



# SCANDIC HOTELS

Q4 2018

## Q4 – POSITIVE DEMAND DEVELOPMENT IN ALL MARKETS

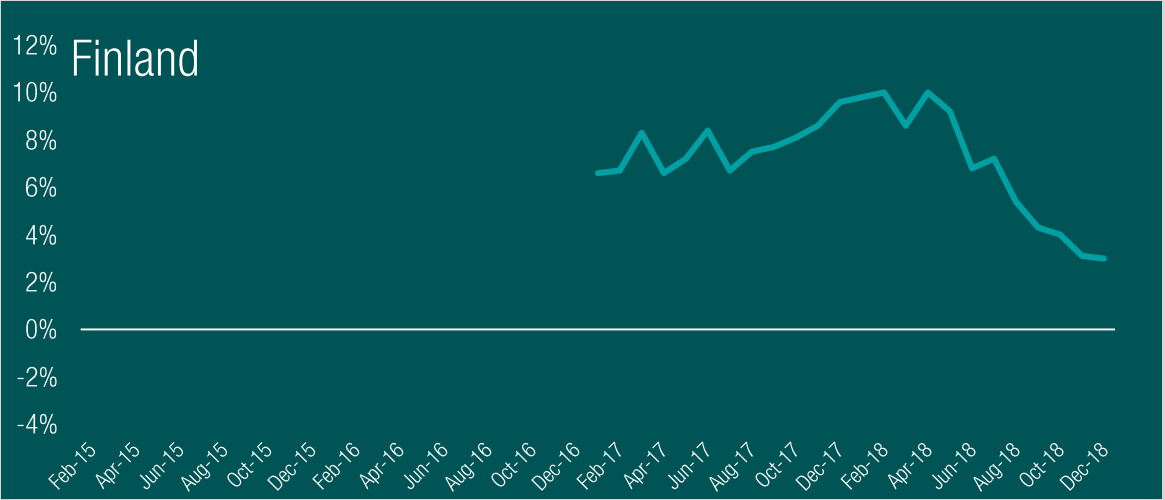
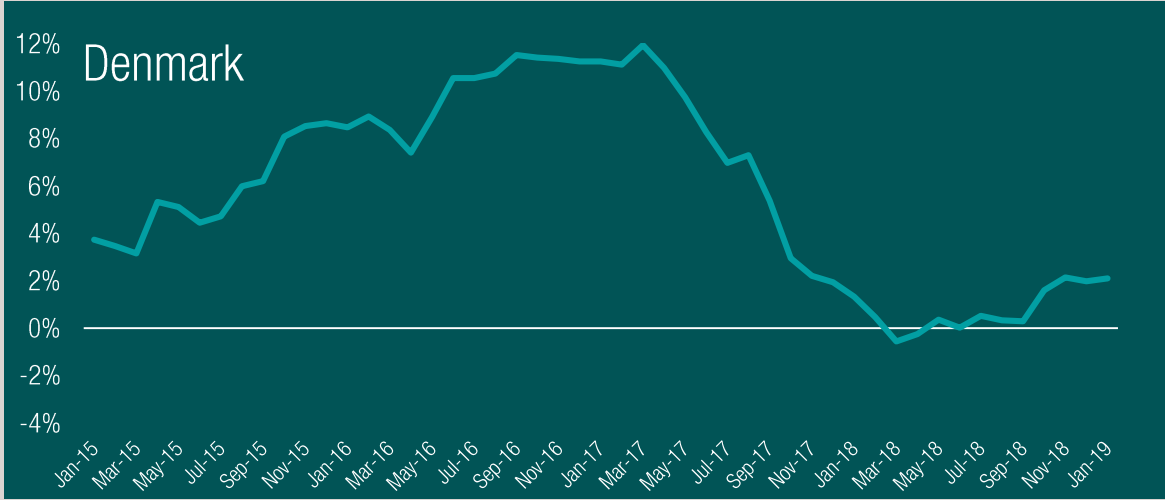
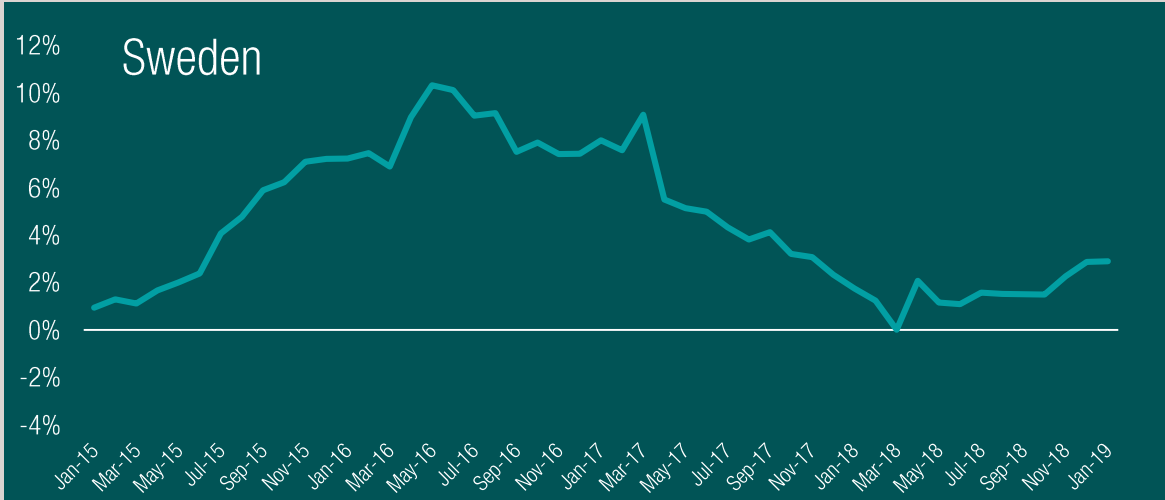
- Demand held up well in all markets in Q4
- Sales growth: 23%
- Organic growth: 4.9%
- Like-for-like sales growth: 0.8%
- Adjusted EBITDA growth 45%
- Proposed dividend : 3.50 SEK
- Outlook for Q1: Like-for like sales growth of about 2% including positive calendar effects. More rooms in operation expected to contribute about 2%-points to sales growth.



Scandic Ködbyen, Copenhagen

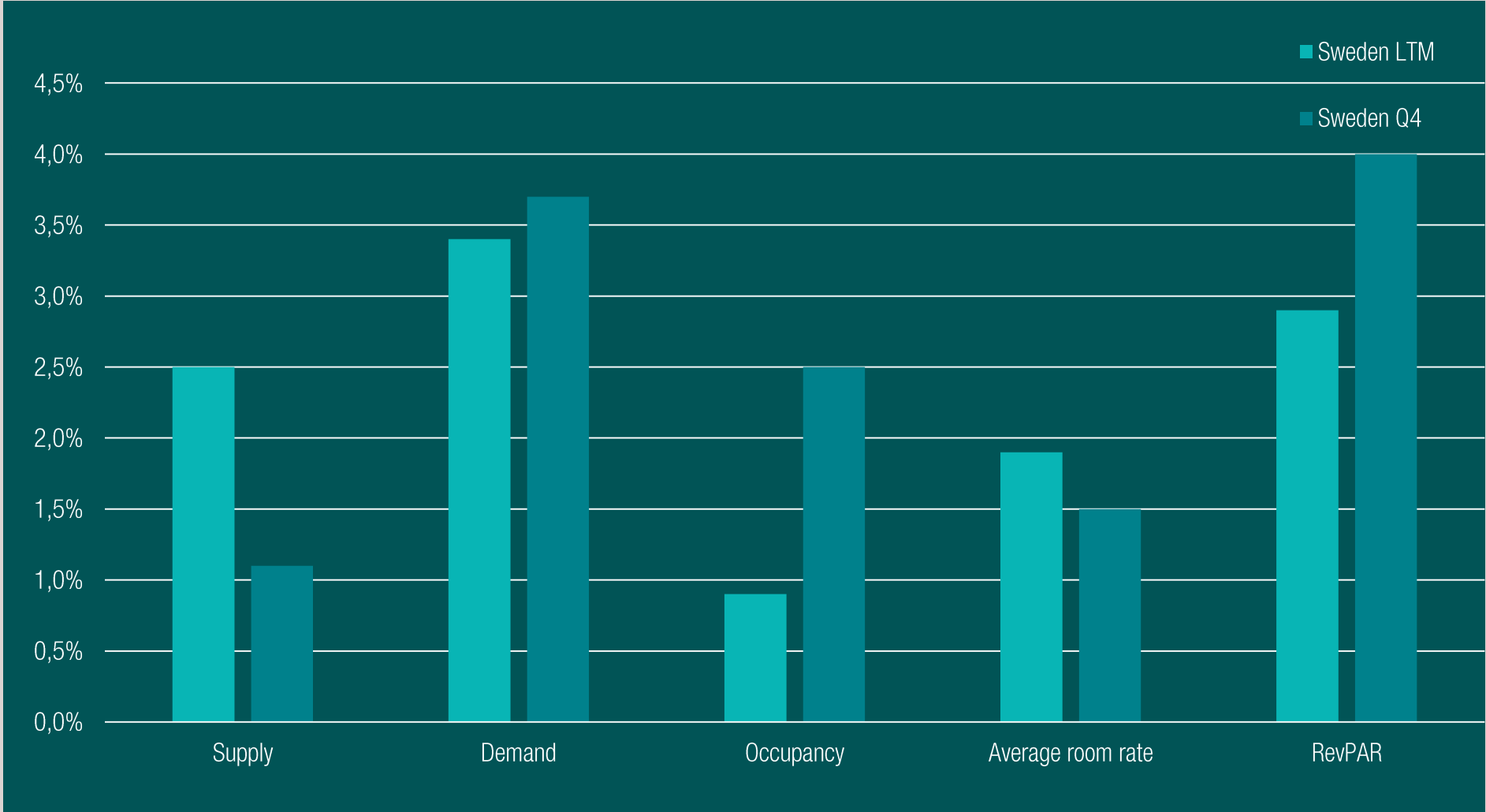


# SLIGHT POSITIVE REVPAR DEVELOPMENT IN THE NORDICS (LTM)



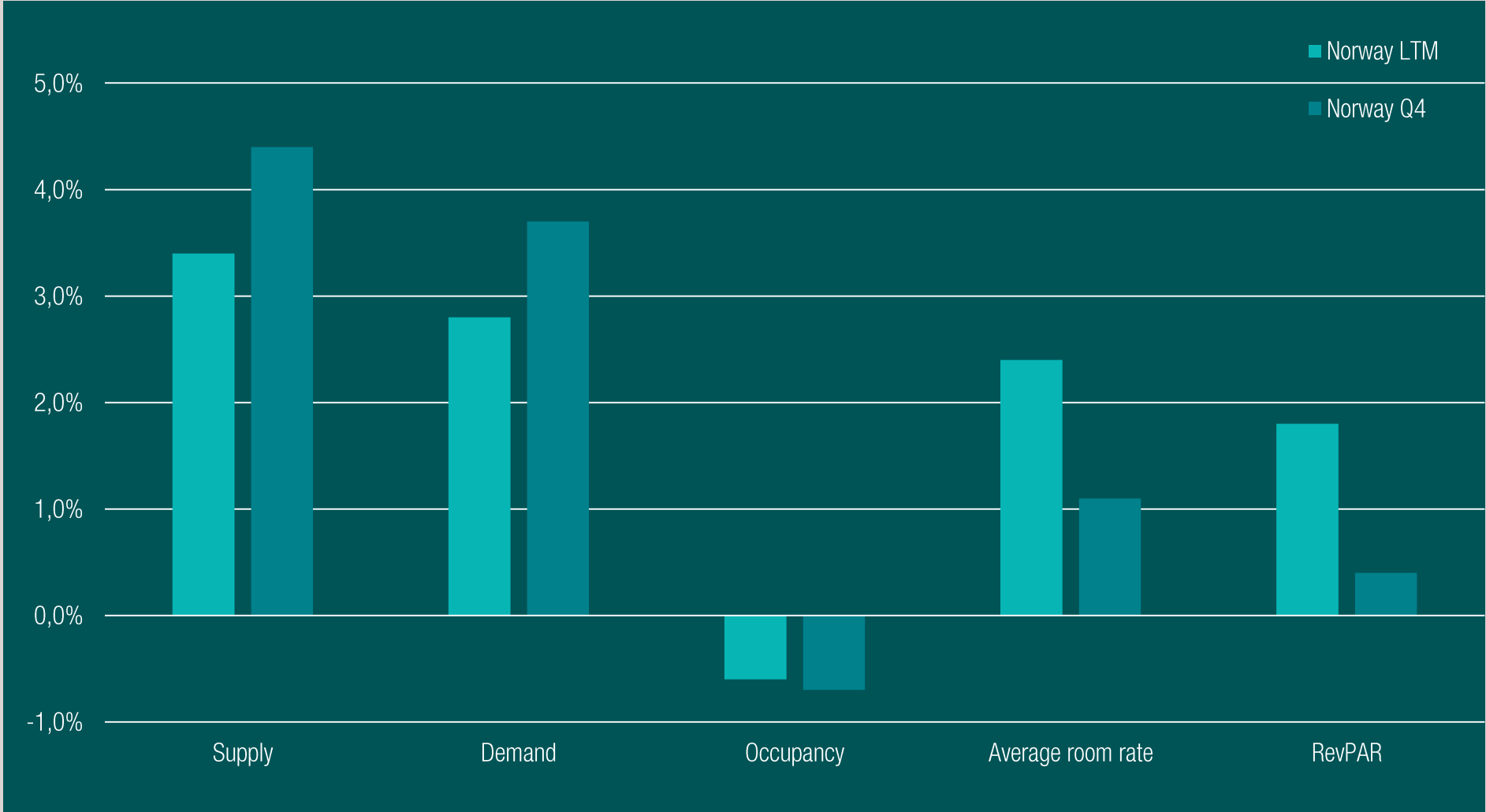
Source: Benchmarking Alliance

# MARKET ANALYSIS SWEDEN



- Positive demand development and limited new capacity in Q4

# MARKET ANALYSIS NORWAY



- Increased capacity in Norway

## A SOLID PIPELINE WITH FOCUS ON KEY DESTINATIONS

Year	Hotel	Destination		# Rooms	% of existing portfolio/year
Q1 2019	Scandic Alexandra	Molde, Norway	Conversion	165	
Q1 2019	Holiday Inn, Messukeskus	Helsinki, Finland	Renovation	244	
Q1 2019	Scandic Vestfjord	Svolvaer, Norway	Conversion	63	
Q2 2019	Scandic Marski	Helsinki, Finland	Renovation	363	
Q2 2019	Scandic Bergen Strand	Bergen, Norway	Renovation	173	
Q3 2019	Scandic Falkoner,	Copenhagen, Denmark	Conversion	336	2.6%
Q1 2020	Scandic Voss	Voss, Norway	New	216	
Q1 2020	Scandic Pasila	Helsinki, Finland	Conversion	178	
Q3 2020	Scandic Landvetter Airport	Gothenburg, Sweden	New	220	1.2%
Q1 2021	Scandic Helsinki Railway Station	Helsinki, Finland	New	483	
Q1 2021	Scandic by Copenhagen Airport	Copenhagen, Denmark	New	357	
Q2 2021	Scandic Hafenpark	Frankfurt, Germany	New	506	
Q2 2021	Scandic Macherei	Munich, Germany	New	234	
Q3 2021	Scandic Spectrum	Copenhagen, Denmark	New	632	
Q3 2021	Scandic Hamburger Börs	Turku, Finland	Conversion	300	
Q3 2021	Scandic Helsingborg Harbor	Helsingborg, Sweden	New	180	
Q3 2021	Scandic Ferrum	Kiruna, Sweden	New	230	5.7%
Q1 2022	Scandic Trondheim	Trondheim, Norway	New	425	
Q2 2022	Scandic Platinan	Gothenburg, Sweden	New	451	1.7%
	Ongoing extensions			344	0.7%
	<b>Total gross pipeline</b>			<b>6,100</b>	<b>11.9%</b>
	<b>Exits and assets held for sale</b>			<b>-445</b>	
	<b>Total net pipeline</b>			<b>5,655</b>	Estimated capex: 1.25 BSEK
	<b>Total portfolio</b>			<b>51,693</b>	



Scandic Macherei Munich, Germany



A modern lounge interior featuring a large patterned sofa with several decorative pillows, two leather armchairs, and a coffee table. The floor has a chevron pattern, and there are plants and a large chandelier in the background.

# FINANCIAL UPDATE

## SCANDIC REVPAR DEVELOPMENT IN Q4

% change in local currencies	RevPAR Q4	RevPAR LFL Q4	RevPAR 2018	RevPAR LFL 2018
Sweden	1.6	0.0	1.3	-0.3
Norway	0.0	0.2	1.2	1.6
Finland	-12.9	5.2	-14.2	4.6
Denmark	-0.2	-0.3	-1.7	-1.0
Germany	11.2	13.5	5.8	8.0
<b>Total</b>	<b>-1.3</b>	<b>1.3</b>	<b>-2.4</b>	<b>1.1</b>

- Positive like-for-like RevPAR growth in Finland and Germany
- Relatively stable in Sweden, Norway and Denmark



## SALES GROWTH FROM NEW HOTELS AND FX

	Oct-Dec 2018	Oct-Dec 2017	%	Jan-Dec 2018	Jan-Dec 2017	%
Net sales	4,595	3,743	22.8%	18,007	14,582	23.5%
FX	115		3.1%	416		2.8%
Acquisitions	554		14.8%	2,148		14.7%
<b>Organic growth</b>	<b>183</b>		<b>4.9%</b>	<b>861</b>		<b>6.0%</b>
<i>New hotels</i>	<i>203</i>		<i>5.4%</i>	<i>897</i>		<i>6.2%</i>
<i>Exited hotels</i>	<i>-50</i>		<i>-1.3%</i>	<i>-205</i>		<i>-1.4%</i>
<i>Like-for like</i>	<i>30</i>		<i>0.8%</i>	<i>169</i>		<i>1.2%</i>

Q4 LFL sales growth per segment:

Sweden	0.4%
Norway	-0.2%
Finland	3.7%
Other Europe	1.6%

## EBITDA BRIDGE

MSEK	Oct-Dec 2018	Oct-Dec 2017	Jan-Dec 2018	Jan-Dec 2017
EBITDA	494	282	1,853	1,477
Effect of finance leases, fixed and rental charges	-33	0	-129	0
Pre-opening costs	3	19	92	67
Items affecting comparability	23	35	141	30
Adjusted EBITDA	487	336	1,957	1,573

- 11 of Restel's fixed and guaranteed leases are treated as finance lease in the accounts
- Limited pre-opening costs in Q4
- Items affecting comparability mainly explained by Restel integration

## Q4 ADJUSTED EBITDA GROWTH DRIVEN BY RESTEL AND SWEDEN

Oct-Dec MSEK	Net sales		Adjusted EBITDA		Adjusted EBITDA, %	
	2018	2017	2018	2017	2018	2017
Sweden	1,621	1,579	244	206	15.1	13.0
Norway	1,260	1,146	100	113	7.9	9.9
Finland	1,084	495	186	92	17.2	18.6
Other Europe	630	523	76	65	12.1	12.4
Central costs & group adjustments	-	-	-119	-140	-	-
<b>Group</b>	<b>4,595</b>	<b>3,743</b>	<b>487</b>	<b>336</b>	<b>10.6</b>	<b>9.0</b>

Jan-Dec MSEK	Net sales		Adjusted EBITDA		Adjusted EBITDA, %	
	2018	2017	2018	2017	2018	2017
Sweden	6,275	5,977	910	878	14.5	14.7
Norway	5,116	4,586	502	490	9.8	10.7
Finland	4,168	1,915	590	339	14.2	17.7
Other Europe	2,448	2,104	304	267	12.4	12.7
Central costs & group adjustments	-	-	-349	-401	-	-
<b>Group</b>	<b>18,007</b>	<b>14,582</b>	<b>1,957</b>	<b>1,573</b>	<b>10.9</b>	<b>10.8</b>

- Adjusted EBITDA growth in Q4 driven by improved margin in Sweden, contribution from Restel and lower central costs
- The adjusted EBITDA margin in Finland excluding Restel improved slightly in Q4



## UNDERLYING EPS GROWTH

SEK	January-December		
	2018	2017	Change %
EPS	6.54	6.86	-4.7
Finance lease	-0.21	0.00	
FX revaluation of loans	0.01	-0.18	
Adjusted EPS	6.74	7.04	
Items affecting comparability	-1.07	-0.23	
<b>Underlying EPS</b>	<b>7.81</b>	<b>7.27</b>	<b>7.4</b>
Restel operation	0.34	0.00	

- Underlying EPS improved by 7% in 2018

## ESTIMATED IFRS 16 EFFECT ON ACCOUNTS FOR 2019

MSEK	
Effect on EBITDA	3,150
Depreciations	-2,300
Total effect of finance lease accounting on EBIT	850
Financial expenses	-1,100
Total effect of finance lease accounting on EBT	-250
Tax	50
Total effect of finance lease accounting on Profit/Loss	-200

- Estimated increase in tangible fixed assets of 24.8 BSEK and finance lease liabilities of 26.6 BSEK
- Net effect on equity is estimated to be -1.4 BSEK
- The negative impact on net results from the current lease portfolio will gradually diminish over time
- Effects from finance lease will not affect the dividend payout

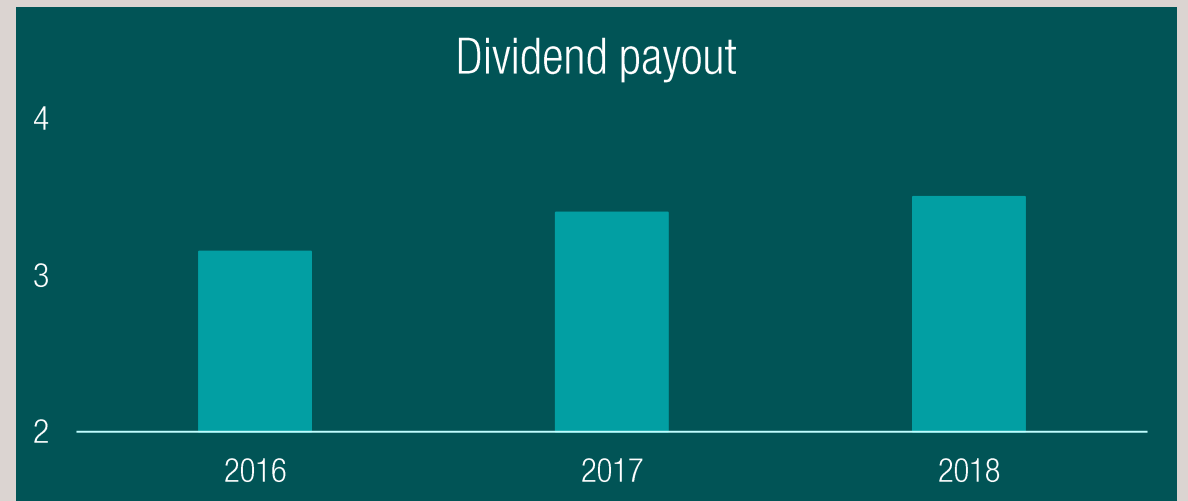
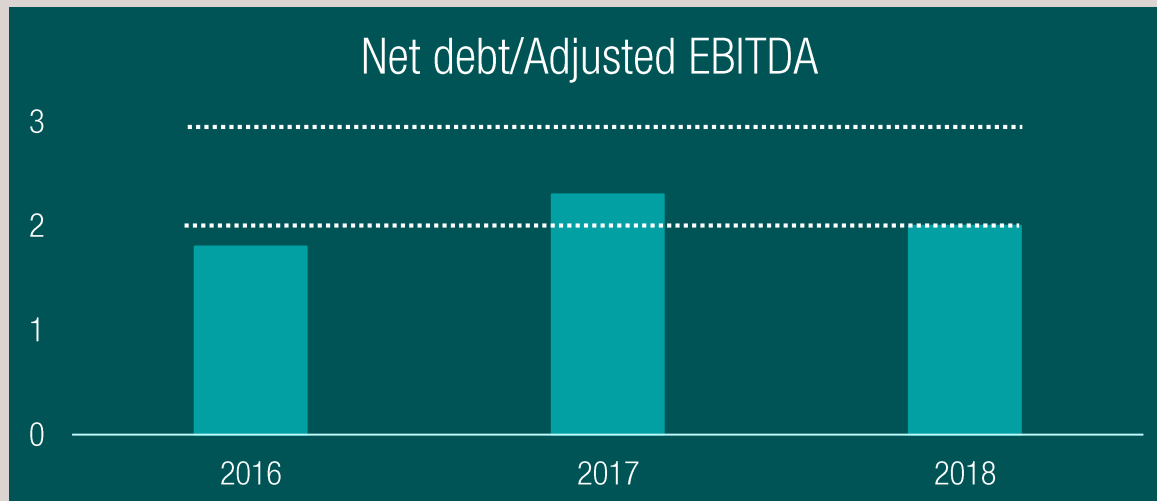
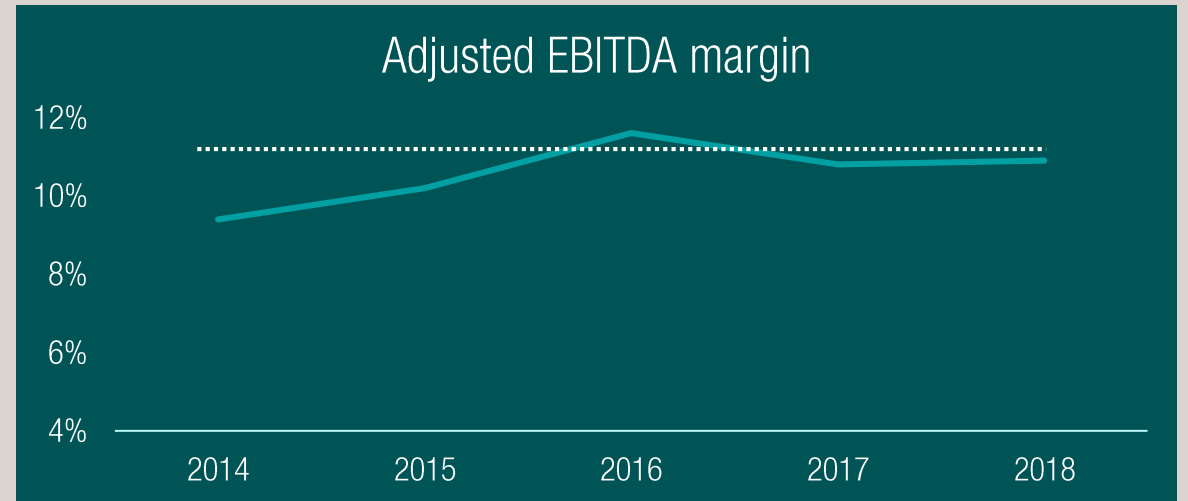
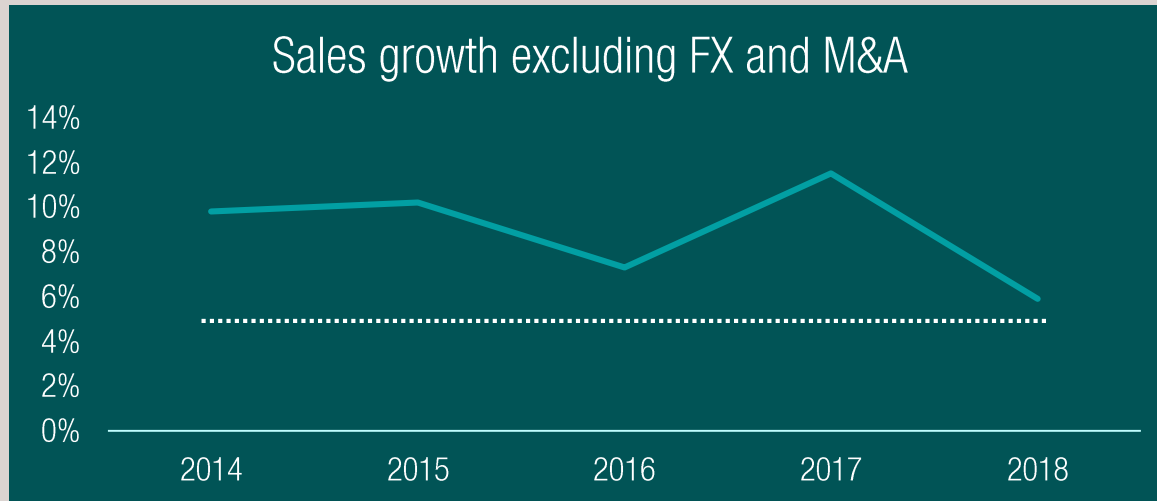
## NET DEBT/ADJUSTED EBITDA 2.0 AT YEAR-END

	Jan-Dec 2018	Jan-Dec 2017
Adjusted EBITDA	1,957	1,574
Pre-opening costs	-92	-67
Non-recurring items	-141	-30
Adjustments for items not included in cash flow	-1	-5
Paid tax	-174	-125
Changes in working capital	45	196
Capex	-1,216	-964
<b>Operating cash flow before acquisitions/disposals</b>	<b>378</b>	<b>580</b>
Acquisitions/disposals	-38	-1,129
<b>Operating cash flow</b>	<b>340</b>	<b>-549</b>
<b>Net debt</b>	<b>3,837</b>	<b>3,629</b>
<b>Net debt/Adjusted EBITDA</b>	<b>2.0</b>	<b>2.3x</b>

- Restel transaction and integration affected cash flow negatively by around 220 MSEK in 2018
- Currency effects – 60 MSEK
- Payment of Finnish taxes – 100 MSEK
- Several openings and high investment activity in 2018
- Maintenance capex 708 MSEK (618)



## FINANCIAL TARGETS VS OUTCOME



Dividend for 2018: Board proposal

## JENS MATHIESEN NEW PRESIDENT AND CEO

- On January 17 the Board of Directors resolved to appoint Jens Mathiesen as the new President and CEO
- Jens Mathiesen held the position as Managing Director Scandic Denmark since 2008



## CONCLUDING REMARKS

### Strengths

- Market position and geographical coverage in Nordics
- Operational model
- Variable lease model and relationship with landlords
- Pipeline for 2019-2021
- Corporate customer base

### Focus areas

- Margins and internal efficiency
- Portfolio management
- Restel synergies
- Leisure and non-Nordic customers
- Explore growth opportunities



A man and a woman are seated at a dark, reflective table in what appears to be a cafe or restaurant. The man, on the left, has a beard and is wearing a blue denim shirt. He is looking down at a white cup of coffee on a saucer. The woman, on the right, has long blonde hair and is wearing a dark blue long-sleeved top with a small embroidered design. She is smiling and looking towards the man. On the table, there are two white cups of coffee, a glass of water, a plate with a croissant, and a small vase with dried flowers. The background is dark and out of focus.

Q&A