



PRESS RELEASE

March 9, 2020

Scandic revises sales forecast for first quarter

As a result of the spread of the coronavirus (COVID-19), Scandic has seen a drop in customer activity since the beginning of March and consequently, the company has adjusted its forecast for net sales for comparable units during the first quarter.

In Scandic's Interim Report for the fourth quarter that was published on February 18, 2020, the company reported expectations of net sales growth of 1-3% for comparable units during the period January to March 2020. Development during the first two months of the year was completely in line with this expectation, with an increase of just above 2% for comparable units, driven among other things by strong sales growth in Finland.

Since the beginning of March, however, Scandic has seen a decline in booking activity at the same time as the number of cancellations has increased, both for rooms and meetings. This is due to changes in customer behavior as a result of the spread of the coronavirus that among other things has led to substantially fewer international visitors, travel restrictions among Scandic's corporate customers and postponed or cancelled events. The decrease in activity is particularly evident in larger cities. As of March 9, Scandic's bookings measured in number of room nights were 8% lower for the month of March than during the corresponding period last year.

Based on the current booking rate and the uncertain business situation, Scandic now expects that net sales for comparable units in March could go down by about 15%. For the quarter, this would mean a decrease of approximately 4%. The market situation is difficult to predict but Scandic expects sales development to be significantly negative in the coming months as well, even if activity levels improve in the near future.

Scandic has taken vigorous steps to adapt costs and investment levels to the new situation. Staffing expenses are lowered by reducing manning levels in both hotels and support functions. Scandic's business model is built on a high share of variable costs which makes it possible to adapt cost levels to variations in demand. In addition, a reduction in fixed costs will be necessary. Today, approximately 75% of Scandic's leasing costs are revenue based, which means that these costs will fall when revenues decline.

For more information, please contact:

Jan Johansson, CFO, Scandic Hotels Group
Email: jan.johansson@scandichotels.com
Phone: +46 705 758972

About Scandic Hotels Group

Scandic is the largest hotel company in the Nordic countries with more than 280 hotels, in operation and under development, in more than 130 destinations. The company is the leader when it comes to integrating sustainability in all operations and its award-winning Design for All concept ensures that Scandic hotels are accessible to everyone. Well loved by guests and employees, the Scandic Friends loyalty program is the largest in the Nordic hotel industry and the company is one of the most attractive employers in the region. Scandic Hotels is listed on Nasdaq Stockholm. www.scandichotelsgroup.com



Henrik Vikström, Director Investor Relations, Scandic Hotels Group
Email : henrik.vikstrom@scandichotels.com
Phone: +46 709 52 80 06

This information is information that Scandic Hotels Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 15:45 CET on March 9, 2020.

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