



# THE FIRST CHOICE FOR FREQUENT TRAVELERS

One of SAS's strategic priorities is to be the first choice for frequent travelers. We define frequent travelers as individuals who take five or more return flights per year. These travelers represent around 65–70% of the value of all flights within Scandinavia. Those who fly most often are also the most demanding in terms of the travel experience. By way of digitalization and by focusing on these customers, we can develop our product and our network – which in turn benefits all of our customers.

**0.5 MILL.**

**NEW EUROBONUS  
MEMBERS IN  
2015/2016**

**>60**

**SEASONAL  
ROUTES**

**1 MILL.**

**MORE PASSENGERS  
IN 2015/2016**

**6%**

**MORE PASSENGERS  
IN SAS PLUS  
IN 2015/2016**



### **THOSE OF US WHO TRAVEL FREQUENTLY:**

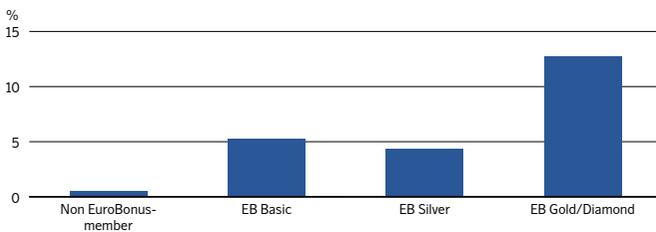
- See ourselves as experienced travelers – traveling is a genuine interest and a part of our lifestyle.
- Like to be on the move – it gives us energy.
- Like to fly, as this means time to ourselves – to relax and reflect on things.
- Are early adopters – test new things before others and keep up-to-date with the latest developments.
- Use the internet and social media to find new travel ideas and inspiration.



## STRONG OFFERING TO SCANDINAVIA'S FREQUENT TRAVELERS

We are strengthening SAS's product and offering by making more seasonal adjustments thanks to our expanded wet-lease production and long-haul offering, a new cabin interior and enhancement of EuroBonus. This has delivered results, with our most frequent travelers traveling more frequently in 2015/2016 than other customers, thereby reinforcing loyalty to SAS.

PASSENGER TRENDS IN 2015/2016 COMPARED WITH THE PREVIOUS YEAR, %



### LOYALTY

SAS's EuroBonus program is at the core of creating a closer customer relationship, while simultaneously setting us apart from competitors. We are therefore developing and renewing EuroBonus to make the program even more attractive and relevant. We have been enhancing EuroBonus since 2014, enabling more members to take advantage of the many program benefits, while simultaneously expanding the number of business partners.

Improvements made to the EuroBonus program have been received positively and in 2015/2016, 0.5 million members joined the program, meaning we now have 4.7 million members.

EuroBonus will celebrate 25 years in 2017. We plan to highlight this by making more improvements to the program, which have been made possible by our new digital platform that is under development. This new digital platform enables us to provide a more individualized service to our customers. Thanks to this new platform, we are able to launch a range of improvements that will make it easier to earn and use points as well as make it more rewarding to be a part of EuroBonus. Our loyal members are very important to SAS and we want this to be noted. We will therefore continue to enhance the offering to our members by way of a wider network and greater access to EuroBonus flights, as well as improved offerings through partnerships with credit card companies and other partners.

### MOST COMPLETE PRODUCT FOR CORPORATE CUSTOMERS

About 60% of EuroBonus members fly on business, with corporate-agreement customers representing more than one-third of passenger revenue. This makes corporate customers a highly important customer segment among frequent travelers. Out of all the airlines in Scandinavia, SAS offers the most customer-oriented network with the greatest number of options. We have strategic partnerships with our largest corporate customers through

which we offer customized solutions. The 20 largest corporate customers increased their share of travel with SAS in 2015/2016, despite challenges in certain industries and sectors.

We offer SMEs the SAS Credits loyalty program, through which companies can cut their travel costs by earning Credits on all travel. In addition to flights, Credits can also be earned through some of our partners on items other than air travel. More and more companies are noticing the advantages of booking their travel with SAS and in 2015/2016, the number of SAS Credits customers increased by over 11,000, which contributed to higher revenue.

### DYNAMIC AND CUSTOMER-ORIENTED NETWORK

SAS offers the most complete network with frequent departures and smooth journeys to, from and within Scandinavia. Thanks to the flexibility our aircraft fleet affords us, we are also able to offer more departures while maintaining fuel-efficiency. SAS accounts for 45% of all departures from our primary Scandinavian airports, while the largest competitor accounts for 22%.

As demand from our customers fluctuates considerably depending on the season, we have made more seasonal adjustments to our route network, for example notably increasing our leisure production during the summer. We have also supplemented our own production with wet-lease production. This means that SAS can offer a more customer-oriented, environmentally efficient and attractive network.

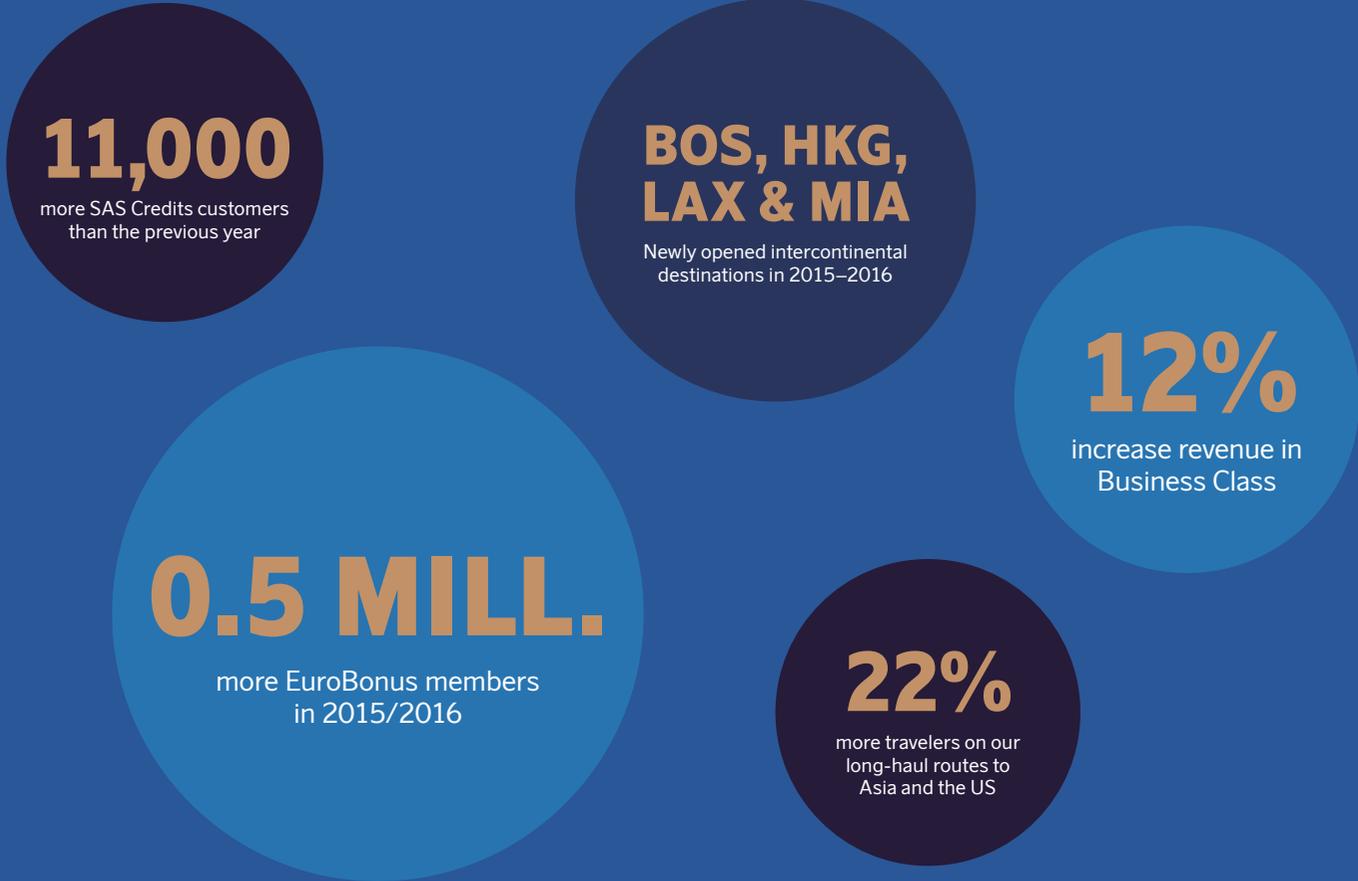
## NEW PRODUCTS FOR OUR CUSTOMERS

### MORE OPTIONS WITH SAS GO LIGHT AND SAS PLUS SAVER

Over the spring and summer of 2016, we increased the range of options for our customers first by launching SAS Go Light, which is a pared-down option adapted to European market trends. SAS Go Light not only provides customers with an expanded range of options, but also strengthens our competitiveness in terms of price comparisons on various search engines. SAS Go Light has been positively received and, from May through to the end of the fiscal year, nearly 1.3 million passengers traveled using this concept.

In June, we introduced SAS Plus Saver on selected routes between Scandinavia and Europe. This includes the same benefits as SAS Plus, with the exception of free cancellation and rebooking. This gives our customers more options to choose the offering





## STAR ALLIANCE ENHANCES SAS'S GLOBAL NETWORK

Membership in Star Alliance offers our travelers many advantages, for example access to lounges, Fast Track and the opportunity to earn and use points with member companies. In cases where our passengers are impacted by flight irregularities, passengers can reach their destinations by rebooking to the next available Star Alliance flight.



### FACTS STAR ALLIANCE

- ✓ 27 member companies
- ✓ 1,300 destinations
- ✓ Service in 190 countries
- ✓ Over 1,000 lounges
- ✓ Around 18,450 departures each day
- ✓ 4,631 aircraft

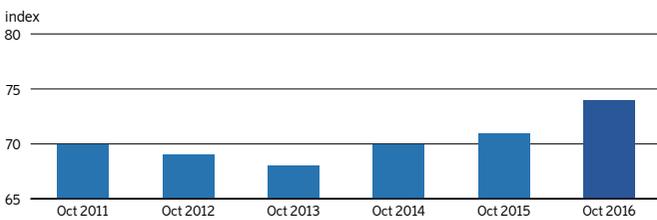
that best matches their needs, and it contributed to travel under SAS Plus increasing by over 20% in the July–October 2016 period compared with the year-earlier period.

**EXPANDED LONG-HAUL OFFERING**

In 2015 and 2016, through efficient use of capital, we expanded our offering to Asia and the US by increasing the aircraft fleet from 12 to 16 aircraft. We opened new routes to Boston, Hong Kong, Los Angeles and Miami and expanded the frequencies on several of our existing routes. At the same time we upgraded all of our long-haul aircraft with new, modern and more comfortable cabins, Wi-Fi and a new food and drink concept.

This investment has been received very positively and more customers than ever traveled on our intercontinental routes in 2015/2016, while customer satisfaction also rose considerably.

**CUSTOMER SATISFACTION ON SAS'S INTERCONTINENTAL ROUTES**



In October 2016, we began upgrading the cabins on the short and medium-haul fleet in connection with the delivery of the first totally new A320neo. This aircraft type also reduces CO<sub>2</sub> emissions per passenger kilometer by about 15–20% and cuts noise around airports by half. In 2017, we will begin upgrading the cabin interiors of our Boeing 737s and Airbus A320s, which will include the installation of high-speed Wi-Fi.

**SMOOTH TRAVEL EXPERIENCE ON THE GROUND**

Customers also value a smooth travel experience on the ground. For this reason, SAS has opened more lounges and Fast Tracks as well as automated check-in services. We now offer SAS Lounges, Fast Track and self-service options for baggage on 75% of the 50 largest passenger routes. SAS is the only airline in Scandinavia to offer this at so many airports.

SAS's lounges are a place where our customers can relax, work and network while traveling. We have SAS lounges at twelve airports in total. Travelers at other airports can visit the lounges of our Star Alliance partners.

**NEW DIGITAL PLATFORM**

Questions for Mattias Forsberg, Executive Vice President and CIO



**SAS is investing in digital transformation. How will this be evident to customers?**

We are investing in the modernization of our entire IT platform to become more efficient and to be able to quickly offer our customers services that facilitate their travel and daily life. The focus is on renewing our digital customer interfaces, such as the new website, and our EuroBonus and check-in services that will be replaced by a new digital platform. This will allow for more individualization, improved on-board customer service, increased internal efficiency and it will enable us to create more relevant and independent offerings.

**What are the advantages of the website?**

The greatest advantages are that it will be much quicker and simpler to connect to new services and products linked to booking tickets that are in demand among our customers. Another advantage

is that it is responsive and optimized for computers, tablets and mobile phones.

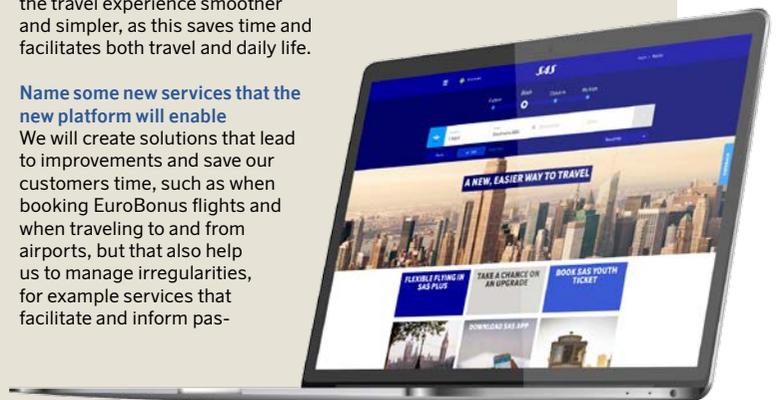
**When developing new services, what are your priority areas for which the new platform could be used?**

We are focusing on developing services that are in demand among frequent travelers and that make the travel experience smoother and simpler, as this saves time and facilitates both travel and daily life.

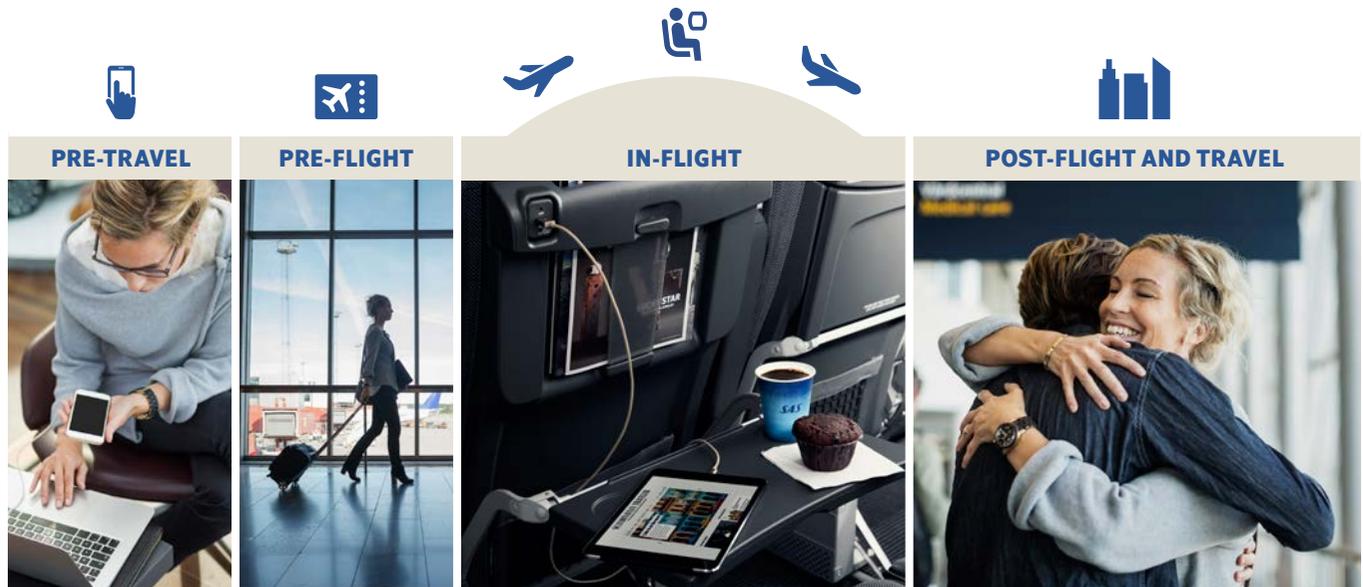
**Name some new services that the new platform will enable**

We will create solutions that lead to improvements and save our customers time, such as when booking EuroBonus flights and when traveling to and from airports, but that also help us to manage irregularities, for example services that facilitate and inform pas-

sengers when baggage is delayed or simplify the rebooking process when there are traffic delays. Managing irregularities requires major resources but is similarly an area that we consider a high priority, because we know that it is valued highly by our customers and sets SAS apart from competitors.



One advantage is that it is responsive and optimized for computers, tablets and mobile phones.



## DIGITALIZATION OF THE TRAVEL CHAIN

SAS is investing some SEK 0.5 billion over four years in a new digital platform to improve, simplify and streamline the overall travel experience of our customers. Every point of contact, right from the point of booking, how customers travel to the airport, the actual travel experience, what customers do at their destination and up until the journey is complete can be digitalized. The new platform also enables us to offer more supplementary services that are in demand. The digital transition should also future-proof SAS's IT system by simplifying and discontinuing systems that are complicated and costly.

### PRE-TRAVEL

During the winter of 2016/2017, SAS launched a new website based on the new digital platform. The new site is based on our customers' wishes and has a totally new design, a simplified booking flow and more options to book supplementary services. One of the supplementary services we are considering launching is the option for customers to choose to convert the fuel consumption of their flight from fossil to renewable.

SAS's app is ranked top among all airlines in Europe and highly on a worldwide perspective. The app is also used increasingly by our customers to book tickets, with sales via the app increasing about 40% in 2015/2016. The new digital platform gives us the opportunity to take the next step in developing SAS's app.

### PRE-FLIGHT

Customers appreciate being able to manage their own check-in before a flight. SAS was the first airline in the world to receive platinum status during IATA's Fast Travel initiative by offering self-service options for 90% of passengers for the most important processes at airports as early as 2013. Over 80% of SAS passengers with baggage in Scandinavia used one of SAS's

automated check-in services in 2015/2016. At our development unit, SAS Labs, we are developing an electronic baggage tag that customers can re-use and activate electronically when checking in. This means we can further simplify the check-in process and save our customers time.

### IN-FLIGHT

Digitalization means many new possibilities for improving service on board. In the autumn, all cabin crew were equipped with iPad Minis to thereby give our passengers even better and individualized service while also providing an efficient tool. We have also decided to install the market's fastest Wi-Fi as of the second half of 2017 on our short and medium-haul fleet. With speeds of 12MB/second and higher per passenger, time on board can be used more effectively for work or to enjoy streamed TV shows, music or films. By connecting both passengers and staff on board, personal service can be taken to new levels and we can develop our digital solutions that make life easier for our customers.

### POST-FLIGHT

Digitalization means we can make our ground handling services more efficient and introduce new automated services that also improve the customer experience in the event of irregularities. It should offer better baggage-tracking options and improved information to customers in connection with delayed baggage, among other benefits.



<sup>1</sup> App Annie – 8/9 2016