



Scandinavian Airlines

195 87 Stockholm
Telephone: +46 8-797 0000

www.sasgroup.net

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SAS Reaches Agreements with Two Additional Lessors – Concludes Lessor Negotiations as Part of Its Chapter 11 Process

SAS AB (“SAS” or the “Company”) announces that it has reached agreements with two additional lessors, representing 13 aircraft in the aggregate, to amend the terms of existing aircraft and equipment lease agreements. With these agreements, SAS concludes its lessor negotiations as part of the chapter 11 process. In total, SAS has reached agreements with 15 lessors, representing 59 aircraft. Through the amended lease agreements, SAS expects to achieve the targeted annual cost savings of at least SEK 1.0 billion in reduced aircraft lease expenses and annual cash flow items relating to aircraft financing. This constitutes an important step in achieving the SEK 7.5 billion in annual cost savings by fiscal year 2026 under the SAS FORWARD plan. The new amended lease agreements are subject to approval by the U.S. Bankruptcy Court for the Southern District of New York (the “Court”) and to the plan of reorganization in the chapter 11 process being confirmed and becoming effective.

As part of SAS’ comprehensive business transformation plan, SAS FORWARD, SAS set a target for annual cost reductions of SEK 7.5 billion by fiscal year 2026, as compared to the annual cost base for fiscal year 2019. An important part of the targeted cost reductions, at least SEK 1.0 billion, are expected to be achieved in reduced aircraft lease expenses and annual cash flow items relating to aircraft financing.

Today, SAS announces that SAS has entered into agreements with two additional lessors – Air Lease Corporation and Jackson Square Aviation – representing 13 aircraft in the aggregate, including one wide body and twelve narrow body aircraft, as well as certain equipment related thereto. With these agreements, SAS concludes its lessor negotiations as part of its chapter 11 process, having reached agreements with 15 lessors in total, representing 59 aircraft in the aggregate, including seven wide bodies and 52 narrow bodies. Through the amended lease agreements, SAS expects to achieve the targeted annual cost savings of at least SEK 1.0 billion in reduced aircraft lease expenses and annual cash flow items relating to aircraft financing, as part of the SAS FORWARD plan.

Anko van der Werff, President and Chief Executive Officer of SAS, says:

“We are pleased to announce that we have reached an important step in our chapter 11 process, having concluded negotiations with aircraft lessors. Through these agreements, we expect to achieve our targeted cost reductions related to annual aircraft lease and financing costs, which constitutes important progress in reaching our overall targets in the SAS FORWARD plan. We are grateful to our lessors for working constructively with us. We continue making progress in our transformation journey and in becoming a more competitive airline.”

As of the date of this announcement, SAS expects its fleet to soon consist of 134 aircraft, of which 35 are contracted through third parties, 22 are owned by SAS and 77 are subject to various financing



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arrangements. The reconfigured fleet includes 59 aircraft that have been subject to restructuring and 18 aircraft with lease agreement terms that have been determined to be at or better than market levels.

Update on Chapter 11 Process – Second Tranche of SAS' DIP Financing

SAS is making steady progress in its chapter 11 process and continues to work towards completing the process during the second half of 2023. As stated in SAS' year-end report for fiscal year 2022, the second tranche of SAS' debtor-in-possession ("DIP") financing, amounting to USD 350 million, was expected to be available for utilization in the first quarter of fiscal year 2023 (November 2022-January 2023). SAS continues to work towards meeting certain conditions under the DIP term loan agreement to access the second tranche of the DIP financing as soon as possible during the second quarter of fiscal year 2023 (February-April 2023). SAS continues to have sufficient liquidity to maintain its operations pending the utilization of the second tranche of the DIP financing. SAS will revert with information on the timing of the utilization and the next steps in the chapter 11 process in due course.

Additional Information About the Chapter 11 Process and Implementation of SAS FORWARD

On July 5, 2022, to accelerate the implementation of its comprehensive business transformation plan SAS FORWARD, SAS announced that it had voluntarily filed for chapter 11 in the U.S., a well-established and flexible legal framework for restructuring businesses with operations in multiple jurisdictions. Through this process, SAS aims to reach agreements with key stakeholders, restructure the Company's debt obligations, reconfigure its aircraft fleet, and emerge with a significant capital injection. The SAS FORWARD plan encompasses raising at least SEK 9.5 billion in new equity capital as well as reducing or converting SEK 20 billion of debt into common equity (of which a majority is on-balance sheet debt), including state hybrid notes, commercial hybrid notes, Swiss bonds, term loans from states, aircraft lease liabilities and maintenance contract obligations and other executory contract obligations. SAS targets to complete its court-supervised process in the U.S. during the second half of 2023, the implementation of which is likely to entail additional legal proceedings in other jurisdictions than the U.S. As a result, there is no assurance that there will be any recovery for the shareholders of SAS AB.

Additional information about the Company's voluntary chapter 11 process is available on the Company's dedicated restructuring website, <https://sasgroup.net/transformation>. Court filings and other documents related to the chapter 11 process in the U.S. are available on a separate website administered by SAS' claims agent, Kroll Restructuring Administration LLC, at <https://cases.ra.kroll.com/SAS>. Information is also available by calling (844) 242-7491 (U.S./Canada) or +1 (347) 338-6450 (International), as well as by email at SASInfo@ra.kroll.com.

Advisors

Weil, Gotshal & Manges LLP is serving as global legal counsel, Norton Rose Fulbright is serving as special aircraft finance counsel, and Mannheimer Swartling Advokatbyrå AB is serving as Swedish legal counsel to SAS. Seabury Securities LLC and Skandinaviska Enskilda Banken AB are serving as



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investment bankers, Seabury is also serving as restructuring advisor. FTI Consulting is serving as financial advisor.

For further information, please contact:

SAS Press office, +46 8 797 29 44

Louise Bergström, VP Investor Relations, +46 70 997 0493

SAS, Scandinavia's leading airline, with main hubs in Copenhagen, Oslo and Stockholm, is flying to destinations in Europe, USA and Asia. Spurred by a Scandinavian heritage and sustainable values, SAS aims to be the global leader in sustainable aviation. We will reduce total carbon emissions by 25 percent by 2025, by using more sustainable aviation fuel and our modern fleet with fuel-efficient aircraft. In addition to flight operations, SAS offers ground handling services, technical maintenance and air cargo services. SAS is a founder member of the Star Alliance™, and together with its partner airlines offers a wide network worldwide. Learn more at <https://www.sasgroup.net>

ADDITIONAL INFORMATION

The press release does not constitute an offer to sell or issue, or the solicitation of an offer to buy or acquire, or subscribe for, shares or any other financial instruments in SAS.

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