

SAS

FACT BOOK 2016/2017



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This Fact Book has not been the subject of an audit by SAS's external auditors.

Dear reader,

This is the second published SAS Fact Book. This is a document aiming at providing you with a deeper and more factual information about SAS and the industry.

SAS is Scandinavia's leading airline for smooth flight connections to, from and within Scandinavia. In 2017, a total of 30 million travelers flew with SAS on 272 routes between 123 destinations in Europe, the U.S. and Asia. The membership in Star Alliance also offers SAS and our customers access to far-reaching global networks and connections. By delivering an attractive customer offering, we aim to maintain our customers' loyalty, in conjunction with EuroBonus, which is SAS's loyalty program with more than 5 million members. In addition to airline operations, activities at SAS include ground handling services, technical maintenance and air cargo services.

We are acting in a highly competitive market in an industry in transition. This means that SAS is also in transition to further improve its competitiveness and customer proposition. Going forward, SAS will implement large investments in modern and efficient aircraft. This will increase the capital base. To maintain the return on invested capital we need to further increase the profitability and are therefore implementing efficiency measures throughout the whole company.

The airline industry is also facing a sustainability challenge with customers increasingly demanding air travel with a lower climate impact. Minimizing climate-impacting emissions requires investments in new technology, biofuel, and new technology in the long term. SAS has for a long time strived to reduce the environmental impact and takes sustainability very seriously. In line with this, SAS also CO₂ compensates all youth tickets. We endeavour to be at the forefront of airlines, where new aircraft and biofuel are key elements in reducing climate-impacting emissions in the short-term and maybe electrically powered aircraft in the mid-to long term.

Welcome aboard our journey!

SAS

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Overview of SAS

Key financial figures	FY17	FY16
Revenue, MSEK	42,654	39,459
EBIT, MSEK	2,187	1,892
EBIT-margin	5.1%	4.8%
EBT, MSEK	1,725	1,431
EBT bef. non-recurring items, MSEK	1,951	939
Net income, MSEK	1,149	1,321
ROIC	13%	12%
Financial preparedness	37%	41%
Cash flow from operating activities, MSEK	2,443	3,663
Net investments, MSEK	-87	-2,615
Financial net debt, MSEK	-2,799	-1,166
Equity/asset ratio	25%	19%
Debt/equity ratio	-0.35	-0.19
Adjusted debt/equity ratio	2.28	3.08
Adj. Financial net debt/EBITDAR	3.1x	3.2x

SAS's main business is the transportation of passengers to, from and within Scandinavia. SAS was founded in 1946 and is Scandinavia's leading airline with an attractive offering developed for the frequent travellers. During 2016/2017 we offered 817 daily flights and about 30 million passengers flew with SAS to 123 destinations in Europe, the USA and Asia. SAS EuroBonus is Scandinavia's largest loyalty program with more than 5 million members.

Membership in Star Alliance™ provides SAS's customers with access to a far-reaching network and smooth connections. Altogether, Star Alliance offers more than 18,500 daily departures to 1,321 destinations in 193 countries around the world.

Airline operation

The airline operation is organized by the SAS Consortium and operated out of Copenhagen, Oslo and Stockholm. SAS also has crew bases in Stavanger and Trondheim. A new base in London was established in December 2017 and another base is expected to operate out of Malaga, Spain, starting in the summer of 2018.

Key operating figures	FY17	FY16
Number of passengers, mill	30.0	29.0
of which charter, mill	1.4	1.3
Scheduled traffic, RPK	8.5%	9.6%
Scheduled capacity, ASK	7.4%	10.0%
Passenger load factor	75.3%	74.5%
Aircraft in service	158	156
Unit cost, ex jet fuel ¹	-3.6%	-11.1%
Yield ¹	-2.9%	-7.7%
PASK ¹	-1.9%	-8.0%
Scheduled destinations, ex code share	123	118
Number of daily scheduled flights	817	813
Average flight distance	951	903
Average no. of employees, FTE	10,324	10,710
- Cabin crew, FTE	2,635	2,574
- Pilots, FTE	1,345	1,300

¹ At constant currencies

SAS Ground Services

SAS Ground Service is the leading ground services company at airports in Copenhagen, Oslo and Stockholm. The operation provides passenger and cargo services, ramp services and load control for SAS and other airlines.

SAS Technical Maintenance

SAS Maintenance Production offers technical maintenance of aircraft and engines at five airports in Scandinavia for SAS and other airlines.

SAS Cargo

SAS Cargo offers a broad selection of cargo and forwarding services, with a focus on smooth transportation solutions. Our cargo services are based on the cargo capacity of SAS aircraft, which is also complemented with ground distribution.

SAS Vision

To make life easier for Scandinavia's frequent travellers.

DNA

Safety, punctuality and care.

Traded financial instruments

SAS AB is the Parent Company of SAS and is listed on the stock exchanges in Stockholm (primary listing), Copenhagen and Oslo.

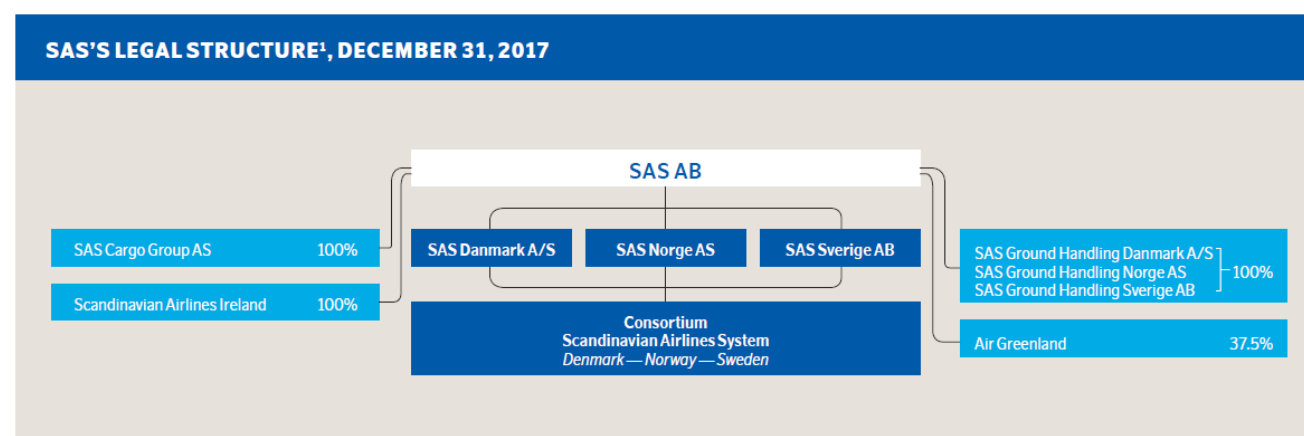
SAS has a stock exchange history extending back to 1920 when its Danish parent company Det Danske Luftfartselskab A/S was listed at the Copenhagen

Stock Exchange. Following the formation of the SAS Consortium in 1951, its three holding companies were listed separately at the respective Stock Exchanges in Copenhagen, Oslo and Stockholm. In 2001, SAS AB became the new Parent Company of the SAS Group and its common shares were listed. In March 2014, SAS AB issued preference shares which were listed at the Stockholm Stock Exchange.

Financial instrument	ISIN code	Issuing entity	Exchanges listed	
SAS AB common share	SE0003366871	SAS AB	Nasdaq Nordic Stockholm (primary) Nasdaq Nordic Copenhagen Oslo Stockholm	
SAS AB preference share	SE0005704053	SAS AB	Stockholm	
Fixed Rate Senior Unsecured Notes 2017/2022 guaranteed by Scandinavian Airlines System Denmark Norway Sweden, MSEK 1,500	SE0010520338	SAS AB	Nasdaq Nordic Stockholm	
SEK 1.6 billion Convertible Bond	SE0005794880	SAS AB	Frankfurt Stock Exchange - Open Market (Freiverkehr)	
EMTN program, MSEK 1,000	Numerous private placements	SAS Consortium	Not listed	
Subordinated Bond 1986 - Perpetual	CH0006125253	SAS Consortium	XSWX – Six Swiss Exchange	
Dividend	FY17	FY16	FY15	FY14
Dividend, common shares, SEK	0	0	0	0
Dividend, preference shares, SEK	50	50	50	37.5

SAS legal structure

Most of SAS' operations take place within the SAS Consortium, that also holds most of the assets. The exception is SAS Cargo, SAS Ground Handling and the newly established Scandinavian Airlines Ireland, which are directly owned by the Parent Company SAS AB.



¹ Operating companies

The 'Frequent travelers' and SAS's strategic priorities

SAS strategy is to focus on the frequent travellers traveling to, from and within Scandinavia. Based on this focus, our work is structured around three strategic priorities to meet trends and industry developments, ensure competitiveness and provide the prerequisites for long-term sustainable operation and profitability.

- Win Scandinavia's frequent travelers
- Create an efficient operating platform
- Secure the right capabilities

Approximately 2 million individuals in Scandinavia make more than five return flights per year. These individuals make up about 60-70% of the total spend on air traveling originating within Scandinavia. This segment is what we have defined as the 'frequent travelers'.

Win Scandinavia's frequent travelers

Regardless of the reason for traveling, frequent travelers appreciate a reliable, smooth travel experience in which they feel that we, as an airline, value their time. They are the driving force when we develop the customer offering across the travel chain.

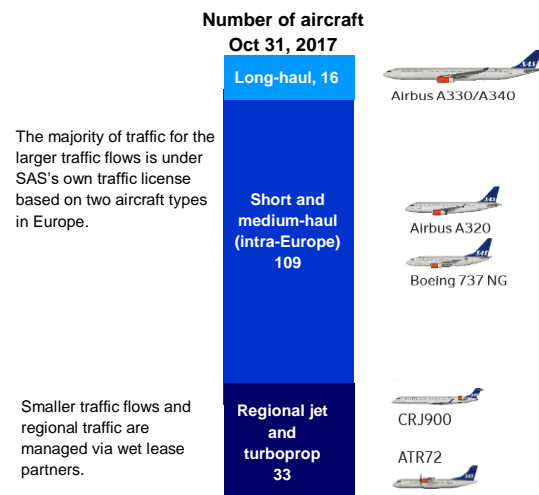
In line with this focus, SAS has during the last years increased the number of non-stop routes and increased seasonal adaptations to the network. We have also invested in the product such as upgraded lounges and cabin interiors. To make the travel experience smoother, we have introduced new fast tracks at airport. Investments in a new digital platform are also gradually improving the customer experience. Concurrently, we have improved EuroBonus to strengthen the relationship with the customers. Being a loyal SAS customer should be worthwhile and be notable across the travel chain, from booking until taking the trip. SAS is continually investing in improving and adapting the offering to ensure that it meets customers' expectations.

Create an efficient operating platform

SAS expects increased competition and the trend with continued price pressure to continue. SAS is therefore focusing on creating a more efficient operating platform through the implementation of cost efficiencies throughout the whole organization. During the last few years, we have simplified the fleet from eight to three aircraft types. SAS's production model

is now based on producing most of the traffic for the larger traffic flows under SAS's own traffic license based on a homogeneous aircraft fleet, while smaller flows and regional traffic are flown via business partners (wet lease). As a complement to the Scandinavian based operation, SAS is also establishing production bases in London and Malaga to have the same preconditions as its European competitors and thereby secure the long-term profitability on key traffic flows and actively participate in the growing leisure market.

SAS production model



Secure the right capabilities

Over the last few years, both the airline industry in general and SAS have undergone major structural changes, which set new requirements for our organization and our collective competence. SAS has gone from conducting most of its operations itself to an increased degree of outsourcing services where this is relevant. In addition, SAS is strengthening its digital services. Accordingly, it is essential that SAS ensures that it has the right capabilities by attracting new talent, while creating optimal conditions for each employee to perform at their best and achieve their full potential.

The most recent update on the progress of our strategy is available in the interim reports. The annual report also includes more details of our strategic priorities.

Sustainability

SAS environmental vision and goals 2020

SAS's vision is to be a part of the future long-term sustainable society and as a short-term foundation SAS has set goals to:

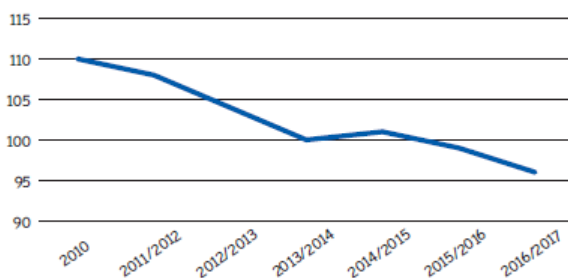
- Reduce flight CO₂ emissions per passenger kilometre by 20% in 2020 compared with 2010.
- Reduce noise emissions at take-off by 15% in 2020 compared with 2010.
- Regularly use jet fuel based on renewable sources.

For SAS, sustainable development means continual improvements in the areas of climate and the environment, as well as taking charge of social responsibility. Sustainable development also assumes continuously striving for sustainable profitability and financial growth. As an employer, and a purchaser and producer of infrastructure, SAS has a significant societal impact. At the same time, the airline industry has a significant climate and environmental impact, mainly from greenhouse gas emissions and airport noise. SAS's ambition is that the products and services offered will enable more sustainable societal development, with the smallest climate and environmental impact possible.

Sustainability agenda

SAS has structured its sustainability work in a sustainability agenda divided by its financial-, environmental- and social responsibility. The agenda visualizes SAS sustainability initiatives and efforts with focus on care. The work is focused on minimizing sustainability-related risks and capturing potential opportunities.

SAS FLIGHT OPERATIONS CO₂ GRAM/PASSENGER KILOMETER



Based on SAS's materiality analysis the work on reducing greenhouse gas emissions is the most material. This is in line with the UN Sustainability Development Goal (SDG) number 13, Climate Action.

Aircraft operations using non-renewable jet fuel account for the vast majority of SAS's greenhouse gas emissions. Hence, SAS's focus on increased energy efficiency and transition to renewable energy sources in its aircraft operations is prioritized in the ISO 14001-certified environmental management system.

Highlights in 2016/2017

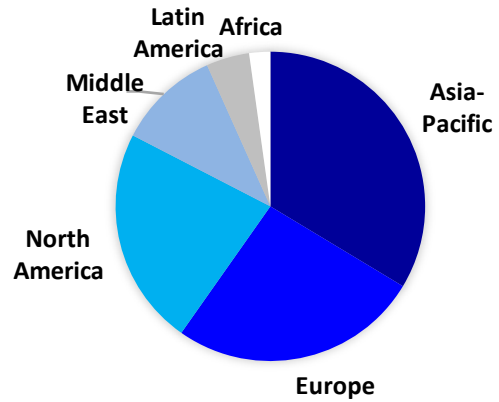
- The 11 brand new Airbus A320neo that were phased into traffic had 18% lower fuel consumption compared with the previous Airbus A320 model.
- SAS used 100 tonnes renewable jet fuel.
- SAS's relative CO₂ emissions decreased to 96 grams (99) per passenger kilometre. SAS achieved a score of B in the Carbon Disclosure Project where more than 6,000 companies have reported how they work to reduce their climate impact since 2002.

Sustainability related KPIs	FY17	FY16	FY15
Climate index	88	91	92
CO ₂ emissions, 000s tonnes	4,376	4,122	3,822
NO _x emissions, 000s tonnes	18.6	17.8	16.3
CO _x /gram/passenger km	96	99	101
Fuel consumption airline operations, 000s tonnes	1,390	1,309	1,212
Fuel consumption ground operations, 000s litres	1,672	1,669	1,837
Water consumption, 000s m ³	51	69	52
Energy consumption, ground GWh	97	110	116
Unsorted waste, 000s tonnes	0.2	0.2	0.2
Hazardous waste, 000 tonnes	0.1	0.2	0.1
External environmental-related costs, MSEK	1,413	843	549

Industry and market overview

Air transport is one of the world's largest industries and the industry generates revenues of about USD 700 billion/annually. It is also an industry characterized by intense competition, price pressure and underlying growth in traffic volumes. Globally more than 3.8 billion passengers were carried on commercial airliners in 2017, up from 383 million in 1970. This means that the industry has had an annual passenger growth of about 5% during the last 40 years.

Traffic by airline domicile, %



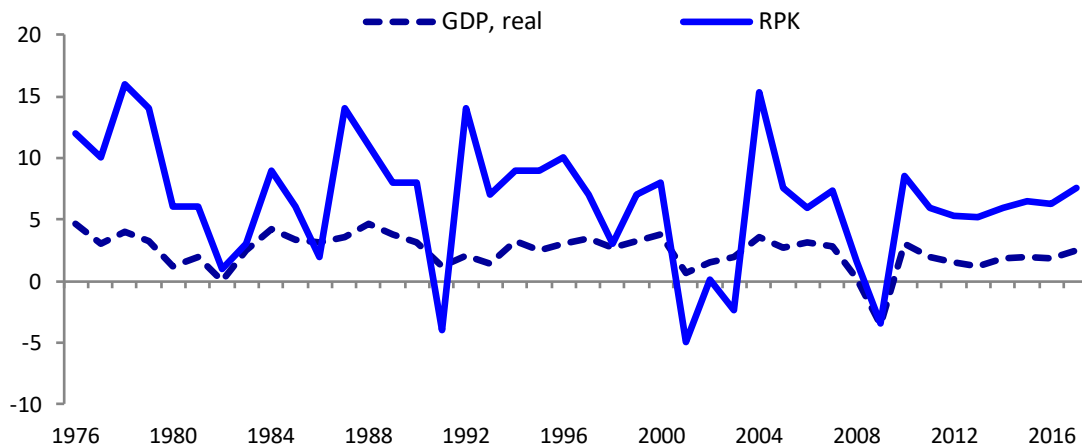
Source: IATA, World Air Transport Statistics 2017

Correlation between traffic and GDP

Due to its international exposure, SAS and many other major international airlines are affected by the economic trends and events that effect economic activity. There is therefore a correlation between

global traffic growth and GDP. Air traffic typically experiences greater upward and downward effects than the underlying GDP trend of about 2 – 2.5 times.

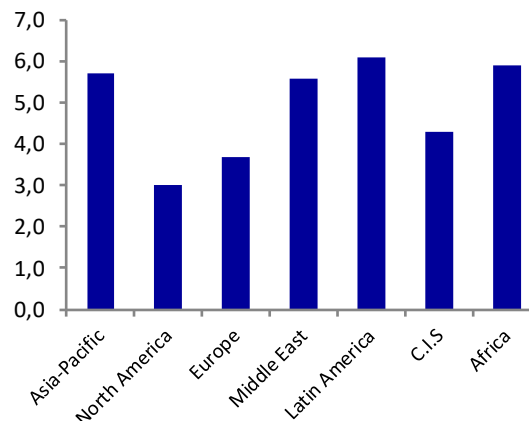
Global air traffic (RPK) and GDP development 1976-2017, %



Source: IATA and OECD

Greater prosperity, improved efficiency and attractive pricing have both contributed to turning the airline industry into a growth sector. According to Airbus and Boeing, global growth is expected to be about 5% over the next 20 years. The growth is forecast to differ between different regions and generally expected to be higher in Asia, which also will have a positive effect on traffic flows to/from Europe.

Forecast annual growth by traffic stream, 2017-2036, %



Source: Boeing Market Outlook 2017-2036

Scandinavia

The annual value of air travelling in Scandinavia is about SEK 110 billion split over close to 100 million passengers. This makes Scandinavia a relatively large market relative to the population. This is due to Scandinavia's high level of economic prosperity as well as many successful global companies. Geographically, the region is characterized by relatively long distances and small towns, difficult topography where the land masses are largely surrounded by sea, which makes other forms of transport time-consuming. While the average number of flights per person in Europe is about 1.2 per annum, the number of flights per capita in Scandinavia is more than 4 per annum.

The relatively small cities also mean that there is a limited number of routes that can be served frequently using mid-sized aircraft for 120 passengers and more. At the same time, there are more than 1,000 routes that require smaller aircraft. SAS production platforms also include wet leased smaller aircraft that are well equipped to serve the diverse demand in Scandinavia.

Norway is the largest market in Scandinavia due to the high level of flights per capita. When comparing flights per capita between the Scandinavian countries, it should be noted that many passengers travelling to/from Denmark origin in the southern part of Sweden and/or transfer via Copenhagen airport.

Distribution of passengers in Scandinavia, 2017, million

	Number of pass. FY17	Population	Flights per capita
Denmark	31 million	5.8 million	5.3
Norway	37 million	5.3 million	6.9
Sweden	36 million	10.1 million	3.5
Total	97 million*	20.8million	4.4

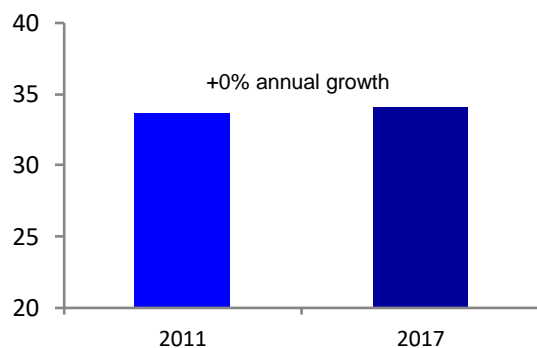
*The total does not sum up with the values of respective country as it has been adjusted to avoid double counting of intrascandinavian passengers.

Source: Airport statistics, SCB, Statistikbanken, SSB

The traffic growth in Scandinavia is primarily driven by leisure travel. During 2011-2017 business travelling has been close to unchanged, while leisure travelling has increased about 7% annually. This trend is expected to continue driven by private consumption, more capacity and attractive prices. Business travel is expected to grow at a lower rate due to continued cost awareness and technological improvements (e.g. video conferencing).

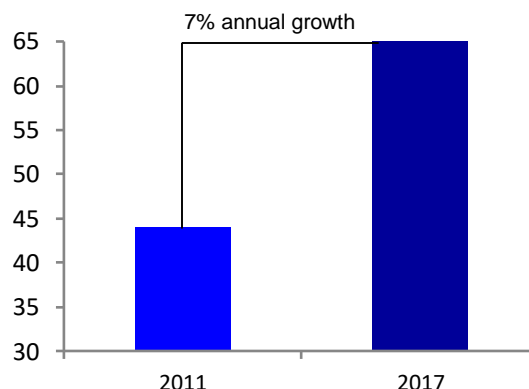
The tables on the next page also shows the size of the Scandinavian market and SAS in a global perspective.

Scandinavian business travel, passenger CAGR%



Source: Airport statistics from Swedavia, Avinor and Copenhagen Airport

Scandinavian leisure travel, passenger CAGR %



Source: Airport statistics from Swedavia, Avinor and Copenhagen Airport

Largest airlines

Total number of passengers in 2016	million
1. Southwest Airlines	151.7
2. American Airlines	144.2
3. Delta Air Lines	143.3
4. China Southern Airlines	114.5
5. Ryanair	112.0
6. United Airlines	100.1
7. China Eastern Airlines	80.5
8. EasyJet	70.7
9. LATAM Airlines Group	66.8
10. Air China	62.3
32. SAS	28.1

Source: IATA, World Air Transport Statistics 2017

Largest airports operated by SAS

Total number of passengers in 2016	million
Beijing, PEK	94.4
Los Angeles, LAX	80.9
Chicago, ORD	78.0
London, LHR	75.7
Hong Kong, HKG	70.3
Shanghai, PVG	66.0
Paris, CDG	65.9
Amsterdam, AMS	63.6
Frankfurt, FRA	60.8
San Francisco, SFO	53.1
Copenhagen, CPH	29.0
Oslo, OSL	25.8
Stockholm, ARN	24.7

Source: IATA, World Air Transport Statistics 2017, Avinor, CPH and Swedavia,

Total number of international passengers by airline, 2016

Airline	million
1. Ryanair	112.0
2. EasyJet	64.2
3. Emirates	55.2
4. Lufthansa	45.8
5. British Airways	38.1
6. Turkish Airlines	34.7
7. Air France	31.6
8. Qatar Airways	31.2
9. KLM	30.4
10. United Airlines	26.3
22. SAS	17.1

Source: IATA, World Air Transport Statistics 2017

Top passenger countries in Europe, 2016

Total number of passengers	million
1. United Kingdom	219.9
2. Spain	163.6
3. Germany	152.1
4. Italy	126.6
5. France	121.7
6. Turkey	77.5
7. Russia	77.2
8. Switzerland	43.8
9. Netherlands	42.3
10. Portugal	34.9
11. Norway	34.4
14. Sweden	31.0
17. Denmark	25.7

Source: IATA, World Air Transport Statistics 2017

Competition & SAS's market position

Background

The Scandinavian airline market was one of the first to be deregulated in Europe. Liberalization of the air travel market in the Nordic region started at the beginning of the 1990s. Formal liberalization of the Swedish domestic market took place in 1992. The Norwegian and Danish markets were liberalized in 1994 and 1995. By the mid-1990s, any airline from the EU/EEA countries were free to establish air traffic services in Scandinavia.

Toward the end of the 1990's new business models such as LCCs started to enter the Scandinavian market. The impact from the LCCs entering the market differed according to their network, offering and airports used. Some LCCs stimulated overall market growth while existing airlines have continued to fly at, largely, unchanged volumes. Nevertheless, new and more efficient business models have also put pressure on existing airlines and required additional efficiency enhancements since the turn of the century.

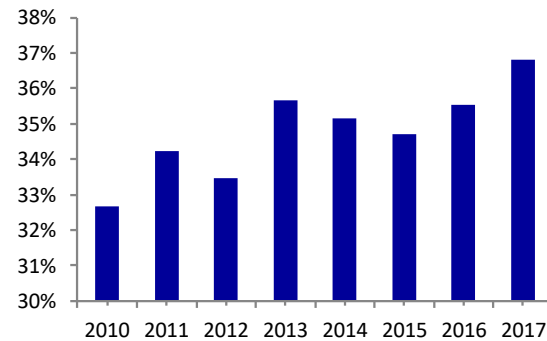
The overall capacity growth measured as number of offered seats grows by approximately 4-5% annually in Scandinavia when excluding for the global financial crisis in 2009. Since 2000, the capacity growth in SAS's home market has primarily stemmed from LCCs.

Capacity development to, from and within Scandinavia, number of seats, %



Source: Innovata schedule data

LCC market share in Scandinavia, %



Source: Innovata schedule data

SAS market position

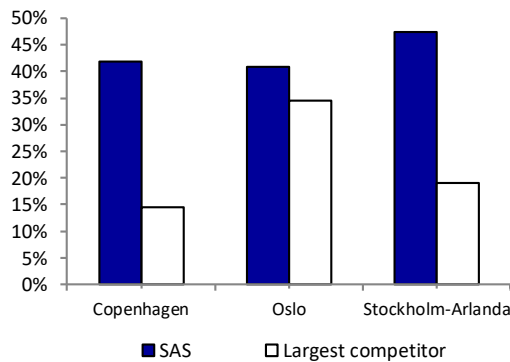
SAS focuses on the Scandinavian market and traffic to, from and within Scandinavia. This is where we are the leading airline when measured by number of passengers and share of capacity. We offer most departures from the primary airports in Scandinavia and the widest network. This network is supplemented by the offering from Star Alliance and partners, that enable SAS to offer the frequent travellers the most attractive network.

Our intercontinental network is focused on destinations in the northern hemisphere, where our

geographical position offers the greatest competitive advantage. Our principal focus is on customers that begin or end their journeys in Scandinavia. Of our passengers who travel on our intercontinental routes, around 80% begin or end their journeys in Scandinavia.

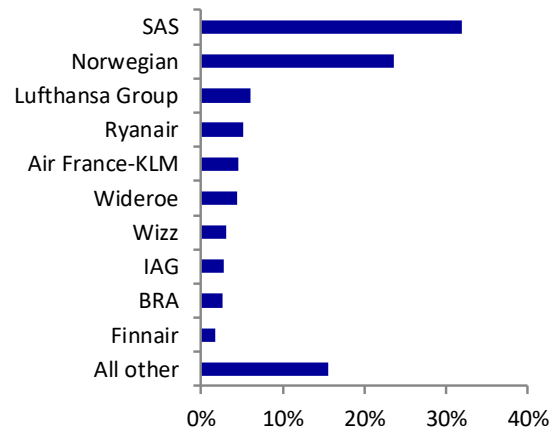
SAS's focus on Scandinavia is also reflected by the fact that some 70% of our passenger revenue comes from Scandinavia. Norway and Sweden account for the greatest share of SAS's revenue. SAS passenger market share is above 30% in Scandinavia.

Position at hubs, % of departures in FY17



Source: Innovata schedule data

Airline capacity market share in Scandinavia, number of seats FY17, %



Source: Innovata schedule data

Financial targets and dividend policy

SAS's overriding goal is to create value for its shareholders. To reach this goal, SAS pursues its strategic priorities to meet trends and industry developments, ensure competitiveness and provide the prerequisites for long-term sustainable profitability.

SAS operates in a capital-intensive industry that requires optimization of the capital structure. Two of SAS financial targets therefore pertain to profitability/return and to gearing in relation to SAS's total capital. SAS also has a target related to its liquidity level to ensure that SAS has sufficient cash available to meet unexpected events.

SAS's financial targets are:

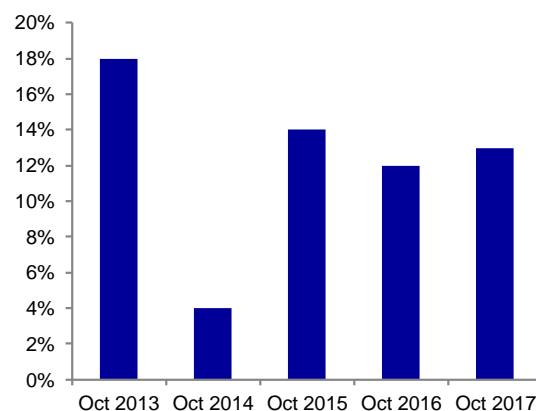
- Return on invested capital (ROIC): to exceed 12% measured over a business cycle.
- Adjusted financial net debt/EBITDAR: to be a multiple of less than three (3x).
- Financial preparedness: cash and cash equivalents and available credit facilities must exceed 25% of SAS's annual fixed costs.

ROIC, MSEK	Oct 2017
EBIT	2,187
33% of aircraft leasing costs	1,028
33% of aircraft leasing revenue	-28
Adjusted EBIT	3,187
Average shareholders' equity	6,268
Average financial net debt	-1,765
Capitalized leasing costs (x7), average	20,385
Invested capital	24,888
ROIC	12.8%

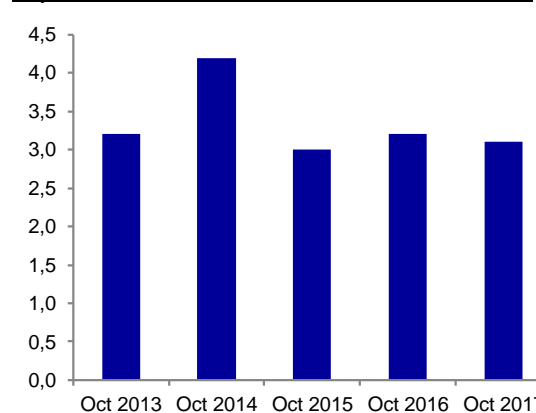
Adjusted financial net debt/EBITDAR, MSEK	Oct 2017
Average financial net debt	-1,765
Capitalized leasing costs (x7), average	20,385
Total	18,620
EBITDAR	5,960
Adjusted financial net debt/EBITDAR	3.1x

Financial preparedness, MSEK	Oct 2017
Cash and cash equivalents	8,836
Receivables, other financial institutions	-846
Unutilized credit facilities	2,700
Total	10,690
Total operating expenses	39,810
Jet-fuel costs	-6,836
Government user fees	-4,262
Total fixed costs	28,712
Financial preparedness	37%

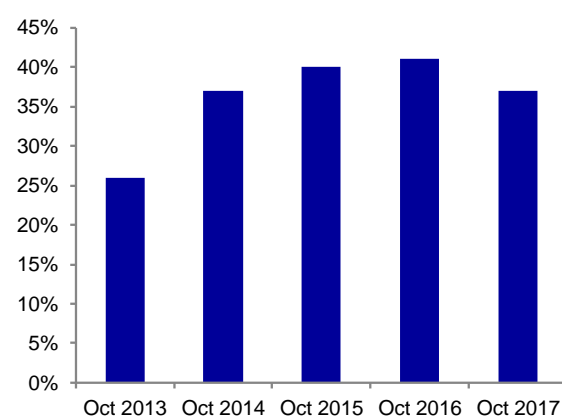
Return on invested capital, ROIC, 2012-2017, %



Adjusted financial net debt/EBITDAR, 2012-2017



Financial preparedness 2012-2017



Dividend policy

SAS has two share classes listed. Dividends require SAS AB to have distributable earnings and a resolution by a shareholders' meeting. The Group's earnings, expected performance, financial position, investment requirements and relevant economic conditions should also be considered. The dividend policy strives to achieve long-term sustainable dividends.

Common shares

Dividends to holders of common shares can be paid from value-creation whereby SAS's return on invested capital exceeds the average cost of capital. The dividend should consider any restrictions applying to the Group's financial instruments¹.

Preference shares

SAS is to pay dividends to holders of preference shares of SEK 50 per year, with a quarterly payment of SEK 12.50 per preference share until the payment date for the preference share dividend immediately following the record date of February 5, 2019, after which the annual preferential right to a dividend increases by an amount corresponding to 1% of the subscription price per preference share and year until the payment date for preference share dividends immediately after the record date of February 5, 2023. Thereafter, the annual preferential right to a preference-share dividend totals an amount corresponding to SEK 50 plus an additional amount equivalent to 5% of the subscription price. In all cases, dividend payments are evenly allocated over the year in the form of quarterly payments.

¹ At October 31, 2017, SAS had two financial instruments issued that limit dividend rights for holders of SAS common shares. SAS's bond of SEK 1.5 billion that matured in November 2017 stipulated that no dividends may be paid to holders of common shares if SAS's equity/assets ratio is less than 35%. According to the conditions of the preference shares, dividends are not paid to holders of common shares if the preference share capital exceeds 50% of the recognized shareholders' equity. Full dividends must also have been paid to preference shareholders. On November 17, 2017, SAS issued a SEK 1.5 billion unsecured bond. The bond stipulates that dividends to shareholders may not exceed 50% of net income for the year, but does not apply to preference shares or other types of financial products or instruments. No dividend may be distributed by SAS in contravention of the bond terms.

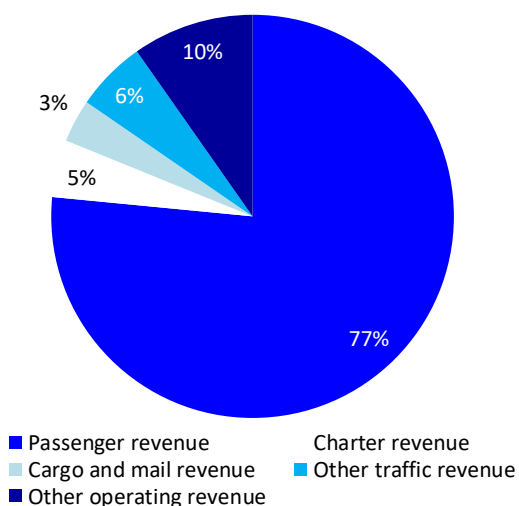
Overview of SAS's revenues and expenses

Revenue

SAS's main business is the transportation of passengers. In FY17 net passenger revenue from the scheduled services contributed MSEK 32,644,

equating to 77% of SAS's total revenue. In addition, SAS also generated revenue streams from charter, cargo and other traffic revenues.

Breakdown of SAS's revenue FY17



Passenger revenue

Passenger revenue comes from the sale of passenger tickets and are recognized when SAS or another airline provides the transportation. Sales of passenger tickets are recorded as a short-term unearned transportation revenue liability in the consolidated balance sheet.

Passenger revenue includes:

- Ticketed revenue at the time of transportation
- Traffic revenue sold by other airlines
- Redemption of EuroBonus points on SAS's flights and SAS Credits

Ticketed revenue at the time of transportation

Ticketed revenue at the time of transportation makes up about 95% of passenger revenue and includes

domestic/international fees and passenger services charges.

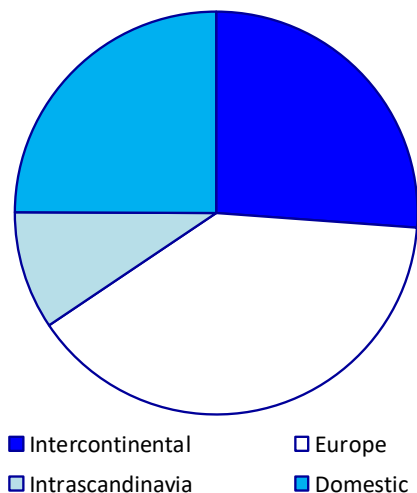
Passenger revenue from other airlines

Traffic revenue from other airlines relate to passengers who have purchased their tickets via another airline, but are traveling with SAS. For this reason, airlines clear revenue between each other on a regular basis. Traffic revenue from other airlines make up around 5% of SAS's passenger revenue.

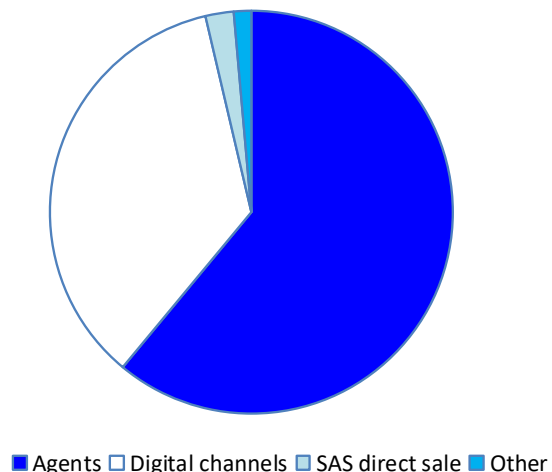
Redemption of EuroBonus points on SAS's flights and SAS Credits

When a customer travels, SAS allocates the portion of the ticket price relating to the EuroBonus points as a separate transaction. This is measured at fair value and is not recognized as passenger revenue until the period in which the obligation is fulfilled, i.e. the point is used on SAS flights.

Geographical breakdown of SAS's passenger revenue FY17



Sales channels breakdown of SAS's passenger revenue, FY17



Charter revenue

SAS operates aircraft on a charter basis for flights that take place outside normal schedules through a hiring arrangement with particular customers. Charter revenue, like passenger revenue, is recognized when transportation has been provided.

Cargo and mail revenue

SAS provides cargo services on both passenger aircraft and commercial cargo flights. This revenue is recognized as revenue when the air transportation is completed.

Other traffic revenue

Other traffic revenue is from unutilized tickets, surcharges relating to sales for travelling on other airlines and ancillary revenue such as pre-seating, additional baggage and upgrades.

Tickets that have not been utilized by passengers and which have expired are recognized as revenue. SAS estimates unutilized tickets each period based on historical utilization levels for unutilized tickets over

the past two or three-year period, and recognizes revenue and reduces the short-term unearned transportation revenue liability based on that estimate.

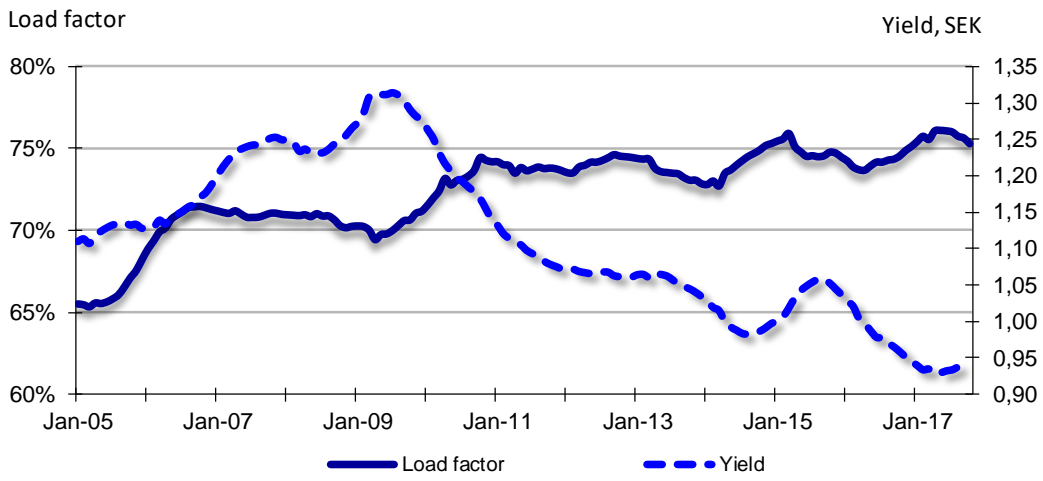
Other operating revenue

Other operating revenue is made up of the following items:

Item	FY17	FY16	FY15
In flight sales	269	252	253
Ground handling services	1,028	1,041	1,294
Technical maintenance	314	152	163
Terminal & forwarding services	354	351	370
Sales commissions and charges	569	556	548
Other*	1,623	1,399	1,453
Total other operating revenue	4,157	3,751	4,081

*Includes invoicing of other airlines for GDSs and lounge access, EuroBonus point sale and services fees from name changes and re-booking fees.

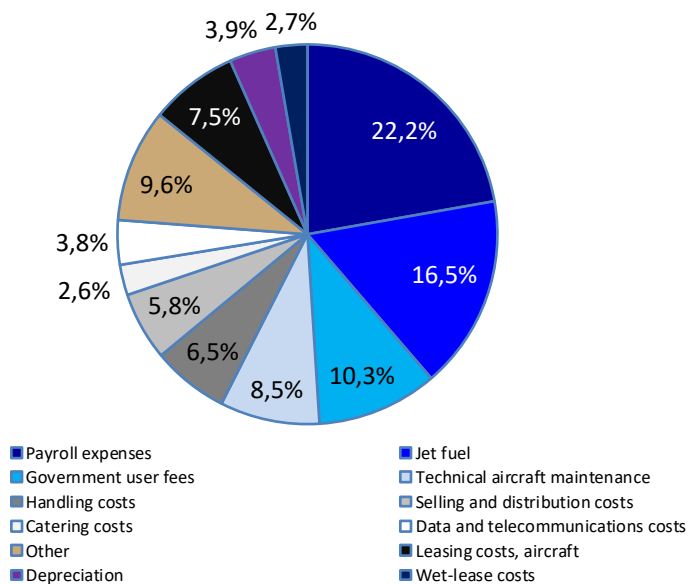
SAS yield and load factor development, R12



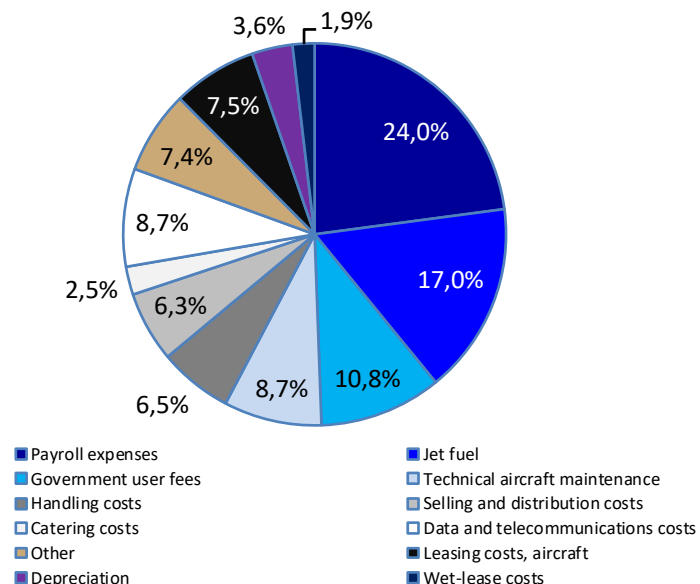
Expenditure

Airlines are capital and labour intensive, which is reflected in the expenditure breakdowns.

Cost breakdown FY17



Cost breakdown FY16



Payroll expenditure

Payroll expenditure includes employee costs such as wages, social taxes, insurances and training costs.

Wages make up approximately 80% of the payroll expenses.

Employee group, FTE	FY17	FY16	FY15	FY14
Ground handling	3,978	4,210	4,916	5,294
Cabin crew	2,635	2,574	2,325	2,455
Administration	1,286	1,516	1,660	1,947
Pilots	1,345	1,300	1,227	1,322
Technicians	1,080	1,110	1,160	1,312
Total full-time employees	10,324	10,710	11,288	12,329

Employee group, MSEK	FY17	FY16	FY15	FY14
Ground handling	2,665	2,700	3,150	3,320
Cabin crew	1,792	1,647	1,546	1,587
Administration	1,125	1,292	1,460	1,424
Pilots	2,613	2,489	2,370	2,459
Technicians	936	943	966	1,040
Total payroll expenditure, ex restructuring costs	9,131	9,071	9,492	9,831

Jet fuel

Jet fuel costs includes mainly the cost for purchasing jet fuel, hedging costs and transportation of the jet fuel cost to SAS's aircraft.

The jet-fuel cost does not include the effects from SAS's USD currency hedging. The effects from SAS's

currency hedging are recognized in profit or loss under "Other operating expenses," since SAS's currency hedging is performed separately and is not linked specifically to its jet-fuel purchases.

Item	FY17	FY16	FY15	FY14
Jet fuel consumption, MT	1,389,557	1,308,776	1,212,206	1,236,184
Average jet fuel spot price, \$/MT	491	398	547	934
Jet fuel price paid incl. hedging cost (\$/MT)	566	583	757	978

Government user fees

Government user fees predominantly relate to costs for the use of airports, overflight and enroute charges as well as security and environmental charges.

Breakdown of airport and passenger related charges:

Area	FY17	FY16	FY15	FY14
Denmark	1,364	1,378	1,314	1,337
Norway	2,277	1,985	1,686	1,755
Sweden	1,134	1,023	1,049	1,070
International	2,322	2,317	2,130	1,890
Total	7,097	6,702	6,180	6,053

Breakdown of enroute charges:

Area	FY17	FY16	FY15	FY14
Denmark	159	154	158	172
Norway	262	219	248	256
Sweden	384	367	376	409
International	1,189	986	932	873
Total	1,994	1,726	1,714	1,711

In total, SAS paid MSEK 9,091 in airport and enroute charges during FY17 of which MSEK 4,262 is accounted for in the income statement. The remaining part is paid by the passengers to respective supplier via SAS.

Technical aircraft maintenance

Technical aircraft maintenance costs relate to external maintenance costs that SAS incur for base and heavier maintaining of aircraft and engines. SAS uses several suppliers for these services, including Lufthansa Technik, CFM, IAE, Safran, Iberia, Rolls Royce and MTU.

Technical maintenance costs for leased aircraft engines are handled by provisioning for the next maintenance event by expensing the cost in the income statement based on actual flight hours and flight cycles. Heavy maintenance for other leased major components (e.g. airframe) are expensed per calendar month. At the same time, a provision is made as 'Other provisions' on the balance sheet.

When the maintenance is undertaken, the payment affects working capital in the cash flow statement at the same time as 'Other provisions' are reduced by the same amount.

Heavier technical maintenance for owned engines/airframes are depreciated on an hourly basis, flight cycles and a linear basis, matching the asset life.

SAS undertakes most line maintenance in-house. Most expenditure relating to line maintenance is accounted for under payroll expenditure and only costs for spare parts and components are accounted for under technical aircraft maintenance costs.

De-icing fluid for SAS and other airlines are also included under technical aircraft maintenance costs at the main hubs, Malmö and Gothenburg airports.

A significant part of aircraft maintenance costs is priced in USD.

Leasing costs for aircraft

Aircraft leasing costs relate to operational lease expenses of aircraft that SAS is leasing. About 70% of SAS's aircraft fleet is on operating lease basis. Aircraft leasing costs also include 40% of SAS's total wet-lease costs.

Aircraft leasing costs are predominantly denominated in USD.

Wet-lease costs

Wet-leasing means leasing of both aircraft and crew. SAS 'wet-leases' its regional jet and turboprop aircraft from strategic partners. The contracts are up to six years long.

Of the total wet-lease costs, a proxy of 40% are accounted under aircraft leasing costs while the remaining 60% of the wet-lease costs is accounted for under 'Wet-lease costs'.

Ad-hoc wet-leases are fully accounted for under wet-lease costs.

Sales and distribution costs

Sales and distribution relate to agencies and distribution system providers, marketing, sales centre costs and credit card fees.

Handling costs

Handling costs relate to external ground handling services and cleaning. It also includes the logistical costs for transporting the catering to the aircraft and disposing it.

SAS has in house ground handling services at the main hubs at the airports in Copenhagen, Oslo and Stockholm-Arlanda as well as two line stations at Gothenburg and Malmö airports. Most expenditure relating to the in-house ground services is accounted for under payroll expenditure. Costs for leased vehicles and other equipment for in-house ground handling services are accounted for under other operating expenditure.

Computer and telecom costs

Computer and telecom costs include payments to external IT providers for software, operation and management of SAS systems and IT infrastructure. It also includes procurement of IT hardware such as crew devices, telephones, screens and the leasing cost for desktop and laptops. IT development, which is not activated as an intangible asset, is also included under computer and telecom costs.

Catering costs

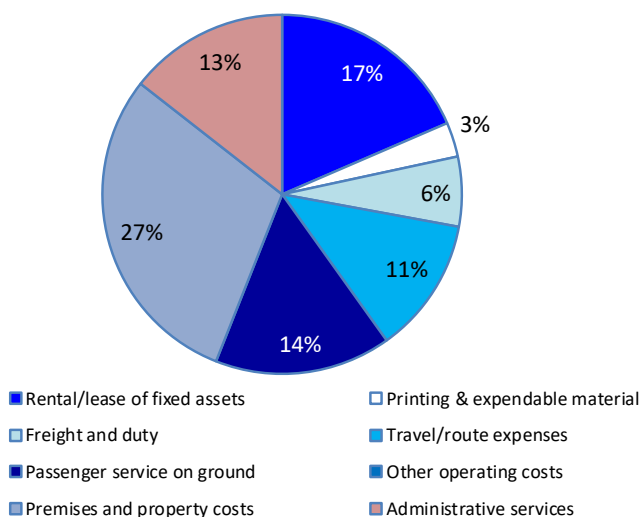
Catering costs include the cost for catering on-board SAS's flights.

Other operating costs

Other operating costs include costs for premises and property, passenger service on ground, rental/lease of fixed assets, administrative costs as well as exchange rate and derivative effects. Revaluation of working capital (e.g. leased engine provisions), due to changing exchange rates, also affect other operating costs.

Exchange rate and forward cover costs vary significantly from year to year depending on SAS's hedging position and the spot market development. A breakdown of other operating costs excluding exchange rate and forward cover costs is provided below.

Breakdown of other operating costs excluding exchange rate and forward cover costs, FY17, %



Depreciation, amortization and impairment

Depreciation mostly relates to depreciation of owned aircraft and intangible assets. A breakdown of depreciation, amortization and impairment is provided in the table below:

Depreciation	FY17	FY16	FY15
Aircraft	1,157	1,123	1,129
Intangible assets	372	145	207
Spare engines and spare parts	4	2	40
Buildings and fittings	59	55	37
Other equipment and vehicles	27	25	37
Workshop and aircraft servicing equipment	16	17	16
Total	1,635	1,367	1,466

SAS depreciates is based on the following estimated periods of useful life:

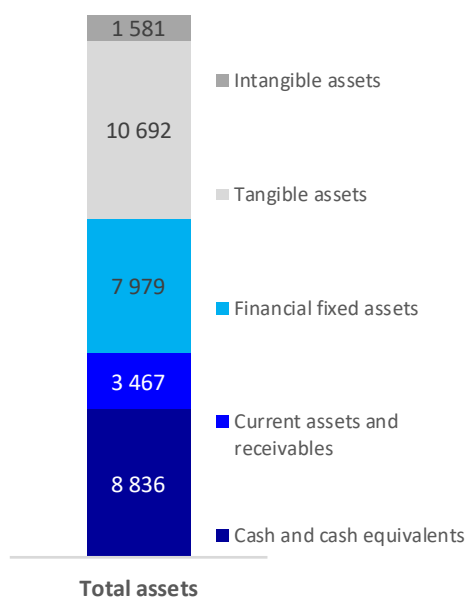
Asset	Depreciation
Aircraft	20 years ¹
Spare equipment and spare parts	20 years ¹
Engine components (average)	8 years
Workshop and aircraft servicing equipment	5-10 years
Other equipment and vehicles	3-5 years
Buildings	5-50 years

¹ Estimated residual value after a useful life of 20 years is 10%.

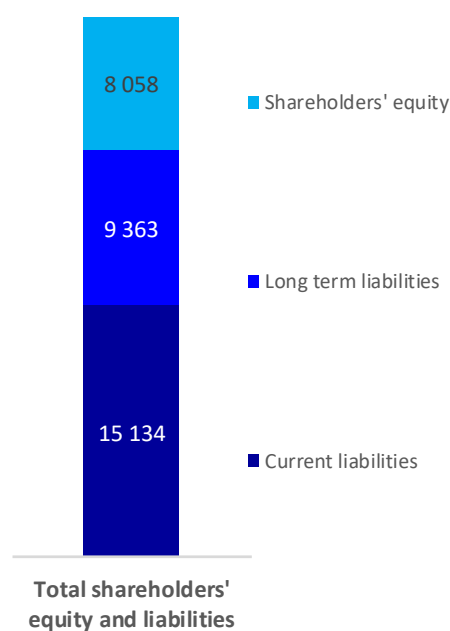
SAS's balance sheet and the financial net debt

SAS's main asset is its aircraft, that made up 24% of the total assets on 31 October 2017. The composition of SAS's balance sheet is shown in the diagram below.

**Breakdown of total assets 31 Oct 2017
MSEK**



**Breakdown of shareholders' equity and liabilities
31 Oct 2017, MSEK**



Financial net debt

The financial net debt is interest-bearing liabilities less interest-bearing assets excluding net pension funds. Because SAS follows the Swedish Annual Accounts Act, the balance sheet is not structured according to what is interest-bearing and not. On a line-by-line basis, the table below shows what parts of the assets and liabilities that are interest bearing on SAS's balance sheet.

Breakdown of net debt and the financial net debt

MSEK	Balance sheet		Net debt	Financial net debt
Pension funds	4,871		4,871	-
Other long-term receivables	2,512	Whereof interest-bearing part	1,933	1,933
Other short-term receivables	931	Whereof interest-bearing part	605	605
Short-term investments	5,932		5,932	5,932
Cash and bank balances	2,904		2,904	2,904
Subordinated loans	-1,067		-1,067	-1,067
Bonds	-386		-386	-386
Other loans	-4,088		-4,088	-4,088
Current portion of long-term loans	-2,868		-2,868	-2,868
Short-term loans	-166		-166	-166
Total			7,670	2,799

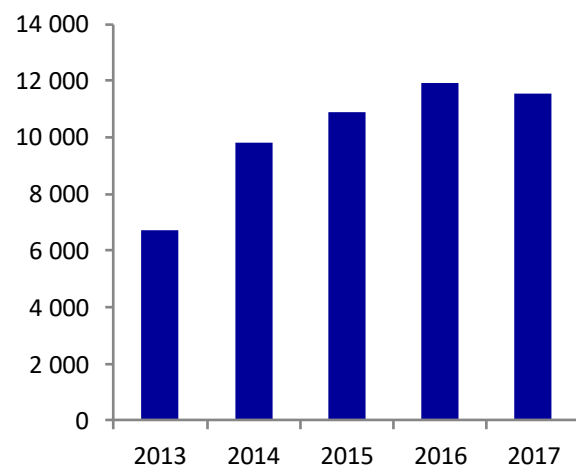
Financial risk management

Financial risk management is important due to SAS's capital-intensive operation and exposure to many foreign currencies, interests and jet fuel risks that also require close management of liquidity and credit risks. SAS has a centralized Treasury function that monitors the financial risks in line with SAS Financial policy which is approved by the Board. The Financial policy includes policies and directions such as mandates for hedging and approved financial instruments.

Liquidity and cash flow

SAS targets a financial preparedness of at least 25% of annual fixed costs. SAS's cash and cash equivalents are placed in instruments with good liquidity or short maturity with credit ratings not lower than A from Moody's and Standard & Poor's respectively.

Cash and undrawn credit facilities, MSEK

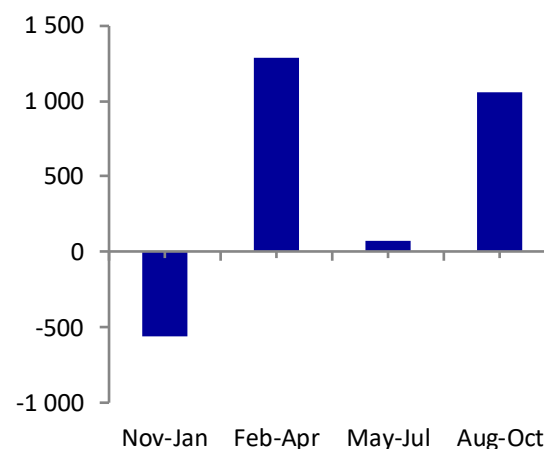


Seasonal fluctuations in demand impact cash flow and earnings differently. Passenger revenue is recognized when customers actually travel, while cash flow is positively impacted during months in which bookings increase.

SAS cash flow is positively impacted during periods with higher levels of pre-bookings. Pre-booking levels are generally building up during the spring from January to May before the summer period. This results in a positive change in SAS working capital due to increased unearned transportation revenue. During July-August, number of bookings decline which affect the cash flow from operation negatively due to a negative change in the working capital.

During the period September-November, pre-booking levels are relatively stable including the unearned transportation revenue.

SAS cash flow from operating activities seasonality, MSEK*



*Average during 2010-2017

Funding and debt profile

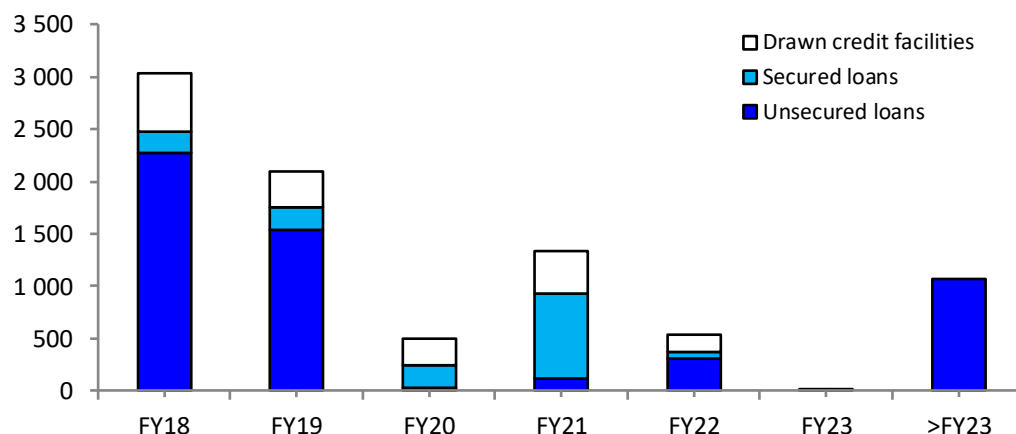
SAS has a diversified funding and uses commercial paper, bank loans, bond loans, convertible bond loans, subordinated loans and leasing as sources of funding. SAS's debt decisions are made with the aim to obtain a debt portfolio which minimizes the cost, has repayment flexibility, minimizes credit and residual value risks and has a balanced maturity profile.

SAS interest bearing liabilities totalled MSEK 8,575 on 31 October 2017 and is broken down as shown below:

Interest-bearing liabilities	MSEK
Subordinated loans	1,067
Bond loans	2,470
Convertible bond loan	1,521
Finance leases	1,534
Utilized facilities	1,708
Other loans	109
Other financial items	166
Total	8,575

As at 31 October 2017, SAS had net financial receivable of MSEK 2,799.

SAS interest-bearing liabilities amortization profile 31 October 2017, MSEK



In addition, SAS has off-balance sheet operating leases. These leases have an average tenor of 3.3 years as at 31 October 2017. The main unsecured loan maturing during FY18 is a bond of SEK 1.5 bn due in November 2017. This has been repaid and a new unsecured bond of SEK 1.5bn due in FY23 has been issued. In FY19 a convertible bond of SEK 1.6bn matures. SAS is reviewing alternative financing options should it not be converted to common shares.

Jet fuel risk management

SAS's policy for jet-fuel hedging states that jet fuel should be hedged at an interval of 40–80% of anticipated volumes for the coming 12 months. The policy also allows hedging up to 50% of the anticipated volumes for the following six months.

At October 31, 2017, SAS had hedged 43% of its anticipated jet-fuel consumption for the 2017/2018 fiscal year. The hedge was carried out using a mix of capped options and swaps. Under current plans (31 October 2017) for flight capacity, the cost of jet fuel during the 2017/2018 fiscal year is expected to be in line with the table below, taking into account different fuel prices and USD rates and including jet-fuel hedging.

The cost of jet fuel in the statement of income does not include the effects from SAS's USD currency hedging. The effects from SAS's currency hedging are recognized in profit or loss under "Other operating expenses," since SAS's currency hedging is performed separately and is not linked specifically to its jet fuel purchases.

Vulnerability matrix, jet-fuel cost FY17, SEK bn

Market price	SEK / USD			
	7.0	8.0	9.0	10.0
USD 400/MT	4.9	5.6	6.2	6.9
USD 600/MT	6.2	7.1	8.0	8.9
USD 800/MT	7.3	8.4	9.4	10.5
USD 1,000/MT	8.5	9.7	10.9	12.1

SAS's hedging contracts for jet fuel at Oct 31, 2017 have been taken into account.

Trading of emission rights

SAS is a long-time supporter of the polluter pays principle. However, a prerequisite for this is that it is applied on equal terms and implemented in a way that does not distort competition. Furthermore, SAS is positive toward requirements for increased energy efficiency, which fit well with the company's ambitious environmental targets that mean making it possible to fly without greenhouse gas emissions by 2050.

In 2016/2017, SAS's emission rights expenses totalled MSEK 55 (88). ICAO's global economic instrument, the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), which aims to regulate aviation's carbon emissions from 2021, will be specified over the next few years.

While awaiting CORSIA, the European Commission has decided that EU-ETS should only include intra-Europe flights up until the 2020 calendar year. As yet, SAS is unable to assess the financial consequences of this instrument.

SAS secures emission rights for the expected shortfall to reduce financial exposure. Ahead of 2017/2018, SAS estimates that the cost for emissions rights will be at the same level as in 2016/2017.

Currency risk management

As a consequence of its international operations, counterparties and bases in Scandinavia, SAS is exposed to price changes in several currencies.

Financial risks pertaining to changes in exchange rates, interest rates and fuel prices, are hedged with derivatives, which aim to counter short-term negative fluctuations and provide scope for adapting operations to long-term changes in levels. Another aim of SAS's hedging strategy is to enable SAS to act quickly when changes in exchange rates, interest rates and fuel prices are advantageous.

SAS largest surplus currency is the NOK and the largest deficit currency is the USD. A breakdown of SAS's exposure to the different currencies based on the outcome during 2017/2017 is provided in the table below.

Currency breakdown 2016/2017, SEK bn

Currency	Revenue	Expenses	Net
USD	3.5	-14.5	-11.0
NOK	11.7	-5.8	5.9
SEK	12.9	-8.8	4.1
EUR	4.7	-3.4	1.3
CNY	0.8	-0.1	0.7
GBP	1.2	-0.7	0.5
JPY	0.5	-0.1	0.4
DKK	5.9	-6.1	-0.2
Other	1.4	-0.4	1.0

Currency exposure is managed through continuously hedging 40–80% of SAS's surplus and deficit currencies based on a 12-month rolling liquidity forecast.

At October 31, 2017, SAS had hedged 54% of its anticipated USD deficit for the next 12 months. In terms of the NOK, 65% of the anticipated surplus for the next 12 months was hedged.

Hedging is mainly performed through currency forward contracts and currency options to prevent earnings-related revaluation effects pertaining to the expected cash flows from the operation and to reduce revaluation effects from financial assets and liabilities. SAS's USD denominated loans are hedged against the SEK to reduce currency risk in the loan portfolio.

Currency hedging of aircraft order

SAS hedges part of the order value for aircraft it has on order to limit the currency risk. This is conducted through currency forward contracts and by entering into sale and leaseback agreements. When entering into sale and leaseback agreements, any currency forward contracts are terminated. By entering into sale and leaseback agreements for eight of the 18 Airbus A320neos on firm order, SAS has decreased the currency exposure for deliveries until mid-2018. SAS has also currency hedged a small portion of its aircraft order for eight Airbus A350s with delivery from 2019.

Interest

The airline industry is capital intensive and SAS has interest-bearing liabilities of MSEK 8,575, which exposes the company to interest-rate changes. The financial policy at SAS regulates the proportion between floating and fixed interest rates with the objective that gross financial debt has a tenor of two years. SAS's average tenor for gross financial debt was 2.2 years as of October 2017.

Counterparty losses

SAS is exposed to counterparty losses through credits, lease agreements and guarantees to external parties. This exposure is governed by SAS's financial policy. SAS's cash and cash equivalents are placed in instruments with good liquidity or short maturity with credit ratings of at least A from Standard & Poor's and Moody's.

EuroBonus

EuroBonus is SAS's loyalty program with the purpose of strengthening and maintaining a strong preference and loyalty to SAS. Founded in 1992, EuroBonus is Scandinavia's leading premier travel loyalty program with more than 5 million members. EuroBonus has a portfolio of more than 100 partners spanning a variety of businesses with the aim of supporting the loyalty program.

EuroBonus enables its members to earn SAS EuroBonus points on SAS and partner flights as well as its affiliated partners. These can be redeemed for award flights with SAS, Widerøe and Star Alliance partners. During FY17, 1.1 million reward seats were for example redeemed with SAS and 0.1 million with other partners. Through the program, EuroBonus members get access to all Star Alliance partners network to book reward flights. Gold and Diamond members can also utilize all Star Alliance partners more than 1,000 lounges. Members also redeem points for upgrades (e.g. Business Class), hotel nights, car rentals and shopping.

During the last few years, we have invested in improving the customer offering of EuroBonus. This has contributed to a 1.5 million increase in the number of program members since 2015. The broadened member base and increasing number of partners has strengthened the EuroBonus program and made it more attractive. For example, collaboration with credit card partners has led to a year-on-year increase in revenues from EuroBonus points sales of about

MSEK 250 during FY17. The trend shows both substantial potential and that the development of

EuroBonus and partners together can create growth and value.

The membership base provides us with unique knowledge about Scandinavia's most frequent travellers and their preferences. Going forward we will use big data analytics to create offerings that, together with new partners, broaden and strengthen loyalty to SAS. By further developing existing business models — including through more credit cards linked to EuroBonus — and through new business models based on the sale of bonus points for collaborating partners and differing forms of commission, we can broaden our offering to include package holidays, conferences and other types of experience.

EuroBonus is the cornerstone of a new unit, SAS Growth Initiatives, which during FY18 is being established with the task of utilizing business opportunities through strengthened entrepreneurship.

How the accounting of EuroBonus points work

When a EuroBonus member purchases an airline ticket, they receive EuroBonus points. The portion of the airline ticket price representing the value of the EuroBonus points is shown as a liability. Revenue is recognized when travelers use the points, for example by booking a trip with EuroBonus points.

Sale of EuroBonus points to partners is recognized under "Other revenue", subtracted by the assessed cost which is shown as a liability. When the points are redeemed, the liability is dissolved and associated revenue and costs recognized.

Facts about EuroBonus

	FY17	FY16	FY15
Number of members, million¹	5.1	4.7	4.2
Redeemed award flights, million²	1.5	1.5	1.4
Revenue from sold EB-points to external partners, MSEK	1,222	973	863
EuroBonus liability, MSEK¹	1,776	1,719	1,562

¹ As at 31 October in respective year ² Fully or partially paid with EB-points with SAS and/or partners.

Fleet

SAS's own fleet consists of two aircraft types for operation within Europe and Airbus A330/A340 for our long-haul flights.

SAS aircraft, 31 October 2017

Aircraft type (SK AOC)	Age	Owned	Leased	Total	Order	Order lease
Airbus A330/A340/A350	12.4	3/7/0	5/1/0	8/8/0	0/0/8	-
Airbus A319/A320/A321	8.5	3/2/4	1/22/4	4/24/8	0/18/0	-
Boeing 737-600/700/800	14.3	4/11/9	11/18/20	15/29/29	-	-
Total	12.4	43	82	125	26	-

Wet leased aircraft, 31 October 2017

Aircraft type, other AOC than SK	Age	Owned	Wet Leased	Total	Order, wet lease
Bombardier CRJ900	2.8	-	24	24	5
ATR-72	2.6	-	9	9	-
Total	2.7	-	33	33	5

Aircraft order

As at 31 October 2017, SAS had firm orders on 26 aircraft and 5 wet leased aircraft with deliveries as shown in the table below.

Aircraft type	FY18	FY19	FY20	FY21
Airbus A320neo	11	7	-	-
Airbus A350	-	-	3	5
Bombardier CRJ900 (wet lease)	5	-	-	-
Total	16	7	3	5

Aircraft data

	Airbus A330/A340	Airbus A319/320/321	Airbus A320neo	Boeing 737-600/700/800	CRJ900	ATR72
Number of aircraft	8/8	4/12/8	12	15/29/29	24	9
Number of seats, max	266/247	141/168/198	174	123/141/181	90	70
Max. take-off weight, tonnes	242/275	75.5/75.5/89	77	59.9/69.4/79	38.3	23.0
Max. load weight, tonnes	44.5/44.1	16.7/18/23	18	13.2/15.2/19.6	9.6	7.4
Length, metres	63.7	33.8/37.6/44.5	37.6	31.2/33.6/39.5	36.2	27.2
Wingspan, metres	60.3	34.1	35.8	34.3/35.8/35.8	23.4	27.1
Cruising speed, km/h	875	840	840	840	840	490
Range, km	10,400/12,800	3,100/3,900/3,800	4,600	2,400/4,400/4,200	2,100	930
Fuel consumption, l/seat km	0.032/0.039	0.033/0.029/0.029	0.025	0.038/0.032/0.028	0.039	0.027
Engine	RR Trent 772B/CFM56-5C4	IAE V2524-A5/IAE V2527-A5/IAE V2530-A5	CFM Leap 1A	CFM56-7B	GE CF34-8C5a1	PW 127M

Alliances and partners

SAS is a founding member of Star Alliance™ in 1997. In addition, SAS has 21 bilateral codeshare partners as at 31 March 2018. Star Alliance and the bilateral partners complements and extends SAS's networks and offer our passengers a global proposition to, from and within Scandinavia.

Star Alliance

Star Alliance is the world's largest alliance between 28 network airlines. The member airlines include many of the world's top aviation companies as well as smaller regional airlines. Together, they offer easy connections to almost any destination in the world.

Each airline maintains its own individual style and cultural identity, bringing the richness of diversity and multiculturalism to the alliance. At the same time, each airline shares a common dedication to the highest standards of safety and customer service.

Star Alliance enables an enhanced travel experience whereby customer can gain access to lounges and other time-saving services and can earn and redeem bonus on all participating airlines. In cases where our passengers are impacted by flight irregularities, passengers can reach their destinations by rebooking

to the next available Star Alliance flight as airlines within Star Alliance have established structures and processes for these events.

Joint venture

Since 2012 SAS and Singapore Airlines have a joint venture on the routes between Singapore and Scandinavia.

Codeshare partners

In addition to its established relationships with Star Alliance, SAS has codeshare relationships with many other airlines. As at 31 March 2018, SAS had codeshare arrangements with 21 partners as shown in the table below.

Partner	Codeshare details
Aegean Airlines	SAS codeshares on Aegean Airlines services between Scandinavia and Greece. Aegean Airlines codeshares on SAS's services between Scandinavia and Greece.
Adria Airways	SAS codeshares on Adria Airways services between Scandinavia and Slovenia. Adria Airways codeshares on SAS's services between Scandinavia and Slovenia.
Air Canada	SAS codeshares on Air Canada's services between Copenhagen and Toronto. Air Canada codeshares on SAS's services within Scandinavia and destinations in EU.
Air China	SAS codeshares on Air China's services between Stockholm and Beijing and beyond Beijing. Air China codeshares on SAS's services between Copenhagen and Beijing and Scandinavia.
All Nippon Airways	SAS codeshares on All Nippon Airways' services between within Japan. All Nippon Airways has no codeshares on SAS's service.
Austrian Airlines	SAS codeshares on Austrian Airlines' services between SCA and VIE and beyond VIE. Austrian Airlines codeshares on SAS's services within SCA.
Croatia Airlines	SAS codeshares on Croatia Airlines services between SCA and Croatia. Croatia Airlines codeshares on SAS's services between SCA and Croatia.
Ethiopian Airways	SAS codeshares on Ethiopian Airways services between STO and ADD. Ethiopian Airways codeshares on SAS's services within SCA.

Partner	Codeshare details
Etihad	SAS codeshares on Etihad services between Europe and AUH Etihad codeshares on SAS's services between/within SCA and EU
Icelandair	SAS codeshares on Icelandair's services between SCA and KEF Icelandair codeshares on SAS's services within SCA and to EU
Lot	SAS codeshares on Lot's services between SCA and WAW Lot codeshares on SAS's services between SCA and WAW
Lufthansa	SAS codeshares on Lufthansa's services between SCA and Germany and beyond Germany Lufthansa codeshares on SAS's services between SCA and Germany and within SCA
Luxair	SAS codeshares on Luxair's services between SCA and Luxembourg Luxair codeshares on SAS's services within SCA and between SE and FI
Next Jet	SAS codeshares on Next Jet services between within SE and between SE and FI Next Jet has no codeshares on SAS's services.
Singapore Airlines	SAS codeshares on Singapore Airline's services between EU and SIN & beyond SIN Singapore Airlines codeshares on SAS's services within SCA and to EU
South African Airways	SAS codeshares on South African Airways services between EU and SA South African Airways codeshares on SAS's services within SCA and to DE/GB
Swiss	SAS codeshares on Swiss' services between SCA and ZRH Swiss codeshares on SAS's services between SCA and ZRH
Thai International	SAS codeshares on Thai International's services between SCA and TH Thai International codeshares on SAS's services within SCA and to EU
Turkish Airlines	SAS codeshares on Turkish Airlines services between SCA/FI and IST Turkish Airlines codeshares on SAS's services within SCA.
United Airlines	SAS codeshares on United Airlines services within US domestic United Airlines codeshares on SAS's services within SCA and to EU
Widerøe	SAS codeshares on Widerøe's services within NO/SCA and between NO and DK/UK Widerøe has no codeshares on SAS's services

Interline agreements

In addition to the codeshare relationships, SAS has interline agreements with more than 120 other

airlines. This enables SAS to check-through a passenger's bag to the final destination and further extend SAS's network and make the life easier for passengers travelling with SAS.

Legal framework and protection of SAS's traffic rights

SAS AB is a Swedish public limited company headquartered in Stockholm, Sweden. Since July 2001, SAS AB has been listed at the Nasdaq Nordic in Stockholm with secondary listings in Copenhagen and Oslo

Legal framework governing SAS

External rules

- Swedish legislation, EU regulations and laws set by other countries in which SAS operate
- The Swedish Corporate Governance Code (the Code)
- Nasdaq Nordic in Stockholm and Copenhagen and Oslo Børs' rule book for issuers
- The recommendations issued by relevant Swedish and international organizations
 - Flight safety regulations and certifications
 - Accounting rules

Internal rules

- The Articles of Association
- The information policy
- The Board's Rules of Procedure
- The Board's instructions to the President
- Internal policies and guidelines including the Code of Conduct

No breaches of the relevant stock exchange rules or of good stock market practices have been reported by Nasdaq's Disciplinary Committee, Oslo Børs or the Swedish Securities Council during the 2016/2017 fiscal year.

Protection of SAS's air traffic rights in the Article of Association

For aviation policy reasons, the company's Articles of Association authorizes, in part, the mandatory redemption of common shares by means of a reduction of share capital and, in part, should redemption not be possible or be judged adequate, an option to issue subordinated shares for subscription with the support of previously issued warrants.

A precondition for these actions is an assessment by the company's Board that a direct threat exists against the air traffic rights of the company or any of its subsidiaries when the company or its subsidiaries infringe or risk infringing provisions on ownership and control in bilateral aviation agreements or in laws or regulations pertaining to permits for air traffic in the EU/EEA.

Mandatory redemption

In that case the Board may decide to mandatorily redeem a sufficient number of common shares not

owned by shareholders domiciled in Denmark, Norway or Sweden along with common shares that are controlled, directly or indirectly, by a person or company outside of these three countries, so as to ensure continued Scandinavian ownership and control. Primarily, such mandatory redemption of common shares is performed on shares owned or controlled by a person or company outside the EU/EEA. Prior to redemption, the shareholders are given an opportunity to sell their common shares voluntarily within a prescribed period. Redemptions are made subsequently without refund to the shareholder since the reduction is to be transferred to the company's statutory reserve.

Subordinated shares

Should the Board deem the action of redeeming common shares not possible or inadequate, the Board may propose a shareholders' meeting to decide whether to issue subordinated shares in such number to safeguard continued Scandinavian ownership and control. Such a decision must be approved by at least

half of the votes cast at the meeting. The subordinated shares thus issued are subscribed for with the support of previously issued warrants, which are currently held by a subsidiary of SAS AB but which the Board of SAS AB has the right to decide to transfer to one or more appropriate legal entities domiciled in Denmark, Norway or Sweden as soon as this is judged necessary for aviation policy reasons.

In total, there are 75,000 warrants issued, which provide entitlement to subscription of a total of 150,000,000 subordinated shares, which would increase the company's share capital by a maximum of SEK 3,015,000,000. As soon as the threat no longer exists, the Board shall ensure that the subordinated shares thus issued are redeemed.

Furthermore, for aviation policy reasons, the Articles of Association contain certain suitability and qualification requirements for Board members to ensure that the Board will always have the composition it needs to ensure that the company and its subsidiaries are able to retain their air traffic rights. These requirements include citizenship, domicile and knowledge and experience of the social, business and cultural conditions prevailing in the Scandinavian countries. Beyond these requirements and the regulations contained in the Articles of Association, there are no restrictions or voting rules pertaining to the appointment or removal of Board members.

SAS share and ownership

Three share classes

SAS AB has three classes of shares: common shares, preference shares and subordinated shares. At October 31, 2017, there were about 330 million common shares and seven million preference shares issued with a quotient value of SEK 20.10. In November 2017, SAS completed a private placement of 52.5 million common shares. In February 2018, SAS redeemed 70% of outstanding preference shares. Details about this is provided in the table 'Change in SAS AB share capital' on the next page.

There are no subordinated shares issued or outstanding. Common shares and subordinated shares entitle the holders to one vote each. Each preference share entitles the holder to one-tenth of a vote.

The maximum number of common shares and subordinated shares that may be issued is limited to a number that corresponds with 100% of the company's share capital. The maximum number of preference shares that may be issued is limited to 10% of the share capital. Common shares and preference shares provide shareholders with the rights set out in the Swedish Companies Act and the Articles of Association.

Subordinated shares provide shareholders the right to participate in and vote at the company's shareholders' meetings. Subordinated shares do not entitle shareholders to dividends or participation in bonus issues. If subordinated shares are redeemed or the company is dissolved and its assets distributed, holders of subordinated shares are treated as common shares and receive an equal share in the company's assets, although not at an amount higher than the quotient value of the subordinated shares index-adjusted from the first date of registration of the subordinated shares until the date of the distribution with an interest-rate factor corresponding to STIBOR 90 days plus two percentage points. The purpose with the subordinated shares is to protect SAS's air traffic rights.

Ownership and control

On October 31, 2017, SAS AB had a total of 58,865 shareholders. The share of voting rights in Scandinavia was about 81%, with Sweden accounting for 40%, Denmark 28% and Norway 13%. Non-Scandinavian shareholders held about 19% of the voting rights in SAS AB. Institutional owners held 30–35% of the voting rights and private individuals 25–30%.

The 15 largest shareholders in SAS AB, 31 October 2017

Shareholder	Number of common shares	Number of preference shares	% of voting rights
The Swedish Government	56,700,000	-	17.1%
The Danish Government	47,000,000	-	14.2%
The Norwegian Government	37,800,000	-	11.4%
Knut and Alice Wallenberg's Foundation	24,855,960	-	7.5%
State Street Bank & Trust	4,672,217	1,489	1.4%
Försäkringsaktiebolaget, Avanza Pension	3,741,862	446,585	1.1%
Ålandsbanken in the owners' stead	3,241,909	63,093	1.0%
Gerald Engström	3,300,000	-	1.0%
JPMC:Escrow German Resident Treaty	3,030,828	-	0.9%
Swedbank Försäkring	2,513,972	287,825	0.8%
JP Morgan Securities	2,785,771	4,042	0.8%
Banque de Luxembourg	2,595,304	-	0.8%
Vätterleden AB	2,103,437	-	0.6%
Morgan Stanley and Co	1,936,129	-	0.6%
Färna Invest AB	1,800,000	-	0.5%
Other	132,005,162	6,196,966	40.3%
Total	330,082,551	7,000,000	100%

No restrictions exist in the Articles of Association concerning the voting rights of shareholders at shareholders' meetings and pursuant to the Swedish Companies Act, shareholders may vote for the entire number of shares they own or represent by proxy. Nor are there any special plans, such as employee-benefit

plans or the like, through which company or Group employees own shares with restricted voting rights. SAS AB has no knowledge of any agreements between shareholders that would restrict the capacity of shareholders to vote at a shareholders' meeting or their right to freely transfer such shares.

Change in SAS AB share capital

Year	Event	No. of new shares	Total No. of shares	Nominal value/share, SEK	Nominal share capital
2001	Incorporation	-	1,000	100	100,000
2001	Split	9,000	10,000	10	100,000
2001	New share issue	40,000	50,000	10	500,000
2001	Non-cash issue ¹	155,272,395	155,322,395	10	1,553,233,950
2001	Non-cash issue ²	6,494,001	161,816,396	10	1,618,163,960
2002	New share issue ³	2,683,604	164,500,000	10	1,645,000,000
2009	Share capital reduction	-	164,500,000	2.5	411,250,000
2009	Rights offering	2,303,000,000	2,467,500,000	2.5	6,168,750,000
2010	Share capital reduction	-	2,467,500,000	0.67	1,653,225,000
2010	Rights offering	7,402,500,000	9,870,000,000	0.67	6,612,900,000
2010	Reverse split	-	329,000,000	20.1	6,612,900,000
2014	New issue of preference shares	7,000,000	336,000,000	20.1	6,753,600,000
2016	Conversion of convertible loan	1,082,551	337,082,551	20.1	6,775,359,275
2017	Private placement of common shares	52,500,000	383,282,551	20.1	7,830,609,275
2018	Redemption of preference shares	4,898,448	389,582,551	20.1	7,732,150,470

¹ Shares issued in exchange for shares in SAS Danmark A/S, SAS Norge AS and SAS Sverige AB.

² Shares issued in exchange for shares in SAS Danmark A/S, SAS Norge AS and SAS Sverige AB.

³ Technical change in connection with consolidation to one common share.

SAS Board of Directors

The Board is responsible for the organization and administration of the Group, for ensuring proper control of its accounting and other financial

circumstances as well as for appointing and removing the President. All members elected by the shareholders' meeting are independent of the company and company management.

The Board of Directors as elected by the AGM on 10 April 2018.



CARSTEN DILLING
BORN 1962

Chairman of the Board of SAS AB since 2018. Member of the Board of SAS AB since 2014.

Directorships: Chairman of NNIT A/S and Icotera A/S, and Board member of Terma A/S.

Education: B.Sc. and M.Sc. in Economics and Business Administration, Copenhagen Business School.

Earlier directorships/positions: Board member of Get AS, Traen A/S (Chairman), Gatetrade A/S, Columbus IT Partner A/S, Confederation of Danish Industry (DI) and Industrial Employers in Copenhagen (IAK) and a number of Board assignments for the TDC Group. Previously President and CEO of TDC A/S.

Shareholding: 0.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



DAG MEJDELL
BORN 1957

Vice Chairman of the Board of SAS AB since 2018. Member of the Board of SAS AB since 2008.

Directorships: Chairman of Norsk Hydro ASA, Sparebank 1 SR Bank ASA, NSB AS, International Post Corporation and Telecomputing.

Education: MBA, Norwegian School of Economics and Business Administration.

Earlier directorships/positions: President and CEO of Dyno Nobel ASA and CEO of Posten Norge AS. Chairman of Arbeidsgiverforeningen Spekter, Svenska Handelsbanken, Region Norway and Vice Chairman of Evry ASA. Board member of DYWIDAG System International GmbH. Industrial advisor IK investment Partners.

Shareholding: 4,214 common shares.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



MONICA CANEMAN
BORN 1954

Member of the Board of SAS AB since 2010.

Directorships: Chairman of Bravida Holding AB. Board member of Comhem AB and Nets AB.

Education: MBA, Stockholm School of Economics.

Earlier directorships/positions: Chairman of Allenex AB, Arion Bank hf, Big Ba AB, EDT AS, the Fourth Swedish Pension Fund, Frösunda LSS AB, Inter-verbium AB and Viva Media Group AB. Board member of Akademikliniken AB, Citymail Group AB, EDB Business Partner ASA, Intermail A/S, Lindorff Group AB, My Safety AB, Nordisk Energiförvaltning ASA, Nya Livförsäkrings AB, Nocom AB, Resco AB, Schibsted ASA, SEB Trygg Liv, Svenska Dagbladet AB and XponCard Group AB.

Shareholding: 4,000 common shares.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



LIV FIKSDAHL
BORN 1965

Member of the Board of SAS AB since 2018.

Directorship/position: No external positions

Education: Finance and management at Trondheim Business School.

Earlier directorships/positions: Head of IT and Operations at DnB, and other previous leading positions in DnB. Chairman of the Board of the industry organization Banking and Payment in Finance Norway.

Vice Chairman of the Norwegian Savings Banks Association. Board member of BankAxept and Doorstep.

Shareholding: 0.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.

Auditors: PricewaterhouseCoopers AB (PwC)
Auditor in charge: Bo Hjalmarsson, Authorized Public Accountant. Elected in 2013.
Other major engagements: Ericsson, SAAB and Teracom.
Board secretary: Marie Wohlfahrt, General Counsel.



LARS-JOHAN JARNHEIMER
BORN 1960

Member of the Board of SAS AB since 2013.

Directorships: Chairman of Qliro-Group, Arvid Nordqvist HAB and Ingka Holding B.V (IKEA's parent company). Board member of Egmont International Holding AS, Wonderboo AB and Elite Hotels.

Education: B.Sc. in Business Administration and Economics, Lund and Växjö universities.

Earlier directorships/positions: Chairman of BRIS and Eniro AB. Board member of MTG Modern Times Group AB, Millicom International Cellular S.A, Invik and Apoteket AB. President and CEO of Tele2.

Shareholding: 10,000 common shares, 2,520 preference shares.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



SANNA SUVANTO-HARSAAE
BORN 1966

Member of the Board of SAS AB since 2013.

Directorships: Chairman of Altia Oyj, Babysam A/S, Best VPG Holding A/S, BeConcept Holding A/S, Sunset Boulevard A/S, TCM Group A/S, Workz A/S, BoConcept AS and Footway AB. Vice Chairman of Paulig Oj. Board member of Broman group Oyj, CEPOS and Upplands Motor AB.

Education: M.Sc. in Business and Economics, Lund University.

Earlier directorships/positions: Chairman of Health and Fitness Nordic AB and BTX AS. Board member of Jetpak AB, Duni AB, Candyking AB, CCS AB, Clas Ohlson AB and Symrise AG.

Shareholding: 0.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



OSCAR STEGE UNGER
BORN 1975

Member of the Board of SAS AB since 2018.

Directorship/position: Director of Wallenberg Foundations AB

Education: Master of Science in Business Administrations and Bachelor of Science in Economics at Stockholm University.

Earlier directorships/positions: Head of Investor Relations, and thereafter Head of Communications, at Investor AB.

Shareholding: 0 common shares.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



EMPLOYEE REPRESENTATIVE
ENDRE RØROS, BORN 1972

Employed at Scandinavian Airlines in Norway. Member of the Board of SAS AB since January 2018.

Shareholding: 0.

Shareholding of related parties: 0.

DEPUTIES:

Pål Gisle Andersen, First Deputy.
Shareholding: 0.

Jan Levi Skogvang, Second Deputy.
Shareholding: 0.

Jens Lippestad was an employee representative until January 2018, when he was replaced by Endre Røros



EMPLOYEE REPRESENTATIVE
CECILIA VAN DER MEULEN,
BORN 1955

Employed at Scandinavian Airlines in Sweden. Member of the Board of SAS AB since 2017.

Shareholding: 0.

Shareholding of related parties: 0.

DEPUTIES:

Stefan Ottosson, First Deputy.
Shareholding: 0.

Joachim Olsson, Second Deputy.
Shareholding: 0.



EMPLOYEE REPRESENTATIVE
JANNE WEGEBERG, BORN 1951

Employed at Scandinavian Airlines in Denmark. Member of the Board of SAS AB since 2016.

Shareholding: 0.

Shareholding of related parties: 0.

DEPUTIES:

Christa Cere, First Deputy.

Shareholding: 0.

Kim John Christiansen, Second Deputy.
Shareholding: 0.

SAS Group Management

SAS Group Management is responsible for the company's business management, financial reporting, acquisitions/divestments, financing and communication and other corporate matters. The members of the Group Management are appointed by the President in consultation with the Board of

Directors. Only the President reports to the Board, although the other members of Group Management report to the President. Group Management's responsibilities are divided among its members with regard to managing the company's business affairs, and minuted meetings are normally held every week.

Group Management as at 10 April 2018.



RICKARD GUSTAFSON
BORN 1964

President and CEO.
Member of SAS Group Management since February 1, 2011.
Previously: Various executive positions at GE Capital, both in Europe and the US, and President of Codan/Trygg-Hansa from 2006–2011.
External directorships: Chairman of Aleris and Board member of FAM AB.
Education: M.Sc. Industrial Economics.
Shareholding: 40,000 common shares.
Shareholding of related parties: 5 common shares.



GÖRAN JANSSON
BORN 1958

Deputy President Deputy President and EVP Strategy & Ventures.
Member of SAS Group Management since 2011.
Previously: CFO and Deputy CEO of Assa Abloy.
External directorships: Board member of SPP.
Education: Graduate in Business Administration from Stockholm University.
Shareholding: 399 preference shares.
Shareholding of related parties: 0.



TORBJØRN WIST
BORN 1968

Executive Vice President and CFO.
Member of SAS Group Management since March 1, 2018.
Previously: 13 years at Telenor Group, holding several senior positions in finance including Group Treasurer, and 11 years in investment banking with Salomon Brothers, Merrill Lynch and Greenhill & Co. in New York and London.
External directorships: None.
Education: Business degree from the Richard Ivey School of Business at the University of Western Ontario in London, Canada.
Shareholding: 0 common shares.
Shareholding of related parties: 0.



MATTIAS FORSBERG
BORN 1972

Executive Vice President and CIO.
Member of SAS Group Management since January 1, 2016.
Previously: CIO at Systembolaget 2011–2015 and previously CIO at B&B Tools and strategy/management consultant at Accenture, including experience of Swedish and international assignments.
External directorships: Member of Skandia's Council of Delegates.
Education: MSc in Engineering Physics and Business and Economics from Uppsala University.
Shareholding: 0.
Shareholding of related parties: 0.

conducts major business.



CARINA MALMGREN HEANDER
BORN 1959

Executive Vice President and Chief of Staff. Member of SAS Group Management since January 1, 2015.
Previously: Several leading positions in HR and operations at Electrolux, Sandvik and ABB.
External directorships: Chairman of Svenska Flygbranschen AB. Board member of Projektengagemang AB and Scandinavian Track Group AB.
Education: MBA, Linköping University.
Shareholding: 0.
Shareholding of related parties: 0.



ANNELIE NÄSSÉN
BORN 1958

Executive Vice President Sales & Marketing. Member of SAS Group Management since July 1, 2017.
Previously: Most recently, VP Global Sales & Revenue Management and has previously held a number of leading positions at SAS's commercial units and Travel Retail.
External directorships: None.
Education: Bachelor of Management/BI Norwegian Business School Oslo, DIHM Marketing Management/IHM Business School.
Shareholding: 933 common shares.
Shareholding of related parties: 0.



LARS SANDAHL SØRENSEN
BORN 1963

Executive Vice President, Chief Operating Officer and Accountable Manager. Member of SAS Group Management since May 1, 2015.
Previously: An international background from senior executive roles in ISS World (Group CCO), SAS Group (Group CCO & CEO of SAS International), Visit Denmark (CEO) and the Confederation of Danish Industry. Partner at AIMS International and an advisor to European large cap active ownership funds.
External directorships: NKT Holding A/S, the Danish Industry Foundation, the Board of Management and Business Policy Committee at the Confederation of Danish Industry, Industrial Employers in Copenhagen (IAK) and Sport Event Denmark.
Education: Economics & management from Kansai Gaidai University & St. Cloud University and Stanford University.
Shareholding: 0.
Shareholding of related parties: 0.



KARL SANDLUND
BORN 1977

Executive Vice President Commercial. Member of SAS Group Management since February 1, 2014.
Previously: Most recently, Executive Vice President & Chief Strategy Officer and previously worked in various management positions for SAS. Karl Sandlund worked for McKinsey before joining SAS in 2004.
External directorships: None.
Education: M.Sc. in Industrial Engineering and Management from Linköping University.
Shareholding: 2,000 common shares, 39 preference shares.
Shareholding of related parties: 0.

Ten-year financial overview

Income statement	FY17	FY16	FY15	FY14	FY13	2012 ¹	2011	2010	2009	2008
Revenue	42,654	39,459	39,650	38,006	42,182	35,986	41,412	41,070	44,918	52,870
Operating income before depreciation	2,844	2,962	2,877	1,576						
Depreciation, amortization & impairment	-1,635	-1,367	-1,446	-1,443	-1,658	-1,426	-2,413	-1,885	-1,845	-1,550
Share of income in affiliated companies	4	39	37	30	25	32	28	12		
Income from the sale of shares in subsidiaries and affiliated companies	-21	-7	-	6	700	400	-	-73		
Income from sale of aircraft, buildings and slot pairs	995	265	777	-16	-118	-247	12	-239		
Financial revenue	148	91	124	102	50	96	224	174	304	660
Financial expenses	-611	-553	-632	-1,130	-999	-1,055	-1,030	-1,041	-645	-933
Income before tax, EBT	1,725	1,431	1,417	-918	-1,648	-1,245	-1,629	-3,069	-3,423	-969
Income before tax and nonrecurring items	1,951	939	1,174	-697	919	23	94	-444	-2,247	-1,947
Balance sheets, MSEK										
Fixed assets	20,252	19,319	18,512	18,291	18,600	29,692	29,883	30,591	29,636	26,840
Current assets, excluding cash and cash equivalents	3,467	4,065	3,556	3,617	3,462	4,273	5,494	6,191	8,670	10,741
Cash and cash equivalents	8,836	8,370	8,198	7,417	4,751	2,789	3,808	5,043	4,189	5,783
Shareholders' equity	8,058	6,026	6,339	4,907	3,226	11,156	12,433	14,438	11,389	7,312
Long-term liabilities	10,204	9,822	10,275	10,384	10,173	12,111	13,889	13,932	13,069	19,160
Current liabilities	14,293	15,906	13,652	14,034	13,414	13,487	12,863	13,455	18,037	16,892
Total assets	32,555	31,754	30,266	29,325	26,813	36,754	39,185	41,825	42,495	43,364
Cash flow statements, MSEK										
Cash flow from operating activities	2,443	3,663	3,036	1,096	1,028	2,562	-482	-155	-3,414	-2,651
Investments	-7,315	-5,960	-4,306	-2,113	-1,877	-2,595	-2,041	-2,493	-4,661	-4,448
Sale of fixed assets, etc.	7,228	3,345	3,193	1,632	1,644	1,976	517	697	2,050	1,535
Cash flow before financing activities	2,356	1,048	1,923	615	795	1,943	-2,006	-1,951	-6,025	-5,564
New issue	-	-	-	3,500	-	-	-	4,678	5,808	-
Dividend	-350	-350	-350	-175	-	-	-	-	-	-
External financing, net	-1,537	-530	-787	-1,275	1,171	-2,961	763	-1,859	-1,524	2,480
Cash flow for the year	469	168	786	2,665	1,966	-1,018	-1,243	868	-1,741	-3,084
Key and alternative performance measures²										
EBIT margin, %	5.1	4.8	5.6	0.4	6.2	-0.8	1.6	-4.7	-6.9	-1.3
Return on shareholders' equity after tax, %	18	24	18	-15	457	-25	-12	-17	-27	-48
Return on invested capital, %	13	12	14	4	18	-1	4	-5	-6	1
Adjusted financial net debt/EBITDAR	3.1x	3.2x	3.0x	4.2x	3.2x	6.5x	3.0x	8.0x	31.4x	12.9x
Financial preparedness, %	37	41	40	37	26	31	33	34	23	23
Equity/assets ratio, %	25	19	21	17	12	30	32	35	27	17
Adjusted equity/assets ratio, %	15	12	13	11	8	24	26	28	21	13
Debt/equity ratio	-0.35	-0.19	-0.11	0.22	1.42	0.59	0.56	0.20	0.57	1.22
Adjusted debt/equity ratio	2.28	3.08	2.65	3.14	5.13	1.54	1.33	0.89	1.70	3.08
Interest expenses/average gross debt, %	6.6	5.4	5.6	7.4	7.6	8.1	7.3	6.9	5.6	7.6
Interest-coverage ratio	3.8	3.6	3.2	0.2	2.6	-1.6	-0.6	-1.9	-4.4	-5.3
Average shareholders' equity	6,268	5,434	5,234	5,068	298	12,153	14,087	13,045	11,014	13,224
Interest-bearing liabilities	8,575	9,880	9,745	10,805	11,510	10,887	13,338	11,897	14,660	16,117
Financial net debt	-2,799	-1,166	-726	1,102	4,567	6,549	7,017	2,862	6,504	8,912
Average financial net debt	-1,765	-439	459	2,641	6,301	6,448	3,957	4,403	5,662	3,163
Capitalized leasing costs, net	21,210	19,754	17,535	14,287	11,970	10,654	9,527	10,318	15,554	21,182
Average capitalized leasing costs, net	20,385	18,791	16,105	13,017	11,219	9,827	9,706	11,984	19,502	22,016

¹ As a consequence of SAS's fiscal year changing to November 1–October 31, the 2012 fiscal year was shortened to the period January 1–October 31. Yield-based key figures are calculated based on income-statement items for a 12-month period.

² The returns are calculated using averages of the qualifying periods' balance-sheet items. The return on invested capital, adjusted equity/assets ratio and adjusted debt/equity ratio are calculated using net capitalized leasing costs, whereby operational leasing commitments for aircraft were taken into consideration.

Ten-year operational overview

Passenger related key figures	FY17	FY16	FY15	FY14	FY13	2012 ¹	2011	2010	2009	2008
Number of destinations served, scheduled	123	118	119	125	150	136	128	127	134	157
Number of flights, scheduled	298,100	297,481	293,898	294,679	402,460	338,870	396,134	367,817	380,470	427,201
Number of passengers, total (000)	30,065	29,449	28,884	29,408	30,436	25,916	28,990	27,096	26,967	30,936
Number of passengers, scheduled (000)	28,625	27,738	26,941	27,061	28,057	23,979	27,206	25,228	24,898	29,000
Available seat km, total (mill.) ²	52,217	48,620	44,289	45,158	44,629	36,126	40,953	38,851	39,934	45,764
Available seat km, scheduled (mill.)	48,303	44,956	40,877	40,971	40,583	32,813	37,003	34,660	35,571	41,993
Revenue passenger km, total (mill.) ²	40,078	36,940	33,781	34,714	33,451	27,702	30,668	29,391	29,025	33,097
Revenue passenger km, scheduled (mill.)	36,360	33,508	30,561	30,686	29,650	24,746	27,174	25,711	25,228	29,916
Load factor, total (%) ²	76.8	76.0	76.3	76.9	75.0	76.7	74.9	75.6	72.7	72.3
Average passenger distance, total (km)	1,333	1,252	1,170	1,180	1,099	1,069	1,058	1,085	1,076	1,070
Weight-related key figures										
Available tone km, ATK, total (mill. tonne km)	6,746	6,179	5,553	5,617	5,527	4,475	5,089	4,835	5,052	5,991
Available tone km, scheduled (mill. tonne km)	6,251	5,741	5,132	5,119	5,042	4,098	4,604	4,318	4,463	5,291
Available tone km, other (mill. tonne km)	495	437	421	498	485	377	485	517	589	700
Revenue tone km, RTK, total (mill. tonne km)	4,819	4,404	3,989	4,067	3,930	3,201	3,555	3,448	3,327	4,136
Passenger and excess baggage (mill. tonne km)	3,976	3,666	3,354	3,446	3,308	2,733	3,018	2,897	2,863	3,268
Total load factor, scheduled (%)	71.4	71.3	71.8	72.4	71.1	71.5	69.9	71.3	65.9	69.0
Traffic revenue/revenue tonne km (SEK)	7.99	8.11	8.98	8.34	9.53	9.94	10.23	10.42	11.34	10.12
Key figures for costs and efficiency										
Unit cost ³	0.69	0.70	0.79	0.75	0.80	0.81	0.86	0.95	1.02	0.96
Jet-fuel price paid incl. hedging, average (USD/ton)	566	583	757	978	1,093	1,116	970	773	831	1,120
Revenue-related key figures										
Passenger revenue/RPK, scheduled, yield (SEK)	0.90	0.91	1.00	0.94	1.07	1.09	1.12	1.16	1.30	1.27
Passenger revenue/ASK, scheduled, PASK (SEK)	0.68	0.68	0.75	0.70	0.78	0.82	0.82	0.86	0.92	0.91
Environmental key figures										
CO ₂ , gram/passenger km ⁴	96	99	101	100	104	118	122	121	127	131
Climate index ⁵ , (Environmental index ⁶)	88	91	92	92	94	98	100	90	94	98
Key figures for Scandinavian Airlines										
Market share, to from and within Scandinavia (%)	31	31	32	33	32	33	33	34	36	
Yield, currency-adjusted change, (%)	-2.9	-7.7	4.0	-7.4	-0.4	-1.0	-2.0	-7.4	-5.2	
PASK, currency-adjusted change, (%) ⁷	-1.9	-8.0	3.8	-5.8	-3.2	1.1	-1.3	-0.2	-7.3	
Unit cost, currency-adjusted, change (%)	-3.5	-11.1	-3.8	-2.2	-6.0	-0.1	2.0	-7.8	-8.1	
Average flight distance, per flight, scheduled	951	903	866	865	861	844	847	823	816	
No. of daily departures, scheduled, annual average	817	813	805	807	791	773	683	667	707	
Number of aircraft in service ⁸	158	156	151	156	151	156	157	159	172	
Aircraft, block hours/day	9.6	9.3	8.8	9.0	8.7	8.2	8.1	7.5	8.0	
Pilots, FTE	1,345	1,300	1,228	1,396	1,413	1,328	1,304	1,297	1,609	
Pilots, block hours/year	686	681	688	685	665	659	650	630	550	
Pilots, payroll expenses, MSEK	2,435	2,489	2,370	2,459	2,584	2,979	2,826	-	-	
Cabin crew, FTEs	2,635	2,574	2,325	2,564	2,607	2,613	2,528	2,442	2,835	
Cabin crew, block hours/year	777	759	762	762	721	674	660	640	616	
Cabin crew, payroll expenses, MSEK ⁸	1,613	1,647	1,546	1,587	1,769	2,087	2,076	-	-	
Regularity, (%)	98.9	98.4	98.7	99.0	98.8	99.0	98.5	96.6	99.3	
Punctuality within 15, (%)	83.6	83.9	87.9	88.4	86.2	89.4	88.9	86.9	90.1	
Customer satisfaction, CSI	72	73	74	72	71	72	72	70	68	

¹ January 1–October 31. ² Total production includes scheduled traffic, charter, ad hoc flights and EuroBonus flights, etc. This means that the figures deviate from the published traffic statistics. ³ Only includes aircraft depreciation for 2007. ⁴ Carbon dioxide emissions per passenger kilometer comprising all passengers on board all flights (scheduled, charter etc.). Method adjusted from 2012/2013. ⁵ The base year became the full-year 2011 in conjunction with 4Excellence. The result for the Jan-Oct 2012 period comprises Nov 2011 - Oct 2012. ⁶ Refers to Scandinavian Airlines. ⁷ Refers to RASK prior to 2013/2014. ⁸ Including wet leases. ⁹ Excluding restructuring costs.

Milestones

Year	Event
1946	DDL, DNL and SILA founded SAS to operate intercontinental services, August 1
1951	DDL, DNL and ABA form SAS Consortium
1957	SAS inaugurates North Pole shortcut Copenhagen-Anchorage-Tokyo
1959	SAS first to introduce Caravelle jets into scheduled service
1960	DC-8 jets introduced on SAS intercontinental routes
1968	DC-9-41 put in service in Europe
1971	First Boeing 747
1981	SAS introduces EuroClass
1984	SAS wins "Airline of the Year" award from Air Transport World
1985	MD 80 in service
1988	SAS orders nine Boeing 767
1992	51% of Linjeflyg was acquired
1993	SAS Service Partner, Terminal Catering, Contract Catering were sold
1994	SAS holding of 42% in Lan Chile was sold, SAS Leisure, SAS Service Partner and Diners Club Nordic were sold
1995	The remaining 49% of Linjeflyg was acquired AirBaltic was established with SAS holding 16,5%
1997	STAR Alliance™ was founded with SAS as a founding member
1998	Acquisition of 63,2% in Widerøe, 100% in Air Botnia and 26% of Cimber Air
2001	Scandinavian Airlines introduces new Airbus A340 on its intercontinental routes.
2005	Turnaround 2005 completed – SEK 14.2 bn in cost reduction measures implemented
2006	Sale and IPO of Rezidor Hotel Group
2007	SAS permanently grounds Q400
2009	SAS launches "Core SAS" and implements SEK 8.2 bn in cost reductions between 2009-2011 and focuses the operation on Northern Europe. SAS divested 80% of its holding in Spanair. Rights issue of SEK ~5.8 bn was completed.
2010	A rights issue of SEK ~5 bn was completed.
2011	SAS launches "4Excellence"
2012	4Excellence Next Generation was launched and significant changes incorporated in SAS collective bargain agreements with the flying crew which enabled SAS to renew a credit facility and continue operation.
2013	Sale of 80% shareholding in Widerøe
2015	SAS decided to expand its long-haul fleet from 12 to 16 aircraft.
2016	14 line stations in Norway were outsourced to Widerøe Ground Handling. Remaining 20% shareholding in Widerøe was sold. SAS took delivery of its first Airbus A320neo.
2017	SAS decided and established an airline in Ireland with production bases in London and Malaga. The first commercial flight took off from SAS new base in London on 20 December 2017.

Definitions & concepts

Adjusted debt/equity ratio - The net of financial net debt plus capitalized leasing costs (x7) in relation to equity.

Adjusted equity/assets ratio - The net of equity in relation to total assets plus capitalized leasing costs (x7).

Affiliated company - Company where the SAS Group's holding amounts to at least 20% and at the most 50%.

AOC (Air Operator Certificate) - Permits for flight operations.

ASK, Available Seat Kilometres - The total number of seats available for passengers multiplied by the number of kilometres which they are flown.

ATK, Available tonne kilometres - The total number of tonnes of capacity available for the transportation of passengers, freight and mail multiplied by the number of kilometres which this capacity is flown.

Block hours - Refers to the time from when the aircraft leaves the departure gate until it arrives at the destination gate.

CAGR - Compound annual growth rate.

Capital employed - Total capital according to the balance sheet less non-interest-bearing liabilities.

Capitalized leasing costs (x7) - The net annual operating lease costs for aircraft multiplied by seven.

Carbon dioxide (CO₂) - A colourless gas that is formed in the combustion of all fossil fuels. The airline industry's CO₂ emissions are being reduced based on a changeover to more fuel-efficient aircraft.

CASK - See unit cost.

Code share - When one or more airlines' flight number is stated in the timetable for a flight, while only one of the airlines operates the flight.

Debt/equity ratio - Financial net debt in relation to equity.

Earnings per common share (EPS) - Net income for the period attributable to Parent Company shareholders less preference-share dividends in relation to the average number of common shares outstanding.

EBIT Operating income.

EBIT margin - EBIT divided by revenue.

EBITDA - Operating income before tax, net financial items, income from the sale of fixed assets, share of income in affiliated companies, and depreciation and amortization.

EBITDA margin - EBITDA divided by revenue.

EBITDAR - Operating income before tax, net financial items, income from the sale of fixed assets, share of income in affiliated companies, depreciation and amortization, and leasing costs for aircraft.

EBITDAR margin - EBITDAR divided by revenue.

EBT - Income before tax.

Equity/assets ratio - Book equity in relation to total assets.

Equity method - Shares in affiliated companies are taken up at the SAS Group's share of equity, taking acquired surplus and deficit values into account.

Finance leases - Based on a leasing contract where the risks and rewards of ownership of the asset essentially remain with the lessee. The asset is reported as a fixed asset in the balance sheet because the lessee has an obligation to purchase the asset at the end of the lease. The commitment to pay future leasing charges is entered as a liability.

Financial net debt - Interest-bearing liabilities less interest-bearing assets excluding net pension funds.

Financial preparedness - Cash and cash equivalents, excluding receivables from other financial institutions, plus unutilized credit facilities in relation to fixed costs. In this ratio, fixed costs are defined as payroll and other operating expenses, except jet-fuel costs and government user fees, as well as leasing costs for aircraft.

FTE - Full Time Equivalent.

IATA - International Air Transport Association. A global association of more than 200 airlines.

ICAO - International Civil Aviation Organization. The United Nations' specialized agency for international civil aviation.

Interest-coverage ratio - Operating income plus financial income in relation to financial expenses.

Interline revenue - Ticket settlement between airlines.

LCC - Low Cost Carrier.

Load factor - RPK divided by ASK. Describes the capacity utilization of available seats.

Market capitalization - Share price multiplied by the number of shares outstanding.

NPV - Net present value. Used to calculate capitalized future costs of operating leases for aircraft, for example.

Operating leases - Based on a leasing contract in which the risks and rewards of ownership remain with the lessor and is equivalent to renting. The leasing charges are expensed on a current basis in the statement of income.

PASK (unit revenue) - Passenger revenue/ ASK (scheduled).

Preference share capital - Preference share capital, corresponding to the redemption price after the 2018 AGM for 7,000,000 preference shares at 105% of the subscription price of SEK 500, amounting to MSEK 3,675.

RASK - Total traffic revenue/Total ASK (scheduled + charter).

Regularity - The percentage of flights completed in relation to flights scheduled.

Return on Invested Capital (ROIC) - EBIT plus the standard interest portion corresponding to 33% of net operating leasing costs in relation to average shareholders' equity, net financial debt and net capitalized leasing costs (*7).

Return on shareholders' equity after tax - Net income for the period attributable to shareholders in the Parent Company in relation to average equity excluding non-controlling interests. *

RPK, Revenue passenger kilometres - Number of paying passengers multiplied by the distance they are flown in kilometres.

RTK, Revenue tonne kilometres The number of tonnes of paid traffic (passengers, freight and mail) multiplied by the distance this traffic is flown in kilometres.

Sale and leaseback - Sale of an asset (aircraft, building, etc.) that is then leased back.

Shareholders' equity per common share - Shareholders' equity attributable to Parent Company shareholders less preference share capital in relation to the total number of common shares outstanding on the balance-sheet date.

Total load factor - RTK divided by ATK.

Unit cost (CASK) - Total operating expenses for airline operations including aircraft leasing and total depreciation adjusted for currency and restructuring costs less non-traffic-related revenue per total ASK (scheduled and charter).

WACC - Weighted average cost of capital includes the average cost of liabilities, equity and operating leases for aircraft. The sources of funds are calculated and weighted in accordance with the current market value of equity and liabilities and the capitalized present value of operating lease costs for aircraft.

Wet lease agreement - Leasing in of aircraft including crew.

Working capital - The total of non-interest-bearing current assets and non-interest-bearing financial fixed assets excluding equity in affiliated companies and other securities holdings less non-interest-bearing liabilities.

Yield - Passenger revenue in relation to RPK (scheduled).

Route network

— Existing routes — New routes for 2018



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