



## PRESS RELEASE

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# Scandic adapting operations to a temporary period of significantly lower occupancy

**Substantial cost reductions to adapt operations to the current market situation.**

Since the coronavirus began to spread, occupancy at the Group's hotels has fallen significantly and was 10 to 15 percent in the previous week. Scandic is now planning for a situation where occupancy continues to remain at this level in the coming months before gradually improving during the second half of the year.

In a short period of time, Scandic has carried out a number of comprehensive measures to reduce costs and adapt operations to current market conditions. The company has already reduced its staff by more than 7,000 team members so far, both in hotel operations and support functions. As part of these measures, a number of hotels will also be closed temporarily. For instance, around 60 hotels in Norway have been closed. The Scandic hotels that remain open will continue to offer good service for guests with more rigorous cleaning and hygiene procedures in place and a more limited offering of food and beverage services than normal.

With these measures in place, Scandic estimates that the company's costs, excluding rents, will be reduced by more than 60 percent from April. Scandic is also working intensively to implement further cost reductions.

In addition to significantly reducing costs, Scandic has also taken measures to protect cash flow during the coming months. Investments and ongoing projects have been reduced and tax payments have been deferred in line with tax deferral programs in Scandic's markets. Scandic has agreed with most of its property owners on a temporary rent payment solution that is adapted to the current market situation. In addition, for a certain period, Scandic has also decided not to collect franchise fees from franchisees.

It's obviously painful to be forced to lay off or terminate team members' employment, but this has been absolutely necessary given the current situation and we're working very hard to lower costs and protect cash flow. The most substantial reductions are done in Norway, Finland and Denmark while the effect of cost reductions in Sweden is limited by more restrictive labor law regulations regarding layoffs. It is necessary for the Swedish government to introduce additional supportive measures to mitigate the damage that is currently being done to the Swedish hotel industry in the wake of the coronavirus crisis, says Jens Mathiesen, President & CEO of Scandic Hotels Group AB.

### 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](http://www.scandichotelsgroup.com)



Scandic has credit facilities of 5.5 SEK billion that extend to June 30, 2022 and available liquidity currently amounts to approximately 1.3 SEK billion. Assuming that occupancy continues to be very low during the second quarter, Scandic estimates that it will have additional financing needs totaling 1 to 1.5 SEK billion during 2020 of which most relates to the payment of deferred rents, taxes and fees at the end of the year. Scandic expects to have a financing solution in place during the second quarter 2020 for this scenario.

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