





SAS Group Financial Update January-February 2010

Analyst presentation, March 30, 2010

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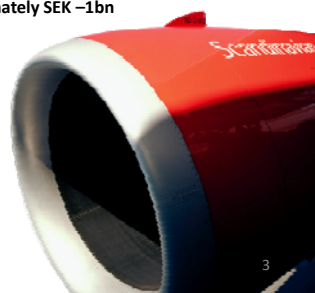
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Weak result Q1 as expected

– unit cost significantly down as cost savings takes effect



- **January-February financial update published in order to provide the market with updated financial and operating information prior to launch of rights issue**
- **January-February results, EBT before non-recurring items¹, MSEK –960 in line with Core SAS plan**
 - January and February are the weakest months of the year in terms of traffic revenue
 - Yield still under pressure
- **Core SAS cost program on track, additional MSEK 800 implemented since year end**
 - Unit cost² down 7.0 %, RASK down 4.7%
- **First quarter EBT before non-recurring items¹ estimated to be approximately SEK –1bn**
- **Preconditions for rights issue satisfied**
 - Final agreement signed on March 12 with pilot and cabin crew unions of MSEK 500 in annual cost savings
 - Refinancing of SEK 2 bn secured through issue of new bonds and convertible bonds offering of SEK 1.6 bn



¹ In continuing operations.

² Currency and fuel adjusted for Scandinavian Airlines.

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January-February results

– in line with the Core SAS plan



Result development (MSEK)	Jan-Feb 2010	Jan-Feb 2009	Q1 2009
Revenues	5,888	6,951	11,296
EBT before non-recurring items (continuing operations)	–960	–420	–889
EBT-margin	–16.3%	–6.0%	–7.9%
Income before tax in continuing operations	–1,048	–415	–979

First quarter 2010 estimate for EBT before non-recurring items of approximately SEK –1bn



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A strong common effort

by our unions and employees



- Final agreement of MSEK 500 in cost savings in collective agreements signed with pilot and cabin crew unions on March 12, 2010
 - Includes salary reductions, reduction in pensions, allowances etc
- 3,100 FTE of 4,600 FTE reduced
- Total cost saving measures from union agreements in 2009-2010 of SEK ~2 bn
- Achieved without any disruptions and with continued high quality in production
- SAS was the most punctual airline in Europe in 2009

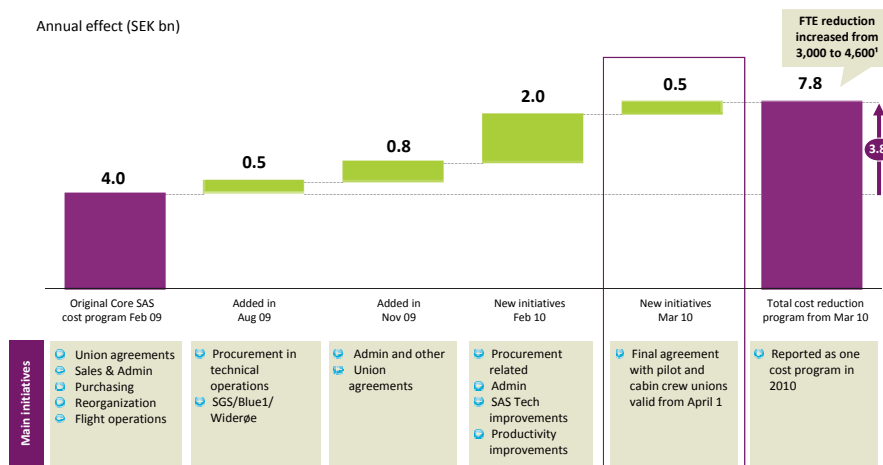
5
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Core SAS cost savings program

- extended to SEK 7.8 bn from March 2010



Annual effect (SEK bn)



¹ Includes employee reductions from both the cost reduction program and capacity reduction.

6
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Mats Lönnqvist
CFO SAS Group




7

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Core SAS cost savings program on track

– significant unit cost reduction and improved results development in March 2010



- **Yield still under pressure but partly offset by improved load factor**
 - Yield (currency adjusted) down 12.2%¹
 - Load factor improved 5.0 p.u.²
 - RASK down 4.7%³
- **Improved results development expected in March, EBT estimate for the first quarter of approximately SEK –1 bn**
- **Negative effects of currency exchange rates of total MSEK –719, compared to Jan-Feb in 2009**
- **Core SAS cost savings program of SEK 7.8 bn on track with 7.0% unit cost⁴ reduction during period**
- **Positive cash flow from operating activities**
- **Strengthening of the balance sheet through:**
 - Issue of bonds (EUR) on the EMTN market with an aggregate principal amount of MEUR 60 (~MSEK 600)
 - SEK 1.6 bn offering due 2015 of convertible bonds on March 19, 2010
 - Issue of bonds with an aggregate principal amount of SEK 1 bn secured on March 30, 2010

¹ For Scandinavian Airlines compared to the same period in 2009. It should be noted that the yield was positive in Jan-Feb 2009 primarily due to higher fuel surcharges imposed in early 2009.

² For SAS Group, compared to the same period in 2009.

³ For Scandinavian Airlines, compared to the same period in 2009.

⁴ For Scandinavian Airlines compared to the same period in 2009, currency and fuel adjusted.

8

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Improving load factor but still pressure on yields



SAS Group

Traffic (RPK)

Passenger load factor

Jan-Feb 2010

↓ -4.1%

↑ +5.0 p.u.

Scandinavian Airlines

Yields (RPK), currency adj

Total traffic rev / ASK

Fuel adj. unit cost

↓ -12.2%¹

↓ -4.7%

↓ -7.0%



¹ It should be noted that the yield was positive in January-February 2009 primarily due to higher fuel surcharges imposed in early 2009.

9

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Seasonally weak period, EBT MSEK – 960 but large cost reductions, particularly in payroll expenses



MSEK	Jan-Feb 2010	Jan-Feb 2009
Total operating revenue	5,888	6,951
Fuel	- 919	- 1,124
Government charges	- 655	- 691
Payroll expenses	- 2,434 ¹	- 2,950 ²
Other operating expenses	- 2,141	- 1,931
Total operating expenses	- 6,149	- 6,696
EBITDAR before non-recurring items	- 261	255
Leasing costs, aircraft	- 314	- 496
EBIT	- 865	- 517
EBT before non-recurring items	- 960	- 420

¹ Includes restructuring costs of MSEK 59 (Total restructuring cost amount to MSEK 68 in January-February 2010)

² Includes restructuring costs of MSEK 0 (Total restructuring cost amount to MSEK 0 in January-February 2009)

Note: All figures are not currency adjusted

10

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Significant changes in currency exchange rates

affected the result by MSEK – 719 compared to the same period in 2009



Currency effects MSEK on SAS Group, continuing operations: 2010 vs. 2009		Jan-Feb 2010
<ul style="list-style-type: none"> Positive impact on revenues due to a significantly stronger NOK to SEK Positive impact on other operating costs mainly due to the weaker USD to SEK Weaker USD to SEK affected certain hedging arrangements negatively Weaker EUR to SEK affected net financial items, related to certain loan agreements with Spanair in January 2009 	Total revenue	50
	Total costs	155
	Forward cover costs & working capital	- 769
	Income before depreciation	- 564
	Financial items	- 155
	Income before tax	- 719

11

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55% of targeted cost saving measures

are already implemented...

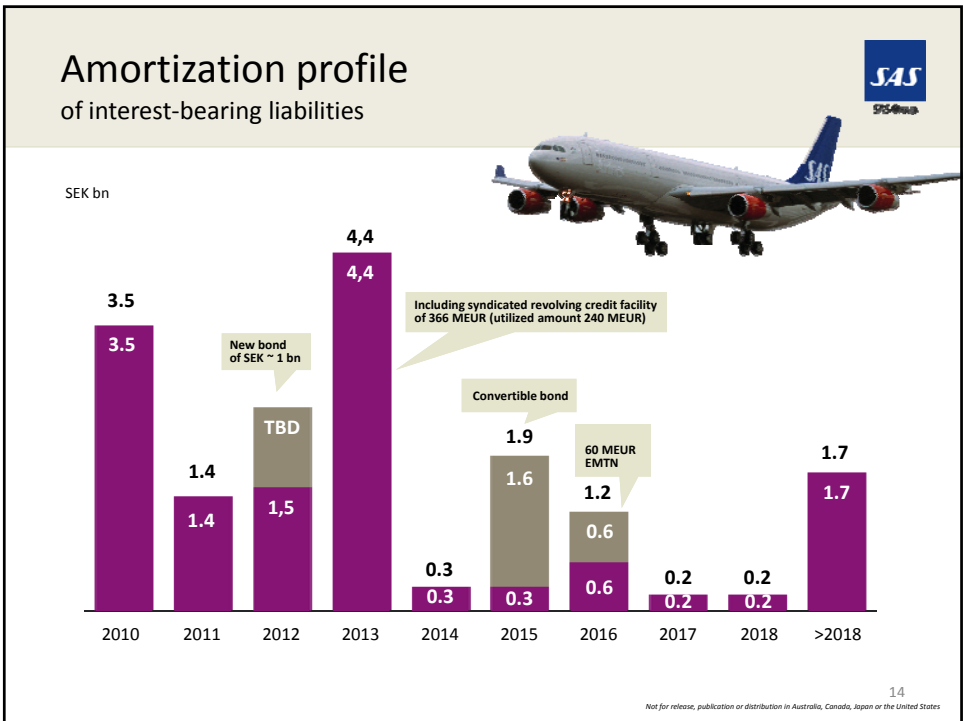
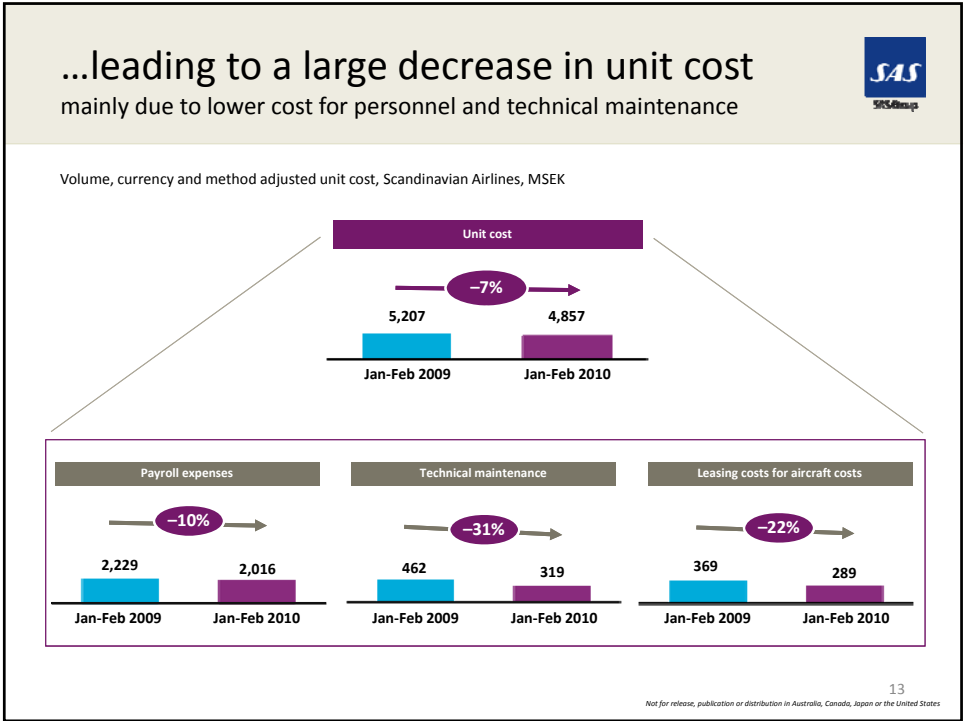


Core SAS	Core SAS cost savings program (MSEK)	Potential	Implemented	
			Dec 2009	Feb 2010
<ul style="list-style-type: none"> Additional MSEK 800 implemented, taking the total to SEK 4.3 bn or 55% <ul style="list-style-type: none"> Mainly purchasing related, e.g., new agreements with MRO and IT suppliers Additional 200 FTE reduced, taking the total to 3,100 or 67% of the planned reduction of 4,600 FTE Additional earnings effect of MSEK 450 as of February 28 with remaining effects of SEK ~5.2 bn in 2010-2012 Unit cost¹, down 7.0% 	Cabin crew/Flight deck	~1,900	~650	~750
	Ground services	~900	~400	~450
	SAS Tech	~1,800	~750	~850
	Sales, marketing & Commercial	~600	~400	~550
	Purchasing	~400	~100	~300
	Blue1, Widerøe, Cargo	~600	~450	~450
	Administration	~1,500	~700	~900
	Other	~100	~50	~50
	Total	~7,800	~3,500	~4,300

¹ For Scandinavian Airlines compared with the same period in 2009, currency and fuel adjusted.

12

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Transaction overview

and indicative timeline for the rights issue



Offering summary

- Transaction structure: rights issue with pre-emptive rights for existing shareholders
- Size: approx. SEK 5 billion
- Shares offered: Ordinary shares (pari passu with existing)
- Terms: subscription ratio and price expected to be announced on April 6, 2010
- Listings: NASDAQ OMX Stockholm, NASDAQ OMX Copenhagen, Oslo Børs
- Joint Global Coordinators: J.P. Morgan, Nordea, SEB Enskilda
- Joint Lead Managers and Joint Bookrunners: J.P. Morgan, Nordea, SEB Enskilda, DnB NOR Markets, The Royal Bank of Scotland
- Co-Lead Manager: Danske Markets

Use of proceeds

- Strengthening of SAS's liquidity position
- Support implementation of remaining parts of Core SAS strategy

Indicative Timetable

- 6 April : Subscription price and subscription ratio are decided and announced through a press release
- 7 April: Annual General Meeting
- 9 April : Publication of the prospectus
- 12 April : Record date for participation in the rights issue
- 15 April – 29 April: Subscription period
- 5 May: Announcement of outcome

15

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Appendices



- Core SAS
- Yield
- Unit cost
- Currency effects

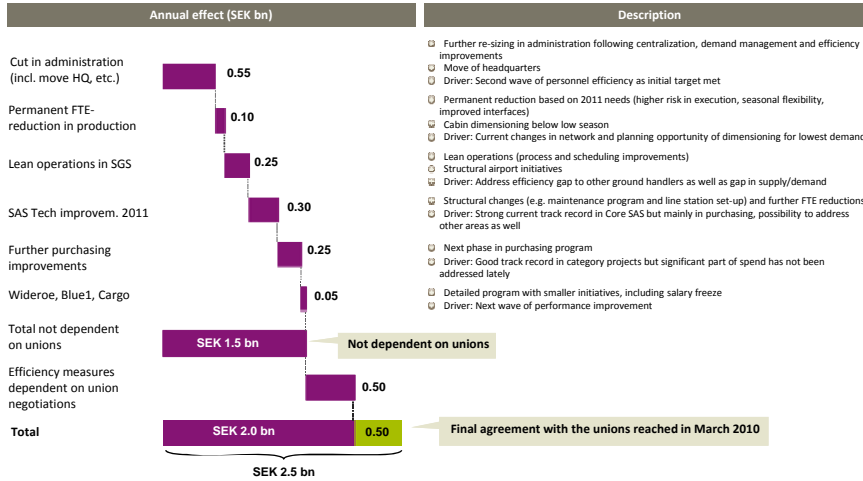


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Additional cost measures of SEK 2.5 bn creates one of the most ambitious cost reduction programs in the industry



Additional cost measures identified during implementation of Core SAS



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Yield and RASK development Scandinavian Airlines



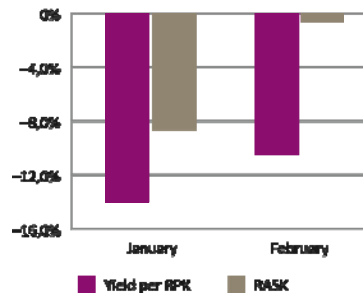
Yield, currency adjusted Jan-Feb 2010



RASK, currency adjusted Jan-Feb 2010



Yield and RASK development 2010 vs 2009

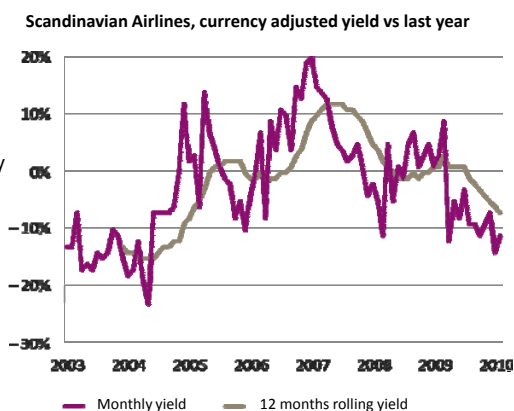


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Yield negatively effected by weak demand, but improved load factor offsets most of the yield decline



- Round trip management
- Yield management
- Closure of unprofitable routes
- Seasonal adjustments in capacity



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Large decrease in unit cost

in January-February, mainly due to lower cost for personnel and SAS Tech



Unit cost breakdown	Jan-Feb 2010	Jan-Feb 2009	Var, %	Share of total var, %
Payroll expenses	- 2 016	- 2 229	- 9,6%	- 4,1%
Jet fuel	- 822	- 814	0,9%	0,1%
Government user fees	- 550	- 509	8,0%	0,8%
Selling costs	- 66	- 74	- 9,9%	- 0,1%
Handling costs	- 263	- 264	- 0,1%	0,0%
Technical aircraft maint.	- 319	- 462	- 31,0%	- 2,7%
Other operating expenses ¹	- 296	- 295	0,4%	0,0%
Total operating expenses	- 4 333	- 4 647	- 6,8%	- 6,0%
Leasing costs for aircraft	- 289	- 369	- 21,7%	- 1,5%
Depreciation	- 235	- 201	17,2%	0,7%
Adjusted EBIT	- 4 857	- 5 217	- 6,9%	- 6,9%

¹ Net of other operating revenues

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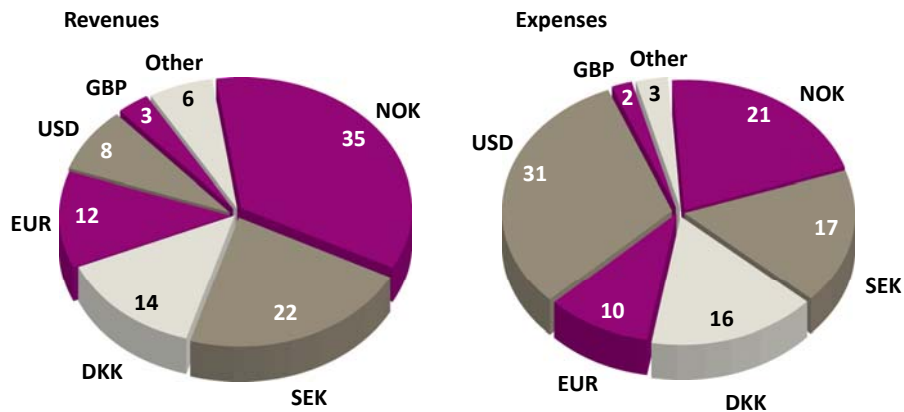
Breakdown of currency effect SAS Group, continuing operations January–February 2010 vs. 2009



Total revenues & costs		Currency effect
Total revenues & costs	USD	150
	DKK	17
	NOK	54
	EUR	-1
	Asian currencies	-16
	All others	1
Total	205	
Forward cover costs	2009	553
	2010	-117
	Difference	-670
Working capital	2009	98
	2010	-1
	Difference	-99
Financial items	2009	145
	2010	-10
	Difference	-155
Total currency effect		-719

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Currency distribution in the SAS Group 2009



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