



Q1 2018/2019

27.02.2019



A STAR ALLIANCE MEMBER



Highlights Q1/19

Financial drivers

- Total revenue up 6% with broadly unchanged capacity
- Slight increase in passengers and load factor
- Improved unit revenue in high capacity environment
- Efficiency program delivered MSEK 200 in Q1
- Slight increase in CASK driven by underlying cost inflation
- Non-recurring items of +148MSEK

Opportunities and challenges

- + Emerging slowdown in European capacity growth
- + Redemption of preference share clears path for future dividends
- + Further strengthened operating model adapted to seasonal demand
- Weak Swedish krona
- Economic and political uncertainty
- Aviation tax

Q1-19	CHANGE VS. Q1-18
EBT	
MSEK -576	MSEK -291
Capacity (ASK, mill. km)	
11,155	0.1%
Unit Revenue, PASK¹ (SEK)	
0.67	+1.7%
Passenger yield ¹ (SEK)	
0.98	+1.0%
CASK² (SEK)	
0.65	+0.8%

SAS' strategy remains firm



WIN SCANDINAVIA'S
FREQUENT TRAVELERS



CREATE AN EFFICIENT
AND SUSTAINABLE
OPERATING MODEL

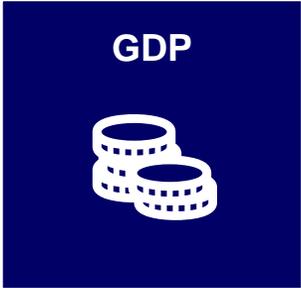


SECURE THE RIGHT
CAPABILITIES

Q1 HIGHLIGHTS & STRATEGIC ALIGNMENT

- 1 SUSTAINABILITY**   
- 2 OPERATING MODEL**  
- 3 A321LR**  
- 4 CUSTOMER OFFERING** 
- 5 INCENTIVE PROGRAM** 

Scandinavia is dependent on trade and connectivity



- Scandinavia dependent on trade and travel across large distances and challenging topography
- Some 4%¹ of GDP supported by air transport and tourism



- The aviation industry creates ~450 000¹ direct and indirect jobs in Scandinavia



- 90 Million passengers to, from and within Scandinavia
 - 1/3 Business travel
 - 2/3 Leisure travel



4 1) Sources: IATA/Oxford Economics The importance of air transport to Denmark/Norway/Sweden

SAS route towards increased sustainability

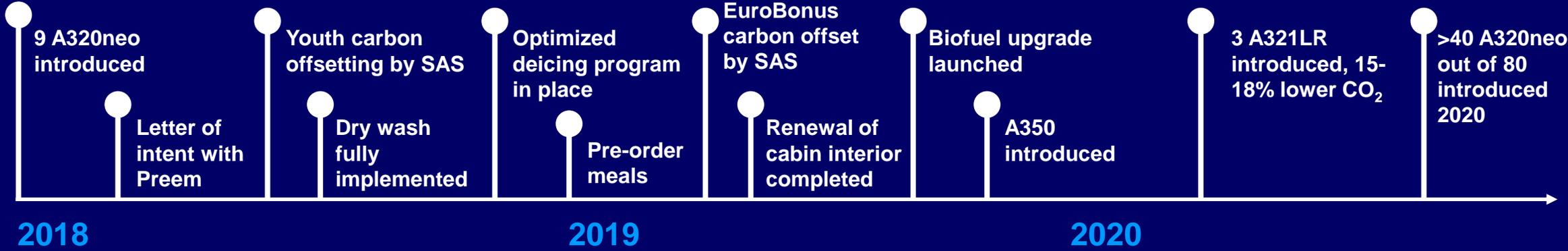
25+
YEARS OF
SUSTAINABILITY
REPORTING BY
2020

100%
BIOFUEL ON TRAFFIC
EQUAL TO SAS'
DOMESTIC TRAFFIC

25%
LOWER CO₂
EMISSIONS
BY 2030

2030 TARGETS

KEY INITIATIVES 2018-2020



A flexible and efficient operating model adapted to the needs of our customers



Q1 2019

	# PASSENGERS (MILLION)	REGULARITY, %	# OF AIRCRAFT
SAS SCANDINAVIA	4.8	99	116
REGIONAL PRODUCTION	0.9	98	33
SAS IRELAND	0.3	99	9

New Airbus A321 Long Range



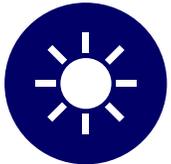
15-18 % lower emissions



New intercontinental destinations



More direct intercontinental routes



Increased seasonal adaptation



Full long haul service concept



Further leverage unified fleet



Investments in our customer offering

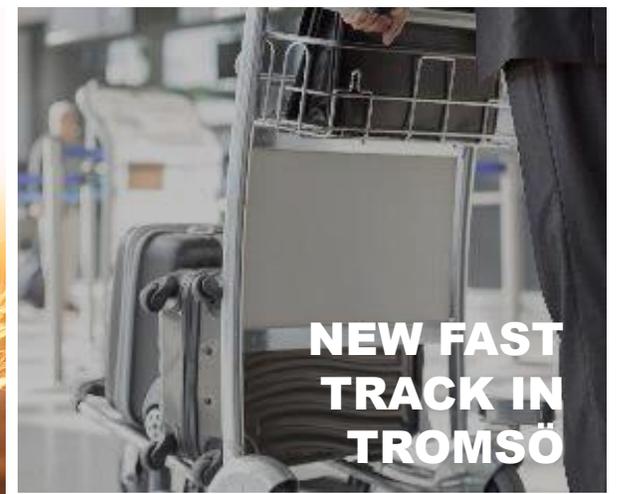
WIFI INSTALLATIONS **57%**



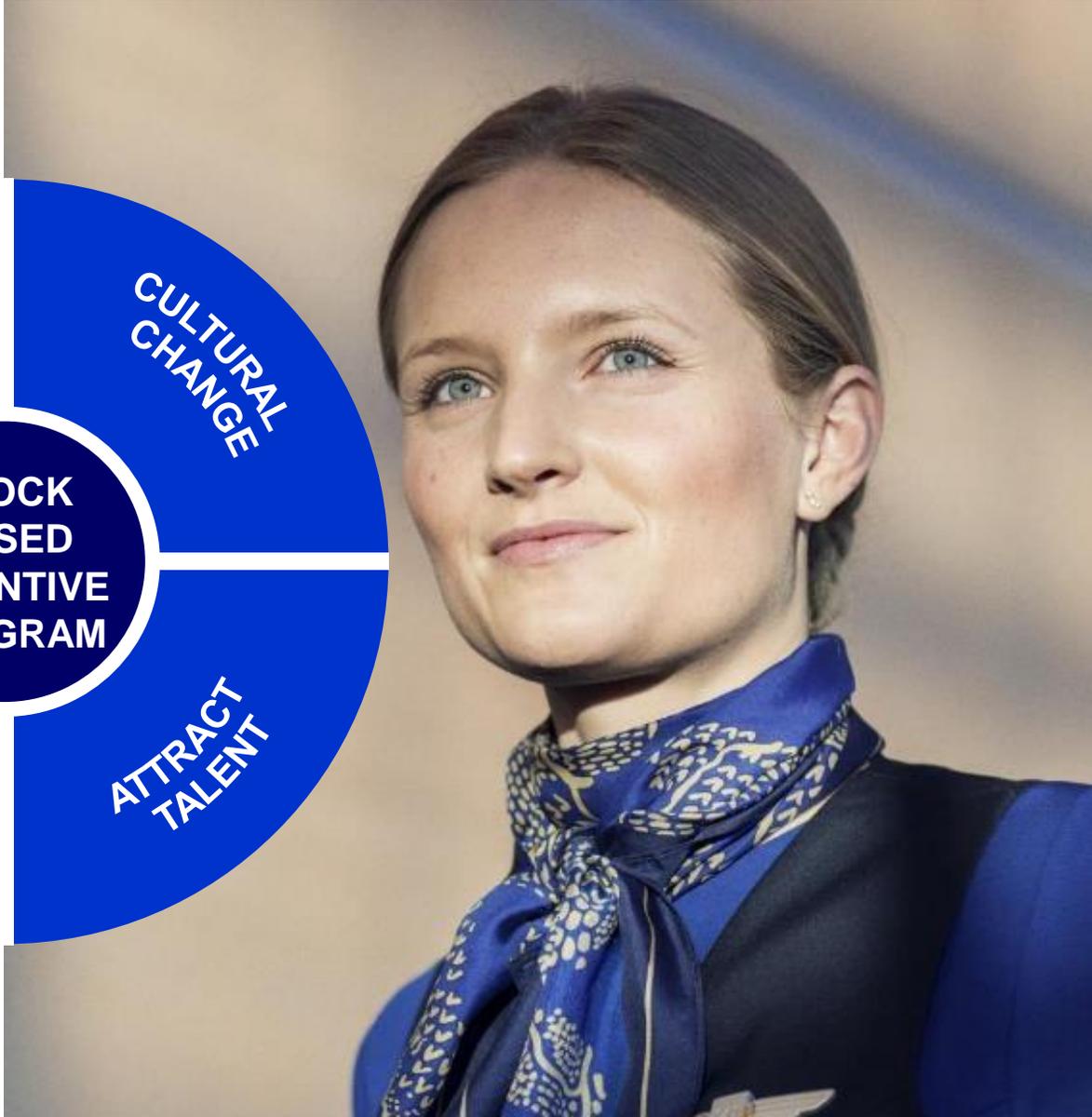
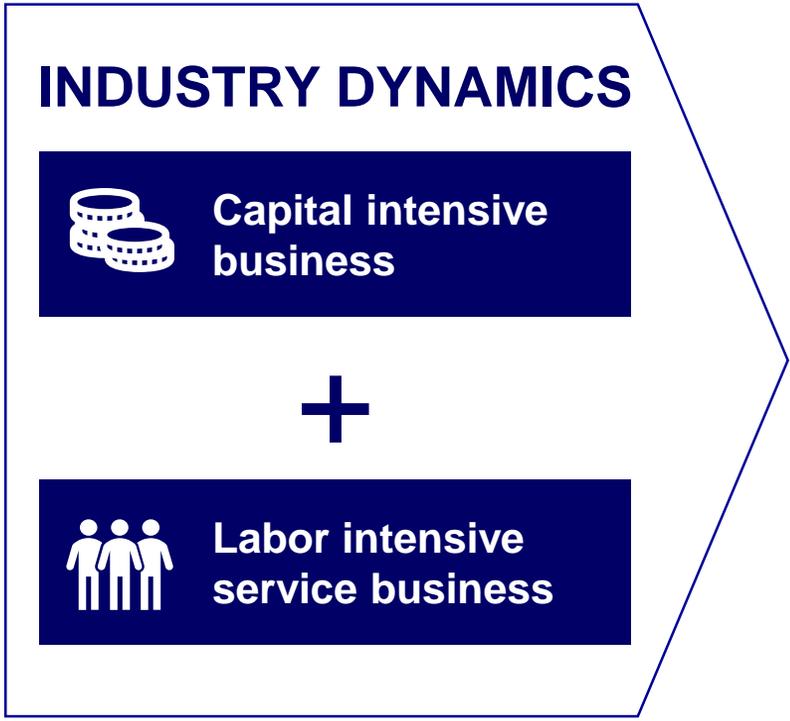
NEW CABIN INTERIOR **91%**



AIRBUS SHARE OF SK-FLEET **47%**



Aligning employee and investor interests



FINANCIALS



Summary Results

MSEK, except per cent

Key Financials	Q1/19	Q1/18	Change %	Currency
Total operating revenue	9,534	8,978	+6.2	+356
Total operating expenses*	-8,928	-8,139	+9.7	-452
EBITDAR*	606	839	-27.8	-96
EBITDAR margin, %	6.3%	9.3%	-3 p.p.	
EBT*	-724	-385	-88	-169
Non-recurring items	148	100	+48	
EBT	-576	-285	---	-169
Financial net debt/(cash)	2,432	-3,668	---	
Key Metrics				
ASK	10,673	10,733	-0.6	
RPK	7,219	7,210	0.1%	
Cabin Factor	67.6%	67.2%	+0.5 p.p.	
PASK**	0.67	0.65	+1.7	
CASK excl Fuel**	0.65	0.64	+0.8	

* Before non-recurring

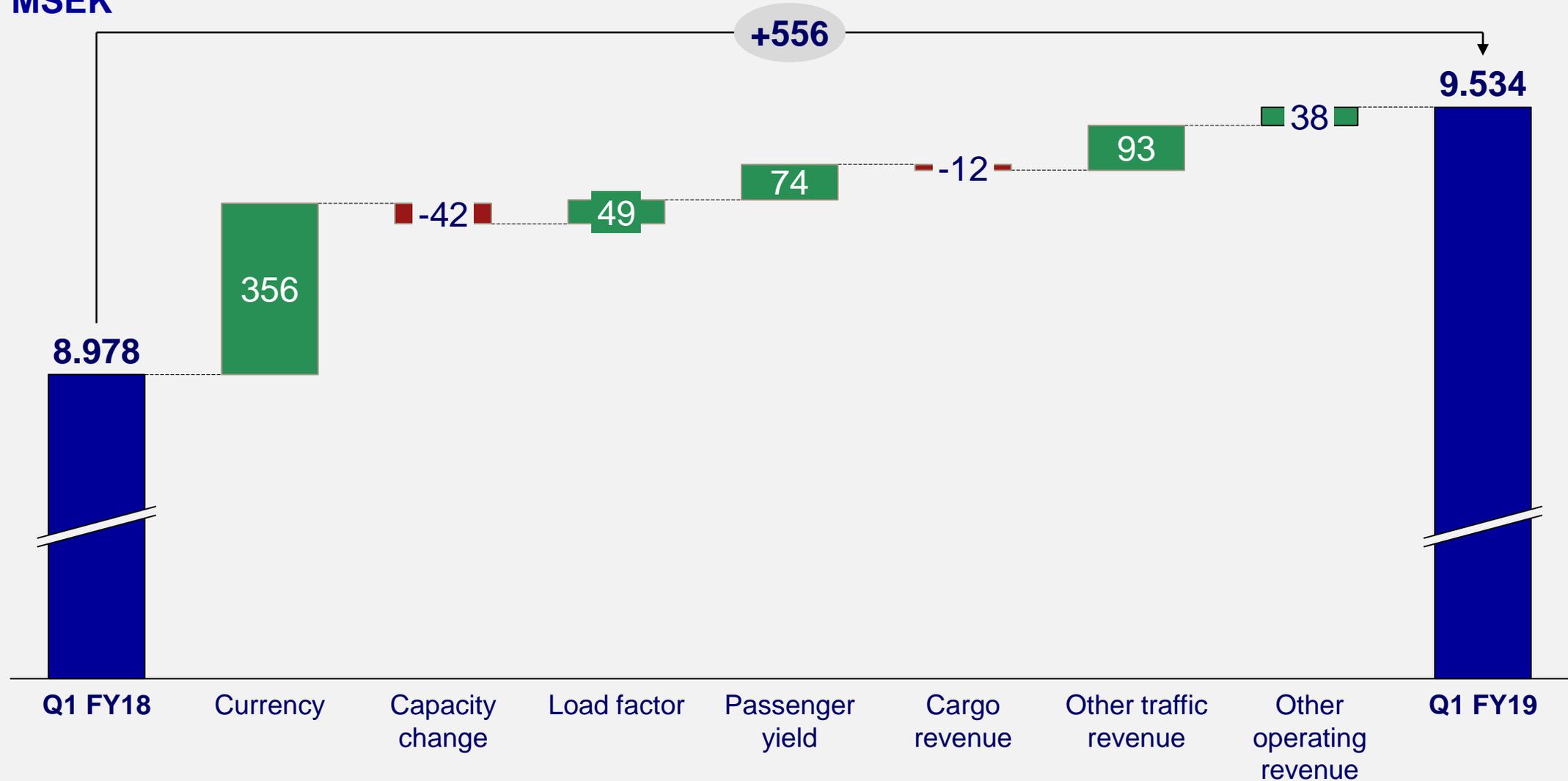
**Currency adjusted

Comments

- Revenue increase driven by currency, load factor and yield
- EBT decrease driven by:
 - Increase in jet fuel prices
 - Weakening of SEK vs USD
 - Underlying cost inflation
- Release of VAT provision gives MSEK 148 positive non-recurring effect
- Increase in net debt due to investments and redemption of preference shares

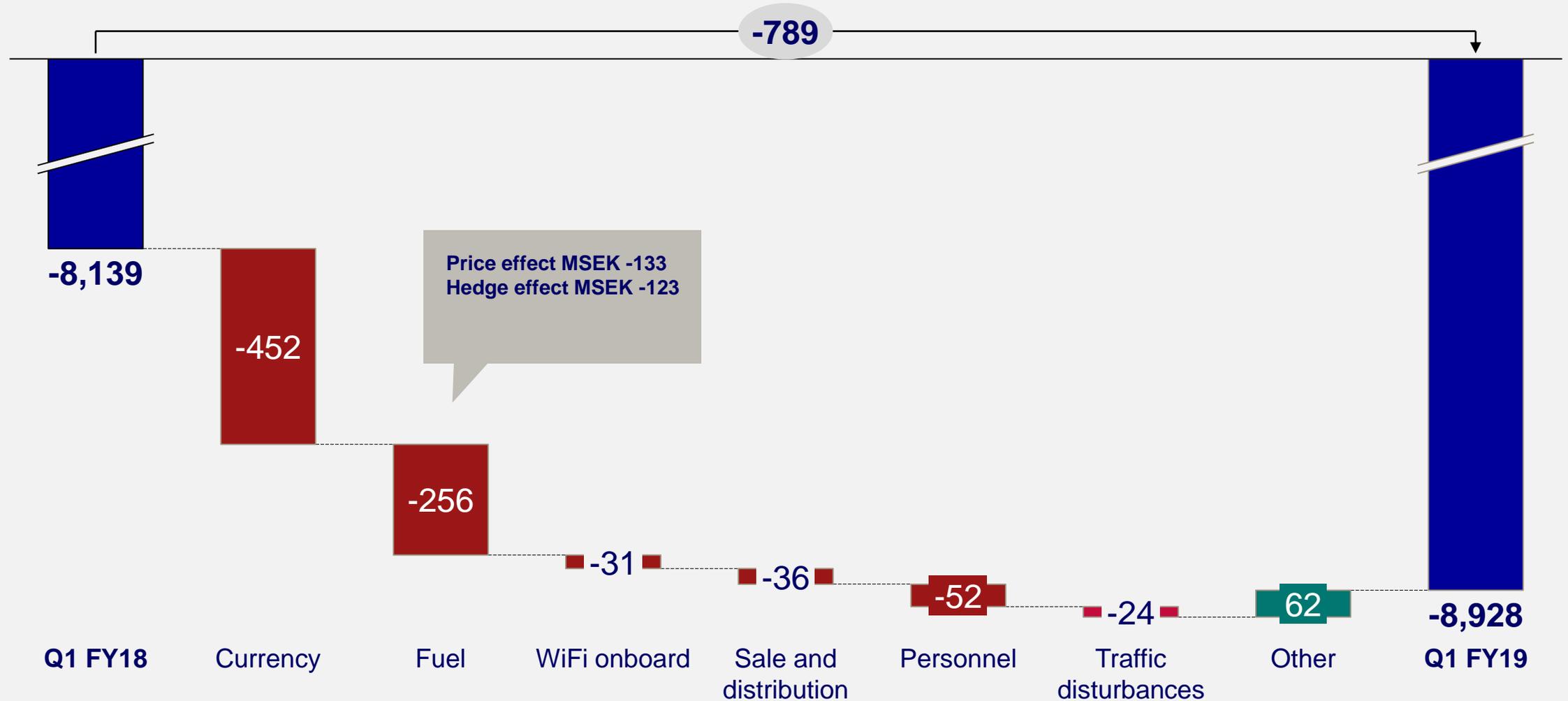
Revenue Development

MSEK



Development in Operating Expenses*

MSEK



Status - Efficiency Programme

Efficiency Programme (SEKbn)



Selected Examples – Q1

Charges

- Renegotiated charges at CPH (SEK 20m)

Fuel

- Improved fuel efficiency (SEK 15m)

Sales & Marketing

- Brand and marketing efficiency (SEK 10m)

Planning

- Improved crew sourcing (SEK 10m)

Jet fuel and Currency Hedges

Hedging of jet fuel at 31 October 2018

Hedge level (max price)	Feb–Apr -19	May– July -19	Aug– Oct -19	Nov-19- Jan-20	Feb– Apr-20
USD 701-750/tonne		99%			
USD 650-700/tonne	96%		68%		37%
USD 601-649/tonne				24%	

Sensitivity analysis, jet fuel cost Nov 2018-Oct 2019

	Exchange rate SEK/USD			
Market price	7.0	8.0	9.0	10.0
USD 500/tonne	7.3	8.1	8.8	9.6
USD 600/tonne	7.5	8.3	9.1	9.9
USD 700/tonne	7.7	8.6	9.4	10.2
USD 800/tonne	7.9	8.7	9.6	10.4

Jet fuel

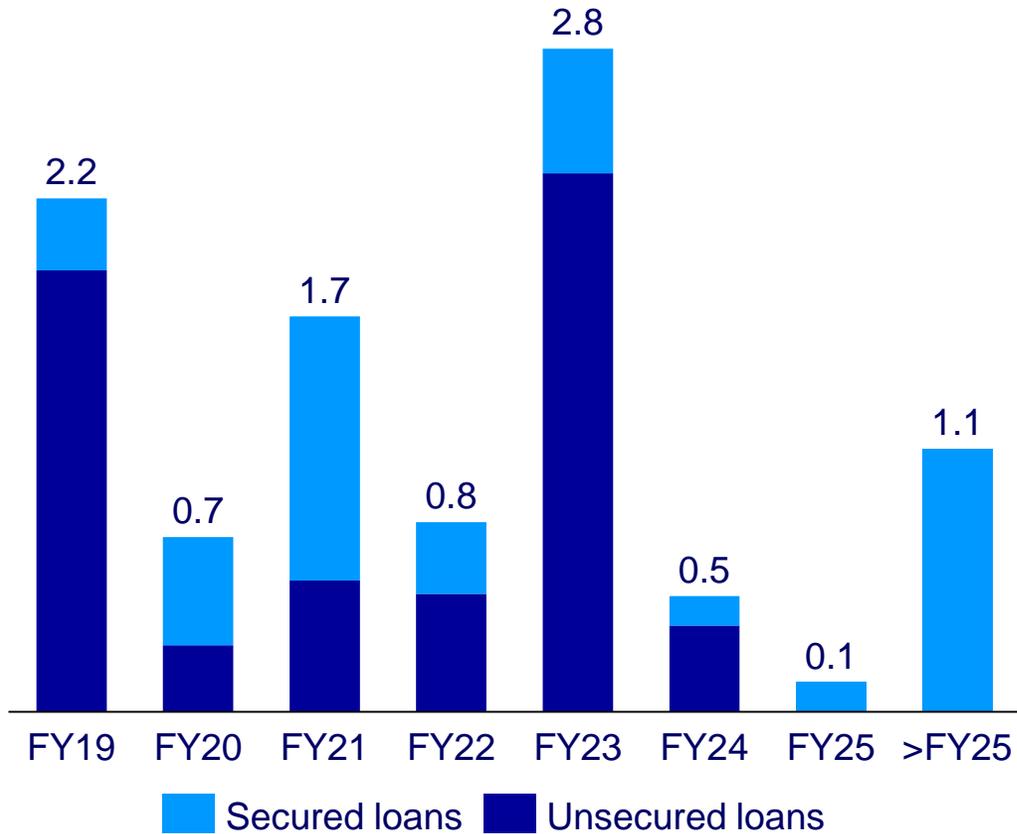
- Policy to hedge 40-80% of expected fuel consumption for the next 12 months and up to 50% for the following six months
- Position consists of mixture of options and swaps

Currency

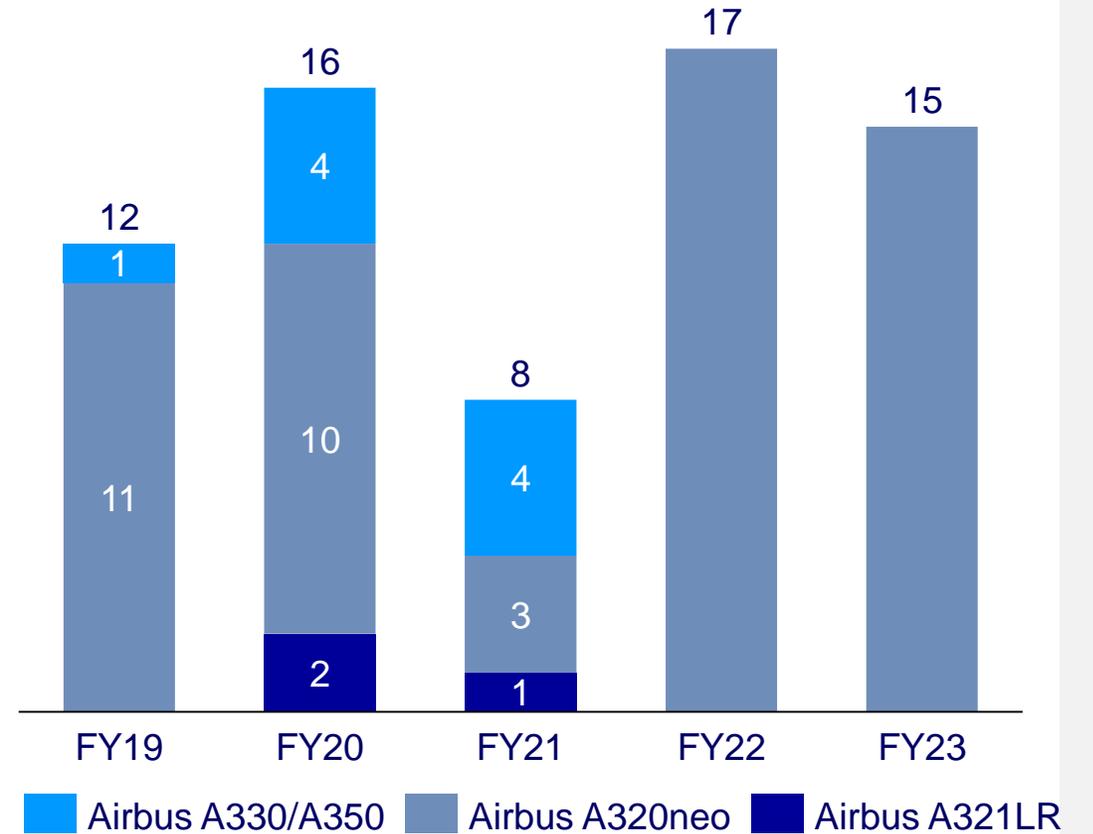
- Policy to hedge 40-80% of expected currency deficit/surplus for the next 12 months
 - 40% of USD hedged next twelve months
 - 51% of NOK hedged next twelve months

Debt Maturity Profile and Aircraft Orders

Maturity profile, SEKbn

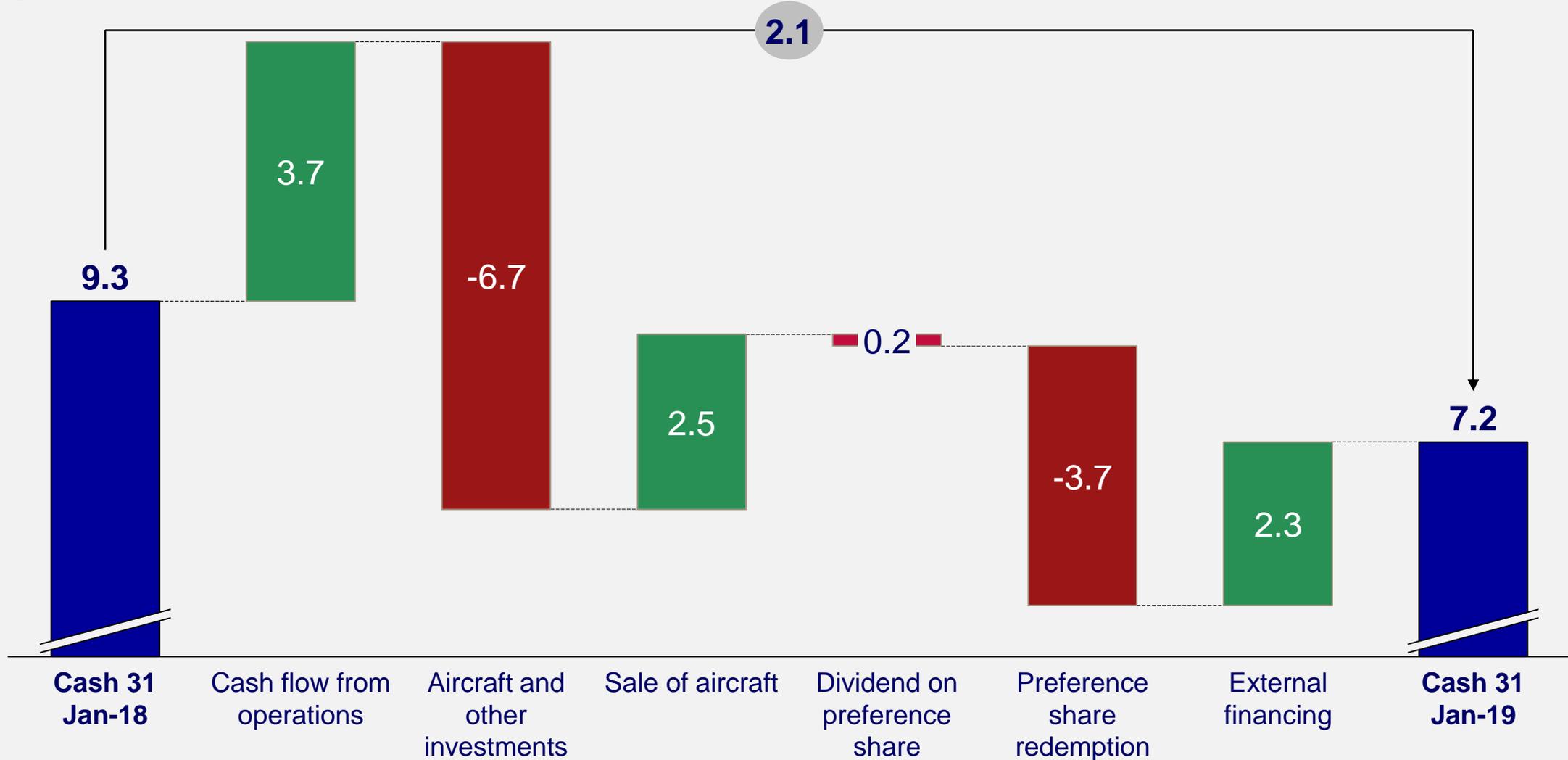


Aircraft orders, #



Development in Cash & Cash Equivalents

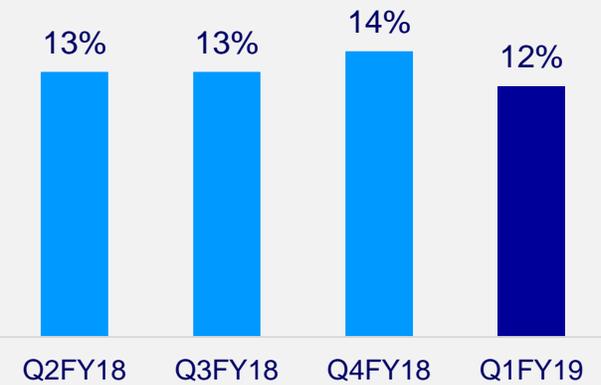
SEKbn



Financial Targets

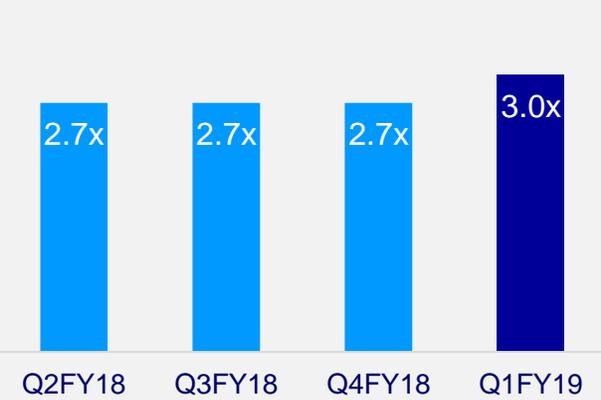
RETURN ON INVESTED CAPITAL (ROIC)

 >12%



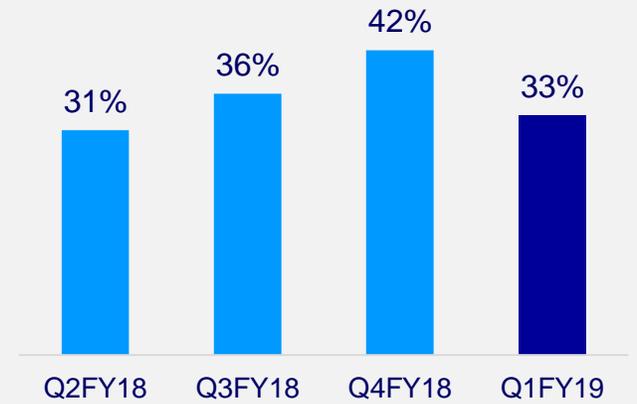
ADJUSTED NET DEBT /EBITDAR

 <3x



FINANCIAL PREPAREDNESS

 >25%



Outlook for FY19

KEY ASSUMPTIONS

- 2-3% scheduled capacity growth (ASK) for SAS in FY19
- Volatile, but increasing jet fuel prices
- Unfavorable FX development, in particular SEK/USD
- Expected earnings impact of efficiency enhancement measures of SEK 0.9 billion
- Gross investments expected to be around SEK 7 billion

SAS expects to deliver a positive result before tax and nonrecurring items in fiscal year 2019

Note: The outlook is based on no unexpected events occurring

Summary and Key Takeaways



EBT development in accordance with guidance



Continued progress towards sustainable aviation



Improved customer offering and operating model efficiency



Full year outlook unchanged

SAS

Income Statement

Income statement	Nov 18-Jan 19	Nov 17-Jan 18	Change vs LY	Currency
Total operating revenue	9,534	8,978	+556	+356
Payroll expenditure	-2,393	-2,268	-125	
Jet fuel	-1,961	-1,570	-391	
Government charges	-916	-921	+5	
Other operating expenditure	-3,658	-3,380	-278	
Total operating expenses*	-8,928	-8,139	-789	-452
EBITDAR before non-recurring items	606	839	-233	-96
<i>EBITDAR-margin*</i>	6.4%	9.3%	-2.9 p.u.	
Leasing costs, aircraft	-787	-760	-27	
Depreciation	-419	-353	-66	
Share of income in affiliated companies	-9	-9	0	
EBIT before non-recurring items	-609	-283	-326	-162
<i>EBIT-margin*</i>	-6.4%	-3.2%	-3.2 p.u.	
Financial items	-115	-102	-13	
EBT before non-recurring items	-724	-385	-339	-169
Non-recurring items	148	100	+48	
EBT	-576	-285	-291	-169

*before non-recurring items

Income Statement – Rolling 12 Months

Income statement	Feb 18-Jan 19	Feb 17-Jan 18	Change vs LY	Currency
Total operating revenue	45,274	42,675	+2,599	+1,512
Payroll expenditure	-9,361	-9,001	-360	
Jet fuel	-8,385	-6,812	-1,573	
Government charges	-4,154	-4,213	+59	
Other operating expenditure	-16,313	-15,330	-983	
Total operating expenses*	-38,213	-35,356	-2,857	-1,394
EBITDAR before non-recurring items	7,061	7,319	-258	+118
<i>EBITDAR-margin*</i>	15.6%	17.1%	-1.5 p.u.	
Leasing costs, aircraft	-3,183	-3,143	-40	
Depreciation	-1,623	-1,453	-170	
Share of income in affiliated companies	35	6	+29	
EBIT before non-recurring items	2,290	2,729	-439	+12
<i>EBIT-margin*</i>	5.1%	6.4%	-1.3 p.u.	
Financial items	-493	-444	-49	
EBT before non-recurring items	1,797	2,285	-488	-37
Non-recurring items	-38	-136	+98	
EBT	1,759	2,149	-390	-37

*before non-recurring items

Investor Relations

Most recent stock recommendations

Date	Institution	Recommendation	TP
2019-02-25	Sparebank1	Hold	SEK 23
2019-02-22	Sydbank	Buy	
2019-02-21	Nordea	Hold	SEK 24
2019-02-21	HSBC	Buy	SEK 26
2019-02-18	DNB	Buy	SEK 27
2019-02-15	Pareto	Buy	SEK 27
<i>Average</i>			<i>SEK 25,4</i>

Recommendations



Analyst coverage

Institution	Analyst
DNB	Ole Martin Westgaard
HSBC	Andrew Lobbenberg and Achal Kumar
Nordea	Hans-Erik Jacobsen
Pareto Securities	Kenneth Sivertsen
Sparebank 1 Markets	Lars-Daniel Westby
Sydbank	Jacob Pedersen

Selected Investor Relations events

- Q1 Roadshow, Oslo, 27 February
- Analyst meeting, Oslo, 27 February
- DNB Nordic Consumer Conference 2019, Oslo, 3 September

For more information:

Web: <https://www.sasgroup.net/en/category/investor-relations/>

Vice President Investor Relations:

-  Michel Fischier
-  michel.fischier@sas.se
-  +46 (0)70 997 0673
-  @MichelTW1