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PRESENTATION

Operator

Good day, and welcome to the Q4 2012 SAS AB earnings conference. Today's conference is being recorded.

At this time, I would like to turn the conference over to Mr. Sture Stolen, Head of Investor Relations. Please go ahead, sir.

Sture Stolen - SAS AB - VP, IR

Thank you very much, operator, and welcome to this call; third quarter call. As usual, we have the slides available on our website, sasgroup.net, under Investor Relations. There you can download, and you can also listen to the presentation afterwards.

So I think, with that, I hand over to our CEO, Mr. Rickard Gustafson.

Rickard Gustafson - SAS AB - President and CEO

Thank you, Sture, and good afternoon, everyone. I'll take you straight into the presentation, and then to page 2, just for your reference.

In the beginning of the year of 2012, we accelerated our ongoing program for excellence to meet a higher, or an increasing, fuel price in a market where it's very hard to really mitigate that from price increases. Early on, we noted that our efforts would be visible in the results, primarily during the second half of 2012, and that is also the case.

If you now look into our numbers, we will see that the passenger revenues are up 5.6% January to October; our unit revenue, or RASK, is up 2.2%; and our unit cost, CASK, is down 4%. And, as you may recall, we did promise a CASK reduction of 3% to 5% for the full year in 2012. Altogether, this means that we delivered a break-even result, or positive SEK23 million, despite an increased fuel price of SEK1.6 billion versus the year before.

But a break-even result is far from satisfactory for a company like ours. That's why we launched our next transformational change program, named 4Excellence Next Generation, earlier in November this year. This is an offensive plan where we're really going for growth, and quickly going to start to deliver a decent return.

For the 2012 we're actually taking the restructuring costs for this program, it's actually added to our results. So, earnings before tax is very negative at negative SEK1.2 billion after the restructuring costs.

If I then take the page 3, as I said, the program that we launched in the beginning of the year was designed to really have impact in the second half, which is now visible in several of our KPIs.



Passenger revenues, as I said, they're up, and especially in the third quarter, and also in October; they're up north of 9%.

An improved yield, in combination with a fairly stable load factor, delivers a unit revenue RASK that's up 2.2%.

We have increased our productivity, and have been able to increase our production, or in terms of ASK, especially during the summer months of 2012, also when the demand is the highest.

We opened more than 30 new destinations in 2012, which led to a significantly enhanced result during summer; especially in the month of July, where we recorded the best July route result we've ever seen, as far as we can tell, and we can tell way back to 1995.

At the same time, we have been able to reduce our costs, and improve our productivity. And as I said on the previous page, unit cost is down 4% if I exclude fuel and FX.

At the same time, we increased capacity, and reduced the number of FTEs. So we are really showing some productivity gains as well.

To give you some more insightful details around the result, I will now hand you over to our CFO, Goran Jansson, to take you through the details of the numbers.

Goran Jansson - SAS AB - CFO

Thank you, Rickard. If we then switch to page 4, you can see that the profit and loss for the shortened 10-months fiscal year 2012 has been -- we have been able to improve the EBIT margin with 0.5 percentage, up to a level of 2.6%. This, while we have seen an increase in fuel costs of SEK1.6 billion, or 3.6% unit decrease on the margin itself.

That has been mitigated by a significant reduction in payroll expenses, and in other expenses, while we have been able to improve and increase our top line with SEK1.4 billion.

The financial net has worsened during the year, and increased -- from increased financial costs, and also a higher level of our interest costs.

The EBT before non-recurring is positive with SEK23 million; that's an improvement in comparison to our outlook.

The October result has been affected by the accruals from the restructuring for the new program we have initiated. That amounts to SEK1.3 billion, whereof SEK1 billion refers to personnel costs. This means that we report an EBT of negative SEK1.245 billion.

If we then move to next slide, you can see that the traffic follows the year as a whole, where we continued to increase the traffic in the October month with 5.4%. That means that the full year, or the fiscal year, 2012 has a 6.2% traffic increase.

You can also see that we have a somewhat lower load factor during October, compared to what we have seen earlier this year, but we still report a 1.2% unit increase of the load factor for the full 12 months.

Scandinavian Airlines increased the yield in October with 3.1%; and the RASK increased with 6%. For the full year, the yield was down 0.7%, and the RASK was up 2.2%.

Unit cost has declined with 11.8% in October, and 4% for the full 12 months -- 10-month period, which is in line with our expectation of 3% to 5% decrease of the CASK for the year.

If we move to the next slide, 6, our revenues was affected, relatively mildly, by currency during the year. But the traffic increased, as we just mentioned, our top line with more than SEK1.1 billion.

Our load factor, the positive load factor, increased with SEK444 million.

The yield, though, has lowered the revenues with some SEK161 million.

Other traffic revenues increased almost SEK400 million.

And net of cargo and other revenues was down almost -- more than SEK500 million.

Whereby, we reported a 3.7% value -- currency adjusted increase on top line for the period.

If we move over to next slide, 7, we can see that the unit cost, as I said, was down 4%.

And then, during the period we have been able to increase our ASK with 3.5%, while lowering the personnel costs at the same time. And you can see that the number of employees is down 2.7% for the period. Thereby, we have been able to increase the productivity. And the cost measures have been effective during the year, as we initiated them in the beginning of the year.

If we move on to next slide, 8, our operating cash flow improved considerably and amounted to SEK2.5 billion, where the working capital decreased with SEK1.2 billion. This, coming out of very successful sales campaigns; passenger growth; and also a very focused work on trying to limit the working capital during the year.

Our net investments are in the line of SEK600 million, whereof mainly coming from value-added maintenance cost on our engines.

We have, during the year, been able to amortize SEK3 billion and, therefore, the net effect on the cash is a negative SEK1 billion.

If we move over to next slide, 9, we have a financial preparedness end of the reporting period, October 31, of 29%.

And we can then also report that we now, as of -- and hopefully after today, we will have a full new RCF, which, as we reported before, will increase from [EUR366 million] to SEK3.5 billion, while we will lower our bilateral loans with some of the banks.

This means that we will have a financial preparedness, which will be in line with what we expected it to be; and also what we set out in the ambition during this -- to initiate this program that we will come back to.

Our equity total assets is, in the end of the period, 30%.

So I hand over to Rickard to talk you through the new program.

Rickard Gustafson - SAS AB - President and CEO

Right, thank you, Goran. As I said in the beginning, the numbers of the result for the first 10 months of 2012 is not sufficient and, therefore, we did launch our next version of the plan, which is called 4Excellence Next Generation. And I'd like to take you through some of the details around that.

So if I then take you to page 11 as a starting point, I do recognize that our cost level, our flexibility, and efficiency is far from enough to deliver a sustainable and profitable business. But with that said, though, there are some [uniquenesses] in our business that, of course, we'll value, and we will also use to our advantage, as we go forward.

First and foremost, we have an operational quality that is world class, where our arrival punctuality within 15 minutes reaches 89%, and with a regularity of over 99%.

We have the most developed network from and within Scandinavia, and a superior timetable.



We have a very strong brand recognition, and brand name in the market, and a established customer base with close to 3 million members in our Euro Bonus program.

We have a number of time-efficient solutions, especially on ground; that is very appreciated by our customers.

And we also have a very knowledgeable and dedicated workforce that provide a very solid service on ground, as well as in the air.

Altogether, this means that we actually get more and more passengers. And we are now -- have line of sight to reach close to 28 million passengers for the period January through December 2012.

So then moving onto page 12, despite the fact that SAS, throughout the last few years, have been through a number of different cost savings programs and change initiatives, we still have three remaining challenges.

Our profitability is far from enough, and we need to fully adapt to market conditions and improve our cost position, improve our flexibility, and reduce our bureaucracy in order to be able to compete effectively in the market.

We have the new accounting rules that will have a negative impact on our equity which we need to deal with.

We need, and we have, a strong financial preparedness. But the fact is that our financial preparedness is very dependent on external credit facilities and less so on our own cash position, and we need to shift that. And we need to strengthen our own cash to secure our financial preparedness.

And given that we have a pretty weak track record over a number of years with negative results, we need to address these challenges quickly. And we also need to do it without injecting new capital to finance it, and that's the challenge for the plan.

And the plan, on page 13, as you probably are fairly familiar with at the moment, is an aggressive plan that builds on the positive momentum that we established in 2012, but also addresses these fundamental issues that I just described.

The plan, 4Excellence Next Generation, is actually dealing with some structural issues and legacy that we have within our business.

The plan will accelerate cost initiatives in the range of SEK3 billion; it will have a -- reduce the negative impact on equity from the new accounting rules with more than SEK2.8 billion; and it will improve our cash position with around SEK3 billion through the divestments that we plan to do.

Already in November we took a first, but major, step by establishing new agreements with our flying unions; new collective bargaining agreements.

During a very turbulent and very specific process, our unions, and our union representatives, demonstrated a commitment and willingness to make the necessary changes to establish a profitable platform for SAS.

The new agreements, they include reduced compensation; improved productivity; and increased flexibility. And this is a pre-request for us in order to compete in the market, to sustain our position in the corporate markets, as well as take our fair share of the fast-growing leisure market.

Also in November, in conjunction with those negotiations, we took another major step forward when we were able to move over from defined benefit to defined contribution pension schemes. Again, during a very short and turbulent period, we were able to actually accomplish that. And I've said before, this will, of course, have a big positive impact in the fact that reducing the negative effects from the new accounting rules, as I mentioned before.

But those two steps are major, and significant. But there's more to come and we will keep the pace going forward with the remaining parts of our plan. We will centralize administration functions to Stockholm, and thereby also reduce the number of FTEs with roughly 800.



To further improve our flexibility, reduce complexity, and in order to shift fixed costs to variable costs, we are still planning to outsource our ground handling and big parts of our call center activities.

Within IT, we're also facing some major changes to reduce cost, but also to improve time to market in our development efforts.

We also plan to divest some of our assets. That will generate, roughly, as I said, SEK3 billion in liquidity. And things that are on the template to be sold, that will be our subsidiary, Wideroe, in Norway; some spare part engines; and also airport-related properties that we still have.

It is a significant and far-fetching plan that we're going after. That, of course, is a big pill for our organization to swallow. But it's the only way forward in order if we want to make sure that we develop a competitive business that is able to generate growth, profitability, and also to sustain and to secure our financial situation.

Moving onto page 14, as I alluded to in the beginning, we had to do a self-finance plan. And the plan that we're now following is a self-finance. We are aiming for cost savings in the amount of SEK3 billion. And already this year, i.e., the fiscal year 2012/2013, the impact will be SEK1.5 billion, where most of the restructuring costs related to that, roughly, SEK1 billion, as Goran already mentioned, has been taken into the accounting year of 2012.

And in the following accounting year, '13 and '14, there is another SEK1.2 billion impact that we foresee; and then a small remainder in the years to come.

Moving onto page 15, I use this page to try to paint a picture what SAS will look like once we're done with this pretty massive restructuring of our Company. It will be a company where administration is significantly smaller; up to 40% in reduction, and all centralized, massively centralized, to Stockholm.

We have concentrated our production around SAS, i.e., the subsidiary in Norway, Wideroe, will be sold; and our subsidiary in Finland, Blue1, will be fully integrated as production platform within SAS.

Number of employees have been reduced with quite some significant numbers, where the majority share would be that our employees will have a new employer, i.e., related to our outsourcing activities.

SAS will maintain its strong footprint and foothold in the three Scandinavian countries, and the distribution among employees could be fairly even between Sweden, Norway, and Denmark.

And we will continue our efforts to modernize our fleet. We are, as you know, phasing out our older equipment, our MD-80s and 737 Classics, and replacing them with the latest technology; Boeing 737 Next Gen in Stockholm and Oslo, and Airbus 320 in Copenhagen.

As of today, we don't have any MD-80s left on our base in Stockholm; and already, by the end of 2013, the last MD-80 will also leave our base in Copenhagen. And we are in the days, within a few days, also looking forward to welcoming the next new aircraft rolling out from Boeing's equipment -- sorry, plant, in the US.

Moving onto page 16, we need now to use this platform to also play offensive. We want to grow this business, and we are targeting an ASK growth of 5% to 6% during 2012 and 2013.

From an historical point of view, we have not been able to fully leverage the demand that we see during spring and summer due to our collective bargaining agreements have not allowed us to maximize our utilization during summer. We made some changes to those kind of constraints already in 2012, and we were able to increase production during summer.

And we opened more than 13 new destinations in the summer program of 2012. And, as I said before, that played out pretty well and we saw a very, very strong July, and a strong third quarter.



With the new agreements that we have, we can further accelerate this and actually grow capacity without adding new resources, or acquiring new aircrafts, to really capture the demand that we see during spring and summer.

And we're really going after that in a pretty aggressive way. As a proof point for that, I'll ask you to flip to page 17, where you, probably, have seen that we have launched our summer program for 2013, where we see some significant opportunities for further growth. We have announced 45 new destinations to our network; on top of those 38 that we launched in 2012.

It's a combination of permanent destinations, but also seasonal destinations with a seasonal timetable. Most of the new destinations will be from Norway; 17, to be exact. And that's as a result of the fact that the GDP development is actually the strongest as we see in Europe in Norway. But also, Sweden will have 11 new destinations; and Denmark, 10.

Moving on then to page 18, we're now building the platform by using our equipment and maximizing the capacity that we can get out from our existing agreement and our existing staffing.

And by also continuing to phase out some smaller aircraft, MD-80s and 737 Classics, and replacing them with the 737 NGs and Airbus 320 type of equipment, we will also be able to add to our capacity growth. Once we have that, and once we have a strong cash position as we build our balance sheet and build our earnings, we will also be keen to see how we can expand by adding or expanding our fleet.

Just as a reminder, we're also keen to welcome, or take part, of the next technology shift that will come in 2015 as we will be a pretty early adopter by 2016 of the new technology from Airbus, the Neo, that we will then take into our fleet.

And then finally, looking into the outlook for 2012 and 2013, we do foresee a maintained strong competitive environment that will put pressure on yield and RASK.

As we also said, we will increase our capacity by 5% to 6%.

Given that there are no unforeseen or significant unforeseen events, and that the jet fuel price maintain at the current high level, i.e., at around \$1,000 per ton, we do see that we're aiming for an EBIT margin north of 3%, and a positive EBT result.

I'd like to make you aware of that the first quarter in 2013, i.e., the period November 2012 through January 2013, will be weak due to the seasonality of our earnings.

With that, I'll stop the presentation; hand back to Sture to facilitate the Q&A session.

QUESTIONS AND ANSWERS

Sture Stolen - SAS AB - VP, IR

Yes, thank you. Operator, I think you can start then the Q&A session.

Operator

(Operator Instructions). Dan Togo, Handelsbanken.



Dan Togo - *Handelsbanken - Analyst*

A few questions. First, relating to the guidance, you are guiding for a one-off restructuring cost, a one-off cost in relation to Next Generation of SEK1.5 billion, of which SEK1 billion is included in 2012. In your guidance for '12/'13, the SEK500 million remaining, is that included in the expected profit for 2012/'13? How should we go about that?

Goran Jansson - *SAS AB - CFO*

Yes, it is. We still think we can make a positive result for this now coming fiscal year.

Dan Togo - *Handelsbanken - Analyst*

So that is included in the pre-tax profit guidance, the SEK500 million?

Goran Jansson - *SAS AB - CFO*

Yes. We don't say that all of the SEK500 million comes in this year; this is a program that will continue next year, so --

Dan Togo - *Handelsbanken - Analyst*

But, I guess, the majority of the SEK500 million will come in '12/'13, right?

Goran Jansson - *SAS AB - CFO*

Yes. We have, with what we now have reported, actually moved forward to the -- already reported here a bit more than we expected at initially; when we said it initially. So it is -- we have what's a rather a bit more than SEK1 billion. And we said initially it's SEK900 million to SEK1 billion, and now we have a bit -- we're on the higher side, so we have really taken a bit more than we said before.

Dan Togo - *Handelsbanken - Analyst*

Okay. And then on the net working capital, or the working capital which has provided, or supported cash flows in '12, how should we look at net working capital/capital going forward? Is there more cash contribution from net working capital? Or have you reached, so to say, a stable level for the working capital going into '12/'13, or for '12/'13?

Goran Jansson - *SAS AB - CFO*

There is, as you see, quite a seasonality in that amount, mainly coming from sales of tickets. And then, of course, with the campaigns we have, we did run last year, we were quite successful to increase cash generation. And we -- I think you will see us continue to do campaigns; that will have some effect. But I don't -- it's not what's a -- as an add-on for the full year, it's not a big number that will increase, rather that you will see a continuous -- quite a significant seasonality in that number.

Dan Togo - *Handelsbanken - Analyst*

Okay. And then on the yield side for '12/'13, you mentioned yourself there will be some pressure, but to what magnitude should we expect? Because you're expanding, primarily on leisure, which should provide some pressure, and you're also seeing increasing competition.



If you look to Norwegian, they are targeting production expansion of 20% in the coming year. So definitely there will be -- I know some of that is intercontinental but, still, we are -- you are facing even tougher competition in '13, so how do you mitigate that? And how should we think about the yields? To what sort of levels should we see the pressure?

Goran Jansson - SAS AB - CFO

We don't have a forecast on the yield. What we've said, in our plans, we have really anticipated a continuous yield pressure. So I think it's -- when we guide, and what we have now put in place, is a program that really can mitigate that yield pressure.

We will not give a yield forecast. It's depending on a number of things going forward; of course, competition, as you said, but also fuel prices, and other things. But we have, in our plan, assumed a continuous very tough market and, therefore, we have initiated a number of these very dramatic cost decreases.

Dan Togo - Handelsbanken - Analyst

Okay, good. And then on your divestment program, SEK3 billion you are targeting here. The price of SEK3 billion, or the cash contribution of SEK3 billion from those divestments, your price indication here, what does it stem from? Is it, so to say, delayed as corporate finance [guests], or is it indicated offers? How firm are you on the SEK3 billion target here?

Goran Jansson - SAS AB - CFO

It's, of course, an estimate made with the help of both external and internal resources. And we have a good discussion ongoing with a different number of players, so that's why we have said that the SEK3 billion is the best estimate we can see right now.

Dan Togo - Handelsbanken - Analyst

Okay. And then just finally, on your number of employees, what sort of numbers should we be looking for into 2013, after all the restructuring you are heading up for?

Rickard Gustafson - SAS AB - President and CEO

Well, it's dependent, to some extent dependent, on when and in what pace we're able to complete some of the outsourcing, and also of course some of the divestments, so it's hard to give you an outlook there.

But I think you should rest assured that a significant part of the admin restructuring will kick in already in the beginning of 2013, and then be maintained throughout 2013. But I don't -- cannot provide you with an FTE target because it's so dependent on so many things, especially the outsourcing activities.

Dan Togo - Handelsbanken - Analyst

Okay. Then maybe on [long haul], when do you expect to reach the 9,000 number of employees? How far into the future --

Rickard Gustafson - SAS AB - President and CEO

That you should -- what you should see there, the future state would be when we're far in to 2014.

Dan Togo - *Handelsbanken - Analyst*

Right, okay. Thanks a lot.

Operator

Andrew Lobbenberg, HSBC.

Andrew Lobbenberg - *HSBC - Analyst*

Congratulations on getting so far in the program. Can I just come back on the question about guidance from previously; from the previous caller? You said that the EBT positive included slightly less than SEK500 million restructuring, does that apply to your EBIT as well, or no? Your guidance of a 3% EBIT margin, is that inclusive of your SEK500 million restructuring/SEK400 million restructuring?

Rickard Gustafson - *SAS AB - President and CEO*

Yes, it's just the way we reported it, this. Yes.

Andrew Lobbenberg - *HSBC - Analyst*

Okay, fine. In terms of the slightly more than SEK1 billion restructuring that you took in this year, that was on the P&L. On the cash side, when does it hit us? Does that play out in the year ahead?

Rickard Gustafson - *SAS AB - President and CEO*

Of course, the way we now have set aside -- accrued for the restructuring, that is something that hits the P&L and balance sheet this year. But cash flow-wise, it will be -- and it's actually related to the previous questions regarding the FTEs and when will they leave, really. And most of what we have anticipated in the restructuring accrual for this year will have some sort of effect on the number of employees during the next -- this coming fiscal year.

So majority of these people will at least at the end of the year not be on the payroll. That doesn't mean, since you are -- when you're talking about FTEs, you remember that is the way to calculate that; is if people work half of the year so that has to be included there. But payroll-wise, end of the year we will have a significant number of the payroll costs lowered by less number of people on the payroll as end of next year.

Andrew Lobbenberg - *HSBC - Analyst*

Okay. And then -- I've seen some comments on the wires, on the press call, and I guess you struggle to answer this, but what indication can you give us about potential timing for the Wideroe transaction, and then for the handling transaction? Which looks more challenging?

Rickard Gustafson - *SAS AB - President and CEO*

You're right there, Andrew, we struggle to give some guidance there; that's true.

The way I see -- what I can tell you is the fact [it is not] Wideroe. We have -- we are full speed ahead. We have a dedicated resources that are working on that particular transaction. We are now out there in the market and going out pretty widely in the market to see what type of interest is there.



The good news is that there's been a pretty positive response; a number of different types of parties have come forward and said that they would be interested to take a look at this.

Probably, in the beginning of next -- of 2013, we will be able to select the potential player that demonstrates the most likelihood and go into a further, deeper, more in-depth discussion with them. How long that process then will take, I don't dare to guess that. It will take the time it requires to complete.

Same thing with our ground handling. We have there been, during fall, have had a long list of potential candidates. That has been narrowed down to a shortlist, and we are now in discussions with the players on the shortlist. There are no conclusions made, there are no decisions made, and the discussions they're still ongoing. And no-one has yet has been granted exclusivity to reach final stages.

Again, the reason for that dragging out in time is it's a very, very complex transaction. It's one of the largest outsourcing initiatives, I think, in the market. And it stretches across three countries, and a number of different locations, and different types of skills, and so forth, so it's a complex transaction and will take time. I don't want to second guess when we can complete it. I can only provide reassurance that we are aggressively pursuing it and trying to maintain the highest possible speed.

Andrew Lobbenberg - HSBC - Analyst

Are the call centers more straight forward than the handling? That's a much smaller deal, right?

Rickard Gustafson - SAS AB - President and CEO

The answer is, yes, it's less complex and, therefore, we also have -- there we have also -- and maybe we are probably we will be able to move faster there. But, again, there are discussions ongoing with the shortlist, and those discussions are going forward pretty rapidly now.

Andrew Lobbenberg - HSBC - Analyst

Right. And can I ask, in your commentary about Q1 you're emphasizing that it will be weak, and obviously there are seasonal factors there? But to what extent was your performance in November affected by the uncertainty through the frantic negotiations that you went through because, I must say, the traffic data looked okay?

Rickard Gustafson - SAS AB - President and CEO

Correct, and I think that's the answer. Of course, we saw that during that week, where we had that massive uncertainty and turbulence, of course, I'm sure we lost some traffic there and some customers decided to book tickets elsewhere. But they all come back pretty quickly. As you said yourself, the November numbers ended up pretty okay, and now we see that bookings are back to normal and in line with our expectations.

Goran Jansson - SAS AB - CFO

It's important that our commentary should be read -- as we changed accounting year, the seasonality has changed in our numbers. That is how it should be read. It's not some sort of outline, or outlook, of a dramatically worsened situation; it's rather the fact that you add November, December, and January, the worst months, together and report that end of January, instead of October, November, December, or January, February, March. So read it in that way, not as some sort of profit warning.

Andrew Lobbenberg - HSBC - Analyst

Yes, I know, I get that. Okay. And then just a final question, how -- it looks like everyone has been trading really well on long haul, and certainly the traffic data suggests that you're there as well. What is your thinking about dealing with your Northern friends and their exciting new 787s? Are you concerned for that, because I think you've been getting very strong performance on long haul?

Rickard Gustafson - SAS AB - President and CEO

That is correct. And we take all our competitors very seriously, and that also includes Norwegian and their future, or their new venture, with long haul activities.

But that said, though, we believe that we have a strong and competitive offer. When we compare our best prices with what they will sell their tickets for, when you include the charges for luggage and for any service on board, and so forth, we rank and stack pretty well. That's one thing.

We have still, compared to them, a superior network and timetable. Bear in mind that we have daily operations, and they will, at least not in the beginning, have daily operations to these destinations.

And we also know that regardless if you've travel towards Asia or to North America, a big part of our cabin, they don't have final destination, New York or Shanghai; they have other destinations. Therefore, a strong network is key to compete for that type of traffic, and we will continue to do that.

So I'm not in any shape or form trying to be complacent here. I take all my competitors very seriously, but I'm also confident that we have a competitive product.

Andrew Lobbenberg - HSBC - Analyst

Okay, that's great. Thanks so much.

Operator

Patrick Hughes, Citigroup.

Patrick Hughes - Citigroup - Analyst

Could you just confirm, all the parliamentary and voting procedures have now been passed by the three state stakeholders with regard to your -- a new RCF, so that means that the full SEK3.5 billion is now available to you?

Goran Jansson - SAS AB - CFO

I can clarify, everything except Norway, which I -- if we stop this call and go out and listen to there, the parliament are just taking it up today, right as we speak.

Everything is clear, except Norway. As we have read and understood, not just the Social Democrats that are in the government position, but also the Hoyre, have said that they will vote in favor, which at least we interpret. We should not be complacent to think that it has been gone through yet, but I would be very surprised if there would be any major changes.



So, from that point of view, we will, in the end of this week, finalize all the documents if this Norwegian vote goes right now in the next hour or two, and thereby have the RCF in place end of this week.

Patrick Hughes - Citigroup - Analyst

End of this week, okay. And so you're still able to draw under your old facility until such time as this new one is approved, correct?

Goran Jansson - SAS AB - CFO

We don't foresee any drawing need this week, as we look.

Patrick Hughes - Citigroup - Analyst

I understand. But it's available to you?

Goran Jansson - SAS AB - CFO

As we say, we will, end of this week, have the new one in place, so --

Patrick Hughes - Citigroup - Analyst

So the old ones are still suspended while you negotiate the new one then, correct?

Rickard Gustafson - SAS AB - President and CEO

The new one will be suspended, yes.

Patrick Hughes - Citigroup - Analyst

The old one, okay. The second point, just coming back to the previous caller's question on asset sale timings, obviously, (inaudible) 50% of EBIT improvement in current fiscal year, do you have any aspirations as to the percentage of asset divestments you want to complete this year?

And more importantly, do the providers, both the state, stakeholders and the banks, have they laid down any strict timings on when these asset proceeds should be received in order for the facility to be maintained? Thank you.

Goran Jansson - SAS AB - CFO

The idea is, of course, as Rickard said before, to sell these assets at the best price we can get. Therefore, we have an idea that, of course, you should never drag your feet when trying to sell something because the organization by itself gets worried about what will happen with them, therefore, we think it's important that we have full speed ahead.

And then, as Rickard said, we are committed to do this as quickly as possible. Therefore, we think that the plan is as quick as possible. That doesn't mean that we are willing to take any price. We want to have a good deal on a table in before, and that's why we have a very competitive way of dealing with different candidates for these different activities. That is why we foresee that this will happen in the next period of at least 18 months, or something like that.



Patrick Hughes - Citigroup - Analyst

So there are no time constraints on the asset sale process, it's the facility could not be withdrawn, say, if you hadn't gained some progress within the next 12 months, or something, so --?

Goran Jansson - SAS AB - CFO

There are covenants within the facility that means that we would need to have a certain equity, we need to produce a certain EBITDA, and a leverage, and so on, which are normal covenants in a facility.

And, of course, as we have said, that we are anticipating selling these assets. If we wouldn't do that, that will have, of course, give us a bit of a situation with some of the covenants if we don't accomplish these asset sales.

Patrick Hughes - Citigroup - Analyst

And when would those stresses (inaudible)?

Goran Jansson - SAS AB - CFO

It's, of course, as we go along. And as we have said, and as we have outlined, as you saw in our presentation, this is a plan that will -- we will have full effect in next coming years; at least on the third year. So that is the time horizon where the new numbers, and what we have anticipated our margin to come up and our equity to be restored on a decent level. So that is the time horizon.

Patrick Hughes - Citigroup - Analyst

So the financial covenants in the RCF are tested annually?

Rickard Gustafson - SAS AB - President and CEO

No, quarterly.

Patrick Hughes - Citigroup - Analyst

Quarterly. But you don't expect any pressure if you don't divest any of the assets in, say, the next 12 months? You don't envisage any pressure on those covenants?

Rickard Gustafson - SAS AB - President and CEO

They will be tighter, of course, end of the period.

Patrick Hughes - Citigroup - Analyst

Thank you.



Operator

There are no more questions in the queue.

Sture Stolen - SAS AB - VP, IR

Okay, if there's no more questions, I would like to say thank you to everyone following this call. Of course, as usual, we are available, from the Investor Relations side, if you have any follow-up questions, or detailed questions. With that, thank you.

Goran Jansson - SAS AB - CFO

Thank you very much.

Rickard Gustafson - SAS AB - President and CEO

Thank you very much, and have a nice Christmas.

Operator

That will conclude today's conference call. Thank you for your participation, ladies and gentlemen. You may now disconnect.

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