

STATE OF THE BUSINESS TRAVEL MARKET - 2016 - QUARTER 4

- EXECUTIVE SUMMARY NORDIC





STATE OF THE BUSINESS TRAVEL MARKET NORDIC - Q42016



Executive summary - Nordic

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Key Findings

The Nordic demand index BT-DIX increases by three points to +0.05 in Q5, which is the highest figure since 2011.

The strongest increase in demand (BT – DIX) is noted for Norway where the index now is positive again.

The strongest demand in the Nordic region now counts for Denmark where BT DIX increased with four points to +0,08.

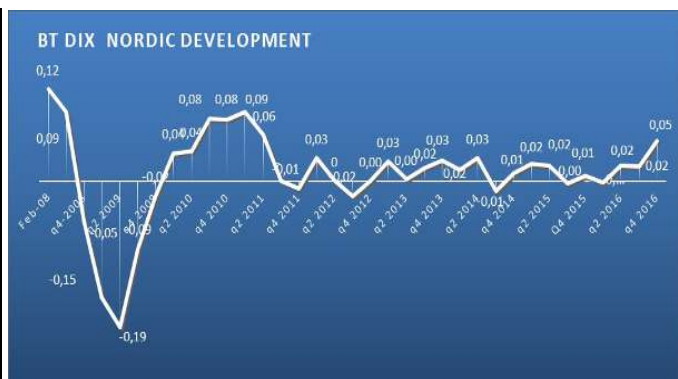
Manufacturing and trade are, in a Nordic perspective, the two sectors that are most optimistic regarding the development.

The demand index for group and conference services increases by five points to a zero level which is the strongest indication since Q1 2011

It is mainly international travel that will increase. The signals for domestic travel is in opposite rather weak.

Fewer companies has policies such as “travel as cheap as possible” than before.

Key figures *	Q4-2015	Q3-2016	Q4-2016
BT-DIX Nordic	+0,01	+0,02	+0,05
- Sweden	+0,01	+0,02	+0,04
- Norway	-0,07	-0,03	+0,03
- Denmark	+0,08	+0,04	+0,08
- Finland	+0,04	+0,06	+0,07
Confidence index 3 months	-0,01	+0,01	+0,02
Confidence index 12 months	+0,02	+0,05	+0,06



* Key figures from the five latest quarters, see page 12.

* Explanation, see page 7.





State of The Business Travel Market Q4 2016, Nordic summary

Very bright outlook for the Nordic business travel

Most indicators in the quarterly survey "State of the business travel market q4" pointing up which tells us that the Nordic companies expect more travel-related activities going forward. Nordic Business Travel Demand Index, BT DIX (combination of the companies' future demand of the various travel services) rises in Q4 to +0.05 which is the highest figure since the boom in 2010-11. What really gives power to this high figure is that companies expect to fly and stay in hotels significantly more over the next twelve months.



Trump effect

What could possibly be the basis of this positive assessment is that we have recently seen increasing prices of commodities and especially for oil, much of a hub for economic development. One speaks of a "Trump" effect which, among other promised heavy investment in infrastructure which has a positive effect on commodity prices. Furthermore, we have continued low interest rates, which greatly promotes the willingness to invest and in the extension also means that company employees need to travel more. Oil prices specifically in a Nordic perspective, had a powerful effect on the situation in Norway, where it now again is almost as optimistic as in the other Nordic countries.



Demand for other travel services

Besides the demand for air and hotels, the changes for the other travel-related services are more careful with one exception - group and conference services. In Q4 increases the demand index for conference services with five points and now stands at zero which indicates an unchanged level, but at the same time it is the highest figure in 22 quarters. In other words has companies since the beginning of 2011 made the assessment that their group and conference activities will be reduced.

Demand for travel agency and car rental services increases also by a few points but remains negative. For train and payment services is the demand index unchanged compared with Q3 but positively and in line with their historical averages.

Manufacturing and trading sector leads development

Just as in the previous quarter, it is primarily companies in the manufacturing and trading sector that leads the positive development. Both the short and long term confidence Index shows a strong growth in travel over the next three and twelve months for these two sectors. The third sector measured, Service, has for a couple of quarters given a weak note, but the figures is now increasing here as well and it is now believed that travel in real terms will increase among the service companies as well. However not in the same magnitude as in the other two sectors. Notably in the survey for Q4 is also that listed companies, which are usually more cautious in their assessment, now indicates that they will travel more both in the short and long term perspective.

International travel is growing

Confidence Index decomposed on which markets the companies have their main activity (domestic, The Nordic region, Europe or Intercontinental) shows that it is primarily travel outside the own country's borders that will increase. The results indicate a sharp rise in the Nordic, European and Intercontinental travel during the next three and twelve months. However, domestic travel remains at a virtually unchanged level onwards. In other words, the development we see now is mostly foreign-driven but it is reasonable to think that this will ultimately have a positive effect on domestic travel as well.



No major changes regarding restrictions

A similar proportion of companies than previously, 15%, say they have travel restrictions. However, it is a lower proportion of companies with the policies to "travel as cheaply as possible", "nearest manager must approve" and that as far as possible prioritize videoconferencing in front of travel.





State of The Business Travel Market, summary per market

Several positive signals in Sweden

According to the results of the Q4 measurement is the positive development in the Nordic region also true for Sweden specifically. The Swedish BT DIX (demand index) rises by two points to +0.04, which is the highest figure since Q1 2015 and Q2 2011. The result in Q4 is furthermore also two points above the historical average. The strongest point figure applies to hotel services, +0.07, and air, +0.05, indicating that Swedish companies plan to use these services considerably more over the next twelve months compared to the past.



The Swedish industry sector which primarily runs this positive development is the manufacturing where both the short and long term confidence index is now at a very high level compared to earlier. Last quarter, a very strong optimism among trading companies was noted that falls back in Q4. The estimates among them is however still pointing at a continued increase in travel. Also companies in the service sector are planning for more travel during the next three and twelve months, but not to the same high extent as in the other two sectors.

A breakdown of the results out of where the Swedish companies have their main market indicates that it is primarily the Intercontinental and traveling to Europe that will boost forward. Most conservative assessment is made by the companies that have their main market within the country.

A turnaround in Norway is confirmed

Based on previous quarters' survey results it can be concluded that the Norwegian market is likely to face a turnaround and that the bottom has now been reached. This primarily since the Norwegian BT DIX has a strong correlation to oil price developments. In Q4, this turnaround is confirmed, the Norwegian



BT DIX is rising by 6 basis points to +0.03. This is still the weakest entry in the Nordic region, but the gap is now much less to the other Nordic countries and the coming year will bring a positive development for the Norwegian business travel.

The travel-related services which have the strongest entries in q4 are air followed by payment services. Indices for payment services moves usually not so much but the increase for air is remarkable eight points up to +0.06. Air also weigh heavily in the weighted BT DIX since air costs accounts for the largest share of corporate travel budgets.

The Norwegian industry sector that is most positive about the development forward is trading for which both the short and long confidence Index is significantly above zero. Unlike the picture in other Nordic countries is Norwegian manufacturing companies much more cautious. These expects a continued decline in business travel both in the next three and twelve months. Possibly, a more lasting stabilization of oil prices is wanted before they dare to raise their forecasts.

The travel which is expected to increase the most among the companies are traveling within the Nordics, followed by intercontinental travel. The weakest development on the basis of the survey results is assumed to apply for domestic travel since companies with main operations within Norway expect to travel less both next three and twelve months.

Strong figures in Denmark

Just as in other Nordic countries, we can observe a strong increase in corporate demand for travel-related services in Denmark. In Q4 increases the Danish BT DIX with four points to +0.08. This listing is the highest since Q3 2014 when we had a very strong period in Denmark, and the outcome is also a full five points above its historical average.

The travel services with the strongest demand index in Q4 is air and hotels which are noted for +0.14 and +0.12, and is also an increase of five and seven points from last quarter. What else is most conspicuous in the Danish





State of The Business Travel Market, summary per market

result is a sharp increase in corporate demand for group and conference services. Compared to last quarter, rising indices for these services by 16 points and is now clearly positive at +0.10. The companies will, in other words have many more conference activities for the coming year than previously. The demand for conferencing is also the most cyclical why this is a positive signal in a double sense.

The Danish companies will however not increase their travel in the near future as companies in other Nordic countries do. The short confidence index that look three months ahead, indicating a slight decrease in travel while the twelve-month perspective indicates a heavy increase in travel. The sectors that are most positive in their forecasts are trade and service companies. Companies in the manufacturing sector however estimates that their travel will remain unchanged in both timeframes.



The travel , that according to the survey, above all will increase in the long term is the Intercontinental since the companies with their main market of such places are the most positive in their estimates. Secondly, it is traveling within the Nordic region that will increase while domestic travel is indicated for a relatively large decline in the twelve-month perspective.

Finland in a clear positive trend

In the Finnish market, a similar positive pattern as for the other Nordic countries can be noted. From a business travel perspective as well as from a general economic perspective, Finland has been in a clear positive trend since Q4 a year ago. In Q4 2016 the Finnish BT DIX bounces up with a point to +0.07, after what can be adopted as a temporary decline in the previous quarter. BT DIX in Finland is now the second strongest among the

Nordic countries since the Danish index grew more and now is the strongest.

The strongest demand indicators among the travel services apply to air and hotels. The air index increased by three points to +0.10 and hotels remained at strong +0.09. Air and hotels also counts for the largest parts of the weighted BT DIX which is build on the basis of how much companies spend on the different travel-related services. The Finnish companies have further, in a Nordic comparison, the most clear ambition to increase the use of video and teleconferencing. Demand Index for these lies in Q4 on +0.37.

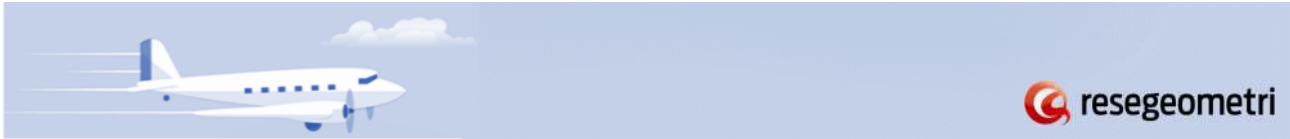
The industry sectors that mainly will drive the positive development in Finland in the future is manufacturing and trade. Trading companies provide the strongest signals in the short term three months while manufacturing firms predicts the greatest increase in their travel in the longer term of twelve months. This is based on the degradation of the survey's confidence index.

If you break down confidence index based on where the companies have their main market, one can see that it is mainly international travel, such as intra Nordic and European, that will increase the most. Similarly, one can observe an almost equally large increase in intercontinental travel, while the trend for domestic travel is significantly weaker and will stay at an almost unchanged level compared to today.



In total the two confidence figures remained at an unchanged level compared to Q3. Three-months at +0.06 and the twelve-months index at +0.09.





State Of The Business Travel Market 2016 - Q4

Supporting indicators and survey results in detail
- Nordic

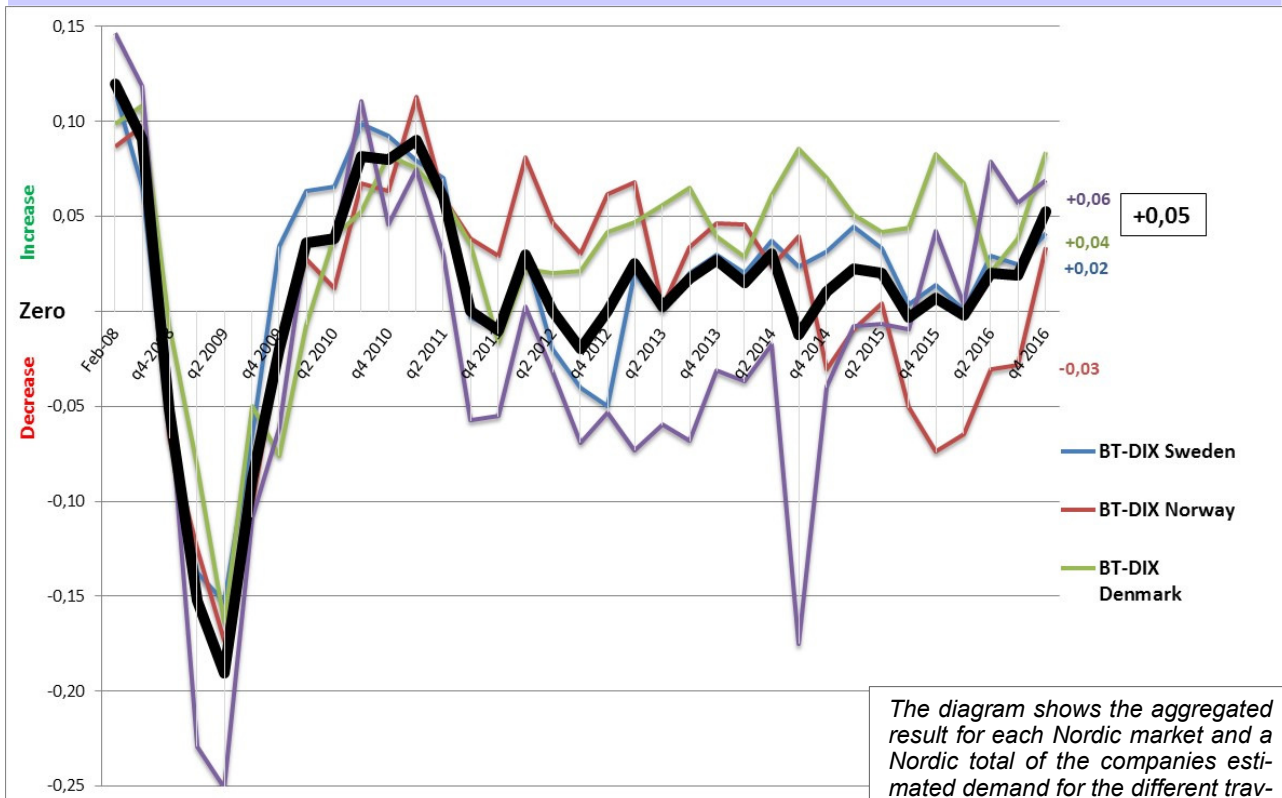


Corporate Demand BT DIX 2008 - 2016, Total and Per market

The **BT-DIX** (Business Travel Demand Index) is the aggregated result of the companies demand for all travel services (air, hotel, car rental, travel agency, payments and conference services) in the twelve month period to come. The products in the index are, when aggregated, weighted due to the average share they represents of the companies' average travel budget. The scale goes from -1 decrease a lot to +1 increase a lot. The Nordic index is also weighted due to the countries GDP.

BT-DIX Comments Q4 2016

The Nordic BT DIX continues to grow strongly during the last quarter of 2016. The index +0,05 is also the highest figure in over five years which gives us a clear indication that we are facing a strong development of Nordic corporate business travel. The largest increase from last quarter applies to Norway whose index is once again located at the positive side after several quarters below zero. The correlation with the development of the global price of oil and the Norwegian BT DIX remains very strong, and as far as the price of oil stabilizes we expect a continued positive development of the Norwegian business travel. The Danish index strengthened significantly up to +0,08 which in Q4 is the strongest entry in the Nordic region. Finland, which in recent quarters have had a most positive development has continued to show strong results, but now at a slower rate of increase. Results for Sweden show a stable development and a clear positive trend.



The diagram shows the aggregated result for each Nordic market and a Nordic total of the companies estimated demand for the different travel services in the twelve month period to come. The scale goes from -1 decrease a lot to +1 increase a lot.

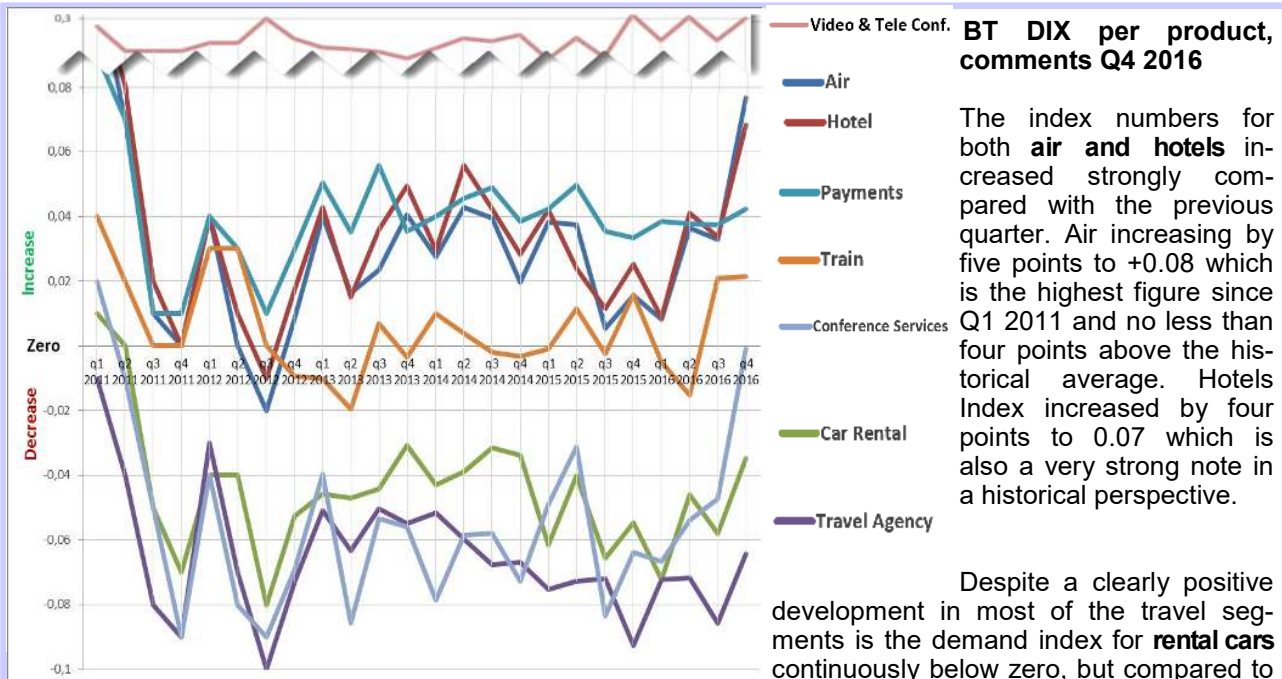
BT-DIX Per Market	Q4 2015	Q3 2016	Q4 2016	Change
BT-DIX Sweden	+0,01	+0,02	+0,04	+ 2 points
BT-DIX Norway	-0,07	-0,03	+0,03	+ 6 points
BT-DIX Denmark	+0,08	+0,04	+0,08	+ 4 points
BT-DIX Finland	+0,04	+0,06	+0,07	+ 1 point
BT-DIX Nordic	+0,01	+0,02	+0,05	+ 3 points

BT-DIX-Nord
Q4 - 2016
+0,05



Corporate Demand 2011 - 2016, BT DIX per product

The diagram shows the aggregated result of the companies estimated demand for the different travel services in the twelve month period to come. The scale goes from -1 decrease much to +1 increase much. The results for actual quarter, the las and the same quarter last year is shown in the chart below.



In the same way as for rental car has the index for **travel agency services** been below zero for a long time, indicating that companies expect to use their services to a lesser degree. In Q4 increases however the index by three points to -0.06 which is still a relatively low note compared to other travel services,

Demand Index for **payment services** is one of two indices that does not move in Q4, but remains at a relatively high stable level +0.4. The index has remained at this level for several quarters, and it is also in line with the historical average, which shows that these services are not to be regarded as cyclical.

Demand for **rail travel** is located, as well as for payments, at an unchanged level in Q4. The index +0.02 is also in line with the historical average, and also for rail services it can be seen that cyclical sensitivity is lower than for other travel services.

For the first time since Q1 2011, we now have an index for **conference services** that is not negative. In Q4 0.0 is recorded, i.e. unchanged demand for these services over the next twelve months. Further it is strengthening by a full five points compared to Q3. The demand for conference services is in a historic view highly cyclical why this apparent rise very strongly contributes to the generally positive picture.

Companies' demand for **video and teleconferencing** remains strong in Q4. Based on the results in the last

BT DIX per service	Q4 2015	Q3 2016	Q4 2016	Change
Air	+0,02	+0,03	+0,08	+5 points
Hotel	+0,03	+0,03	+0,07	+4 points
Car Rental	-0,05	-0,06	-0,03	+3 points
Travel Agency	-0,09	-0,09	-0,06	+3 points
Payments	+0,03	+0,04	+0,04	+/- 0
Train	+0,02	+0,02	+0,02	+/- 0
Conference Service	-0,06	-0,05	0,00	+5 points
Video & Teleconferencing	+0,30	+0,27	+0,30	+3 points

few quarters, you can not deduce any trend other than that, the companies have stable high focus on greater use of these services. The Index now stands at +0.3 which is three points higher than in Q2, but the number has in recent quarters bounced up and down with two three points.



Business Travel Change - Confidence Index

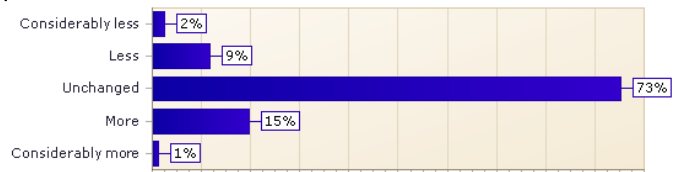
In the survey the companies are asked how they estimate their business travel to develop in the short (3 months) and in the long (12 months) perspective.

The results from these questions can be compared with the principle of short and long interest rate. The outcome in the short term is more agile and driven by current happenings in the world as well as seasonal effects while the long-term outcome, to a greater extent, reflects their underlying beliefs about their own development.

Generally speaking, companies are more positive to the development in the longer term, therefore the short index can be used to challenge the corporate assessment if it is too optimistic.

In the tables and charts to the right the total shares of companies that believes in either a decrease or an increase is shown. This for the last two quarters and the same quarter a year ago.

How will your company's total business travel change for the next 3 months?

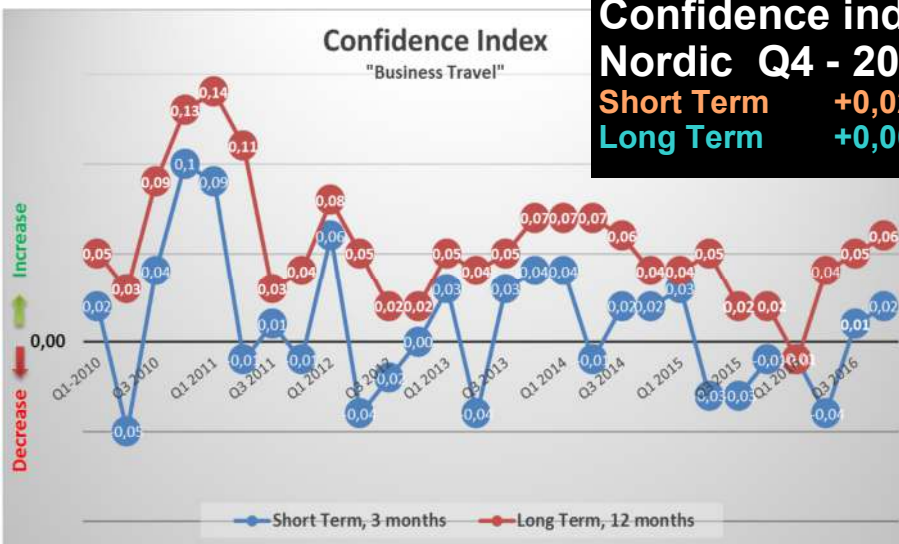


Short Term	Q4 2015	Q3 2016	Q4 2016
Decrease	18%	13%	11%
Increase	17%	17%	16%

How will your company's total business travel change for the next 12 months?



Long Term	Q4 2015	Q3 2016	Q4 2016
Decrease	20%	14%	12%
Increase	24%	23%	25%



The result is also calculated as an index where "considerably less" is given the value -1 and considerably more +1.

The result is shown for the total population in a time series chart to the left, and in a table per market segments on next page.

The results is an indicator of how the confidence is developing between the quarters in general, and in each market segment specifically.

Confidence index, comments Q4 2016

In line with other notes in the study for Q4 increases both the short and long term Confidence index, each with a point. The long index is at +0.06 which is a strong entry in a historical perspective. That both indices clearly moving in the same direction, upwards, is a signal that indicates that we are facing a more lasting upturn in corporate business travel during the coming quarters.



Business Travel Change - Confidence Index per market segments

The tables below shows the confidence index development per industry segment, per listed or not listed companies on the stock exchange, and per companies' main market.

The results is an indicator of how the business travel confidence is developing between the quarters and this in comparison with different market segments. To split the responding companies based on which markets they have their principal business in or do business with - Domestic, The Nordic countries, Europe or Intercontinental also gives a view of how travel on the different destinations is expected to change.

SHORT TERM 3 MONTHS				LONG TERM 12 MONTHS			
	Q4 2015	Q3 2016	Q4 2016		Q4 2015	Q3 2016	Q4 2016
All	+0,01	+0,01	+0,02	All	+0,02	+0,05	+0,05
Production	+0,03	+0,06	+0,05	Production	+0,07	+0,11	+0,11
Service	-0,03	0,00	+0,01	Service	+0,01	0,00	+0,04
Trade	-0,01	+0,07	+0,07	Trade	+0,00	+0,09	+0,09
Private sector	+0,01	+0,02	+0,03	Private sector	+0,04	+0,07	+0,07
Public sector	-0,07	-0,04	-0,05	Public sector	-0,07	-0,07	-0,02
Domestic travel	-0,03	-0,02	-0,03	Domestic travel	-0,03	-0,01	0,00
Nordic travel	+0,01	+0,06	+0,05	Nordic travel	+0,03	+0,10	+0,11
European travel	+0,03	+0,05	+0,07	European travel	+0,07	+0,09	+0,11
Intercont travel	+0,02	+0,03	+0,06	Intercont travel	+0,07	+0,09	+0,12
Listed corp.	-0,05	-0,03	+0,04	Listed corp.	-0,03	+0,02	+0,05
Unlisted corp.	+0,01	+0,03	+0,02	Unlisted corp.	+0,03	+0,07	+0,06

Confidence index per market segment, comments Q4 2016

Just as in the previous quarter, it continues to be companies in the manufacturing and trade sector, which runs the positive development. Service sector that previously shown a relatively weak belief about future developments has now become more positive as well, and believe in increased travel both in the long and short term. The division into private and public sector clearly shows that it is the private businesses that are planning for a large degree of travel. Public organizations rather show a continued decrease in travel. Public organizations can not be considered as cyclical as private why the listing for the private sector with strength indicates that the Nordic region faces a strong growth not only in terms of business travel. Worth also noting that listed companies are now as positive as those unlisted.

The study also notes that it is mainly an increased need for international travel that drives the development. The company that has its main market in their own country is far from being as positive as those with a main market abroad. The interpretation is that the development we are seeing now is foreign-driven and should eventually have a positive effect on domestic travel as well.

**Confidence index
Nordic Q4 - 2016**
Short Term **+0,02**
Long Term **+0,06**





Travel Restrictions

From Q1 2015 is the section "Travel Restrictions" changed with new questions. The aim is to gain a better understanding of how companies work with travel restrictions, how they affect business travelers at the companies, and how it changes over time.

Do you have restrictions on your company that affect you to do fewer business trips than really needed to do a good job?

	YES	NO
Q3 2015	17%	83%
Q4 2015	16%	84%
Q1 2016	16%	84%
Q2 2016	15%	85%
Q3 2016	14%	86%
Q4 2016	15%	85%

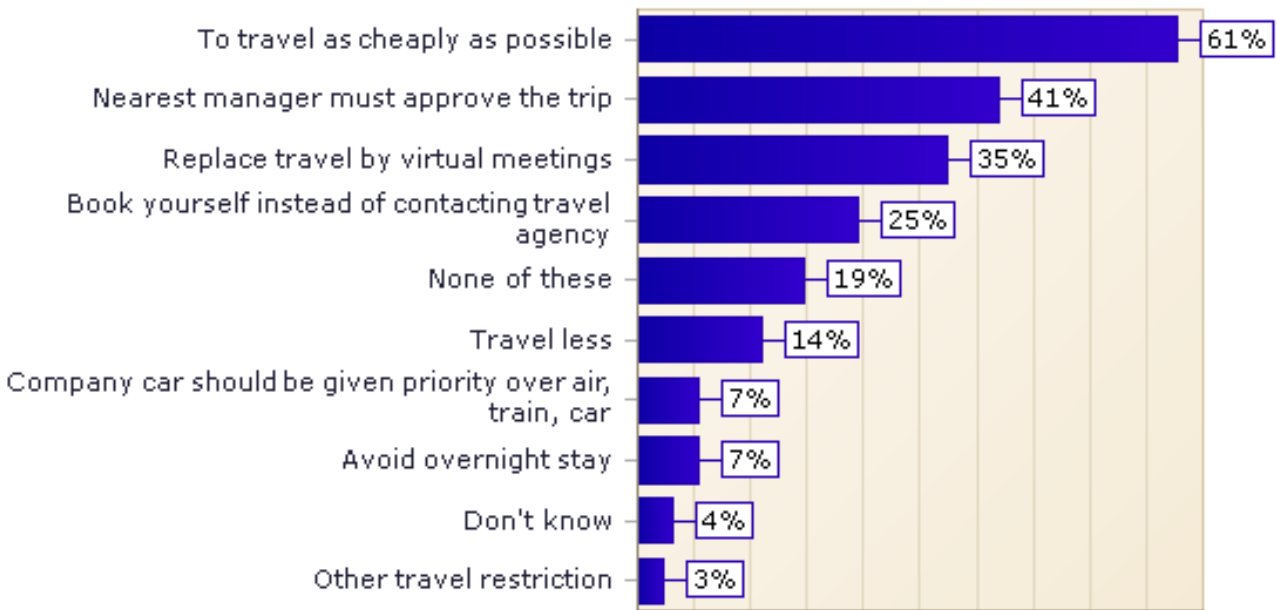
Travel restrictions, comments Q4 2016

The percentage of companies who say they have travel restrictions remains at a relatively low level. In Q4 it is 15% of the companies that states that they have restrictions.

Of the various restrictions or explicit policies is "to travel as cheaply as possible" the most common. This is followed by the "nearest manager must approve the trip" and that travel as far as possible "is to be replaced by virtual meetings". All three of these policies declining in importance with a couple of percentage points compared to last quarter. Overall, the companies' views on restrictions proves the overall picture that we are in a strong period and that the future development will be positive.

In a follow-up question responds all the companies in the survey if they have any of the following travel restrictions.

Do you have any of the following travel restrictions at your company?





State of The Business Travel Market, summary per market

The table below shows a summary of the three Nordic airline passenger statistics. The figures are compiled quarterly and the change is reported against the previous quarter and the corresponding quarter a year ago.

Airline Figures, NBR of Passangers (1000)

	Q4 2015	Q3 2016	Q4016	Change one year	Change last quarter
SAS	6 680	7 598	7 120	6,6%	-6,3%
Norwegian	6 126	8 577	7 177	17,2%	-16,3%
Finnair	2 532	2 987	2 600	2,7%	-13,0%

Airline figures, comments Q4 2016

Number of passengers continues to rise for all three Nordic airlines. The largest increase has continuously Norwegian that flew 17,2% more passengers in Q4 2016 compared with Q4 2015. The increases for SAS and Finnair are more moderate. Why numbers fall as much between the third and fourth quarter is explained by the number of holidays that fall during the month of December.



Key Figures last five quarters

Key Figures is a short summary of the result from the last five quarters. In some cases calculated indices and in other the results on a specific question.

Key Figures	Q3-2015	Q4-2015	Q1-2016	Q2-2016	Q3-2016	Q4-2016
BT-DIX Nordic	+0,00	+0,01	+0,00	+0,02	+0,02	+0,05
- Sweden	+0,00	+0,01	+0,00	+0,03	+0,02	+0,04
- Norway	-0,05	-0,07	-0,06	-0,03	-0,03	+0,03
- Denmark	+0,04	+0,08	+0,07	+0,02	+0,04	+0,08
- Finland	-0,01	+0,04	+0,00	+0,08	+0,06	+0,07
Confidence index 3 months, Nordic	-0,03	-0,01	-0,01	-0,04	+0,01	+0,02
Confidence index 12 months, Nordic	+0,02	+0,02	-0,01	+0,04	+0,05	+0,06
Companies with obstructive travel restrictions	17%	16%	16%	15%	14%	15%
Companies with the travel restriction to "Travel as cheaply as possible"	59%	61%	60%	60%	63%	61%
Companies with the travel restriction "Nearest manager must approve the trip"	39%	41%	38%	42%	43%	41%
Companies with the obstructive travel restriction to "Replace travel with virtual meetings"	32%	34%	34%	35%	34%	35%
Companies with travel restriction to "Travel less"	17%	17%	19%	15%	14%	14%



About...

State of The Business Travel Market

Content

This report contains a summary of the measurement "State of The Business Travel Market Q4 2016 - Nordic". For a full scale review of the result please contact Resegeometri.

The use of this information

The information in this report may be used both by travel companies in the business travel trade and by corporate buyers e.g. in a purchasing situation. The travel companies in the business may use the information in their business planning, to benchmark the own business with the general market development, for a deeper understanding of customers needs and behavior, trend development etc.

Resegeometri Nordic AB

The Company

Resegeometri Nordic AB is an independent market research, consultancy and analyzing company with focus on Nordic travel industry. Resegeometri is among other things also carrying out the annual NBTB-measurements (Nordic Business Travel Barometer):

- ⇒ **Business Travel Brands - Benchmark**
- ⇒ **Business Travel Forecast**
- ⇒ **Business Travel Challenges**
- ⇒ **Conferences & Meetings**
- ⇒ **Leisure Travel, Trends & Behavior**

Resegeometri is also managing the independent customer panel Nordic Business Travel Panel containing of more than 12 000 qualified Business Travelers and Decision Makers (regarding travel related issues) at Nordic companies.

The survey in brief

State Of The Business Travel Market is a quarterly made survey that is based on the result from the very same control-group **every** time. This is done to be able to make accurate and comparable analyses within this control- group over time.

The companies in this Nordic control-group are having an average business travel spending of 2 MSEK on a yearly basis. All in all are the companies in this control-group having a total yearly business travel turnover of more than 2 BSEK. The corporate control-group consist of more than 20 different Nordic business sectors/industries clustered into 4 – Production/Manufacturing, Services, Trade and Other.

The Q4 survey period was between the 19th of December 2016 and 3th of January 2017, and all in all did 957 qualified Nordic respondents participate.

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