



SAS Group Q4 2012

Media/analyst presentation

December 12, 2012

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Break-even result in 2012 despite 1.6 bn SEK higher fuel cost



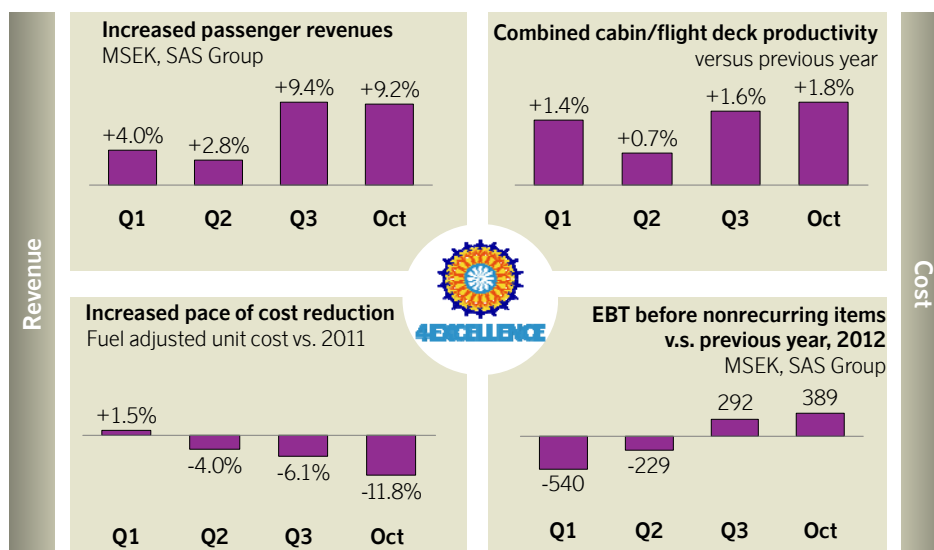
- 23 MSEK EBT (before non-recurring items) despite 1.6 bn SEK higher fuel cost
- Positive revenue development
 - Passenger revenue up 5.6% and 9.2% in Oct (currency adjusted)
 - Passenger growth 1 million in Jan-Oct
 - Successful leisure expansion during summer
- Increased pace in unit cost reductions. Unit cost (excl. fuel and currency adjusted) down 4% in Jan-Oct
- EBT of -1,2 bn SEK after restructuring costs related to the 4XNG



4EXCELLENCE

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Significant progress in KPIs



EBIT-margin improved in 2012 despite 1.6 bn SEK higher fuel cost



(MSEK)	Jan-Oct 2012	Share of revenue	Jan-Oct 2011	Share of revenue	Change (pp)
Total operating revenue	35,986		34,599*		
Payroll expenses	-10,605	29.5%	-10,925	31.6%	-2.1
Fuel	-8,035	22.3%	-6,465	18.7%	+3.6
Government charges	-3,539	9.8%	-3,418	9.9%	-0.1
Other operating expenses	-10,178	28.3%	-10,390	30.0%	-1.3
Total operating expenses	-32,357	89.9%	-31,198	90.2%	-0.3
EBITDAR before non-recurring items	3,629	10.1%	3,401	9.8%	+0.3
Leasing costs, aircraft	-1,303	3.6%	-1,273	3.7%	-0.1
Depreciation	-1,426	4.0%	-1,425	4.1%	-0.1
Share of income in affiliated companies	32	0.1%	32	0.1%	-0.0
EBIT before non-recurring items	932	2.6%	735	2.1%	+0.5
Financial items	-909	2.5%	-639	1.8%	+0.7
EBT before non-recurring items	23	0.1%	96	0.3%	-0.2
Non-recurring items	-1,268	3.5%	285	0.8%	
EBT	-1,245	-3.5%	381	1.1%	

* Excludes MSEK 380 in revaluation of Euro Bonus liability

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Key drivers point in the right direction



SAS Group

Traffic (RPK)

Passenger load factor

Scandinavian Airlines*

Passenger yield

Total unit revenue (RASK)

Total unit cost (excluding fuel)

	Q1'12	Q2'12	Q3'12	OCT'12	FY'12
Traffic (RPK)	↑ +5.1%	↑ +5.9%	↑ +7.6%	↑ +5.4%	↑ +6.2%
Passenger load factor	↑ +2.0 p.u.	↑ +1.0 p.u.	↑ +1.5 p.u.	↓ -1.0 p.u.	↑ +1.2 p.u.
Passenger yield	↓ -2.3%	↓ -2.7%	↑ +1.8%	↑ +3.1%	↓ -0.7%
Total unit revenue (RASK)	↑ +1.7%	→ +0.3%	↑ +3.6%	↑ +6.0%	↑ +2.2%
Total unit cost (excluding fuel)	↑ +1.5%	↓ -4.0%	↓ -6.1%	↓ -11.8%	↓ -4.0%

* Including Blue1 from March 2012

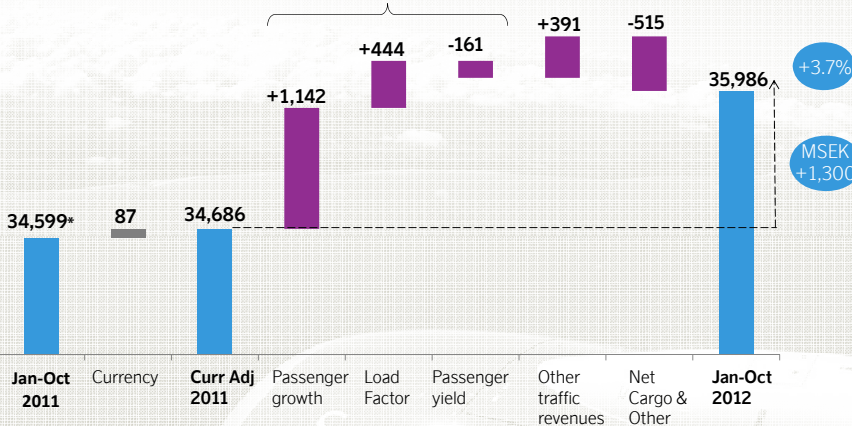
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Good top line development driven by improved load factor while increasing capacity



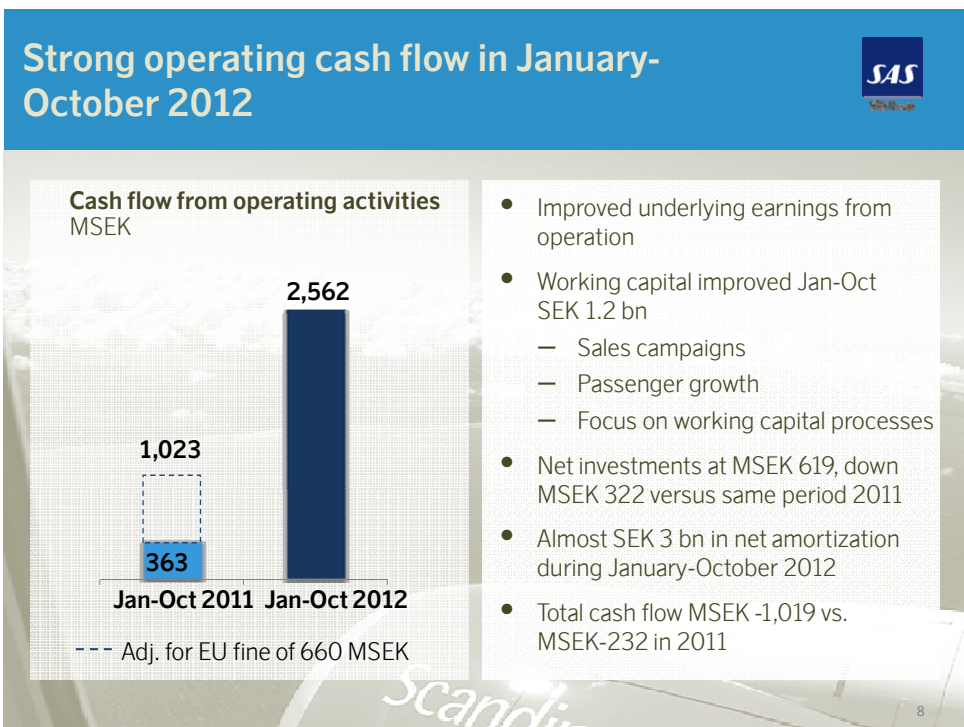
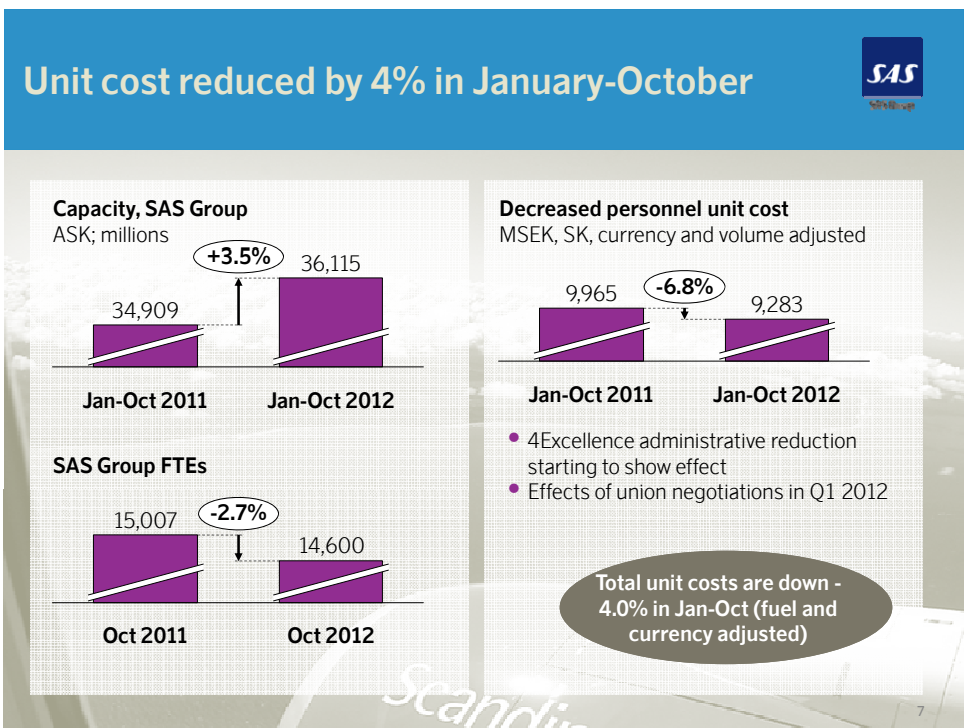
SAS Group

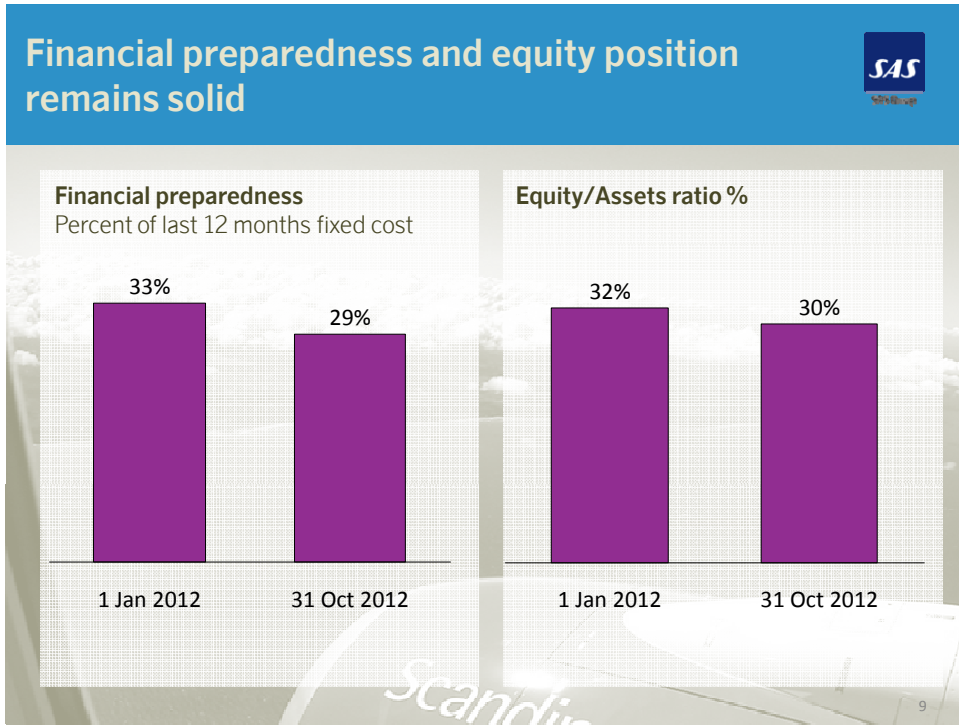
Passenger revenue currency adjusted approx MSEK +712




* Excludes MSEK 380 in revaluation of Euro Bonus liability






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The key strengths in SAS are the foundation for the future SAS




-  • Europe's most punctual major airline for three consecutive years 2009-2011
-  • Strong network and timetable with more than 150 non-stop routes with >255,000 yearly departures
-  • Largest frequent flyer program in Scandinavia, 2.8m members
-  • Strong product & service delivery
 - Mobile solutions
 - On-ground products (e.g. Fast Track)
-  • Strong brand

- SAS Group is #1 in the Nordics with 28m passengers
- SAS position in the corporate market is especially strong with a market share of approximately 55%
- Profitable leisure expansion during summer 2012



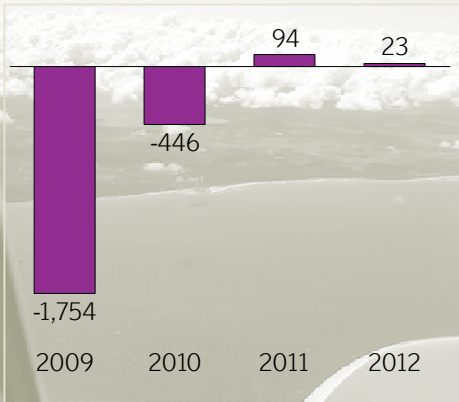
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However, there are three challenges that must be addressed



Group EBT before non-recurring items


Bn SEK



Year	Group EBT before non-recurring items (Bn SEK)
2009	-1,754
2010	-446
2011	94
2012	23


Key challenges







- 1 Excellence has reduced SAS' cost base, but **legacy costs and relatively low flexibility** still hamper SAS' ability to become profitable
- 2 New accounting standards for **pensions would result in a one-off write-down of SEK ~10 billion** and increased volatility going forward
- 3 SAS is too **dependent on external credit facilities** to maintain financial preparedness




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4Excellence Next Generation (4XNG) will address all remaining challenges




Initiatives	Main purpose			
	Cost	Flexibility	Cash	Equity
 New agreements for flying crew & maintenance personnel	✓	✓		
 New pension schemes	✓			✓
 Admin centralization, FTE reduction & adjustment of compensation to market based levels	✓			
 Outsourcing of ground handling & call centers		✓	✓	
 IT restructuring	✓	✓		
 Divestments				✓

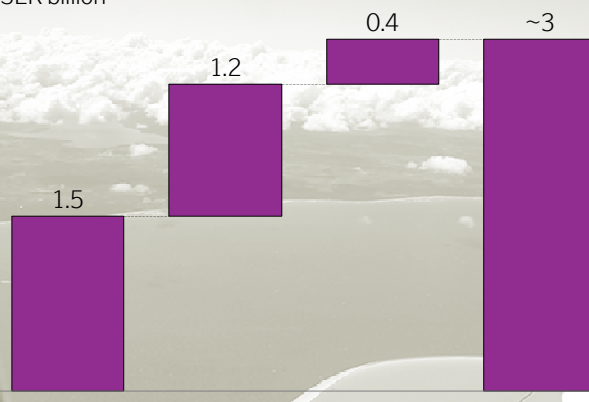
SEK ~3 bn
EBIT
effects in
plan
(~90%
labor-
related)



50% of the financial effects to come already in current fiscal year

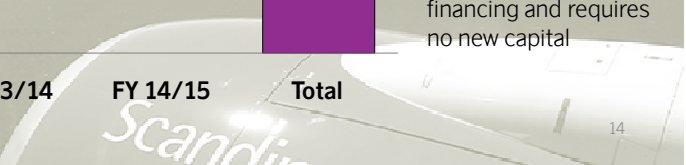


Incremental EBIT effects
SEK billion



Fiscal Year	Incremental EBIT Effects (SEK billion)
FY 12/13	1.5
FY 13/14	1.2
FY 14/15	0.4
Total	~3

- Restructuring cost and one-off implementation costs will be approximately SEK 1.5 billion (whereof ~0.9 bn included in total non-recurring items of 1.3 bn in fiscal year 2012)
- The 4XNG plan is self-financing and requires no new capital

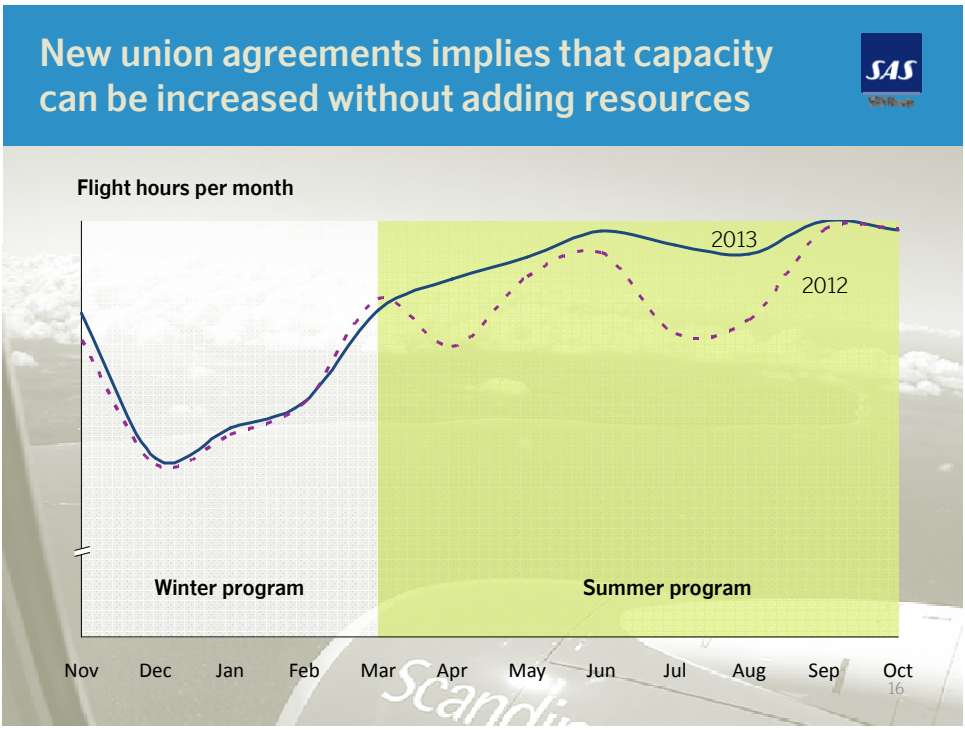


This is what future SAS will look like




Administrative locations	 3 administrative locations	 Administration centralized in SE
Divestments and consolidation	  	
No. of employees	 ~15,000	 ~9,000
Distribution of entire workforce in Scandinavia	 30%  34%  36%	 38%  31%  31%
Next generation fleet	 80%	 100%






New capacity makes it possible to launch 45 new routes in 2013



- 38 new routes launched in 2012
- July network profitability in 2012 was all-time-high
- In addition to 2012, 45 new routes will be opened in 2013
 - 11 routes from Sweden
 - 17 routes from Norway
 - 10 routes from Denmark
 - 7 routes from and within Finland



Our plan will create and accelerate profitable growth








Growth through fleet expansion

Growth through Optimization




Implementing 4Excellence Next Generation

Create a platform for profitability

2012-2013

2013-2014

2015

Outlook for 2012-13

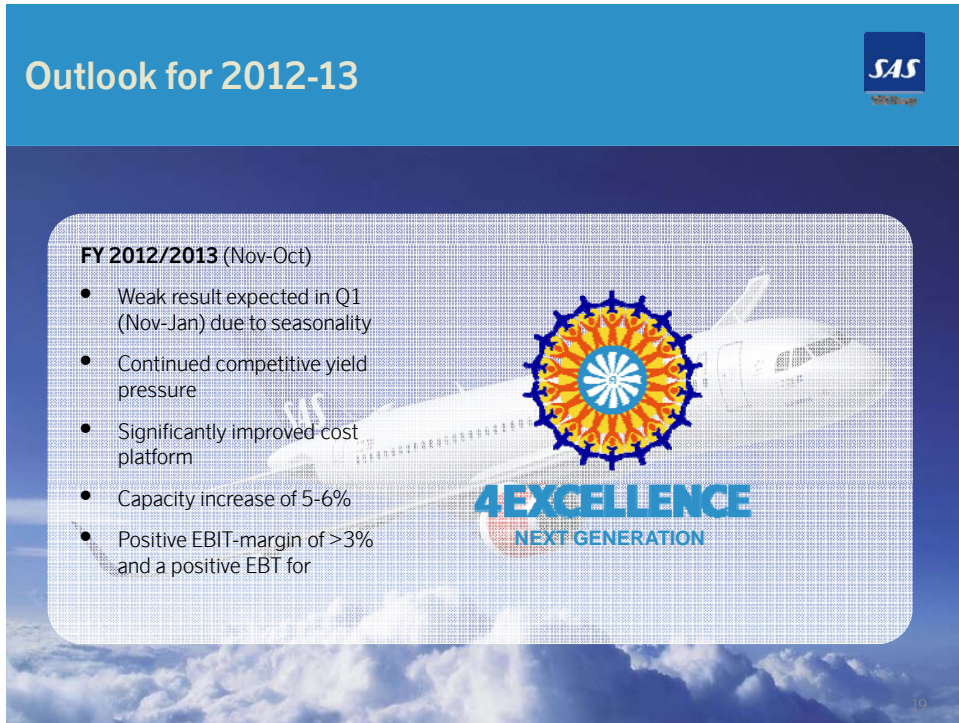


FY 2012/2013 (Nov-Oct)

- Weak result expected in Q1 (Nov-Jan) due to seasonality
- Continued competitive yield pressure
- Significantly improved cost platform
- Capacity increase of 5-6%
- Positive EBIT-margin of >3% and a positive EBT for



4EXCELLENCE
NEXT GENERATION



Thank you!

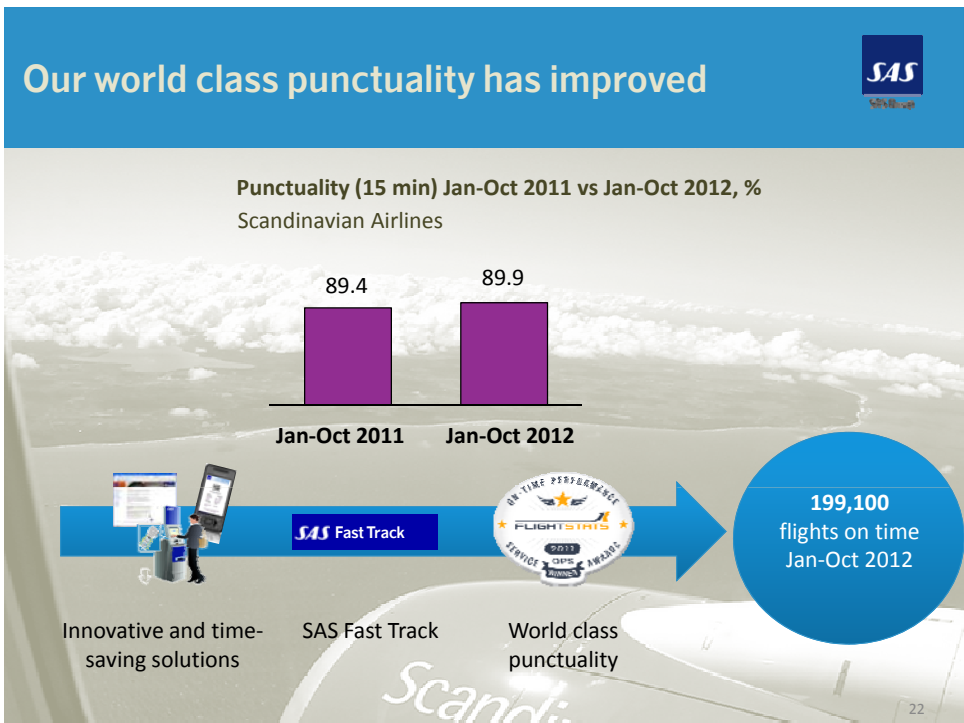


Appendices










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

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Modernization of fleet well in progress



SAS main aircraft	 Airbus A330/340-300 Scandinavian Airlines	 Airbus A319/A320/A321 Scandinavian Airlines	 Boeing 737-600/700/800 Scandinavian Airlines
SAS aircraft 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	

- SAS is phasing in 30 modern aircraft that will completely replace older generation aircraft
- 30 Airbus A320NEO to be delivered from 2016

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SAS Group fleet – October 2012



Aircraft Type	Age	Owned	Leased	Total	Leased out	Order
Airbus A330/340	10.4	5	6	11	0	
Airbus A321/A320/A319	8.8	4	10	14	0	30
Boeing 737 Classic	19.4	0	10	10	0	
Boeing 737 NG	11.4	23	49	72	0	
Boeing 717	12.2	0	9	9	0	
Douglas MD-80-series	23.1	13	8	21	0	
Douglas MD-90-series	-	8	0	8	8	
Avro RJ-85	-	0	5	5	1	
deHavilland Q-series	14.7	32	10	42	0	
Bombardier CRJ900 NG	3.4	12	0	12	0	
Total	13.1	97	107	204	9	30
Split per Airline						
SAS				156	9	30
Widerøe				39		
Leased out aircraft				9		
Total				204	9	30

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

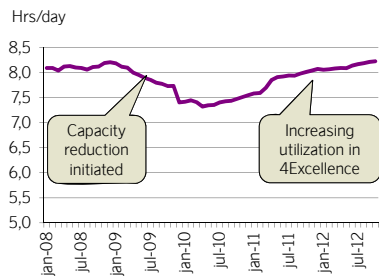
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Productivity development



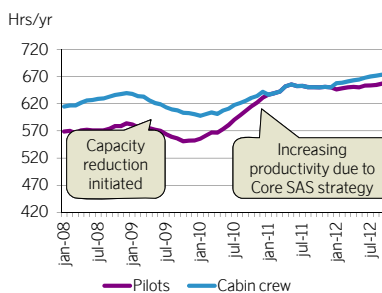
Scandinavian Airlines

Aircraft utilization (12 months rolling)



Scandinavian Airlines

Cabin, pilot utilization (12 months rolling)



Block hours, 12 months rolling, Sep 2012	Aircraft, hours/day	Pilots, hours/year	Cabin, hours/year
Scandinavian Airlines	8.2	659	674
Widerøe	6.9	485	494
Blue1	6.6	609	684

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Yield and RASK development



Yield, SEK Currency adj	Oct	Jan-Oct
	3.1%	-0.7%*

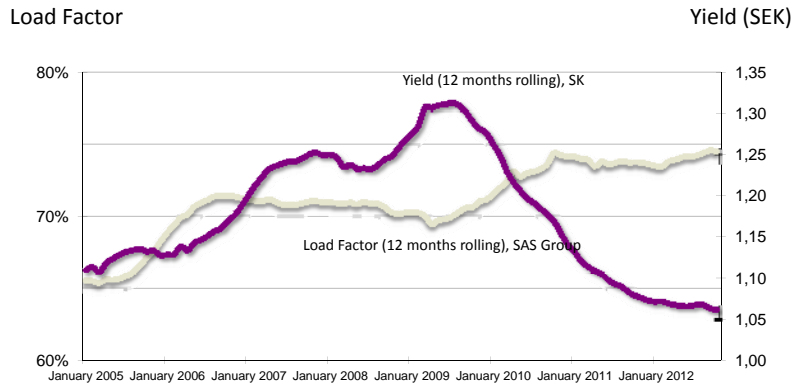
Yield, SEK Currency adj	Oct	Jan-Oct
	7.8%	3.5%

RASK, SEK currency adj	Oct	Jan-Oct
	6.0%	2.2%

RASK, SEK currency adj	Oct	Jan-Oct
	8.1%	0.1%

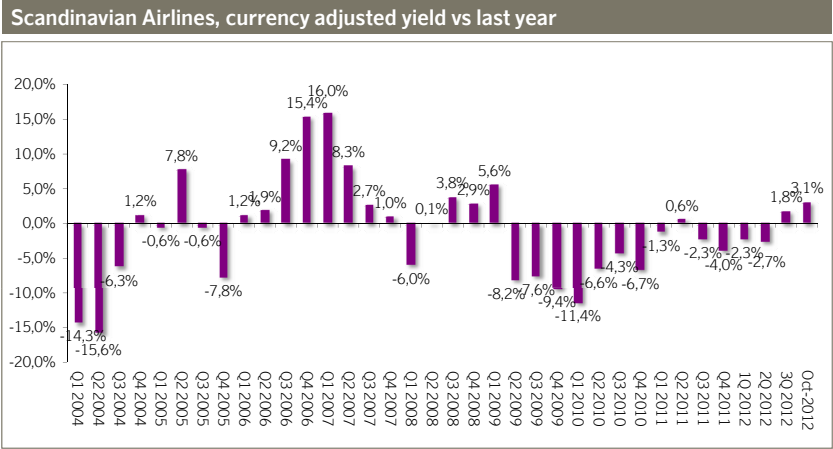
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Stabilizing yield, with strong load factor

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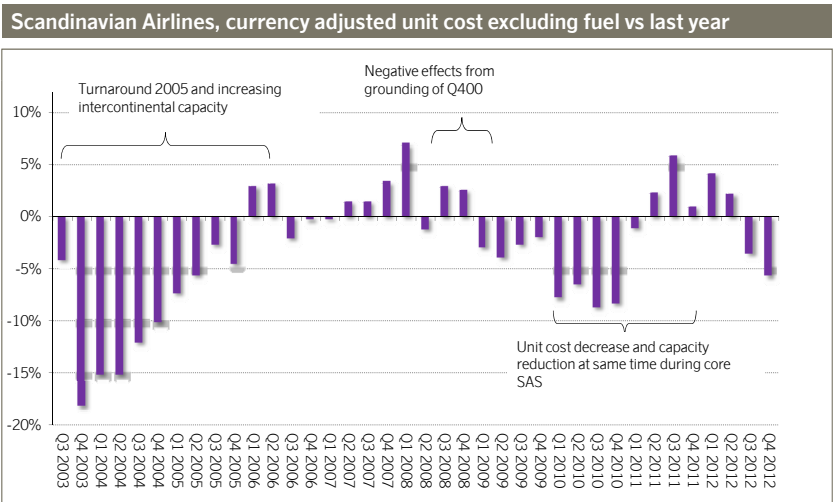
Quarterly yield development

Note: Including Blue1 from March 2012

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Quarterly unit cost development

Note: Including Blue1 from March 2012

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Breakdown of unit cost in Q4 2012



Scandinavian Airlines, SEK, currency adjusted

Unit cost breakdown	Oct 2012	Oct 2011	Var, %	Share of total var, %
Payroll expenses	-795	-1,026	-22.5%	-7.8%
Jet fuel	-787	-690	14.1%	3.3%
Government user fees	-345	-353	-2.0%	-0.2%
Selling and distribution costs	-207	-186	11.1%	0.7%
Handling costs	-129	-144	-10.3%	-0.5%
Technical aircraft maint.	-215	-196	9.8%	0.6%
Other operating expenses	-36	-87	-	-1.8%
Total operating expenses	-2,515	-2,682	-6.2%	-5.7%
Leasing costs for aircraft	-131	-123	6.5%	0.3%
Depreciation	-133	-142	-6.5%	-0.3%
Adjusted EBIT	-2,778	-2,946	-5.7%	-5.7%

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Breakdown of unit cost Jan-Oct 2012



Scandinavian Airlines, SEK, currency adjusted

Unit cost breakdown	Jan-Oct 2012	Jan-Oct 2011	Var, %	Share of total var, %
Payroll expenses	-9,283	-9,965	-6.8%	-2.4%
Jet fuel	-7,658	-6,765	13.2%	3.2%
Government user fees	-3,281	-3,246	1.1%	0.1%
Selling and distribution costs	-1,830	-1,938	-5.6%	-0.4%
Handling costs	-1,293	-1,417	-8.8%	-0.4%
Technical aircraft maint.	-1,899	-1,929	-1.5%	-0.1%
Other operating expenses	-527	-331	-	0.7%
Total operating expenses	-23,770	-25,592	0.7%	0.6%
Leasing costs for aircraft	-1,273	-1,356	-6.1%	-0.3%
Depreciation	-1,296	-1,350	-4.0%	-0.2%
Adjusted EBIT	-28,339	-28,298	0.1%	0.1%

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Appendices



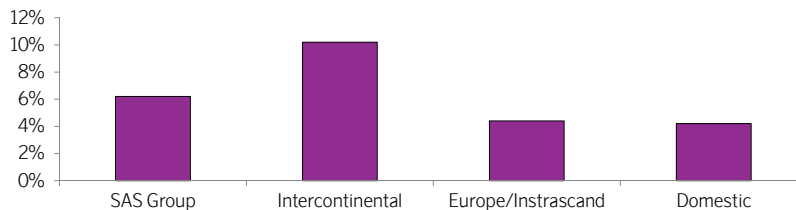
- Fleet & productivity
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Strong traffic growth on intercontinental routes



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



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ASK outlook for financial year 2012/13



ASK outlook for November 2012 – October 2013

Scheduled	Financial year 2012/13 vs 2011/12
SAS Group	+5-6%
Scandinavian Airlines	+5-6%
Widerøe	6-8%

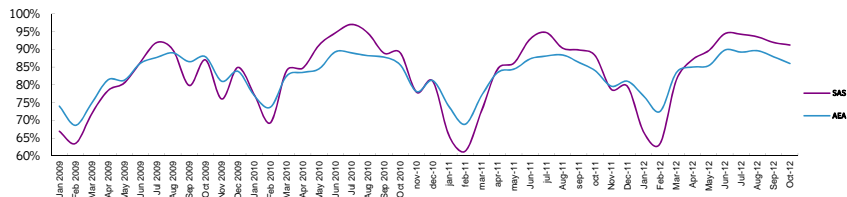
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Development – North Atlantic routes




- Traffic development January – October 2012
 - SK traffic up 6.1%
 - AEA traffic up 3.8%
- SAS to launch Copenhagen-San Francisco in April 2013
- SAS improved load factors in 2012
- SAS load factors lower than AEA

Load factor

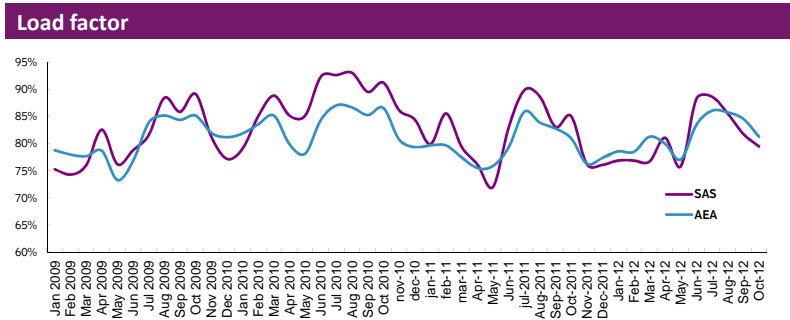


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Development – Asian routes



- Scandinavian Airlines serving Bangkok, Beijing and Tokyo from Copenhagen
 - Bangkok to become a seasonal route from April 2013
- Copenhagen-Shanghai opened in March 2012
- Traffic development January-October 2012:
 - AEA traffic up 5.6%
 - SAS traffic down 16.9%

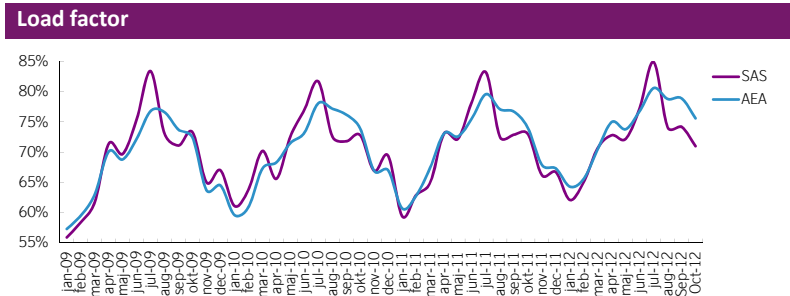


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Development – Cross border European routes


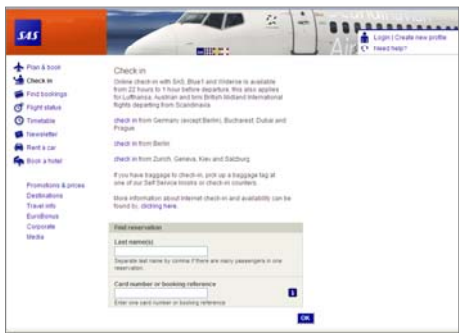
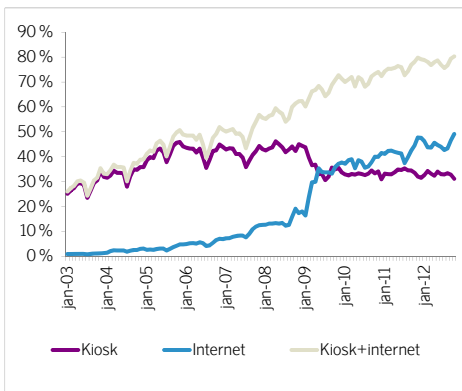


- 38 new routes launched in 2012 (including Shanghai)
- Traffic development January-October 2012:
 - AEA traffic up 4.6%
 - SAS traffic up 5.9%
- SAS load factor in line with AEA



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Use of internet check-in continues to increase

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Appendices



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

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New financial targets



		Long term: FY 14/15	
NEW	Profitability EBIT %	>8%	1
NEW	Equity ratio Equity/Assets, %	>35%	2
NEW	Financial preparedness Cash & unutilized credit facilities / Fixed cost	>20% (70 days)	3

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Overview of available funds – October 2012



Available funds, SEK billion	Oct 2012	Maturity
Liquid funds	2.8	
Undrawn portion of credit facilities		
Revolving Credit Facility, MEUR 366 (total SEK 3.0bn)	3.2	Jun 2013
Revolving Credit Facility, MUSD 86 (total SEK 0.6 bn)	0.0	Apr 2013
Credit Facility, MUSD 125 & 70 (total SEK 1.3 bn)	0.3	Jan 2016 & Oct
Bi-lateral Revolving Credit Facilities (total SEK 1.3 bn)	1.3	Jun 2013
Others (MUSD 125)	0.6	Oct 2019
Total undrawn credit facilities	5.3	
Total available funds	8.1	
Total credit facilities	7.1	
Drawn portion of credit facilities	1.8	
Undrawn portion of credit facilities	5.3	

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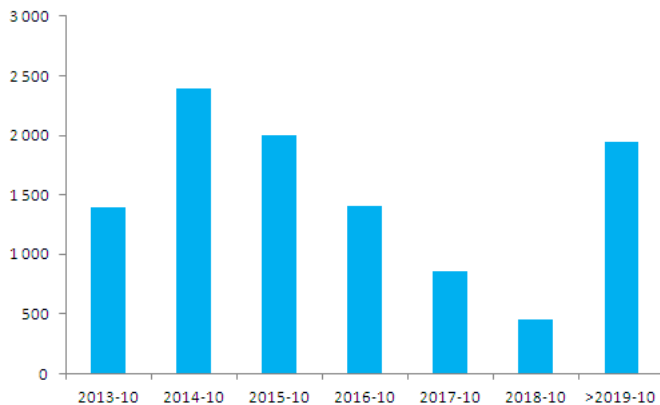
Description of new Revolving Credit Facility

Amount	<ul style="list-style-type: none"> • New facility of SEK 3.5 billion replaces old facility of SEK 3.1 billion
Lenders	<ul style="list-style-type: none"> • Seven of the existing RCF banks • The Kingdom of Denmark, The Kingdom of Norway, The Swedish state • KAW • All lenders participate in credit facility pari passu
Prerequisite Conditions	<ul style="list-style-type: none"> • Signed agreement with Flight Deck and Cabin Crew in accordance with the 4XNG business plan • Projected gross savings from administration restructuring in line with 4XNG business plan

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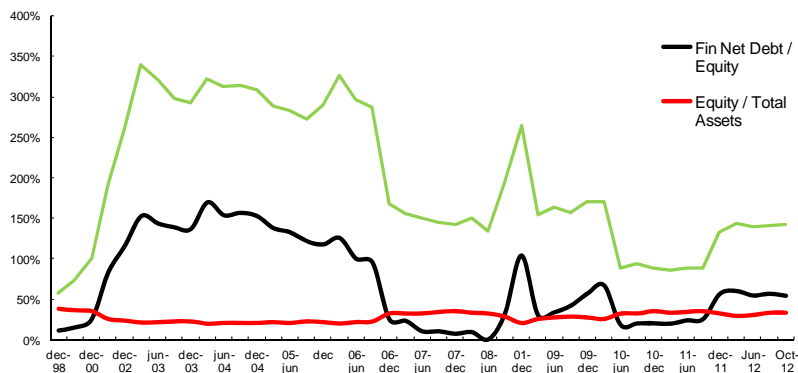
Amortization profile

Scheduled amortization profile as of October 2012, MSEK



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Gearing ratios impacted by Spanair, but has stabilized since Q2 2012



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SAS Group

Financial Net January - October




MSEK	Jan-Oct 2012	Jan-Oct 2011	Difference
Interest net and others	-960	-662	-298
Exchange rate differences	+1	+15	-14
Financial net	-959	-647	-312

MSEK	Oct 2012	Oct 2011	Difference
Interest net and others	-145	-96	-49
Exchange rate differences	+7	0	+7
Financial net	-138	-96	-42

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Development and Break Down

Financial Net Debt

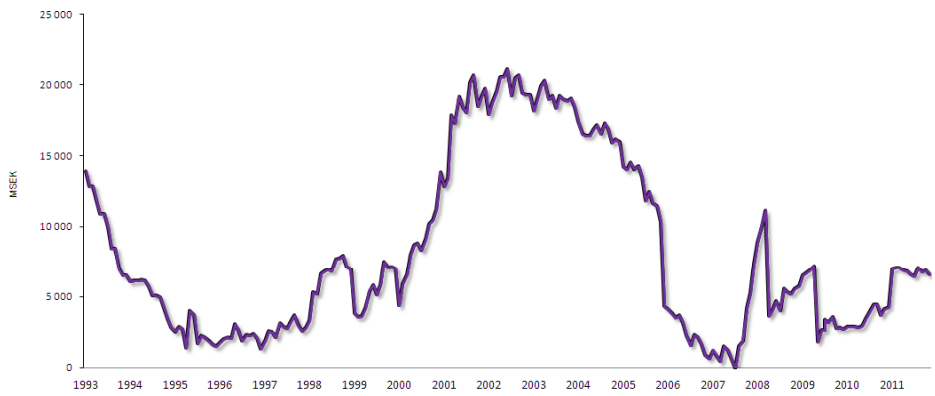


MSEK	31 Oct 2012	31 Dec 2011	Difference
Cash	2,789	3,808	-1,019
Other interest bearing assets	1,549	2,513	-964
Interest bearing liabilities	-10,887	-13,338	+2,451
Financial net debt	-6,549	-7,017	+468

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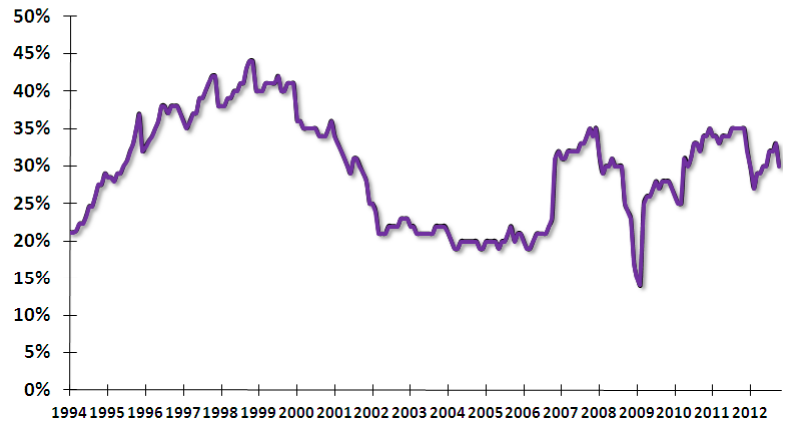
Development of financial net debt

1993-2012

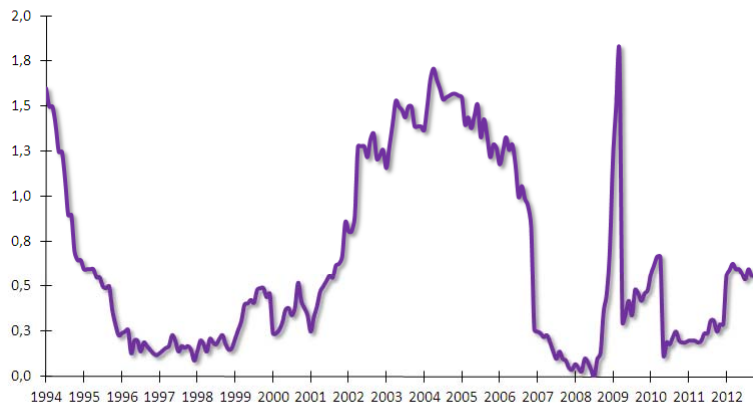
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Equity / Assets Ratio 1993-2012



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Financial Net Debt / Equity Ratio 1993-2012



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Development of the financial net debt

Jan-Oct 2012



SEK billion	
Financial net debt December 2011	-7.0
Investments	-2.6
Sales	+1.9
Cash flow from operating activities	+2.6
Others*	-1.4
Financial net debt October 2012	-6.5

* Of this, SEK 0.3 billion is due to revaluation of financial instruments relating to IAS39 and SEK 0.2 billion relates to reclassification of assets from interest bearing receivables to aircraft

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Strong cash flow generation during January-October 2012



	Jan-Oct 2012	Jan-Oct 2011
Cash flow from operations	2,624	363
Net investments	-688	-1,010
Financing / Amortization	-2,954	406
<i>Change of liquid funds</i>	<i>-1,018</i>	<i>-241</i>

Scandinavian

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Appendices



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

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Breakdown of currency effects SAS Group



Total revenues & costs currency effects		Oct 2012 vs 2011	Jan-Oct 2012 vs 2011
Total revenues & costs	USD	40	-434
	DKK	3	4
	NOK	-15	29
	EUR	-1	-4
	Asian currencies	-4	71
	All others	-3	20
	Total	20	-314
Forward cover costs	2011	-81	592
	2012	-10	75
	Difference	71	-517
Working capital	2011	35	20
	2012	38	-46
	Difference	3	-66
Financial items	2011	-17	15
	2012	7	1
	Difference	24	-14
Total currency effects		118	-911

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Changes in currency exchange rates

affected the result by MSEK -911 in Jan-Oct 2012 vs Jan-Oct 2011



Currency effects MSEK on SAS Group 2012 vs 2011	Oct 2012	Jan-Oct 2012
<ul style="list-style-type: none"> • Positive impact on revenue due to the weaker SEK, mainly in Q2. In Q3 and October the SEK strengthened against other currencies. • Negative impact on other operating costs due to the weaker SEK, mainly in Q2. • Dissolution of USD-hedges for aircraft in 2011 amounted to MSEK 970. 	<p>Total revenue</p> <p>Total costs</p> <p>Forward cover costs & working capital</p> <p>Income before depreciation</p> <p>Financial items</p> <p>Income before tax</p>	<p>87</p> <p>-401</p> <p>-583</p> <p>-897</p> <p>-14</p> <p>-911</p>
	-138	158
	74	94
	24	118

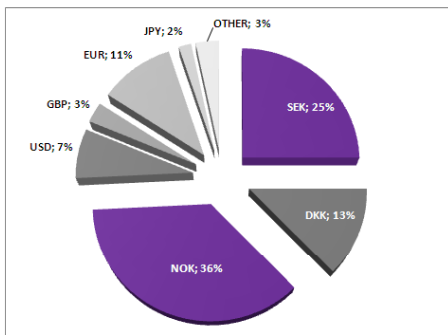
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Currency distribution in SAS Group

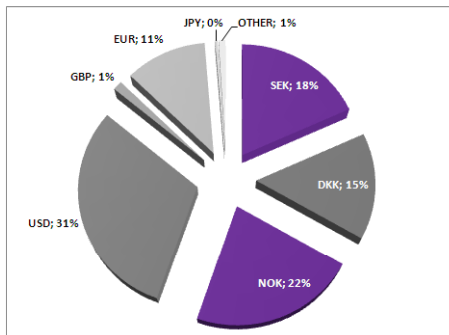
Jan-Oct 2012



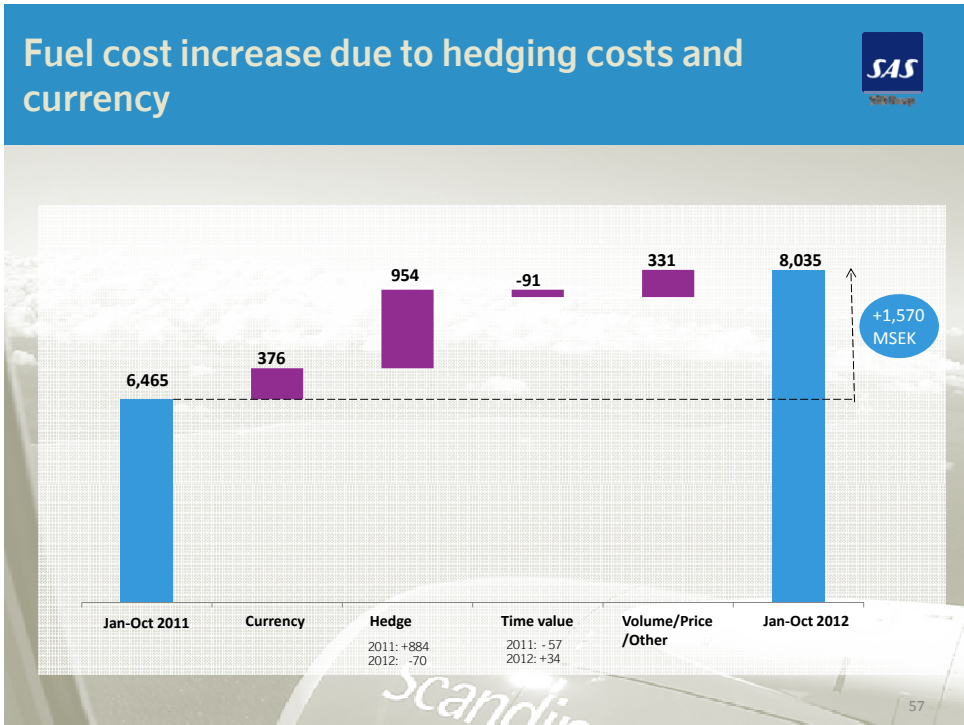
Revenue



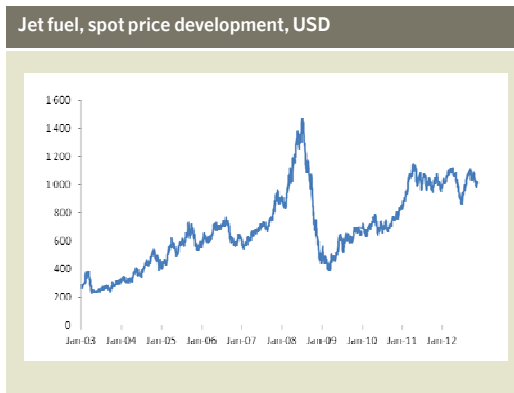
Expenses



56



Jet fuel prices have stabilized at historically high levels



- #### Current hedges
- 50% 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



SAS Group's jet fuel hedging portfolio

	Nov-Jan 2013	Feb-Apr 2013	May-Jul 2013	Aug-Oct 2013
Jet fuel hedging proportion	72%	54%	53%	21%

SAS Group's jet fuel costs in 2012/13 (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 5.9 bn	SEK 7.0 bn	SEK 8.2 bn	SEK 9.4 bn
1,000 USD/MT	SEK 7.0 bn	SEK 8.4 bn	SEK 9.8 bn	SEK 11.2 bn
1,200 USD/MT	SEK 7.9 bn	SEK 9.4 bn	SEK 11.0 bn	SEK 12.6 bn
1,400 USD/MT	SEK 8.8 bn	SEK 10.5 bn	SEK 12.3 bn	SEK 14.1 bn