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SAS announces recapitalization plan to continue as a key provider of important Scandinavian airline infrastructure

As previously announced by SAS AB (“SAS” or the “Company”), the COVID-19 pandemic and the associated travel restrictions have created a global crisis for the aviation industry. SAS immediately implemented a broad range of measures to radically reduce costs as a result of the decline in demand, which is not expected to return to pre COVID-19 levels before 2022. The Board of Directors of SAS (the “Board”) has therefore decided on a revised business plan to tackle the expected effects of the pandemic. The plan includes approximately SEK 4 billion in efficiency improvements in all parts of the Group by 2022. However, neither the broad measures implemented to date nor the planned efficiency improvements will alone be sufficient to help restore the Group’s equity position to pre COVID-19 levels, nor help secure the required level of funding for SAS to continue as a key provider of important Scandinavian airline infrastructure.

In light of this, the Board has decided on a recapitalization plan (the “Recapitalization Plan”) that is supported by the Company’s two largest shareholders, the governments of Sweden and Denmark (jointly the “Major Shareholders”), and the third largest shareholder, the Knut and Alice Wallenberg Foundation (“KAW”). The Recapitalization Plan is intended to restore equity by SEK 14.25 billion and secure approximately SEK 12 billion of new funding through the following proposed steps:

- Directed issue of common shares in the amount of approximately MSEK 2,006 to the Major Shareholders;
- Rights issue of new common shares available to eligible shareholders in an amount of approximately MSEK 3,994, expected to be covered by subscription undertakings and underwriting commitments corresponding to 81,5% of the total amount of the rights issue;
- Directed issue of new hybrid notes in a total amount of MSEK 6,000 to the Major Shareholders;
- Conversion of MSEK 2,250 senior unsecured fixed rate bond due November 2022 into common shares; and
- Conversion of MSEK 1,500 subordinated perpetual floating rate capital securities¹ into common shares.

The Recapitalization Plan is subject to necessary general meeting approvals. The Major Shareholders’ participation is conditional on inter alia the conversion

¹ Already accounted for as equity.

of the outstanding bonds and hybrid notes into common shares, the approval by the European Commission and exemption from the mandatory bid obligation from the Swedish Securities Council. The participation by KAW is conditional on the participation by the Major Shareholders.

SAS is committed to its sustainability agenda in line with expectations from the Swedish and Danish governments.

“On behalf of the SAS Board of Directors, I would like to thank our shareholders for providing support in these unprecedented and challenging times. I would also like to thank the SAS employees for their exceptional commitment and support during this difficult period. I count on SAS employee groups to support the Recapitalization Plan by finding solutions to deliver the required efficiency improvements.

The Board supports and believes that the Recapitalization Plan presents a balanced way forward given the magnitude of the recapitalization and the conditional burden sharing measures. Along with the Group’s revised business plan, the Recapitalization Plan will enable us to withstand this crisis and return as a profitable and sustainable Scandinavian infrastructure provider,” says Carsten Dilling, chair of the SAS Board of Directors.

Summary of the Recapitalization Plan

The Recapitalization Plan consists of the following components:

- Directed issue of common shares in the amount of approximately MSEK 2,006 and at a subscription price of SEK 1.16 to the Major Shareholders (split approximately MSEK 1,016 to the Government of Denmark and approximately MSEK 990 to the Government of Sweden in case the Rights Issue is fully subscribed²) (the “**Directed Issue**”).
- Rights issue of new common shares available to eligible shareholders in an amount of approximately MSEK 3,994 and at a subscription price of SEK 1.16, expected to be covered by subscription undertakings and underwriting commitments corresponding to 81.5% of the total amount of the rights issue, where approximately MSEK 2,994 is covered by pro rata subscription undertakings and underwritings commitments from the Major Shareholders (split equally) and pro rata subscription undertaking from KAW of approximately MSEK 259, subject to certain conditions (the “**Rights Issue**”).
- Directed issues of new SEK denominated subordinated capital securities with perpetual tenor to the Major Shareholders, in a total amount of MSEK 6,000 (the “**New Hybrid Notes**”) as two separate instruments:
 - One set of hybrid notes (“**NHN1**”) in an amount of MSEK 5,000, split equally among the Major Shareholders, with annual interest step-ups over the coming years; and

² Split approximately MSEK 1,004 to Denmark and approximately MSEK 1,002 to Sweden in case that no other shareholders would participate in the Rights Issue than the Major Shareholders and KAW.

- One set of hybrid notes (“**NHN2**”) in an amount of MSEK 1,000, to Denmark with an additional 1% interest on top of interest rates paid on NHN1.
- Conversion of the SAS MSEK 2,250 senior unsecured fixed rate bond due November 2022 (ISIN SE0010520338) (the “**Bonds**”) into common shares at 81.3% of par value and at a subscription price of SEK 1.89 per share, to be approved by a meeting of holders of the Bonds on 17 July 2020.³
- Conversion of the SAS MSEK 1,500 subordinated perpetual floating rate capital securities (ISIN SE0012193910) (the “**Existing Hybrid Notes**”) into common shares at 70.8% of par value and at a subscription price of SEK 1.89 per share, to be approved by a meeting of holders of the Existing Hybrid Notes on 17 July 2020.⁴
- An Extraordinary General Meeting in SAS will be held on or around 25 August 2020 (the “**EGM**”) to adopt the necessary resolutions under the Recapitalization Plan, and any resolutions related thereto, in accordance with a convening notice to be announced on or around 23 July 2020.
- Following a successful implementation of the Recapitalization Plan, the Company will cancel, and prepay any amount outstanding, of its SEK 3.3 billion three-year revolving credit facility agreement, 90% guaranteed by the Major Shareholders, in accordance with its terms and conditions.

Subject to successful completion of the Recapitalization Plan, the Company aims to convert MSEK 2,250 of debt to equity⁵ and raise MSEK 12,000 of new equity, before recapitalization costs estimated at approximately MSEK 140, and restore equity by SEK 14.25 billion. The completion of the Recapitalization Plan will result in marginally higher financial payments going forward compared to the financial payments for the Existing Hybrid Notes and the Bonds. The number of shares and votes in the Company will increase by up to 6,702,175,698 to up to 7,084,758,249 corresponding to a dilution of up to 95% (mitigated to some extent for those shareholders who participate in the Rights Issue).⁶

In addition to the SEK 14.25 billion, an additional MSEK 500 has been secured through commercial agreements with Norway, under which the Norwegian state has paid and will pay for SAS to maintain a certain level of network capacity. In combination with the new funding outlined above, this will ensure that SAS has secured the SEK 12.5 billion of required funding.

³ Price has been set based on a five day quoted average mid-price (during the period 22-26 June 2020) for the Joint Lead Managers in the initial transaction (Skandinaviska Enskilda Banken AB, Danske Bank A/S, Danmark, Sverige Filial, Nordea Bank Abp, filial i Sverige and Swedbank AB) with a premium of 15 percentage points.

⁴ Price has been set based on a five day quoted average mid-price (during the period 22-26 June 2020) for the Joint Bookrunners in the initial transaction (Skandinaviska Enskilda Banken AB, Danske Bank A/S, Danmark, Sverige Filial, Nordea Bank Abp, filial i Sverige and Swedbank AB) with a premium of 15 percentage points.

⁵ Existing Hybrid Notes already accounted for as equity.

⁶ Based on outstanding shares of 382,582,551 as of 30 June 2020.

Each of the Major Shareholders has expressed its support for the Recapitalization Plan and expressed its intention to, subject to, inter alia, the conversion of the Bonds and Existing Hybrid Notes, the approval by the European Commission and exemption from the mandatory bid obligation from the Swedish Securities Council: (a) subscribe for common shares in the Directed Issue in the amount of approximately MSEK 2,006 (split approximately MSEK 1,016 to Denmark and approximately MSEK 990 to Sweden in case the Rights Issue is fully subscribed⁷), (b) subscribe for its pro rata share (based on current ownership of Sweden 14.82% and Denmark 14.24%) of the Rights Issue, (c) underwrite such additional number of common shares in the Rights Issue that the commitment by each Major Shareholder amounts to approximately MSEK 1,497 (i.e. in aggregate approximately MSEK 2,994, corresponding to approximately 75% of the Rights Issue), and (d) subscribe for the New Hybrid Notes, with the Government of Denmark to subscribe for MSEK 3,500 and the Government Sweden to subscribe for MSEK 2,500 of the New Hybrid Notes. Following completion of the share issues under the Recapitalization Plan, the governments of Denmark and Sweden will end up holding the same number of shares and votes in the Company.⁸

The third largest shareholder, KAW, has expressed its support for the Recapitalization Plan and has undertaken to subscribe for its pro rata share (6.50%) of the Rights Issue, corresponding to approximately MSEK 259, subject to among other things the fulfilment of the above described subscription and underwriting commitments by the Major Shareholders.

All Board members elected by the general meeting, as well as members of the group management, that currently hold shares in SAS have expressed their intention to subscribe for their pro rata share in the Rights Issue.

SAS' three largest shareholders, the Major Shareholders and KAW, who in aggregate hold approximately 35.56% of outstanding shares and votes, have expressed their support of the Recapitalization Plan and their intent to vote in favor of the Board's proposals at the EGM subject to certain conditions.

As mentioned above, the capital injection by the Major Shareholders will be subject to approval by the European Commission under State aid rules. An approval decision is expected to be subject to conditions under the COVID-19 Temporary Framework which include, among others, a ban on dividends, limitations on M&A and a freeze of

⁷ Split approximately MSEK 1,004 to Denmark and approximately MSEK 1,002 to Sweden in case that no other shareholders than the Major Shareholders and KAW would participate in the Rights Issue.

⁸ In the event the subscription undertakings and underwriting commitments from the Major Shareholders and KAW would be exercised in full (i.e. that no other shareholders would participate in the Rights Issue) and following settlement of the conversion of the Bonds and Existing Hybrid Notes (as set out above), the shareholdings would change significantly and result in each of the governments of Sweden and Denmark holding 2,210,760,114 shares corresponding to approximately 34.3% of the total number of shares and votes. For more information about shareholder structure after issuance of the shares, please refer to "Shareholder structure following the Recapitalization Plan".

management remuneration. Conditions will be released gradually as the aid is repaid. Full disclosure of conditions will be made after European Commission's approval.

Background

Before the onset of COVID-19, SAS experienced a high demand for its services and delivered a robust operational performance in terms of regularity and punctuality. As a consequence, SAS reported increased number of passengers and revenues as well as overall market share. However, as the full effects of the pandemic became evident, containment measures such as social distancing, travel restrictions, quarantines and lock downs, resulting in dramatically changed traveling patterns, had an immediate detrimental impact on the aviation sector. This resulted in a sharp drop in number of passengers and consequently revenues for SAS.

The decline in demand immediately triggered SAS to implement a broad range of measures to radically reduce costs and preserve cash. Approximately 90% of the workforce is or has been on temporary layoff schemes and there has been a significant reduction of the network. All non-essential spend and projects have been suspended. Payment holidays or discounts have been agreed with the majority of suppliers (including lessors). As a result of the measures taken, the monthly average operating cash expenditure has been reduced to an estimated MSEK 500-700 in Q3-Q4 FY20.

In addition, SAS' capital expenditures have also been reduced by deferring aircraft deliveries and postponing other investments. Measures have also been taken to strengthen SAS' liquidity through securing a SEK 3.3 billion credit facility, financing five A320neo spare engines and sale & lease back agreements on one A350 and three A320neos have been signed.

Despite countries starting to re-open their borders, the ramp-up phase for the airline industry is expected to last until 2022 before demand reaches pre COVID-19 levels and is subject to considerable uncertainty. SAS expects difficulties reaching profitability until operations reach more normalized levels, currently expected in FY22, creating a significant need for recapitalization. During this phase, SAS must ensure cost-efficient ramp up to reduce losses, while introducing "safe travel" measures to adapt to new requirements and stimulate travel.

Revised business plan

Given the negative financial impacts of the pandemic going forward, the Board of SAS has decided on a revised business plan, which involves a broad range of measures to tackle the effects of the pandemic. As part of this, the Company is pursuing approximately SEK 4 billion in efficiency improvements. The revised business plan is based on rightsizing the Company and its cost structure to reflect a new situation of lower expected demand and is based on four pillars:

1. Preferred airline for Scandinavia's frequent travelers

SAS will continue to focus on Scandinavia's frequent travelers to maintain its strong position in Scandinavia. SAS will also continue to build on its Scandinavian footprint and prioritize main traffic flows within Scandinavia and to European major cities. SAS will maintain CPH as its main long-haul hub, complemented by selective long-haul routes from OSL/ARN. To further strengthen the relationship with its core customers SAS will continue to develop Scandinavia's largest loyalty program, EuroBonus.

2. Hyper modern single-type Airbus fleet

SAS will continue its fleet renewal and by 2025 it is expected to have one of Europe's most modern and efficient aircraft fleets. The single-type Airbus fleet will lead to significantly lower fuel consumption and reduced maintenance costs. It will also lead to reduced stand-by levels and thereby improved productivity. SAS is also evaluating a replacement for its ageing 737-fleet in the mid-size segment (120-150 seats). By 2025, SAS is expected to have completed the introduction of a next generation mid-size aircraft. Finally, SAS is continuously working with its wet lease suppliers to ensure renewal of the aircraft in the smaller segments.

3. Fully competitive operating model

In order to adapt the organization to a lower demand environment, the revised business plan is expected to deliver SEK 4 billion in efficiency improvements by 2022. This includes:

- Personnel cost reductions from work force redundancy of up to 5,000 positions and renegotiated collective bargaining agreements including increased productivity of 15-25%. The initiatives are expected to result in a new and more effective SAS organization adapted to the market environment;
- Reduced sales & marketing spend, renegotiated supplier agreements including lessors, and more focused IT projects and investments; and
- Other operational efficiency improvements, including efficient phase-out of aircraft to reach a one type fleet and lower fuel consumption, deferring aircraft deliveries and reaching improved agreements with lessors, improved technical maintenance procedures and wet lease operations.

4. Global leadership in Sustainable aviation

SAS works continuously to reduce the climate and environmental impacts of its operations through innovation and investment in new technology. SAS' target of a 25% reduction (compared to 2005 levels) of its net CO₂ emissions by 2030 has in the revised business plan been accelerated to 2025. The reduction is equivalent to all CO₂ emissions on SAS' flights within Scandinavia in 2019, and ensures that SAS contributes positively to the targets set out in the Paris Agreement. SAS will also explore commercial collaborations with railway service providers.

A cornerstone in this agenda is to continue SAS' ongoing fleet renewal. In 2025, SAS is expected to operate one of the youngest fleets in Europe, with the most environmentally efficient aircraft type in each segment. SAS intends to achieve this goal by continuing the introduction of new fuel-efficient A320neo and A350 aircraft

into its fleet, while at the same time increasing its efficiency to minimize fuel consumption during flights.

Furthermore, SAS expects to take a world-leading position in the usage of renewable aviation fuels. Sustainable aviation fuels (SAF) are renewable sources of jet fuel and reduce net CO₂-emissions by up to 80% compared to traditional jet fuel. To reach SAS' ambitious environmental targets by 2025, access to up to 10% of SAS' fuel consumption is a prerequisite. SAS will therefore utilize existing production capacity and sign offtake agreements to secure sufficient volumes at the right price. SAS will also explore partnerships with providers of carbon capture and storage.

Finally, SAS has identified an opportunity for Scandinavia to lead the way to create a new "green base industry" around SAF production. This requires close collaboration with stakeholders across multiple industries in Scandinavia and a supportive regulatory framework. In combination with other efficiency measures, such as a fully implemented Single European Sky, this could potentially enable SAS to reach up to 50% reduction of net CO₂-emissions by 2030 (compared to 2005).

The revised business plan and the Recapitalization Plan demonstrates SAS' commitment to its overall long-term goal to create value for its shareholders and to delivering sustainable and profitable growth, through the cycle. SAS maintains its three financial targets, which now have been adjusted to reflect IFRS 16, expected to be implemented from the end of the current fiscal year:

- Post-tax Return on invested capital (ROIC) to exceed to post-tax Weighted Average Cost of Capital (WACC)
- Financial net debt/EBITDA to be a multiple of less than three and a half (3.5x)
- Financial preparedness to exceed 25% of SAS' annual fixed costs

Details on the Recapitalization Plan

Directed Issue

A directed issue of new common shares in the amount of approximately MSEK 2,006 to the Major Shareholders (split approximately MSEK 1,016 to the Government of Denmark and approximately MSEK 990 to the Government of Sweden in case the Rights Issue is fully subscribed⁹) at a subscription price of SEK 1.16. The Directed Issue will increase the number of shares and votes in the Company by 1,729,170,834 (split 875,708,407 shares to Denmark and 853,462,427 shares to Sweden in case the Rights Issue is fully subscribed¹⁰) and the allocation between the Major Shareholders will be determined when the final outcome of the Rights Issue is known. Following completion of the share issues under the Recapitalization Plan, the governments of Denmark and Sweden will end up holding the same number of shares and votes in the Company.¹¹

The Rights Issue of common shares

The Rights Issue is expected to raise proceeds of approximately MSEK 3,994 before transaction costs and fees and is expected to be covered by subscription commitments and underwritings from the Major Shareholders and KAW corresponding to 81.5% of the total amount of the Rights Issue as set out above. Eligible shareholders will receive 9 (nine) subscription rights for each share held on the record date, 2 September 2020. Each subscription right will carry an entitlement to subscribe for 1 (one) new common share at a subscription price of SEK 1.16 per share. Holders of subscription rights registered in Denmark or Norway will pay an amount in DKK or NOK corresponding to the subscription price of SEK 1.16 per share, to be determined and communicated by the Company before the end of the subscription period. The Rights Issue will increase the number of shares and votes in the Company by 3,443,242,959.¹²

The Board will allot any shares subscribed for without the exercise of subscription rights to those who have also subscribed for shares on the basis of subscription rights, regardless of whether or not the subscriber was a shareholder on the record date. Any remaining shares will primarily be allotted to shareholders and others who have indicated their interest to subscribe for shares without subscription rights, and finally if required, to the Major Shareholders in their capacity of underwriters.

Further information on the estimated time schedule of the Rights Issue is set out below under “Key indicative dates”.

⁹ Split approximately MSEK 1,004 to Denmark and approximately MSEK 1,002 to Sweden in case that no other shareholders than the Major Shareholders and KAW would participate in the Rights Issue.

¹⁰ Split 865,697,716 to Denmark and 863,473,118 to Sweden in case that no other shareholders than the Major Shareholders and KAW would participate in the Rights Issue.

¹¹ For more information about shareholder structure after issuance of the shares, please refer to “Shareholder structure following the Recapitalization Plan”.

¹² For more information about shareholder structure after issuance of the shares, please refer to “Shareholder structure following the Recapitalization Plan”.

Issue of the New Hybrid Notes

The New Hybrid Notes will constitute SEK denominated subordinated capital securities with perpetual tenor. The New Hybrid Notes will be issued as two separate instruments (NHN1 and NHN2).

NHN1 will be placed with the Major Shareholders in the total amount of MSEK 5,000 split equally between them. These hybrid notes will have a floating interest rate of 3M STIBOR plus an initial margin of 250 bps. The margin of the notes will thereafter increase to the following: during 2nd and 3rd year 350 bps, during 4th and 5th year 500 bps, during 6th and 7th year 700 bps, and during 8th year and thereafter 950 bps.

NHN2 will be placed with Denmark in the total amount of MSEK 1,000. These hybrid notes will have a floating interest rate of 3M STIBOR plus an initial margin of 350 bps. The margin of the notes will thereafter increase to the following: during 2nd and 3rd year 450 bps, during 4th and 5th year 600 bps, during 6th and 7th year 800 bps, and during 8th year and thereafter 1,050 bps.

The New Hybrid Notes are freely transferable, callable at any time at par value, and will be treated as equity in SAS' accounting,

Conversion of the Bonds into common shares

As part of the Recapitalization Plan, the Swedish and Danish governments require, as a condition to their capital injections, burden sharing measures to be implemented including conversion of the Bonds into common shares in SAS. On the basis thereof and following extensive negotiations to date, the Board presents the following proposal to the holders of the Bonds, which proposal is a necessary and required part of the Recapitalization Plan that the Company from an overall perspective considers to strike a balance between various stakeholders given the magnitude of the recapitalization and the requirements from the Major Shareholders.

The Board of Directors has therefore decided to summon a meeting amongst the holders of SAS MSEK 2,250 senior unsecured bond due November 2022 to resolve upon the conversion of the Bonds into common shares in SAS. Subject to bondholder approval, the Bonds will be exchanged for common shares in the Company at 81.3% of par value and at a subscription price of SEK 1.89 per share.¹³ In order to resolve on the conversion of the Bonds, at least 50% of the adjusted nominal amount must participate in the meeting and at least 80% of the attending adjusted nominal amount must vote in favor of the proposed exchange of the Bonds.

Following such resolution, SAS will convert MSEK 2,250 of debt to equity in total. The number of shares and votes in the Company will increase by up to 967,857,143.¹⁴ The meeting with the holders of the Bonds is to be held on 17 July 2020.

Bondholders casting their vote before 9 July 2020 (the “**Early Bird Deadline**”) will receive an additional fee of 0.2% of the nominal amount of each Note for which they vote, regardless of voting in favor or against the proposal. Fees will be paid within 10 Business Days after conversion and is subject to successful outcome from both the meeting with the holders of the Bond and the meeting with the holders of the Existing Hybrid Notes. Further information about the notice to the meeting with the holders of the Bonds can be found below.

Conversion of the Existing Hybrid Notes into common shares

On the basis of, and for the reasons set out above under “Conversion of the Bonds into common shares”, the Board of Directors has decided to summon a meeting of the holders of the MSEK 1,500 Existing Hybrid Notes to resolve upon the conversion into common shares in SAS. Subject to approval by the holders of the Existing Hybrid Notes, the Existing Hybrid Notes will be exchanged for common shares in the Company at 70.8% of par value and at a subscription price of SEK 1.89 per share.¹⁵ In order to resolve on the conversion, at least 50% of the outstanding adjusted nominal amount must participate in the meeting and at least 2/3 of the attending adjusted

¹³ Price has been set based on a five day quoted average mid-price (during the period 22-26 June 2020) for the Joint Lead Managers in the initial transaction (Skandinaviska Enskilda Banken AB, Danske Bank A/S, Danmark, Sverige Filial, Nordea Bank Abp, filial i Sverige and Swedbank AB) with a premium of 15 percentage points.

¹⁴ For more information about shareholder structure after issuance of the shares, please refer to “Shareholder structure following the Recapitalization Plan”.

¹⁵ Price has been set based on a five day quoted average mid-price (during the period 22-26 June 2020) for the Joint Bookrunners in the initial transaction (Skandinaviska Enskilda Banken AB, Danske Bank A/S, Danmark, Sverige Filial, Nordea Bank Abp, filial i Sverige and Swedbank AB) with a premium of 15 percentage points.

nominal amount must vote in favor of the proposed exchange of the Existing Hybrid Notes.

Following such resolution, the number of shares and votes in the Company will increase by up to 561,904,762.¹⁶ The meeting with the holders of the Existing Hybrid Notes is to be held on 17 July 2020.

Hybridholders casting their vote before the Early Bird Deadline will receive an additional fee of 0.2% of the nominal amount of each Note for which they vote, regardless of voting in favor or against the proposal. Fees will be paid within 10 Business Days after conversion and is subject to successful outcome from both the meeting with the holders of the Bond and the meeting with the holders of the Existing Hybrid Notes. Further information about the notice to the meeting with the holders of the Existing Hybrid Notes can be found below.

If the Recapitalization Plan is not implemented and fails, SAS will not be able to recapitalize and remedy the liquidity shortage and the negative equity caused by the COVID-19 outbreak, which would have a material adverse effect on the Company's financial condition. Should SAS as a result of such material adverse effect on its financial condition be forced to file for bankruptcy, it is likely that the holders of the Bonds and Existing Hybrid Notes will not be able to recover any of their claims under the notes.

Shareholder structure following the Recapitalization Plan

Following a successful implementation of the Recapitalization Plan,¹⁷ the total number of shares and votes in the Company will increase by up to 6,702,175,698 to up to 7,084,758,249 corresponding to a dilution of 95%.¹⁸ As a result, the shareholdings would change significantly and, in the event the Rights Issue is fully subscribed by the Company's shareholders or other investors and following settlement of the conversion of the Bonds and Existing Hybrid Notes (as set out above), the Recapitalization Plan will result in each of the governments of Sweden and Denmark holding 1,420,462,427 shares corresponding to respective shareholdings of approximately 20.05% of the total number of shares and votes,¹⁹ current holders of the Bonds holding up to 967,857,143 shares corresponding to approximately 13.7% of the total of number of shares and votes, and current holders of the Existing Hybrid Notes holding up to 561,904,762 shares corresponding to approximately 7.9% of the total number of shares and votes.

¹⁶ For more information about shareholder structure after issuance of the shares, please refer to "Shareholder structure following the Recapitalization Plan".

¹⁷ Including subscription of all new common shares to be issued in the Rights Issue and in the Directed Issue and the maximum number of new common shares to be issued to the holders of Bonds and Existing Hybrid Notes.

¹⁸ Based on outstanding shares of 382,582,551 as of 30 June 2020.

¹⁹ In the event the subscription undertakings and underwriting commitments from the Major Shareholders and KAW would be exercised in full (i.e. that no other shareholders would participate in the Rights Issue) each of the governments of Sweden and Denmark would hold 2,210,760,114 shares corresponding to respective shareholdings of approximately 34.3% of the total number of shares and votes.

Key indicative dates

Early Bird Deadline	9 July 2020
Bondholders' meeting	17 July 2020
Hybridholders' meeting	17 July 2020
EGM	25 August 2020
Record date for Rights Issue	2 September 2020
Rights Issue prospectus made public	4 September 2020
Subscription period for the shareholders in Rights Issue	7 – 22 September 2020
Announcement of outcome of the Rights Issue	25 September 2020
Settlement / conversion date	6 October 2020

The EGM

The Board has decided to convene an EGM to be held on or around 25 August 2020 to resolve upon the measures under the Recapitalization Plan as set out in the notice convening the meeting, which will be announced separately on or around 23 July 2020.

SAS' three largest shareholders, the Major Shareholders and KAW (where applicable, conditional as set out above) who in aggregate hold approximately 35.56% of outstanding shares and votes, have expressed their support of the Recapitalization Plan and their intent to vote in favor of the Board's proposals at the EGM subject to certain conditions.

Summons to noteholders' meetings

The Company has today instructed Intertrust (Sweden) AB, being the agent under the Bonds (ISIN SE0010520338) and the Existing Hybrid Notes (ISIN SE0012193910), to send notices to noteholders' meetings to all holders of the Bonds and the Existing Hybrid Notes directly registered in the Company's debt ledger held with Euroclear Sweden in order to seek the respective holders of Bonds and Existing Hybrid Notes approval of the conversion of the Bonds and the Existing Hybrid Notes into common shares and the authorization of the agent to take measures on behalf of the respective holders in connection with the proposed conversion.

The notices to the noteholders' meetings and detailed information regarding the voting procedure and the requests to the holders of Bonds and Existing Hybrid Notes, will be available at the Company's webpage (www.sasgroup.net).

Presentation

Rickard Gustafson, President & CEO and Torbjørn Wist, Executive Vice President & CFO will present and comment the Recapitalization Plan at 11 a.m. CEST, today, Tuesday 30 June 2020.

The presentation will be held in English via telephone or <https://www.sasgroup.net/investor-relations/recapitalization-plan/>

No advance notification is necessary.

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Advisors

Skandinaviska Enskilda Banken AB is financial advisor to SAS, Global Coordinator and Bookrunner in connection with the Recapitalization Plan.

Mannheimer Swartling Advokatbyrå AB and Davis Polk & Wardwell London LLP are legal advisors.

Skandinaviska Enskilda Banken AB (publ), Danske Bank A/S, Danmark, Sverige filial and Swedbank AB (publ) have been appointed Solicitation Agents. Danske Bank A/S, Danmark, Sverige Filial and Swedbank AB (publ) are Joint Bookrunners in the Rights Issue.

This is information that SAS AB is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was submitted by Michel Fischier for publication on 30 June 2020 at 08:00 a.m. CEST.

IMPORTANT INFORMATION

This press release and the information herein is not for publication, release or distribution, in whole or in part, directly or indirectly, in or into the United States, Australia, Canada, Japan or South Africa or any other state or jurisdiction in which publication, release or distribution would be unlawful or where such action would require additional prospectuses, filings or other measures in addition to those required under Swedish law.

The press release is for informational purposes only and does not constitute an offer to sell or issue, or the solicitation of an offer to buy or acquire, or subscribe for, any of the securities mentioned herein (collectively, the "Securities") or any other financial instruments in SAS. Any offer in respect of any securities in connection with the Rights Issue will only be made through the prospectus that SAS expects to publish on or about 4 September 2020. The offers under the Recapitalization Plan are not made to, and application forms will not be approved from, subscribers (including shareholders), or persons acting on behalf of subscribers, in any jurisdiction where applications for such subscription would contravene applicable laws or regulations, or would require additional prospectuses, filings, or other measures in addition to those required under

Swedish law. Measures in violation of the restrictions may constitute a breach of relevant securities laws.

None of the Securities have been or will be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or other jurisdiction in the United States, and may not be offered, pledged, sold, delivered or otherwise transferred, directly or indirectly, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable other securities laws. There will not be any public offering of any of the Securities in the United States.

In the United Kingdom, this press release is directed only at, and communicated only to, persons who are qualified investors within the meaning of article 2(e) of the Prospectus Regulation (2017/1129) who are (i) persons who fall within the definition of "investment professional" in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), or (ii) persons who fall within article 49(2)(a) to (d) of the Order, or (iii) persons to whom it may otherwise be lawfully communicated (all such persons referred to in (i), (ii) and (iii) above together being referred to as "Relevant Persons"). This press release must not be acted on or relied on by persons in the UK who are not Relevant Persons.

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