Scandic

The leading hotel company in the Nordics

January–June 2018

IMPROVED RESULTS IN ALL MARKETS

SECOND QUARTER IN SUMMARY

- Net sales rose by 26% to 4,748 MSEK (3,770), driven by more rooms in operation, including the acquisition of Restel, as well as positive currency effects.
- For comparable units, net sales increased by 4.3%, positively impacted by calendar effects.
- Adjusted EBITDA totaled 618 MSEK (461), corresponding to a margin of 13.0% (12.2).
- Restel contributed with 40 MSEK to adjusted EBITDA. Integration costs totaled 80 MSEK.
- Earnings per share amounted to 2.51 SEK (2.02). Excluding the effect of financial leases and currency effects from the revaluation of loans, earnings per share totaled 2.59 SEK (2.15).
- Agreement for new hotels in Helsingborg, Sweden, with approximately 180 rooms and in Voss, Norway, with about 216 rooms.
- Agreement to sell Cumulus Pori in Finland.

FIRST HALF-YEAR IN SUMMARY

- Net sales rose by 24% to 8,539 MSEK (6,865). For comparable units, net sales was up 1.8%.
- Adjusted EBITDA was 733 MSEK (615) corresponding to a margin of 8.6% (9.0).
- Earnings per share amounted to 1.12 SEK (1.68). Excluding the effect of financial leases and currency effects from the revaluation of loans, earnings per share totaled 1.20 SEK (1.89). The decline is explained by the integration costs for Restel of 104 MSEK.

EVENTS AFTER THE REPORTING DATE

- An agreement was signed to take over an existing 178-room hotel in Helsinki.

GROUP KEY RATIOS

MSEK	Apr-Jun 2018	Apr-Jun 2017	% change	Jan-Jun 2018	Jan-Jun 2017	% change	Jan-Dec 2017	Jul-Jun 2017/2018
Financial key ratios								
Net sales	4,748	3,770	*25.9%*	8,539	6,865	*24.4%*	14,582	16,256
Adjusted EBITDA	618	461	*34.1%*	733	615	*19.2%*	1,570	1,688
Adjusted EBITDA margin, %	13.0	12.2		8.6	9.0		10.8	10.4
EBITDA	537	432	*24.3%*	625	569	*9.8%*	1,473	1,529
EBIT (Operating profit/loss)	325	301	*8.0%*	214	307	*-30.3%*	925	832
Profit/loss before taxes	275	255	*7.8%*	128	224	*-42.9%*	800	705
Net profit/loss for the period	259	209	*23.9%*	117	175	*-33.1%*	711	653
Earnings per share, SEK	2.51	2.02	*24.4%*	1.12	1.68	*-33.6%*	6.86	6.30
Net debt/Adjusted EBITDA, LTM	2.6	1.9		2.6	1.9		2.3	2.6
Hotel-related key ratios								
RevPAR (SEK)	737	719	*2.5%*	656	659	*-0.5%*	680	676
ARR (Average Room Rate), SEK	1,087	1,051	*3.5%*	1,038	1,017	*2.0%*	1,012	1,023
OCC (Occupancy), %	67.8	68.5		63.2	64.8		67.1	66.0
Total number of rooms at reporting date	51,216	42,768	*19.8%*	51,216	42,768	*19.8%*	49,983	51,216

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CEO'S COMMENTS

Underlying growth in line with our expectations

Overall, market conditions were good during the quarter with RevPAR rising in all markets. Demand has generally developed positively, but we also see an increase in supply in some regions. The market balance in Stockholm improved during the second quarter, as expected, with positive RevPAR development driven by good demand growth which increasingly compensates for the supply increase that occurred in 2017.

Net sales for comparable units rose by 4.3% in the second quarter and 1.8% in the first half of the year. Based on our assessment, revenue growth for the second quarter was positively affected by just over 3 percentage points since the Easter holiday fell partly in March this year.

"The market balance in Stockholm improved during the second quarter"

Investments for the future at priority destinations

During the first half of the year we opened a number of hotels in key destinations, such as Scandic Helsinki Airport, Scandic Lilleström in Oslo and Scandic Museumsufer in Frankfurt. In early July we opened the doors of Hotel Norge by Scandic in Bergen, one of Norway's most prestigious hotels, and we look forward to launching the new Scandic Ködbyen in Copenhagen in September. We are also actively investing in our existing portfolio. Our gross pipeline currently consists of about 5,500 rooms, which corresponds to approximately 11% of our current hotel portfolio.

4.3%
revenue growth for comparable units in Q2

Restel hotels now rebranded as Scandic

In early June, the rebranding of the Cumulus hotels to Scandic hotels was completed and the support functions were merged. Restel has started contributing to EBITDA and we expect increased earnings in the coming quarter as this is usually the most profitable period for Restel.

Strengthened group management

The hotel industry is in strong transformation and we have seen a need to strengthen our focus on digitization, branding, sales and distribution. Consequently, we presented a new Group Management team in June. The former role of Chief Commercial Officer is now divided into two functions: a Chief Customer Officer responsible for brand strategy, marketing and loyalty program and a Chief Commercial Optimization Officer with responsibility for distribution and sales. In addition, the position of Chief Information Officer has become a part of Group Management. I am pleased to welcome Niklas Angergård, Jan Lundborg and Ann Hellenius as new members of our management team!

"Restel has started contributing to EBITDA and we expect increased earnings in the next quarter"

Prospects for the coming quarter

During the third quarter, we expect sales growth for comparable units to be in line with the first half of the year. Demand is generally good and the weak Swedish krona is expected to have a positive impact on our Swedish operations during the summer months. We remain focused on continuously adjusting costs to market conditions.

Even Frydenberg
President & CEO

NORDIC HOTEL MARKET DEVELOPMENT

RevPAR growth in the second quarter was positive in all Nordic markets. The development was impacted positively by the fact that Easter fell partly in March this year. It is estimated that underlying RevPAR growth was positive in all of the Nordic markets, adjusted for calendar effects.

Sweden

In the Swedish market, supply increased by 2.7% in terms of available rooms compared with the second quarter of 2017, while demand rose by 3.8%. RevPAR in the market increased by 4.7% driven mainly by higher average room rates while occupancy went up marginally.

In Stockholm, the number of available rooms grew by 4.1% compared with the second quarter last year. The rate of increase in the number of available rooms was somewhat lower than in the first quarter because a significant part of last year's increase in capacity occurred during the second quarter. The number of sold rooms in Stockholm increased by 3.8% and RevPAR was up 3.9%, driven by higher average room rates. In 2018, the number of available rooms is expected to increase by about 4% in the Stockholm area and remain relatively unchanged in both Gothenburg and Malmö.

Norway

The number of available rooms in the Norwegian market grew by 2.6%, mainly as a result of increased capacity in Bergen and Stavanger.

The number of sold rooms rose 7.1%, positively impacted by calendar effects during the quarter.

RevPAR in the market increased by 7.0%, with positive development in all of the larger regions except Bergen. In Oslo, the number of available rooms is expected to increase by about 4% in 2018 after having dropped in 2017 due to renovations.

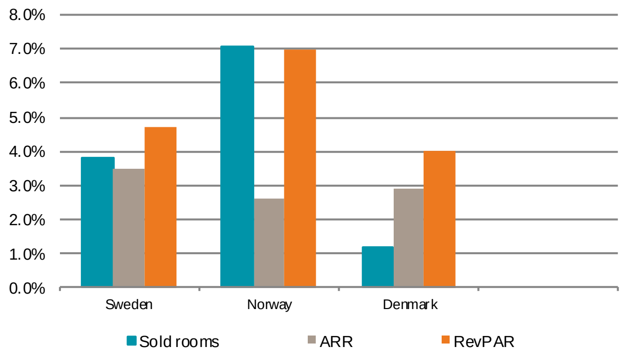
Denmark

In Denmark, RevPAR in the market grew by 4.0%, mainly as a result of higher average room rates. The number of available rooms was largely unchanged compared with the corresponding quarter in 2017 while the number of sold rooms rose by 1.2%. Occupancy in Copenhagen remained high during the quarter and Scandic expects supply to rise by about 4% in 2018.

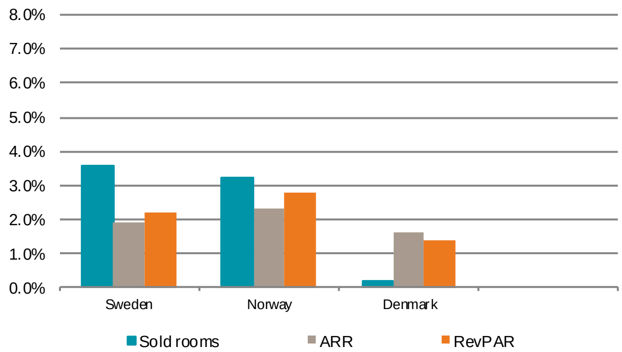
Finland

In the Finnish market, the number of sold rooms increased by about 4% in April-May while the number of available rooms in the market increased by approximately 3% during the same period. Market RevPAR increased by approximately 4% in April–May, driven mainly by higher average room rates and a slight increase in occupancy. It is estimated that market RevPAR was positive also for the second quarter as a whole. The number of available rooms is expected to rise by just over 3% in Helsinki in 2018 and remain relatively unchanged in Tampere.

MARKET DEVELOPMENT APRIL–JUNE 2018
CHANGE YEAR-ON-YEAR



MARKET DEVELOPMENT JANUARY–JUNE 2018
CHANGE YEAR-ON-YEAR



Source: Benchmarking Alliance

HOTEL PORTFOLIO

Existing hotel portfolio

At the end of the period, Scandic had a total of 51,216 hotel rooms in operation at 269 hotels, of which 244 had lease agreements. During the quarter, the Holiday Inn West Ruoholathi opened, a hotel with 256 rooms in the Restel portfolio that had been closed for renovations. Additionally, Scandic Hönefoss was opened, a Norwegian franchise hotel with 83 rooms. In total, the number of hotel rooms in operation increased by 432 during the quarter.

Portfolio changes	**Number of rooms**
Opening balance April 1, 2018	50,784
New hotels	
Holiday Inn West Ruoholahti, Finland	256
Scandic Hönefoss, Norway, franchise	83
Total	**339**
Change current portfolio	**93**
Total change during the quarter	**432**
Closing balance June 30, 2018	**51,216**

Number of hotels in operation and in pipeline

	Operational on June 30, 2018				**Pipeline on Jun 30, 2018**	
	Hotels	of which with Lease contracts	Rooms	of which with Lease contracts	Hotels	Rooms
Sweden	85	79	17,363	16,618	3	945
Norway	85	68	15,426	13,233	2	830
Finland	68	67	12,458	12,391	1	1,014
Denmark	25	24	4,251	4,041	4	1,697
Rest of Europe	6	6	1,718	1,718	1	506
Total	**269**	**244**	**51,216**	**48,001**	**11**	**4,992**
Change during the quarter	*2*	*1*	*432*	*349*	*0*	*141*

High quality pipeline

At the end of the period, the gross pipeline consisted of 15 hotels with 5,483 rooms, corresponding to 11% of the active portfolio. Pipeline includes two Finnish hotels with a total of 607 rooms currently closed for renovation, both of which are scheduled to open in 2019.

The net pipeline consisted of 11 hotels with a total of 4,992 rooms, and is negatively affected by the three hotels in Finland that will be divested, which was a condition for implementing the acquisition of Restel. Scandic announced on June 20 that it signed an agreement to sell one of these three hotels, Cumulus Pori. The remaining two divestments are expected to be completed in the second half of 2018.

During the quarter, a new hotel in Voss, Norway, was signed with 216 rooms with planned opening in 2020 and a new hotel in Helsingborg with 180 rooms with planned opening in 2021.

NET SALES AND RESULTS

Group

	Apr-Jun 2018	Apr-Jun 2017	%	Jan-Jun 2018	Jan-Jun 2017	%
Net sales (MSEK)	**4,748**	**3,770**	**25.9%**	**8,539**	**6,865**	**24.4%**
Currency effects	113		3.0%	133		1.9%
New hotels	756		20.0%	1,508		22.0%
Exits	-52		-1.4%	-90		-1.3%
LFL	161		4.3%	123		1.8%
Adjusted EBITDA	**618**	**461**	**34.1%**	**733**	**615**	**19.2%**
% margin	13.0%	12.2%		8.6%	9.0%	
RevPAR (SEK)	**737**	**719**	**2.5%**	**656**	**659**	**-0.5%**
Currency effects	21		2.8%	13		1.9%
New hotels/exits	-32		-4.4%	-26		-3.9%
LFL	29		4.1%	10		1.5%

Second quarter

Net sales rose by 25.9% to 4,748 MSEK (3,770). The Restel acquisition is included in the income statement as of January 1, 2018, and the contribution to net sales was 533 MSEK in the second quarter. Sales for comparable units grew by 4.3%. Most of Easter fell in March, so the quarter is not fully comparable to the second quarter of 2017 when Easter fell entirely in April. It is estimated that calendar effects impacted revenue growth positively in the first quarter by just above 3 percentage points for comparable units, resulting in underlying revenue growth of approximately 1%.

Currency effects affected net sales positively by 3.0%. Changes in the hotel portfolio contributed 18.6% or 704 MSEK to revenue growth. Except for Restel, the greatest contributors to revenue growth were the eight hotels that were added in the Pandox and Eiendomsspar transaction, which took place in the second quarter of 2017 as well as Downtown Camper by Scandic in Stockholm, which opened on September 1, 2017.

In addition, the net sales were affected by Scandic Lilleström, Scandic the Mayor in Århus, Scandic Helsinki Airport and Scandic Museumsufer in Frankfurt that all opened during 2018.

Average Revenue Per Available Room (RevPAR) dropped by 0.3% in local currency compared with the previous year. RevPAR was affected negatively by Restel, which initially had lower average RevPAR than Scandic Finland. It is estimated that calendar effects affected RevPAR positively by approximately 3 percentage points. RevPAR for comparable units grew by 4.1%. RevPAR for comparable units rose in all markets.

Revenue from restaurant and conference operations grew by 24.6% and the share of total net sales was 31.1% (31.4).

Rental costs accounted for 26.3% (25.8) of net sales but declined to 25.1% excluding Restel. Fixed and guaranteed rental costs were 61.7% (60.0) of the total rental costs. The increase is due to Restel's different rental agreement structure, which has a higher proportion of fixed rental costs. Excluding Restel, fixed rental costs fell as a result of increased sales and additional contracts with lower or no guarantee levels.

Central costs and Group adjustments declined to -69 MSEK (-77). Market revaluation of power supply hedging had a positive effect of 31 MSEK (4) on the results.

Adjusted EBITDA rose to 618 MSEK (461). The adjusted EBITDA margin rose to 13.0% (12.2). The result improved in all segments and Restel contributed 40 MSEK to the Group's adjusted EBITDA in the second quarter. Focus on internal efficiency and positive calendar- and currency effects contributed positively to adjusted EBITDA.

Pre-opening costs for new hotels totaled -36 MSEK (-17).

Items affecting comparability amounted to -80 MSEK (-12) comprising integration costs related to the Restel acquisition for the current year.

EBITDA was 537 MSEK (432). Reconciliation between EBITDA and adjusted EBITDA can be found in table on page 7.

EBIT amounted to 325 MSEK (301). The EBIT margin was 6.8% (8.0%) and depreciation and amortization totaled -212 MSEK (-131). The increase in depreciation and amortization is largely due to the depreciation and amortization of assets from the Restel acquisition. The effect of financial leases affected EBIT positively by 11 MSEK during the quarter. For additional information on the effect of finance leases, see the table on page 24.

The **Group's net financial expense** amounted to -50 MSEK (-46). The interest expense, excluding the effect of financial leases, was -29 MSEK (-29). The loan agreement concluded on June 22, 2017 and the establishment of a commercial paper program as of March 2018 reduced the average interest on loans, counteracting the effect of higher interest expenses due to a higher loan volume after the Restel acquisition. The result of exchange rate fluctuations from the revaluation of loans and investments amounted to -3 MSEK (-18).

Profit/loss before tax was 275 MSEK (255). The effect of financial leases impacted results by -7 MSEK during the quarter.

Reported tax amounted to -16 MSEK (-46). In June 2018, the Swedish parliament decided to reduce the corporate tax in two phases, from 22% to 20.6%, from 2021. Reported tax was affected positively by approximately 40 MSEK due to the decision, as the net deferred tax liabilities were valued at the lower tax rate.

Net profit increased to 259 MSEK (209). Earnings per share after dilution totaled 2.51 SEK per share (2.02). Excluding currency effects related to the revaluation of loans and the effect of financial leases, earnings per share after dilution amounted to 2.59 SEK (2.15). Integration costs attributable to Restel have had a negative impact on earnings per share.

First half-year

Net sales rose by 24.4% to 8,539 MSEK (6,865). The Restel acquisition is included in the income statement as of January 1, 2018, and the contribution to net sales was 1,023 MSEK in the first six months. Sales for comparable units grew by 1.8%.

Currency effects affected net sales positively by 1.9%. Net changes in the hotel portfolio contributed 20.7% or 1,418 MSEK to the increase in sales. Except for Restel, the greatest contributors to revenue growth were the eight hotels that were added in the Pandox and Eiendomsspar transaction, which took place in the second quarter of 2017, Downtown Camper by Scandic in Stockholm, which opened on September 1, 2017, and the hotels Scandic Lillestrøm, Scandic the Mayor in Århus, Scandic Helsinki Airport and Scandic Museumsufer in Frankfurt, which were opened during the year.

Average Revenue Per Available Room (RevPAR) dropped by 2.4% in local currency compared with the previous year. RevPAR was affected negatively by Restel, which initially had lower average RevPAR than Scandic Finland. RevPAR for comparable units grew by 1.5%. RevPAR for comparable units rose in all markets except Sweden, where it fell marginally due to a weak start of 2018 in Stockholm.

Revenue from restaurant and conference operations grew by 22.7% and the share of total net sales amounted to 32.9% (33.3).

Rental costs accounted for 26.8% (26.1) of net sales but declined to 25.4% excluding Restel. Fixed and guaranteed rental costs were 66.3% (64.4) of the total rental costs. The increase is due to Restel's different rental agreement structure, which has a higher proportion of fixed rental costs. Excluding Restel, fixed rental costs fell as a result of increased sales and additional contracts with lower or no guarantee levels.

Central costs and Group adjustments declined to -160 MSEK (-177). Market revaluation of power supply hedging had a positive effect of 38 MSEK (-5) on the profit.

Adjusted EBITDA rose to 733 MSEK (615). The adjusted EBITDA margin declined to 8.6% (9.0). All segments improved their earnings, and the improvement was explained by increased focus on internal efficiency and more rooms in operation. Restel contributed 39 MSEK to the Group's adjusted EBITDA in the first six months.

Pre-opening costs for new hotels totaled -69 MSEK (-34).

Items affecting comparability amounted to -104 MSEK (-12) comprising integration costs related to the Restel acquisition.

EBITDA was 625 MSEK (569). Reconciliation between EBITDA and adjusted EBITDA can be found in table on page 7.

EBIT amounted to 214 MSEK (307). The EBIT margin was 2.5% (4.5%) and depreciation and amortization amounted to -411 MSEK (-262). The increase in depreciation and amortization is largely due to the depreciation and amortization of assets from the Restel acquisition. The effect of financial leases affected EBIT positively by 20 MSEK during the period.

The **Group's net financial expense** amounted to -86 MSEK (-83). The interest expense, excluding the effect of financial leases, was -58 MSEK (-59). The loan agreement concluded on June 22, 2017 and the establishment of a commercial paper program as of March 2018 reduced the average interest on loans, counteracting the effect of higher interest expenses due to a higher loan volume after the Restel acquisition. The result of exchange rate fluctuations from the revaluation of loans and investments amounted to 4 MSEK (-28).

Profit/loss before tax was 128 MSEK (224). The effect of financial leases affected results by -15 MSEK during the period.

Reported tax amounted to -11 MSEK (-49). In June 2018, the Swedish parliament decided to reduce the corporate tax in two steps, from 22% to 20.6%, from 2021. Reported tax was affected positively by approximately 40 MSEK due to the decision, as the net deferred tax liabilities were valued at the lower tax rate.

Net profit dropped to 117 MSEK (175). Earnings per share after dilution totaled 1.12 SEK per share (1.68). Integration costs attributable to Restel had a negative impact on earnings per share.

Summary of reported EBITDA and adjusted EBITDA

Adjusted EBITDA	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017	Jul-Jun 2017/2018
EBITDA	537	432	625	569	1,473	1,529
Effect of finance lease, fixed and guaranteed rental charges	-34	0	-65	0	0	-65
Pre-opening costs	36	17	69	34	67	102
Items affecting comparability	80	12	104	12	30	122
Adjusted EBITDA	**618**	**461**	**733**	**615**	**1,570**	**1,688**

Segment reporting

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

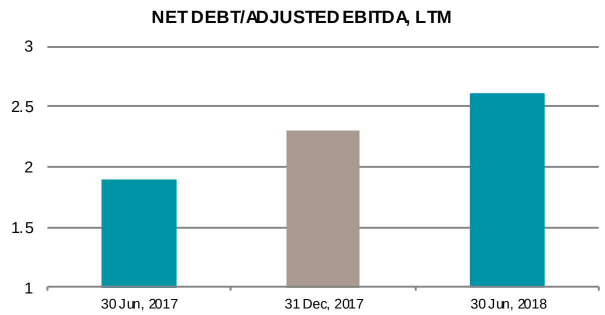
Period, Jan-Jun	**Net sales**		**Adjusted EBITDA**		**Adjusted EBITDA margin**	
MSEK	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Sweden	3,038	2,849	392	389	12.9%	13.7%
Norway	2,391	2,106	188	164	7.9%	7.8%
Finland	1,976	912	205	140	10.4%	15.4%
Other Europe	1,134	998	108	99	9.5%	9.9%
Central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

BALANCE SHEET & CASH FLOW

The balance sheet total on June 30, 2018 was 18,504 MSEK compared with 16,964 MSEK on December 31, 2017. Interest-bearing net liabilities increased during the period from 3,629 MSEK on December 31, 2017 to 4,391 MSEK on June 30, 2018. In connection with the Restel acquisition, a financial lease liability of 1,731 MSEK as at June 30, 2018 was identified in relation to hotel property leases as well as corresponding tangible fixed assets. Financial lease liabilities are not included in the definition of interest-bearing net debt.

The increase in net debt over the year was largely due to seasonally higher working capital during the period and high investments. Exchange rate fluctuations during the year increased the net debt by approximately 125 MSEK. Loans from credit institutions amounted to 3,353 MSEK and commercial papers totaled 1,199 MSEK at the end of the period. Net debt on June 30, 2018 corresponded to 2.6x adjusted EBITDA for the past 12 months (2.3x per December 31, 2017).

On June 30, 2018, the total number of shares and votes was 103,131,237 after dilution. Equity was 7,625 MSEK compared with 7,356 MSEK on December 31, 2017.



Operating cash flow amounted to -384 MSEK (-5) for the first half-year of 2018. The cash flow contribution from the change in working capital amounted to -148 MSEK (-195). The Group has negative working capital as the majority of the revenue is paid in advance or in direct connection with stays.

Paid tax amounted to -31 MSEK (-18). The decision on supplementary taxation in Finland for the 2008 tax year, which Scandic received in October 2017, was confirmed by a unanimous Adjustment Board in June 2018. The total amount, including taxes, fees and interest, of approximately 96 MSEK paid by Scandic in November 2017 was reduced by approximately 8 MSEK in fees. In addition, the Board of Adjustment confirmed the supplementary taxation for the years 2009–2011 and 2014–2015 with an additional amount of 100 MSEK in total, which was expected to be paid in the third quarter of 2018.

Scandic and its tax advisors are of the opinion that the company has acted correctly and in full compliance with applicable legislation and, accordingly, that the decision is incorrect. The company will appeal the decision and request that the tax decision be rejected in its entirety. The company will therefore not include any cost for the taxes imposed in the accounts.

In the 2017 Annual Report, Scandic recognized a contingent liability of 404 MSEK, excluding VAT, for a tax dispute in Finland. Based on the Adjustment Board's decision, Scandic's preliminary assessment is that the total exposure for the years 2008–2016 has been reduced, due to lower assessed interest and fees, to approximately 330 MSEK, including interest.

Net investments during the period amounted to -691 MSEK (-364), of which hotel renovations accounted for -395 MSEK (-246) and IT for -49 MSEK (-21). Investments in new hotels and increased room capacity totaled -247 MSEK (-97). During the period, adjusted consideration and transaction costs for Restel of -54 MSEK were paid.

Cash flow from financing activities amounted to 437 MSEK during the period (-684). The change is chiefly due to an increase in net borrowing, where the utilization of the loan agreement declined by -515 MSEK while commercial papers of 1,199 MSEK were issued. Scandic has established a 2,000 MSEK Swedish commercial paper program. The issued commercial papers will have a maturity from three months to one year. Commercial paper in issue will impact the total credit line and replace other short-term financing intended to be used for the short-term financing of the working capital requirement and is expected to reduce Scandic's financing costs.

On June 22, 2017, Scandic Hotels Group AB entered into a 5,000 MSEK loan agreement. On February 15, 2018, it was agreed to amend the loan agreement, increasing the total credit line by 500 MSEK in the form of a multi-currency revolving credit facility that will apply until February 12, 2019.

At the end of the period, the Group had 161 MSEK (371) in cash and cash equivalents.

Unused credit facilities totaled 908 MSEK (1,540).

Cash flow

MSEK	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017
Cash flow before changes in working capital	434	412	509	554
Changes in working capital	145	73	-148	-195
Investments	-386	-218	-691	-364
Operating cash flow before acquisitions/disposals	**193**	**267**	**-330**	**-5**
Acquisitions/disposals	-2	0	-54	0
Operating cash flow	**191**	**267**	**-384**	**-5**

EMPLOYEES

The average number of employees in the Group was 11,350 as at June 30, 2018 compared with 9,469 as at June 30, 2017. The increase is mainly explained by the acquisition of Restel.

SEGMENT REPORTING

Sweden

	Apr-Jun 2018	Apr-Jun 2017	%	Jan-Jun 2018	Jan-Jun 2017	%
Net sales (MSEK)	**1,674**	**1,528**	**9.5%**	**3,038**	**2,849**	**6.6%**
New hotels	90		5.9%	161		5.6%
Exits	0		0.0%	-1		0.0%
LFL	56		3.6%	29		1.0%
Adjusted EBITDA	**270**	**244**	**10.7%**	**392**	**389**	**0.8%**
% margin	16.1%	16.0%		12.9%	13.7%	
RevPAR (SEK)	**790**	**753**	**4.9%**	**701**	**693**	**1.1%**
New hotels/Exits	15		2.0%	8		1.2%
LFL	22		2.9%	-1		-0.1%
ARR (SEK)	1,125	1,069	5.2%	1,068	1,039	2.8%
OCC %	70.2%	70.4%		65.6%	66.7%	

Second quarter

Net sales rose by 9.5% to 1,674 MSEK (1,528). For comparable units, net sales grew by 3.6%. Calendar effects, chiefly attributable to Easter, had a positive impact of approximately 3 percentage points on net sales for comparable units. The increase in market capacity in Stockholm was largely in line with the increase in the number of sold rooms, which together with higher average room rates contributed to an increased RevPAR both in Stockholm and in Sweden as a whole.

Changes in the hotel portfolio contributed a net of 5.9% or 90 MSEK to the increase in sales. The greatest contribution to sales was from Downtown Camper by Scandic, which was opened in Stockholm on September 1, 2017.

Average Revenue Per Available Room (RevPAR) increased by 4.9% compared with the same quarter the previous year. RevPAR for comparable units grew by 2.9%.

Adjusted EBITDA increased to 270 MSEK (244). The adjusted EBITDA margin grew from 16.0% to 16.1%. Measures implemented at the beginning of the year to adapt costs to the lower occupancy, primarily in the Stockholm region, have had a continued positive impact.

First half-year

Net sales rose by 6.6% to 3,038 MSEK (2,849). For comparable units, net sales grew by 1.0%. During the first quarter, market capacity in Stockholm grew more than the number of sold rooms. During the second quarter, the balance between supply and demand improved.

Changes in the hotel portfolio contributed a net of 5.6% or 160 MSEK to the increase in sales. The greatest contribution to sales was from Downtown Camper by Scandic, which was opened in Stockholm on September 1, 2017.

Average Revenue Per Available Room (RevPAR) increased by 1.1% compared with the same period in the previous year. RevPAR for comparable units decreased by 0.1%.

Adjusted EBITDA increased to 392 MSEK (389). The adjusted EBITDA margin dropped from 13.7% to 12.9%. Measures implemented at the beginning of the year to adapt costs to the lower occupancy, primarily in the Stockholm region, have had a positive effect.

Norway

	Apr-Jun 2018	Apr-Jun 2017	%	Jan-Jun 2018	Jan-Jun 2017	%
Net sales (MSEK)	**1,352**	**1,171**	**15.5%**	**2,391**	**2,106**	**13.5%**
Currency effects	43		3.7%	24		1.1%
New hotels	64		5.5%	222		10.6%
Exits	-1		-0.1%	-4		-0.2%
LFL	75		6.4%	43		2.0%
Adjusted EBITDA	**160**	**112**	**42.9%**	**188**	**164**	**14.6%**
% margin	11.8%	9.6%		7.9%	7.8%	
RevPAR (SEK)	**705**	**636**	**10.8%**	**616**	**597**	**3.3%**
Currency effects	23		3.6%	6		1.1%
New hotels/Exits	-1		-0.2%	-2		-0.4%
LFL	47		7.4%	16		2.6%
ARR (SEK)	1,053	1,010	4.3%	1,019	999	2.0%
OCC %	66.9%	63.0%		60.5%	59.8%	

Second quarter

Net sales rose by 15.5% to 1,352 MSEK (1,171). Net sales for comparable units rose by 6.4%. Calendar effects, chiefly attributable to Easter, are considered to have had a positive impact of approximately 6 percentage points on net sales for comparable units.

Net changes in the hotel portfolio contributed 5.4% or 63 MSEK to the increase in sales. The greatest contributor was Scandic Lilleström, which was opened on January 9, 2018. Other contributors were the Grand Hotel Oslo and another four hotels that were added in the Pandox and Eiendomsspar transaction, which was implemented in the second quarter 2017.

Average Revenue Per Available Room (RevPAR) increased by 7.2% in local currency compared with the same quarter the previous year. RevPAR for comparable units grew by 7.4%.

Adjusted EBITDA rose to 160 MSEK (112), chiefly due to positive calendar effects and more rooms in operation.

The adjusted EBITDA margin rose to 11.8% (9.6). The hotels added in 2017, which initially contributed a lower margin, continued to develop well during the quarter.

First half-year

Net sales rose by 13.5% to 2,391 MSEK (2,106). For comparable units, net sales increased by 2.0%.

Net changes in the hotel portfolio contributed 10.4% or 218 MSEK to the increase in sales. The greatest contributor was Scandic Lilleström, which was opened on January 9, 2018 and Scandic Flesland Airport in Bergen, which opened on April 3, 2017. Other contributors were the Grand Hotel Oslo and another four hotels that were added in the Pandox and Eiendomsspar transaction, which was implemented in the second quarter 2017.

Average Revenue Per Available Room (RevPAR) increased by 2.2% in local currency compared with the same period the previous year. RevPAR for comparable units grew by 2.6%.

Adjusted EBITDA rose to 616 MSEK (597), chiefly due to positive calendar effects and more rooms in operation.

The adjusted EBITDA margin increased to 7.9% (7.8). The hotels added in 2017, which initially contributed a lower margin, continued to develop well during the first half-year.

Finland

	Apr-Jun 2018	Apr-Jun 2017	%	Jan-Jun 2018	Jan-Jun 2017	%
Net sales (MSEK)	**1,059**	**489**	**116.5%**	**1,976**	**912**	**116.7%**
Currency effects	32		6.6%	52		5.7%
New hotels	552		112.8%	1,036		113.6%
Exits	-43		-8.9%	-72		-7.9%
LFL	29		6.0%	48		5.3%
Adjusted EBITDA	**149**	**87**	**71.3%**	**205**	**140**	**46.4%**
% margin	14.1%	17.8%		10.4%	15.4%	
RevPAR (SEK)	**622**	**682**	**-8.8%**	**580**	**628**	**-7.7%**
Currency effects	45		6.6%	36		5.7%
New hotels/Exits	-140		-20.6%	-118		-18.7%
LFL	35		5.2%	33		5.3%
ARR (SEK)	1,020	1,038	-1.8%	982	991	-0.9%
OCC %	61.0%	65.6%		59.0%	63.4%	

Second quarter

As a result of the Restel acquisition, Scandic's Finnish operations are reported as a separate business segment as of January 1, 2018.

The integration of Restel was initiated in the beginning of the year and is progressing according to plan. Integration costs in the second quarter were 80 MSEK and are recognized in items affecting comparability, while investments in connection with the rebranding of the hotels as Scandic hotels were 13 MSEK. Since early June, all of the acquired Cumulus hotels had been rebranded and are now operating under the Scandic brand. Cost synergies within marketing, sales, purchasing and IT have been identified and are expected to have a certain positive effect in the latter part of 2018. The greatest synergies are expected to be in the form of revenue when the acquired hotels are integrated with Scandic's distribution capacity. The acquired hotels contributed 533 MSEK to net sales and made a positive contribution of 40 MSEK to adjusted EBITDA. Initially, Restel's RevPAR is lower than the average in the rest of the Finnish operations.

Net sales in the second quarter increased by 116.5% to 1,059 MSEK (489). Net sales for comparable units rose by 6.0%.

Net changes in the hotel portfolio contributed 104% or 509 MSEK to the increase in sales. In addition to the newly-added hotels from the Restel acquisition, Scandic Helsinki Airport was opened at the end of the first quarter. Scandic Vierumäki, which was divested on September 30, 2017, was included in the second quarter the previous year.

Average Revenue Per Available Room (RevPAR) declined by 15.4% in local currency compared with the same quarter the previous year. RevPAR for comparable units grew by 5.2%.

Adjusted EBITDA increased to 149 MSEK (87). Earnings improved significantly, even excluding the contribution from the Restel hotels.

The adjusted EBITDA margin declined to 14.1% (17.8). The adjusted EBITDA margin rose marginally, excluding Restel.

First half-year

During the first half-year, integration costs for Restel totaled 104 MSEK and are recognized in items affecting comparability, while investments in connection with the rebranding of the hotels as Scandic hotels amounted to 16 MSEK. In total, integration costs are expected to amount to 120 MSEK and investments for rebranding and systems integration are expected to total approximately 30 MSEK, which is somewhat lower than estimated when the transaction was announced. The acquired hotels contributed 1,023 MSEK to net sales and made a positive contribution of 39 MSEK to adjusted EBITDA. Initially, Restel's RevPAR is lower than the average in the rest of the Finnish operations.

Net sales in the first half-year increased by 117% to 1,976 MSEK (912). Net sales for comparable units rose by 5.3%.

Net changes in the hotel portfolio contributed 106% or 964 MSEK to the increase in sales. In addition to the newly-added hotels from the Restel acquisition, Scandic Helsinki Airport was opened at the end of the first quarter. Scandic Vierumäki, which was divested on

September 30, 2017, was included in the second quarter the previous year.

Average Revenue Per Available Room (RevPAR) declined by 13.4% in local currency compared with the same period the previous year. RevPAR for comparable units grew by 5.3%.

Adjusted EBITDA increased to 205 MSEK (140).

The adjusted EBITDA margin dropped to 10.4% (15.4). The adjusted EBITDA margin excluding Restel showed positive development.

Rest of Europe

	Apr-Jun 2018	Apr-Jun 2017	%	Jan-Jun 2018	Jan-Jun 2017	%
Net sales (MSEK)	**663**	**582**	**13.9%**	**1,134**	**998**	**13.7%**
Currency effects	36		6.3%	56		5.7%
New hotels	50		8.6%	89		8.9%
Exits	-7		-1.3%	-13		-1.3%
LFL	2		0.3%	4		0.4%
Adjusted EBITDA	**108**	**95**	**13.7%**	**108**	**99**	**9.1%**
% margin	16.3%	16.3%		9.5%	9.9%	
RevPAR (SEK)	**909**	**851**	**6.7%**	**779**	**728**	**7.0%**
Currency effects	54		6.3%	42		5.7%
New hotels/Exits	-5		-0.5%	0		0.1%
LFL	8		0.9%	9		1.2%
ARR (SEK)	1,172	1,088	7.7%	1,092	1,017	7.4%
OCC %	77.6%	78.2%		71.3%	71.6%	

Second quarter

As of January 1, 2018, the Rest of Europe segment includes Scandic's operations in Denmark, Germany and Poland.

Net sales rose by 13.9% to 663 MSEK (582). Net sales for comparable units rose by 0.3%. Scandic Frankfurt Museumsufer, Scandics first hotel in Frankfurt, is included in the report from February 1.

Net changes in the hotel portfolio contributed 7.3% or 43 MSEK to the increase in sales. Scandic Sluseholmen in Copenhagen, Scandic the Mayor in Århus and Scandic Frankfurt Museumsufer were the greatest contributors to the increase.

Average Revenue Per Available Room (RevPAR) increased by 0.4% in local currency compared with the same quarter the previous year. RevPAR for comparable units grew by 0.9%. Development was marginally positive in all markets.

Adjusted EBITDA increased to 108 MSEK (95).

The adjusted EBITDA margin rose to 16.3% (16.3).

First half-year

Net sales rose by 13.7% to 1,134 MSEK (998). Net sales for comparable units rose by 0.4%.

Net changes in the hotel portfolio contributed 7.6% or 76 MSEK to the increase in sales. Scandic Sluseholmen in Copenhagen, Scandic the Mayor in Århus and Scandic Frankfurt Museumsufer were the greatest contributors to the increase.

Average Revenue Per Available Room (RevPAR) increased by 1.3% in local currency compared with the same period the previous year. RevPAR for comparable units grew by 1.2%. Germany and Denmark showed positive development while in Poland, development was marginally negative.

Adjusted EBITDA increased to 108 MSEK (99).

The adjusted EBITDA margin fell to 9.5% (9.9).

Central functions

Adjusted EBITDA for central functions and Group adjustments amounted to -69 MSEK (-77) during the quarter and to -160 MSEK (-177) for the first half-year. Market valuation of forward contracts for electricity had a positive effect of 31 MSEK (4) on adjusted EBITDA during the quarter and 38 MSEK (-5) during the first half-year.

EVENTS AFTER THE REPORTING DATE

On July 10, Scandic announced that it had signed an agreement with Finnish investment company CapMan to take over the operation of a hotel in Helsinki with 178 rooms. At the same time, the parties also agreed to extend a leasing agreement for four hotels with a total of 979 rooms.

OUTLOOK

For the third quarter, the company expects that sales growth for comparable units will be in line with the first half-year. From a seasonal perspective, the third quarter is the strongest for Restel.

Integration costs for Restel are expected to be approximately 120 MSEK compared with 150 MSEK that was communicated earlier. Investments related to integration are estimated to amount to approximately 30 MSEK compared with a maximum of MSEK 50 that was communicated earlier.

FINANCIAL TARGETS

At the beginning of 2016, Scandic adopted a clear long-term strategy aimed at developing operations in line with the following medium- and long-term financial targets:

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

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. Approximately 70% of Scandic's revenue comes from business travel and conferences while the remaining 30% comes from leisure travel.

DIVIDEND

Scandic's Annual General Meeting 2018 resolved on a dividend for 2017 of 3.40 SEK (3.15) per share to be paid out in two equal amounts of 1.70 SEK. The record date for the first payment was April 30, 2018 and the record date for the second payment will be October 30, 2018.

PRESENTATION OF THE REPORT

The presentation of Scandic's Interim Report will take place at 9:00 CET on July 20, 2018 with President & CEO Even Frydenberg and CFO Jan Johansson available by phone. To participate, just dial +46 8 503 36 563 (Sweden) or +44 203 008 9811 (UK). Please call in five minutes before the start. The presentation will also be available afterwards at scandichotelsgroup.com

FOR MORE INFORMATION

Jan Johansson
Chief Financial Officer
Phone: +46 70 575 89 72
jan.johansson@scandichotels.com

Henrik Vikström
Director Investor Relations
Phone: +46 70 952 80 06
henrik.vikstrom@scandichotels.com

FINANCIAL CALENDAR

2018-10-25	Interim report Q3 2018 (silent period from September 25, 2018)
2019-02-19	Year-end report 2018 (silent period from January 19, 2019)

SIGNIFICANT RISKS & RISK FACTORS

Scandic operates in a sector where demand for hotel nights and conferences is influenced by the underlying domestic economic development and purchasing power in the geographic 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 rooms sold.

Scandic's business model is based on lease agreements where approximately 90% of its hotels (based on the number of rooms) have variable revenue-based rents. This results in lower profit risks since revenue losses are partly offset by 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.

On June 30, 2018, Scandic's goodwill and intangible assets amounted to 10,011 MSEK. The recognized value mainly relates to operations in Sweden, Norway and Finland. A significant downturn in the hotel markets in those countries would affect expected cash flow negatively, and consequently, the value of goodwill and other intangible assets.

SENSITIVITY ANALYSIS

A change in RevPAR due to variable rental costs and variable costs will have an impact of approximately 40 to 60% on EBITDA. Based on Group results and assuming that all other factors except RevPAR remain unchanged, Scandic assesses that an increase or decrease of one% in RevPAR will have an impact of approximately 30 to 50 MSEK on EBITDA on an annual basis, where the higher value relates to a change driven entirely by average room rates 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 to the operating profit/loss. Exchange rate fluctuations in the Group arise from the revaluation of Scandic's foreign subsidiaries' income statements and balance sheets to SEK.

Consolidated income statement

MSEK	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017	Jul-Jun 2017/2018
INCOME						
Room revenue	3,159	2,505	5,539	4,454	9,464	10,549
Restaurant and conference revenue*	1,476	1,185	2,808	2,289	4,853	5,372
Franchise and management fees	7	7	13	11	26	28
Other hotel-related revenue	106	73	179	111	239	307
Net sales	***4,748***	***3,770***	***8,539***	***6,865***	***14,582***	***16,256***
Other income	-	-1	-	1	1	-
TOTAL OPERATING INCOME	**4,748**	**3,769**	**8,539**	**6,866**	**14,583**	**16,256**
OPERATING COSTS						
Raw materials and consumables	-402	-319	-756	-601	-1,295	-1,450
Other external costs	-957	-773	-1,895	-1,528	-3,215	-3,582
Personnel costs	-1,520	-1,243	-2,869	-2,328	-4,738	-5,279
Adjusted EBITDAR	**1,869**	**1,434**	**3,019**	**2,409**	**5,335**	**5,945**
Fixed and guaranteed rental charges	-737	-584	-1,450	-1,156	-2,323	-2,617
Variable rental charges	-479	-389	-771	-638	-1,442	-1,575
Pre-opening costs	-36	-17	-69	-34	-67	-102
Items affecting comparability	-80	-12	-104	-12	-30	-122
EBITDA	**537**	**432**	**625**	**569**	**1,473**	**1,529**
Depreciation and amortization	-212	-131	-411	-262	-549	-698
TOTAL OPERATING COSTS	**-4,423**	**-3,468**	**-8,325**	**-6,559**	**-13,659**	**-15,425**
EBIT (Operating profit/loss)	**325**	**301**	**214**	**307**	**925**	**832**
Financial income	-2	3	8	5	9	12
Financial expenses	-48	-49	-94	-88	-133	-139
Net financial items	**-50**	**-46**	**-86**	**-83**	**-124**	**-127**
EBT (Profit/loss before taxes)	**275**	**255**	**128**	**224**	**800**	**705**
Taxes	-16	-46	-11	-49	-90	-52
PROFIT/LOSS FOR PERIOD	**259**	**209**	**117**	**175**	**711**	**653**
Profit/loss for period relating to:						
Parent Company shareholders	259	208	115	173	707	649
Non-controlling interest	-	1	2	2	4	4
Profit/loss for period	**259**	**209**	**117**	**175**	**711**	**653**
Average number of outstanding shares before dilution	102,995,130	102,985,075	102,995,130	102,985,075	102,959,870	102,990,062
Average number of outstanding shares after dilution	103,131,237	103,034,842	103,131,237	103,034,842	103,003,004	103,067,646
Earnings per share before dilution, SEK	**2.51**	**2.02**	**1.12**	**1.68**	**6.87**	**6.30**
Earnings per share after dilution, SEK	**2.51**	**2.02**	**1.12**	**1.68**	**6.86**	**6.30**
Adjusted EBITDAR margin, %	39.4	38.0	35.4	35.1	36.6	36.6
EBITDA margin, %	11.3	11.5	7.3	8.3	10.1	9.4
EBIT margin, %	6.8	8.0	2.5	4.5	6.3	5.1

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

Consolidated statement of comprehensive income

MSEK	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017	Jul-Jun 2017/2018
Profit/loss for period	259	209	117	175	711	653
Items that may be reclassified to the income statement	109	-25	351	-61	-56	356
Items that may not be reclassified to the income statement	-28	-7	-30	-27	-79	-82
Other comprehensive income	**81**	**-32**	**321**	**-88**	**-135**	**274**
Total comprehensive income for period	**340**	**177**	**438**	**87**	**576**	**927**
Relating to:						
Parent Company shareholders	339	176	434	86	571	919
Non-controlling interest	1	1	4	1	5	8

Consolidated balance sheet, summary

MSEK	30 Jun 2018	30 Jun 2017	31 Dec 2017
ASSETS			
Intangible assets	10,011	9,001	9,669
Tangible assets	6,172	3,064	5,599
Financial fixed assets	228	64	170
Total fixed assets	**16,411**	**12,129**	**15,438**
Current assets	1,818	1,463	1,285
Derivative instruments	7	-	-
Assets held for sale	107	-	101
Cash and cash equivalents	161	371	140
Total current assets	**2,093**	**1,834**	**1,526**
TOTAL ASSETS	**18,504**	**13,963**	**16,964**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent Company	7,588	6,839	7,323
Non-controlling interest	37	32	33
Total equity	**7,625**	**6,871**	**7,356**
Liabilities to credit institutions	3,353	3,401	3,769
Finance lease liabilities	1,668	1	1,607
Other long-term liabilities	1,408	1,179	1,312
Total long-term liabilities	**6,429**	**4,580**	**6,688**
Derivative instruments	-	21	5
Current liabilities for finance leases	63	-	58
Current liabilities, commercial papers	1,199	-	-
Liabilities held for sale	74	-	70
Other current liabilities	3,114	2,491	2,786
Total current liabilities	**4,450**	**2,512**	**2,919**
TOTAL EQUITY AND LIABILITIES	**18,504**	**13,963**	**16,964**
Equity per share, SEK	73.7	66.4	71.1
Total number of shares outstanding, end of period	102,985,075	102,985,075	102,985,075
Working capital	-1,263	-1,028	-1,470
Interest-bearing net liabilities	4,391	3,030	3,629
Interest-bearing net liabilities/adjusted EBITDA	2.6	1.9	2.3

Changes in Group equity

MSEK	Share capital	Share premium reserve	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
OPENING BALANCE 01/01/2017	**26**	**7,865**	**-29**	**-790**	**7,072**	**31**	**7,103**
Profit/loss for the period	**-**	**-**	**-**	**173**	**173**	**2**	**175**
Total other comprehensive income, net after tax	*-*	*-*	*-60*	*-27*	*-87*	*-1*	*-88*
Total comprehensive income for the year	**-**	**-**	**-60**	**146**	**86**	**1**	**87**
Total transactions with shareholders	*-*	*-*	*-*	*-319*	*-319*	*-*	*-319*
CLOSING BALANCE 06/30/2017	**26**	**7,865**	**-89**	**-963**	**6,839**	**32**	**6,871**
Profit/loss for the period	**-**	**-**	**-**	**534**	**534**	**2**	**536**
Total other comprehensive income, net after tax	*-*	*-*	*3*	*-52*	*-49*	*2*	*-47*
Total comprehensive income for the year	**-**	**-**	**3**	**482**	**485**	**4**	**489**
Total transactions with shareholders	*-*	*-*	*-*	*-1*	*-1*	*-3*	*-4*
CLOSING BALANCE 12/31/2017	**26**	**7,865**	**-86**	**-482**	**7,323**	**33**	**7,356**
Change accounting principles	*-*	*-*	*-*	*-*	*-*	*-*	*-*
OPENING BALANCE 01/01/2018	**26**	**7,865**	**-86**	**-482**	**7,323**	**33**	**7,356**
Profit/loss for the period	**-**	**-**	**-**	**115**	**115**	**2**	**117**
Total other comprehensive income, net after tax	*-*	*-*	*-30*	*349*	*319*	*2*	*321*
Total comprehensive income for the year			**-30**	**464**	**434**	**4**	**438**
Total transactions with shareholders	*-*	*-*	*-169*	*-*	*-169*	*-*	*-169*
CLOSING BALANCE 06/30/2018	**26**	**7,865**	**-285**	**-18**	**7,588**	**37**	**7,625**

Consolidated cash flow statement

	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017	Jul-Jun 2017/2018
OPERATING ACTIVITIES						
EBIT (Operating profit/loss)	325	301	214	307	925	832
Depreciation	212	131	411	262	549	698
Items not included in cash flow	-89	-7	-85	3	-1	-89
Paid tax	-14	-13	-31	-18	-125	-138
Change in working capital	145	73	-148	-195	196	243
Cash flow from operating activities	**579**	**485**	**361**	**359**	**1,544**	**1,546**
INVESTING ACTIVITIES						
Net investments	-386	-218	-691	-364	-964	-1,291
Sale of operations		-		-	17	17
Acquisitions	-2	-	-54	-	-1,146	-1,200
Cash flow from investing operations	**-388**	**-218**	**-745**	**-364**	**-2,093**	**-2,474**
OPERATIVE CASH FLOW	**191**	**267**	**-384**	**-5**	**-549**	**-928**
FINANCING OPERATIONS						
Interest payments	-13	-24	-32	-47	-80	-65
Dividends	-174	-322	-174	-322	-325	-177
Refinancing of loans	-	-6	-	-6	-6	-
Dividend, share swap agreement	-41	35	-41	35	30	-46
Net Borrowing/Amortization, credit institutions	46	-344	-515	-344	9	-162
Issue commercial papers	-	-	1,199	-	-	1,199
Cash flow from financing operations	**-182**	**-661**	**437**	**-684**	**-372**	**749**
CASH FLOW FOR PERIOD	**9**	**-394**	**53**	**-689**	**-921**	**-179**
Cash and cash equivalents at beginning of period	163	765	140	1,068	1,068	371
Translation difference in cash and cash equivalents	-11	-	-32	-8	-7	-31
Cash and cash equivalents at end of the period	161	371	161	371	140	161

Parent Company income statement, summary

MSEK	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017	Jul-Jun 2017/2018
Net sales	1	7	11	14	54	51
Expenses	-1	-7	-9	-14	-71	-66
EBIT (Operating profit/loss)	**0**	**0**	**2**	**0**	**-17**	**-15**
Financial income	50	30	91	52	113	152
Financial expenses	-26	-43	-53	-69	-104	-88
Net financial items	**24**	**-13**	**38**	**-17**	**9**	**64**
Appropriations	-	-	-	-	334	334
EBT (profit/loss before tax)	**24**	**-13**	**40**	**-17**	**325**	**383**
Tax	-5	3	-9	4	-71	-84
PROFIT/LOSS FOR PERIOD	**19**	**-10**	**31**	**-13**	**254**	**299**

Consolidated statement of comprehensive income

MSEK	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017	Jul-Jun 2017/2018
Profit/loss for period	**19**	**-10**	**31**	**-13**	**254**	**299**
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	**19**	**-10**	**31**	**-13**	**254**	**299**

Parent Company balance sheet, summary

MSEK	30 Jun 2018	30 Jun 2017	31 Dec 2017
ASSETS			
Investments in subsidiaries	5,039	4,590	5,039
Group company receivables	6,023	5,221	5,174
Deferred tax assets	-	75	-
Other receivables	24	-	-
Total fixed assets	**11,086**	**9,886**	**10,213**
Current receivables	7	17	28
Group company receivables	-	-	333
Cash and cash equivalents	21	-	-
Total current assets	**28**	**17**	**361**
TOTAL ASSETS	**11,114**	**9,903**	**10,574**
EQUITY AND LIABILITIES			
Equity	**6,468**	**6,340**	**6,606**
Liabilities to credit institutions	3,353	3,454	3,813
Deferred tax liabilities	9	-	-
Other liabilities	24	-	-
Total long-term liabilities	**3,386**	**3,454**	**3,813**
Liabilities commercial papers	1,199	-	-
Other liabilities	50	99	118
Accrued expenses and prepaid income	11	10	37
Total current liabilities	**1,260**	**109**	**155**
TOTAL EQUITY AND LIABILITIES	**11,114**	**9,903**	**10,574**

Changes in Parent Company's equity

MSEK	Share capital	Share premium reserve	Retained earnings	Total equity
OPENING BALANCE 01/01/2017	**26**	**1,534**	**5,112**	**6,672**
Profit/loss for period	**-**	**-**	**-13**	**-13**
Total other comprehensive income, net after tax	-	-	-	-
Total other comprehensive income			**-13**	**-13**
Total transactions with shareholders	**-**	**-**	**-319**	**-319**
CLOSING BALANCE 06/30/2017	**26**	**1,534**	**4,780**	**6,340**
Profit/loss for period			**267**	**267**
Total other comprehensive income, net after tax	-	-	-	-
Total other comprehensive income	**-**	**-**	**267**	**267**
Total transactions with shareholders	-	-	-1	-1
OPENING BALANCE 01/01/2018	**26**	**1,534**	**5,046**	**6,606**
Profit/loss for period			**31**	**31**
Total other comprehensive income, net after tax	-	-	-	-
Total other comprehensive income	**-**	**-**	**31**	**31**
Total transactions with shareholders	-	-	*-169*	*-169*
CLOSING BALANCE 06/30/2018	**26**	**1,534**	**4,908**	**6,468**

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 11 MSEK (14). The operating profit was 2 MSEK (0).

Net financial items for the period totaled 38 MSEK (-17). The Parent Company's profit before tax was 40 MSEK (-17).

Transactions between related parties

The Braganza AB Group is considered to be a related party in terms of participating interest and Board representation during the year. Accommodation revenues from related parties amounted to 6 MSEK for the period. 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 2017 and are outlined in Note 1, Accounting principles.

From January 1, 2019 the Group has applied a new standard, IFRS 16, Leasing. The new standard primarily affects the accounting of the Group's operating leases and is expected to have significant effects on the Group's balance sheet. The income statement is also expected to be impacted primarily by adjustments between income statement lines. In 2017, the Group began the evaluation and quantification of the changed accounting and this work was continued during the first half-year 2018 during which decisions were made regarding system support.

The Parent Company applies the Annual Accounts Act and RFR 2, Accounting for legal entities. This 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. All amounts in this report are expressed in MSEK unless otherwise stated. Rounding differences may occur.

The information for the interim period on pages 1–26 is an integral part of these financial statements.

ALTERNATIVE PERFORMANCE MEASURES

The company uses alternative performance measures for its financial statements. From the second quarter 2016, the company has applied the ESMA's (European Securities and Markets Authority) new guidelines for alternative performance measures.

Alternative performance measures are reported to help investors evaluate the performance of the company. They are used by the management for the internal evaluation of operating activities and for forecasting and budgeting. Alternative performance measures are also used in part as criteria in LTIP programs.

These measures aim to measure Scandic's activities and may therefore differ from the way that other companies calculate similar dimensions.

The definitions and explanations of the alternative performance measures can be found at scandichotelsgroup.com/en/definitions

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. For liabilities to credit institutions, the booked value is the fair value.

SEGMENT DISCLOSURES

Segments are reported according to IFRS 8 Operating segments. Segment information is reported in the same way as it is analyzed and studied internally by executive decision-makers, mainly the CEO, the Executive Committee and the Board of Directors.

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

Sweden – Swedish hotels operated under the Scandic brand.

Norway – Norwegian hotels operated under the Scandic brand.

Finland – Finnish hotels operated under the Scandic brand as well as hotels operated under the Hilton, Crowne Plaza, Holiday Inn and Cumulus brands.

Rest of Europe – hotels operated under the Scandic brand in Belgium, Denmark, Poland and Germany.

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

The division of revenues between segments is based on the location of the business activities and segment disclosures are determined after eliminating intra-Group transactions. Revenues derive from a large number of customers in all segments.

Segment results are analyzed based on adjusted EBITDA.

Segment disclosures

Apr-Jun	Sweden		Norway		Finland		Other Europé		Central functions		Group	
MSEK	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Room revenue	1,168	1,057	831	717	689	322	471	409	-	-	3,159	2,505
Restaurant and conference revenue	486	453	473	404	332	160	186	168	-	-	1,477	1,185
Franchise and managment fees	3	3	2	2	0	0	1	1	-	-	6	6
Other hotel-related income	17	15	46	48	38	7	5	4	-	-	106	74
Net sales	**1,674**	**1,528**	**1,352**	**1,171**	**1,059**	**489**	**663**	**582**	**-**	**-**	**4,748**	**3,770**
Other income	-	-1	-	-	-	-	-	-	-	-	-	-1
Internal transactions	-	-	-	-	-	-	-	-	1	7	1	7
Group eliminations	-	-	-	-	-	-	-	-	-1	-7	-1	-7
Total income	**1,674**	**1,527**	**1,352**	**1,171**	**1,059**	**489**	**663**	**582**	**-**	**-**	**4,748**	**3,769**
Expenses	-1,404	-1,283	-1,192	-1,059	-910	-402	-555	-487	-69	-77	-4,130	-3,308
Adjusted EBITDA	**270**	**244**	**160**	**112**	**149**	**87**	**108**	**95**	**-69**	**-77**	**618**	**461**
Adjusted EBITDA margin, %	16.1	16.0	11.8	9.6	14.1	17.8	16.3	16.3	-	-	13.0	12.2
EBITDA	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**537**	**432**
EBITDA margin, %	-	-	-	-	-	-	-	-	-	-	11.3	11.5
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-212	-131
EBIT (Operating profit/loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**325**	**301**
Net financial items	-	-	-	-	-	-	-	-	-	-	-50	-46
EBT (Profit/loss before tax)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**275**	**255**

Jan-Jun	Sweden		Norway		Finland		Other Europé		Central functions		Group	
MSEK	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Room revenue	2,053	1,918	1,435	1,265	1,265	588	787	683	-	-	5,539	4,454
Restaurant and conference revenue	948	897	892	778	633	310	336	304	-	-	2,808	2,289
Franchise and managment fees	5	5	6	3	-	-	3	3	-	-	13	11
Other hotel-related income	32	29	58	60	78	14	8	8	-	-	179	111
Net sales	**3,038**	**2,849**	**2,391**	**2,106**	**1,976**	**912**	**1,134**	**998**	**-**	**-**	**8,539**	**6,865**
Other income	-	1	-	-	-	-	-	-	-	-	-	1
Internal transactions	-	-	-	-	-	-	-	-	11	14	11	14
Group eliminations	-	-	-	-	-	-	-	-	-11	-14	-11	-14
Total income	**3,038**	**2,850**	**2,391**	**2,106**	**1,976**	**912**	**1,134**	**998**	**-**	**-**	**8,539**	**6,866**
Expenses	-2,646	-2,461	-2,203	-1,942	-1,771	-772	-1,026	-899	-160	-177	-7,806	-6,251
Adjusted EBITDA	**392**	**389**	**188**	**164**	**205**	**140**	**108**	**99**	**-160**	**-177**	**733**	**615**
Adjusted EBITDA margin, %	12.9	13.7	7.9	7.8	10.4	15.4	9.5	9.9			8.6	9.0
EBITDA	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**625**	**569**
EBITDA margin, %	-	-	-	-	-	-	-	-	-	-	7.3	8.3
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-411	-262
EBIT (Operating profit/loss)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**214**	**307**
Net financial items	-	-	-	-	-	-	-	-	-	-	-86	-83
EBT (Profit/loss before tax)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**128**	**224**

Assets and investments by segment

30 Jun	Sweden		Norway		Finland		Other Europé		Central functions		Group	
MSEK	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Fixed assets	5,715	5,127	3,988	3,549	5,741	2,416	900	774	67	263	16,411	12,129
Investments in fixed assets	179	159	222	86	139	40	101	58	50	21	691	364

Revenue by country

MSEK	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017	Jul-Jun 2017/2018
Sweden	1,674	1,527	3,038	2,849	5,979	6,167
Norway	1,352	1,171	2,390	2,106	4,585	4,869
Finland	1,059	489	1,977	912	1,915	2,979
Denmark	479	425	806	720	1,535	1,622
Germany	162	129	291	232	473	532
Poland	23	21	37	34	73	76
Belgium	-	7	-	13	23	11
Total countries	**4,748**	**3,769**	**8,539**	**6,866**	**14,583**	**16,256**
Other	1	7	11	14	54	51
Group eliminations	-1	-7	-11	-14	-54	-51
Group	**4,748**	**3,769**	**8,539**	**6,866**	**14,583**	**16,256**

Revenue by type of agreement

MSEK	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017	Jul-Jun 2017/2018
Lease agreements	4,731	3,752	8,503	6,832	14,514	16,185
Management agreements	2	3	5	5	11	11
Franchise and partner agreements	4	4	8	7	15	16
Owned	11	10	23	22	43	44
Total	**4,748**	**3,769**	**8,539**	**6,866**	**14,583**	**16,256**
Other	1	7	11	14	54	51
Group eliminations	-1	-7	-11	-14	-54	-51
Group	**4,748**	**3,769**	**8,539**	**6,866**	**14,583**	**16,256**

Effect of finance lease

The following items in EBT has been affected of finance lease accounting	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017	Jul-Jun 2017/2018
Fixed and guaranteed rental charges	34	0	65	0	0	65
Depreciations	-23	0	-45	0	0	-45
Total effect of finance lease accounting in EBIT	**11**	**0**	**20**	**0**	**0**	**20**
Financial expenses	-18	0	-35	0	0	-35
Total effect of finance lease accounting in EBT	**-7**	**0**	**-15**	**0**	**0**	**-15**

Total rental charges

Total rental charges	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017	Jul-Jun 2017/2018
Fixed and guaranteed rental charges according to income statement	-737	-584	-1,450	-1,156	-2,323	-2,617
Fixed and guaranteed rental charges, reversed effect of finance lease	-34	0	-65	0	0	-65
Total fixed and guaranteed rental charges	**-771**	**-584**	**-1,515**	**-1,156**	**-2,323**	**-2,682**
Variable rental charges	-479	-389	-771	-638	-1,442	-1,575
Total rental charges	**-1,250**	**-973**	**-2,286**	**-1,794**	**-3,765**	**-4,257**
Fixed and guaranteed rental charges	16.2%	15.5%	17.7%	16.8%	15.9%	16.5%
Variable rental charges	10.1%	10.3%	9.0%	9.3%	9.9%	9.7%
Total rental charges	26.3%	25.8%	26.8%	26.1%	25.8%	26.2%

Quarterly data

MSEK	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
RevPAR, SEK	737	572	640	758	719	596
Net sales	4,748	3,791	3,743	3,974	3,770	3,095
Adjusted EBITDAR	1,869	1,151	1,276	1,650	1,434	975
Adjusted EBITDA	618	115	333	622	461	154
EBITDA	537	88	279	625	432	137
Adjusted EBIT	406	-83	179	490	330	23
EBIT (Operating profit/loss)	325	-110	125	493	301	6
EBT (Profit/loss before tax)	275	-146	106	470	255	-31
Adjusted EBITDAR margin, %	39.4	30.4	34.1	41.5	38.0	31.5
Adjusted EBITDA margin, %	13.0	3.0	8.9	15.7	12.2	5.0
EBITDA margin, %	11.3	2.3	7.5	15.7	11.5	4.4
Adjusted EBIT margin, %	8.6	-2.2	4.8	12.3	8.8	0.7
EBIT margin, %	6.8	-2.9	3.3	12.4	8.0	0.2
Fixed and guaranteed rental charges, % of net sales	16.2	19.6	15.9	14.8	15.5	18.5
Variable rental charges, % of net sales	10.1	7.7	9.9	11.0	10.3	8.0
Total rental charges, % of net sales	26.3	27.4	25.8	25.9	25.8	26.5
Earnings per share after dilution, SEK	2.51	-1.39	1.52	3.65	2.02	-0.35

Quarterly data per segment

	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Net sales						
Sweden	1,674	1,364	1,579	1,550	1,528	1,320
Norway	1,352	1,038	1,146	1,333	1,171	936
Finland	1,059	918	495	508	489	423
Other Europé	663	471	523	583	582	416
Total net sales	**4,748**	**3,791**	**3,743**	**3,974**	**3,770**	**3,095**
Adjusted EBITDA						
Sweden	270	122	203	283	244	145
Norway	160	28	113	213	112	52
Finland	149	56	92	107	87	52
Other Europé	108	-	65	104	95	4
Central functions	-69	-91	-140	-85	-77	-99
Total adj EBITDA	**618**	**115**	**333**	**622**	**461**	**154**
Adjusted EBITDA margin, %	*13.0%*	*3.0%*	*8.9%*	*15.7%*	*12.2%*	*5.0%*

Exchange rates

SEK/EUR	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Income statement (average)	10.1448	9.5923	9.6326
Balance sheet (at end of period)	10.4213	9.6734	9.8497
SEK/NOK			
Income statement (average)	1.0571	1.0459	1.0330
Balance sheet (at end of period)	1.1002	1.0099	1.0011
SEK/DKK			
Income statement (average)	1.3622	1.2898	1.2949
Balance sheet (at end of period)	1.3984	1.3009	1.3229

Alternative performance measures

Interest-bearing net liabilities	30 Jun 2018	30 Jun 2017	31 Dec 2017
Liabilities to credit institutions	3,353	3,401	3,769
Liabilities, commercial papers	1,199	0	0
Cash and cash equivalents	-161	-371	-140
Interest-bearing net liabilities	**4,391**	**3,030**	**3,629**

Working capital	30 Jun 2018	30 Jun 2017	31 Dec 2017
Current assets, excl cash and bank balances	1,925	1,463	1,386
Current liabilities	-3,188	-2,491	-2,856
Working capital	**-1,263**	**-1,028**	**-1,470**

Definitions and alternative performance measures can be found on Scandic's website at scandichotelsgroup.com/en/definitions

LONG-TERM INCENTIVE PROGRAM

In December 2015, Scandic implemented a share-based Long-Term Incentive Program (LTIP 2015). A corresponding incentive program was decided upon at the Annual General Meetings 2016 (LTIP 2016), 2017 (LTIP 2017) and 2018 (LTIP 2018). The LTIP 2015 ended in connection with the publication of Scandic's interim report for the first quarter of 2018.

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 savings share, the participants may receive a matching share, where 50% of the allotment depends on a requirement related to the total return on the company's shares (TSR) being met and 50% is 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, related to EBITDA, cash flow and RGI (Revenue Generation Index=RevPAR in relation to the competitor group's RevPAR) for the 2016–2018 financial years (LTIP 2016), 2017–2019 (LTIP 2017) and 2018–2020 (LTIP 2018) respectively. For the LTIP 2018, there are no RGI-related performance criteria.

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 2019, the first quarter of 2020 and the first quarter of 2021 respectively, subject to the participant remaining a permanent employee within the Group and retaining the savings shares.

Senior managers have invested in the program and may be allotted a maximum of 176,736 shares for the LTIP 2016, 179,760 shares for the LTIP 2017 and 229,424 shares for the LTIP 2018 corresponding to approximately 0.6% of Scandic's share capital and votes. The costs of the program are expected to be 34 MSEK, excluding social security contributions, and the costs included in the income statement for the Group in accordance with IFRS 2 amounted to 5 MSEK for the second quarter 2018, including social security contributions. The maximum cost of the program, including social security contributions, is estimated to be 91 MSEK. For more information, see Note 6 in Scandic's Annual Report 2017.

The expected financial exposure to shares that may be allotted under the LTIP 2016, LTIP 2017 and LTIP 2018 and the delivery of shares to the participants has been hedged by Scandic's entering into a share swap agreement with a third party on market terms.

A total of 34 employees participated in the LTIP 2015. The total cost of the program, including social security contributions, was 19 MSEK. The dilution effect of the program amounted to 246,820 shares, which is equivalent to 0.02% of the number of outstanding shares as at June 30, 2018. The number of issued shares in the company, however, has not changed due to the allocation of shares in the LTIP 2015 as a share swap agreement exists with a third party.

The Board of Directors and the CEO affirm that this interim 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, July 20, 2018

Per G. Braathen
Chairman

Ingalill Berglund
Member of the Board

Frank Fiskers
Member of the Board

Grant Hearn
Member of the Board

Lottie Knutson
Member of the Board

Christoffer Lundström
Member of the Board

Eva Moen Adolfsson
Member of the Board

Martin Svalstedt
Member of the Board

Fredrik Wirdenius
Member of the Board

Marianne Sundelius
Employee representative

Even Frydenberg
President & CEO

AUDITORS' REVIEW

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

Definitions

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.

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

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.

FINANCIAL KEY RATIOS & ALTERNATIVE PERFORMANCE MEASURES

EBT
Earnings before tax.

EBIT
Earnings before interest and taxes.

Adjusted EBITDAR
Earnings before pre-opening costs, items affecting comparability, interest, taxes, depreciation, amortization and rental charges, adjusted for the effects of finance lease.

Adjusted EBITDA
Earnings before pre-opening costs, items affecting comparability, interest, taxes, depreciation and amortization, adjusted for the effects of finance lease.

EBITDA
Earnings before interest, taxes, depreciation and amortization.

EBITDA margin
EBITDA as a%age of net sales.

Adjusted EBIT
Earnings before pre-opening costs, items affecting comparability, interest and taxes, adjusted for the effects of finance lease.

Items affecting comparability
Items that are not directly related to the normal operations of the Group, for example, costs for transactions and restructuring.

Interest-bearing net debt
Debts to credit institutions and commercial papers less Cash and cash equivalents.

Working capital, net
Total current assets excluding cash and cash equivalents less total current liabilities, excluding financial instruments, current portion of finance lease liabilities and commercial papers.

EQUITY-RELATED KEY RATIOS

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

Equity per share
Equity related to the shareholders of the Parent Company, divided by the number of shares outstanding at the end of the period.

A more comprehensive list of definitions can be found on company's website at scandichotelsgroup.com/en/definitions

Scandic Hotels Group

Scandic is the largest hotel company in the Nordic countries with more than 55,000 rooms at about 280 hotels in operation and under development. In 2017, the Group had annual sales of SEK 14.6 billion.

We operate within the mid-market hotel segment under our industry-leading Scandic brand. About 70% of our revenue comes from business travel and conferences and the remaining 30% from leisure travel. We have a high share of returning guests and our Scandic Friends loyalty program is the largest in the Nordic hospitality industry with 2 million members.

Since it was founded in 1963, Scandic has been a pioneer and driven development in the hotel industry.

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

Press releases (selection)

2018-07-10 Scandic signs agreement for new hotel in Helsinki

2018-06-20 Scandic to divest one hotel in Pori

2018-06-18 Scandic strengthens its Executive Committee with strategic expertise within digitalization, branding and marketing

2018-05-03 Scandic Hotels to open hotel in the fast-growing market of Voss

2018-04-23 Scandic Hotels to open hotel in Helsingborg harbor

2018-03-27 Scandic publishes its Annual Report 2017

2018-03-12 Scandic establishes a Commercial Paper Program

2018-02-27 Scandic's Nomination Committee announces proposal for new Chairman and presents its proposal for the Annual General Meeting

2018-02-20 Vagn Sørensen to leave position as Chairman and member of Scandic's Board of Directors

2018-01-30 Unique partnerships and new app when Scandic launches new loyalty program

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Scandic Hotels
Group AB (Publ.)
Corp. id. 556703-1702
Location: Stockholm

Head office:
Sveavägen 167
102 33 Stockholm
Tel: +46 8 517 350 00

Scandic