EXTENDED STRUCTURAL MEASURES TO STRENGTHEN PROFITABILITY

FEBRUARY 2017 – APRIL 2017

- Income before tax and nonrecurring items: MSEK -259 (-601)
- Income before tax: MSEK -208 (127)
- Revenue: MSEK 9,843 (8,916)
- EBIT margin: -1.1% (2.7%)
- Net income for the period: MSEK -320 (171)
- Earnings per common share: SEK -1.23 (0.25)
- The outlook for the full year 2016/2017 is retained, see page 10.

SIGNIFICANT EVENTS

- SAS decided to double its target for efficiency measures to SEK 3 billion, with effect in the 2017–2020 period, and to strengthen focus on new growth initiatives.
- SAS completed the financing of seven Boeing 737s valued at MUSD 101.
- SAS sold two slot pairs at London Heathrow for MUSD 75.
- The European Commission revised its earlier decision and once again fined ten airlines for alleged breaches of competition rules during the 1999–2006 period. SAS was ordered to pay a fine of MEUR 70.2.

> We have doubled the efficiency program target to a total of SEK 3 billion, with effect in the 2017–2020 period.

Rickard Gustafson
President and CEO

NOVEMBER 2016 – APRIL 2017

- Income before tax and nonrecurring items: MSEK -966 (-1,005)
- Income before tax: MSEK -905 (-182)
- Revenue: MSEK 18,800 (17,191)
- EBIT margin: -3.7% (0.3%)
- Net income for the period: MSEK -876 (-75)
- Earnings per common share SEK -3.18 (-0.76)

KEY FIGURES FEBRUARY–APRIL 2017

-7.4% UNIT COST VS PRECEDING YEAR[2]

-2.7% RASK VS PRECEDING YEAR

+4.7% PASSENGERS VS PRECEDING YEAR[1]

1) Currency adjusted
2) Currency adjusted and excluding jet fuel

INCOME AND KEY RATIOS

Key ratios (MSEK)	Q2 Feb–Apr 2017	Q2 Feb–Apr 2016	Q1–2 Nov–Apr 2016–2017	Q1–2 Nov–Apr 2015–2016	Rolling 12 months May–Apr 2016–2017	Rolling 12 months May–Apr 2015–2016
Revenue	9,843	8,916	18,800	17,191	41,068	39,067
EBIT margin	-1.1%	2.7%	-3.7%	0.3%	2.8%	6.3%
Income before tax and nonrecurring items	-259	-601	-966	-1,005	978	1,329
Income before tax, EBT	-208	127	-905	-182	708	1,716
Net income for the period	-320	171	-876	-75	520	1,242
Cash flow from operating activities	1,952	2,535	1,587	1,946	3,304	3,872

	Apr 30, 2017	Oct 31, 2016	Apr 30, 2016	Apr 30, 2015
Equity/assets ratio	16%	19%	15%	14%
Adjusted financial net debt/EBITDAR, multiple	4.0x	3.2x	2.8x	4.3x
Financial preparedness	37%	41%	40%	34%
Return on invested capital, 12-month rolling	9%	12%	15%	6%
Earnings per common share (SEK), 12-month rolling	0.52	2.94	2.71	-1.60
Shareholders' equity per common share, SEK	4.94	7.12	3.04	2.15

COMMENTS BY THE CEO

The quarter trended in line with our expectations. The most positive news being the increase in passenger numbers compared with the corresponding quarter last year of more than 300,000. This resulted in increased revenue and a year-on-year improvement in income before tax and nonrecurring items. However, profitability remains too low and must be raised. We are therefore doubling our efficiency program target to SEK 3 billion. We are also initiating efforts to further strengthen loyalty to SAS and to generate new growth initiatives by leveraging SAS's strong brand and the EuroBonus program.

For the second quarter of 2016/2017, SAS posted an income before tax and nonrecurring items of MSEK -259, up MSEK 342 year-on-year. The earnings trend is driven by increased revenue as a result of raised passenger numbers and completed efficiency enhancements, which contributed to a 7.4% decrease in our currency-adjusted unit cost, excluding jet fuel.

Even if we can see that our product and our product investments are appreciated and strengthen SAS's competitiveness, market conditions in our operating environment remain challenging. During the quarter, the currency-adjusted yield fell 7.5% and jet-fuel prices were 40% higher than last year. Moreover, I view the proposed Swedish aviation tax with some concern. The aviation tax will generate minimal environmental effects and will undermine the profitability of Scandinavian airlines, which are already under intense international pressure. Furthermore, an aviation tax would negatively impact the Swedish economy resulting in effects, such as more international passengers not choosing to come to Sweden and the risk of a decrease in the availability of domestic flights. In addition, price pressure is expected to continue in pace with our competitors receiving large aircraft deliveries and moving production to low cost carriers. To counter these developments and to profitably participate in the growth in leisure travel, we must increase efficiency efforts and find new growth initiatives.

COMMERCIAL SUCCESSES IN THE QUARTER

SAS focuses on customers who travel frequently to, from and within Scandinavia and we develop our offering and network to meet this group's needs.

We have noted that our time-saving services are appreciated, in which the digitalization and development of our EuroBonus loyalty program comprise key components in the continued development of our customer offering. The new website is up and running, which is positive news. It is based on a modern IT platform, which is a precondition for the development of new services and customer enhancements. At the same time, we are well aware that the site's user-friendliness does not yet meet customers' expectations and requires improvement, which we are working hard to rectify.

100,000 new EuroBonus members joined during the quarter. The program now has almost 4.9 million members and sales of points to external partners grew around 25%. In May, we moved the entire EuroBonus database to a new platform, which means we can continue to develop and expand the program. Accordingly, we are looking forward to launching further changes in the autumn.

In the spring, to meet the wishes of our primary target group, we launched a new innovative concept for on board food and drink — New Nordic by SAS. Despite the recentness of the roll-out, I am delighted by the positive response from our customers.

NEW EFFICIENCY MEASURES AND GROWTH INITIATIVESS

From the end of 2016, we have identified and planned new efficiency measures and growth initiatives to strengthen core operations in Scandinavia. We have identified more than 200 new initiatives that mean we can double the target of our efficiency program to SEK 3 billion, with an effect in the 2017–2020 period. The measures, which are described in more detail on pages 6–8, aim to increase productivity and resource utilization across the organization. To strengthen our competitiveness in the growing leisure travel segment and to counter pressure on the yield, we will also refine our base offering and develop additional ancillary services to increase the differentiation of the customer offering. These measures will be noticeable in our work over the coming years and will require considerable effort from the organization.

If SAS is to secure the long-term profitability of key traffic flows and actively participate in the growing market, SAS must have the same preconditions as other market participants. Therefore, we are establishing new bases in London and Spain, to complement production in Scandinavia, in parallel with the structural measures. We have now recruited the management group for the new company and decided to locate the Spanish base in Malaga. These efforts are continuing as planned.

Moreover, we are initiating efforts aimed at establishing a new company to strengthen loyalty to SAS and to generate new growth initiatives. Our unique knowledge of frequent travelers' preferences allows us to develop new services for our customers. This means we can strengthen our core operations, generate growth and increase financial transparency.

We are also reorganizing to enable enhancement of the efficiency of SAS's core operations, the generation of new growth initiatives and the establishment of new production bases outside Scandinavia. The changes, which enter force on July 1, will increase internal transparency and ownership, and lead to further efficiencies in administration.

When the measures have been completed and the bases established, I expect SAS to be a more flexible and productive airline with a broadened revenue base. Our aim is to continue providing a premium product together with a more differentiated customer offering, which will deliver us the preconditions to profitably leverage the growth in leisure travel.

FINANCIAL POSITION AND OUTLOOK

SAS has a more stable financial position than it did a few years ago. This is evidence that the change efforts are having an impact. At the same time, we operate in a capital-intensive sector that requires optimization of the capital structure to create shareholder value. Given the above and to create a clearer objective, we are now introducing two financial targets linked to SAS's profitability and gearing. The targets take into account total capital at SAS and reaching these targets will require the structural measures achieving their full effect.

The first six months trended in line with our expectations but, at the same time, showed that profitability was inadequate and how important it is that we implement all of the initiatives under the structural program.

The outlook for the 2016/2017 fiscal year is unchanged and is presented on page 10.

Thank you for choosing SAS and engaging in our business.

Stockholm, June 21, 2017
Rickard Gustafson
President and CEO

COMMENTS ON SAS'S FINANCIAL STATEMENTS

MARKET AND TRAFFIC TRENDS

Following high capacity growth in the Scandinavian market in 2015/2016, the growth rate is expected to be slightly lower in 2016/2017. Measured in the number of seats offered, capacity to, from and within Scandinavia increased 1% during the first six months of 2016/2017. Capacity growth was largest on routes between Scandinavia and Europe and was equally divided between network airlines and low cost carriers (LCCs). At the same time, the total number of passengers rose almost 4%. In the forthcoming six-month period, the increase in the number of offered seats in the total Scandinavian market is expected to be around 4%.

During the second quarter of 2016/2017, SAS's scheduled traffic, RPK, increased 12.9%. The increase was mainly driven by SAS opening new intercontinental destinations compared with the preceding year. Furthermore, SAS increased production of longer leisure routes, mainly to southern Europe, which also contributed to SAS's traffic growth.

Demand in the Swedish market was generally strong in the first six months. The Norwegian and Danish markets also had positive growth, but the aviation tax introduced in Norway eroded SAS's revenues and most was absorbed by SAS through a lower yield.

Unit revenue (PASK) declined 3.3% during the second quarter of 2016/2017. Unit revenue was impacted by the increased production on SAS's long-haul routes. Further details on the traffic trend for SAS are available on page 20.

EARNINGS ANALYSIS FEBRUARY 2017 – APRIL 2017

Net income for the period

Operating income amounted to MSEK -110 (240). Income before tax amounted to MSEK -208 (127) and income after tax was MSEK -320 (171). The tax expense totaled MSEK -112 (44) and was primarily attributable to the European Commission's fine not having any fiscal effects.

The exchange-rate trend had a positive impact on revenue of MSEK 316 and a negative effect on operating expenses of MSEK -342. Accordingly, the exchange-rate trend had a negative impact on operating income of MSEK -26 and, including net financial items, a negative impact of MSEK -17.

Revenue

Revenue totaled MSEK 9,843 (8,916), see Note 2. After adjustment for currency effects, revenue was up MSEK 611 year-on-year. Currency-adjusted passenger revenue rose 4.4%. The increase was a result of higher scheduled capacity (ASK) which, based on the preceding year's terms, had a positive impact on revenue of MSEK 1,438. A higher load factor had a positive impact of MSEK 133. Revenue was negatively impacted in an amount of MSEK -1,253 as a result of the lower yield.

The currency-adjusted revenue from charter and cargo increased 15.2% and 17.7%, respectively. The main reason for these increases was higher volumes. Other traffic revenue (currency-adjusted) rose MSEK 46, mainly due to increased sales of ancillary services.

Other operating revenue (currency-adjusted) climbed MSEK 157, mainly due to increased sales of EuroBonus points and short-term letting of CRJ900s to CityJet.

Operational and financial expenses

Payroll expenses amounted to MSEK -2,302 (-2,311). After adjustment for currency and restructuring costs, payroll expenses declined 3.6% year-on-year. The main reason for the reduction in payroll expenses was the sale of the subsidiary Cimber and the results of efficiency measures.

Other operating expenses amounted to MSEK -7,188 (-5,429), see Note 3. The main reason for the increase was the European Commission's decision to once again fine SAS MEUR 70.2 for alleged breaches of competition rules. In the corresponding year-earlier period, the fine was repaid and recognized as a decrease in expenses.

Jet-fuel costs amounted to MSEK -1,659 (-1,497). Adjusted for currency, jet-fuel costs increased 4.2%. The cost was negatively impacted in an amount of MSEK -431 due to a higher oil price, while currency had a negative impact of MSEK -95. Hedge effects (including the effect of time value) had a positive impact of MSEK 446 year-on-year and volume, based on the preceding year's terms, had a negative impact on costs of MSEK -85. Handling costs (currency-adjusted) rose 5.1%. Technical maintenance costs (currency-adjusted) decreased 13.9%. This decrease was mainly attributable to SAS having high costs in the corresponding year-earlier quarter due to more extensive maintenance, provisions for return requirements on leased aircraft and changed assessments for future engine maintenance. Wet-lease costs were MSEK 115 (currency adjusted) higher for the quarter year-on-year, and were mainly due to increased production. During the period, the implementation of the ongoing restructuring program resulted in cost reductions of about MSEK 175.

Leasing costs amounted to MSEK -801 (-706). Adjusted for currency effects, leasing costs increased 6.9%.

Financial revenue and expenses amounted to MSEK -99 (-113), of which net interest expense was MSEK -96 (-101).

SAS's total capacity (ASK) increased 8.5%, primarily attributable to the increase in intercontinental traffic. This was the main reason for the decrease of 7.4% in the unit cost (CASK), adjusted for currency and jet fuel.

Nonrecurring items

Total nonrecurring items amounted to MSEK 51 (728) during the period. Of nonrecurring items, MSEK 678 pertained to the transfer of two slot pairs at London Heathrow, MSEK 45 (80) to capital gains from aircraft transactions and MSEK -672 (655) to the European Commission's decision to once again fine SAS and ten other airlines for alleged breaches of air cargo competition rules from 1999–2006. The fine amounted to MEUR 70.2, which was the same as the sum repaid to SAS in 2016. Last year's quarter was also impacted by the sale of a subsidiary with MSEK 4 and restructuring costs of MSEK -11.

EARNINGS ANALYSIS NOVEMBER 2016 – APRIL 2017

Net income for the period

Operating income was MSEK -687 (54). Income before tax amounted to MSEK -905 (-182) and income after tax was MSEK -876 (-75). The tax income totaled MSEK 29 (107) and was primarily attributable to the European Commission's fine not having any fiscal effects.

The exchange-rate trend had a positive impact on revenue of MSEK 675 and a negative effect on operating expenses of MSEK -741. Accordingly, the exchange-rate trend had a negative impact on operating income of MSEK -66 and including net financial items a negative impact of MSEK -54.

Revenue

Revenue totaled MSEK 18,800 (17,191), see Note 2. After adjustment for currency effects, revenue was up MSEK 934 year-on-year. Currency-adjusted passenger revenue rose 4.7% The increase was a result of higher scheduled capacity (ASK) which, based on the preceding year's terms, had a positive impact on revenue of MSEK 3,076. A higher load factor had a positive impact of MSEK 409. Revenue was negatively impacted in an amount of MSEK -2,910 as a result of the lower yield.

The currency-adjusted revenue from charter and cargo increased 14.6% and 12.2%, respectively. The main reason for these increases was higher volumes.

Other traffic revenue (currency-adjusted) declined by MSEK -2. The increased sales of ancillary services had a positive effect on other traffic revenue.

Other operating revenue (currency-adjusted) climbed MSEK 145, mainly due to increased sales of EuroBonus points and short-term letting of CRJ900s to CityJet.

Operational and financial expenses

Payroll expenses amounted to MSEK -4,723 (-4,645). After adjustment for currency and restructuring costs, payroll expenses declined 2.7% year-on-year. The main reasons for the reduced payroll expenses were the outsourcing of the line stations in Norway last year, the sale of the subsidiary Cimber and the efficiency measures.

Other operating expenses amounted to MSEK -13,293 (-10,598), see Note 3. The main reason for the increase was the European Commission's decision to once again fine SAS MEUR 70.2 for alleged breaches of competition rules. In the corresponding year-earlier period, the fine was repaid and recognized as a decrease in expenses.

Jet-fuel costs amounted to MSEK -3,238 (-2,725). Adjusted for currency, jet-fuel costs increased 11.8%. The cost was negatively impacted in an amount of MSEK -598 due to a higher oil price, while currency had a negative impact of MSEK -174. Hedge effects (including the effect of time value) had a positive impact of MSEK 497 year-on-year and volume, based on the preceding year's terms, had a negative impact on costs of MSEK -216. Handling costs (currency-adjusted) increased 13.7%, primarily due to the outsourcing of the line stations in Norway last year. Technical maintenance costs (currency-adjusted) decreased 0.4%. Wet-lease costs were MSEK 155 (currency adjusted) higher year-on-year, and were mainly due to increased production. During the period, the implementation of the ongoing restructuring program resulted in cost reductions of about MSEK 320.

Leasing costs amounted to MSEK -1,534 (-1,406). Adjusted for currency effects, leasing costs increased 2.7%.

Financial revenue and expenses amounted to MSEK -219 (-237), of which net interest expense was MSEK -206 (-214).

SAS's total capacity (ASK) increased 9.7%, primarily attributable to the increase in intercontinental traffic. This contributed to a decrease of 6.6% in the unit cost (CASK) adjusted for currency and jet fuel.

Nonrecurring items

Total nonrecurring items amounted to MSEK 61 (823) during the period. Of nonrecurring items, MSEK 129 (175) pertained to capital gains from aircraft transactions, MSEK 678 pertained to the transfer of two slot pairs at London Heathrow, MSEK -672 (655) to the fine for alleged breaches of air cargo competition rules from 1999–2006, MSEK -21 (4) to the divestment of subsidiaries; MSEK -30 to a contractual settlement in cargo activities and MSEK -23 (11) to restructuring costs in ground operations.

BALANCE SHEET AND FINANCIAL POSITION

Assets

Intangible and tangible fixed assets decreased MSEK 254 during the first six months of the fiscal year. Change for the period included investments of MSEK 3,432, amortization and depreciation of MSEK -715, divestments of MSEK -2,806 and other and currency effects MSEK -165. Investments during the period included delivery payments for five new Airbus A320neos that were immediately divested on the basis of a sale and leaseback agreement and the acquisition of five Boeing 737s and one Airbus A340 that were previously under operating leases. Other aircraft investments comprised capitalized expenditures for engine maintenance, modifications, spare parts and advance payments to Airbus.

Financial fixed assets increased MSEK 1,270. The increase was mainly due to actuarial earnings from defined-benefit pension plans, primarily because of higher discount rates.

Current receivables decreased MSEK 114 and was mainly attributable to a decline in the value of derivatives.

Cash and cash equivalents were MSEK 9,077 (9,121) at April 30, 2017. Unutilized contracted credit facilities amounted to MSEK 3,174 (2,742). Financial preparedness was 37% (40%) of the Group's fixed costs.

Shareholders' equity and liabilities

Shareholders' equity decreased MSEK 721. The decrease was due to net income for the period of MSEK -876, translation effects for foreign subsidiaries of MSEK -127, a preference dividend of MSEK -350 and negative effects from hedging reserves of MSEK -199. This was offset by actuarial earnings from defined-benefit pension plans, net after tax, of MSEK 831.

Long-term liabilities increased MSEK 586. The increase included reclassifications from and to current liabilities.

Current liabilities increased MSEK 1,743. The change was due to the reclassification of long-term debt, amortization, an increase resulting from the expense recognition of the EU fine and seasonal variations in operating liabilities.

Interest-bearing liabilities

Interest-bearing liabilities declined MSEK 454 compared with October 31, 2016 and amounted to MSEK 9,426 on the closing date. New loans and amortization for the period were MSEK 1,632 and MSEK 1,945 respectively. The change in gross debt from October 31, 2016 included a positive trend in the market value of financial derivatives, which reduced liabilities by MSEK 41. A positive effect from currency revaluations reduced liabilities by MSEK 113.

In 2014, SAS issued a convertible bond loan, which was valued at MSEK 1,502 on the closing date.

Financial net debt/receivables

Net financial receivables increased MSEK 783 compared with October 31, 2016 and amounted to MSEK 1,949 on the closing date. The increase was primarily attributable to seasonally positive cash flow.

Gearing

At April 30, 2017, the equity/assets ratio was 16% (15%) and the adjusted equity/assets ratio was 10% (9%). The adjusted debt/equity ratio amounted to 3.47 (3.76). The adjusted financial net debt/EBITDAR ratio was 4.0x (2.8x).

The adjusted ratios take into account leasing costs.

For the balance sheet — refer to page 12.

CASH-FLOW STATEMENT

Cash flow for the first six months amounted to MSEK 709 (924). Cash and cash equivalents amounted to MSEK 9,077 according to the balance sheet, compared with MSEK 8,370 at October 31, 2016.

Cash flow from operating activities

For the first six months of the fiscal year, cash flow from operating activities before changes in working capital amounted to MSEK -223 (306) and where the year's adjustment for other non-cash items primarily pertained to the MSEK 672 fine for breaches of air cargo competition rules that the European Commission has once again imposed on SAS.

The change in working capital amounted to MSEK 1,810 (1,640) for the first two quarters and was slightly more positive than last year.

Investing activities

Investments totaled MSEK 3,432 (3,095) of which MSEK 3,357 (2,782) pertained to aircraft. These investments included delivery payments for five new Airbus A320neos that were immediately divested on the basis of sale and leaseback agreements and the acquisition of five Boeing 737s and one Airbus A340 that were previously under operating leases. Other aircraft investments comprised capitalized expenditures for engine maintenance, modifications, spare parts and advance payments to Airbus.

In January, the subsidiary Cimber was divested, which had a negative impact on the Group's cash and cash equivalents of MSEK 24.

The divestment of fixed assets concerns the sale and leaseback of the five Airbus A320neos and one spare engine acquired during the six-month period and the divestment of five Bombardier CRJ900s. In addition, a part payment of MSEK 396 was received for the slot pairs at London Heathrow that were divested by SAS in March.

Financing activities

Cash flow before financing activities was MSEK 1,431 (1,519).

New loans for the first six months amounted to MSEK 1,632 (453), while repayments totaled MSEK 1,945 (510). In addition, cash flow from financing activities was negatively impacted by financial derivatives and increased deposits for aircraft in blocked accounts.

For the cash-flow statement — refer to page 13.

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

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

From the end of 2016, SAS has planned further structural measures aimed at raising long-term profitability.

We operate in a capital-intensive sector that requires optimization of the capital structure to create shareholder value. Therefore, we are introducing two financial targets: for return and for gearing in relation to SAS's total capital. In parallel, we are also updating the financial preparedness target.

SAS's financial targets are:

- Return on invested capital (ROIC): to exceed 12% measured over a business cycle.
- Adjusted financial net debt/EBITDAR: to be a multiple of less than three (3x).
- Financial preparedness: cash and cash equivalents and available credit facilities must exceed 25% of SAS's annual fixed costs.

The ROIC target corresponds with the capital markets' and SAS's internal assessment of SAS's weighted average cost of capital (WACC). This is also linked to SAS's dividend policy for holders of common shares, which stipulates that dividends can be paid when value is created through SAS's ROIC exceeding its WACC.

Gearing target — adjusted financial net debt/EBITDAR is a key ratio used by credit rating agencies and banks for assessing creditworthiness and includes the value of leased aircraft. The aim with maintaining a ratio with a multiple of less than three (3x) is aligned with SAS's ambition of improving the financial position and credit rating, and thereby lowering financing costs.

SAS is also raising the financial preparedness target from 20% to 25% of annual fixed costs. The reason for the above is SAS's increased production on long-haul routes and leisure routes, where the proportion of advance bookings is larger. This leads to an increase in obligations to customers for SAS, which should be reflected in the liquidity reserve.

Considerable uncertainty continues in the macro environment with regard to exchange-rate trends, jet-fuel prices and changes within the European airline industry, with intensified competition, which means that SAS is not setting a date for reaching these targets. However, the aim is to reach the targets in a medium-term horizon. The targets depend on the structural measures being fully implemented. In conjunction with the transition to IFRS 16 from 2019, SAS will review the targets to ensure their continued relevance.

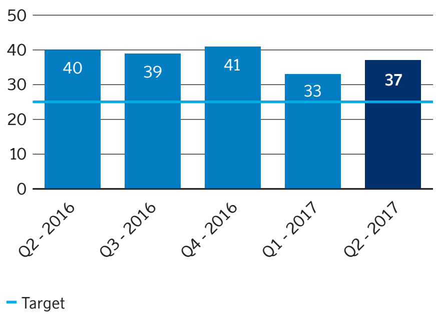
EVENTS AFTER APRIL 30, 2017

- SAS decided to double its target for efficiency measures to SEK 3 billion, with effect in the 2017–2020 period, and to focus on new growth initiatives.
- In conjunction with the establishment of a new organization Annelie Nässén takes up her position as the new Sales and Marketing Director from July 1, 2017 in the SAS Group Management.

FINANCIAL PREPAREDNESS

SAS has a target for financial preparedness, which is to exceed 25% of annual fixed costs. At April 30, the financial preparedness was 37%.

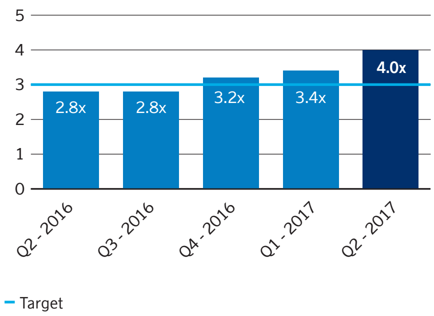
FINANCIAL PREPAREDNESS, %



ADJUSTED FINANCIAL NET DEBT/EBITDAR, MULTIPLE

SAS has a target for the adjusted financial net debt/EBITDAR ratio to be a multiple of less than three. At April 30, the ratio was a multiple of 4.0x.

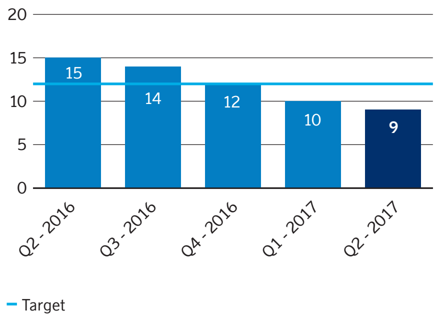
ADJUSTED FINANCIAL NET DEBT/EBITDAR, MULTIPLE



RETURN ON INVESTED CAPITAL (ROIC)

SAS has a target for the return on invested capital (ROIC) to exceed 12% measured over a business cycle. Over the last 12 months up until the second quarter, ROIC was 9%.

ROIC, 12-MONTH ROLLING, %



STRATEGIC PRIORITIES FOR SAS

SAS focuses on people who travel frequently to, from and within Scandinavia. Focusing on this target group, we work with three strategic priority areas to strengthen competitiveness and to meet the challenges in the industry.

WIN SCANDINAVIA'S FREQUENT TRAVELERS

SALES VIA DIGITAL CHANNELS Q2 FY17 VS Q2 FY16	EUROBONUS MEMBERSHIP TREND Q2 FY17 VS Q2 FY16	SAS PLUS AND BUSINESS REVENUE Q2 FY17 VS Q2 FY16
↗ 6%	↗ 11%	↗ 4%

The most frequent travelers are also the most demanding in terms of a smooth travel experience and that we take care of their time in the best possible way. This is the driving force when we develop our customer offering in order to strengthen our position as the first choice for Scandinavia's frequent travelers.

Digitalization entails possibilities to simplify processes for the customer, to offer time-saving services, as well as to enhance the efficiency of our internal processes. We are therefore investing in an upgrade of our IT platform — an investment aimed at enhancing the customer experience and managing the lower unit revenue trend. By developing new ancillary services, we can offer a more clearly differentiated product and a more tailored offering. SAS's new website and app will continue to be developed as will our new sales channels for the new ancillary services.

At the start of 2016/2017, SAS launched the new website in the Scandinavian market. It is based on a modern IT platform, which is a precondition for the development of new services and customer enhancements. We are also aware that the site's user-friendliness needs improvement. We therefore work continuously with adaptations and simplifications to the website, based on received customer feedback, to make our digital interface effortless, intuitive and straightforward.

The new platform enables us, for example, to more simply and rapidly add new services and products that are in demand by our customers. In the spring, we also changed the IT platform for our EuroBonus program, which will allow us to further expand the program and launch improvements for our customers.

EuroBonus, which celebrated 25 years in spring 2017, is at the core of strengthening relationships and loyalty between SAS and its customers. The loyalty program now has almost 4.9 million members and the number of members increased by more than 100,000 in the second quarter. EuroBonus enables us to get to know our customers, their travel patterns and their wishes — areas we intend to become even better at meeting. In addition, membership of SAS's SME program, SAS Credits, has increased by slightly more than 20,000 year-on-year and further program improvements are planned.

As part of efforts to improve the travel experience, we are investing in our aircraft fleet. During the second quarter of 2016/2017, two Airbus A320neos were delivered, upgraded with SAS's new cabin interiors for short and medium-haul operations.

In the spring, to meet the wishes of our primary target group, we launched New Nordic by SAS, a new innovative concept for on board food and drink where we focus on functionality and locally produced high quality ingredients as well as on more and improved choices, and packaged in a clean design tailored for life on board. The concept has been created in consultation with SAS's customers and cabin crew.

We have also invested over the last few years in SAS lounges in Stockholm, Gothenburg and Oslo to further adapt the customer offering and increase its relevance for our customers. As a continuation of the above, we are now focusing on international lounges and will, in 2017, also improve the SAS lounges in New York, Chicago and Paris.

The customer offering investments are appreciated by customers and have also boosted passenger numbers choosing to travel with SAS Plus or SAS Business in the second quarter, compared with last year. SAS has also received a number of independent awards including first place in the categories: "Best airline in Europe" and "Best Domestic Transportation" at the Grand Travel Awards in Sweden. Moreover, SAS has again been crowned the business traveler's choice with wins at the Business Travel Awards: "Best Domestic Transportation" and "Best International Airline." The SAS App is also the third most downloaded flight app in Europe.

New growth initiatives

The last few years' investments in our customer offering and EuroBonus improvements have contributed to the 1.5 million increase in the number of program members over the last two years. We now have almost five million members in total. EuroBonus provides us with unique knowledge about Scandinavia's most frequent travelers and their preferences.

To generate shareholder value, we will use the strong SAS brand and EuroBonus to develop popular new services. The aim is to establish a new company that will:

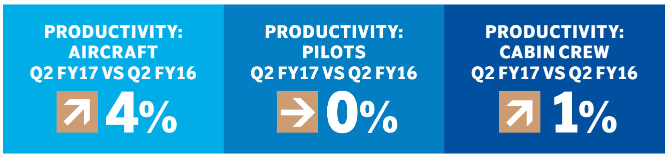
• *Strengthen core operations:* Based on the membership of almost five million in EuroBonus, we will use CRM and big data analyses to create offerings that, together with new partners, broaden and strengthen loyalty to SAS.

• *Create new growth initiatives:* We will increase revenue by continuing the development of existing business models, including more credit cards linked to EuroBonus and other partnerships. Through new business models based on the sale of EuroBonus points and differing forms of commission, we can broaden our offering to include package holidays, conferences and other types of experience.

• *Increase financial transparency:* The ambition is to establish an independent company to demonstrate the value of the loyalty program and our customer data.

Moving forward, we aim to considerably increase our other customer revenue.

CREATE AN EFFICIENT OPERATING PLATFORM



SAS works continuously to enhance the efficiency of the operational platform and in the 2013–2016 period improved operational efficiency by SEK 4.3 billion.

In the second quarter of 2016/2017, the earnings impact from efficiency enhancements was MSEK 175 and contributed to a 7.4% fall in the currency-adjusted unit cost, excluding jet fuel. Aircraft productivity continued to rise as a result of increased production on long-haul routes and European leisure routes. Pilot productivity remained unchanged and rose marginally for cabin crew, mainly due to flying longer distances.

STRUCTURAL MEASURES

The airline industry is undergoing changes that continuously set new requirements for all participants. One major challenge for the industry and for SAS is the trend of declining unit revenue and the willingness to pay for air travel. Many of SAS's competitors are receiving large aircraft deliveries in the coming years, in parallel with an increasing number of airlines moving production to low cost carriers — not just in Europe, but also on intercontinental routes. Moreover, personnel are increasingly sourced from manning companies with the aim of creating more flexible terms. Many network airlines are also simplifying their core offering and lowering prices even further, at the same time as customers are being offered more ancillary services. Together, this indicates that pressure on yield will continue.

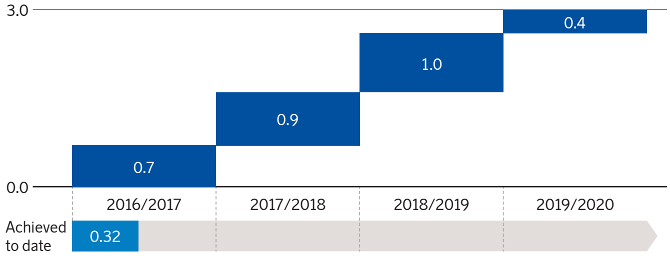
In addition, Norway has recently introduced a national aviation tax and the introduction of a similar tax has been proposed in Sweden. These will only generate marginal environmental effects but threaten to undermine profitability, since the intense competition in the industry means the airlines will have to absorb the tax and will be unable to correspondingly raise ticket prices. This could therefore have a considerable negative impact on Scandinavian airlines that already suffer from inadequate profitability and face intense international pressure.

In parallel with the above, the air travel market is growing — primarily leisure travel and the intercontinental markets. With SAS's extensive network, frequent departures and substantial customer base, SAS holds a strong market position in Scandinavia. Provided SAS can improve its efficiency, we have major possibilities for leveraging the market growth, not least in terms of leisure travel in Europe, where SAS currently has a low market share.

New efficiency-enhancement measures

From autumn 2016, we have worked with identifying and planning new structural measures for our core operations based in Scandinavia. We have identified a total of more than 200 new initiatives that, together with previously decided and announced measures, mean we can double the target of our efficiency program from SEK 1.5 billion to SEK 3 billion, with an effect in the 2017–2020 period. The actions are measured in gross amounts and before inflation effects. Around one third of the initiatives depend on changed agreements with suppliers and trade unions. The efficiency measures encompass the entire organization and will impact much of the work conducted during the coming years. A few examples of the measures we will implement follow.

EARNINGS IMPACT (SEK BILLION)



Flight operations, including wet lease, government user fees and jet fuel, will have efficiency enhancements of about SEK 1.2 billion implemented. Among other measures, productivity will be increased by better adaptation of resources to seasonal variations and by reducing staffing on our charter and long-haul flights. We can achieve this through more flexible planning and new scheduling, by adjusting our network and through increased use of a resource pool for cabin crew. The roll-out of iPads to flight crew means we can raise productivity through strong internal communication and simplified check-in procedures. In addition, in the short and long terms, we will work on balancing the age demographics among staff.

Ground handling operations and technical maintenance efficiency enhancements will be implemented that total SEK 0.9 billion. This will be achieved in ground handling through improved planning and by broadening work duties and renegotiating agreements with our sub-contractors. Moreover, we will streamline processes and raise quality in terms of irregularity management, which is also a key parameter for customer satisfaction. We will achieve efficiency enhancements in technical maintenance by implementing Lean across the technical areas, which will generate productivity and quality improvements. In addition, we will change scheduling and renegotiate sub-contractor agreements for heavy maintenance, including engine maintenance. A changed and centralized organization will enable us to achieve synergies between countries and thereby reduce administrative technical resources.

We will be implementing efficiency enhancements of SEK 0.5 billion in the commercial area. To ensure that we offer what customers want most, we will simplify the base offering and expand options by adding more ancillary services. These will help us partially compensate for the pressure on unit revenue. SAS Go Light will also be expanded to more markets to strengthen competitiveness in the lower price segment. We will also continue efforts to lower SAS's distribution and credit card expenses as well as further decrease logistics costs for our on-board service. We will also streamline the back office and customer center functions.

Efficiency enhancements of around SEK 0.4 billion will be implemented in administration, support and IT. We will streamline internal processes, through measures including enhancing systems support for network planning, reducing the number of consulting hours and generally reduce personnel. At the same time as we are developing and investing in IT in terms of our digitalization, we will simplify our infrastructure, optimize the use of our licenses and transform legacy platforms into modern cloud services.

Bases outside Scandinavia
All of SAS's competitors on traffic flows to and from Europe use almost exclusively crew based in EU countries outside of Scandinavia and as result have a lower total cost for labor.

If SAS is to secure the long-term profitability of key traffic flows and actively participate in the growing market, SAS must have the same preconditions. Otherwise, SAS will be forced to reduce its production and discontinue routes.

In parallel with the implementation of the efficiency enhancements in our core operations, in January 2017, SAS decided to establish a new air operator certificate (AOC) in Ireland with operational bases in London and Spain. The bases will complement our production in Scandinavia, which will continue to account for the main share of our business.

In the second quarter, we established a structure for SAS Ireland and recruited the management team for the airline. We have also decided to locate the Spanish base in Malaga and applied for the new AOC in Ireland. We have also tasked a recruitment company with initiating the recruitment of pilots and cabin crew. The work is progressing as planned and we expect the first flight to be completed as part of the 2017/2018 winter program.

Start-up costs for the new AOC and new bases are expected to negatively impact earnings initially and were very low in the second quarter. Initially, the financial effects from operations at these bases will be small, but will gradually increase as operations grow. When the bases are fully operational, we expect them to have the same underlying unit cost as our low cost competitors.

Restructuring costs
Structural measures are expected to result in restructuring costs and non-recurring items amounting to about SEK 1 billion in the 2017–2019 period. The restructuring costs relate to the reorganization of personnel, organizational changes in the administration and the termination of property agreements. Other non-recurring expenses mainly relate to the development of the IT system.

SECURE THE RIGHT CAPABILITIES

SICK LEAVE Q2 FY17 VS Q2 FY16	EMPLOYEES Q2 FY17 VS Q2 FY16	CARBON DIOXIDE/ PASSENGER KILOMETER Q2 FY17 VS Q2 FY16
-13%	-2%	-5%

New organization
From July 1, 2017, we are establishing a new organization with the following objectives to create the right preconditions for implementing the structural measures:
- to ensure delivery of the efficiency measures,
- to increase internal transparency and ownership, and
- to create the preconditions for identifying new growth initiatives and broadening the revenue base.

In the new organization, the commercial units will be split into two parts: "Product, Network & Revenue" and "Sales & Marketing." Product, Network & Revenue will develop our products and network. Sales & Marketing will optimize sales. In Operations, which delivers SAS's products, a clearer division will be made between the various production platforms to ensure that production units are measured in an equivalent manner. IT and digital development will be focused into one unit to secure the necessary preconditions for initiatives that depend on IT and digitalization. We are also initiating the establishment of a new independent company with a focus on strengthening loyalty to SAS and creating new growth initiatives by leveraging SAS's strong brand and the EuroBonus program.

As a result of the new organization, changes are being made in SAS Group Management. Annelie Nässén will take up her position as the new Executive Vice President for the Sales and Marketing unit. Annelie Nässén is currently VP of Global Sales & Revenue Management and has held several senior positions at SAS in sales, customer support, SAS Trading and other areas since 1989. "Product, Network & Revenue" will be headed by Karl Sandlund, who is currently Executive Vice President of Strategic Initiatives. Eivind Roald will going forward be tasked with establishing SAS Growth Initiatives as Executive Vice President & CEO to strengthen SAS's core operations, creating new growth initiatives and increasing financial transparency.

Change management
SAS is now entering the implementation phase of the structural measures program, which will require considerable effort across the entire organization. Success will require structured change management and a leadership that targets the full range of stakeholders, including employees, trade unions and suppliers.

To ensure the implementation of the structural measures and to build the right foundation for the future, in a continuously changing world, we will focus on the following:
- Communicative leadership. Delegated responsibility and a mandate for communication and change, and taking decisions at the appropriate level of the organization.
- Clearer structures and processes. Establish the new organization structure and secure a solid reporting structure with clear objectives.
- Competence and ability to implement. Secure the skills supply in the identified focus areas (for example, project management and CRM) and improve succession and career planning. Moreover, we will promote a performance management culture that helps increase employee motivation and commitment.

Sustainability
We have a target as part of our sustainability focus of reducing emissions form flight operations by 20% between 2010 and 2020. At the end of the second quarter (rolling 12 months), carbon dioxide emissions per passenger kilometer had decreased 12% compared with 2010 due to factors including newer aircraft, operational efficiency enhancements and increased production on intercontinental routes.

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 JET-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, 12–18 months.

As of April 30, 2017, the hedging of SAS's future jet-fuel consumption for the remainder of the fiscal year was conducted through a combination of swaps and capped options. The hedging ratio for the next 12 months amounts to 42% and no hedges were undertaken for the next six-month period. After the end of the second quarter, we also hedged part of the expected jet-fuel consumption for the start of the 2017/2018 fiscal year. Under current plans for flight capacity, the cost of jet fuel during the 2016/2017 fiscal year is expected to be in line with the table below, taking into account different fuel 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 April 30, 2017, SAS had hedged 46% 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, 49% was hedged for the next 12 months. Based on the currency exposure for 2015/2016, 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 100, excluding hedge effects.

Hedging of jet fuel at April 30, 2017

Hedge level (max price)	May–Jul 2017	Aug–Oct 2017	Nov 2017 –Jan 2018	Feb 2017– Apr 2018
USD 501–600/tonne	93%	75%	0%	0%

Vulnerability matrix, jet-fuel cost November 2016 to October 2017, SEK billion[1]

	Exchange rate SEK/USD			
Market price	7.00	8.00	9.00	10.00
USD 300/tonne	5.9	6.2	6.6	7.0
USD 400/tonne	6.0	6.5	6.9	7.3
USD 600/tonne	6.4	6.9	7.4	7.8
USD 800/tonne	6.6	7.1	7.6	8.1
USD 1,000/tonne	6.8	7.3	7.8	8.3

1) SAS's current hedging contracts for jet fuel at April 30, 2017 have been taken into account.

LEGAL ISSUES

The European Commission's decision in November 2010 found SAS and many other airlines guilty of alleged participation in a global air cargo cartel in the 1999–2006 period 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 entered force and the MEUR 70.2 fine was repaid to SAS at the beginning of March 2016, and was recognized as a nonrecurring item in the second quarter of the 2015/2016 fiscal year. The European Commission took a new decision on the same issue in March 2017 and again imposed fines on SAS and many other airlines for alleged participation in a global air cargo cartel from 1999–2006. The fine of MEUR 70.2 was the same as that imposed under the 2010 decision. The fine will be recognized as a nonrecurring item by SAS in its earnings for the second quarter of the 2016/2017 fiscal year. SAS has appealed the European Commission's decision. The appeal process could take several years.

As a consequence of the European Commission's decision in the cargo investigation in November 2010 and the renewal of that decision in March 2017, 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 and Norway. In December 2016, SAS entered a settlement regarding the lawsuit in Germany. 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. No provisions have been made.

In October 2016, Jetpak Group AB (Jetpak) called for arbitration procedures at the Stockholm Chamber of Commerce (SCC) with regard to a dispute with SAS pertaining to deliveries of delayed luggage to SAS's passengers. Jetpak made a claim for SAS to pay around MSEK 30, which SAS has contested. In April 2017, the parties settled the dispute and arbitration has been concluded.

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 has contested all claims. In an intermediate judgment, announced on February 3, 2016, the Swedish Labour Court rejected the pilot associations' claim regarding breached collective agreements. The pilot associations withdrew their claim, but requested that the Swedish Labour Court rule that each of the parties carry its own costs. SAS has contested this request. In a ruling in March 2017, the Swedish Labour Court announced that the pilot associations should pay MSEK 1 million to defray SAS's legal costs and the case was thereafter closed.

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 lawsuit 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 2017. 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. In autumn 2016, the case was heard by the City Court of Copenhagen, which, in its judgment in December 2016, rejected the cabin crew's demand for further payments into the CAU fund by SAS. The cabin crew appealed the judgment in January 2017.

On February 20, 2017, SAS has together with the International Air Transport Association (IATA) filed a complaint with the Danish Transport, Construction and Housing Authority about fees that are too high and a lack of investment in Copenhagen Airport, and demanded a reduction in fees.

OTHER DISPUTES

In addition to the above, the labor unions are pursuing some 20 claims against SAS in Denmark, Norway and Sweden for smaller amounts, which mainly pertain to interpretation of labor legislation and collective agreements. SAS contests the claims of the labor unions in all of these legal processes.

OUTLOOK FOR 2016/2017

OUTLOOK

Capacity will increase in Scandinavia in 2016/2017, but is expected to grow slightly more slowly than in the last fiscal year. However, the competition and yield pressure is expected to continue. At the same time, given current market prices, jet-fuel costs will increase in 2016/2017 compared with the previous fiscal year. To tackle this trend, SAS will increase the production platform's efficiency and flexibility.

Uncertainty in the macro environment is considerable, exchange rates and jet-fuel prices are volatile, and national aviation taxes are being considered. To sum up, this leads to the following outlook for 2016/2017:

Despite market uncertainty and a weak start to the fiscal year, SAS expects to be able to deliver a positive income before tax and nonrecurring items for the 2016/2017 fiscal year. The outlook is based on no unexpected events occurring.

THE OUTLOOK IS BASED ON THE FOLLOWING PRECONDITIONS AT APRIL 30, 2017:

- SAS's capacity growth (ASK) in 2016/2017 will be lower year-on-year and amount to 6–8%. Growth will be greatest on the intercontinental routes and on the European leisure routes. The number of flights is expected to increase by about 1%.
- A lower PASK in 2016/2017 compared with 2015/2016 as a result of longer average flight distances and continued underlying yield pressure.
- A lower unit cost through intense focus on efficiency measures, which in 2016/2017 are expected to generate effects of about SEK 0.7 billion.
- Net investment is expected to be zero in 2016/2017. The downward adjustment compared with the previous outlook was mainly attributable to the transfer of two slot pairs at London Heathrow. In addition, a major engine maintenance program will be implemented in 2016/2017 and 2017/2018 and a provision has already been made for most of these costs.

STATEMENT OF INCOME

STATEMENT OF INCOME INCLUDING STATEMENT OF OTHER COMPREHENSIVE INCOME

MSEK	Note	Q2	Q2	Q1–2	Q1–2	Rolling 12 months	Rolling 12 months
		Feb–Apr 2017	Feb–Apr 2016	Nov–Apr 2016–2017	Nov–Apr 2015–2016	May–Apr 2016–2017	May–Apr 2015–2016
Revenue	2	9,843	8,916	18,800	17,191	41,068	39,067
Payroll expenses[1]		-2,302	-2,311	-4,723	-4,645	-9,183	-9,350
Other operating expenses[2]	3	-7,188	-5,429	-13,293	-10,598	-27,247	-23,353
Leasing costs for aircraft		-801	-706	-1,534	-1,406	-2,968	-2,736
Depreciation, amortization and impairment[3]		-388	-312	-715	-653	-1,429	-1,432
Share of income in affiliated companies		3	-2	-8	-14	45	35
Income from the sale of shares in subsidiaries, affiliated companies and operations		0	4	-21	4	-32	-7
Income from the sale of aircraft, buildings and slot pairs		723	80	807	175	897	254
Operating income		**-110**	**240**	**-687**	**54**	**1,151**	**2,478**
Income from other securities holdings		1	0	1	1	1	-302
Financial revenue		43	32	84	54	121	115
Financial expenses		-142	-145	-303	-291	-565	-575
Income before tax		**-208**	**127**	**-905**	**-182**	**708**	**1,716**
Tax		-112	44	29	107	-188	-474
Net income for the period		**-320**	**171**	**-876**	**-75**	**520**	**1,242**
Other comprehensive income							
Items that may later be reversed to net income:							
Exchange-rate differences in translation of foreign operations		-25	-2	-127	-25	110	-307
Cash-flow hedges — hedging reserve, net after tax		-217	497	-199	-519	427	-181
Items that will not be reversed to net income:							
Revaluations of defined-benefit pension plans, net after tax		74	-480	831	-715	-81	-157
Total other comprehensive income, net after tax		**-168**	**15**	**505**	**-1,259**	**456**	**-645**
Total comprehensive income		**-488**	**186**	**-371**	**-1,334**	**976**	**597**
Net income for the period attributable to:							
Parent Company shareholders		-320	171	-876	-75	520	1,241
Non-controlling interests		0	0	0	0	0	1
Earnings per common share (SEK)[4]		-1.23	0.25	-3.18	-0.76	0.52	2.71
Earnings per common share after dilution (SEK)[4]		-1.23	0.24	-3.18	-0.76	0.52	2.37

1) Includes restructuring costs and other nonrecurring items of MSEK 0 (3) during the February–April period, MSEK 23 (3) during the November–April period and MSEK 54 (121) during the May–April period.
2) Includes restructuring costs and other nonrecurring items of MSEK 672 (-647) during the February–April period, MSEK 702 (-647) during the November–April period and MSEK 1,026 (-564) during the May–April period.
3) Includes other nonrecurring items of MSEK 0 (0) during the February–April period, MSEK 0 (0) during the November–April period and MSEK 55 (0) during the May–April period.
4) 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 (330,082,551) common shares outstanding during the February–April period, 330,082,551 (329,721,701) common shares outstanding during the November–April period and 330,082,551 (329,360,850) common shares outstanding during the May–April 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	Q2	Q2	Q1–2	Q1–2	Rolling 12 months	Rolling 12 months
	Feb–Apr 2017	Feb–Apr 2016	Nov–Apr 2016–2017	Nov–Apr 2015–2016	May–Apr 2016–2017	May–Apr 2015–2016
Income before tax	-208	127	-905	-182	708	1,716
Impairment	0	0	0	0	11	314
Restructuring costs	0	11	23	11	54	176
Capital gains/losses[1]	-723	-84	-786	-179	-876	-258
Other nonrecurring items[2]	672	-655	702	-655	1,081	-619
Income before tax and nonrecurring items	**-259**	**-601**	**-966**	**-1,005**	**978**	**1,329**

1) Includes the sale of two slot pairs at London Heathrow for MSEK 672 in the second quarter of 2016/2017.
2) Includes a negative earnings impact of MSEK 672 in the second quarter of 2016/2017 and a positive earnings impact of MSEK 655 in the second quarter of 2015/2016 relating to fines (MEUR 70.2) for breaches of air cargo competition rules.

BALANCE SHEET

CONDENSED BALANCE SHEET

MSEK	Apr 30, 2017	Oct 31, 2016	Apr 30, 2016	Apr 30, 2015
Intangible assets	1,850	1,923	1,853	1,897
Tangible fixed assets	11,014	11,195	9,497	9,362
Financial fixed assets	7,471	6,201	6,839	7,314
Total fixed assets	**20,335**	**19,319**	**18,189**	**18,573**
Other current assets	311	312	285	344
Current receivables	3,639	3,753	3,370	4,260
Cash and cash equivalents[1]	9,077	8,370	9,121	7,362
Total current assets	**13,027**	**12,435**	**12,776**	**11,966**
Total assets	**33,362**	**31,754**	**30,965**	**30,539**
Shareholders' equity[2]	5,305	6,026	4,679	4,408
Long-term liabilities	10,408	9,822	9,355	10,634
Current liabilities	17,649	15,906	16,931	15,497
Total shareholders' equity and liabilities	**33,362**	**31,754**	**30,965**	**30,539**
Shareholders' equity per common share, SEK[3]	4.94	7.12	3.04	2.15
Interest-bearing assets	15,245	13,661	14,833	13,275
Interest-bearing liabilities	9,426	9,880	9,993	10,259
Working capital	-13,749	-11,274	-11,906	-10,517

1) At April 30, 2017, including receivables from other financial institutions, MSEK 1,678 (2,078).
2) Including non-controlling interests.
3) Shareholders' equity attributable to Parent Company shareholders excluding total preference share capital in relation to the 330,082,551 (330,082,551) common shares outstanding. The SAS Group has not carried out any buyback programs.

SPECIFICATION OF FINANCIAL NET DEBT, APRIL 30, 2017

	According to balance sheet	Of which financial net debt
Financial fixed assets	7,471	2,004
Current receivables	3,639	294
Cash and cash equivalents	9,077	9,077
Long-term liabilities	10,408	6,450
Current liabilities	17,649	2,976
Financial net debt		-1,949

Information relating to financial net debt in the comparative periods is available in the Financial Key Ratios section. 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 shareholders' equity
Opening shareholders' equity in accordance with approved balance sheet, November 1, 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–April			-519	-25	-790	-1,334		-1,334
Closing balance, April 30, 2016	6,776	327	699	-311	-2,812	4,679	0	4,679
Comprehensive income, May–October			626	237	484	1,347		1,347
Closing balance, October 31, 2016	6,776	327	1,325	-74	-2,328	6,026	0	6,026
Preference share dividend					-350	-350		-350
Comprehensive income November–April			-199	-127	-45	-371		-371
Closing balance, April 30, 2017	**6,776**	**327**	**1,126**	**-201**	**-2,723**	**5,305**	**0**	**5,305**

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 2015/2016.

CASH-FLOW STATEMENT

CONDENSED CASH-FLOW STATEMENT

MSEK	Q2	Q2	Q1–2	Q1–2	Rolling 12 months	Rolling 12 months
	Feb–Apr 2017	Feb–Apr 2016	Nov–Apr 2016–2017	Nov–Apr 2015–2016	May–Apr 2016–2017	May–Apr 2015–2016
Income before tax	-208	127	-905	-182	708	1,716
Depreciation, amortization and impairment	388	312	715	653	1,429	1,432
Income from sale of aircraft, buildings and shares	-723	-84	-786	-179	-876	-258
Adjustment for other items not included in the cash flow, etc.	628	46	753	14	1,016	622
Tax paid	0	0	0	0	0	-1
Cash flow from operations before change in working capital	**85**	**401**	**-223**	**306**	**2,277**	**3,511**
Change in working capital	1,867	2,134	1,810	1,640	1,027	361
Cash flow from operating activities	**1,952**	**2,535**	**1,587**	**1,946**	**3,304**	**3,872**
Investments including advance payments to aircraft manufacturers	-1,918	-1,673	-3,432	-3,095	-6,297	-6,134
Acquisition of subsidiaries	0	0	0	0	0	-55
Sale of subsidiaries and operations	4	9	-24	-2	-24	-2
Sale of fixed assets, etc.	1,761	1,376	3,300	2,670	3,977	5,426
Cash flow before financing activities	**1,799**	**2,247**	**1,431**	**1,519**	**960**	**3,107**
Dividend on preference shares	-88	-88	-175	-175	-350	-350
External financing, net	140	-477	-547	-420	-657	-992
Cash flow for the period	**1,851**	**1,682**	**709**	**924**	**-47**	**1,765**
Translation difference in cash and cash equivalents	0	-1	-2	-1	3	-6
Change in cash and cash equivalents according to the balance sheet	**1,851**	**1,681**	**707**	**923**	**-44**	**1,759**
Cash flow from operating activities per common share (SEK)	5.91	7.68	4.81	5.90	10.01	11.76

FINANCIAL KEY RATIOS

	Apr 30, 2017	Oct 31, 2016	Apr 30, 2016	Apr 30, 2015
Return on shareholders' equity after tax, 12-month rolling	9%	24%	23%	-3%
Return on invested capital, 12-month rolling	9%	12%	15%	6%
Adjusted financial net debt/EBITDAR, multiple	4.0x	3.2x	2.8x	4.3x
Financial preparedness	37%	41%	40%	34%
Equity/assets ratio	16%	19%	15%	14%
Adjusted equity/assets ratio	10%	12%	9%	9%
Financial net debt, MSEK	-1,949	-1,166	-1,182	303
Debt/equity ratio	-0.37	-0.19	-0.25	0.07
Adjusted debt/equity ratio	3.47	3.08	3.76	3.75
Interest-coverage ratio	2.3	3.6	4.0	0.8

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 the Definitions and concepts section. The following average balance-sheet items and net capitalized leasing costs were used in the above key ratios.

	Apr 30, 2017	Oct 31, 2016	Apr 30, 2016	Apr 30, 2015
Aircraft leasing costs and revenue, 12 months	-2,907	-2,822	-2,682	-2,318
Net capitalized leasing costs, 12 months (*7)	20,349	19,754	18,774	16,226
Net capitalized leasing costs, 12 months (*7), average	19,673	18,791	17,665	14,326
Average shareholders' equity	5,573	5,434	5,388	5,319
Average financial net debt	-1,162	-439	38	1,224

PARENT COMPANY SAS AB

The number of common and preference shareholders in SAS AB amounted to 62,511 at April 30, 2017. The average number of employees amounted to 4 (4). In the second quarter of 2016/2017, an impairment charge of MSEK 125 was recognized against shares in subsidiaries. An expense of MSEK 63 pertaining to a guarantee commitment was charged to earnings for the first quarter of 2015/2016. The valuation of SAS AB's shareholding is based on the assumption that the structural measures set out in the report are implemented.

CONDENSED STATEMENT OF INCOME

MSEK	Q1–2	Q1–2
	Nov–Apr 2016–2017	Nov–Apr 2015–2016
Revenue	2	5
Payroll expenses	-18	-15
Other operating expenses	-33	-81
Operating income	**-49**	**-91**
Income from participations in Group companies	-125	0
Income from other securities holdings	1	1
Net financial items	-17	-18
Income before tax	**-190**	**-108**
Tax	14	20
Net income for the period	**-176**	**-88**
Net income for the period attributable to:		
Parent Company shareholders	-176	-88

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

CONDENSED BALANCE SHEET

MSEK	Apr 30, 2017	Oct 31, 2016	Apr 30, 2016
Financial fixed assets	14,666	14,790	14,789
Other current assets	580	769	958
Cash and cash equivalents	0	0	0
Total assets	**15,246**	**15,559**	**15,747**
Shareholders' equity	11,791	12,317	12,365
Long-term liabilities	1,524	3,010	2,993
Current liabilities	1,931	232	389
Total shareholders' equity and liabilities	**15,246**	**15,559**	**15,747**

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Share capital[1]	Restricted reserves	Unrestricted equity[2]	Total shareholders' equity
Opening balance, November 1, 2016	6,776	306	5,235	12,317
Preference share dividend			-350	-350
Net income for the period			-176	-176
Shareholders' equity, Apr 30, 2017	**6,776**	**306**	**4,709**	**11,791**

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 2015/2016.

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, 2016 that are not deemed to have material relevance in the preparation of this financial report. This means that the SAS Group has continued to apply the same accounting policies as in its Annual Report for 2015/2016.

NOTE 2 REVENUE

	Q2	Q2	Q1–2	Q1–2	Rolling 12 months	Rolling 12 months
	Feb–Apr 2016–2017	Feb–Apr 2015–2016	Nov–Apr 2016–2017	Nov–Apr 2015–2016	May–Apr 2016–2017	May–Apr 2015–2016
Passenger revenue	7,528	6,956	14,407	13,225	31,553	30,109
Charter	258	216	494	413	1,872	1,707
Freight and mail	373	305	746	638	1,361	1,249
Other traffic revenue	625	564	1,104	1,074	2,323	2,111
Other operating revenue	1,059	875	2,049	1,841	3,959	3,891
Total	**9,843**	**8,916**	**18,800**	**17,191**	**41,068**	**39,067**

NOTE 3 OTHER OPERATING EXPENSES

	Q2	Q2	Q1–2	Q1–2	Rolling 12 months	Rolling 12 months
	Feb–Apr 2016–2017	Feb–Apr 2015–2016	Nov–Apr 2016–2017	Nov–Apr 2015–2016	May–Apr 2016–2017	May–Apr 2015–2016
Sales and distribution costs	-596	-618	-1,154	-1,153	-2,373	-2,501
Jet fuel	-1,659	-1,497	-3,238	-2,725	-6,962	-6,833
Government user fees	-1,041	-977	-2,011	-1,888	-4,229	-4,099
Catering costs	-249	-204	-488	-395	-1,041	-864
Handling costs	-699	-641	-1,360	-1,148	-2,689	-2,234
Technical aircraft maintenance	-831	-926	-1,686	-1,623	-3,355	-3,122
Computer and telecommunication costs	-383	-332	-749	-661	-1,470	-1,272
Wet-lease costs	-291	-167	-472	-300	-909	-608
Other	-1,439	-67	-2,135	-705	-4,219	-1,820
Total	**-7,188**	**-5,429**	**-13,293**	**-10,598**	**-27,247**	**-23,353**

NOTE 4 QUARTERLY BREAKDOWN

STATEMENT OF INCOME

MSEK	2014–2015				2015–2016					2016–2017	
	Q2	Q3	Q4	Full-year	Q1	Q2	Q3	Q4	Full-year	Q1	Q2
	Feb–Apr	May–Jul	Aug–Oct	Nov–Oct	Nov–Jan	Feb–Apr	May–Jul	Aug–Oct	Nov–Oct	Nov–Jan	Feb–Apr
Revenue	9,403	10,973	10,903	39,650	8,275	8,916	11,133	11,135	39,459	8,957	9,843
Payroll expenses	-2,439	-2,386	-2,319	-9,622	-2,334	-2,311	-2,275	-2,185	-9,105	-2,421	-2,302
Other operating expenses	-6,135	-6,503	-6,252	-24,558	-5,169	-5,429	-6,684	-7,270	-24,552	-6,105	-7,188
Leasing costs for aircraft	-662	-659	-671	-2,593	-700	-706	-737	-697	-2,840	-733	-801
Depreciation, amortization and impairment	-405	-343	-436	-1,466	-341	-312	-337	-377	-1,367	-327	-388
Share of income in affiliated companies	-2	25	24	37	-12	-2	25	28	39	-11	3
Income from the sale of shares in subsidiaries, affiliated companies and operations	0	0	-11	0	0	4	0	-11	-7	-21	0
Income from the sale of aircraft, buildings and slot pairs	698	35	44	777	95	80	33	57	265	84	723
Operating income	**458**	**1,142**	**1,282**	**2,225**	**-186**	**240**	**1,158**	**680**	**1,892**	**-577**	**-110**
Income from other securities holdings	0	0	-303	-300	1	0	0	0	1	0	1
Financial revenue	41	30	31	124	22	32	20	17	91	41	43
Financial expenses	-144	-141	-143	-632	-146	-145	-142	-120	-553	-161	-142
Income before tax	**355**	**1,031**	**867**	**1,417**	**-309**	**127**	**1,036**	**577**	**1,431**	**-697**	**-208**
Tax	-76	-231	-350	-461	63	44	-231	14	-110	141	-112
Net income for the period	**279**	**800**	**517**	**956**	**-246**	**171**	**805**	**591**	**1,321**	**-556**	**-320**
Attributable to:											
Parent Company shareholders	278	799	517	956	-246	171	805	591	1,321	-556	-320
Non-controlling interests	1	1	0	0	0	0	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 2016–2017	Nov–Jan 2015–2016	Feb–Apr 2017	Feb–Apr 2016	May–Jul 2016	May–Jul 2015	Aug–Oct 2016	Aug–Oct 2015	May–Apr 2016–2017	May–Apr 2015–2016
Revenue	8,957	8,275	9,843	8,916	11,133	10,973	11,135	10,903	41,068	39,067
EBITDAR	431	772	353	1,176	2,174	2,084	1,680	2,332	4,638	6,364
EBITDAR margin	4.8%	9.3%	3.6%	13.2%	19.5%	19.0%	15.1%	21.4%	11.3%	16.3%
EBIT	-577	-186	-110	240	1,158	1,142	680	1,282	1,151	2,478
EBIT margin	-6.4%	-2.2%	-1.1%	2.7%	10.4%	10.4%	6.1%	11.8%	2.8%	6.3%
Income before tax and nonrecurring items	-707	-404	-259	-601	1,003	996	941	1,338	978	1,329
Income before tax	-697	-309	-208	127	1,036	1,031	577	867	708	1,716
Net income for the period	-556	-246	-320	171	805	800	591	517	520	1,242
Earnings per common share (SEK)	-1.95	-1.01	-1.23	0.25	2.17	2.16	1.53	1.31	0.52	2.71
Cash flow before financing activities	-368	-728	1,799	2,247	-511	415	40	1,173	960	3,107
Average number of employees (FTE)	10,538	10,932	10,155	10,339	10,815	11,329	10,753	11,167	10,565	10,942

NOTE 5 FINANCIAL ASSETS AND LIABILITIES

FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES

	Apr 30, 2017		Oct 31, 2016	
MSEK	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets at fair value	231	231	651	651
Financial assets held for trading	5,063	5,063	5,801	5,801
Other assets	6,081	6,081	4,594	4,594
Total	**11,375**	**11,375**	**11,046**	**11,046**
Financial liabilities				
Financial liabilities at fair value	174	174	222	222
Financial liabilities held for trading	34	34	34	34
Financial liabilities at amortized cost	9,218	8,744	9,624	8,975
Total	**9,426**	**8,952**	**9,880**	**9,231**

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

	Apr 30, 2017			Oct 31, 2016		
MSEK	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial assets						
Financial assets at fair value	-	231	231	-	651	651
Financial assets held for trading	2,716	2,347	5,063	2,752	3,049	5,801
Total	**2,716**	**2,578**	**5,294**	**2,752**	**3,700**	**6,452**
Financial liabilities						
Financial liabilities at fair value	-	174	174	-	222	222
Financial liabilities held for trading	-	34	34	-	34	34
Total	**0**	**208**	**208**	**0**	**256**	**256**

The Board of Directors and President hereby assure that this interim 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, June 21, 2017

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

Cecilia van der Meulen
Board member

Janne Wegeberg
Board member

Rickard Gustafson
President and CEO

AUDITORS' REVIEW REPORT

INTRODUCTION
We have conducted a review of the financial information in the condensed (interim report) for SAS AB (publ) at April 30, 2017, and the six-month period ending on that date. The Board of Directors and the President are responsible for preparing and presenting this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

APPROACH AND SCOPE OF THE REVIEW
We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and Generally Accepted Auditing Standards. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant circumstances that might have been identified in an audit. The opinion is based on a review and, accordingly, does not have the same level of assurance as an opinion based on an audit.

OPINION
Based on our review, no circumstances have come to our attention that cause us to believe that the interim report is not prepared, in all material aspects, in accordance with IAS 34 and the Swedish Annual Accounts Act for the Group, and in accordance with the Swedish Annual Accounts Act for the Parent Company.

Stockholm, June 21, 2017
PricewaterhouseCoopers AB

Bo Hjalmarsson
Authorized Public Accountant
Auditor in Charge

Eva Medbrant
Authorized Public Accountant

TRAFFIC DATA INFORMATION

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

	Feb–Apr 2017	Feb–Apr 2016	Year-on-year change	Nov–Apr 2016–2017	Nov–Apr 2015–2016	Year-on-year change
Number of passengers (000)	6,855	6,547	+4.7%	13,231	12,397	+6.7%
RPK, Revenue Passenger Kilometers (mill)	8,381	7,424	+12.9%	16,023	13,854	+15.7%
ASK, Available Seat Kilometers (mill)	11,746	10,875	+8.0%	22,403	20,450	+9.6%
Load factor	71.3%	68.3%	+3.1[1)]	71.5%	67.7%	+3.8[1)]
Passenger yield (currency-adjusted)	0.90	0.97	-7.5%	0.90	0.99	-9.5%
Unit revenue, PASK (currency-adjusted)	0.64	0.66	-3.3%	0.64	0.67	-4.4%
RASK (currency-adjusted)	0.72	0.74	-2.7%	0.72	0.75	-4.3%

1) Figures given in percentage points

TOTAL TRAFFIC (SCHEDULED AND CHARTER TRAFFIC) FOR SAS

	Feb–Apr 2017	Feb–Apr 2016	Year-on-year change	Nov–Apr 2016–2017	Nov–Apr 2015–2016	Year-on-year change
Number of passengers (000)	7,016	6,687	+4.9%	13,529	12,663	+6.8%
RPK, Revenue Passenger Kilometers (mill)	8,861	7,820	+13.3%	16,965	14,675	+15.6%
ASK, Available Seat Kilometers (mill)	12,260	11,302	+8.5%	23,413	21,334	+9.7%
Load factor	72.3%	69.2%	+3.1[1)]	72.5%	68.8%	+3.7[1)]
Unit cost (CASK), (currency-adjusted)	0.73	0.79	-6.8%	0.75	0.79	-5.1%
Unit cost (CASK) excluding jet fuel (currency-adjusted)	0.60	0.64	-7.4%	0.62	0.66	-6.6%

1) Figures given in percentage points

SCHEDULED TRAFFIC TREND FOR SAS BY ROUTE SECTOR

	Feb–Apr 2016–2017 vs. Feb–Apr 2015–2016		Nov–Apr 2016–2017 vs. Nov–Apr 2015–2016	
	Traffic (RPK)	Capacity (ASK)	Traffic (RPK)	Capacity (ASK)
Intercontinental	+17.7%	+14.2%	+24.2%	+18.2%
Europe/Intra-Scandinavia	+13.2%	+6.1%	+13.4%	+5.8%
Domestic	+3.0%	+1.4%	+4.6%	+2.8%

SCHEDULED DESTINATIONS AND FREQUENCIES FOR SAS

	Feb–Apr 2017	Feb–Apr 2016	Year-on-year change	Nov–Apr 2016–2017	Nov–Apr 2015–2016	Year-on-year change
Number of destinations	104	107	-2.8%	107	108	-0.9%
Number of daily departures	831	827	+0.5%	794	781	+1.7%
No. of departures per destination/day	8.0	7.7	+3.4%	7.4	7.2	+2.6%

PRODUCTIVITY AND ENVIRONMENTAL EFFICIENCY

12-month rolling	Apr 2017	Apr 2016	Year-on-year change	Oct 2016	Oct 2015	Year-on-year change
Aircraft, block hours/day	9.5	9.1	+4.3%	9.3	8.8	+5.9%
Cabin crew, block hours/year	751	783	-4.1%	759	762	-0.4%
Pilots, block hours/year	675	701	-3.7%	681	688	-1.0%

Environmental efficiency	Feb–Apr 2017	Feb–Apr 2016	Year-on-year change	Nov–Apr 2016–2017	Nov–Apr 2015–2016	Year-on-year change
CO_2 emissions per passenger kilometer, grams	102	108	-5.3%	103	109	-5.7%

AIRCRAFT FLEET

THE SAS AIRCRAFT FLEET AT APRIL 30, 2017

Aircraft in service under SAS's (SK) own traffic license	Age	Owned	Leased	Total	On purchase order	On lease order
Airbus A330/A340/A350	11.9	10	6	16	8	
Airbus A319/A320/A321	9.7	8	22	30	24	
Boeing 737 NG	13.9	25	52	77		
Total	**12.7**	**43**	**80**	**123**	**32**	**0**

Aircraft in service under a traffic license other than SAS's (SK)	Age	Owned	Wet-leased	Total		On wet lease order
Bombardier CRJ900	4.2	7	16	23		10
Boeing 737	11.7		1	1		
ATR-72	2.4		10	10		
Total	**3.9**	**7**	**27**	**34**		**10**

Total SAS in-service aircraft fleet	Age	Owned	Leased	Total	On purchase order	On wet lease order
Total	**10.7**	**50**	**107**	**157**	**32**	**10**

Aircraft to be phased out	Age	Owned	Leased	Total	Leased out	Parked
Bombardier Q400	9.3		1	1	1	
Total	**9.3**	**0**	**1**	**1**	**1**	**0**

Aircraft on firm order 2017–2021 at April 30, 2017	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Airbus A320neo	7	10	7		
Airbus A350				3	5

SAS DESTINATIONS

Existing routes   New routes for 2017–2018

1) Operated by Singapore Airlines as a joint venture with SAS.

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 SAS's earnings and performance. In the APMs based on capitalized leasing costs (*7), 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 (*7) is an established method for estimating unrecognized liabilitaies 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 SAS's historical, current and future performance and positions.

Adjusted debt/equity ratio — The net of financial net debt plus capitalized leasing costs (*7) in relation to equity.

Adjusted equity/assets ratio — The net of equity in relation to total assets plus capitalized leasing costs (*7).

Adjusted financial net debt/EBITDAR— The sum of average net financial debt and average LTM net capitalized leasing costs in relation to EBITDAR.

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

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

Capitalized leasing costs (*7) — The net 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 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.

EBITDA margin — EBITDA divided by revenue.

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/assets ratio — Equity in relation to total assets.

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.

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, except jet-fuel costs and government user fees, as well as leasing costs for aircraft.

FTE — Full-time equivalents.

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

Load factor — RPK divided by ASK. Describes the capacity utilization of available seats.

PASK, Unit revenue — Passenger revenue/ASK (scheduled).

RASK — Total traffic revenue/total ASK (scheduled+charter).

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

Return on Invested Capital (ROIC) — EBIT plus the standard interest portion corresponding to 33% of net operating leasing costs in relation to average shareholders' equity, net financial debt and net capitalized leasing costs (*7).

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.

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

Unit cost, CASK — Total payroll expenses, other operating expenses, leasing costs for aircraft and depreciation adjusted for currency and nonrecurring items, less other operating revenue per ASK (scheduled and charter).

Working capital — The total of non-interest-bearing current assets and non-interest-bearing financial fixed assets excluding equity in affiliated companies and other securities holdings less non-interest-bearing liabilities.

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.

SAS is Scandinavia's leading airline and has an attractive offering to frequent travelers. SAS offered 813 flights daily in 2015/2016 and more than 29 million passengers traveled with SAS to 118 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.

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. The majority of the operations and assets are included in the SAS Consortium, with the exception of SAS Cargo and SAS Ground Handling, which are directly owned by SAS AB.

SIGNIFICANT EVENTS

FIRST QUARTER 2016/2017

- SAS sold its subsidiary Cimber to CityJet and signed an agreement for the sale of eleven CRJ900s as part of SAS's strategy to let smaller traffic streams and regional traffic be handled by partners.
- SAS signed agreements for the financing of 18 Airbus A320neos through sale and leaseback.
- SAS contracted the financing of two Boeing 737s and four Airbus A319s until 2018 through a MUSD 75 credit facility.

SECOND QUARTER 2016/2017

- SAS decided to supplement its production in Scandinavia with bases in London and Spain and to establish a new air operator certificate (AOC) in Ireland.
- 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 2015/2016 fiscal year. The AGM also resolved to re-elect the Board.
- The European Commission revised its earlier decision and once again fined ten airlines for alleged breaches of competition rules during the 1999–2006 period. SAS was ordered to pay a fine of MEUR 70.2, the same amount that was repaid by the European Commission in 2016.
- SAS transferred two slot pairs at London Heathrow, which resulted in a positive earnings impact of MUSD 75.
- SAS completed the financing of seven Boeing 737s valued at MUSD 101. The transaction had no earnings impact.

EVENTS AFTER APRIL 30, 2017

- SAS decided to double its target for efficiency measures to SEK 3 billion, with effect in the 2017–2020 period, and to focus on new revenue streams.
- In conjunction with the establishment of a new organization Annelie Nässén takes up her position as the new Sales and Marketing Director from July 1, 2017 in the SAS Group Management.

FINANCIAL CALENDAR

Q3 Interim report, 2017 (May–July)	September 5, 2017
Q4 Interim report, 2017 (August–October)	December 12, 2017
Annual Report 2016/2017	January 30, 2018
Q1 Interim report, 2018 (November–January)	February 27, 2018
2018 AGM	March 22, 2018
Q2 Interim report, 2018 (February–April)	May 30, 2018
Q3 Interim report, 2018 (May–July)	August 31, 2018
Q4 Interim report, 2018 (August–October)	December 4, 2018

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 at 10:00 a.m., June 21, 2017.
Investor presentation in Stockholm, 12:00 noon, June 21, 2017.
Investor presentation in Oslo, 12:00 noon, June 22, 2017.

This information is information that SAS AB is obliged to disclose pursuant to the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, at 8:00 a.m. CET on June 21, 2017.

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