

NEWS RELEASE

Stockholm, 24 February 2010

Scandic strengthens its market position and continues to grow in the Nordic region

"2009 was the year when Scandic showed its ability to generate business and profits even in tough times," says Frank Fiskers, President & CEO.

Results for the period January – December 2009

- Revenue amounted to EUR 661.0 (758.5) million. For comparable hotels and at a fixed exchange rate, revenue fell by 9.9%.
- Revenue per available room (RevPAR) fell by 10.4% for comparable hotels and at a fixed exchange rate.
- Operating profit (EBITDA) came in at EUR 61.6 (111.1) million, giving a profit margin of 9.3% (14.7%)
- Over the year, four new hotels opened, with a total of 518 rooms, and agreements were signed for three new hotel projects, with 887 rooms in total.

Group results January – December 2009 for Scandic Hotels Holding AB

| | Full 2009 | Full 2008 | H2 2009 | H2 2008 |
|---|-----------|-----------|---------|---------|
| Revenue, EUR millions | 661.0 | 758.5 | 343.0 | 375.2 |
| Gross profit, EUR millions | 246.2 | 311.5 | 132.8 | 156.9 |
| Operating profit (EBITDA), EUR millions | 61.6 | 111.1 | 38.4 | 55.4 |
| EBITDA margin, % | 9.3 | 14.7 | 11.2 | 14.8 |
| Revenue per available room (RevPar), EUR | 53.1 | 63.2 | 54.6 | 61.6 |
| Occupancy, % | 60.8 | 64.9 | 63.6 | 66.4 |
| | | | | |
| No. of hotels in operation (31 Dec) ¹⁾ | 138 | 138 | | |
| No. of rooms available (31 Dec) ¹⁾ | 25,070 | 24,898 | | |
| No. of employees (full-time equivalents) ²⁾ | 6,496 | 6,861 | | |
| | | | | |
| Unsorted waste, kg per guest night ³⁾ | 0.40 | 0.44 | | |
| Energy consumption, kWh per guest night ³⁾ | 40.9 | 40.1 | | |
| Water consumption, l per guest night ³⁾ | 205 | 208 | | |
| Fossil carbon dioxide emissions, kg per guest night ³⁾ | 2.6 | 2.7 | | |

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 about 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 & CEO, comments on the results for the period January – December 2009:

The global economic crisis has had a major impact on business travel across the Nordic region. It has proven one of the toughest years ever for the hotel industry, but we reacted early to the downturn and in many ways we have acquitted ourselves better than our competitors. During a year when many were struggling, Scandic won customer trust and strengthened its market position with an increase in market share. During the final quarter of 2009, the hotel market showed signs that the fall in occupancy was starting to level off, while room prices have continued to be under pressure. Scandic's business model, geographic spread and customer mix have helped us to manage the economic downturn better than the market as a whole.

The prompt implementation of a savings programme cut costs by EUR 32 million in 2009, allowing us to compensate for some of the lost revenue and secure a more flexible cost structure with an increased proportion of variable costs. The majority of Scandic's leases involve revenue-based rent, which has also helped to mitigate the effects of the economic difficulties.

Scandic continues to have faith in the future, adding several new hotels, chiefly in the Nordic region, and launching exciting new concepts. 2009 saw us starting a long-term collaboration with top chef Jamie Oliver, who created a kids' menu for all the hotels. Coupled with a brand new family concept, this has led to more families than ever choosing Scandic and helped to make the year a huge success in the leisure segment. To ensure that guests are always able to choose a healthy lifestyle, also when staying at a hotel, last year we installed new gyms with all the latest equipment at most Scandic hotels.

Scandic has always been driven by strong values, in recognition of which it won the Grand Travel Award for best environmental initiative and the Climate Cup award in Denmark in 2009. Over the year, we continued reducing our emissions of fossil carbon dioxide en route to our target of zero emissions by 2025. Our other environmental performance indicators also testify to our sustained commitment to being the best in the market. We are at the forefront in offering accommodation and meeting places that are adapted for disabled guests and safe for allergy sufferers, something that gained major international coverage when CNN World View broadcast a major report on Scandic's accessibility work.

Scandic has shown an ability to generate business even in tough times. During the year, we took over two hotels in Copenhagen, significantly strengthening our position in the Danish capital. Three new hotel projects were announced: a sports hotel in Vierumäki, Finland's leading centre for sports and leisure activities, a new hotel in Fornebu, a fast-growing and exciting part of Oslo, and a large new hotel in

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Stockholm. We currently have 12 new hotels, with a total of 3,270 rooms, in the pipeline.

During 2010, we will be continuing with new product launches, including a brand new product for sports teams and clubs, Jamie Oliver will be developing a new menu for meeting guests in connection with a new inspiring meeting concept, as well as a new product for weekend guests.

In conclusion, the market remains difficult to predict. Historically, an upturn in the market has first generated increased occupancy and then increased room rates, but the poor visibility makes it hard to forecast just when this might happen. The cost adjustments carried out, coupled with a focus on strengthening Scandic's concept and hotel portfolio, make us well equipped to get through the current tough times and to seize the opportunities that arise when the market turns.

For more information, please contact:

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