



SAS resolves to issue new hybrid notes and shares in accordance with its recapitalization plan

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The Board of Directors of SAS AB (“SAS” or the “Company”) (the “Board”) has today resolved to issue new hybrid notes and shares, in accordance with the Company’s recapitalization plan as described in the press release announced on 14 August 2020 (the “Recapitalization Plan”).

The Extraordinary General Meeting held on 22 September 2020 authorized the Board to resolve to increase the Company’s share capital through new issues of common shares with or without disapplication of the shareholders’ preferential rights. As a result, all material conditions for the Recapitalization Plan have been fulfilled and the Board has resolved to issue new hybrid notes and shares as follows:

- a directed issue of MSEK 6,000 new hybrid notes (the “**New State Hybrid Notes**”) to the governments of Sweden and Denmark (the “**Major Shareholders**”),
- a directed issue of up to MSEK 2,250 new hybrid notes (the “**New Commercial Hybrid Notes**”) in exchange for SAS’ outstanding senior unsecured fixed rate bond due 24 November 2022 (the “**Bonds**”),
- a directed issue of common shares to the Major Shareholders of up to approximately MSEK 2,006 (the “**Directed Issue**”),
- a rights issue of common shares of up to approximately MSEK 3,994 (the “**Rights Issue**”),
- a set-off issue of common shares to holders of SAS’ MSEK 1,500 subordinated perpetual floating rate capital securities (the “**Existing Hybrid Notes**”), and
- a set-off issue of common shares to holders of the Bonds under a separate offer to the holders of the Bonds (the “**Bondholder Offer**”).

The Rights Issue, the Directed Issue and the two set-off issues are below jointly referred to as the “**Share Issues**”. All issuances of New State Hybrid Notes and New Commercial Hybrid Notes, as well as the Share Issues are made on the terms and conditions set out in the press release of 14 August 2020. The subscription price in all the Share Issues, including the Rights

Issue, is SEK 1.16 per new share, which corresponds to a preliminary price of DKK 0.8268 and NOK 1.2175 per new share.^[1] The disapplication of the shareholders’ preferential right in the Directed Issue and the two set-off issues is a result of extensive and complex negotiations with major shareholders, noteholders and other stakeholders and was necessary in order to reach an agreement on the Recapitalization Plan as a whole and thereby secure necessary funding.

As previously announced by SAS, the Recapitalization Plan aims at converting SEK 2.25 billion of debt to equity and raise SEK 12 billion of new equity, before recapitalization costs estimated at approximately MSEK 150, and restore SAS’ equity by SEK 14.25 billion. The Recapitalization Plan is supported by the Major Shareholders and the third largest shareholder, the Knut and Alice Wallenberg Foundation (“**KAW**”) who have undertaken to subscribe for and/or underwrite shares in aggregate corresponding to 81.5% of the Rights Issue in total. The Major Shareholders’ participation in the Recapitalization Plan was declared compatible with applicable EU state aid rules by the European Commission^[2] on 17 August 2020 and the Major Shareholders were granted exemptions from the mandatory bid requirements from the Swedish Securities Council on 19 August 2020. The holders of Bonds and Existing Hybrid Notes subsequently approved the conversions of claims as a part of the Recapitalization Plan on the noteholders’ meetings held 2 September 2020.

Details on the Issue of New State Hybrid Notes

The Board has resolved, in accordance with previous communication, to issue New State Hybrid Notes comprising two sets of hybrid notes; one set (“**NSHN1**”) to be subscribed for by the Major Shareholders in the total amount of MSEK 5,000, split equally between them, and the other set (“**NSHN2**”) to be subscribed for by the Government of Denmark in the total amount of MSEK 1,000. The terms and conditions of the New State Hybrid Notes, including the floating interest rate with a margin stepping up, were further described in the press release announced on 14 August 2020. The New State Hybrid Notes will be issued on or around 26 October 2020.

Details on the Issue of New Commercial Hybrid Notes

The Board has resolved, in accordance with previous communication, to issue New Commercial Hybrid Notes to the holders of the outstanding Bonds in exchange for conversion of the Bonds at 100% of par value. The terms and conditions of the New Commercial Hybrid Notes, including the floating interest rate with a margin stepping up, were further described in the press release announced on 14 August 2020. The conversion of the Bonds into the New Commercial Hybrid Notes will be completed on or around 23 October 2020. Alternatively, holders of the Bonds may prior to the implementation of the conversion accept to convert the Bonds into common shares pursuant to the Bondholder Offer as further described below.

Details on the Share Issues

The Directed Issue in brief

- The Board has resolved on the Directed Issue that will raise proceeds of up to approximately MSEK 2,006 before transactions costs. The Directed Issue will increase SAS' share capital by a maximum of SEK 1,296,878,125.50 through the issuance of up to 1,729,170,834 new common shares.
- The Directed Issue is made with disapplication of the shareholders' preferential rights as it will be directed to the Major Shareholders. The allocation of shares between the Major Shareholders will be determined based on the final outcome of the Rights Issue whereby the Government of Sweden and the Government of Denmark will end up holding the same number of shares and votes in the Company.
- The subscription price in the Directed Issue is SEK 1.16 per common share and the subscription shall take place no later than 23 October 2020. Payment for new shares shall be made in cash no later than three (3) business days thereafter. The Board is entitled to extend the period for subscription and payment.

The Rights Issue in brief

- The Board has resolved on the Rights Issue that will raise proceeds of up to MSEK 3,994 before transaction costs. A fully subscribed Rights Issue will increase SAS' share capital by SEK 2,582,432,219.25 through the issuance of 3,443,242,959 new common shares.
- The subscription period will run from and including 2 October 2020 up to and including 19 October 2020 at 5:00 p.m. CEST, or such later date as determined by the Board.
- The subscription price in the Rights Issue is SEK 1.16 per common share, corresponding to a preliminary price of DKK 0.8268 and NOK 1.2175 per common share.^[3]
- Those who on the record date of 30 September 2020 are registered as shareholders in SAS will receive nine (9) subscription rights for each common share held on the record date. One (1) subscription right entitle to subscription for one (1) new common share. To the extent new shares are not subscribed for with preferential rights, they shall be allotted to shareholders and other eligible investors who have subscribed for shares without preferential rights, and thereafter to the Major Shareholders in their capacities as underwriters up to their respective underwriting amounts.
- The record date for the right to participate in the Rights Issue is 30 September 2020. The last day of trading in the SAS share inclusive of the right to participate in the Rights Issue is 28 September 2020.
- The subscription rights will be traded at Nasdaq Stockholm, Nasdaq Copenhagen and Oslo Børs during the period 2 October 2020 – 15 October 2020.
- During the period from and including 29 September 2020 up to and including 1 October 2020, no SAS shares can be transferred between the trading venues of Nasdaq Stockholm, Nasdaq Copenhagen and Oslo Børs.

The complete terms of the Rights Issue and further information regarding SAS will be presented in the prospectus, which will be published on or around 30 September 2020.

Set-off issue to holders of Existing Hybrid Notes in brief

- The Board has resolved on a set-off issue to holders of Existing Hybrid Notes that will increase SAS' share capital by up to SEK 872,844,827.25 through the issuance of up to 1,163,793,103 new common shares.^[4]
- The set-off issue to holders of Existing Hybrid Notes will be made with disapplication of the shareholders' preferential rights as it will be directed to those who are registered as holders of the Existing Hybrid Notes in the debt register kept by Euroclear Sweden as of 19 October 2020.
- Subscription for new common shares by set-off against claims under the Existing Hybrid Notes shall be made at 90% of par value by 19 October 2020 at 5:00 p.m. CEST, or such later date as determined by the Board. Subscription will be made by Intertrust (Sweden) AB, on behalf of the holders of the Existing Hybrid Notes.
- The subscription price in the set-off issue is SEK 1.16 per common share.

The Bondholder Offer and set-off issue to holders of Bonds in brief

- The Board has resolved to issue common shares to eligible holders of the Bonds who will, as an alternative to conversion of the Bonds into New Commercial Hybrid Notes, be able to subscribe for newly issued common shares in the Company by setting off the claim under their Bonds as consideration, subject to certain conditions.
- The Bondholder Offer will, if fully subscribed, increase SAS' share capital by a maximum of SEK 727,370,689.50 through the issuance of not more than 969,827,586 new common shares.
- The Bondholder Offer will be made through a set-off issue with disapplication of the shareholders' preferential rights as it will be directed to those who are registered as holders of the Bonds in the debt register kept by Euroclear Sweden as of 19 October 2020.
- Subscription for new common shares by set-off against claims under the Bonds are made at 100% of par value and subscription shall be made during the period as from 2 October 2020 up to and including 19 October 2020 at 5:00 p.m. CEST, or such later date as determined by the Board.

- The maximum aggregate number of new common shares to be issued under the Bondholder Offer corresponds to a conversion of 50% of the nominal amount of the Bonds and, in case of oversubscription, the allotment of new shares to holders of Bonds subscribing for more than 50% of the nominal amount of their Bonds will be scaled down on a pro rata-basis. Any remaining nominal amount of their Bonds (or if less, part of the nominal amount of a Bond) not used as payment for common shares will be used as payment for subscription of the New Commercial Hybrid Notes at 100% of par value.
- The subscription price in the Bondholder Offer is SEK 1.16 per common share.

The complete terms of the Bondholder Offer and further information regarding SAS will be presented in the prospectus, which will be published on or around 30 September 2020.

Subscription undertakings and underwriting commitments from shareholders

As previously announced, the Major Shareholders and KAW have undertaken to exercise their preferential rights in the Rights Issue and thereby subscribe for new shares corresponding to their respective holdings in SAS, totalling approximately 35.56% of the Rights Issue. In addition, the Major Shareholders have underwritten additional shares in the Rights Issue at an aggregate amount of up to approximately MSEK 1,835, corresponding to approximately 45.94% of the Rights Issue. The Major Shareholders have also undertaken to subscribe for shares in the Directed Issue for an aggregate subscription amount of approximately MSEK 2,006, as well as for the New State Hybrid Notes for an aggregate amount of MSEK 6,000 (the NSHN1 in an amount of MSEK 5,000, split equally among the Major Shareholders and the NSHN2 in an amount of MSEK 1,000 to the Government of Denmark).

The conditions of the subscription undertakings and underwriting commitments were set out in the Company's press release of 14 August 2020 and will be further described in the prospectus to be announced on or around 30 September 2020. Each of the Major Shareholders were on 19 August 2020 granted an exemption by the Swedish Securities Council in respect of the Swedish mandatory bid obligation for the event its shareholding in the Company, as a consequence of its respective participation in the Recapitalization Plan, would equal or exceed 30% of the votes.

Shareholder structure following the Recapitalization Plan

Following a successful implementation of the Recapitalization Plan,^[5] the total number of shares and votes in the Company will, as previously announced, increase by up to 7,306,034,482 to up to 7,688,617,033 corresponding to a dilution of approximately 95%.^[6] Further details about the shareholder structure and the dilution can be found in the Company's press release of 14 August 2020 and will be further described in the prospectus.

Key indicative dates

The implementation of the Recapitalisation Plan will proceed on the terms and conditions communicated in SAS' press release on 14 August 2020. The preliminary timetable for the implementation of the Recapitalization Plan has, however, been slightly adjusted in accordance with the following:

The last day of trading in SAS' shares inclusive of the right to participate in the Rights Issue	28 September 2020
First day of trading in SAS' shares exclusive of the right to participate in the Rights Issue	29 September 2020
Record date for Rights Issue	30 September 2020
Rights Issue and Bondholder Offer prospectus made public	30 September 2020
Subscription period for the shareholders in Rights Issue and for holders of Bonds in the Bondholder Offer	2 October 2020 – 19 October (5 p.m.) 2020
First day of trading in subscription rights in Rights Issue	2 October 2020
First day of trading in interim shares (BTAs) in the Rights Issue (Nasdaq Stockholm) ^[7]	2 October 2020
Last day of trading in subscription rights in Rights Issue and of trading in the Bonds and the Existing Hybrid Notes	15 October 2020
Announcement of outcome of the Rights Issue	21 October 2020
Announcement of outcome of the Bondholder Offer	23 October 2020
Delivery of interim shares (BTAs) to holders of Bonds subscribing for shares, as well as to holders of Existing Hybrid Notes following conversion into shares	23 October 2020
Conversion of Bonds to New Commercial Hybrid Notes	23 October 2020
Issuance of New State Hybrid Notes	26 October 2020
Last day of trading in BTAs	30 October 2020
Delivery of shares / conversion of BTAs into new common shares	5 November 2020

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Advisors to the Company

Skandinaviska Enskilda Banken AB is financial advisor to SAS and Global Coordinator in connection with the Recapitalization Plan.

Mannheimer Swartling Advokatbyrå AB and Davis Polk & Wardwell London LLP are legal advisors to SAS.

Skandinaviska Enskilda Banken AB (publ), Danske Bank A/S, Danmark, Sverige Filial and Swedbank AB (publ) have been appointed Solicitation Agents and Joint Bookrunners in the Rights Issue.

IMPORTANT INFORMATION

This press release and the information herein is not for publication, release or distribution, in whole or in part, directly or indirectly, in or into the United States, Australia, Canada, Japan or South Africa or any other state or jurisdiction in which publication, release or distribution would be unlawful or where such action would require additional prospectuses, filings or other measures in addition to those required under Swedish law.

The press release is for informational purposes only and does not constitute an offer to sell or issue, or the solicitation of an offer to buy or acquire, or subscribe for, any of the securities mentioned herein (collectively, the "Securities") or any other financial instruments in SAS. Any offer in respect of any securities in connection with the Rights Issue or the Bondholder Offer will only be made through the prospectus that SAS expects to publish on or about 30 September 2020. The offers under the Recapitalization Plan are not made to, and application forms will not be approved from, subscribers (including shareholders), or persons acting on behalf of subscribers, in any jurisdiction where applications for such subscription would contravene applicable laws or regulations, or would require additional prospectuses, filings, or other measures in addition to those required under Swedish law. Measures in violation of the restrictions may constitute a breach of relevant securities laws.

None of the Securities have been or will be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or other jurisdiction in the United States, and may not be offered, pledged, sold, delivered or otherwise transferred, directly or indirectly, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable other securities laws. There will not be any public offering of any of the Securities in the United States.

In the United Kingdom, this press release is directed only at, and communicated only to, persons who are qualified investors within the meaning of article 2(e) of the Prospectus Regulation (2017/1129) who are (i) persons who fall within the definition of "investment professional" in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), or (ii) persons who fall within article 49(2)(a) to (d) of the Order, or (iii) persons to whom it may otherwise be lawfully communicated (all such persons referred to in (i), (ii) and (iii) above together being referred to as "Relevant Persons"). This press release must not be acted on or relied on by persons in the UK who are not Relevant Persons.

This press release contains forward-looking statements that reflect SAS' current view of future events as well as financial and operational development. Words such as "intend", "assess", "expect", "may", "plan", "estimate" and other expressions involving indications or predictions regarding future development or trends, not based on historical facts, identify forward-looking statements and reflect SAS' beliefs and expectations and involve a number of risks, uncertainties and assumptions which could cause actual events and performance to differ materially from any expected future events or performance expressed or implied by the forward-looking statement. The information contained in this press release is subject to change without notice and, except as required by applicable law, SAS does not assume any responsibility or obligation to update publicly or review any of the forward-looking statements contained in it and nor does it intend to. You should not place undue reliance on forward-looking statements, which speak only as of the date of this press release. As a result of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements as a prediction of actual future events or otherwise.

^[1] Calculated based on Bloomberg's 07:00 CEST DKK/SEK and NOK/SEK exchange rates on 23 September 2020. The final subscription price in DKK and NOK will be calculated based on Bloomberg's 07:00 CEST DKK/SEK exchange rate on 15 October 2020, and 07:00 CEST NOK/SEK exchange rate on 19 October 2020.

^[2] The conditions of the European Commission's approval decision will be further described in the prospectus to be made public on or around 30 September 2020.

^[3] Calculated based on Bloomberg's 07:00 CEST DKK/SEK and NOK/SEK exchange rates on 23 September 2020. The final subscription price in DKK and NOK will be calculated based on Bloomberg's 07:00 CEST DKK/SEK exchange rate on 15 October 2020, and 07:00 CEST NOK/SEK exchange rate on 19 October 2020.

^[4] As the Existing Hybrid Notes are already accounted for as equity, the set-off issue to holders of the Existing Hybrid Notes will not result in any net increase of the equity.

^[5] Under the assumption of subscription of all new common shares to be issued in the Rights Issue and in the Directed Issue and the maximum number of new common shares to be issued to holders of Existing Hybrid Notes and Bonds (i.e. that also the Bondholder Offer is fully subscribed).

^[6] Based on outstanding shares of 382,582,551 as of 23 September 2020 and under the assumption that both the Rights Issue and the Bondholder Offer are fully subscribed.

^[7] Trading in interim shares (BTAs) on Nasdaq Copenhagen starts 15 October 2020.

The information was submitted by Michel Fischier for publication on 23-09-2020 16:00 CET.