

NEWS RELEASE

Stockholm, 26.08.09

Scandic maintains its strong position in tough market

Results for the period January – June 2009

- Revenue amounted to EUR 318.0 (383.2) million. For comparable hotels and at a fixed exchange rate, revenue fell by 12%.
- For comparable hotels and at a fixed exchange rate, revenue per available room (RevPAR) fell by 12%.
- Operating profit (EBITDA) came in at EUR 23.2 (55.8) million, giving a profit margin of 7.3% (14.6%)
- Over the year, four new hotels opened, with a total of 518 rooms, and two new hotel projects were launched, involving 491 rooms in total.

Results January – June 2009 for Scandic Hotels Holding Group

	H1 2009	H1 2008
Revenue, EUR millions	318.0	383.2
Gross profit, EUR millions	113.4	154.6
EBITDA, EUR millions	23.2	55.8
EBITDA margin, %	7.3	14.6
Revenue per available room (RevPar), EUR	51.59	64.74
Occupancy, %	57.9	63.3
No. of hotels in operation at period's end ¹⁾	141	137
No. of available rooms at period's end ¹⁾	25,333	24,612
No. of employees (full-time equivalents) ²⁾	6,431	6,872
Unsorted waste, kg per guest night ³⁾	0.52	0.59
Energy consumption, kWh per guest night ³⁾	48.59	45.67
Water consumption, l per guest night ³⁾	220	214
Fossil carbon dioxide emissions, kg per guest night ³⁾	3.46	3.39

1) Includes hotels with leasing, management and franchise agreements

2) Calculated as total no. of hours worked/annual working hours

3) Based on hotels that have been operational for the full year

Scandic is a modern hotel chain where conscious people come for inspiration and renewed energy. With more than 150 hotels and 30,000 rooms, we are already one of the largest hotel companies in Europe. And we are continuing to grow – within a few years, there will be over 200 Scandics to choose from. Visit scandichotels.com.

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Frank Fiskers, Scandic's President and CEO, comments on the results for the period January – June 2009:

"The global economic crisis has had a dramatic impact on business travel and 2009 has been one of the weakest years ever in the hotel industry. In this tough market, Scandic has maintained its strong market position and our business model, geographic spread and customer mix have helped us to manage the economic downturn better than the market as a whole. Scandic's positioning in the mid-market segment, strong brand and attractive loyalty programme have enabled us to capture market share in the majority of our markets.

"Scandic initiated cost-cutting measures already back in autumn 2008, when we saw the market starting to weaken. These measures have now been fully implemented and are expected to generate savings of EUR 32 million across the whole of 2009. This has enabled us to compensate for some of the loss of revenue in 2009.

"Scandic's sustainability work continues at full pace. Scandic won the Grand Travel Awards prize in the class "Environmental Initiative of the Year" for being the first major hotel chain to replace bottled water with water dispensed on site at all our hotels. During 2009 we are seeing an increase in energy and water consumption per guest night compared with the previous year, due to reduced occupancy.

"Our expansion plans remain on track and we are constantly considering interesting projects that will strengthen Scandic in our Nordic home markets and build up a presence in the European market. During the year, we have taken over two hotels in Copenhagen, significantly strengthening our position in this key destination. Scandic has also taken over the operation of two hotels in Sweden. We now have 11 new hotels, with 2,844 rooms in the pipeline, due to open during 2010-2011.

"The market remains difficult to predict. There are signs that the downturn has eased and that the economy has started to stabilise, but at a low level for the moment. There are indications in the hotel market that the fall in occupancy has levelled off, while room prices continue to come under pressure. The cost adjustments carried out, coupled with a focus on strengthening Scandic's concept and hotel portfolio, makes us well equipped to get through the current tough times and to seize the opportunities that arise when the market turns," explains Frank Fiskers, President and CEO of Scandic.

For more information, please contact:

Frank Fiskers, President & CEO, Scandic, tel: +46 709 73 52 03

Gunilla Rudebjer, CFO, Scandic, tel: +46 709 73 51 64

Every care has been taken in the translation of this release. In the event of discrepancies, however, the Swedish original will supersede the English translation.

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