



Weak Q1 as expected – new structural actions underway

Q1 in summary

Positives

- + Currency adjusted passenger revenue up 5%
- + Strong development of ancillary revenues
- + Passengers up 500,000 and record high load factor
- + Efficiency program delivered MSEK 145

Negatives

- Currency adjusted yield down 12% in Q1 vs. LY
- Norwegian aviation tax of MSEK 146
- Jet fuel costs up MSEK 351 in Q1 vs. LY

Q1	Change vs. LY
EBT bef. nonrecurring items	
MSEK -707	MSEK -303
Traffic, RPK in millions	
7,642	+18.9%
Unit cost¹, SEK	
0.64	-5.7%
PASK², SEK	
0.65	-5.6%

Note: 1) Excluding jet fuel and adjusted for currency; 2) Adjusted for currency

Delivering on SAS's strategy to be the first choice for frequent travelers

Activities in Q1

Long haul capacity increased by 23%

- New destinations: BOS/LAX/MIA
- 31% increased traffic

Capacity on European leisure routes increased by 22%

- 10 seasonal destinations
- 23% increased traffic

Improved SAS Plus offer

- New dedicated Fast Track for SAS customers in Oslo
- SAS Plus Saver introduced within Scandinavia

New web platform rolled out in Denmark and Sweden; more markets to follow

Change vs.
Q1 FY16

PASK	↓	-5.6%
SAS Plus & Business	↑	+10%
EB Silver, Gold, Diamond trips	↑	+7%
EB members	↑	+12%

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Delivering on SAS's strategy to create an efficient operating platform

Activities in Q1

MSEK 145 in effect from the efficiency program

- New collective agreements implemented within Ground handling

Continued Airbus A320neo phase-in

- 3 additional A320neo in traffic
- 15-20% lower jet fuel consumption per seat

Productivity affected

- Increased aircraft utilization (more leisure/long haul)
- Reduced crew utilization due to lower sick leave and A320neo training

Improved processes at technical maintenance

- Regularity at 99.2%, up 0.4 p.u. vs. LY

Divestment of Cimber completes SAS's two tier production model

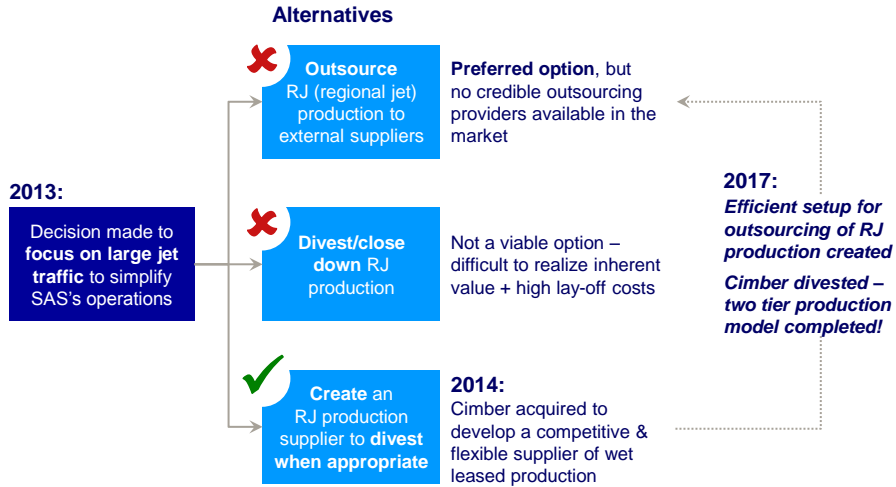
Change vs.
Q1 FY16

CASK	↓	-5.7%
Aircraft utilization	↑	+5.0%
Crew block hours	↓	-4.2%
Punctuality	↓	-1.4pu

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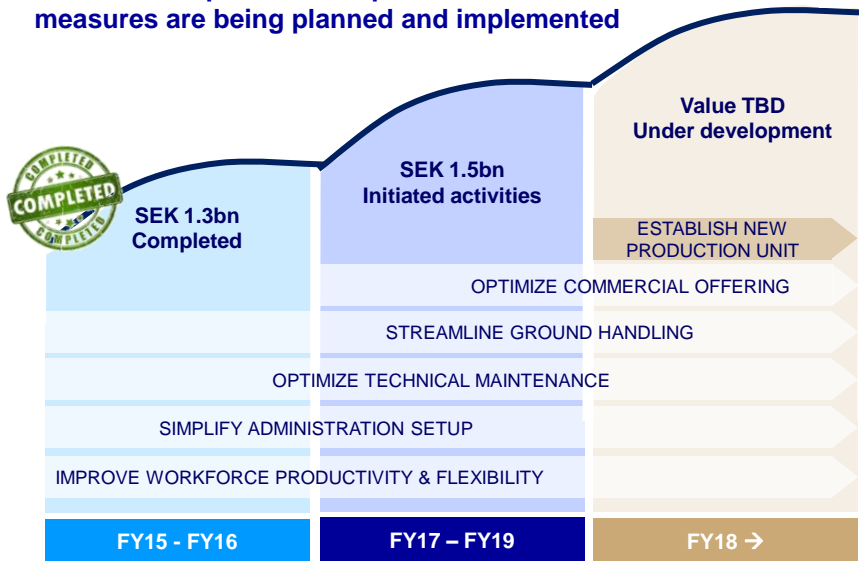
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Divestment of Cimber completes SAS's two tier production model



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Continuous operational improvements and new structural measures are being planned and implemented



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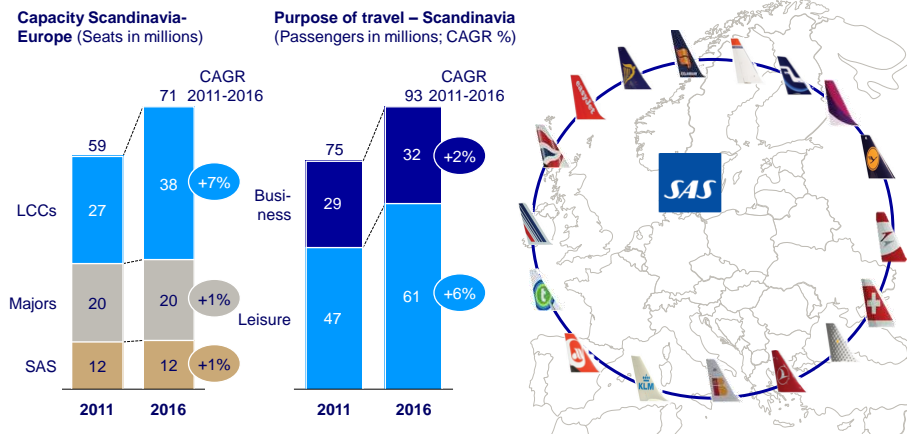
We are identifying further structural measures within our operation – to be specified during second half of 2017



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In recent years, growth has come from the leisure segment driven by increased LCC capacity



Source: Innovata schedule data; airport statistics from Swedavia, Avinor and Copenhagen Airport (sub-set of total market)

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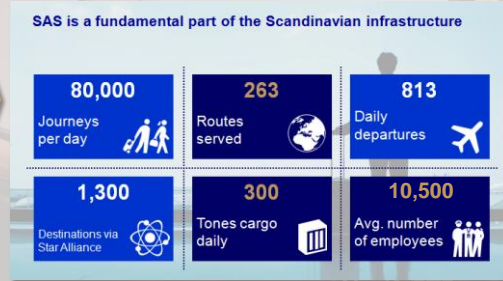


As a complement to SAS's Scandinavian based production, a new company with headquarters in Ireland to be established

KEY PRINCIPLES

- New bases to be set up in London & Spain
- Fleet of A320neo
- Locally employed crew
- Safety standard comparable to SAS
- 1st flight during winter program 2017/2018

OUTCOME: CONTINUE BEING A VITAL PART OF SCANDINAVIAN SOCIETY & INFRASTRUCTURE



FINANCIALS



Breakdown of the income statement

Income statement	Nov 16-Jan 17	Nov 15-Jan 16	Change vs LY	Currency
Total operating revenue	8,957	8,275	+682	+359
Payroll expenditure	-2,398	-2,334	-64	
Jet fuel	-1,579	-1,228	-351	
Government charges	-970	-911	-59	
Other operating expenditure	-3,526	-3,030	-496	
Total operating expenses*	-8,473	-7,503	-970	-354
EBITDAR before non-recurring items	484	772	-288	+5
<i>EBITDAR-margin*</i>	5.4%	9.3%	-3.9 p.u.	
Leasing costs, aircraft	-733	-700	-33	
Depreciation	-327	-341	+14	
Share of income in affiliated companies	-11	-12	+1	
EBIT before non-recurring items	-587	-281	-306	-40
<i>EBIT-margin*</i>	-6.6%	-3.4%	-3.2 p.u.	
Financial items	-120	-123	+3	
EBT before non-recurring items	-707	-404	-303	-37
Non-recurring items	10	95	-85	
EBT	-697	-309	-388	-37

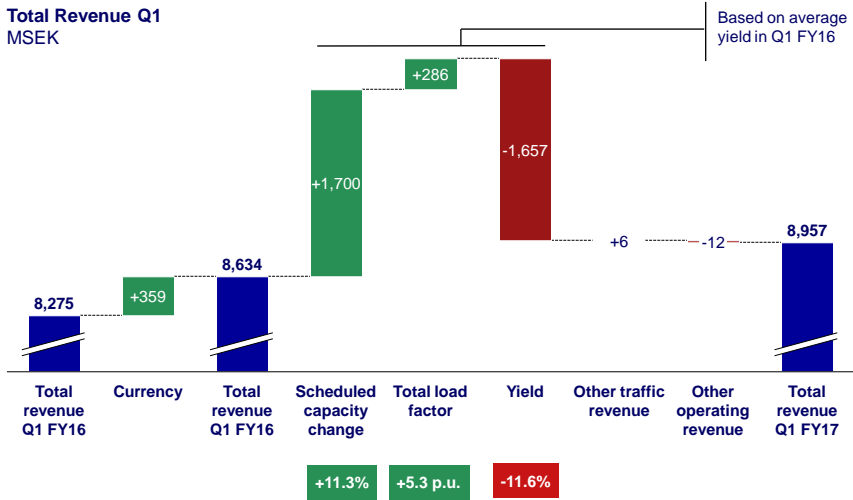
* = Before non-recurring items

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Revenue analysis

Total Revenue Q1
MSEK

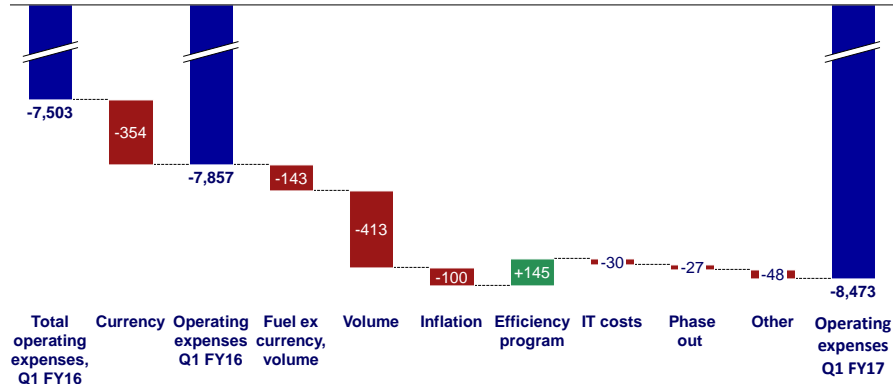


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Operating expenses analysis

Total Operating Expenses Q1
MSEK

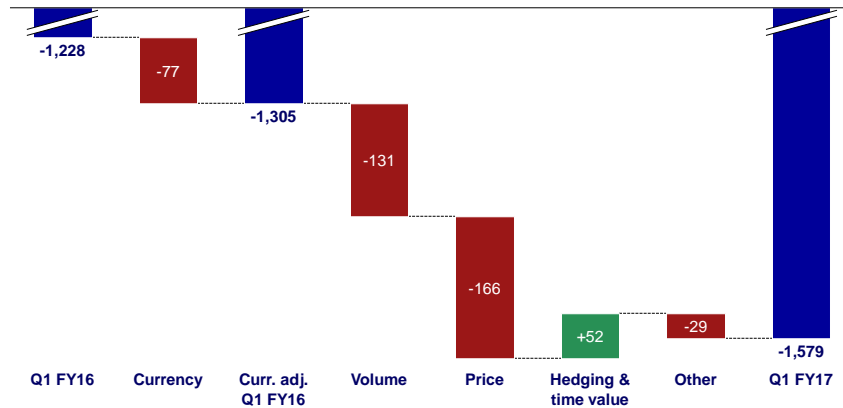


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Jet fuel costs increased MSEK 351 in Q1

Fuel cost Q1
MSEK



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Jet fuel and currencies

Jet fuel

- Policy to hedge 40-80% of expected fuel consumption for the next 12 months and up to 50% for the following six months
- Hedge position as at 31 January 2017
 - 44% of expected jet fuel consumption hedged next 12 months
 - Mixture of call options and swaps until June and swaps beyond

Currency

- Policy to hedge 40-80% of expected currency deficit/surplus for the next 12 months

Jet fuel cost sensitivity FY17, SEK bn*

Average spot price	8.0 SEK/USD	9.0 SEK/USD	10.0 SEK/USD
USD 400/MT	6.0	6.6	7.2
USD 600/MT	7.0	7.6	8.3

Currency hedges*

- 67% of USD hedged next twelve months
- 73% of NOK hedged next twelve months

* Based on hedge position as at 31 January 2017

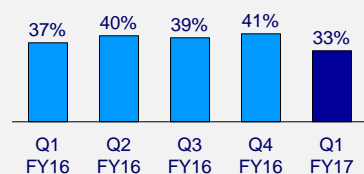
Max jet fuel price	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18
\$450-510/MT	86%	65%	20%	-

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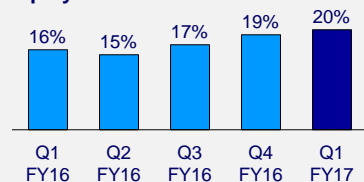
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Liquidity and equity position

Financial preparedness



Equity ratio



Financial preparedness at 33%

- Cash position at SEK 7.2bn
 - Seasonally low position in January
- Unutilized credit facilities of SEK 3.2bn
- Net amortization in Q1 of SEK 0.7bn

SEK 6.0bn in equity

- Strengthened equity position in Q1 driven by revaluation of pensions
 - Higher discount rate following increasing interest rates

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Financing costs and capex

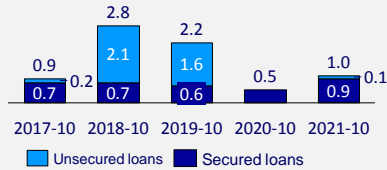
Maturing liabilities provide an opportunity to reduce financing costs

- Review of capital structure
 - Risk/return optimize the ratio of equity and debt
- Alternative financing possibilities to be considered

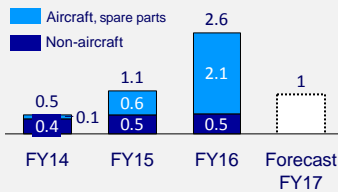
Net investments in FY17 at SEK ~1 bn

- Purchase of operating leased aircraft
- Pre-delivery payments of aircraft
- Investments in the IT platform
- In addition, an engine overhaul program during FY17-FY18 will affect working capital negatively -cost provisions already made

Interest bearing liabilities repayments FY17-FY21, SEK bn



Net capital expenditure, SEK bn



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Outlook FY17 and upcoming highlights

High market uncertainty

- Volatile currency and jet fuel prices
- Geo-political uncertainty
- Introduction of aviation taxes

Assumptions for FY17

- SAS to increase ASK by 6-8%
- Lower PASK and unit cost
- Efficiency program to deliver SEK 0.7bn
- Higher jet fuel costs

Outlook FY17

Despite weak Q1, SAS expects to post a positive EBT before non recurring items

Start implementation of structural actions

→ 2nd Half 2017



Digitalization:
- New website
- EB platform

→ Spring 2017



Airbus A320neo to be delivered

→ 12 during FY17



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SAS strategy is to focus on Scandinavia's frequent travelers

	Typical low cost carrier strategy	Strategy of SAS
Market	<ul style="list-style-type: none"> • Multimarket focus, general low yield, especially leisure 	<ul style="list-style-type: none"> • Focus on Scandinavia's frequent travelers
Operational platform	<ul style="list-style-type: none"> • One type fleet, operate traffic flows that fit fleet 	<ul style="list-style-type: none"> • Fleet designed to fit best network and schedule for customers
Growth	<ul style="list-style-type: none"> • New destinations, anywhere 	<ul style="list-style-type: none"> • Improve offer for primary customer base to increase loyalty

Initiated activities of SEK 1.5bn in FY17- FY19

		Earnings impact FY17 – FY19
Operations, charges, fuel	<ul style="list-style-type: none"> • Improve planning and productivity • Completion of two tier production model • Improved inflight logistics 	MSEK 600
Ground Handling	<ul style="list-style-type: none"> • Digitalization and automation • Increased productivity from collective agreements • Centralization of Passenger Control Centre 	MSEK 100
Technical maintenance	<ul style="list-style-type: none"> • Lean process implementation at CPH/ARN • Improved planning from new IT system 	MSEK 300
Admin & Commercial	<ul style="list-style-type: none"> • Close down and consolidation of legacy IT systems • Transition to cloud solutions • Distribution channels shift 	MSEK 500

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SAS beyond 2020

<p>Expanded Intercont with more aircraft</p> 	<p>Flexible and cost-efficient Operations through internal/external resources</p> 	<p>Sharp Commercial offering with focus on prioritized areas</p>
<p>Strong Short-haul with new point-to-point destinations</p> 	<p>Transparent and efficient Governance structure</p> 	
<p>Broader Business scope – EuroBonus, Digital and Lifestyle</p> 	<p>Shareholder value creation</p>	

Appendices

Fleet & productivity

-  Unit revenue (yield & PASK) & Unit cost
-  Traffic & capacity outlook
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SAS fleet – January 2017

Aircraft in traffic under SK traffic license	Age	Owned	Leased	Total	Firm order	Lease order
Airbus A330/A340/A350	11.6	9	7	16	8	
Airbus A321/A320/A319	10.3	8	21	29	26	
Boeing 737 NG	13.9	20	60	80		
Total	12.8	37	88	125	34	

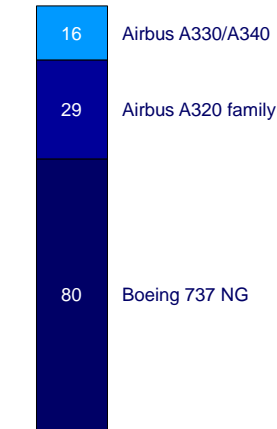
Aircraft in service under a license other than SAS's (SK)	Age	Owned	Wet lease	Total	Wet lease order
Boeing 737-700 BBJ	11.4		1	1	
Bombardier CRJ900	4.8	11	8	19	4
ATR-72	2.2		12	12	
Total	4.0	11	21	32	4

Leased/phased out aircraft	Owned	Leased	Total	In service	Parked
Bombardier Q400	9.1		1	1	
	9.1		1	1	

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SAS investing in renewal and simplification of the aircraft fleet

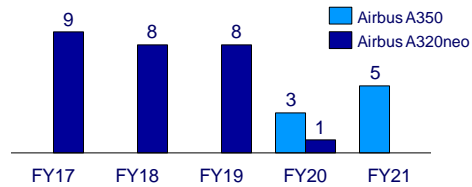
Current fleet in traffic with SK traffic license, 31 January 2017



New orders



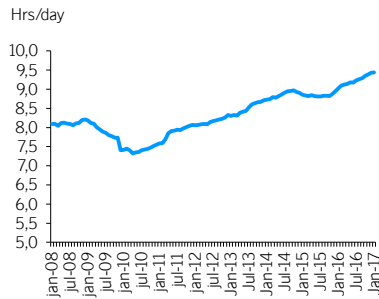
Firm order aircraft deliveries as at 31 Jan 2017



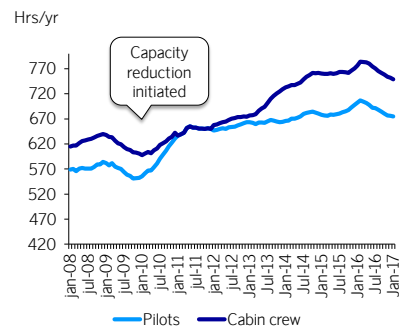
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Productivity development

Aircraft utilization (12 months rolling)



Cabin, pilot utilization (12 months rolling)








Block hours, 12 months rolling, January 2017	Aircraft, hours/day	Pilots, hours/year	Cabin, hours/year
SAS	9.4	675	749



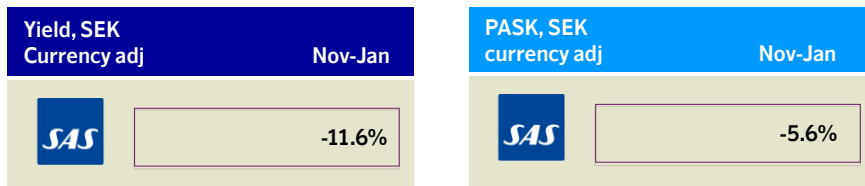
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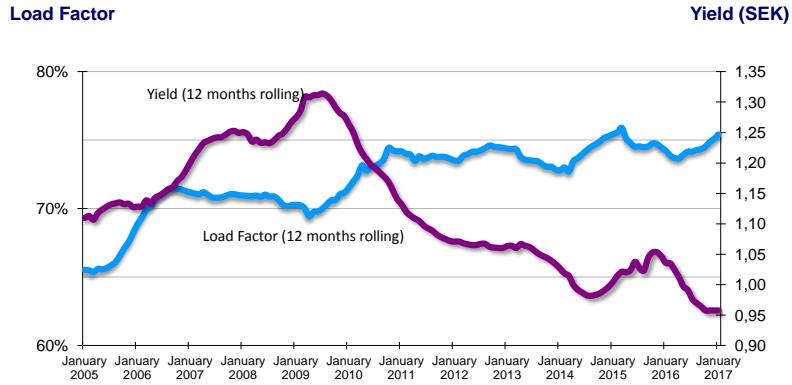
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Yield and PASK development vs. last year



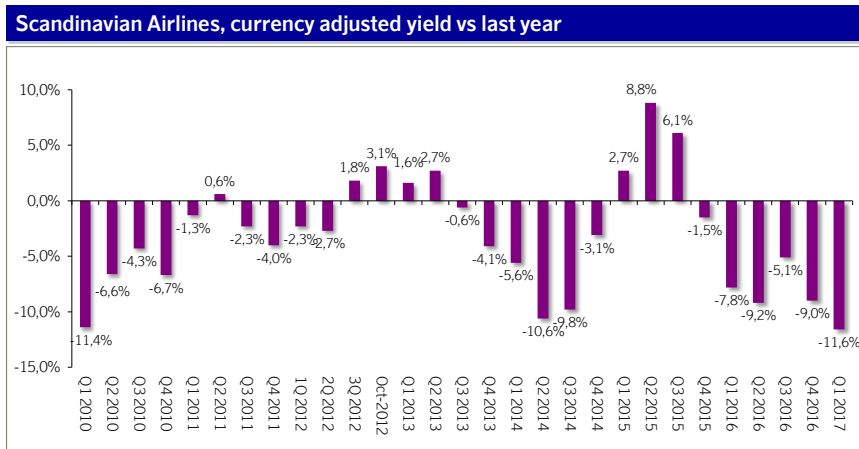
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Long term yield and passenger load development



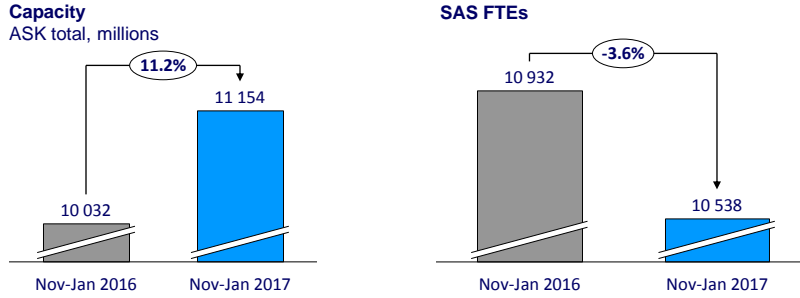
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Quarterly yield development

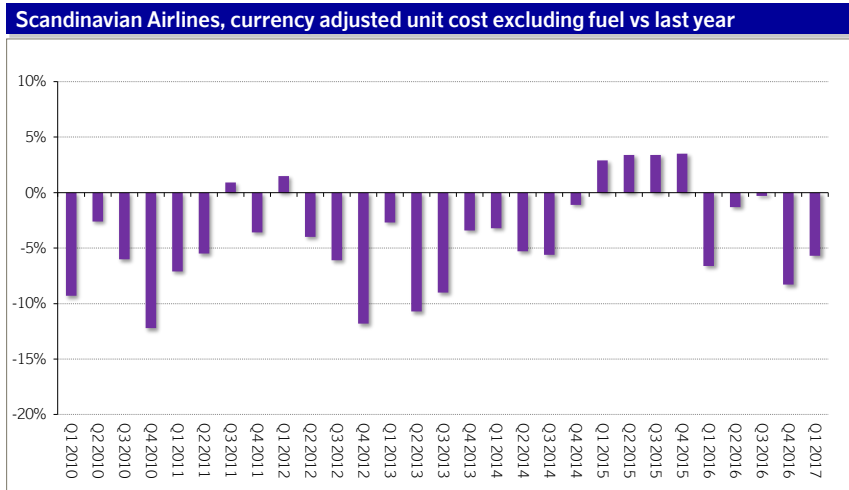


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Capacity and FTE



Quarterly unit cost development



Breakdown of unit cost, Nov 2016 – Jan 2017

SAS, SEK, currency adjusted

Unit cost breakdown	Nov 2016 – Jan 2017	Nov 2015 – Jan 2016	Var, %	Share of total var, %
Payroll expenses	-2,389	-2,710	-11.8%	-3.6%
Jet fuel	-1,579	-1,451	+8.8%	+1.4%
Government user fees	-970	-1,052	-7.8%	-0.9%
Selling and distribution costs	-558	-618	-9.7%	-0.7%
Handling costs	-661	-591	+11.9%	+0.8%
Technical aircraft maint.	-855	-809	+5.7%	+0.5%
Net other operating expenses	-604	-542	+11.4%	+0.7%
Operating expenses	-7,615	-7,772	-2.0%	-1.8%
Leasing costs for aircraft	-733	-828	-11.5%	-1.1%
Depreciation	-327	-380	-13.9%	-0.6%
Cost base for CASK	-8,675	-8,980	-3.4%	-3.4%

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Summary of key drivers

SAS	Q2 2015/16	Q3 2015/16	Q4 2015/16	Q1 2016/17
Scheduled traffic (RPK)	↑ +7.9%	↑ +9.8%	↑ +10.8%	↑ +18.9%
Passenger load factor	↓ -1.8p.u.	↑ +1.3p.u.	↑ +1.0p.u.	↑ +4.6 p.u.
Passenger yield	↓ -9.2%	↓ -5.1%	↓ -9.0%	↓ -11.6%
Total unit revenue (PASK)	↓ -11.5%	↓ -3.5%	↓ -7.7%	↓ -5.6%
Unit cost (excluding fuel)	↓ -1.3%	↓ -0.3%	↓ -8.3%	↓ -5.6%

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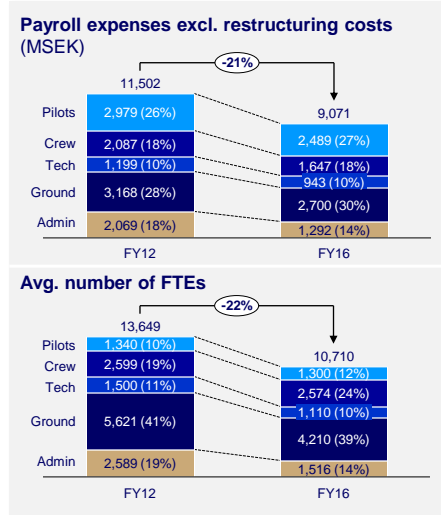
Breakdown of payroll expenses

Payroll expenses significantly reduced

- New pension and remuneration agreements in November 2012
- Outsourcing significant parts of operation and administration
- Increased productivity in all areas

Opportunities going forward

- Digitalization and automation of operation on the ground and administration and where possible also for flying personal



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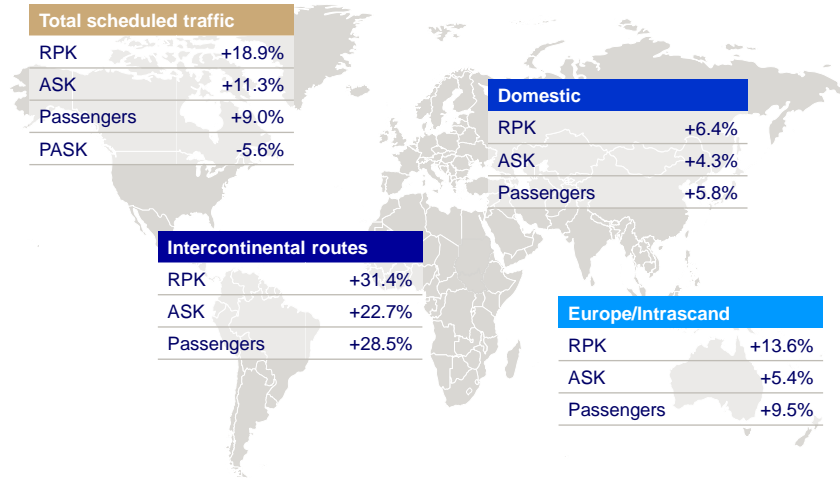
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SAS geographical traffic development in Q1 FY17

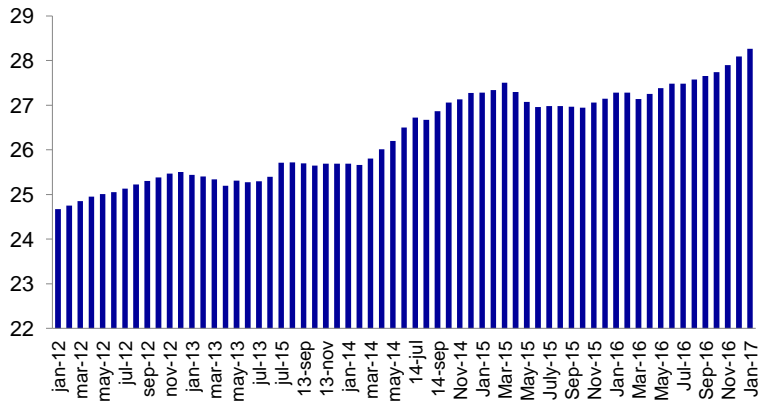


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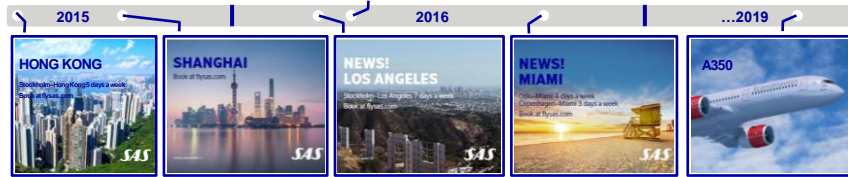
SAS passenger development

Scheduled passenger, 12 months rolling
(Million)



SAS grows its long-haul operation

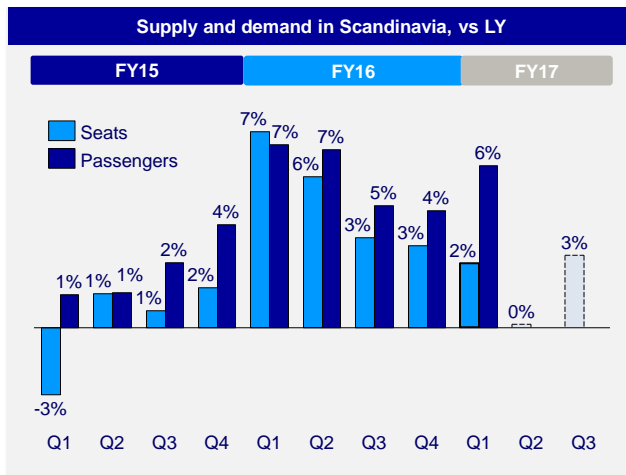
- Capital efficient expansion from 12 to 16 wide body aircraft
 - More frequencies on existing routes
 - New routes to Hong Kong, Los Angeles, Miami and Boston
- Traffic up by 31.4% in Q1 FY17
- Destinations and an attractive product for the frequent traveler



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Market seat capacity








40 Source: Innovata Schedule data, February 2017



ASK outlook for financial year 2016/2017

ASK outlook for November 2016 – October 2017	
SAS – scheduled	+6% to +8%
Number of flights	Circa +2%

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Financial targets

The SAS Group's overriding goal is to create value for its shareholders*

Financial preparedness

Cash & unutilized credit facilities / Fixed cost >20%
(70 days)

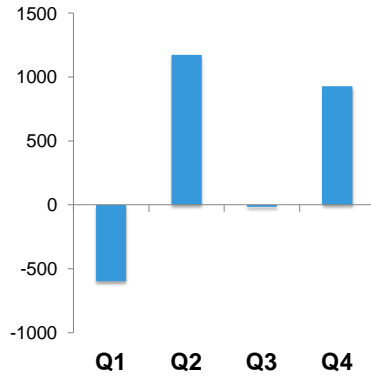
To reach this, SAS pursues three strategic priorities to meet trends and industry developments, ensure competitiveness and create the prerequisites for long-term sustainable profitability.

Overview of credit facilities – January 2017

Available funds, SEK billion	Jan 2017	Maturity
Undrawn portion of credit facilities		
Revolving Credit Facility, MEUR 150	1.4	Jan 2019
Credit Facility, MUSD 137 & 39	1.2	Jun 2018, Dec 2020
Credit Facility, MUSD 47	0.0	Sep 2021
PDP Credit facility, MUSD 18 & 46	0.1	Feb 2017, Jun 2018
Credit facility, MUSD 75	0.5	Jan 2023
Others, MUSD 60	0.0	Feb 2020
Total undrawn credit facilities	3.2	
Drawn portion of credit facilities	2.0	
Total credit facilities	5.1	

Cash seasonality

Seasonality of SAS cash flow from operating activities, MSEK



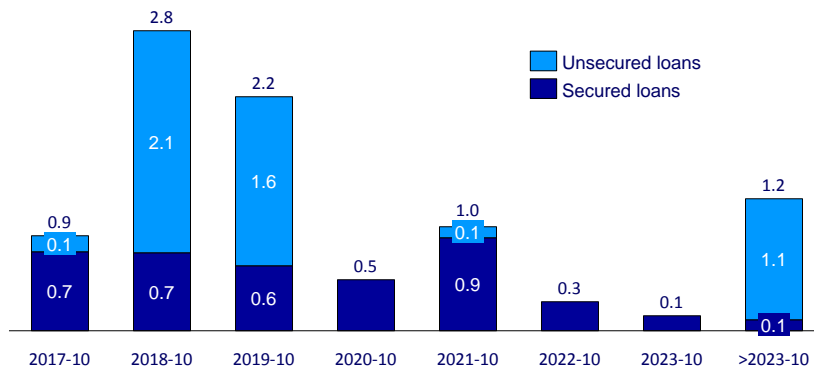
- Cash flow from operating activities strongest in Q2 and Q4
- Seasonality has increased
 - Leisure travelling generates a higher degree of early bookings
 - Business bookings closer to departure

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Amortization profile

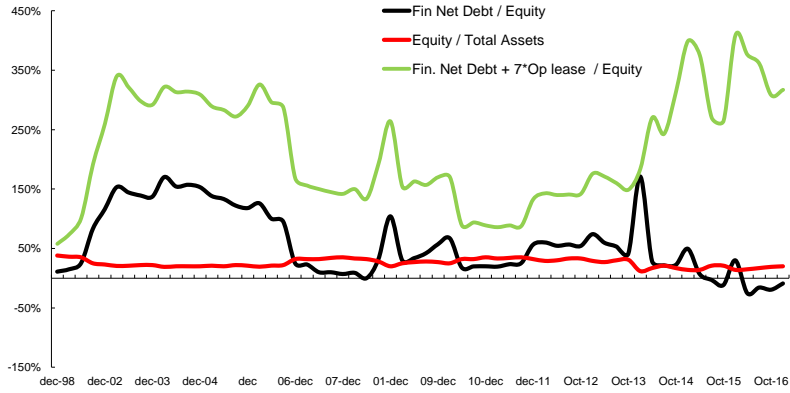
Scheduled amortization profile as of 31 January 2017, SEK billion



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Gearing ratios



SAS Group Financial Net

MSEK	Nov 16 – Jan 17	Nov 17- Jan16	Difference
Interest net and others	-122	-123	+1
Exchange rate differences	+2	-1	+3
Financial net	-120	-124	+4

Development and Break Down

Financial Net Debt

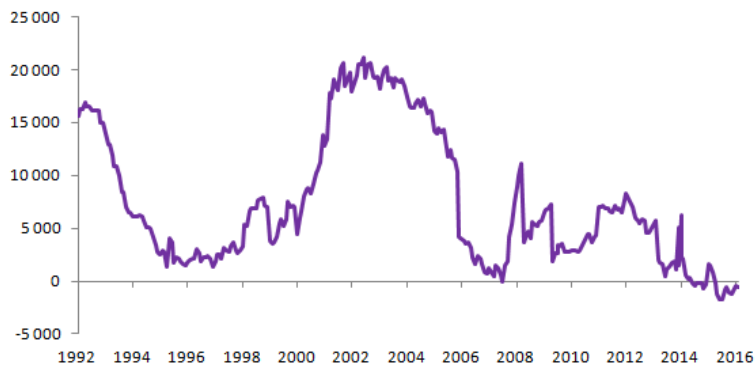
MSEK	31 Jan 2017	31 Oct 2016	Difference
Cash	7,226	8,370	-1,144
Other interest bearing assets	2,551	2,676	-125
Interest bearing liabilities	-9,231	-9,880	+649
Financial net debt	+546	+1,166	-620

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Development of financial net debt

1992-2017 as reported on a quarterly basis



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Equity / Assets Ratio

1993-2017 as report on a quarterly basis

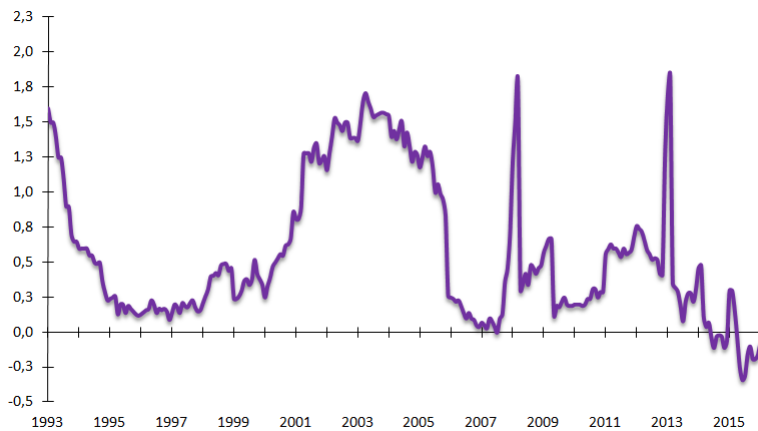


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Financial Net Debt / Equity

1993-2017 as reported on a quarterly basis



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Appendices

- 🔍 Fleet & productivity
- 🔍 Unit revenue (yield & PASK) & Unit cost
- 🔍 Traffic & capacity outlook
- 🔍 Financial update
- 🔍 **Currency & Fuel**

Breakdown of currency effects SAS Group

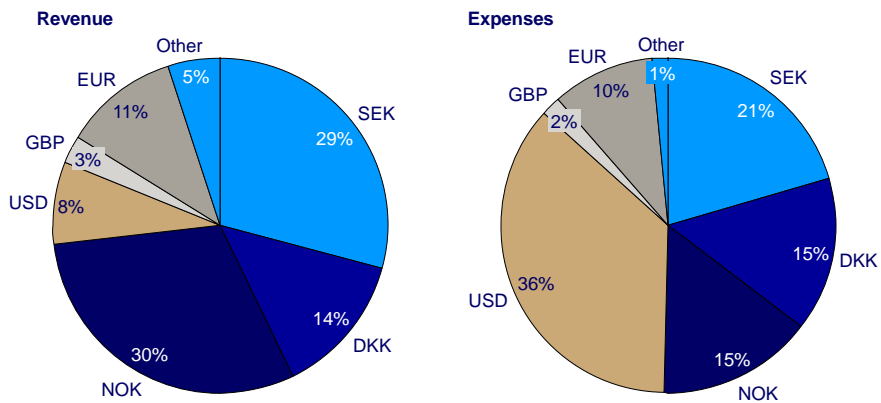
Total revenues & costs currency effects		Nov 2016-Jan 2017 vs LY
Total revenues & costs	USD	- 135
	DKK	- 14
	NOK	86
	EUR	16
	Asian currencies	15
	All other	- 3
	Total	- 35
Forward cover costs	2016	131
	2017	86
	Difference	- 45
Working capital	2016	28
	2017	68
	Difference	40
Financial items	2016	- 1
	2017	2
	Difference	3
Total currency effects		- 37

Changes in currency exchange rates

affected the result by MSEK -37 in Nov 2016-Jan 2017 vs Nov 2015-Jan 2016

Currency effects MSEK on SAS Group 2016/2017 vs 2015/2016		Nov 2016-Jan 2017
<ul style="list-style-type: none"> Positive impact on revenue due to the weaker SEK. Negative impact on other operating costs due to the weaker SEK. 	Total revenue	359
	Total costs	- 394
	Forward cover costs & working capital	- 5
	Income before depreciation	- 40
	Financial items	3
	Income before tax	- 37

SAS currency distribution - Nov 2015 – Oct 2016



SAS hedging position

Max jet fuel price	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18
\$400-500	86%	65%	20%	-

SAS' jet fuel costs in 2016/17 (annual average values)	7.0 SEK/USD	8.0 SEK/USD	9.0 SEK/USD	10.0 SEK/USD
Market price				
300 USD/MT	SEK 5.0 bn	SEK 5.5 bn	SEK 6.0 bn	SEK 6.4 bn
400 USD/MT	SEK 5.5 bn	SEK 6.0 bn	SEK 6.6 bn	SEK 7.2 bn
600 USD/MT	SEK 6.3 bn	SEK 7.0 bn	SEK 7.6 bn	SEK 8.3 bn
800 USD/MT	SEK 6.9 bn	SEK 7.7 bn	SEK 8.5 bn	SEK 9.2 bn