

SAS

Q2 FY21



May 27, 2021

Highlights Q2-21

Financial drivers

- Continued negative demand impact of COVID-19
- Low capacity and continued measures to reduce cost
- Government support packages
- Several financings completed
- Reservation due to EU261 ruling

Headwinds and tailwinds

- + High demand for air freight
- + Vaccination progress
- Strict travel restrictions
- Low forward bookings

Q2-21	CHANGE VS. Q2-20
Capacity (ASK, total, mill. km)	
2 534	-59%
Passengers (million)	
0.9	-2.4
Revenue	
SEK 1.9bn	-3.3
Total Operating Expenses	
SEK 4.0bn	-4.6
EBT	
SEK -2.4bn	+1.4

Focus areas during the second quarter

1

Managing lower demand

2

Reducing cost and securing additional financing

3

Preparing for Summer season

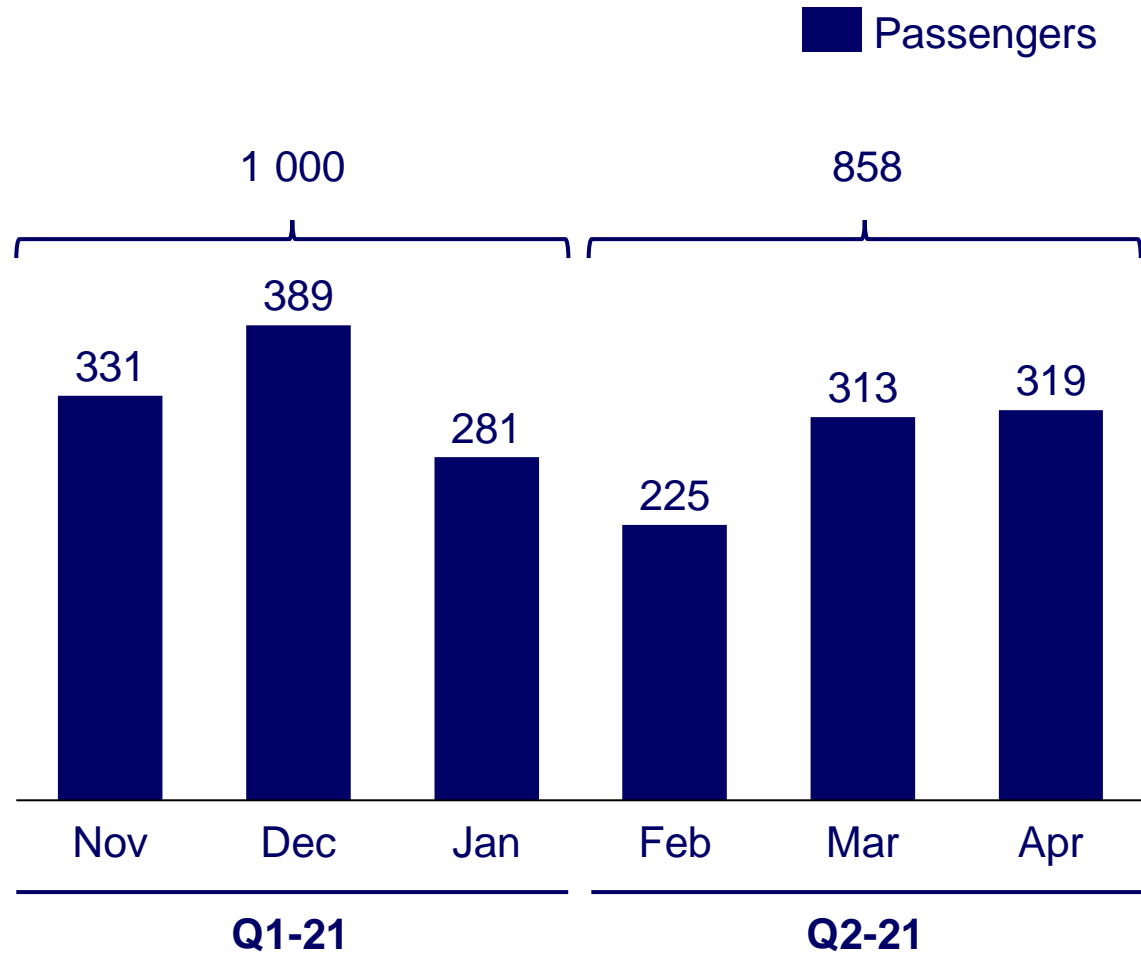
4

Planning for the future

1 Q2-21 more affected by pandemic than previous quarter

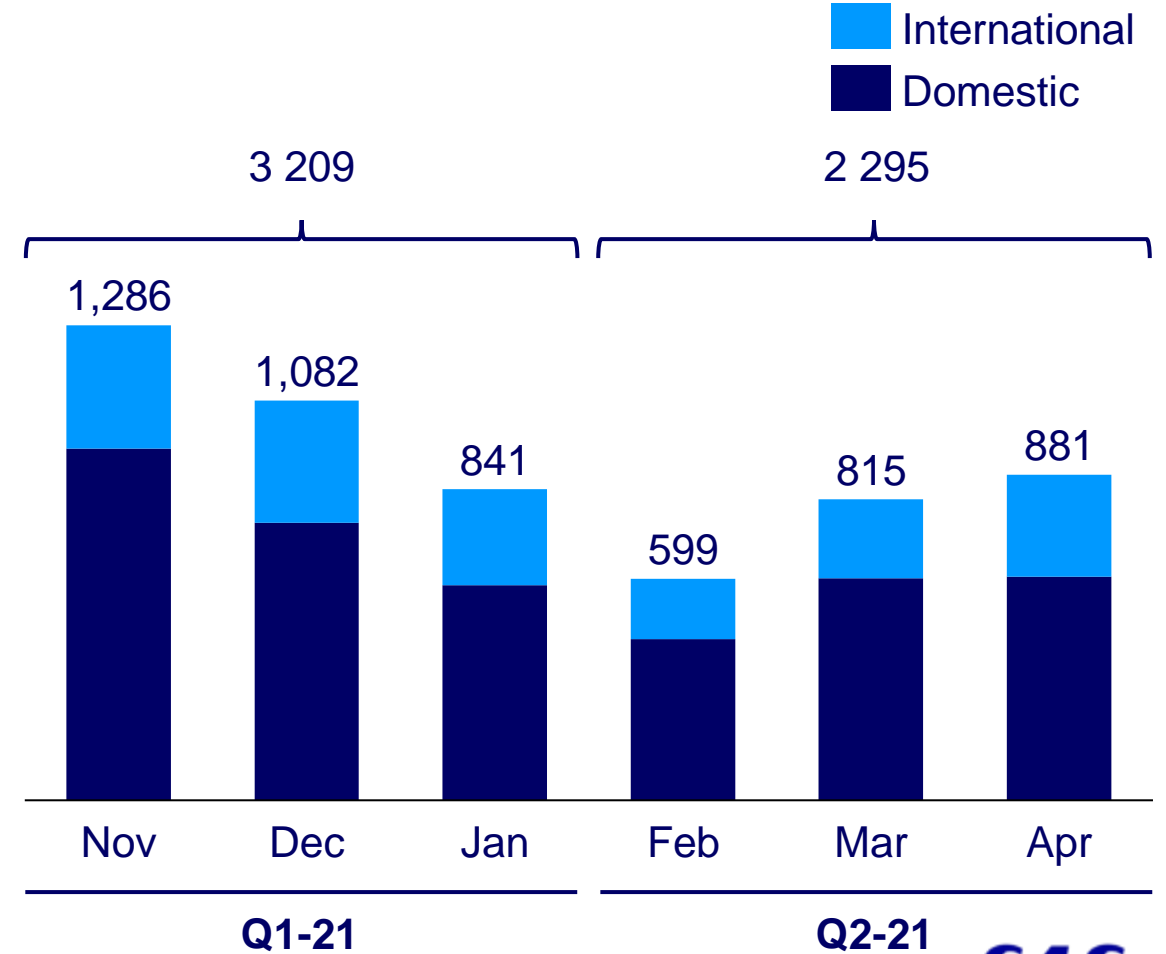
SAS' passenger development

Thousand passengers



SAS' seat capacity development

of seats, thousands



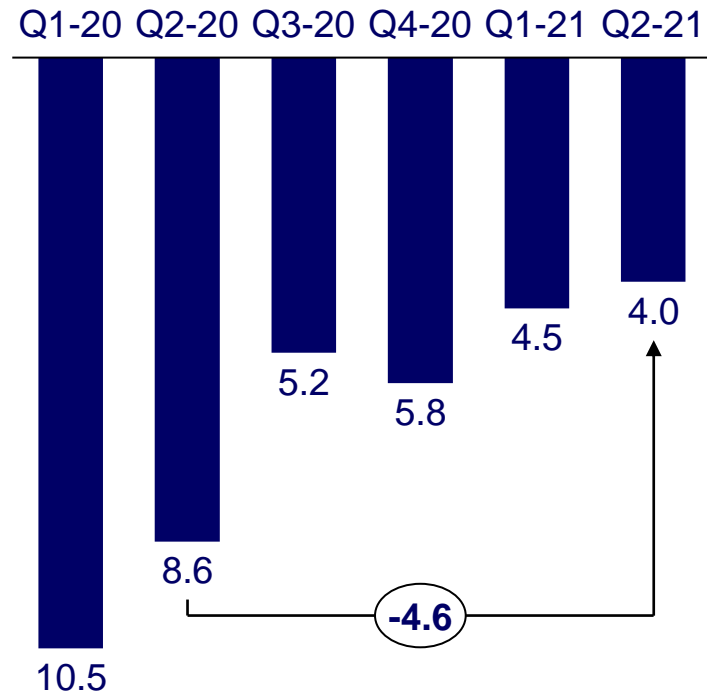
2 Efforts to reduce cost have shown effect

Example cost reductions

- Right-sized production
- Completed 5,000 redundancies
- Utilized furlough schemes
- Implemented changes to CBAs
- Drastically reduced spend (marketing, brand, product offering, IT and outsourced)
- Phase-out of old aircraft and delayed aircraft deliveries

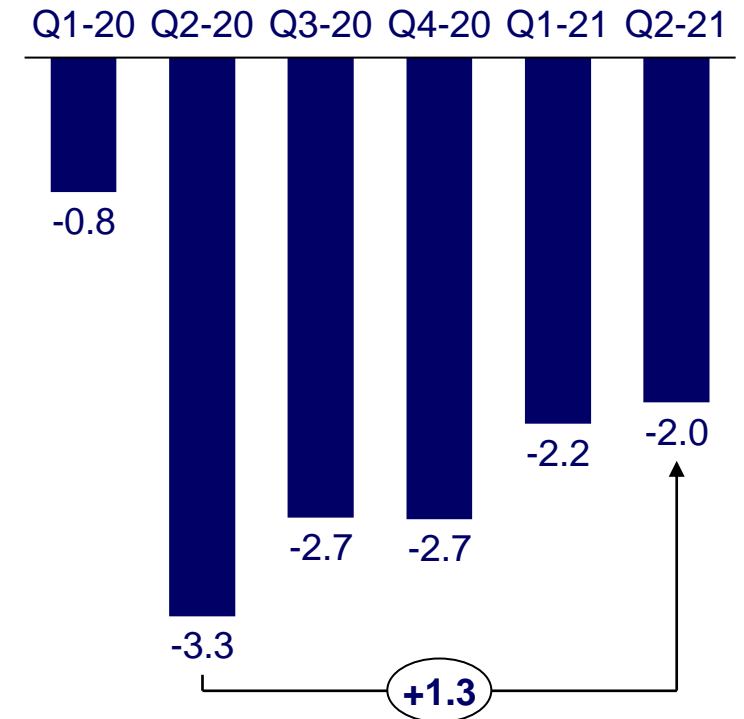
Cost (OPEX & Depreciation)

SEKbn



EBIT

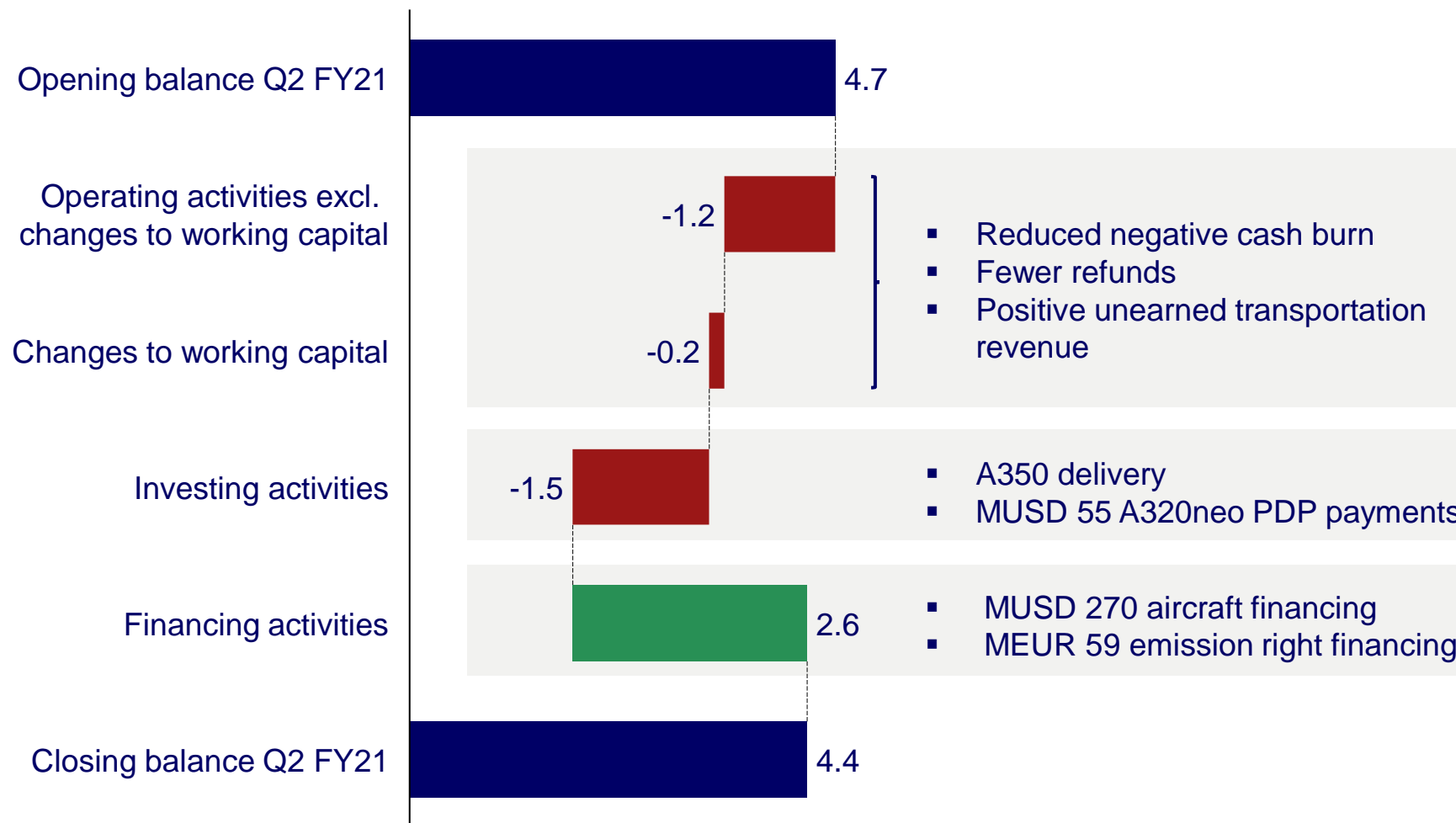
SEKbn



2 As a result, liquidity has been maintained, however need for headroom

Cash and cash equivalents Q2 FY21

SEKbn



Cost focus and additional financing has reduced cash burn during quarter

Uncertainties make it prudent to have a liquidity buffer. SAS has secured support from the major shareholders for access to a credit facility of SEK 3.0 billion

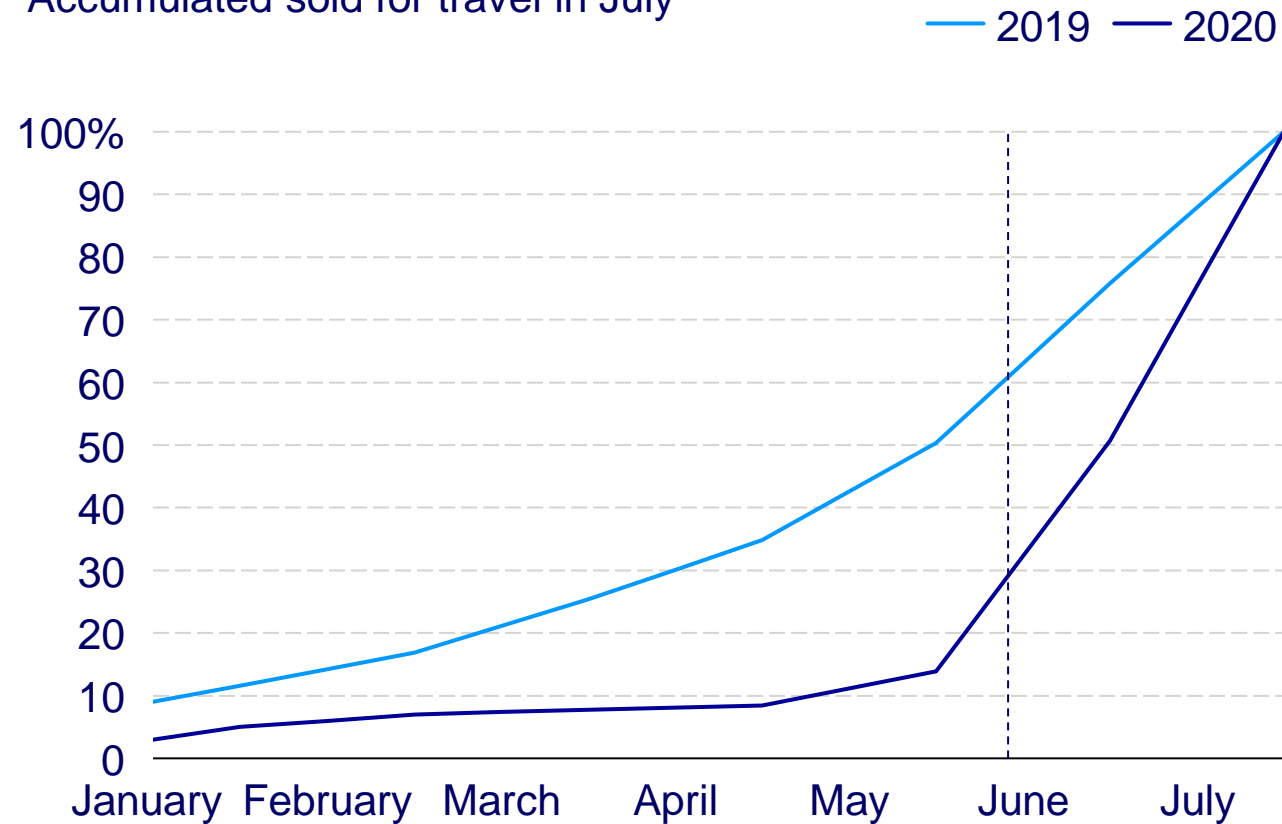
Most important driver of liquidity is ramp-up of demand

3 Positive signs ahead of summer, however uncertainty remains

- Positive signs ahead of Summer season**
- Vaccination progress
 - Reduced infection spread
 - Easened travel restrictions
 - EU Digital COVID Certificates

However, low visibility into future bookings

Accumulated sold for travel in July



3 SAS has launched several initiatives to stimulate bookings and make travel safe and easy

Summer program



- 180 routes
- 95 destinations

Flexibility & safe travels







- Increased ticket flexibility
- EuroBonus multiplier
- Safe travels

Travel Ready Center

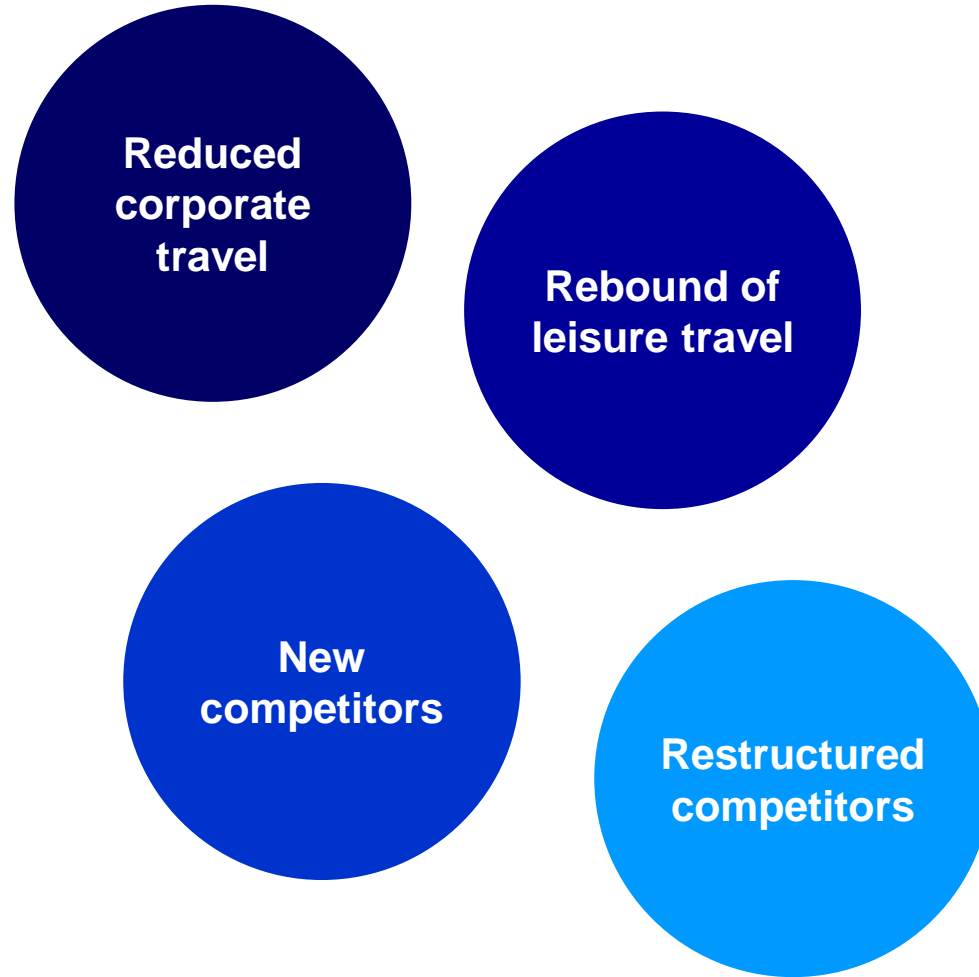


- Check travel requirements
- Upload documents
- Improved travel experience

4 Continued progress on SAS' business plan

SAS' business plan	Ambition	Progress
 <p>Preferred airline for Scandinavia's frequent travelers</p>	Maintain #1 market share and brand preference after COVID-19	<ul style="list-style-type: none"> #1 airline to/from/within Scandinavia High customer satisfaction
 <p>Modern single-type fleet</p>	Complete transition to single-type fleet by 2023	<ul style="list-style-type: none"> Phased in 1 x A320neo and 1 x A350 Phased out 8 x 737NG
 <p>Global leadership in Sustainable aviation</p>	Reduce net CO ₂ emissions by 25% in 2025	<ul style="list-style-type: none"> Secured at least 20% of sustainable aviation fuel need in 2025 through extended agreement with Gevo
 <p>Fully competitive operating model</p>	Deliver SEK 4bn transformation plan by end of 2022	<ul style="list-style-type: none"> Negotiated lease agreements Improved productivity Updated CBA agreements

4 Managing a new market reality after COVID-19



- Intense work to deliver SEK 4bn transformation plan and necessary productivity improvements, impacting all parts of SAS
- As part of this, SAS will establish an additional Danish crew base
 - New Scandinavian CBA
 - >15% productivity improvement
 - Existing European operator's license
- Continued progress on transformation plan will ensure SAS' position as the #1 airline in Scandinavia

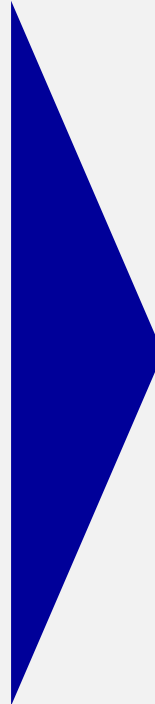
SAS

FINANCIALS



Highlevel Summary – Q2 2021

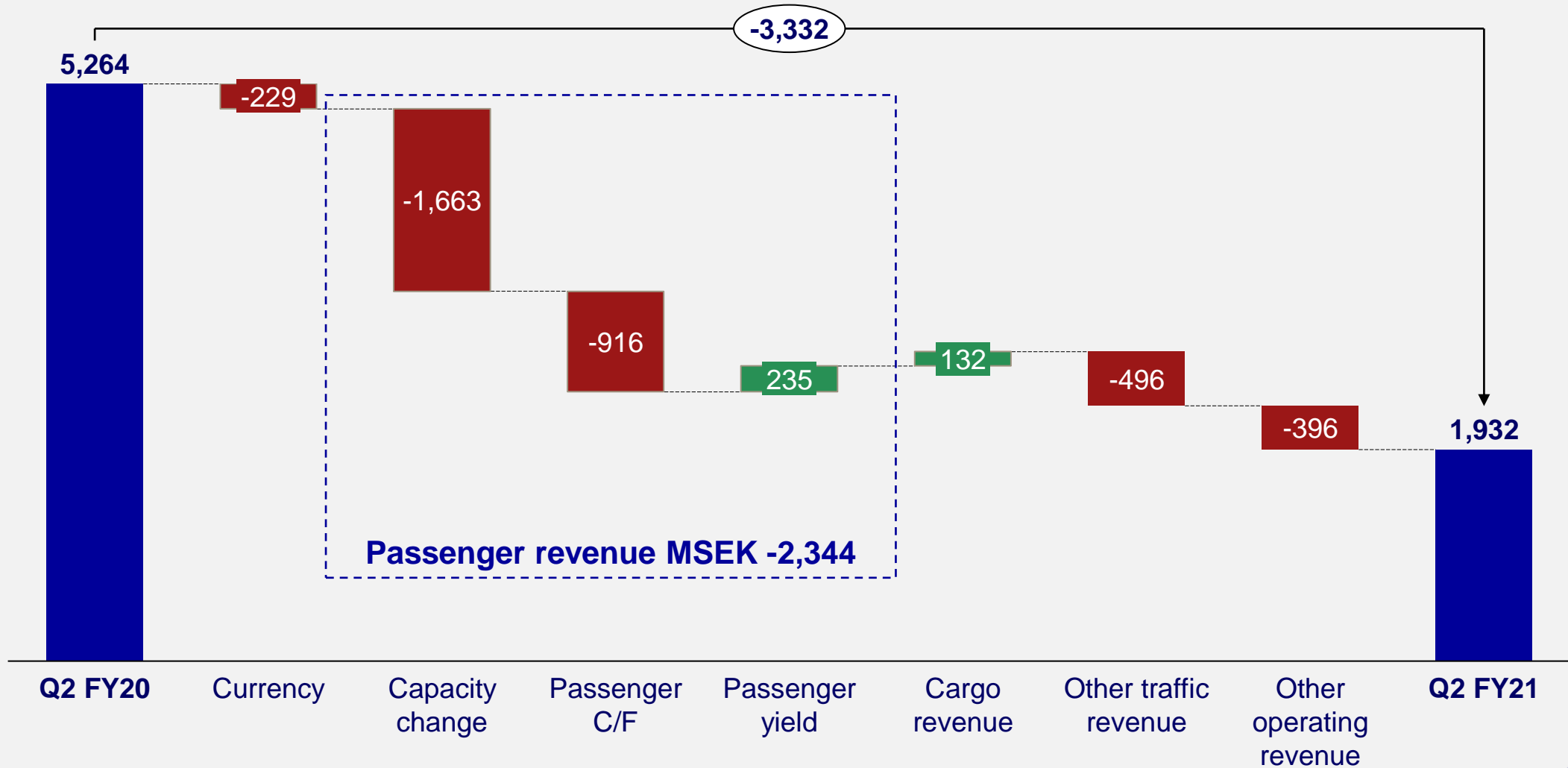
CAPACITY
Q2-21
-57.4%
ASK ¹ vs. LY
TRAFFIC
Q2-21
-78.3%
RPK ¹ vs. LY
PASK ²
Q2-21
-32.4%
vs. LY
CASK EXCL. FUEL ³
Q2-21
15.2%
vs. LY



REVENUE (MSEK)	
Q2-21	Q2-20
1,932	5,264
	-3,332
EBT (MSEK) ⁴	
Q2-21	Q2-20
-2,361	-3,714
	+1,353
CASH FLOW FROM OPERATIONS (MSEK)	
Q2-21	Q2-20
-1,403	-1,757
	+354

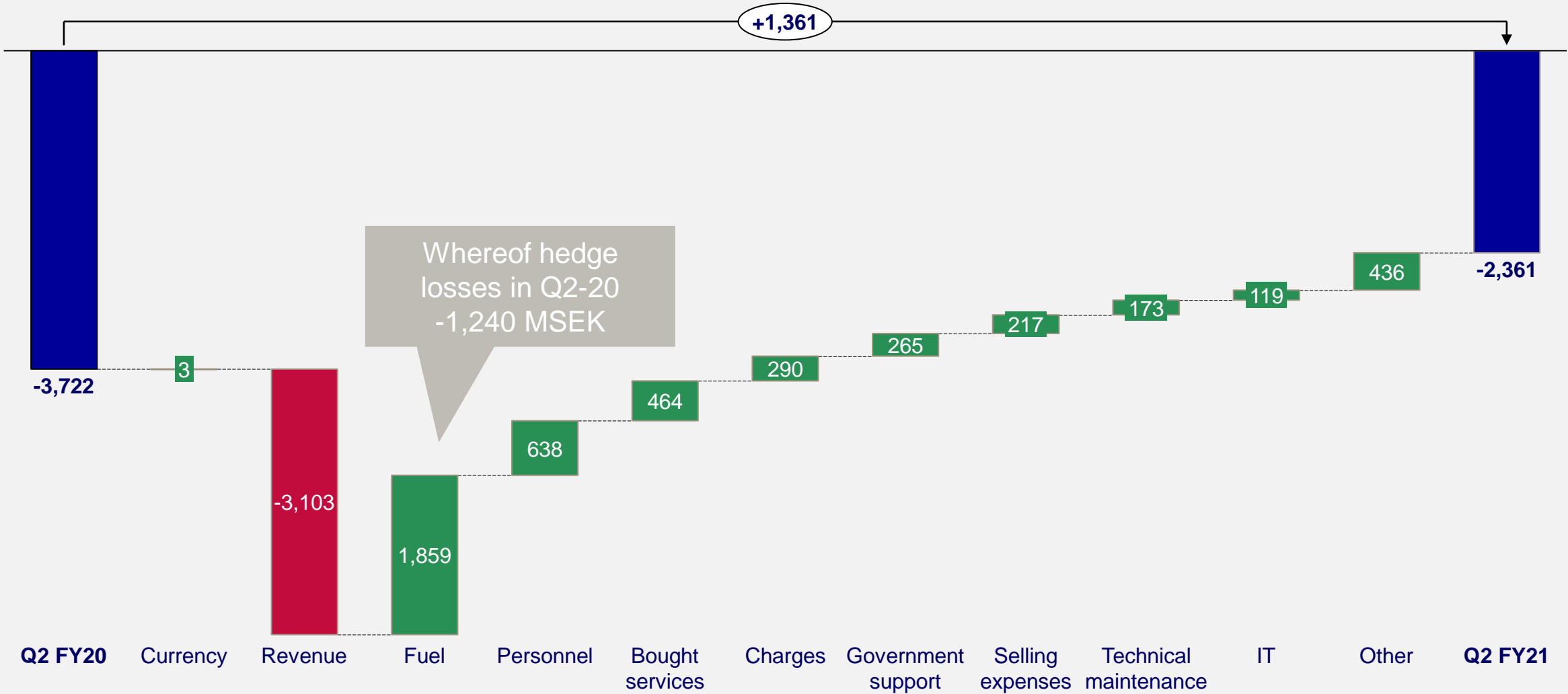
Revenue Development – Q2-21

MSEK



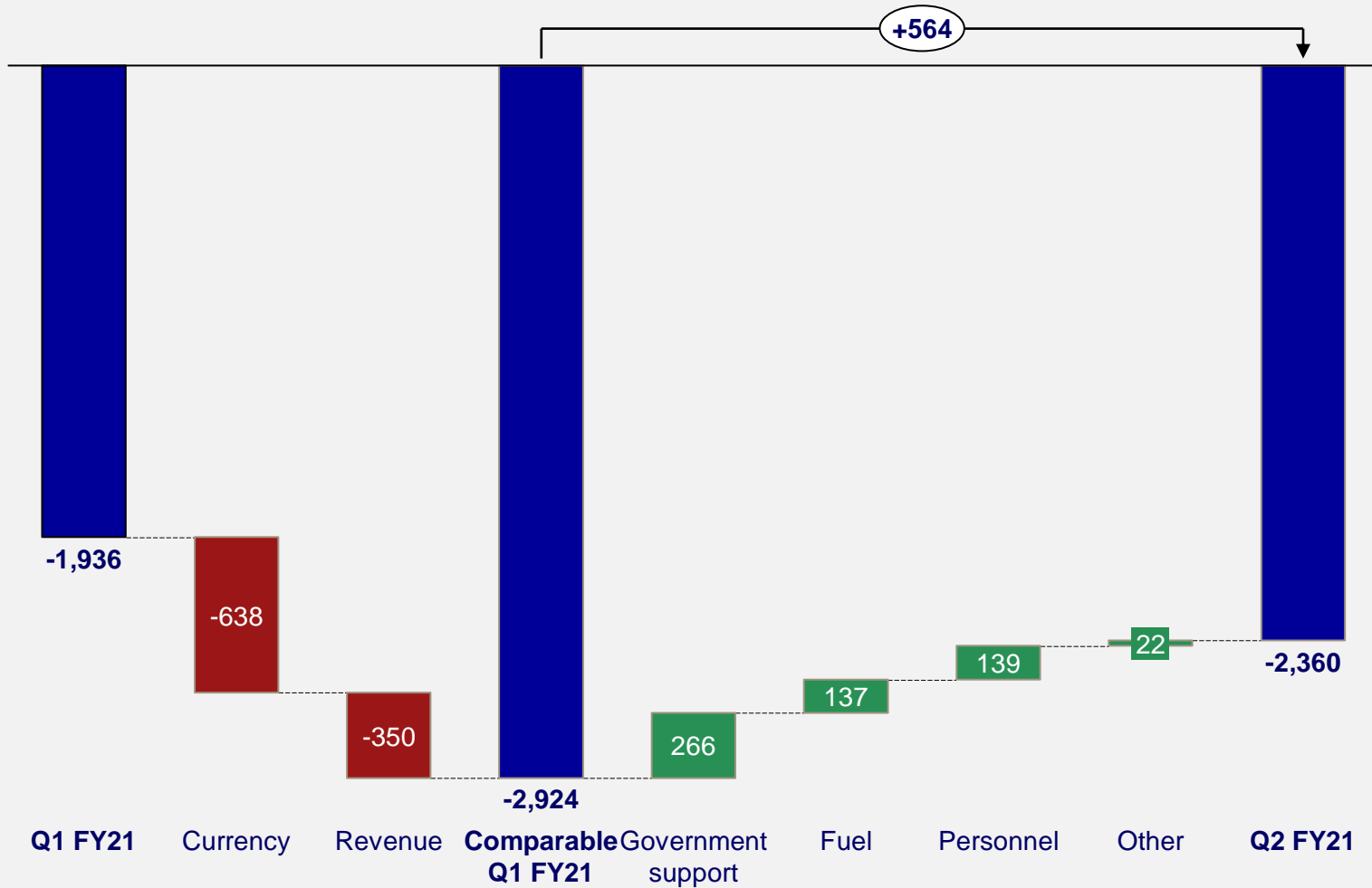
EBT Development – Q2-21 vs Q2-20

MSEK



EBT Development – Q2-21 vs Q1-21

MSEK



Comments

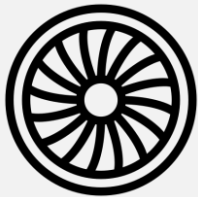
- Quarter on quarter comparison impacted by currency movements and lower demand – MSEK 990
- Lower earnings compensated by:
 - Received government support
 - Variable fuel costs
 - Additional personnel cost reductions
 - Other – keeping cost at bare minimum

Activities to safeguard liquidity

Activities during the quarter



- Five pre-delivery payment financing
- One A350 Sale leaseback agreement ~230 MUSD
- Aircraft refinancing



- Engine financing ~40 MUSD



- Emission right financing ~60 MEUR

Activities going forward

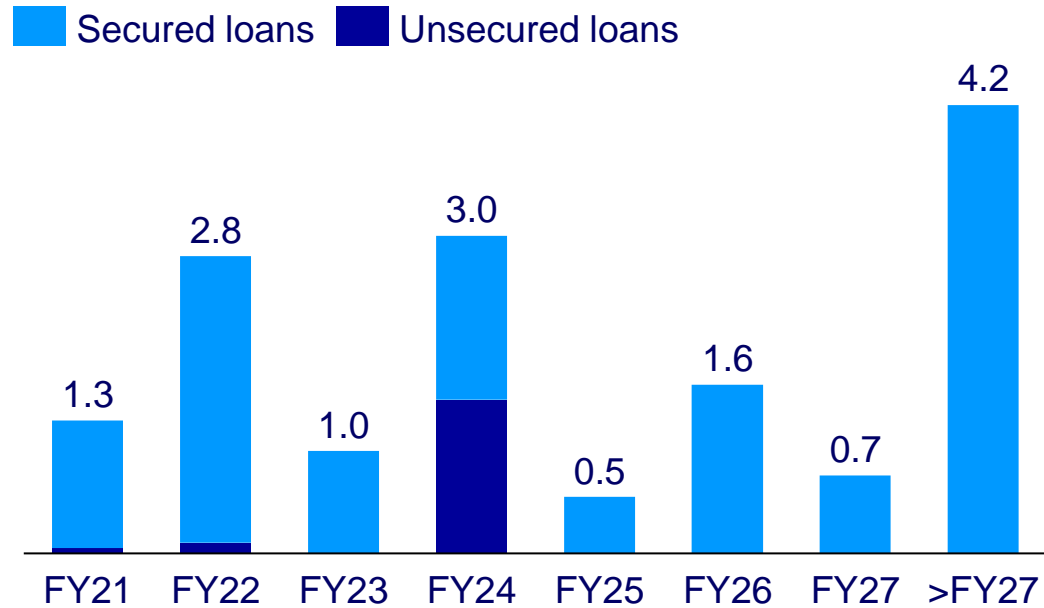
- Aligning capacity to demand
- Implement measures to increase productivity by 15-25%
- Additional aircraft financing agreements and sale of aircraft
- Deferred supplier payment agreements
- Campaigns to secure future demand
- Continue to seek government COVID-19 support packages including furlough schemes

Financial preparedness

- Current market uncertainties makes access to liquidity crucial for all airlines
- SAS has therefore secured support from its major shareholders for access to a credit facility of totaling SEK 3.0 billion

Debt Maturity Profile and Aircraft Orders

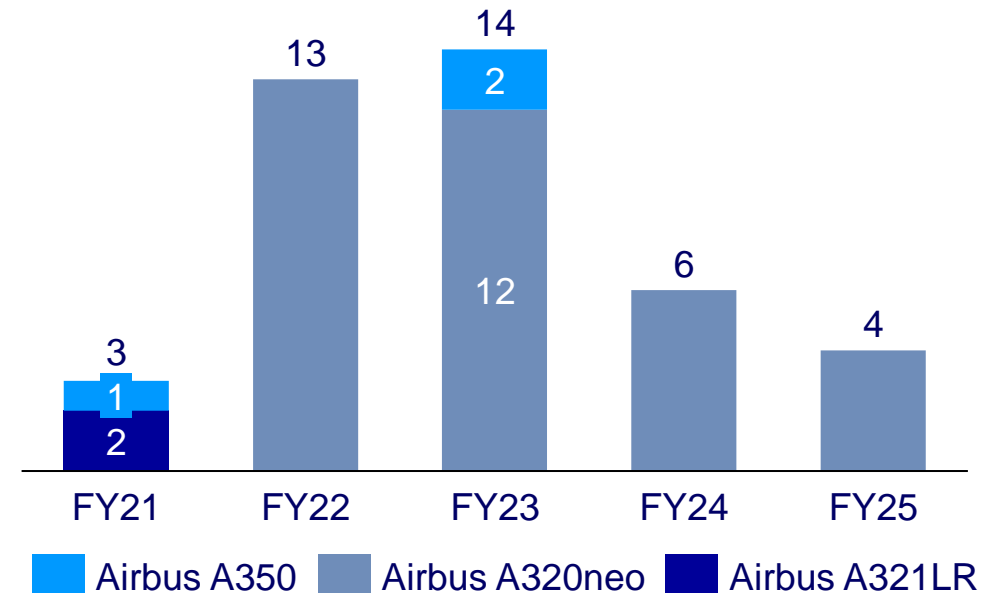
Maturity profile, SEKbn



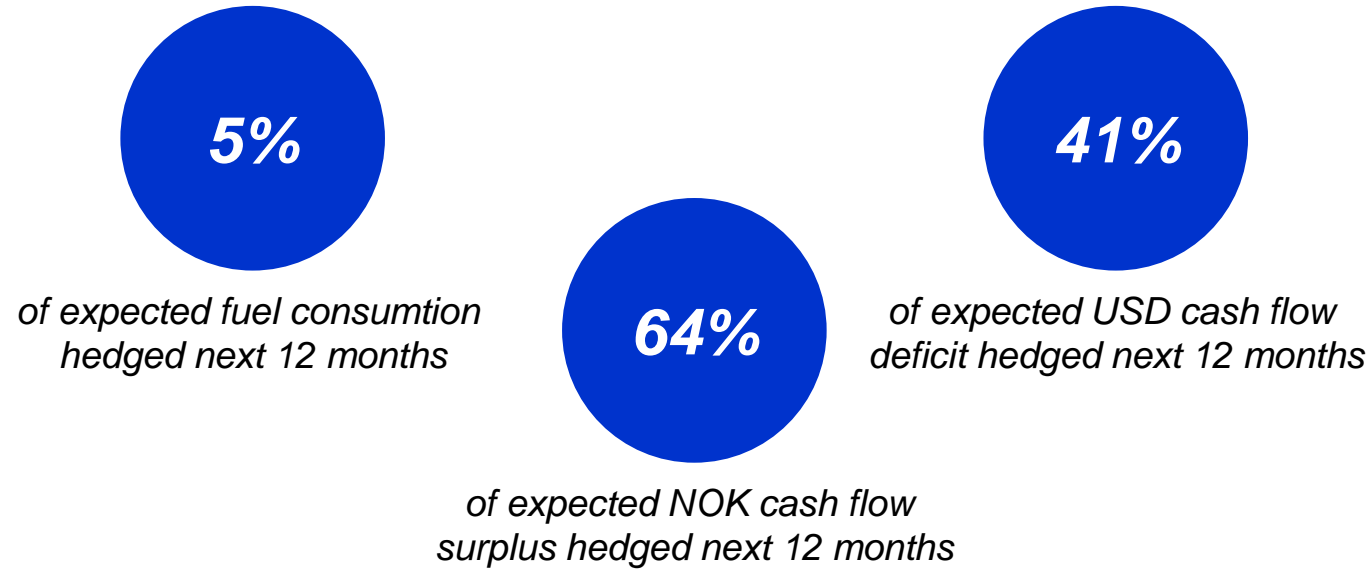
New Hybrid notes

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

Aircraft orders,



Jet fuel and currency hedges



Sensitivity analysis, jet fuel cost Nov 2020-Oct 2021, SEKbn

	Exchange rate USD/SEK				
Market price	8.0	8.5	9.0	9.5	10.0
USD 400/tonne	1,0	1,1	1,1	1,2	1,3
USD 500/tonne	1,2	1,3	1,4	1,5	1,6
USD 600/tonne	1,4	1,5	1,6	1,8	1,9
USD 700/tonne	1,7	1,8	1,9	2,0	2,1

Jet fuel

- SAS has amended the hedging policy for FY21 under current uncertain market conditions
- Policy to hedge 0-80% (40-80%) of expected fuel consumption for the next 12 months and up to 50% for the following six months
- SAS has 5% of the consumption hedged at an average max price of USD 541/Mt.

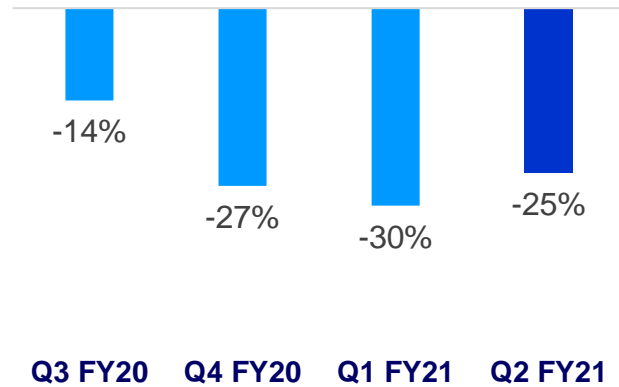
Currency

- Policy to hedge 40-80% of expected currency deficit/surplus for the next 12 months
 - 41% of USD hedged next twelve months
 - 64% of NOK hedged next twelve months

Financial Targets

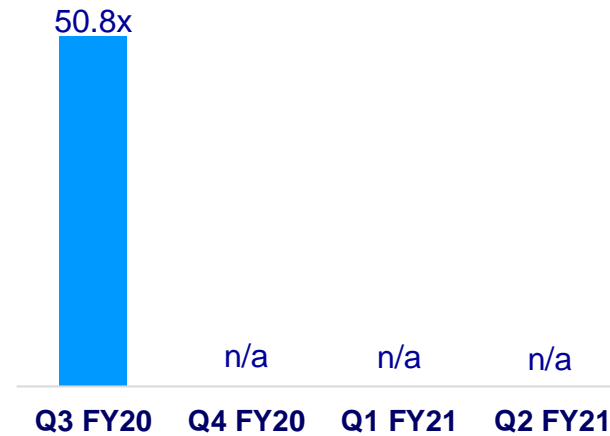
RETURN ON INVESTED CAPITAL (ROIC)

 >WACC%



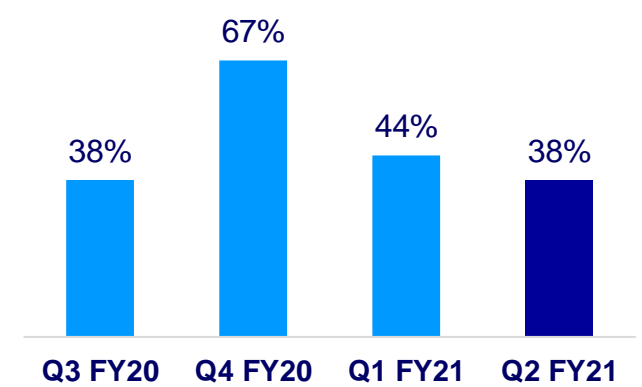
FINANCIAL NET DEBT /EBITDA

 <3.5x



FINANCIAL PREPAREDNESS

 >25%



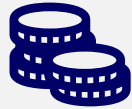
Summary and key takeaways



Q2-FY21 more affected by pandemic than previous quarter



Efforts to reduce cost have shown effect



Maintained liquidity through reduced operational cash burn and additional financings



Positive signs ahead of summer, however uncertainty remains



Continued progress on transformation plan

SAS

Income Statement Q2

Income statement	Feb-Apr 21	Feb-Apr 20	Change vs LY	Currency
Total operating revenue	1,932	5,264	-3,332	-228
Personnel expenses	-1,288	-1,987	699	
Jet fuel	-291	-2,504	2,213	
Air traffic charges	-203	-523	320	
Other operating expenses	-999	-2,132	1,133	
Total operating expenses*	-2,781	-7,146	4,365	162
EBITDAR before items affecting comparability	-848	-1,882	1,033	-66
<i>EBITDAR-margin*</i>	<i>-43.9%</i>	<i>-35.8%</i>	<i>-8.1%</i>	
Leasing costs, aircraft	-1	-18	17	
Depreciation	-405	-495	90	
Depreciation, right-of-use	-797	-913	116	
Share of income in affiliated companies	3	1	2	
EBIT before items affecting comparability	-2,048	-3,307	1,259	-67
<i>EBIT-margin*</i>	<i>-106.0%</i>	<i>-62.8%</i>	<i>-43.2%</i>	
Financial items	-144	-145	1	
Financial items, IFRS 16	-169	-262	93	
EBT before items affecting comparability	-2,361	-3,714	1,353	3
Items affecting comparability	0	-8	8	
EBT	-2,361	-3,722	1,361	3

* = Before items affecting comparability

Income Statement YTD Q2

Income statement	Nov-Apr 21	Nov-Apr 20	Change vs LY	Currency
Total operating revenue	4,214	14,971	-10,757	-694
Personnel expenses	-2,716	-4,553	1,837	
Jet fuel	-719	-4,524	3,805	
Air traffic charges	-425	-1,440	1,015	
Other operating expenses	-2,120	-5,665	3,545	
Total operating expenses*	-5,980	-16,182	10,202	692
EBITDAR before items affecting comparability	-1,766	-1,211	-555	-2
<i>EBITDAR-margin*</i>	<i>-41.9%</i>	<i>-8.1%</i>	<i>-33.8%</i>	
Leasing costs, aircraft	27	-80	107	
Depreciation	-852	-995	143	
Depreciation, right-of-use	-1,645	-1,782	137	
Share of income in affiliated companies	5	3	2	
EBIT before items affecting comparability	-4,231	-4,065	-166	2
<i>EBIT-margin*</i>	<i>-100.4%</i>	<i>-27.2%</i>	<i>-73.2%</i>	
Financial items	-270	-266	-4	
Financial items, IFRS 16	192	-461	653	
EBT before items affecting comparability	-4,309	-4,792	483	622
Items affecting comparability	12	-17	29	
EBT	-4,297	-4,809	512	622

* = Before items affecting comparability

Balance Sheet 30 April 2021

Balance sheet, MSEK	30 April 2021	30 April 2020	Change
Non-current assets			
Intangible assets	1,266	1,340	-74
Tangible fixed assets	19,336	20,644	-1,308
Right-of-use assets	16,533	17,634	-1,101
Financial fixed assets	7,333	5,729	1,604
Deferred tax assets	976	1,308	-332
Total non-current assets	45,444	46,655	-1,211
Current assets			
Inventories and expendable spare parts	596	510	86
Current receivables	1,850	2,041	-191
Cash and cash equivalents	4,420	4,221	199
Total current assets	6,866	6,772	94
TOTAL ASSETS	52,310	53,427	-1,117
Equity and liabilities			
Equity	8,360	-65	8,425
Non-current liabilities			
Interest-bearing liabilities	13,309	14,910	-1,601
Interest-bearing lease liabilities	12,590	14,491	-1,901
Other liabilities	3,425	3,614	-189
Total non-current liabilities	29,324	33,015	-3,691
Current liabilities			
Interest-bearing liabilities	3,879	4,114	-235
Interest-bearing lease liabilities	2,544	3,490	-946
Other liabilities	8,203	12,873	-4,670
Total current liabilities	14,626	20,477	-5,851
Total shareholders' equity and liabilities	52,310	53,427	-1,117

Investor Relations

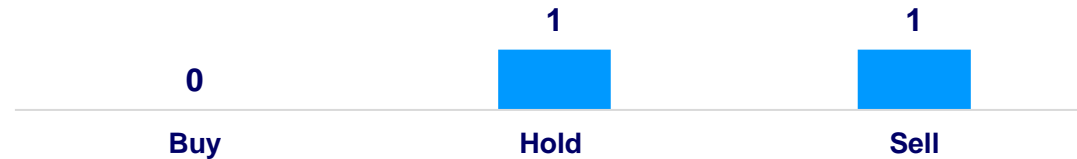
Most recent stock recommendations

Date	Institution	Recommendation	TP
2021-05-26	DNB	Sell	1.0
2021-05-21	Sydbank	Hold	-

For more information:

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

Recommendations



Analyst coverage

Institution	Analyst
DNB	Ole Martin Westgaard
HSBC	Andrew Lobbenberg and Achal Kumar
Nordea	Hans-Erik Jacobsen
Pareto Securities	Kenneth Sivertsen
Sparebank 1 Markets	Lars-Daniel Westby
Sydbank	Jacob Pedersen

Investor Relations:

✉ investor.relations@sas.se

☎ +46 (0)70 997 0673