



Scandic Hotels AB (publ)

Press release

www.scandic-hotels.com

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Scandic sells off Finnish restaurant business

Scandic Hotels has signed an agreement regarding the sale of the majority of the independent restaurants acquired in conjunction with its acquisition of the Arctia hotel chain. The buyer is Royal Ravintolat Oy, a newly-formed company set up by Mk-Rest Oy. Mk-Rest Oy currently operates, among others, the Brändö Casino, Restaurang Sipuli, Café Chapmans and a number of other well-known Finnish restaurants.

Mk-Rest Oy and CapMan Oy, the main financier, will control the majority of the shares in the newly-formed company. Scandic Hotels will retain a minority interest of 19.9 per cent. Company employees will also be offered shares.

The transaction covers all Scandic's restaurants in the Helsinki region, as well as Stockman's department store restaurants in Turku and Tammerfors. The annual turnover of the divested businesses is estimated at around FIM 218 million, and the take-over is due to come into effect on the end of January 1999. Scandic will retain the remaining 5 independent restaurants acquired in connection with the acquisition of the Arctia chain until further notice, but plans to divest these business interests at a later stage. The annual turnover of these remaining restaurants is estimated to be around FIM 23 million.

The transaction will take effect after the turn of the year and, accordingly, does not have any effect on Scandic's income statement or balance sheet for 1998. Scandic's strategy at the time of its acquisition of Arctia was to divest the independent restaurant operations acquired as part of the transaction. The sale of these businesses will result in a lowering of the goodwill that arose in conjunction with the acquisition of Arctia.

"Scandic's strategy is to be a dedicated hotel operator," says Anders Lilius, Executive Vice President of Scandic Hotels AB. "We are therefore very happy to have found an ideal commercial solution for the majority of independent restaurants acquired in conjunction with our acquisition of the Arctia chain earlier this year. As well as enabling Scandic to focus more on the hotel

operations, our remaining minority interest in the new company will give us access to a natural partner in the restaurant business. This means that we will be able to offer all our guests, whether travelling on business or for leisure, first class restaurants, either inside the hotel, or nearby. We regard this as an important service, particularly in connection with future market development activities aimed at targeting the leisure sector.”

Kasper Saari, formerly Managing Director of Holiday Inn’s Helsinki Congress Centre, has been appointed as Managing Director of the newly-formed restaurant business. Royal Ravintolat Oy’s Corporate Management Group will consist of Kasper Saari, together with the founders of MK-Rest, Mia Saari and Pertti Hynninen.

”This acquisition will create Finland’s largest privately-owned restaurant chain,” says Kasper Saari. ”We aim to create a unique chain of restaurants, each of which will have a strong image and character, combined with the best possible commercial positioning. Our goal will be to maintain and strengthen the distinguishing characteristics and brands of each individual restaurant, whilst taking full advantage of the synergy benefits offered by the chain as a whole, particularly with regard to purchasing and sales functions.”

For further information, please contact:

Roland Nilsson, President & CEO, ☎ +46 (0)8 517 352 00

Fredrik Sandelin, Executive Vice President & CFO, ☎ +46 (0)8 517 351 21

Gunnar Brandberg, Vice President, Marketing & Investor Relations, ☎ +46 (0)8 517 352 12

ScandicHotels AB is the largest hotel company in the Nordic Region, with 122 hotels in 9 countries. Scandic’s strategy is to be a dedicated hotel operator. Its business mission is ”to offer many people the highest value for money when staying in its hotels, during work and leisure.”



Scandic Hotels AB (publ)

Box 6197, SE-102 33 Stockholm

Tel: +46 (0)8 517 350 00, Fax: +46 (0)8 517 352 80

E-mail: info@scandic-hotels.com, Internet: www.scandic-hotels.com

Org. no.: 556299-1009