

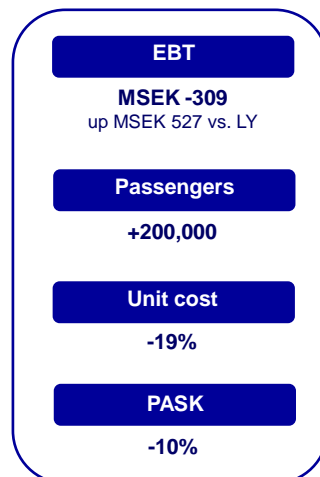
SAS Q1 2015/2016 TELECONFERENCE

08.03.2016

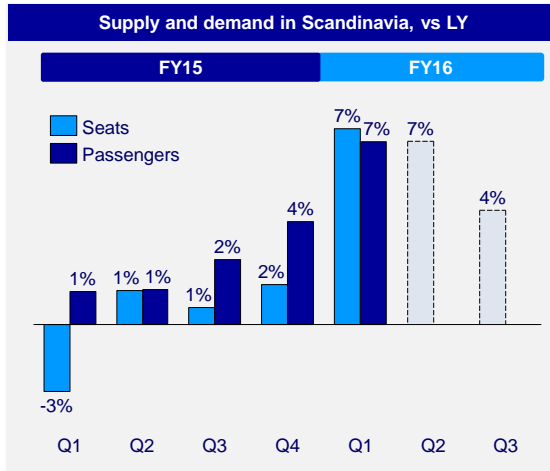


Significantly improved earnings in Q1

- **Financials**
 - EBT improved MSEK 527
 - Passenger revenue up 1% currency adjusted
 - Jet fuel costs down SEK 0.8 billion
- **Market**
 - Intensified competition as expected
 - Market seat capacity up 7.4%
- **Commercial initiatives**
 - Traffic up 9.6%
 - Long haul expansion contributed with MSEK 130
 - More than 50% of revenue from EuroBonus members
- **Efficiency program**
 - MSEK 155 in earnings impact
 - Capacity increased with mainly existing resources



Market seat capacity increased 7.4% in Q1



• Seat capacity increase in Scandinavia in Q1:

- Ryanair 42%
- WizzAir 34%
- BRA 25%
- SAS 7%

• Number of seats increased by 1.9 million in Q1

• Market capacity expected to grow by 5-7% in FY16 – highest growth during the winter

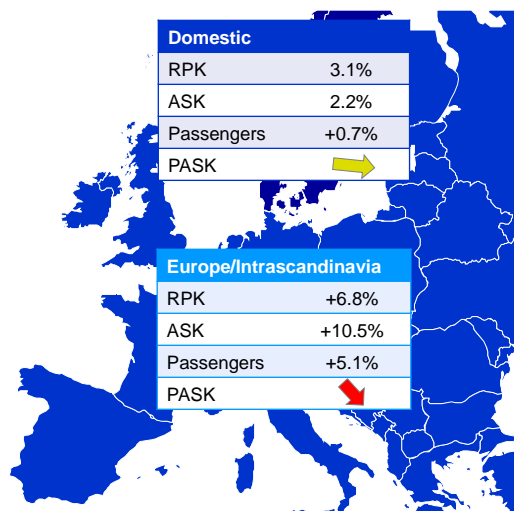
3 Source: Innovata Schedule data



SAS geographical traffic development in Q1

Total scheduled traffic, Q1	
RPK	+9.6%
ASK	+12.3%
Passengers	+3.6%
PASK	-10%

Intercontinental routes	
RPK	+16.9%
ASK	+21.4%
Passengers	+15.2%
PASK	↓



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Seasonal offer and long haul offer expanded in Q1

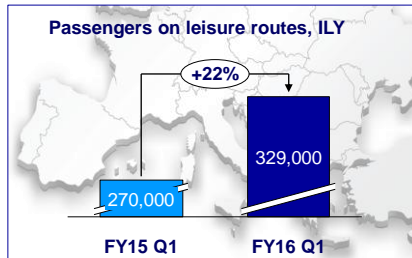
Long-haul capacity increased 21%

- Long-haul market to/from Scandinavia is growing - justifying more non-stop routes
- Minimal investment and capital at risk
 - total investment about MSEK 700 vs. MSEK 5,100 for new aircraft at low fuel prices
- New Business Class highly appreciated by the frequent travelers



Leisure routes capacity increased 22%

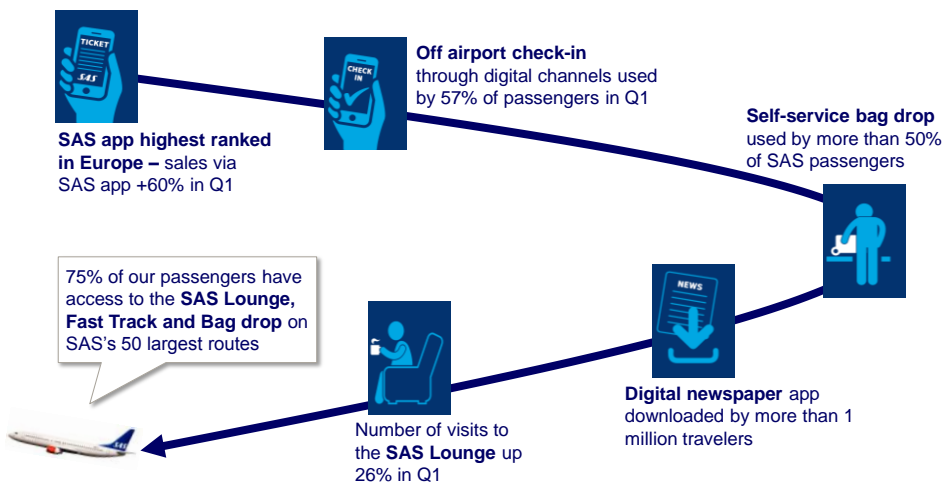
- Leisure traffic growing faster than established 'business' routes
- Increased production with existing fleet and resources
 - E.g. Innsbruck, Salzburg, Geneva, Las Palmas and Nice



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A STAR ALLIANCE MEMBER SAS

We continue to invest in our product and digitalization to make life easier for the frequent travelers



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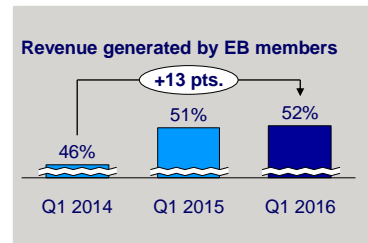
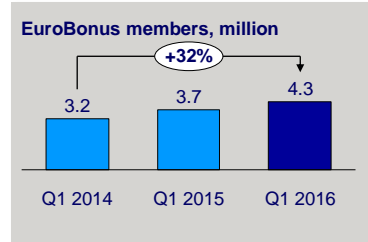
Investments in EuroBonus strengthen customer loyalty

Improved EuroBonus

- Expanded long haul and leisure routes enable SAS to improve EuroBonus offer to the frequent travelers
 - Award passengers up 9% in Q1

Further improvements underway

- Improved and more attractive co-branding with credit cards
- New IT platform to be launched to improve customer experience
- Greater access to award bookings for most loyal members



Unit cost down 6.6% - cost efficiency program in progress

- MSEK 155 earnings impact in Q1** from cost program
- Capacity increased with mainly existing resources** in Q1 contributed to unit cost decline
- SAS production model** increases flexibility in SAS cost base
 - Larger traffic flows operated with B737/A320s
 - Thinner traffic flows operated through wet lease
- Outsourcing of Ground Handling**
 - 14 line stations outsourced in Norway
 - Discussions with Aviator ongoing
- Areas targeted going forward:**
 - Increased productivity in the air and on the ground
 - Implementation of Lean processes





FINANCIALS

EBT before non-recurring items improved MSEK 425

Income statement	Nov15-Jan16	Nov14-Jan15	Change vs LY	Currency
Total operating revenue	8,275	8,371	-96	-79
Payroll expenditure	-2,334	-2,478	+144	
Jet fuel	-1,228	-2,023	+795	
Government charges	-911	-883	-28	
Other operating expenditure	-3,030	-2,743	-287	
Total operating expenses*	-7,503	-8,127	+624	-294
EBITDAR before non-recurring items	772	244	+528	-373
<i>EBITDAR-margin*</i>	9.3%	2.9%	+6.4 p.u.	
Leasing costs, aircraft	-700	-601	-99	
Depreciation	-341	-282	-59	
Share of income in affiliated companies	-12	-10	-2	
EBIT before non-recurring items	-281	-649	+368	-447
<i>EBIT-margin*</i>	-3.4%	-7.8%	+4.4 p.u.	
Financial items	-123	-180	+57	
EBT before non-recurring items	-404	-829	+425	-426
Non-recurring items	95	-7	+102	
EBT	-309	-836	+527	-426

* = Before non-recurring items

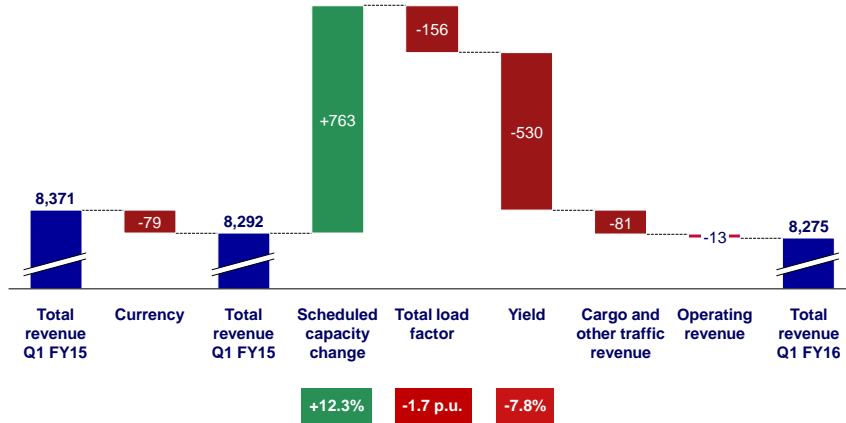
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Revenue analysis Q1

Total Revenue Q1
MSEK

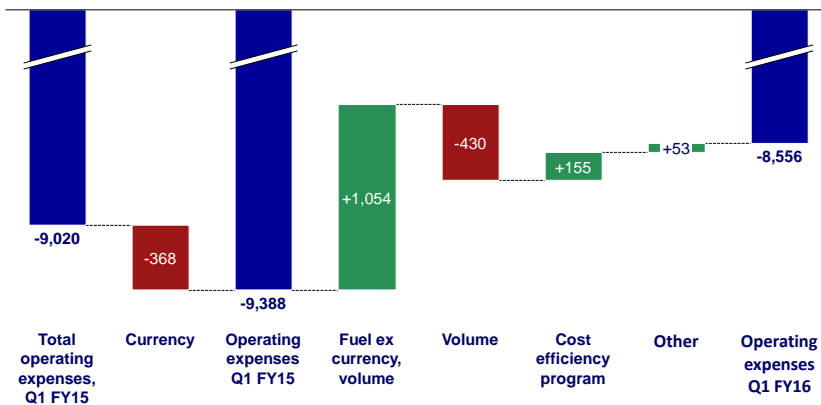


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Operating expenses down due to fuel costs and efficiency measures

Total Operating Expenses Q1
MSEK

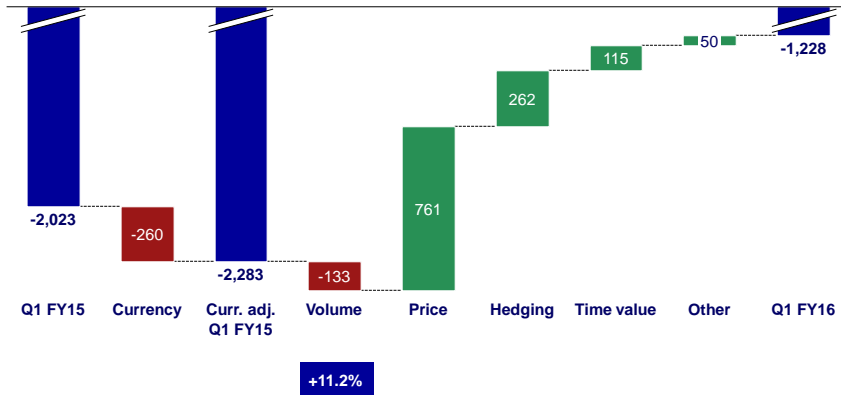


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Jet fuel costs MSEK 795 lower in Q1

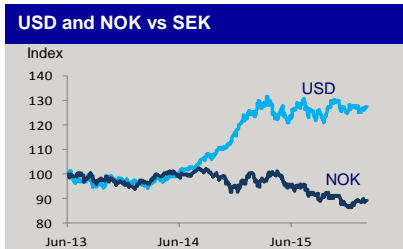
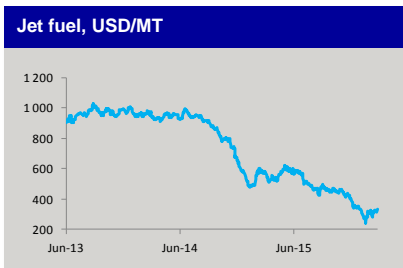
Fuel cost Q1
MSEK



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Jet fuel and currencies



Jet fuel hedges

- 73% of jet fuel consumption hedged next twelve months
- Mostly swaps from Q2 FY16
- 80%-97% at \$501-600/MT during Q2-Q4 FY16

Spot price	8.0 SEK/USD	9.0 SEK/USD
USD 300/MT	6.0	6.6
USD 400/MT	6.1	6.7
USD 600/MT	6.3	6.9
USD 800/MT	6.5	7.1

* Based on actual jet fuel costs during Q1 FY16 and hedge position as at 31 January 2016

Currency hedges

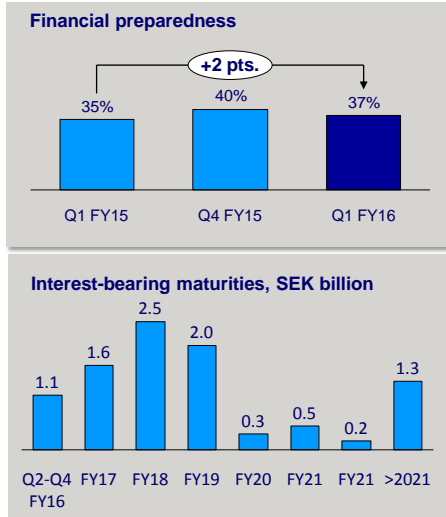
- 55% of USD hedged next 12 months
- 62% of NOK hedged next 12 months

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Optimization of capital structure and risk exposure

- Liquidity position and refinancing risk



- Financial preparedness at 37%
 - Cash of SEK 7.4 billion
 - Unutilized credit facilities of SEK 2.9 billion
- In addition, loan to book value of encumbered aircraft is only 50%
- Financial net debt increased during Q1 primarily due to jet fuel hedges
- Diversified funding of secured, unsecured liabilities and facilities
 - Unsecured bond maturing in FY18 and convertible loan in FY19

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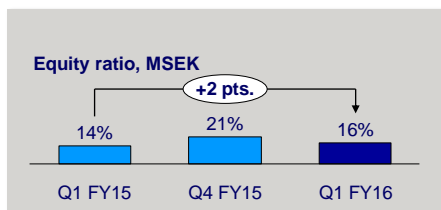


Optimization of capital structure and risk exposure

- equity and aircraft funding

Equity/asset ratio

- Weaker during Q1 due to market valuation of jet fuel hedges, SEK 0.9 billion
- Revaluation of pension plans, negative SEK 0.2 billion



Optimizing funding and risk of fleet

- 6 aircraft sold in Q1 (MD90 and B717)
- Airbus A330E
 - Sale/leaseback to minimize residual value risk
- Airbus A320neo
 - Mixture of operating/finance lease expected – financing of first 12 aircraft in process



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Summary and outlook

Summary of Q1 FY16	FY16 outlook
EBT improved MSEK 527	Market capacity expected to increase
Long haul expansion with minimal capital at risk	SAS to increase ASK by 10%, whereoff 9% long haul
Increased leisure capacity within Europe	Number of flights up 1%
MSEK 155 in earnings impact from efficiency program	Lower PASK and unit cost due to stage length effect
Implementation of SAS' strategy to outsource SAS ground handling in progress	Efficiency program to deliver approximately SEK 1 billion
The EU Commission to return MEUR 70.2, which will be recognized as a non-recurring item in Q2	SAS expects to post a positive EBT before non-recurring items



SAS