Scandic

The largest Nordic hotel operator

Year-End Report 2015

STRONG FINANCIAL RESULTS FOR SCANDIC

FOURTH QUARTER IN SUMMARY

- RevPAR grew 3.5%. LFL, RevPAR increased 7.5% as a result of higher occupancy and average room rates.
- Net sales increased by 1.1% to 3,084.7 MSEK (3,051.2). Adjusted for exchange rate fluctuations, net sales rose 3.5%.
- Net sales LFL went up 6.3% mainly due to higher occupancy.
- Adjusted EBITDA rose to 331.6 MSEK (290.4), corresponding to a margin of 10.7% (9.5%). The margin improvement resulted from higher revenues LFL and efficiency gains from the integration of the former Rica hotels.
- Earnings per share before and after dilution totaled 0.23 SEK (-4.14).
- The Scandic share was listed on Nasdaq Stockholm's Nordic Mid Cap list on December 2, 2015.
- In accordance with what was communicated earlier in the company's prospectus, no dividend is proposed for the financial year 2015.

PERIOD JANUARY – DECEMBER IN SUMMARY

- RevPAR went up 4.9%. LFL, RevPAR increased 7.5% by higher occupancy and average room rates.
- Net sales increased by 12.6% to 12,192.7 MSEK (10,825.9).
- Net sales LFL grew 7.3% due to higher occupancy.
- Adjusted EBITDA increased to 1,246.4 MSEK (1,019.3) corresponding to a margin of 10.2% (9.4%). The margin improvement was a result of higher revenues LFL and efficiency gains from the integration of the former Rica hotels.
- At the end of the year, there were 40,920 rooms in operation at 221 hotels, 188 of which have lease agreements.
- Earnings per share before and after dilution totaled 1.43 SEK (-5.36).
- Net debt on the reporting date totaled 3,355.5 MSEK, corresponding to 2.7x adjusted EBITDA.

FRANK FISKERS, PRESIDENT & CEO COMMENTS

"2015 was a year of strong financial performance for Scandic, which confirms the high momentum in the Group. RevPAR developed very positively and LFL net sales was strong. In addition the efficiency gains from the integration of the Rica hotels contributed to improved margins."

GROUP KEY RATIOS

MSEK	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Financial key ratios				
Net sales	3,084.7	3,051.2	12,192.7	10,825.9
Net sales growth, %	1.1	48.2	12.6	37.4
Net sales growth LFL, %	6.3	6.3	7.3	4.5
Adjusted EBITDAR	1,105.2	1,057.9	4,406.2	3,826.1
Adjusted EBITDA	331.6	290.4	1,246.4	1,019.3
Adjusted EBITDA margin, %	10.7	9.5	10.2	9.4
EBITDA	270.3	99.7	1,114.4	685.8
EBIT (Operating profit/loss)	152.9	-18.2	612.6	210.9
Hotel related key ratios				
RevPAR (Average Revenue Per Available Room), SEK	576.3	557.1	601.3	573.5
ARR (Average Room Rate), SEK	942.6	957.8	933.9	927.4
OCC (Occupancy), %	61.1	58.2	64.4	61.8

YEAR-END REPORT 2015 FOR SCANDIC HOTELS GROUP AB (PUBL.). THE INFORMATION IN THIS YEAR-END REPORT IS SUCH THAT SCANDIC IS REQUIRED TO DISCLOSE IN ACCORDANCE WITH THE SECURITIES MARKET ACT. SUBMITTED FOR PUBLICATION AT FEBRUARY 23, 2016, 07.30 CET.

CEO’s comments

Strong revenue growth in 2015
Scandic’s solid revenue growth in 2015 confirms the high momentum in the Group. RevPAR developed positively during the year partly as a result of good market growth in the Nordic region, but it is also clear that our strategies are working and continuing to result in commercial success. After an unusually strong summer period, demand remained high in the fourth quarter. The Norwegian hotel market, however, continued to be polarized and lower demand from the oil industry, mainly in Stavanger and to some extent in Bergen, had a negative effect on the quarter’s RevPAR. Revenue for the quarter was impacted negatively by exchange rate fluctuations from the weakened Norwegian krone. Efficiency gains from the Rica Hotels acquisition contributed to the margin improvement during the quarter. Significant non-recurring items related to our initial public offering had a negative impact on results during the quarter. In 2016, we expect further operational and commercial synergies from the acquisition of Rica Hotels that will be fully realized in 2017.

Strategic investments in our customer offering and hotel portfolio
We invest continually in our offering and portfolio and during 2016, we will open two signature hotels in Stockholm and launch a new digital platform to reinforce our dialogue with customers and strengthen our e-commerce. Today, we have a high-quality hotel portfolio thanks to a long-term development plan and in 2015, we invested nearly 600 MSEK in our portfolio. We have also been successful in building a high-quality pipeline of new hotel projects. We have the prerequisites for achieving our ambition to grow by opening 2-4 hotels per year in the Nordic countries, at the same time as we intend to advance our position in Germany through continued selective growth at attractive locations in big cities.

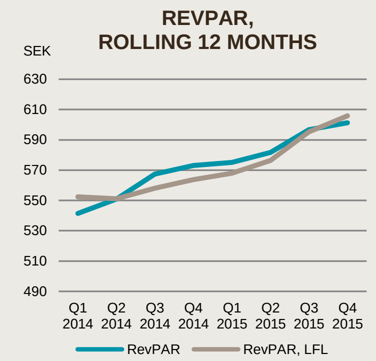
Renewed long-term strategy for continued profitable growth
Scandic is entering 2016 with good momentum and a partially renewed long-term strategy that reflects the developments taking place in customer behavior and digitization in the industry. It is based on this strategy that we will continue to develop our brand and concept, and through a high level of service across the company, we will exceed customer expectations going forward.

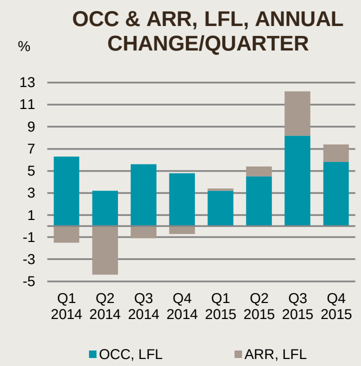
Favorable market conditions in 2016
The current macroeconomic situation in the Nordic countries is favorable for our industry and statistics show that the Nordic region is continuing to grow as a tourist and meeting destination, which will increase demand for hotel nights. There are concerns about the development of the Norwegian economy and at the same time, the weakened Norwegian krone is expected to impact leisure travel positively. With this in mind, we believe that market conditions in the hotel industry will remain favorable in 2016.

Today, Scandic is the Nordic region's largest hotel operator with a popular offering, a well-invested hotel portfolio and a powerful geographical network. Our existing hotels and pipeline of new hotels under development is a solid foundation for growth going forward. We welcome our new shareholders to Scandic and look forward to an exciting 2016!

Frank Fiskers, President & CEO

“After an unusally strong summer period, demand remained high in the fourth quarter.”

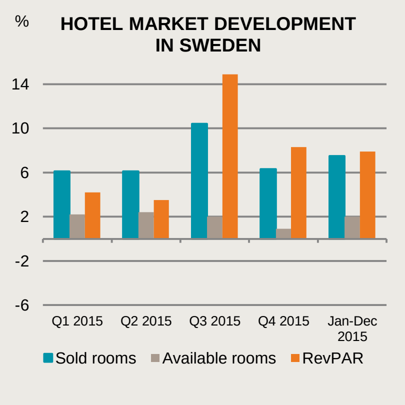


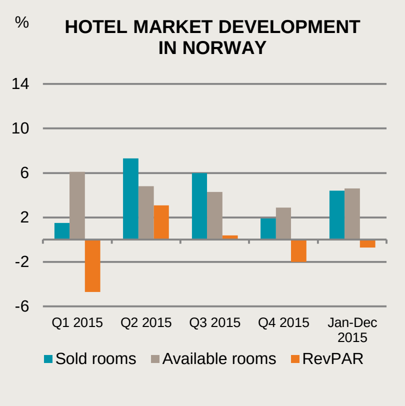


NORDIC HOTEL MARKET DEVELOPMENT

Demand for hotel nights in the Nordic markets was high during the quarter. In Sweden, the number of rooms sold increased by 6.3%. The impact of new capacity was lower than in previous quarters and RevPAR in the Swedish market rose by 8.3% as a result of both higher occupancy and average room rates. In Norway, the number of rooms sold went up by 1.9%, however higher room capacity led to a 2.0% decrease in RevPAR in the Norwegian market. The decrease in RevPAR at destinations dependent on the oil industry continued during the quarter, while the Oslo region continued to show strong RevPAR growth. During the quarter, RevPAR increased by 6.6% in the Finnish market and by 12.3% in the Danish market.

In 2015 as a whole, RevPAR in the Swedish market went up 7.9% due to increased occupancy and higher average room rates. In Norway, higher capacity combined with reduced activity in the oil industry had a dampening effect on occupancy and room rates, and RevPAR in the Norwegian market dropped by 0.7%. RevPAR in the Finnish market increased by 3.2% driven by higher occupancy mainly during the summer months and the fourth quarter. In the Danish market, RevPAR went up by 9.3%, driven by volume and prices.
(Source: Benchmarking Alliance & STR Global.)





SEASONAL VARIATIONS

Scandic operates in a sector affected by seasonal variations. Revenues and earnings fluctuate during the year. The first quarter and other periods with low levels of business travel such as the summer months, Easter and Christmas/ New Year's are generally the weakest periods. In 2016, Easter falls during the first quarter. When making comparisons, this needs to be taken into consideration since in 2015, the Easter holiday fell in both first and second quarters. Approximately 70% of Scandic's revenues come from business travel and conferences, while the remaining 30% is from leisure travel.

Demand for hotel nights was high in the Nordics during the quarter.

HOTEL PORTFOLIO

At the end of the period, Scandic had 40,920 rooms in operation at 221 hotels, of which 188 had lease agreements.

During the quarter, Sergel Plaza went from being one of Scandic's franchise hotels to being operated under a lease agreement. The hotel, however, will be closed during 2016 for a complete renovation until the beginning of 2017 when it will reopen with 403 rooms. Scandic Kungsgatan was also closed during the quarter to be included in the rebuilding of Haymarket by Scandic that will open in May 2016. On October 1, Scandic sold its 50% stake in Scandic Dyreparken Hotels AS to Dyreparken Utvikling AS. The purchase price was 16.0 MNOK. Going forward, the hotel will operate as a franchise hotel under the Scandic brand. Scandic's hotel in Antwerp, Belgium was divested in November when Scandic chose not to extend the lease agreement.

The strategic renovation program that started in 2012 together with the property company Pandox, which involves upgrading some 40 hotels in Sweden, Norway and Finland to a high, uniform and cost-efficient standard, was completed by the end of the year. The hotels that have been renovated have shown good profitability development.

At the end of the year, there were 2,992 rooms under development at nine hotels. To ensure continued growth, Scandic maintains an active dialog with property owners regarding projects for new hotels as well as takeovers of existing hotels and at the same time the existing hotel portfolio is refined through extensions and renovations.

FINANCIAL TARGETS

Scandic has adopted the following medium- and long-term financial targets:

- Annual net sales growth of at least 5 percent on average over a business cycle, excluding potential M&A.
- An adjusted EBITDA margin of at least 11 percent on average over a business cycle.
- A net debt in relation to adjusted EBITDA of 2-3x.

Results for the quarter

FOURTH QUARTER 2015
GROWTH REVPAR AND NET SALES COMPARED WITH 2014

	Oct-Dec 2015				Jan-Dec 2015			
	RevPAR (SEK)	RevPAR (%)	Net sales (MSEK)	Net sales (%)	RevPAR (SEK)	RevPAR (%)	Net sales (MSEK)	Net sales (%)
Growth LFL	41,6	7,5	139,0	6,3	42,1	7,5	612,2	7,3
LFL contribution to growth	41,6	7,5	139,0	4,6	42,1	7,3	612,2	5,7
Exchange rate impact	-14,4	-2,6	-74,0	-2,4	-1,6	-0,3	-43,1	-0,4
Exit hotels	3,3	0,6	-70,8	-2,3	-7,5	-1,3	-177,5	-1,6
New hotels	-11,3	-2,0	39,3	1,3	-5,2	-0,9	975,1	9,0
Reported growth	19,2	3,5	33,6	1,1	27,9	4,9	1 366,7	12,6

**Growth LFL = LFL-portfolio growth. LFL contribution to growth = LFL portfolio change in RevPAR and Net Sales in relation to the total portfolio.*

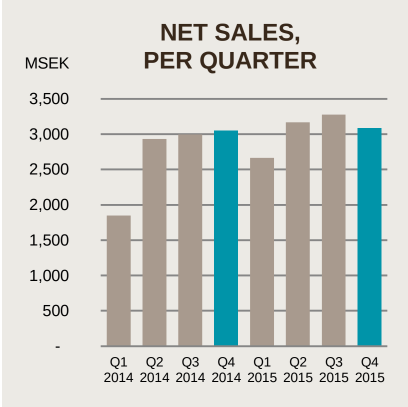
Net sales rose by 1.1% till 3,084.7 MSEK (3,051.2). Adjusted for exchange rate fluctuations, where the weakened Norwegian krone had a negative impact, net sales increased by 3.5%. LFL, net sales went up 6.3% driven by an increase in the number of rooms sold, higher room rates and greater demand within restaurant and conference operations. New hotels including Rica Hotels, the three franchise hotels in Bergen acquired in February 2015 and hotels that were opened in 2014 and 2015 contributed to revenue growth of 1.3%, while hotels that were divested had a negative impact of 2.3%. The market showed uneven development with positive growth mainly in Sweden, Denmark and the Oslo region but a continued decline in demand and room rates at Norwegian oil destinations. RevPAR increased by 3.5%. LFL RevPAR went up 7.5% as a result of increased occupancy and higher average room rates. Exchange rate fluctuations and new hotels in the start-up phase had a negative impact on RevPAR.

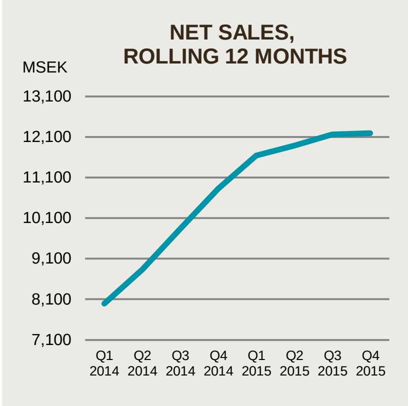
Revenues from restaurant and conference operations decreased by 3.4% due to exchange rate fluctuations and lower demand at oil destinations in Norway. In the other countries, higher guest volumes and a strong demand for Christmas lunches and dinners contributed to higher breakfast and restaurant revenues. The share of net sales from restaurant and conference revenues was 37.4% (39.2%).

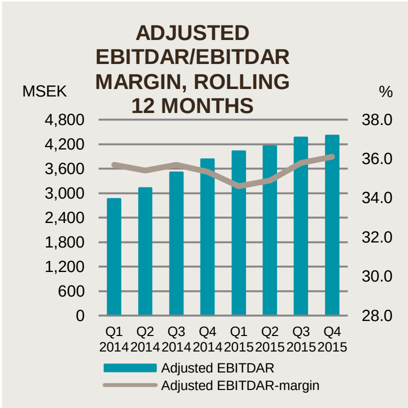
Rental costs amounted to 25.1% (25.2%) of net sales, while fixed and guaranteed rental costs corresponded to 16.9% (17.0%).

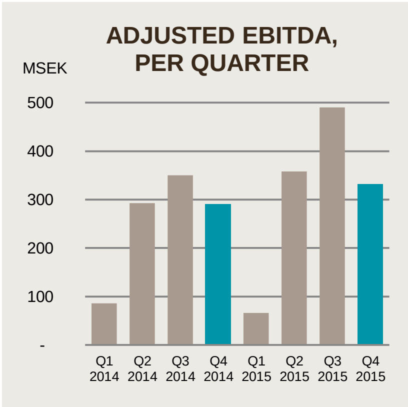
Adjusted EBITDA before opening costs for new hotels and non-recurring items increased to 331.6 MSEK (290.4) corresponding to a margin of 10.7% (9.5%). The margin improvement is attributable to increased revenues and efficiency gains from the integration of the former Rica hotels.

Pre-opening costs for new hotels amounted to -15.6 MSEK (-14.3). Non-recurring items amounted to -45.7 MSEK (-176.3). These include costs related to the integration of Rica Hotels of -8.6 MSEK (-133.7), costs for IPO preparations of -30.8 MSEK (-23.4) and costs for restructuring and other items of -6.3 MSEK (-19.2). Additional non-recurring expenses related to the IPO of -55.3 MSEK were accounted for in equity. EBITDA increased to 270.3 MSEK (99.7).

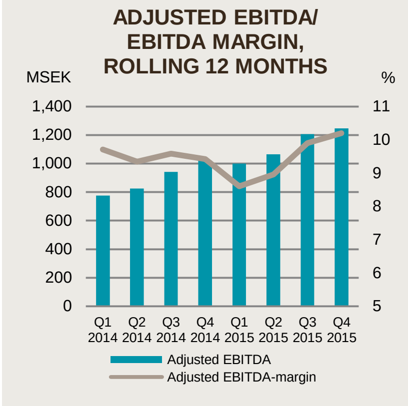








The Group reported a net financial expense of -134.3 MSEK (-375.2). This includes exchange rate differences related to the revaluation of loans and investments of -29.3 MSEK (-256.7). Interest expenses decreased to -100.8 MSEK (-115.3) and include non-recurring items of -10.3 MSEK related to the amortization of a mezzanine loan. The company's senior credit facility was renegotiated and extended during the third quarter 2015. After the stock market listing in December 2015, the terms of the loan improved resulting in lower interest expenses. For these renegotiated loans, hedge accounting is applied. In conjunction with the stock exchange listing, a shareholder loan was converted into equity, which contributed to lower interest expenses from December 2015.



JANUARY – DECEMBER 2015

Net sales rose by 12.6% to 12,192.7 MSEK (10,825.9). Excluding acquisitions net sales rose by 10.4%. LFL, net sales rose by 7.3% due to an increased number of hotel nights sold, higher room rates and greater demand within restaurant and conference operations. New hotels, including Rica Hotels that was consolidated from April 1, 2014, three hotels in Bergen acquired in February 2015, six new hotels that opened in 2014 and HTL Upplandsgatan, Stockholm, which opened in September 2015, together contributed to a revenue increase of 9.0%. Hotels that were divested had a negative impact on growth of 1.6%. In addition, exchange rate effects caused by the weakened Norwegian krone had a negative impact on revenue of 0.4%.

12.6%
(7.3% LFL)
increase in net sales in the Group

RevPAR grew by 4.9% (7.5% LFL) with positive growth LFL in all countries and we estimate that Scandic grew more than the market. Strong demand within the leisure travel segment during the summer, large conferences during the second and third quarters, and strong demand in Sweden and Denmark in the fourth quarter led to market growth. This, together with Scandic's commercial activities, expanded distribution agreements and newly renovated hotels, contributed to increased occupancy. Strong demand, primarily in the last six months, resulted in higher average room rates compared with the previous year. In Norway, however, lower levels of activity within the Norwegian oil sector led to a decrease in occupancy and average room rates at destinations dependent on the oil industry. Exchange rate fluctuations, hotels that were divested and new hotels in the start-up phase had a negative impact on RevPAR.

4.9%
(7.5% LFL)
Group RevPAR growth

Restaurant and conference revenues grew by 10.9% as a result of large new conference hotels. Also LFL restaurant and conference operations showed continued positive development. The newly renovated conference hotels that were part of the strategic renovation program carried out with Pandox contributed significantly to revenue growth. The share of net sales from restaurant and conference revenues was 33.4% (33.9%).

Rental costs accounted for 25.9% (25.9%) of net sales. Fixed and guaranteed rental costs represented 17.2% (16.8%) of net sales. The increase is as a result of the new hotels that were added to the portfolio.

Q4

Adjusted EBITDA before opening costs for new hotels and non-recurring items increased to 1,246.4 MSEK (1.019.3), as a result of higher revenue and efficiency gains from the integration of the former Rica Hotels. The adjusted EBITDA margin was 10.2% (9.4%). If Rica Hotels had been consolidated from February 1, 2014, the adjusted EBITDA margin for the previous year would have been 8.9%.

Pre-opening costs for new hotels totaled -27.9 MSEK (-67.9). Non-recurring items amounted to -104.1 MSEK (-265.7). These include costs related to the integration of Rica Hotels of -52.0 MSEK (-202.4), costs in connection with the IPO of -39.3 MSEK (-28.3) and costs for restructuring and other items of -12.8 MSEK (-35.0). Additional costs for non-recurring items of 55.3 MSEK related to the IPO were accounted for in equity. EBITDA increased to 1.114.4 MSEK (685.8).

The Group reported a net financial expense of -497.3 MSEK (-713.9). This includes exchange rate fluctuations from the revaluation of loans and investments of -8.8 MESK (-280.5). Interest expenses increased to -476.8 MSEK (-442.3) as a result of increased borrowing to finance the acquisition of Rica Hotels in 2014 and include non-recurring expenses of -10.3 MSEK (-22.4) from loan refinancing and repayment. The revaluation of derivatives had a negative impact on the net financial expense of -14.4 MSEK (+1.5).

Reported taxes include deferred tax income of 27.3 MSEK related to taxes on losses carried-forward. Total losses carried forward amounted to 1,660.9 MSEK at year-end and recognized deferred tax assets totaled 369.8 MSEK.

2.7x
Net debt/ Adjusted EBITDA

Refinancing of the debt portfolio leads to lower interest expenses

COMMENTS TO THE BALANCE SHEET

The balance sheet total on the reporting date was 12,899.9 MSEK compared with 13,456.3 MSEK on December 31, 2014, with the decrease mainly due to exchange rate fluctuations caused by the weakened Norwegian krone. In connection with Scandic's public listing on the Nasdaq Stockholm Stock Exchange, the group's debt portfolio was refinanced. Interest-bearing net debt decreased from 6,073.1 MSEK on December 31, 2014 to 3,355.5 MSEK on December 31, 2015, due to the repayment of the mezzanine loan of 1,551.2 MSEK and the conversion of a shareholder loan of 1,036.4 MSEK to equity through a shareholders' contribution. Net debt on December 31, 2015 corresponds to 2.7 times adjusted EBITDA. Of the interest-bearing liabilities of 3,603.0 MSEK, loans to credit institutions account for 3,599.7 MSEK and financial leasing represents 3.3 MSEK.

A bonus issue of 19.9 MSEK was carried out without any new shares issued. The gross proceeds from the share issue in connection with the public listing totaled 1,540.0 MSEK. After deductions for transaction costs of 49.0 MSEK after tax, the share issue increased equity by 1,491.0 MSEK. The number of shares and votes has increased by 22,985,075 since the first day of trading on Nasdaq Stockholm. On December 31, 2015, the total number of shares and votes was 102,985,075. On December 31, 2015, total equity was 6,204.5 MSEK compared with 3,613.9 MSEK on December 31, 2014.

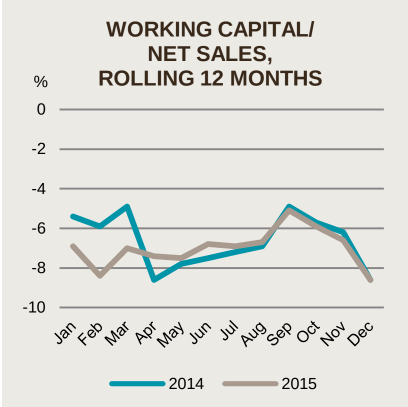
CASH FLOW AND LIQUIDITY

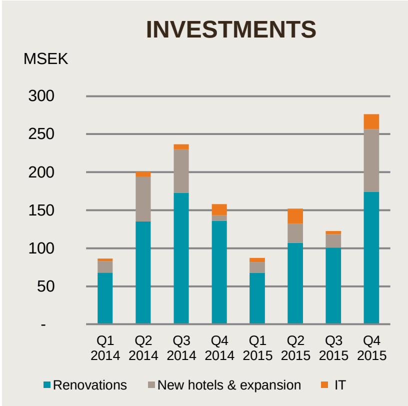
Operating cash flow amounted to 401.0 MSEK (-1,596.5), of which -162,4 MSEK refers to the acquisition of the three hotels in Bergen. Excluding acquisitions, operating cash flow was 563.4 MSEK (106.7). Working capital was negative since most of the revenue derives from payments made via bank and credit cards. Working capital at the end of the period in relation to net sales from the last 12 months was -8.6% (-8.4%).

Net investments during the period amounted to -622.8 MSEK (-682.9), including proceeds from the sale of shares in Scandic Dyreparken Hotel AS of 15.9 MSEK. Of the remaining -638.7 MSEK, hotel renovations accounted for -456.6 MSEK (-511.7) and IT for -43.0 MSEK (-32.8). Investments in new hotels and increased room capacity totaled -139.1 MSEK (-124.7).

Cash flow from financing operations during the period totaled -860.9 MSEK (1,254.3), with the decrease attributable to last year's utilization of existing credit facilities of 772.7 MSEK as well as the period's net amortization of -2,058.5 MSEK, increased non-recurring expenses for refinancing of -47.6 MSEK and increased interest payments of -27.9 MSEK. The share issue resulted in net proceeds of 1,516.9 MSEK after issuing costs.

At the end of the fourth quarter, the Group had 247.5 MSEK (716.4) in cash and cash equivalents. Unused credit facilities totaled 600.0 MSEK (122.0).



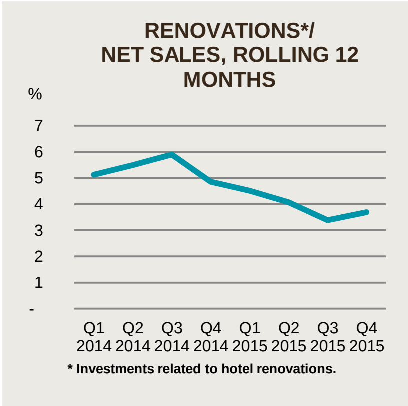


EMPLOYEES

The number of full-time employees (FTEs) increased to 10,505 (9,853) for the period, mainly due to the acquisition of the hotels in Bergen as well as an increase in business volumes in the Swedish operations. The average number of employees in the Group was 9,887 on December 31, 2015.

INTEGRATION OF RICA HOTELS

All hotels with lease agreements were rebranded as Scandic hotels and integrated into Scandic's operations in 2014. During the first quarter 2015, Norwegian franchise hotels were also rebranded and integrated into Scandic's operations. Hotels with partner agreements were integrated in Scandic's distribution system, but continue to operate under their own brands. Together with purchasing synergies, the combination of the Swedish and Norwegian head offices during the third quarter of 2014 has led to annual savings of circa 80 MSEK that were fully realized by the reporting date. The implementation of Scandic's system for revenue optimizing and distribution as well as the operational model for operations and steering has started to contribute to increased efficiency and higher margins in hotel operations. The strength of Scandic's brand and distribution has yielded results in the form of a higher share of room revenues from loyalty program and an increase in reservations made via Scandic's website for the former Rica hotels. Guests have responded positively to the rebranding and the guest satisfaction index shows a positive trend. The annual EBITDA contribution from sales and cost synergies as well as efficiency measures is expected to total 100-140 MSEK with full effect in 2017, of which circa one-third was realized in 2015. Non-recurring expenses related to rebranding, IT integration and combining headquarters totaled 221 MSEK. Of this, 169 MSEK was charged to the company's results as non-recurring items during 2014 and 52 MSEK during 2015.



Scandic

Q4

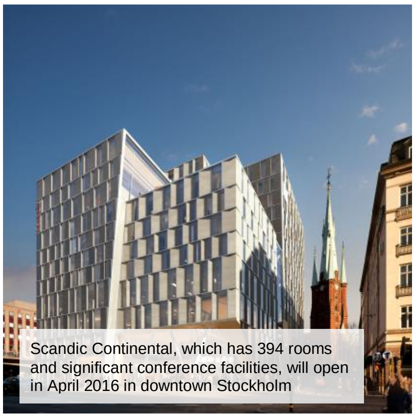
Comments per segment, fourth quarter

SWEDEN

MSEK	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Net sales	1,307.8	1,218.5	4,969.3	4,474.8
Net sales growth, %	7.3	14.6	11.0	10.2
Net sales growth LFL, %	8.1	7.1	9.7	4.0
Adjusted EBITDA	231.5	206.8	816.7	682.5
Adjusted EBITDA margin, %	17.7	16.9	16.4	15.3
RevPAR, SEK	647.0	595.4	643.0	588.4
ARR, SEK	992.6	971.0	956.2	932.5
OCC, %	65.2	61.3	67.2	63.1

Net sales increased during the quarter by 7.3% (8.1% LFL) to 1,307.8 MSEK (1,218.5), mainly as a result of higher demand for rooms as well as restaurant and conference facilities. Higher sales of Christmas lunches and dinners during November and December contributed to the increase in restaurant revenues. RevPAR went up by 8.7% (8.3 LFL) mainly due to higher occupancy, although greater demand during the quarter also led to higher room rates. Scandic Kungsgatan in Stockholm closed in November 2015 for renovations and will open again in May 2016 as Haymarket by Scandic.

Adjusted EBITDA and the adjusted EBITDA margin improved compared with 2014 due to growth in revenues. The abolishment of reduced social security contributions for employees under 26 in what is know as the “youth discount” led to an increase in personell expenses of approximately 8 MSEK during the quarter compared with the previous year. For 2016, the effect is expected to be approximately 29 MSEK for the entire year.



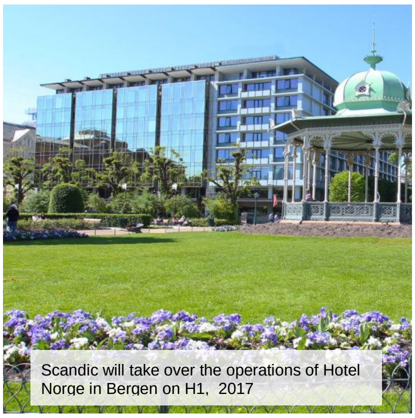
Scandic Continental, which has 394 rooms and significant conference facilities, will open in April 2016 in downtown Stockholm

7.3%
(8.1% LFL)
Net sales growth in Sweden

NORWAY

MSEK	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Net sales	863.8	995.9	3,679.9	3,181.4
Net sales growth, %	-13.3	277.1	15.7	213.6
Net sales growth LFL, %	-2.0	1.3	1.3	2.2
Adjusted EBITDA	84.9	70.1	327.9	274.0
Adjusted EBITDA margin, %	9.8	7.0	8.9	8.6
RevPAR, SEK	483.5	534.7	552.9	585.7
ARR, SEK	933.6	1,051.5	957.4	1,025.4
OCC, %	51.8	50.9	57.8	57.1

Net sales went down by 13.3% (-2.0% LFL) during the quarter to 863.8 MSEK (995.9). The continued weak Norwegian krone had a negative effect of 10.9% on net sales and hotels that were divested (Grand Hotel, Oslo) had a negative effect of 7.0% while the three hotels acquired in Bergen increased net sales by 4.8%. For the rest of the portfolio, net sales went down by 0.2%. The Norwegian market showed uneven development with continued low demand and room rates at destinations dependent on the oil industry, while growth in the Oslo region continued to be high. RevPAR went down by 9.6% due to exchange rate fluctuations. At constant currencies, RevPAR decreased by 0.1% but increased LFL by 1.5% mainly as a result of higher occupancy. Scandic continues to gain market shares as an effect of successful commercial activities. Despite lower revenues, adjusted EBITDA and the adjusted EBITDA margin grew compared with the previous year as a result of improved efficiency and the integration of former Rica hotels where the implementation of Scandic’s operational model led to a more flexible cost base and lower personnel expenses.



Scandic will take over the operations of Hotel Norge in Bergen on H1, 2017

-13.3%
(-2.0% LFL)
decrease in Net sales in Norway

Q4

OTHER NORDIC COUNTRIES & OTHER SEGMENTS

MSEK	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Net sales	913.1	836.8	3,543.5	3,169.7
Net sales growth, %	9.1	14.5	11.8	12.9
Net sales growth LFL, %	6.6	6.9	6.1	6.5
Adjusted EBITDA	111.1	78.7	404.6	311.2
Adjusted EBITDA margin, %	12.2	9.4	11.4	9.8
RevPAR, SEK	573.5	526.3	593.4	542.8
ARR, SEK	882.5	862.7	883.3	848.4
OCC, %	65.0	61.0	67.2	64.0

Net sales increased by 9.1% (6.6% LFL) to 913.1 MSEK (836.8). RevPAR grew by 9.0% (8.1% LFL) driven by both volume and rate. Demand continued to be high in Denmark and Germany during the quarter and in Finland, the Junior Hockey Championship in December helped boost room and restaurant revenues. Scandic in Finland also showed positive growth driven by focused sales activities, expanded distribution agreements and newly renovated hotels.

Scandic's three hotels in Germany showed good revenue growth and improved margins and shared support functions between the two hotels in Berlin led to lower costs. In November, Scandic divested its hotel in Antwerp, Belgium when Scandic chose not to extend the lease agreement.

Adjusted EBITDA and the adjusted EBITDA margin improved compared with the previous year, mainly as a result of higher revenues and cost synergies in Germany.

Scandic Palace in Copenhagen won the World Travel Awards again

Germany is continuing to show good growth with improved margins.

9.1%
(6.6% LFL)
growth in Net sales in Other Nordics

CENTRAL FUNCTIONS

Adjusted EBITDA for central functions amounted to -95.9 MSEK (-65.2) during the quarter of which central costs totaled -88.7 MSEK (-70.7) and Group adjustments for pension costs and the loyalty program -7.2 MSEK (+5.5).

For the period January – December, adjusted EBITDA for central functions amounted to -302.9 MSEK (-248.4), of which central costs totaled -287.6 MSEK (-251.1) and Group adjustments for pension costs and the loyalty program amounted to -15.3 MSEK (+2.7). Central costs were higher mainly due to higher IT costs from digital investments and strengthening of the Group's commercial organisation and Investor Relations.

EVENTS AFTER THE REPORTING DATE

Following the Rica acquisition, Scandic has a good network of hotels in Stavanger. Given this and current market conditions, Scandic has agreed with the property owner not to build the planned Stavanger Congress hotel.

DIVIDEND AND DIVIDEND POLICY

In accordance with the Board's dividend policy adopted on September 14, 2015, Scandic aims to distribute at least 50 percent of its net profit from the financial year 2016 onwards. The Board thus proposes to the AGM 2016 that no dividend be paid for financial year 2015.

The Annual General Meeting for Scandic Hotels Group AB (publ) will be held in Stockholm on May 12, 2016.

Scandic's Annual Report for 2015 will be available on the Group's website (www.scandichotelsgroup.com) on or around April 21, 2016.

PHONE CONFERENCE

The phone conference that will take place at 09.00 CET on February 23, 2016 with President & CEO Frank Fiskers and CFO Gunilla Rudebjer will be available at +46 8 5664 2695 (Sweden) or +44 20 3008 9810 (UK). Please call in 5 minutes before the start time. The conference will also be available at www.scandichotelsgroup.com.

FOR MORE INFORMATION

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FINANCIAL CALENDAR

2016-05-12	Interim Report Q1 2016 (silent period begins on April 13, 2016)
2016-05-12	Annual General Meeting 2016
2016-08-16	Interim Report Q2 2016 (silent period begins on July 17, 2016)
2016-11-08	Interim Report Q3 2016 (silent period begins on October 9, 2016)

SIGNIFICANT RISKS AND RISK FACTORS

Scandic operates in a sector where demand for hotel nights and conferences is influenced by the underlying economic development and purchasing power in the geographical markets in which Scandic does business, as well as in the markets from which there is a significant amount of travel to the Nordic countries. Additionally, profitability in the sector is impacted by changes in room capacity where establishing new hotels can initially lead to lower occupancy in the short term, but in the long term, greater room capacity can help stimulate interest in particular destinations for business and leisure travel, which can increase the number of hotel rooms sold.

Scandic's business model is based on lease agreements where approximately 90% of hotels (based on the number of rooms) have variable, revenue-based rents. This results in lower profit risks since revenue losses are partly compensated through reduced rental costs. Scandic's other costs also include a high share of variable costs where above all, staffing flexibility is important to be able to adapt cost levels to variations in demand. Together, this means that by having a flexible cost structure, Scandic can lessen the effects of seasonal and economic fluctuations.

The realization of sales and cost synergies and other benefits from the acquisition of Rica may be delayed or result in a lower amount than expected because of changes in the economy, market conditions or other factors within and beyond the control of the company. These may have a negative impact on the value of the investment and recognized goodwill. Further significant downturn in the Norwegian market, beyond to the assumptions made in the company's forecasts, may have a negative impact on the value of recognized goodwill related to Norwegian operations.

For a more detailed description of risks and risk factors, see the section on risk in Scandic's Annual Report 2014.

SENSITIVITY ANALYSIS

A change in RevPAR due to variable rental costs and variable costs will have an impact of approximately 40-60% on EBITDA. Based on Group results for 2015, and assuming that all other factors except RevPAR remain unchanged, Scandic assesses that an increase or decrease of 1 percent RevPAR will have an impact of approximately 30-50 MSEK on EBITDA on an annual basis, where the higher value relates to a change driven entirely by average room rate and the lower value refers to a change driven solely by occupancy.

The operations of Scandic's subsidiaries are mainly local, with revenues and expenses in domestic currencies, and the Group's internal sales are low. This means that currency exposure due to transactions is limited. Exchange rate fluctuations in the Group arise from the revaluation of Scandic's foreign subsidiaries' income statements and balance sheets to SEK. By currency, 42% of the Group's revenue during the period were in SEK, 30% in NOK and 28% in EUR and other currencies. The Group's external loans are denominated in SEK, NOK and EUR, which reduces currency exposure in foreign net assets.

Consolidated income statement

MSEK	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
INCOME				
Rooms revenue	1,888.5	1,817.2	7,869.1	6,939.2
Restaurant and conference revenue*	1,154.4	1,195.1	4,068.3	3,668.0
Franchise and management fees	8.0	11.2	35.1	44.0
Other hotel related revenue	33.8	27.6	220.2	174.7
Net sales	***3,084.7***	***3,051.2***	***12,192.7***	***10,825.9***
Other income	4.1	3.8	15.6	15.4
TOTAL OPERATING INCOME	**3,088.8**	**3,055.0**	**12,208.3**	**10,841.3**
OPERATING COSTS				
Raw materials and consumables	-288.6	-292.4	-1,180.5	-959.3
Other external costs	-690.3	-724.1	-2,667.6	-2,458.8
Personnel costs	-1,004.7	-980.6	-3,954.0	-3,597.1
Adjusted EBITDAR	**1,105.2**	**1,057.9**	**4,406.2**	**3,826.1**
Fixed and guaranteed rental charges	-521.0	-520.0	-2,091.3	-1,822.7
Variable rental charges	-252.6	-247.6	-1,068.5	-984.1
Adjusted EBITDA	**331.6**	**290.4**	**1,246.4**	**1,019.3**
Pre-opening costs	-15.6	-14.3	-27.9	-67.9
Non-recurring items	-45.7	-176.3	-104.1	-265.7
EBITDA	**270.3**	**99.7**	**1,114.4**	**685.8**
Depreciation and amortization	-117.4	-117.9	-501.8	-474.8
TOTAL OPERATING COSTS	**-2,935.9**	**-3,073.2**	**-11,595.7**	**-10,630.4**
Adjusted EBIT	214.2	172.4	744.6	544.5
EBIT (Operating profit/loss)	**152.9**	**-18.2**	**612.6**	**210.9**
Financial income	0.4	2.1	2.7	8.9
Financial expenses	-134.7	-377.3	-500.0	-722.8
Net financial items	**-134.3**	**-375.2**	**-497.3**	**-713.9**
EBT (Profit/loss before taxes)	**18.6**	**-393.4**	**115.3**	**-503.0**
Taxes	1.1	54.8	4.7	66.4
PROFIT/LOSS FOR PERIOD	**19.7**	**-338.6**	**120.0**	**-436.6**
Profit/loss for period relating to:				
Parent company shareholders	18.5	-339.0	116.6	-438.8
Non-controlling interest	1.2	0.4	3.4	2.3
Profit/loss for period	**19.7**	**-338.6**	**120.0**	**-436.6**
Average number of outstanding shares before dilution**	81,826,211	81,826,211	81,826,211	81,826,211
Average number of outstanding shares after dilution**	81,826,211	81,826,211	81,826,211	81,826,211
Earnings per share before dilution, SEK	**0.23**	**-4.14**	**1.43**	**-5.36**
Earnings per share after dilution, SEK	**0.23**	**-4.14**	**1.43**	**-5.36**
Adjusted EBITDAR margin, %	35.8	34.7	36.1	35.3
Adjusted EBITDA margin, %	10.7	9.5	10.2	9.4
EBITDA margin, %	8.8	3.3	9.1	6.3
Adjusted EBIT margin, %	6.9	5.7	6.1	5.0
EBIT margin, %	5.0	-0.6	5.0	1.9
Fixed and guaranteed rental charges, % of net sales	16.9	17.0	17.2	16.8
Variable rental charges, % of net sales	8.2	8.1	8.8	9.1
Total rental charges, % of net sales	25.1	25.2	25.9	25.9

**) Revenue from bars, restaurants, breakfasts and conferences including rental of premises.*

***) Average number of shares are recalculated due to the bonus issue, the split and share issue in December 2015, according to IAS 33*

Consolidated statement of comprehensive income

MSEK	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Profit/loss for period	19.7	-338.6	120.0	-436.6
Items that may be reclassified to the income statement	-75.5	54.1	-105.9	128.3
Items that may not be reclassified to the income statement	16.7	-2.2	73.2	-111.5
Other comprehensive income	**-58.8**	**51.9**	**-32.7**	**16.7**
Total comprehensive income for period	**-39.1**	**-286.7**	**87.3**	**-419.8**
Relating to:				
Parent company shareholders	-40.3	-287.1	83.9	-422.1
Non-controlling interest	1.2	0.4	3.4	2.3

Consolidated balance sheet, summary

MSEK	31 Dec 2015	31 Dec 2014
ASSETS		
Intangible assets	8,907.3	9,051.4
Tangible assets	2,637.8	2,513.1
Financial fixed assets	63.3	152.6
Total fixed assets	**11,608.4**	**11,717.1**
Current assets	1,044.0	1,022.8
Cash and cash equivalents	247.5	716.4
Total current assets	**1,291.5**	**1,739.2**
TOTAL ASSETS	**12,899.9**	**13,456.3**
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent company	6,176.7	3,586.6
Non-controlling interest	27.8	27.3
Total Equity	**6,204.5**	**3,613.9**
Interest-bearing liabilities	3,603.0	6,557.3
Other long-term liabilities	916.0	1,064.5
Total long-term liabilities	**4,519.0**	**7,621.8**
Liabilities to credit institutions	-	232.2
Derivative instruments	76.7	40.2
Other current liabilities	2,099.7	1,948.2
Total current liabilities	**2,176.4**	**2,220.6**
TOTAL EQUITY AND LIABILITIES	**12,899.9**	**13,456.3**
Equity per share, SEK	75.5	43.8
Working capital	-1,046.7	-909.2
Interest-bearing net liabilities	3,355.5	6,073.1
Interest-bearing net liabilities/adjusted EBITDA, rolling 12 months	2.7	6.0
Pledged assets	45.0	7,188.6
Contingent liabilities	207.3	218.4

For 2014 deferred tax assets and liabilities are netted in accordance with IAS 12

Changes in Group equity

MSEK	Share capital	Other paid-in capital	Translation reserve	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interest	Total equity
Opening balance 01/01/2014	**0.1**	**4,348.8**	**-93.7**	**-1,128.9**	**3,126.2**	**-**	**3,126.2**
operations	-	-	-	-63.0	-63.0	25.0	-38.0
Shareholders' contribution received	-	945.5	-	-	945.5	-	945.5
Profit/loss for period	-	-	-	-438.8	-438.8	2.3	-436.6
Other comprehensive income							
Revaluation of financial assets	-	-	-	0.1	-	-	-
Actuarial gains and losses during the year	-	-	-	-111.6	-111.6	-	-111.6
Currency fluctuations from translation of foreign operations	-	-	128.3	-	128.3	-	128.3
Opening balance 01/01/2015	**0.1**	**5,294.3**	**34.5**	**-1,742.2**	**3,586.6**	**27.3**	**3,613.9**
Bonus issue	19.9	-	-	-19.9	-	-	-
Share issue och share issue costs	5.7	1,534.3	-	-49.0	1,491.0	-	1,491.0
Shareholders' contribution received	-	-	-	1,036.4	1,036.4	-	1,036.4
Dividend	-	-	-	-	-	-2.4	-2.4
Share-based payments	-	-	-	0.3	0.3	-	0.3
Forward contract to repurchase own shares	-	-	-	-22.0	-22.0	-	-22.0
Profit/loss for year	-	-	-	116.6	116.6	3.4	120.0
Other comprehensive income							
Actuarial gains and losses during the year, net after tax	-	-	-	73.2	73.2	-	73.2
Currency fluctuations from translation of foreign operations	-	-	-144.9	-	-144.9	-0.5	-145.4
Hedge of net investment in a foreign operation, net after tax	-	-	39.5	-	39.5	-	39.5
Closing balance 12/31/2015	**25.7**	**6,828.6**	**-70.9**	**-606.6**	**6,176.7**	**27.8**	**6,204.5**

Consolidated cash flow statement

	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
OPERATING ACTIVITIES				
EBIT (Operating profit/loss)	152.9	-18.2	612.6	210.9
Depreciation	117.4	117.9	501.8	474.8
Items not included in cash flow	18.9	-	18.9	-2.8
Paid tax	-0.4	-0.4	-1.0	-0.7
Change in working capital	433.0	426.9	53.9	107.4
Cash flow from operating activities	**721.8**	**526.2**	**1,186.2**	**789.7**
INVESTING ACTIVITIES				
Net investments	-260.5	-158.2	-622.8	-682.9
Business combinations	-64.5	-	-162.4	-1,703.2
Cash flow from investing operations	**-325.0**	**-158.2**	**-785.2**	**-2,386.2**
OPERATIVE CASH FLOW	**396.8**	**368.0**	**401.0**	**-1,596.5**
FINANCING OPERATIONS				
Interest payments	-55.3	-105.4	-220.7	-192.8
Refinancing of loans	-0.5	-1.9	-98.6	-51.0
Share issue, net after issuing costs	1,516.9	-	1,516.9	725.4
Borrowing	-	-	4,742.4	772.7
Amortization	-1,901.2	-	-6,800.9	-
Cash flow from financing operations	**-440.1**	**-107.3**	**-860.9**	**1,254.3**
CASH FLOW FOR PERIOD	**-43.3**	**260.7**	**-459.9**	**-342.2**
Cash and cash equivalents at beginning of period	296.6	452.8	716.4	1,033.7
Translation difference in cash and cash equivalents	-5.8	2.9	-9.0	24.9
Cash and cash equvalents at end of the period	247.5	716.4	247.5	716.4

Parent Company income statement, summary

MSEK	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Net sales	8.0	-	21.3	-
Expenses	-38.6	-	-51.9	-
EBIT (Operating profit/loss)	**-30.6**	**-**	**-30.6**	**-**
Financial income	25.6	22.4	98.7	85.5
Financial expenses	-37.1	-23.6	-111.5	-88.3
Net financial items	**-11.5**	**-1.2**	**-12.8**	**-2.9**
Appropriations	574.3	-	574.3	-
EBT (profit/loss before tax)	**532.2**	**-1.2**	**530.9**	**-2.9**
Tax	-116.2	-	-116.2	0.5
PROFIT/LOSS FOR PERIOD	**415.9**	**-1.2**	**414.7**	**-2.4**

Consolidated statement of comprehensive income

MSEK	Oct-Dec 2015	Oct-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Profit/loss for period	**415.9**	**-1.2**	**414.7**	**-2.4**
Items that may be reclassified to the income statement	-	-	-	-
Items that may not be reclassified to the income statement	-	-	-	-
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income for period	**415.9**	**-1.2**	**414.7**	**-2.4**

Parent Company balance sheet, summary

MSEK	31 Dec 2015	31 Dec 2014
ASSETS		
Investments in subsidiaries	3,536.5	3,532.1
Group company receivables	6,778.0	956.4
Deferred tax assets	82.4	192.4
Total fixed assets	**10,396.8**	**4,680.9**
Current receivables	1.6	-
Cash and cash equivalents	1.9	1.1
Total current assets	**3.5**	**1.1**
TOTAL ASSETS	**10,400.4**	**4,682.0**
EQUITY AND LIABILITIES		
Equity	**6,648.0**	**3,705.7**
Liabilities to credit institutions	3,679.0	-
Liabilities to affiliated companies	8.1	0.1
Shareholders' loans	-	976.2
Total long-term liabilities	**3,687.1**	**976.3**
Other liabilities	2.2	-
Accrued expenses and prepaid income	63.1	-
Total current liabilities	**65.3**	**-**
TOTAL EQUITY AND LIABILITIES	**10,400.4**	**4,682.0**

Changes in Parent Company's equity

MSEK	Share capital	Other capital contributions	Translation reserve	Retained earnings	Total equity
Opening balance 01/01/2014	**0.1**	**-**	**-**	**2,762.5**	**2,762.6**
Shareholders' contribution received	-	-	-	945.5	945.5
Profit/loss for year	-	-	-	-2.4	-2.4
Other comprehensive income	-	-	-	-	-
Closing balance 12/31/2014	**0.1**	**-**	**-**	**3,705.6**	**3,705.7**
Shareholders' contribution received	-	-	-	1,036.4	1,036.4
Bonus issue	19.9	-	-	-19.9	-
Share issue and share issue costs	5.7	1,534.3	-	-49.0	1,491.0
Share-based payments	-	-	-	0.3	0.3
Profit/loss for year	-	-	-	414.7	414.7
Other comprehensive income	-	-	-	-	-
Closing balance 12/31/2015	**25.7**	**1,534.3**	**-**	**5,088.0**	**6,648.0**

Parent Company

The operations of the Parent Company Scandic Hotels Group AB include management services for the rest of the Group. Revenues for the period amounted to 21.3 MSEK (-). Operating losses totaled -30.6 MSEK (-). The net financial expense for the period was -12.8 MSEK (-2.9). The Parent Company's profit before taxes was 530.9 MSEK (-2.9).

Transactions between related parties

Through companies, the fund EQT V owns the majority of the shares in the Parent Company. The fund and its holdings, Dometic Group AB, was considered to be a related party in terms of participating interest and Board representation during the year. The Braganza AB Group was also considered to be a related party in terms of participating interest and Board representation during the year. Accommodation revenues from related parties amounted to 29.6 MSEK for the period. The share (50%) in the related party Scandic Dyreparken Hotel AS was sold on October 1, 2015. For transactions with subsidiaries, the OECD's recommendations for Transfer Pricing are applied.

ACCOUNTING PRINCIPLES

The Group applies International Financial Reporting Standards, IFRS as endorsed by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act.

The accounting principles and methods of calculation applied in this report are the same as those used in the preparation of the Annual Report and consolidated financial statements for 2014 and are outlined in Note 4, Accounting principles.

The Parent Company applies the Annual Accounts Act and RFR 2 Accounting for legal entities, which means that IFRS is applied with certain exceptions and additions.

This interim report gives a true and fair view of the Parent Company and Group's operations, financial position and results of operations and also describes the significant risks and uncertainties to which the Parent Company and Group companies are exposed.

New and modified standards and interpretations that were applied from January 1, 2015 are outlined in IFRIC 21. The standard has not had any significant effect on Scandic's financial reporting.

Segment disclosures

Segments are reported according to IFRS 8 Operating segments. Segment information corresponds to the internal reporting to executive decision-makers: the CEO and the Executive Committee.

Scandic's main markets in which the Group operates are:

Sweden – Swedish hotels that are operated under the Scandic brand.

Norway – Norwegian hotels that are operated under the Scandic brand. Norwegian partner hotels operate under their own brands.

Other Nordic countries & other segments – hotel operations under the Scandic brand in Belgium, Denmark, Finland, the Netherlands (until December 31, 2014), Poland and Germany, as well as hotels operated under the Hilton brand in Finland and the hotel concept HTL, which is operated by the sub-group HTL Hotels.

Central functions – costs for finance, business development, investor relations, communications, technical development, human resources, branding, marketing, sales, IT and purchasing. These central functions support all of the hotels in the Group, including those under lease agreements as well as management and franchise agreements.

The split of revenues between segments is based on the location of the business activities and segment disclosure is determined after eliminating intra-group transactions. Revenues come from a large number of customers in all segments.

Segment results are analyzed based on adjusted EBITDA.

Segment disclosures

Oct-Dec	Sweden		Norway		Other Nordic countries & other segments		Central functions		Group	
MSEK	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Net sales	1,307.8	1,218.5	863.8	995.9	913.1	836.8	-	-	3,084.7	3,051.2
Other income	4.1	3.8	-	-	-	-	-	-	4.1	3.8
Internal transactions	-	-	-	-	-	-	8.8	7.7	8.8	7.7
Group eliminations	-	-	-	-	-	-	-8.8	-7.7	-8.8	-7.7
Total income	**1,311.9**	**1,222.3**	**863.8**	**995.9**	**913.1**	**836.8**	**-**	**-**	**3,088.8**	**3,055.0**
Expenses	-1,080.4	-1,015.5	-778.9	-925.8	-802.0	-758.1	-95.9	-65.2	-2,757.3	-2,764.7
Adjusted EBITDA	**231.5**	**206.8**	**84.9**	**70.1**	**111.1**	**78.7**	**-95.9**	**-65.2**	**331.6**	**290.4**
Adjusted EBITDA margin, %	**17.7**	**16.9**	**9.8**	**7.0**	**12.2**	**9.4**	**-**	**-**	**10.7**	**9.5**
EBITDA	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**270.3**	**99.7**
EBITDA margin, %	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8.8**	**3.3**
Depreciation and amortization	-	-	-	-	-	-	-	-	-117.4	-117.9
EBIT (Operating profit/loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**152.9**	**-18.2**
Net financial items	-	-	-	-	-	-	-	-	-134.3	-375.2
EBT (Profit/loss before tax)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**18.6**	**-393.4**

Jan-Dec	Sweden		Norway		Other Nordic countries & other segments		Central functions		Group	
MSEK	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Net sales	4,969.3	4,474.8	3,679.9	3,181.4	3,543.5	3,169.7	-	-	12,192.7	10,825.9
Other income	15.6	15.4	-	-	-	-	-	-	15.6	15.4
Internal transactions	-	-	-	-	-	-	21.3	29.4	21.3	29.4
Group eliminations	-	-	-	-	-	-	-21.3	-29.4	-21.3	-29.4
Total income	**4,984.9**	**4,490.2**	**3,679.9**	**3,181.4**	**3,543.5**	**3,169.7**	**-**	**-**	**12,208.3**	**10,841.3**
Expenses	-4,168.2	-3,807.7	-3,352.0	-2,907.4	-3,138.9	-2,858.5	-302.9	-248.4	-10,961.9	-9,822.0
Adjusted EBITDA	**816.7**	**682.5**	**327.9**	**274.0**	**404.6**	**311.2**	**-302.9**	**-248.4**	**1,246.4**	**1,019.3**
Adjusted EBITDA margin, %	**16.4**	**15.3**	**8.9**	**8.6**	**11.4**	**9.8**	**-**	**-**	**10.2**	**9.4**
EBITDA	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,114.4**	**685.8**
EBITDA margin, %	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9.1**	**6.3**
Depreciation and amortization	-	-	-	-	-	-	-	-	-501.8	-474.8
EBIT (Operating profit/loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**612.6**	**210.9**
Net financial items	-	-	-	-	-	-	-	-	-497.3	-713.9
EBT (Profit/loss before tax)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**115.3**	**-503.0**

Assets and investments by segment

31 Dec	Sweden		Norway		Other Nordic countries & other segments		Central functions		Group	
MSEK	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Fixed assets	4,725.2	5,242.2	3,343.7	3,519.2	1,225.2	774.0	2,314.2	2,181.8	11,608.4	11,717.1
Investments in fixed assets	251.2	269.2	145.5	222.2	199.0	173.6	43.0	17.9	638.7	682.9

RevPAR development by segment

	OCC LFL		ARR LFL		RevPAR LFL		RevPAR	
	Oct-Dec		Oct-Dec		Oct-Dec		Oct-Dec	
SEK	2015	vs 2014	2015	vs 2014	2015	vs 2014	2015	vs 2014
Sweden	64.8%	3.7 pp	984.0	2.1%	637.8	8.3%	647.0	8.7%
Norway	53.8%	1.7 pp	983.7	-1.7%	528.8	1.5%	483.5	-9.6%
Other Nordic countries & other segments	64.8%	3.8 pp	877.0	1.8%	568.0	8.1%	573.5	9.0%
Total	63.4%	3.5 pp	943.4	1.6%	598.5	7.5%	576.3	3.5%

	Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec	
SEK	2015	vs 2014	2015	vs 2014	2015	vs 2014	2015	vs 2014
Sweden	66.9%	4.2 pp	945.1	2.5%	632.5	9.3%	643.0	9.3%
Norway	58.8%	2.4 pp	946.3	-1.3%	556.1	3.0%	552.9	-5.6%
Other Nordic countries & other segments	67.1%	3.1 pp	873.0	1.5%	586.1	6.3%	593.4	9.3%
Total	66.0%	3.5 pp	917.9	1.7%	605.8	7.5%	601.3	4.9%

Revenue by country

MSEK	**Oct-Dec 2015**	**Oct-Dec 2014**	**Jan-Dec 2015**	**Jan-Dec 2014**
Sweden	1,341.5	1,241.4	5,080.7	4,540.3
Norway	872.3	998.4	3,715.9	3,183.9
Denmark	322.1	297.8	1,263.9	1,184.8
Finland	415.8	387.5	1,600.8	1,467.8
Germany	105.8	93.7	406.3	325.0
Poland	15.5	14.0	64.5	58.8
Belgium	15.8	21.0	76.2	75.7
The Netherlands	-	1.2	-	5.0
Total countries	**3,088.8**	**3,055.0**	**12,208.3**	**10,841.3**
Other	8.0	7.7	21.3	29.4
Group eliminations	-8.0	-7.7	-21.3	-29.4
Group	**3,088.8**	**3,055.0**	**12,208.3**	**10,841.3**

Revenue by type of agreement

MSEK	**Oct-Dec 2015**	**Oct-Dec 2014**	**Jan-Dec 2015**	**Jan-Dec 2014**
Lease agreements	3,070.1	3,034.2	12,134.6	10,767.4
Management agreements	2.4	3.7	10.6	14.7
Franchise and partner agreements	5.6	7.6	24.5	29.4
Owned	10.7	9.5	38.6	29.8
Total	**3,088.8**	**3,055.0**	**12,208.3**	**10,841.3**
Other	8.0	7.7	21.3	29.4
Group eliminations	-8.0	-7.7	-21.3	-29.4
Group	**3,088.8**	**3,055.0**	**12,208.3**	**10,841.3**

Quarterly data

MSEK	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
RevPAR, SEK	576.3	671.5	632.4	522.6	557.1	613.1
Net sales	3,084.7	3,274.6	3,169.3	2,664.0	3,051.2	2,997.3
Adjusted EBITDAR	1,105.2	1,343.7	1,172.8	784.4	1,057.9	1,132.7
Adjusted EBITDA	331.6	490.6	358.1	66.1	290.4	350.2
EBITDA	270.3	475.6	322.5	45.8	99.7	308.4
Adjusted EBIT	214.2	362.1	227.3	-59.1	172.4	214.9
EBIT (Operating profit/loss)	152.9	347.1	191.8	-79.4	-18.2	173.1
EBT (Profit/loss before tax)	18.6	98.3	69.6	-71.3	-393.4	114.5
Adjusted EBITDAR margin, %	35.8	41.0	37.0	29.4	34.7	37.8
Adjusted EBITDA margin, %	10.7	15.0	11.3	2.5	9.5	11.7
EBITDA margin, %	8.8	14.5	10.2	1.7	3.3	10.3
Adjusted EBIT margin, %	6.9	11.1	7.2	-2.2	5.7	7.2
EBIT margin, %	5.0	10.6	6.1	-3.0	-0.6	5.8
Earnings per share, SEK	0.23	1.26	0.78	-0.85	-4.14	1.53

Hotels and rooms in operation and under development

	Operational										Under development	
	Lease agreements		Management agreements		Franchise and partner agreements		Owned		Total		Total	
31 Dec 2015	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Sweden	73	14,589	1	145	5	646	-	-	79	15,380	4	1,358
Norway	59	11,161	-	-	23	2,978	1	135	83	14,274	4	1,264
Denmark	21	3,495	1	210	-	-	-	-	22	3,705	1	370
Finland	25	5,216	-	-	2	233	-	-	27	5,449	-	-
Rest of Europe	6	1,510	-	-	-	-	-	-	6	1,510	-	-
HTL	4	602	-	-	-	-	-	-	4	602	-	-
Total	**188**	**36,573**	**2**	**355**	**30**	**3,857**	**1**	**135**	**221**	**40,920**	**9**	**2,992**

Exchange rates

SEK = EUR	Jan-Dec 2015	Jan-Dec 2014
Income statemenet (average)	9.3562	9.0968
Balance sheet (at end of period)	9.1350	9.5155
SEK= NOK		
Income statemenet (average)	1.0465	1.0894
Balance sheet (at end of period)	0.9556	1.0516
SEK= DKK		
Income statemenet (average)	1.2544	1.2203
Balance sheet (at end of period)	1.2242	1.2781

LONG-TERM INCENTIVE PROGRAM

In December 2015, Scandic implemented a share-based long-term incentive program (LTIP). The Board of Directors intends to submit proposals to future Annual General Meetings in Scandic regarding the approval of similar long-term incentive programs with the intent that future programs should contain the additional requirement that the total shareholders' return shall exceed zero percent during the vesting period for matching shares to be allotted.

The LTIP enables participants to receive matching shares and performance shares, provided they make their own investments in shares or allocate shares already held to the program. For each such savings share, the participant may be allotted one matching share, free of consideration. In addition, the participants may receive a number of performance shares, free of consideration, depending on the degree of meeting certain performance criteria adopted by the Board of Directors, for which criteria are related to EBITDA, cash flow and RGI (Revenue Generation Index) for the 2015–2017 financial years.

Matching shares and performance shares will be allotted after the end of a vesting period until the date of publication of Scandic's interim report for the first quarter of 2018, subject to the participant remaining a permanent employee within the Group and retaining the savings shares during the entire vesting period. The maximum value per entitlement to receive a matching share or performance share is limited to 300 percent of the value of the Scandic share at the introduction price.

Twelve members of Group management and country managers have invested a total of 42,278 shares (of which the CEO invested 11,044 shares) corresponding to 10 percent of their individual fixed gross salaries in 2015. The number of shares (matching shares and performance shares) that may be allotted to the participants amounts to 222,433 (66,264 of which are shares to the CEO). Twenty-two other senior managers have invested a total of 16,113 shares corresponding to the maximum investment of SEK 50,000 per participant. The number of shares (matching shares and performance shares) that may be allotted to these participants amounts to 64,453. If the full number of matching shares and performance shares are allotted, the total number of shares allotted under the LTIP will amount to 286,886, corresponding to approximately 0.28 percent of Scandic's share capital and votes. The expected costs of the program are estimated to be 12.2 MSEK, and the costs included in the income statement for the Group in accordance with IFRS 2 amounted to 0.4 MSEK in the fourth quarter of 2015, including social security contributions. The maximum cost of the program, including social security contributions, is estimated to be 35.6 MSEK.

The expected financial exposure to shares that may be allotted under the LTIP and the delivery of shares to the participants of the LTIP has been hedged through Scandic's entering into a share swap agreement with a third party on market terms.

CALCULATION OF FAIR VALUE

The fair value of financial instruments is determined by their classification in the hierarchy of actual value. The different levels are defined as follows:

Level 1: Listed prices for identical assets or liabilities on active markets.

Level 2: Other observable data than what is included in Level 1 regarding the asset or liability, either direct or indirect.

Level 3: Data for the asset or liability that is not based on observable market data.

The Group's derivative instruments and loans from credit institutions are classified as Level 2. Shareholders' loans are classified as Level 3.

For liabilities to credit institutions and shareholders' loans, the booked value is equivalent to the fair value.

ACQUISITION ANALYSIS

Acquisition of three hotels in Bergen

On February 1, 2015, the Scandic Group acquired 100 percent of the share capital of Scandic Strand Hotel Bergen AS, Scandic Neptun Hotel Bergen AS and Scandic Bergen Hotel Scandic City AS for 160.0 MNOK. Before the acquisition, the companies operated hotels in Bergen, Norway under the Scandic brand through a long-term franchise agreement.

The reason behind the acquisitions was to strengthen Scandic's position in Bergen, one of Norway's most important hotel markets.

The revenue from the acquired companies that was included in the consolidated income statement from February 1, 2015 amounted to 199.2 MSEK. The acquired companies also contributed 13.3 MSEK to the Group's net profit for the same period.

If the acquired companies had been consolidated from January 1, 2015, the consolidated income statement would have shown revenues of 12,221.0 MSEK and a profit of 117.5 MSEK.

Acquisition-related expenses of -0.2 MSEK are included in non-recurring items in the consolidated income statement as per December 2015.

Goodwill of 108.0 MSEK that has arisen as a result of the acquisitions is related primarily to the value of additional sales in the future that the Group expects as well as the positive effects of the leasing model with which Scandic operates. The identified intangible assets that have been valuated relate mainly to customer relationships.

No part of the recognized goodwill is expected to be tax deductible.

The following table outlines the purchase price paid for the acquired companies as well as the fair value of assets acquired and liabilities taken over.

Purchase price on February 1, 2015

Cash and cash equivalents	162.4
Total purchase price paid	**162.4**
Recognized amounts of identifiable assets acquired and liabilities taken over	
Tangible fixed assets	38.2
Customer relationships	26.7
Long-term receivables	1.1
Inventories	1.9
Accounts receivable and other receivables	17.1
Cash and cash equivalents	29.5
Deferred tax liabilities, net	-7.2
Borrowing	-7.6
Accounts payable and other liabilities	-45.4
Total identifiable net assets	**54.4**
Goodwill	108.0
	162.4
Effects on Group cash and cash equivalents	
Cash purchase price	-162.4
Acquired cash and cash equivalents	29.5
Cash flow from acquisition of subsidiary	**-132.9**

The Board of Directors and the CEO assure that this year-end report gives a true and fair view of the Parent Company and Group's operations, financial position and results of operations and that it also describes the significant risks and uncertainties to which the Parent Company and Group companies are exposed.

Stockholm, February 22, 2016

Vagn Sørensen
Chairman

Per G. Braathen
Member of the Board

Caspar Callerström
Member of the Board

Grant Hearn
Member of the Board

Lottie Knutson
Member of the Board

Eva Moen Adolfsson
Member of the Board

Niklas Sloutski
Member of the Board

Rikard Steiber
Member of the Board

Fredrik Wirdenius
Member of the Board

Jan Wallmark
Employee representative

Frank Fiskers
President & CEO

AUDITORS' REVIEW

This full-year report has not been the subject of any review by the company's auditors.

HOTEL-RELATED KEY RATIOS

ARR (Average Room Rate)
The average room rate is the average room revenue per sold room.

LFL (Like-for-Like)
LFL refers to the hotels that were in operation during the entire period as well as during the corresponding period of the previous year at unchanged exchange rates.

OCC (Occupancy)
Refers to sold rooms in relation to the number of available rooms. Expressed as a percentage.

RevPAR (Revenue Per Available Room)
Refers to the average room revenue per available room.

Pre-opening costs
Refers to costs for contracted and newly opened hotels before opening day.

Full-time equivalents (FTEs)
The number of full-time employees calculated as the total number of working hours for the period divided by annual working time.

FINANCIAL KEY RATIOS

EBIT
Earnings before interest and taxes.

EBITDA
Earnings before interest, taxes, depreciation and amortization.

EBITDA margin
EBITDA as a percentage of net sales.

EBT
Earnings before tax.

Adjusted EBITDAR
Earnings before pre-opening costs, non-recurring items, interest, taxes, depreciation, amortization and rent.

Adjusted EBIT
Earnings before pre-opening costs, non-recurring items, interest and taxes.

Adjusted EBITDA
Earnings before pre-opening costs, non-recurring items, interest, taxes, depreciation and amortization.

Non-recurring items
Items that are not directly related to the normal operations of the company, for example costs for transactions, exits and restructuring.

Interest-bearing net liabilities
Interest-bearing assets minus interest-bearing liabilities.

Working capital, net
Current non-interest bearing receivables minus current non-interest bearing liabilities.

EQUITY-RELATED KEY RATIOS

Earnings per share
The profit/loss during the period, related to the shareholders of the company, divided by the average number of shares.

About Scandic Hotels

Scandic is the largest hotel operator in the Nordic countries with 40,920 rooms at 221 hotels and annual sales of SEK 12.2 billion.

We operate within the mid-market hotel segment under our industry-leading and well-loved Scandic brand as well as our innovative HTL concept. Some 70 percent of our revenue comes from business travel and conferences and the remaining 30 percent from leisure travel.

Since its founding in 1963, Scandic has been a pioneer and driven development in the hotel industry. This has also resulted in today's high guest frequency rates and the most successful loyalty program in the Nordic hotel industry, Scandic Friends, which has more than 1.6 million members.

Corporate responsibility has always been a part of our DNA and in 2015, we were named the most sustainable hotel operator for the fifth year in a row according to a Sustainable Brands survey.

Scandic was listed on Nasdaq Stockholm on December 2, 2015.

Press releases

2015-12-30 Change in number of shares and votes in Scandic

2015-12-29 Nomination Committee for Scandic's AGM 2016

2015-12-03 Scandic continues to focus on accessibility with new breakfast offering

2015-12-02 The offer price for Scandic's initial public offering has been set

2015-11-18 Scandic wins prestigious award for promoting diversity

2015-11-17 Scandic publishes prospectus

2015-11-16 Scandic expands to Gällivare by entering into agreement with popular Liza Hotell

2015-11-04 Scandic Hotels – the world's best hotel chain when it comes to accessibility

2015-11-04 Scandic announces its intention to list on Nasdaq Stockholm

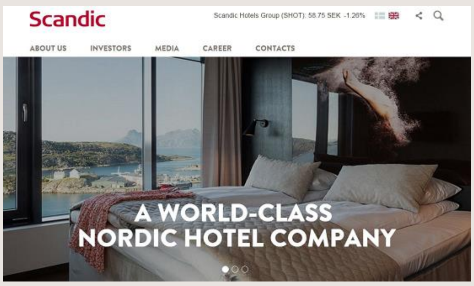
2015-10-21 EU to showcase Scandic as an example of good practice within sustainability

2015-10-19 Scandic Business school wins EuroCHRIE prize

2015-10-15 Scandic's sustainability work to inspire Japanese business leaders

2015-10-02 Scandic to launch a collection of signature hotels

scandichotelsgroup.com



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