

SAS Q2 2017/2018

30 May 2018



Earnings as expected despite negative currency effect

POSITIVES

- + Total revenue up MSEK 73 vs. LY
- + Currency adjusted yield up 0.6% vs. LY
- + EB-point sale revenue increased 20% vs. LY
- + Efficiency program delivered MSEK 170
- + Cash flow from operating activities improved MSEK 414
- + 70% redemption of the preference shares completed

ISSUES

- Non-recurring items of MSEK -230 vs. LY
- Negative currency effects of MSEK 145 from weaker SEK

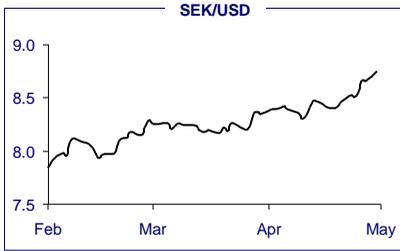
Q2	CHANGE VS. Q2 FY17
EBT bef. non-recurring items	
MSEK -320	MSEK -61
Capacity, ASK in millions	
11,817	0.6%
Unit cost¹, SEK	
0.58	-2.5%
PASK², SEK	
0.64	0.2%

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

Improved earnings in Q2 when adjusted for a weaker SEK

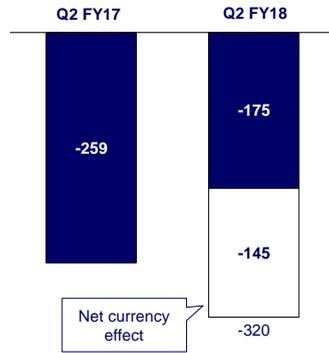
DESPITE NEGATIVE CURRENCY EFFECTS...

- Negative currency effect vs. last year of MSEK 145
- Significant USD exposure
 - Jet fuel, aircraft leasing, technical maintenance
 - Increased costs of MSEK 244 due to revaluation of leased aircraft/engines provision



...UNDERLYING EARNINGS IMPROVED

EBT bef. non recurring items, MSEK



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Yield pressure mitigated by effective sales and revenue management

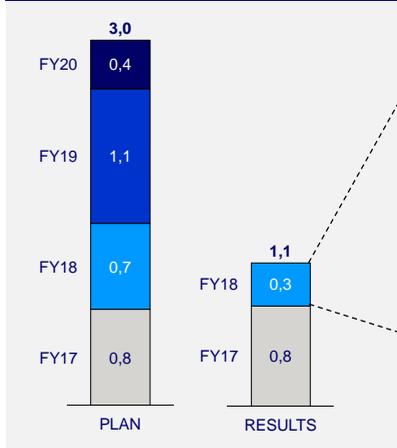


Note: 1) Currency adjusted vs. LY

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The efficiency program is progressing according to plan

EFFICIENCY PROGRAM GROSS EARNINGS IMPACT (SEK, BN)



Q2 ACTIVITIES & RESULTS

- Flight operations, charges and fuel, MSEK 70
 - New agreement with Swedish cabin union
 - Reduced charges at CPH and Swedavia
- Ground handling and technical, MSEK 50
 - More efficient rosters agreed with unions
 - Renegotiated line station agreements
- Commercial and overhead, MSEK 50
 - Commission model with agents
 - Renegotiated facility agreements/services

170 MSEK

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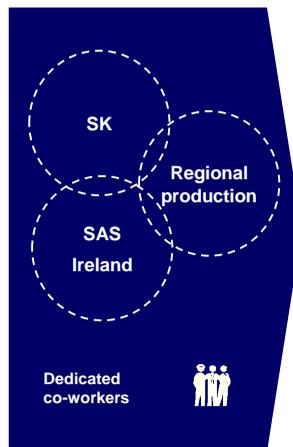
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SAS operating platform proven to be resilient against a challenging operating environment

Q2 CHALLENGES

- Extreme weather conditions**
 - De-icing volumes doubled
 - Increased airport restrictions
- Delayed aircraft deliveries from Airbus**
 - 5 A320neo aircraft delayed 1-2 months
- Irregularities in wet lease production**
 - 3% cancelled flights by CityJet in Q2

SAS OPERATIONS

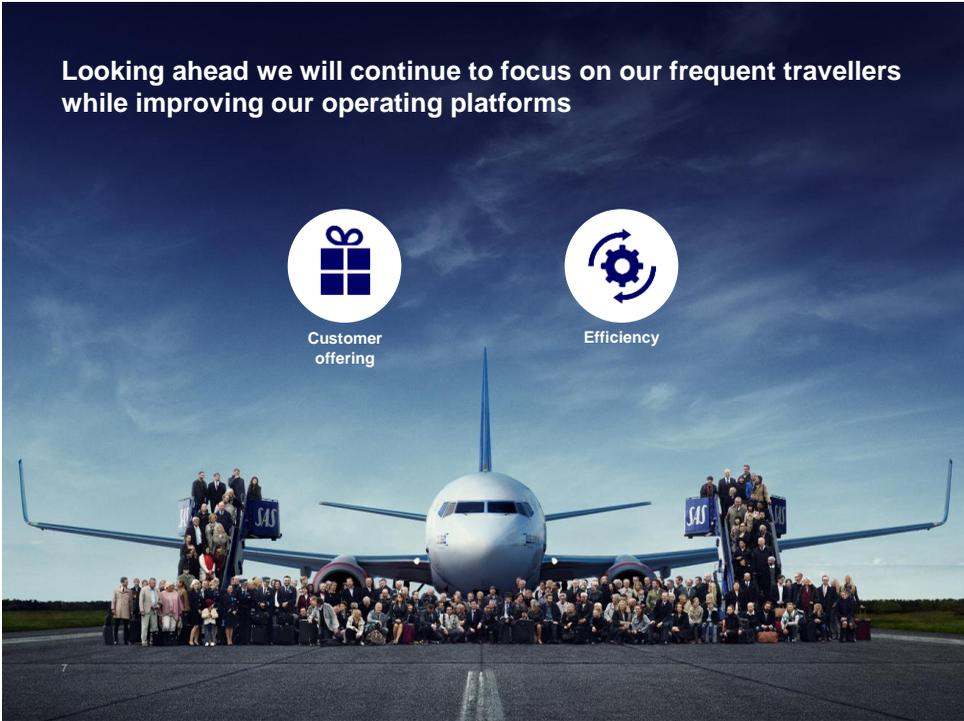


OUTCOME vs. LY



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Looking ahead we will continue to focus on our frequent travellers while improving our operating platforms



Customer offering



Efficiency



We continue to invest in our customer offering

FOOD

New seasonal menus with organic and locally produced ingredients



NETWORK

27 new routes and 6 new destinations during summer program 2018

NEW INTERIORS

~50% of SAS short haul fleet upgraded



CO₂-OFFSET

SAS CO₂-compensates all youth tickets since April 2018



WIN SCANDINAVIA'S FREQUENT TRAVELERS

WIFI

High-speed WiFi launched and installed on ~30 aircraft



SAS WIFI IMAGINED BY TRAVELERS



SAS CREDITS BLIND SAS FOR BUSINESS

SAS FOR BUSINESS

Launch of "SAS For Business" to simplify for SMEs

LOUNGE

All international lounges upgraded and Copenhagen next in line



SAS GROWTH

New management established to grow EuroBonus and our customer offering



SAS orders 50 additional A320neo, paving the way for improved customer experience and cost efficiency

MODERNIZED FLEET

- Delivery plan of minimum 80 aircraft
- Replacement of older aircraft and flexibility to grow



ENHANCED EXPERIENCE

- Modern spacious cabin design with Scandinavian touch
- Individual USB charging outlets
- Increased cabin efficiency with retained seat comfort

SUSTAINABLE AIRCRAFT

- 18% lower carbon dioxide emissions
- 50% lower NOx emissions
- 60% noise reduction

ATTRACTIVE ASSET

- Most ordered short-haul aircraft
- Top operational economics
- Attractive financing terms

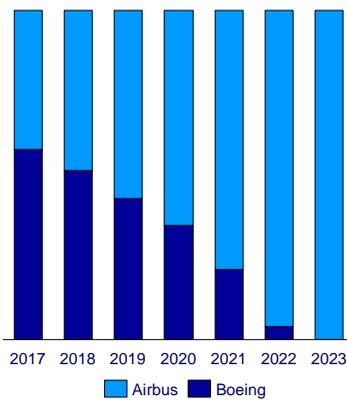
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A single type fleet will further strengthen SAS' competitiveness

FLEET RENEWAL PLAN EXCL. WETLEASE



ADVANTAGES OF A SINGLE TYPE FLEET

- Simplified crew and technical maintenance planning
- Increased robustness in traffic execution
- Harmonized and improved customer experience

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FINANCIALS



Breakdown of the income statement – Q2

Income statement, MSEK	Feb-Apr 18	Feb-Apr 17	Change vs LY	Currency
Total operating revenue	9,916	9,843	+73	+6
Payroll expenditure	-2,279	-2,302	+23	
Jet fuel	-1,650	-1,659	+9	
Government charges	-972	-1,041	+69	
Other operating expenditure	-4,074	-3,816	-258	
Total operating expenses*	-8,975	-8,818	-157	-208
EBITDAR before non-recurring items	941	1,025	-84	-202
<i>EBITDAR-margin*</i>	9.5%	10.4%	-0.9 p.u.	
Leasing costs, aircraft	-765	-801	+36	
Depreciation	-374	-388	+14	
Share of income in affiliated companies	-8	3	-11	
EBIT before non-recurring items	-206	-161	-45	-146
<i>EBIT-margin*</i>	-2.1%	-1.6%	-0.5 p.u.	
Financial items	-114	-98	-16	
EBT before non-recurring items	-320	-259	-61	-145
Non-recurring items	-179	51	-230	
EBT	-499	-208	-291	-145

Note: * Before non-recurring items

Non-recurring items in Q2

Non-recurring items, MSEK	Feb-Apr 18	Feb-Apr 17	Change vs LY
Restructuring costs	-226	0	-226
<i>Facilities</i>	-150	0	-150
<i>Payroll</i>	-76	0	-76
Capital gain, aircraft	+47	+45	+2
Other non-recurring items	0	+6	-6
<i>EU Commission</i>	0	-672	+672
<i>Slots</i>	0	+678	-678
Total non-recurring items	-179	+51	-230

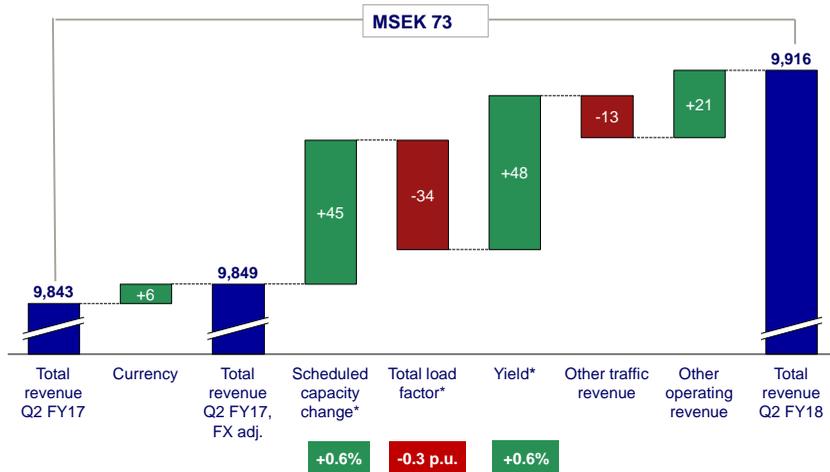
Note: * Before non-recurring items

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Revenue analysis

Total Revenue Q2
MSEK

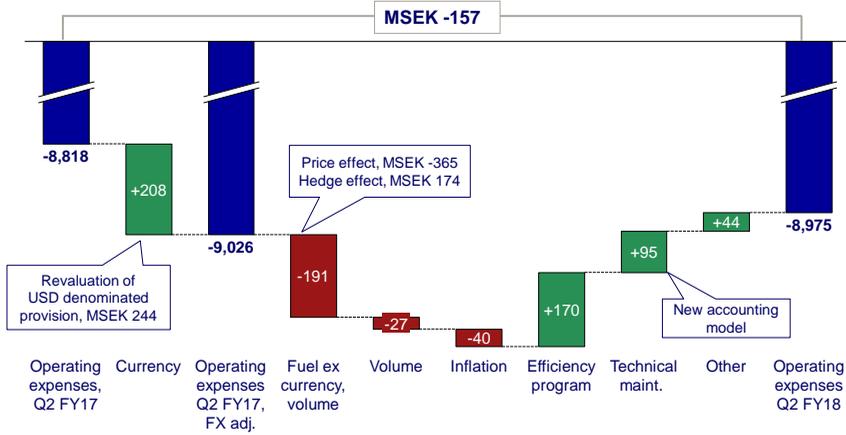


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Operating expense analysis

Total Operating Expenses Q2
MSEK



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Breakdown of the income statement – rolling 12 months

Income statement, MSEK	May 17-Apr 18	May 16-Apr 17	Change vs LY	Currency
Total operating revenue	42,748	41,068	+1,680	-126
Payroll expenditure	-8,978	-9,129	+151	
Jet fuel	-6,803	-6,962	+159	
Government charges	-4,144	-4,229	+85	
Other operating expenditure	-15,588	-15,030	-558	
Total operating expenses*	-35,513	-35,350	-163	+288
EBITDAR before non-recurring items	7,235	5,718	+1,517	+162
<i>EBITDAR-margin*</i>	16.9%	13.9%	+3.0 p.u.	
Leasing costs, aircraft	-3,107	-2,968	-139	
Depreciation	-1,439	-1,374	-65	
Share of income in affiliated companies	-5	45	-50	
EBIT before non-recurring items	2,684	1,421	+1,263	+276
<i>EBIT-margin*</i>	6.3%	3.5%	+2.8 p.u.	
Financial items	-460	-443	-17	
EBT before non-recurring items	2,224	978	+1,246	+281
Non-recurring items	-366	-270	-96	
EBT	1,858	708	+1,150	+281

Note: * Before non-recurring items

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Cash flow and cash position

MSEK	Feb-Apr 18	Feb-Apr 17	Change vs LY	
Cash flow from operating activities	2,366	1,952	+414	Increased sale and pre-bookings
Net investment activities	-1,128	-153	-975	Aircraft payments. LY affected by sale of LHR slots
Cash flow before financing activities	1,238	1,799	-561	
Financing activities	-3,071	52	-3,123	Redemption of pref shares SEK 2.6bn
Cash flow for the period	-1,833	1,851	-3,684	
Translation difference in cash	3	0	+3	
Change in cash according to the balance sheet	-1,830	1,851	-3,681	Lower due to redemption of preference shares and aircraft capex
Cash at end of period	7,421	9,077	-1,656	

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SAS continues to meet all its financial targets

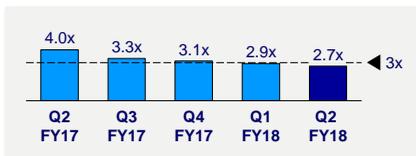
Return on Invested Capital (ROIC) at 13%

- **Declined during Q2 by 1 p.u.**
Slightly lower EBIT due to restructuring costs and increasing capital base
- **Capital base to increase going forward.**
Requires improved earnings to maintain ROIC above target



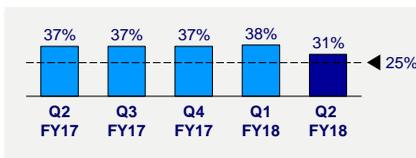
Adjusted financial Net Debt/EBITDAR at 2.7x

- **Improved 0.2x during Q2.**
Twelve months rolling EBITDAR up SEK 0.4bn
- Aircraft deliveries will increase the adjusted financial net debt going forward



Financial preparedness at 31%

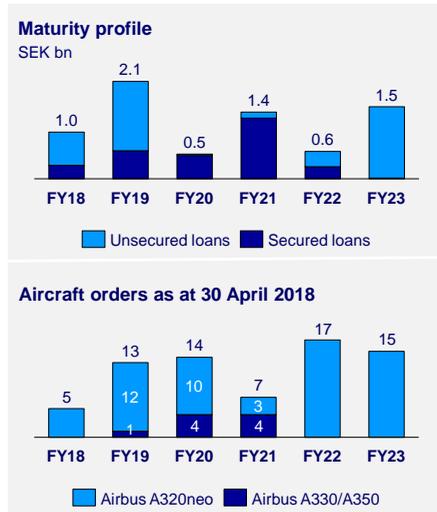
- **Declined by 7 p.u. during Q2**
 - Redemption of preference shares, SEK 2.6bn
 - Prepayment of aircraft deliveries, SEK 0.6bn



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Debt profile and investments



Maturities in FY18-FY19

- Private placement and derivatives of SEK 0.6bn in FY18
- Convertible bond maturing of SEK 1.6bn in FY19

Tap issue of SEK 1bn planned in June

- Increase flexibility in relation to upcoming maturities, aircraft prepayments and general corporate purposes

Investments and aircraft financing

- SAS finalizing financing of 10 A320neo with deliveries until mid 2019
- First 15 A320neo from the new order of 50 aircraft financed through operating leases
- Financing of A350 to be finalized early 2019

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Maintained outlook for FY18

EXTERNAL	<p>Operating environment</p> <ul style="list-style-type: none"> • Aviation industry undergoes significant change • Geo-political uncertainty • Volatile USD and jet fuel prices • Continued stable macro and demand trend
INTERNAL	<p>Main assumptions</p> <ul style="list-style-type: none"> • ASK (scheduled) +1-3% vs. LY • Gross investments of SEK -7bn (SEK -6bn in Q1) • Fuel 580 USD/MT¹ • FX rate 8.3 SEK/USD¹ (SEK/USD 8.0 in Q1) • Efficiency program: SEK 0.7 bn
YTD PERFORMANCE	<p>EBT before nonrecurring items, Q1-Q2</p> <ul style="list-style-type: none"> • Improved MSEK 273 vs. LY

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

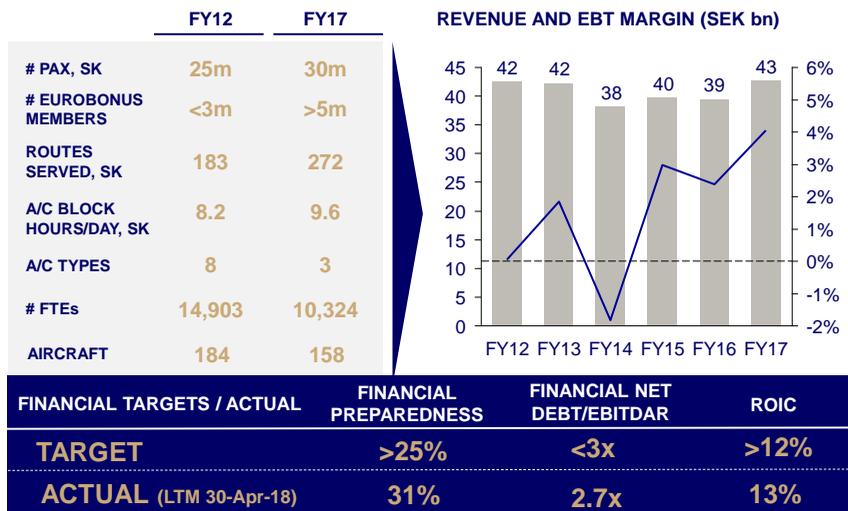
Note: The outlook is based on no unexpected events occurring ¹⁾ Including SAS hedges.

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SAS has undergone a significant transformation and now creates value



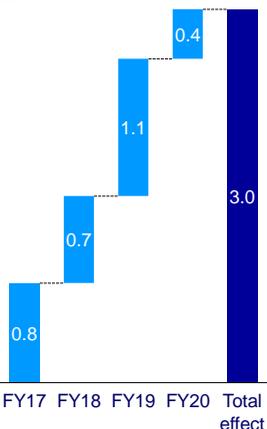
SAS strategy is to focus on Scandinavia's frequent travelers

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

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

FOCUS AREA	EXAMPLES OF INITIATIVES	Gross earnings impact, SEK bn												
Flight ops, wet lease, charges & fuel	<ul style="list-style-type: none"> Increased use of cabin crew resource pool Increase flexibility in flight deck scheduling Optimize long-haul manning and address demographic cost 													
Ground handling & Technical maintenance	<ul style="list-style-type: none"> Increase work task flexibility in Ground Increased ambition on external spend Full roll out of lean within Tech Minimize a/c phase out maintenance cost 													
Admin & IT	<ul style="list-style-type: none"> Increased use of lean processes Improve IT contracts and license mgmt Transform IT (e.g. cloud migration, infrastructure consolidation) 													
Product, sales and distribution	<ul style="list-style-type: none"> Differentiate product offering Reduce distribution and wholesale card costs Reduce logistic costs for onboard catering Reduce back-office and call centre expenditure 													
		 <table border="1"> <thead> <tr> <th>Year</th> <th>Impact (SEK bn)</th> </tr> </thead> <tbody> <tr> <td>FY17</td> <td>0.8</td> </tr> <tr> <td>FY18</td> <td>0.7</td> </tr> <tr> <td>FY19</td> <td>1.1</td> </tr> <tr> <td>FY20</td> <td>0.4</td> </tr> <tr> <td>Total effect</td> <td>3.0</td> </tr> </tbody> </table>	Year	Impact (SEK bn)	FY17	0.8	FY18	0.7	FY19	1.1	FY20	0.4	Total effect	3.0
Year	Impact (SEK bn)													
FY17	0.8													
FY18	0.7													
FY19	1.1													
FY20	0.4													
Total effect	3.0													

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Status of the efficiency program, April 30, 2018

FOCUS AREA	EXAMPLES OF IMPLEMENTED INITIATIVES	ACHIEVED	EST. POTENTIAL
Flight ops, wet lease, charges & fuel	<ul style="list-style-type: none"> Increase use of resource pool Increase flexibility in flight deck scheduling Align manning on long-haul and address demographic cost 	SEK ~0.46bn	SEK ~1.2bn
Ground handling & Technical maintenance	<ul style="list-style-type: none"> Increase work task flexibility and mobility Increased ambition on external spend Full role out of lean within Tech Minimize aircraft phase out maintenance cost 	SEK ~0.38bn	SEK ~0.9bn
Admin & IT	<ul style="list-style-type: none"> Increased use of lean processes and system improvements Improve IT contracts and license management Transform IT (e.g. cloud migration, infrastructure) 	SEK ~0.12bn	SEK ~0.4bn
Product, sales and distribution	<ul style="list-style-type: none"> Differentiate product offering to increase individualization Reduce distribution and wholesale card costs Reduce logistic costs for onboard catering Reduce back-office and call centre expenditure 	SEK ~0.16bn	SEK ~0.5bn

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Appendices

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

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SAS fleet – April 2018

Aircraft in traffic under SK traffic license	Age	Owned	Leased	Total	Firm order	Lease order
Airbus A330/A340/A350	12.9	10	6	16	9	
Airbus A321/A320/A319	8.8	10	25	35	47	15
Boeing 737 NG	14.4	27	40	67		
Total	12.6	47	71	118	56	15

Aircraft in service with a different license than SAS	Age	Owned	Wet leased	Total		Wet-lease order
Bombardier CRJ-900	1.2		22	22		
Bombardier CRJ1000	2.0		2	2		
ATR-72	3.1		9	9		
Airbus A320neo	0.3		6	6		
Total	1.5		39	39		

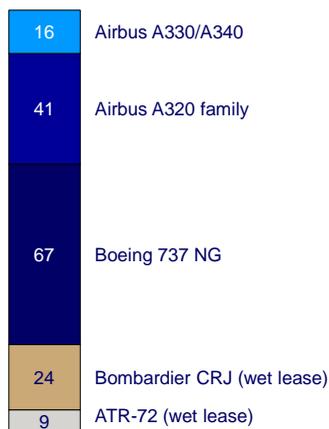
Total aircraft in traffic	Age	Owned	Wet leased	Total	Firm order	Wet-lease order
Total	9.8	47	110	157	56	15



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SAS is investing in modernization and simplification of the fleet

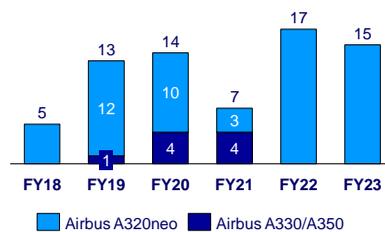
Current fleet in traffic, 30 April 2018



New orders



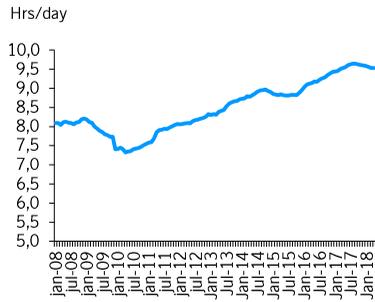
Firm order aircraft deliveries as at 30 April 2018



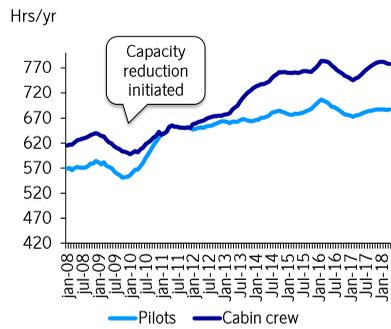
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Productivity development

Aircraft utilization (12 months rolling)



Cabin, pilot utilization (12 months rolling)

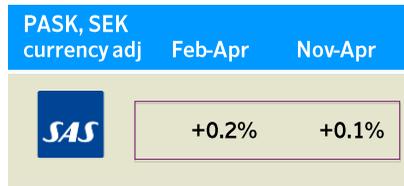
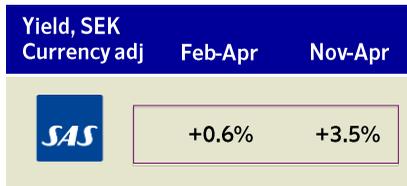


Block hours, 12 months rolling, April 2018	Aircraft, hours/day	Pilots, hours/year	Cabin, hours/year
SAS	9.5	687	778

Appendices

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

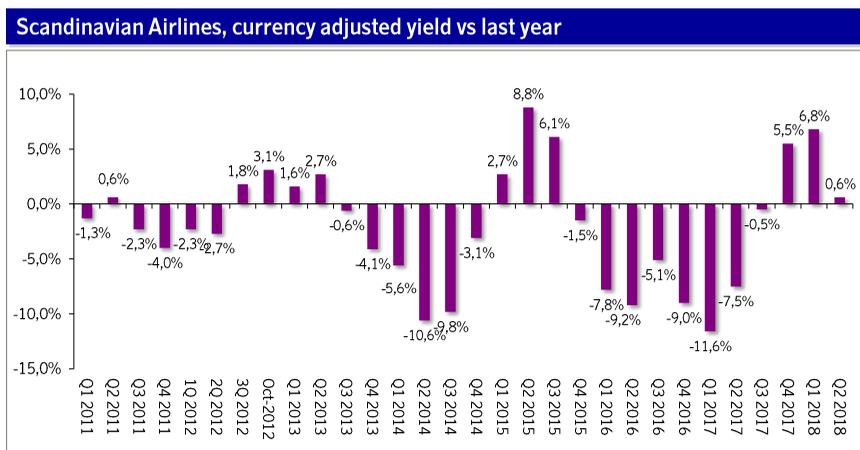
Yield and PASK development vs. last year



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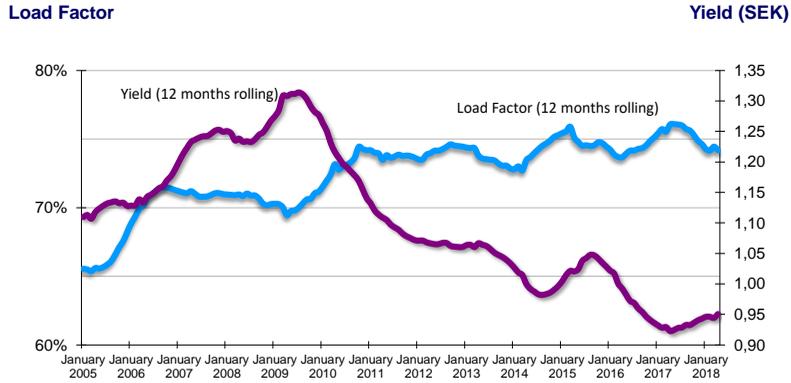
Quarterly yield development



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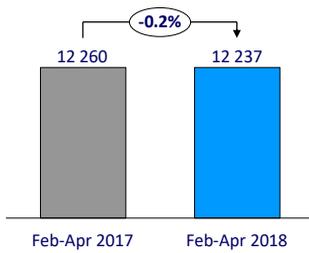
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Long term yield and passenger load development

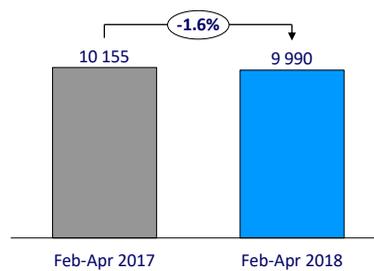


Capacity and FTE

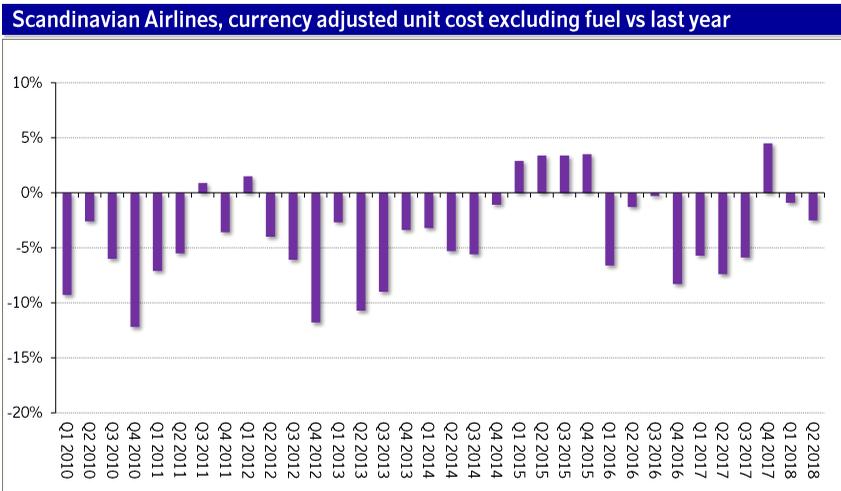
Capacity
ASK total, millions



SAS FTEs



Quarterly unit cost development



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Breakdown of unit cost, Nov 2017 – Apr 2018

SAS, SEK, currency adjusted

Unit cost breakdown	Nov 2017 – Apr 2018	Nov 2016 – Apr 2017	Var, %
Operating expenses	-17,328	-18,016	-3.8%
Aircraft leasing costs	-1,525	-1,534	-0.6%
Depreciation	-727	-715	+1.7%
Other operating revenue	2,146	2,049	+4.7%
Operating expenses	-17,434	-18,216	-4.3%
Total ASK	23,376	23,413	-0.2%
Unit cost, nominal	0.75	0.78	-4.1%
Exchange rate diff	66	+313	
Non-recurring items	226	+725	
Adjusted net operating expenditure	-17,142	-17,178	-0.2%
Unit cost, underlying	0.73	0.73	-0.1%

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Breakdown of unit cost, Feb 2018 – Apr 2018

SAS, SEK, currency adjusted

Unit cost breakdown	Feb 2018 – Apr 2018	Feb 2017 – Apr 2017	Var, %
Operating expenses	-9,201	-9,490	-3.0%
Aircraft leasing costs	-765	-801	+4.5%
Depreciation	-374	-388	+3.6%
Other operating revenue	1,075	1,059	+1.5%
Operating expenses	-9,265	-9,620	-3.7%
Total ASK	12,237	12,260	-0.2%
Unit cost, nominal	0.76	0.78	-3.5%
Exchange rate diff	+296	+137	
Non-recurring items	+226	+672	
Adjusted net operating expenditure	-8,743	-8,811	-0.8%
Unit cost, underlying	0.71	0.72	-0.6%

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Summary of key drivers

SAS

	Q3 2016/17	Q4 2016/17	Q1 2017/18	Q2 2017/18
Scheduled traffic (RPK)	↑ +6.9%	→ 0.0%	↓ -5.7%	↑ +0.2%
Passenger load factor	↓ -0.6 p.u.	↓ -2.8 p.u.	↓ -4.5 p.u.	↓ -0.3 p.u.
Passenger yield	↓ -0.5%	↓ +5.5%	↑ +6.8%	↑ +0.6%
Total unit revenue (PASK)	↓ -1.3%	↑ +1.7%	→ 0.0%	↑ +0.2%
Unit cost (excluding fuel)	↓ -5.9%	↑ +4.5%	↓ -0.9%	↓ -2.5%

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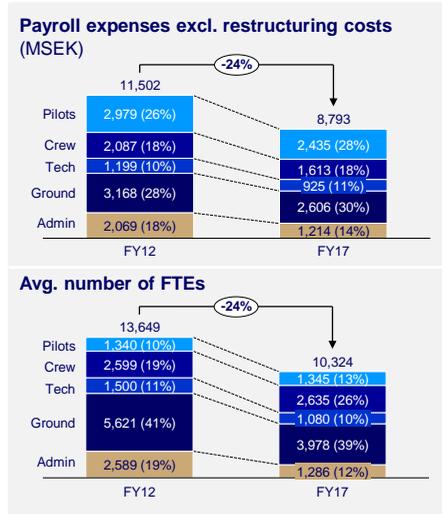
Breakdown of payroll expenses

Payroll expenses significantly reduced

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

Opportunities going forward

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



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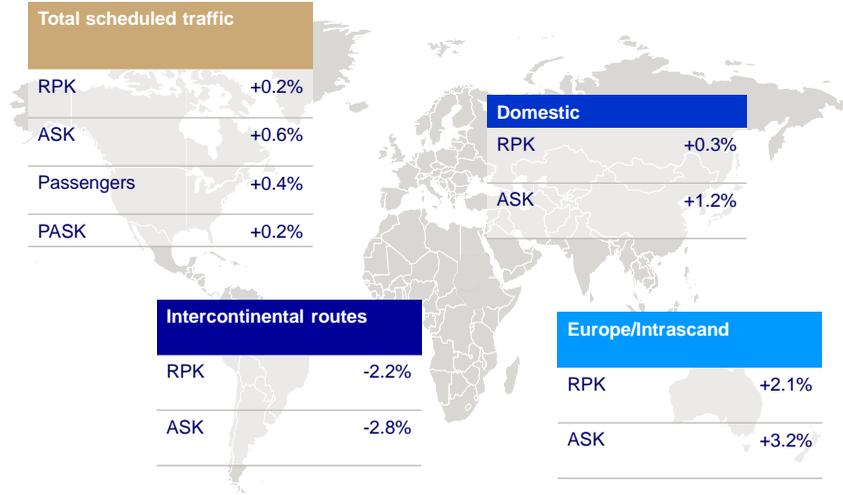
Appendices

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

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SAS geographical traffic development in Q2 FY18

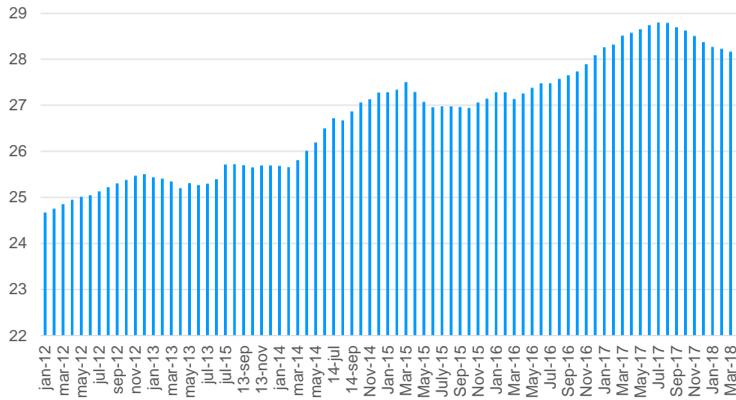


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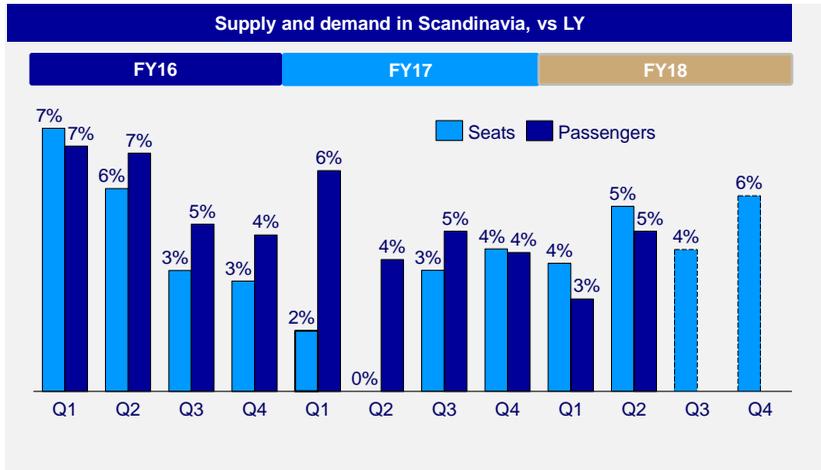
SAS passenger development

Scheduled passenger, 12 months rolling
(Million)



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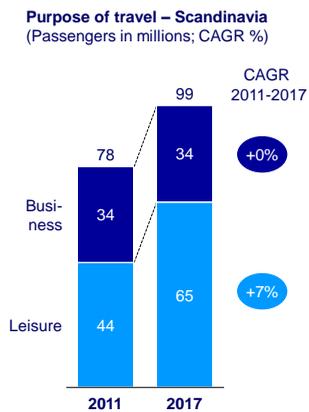
Market seat capacity



43 Source: Innovata Schedule data, May 2018



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



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

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ASK outlook for 2017/2018

ASK outlook for November 2017 – October 2018	
SAS – scheduled	+1-3%

Appendices

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

Financial targets

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

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

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SAS financial targets increase focus on the capital structure

TARGET 	Return on Invested Capital (ROIC) <ul style="list-style-type: none"> EBIT + 1/3 of aircraft leasing costs / Equity + financial net debt + capitalized aircraft leasing costs (x7) Consistent with an external and internal view of SAS's pre-tax WACC Target: >12% over a cycle 	<table border="1"> <thead> <tr> <th></th> <th>Apr 2018</th> </tr> </thead> <tbody> <tr> <td>EBIT (12 months)</td> <td>2,318</td> </tr> <tr> <td>+ 1/3 share of operating lease costs</td> <td>1,012</td> </tr> <tr> <td>Adjusted EBIT</td> <td>3,330</td> </tr> <tr> <td>Equity</td> <td>7,125</td> </tr> <tr> <td>Financial net debt</td> <td>-2,567</td> </tr> <tr> <td>Capitalized aircraft leasing costs</td> <td>21,045</td> </tr> <tr> <td>Invested Capital</td> <td>25,603</td> </tr> <tr> <td>ROIC</td> <td>13.0%</td> </tr> </tbody> </table>		Apr 2018	EBIT (12 months)	2,318	+ 1/3 share of operating lease costs	1,012	Adjusted EBIT	3,330	Equity	7,125	Financial net debt	-2,567	Capitalized aircraft leasing costs	21,045	Invested Capital	25,603	ROIC	13.0%
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	Financial preparedness <ul style="list-style-type: none"> Cash & unutilized credit facilities / Annual fixed cost Target: Above 25% 																			

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Balance sheet

ASSETS (MSEK)			LIABILITIES & EQUITY (MSEK)		
33 220		<u>Change vs.</u>	33 220		<u>Change vs.</u>
		<u>Jan 2018</u>			<u>Jan 2018</u>
8 755	Aircraft & spare parts	+483	8 274	Interest bearing liabilities	+40
1 564	Intangible fixed assets	+11	10 567	Other liabilities	+576
11 345	Other assets	+433	8 376	Presold tickets	+2,508
4 135	Receivables	+1,006	6 003	Equity	-3,021
7 421	Cash and cash equivalents	-1,830			
Apr-18			Apr-18		

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Overview of credit facilities – April 2018

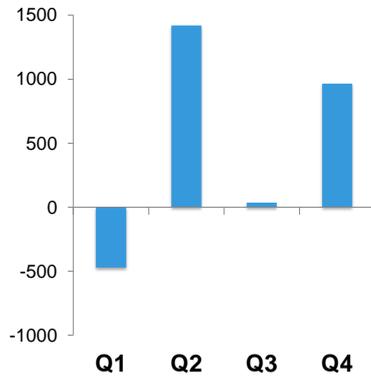
Available funds, SEK billion	Apr 2018	Maturity
Undrawn portion of credit facilities		
Revolving Credit Facility, MEUR 150	1.5	Jan 2021
Credit facility, MUSD 137 & 30	1.2	Jun 2020, Dec 2020
Credit facility, MUSD 35	0.0	Sep 2021
Credit facility, MUSD 36	0.0	Feb 2020
Credit facility, MUSD 62	0.0	Jan 2023
Total undrawn credit facilities	2.7	
Drawn portion of credit facilities	1.4	
Total credit facilities	4.1	

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Cash seasonality

Seasonality of SAS cash flow from operating activities, MSEK*



* Average between 2010 and Q2 FY18

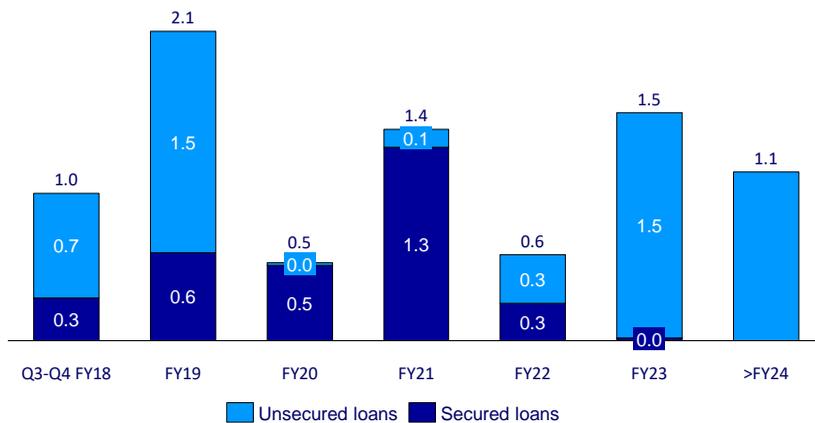
- Cash flow from operating activities strongest in Q2 and Q4
- Seasonality has increased due to
 - increased production during the summer as leisure travelling generates a higher degree of early bookings
 - Lower growth within the business segment
- Cash flow from operating activities improved SEK 0.4bn in Q2 vs. LY

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Amortization profile

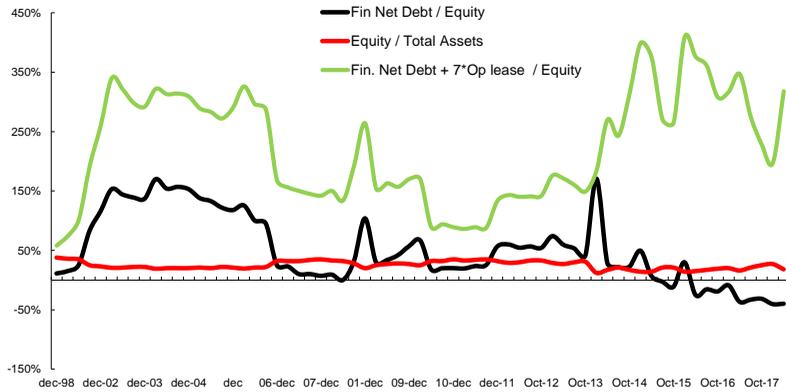
Scheduled amortization profile as of 30 April 2018, SEK billion



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Gearing ratios



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SAS Group Financial Net November- April

MSEK	Nov 17 – Apr 18	Nov 16 – Apr 17	Difference
Interest net and others	-230	-228	-2
Exchange rate differences	+14	+9	+5
Financial net	-216	-219	+3

MSEK	Feb 18 – Apr 18	Feb 17 – Apr 17	Difference
Interest net and others	-122	-106	-16
Exchange rate differences	+8	+7	+1
Financial net	-114	-99	-15

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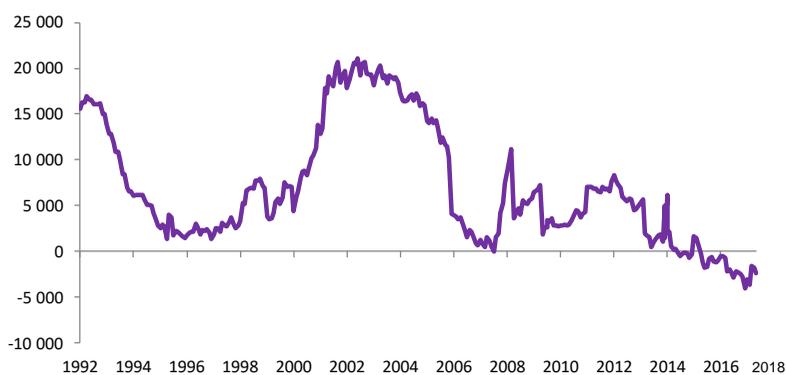
Development and Break Down Financial Net Debt

MSEK	30 Apr 2018	31 Oct 2017	Difference
Cash	7,421	8,836	-1,415
Other interest bearing assets	3,252	2,538	+714
Interest bearing liabilities	-8,274	-8,575	+301
Financial net debt	+2,399	+2,799	-400

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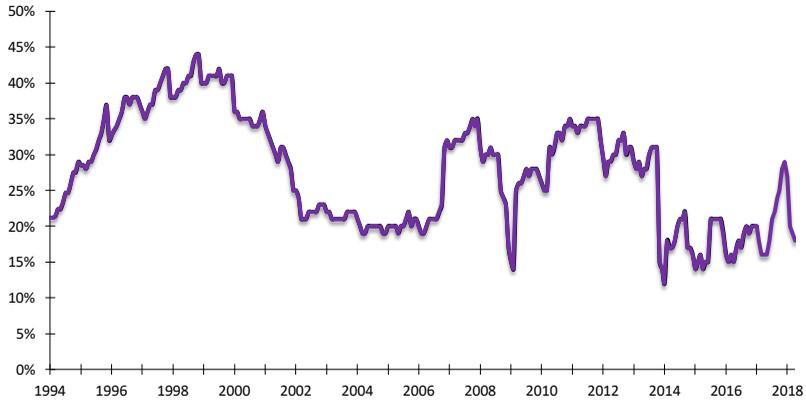
Development of financial net debt 1992-2018 as reported on a quarterly basis



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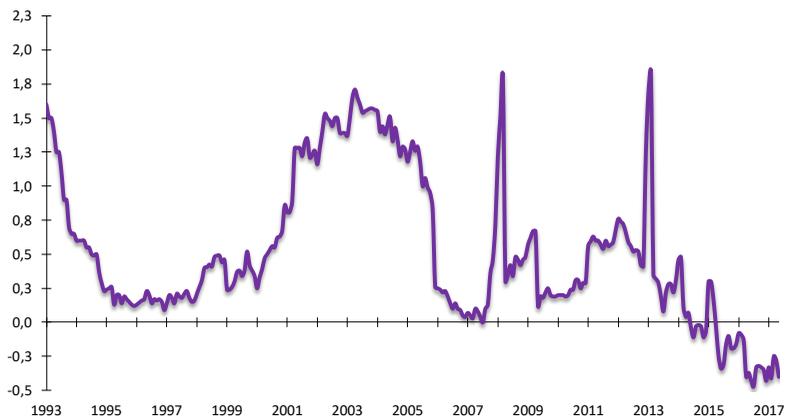
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Equity / Assets Ratio 1993-2018 as report on a quarterly basis



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Financial Net Debt / Equity 1993-2018 as reported on a quarterly basis



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Appendices

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

Breakdown of currency effects SAS Group

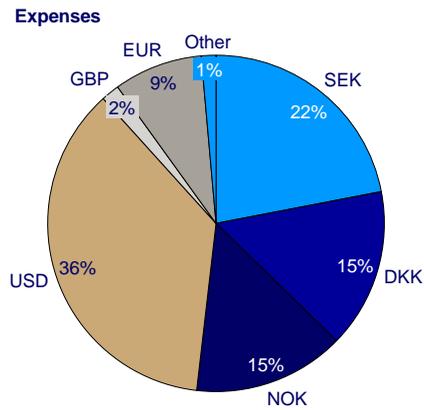
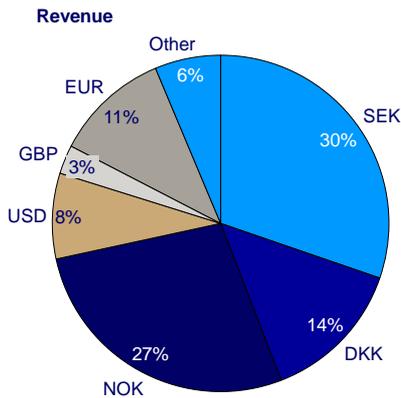
Total revenues & costs currency effects		Feb-Apr 2018 vs LY	Nov 2017-Apr 2018 vs LY
Total revenues & costs	USD	234	453
	DKK	- 5	- 8
	NOK	- 19	- 81
	EUR	- 6	- 8
	Asian currencies	- 9	- 29
	All other	2	- 5
	Total	197	322
Forward cover costs	2017	57	143
	2018	- 84	- 3
	Difference	- 141	- 146
Working capital	2017	- 10	58
	2018	- 212	- 63
	Difference	- 202	- 121
Financial items	2017	7	9
	2018	8	14
	Difference	1	5
Total currency effects		- 145	60

Changes in currency exchange rates

affected the result by MSEK 60 in Nov 2017-Apr 2018 vs Nov 2016-Apr 2017

Currency effects MSEK on SAS Group 2017/2018 vs 2016/2017		Feb-Apr 18	Nov 17-Apr 18
<ul style="list-style-type: none"> Negative impact on revenue due to the weaker NOK and USD. Positive impact on other operating costs due to the weaker NOK and USD. 	Total revenue	6	- 219
	Total costs	191	541
	Forward cover costs & working capital	- 343	- 267
	Income before depreciation	- 146	55
	Financial items	1	5
	Income before tax	- 145	60

SAS currency distribution - Nov 2016 – Oct 2017



Jet fuel costs decreased MSEK 9 in Q2

Fuel cost Q2 MSEK



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Jet fuel and currencies

Jet fuel

- Policy to hedge 40-80% of expected consumption next 12 months and up to 50% for the next 12-18 months
- Hedge position as at 30 April 2018
 - 47% of jet fuel hedged next twelve months
 - Average jet fuel hedge level in FY18 at USD 580/MT

Currency

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

Jet fuel cost sensitivity FY18, SEK bn*

Average spot price	8.0 SEK/USD	9.0 SEK/USD
USD 600/MT	7.3	7.8
USD 700/MT	7.4	7.9
USD 800/MT	7.5	8.0

* Based on actual jet fuel costs during Q1-Q2 FY18 and hedge position as at 30 April 2018

Currency hedges*

- 63% of USD hedged next twelve months
- 70% of NOK hedged next twelve months

* Based on hedge position as at 30 April 2018

Max jet fuel price	Q3 FY18	Q4 FY18	Q1 FY19	Q2 FY19
USD 590-630/MT	83%	91%	-	-

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