



## PRESS RELEASE

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# Scandic's comments on financial performance for Q1 2020

**Given the current market situation, Scandic is providing an update on the company's financial performance and the extensive cost-saving measures.**

During the period January–March 2020, the Group's net sales totaled 3,344 MSEK, a decrease of around 18 percent compared with the first quarter 2019. For comparable units, the decline was 17 percent.

During the first two months of the year, Scandic saw positive sales development with an increase of slightly more than 2 percent for comparable units, driven among other things by strong sales in Finland. From the end of February, occupancy at Scandic's hotels, however, began to fall due to the coronavirus (COVID-19). In March, sales dropped about 47 percent for comparable units.

Initially, the spread of the coronavirus led to significantly reduced international travel as well as travel restrictions imposed by the company's corporate customers in the Nordic countries. Subsequently, measures taken by the authorities to reduce the spread of infection have led to extremely low levels of activity, particularly in larger cities. During the last week of March, the average occupancy at Scandic's hotels was about 10 percent.

Since the end of February, Scandic has implemented a series of comprehensive measures to reduce costs and adapt its business to the current market situation. Scandic estimates that the Group's costs, excluding rents, will be reduced by more than 70 percent from April, which is a greater cost reduction than previously announced. Scandic has carried out a substantial reduction in staffing levels corresponding to just over 80 percent of the company's team members through furlough and terminating temporary employment contracts. Today, more than half of Scandic's hotels have been closed temporarily.

Scandic are also taking steps to limit the negative cash flow during the period by reducing investments and entering into agreements with property owners to defer rent payments. Government decisions that enable deferral of payment of taxes and fees will also have a positive effect on cash flow.

### About Scandic Hotels Group

Scandic is the largest hotel company in the Nordic countries with more than 280 hotels, in operation and under development, in more than 130 destinations. The company is the leader when it comes to integrating sustainability in all operations and its award-winning Design for All concept ensures that Scandic hotels are accessible to everyone. Well loved by guests and employees, the Scandic Friends loyalty program is the largest in the Nordic hotel industry and the company is one of the most attractive employers in the region. Scandic Hotels is listed on Nasdaq Stockholm. [www.scandichotelsgroup.com](http://www.scandichotelsgroup.com)

# Scandic

- When we saw signs of declining sales at the end of February, we acted rapidly and forcefully to lower costs and protect cash flow. It has been a demanding process to lay off or terminate the employment of so many team members, but at the same time, I am satisfied with how quickly Scandic carried out these necessary measures to allow us to manage a temporary period of extremely low demand, says Jens Mathiesen, President & CEO of Scandic Hotels Group AB.

Adjusted EBITDA for the first quarter of the year amounted to approximately -180 MSEK (160). The quarter was also impacted by non-recurring restructuring costs of approximately 190 MSEK mainly related to the termination of employment contracts in the company's Swedish operations. The completed cost reductions have mitigated the negative effect from the low business activity in March.

As previously announced, Scandic is planning for operations based on the expectation that activity levels will remain at the current low level during the second quarter before gradually recovering during the second half of the year. Scandic continues to expect to have a liquidity deficit totaling between 1 and 1.5 SEK billion during 2020. In addition, Scandic has a financing need for the first half of 2021 due to the seasonal build-up of working capital and settlement of certain deferred rent and tax payments. The company expects to have a financing solution in place in the coming month. As at April 8, 2020, Scandic had just above 1,1 SEK billion in available liquidity.

As a result of the work to secure Scandic's financing, the Board of Directors has decided to postpone the publishing of the company's Annual Report for 2019 from April 30 to May 25, 2020.

The Administrative Court in Finland has rejected Scandic's appeal regarding supplementary taxation for the years 2007-2017 by Scandic Hotels AB's Finnish branch. The supplementary tax corresponds to about 400 MSEK, which is marginally lower than what the company has already paid to the Finnish Tax Administration. Scandic will therefore obtain around 15 MSEK. Scandic is analyzing the verdict and is considering appealing the decision.

Scandic's complete interim report for the period January–March 2020 will be published on May 29 at 07:30 CET.

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