

NOTICE OF NOTEHOLDERS' MEETING – REQUEST OF APPROVAL OF MANDATORY CONVERSION OF NOTES

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF NOTEHOLDERS. IF NOTEHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD CONSULT THEIR OWN INDEPENDENT PROFESSIONAL ADVISERS, INCLUDING IN RESPECT OF TAX CONSEQUENCES.

SAS AB (publ)

(incorporated with limited liability in Sweden with registered number 556606-8499)
(the “**Issuer**”)

30 June 2020

Notice of noteholders’ meeting (the “Meeting”) to the noteholders of the SEK 1,500,000,000 subordinated perpetual floating rate callable capital securities (ISIN SE0012193910) issued by the Issuer (the “Notes”)

*Capitalised terms not otherwise defined in this notice shall have the meaning given to them in the terms and conditions for the Notes dated 17 October 2019 (the “**Terms and Conditions**”). References to clauses and paragraphs are references to clauses and paragraphs of the Terms and Conditions.*

This notice of a noteholders’ meeting on 17 July 2020 has been sent on 30 June 2020 to noteholders directly registered in the debt register (Sw. *skuldbok*) kept by Euroclear Sweden AB (“Euroclear”). If you are an authorised nominee under the Swedish Financial Instruments Accounts Act (Sw. *lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*) or if you otherwise are holding Notes on behalf of someone else on a securities account (i.e. an account for dematerialised securities maintained by Euroclear pursuant to the Financial Instruments Account Act), please forward this notice to the holder you represent as soon as possible. For further information, please see below under Section 5 (*Summons*).

At the request of the Issuer, Intertrust (Sweden) AB (the “**Agent**”), acting in its capacity as agent for and on behalf of the Noteholders under the Terms and Conditions, hereby convenes the Noteholders to the Meeting for the purpose of considering and, if thought fit, passing an extraordinary resolution pursuant to which the Notes shall be converted to shares in the Issuer.

If the extraordinary resolution regarding the mandatory conversion of Notes are approved at the Meeting (or at any Second Meeting (as defined below)), the conversion will be made upon the satisfaction of the conditions for completion set out in Section 2.3 (*Conditions for completion*). The proposals to approve the mandatory conversion of Notes are described below under the section “*Proposals*”.

The Meeting will take place at 13:00 (CEST) on 17 July 2020, at the offices of the Agent at Sveavägen 9, Stockholm, Sweden. Registration will start at 12:30 (CEST).

Noteholders who are duly registered as a Noteholder on 6 July 2020 can participate in the Meeting by authorising the Agent to vote on your behalf by completing and sending the voting form and power of attorney, attached hereto as Schedule 1 (the “**Voting Form and PoA**”), and, if applicable, together with the certificate from the nominee showing that as at 6 July 2020, the person in question was the holder of a Note including information on the size of such person’s holding, a form of which is attached hereto as Schedule 2 (the “**Certificate**”).

Noteholders may alternatively attend the Meeting in person or by proxy, a form of which is attached hereto as [Schedule 3](#) (the “**Proxy**”), together with the Certificate, if applicable. However, due to COVID-19, Noteholders are strongly encouraged to participate by executing and submitting the Voting Form and PoA rather than attending the Meeting in person or by proxy.

Noteholders that intend to attend the Meeting in person or by proxy should notify the Agent that they will attend the Meeting no later than on 12:00 (CEST) on 16 July 2020 either by regular mail, courier or e-mail to the Agent using the contact details set out in Section 5.6 (*Address for sending replies*) below.

The Agent must receive the Voting Form and PoA no later than 12:00 (CEST) on 16 July 2020 either by regular mail, courier or e-mail to the Agent using the contact details set out in Section 5.6 (*Address for sending replies*) below. Voting Form and PoAs received thereafter may be disregarded. To be eligible to participate in the Meeting, a person must meet the criteria for being a Noteholder on 6 July 2020 (the “**Voting Record Date**”). This means that the person must be either registered on a securities account (Sw. *avstämningskonto*) with the CSD (being Euroclear Sweden AB), as a direct registered owner (Sw. *direktregistrerad ägare*) (“**Direct Registered Owner**”) or be registered as an authorised nominee (Sw. *förvaltare*) (“**Nominee**”) with respect to one or several Notes.

In addition, Noteholders may be required to take certain actions in order to be eligible to attend the Meeting. For further information regarding who is eligible to participate and the steps that may need to be taken to participate, please see the sections “*Voting Procedure*” and “*Notification of Participation in the Meeting Required*” below.

If, among other things, the quorum requirement described in this Notice is met and the Proposals are approved in accordance with the Meeting, the Issuer will instruct Skandinaviska Enskilda Banken AB (publ) in its capacity as paying agent (the “**Paying Agent**”) to pay an Early Bird Fee (as defined in Section 3 (*Early Bird Fee*)) to eligible Noteholders as of the Record Date that have provided irrevocable Voting Form and PoAs to the Agent no later than 12:00 CEST on 9 July 2020 (the “**Early Bird Deadline**”). For the avoidance of doubt, also Noteholders voting against the Proposal are eligible to receive the Early Bird Fee.

Noteholders that (i) vote but whose Voting Form and PoA is not received by the Agent before the Early Bird Deadline, or (ii) otherwise fail to vote will not be eligible to receive the Early Bird Fee. Please see the Section 3 (*Early Bird Fee*) below for further information about the Early Bird Fee and conditions applicable to the payment thereof.

Please note that in order to receive the Early Bird Fee, you as a Noteholder may need to take prompt action taking into account the early deadlines that may be applied by your Nominee or other intermediary, if any.

The Issuer will hold a digital Q&A session on 3 July 2020, 11:00 CEST. For more details on how to register for the Q&A session and how to lodge questions, please see Section 6 (*Q&A Session*).

Notwithstanding anything to the contrary contained herein or in any other document related to the Proposals (as defined below), the Issuer reserves the right, in its sole discretion, to cancel or postpone the Meeting.

The information in this notice (including enclosures) is provided by the Issuer, and the Agent expressly disclaims all liability whatsoever related to the content of this notice and the Proposals (as defined below).

1. BACKGROUND

Before the onset of COVID-19, the Issuer experienced a high demand for its services and delivered a robust operational performance in terms of regularity and punctuality. As a consequence, the Issuer reported increased number of passengers and revenues as well as overall market share. However, as the full effects of the pandemic became evident, containment measures such as social distancing, travel restrictions, quarantines and lock downs, resulting in dramatically changed traveling patterns, had an immediate detrimental impact on the aviation sector. This resulted in a sharp drop in number of passengers and consequently revenues for the Issuer.

The decline in demand immediately triggered the Issuer to implement a broad range of measures to radically reduce costs and preserve cash. Approximately 90% of the workforce is or has been on temporary layoff schemes and there has been a significant reduction of the network. All non-essential spend and projects have been suspended.

Payment holidays or discounts have been agreed with the majority of suppliers (including lessors). As a result of the measures taken, the monthly average operating cash expenditure has been reduced to an estimated MSEK 500-700 in Q3-Q4 FY20.

In addition, the Issuer's capital expenditures have also been reduced by deferring aircraft deliveries and postponing other investments. Measures have also been taken to strengthen the Issuer's liquidity through securing a SEK 3.3 billion credit facility, financing five A320neo spare engines and sale & lease back agreements on one A350 and three A320neos have been signed.

Despite countries starting to re-open their borders, the ramp-up phase for the airline industry is expected to last until 2022 before demand reaches pre COVID-19 levels and is subject to considerable uncertainty. The Issuer expects difficulties reaching profitability until operations reach more normalized levels, currently expected in FY22, creating a significant need for recapitalization. During this phase, the Issuer must ensure cost-efficient ramp up to reduce losses, while introducing "safe travel" measures to adapt to new requirements and stimulate travel.

Given the negative financial impacts of the pandemic going forward, the Board of the Issuer has decided on a revised business plan, which involves a broad range of measures to tackle the effects of the pandemic. As part of this, the Issuer is pursuing approximately SEK 4 billion in efficiency improvements. The revised business plan is based on rightsizing the Issuer and its cost structure to reflect a new situation of lower expected demand and is based on four pillars:

1. Preferred airline for Scandinavia's frequent travelers

The Issuer will continue to focus on Scandinavia's frequent travelers to maintain its strong position in Scandinavia. The Issuer will also continue to build on its Scandinavian footprint and prioritize main traffic flows within Scandinavia and to European majors. The Issuer will maintain CPH as main long haul hub, complemented by selective long haul routes from OSL/ARN. To further strengthen the relationship with its core customers the Issuer will continue to develop Scandinavia's largest loyalty program, EuroBonus.

2. Hyper modern single-type Airbus fleet

The Issuer will continue its fleet renewal and by 2025 it is expected to have one of Europe's most modern and efficient aircraft fleets. The single-type Airbus fleet will lead to significantly lower fuel consumption and reduced maintenance costs. It will also lead to reduced stand-by levels and thereby improved productivity. The Issuer is

also evaluating a replacement for its ageing 737-fleet in the mid-size segment (120-150 seats). By 2025, the Issuer is expected to have completed the introduction of a next generation mid-size aircraft. Finally, the Issuer is continuously working with its wet lease suppliers to ensure renewal of the aircraft in the smaller segments.

3. Fully competitive operating model

In order to adapt the organization to a lower demand environment, the revised business plan is expected to deliver SEK 4 billion in efficiency improvements by 2022. This includes:

- Personnel cost reductions from work force redundancy of up to 5,000 positions and renegotiated collective bargaining agreements including increased productivity of 15-25%. The initiatives are expected to result in a new and more effective Issuer organization adapted to the market environment;
- Reduced sales & marketing spend, renegotiated supplier agreements including lessors, and more focused IT projects and investments; and
- Other operational efficiency improvements, including efficient phase-out of aircraft to reach a one type fleet and lower fuel consumption, deferring aircraft deliveries and reaching improved agreements with lessors, improved technical maintenance procedures and wet lease operations.

4. Global leadership in Sustainable aviation

The Issuer works continuously to reduce the climate and environmental impacts of its operations through innovation and investment in new technology. The Issuer's target of a 25% reduction (compared to 2005 levels) of its net CO₂ emissions by 2030 has in the revised business plan been accelerated to 2025. The reduction is equivalent to all CO₂ emissions on the Issuer's flights within Scandinavia in 2019, and ensures that the Issuer contributes positively to the targets set out in the Paris Agreement. The Issuer will also explore commercial collaborations with railway service providers.

A cornerstone in this agenda is to continue the Issuer's ongoing fleet renewal. In 2025, the Issuer is expected to operate one of the youngest fleets in Europe, with the most environmentally efficient aircraft type in each segment. The Issuer intends to achieve this goal by continuing the introduction of new fuel-efficient A320neo and A350 aircraft into its fleet, while at the same time increasing its efficiency to minimize fuel consumption during flights.

Furthermore, the Issuer expects to take a world-leading position in the usage of renewable aviation fuels. Sustainable aviation fuels (SAF) are renewable sources of jet fuel and reduce net CO₂-emissions by up to 80% compared to traditional jet fuel. To reach the Issuer's ambitious environmental targets by 2025, access to up to 10% of the Issuer's fuel consumption is a prerequisite. The Issuer will therefore utilize existing production capacity and sign offtake agreements to secure sufficient volumes at the right price. The Issuer will also explore partnerships with providers of carbon capture and storage.

Finally, the Issuer has identified an opportunity for Scandinavia to lead the way to create a new "green base industry" around SAF production. This requires close collaboration with stakeholders across multiple industries in Scandinavia and a supportive regulatory framework. In combination with other efficiency measures, such

as a fully implemented Single European Sky, this could potentially enable the Issuer to reach up to 50% reduction of net CO₂-emissions by 2030 (compared to 2005).

In light of this, the Board has decided on a recapitalization plan (the “**Recapitalization Plan**”) that is supported by the Issuer’s two largest shareholders, the governments of Sweden and Denmark (jointly the “**Major Shareholders**”), and the third largest shareholder, the Knut and Alice Wallenberg Foundation (“**KAW**”). The Recapitalization Plan is intended to restore equity by SEK 14.25 billion and secure approximately SEK 12 billion of new funding through the following proposed steps:

- Directed issue of common shares in the amount of approximately MSEK 2,006 to the Major Shareholders;
- Rights issue of new common shares available to eligible shareholders in an amount of approximately MSEK 3,994, expected to be covered by subscription undertakings and underwriting commitments corresponding to 81,5% of the total amount of the rights issue;
- Directed issue of new hybrid notes in a total amount of MSEK 6,000 to the Major Shareholders;
- Conversion of 100 per cent. of the MSEK 1,500 Notes into common shares at 70.8 per cent. of par value and at a subscription price of SEK 1.89 per share; and
- Conversion of 100 per cent. of the MSEK 2,250 senior unsecured fixed rate notes due 2022 (ISIN SE0010520338) issued by the Issuer and guaranteed by Scandinavian Airlines System Denmark – Norway – Sweden pursuant to terms and conditions 20 November 2017 as amended and restated by an amendment and restatement agreement dated 4 June 2018 into common shares at 81.3 per cent. of par value and at a subscription price of SEK 1.89 per share.

The Recapitalization Plan is subject to necessary general meeting approvals. The Major Shareholders’ participation is conditional on inter alia the conversion of the outstanding Notes and bonds into common shares, the approval by the European Commission and exemption from the mandatory bid obligation from the Swedish Securities Council. The participation by KAW is conditional on the participation by the Major Shareholders.

The Issuer is committed to its sustainability agenda in line with expectations from the Swedish and Danish governments.

For further information about the background and the Recapitalisation Plan, please see the investor presentation attached hereto as Schedule 4 (*Investor presentation*).

2. PROPOSALS

Based on the details set out above, the Issuer proposes that the Noteholders adopt the proposals set-out below in Section 2.1 (*Proposed terms of conversion*), subject to the due fulfilment of the terms and conditions set out herein, (the “**Proposals**”).

2.1 Proposed terms of conversion

100 per cent. of the Total Nominal Amount shall be converted to shares in the Issuer as follows (the “**Mandatory Conversion**”):

- (a) The Agent (acting on behalf of the Noteholders) shall subscribe for a number of shares in the Issuer (the “**Subscription Amount**”) equal to the quotient (rounded downwards) of (x) seventy point eight (70.8) per cent. of the Nominal Amount per Note divided by (y) a subscription price of SEK 1.89 per share (the “**Subscription Price**”). The Subscription Amount shall be settled by the Agent setting off the Notes against the aggregate Subscription Price.
- (b) The reduction of the Notes caused by the conversion and the distribution of the Subscription Amount will be made on a *pro rata* basis among the Noteholders based on the holdings registered in Debt Register at the record date. Each Noteholder will receive 468,253.97 shares per Note. No fractions of shares will be delivered.
- (c) The conversion of Notes to shares (the “**New Shares**”) in the Issuer shall occur on or around 30 September 2020 (the “**Conversion Date**”) with the record date being at close of business on 3 Business Days prior to the Conversion Date and trading in the Notes being halted from that record date.

After the conversion of Notes to shares in the Issuer, the Noteholders will receive 561,904,762 shares in the Issuer, representing 7.9 per cent. of the shares in the Issuer.

Accrued and unpaid interest on the Notes will be paid to the Noteholders’ on the Conversion Date in accordance with the Terms and Conditions.

2.2 Authority for the Agent to implement the Proposals

For the purpose of carrying out the Proposals set out in Section 2.1 (*Proposed terms of conversion*) above the Issuer requests that the Noteholders irrevocably authorise and assign to the Agent, or whoever the Agent appoint in its place, to, on the Noteholders’ behalf, do all such acts and things and to execute such other agreements or documents as may be necessary or desirable to give effect to the Proposals including but not limited to:

- (a) subscribe for the New Shares the Noteholder are entitled to in accordance with the resolutions adopted by the extraordinary general meeting and/or the board of directors of the Issuer regarding the Mandatory Conversion; and
- (b) take any and all measures and actions that are deemed necessary in order to complete the Mandatory Conversion and/or the Proposals.

2.3 Conditions for completion

Completion of the Proposals is conditional upon:

- (a) the requisite majority of the Noteholder consent to the Proposals (please refer to Section 5.4 (*Majority*) below);
- (b) the requisite majority of the holders of senior unsecured fixed rate notes due 2022 (ISIN SE0010520338) issued by the Issuer and guaranteed by Scandinavian Airlines System Denmark – Norway – Sweden pursuant to terms and conditions 20 November 2017 as amended and restated by an amendment and restatement agreement dated 4 June 2018 consent to the proposal set out in

the notice of meeting of holders of such fixed rate notes dated 30 June 2020, unless the Issuer in its sole discretion, decides to waive this condition (b);

- (c) a resolution by the extraordinary general meeting of the Issuer to authorise the board of directors to issue the New Shares; and
- (d) a resolution by the board of directors of the Issuer to approve the Mandatory Conversion.

2.4 Timing

The timetable below shows and concludes certain important dates in relation to the Proposals.

Q&A Session	3 July 2020
Voting Record Date (for being eligible to attend the Meeting and vote)	6 July 2020
Early Bird Deadline	9 July 2020
Deadline for submissions of power of attorney	16 July 2020
Deadline for submission of notice of attendance	16 July 2020
Meeting	17 July 2020
Extraordinary General Meeting of the Issuer	25 August 2020
Conversion Record Date (last day of trading of the Notes)	Around 1 October 2020
Conversion Date	Around 6 October 2020
Payment of Early Bird Fee	Around 20 October 2020

3. EARLY BIRD FEE

Subject to satisfaction of the conditions set forth below, the Issuer will pay an early bird fee to Noteholders eligible to receive such fee if the Proposals are approved at the Meeting. The early bird fee will be zero point two (0.2) per cent. of the Nominal Amount of each Note (equal to SEK 2,500 per Note) and shall be calculated on the principal amount which the relevant Noteholder has provided a Voting Form and PoA for (the “**Early Bird Fee**”). For the avoidance of doubt, also Noteholders voting against the Proposal are eligible to receive the Early Bird Fee.

In order to be eligible to receive the Early Bird Fee, a Noteholder must be eligible to vote in the Meeting and the following conditions for payment of the Early Bird Fee must be satisfied (unless waived by the Issuer):

- (a) the quorum requirement described in this Notice is met and the Proposals are approved at the Meeting;
- (b) the Noteholder has issued a complete and duly executed Voting Form and PoA using the designated format of voting form set out in Schedule 1 (and, if the voting party is a Nominee which has voted on behalf of its customers, together with the Certificate as set out in Schedule 2);
- (c) the Voting Form and PoA issued by the Noteholder include the full payment details of a bank account to which the Early Bird Fee may be paid, details of

which the Noteholder expressly consents therein to be disclosed by the Agent to the Paying Agent; and

- (d) the Agent has received the Noteholder's complete and duly executed Voting Form and PoA (and in the case of Nominees, the Certificate) prior to the Early Bird Deadline.

Payment of the Early Bird Fee will be made by the Paying Agent. In relation to eligible Noteholders that (i) are direct registered owners, (ii) qualify for payment of the Early Bird Fee and (iii) submitted a Voting Form and PoA to the Agent prior to the Early Bird Deadline, payment will be made to the account designated by the relevant Noteholder in its Voting Form and PoA. In relation to Nominees that (i) have voted on behalf of their customers (sub-holders of Notes), (ii) qualify for payment of the Early Bird Fee and (iii) submitted a Voting Form and PoA and a Certificate to the Agent prior to the Early Bird Deadline, payment will be made to the account designated by the relevant Nominee in its Voting Form and PoA and such Nominee will receive the Early Bird Fee and will be responsible for distributing the Early Bird Fee among its relevant customers (sub-holders of Notes).

The expected settlement date for payment of the Early Bird Fee will be within ten (10) Business Days following the Mandatory Conversion. Payments will be made without withholding or deduction for any applicable taxes and each Noteholder must make its own determination as to whether or not it is required to pay tax on any amounts it receives in connection with the Proposals.

For the purpose of payment of the Early Bird Fee in accordance with this Notice, the Noteholders explicitly acknowledge that the Agent may disclose to the Paying Agent any relevant Voting Form and PoA and its contents and by signing and submitting a Voting Form and PoA, the Noteholder expressly consents to such disclosure.

4. INFORMATION TO THE NOTEHOLDERS, CONSEQUENCES AND RISKS

4.1 Information to the Noteholders

Information to the Noteholders will be communicated, if relevant, through the Agent in accordance with the Terms and Conditions and be published by way of press release by the Issuer.

4.2 Consequences if there is no Mandatory Conversion

As set out in Section 0 (*Background*), the Major Shareholders have made the Mandatory Conversion and the conversion of the Issuer's MSEK 2,250 senior unsecured fixed rate notes an express condition to their commitment to participate in the Recapitalisation Plan. Without the Major Shareholders' participation in the Recapitalisation Plan, the Recapitalisation Plan will fail.

If the Recapitalisation Plan is not implemented and fails, the Issuer will not be able to re-capitalise and remedy the liquidity shortage and the negative equity caused by the COVID-19 outbreak resulting in a material adverse effect on the financial condition of the Issuer.

Should the Issuer as a result of the a material adverse effect on its financial condition result in the Issuer file for bankruptcy. It is likely that the Noteholders will not be able to recover any of their claims under the Notes against the Issuer, if the Issuer files for bankruptcy.

4.3 Consequences of the Mandatory Conversion

If the Proposal is accepted by the Noteholders and the Recapitalisation Plan is implemented, the Noteholders will become shareholders of a well-capitalised airline with a strong sustainability focus with a potential for full recovery of their original claims under the Notes. As shareholders in the Issuer, the Noteholders' will not have the right to receive any Interest on their investment in the Issuer.

Further, following the Mandatory Conversion the Notes will cease to exist, the Terms and Conditions will no longer be applicable and Intertrust (Sweden) AB's appointment as Agent will cease.

4.4 Tax consequences related to the Proposals

Each Noteholder must make its own determination as to the tax consequences of the Proposals and the Mandatory Conversion and is recommended to consult a tax adviser for information with respect to the special tax consequences that may arise in each individual case, including the applicability and effect of foreign income tax rules, provisions contained in double taxation treaties and other rules, which may be applicable.

4.5 Risks

The Proposals and an investment in the New Shares in the Issuer and the operations of the Issuer group due to the Mandatory Conversion, involve a number of inherent risks which could have a material adverse effect on the Noteholders' recovery on their investment in the Notes and, following the completion of the Mandatory Conversion, the New Shares. Each Noteholder must make its own determination as to the risks relating to the Proposals and is recommended to consult relevant advisers.

Each Noteholder should carefully review the risk factors set out in the investor presentation in Schedule 4 (*Investor presentation*). The Issuer does not represent that the risks of the Mandatory Conversion and/or of the Proposals are exhaustive.

5. SUMMONS

To enable the Issuer to receive the required approvals, the Issuer has requested the Agent to summon the Meeting to consider the Proposals.

The request is put forward to the Noteholders without further evaluation or recommendations from the Agent. The Noteholders must independently evaluate whether the Proposals are acceptable.

The Noteholders' are hereby summoned to the Meeting:

Time: 17 July 2020 at 13:00 (CEST), the meeting venue will open at 12:30 for registration.

Location: The Agent's office, Sveavägen 9, Stockholm, Sweden

Agenda:

1. The Meeting is called to order.
2. Election of a chairperson for the Meeting.

3. Preparation and approval of the voting list.
4. Approval of the agenda.
5. Election of two persons to verify the minutes.
6. Determination of whether the meeting has been duly convened.
7. Information about the background of the Proposals.
8. Resolution on the approval of the Proposals.
9. The Meeting is adjourned.

5.1 Voting procedure

Resolutions are passed through voting at the Meeting. A Noteholder holding more than one Note need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.

Only a person who is, or who has been provided with a power of attorney from a person who is, registered as a Noteholder on 6 July 2020 and who is included in the principal amount of outstanding Notes at such time may exercise voting rights as a Noteholder at the Meeting. This means that you must be registered in the debt register with the CSD (Sw. *skuldbok*) for the Notes (the “**Debt Register**”) as Direct Registered Owner or as Nominee with respect to one or several Notes. Holders of nominee-registered Notes shall be regarded as Noteholders instead of the Nominee if the holder presents a certificate from the Nominee showing that as at 6 July 2020, the person in question was the holder of a Note and stating the size of such person’s holding. Alternatively, you may request your Nominee to issue a power of attorney preferably in the format set out in [Schedule 3 \(Proxy\)](#) to this notice authorising you to vote. If your Notes are held through several intermediaries (i.e. your authorised Nominee is not registered in the Debt Register), you will need to obtain a power of attorney from the Noteholder listed in the Debt Register, or otherwise obtain a coherent chain of powers of attorney starting with the Noteholder listed in the Debt Register. Whether either of these options are available to you depends on the agreement between you and the authorised Nominee or other intermediary that holds the Notes on your behalf (and the agreement between the intermediaries, if there are more than one).

Noteholders who are duly registered as a Noteholder on 6 July 2020 can participate in the Meeting by authorising the Agent to vote on your behalf by completing and sending the Voting Form and PoA, and, if applicable, together with the Certificate.

Noteholders may alternatively attend the Meeting in person or by proxy. However, due to COVID-19, it is recommended that Noteholders participate by executing and submitting the Voting Form and PoA rather than attending the Meeting in person or by proxy.

A Voting Form and PoA submitted by a Noteholder authorising the Agent to vote on its behalf at the Meeting will not be valid for any Second Meeting.

Noteholders that intend to attend the Meeting in person or by proxy should notify the Agent that they will attend the Meeting no later than on 12:00 (CEST) on 16 July 2020 either by regular mail, courier or e-mail to the Agent using the contact details set out in Section 5.6 (*Address for sending replies*) below.

The Agent recommends that you contact the securities firm that holds the Notes on your behalf for assistance if you wish to participate in the Meeting and do not know how your Notes are registered or need authorisation or other assistance to participate.

Notes owned by the Issuer, any other Group Company or an Affiliate do not entitle the holders to any voting rights and are not included in the Adjusted Nominal Amount.

Any matter decided upon at the Meeting will be binding for all Noteholders.

A notice of the outcome of the Meeting will promptly be sent by regular mail to the Noteholders and be published on the websites of the Issuer (<https://www.sasgroup.net/>) and the Agent (<https://www.intertrustgroup.com/>).

5.2 Notification of participation in the Meeting

Noteholders who wish to attend the Meeting must notify the Agent of their participation in the Meeting no later than 12:00 on 16 July 2020. Notifications must be sent to the Agent by e-mail to trustee@intertrustgroup.com.

Such notification to the Agent must specify the relevant Noteholder's:

- (a) name;
- (b) personal identity number (or equivalent)/company registration number;
- (c) the number of Notes held; and
- (d) where applicable, information about any representatives of the Noteholder.

If Notes are held by a legal entity, the right to act on behalf of the Noteholder must be proven to the satisfaction of the Agent through complete authorisation documents, such as powers of attorney, board minutes, registration certificates or corresponding documents. The relevant documents shall be submitted to the Agent in original or as certified copies of the originals. The Agent shall only have to examine the face of such documents and may assume that they have been duly authorised, is valid, has not been revoked or superseded and that they are in full force and effect, unless otherwise is apparent from its face or the Agent has actual knowledge to the contrary.

5.3 Quorum

Noteholders representing **at least 50 per cent** of the Adjusted Nominal Amount must participate in the Meeting (by way of casting votes) in order to form quorum.

If the required quorum is not reached, the Agent shall, if requested by the Issuer, initiate a second Meeting for which no quorum requirement will apply (the “**Second Meeting**”). Please note that a Voting Form and PoA submitted by a Noteholder authorising the Agent to vote on its behalf at the Meeting will not be valid for any Second Meeting and Noteholders that wish to participate in the Second Meeting (by way of casting votes) must therefore submit a new Voting Form and PoA for any Second Meeting.

5.4 Majority

The Agent must receive votes in favour of the Proposals in the Meeting representing **at least sixty-six and two thirds (66⅔) per cent.** of the Adjusted Nominal Amount of the Noteholders voting in the Meeting in order for the Proposals to be approved.

5.5 Effective date

The Proposals shall be deemed approved immediately at the Meeting if the required majority set forth in Section 5.4 (*Majority*) has been received.

In order to implement and effectuate the Proposals and the Mandatory Conversion, the Agent shall subscribe for the New Shares on behalf of the Noteholders when the conditions for completion set out in Section 2.3 (*Conditions for completion*) have been fulfilled. In addition to the aforementioned, the Issuer and the Agent may agree to take any other action deemed required in order to implement the Proposals.

The Issuer will notify the Noteholders, by way of press release on the date when the Mandatory Conversion has been completed.

5.6 Address for sending replies

Please send any Voting Form and PoA (*Schedule 1*), Certificate (*Schedule 2*) and/or Proxy (*Schedule 3*) by regular mail, scanned copy by e-mail, or by courier to:

By regular mail:

Intertrust (Sweden) AB
Attn: Beatrice Gustafsson,
P.O. Box 162 85,
103 25 Stockholm

By courier:

Intertrust (Sweden) AB
Attn: Beatrice Gustafsson,
Sveavägen 9, 10th floor
111 57 Stockholm

By e-mail:

trustee@intertrustgroup.com

6. Q&A SESSION

The Issuer will arrange a digital Q&A session at 11:00 (CEST) on 3 July 2020 (the “**Q&A Session**”). At this session, representatives from the Issuer will respond to questions from Noteholders regarding the Proposals. Noteholders that wish to ask a question must pre-submit questions to the Issuer. The Issuer will strive to respond to all questions concerning the Proposals, but reserves its right to reject any unrelated or irrelevant questions. The Issuer will provide a link and dial-in details to the Q&A Sessions on <https://www.sasgroup.net/investor-relations/recapitalization-plan/> no later than the day before the Q&A Session.

The pre-submission of questions shall be made to the Issuer by sending an email to any of the solicitation agents at the addressees set out in Section 8 (*Further Information*) by 16:00 (CEST) on 2 July 2020. The possibility to pre-submit questions is limited to parties eligible to participate at the Meeting. During the Q&A Session only pre-submitted questions will be answered, there will be no possibility to submit or ask questions during the Q&A Session. Minutes from the Q&A Session will be published in the website of the Issuer and the Agent.

7. NON-RELIANCE

The Proposals are presented to the Noteholders by the Issuer, without any evaluation, advice or recommendations from the Agent whatsoever related to the content of this notice and the Proposals. No independent advisor has been appointed to review and/or analyse the Proposals (and its effects) from the Noteholders' perspective. Each Noteholder is recommended to seek professional advice to independently evaluate whether the Proposals from the Issuer (and their effects) is acceptable or not.

8. FURTHER INFORMATION

For questions regarding the Proposals, please contact the Issuer at:

SAS press office, +46 8 797 2944

Michel Fischier , VP Investor Relations, +46 70 997 0673

For questions to the Agent regarding the administration of the Meeting and to submit a Voting Form and PoA or notice of attendance, please contact the Agent at trustee@intertrustgroup.com.

For questions in relation to consent solicitation, please contact the solicitation agents at:

Danske Bank A/S, Danmark, Sverige filial, e-mail: dcm_admin@danskebank.se.

Skandinaviska Enskilda Banken AB (publ), e-mail:
SEBLiabilityManagement@seb.se.

Swedbank AB (publ), e-mail: syndicate@swedbank.se.

Stockholm, 30 June 2020

Intertrust (Sweden) AB
as Agent

at the request of SAS AB (publ)

Schedule 1 Voting Form and PoA

For the Meeting on 17 July 2020, at 13:00 (CEST) at Sveavägen 9, Stockholm, Sweden, for the holders of subordinated perpetual floating rate callable capital securities (ISIN SE0012193910) issued by the SAS AB (publ)

The undersigned Noteholder or authorised person/entity (the “**Voting Person**”), votes either **For** or **Against** the Proposals by marking the applicable box below.

NOTE: If the Voting Person is not directly registered as Noteholder, the Voting Person must enclose the Certificate (i.e. a certificate from the nominee showing that as at 6 July 2020, the person in question was the holder of a Note and stating the size of such person’s holding).

Capitalised terms used and not otherwise defined herein shall have the meanings assigned to them in the notice of the Meeting dated 30 June 2020.

The undersigned hereby confirm that the Agent (Sw. *befullmäktigad*) has the right to vote on my/our behalf at the Meeting as per this Voting Form and PoA and unconditionally and irrevocably approve that the Agent may disclose Voting Form and PoA to the Issuer, the Paying Agent and its respective advisors.

	<u>For</u> the Proposals
	<u>Against</u> the Proposals

Name of the Voting Person: _____

Capacity of the Voting Person:
(tick the applicable box)

Directly registered holder: ¹ Indirect holder: ²

Voting Person’s reg.no/id.no and country of incorporation/domicile: _____

Securities Account number at Euroclear Sweden:
(if applicable) _____

Name and Securities Account number of custodian(s):
(if applicable) _____

Nominal Amount voted for (in SEK): _____

¹ When voting in this capacity, no further evidence is required

² When voting in this capacity, the person/entity voting must also enclose a certificate, in the form set out in Schedule 2 to the notice to the Meeting, from the nominee showing that as at 6 July 2020, the person in question was the holder of a Note and stating the size of such person’s holding.

Account details for payment of the Early Bird Fee (as applicable):

Account number: _____

Clearing number: _____

IBAN: _____

SWIFT: _____

Contact person, daytime telephone number and e-mail address:

Place, date: _____

Name:
(*Authorised signature*)

Schedule 2 Certificate

For the Meeting on 17 July 2020, at 13:00 (CEST) at Sveavägen 9, Stockholm, Sweden, for the holders of subordinated perpetual floating rate callable capital securities (ISIN SE0012193910) issued by the SAS AB (publ)

Capitalised terms used and not otherwise defined herein shall have the meanings assigned to them in the notice of the Meeting dated 30 June 2020.

Name of person/entity that is directly registered as nominee for the Relevant Notes (as defined below) (the “ Registered Nominee ”):
Name of person/entity that is holding the Relevant Notes through the Registered Nominee (directly or indirectly) (the “ Underlying Holder ”):
Nominal amount (SEK) of the Notes that the Underlying Holder holds through the Registered Nominee (directly or indirectly) (the “ Relevant Notes ”):

Certificate

The Registered Nominee hereby certifies that the Underlying Holder (directly or indirectly) held the Relevant Notes through the Registered Nominee as per the Voting Record Date (being 6 July 2020). Thus, in accordance with the Terms and Conditions, the Underlying Holder shall have the right to participate and vote for the Relevant Notes in the Meeting on 17 July 2020, at 13:00 (CEST) at Sveavägen 9, Stockholm, Sweden, instead of the Registered Nominee.

Place, date: _____

Name:
(*Authorised signature of the Registered Nominee*)

Schedule 3 Proxy

For the Meeting on 17 July 2020, at 13:00 (CEST) at Sveavägen 9, Stockholm, Sweden, for the holders of subordinated perpetual floating rate callable capital securities (ISIN SE0012193910) issued by the SAS AB (publ)

NOTE: This Proxy and authorisation document shall be filled out if the voting person is not registered as Noteholder (as defined in the Terms and Conditions) in the debt register (Sw. skuldbok (direktregistrerade)), held with the CSD. If the voting person's Notes are held through several intermediaries, the voting person will need to obtain a power of attorney from the Noteholder, or otherwise obtain a coherent chain of powers of attorney starting with the Noteholder.

Capitalised terms used and not otherwise defined herein shall have the meanings assigned to them in the notice of the Meeting dated 30 June 2020.

Name of person/entity that is given authorisation (Sw. <i>befullmäktigad</i>) to vote as per the Voting Record Date:
Nominal Amount (in SEK) the person/entity is authorised to vote for as per the Voting Record Date:
Name of Noteholder or other intermediary giving the authorisation (Sw. <i>fullmaktsgivaren</i>):

We hereby confirm that the person/entity specified above (Sw. *befullmäktigad*) has the right to vote for the Nominal Amount set out above.

We represent an aggregate Nominal Amount of: SEK _____

We are: *(tick the applicable box)*

<input type="checkbox"/>	Registered as Noteholder on the Securities Account
<input type="checkbox"/>	Other intermediary and holds the Notes through <i>(specify below)</i> :

Place, date: _____

Name:

(authorised signatory of Noteholder/other intermediary (Sw. fullmaktsgivaren))

Schedule 4
Investor presentation

SAS
INVESTOR PRESENTATION

JUNE 2020



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Today's presenters



Rickard Gustafson
CEO



Torbjørn Wist
CFO



Michel Fischier
Vice President Investor Relations

Executive summary

SAS intro

- SAS is an integrated part of Scandinavian infrastructure with a SEK 70+bn contribution to the Scandinavian economies
- Scandinavia is an attractive market for aviation, and SAS' focus on Scandinavia's frequent travelers in combination with an operating model adapted for Scandinavian conditions has enabled SAS to maintain a strong position in the market while delivering stable growth and positive returns
- SAS enjoyed a strong momentum prior to COVID-19 with increasing market share in an overall declining market

Strategy update COVID-19

- COVID-19 and imposed travel restrictions have led to virtually non-existent demand for air travel
- SAS has taken rapid measures to preserve cash during a phase of immediate travel restrictions with e.g. 90% of staff on temporary lay-offs, resulting in a SEK 500-700m operating cash burn until end of FY20
- During ramp-up phase in FY20 and FY21, SAS will have difficulties reaching profitability, creating a significant need for recapitalization
- Beyond FY22, SAS has developed an ambitious revised business plan including SEK 4bn in efficiency improvements to return to profitability and deliver on its financial targets
- Part of this plan is accelerating the green targets towards global leadership in sustainable aviation

Recapitalization plan

- Drastic measures not sufficient to secure funding – SAS has in constructive dialogue with governments of Sweden and Denmark (“the Major Shareholders”), supported by Knut and Alice Wallenberg Foundation (“KAW”), agreed upon the Recapitalization plan
 - Conversion of existing senior unsecured bonds and junior subordinated hybrids into common equity
 - Directed Hybrid Notes placed with the Major Shareholders
 - Directed issue of common shares to the Major Shareholders
 - Rights issue 81.5% subscribed/underwritten by the Major Shareholders and KAW
- The Recapitalization plan is conditional upon a successful bond and hybrid conversion, EU Commission approval, exemption from the mandatory bid obligation from the Swedish Securities Council as well as EGM approval

Overview of the Recapitalization plan

Bond conversion	Hybrid conversion	Directed Hybrid Notes	Rights Issue	Directed Issue
SEK 2.25bn	SEK 1.5bn	SEK 6.0bn	SEK 4.0bn	SEK 2.0bn
<ul style="list-style-type: none"> Bond converted at 81.3% to par value into common shares at a subscription price of SEK 1.89 	<ul style="list-style-type: none"> Hybrid converted at 70.8% to par value into common shares at a subscription price of SEK 1.89 	<ul style="list-style-type: none"> SEK 5bn of Directed Hybrid Notes placed with the Major Shareholders split equally SEK 1bn Directed Hybrid Notes placed with the government of Denmark 	<ul style="list-style-type: none"> Rights Issue 81.5% subscribed/underwritten by the Major Shareholders (SEK 1.2/3bn) and KAW (SEK 259m) at a subscription price of SEK 1.16 	<ul style="list-style-type: none"> Directed Issue of common shares placed with the Major Shareholders at a subscription price of SEK 1.16

Reduced total liabilities: SEK 2.25bn / New Equity: SEK 14.25bn
 + 6,702m new shares and votes corresponding to a dilution of 95%

Recapitalization plan conditional upon:

Successful bond and hybrid conversion

Approval from EU Commission

EGM approval

Exemption from mandatory bid obligation

Content

1 Introduction to SAS

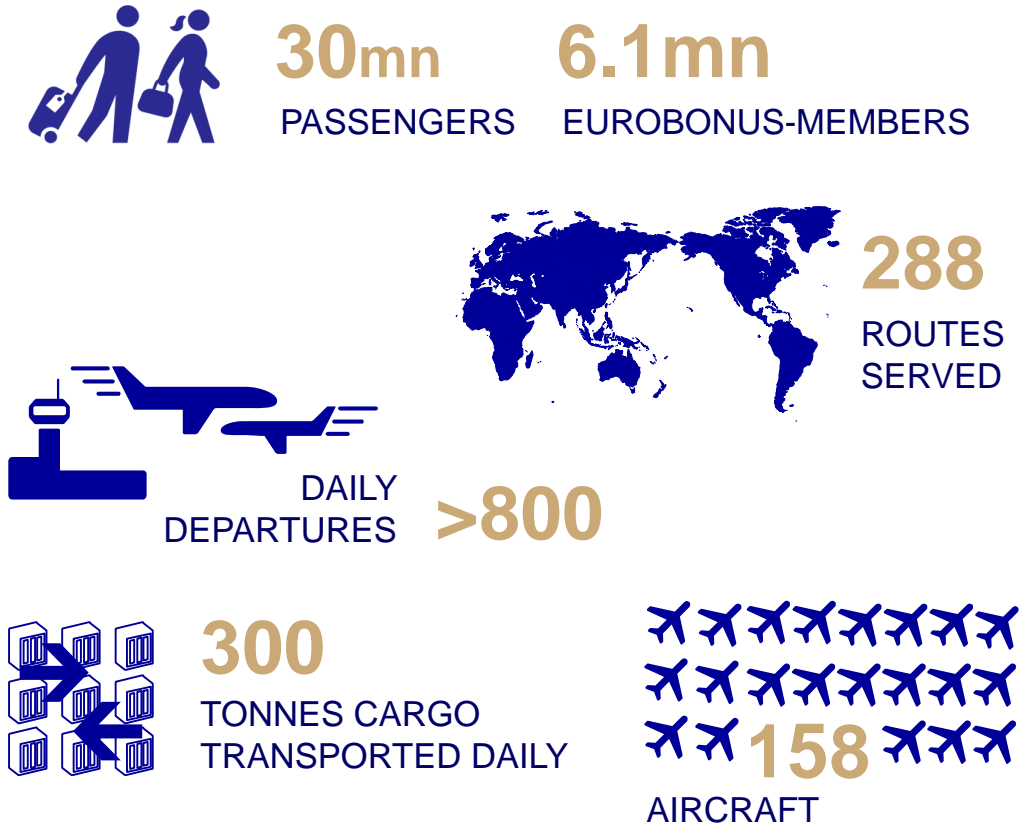
2 Strategy update COVID-19

3 Recapitalization plan



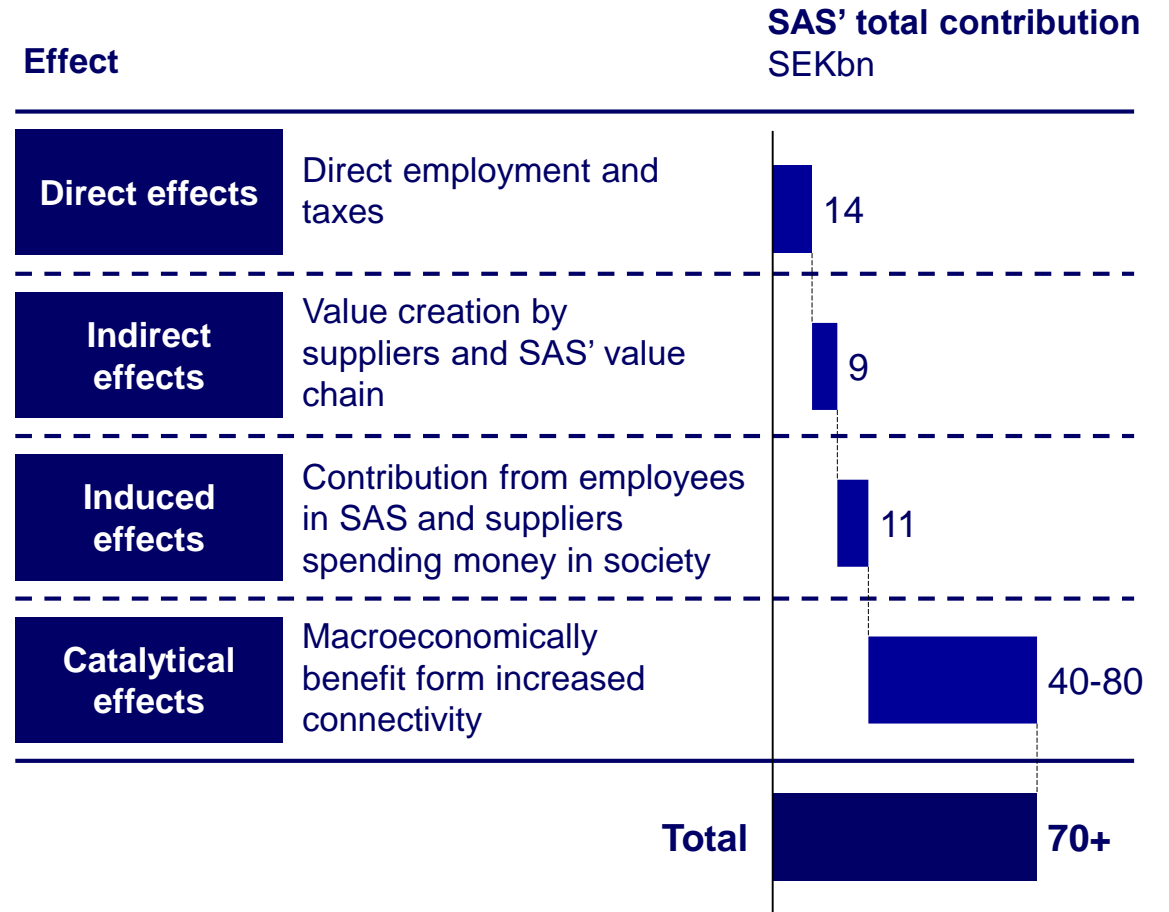
SAS is an integrated part of Scandinavian infrastructure

SAS by the numbers (FY19)



Source: SAS Annual Report 2018/2019

SAS' contribution to the Scandinavian economies (2018)



Source: Copenhagen Economics

SAS has a strong position in an attractive market

Scandinavia is an attractive market (2019)

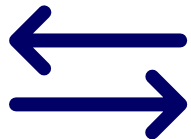
Large market



110bn

SEK revenue from the entire flight industry throughout Scandinavia

High travel frequency



4-5

Journeys per capita in Scandinavia

Solid growth



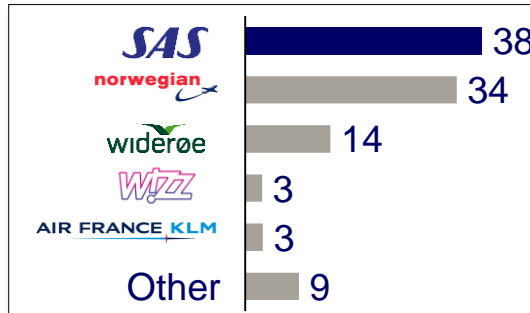
4%

CAGR O&D trips to/from/within Scandinavia 2014-2019

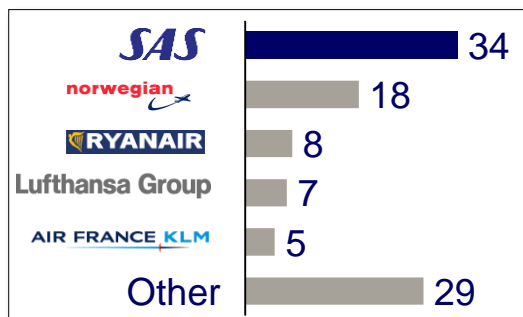
SAS has a strong position in all Scandinavian countries

Percent share of seat capacity to/from/within country, FY19

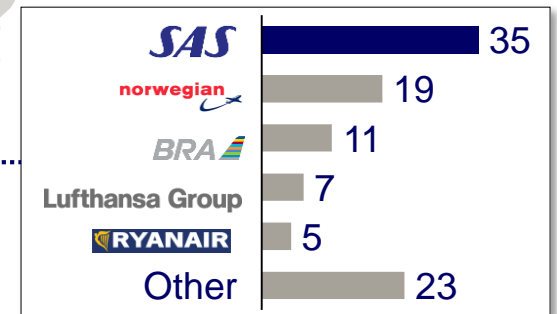
Norway



Denmark



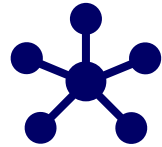
Sweden



SAS' customer offering is adapted to the needs of the frequent travelers

SAS' core customers are frequent travelers

- 5+ round-trips p.a. (irrespective of travel purpose)
- Represent ~40% of market trips
- Account for ~65% of SAS' revenues
- Value time, premium features, and sustainability
- Travel often in higher booking classes



Best network and timetable

- Network and timetable adapted for frequent travelers
- Complementary leisure traffic
- STAR Alliance



Making time matter

- Fast track and lounges
- Digital tools
- High-speed WiFi



Premium product offering

- New aircraft and cabin refresh
- Plus & Business class (on long-haul)
- Locally produced and sustainable Food & Beverages



Reducing customers environmental footprint

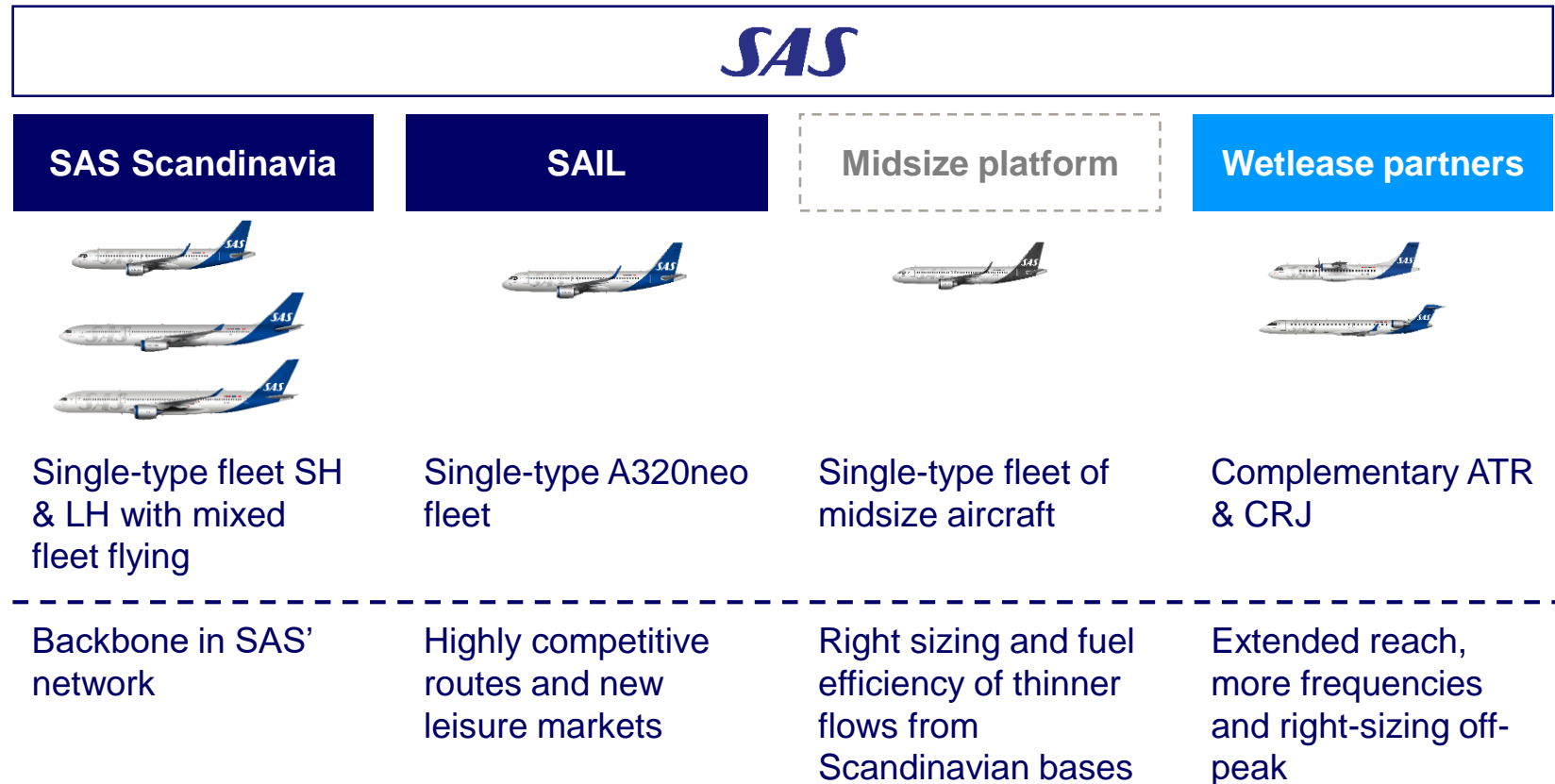
- Waste and recycling
- Fuel efficiency
- Fleet renewal

SAS' customer offering generates a price premium vs. competitors

SAS' operating model adapted for the Scandinavian market

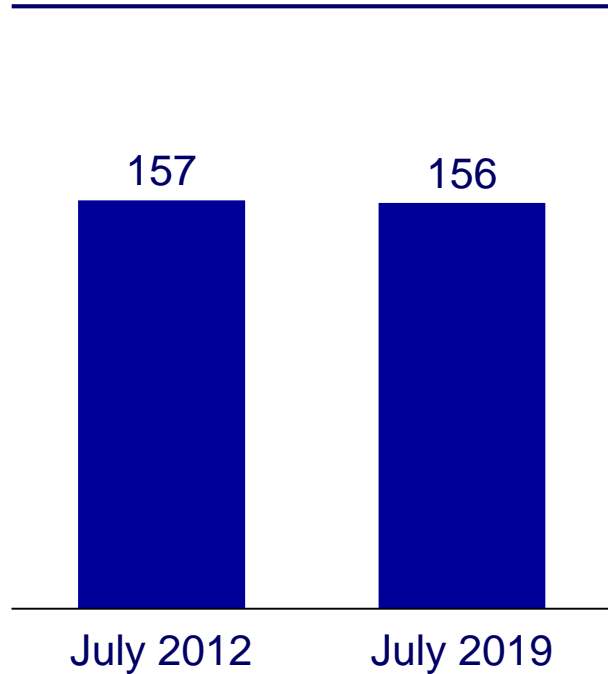
Three important market features:

- High seasonality
- Competitive leisure market
- Many small business destinations

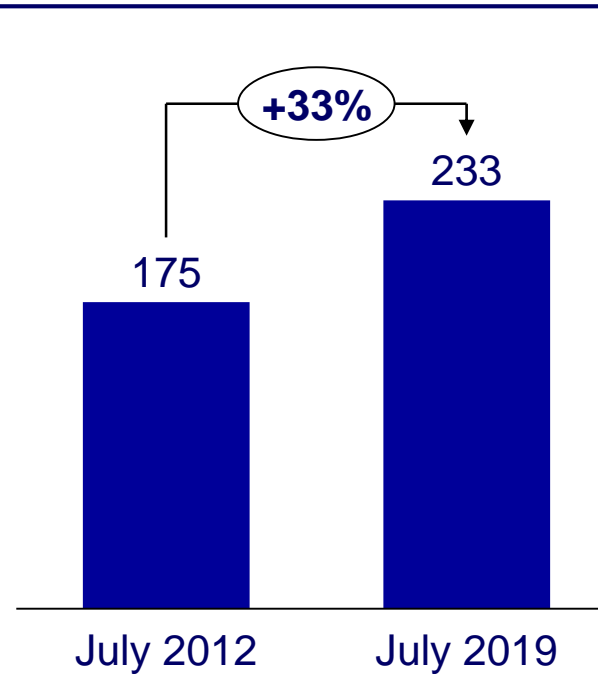


As an effect, SAS has been able to improve efficiency and offering

Number of aircraft

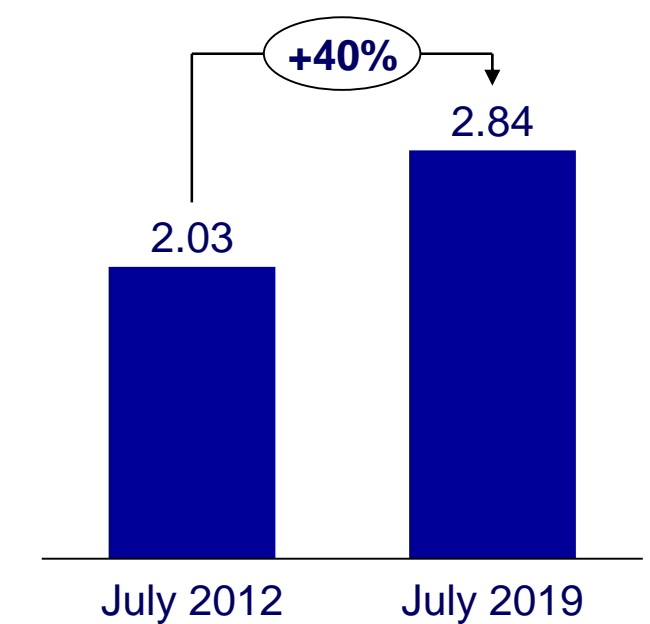


Number of routes



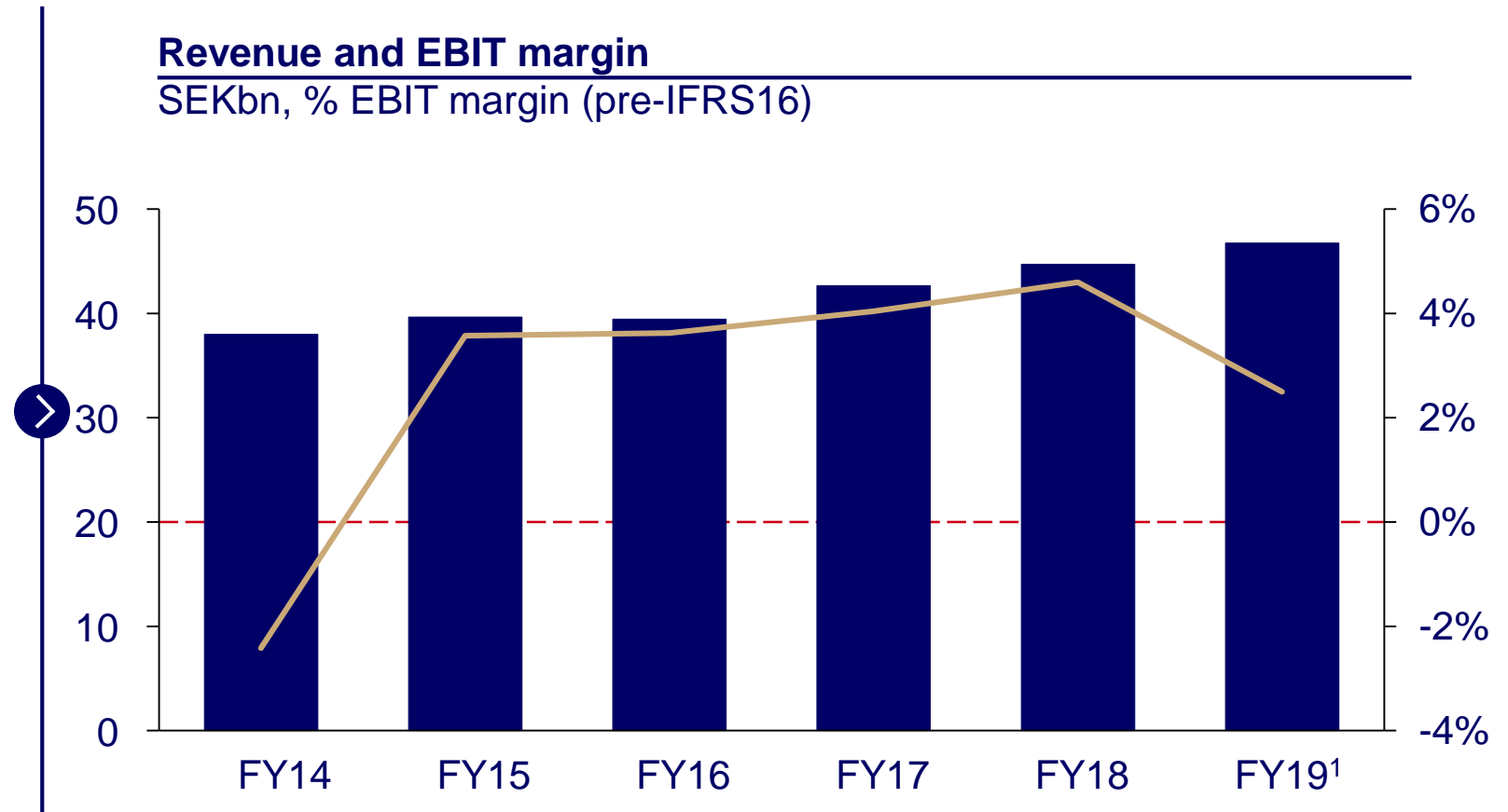
Number of passengers

Millions



SAS' transformation over the last years has yielded tangible results

Since 2013, SAS has delivered over SEK 6.7bn efficiency improvements



Content

1 Introduction to SAS

2 Strategy update COVID-19

3 Recapitalization plan



SAS enjoyed a strong momentum prior to COVID-19

Market share



Increased market share in declining market

PASK



21 consecutive months of improved R12 PASK

**Operational
quality**



High punctuality and regularity

CSI



Strong customer satisfaction trend and record high CSI in January (75)

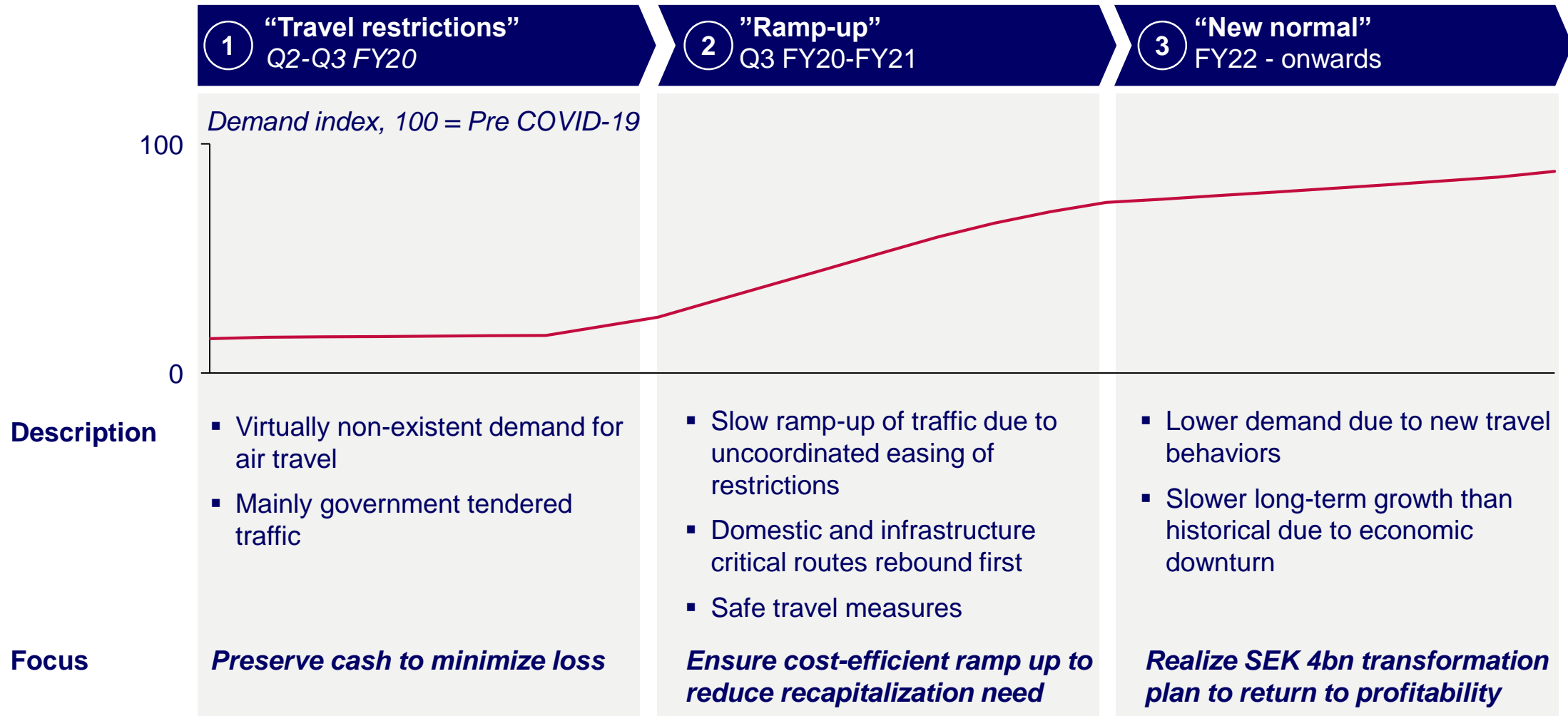
Sustainability



SAS seen as a global front runner in sustainable aviation

COVID-19 will impact aviation demand for the years to come

3 phases of recovery



1 "Travel restrictions"

SAS has taken rapid measures to preserve cash

Measures taken

- Reduced capacity**
- Majority of fleet grounded – in April SAS' ASK was down 95%
 - 90% of staff on temporary lay-offs
-

- Reduced spend**
- All non-essential spend and projects suspended
 - Payment holidays or discounts from majority of suppliers (incl. lessors)
 - Standstill agreements with wet-lease providers
-

- Reduced CAPEX**
- Delayed aircraft deliveries
 - Postponed investments
-

- Strengthened liquidity**
- Closing cash balance in Q2-20: SEK 4.2bn
 - Since closing of Q2, SAS has
 - Secured SEK 3.3bn revolving facility guaranteed by Denmark and Sweden
 - Financed 5 A320neo spare engines
 - Signed sale lease back agreement on deliveries of 1 A350 and 3 A320neo

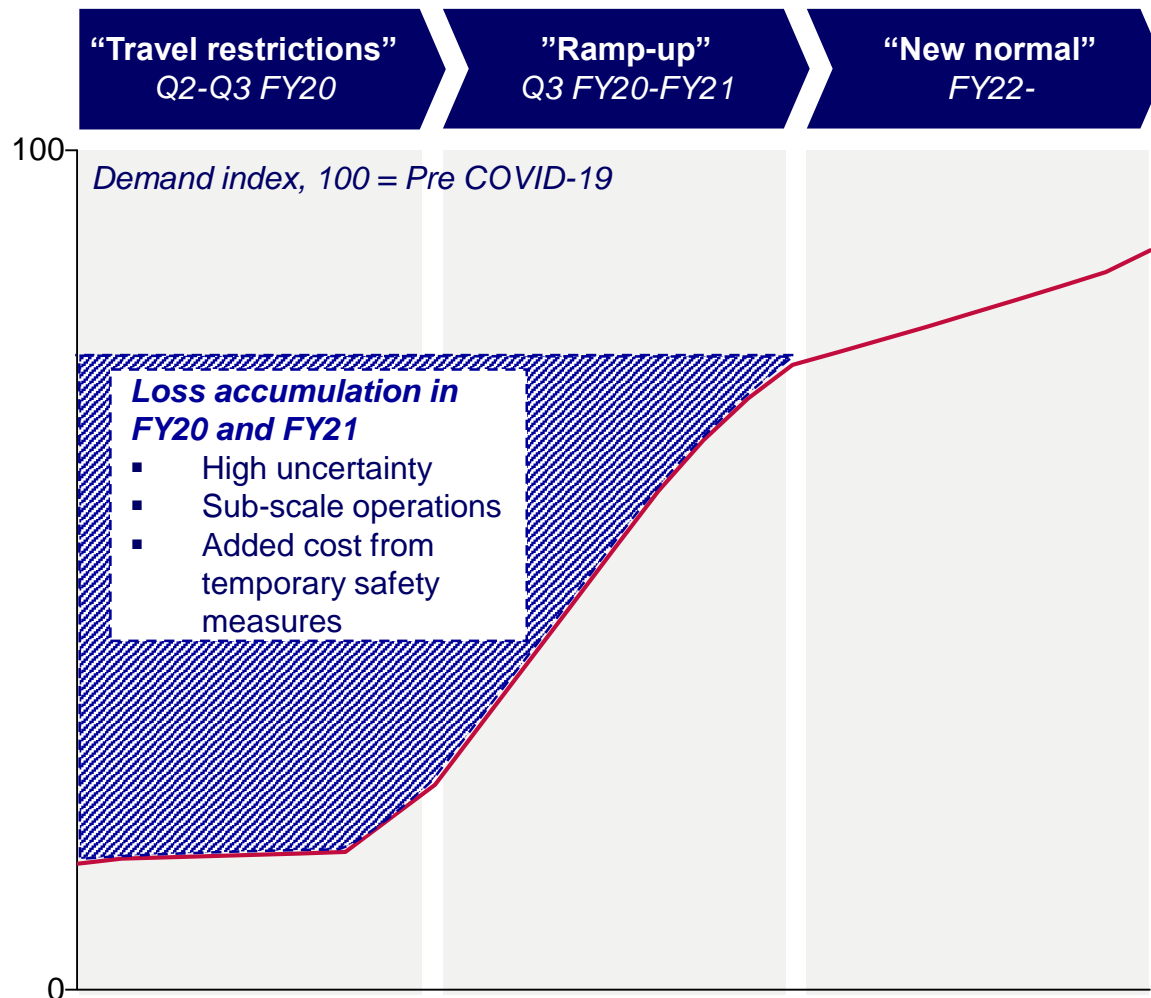
Significant effort to reduce cash burn during Q2

As a result, monthly average operating cash burn of SEK 500-700m in Q3-Q4 FY20

2 "Ramp up"

SAS must ensure cost-efficient ramp-up and safe travels

Difficult to reach profitability until operations reaches more normalized levels



SAS' ramp-up measures to reduce cost and stimulate travel



Cost-efficient ramp-up

- Analytics dashboard to monitor travel restrictions, travel intent & early booking trends
- Ramp-up program with efficient add-on "blocks" that are easy to schedule for crew, tech and ground
- Adjusted revenue management principles to maximize revenue in low demand environment



Safe travels

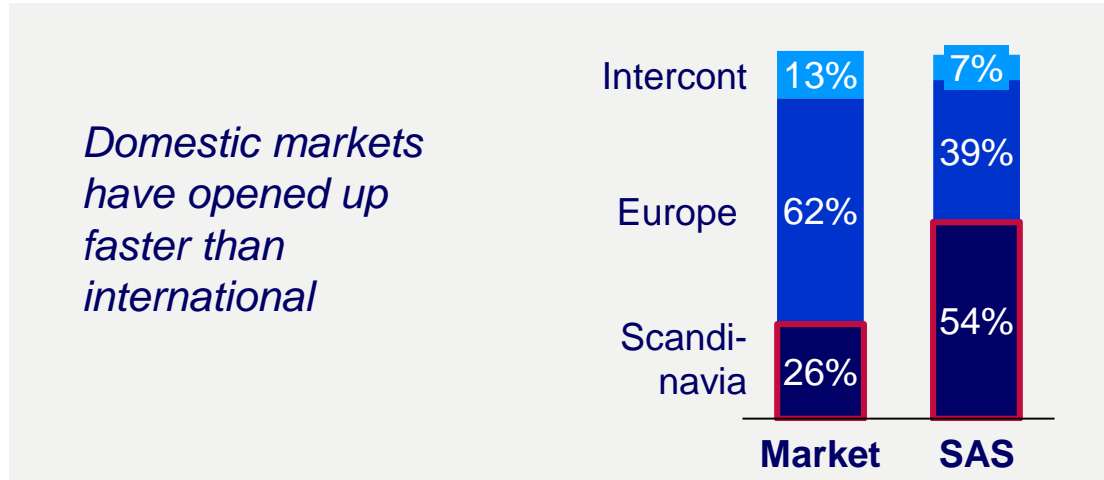
- Safety has been in SAS' DNA since 1946
- SAS' aircraft are equipped with HEPA filters with high circulation of air
- In addition, SAS has introduced
 - New on-ground and on-board procedures
 - Deep cleaning and sanitization of aircraft
 - Protective face masks until end of August

2 "Ramp up"

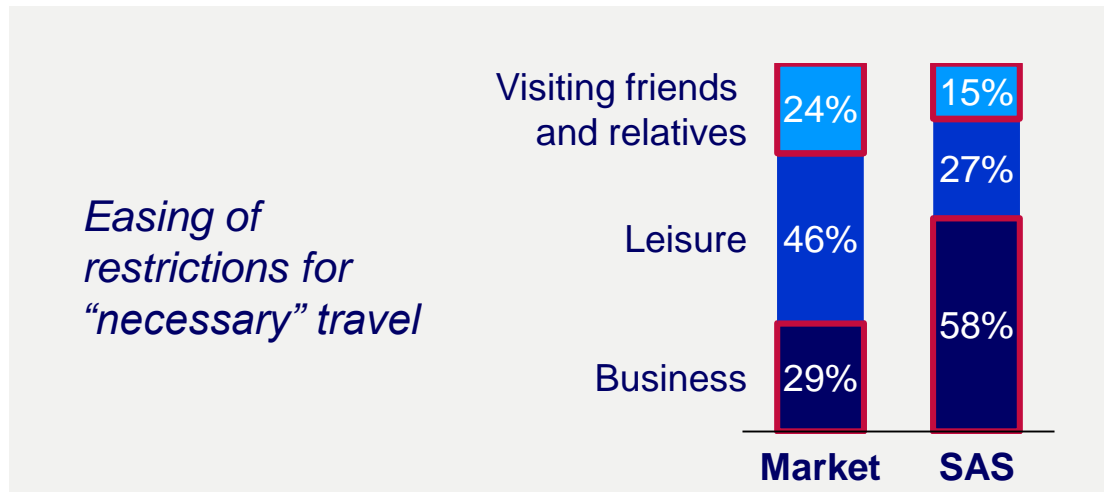
SAS well positioned to capture market rebound during ramp-up

By geography

Ramp-up status



By purpose of travel



SAS' core geographies and segments have shown signs of faster recovery compared to overall market

As a result, SAS is in July operating (vs. planned):

- 51% of domestic & Scandinavian traffic
- 24% of European traffic
- 12% of Intercontinental traffic

3 “New normal”

SAS’ revised business plan



Preferred airline for Scandinavia’s frequent travelers



Hyper modern single-type fleet



Fully competitive operating model



Global leadership in Sustainable aviation





SAS will continue to focus on Scandinavia's frequent travelers to maintain strong position in Scandinavia

Customers



- Focus on SAS' core customer segments – corporate customers and frequent travelers
- Complement with seasonal leisure

Network



- Build on Scandinavian footprint to prioritize main flows within Scandinavia and to European majors
- Maintain CPH as main long haul hub, complemented by selective routes from OSL/ARN

Product







- Focus on care and feeling safe
- Strengthen sustainability position
- Strengthen EuroBonus value proposition



SAS is expected to have one of Europe's most modern fleets by 2025

SAS' ongoing fleet renewal

Aircraft Type	Key Features	Firm orders
 A320neo	<ul style="list-style-type: none"> Back-bone of short-haul network 18-20% lower emissions than previous generations 	80 A/C
 A330E & A350XWB	<ul style="list-style-type: none"> Back-bone of long-haul network 30% lower emissions and 40% less noise than previous generations 	13 A/C
 A321LR	<ul style="list-style-type: none"> Complementary long-haul 18-20% lower emissions than previous generations 	3 A/C
 Mid-size & regional	<ul style="list-style-type: none"> Next-generation mid-size Modern turbo-prop from wet lease suppliers 	0*

By 2025, SAS is expected to have...

- Completed fleet transition to a single-type Airbus fleet
- One of the youngest and most reliable fleets among airlines in Europe
- The most attractive aircraft assets to finance
- The most environmentally efficient aircraft type in each aircraft segment



* Flexibility to adapt to future demand



SAS has set an ambitious SEK 4bn transformation plan

Components of SAS' revised business plan to deliver SEK 4bn by 2022

 **Employees**

- Initiated reduction of work force by up to 5,000 full-time positions to meet lower expected demand for air travel
- Zero based re-sizing of administration

 **Fleet**

- Delayed Airbus deliveries, and negotiated increased flexibility in external wet lease platform
- Accelerated phase out of older aircraft to reach single-type fleet

 **Productivity**

- Increased productivity of 15-25% in all areas of the business, requiring new CBA agreements and enhanced planning
- Increased digitalization, structural measures and increased outsourcing

 **Suppliers**

- Negotiated discounts with large suppliers
- Initiated cost saving program across categories incl. brand, marketing, IT, product cost, and facilities

By 2025, SAS is expected to have...



- **Completed establishment of made-for-purpose operating platforms**
- **Full cost competitiveness in each platform**
- **Single-type operations in each platform**

SAS’ ambition to be global leader in sustainable aviation by 2025

Aviation matters

- We believe in the importance of **world trade** for Scandinavian economies
- We believe in an **open society**
- We believe that the world is enriched if people from **different countries and cultures** can meet and exchange ideas

SAS will support “green” restart of Scandinavian economies

- Accelerate 2030 target to reduce net CO₂ emissions by 25% by 2025 (vs. 2005)
- The reduction is, in absolute terms, equivalent to all CO₂ emissions on SAS’ flights within Scandinavia
- Identify pathway, in close collaboration with relevant stakeholders, to enable up to 50% net reduction of CO₂ by 2030 (vs. 2005)

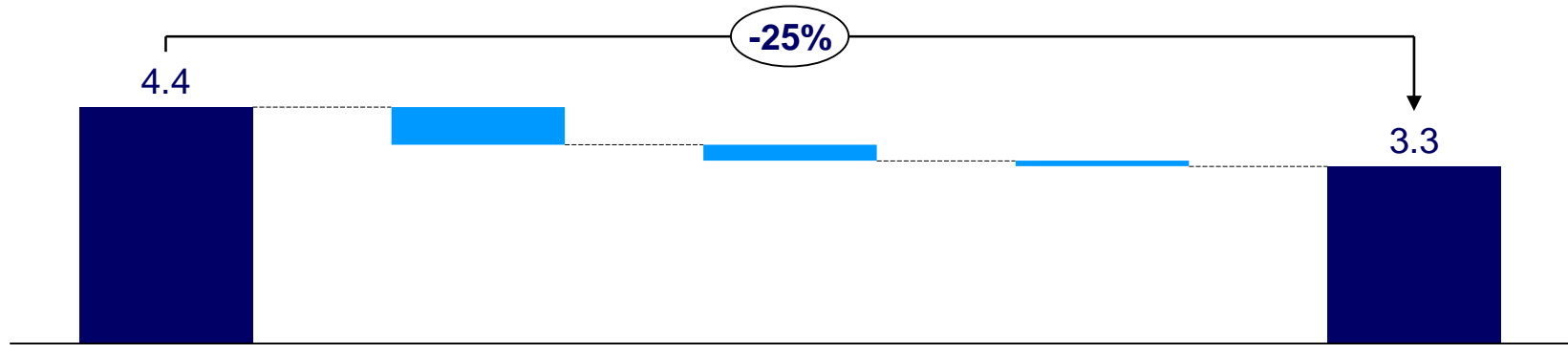




SAS has identified a roadmap to reduce net emissions by 25% by 2025

By 2025, SAS targets a net reduction in CO₂-emissions by 25%

Mn tons



- | | | | |
|---|---|--|--|
| <p>Drivers</p> <ul style="list-style-type: none"> ▪ <i>Fleet transformation with up to 30% more fuel efficient aircraft</i> ▪ <i>Fuel efficiency in operations</i> | <p>Fleet renewal and fuel efficiency</p> <ul style="list-style-type: none"> ▪ <i>Fleet transformation with up to 30% more fuel efficient aircraft</i> ▪ <i>Fuel efficiency in operations</i> | <p>Sustainable aviation fuels (SAF) & carbon capture</p> <ul style="list-style-type: none"> ▪ <i>Up to 10% SAF (HEFA secured through offtake agreements)</i> ▪ <i>Carbon capture and storage to make SAF chain CO₂ neutral</i> | <p>Improved rail connectivity</p> <ul style="list-style-type: none"> ▪ <i>Partnerships to improve feeder connectivity to hubs (to be explored)</i> |
|---|---|--|--|

Sustainability rapidly becoming important factor for travelers and corporate customers

Sustainability also increasingly important for access to financing



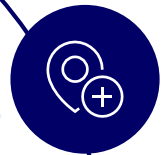
By being a leader in sustainable aviation, SAS expects competitive advantage in terms of market share and price premium

Accelerated sustainability targets in accordance to the Paris Agreement



Longer term, Scandinavia has an opportunity to create an entirely new base industry around SAF

Pre-requisites for large scale SAF production in Scandinavia



Local expertise & resources



Local infrastructure



Incentives and policies

- ✓ **Low cost green electricity** from renewable sources
- ✓ **Local feedstock** e.g, residue from forestry, pulp & paper and agriculture
- ✓ **Technical know-how** to develop next-gen SAF
-
- ✓ **Local infrastructure** to store, transport and allocate SAF
- ✗ **Investments** in production capacity
-
- ✗ Taxes & charges redesigned to **incentivize CO₂-reduction and SAF production**
- ✗ **European SAF quota** introduced to create a level playing field

Opportunity to lead the way for other European countries and create a new "green base industry" around SAF production

Requires **close collaboration with stakeholders across Scandinavia** and a supportive regulatory framework

In combination with a Single European Sky, this could enable SAS to reach up to **50% net reduction of CO₂-emissions** by 2030 (compared to 2005)

To summarize: SAS in 2025



Preferred airline for Scandinavia's frequent travelers

- Continued focus on Scandinavia's frequent travelers
- Prioritize main flows within Scandinavia and to European majors
- CPH main long-haul hub complemented by select direct capacity from ARN/OSL



Fully competitive operating model

- Fit-for-purpose operating platforms fully established
- Efficient organization adapted to new market environment
- Delivered SEK 4bn transformation plan



Hyper modern single-type fleet

- Accelerated transition to single-type Airbus fleet
- Introduced next generation mid-size aircraft
- High asset utilization and effective maintenance



Global leadership in Sustainable aviation

- Reduced net CO₂-emissions by 25%
- Increased usage of Sustainable aviation fuels by up to 10%
- Competitive advantage from Sustainability leadership

Revised Financial Targets¹



Return on capital
Post tax ROIC > WACC



Leverage
Net debt/EBITDA < 3.5x



Financial preparedness
Cash, cash equivalents and credit facilities/Fixed cost > 25%

Content

1 Introduction to SAS

2 Strategy update COVID-19

3 Recapitalization plan

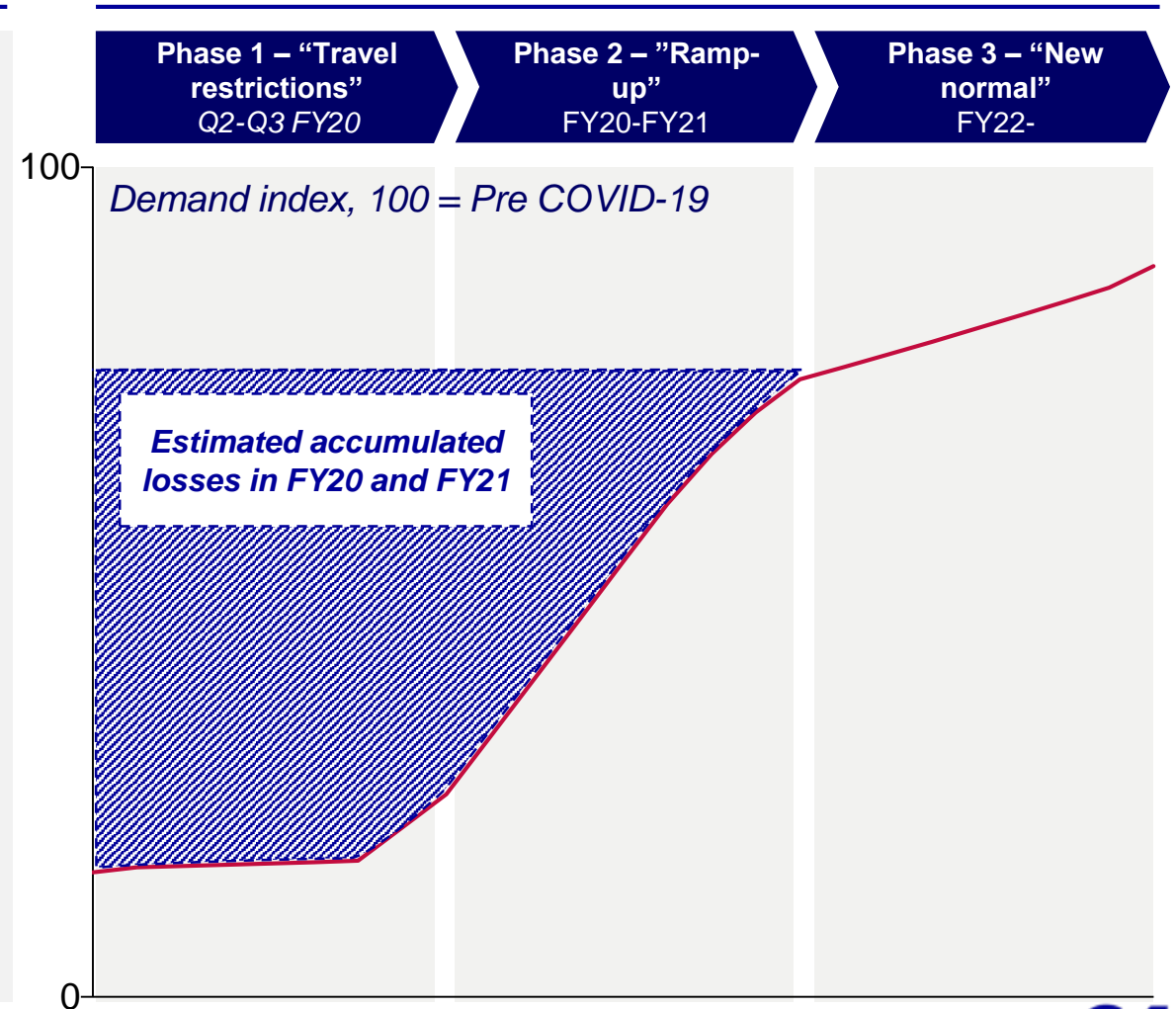


SAS is in need of a capital injection of around SEK 12bn

Rationale for the Recapitalization plan

- COVID-19 Impact has, and will continue to, incur significant losses on SAS' operations
 - SAS has a funding need of around SEK 12bn due to estimated losses accumulated in FY20 and FY21
- SAS' Board of Directors has resolved on a Recapitalization plan, which structure is supported by the Major Shareholders and KAW
 - The structure is a result of requirements from the Major Shareholders and constructive dialogues with several stakeholders to secure the future funding of SAS
 - The Recapitalization plan is conditional upon a successful bond and hybrid conversion, EU Commission approval, exemption from the mandatory bid obligation from the Swedish Securities Council as well as EGM approval
- The company will, following a successful Recapitalization plan, continue its journey towards becoming one of the world's most sustainable airlines

Estimated losses in FY20 and FY21



Overview of the Recapitalization plan

Bond conversion	Hybrid conversion	Directed Hybrid Notes	Rights Issue	Directed Issue
SEK 2.25bn	SEK 1.5bn	SEK 6.0bn	SEK 4.0bn	SEK 2.0bn
<ul style="list-style-type: none"> Bond converted at 81.3% to par value into common shares at a subscription price of SEK 1.89 	<ul style="list-style-type: none"> Hybrid converted at 70.8% to par value into common shares at a subscription price of SEK 1.89 	<ul style="list-style-type: none"> SEK 5bn of Directed Hybrid Notes placed with the Major Shareholders split equally SEK 1bn Directed Hybrid Notes placed with the government of Denmark 	<ul style="list-style-type: none"> Rights Issue 81.5% subscribed/underwritten by the Major Shareholders (SEK 1.2/3bn) and KAW (SEK 259m) at a subscription price of SEK 1.16 	<ul style="list-style-type: none"> Directed Issue of common shares placed with the Major Shareholders at a subscription price of SEK 1.16

Reduced total liabilities: SEK 2.25bn / New Equity: SEK 14.25bn
 + 6,702m new shares and votes corresponding to a dilution of 95%

Recapitalization plan conditional upon:

Successful bond and hybrid conversion

Approval from EU Commission

EGM approval

Exemption from mandatory bid obligation

Key terms and conditions of the Recapitalization Plan

Burden sharing – Conversion of the outstanding Bond and Hybrid

Bond conversion		Hybrid conversion	
SEK 2.25bn		SEK 1.5bn	
Ranking	Senior Unsecured	Ranking	Junior Subordinated
Outstanding amount ¹	SEK 2.25bn	Outstanding amount	SEK 1.5bn
Conversion	100%	Conversion	100%
Conversion ratio	81.3%	Conversion ratio	70.8%
Debt haircut	18.7%	Debt haircut	29.2%
Principal amount converted	SEK 1.83bn	Principal amount converted	SEK 1.06bn
Conversion principal	968m ordinary shares	Conversion principal	562m ordinary shares
Subscription price	SEK 1.89	Subscription price	SEK 1.89
Pro-forma ownership ²	14%	Pro-forma ownership ²	8%
Quorum / Consent	50% / 80% of adjusted nominal amount	Quorum / Consent	50% / 2/3 (~67%) of adjusted nominal amount
Governing law	Swedish law	Governing law	Swedish law
<ul style="list-style-type: none"> Bond converted at 81.3% to par value into common shares at a subscription price of SEK 1.89 		<ul style="list-style-type: none"> Hybrid converted at 70.8% to par value into common shares at a subscription price of SEK 1.89 	

Process of Bond and Hybrid conversion

Early Bird Fee of 0.20% received if vote casted before 12:00 CEST on 9 July

Event	Timing
Pre-submit questions to Q&A	2 July
Q&A Session	3 July
Voting Record Date (for being eligible to attend the Meeting and vote)	6 July
Early Bird Deadline	9 July
Deadline for submission of Voting Form & PoA & Notice of attendance	16 July
Meeting	17 July
Extraordinary General Meeting	25 August
Last day of trading of the Notes	Around 1 October
Conversion Date	Around 6 October
Payment of Early Bird Fee	Around 20 October

- **Bondholders' meeting: Quorum 50% / Consent 80%¹**
- **Hybridholders' meeting: Quorum 50% / Consent 2/3 (~67%)²**
- A digital Q&A session will be held with management on 3 July at 11:00 CEST to answer questions relating to the proposals
 - During the Q&A Session only pre-submitted questions will be answered, there will be no possibility to submit or ask questions during the Q&A Session
 - The possibility to pre-submit questions is limited to parties eligible to participate at the Meeting
- Both Bond and Hybridholders will receive an Early Bird Fee of 0.20% of the nominal amount of each note (for which a vote is being cast) if vote casted before 12:00 CEST on 9 July, regardless of voting in favor or against the proposal
 - Fees will be payed within 10 business days after conversion and is (among other criteria) subject to proposals being passed at the Noteholders' meetings'
- Bondholders' and Hybridholders' meeting scheduled on 17 July at 13:00 CEST
- EGM to be held on or around 25 August, conditional upon approval of the conversion of the Bond and the Hybrid at the Noteholders' meetings'
- Conversion date for the Bond and Hybrid on or around 6 October

Procedure for participating in the proposal

Early Bird Fee structure

- Early Bird Fee of 0.20% of nominal amount to be received for Bond and Hybridholders casting votes before the Early Bird Deadline on 9 July, 12:00 CEST
 - Fee to be paid (for each note which has voted) regardless of voting in favor or against the proposal
 - Conditional upon achieved quorum requirement and that both the Bond and Hybrid proposals are passed at the Noteholders' meetings'

Voting instructions

- In order to be eligible to vote, Bond- and Hybridholders must on the 6 July (the "Voting Record Date") be registered as a Direct Registered Owner or Nominee in Euroclear Sweden. Holders who are not direct registered, must instruct their respective Custodian to send the Voting Form and PoA to the Agent on their behalf, or obtain a power of attorney to submit the Voting Form and PoA directly to the Agent or to attend the Noteholders' meeting, for the vote to be considered valid
- Direct Registered Noteholders may submit their vote by delivering a Voting Instruction directly to the Agent or by attending the Noteholders' meeting

Transfer of Notes

- Trading of the Bond and the Hybrid will be halted three business days prior to the conversion date of the Bond and Hybrid

Key terms and conditions of the Recapitalization Plan

Directed Hybrid Notes

Directed Hybrid Notes – Instrument 1

SEK 5.0bn

Ranking	Junior Subordinated
Coupon	3M STIBOR + 250 / 350 / 500 / 700 / 950bps 1 st / 2 nd – 3 rd / 4 th – 5 th / 6 th – 7 th / 8 th year and after (in accordance with the Temporary State Aid Framework in relation to 107.3 (b) TFEU) ¹
Maturity	Perpetual
Perpetual Call Date	Callable at par at any time
Listing	Nasdaq Stockholm
Governing law	Swedish law

- Placed with the Major Shareholders

Directed Hybrid Notes – Instrument 2

SEK 1.0bn

Ranking	Junior Subordinated
Coupon	3M STIBOR + 350 / 450 / 600 / 800 / 1050bps 1 st / 2 nd – 3 rd / 4 th – 5 th / 6 th – 7 th / 8 th year and after (in accordance with the Temporary State Aid Framework in relation to 107.3 (b) TFEU plus additional 1% p.a.) ¹
Maturity	Perpetual
Perpetual Call Date	Callable at par at any time
Listing	Nasdaq Stockholm
Governing law	Swedish law

- Placed with the government of Denmark

Key terms and conditions of the Recapitalization Plan

Rights Issue and Directed Issue

Rights Issue		Directed Issue	
SEK 3,994m		SEK 2,006m	
Rights Issue terms	9:1		
New shares issued	3,443m	New shares issued	1,729m
Issue price	SEK 1.16		
Subscription undertakings and underwriting commitments	<ul style="list-style-type: none"> Approximately SEK 2,994m covered by subscription undertakings and underwriting commitments from the Major Shareholders (split equally) Knut and Alice Wallenberg Foundation subscribing for its pro-rata share of approximately SEK 259m 	Issue price	SEK 1.16
<ul style="list-style-type: none"> 81.5% subscribed/underwritten by governments of Sweden and Denmark and Knut and Alice Wallenberg Foundation 		<ul style="list-style-type: none"> Following completion of the share issues under the Recapitalization Plan, the governments of Denmark and Sweden will end up holding the same number of shares and votes in the Company 	

Recapitalization plan resulting in different financing costs

Illustrative impact on financing costs

		ILLUSTRATIVE						
Financing costs (SEKm)		FY21	FY22	FY23	FY24	FY25		
1	Bond conversion ¹	121	121	121	121	121	1	Positive impact of SEK 121m annually between FY21-FY25 as a result of no coupon payments (interest) on the bond ¹
2	Hybrid conversion ²	129	129	129	129	204	2	Positive impact of SEK 129m annually between FY21-FY24 and SEK 204m in FY25 as a result of no coupon payments (dividend) on the existing hybrid ²
3	Directed Hybrid Notes (Instrument 1) ³	-128	-178	-178	-253	-253	3	Hybrid coupon (dividend) in accordance with the Temporary State Aid Framework in relation to 107.3 (b) TFEU ³
4	Directed Hybrid Notes (Instrument 2) ⁴	-36	-46	-46	-61	-61	4	Hybrid coupon (dividend) in accordance with the Temporary State Aid Framework in relation to 107.3 (b) TFEU plus additional 1% p.a. ⁴
Total		86	26	26	-64	11		

Directed Hybrid Notes coupon rates	1 st year	2 nd and 3 rd year	4 th and 5 th year	6 th and 7 th year	8 th year and after
3M STIBOR+ Coupon (Instrument 1)	250bps	350bps	500bps	700bps	950bps
3M STIBOR+ Coupon (Instrument 2)	350bps	450bps	600bps	800bps	1,050bps

1) Calculated as 5.375% coupon on SEK 2,250m nominal amount

2) Calculated as 8.569% coupon with a 500bps step-up in FY25 (in accordance to T&C) on SEK 1,500m nominal amount

3) Calculated using STIBOR 3M as of June 26, 2020 for the whole period. Coupon is calculated in accordance with the European Commission's temporary framework for State aid measures to support the economy in the current COVID-19 outbreak (dated 8 May 2020) on a SEK 5,000 nominal amount

4) Calculated using STIBOR 3M as of June 26, 2020 for the whole period. Coupon is calculated in accordance with the European Commission's temporary framework for State aid measures to support the economy in the current COVID-19 outbreak (dated 8 May 2020) plus 1% p.a. on a SEK 1,000 nominal amount

Recapitalization strengthening the balance sheet for years to come

Impact on equity and total liabilities (SEKm)

Illustrative pro forma Equity bridge ILLUSTRATIVE

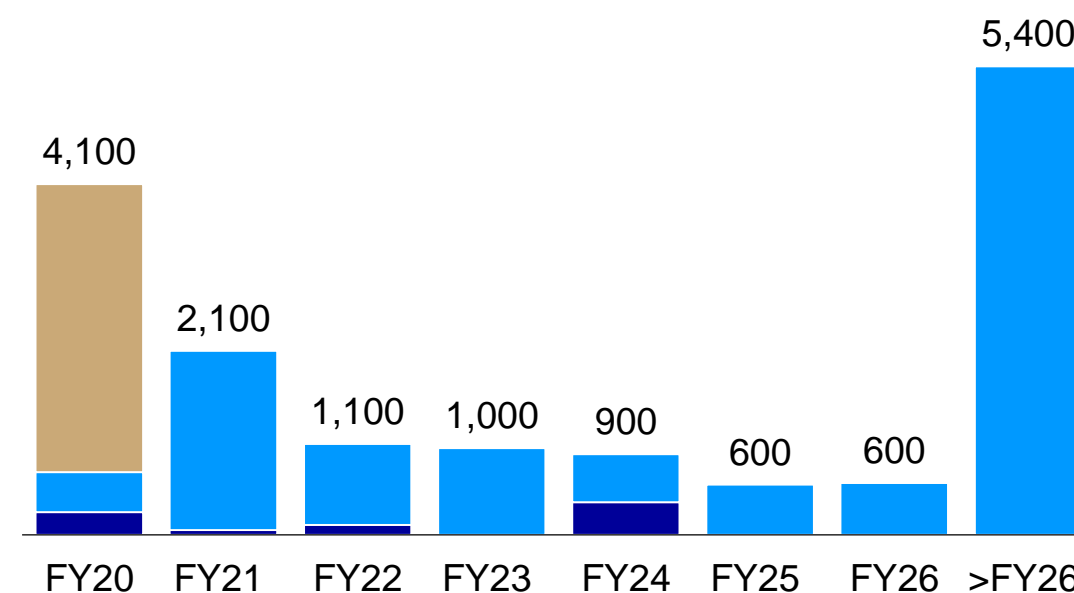
Equity Q2 2020	-65
Bond conversion	+2,250
Hybrid conversion	0 ¹
Directed Hybrid Notes (Instrument 1)	+5,000
Directed Hybrid Notes (Instrument 2)	+1,000
Rights issue	+3,994
Directed issue	+2,006
Pro forma Q2 2020	14,185

Illustrative pro forma total liabilities bridge ILLUSTRATIVE

Total liabilities Q2 2020	53,492
Bond conversion	-2,250
Pro forma Q2 2020	51,242

Debt maturity profile (SEKm)²

■ Secured loans ■ Unsecured loans ■ RCF (state-guaranteed)

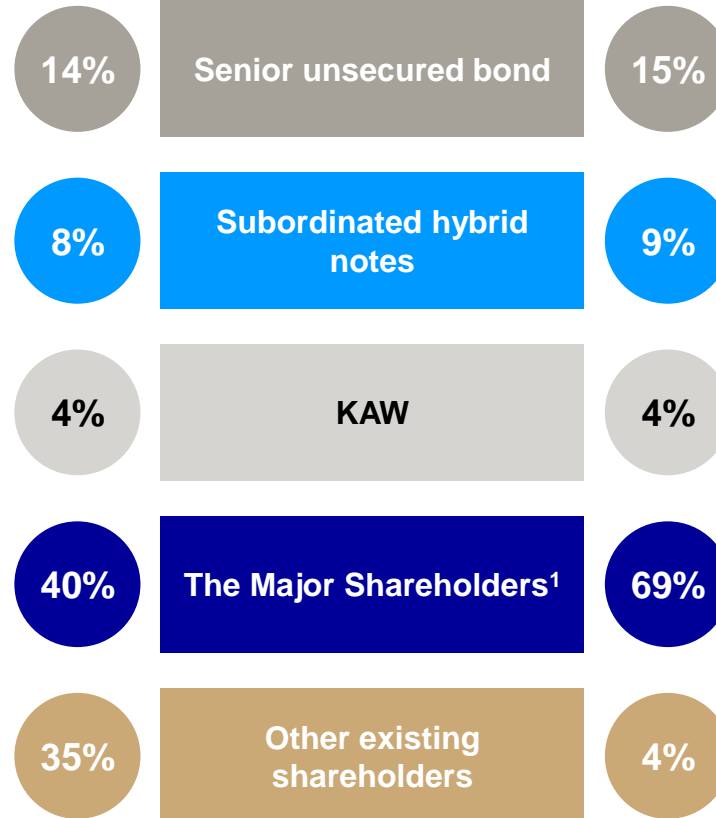
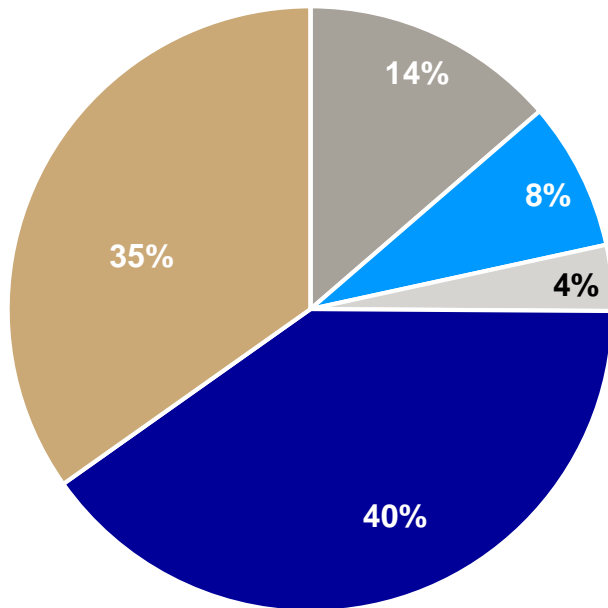


- SEK 3,333m RCF 90% guaranteed by the governments of Sweden and Denmark is cancelled and prepaid in full in accordance with its terms upon any equity or subordinated debt financing, bond or note issuances and private placements financing raised

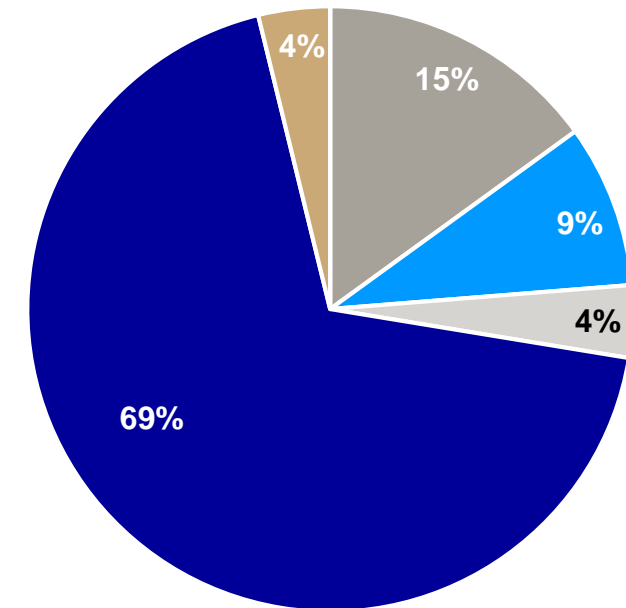
Pro forma ownership post Recapitalization plan

ILLUSTRATIVE

Pro rata subscription in the rights issue



No other investor participation



Indicative timeline with key dates

Event	Timing
Announcement of the Recapitalization Plan	30 June
Notice to Bondholders' / Hybridholders' meeting	30 June
Early Bird Deadline	9 July
Bondholders' / Hybridholders' meeting	17 July
Notice to EGM	23 July
EGM	25 August
SAS Q3 report release	25 August
Publication of rights issue prospectus	4 September
Subscription period for the rights issue	7 – 22 September
Recapitalization completed and settlement of all instruments	Early October

Q&A



Risk factors (1/4)

The mandatory conversion of the Bonds and the Hybrids involves inherent risk. Before making any decision on the proposed conversion terms, the Holder should carefully consider all information in this presentation, including the risks described below as well as such relevant risk factors sourced from publicly available information or otherwise as publicly disclosed by the Issuer. The risks described or referenced herein are however not exhaustive, and there are additional risk relating to SAS and SAS' operations and industry as well as legal and financial risks. Each Holder should hence consult his or her own expert advisors as to the suitability of the participation in the conversion and the holding of common shares.

Risks relating to the mandatory conversion

1. Common shares do not carry coupon

Following the conversion of Bonds and Hybrids, Holders will no longer be entitled to receive payment of coupon. No interest will accrue or be paid on the common shares. Instead the Holders' are entitled to receive future payments of dividends, if SAS makes any such payments. See further in the risk factor "SAS' ability to pay future dividends depends on several factors" below.

As the Holders will not be entitled to receive any coupon and it is not clear if or when SAS will resolve on any future dividends, Holders may not be able to receive a yield comparable to investments in other shares or debt instruments. Accordingly, the lack of yield a Holder can expect on the common shares presents a significant risk for a single Holder.

2. Common shares are subordinated to most of the Issuer's liabilities

Common shares are subordinated to the Issuer's obligations against its creditors. This means that if the Issuer is subject to any dissolution, winding-up, liquidation, restructuring (företagsrekonstruktion), administrative or other bankruptcy or insolvency proceedings, shareholders normally receive payment after all other creditors have been paid in full. If the Issuer is declared insolvent and a winding-up is initiated, it will be required to pay the holders of senior debt and meet its obligations to all its other creditors (including unsecured creditors of all subordinated indebtedness) in full before shareholders will be entitled to receive any payments. If this occurs, there is a highly significant risk that the Issuer does not have enough assets remaining after these payments to pay any amounts to the shareholders.

3. Common shares has no maturity and will not be redeemed by SAS

Common shares have no specified maturity date and SAS is under no obligation to buy back any common shares at any time.

Holders may be required to bear financial risks of the common shares for a long period of time and may not recover their original investment in the Bonds or Hybrids. As SAS is under no obligation to buy back any common shares, each Holder will following the conversion be required to divest its common shares on the open market in order to regain all or parts its original investment. Consequently, there is a risk that Holders may lose the whole, or parts, of their original investment in the Bonds or Hybrids.

Risk factors (2/4)

4. *Certain Holders might not be able to hold common shares*

Some Holders may be prohibited (by law or investment mandate) from holding common shares and may therefore be under an obligation to sell the shares in SAS following the completion of the conversion or to sell their Bonds or Hybrids (as applicable) before the Conversion Date. Therefore, Holders may be required to sell their Bonds or Hybrids or common shares at an undesired time or at a price that will not provide them with a yield comparable to the anticipated yield when making its original investment in the Bonds or Hybrids or of similar investments in other shares or debt instruments. Accordingly, the conversion of Bonds and Hybrids to common shares presents a significant risk for the investments of Holders prohibited from holding common shares.

5. *The conversion is conditional on approval by the extraordinary general meeting of the Issuer*

The conversion of Bonds and Hybrids to common shares is conditional on, inter alia, SAS' extraordinary general meeting authorizing the Board of Directors to issue the new common shares as well as approval of the conversion of the Bonds and the Hybrids by each of the noteholders meetings. Even though a sufficient number of Holders vote in favor of the conversion of both the Bond and the Hybrid, the extraordinary ordinary general meeting could still vote against the resolutions required to carry out the conversion.

If the noteholders meetings or the extraordinary general meeting votes against such resolutions, neither the Bonds nor the Hybrids will be converted to common shares. There is thus a risk that the conversion will not be completed, which would jeopardize the completion of the recapitalization plan contemplated by SAS, which in turn would have a material adverse effect on the financial position of SAS and pose a significant risk that the Holders' may lose the whole, or parts, of their original investment in the Bonds or Hybrids.

Risk factors (3/4)

Risks related to the nature of the shares

6. *The share price can be volatile and the share price development is affected by several factors*

Since the shares may decrease in value, there is a risk that Holders will not recover their original investment. The Issuer's ordinary shares are listed on Nasdaq Stockholm and secondarily listed on Nasdaq Copenhagen and Oslo Børs. During the period 1 January–26 June 2020, the lowest closing share price at Nasdaq Stockholm was SEK 8.13 and the highest closing share price was SEK 16.35. The subscription price in the forthcoming rights issue has been set at SEK 1.15. Accordingly, the share price may be volatile. The performance of a share depends on multiple factors, some of which are company specific, whilst others are related to the stock market in general. The share price may, for example, be affected by supply and demand, fluctuations in actual or projected results, failure to meet stock analysts' earnings expectations, failure to achieve financial and operational targets, changes in general economic conditions, changes in regulatory conditions and other factors. Moreover, stock exchanges worldwide have been very volatile and share prices subject to extraordinary swings as a result of the COVID-19 pandemic. The price of the Issuer's share is furthermore in some cases affected by competitors' activities and market positions. There is a risk that there will not always be an active and liquid market for trading in the Issuer's shares, which would affect Holders' possibilities to recover their invested capital. This presents a significant risk for a single Holder.

7. *SAS' ability to pay future dividends depends on several factors*

Payment of dividends may only take place if there are distributable funds held by SAS and by an amount that appears to be justified taking into consideration the demands with respect to the size of shareholder's equity, which are imposed by the nature, scope and risks associated with the operations as well as SAS' consolidation needs, liquidity and position in general for a certain fiscal year. Furthermore, future dividends, and the size of any such dividends, depend on the Group's future results, financial position, cash flows, working capital requirements and other factors.

The newly issued ordinary shares confer the right to dividends from, and including, the first record date after the rights issue has been registered with the Swedish Companies Registration Office. For the fiscal year 2019 no dividend was paid. No dividend has been paid since 2001. It should also be noted that the capital injection by the Major Shareholders will be subject to approval by the European Commission under State aid rules. An approval decision is expected to be subject to conditions under the Covid-19 Temporary Framework which include, among others, a ban on dividends. Conditions will be released gradually as the aid is re-paid. Accordingly, there is a risk that payable dividends are not available in any fiscal year.

8. *Shareholders in the United States and other jurisdictions are subject to specific share-related risks*

SAS' reporting currency is SEK and thus any dividends will be paid in SEK. This means that shareholders outside of Sweden may experience a negative impact on the value of their holdings and dividends at conversion to other currencies if SEK declines in value against the relevant currency. The recent weak development of SEK has thus had a negative effect on shareholdings denominated in other currencies. Furthermore, tax legislation in both Sweden and the shareholder's home country may affect the income from any dividend.

In certain jurisdictions, there may be restrictions in national securities laws that mean that shareholders in such jurisdictions do not have the possibility to participate in new share issues and other offerings if securities are offered to the general public. SAS has shareholders located in, for example, the United States, Australia, Hong Kong, Canada and Singapore where securities laws impose such limitations. If SAS issues new shares with preferential rights for the Issuer's shareholders in the future, shareholders in some jurisdictions, including the aforementioned jurisdictions, may be subject to corresponding restrictions as apply in relation to the forthcoming rights issue, which, for example, means that they are unable to participate in such new share issues or that their participation is otherwise prevented or limited.

Risk factors (4/4)

Risks related to the nature of the shares

9. SAS' largest shareholder can exert a substantial influence over SAS

Currently the Swedish government and the Danish government together owns 29.06 percent of the outstanding shares in SAS. These shareholders can thus exert a substantial influence over SAS in matters that are subject to the approval of the shareholders. This concentration of ownership could be disadvantageous for shareholders with other interests than those of the Swedish government and the Danish government. As a consequence of the participation by the Swedish government and the Danish government in the Recapitalization Plan, and the subscription undertakings and underwriting commitments from them in respect of the rights issue, their respective shareholding could increase significantly to a maximum of approximately 34.3 percent of the total number of shares and votes each, corresponding to an aggregate of 68.6 percent of the total number of shares and votes in SAS. The influence by the Swedish government and the Danish government in matters that are subject to approval by the shareholders will thus be further magnified.

SAS