

SAS

Q1 FY 2022



February 22, 2022

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Quarter negatively impacted by Omicron

Q1-22

Highlights Q1

- Strong demand early in the quarter
- Negatively affected by Omicron
- Operational challenges driven by sick-leave
- Driving sustainable aviation:
 - New fuel efficient 321LRs
 - Launched co-operation with Vattenfall, LanzaTech and Shell
 - EuroBonus points for sustainable aviation fuel
- Ending the quarter with SEK 3.4 billion cash position

Looking ahead

- Booking momentum increased
- Closely following demand and booking window development
- Changed passenger mix with higher number of leisure travelers
- Increased industry capacity
- Moving from pandemic to forward:
 - Summer program with 230 routes to 120 destinations
 - New routes to Toronto from Copenhagen and Stockholm
 - Bergen base announced

Q1-22	CHANGE VS. Q1-21
Passengers (million)	
3.1	+2.1mn (+208%)
Capacity (ASK, total, mill. km)	
7 072	+4 303 (+155%)
Revenue	
SEK 5.5bn	+3.3bn (+143%)
Total Operating Expenses	
SEK 6.9bn	+2.4bn (+54%)
EBT	
SEK -2.6bn	-0.7bn (-34%)

Ramp-up impacted by Omicron (1/3)

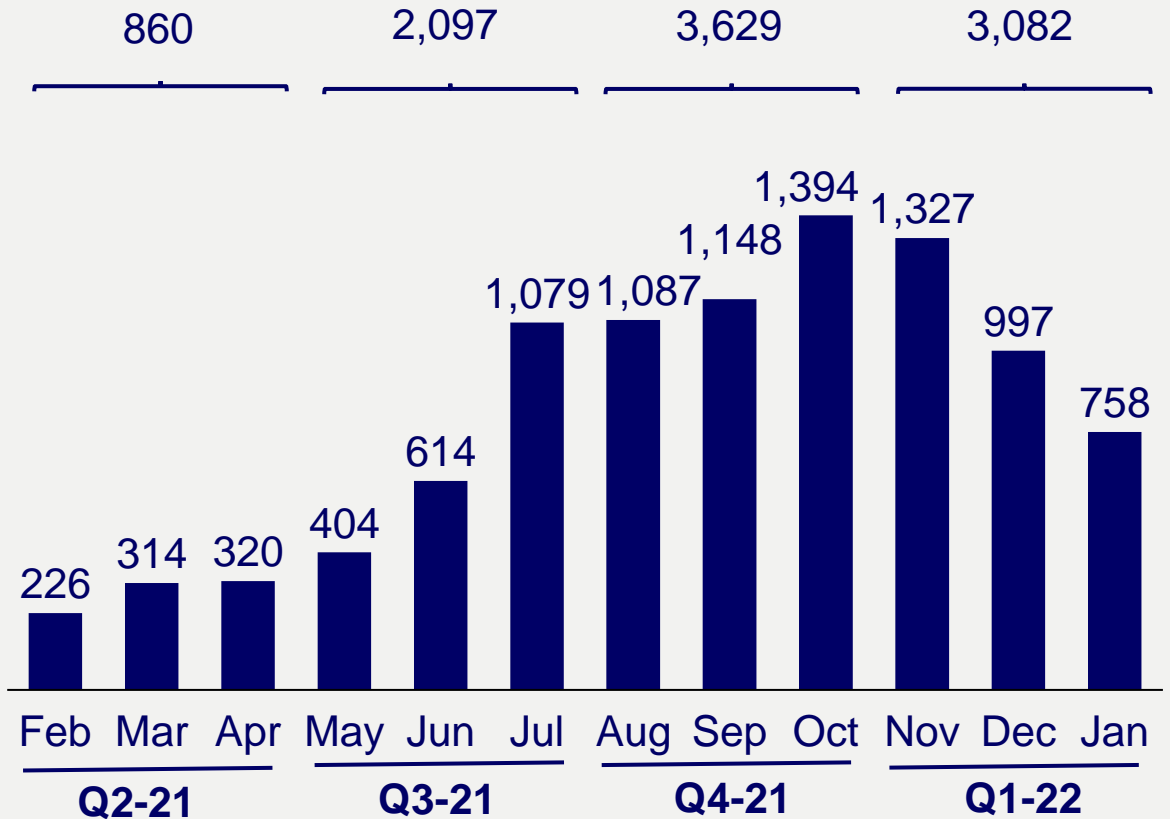
Demand facts

- Winter is generally a lower demand season
- Demand negatively affected by Omicron
- Abrupt changes of demand impacting ramp-up
- Leisure bounces back quicker
- Easing restrictions in core markets at the end of the quarter



SAS' passenger development

Thousand passengers

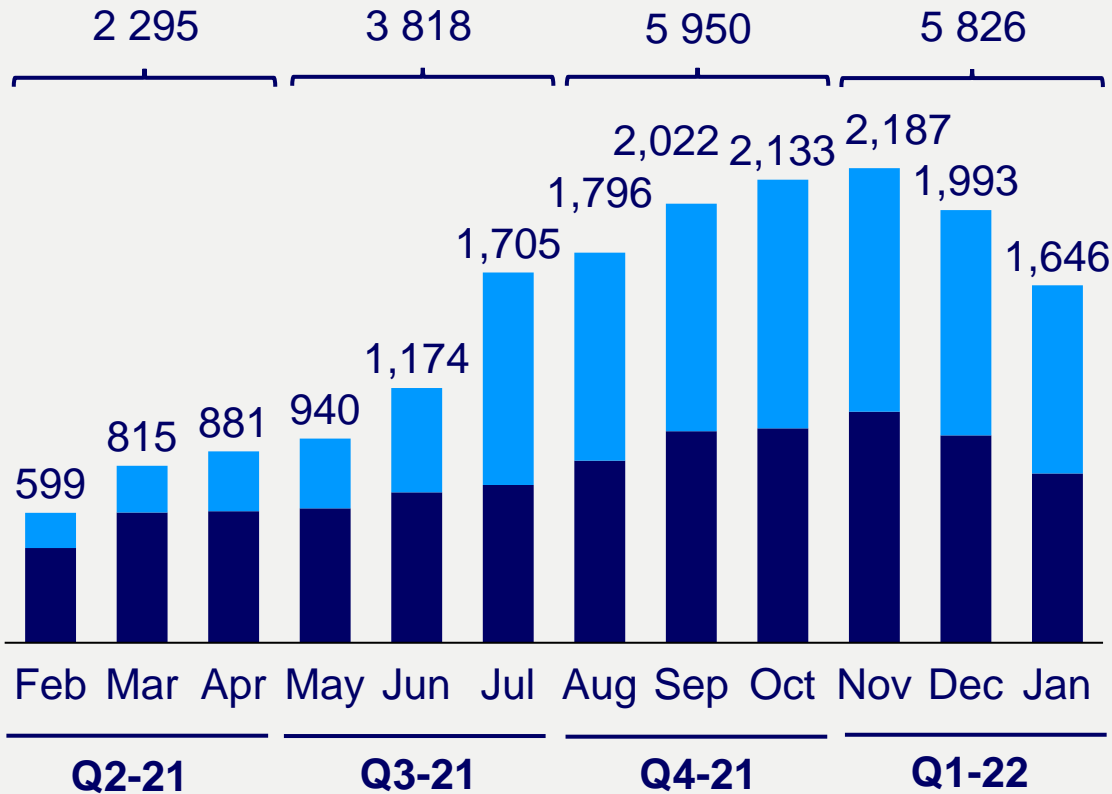


Ramp-up impacted by Omicron (2/3)

SAS' seat capacity development

of seats, thousands

International Domestic



Selected operational metrics

(Q1 2022 vs. Q4 2021)

Departures

40 060
(-1.2%)

Cabin factor (%)

56.9%
(-3.1 pp*)

Regularity (%)
72h

97.0%
(-1.5 pp*)

Punctuality (%)
P15

74.5%
(-10.9 pp*)

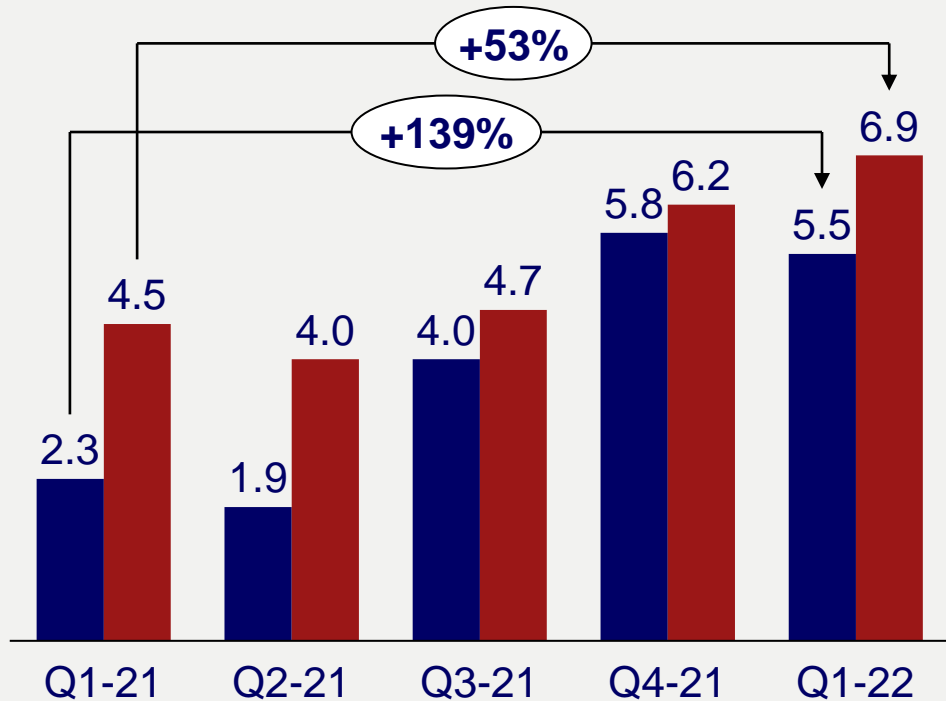
*: percentage points

Ramp-up impacted by Omicron (3/3)

SEK billions

Revenue and cost

■ Revenue ■ Cost



Quarter burdened by Omicron

- Total revenue increased Q1 vs LY by SEK 3.3bn, whereas costs increased by SEK 2.4bn vs last year.

Revenue

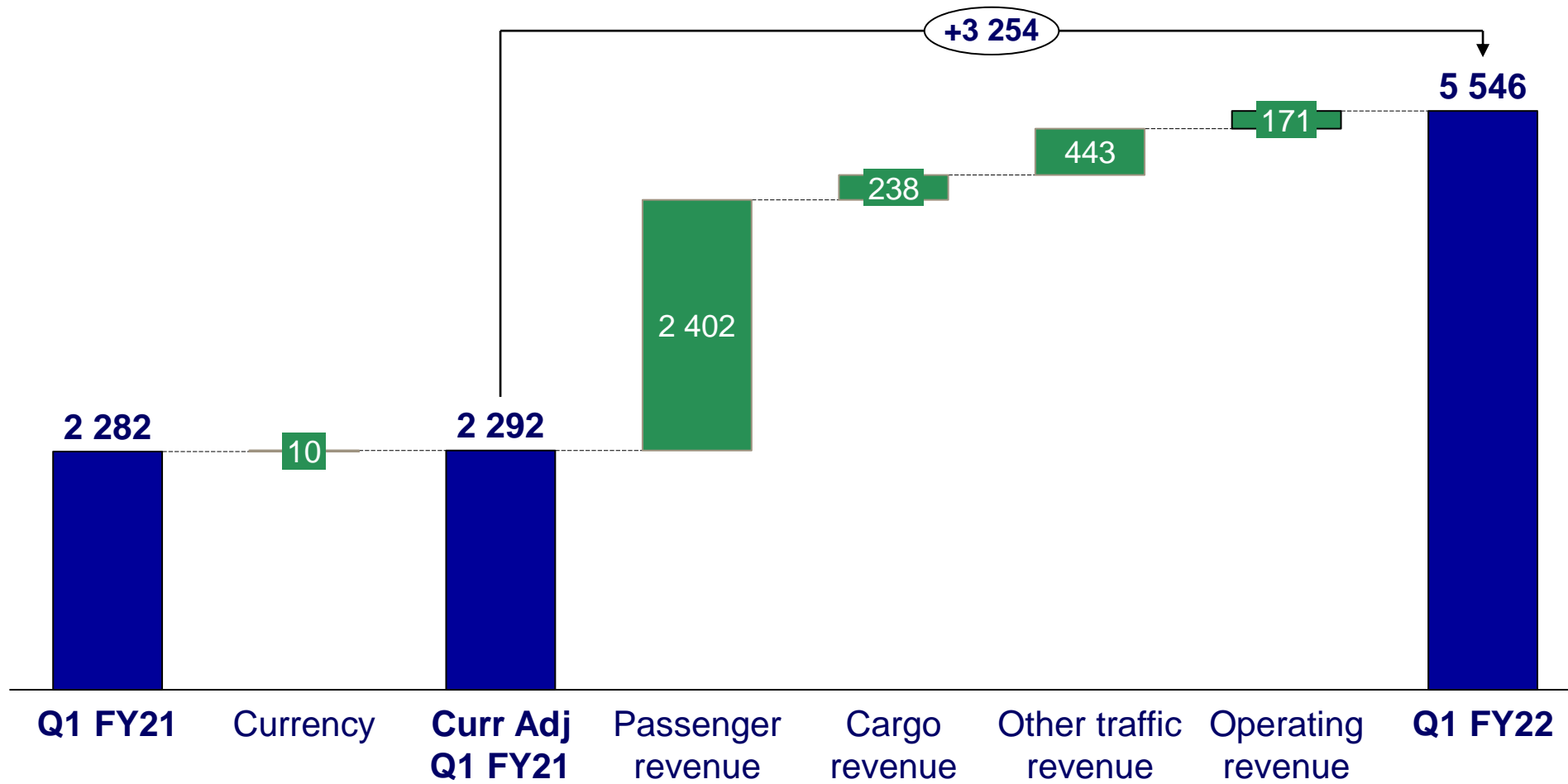
- Impacted by Omicron effect

Cost

- Impacted by fuel price
- No Furlough compensations
- Foreign exchange effect

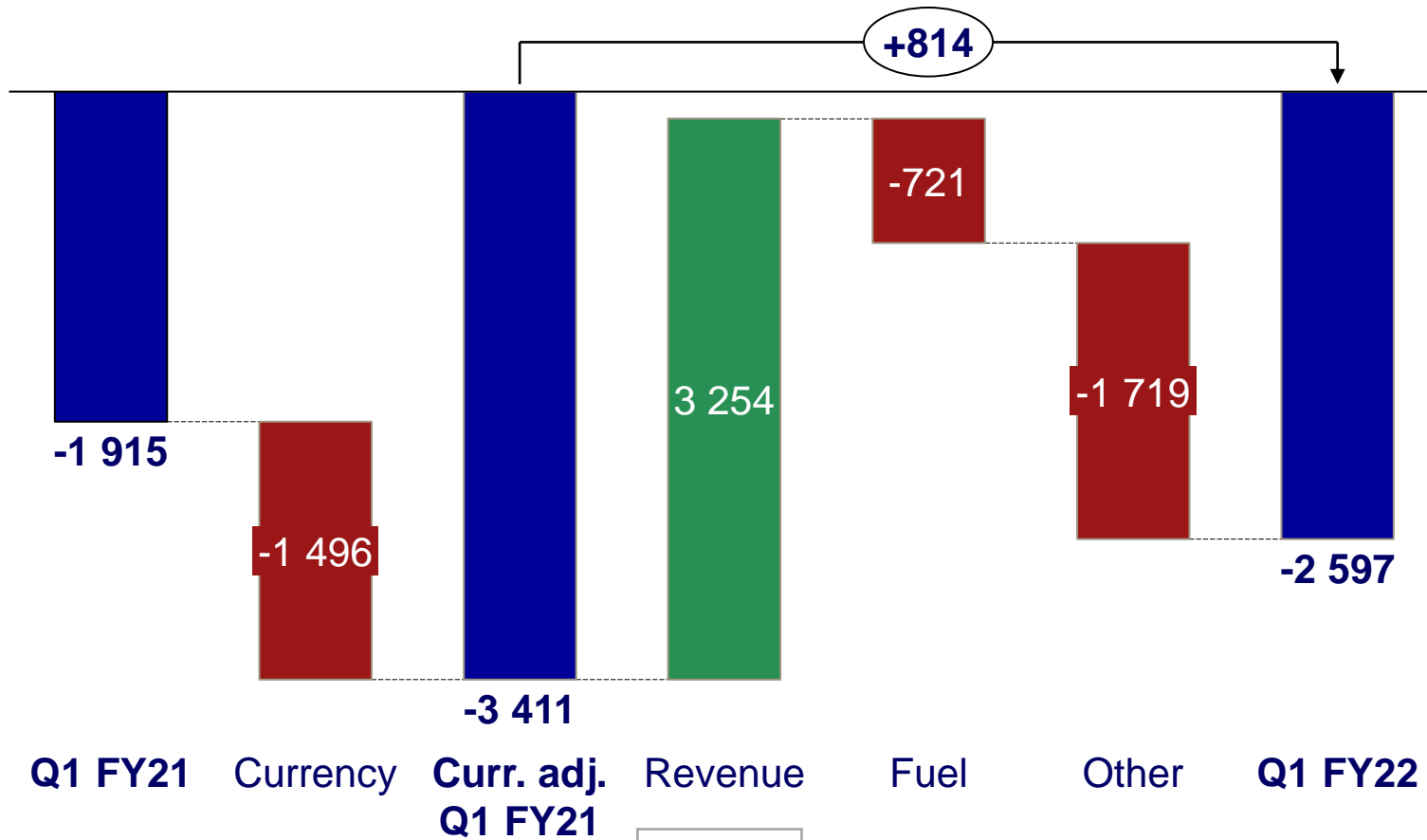
Revenue development: Q1 FY22 vs. Q1 FY21

MSEK



EBT development: Q1 FY22 vs. Q1 FY21

MSEK



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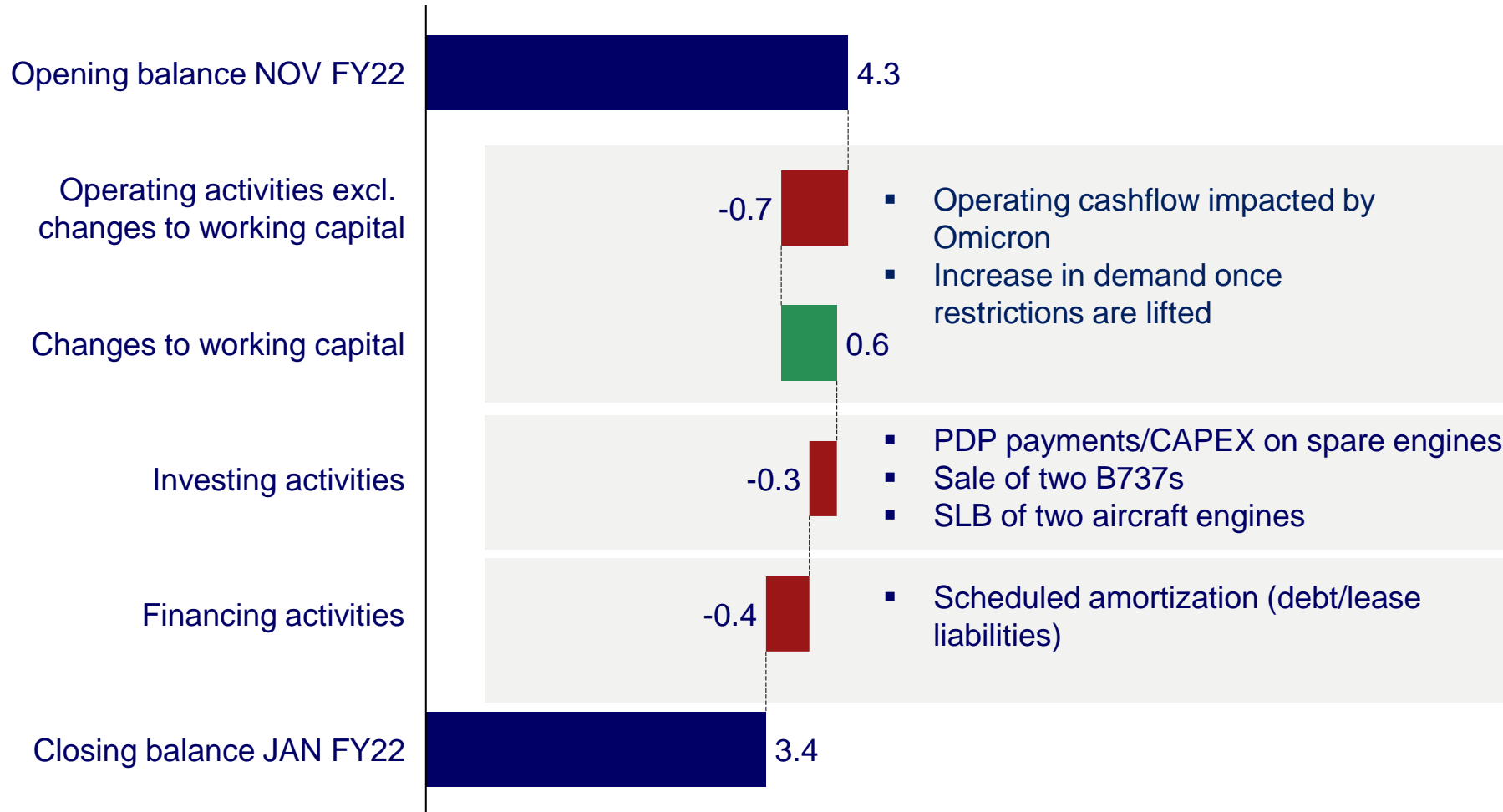


- Increased ASK 150%
- Currency SEK -1 448 million
- Increased fuel price

Cashflow impacted by new Covid restrictions and recommendations

Cash and cash equivalents Q1 FY22

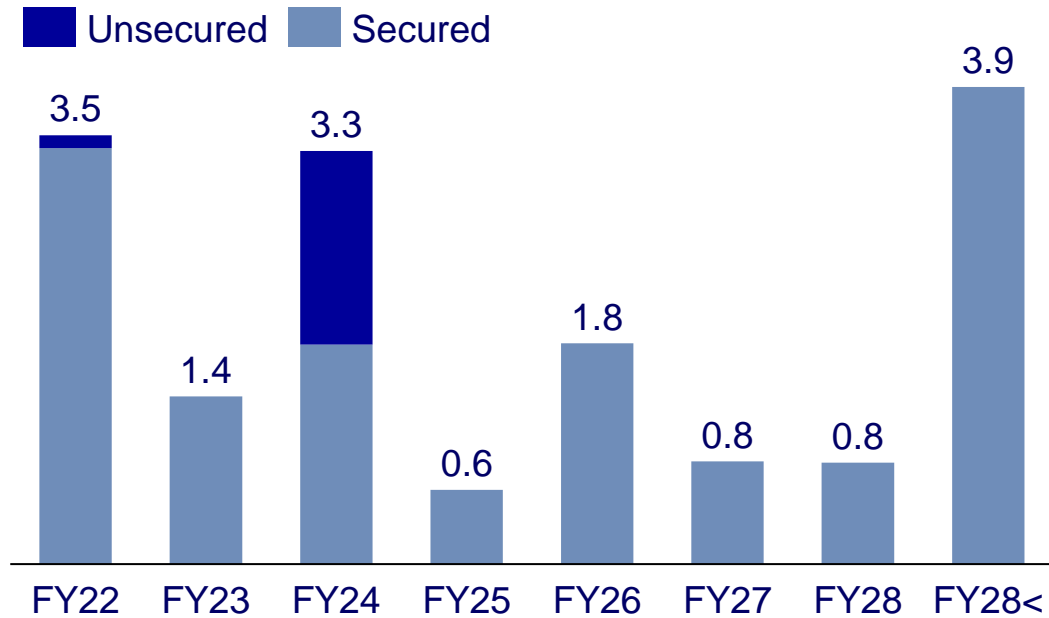
SEKbn



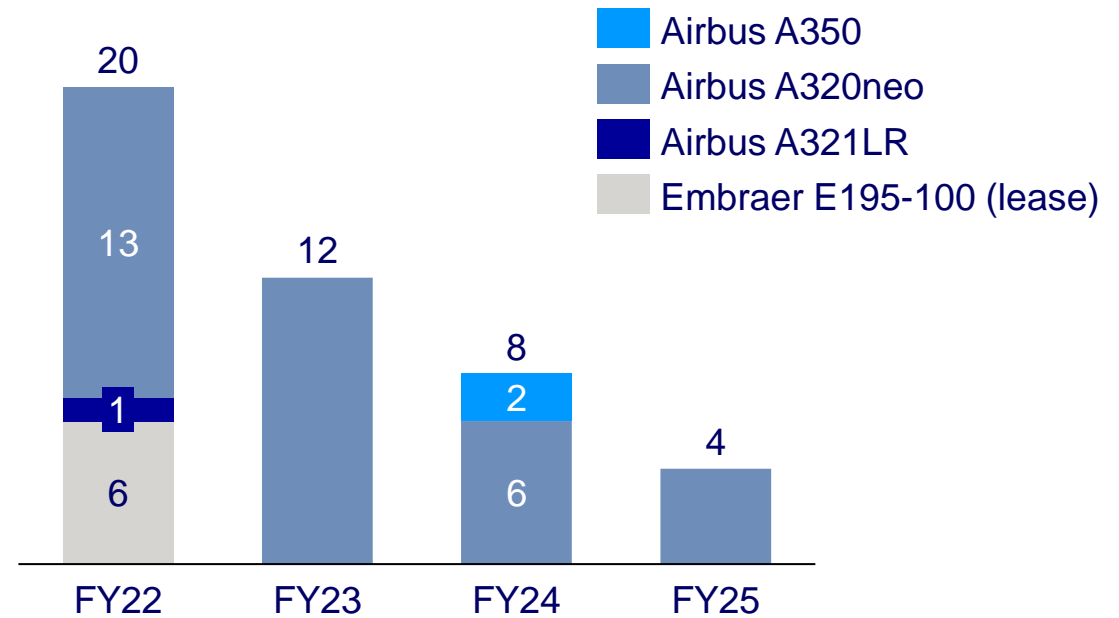
- Focus to mitigate seasonality effects
- Liquidity improves with ramp-up of demand
- The SEK 3 billion loan from largest owners, was added to the cash position after the closing of the quarter

Debt Maturity Profile and Aircraft Orders

Maturity profile, SEKbn



Aircraft orders,



Hybrid notes

- State Hybrid note 1, SEK 5 billion
- State Hybrid note 2, SEK 1 billion
- Commercial Hybrid note, SEK 1.6 billion

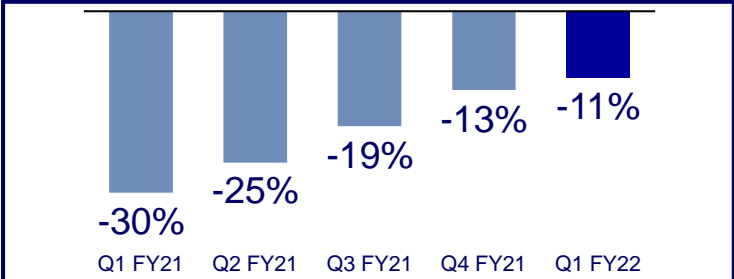
Hedges

- **Fuel:** 0% of expected fuel consumption hedged
- **USD:** 43% of USD hedged next twelve months
- **NOK:** 54% of NOK hedged next twelve months

Financial Targets

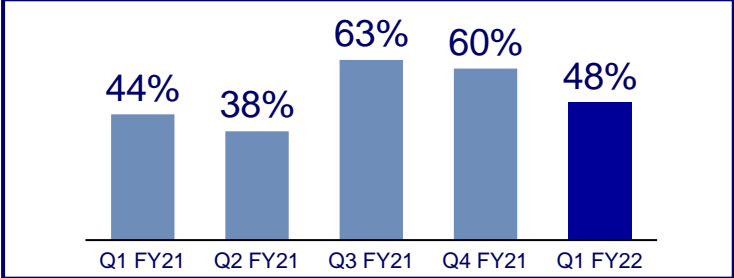
Return on invested capital (ROIC)

 **>WACC%**



Financial preparedness

 **>25%**



**Financial net debt
EBITDA**

 **<3.5x**

N/A



SAS
Forward



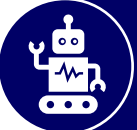



A prolonged pandemic leading to increased competition and changed market conditions



SAS will implement a comprehensive transformation = SAS FORWARD

Strategic	Objective	Key areas
Increased customer preference	Leverage SAS brand	<ul style="list-style-type: none"> ▪ EuroBonus & Alliances ▪ Lounges at hubs ▪ Product offering in SAS Plus
Drive cost competitiveness	Competitive unit cost	<ul style="list-style-type: none"> ▪ Fully competitive cost base ▪ Leveraged digital transformation ▪ Improved flexibility
Redesigned network & fleet	Improved margins, lower risk	<ul style="list-style-type: none"> ▪ Introduce and grow new bases ▪ More capacity on leisure markets ▪ Effective utilization of resources
Build sustainable future	Forefront in aviation industry	<ul style="list-style-type: none"> ▪ Fleet renewal and sustainable aviation fuel ▪ Attract, recognize & retain talent ▪ Providing financial return

Key elements of SAS FORWARD

-  Reducing the annual costs by SEK 7.5 billion
-  Redesigned fleet, network and product offerings
-  Digital transformation
-  Positioning SAS as the leader in sustainable aviation
-  Operating platform acceleration
-  Strengthening SAS balance sheet by deleveraging and raising new capital

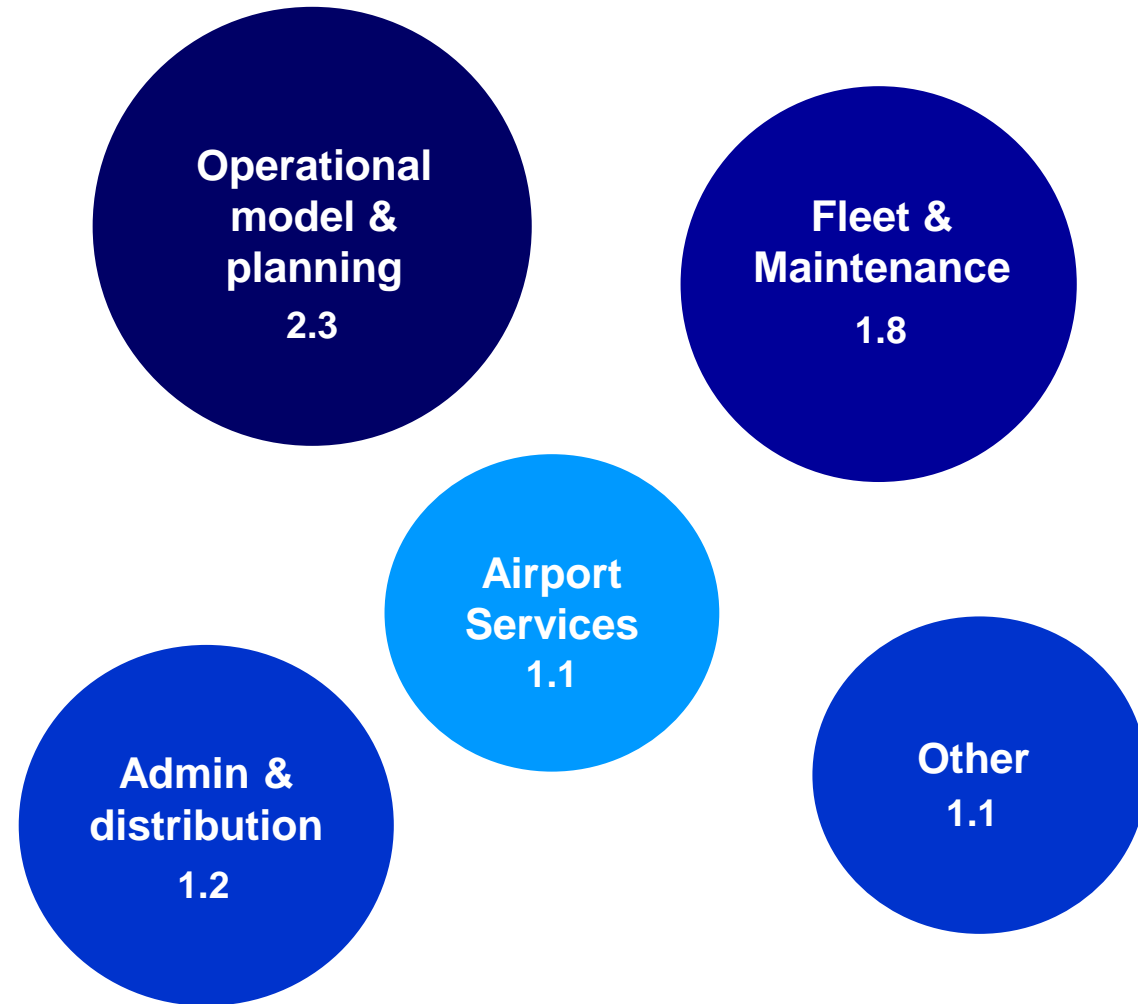
SAS to reach its full potential by being competitive

Reducing the annual costs by SEK 7.5 billion

SAS will aggressively pursue reducing costs with a far more comprehensive burden sharing across all major stakeholder and creditor groups

Reducing total annual cost by SEK 7.5 billion

3.5	Further SEK 3.5 billion savings
2.0	SEK 4 billion savings communicated in 2020
<input checked="" type="checkbox"/> 2.0	



Redesigned fleet, network and product offerings

SAS is adopting new network principle and adjusting its fleet and product offerings to position SAS for the future and to enhance customer experience

Redesigned network to drive significant benefits

- Optimizing resource utilization
- Reduce complexity

Establishing new bases

- Expand regional relevance
- Mid-size aircraft to be utilized on smaller routes

Optimize route portfolio and schedule

- Increased capacity on leisure markets
- Additional flights during peak season on high demand destinations

Further develop customer features

- Unbundling and ancillary services
- EuroBonus and product offering in SAS Plus and Business



Attractive customer features

More non-stop routes

Increased resource utilization

Digital transformation

SAS will undergo a major digital transformation, delivering major improvement in customers' experiences driving financial benefits

Build competitive advantage



Meet changing **consumer demands**



Improve position in the leisure segment



Increase **ancillary revenue through personalization**

Realize full digital benefits



Deliver smooth **customer-centric** end-to-end travel experience



Ensure **efficient service operation** and processes

Secure competitive cost base




Secure **utilization of assets** and holistic planning



Digital transformation driving cost savings, revenue opportunities and a major improvement in customer experience

Positioning SAS as the leader in sustainable aviation

SAS will invest in modern fuel-efficient aircraft, sustainable aviation fuels, emerging technologies and sustainable products and services with incentivized customer behavior change

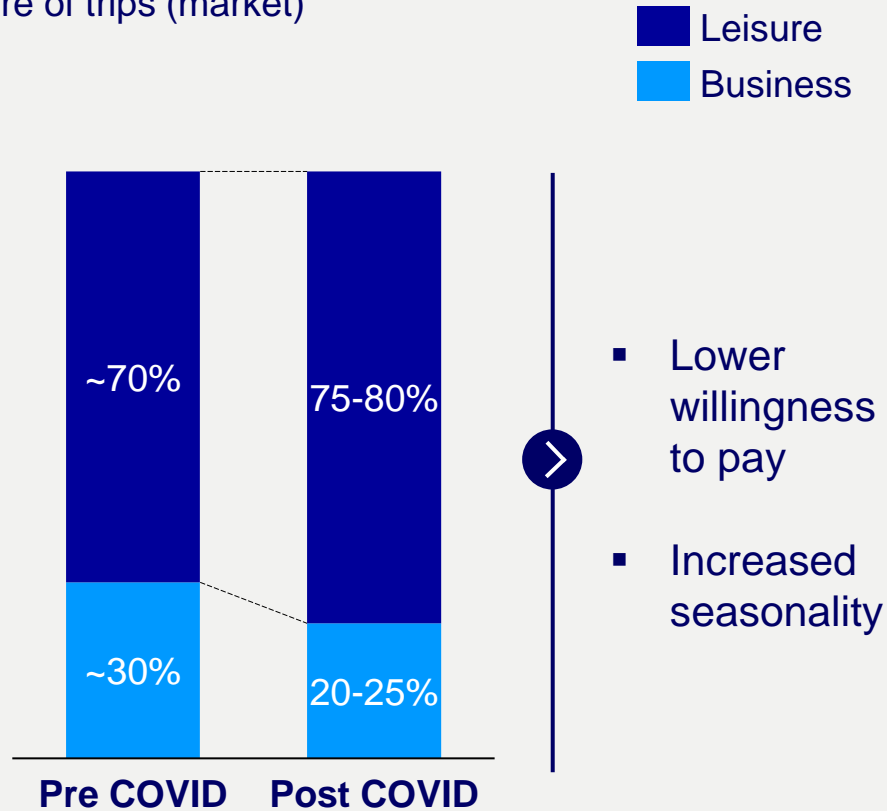
2025	2030	2050	
<ul style="list-style-type: none"> • 25% lower total CO₂ emissions compared with 2005 (absolute emissions) 	<ul style="list-style-type: none"> • Sustainable aviation fuel equivalent to SAS' domestic production • 100% sustainable materials in customer offering • 100% recycling where possible 	<ul style="list-style-type: none"> • Net zero carbon emissions 	
<p>Drivers</p>	<ul style="list-style-type: none"> • Fleet renewal and improved fuel efficiency • Sustainable aviation fuels (SAF) & carbon capture <ul style="list-style-type: none"> - Possibilities for customers (consumer and corporate) to add SAF for their travel - Innovative projects, e.g. SAS, Vattenfall, Shell and LanzaTech explore synthetic sustainable aviation fuel production • Intermodal connectivity and sustainable products and services 		

Operating platform acceleration

SAS will improve flexibility and efficiency, and facilitate adapting to changed market demand and competition

New passenger mix

Share of trips (market)



Enhanced operating model

ONE BRAND & CUSTOMER EXPERIENCE

SAS Scandinavia | SAS Connect | SAS Link | External partners

Strengthening SAS' balance sheet by deleveraging and raising new capital

SAS FORWARD SEK 7.5 billion annual cost reduction program paves the way for undertaking a complete revitalization of SAS's balance sheet and to substantially strengthen SAS's liquidity position, which will allow SAS to further invest in its network, people and continued investments in fuel-efficient aircraft



Target

- Plan targets liquidity > 30% of annual revenues
- Reduce leverage to levels at or below full service carriers



Next steps

- **Debt to equity conversion:** Hybrids and unsecured debt, and obligations associated with mark-to-market aircraft financing agreements, optimization of the SAS fleet and certain other key stakeholder contracts
- **Equity offering:** Planning to propose new capital raise subject to shareholder and regulatory approvals to the extent required. SAS and its financial advisors expect to undertake a broad and comprehensive capital markets process for investors



Resulting in

- **Solid balance sheet:** Allow SAS to fund fleet investments to achieve sustainability goals and to significantly grow its routes and frequencies
- **Improved liquidity:** 30% or greater liquidity through FY25

The success of the program and the ability to attract potential new capital relies on all stakeholders' participation

The SAS FORWARD will provide ample benefits for customers



SAS FORWARD establishes a stronger Scandinavian Airlines for the future

SAS FORWARD is designed to place SAS on a solid financial footing, create new growth opportunities and accelerate SAS's sustainability goals



Once achieved, SAS will be well-positioned to compete

SAS
Forward

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

Financial Calendar

Monthly traffic data is generally issued on the fifth working day of every month. The detailed financial calendar is available at [sasgroup.net](https://www.sasgroup.net) under Investor Relations

17 March 2022

Annual General Meeting

31 May 2022

Q2 Interim Report (Feb'22-Apr'22)

26 August 2022

Q3 Interim Report (May'22-Jul'22)

30 November 2022

Year-end report (Nov'21-Oct'22)