SCANDIC HOTELS

Q2, 2018

Even Frydenberg, President & CEO
Jan Johansson, CFO

IMPROVED RESULTS IN ALL MARKETS

Overall good demand situation

Strong sales growth of 26% fueled by more rooms in operation and currency effects

Like-for-like sales improvement of 4.3% in Q2 and 1.8% in H1

Improved adjusted EBITDA in all markets both in Q2 and H1

Restel contributed to adjusted EBITDA and rebranding has been completed

Strengthening of group management team

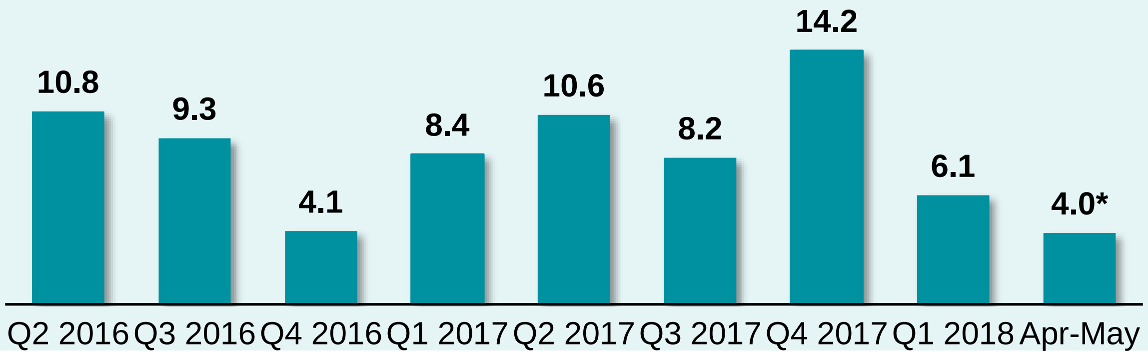
Scandic Laholmen, Strömstad, Sweden

REVPAR IMPROVEMENT IN SWEDEN

Sweden

Norway

Finland



Denmark

** April-May 2018*

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

SCANDIC LFL REVPAR GROWTH 1.5% IN H1

% change y-o-y local currencies	RevPAR Apr-Jun	RevPAR LFL Apr-Jun	RevPAR Jan-Jun	RevPAR LFL Jan-Jun
Sweden	4.9	2.9	1.1	-0.1
Norway	7.2	7.4	2.2	2.6
Finland	-15.3	5.2	-13.5	5.3
Denmark	0.3	0.9	-0.3	0.7
Germany	-2.8	1.2	2.0	3.0
Total	**-0.4**	**4.1**	**-2.4**	**1.5**

Like for like RevPAR growth of 4.1% in Q2 with improvement in all markets

Like for like RevPAR growth in H1 was 1.5% with positive development in Norway, Finland and Germany.

Improved market balance in Stockholm

Restel diluted RevPAR in Finland, while H1 like-for-like growth was 5.3%

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FIRST PHASE OF RESTEL INTEGRATION COMPLETED

Rebranding of the Cumulus hotels and system integration completed in June

Country support functioned combined

Integration cost expected to be lower than previously communicated

Contribution to adjusted EBITDA in Q2 of 40 MSEK

Cumulus Pori divestment agreed and the remaining two disposals in Finland are expected during 2018

Q3 is the seasonally strongest quarter for Restel

Scandic Helsinki Aviacongress

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HIGH QUALITY PIPELINE IN PRIORITY DESTINATIONS

	Hotel		# Rooms	% of portfolio
2018	Scandic Brennemoen, Norway (H2)	Franchise	100	
	Hotel Norge by Scandic, Bergen (H2)	Conversion	417	
	Scandic Kødbyen, Copenhagen (H2)	New	372	1.7%
2019	Scandic Falconer, Copenhagen (H2)	Conversion	336	
	Scandic Marski, Helsinki	Renovation	363	
	Holiday Inn, Messukeskus	Renovation	244	1.8%
2020	Scandic Platinan in Gothenburg	New	451	
	Scandic Landvetter Airport, Gothenburg	New	220	
	Scandic Helsinki Railway Station	New	483	
	Scandic Copenhagen Airport	New	357	
	Scandic Voss, Norway	New	216	3.4%
2021	Scandic Spectrum, Copenhagen	New	632	
	Scandic Hamburger Börs, Turku	Conversion	300	
	Scandic Hafenpark, Frankfurt	New	506	
	Scandic Helsingborg Harbour, Sweden	New	180	3.2%
	Ongoing extensions		306	0.6%
	Total gross pipeline as of June 30		**5,483**	**10.7%**
	Exits and assets held for sale		-491	
	Total net pipeline as of June 30		**4,992**	
	Total portfolio as of June 30		**51,216**	
	Estimated capex requirement for pipeline		**SEK 1.3bn**	

Scandic Voss, Norway

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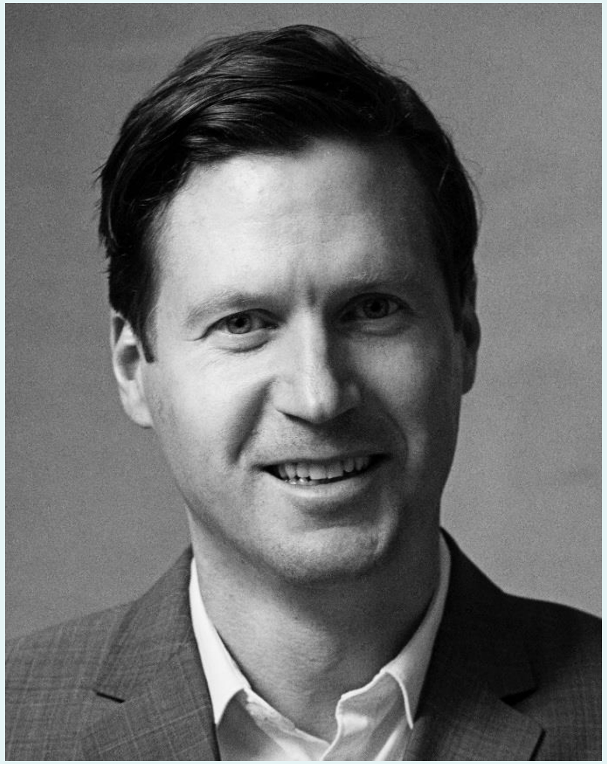
STRENGTHENED COMPETENCE IN GROUP MANAGEMENT

Chief Customer Officer – Niklas Angergård
Brand strategy, marketing, loyalty and overall customer experience



Chief Information Officer - Ann Hellenius
Digitalization, new technology, supporting guest experience and operational efficiency

Chief Commercial Optimization Officer – Jan Lundborg
Sales, revenue management and distribution

FINANCIAL UPDATE

FINANCIAL SUMMARY Q2

Strong revenue growth of 26%

LFL sales growth 4.3% with an estimated positive calendar effect of 3%

Adjusted EBITDA 618 MSEK (461) in Q2 corresponding to a margin of 13.0% (12.2)

Net debt/adjusted EBITDA 2.6x

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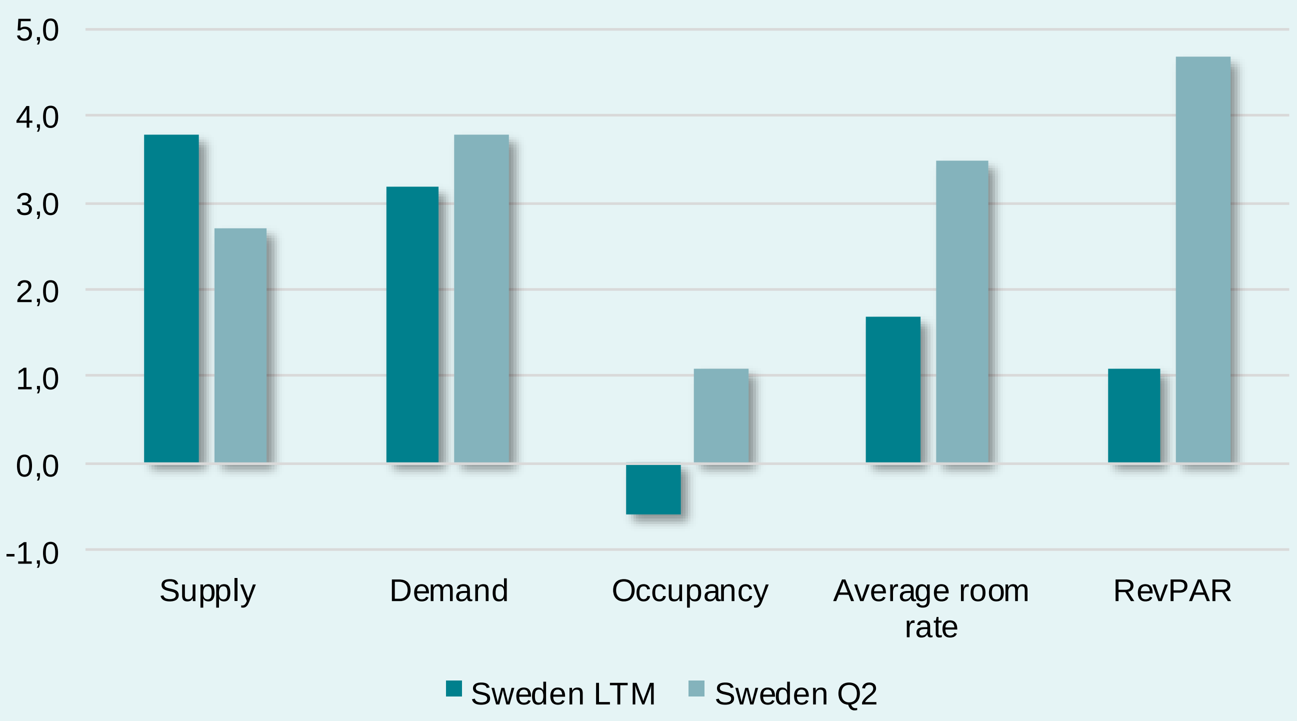
MARKET ANALYSIS - SWEDEN

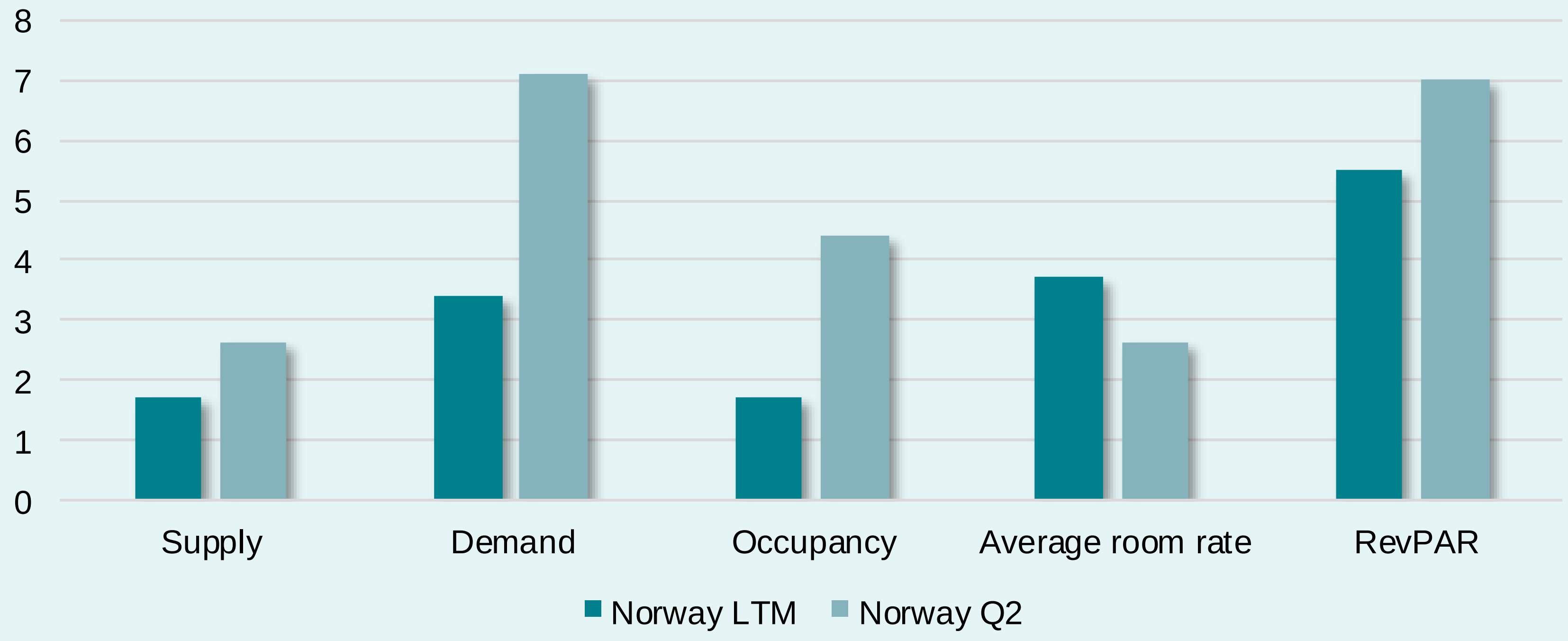


Increase in supply largely explained by Stockholm

Improved market balance in Stockholm with RevPAR growth of 3.9% in Q2

Market RevPAR growth in Q2 mainly driven by average room rate

MARKET ANALYSIS - NORWAY



Supply growth largely explained by Bergen and Stavanger

RevPAR improved in all regions except Bergen in Q2, mainly driven by occupancy

RevPAR growth was 2.8% in H1

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GROWTH SUPPORTED BY NEW HOTELS AND FX

		Apr–Jun		Jan-Jun	
		MSEK	%	MSEK	%
2017 Net sales		3,770		6,865	
LFL, sales growth		161	4.3	123	1.8
Of which	*Sweden*	*56*		*29*	
	Norway	*75*		*43*	
	Finland	*29*		*48*	
	Other Europe	*2*		*4*	
Currency effect		113	3.0	132	1.9
Effects from changes in hotel portfolio		704	18.7	1,418	20.7
Of which	*New hotels*	*756*		*1,508*	
	Exited hotels	*-52*		*-90*	
2018 Net sales		**4,748**	**25.9**	**8,539**	**24.4**

Restel accounted for more than two thirds of new hotels

Positive currency effect in Q2

LFL sales growth per segment %	**Apr-Jun**	**Jan-Jun**
Sweden	3.6	1.0
Norway	6.4	2.0
Finland	6.0	5.3
Other Europe	0.3	0.4

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ADJUSTED EBITDA UP IN ALL MARKETS

Apr-Jun MSEK	Net sales 2018	 2017	Adjusted EBITDA 2018	 2017	Adjusted EBITDA, % 2018	 2017
Sweden	1,674	1,528	270	244	16.1	16.0
Norway	1,352	1,171	160	112	11.8	9.6
Finland	1,059	489	149	87	14.1	17.8
Other Europe	663	582	108	95	16.3	16.3
Central costs & group adjustments	-	-	-69	-77	-	-
Group	**4,748**	**3,770**	**618**	**461**	**13.0**	**12.2**

Jan-Jun MSEK	Net sales 2018	 2017	Adjusted EBITDA 2018	 2017	Adjusted EBITDA, % 2018	 2017
Sweden	3,038	2,849	392	389	12.9	13.7
Norway	2,391	2,106	188	164	7.9	7.8
Finland	1,976	912	205	140	10.4	15.4
Other Europe	1,134	998	108	99	9.5	9.9
Central costs & group adjustments	-	-	-160	-177	-	-
Group	**8,539**	**6,865**	**733**	**615**	**8.6**	**9.0**

Adjusted EBITDA up in all markets in Q2 and H1

Central costs & group adjustments included a positive effect from energy hedging of 31 MSEK in Q2

Restel contributed 533 MSEK to net sales and 40 MSEK to adjusted EBITDA in Q2

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EBITDA BRIDGE

MSEK	Apr-Jun 2018	Apr-Jun 2017	Jan-June 2018	Jan-Jun 2017
EBITDA	537	432	625	569
Effect of financial lease, fixed and guaranteed rental charges	-34	0	-65	0
Pre-opening costs	36	17	69	34
Items affecting comparability	80	12	104	12
Adjusted EBITDA	**618**	**461**	**733**	**615**

Integration cost for Restel was 80 MSEK in Q2

Q2 – EARNINGS OVERVIEW

MSEK	Q2 2018 Excl financial Lease	Effect from financial lease	Reported Q2 2018	Reported Q2 2017
Net sales	4,748		4,748	3,770
Adjusted EBITDA	618		618	461
Adjusted EBITDA margin %	13.0		13.0	12.2
EBITDA	503	34	537	432
EBITDA margin %	10.6		11.3	11.5
Depreciation and amortization	-189	-23	-212	-131
EBIT	314	11	325	301
Net financial items	-32	-18	-50	-46
Profit/loss before tax	282	-7	275	255
EPS	2.56	-0.05	2.51	2.02

11 of Restel’s fixed and guaranteed leases are treated as financial in the accounts

40 MSEK positive one-time tax item in Q2

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EPS ANALYSIS

MSEK	Apr-Jun 2018	Apr-Jun 2017	Apr-Jun Change %	Jan – Jun 2018	Jan – Jun 2017	Jan – Jun Change %
EPS	2.51	2.02	24.3	1.12	1.68	-33.3
Financial lease	-0.05	-		-0.11	-	
FX revaluation of loans	-0.03	-0.13		0.03	-0.21	
Adjusted EPS	2.59	2.15	20.5	1.20	1.89	-36.5
Where of:						
Items affecting comparability	-0.61	-0.12		-0.79	-0.12	
Restel operations	0.02	-		-0.26	-	

Underlying EPS in H1 was largely unchanged adjusted for integration costs despite negative contribution from Restel's operations

Slight positive EPS contribution from Restel's operations

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NET DEBT/ADJUSTED EBITDA 2.6

	Jan – Jun 2018	**Jan-Jun** 2017	**Jan – Dec** 2017
Cash flow before changes in working capital	509	554	1,348
Changes in working capital	-148	-195	196
Capex	-691	-364	-964
Operating cash flow before acquisitions/disposals	**-330**	**-5**	**580**
Acquisitions/disposals	-54	0	-1,129
Operating cash flow	**-384**	**-5**	**-549**
Net debt (C/B)	4,391	3,030	3,629
Net debt in relation to adjusted EBITDA	2.6x	1.9x	2.3x

Cash flow is seasonally weak in H1

Currency effects has increased net debt by 125 MSEK

Several openings and significant renovation and maintenance capex projects in H1

OUTLOOK

Like for like sales growth in Q3 is expected to be in line with the growth rate in January-June

Q3 is normally the seasonally strongest quarter for Restel

Total cost in 2018 related to the Restel integration is expected to be around 120 MSEK (150)

Total capex in 2018 related to the Restel integration is expected to be around 30 MSEK (50)

Focus on continuously adjusting costs to market conditions

Scandic Continental, Stockholm

Scandic

Q&A

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