
Fast business pace and good earnings growth

January-December 2017



Interim presentation

15 February, 2018

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Forward-looking statements

This presentation contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are beyond the control of Pandox AB (publ), may cause actual developments and results to differ materially from the expectations expressed in this presentation.



A solid fourth quarter and a strong full year



- 1 Well-performing acquisitions
- 2 Improved profitability in both segments
- 3 A stable hotel market overall



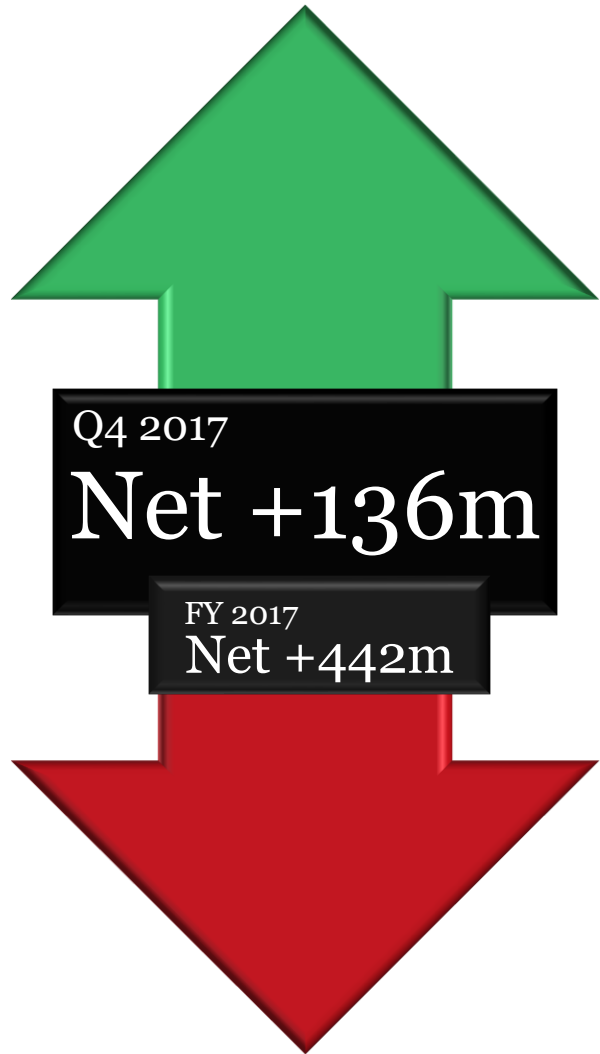
1) Measured as EBITDA plus financial income minus financial cost minus current tax. Q4 2017 includes repaid tax of MSEK 18 and financial income of MSEK 13. FY 2017 includes repaid tax of MSEK 47 and financial income of MSEK 13.

2) Measured as growth in EPRA NAV, including dividend and excluding proceeds from directed share issue, at annual rate.

3) Adjusted for currency effects and comparable units.

Solid increase in net operating income (total NOI)

Based on a combination of factors

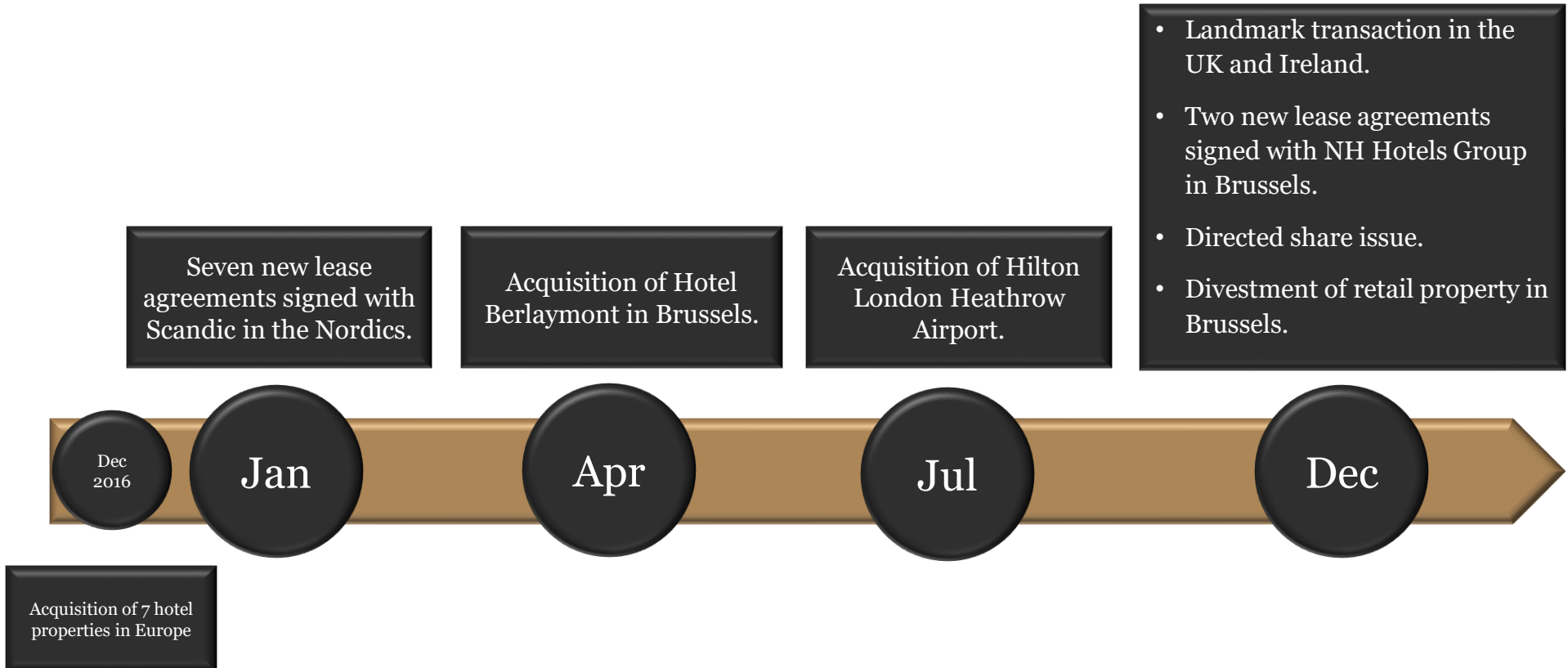


- + Well-performing acquisitions
- + Continued recovery in Brussels
- + Positive mix effects
- + Stable market conditions

- New room capacity in Stockholm
- Strong comparison in Copenhagen

Fast business pace throughout 2017

Main highlights



Landmark acquisition in the UK and Ireland

Meets all Pandox's strategic criteria

- 1 21 high quality hotel properties, of which 20 under the Jurys Inn brand.
- 2 Firmly establishes Pandox in the UK and Ireland.
- 3 Five markets, 20 cities (including five 'capital' cities) and approximately 4,700 rooms.
- 4 Large hotels with an average size of approximately 224 rooms.
- 5 Well-established hotels with strong positions and strong locations.
- 6 Attractive mix of domestic and international demand.
- 7 Stable and profitable upper mid-scale segment.
- 8 25-year revenue-based lease agreements with Leonardo for 20 hotels.
- 9 Good growth potential.

Portfolio overview

Well-diversified portfolio dominated by leases

Pandox Group	Property Management	Operator Activities
143 Hotel properties	127 Leased properties	16 Operated properties
SEK 50.1bn Property market value	85% Property market value	15% Property market value
	5.6% Valuation yield	7.3% Valuation yield

Based on portfolio market value as of 31 December 2017 (rounded percentages).

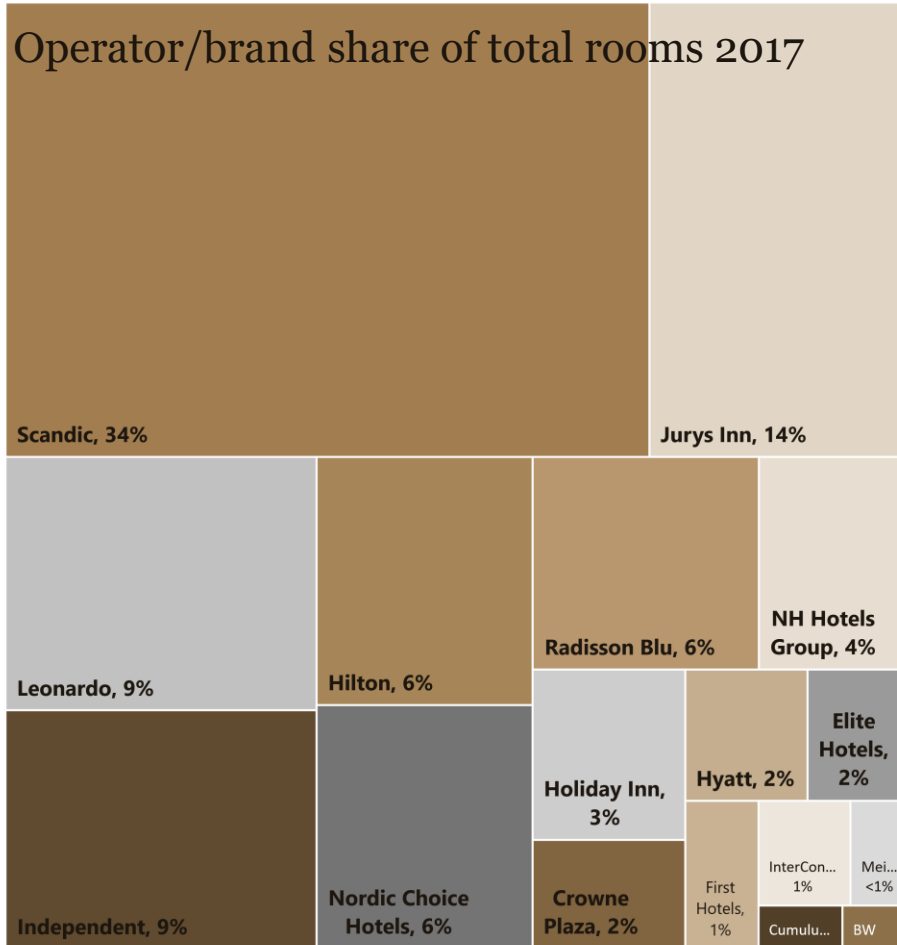
The new world of Pandox



Based on portfolio market value as of 31 December 2017 (rounded percentages).

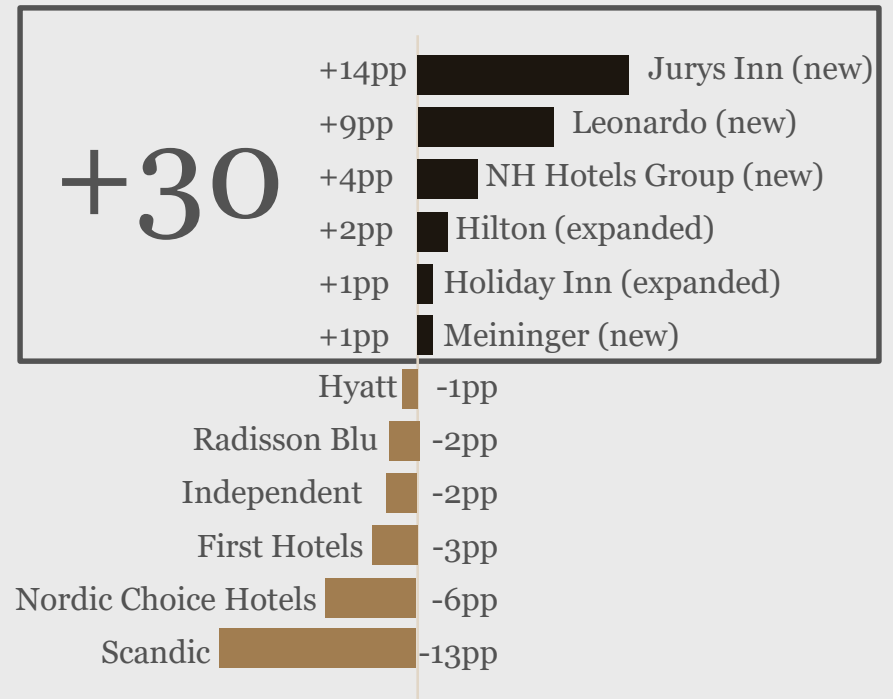
Increased operator/brand diversification

Strong regional operators added



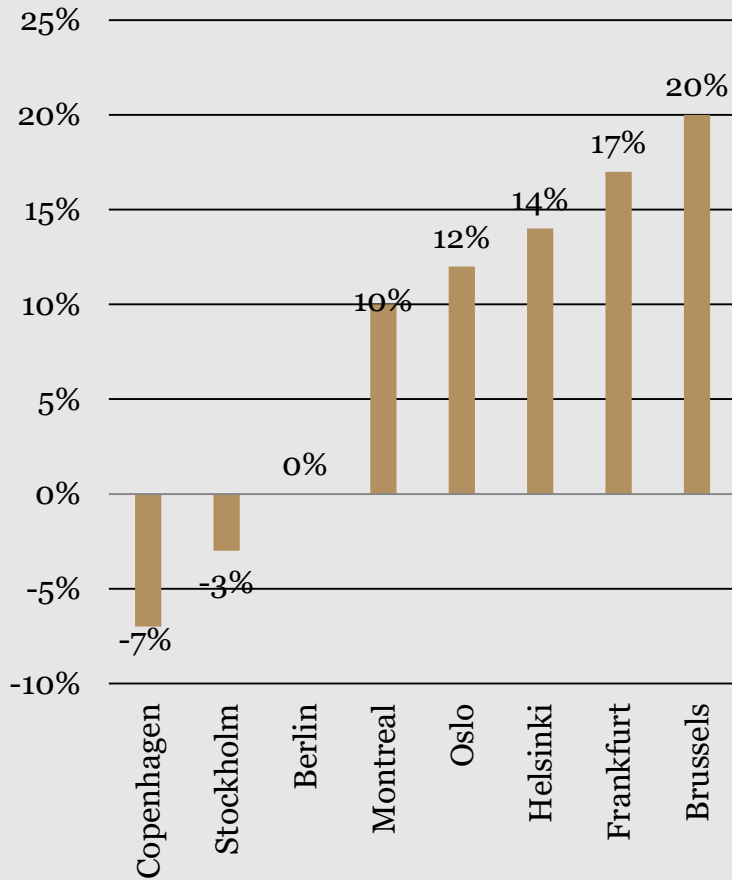
Operator/brand change 2017-2015

Percentage point change in share of total rooms



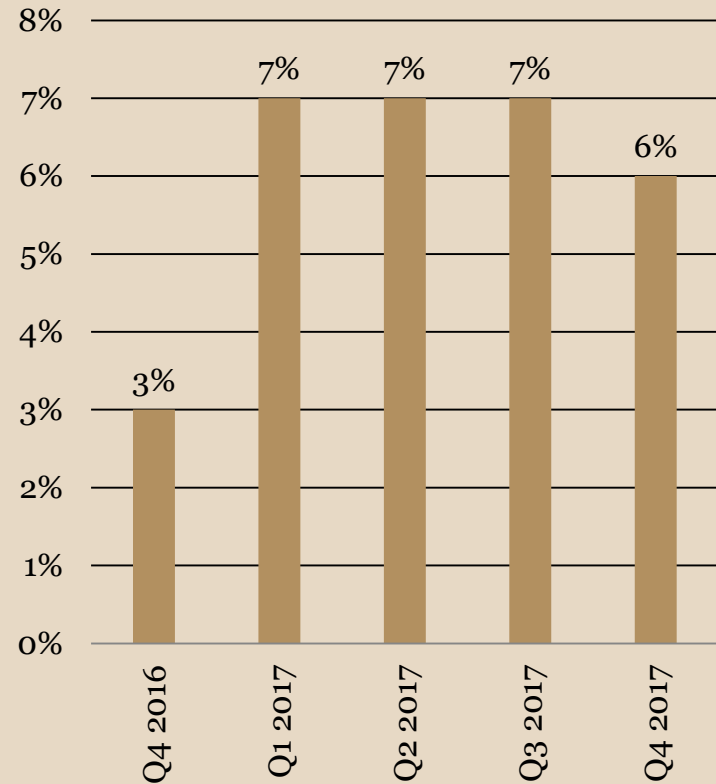
Overall good demand in key markets (RevPAR Q4 y/y)

Key markets



Source: STR Global, Benchmarking Alliance

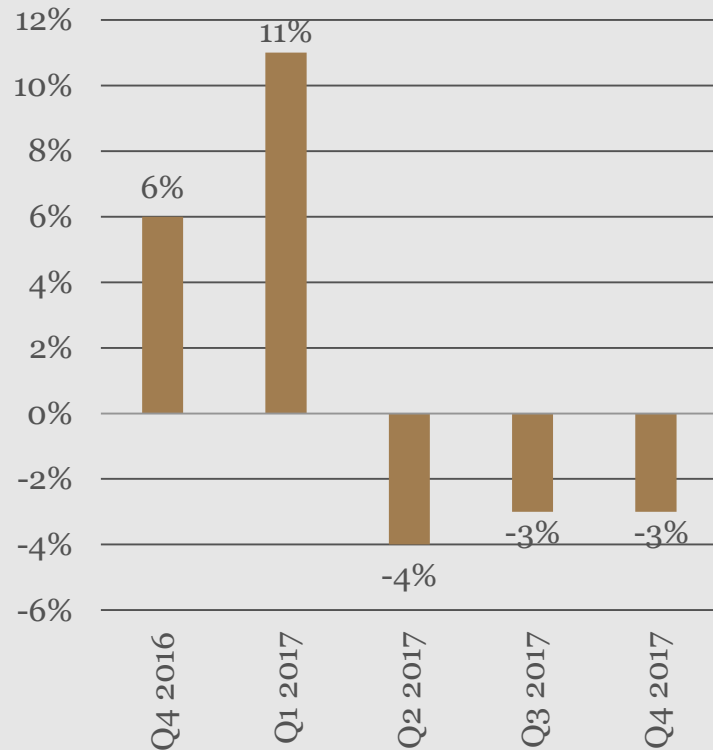
Europe



Source: STR Global

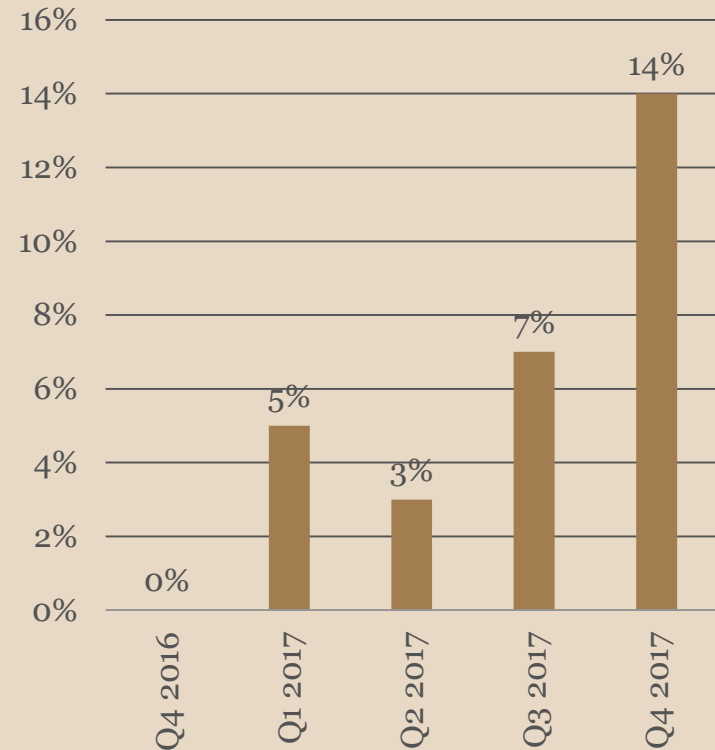
New capacity in Stockholm, cyclical recovery in Helsinki

Stockholm (RevPAR)



Source: Benchmarking Alliance

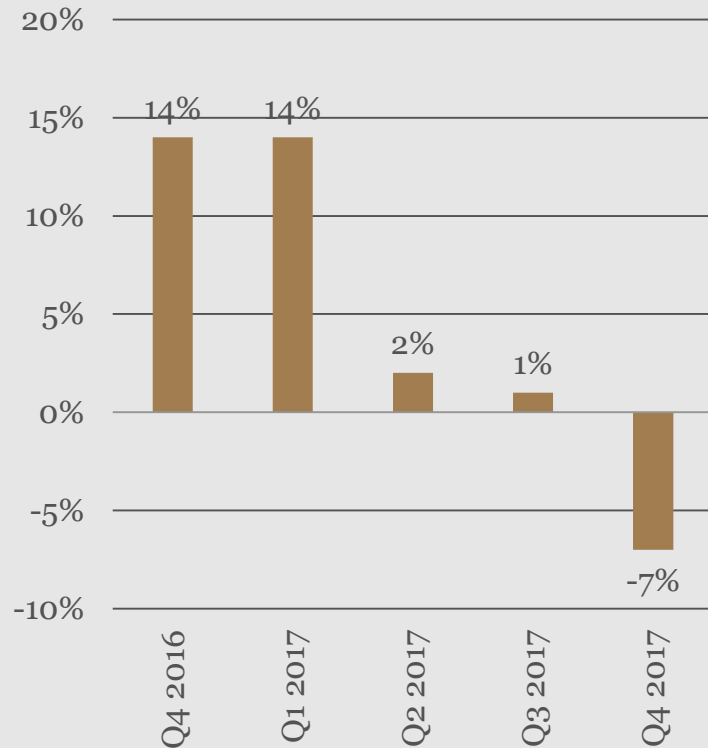
Helsinki (RevPAR)



Source: STR Global

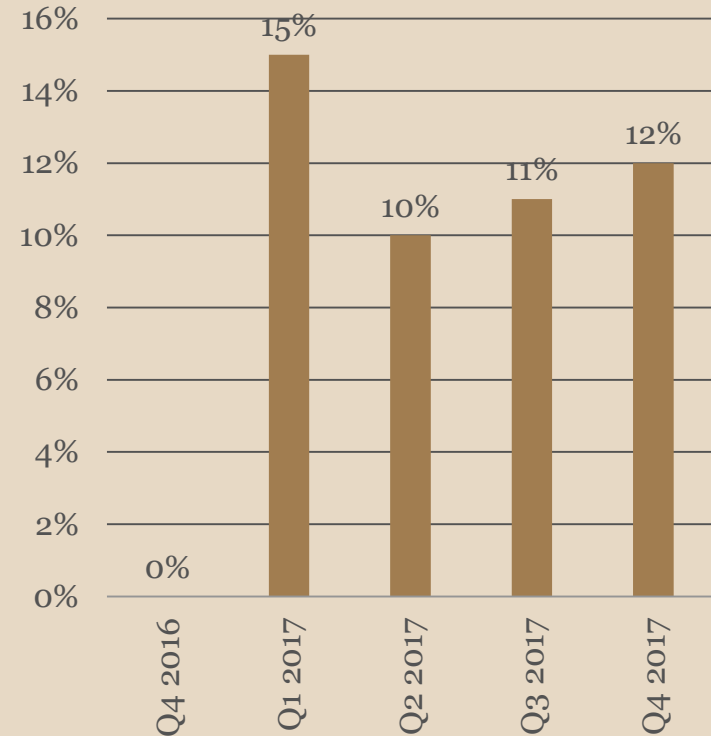
Tough comparison in Copenhagen, strong Oslo

Copenhagen (RevPAR)



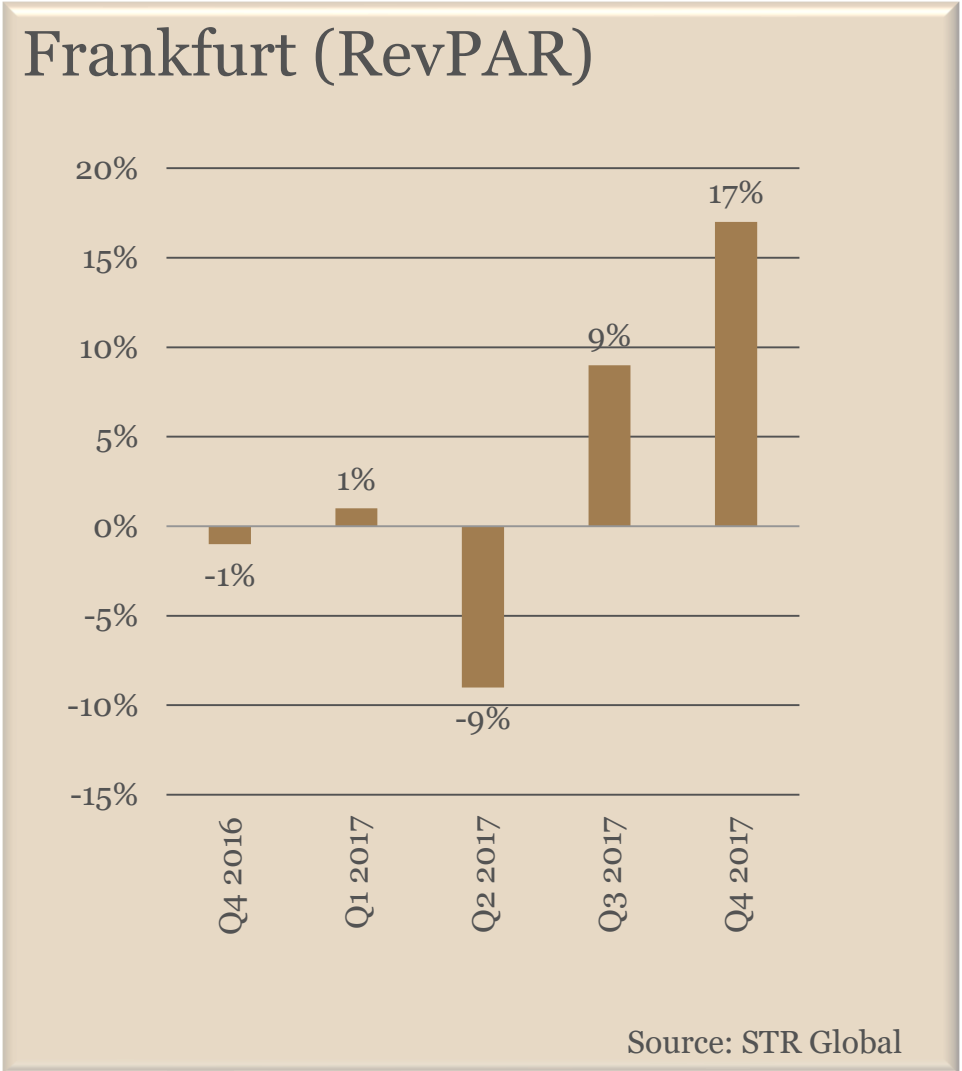
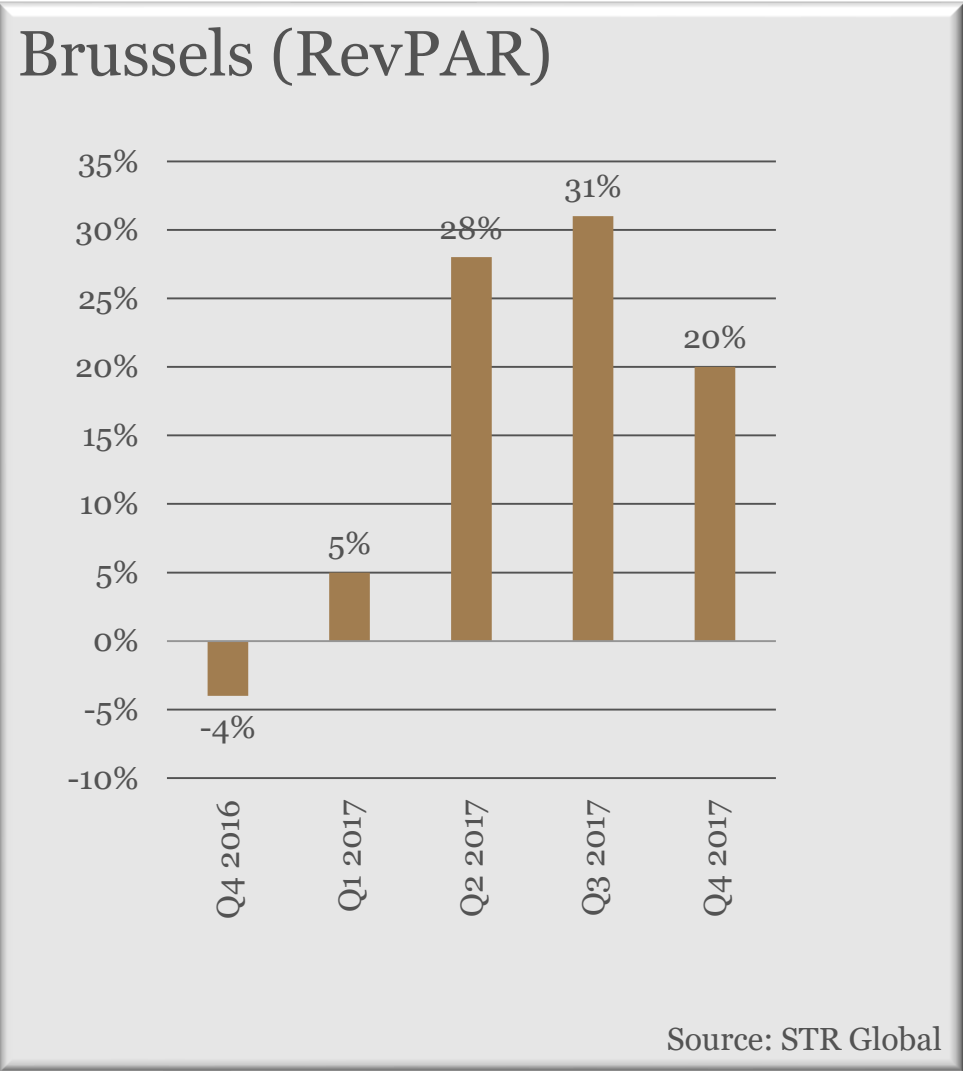
Source: Benchmarking Alliance

Oslo (RevPAR)



Source: Benchmarking Alliance

Brussels in recovery mode, Frankfurt trade fair driven



Financial highlights

Solid earnings development

Key figures

(MSEK)	Q4 2017	Q4 2016	chg %	FY 2017	FY 2016	chg %
Revenue						
<i>Property Management (Note 1)</i>	571	458	25	2,202	1,787	23
Net operating income						
<i>Property Management (Note 1)</i>	490	368	33	1,882	1,495	26
Net operating income						
<i>Operator Activities (Note 1)</i>	144	130	11	494	439	13
<i>EBITDA (Note 1)</i>	597	464	29	2,252	1,817	24
<i>Profit for the period (Note 1,4)</i>	1,183	772	53	3,148	2,214	42
<i>Cash earnings (Note 1,4)</i>	482	314	54	1,660	1,289	29
Per share data (SEK)						
<i>Earnings per share (Note 1,2,3,4)</i>	7.47	5.08	47	19,89	14.65	36
<i>Cash earnings (Note 1,2,3,4)</i>	3.06	2.05	49	10,46	8.49	29
<i>EPRA NAV (Note 3,4)</i>	-	-	-	144,54	126.24	14

Comments on the quarter

- Property Management: LFL¹ growth in revenue and net operating income of 3 percent and 6 percent, respectively.
- Operator Activities: Improved profitability with a LFL¹ increase in net operating income of 25 percent.
- EPRA NAV per share amounted to SEK 144.54, an increase by SEK 18.3 from year-end 2016. Adjusted for dividend and new share issue the annualised return was 18 percent.
- YTD Investment Properties experienced an unrealised and realised portfolio value increase of 5.5 percent. For Operating Properties (information purposes only) the unrealised value increase was 2.4 percent.

(Note 1) See page 9 in interim report January-December 2017 for summary of reclassifications, acquisitions and divestments.

(Note 2) Based on weighted number of shares 158,913,042 for Q4 2017 and 157,856,163 for FY 2017.

(Note 3) After non-controlling interest.

(Note 4) Including repayment of tax of MSEK 18 and financial income of MSEK 13 in Q4 2017, reversal of extra tax expense of MSEK 29 in Q3.

Overall good demand and improved profitability

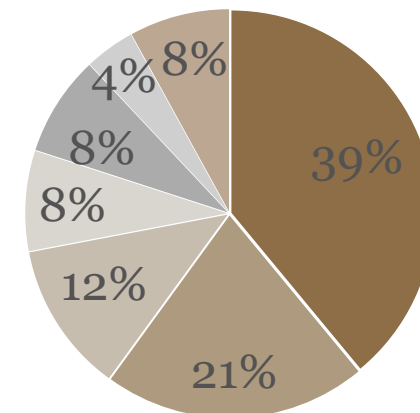
Property Management

Net operating income

(MSEK)	Q4 2017	Q4 2016	FY 2017	FY 2016
Rental income	549	433	2,121	1,717
Other property income	22	25	81	70
Costs*	-82	-90	-321	-292
Net operating income	490	368	1,882	1,495

*Including property administration costs

Rental income Oct-Dec 2017 in %



Sweden
 Germany
 Finland

Denmark
 Norway
 UK

Other

- › Q4 2017 LFL¹ rental income and net operating income increased by 3 percent and 6 percent, respectively
- › Positive mix effect from reclassifications and previous acquisitions
- › Portfolio in UK and Ireland acquired 20 December 2017

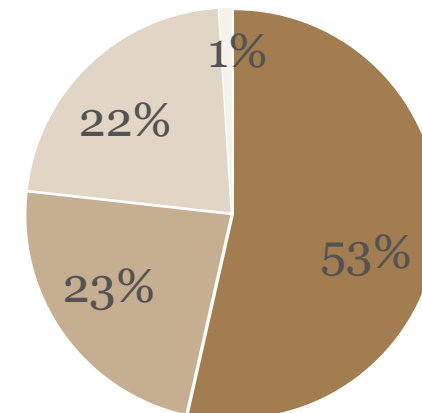
Brussels continued to improve

Operator Activities

Net operating income

(MSEK)	Q4 2017	Q4 2016	FY 2017	FY 2016
Revenue	528	619	2,067	2,158
Costs	-429	-528	-1,743	-1,866
Gross Profit	99	91	324	292
Add: Depreciation included in costs	45	39	170	147
Net operating income	144	130	494	439
NOI margin	27%	21%	24%	20%
<i>NOI margin adjusted for Grand Hotel Oslo</i>	-	24%	-	23%

Revenues Oct-Dec 2017 in %



■ Belgium ■ Germany ■ Canada ■ Finland

- › Q4 2017 LFL¹ revenue increased by 9 percent and net operating income by 25 percent
- › NOI improvement driven mainly by strong progress in Brussels
- › Slightly higher profitability in the hotels remaining after reclassifications
- › Reclassification of Scandic Grand Place from Property Management with 100 rooms (closed for renovation)

Property portfolio

Value increases reflecting underlying performance and divestment

Change in value (MSEK)

Change in value Investment Properties

	MSEK
Investment Properties, beginning of the period (January 1, 2017)	30,163
+ Acquisitions ⁴	8,395
+ Investments in current portfolio	425
- Divestments	—
+/- Reclassifications ¹	1,496
+/- Revaluation of fixed assets to the profit for the year ¹	112
+/- Unrealised changes in value	1,649
+/- Realised changes in value ⁵	6
+/- Change in currency exchange rates	303
Investment Properties, end of period (December 31, 2017)	42,548

**+5.5%
YTD**

Change in value Operating Properties (reported for information purposes only)

	MSEK
Operating Properties, market value (January 1, 2017)	8,070
+ Acquisitions ³	712
+ Investments in current portfolio	289
- Divestments ²	-207
+/- Reclassifications ¹	-1,608
+/- Unrealised changes in value	155
+/- Realised changes in value ⁶	42
+/- Change in currency exchange rates	121
Operating Properties, market value (December 31, 2017)	7,573

**+2.4%
YTD**

**+4.8%
YTD**

¹ Refers to reclassification of eight hotel properties to Operator Activities, of which one in Q1 and seven in Q2 2017.

² Refers to divestment of FF&I Grand Hotel Oslo Q2 2017 and retail property in Brussels Q4 2017.

³ Refers to acquisition of Silken Berlaymont 29 May 2017 and Hilton Garden Inn London Heathrow 20 Dec 2017.

⁴ Refers to acquisition of Hilton London Heathrow Airport 31 Aug 2017 and 20 hotel properties in the UK and Ireland.

⁵ Refers to divestment of part of property Hafjell Q4 2017.

⁶ Refers to divestment of retail property in Brussels Q4 2017.

Comments per 31 December, 2017

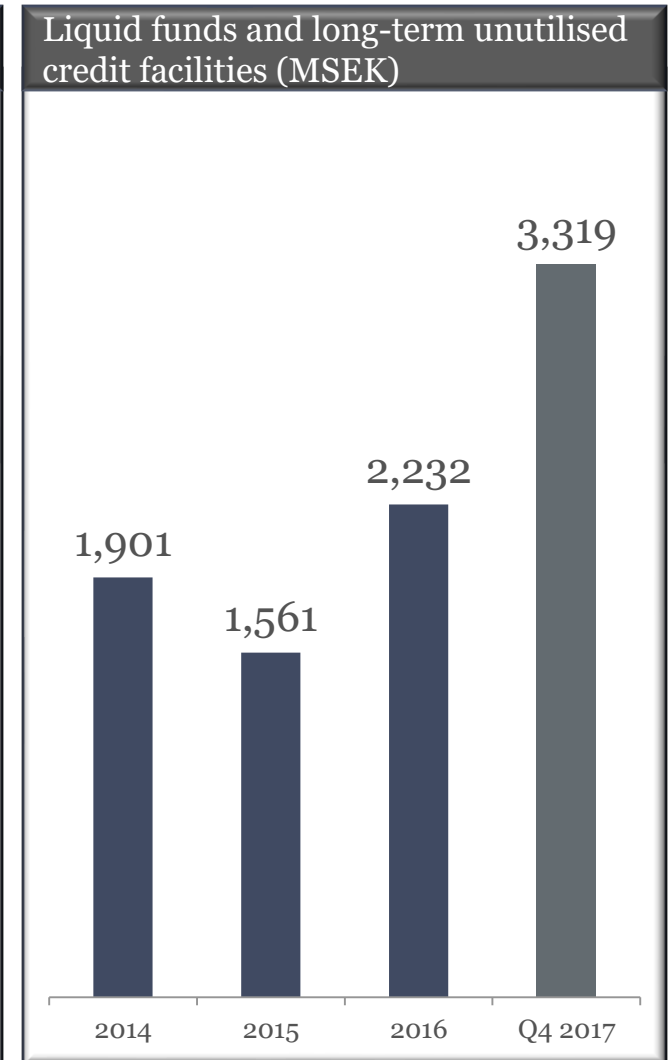
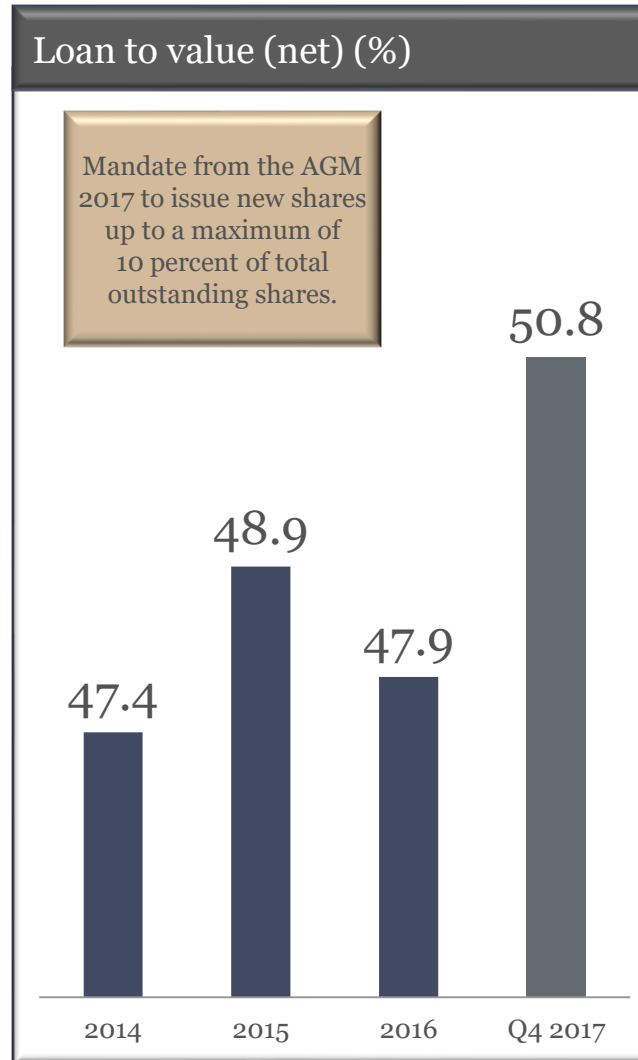
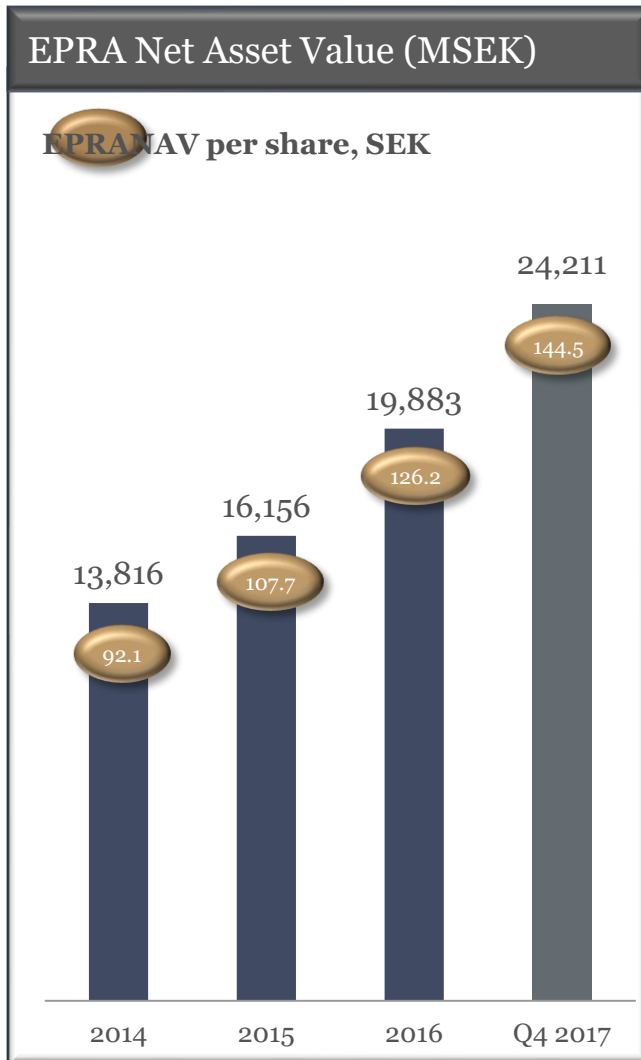
- Total property portfolio market value amounted to MSEK 50,121 (38,233).
- Average valuation yield for Investment Properties was 5.6 (5.7) percent and for Operating Properties 7.3 (7.5) percent.
- External valuations in line with and confirms Pandox's internal valuations.

Very high level of activity 2017:

- **Property Management:** Acquisition of 20 hotel properties in Q4 and one in Q3.
- **Operator Activities:** Acquisition of one hotel property in Q2 and one in Q4.
- Reclassification of eight hotels to Property Management in H1 and one to Operator Activities in Q4.
- Divestment of retail property in Brussels in Operator Activities in Q4.

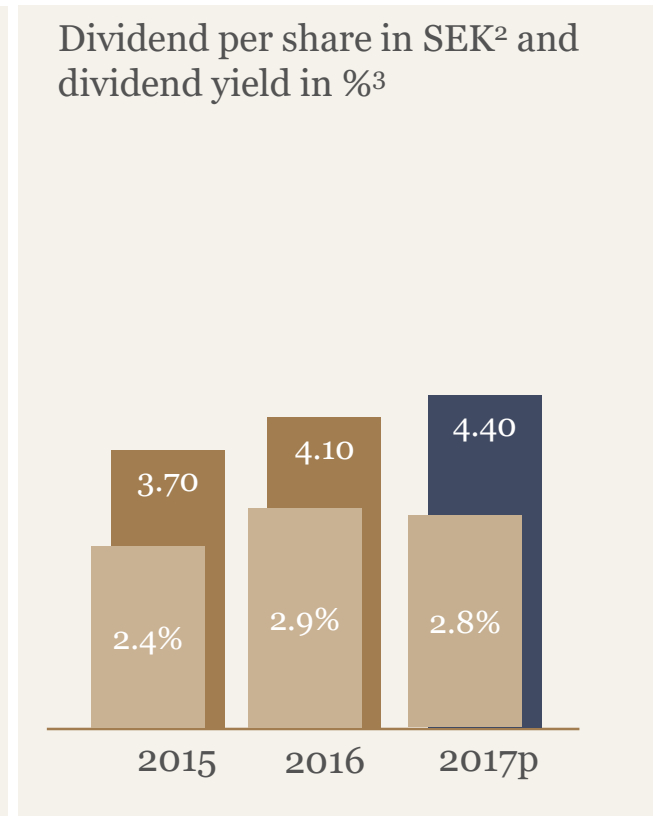
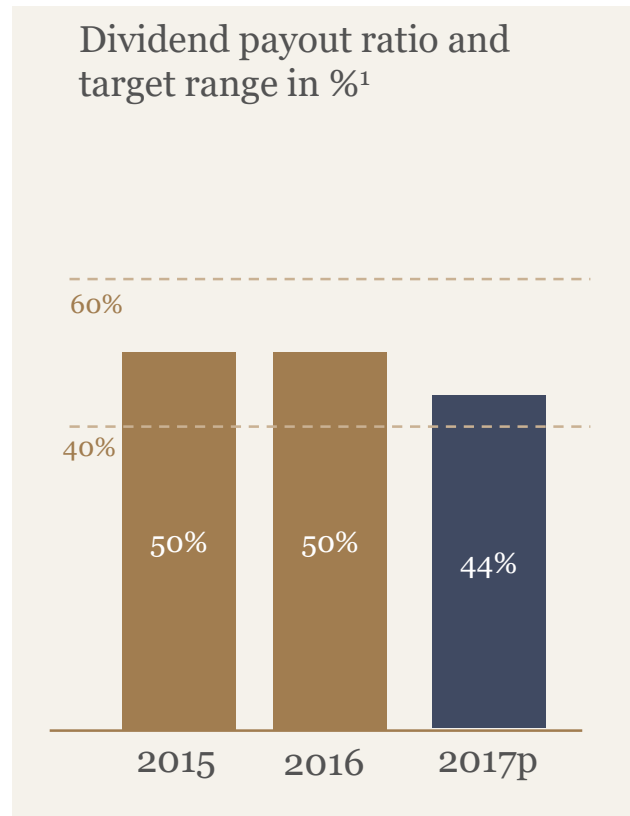
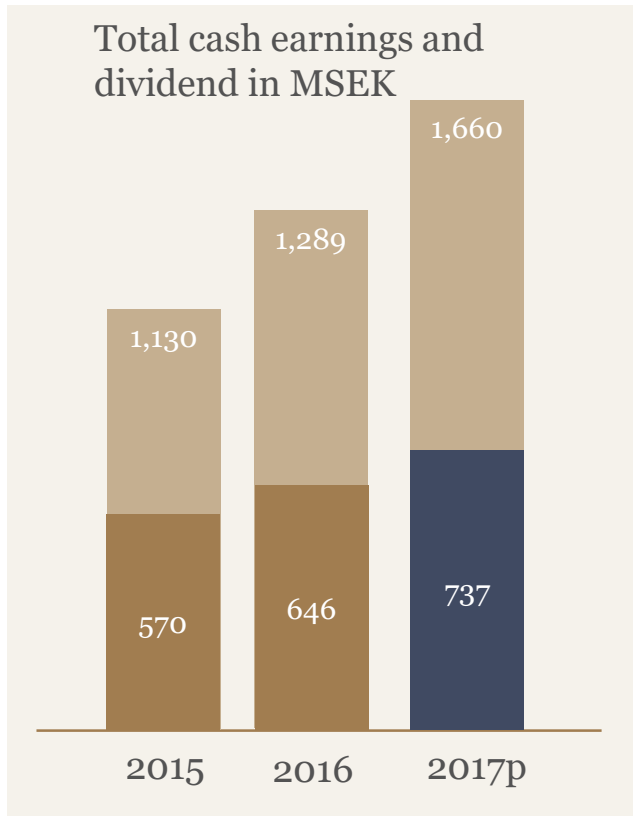
Financing and capital structure

Solid growth in EPRA NAV and maintained financial flexibility



Growing dividend

Pay-out ratio well within target range



- 1) Total dividend divided by total cash earnings. For 2017 the proposed dividend is used.
- 2) Total dividend divided by total number of outstanding shares end of year. For 2017 167,499,999 shares are used.
- 3) Dividend per share divided by the closing share price end of year.

The main drivers for growth in cash earnings

Stable outlook for 2018



Q&A

Financial calendar

9 April 2018	Annual General Meeting
24 April 2018	Interim report Q1 2018
13 July 2018	Interim report Q1-2 2018
25 October 2018	Interim report Q1-3 2018

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