



SALES AND EARNINGS GROWTH CONTINUES

Q3, 2017

Even Frydenberg, President & CEO
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Scandic

A GOOD QUARTER

- Continued good growth and improved margins
- Positive RevPAR development, driven by Norway and Finland
- Three additions to our pipeline— two new hotels in Copenhagen and one in Frankfurt
- Increased supply in Stockholm moderated RevPAR growth in Sweden
- For Q4, we expect continued sales growth, but at a lower level than Q3



View from Scandic Museumsufer

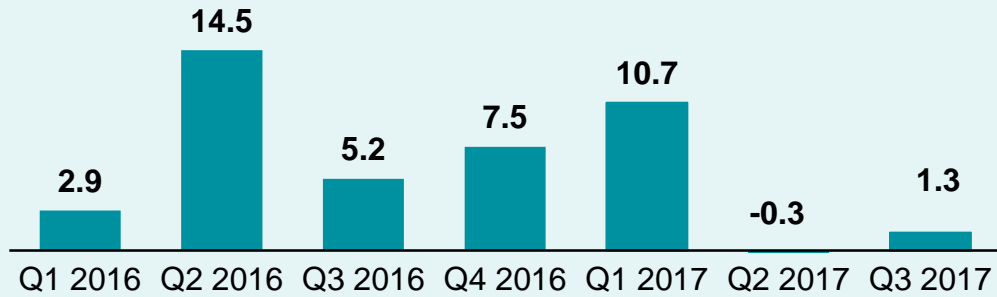
FINANCIAL SUMMARY

- Q3 sales growth 11% driven by continued good demand and increased number of rooms in operation
- Adjusted EBITDA was 622 MSEK (547) in Q3 corresponding to a margin of 15.7% (15.3)
- Capital gain of 17 MSEK related to disposal of one hotel in Finland.
- EPS excluding one-offs 3.53 SEK (2.86)
- Signed pipeline amounts to 4,433 rooms for 2018-2021

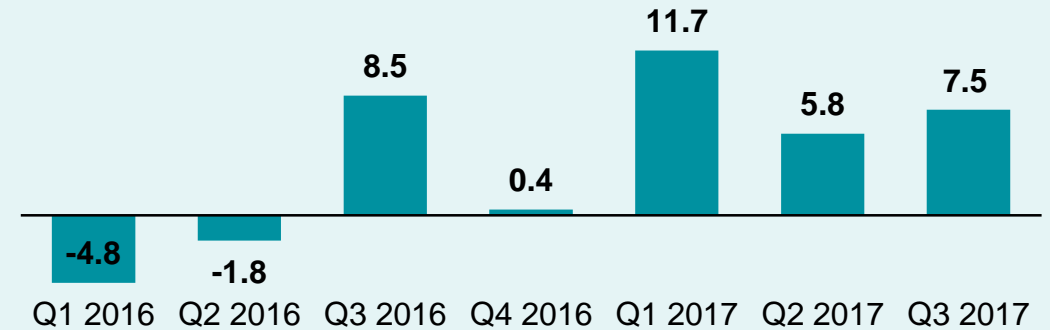


POSITIVE MARKET REVPAR DEVELOPMENT

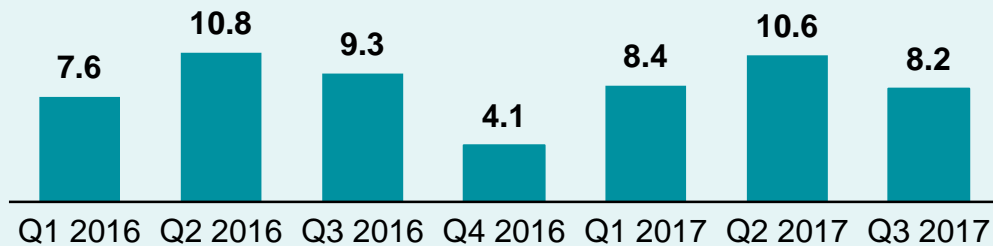
Sweden



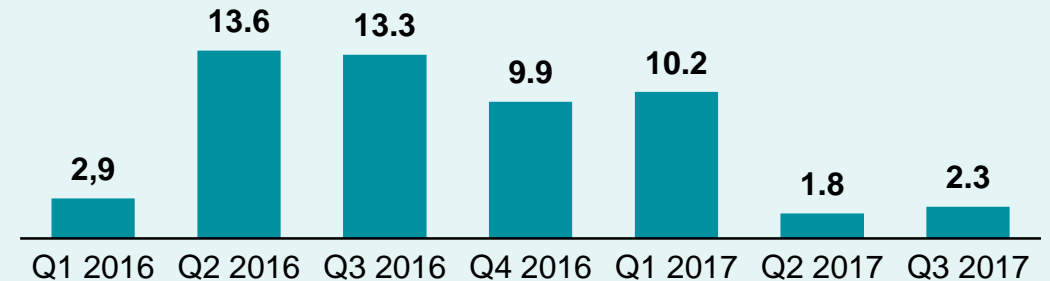
Norway



Finland



Denmark



POSITIVE REVPAR DEVELOPMENT

| % change y-o-y local currencies | RevPAR LFL | | RevPAR | |
|---------------------------------|------------|------------|------------|------------|
| | Jul-Sep | Jan-Sep | Jul-Sep | Jan-Sep |
| Sweden | 1.5 | 2.4 | 1.3 | 3.7 |
| Norway | 7.2 | 9.5 | 8.0 | 9.8 |
| Denmark | 1.8 | 3.9 | 0.6 | 2.7 |
| Finland | 5.4 | 8.5 | 5.5 | 8.7 |
| Germany | 5.6 | 6.8 | 5.6 | 6.8 |
| Total | 3.8 | 5.4 | 3.7 | 5.8 |

- RevPAR in local currencies up on all markets
- Strong development in Norway and Finland
- Sweden impacted by increased supply in Stockholm
- Continued good performance in Germany

A RECORD NUMBER OF OPENINGS DURING 2017

| Hotel | | # Rooms |
|--|------------|---------------|
| Scandic Drammen, Norway (January) | Conversion | 287 |
| Scandic Flesland Airport, Bergen (April) | Newbuild | 300 |
| Grand Hotel by Scandic, Oslo (April) | Conversion | 274 |
| Scandic Sørlandet, Norway (April) | Conversion | 210 |
| Scandic Valdres, Fagernes (April) | Conversion | 139 |
| Scandic Kista, Stockholm (April) | Conversion | 149 |
| Scandic Sluseholmen, Copenhagen (May) | Conversion | 215 |
| Scandic Lillehammer Hotel, Norway (May) | Conversion | 303 |
| Scandic Hafjell, Norway (June) | Conversion | 210 |
| Scandic Prince Philip, Stockholm (June) | Conversion | 208 |
| Downtown Camper by Scandic, Stockholm (Sept) | Reopening | 326 (494) |
| Total | | 2,621 |
| Total portfolio as of 30 September | | 43,149 |

- Eleven hotels opened during the first nine months of 2017
- Integration of the eight hotels that were taken over by Pandox and Eiendomsspar during April-June has gone according to plan
- Downtown Camper in Stockholm, partially opened on 1 September

PORTFOLIO ADDITIONS - COPENHAGEN AND FRANKFURT

Grand Wyndam Frankfurt with 293 rooms planned to open as Scandic Museumsufer in February 2018

Scandic Copenhagen Airport in the developing Scanport area is expected to open in 2020

Scandic Spectrum in Central Copenhagen with 634 rooms, planned opening in 2021



Scandic Museumsufer, Scandic Spectrum & Scandic Copenhagen Airport

4,400 ROOMS IN THE PIPELINE

| | Hotel | | # Rooms |
|------|---|------------|---------------|
| 2017 | Scandic Elverum, Norway (Q4) | Franchise | 98 |
| 2018 | Scandic Lillestrøm, Oslo (H1) | New | 220 |
| | Scandic Helsinki Airport, Helsinki (H1) | New | 150 |
| | Scandic Frankfurt Museumsufer (H1) | Conversion | 293 |
| | Hotel Norge by Scandic, Bergen (H2) | Conversion | 420 |
| | Scandic Kødbyen, Copenhagen (H2) | New | 370 |
| 2019 | Scandic Falconer, Copenhagen (H2) | Conversion | 336 |
| 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 |
| | Ongoing extensions (2017 – 2018) | | 492 |
| | Total signed pipeline as of 30 September | | 4,433 |
| | Total portfolio as of 30 September | | 43,149 |



Scandic Copenhagen Airport

RESTEL ACQUISITION TO CLOSE BY THE END OF Q4

- Subject to regulatory approval, expected closing by the end of Q4
- Creating the No. 1 hotel company in Finland
- 43 hotels and 7,600 rooms
- We expect the acquired business to reach adjusted EBITDA margins in excess of the group target of 11% over a business cycle
- Positive market development in Finland during 2017



Cumulus Helsinki Hakaniemi



FINANCIAL UPDATE

Scandic

STRONG UNDERLYING SALES GROWTH

| MSEK | Jul– Sep | | | Jan – Sep | | |
|-----------------------------------|----------|-------|----------|-----------|-------|----------|
| | 2017 | 2016 | Change % | 2017 | 2016 | Change % |
| Net sales | 3,974 | 3,577 | 11.1 | 10,839 | 9,618 | 12.7 |
| Adjusted EBITDA | 622 | 547 | 13.7 | 1,237 | 1,056 | 17.1 |
| Adjusted EBITDA margin, % | 15.7 | 15.3 | | 11.4 | 11.0 | |
| EBITDA | 625 | 542 | 15.3 | 1,194 | 1,009 | 18.3 |
| EBIT | 493 | 387 | 27.4 | 800 | 608 | 31.6 |
| EPS, after dilution, SEK | 3.65 | 4.22 | -13.6 | 5.33 | 5.78 | -7.9 |
| Adjusted EPS, after dilution, SEK | 3.53 | 2.86 | 23.4 | 5.51 | 3.96 | 39.1 |

- Solid sales and earnings growth in Q3
- The adjusted EBITDA margin in Q3 improved from 15.3 to 15.7%
- Reported EBITDA in Q3 included a capital gain of 17 MSEK related to the divestment of Scandic Vierumäki i Finland.

STRONG SALES CONTRIBUTION FROM NEW HOTELS

| | Jul– Sep | | Jan – Sep | |
|--|--------------|-------------|---------------|-------------|
| | MSEK | % | MSEK | % |
| 2016 Net sales | 3,577 | | 9,618 | |
| LFL, sales growth | 166 | 4.6 | 502 | 5.2 |
| <i>Of which Sweden</i> | 24 | | 90 | |
| <i>Norway</i> | 97 | | 272 | |
| <i>Other Nordics & Europe</i> | 45 | | 140 | |
| Currency effect | 11 | 0.3 | 168 | 1.7 |
| Effects from changes in hotel portfolio | 220 | 6.1 | 551 | 5.7 |
| <i>Of which New hotels</i> | 234 | | 601 | |
| <i>Exited hotels</i> | -14 | | -50 | |
| 2017 Net sales | 3,974 | 11.1 | 10,839 | 12.7 |

- LFL sales growth around 5%, both year-to-date and in Q3
- Significant contribution from new hotels
- Limited currency effect in Q3

| LFL sales growth per segment % | Jul– Sep | Jan – Sep |
|-----------------------------------|----------|-----------|
| <i>Sweden</i> | 1.6 | 2.2 |
| <i>Norway</i> | 9.1 | 9.8 |
| <i>Other Nordics & Europe</i> | 4.4 | 5.1 |

ROBUST SALES AND MARGIN DEVELOPMENT IN Q3

| Quarterly, Jul– Sep MSEK | Net sales | | Adjusted EBITDA | | Adjusted EBITDA, % | |
|-----------------------------------|---------------|--------------|-----------------|--------------|--------------------|-------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Sweden | 1,550 | 1,498 | 283 | 291 | 18.3 | 19.4 |
| Norway | 1,333 | 1,063 | 213 | 154 | 16.0 | 14.5 |
| Other Nordics & Europe | 1,091 | 1,016 | 211 | 182 | 19.3 | 17.9 |
| Central costs & group adjustments | - | - | -85 | -80 | | |
| Group | 3,974 | 3,577 | 622 | 547 | 15.7 | 15.3 |
| Accumulated, Jan – Sep MSEK | Net sales | | Adjusted EBITDA | | Adjusted EBITDA, % | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Sweden | 4,399 | 4,116 | 672 | 646 | 15.3 | 15.7 |
| Norway | 3,439 | 2,767 | 377 | 272 | 11.0 | 9.8 |
| Other Nordics & Europe | 3,001 | 2,735 | 449 | 381 | 15.0 | 13.9 |
| Central costs & group adjustments | - | - | -261 | -243 | | |
| Group | 10,839 | 9,618 | 1,237 | 1,056 | 11.4 | 11.0 |

- Margin improvement in Other Nordics & Europe mainly driven by Finland
- Improved profitability in new hotels in Norway

NET DEBT/ADJUSTED EBITDA AT 1.7

| MSEK | Jan – Sep 2017 | Jan – Sep 2016 |
|---|-------------------|-------------------|
| Cash flow before changes in working capital | 1,167 | 1,003 |
| Changes in working capital | -386 | -248 |
| Investments | -574 | -468 |
| Operating cash flow | 207 | 287 |
| | | |
| Net debt (C/B) | 2,840 | 3,356 |
| | | |
| Net debt in relation to adjusted EBITDA | 1.7x | 2.4x |

- Increased working capital and higher investments compared to last year

OTHER FINANCIALS

Restel key figures:

(MEUR)

| | |
|---|-------|
| Acquisition price on cash- and debt free basis: | 114.5 |
| Net sales 2016: | 203.4 |
| Adjusted EBITDA 2016: | 13.7 |
| Transaction cost: | ~4-5 |
| Integration cost and capex: | ~20 |

Finnish tax case:

- Assessment for the 2008 tax year of 9.6 MEUR, related to deductibility of interest on intra-group loans
- The decision will be appealed and Scandic will not report any tax expense on the taxes imposed
- Total exposure for 2008-2016 is approx. 390 MSEK excluding interest



A SOLID BASE FOR CONTINUED DEVELOPMENT

- ✓ High quality hotel portfolio
- ✓ Unique network and geographic distribution
- ✓ Variable lease model
- Foundation for continued above-market growth
- Capitalize on economies of scale
- Effective centralized support functions
- Work actively with portfolio optimization and customer offerings.
- Make sure we have the ability to adapt to an increasingly dynamic travel industry





Q&A

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