TRAVEL AND TOURISM IN SWEDEN

SECTOR OVERVIEW

Sweden's fastest growing service industry sector
Sweden is an attractive visitor’s destination, both for leisure and business travel - and is growing in popularity. The travel and tourism industry is Sweden’s fastest growing service industry sector and revenues are expected to double in the next decade. Revenues from international visitors have more than doubled in the last ten-year period and visitor volumes have increased faster than the European average. Large-scale investments in facilities such as accommodation, conference centers, spa’s, event areas and much more have been completed and more are under way throughout the country, both in the larger cities and in other attractive summer and winter destinations. The increasing demand from both international and Swedish travelers in combination with an underdeveloped market creates great opportunities, especially for international real estate and private equity investors, developers and operators, in everything from accommodation to activities - bringing new competence, new products and new services developing Sweden as a leading tourist destination.

TRENDY AND CONTEMPORARY, PRISTINE AND FRESH
Sweden is a country where natural luxuries like wide-open spaces, fresh air, clean water and beautiful, pristine nature and wilderness exist in abundance - for everyone. Sweden is a vast country, with just 24 inhabitants per square kilometre, compared to 267 in the UK. Sweden satisfies all requirements for an active vacation and a safe destination. The combination of the unique natural assets, the cultural heritage with the international city life, makes Sweden an attractive destination all year around. The capital Stockholm ranks as one of the world’s most attractive international conference cities, ranking no. 19 in the world with 95 meetings in 2014, and offers an exciting, trendy and contemporary urban scene. The attractiveness also lies in its mix of experiences and activities, from skiing, adventure and wilderness to leisure days on sandy beaches or sailing in the archipelagos along Sweden’s long coastline.

The Swedish Travel and Tourism sector offers everything required for doing successful business, a dynamic business climate, a clean and unique environment, and a society that is both safe and global.

Sweden is an attractive visitor’s destination, both for leisure and business travel - and is growing in popularity. The travel and tourism industry is Sweden’s fastest growing service industry sector and revenues are expected to double in the next decade. Revenues from international visitors have more than doubled in the last ten-year period and visitor volumes have increased faster than the European average. Large-scale investments in facilities such as accommodation, conference centers, spa’s, event areas and much more have been completed and more are under way throughout the country, both in the larger cities and in other attractive summer and winter destinations. The increasing demand from both international and Swedish travelers in combination with an underdeveloped market creates great opportunities, especially for international real estate and private equity investors, developers and operators, in everything from accommodation to activities - bringing new competence, new products and new services developing Sweden as a leading tourist destination.

Why Sweden?
- Tourism is the fastest growing service industry sector
- Largest market in the Nordic region
- Large increase in international visitor volumes
- Unique, beautiful and unexploited natural environments
- Demand for new products and services
- Good infrastructure, low cost airlines and regular flights
- Strong, well-performing and growing economy
- Wealthy consumers with high purchasing power
- Population growth and a large well-educated middle class
- Recognised as a trendsetting and progressive country
- Sophisticated and early adopting consumers and a well-established test market
- Transparent market and easy to do business

Key facts

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>9.8 million</td>
</tr>
<tr>
<td>GDP</td>
<td>3.9 percent</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>SEK 404,100</td>
</tr>
<tr>
<td>Inflation rate</td>
<td>0.1 percent</td>
</tr>
<tr>
<td>Currency</td>
<td>Swedish krona (SEK)</td>
</tr>
<tr>
<td>Rate of exchange</td>
<td>~€9.27</td>
</tr>
</tbody>
</table>

Source: Statistics Sweden, 2015
TOURISM - A GROWTH INDUSTRY
International travel to and within Europe has increased by 50 percent since 2000 and to Sweden with just over 60 percent in the same period. Revenues from international visitors have doubled in the last ten years. Sweden’s tourism industry grew by 5.2 percent 2014 compared to 2013 generating over SEK 268 billion in turnover, and is supported by a range of tourism, hospitality and service-related businesses. The export value, international visitors’ consumption in Sweden, grew by 12.5 percent to SEK 96.5 billion in 2014. Sweden’s tourism sector has great potential for growth, currently comprising only 3 percent of GDP (the EU average is 6 percent). The industry is employing almost 160,000 people.

HOTEL SALES GROWTH OUTCLASSES GDP
The hotel and restaurant sector in Sweden has seen tremendous growth over the last ten years. Accumulated hotel sales measured in current prices, illustrated by the hotel index grew by 64 percent between 2004 and 2014, while the overall economy measured by GDP, also in current prices increased by 39 percent. The restaurant index also clearly illustrates the success of the hospitality industry, with a comparable growth over the same period of 63 percent. Spending on hotels and restaurants in Sweden has increased approximately five percent per year. These two sectors have thus outperformed the rest of the economy by a large margin, thereby laying the foundations for further investments in the industry.

Hotel stays account for the largest share of commercial nights spent in Sweden and the segment’s share has increased at the expense of holiday cottages and private accommodation from 52 percent in 2008 to 55 percent in 2014.

SHOPPING - THE LARGEST EXPENDITURE
Just over 27 percent of the SEK 268.6 billion that Swedish and foreign leisure and business travellers spend in Sweden is on goods such as apparel and food. Accommodation accounts for a little over 19 percent, eating out for almost 13 percent of total consumption. Compared to the domestic tourist, foreign visitors spend more on goods.

EXCELLENT COMMUNICATIONS
An increase of international direct and low cost flights and charter flights assure continued accessibility and future inflows of visitors. Large investments are made in harbour facilities, and cruise ship traffic in Sweden continues to increase. Developments indicate that the major ports will have more visiting passengers in the future. The Swedish railway network has easy access to the rest of Europe, and a well-developed road network ensures easy access to all parts of the country.

EXPORT VALUE RISING FASTER THAN TOTAL EXPORTS
Growth for Sweden’s total exports of goods and services has enjoyed steady growth and increased by almost 66 percent since 2000. Over the same period, tourism’s export value, i.e., foreign visitors’ consumption in Sweden has increased by more than twice as much (137 percent) based on current prices.

Distribution of total consumption in 2014 (SEK billions) with percentage change from 2013

<table>
<thead>
<tr>
<th>Category</th>
<th>2014 (SEK billions)</th>
<th>% Change 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td>47.0 (+2.5)</td>
<td></td>
</tr>
<tr>
<td>Accommodation &amp; Restaurants</td>
<td>125.0 (+1.1)</td>
<td></td>
</tr>
<tr>
<td>Goods (Retail)</td>
<td>96.5 (+12.5)</td>
<td></td>
</tr>
</tbody>
</table>

Examples of investments

- Omena Hotels, Finland - Hotel
- Choice Hotels, Norway - Hotel
- Circle Resort, Denmark - Resort
- Escape Travel, Norway - Travel Agency
- Expedia, US - Online travel provider
- Ski resort developments, Norway - Cabins
- Marriott, US - Hotel
- Regenbogen, Germany - Camping sites
- Xianle Travel, China - Travel agency

Source: Swedish Agency for Economic and Regional Growth/SCB
GREAT POTENTIAL FOR INTERNATIONAL DEVELOPERS

SECTOR OVERVIEW

A growing demand for new attractions, packaged experiences and accommodation makes investments in the tourism industry very attractive. Opportunities lie within growing ecotourism, ski tourism, food tourism, and adventure tourism.

Growth potential exists both in city related tourism and allied to Sweden’s ski, adventure/wilderness, golf and seaside offering. Large investments in accommodation and infrastructure are being made to meet the increase in demand, with manifold opportunities for international property developers, real estate investors, activity companies, hotel and accommodation operators, travel operators, tourism entrepreneurs, etc.

DEMAND FOR QUALITY ACCOMMODATION

Sweden’s supply of 2,000 hotels and almost 114,000 hotel rooms are not enough to meet visitor demands. There is a shortage of accommodation and especially high quality accommodation in many locations and in different segments, from budget hotels, holiday cabins/cottages, to four and five-star hotels with wellness facilities. There is also an overall need for increased quality and level of services provided in different types of accommodation and lodging. Investments focus on new-build projects and renovation work.

NUMEROUS OPPORTUNITIES IN SWEDISH SKI RESORTS

Swedish ski tourism is on the rise. With a long season, from October to May the Swedish ski resorts are growing in popularity. The season 2014/2015 was another good year in terms of ski passes sold, up 10 percent in volumes, and up 12.8 percent in turnover. Large investments in ski resort destinations are needed to meet the demand in accommodation, services, piste improvements and ski lifts. International visitors to the ski resorts are growing due to more direct flights and charter to the larger ski resorts. Sweden is also considered as snow secure, exotic and less exploited than other resorts in Europe. The largest ski resorts are Åre, Sälen, Vemdalen and Idre.
OUR SERVICES
WE HELP YOU EXPAND YOUR BUSINESS IN SWEDEN

Business Sweden is the official Swedish trade and invest council. We facilitate foreign investment in Sweden and make it easier for Swedish companies to grow internationally.

Business Sweden supports international companies to connect with investment opportunities in Sweden – whether the interest is to gain access to the market or world-class R&D competence and innovation. We provide you with the information, guidance, solutions and network required to invest in Sweden.

STEPS TO SUCCESS
Business Sweden has a simple process for supporting your future business with Sweden and our offer is based on your company’s specific needs. Our working process consists of a number of steps, including the following services:

EXPERIENCED STAFF
Since 1996, our team has supported over 2,000 international companies doing business in Sweden. Our strength lies in the experienced business professionals working within the different industry sectors of the organization. We also work closely with Swedish embassies, other business promotion organizations around the world as well as local partners in Sweden, giving us a unique spectrum of contact entry points.

Business Sweden has been ranked as the World Leading Investment Promotion Agency (IPA) by the World Bank.

OUR SERVICES THROUGH THE ENTIRE INVESTMENT PROCESS

▸ Information sharing. Based on your investment needs, we share insights on Swedish business sectors, the Swedish market, the investment climate, R&D, specific competence clusters and investment costs.

▸ Location management. Based on your requirements, we support you in identifying sites for your operations in Sweden.

▸ Investment opportunity search. Based on your priorities we scan, identify and present business opportunities in Sweden. We give you advice on key industry stakeholders and help you identify your next investment step.

▸ Matchmaking support. We introduce you to various opportunities of strategic partnerships, investments and other types of cooperation.

▸ Establishment information. We provide you with information on how to set up and run a business in Sweden including rules and regulations, legal entities, employment, taxes and more.

▸ Network access. We introduce you to all necessary public and private service providers, authorities and organisations.

For more information, please contact:
Ann-Sofie Jonsson
Senior Investment Advisor
Email: ann-sofie.jonsson@business-sweden.se
Phone: +46 8 588 668 35