PRESS RELEASE

Scandic

Stockholm, March 16, 2015

Strong growth and improved profitability characterized 2014 for Scandic Hotels

– strengthening its position as the leading Nordic hotel operator

2014 was characterized by strong growth in revenue mainly as a result of the acquisition of the Nordic hotel chain, Rica Hotels, which added 10,600 hotel rooms and 71 hotels. At the same time, the good organic growth of 10.0% in the hotel portfolio confirms that the Group's investments in its portfolio and customer offering yielded the desired results. During the year, the Group gained market share in all of the Nordic countries. This strong growth occurred at the same time as the Group's adjusted EBITDA margin increased to 9.4%.

January – December 2014 in summary

- Net sales increased by 37.4% to 10,825.9 MSEK (7,881.9).
- Organic growth, i.e. excluding acquisitions, totaled 10.0%.
- Net sales LFL[1.)] rose 4.7%.
- RevPAR went up by 7.4% (3.1% LFL), driven mainly by higher occupancy.
- Adjusted EBITDA amounted to 1,019.3 MSEK (693.0), which corresponds to a margin of 9.4%.
- 226 (152) hotels with 41,913 (29,704) hotel rooms were in operation at the end of the year.

Group key ratios

MSEK	2014	2013
Net sales	10,825.9	7,881.9
Net sales growth, %	37.4	-1.9
Net sales growth LFL, %	4.7	-3.5
Adjusted EBITDAR	3,826.1	2,734.0
Adjusted EBITDA	1,019.3	693.0
Adjusted EBITDA margin, %	9.4	8.8
RevPAR (Average Revenue Per Available Room), SEK	573.5	534.1
ARR (Average Room Rate), SEK	927.4	903.3
OCC (Occupancy), %	61.8	59.1

1.) Like-for-like (LFL) refers to the hotels that were in operation during the entire period in question as well as during the corresponding period of the previous year (no new or exit hotels are included for the year) at unchanged exchange rates.
2.) Adjusted EBITDA refers to adjusted earnings before pre-opening costs, non-recurring items, interest, taxes, depreciation and amortization.

CEO's comments on the financial statements for 2014:

"I am happy to say that our commercial strategies and measures yielded results during the year. We have taken market share in all of the Nordic countries at the same time as we have improved profitability.

In addition to the fact that we are clearly now the largest and leading hotel operator in the Nordic countries with a unbeatable geographic network, the acquisition of Rica Hotels has also given us significant potential to benefit from sales and cost synergies going forward. Results from the last quarter of the year, however, were impacted negatively by reduced levels of activity in the oil and gas sector in Norway. We are following the unstable economic situation there closely, but we believe that Norway – in the long term – will be a stable and strong hotel market.

We ended 2014 with good momentum in the company both in terms of revenues and expenses. All in all, along with the investments that we made during the year in both our hotel portfolio and our customer offering, we are well equipped for continued long-term growth with good profitability."

Frank Fiskers,
President & CEO

About Scandic Hotels
Scandic is the market leader in Nordic hospitality with an unbeatable network of almost 230 hotels with 42,000 hotel rooms and run by 14,000 committed team members. Scandic Friends is the biggest loyalty program in the Nordic hotel industry with 1.4 million members. Scandic is the 'best hotel brand' in the Nordics (BDRC 2014). Responsibility is a part of Scandic's DNA and for the fourth year running, Scandic has been designated the most sustainable hotel operator according to a Sustainable Brands survey. www.scandichotels.com

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Development of the Group during 2014

Sales
Growth continued to be driven largely by corporate customers. The number of contracted corporate customers and sources of recurring revenue increased from a positive level and during the year, a number of strategic agreements were renewed or signed. Scandic is attracting an increasingly higher share of domestic and international leisure travelers, which has a positive effect on occupancy during weekends and holidays. Loyal customers' share of room revenues is continuing to maintain a high and stable level.

At the end of 2013, a number of new and renegotiated distribution agreements were signed, which impacted sales positively during the year, especially related to international leisure travel. Sales through Scandic's own channels continue to be high and during the year, the company made significant investments to ensure that its digital services and customer experience will continue to lead the market going forward.

Hotel portfolio
The market for hotel properties remains attractive and Scandic is continuing to maintain a dialog with property owners regarding projects for new hotels as well as takeovers of existing hotels. At the end of the period, Scandic had a hotel capacity of 41,913 hotel rooms at 226 hotels. The renovation program that started in 2012 together with the property company Pandox, which involves upgrading some 40 hotels in Sweden, Norway and Finland to a high, uniform and cost-efficient standard, was 95% complete at the end of the year. The hotels where renovations were completed during the year were received very positively by guests and contributed to a steady increase in Scandic's guest satisfaction index.

Sustainability
Scandic's systematic work to reduce the environmental impact of its operations, primarily within energy and water use and waste management, continues to show good results. The year's positive environmental results are mainly due to the fact that Scandic's hotel portfolio includes an increasing number of new or renovated hotels. During the year, the company began work to certify all hotels under the Nordic Ecolabel's new stricter requirements. In addition to the fact that Scandic has the first EU-certified hotels in Poland, Scandic's sustainability work continues to attract attention and receive nominations for sustainability prizes. During the year and for the fourth year running, Scandic in Sweden was voted as the most sustainable hotel chain in Sustainable Brands' annual consumer survey.

Development of the Nordic hotel market during the year
Demand for hotel nights grew in all of the Nordic countries. Increased hotel capacity, however, had a dampening effect on both average room rates and occupancy in the Swedish and Norwegian hotel markets. In Sweden, RevPAR (revenue per available room) went up by 1.2% while RevPAR in Norway decreased by 0.5% as a result of weak development in the oil and gas sector towards the end of the year. RevPAR increased by 3.3% in the Danish market and 2.1% in the Finnish market despite the country's macroeconomic challenges. *(Source: Benchmarking Alliance and STR Global)*

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