

# SAS Q4 2016/2017

12.12.2017



**SAS**

## Q4 in Summary: Earnings in line with November outlook

### Positives

- + Passenger revenue up 5.4% (FX adj.)
- + Yield up 5.5%
- + Efficiency program delivered MSEK 240
- + 3-year collective bargain agreements
- + First flight from new London base within days
- + Recapitalization: shares and bond issued

### Negatives

- Lower passenger numbers and load factor
  - Anniversary campaign in autumn 2016 and larger a/c in 2017
- Unit cost affected by provisions and monthly allocation of non-recurring items in Q4 FY16
- Negative currency effects of MSEK 273

Q4	CHANGE VS. Q4 FY16
<b>EBT bef. non-recurring items</b>	
MSEK 1,054	MSEK +113
<b>Traffic, RPK in millions</b>	
9,738	0%
<b>Unit cost<sup>1</sup>, SEK</b>	
0.53	+4.5%
<b>PASK<sup>2</sup>, SEK</b>	
0.70	+1.7%

Note: 1) Excluding jet fuel and currency adjusted; 2) Currency adjusted

## Customers in focus

### Improved customer offer

- Increased seasonal adjustments of network
  - Production increased by 40% on business-oriented routes in Scandinavia/Europe in Q4 vs. Q3
- 12 Airbus A320neo phased into traffic year to date
- Investments in Lounge concept
  - Chicago and Paris lounges upgraded
  - Next generation lounge at Oslo airport
- Net promotor score (NPS) up to 30 vs. 21 last year
  - Passenger numbers affected by last year's 70 year anniversary campaign

### Growth of EuroBonus and related revenue

- >5.1 million members in program
  - Up 130,000 in Q4
- EuroBonus co-branded credit card points sale up 83 MSEK vs. Q4 FY16

CHANGE VS.  
Q4 FY16



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## Stable operational quality in Q4

### Improvements in operation

- Improved processes at technical maintenance reducing unscheduled down time
  - Work force scheduling
  - Component logistics
- SAS Cargo was the most punctual European carrier
  - >96% of shipments ready on time
- Website re-launched

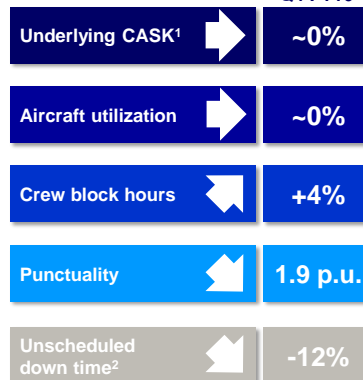
### Productivity and punctuality

- Aircraft utilization at high historical levels – above 10h/day during Q4
- Punctuality and regularity negatively affected by phase in of new wet lease partners

### Efficiency program delivered MSEK 240

- Outsourcing of Cimber
- Improved pilot planning, reduced CC manning on long haul flights, and general efficiencies within SAS Cargo
- Wholesale card cancellation

CHANGE VS.  
Q4 FY16

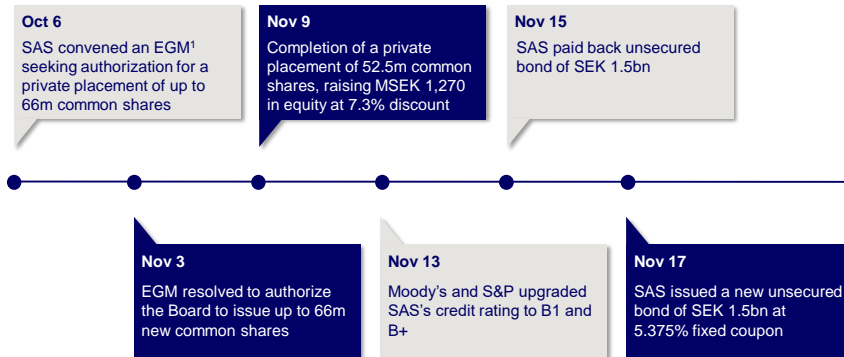


Notes: 1) Currency adjusted and excluding jet fuel costs; 2) Average daily # of aircraft out of traffic

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## SAS has successfully raised SEK 1.3bn equity and an unsecured bond of SEK 1.5bn






Notes: 1) Extraordinary general meeting

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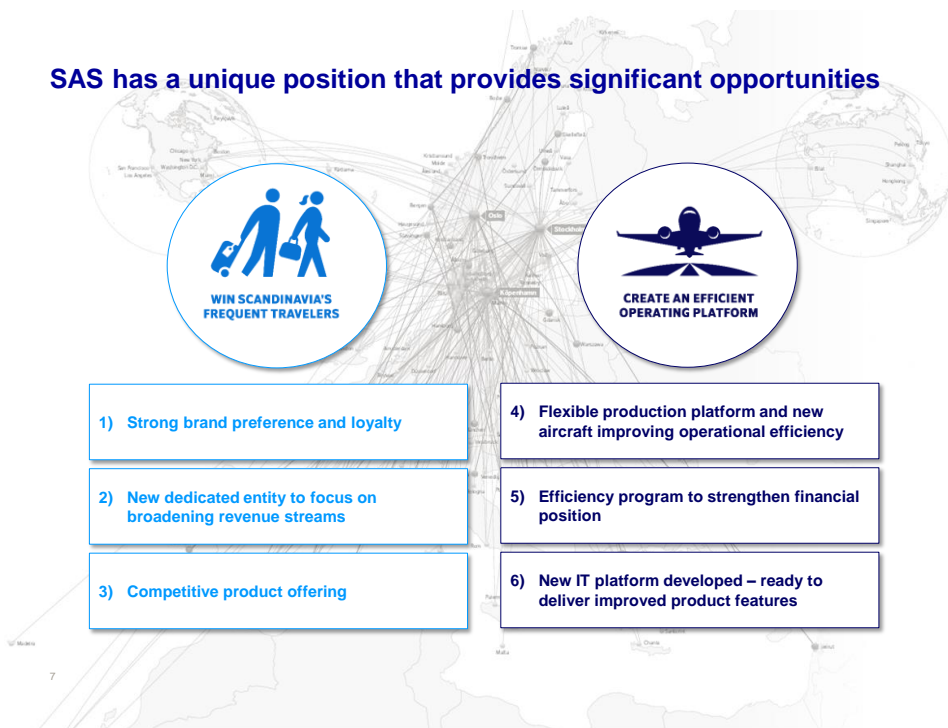
## SAS has delivered in line with FY17 guidance

	Ambition and guidance FY17	Outcome
 <p><b>Customer offer</b></p>	<ul style="list-style-type: none"> <li>Increase network seasonality to grow leisure market</li> <li>Grow EuroBonus program and revenue base</li> <li>Complete long haul expansion and grow leisure production</li> </ul>	<ul style="list-style-type: none"> <li>Increased leisure revenue with <b>MSEK &gt;600</b> vs. LY</li> <li><b>0.5 million</b> more members and EB point sale increased <b>26%</b></li> <li><b>BOS, LAX, MIA</b> and more frequencies. Leisure production increased <b>19%</b></li> </ul>
 <p><b>Operation &amp; organization</b></p>	<ul style="list-style-type: none"> <li>New bases outside Scandinavia</li> <li>Establish new organization to increase efficiency and growth opportunities</li> <li>Phase in A320neo</li> </ul>	<ul style="list-style-type: none"> <li><b>London</b> established and <b>Malaga</b> underway</li> <li>A <b>dedicated organization</b> established to focus on growth opportunities</li> <li>12 A320neo in traffic</li> </ul>
 <p><b>Financials</b></p>	<ul style="list-style-type: none"> <li>Efficiency program to deliver SEK 0.7bn</li> <li>Reduced CASK</li> <li>EBT above last year (before nonrecurring items)</li> </ul>	<ul style="list-style-type: none"> <li>Efficiency program delivered <b>SEK 0.8bn</b></li> <li>Unit cost ex fuel <b>-3.6%</b> (FX adjusted)</li> <li>EBT improved by <b>SEK 1bn</b> (before non-recurring items)</li> </ul>

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## SAS has a unique position that provides significant opportunities



## Looking ahead, significant challenges and uncertainties remain

### External

	<b>Intensified competition</b>	Intensified competition due to <b>increased capacity</b> (~4% seat growth in Scandinavia <sup>1</sup> ) and SAS to phase in <b>larger aircraft</b> to <b>reduce cabin factor</b> going forward
	<b>Price pressure</b>	Continued long term <b>price pressure</b> expected from <b>new entrants</b> and <b>traditional network airlines</b>
	<b>Swedish aviation tax</b>	A Swedish national aviation tax is expected to be introduced in <b>April 2018</b>
	<b>Fuel and currency</b>	<b>Negative exposure</b> to increasing jet fuel prices and USD

### Internal

	<b>Legacy</b>	<b>Cost gap</b> vs. new competitors - need to address remaining legacy
	<b>Financing</b>	<b>Maturing loans</b> and large financing needs of aircraft

Note: 1) Winter program 2017/2018

## Three focus areas to strengthen SAS's long-term competitiveness

FOCUS AREAS	OBJECTIVES
<p><b>1</b> Further <b>address legacy in core operations</b> – increase flexibility and reduce costs in all areas</p>	<p><b>SEK 3bn</b> efficiency effect by 2020</p>
<p><b>2</b> Establish a <b>complementing production platform</b> to secure critical traffic flows and participate in the growing leisure market</p>	<p><b>COMPETITIVENESS</b> to maintain important routes and gain market share in leisure market</p>
<p><b>3</b> Strengthen customer loyalty and develop new revenue streams by <b>utilizing SAS's strong brand and EuroBonus program</b></p>	<p><b>GROW</b> Passenger and lifestyle related revenues</p>

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## 1 SEK 3bn efficiency program – A pre-requisite for continuous development of SAS core business

### FY18 – KEY CUSTOMER IMPROVEMENTS

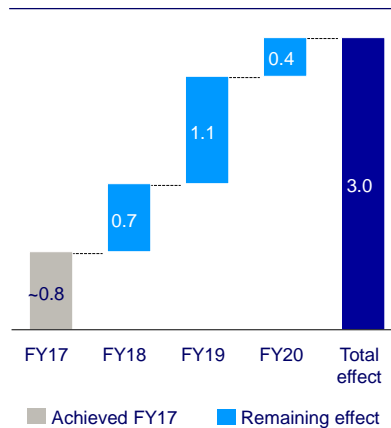
- Extended summer program with 27 new routes
- Additional deliveries of new Airbus 320neo
- Continued cabin upgrade (Short Haul)
- Installation of high speed WiFi



### REQUIRES EFFICIENCY IMPROVEMENTS

- Increase staff productivity and address demography
- Reduce overall sales and distribution cost
- Improve scheduling at technical bases, logistics, reduce admin and optimize engine utilization
- Implement & leverage CBA's (3 years agreements) signed with multiple Unions in 2017

EFFICIENCY PROGRAM  
GROSS EARNINGS IMPACT, SEK bn



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## 2 The London base is now established

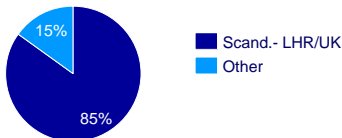
### LONDON - first flight to take off soon

- 6 A320neo to be allocated
- 4 aircraft in traffic early 2018
- To operate ~65% of all SAS's flights to/from London

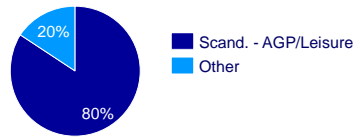
### MALAGA - first flight during summer

- 3 A320neo to be allocated
- Sourcing of crew underway
- To operate ~80% of all SAS's flights to/from Malaga

### Allocation of the London base operation (typical month), depart.



### Allocation of the Malaga base operation (typical month), depart.



UNDERLYING CASK IN LINE WITH KEY COMPETITORS

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## 3 Capitalize on SAS's strong brand and >5 million EuroBonus members

### Q4 HIGHLIGHTS

**Highest brand preference**  
among Scandinavia's frequent travelers

**+10% YoY**  
EB members growth

**+30% YoY**  
cobranded credit card revenue growth

### FOCUS AREAS GOING FORWARD

- Continued efforts to **make time matter** for SAS frequent travelers and development of the customer offering

### New organization established with increased focus on growth and new revenue streams

- Utilize **customer data**
  - Offer members unique products/services
  - Personalized customer offers
- **Increase Earn & Burn** opportunities
  - Increase and simplify usage of award seats
  - Develop Star Alliance online award booking
- **Expand** the level and number of **partnerships** through new and existing business models
  - Further development of AMEX and SEB credit card partnership
  - Broader offering to include packaged holidays, conferences and other types of experience

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# FINANCIALS



## Breakdown of the income statement - Q4

Income statement	Aug-Oct 17	Aug-Oct 16	Change vs LY	Currency
<b>Total operating revenue</b>	<b>11,644</b>	<b>11,135</b>	<b>+509</b>	<b>-154</b>
Payroll expenditure	-2,138	-2,154	+16	
Jet fuel	-1,774	-1,959	+185	
Government charges	-1,103	-1,128	+25	
Other operating expenditure	-4,325	-3,859	-466	
<b>Total operating expenses*</b>	<b>-9,340</b>	<b>-9,100</b>	<b>-240</b>	<b>+125</b>
<b>EBITDAR before non-recurring items</b>	<b>2,304</b>	<b>2,035</b>	<b>+269</b>	<b>-29</b>
<i>EBITDAR-margin*</i>	19.8%	18.3%	+1.5 p.u.	
Leasing costs, aircraft	-774	-697	-77	
Depreciation	-369	-322	-47	
Share of income in affiliated companies	16	28	-12	
<b>EBIT before non-recurring items</b>	<b>1,177</b>	<b>1,044</b>	<b>+133</b>	<b>+11</b>
<i>EBIT-margin*</i>	10.1%	9.4%	+0.7 p.u.	
Financial items	-123	-103	-20	
<b>EBT before non-recurring items</b>	<b>1,054</b>	<b>941</b>	<b>+113</b>	<b>-10</b>
Non-recurring items	-397	-364	-33	
<b>EBT</b>	<b>657</b>	<b>577</b>	<b>+80</b>	<b>-10</b>

\* = Before non-recurring items



## Breakdown of the income statement – FY17

Income statement	Nov 16-Oct 17	Nov 15-Oct 16	Change vs LY	Currency
<b>Total operating revenue</b>	<b>42,654</b>	<b>39,459</b>	<b>+3,195</b>	<b>+768</b>
Payroll expenditure	-9,131	-9,071	-60	
Jet fuel	-6,836	-6,449	-387	
Government charges	-4,262	-4,106	-156	
Other operating expenditure	-15,473	-14,320	-1,153	
<b>Total operating expenses*</b>	<b>-35,702</b>	<b>-33,946</b>	<b>-1,756</b>	<b>-529</b>
<b>EBITDAR before non-recurring items</b>	<b>6,952</b>	<b>5,513</b>	<b>+1,439</b>	<b>+239</b>
EBITDAR-margin*	16.3%	14.0%	+2.3 p.u.	
Leasing costs, aircraft	-3,116	-2,840	-276	
Depreciation	-1,427	-1,312	-115	
Share of income in affiliated companies	4	39	-35	
<b>EBIT before non-recurring items</b>	<b>2,413</b>	<b>1,400</b>	<b>+1,013</b>	<b>+155</b>
EBIT-margin*	5.7%	3.5%	+2.2 p.u.	
Financial items	-462	-461	-1	
<b>EBT before non-recurring items</b>	<b>1,951</b>	<b>939</b>	<b>+1,012</b>	<b>+167</b>
Non-recurring items	-226	492	-718	
<b>EBT</b>	<b>1,725</b>	<b>1,431</b>	<b>+294</b>	<b>+167</b>

\* = Before non-recurring items

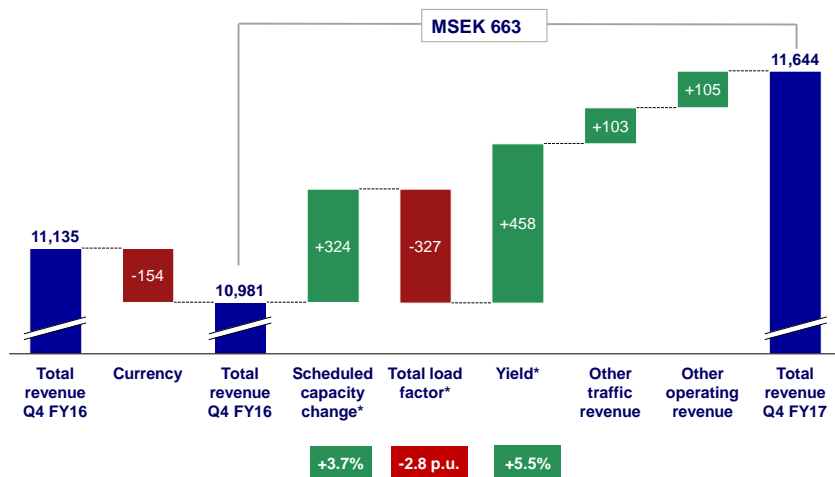
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## Revenue analysis

Total Revenue Q4  
MSEK



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\* Based on average yield in Q4 FY16

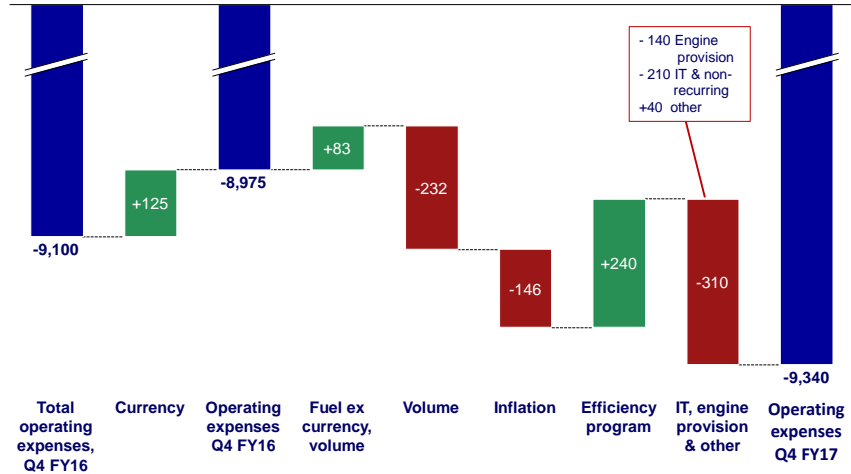
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## Operating expense analysis

Total Operating Expenses Q4  
MSEK



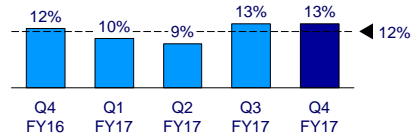
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## Development of SAS financial targets

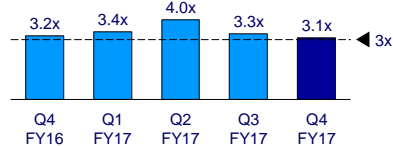
### Return on Invested Capital (ROIC) at 13%

- Stable level during Q4
- Going forward, invested capital to increase
  - Requires improved earnings to maintain ROIC above target



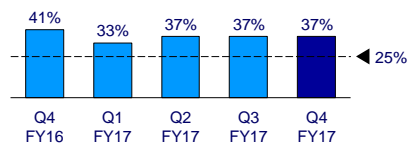
### Adjusted financial Net Debt/EBITDAR at 3.1x

- Improved 0.2 units during Q4
  - 12 months rolling EBITDAR up SEK 1bn
- Aircraft deliveries to increase the adj. financial net debt going forward



### Financial preparedness at 37%

- Unchanged during Q4
  - Cash position at SEK 8.1bn
  - Unutilized credit facilities of SEK 2.7bn
- Financial preparedness to decrease following planned redemption of preference shares



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## SAS has recently completed an equity issue and the credit rating has been upgraded

- **Equity private placement of MSEK 1,270 completed**

- Proceeds from private placement and retained earnings to be used to start redemption of preference shares from February 2018

- **Credit rating upgraded**

- Moodys: B1 Stable
- R&I: B+ Stable
- S&P: B+ Stable

- **New non-secured bond of MSEK 1,500 issued**

- Replaces an existing bond and reduces interest costs annually by more than MSEK 50

**REDUCED FINANCING COSTS FOR DEBT AND AIRCRAFT**



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## Debt profile and capex



### Maturity profile

- SEK 1.5bn of FY18 maturities refinanced early November

### Investments and aircraft financing

- SAS to finance last ten A320neo and Airbus A350
  - Attractive leasing rates
  - Low financing costs in Asia
- Gross investment expected at SEK 6bn
  - Non-aircraft capex of SEK -0.5bn

### Further aircraft investments considered

- Need to invest in 40-50 aircraft beyond FY21
- Estimated value of USD ~2-3bn

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## Outlook for FY18

### Market environment

- Aviation industry undergoes significant change
- Geo-political uncertainty
- Introduction of aviation taxes
- Higher USD and jet fuel prices

### Short term SAS specifics

- Load factor to be lower during first half FY18

### Main assumptions for FY18

- ASK +1-3%
- Fuel 550 USD/MT
- FX rate 8 SEK/USD
- Gross investments of approximately SEK 6bn
- The introduction of an aviation tax in Sweden
- Continued stable macro trend

## OUTLOOK FY18

**SAS expects to deliver  
income before tax and  
nonrecurring items in  
the interval of SEK  
1.5–2.0 billion**

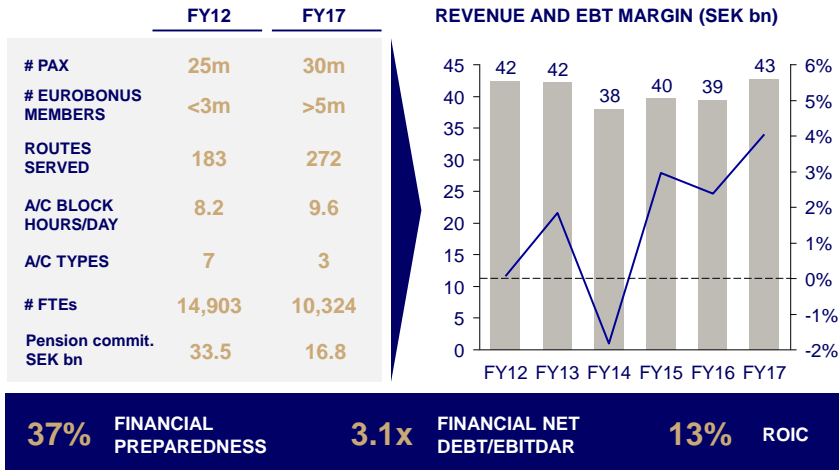
Note: The outlook is based on no unexpected events occurring

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# SAS

## SAS has undergone a significant transformation during the last five years



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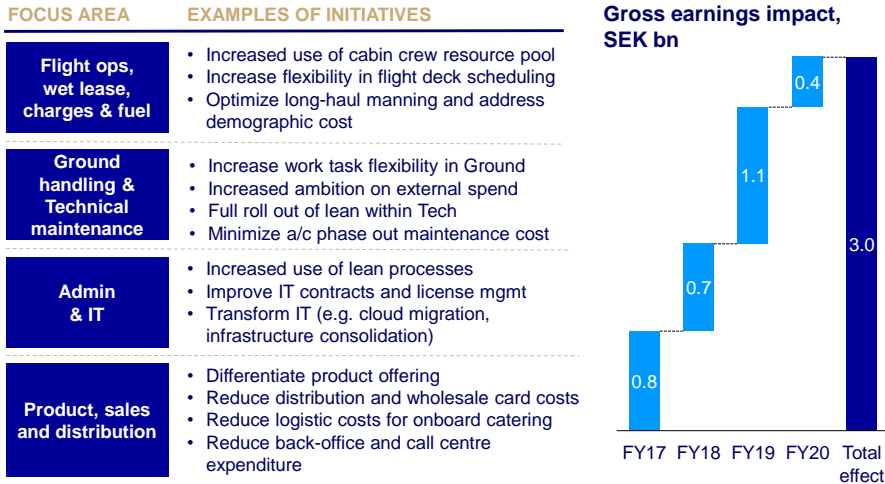
## SAS strategy is to focus on Scandinavia's frequent travelers

	Typical low cost carrier strategy	Strategy of SAS
<b>Market</b>	<ul style="list-style-type: none"> <li>• Multimarket focus, general low yield, especially leisure</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on Scandinavia's frequent travelers</li> </ul>
<b>Operational platform</b>	<ul style="list-style-type: none"> <li>• One type fleet, operate traffic flows that fit fleet</li> </ul>	<ul style="list-style-type: none"> <li>• Fleet designed to fit best network and schedule for customers</li> </ul>
<b>Growth</b>	<ul style="list-style-type: none"> <li>• New destinations, anywhere</li> </ul>	<ul style="list-style-type: none"> <li>• Improve offer for primary customer base to increase loyalty</li> </ul>

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# 1 SAS is implementing efficiency measures of SEK 3bn with full effect in FY20



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# 1 Status of the efficiency program, October 31, 2017





FOCUS AREA	EXAMPLES OF IMPLEMENTED INITIATIVES	ACHIEVED	EST. POTENTIAL
<b>Flight ops, wet lease, charges &amp; fuel</b>	<ul style="list-style-type: none"> <li>Increase use of resource pool</li> <li>Increase flexibility in flight deck scheduling</li> <li>Align manning on long-haul and address demographic cost</li> </ul>	SEK ~0.31bn	SEK ~1.2bn
<b>Ground handling &amp; Technical maintenance</b>	<ul style="list-style-type: none"> <li>Increase work task flexibility and mobility</li> <li>Increase ambition on external spend</li> <li>Full role out of lean within Tech</li> <li>Minimize aircraft phase out maintenance cost</li> </ul>	SEK ~0.28bn	SEK ~0.9bn
<b>Admin &amp; IT</b>	<ul style="list-style-type: none"> <li>Increased use of lean processes and system improvements</li> <li>Improve IT contracts and license management</li> <li>Transform IT (e.g. cloud migration, infrastructure)</li> </ul>	SEK ~0.12bn	SEK ~0.4bn
<b>Product, sales and distribution</b>	<ul style="list-style-type: none"> <li>Differentiate product offering to increase individualization</li> <li>Reduce distribution and wholesale card costs</li> <li>Reduce logistic costs for onboard catering</li> <li>Reduce back-office and call centre expenditure</li> </ul>	SEK ~0.08bn	SEK ~0.5bn

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## Appendices

### Fleet & productivity

-  Unit revenue (yield & PASK) & Unit cost
-  Traffic & capacity outlook
-  Financial update
-  Currency & Fuel

### SAS fleet – July 2017

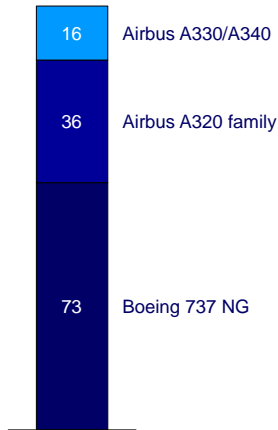
Aircraft in traffic under SK traffic license	Age	Owned	Leased	Total	Firm order	Lease order
Airbus A330/A340/A350	12.4	10	6	16	8	
Airbus A321/A320/A319	8.5	9	27	36	18	
Boeing 737 NG	14.3	24	49	73		
<b>Total</b>	<b>12.4</b>	<b>43</b>	<b>82</b>	<b>125</b>	<b>26</b>	

Aircraft in service with a different license than SAS	Age	Owned	Wet leased	Total		Wet- lease order
Bombardier CRJ-900	2.8		24	24		5
ATR-72	2.6		9	9		
<b>Total</b>	<b>2.7</b>	<b>0</b>	<b>33</b>	<b>33</b>		<b>5</b>

Total aircraft in traffic	Age	Owned	Wet leased	Total	Firm order	Wet- lease order
<b>Total</b>	<b>10.4</b>	<b>43</b>	<b>115</b>	<b>158</b>	<b>26</b>	<b>5</b>

## SAS investing in renewal and simplification of the aircraft fleet

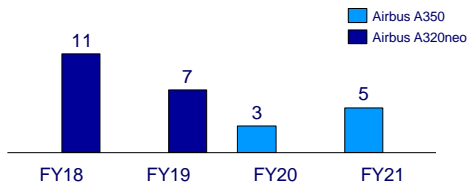
Current fleet in traffic with SK traffic license, 31 October 2017



New orders

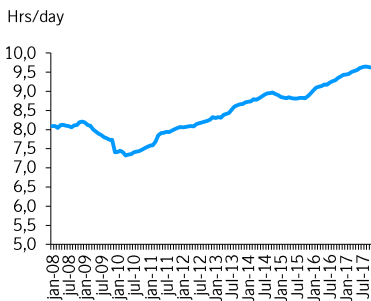


Firm order aircraft deliveries as at 31 October 2017

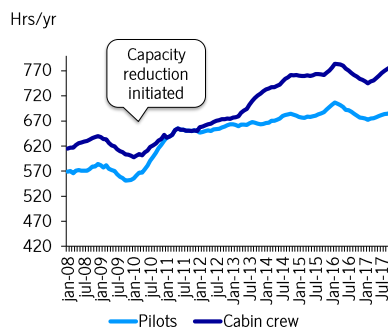


## Productivity development

Aircraft utilization (12 months rolling)



Cabin, pilot utilization (12 months rolling)



Block hours, 12 months rolling, October 2017

Block hours, 12 months rolling, October 2017	Aircraft, hours/day	Pilots, hours/year	Cabin, hours/year
SAS	9.6	686	777




## Appendices

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

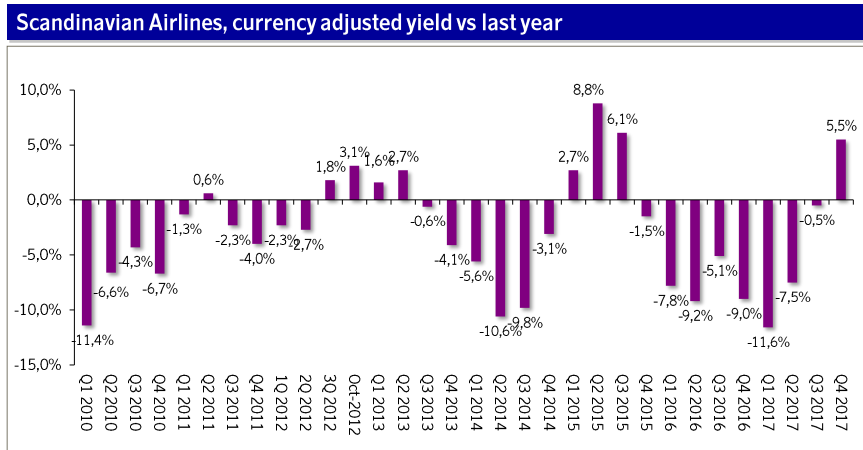
### Yield and PASK development vs. last year

Yield, SEK Currency adj	Aug-Oct	Nov-Oct
	+5.5%	-2.9%

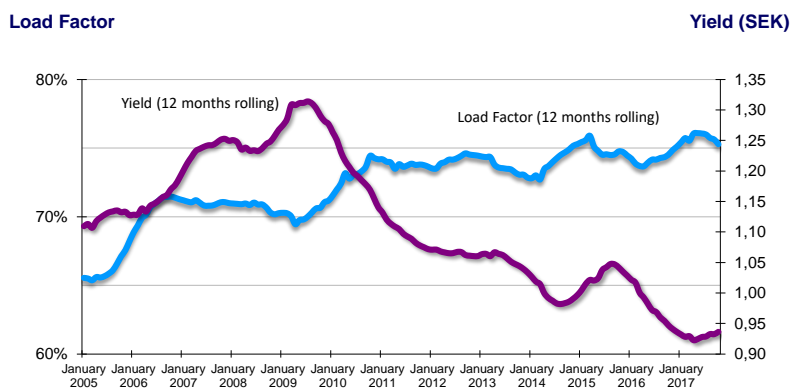
PASK, SEK currency adj	Aug-Oct	Nov-Oct
	+1.7%	-1.9%



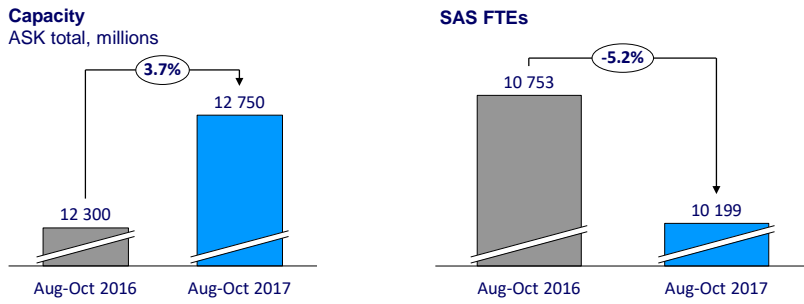
## Quarterly yield development



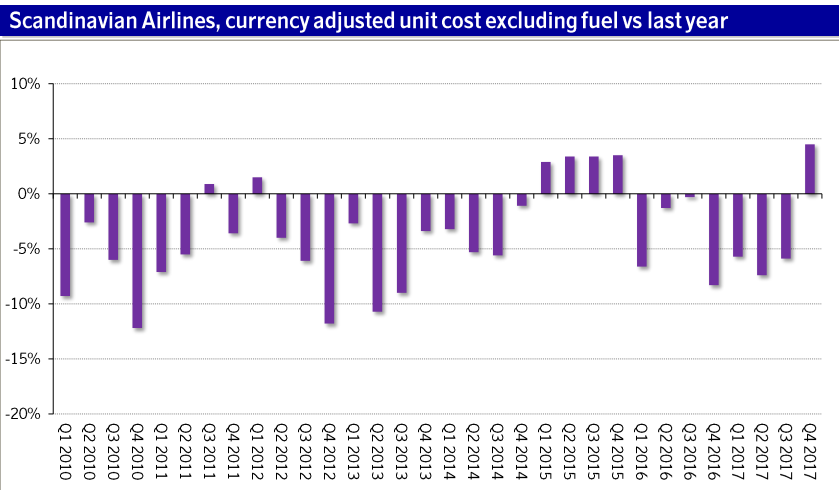
## Long term yield and passenger load development



## Capacity and FTE



## Quarterly unit cost development



## Breakdown of unit cost, Aug – Oct 2017

SAS, SEK, currency adjusted

Unit cost breakdown	Aug – Oct 2017	Aug – Oct 2016	Var, %	Share of total var, %
Payroll expenses	-2,131	-2,209	-3.5%	-0.9%
Jet fuel	-1,775	-1,910	-7.1%	-1.5%
Government user fees	-1,103	-1,146	-3.7%	-0.5%
Selling and distribution costs	-655	-640	+2.4%	+0.2%
Handling costs	-663	-696	-4.7%	-0.4%
Technical aircraft maint.	-889	-814	+9.2%	+0.8%
Net other operating expenses	-826	-571	+44.8%	+2.8%
<b>Operating expenses</b>	<b>-8,042</b>	<b>-7,985</b>	<b>+0.7%</b>	<b>+0.6%</b>
Leasing costs for aircraft	-773	-680	+13.8%	+1.0%
Depreciation	-369	-334	+10.6%	+0.4%
<b>Cost base for CASK</b>	<b>-9,185</b>	<b>-8,998</b>	<b>+2.1%</b>	<b>+2.1%</b>

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## Breakdown of unit cost, Nov 2016 – Oct 2017

SAS, SEK, currency adjusted

Unit cost breakdown	Nov 2016 – Oct 2017	Nov 2015 – Oct 2016	Var, %	Share of total var, %
Payroll expenses	-9,099	-9,961	-8.7%	-2.3%
Jet fuel	-6,836	-7,076	-3.4%	-0.6%
Government user fees	-4,262	-4,488	-5.0%	-0.6%
Selling and distribution costs	-2,416	-2,593	-6.8%	-0.5%
Handling costs	-2,704	-2,720	-0.6%	+0.0%
Technical aircraft maint.	-3,335	-3,548	-6.0%	-0.6%
Net other operating expenses	-2,946	-2,526	+16.6%	+1.1%
<b>Operating expenses</b>	<b>-31,598</b>	<b>-32,912</b>	<b>-4.0%</b>	<b>-3.5%</b>
Leasing costs for aircraft	-3,115	-3,139	-0.8%	-0.1%
Depreciation	-1,427	-1,410	+1.2%	+0.0%
<b>Cost base for CASK</b>	<b>-36,140</b>	<b>-37,461</b>	<b>-3.5%</b>	<b>-3.5%</b>

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## Summary of key drivers

SAS

	Q1 2016/17	Q2 2016/17	Q3 2016/17	Q4 2016/17
Scheduled traffic (RPK)	↑ +18.9%	↑ +12.9%	↑ +6.9%	→ 0.0%
Passenger load factor	↑ +4.6 p.u.	↑ +3.1 p.u.	↓ -0.6 p.u.	↓ -2.8 p.u.
Passenger yield	↓ -11.6%	↓ -7.5%	↓ -0.5%	↑ +5.5%
Total unit revenue (PASK)	↓ -5.6%	↓ -3.3%	↓ -1.3%	↑ +1.7%
Unit cost (excluding fuel)	↓ -5.6%	↓ -7.4%	↓ -5.9%	↑ +4.5%

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## Breakdown of payroll expenses

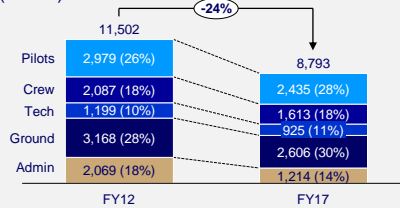
### Payroll expenses significantly reduced

- New pension and remuneration agreements in November 2012
- Outsourcing significant parts of operation and administration
- Increased productivity in all areas

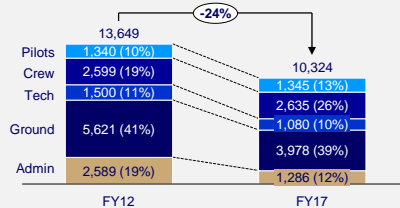
### Opportunities going forward

- Digitalization and automation of operation on the ground and administration and where possible also for flying personal

### Payroll expenses excl. restructuring costs (MSEK)








### Avg. number of FTEs



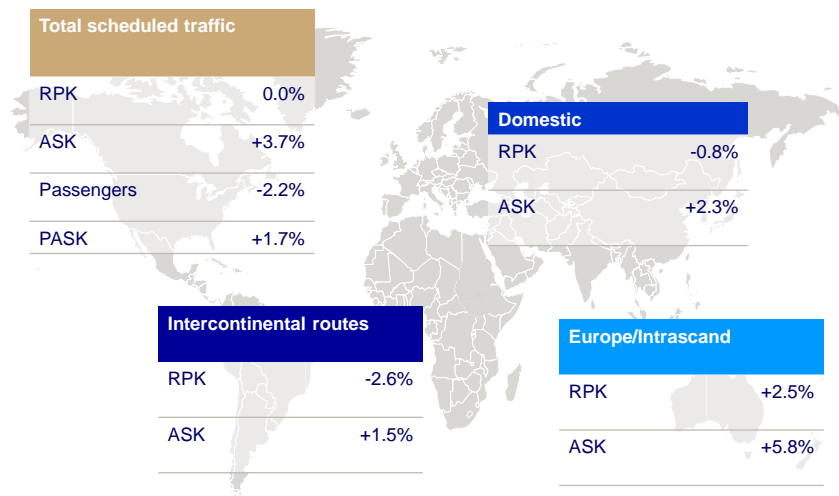
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## Appendices

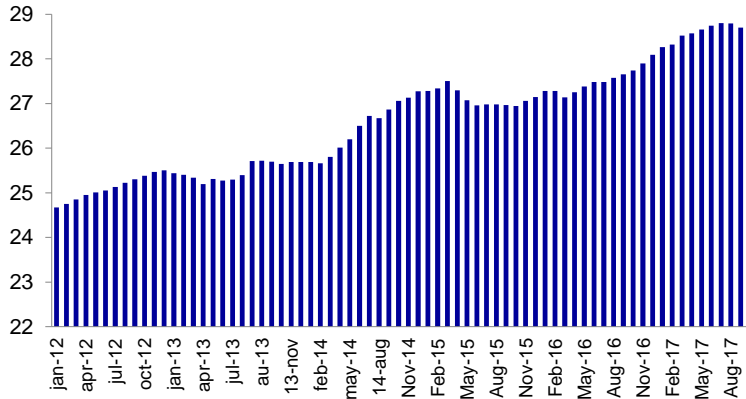
-  Fleet & productivity
-  Unit revenue (yield & PASK) & Unit cost
-  **Traffic and capacity outlook**
-  Financial update
-  Currency & Fuel

### SAS geographical traffic development in Q4 FY17

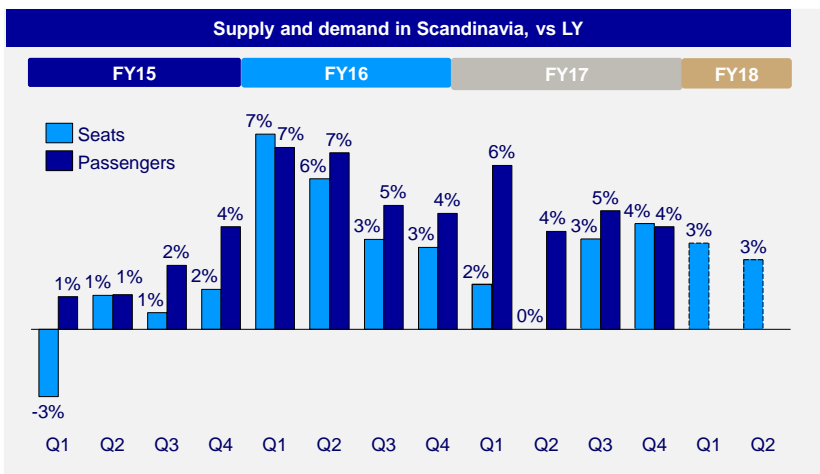


## SAS passenger development

Scheduled passenger, 12 months rolling  
(Million)



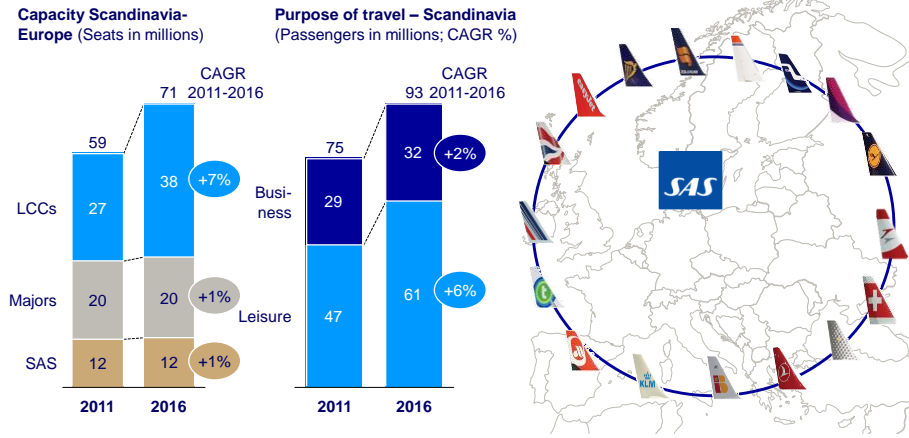
## Market seat capacity



44 Source: Innovata Schedule data, June 2017



## In recent years, growth has come from the leisure segment driven by increased LCC capacity



Source: Innovata schedule data; airport statistics from Swedavia, Avinor and Copenhagen Airport (sub-set of total market)

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## ASK outlook for 2017/2018

ASK outlook for November 2017 – October 2018






SAS – scheduled

+1-3%

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# Appendices

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

## Financial targets

<b>SAS's overriding goal is to create value for its shareholders</b>	
<b>Return on Invested Capital (ROIC)</b> (EBIT+(1/3) aircraft leasing costs) / (Equity+Financial net debt+capitalized aircraft leasing costs (x7))	<b>&gt;12%</b> over a cycle
<b>Adj. financial net debt/EBITDAR</b> (Financial net debt incl. capitalized aircraft leasing costs/EBITDAR)	<b>&lt; 3x</b>
<b>Financial preparedness</b> Cash & unutilized credit facilities / Annual fixed cost	<b>&gt;25%</b>

To reach this, SAS pursues three strategic priorities to meet trends and industry developments, ensure competitiveness and create the prerequisites for long-term sustainable profitability.



## Breakdown of the income statement

Income statement	Nov 16-Oct 17	Nov 15-Oct 16	Change vs LY	Currency
<b>Total operating revenue</b>	<b>42,654</b>	<b>39,459</b>	<b>+3,195</b>	<b>+768</b>
Payroll expenditure	-9,131	-9,071	-60	
Jet fuel	-6,836	-6,449	-387	
Government charges	-4,262	-4,106	-156	
Other operating expenditure	-15,473	-14,320	-1,153	
<b>Total operating expenses*</b>	<b>-35,702</b>	<b>-33,946</b>	<b>-1,756</b>	<b>-529</b>
<b>EBITDAR before non-recurring items</b>	<b>6,952</b>	<b>5,513</b>	<b>+1,439</b>	<b>+239</b>
<i>EBITDAR-margin*</i>	16.3%	14.0%	+2.3 p.u.	
Leasing costs, aircraft	-3,116	-2,840	-276	
Depreciation	-1,427	-1,312	-115	
Share of income in affiliated companies	4	39	-35	
<b>EBIT before non-recurring items</b>	<b>2,413</b>	<b>1,400</b>	<b>+1,013</b>	<b>+155</b>
<i>EBIT-margin*</i>	5.7%	3.5%	+2.2 p.u.	
Financial items	-462	-461	-1	
<b>EBT before non-recurring items</b>	<b>1,951</b>	<b>939</b>	<b>+1,012</b>	<b>+167</b>
Non-recurring items	-226	492	-718	
<b>EBT</b>	<b>1,725</b>	<b>1,431</b>	<b>+294</b>	<b>+167</b>

\* = Before non-recurring items

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## Overview of credit facilities – October 2017

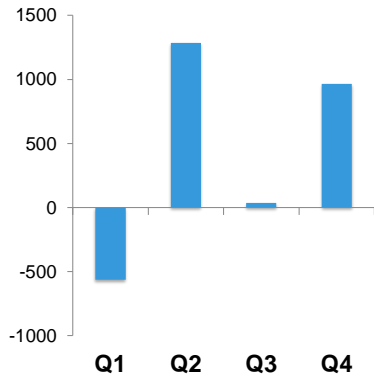
Available funds, SEK billion	Oct 2017	Maturity
<b>Undrawn portion of credit facilities</b>		
Revolving Credit Facility, MEUR 150	1.5	Jan 2019
Credit facility, MUSD 137 & 33	1.1	Jun 2020, Dec 2020
Credit facility, MUSD 37	0.0	Sep 2021
Credit facility, MUSD 46	0.0	Feb 2020
Credit facility, MUSD 27	0.0	Jun 2018
Credit facility, MUSD 72	0.1	Jan 2023
<b>Total undrawn credit facilities</b>	<b>2.7</b>	
<b>Drawn portion of credit facilities</b>	<b>1.7</b>	
<b>Total credit facilities</b>	<b>4.4</b>	

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## Cash seasonality

### Seasonality of SAS cash flow from operating activities, MSEK\*



- Cash flow from operating activities strongest in Q2 and Q4

- Seasonality has increased due to
  - increased production during the summer as leisure travelling generates a higher degree of early bookings
  - Lower growth within the business segment

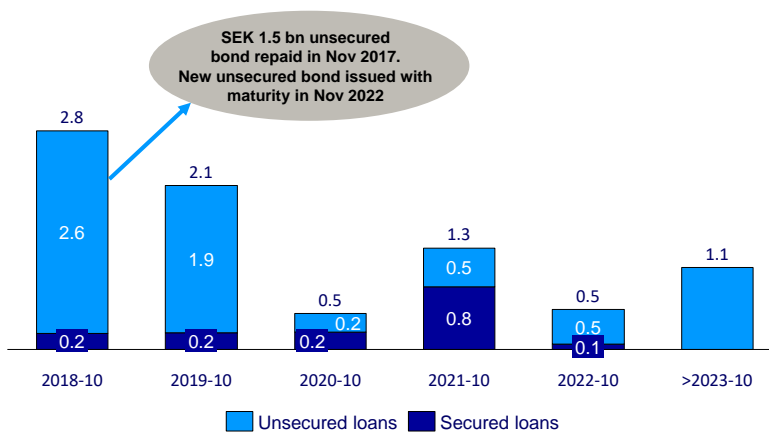
\* Average between 2010 and 2017

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## Amortization profile

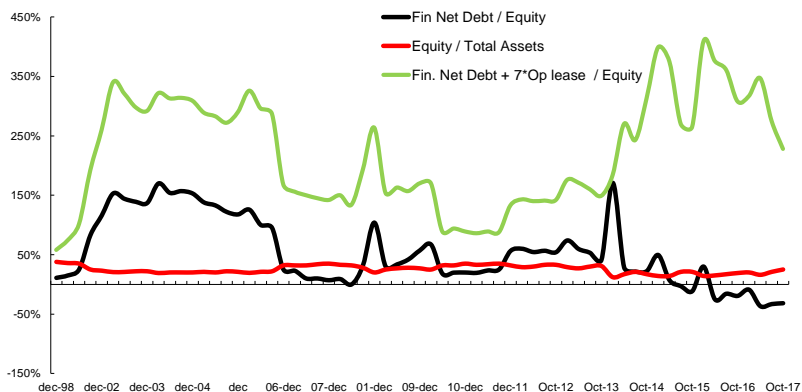
Scheduled amortization profile as of 31 October 2017, SEK billion



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## Gearing ratios



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## SAS Group

Financial Net November- October

MSEK	Oct 17 – Nov 17	Oct 16 – Nov 16	Difference
Interest net and others	-133	-134	+1
Exchange rate differences	+10	+31	-21
<b>Financial net</b>	<b>-123</b>	<b>-103</b>	<b>-20</b>

MSEK	Nov 16 – Oct 17	Nov 15 – Oct 16	Difference
Interest net and others	-505	-492	-13
Exchange rate differences	+42	+30	+12
<b>Financial net</b>	<b>-463</b>	<b>-462</b>	<b>-1</b>

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## Development and Break Down

### Financial Net Debt

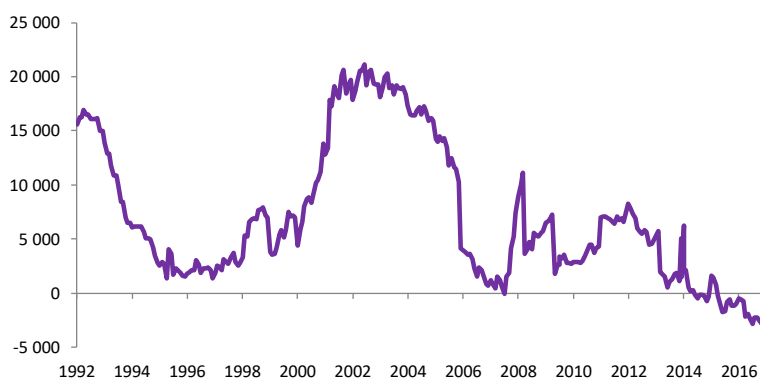
MSEK	31 Oct 2017	31 Oct 2016	Difference
Cash	8,836	8,370	+466
Other interest bearing assets	2,538	2,676	-138
Interest bearing liabilities	-8,575	-9,880	+1,305
<b>Financial net debt</b>	<b>+2,799</b>	<b>+1,166</b>	<b>+1,633</b>

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## Development of financial net debt

### 1992-2017 as reported on a quarterly basis



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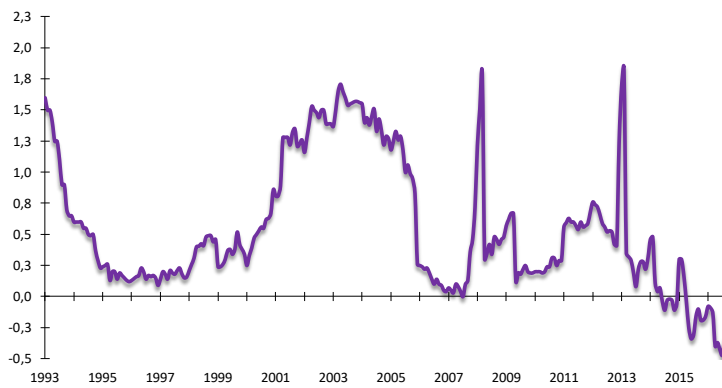
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### Equity / Assets Ratio 1993-2017 as report on a quarterly basis



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### Financial Net Debt / Equity 1993-2017 as reported on a quarterly basis



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## Appendices

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

### Breakdown of currency effects SAS Group

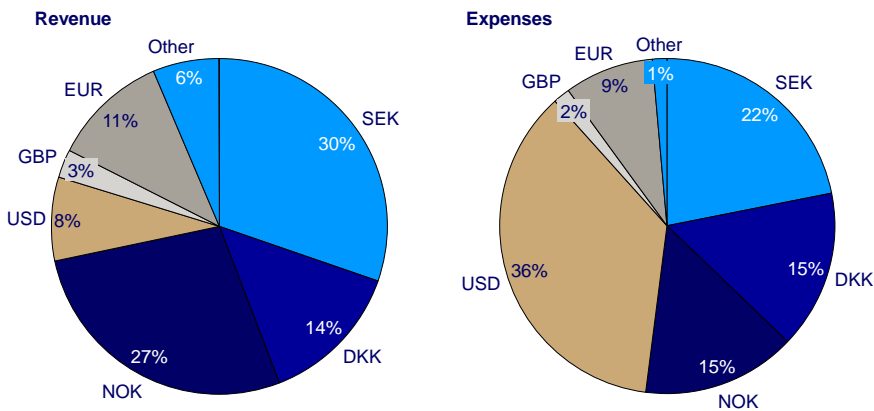
Total revenues & costs currency effects		Aug-Oct 2017 vs LY	Nov 2016-Oct 2017 vs LY
Total revenues & costs	USD	177	- 252
	DKK	0	- 17
	NOK	- 13	202
	EUR	- 2	70
	Asian currencies	- 27	3
	All other	- 16	- 9
	<b>Total</b>	<b>119</b>	<b>- 3</b>
Forward cover costs	2016	57	152
	2017	- 276	- 175
	<b>Difference</b>	<b>- 333</b>	<b>- 327</b>
Working capital	2016	- 222	- 246
	2017	3	239
	<b>Difference</b>	<b>225</b>	<b>485</b>
Financial items	2016	31	30
	2017	10	42
	<b>Difference</b>	<b>- 21</b>	<b>12</b>
<b>Total currency effects</b>		<b>- 10</b>	<b>167</b>

## Changes in currency exchange rates

affected the result by MSEK 167 in Nov 2016-Oct 2017 vs Nov 2015-Oct 2016

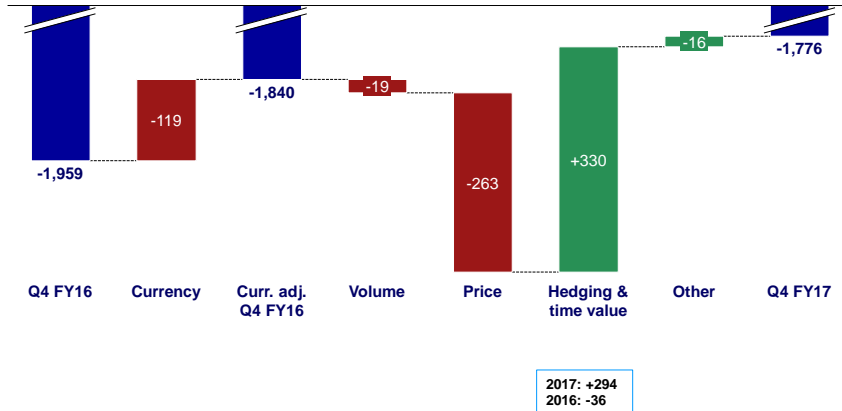
Currency effects MSEK on SAS Group 2016/2017 vs 2015/2016		Aug-Oct 17	Nov 16-Oct 17
<ul style="list-style-type: none"> <li>Positive impact on revenue due to the weaker SEK in the first three quarters. In the last quarter the SEK strengthened versus the NOK which led to a negative impact on revenue.</li> <li>Negative impact on costs due to the weaker SEK vs. the USD during the first three quarters. In the last quarter the SEK was stronger than last year which led to a positive impact on costs.</li> </ul>	Total revenue	- 154	768
	Total costs	273	- 771
	Forward cover costs & working capital	- 108	158
	<b>Income before depreciation</b>	<b>11</b>	<b>155</b>
	Financial items	- 21	12
	Income before tax	- 10	167

## SAS currency distribution - Nov 2016 – Oct 2017



## Jet fuel costs increased MSEK 59 in Q4

Fuel cost Q4  
MSEK



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## Jet fuel and currencies

### Jet fuel

- Policy to hedge 40-80% of expected fuel consumption for the next 12 months and up to 50% for the following six months
- Hedge position as at October 2017
  - 43% of expected jet fuel consumption hedged next 12 months
  - Mixture of call options and swaps

### Currency

- Policy to hedge 40-80% of expected currency deficit/surplus for the next 12 months

### Jet fuel cost sensitivity FY18, SEK bn\*

Average spot price	8.0 SEK/USD	9.0 SEK/USD	10.0 SEK/USD
USD 400/MT	5.6	6.2	6.9
USD 600/MT	7.1	8.0	8.9

### Currency hedges\*

- 54% of USD hedged next twelve months
- 65% of NOK hedged next twelve months

\* Based on hedge position as at 31 October 2017

Max jet fuel price	Q1 FY18	Q1 FY18	Q2 FY18	Q3 FY18
USD 450-550/MT	69%	69%	-	-
USD 501-550/MT	-	-	33%	-

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