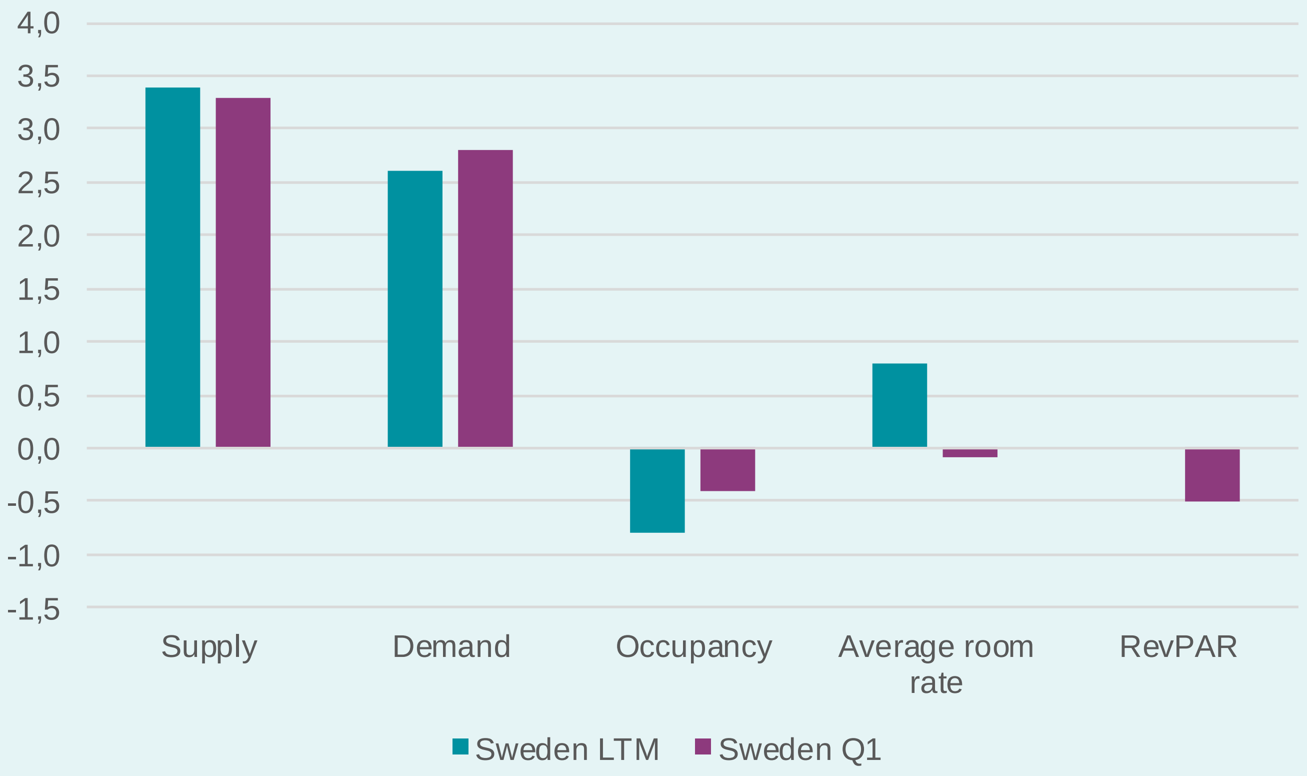
MARKET ANALYSIS - SWEDEN



- Increase in supply largely explained by Stockholm
- Market RevPAR was relatively unchanged in Q1
- A slight reduction in occupancy and relatively unchanged average room rate

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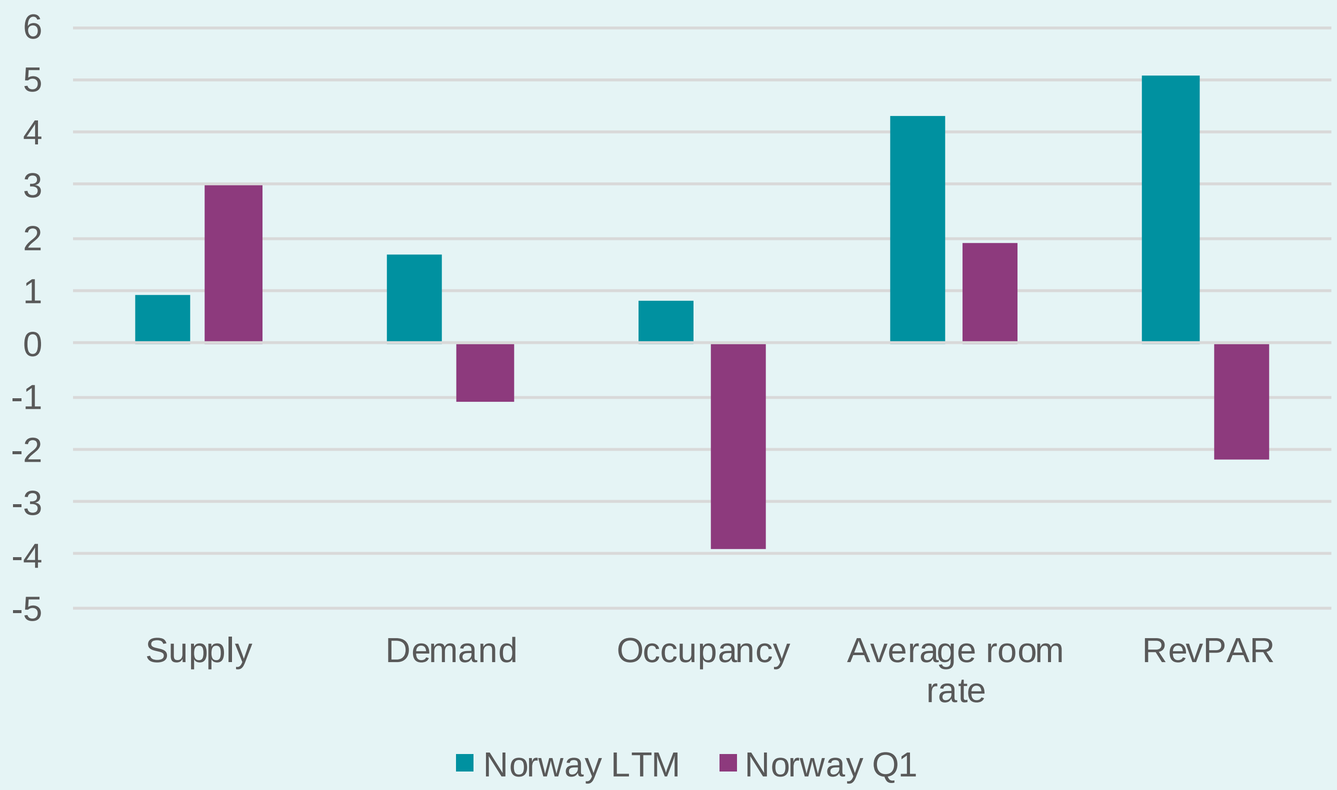
MARKET ANALYSIS - NORWAY



- Supply growth largely explained by Bergen
- Increased average room rate
- Market RevPAR was up by 3.4% in January-February

STRONG CONTRIBUTION FROM NEW HOTELS

	Jan– Mar MSEK	%
2017 Net sales	3,095	
LFL, sales growth	-36	-1.2
Of which Sweden	*-27*	
Norway	*-31*	
Finland	*19*	
Other Europe	*2*	
Currency effect	19	0.6
Effects from changes in hotel portfolio	713	23.0
Of which New hotels	*750*	
Exited hotels	*-37*	
2018 Net sales	**3,791**	**22.5**

- Changes in hotel portfolio affected revenues by 23%, of which two thirds explained by Restel
- Continued positive development in Finland

LFL sales growth per segment %	**Jan– Mar**
Sweden	-2.0
Norway	-3.3
Finland	4.4
Other Europe	0.6

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MARGIN IMPACTED BY CALENDAR EFFECTS AND RESTEL

Quarterly, Jan– Mar MSEK	Net sales 2018	 2017	Adjusted EBITDA 2018	 2017	Adjusted EBITDA, % 2018	 2017
Sweden	1,364	1,320	122	145	8.9	11.0
Norway	1,038	936	28	52	2.7	5.6
Finland	918	423	56	52	6.1	12.3
Other Europe	471	416	0	4	0.0	1.0
Central costs & group adjustments	-	-	-91	-99	-	-
Group	**3,791**	**3,095**	**115**	**154**	**3.0**	**5.0**

- Improved cost control in Sweden
- The adjusted EBITDA margin in Finland fell due to consolidation of Restel
- The margin in Finland increased slightly excluding Restel

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SEASONALLY LOW RESULTS IN THE FIRST QUARTER

	Jan– Mar		
MSEK	**2018**	2017	Change %
Net sales	3,791	3,095	22.5
Adjusted EBITDA	115	154	-25.3
Adjusted EBITDA margin, %	3.0	5.0	
EBITDA	88	137	-35.8
EBIT	-110	6	
EPS, after dilution, SEK	-1.39	-0,35	
Adjusted EPS, after dilution, SEK	-1.38	-0.27	

- Consolidation of Restel affected the adjusted EBITDA margin negatively

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EFFECT FROM FINANCIAL LEASING

MSEK	Q1 2018 Excl financial Lease	Effect from financial lease	Reported Q1 2018
Net sales	3,791		3,791
Adjusted EBITDA	115		115
Adjusted EBITDA margin %	3.0		3.0
EBITDA	57	31	88
EBITDA margin %	1.5		2.3
Depreciation and amortization	-176	-22	-198
EBIT	-119	9	-110
Net financial items	-19	-17	-36
Profit/loss before tax	-138	-8	-146

- As of January, some of the fixed and guaranteed leases from Restel are treated as financial leases in the accounts
- This has resulted in reduced operating expenses and increased depreciation and financial cost
- The net effect on profit/loss before tax was -8 MSEK in Q1

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NET DEBT/ADJUSTED EBITDA 2.6 INCLUDING RESTEL

	Jan – Mar 2018	**Jan-Mar** 2017	**Jan – Dec** 2017
Cash flow before changes in working capital	75	142	1,348
Changes in working capital	-293	-268	196
Capex	-305	-146	-964
Operating cash flow before acquisitions/disposals	**-523**	**-272**	**580**
Acquisitions/disposals	-52	0	-1,129
Operating cash flow	**-575**	**-272**	**-549**
Net debt (C/B)	4,309	3,001	3,629
Net debt in relation to adjusted EBITDA	2.8x	1.8x	2.3x
Net debt in relation to adjusted EBITDA inc. Restel	2.6x		2.1x

- Cash flow is seasonally weak in Q1
- High investment activity

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OUTLOOK

- We expect continued positive Like-for-like sales growth, excluding calendar effects in Q2 but at a slightly lower level than in Q1
- RevPAR in Stockholm expected to remain under some pressure while we expect a better development in other parts of Sweden.
- Potential for continued positive underlying development in Finland and Norway
- Restel expected to start contributing to adjusted EBITDA and rebranding expected to be completed in Q2

Scandic Hamburg Emporio

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FOCUS AREAS

- Cost management and ability to react to changes in the market
- Restel integration
- Leverage digital opportunities
- Customer focus

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Q&A

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