

Media/analyst presentation August 17, 2011

## SAS Group 1<sup>st</sup> Half Year 2011



# Q2

## SAS best quarter since 2008



- Maintained positive GDP development in Scandinavia
- 1.1 million more passengers (+18%)  
→ Record high load factor this summer
- Very competitive market, but stabilizing yield  
→ Currency adjusted revenues up 20% in Q2
- Core SAS delivered  
→ Unit cost down 23% since 2008  
→ Unit cost down 5.1% in Q2
- Europe's most punctual airline
- Best customer satisfaction in 11 years
- Order placed of 30 Airbus A320neo

*EBT before non recurring items MSEK 365 (-236)*

## Significantly improved result

- Driven by cost reductions and growth



| Result (MSEK)                | Apr-Jun 2011 | Apr-Jun 2010 | Jan-Jun 2011 | Jan-Jun 2010 |
|------------------------------|--------------|--------------|--------------|--------------|
| Revenues                     | 11,229       | 9,979        | 20,446       | 19,474       |
| EBT bef. non-recurring items | 365          | -236         | -140         | -1,080       |
| EBT                          | 729          | -600         | 175          | -1,572       |



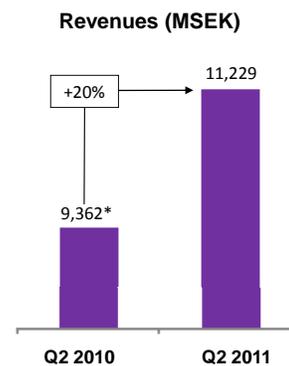
3

## Q2 revenues are growing

- Up 20% currency adjusted



- 🌀 20% revenue growth
- 🌀 7.5% underlying revenue growth
  - ➔ Strong passenger growth 18%
  - ➔ SAS strong commercial offering
  - ➔ Strong demand in leisure markets
  - ➔ Improved yield driven by fuel surcharges
  - ➔ Maintained position in corporate market
  - ➔ Norway market position improving



\*Currency adjusted from MSEK 9,979

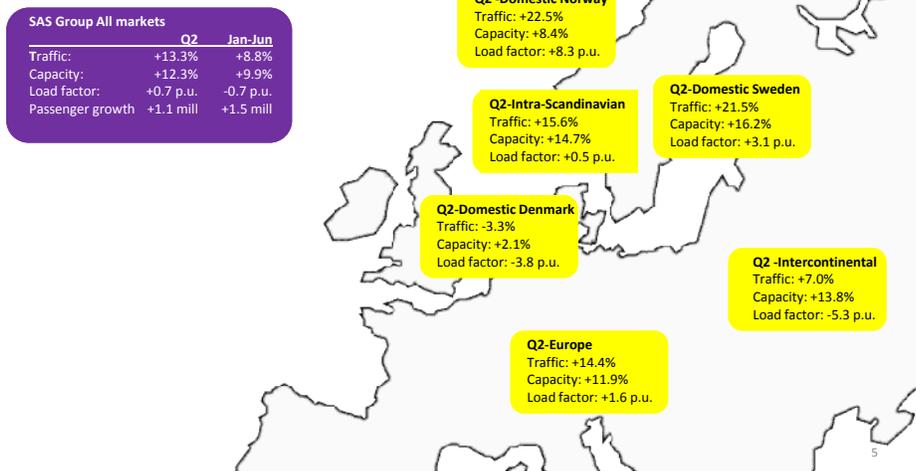
4

## Strong passenger growth

- Market capacity expected to grow by approx 10% in 2011



### SAS Group Traffic Development per market



## Due to improved cost position, SAS is able to deliver profitable growth



- ✿ New routes opened
  - ➔ More frequencies during spring 2011
  - ➔ Stockholm - Milan / Venice / Bologna / Gdansk
  - ➔ Oslo - Moscow / Madrid
  
- ✿ New long haul routes
  - ➔ Oslo - New York, March 2011
  - ➔ Copenhagen - Shanghai, March 2012
  
- ✿ Leisure markets developing particularly well
  - ➔ A new "BIG" campaign launched today!

**NEW YORK 449,-**  
**INRIKES 399,-**  
**LONDON 499,-**

**JUST NU!  
 1 MILJON BILLIGA  
 RESOR PÅ SAS.SE**

Boka senast 29 augusti.

| Städer    | Pris  | Städer    | Pris   |
|-----------|-------|-----------|--------|
| Oslo      | 449,- | Amsterdam | 599,-  |
| Köpenhamn | 449,- | Zürich    | 699,-  |
| Helsinki  | 399,- | Bye Bye!  | 499,-  |
| Luleå     | 399,- | London    | 499,-  |
| Umeå      | 399,- | Tokyo     | 5499,- |
| Rom       | 699,- | Chicago   | 6999,- |
| Paris     | 799,- |           |        |

Priser gäller för resor som bokas senast 29 augusti. Priser inkluderar bagage och försäkring. SAS Group AB. SAS Group AB. SAS Group AB.

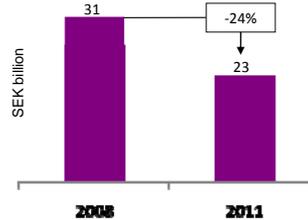
## Core SAS completed - New platform created



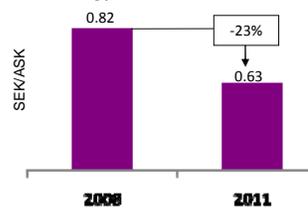
- Unit cost reduced by 23% since 2008  
→ SEK 1.0 bn remaining result effect
- Non core assets divested
- One Scandinavian company established
- Balance sheet recapitalized



Scandinavian Airlines operating expenditure, excluding jet fuel



Scandinavian Airlines unit cost, excluding jet fuel



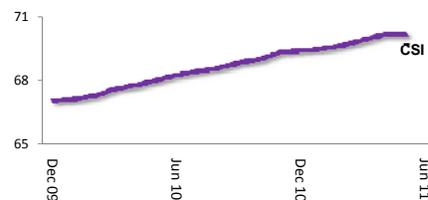
7

## Best customer satisfaction in 11 years



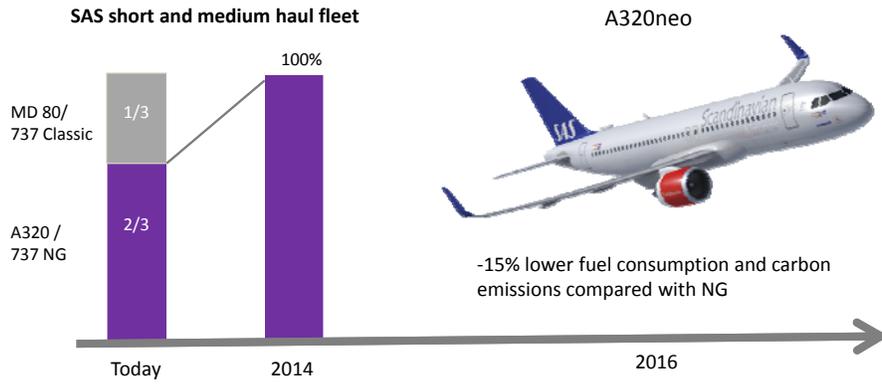
- Europe's most punctual airline in 2009, 2010 and June-July 2011
- SAS and Singapore Airlines join forces to further collaboration
- SAS received IATA "Fast Travel Award" for the first airline to introduce a complete chain of airport self service products
- SAS and Aegan Airlines enters into code-share agreement
- Further improved customer satisfaction - CSI at 71

Scandinavian Airlines Customer Satisfaction index 12 months rolling



8

## Purchasing order of 30 Airbus A320neo -a logical step in the renewal and streamlining of our fleet



9



Göran Jansson  
CFO SAS Group

10

## Best Q2 since 2008



| (MSEK)                                  | Apr-Jun 2011  | Apr-Jun 2010  |               |
|---|---------------|---------------|---------------|
| <b>Total operating revenue</b>          | 11,229        | 9,979         | +12.5%        |
| Payroll expenses                        | -3,244        | -3,473        |               |
| Fuel                                    | -2,004        | -1,627        |               |
| Government charges                      | -1,037        | -1,029        |               |
| Other operating expenses                | -2,534        | -3,291        |               |
| <b>Total operating expenses</b>         | <b>-8,819</b> | <b>-9,420</b> |               |
| Leasing costs, aircraft                 | -373          | -487          |               |
| Depreciation                            | -1,148        | -426          |               |
| Other                                   | -160          | -246          |               |
| <b>EBT (including non-recurring)</b>    | <b>729</b>    | <b>-600</b>   | <b>+1,329</b> |
| Non-recurring items                     | -364          | +364          |               |
| <b>EBT (before non-recurring items)</b> | <b>365</b>    | <b>-236</b>   | <b>+601</b>   |

11

## Positive traffic development



| SAS Group                        | Q2 2010     | Q3 2010     | Q4 2010     | Q1 2011     | Q2 2011     |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Traffic (RPK)                    | ↓ -6.3%     | ↑ +5.4%     | ↑ +10.9%    | ↑ +3.4%     | ↑ +13.3%    |
| Passenger load factor            | ↑ +1.8 p.u. | ↑ +2.2 p.u. | ↑ +2.3 p.u. | ↓ -2.5 p.u. | ↑ +0.7 p.u. |
| <b>Scandinavian Airlines</b>     |             |             |             |             |             |
| Passenger yield                  | ↓ -6.6%     | ↓ -4.3%     | ↓ -6.7%     | ↓ -1.3%     | ↑ +0.6%*    |
| Total unit revenue (RASK)        | ↓ -5.6%     | → +0.4%     | → +0.9%     | ↓ -2.4%     | ↑ +6.6%*    |
| Total unit cost (excluding fuel) | ↓ -2.0%     | ↓ -8.7%     | ↓ -8.3%     | ↓ -7.1%     | ↓ -5.1%**   |

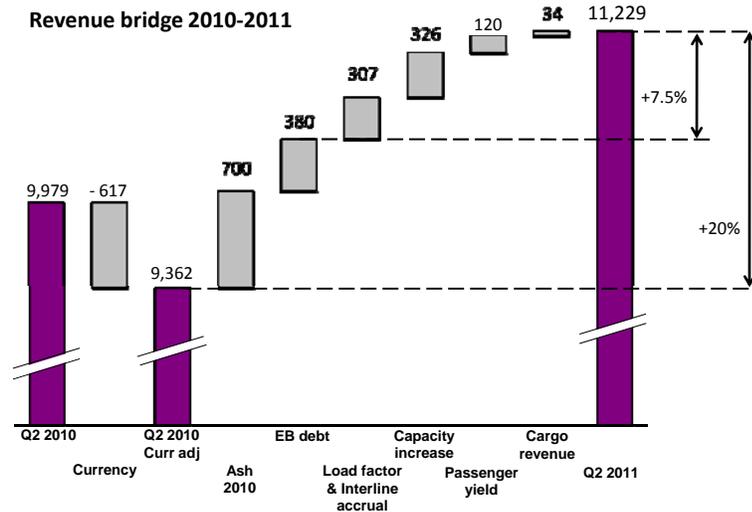
\* Underlying yield, excluding positive effects from revaluation of EuroBonus liability.

\*\* Excluding write down of aircraft

12

## Q2 revenues are growing

- Up 20% currency adjusted



13

## One off effects in Q2



### EuroBonus liability revaluation

- EuroBonus liability reduction of MSEK 380
  - Change in redemption pattern and members perception
  - IFRIC 13

### Currency hedge gains

- Fair value hedging gains of MSEK 729
- Derivative contracts in USD
- Due to fleet renewal decision

### Aircraft value adjustments

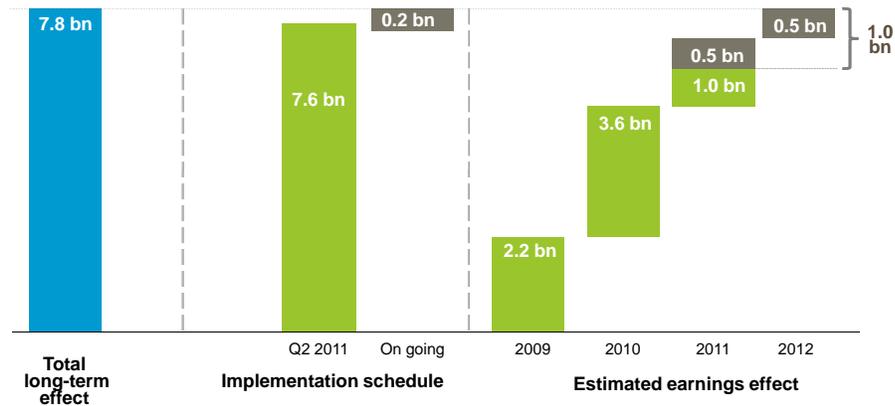
- Due to fleet renewal decision
  - Write down of MD-aircraft of MSEK 330
  - Write down of Airbus A340 of MSEK 395
- } MSEK 725
- Remaining aircraft book value in line with market value

14

## Core SAS cost program completed - SEK 1.0 bn earnings effect remaining



(SEK)



15

## 97% of targeted cost saving measures implemented



| Core SAS  | Core SAS cost savings program (MSEK) | Potential 2009-2012 | Implemented   |               |
|---|--------------------------------------|---------------------|---------------|---------------|
|   |                                      |                     | Mar 2011      | Jun 2011      |
| <ul style="list-style-type: none"> <li>Additional MSEK 200 implemented in the 2<sup>nd</sup> Quarter, to total SEK 7.6 bn or 97%</li> <li>91% of the planned reduction of 4,600 FTE implemented</li> <li>Earnings effect of SEK 0.4 bn during the 2<sup>nd</sup> Quarter. Remaining effects of SEK ~1.0bn in 2011-2012</li> <li>Unit cost, down 5.1%<sup>1</sup> in the 2<sup>nd</sup> Quarter (excluding jet fuel).</li> </ul> | Cabin crew/Flight deck               | ~1,900              | ~1,900        | ~1,900        |
|   | Ground services                      | ~900                | ~700          | ~800          |
|   | SAS Tech                             | ~1,800              | ~1,700        | ~1,750        |
|   | Sales, marketing & Commercial        | ~700                | ~700          | ~700          |
|   | Purchasing                           | ~400                | ~400          | ~400          |
|   | Blue1, Widerøe, Cargo                | ~600                | ~550          | ~600          |
|   | Administration                       | ~1,400              | ~1,350        | ~1,350        |
|   | Other                                | ~100                | ~100          | ~100          |
|   | <b>Total</b>                         | <b>~7,800</b>       | <b>~7,400</b> | <b>~7,600</b> |

<sup>1</sup> For Scandinavian Airlines compared with the same period in 2010, adjusted for currency.

16

## Capital structure strengthened

Good financial preparedness with SEK 2 billion bond issue



| Core SAS impact on key figures          | Jun 30, 2011 | Jun 30, 2010 |
|---|--------------|--------------|
| Cash flow from operating activities, Q2 | 731          | 503          |
| Liquid assets, MSEK                     | 5,648        | 7,151        |
| Financial preparedness, MSEK            | 11,069       | 12,742       |
| Equity, MSEK                            | 14,445       | 14,632       |
| Financial net debt, MSEK                | 3,395        | 2,642        |
| Financial preparedness                  | 27%          | 31%          |
| Adjusted equity/assets ratio            | 28%          | 26%          |
| Adjusted debt/equity ratio              | 0.89         | 0.90         |

17

## Fuel surcharges (RASK) offset 2/3 of fuel spot increase



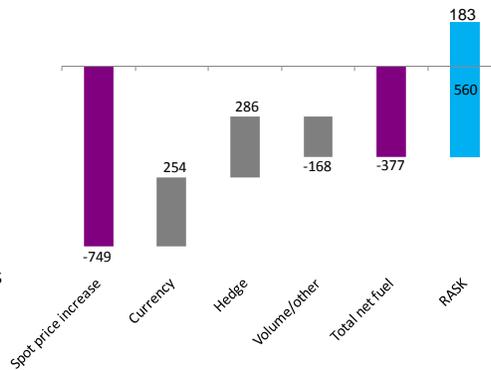
- SAS three part approach to compensate for higher jet fuel prices

- Hedging
- Jet fuel surcharges
- Yield management

- SAS jet fuel surcharges on par with European competitors

- Increased impact of fuel surcharges on yields

Jet fuel cost analysis, SAS Group, MSEK



18

## 2011 Outlook – Positive result – still valid



- A growing aviation market
- Increased uncertainties regarding global economy
- Good development of yield/load
  - ➔ Record load factors
- Jet fuel prices still at high levels
- Competition increasing – capacity being added
  - ➔ SAS Capacity growth 2011, 6%
- Cost reductions continues after Core SAS

**Still targeting profitability in 2011,  
subject to no unforeseen events**

19

# Thank you!

