

# *SAS*

## **Q4 2019/2020**



December 3, 2020

# Highlights Q4-20

## Financial drivers

- Recapitalization completed
- Continued negative impact of COVID-19
- Lead-time to reduce capacity resulted in lower load factors
- Measures to reduce cost and preserve cash
- Government support packages
- Accelerated refund pace

## Headwinds and tailwinds

- + Favorable fuel & FX trend
- Increased COVID-19 spread and reintroduced travel restrictions
- Low visibility into future bookings

Q4-20	CHANGE VS. Q4-19
<b>EBT</b>	
SEK -3.3bn	-4.4
<b>Capacity (ASK, total, mill. km)</b>	
3 923	-73%
<b>Unit Revenue, PASK (SEK, currency adjusted)</b>	
0.48	-35%
<b>Passenger yield (SEK, currency adjusted)</b>	
1.20	+26%
<b>CASK ex. fuel (SEK, currency adjusted)</b>	
1.06	+100%

# FY20 - a year like no other

## How FY20 started...

<b>Market share</b>		Increased market share in declining market
<b>Unit revenue</b>		23 consecutive months of improved R12 unit revenue
<b>Operational quality</b>		High punctuality and regularity
<b>Customer satisfaction</b>		Strong customer satisfaction trend and record high CSI in January (75)
<b>Sustainability</b>		SAS seen as a global front runner in sustainable aviation

## ...how FY20 ended

	FY20	CHANGE VS. FY19
<b>Passengers (million)</b>	12.6	-58%
<b>Total revenue</b>	SEK 20.5bn	-56%
<b>Capacity (ASK, total, mill. km)</b>	23.4	-55%
<b>EBT</b>	SEK -10.2bn	-10.9

# Focus areas during the fourth quarter

1

**Manage demand  
and ensure cost-  
efficient ramp-up**

2

**Reduce spend  
and manage  
liquidity**

3

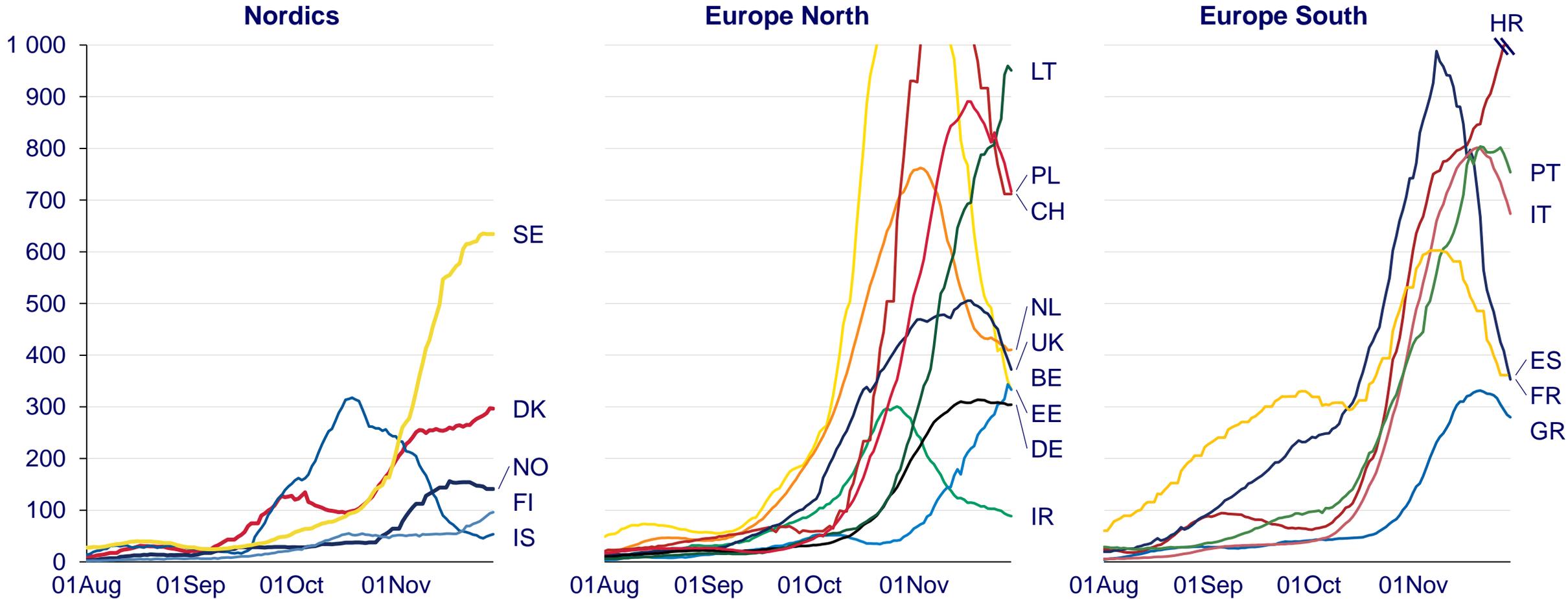
**Deliver on SEK  
4bn  
transformation  
program**

4

**Secure financing**

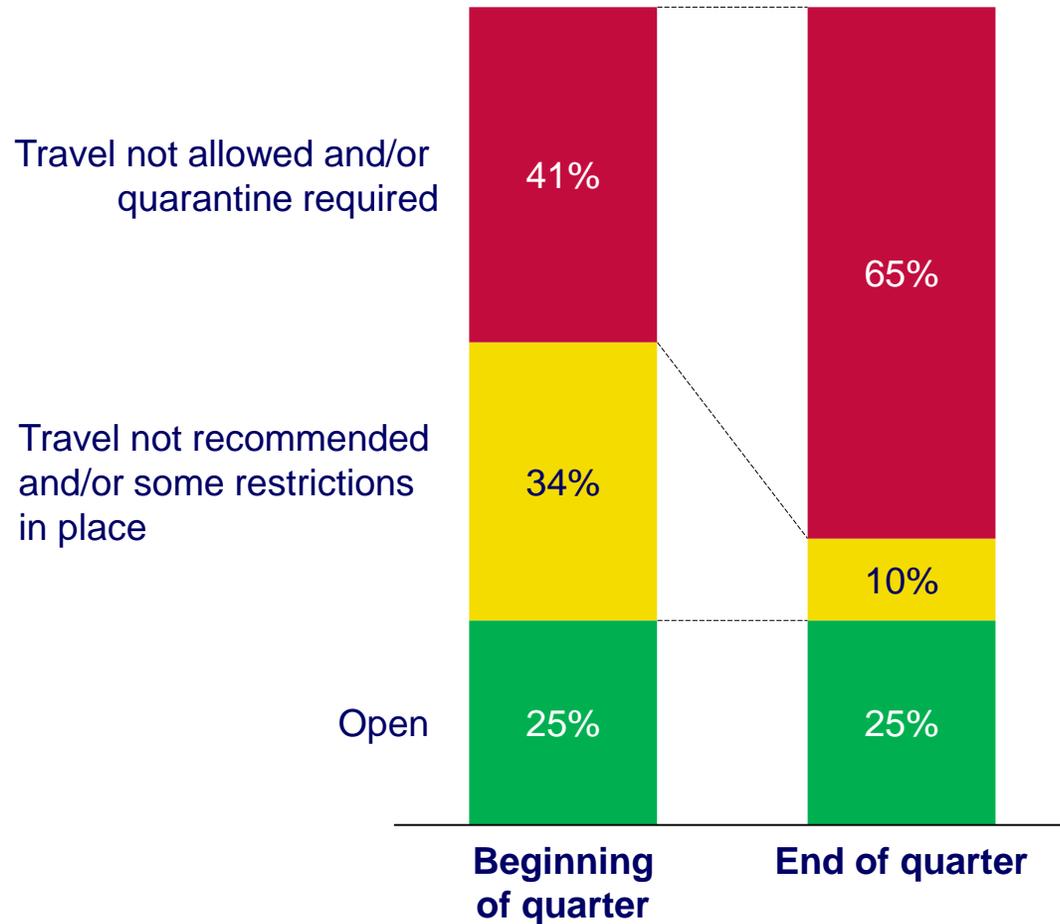
# 1 Number of COVID-19 cases increased across Europe during the quarter...

EU COVID-19 observed cases, 14-days cumulative cases per 100 000 inhabitants

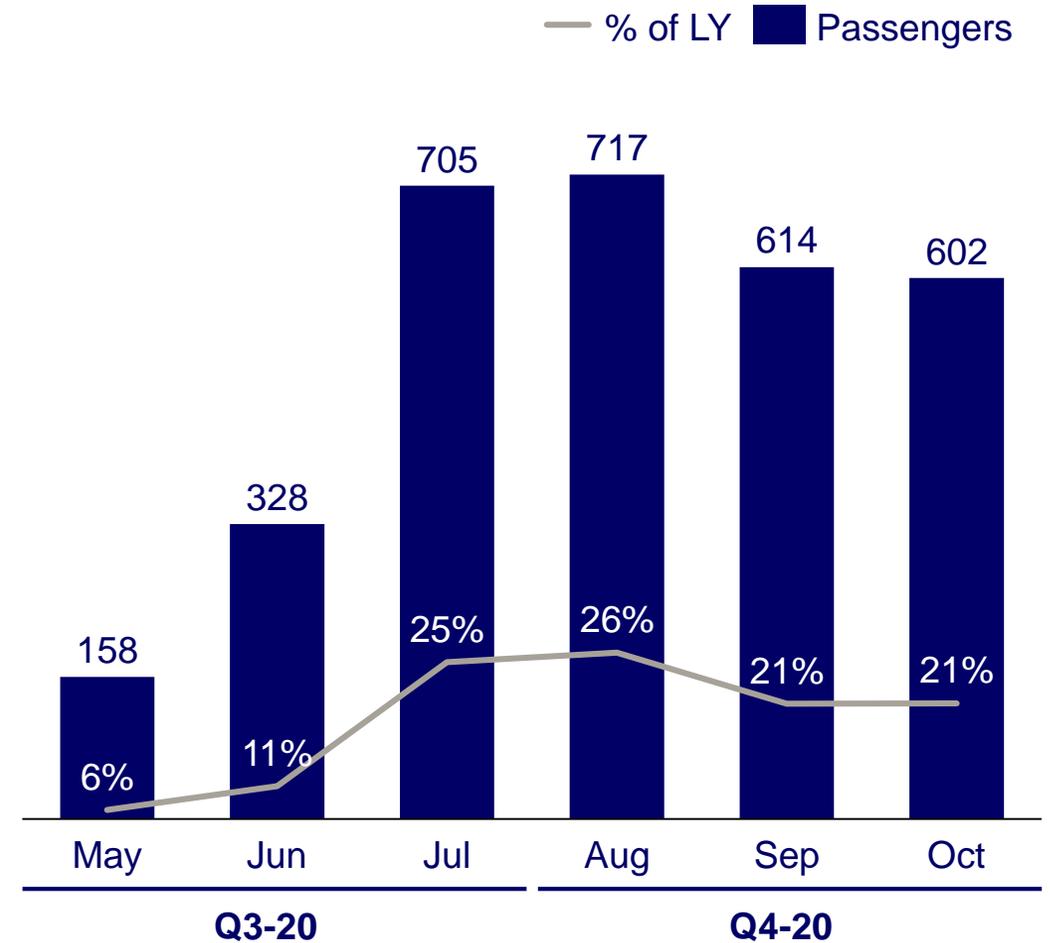


# 1 ...and additional travel restrictions were implemented leading to lower demand

Share of SAS revenue per category (indicative)



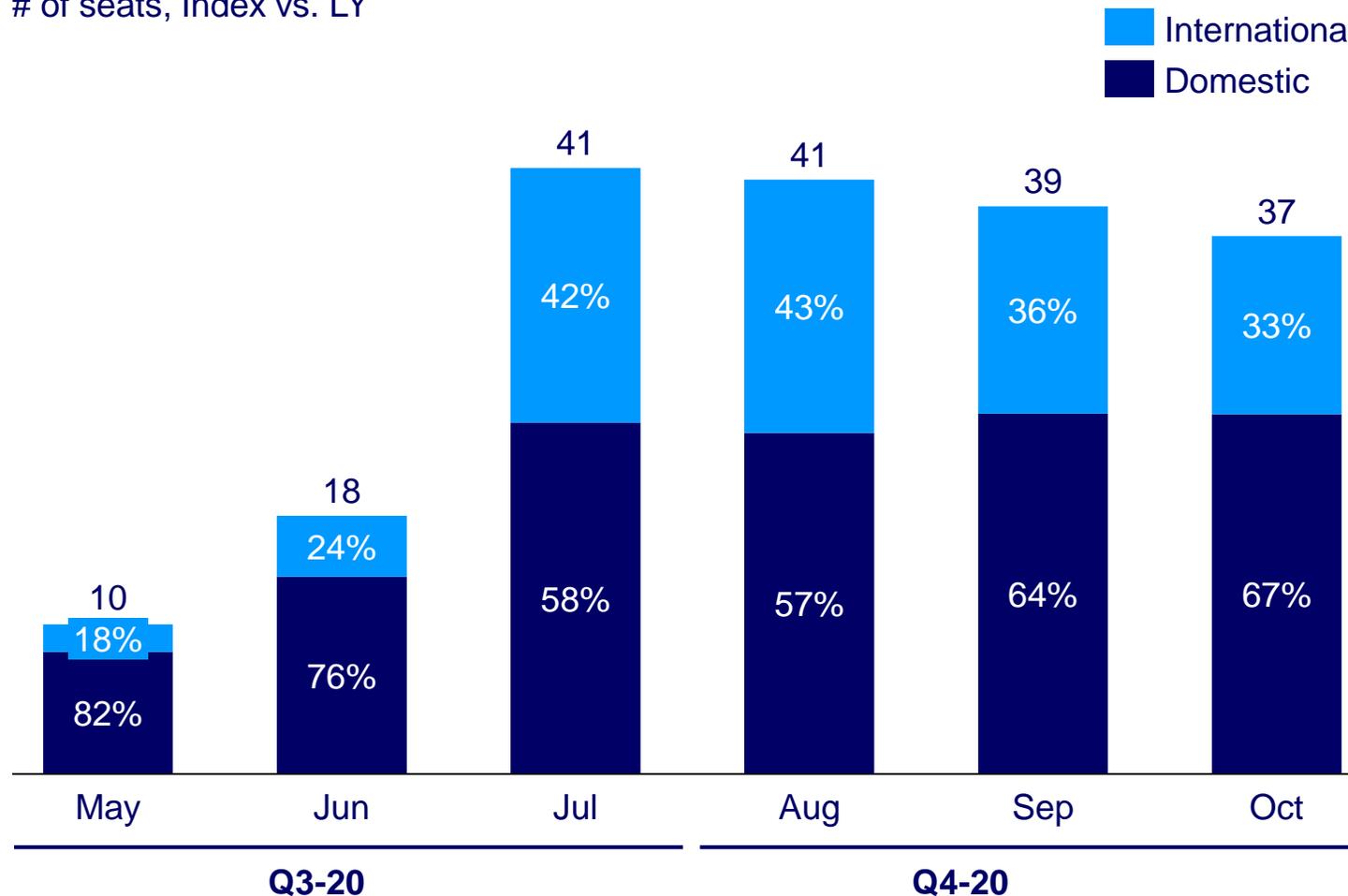
SAS' passenger development  
Thousand passengers, % of LY



# 1 SAS has reduced capacity, but lead times result in lower cabin factors

## SAS' seat capacity development

# of seats, Index vs. LY

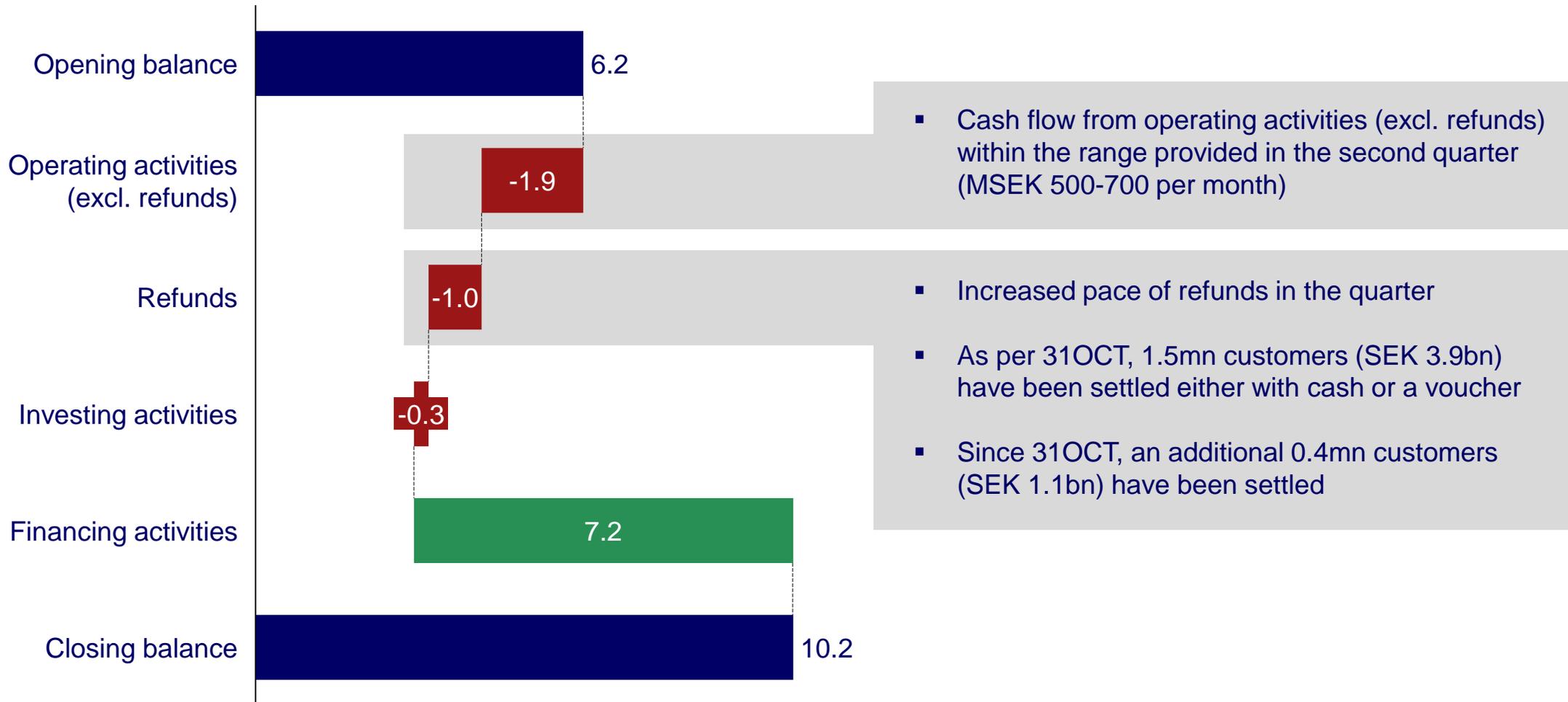


- **Low visibility into future bookings**
  - Most bookings are made very close to departure date
  - Travel restrictions are introduced at short notice
- **Lead time to reduce capacity**
  - Customer commitment
  - Need to publish roster in advance
  - Temporary-layoffs are applied for in advance
- **As a result, lower load factors in Q4-20 compared to Q3-20**

## 2 Managing liquidity while accelerating pace of refunds

### Cash and cash equivalents Q4 FY20

SEKbn



# 3 Progress made on adapting cost structure to lower demand

## SAS' business plan



Preferred airline for Scandinavia's frequent travelers



Hyper modern single-type fleet



Fully competitive operating model



Global leadership in Sustainable aviation

## Activities completed until Q4

## % of activities completed

### Redundancies

- Finalized 5 000 redundancies



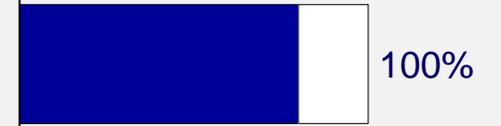
### Adapting fleet

- Delayed 10 aircraft deliveries
- Accelerated phase-out of B737NG



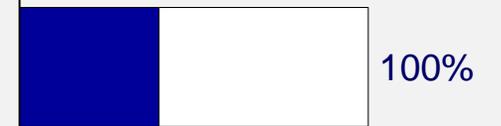
### Supplier negotiations

- Ongoing dialogue with major suppliers
- Further reduced cost with wet lease partners



### Productivity improvements

- Realized improvements within SAS' control
- New CBAs with SAIL and tech. dept. CPH
- Ongoing dialogue in remaining areas

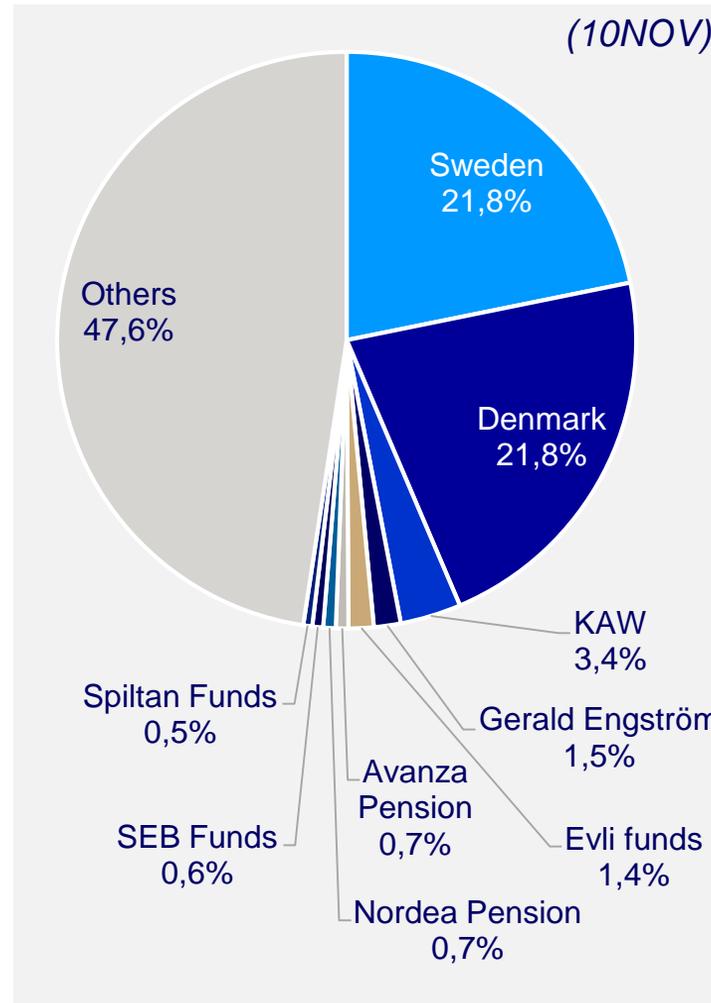


# 4 Status recapitalization and ongoing financing activities

## Final outcome from recapitalization

<b>Bond conversion</b>	<b>SEK 2.25bn</b>	<b>Increased Equity: SEK 14.25bn /</b> <b>Increased Liquidity: SEK 12bn</b>
<b>Hybrid conversion</b>	<b>SEK 1.5bn</b>	
<b>State Hybrid Notes</b>	<b>SEK 6.0bn</b>	
<b>Rights Issue</b>	<b>SEK 4.0bn</b>	
<b>Directed Issue</b>	<b>SEK 2.0bn</b>	

## Top shareholders post recapitalization



## Ongoing financing activities

- Sale of aircraft**
  - MUSD 29 from sale of 3 x 737NG for cargo conversion
  - Assessing up to 5 additional 737NG sales
- Credit facilities**
  - Plan to utilize Norwegian NOK 1.5bn term loan
  - Potential to create additional headroom on existing credit facilities
- Aircraft financing**
  - Extending existing aircraft loan facilities
  - Additional aircraft and engine SLBs

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**FINANCIALS**



# Highlevel Summary – Q4 & Fiscal Year 2020

## CAPACITY

Q4-20	FY20
<b>-71.6%</b>	<b>-53.9%</b>
ASK <sup>1</sup> vs. LY	

## TRAFFIC

Q4-20	FY20
<b>-85.2%</b>	<b>-63.0%</b>
RPK <sup>1</sup> vs. LY	

## PASK<sup>2</sup>

Q4-20	FY20
<b>-34.5%</b>	<b>-12.8%</b>
vs. LY	

## CASK EXCL. FUEL<sup>3</sup>

Q4-20	FY20
<b>78.9%</b>	<b>42.9%</b>
vs. LY	



## REVENUE (MSEK)

Q4-20	FY20
<b>3,035</b>	<b>20,513</b>
-10,400	-25,599

## EBT (MSEK)<sup>4</sup>

Q4-20	FY20
<b>-3,043</b>	<b>-8,619</b>
-4,269	-9,405

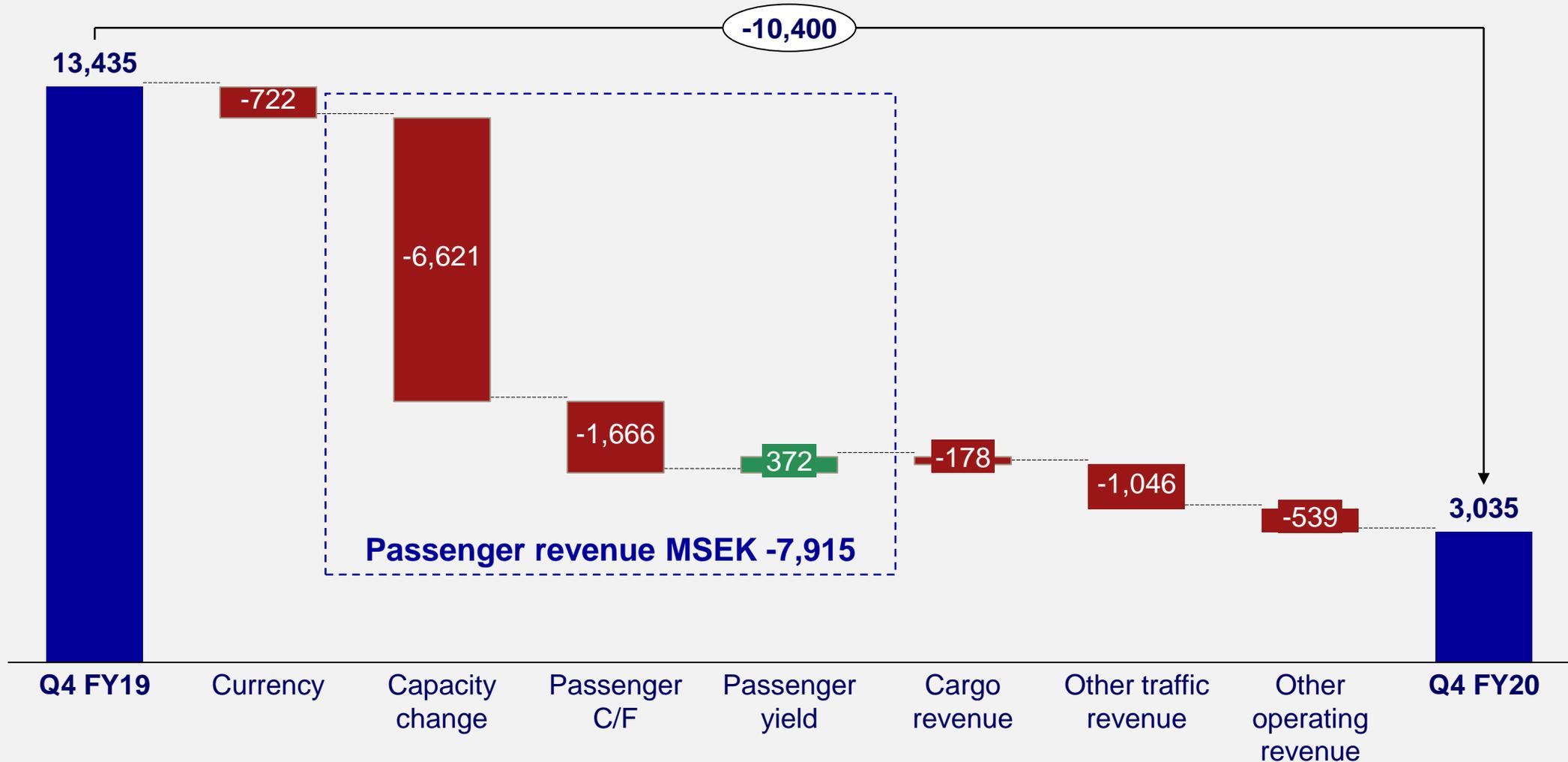
## CASH FLOW FROM OPERATIONS (MSEK)

Q4-20	FY20
<b>-2,948</b>	<b>-5,111</b>
-4,147	-8,429

# Revenue Development – Q4/20

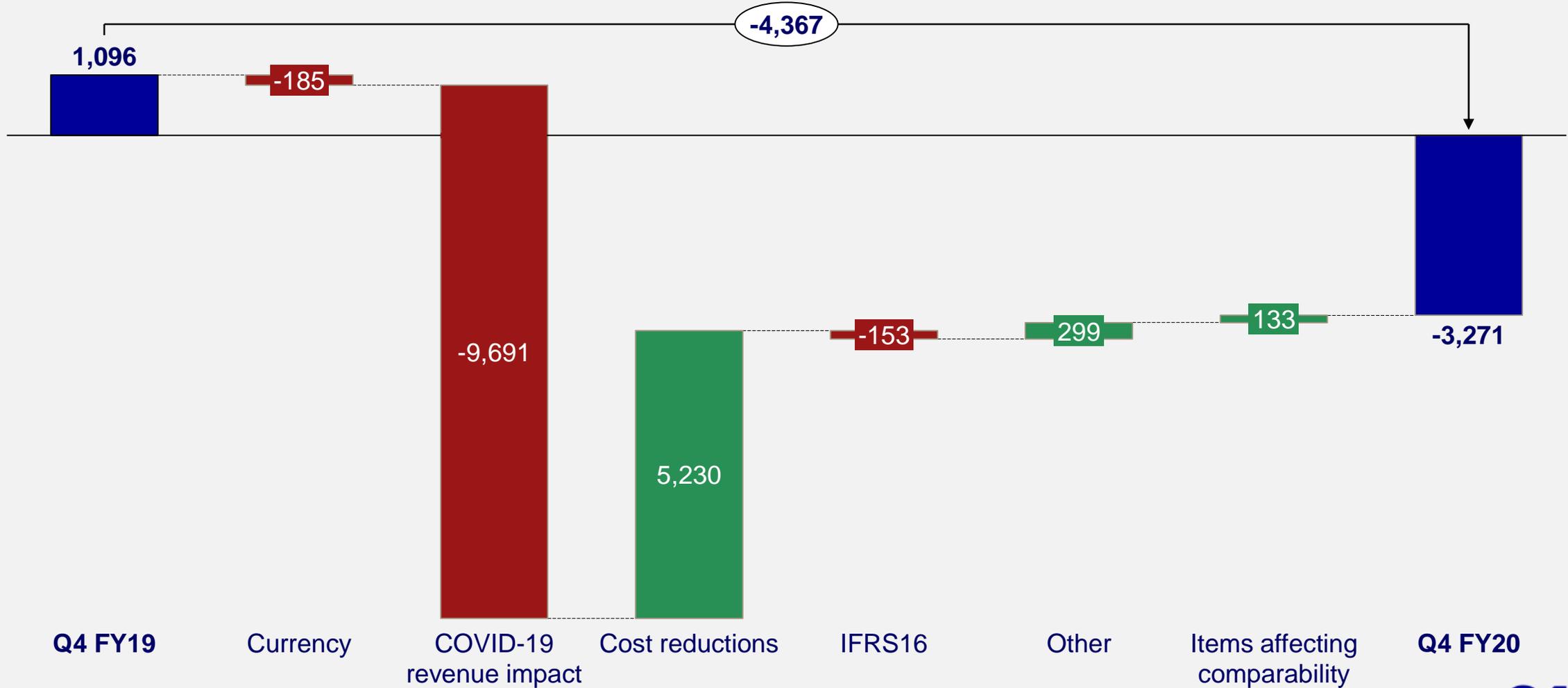
MSEK

Estimated COVID-19 revenue impact MSEK -9,691



# EBT Development – Q4/20

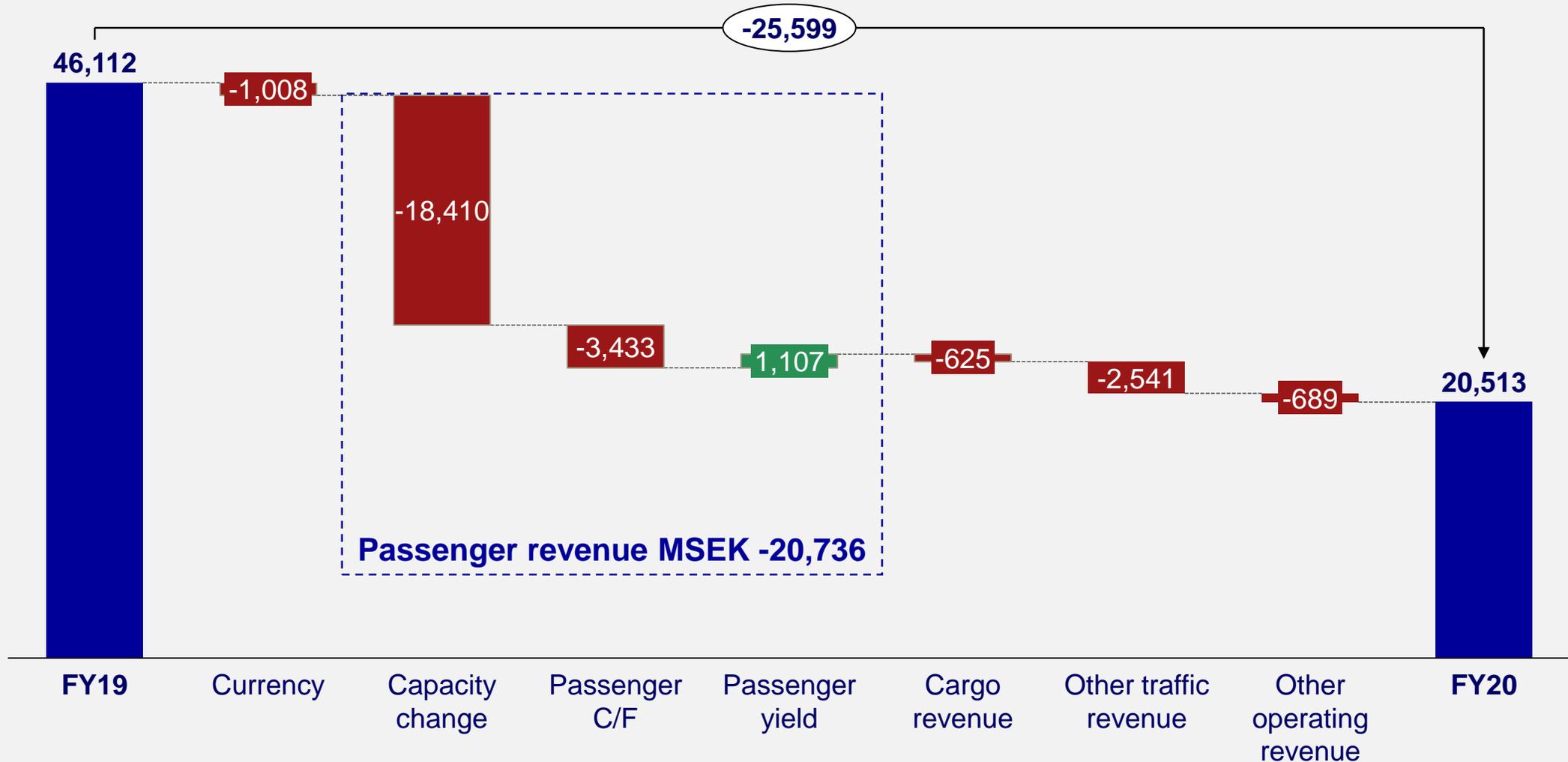
MSEK



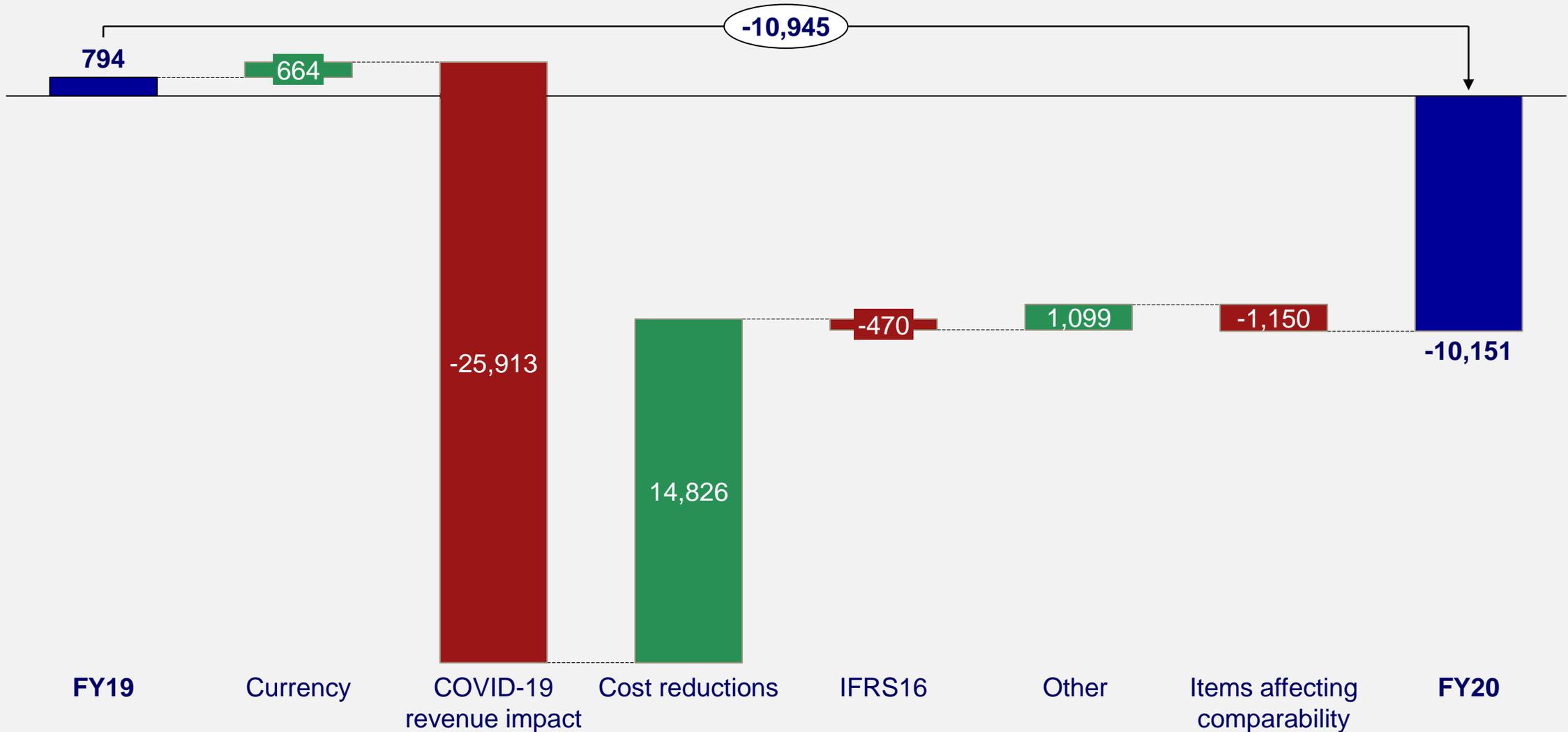
# Revenue Development – FY20

MSEK

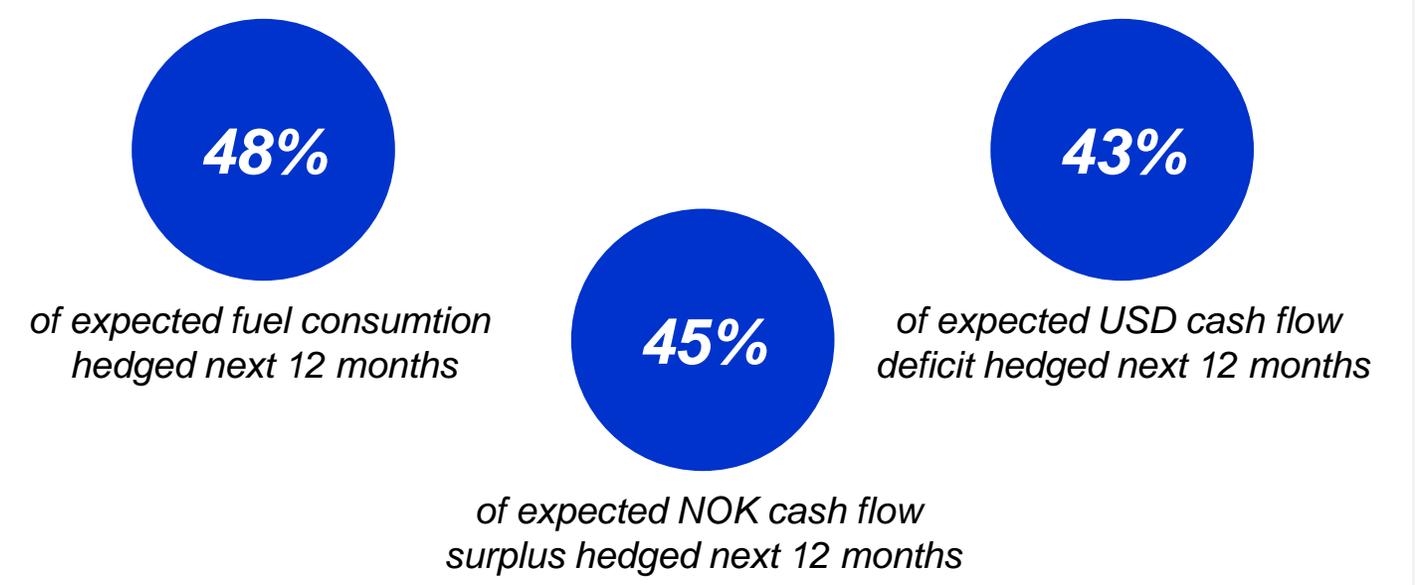
Estimated COVID-19 revenue impact MSEK -25,913



# EBT Development – FY20



# Jet fuel and currency hedges



## Sensitivity analysis, jet fuel cost Nov 2020-Oct 2021, SEKbn

	Exchange rate USD/SEK				
Market price	8.0	8.5	9.0	9.5	10.0
USD 300/tonne	2.7	2.8	3.0	3.2	3.3
USD 400/tonne	2.9	3.1	3.3	3.5	3.7
USD 500/tonne	3.2	3.4	3.6	3.8	4.0
USD 600/tonne	3.5	3.8	4.0	4.2	4.4

### Jet fuel

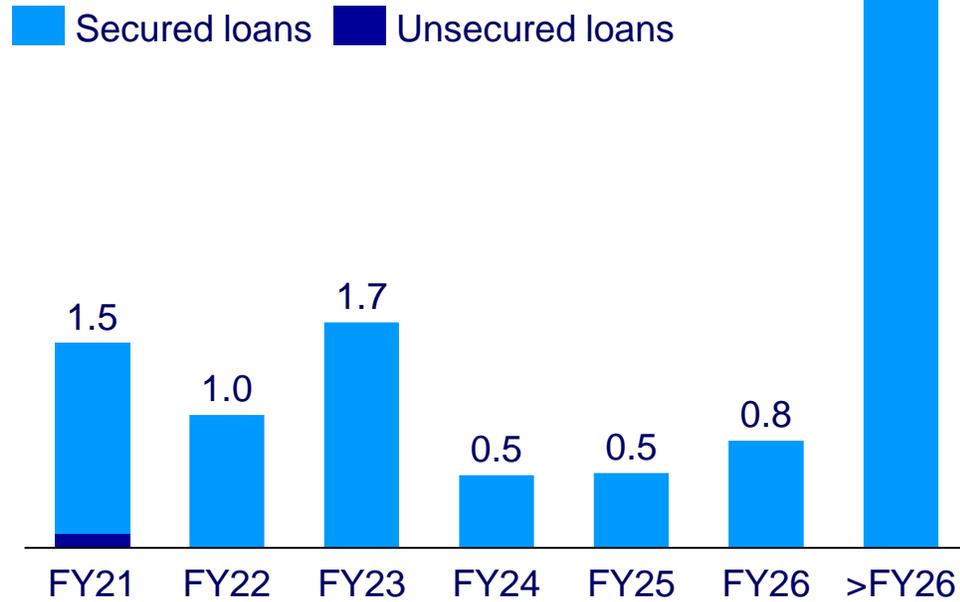
- Policy to hedge 40-80% of expected fuel consumption for the next 12 months and up to 50% for the following six months
- Under the current uncertain and volatile market conditions SAS may come to deviate from the policy
- For the next 12 months, SAS has 48% of the consumption hedged at an average max price of USD 546/Mt.

### Currency

- Policy to hedge 40-80% of expected currency deficit/surplus for the next 12 months
  - 43% of USD hedged next twelve months
  - 45% of NOK hedged next twelve months

# Debt Maturity Profile and Aircraft Orders

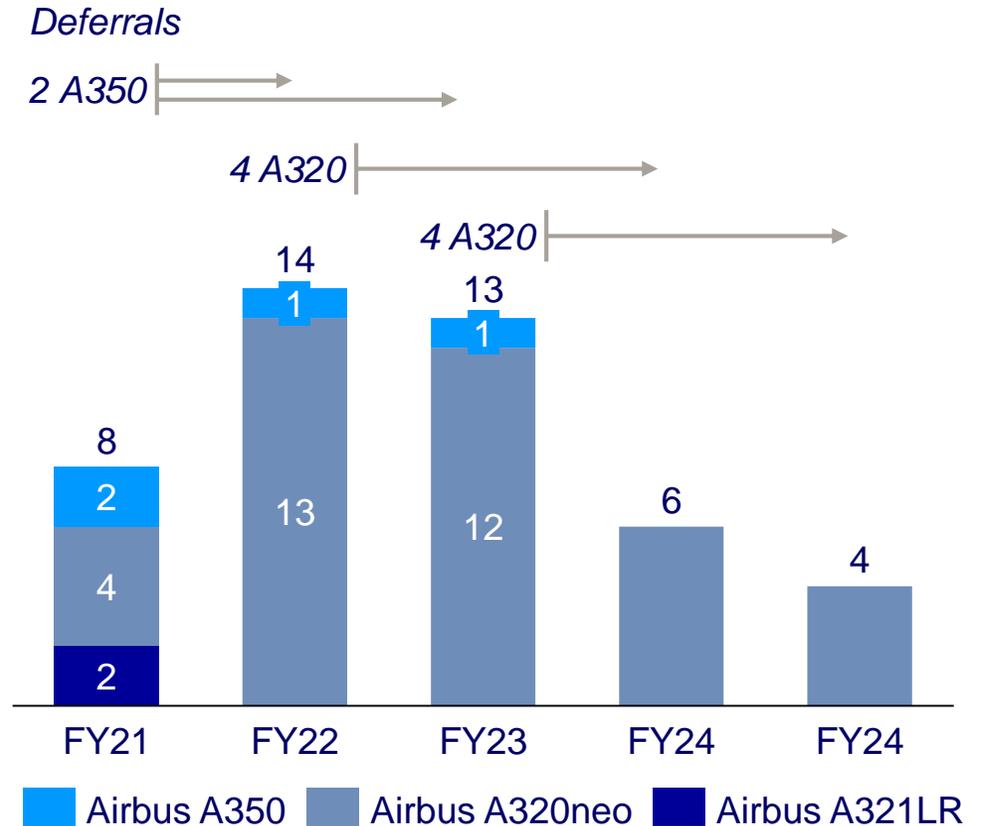
## Maturity profile, SEKbn



## New Hybrid notes

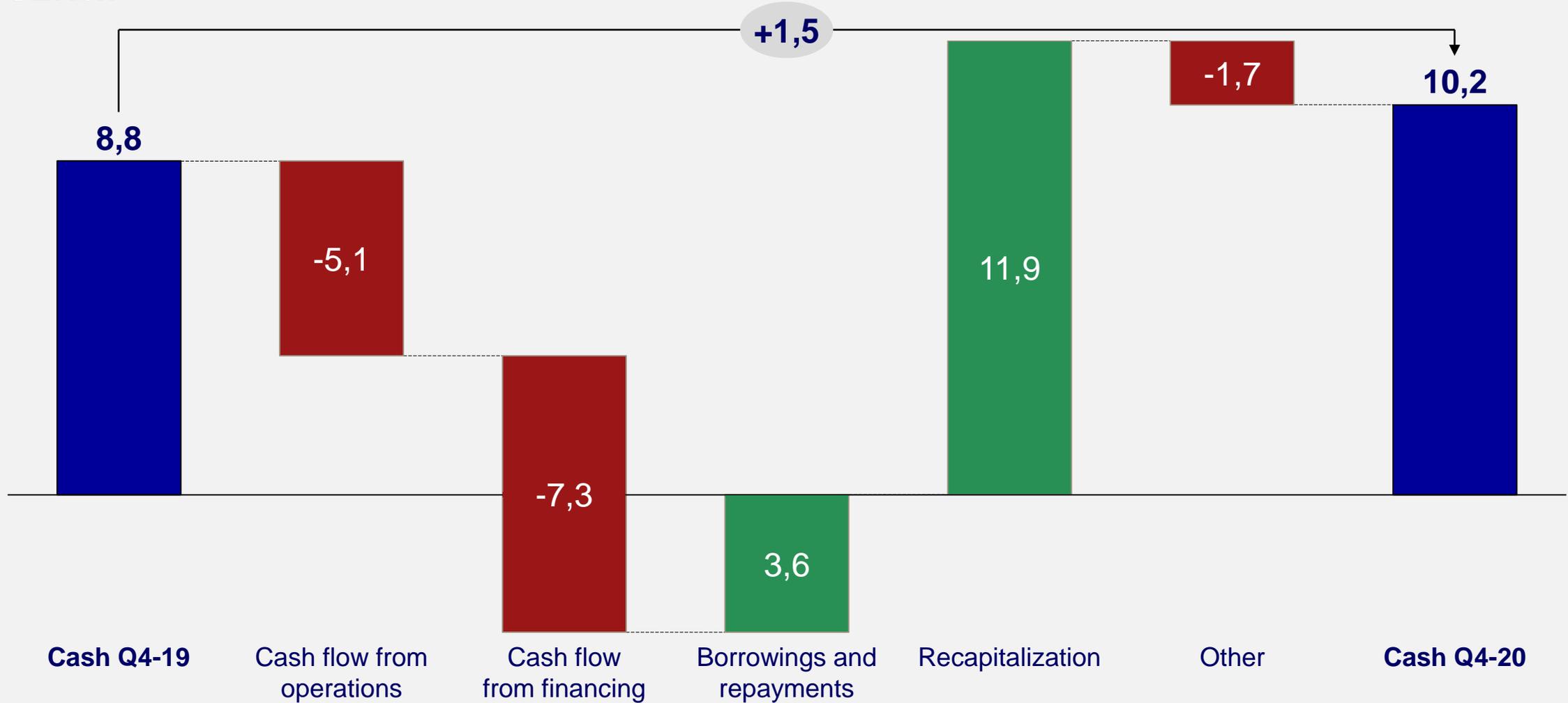
- State Hybrid note 1, SEK 5 billion
- State Hybrid note 2, SEK 1 billion
- Commercial Hybrid note, SEK 1.6 billion

## Aircraft orders, #



# Development in Cash & Cash Equivalents

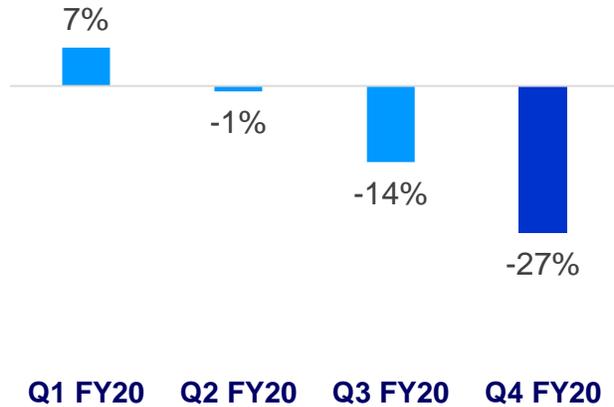
SEKbn



# Financial Targets

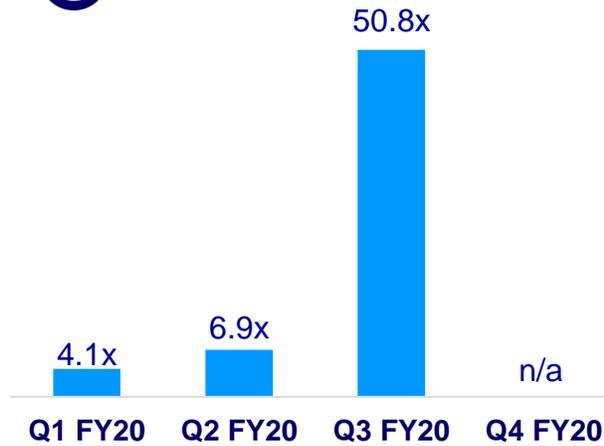
## RETURN ON INVESTED CAPITAL (ROIC)

 >WACC%



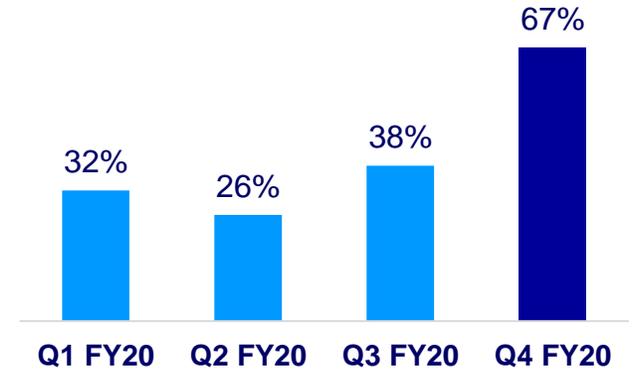
## FINANCIAL NET DEBT /EBITDA

 <3.5x



## FINANCIAL PREPAREDNESS

 >25%



# Summary and key takeaways



**Continued negative impact from COVID-19**



**Slowed down demand due to re-introduced travel restrictions**



**Strict cost and cash control as well as good transformational progress**



**Recapitalization finalized**

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# Income Statement Q4

Income statement	Aug20-Oct20	Aug19-Oct19	Change vs LY	Currency
<b>Total operating revenue</b>	<b>3,035</b>	<b>13,435</b>	<b>-10,400</b>	<b>-722</b>
Personnel expenses	-1,674	-2,488	+804	
Jet fuel	-771	-2,780	+2,009	
Air traffic charges	-270	-1,179	+908	
Other operating expenses	-1,421	-4,237	+2,816	
<b>Total operating expenses*</b>	<b>-4,136</b>	<b>-10,674</b>	<b>+6,538</b>	<b>+608</b>
<b>EBITDAR before items affecting comparability</b>	<b>-1,101</b>	<b>2,761</b>	<b>-3,862</b>	<b>-114</b>
<i>EBITDAR-margin</i>	<i>-36.27%</i>	<i>20.55%</i>	<i>-56.82 p.u.</i>	
Leasing costs, aircraft	16	-943	+958	
Depreciation	-490	-502	+11	
Depreciation, Right-of-use	-937	-	-937	
Share of income in affiliated companies	2	1	1	
<b>EBIT before items affecting comparability</b>	<b>-2,510</b>	<b>1,318</b>	<b>-3,828</b>	<b>-29</b>
<i>EBIT-margin*</i>	<i>-82.7%</i>	<i>9.81%</i>	<i>-92.51 p.u.</i>	
Financial items	-207	-91	-116	
Financial items, IFRS 16	-326	-	-326	
<b>EBT before items affecting comparability</b>	<b>-3,043</b>	<b>1,226</b>	<b>-4,270</b>	<b>-186</b>
Items affecting comparability	-228	-130	-98	
<b>EBT</b>	<b>-3,271</b>	<b>1,096</b>	<b>-4,368</b>	<b>-186</b>

\* = Before items affecting comparability

# Income Statement – 12 months

Income statement	Nov19-Oct20	Nov18-Oct19	Change vs LY	Currency
<b>Total operating revenue</b>	<b>20,513</b>	<b>46,112</b>	<b>-25,599</b>	<b>-1,008</b>
Personnel expenses	-7,645	-9,775	+2,130	
Jet fuel	-5,626	-9,672	+4,046	
Air traffic charges	-1,872	-4,194	+2,322	
Other operating expenses	-7,717	-15,912	+8,195	
<b>Total operating expenses*</b>	<b>-22,860</b>	<b>-39,552</b>	<b>+16,692</b>	<b>+947</b>
<b>EBITDAR before items affecting comparability</b>	<b>-2,347</b>	<b>6,560</b>	<b>-8,907</b>	<b>-61</b>
<i>EBITDAR-margin*</i>	<i>-11.44%</i>	<i>14.22%</i>	<i>-25.66 p.u.</i>	
Leasing costs, aircraft	-65	-3,561	+3,496	
Depreciation	-1,965	-1,831	-134	
Depreciation, right-of-use	-3,647	-	-3,647	
Share of income in affiliated companies	7	-9	+16	
<b>EBIT before items affecting comparability</b>	<b>-8,017</b>	<b>1,158</b>	<b>-9,176</b>	<b>-73</b>
<i>EBIT-margin*</i>	<i>-39%</i>	<i>2.51%</i>	<i>-41.51 p.u.</i>	
Financial items	-641	-372	-269	
Financial items, IFRS 16	39	-	+39	
<b>EBT before items affecting comparability</b>	<b>-8,619</b>	<b>786</b>	<b>-9,406</b>	<b>+664</b>
Items affecting comparability	-1,532	8	-1,540	
<b>EBT</b>	<b>-10,151</b>	<b>794</b>	<b>-10,945</b>	<b>+664</b>

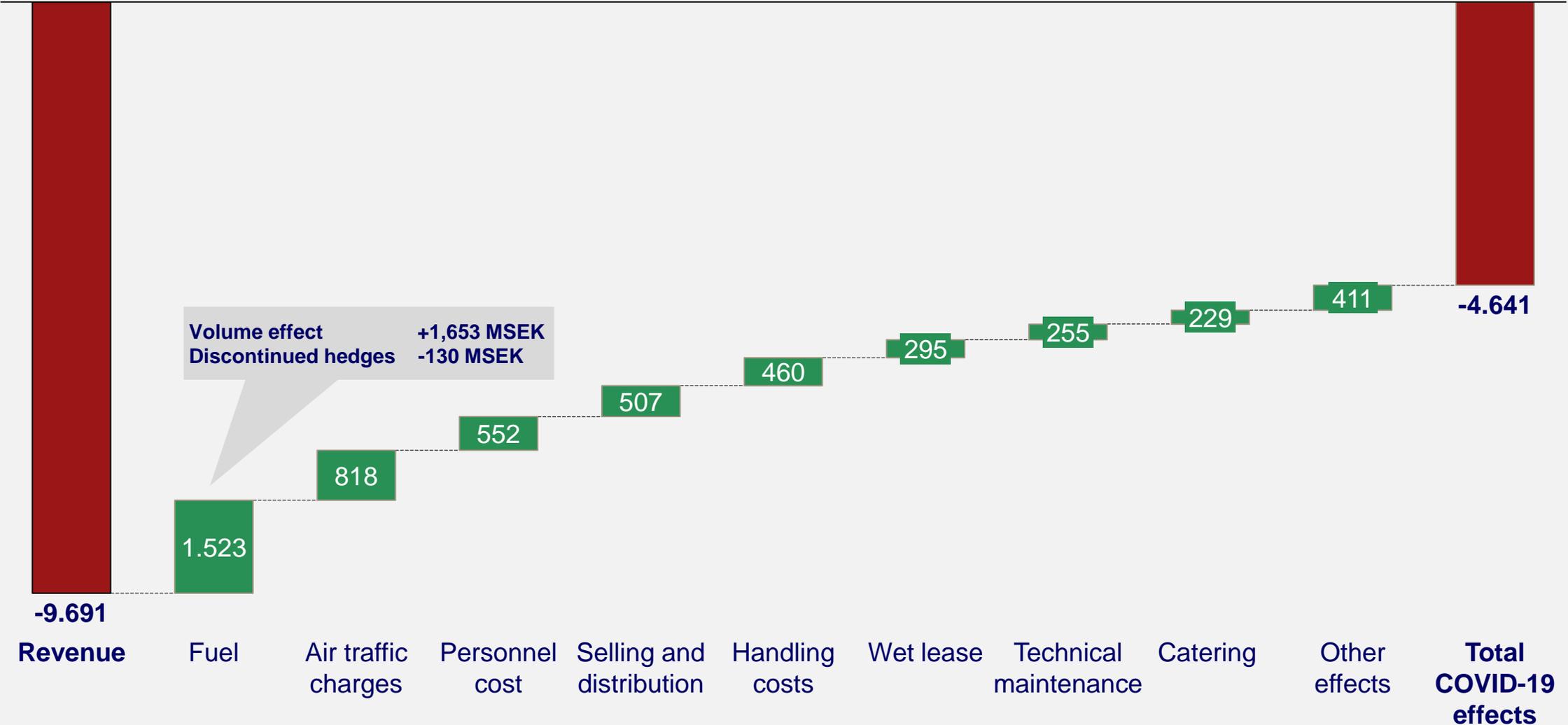
\* = Before items affecting comparability

# Balance Sheet 31 October 2020

Balance sheet, MSEK	31 October 2020	30 October 2019	Change
<b>Non-current assets</b>			
Intangible assets	1,273	1,416	-143
Tangible fixed assets	18,861	15,569	3,929
Right-of-use assets	17,264	-	17,264
Financial fixed assets	6,063	4,546	1,517
Deferred tax assets	1,640	750	890
<b>Total non-current assets</b>	<b>45,101</b>	<b>22,281</b>	<b>22,820</b>
<b>Current assets</b>			
Inventories and expendable spare parts	510	346	164
Current receivables	1,591	2,622	-1,031
Cash and cash equivalents	10,231	8,763	-1,468
<b>Total current assets</b>	<b>12,332</b>	<b>11,731</b>	<b>601</b>
<b>TOTAL ASSETS</b>	<b>57,433</b>	<b>34,012</b>	<b>23,421</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	10,490	5,372	5,118
<b>Non-current liabilities</b>			
Interest-bearing liabilities	11,219	9,450	1,769
Interest-bearing lease liabilities	13,499	-	13,499
Other liabilities	3,569	4,076	-507
<b>Total non-current liabilities</b>	<b>28,287</b>	<b>13,526</b>	<b>14,761</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	3,773	1,833	1,940
Interest-bearing lease liabilities	3,105	-	3,105
Other liabilities	11,778	13,281	-1,503
<b>Total current liabilities</b>	<b>18,656</b>	<b>15,114</b>	<b>3,542</b>
<b>Total shareholders' equity and liabilities</b>	<b>57,433</b>	<b>34,012</b>	<b>23,421</b>

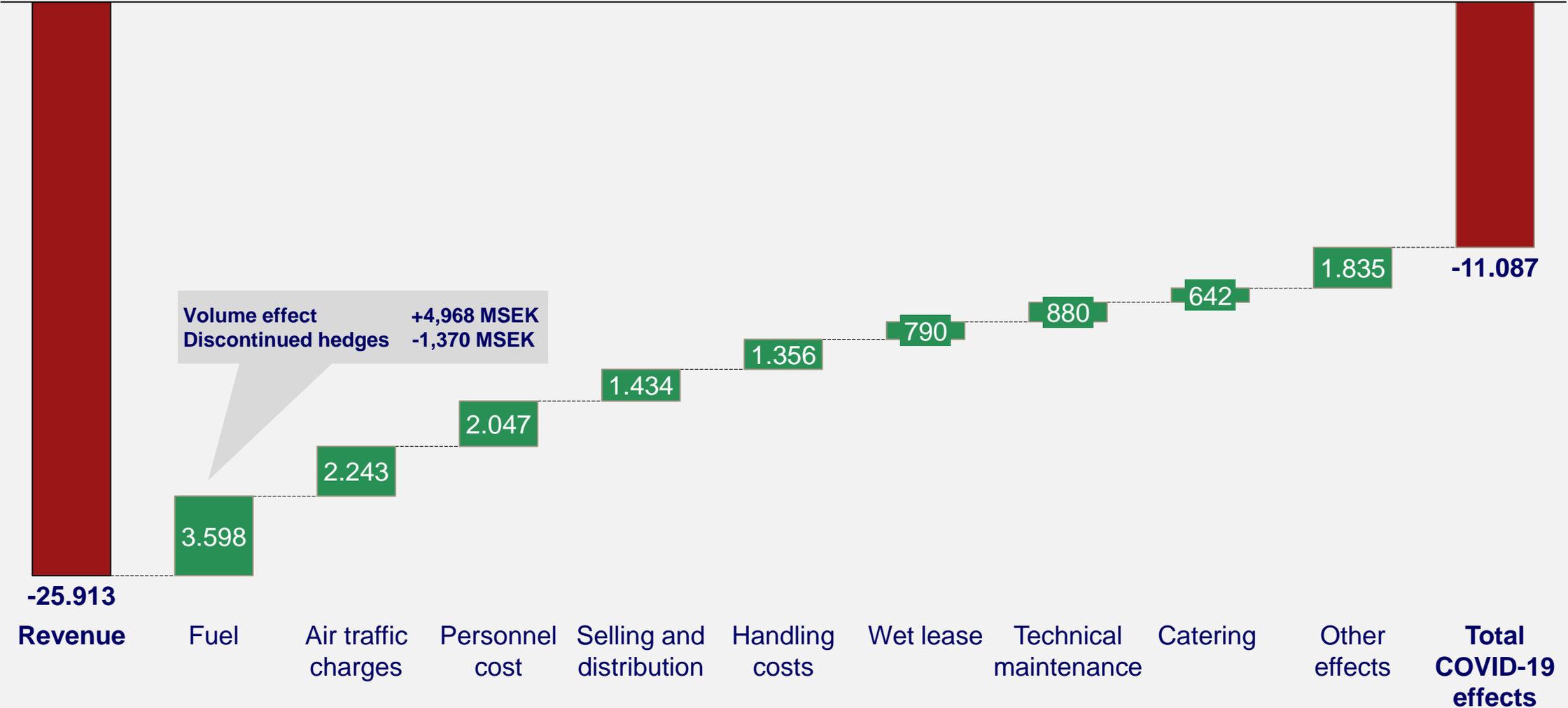
# Estimated COVID-19 effects – Q4/20

MSEK



# Estimated COVID-19 effects – FY20

MSEK

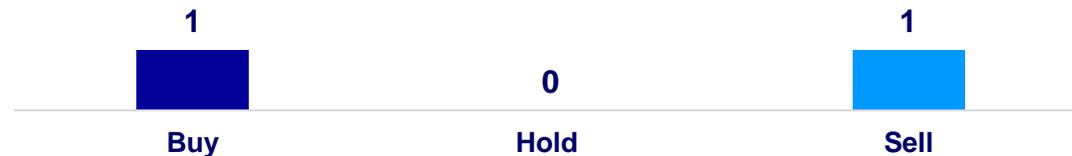


# Investor Relations

## Most recent stock recommendations

Date	Institution	Recommendation	TP
2020-11-27	Sydbank	Sell	-
2020-11-12	HSBC	Buy	SEK 1.75

## 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

## For more information:

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

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