

NEWS RELEASE

Stockholm, 9 February 2009

Strong figures from Scandic Results for the full year 2008

- Revenue increased 5% to EUR 758.5 million
- Operating profit rose by 8% to EUR 111.1 million, giving a profit margin of 14.7%
- The key figures for sustainable development continued to improve
- Over the year, six new hotels opened, with a total of 886 rooms, and eight new hotel projects were launched, involving 1,496 rooms

Group results January – December 2008 for Scandic Hotels Holding Group

	Full 2008	Full 2007	H2 2008	H2 2007
Revenue, EUR millions	758.5	720.5	375.2	376.4
Gross profit, EUR millions	311.5	276.5	156.9	149.5
EBITDA, EUR millions	111.1	103.0	55.4	57.2
EBITDA margin, %	14.7	14.3	14.8	15.2
Revenue per available room, EUR	63.2	61.6	61.6	63.5
Occupancy, %	64.9	65.6	66.4	68.6
No. of hotels in operation (31 Dec)*	138	133		
No. of rooms available (31 Dec)*	24,898	24,005		
No. of employees (full-time equivalents)	6,599	6,460		
Unsorted waste, kg per guest night**	0.52	0.59		
Energy consumption, kWh per guest night**	39.7	40.4		
Water consumption, l per guest night**	206	214		
Fossil carbon dioxide emissions, kg per guest night**	3.0	3.1		

**includes hotels with leasing, management and franchise agreements*

*** 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 and CEO, comments on the results for the full year 2008:

"I am very happy to report such a reassuring sales increase for 2008. It is always tough comparing revenue figures with record highs, and 2007 really was a record year for Scandic. However, we still managed to continue the positive trend during the first half of 2008, although autumn was naturally weaker. Revenue per available room, which is the combined figure for occupancy and room rate, reached its highest level during the first six months, before dropping back in the autumn.

"Scandic captured market share in most markets during 2008, which shows the importance of having a strong brand in these times. When the economy is uncertain, customers tend to put their trust in well-known choices, where they know what they get, and that favours Scandic. We also see an advantage in us focusing so clearly on the mid-market segment, because it reduces our sensitivity to economic turbulence to some extent. In good times, many of the budget hotels' customers 'upgrade' to Scandic, and in bad times many of the luxury hotels' customers 'downgrade' to us.

"In terms of operating profit, we have kept our EBITDA margin at the same level as the previous year, both for the full year and the autumn, and we have a good financial position and good liquidity. It feels extremely good to be able to report such strong figures in these troubled times. We worked hard to create a more flexible cost structure early on, in order to be more adaptable in cutting our cloth according to the prevailing business climate. This has since proven the right thing to do.

"Over the year, Scandic continued to expand its hotel portfolio, opening six new hotels and embarking on eight hotel projects. In the autumn, we opened two hotels in Poland and signed one deal in Hamburg, Germany, which is particularly pleasing since the focus of our continued expansion is on Northern and Eastern Europe. We have also continued to invest in improving standards at our existing hotels. In the past two years, we have refurbished almost 5,000 hotel rooms, that is six rooms per day or one room every three hours!

"I have often been asked recently whether the economic downturn means that we are going to reign in our ambitious expansion plans, and the answer is that our plans remain undiluted. The economic situation means that property owners are being a little more cautious, wanting to feel extra confident about the strength of the operator they choose. This means that it takes a little longer than usual to get an agreement, but in the long-term this works in Scandic's favour, as we can show a good track record through several economic cycles.

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"When it comes to our sustainability work, Scandic has been working systematically for many years to cut our impact on the environment, and this year we can once again report lower values for all the key figures. More and more hotel chains are now opening their eyes to how important environmental work is, and although we welcome all initiatives in this area, I wish more would dare follow in our footsteps and publish all their key figures. This would help increase knowledge on the issue and make it easier for customers to make conscious choices.

"The outlook for 2009 is difficult with low visibility and great uncertainty. We have all along assumed that the first quarter would be difficult and this seems to be the case. We have, however, a number of sales and marketing activities in the pipeline which we are confident will sustain Scandics market share in the coming year. In addition our cost efficiency measures are fully on schedule which will further enhance profitability."

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