

SAS

Q2 FY 2022



May 31, 2022

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Strong ramp-up of traffic

Q2-22

Highlights Q2

- Healthy demand ahead of summer
- Adverse currency effects and fuel prices
- Travel Pass Biofuel launched for corporate customers
- Ending the quarter with SEK 8.5 billion cash position
- SAS FORWARD launched to improve cost competitiveness and strengthen the balance sheet

Looking ahead

- Booking momentum increased
- Operational challenges driven by global aviation industry constraints in ramp-up
- Closely following demand and booking window development
- Changed passenger mix with higher number of leisure travelers
- Moving forward from pandemic
 - Summer program with 230 routes to 120 destinations
 - New routes to Toronto from Copenhagen and Stockholm

Q2-22	CHANGE VS. Q2-21
Passengers (million)	
3.9	+3.1mn (+358%)
Capacity (ASK, total, mill. km)	
7 306	+4 772 (+188%)
Revenue	
SEK 7.0bn	+5.1bn (+265%)
Total Operating Expenses	
SEK 7.8bn	+3.9bn (+98%)
EBT	
SEK -1.6bn	+0.8bn (+37%)

Ramping up towards summer

Demand facts

- Increased ticket sales and travel once world opened up
- Volatile demand impacting ramp-up
- Leisure bounces back quicker
- Geopolitical situation is affecting the recovery
- Some pandemic related travel restrictions in Asia remain



SAS' passenger development

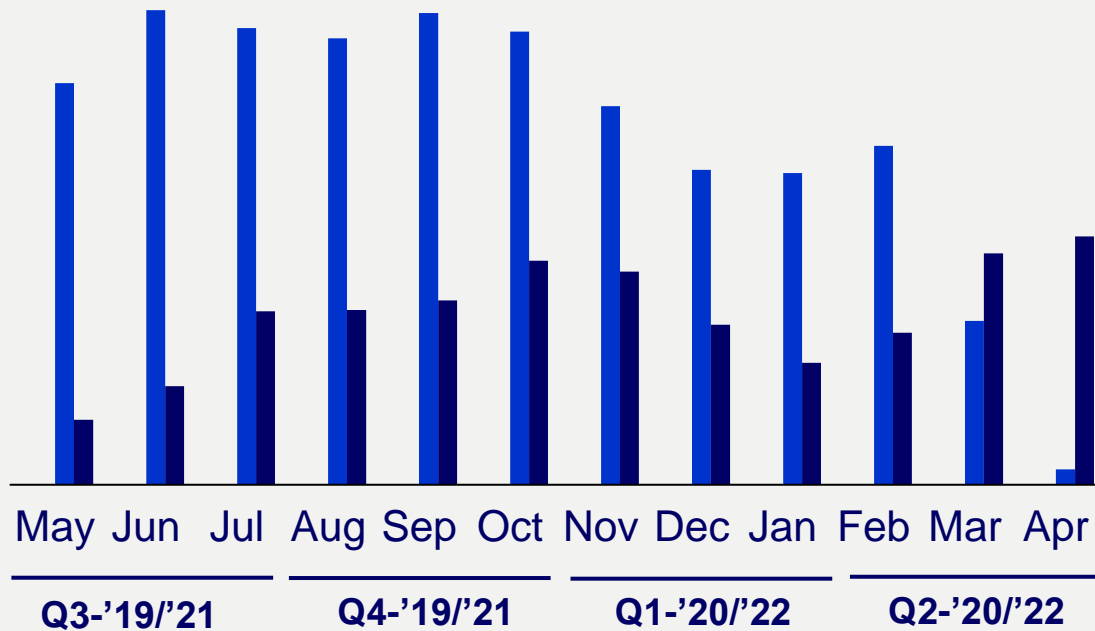
Thousand passengers



Increased production

SAS' passenger development

of passengers, thousands



Selected operational metrics

(Q2 2022 vs. Q1 2022)

Departures

41 431
(+3.4%)

Cabin factor (%)

66.9%
(+10.0 pp*)

Regularity (%)
72h

98.3%
(+1.3 pp*)

Punctuality (%)
P15

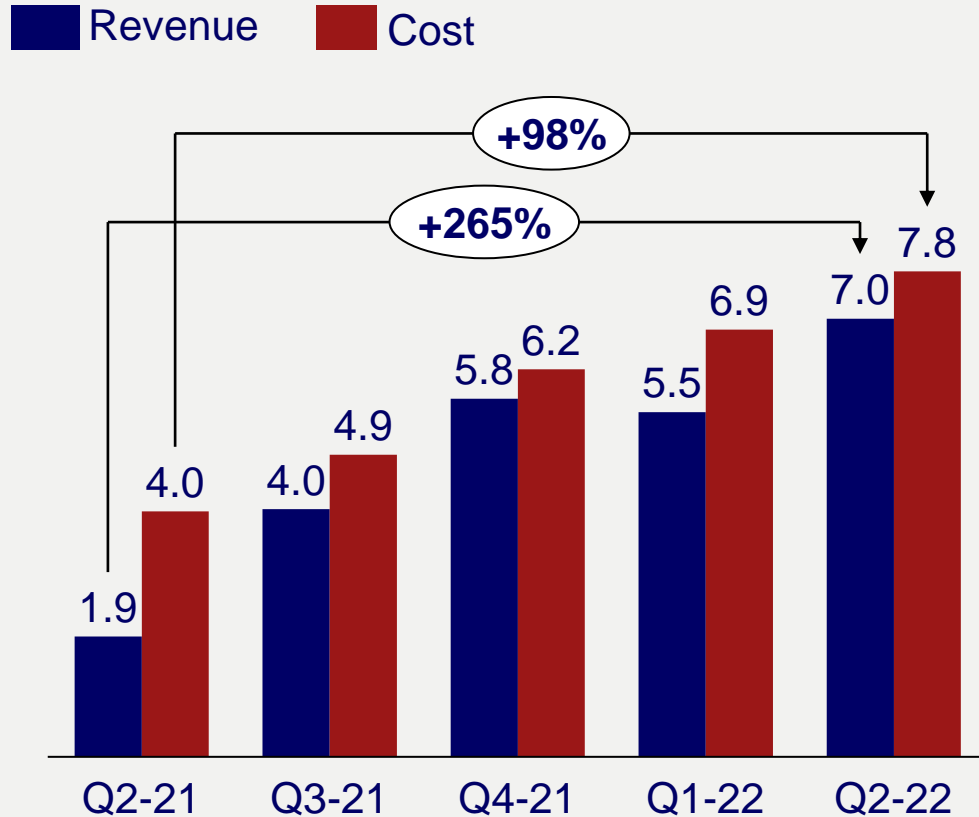
74.5%
(+3.6 pp*)

*: percentage points

Increased ticket sales

SEK billions

Revenue and cost



Summary

- Total revenue increased Q2 vs LY by SEK 5.1bn, whereas costs increased by SEK 3.8bn vs last year.

Revenue

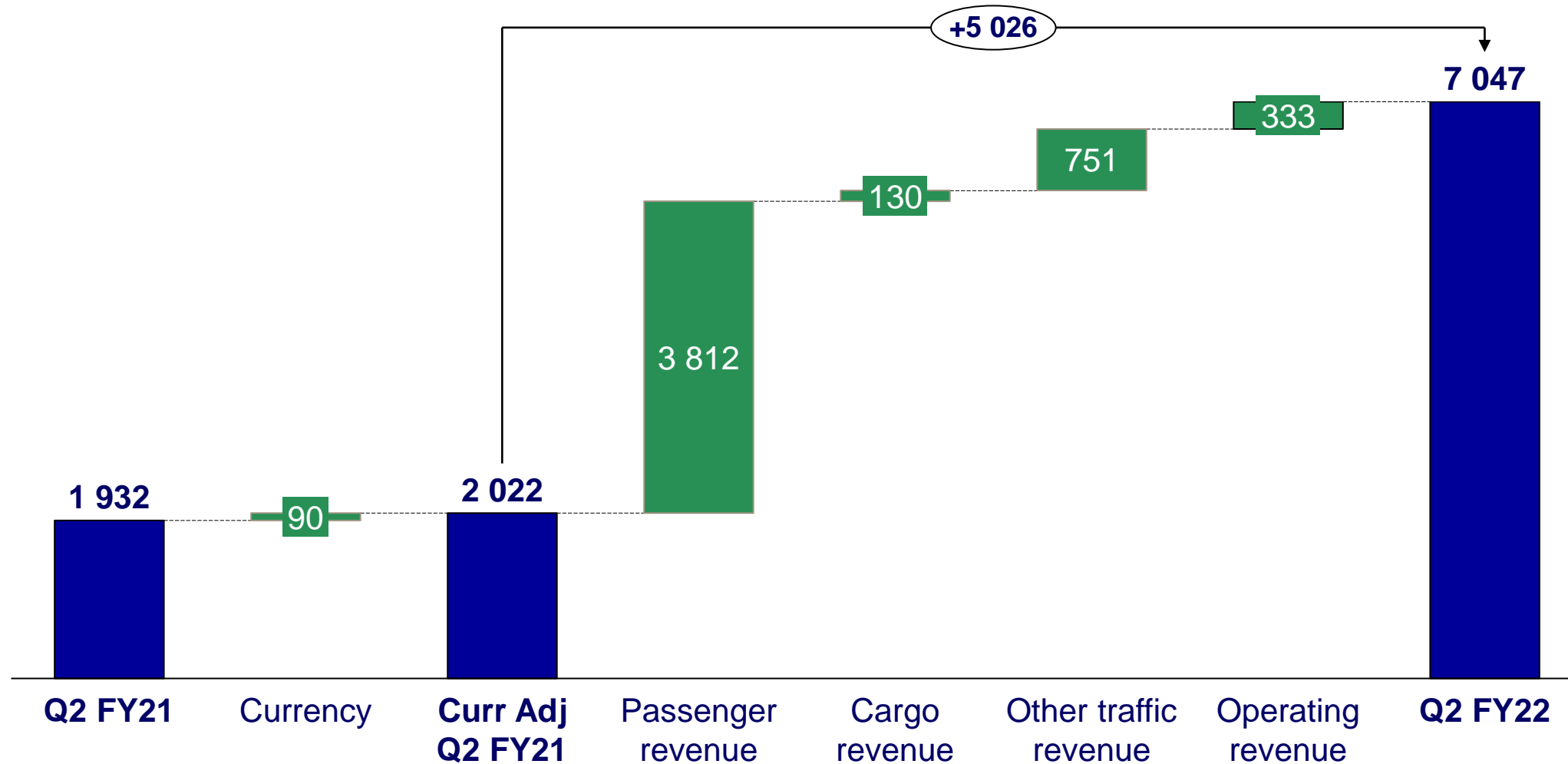
- Driven by increased passenger volumes

Cost

- Impacted by fuel price
- No furlough compensation
- Foreign exchange effect

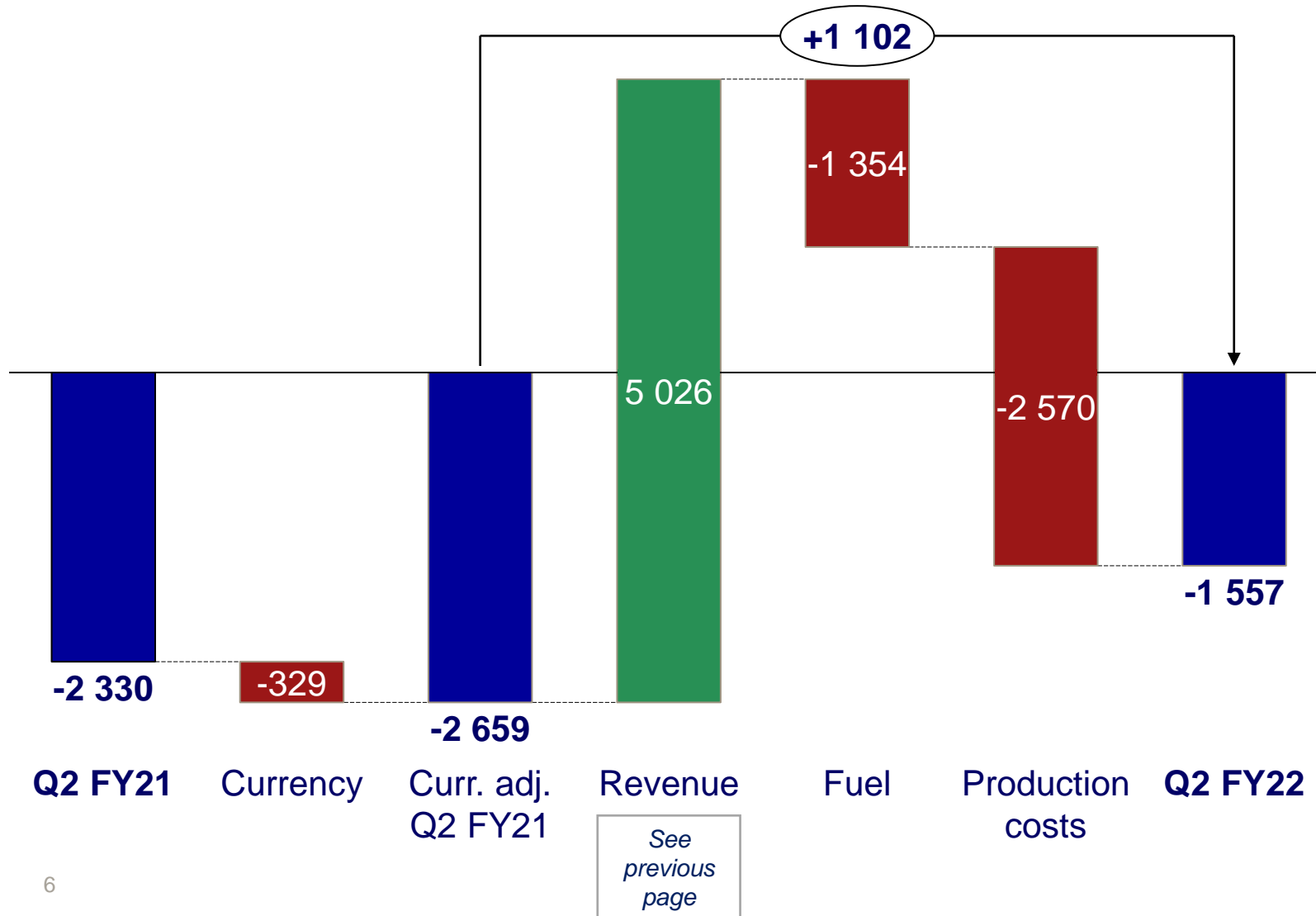
Revenue development: Q2 FY22 vs. Q2 FY21

MSEK



EBT development: Q2 FY22 vs. Q2 FY21

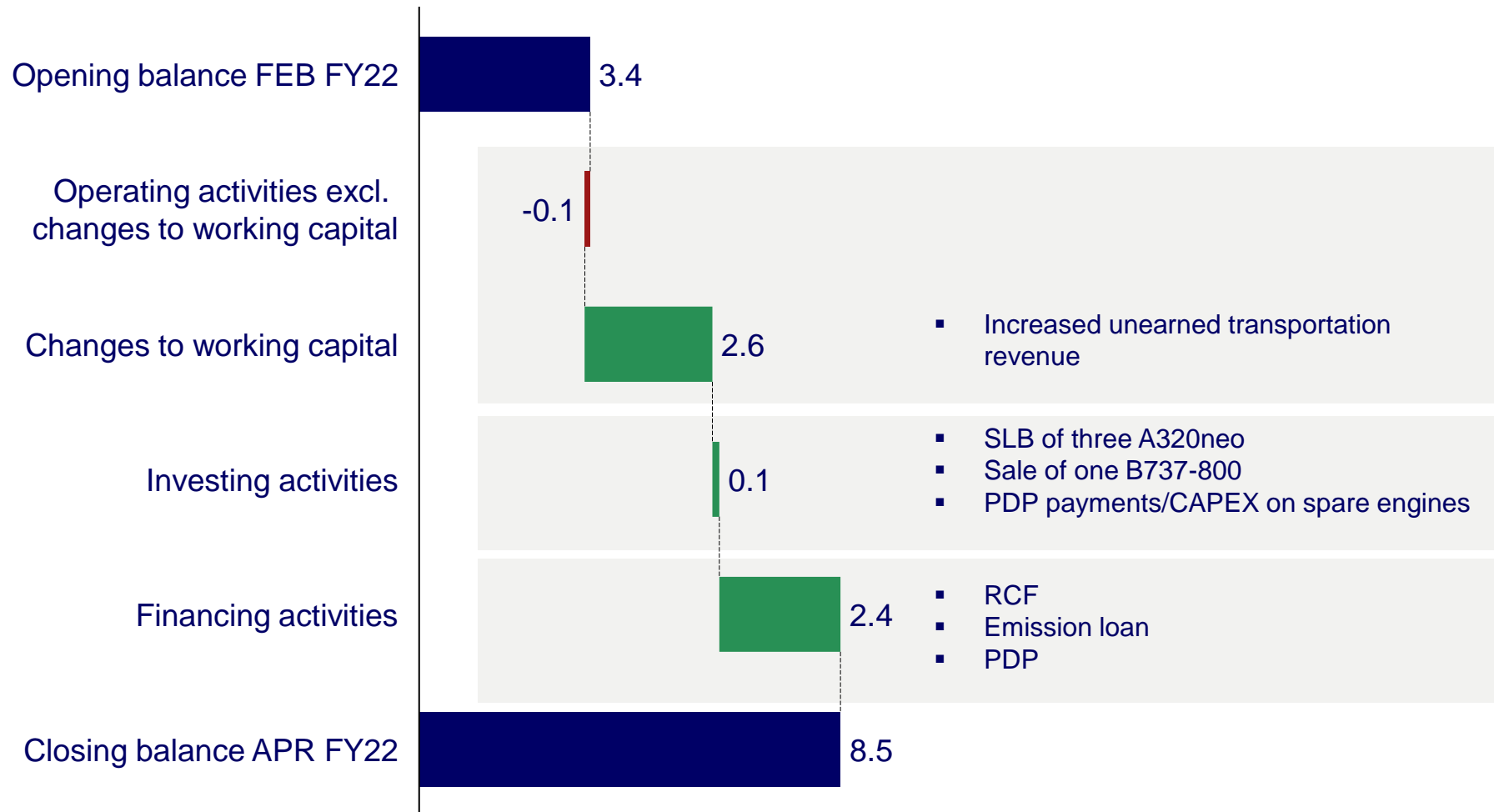
MSEK



- Increased ASK 177%
- Increase production variable costs due to ramp-up
- Increased fuel price

Cash and cash equivalents Q2 FY22

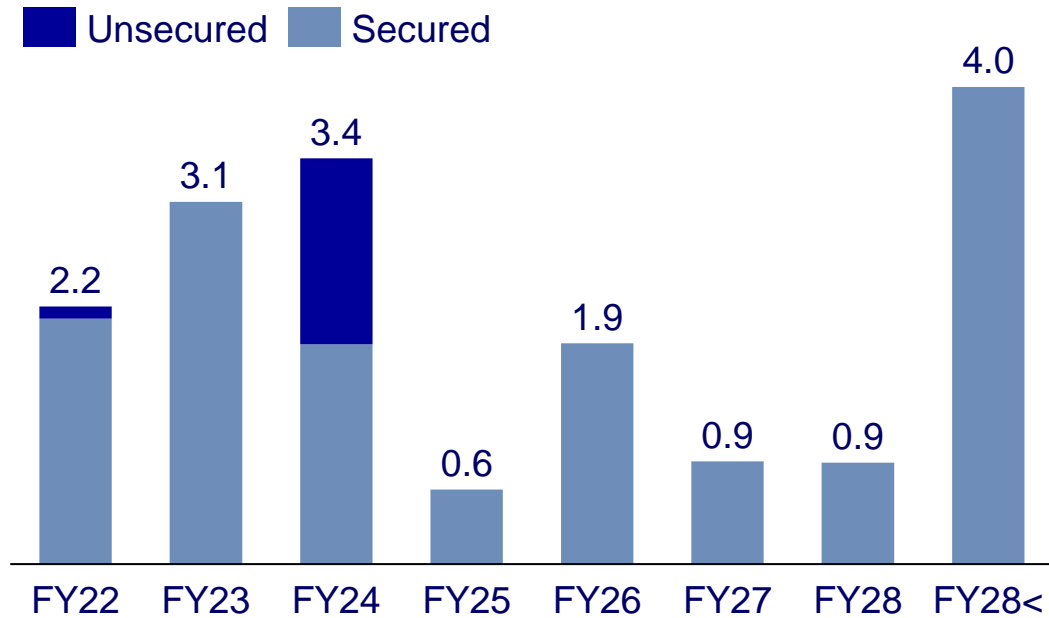
SEK billions



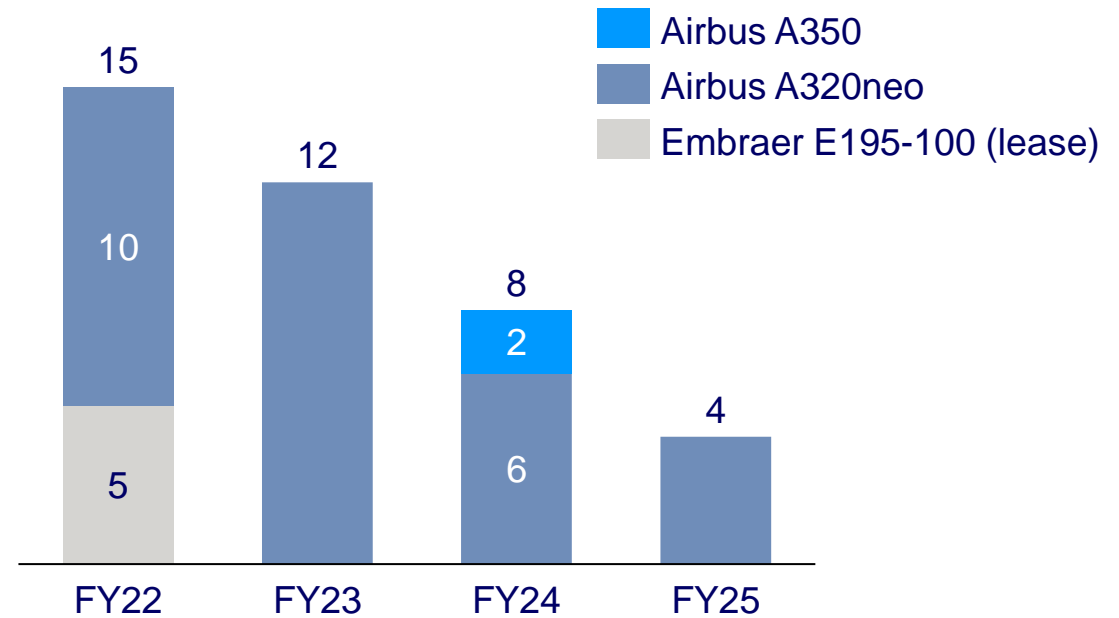
- Liquidity improves with strong sales performance
- The SEK 3 billion loan from largest owners, was drawn
- Emission loan refinanced

Debt maturity profile and Aircraft orders

Maturity profile, SEKbn



Aircraft orders,



Hybrid notes

- State Hybrid note 1, SEK 5 billion
- State Hybrid note 2, SEK 1 billion
- Commercial Hybrid note, SEK 1.6 billion

Hedges

- **Fuel:** 0% of expected fuel consumption hedged
- **USD:** 40% of USD hedged next twelve months
- **NOK:** 40% of NOK hedged next twelve months



SAS
Forward


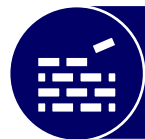




Change is needed to adopt to new market conditions



SAS FORWARD will secure SAS' future

Strategic	Objective	Key areas
Increased customer preference	Leverage SAS brand	<ul style="list-style-type: none"> ▪ EuroBonus & Alliances ▪ Lounges at hubs ▪ Product offering in SAS Plus
Drive cost competitiveness	Competitive unit cost	<ul style="list-style-type: none"> ▪ Fully competitive cost base ▪ Leveraged digital transformation ▪ Improved flexibility
Redesigned network & fleet	Improved margins, lower risk	<ul style="list-style-type: none"> ▪ Introduce and grow new bases ▪ More capacity on leisure markets ▪ Effective utilization of resources
Build sustainable future	Forefront in aviation industry	<ul style="list-style-type: none"> ▪ Fleet renewal and sustainable aviation fuel ▪ Attract, recognize & retain talent ▪ Providing financial return

Key elements of SAS FORWARD

-  Reducing the annual costs by SEK 7.5 billion
-  Redesigned fleet, network and product offerings
-  Digital transformation
-  Positioning SAS as the leader in sustainable aviation
-  Operating platform acceleration
-  Strengthening SAS balance sheet by deleveraging and raising new capital

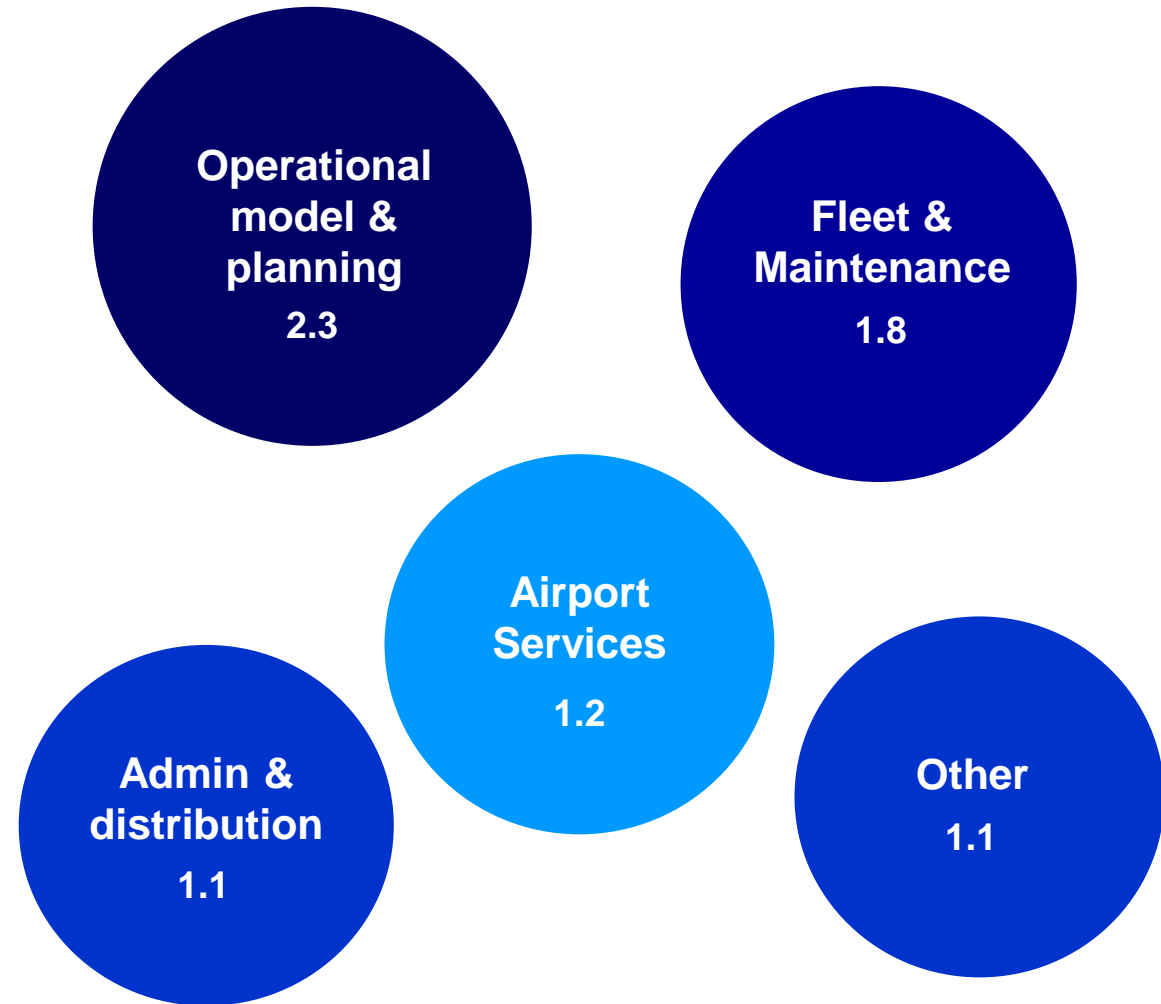
SAS to reach its full potential by being competitive

Reducing the annual costs by SEK 7.5 billion

SAS will aggressively pursue reducing costs with a far more comprehensive burden sharing across all major stakeholder and creditor groups

Reducing total annual cost by SEK 7.5 billion

3.5	Further SEK 3.5 billion savings
2.0	SEK 4 billion savings communicated in 2020
<input checked="" type="checkbox"/> 2.1	



SAS FORWARD update

Stakeholder concessions an important element in order to achieve a competitive and sustainable business model

Area	Status
<p>Labor</p>	<ul style="list-style-type: none"> ▪ Continued negotiations with all labor groups to achieve consensual outcome ▪ Important element of the transformation plan, however labor represents, in aggregate, less than 20% of the targeted annual cost improvements
<p>Lessors</p>	<ul style="list-style-type: none"> ▪ Ongoing discussions regarding lessors' participation in burden sharing ▪ Limited progress so far
<p>Implementation</p>	<ul style="list-style-type: none"> ▪ Complex multiparty negotiations ▪ SAS may seek to utilize one or more court restructuring proceedings to implement parts of the SAS FORWARD plan

Strengthening SAS' balance sheet by deleveraging and raising new capital

SAS is seeking to convert approximately SEK 20 billion of existing debt and hybrid notes into equity and aims to raise no less than SEK 9.5 billion in new equity capital



Key objectives

- ✓ Increase financial strength by reducing leverage and attracting new equity capital
- ✓ Reach and maintain sustainable liquidity levels
- ✓ To relieve SAS from elevated financial cost



Debt-to-equity conversion and equity raise

Debt-to-equity

- Convert **approx. SEK 20bn**
- Majority on-balance sheet debt: lease liabilities, term loans and hybrid instruments
- In addition, maintenance contract obligations and other contractual commitments

Equity raise

- Raise **no less than SEK 9.5bn**
- Significant share likely sought from new investors which would entail dilution for existing shareholders
- Provide sufficient liquidity through the implementation of SAS FORWARD

A stronger balance sheet relies on all stakeholders' participation – without burden sharing SAS may seek to utilize one or more court restructuring proceedings

The SAS FORWARD will provide ample benefits for customers




SAS
Forward

Contact

Investor Relations

Louise Bergström, Vice President Investor Relations

 investor.relations@sas.se

 +46 (0)70 997 04 93

For more information:

Web: <https://www.sasgroup.net/investor-relations>

Financial Calendar

Monthly traffic data is generally issued on the fifth working day of every month. The detailed financial calendar is available at [sasgroup.net](https://www.sasgroup.net) under Investor Relations

26 August 2022

Q3 Interim Report (May'22-Jul'22)

30 November 2022

Year-end report (Nov'21-Oct'22)

24 January 2023

SAS Annual and Sustainability Report 2021/2022

24 February 2023

Q1 Interim Report (Nov'22-Jan'23)

1 June 2023

Q2 Interim Report (Feb'23-Apr'23)