CLEAR STRATEGY GENERATES HIGHER REVENUE

MAY 2016 – JULY 2016

- **Income before tax: MSEK 1,036 (1,031)**
- **Income before tax and nonrecurring items: MSEK 1,003 (996)**
- **Revenue: MSEK 11,133 (10,973)**
- **Unit revenue (PASK) declined 3.5%[1]**
- **Unit cost (CASK) decreased 0.3%[2]**
- **EBIT margin: 10.4% (10.4%)**
- **Net income for the period: MSEK 805 (800)**
- **Earnings per common share: SEK 2.17 (2.16)**
- **The outlook for the full year 2015/2016 is retained, see page 8.**

1) Currency adjusted.

2) Currency adjusted and excluding jet fuel.

NOVEMBER 2015 – JULY 2016

- **Income before tax: MSEK 854 (550)**
- **Income before tax and nonrecurring items: MSEK -2 (-164)**
- **Revenue: MSEK 28,324 (28,747)**
- **Unit revenue (PASK) declined 8.1%[1]**
- **Unit cost (CASK) decreased 2.6%[2]**
- **EBIT margin: 4.3% (3.3%)**
- **Net income for the period: MSEK 730 (439)**
- **Earnings per common share: SEK 1.42 (0.54)**

COMMENTS BY THE PRESIDENT AND CEO OF SAS:

"Income before tax amounted to MSEK 1,036 for SAS in the third quarter. Excluding the effects of the June strike in Sweden, earnings were up slightly more than MSEK 140 year-on-year, which was mainly attributable to increased revenue from more travelers choosing SAS. Earnings were also positively impacted by lower jet-fuel costs, which were largely counteracted by negative currency effects and higher technical maintenance costs.

The quarter's results showed that our strategy of focusing on frequent travelers is working. During the quarter, 226,000 more travelers flew with us and the number of EuroBonus members rose by 120,000 to a total of 4.5 million. Members have also increased their travel by 5.5%, which is more than SAS's other customers and this demonstrates increased customer loyalty. Our expanded offering and enhanced products to summer destinations have resulted in more people also choosing SAS for weekend and leisure travel.

Competition remains intense, which has led to continued pressure on yields and, at the same time, uncertainty in the macro environment has increased. Together with future financing needs for aircraft and maturing loans, this underlines the importance for us to continue to work intensively with streamlining operations, strengthening our financial position and leveraging our customer investments.

Ahead of the autumn, we are looking forward to launching the new Miami route and to welcoming our travelers on board our first brand new and fuel-efficient Airbus A320neo," says Rickard Gustafson, SAS President and CEO.

INCOME AND KEY RATIOS

Key ratios (MSEK)	Q3	Q3	Q1–3	Q1–3	Rolling 12 months	Rolling 12 months
	May–Jul 2016	May–Jul 2015	Nov–Jul 2015–2016	Nov–Jul 2014–2015	Aug–Jul 2015–2016	Aug–Jul 2014–2015
Revenue	11,133	10,973	28,324	28,747	39,227	39,713
EBIT margin	10.4%	10.4%	4.3%	3.3%	6.4%	1.7%
Income before tax and nonrecurring items	1,003	996	-2	-164	1,336	625
Income before tax, EBT	1,036	1,031	854	550	1,721	100
Net income for the period	805	800	730	439	1,247	136
Cash flow from operating activities	430	493	2,376	1,603	3,809	2,379

	Jul 31, 2016	Oct 31, 2015	Jul 31, 2015	Jul 31, 2014
Equity/assets ratio	17%	21%	21%	21%
Financial preparedness (target >20% of fixed costs)	39%	40%	35%	37%
Shareholders' equity per common share, SEK	4.48	8.10	7.95	7.16

COMMENTS BY THE CEO

- **Income before tax was MSEK 1,036 (1,031)**
- **The pilot strike had a negative impact on earnings of about MSEK 140**
- **226,000 increase in passenger numbers**
- **120,000 more EuroBonus members**
- **Successful expansion on SAS's intercontinental routes and a strong trend for the new Los Angeles route**

Income before tax amounted to MSEK 1,036 for SAS in the third quarter. Excluding the effects of the June strike in Sweden, earnings were up slightly more than MSEK 140 year-on-year, which was mainly attributable to increased revenue from more travelers choosing SAS. Earnings were also positively impacted by lower jet-fuel costs, although these were largely counteracted by negative currency effects and higher technical maintenance costs.

During the quarter, competition remained intense, which has led to continued pressure on yields and, at the same time, uncertainty in the macro environment has increased. Together with future financing needs for aircraft and maturing loans, this underlines the importance for us to continue to work intensively with streamlining operations, strengthening our financial position and leveraging our customer investments.

STRENGTHENED OFFERING DELIVERS RESULTS

The quarter's results showed that our strategy of focusing on frequent travelers is working. During the quarter, 226,000 more travelers flew with us and the number of EuroBonus members rose by 120,000 to a total of 4.5 million. Members have also increased their travel by 5.5% during the quarter, which is more than SAS's other customers and demonstrates increased customer loyalty. Our expanded offering and enhanced products to summer destinations have resulted in more people also choosing SAS for weekend and leisure travel. This was reflected when July posted the highest load factor ever for a single month and travel with SAS Plus on our leisure routes increased 18% during the quarter. For a considerable time, we have been working on strengthening our corporate offering, SAS Credits, to small and medium-sized enterprises, which comprise a key target group among frequent travelers. Accordingly, it was pleasing to note that we had gained 7,500 new SAS Credits customers compared with the year-earlier period and, at the same time, we have noted increased travel.

One year ago, we started our major intercontinental venture, which has been very well-received and never before have so many travelers flown on SAS's long-haul routes in a single quarter. The success is also reflected in the 14% increase in currency-adjusted revenue for Business Class during the quarter. At the end of September, we are opening the new Miami route, which will become our eleventh intercontinental destination, with SAS having opened new routes over the past year to Hong Kong, Los Angeles and Boston. In addition, all long-haul aircraft have now been upgraded with our new cabin interiors.

The next step is to expand the investment in our product within Scandinavia and Europe. In October, we are phasing in our first Airbus A320neo, which is expected to be 15-20% more fuel-efficient per seat kilometer than our current Airbus A320s. In addition, we are starting a concurrent upgrade of cabin interiors for the aircraft fleet in Europe and in conjunction with this, we have decided to install Wi-Fi on all Airbus A320s and Boeing 737s. SAS's new Wi-Fi will be significantly better and faster than existing Wi-Fi in the market. In addition to being an appreciated enhancement for our customers, the investment will also comprise a platform for our continued digitization and streamlining of operations.

Our digital investment, which is aimed at providing a more tailored customer experience and a smoother journey, continues. Soon all our cabin crew will have been equipped with an iPad to enable a more personal level of service at the same time as comprising an efficient tool. In the autumn, we are bringing an entirely new digital platform into service, which will allow us to upgrade our website and app, as well as our platform for the EuroBonus program.

A MORE FLEXIBLE PRODUCTION

SAS has deliberately built a production model that has never previously been established in Europe. The model is based on us operating larger aircraft and on four strategic partners managing production with smaller aircraft on those routes with lower demand. This production model allows us to streamline our own aircraft fleet at the same time as we can increase flexibility to thereby meet varying customer demand over the year. In the spring and summer of 2016, we phased in eight brand-new CRJ900s, which are operated by CityJet. This meant that in the summer we had greater capacity to realign production and fly larger aircraft on leisure routes to southern Europe, at the same time as we were able to maintain a broad network in Scandinavia with the smaller leased-in aircraft. This contributed to traffic on the leisure routes increasing 8% in July. We have identified potential to further expand this cost-efficient production moving forward to more rapidly meet demand from our customers.

We have decided to retain our own ground handling services at our primary airports and are continuing to strengthen quality and productivity. Baggage handling in Copenhagen is one example of where new processes have been introduced. This helped achieve a year-on-year reduction in delayed baggage of almost 20% in June and July, despite an increase in the quantity of luggage with short transfer times of 46%.

A key element of the efficiency enhancements is increasing cost-base flexibility. We are achieving this through increased seasonal adjustment, optimized scheduling and outsourcing, for example the ground handling services at line stations in Norway that were outsourced earlier this year. The efficiency enhancements we have implemented are reflected in a larger proportion of variable costs and have helped reduce payroll expenses by 8% over the last 12 months.

In the third quarter, the combined effects from SAS's program of cost measures amounted to MSEK 165. This contributed to a 0.3% fall in the currency-adjusted unit cost, excluding jet fuel, in the quarter. Over the fiscal year, we will achieve a total effect of about MSEK 700. In the spring, we reprioritized resources from the cost program and expanded the traffic reserve to improve production stability. This has had results and in July, regularity amounted to 99.6%.

FINANCIAL POSITION AND OUTLOOK

Improved profitability is a precondition for developing our business and strengthening our financial position to, thereby, reduce our total financing cost. Accordingly, during the quarter, we have worked with the strategically important financing of our aircraft order for 30 Airbus A320neos. There has been substantial interest and we have now signed letters of intent for the financing of these aircraft with deliveries in 2016 to 2017. We are retaining the outlook for 2015/2016, which is presented on page 8.

On August 1, we celebrated 70 years as Scandinavia's leading airline and, in the global world we live in, our mission feels more important than ever; to offer smooth journeys to, from and within Scandinavia. Together with our customers, we share a passion and interest for travel, and this is what drives us when we strengthen our offering to make life easier for frequent travelers in Scandinavia.

Stockholm, September 8, 2016

Rickard Gustafson
President and CEO

COMMENTS ON SAS'S FINANCIAL STATEMENTS

MARKET AND TRAFFIC TRENDS

As expected, competition has intensified in 2016 following limited capacity growth in 2015.

Measured in the number of seats offered, capacity to, from and within Scandinavia increased 5.3% from November 2015 to July 2016. Capacity growth was largest on routes between Scandinavia and Europe and was driven by low cost carriers (LCCs). At the same time, the total number of passengers increased about 5.7%. Capacity increased 3.4% in the third quarter and the number of passengers rose 4.6%.

In the first nine months of the fiscal year, SAS increased scheduled traffic, RPK, by 9.2% and by 9.8% in the third quarter. The increase was attributable to SAS opening three new intercontinental routes and, in parallel, increasing frequencies compared with last year on five intercontinental routes. Furthermore, SAS increased production of leisure routes, mainly to southern Europe, which also contributed to SAS's total traffic growth. Demand in the Swedish market remained strong. Despite a weaker performance in the oil industry, demand in Norway as a whole continued to trend positively.

Unit revenue (PASK) declined 8.1% over the first nine months and 3.5% in the third quarter. Unit revenue was impacted to a great extent by the increased production on SAS's long-haul routes.

Further details on the traffic trend for SAS are available on page 17.

EARNINGS ANALYSIS MAY – JULY 2016

SAS's operating income was MSEK 1,158 (1,142). Income before tax amounted to MSEK 1,036 (1,031) and income after tax was MSEK 805 (800). The tax expense totaled MSEK -231 (-231). The exchange-rate trend had a negative impact on revenue of MSEK -268 and a negative effect on operating expenses of MSEK -166. Accordingly, the exchange-rate trend had a negative impact on operating income of MSEK -434 for the quarter.

The pilot strike had a negative impact on earnings of about MSEK 140.

Revenue for SAS amounted to MSEK 11,133 (10,973). After adjustment for currency effects, revenue was up MSEK 428 year-on-year. Currency-adjusted passenger revenue increased 4.3%, primarily due to higher traffic. Charter revenue (currency adjusted) rose 10.8%, which was attributable to higher volumes. Currency-adjusted freight revenue also declined in the quarter and posted a year-on-year decline of 0.7% resulting from price pressure in the market.

SAS's total capacity (ASK) increased 8.9%, primarily attributable to the increase in intercontinental traffic. This contributed to a decrease in the unit cost (CASK) adjusted for currency and jet fuel of 0.3%

Payroll expenses amounted to MSEK -2,275 (-2,386). After adjustment for currency, payroll expenses declined 2.6% year-on-year. Outsourcing reduced costs by MSEK 170, the cost program decreased costs by MSEK 90 and the increase in volume together with salary increases negatively impacted payroll expenses by slightly more than MSEK 160 compared with last year.

Other operating expenses amounted to MSEK -6,684 (-6,503). These expenses largely comprised jet fuel, which amounted to MSEK -1,765 (-2,344). Adjusted for currency, jet-fuel costs declined 24.1%. The falling price of oil had a positive effect of MSEK 468, hedge effects (including the effect of time value) had a positive impact of MSEK 222, volume had a negative effect of MSEK -143 and currency had a positive effect of MSEK 18 year-on-year. Technical maintenance costs, which are included in other operating expenses, amounted to MSEK -799 (-603). This increase was mainly attributable to expenses on the return of leased aircraft, changed assessments for future engine maintenance and an increase in heavy maintenance. SAS is currently in a period where more aircraft are undergoing heavy maintenance.

During the period, implementation of the ongoing restructuring program resulted in efficiency enhancements of about MSEK 165.

Leasing costs amounted to MSEK -737 (-659). Adjusted for currency effects, leasing costs increased 12.5%.

Net financial items for SAS amounted to MSEK -122 (-111), of which net interest expense was MSEK -113 (-101). The negative year-on-year change pertaining to net financial items was primarily due to lower interest income on currency derivatives. Total nonrecurring items amounted to MSEK 33 (35), and pertained to capital gains from aircraft transactions.

EARNINGS ANALYSIS NOVEMBER 2015 – JULY 2016

SAS's operating income was MSEK 1,212 (943). Income before tax amounted to MSEK 854 (550) and income after tax was MSEK 730 (439). Earnings included repayment of the fines from the European Commission of MSEK 655 this year and MSEK 678 from the sale of slot pairs last year. The tax expense totaled MSEK -124 (-111). The exchange-rate trend had a negative impact on revenue of MSEK -638 and a negative effect on operating expenses of MSEK -672. Accordingly, the exchange-rate trend had a negative impact on operating income of MSEK -1,310 for the period or MSEK -1,322 including net financial items.

The pilot strike had a negative impact on earnings of about MSEK 140.

Revenue for SAS amounted to MSEK 28,324 (28,747). After adjustment for currency effects, revenue was up MSEK 215 year-on-year. Currency-adjusted passenger revenue increased 1.3%, primarily due to higher traffic. Charter revenue (currency adjusted) rose 4.8%, which was attributable to higher volumes. Currency-adjusted freight revenue declined in the period and posted a year-on-year decline of 2.4% resulting from price pressure in the market.

SAS's total capacity (ASK) increased 10.0%, primarily attributable to the increase in intercontinental traffic. This contributed to a decrease in the unit cost (CASK) adjusted for currency and jet fuel of 2.6%.

Payroll expenses amounted to MSEK -6,920 (-7,303). After adjustment for currency, payroll expenses declined 2.6% year-on-year. Outsourcing reduced costs by MSEK 400, the cost program decreased costs by MSEK 280 and the increase in volume together with salary increases negatively impacted payroll expenses by slightly more than MSEK 440 compared with last year.

Other operating expenses amounted to MSEK -17,282 (-18,306). These expenses largely comprised jet fuel, which amounted to MSEK -4,490 (-6,666). Adjusted for currency, jet-fuel costs declined 34.9%. The falling price of oil had a positive effect of MSEK 1,800, hedge effects (including the effect of time value) had a positive impact of MSEK 931, volume had a negative effect of MSEK -394 and currency had a negative effect of MSEK -236 year-on-year. Technical maintenance costs, which are included in other operating expenses, amounted to MSEK -2,422 (-1,861). The increase was mainly attributable to expenses on the return of leased aircraft, changed assessments for future engine maintenance and an increase in heavy maintenance. SAS is currently in a period where more aircraft are undergoing heavy maintenance.

During the period, implementation of the ongoing restructuring program resulted in efficiency enhancements of about MSEK 500.

Leasing costs amounted to MSEK -2,143 (-1,922). Adjusted for currency effects, leasing costs increased 7.6%.

Net financial items for SAS amounted to MSEK -359 (-396), of which net interest expense was MSEK -327 (-379). The positive year-on-year change pertaining to net financial items was primarily due to the net of lower current interest expenses and lower interest income on currency derivatives.

Total nonrecurring items comprised restructuring costs, capital gains/losses and other nonrecurring items. Restructuring costs totaled MSEK -11 (-12). Capital gains amounted to MSEK 212 (745) and pertained to aircraft transactions of MSEK 208 (53). The preceding year also included MSEK 678 from the sale of slot pairs, MSEK 2 from the sale of buildings and MSEK 12 from the sale of shares in subsidiaries and affiliated companies, and operations. Other nonrecurring items totaled MSEK 655 (-19). This year's item of MSEK 655 pertained to the repayment of fines from 2010 as a result of the European Commission not appealing the European Court of Justice's ruling on the global air cargo cartel.

FINANCIAL POSITION

Cash and cash equivalents were MSEK 8,449 (7,453) at July 31, 2016. SAS also had contracted credit facilities amounting to MSEK 2,821 (2,673). Financial preparedness amounted to 39% (35%) of the Group's fixed costs.

The SAS Group's interest-bearing liabilities increased MSEK 176 compared with October 31, 2015 and amounted to MSEK 9,921 on the balance-sheet date. New loans amounted to MSEK 635 and repayments amounted to MSEK 903. The change in gross financial debt since the start of the year was also attributable to a negative trend in the market value of financial derivatives of slightly more than MSEK 350 and a negative effect from currency revaluations of slightly less than MSEK 100. Current interest-bearing liabilities of MSEK 2,617 mainly comprised borrowings that mature within one year of MSEK 2,023, and accrued interest and financial derivatives of MSEK 594.

In 2014, SAS issued a convertible bond loan, which was valued at MSEK 1,472 at July 31, 2016. During the first quarter of the year, bonds were converted to 1,082,551 common shares, corresponding to a nominal amount of MSEK 26.

In the first three quarters of the fiscal year, net financial receivables increased MSEK 84 to MSEK 810 on the balance-sheet date. The increase was mainly attributable to positive cash flow of around MSEK 500 and a negative effect from the valuation of financial derivatives of slightly more than MSEK 400.

At July 31, 2016, the equity/assets ratio was 17% (21%) and the adjusted equity/assets ratio was 10% (13%). Since October 31, 2015, the equity/assets ratio has declined 4% and equity has decreased by MSEK 1,185. Net income for the period was positive and totaled MSEK 730. However, the market valuation of the defined-benefit pension plans and cash-flow hedges negatively impacted shareholders' equity by MSEK -1,634. The other contributing factor to the change was the MSEK 350 dividend on preference shares.

The adjusted debt/equity ratio amounted to 3.61 (2.70). The adjusted ratios take into account leasing costs.

For the balance sheet; refer to page 10.

CASH-FLOW STATEMENT

Cash flow from operating activities, before changes in working capital, for the first nine months of the fiscal year amounted to MSEK 1,662 (1,002).

The positive trend was attributable to improved earnings, which were partially due to the repayment of the fine from the EU of MSEK 655.

The accumulated change in working capital for the period was more positive than the year earlier and amounted to MSEK 714 (601). The quarter's negative trend was mainly attributable to the seasonal decline in the unearned transportation revenue liability during the summer months as a result of the greater share of leisure travel.

Investments totaled MSEK 4,189 (1,937) of which MSEK 3,987 (1,686) pertained to aircraft.

These include delivery payments for two new Airbus A330Es that were immediately divested on the basis of a sale and leaseback agreement and the acquisition of two Boeing 737s, two Airbus A321s and two Airbus A340s that were previously under operating leases. Other aircraft investments comprise capitalized expenditures for engine maintenance, aircraft modifications and advance payments to Airbus.

The sale of three Boeing 717s, eight MD-90s and the sale and leaseback of the two Airbus A330Es and two Airbus A321s, which were acquired during the period, generated MSEK 2,625. In addition, MSEK 105 was received as the remaining portion of the purchase consideration for the slot pairs at London Heathrow that were sold in the preceding fiscal year.

Cash flow before financing activities was MSEK 1,008 (750).

New loans for the period amounted to MSEK 635 (381), while repayments totaled MSEK 903 (2,020). In addition, cash flow from financing activities was impacted by the realization of financial derivatives, which generated substantial positive effects in the preceding year.

Cash flow for the period totaled MSEK 250 (37)

Cash and cash equivalents amounted to MSEK 8,449 according to the balance sheet, compared with MSEK 8,198 at October 31, 2015.

For the cash-flow statement; refer to page 11.

SEASONAL VARIATIONS

Demand, measured as revenue passenger kilometers (RPK), in SAS's markets is seasonally low from November to April and at its peak from May to October. However, the share of advance bookings is greatest from January to May, which has a positive effect on working capital.

Seasonal fluctuations in demand impact cash flow and earnings differently. Passenger revenue is recognized when customers actually travel, while cash flow is positively impacted during months in which bookings increase. This means increased revenue in the high-traffic months from May to October. Since a substantial share of an airline's costs is fixed, earnings are impacted by fluctuations in revenue levels.

As traffic is lower in the November to April period, the first and second quarters are seasonally the weakest quarters in terms of earnings. However, cash flow from operating activities is seasonally weak in the first and third quarters.

FINANCIAL TARGETS

The SAS Group's overriding goal is to create value for its shareholders. To reach this goal, SAS pursues three strategic priorities to meet trends and industry developments, ensure competitiveness and provide the prerequisites for long-term sustainable profitability.

SAS is affected by the economic trend in Europe, the exchange-rate trend, jet-fuel prices and the extensive changes to the European airline industry with intensified competition as a result of increases in market capacity. Given the inherent uncertainty of these external factors, SAS, in line with numerous other airlines, has chosen not to specify targets for profitability or its equity/assets ratio. However, SAS has a target for financial preparedness which is to exceed 20% of annual fixed costs.

EVENTS AFTER JULY 31, 2016

- SAS has signed letters of intent for the financing of Airbus A320neos with deliveries in 2016 to 2017 through a sale and leaseback agreement.
- SAS signed an agreement for installation of the fastest Wi-Fi in the market on board all of SAS's Airbus A320 and Boeing 737 aircraft in Europe.

STRATEGIC PRIORITIES FOR SAS

The European civil aviation landscape is undergoing constant change, which requires that SAS continuously adapt to remain competitive. Demand for air travel has been rising for an extended period, primarily in the more price-sensitive leisure market. Over the five-year period from 2011 to 2015, the number of leisure trips increased 8% per year while the number of business trips only grew 1% on an annualized basis in Scandinavia. To meet this trend and the challenges in the industry, and to strengthen competitiveness, we are working with a number of measures in three strategic priority areas:

1. Win Scandinavia's frequent travelers

2. Establish an efficient operational platform

3. Secure the right capabilities

WIN SCANDINAVIA'S FREQUENT TRAVELERS

SAS has chosen to focus on frequent travelers to, from and within Scandinavia. The most frequent travelers are also the people with the greatest demands on their travel experience, which is also our driver for strengthening our service concept.

SAS's EuroBonus program is at the core of establishing a closer relationship with customers, while simultaneously setting us apart from competitors. The number of EuroBonus members has grown 8.1% since the start of this fiscal year and now amounts to 4.5 million. Members have also increased their travel by 5.5% during the quarter, which is more than SAS's other customers and demonstrates increased customer loyalty. For a considerable time, we have been working on strengthening our corporate offering, SAS Credits, to small and medium-sized enterprises, which comprise a key target group among frequent travelers. Accordingly, it was pleasing to note that we had gained 7,500 new SAS Credits customers compared with the year-earlier period and, at the same time, we have noted increased travel.

Our intercontinental venture, which is our single largest investment, continues as planned and has been well-received by our customers. The debut flight to Miami takes off at the end of September, with departures from both Oslo and Copenhagen. Miami will become our eleventh intercontinental destination, with SAS having opened new routes over the past year to Hong Kong, Los Angeles and Boston. The new routes have been well-received by our customers and, in the third quarter, more travelers than ever flew on SAS's intercontinental routes. For example, the Stockholm – Los Angeles route had the most passengers of all our intercontinental routes with daily departures in July. At the end of June, all of our long-haul aircraft had been upgraded with our new cabin interiors, which are considered by many to be the best in Europe. The response to the new routes and increased frequencies as well as the cabin upgrades exceeded expectations. The success is also reflected in the around 14% increase in currency-adjusted revenue for Business Class during the quarter.

The next step is to expand the investment in our product within Europe. In October, we are phasing in our first Airbus A320neo. In addition, we are starting the concurrent upgrade of cabin interiors for the aircraft fleet in Europe and in conjunction with this, we have decided to install Wi-Fi on all Airbus A320s and Boeing 737s. SAS's new Wi-Fi will be significantly better and faster than existing Wi-Fi in the market. In addition to being an appreciated enhancement for our customers, the investment will also comprise a platform for our continued digitization and streamlining of operations.

We have noted increasing demand for weekend and longer leisure travel and are, therefore, expanding wet-lease production to make greater adaptations to the network and destinations based on the season. In the third quarter, we made further seasonal adjustments to our production and increased capacity on summer routes in July by 7% compared with the year-earlier. The seasonal adjustments were positively received by customers and traffic rose 8%.

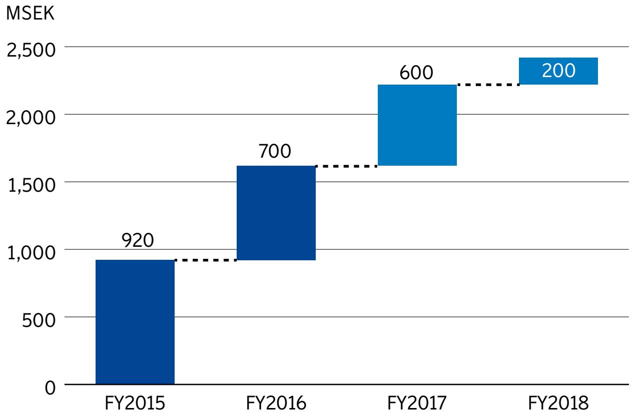
Digitization means many new possibilities for improving our product. In the autumn, we are bringing an entirely new digital platform into service, which will allow us to upgrade our website and app, as well as our platform for the EuroBonus program. This will enable a more tailored customer experience and new digital services will be continuously introduced. The upgrade is part of our digital investment of approximately SEK 0.5 billion, aimed at making life easier for frequent travelers. In the autumn, all cabin crew will have been equipped with an iPad Mini to be able to give our passengers even better service at the same time as it comprises an efficient tool.

Product investments are appreciated by our customers, which is reflected in high levels of customer satisfaction. Furthermore, SAS's product improvements have been positively received in several external customer surveys recently. SAS received awards as the best international airline and best domestic transport at the Business Travel Awards in Sweden, best airline in Norsk Kundebarometer and the airline that provides the best service to its customers in ServiceScore's annual survey. SAS also received this year's award for best customer service in social media in the Swedish Digital Awards. SAS was also rated among the very best in the consulting firm BearingPoint's survey and list of Digital Leaders in Sweden, with first place in the mobile services category.

ESTABLISH AN EFFICIENT OPERATIONAL PLATFORM

Since 2012, SAS has implemented cost measures of slightly more than SEK 4 billion and significantly streamlined operations. Between 2015 and 2018, further efficiency enhancements of SEK 2.1 billion will be achieved. Earnings effects during the current fiscal year are expected to amount to SEK 0.7 billion, of which SEK 0.5 billion was achieved in the first nine months of the fiscal year.

EFFECTS OF SAS'S COST MEASURES



Measures with earnings impact in 2015/2016

To be able to offer Scandinavia's best network, SAS's production model is based on producing the majority of traffic for the larger traffic flows under SAS's own traffic license based on a homogeneous aircraft fleet, while smaller flows and regional traffic are managed via business partners (wet lease). We now have only two aircraft types under our own traffic license for traffic in Europe.

Wet-lease-based production (including Cimber) accounts for about 8% of capacity and allows us greater flexibility in adapting size in the aircraft fleet. In the spring and summer of 2016, through our business partner CityJet, we phased eight brand-new Bombardier CRJ900s into service. This meant that in the summer we had greater capacity to realign production and fly larger aircraft on leisure routes to southern Europe, at the same time as we were able to maintain a broad network in Scandinavia with the smaller leased-in aircraft. In the third quarter, 1.1 million of our passengers traveled with our four strategic partners CityJet, Flybe, Cimber and Jet Time. This production model is significantly more cost-efficient. At the same time, wet-lease production means we can optimize capacity in the market, which has contributed to a third-quarter increase in the load factor on our domestic routes of almost 3 percentage points. A total of 23 brand-new wet-leased aircraft have been phased into service over the last three years, which corresponds to an investment of about SEK 5 billion. In parallel, wet-lease operation generates a saving of about SEK 0.5 billion. The wet-lease strategy is working well and we have identified potential to further expand wet-lease operations.

We are investing in the aircraft fleet to strengthen the customer experience, enhance operational efficiency and reduce environmental impact. Since autumn 2015, four Airbus A330Es have entered service and, in October, we are taking delivery of the first Airbus A320neo of a total of 30 aircraft. SAS's new Airbus A320neo is expected to be 15-20% more fuel-efficient per seat kilometer than our current Airbus A320s.

We have decided to retain our own ground handling services at our primary airports and are continuing to strengthen quality and productivity. Baggage handling in Copenhagen is one example of where new processes have been introduced. This helped achieve a year-on-year reduction in delayed baggage of almost 20% in June and July, despite an increase in the quantity of luggage with short transfer times of 46%.

Within technical maintenance, a new IT system has been implemented for all technical operations and this system will play a key role in further simplification and streamlining of our work methods. In addition, the outsourcing of Base Maintenance in Stockholm and Oslo will also generate an earnings impact. In addition, we can realize cost savings by selling spare parts and through lower costs for maintenance outside Scandinavia. We have now introduced Lean and achieved tangible results. We improved the process in Oslo so that the time an aircraft is out of service due to unplanned maintenance has decreased significantly and corresponding Lean programs are being implemented in Copenhagen and Stockholm.

Restructuring costs

The cost measures for 2015–2017 resulted in restructuring costs of a total of SEK 1.5 billion in the 2013/2014 and 2014/2015 fiscal years.

SECURE THE RIGHT CAPABILITIES

Over the last few years, SAS has undergone major structural changes to meet increasing competition, which set new requirements for leadership and competence within SAS. To create the right preconditions for our employees and to attract new talents, we have identified four areas that we are focusing on: strengthen employee commitment, develop leadership, secure talent supply and create an attractive workplace.

SAS conducts regular measurements of employee satisfaction and commitment in the organization. The last measurement was carried out in 2016 and shows a positive trend among employees throughout the organization. In addition to the employee survey, we are introducing a new measurement tool, whereby SAS personnel can answer local questions on motivation and working environment via an app. This allows for even more frequent measurement that will help us to more rapidly initiate measures to increase staff satisfaction and strengthen leadership.

In parallel, SAS is strengthening leadership through a number of measures and initiatives: leadership training has improved, pursers have been trained in leadership and a mentor program has been rolled out to strengthen networking and contribute to a culture whereby managers have a structured approach to their involvement in the development of employees. A mentor program has been initiated among pilots for the newly recruited pilots to ensure competence levels and smooth integration into SAS. Another initiative is the Forum 50 network, where key individuals from various parts of operations meet to increase business understanding and to create an open dialog between employees and Group Management in a more relaxed format. In June 2016, a leadership day was arranged for about 130 leaders at SAS, this aimed to secure commitment and understanding for SAS's strategy.

SAS's compiled competence has been mapped in a people review process to manage talent supply and ensure that the company has the right skills in both the short and long term. The process has identified talents and many employees have now been given new positions or increased responsibility. In parallel, all senior managers have worked actively to identify one or two internal successors with the aim of securing an efficient succession and promoting internal movement.

SAS's latest personnel survey also shows increased pride in working for SAS and that the company has become more attractive as a workplace. The survey was conducted by Universum, which measures Norwegian university students' views regarding workplaces and where SAS was the ninth most attractive workplace in spring 2016. SAS has also focused on reducing long-term sick leave, which has resulted in the figure now being just under 4%. The reduction has been achieved by identifying challenges, and initiating measures and effective rehabilitation.

The June strike in Sweden coincided with collective-agreement negotiations between the Swedish pilot association and SAS, which illustrates how essential it is for both parties to have a consensus regarding developments in the macro-environment. Therefore, for a long time, we have been striving to identify a shared consensus regarding the market trends and to tackle the challenges we are facing.

On August 1, we celebrated 70 years as Scandinavia's leading airline and, in the global world we live in, our mission feels more important than ever; to offer smooth journeys to, from and within Scandinavia. Over the years, we have played our part in numerous travelogues and therefore, the 70th anniversary will be celebrated under the "Travelers Make History" theme, under which we are gathering travelogues to inspire our employees and travelers in Scandinavia. All of these tales show that the journey is so much more than just the final destination, and that SAS has a key role in this experience. During the year, we will be conducting several activities, where we showcase our appreciation for all these travelers, their journeys and their experiences.

RISKS AND UNCERTAINTIES

SAS works strategically to refine and improve its risk management. Risk management includes identifying both new risks and known risks, such as changes in jet-fuel prices or exchange rates. SAS monitors general risks centrally, while portions of risk management are conducted in the operations and include identification, action plans and policies. For further information about risk management at SAS, refer to the most recently published annual report.

CURRENCY AND FUEL HEDGING

Financial risks pertaining to changes in exchange rates and fuel prices, are hedged with derivatives, which aim to counter short-term negative fluctuations and provide scope for adapting operations to long-term changes in levels. Another aim of SAS's hedging strategy is to enable SAS to act quickly when changes in exchange rates and fuel prices are advantageous.

The policy for jet-fuel hedging states that jet fuel should be hedged at an interval of 40-80% of anticipated volumes for the coming 12 months. The policy also allows hedging of up to 50% of the anticipated volumes for the period, 12 to 18 months.

As of July 31, 2016, the hedging of SAS's jet-fuel consumption for the fourth quarter was primarily conducted through swaps and options that allow SAS to benefit from lower jet-fuel prices of USD 500 per tonne for about 26% of the quarter's jet-fuel consumption. The hedging ratio for the August 2016 to July 2017 period was 59% and, at July 31, 2016, no hedging has been carried out for the August 2017 to January 2018 period. At the start of August 2016, SAS also hedged about 30% of the expected jet-fuel consumption for the August to September 2017 period.

Under current plans for flight capacity, the cost of jet fuel during the 2015/2016 fiscal year is expected to be in line with the table below, taking into account different prices and USD rates and including jet-fuel hedging.

The jet-fuel cost in the statement of income does not include the effects from SAS's USD currency hedging. The effects from SAS's currency hedging are recognized in profit or loss under "Other operating expenses", since SAS's currency hedging is performed separately and is not linked specifically to its jet-fuel purchases.

For foreign currency, the policy is to hedge 40–80%. At July 31, 2016, SAS had hedged 51% of its anticipated USD deficit for the next 12 months. SAS has hedged the USD deficit using forward contracts. In terms of NOK, which is SAS's largest surplus currency, 60% was hedged for the next 12 months. Based on the currency exposure for 2014/2015, a weakening of the NOK against the SEK of 1% would generate a negative earnings impact of MSEK 65, excluding hedge effects. A weakening of the USD against the SEK of 1% would generate a positive earnings impact of MSEK 108, excluding hedge effects.

Hedging of jet fuel

Hedge level (max price)	Aug–Oct 2016	Nov 2016–Jan 2017	Feb–Apr 2017	May–Jul 2017
USD 401-500/tonne	–	46%	57%	39%
USD 501-600/tonne	93%	–	–	–

Vulnerability matrix, jet-fuel cost November 2015 to October 2016, SEK billion[1]

	Exchange rate SEK/USD				
Market price	**6.00**	**7.00**	**8.00**	**9.00**	**10.00**
USD 300/tonne	5.7	5.9	6.1	6.4	6.6
USD 400/tonne	5.7	6.0	6.2	6.4	6.6
USD 600/tonne	5.8	6.1	6.3	6.5	6.8
USD 800/tonne	5.9	6.2	6.4	6.7	6.9
USD 1,000/tonne	6.0	6.2	6.5	6.7	7.0

1) SAS's current hedging contracts for jet fuel at July 31, 2016 have been taken into account.

LEGAL ISSUES

The European Commission's decision in November 2010 found SAS and many other airlines guilty of participating in a global air cargo cartel and ordered SAS to pay a fine of MEUR 70.2. SAS appealed the decision in January 2011 and in December 2015, the General Court of the European Court of Justice annulled the European Commission's decision including the MEUR 70.2 fine. The European Court of Justice's ruling has entered force and the MEUR 70.2 fine was repaid to SAS at the beginning of March 2016, and has been recognized as a nonrecurring item in the second quarter of the 2015/2016 fiscal year. The European Commission could make a new decision in relation to this matter and SAS has received indications that the European Commission could do so. SAS has no insight into and is unable to influence the exact timing of any new decision or its formulation.

As a consequence of the European Commission's decision in the cargo investigation in November 2010, SAS and other airlines fined by the Commission are involved in various civil lawsuits initiated by cargo customers in countries including the UK, the Netherlands, Germany and Norway. SAS is currently evaluating the impact that the legally binding ruling from the European Court of Justice and any new decision by the European Commission could have on the ongoing actions for damages. SAS contests its responsibility in all of these legal processes. Unfavorable outcomes in these disputes could have a significantly negative financial impact on SAS. Further lawsuits by cargo customers cannot be ruled out and no provisions have been made.

The SAS pilot associations have filed a lawsuit against SAS with the Swedish Labour Court claiming damages for breach of collective agreements. No financial damages were specified in the summons application. The dispute pertains to a large group of pilots employed at the Stockholm base but who worked out of the Copenhagen base, and the calculation and coordination of the rights to Swedish and Danish pension benefits of these pilots on changing bases. SAS contests all claims. In an intermediate judgment, announced on February 3, 2016, the Swedish Labour Court rejected the pilot associations' claim that the Court should confirm that SAS had breached collective agreements. This means that the pilot associations' grounds for claiming damages have been limited. The pilot associations have withdrawn their action in the Swedish Labour Court and what remains is to determine how to apportion the parties' litigation costs.

A group of former Braathens cabin crew have, through the Parat trade union, initiated a legal process against SAS at a general court in Norway with a claim for correction of a work time factor (part-time percentage) in the calculation of pension rights in the occupational pension plan in accordance with the Norwegian Occupational Pensions Act. The summons application contains no specified demand for compensation. SAS contests the claim. SAS won the initial case, however the judgment has been appealed by the counterparty and is expected to be heard in the next instance in 2016. The financial exposure is difficult to quantify, but SAS considers the risk of a negative outcome to be limited and no provisions have been made.

A large number of former cabin crew of SAS in Denmark are pursuing a class action against SAS at a Danish court, demanding additional payments from SAS to the Pension Improvements Fund for Cabin Crew (the CAU fund) citing that the CAU fund is a defined-benefit supplementary plan. The case will be heard by the City Court of Copenhagen on September 6, 2016. The financial exposure is difficult to quantify, but SAS, which disputes the claim, considers the risk of a negative outcome to be limited and no provisions have been made.

OUTLOOK

OUTLOOK FOR 2015/2016

Substantial capacity growth at the start of the fiscal year has led to more intense competition. Capacity growth in Scandinavia is expected to increase about 5% during the whole fiscal year. At the same time, SAS is continuing its focused efforts on strengthening competitiveness through product investments and efficiency measures. In 2015/2016, SAS plans to increase capacity on the intercontinental routes by 25%. Growth will be through expansion of the long-haul fleet and increased resource utilization, which has increased the average flight distance and, as a consequence, SAS expects this to result in a lower unit cost and a lower unit revenue during the fiscal year. Year-on-year, jet-fuel costs were significantly lower in the November 2015 to July 2016 period. However, the decline will subside significantly in the fourth quarter. At the same time, considerable negative currency effects prevailed for the first nine months of the fiscal year.

Uncertainty in the macro environment followed in the wake of Brexit and terrorism at the same time as exchange rates and jet-fuel prices remained volatile.

In total, SAS expects to be able to deliver a positive income before tax and nonrecurring items for the 2015/2016 fiscal year.
The outlook is based on no unexpected events occurring.

The outlook is based on the following preconditions at July 31, 2016:

- SAS plans to increase scheduled capacity (ASK) by about 10% in 2015/2016 with the largest increase in the winter. Excluding intercontinental expansion, capacity growth is about 1%.
- A significantly lower PASK and unit cost in 2015/2016 compared with 2014/2015 as a result of the above capacity increase.
- Earnings impact from efficiency-enhancement measures amounting to about SEK 0.7 billion in 2015/2016.
- Net investments are expected to amount to SEK 2–2.5 billion in 2015/2016.

CAPACITY OUTLOOK FOR 2016/2017

Airlines continuously update their capacity plans, which means that the reliability of forecasts decline in pace with the horizon moving forward. Ahead of the winter 2016/2017 program, the airlines' total planned capacity is projected to increase, measured in the number of seats offered in Scandinavia. However, the rate of increase appears to be lower than in the preceding winter program.

SAS plans to increase capacity (ASK) in 2016/2017, primarily as a result of the full-year effect of the investment in the intercontinental routes that was started in 2015/2016, increased capacity on leisure routes and the fact that the Airbus A320neo is larger than the aircraft it will be replacing. The total increase will be lower than in 2015/2016.

STATEMENT OF INCOME

STATEMENT OF INCOME INCLUDING STATEMENT OF OTHER COMPREHENSIVE INCOME

MSEK	Note	Q3	Q3	Q1–Q3	Q1–Q3	Rolling 12 months	Rolling 12 months
		May–Jul 2016	May–Jul 2015	Nov–Jul 2015–2016	Nov–Jul 2014–2015	Aug–Jul 2015–2016	Aug–Jul 2014–2015
Revenue	2	11,133	10,973	28,324	28,747	39,227	39,713
Payroll expenses[1]		-2,275	-2,386	-6,920	-7,303	-9,239	-10,059
Other operating expenses[2]	3	-6,684	-6,503	-17,282	-18,306	-23,534	-25,741
Leasing costs for aircraft [3]		-737	-659	-2,143	-1,922	-2,814	-2,539
Depreciation, amortization and impairment[4]		-337	-343	-990	-1,030	-1,426	-1,452
Share of income in affiliated companies		25	25	11	13	35	30
Income from the sale of shares in subsidiaries, affiliated companies and operations		0	0	4	11	-7	12
Income from the sale of aircraft, buildings and slot pairs		33	35	208	733	252	729
Operating income		**1,158**	**1,142**	**1,212**	**943**	**2,494**	**693**
Income from other securities holdings		0	0	1	3	-302	-46
Financial revenue		20	30	74	93	105	117
Financial expenses		-142	-141	-433	-489	-576	-664
Income before tax		**1,036**	**1,031**	**854**	**550**	**1,721**	**100**
Tax		-231	-231	-124	-111	-474	36
Net income for the period		**805**	**800**	**730**	**439**	**1,247**	**136**
Other comprehensive income							
Items that may later be reversed to net income:							
Exchange-rate differences in translation of foreign operations, net after tax		70	-178	45	-73	-59	-85
Cash-flow hedges – hedging reserve, net after tax		226	394	-293	984	-349	1,100
Items that will not be reversed to net income:							
Revaluations of defined-benefit pension plans, net after tax		-626	867	-1,341	384	-1,650	-567
Total other comprehensive income, net after tax		**-330**	**1,083**	**- 1,589**	**1,295**	**-2,058**	**448**
Total comprehensive income		**475**	**1,883**	**-859**	**1,734**	**-811**	**584**
Net income for the period attributable to:							
Parent Company shareholders		805	799	730	439	1,247	130
Non-controlling interests		0	1	0	0	0	6
Earnings per common share (SEK)[5]		2.17	2.16	1.42	0.54	2.72	-0.67
Earnings per common share after dilution (SEK)[5]		1.84	1.83	1.27	0.53	2.38	-0.67

1) Includes restructuring costs and other nonrecurring items of MSEK 0 (0) during the May–July period, MSEK 3 (12) during the November–July period and MSEK 121 (387) during the August–July period.
2) Includes restructuring costs and other nonrecurring items of MSEK 0 (0) during the May–July period, MSEK -647 (19) during the November–July period and MSEK -564 (641) during the August–July period.
3) Includes restructuring costs of MSEK 0 (0) during the May–July period, MSEK 0 (0) during the November–July period and MSEK 0 (67) during the August–July period.
4) Includes restructuring costs and other nonrecurring items of MSEK 0 (0) during the May–July period, MSEK 0 (0) during the November–July period and MSEK 0 (123) during the August–July period.
5) Earnings per common share are calculated as net income for the period attributable to Parent Company shareholders less preference share dividends in relation to 330,082,551 (329,000,000) common shares outstanding during the May–July period, 329,841,984 (329,000,000) common shares outstanding during the November–July period and 329,631,488 (329,000,000) common shares outstanding during the August–July period.

SAS has no option or share programs. Convertible bond loans only have a dilution effect if conversion of the loans to common shares would result in lower earnings per share. At the balance-sheet date, there was one convertible bond loan of MSEK 1,574, covering 65,536,095 shares.

INCOME BEFORE TAX AND NONRECURRING ITEMS

MSEK	Q3	Q3	Q1–Q3	Q1–Q3	Rolling 12 months	Rolling 12 months
	May–Jul 2016	May–Jul 2015	Nov–Jul 2015–2016	Nov–Jul 2014–2015	Aug–Jul 2015–2016	Aug–Jul 2014–2015
Income before tax	1,036	1,031	854	550	1,721	100
Impairment	0	0	0	0	314	52
Restructuring costs	0	0	11	12	176	1,125
Capital gains/losses	-33	-35	-212	-745	-256	-745
Other nonrecurring items [1]	0	0	-655	19	-619	93
Income before tax and nonrecurring items	**1,003**	**996**	**-2**	**-164**	**1,336**	**625**

1) Includes a positive earnings impact of MSEK 655 due to the repayment of fines in the second quarter of 2015/2016 relating to the annulled judgement pertaining to the global air cargo cartel.

BALANCE SHEET

CONDENSED BALANCE SHEET

MSEK	Jul 31, 2016	Oct 31, 2015	Jul 31, 2015	Jul 31, 2014
Intangible assets	1,880	1,798	1,867	1,850
Tangible fixed assets	10,160	9,596	9,482	9,211
Financial fixed assets	6,130	7,118	7,905	7,870
Total fixed assets	**18,170**	**18,512**	**19,254**	**18,931**
Other current assets	304	345	360	372
Current receivables	3,126	3,211	3,380	3,258
Cash and cash equivalents [1]	8,449	8,198	7,453	6,930
Total current assets	**11,879**	**11,754**	**11,193**	**10,560**
Total assets	**30,049**	**30,266**	**30,447**	**29,491**
Shareholders' equity [2]	5,154	6,339	6,291	6,057
Long-term liabilities	9,388	10,275	10,495	9,631
Current liabilities	15,507	13,652	13,661	13,803
Total shareholders' equity and liabilities	**30,049**	**30,266**	**30,447**	**29,491**
Shareholders' equity per common share, SEK[3]	4.48	8.10	7.95	7.16
Interest-bearing assets	13,659	14,839	14,475	13,587
Interest-bearing liabilities	9,921	9,745	9,763	10,367

1) At July 31, 2016, including receivables from other financial institutions, MSEK 1,436 (1,243).
2) Including non-controlling interests.
3) Total shareholders' equity attributable to Parent Company shareholders excluding total preference share capital in relation to the 330,082,551 (329,000,000) common shares outstanding.
The SAS Group has not carried out any buyback programs.

SPECIFICATION OF FINANCIAL NET DEBT, JULY 31, 2016

	According to balance sheet	Of which financial net debt
Financial fixed assets	6,130	1,806
Current receivables	3,126	476
Cash and cash equivalents	8,449	8,449
Long-term liabilities	9,388	7,304
Current liabilities	15,507	2,617
Financial net debt		-810

Information relating to financial net debt in the comparative periods is available in the Financial Key Ratios section on page 11. For a specification of financial net debt for the respective periods, please refer to www.sasgroup.net where each interim report is published.

CONDENSED CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Share capital[1]	Other contributed capital[2]	Hedging reserves	Translation reserve	Retained earnings[3]	Total shareholders' equity attributable to Parent Company shareholders	Non-controlling interests	Total share-holders' equity
Opening shareholders' equity in accordance with approved balance sheet, November 1, 2014	6,754	494	290	-109	-2,549	4,880	27	4,907
Preference share dividend					-350	-350		-350
Other contributed capital		-167			167	0		0
Non-controlling interests					27	27	-27	0
Comprehensive income, November–July			984	-73	823	1,734		1,734
Closing balance, July 31, 2015	6,754	327	1,274	-182	-1,882	6,291	0	6,291
Comprehensive income, August–October			-56	-104	208	48		48
Closing balance, October 31, 2015	6,754	327	1,218	-286	-1,674	6,339	0	6,339
Conversion of convertible bond loan	22				2	24		24
Preference share dividend					-350	-350		-350
Comprehensive income, November–July			-293	45	-611	-859		-859
Closing balance, July 31, 2016	**6,776**	**327**	**925**	**-241**	**-2,633**	**5,154**	**0**	**5,154**

1) Number of shares in SAS AB: 330,082,551 (329,000,000) common shares with a quotient value of SEK 20.10 and 7,000,000 preference shares with a quotient value of SEK 20.10.
2) The amount comprises share premium reserves and the equity share of convertible loans.
3) No dividends were paid on common shares for 2014/2015.

CASH-FLOW STATEMENT

CONDENSED CASH-FLOW STATEMENT

MSEK	Q3	Q3	Q1–Q3	Q1–Q3	Rolling 12 months	Rolling 12 months
	May–Jul 2016	May–Jul 2015	Nov–Jul 2015–2016	Nov–Jul 2014–2015	Aug–Jul 2015–2016	Aug–Jul 2014–2015
Income before tax	1,036	1,031	854	550	1,721	100
Depreciation, amortization and impairment	337	343	990	1,030	1,426	1,452
Income from sale of aircraft, buildings and shares	-33	-35	-212	-745	-256	-745
Adjustment for other items not included in the cash flow, etc.	16	234	30	165	404	1,344
Tax paid	0	0	0	2	-1	0
Cash flow from operations before change in working capital	**1,356**	**1,573**	**1,662**	**1,002**	**3,294**	**2,151**
Change in working capital	-926	-1,080	714	601	515	228
Cash flow from operating activities	**430**	**493**	**2,376**	**1,603**	**3,809**	**2,379**
Investments including advance payments to aircraft manufacturers	-1,094	-730	-4,189	-1,937	-6,498	-2,653
Acquisition of shares	0	0	0	0	0	-687
Acquisition of subsidiaries	0	-55	0	-60	0	-60
Sale of shares	0	0	0	0	0	688
Sale of subsidiaries and operations	0	0	-2	10	-2	10
Sale of fixed assets, etc.	153	707	2,823	1,134	4,872	1,897
Cash flow before financing activities	**-511**	**415**	**1,008**	**750**	**2,181**	**1,574**
Dividend on preference shares	-88	-88	-263	-263	-350	-350
External financing, net	-75	-235	-495	-450	-832	-699
Cash flow for the period	**-674**	**92**	**250**	**37**	**999**	**525**
Translation difference in cash and cash equivalents	2	-1	1	-1	-3	-2
Change in cash and cash equivalents according to the balance sheet	**-672**	**91**	**251**	**36**	**996**	**523**
Cash flow from operating activities per common share (SEK)	1.30	1.50	7.20	4.87	11.56	7.23

FINANCIAL KEY RATIOS

	Jul 31, 2016	Oct 31, 2015	Jul 31, 2015	Jul 31, 2014
Return on shareholders' equity after tax, 12-month rolling	22%	18%	3%	25%
Return on invested capital, 12-month rolling	13%	12%	5%	13%
Financial preparedness (target >20% of fixed costs)	39%	40%	35%	37%
Equity/assets ratio	17%	21%	21%	21%
Adjusted equity/assets ratio	10%	13%	13%	14%
Financial net debt, MSEK	-810	-726	-183	1,312
Debt/equity ratio	-0.16	-0.11	-0.03	0.22
Adjusted debt/equity ratio	3.61	2.65	2.70	2.43
Interest-coverage ratio	4.0	3.2	1.2	1.9

The above returns are calculated using averages of the qualifying periods' balance-sheet items. The adjusted equity/assets ratio and adjusted debt/equity ratio are calculated using net capitalized leasing costs, whereby operational leasing commitments for aircraft were taken into consideration, see Definitions and concepts on page 20. The following average balance-sheet items and net capitalized leasing costs were used in the above key ratios.

	Jul 31, 2016	Oct 31, 2015	Jul 31, 2015	Jul 31, 2014
Aircraft leasing costs and revenue, 12-month rolling	- 2,772	-2,505	-2,451	-1,912
Net capitalized leasing costs, 12-month rolling (x7)	19,404	17,535	17,157	13,384
Net capitalized leasing costs, 12-month rolling (x7), average	18,291	16,105	15,161	12,569
Average shareholders' equity	5,551	5,234	5,208	4,172
Average financial net debt	-259	459	919	3,510

PARENT COMPANY SAS AB

The number of common and preference shareholders in SAS AB amounted to 62,946 at July 31, 2016. SAS AB paid a shareholders' contribution in April 2015 of a total of SEK 7 billion to the SAS Consortium's parent companies: SAS Danmark A/S, SAS Norge AS and SAS Sverige AB. Thereafter, these companies paid capital contributions of SEK 12 billion to the Consortium. In the first quarter of 2015/2016, shares outstanding increased by 1,082,551 common shares due to conversions of SAS's convertible bond loan. The average number of employees amounted to 4 (5). An expense of MSEK 63 was charged to earnings for the first quarter of 2015/2016 pertaining to a guarantee commitment.

CONDENSED STATEMENT OF INCOME

MSEK	Q1–Q3	Q1–Q3
	Nov–Jul 2015–2016	Nov–Jul 2014–2015
Revenue	6	0
Payroll expenses	-21	-25
Other operating expenses	-104	-8
Operating income before amortization and depreciation	**-119**	**-33**
Amortization and depreciation	0	0
Operating income	**-119**	**-33**
Income from participations in Group companies	0	0
Income from other securities holdings	1	2
Net financial items	-28	-120
Income before tax	**-146**	**-151**
Tax	28	46
Net income for the period	**-118**	**-105**
Net income for the period attributable to:		
Parent Company shareholders	**-118**	**-105**

Net income for the period also corresponds with total comprehensive income.

CONDENSED BALANCE SHEET

MSEK	Jul 31, 2016	Oct 31, 2015	Jul 31, 2015
Financial fixed assets	14,789	14,828	12,397
Other current assets	874	1,174	4,502
Cash and cash equivalents	0	1	1
Total assets	**15,663**	**16,003**	**16,900**
Shareholders' equity	12,335	12,779	12,176
Long-term liabilities	3,002	3,003	3,421
Current liabilities	326	221	1,303
Total shareholders' equity and liabilities	**15,663**	**16,003**	**16,900**

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Share capital [1]	Restricted reserves	Unrestricted equity [2]	Total shareholders' equity
Opening balance, November 1, 2015	6,754	306	5,719	12,779
Conversion of convertible bond loan	22		2	24
Preference share dividend			-350	-350
Net income for the period			-118	-118
Shareholders' equity, July 31, 2016	**6,776**	**306**	**5,253**	**12,335**

1) Number of shares: 330,082,551 common shares with a quotient value of SEK 20.10 and 7,000,000 preference shares with a quotient value of SEK 20.10.
2) No dividends were paid on common shares for 2014/2015.

NOTES

NOTE 1 ACCOUNTING POLICIES AND FINANCIAL STATEMENTS

This interim report for the SAS Group was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The interim report for the Parent Company was prepared in accordance with the Swedish Annual Accounts Act and RFR 2.

A number of amendments of standards, new interpretations and new standards took effect for fiscal years beginning November 1, 2015 that are not deemed to have material relevance in the preparation of this financial report, meaning that the SAS Group continued to apply the same accounting policies as in its Annual Report for 2014/2015.

NOTE 2 REVENUE

	Q3	Q3	Q1–Q3	Q1–Q3	Rolling 12 months	Rolling 12 months
	May–Jul 2016	May–Jul 2015	Nov–Jul 2015–2016	Nov–Jul 2014–2015	Aug–Jul 2015–2016	Aug–Jul 2014–2015
Passenger revenue	8,616	8,484	21,841	22,096	30,241	30,512
Charter	727	673	1,140	1,121	1,761	1,785
Mail and freight	288	293	926	947	1,244	1,287
Other traffic revenue	585	528	1,659	1,557	2,168	2,047
Other operating revenue	917	995	2,758	3,026	3,813	4,082
Total	**11,133**	**10,973**	**28,324**	**28,747**	**39,227**	**39,713**

NOTE 3 OTHER OPERATING EXPENSES

	Q3	Q3	Q1–Q3	Q1–Q3	Rolling 12 months	Rolling 12 months
	May–Jul 2016	May–Jul 2015	Nov–Jul 2015–2016	Nov–Jul 2014–2015	Aug–Jul 2015–2016	Aug–Jul 2014–2015
Sales and distribution costs	-591	-643	-1,744	-1,813	-2,449	-2,444
Jet fuel	-1,765	-2,344	-4,490	-6,666	-6,254	-9,199
Government user fees	-1,090	-1,093	-2,978	-2,969	-4,096	-4,080
Catering costs	-274	-241	-669	-608	-897	-813
Handling costs	-647	-530	-1,795	-1,442	-2,351	-1,924
Technical aircraft maintenance	-799	-603	-2,422	-1,861	-3,318	-2,518
Computer and telecommunication costs	-344	-274	-1,005	-822	-1,342	-1,126
Other	-1,174	-775	-2,179	-2,125	-2,827	-3,637
Total	**-6,684**	**-6,503**	**-17,282**	**-18,306**	**-23,534**	**-25,741**

NOTE 4 QUARTERLY BREAKDOWN

STATEMENT OF INCOME

	2013–2014			2014–2015					2015–2016		
	Q3	Q4	FULL-YEAR	Q1	Q2	Q3	Q4	FULL-YEAR	Q1	Q2	Q3
MSEK	May–Jul	Aug–Oct	Nov–Oct	Nov–Jan	Feb–Apr	May–Jul	Aug–Oct	Nov–Oct	Nov–Jan	Feb–Apr	May–Jul
Revenue	10,697	10,966	38,006	8,371	9,403	10,973	10,903	39,650	8,275	8,916	11,133
Payroll expenses	-2,495	-2,756	-9,181	-2,478	-2,439	-2,386	-2,319	-9,622	-2,334	-2,311	-2,275
Other operating expenses	-6,413	-7,435	-25,122	-5,668	-6,135	-6,503	-6,252	-24,558	-5,169	-5,429	-6,684
Leasing costs for aircraft	-525	-617	-2,127	-601	-662	-659	-671	-2,593	-700	-706	-737
Depreciation, amortization and impairment	-354	-422	-1,443	-282	-405	-343	-436	-1,466	-341	-312	-337
Share of income in affiliated companies	24	17	30	-10	-2	25	24	37	-12	-2	25
Income from the sale of shares in subsidiaries, affiliated companies and operations	0	1	6	11	0	0	-11	0	0	4	0
Income from the sale of aircraft, buildings and slot pairs	-2	-4	-16	0	698	35	44	777	95	80	33
Operating income	**932**	**-250**	**153**	**-657**	**458**	**1,142**	**1,282**	**2,225**	**-186**	**240**	**1,158**
Income from other securities holdings	1	-49	-43	3	0	0	-303	-300	1	0	0
Financial revenue	28	24	102	22	41	30	31	124	22	32	20
Financial expenses	-205	-175	-1,130	-204	-144	-141	-143	-632	-146	-145	-142
Income before tax	**756**	**-450**	**-918**	**-836**	**355**	**1,031**	**867**	**1,417**	**-309**	**127**	**1,036**
Tax	-260	147	199	196	-76	-231	-350	-461	63	44	-231
Net income for the period	**496**	**-303**	**-719**	**-640**	**279**	**800**	**517**	**956**	**-246**	**171**	**805**
Attributable to:											
Parent Company shareholders	494	-309	-736	-638	278	799	517	956	-246	171	805
Non-controlling interests	2	6	17	-2	1	1	0	0	0	0	0

EARNINGS-RELATED KEY RATIOS AND AVERAGE NUMBER OF EMPLOYEES

MSEK	Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4	Rolling 12 months	Rolling 12 months
	Nov–Jan 2015–2016	Nov–Jan 2014–2015	Feb–Apr 2016	Feb–Apr 2015	May–Jul 2016	May–Jul 2015	Aug–Oct 2015	Aug–Oct 2014	Aug–Jul 2015–2016	Aug–Jul 2014–2015
Revenue	8,275	8,371	8,916	9,403	11,133	10,973	10,903	10,966	39,227	39,713
EBITDAR	772	225	1,176	829	2,174	2,084	2,332	775	6,454	3,913
EBITDAR margin	9.3%	2.7%	13.2%	8.8%	19.5%	19.0%	21.4%	7.1%	16.5%	9.9%
EBIT	-186	-657	240	458	1,158	1,142	1,282	-250	2,494	693
EBIT margin	-2.2%	-7.8%	2.7%	4.9%	10.4%	10.4%	11.8%	-2.3%	6.4%	1.7%
Income before tax and nonrecurring items	-404	-829	-601	-331	1,003	996	1,338	789	1,336	625
Income before tax	-309	-836	127	355	1,036	1,031	867	-450	1,721	100
Net income for the period	-246	-640	171	279	805	800	517	-303	1,247	136
Earnings per common share (SEK)	-1.01	-2.21	0.25	0.58	2.17	2.16	1.31	-1.21	2.72	-0.67
Cash flow before financing activities	-728	-993	2,247	1,328	-511	415	1,173	824	2,181	1,574
Average number of employees (FTE)	10,932	11,484	10,339	11,172	10,815	11,329	11,167	12,262	10,813	11,562

NOTE 5 FINANCIAL ASSETS AND LIABILITIES

FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES

	Jul 31, 2016		Oct 31, 2015	
MSEK	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets at fair value	373	373	444	444
Financial assets held for trading	6,364	6,364	6,629	6,629
Other assets	3,994	3,994	3,398	3,398
Total	**10,731**	**10,731**	**10,471**	**10,471**
Financial liabilities				
Financial liabilities at fair value	500	500	136	136
Financial liabilities held for trading	16	16	19	19
Financial liabilities at amortized cost	9,405	8,924	9,590	8,820
Total	**9,921**	**9,440**	**9,745**	**8,975**

Fair value is generally determined by using official market quotes. When market quotes are not available, the fair value is determined using generally accepted valuation methods such as discounted future cash flows based on observable market inputs.

The Group's financial assets and liabilities are measured at fair value as stated below:

Level 1: Financial instruments for which fair value is based on observable (unadjusted) quoted prices in active markets for identical assets and liabilities. This category includes mainly treasury bills and standardized derivatives, where the quoted price is used in the valuation. Cash and bank balances are also categorized as level 1.

Level 2: Financial instruments for which fair value is based on valuation models that utilize other observable data for the asset or liability other than the quoted prices included within level 1, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Financial instruments for which fair value is based on valuation models, whereby significant input is based on unobservable data. At present, SAS has no financial assets or liabilities where the valuation is essentially based on unobservable data.

FAIR VALUE HIERARCHY

	Jul 31, 2016			Oct 31, 2015		
MSEK	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial assets						
Financial assets at fair value	-	373	373	-	444	444
Financial assets held for trading	3,425	2,939	6,364	3,480	3,149	6,629
Total	**3,425**	**3,312**	**6,737**	**3,480**	**3,593**	**7,073**
Financial liabilities						
Financial liabilities at fair value	-	500	500	-	136	136
Financial liabilities held for trading	-	16	16	-	19	19
Total	**0**	**516**	**516**	**0**	**155**	**155**

The Board of Directors and President hereby assure that this interim-year report provides a true and fair overview of the performance of the Parent Company's and the Group's operations, financial position and earnings, and describes the significant risks and uncertainty factors to which the Parent Company and the companies included in the Group are exposed.

Stockholm, September 8, 2016

Fritz H. Schur
Chairman of the Board

Jacob Wallenberg
First Vice Chairman

Dag Mejdell
Second Vice Chairman

Monica Caneman
Board member

Lars-Johan Jarnheimer
Board member

Berit Svendsen
Board member

Sanna Suvanto-Harsaae
Board member

Carsten Dilling
Board member

Jens Lippestad
Board member

Sven Cahier
Board member

Janne Wegeberg
Board member

Rickard Gustafson
President and CEO

This interim report is unaudited.

TRAFFIC DATA INFORMATION

SCHEDULED PASSENGER TRAFFIC, YIELD, PASK AND UNIT COST FOR SAS

	May–Jul 2016	May–Jul 2015	Year-on-year change	Nov–Jul 2015–2016	Nov–Jul 2014–2015	Year-on-year change
Number of passengers (000)	7,549	7,323	+3.1%	19,946	19,406	+2.8%
RPK, Revenue Passenger Kilometers (mill)	9,913	9,025	+9.8%	23,767	21,775	+9.2%
ASK, Available Seat Kilometers (mill)	12,206	11,291	+8.1%	32,656	29,636	+10.2%
Load factor	81.2%	79.9%	+1.3*	72.8%	73.5%	-0.7*
Passenger yield (currency-adjusted)	0.87	0.92	-5.1%	0.92	0.99	-7.2%
Unit revenue, PASK (currency-adjusted)	0.71	0.73	-3.5%	0.67	0.73	-8.1%

** Figures given in percentage points*

TOTAL TRAFFIC (SCHEDULED AND CHARTER TRAFFIC) FOR SAS

	May–Jul 2016	May–Jul 2015	Year-on-year change	Nov–Jul 2015–2016	Nov–Jul 2014–2015	Year-on-year change
Number of passengers (000)	8,090	7,789	+3.9%	20,754	20,144	+3.0%
RPK, Revenue Passenger Kilometers (mill)	11,315	10,266	+10.2%	25,989	23,869	+8.9%
ASK, Available Seat Kilometers (mill)	13,707	12,585	+8.9%	35,041	31,861	+10.0%
Load factor	82.5%	81.6%	+1.0*	74.2%	74.9%	-0.7*
Total unit cost (CASK), (currency-adjusted)	0.65	0.71	-8.1%	0.72	0.82	-12.7%
Unit cost (CASK) excluding jet fuel (currency-adjusted)	0.53	0.53	-0.3%	0.59	0.61	-2.6%

** Figures given in percentage points*

SCHEDULED TRAFFIC TREND FOR SAS BY ROUTE SECTOR

	May–Jul 2016 vs. May–Jul 2015		Nov–Jul2015–2016 vs. Nov–Jul 2014–2015	
	Traffic (RPK)	Capacity (ASK)	Traffic (RPK)	Capacity (ASK)
Intercontinental	+30.7%	+31.7%	+24.1%	+28.2%
Europe/Intra-Scandinavia	-0.5%	-1.5%	+1.9%	+3.0%
Domestic	+2.5%	-1.3%	+1.9%	+0.9%

SCHEDULED DESTINATIONS AND FREQUENCIES FOR SAS

	May–Jul 2016	May–Jul 2015	Year-on-year change	Nov–Jul 2015–2016	Nov–Jul 2014–2015	Year-on-year change
Number of destinations	113	111	+1.8%	117	117	0.0
Number of daily departures	808	812	-0.5%	790	784	+0.7%
No. of departures per destination/day	7.1	7.3	-2.2%	6.8	6.7	+0.7%

PRODUCTIVITY AND ENVIRONMENTAL EFFICIENCY

Block hours, 12-month rolling	July 2016	July 2015	Year-on-year change	Oct 2015	Oct 2014	Year-on-year change
Aircraft	9.2	8.8	4.7%	8.8	9.0	-1.6%
Cabin crew	771	763	0.9%	762	762	0.0
Pilots	691	681	1.5%	688	685	0.4%
Environmental efficiency	Maj–Jul 2016	Maj–Jul 2015	Year-on-year change	Nov–Jul 2015–2016	Nov–Jul 2014–2015	Year-on-year change
CO^2 emissions per passenger kilometer, grams	90.5	93.1	-2.8%	101.0	102.3	-1.4%

AIRCRAFT FLEET

THE SAS AIRCRAFT FLEET AT JULY 31, 2016

Aircraft in service under SAS's (SK) own traffic license	Age	Owned	Leased	Total	On purchase order	On lease order
Airbus A330/A340/A350	11.1	9	7	16	8	
Airbus A319/A320/A321	11.5	6	19	25	30	
Boeing 737 NG	13.5	18	63	81		
Total	**12.8**	**33**	**89**	**122**	**38**	**0**

Aircraft in service under a traffic license other than SAS's (SK)	Age	Owned	Wet-leased	Total	On wet lease order
Bombardier CRJ900	4.1	11	8	19	4
Boeing 737 NG	10.9		1	1	
ATR-72	2.8		15	15	
Total	**3.7**	**11**	**24**	**35**	**4**

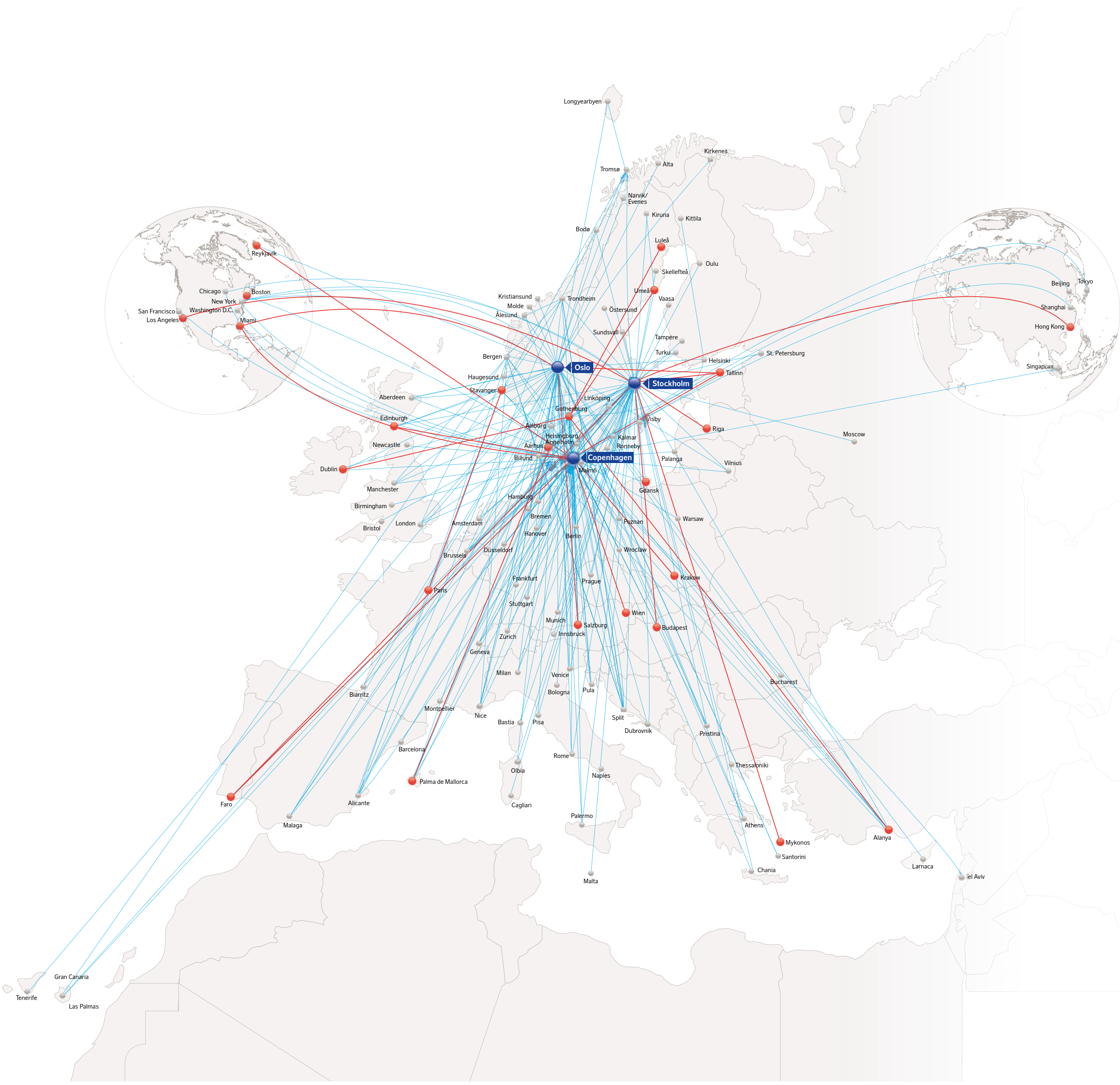
Total SAS in-service aircraft fleet	Age	Owned	Leased	Total	On purchase order	Order wet lease
Total	**10.8**	**44**	**113**	**157**	**38**	**4**

Aircraft to be phased out	Age	Owned	Leased	Total	Leased out	Parked
Bombardier CRJ900	7.4	1		1		1
Bombardier Q400	8.6		1	1	1	
Total	**8.0**	**1**	**1**	**2**	**1**	**1**

Aircraft on firm order 2016–2021 at July 31, 2016	2016	2017	2018	2019	2020	2021
Airbus A320neo	4	11	7	8		
Airbus A350				1	2	5

SAS DESTINATIONS

Existing routes   New routes for 2015 and 2016



SAS is Scandinavia's leading airline and has an attractive offering to frequent travelers. SAS offers more than 800 flights daily and more than 28 million passengers travel with SAS to 117 destinations in Europe, the US and Asia. Membership in Star Alliance™ provides SAS's customers with access to a far-reaching network and smooth connections. Altogether, Star Alliance offers more than 18,500 daily departures to 1,321 destinations in 193 countries around the world. In addition to airline operations, activities at SAS include ground handling services (SAS Ground Handling), technical maintenance (SAS Technical) and air cargo services (SAS Cargo).

SAS AB is the Parent Company of SAS and is listed on the stock exchanges in Stockholm (primary listing), Copenhagen and Oslo. With the exception of SAS Cargo and SAS Ground Handling, which are directly owned by the Parent Company SAS AB, the majority of the operations and assets are directly owned by the SAS Consortium.

DEFINITIONS & CONCEPTS

SAS uses various key figures, including alternative performance measures (APM), for internal analysis purposes and for external communication of the operations' results, performance and financial position.

The key figures support stakeholders in their assessment of the SAS's earnings and performance. In the APMs based on capitalized leasing costs (x7), the SAS's level of debt is raised to a level that would correspond to a situation where aircraft under operating leases would instead be owned or under finance leases. In the airline industry, capitalized leasing costs (x7) is an established method for estimating unrecognized liabilities pertaining to operating leases for aircraft.

The aim of the APMs is to illustrate the performance measures tailored to operations that, in addition to the other key figures, enable various stakeholders to more accurately assess and value the SAS's historical, current and future performance and positions.

Adjusted debt/equity ratio – Financial net debt plus capitalized leasing costs (x7) in relation to equity.

Adjusted equity/assets ratio – Equity in relation to total assets plus capitalized leasing costs (x7).

ASK, Available Seat Kilometers – The total number of seats available for passengers multiplied by the number of kilometers which they are flown.

CAPEX (Capital Expenditure) – Future payments for aircraft on firm order.

Capital employed – Total capital according to the balance sheet less non-interest-bearing liabilities.

Capitalized leasing costs (x7) – The annual operating lease costs for aircraft multiplied by seven.

Debt/equity ratio – Financial net debt in relation to equity.

Earnings per common share (EPS) – Net income for the period attributable to Parent Company shareholders less preference share dividends in relation to the average number of common shares outstanding.

EBIT – Operating income.

EBIT margin – EBIT divided by total revenue.

EBITDA – Operating income before tax, net financial items, income from the sale of fixed assets, share of income in affiliated companies, and depreciation and amortization.

EBITDAR – Operating income before tax, net financial items, income from the sale of fixed assets, share of income in affiliated companies, depreciation and amortization, and leasing costs for aircraft.

EBITDAR margin – EBITDAR divided by revenue.

Equity method – Shares in affiliated companies are taken up at the SAS Group's share of equity, taking acquired surplus and deficit values into account.

Equity/assets ratio – Equity in relation to total assets.

Financial net debt – Interest-bearing liabilities less interest-bearing assets excluding net pension funds.

Financial preparedness – Cash and cash equivalents, excluding receivables from other financial institutions, plus unutilized credit facilities in relation to fixed costs. In this ratio, fixed costs are defined as payroll and other operating expenses, and exclude jet-fuel costs and government user fees.

FTE – Full Time Equivalent.

Interest-coverage ratio – Operating income plus financial revenue in relation to financial expenses.

Load factor – RPK divided by ASK, shown in percent. Describes the capacity utilization of available seats. Also called occupancy rate.

PASK (unit revenue) – Passenger revenue divided by ASK (scheduled).

Return on Capital Employed (ROCE) – Operating income plus financial revenue in relation to average capital employed.

Return on Invested Capital (ROIC) – EBIT plus the standard interest portion corresponding to 33% of operating leasing costs after subtracting dividends to shareholders in relation to average shareholders' equity, net financial debt and net capitalized operating lease obligations (x7).

Return on shareholders' equity – Net income for the period attributable to shareholders in the Parent Company in relation to average equity excluding non-controlling interests.

RPK, Revenue passenger kilometers – Number of paying passengers multiplied by the distance they are flown in kilometers.

Sale and leaseback – Sale of an asset (aircraft, building, etc.) that is then leased back.

Unit cost, CASK – Total operating expenses for airline operations including aircraft leasing cost and total depreciation less other non-traffic-related revenue per total ASK (scheduled and charter).

Yield – Passenger revenue divided by RPK (scheduled).

A more detailed list of definitions & concepts is available at www.sasgroup.net under Investor relations/Financial data/Financial definitions.

SIGNIFICANT EVENTS

EVENTS AFTER JULY 31, 2016

• SAS has signed letters of intent for the financing of seven Airbus A320neos with deliveries in 2016 to 2017 through a sale and lease-back agreement.

• SAS signed an agreement for installation of the fastest Wi-Fi in the market on board all of SAS's Airbus A320 and Boeing 737 aircraft in Europe.

THIRD QUARTER 2015/2016

• SAS decided to retain ground handling services at primary airports.

• SAS and the cabin crew unions in Norway and Sweden signed new collective agreements.

• SAS and the pilot associations in Norway signed new collective agreements.

• SAS and the pilot associations in Sweden signed new collective agreements following a strike that resulted in around 1,000 cancelled flights and a negative earnings impact of about MSEK 140 for SAS.

SECOND QUARTER 2015/2016

• SAS 's Annual Report contained an updated dividend policy for the common share, stipulating that SAS is to pay dividends of SEK 50 per year to preference shareholders, with a quarterly payment of SEK 12.50 per preference share in accordance with the terms and conditions of the issue of preference shares.

• The European Commission announced that it will not appeal the European Court of Justice's judgement to annul the European Commission's fines of MEUR 70.2 from 2010. However, the European Commission can make a new decision in relation to this matter.

• The AGM resolved to pay a maximum dividend to preference shareholders over the period until the next AGM of SEK 50 per preference share. The AGM resolved not to pay a dividend to holders of common shares for the 2014/2015 fiscal year. Berit Svendsen was elected as a new member of the Board.

• SAS opened two new long-haul routes: Stockholm – Los Angeles and Copenhagen – Boston.

FIRST QUARTER 2015/2016

• SAS completed the sale of Blue1 to Cityjet. From spring 2016, Cityjet will operate regional jet services on behalf of SAS using eight, brand new, Bombardier CRJ900s.

• SAS decided to open Café Lounges at Malmö and Luleå airports.

• The European Court of Justice annulled the European Commission's MEUR 70.2 fine from 2010. However, the European Commission could decide to appeal this ruling.

• Mattias Forsberg took office as Executive Vice President and CIO on January 1, 2016.

• SAS completed the financing of PDPs for five Airbus aircraft.

• Following conversion of SAS's convertible bond loan, the number of common shares issued for SAS AB increased 1,082,551 to 330,082,551.

FINANCIAL CALENDAR

Q4 Interim report, 2016 (August–October)	December 13, 2016
Annual Report 2015/2016	February 1, 2017
2017 Annual General Meeting	February 22, 2017
Q1 Interim report, 2017 (November–January)	March 8, 2017
Q2 Interim report, 2017 (February–April)	June 21, 2017
Q3 Interim report, 2017 (May–July)	September 5, 2017
Q4 Interim report, 2017 (August–October)	December 12, 2017

All reports are available in English and Swedish and can be downloaded at www.sasgroup.net.

SAS's monthly traffic data information is normally issued on the fifth business day of the following month. A complete financial calendar can be found at: www.sasgroup.net under Investor Relations.

For further definitions, refer to the Annual Report or www.sasgroup.net, under Investor Relations/Financial data/Financial definitions.

PRESS/INVESTOR RELATIONS

Telephone conference, 10:00 a.m., September 8, 2016.

This information is information that SAS AB is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 8.00 a.m. CET on September 8, 2016.

Any questions about the report can be addressed to Björn Tibell, Investor Relations, +46 70 997 1437 or alternatively to investor.relations@sas.se.