

SAS Q3 2017/2018

31 August 2018



SAS

Strong earnings in peak season

POSITIVES

- Record number of passengers
- Total revenue up MSEK 936 vs. LY
- Currency adjusted yield up 1.1% vs. LY
- EB point sale up 27% vs. LY
- Efficiency program delivered MSEK 195
- MSEK 750 tap issue of unsecured bond completed

ISSUES

- Operational issues due to staff shortages, unscheduled maintenance, air congestion and late aircraft deliveries
- Jet fuel costs up SEK 0.5bn vs. LY

Q3-18 CHANGE VS. Q3-17

EBT

MSEK 2,004 MSEK +31

Capacity (ASK, mill.)

13,418 +2.0%

Unit Cost¹ (SEK)

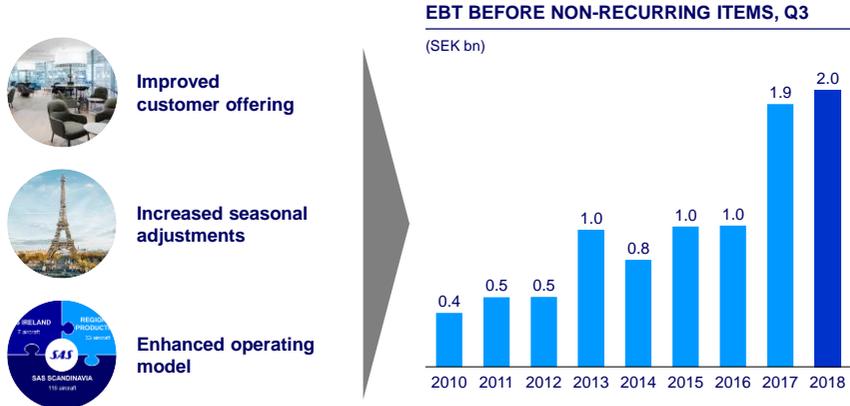
0.52 -1.2%

PASK² (SEK)

0.75 +1.2%

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

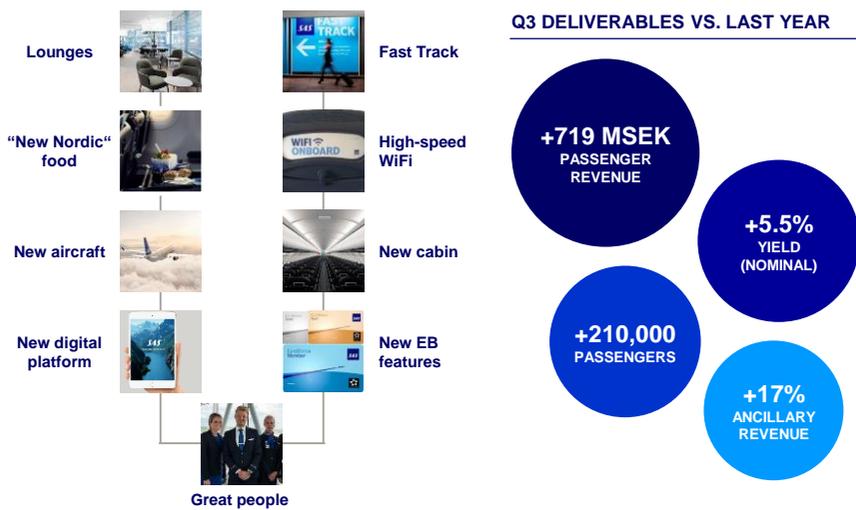
Our strategy has delivered one of SAS' best quarterly results ever



3

A STAR ALLIANCE MEMBER **SAS**

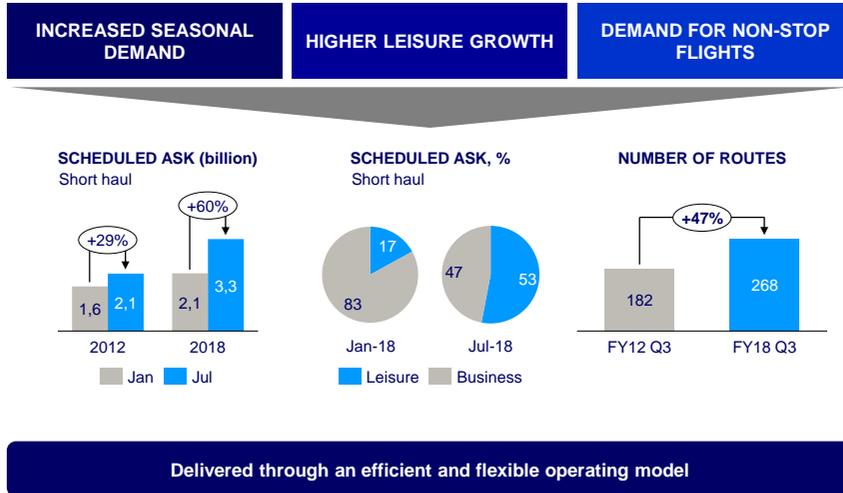
Continuous improvements in our customer offering



4

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SAS has responded to new travel patterns through seasonal adjustments and a broader network



5

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SAS' operating model has increased flexibility and efficiency

PURPOSE

SAS Scandinavia

- Serving larger traffic flows with a single-type fleet
- Efficiency measures of SEK >5bn since 2012

Regional production

- Enables SAS to offer a larger network
- Enables rightly sized aircraft for each departure

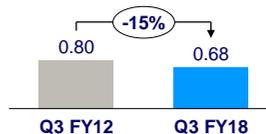
SAS Ireland

- Ensuring a "level playing field" with other carriers operating from Europe to Scandinavia
- Maintain presence on highly competitive and price sensitive routes
- Take part in the growing leisure market

SAS OPERATING MODEL



UNIT COST, SEK



6

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However, regularity has not reached SAS' normal standard during the summer

CHALLENGES

- Crew and staff shortages
- Exceptional increase in special tech events (bird strikes, lightning, damages etc.)
- Congested airspace and airports
- Delayed aircraft deliveries from Airbus

MITIGATING ACTIONS

- Network adjustments to increase buffers
- Extra pay for additional crew production days
- Reallocation of upcoming aircraft deliveries from SAS Ireland to SAS Scandinavia
- Ad-hoc use of additional wet-lease providers
- New integrated planning processes between SAS Scandinavia, SAS Ireland and CityJet

REGULARITY JULY

	SAS Scandinavia	SAS Ireland	CityJet	Total
# cancelled flights	258	61	144	530
% regularity	98.4	92.3	97.0	97.8
Est. extraord. IRR costs, MSEK ¹	90	25	15	130

Regularity back to normal standards in August

Note: 1) Net MSEK 90 included in Q3. Additional MSEK 40 expected in Q4.
7



SAS' strategy remains firm



8



Accelerated sustainability efforts

STRATEGY & ACTIONS

- **Renewal of fleet**
 - 80 A320neo to be phased in by end of 2023
- **Drive towards increase use of biofuel**
 - Letter of intent with Preem to investigate large scale biofuel supply from 2022
 - Option to pay extra for biofuel to be launched
- **“Green” product development**
 - Lighter materials
 - Increased recycling
 - All youth tickets carbon compensated by SAS since April 2018

9



FINANCIALS

10

The SAS logo, consisting of the letters "SAS" in a bold, italicized, blue serif font.

Q3 financial summary

TRAFFIC	REVENUE
+2.1% RPK vs. LY	13,146 +936 MSEK MSEK vs. LY
PASK	EBT
+1.2% FX adjusted vs. LY	2,004 +31 MSEK MSEK vs. LY
CASK EXCL. FUEL	CASH FLOW FROM OPERATIONS
-1.2% FX adjusted vs. LY	1,164 +1,191 MSEK MSEK vs. LY

11

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Income statement – Q3

Income statement	May-Jul 18	May-Jul 17	Change vs LY	Currency
Total operating revenue	13,146	12,210	+936	+497
Payroll expenditure	-2,385	-2,293	-92	
Jet fuel	-2,348	-1,824	-524	
Government charges	-1,149	-1,148	-1	
Other operating expenditure	-3,964	-3,806	-158	
Total operating expenses*	-9,846	-9,071	-775	-250
EBITDAR before non-recurring items	3,300	3,139	+161	+247
<i>EBITDAR-margin*</i>	25.1%	25.7%	-0.6 p.u.	
Leasing costs, aircraft	-814	-808	-6	
Depreciation	-404	-343	-61	
Share of income in affiliated companies	29	-4	+33	
EBIT before non-recurring items	2,111	1,984	+127	+229
<i>EBIT-margin*</i>	16.0%	16.2%	-0.2 p.u.	
Financial items	-133	-121	-12	
EBT before non-recurring items	1,978	1,863	+115	+187
Non-recurring items	26	110	-84	
EBT	2,004	1,973	+31	+187

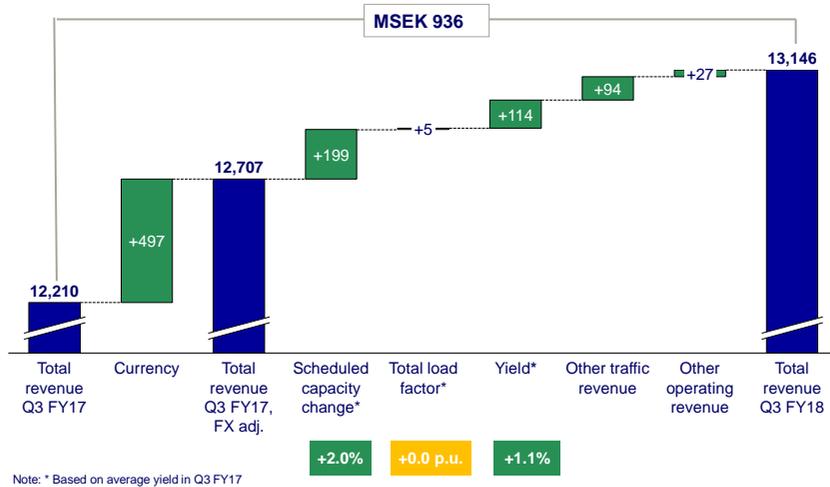
Note: * Before non-recurring items

12

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Revenue analysis

Total Revenue Q3
MSEK

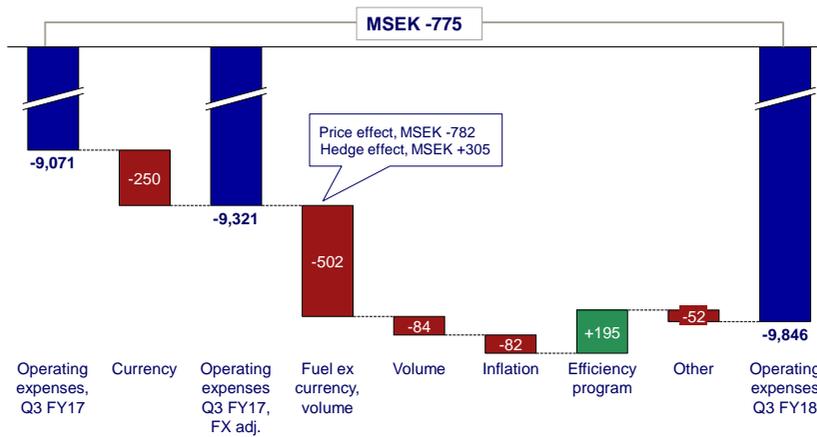


13

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Operating expense analysis

Total Operating Expenses Q3
MSEK



14

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Income statement – rolling 12 months

Income statement	Aug 17-Jul 18	Aug 16-Jul 17	Change vs LY	Currency
Total operating revenue	43,684	42,145	+1,539	+124
Payroll expenditure	-9,070	-9,147	+77	
Jet fuel	-7,327	-7,021	-306	
Government charges	-4,145	-4,287	+142	
Other operating expenditure	-15,746	-15,007	-739	
Total operating expenses*	-36,288	-35,462	-826	+40
EBITDAR before non-recurring items	7,396	6,683	+713	+164
<i>EBITDAR-margin*</i>	16.9%	15.9%	+1.0 p.u.	
Leasing costs, aircraft	-3,113	-3,039	-74	
Depreciation	-1,500	-1,380	-120	
Share of income in affiliated companies	28	16	+12	
EBIT before non-recurring items	2,811	2,280	+531	+296
<i>EBIT-margin*</i>	6.4%	5.4%	+1.0 p.u.	
Financial items	-472	-442	-30	
EBT before non-recurring items	2,339	1,838	+501	+238
Non-recurring items	-450	-193	-257	
EBT	1,889	1,645	+244	+238

Note: * Before non-recurring items

15

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Cash flow and cash position

MSEK	May- July 18	May-July 17	Change vs LY	
Cash flow from operating activities	1,164	-27	+1,191	Accounts payable and payment of EU fine LY
Net investment activities	-967	+479	-1,446	Aircraft pre-payments. LY affected by sale of aircraft
Cash flow before financing activities	197	452	-255	
Financing activities ¹	907	-909	+1,816	Tap issue of MSEK 750 LY repayments of loans.
Change in cash according to the balance sheet	1,104	-457	+1,561	
Cash at end of period	8,525	8,620	-95	

Note: 1) Including translation difference in cash and cash equivalents

16

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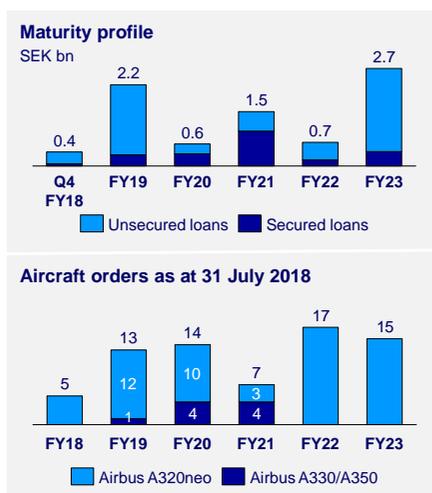
SAS continues to meet all its financial targets



17

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Debt profile and aircraft orders



MATURITIES AND FINANCING

- Private placement and derivatives of SEK 0.4bn in FY18
- Convertible bond maturing of SEK 1.6bn in FY19
- Tap issue of MSEK 750 completed in Q3 with yield of 4.73% with maturity in FY23

AIRCRAFT FINANCING

- Final negotiations regarding financing of 10 A320neo with deliveries until mid 2019
- First 15 A320neo from the new order of 50 aircraft will be on operating leases
- Financing of A350 to kick off early 2019

18

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Beyond FY18, jet fuel prices & weak SEK represent a concern

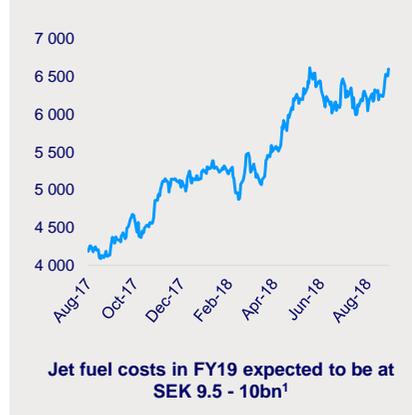
JET FUEL PRICE, USD/MT



SEK/USD



JET FUEL PRICE, SEK/MT



Note: 1) Assuming ASK up 2%, average jet fuel price of USD 700/MT and SEK/USD of 9 SEK

Revised outlook for FY18 and guidance for Q4

OUTLOOK FY18

KEY ASSUMPTIONS

- Continued stable macro and demand trend
- ASK (scheduled) +1-2% vs. LY
- Gross investments of SEK ~7bn
- Fuel 580 USD/MT¹
- FX rate 8.3 SEK/USD¹
- Efficiency program: SEK 0.7 bn

GUIDANCE FOR Q4

KEY ASSUMPTIONS

- Jet fuel costs SEK ~0.6 – 0.7bn higher vs LY
- SEK ~0.1 bn negative impact from revaluation of the maintenance liability with SEK/USD at SEK 9

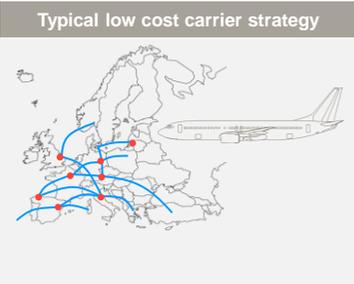


SAS expects to deliver EBT before nonrecurring items of around SEK 2 billion

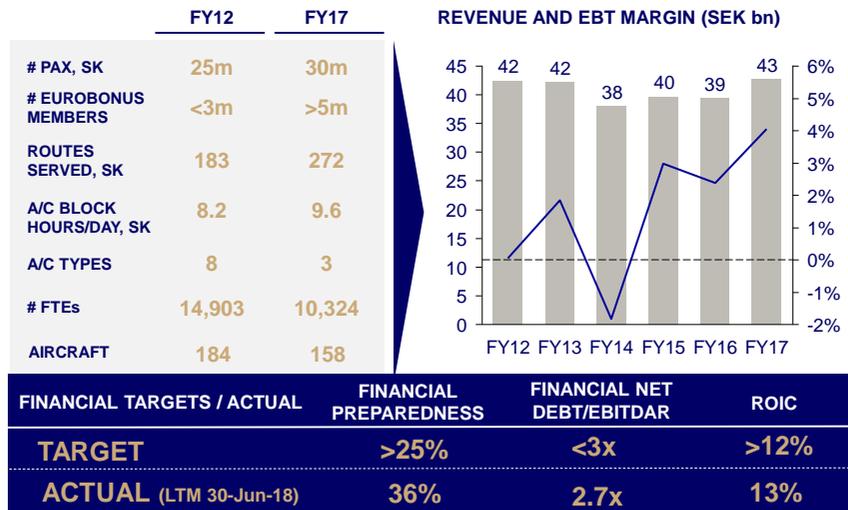
Note: The outlook is based on no unexpected events occurring 1) Including SAS hedges. 2) Fuel price at USD 700/MT and SEK/USD at SEK 9

SAS

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

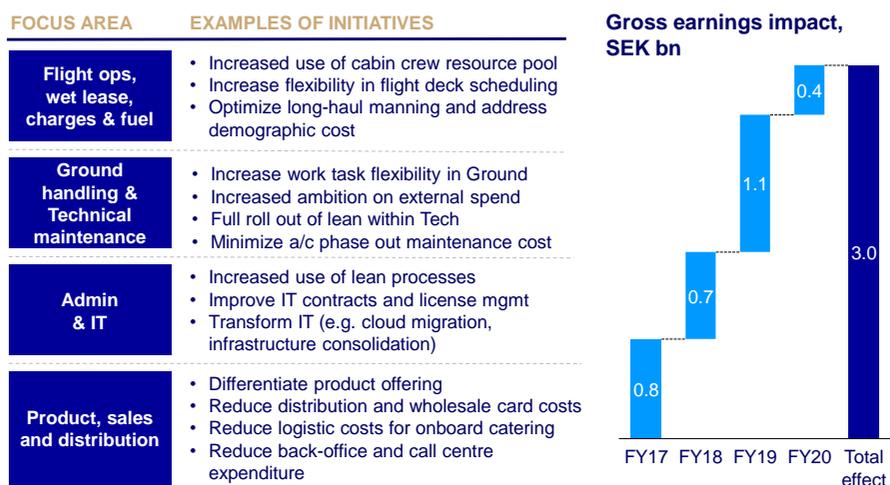
SAS has undergone a significant transformation and now creates value



23

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



24

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1 Status of the efficiency program, July 31, 2018

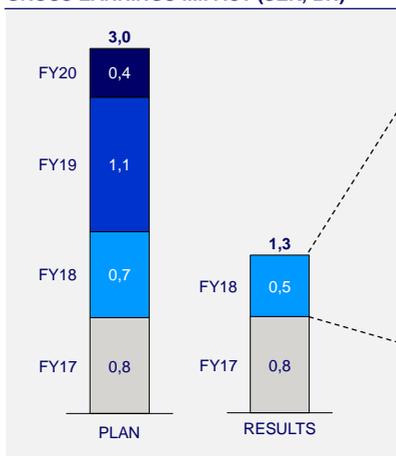
FOCUS AREA	EXAMPLES OF IMPLEMENTED INITIATIVES	ACHIEVED	EST. POTENTIAL
Flight ops, wet lease, charges & fuel	<ul style="list-style-type: none"> Increase use of resource pool Increase flexibility in flight deck scheduling Align manning on long-haul and address demographic cost 	SEK ~0.52bn	SEK ~1.2bn
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 ~0.42bn	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 ~0.16bn	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 ~0.20bn	SEK ~0.5bn

25



The efficiency program is progressing according to plan

EFFICIENCY PROGRAM GROSS EARNINGS IMPACT (SEK, BN)



Q3 ACTIVITIES & RESULTS

- Flight operations, charges and fuel, MSEK 75
 - New agreement with Swedish cabin union
 - Reduced charges at CPH and Swedavia
- Ground handling and technical, MSEK 50
 - Optimization of engine maintenance
 - Renegotiated line station agreements
- Commercial and overhead, MSEK 70
 - Commission model with agents
 - Renegotiated facility agreements/services

MSEK 195

26



Appendices

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

27

SAS fleet – July 2018

Aircraft in traffic under SK traffic license	Age	Owned	Leased	Total	Firm order	Lease order
Airbus A330/A340/A350	13.1	10	6	16	9	
Airbus A321/A320/A319	9.0	10	25	35	46	15
Boeing 737 NG	14.5	29	36	65		
Total	12.7	49	67	116	55	15

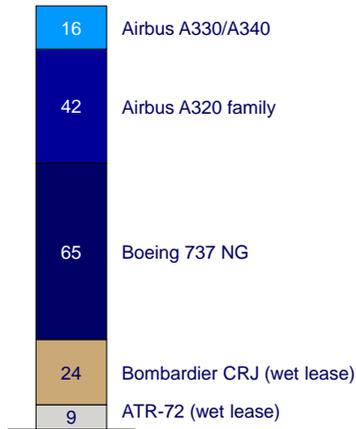
Aircraft in service with a different license than SAS	Age	Owned	Wet leased	Total		Wet- lease order
Bombardier CRJ-900	1.5		22	22		
Bombardier CRJ1000	2.0		2	2		
ATR-72	3.1		9	9		
Airbus A320neo	0.5		7	7		
Total	1.7		40	40		

Total aircraft in traffic	Age	Owned	Wet leased	Total	Firm order	Wet- lease order
Total	9,9	49	107	156	55	15

28

SAS is investing in modernization and simplification of the fleet

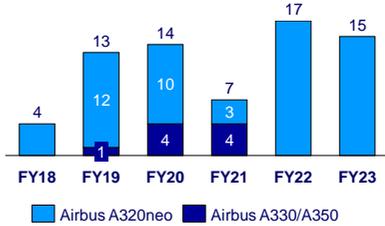
Current fleet in traffic, 31 July 2018



New orders

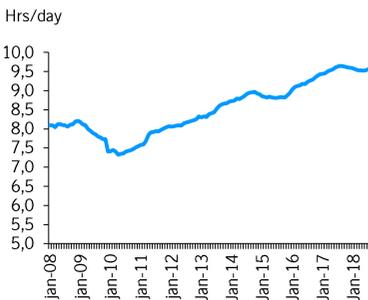


Firm order aircraft deliveries as at 30 April 2018

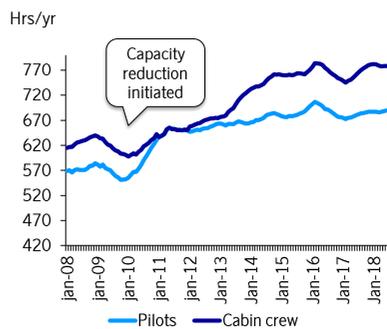


Productivity development

Aircraft utilization (12 months rolling)



Cabin, pilot utilization (12 months rolling)



Block hours, 12 months rolling, July 2018

	Aircraft, hours/day	Pilots, hours/year	Cabin, hours/year
SAS	9.6	690	779



Appendices

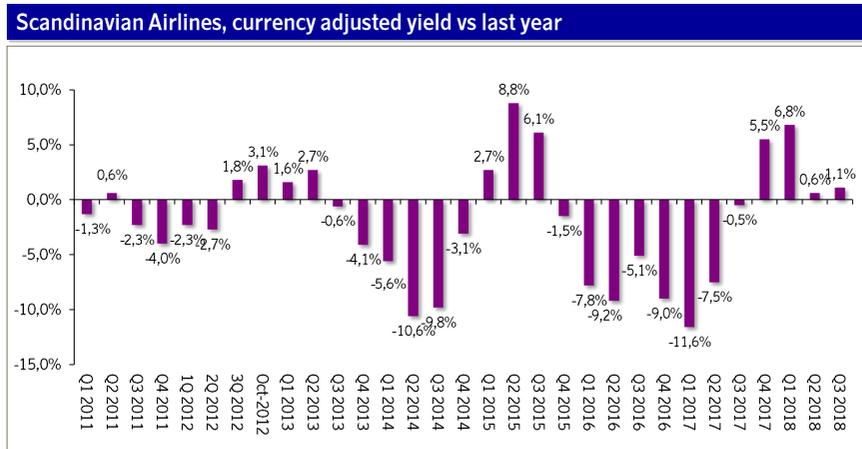
- ▶ Fleet & productivity
- ▶ **Unit revenue (yield & PASK) & unit cost**
- ▶ Traffic & capacity outlook
- ▶ Financial update
- ▶ Currency & Fuel

Yield and PASK development vs. last year

Yield, SEK Currency adj	May-Jul	Nov-Jul
	+1.1%	+2.5%

PASK, SEK currency adj	May-Jul	Nov-Jul
	+1.2%	+0.6%

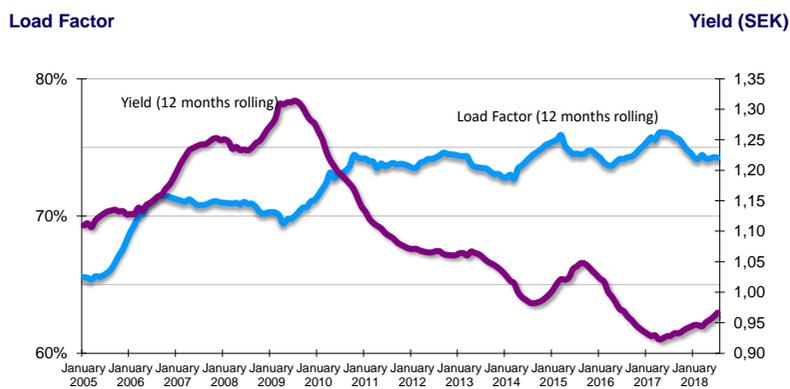
Quarterly yield development



33



Long term yield and passenger load development

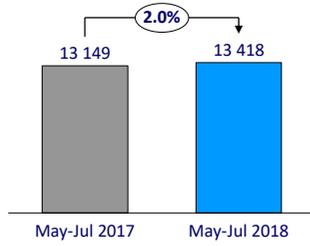


34

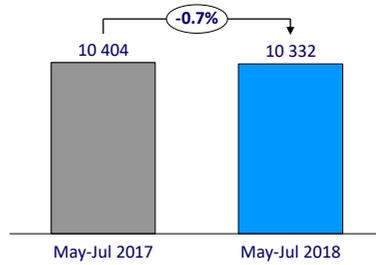


Capacity and FTE

Capacity
ASK total, millions

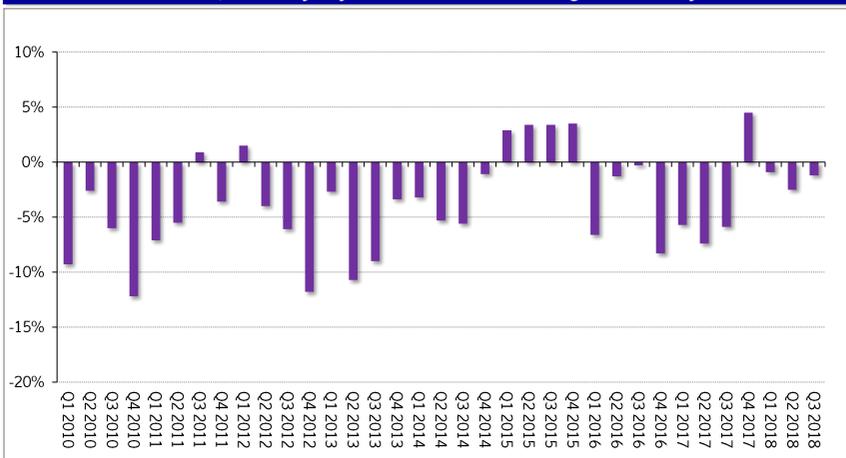


SAS FTEs



Quarterly unit cost development

Scandinavian Airlines, currency adjusted unit cost excluding fuel vs last year



Breakdown of unit cost, Nov 2017 – Jul 2018

SAS, SEK, currency adjusted

Unit cost breakdown	Nov 2017 – Jul 2018	Nov 2016 – Jul 2017	Var, %
Operating expenses	-27,174	-27,087	+0.3%
Aircraft leasing costs	-2,339	-2,342	-0.1%
Depreciation	-1,131	-1,058	+6.9%
Other operating revenue	+3,223	3,071	+4.9%
Operating expenses	-27,421	-27,416	+0.0%
Total ASK	38,396	38,147	+0.7%
Unit cost, nominal	0.71	0.72	-0.6%
Exchange rate diff	-155	-146	
Non-recurring items	226	+725	
Adjusted net operating expenditure	-27,349	-26,837	+1.9%
Unit cost, underlying	0.71	0.70	+1.2%

37

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Breakdown of unit cost, May 2018 – Jul 2018

SAS, SEK, currency adjusted

Unit cost breakdown	May 2018 – Jul 2018	May 2017 – Jul 2017	Var, %
Operating expenses	-9,846	-9,071	+8.5%
Aircraft leasing costs	-814	-808	+0.7%
Depreciation	-404	-343	+17.8%
Other operating revenue	1,077	1,022	+5.4%
Operating expenses	-9,987	-9,200	+8.6%
Total ASK	15,020	14,733	+1.9%
Unit cost, nominal	0.66	0.62	+6.5%
Exchange rate diff	-221	-459	
Non-recurring items	0	0	
Adjusted net operating expenditure	-10,208	-9,659	+5.7%
Unit cost, underlying	0.68	0.66	+3.7%

38

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Summary of key drivers

SAS	Q4 2016/17	Q1 2017/18	Q2 2017/18	Q3 2017/18
Scheduled traffic (RPK)	0.0%	-5.7%	+0.2%	+2.1%
Passenger load factor	-2.8 p.u.	-4.5 p.u.	-0.3 p.u.	-0.0 p.u.
Passenger yield	+5.5%	+6.8%	+0.6%	+1.1%
Total unit revenue (PASK)	+1.7%	0.0%	+0.2%	+1.2%
Unit cost (excluding fuel)	+4.5%	-0.9%	-2.5%	-1.2%

39

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Breakdown of payroll expenses

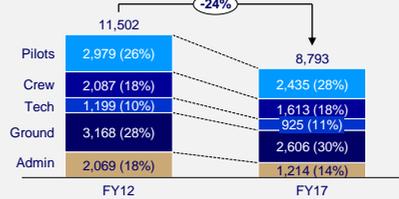
Payroll expenses significantly reduced

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

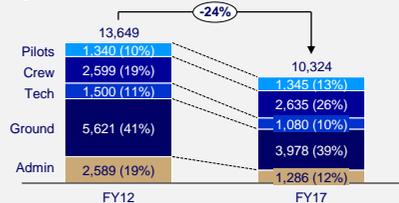
Opportunities going forward

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

Payroll expenses excl. restructuring costs (MSEK)



Avg. number of FTEs



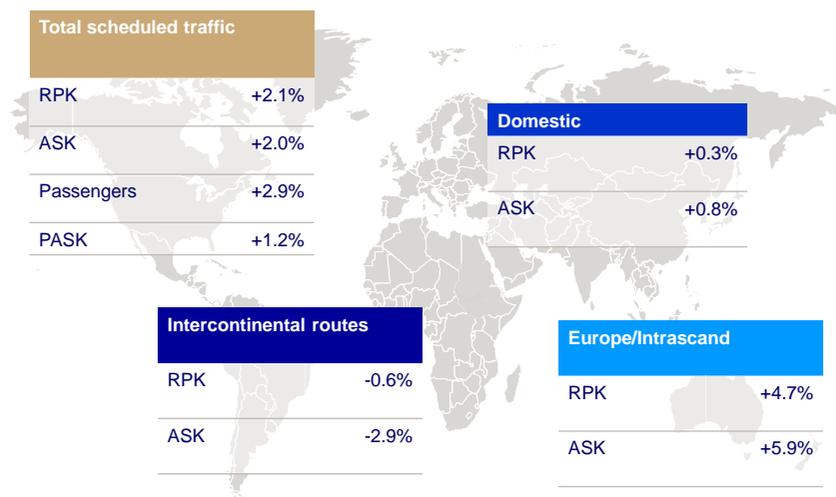
40

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Appendices

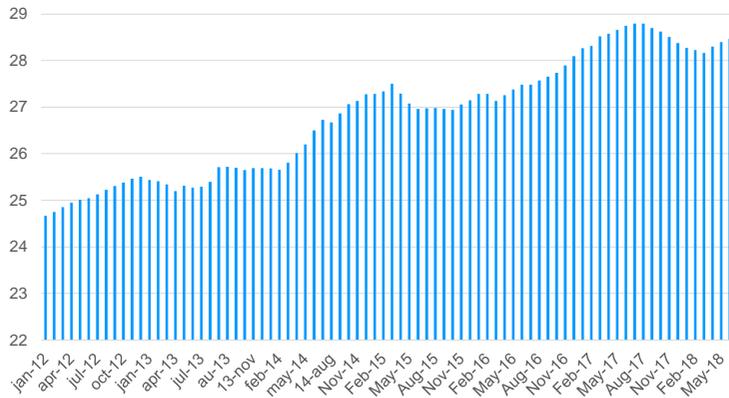
-  Fleet & productivity
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-  **Traffic and capacity outlook**
-  Financial update
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SAS geographical traffic development in Q3 FY18

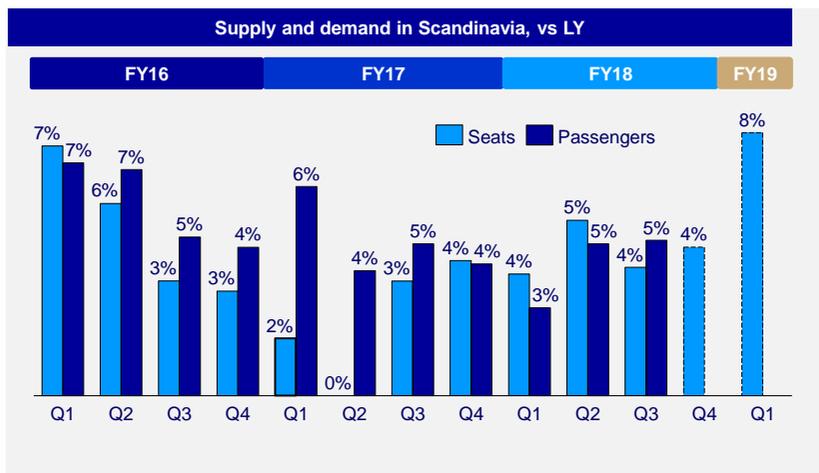


SAS passenger development

Scheduled passenger, 12 months rolling
(Million)



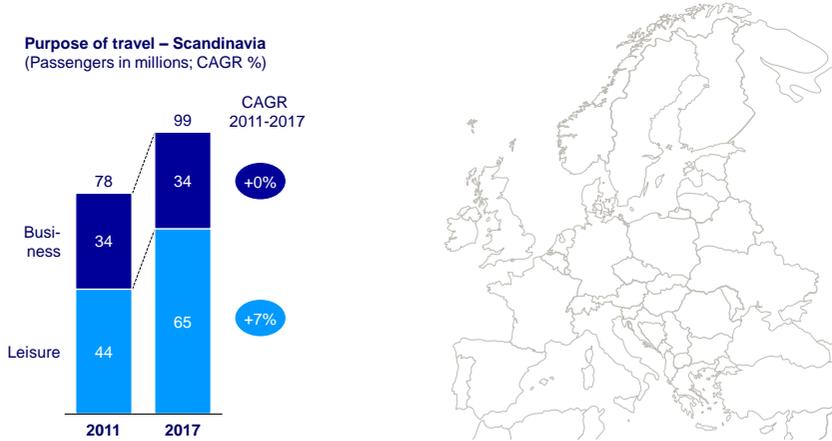
Market seat capacity



44 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)

45



ASK outlook for FY18 and FY19

ASK outlook for November 2017 – October 2018

SAS – scheduled +1-2%

ASK outlook for November 2018 – October 2019

SAS – scheduled +1-3%



46

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.

SAS financial targets increase focus on the capital structure

<p>TARGET</p> <div style="background-color: #003366; color: white; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin: 10px 0;"> >12% </div> <div style="background-color: #003366; color: white; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin: 10px 0;"> <3x </div> <div style="background-color: #003366; color: white; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin: 10px 0;"> >25% </div>	<p>Return on Invested Capital (ROIC)</p> <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 <p>Adjusted financial net debt/EBITDAR</p> <ul style="list-style-type: none"> • Financial net debt incl. capitalized aircraft leasing costs / EBITDAR • Core ratio for credit rating • Target: Below 3x <p>Financial preparedness</p> <ul style="list-style-type: none"> • Cash & unutilized credit facilities / Annual fixed cost • Target: Above 25% 	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #003366; color: white;"> <th></th> <th style="text-align: right;">Jul 2018</th> </tr> </thead> <tbody> <tr> <td>EBIT (12 months)</td> <td style="text-align: right;">2,361</td> </tr> <tr> <td>+ 1/3 share of operating lease costs</td> <td style="text-align: right;">1,021</td> </tr> <tr> <td>Adjusted EBIT</td> <td style="text-align: right;">3,382</td> </tr> <tr> <td>Equity</td> <td style="text-align: right;">7,359</td> </tr> <tr> <td>Financial net debt</td> <td style="text-align: right;">-2,651</td> </tr> <tr> <td>Capitalized aircraft leasing costs</td> <td style="text-align: right;">21,307</td> </tr> <tr> <td>Invested Capital</td> <td style="text-align: right;">26,015</td> </tr> <tr style="background-color: #003366; color: white;"> <td>ROIC</td> <td style="text-align: right;">13.0%</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #003366; color: white;"> <th></th> <th style="text-align: right;">Jul 2018</th> </tr> </thead> <tbody> <tr> <td>Financial net debt</td> <td style="text-align: right;">-2,651</td> </tr> <tr> <td>Capitalized aircraft leasing costs</td> <td style="text-align: right;">21,307</td> </tr> <tr> <td>Adjusted financial net debt</td> <td style="text-align: right;">18,656</td> </tr> <tr> <td>EBITDAR</td> <td style="text-align: right;">6,903</td> </tr> <tr style="background-color: #003366; color: white;"> <td>Adjusted financial net debt/EBITDAR</td> <td style="text-align: right;">2.7</td> </tr> </tbody> </table>		Jul 2018	EBIT (12 months)	2,361	+ 1/3 share of operating lease costs	1,021	Adjusted EBIT	3,382	Equity	7,359	Financial net debt	-2,651	Capitalized aircraft leasing costs	21,307	Invested Capital	26,015	ROIC	13.0%		Jul 2018	Financial net debt	-2,651	Capitalized aircraft leasing costs	21,307	Adjusted financial net debt	18,656	EBITDAR	6,903	Adjusted financial net debt/EBITDAR	2.7
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Balance sheet

ASSETS (MSEK)		
33 299		Change vs. Apr 2018
9 065	Aircraft & spare parts	+310
1 528	Intangible fixed assets	-36
11 056	Other assets	-289
3 125	Receivables	-1,010
8 525	Cash and cash equivalents	+1,104
Jul-18		

LIABILITIES & EQUITY (MSEK)		
33 299		Change vs. Apr 2018
9 207	Interest bearing liabilities	+933
10 589	Other liabilities	+22
6 724	Presold tickets	-1,652
6 779	Equity	+776
Jul-18		

Overview of credit facilities – July 2018

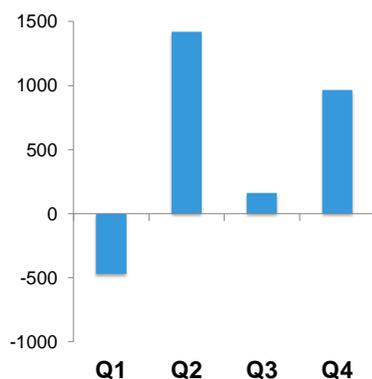
Available funds, SEK billion	Jul 2018	Maturity
Undrawn portion of credit facilities		
Revolving Credit Facility, MEUR 150	1.5	Jan 2021
Credit facility, MUSD 137 & 28	1.2	Jun 2020, Dec 2020
Credit facility, MUSD 35	0.0	Sep 2021
Credit facility, MUSD 31	0.0	Feb 2020
Credit facility, MUSD 59	0.0	Jan 2023
Total undrawn credit facilities	2.7	
Drawn portion of credit facilities	1.4	
Total credit facilities	4.1	

51

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Cash seasonality

Seasonality of SAS cash flow from operating activities, MSEK*



* Average between 2010 and Q2 FY18

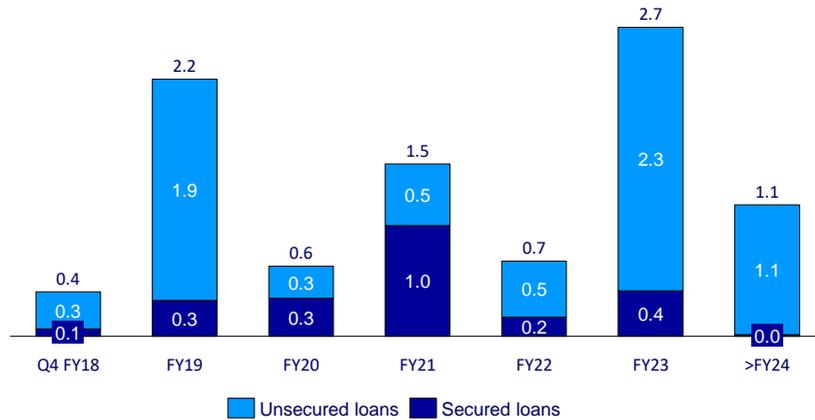
- Cash flow from operating activities strongest in Q2 and Q4
- Seasonality has increased due to
 - increased production during the summer as leisure travelling generates a higher degree of early bookings
 - Lower growth within the business segment
- Cash flow from operating activities improved SEK 1.2bn in Q3 vs. LY

52

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Amortization profile

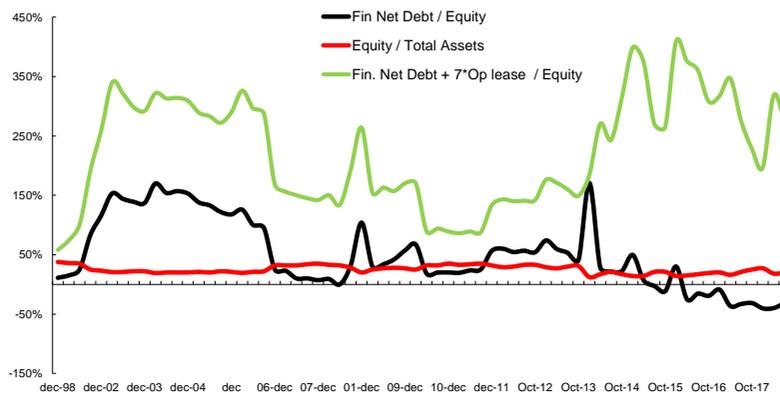
Scheduled amortization profile as of 31 July 2018, SEK billion



53

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Gearing ratios



54

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Income statement – November-July

Income statement	Nov 17-Jul 18	Nov 16-Jul 17	Change vs LY	Currency
Total operating revenue	32,040	31,010	+1,030	+278
Payroll expenditure	-6,932	-6,993	+61	
Jet fuel	-5,553	-5,062	-491	
Government charges	-3,042	-3,159	+117	
Other operating expenditure	-11,421	-11,148	-273	
Total operating expenses*	-26,948	-26,362	-586	-85
EBITDAR before non-recurring items	5,092	4,648	+444	+193
<i>EBITDAR-margin*</i>	15.9%	15.0%	+0.9 p.u.	
Leasing costs, aircraft	-2,339	-2,342	+3	
Depreciation	-1,131	-1,058	-73	
Share of income in affiliated companies	12	-12	+24	
EBIT before non-recurring items	1,634	1,236	+398	+285
<i>EBIT-margin*</i>	5.1%	4.0%	+1.1 p.u.	
Financial items	-349	-339	-10	
EBT before non-recurring items	1,285	897	+388	+248
Non-recurring items	-53	171	-224	
EBT	1,232	1,068	+164	+248

* = Before non-recurring items

55

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SAS Group

Financial Net November- July

MSEK	Nov 17 – Jul 18	Nov 16 – Jul 17	Difference
Interest net and others	-344	-372	+28
Exchange rate differences	-5	+32	-37
Financial net	-349	-340	-9

MSEK	May 18 – Jul 18	May 17 – Jul 17	Difference
Interest net and others	-114	-144	+30
Exchange rate differences	-19	+23	-42
Financial net	-133	-121	-12

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56

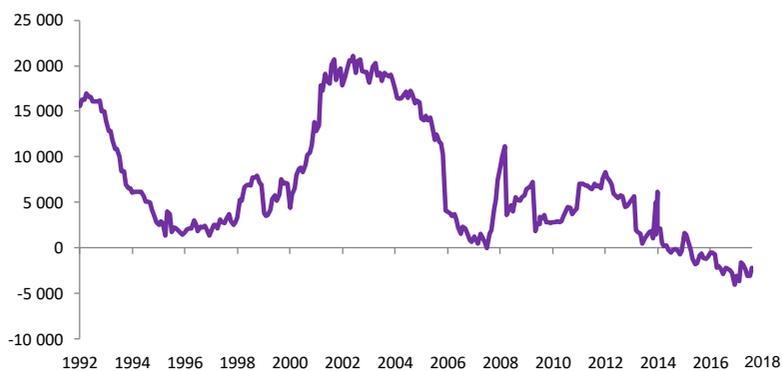
Development and Break Down Financial Net Debt

MSEK	31 Jul 2018	31 Oct 2017	Difference
Cash	8,525	8,836	-311
Other interest bearing assets	2,817	2,538	+279
Interest bearing liabilities	-9,207	-8,575	-632
Financial net debt	+2,135	+2,799	-664

57

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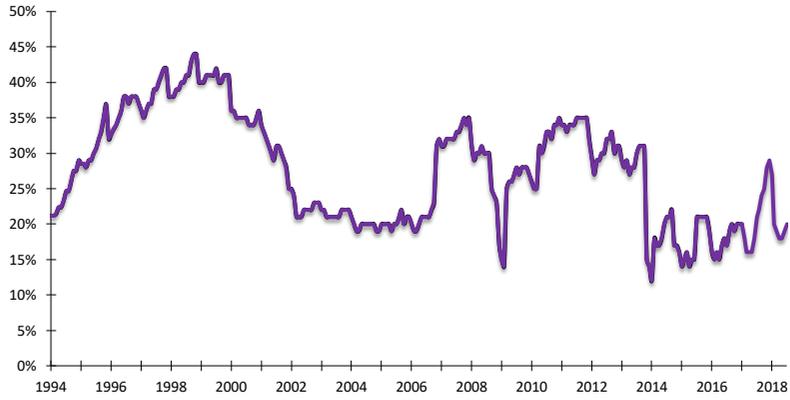
Development of financial net debt 1992-2018 as reported on a quarterly basis



58

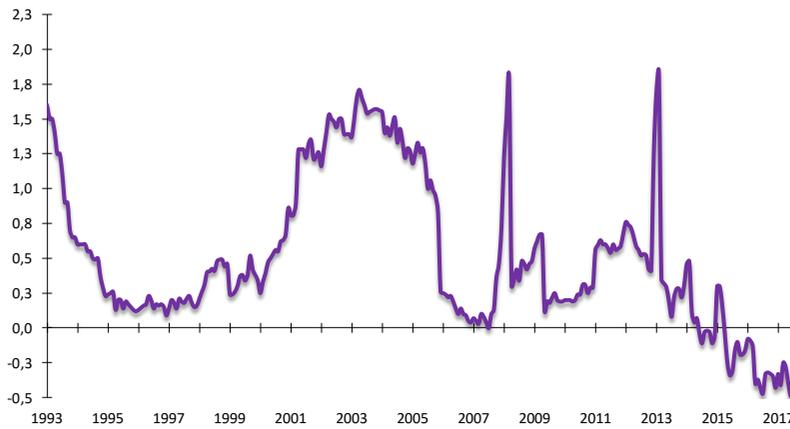
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Equity / Assets Ratio 1993-2018 as report on a quarterly basis



59

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



60

Appendices

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

Breakdown of currency effects SAS Group

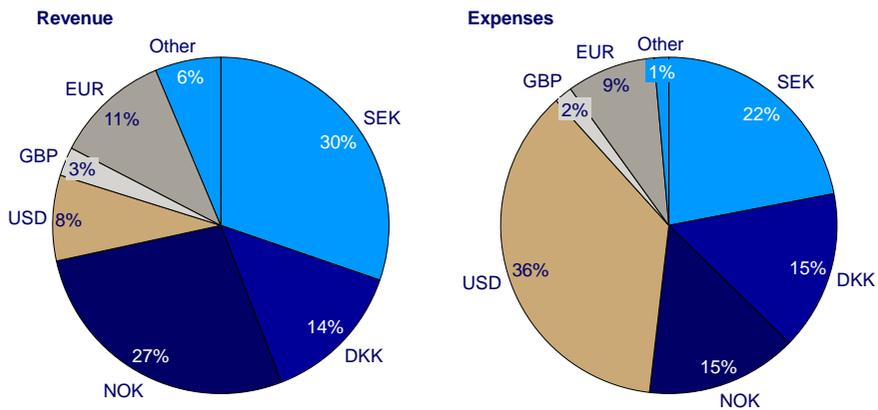
Total revenues & costs currency effects		May-Jul 2018 vs LY	Nov 2017-Jul 2018 vs LY
Total revenues & costs	USD	- 44	409
	DKK	14	6
	NOK	127	46
	EUR	11	4
	Asian currencies	20	- 9
	All other	17	12
	Total	145	468
Forward cover costs	2017	- 42	101
	2018	264	261
	Difference	306	160
Working capital	2017	178	236
	2018	- 44	- 107
	Difference	- 222	- 343
Financial items	2017	23	32
	2018	- 19	- 5
	Difference	- 42	- 37
Total currency effects		187	248

Changes in currency exchange rates

affected the result by MSEK 248 in Nov 2017-Jul 2018 vs Nov 2016-Jul 2017

Currency effects MSEK on SAS Group 2017/2018 vs 2016/2017		May-Jul 18	Nov 17-Jul 18
<ul style="list-style-type: none"> Positive impact on revenue due to the weakening SEK, primarily in Q3. In the first half a weak NOK and USD had a negative impact on revenue. Negative impact on other operating costs due to the weakening SEK, primarily in Q3. In the first half a weak NOK and USD had a positive impact on costs. 	Total revenue	497	278
	Total costs	- 352	190
	Forward cover costs & working capital	84	- 183
	Income before depreciation	229	285
	Financial items	- 42	- 37
	Income before tax	187	248

SAS currency distribution - Nov 2016 – Oct 2017



Jet fuel costs increased MSEK 524 in Q3

Fuel cost Q2
MSEK



65

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Jet fuel and currencies

Jet fuel	Jet fuel cost sensitivity FY18, SEK bn*												
<ul style="list-style-type: none"> 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 31 July 2018 <ul style="list-style-type: none"> – 51% of jet fuel hedged next twelve months – Average jet fuel hedge level in FY18 at USD 580/MT 	<table border="1"> <thead> <tr> <th>Average spot price</th> <th>8.0 SEK/USD</th> <th>9.0 SEK/USD</th> </tr> </thead> <tbody> <tr> <td>USD 600/MT</td> <td>7.3</td> <td>7.5</td> </tr> <tr> <td>USD 700/MT</td> <td>7.6</td> <td>7.8</td> </tr> <tr> <td>USD 800/MT</td> <td>7.7</td> <td>7.9</td> </tr> </tbody> </table> <p>* Based on actual jet fuel costs during Q1-Q3 FY18 and hedge position as at 31 July 2018</p>	Average spot price	8.0 SEK/USD	9.0 SEK/USD	USD 600/MT	7.3	7.5	USD 700/MT	7.6	7.8	USD 800/MT	7.7	7.9
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<p>Currency</p> <ul style="list-style-type: none"> Policy to hedge 40-80% of expected currency deficit/surplus next 12 months 	<p>Currency hedges*</p> <ul style="list-style-type: none"> 49% of USD hedged next twelve months 70% of NOK hedged next twelve months <p>* Based on hedge position as at 31 July 2018</p>												

Max jet fuel price	Q4 FY18	Q1 FY19	Q2 FY19	Q3 FY19
USD 625/MT	91%	-	-	-
USD 720-730/MT	-	68%	52%	-

66

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