CONTINUED GROWTH BUT HIGH COSTS IN Q4

Q4, 2017

Even Frydenberg, President & CEO
Jan Johansson, CFO

Scandic

CONTINUED GROWTH BUT HIGH COSTS IN Q4

- Continued sales growth driven by new hotels and RevPAR in Norway and Finland
- Reduced margin in Sweden due to lower occupancy in Stockholm, high costs and effects from cost phasing
- Actions to improve cost efficiency and sales performance have been implemented
- Acquisition of Restel completed, positive development in 2017
- Like-for-like sales growth is expected to be positive in line with the Q4 level in the first quarter of 2018, excluding calendar effects

Scandic Hafenpark Frankfurt

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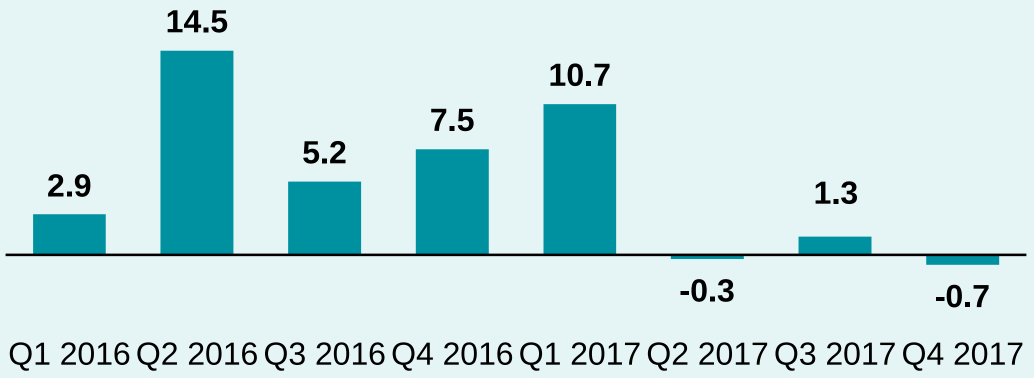
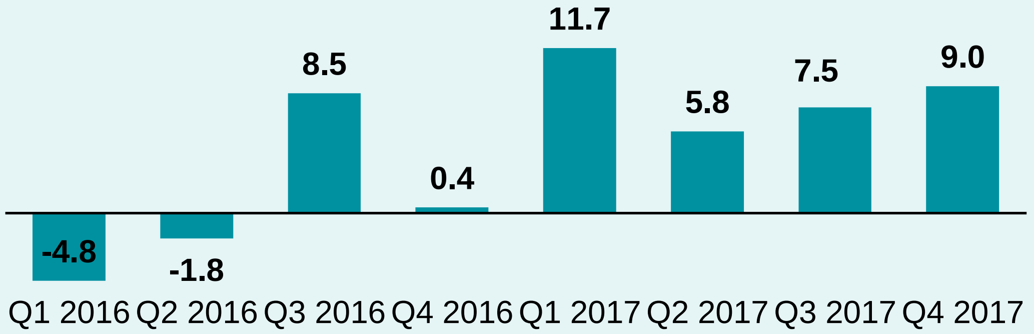
STRONG REVPAR GROWTH IN NORWAY AND FINLAND IN Q4– SLOWER IN SWEDEN AND DENMARK

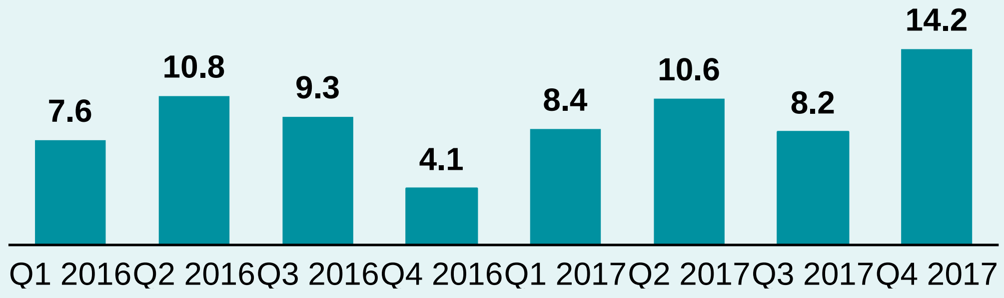
Sweden



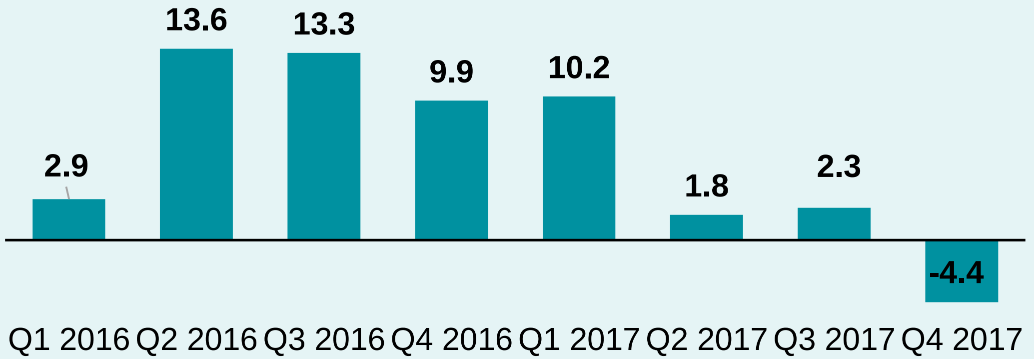
Norway



Finland



Denmark



Market RevPAR growth based on data from Benchmarking Alliance & STR Global.

REVPAR GROWTH DRIVEN BY NORWAY AND FINLAND

% change y-o-y local currencies	RevPAR LFL Oct-Dec	RevPAR LFL Jan-Dec	RevPAR Oct-Dec	RevPAR Jan-Dec
Sweden	-1.3	1.5	-1.3	2.4
Norway	9.3	9.4	6.9	9.0
Denmark	-3.6	2.1	-4.6	0.9
Finland	12.7	9.6	12.6	9.7
Germany	-1.4	4.8	-1.4	4.8
Total	**3.1**	**4.9**	**1.8**	**4.9**

- Solid RevPAR growth in Norway and Finland
- The decline in Sweden is fully explained by Stockholm
- Development in Denmark was affected by high congress activity in Copenhagen in late 2016

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RESTEL ACQUISITION COMPLETED

- Nationwide network and clear market leader in Finland following acquisition of 43 hotels with around 7,600 rooms
- Subject to divestment of three hotels in Kuopio, Pori and Lahti
- 7 hotels operated under IHG brands, all other hotels will be rebranded to Scandic during the first half of 2018
- Positive earnings development with adjusted EBITDA margin 9.1% in 2017 (6.7%)
- Considerable room for revenue synergies when the hotels get access to Scandic's distribution capacity

6,000 ROOMS IN PIPELINE - OF WHICH 5,700 LEASED

	Hotel		# Rooms
2018	Scandic Central Elverum, Norway (Q1)	Franchise	98
	Scandic Leknes, Norway (Q1)	Franchise	63
	Scandic The Mayor, Århus (Q1)	Conversion	162
	Scandic Frankfurt Museumsufer (Q1)	Conversion	293
	Scandic Lillestrøm, Oslo (Q1)	New	220
	Scandic Helsinki Airport, Helsinki (Q1)	New	150
	Scandic Brennemoen, Norway (H2)	Franchise	100
	Holiday Inn, West, Finland (Q2)	Renovation	256
	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
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 (2018)		285
	Total pipeline as of 31 December		**5,975**
	Total leased pipeline as of 31 December		**5,714**
	Total portfolio as of 31 December including Restel		**49,983**

Scandic Copenhagen Airport

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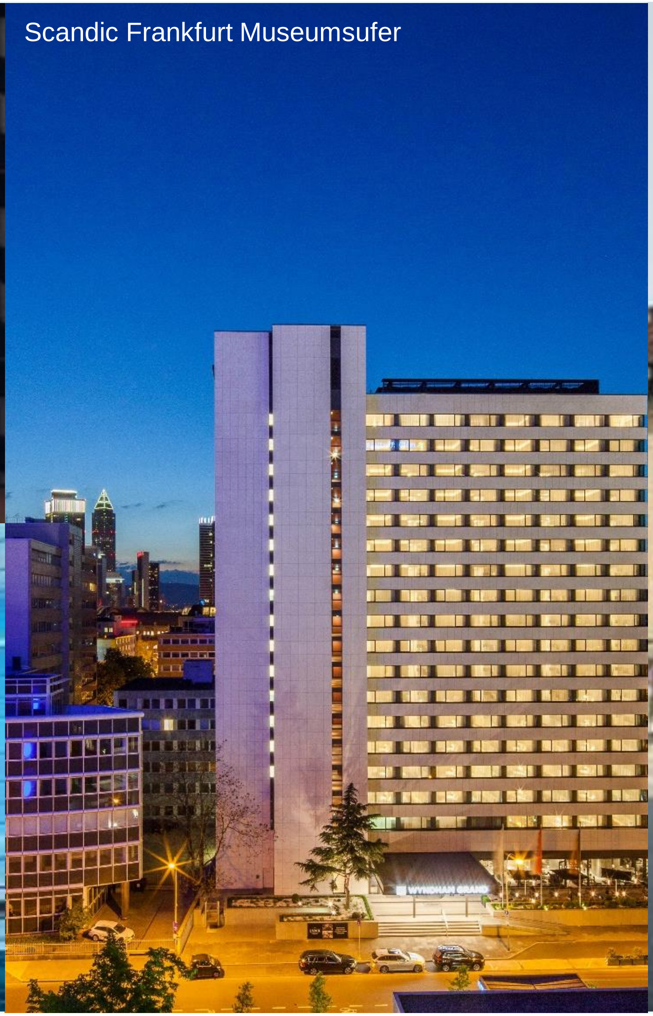
OPENINGS IN THE FIRST HALF OF 2018

Scandic Lilleström


Scandic Frankfurt Museumsufer


Scandic The Mayor, Aarhus


Scandic Helsinki Airport

FINANCIAL UPDATE

FINANCIAL SUMMARY Q4

- Revenue growth 8.1%
- LFL sales growth 3.4%
- Adjusted EBITDA 333 MSEK (457) in Q4 corresponding to a margin of 8.9% (13.2)
- Transaction cost for Restel of 35 MSEK in Q4
- Net debt/adjusted EBITDA 2.1 including Restel
- Proposed dividend of 3.40 SEK per share

Scandic Aarhus City

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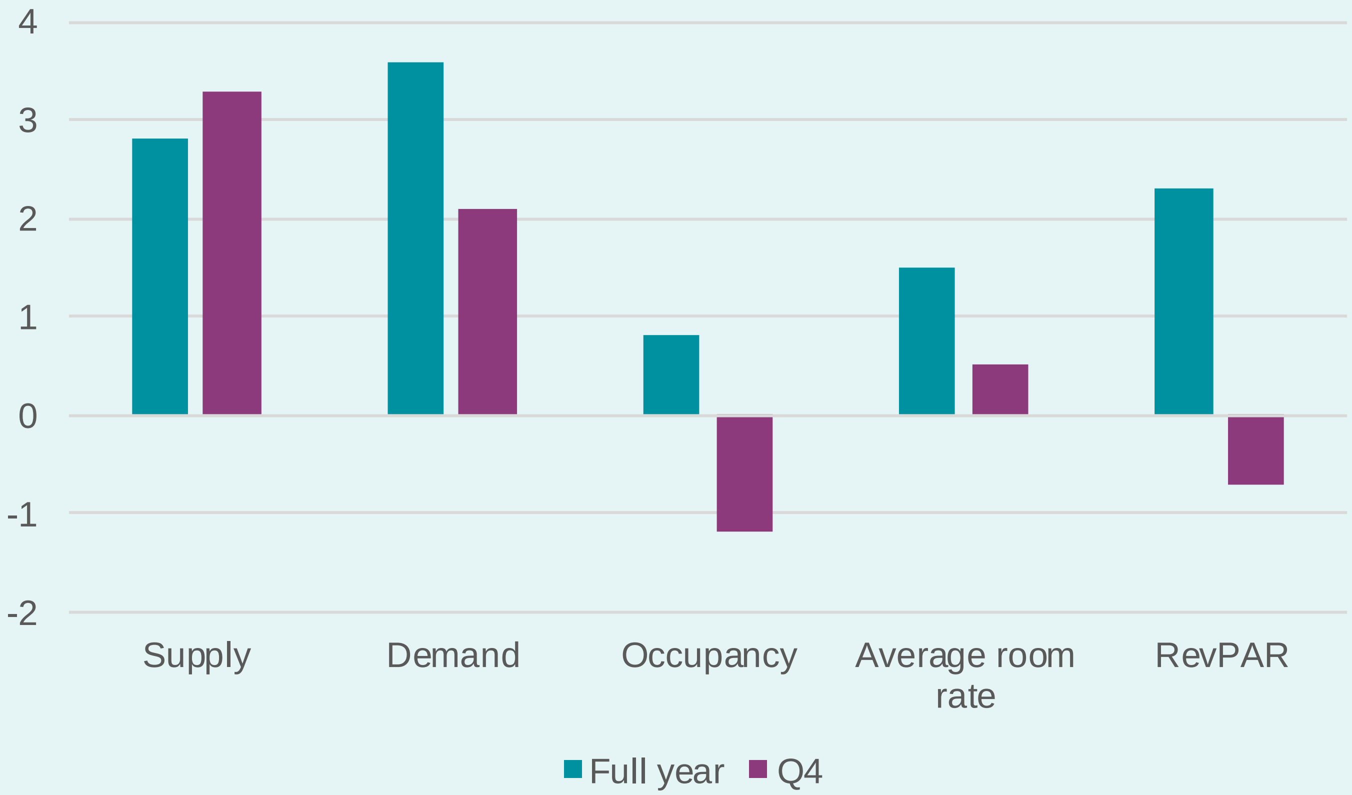
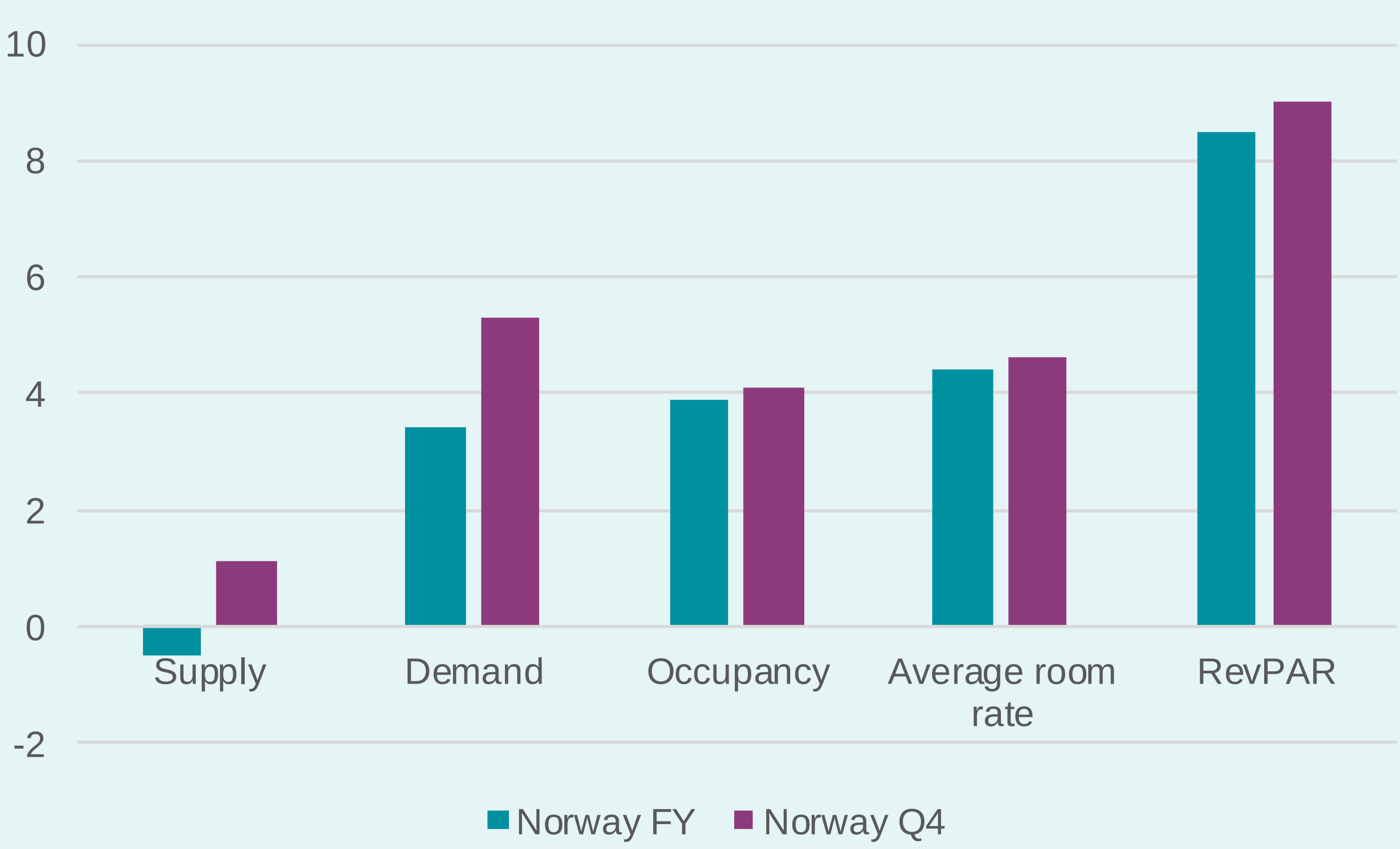
MARKET ANALYSIS - SWEDEN



- RevPAR decline in Q4 fully attributable to Stockholm
- Supply growth in Sweden was around 3% both in Q4 and for the full year
- In Stockholm, supply growth was 6-7% in Q4 while demand growth was slightly positive
- Occupancy down somewhat in Q4 as supply growth exceeded demand growth

MARKET ANALYSIS - NORWAY



- Relatively stable supply in 2017
- Bergen is the only city with significant capacity increase during the year
- Positive demand development in most regions
- Recovery in oil destinations
- Solid increase in average room rate and occupancy

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STRONG CONTRIBUTION FROM NEW HOTELS

	Oct– Dec		Jan – Dec	
	MSEK	%	MSEK	%
2016 Net sales	3,463		13,082	
LFL, sales growth	119	3.4	621	4.7
Of which *Sweden*	*9*		*98*	
Norway	*81*		*353*	
Other Nordics & Europe	*29*		*169*	
Currency effect	-51	-1.5	114	0.9
Effects from changes in hotel portfolio	212	6.1	765	5.8
Of which *New hotels*	*226*		*828*	
Exited hotels	*-14*		*-63*	
2017 Net sales	**3,743**	**8.1**	**14,582**	**11.5**

- LFL sales growth mainly driven by strong development in Norway
- New hotels contributed 6% to sales growth both for the quarter and the full year

LFL sales growth per segment %	**Oct–Dec**	**Jan – Dec**
Sweden	0.6	1.7
Norway	8.3	9.4
Other Nordics & Europe	3.0	4.6

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FULL YEAR EARNINGS ON LAST YEAR'S LEVEL

MSEK	Oct– Dec 2017	Oct– Dec 2016	Oct– Dec Change %	Jan – Dec 2017	Jan – Dec 2016	Jan – Dec Change %
Net sales	3,743	3,463	8.1	14,582	13,082	11.5
Adjusted EBITDA	333	457	-27.1	1,570	1,513	3.8
Adjusted EBITDA margin, %	8.9	13.2		10.8	11.6	
EBITDA	279	453	-38.4	1,473	1,462	0.8
EBIT	125	317	-60.6	925	925	0.0
EPS, after dilution, SEK	1.52	2.79	-45.4	6.86	8.58	-20.0
Adjusted EPS, after dilution, SEK	1.48	2.90	-49.0	7.04	6.85	2.8

- EPS excluding currency effects related to the revaluation of loans increased to 7.04 SEK (6.85) in 2017
- Transaction costs related to Restel amounted to 35 MSEK in Q4
- Adjusted EBITDA in Q4 2016 positively impacted by a one-off compensation of 65 MSEK.

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MARGIN DECLINE IN SWEDEN

Quarterly, Oct– Dec MSEK	Net sales 2017	 2016	Adjusted EBITDA 2017	 2016	Adjusted EBITDA, % 2017	 2016
Sweden	1,579	1,521	203	329	12.9	21.6
Norway	1,146	976	113	90	9.9	9.2
Other Nordics & Europe	1,018	966	157	141	15.4	14.6
Central costs & group adjustments	-	-	-140	-103	-	-
Group	**3,743**	**3,463**	**333**	**457**	**8.9**	**13.2**
Accumulated, Jan – Dec MSEK	**Net sales** **2017**	 2016	**Adjusted EBITDA** **2017**	 2016	**Adjusted EBITDA, %** **2017**	 2016
Sweden	5,977	5,637	875	975	14.6	17.3
Norway	4,586	3,744	490	363	10.7	9.7
Other Nordics & Europe	4,019	3,701	606	522	15.1	14.1
Central costs & group adjustments	-	-	-401	-347	-	-
Group	**14,582**	**13,082**	**1,570**	**1,513**	**10.8**	**11.6**

- Reduced margin in Sweden in Q4
- Margin improvement in Norway and Other Nordics & Europe
- Adjusted EBITDA in Q4 2016 included a positive non-recurring compensation of 65 MSEK in Sweden
- The increase in Central costs in Q4 largely explained by a number of one-off items

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RESULT ANALYSIS SWEDEN

- Reduced occupancy in Stockholm in Q4 due to increased supply
- Costs were not adjusted in line with the weaker LFL sales development in Stockholm
- Some unfavorable effects from cost phasing between the quarters in 2017
- Several measures have been implemented to reduce costs in Stockholm
- Increased commercial activities to support revenues

RESTEL PROFORMA CONTRIBUTION TO P&L

MSEK	Restel Proforma	Adjustment for financial lease	Restel Proforma excl financial lease
Net sales	**2,163**	-	**2,163**
Adjusted EBITDA	**321**	-125	**196**
EBITDA	**321**	-125	**196**
Depreciation and amortization	**-224**	86	**-138**
EBIT	**97**	-39	**58**
Net financial items	**-94**	67	**-28**
Profit/loss before tax	**2**	28	**30**
Tax	**13**	-6	**8**
PROFIT/LOSS FOR THE YEAR	**16**	22	**38**
Proforma EPS impact 2017 (SEK)	**0.16**	0.21	**0.37**

- Some of Restel's leases will be treated as financial in Scandic's accounts
- The proforma contribution to Scandic's net results would have been slightly positive for 2017
- Integration costs of 150 MSEK and capex of just below 50 MSEK expected for 2018

NET DEBT/ADJUSTED EBITDA 2.1 INCLUDING RESTEL

MSEK	**Jan – Dec 2017**	**Jan – Dec** 2016
Cash flow before changes in working capital	1,348	1,459
Changes in working capital	196	150
Capex	-964	-719
Operating cash flow before acquisitions/disposals	**580**	**890**
Acquisitions/disposals	-1,129	-
Operating cash flow	**-549**	**890**
Net debt (C/B)	3,629	2,710
Net debt in relation to adjusted EBITDA	2.3x	1.8x
Net debt in relation to adjusted EBITDA inc. Restel	2.1x	

- Strong operating cash flow before acquisition of Restel
- Positive impact from changes in working capital, primarily in the fourth quarter

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OUTLOOK

- Like-for-like sales growth expected to be positive in line with the Q4 level in the first quarter of 2018, excluding calendar effects

- Calendar effects to affect sales in Q1 negatively by 4-5 pp

- Focus on securing cost efficiency and driving revenues in Stockholm

- Final phases of organizational review to ensure customer focus, efficient support functions and leveraging digital opportunities

Scandic Crown, Gothenburg

Q&A

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