



IMPROVED RESULTS IN STABLE MARKETS

FIRST QUARTER IN SUMMARY

- Net sales rose by 7.3% to 4,066 MSEK (3,791). Organic growth was 4.7% while sales for comparable units grew by 2.5%. More rooms in operation contributed with 2.2% to sales growth.
- The 2019 Easter holiday fell in April, which is why the quarter is not fully comparable with the first quarter 2018. Calendar effects are estimated to have impacted net sales positively by 3 to 4% due to the late Easter.
- Adjusted EBITDA increased to 160 MSEK (115), corresponding to a margin of 3.9% (3.0).
- Divestment of Scandic Hasselbacken in Stockholm for 230 MSEK. The capital gain of 182 MSEK is reported as an item affecting comparability.
- Agreement to expand two Norwegian hotels with a total of 266 rooms in connection with extending lease agreements in Oslo and Drammen.
- On January 18, Scandic announced that Jens Mathiesen, previously Managing Director Scandic Denmark, took over as President & CEO after Even Frydenberg.
- Earnings per share amounted to 0.35 SEK (-1.39). Excluding effects from finance leases, earnings per share totaled 0.87 (-1.31).
- Net results for the quarter were positively impacted by items affecting comparability, mainly attributable to capital gains from the sale of Scandic Hasselbacken. Excluding items affecting comparability and the effect of finance leases, earnings per share amounted to -0.79 (-1.13).

EVENTS AFTER THE REPORTING DATE

- Agreement to divest Scandic Lahti in Finland, a 139-room hotel, as a condition of the Finnish Competition and Consumer Authority for carrying out the acquisition of Restel.

GROUP KEY RATIOS

MSEK	Jan-Mar 2019	Jan-Mar 2018	% change	Jan-Dec 2018	Apr-Mar 2018/2019
Financial key ratios					
Net sales	4,066	3,791	7.3%	18,007	18,282
Adjusted EBITDA	160	115	39.1%	1,957	2,002
Adjusted EBITDA margin, %	3.9	3.0		10.9	11.0
EBIT (Operating profit/loss)	321	-110		983	1,414
Net profit/loss for the period	37	-141		678	856
Earnings per share, SEK	0.35	-1.39		6.54	8.28
Net profit/loss for the period excl. effect finance leases	90	-135		700	925
Earnings per share, SEK, excl. effect finance leases	0.87	-1.31		6.80	8.20
Net debt/Adjusted EBITDA, LTM	2.1	2.8		2.0	2.1
Hotel-related key ratios					
RevPAR (SEK)	599	572		683	689
ARR (Average Room Rate), SEK	1,018	979		1,045	1,053
OCC (Occupancy), %	58.9	58.5		65.3	65.4
Total number of rooms on reporting date	51,808	50,784		51,693	51,808

CEO'S COMMENTS

Improved results in relatively stable markets

Demand for hotel nights continued to grow in our markets in the beginning of the year, but increased capacity growth in some destinations had a dampening impact, especially in the Oslo region where several new hotels opened during the quarter.

Organic sales growth was 4.7% with just over half due to growth in comparable units. Sales were positively affected by the late Easter in 2019. Adjusted for that, sales and RevPAR for comparable units were marginally lower than in the corresponding quarter last year.

During the first quarter, which seasonally is Scandic's weakest, adjusted EBITDA improved in all segments except Sweden.

Positive development at Restel

We were satisfied with the development of the Restel portfolio at the beginning of the year. It is gratifying to see a clear effect of the cost synergies we achieved during the second half of 2018. During the quarter, RevPAR rose slightly for the Restel hotels as a whole, and we see continued potential to strengthen both occupancy and average room rates.

Increased focus on margins

We've stepped up the pace of our work to increase efficiency. Scandic has a strong market position and scalable business model, but we need to be more selective in our priorities and we have increased our focus on the unprofitable parts of our business.

Continued strong pipeline

In March, we completed the sale of Scandic Hasselbacken in Stockholm that resulted in a capital gain of 182 MSEK and signed an agreement to extend two Norwegian hotels in Oslo and in Drammen in connection with extending lease agreements. Our pipeline of 5,570 rooms now corresponds to about 11% of the existing portfolio.

Similar market conditions expected in Q2

We have a long-term positive outlook on our markets although higher capacity at some destinations may have a temporary negative effect on the market balance in 2019. There is new capacity in Oslo, and there will be an increase in Copenhagen during 2019.

We do not expect major changes in market conditions during the second quarter. For Q2, we expect sales growth for comparable units of between -2 and -3%, including a negative calendar effect of around 3%. For the first six months of the year, we expect sales growth for comparable units of between 0 and -1%. In addition, having more rooms in operation is expected to contribute approximately 2% to net sales.

Jens Mathiesen
President & CEO



5,570
rooms in the pipeline,
corresponding to 11% of
hotel portfolio

"We've stepped up the
pace of our work to
increase efficiency"

"We do not expect major
changes in market
conditions during the
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NORDIC HOTEL MARKET DEVELOPMENT

During the first quarter, there was a slightly positive trend in RevPAR growth in the Nordic countries. Positive calendar effects due to the fact that the Easter holiday fell in April are estimated to have impacted RevPAR positively by about 3 to 4 percent with the greatest effect in Norway.

Sweden

In the Swedish market, supply in terms of available rooms increased by 2.0% compared with the first quarter 2018, while the number of sold rooms rose by 2.9%. RevPAR in the market increased by 1.4% with a slight increase in occupancy and average room rates.

In Stockholm, the number of available rooms went up 2.8% compared with the first quarter 2018, while the number of sold rooms rose 6.1%. RevPAR in Stockholm increased 4.3%, mainly driven by higher average room rates.

In 2019, the number of available rooms is expected to increase by 5% in the Stockholm area, just over 2% in Gothenburg and about 9% in Malmö.

Norway

The number of available rooms in the Norwegian market grew by 4.5%, mainly as a result of increased capacity in Oslo and Gardermoen (Oslo Airport). The number of sold rooms rose by 9.4%. RevPAR in the market grew by 6.1% mainly due to higher average occupancy as a result of positive calendar effects.

In Oslo, market RevPAR fell 2.2% due to the increased

capacity in the market.

The number of available rooms in Oslo in 2019 is expected to grow by about 10%, mainly during the first half-year. In Bergen, capacity growth is expected to be almost 4%.

Denmark

In Denmark, market RevPAR grew 0.9%. The number of available rooms rose 5% compared with the corresponding quarter in 2018, which is in line with the increase in the number of sold rooms in the market.

Occupancy in Copenhagen remained high and RevPAR increased by 0.4% in the quarter.

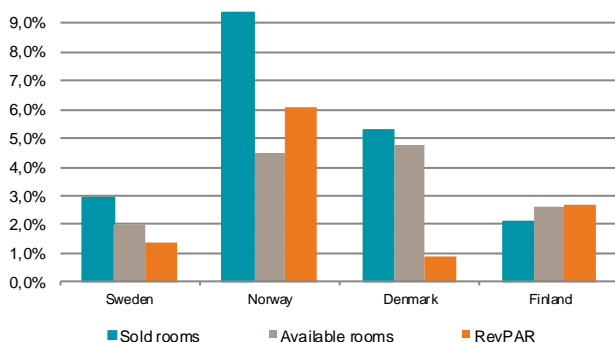
In 2019, Scandic expects the number of available rooms in Copenhagen to increase by about 17%, mainly during the second half-year.

Finland

The number of sold rooms in Finland is estimated to have increased by 2.1% during the first quarter while the number of available rooms went up 2.6%. The market RevPAR is estimated to have increased by around 2.7% in the quarter, mainly driven by higher average room rates.

In Helsinki, market RevPAR is estimated to have increased by about 3%, mainly due to higher average room rates. During 2019, the number of available rooms in the city is expected to go up by just below 7%.

MARKET DEVELOPMENT JANUARY–MARCH 2019
CHANGE YEAR-ON-YEAR



Source: Benchmarking Alliance

HOTEL PORTFOLIO

Existing hotel portfolio

At the end of the period, Scandic had a total of 51,808 hotel rooms in operation at 267 hotels, of which 244 had lease agreements. During the quarter, Scandic Hasselbacken in Stockholm was sold. During the quarter, two Norwegian hotels with lease agreements, Scandic Alexandra in Molde and Scandic Vestfjord in Lofoten, were opened. In addition, the number of rooms in

operation at existing hotels increased by 250 when the Holiday Inn Expo in Finland re-opened after having been closed for renovations.

In total, the number of hotel rooms in operation increased by 115 during the quarter.

Portfolio changes	Number of rooms
Opening balance January 1, 2019	
Lease contracts	48,373
Franchise/Other	3,320
Total	51,693
Exits with lease contracts	
Scandic Hasselbacken, Sweden	-113
New hotels with lease contracts	
Scandic Alexandra, Norway	165
Scandic Vestfjord, Norway	63
Change current portfolio - lease contracts	250
Total change lease contracts	365
Change franchise	-250
Total change during the quarter	115
Closing balance March 31, 2019	
Lease contracts	48,738
Franchise/Other	3,070
Total	51,808

Number of hotels in operation and in pipeline

	Operational on Mar 31, 2019				Pipeline on Mar 31, 2019	
	Hotels	of which with Lease contracts	Rooms	of which with Lease contracts	Hotels	Rooms
Sweden	84	78	17,337	16,546	3	1,094
Norway	84	69	15,680	13,678	3	1,209
Finland	67	66	12,452	12,385	3	1,202
Denmark	26	25	4,621	4,411	3	1,325
Other Europe	6	6	1,718	1,718	2	740
Total	267	244	51,808	48,738	14	5,570
<i>Change during the quarter</i>	<i>-1</i>	<i>2</i>	<i>115</i>	<i>365</i>	<i>-1</i>	<i>-85</i>

High-quality pipeline

At the end of the period, the pipeline had 14 hotels with 5,570 rooms, corresponding to about 11% of the active portfolio.

During the quarter, an agreement was signed to expand two Norwegian hotels in Oslo and Drammen with a total of 266 rooms in connection with extending lease

agreements. After the period, an agreement was signed to divest Scandic Lahti in Finland as part of the conditions for carrying out the acquisition of Restel. One Scandic hotel will also be closed in Kiruna due to the urban transformation.

The pipeline includes two existing Scandic hotels with a total of 536 rooms that are closed for renovation, Scandic Marski in Helsinki and Scandic Bergen Strand in Norway, both of which will re-open in 2019.

SALES AND ADJUSTED EBITDA

Group

	Jan-Mar 2019	Jan-Mar 2018	%
Net sales (MSEK)	4,066	3,791	7.3%
Currency effects	96		2.6%
Organic growth	179		4.7%
<i>New hotels</i>	107		2.8%
<i>Exits</i>	-21		-0.6%
<i>LFL</i>	93		2.5%
Adjusted EBITDA	160	115	39.1%
% margin	3.9%	3.0%	
RevPAR (SEK)	599	572	4.7%
Currency effects	14		2.5%
Acquisitions			
New hotels/exits	1		0.1%
LFL	12		2.1%

First quarter

Net sales rose by 7.3% to 4,066 MSEK (3,791). Easter fell in April, so the quarter is not fully comparable with the first quarter of 2018, when Easter fell partly in March. Scandic estimates that calendar effects affected sales growth positively for comparable units by approximately 3–4 percentage points.

Currency effects affected net sales positively by 2.6%. Organic growth, i.e. sales growth excluding currency effects and acquisitions, amounted to 4.7% or 179 MSEK.

All segments contributed positive organic growth. Organic growth was greatest in Other Europe, at 16.2%, where new hotels contributed and in Norway, at 7.5%, where calendar effects had the greatest positive effect.

Average Revenue Per Available Room (RevPAR) rose by 2.2% in local currency compared with the previous year. RevPAR for comparable units grew by 2.1%. RevPAR for comparable units rose in all segments except Finland, where it fell marginally.

Revenue from restaurant and conference operations grew by 6.9% and the share of total net sales was 35.2% (35.1).

Rental costs excluding the effect of finance leases accounted for 27.1% (27.4) of net sales. Fixed and guaranteed rental costs were 73.2% (71.7) of the total rental costs. The increase is due to several newly opened hotels that paid rent according to the guarantee level under the ramp-up period.

Costs for central functions increased to -97 MSEK (-91). The reason for the increase is that the corresponding period in the previous year was affected positively by 7 MSEK due to the market value of forward contracts for electricity.

Adjusted EBITDA rose to 160 MSEK (115). The adjusted EBITDA margin grew to 3.9% (3.0). Currency translation effects had a positive impact of 4 MSEK on adjusted EBITDA compared with the same period in the previous year. All segments contributed to higher adjusted EBITDA except Sweden where it fell marginally. The hotels that were added in the Restel acquisition contributed to the improved performance.

Segment reporting

Quarterly, Jan-Mar MSEK	Net sales		Adjusted EBITDA		Adjusted EBITDA margin	
	2019	2018	2019	2018	2019	2018
Sweden	1,372	1,364	118	122	8.6%	8.9%
Norway	1,152	1,038	45	28	3.9%	2.7%
Finland	975	918	80	56	8.2%	6.1%
Other Europe	567	471	14	0	2.5%	0.0%
Central costs and Group adjustments	-	-	-97	-91	-	-
Total Group	4,066	3,791	160	115	3.9%	3.0%

EFFECT OF IFRS 16

As of January 1, 2019, the Group applies IFRS 16 Leases. The new accounting principle means that lease agreements with a fixed or minimum rent are recognized in the balance sheet as a right-of-use asset and a finance lease liability. IFRS 16 has a major impact on Scandic's income statement and balance sheet. Reported EBITDA will increase significantly as the reported cost of operating leases will drop while depreciation of right-of-use assets and interest expenses for the finance lease liability will grow. With the current portfolio of lease agreements, net profit after tax for 2019 is expected to be negatively affected by approximately 200 MSEK. With unchanged portfolio of finance lease agreements and unchanged assumptions, the negative effect on the result is estimated to decline over time and from 2025 affect the net result positively.

The definition of adjusted EBITDA has not changed compared with the previous year and excludes the

effect of finance leases. 2018 includes finance lease according to IAS 17 from right-of-use asset and corresponding finance lease liability from the acquisition of Restel. The effect of finance lease for the full year 2018 on EBITDA amounted to 129 MSEK and on net result after tax to -22 MSEK. The table below show the bridge between an income statement excluding the effect of finance leases to the reported income statement according to IFRS.

The implementation of IFRS 16 increased tangible fixed assets with 23,233 MSEK. The total amount of the value of right-of-use assets amounted to 24,822 MSEK as of January 1, 2019. The corresponding finance lease liability increased with 24 984 MSEK to 26,590 MSEK. The equity was affected negatively with 1,466 MSEK. See table on next page on details of the effects of introducing IFRS 16 on the balance sheet.

Summary of the effects of IFRS 16

	Jan-Mar 2019			Jan-Mar 2018
	Excl. effect IFRS 16	Effect IFRS 16	Reported	Reported
Total operating income	4,066	0	4,066	3,791
EBITDAR	1,263	0	1,263	1,151
Total rental charges	-1,103	778	-325	-1,006
Adjusted EBITDA	160			
Pre-opening costs	-16	0	-16	-33
Items affecting comparability	169	0	169	-24
EBITDA	313	778	1,091	88
Depreciations and amortizations	-199	-571	-770	-198
EBIT	114	207	321	-110
Net financial items	-27	-274	-301	-36
Profit before tax	87	-67	20	-146
Tax	3	14	17	5
Profit/loss for the period	90	-53	37	-141
Earnings per share, SEK	0.87	-0.51	0.35	-1.39

Result excl. effect of finance leases

	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018	Apr-Mar 2018/2019
Total operating income	4,066	3,791	18,007	18,282
EBITDAR	1,263	1,151	6,721	6,833
Total rental charges	-1,103	-1,037	-4,764	-4,830
Adjusted EBITDA	160	115	1,957	2,002
Pre-opening costs	-16	-33	-92	-75
Items affecting comparability	169	-24	-141	52
EBITDA	313	58	1,724	1,979
Depreciations and amortizations	-199	-176	-781	-804
EBIT	114	-118	943	1,175
Net financial items	-27	-19	-105	-112
Profit before tax	87	-138	838	1,063
Tax	3	4	-138	-138
Profit/loss for the period	90	-135	700	925
Earnings per share, SEK	0.87	-1.31	6.80	8.98

Bridge between assets, liabilities and equity, IFRS 16

	Closing balance 31 Dec 2018	Effect IFRS 16	Opening balance 1 Jan 2019
Effects on assets, liabilities and equity - IFRS 16			
Assets			
Buildings and land	1,676	23,124	24,800
Equipment, fixtures and fittings	4,359	109	4,468
Deferred tax assets	333	394	727
Current assets	1,319	-109	1,210
Total assets	7,687	23,518	31,205
Equity			
Retained earnings	7,806	-1,466	6,340
Long-term liabilities			
Liabilities for finance leases	1,543	23,049	24,592
Current liabilities			
Liabilities for finance leases	63	1,935	1,998
Total equity and liabilities	9,412	23,518	32,931

Only balance sheet items effected by IFRS 16 have been disclosed above.

Closing balance at Dec 31, 2018 of Buildings and land includes finance leases according to IAS 17 of 1,589 MSEK.

REPORTED RESULT

EBITDA was 1,091 MSEK (88) and 313 MSEK (57) excluding the effect of finance leases. EBITDA includes opening costs for new hotels of -16 MSEK (-33) and items affecting comparability of 169 MSEK (-24). The period includes a preliminary capital gain of 182 MSEK from the sale of Scandic Hasselbacken in Stockholm and costs of -13 MSEK in connection with the change of President & CEO.

EBIT amounted to 321 MSEK (-110) and 114 MSEK (-119) excluding the effect of finance leases.

Depreciation and amortization totaled -770 MSEK (-198). The increase in depreciation and amortization is largely due to the effect of finance leases. Excluding the effect of finance leases, depreciation and amortization amounted to -199 MSEK (-176).

The Group's net financial expense amounted to -301 MSEK (-36) MSEK and -27 (-19) excluding the effect of

finance leases. The interest expense, excluding the effect of finance leases, was -28 MSEK (-29). Scandic continued to issue commercial papers, which contributed to continued low interest expenses. The result of exchange rate fluctuations from the revaluation of loans and investments amounted to 1 MSEK (7).

Profit before tax was 20 MSEK (-146) and 87 MSEK (-139) excluding the effect of finance leases.

Reported tax amounted to 17 MSEK (5).

Net profit rose to 37 MSEK (-141) and 90 MSEK (-135) excluding the effect of finance leases.

Earnings per share after dilution amounted to 0.35 SEK per share (-1.39) and 0.87 SEK (-1.31) excluding finance leases. Adjusted for items affecting comparability, underlying earnings per share amounted to -0.79 SEK (-1.13).

Earnings per share

	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018	Apr-Mar 2018/2019
Earnings per share, SEK	0.35	-1.39	6.54	8.28
Effect from finance lease	-0.51	-0.08	-0.26	-0.69
Earnings per share, SEK, excl. effect finance lease	0.87	-1.31	6.80	8.98
Items affecting comparability	1.66	-0.18	-1.07	0.77
Earnings per share, SEK, excl. effect finance lease & items affecting comparability	-0.79	-1.13	7.87	8.21

CASH FLOW AND FINANCIAL POSITION

Operating cash flow, excluding finance leases, was -328 MSEK (-236) during the period. The cash flow contribution from the change in working capital amounted to -254 MSEK (-293). The Group has negative working capital as the majority of the revenue is paid in advance or in direct connection with stays. Seasonally, the first quarter is a weak quarter for development of working capital. In recent years, the change in working capital has been somewhat positive on a full-year basis.

Paid tax was -215 MSEK (-17), of which approximately 180 MSEK refers to a decision on supplementary taxation in Finland for the years 2012–2017. Scandic and its tax advisors are of the opinion that the company has complied with applicable legislation and, accordingly, that the decision is incorrect. The company has appealed the decision and requested that the tax decision be rejected in its entirety. The company does therefore not include any cost for the taxes imposed in the accounts. Scandic's

assessment is that the total exposure for the years 2008–2017 is approximately 370 MSEK including interest, which is recognized as a contingent liability. The amount has been paid in full.

Net investments during the period amounted to -201 MSEK (-305), of which hotel renovations accounted for -117 MSEK (-160) and IT for -15 MSEK (-18). Investments in new hotels and increased room capacity totaled -69 MSEK (-127). The preliminary divestment price of 230 MSEK for Scandic Hasselbacken was received during the period. The divestment price may be adjusted during the reconciliation of working capital and ongoing renovation projects.

Cash flow from financing activities, excluding finance leases, amounted to 271 MSEK during the period (619). The change is chiefly due to an increase in net borrowing, where the utilization of the loan agreement rose by 214 MSEK while commercial papers of 75 MSEK were issued.

Operating cash flow

MSEK	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018	Apr-Mar 2018/2019
Adjusted EBITDA	160	115	1,957	2,002
Pre-opening costs	-16	-33	-92	-75
Non-recurring items	169	-24	-141	52
Adjustments for non-cash items	-154	35	-1	-190
Paid tax	-215	-17	-174	-372
Change in working capital	-254	-293	45	84
Interests paid, credit institutions	-18	-19	-77	-76
Cash flow from operations	-328	-236	1,517	1,425
Investments in hotel renovations	-117	-160	-708	-665
Investments in IT	-15	-18	-93	-90
Free cash flow before investments in expansions	-460	-414	716	670
Acquisitions/sales of operations	230	-52	-38	244
Investments in new capacity	-69	-127	-415	-357
Free cash flow	-299	-593	263	557
Other items in financing activities			-47	-47
Transaction costs expensed	-4	-4	-11	-11
Exchange difference in net debt	-55	-82	-61	-34
Dividend			-352	-352
Change net debt	-358	-679	-208	113

The balance sheet total on March 31, 2019 was 42,892 MSEK, compared with 17,737 MSEK on December 31, 2018. When IFRS 16 was introduced on January 1, 2019, the Group's total assets increased by approximately 24 billion SEK.

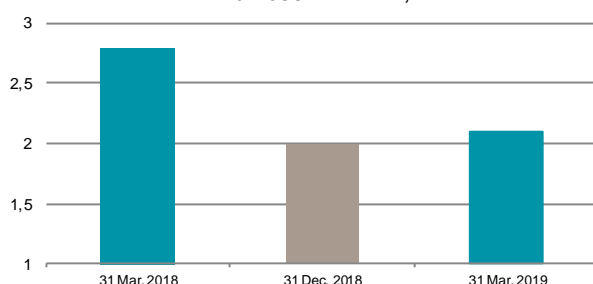
Interest-bearing net liabilities, excluding finance lease liabilities, increased in the period by 358 MSEK to 4,194 MSEK on March 31, 2019. The increase is due to a seasonal weak development of working capital, a high level of investments and currency effects.

Loans from credit institutions amounted to 3,200 MSEK and commercial papers totaled 1,075 MSEK at the end of the period. Net debt on March 31, 2019 corresponded to 2.1 times adjusted EBITDA for the past 12 months (2.0 per December 31, 2018).

On March 31, 2019, the average number of shares and votes was 103,017,705 after dilution. Equity was 6,418 MSEK compared with 7,806 MSEK on December 31, 2018 and has been affected by the implementation of IFRS 16 with 1,466 MSEK.

At the end of the period, the Group had 80 MSEK (103) in cash and cash equivalents. Unused credit facilities totaled 1,191 MSEK (1,522). As a result, available funds amounted to 1,271 MSEK (1,625).

NET DEBT/ADJUSTED EBITDA, LTM



SEGMENT REPORTING

Sweden

	Jan-Mar 2019	Jan-Mar 2018	%
Net sales (MSEK)	1,372	1,364	0.6%
Organic growth	8		0.6%
<i>New hotels</i>	0		0.0%
<i>Exits</i>	-8		-0.6%
<i>LFL</i>	16		1.2%
Adjusted EBITDA	118	122	-3.3%
% margin	8.6%	8.9%	
RevPAR (SEK)	619	610	1.4%
New hotels/exits	-1		-0.1%
<i>LFL</i>	9		1.5%
ARR (SEK)	1,018	979	4.0%
OCC %	61.6%	60.9%	

First quarter

Net sales rose by 0.6% to 1,372 MSEK (1,364). For comparable units, net sales increased by 1.2%. Calendar effects, chiefly attributable to Easter, had a positive impact of approximately 3 percentage points on net sales for comparable units. The balance between supply and demand for hotel nights Stockholm continued to improve during the quarter.

Scandic Hasselbacken in Stockholm was sold on March 1, which affected net sales with -8 MSEK for the period compared to previous year.

Average Revenue Per Available Room (RevPar) increased by 1.4% compared with the same quarter the previous year. RevPAR for comparable units grew by 1.5%.

Adjusted EBITDA dropped to 118 MSEK (122). The adjusted EBITDA margin dropped from 8.9% to 8.6%. The increase in RevPAR did not fully compensate for increased costs in the quarter.

Norway

	Jan-Mar 2019	Jan-Mar 2018	%
Net sales (MSEK)	1,152	1,038	10.9%
Currency effects	36		3.3%
Organic growth	78		7.5%
<i>New hotels</i>	33		3.1%
<i>Exits</i>	-6		-0.6%
<i>LFL</i>	51		4.9%
Adjusted EBITDA	45	28	60.7%
% margin	3.9%	2.7%	
RevPAR (SEK)	564	526	7.2%
Currency effects	18		3.4%
New hotels/exits	-10		-1.9%
LFL	30		5.7%
ARR (SEK)	1,018	979	4.0%
OCC %	54.0%	53.9%	

First quarter

Net sales rose by 10.9% to 1,152 MSEK (1,038). For comparable units, net sales grew by 4.9%. Calendar effects, chiefly attributable to Easter, had a positive impact of approximately 6–7 percentage points on net sales for comparable units.

New hotels/exits contributed net with 27 MSEK. The greatest contributor was Hotel Norge by Scandic in Bergen, which was opened on July 1, 2018.

Average Revenue Per Available Room (RevPAR) rose by 3.8% in local currency compared with the same quarter the previous year. RevPAR for comparable units grew by 5.7%.

Adjusted EBITDA rose to 45 MSEK (28), chiefly due to positive calendar effects.

The adjusted EBITDA margin grew to 3.9% (2.7). The operation in Bergen, including Hotel Norge by Scandic which was opened in July 2018, had a negative impact on EBITDA.

Finland

	Jan-Mar 2019	Jan-Mar 2018	%
Net sales (MSEK)	975	918	6.3%
Currency effects	41		4.4%
Organic growth	16		1.9%
<i>New hotels</i>	13		1.5%
<i>Exits</i>	-8		-0.8%
<i>LFL</i>	11		1.2%
Adjusted EBITDA	80	56	42.9%
% margin	8.2%	6.1%	
RevPAR (SEK)	570	536	6.2%
Currency effects	24		4.6%
Acquisitions			
New hotels/exits	9		1.7%
LFL	-1		-0.1%
ARR (SEK)	997	940	6.0%
OCC %	57.1%	57.0%	

First quarter

Net sales in the first quarter increased by 6.3% to 975 MSEK (918). For comparable units, net sales grew by 1.2%. Calendar effects, chiefly attributable to Easter, had a positive impact of approximately 2 percentage points on net sales for comparable units.

New hotels/exits contributed net with 5 MSEK. Scandic Helsinki Airport, which was opened at the end of the first quarter 2018, made the greatest positive contribution. Cumulus Pori and Cumulus Kuopio, which were divested in the fourth quarter 2018, were included in the first quarter of the previous year.

Average Revenue Per Available Room (RevPAR) rose by 1.6% in local currency compared with the same quarter the previous year. RevPAR for comparable units dropped by 0.1%. The development of RevPAR for hotels included in the Restel acquisition was above average for the Finnish hotels.

Adjusted EBITDA rose to 80 MSEK (56). Cost synergies after the Restel acquisition continue to improve the profit.

The adjusted EBITDA margin grew to 8.2% (6.1).

Other Europe

	Jan-Mar 2019	Jan-Mar 2018	%
Net sales (MSEK)	567	471	20.5%
Currency effects	20		4.3%
Organic growth	76		16.2%
<i>New hotels</i>	61		12.9%
<i>Exits</i>			
LFL	15		3.3%
Adjusted EBITDA	14	0	
% margin	2.5%	0.0%	
RevPAR (SEK)	681	643	5.9%
Currency effects	28		4.3%
New hotels/exits	4		0.7%
LFL	6		0.9%
ARR (SEK)	1,042	992	5.0%
OCC %	65.4%	64.8%	

First quarter

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

Net sales rose by 20.5% to 567 MSEK (471). For comparable units, net sales grew by 3.3%. Calendar effects had only a marginal effect on net sales.

New hotels contributed net with 61 MSEK. Scandic Frankfurt Museumsufer and Scandic Kødbyen in Copenhagen were the greatest contributors to the increase.

Average Revenue Per Available Room (RevPAR) rose by 1.6% in local currency compared with the same quarter the previous year. RevPAR for comparable units grew by 0.9% and development was slightly positive in all markets.

Adjusted EBITDA rose to 14 MSEK (0), chiefly due to increased sales.

The adjusted EBITDA margin grew to 2.5% (0.0).

Central functions

Adjusted EBITDA for central functions was -97 MSEK (-91). The corresponding period in the previous year was affected positively by 7 MSEK due to the market valuation of forward contracts for electricity. Underlying cost level was unchanged.

EMPLOYEES

The average number of employees in the Group was 11,000 on March 31, 2019 compared with 10,863 on March 31, 2018.

EVENTS AFTER THE REPORTING DATE

On April 24, Scandic signed an agreement to divest Scandic Lahti in Finland. The hotel has 139 rooms and will be transferred to the buyer on August 1. The agreement is part of the conditions of the Finnish Competition and Consumer Authority for carrying out the acquisition of Restel.

OUTLOOK

Scandic has a long-term positive view of its markets although growth in capacity at some destinations could have a temporary negative effect on the market balance during 2019. There is new capacity in Oslo, and in Copenhagen an increase is expected, mainly during the second half-year.

No major changes in market conditions are expected in the coming quarter. For Q2, Scandic expects sales growth for comparable units of between -2 and -3%, including a negative calendar effect of around 3% For the first six months of the year, sales growth for comparable units is expected to be between 0 and -1% In addition, having more rooms in operation is expected to contribute approximately 2% to net sales.

FINANCIAL TARGETS

At the beginning of 2016, Scandic adopted the following 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 & AGM

For 2018, the Board of Directors proposes that the Annual General Meeting 2018 resolve on a dividend of 3.50 SEK (3.40) per share to be paid out in two equal amounts of 1.75 SEK on two separate occasions.

Scandic's Annual General Meeting will be held at 11:00 CET on May 7, 2019 at Vasateatern in Stockholm.

PRESENTATION OF THE REPORT

The presentation of Scandic's Interim Report Q1 will take place at 9:00 CET on May 7, 2019 with President & CEO Jens Mathiesen and CFO Jan Johansson available by phone. To participate, just dial SE: +46850558365 UK: +443333009270. Please call in five minutes before the start. The presentation will also be available afterwards at scandichotelsgroup.com

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FINANCIAL CALENDAR

2019-05-07	Annual General Meeting
2019-07-19	Interim Report Q2 2019 (silent period from June 19, 2019)
2019-10-24	Interim Report Q3 2019 (silent period from September 23, 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. Increased capacity can initially lead to lower occupancy in the short term, but in the long term, it can also help stimulate interest in business and leisure destinations, which in turn can increase the number of hotel nights.

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. This gives Scandic a flexible cost structure that helps lessen the effects of seasonal and economic fluctuations.

On March 31, 2019, Scandic's goodwill and intangible assets amounted to 9,975 MSEK. The recognized value

mainly relates to operations in Sweden, Norway and Finland. A significant downturn in the hotel markets in these 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 45 to 65% on EBITDA. Based on Group results and assuming that all other factors except RevPAR remain unchanged, Scandic assesses that an increase or decrease of 1% in RevPAR would have an impact of about 60 to 80 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	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018	Apr-Mar 2018/2019
INCOME				
Room revenue	2,553	2,380	11,721	11,894
Restaurant and conference revenue*	1,431	1,332	5,862	5,961
Franchise and management fees	6	7	29	28
Other hotel-related revenue	76	72	395	399
Net sales	4,066	3,791	18,007	18,282
Other income	-	-	-	-
TOTAL OPERATING INCOME	4,066	3,791	18,007	18,282
OPERATING COSTS				
Raw materials and consumables	-373	-353	-1,605	-1,625
Other external costs	-1,020	-938	-4,061	-4,143
Personnel costs	-1,410	-1,349	-5,620	-5,681
Fixed and guaranteed rental charges	-29	-713	-2,968	-2,284
Variable rental charges	-296	-293	-1,667	-1,670
Pre-opening costs	-16	-33	-92	-75
Items affecting comparability	169	-24	-141	52
EBITDA	1,091	88	1,853	2,856
Depreciation and amortization	-770	-198	-870	-1,442
TOTAL OPERATING COSTS	-3,745	-3,901	-17,024	-16,868
EBIT (Operating profit/loss)	321	-110	983	1,414
Financial items				
Financial income	2	10	12	4
Financial expenses	-303	-46	-185	-442
Net financial items	-301	-36	-173	-438
EBT (Profit/loss before taxes)	20	-146	810	976
Taxes	17	5	-132	-120
PROFIT/LOSS FOR PERIOD	37	-141	678	856
Profit/loss for period relating to:				
Parent Company shareholders	36	-143	674	853
Non-controlling interest	1	2	4	3
Profit/loss for period	37	-141	678	856
Average number of outstanding shares before dilution	102,985,075	102,985,075	102,990,062	102,990,062
Average number of outstanding shares after dilution	103,017,705	103,052,650	103,075,976	103,081,215
Earnings per share before dilution, SEK	0.35	-1.39	6.54	8.28
Earnings per share after dilution, SEK	0.35	-1.39	6.54	8.28

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

Consolidated statement of comprehensive income

MSEK	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018	Apr-Mar 2018/2019
Profit/loss for period	37	-141	678	856
Items that may be reclassified to the income statement	87	242	176	21
Items that may not be reclassified to the income statement	-45	-2	-40	-83
Other comprehensive income	42	240	136	-62
Total comprehensive income for period	79	99	814	794
Relating to:				
Parent Company shareholders	76	96	805	785
Non-controlling interest	3	3	9	9

Consolidated balance sheet, summary

MSEK	31 Mar 2019	31 Mar 2018	31 Dec 2018
ASSETS			
Intangible assets	9,975	9,925	9,899
Buildings and land	26,104	1,821	1,676
Equipment, fixtures and fittings	4,543	4,092	4,359
Financial fixed assets	589	233	333
Total fixed assets	41,211	16,071	16,267
Current assets	1,574	1,675	1,319
Derivative instruments	25	-	46
Assets held for sale	2	105	2
Cash and cash equivalents	80	163	103
Total current assets	1,681	1,943	1,470
TOTAL ASSETS	42,892	18,014	17,737
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent Company	6,377	7,422	7,768
Non-controlling interest	41	36	38
Total equity	6,418	7,458	7,806
Liabilities to credit institutions	3,200	3,273	2,940
Finance lease liabilities	25,930	1,661	1,543
Other long-term liabilities	1,204	1,381	1,489
Total long-term liabilities	30,335	6,316	5,972
Derivative instruments	-	18	-
Current liabilities for finance leases	1,988	64	63
Current liabilities, commercial papers	1,075	1,199	1,000
Liabilities held for sale	1	74	1
Other current liabilities	3,076	2,886	2,895
Total current liabilities	6,139	4,240	3,958
TOTAL EQUITY AND LIABILITIES	42,892	18,014	17,737
Equity per share, SEK	61.9	72.1	75.4
Total number of shares outstanding, end of period	102,985,075	102,985,075	102,985,075
Working capital	-1,501	-1,180	-1,575
Interest-bearing net liabilities	4,194	4,309	3,837
Interest-bearing net liabilities/adjusted EBITDA	2.1	2.8	2.0

Changes in Group equity

MSEK	Share capital	Share premium reserve	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
OPENING BALANCE 01/01/2018	26	7,865	-86	-482	7,323	33	7,356
Profit/loss for the period	-	-	-	-143	-143	2	-141
<i>Total other comprehensive income, net after tax</i>	-	-	241	-2	239	1	240
Total comprehensive income for the year	-	-	241	-145	96	3	99
<i>Total transactions with shareholders</i>	-	-	-	3	3	-	3
CLOSING BALANCE 03/31/2018	26	7,865	155	-624	7,422	36	7,458
<i>Change in accounting principles</i>	-	-	-	-1,466	-1,466	-	-1,466
OPENING BALANCE 01/01/2019	26	7,865	85	-1,674	6,302	38	6,340
Profit/loss for the period	-	-	-	36	36	1	37
<i>Total other comprehensive income, net after tax</i>	-	-	85	-45	40	2	42
Total comprehensive income for the year	-	-	85	-9	76	3	79
<i>Total transactions with shareholders</i>	-	-	-	-1	-1	-	-1
CLOSING BALANCE 03/31/2019	26	7,865	170	-1,684	6,377	41	6,418

Consolidated cash flow statement

	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018	Apr-Mar 2018/2019
OPERATING ACTIVITIES				
EBIT (Operating profit/loss)	321	-110	983	1,414
Depreciation	770	198	870	1,442
Items not included in cash flow	-154	35	-1	-190
Paid tax	-215	-17	-174	-372
Change in working capital	-254	-293	45	84
Cash flow from operating activities	468	-187	1,723	2,379
INVESTING ACTIVITIES				
Net investments	-201	-305	-1,216	-1,112
Sale of operations	230	-	16	246
Acquisitions	-	-52	-54	-2
Cash flow from investing operations	29	-357	-1,254	-868
FINANCING OPERATIONS				
Paid interest, credit institutions	-18	-19	-77	-76
Paid interest, finance lease	-274	-17	-68	-325
Dividends	-	-	-352	-352
Refinancing of loans	-	-	-6	-6
Dividend, share swap agreement	-	-	-41	-41
Net borrowing/amortization, credit institutions	214	-561	-877	-102
Amortization, finance lease	-504	-14	-61	-551
Issue of commercial papers	75	1,199	1,000	-124
Cash flow from financing operations	-507	588	-482	-1,577
CASH FLOW FOR PERIOD	-10	44	-13	-67
Cash and cash equivalents at beginning of period	103	140	140	163
Translation difference in cash and cash equivalents	-13	-21	-24	-16
Cash and cash equivalents at end of the period	80	163	103	80

Parent Company income statement, summary

MSEK	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018	Apr-Mar 2018/2019
Net sales	22	9	34	47
Expenses	-21	-9	-33	-45
EBIT (Operating profit/loss)	1	0	1	2
Financial income	37	41	247	243
Financial expenses	-102	-26	-104	-180
Net financial items	-65	15	143	63
Appropriations	-	-	-144	-145
EBT (profit/loss before tax)	-63	15	-1	-80
Tax	13	-3	-	16
PROFIT/LOSS FOR PERIOD	-50	12	-1	-64

Consolidated statement of comprehensive income

MSEK	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018	Apr-Mar 2018/2019
Profit/loss for period	-50	12	-1	-64
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	-50	12	-1	-64

Parent Company balance sheet, summary

MSEK	31 Mar 2019	31 Mar 2018	31 Dec 2018
ASSETS			
Investments in subsidiaries	5,039	5,039	5,039
Group company receivables	5,530	6,123	5,377
Other receivables	24	21	27
Total fixed assets	10,593	11,183	10,443
Group company receivables	1	-	3
Current tax receivables	13	-	-
Current receivables	1	-	-
Cash and cash equivalents	0	57	1
Total current assets	15	57	4
TOTAL ASSETS	10,608	11,240	10,447
EQUITY AND LIABILITIES			
Equity	6,194	6,621	6,245
Liabilities to credit institutions	3,200	3,273	2,940
Deferred tax liabilities	-	3	-
Other liabilities	24	21	27
Total long-term liabilities	3,224	3,298	2,967
Liabilities for commercial papers	1,075	1,199	1,000
Liabilities to Group companies	-	-	144
Other liabilities	76	95	73
Accrued expenses and prepaid income	39	27	18
Total current liabilities	1,190	1,321	1,235
TOTAL EQUITY AND LIABILITIES	10,608	11,240	10,447

Changes in Parent Company's equity

	Share capital	Share premium reserve	Retained earnings	Total equity
MSEK				
OPENING BALANCE 01/01/2018	26	1,534	5,046	6,606
Profit/loss for period	-	-	12	12
<i>Total other comprehensive income, net after tax</i>	-	-	-	-
Total other comprehensive income	-	-	12	12
Total transactions with shareholders	-	-	3	3
CLOSING BALANCE 03/31/2018	26	1,534	5,061	6,621
Profit/loss for period	-	-	-13	-13
<i>Total other comprehensive income, net after tax</i>	-	-	-	-
Total transactions with shareholders	-	-	-363	-363
OPENING BALANCE 01/01/2019	26	1,534	4,685	6,245
Profit/loss for period	-	-	-50	-50
<i>Total other comprehensive income, net after tax</i>	-	-	-	-
Total transactions with shareholders	-	-	-1	-1
CLOSING BALANCE 03/31/2019	26	-	4,634	6,194

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 22 MSEK (9). The operating profit was 1 MSEK (-).

Net financial items for the period totaled -65 MSEK (15). The Parent Company's loss before tax was -63 MSEK (15).

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 totaled 0 MSEK for the period and costs for purchasing services from related parties amounted to -0 MSEK. The OECD's recommendations for Transfer Pricing are applied for transactions with subsidiaries.

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 2018 and are outlined in Note 1, Accounting principles.

From January 1, 2019 the Group applies a new standard, IFRS 16, Leases. The Group has applied the simplified method with retrospective calculation of right-of-use assets, which means that the part of depreciation attributable to the time between the start date of the contract and the date on which the standard enters into force has impacted the retained earnings in the opening balance as of January 1, 2019. The effects of the new standard are described in the Group's Annual Report 2018 in Notes 1, 5, 13 and 22.

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 about the interim period on pages 1 to 26 is an integral part of these financial statements.

ALTERNATIVE PERFORMANCE MEASURES

The company uses alternative performance measures for its financial statements. Since the second quarter 2016, Scandic 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. In addition, 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.

Alternative performance 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 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: Quoted prices for identical assets or liabilities on active markets.

Level 2: Observable data other than quoted prices for assets or liabilities included in Level 1, either directly or indirectly.

Level 3: Data for assets or liabilities not based on observable market data.

The Group's derivative instruments and loans from credit institutions are classified as Level 2. Liabilities to credit institutions are booked at 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 and Holiday Inn brands.

Other Europe – hotels operated under the Scandic brand in Denmark, Poland and Germany.

Central functions – Costs for finance, business development, IR, 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

Jan-Mar	Sweden		Norway		Finland		Other Europe		Central functions		Group	
MSEK	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Room revenue	899	885	667	604	618	576	370	316	-	-	2,554	2,381
Restaurant and conference revenue	455	462	469	419	317	301	191	149	-	-	1,432	1,331
Franchise and management fees	2	2	3	3	-	-0	1	2	-	-	6	7
Other hotel-related income	16	15	13	12	40	41	5	4	-	-	74	72
Net sales	1,372	1,364	1,152	1,038	975	918	567	471	-	-	4,066	3,791
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Internal transactions	-	-	-	-	-	-	-	-	22	9	22	9
Group eliminations	-	-	-	-	-	-	-	-	-22	-9	-22	-9
Total income	1,372	1,364	1,152	1,038	975	918	567	471	-	-	4,066	3,791
Expenses	-1,254	-1,242	-1,107	-1,010	-895	-862	-553	-471	-97	-91	-3,906	-3,676
Adjusted EBITDA	118	122	45	28	80	56	14	0	-97	-91	160	115
Adjusted EBITDA margin, %	8.6	8.9	3.9	2.7	8.2	6.1	2.5	-	-	-	3.9	3.0
EBITDA	-	-	-	-	-	-	-	-	-	-	1,091	88
EBITDA margin, %	-	-	-	-	-	-	-	-	-	-	26.8	2.3
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-770	-198
EBIT (Operating profit/loss)	-	-	-	-	-	-	-	-	-	-	321	-110
Net financial items	-	-	-	-	-	-	-	-	-	-	-301	-36
EBT (Profit/loss before tax)	-	-	-	-	-	-	-	-	-	-	20	-146

Assets and investments by segment

31 Mar	Sweden		Norway		Finland		Other Europe		Central functions		Group	
MSEK	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Fixed assets	11,033	5,632	11,808	3,861	13,432	5,686	4,883	862	55	30	41,211	16,071
Investments in fixed assets	47	60	36	101	46	75	56	51	16	18	201	305

Revenue by country

MSEK	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018	Apr-Mar 2018/2019
Sweden	1,372	1,364	6,275	6,283
Norway	1,152	1,038	5,116	5,228
Finland	975	918	4,168	4,226
Denmark	394	328	1,736	1,804
Germany	158	129	633	661
Poland	15	14	79	80
Total countries	4,066	3,791	18,007	18,282
Other	22	9	34	47
Group eliminations	-22	-9	-34	-47
Group	4,066	3,791	18,007	18,282

Revenue by type of agreement

MSEK	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018	Apr-Mar 2018/2019
Lease agreements	4,049	3,772	17,933	18,210
Management agreements	3	3	12	12
Franchise and partner agreements	3	4	17	16
Owned	11	12	45	44
Total	4,066	3,791	18,007	18,282
Other	22	9	34	47
Group eliminations	-22	-9	-34	-47
Group	4,066	3,791	18,007	18,282

Summary of reported EBITDA and adjusted EBITDA

	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018	Apr-Mar 2018/2019
EBITDA	1,091	88	1,853	2,856
Effect of finance leases, fixed and guaranteed rental charges	-778	-31	-129	-876
Pre-opening costs	16	33	92	75
Items affecting comparability	-169	24	141	-52
Adjusted EBITDA	160	115	1,957	2,003

Total rental charges

	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018	Apr-Mar 2018/2019
Total rental charges				
Fixed and guaranteed rental charges according to income statement	-29	-713	-2,968	-2,284
Fixed and guaranteed rental charges, reversed effect of finance lease	-778	-31	-129	-876
Total fixed and guaranteed rental charges	-807	-744	-3,097	-3,160
Variable rental charges	-296	-293	-1,667	-1,670
Total rental charges	-1,103	-1,037	-4,764	-4,830
Fixed and guaranteed rental charges	19.9%	19.6%	17.2%	17.3%
Variable rental charges	7.3%	7.7%	9.3%	9.1%
Total rental charges	27.1%	27.4%	26.5%	26.4%

Quarterly data

MSEK	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
RevPAR, SEK	599	651	766	737	572	640
Net sales	4,066	4,595	4,874	4,748	3,791	3,743
Adjusted EBITDA	160	487	736	618	115	336
EBITDA	1,091	494	733	537	88	282
Adjusted EBIT	-610	248	516	406	-83	179
EBIT (Operating profit/loss)	321	255	513	325	-110	125
EBT (Profit/loss before tax)	20	211	470	275	-146	106
Adjusted EBITDA margin, %	3.9	10.6	15.1	13.0	3.0	9.0
EBITDA margin, %	26.8	10.8	15.0	11.3	2.3	7.5
Adjusted EBIT margin, %	-15.0	5.4	10.6	8.6	-2.2	4.8
EBIT margin, %	7.9	5.5	10.5	6.8	-2.9	3.3
Fixed and guaranteed rental charges, % of net sales	19.9	17.2	16.2	16.2	19.6	15.9
Variable rental charges, % of net sales	7.3	8.7	10.2	10.1	7.7	9.9
Total rental charges, % of net sales	27.1	25.9	26.5	26.3	27.4	25.8
Earnings per share after dilution, SEK	0.35	1.59	3.83	2.51	-1.39	1.52

Quarterly data per segment

	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Net sales						
Sweden	1,372	1,621	1,617	1,674	1,364	1,579
Norway	1,152	1,260	1,465	1,352	1,038	1,146
Finland	975	1,084	1,108	1,059	918	495
Other Europe	567	630	684	663	471	523
Total net sales	4,066	4,595	4,874	4,748	3,791	3,743
Adjusted EBITDA						
Sweden	118	244	274	270	123	206
Norway	45	100	214	160	28	113
Finland	80	186	199	149	56	92
Other Europe	14	76	120	108	-	65
Central functions	-97	-119	-71	-69	-92	-140
Total adj EBITDA	160	487	736	618	115	336
<i>Adjusted EBITDA margin, %</i>	<i>3.9%</i>	<i>10.6%</i>	<i>15.1%</i>	<i>13.0%</i>	<i>3.0%</i>	<i>9.0%</i>

Exchange rates

	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
SEK/EUR			
Income statement (average)	10.4173	9.9641	10.2567
Balance sheet (at end of period)	10.4221	10.2931	10.2753
SEK/NOK			
Income statement (average)	1.0689	1.0343	1.0687
Balance sheet (at end of period)	1.0749	1.0626	1.0245
SEK/DKK			
Income statement (average)	1.3957	1.3381	1.3762
Balance sheet (at end of period)	1.3963	1.3811	1.3760

Alternative performance measures

	31 Mar 2019	31 Mar 2018	31 Dec 2018
Interest-bearing net liabilities			
Liabilities to credit institutions	3,200	3,273	2,940
Liabilities, commercial papers	1,075	1,199	1,000
Cash and cash equivalents	-80	-163	-103
Interest-bearing net liabilities	4,195	4,309	3,837
Working capital			
Current assets, excl cash and bank balances	1,576	1,780	1,321
Current liabilities	-3,077	-2,960	-2,896
Working capital	-1,501	-1,180	-1,575

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 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 allocation 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, 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 (LTIP 2016), 2017–2019 (LTIP 2017) and 2018–2020 (LTIP 2018) financial years respectively. For the LTIP 2018, there are no RGI-related performance criteria.

Matching shares and performance shares will be allocated after the end of a vesting period until the date of publication of Scandic's interim report for the first quarter 2019, the first quarter 2020 and the first quarter 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 allocated a maximum of 162,802 shares for the LTIP 2016, 164,558 shares for the LTIP 2017 and 209,351 shares for the LTIP 2018 corresponding to approximately 0.5% of Scandic's share capital and votes. The cost of the program is expected to be 22 MSEK, including social security contributions, and the cost included in the income statement for the Group in accordance with IFRS 2 amounted to 1 MSEK for 2019, including social security contributions. The maximum cost of the program, including social security contributions, is estimated to be 80 MSEK. For more information, see Note 6 in Scandic's Annual Report 2018.

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

For the LTIP 2016, the goals and the outcome of the performance conditions for the performance shares are the following:

Performance conditions	Minimum level	Maximum level	Outcome	Level of fulfillment
Accumulated EBITDA 1)	3,708,580	4,596,305	4,633,194	100.8% of max
Accumulated cash flow 2)	1,736,262	2,745,270	2,245,703	50.49% linear btw min and max
Accumulated increase of RGI 3)	0.0110	0.0200	0.0036	32.7% of min

1) Defined as operating profit before depreciation, financial items and taxes, adjusted for items affecting comparability such as transaction and integration costs in connection with acquisitions for the financial years 2016-2018.

2) Defined as EBITDA plus/minus changes in working capital less investments (maintenance, IT and development) excluding extraordinary investments not included in the budget such as acquisitions of new hotels for the financial years 2016-2018.

3) Defined as a relative market share for accommodation revenue (room revenue generation index) compared to competitors for the financial years 2016-2018.

Thirty-four employees participated in the LTIP 2016. The total cost of the program, including social security contributions, is expected to be 8 MSEK. The dilution effect of the program amounts to 32,630 shares, which is equivalent to 0.03% of the number of outstanding shares on March 31, 2018. However, the number of issued shares in the company will not change due to the allocation of shares in LTIP 2016 since 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, May 7, 2019

Per G. Braathen
Chairman

Ingalill Berglund
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

Jens Mathiesen
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 percentage.

Pre-opening costs

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

RevPAR (Revenue Per Available Room)

Refers to the average room revenue per available room.

FINANCIAL KEY RATIOS & ALTERNATIVE PERFORMANCE MEASURES

EBITDAR

Earnings before interest, taxes, depreciation and amortization and rent.

Adjusted EBITDA

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

Adjusted EBITDA margin

Adjusted EBITDA as percentage of net sales.

A more comprehensive list of definitions is available at scandichotelsgroup.com/en/definitions

EBITDA

Earnings before interest, taxes, depreciation and amortization.

EBIT

Earnings before interest and tax.

EBT

Earnings before tax.

Items affecting comparability

Items that are not directly related to the normal operations of the company, for example, costs for transactions, integration, restructuring and capital gains/losses from sale of operations.

Interest-bearing net liabilities

Liabilities to credit institutions and commercial papers less cash and cash equivalents.

Working capital, net

Total current assets, excluding derivative instruments and cash and cash equivalents, less total current liabilities, excluding derivative instruments, the 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.

Scandic Hotels Group

Scandic is the largest hotel company in the Nordic countries with about 55,000 rooms at approximately 280 hotels in operation and under development. In 2018, the Group had annual sales of SEK 18.0 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)

2019-04-25 Scandic to divest one hotel in Lahti

2019-04-04 Scandic's Nomination Committee announces proposal for two new Board members

2019-03-21 Scandic to expand two Norwegian hotels

2019-02-07 Scandic signs agreement to sell Scandic Hasselbacken in Stockholm

2019-01-30 Scandic appoints Søren Faerber as new Head of Denmark

2019-01-17 Scandic Hotels Group AB (publ) changes President and CEO – Jens Mathiesen replaces Even Frydenberg

2018-12-10 Scandic Hotels expands to Munich

2018-11-09 Scandic to open new hotel in Kiruna

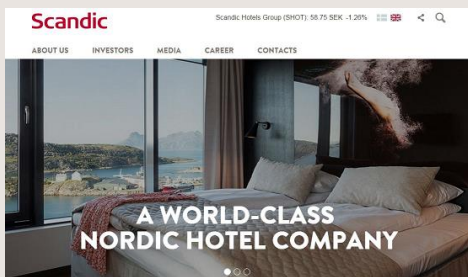
2018-11-09 Scandic to take over hotel in Molde

2018-08-30 Scandic to divest one hotel in Kuopio

2018-08-20 Scandic Hotels joins ITP to help hotel industry achieve Sustainable Development Goals

2018-08-16 Scandic Hotels to open Trondheim's largest hotel

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Scandic

