



SAS Group

Q3 2011

Media/analyst presentation November 8, 2011

Q3 A positive quarter with mixed signals



- Strong traffic development and performance
 - Continued solid demand
 - Increased number of passengers
 - Maintained passenger load factor
 - Strong operational quality
 - Unit cost stable but meeting last years strong comparative figures
- Challenges ahead
 - Challenging GDP situation going forward
 - Negative trend in premium bookings
 - Pressure on yields
- SAS launches new strategic platform – 4Excellence

EBT before non recurring items MSEK 298

Q3 EBT result significantly better than last year



Result (MSEK)	Jul-Sep 2011	Jul-Sep 2010	Jan-Sep 2011	Jan-Sep 2010
Revenues	10,616	10,776	31,248	30,417
EBT bef. non-recurring items	298	384	155	-703
EBT	276	-1,027	448	-2,606

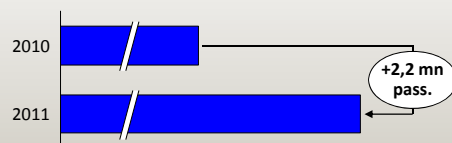


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Robust growth, both in traffic and productivity

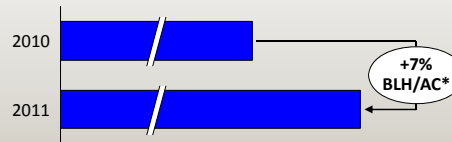


Passenger growth rolling 12 months OCT-SEP



- All time high load factor in July 2011 – 85,6%
- 2,2 million new passengers the past 12 months, of which 37% in Norway
- Passenger growth in line with capacity growth leading to total load factor for Q3 of 78,9%

Aircraft productivity growth rolling 12 months



- Aircraft utilization improved by 7% vs last year
- Flightdeck and cabin productivity has increased by 7% and 5% respectively (rolling 12 months)

*) BLH/AC = Blockhours per aircraft per day

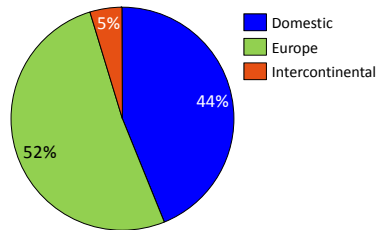
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Strongest growth in the domestic market



SAS Group All markets	Q3	Jan-Sep
Traffic:	+4.7%	+7.3%
Capacity:	+4.7%	+8.0%
Load factor:	+0.0 p.u.	-0.5 p.u.
Passenger growth	+0.3 mill	+1.7 mill

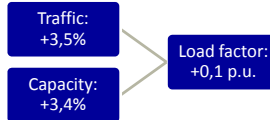
Distribution of SAS Group's passengers rolling 12 mths



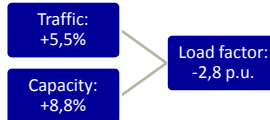
Q3 Domestic



Q3 Europe



Q3 Intercontinental

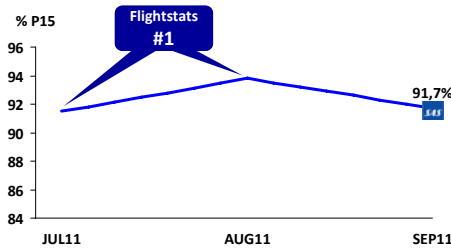


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Continued strong operational quality

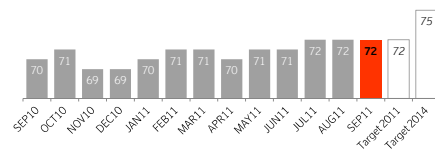


SAS 15 minute arrival punctuality, Flightstats



- Continued strong punctuality during the quarter.
- World's most punctual airline in July and August according to Flightstats.
- High regularity in Q3 at 99.1%.

SAS Customer Satisfaction Index



- Strong and stable Customer Satisfaction—3 consecutive months of record level CSI.
- Highest customer satisfaction found on domestic routes.

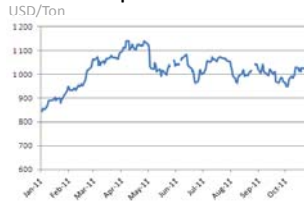
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Many challenges ahead



- Weaker GDP projections
- Decline in premium bookings
- More capacity coming to the market in 2012
 - Continued yield and RASK pressure
- Maintained high fuel prices

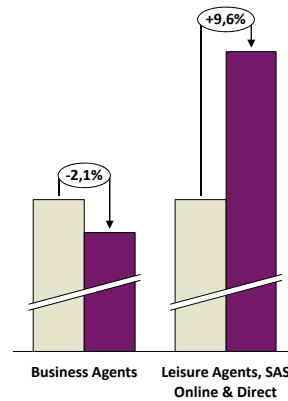
Jet fuel development 2011



Sales Channel development

Point of sale Scandinavia, Passenger Revenue, Indexed

Q3 2010
Q3 2011



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A new strategic platform – 4Excellence



4EXCELLENCE

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4Excellence comes together

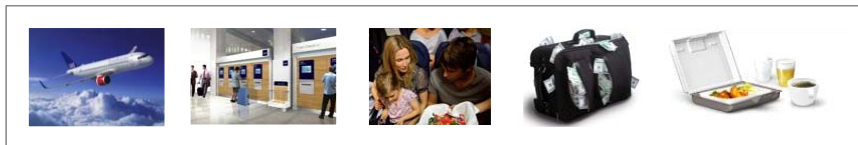


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Commercial Excellence - Key priorities



- Fleet Plan and Cabin Care
- Partner Strategy
- Innovative and time-saving onground solutions
- Strengthened Leisure Offering
- Increased Focus on Ancillary Revenues
- Harmonization of product concepts



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Sales Excellence - Key priorities



- Attractive Corporate Programs
- Attractive Loyalty Program
- Improved sas.xx
- Cost of Sales vs Value
- Increased Sales Performance



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Operational Excellence - Key priorities



- Lean throughout organization
- Phase-in of new fleet
- Optimize entire SAS Group network with best practice
- Airport Strategy
- Continuous improvement in unit cost efficiency

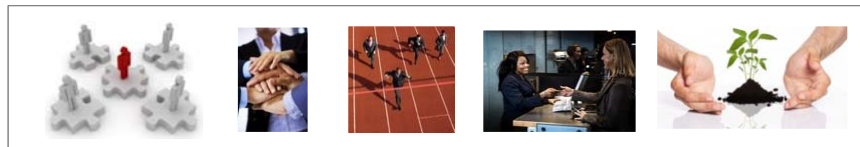


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People Excellence – Key priorities



- Leadership Focus
- Communication and Collaboration
- Front Line Leadership Excellence
- Performance Management
- Talent Management



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We have ambitious targets



- Our target is to achieve sustainable profitability...
 - SAS is to be number 1 – The Nordic region's most valued airline by reaching new heights in customer satisfaction
 - Unit cost shall be reduced by 3-5% annually
 - Our employee satisfaction is to be in the Top Five in the entire Nordic transportation sector
 - We are to reduce our overall emissions by 20%
- ... to secure a sufficient return on investment

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Göran Jansson
CFO SAS Group

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Continued reduction in operating expenses



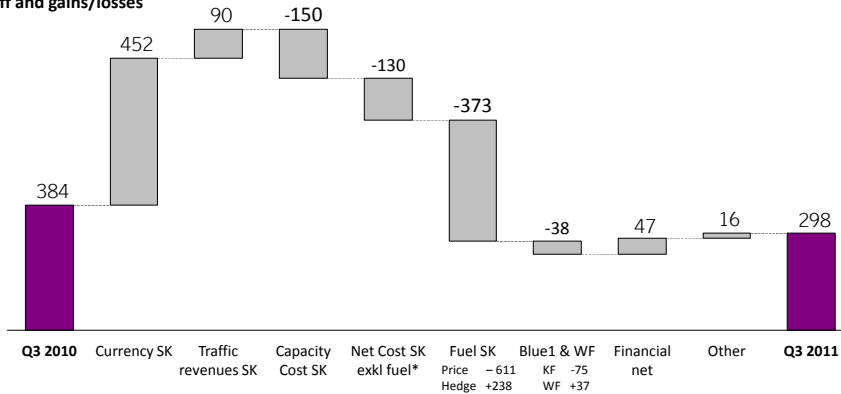
(MSEK)	Jul-Sep 2011	Share of revenues	Jul-Sep 2010	Share of revenues
Total operating revenue	10,616		10,776	
Payroll expenses	-3,213	30,3%	-3,292	30,5%
Fuel	-1,976	18,6%	-1,824	16,9%
Government charges	-1,039	9,9%	-1,081	10,0%
Other operating expenses	-3,120	29,4%	-4,226	39,2%
Total operating expenses	-9,348	88,1%	-10,423	96,7%
Leasing costs, aircraft	-388	3,7%	-435	4,0%
Depreciation	-434	4,1%	-429	4,0%
Other	-170	1,6%	-246	2,3%
EBT (including non-recurring)	276	2,6%	-1,027	-9,5%
Non-recurring items	22	0,2%	1,411	13,1%
EBT (before non-recurring items)	298	2,8%	384	3,6%

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Q3 result affected by increased fuel prices and reduction in other revenues

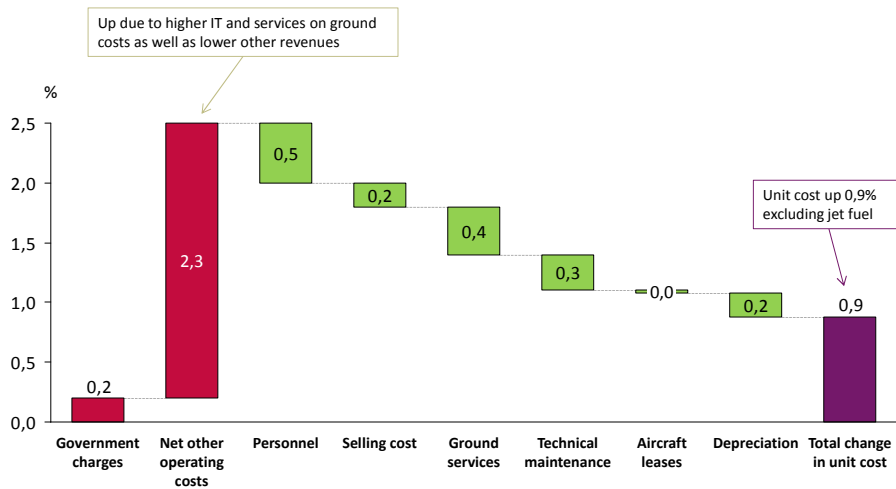


EBT bridge,
before restructuring,
one off and gains/losses



Scandinavian Airlines

Most unit cost parameters continue to decrease in Q3 2011



Positive traffic development - But pressure on yield and RASK



SAS Group	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011
Traffic (RPK)	↑ +5.4%	↑ +10.9%	↑ +3.4%	↑ +13.3%	↑ +4.7%
Passenger load factor	↑ +2.2 p.u.	↑ +2.3 p.u.	↓ -2.5 p.u.	↑ +0.7 p.u.	→ +0.0 p.u.
Scandinavian Airlines					
Passenger yield	↓ -4.3%	↓ -6.7%	↓ -1.3%	↑ +0.6%*	↓ -2.8%
Total unit revenue (RASK)	→ +0.4%	→ +0.9%	↓ -2.4%	↑ +6.6%*	↓ -2.1%
Total unit cost (excluding fuel)	↓ -8.7%	↓ -8.3%	↓ -7.1%	↓ -5.1%**	→ +0.9%

* Underlying yield, excluding positive effects from revaluation of EuroBonus liability.

** Excluding write down of aircraft

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Improved equity ratio and gearing



Key figures	Sep 30, 2011	Sep 30, 2010
Cash flow from operating activities, Q3	232	-470
Liquid assets, MSEK	5,122	5,427
Financial preparedness, MSEK	10,630	10,934
Equity, MSEK	14,605	14,037
Financial net debt, MSEK	3,695	2,783
Financial preparedness	25%	27%
Adjusted equity/assets ratio	29%	26%
Adjusted debt/equity ratio	0.88	0.94

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2011 Outlook – Increased challenges ahead



- Still targeting marginally positive result in 2011, subject to no unforeseen events
 - Strong passenger growth and operational quality

- Unforeseen events that can alter outlook
 - Worse than anticipated RASK pressure
 - Fuel price
 - Spanair situation

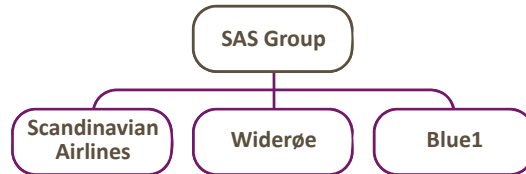
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Thank you!



The SAS Group's business structure

(reporting segments as from Q1 2011)



Appendices



- 🔍 Fleet & productivity
- 🔍 Unit revenue (yield & RASK) & Unit cost
- 🔍 Traffic
- 🔍 Financial update
- 🔍 Currency & Fuel

SAS Group fleet – September 2011



Aircraft Type	Owned	Leased	Wet leased	TOTAL	Leased out	Age	On order
Airbus A330/340	5	6		11	1	9.3	
Airbus A319/320/321	4	10		14	2	8.2	30
Boeing 737 Classic		11		11		18.5	
Boeing 737 NG	22	45		67		10.4	
Boeing 717		9		9		11.1	
MD-82/87	26	14		40	7	21.5	
MD-90	8			8	8	14.7	
Avro RJ85		5		5		9.8	
Fokker 50		1		1		21.4	
deHavilland Q-series	31	10		41		14.0	
SAAB 2000			3	3		14.6	
Bombardier CRJ200			4	4		13.6	
Bombardier CRJ900 NG	12			12		2.3	
ATR			2	2		1.0	
Total aircraft	108	111	9	228	18	13.0	30

In operation	Total in traffic	Age
Scandinavian Airlines	154	12.3
Widerøe	37	14.2
Blue1	19	10.4
Leased out	18	16.5

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Create capacity for profitable growth Streamlining of fleet in process



Harmonised production platform in Oslo and Stockholm

Phasing out (2008-2014)	Number of aircraft	Year 2018*	Number of aircraft
Boeing 737NG	67	➔ Boeing 737NG	101
737 Classic	10		
MD-80	9		

Harmonised production platform in Copenhagen

Phasing out (2012-2015) ¹	Number of aircraft	Year 2018*	Number of aircraft
MD-80	17	➔ A320neo	37
Airbus A320	12		

Harmonised production platform in Helsinki (Blue 1)

Phasing out (2010-2012)	Number of aircraft	Year 2018*	Number of aircraft
Avro	5	➔ Boeing 717	14
MD-90	2		

(Phasing in of Boeing 717 under way)

*Assumed growth rate 6% per year

Productivity is improving



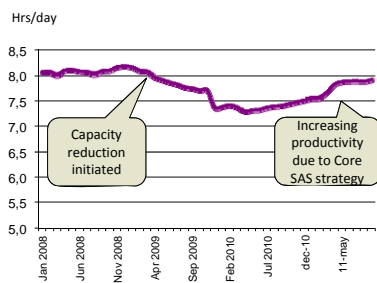
Block hours, 12 months rolling, June 2011	Aircraft, hours/day	Pilots, hours/year	Cabin, hours/year
Scandinavian Airlines	8.0	650	659
Widerøe	6.5	446	465
Blue1	8.0	637	744

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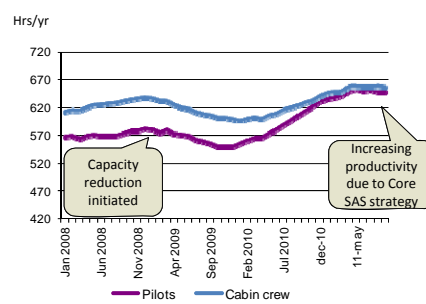
Key productivity ratios improving for Scandinavian Airlines



Aircraft utilization (12 months rolling)



Cabin, pilot utilization (12 months rolling)



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Appendices





- Fleet & productivity
- Unit revenue (yield & RASK) & unit cost
- Traffic
- Financial update
- Currency & Fuel


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Yield and RASK development



Yield, currency adj	Jul-Sep	Jan-Sep
	-2.8%	-1.3%

Yield, NOK	Jul-Sep	Jan-Sep
	-1.0%	-1.2%

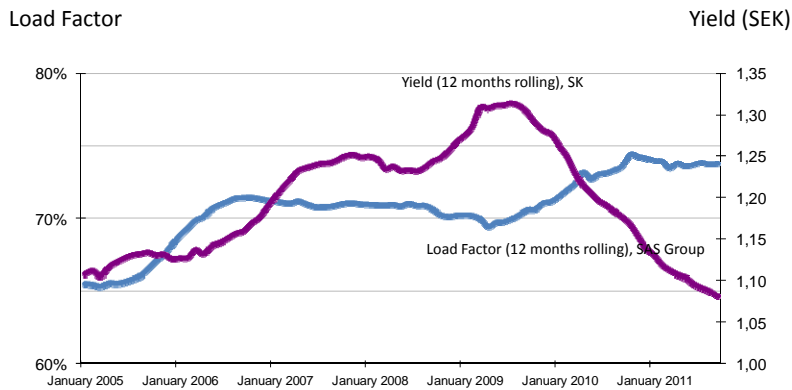
RASK, currency adj	Jul-Sep	Jan-Sep
	-2.1%	+0.7%

Yield, EUR	Jul-Sep	Jan-Sep
	+6.5%	+1.9%



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Yield at lowest levels since 2005, but load factor at historic highs



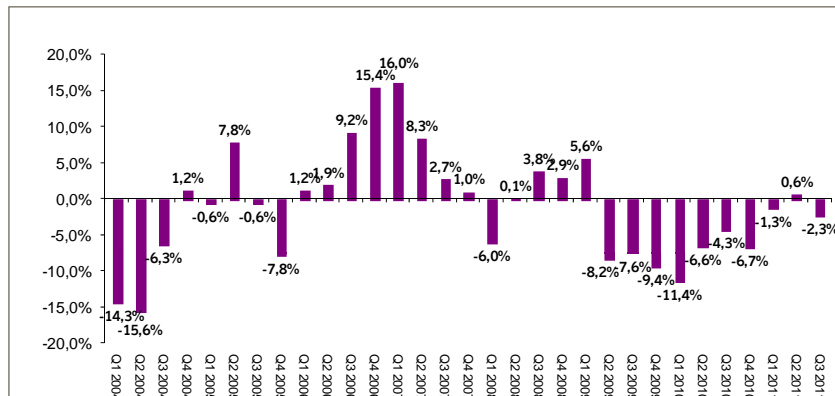
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Yield development - Quarterly

Scandinavian Airlines



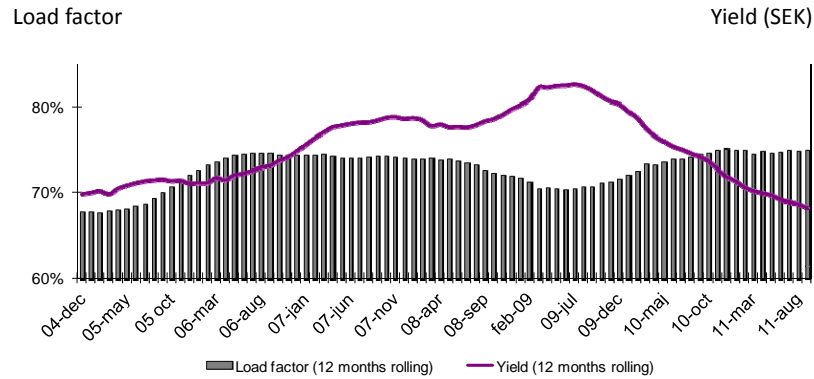
Scandinavian Airlines, currency adjusted yield vs last year



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Scandinavian Airlines

- Continued pressure on yields

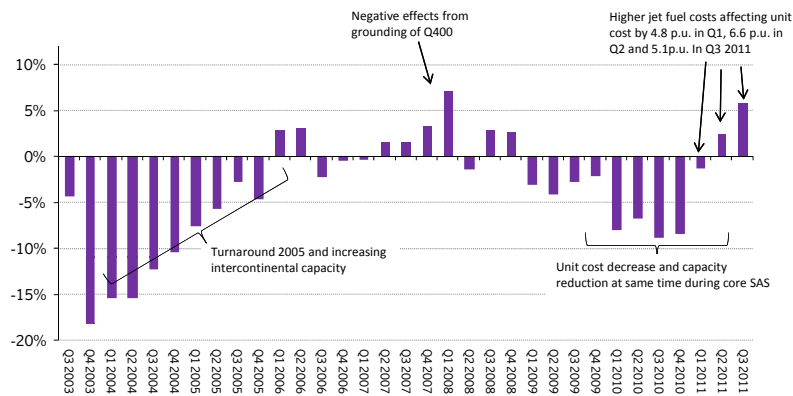


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Scandinavian Airlines

Total unit cost development

- down 3.8% during Jan-Sep 2011 excluding jet fuel costs

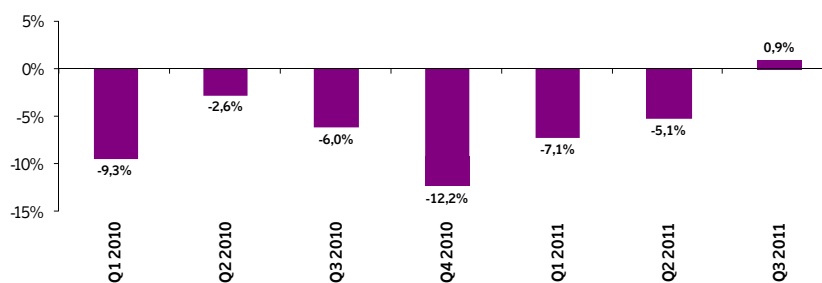


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Unit cost development excluding jet fuel



Scandinavian Airlines,
Currency adjusted quarterly change vs. last year excluding jet fuel



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Scandinavian Airlines

Breakdown of unit cost in Jan-Sep 2011



Scandinavian Airlines, currency adjusted

Unit cost breakdown	Jan-Sep 2011	Jan-Sep 2010	Var, %	Share of total var, %
Payroll expenses	-8 429	-8 840	-4.6%	-1.9%
Jet fuel	-5 105	-3 894	31.1%	5.5%
Government user fees	-2 630	-2 595	1.3%	0.2%
Selling and distribution costs	-1 564	-1 512	3.4%	0.2%
Handling costs	-1 091	-1 205	-9.5%	-0.5%
Technical aircraft maint.	-1 530	-1 597	-4.2%	-0.3%
Other operating expenses ¹	146	99	-0.3%	
Total operating expenses ¹	-20 202	-19 555	3.3%	3.0%
Leasing costs for aircraft	-1 096	-1 156	-5.1%	-0.3%
Depreciation ²	-1 163	-1 221	-4.7%	-0.3%
Adjusted EBIT	-22 462	-21 931	2.4%	2.4%

¹ Net of other operating revenues

² Excluding write down of aircraft in Q2

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Breakdown of unit cost in Q3 2011



Scandinavian Airlines, currency adjusted

Unit cost breakdown	Jul-Sep 2011	Jul-Sep 2010	Var, %	Share of total var, %
Payroll expenses	-2 724	-2 752	-1.0%	-0.4%
Jet fuel	-1 778	-1 408	26.2%	5.1%
Government user fees	-906	-896	1.1%	0.1%
Selling and distribution costs	-495	-508	2.6%	-0.2%
Handling costs	-378	-397	-5.0%	-0.3%
Technical aircraft mainten.	-521	-535	-2.6%	-0.2%
Other operating expenses ¹	-48	82	-159%	1.8%
Total operating expenses ¹	-6 849	-6 415	6.8%	6.0%
Leasing costs for aircraft	-370	-370	0.0%	0.0%
Depreciation ²	-393	-404	-2.8%	-0.2%
Adjusted EBIT	-7 612	-7 189	5.9%	5.9%

¹ Net of other operating revenues² Excluding write down of aircraft

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Appendices



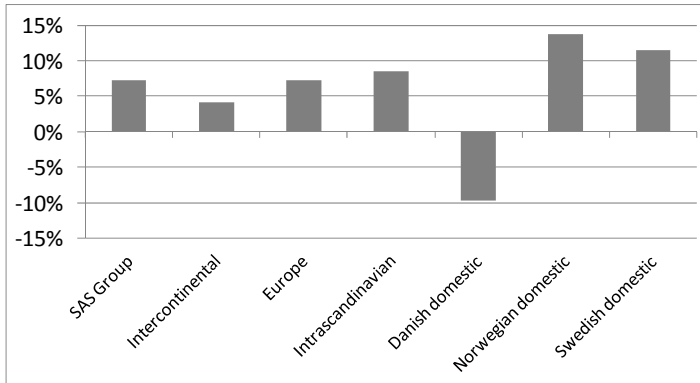
- Fleet & productivity
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- Traffic and capacity outlook
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Strongest traffic growth on routes within Scandinavia



RPK Jan-Sep 2011 vs 2010, SAS Group



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ASK outlook 2011 and 2012

- Increase in 2011 with existing resources except for additional aircraft



Scheduled	2011 vs 2010	2012 vs 2011
SAS Group	approximately 6%	approximately 6%
Scandinavian Airlines	+5% to +6%	approximately 6%
Widerøe	+15% to +20%	0%
Blue1	approximately 5%	0%

Scandinavian Airlines underlying capacity increase 2% in 2011

<i>Gross planned increase</i>	+5-6%
- Ash cloud effect	1.4%
- Intercontinental aircraft	2.5%
- Move of F50 to WF	-0.3%
<i>Underlying short haul increase:</i>	~2%

- Except for addition of 5 aircraft (including intercontinental), the capacity increase is managed with existing resources through increased productivity
- Other costs than aircraft represents an absolute majority of the operational costs
- Widerøe's capacity increase driven by incorporation of SAS Fokker 50 production
- Group charter capacity to be decreased by close to 1% during 2011

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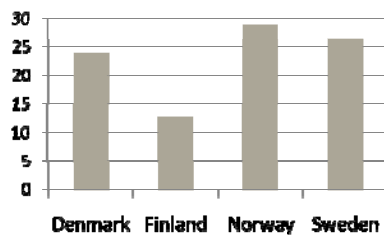
Short haul is relatively large in Scandinavia, but long haul is different



Short haul

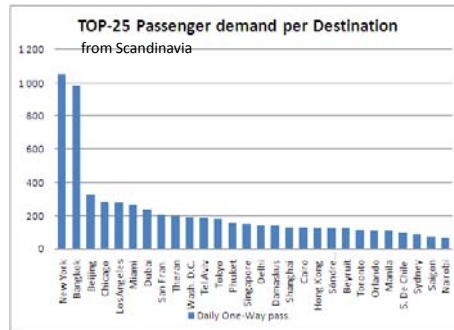
- Close to 90 million passengers per year at a value of close to SEK 100bn
- Geography and long distances with spread out populations makes air travel the only practical travel solution

Passengers in respective Nordic market 2010, million



Long haul

- Only about 6 Origin/Destination support a daily point-to-point
- Only about 12 destinations can be served daily with the full demand from/to the whole Scandinavian market



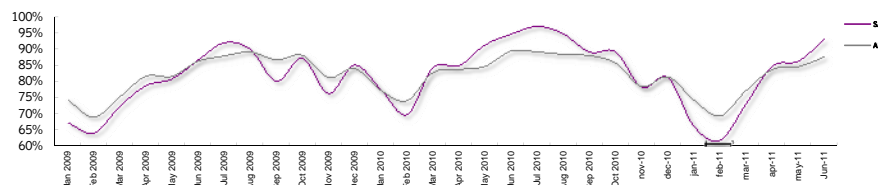
North Atlantic

Robust traffic growth since Q2



- Traffic development January – September 2011
 - SK traffic up 11.3
 - AEA traffic up 8.7%
- Stockholm to New York and Chicago
 - Increased frequencies this winter season
- Oslo-New York from March 2011
- Strong improvement in SAS traffic during Q2

Load factor



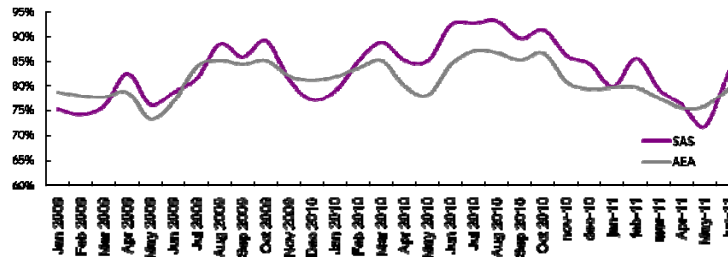
Slower growth on Asian routes

- SAS load factors still above AEA



- Scandinavian Airlines serving Bangkok, Beijing and Tokyo from Copenhagen
- Shanghai to be introduced in winter 2011/12
- Traffic development January-September 2011:
 - AEA traffic up 9.8%
 - SAS traffic down 5.6%

Load factor



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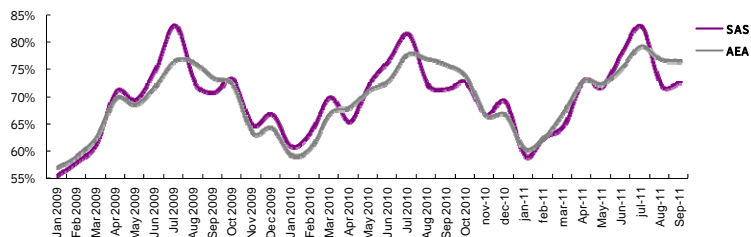
Cross border European routes

- SAS load factor seasonally below AEA during Q3 but generally in line



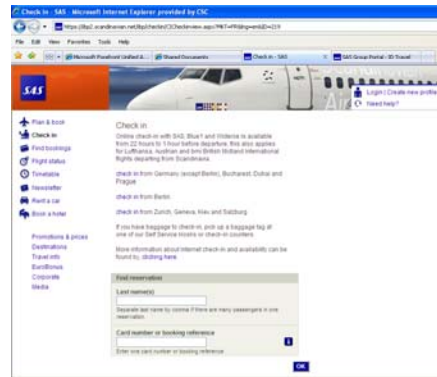
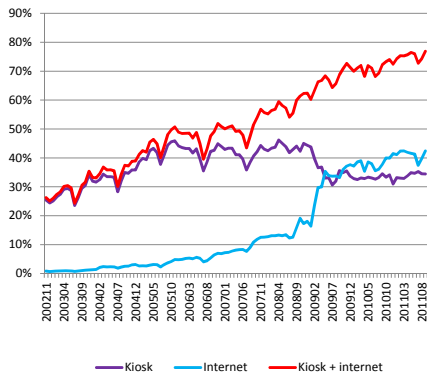
- Traffic development January-September 2011:
 - AEA traffic up 10.4%
 - SAS traffic up 7.4%

Load factor



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Internet check-in is the most commonly used check-in option by SAS' customers



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Appendices



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Summary of the SAS Group's balance sheet



MSEK	30 Sep 2011	31 Dec 2010	30 Sep 2010
Aircraft and Spare parts	13 263	14 046	14 565
Other non interest-bearing assets	8468	8 200	9 007
Interest-bearing assets	15 104	14 528	14 328
Cash and cash equivalents	5 122	5 051	5480
Total Assets	41 957	41 825	43 380
Total shareholders' equity ¹	14 605	14 438	14 037
Deferred tax	2 017	2 306	2 416
Other interest-bearing liabilities	12 927	11 897	12 173
Operating liabilities	12 408	13 184	14754
Total shareholders' equity and liabilities	41 957	41 825	43 380

¹ Including minority interests

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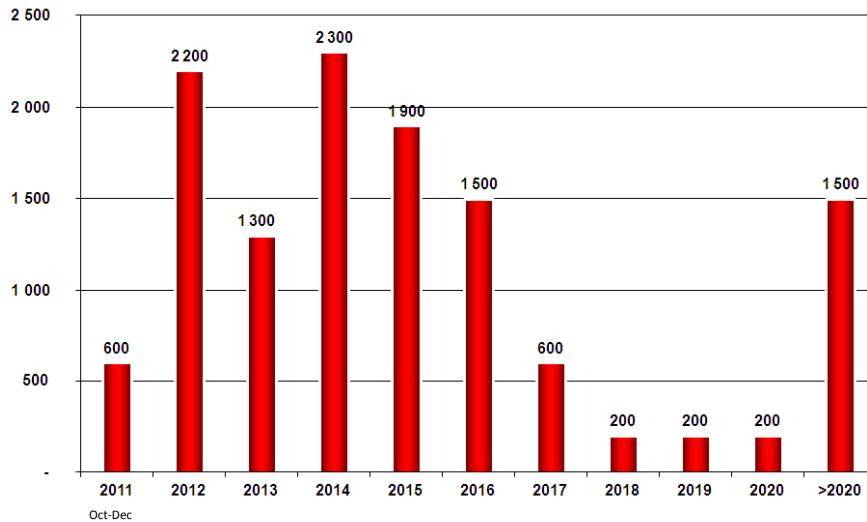
Overview of available funds – September 2011



Available funds, SEK billion	Sep 2011	Maturity
Liquid funds	5.1	
Undrawn portion of credit facilities		
Revolving Credit Facility, 366 MEUR (total SEK 3.3bn)	3.4	Jun 2013
Revolving Credit Facility, 104 MUSD (total SEK 0.7 bn)	0.0	Apr 2013
Credit Facility, 125 MUSD (total SEK 0.8 bn)	0.5	Jan 2016
Bi-lateral Revolving Credit Facilities (total SEK 1.3 bn)	1.3	Jun 2013
Others	0.4	Dec 2011
Total undrawn credit facilities	5.5	N/A
Total available funds	10.6	
Total credit facilities	6.6	
Drawn portion of credit facilities	1.1	
Undrawn portion of credit facilities	5.5	

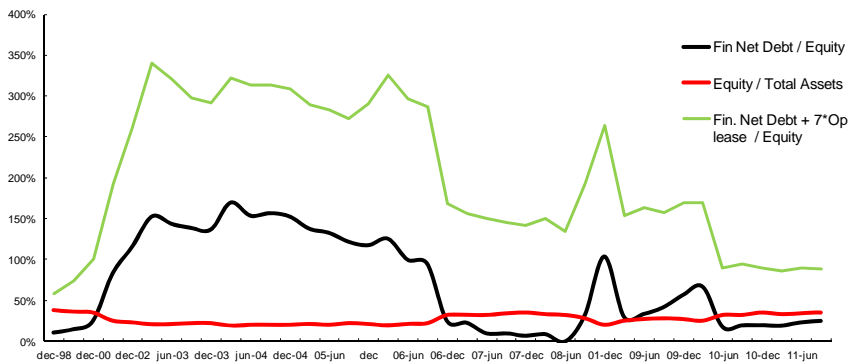
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Improved financial flexibility



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Gearing ratios



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SAS Group

Financial Net January - September



MSEK	Jan-Sep 2011	Jan-Sep 2010	Difference
Interest net and others	-595	-705	+110
Exchange rate differences	+32	-32	+64
Financial net	-563	-737	+174

MSEK	Jul-Sep 2011	Jul-Sep 2010	Difference
Interest net and others	-237	-228	-9
Exchange rate differences	+13	-42	+55
Financial net	-224	-270	+46

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Development and Break Down

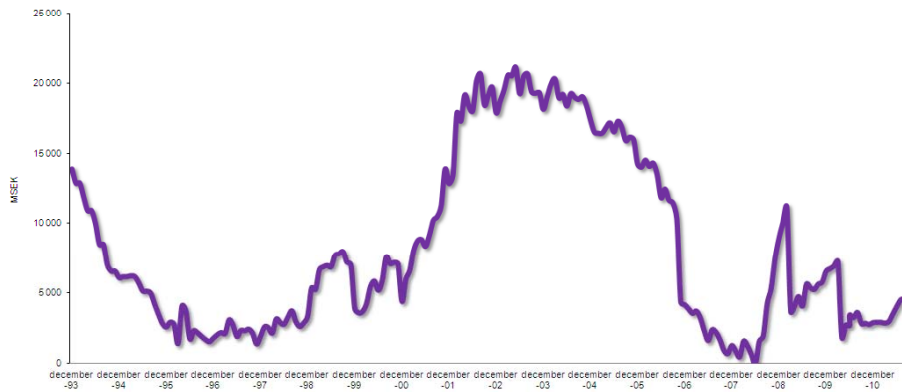
of Financial Net Debt



MSEK	2011-09-31	2010-12-31	Difference
Cash	5 122	5 051	+71
Other interest bearing assets	4 110	3 984	+126
Interest bearing liabilities	-12 927	-11 897	-1 030
Financial net debt	-3 695	-2 862	-833

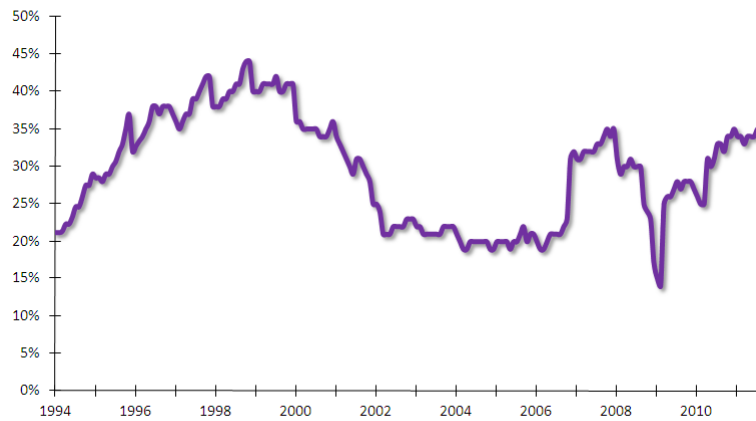
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Development of financial net debt 1993-2011



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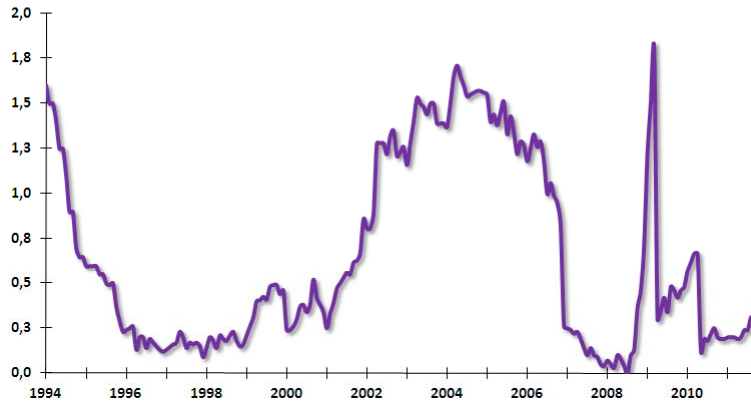
Equity / Assets Ratio 1993-2011



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Financial Net Debt / Equity Ratio

1993-2011



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Development of the financial net debt

during Jan-Sep 2011



SEK billion	
Financial net debt December 2010	-2.8
Investments	-1.4
Sales	+0.5
Cash flow from operating activities	+0.4
Currency and others	-0.4
Financial net debt September 2011	-3.7

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Appendices



- 🔍 Fleet & productivity
- 🔍 Unit revenue (yield & RASK) & Unit cost
- 🔍 Traffic
- 🔍 Financial update
- 🔍 Currency & Fuel

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Breakdown of currency effects SAS Group 2011 vs 2010



Total revenues & costs currency effects		Jul-Sep	Jan-Sep
Total revenues & costs	USD	336	856
	DKK	5	58
	NOK	-11	-168
	EUR	-1	-2
	Asian currencies	-19	-48
	All others	-19	-56
	Total	291	640
Forward cover costs	2010	-58	-298
	2011	-1	673
	Difference	57	971
Working capital	2010	-101	-31
	2011	-29	-15
	Difference	72	16
Financial items	2010	-42	-32
	2011	13	32
	Difference	55	64
Total currency effects		475	1,691

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Significant changes in currency exchange rates affected the result by MSEK 1,691 in Jan-Sep 2011 vs Jan-Sep 2010



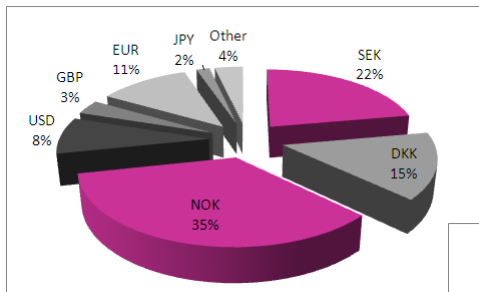
Currency effects MSEK on SAS Group 2011 vs 2010		Jul-Sep 2011	Jan-Sep 2011
<ul style="list-style-type: none"> Negative impact on revenues due to the stronger SEK Positive impact on other operating costs due to the stronger SEK Dissolution of USD-hedges for aircraft amounted to MSEK 970, all related to the first half 	Total revenue	- 304	- 1,572
	Total costs	595	2,212
	Forward cover costs & working capital	129	987
	Income before depreciation	420	1,627
	Financial items	55	64
	Income before tax	475	1,691

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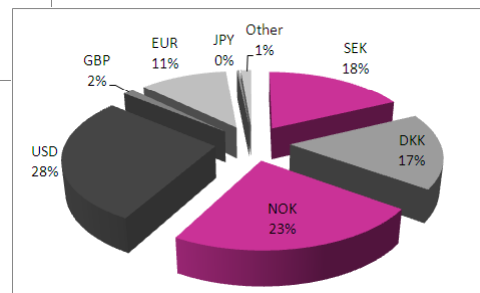
Currency distribution in the SAS Group 2010



Revenues



Expenses



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Amended fuel hedging policy



Jet fuel, spot price development, USD



Current hedges

- 56% of the consumption hedged for October 2011 - September 2012
- Only swaps and options
- Value of hedging portfolio as at 30 September MUSD 26

Amended policy to offset fuel price volatility

- Hedging 40-70% of expected consumption (12 months rolling)
- Up to 18 months hedging allowed
- Yield management
- Cost initiatives

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SAS hedging position

- mostly options



SAS Group's jet fuel hedging portfolio	Q4 2011	Q1 2012	Q2 2012	Q3 2012
Jet fuel hedging proportion	61%	60%	50%	52%

SAS Group's jet costs in 2011 (annual average values)	5.0 SEK/USD	6.0 SEK/USD	7.0 SEK/USD	8.0 SEK/USD
Market price				
800 USD/MT	SEK 7.0 bn	SEK 7.2 bn	SEK 7.5 bn	SEK 7.7 bn
1 000 USD/MT	SEK 7.1 bn	SEK 7.4 bn	SEK 7.7 bn	SEK 7.9 bn
1 200 USD/MT	SEK 7.2 bn	SEK 7.5 bn	SEK 7.8 bn	SEK 8.1 bn
1 400 USD/MT	SEK 7.3 bn	SEK 7.7 bn	SEK 8.0 bn	SEK 8.3 bn

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