

## Market position strengthened in a seasonally weak quarter

### November 2014–January 2015

- Income before tax and nonrecurring items: MSEK -829 (-1,169)
- Revenue: MSEK 8,371 (7,871)
- Unit revenue (PASK) rose 6.7%
- Unit cost (CASK) rose 2.9%<sup>1</sup>
- EBIT margin: -7.8% (1.7%)
- Income before tax: MSEK -836 (-146)
- Net income for the period: MSEK -640 (-112)
- Earnings per common share: SEK -2.21 (-0.35)
- SAS maintains its outlook for the full year 2014/2015, see page 8

1) Currency adjusted and excluding jet fuel.

### Comments by the President and CEO of SAS:

“The first quarter of the fiscal year is the seasonally weakest and SAS posted income before tax and nonrecurring items of MSEK -829. This is an earnings improvement of MSEK 340 and an increase in unit revenue of 6.7% compared with the year-earlier period, which confirms that our commercial focus on Scandinavia’s frequent travelers is generating effect. We see continued favorable passenger growth, improved load factor and we also have more travelers in SAS Plus, which has resulted in a positive trend in unit revenue for the quarter. However, our unit cost increased during the first quarter when we reduced capacity to adapt to demand. This confirms the need to continue to increase cost base flexibility and further reduce costs.

In parallel with SAS continuously developing the customer offering, we are maintaining a high pace of change to meet the new industry standard. We have commenced the implementation of the cost meas-

ures presented earlier, which will extend across the entire organization and generate an overall earnings impact of SEK 2.1 billion with full effect in 2017. We are working intensively to increase flexibility in our production model to adapt production to a greater extent to seasonal variations.

We are strengthening the offering to our frequent travelers and in February, the first long-haul aircraft with the new cabin interior was put in operation, while a new improved service concept was introduced in SAS Business.

We have an exciting year ahead of us and look forward to the delivery of the first new Airbus A330E long-haul aircraft and the opening of the new direct route between Stockholm and Hong Kong,” says Rickard Gustafson, SAS President and CEO.

### Income and key ratios

Key ratios (MSEK)	Q1	Q1	Rolling 12 months	Rolling 12 months
	Nov–Jan 2014–2015	Nov–Jan 2013–2014	Feb–Jan 2014–2015	Feb–Jan 2013–2014
Revenue	8,371	7,871	38,506	40,456
EBIT margin	-7.8%	1.7%	-1.7%	8.0%
Income before tax and nonrecurring items	-829	-1,169	-357	495
Income before tax, EBT	-836	-146	-1,608	2,269
Net income for the period	-640	-112	-1,247	1,834
Cash flow from operating activities	-425	-908	1,579	561

	Jan 31, 2015	Oct 31, 2014	Jan 31, 2014	Jan 31, 2013
Equity/assets ratio	14%	17%	12%	-2%
Financial preparedness (target >20% of fixed costs)	35%	37%	20%	20%
Shareholders’ equity per common share, SEK	2.20	3.66	9.35	-1.47

Widerøe was previously part of the SAS Group and as such is included in the comparative figures for periods ending in September 2013.

# Comments by the CEO

- Income before tax and nonrecurring items amounted to MSEK -829 (-1,169)
- The number of passengers increased by 4.1%
- The number of travelers in SAS Plus increased by 11.6%
- SAS's traffic rose 3.2%
- SAS's load factor improved by 2.5 percentage points to 68.8%
- The number of EuroBonus members increased by 100,000
- SAS's first long-haul aircraft with the new cabin interior has been put in operation

The first quarter of the fiscal year is the seasonally weakest and SAS posted income before tax and nonrecurring items of MSEK -829. This is an earnings improvement of MSEK 340 and an increase in unit revenue of 6.7% compared with the year-earlier period, which confirms that our commercial investment in Scandinavia's frequent travelers is generating effect. At the same time, SAS is using smaller aircraft on selected routes to better reflect the demand. Combined with lower charter production, this meant a reduction in the total capacity by 2.9%, which resulted in an equal increase in the unit cost.

In parallel with SAS continuously developing its customer offering, we are maintaining a high pace of change to meet the new industry standard, in which the use of external production models, staffing agencies and the formation of proprietary low-cost carriers is becoming increasingly established. The airline industry is also characterized by strong seasonal variations, where weaker earnings from the winter program must be offset by higher revenue from the summer program. A more flexible production model is required to generate better prerequisites to adapt production to demand fluctuations.

## Step toward a more efficient production platform

During the quarter, SAS commenced the implementation of the SEK 2.1 billion in efficiency enhancements that was launched in December 2014. The acquisition of Cimber has been completed and will comprise the basis for SAS's regional jet production. In SAS's production model, the majority of traffic for the larger traffic flows will be produced under SAS's own traffic license, while smaller flows will be managed through internal and external wet leases. The production model will provide SAS with scope to adapt production to seasonal variations and demand. In Blue1, the Boeing 737 will be phased in during the autumn, while the last five Boeing 717s will be taken out of service.

To increase long-term profitability, SAS sold two slots at London Heathrow in February and is now also considering flying to other airports in the London region.

In the technical operation, the maintenance program for the Boeing 737 fleet has been revised and existing agreements have been renegotiated. This has already resulted in significant savings in 2015, with additional cost reductions during the remaining contract period. In total, optimization of the technical operation is expected to generate an earnings impact of about MSEK 300.

An extensive overview of SAS's properties and rental costs has been initiated and final negotiations are in progress concerning office properties and technical premises at Kastrup, which includes property sales and renegotiation of leases. The transactions are expected to generate annual savings of MSEK 50.

All in all, the initiated cost measures are progressing according to plan and are expected to generate positive earnings impact for SAS totaling approximately SEK 1 billion in 2014/2015.

In addition to the cost measures and given the ongoing extensive changes to the European airline industry with intensified competition as a result, SAS and the pilot associations have initiated discussions about a new collective agreement. SAS needs simple collective agreements that regulate employment terms according to standard applicable policies in Scandinavia. The collective agreements will also enable SAS to respond more rapidly in the market and to adapt production to seasonal variations to a higher degree.

## Stronger offering to Scandinavia's frequent travelers

More travelers are choosing SAS, we are advancing our positions and capturing market shares, which confirms that those travelling often appreciate our offering. The number of Plus travelers also increased by 11.6% during the quarter and approximately 100,000 registered with EuroBonus, which now has more than 3.7 million members. This is an increase of 17% since the launch of the revamped program one year ago.

SAS's work to make life easier for Scandinavia's frequent travelers continues. In conjunction with SAS upgrading the cabin in its long-haul aircraft, we launched a new service concept in SAS Business, where travelers are offered a restaurant experience with several options, even more personal service and high quality in every detail.

In 2014, SAS was the second most punctual airline in the world and this confirms that all employees at SAS work together to live up to the high expectations of our customers.

During 2015, we have already received four prestigious awards in the airline industry. In both Norway and Sweden, SAS was voted as the best airline in Europe by travel agents. In Sweden, SAS was praised for being the best airline for domestic flights and for the best travel app by business travelers and major companies. We are proud of the awards and they inspire us to work harder so that more people will also choose SAS in the future.

## Continued investments in the future

In February, the first upgraded long-haul aircraft with a completely new cabin interior was placed in operation and in spring 2015, one additional upgraded aircraft per month will be put into service. During the second half of the year, SAS will open the new direct route between Stockholm and Hong Kong, while the long-haul fleet is being renewed with the addition of the first of SAS's new Airbus A330Es. The new aircraft entails not only improved customer experience but also reduced maintenance and fuel costs.

In November, SAS conducted two test flights using synthetic biofuel and this is another step toward more sustainable jet-fuel management.

## Financial position

SAS's financial position is stronger than a year ago. In December 2014, financing was secured for advance payments for eight aircraft to be delivered until the beginning of 2017. In addition, we have signed a sale and leaseback agreement for the first phase of our long-haul aircraft order for four Airbus A330E to be delivered in 2015-2016. Together with the recapitalization, this means that we have secured financing of the maturing loans and aircraft deliveries until the second quarter of 2016.

During the first quarter, jet-fuel prices fell 37% and at the end of the quarter were at their lowest level since 2009. As a result of the historically low levels, SAS has actively increased hedging of jet fuel to 75% of anticipated consumption in the coming 12 months and 50% in the coming six months.

Ahead of the second quarter, we are working intensively to implement our efficiency enhancement measures and strengthen our offering to secure a long-term, competitive and profitable SAS.

Stockholm, March 5, 2015.

Rickard Gustafson  
President and CEO

# Comments on SAS's financial statements

## Earnings analysis November 2014 - January 2015

SAS's operating income was MSEK -657 (132) and income before tax and nonrecurring items totaled MSEK -829 (-1,169). Income before tax amounted to MSEK -836 (-146) and income after tax was MSEK -640 (-112).

The exchange-rate trend had a positive impact on revenue of MSEK 243 and a negative effect on costs of MSEK -590. The exchange-rate trend had a negative impact on operating income of MSEK -169, which includes positive effects of currency derivatives.

Revenue for SAS amounted to MSEK 8,371 (7,871). Adjusted for currency effects, revenue rose about 3.2% year-on-year, primarily due to an increased load factor and higher yield. However, charter revenue is lower year-on-year.

The number of passengers increased 4.1%, capacity (ASK) declined 0.6% and the load factor increased 2.5 percentage points. The currency-adjusted yield increased 2.7%, the currency-adjusted unit revenue (PASK<sup>1</sup>) rose 6.7% and, after adjustments for currency and jet fuel, the unit cost (CASK) increased 2.9% compared with the year-earlier period.

Total operating expenses for SAS amounted to MSEK -9,028 (-7,739). Operating expenses, after adjustment for currency and non-recurring items, declined 1.7% year-on-year, where the largest reduction pertained to jet fuel, payroll expenses and property costs. Payroll expenses amounted to MSEK -2,478 (-1,446), which included non-recurring items of MSEK 0 (1,044). Payroll expenses, after adjustment for currency and nonrecurring items, declined 2.4% year-on-year. Selling costs, as well as costs for wet leases increased during the quarter compared with the year-earlier period, which is due to the increase in number of passengers and higher external production. Total operating expenses included nonrecurring items of MSEK -8 (1,023). The implementation of the ongoing restructuring program is progressing according to plan and during the period resulted in cost reductions of about MSEK 260.

Jet-fuel costs amounted to MSEK -2,023 (-1,830). Adjusted for currency, costs declined by 4.5%. The falling oil price has a substantial impact on jet-fuel costs even if the market value of jet-fuel hedging is negatively impacted. The negative currency effects amounted to MSEK -288, hedging effects (including the effect of time value) were a negative amount of MSEK -431 and the positive price effect amounted to MSEK 464 year-on-year. During the quarter, SAS significantly increased hedging of the planned jet-fuel consumption and hedged up to 18 months ahead.

Net financial items for SAS amounted to MSEK -182 (-283), of which net interest expense was MSEK -152 (-204). The positive change pertaining to the net financial items compared with the year-earlier period is primarily due to lower continuous interest expense, and the cancellation of the revolving credit facility in February 2014.

Total nonrecurring items amounted to MSEK -7 (1,023) and comprised restructuring costs, capital gains/losses, impairment and other nonrecurring items. Capital gains amounted to MSEK 12 (loss: 21) and pertained to aircraft transactions of MSEK 0 (loss: 22), as well as the sale of shares in subsidiaries, affiliated companies and operations totaling MSEK 12 (1). Other nonrecurring items amounted to MSEK -19 (1,044) and were attributable to expenses related to cargo activities. In the preceding year, other nonrecurring items pertained to a positive effect from amended pension terms.

1) PASK (unit revenue) is calculated as Passenger revenue/ASK (scheduled).

## Financial position

Cash and cash equivalents were MSEK 7,108 (3,343) at January 31, 2015. SAS also had unutilized credit facilities amounting to MSEK 2,771 (1,996) on the same date. Financial preparedness amounted to 35% (20%) of the Group's fixed costs at the end of January 2015.

SAS's interest-bearing liabilities increased by MSEK 1,661 compared with October 31, 2014 and amounted to MSEK 12,466 on the closing date. New loans raised during the first quarter amounted to MSEK 185 and repayments amounted to MSEK 158. The increase in the interest-bearing liabilities for the quarter is mainly attributable to the market capitalization of jet-fuel derivatives and currency effects on existing loans.

SAS has issued two convertible bond loans. The first loan, which was issued in 2010, was valued at MSEK 1,593 on January 31, 2015. This loan will be repaid in April 2015. During 2014, SAS issued another convertible bond loan, which was valued at MSEK 1,436 on January 31, 2015.

During the quarter, the financial net debt increased MSEK 1,033 to MSEK 2,135 on the closing date. The increase was primarily due to cash flow from operating activities and investments in the quarter.

At January 31, 2015, the equity/assets ratio was 14% (12%) and the adjusted equity/assets ratio was 10% (8%). The adjusted debt/equity ratio amounted to 3.9 (5.9). The adjusted ratios take into account leasing costs.

*For the balance sheet – refer to page 10.*

## Cash-flow statement

Cash flow from operating activities, before changes in working capital, amounted to MSEK -555 (-879) in the first quarter.

Last year, non-cash items mainly comprised a nonrecurring item of MSEK -1,044 pertaining to the impact on earnings from changed terms for pension commitments.

The positive change in working capital for the quarter was attributable to, among other things, a higher unearned transportation revenue liability.

Investments amounted to MSEK 480 (226), of which MSEK 367 (175) pertained to aircraft, which included MSEK 133 (1) for ongoing aircraft investments/modifications, MSEK 202 (96) as advance payments to Airbus, MSEK 21 (78) to capitalized expenditures for engine maintenance and MSEK 11 (0) to spare parts. In addition, MSEK 102 (34) pertained to capitalized systems development costs and MSEK 11 (17) to other investments.

Accordingly, cash flow before financing activities amounted to MSEK -993 (-1,177).

New loans for the period amounted to MSEK 185 (79), while repayments totaled MSEK 158 (253). In addition, the positive cash flow from financing activities was primarily attributable to the realization of high positive market values pertaining to financial derivatives.

Cash flow for the first quarter amounted to MSEK -308 (-1,406).

Cash and cash equivalents amounted to MSEK 7,108 according to the balance sheet, compared with MSEK 7,417 at October 31, 2014.

*For the cash-flow statement – refer to page 11.*

## Seasonal variations

Demand, measured as the number of transported passengers, in SAS's markets is seasonally low from December to February and at its peak from April to June and September to October. However, the share of advance bookings is greatest from January to May, which has a highly positive effect on working capital ahead of the holiday period.

Seasonal fluctuations in demand impact cash flow and earnings differently, since passenger revenue is recognized when customers actually travel, which results in revenue generally increasing during months in which more passengers are transported. Since a substantial share of an airline's costs is fixed, earnings are impacted by fluctuations in revenue levels.

Seasonal variations indicate that the first and second quarters are the weakest quarters in terms of earnings. However, cash flow from operating activities is seasonally weak in the first and third quarters.

## Financial targets

Given the ongoing extensive changes to the European airline industry with intensified competition as a result, SAS has initiated discussions with its unions addressing how to respond to the new industry requirements relating to flexibility and the need to reduce complexity.

It is crucial that these discussions lead to an overall strengthening of competitiveness and improved financial performance. SAS intends to reassess its EBIT margin and equity/assets ratio targets based on the outcome of these discussions.

SAS reiterates its 20% target for financial preparedness which SAS expects to continue to achieve.

## Description of events after January 31, 2015

- SAS completed the acquisition of Cimber and transferred CRJ900 production to Cimber on March 1.
- The Annual General Meeting resolved that no dividends be paid to holders of SAS AB's common shares for the 2013/2014 fiscal year.
- The Annual General Meeting resolved to adopt a preference-share dividend of MSEK 350.
- SAS sold two slots at London Heathrow and generated a capital gain of MUSD 82 with a corresponding effect on SAS's cash flow. After the transactions, SAS was still the fifth largest carrier in terms of the number of departures on a weekly basis from London Heathrow.
- Lars Sandahl Sørensen will be the new Executive Vice President and COO in SAS and will take up his post on May 1, 2015.
- On February 24 and between February 27 and March 2, SAS cancelled 334 flights to/from Copenhagen due to work stoppages, in breach of contract, by parts of SAS's cabin crew. This is expected to have a negative impact on earnings of MSEK 50.

# Strategic priorities for SAS

To strengthen its competitiveness and to meet the challenges posed by the new industry standards, SAS has intensified measures within three strategic priorities:

1. Establish an efficient production platform
2. Win the battle for Scandinavia's frequent travelers
3. Invest in our future

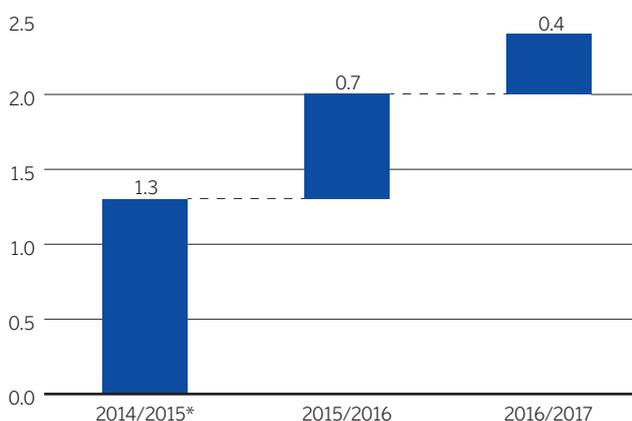
## Establish an efficient production platform

### Cost measures with full effect in 2017

In December 2014, SAS launched cost measures that will generate an earnings impact of SEK 2.1 billion with full effect in 2017. During the first quarter of 2014/2015, the measures contributed MSEK 260 in efficiency enhancements. The measures are aimed to meet the continued price pressure and the new industry standard, with increased use of external production models, staffing companies and the formation of proprietary low cost carriers. The measures will be applied across the entire organization.

### Expected earnings impact from cost measures

SEK billion



\* Including SEK 0.3 billion from the restructuring program launched in November 2012.

### Fleet streamlining and production optimization

SAS's strategy for increasing flexibility in the production model is to produce the majority of traffic for the larger traffic flows under SAS's own traffic license based on one aircraft type per base, while smaller flows and regional traffic will be managed via internal and external wet leasing. Therefore, SAS has, to an increasing degree, built up an external wet-lease operation with turboprop aircraft that can serve smaller flows more efficiently while reducing complexity in SAS's own production. In February 2015, SAS completed the acquisition of Cimber, which has an efficient and focused production platform for regional jet production. On March 1, 2015, SAS's CRJ900 production was transferred to Cimber, which will enable SAS to reduce its costs and increase flexibility in the future. SAS's Finnish subsidiary Blue1 is now fully competitive compared with other wet-lease operators in the market following the signing of new collective agreements with the flight crew in December 2014. In Blue1, Boeing 737NGs will be phased in during the autumn and the last five Boeing 717s will be taken out of service.

Optimization has also been carried out in the technical operation where the maintenance program for the Boeing 737 fleet has been revised and existing agreements have been renegotiated. This has already resulted in significant savings in 2015, with additional cost reductions during the remaining contract period. In total, optimization of the technical operation is expected to generate an earnings impact of about MSEK 300.

### Further efficiency enhancement of administration, sales and distribution

The overriding organizational structure of SAS has been changed to meet the next phase of efficiency measures. The reorganization enables a reduction in non-uniformed personnel by about 300 FTEs, which will be completed in 2015, thus lowering costs by about MSEK 250. The process is proceeding according to plan and, up to the first quarter, 285 employees have been identified as redundant and agreements to leave SAS have been made with more than 80% of these.

A major review of the distribution model and marketing activities, including credit card costs and agent commissions, has been started. Through a combination of new agreements, changed channel mix and new payment solutions, about MSEK 200 in savings is expected to be realized.

### Efficiency enhancement of ground handling services

To ensure increased cost-base flexibility and provide enhanced conditions for Ground Handling's operations to grow, SAS initiated the outsourcing process of ground handling services and as a first stage, 10% of the shares in SAS Ground Handling was sold to Swissport. Intensive efforts have been ongoing with improving the efficiency of and automating operations, as well as creating preconditions for additional cost measures. This means, for example, that checking-in will to a greater degree be carried out via SAS's digital channels, which accounted for more than 60% of the number of check-ins during the first quarter of 2014/2015. In total, increasing the efficiency of ground handling services is expected to generate an earnings impact of about MSEK 200.

### Optimization of purchasing and logistics

SAS procures external goods and services to a value of about SEK 24 billion each year. The former purchasing department is being remodeled as a supply chain unit with full responsibility for purchasing and logistics. The unit is organized with clear category responsibility and close coordination with line functions, from planning and supplier agreements to quality control and settlement. A new procurement of the entire catering service has been initiated and negotiations are in progress with a few suppliers. Through the centralization of storage and optimization of the logistics flows, it will be possible to implement significant savings with retained customer experience. In total, measures in this area are expected to contribute cost reductions of about MSEK 250.

### Measures pertaining to properties and rental costs

As a consequence of major structural changes over an extended period, SAS has premises that are partially unused and rental costs that are too high for both offices and technical premises. A sweeping review of costs has been initiated, including divestments, the renegotiation of rental agreements and the letting of free capacity. Final negotiations are in progress concerning office properties and technical premises at Kastrup, which includes property sales and renegotiation of leases. The transactions are expected to generate annual savings of MSEK 50. In November, a sale and leaseback transaction was carried out of the technical base in Oslo with the Oslo Pensjons Forsikring (an Oslo-based life insurance company). Negotiations on additional property transactions are in progress at Gardemoen, as well as at Arlanda. The transactions and renegotiated agreements are expected to contribute to reducing the annual operating expenses by about MSEK 200.

### **Restructuring costs**

The additional cost measures for 2015–2017 resulted in restructuring costs of a total of SEK 1.3 billion being charged to the 2013/2014 fiscal year. The restructuring costs pertain primarily to staffing reductions, the phasing out of the Boeing 717s and extensive restructuring of the SAS Group's properties and rental costs to allow significant cost reductions moving forward. No further restructuring costs arose during the first quarter of 2014/2015.

### **New collective agreements**

In addition to the SEK 2.1 billion in measures and given the ongoing extensive changes to the European airline industry with intensified competition as a result, SAS and the pilot associations have initiated discussions. SAS needs simple collective agreements that regulate employment terms according to standard applicable policies in Scandinavia. The collective agreements are to also enable SAS to respond more rapidly in the market and to adapt production to seasonal variations to an increasing degree.

### **Win the battle for Scandinavia's frequent travelers**

In line with SAS's vision, the customer offering has been strengthened and market activities have intensified. SAS has gradually built up its customer offering and, in 2013, a new service concept, SAS Go and SAS Plus, focused on the most frequent travelers was launched in the market. The concept was well received by SAS's customers and resulted in a considerable increase in the number of Plus travelers. During the first quarter of 2014/2015, Plus travelers increased by 11.6% compared with the year-earlier period.

In February 2014, SAS launched an extensive upgrade of EuroBonus to make the market's strongest loyalty program even better. Since the launch, the number of members of EuroBonus has increased by 17% and, at the end of January, totaled more than 3.7 million. A larger membership base also increases possibilities for tying in more advantageous partnerships.

In conjunction with SAS upgrading the cabin in the long-haul aircraft, we launched a new service concept in SAS Business, where travelers are offered a restaurant experience with several options, even more personal service and high quality in every detail.

SAS has a strong offering with more destinations and more departures than any other Scandinavian airline. The offering has been strengthened through the addition of slightly more than 50 new routes during 2014 and, ahead of 2015, 12 new routes have been presented. In December 2014, SAS announced the new intercontinental route between Stockholm and Hong Kong, thus making SAS the only airline to offer a direct route between Hong Kong and Scandinavia.

After the divestment of two slots at London Heathrow, SAS is considering the possibility of increasing the capacity to the entire London region by also commencing flights to other airports, which will provide the opportunity to offer an even more competitive product to mainly leisure travelers.

To make smooth and time-efficient travel available to more frequent travelers, SAS is investing in expanding the concept of SAS Lounges and Fast Track at more airports. During spring 2015, SAS's new Cafe Lounge concept will be launched in Trondheim and Tromsø, which will include coffee bars and Wi-Fi.

### **Invest in our future**

SAS is introducing extensive changes to the aircraft fleet as part of its investments in the future. In February 2015, the first long-haul aircraft with the new cabin interior was put in service and one additional aircraft per month will be put in service during spring 2015. In September 2015, the first long-haul Airbus A330E aircraft will be delivered and another three aircraft will be delivered later in 2015 and in 2016.

In autumn 2015, when the remaining Boeing 717s have been phased out, SAS will streamline its aircraft fleet to only comprise four aircraft models compared with eight models in 2012. In total, SAS has ordered 30 Airbus A320 NEOs, four Airbus A330Es and eight Airbus A350s, which will further modernize and enhance the efficiency of the aircraft fleet.

SAS is investing SEK 0.5 billion in a new digital platform to enable our customers to manage their travel and associated services in a fully digital manner. The aim is to offer each customer a relevant and individually tailored experience in parallel with facilitating increased revenue for SAS.

# 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 in the SAS Group, refer to the most recently published annual report.

## Currency and fuel hedging

SAS's financial policy is to handle changes in jet-fuel costs primarily through the hedging of jet fuel, price adjustments and yield management.

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

The falling oil price has a substantial impact on jet-fuel costs even if the market value of hedges is negatively impacted. Hedging of SAS's future jet-fuel consumption is performed using options and swaps. As a consequence of lower market prices, SAS significantly increased hedging of the planned jet-fuel consumption during the quarter and hedged up to 18 months ahead. The new hedging from the third quarter of the 2014/2015 fiscal year is primarily performed using capped-style options. At January 31, 2015, the hedging ratio was 75% for the coming 12-month period and 50% for the next six-month period.

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

For foreign currency, the policy is to hedge 40–80%. At January 31, 2015, the SAS Group had hedged 68% 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 and has a strong correlation to the oil price, 73% of the anticipated surplus for the next 12 months was hedged. A weakening of the NOK against the SEK of 1% would generate a negative earnings impact of MSEK 60, 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

Hedge level (max price)	Feb–Apr 2015	May–Jul 2015	Aug–Oct 2015	Nov 15 –Jan 16	Feb–Apr 2016	May–Jul 2016
USD 801-900/tonne	67%					
USD 701-800/tonne		72%				
USD 600-700/tonne			81%	81%	52%	50%

### Vulnerability matrix, jet-fuel cost November 2014 to October 2015, SEK billion<sup>1</sup>

Market price	Exchange rate SEK/USD				
	6.00	7.00	8.00	9.00	10.00
USD 400/tonne	6.0	6.7	7.3	8.0	8.7
USD 600/tonne	6.7	7.4	8.2	9.0	9.8
USD 800/tonne	7.0	7.8	8.6	9.4	10.3
USD 1,000/tonne	7.3	8.2	9.1	10.0	10.9
USD 1,200/tonne	7.7	8.6	9.6	10.5	11.5

1) SAS's hedging of jet fuel at January 31, 2015 and actual jet-fuel costs for November 2014 to January 2015 were taken into account.

## Legal issues

As a consequence of the European Commission's decision in the cargo investigation in November 2010, SAS and other airlines fined by the Commission are involved in various civil lawsuits in Europe (the UK, the Netherlands, Germany and Norway).

SAS, which appealed the European Commission's decision, contests its responsibility in all of these legal processes. Unfavorable outcomes in these disputes could have a significantly negative financial impact on SAS. Further lawsuits by cargo customers cannot be ruled out and no provisions have been made.

The SAS pilot associations have filed a lawsuit against SAS with the Swedish Labour Court claiming damages for breach of collective agreements. No financial damages were specified in the summons application. The dispute pertains to a large group of pilots employed at the Stockholm base but who worked out of the Copenhagen base, and the calculation and coordination of the rights to Swedish and Danish pension benefits of these pilots on changing bases. SAS contests all claims. Irrespective of the outcome, the assessment of SAS is that the dispute will not have any material negative financial impact on SAS.

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

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

The SAS pilot associations in Norway and Sweden have filed lawsuits against SAS at instances including the Swedish Labour Court claiming breach of collective agreements insofar as the seniority list has not been applied by SAS in conjunction with promoting and appointing pilots. SAS contests these claims on grounds including the legally binding ruling of the courts in Denmark that the seniority list is age discriminatory and, accordingly, null and void. It is difficult to assess the financial impact for SAS, but SAS considers the risk of a negative outcome to be limited and no provisions have been made.

# Outlook for 2014/2015

## Outlook

SAS is continuing the intensive efforts to strengthen competitiveness. The potential exists for SAS to post a positive EBT before tax and non-recurring items in the 2014/2015 fiscal year.

This is provided that the economy does not weaken, that the trend continues in terms of reduced capacity and lower jet-fuel prices, are maintained, that exchange rates are not subject to further deterioration and that no unexpected events occur.

The outlook is based on the following preconditions at January 31, 2015:

- SAS plans to reduce total capacity (ASK) by about 1–2% in 2014/2015.
- In the 2014/2015 fiscal year, the earnings impact from the cost measures is expected to amount to about SEK 1.3 billion.
- SAS has hedged 73% of the remaining jet-fuel consumption for the 2014/2015 fiscal year.
- SAS has hedged USD and NOK at 68% and 73%, respectively, for the next 12 months' currency exposure.
- Net investments are expected to amount to about SEK 1 billion in 2014/2015.

# Statement of income

## Statement of income including statement of other comprehensive income

MSEK	Q1	Q1	Rolling 12 months	Rolling 12 months
	Nov-Jan 2014-2015	Nov-Jan 2013-2014	Feb-Jan 2014-2015	Feb-Jan 2013-2014
Revenue	8,371	7,871	38,506	40,456
Payroll expenses <sup>1</sup>	-2,478	-1,446	-10,213	-9,593
Other operating expenses <sup>2</sup>	-5,668	-5,446	-25,344	-24,769
Leasing costs for aircraft <sup>3</sup>	-601	-485	-2,243	-1,874
Depreciation, amortization and impairment <sup>4</sup>	-282	-329	-1,396	-1,561
Share of income in affiliated companies	-10	-12	32	26
Income from sale of shares in subsidiaries, affiliated companies and operations	11	1	16	701
Income from the sale of aircraft and buildings	0	-22	6	-133
<b>Operating income</b>	<b>-657</b>	<b>132</b>	<b>-636</b>	<b>3,253</b>
Income from other securities holdings	3	5	-45	5
Financial revenue	22	25	99	67
Financial expenses	-204	-308	-1,026	-1,056
<b>Income before tax</b>	<b>-836</b>	<b>-146</b>	<b>-1,608</b>	<b>2,269</b>
Tax	196	34	361	-435
<b>Net income for the period</b>	<b>-640</b>	<b>-112</b>	<b>-1,247</b>	<b>1,834</b>
<b>Other comprehensive income</b>				
<i>Items that may later be reversed to net income:</i>				
Exchange-rate differences in translation of foreign operations, net after tax	-88	-104	102	-333
Cash-flow hedges – hedging reserve, net after tax	170	145	350	167
<i>Items that will not be reversed to net income:</i>				
Revaluations of defined-benefit pension plans, net after tax	76	-60	-1,086	1,894
<b>Total other comprehensive income, net after tax</b>	<b>158</b>	<b>-19</b>	<b>-634</b>	<b>1,728</b>
<b>Total comprehensive income</b>	<b>-482</b>	<b>-131</b>	<b>-1,881</b>	<b>3,562</b>
Net income for the period attributable to:				
Parent Company shareholders	-638	-115	-1,259	1,830
Non-controlling interests	-2	3	12	4
Earnings per common share (SEK) <sup>5</sup>	-2.21	-0.35	-4.62	5.56
Earnings per common share after dilution (SEK) <sup>5</sup>	-2.21	-0.35	-4.62	5.29

1) Includes restructuring costs of MSEK - (-) during the period November–January and MSEK 394 (25) during the period February–January. Includes nonrecurring items of MSEK - (1,044) during the period November–January and MSEK - (1,044) during the period February–January. The comparison periods include a positive earnings impact due to defined-benefit pension plans largely being replaced by defined-contribution pension plans.

2) Includes restructuring costs of MSEK - (-) during the period November–January and MSEK 575 (-187) during the period February–January.

3) Includes restructuring costs of MSEK - (-) during the period November–January and MSEK 67 (-) during the period February–January.

4) Includes restructuring costs of MSEK - (-) during the period November–January and MSEK 96 (-) during the period February–January.

5) Earnings per common share are calculated as net income for the period attributable to Parent Company shareholders less preference share dividends in relation to 329,000,000 common shares outstanding.

SAS has no option or share programs. The convertible bond loans of MSEK 1,600 each, covering 34,408,602 shares and 66,618,646 shares only have a dilution effect if conversion of the loans to common shares would result in lower earnings per share.

## Income before tax and nonrecurring items

MSEK	Q1	Q1	Rolling 12 months	Rolling 12 months
	Nov-Jan 2014-2015	Nov-Jan 2013-2014	Feb-Jan 2014-2015	Feb-Jan 2013-2014
Income before tax	-836	-146	-1,608	2,269
Impairment	0	0	52	0
Restructuring costs	0	0	1,132	-162
Capital gains/losses	-12	21	-26	-568
Other nonrecurring items <sup>1</sup>	19	-1,044	93	-1,044
<b>Income before tax and nonrecurring items</b>	<b>-829</b>	<b>-1,169</b>	<b>-357</b>	<b>495</b>

1) Includes a positive impact on earnings of MSEK 1,044 due to defined-benefit pension plans largely being replaced by defined-contribution pension plans during the first quarter of 2013/2014.

# Balance sheet

## Condensed balance sheet

MSEK	Jan 31, 2015	Oct 31, 2014	Jan 31, 2014	Jan 31, 2013
Intangible assets	1,955	1,905	1,783	1,961
Tangible fixed assets	9,052	8,901	9,513	13,561
Financial fixed assets	8,010	7,485	8,154	2,853
<b>Total fixed assets</b>	<b>19,017</b>	<b>18,291</b>	<b>19,450</b>	<b>18,375</b>
Other current assets	383	350	400	599
Current receivables	4,193	3,267	3,099	3,329
Cash and cash equivalents <sup>3</sup>	7,108	7,417	3,343	1,721
<b>Total current assets</b>	<b>11,684</b>	<b>11,034</b>	<b>6,842</b>	<b>5,649</b>
<b>Total assets</b>	<b>30,701</b>	<b>29,325</b>	<b>26,292</b>	<b>24,024</b>
Shareholders' equity <sup>1</sup>	4,425	4,907	3,095	-482
Long-term liabilities	10,846	10,384	10,240	11,107
Current liabilities	15,430	14,034	12,957	13,399
<b>Total shareholders' equity and liabilities</b>	<b>30,701</b>	<b>29,325</b>	<b>26,292</b>	<b>24,024</b>
Shareholders' equity per common share <sup>2</sup>	2.20	3.66	9.35	-1.47
Interest-bearing assets	14,363	13,481	10,063	3,214
Interest-bearing liabilities	12,466	10,805	11,397	10,854

1) Including non-controlling interests.

2) Total shareholders' equity attributable to Parent Company shareholders excluding total preference share capital in relation to the 329,000,000 common shares outstanding. The SAS Group has not carried out any buyback programs.

3) At January 31, 2015, including receivables from other financial institutions, MSEK 1,177 (990).

## Specification of financial net debt January 31, 2015

	According to balance sheet	Of which, financial net debt
Financial fixed assets	8,010	1,810
Current receivables	4,193	1,413
Cash and cash equivalents	7,108	7,108
Long-term liabilities	10,846	8,686
Current liabilities	15,430	3,780
Financial net debt		2,135

## Condensed changes in shareholders' equity

MSEK	Share capital <sup>1</sup>	Other contributed capital <sup>2</sup>	Hedge reserves	Translation reserve	Retained earnings <sup>3</sup>	Total shareholders' equity attributable to Parent Company shareholders	Non- controlling interests	Total share- holders' capital
Opening shareholders' equity in accordance with approved balance sheet, November 1, 2013	6,613	337	-35	-195	-3,510	3,210	16	3,226
Comprehensive income, November–January			145	-104	-175	-134	3	-131
Closing balance January 31, 2014	6,613	337	110	-299	-3,685	3,076	19	3,095
New issue of preference shares	141				3,359	3,500		3,500
New issue costs					-96	-96		-96
Preference share dividend					-350	-350		-350
Equity share of convertible loans		157				157		157
Change in minority share					6	6	-6	0
Comprehensive income, February–October			180	190	-1,783	-1,413	14	-1,399
Closing balance, October 31, 2014	6,754	494	290	-109	-2,549	4,880	27	4,907
Comprehensive income, November–January			170	-88	-562	-480	-2	-482
<b>Closing balance, January 31, 2015</b>	<b>6,754</b>	<b>494</b>	<b>460</b>	<b>-197</b>	<b>-3,111</b>	<b>4,400</b>	<b>25</b>	<b>4,425</b>

1) Number of shares in SAS AB: 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 2012/2013 and 2013/14. Of the preference share dividend liability for the preceding years, MSEK 262 had been paid as of January 31, 2015.

# Cash-flow statement

## Condensed cash-flow statement

MSEK	Q1	Q1	Rolling 12 months	Rolling 12 months
	Nov-Jan 2014-2015	Nov-Jan 2013-2014	Feb-Jan 2014-2015	Feb-Jan 2013-2014
Income before tax	-836	-146	-1,608	2,269
Depreciation, amortization and impairment	282	329	1,396	1,561
Income from sale of aircraft, buildings and shares	-12	21	-26	-568
Adjustment for other items not included in the cash flow, etc.	9	-1,084	1,048	-1,974
Tax paid	2	1	0	0
<b>Cash flow from operations before change in working capital</b>	<b>-555</b>	<b>-879</b>	<b>810</b>	<b>1,288</b>
Change in working capital	130	-29	769	-727
<b>Cash flow from operating activities</b>	<b>-425</b>	<b>-908</b>	<b>1,579</b>	<b>561</b>
Investments including advance payments to aircraft manufacturers	-480	-226	-1,680	-1,415
Acquisition of shares	0	0	-687	0
Sale of shares	0	0	688	0
Sale of subsidiaries and operations	10	0	14	207
Sale of fixed assets, etc.	-98	-43	885	1,319
<b>Cash flow before financing activities</b>	<b>-993</b>	<b>-1,177</b>	<b>799</b>	<b>672</b>
Preference share issue	0	0	3,500	0
Dividend on preference shares	-87	0	-262	0
External financing, net	772	-229	-274	956
<b>Cash flow for the period</b>	<b>-308</b>	<b>-1,406</b>	<b>3,763</b>	<b>1,628</b>
Translation difference in cash and cash equivalents	-1	-2	2	-6
<b>Change in cash and cash equivalents according to the balance sheet</b>	<b>-309</b>	<b>-1,408</b>	<b>3,765</b>	<b>1,622</b>

## Financial key ratios

	Jan 31, 2015	Oct 31, 2014	Jan 31, 2014	Jan 31, 2013
CFROI, 12-month rolling	14 %	18 %	33 %	16 %
Financial preparedness (target >20% of fixed costs)	35 %	37 %	20 %	20 %
Equity/assets ratio	14 %	17 %	12 %	-2 %
Adjusted equity/assets ratio	10 %	11 %	8 %	-1 %
Financial net debt, MSEK	2,135	1,102	5,710	7,760
Debt/equity ratio	0.48	0.22	1.84	-16.10
Adjusted debt/equity ratio	3.89	3.14	5.91	-38.33
Interest-coverage ratio	-0.6	0.2	3.1	-0.1

# Parent Company SAS AB

The number of common and preference shareholders in SAS AB amounted to 61,660 at January 31, 2015. The average number of employees amounted to 5 (7).

## Condensed statement of income

MSEK	Nov-Jan 2014-2015	Nov-Jan 2013-2014
Revenue	0	0
Payroll expenses	-9	-10
Other operating expenses	-10	-14
<b>Operating income before amortization and depreciation</b>	<b>-19</b>	<b>-24</b>
Amortization and depreciation	0	0
<b>Operating income</b>	<b>-19</b>	<b>-24</b>
Income from participations in Group companies	0	1
Income from other securities holdings	2	5
Net financial items	-24	-7
<b>Income before tax</b>	<b>-41</b>	<b>-25</b>
Tax	17	4
<b>Net income for the period</b>	<b>-24</b>	<b>-21</b>
Net income for the period attributable to: Parent Company shareholders	-24	-21

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

## Condensed balance sheet

MSEK	Jan 31, 2015	Oct 31, 2014	Jan 31, 2014
Financial fixed assets	5,304	5,373	5,967
Other current assets	12,464	12,501	7,063
Cash and cash equivalents	1	1	0
<b>Total assets</b>	<b>17,769</b>	<b>17,875</b>	<b>13,030</b>
Shareholders' equity	12,607	12,631	9,454
Long-term liabilities	3,407	3,395	3,471
Current liabilities	1,755	1,849	105
<b>Total shareholders' equity and liabilities</b>	<b>17,769</b>	<b>17,875</b>	<b>13,030</b>

## Changes in shareholders' equity

MSEK	Share capital <sup>1</sup>	Restricted reserves	Unrestricted equity <sup>2</sup>	Total equity
Opening balance, November 1, 2014	6,754	306	5,571	12,631
Net income for the period			-24	-24
<b>Shareholders' equity, January 31, 2015</b>	<b>6,754</b>	<b>306</b>	<b>5,547</b>	<b>12,607</b>

1) Number of shares: 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) No dividends were paid on common shares for 2012/2013 and 2013/2014.

# 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, 2014 that are not deemed to have material relevance in the preparation of this financial report, meaning that the SAS Group continued to apply the same accounting policies as in its Annual Report for 2013/2014.

As previously notified, the SAS Group has applied the amended standard for pension reporting, IAS 19 – Employee Benefits since November 1, 2013. As part of implementing the amended accounting standard, reported figures for the 2012/2013 fiscal year were restated to enable comparison with the 2013/2014 fiscal year. The effects of the restatement of the SAS's financial statements for 2012/2013 can be found at [www.sasgroup.net](http://www.sasgroup.net), under Investor Relations/Financial reports/Interim reports.

## Note 2 Quarterly breakdown

### Statement of income

	2012–2013					2013–2014					2014–2015
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year	Q1
MSEK	Nov–Jan	Feb–Apr	May–Jul	Aug–Oct	Nov–Oct	Nov–Jan	Feb–Apr	May–Jul	Aug–Oct	Nov–Oct	Nov–Jan
Revenue	9,597	9,933	11,593	11,059	42,182	7,871	8,472	10,697	10,966	38,006	8,371
Payroll expenses	-3,160	-2,599	-2,887	-2,661	-11,307	-1,446	-2,484	-2,495	-2,756	-9,181	-2,478
Other operating expenses	-6,119	-6,260	-6,379	-6,684	-25,442	-5,446	-5,828	-6,413	-7,435	-25,122	-5,668
Leasing costs for aircraft	-397	-423	-480	-486	-1,786	-485	-500	-525	-617	-2,127	-601
Depreciation, amortization and impairment	-426	-418	-426	-388	-1,658	-329	-338	-354	-422	-1,443	-282
Share of income in affiliated companies	-13	0	19	19	25	-12	1	24	17	30	-10
Income from sale of shares in subsidiaries, affiliated companies and operations	0	-302	0	1,002	700	1	4	0	1	6	11
Income from the sale of aircraft and buildings	-7	-40	-39	-32	-118	-22	12	-2	-4	-16	0
<b>Operating income</b>	<b>-525</b>	<b>-109</b>	<b>1,401</b>	<b>1,829</b>	<b>2,596</b>	<b>132</b>	<b>-661</b>	<b>932</b>	<b>-250</b>	<b>153</b>	<b>-657</b>
Income from other securities holdings	1	0	0	0	1	5	0	1	-49	-43	3
Financial revenue	8	13	11	18	50	25	25	28	24	102	22
Financial expenses	-251	-233	-236	-279	-999	-308	-442	-205	-175	-1,130	-204
<b>Income before tax</b>	<b>-767</b>	<b>-329</b>	<b>1,176</b>	<b>1,568</b>	<b>1,648</b>	<b>-146</b>	<b>-1,078</b>	<b>756</b>	<b>-450</b>	<b>-918</b>	<b>-836</b>
Tax	179	-76	-290	-103	-290	34	278	-260	147	199	196
<b>Net income for the period</b>	<b>-588</b>	<b>-405</b>	<b>886</b>	<b>1,465</b>	<b>1,358</b>	<b>-112</b>	<b>-800</b>	<b>496</b>	<b>-303</b>	<b>-719</b>	<b>-640</b>
Attributable to:											
Parent Company shareholders	-588	-405	886	1,464	1,357	-115	-806	494	-309	-736	-638
Non-controlling interests	0	0	0	1	1	3	6	2	6	17	-2

## Note 2 Quarterly breakdown – continued

### 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 2014–2015	Nov–Jan 2013–2014	Feb–Apr 2014	Feb–Apr 2013	May–Jul 2014	May–Jul 2013	Aug–Oct 2014	Aug–Oct 2013	Feb–Jan 2014–2015	Feb–Jan 2013–2014
Revenue	8,371	7,871	8,472	9,933	10,697	11,593	10,966	11,059	38,506	40,456
EBITDAR	225	979	160	1,074	1,789	2,327	775	1,714	2,949	6,094
EBITDAR margin	2.7 %	12.4 %	1.9 %	10.8 %	16.7 %	20.1 %	7.1 %	15.5 %	7.7 %	15.1 %
EBIT	-657	132	-661	-109	932	1,401	-250	1,829	-636	3,253
EBIT margin	-7.8 %	1.7 %	-7.8 %	-1.1 %	8.7 %	12.1 %	-2.3 %	16.5 %	-1.7 %	8.0 %
Income before tax and nonrecurring items	-829	-1,169	-1,076	34	759	1,029	789	601	-357	495
Income before tax	-836	-146	-1,078	-329	756	1,176	-450	1,568	-1,608	2,269
Net income for the period	-640	-112	-800	-405	496	886	-303	1,465	-1,247	1,834
Earnings per com- mon share (SEK)	-2.21	-0.35	-2.72	-1.23	1.24	2.69	-1.21	4.45	-4.62	5.56
Cash flow before financing activities	-993	-1,177	733	1,712	235	8	824	129	799	672
Average number of employees (FTE)	11,484	12,290	12,217	14,078	12,548	14,432	12,262	13,643	12,128	13,611

## Note 3 Financial assets and liabilities

### Fair value and carrying amount of financial assets and liabilities

MSEK	Jan 31, 2015		Oct 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Financial assets at fair value	1,181	1,181	472	472
Financial assets held for trading	5,373	5,373	5,179	5,179
Other assets	3,777	3,777	4,052	4,052
<b>Total</b>	<b>10,331</b>	<b>10,331</b>	<b>9,703</b>	<b>9,703</b>
<b>Financial liabilities</b>				
Financial liabilities at fair value	1,383	1,383	346	346
Financial liabilities held for trading	89	89	59	59
Financial liabilities at amortized cost	10,994	10,361	10,400	9,461
<b>Total</b>	<b>12,466</b>	<b>11,833</b>	<b>10,805</b>	<b>9,866</b>

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 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.

## Note 3 Financial assets and liabilities – continued

### Fair value hierarchy

MSEK	Jan 31, 2015			Oct 31, 2014		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<b>Financial assets</b>						
Financial assets at fair value	-	1,181	1,181	-	472	472
Financial assets held for trading	2,192	3,181	5,373	3,024	2,155	5,179
<b>Total</b>	<b>2,192</b>	<b>4,362</b>	<b>6,554</b>	<b>3,024</b>	<b>2,627</b>	<b>5,651</b>
<b>Financial liabilities</b>						
Financial liabilities at fair value	-	1,383	1,383	-	346	346
Financial liabilities held for trading	-	89	89	-	59	59
<b>Total</b>	<b>0</b>	<b>1,472</b>	<b>1,472</b>	<b>0</b>	<b>405</b>	<b>405</b>

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, March 5, 2015

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*

Birger Magnus  
*Board member*

Sanna Suvanto-Harsaae  
*Board member*

Carsten Dilling  
*Board member*

Jens Lippestad  
*Board member*

Sven Cahier  
*Board member*

Bo Nielsen  
*Board member*

Rickard Gustafson  
*President and CEO*

*This interim report is unaudited.*

# Traffic data information

The traffic data information on this page and other parts of this report pertains to SAS and the production company Blue1's traffic.

## Scheduled passenger traffic, yield, PASK and unit cost for SAS

	Nov-Jan 2014-2015	Nov-Jan 2013-2014	Year-on-year change
Number of passengers (000)	5,646	5,426	+4.1%
RPK, Revenue Passenger Kilometers (mill)	5,869	5,686	+3.2%
ASK, Available Seat Kilometers (mill)	8,527	8,580	-0.6%
Load factor	68.8%	66.3%	+2.5 <sup>1</sup>
Passenger yield (currency-adjusted)	1.07	1.04	+2.7%
Unit revenue, PASK (currency-adjusted)	0.74	0.69	+6.7%
Unit cost (CASK), total (currency-adjusted)	0.91	0.89	+1.7% <sup>2</sup>

1) Figures in percentage points

2) Excluding jet fuel, the total unit cost increased 2.9%.

## Total traffic (scheduled and charter traffic) for SAS

	Nov-Jan 2014-2015	Nov-Jan 2013-2014	Year-on-year change
Number of passengers (000)	5,782	5,609	+3.1%
RPK, Revenue Passenger Kilometers (mill)	6,318	6,335	-0.3%
ASK, Available Seat Kilometers (mill)	9,019	9,290	-2.9%
Load factor	70.1%	68.2%	+1.9%

## Scheduled traffic trend for SAS by route sector

	Nov-Jan 2014-2015 vs. Nov-Jan 2013-2014	
	Traffic (RPK)	Capacity (ASK)
Intercontinental	-0.7%	+1.2%
Europe/Intra-Scandinavia	+6.3%	-1.9%
Domestic	+3.6%	-0.5%

## Scheduled destinations and frequencies for SAS

	Nov-Jan 2014-2015	Nov-Jan 2013-2014	Year-on-year change
Number of destinations	103	100	+3.0%
Number of daily departures	713	719	-0.9%
No. of departures per destination/day	6.9	7.2	-3.8%

# Aircraft fleet

## The SAS aircraft fleet at January 31, 2015<sup>1</sup>

Aircraft in service	Age	Owned	Leased	Total	On purchase order	On lease order
Airbus A330/A340/A350	13.1	5	7	12	12	0
Airbus A319/A320/A321	10.0	6	19	25	30	0
Boeing 737 NG	12.2	16	67	83	0	1
Boeing 717	14.4	0	5	5	0	0
Bombardier CRJ900	5.7	12	0	12	0	0
<b>Total</b>	<b>11.4</b>	<b>39</b>	<b>98</b>	<b>137</b>	<b>42</b>	<b>1</b>

Leased out and parked aircraft	Owned	Leased	Total	Leased out	Parked
Douglas MD-90	8	0	8	8	0
Bombardier Q400	0	1	1	1	0
Boeing 717	4	0	4	0	4
Boeing 737 NG	0	2	2	0	2
<b>Total</b>	<b>12</b>	<b>3</b>	<b>15</b>	<b>9</b>	<b>6</b>

1) In addition, the following aircraft are wet-leased: four CRJ200s, eight ATR 72s, four Saab 2000s and one Boeing 737-700.

### Main



Airbus A330/A340-300



Airbus A319/A320/A321



Boeing 737-600/700/800

### Regional



Bombardier CRJ900



Boeing 717

For further information on each model of aircraft, refer to [www.sasgroup.net](http://www.sasgroup.net)

# Important events

## Events after January 31, 2015

- SAS completed the acquisition of Cimber and transferred CRJ900 production to Cimber on March 1.
- The Annual General Meeting resolved that no dividends be paid to holders of SAS AB's common shares for the 2013/2014 fiscal year.
- The Annual General Meeting resolved to adopt a preference-share dividend of MSEK 350.
- SAS sold two slots at London Heathrow and generated a capital gain of MUSD 82 with a corresponding positive effect on SAS's cash flow. After the transactions, SAS was still the fifth largest carrier in terms of the number of departures on a weekly basis from London Heathrow.
- Lars Sandahl Sørensen will be the new Executive Vice President and COO of SAS and will take up his post on May 1, 2015.
- On February 24 and between February 27 and March 2, SAS cancelled 334 flights to/from Copenhagen due to work stoppages, in breach of contract, by parts of SAS's cabin crew. This is expected to have a negative impact on earnings of MSEK 50.

## First quarter 2014/2015

- SAS initiated further cost-savings of SEK 2.1 billion with full effect in 2017.
- SAS acquired Cimber A/S on December 8, 2014. The acquisition makes it possible for SAS to transfer regional CRJ900 production to Cimber.
- SAS launched a new direct intercontinental route between Stockholm and Hong Kong.
- SAS completed the financing of PDPs for eight aircraft from Airbus.
- SAS signed new collective agreements for flight crew at Blue1.

### Financial calendar

Interim report 2, 2015 (February–April)	June 18, 2015
Interim report 3, 2015 (May–July)	September 8, 2015
Interim report 4, 2015 (August–October)	December 16, 2015
Annual Report 2014/2015	February 12, 2016
Annual General Shareholders' Meeting 2016	March 8, 2016
Interim report 1, 2016 (November–January)	March 8, 2016
Interim report 2, 2016 (February–April)	June 10, 2016
Interim report 3, 2016 (May–July)	September 8, 2016
Interim report 4, 2016 (August–October)	December 13, 2016

All reports are available in English and Swedish and can be ordered over the Internet at: [www.sasgroup.net](http://www.sasgroup.net) or from: [investor.relations@sas.se](mailto:investor.relations@sas.se)

SAS' 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](http://www.sasgroup.net)

For definitions, refer to the Annual Report, or [www.sasgroup.net](http://www.sasgroup.net), under Investor Relations/Financial reports.

### Press/Investor Relations

Telephone conference 10.00 a.m., March 5, 2015

SAS discloses this information pursuant to the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was provided for publication on March 5, 2015, at 8:00 a.m.