



Pandox™

Excellence in Hotel Ownership and Operations

Balanced potential

Anders Nissen, CEO

Pandox Capital Market Day 2017

May 9, 2017

This presentation may contain forward-looking statements. Such statements are based on our current expectations and are subject to risks and uncertainties that could negatively affect our business and results. Please read our most recent annual report and interim report for a better understanding of these risks and uncertainties.

Welcome to Pandox capital market day 2017



EXCELLENCE IN HOTEL OWNERSHIP AND OPERATIONS

www.pandox.se/CMD2017



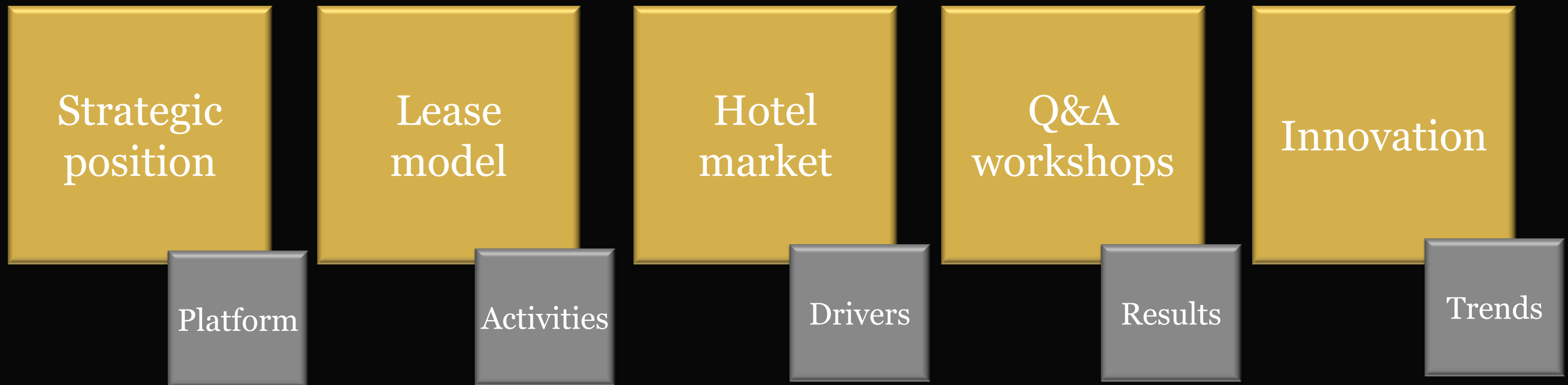
#PandoxCMD2017

Agenda - Pandox capital market day 2017

May 9 (all times CEST)

08:30 08:30-09:10	Hilton Stockholm Slussen Strategic review <i>Anders Nissen, CEO</i>	12:30-13:00	Hotel market update <i>Jonas Törner, SVP Business Intelligence</i>
09:10-09:40	The Nordic lease portfolio <i>Erik Hvesser, SVP Property Management Nordics</i>	13:00-13:30	The Shark project <i>Erik Hvesser, SVP Property Management Nordics</i> <i>Martin Creydt, SVP Property Management International</i>
09:40-10:10	The international lease portfolio <i>Martin Creydt, SVP Property Management International</i>	13:30-14:45	Q&A workshops on: (1) Finance (2) Business model and partners (3) Acquisitions/investments
10:10-10:45	Hotel tour	15:15 15:15-15:45	Scandic Kista Stockholm Innovation and business development <i>Helge Krogsbøl, SVP Operations Nordics & Germany</i> <i>Jacob Rasin, Director of Business Development</i>
11:00 11:00-11:30	Scandic Malmen Hotel tour	15:45-16:15	Hotel tour
12:00 12:00-12:30	Scandic Järva Krog Lunch	16:15-16:45	Summary of Pandox CMD 2017
		16:45	After work with light dinner

Today's topics



Today's speakers



Anders Nissen

Liia Nõu

Anders Berg

Martin Creydt

Erik Hvesser

Helge Krogsbøl

Jonas Törner

Jacob Rasin



Strategic
review

Q&A
workshop

Q&A
workshop

Lease
portfolio

Lease
portfolio

Innovation

Market
and trends

Innovation

Comeback

A new and stronger
business platform
has been established

Profitable acquisitions

Outside the Nordic region

27

Hotels acquired

22

Germany

2

Austria

2

Belgium

1

The Netherlands

Purchase price
MSEK 8,700

Cash earnings
MSEK 320

Streamlining of portfolio

Divestment of 9 non-core hotel properties

9
Hotels divested

8
Sweden

1
Belgium

Smaller
hotels

Proceeds of
MSEK 1,000

More than 40 new and
extended lease
agreements

44
New leases

22
Germany

19
Nordics

2
Austria

1
The Netherlands

Revenue-based
leases

Active ownership

Hotels taken over, repositioned and leased out

6

Hotels taken over
and repositioned

8

Hotels
leased out

Cash flow generating investments

MSEK 907
invested

Since listing

MSEK 900
in pipeline

As of March 31, 2017

High financial flexibility

2.3bn

Liquid funds and
committments

1.0bn

Directed
share issue

46.8%

Loan-to-value

Strong earnings development

Solid financial performance

+35%

Net Operating
Income*

+40%

EPRA
NAV**

+43%

Market value
property
portfolio***

* On annualised basis

** During the period Q1 2015 – Q1 2017 adjusted for dividend and directed share issue

*** During the period Q1 2015 – Q1 2017

High

Business
tempo

Strong

Earnings
development

120

Hotels

26,238

Rooms

2,038

NOI MSEK

202

rooms per
hotel

Pandox's new strategic position



The same business model

Film



EXCELLENCE IN HOTEL OWNERSHIP AND OPERATIONS

Balanced demand

- A sound mix of international and domestic guests
- Attractive mix of different cities
- Expansion based on lease agreements
- Bigger and stronger company

Balanced demand

	1997	2007	2017
Countries	1	7	10
Hotels	20	43	120
Domestic demand	82 percent	60 percent	72 percent
International demand	18 percent	40 percent	28 percent

More countries and cities

Top destinations

Amsterdam

“A major leisure and business destination in Europe”



Airport passengers

63 million

Population

1.3 million

Guest nights*

13 million

Berlin

“The third largest leisure destination in Europe”



Airport passengers

33 million

Population

3.5 million

Guest nights*

30 million

Brussels

“A major leisure and business destination in Europe”



Airport passengers

28 million

Population

1.0 million

Guest nights*

6 million

Vienna

“A historic metropolis and strong convention destination”



Airport passengers

23 million

Population

1.7 million

Guest nights*

15 million

Montreal

“The cultural and event capital of Canada”

Airport passengers

17 million

Population

1.6 million

Guest nights

10 million



Strong regional cities...

Hamburg

“One of the richest regions in the EU”



Düsseldorf

“City of fashion, exhibitions and business”



Munich

“The capital of southern Germany”



Frankfurt

“Major financial and exhibition hub”



...and domestic cities

Cologne

Population: 1,060,000



Dortmund

Population: 590,000



Bremen

Population: 550,000



Mannheim

Population: 315,000



Hannover

Population: 520,000



Baden-Baden

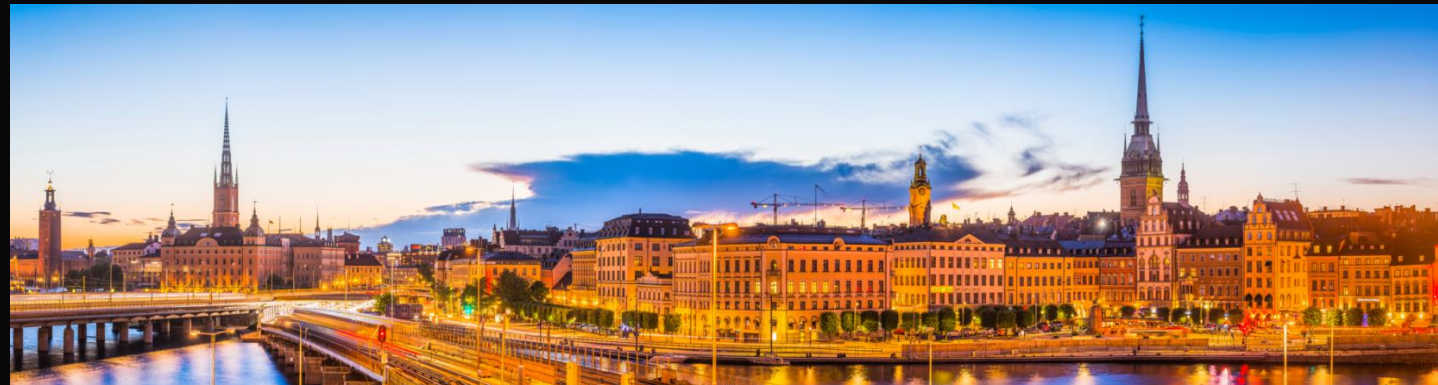
Population: 55,000



Nordic international destinations...

Stockholm

“The Capital of Scandinavia”



Copenhagen

“Dynamic leisure and business market”



Oslo

“The fastest growing capital in Europe”



Helsinki

“City of design, architecture and culture”



...and strong
domestic
cities

Kuopio

Population: 110,000



Jyväskylä

Population: 140,000



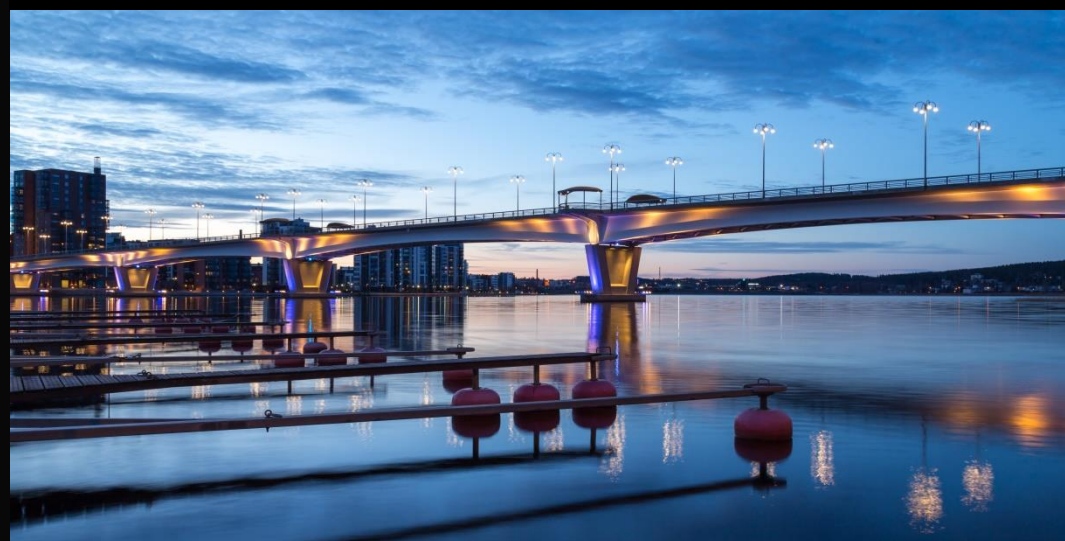
Jönköping

Population: 135,000



Linköping

Population: 110,000



Karlstad

Population: 90,000

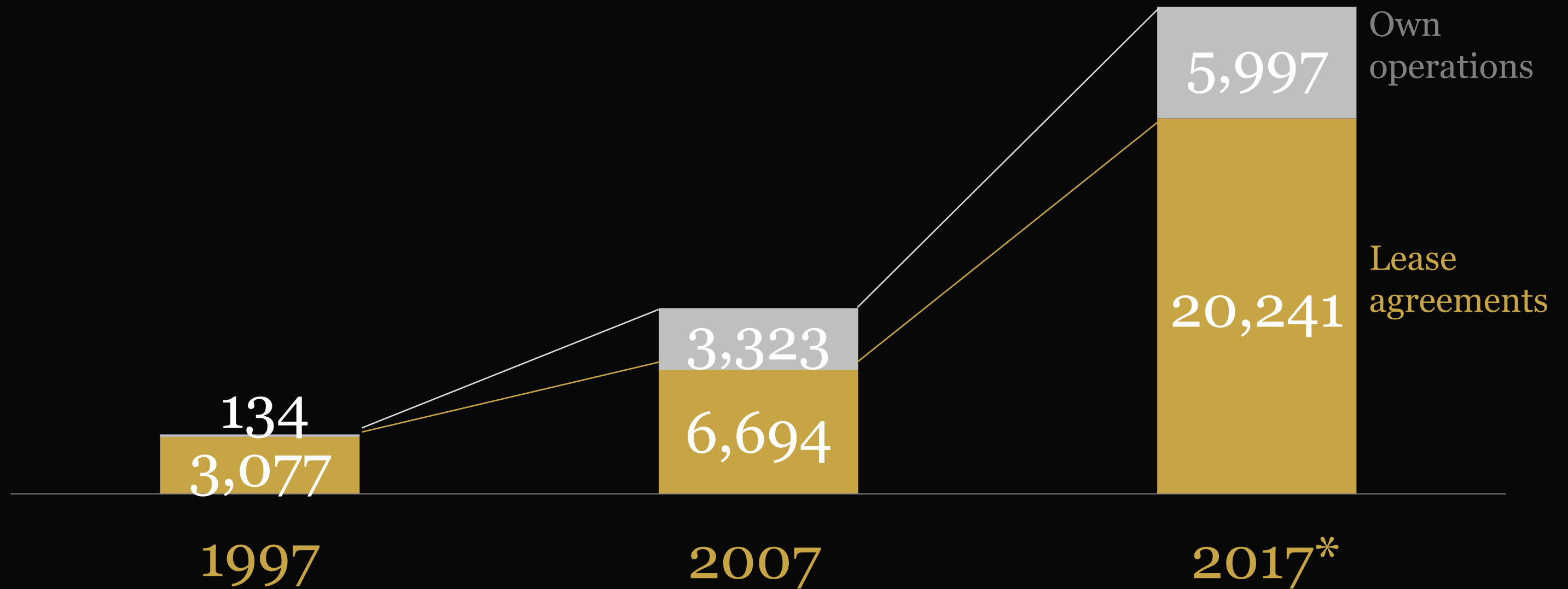


Luleå

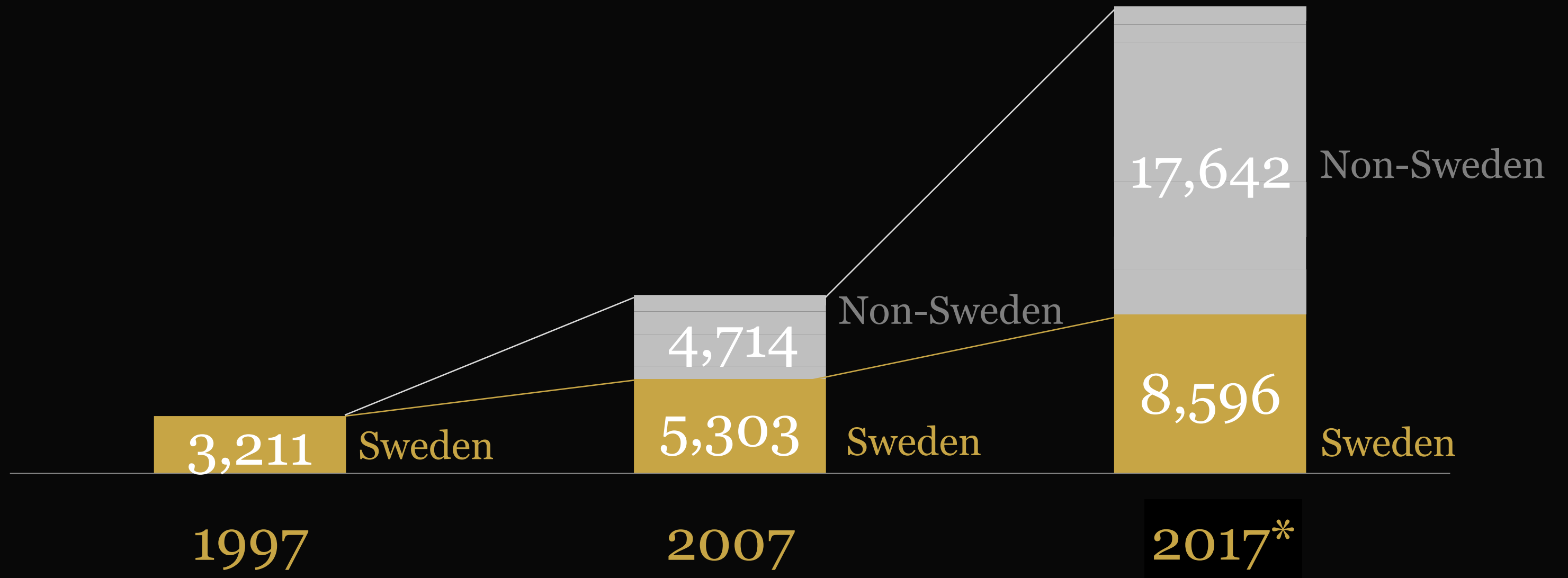
Population: 77,000



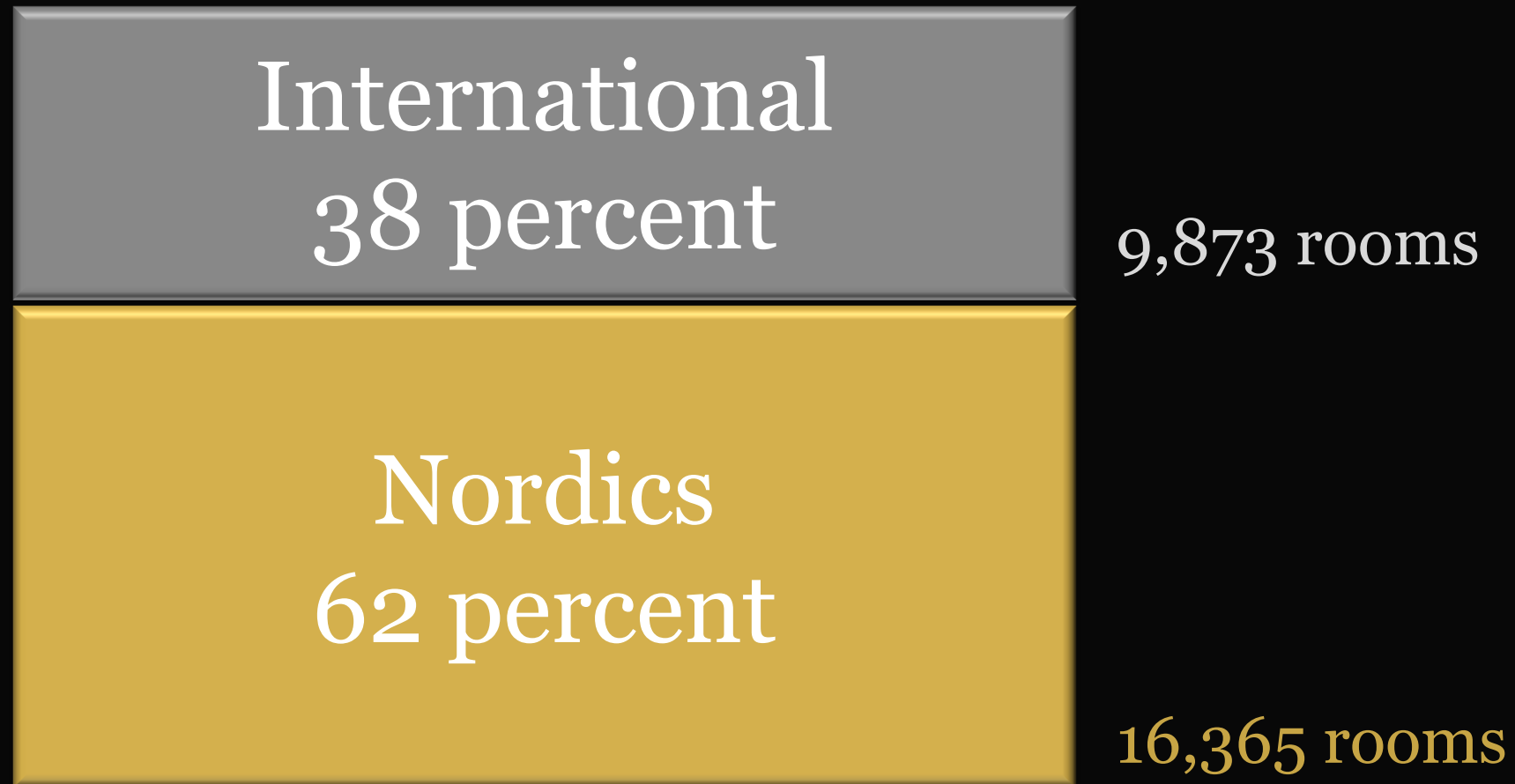
Expansion mainly driven by leases...



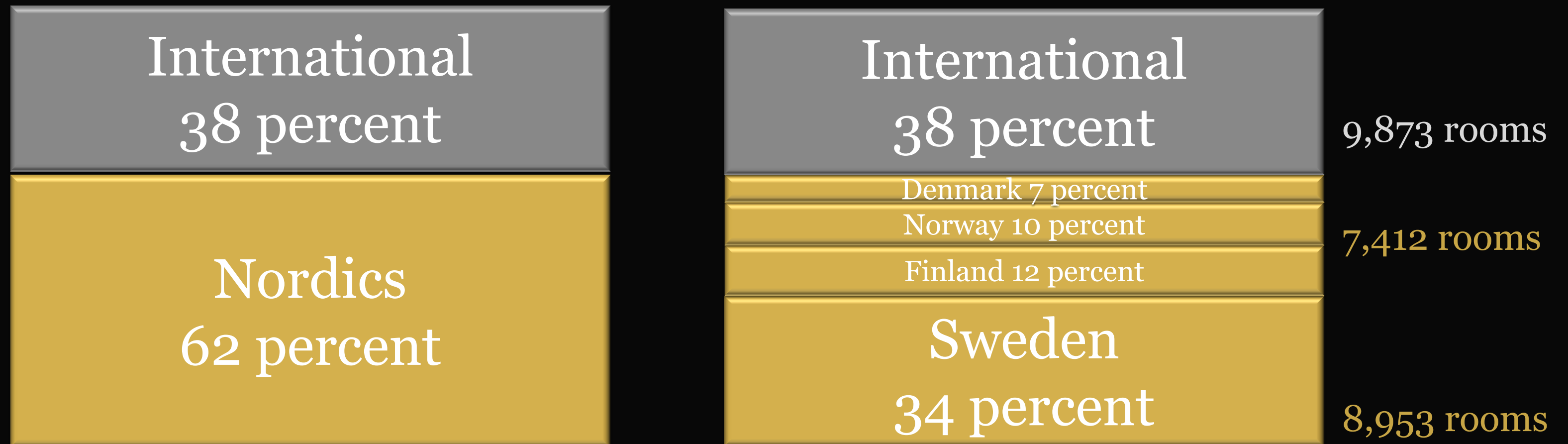
...outside Sweden



...resulting in a good geographical balance



...even greater with Nordic countries treated individually



A bigger and stronger
company

6X

Increase in number of
hotels 1997-2017

8X

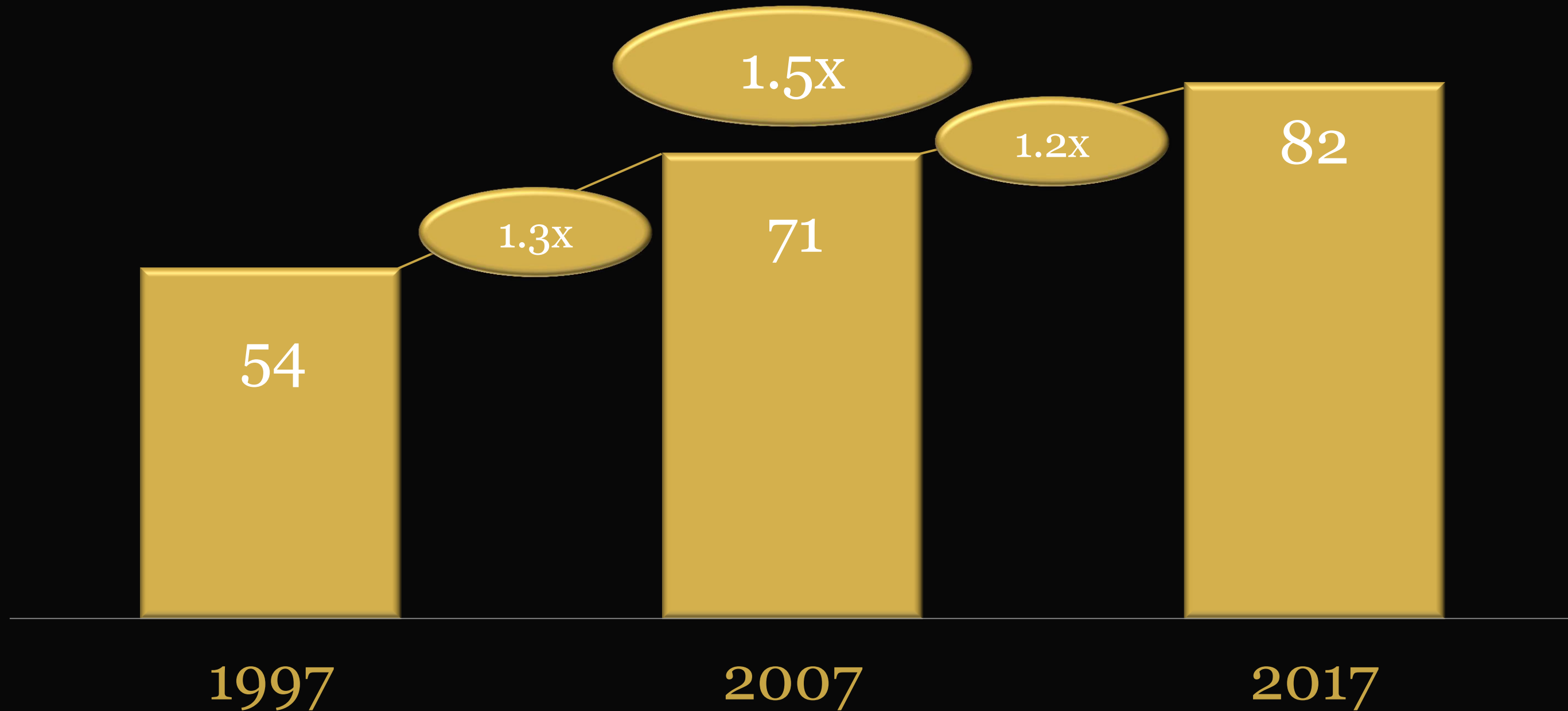
Increase in number of
rooms 1997-2017

17X

Increase in total NOI
1997-2017

1.3X
increase in
room size

Solid increase in NOI per room (KSEK)



- Attractive mix of demand
- Attractive mix of cities
- Attractive mix of lease partners

Balanced risk profile

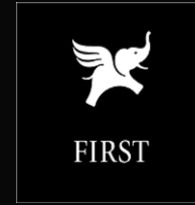
Four business models as a hotel owner

- Lease model
- Own operations franchise
- Own operations independent
- Management contract

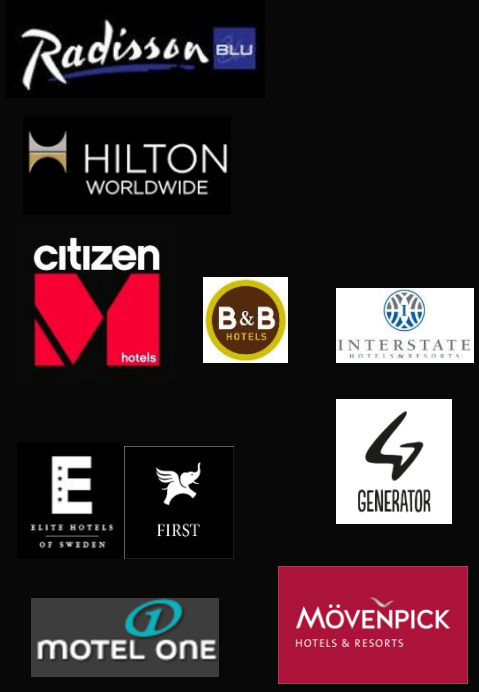
Four types of leases

- Revenue-based leases with guarantee
- Revenue-based leases without guarantee
- Fixed leases
- Special leases (result-based)

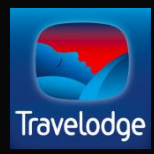
Good prospects to grow
the lease portfolio



EXCELLENCE IN HOTEL OWNERSHIP AND OPERATIONS



Scandic



EXCELLENCE IN HOTEL OWNERSHIP AND OPERATIONS

Advantages with revenue-based leases

- Higher revenues in growing market
- Higher revenues when gaining market shares
- Operators' incentives are aligned with Pandox's
- Joint objective to create strong hotel products
- Shared investments
- Productivity focus
- Long-term perspective

Key issues

1 How revenues are shared

2 Responsibility for maintenance and investments

3 Influence and cooperation

1 How revenues are shared

<i>PX share of</i>	International	Nordics
Room revenue	30-40%	30-40%
F&B revenue	6-12%	6-12%
Public room rental	20-40%	20-40%
Other	Case by case	Case by case

2 Responsibility for maintenance and investments

- Owner is responsible for property related investments and maintenance (bathrooms, kitchen, property tech, façade and roof).
- Differs between Nordics and International.
- Pandox participates in cash flow driving investments and areas part of operations.

80m
Maintenance

50m
Building structure

250m
Cash flow driving
investments

NOI margin reflects market practise

85-90%
Nordics

90-95%
International

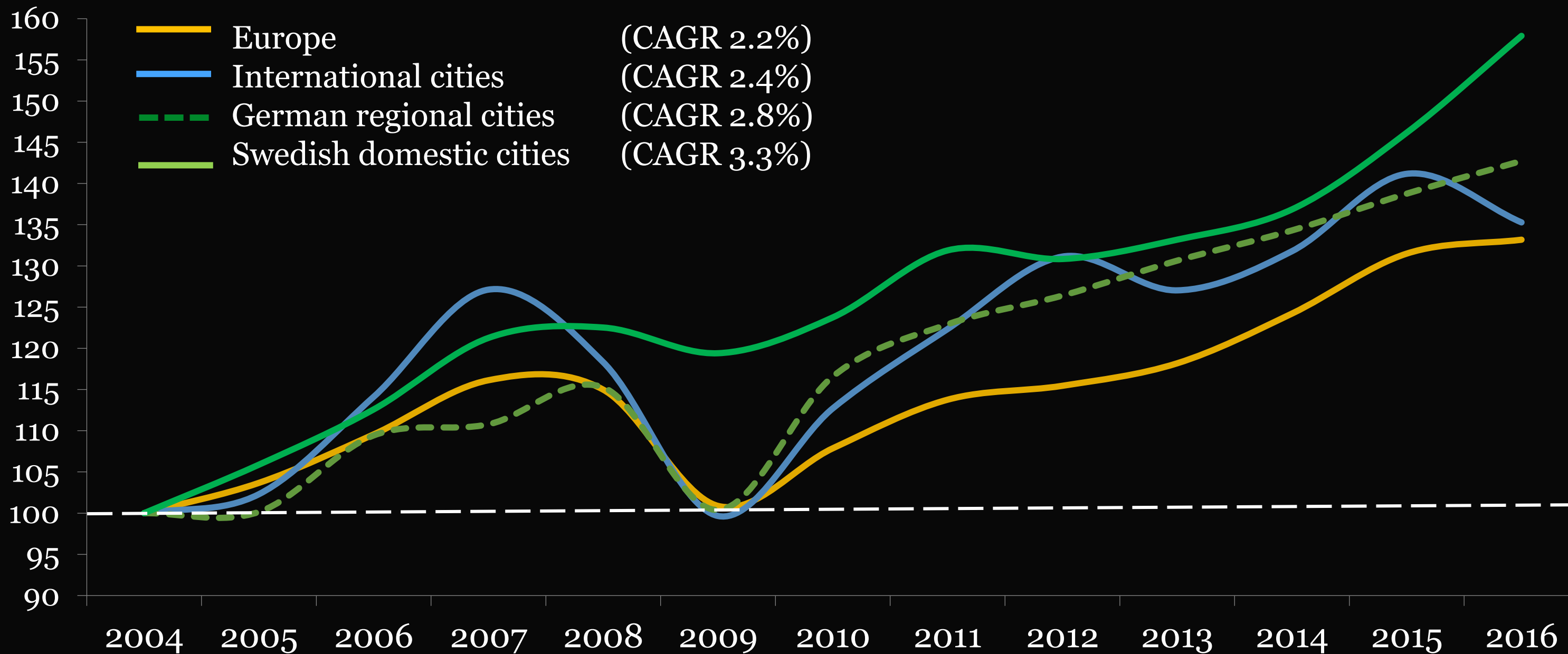
3 Influence and cooperation

- Cooperation is based on joint strategic plan.
- Frequent contacts and follow-up on all levels.
- Pandox has a strategic position.

Market volatility and effects on rental income

Long term growth in key markets

Index = 100



Crisis and recovery



Effects for operator and Pandox (simplified)

”As is”

”10 percent revenue decline”

<u>Item</u>	<u>MSEK</u>
Total revenues	88
GOP (42%)	37
Other cost	2
Lease cost (34/12)	25
EBITDA	10

<u>Item</u>	<u>MSEK</u>
Total revenues	80
GOP (39%)	32
Other cost	2
Lease cost (34/12)	23
EBITDA	7

Operator EBITDA	-3 (-30%)
Pandox rental income	-2 (-8%)

Key factors driving Pandox forward

Macro

Economic
development

Travel

Disposable income
Cheaper travel
Technology

Pandox

Focused strategy,
flexible business model
and execution

Thank you!