

Q1 2020

*INTERIM REPORT
JANUARY – MARCH 2020*

**SONDRE GRAVIR
CECILIE ELDE**

SATS**GROUP**

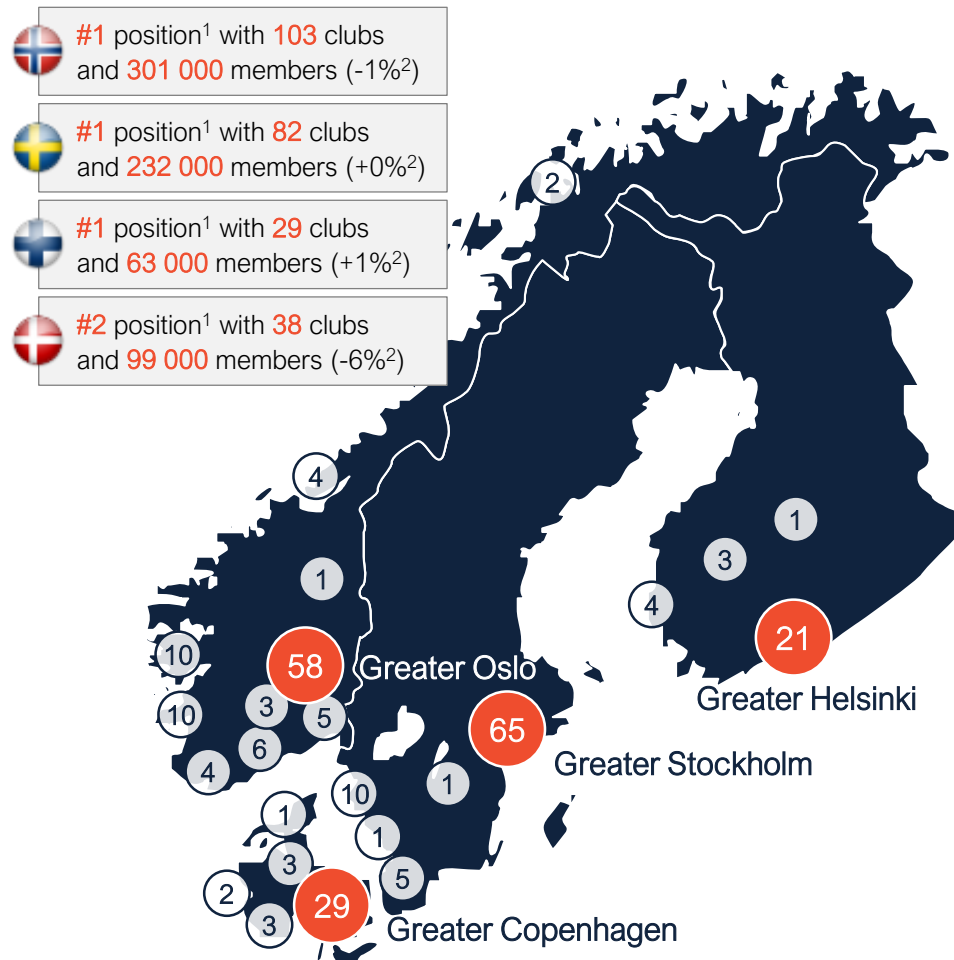


HEALTHIER AND HAPPIER

**173 000
DAILY VISITS**



REVENUES AND EBITDA IN Q1 SIGNIFICANTLY AFFECTED BY CLUB CLOSURE DUE TO COVID-19



KEY FIGURES	Q1 2020	CHANGE VS Q1 2019
TOTAL REVENUES	990 MNOK	-2%
ADJ. EBITDA BEFORE IFRS 16	40 MNOK	-67%
ADJ. EBITDA BEFORE IFRS 16 MARGIN	4.1%	-7.9 PP

(1) Measured by 2019 revenues based on figures from Deloitte EuropeActive EHFMR 2020
 (2) Compared to Q1 2019

***UPDATE ON COVID-19 AND
THE CLOSURE OF CLUBS***

SATS**GROU****P**

PROACTIVE AND INNOVATIVE DURING THE CRISIS

- SATS decided on March 12 to temporarily close down all clubs in the Nordics to contribute to limit the contagion of COVID-19, governmental shutdown of the industry followed later in Norway and Denmark
- Close dialogue with the authorities in the wake of the closure, following their advices on how to act

27/28 FEB

- Adjusted the regular flu policy
- New operational routines implemented in clubs, related to cleaning, GX, PT service etc.
- Implemented internal travel policy
- “Quarantined” all employees traveling to most affected countries

10 MAR

- Internal ban of all travel activities
- Stricter rules on internal meetings and activities

11 MAR

- Information of infected members visiting two of the clubs

12 MAR

- Temporarily closed all clubs
- Made online training available for everyone
- NO gov. imposed lock-down of fitness clubs

15 MAR

- Launched live streaming and extended digital offering

16 MAR

- FIN gov. recommended lock-down of fitness clubs

17 MAR

- DK gov. imposed lock-down of fitness clubs

26 MAR

- Opened clubs in Sweden

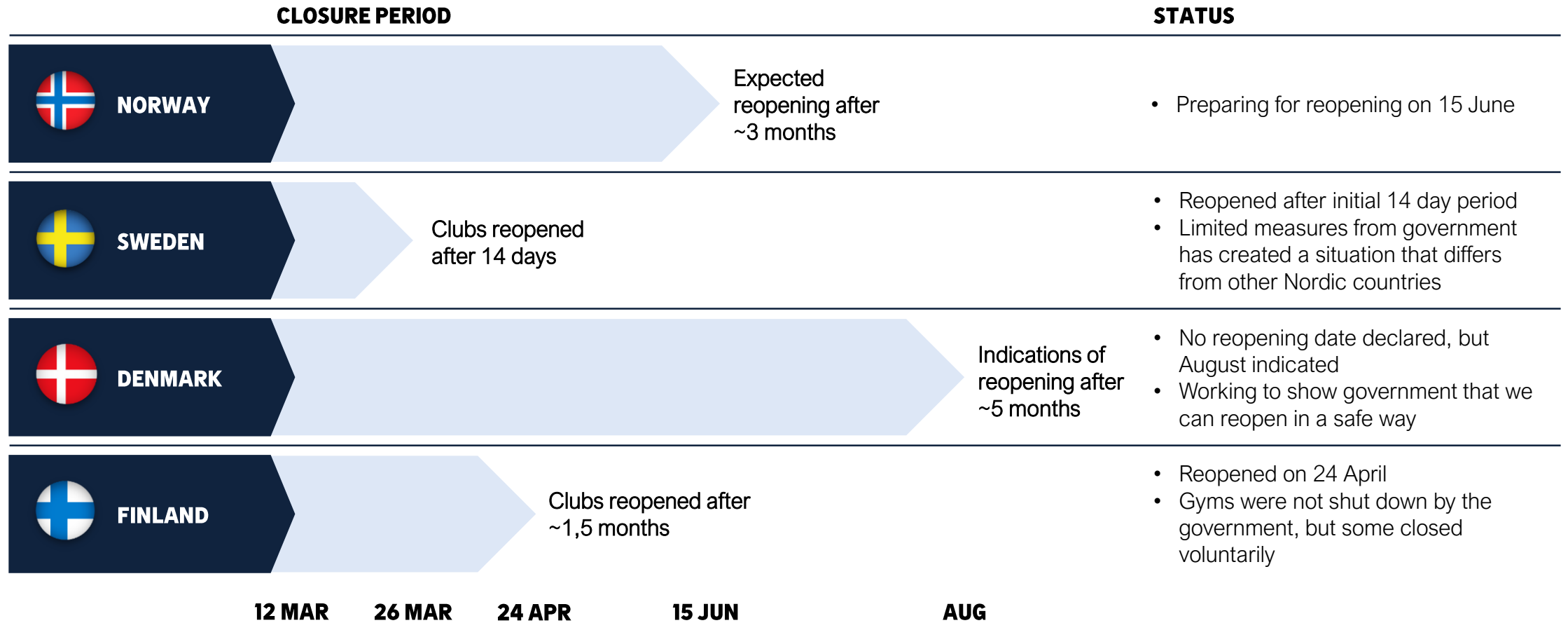
24 APR

- Opened clubs in Finland

PREPARED REVIVAL PLAN IN PARALLEL WITH HANDLING THE CRISIS

	CRISIS MANAGEMENT	PLANNING FOR REVIVAL
A FINANCIAL FORECASTING AND LIQUIDITY	<ul style="list-style-type: none"> Continuously update financial forecasts Close dialogue with financial institutions 	<ul style="list-style-type: none"> Develop scenarios for reopening Work with government support packages
B COST MANAGEMENT AND CLUB UPGRADES	<ul style="list-style-type: none"> Negotiate with suppliers and lessors Re-evaluate CAPEX plan 	<ul style="list-style-type: none"> Optimize capex plan in light of new situation
C EMPLOYEE COMMUNICATION AND LABOUR COSTS	<ul style="list-style-type: none"> Keep employees informed about the situation and the consequences Plan and execute temporary layoffs 	<ul style="list-style-type: none"> Plan for how to bring employees back to work when reopening
D MEMBER DIALOGUE AND PRODUCT OFFERING	<ul style="list-style-type: none"> Keep members informed about the situation Create member compensation strategy 	<ul style="list-style-type: none"> Expand digital product offering Adjust physical products to comply with restrictions
E CLUB OPERATIONS	<ul style="list-style-type: none"> Close clubs in a responsible way “Club shine” while closed for members 	<ul style="list-style-type: none"> Prepare clubs for reopening in a safe way with new guidelines for operations

AWAITING REOPENING IN NORWAY AND DENMARK



CLOSE MEMBER DIALOGUE ALLOWING TO CHOOSE COMPENSATION

RATIONALE BEHIND COMPENSATIONS

Kept a close dialogue with members during the closure period

Aiming to provide members with a choice of how to be compensated while keeping as many members as possible throughout the period, contributing to making people healthier and happier



COMPENSATION ALTERNATIVES GIVEN TO MEMBERS

DIGITAL MEMBERSHIP

- Get access to the full SATS digital universe and pay only for this access until we reopen

NO COMPENSATION

- Continue paying the regular membership fee, not claiming any compensation

GIFT CARD

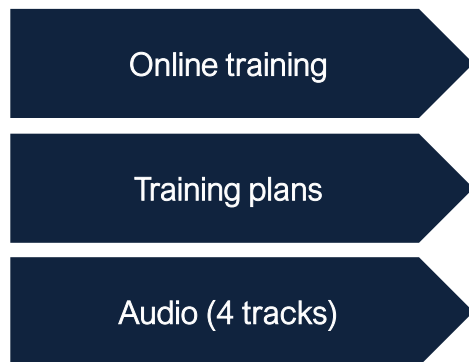
- Continue paying the regular membership fee, but receiving a gift card as compensation

FREEZE

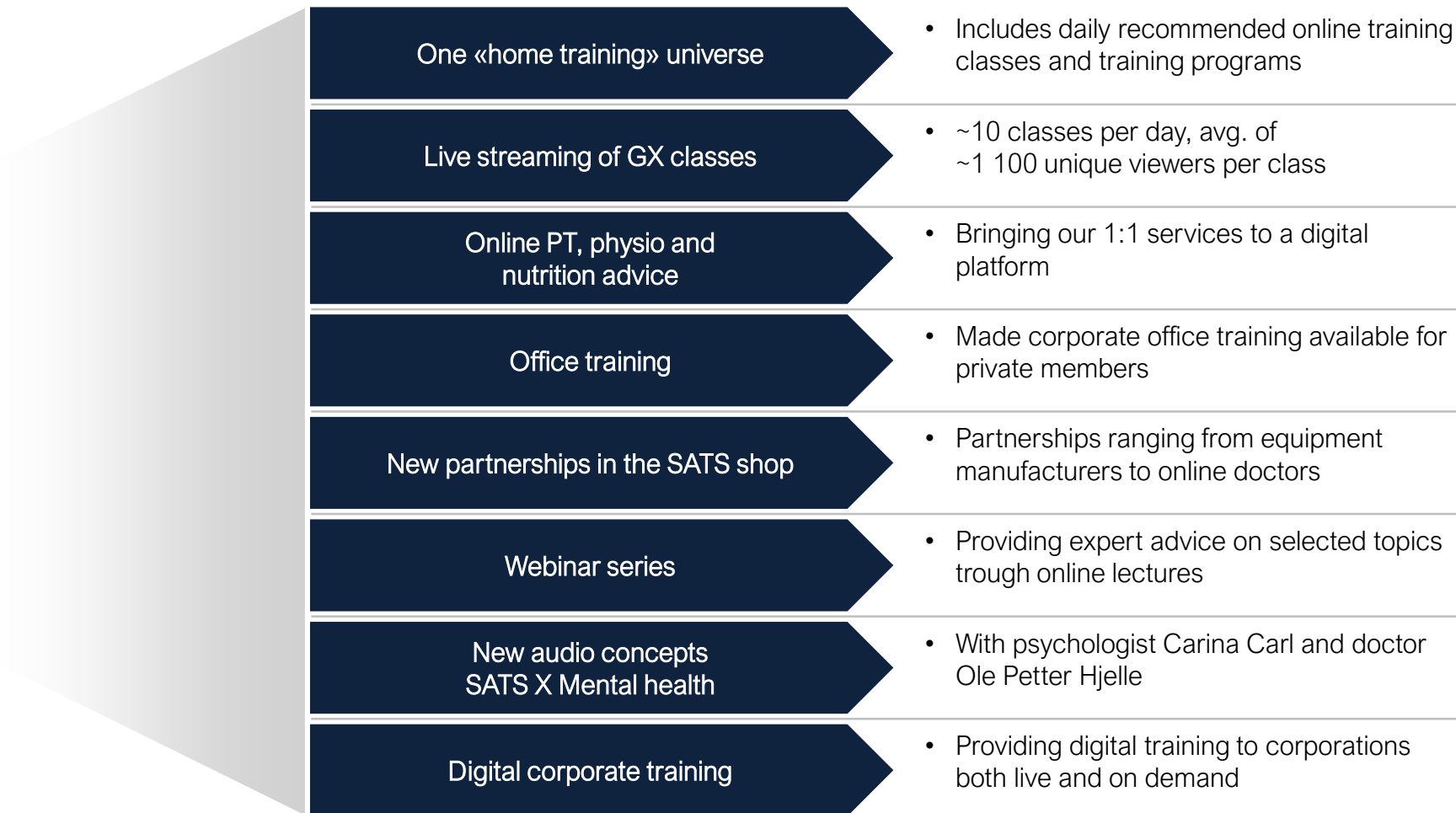
- Freeze the membership until we reopen

EXPANDED DIGITAL OFFERING TO A DIGITAL TRAINING UNIVERSE

FROM

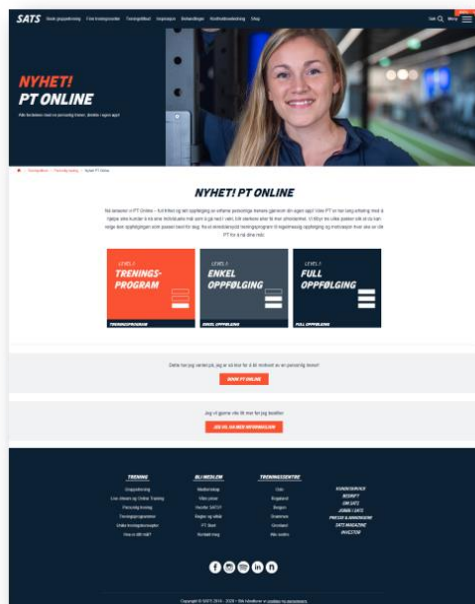


TO



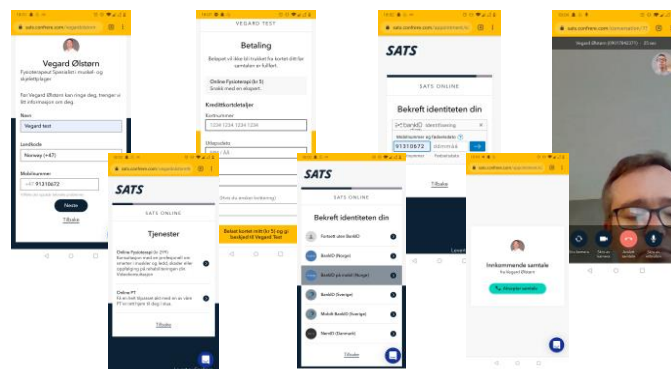
MOVED 1:1 SERVICES ONLINE TO CONTINUE OFFERING PERSONAL GUIDANCE

PT ONLINE



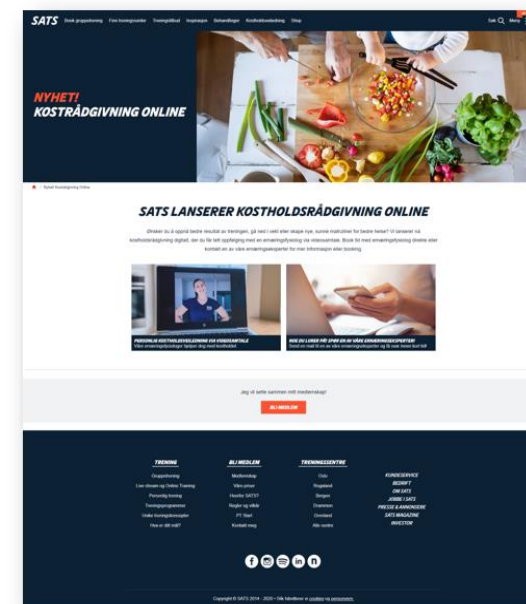
MEMBERS CAN CHOOSE BETWEEN GETTING A TRAINING PLAN, A CONSULTATION OR A BUNDLE

ONLINE PHYSIOTHERAPY



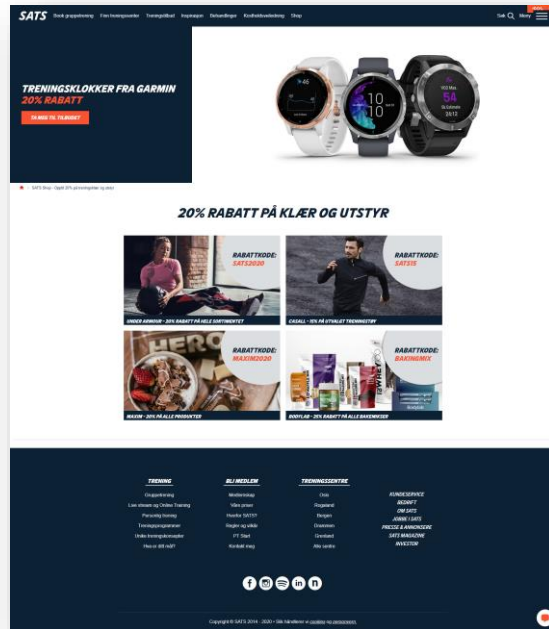
DIGITAL CONSULTATIONS WITH PHYSIO THERAPISTS THROUGH THE CONFERENCE VIDEO SYSTEM

ONLINE NUTRITIONIST

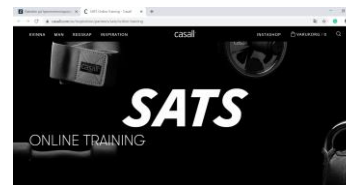
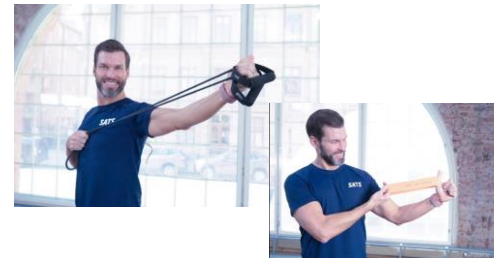


ONLINE SESSIONS WITH A NUTRITIONIST TO GET PERSONAL GUIDANCE

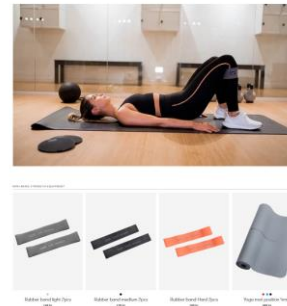
EXPANDED PARTNERSHIPS IN THE SATS SHOP



RUNNING OFFERS AND CAMPAIGNS IN THE SHOP

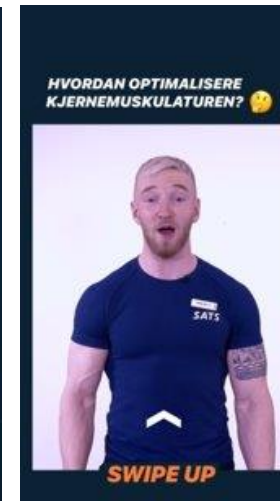
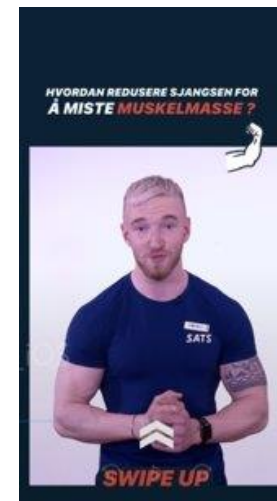
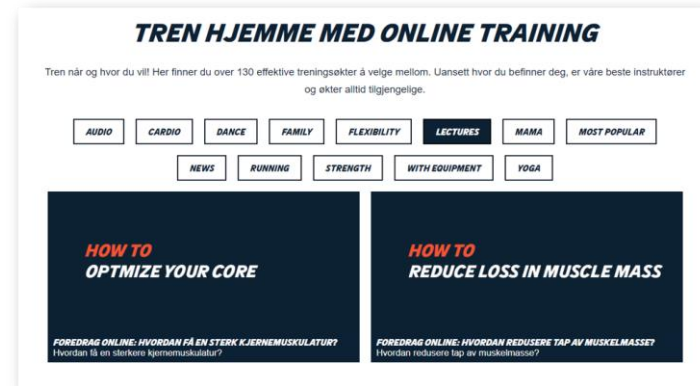
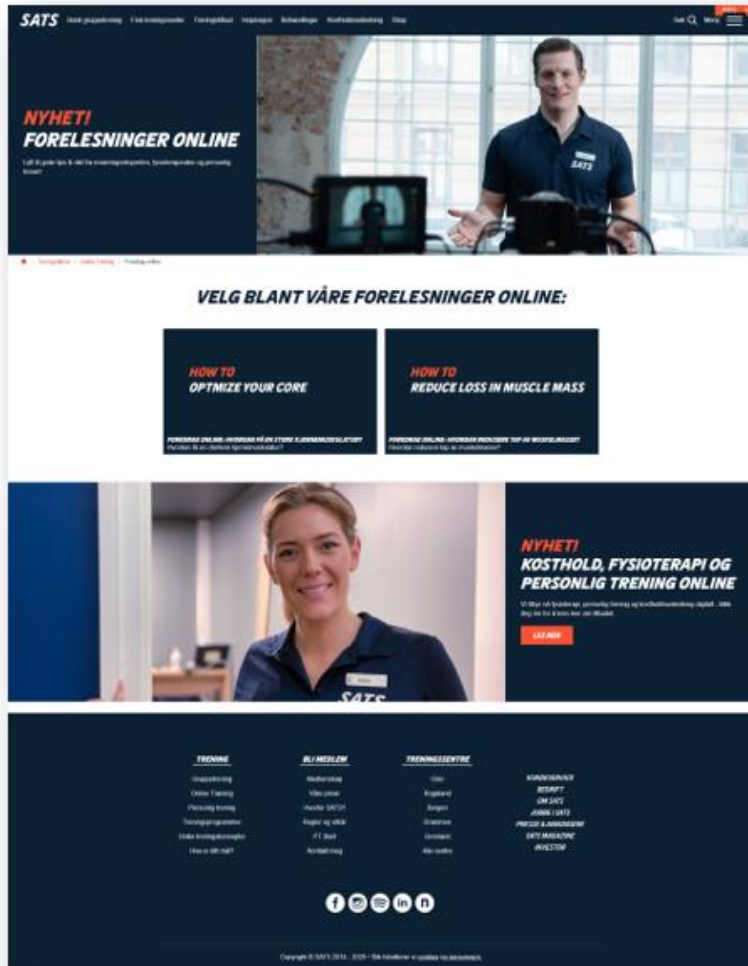


CREATING ONLINE TRAINING SESSIONS USING EQUIPMENT FROM THE SHOP



PARTNERING UP WITH PSYCHOLOGISTS AND DOCTOR SERVICES TO COMPLEMENT MENTAL HEALTH FOCUS

LAUNCHED WEBINARS WHERE EXPERTS PROVIDE THEIR ADVICE ON NUTRITION, PREHAB AND TRAINING



LAUNCHED NEW AUDIO CONCEPTS FOCUSING ON MENTAL HEALTH

10 steps to better mental health during difficult times

- “10 steps to better mental health during difficult times” with psychologist Carina Carl
- 10 episodes available at our webpage (e.g. learn to control your stress, connection and loneliness, the joy of movement)

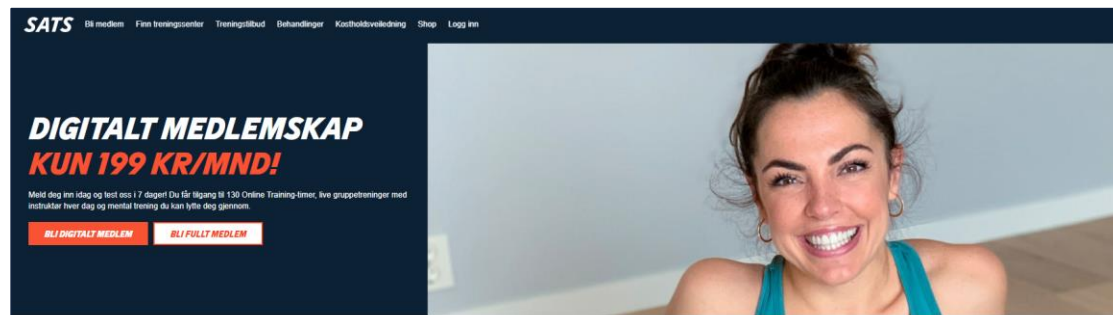


Train your brain with Ole Petter Hjelle

- “How to train your Brain in challenging times” with doctor Ole Petter Hjelle
- Four episodes on four themes:
 - Loneliness
 - Living together in this situation
 - «Brakkesyke» and the parenting role in this situation
 - Psysical activity and why it is important now



MEMBERS CAN GET ACCESS TO THE ONLINE UNIVERSE THROUGH A DIGITAL MEMBERSHIP

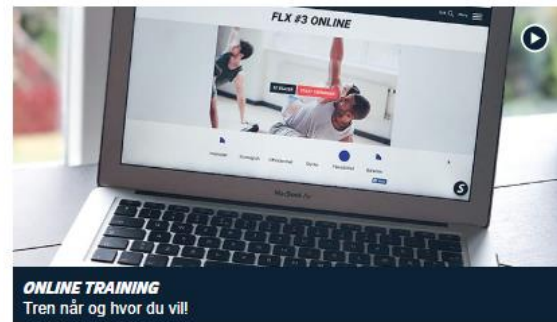


FINN TRENINGSGLEDEN!

HVA VIL DU TRENE?



TREN LIVE MED SATS
Direktesendt trening, ny timeplan hver dag!



ONLINE TRAINING
Tren når og hvor du vill!

THE DIGITAL MEMBERSHIP INCLUDES:

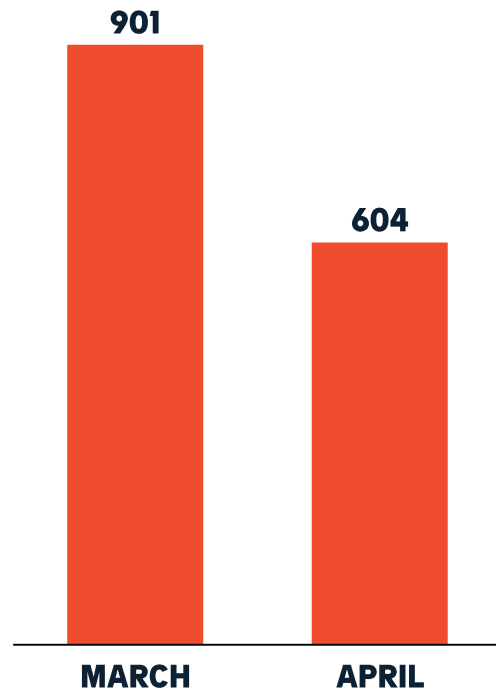
- Access to 120 online training classes
- Up to 10 live workouts per day
- 16 audio workouts ranging from running to meditation
- 2-7 minute office workouts
- 12 steps to better mental health
- More than 100 training plans

NON-MEMBERS GET ACCESS TO A SMALL SELECTION OF SAMPLE CLASSES

MASSIVE INCREASE IN THE USE OF ONLINE TRAINING

USAGE OF ONLINE TRAINING HAS SKY ROCKETED IN ALL COUNTRIES

'000 of sessions started



OVER 190 000 HOURS OF ONLINE TRAINING COMPLETED DURING MARCH AND APRIL

TOP 10 WATCHED SESSIONS IN APRIL

1. Tabata Core #7
2. 20 Minute HIIT #1
3. Crosstraining #6
4. Tabata Core #6
5. ABSolution #1
6. Strong & Flexible #1
7. Bootylicious #1
8. Zumba: Rush
9. FLX #1
10. Mini-band Strength #1

LIVE STREAMS HAVE BEEN A POPULAR ADDITION TO THE ONLINE UNIVERSE



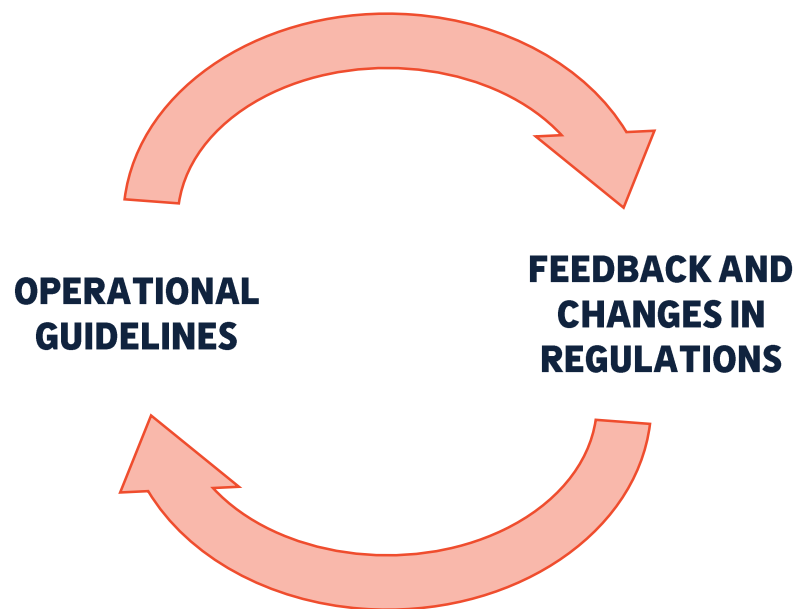
SO FAR WE HAVE HAD:

- Over 320 sessions
- Almost 350 000 participants
- Average participants per session of 1 100
- Over 120 000 unique members

REOPENING CLUBS IN A RESPONSIBLE WAY ALLOWING MEMBERS TO FEEL SAFE WHILE EXERCISING

We are working continuously to make sure that our operations are in line with government recommendations

This means that we have adapted many aspects of our operations to a new reality to allow our members to feel safe while exercising



EXAMPLES OF ADAPTATIONS

CLUB OPERATIONS

- Extra cleaning in clubs (tasks and frequency)
- Limiting number of members in club/area
- Signs and posters encouraging hygiene

GROUP EXERCISE

- Reduced class capacity to give members space and moved classes outside where possible
- Removed classes with body contact and senior classes
- Shortened classes to allow for cleaning between

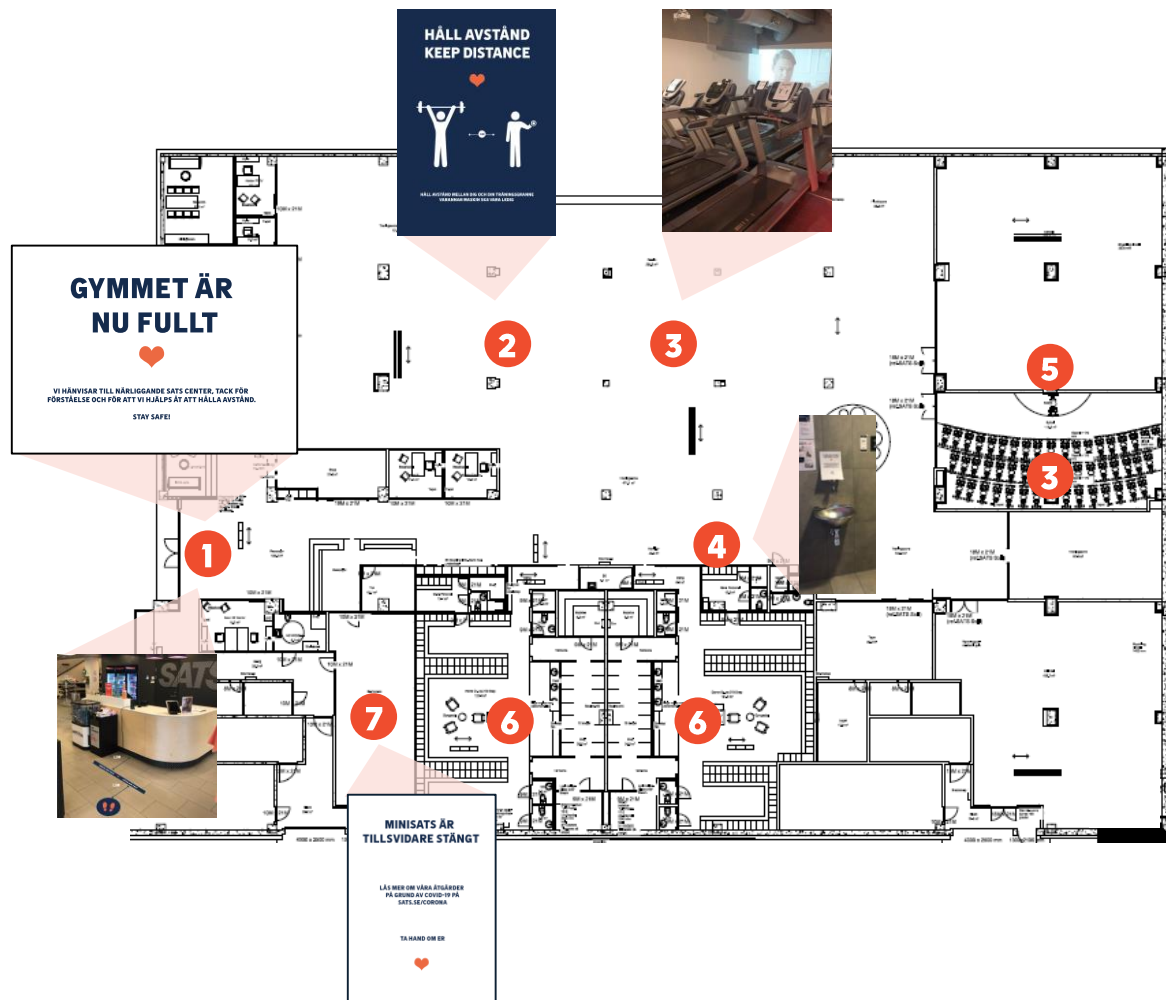
PT

- Encourage member to take outside sessions
- Avoid exercises that involves contact between PT/client
- Launched PT online service

OTHER

- Give all members cluster access to improve flexibility and spread members out across clubs
- Close off lockers to keep distance in changing rooms

MAKING CHANGES ACROSS THE CLUBS TO OPERATE IN LINE WITH GOVERNMENT RECOMMENDATIONS

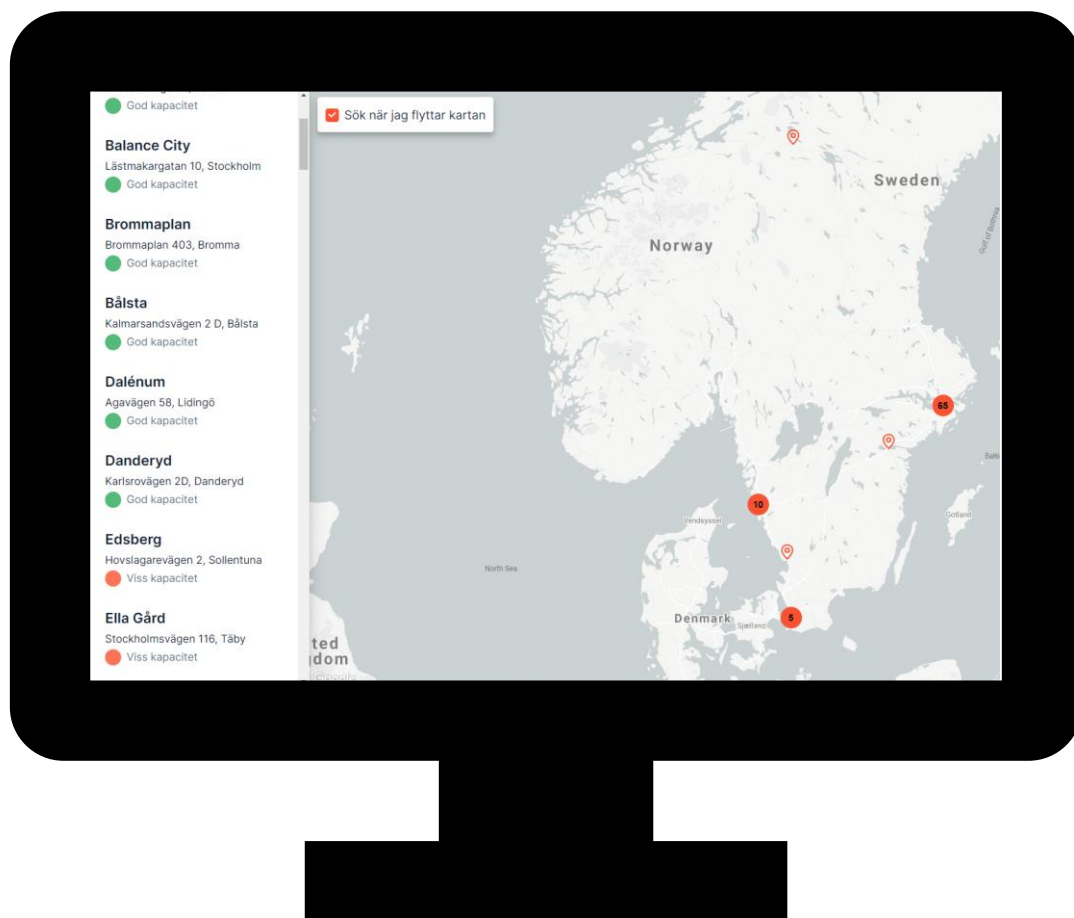


Adapting the operations in order to reduce risk of infection

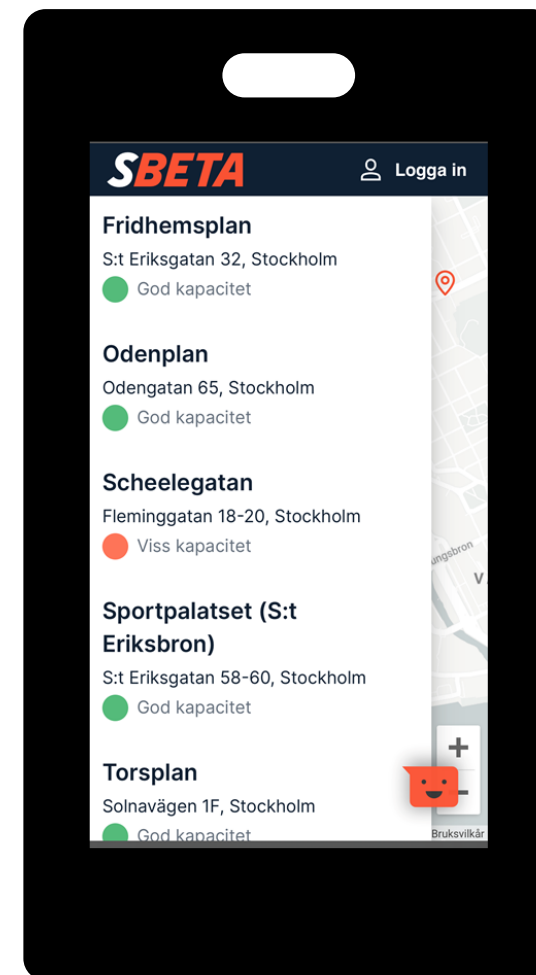
1. Estimating how many members are in the club and guiding members to less crowded clubs nearby
2. Enforcing distance rules among members in the club
3. Cardio equipment has been moved further apart or partially put out of use to ensure a safe distance between members
4. Drinking fountains in the gyms are closed
5. Class capacity for group training has been reduced by at least 30% (for some classes further to comply with guidelines from the health authorities)
6. Some lockers have been made unavailable in the changing rooms to encourage distance between members
7. Mini SATS is closed for the time being

MAKING IT EASIER TO FIND CLUBS WITH AVAILABLE CAPACITY

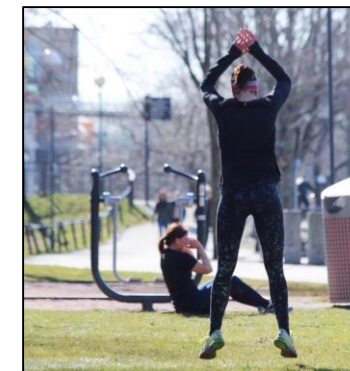
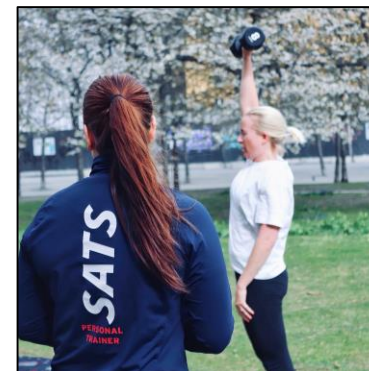
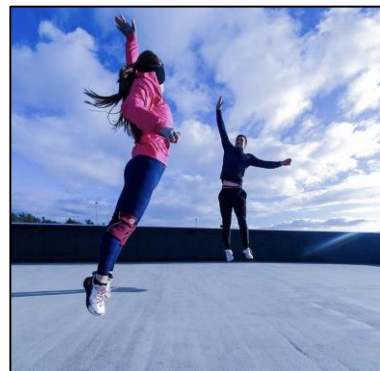
ONLINE



APP



ADAPTED CORE PRODUCTS TO FORMATS IN LINE WITH GOVERNMENT RECOMMENDATIONS



Moved some of the core products outdoors to reduce risk of infection:

- Outdoor GX
- Outdoor Bootcamps
- Outdoor PT

~50

**DAILY OUTDOOR GX CLASSES
IN OSLO AND STOCKHOLM,
RESPECTIVELY**

~75

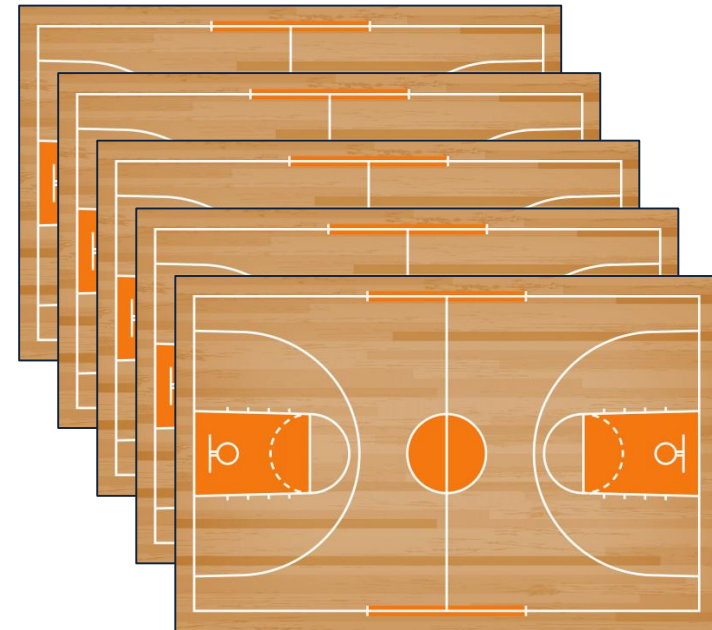
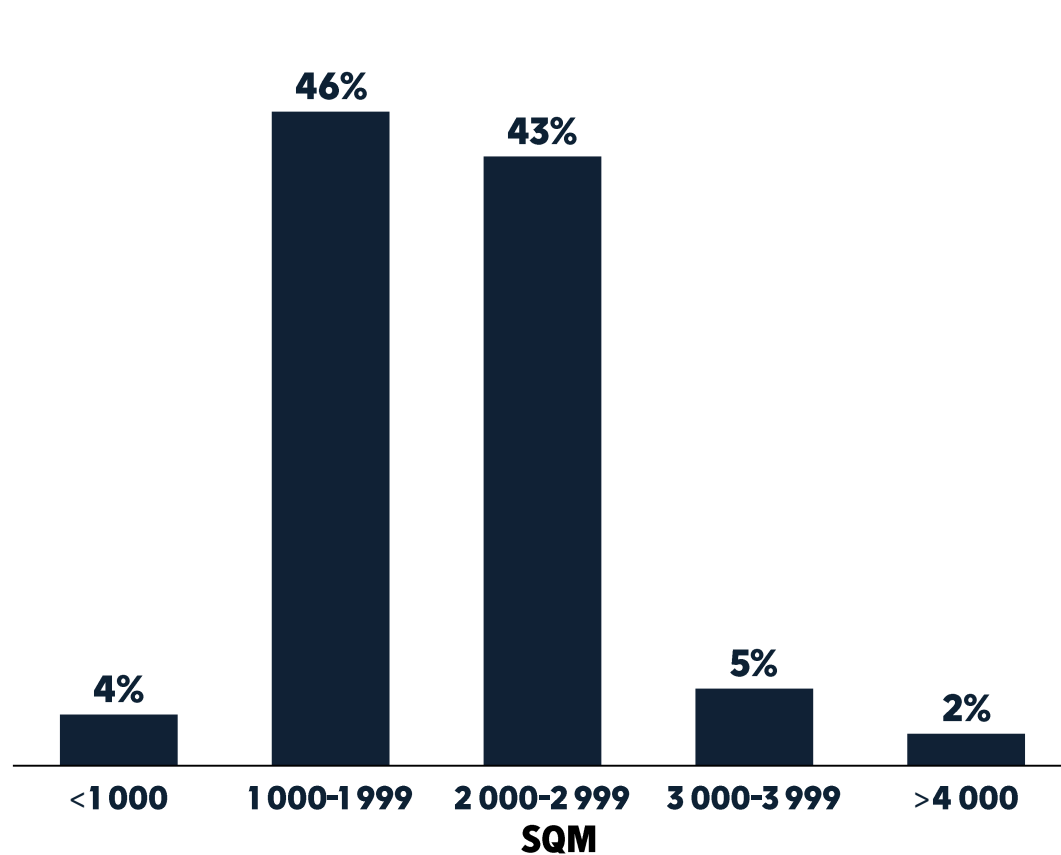
**DAILY OUTDOOR PT SESSIONS
IN OSLO**

~100

**DAILY OUTDOOR PT SESSIONS
IN STOCKHOLM**

MOST SATS CLUBS ARE LARGE, GIVING ROOM TO IMPLEMENT DISTANCING MEASURES

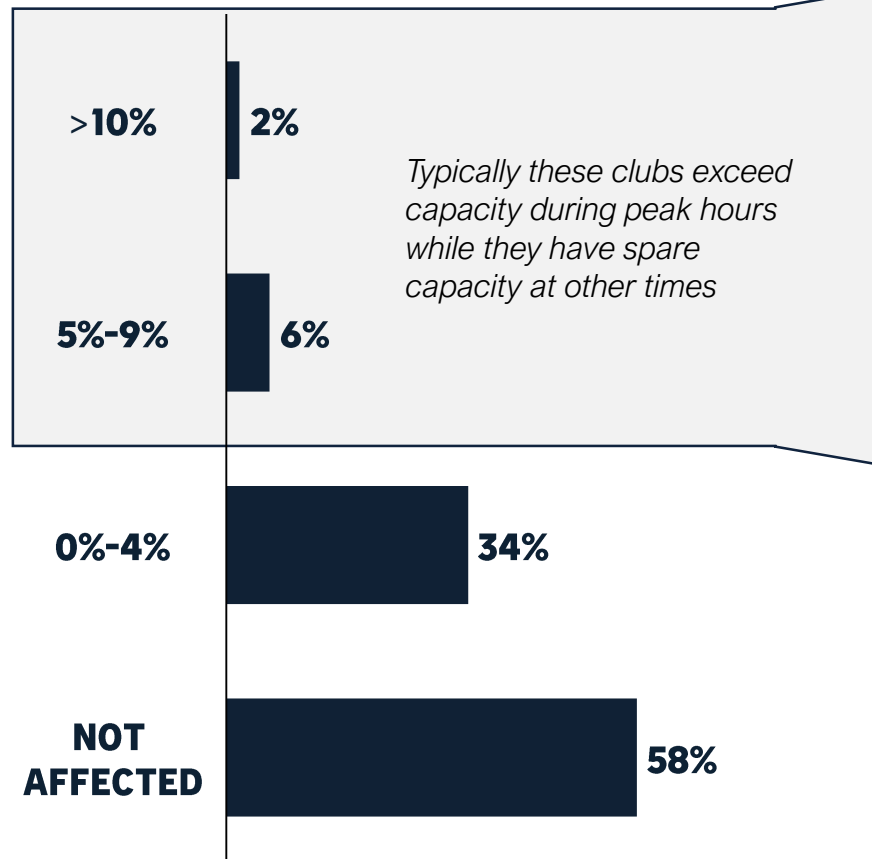
THE MAJORITY OF SATS CLUBS ARE BETWEEN 1 000 AND 3 000 SQM IN AREA; Share of SATS clubs by size



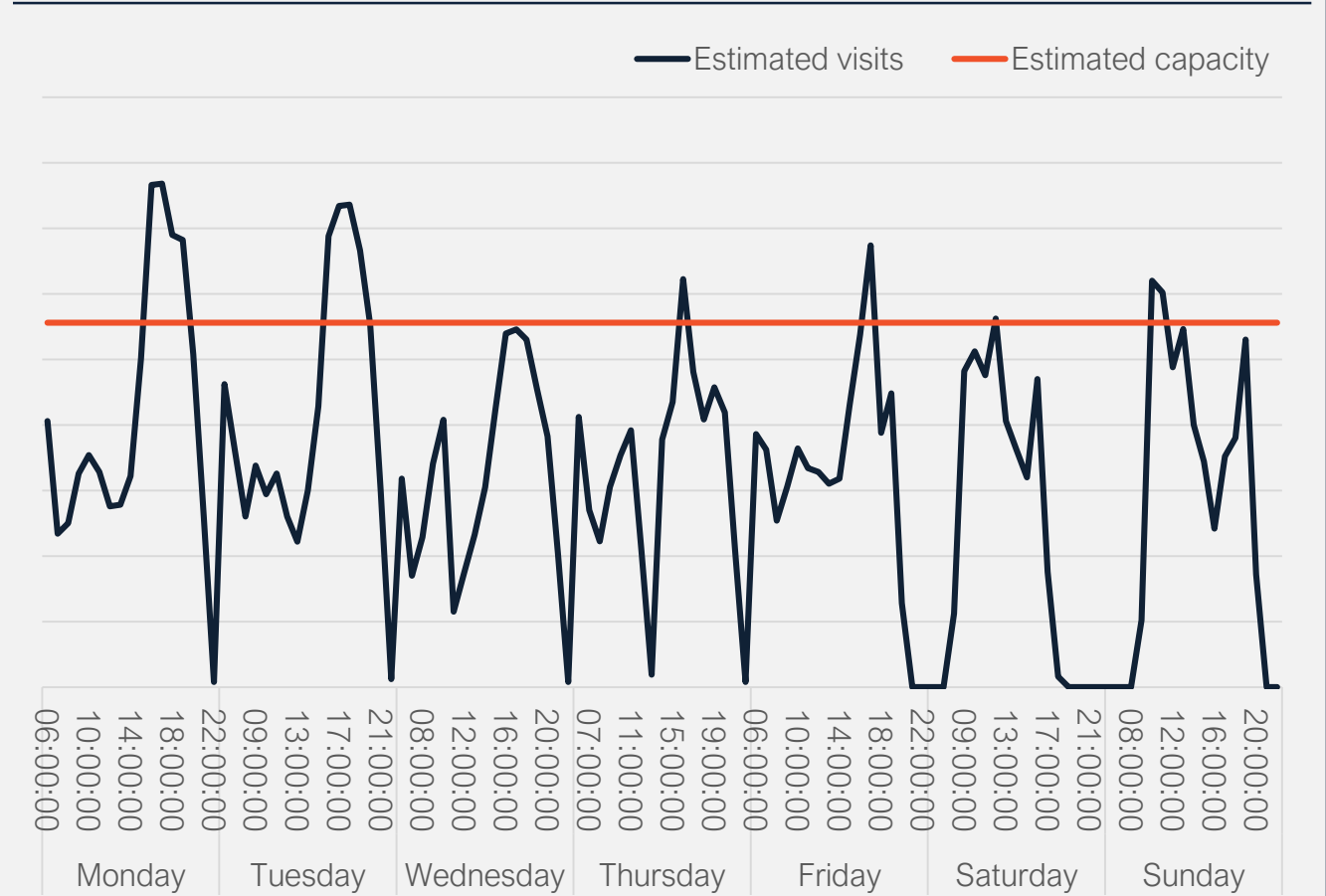
THE AVERAGE SATS CLUB COVERS AN AREA APPROXIMATELY EQUAL TO THAT OF 5 BASKETBALL COURTS

EXCEPT FOR PEAK TIMES IN THE LARGEST CLUBS, DISTANCING MEASURES ARE UNLIKELY TO CREATE CAPACITY CONSTRAINTS

ONLY A SMALL SHARE OF THE CLUBS WILL NEED TO REDIRECT VISITS; Share of clubs by share of estimated visits needed to be redirected



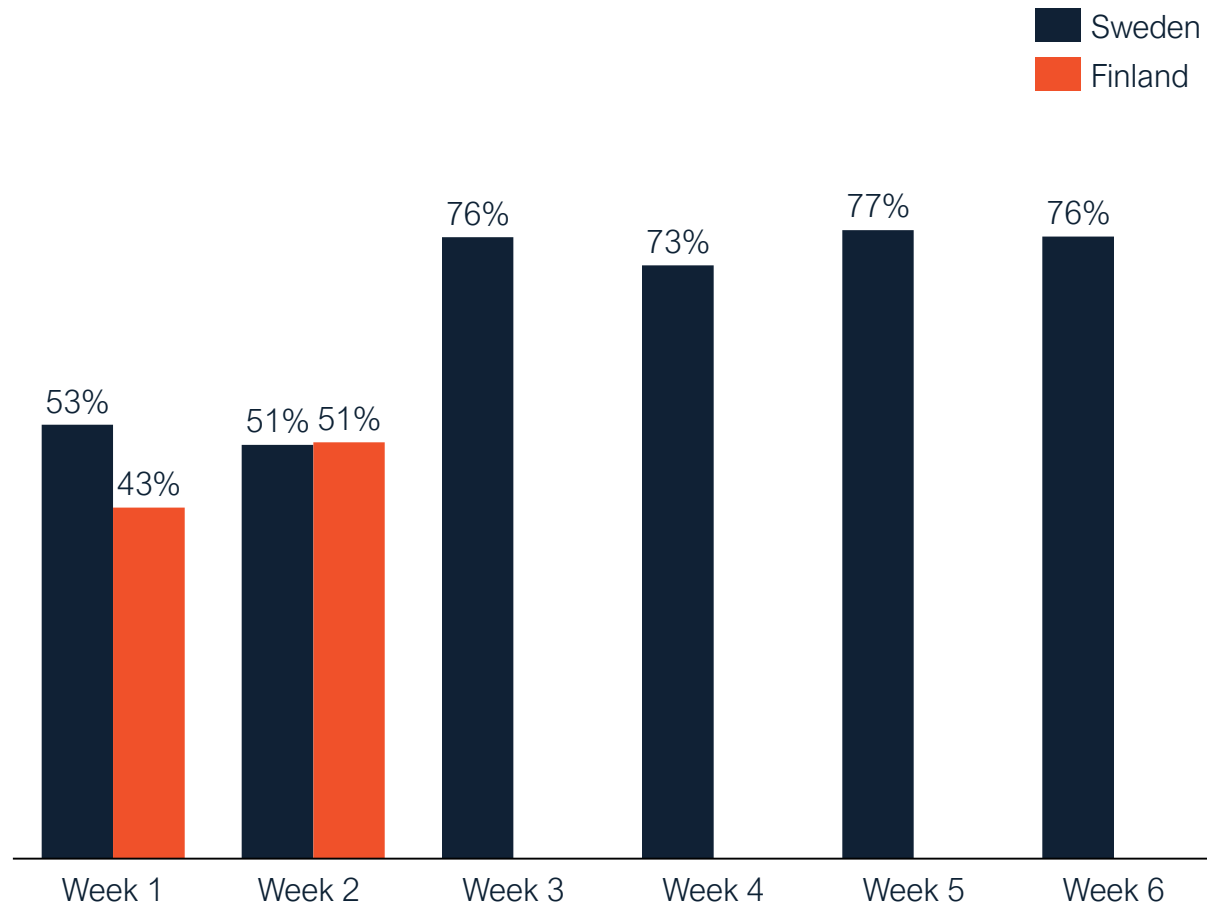
ESTIMATED VISITS AND CAPACITY UNDER DISTANCING MEASURES FOR RINGNES PARK;
Estimate based on 2m radius per member (~14 sqm) and gym floor visits in May 2020



MEMBERS RETURN GRADUALLY AFTER REOPENING

VISITS TO CLUBS APPEAR TO GRADUALLY BUILD AFTER REOPENING

Percent of visits comparable week LY by weeks since reopening



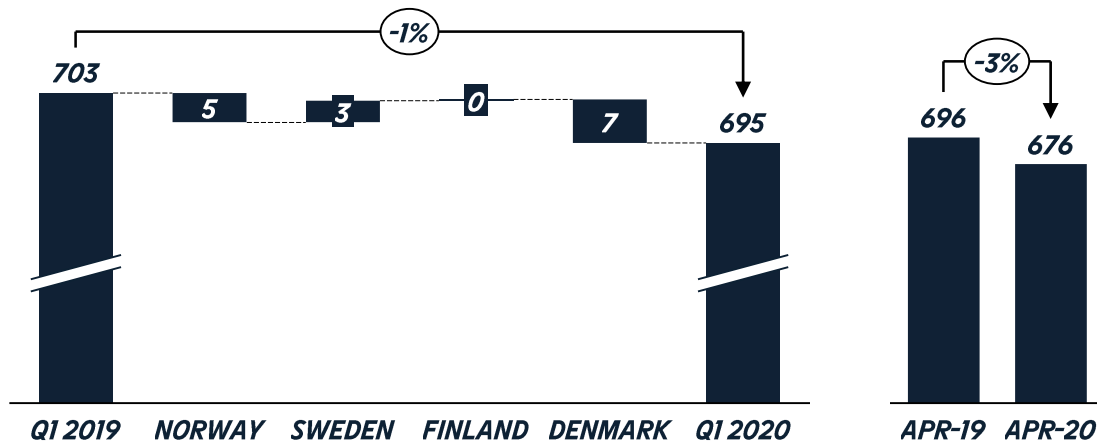
- Ability to reopen in a safe and responsible way proven in Sweden and Finland
- Visits in Sweden have gradually increased back to a level of 75-80% compared to the same period last year – with very positive member feedback
- Ready to open the clubs in Norway and Denmark as soon as possible because to make people healthier and happier

FINANCIAL REVIEW

SATS**GROUP**

SLIGHT MEMBER DECLINE DUE TO LOWER SALES DURING CLOSURE

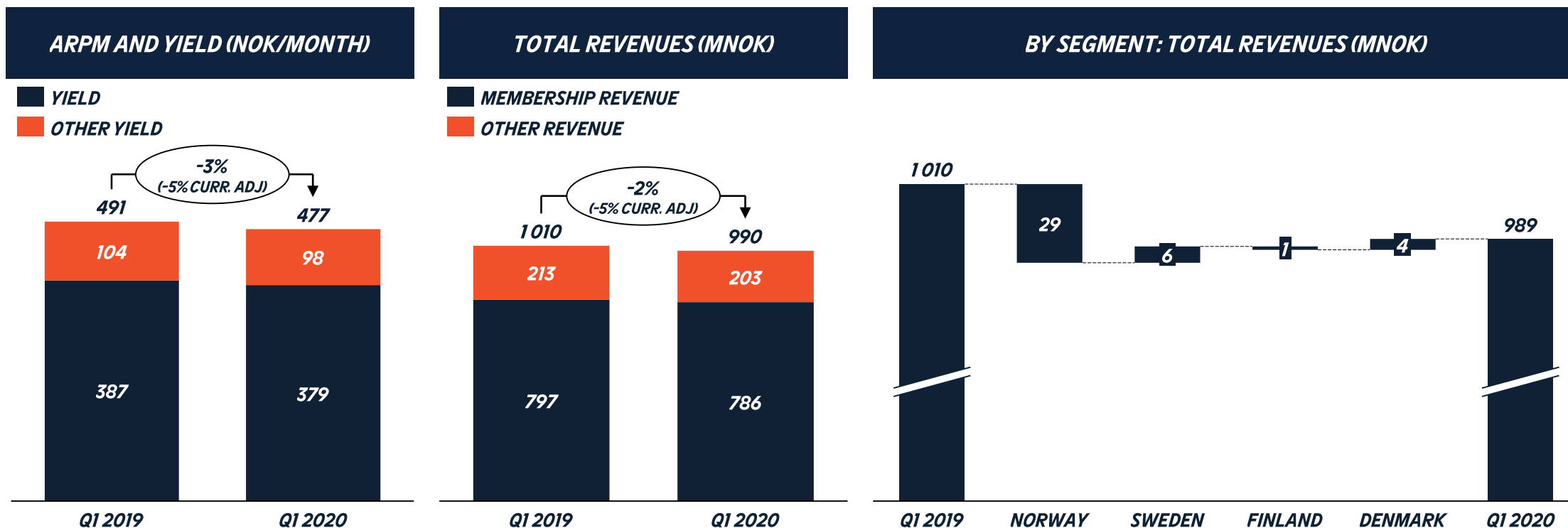
OUTGOING MEMBER BASE ('000)



- Member base of 676 000 as per 30 April
- The typical seasonal pattern shows a net reduction in April, but this year the decline was stronger due to lower sales, which is expected to continue the coming months
- Experienced a period of increased churn after reopening in Sweden and Finland
 - Churn will not be reflected in the member figures before May due to termination period
 - Expect the same effect in Norway and Denmark when reopening
- Key focus going forward will be on regaining the member base

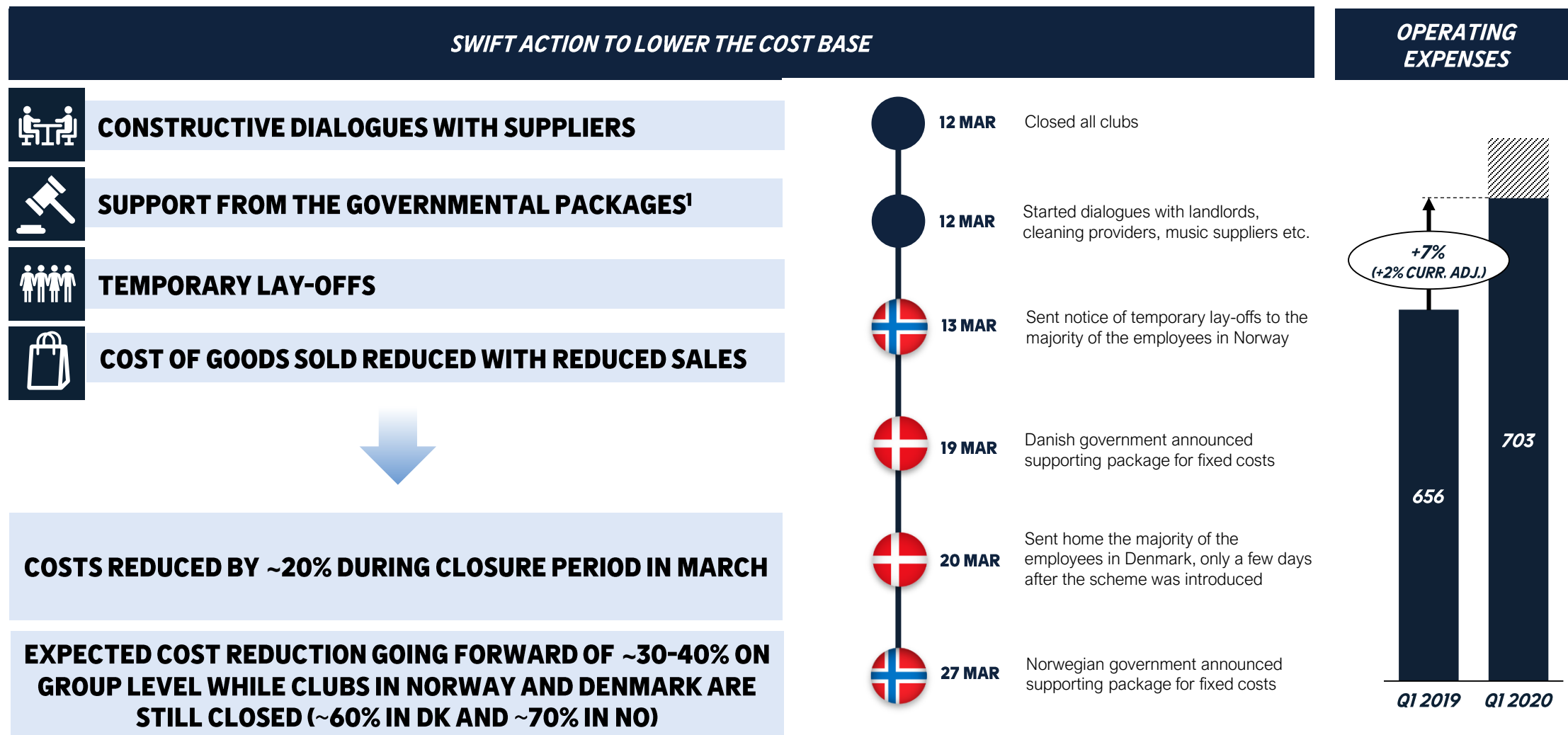


REVENUES PARTIALLY PRESERVED DESPITE CLUB CLOSURE



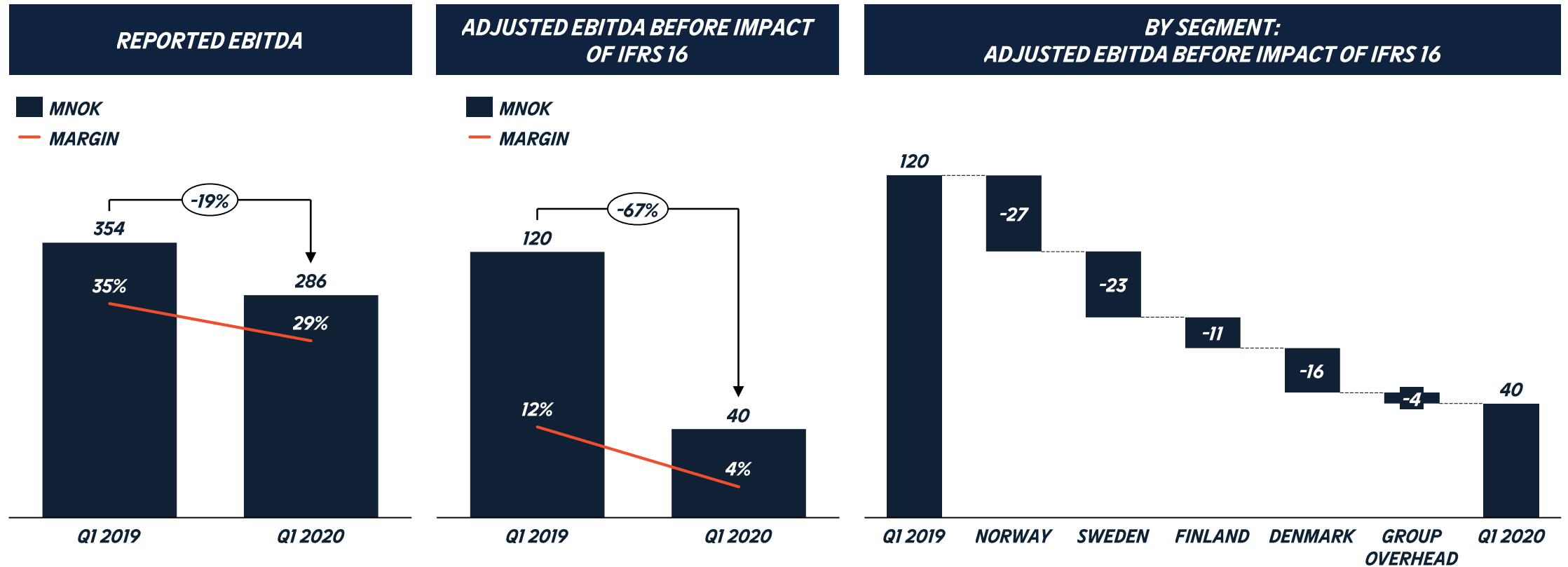
- Revenue decline of 2% corresponds to an increase of 9% adjusted for the estimated COVID-19 impact on revenues of NOK 110 million
- ~70% of the estimated COVID-19 revenue loss was related to members on freeze and ~30% to lost retail sales and personal training sessions
- Average contractual membership price is not affected, and continues to show a strong positive underlying development following the ongoing yield management initiatives
- Support package of NOK 8 million from the Danish government, covering parts of the fixed costs, recognized as revenue

EFFECT OF COST REDUCING INITIATIVES INCREASING INTO Q2



(1) Booked as revenue. The compensation from the Norwegian government for March, estimated to NOK 15 million, will not be booked before Q2 2020

SIGNIFICANT EBITDA DECLINE AS A RESULT OF TEMPORARY CLUB CLOSURES

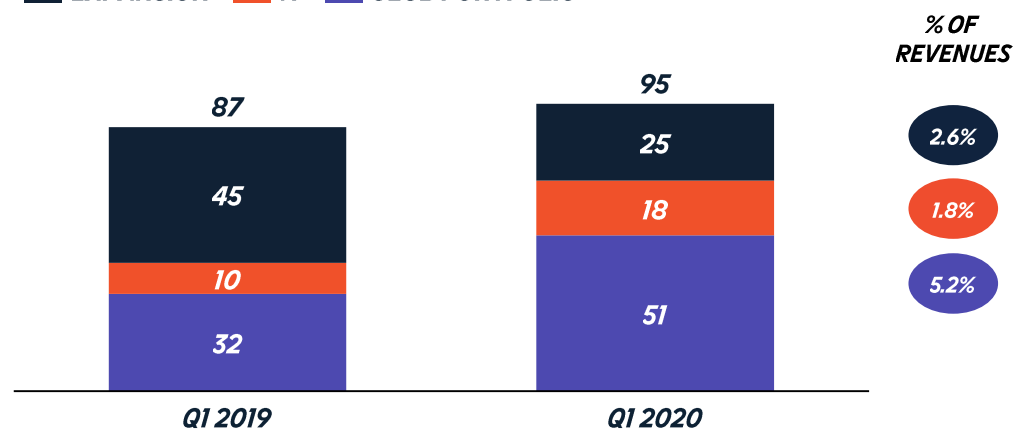


- EBITDA decline of 67% corresponds to a 4% increase adjusted for the estimated COVID-19 effect of NOK 85 million
- Supporting package from the Norwegian government for March, estimated to NOK 15 million, not booked before Q2 2020

FRONTLOADING OF CAPEX BEFORE COVID-19 OUTBREAK

CAPITAL EXPENDITURE (MNOK)

■ EXPANSION ■ IT ■ CLUB PORTFOLIO

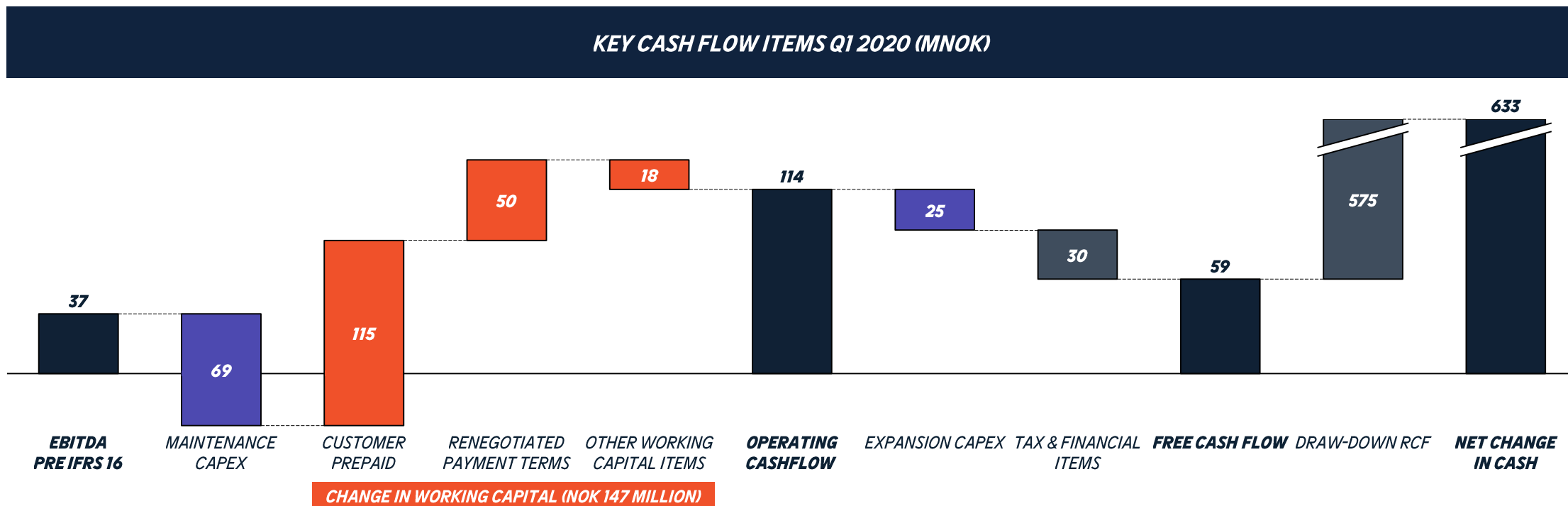


- Frontloading of maintenance capex¹, due to investments in new commercial platform and several major upgrades prior to COVID-19 outbreak
- Going forward, both expansion and maintenance capex partly put on hold until the situation has stabilized, but:
 - Still consider it wise to keep the majority of the planned maintenance
 - Open for acquisition opportunities arising in the wake of the crisis
 - Signed greenfields, acquisitions and relocations will be opened as planned
- Withdrawing the previously communicated target of maintenance capex at 5% of revenues, as the maintenance level will not be reduced proportionally with the expected revenue decline

(1) Maintenance capex consists of IT capex and club portfolio capex



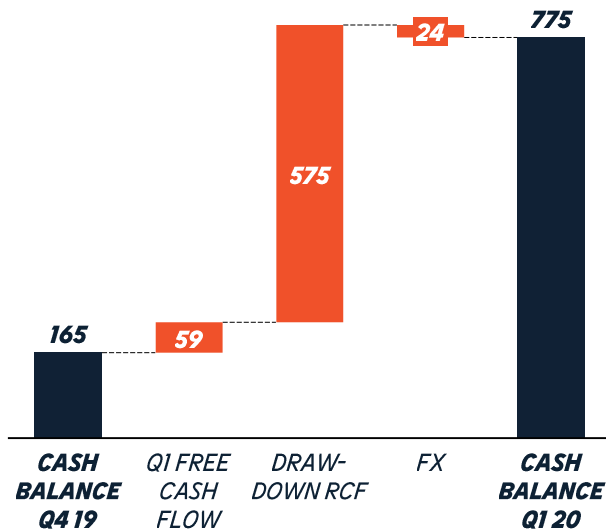
TEMPORARY POSITIVE WORKING CAPITAL EFFECT DURING CLUB CLOSURE



- Positive deferral effects on working capital increases operating cashflow
 - Prepaid membership fees due to delay in member compensations temporary lifts working capital – effect will revert the quarter clubs reopen
 - Increase in trade payables after renegotiating payment terms during the closed period
- Precautionary draw down on RCF of NOK 575 million to secure available liquidity

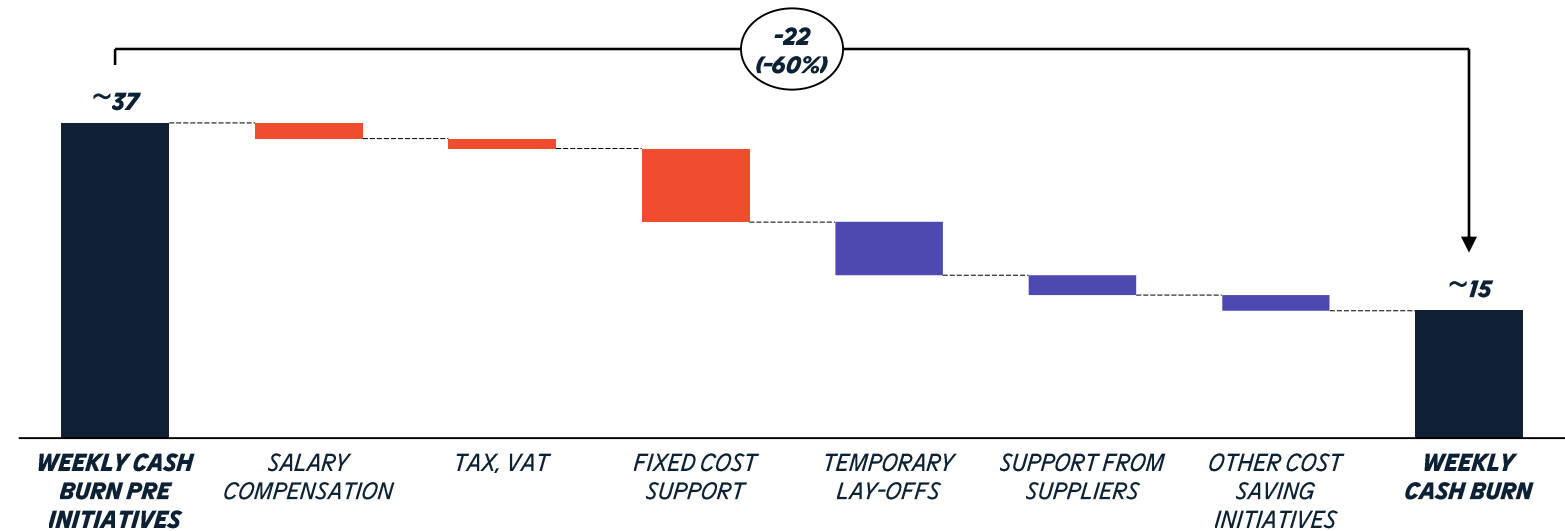
LEAVING Q1 WITH A STRONG CASH POSITION

LIQUIDITY POSITION



- Precautionary draw-down on RCF of NOK 575 million to secure available liquidity, increasing cash to NOK 775 million
- Deferral effect on working capital will impact cash negatively in Q2

BASE CASE SCENARIO: ALL CLUBS IN NORWAY AND DENMARK CLOSED



GOVERNMENTAL SUPPORT PACKAGES

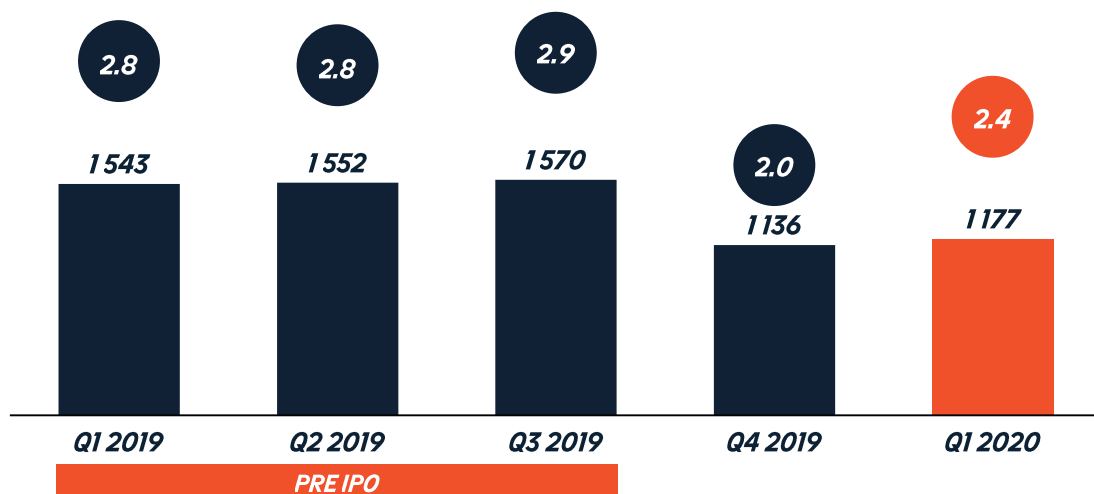
- Danish governmental support for non-working employees (~75% of salaries within certain thresholds)
- Deferral of VAT and tax payments
- Governmental support packages from Norway and Denmark, on average compensating for around 65% of fixed cost base

OPERATIONAL INITIATIVES

- Temporary lay-offs of majority of employees in Norway, with full financial impact in April
- Landlords and other major suppliers asked to contribute by reducing cost or postponement of payments during the closure period
- Club cost and administrative reductions following no or lower member activity level

TEMPORARY DEVIATION FROM LEVERAGE TARGET

NET DEBT (MNOK) AND LEVERAGE RATIO¹



- Precautionary draw-down of NOK 575 million of the credit facility in Q1 to ensure liquidity during the COVID-19 crisis
 - RCF leverage covenant of 4.25x
 - Maximum principal amount of 2 500 MNOK, of which 1 944 MNOK was drawn by end-Q1
- Weekly cash burn and working capital deferrals will increase the Group's Net Debt position and leverage going forward
- In close dialogue with the bank, expecting flexibility going forward

(1) Net debt divided by last twelve months adjusted EBITDA before impact of IFRS 16



OUTLOOK



FINANCIAL TARGETS

- Withdrawing the previously communicated financial targets due to the extraordinary uncertainty
- Will revert to the market with updated targets when the situation has stabilized



SHORT- TO MID-TERM

- Industry wide setback caused by the COVID-19 outbreak
- Expect the negative effects to prevail some time after reopening of all clubs
 - Governmental measures such as disease control, gathering restrictions etc.
 - Changed member habits such as fear of crowded spaces, exposure to alternative forms of exercise etc.
 - Economic situation, including substantial rise in unemployment and temporary layoffs



LONG-TERM

- Confident that the long-term outlook is still dominated by society's increased focus on health
- Expect the pandemic to drive further consolidation
- SATS well positioned for the new reality with its scale and strong digital universe



MAKING PEOPLE HEALTHIER AND HAPPIER

- Priority #1 is to get members back in a safe way – delivering excellent member experiences at all touch points

Q&A

SATS**GROUP**

DISCLAIMER

This report includes forward-looking statements which are based on our current expectations and projections about future events. Statements herein, other than statements of historical facts, regarding future events or prospects, are forward-looking statements. All such statements are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements. As a result, you should not place undue reliance on these forward-looking statements.

The Group reports its financial results in accordance with accounting principles IFRS as issued by the IASB and as endorsed by the EU. However, management believes that certain alternative performance measures (APMs) provide management and other users with additional meaningful financial information that should be considered when assessing the Group's ongoing performance. These APMs are non-IFRS financial measures, and should not be viewed as a substitute for any IFRS financial measure. Management, the board of directors and the long term lenders regularly uses supplemental APMs to understand, manage and evaluate the business and its operations. These APMs are among the factors used in planning for and forecasting future periods, including assessment of financial covenants compliance.

APPENDIX

SATS**GROUP**

NO IMPACT FROM COVID-19 ON SIGNED CLUB OPENINGS

OPENINGS

DIVESTMENTS

Q1 2020

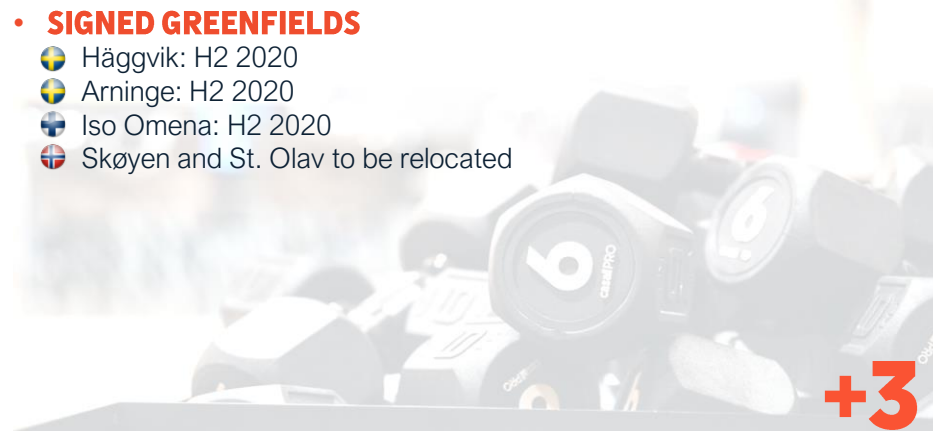


- FI TAPIOLA**
 - White spot in the Greater Helsinki area, west of city centre
 - The 2 000 sqm club is located at highly visited AINO Shopping centre with good public transport connections
- SE URSVIK ENTRÈ**
 - White spot in the Greater Stockholm area, north of city centre
 - 2 000 sqm club, including a sports hall, with good parking and public transport connections
- SE HAMNEN AND MÖLNVIK**
 - White spots in the Greater Stockholm area, east of city centre
 - Acquired from Body Joy

+4



Q2-Q4 2020



- **SIGNED GREENFIELDS**
 - SE Häggvik:** H2 2020
 - SE Arninge:** H2 2020
 - FI Iso Omena:** H2 2020
 - NO Skøyen and St. Olav:** to be relocated

+3

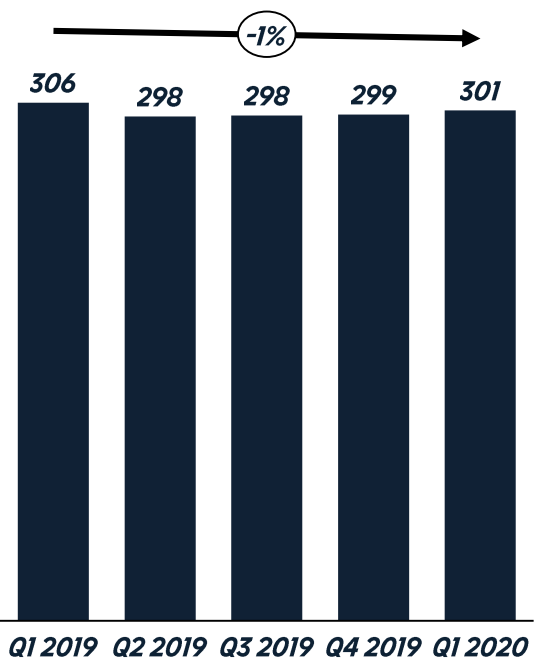


- DK DIVESTMENT OF NINE CLUBS IN DENMARK**
 - Signed conditional agreement
 - Will update the market with more details as soon as the acquisition date is concluded

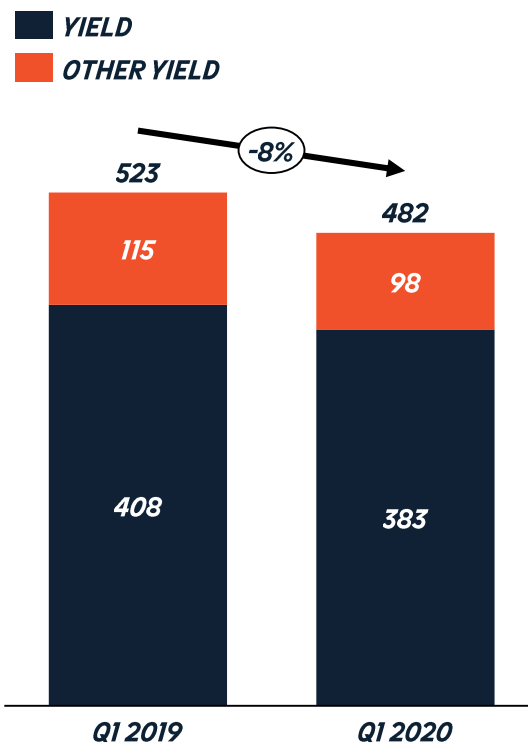
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NORWAY

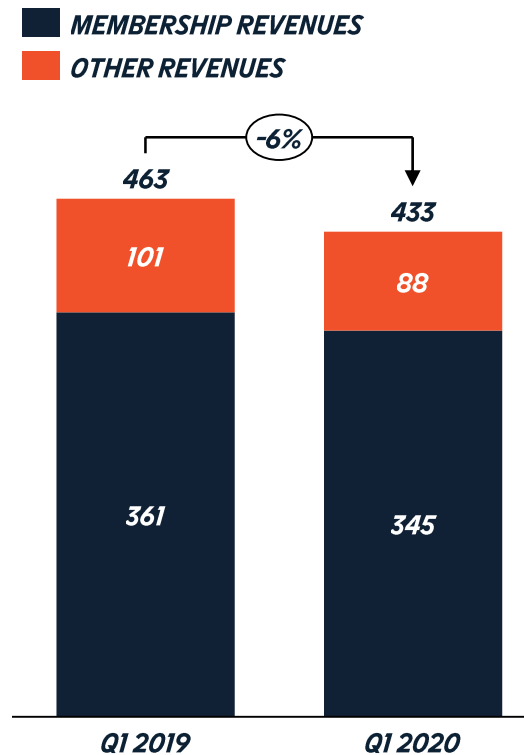
OUTGOING MEMBER BASE ('000)



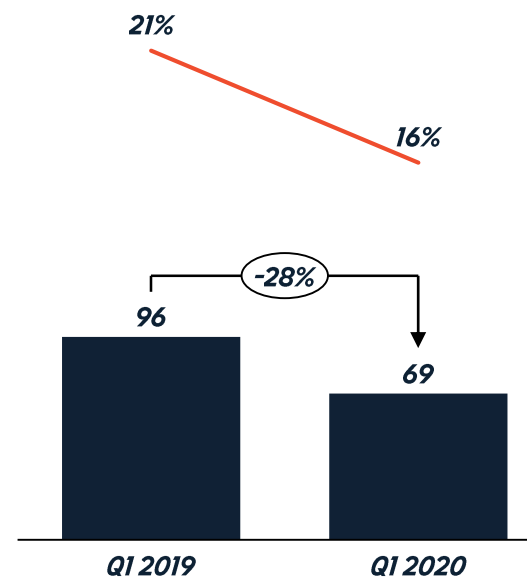
ARPM AND YIELD (NOK/MONTH)



TOTAL REVENUES (MNOK)

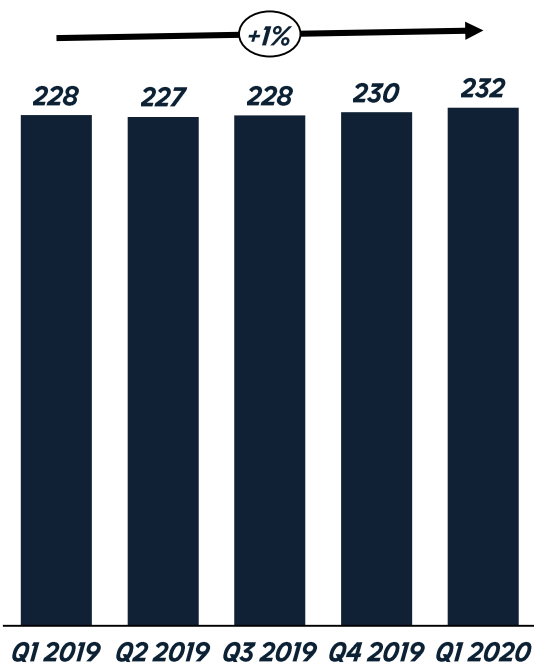


ADJUSTED COUNTRY EBITDA BEFORE IMPACT OF IFRS 16 (MNOK)

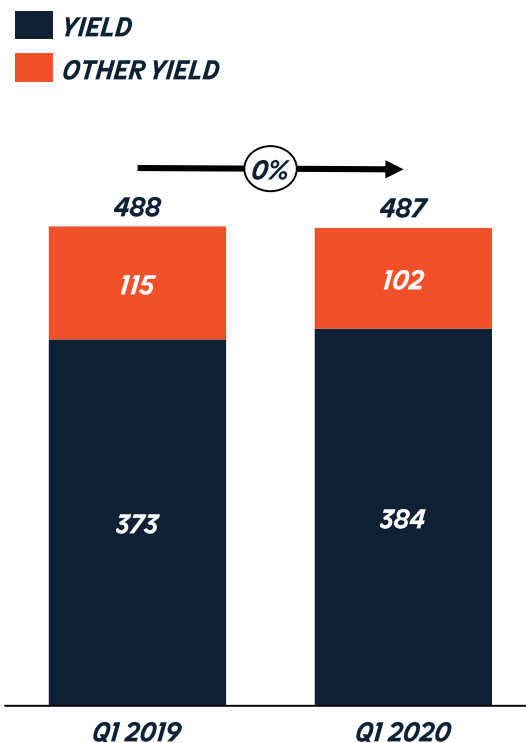


SWEDEN

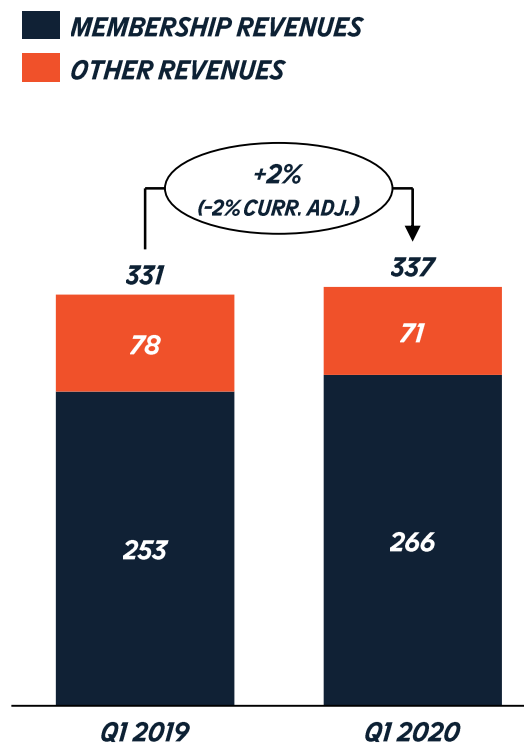
OUTGOING MEMBER BASE ('000)



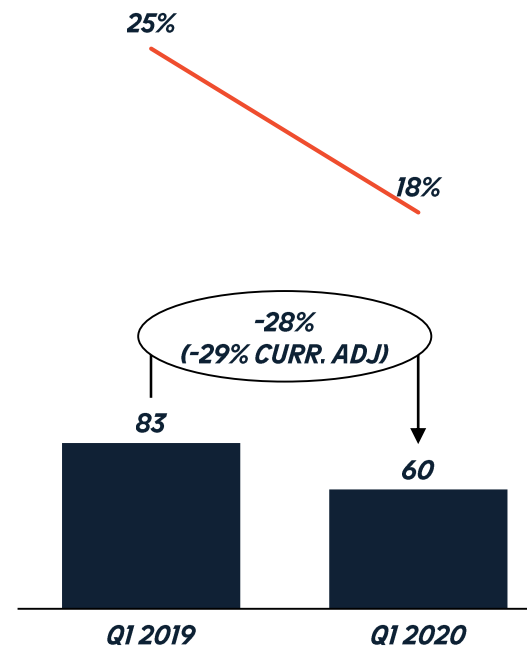
ARPM AND YIELD (NOK/MONTH)



TOTAL REVENUES (MNOK)

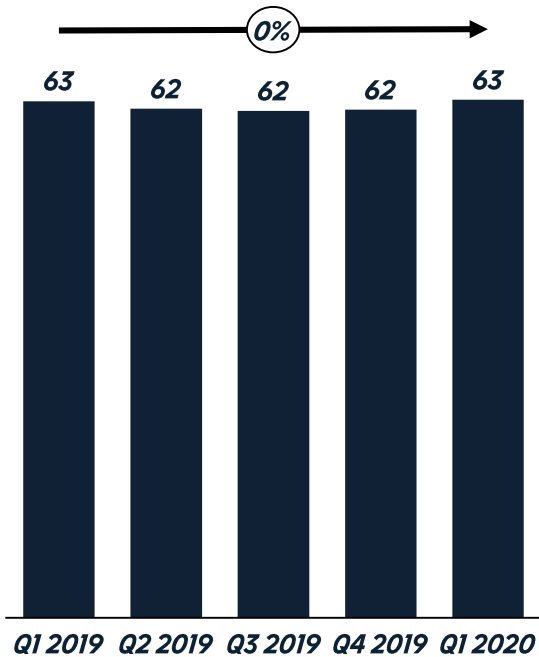


ADJUSTED COUNTRY EBITDA BEFORE IMPACT OF IFRS 16 (MNOK)



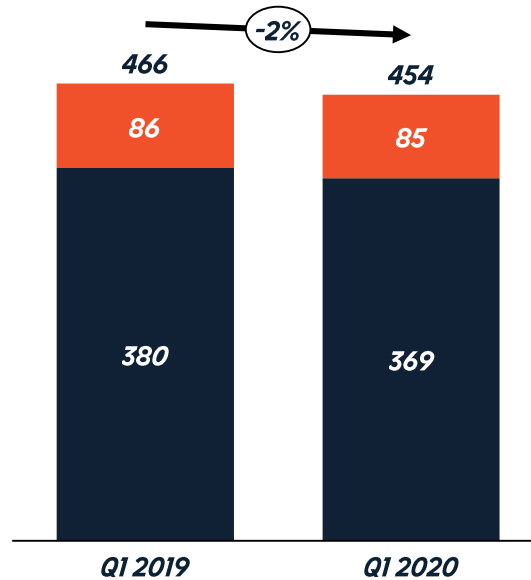
FINLAND

OUTGOING MEMBER BASE ('000)



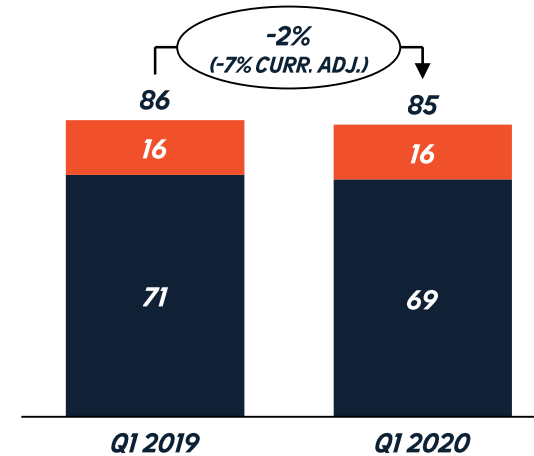
ARPM AND YIELD (NOK/MONTH)

■ YIELD
■ OTHER YIELD

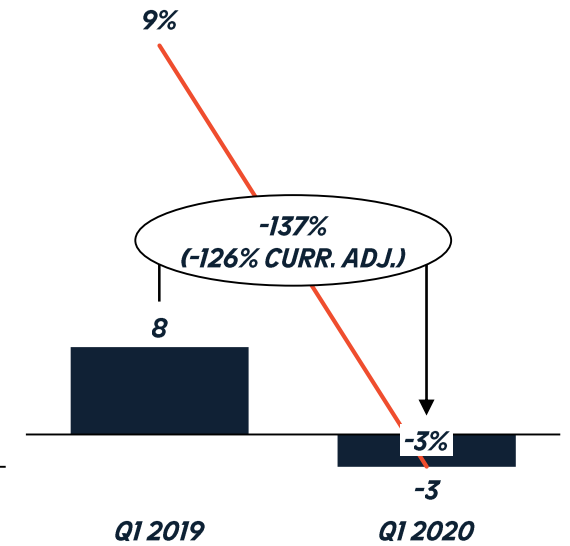


TOTAL REVENUES (MNOK)

■ MEMBERSHIP REVENUES
■ OTHER REVENUES

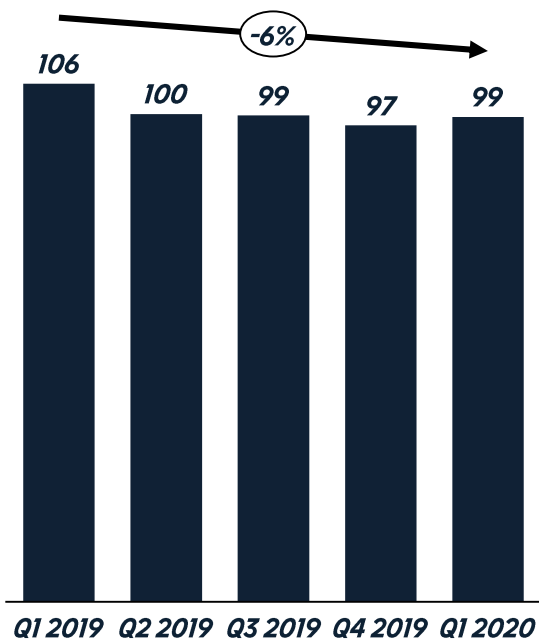


ADJUSTED COUNTRY EBITDA BEFORE IMPACT OF IFRS 16 (MNOK)



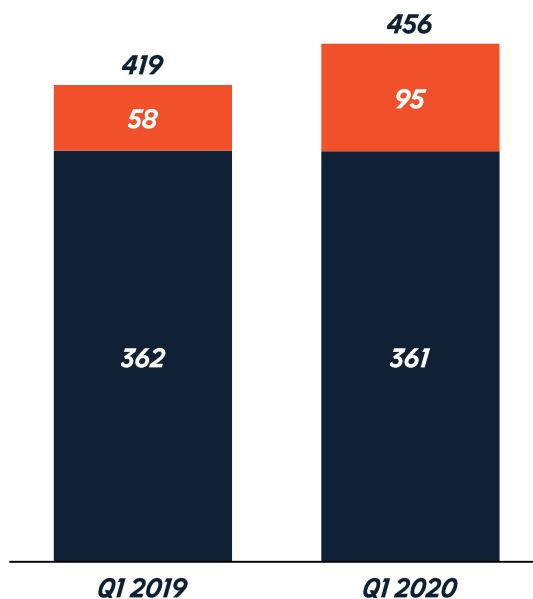
DENMARK

OUTGOING MEMBER BASE ('000)



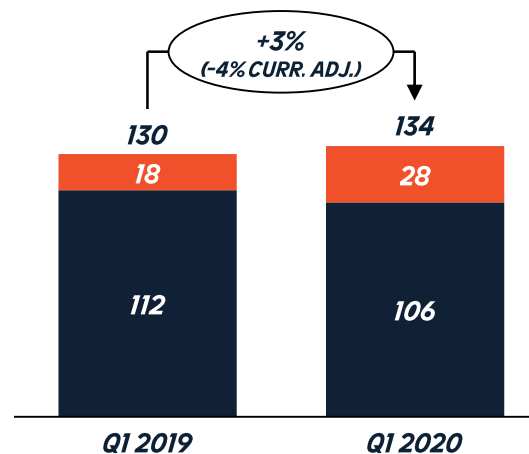
ARPM AND YIELD (NOK/MONTH)

■ YIELD
■ OTHER YIELD

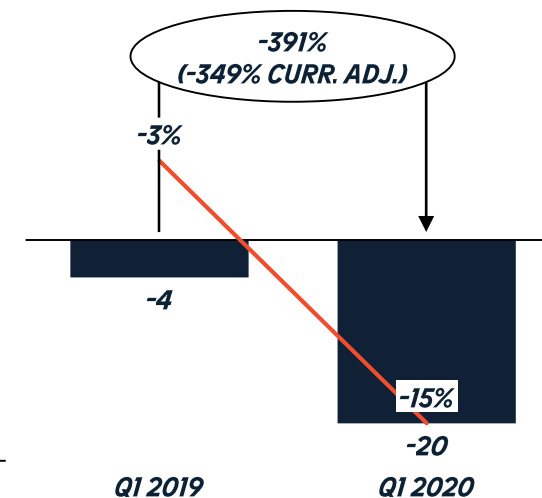


TOTAL REVENUES (MNOK)

■ MEMBERSHIP REVENUES
■ OTHER REVENUES



ADJUSTED COUNTRY EBITDA BEFORE IMPACT OF IFRS 16 (MNOK)



GLOSSARY

TERM	DEFINITION
Adjusted country EBITDA before impact of IFRS 16	Adjusted EBITDA before impact of IFRS 16 less allocation of Group overhead and cost allocations
Adjusted country EBITDA before impact of IFRS 16 margin	Adjusted country EBITDA before impact of IFRS 16 divided by total revenue
Adjusted EBITDA before impact of IFRS 16	EBITDA adjusted for (i) closed clubs; (ii) certain comparability items; and (iii) the impact of implementation of the IFRS 16 lease standard
Adjusted EBITDA before impact of IFRS 16 margin	Adjusted EBITDA before impact of IFRS 16 divided by total revenue
Average number of members per club	Number of clubs by the end of the period divided by the average member base
Average revenue per member (ARPM)	Average revenue per member per month, calculated as total revenue divided by the average member base
Capex: Club portfolio capital expenditures	Maintenance capital expenditures less IT capital expenditures
Capex: Expansion capital expenditures	The sum of investments related to acquisitions and greenfields, as well as CAPEX related to the perfect club initiative
Capex: IT capital expenditures	Capital expenditures associated with developing software programs
Capex: Maintenance capital expenditures	Total capital expenditures less expansion capital expenditures
Capex: Total capital expenditures	The sum of all capital expenditures
Cash conversion	Operating cash flow divided by adjusted EBITDA before impact of IFRS 16
Club	Number of clubs open and trading under the brands 'SATS', 'ELIXIA', 'Fresh Fitness' and 'HiYoga' as of the end of the period

TERM	DEFINITION
EBITDA	Profit/(loss) before net financial items, income tax expense, depreciation and amortization
EBITDA before impact of IFRS 16	EBITDA adjusted for lease expenses applying IAS 17 Leases
EBITDA before impact of IFRS 16 margin	EBITDA before impact of IFRS 16 divided by total revenue
Group overhead	Consists of group services such as e.g. commercial functions, IT, finance and administration
Leverage ratio	Net debt divided by last twelve months adjusted EBITDA before impact of IFRS 16
Member base, average	Average number of members at the beginning and in the end of the period, including frozen memberships, excluding free memberships
Member base, outgoing	Number of members as of the end of the period, including frozen memberships, excluding free memberships
Net debt	Current and non-current borrowings less cash and cash equivalents
Operating cash flow	Adjusted EBITDA before impact of IFRS 16 less maintenance capital expenditures
Other yield	Calculated as other revenue in the period, divided by the average member base
Underlying operating cash flow	Operating cash flow less expansion capital expenditures
Yield	Calculated as member revenue in the period, divided by the average member base

SUMMARY TABLE

KEY KPIS				
	Q1 2019	Q1 2018	2019	2018
Number of clubs, EOP	252	245	248	203
Outgoing member base ('000s)	695	703	687	569
Members per club	2 757	2 868	2 772	2 801
ARPM (NOK)	477	491	490	481
Yield (NOK)	379	387	390	379
Reported EBITDA (MNOK)	286	354	717	645
Adjusted EBITDA before impact of IFRS 16 (MNOK)	40	120	573	539
Adjusted EBITDA before impact of IFRS 16 margin	4%	12%	14%	17%
Adjusted Country EBITDA before impact of IFRS 16 (MNOK)	107	183	811	724
Net debt (MNOK)	1 177	1 543	1 136	1 490
Total capital expenditures (MNOK)	95	87	325	221
Expansion capital expenditures (MNOK)	25	45	96	34
Maintenance capital expenditures (MNOK)	69	42	229	187
IT capital expenditures (MNOK)	18	10	70	38
Club portfolio capital expenditures (MNOK)	51	32	159	149
Operating cash flow (MNOK)	-29	78	344	352
Leverage ratio	2.4	2.8	2.0	2.8
Cash conversion	-73%	65%	60%	65%

REPORTING UNDER IFRS 16

<i>Amounts in NOK million</i>	Reported Q1 2020	Change IFRS 16	Excl. IFRS 16 Q1 2020
Balance sheet items - IFRS 16			
Property, plant and equipment	824	0	824
Right-of use asset	4 174	4 174	0
Deferred tax assets	151	82	69
Prepaid expenses and accrued income	214	-72	286
Total assets	9 059	4 184	4 875
Equity	1 151	-332	1 482
Non-current lease liability	3 716	3 716	0
Current lease liability	853	853	0
Other current liabilities	354	-53	0
Total liabilities	7 909	4 515	3 393
Profit & loss items - IFRS 16			
Revenue	990	0	990
Cost of goods sold	43	0	43
Personnel expenses	394	0	394
Other operating expenses	266	249	516
Depreciation and amortisation	263	-202	61
Operating profit	23	47	-24
Net financial items	-57	-49	-8
Profit/loss before tax	-34	-2	-32

***SATS*GROUP**