



Scandic

SCANDIC HOTELS

Q3, 2018

Even Frydenberg, President & CEO
Jan Johansson, CFO

CONTINUED IMPROVED EARNINGS

Good demand in the quarter driven by leisure

Sales growth of 23% fueled by more rooms in operation and currency effects

Like-for-like sales growth marginally positive in the quarter

Adjusted EBITDA improvement due to Restel contribution and positive currency effects

Like-for-like sales in Q4 is expected to be slightly below Q4 2017



Scandic Talk, Stockholm, Sweden

RELATIVELY STABLE MARKET REVPAR IN Q3

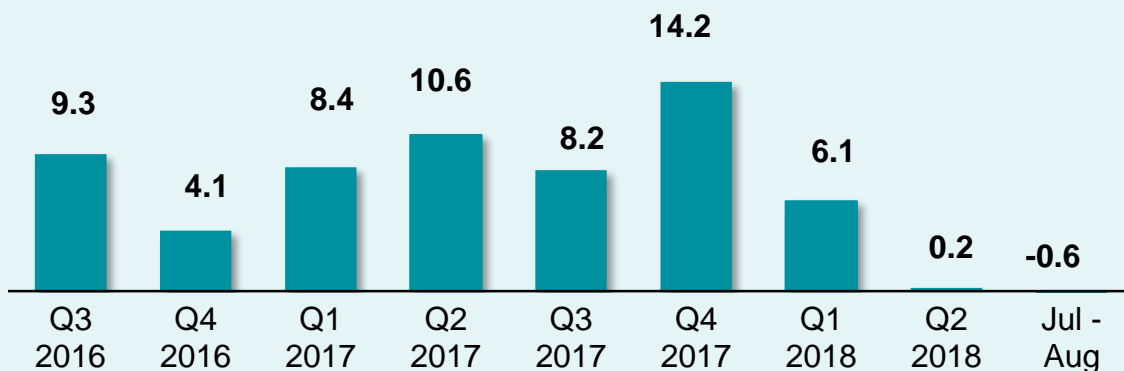
Sweden



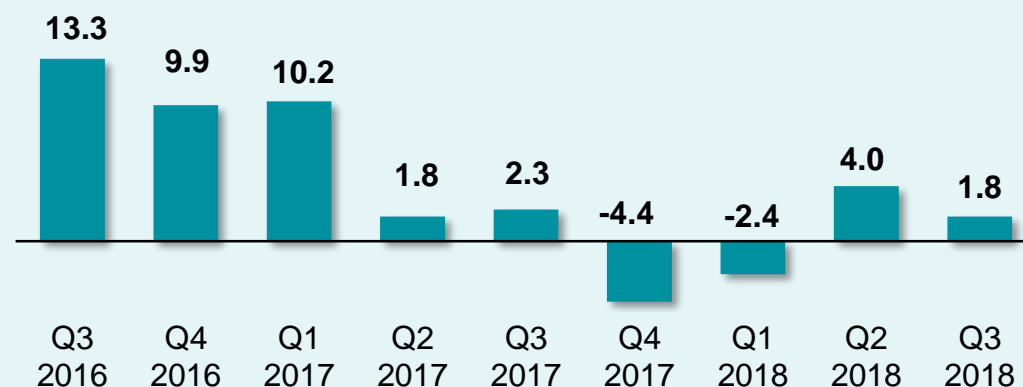
Norway



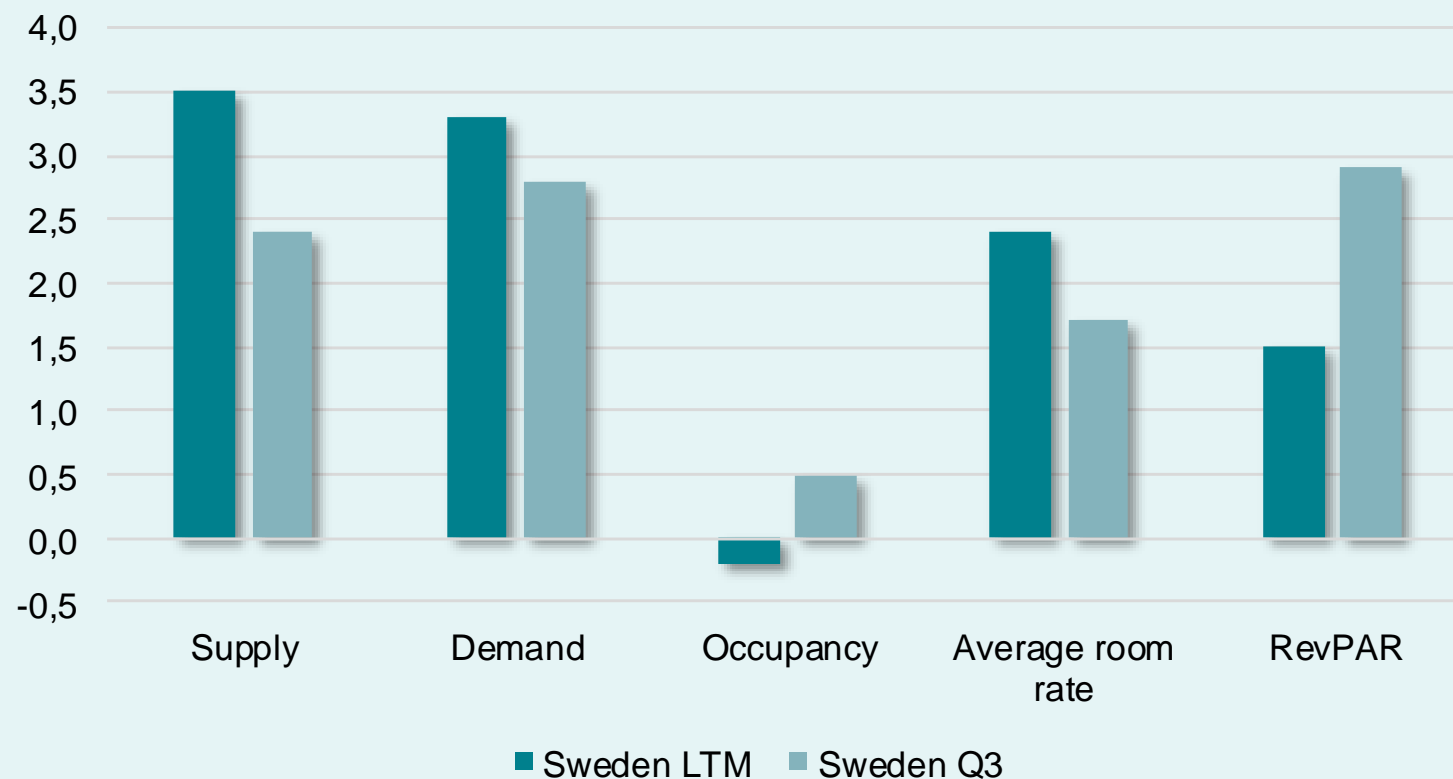
Finland



Denmark



MARKET ANALYSIS - SWEDEN

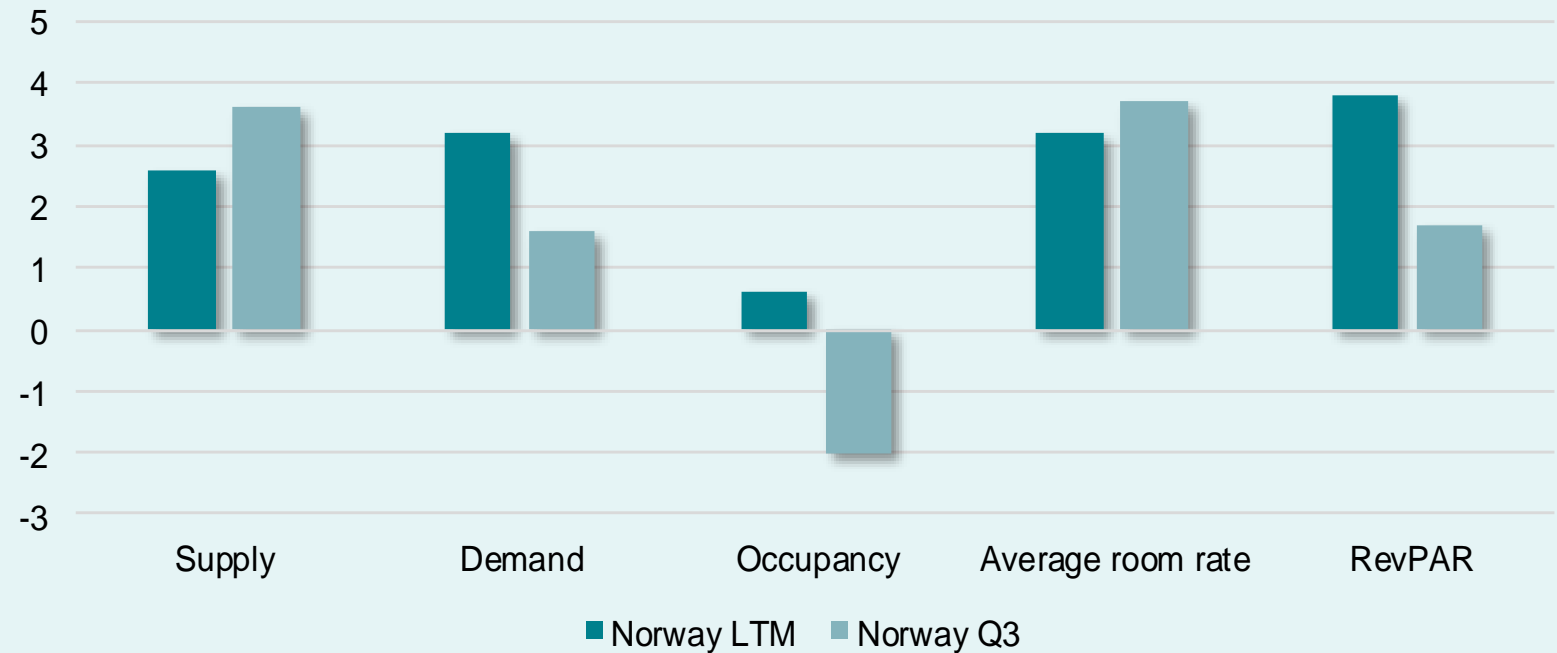


Demand growth exceeded supply growth in Q3

Supply growth slowed down as most of last years' capacity increase in Stockholm came in Q2

RevPAR in Stockholm continued to improve in Q3

MARKET ANALYSIS - NORWAY

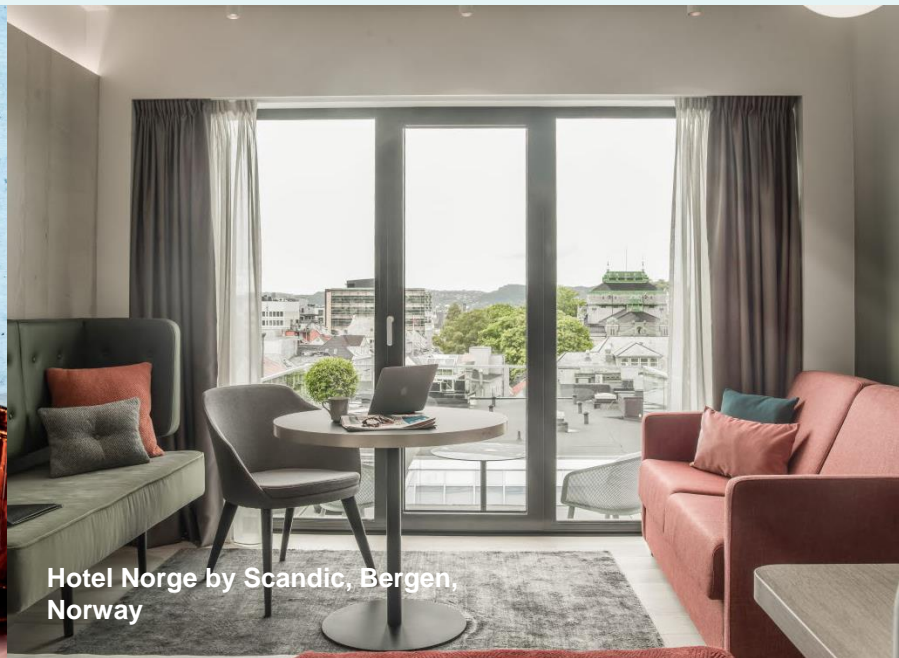


The number of available rooms increased by 3.6% in the quarter driven by new capacity in Bergen, Oslo and Oslo Airport

Demand growth slowed down in Q3

RevPAR improved slightly in the quarter driven by increased average room rate

TWO MAJOR OPENINGS IN THE QUARTER



Main openings YTD		No. of rooms	Opening
Scandic The Mayor	Århus Denmark	162	Q1
Scandic Museumsufer	Frankfurt Germany	293	Q1
Scandic Lilleström	Oslo Norway	220	Q1
Scandic Helsinki Airport	Helsinki Finland	150	Q1
Hotel Norge by Scandic	Bergen, Norway	415	Q3
Scandic Ködbyen	Copenhagen Denmark	370	Q3

	Hotel		# Rooms	% of existing portfolio
2019	Scandic Falkoner, Copenhagen (H2)	Conversion	336	
	Scandic Marski, Helsinki	Renovation	363	
	Holiday Inn, Messukeskus	Renovation	244	
	Scandic Vestfjord, Svolvær	Conversion	63	
	Scandic Bergen Strand	Renovation	173	2.3%
2020	Scandic Landvetter Airport, Gothenburg	New	220	
	Scandic Helsinki Railway Station	New	483	
	Scandic Copenhagen Airport	New	357	
	Scandic Voss, Norway	New	216	
	Scandic Pasila, Finland	Conversion	178	2.8%
2021	Scandic Spectrum, Copenhagen	New	632	
	Scandic Hamburger Börs, Turku	Conversion	300	
	Scandic Hafenpark, Frankfurt	New	506	
	Scandic Helsingborg Harbour, Sweden	New	180	3.1%
2022	Scandic Trondheim	New	425	
	Scandic Platinan in Gothenburg	New	451	1.7%
	Ongoing extensions		211	0.4%
	Total gross pipeline as of September 30		5,338	10.3%
	Exits and assets held for sale		-391	
	Total net pipeline as of September 30		4,947	
	Total portfolio as of September 30		51,932	
	Estimated capex for pipeline		SEK 1.2bn	

HIGH QUALITY PIPELINE IN KEY DESTINATIONS



Scandic Helsingborg Harbour, Sweden

PORTFOLIO LANDSCAPE

Key destinations in the Nordics and Germany

Balance between conversions and new hotels to limit new supply

Strict return requirements

Proactive portfolio management

September 30, 2018	Hotels in operation	Rooms in operation	Hotels in gross pipeline	Rooms in gross pipeline
Sweden	85	17,392	3	925
Norway	85	15,743	4	999
Finland	68	12,458	5	1,583
Denmark	26	4,621	3	1,325
Other Europe	6	1,718	1	506
	270	51,932	16	5,338

RESTEL – FROM INTEGRATION TO COMMERCIAL FOCUS

Adjusted EBITDA 84 MSEK in Q3 and 123 MSEK YTD

Agreements signed for disposals of Cumulus Pori in June and Cumulus Kuopio in September

Cost synergies identified in procurement, IT and sales

Eight lease prolongations

High investment activity to strengthen the hotel portfolio

Increased commercial focus





FINANCIAL UPDATE

Scandic

FINANCIAL SUMMARY Q3

Net revenue growth 22.6% in Q3

LFL sales growth 0.3% in Q3 and 1.3% YTD

Adjusted EBITDA 736 MSEK (622) in Q3
corresponding to a margin of 15.1% (15.7)

Restel adjusted EBITDA 84 MSEK in Q3 and 123
MSEK YTD, corresponding to margins of 14.7% and
7.7% respectively

Net debt/adjusted EBITDA 2.4x (2.3x)



Scandic Brennemoen, Norway

FLAT LIKE-FOR-LIKE REVPAR IN Q3

	RevPAR	RevPAR LFL
% change y-o-y local currencies	Jul-Sep	Jul-Sep
Sweden	1.5	-0.8
Norway	1.1	0.9
Finland	-16.5	3.0
Denmark	-4.7	-4.3
Germany	7.5	12.4
Total	-3.1	0.2

Like for like RevPAR growth 0.2% in Q3

Continued improvement of market balance in Stockholm

Norway impacted by less favorable market balance

Restel diluted RevPAR in Finland, while Q3 like-for-like growth was 3%

Denmark affected by lower rates

Solid performance in Germany in Q3

GROWTH SUPPORTED BY NEW HOTELS AND FX

		Jul-Sep		Jan-Sep	
		MSEK	%	MSEK	%
2017 Net sales		3,974		10,839	
LFL, sales growth		13	0.3	139	1.3
<i>Of which</i>	<i>Sweden</i>	1		29	
	<i>Norway</i>	-1		44	
	<i>Finland</i>	12		61	
	<i>Other Europe</i>	1		5	
Currency effect		171	4.2	301	2.7
Effects from changes in hotel portfolio		716	18.1	2,133	19.7
<i>Of which</i>	<i>New hotels</i>	779		2,247	
	<i>Exited hotels</i>	-63		-114	
2018 Net sales		4,874	22.6	13,412	23.7

Restel accounted for 75% of the contribution from new hotels in Q3

Negative like-for-like development for Food & Beverage

Significant positive currency effect in Q3

LFL sales growth per segment %	Jun-Sep	Jan-Sep
<i>Sweden</i>	0.0	0.7
<i>Norway</i>	-0.1	1.3
<i>Finland</i>	2.5	4.3
<i>Other Europe</i>	0.1	0.3

ADJUSTED EBITDA GROWTH DRIVEN BY RESTEL AND FX

Jul-Sep MSEK	Net sales		Adjusted EBITDA		Adjusted EBITDA, %	
	2018	2017	2018	2017	2018	2017
Sweden	1,617	1,550	274	283	16.9	18.3
Norway	1,466	1,333	214	213	14.6	16.0
Finland	1,108	508	199	107	18.0	21.1
Other Europe	683	583	120	104	17.6	17.8
Central costs & group adjustments	-	-	-71	-85	-	-
Group	4,874	3,974	736	622	15.1	15.7

Improvement in adjusted EBITDA mainly driven by Restel and FX

Restel contributed 571 MSEK to net sales and 84 MSEK to adjusted EBITDA in Q3

Positive development in Germany

Jan-Sep MSEK	Net sales		Adjusted EBITDA		Adjusted EBITDA, %	
	2018	2017	2018	2017	2018	2017
Sweden	4,654	4,399	666	672	14.3	15.3
Norway	3,855	3,439	402	377	10.4	11.0
Finland	3,085	1,420	404	247	13.1	17.4
Other Europe	1,818	1,581	228	202	12.5	12.8
Central costs & group adjustments	-	-	-231	-261	-	-
Group	13,412	10,839	1,469	1,237	11.0	11.4

EBITDA BRIDGE

MSEK	Jul-Sep 2018	Jul-Sep 2017	Jan-Sep 2018	Jan-Sep 2017
EBITDA	733	625	1,358	1,194
Effect of finance lease, fixed and guaranteed rental charges	-31	0	-96	0
Pre-opening costs	20	14	89	48
Items affecting comparability	13	-17	118	-5
Adjusted EBITDA	736	622	1,469	1,237

11 of Restel's fixed and guaranteed leases are treated as finance lease in the accounts

Pre-opening costs refer mainly to Hotel Norge and Ködbyen

Items affecting comparability mainly explained by Restel integration

Q3 – EARNINGS OVERVIEW

MSEK	Q3 2018 Excl finance Lease	Effect from finance lease	Reported Q3 2018	Reported Q3 2017
Net sales	4,874		4,874	3,974
Adjusted EBITDA	736		736	622
Adjusted EBITDA margin %	15.1		15.1	15.7
EBITDA	702	31	733	625
EBITDA margin %	14.4		15.0	15.7
Depreciation and amortization	-198	-22	-220	-132
EBIT	504	9	513	493
Net financial items	-26	-17	-43	-23
Profit/loss before tax	478	-8	470	470
EPS	3.89	-0.06	3.83	3.65

Finance lease accounting affected EPS negatively by SEK 0.06 in Q3

EPS ANALYSIS

MSEK	Jul-Sep			Jan – Sep		
	2018	2017	Change %	2018	2017	Change %
EPS	3.83	3.65	4.9	4.95	5.33	-7.2
Finance lease	-0.06	-		-0.16	-	
FX revaluation of loans	-	-0.01		0.01	-0.22	
Adjusted EPS	3.89	3.66	6.6	5.09	5.55	-8.3
Where of:						
Items affecting comparability	-0.10	0.13		-0.89	0.04	
Restel operations	0.34	-		0.06	-	

Restel contribution to EPS was SEK 0.34 in Q3

EPS improved YTD adjusted for integration costs

NET DEBT/ADJUSTED EBITDA 2.4

	Jan – Sep 2018	Jan-Sep 2017	Jan – Dec 2017
Cash flow before changes in working capital	1,118	1,167	1,348
Changes in working capital	-536	-386	196
Capex	-909	-576	-964
Operating cash flow before acquisitions/disposals	-327	205	580
Acquisitions/disposals	-54	2	-1,129
Operating cash flow	-381	207	-549
Net debt (C/B)	4,398	2,840	3,629
Net debt in relation to adjusted EBITDA	2.4x	1.7x	2.3x

Currency effects increased net debt by approx.100 MSEK

Restel transaction and integration affected cash flow negatively by 190 MSEK

Several openings and high investment activity

Maintenance capex 527 MSEK

OUTLOOK FOR Q4

Like-for-like sales in Q4 is expected to be slightly below Q4 2017

Signs of increased competition in some of our markets

Increased commercial focus for Restel

Increased focus on continuously adjusting costs to market conditions



View from Scandic Frankfurt Museumsufer, Germany



Q&A

Please visit our company website
www.scandichotelsgroup.com for a
comprehensive company presentation.