



SAS Group Q2 2012
Teleconference
August 8, 2012


1

Q2 4Excellence delivers tangible results
 - Unit cost down 4%



- EBT (before non-rec.) MSEK 137
- EBT MSEK 371
- Positive cash flow from operating activities MSEK 676
- 4Excellence delivers tangible results - SEK 5 billion under implementation
 - Passenger growth +228,000
 - Passenger revenues up 3% (adjusted for currency/one off)
 - Unit cost down 4%
- Airline industry still heavily challenged
 - Continued high fuel prices
 - Continued competitive market with yield pressure
 - Uncertainties regarding Euro crisis


New strategy 4Excellence delivers tangible results



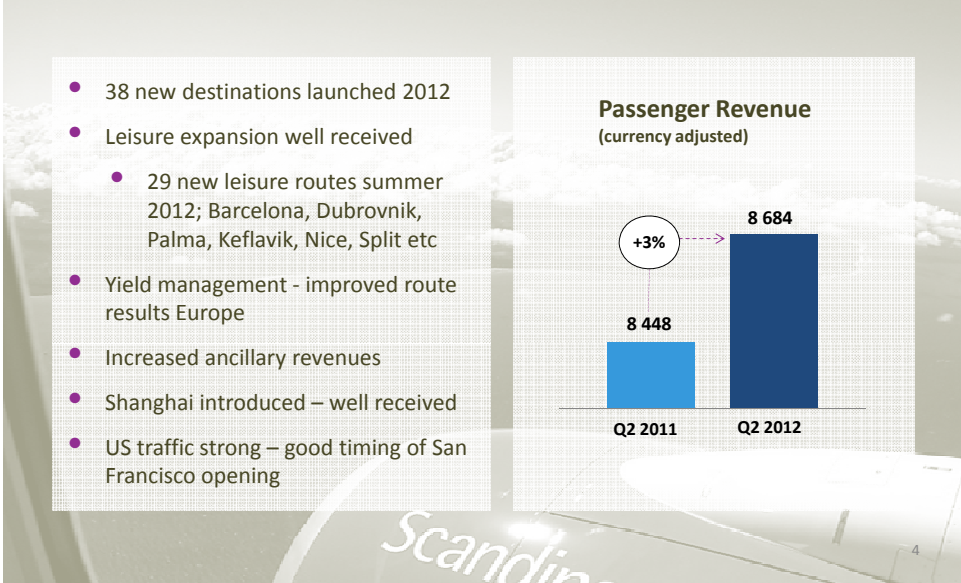
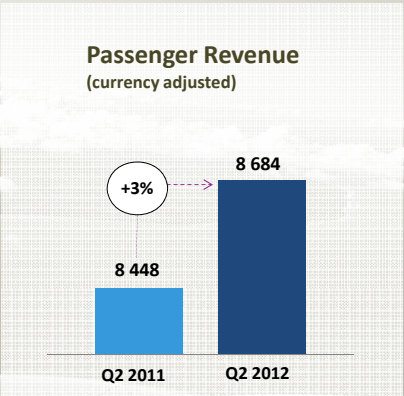

SEK 1,5 bn Revenue activities	<ul style="list-style-type: none"> • New destinations • Network optimization • Ancillary revenues
SEK 3,5 bn Cost activities	<ul style="list-style-type: none"> • Union agreements • LEAN • Outsourcing / Purchasing • Productivity

3

Revenue enhancing measures are effective

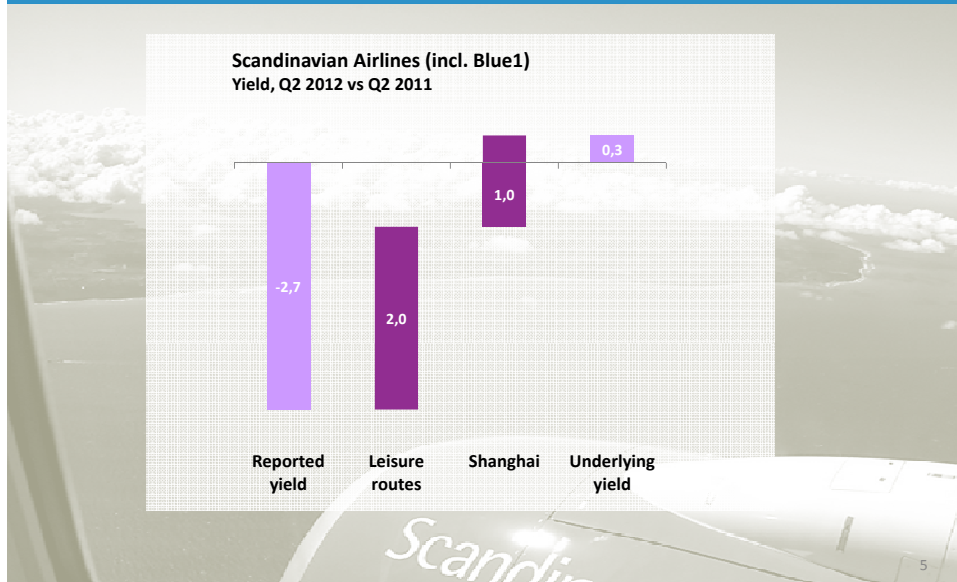


- 38 new destinations launched 2012
- Leisure expansion well received
 - 29 new leisure routes summer 2012; Barcelona, Dubrovnik, Palma, Keflavik, Nice, Split etc
- Yield management - improved route results Europe
- Increased ancillary revenues
- Shanghai introduced – well received
- US traffic strong – good timing of San Francisco opening



4

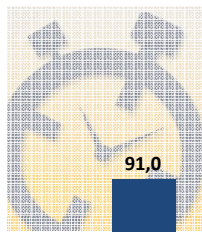
Lower yield as consequence of new strategy – underlying yield positive



More passengers, improved customer satisfaction and record punctuality

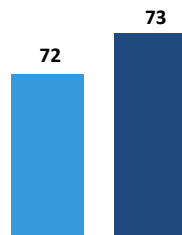


Punctuality, 15 min (Scandinavian Airlines)



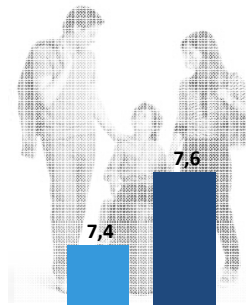
Q2 2011 Q2 2012

Customer Satisfaction Index, CSI

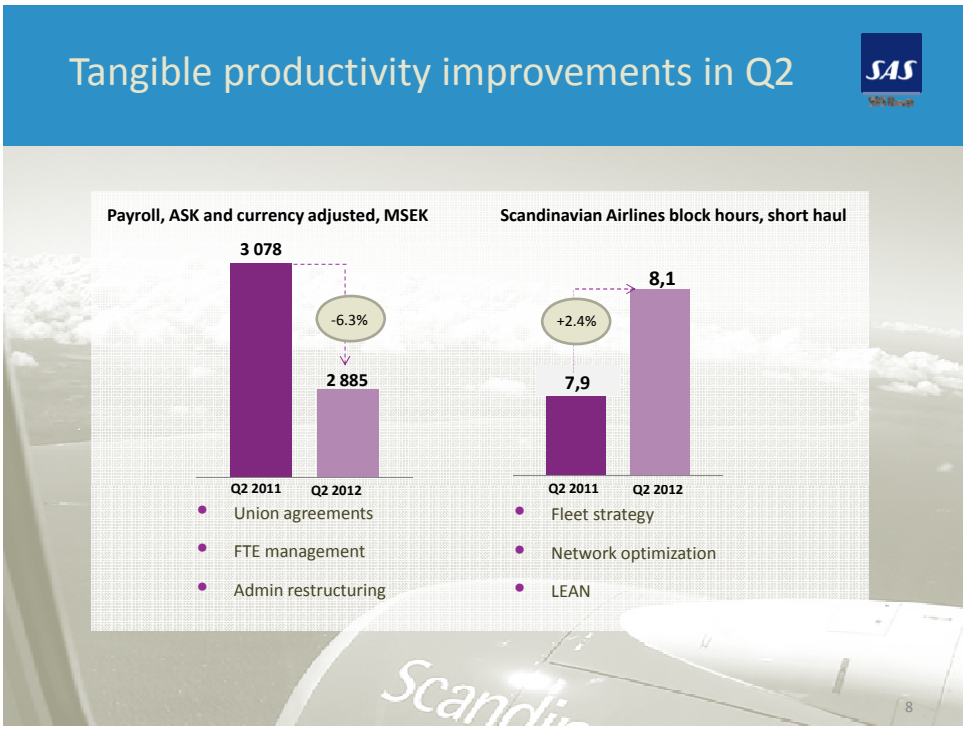
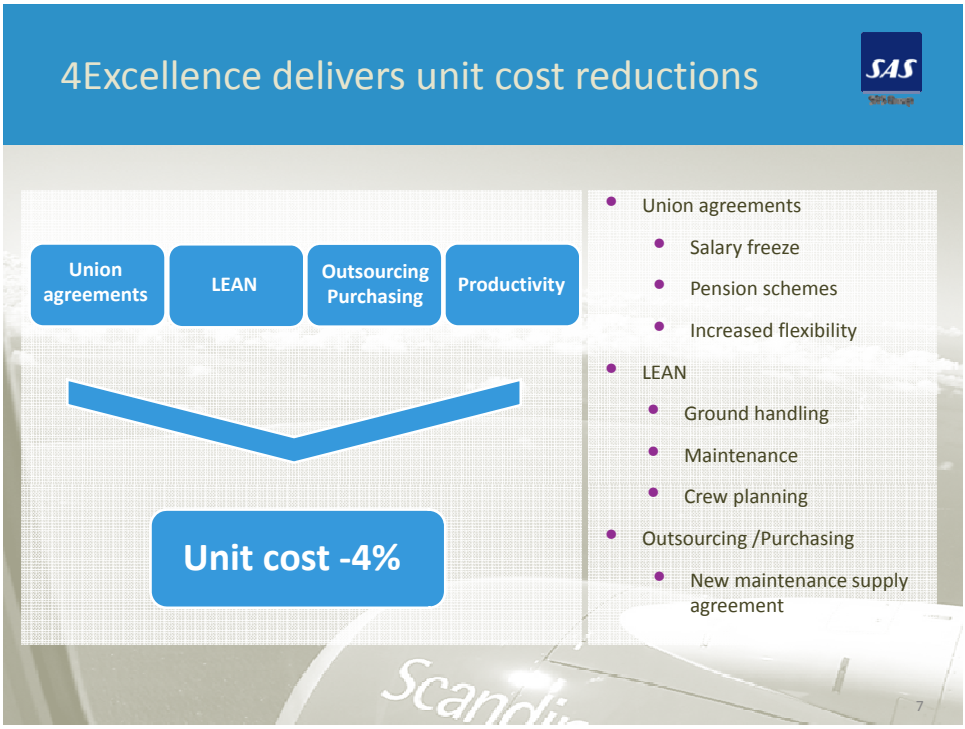


Q2 2011 Q2 2012

SAS Group number of passengers, million



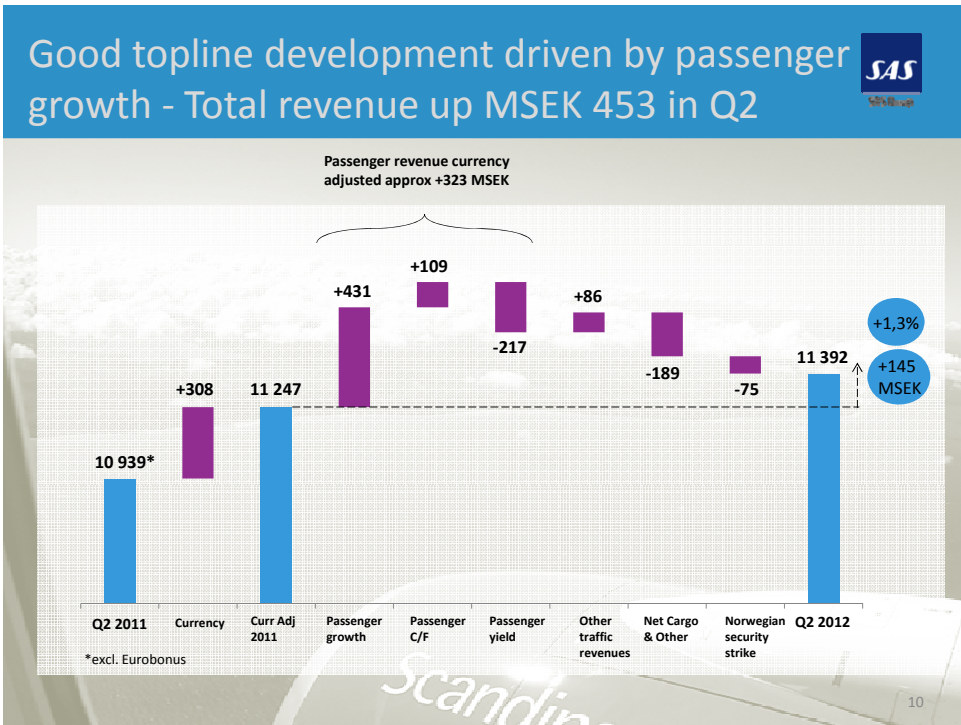
Q2 2011 Q2 2012





GÖRAN JANSSON

CFO



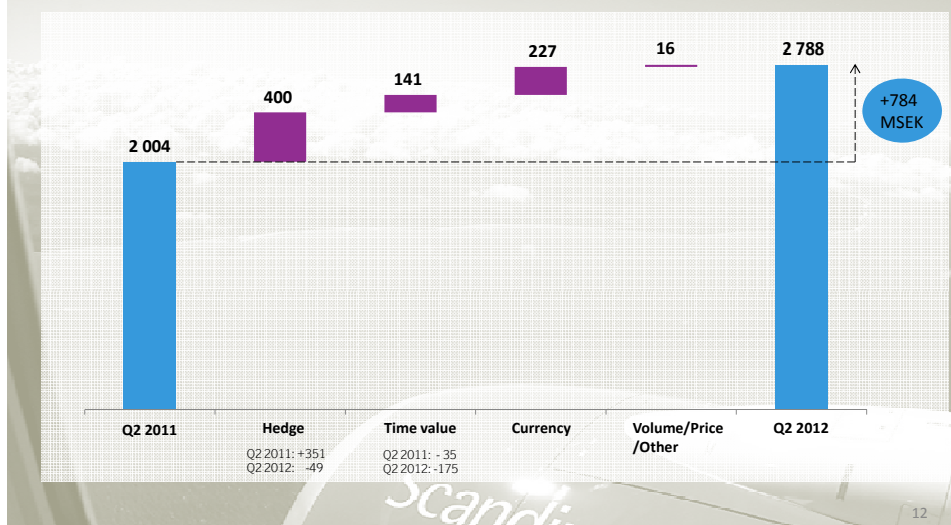
Good cost control visible in the P/L



(MSEK)	Apr-Jun 2012	Share of revenue	Apr-Jun 2011	Share of revenue	Change (p.u.)
Total operating revenue (excl. Eurobonus)	11,392		10,939		
Payroll expenses	- 3,307	29.0%	- 3,320	30.4%	-1.4
Fuel	- 2,788	24.5%	- 2,004	18.3%	+6.2
Government charges	- 1,115	9.8%	- 1,040	9.5%	+0.3
Other operating expenses	- 2,954	25.9%	- 3,233	29.6%	-3.7
Total operating expenses	- 10,164	89.2%	- 9,597	87.7%	+1.5
EBITDAR before non-recurring items	1,228	10.8%	1,342	12.3%	-1.5
Leasing costs, aircraft	- 413	3.6%	- 369	3.4%	+0.2
Depreciation	- 434	3.8%	- 428	3.9%	-0.1
Share of income in affiliated companies	17	0.1%	2	0.0%	+0.1
EBIT before non-recurring items	398	3.5%	547	5.0%	-1.5
Financial items	- 261	2.3%	- 181	1.7%	+0.6
EBT before non-recurring items	137	1.2%	366	3.3%	-2.1
Non-recurring items	234	2.1%	364	3.3%	-1.2
EBT	371	3.3%	730	6.7%	-3.4

11

Approx. MSEK 800 in higher fuel cost Q2 2012

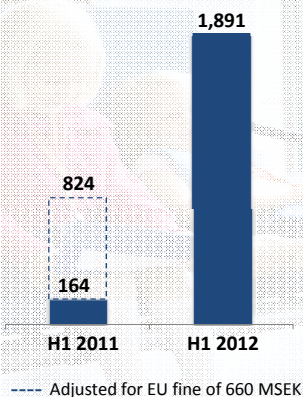


12

Good cash flow driven by improved working capital



Cash flow from operating activities, MSEK



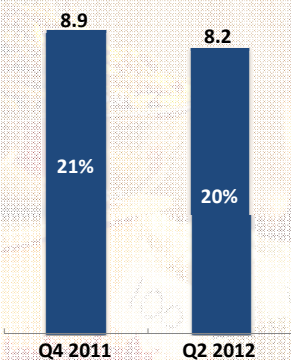
- Strong working capital affected by
 - Sales campaigns
 - Good passenger growth
 - Attractive leisure offering
 - Focus on working capital processes
- Enabled amortizations on gross debt of SEK 2.2 billion

13

SEK 8.2 billion in financial preparedness



Financial preparedness, SEK billion



- SEK 8.2 billion in total financial preparedness
- SEK 5.0 billion credit facilities
- SEK 3.2 billion cash
- Good financial preparedness
 - Cash effect from property transaction, MSEK 440 in Q2

4



RICKARD GUSTAFSON PRESIDENT & CEO

2012 Outlook



- Growing in line with the market (approx. 5%)
- Maintained world class operational performance
- Increased earnings effects from accelerated 4Excellence to come in second half of 2012
- Continued high fuel prices
- Continued competitive market with yield pressure
- Uncertainties regarding Euro crisis

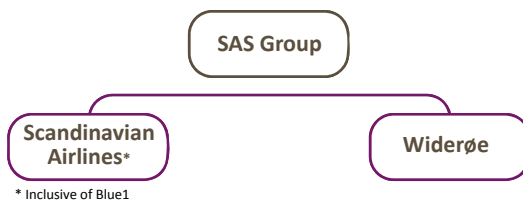
Due to uncertainties no earnings forecast will be provided for the full year 2012.

Thank you!



17

The SAS Group's business structure
(reporting segments as from Q1 2011)



18

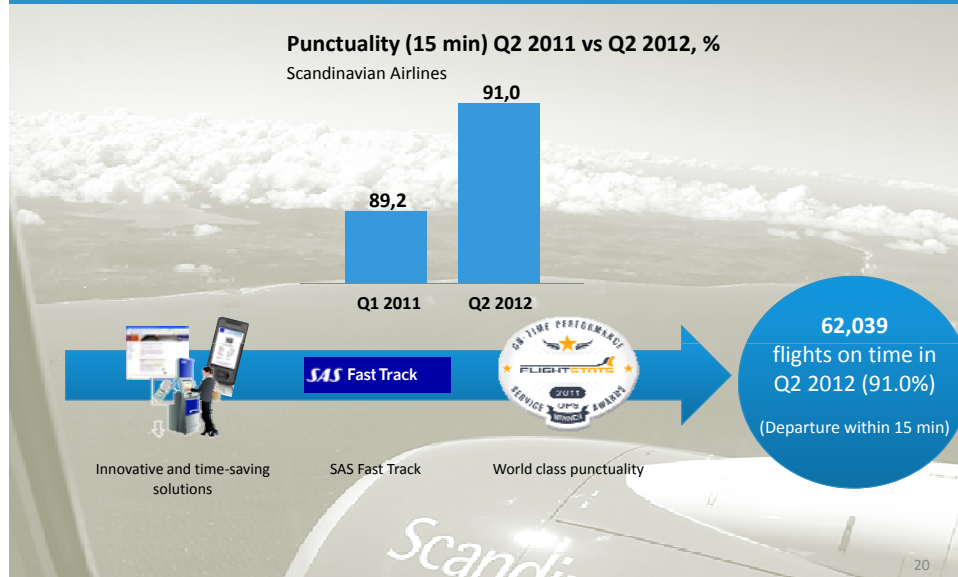
Appendices




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

19

World's most punctual airline in Q2 2012 -in the category major airline according to Flightstats



Modernization of fleet well in progress




SAS main	 Airbus A330/340-300 Scandinavian Airlines	 Airbus A319/A320/A321 Scandinavian Airlines	 Boeing 737-600/700/800 Scandinavian Airlines
SAS being phased out, no later than 2013/2014	 Boeing 737-400/500 Scandinavian Airlines	 MD-82/87 Scandinavian Airlines	
Widerøe & Blue1	 deHavilland Q 100/300/400NG Scandinavian Airlines	 Boeing 717 Scandinavian Airlines	

In total, SAS is phasing in 30 modern aircraft that will completely replace older generations during 2013-2014.

2.4% increased short-haul productivity in Q2

SAS Group fleet – June 2012




Aircraft Type	Age	Owned	Leased	Total	Leased out	Order
Airbus A330/340	10.1	5	6	11	0	
Airbus A321/A320/A319	8.5	4	10	14	0	30
Boeing 737 Classic	19.1	0	10	10	0	
Boeing 737 NG	11.0	23	48	71	0	
Boeing 717	11.8	0	9	9	0	
Douglas MD-80-series	22.7	24	10	34	0	
Douglas MD-90-series	-	8	0	8	8	
Avro RJ-85	-	0	5	5	0	
deHavilland Q-series	14.3	34	10	44	0	
Bombardier CRJ900 NG	3.1	12	0	12	0	
Total	13.0	110	108	218	8	30

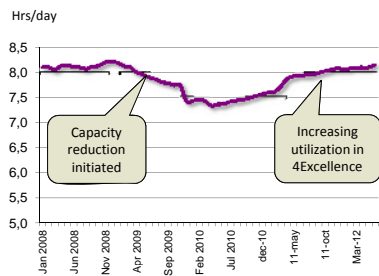
Split per Airline		
SAS (incl Blue1)		171
Widerøe		39
Leased out aircraft		8
Total		218

*In addition SAS wet leases the following Aircraft: four CRJ for SAS in Denmark, two ATR and four S2000 for Blue1 in Finland.

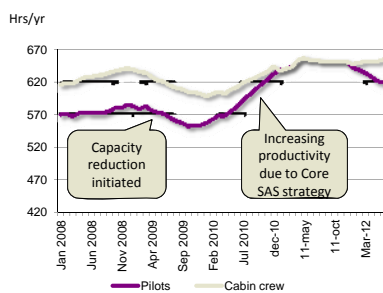
Productivity development



Scandinavian Airlines
Aircraft utilization (12 months rolling)



Scandinavian Airlines
Cabin, pilot utilization (12 months rolling)



Block hours, 12 months rolling, June 2012	Aircraft, hours/day	Pilots, hours/year	Cabin, hours/year
Scandinavian Airlines (incl. Blue1)	8.1	653	668
Widerøe	6.8	471	485
Blue1	6.9	605	687

23

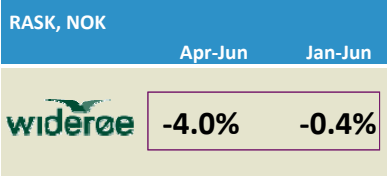
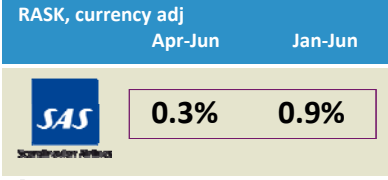
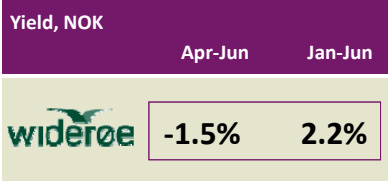
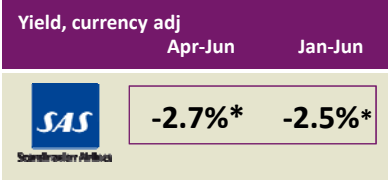
Appendices



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


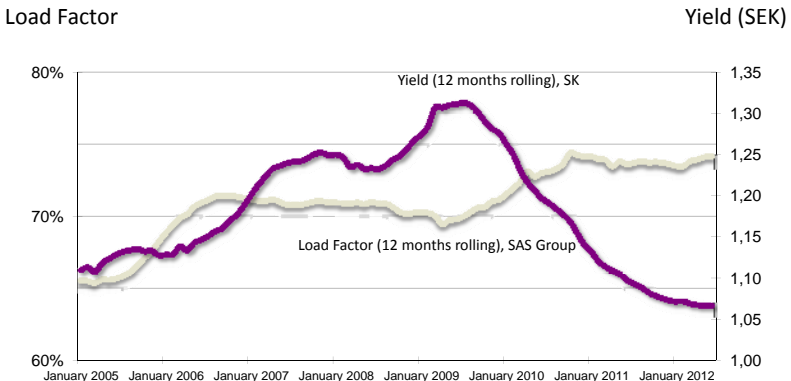
24

Yield and RASK development

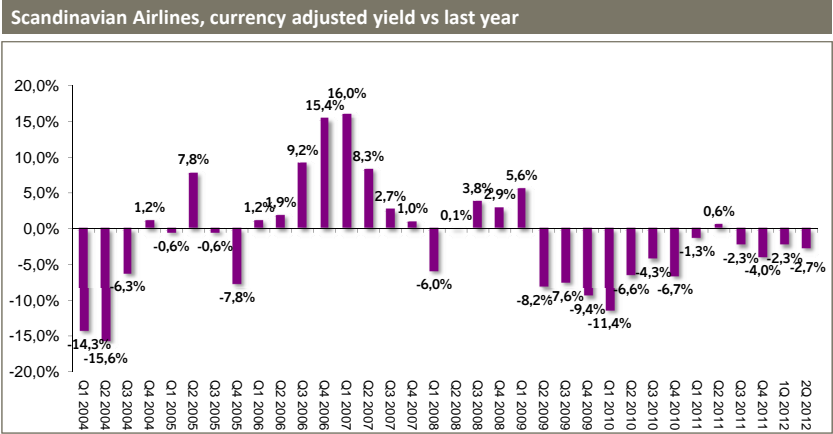
* 2011 Adjusted for Eurobonus

Yield at record low levels, but load factor at historic high

Yield development - Quarterly

Scandinavian Airlines

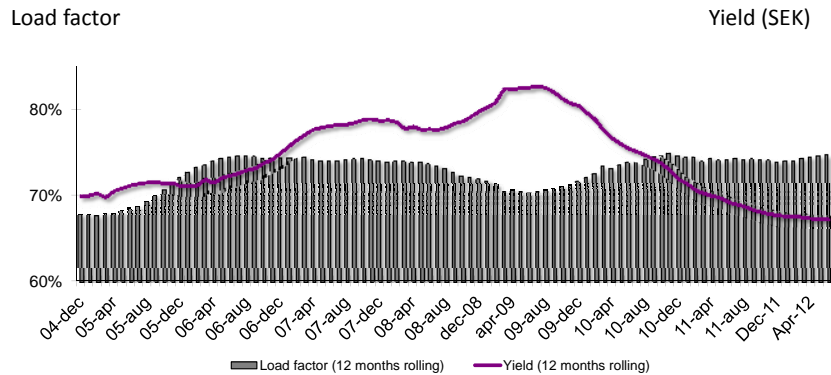



Note: Inclusive of Blue1 from Q1 2012

27


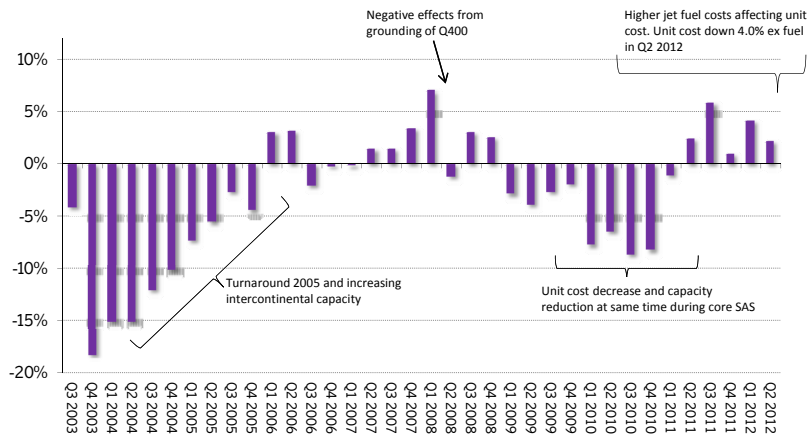
Scandinavian Airlines

– Continued pressure on yields

28

Scandinavian Airlines
Total unit cost development
 - Unit cost down 4.0% in Q2 excluding jet fuel

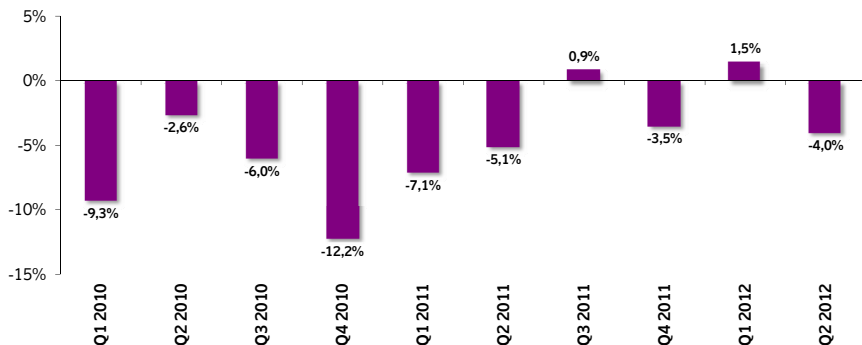



29

Unit cost development excluding jet fuel



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



30

Scandinavian Airlines

Breakdown of unit cost in Q2 2012



Scandinavian Airlines, currency adjusted

Unit cost breakdown	Apr-Jun 2012	Apr-Jun 2011	Var, %	Share of total var, %
Payroll expenses	-2 885	-3 078	-6.3%	-2.2%
Jet fuel	-2 673	-2 208	21.1%	5.2%
Government user fees	-1 035	-1 018	1.6%	0.2%
Selling and distribution costs	-549	-600	-8.6%	-0.6%
Handling costs	-394	-432	-8.9%	-0.4%
Technical aircraft maint.	-522	-597	-12.5%	-0.8%
Other operating expenses ¹	-247	-155	59.5	1.0%
Total operating expenses	-8 305	-8 088	2.7%	2.4%
Leasing costs for aircraft	-403	-414	-2.7%	-0.1%
Depreciation	-394	-406	-2.9%	-0.1%
Adjusted EBIT	-9 102	-8 908	2.2%	2.2%

31

Scandinavian Airlines

Breakdown of unit cost Jan-Jun 2012



Scandinavian Airlines, currency adjusted

Unit cost breakdown	Jan-Jun 2012	Jan-Jun 2011	Var, %	Share of total var, %
Payroll expenses	-5 885	-6 092	-3.4%	-1.2%
Jet fuel	-4 646	-3 941	17.9%	4.2%
Government user fees	-1 949	-1 919	1.6%	0.2%
Selling and distribution costs	-1 071	-1 201	-10.8%	-0.8%
Handling costs	-780	-852	-8.4%	-0.4%
Technical aircraft maint.	-1 109	-1 146	-3.2%	-0.2%
Other operating expenses ¹	-365	-66	-	1.8%
Total operating expenses	-15 806	-15 218	3.9%	3.5%
Leasing costs for aircraft	-762	-812	-6.1%	-0.3%
Depreciation	-777	-793	-2.1%	-0.1%
Adjusted EBIT	-17 345	-16 823	3.1%	3.1%

32

Appendices



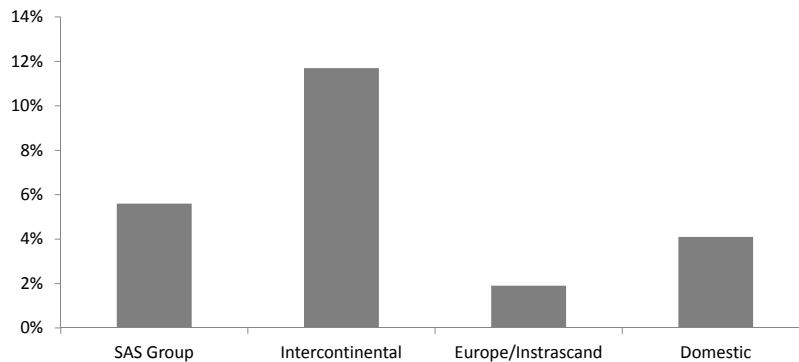
- 🔍 Fleet & productivity
- 🔍 Unit revenue (yield & RASK) & Unit cost
- 🔍 Traffic and capacity outlook
- 🔍 Financial update
- 🔍 Currency & Fuel

33

Strongest traffic growth on intercontinental routes



RPK Jan-Jun 2012 vs Jan-Jun 2011, SAS Group



34

ASK outlook 2012



Scheduled	2012 vs 2011
SAS Group	+4-5%
Scandinavian Airlines (incl. Blue1)	+4%
Widerøe	+7-8%

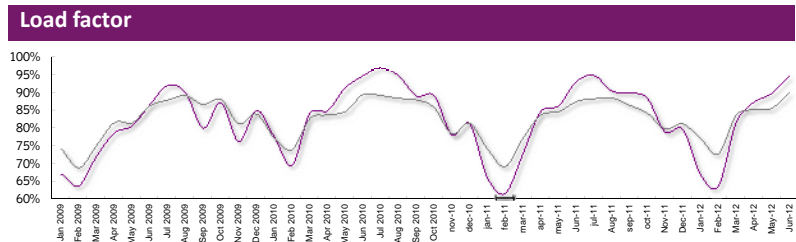
35

North Atlantic

SAS increasing market shares



- Traffic development January – June 2012
 - SK traffic up 8.9
 - AEA traffic up 4.3%
- SAS to launch Copenhagen-San Francisco in April 2013
- SAS improved load factors in 2012
- SAS load factors lower than the AEA



36

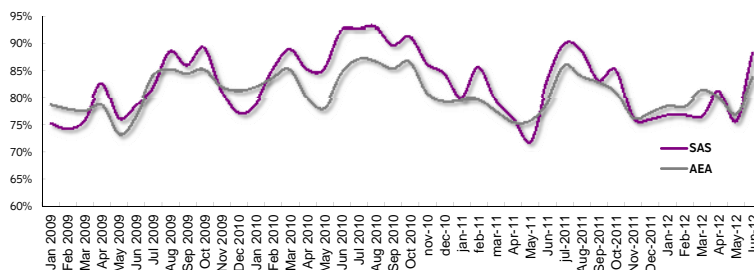
Asia - strong growth in Q2

- New destination and weak comparables from March 2011



- Scandinavian Airlines serving Bangkok, Beijing and Tokyo from Copenhagen
- Copenhagen-Shanghai opened in March 2012
- Traffic development January-June 2012:
 - AEA traffic up 7.4%
 - SAS traffic down 15.9%

Load factor



37

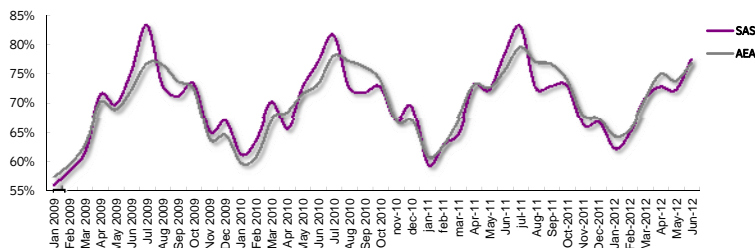
Cross border European routes

- New routes adding to SAS's growth




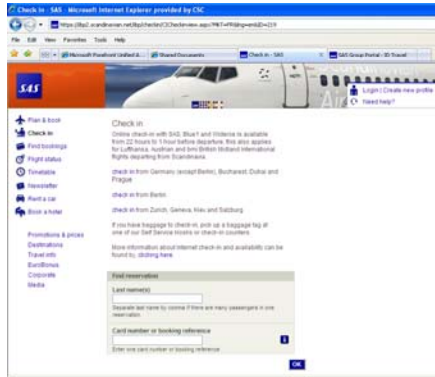
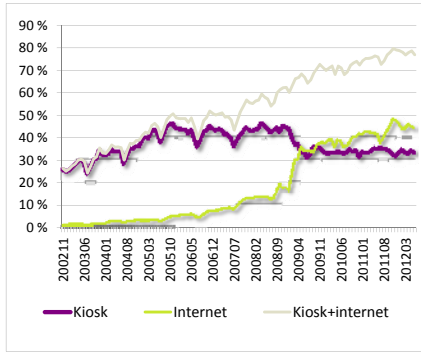
- 38 new routes to be launched in 2012 (including Shanghai)
- Traffic development January-June 2012:
 - AEA traffic up 5.6%
 - SAS traffic up 5.2%
- SAS load factor improving more than the AEA

Load factor



38

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

39

Appendices



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



40

Negative result but strong cash flow generation during January-June 2012



Result, MSEK	Apr-Jun 2012	Apr-Jun 2011	Jan-Jun 2012	Jan-Jun 2011
Revenues	11,392	11,319	20,983	20,632
EBT bef. non-recurring items	137	366	-912	-143
EBT	371	730	-761	172
Cash flow from operations	676	731	1,891	164

Cash flow from operations improved MSEK 1,727

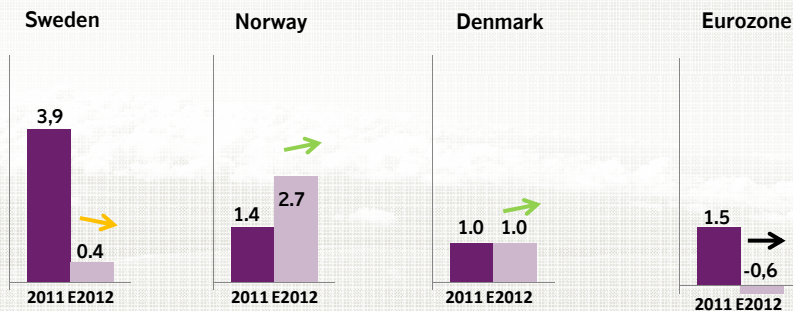
Positive traffic growth, but yield pressure offset by load factor



	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
SAS Group					
Traffic (RPK)	↑ +13.3%	↑ +4.7%	↑ +0.9%	↑ +5.1%	↑ +5.9%
Passenger load factor	↑ +0.7 p.u.	→ +0.0 p.u.	↓ -1.5 p.u.	↑ +2.0 p.u.	↑ +1.0 p.u.
SAS[^]					
Passenger yield	↑ +0.6%*	↓ -2.8%	↓ -4.0%	↓ -2.3%	↓ -2.7%
Total unit revenue (RASK)	↑ +6.6%	↓ -2.1%	↓ -6.7%	↑ +1.7%	↑ +0.3%
Total unit cost (excluding fuel)	↓ -5.1%	↓ -5.1%**	↓ -3.5%	↑ +1.5%	↓ -4.0%

* Underlying yield, excluding positive effects from revaluation of EuroBonus liability.
 ** Excluding write down of aircraft
[^] Including Blue1 from Q2 2012

GDP is slowing down



Source: Nordea, Bloomberg, Eurostat

- Business travel agents bookings increasing at similar rate as leisure bookings
- Negative mix effect within corporate bookings affecting yields
- 40% have Buy of the Day policy

43

Summary of the SAS Group's balance sheet



MSEK	30 Jun 2012	31 Dec 2011	30 Jun 2011
Aircraft and Spare parts	13 035	13 234	13 339
Other non interest-bearing assets	9 022	8 275	9 100
Interest-bearing assets	13 946	13 868	14 588
Cash and cash equivalents	3 186	3 808	5 658
Total Assets	39 189	39 185	42 685
Total shareholders' equity ¹	11 834	12 433	14 445
Deferred tax	1 771	2 154	1 995
Other interest-bearing liabilities	11 757	13 338	12 882
Operating liabilities	13 827	11 260	13 363
Total shareholders' equity and liabilities	39 189	39 185	42 685

¹ Including minority interests

44

Overview of available funds – June 2012



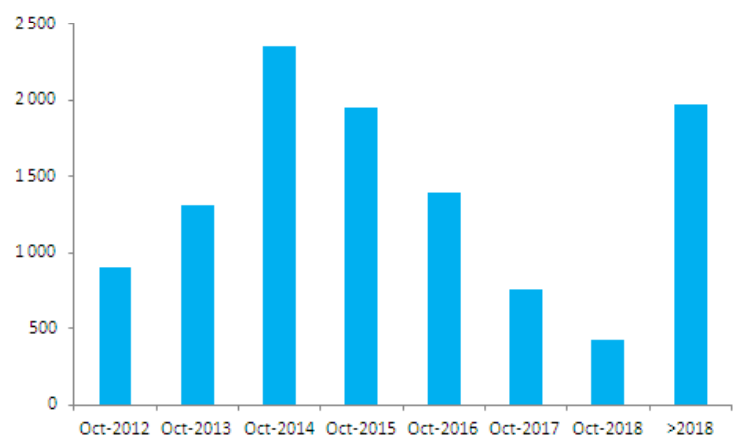
Available funds, SEK billion	Jun 2012	Maturity
Liquid funds	3.2	
Undrawn portion of credit facilities	3.3	Jun 2013
Revolving Credit Facility, MEUR 366 (total SEK 3.3bn)	0.0	Apr 2013
Revolving Credit Facility, MUSD 95 (total SEK 0.7 bn)	0.4	Jan 2016 & Oct 2017
Credit Facility, MUSD 125 & 74 (total SEK 1.4 bn)	1.3	Jun 2013
Bi-lateral Revolving Credit Facilities (total SEK 1.3 bn)	0.0	2012
Others	0.0	
Total undrawn credit facilities	5.0	
Total available funds	8.2	
Total credit facilities	6.5	
Drawn portion of credit facilities	1.5	
Undrawn portion of credit facilities	5.0	

45

Amortization profile updated for financial year ending October

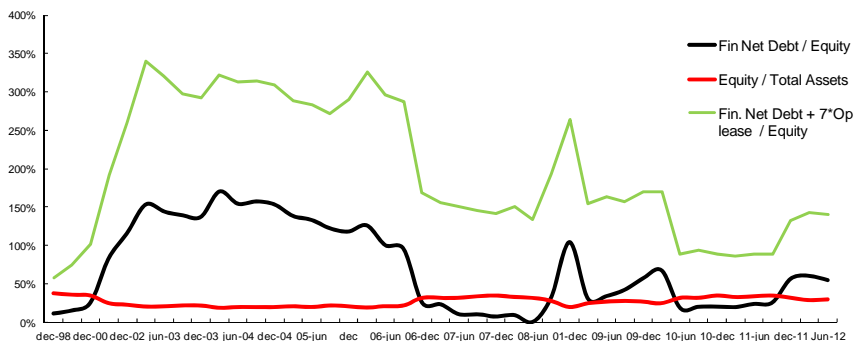


Scheduled amortization profile, SEK billion



46

Gearing ratios impacted by Spanair in Q4 2011, but slightly improved again in Q2



47

SAS Group Financial Net January - June



MSEK	Jan-Jun 2012	Jan-Jun 2011	Difference
Interest net and others	-564	-358	-206
Exchange rate differences	+38	+19	+19
Financial net	-526	-339	-187

MSEK	Apr-Jun 2012	Apr-Jun 2011	Difference
Interest net and others	-283	-208	-75
Exchange rate differences	+22	+22	0
Financial net	-261	-186	-75

48

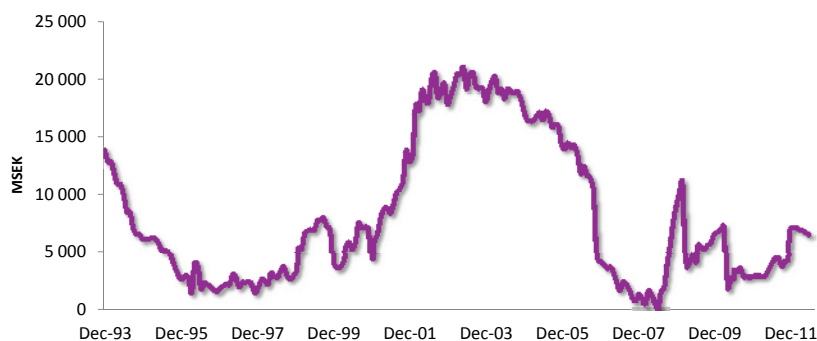
Development and Break Down of Financial Net Debt



MSEK	2012-06-30	2011-12-31	Difference
Cash	3 186	3 808	-622
Other interest bearing assets	2 126	2 513	-387
Interest bearing liabilities	-11 757	-13 338	+1 581
Financial net debt	-6 445	-7 017	+572

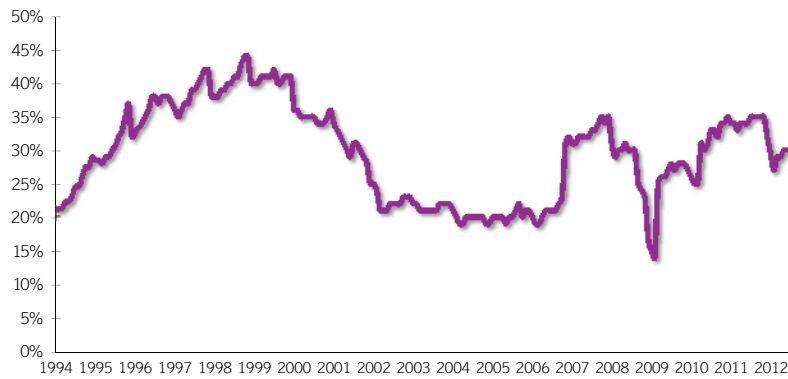
49

Development of financial net debt 1993-2012



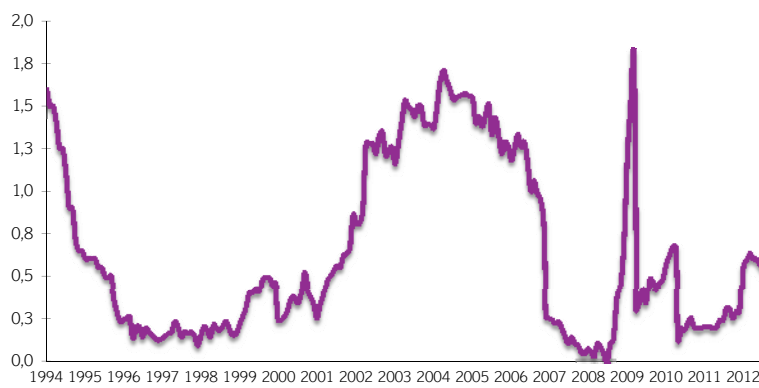
50

Equity / Assets Ratio 1993-2012



51

Financial Net Debt / Equity Ratio 1993-2012



52

Development of the financial net debt

during Jan-Jun 2012



SEK billion	
Financial net debt December 2011	-7.0
Investments	-2.1
Sales	+1.8
Cash flow from operating activities	+1.9
Currency and others *	-1.0
Financial net debt June 2012	-6.4

* Of this, SEK 0.4 is due to revaluation of financial instruments relating to IAS39 and SEK 0.2 relates to reclassification of assets from interest bearing receivables to aircraft.

53

Appendices



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

54

Breakdown of currency effects SAS Group 2012 vs 2011



Total revenues & costs currency effects		Apr-Jun	Jan-Jun
Total revenues & costs	USD	-253	-306
	DKK	1	1
	NOK	59	94
	EUR	1	1
	Asian currencies	42	57
	All others	21	25
	Total	-129	-128
Forward cover costs	2011	579	674
	2012	117	54
	Difference	-462	-620
Working capital	2011	26	14
	2012	3	-48
	Difference	-23	-62
Financial items	2011	22	19
	2012	22	38
	Difference	0	19
Total currency effects		-614	-791

55

Changes in currency exchange rates

affected the result by MSEK – 791 in Jan-Jun 2012 vs Jan-Jun 2011



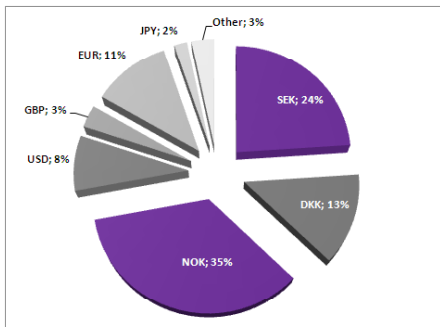
Currency effects MSEK on SAS Group 2012 vs 2011		Apr-Jun 2012	Jan-Jun 2012
<ul style="list-style-type: none"> Positive impact on revenue due to the weaker SEK, mainly in Q2 Negative impact on other operating costs due to the weaker SEK, mainly in Q2 Dissolution in 2011 of USD-hedges for aircraft amounted to MSEK 970 	Total revenue	308	437
	Total costs	-437	-565
	Forward cover costs & working capital	-485	-682
	Income before depreciation	-614	-810
	Financial items	0	19
	Income before tax	-614	-791

56

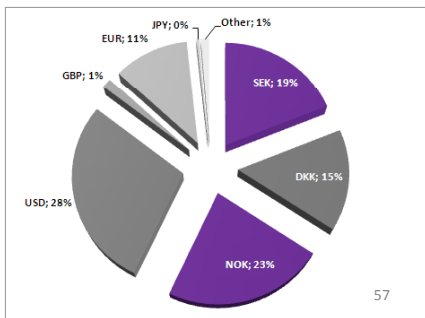
Currency distribution in the SAS Group 2011




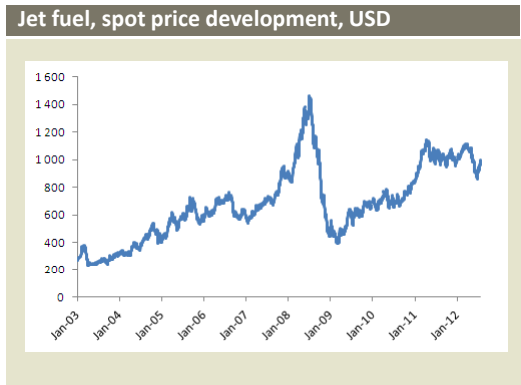
Revenues



Expenses



Jet fuel prices came down during Q2, but still at high levels

- ### Current hedges
- 58% of the consumption hedged for next 12 months
 - Only swaps and options
 - Due to falling jet fuel prices, the market value of the hedge portfolio was slightly negative in June
- ### Amended policy to offset fuel price volatility
- Hedging 40-80% of expected consumption (12 months rolling)
 - Up to 18 months hedging allowed
 - Yield management
 - Cost initiatives

SAS hedging position

- mostly options



SAS Group's jet fuel hedging portfolio	Q3 2012	Q4 2012	Q1 2013	Q2 2013
Jet fuel hedging proportion	67%	61%	54%	50%

SAS Group's jet costs in 2012 (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 7.8 bn	SEK 8.4 bn	SEK 9.0 bn	SEK 9.6 bn
1 000 USD/MT	SEK 8.2 bn	SEK 8.9 bn	SEK 9.6 bn	SEK 10.3 bn
1 200 USD/MT	SEK 8.5 bn	SEK 9.2 bn	SEK 9.9 bn	SEK 10.7 bn
1 400 USD/MT	SEK 8.8 bn	SEK 9.6 bn	SEK 10.4 bn	SEK 11.2 bn

59



60