Scandic

The leading hotel company in the Nordics

January – September 2019

IMPROVED PROFITABILITY AND INCREASED SALES GROWTH

THIRD QUARTER IN SUMMARY

- Net sales rose by 6.6% to 5,195 MSEK (4,874), chiefly due to good demand and more rooms in operation.
- Organic growth was 5.7% whereof net sales for comparable units rose by 3.0%.
- Adjusted EBITDA rose to 823 MSEK (736), which is Scandic's best quarterly result ever. The improved performance is mainly the result of increased revenues combined with improved cost efficiency.
- The adjusted EBITDA margin was 15.8% (15.1) with an improved margin in Sweden, Norway and Finland.
- Adjusted for the effect of finance leases and items affecting comparability, earnings per share rose to 4.28 SEK (4.01).
- Agreement for a new hotel and conference center in Aarhus harbor with approximately 480 rooms.
- Opening of the hotel and event venue Scandic Falkoner in Copenhagen with 334 rooms.
- During the quarter, two Finnish hotels were exited: Scandic Lahti and Scandic Riihimäki, with 221 rooms in total.

THE PERIOD IN SUMMARY

- Net sales rose by 5.2% to 14,114 MSEK (13,412) and organic growth was 3.7%. For comparable units, net sales rose by 1.2%.
- The free cash flow improved during the period and amounted to 179 MSEK (-433). The increase is explained by higher results, better working capital development and lower investments.
- Adjusted for the effect of finance leases and items affecting comparability, earnings per share was 5.65 SEK (6.02).

GROUP KEY RATIOS

MSEK	Jul-Sep 2019	Jul-Sep 2018	% change	Jan-Sep 2019	Jan-Sep 2018	% change	Jan-Dec 2018	Oct-Sep 2018/2019
Financial key ratios								
Net sales	5,195	4,874	*6.6%*	14,114	13,412	*5.2%*	18,007	18,708
Adjusted EBITDA	823	736	*11.8%*	1,542	1,469	*5.0%*	1,957	2,030
Adjusted EBITDA margin, %	15.8	15.1		10.9	11.0		10.9	10.9
EBIT (Operating profit/loss)	799	513	*55.8%*	1,646	728	*126.1%*	983	1,900
Net profit/loss for the period	387	396	*-2.3%*	597	513	*16.4%*	678	762
leases	441	402	*9.6%*	753	528	*42.5%*	700	925
Earnings per share, SEK	3.76	3.83	*-2.0%*	5.77	4.95	*16.7%*	6.54	7.37
Earnings per share, SEK, excl. effect finance leases	4.28	3.91	*9.6%*	7.31	5.13	*42.5%*	6.80	8.98
Earnings per share, SEK, excl. effect finance leases & items affecting comparability	4.28	4.01	*6.9%*	5.65	6.02	*-6.1%*	7.87	7.50
Net debt/Adjusted EBITDA, LTM	2.0	2.4		2.0	2.4		2.0	2.0
Hotel-related key ratios								
RevPAR (SEK)	807	766	*5.4%*	719	694	*3.6%*	683	702
ARR (Average Room Rate), SEK	1,070	1,043	*2.6%*	1,069	1,040	*2.8%*	1,045	1,067
OCC (Occupancy), %	75.5	73.4		67.2	66.7		65.3	65.8
Total number of rooms on reporting date	52,744	51,932	*1.6%*	52,744	51,932	*1.6%*	51,693	52,744

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CEO'S COMMENTS

Strong quarter for Scandic

With increased sales growth combined with improved cost efficiency, we can report our best quarterly result ever with adjusted EBITDA at 823 MSEK (736). Net sales for comparable units increased by 3%, which was clearly a higher rate of increase than in the first half of the year.

The long-term trend of increased tourism continued and contributed to growth in demand that more than offset the increase in capacity. In total, demand in the Nordic region grew by just over 5% during the quarter, which is strong given signals of lower global economic growth. It is also gratifying to see positive effects from our increased and more focused market initiatives at the same time as customer satisfaction has improved.

"Our best quarterly result ever"

Active portfolio management and a strong pipeline

In August, we successfully opened the Scandic Falkoner hotel and event venue in Copenhagen's Frederiksberg theater district, with high occupancy from day one. During the quarter, we also signed an agreement for a new hotel and conference center in Aarhus, Denmark. We intend to increase portfolio management activity to optimize our profitability and customer offering. During 2019, we will exit a total of four smaller hotels with limited earnings contribution and that have significant renovation needs.

Scandic has a strong pipeline corresponding to 10.6% of the existing portfolio. With a focus on hotels in attractive locations at prioritized destinations, we expect the pipeline to increase Scandic's profitability over time.

"Increased sales growth combined with improved cost efficiency"

Continued focus on profitability and cash flow

Scandic has initiated a number of measures to strengthen profitability and cash flow. We see, for example, potential to improve profitability in our restaurant and conference operations, which is why we are reviewing modes of operation and offerings across the entire business. We recently signed an outsourcing agreement for the restaurant at one of our hotels in Copenhagen and I don't rule out more similar agreements in the future.

I would also like to mention our investments, where we have gradually established a more structured way of working. We see great potential to reduce average investments per room. In 2019, we expect that renovation investments' share of net sales will be somewhat lower than in 2017-2018.

"We expect relatively stable market conditions in the fourth quarter"

Stable markets expected for fourth quarter

We expect relatively stable market conditions in the fourth quarter, with like for like sales growth of 0-1%. In addition, having more rooms in operation is expected to contribute 2% to net sales.

Jens Mathiesen
President & CEO

NORDIC HOTEL MARKET DEVELOPMENT IN THE QUARTER

During the quarter, demand measured in the number of sold hotel rooms increased in all Nordic markets. RevPAR rose in all of the Nordic markets except Denmark compared with the third quarter 2018. Development was particularly strong in Finland and Sweden during the quarter.

Sweden

In Sweden, the number of available rooms went up by 2.5%, while the number of sold rooms rose by 4.5%. RevPAR increased by 3.8% during the quarter, with a positive contribution from both higher average room rates and occupancy.

In Stockholm, the number of available rooms went up by 4.0%, while the number of sold rooms rose by 3.7%. RevPAR in Stockholm rose 2.8% due to somewhat higher average room rates.

Scandic expects the number of available rooms in 2019 to increase by about 3% in the Stockholm region, just over 2% in Gothenburg and approximately 9% in Malmö.

Norway

In Norway, the number of available rooms went up by 5.6%, driven mainly by increased capacity in Oslo that was offset by strong development in demand in large parts of the country. Market RevPAR grew by 1.3% with slight changes in average occupancy and room rates. Due to increased capacity, RevPAR in Oslo fell by 7.4% despite strong demand growth. Scandic expects the number of available rooms in Oslo in 2019 to increase by just above 10%, most of which were already added during the first half-year. In Bergen, capacity growth is expected to total about 4%

Finland

In Finland, the number of available rooms grew by 2.6% while the number of sold rooms went up by 6.8%. Market RevPAR increased by 9.4% during the quarter and both average room rates and occupancy rose during the period,

In Helsinki, market RevPAR increased by 8.6%, where an increase in the number of available rooms by 9% was more than offset by strong growth in demand. The Finnish EU Presidency is believed to have had a positive effect on market development.

In 2019, Scandic expects the number of available rooms in Helsinki, including the Vantaa area, to rise by about 10%, of which most were added in the first six months of the year.

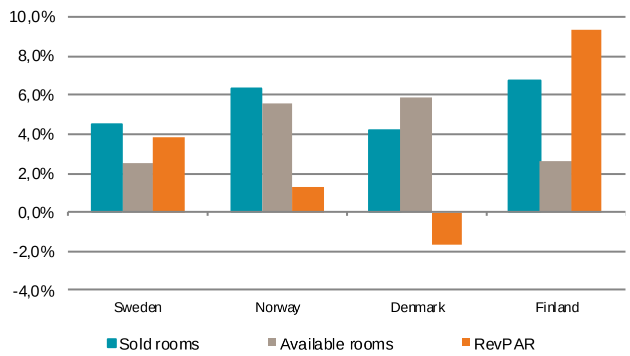
Denmark

In the Danish market, RevPAR decreased by 1.7% during the quarter due to slightly lower occupancy, while average room rates remained unchanged.

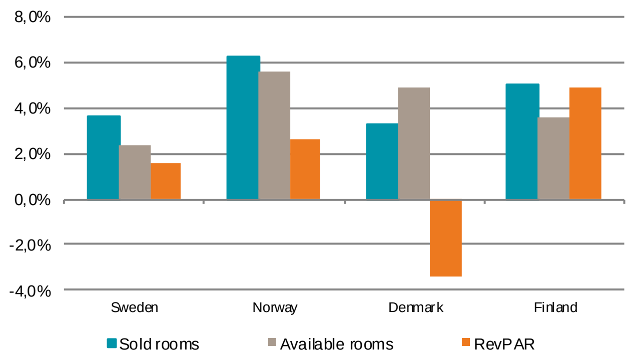
Market RevPAR in Copenhagen went down by 1.5% during the quarter due to increased capacity.

During 2019, Scandic expects the number of available rooms in Copenhagen to increase by just above 15% or some 2,800 rooms, of which 900 rooms are expected to open in the fourth quarter.

MARKET DEVELOPMENT JULY–SEPTEMBER 2019
CHANGE YEAR-ON-YEAR



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



Source: Benchmarking Alliance

HOTEL PORTFOLIO

Existing hotel portfolio

At the end of the period, Scandic had 52,744 rooms in operation at 269 hotels, 245 of which had lease agreements.

During the quarter, Scandic reopened the well-known hotel and event center Scandic Falkoner in Copenhagen. The hotel, which Scandic took over two years ago, has undergone a complete renovation that included doubling capacity to 334 rooms.

Scandic also exited two hotels in Finland, Scandic Lahti and Scandic Riihimäki, that together have 221 rooms. The divestment of Scandic Lahti means that Scandic has now satisfied all of the conditions of the Finnish Competition and Consumer Authority for carrying out the Restel acquisition.

In total, the number of rooms in operation went up by 182 during the quarter, of which 179 were with lease agreements.

Portfolio changes	**Number of rooms**
Opening balance July 1, 2019	
Lease contracts	49,376
Franchise, Management & Other	3,186
Total	**52,562**
Change lease contracts	**179**
Change franchise	**3**
Total change during the quarter	**182**
Closing balance September 30, 2019	
Lease contracts	49,555
Franchise, Management & Other	3,189
Total	**52,744**

Number of hotels in operation and in pipeline

	Operational on Sep 30, 2019				**Pipeline on Sep 30, 2019**	
	Hotels	of which with Lease contracts	Rooms	of which with Lease contracts	Hotels	Rooms
Sweden	84	78	17,477	16,685	3	1,089
Norway	86	70	16,059	13,939	3	1,167
Finland	66	65	12,535	12,468	3	1,011
Denmark	27	26	4,955	4,745	4	1,569
Other Europe	6	6	1,718	1,718	2	740
Total	**269**	**245**	**52,744**	**49,555**	**15**	**5,576**
Change during the quarter	*-1*	*-1*	*182*	*179*	*2*	*396*

High-quality pipeline

At the end of the period, the pipeline comprised a net of 15 hotels with 5,576 rooms, corresponding to 10.6% of the current portfolio.

The number of hotels in the pipeline has been reduced by the planned exit of Scandic Ferrum with 171 rooms as a result of the ongoing transformation of the city of Kiruna, Sweden. The gross pipeline thus included 16 hotels with 5,747 rooms in total.

During the quarter, Scandic signed an agreement for a large hotel project with 480 rooms in Aarhus harbor in Denmark. The hotel is expected to open in 2024.

SALES & ADJUSTED EBITDA

Group

	Jul-Sep 2019	Jul-Sep 2018	%	Jan-Sep 2019	Jan-Sep 2018	%
Net sales (MSEK)	**5,195**	**4,874**	**6.6%**	**14,114**	**13,412**	**5.2%**
Currency effects	42		0.9%	205		1.5%
Organic growth	279		5.7%	497		3.7%
New hotels	*191*		*3.9%*	*458*		*3.4%*
Exits	*-57*		*-1.2%*	*-124*		*-0.9%*
LFL	*145*		*3.0%*	*163*		*1.2%*
Adjusted EBITDA	**823**	**736**	**11.8%**	**1,542**	**1,469**	**5.0%**
% margin	15.8%	15.1%		10.9%	11.0%	
RevPAR (SEK)	**807**	**766**	**5.4%**	**719**	**694**	**3.6%**
Currency effects	7		0.9%	11		1.5%
New hotels/exits	10		1.2%	6		0.8%
LFL	25		3.2%	9		1.3%

Third quarter

Net sales rose by 6.6% to 5,195 MSEK (4,874). Currency effects affected net sales positively by 0.9%.

Organic growth, i.e. sales growth excluding currency effects and acquisitions, amounted to 5.7% or 279 MSEK. Organic growth was affected positively by new hotels, chiefly in Norway, Finland and Other Europe. For comparable units, new sales rose by 3.0%, where Finland and Sweden contributed strong growth.

Average Revenue Per Available Room (RevPAR) rose by 4.5% in local currency compared with the previous year. RevPAR for comparable units grew by 3.2%. RevPAR for comparable units grew significantly in Finland and Sweden but fell somewhat in Norway and Other Europe.

Revenue from restaurant and conference operations grew by 4.2% and the share of total net sales fell to 27.5% (28.1).

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Rental costs excluding the effect of finance leases accounted for 26.9% (26.5) of net sales. Fixed and guaranteed rental costs accounted for 62.7% (61.4) of total rental costs. The increase is mainly due to several newly opened hotels that are paying rent according to the guarantee level during the startup phase.

Results for central functions fell to -90 MSEK (-71). Increased IT costs contributed to the cost increase.

Adjusted EBITDA rose to 823 MSEK (736). The adjusted EBITDA margin grew to 15.8% (15.1). Currency translation effects had a positive impact of 10 MSEK on adjusted EBITDA compared with the same period of the previous year. All segments reported a higher adjusted EBITDA. In Finland, the hotels that were added in the Restel acquisition continued to contribute to the improved performance.

The period January–September

Net sales rose by 5.2% to 14,114 MSEK (13,412). Currency effects affected net sales positively by 1.5%. Organic growth, i.e. sales growth excluding currency effects and acquisitions, amounted to 3.7% or 497 MSEK.

All segments contributed positive organic growth. At 9.9%, Other Europe had the highest organic growth, mainly due to the opening of Scandic Kødbyen and Scandic Falkoner in Copenhagen.

Average Revenue Per Available Room (RevPAR) rose by 2.1% in local currency compared with the previous year. RevPAR for comparable units grew by 1.3%. RevPAR for comparable units grew in all segments except Other Europe, where increased capacity in Copenhagen contributed to a lower RevPAR.

Revenue from restaurant and conference operations grew by 3.9% and the share of total net sales fell to 30.8% (31.2).

Rental costs excluding the effect of finance leases accounted for 26.8% (26.7) of net sales. Fixed and guaranteed rental costs were 66.5% (64.5) of total rental costs. The increase is due to newly opened hotels that are paying rent according to the guarantee level during the startup phase.

Results for central functions fell to -282 MSEK (-231). The reason for the decrease is that the corresponding period in the previous year was affected positively by 37 MSEK due to the market valuation of forward contracts for electricity. Increased IT costs contributed to the underlying cost increase.

Adjusted EBITDA rose to 1,542 MSEK (1,469). The adjusted EBITDA margin fell somewhat to 10.9% (11.0). Currency translation effects had a positive impact of 25 MSEK on adjusted EBITDA compared with the same period in the previous year. The increase in adjusted EBITDA is mainly due to newly opened hotels and the improved performance of the hotels that were added in the Restel acquisition.

Segment reporting

Quarterly, Jul-Sep	**Net sales**		**Adjusted EBITDA**		**Adjusted EBITDA margin**	
MSEK	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Sweden	1,674	1,617	309	274	18.5%	16.9%
Norway	1,519	1,466	232	214	15.3%	14.6%
Finland	1,234	1,108	247	199	20.0%	18.0%
Other Europe	768	683	125	120	16.3%	17.6%
Central costs and Group adjustments	-	-	-90	-71	-	-
Total Group	**5,195**	**4,874**	**823**	**736**	**15.8%**	**15.1%**

Period, Jan-Sep	**Net sales**		**Adjusted EBITDA**		**Adjusted EBITDA margin**	
MSEK	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Sweden	4,669	4,654	671	666	14.4%	14.3%
Norway	4,066	3,855	424	402	10.4%	10.4%
Finland	3,324	3,085	491	404	14.8%	13.1%
Other Europe	2,055	1,818	238	228	11.6%	12.5%
Central costs and Group adjustments	-	-	-282	-231	-	-
Total Group	**14,114**	**13,412**	**1,542**	**1,469**	**10.9%**	**11.0%**

EFFECTS 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 increases as the cost of leases falls while depreciation of right-of-use assets and interest expenses for the finance lease liability 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 an unchanged portfolio of finance lease agreements and unchanged assumptions, the negative effect on the result is expected to decline over time and affect the net result positively from 2025.

The definition of adjusted EBITDA has not changed compared with the previous year and excludes the effect of finance leases. The year 2018 includes finance leases according to IAS 17 from right-of-use asset and a corresponding finance lease liability from the acquisition of Restel. The effect of finance leases for the full year 2018 on EBITDA was 129 MSEK and on net profit after tax was -22 MSEK. The table below shows the bridge between the income statement excluding the effect of finance leases to the reported income statement according to IFRS.

Summary of the effects of IFRS 16

	Jan-Sep 2019		
	Excl. effect IFRS 16	Effect IFRS 16	Reported
Total operating income	**14,114**	**0**	**14,114**
EBITDAR	**5,328**	**0**	**5,328**
Total rental charges	-3,786	2,380	-1,406
Adjusted EBITDA	**1,542**		
Pre-opening costs	-67	0	-67
Items affecting comparability	168	0	168
EBITDA	**1,643**	**2,380**	**4,023**
Depreciations and amortizations	-629	-1,748	-2,377
EBIT	**1,014**	**632**	**1,646**
Net financial items	-81	-828	-909
EBT (Profit before tax)	**933**	**-196**	**737**
Tax	-181	41	-140
Profit/loss for the period	**753**	**-155**	**597**
Earnings per share, SEK	7.31	-1.50	5.77

Result excluding effect of finance leases

	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018	Oct-Sep 2018/2019
Total operating income	**5,195**	**4,874**	**14,114**	**13,412**	**18,007**	**18,708**
EBITDAR	**2,222**	**2,025**	**5,328**	**5,044**	**6,721**	**7,005**
Total rental charges	-1,397	-1,290	-3,786	-3,575	-4,764	-4,975
Adjusted EBITDA	**823**	**736**	**1,542**	**1,469**	**1,957**	**2,030**
Pre-opening costs	-21	-20	-67	-89	-92	-70
Items affecting comparability	-	-13	168	-118	-141	145
EBITDA	**802**	**703**	**1,643**	**1,262**	**1,724**	**2,105**
Depreciations and amortizations	-221	-198	-629	-564	-781	-846
EBIT	**580**	**504**	**1,014**	**698**	**943**	**1,259**
Net financial items	-23	-26	-81	-79	-105	-107
EBT (Profit before tax)	**557**	**478**	**933**	**620**	**838**	**1,152**
Tax	-116	-76	-181	-92	-138	-227
Profit/loss for the period	**441**	**402**	**753**	**528**	**700**	**925**
Earnings per share, SEK	4.28	3.91	7.31	5.13	6.80	8.98

REPORTED RESULT

Third quarter

EBITDA was 1,617 MSEK (733) and 802 MSEK (703) excluding the effect of finance leases. EBITDA includes pre-opening costs for new hotels of -21 MSEK (-20). In the corresponding quarter last year, items affecting comparability amounted to -13 MSEK comprising integration costs related to the acquisition of Restel.

EBIT amounted to 799 MSEK (513) and 580 MSEK (504) excluding the effect of finance leases. Depreciation and amortization totaled -818 MSEK (-220). The increase in depreciation and amortization is chiefly due to the effect of finance leases. Excluding the effect of finance leases, depreciation and amortization amounted to -221 MSEK (-198). Depreciation includes a write-down of equipment in four Norwegian hotels.

The Group's net financial expense amounted to -308 MSEK (-43) and -23 MSEK (-26) excluding the effect of finance leases. The interest expense, excluding the effect of finance leases, was -24 MSEK (-29). Scandic continued to issue commercial papers, which contributed to the continued low interest expenses.

Profit before tax was 491 MSEK (470) and 557 MSEK (478) excluding the effect of finance leases.

Reported tax amounted to -104 MSEK (-74).

Net profit dropped to 387 MSEK (396). Excluding the effect of finance leases, net profit increased to 441 MSEK (402).

Earnings per share after dilution amounted to 3.76 SEK per share (3.83) and 4.28 SEK (3.91) excluding finance leases. Adjusted for items affecting comparability, earnings per share amounted to 4.28 SEK (4.01).

The period January–September

EBITDA was 4,023 MSEK (1,358) and 1,643 MSEK (1,262) excluding the effect of finance leases. EBITDA includes opening costs for new hotels of -67 MSEK (-89) and items affecting comparability of 168 MSEK (-118). The period includes a capital gain of 181 MSEK from the sale of Scandic Hasselbacken in Stockholm and costs of -13 MSEK in connection with the change of President & CEO. During the corresponding period last year, items affecting comparability amounted to -118 MSEK comprising integration costs of 112 MSEK related to the acquisition of Restel and restructuring costs.

EBIT amounted to 1,646 MSEK (728) and 1,014 MSEK (698) excluding the effect of finance leases. Depreciation and amortization totaled -2,377 MSEK (-630). The increase in depreciation and amortization is chiefly due to the effect of finance leases. Excluding the effect of finance leases, depreciation and amortization amounted to -629 MSEK (-564). Depreciation includes a write-down of equipment in four Norwegian hotels.

The Group's net financial expense was -909 MSEK (-130) and -81 MSEK (-79) excluding the effect of finance leases. The interest expense, excluding the effect of finance leases, was -79 MSEK (-86).

Profit before tax totaled 737 MSEK (598) and 933 MSEK (620) excluding the effect of finance leases.

Reported tax amounted to -140 MSEK (-85). Reported tax in the previous year was positively impacted by 40 MSEK due to the decision to reduce the corporate tax rate in Sweden.

Net profit rose to 597 MSEK (513) and 753 MSEK (528) excluding the effect of finance leases.

Earnings per share after dilution amounted to 5.77 SEK per share (4.95) and 7.31 SEK (5.13) excluding finance leases. Adjusted for items affecting comparability, earnings per share amounted to 5.65 SEK (6.02).

Earnings per share

	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018	Oct-Sep 2018/2019
Earnings per share, SEK	**3.76**	**3.83**	**5.77**	**4.95**	**6.54**	**7.37**
Effect from finance lease	-0.51	-0.06	-1.51	-0.16	-0.26	-1.61
Earnings per share, SEK, excl. effect finance lease	**4.28**	**3.91**	**7.31**	**5.13**	**6.80**	**8.98**
Items affecting comparability	-	-0.10	1.66	-0.89	-1.07	1.48
Earnings per share, SEK, excl. effect finance lease & items affecting comparability	**4.28**	**4.01**	**5.65**	**6.02**	**7.87**	**7.50**

CASH FLOW & FINANCIAL POSITION JANUARY-SEPTEMBER

Operating cash flow, excluding finance leases, was 768 MSEK (530) in the period January-September. The cash flow contribution from the change in working capital amounted to -344 MSEK (-536). There is generally a seasonal increase in working capital during the first nine months of the year.

Paid tax was -301 MSEK (-120), 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 totaled -821 MSEK (-909), of which hotel renovations accounted for -443 MSEK (-527) and IT for -44 MSEK (-63). Investments in new hotels and increased room capacity totaled -334 MSEK (-319). Scandic received the purchase price of 232 MSEK for the divestment of Scandic Hasselbacken during the period.

In total, free cash flow improved to 179 MSEK (-433). The improvement is explained by increased results, better working capital development and lower capex.

Operating cash flow

MSEK	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018	Oct-Sep 2018/2019
Adjusted EBITDA	823	736	1,542	1,469	1,957	2,030
Pre-opening costs	-21	-20	-67	-89	-92	-70
Non-recurring items	-	-13	168	-118	-141	145
Adjustments for non-cash items	-11	-4	-174	-24	-1	-151
Paid tax	-40	-89	-301	-120	-174	-355
Change in working capital	-247	-388	-344	-536	45	237
Interests paid, credit institutions	-18	-20	-56	-52	-77	-81
Cash flow from operations	**486**	**202**	**768**	**530**	**1,517**	**1,755**
Investments in hotel renovations	-118	-132	-443	-527	-708	-624
Investments in IT	-10	-14	-44	-63	-93	-74
Free cash flow before investments in expansions	**358**	**56**	**281**	**-60**	**716**	**1,057**
Acquisitions/sales of operations	2	0	232	-54	-38	248
Investments in new capacity	-111	-72	-334	-319	-415	-430
Free cash flow	**249**	**-16**	**179**	**-433**	**263**	**875**
Other items in financing activities	-	-	-14	-41	-47	-20
Transaction costs expensed	3	-4	-5	-14	-11	-2
Exchange difference in net debt	-18	18	-105	-103	-61	-63
Dividend	-4	-4	-181	-178	-352	-355
Change net debt	**230**	**-6**	**-126**	**-769**	**-208**	**435**

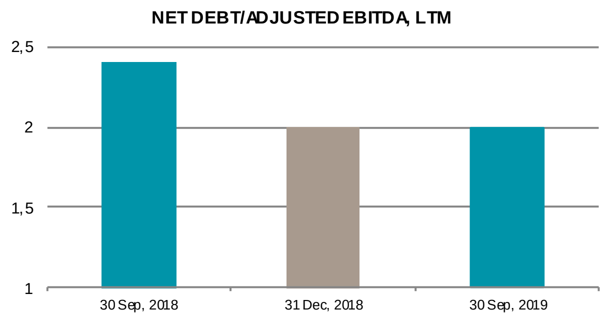
The balance sheet total on September 30, 2019 was 44,736 MSEK, compared with 17,737 MSEK on December 31, 2018. When IFRS 16 was introduced on January 1, 2019, the Group's total assets increased by approximately 25 billion SEK.

Interest-bearing net liabilities, excluding finance lease liabilities, increased by 126 MSEK in the period to 3,963 MSEK on September 30, 2019. The increase is due to a seasonal increase in working capital, dividends and currency effects.

Net debt on September 30, 2019 corresponded to 2.0 times adjusted EBITDA for the past twelve months (2.0 per December 31, 2018).

Total credit facilities amounted to 5,500 MSEK. Loans from credit institutions amounted to 2,895 MSEK and commercial papers to 1,101 MSEK. Cash and cash equivalents amounted to 33 MSEK at the end of the period.

On September 30, 2019, the average number of shares and votes was 103,037,200 after dilution. Equity was 6,597 MSEK compared with 7,806 MSEK on December 31, 2018 and was affected negatively by 1,466 MSEK due to the implementation of IFRS 16.



SEGMENT REPORTING

Sweden

	Jul-Sep 2019	Jul-Sep 2018	%	Jan-Sep 2019	Jan-Sep 2018	%
Net sales (MSEK)	**1,674**	**1,617**	**3.6%**	**4,669**	**4,654**	**0.3%**
Organic growth	57		3.5%	15		0.3%
New hotels	-			-		
Exits	*-26*		*-1.6%*	*-59*		*-1.3%*
LFL	*83*		*5.1%*	*74*		*1.6%*
Adjusted EBITDA	**309**	**274**	**12.8%**	**671**	**666**	**0.8%**
% margin	18.5%	16.9%		14.4%	14.3%	
RevPAR (SEK)	**809**	**773**	**4.7%**	**735**	**725**	**1.3%**
New hotels/exits	-3		-0.4%	-3		-0.4%
LFL	40		5.2%	12		1.7%
ARR (SEK)	1,033	1,017	1.5%	1,047	1,049	-0.2%
OCC %	78.4%	76.0%		70.1%	69.1%	

Third quarter

Net sales rose by 3.6% to 1,674 MSEK (1,617). For comparable units, net sales increased by 5.1%.

Scandic Hasselbacken in Stockholm was sold on March 1, 2019, which affected net sales for the quarter negatively by 26 MSEK compared with the previous year.

Average Revenue Per Available Room (RevPar) increased by 4.7% compared with the same quarter of the previous year. RevPAR for comparable units grew by 5.2%. All regions reported an increase in RevPAR.

Adjusted EBITDA rose to 309 MSEK (274). The increase in net sales due to the increase in RevPAR and cost initiatives had a positive impact on EBITDA. The adjusted EBITDA margin grew from 16.9% to 18.5%.

The period January–September

Net sales rose by 0.3% to 4,669 MSEK (4,654). For comparable units, net sales increased by 1.6%.

Scandic Hasselbacken in Stockholm was sold on March 1, 2019, which affected net sales for the period negatively by 59 MSEK compared with the previous year.

Average Revenue Per Available Room (RevPAR) increased by 1.3% compared with the same period of the previous year. RevPAR for comparable units grew by 1.7%.

Adjusted EBITDA rose marginally to 671 MSEK (666). Despite unchanged price levels, adjusted EBITDA improved due to cost initiatives, which fully offset the underlying cost increases. The adjusted EBITDA margin grew from 14.3% to 14.4%.

Norway

	Jul-Sep 2019	Jul-Sep 2018	%	Jan-Sep 2019	Jan-Sep 2018	%
Net sales (MSEK)	**1,519**	**1,466**	**3.7%**	**4,066**	**3,855**	**5.5%**
Currency effects	-2		-0.1%	50		1.3%
Organic growth	55		3.8%	161		4.2%
New hotels	*53*		*3.6%*	*153*		*4.0%*
Exits	*0*		*0.0%*	*-14*		*-0.4%*
LFL	*3*		*0.2%*	*22*		*0.6%*
Adjusted EBITDA	**232**	**214**	**8.4%**	**424**	**402**	**5.5%**
% margin	15.3%	14.6%		10.4%	10.4%	
RevPAR (SEK)	**781**	**768**	**1.6%**	**687**	**669**	**2.6%**
Currency effects	0		0.0%	9		1.3%
New hotels/exits	14		1.8%	3		0.4%
LFL	-2		-0.2%	6		0.9%
ARR (SEK)	1,055	1,058	-0.3%	1,071	1,034	3.5%
OCC %	74.0%	72.6%		64.1%	64.7%	

Third quarter

Net sales rose by 3.7% to 1,519 MSEK (1,466). For comparable units, net sales grew by 0.2%.

New hotels contributed 53 MSEK during the quarter.

Average Revenue Per Available Room (RevPAR) rose by 1.6% in local currency compared with the same quarter of the previous year. RevPAR for comparable units dropped by 0.2%.

Adjusted EBITDA rose to 232 MSEK (214), chiefly due to contributions from newly opened hotels. Profitability was affected negatively by increased capacity in Oslo, which was partly offset by positive development in western and northern Norway and by improved cost efficiencies.

The adjusted EBITDA margin grew to 15.3% (14.6).

The period January–September

Net sales rose by 5.5% to 4,066 MSEK (3,855). For comparable units, net sales grew by 0.6%.

Changes in the hotel portfolio contributed 139 MSEK to net sales. The greatest contributor was Hotel Norge by Scandic in Bergen, which opened on July 1, 2018.

Average Revenue Per Available Room (RevPAR) increased by 1.3% in local currency compared with the same period in the previous year. RevPAR for comparable units grew by 0.9%. RevPAR grew in all districts except Oslo.

Adjusted EBITDA rose to 424 MSEK (402), chiefly due to contributions from newly opened hotels. Profitability was affected negatively by increased capacity in Oslo, which was partly offset by positive development in western and northern Norway and by improved cost efficiencies.

The adjusted EBITDA margin was 10.4% (10.4).

Finland

	Jul-Sep 2019	Jul-Sep 2018	%	Jan-Sep 2019	Jan-Sep 2018	%
Net sales (MSEK)	**1,234**	**1,108**	**11.3%**	**3,324**	**3,085**	**7.8%**
Currency effects	27		2.4%	100		3.2%
Organic growth	98		8.9%	139		4.6%
New hotels	*59*		*5.3%*	*101*		*3.3%*
Exits	*-31*		*-2.8%*	*-50*		*-1.6%*
LFL	*70*		*6.4%*	*88*		*2.9%*
Adjusted EBITDA	**247**	**199**	**24.1%**	**491**	**404**	**21.5%**
% margin	20.0%	18.0%		14.8%	13.1%	
RevPAR (SEK)	**763**	**677**	**12.8%**	**668**	**613**	**9.0%**
Currency effects	17		2.5%	20		3.2%
Acquisitions						
New hotels/exits	14		2.2%	13		2.2%
LFL	55		8.1%	22		3.6%
ARR (SEK)	1,093	1,014	7.8%	1,063	994	7.0%
OCC %	69.8%	66.8%		62.8%	61.7%	

Third quarter

Net sales rose by 11.3% to 1,234 MSEK (1,108). For comparable units, net sales grew by 6.4%.

New hotels/exits contributed 28 MSEK net. Marski by Scandic in Helsinki, which opened on June 3, 2019 after a complete renovation, made the largest positive contribution.

Average Revenue Per Available Room (RevPAR) rose by 10.3% in local currency compared with the same quarter of the previous year. For comparable units, RevPAR grew by 8.1% with a strong development in all districts. RevPAR for hotels included in the Restel acquisition continued to develop better than average for the Finnish hotels.

Adjusted EBITDA rose to 247 MSEK (199). Contributions from newly opened hotels, increased RevPAR and cost synergies due to the Restel acquisition contributed to the improved profit.

The adjusted EBITDA margin grew to 20.0% (18.0).

The period January–September

Net sales rose by 7.8% to 3,324 MSEK (3,085). For comparable units, net sales grew by 2.9 %.

New hotels/exits contributed 51 MSEK net. Scandic Helsinki Airport, which opened at the end of the first quarter of 2018, and Hotel Marski by Scandic in Helsinki, which opened on June 3, 2019 after a complete renovation, made the greatest positive contributions.

Average Revenue Per Available Room (RevPAR) increased by 5.8% in local currency compared with the same period in the previous year. RevPAR for comparable units grew by 3.6%.

RevPAR for hotels included in the Restel acquisition continued to develop better than average for the Finnish hotels.

Adjusted EBITDA rose to 491 MSEK (404). Contributions from newly opened hotels, increased RevPAR and cost synergies due to the Restel acquisition contributed to the improved profit.

The adjusted EBITDA margin grew to 14.8% (13.1).

Other Europe

	Jul-Sep 2019	Jul-Sep 2018	%	Jan-Sep 2019	Jan-Sep 2018	%
Net sales (MSEK)	**768**	**683**	**12.3%**	**2,055**	**1,818**	**13.0%**
Currency effects	17		2.5%	55		3.1%
Organic growth	68		9.8%	182		9.9%
New hotels	*79*		*11.5%*	*203*		*11.1%*
Exits	*-*			*-*		*0.0%*
LFL	*-11*		*-1.7%*	*-21*		*-1.2%*
Adjusted EBITDA	**125**	**120**	**4.2%**	**238**	**228**	**4.4%**
% margin	16.3%	17.6%		11.6%	12.5%	
RevPAR (SEK)	**950**	**932**	**1.9%**	**848**	**832**	**2.0%**
Currency effects	23		2.5%	25		3.1%
New hotels/exits	18		1.9%	15		1.8%
LFL	-23		-2.5%	-24		-2.9%
ARR (SEK)	1,158	1,134	2.1%	1,128	1,108	1.8%
OCC %	82.0%	82.2%		75.2%	75.1%	

Third quarter

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

Net sales rose by 12.3% to 768 MSEK (683). Net sales for comparable units dropped by 1.7%.

New hotels contributed 79 MSEK. Scandic Frankfurt Museumsufer, Scandic Kødbyen and Scandic Falkoner in Copenhagen were the greatest contributors to the increase.

Average Revenue Per Available Room (RevPAR) dropped by 0.6% in local currency compared with the same quarter of the previous year. RevPAR for comparable units dropped by 2.5%. RevPAR rose in Poland while Denmark and Germany reported a reduced RevPAR. Increased capacity in Copenhagen had a negative effect on RevPAR.

Adjusted EBITDA rose to 125 MSEK (120), primarily due to contributions from newly opened hotels. Results improved in Denmark and fell somewhat in Germany and Denmark. The adjusted EBITDA margin fell to 16.3% (17.6).

The period January–September

Net sales rose by 13.0% to 2,055 MSEK (1,818). Net sales for comparable units dropped by 1.2%.

New hotels contributed 203 MSEK. Scandic Frankfurt Museumsufer, Scandic Kødbyen and Scandic Falkoner in Copenhagen were the greatest contributors to the increase.

Average Revenue Per Available Room (RevPAR) dropped by 1.1% in local currency compared with the same period in the previous year. RevPAR for comparable units dropped by 2.9%. RevPAR rose in Germany and Poland, while Denmark reported a reduced RevPAR due to increased capacity in Copenhagen.

Adjusted EBITDA rose to 238 MSEK (228), mainly as a result of contributions from newly opened hotels. Results improved in Germany and Poland and dropped somewhat in Denmark. The adjusted EBITDA margin decreased to 11.6% (12.5).

Central functions

Adjusted EBITDA for central functions was -90 MSEK (-71) during the quarter and -282 MSEK (-231) during the first nine months of the year. The first nine months of the previous year were affected positively by 37 MSEK due to the market value of forward contracts for electricity.

EMPLOYEES

The average number of employees in the Group was 11,525 on September 30, 2019 compared with 11,746 on September 30, 2018. The hotel is scheduled to open in 2022.

EVENTS AFTER THE REPORTING DATE

On October 22, Scandic signed a lease agreement for a new meeting and conference hotel in central Helsinki with 350 rooms. The

OUTLOOK

We expect relatively stable market conditions in the fourth quarter, with like for like sales growth of 0-1%. In addition, having more rooms in operation is expected to contribute 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 percent on average over a business cycle, excluding potential M&As.
- An adjusted EBITDA margin of at least 11 percent 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.

PRESENTATION OF THE REPORT

The presentation of Scandic's Interim Report will take place at 9:00 CET on October 24, 2019 with President & CEO Jens Mathiesen and CFO Jan Johansson available by phone. To participate, just dial SE: +46850558357 UK: +443333009274. Please call in five minutes before the start. The presentation will also be available afterwards at www.scandichotelsgroup.com

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FINANCIAL CALENDAR

2020-02-18	Year-end Report 2019 (silent period from January 18, 2020)
2020-05-05	Interim report Q1 2020 (silent period from 4 April 2020)
2020-05-11	AGM
2020-07-17	Interim report Q2 2020 (silent period from 16 June 2020)
2020-11-03	Interim report Q3 2020 (silent period from 2 Oktober 2020)

SIGNIFICANT RISKS & UNCERTAINTY 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 September 30, 2019, Scandic's goodwill and intangible assets amounted to 10,104 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 45-65 percent 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 percent in RevPAR would have an impact of about 60-80 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	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018	Oct-Sep 2018/2019
INCOME						
Room revenue	3,615	3,359	9,427	8,898	11,721	12,250
Restaurant and conference revenue*	1,429	1,371	4,343	4,180	5,862	6,025
Franchise and management fees	10	9	22	23	29	28
Other hotel-related revenue	141	135	322	311	395	405
Net sales	***5,195***	***4,874***	***14,114***	***13,412***	***18,007***	***18,708***
Other income	-	-	-	-	-	-
TOTAL OPERATING INCOME	**5,195**	**4,874**	**14,114**	**13,412**	**18,007**	**18,708**
OPERATING COSTS						
Raw materials and consumables	-427	-415	-1,203	-1,171	-1,605	-1,637
Other external costs	-1,106	-1,081	-3,203	-2,975	-4,061	-4,289
Personnel costs	-1,440	-1,353	-4,380	-4,222	-5,620	-5,778
Fixed and guaranteed rental charges	-63	-761	-137	-2,210	-2,968	-895
Variable rental charges	-521	-498	-1,269	-1,269	-1,667	-1,667
Pre-opening costs	-21	-20	-67	-89	-92	-70
Items affecting comparability	-	-13	168	-118	-141	145
EBITDA	**1,617**	**733**	**4,023**	**1,358**	**1,853**	**4,517**
Depreciation and amortization	-818	-220	-2,377	-630	-870	-2,617
TOTAL OPERATING COSTS	**-4,396**	**-4,361**	**-12,468**	**-12,684**	**-17,024**	**-16,808**
EBIT (Operating profit/loss)	**799**	**513**	**1,646**	**728**	**983**	**1,900**
Financial items						
Financial income	2	3	5	10	12	7
Financial expenses	-310	-46	-914	-140	-185	-959
Net financial items	**-308**	**-43**	**-909**	**-130**	**-173**	**-952**
EBT (Profit/loss before taxes)	**491**	**470**	**737**	**598**	**810**	**948**
Taxes	-104	-74	-140	-85	-132	-187
PROFIT/LOSS FOR PERIOD	**387**	**396**	**597**	**513**	**678**	**762**
Profit/loss for period relating to:						
Parent Company shareholders	387	395	595	510	674	759
Non-controlling interest	-	1	2	3	4	3
Profit/loss for period	**387**	**396**	**597**	**513**	**678**	**762**
Average number of outstanding shares before dilution	103,013,408	102,991,742	103,013,408	102,991,742	102,990,062	103,006,034
Average number of outstanding shares after dilution	103,037,200	103,095,129	103,037,200	103,095,129	103,075,976	103,025,059
Earnings per share before dilution, SEK	**3.76**	**3.84**	**5.78**	**4.95**	**6.54**	**7.37**
Earnings per share after dilution, SEK	**3.76**	**3.83**	**5.77**	**4.95**	**6.54**	**7.37**

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

Consolidated statement of comprehensive income

MSEK	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep -	Jan-Sep -	Jan-Dec 2018	Oct-Sep 2018/2019
Profit/loss for period	387	396	597	513	678	762
Items that may be reclassified to the income statement	142	-58	229	293	176	112
Items that may not be reclassified to the income statement	-113	4	-190	-26	-40	-204
Other comprehensive income	**29**	**-54**	**39**	**267**	**136**	**-92**
Total comprehensive income for period	**416**	**342**	**636**	**780**	**814**	**670**
Relating to:						
Parent Company shareholders	414	336	631	770	805	666
Non-controlling interest	2	6	5	10	9	4

Consolidated balance sheet, summary

MSEK	30 Sep 2019	30 Sep 2018	31 Dec 2018
ASSETS			
Intangible assets	10,104	9,931	9,899
Buildings and land	27,476	1,778	1,676
Equipment, fixtures and fittings	4,803	4,357	4,359
Financial fixed assets	623	331	333
Total fixed assets	**43,006**	**16,397**	**16,267**
Current assets	1,680	1,922	1,319
Derivative instruments	17	-	46
Assets held for sale	-	105	2
Cash and cash equivalents	33	188	103
Total current assets	**1,730**	**2,215**	**1,470**
TOTAL ASSETS	**44,736**	**18,612**	**17,737**
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent Company	6,555	7,733	7,768
Non-controlling interest	42	39	38
Total equity	**6,597**	**7,772**	**7,806**
Liabilities to credit institutions	2,895	3,386	2,940
Finance lease liabilities	27,322	1,633	1,543
Other long-term liabilities	1,353	1,476	1,489
Total long-term liabilities	**31,570**	**6,495**	**5,972**
Derivative instruments	-	5	-
Current liabilities for finance leases	2,100	62	63
Commercial papers	1,101	1,200	1,000
Liabilities held for sale	-	73	1
Other current liabilities	3,368	3,004	2,895
Total current liabilities	**6,569**	**4,344**	**3,958**
TOTAL EQUITY AND LIABILITIES	**44,736**	**18,612**	**17,737**
Equity per share, SEK	63.6	75.1	75.4
Total number of shares outstanding, end of period	102,985,075	102,985,075	102,985,075
Working capital	-1,688	-1,050	-1,575
Interest-bearing net liabilities	3,963	4,398	3,837
Interest-bearing net liabilities/adjusted EBITDA	2.0	2.4	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	**-**	**-**	**-**	**510**	**510**	**3**	**513**
Total other comprehensive income, net after tax	*-*	*-*	*286*	*-26*	*260*	*7*	*267*
Total comprehensive income for the year	**-**	**-**	**286**	**484**	**770**	**10**	**780**
Total transactions with shareholders	*-*	*-*	*-*	*-360*	*-360*	*-4*	*-364*
CLOSING BALANCE 09/30/2018	**26**	**7,865**	**200**	**-358**	**7,733**	**39**	**7,772**
Change in accounting principles	*-*	*-*	*-*	*-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	**-**	**-**	**-**	**595**	**595**	**2**	**597**
Total other comprehensive income, net after tax	*-*	*-*	*223*	*-190*	*33*	*6*	*39*
Total comprehensive income for the year			**223**	**405**	**628**	**8**	**636**
Total transactions with shareholders	*-*	*-*	*-*	*-375*	*-375*	*-4*	*-379*
CLOSING BALANCE 09/30/2019	**26**	**7,865**	**308**	**-1,644**	**6,555**	**42**	**6,597**

Consolidated cash flow statement

	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018	Oct-Sep 2018/2019
OPERATING ACTIVITIES						
EBIT (Operating profit/loss)	799	513	1,646	728	983	1,901
Depreciation	818	220	2,377	630	870	2,617
Items not included in cash flow	-11	-4	-174	-24	-1	-151
Paid tax	-40	-89	-301	-120	-174	-355
Change in working capital	-247	-388	-344	-536	45	237
Cash flow from operating activities	**1,319**	**252**	**3,204**	**678**	**1,723**	**4,250**
INVESTING ACTIVITIES						
Net investments	-235	-218	-817	-909	-1,216	-1,124
Sale of operations	2	-	232	-	16	248
Acquisitions	-	-	-	-54	-54	-
Cash flow from investing operations	**-233**	**-218**	**-585**	**-963**	**-1,254**	**-876**
FINANCING OPERATIONS						
Paid interest, credit institutions	-18	-20	-56	-52	-77	-81
Paid interest, finance lease	-284	-16	-828	-51	-68	-845
Dividends	-2	-	-179	-174	-352	-357
Utdelning från investeringar	-2	-4	-2	-4	-	2
Refinancing of loans	-	-5	-6	-5	-6	-7
Dividend, share swap agreement	-	-	-14	-41	-41	-14
Net borrowing/amortization, credit institutions	-268	50	-116	-465	-877	-528
Amortization, finance lease	-529	-15	-1,552	-45	-61	-1,568
Issue of commercial papers	2	-	101	1,199	1,000	-98
Cash flow from financing operations	**-1,101**	**-10**	**-2,652**	**362**	**-482**	**-3,496**
CASH FLOW FOR PERIOD	**-15**	**24**	**-33**	**77**	**-13**	**-123**
Cash and cash equivalents at beginning of period	60	161	103	140	140	188
Translation difference in cash and cash equivalents	-12	3	-37	-29	-24	-32
Cash and cash equivalents at end of the period	33	188	33	188	103	33

Parent Company income statement, summary

MSEK	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018	Oct-Sep 2018/2019
Net sales	10	11	42	22	34	54
Expenses	-10	-14	-41	-23	-33	-51
EBIT (Operating profit/loss)	**-0**	**-3**	**1**	**-1**	**1**	**3**
Financial income	40	40	116	130	247	233
Financial expenses	-26	-26	-208	-78	-104	-234
Net financial items	**14**	**14**	**-92**	**52**	**143**	**-1**
Appropriations	-	-	-	-	-144	-144
EBT (profit/loss before tax)	**14**	**11**	**-90**	**50**	**-1**	**-141**
Tax	-3	-2	19	-11	-	30
PROFIT/LOSS FOR PERIOD	**11**	**9**	**-71**	**39**	**-1**	**-111**

Parent Company statement of comprehensive income

MSEK	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018	Oct-Sep 2018/2019
Profit/loss for period	**11**	**9**	**-71**	**39**	**-1**	**-111**
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	**11**	**9**	**-71**	**39**	**-1**	**-111**

Parent Company balance sheet, summary

MSEK	30 Sep 2019	30 Sep 2018	31 Dec 2018
ASSETS			
Investments in subsidiaries	5,039	5,039	5,039
Group company receivables	4,988	6,029	5,377
Deferred tax assets	20	-	-
Other receivables	23	24	27
Total fixed assets	**10,070**	**11,092**	**10,443**
Group company receivables	4	7	3
Current receivables	9	-	-
Cash and cash equivalents	0	70	1
Total current assets	**13**	**77**	**4**
TOTAL ASSETS	**10,083**	**11,169**	**10,447**
EQUITY AND LIABILITIES			
Equity	**5,799**	**6,284**	**6,245**
Liabilities to credit institutions	2,895	3,386	2,940
Deferred tax liabilities	-	11	-
Other liabilities	23	25	27
Total long-term liabilities	**2,918**	**3,422**	**2,967**
Liabilities for commercial papers	1,101	1,200	1,000
Liabilities to Group companies	-	-	144
Liabilities to Shareholders	180	-	-
Other liabilities	77	248	73
Accrued expenses and prepaid income	7	15	18
Total current liabilities	**1,365**	**1,463**	**1,235**
TOTAL EQUITY AND LIABILITIES	**10,083**	**11,169**	**10,447**

Changes in Parent Company's equity

MSEK	Share capital	Share premium reserve	Retained earnings	Total equity
OPENING BALANCE 01/01/2018	**26**	**1,534**	**5,046**	**6,606**
Profit/loss for period	**-**	**-**	**39**	**39**
Total other comprehensive income, net after tax	-	-	-	-
Total other comprehensive income			**39**	**39**
Total transactions with shareholders	**-**	**-**	**-361**	**-361**
CLOSING BALANCE 09/30/2018	**26**	**1,534**	**4,724**	**6,284**
Profit/loss for period	**-**	**-**	**-40**	**-40**
Total other comprehensive income, net after tax	-	-	-	-
Total transactions with shareholders	**-**	**-**	**1**	**1**
OPENING BALANCE 01/01/2019	**26**	**1,534**	**4,685**	**6,245**
Profit/loss for period	**-**	**-**	**-71**	**-71**
Total other comprehensive income, net after tax	-	-	-	-
Total transactions with shareholders	**-**	**-**	**-375**	**-375**
CLOSING BALANCE 09/30/2019	**26**	**1,534**	**4,239**	**5,799**

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

Net financial items for the period was -92 (52). The Parent Company's loss before taxes was -90 MSEK (50).

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 3 MSEK and costs for purchasing services from related parties amounted to -1 MSEK for the period. 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.

As of January 1, 2019, the Group applies 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 28 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 in 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 many customers in all segments. Segment results are analyzed based on adjusted EBITDA.

Segment disclosures

Jul-Sep	Sweden		Norway		Finland		Other Europe		Central functions		Group	
MSEK	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Room revenue	1,213	1,155	993	949	861	758	548	497	-	-	3,615	3,359
Restaurant and conference revenue	436	438	450	445	334	309	209	179	-	-	1,429	1,371
Franchise and managment fees	4	4	3	3	-	0	3	2	-	-	10	9
Other hotel-related income	21	20	73	69	39	41	8	5	-	-	141	135
Net sales	**1,674**	**1,617**	**1,519**	**1,466**	**1,234**	**1,108**	**768**	**683**			**5,195**	**4,874**
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Internal transactions	-	-	-	-	-	-	-	-	10	11	10	11
Group eliminations	-	-	-	-	-	-	-	-	-10	-11	-10	-11
Total income	**1,674**	**1,617**	**1,519**	**1,466**	**1,234**	**1,108**	**768**	**683**	**-**	**-**	**5,195**	**4,874**
Expenses	-1,365	-1,343	-1,287	-1,252	-987	-909	-643	-563	-90	-71	-4,372	-4,138
Adjusted EBITDA	**309**	**274**	**232**	**214**	**247**	**199**	**125**	**120**	**-90**	**-71**	**823**	**736**
Adjusted EBITDA margin, %	18.5	16.9	15.3	14.6	20.0	18.0	16.3	17.6	-	-	15.8	15.1
EBITDA	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,617**	**733**
EBITDA margin, %	-	-	-	-	-	-	-	-	-	-	31.1	15.0
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-818	-220
Net financial items	-	-	-	-	-	-	-	-	-	-	-308	-43
EBT (Profit/loss before tax)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**491**	**470**

Jan-Sep	Sweden		Norway		Finland		Other Europe		Central functions		Group	
MSEK	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Room revenue	3,256	3,208	2,527	2,384	2,225	2,022	1,419	1,284	-	-	9,427	8,898
Restaurant and conference revenue	1,350	1,385	1,396	1,337	986	943	611	515	-	-	4,343	4,180
Franchise and managment fees	9	9	8	8	-	-	5	5	-	-	22	23
Other hotel-related income	54	52	135	126	113	120	20	14	-	-	322	311
Net sales	**4,669**	**4,654**	**4,066**	**3,855**	**3,324**	**3,085**	**2,055**	**1,818**	**-**	**-**	**14,114**	**13,412**
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Internal transactions	-	-	-	-	-	-	-	-	42	22	42	22
Group eliminations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-42**	**-22**	**-42**	**-22**
Total income	**4,669**	**4,654**	**4,066**	**3,855**	**3,324**	**3,085**	**2,055**	**1,818**	**-**	**-**	**14,114**	**13,412**
Expenses	-3,998	-3,988	-3,642	-3,453	-2,833	-2,681	-1,817	-1,590	-282	-231	-12,572	-11,943
Adjusted EBITDA	**671**	**666**	**424**	**402**	**491**	**404**	**238**	**228**	**-282**	**-231**	**1,542**	**1,469**
Adjusted EBITDA margin, %	14.4	14.3	10.4	10.4	14.8	13.1	11.6	12.5			10.9	11.0
EBITDA	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,023**	**1,358**
EBITDA margin, %	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	28.5	10.1
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-2,377	-630
EBIT (Operating profit/loss)	-	-	-	-	-	-	-	-	-	-	1,646	728
Net financial items	-	-	-	-	-	-	-	-	-	-	-909	-130
EBT (Profit/loss before tax)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**737**	**598**

Assets and investments by segment

30 Sep	Sweden		Norway		Finland		Other Europe		Central functions		Group	
MSEK	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Fixed assets	10,865	5,721	12,056	3,951	14,423	5,640	5,566	922	97	163	43,006	16,397
Investments in fixed assets	202	230	214	282	151	179	201	146	49	72	817	909

Revenue by country

MSEK	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018	Oct-Sep 2018/2019
Sweden	1,674	1,617	4,669	4,654	6,275	6,290
Norway	1,519	1,466	4,066	3,855	5,116	5,326
Finland	1,234	1,108	3,324	3,085	4,168	4,408
Denmark	563	479	1,470	1,286	1,736	1,919
Germany	178	181	518	472	633	679
Poland	27	23	67	60	79	86
Total countries	**5,195**	**4,874**	**14,114**	**13,412**	**18,007**	**18,708**
Other	10	11	42	22	34	54
Group eliminations	-10	-11	-42	-22	-34	-54
Group	**5,195**	**4,874**	**14,114**	**13,412**	**18,007**	**18,708**

Revenue by type of agreement

MSEK	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018	Oct-Sep 2018/2019
Lease agreements	5,176	4,854	14,062	13,356	17,933	18,638
Management agreements	4	4	9	9	12	12
Franchise and partner agreements	5	5	12	13	17	16
Owned	10	11	31	34	45	42
Total	**5,195**	**4,874**	**14,114**	**13,412**	**18,007**	**18,708**
Other	10	11	42	22	34	54
Group eliminations	-10	-11	-42	-22	-34	-54
Group	**5,195**	**4,874**	**14,114**	**13,412**	**18,007**	**18,708**

Summary of reported EBITDA & adjusted EBITDA

	Jul-Sep 2019	**Jul-Sep 2018**	**Jan-Sep 2019**	**Jan-Sep 2018**	**Jan-Dec 2018**	**Oct-Sep 2018/2019**
EBITDA	1,617	733	4,023	1,358	1,853	4,518
Effect of finance leases, fixed and guaranteed rental charges	-813	-31	-2,380	-96	-129	-2,413
Pre-opening costs	21	20	67	89	92	70
Items affecting comparability	-	13	-168	118	141	-145
Adjusted EBITDA	**823**	**736**	**1,542**	**1,469**	**1,957**	**2,030**

Total rental charges

Total rental charges	**Jul-Sep 2019**	**Jul-Sep 2018**	**Jan-Sep 2019**	**Jan-Sep 2018**	**Jan-Dec 2018**	**Oct-Sep 2018/2019**
Fixed and guaranteed rental charges according to income statement	-63	-761	-137	-2,210	-2,968	-895
Fixed and guaranteed rental charges, reversed effect of finance lease	-813	-31	-2,380	-96	-129	-2,413
Total fixed and guaranteed rental charges	**-876**	**-792**	**-2,517**	**-2,306**	**-3,097**	**-3,308**
Variable rental charges	-521	-498	-1,269	-1,269	-1,667	-1,667
Total rental charges	**-1,397**	**-1,290**	**-3,786**	**-3,575**	**-4,764**	**-4,975**
Fixed and guaranteed rental charges	16.9%	16.2%	17.8%	17.2%	17.2%	17.7%
Variable rental charges	10.0%	10.2%	9.0%	9.5%	9.3%	8.9%
Total rental charges	26.9%	26.5%	26.8%	26.7%	26.5%	26.6%

Quarterly data

MSEK	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Net sales	5,195	4,853	4,066	4,595	4,874	4,748
Adjusted EBITDA	823	559	160	487	736	618
Adjusted EBITDA margin, %	15.8	11.5	3.9	10.6	15.1	13.0
EBIT (Operating profit/loss)	799	526	321	255	513	325
Profit/Loss for the period	387	173	37	165	396	259
Profit/lLoss for the period, excl. effect finance lease	441	222	90	172	402	263
Earnings per share, SEK	3.76	1.67	0.35	1.59	3.83	2.51
Earnings per share, SEK, excl. effects finance lease	4.28	2.16	0.87	1.67	3.91	2.55
Net debt / adjusted EBITDA, LTM	2.0	2.2	2.1	2.0	2.4	2.6
RevPAR (Revenue per available room), SEK	807	745	599	651	766	737
ARR (Average room revenue), SEK	1,070	1,111	1,018	1,060	1,043	1,087
OCC (Occupancy), %	75.5	67.1	58.9	61.4	73.4	67.8

Quarterly data per segment

	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Net sales						
Sweden	1,674	1,623	1,372	1,621	1,617	1,674
Norway	1,519	1,397	1,152	1,260	1,466	1,352
Finland	1,234	1,115	975	1,084	1,108	1,059
Other Europe	768	718	567	630	683	663
Total net sales	**5,195**	**4,853**	**4,066**	**4,595**	**4,874**	**4,748**
Adjusted EBITDA						
Sweden	309	244	118	244	274	270
Norway	232	148	45	100	214	160
Finland	247	165	80	186	199	149
Other Europe	125	97	14	76	120	108
Central functions	-90	-95	-97	-119	-71	-69
Total adj EBITDA	**823**	**559**	**160**	**487**	**736**	**618**
Adjusted EBITDA margin, %	*15.8%*	*11.5%*	*3.9%*	*10.6%*	*15.1%*	*13.0%*

Exchange rates

SEK/EUR	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Income statement (average)	10.5656	10.2348	10.2567
Balance sheet (at end of period)	10.7287	10.2945	10.2753
SEK/NOK			
Income statement (average)	1.0810	1.0671	1.0687
Balance sheet (at end of period)	1.0801	1.0858	1.0245
SEK/DKK			
Income statement (average)	1.4155	1.3738	1.3762
Balance sheet (at end of period)	1.4371	1.3804	1.3760

Alternative performance measures

Interest-bearing net liabilities	30 Sep 2019	30 Sep 2018	31 Dec 2018
Liabilities to credit institutions	2,895	3,386	2,940
Liabilities, commercial papers	1,101	1,200	1,000
Cash and cash equivalents	-33	-188	-103
Interest-bearing net liabilities	**3,963**	**4,398**	**3,837**

Working capital	30 Sep 2019	30 Sep 2018	31 Dec 2018
Current assets, excl cash and bank balances	1,680	2,027	1,321
Current liabilities	-3,368	-3,077	-2,896
Working capital	**-1,688**	**-1,050**	**-1,575**

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

LONG-TERM INCENTIVE PROGRAM

Scandic has implemented long-term incentive programs in the Group since the end of 2015. The current incentive programs were adopted by the annual general meetings in 2017 (LTIP 2017), 2018 (LTIP 2018) and 2019 (LTIP 2019). LTIP 2016 ended in connection with the publication of Scandic's interim report for the first quarter 2019.

The long-term incentive programs enable 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 2017–2019 (LTIP 2017) and 2018–2020 (LTIP 2018) financial years respectively. For the LTIP 2018 and 2019, 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 2020, the first quarter 2021 and the first quarter 2022 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 162,689 shares for the LTIP 2017, 203,443 shares for the LTIP 2018 and 250,568 shares for the LTIP 2019, corresponding to approximately 0.6% of Scandic's share capital and votes. The cost of the program is expected to be 27 MSEK, including social security contributions, and the cost included in the income statement for the Group in accordance with IFRS 2 amounted to 5 MSEK for 2019, including social security contributions. The maximum cost of the program, including social security contributions, is estimated to be 96 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 2017, LTIP 2018 and LTIP 2019 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.

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, October 14, 2019

Per G. Braathen
Chairman

Ingalill Berglund
Member of the Board

Grant Hearn
Member of the Board

Christoffer Lundström
Member of the Board

Susanne Mørch Koch
Member of the Board

Riitta Savonlahti
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

Introduction
We have reviewed the condensed interim financial information (interim report) of Scandic Hotels Group AB (publ) as of 30 September 2019 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review
We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 24 October 2019

PricewaterhouseCoopers AB

Sofia Götmar-Blomstedt

Authorized Public Accountant

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, adjusted for the effects of the finance lease.

Adjusted EBITDA margin
Adjusted EBITDA as percentage of net sales.

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 the 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.

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

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. We have a high share of returning guests and our Scandic Friends loyalty program is the largest in the Nordic hospitality industry with more than 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)

2019-10-22 Scandic to open central Helsinki's largest conference hotel

2019-10-04 Nomination Committee for Scandic's AGM 2020 appointed

2019-09-24 Scandic signs agreement for prestigious hotel and conference center in Aarhus harbor

2019-08-07 Scandic reopens iconic hotel and event venue in Copenhagen

2019-06-25 Scandic to take over hotel in Stavanger

2019-06-14 Scandic recruits new HR and Sustainability Director

2019-06-14 Scandic to open new hotel in Copenhagen

2019-05-17 Lena Bjurner to leave Scandic

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

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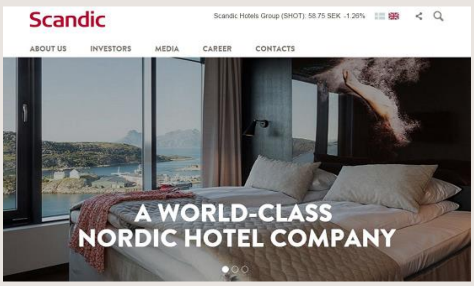

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