



Scandinavian Airlines

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A STAR ALLIANCE MEMBER 

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## **SAS announces successful implementation of recapitalization plan**

The final outcome of SAS AB's ("SAS" or the "Company") offer to holders of SAS' MSEK 2,250 senior unsecured fixed rate bond due 24 November 2022 (the "Bonds" and the "Bondholder Offer") shows that 547,413,777 common shares, corresponding to approximately 56.44% of the offered shares, have been subscribed for. Remaining Bonds are converted into new hybrid notes in an aggregate amount of MSEK 1,615 (the "New Commercial Hybrid Notes"). In addition, 1,163,793,087 common shares are issued to the holders of SAS' MSEK 1,500 subordinated perpetual floating rate capital securities (the "Existing Hybrid Notes"). In total, 1,729,170,833 common shares are issued to the Government of Sweden and the Government of Denmark (jointly the "Major Shareholders") in the directed share issue (the "Directed Issue"), in addition to the Major Shareholders' participation in the rights issue. The Major Shareholders also subscribe for new hybrid notes in a total amount of MSEK 6,000 (the "New State Hybrid Notes"). As announced on 21 October 2020, 3,443,242,959 common shares, corresponding to 100% of the offered shares, are also issued in the rights issue. In total, the recapitalization plan will result in each of the Government of Sweden and the Government of Denmark holding 1,584,296,144 common shares, corresponding to approximately 21.80% of the total number of shares and votes in the Company each.

The recapitalization plan converts SEK 2.25 billion of debt to equity, raises total proceeds corresponding to approximately SEK 12 billion before issue costs and hence restores SAS' equity by an amount corresponding to SEK 14.25 billion. As a result, the number of shares and votes in SAS will increase by 6,883,620,656 to 7,266,203,207, corresponding to a dilution of approximately 95%.

### **DETAILED OUTCOME OF THE RECAPITALIZATION PLAN**

#### *Issue of the New State Hybrid Notes*

The New State Hybrid Notes will be issued to the Major Shareholders on 26 October 2020, in accordance with the Company's press release on 14 August 2020, with one set of hybrid notes (NSHN1) placed with the Major Shareholders in the total amount of MSEK 5,000, split equally between them, and another set of hybrid notes (NSHN2) placed with the Government of Denmark in the total amount of MSEK 1,000. The terms and conditions of the New State Hybrid Notes, including the floating interest rate with a margin stepping up, were further described in the press release announced on 14 August 2020.



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## *Conversion of Existing Hybrid Notes into common shares*

As a result of the conversion of the Existing Hybrid Notes into common shares, 1,163,793,087 common shares in total are issued by set-off against the Existing Hybrid Notes at 90% of par value, which will increase SAS' share capital by SEK 872,844,815.25. The remaining amount, including the part of a claim that does not correspond to an entire common share, is cancelled and waived. The Company will pay the accrued and unpaid interest (including the interest payment that SAS deferred on 22 July 2020) on the Existing Hybrid Notes in cash today.

## *Bondholder Offer*

The final outcome of the Bondholder Offer, for which the application period ended on 19 October 2020 at 17:00 CEST, shows that in aggregate 547,413,777 common shares, corresponding to approximately 56.44% of the offered shares, are issued to holders of the Bonds by set-off against their claims under the Bonds. The remaining claims under the Bonds, not used as payment for new common shares, are converted into New Commercial Hybrid Notes in an aggregate amount of MSEK 1,615. The 547,413,777 new common shares in the Bondholder Offer will increase SAS' share capital by SEK 410,560,332.75 in total. The Company will pay the accrued and unpaid interest on the Bonds in cash today.

## *Directed Issue*

The 1,729,170,833 common shares issued to the Major Shareholders in the Directed Issue are allotted in accordance with the principles set out in the Company's press release of 14 August 2020. As a result, 853,462,427 common shares are allotted to the Government of Sweden and 875,708,406 common shares are allotted to the Government of Denmark, whereby SAS raises proceeds of approximately MSEK 2,006 before issue costs. The 1,729,170,833 new common shares in the Directed Issue will increase SAS' share capital by SEK 1,296,878,124,75 in total.

## *Rights issue*

As announced by SAS on 21 October 2020, 2,893,845,046 common shares, corresponding to approximately 84.04% of the offered shares in the rights issue, were subscribed for by the exercise of subscription rights. In addition, applications for subscription without subscription rights of 221,730,478 common shares, corresponding to approximately 6.44% of the offered shares in the rights issue, were received. The underwriting commitments by the Major Shareholders are exercised in part, as a result of which the governments of Denmark and Sweden, in addition to their pro rata subscriptions, in aggregate subscribe for an additional 327,667,435 common shares, corresponding to approximately 9.52% of the offered shares. In total, 3,443,242,959 common shares, corresponding to 100% of the offered shares, are issued in the rights issue whereby SAS raises proceeds corresponding to approximately MSEK 3,994 before issue costs. The 3,443,242,959 new common



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shares in the rights issue will increase SAS' share capital by SEK 2,582,432,219.25 in total.

## **EFFECTS OF THE RECAPITALIZATION PLAN ON THE SHARE CAPITAL AND SHAREHOLDER STRUCTURE**

The recapitalization plan will in aggregate increase SAS' share capital by SEK 5,162,715,492, to SEK 8,649,652,405.25<sup>1</sup>, and the total number of shares by 6,883,620,656, from 382,582,551 to 7,266,203,207. This corresponds to a dilution of approximately 95%. The recapitalization plan will result in each of the Government of Sweden and the Government of Denmark holding 1,584,296,144 common shares, corresponding to approximately 21.80% of the total number of shares and votes in the Company each. Through the recapitalization plan, SAS converts SEK 2.25 billion of debt to equity, raises proceeds corresponding to approximately SEK 12 billion before issue costs and hence restore equity by an amount corresponding to SEK 14.25 billion.

## **KEY INDICATIVE DATES**

Interim shares (BTAs with ISIN SE0014957072) will be delivered today 23 October 2020, to holders of Bonds having subscribed for shares, as well as to holders of Existing Hybrid Notes following conversion into shares. The BTAs will be traded on Nasdaq Stockholm as from today, up until and including 30 October 2020. The newly issued shares under the recapitalization plan are expected to start trading on Nasdaq Stockholm, Nasdaq Copenhagen and Oslo Børs on or around 3 November 2020, with delivery of the new shares/conversion of BTAs into new common shares on or around 5 November 2020.

### **For further information, please contact:**

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## **Advisors to the Company**

Skandinaviska Enskilda Banken AB is financial advisor to SAS, Global Coordinator in connection with the recapitalization plan and Sole Bookrunner in connection with the New State Hybrid Notes.

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

Skandinaviska Enskilda Banken AB (publ), Danske Bank A/S, Danmark, Sverige Filial and Swedbank AB (publ) have been appointed Solicitation Agents and Joint Bookrunners in the rights issue and in connection with the New Commercial Hybrid Notes.

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<sup>1</sup> Including the effects of the SEK 7,402,972,361.85 reduction of the share capital and the SEK 3,200,000,000 bonus issue resolved by the Extraordinary General Meeting in SAS held on 22 September 2020.



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*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 23 October 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, Hong Kong, India, Japan, Singapore 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 or the Bondholder Offer will only be made through the prospectus that SAS made public on 30 September 2020, including the supplement that SAS made public on 7 October 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.

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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.

This press release contains forward-looking statements that reflect SAS' current view of future events as well as financial and operational development. Words such as "intend", "assess", "expect", "may", "plan", "estimate" and other expressions involving indications or predictions regarding future development or trends, not based on historical facts, identify forward-looking statements and reflect SAS' beliefs and expectations and involve a number of risks, uncertainties and assumptions which could cause actual events and performance to differ materially from any expected future events or performance expressed or implied by the forward-looking statement. The information contained in this press release is subject to change without notice and, except as required by applicable law, SAS does not assume any responsibility or obligation to update publicly or review any of the forward-looking statements contained in it and nor does it intend to. You should not place undue reliance on forward-looking statements, which speak only as of the date of this press release. As a result of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements as a prediction of actual future events or otherwise.