Q4 2018
STRONG RESULT IN LINE WITH OUTLOOK

AUGUST 2018–OCTOBER 2018
- Revenue: MSEK 12,678 (11,644)
- Earnings before tax and nonrecurring items: MSEK 842 (1,054)
- EBT: MSEK 809 (657)
- Net income for the period: MSEK 640 (490)
- Earnings per common share: SEK 1.60 (1.22)
- SAS expects to deliver a positive result before tax and nonrecurring items in fiscal year 2019, see page 10

SIGNIFICANT EVENTS AFTER 31 OCTOBER 2018
- Redemption of all preference shares at 30 November 2018

> More than 30 million passengers traveled with SAS during fiscal year 2018, which is more than any other previous year. This shows that our strategy continues to deliver results.

Rickard Gustafson, *President and CEO*

NOVEMBER 2017–OCTOBER 2018
- Revenue: MSEK 44,718 (42,654)
- Earnings before tax and nonrecurring items: MSEK 2,127 (1,951)
- EBT: MSEK 2,041 (1,725)
- Net income for the period: MSEK 1,589 (1,149)
- Earnings per common share: SEK 3.70 (2.42)
- Return on invested capital (ROIC): 14% (13%)

KEY FIGURES - FISCAL YEAR 2018

+1.4%
UNIT REVENUE VS LAST YEAR[1]

-1.1%
UNIT COST VS LAST YEAR[2]

+0.3%
PASSENGERS VS LAST YEAR

1) RASK, Currency adjusted
2) CASK, Currency adjusted and excluding jet fuel

INCOME AND KEY RATIOS

	Q4 Aug–Oct 2018	Q4 Aug–Oct 2017	Q1–4 Nov–Oct 2017–2018	Q1–4 Nov–Oct 2016–2017
Revenue	12,678	11,644	44,718	42,654
EBIT	940	780	2,521	2,187
EBIT margin	7.4%	6.7%	5.6%	5.1%
Earnings before tax and nonrecurring items	842	1,054	2,127	1,951
EBT	809	657	2,041	1,725
Net income for the period	640	490	1,589	1,149
Cash flow from operating activities	845	883	4,559	2,443

	31 Oct 2018	31 Oct 2017	31 Oct 2016
Equity/assets ratio	21%	25%	19%
Adjusted financial net debt/EBITDAR	2.7x	3.1x	3.2x
Financial preparedness	42%	37%	41%
Return on invested capital	14%	13%	12%
Earnings per common share (SEK)	3.70	2.42	2.94
Shareholders' equity per common share (SEK)	16.11	13.28	7.12

COMMENTS BY THE CEO

In fiscal year 2018, SAS delivered its strongest result in many years. In line with our outlook, SAS posted full-year earnings before tax and non-recurring items of more than SEK 2.1 billion. However, in the fourth quarter we started to feel the effect of higher fuel prices and we expect this to continue in 2019.

In summary, 2018 has been a very successful fiscal year. Over 30 million passengers chose to travel with SAS, which is more than in any previous year. This shows that our strategy continues to deliver results.

The strong demand for our services that we experienced in the spring and summer continued into the fourth quarter. This is reflected in a higher unit revenue and load factor. At the same time, the efficiency enhancement program continued to deliver. However, higher fuel costs impacted operating expenses negatively year-on-year. Combined, this resulted in earnings before tax and non-recurring items of MSEK 842 in the fourth quarter, compared to MSEK 1,054 in the same period last year.

Despite a successful year, our operating environment never stands still, and we cannot afford to sit back and relax. During the winter, market capacity growth will accelerate. Further, current fuel prices combined with a weak Swedish krona present a challenge for us going forward. To address this, we will continue to work on our strategic priorities: (i) Winning Scandinavia's frequent travelers, (ii) creating efficient and sustainable operating platforms, and (iii) securing the right capabilities.

WIN SCANDINAVIA'S FREQUENT TRAVELERS

SAS focuses on developing its network to meet the needs of people who travel frequently to, from and within Scandinavia. After having adjusted our network in the summer to many seasonal routes, we refocused production on more business-oriented routes in the autumn.

We have also continued to invest in other parts of our customer offering, including the recent launch of our improved facilities at Copenhagen Airport. We have upgraded the lounge, redesigned the fast track and introduced a new service point.

Our investments in new digital solutions are ongoing and as an example, we now offer online booking of award travel to all destinations within the Star Alliance network. Further, several new services will be launched during next year. This includes new features for EuroBonus members, such as the pooling of points within families and easier ways to combine points and cash when purchasing tickets.

As of the end of the fourth quarter, we now have high-speed Wi-Fi installed on 39 aircraft, and the positive response from our customers tells us that this service truly helps to make life easier for Scandinavia's frequent travelers.

EFFICIENT AND SUSTAINABLE OPERATING PLATFORMS

In the fourth quarter, our efficiency program generated a positive earnings impact of MSEK 193, meaning we delivered MSEK 723 during fiscal year 2018. As we are now halfway into the program, we are also looking at initiatives beyond 2020. The order of 50 new Airbus A320neo aircraft will take SAS to a single-type fleet by 2023, meaning considerable potential for increased efficiency.

Digitalization is also central to our efficiency efforts, with many different projects ongoing. As an example, we have recently implemented handheld tablets in our aircraft loading operations, making the process smoother and more efficient. We are also looking to improve our planning processes, which will involve using the latest technology for predictive analytics and machine learning.

We strongly believe that sustainability is vital for the long-term survival of the airline industry, and we are dedicated to transforming SAS into a more sustainable operation through innovation, smart solutions and major investments in the latest technology. This is why I have joined forces with other Nordic CEO's in an initiative to speed up the realization of the UN Sustainable Development Goals (SDGs). The initiative aims to highlight the need for new business models that will drive the transition to a 21st century economy aligned with the ethical, societal and environmental priorities of our time.

SAS' current ambition for a more environmentally sustainable operation focuses on more fuel-efficient aircraft and biofuel. Our targets are to reduce CO_2 emissions by 25% and to use biofuel on traffic equivalent to all domestic production by 2030.

We are currently implementing a new catering system that will optimize the amount of food and beverages loaded for each flight. Apart from avoiding waste, this will lower weight and thereby reduce fuel consumption.

SECURE THE RIGHT CAPABILITIES

Our passengers rate their interaction with SAS personnel very highly, and we know our people truly make a difference. We believe that work-life balance is important for performance and that digital solutions can help. As an example, we are currently introducing a new online application that helps crew to more easily swap duty periods.

We also aim to strengthen leadership, and recently completed the 2018 SAS Executive Program for senior management. The program was designed with the ambition of improving leadership and strategic decision-making skills.

As we leave another year behind us, I would like to take the opportunity to thank the employees at SAS for their dedication. It has been an intensive year and we have delivered a strong result. In light of the hard work behind these results, we have set aside MSEK 100 to be distributed to our employees as a one-time award in 2019.

OUTLOOK

As mentioned, fiscal year 2018 generated the strongest result for many years. However, as our hedges wear off, we will be increasingly affected by higher jet-fuel prices and a weak SEK. Combined with a large capacity increase in our market, we expect next year to be more challenging. See page 10 for further details.

Finally, I want to thank you for your interest in SAS and look forward to welcoming you aboard one of our 800 daily flights in 2019!

Rickard Gustafson,
President and CEO
Stockholm, 4 December 2018

"We are dedicated to transforming SAS into a more sustainable operation through innovation, smart solutions and investments in the latest technology"

Rickard Gustafson, President and CEO

COMMENTS ON SAS' FINANCIAL STATEMENTS

MARKET AND TRAFFIC TRENDS - Q4 2018

Capacity in the Scandinavian market, measured in the number of seats offered, increased 4.0% in the fourth quarter of fiscal year 2018. Capacity growth was largest on routes between Scandinavia and Europe, as well as on Norwegian domestic routes.

Capacity increases were driven mainly by Norwegian and Air France-KLM, which together increased seats by approximately 1.0 million in the fourth quarter compared with last year. The total number of passengers in the Scandinavian market increased 2.7% in the fourth quarter. In the forthcoming six-month period, the number of offered seats in the Scandinavian market is expected to increase around 5%.

SAS' currency-adjusted unit revenue (PASK) rose 0.3% during the fourth quarter, impacted by a higher load factor and a somewhat lower yield. Further details on the traffic trend for SAS are available on page 20.

EARNINGS ANALYSIS - Q4 2018

Net income for the period

Operating income amounted to MSEK 940 (780). EBT amounted to MSEK 809 (657) and income after tax was MSEK 640 (490). The tax expense was MSEK -169 (-167).

Year-on-year, foreign exchange rates had a positive impact on revenue of MSEK 653 and a negative effect on operating expenses of MSEK 567. Foreign exchange rates thus had a positive impact on operating income of MSEK 86. Net financial items were negatively impacted by currency items amounting to MSEK 1. In total, currency effects had a net positive impact of MSEK 85 on EBT.

Revenue

Revenue totaled MSEK 12,678 (11,644), see Note 2. After adjustment for currency effects, revenue was up MSEK 381 year-on-year. Currency-adjusted passenger revenue rose 2.7%. The increase was a result of higher scheduled capacity (ASK) which, based on the preceding year's circumstances, had a positive impact on revenue of MSEK 226. The higher load factor had a positive effect of MSEK 95. Revenue was negatively impacted by an amount of MSEK 70 as a result of the lower yield.

Currency-adjusted cargo revenue increased 5.0% due to higher yield. Charter revenue (currency-adjusted) was 0.3% lower. Other traffic revenue (currency-adjusted) rose MSEK 119, mainly as a result of higher ancillary sales and adjustments of assumptions relating to unused tickets.

Other operating revenue (currency-adjusted) was MSEK 6 lower year-on-year, mainly due to a slight decrease in sales of EuroBonus points, which was partially offset by increased volumes for handling services to other airlines.

Operational and financial expenses

Payroll expenses amounted to MSEK -2,433 (-2,189). After adjustment for currency and nonrecurring items, payroll expenses increased 2.4% year-on-year. The increase was mainly due to higher costs within ground services, partially due to operational challenges in the fourth quarter.

Other operating expenses amounted to MSEK -8,181 (-7,418), see Note 3. These expenses largely comprised jet fuel, which amounted to MSEK -2,443 (-1,774). Adjusted for currency, jet fuel costs increased 24.8%. The cost was negatively impacted by an amount of MSEK 630 due to higher jet fuel prices. This was offset by hedge effects (including the effect of time value) which had a positive impact of MSEK 166 year-on-year, and volume effects which had a positive impact on costs of MSEK 4.

Technical maintenance costs amounted to MSEK -843 (-1,069). Costs in the period were lower year-on-year, which was mainly due to changed assessments for return requirements and future engine maintenance on leased aircraft. Wet-lease costs (currency-adjusted) decreased 2.3% year-on-year, mainly due to operational challenges. Other operating expenses were negatively impacted by operational challenges.

During the period, the ongoing efficiency program resulted in cost reductions of about MSEK 193.

Leasing costs amounted to MSEK -817 (-774). Adjusted for currency effects, leasing costs decreased 4.1%.

Financial revenue and expenses amounted to MSEK -131 (-123), of which net interest expense was MSEK -125 (-116). The new bond issued in November 2017 positively impacted net interest compared with last year, since the new bond carries a lower interest rate than the redeemed bond. Net interest was negatively affected by increasing debt through the issue of a new tranche of the November 2017 bond that matures in 2022, the issue of EMTNs for MEUR 35, aircraft financing and a weaker SEK in combination with higher USD interest rates.

Nonrecurring items

Total nonrecurring items amounted to MSEK -33 (-397) during the period. Of nonrecurring items, MSEK 302 (78) pertained to capital gains from aircraft transactions and MSEK -29 (-87) to restructuring. Impairment of assets amounted to MSEK -206 (-208). In addition a one-time award of MSEK -100 will be distributed to our employees. In the corresponding period last year, earnings were impacted by changed assessments for return requirements and future maintenance of landing gear, air frames and APUs for leased aircraft of MSEK -180.

EARNINGS ANALYSIS - FISCAL YEAR 2018

Net income for the period

Operating income amounted to MSEK 2,521 (2,187). EBT amounted to MSEK 2,041 (1,725) and income after tax was MSEK 1,589 (1,149). The tax expense was MSEK -452 (-576).

Year-on-year, the exchange-rate trend had a positive impact on revenue of MSEK 931 and a negative effect on operating expenses of MSEK 560. The exchange-rate trend thus had a positive impact on operating income of MSEK 371. Net financial items were negatively impacted by currency items amounting to MSEK 38. In total, EBT was impacted by net positive currency effects of MSEK 333.

Revenue

Revenue totaled MSEK 44,718 (42,654), see Note 2. After adjustment for currency effects, revenue was up MSEK 1,133 year-on-year. Currency-adjusted passenger revenue rose 2.0%. The increase was a result of higher scheduled capacity (ASK) which, based on the preceding year's circumstances, had a positive impact on revenue of MSEK 517. A lower load factor had a negative effect of MSEK 361. Revenue was positively impacted by an amount of MSEK 519 as a result of the higher yield.

Currency-adjusted cargo revenue increased 8.9% primarily due to higher yield. Charter revenue (currency-adjusted) was 3.3% lower, mainly attributable to lower capacity. Other traffic revenue (currency-adjusted) rose MSEK 243, primarily due to traffic revenue from other airlines (interline revenue) and adjustments of assumptions relating to unused tickets.

Other operating revenue (currency-adjusted) increased MSEK 146, mainly due to increased sales of EuroBonus points, primarily to credit card partners, and due to increased volumes for handling services to other airlines.

Operational and financial expenses

Payroll expenses amounted to MSEK -9,441 (-9,205). After adjustment for currency and nonrecurring items, payroll expenses decreased 1.1% year-on-year.

Other operating expenses amounted to MSEK -28,347 (-27,489), see Note 3. These expenses largely comprised jet fuel, which amounted to MSEK -7,996 (-6,836). Adjusted for currency, jet fuel costs increased 17.8%. The cost was negatively impacted by an amount of MSEK 2,107 due to higher jet fuel prices. This was offset by hedge effects (including the effect of time value) which had a positive impact of MSEK 807 year-on-year, and volume effects which had a positive impact on costs of MSEK 110. Technical maintenance costs amounted to MSEK -2,897 (-3,515), a decrease of 13.1%. The reduction in technical maintenance costs was mainly due to changed assessments for return requirements and future engine maintenance on leased aircraft. After adjustments for currency, the decrease was 13.7%. Year-on-year, wet-lease costs were up MSEK 128 (currency-adjusted) which was mainly due to higher volumes and the sale of the subsidiary Cimber, which was divested in the first quarter last year resulting in the corresponding production now being wet-leased. Other operating expenses were negatively impacted by operational challenges during the summer peak season. In the corresponding period last year, the European Commission's decision to once again fine SAS and ten other airlines for alleged breaches of air cargo competition rules in the 1999-2006 period had an MSEK -672 impact on other operating expenses.

During the period, implementation of the ongoing efficiency program resulted in cost reductions of about MSEK 723.

Leasing costs amounted to MSEK -3,156 (-3,116). Adjusted for currency effects, leasing costs increased 1.7%.

Financial revenue and expenses amounted to MSEK -480 (-463), of which net interest expense was MSEK -430 (-451). The new bond issued in November 2017 had a positive year-on-year impact on net interest, since the new bond carries a lower interest rate than the redeemed bond. Net interest was negatively affected by increasing debt through the issue of a new tranche of the November 2017 bond that matures in 2022, the issue of EMTNs for MEUR 35, aircraft financing and a weaker SEK in combination with higher USD interest rates.

Nonrecurring items

Total nonrecurring items amounted to MSEK -86 (-226) during the period. Of nonrecurring items, MSEK 479 (317) pertained to capital gains from aircraft transactions, MSEK -4 (-21) to the sale of the subsidiary Cimber and MSEK -255 (-110) to the restructuring of properties and personnel. Impairment of assets amounted to MSEK -206 (-208). In addition a one-time award of MSEK -100 will be distributed to our employees. In the corresponding period last year, earnings were negatively impacted by a contractual settlement in cargo activities of MSEK -30 and changed assessments for return requirements and future maintenance of landing gear, air frames and APUs for leased aircraft of MSEK -180. Further, earnings in the corresponding period last year were positively impacted by MSEK 678 pertaining to the transfer of two slot pairs at London Heathrow, and negatively by MSEK 672 due to the European Commission's decision to once again fine SAS and ten other airlines for alleged breaches of air cargo competition rules in the 1999–2006 period.

BALANCE SHEET & FINANCIAL POSITION - 31 OCTOBER 2018

Assets

Intangible and tangible fixed assets increased MSEK 1,465 during the year. Changes for the period included investments of MSEK 6,840, amortization and depreciation of MSEK -1,763, divestments of MSEK -3,575 and other currency effects of MSEK -37. During the period, SAS purchased one Bombardier Q400, one Airbus A319, one Airbus A340 and seven Boeing 737s that were previously under operating leases. The amount for investments also included delivery payments for nine new Airbus A320neos. Eight of the Airbus A320neos were immediately divested through sale and leaseback agreements. One Airbus 320neo was financed through a finance lease, meaning the aircraft is included in the carrying amount for tangible fixed assets. Other aircraft investments comprised capitalized expenditures for engine maintenance, modifications, spare parts and advance payments to Airbus.

Financial fixed assets decreased MSEK 590, mainly due to a decrease in SAS' defined-benefit pension plans.

Current receivables decreased MSEK 231. This decrease was mainly attributable to lower accounts receivable.

Cash and cash equivalents were MSEK 9,756 (8,836) at 31 October 2018. Unutilized contracted credit facilities amounted to MSEK 2,785 (2,700). Financial preparedness amounted to 42% (37%) of SAS' fixed costs.

Shareholders' equity and liabilities

Shareholders' equity decreased MSEK 790. The change included a private placement of shares, net after transactions costs, of MSEK 1,233, expected preference share dividends of MSEK -105, the redemption of preference shares of MSEK -2,579 and total comprehensive income of MSEK 661.

Long-term liabilities increased MSEK 2,548 and *current liabilities* decreased MSEK 114. The increase in liabilities was mainly due to the issue of an unsecured bond that matures in November 2022, aircraft financing and the unearned transportation revenue liability. The increase was partially offset by a decrease in other long-term and current liabilities.

Interest-bearing liabilities

Interest-bearing liabilities increased MSEK 1,517 compared with 31 October 2017, and amounted to MSEK 10,092 on the closing date. New loans and amortization for the period were MSEK 3,853 and MSEK 2,921 respectively. The change in gross debt since 31 October 2017 included a negative trend in the market value of financial derivatives, which increased liabilities by MSEK 63. Currency revaluations increased liabilities by MSEK 441, and accrued interest and other items increased liabilities by MSEK 81.

In 2014, SAS issued a convertible bond, which was valued at MSEK 1,559 at 31 October 2018.

Financial net debt/receivables

Net financial receivables decreased MSEK 367 compared with 31 October 2017 and amounted to MSEK 2,432 on the closing date. The decline was primarily due to the redemption of preference shares for MSEK -2,579. The decrease was partially offset by the new issue in November 2017 and positive cash flow from operating activities.

Gearing

At 31 October 2018, the equity/assets ratio was 21%, down four percentage points from 31 October 2017. The decline was primarily due to the redemption of preference shares for MSEK -2,579 and was partially offset by an increase in total comprehensive income of MSEK 661 and the new issue which, net after transaction costs, increased shareholders' equity by MSEK 1,233.

The adjusted financial net debt/EBITDAR ratio improved to a multiple of 2.7 (3.1). The improvement was attributable to a positive change in EBITDAR.

For the balance sheet - refer to page 12.

CASH-FLOW STATEMENT - FISCAL YEAR 2018

Cash flow for the full year amounted to MSEK 917 (469). Cash and cash equivalents amounted to MSEK 9,756 according to the balance sheet, compared with MSEK 8,836 at 31 October 2017.

Cash flow from operating activities

For the full fiscal year, cash flow from operating activities before changes in working capital amounted to MSEK 3,512 (2,701).

The change in working capital was more positive than the previous year and amounted to MSEK 1,047 (-258). The positive trend was primarily attributable to increased sales and thus a larger increase in the unearned transportation revenue liability compared with the previous year.

Investing activities

Investments totaled MSEK 6,840 (7,315), of which MSEK 6,722 (7,129) pertained to aircraft. These include delivery payments for nine new Airbus A320neos, of which eight were immediately divested on the basis of sale and leaseback agreements. In addition, one Bombardier Q400, one Airbus A319, one Airbus A340 and seven Boeing 737s were purchased that were previously on operating leases. Other aircraft investments comprised capitalized expenditures for aircraft maintenance, modifications, spare parts and advance payments to Airbus.

The divestment of fixed assets concerns the sale and leaseback of eight Airbus A320neos acquired during the year, as well as the sale and leaseback of six Boeing 737s.

Financing activities

New loans amounted to MSEK 3,853 (2,385), while repayments totaled MSEK 2,921 (3,183). An MSEK 1,500 bond issue was redeemed on maturity in November in parallel with the issue of a new bond for a corresponding amount but with improved terms and a maturity date in November 2022. The new bond was increased in June through the issue of a further tranche of MSEK 750. Furthermore, cash flow from financing activities was negatively impacted by defined-benefit pension payments and payments of deposits and blocked bank funds.

For the cash-flow statement — refer to page 13.

SEASONAL VARIATIONS

Demand in SAS' markets, measured as revenue passenger kilometers (RPK), is seasonally low from November to April and at its peak from May to October. However, the share of advance bookings is greatest from January to May, which has a positive effect on working capital.

Seasonal fluctuations in demand impact cash flow and earnings differently. Passenger revenue is recognized when customers actually travel, while cash flow is positively impacted during months in which bookings increase. This means increased revenue in the high-traffic months from May to October. Since a substantial share of an airline's costs is fixed, earnings are impacted by fluctuations in revenue levels.

As traffic is lower in the November to April period, the first and second quarters are seasonally the weakest quarters in terms of earnings in SAS' fiscal year. However, cash flow from operating activities is seasonally weak in the first and third quarters.

FINANCIAL TARGETS

SAS' overriding financial goal is to create shareholder value. To reach this goal, SAS works with its customer offering, efficiency enhancements and sustainability to provide the prerequisites for long-term sustainable profitability.

We operate in a capital-intensive industry that requires optimization of the capital structure. For this reason, SAS has three financial targets:

- Return on invested capital (ROIC): exceed 12% measured over a business cycle.
- Adjusted financial net debt/EBITDAR: multiple of less than three (3x).
- Financial preparedness: cash and cash equivalents and available credit facilities to exceed 25% of SAS' annual fixed costs.

The ROIC target corresponds with the capital markets' and SAS' internal assessment of SAS' weighted average cost of capital (WACC). This is also linked to SAS' dividend policy for holders of common shares, which stipulates that dividends can be paid when value is created through SAS' ROIC exceeding its WACC.

Gearing target — adjusted financial net debt/EBITDAR is a key ratio used by credit rating agencies and banks for assessing creditworthiness and includes the value of leased aircraft. The aim of maintaining a ratio with a multiple of less than three (3x) is aligned with SAS' ambition of improving the financial position and credit rating, and thereby lowering financing costs.

The financial preparedness target is 25% of annual fixed costs. Normally, this covers SAS' unearned transportation revenue liability and also meets regulatory requirements regarding liquidity.

Considerable uncertainty continues in the macro environment with regard to foreign exchange-rates, jet-fuel prices and changes within the European airline industry, with intensified competition. In conjunction with the transition to IFRS 16 from 2019/2020, under which the lessee recognizes an asset (the right to use an asset) and a financial liability in the balance sheet, SAS will review the targets to ensure their continued relevance.

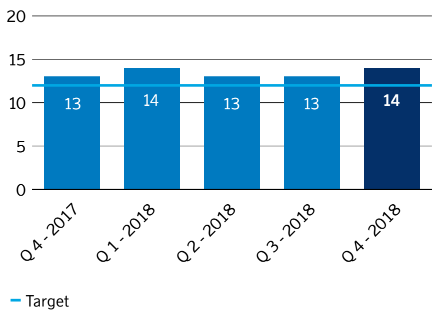
EVENTS AFTER 31 OCTOBER 2018

- Redemption of all preference shares as of 30 November 2018

RETURN ON INVESTED CAPITAL (ROIC)

SAS has a target for the return on invested capital (ROIC) to exceed 12% measured over a business cycle. Over the last 12 months up until 31 October, ROIC was 14%.

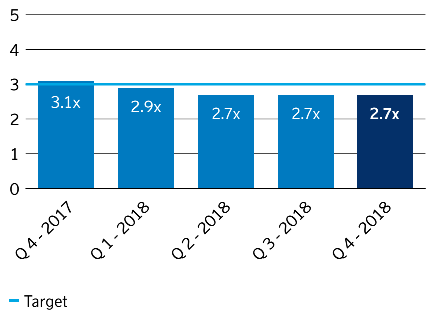
ROIC, 12-MONTH ROLLING, %



ADJUSTED FINANCIAL NET DEBT/EBITDAR, MULTIPLE

SAS has a target for the adjusted financial net debt/EBITDAR ratio to be a multiple of less than three. At 31 October, the ratio was a multiple of 2.7x.

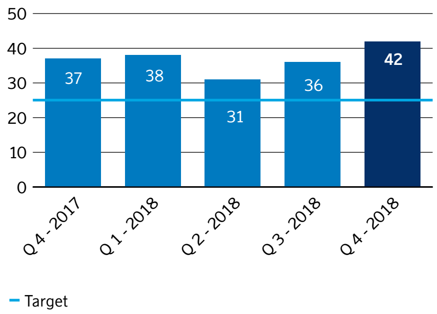
ADJUSTED FINANCIAL NET DEBT/EBITDAR, MULTIPLE



FINANCIAL PREPAREDNESS

SAS has a target for financial preparedness, which is to exceed 25% of annual fixed costs. At 31 October, the financial preparedness was 42%.

FINANCIAL PREPAREDNESS, %



STRATEGIC PRIORITIES

In order to ensure the long-term competitiveness of SAS, we are focused on our strategic priorities: (i) Win Scandinavia's frequent travelers, (ii) create efficient and sustainable operating platforms, and (iii) secure the right capabilities. Our investments in new and more efficient aircraft, together with further digitalization and sustainability efforts, underpin this strategy.

WIN SCANDINAVIA'S FREQUENT TRAVELERS

SAS focuses on people who travel frequently to, from and within Scandinavia. Frequent travelers are generally very time-conscious and rightfully demand a smooth travel experience. We are continuously investing to meet these needs.

Seasonal adjustments – SAS is increasingly adapting network and timetable according to seasonal variations in demand. As an outcome of this strategy, capacity increased and seasonal destinations were added during the summer program. After the summer we have adapted our network to more business-oriented travel with more frequencies within Scandinavia.

Fleet investment – SAS is investing heavily in new and modern aircraft. As of 4 December 2018, 22 new Airbus A320neo aircraft are in operation and an additional 58 aircraft will be delivered during 2019–2023, taking us to a single-type fleet. On top of these investments, SAS is upgrading the cabin interior on existing aircraft and as of November, more than two thirds of the fleet has been upgraded.

EuroBonus – Our loyalty program is essential for developing our customer relationships. Following the investment in a new digital platform and adaptation to GDPR, we are now focusing on developing new services that will benefit the members of our loyalty program. As an example, we now offer online booking of award travel to all destinations within the Star Alliance network. Moreover, we recently launched a partnership with Live Nation, enabling our members to make advance bookings to shows with world-renowned artists before they go on general sale.

Fast track and lounges – We have opened eleven fast tracks over the last five years and invested in our lounges. Recently, our upgraded lounge at Copenhagen airport was reopened together with a new service point at check-in and a redesigned fast track.

Digitalization – SAS provides high-speed WiFi on board our aircraft, giving customers access to a stable and fast connection, which facilitates both content streaming and work on board. As of November, high-speed WiFi has been installed on 39 aircraft and the roll-out continues at a high pace. Further, SAS has a portfolio of 15 ongoing development projects aimed at improving the customer offering. Among many other things, this includes a solution to provide digital monetary vouchers to passengers in the event of traffic disturbances. It also includes new features for EuroBonus members, such as points pooling within groups of people and easier ways to combine points and cash when purchasing tickets.

EFFICIENT AND SUSTAINABLE OPERATING PLATFORMS

Operating model

During the past few years, we have established an operating model consisting of three production platforms with SAS Scandinavia as the main platform operating out of the region, complemented by SAS Ireland and our regional production partners. Together the three platforms enable SAS to offer a more attractive network and timetable in accordance with seasonal variations in demand.

On traffic flows to and from Europe, SAS' competitors almost exclusively use crew based in EU countries outside of Scandinavia, and as a result have a lower total cost for labor. In order to meet this competition, SAS Ireland was established in 2017. Its London base now has six Airbus A320neo aircraft. The second base in Malaga will be fully operational in early 2019 and have three Airbus A320neos. When fully operational, SAS Ireland is expected to have the same underlying unit cost as the closest low-cost competitors.

Our regional production partners increase our flexibility and have allowed us to use appropriately sized aircraft for each departure and to expand our network in and around Scandinavia. Outsourcing regional traffic production also allows SAS Scandinavia to focus on larger aircraft and streamline its operations.

This operating model has been critical to our increased competitiveness, and going forward, we will continue to develop all three platforms.

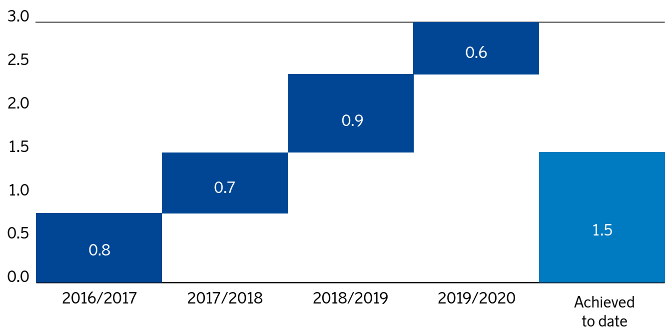
Efficiency enhancements

To improve SAS' competitiveness, we are implementing measures to improve our efficiency. In total, these include more than 200 initiatives that will generate SEK 3 billion in annual earnings impact (gross, before restructuring costs and inflation effects) by the end of fiscal year 2020. SEK 0.2 billion of these have now been deferred from fiscal year 2019 to fiscal year 2020. During the fourth quarter, the efficiency measures delivered a positive earnings impact of MSEK 193, resulting in a total of MSEK 723 for the fiscal year, which is somewhat ahead of target.

Examples of measures that generated an earnings impact in the quarter:

- Lower airport fees, especially at Copenhagen airport.
- Increased productivity and flexibility amongst aircraft crew.
- Reduced cost of sales and agent commissions.
- Optimization of engine maintenance, improved base maintenance and component agreements for Airbus A320 and A330 aircraft.
- Increased digitalization of ground handling.
- Improved meal logistics.
- New agreement covering properties and property-related services.

EARNINGS IMPACT (SEK BILLION)



Overview of efficiency enhancement program

MSEK	Target	Realized
Flight operations, incl. wet lease, government user fees and jet fuel	1,200	551
Ground Handling & technical maintenance	900	462
Commercial functions	500	251
Administration, Facility, Support and IT	400	244
Total	**3,000**	**1,508**

Looking beyond 2020, our path toward a single-type fleet by 2023 will be a crucial element in unlocking further efficiency enhancements

Digitalization is another key component in our strive to improve efficiency and mitigate cost inflation. We currently have over 20 digital development projects aimed at improving our efficiency and reducing costs. These cover most areas of our business and span the enablement of a more mobile workplace through handheld tablets for crew, mechanics and loading supervisors, to exploring the use of machine learning technology in customer support and crew planning.

Sustainability

We want to do more to make aviation more sustainable and help customers to travel with a reduced carbon footprint. Therefore, reducing CO_2 emissions is a priority for SAS. We aim to continuously decrease emissions both per passenger and in overall terms. Our target is to reduce CO_2 emissions 25% by 2030. Moreover, we aim to use biofuel in traffic corresponding to all domestic production by 2030. To achieve our targets, we are investing in new technology and aircraft. Renewing our narrow-body fleet with a total of 80 Airbus 320neos will contribute to this as they are 15–20% more efficient per seat kilometer than the previous generation of Airbus A320s. Nitrogen oxide emissions and noise will also be significantly reduced.

To stimulate production, we purchase about 100 tonnes of biofuel annually. However, the supply of biofuel remains expensive and is severely limited. Therefore, SAS signed a letter of intent with Preem in July 2018 regarding a partnership aimed at securing increased biofuel production. The intention is to increase the supply of biofuel from 2022. We realize more is needed and SAS will continue to support the development of more environmentally-friendly energy sources for aviation.

The aviation industry will also need political support to successfully make the transition into a sustainable future. As an example, competition neutral incentive schemes must be developed to stimulate production and use of biofuel.

SAS carbon offsets all youth tickets, and we also enable passengers to voluntarily offset their flight's carbon emissions through Natural Capital Partners. We are currently working on a new online solution to facilitate carbon offsetting. Other measures taken to reduce environmental impact include the installation of new, lighter aircraft interiors, thereby reducing fuel consumption.

In parallel, SAS is working on more efficient catering logistics and onboard waste handling, enabled through the implementation of a new catering logistics system. We have introduced dry washing for aircraft, which only consumes 3% of the water used in traditional washing and the detergents are biodegradable. SAS is also certified in accordance with the ISO 14001 environmental standard.

SECURE THE RIGHT CAPABILITIES

Our passengers rate their interaction with SAS personnel at very high levels, and we know our people truly make a difference. For this reason, we want to ensure that every employee can make a difference through their skills and experience.

Strengthening employee engagement – We have introduced recurring digital employee surveys, enabling us to identify how employee satisfaction can be promoted in different areas of the company. The insights gained have allowed us to make targeted improvements. Examples of these are: Allocating more days for competence development among pilots and cabin crew, investments in mobile digital tools simplifing work routines, and introducing more team leaders in technical, ground and flight operations.

Making SAS an attractive workplace – Having succeeded in lowering sick leave to a stable level, we are now working proactively with the health and well-being of our employees by promoting fitness opportunities and providing health-related information and tools for self-assessment. We have also introduced a new online application that helps crew to more easily swap duty periods.

Developing our competence – During 2018, we launched an aircraft management trainee program and have continued our pilot mentoring program.

Excelling in leadership – We have recently completed the 2018 SAS Executive Program for senior management. The program was designed with the aim of enhancing the leadership and strategic decision-making skills of 70 of our most senior managers. This is vital in creating the prerequisites for driving change within the company.

Fiscal year 2018 saw the introduction of an incentive scheme for senior management. This is to incentivize our most senior managers by relating part of their remuneration to the overall profitability of the company.

RISKS AND UNCERTAINTIES

SAS works strategically to refine and improve its risk management. Risk management includes identifying new risks and known risks, such as changes in jet-fuel prices or exchange rates. SAS monitors general risks centrally, while portions of risk management are conducted in the operations and include identification, action plans and policies. For further information about risk management at SAS, refer to the most recently published annual report.

CURRENCY AND JET-FUEL HEDGING

Financial risks pertaining to changes in exchange rates and fuel prices are hedged with derivatives, which aim to counter short-term negative fluctuations and provide scope for adapting operations to long-term changes in levels. Another aim of SAS' hedging strategy is to enable SAS to quickly leverage advantageous changes in exchange rates and fuel prices.

The policy for jet-fuel hedging states that jet fuel should be hedged at an interval of 40–80% of anticipated volumes for the coming 12 months. The policy also allows hedging of up to 50% of the anticipated volumes for the period, 12–18 months.

As of 31 October 2018, the hedging of SAS' future jet-fuel consumption was conducted through a combination of swaps and options. The hedging ratio for the 12-month period from November 2018 to October 2019 totaled 52% and no hedges were undertaken for the next six-month period. Under current plans for flight capacity, the cost of jet fuel during the 2019 fiscal year is expected to be in line with the table below, taking into account different fuel prices and USD rates as well as including jet-fuel hedging.

For foreign currency, the policy is to hedge 40–80%. At 31 October 2018, SAS had hedged 43% of its anticipated USD deficit for the next 12 months. SAS has hedged the USD deficit using forward contracts. In terms of NOK, which is SAS' largest surplus currency, 65% was hedged for the next 12 months. Based on the currency exposure for fiscal year 2018, a weakening of the NOK against the SEK of 1% would generate a negative earnings impact of MSEK 60, excluding hedge effects. A weakening of the USD against the SEK of 1% would generate a positive earnings impact of MSEK 140, excluding hedge effects.

Hedging of jet fuel at 31 October 2018

Hedge level (max price)	Nov 2018–Jan 2019	Feb–Apr 2019	May–July 2019	Aug–Oct 2019
USD 720-740/tonne	92%	82%	-	-
USD 741-770/tonne	-	-	44%	-

Vulnerability matrix, jet-fuel cost Nov 2018-Oct 2019, SEK billion[1]

	Exchange rate SEK/USD			
Market price	7.0	8.0	9.0	10.0
USD 500/tonne	6.1	7.0	7.8	8.7
USD 600/tonne	6.8	7.8	8.8	9.7
USD 700/tonne	7.5	8.6	9.7	10.8
USD 800/tonne	8.2	9.3	10.5	11.7

1) SAS' current hedging contracts for jet fuel at 31 October 2018 have been taken into account.

Jet-fuel cost in the statement of income does not include USD currency hedging effects. These effects are recognized under "Other operating expenses," since currency hedging is performed separately and is not linked specifically to its jet-fuel purchases.

LEGAL ISSUES

The European Commission's decision in November 2010 found SAS and many other airlines guilty of alleged participation in a global air cargo cartel in the 1999–2006 period and ordered SAS to pay a fine of MEUR 70.2. SAS appealed the decision in January 2011 and in December 2015, the Court of Justice of the European Union (CJEU) annulled the European Commission's decision including the MEUR 70.2 fine. The CJEU's ruling entered into force and the MEUR 70.2 fine was repaid to SAS at the beginning of March 2016. The European Commission took a new decision on the same issue in March 2017 and again imposed fines on SAS and many other airlines for alleged participation in a global air cargo cartel in the 1999–2006 period. The fine of MEUR 70.2 was the same as that imposed under the 2010 decision. SAS has appealed the European Commission's decision. The appeal process could take several years.

As a consequence of the European Commission's decision in the cargo investigation in November 2010 and the renewal of that decision in March 2017, SAS and other airlines fined by the Commission are involved in various civil lawsuits initiated by cargo customers in countries including the UK, the Netherlands and Norway. SAS contests its responsibility in all of these legal processes. Unfavorable outcomes in these disputes could have a significantly negative financial impact on SAS. Further lawsuits by cargo customers cannot be ruled out. No provisions have been made.

A large number of former cabin crew of SAS in Denmark are pursuing a class action against SAS at a Danish court, demanding additional payments from SAS to the Pension Improvements Fund for Cabin Crew (the CAU fund) citing that the CAU fund is a defined-benefit supplementary plan. The City Court of Copenhagen, in a judgment in December 2016, rejected the cabin crew's demand for further payments into the CAU fund by SAS. The cabin crew appealed the judgment in January 2017 and the parties are awaiting the appeal court proceedings.

OUTLOOK

OUTLOOK FOR FISCAL YEAR 2019

Total market capacity growth is expected to surpass demand in fiscal year 2019, increasing the competitive intensity in Scandinavia.

Higher jet fuel prices and the continued weakness of the SEK in relation to the USD create headwinds going forward. Any weakness in the NOK in relation to the SEK will further strengthen the headwinds. In line with policy, SAS hedges a significant share of the expected jet-fuel consumption, net deficit in USD and net surplus in NOK.

SAS will strengthen its competitiveness through investments in the customer offering and operational robustness. The company will continue to pursue efficiency enhancements, which are expected to generate an earnings impact of around SEK 0.9 billion in fiscal year 2019 (SEK 0.2 billion of measures have been deferred to 2020).

As a result, SAS expects an increased loss in the first quarter of fiscal year 2019 compared to last year. For the full year, SAS has the following outlook:

SAS expects to deliver a positive result before tax and nonrecurring items in fiscal year 2019. The outlook is based on no unexpected events or material changes in the business environment.

THE OUTLOOK IS BASED ON THE FOLLOWING PRECONDITIONS:

- 2-3% scheduled capacity growth (ASK) for SAS in FY19
- Volatile, but increasing jet fuel prices (see sensitivity, pg. 9)
- Unfavorable development in USD/SEK and NOK/SEK rates
- Expected earnings impact of efficiency enhancement measures of SEK 0.9 billion
- Gross investments expected to be around SEK 7 billion

STATEMENT OF INCOME

STATEMENT OF INCOME INCLUDING STATEMENT OF OTHER COMPREHENSIVE INCOME

MSEK	Note	Q4 Aug–Oct 2018	Q4 Aug–Oct 2017	Q1–4 Nov–Oct 2017–2018	Q1–4 Nov–Oct 2016–2017
Revenue	2	12,678	11,644	44,718	42,654
Payroll expenses		-2,433	-2,189	-9,441	-9,205
Other operating expenses	3	-8,181	-7,418	-28,347	-27,489
Leasing costs for aircraft		-817	-774	-3,156	-3,116
Depreciation, amortization and impairment		-632	-577	-1,763	-1,635
Share of income in affiliated companies		23	16	35	4
Income from the sale of shares in subsidiaries, affiliated companies and operations		0	0	-4	-21
Income from the sale of aircraft, buildings and slot pairs		302	78	479	995
EBIT		**940**	**780**	**2,521**	**2,187**
Income from other securities holdings		0	0	0	1
Financial revenue		31	35	129	148
Financial expenses		-162	-158	-609	-611
EBT		**809**	**657**	**2,041**	**1,725**
Tax		-169	-167	-452	-576
Net income for the period		**640**	**490**	**1,589**	**1,149**
Other comprehensive income					
Items that may later be reversed to net income:					
Exchange-rate differences in translation of foreign operations		33	21	147	-124
Cash-flow hedges — hedging reserve, net after tax		-50	448	-160	147
Items that will not be reversed to net income:					
Revaluations of defined-benefit pension plans, net after tax		-134	383	-915	1,210
Total other comprehensive income, net after tax		**-151**	**852**	**-928**	**1,233**
Total comprehensive income		**489**	**1,342**	**661**	**2,382**
Net income for the period attributable to:					
Parent Company shareholders		640	490	1,589	1,149
Non-controlling interests		0	0	0	0
Earnings per common share (SEK)[1]		1,60	1.22	3,70	2.42
Earnings per common share after dilution (SEK)[1]		1,39	1.05	3,25	2.13

1) Earnings per common share are calculated as net income for the period attributable to Parent Company shareholders less preference-share dividends in relation to 382,582,551 (330,082,551) common shares outstanding during the August–October period and 382,582,551 (330,082,551) common shares outstanding during the November–October period. SAS has no option or share programs. Convertible bonds only have a dilution effect if conversion to common shares would result in lower earnings per share. At the balance sheet date, there was one convertible bond of MSEK 1,574, covering 66,329,543 shares.

EARNINGS BEFORE TAX AND NONRECURRING ITEMS

MSEK	Q4 Aug–Oct 2018	Q4 Aug–Oct 2017	Q1–4 Nov–Oct 2017–2018	Q1–4 Nov–Oct 2016–2017
EBT	809	657	2,041	1,725
Impairment[1]	206	208	206	208
Restructuring costs[2]	29	87	255	110
Capital gains/losses[3]	-302	-78	-475	-974
Other nonrecurring items[4]	100	180	100	882
Earnings before tax and nonrecurring items	**842**	**1,054**	**2,127**	**1,951**

1) Impairment pertains to aircraft, MSEK 206 (0) and IT systems, MSEK 0 (208).
2) Restructuring costs were charged to earnings as payroll expenses of MSEK 29 (51) and property costs of MSEK 0 (36) in the fourth quarter. The November–October period included payroll expenses of MSEK 105 (74) and property costs of MSEK 150 (36).
3) Capital gains include aircraft sales amounting to MSEK 302 (78) in the fourth quarter. The November–October period included aircraft gains amounting to MSEK 479 (317), slot pairs for MSEK 0 (678) and the sale of subsidiaries for MSEK -4 (-21).
4) Other nonrecurring items included a bonus of MSEK 100 (0) to be distributed to our employees as a one-time award and costs related to aircraft of MSEK 0 (180) in the fourth quarter. The November–October period included negative earnings impact of MSEK 0 (672) from fines in the third quarter of 2016/2017 for breaches of air cargo competition rules. Moreover, the November–October period also included an air cargo contractual settlement of MSEK 0 (30).

BALANCE SHEET

CONDENSED BALANCE SHEET

MSEK	31 Oct 2018	31 Oct 2017	31 Oct 2016
Intangible assets	1,498	1,581	1,923
Tangible fixed assets	12,240	10,692	11,195
Financial fixed assets	7,389	7,979	6,201
Total fixed assets	**21,127**	**20,252**	**19,319**
Other current assets	401	321	312
Current receivables	2,915	3,146	3,753
Cash and cash equivalents[1]	9,756	8,836	8,370
Total current assets	**13,072**	**12,303**	**12,435**
Total assets	**34,199**	**32,555**	**31,754**
Shareholders' equity[2]	7,268	8,058	6,026
Long-term liabilities	12,011	9,363	9,822
Current liabilities	14,920	15,134	15,906
Total shareholders' equity and liabilities	**34,199**	**32,555**	**31,754**
Shareholders' equity per common share, (SEK)[3]	16.11	13.28	7.12
Interest-bearing assets	16,549	16,245	13,661
Interest-bearing liabilities	10,092	8,575	9,880
Working capital	-13,347	-12,263	-11,274

1) At 31 October 2018, including receivables from other financial institutions, MSEK 339 (846).
2) Including non-controlling interests.
3) Shareholders' equity attributable to Parent Company shareholders excluding total preference share capital in relation to the 382,582,551 (330,082,551) common shares outstanding. The SAS Group has not carried out any buyback programs.

SPECIFICATION OF FINANCIAL NET DEBT, 31 OCTOBER 2018

	According to balance sheet	Of which financial net debt
Financial fixed assets	7,389	2,181
Current receivables	2,915	587
Cash and cash equivalents	9,756	9,756
Long-term liabilities	12,011	7,492
Current liabilities	14,920	2,600
Financial net debt		-2,432

Information relating to financial net debt in the comparative periods is available in the Financial Key Ratios section. For a specification of financial net debt for the respective periods, please refer to www.sasgroup.net where each interim report is published.

CONDENSED CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Share capital[1]	Other contributed capital[2]	Hedging reserves	Translation reserve	Retained earnings[3]	Total shareholders' equity attributable to Parent Company shareholders	Non-controlling interests	Total shareholders' equity
Opening shareholders' equity in accordance with approved balance sheet, 1 November 2016	6,776	327	1,325	-74	-2,328	6,026	–	6,026
Preference share dividend					-350	-350	-	-350
Comprehensive income November–October			147	-124	2,359	2,382	-	2,382
Closing balance, 31 October 2017	6,776	327	1,472	-198	-319	8,058		8,058
New issue	1,055				178	1,233	-	1,233
Preference share dividend					-105	-105	-	-105
Redemption of preference shares	-99				-2,480	-2,579	-	-2,579
Comprehensive income November–October			-160	147	674	661	-	661
Closing balance, 31 October 2018	**7,732**	**327**	**1,312**	**-51**	**-2,052**	**7,268**	**-**	**7,268**

1) Number of shares in SAS AB: 382,582,551 (330,082,551) common shares with a quotient value of SEK 20.10 and 2,101,552 (7,000,000) preference shares with a quotient value of SEK 20.10.
2) The amount comprises share premium reserves and the equity share of convertible loans.
3) No dividends were paid on common shares for 2016/2017.

CASH-FLOW STATEMENT

CONDENSED CASH-FLOW STATEMENT

MSEK	Q4 Aug–Oct 2018	Q4 Aug–Oct 2017	Q1–4 Nov–Oct 2017–2018	Q1–4 Nov–Oct 2016–2017
EBT	809	657	2,041	1,725
Depreciation, amortization and impairment	632	577	1,763	1,635
Income from sale of aircraft, buildings and shares	-302	-78	-475	-974
Adjustment for other non-cash items, etc.	151	280	228	341
Tax paid	-1	-4	-45	-26
Cash flow from operations before change in working capital	**1,289**	**1,432**	**3,512**	**2,701**
Change in working capital	-444	-549	1,047	-258
Cash flow from operating activities	**845**	**883**	**4,559**	**2,443**
Investments including advance payments to aircraft manufacturers	-1,418	-1,755	-6,840	-7,315
Sale of subsidiaries and operations	0	0	-3	-24
Sale of fixed assets, etc.	1,231	1,345	4,164	7,252
Cash flow before financing activities	**658**	**473**	**1,880**	**2,356**
New issue	0	0	1,223	0
Dividend on preference shares	-27	-87	-228	-350
Redemption of preference shares	0	0	-2,579	0
External financing, net	599	-169	621	-1,537
Cash flow for the period	**1,230**	**217**	**917**	**469**
Translation difference in cash and cash equivalents	1	-1	3	-3
Change in cash and cash equivalents according to the balance sheet	**1,231**	**216**	**920**	**466**
Cash flow from operating activities per common share (SEK)	2.21	2.68	11.92	7.40

FINANCIAL KEY RATIOS

	31 Oct 2018	31 Oct 2017	31 Oct 2016
Return on shareholders' equity	22%	18%	24%
Return on invested capital (ROIC)	14%	13%	12%
Adjusted financial net debt/EBITDAR	2.7x	3.1x	3.2x
Financial preparedness	42%	37%	41%
Equity/assets ratio	21%	25%	19%
Adjusted equity/assets ratio	13%	15%	12%
Financial net debt, MSEK	-2,432	-2,799	-1,166
Debt/equity ratio	-0.33	-0.35	-0.19
Adjusted debt/equity ratio	2.70	2.28	3.08
Interest-coverage ratio	4.4	3.8	3.6

SAS calculates various Alternative Performance Measures (APMs) that complement the metrics defined in the applicable rules for financial reporting. The APMs facilitate comparison between different periods and are used for internal analysis of the business's performance, development and financial position, and are therefore deemed to provide valuable information to external stakeholders, such as investors, analysts, rating agencies and others. For definitions, refer to the Definitions & concepts section. A list of the APMs deemed of sufficient material importance to specify is available at www.sasgroup.net under Investor Relations.

PARENT COMPANY SAS AB

The number of common and preference shareholders in SAS AB amounted to 61,259 at 31 October 2018. The average number of employees amounted to four (four). A private placement of 52,500,000 common shares was completed in November 2017. In February 2018, 4,898,448 preference shares were redeemed.

CONDENSED STATEMENT OF INCOME

MSEK	Q1–4 Nov–Oct 2017–2018	Q1–4 Nov–Oct 2016–2017
Revenue	56	92
Payroll expenses	-32	-34
Other operating expenses	-32	-73
EBIT	**-8**	**-15**
Income from participations in Group companies	0	-122
Income from other securities holdings	0	1
Net financial items	-18	-35
EBT	**-26**	**-171**
Appropriations	0	18
Tax	-14	6
Net income for the period	**-40**	**-147**
Net income for the period attributable to:		
Parent Company shareholders	-40	-147

Net income for the period also corresponds with total comprehensive income.

CONDENSED BALANCE SHEET

MSEK	31 Oct 2018	31 Oct 2017	31 Oct 2016
Financial fixed assets	14,643	14,661	14,790
Other current assets	134	463	769
Cash and cash equivalents	2	2	0
Total assets	**14,779**	**15,126**	**15,559**
Shareholders' equity	10,329	11,820	12,317
Long-term liabilities	2,252	1,540	3,010
Current liabilities	2,198	1,766	232
Total shareholders' equity and liabilities	**14,779**	**15,126**	**15,559**

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Share capital[1]	Restricted reserves	Unrestricted equity[2]	Total shareholders' equity
Opening balance, 1 November 2017	6,776	306	4,738	11,820
New issue	1,055		215	1,270
New issue costs			-37	-37
Redemption of preference shares	-99	99	-2,579	-2,579
Preference share dividend			-105	-105
Net income for the period			-40	-40
Shareholders' equity, 31 October 2018	**7,732**	**405**	**2,192**	**10,329**

1) Number of shares: 382,582,551 common shares with a quotient value of SEK 20.10 and 2,101,552 preference shares with a quotient value of SEK 20.10.
2) No dividends were paid on common shares for 2016/2017.

NOTES

NOTE 1 ACCOUNTING POLICIES AND FINANCIAL STATEMENTS

This year-end report for the SAS Group was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The year-end report for the Parent Company was prepared in accordance with the Swedish Annual Accounts Act and RFR 2.

The accounting policies follow those described in the 2016/2017 Annual Report. Preparations are ongoing for the implementation of IFRS16 , Leases. SAS Group will apply the standard starting 1 November 2019, and has an ongoing project to analyze the transition. Starting 1 November 2018, SAS Group will apply the new accounting standards IFRS 15, Revenue from Contracts with Customers, and IFRS 9, Financial Instruments. The table below illustrates the estimated impact of the implementation of IFRS 9 and IFRS 15 on equity and other balance sheet items at the transition date of 1 November 2018. IFRS 15 will be applied using the modified retrospective approach. This means that the opening balances at 1 November 2018 will be adjusted to reflect the impact of IFRS15, but the previous periods will not be restated. IFRS 9 will be applied on 1 November 2018. The hedge accounting guidance is applied prospectively apart from the accounting guidance relating to changes in time value of options that is applied retrospectively meaning comparative periods will be recalculated and the opening balances per 1 November 2017 will be adjusted. All other changes following IFRS 9 will be applied retrospectively but without adjustment of comparative periods. This means that the opening balances at 1 November 2018 will be adjusted to reflect the impact of IFRS 9 but the previous periods will not be restated.

ESTIMATED IMPACT OF IFRS 9 AND IFRS 15 ON 1 NOVEMBER 2018

MSEK	Reported 31 October 2018	Adjustments IFRS 9	Adjustments IFRS 15	Adjusted balance 1 November 2018
Account receivable	1,219	-14		1,205
Shareholder´s equity	7,268	-11	-16	7,241
Unearned transportation revenue	5,681		+21	5,702
Deferred tax assets	174	3	5	182

IFRS 9 – FINANCIAL INSTRUMENTS

IFRS 9, Financial Instruments, replaces IAS 39, Financial Instruments: Recognition and measurement. The new guidance in IFRS 9 primarily pertain to three areas: classification and measurement, impairment and hedge accounting. SAS will apply IFRS 9 retrospectively on the effective date, 1 November 2018, and will not restate comparative information, with exception for guidance relating to changes in time value of options where omparative periods will be recalculated and the opening balances per 1 November 2017 will be adjusted. The impact from transition to IFRS 9 is estimated to reduce equity by SEK 11 million, net of tax. The impact relates to the following areas:

Impairment of financial assets will be based on expected credit losses, compared to incurred credit loss events under IAS 39. Following this model, the provision for expected losses in accounts receivable is estimated to increase by MSEK 14, with a corresponding reduction of equity with MSEK 11, net of tax. SAS other financial assets are not subject to further impairment provisions at the date of transition.

For hedge accounting there is new guidance relating to changes in time value of an option if only the intrinsic value is designated in the hedging relationship. The initial time value will be treated as a cost for the hedging strategy and changes in the time value is recognized in other comprehensive income, not in profit and loss as in IAS 39. On a continuous basis going forward, less volatility in the profit and loss is expected. The hedge accounting guidance relating to changes in time value of an option will be applied retrospectively and comparative periods will be recalculated. The estimated transition impact relates to reclassifications within equity at 1 November 2017 of MSEK 25, and an increase in profit & loss in the comparative period 1 November 2017 - 31 October 2018 by MSEK 9 affecting the hedging reserve in equity.

IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15, Revenue from contracts with customers, replaces IAS 18, Revenue, and IAS 11, Construction Contracts. IFRS 15 establishes a new principle-based model of recognizing revenue from customer contracts. It introduces a five-step model that requires revenue to be recognized when control over goods and services are transferred to the customer. SAS will apply the modified retrospective approach, meaning that the opening balances at 1 November 2018, will be adjusted but the previous periods will not be restated. The impact from transition to IFRS 15 is estimated to reduce equity by MSEK 16, which is estimated to be non-significant in the Group's consolidated financial statements.

The impact relates to rebooking fees that, under IAS 18, have been recognized as income when the rebooking takes place. In the new guidance the fee is seen as a contract modification that is recognized when the air ticket is used. This means that revenue will be recorded later than at present. At the date of transition unearned transportation revenue is estimated to increase with MSEK 21, with a corresponding reduction of equity with MSEK 16, net of tax.

As mentioned in the Financial statements for the year ending October 2017, the allocation of loyalty points in the EuroBonus program is to be based on the point's stand-alone selling price compared to the total performance obligation, i.e. the air transport and the loyalty points earned. During the year it has been concluded that the new guidance in IFRS 15 will not have any impact on SAS's current accounting treatment of the EuroBonus loyalty program.

NOTE 2 REVENUE

	Q4 Aug–Oct 2018	Q4 Aug–Oct 2017	Q1–4 Nov–Oct 2017–2018	Q1–4 Nov–Oct 2016–2017
Passenger revenue	9,633	8,862	34,077	32,644
Charter	709	681	1,957	1,964
Freight and mail	418	371	1,632	1,470
Other traffic revenue	790	644	2,701	2,419
Other operating revenue	1,128	1,086	4,351	4,157
Total	**12,678**	**11,644**	**44,718**	**42,654**

NOTE 3 OTHER OPERATING EXPENSES

	Q4 Aug–Oct 2018	Q4 Aug–Oct 2017	Q1–4 Nov–Oct 2017–2018	Q1–4 Nov–Oct 2016–2017
Sales and distribution costs	-728	-655	-2,583	-2,417
Jet fuel	-2,443	-1,774	-7,996	-6,836
Government user fees	-1,117	-1,103	-4,159	-4,262
Catering costs	-349	-279	-1,263	-1,075
Handling costs	-705	-663	-2,663	-2,704
Technical aircraft maintenance	-843	-1,069	-2,897	-3,515
Computer and telecommunication costs	-447	-402	-1,554	-1,569
Wet-lease costs	-340	-318	-1,283	-1,123
Other	-1,209	-1,155	-3,949	-3,988
Total	**-8,181**	**-7,418**	**-28,347**	**-27,489**

NOTE 4 QUARTERLY BREAKDOWN

STATEMENT OF INCOME

MSEK	2015–2016		2016–2017					2017–2018				
	Q4	Full-year	Q1	Q2	Q3	Q4	Full-year	Q1	Q2	Q3	Q4	Full-year
	Aug–Oct	Nov–Oct	Nov–Jan	Feb–Apr	May–Jul	Aug–Oct	Nov–Oct	Nov–Jan	Feb–Apr	May–Jul	Aug–Oct	Nov–Oct
Revenue	11,135	39,459	8,957	9,843	12,210	11,644	42,654	8,978	9,916	13,146	12,678	44,718
Payroll expenses	-2,185	-9,105	-2,421	-2,302	-2,293	-2,189	-9,205	-2,268	-2,355	-2,385	-2,433	-9,441
Other operating expenses	-7,270	-24,552	-6,105	-7,188	-6,778	-7,418	-27,489	-5,859	-6,846	-7,461	-8,181	-28,347
Leasing costs for aircraft	-697	-2,840	-733	-801	-808	-774	-3,116	-760	-765	-814	-817	-3,156
Depreciation, amortization and impairment	-377	-1,367	-327	-388	-343	-577	-1,635	-353	-374	-404	-632	-1,763
Share of income in affiliated companies	28	39	-11	3	-4	16	4	-9	-8	29	23	35
Income from the sale of shares in subsidiaries, affiliated companies and operations	-11	-7	-21	0	0	0	-21	-4	0	0	0	-4
Income from the sale of aircraft, buildings and slot pairs	57	265	84	723	110	78	995	104	47	26	302	479
EBIT	**680**	**1,892**	**-577**	**-110**	**2,094**	**780**	**2,187**	**-171**	**-385**	**2,137**	**940**	**2,521**
Income from other securities holdings	0	1	0	1	0	0	1	0	0	0	0	0
Financial revenue	17	91	41	43	29	35	148	34	30	34	31	129
Financial expenses	-120	-553	-161	-142	-150	-158	-611	-136	-144	-167	-162	-609
EBT	**577**	**1,431**	**-697**	**-208**	**1,973**	**657**	**1,725**	**-273**	**-499**	**2,004**	**809**	**2,041**
Tax	14	-110	141	-112	-438	-167	-576	34	141	-458	-169	-452
Net income for the period	**591**	**1,321**	**-556**	**-320**	**1,535**	**490**	**1,149**	**-239**	**-358**	**1,546**	**640**	**1,589**
Attributable to:												
Parent Company shareholders	591	1,321	-556	-320	1,535	490	1,149	-239	-358	1,546	640	1,589
Non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	0

EARNINGS-RELATED KEY RATIOS AND AVERAGE NUMBER OF EMPLOYEES

MSEK	Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4	Q1–4	Q1–4
	Nov–Jan 2017–2018	Nov–Jan 2016–2017	Feb–Apr 2018	Feb–Apr 2017	May–Jul 2018	May–Jul 2017	Aug–Oct 2018	Aug–Oct 2017	Nov–Oct 2017–2018	Nov–Oct 2016–2017
Revenue	8,978	8,957	9,916	9,843	13,146	12,210	12,678	11,644	44,718	42,654
EBITDAR	851	431	715	353	3,300	3,139	2,064	2,037	6,930	5,960
EBITDAR margin	9.5%	4.8%	7.2%	3.6%	25.1%	25.7%	16,3%	17.5%	15,5%	14.0%
EBIT	-171	-577	-385	-110	2,137	2,094	940	780	2,521	2,187
EBIT margin	-1.9%	-6.4%	-3.9%	-1.1%	16.3%	17.1%	7,4%	6.7%	5,6%	5.1%
Earnings before tax and nonrecurring items	-373	-707	-320	-259	1,978	1,863	842	1,054	2,127	1,951
EBT	-273	-697	-499	-208	2,004	1,973	809	657	2,041	1,725
Net income for the period	-239	-556	-358	-320	1,546	1,535	640	490	1,589	1,149
Earnings per common share (SEK)	-0.85	-1.95	-1.02	-1.23	3.97	4.39	1,60	1.22	3,70	2.42
Cash flow before financing activities	-213	-368	1,238	1,799	197	452	658	473	1,880	2,356
Average number of employees (FTE)	9,929	10,538	9,990	10,155	10,332	10,404	10,334	10,199	10,146	10,324

NOTE 5 FINANCIAL ASSETS AND LIABILITIES

FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES

	31 October 2018		31 October 2017	
MSEK	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets at fair value	636	636	551	551
Financial assets held for trading	3 641	3 641	5,741	5,741
Other assets	10 057	10 049	6,448	6,551
Total	**14 334**	**14 326**	**12,740**	**12,843**
Financial liabilities				
Financial liabilities at fair value	141	141	52	52
Financial liabilities held for trading	29	29	55	55
Financial liabilities at amortized cost	11 675	10 977	10,091	9,813
Total	**11 845**	**11 147**	**10,198**	**9,920**

Fair value is generally determined by using official market quotes. When market quotes are not available, the fair value is determined using generally accepted valuation methods such as discounted future cash flows based on observable market inputs.

The Group's financial assets and liabilities are measured at fair value as stated below:

Level 1: Financial instruments for which fair value is based on observable (unadjusted) quoted prices in active markets for identical assets and liabilities. This category includes mainly treasury bills and standardized derivatives, where the quoted price is used in the valuation.

Level 2: Financial instruments for which fair value is based on valuation models that utilize other observable data for the asset or liability other than the quoted prices included within level 1, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Financial instruments for which fair value is based on valuation models, whereby significant input is based on unobservable data. At present, SAS has no financial assets or liabilities where the valuation is essentially based on unobservable data.

FAIR VALUE HIERARCHY

	31 October 2018			31 October 2017		
MSEK	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial assets						
Financial assets at fair value	-	636	636	–	551	551
Financial assets held for trading	287	3 354	3 641	3,304	2,437	5,741
Total	**287**	**3 990**	**4 277**	**3,304**	**2,988**	**6,292**
Financial liabilities						
Financial liabilities at fair value	-	141	141	–	52	52
Financial liabilities held for trading	-	29	29	–	55	55
Total	**0**	**170**	**170**	**0**	**107**	**107**

The Board of Directors and President hereby assure that this year-end report provides a true and fair overview of the Parent Company's and the Group's operations, financial position and earnings, and describes the significant risks and uncertainty factors to which the Parent Company and the companies included in the Group are exposed.

Stockholm 4 December 2018

Carsten Dilling
Chairman of the Board

Dag Mejdell Vice Chairman	Monica Caneman Board member	Lars-Johan Jarnheimer Board member
Oscar Stege Unger Board member	Liv Fiksdahl Board member	Sanna Suvanto-Harsaae Board member
Endre Røros Board member	Cecilia van der Meulen Board member	Janne Wegeberg Board member

Rickard Gustafson
President and CEO

This year-end report is unaudited

TRAFFIC DATA INFORMATION

SCHEDULED PASSENGER TRAFFIC, YIELD, PASK AND UNIT COST FOR SAS

	Aug–Oct 2018	Aug–Oct 2017	Year-on-year change	Nov–Oct 2017–2018	Nov–Oct 2016–2017	Year-on-year change
Number of passengers (000)	7,896	7,621	+3.6%	28,794	28,625	+0.6%
RPK, Revenue Passenger Kilometers (mill)	10,071	9,738	+3.4%	36,496	36,361	+0.4%
ASK, Available Seat Kilometers (mill)	13,056	12,750	+2.4%	49,023	48,303	+1.5%
Load factor	77.1%	76.4%	+0.8[1]	74.4%	75.3%	-0.8[1]
Passenger yield, currency-adjusted	0.96	0.96	-0.7%	0.93	0.92	+1.6%
Passenger yield, nominal	0.96	0.91	+5.1%	0.93	0.90	+4.0%
Unit revenue, PASK, currency-adjusted	0.74	0.74	+0.3%	0.70	0.69	+0.5%
Unit revenue, PASK, nominal	0.74	0.70	+6.2%	0.70	0.68	+2.9%
RASK, currency adjusted	0.80	0.79	+1.2%	0.76	0.75	+1.4%
RASK, nominal	0.80	0.75	+7.0%	0.76	0.74	+3.7%

TOTAL TRAFFIC (SCHEDULED AND CHARTER TRAFFIC) FOR SAS

	Aug–Oct 2018	Aug–Oct 2017	Year-on-year change	Nov–Oct 2017–2018	Nov–Oct 2016–2017	Year-on-year change
Number of passengers (000)	8,346	8,107	+2.9%	30,082	29,998	+0.3%
RPK, Revenue Passenger Kilometers (mill)	11,258	11,001	+2.3%	39,946	40,078	-0.3%
ASK, Available Seat Kilometers (mill)	14,385	14,070	+2.2%	52,781	52,217	+1.1%
Load factor	78.3%	78.2%	+0.1[1]	75.7%	76.8%	-1.1[1]
Unit cost, CASK, currency-adjusted	-0.73	-0.70	+4.6%	-0.72	-0.70	+2.2%
Unit cost, CASK, nominal incl. nonrecurring items	-0.76	-0.70	+8.3%	-0.73	-0.71	+1.8%
Unit cost, CASK, excluding jet fuel, currency-adjusted	-0.56	-0.56	+0.3%	-0.57	-0.57	-1.1%
Unit cost, CASK, excluding jet fuel, nominal incl. nonrecurring items	-0.59	-0.58	+2.6%	-0.58	-0.58	-1.4%

SCHEDULED TRAFFIC TREND FOR SAS BY ROUTE SECTOR

	Aug–Oct 2018 vs. Aug–Oct 2017		Nov–Oct 2017–2018 vs. Nov–Oct 2016–2017	
	Traffic (RPK)	Capacity (ASK)	Traffic (RPK)	Capacity (ASK)
Intercontinental	+2.5%	-1.0%	-2.2%	-2.0%
Europe/Intra-Scandinavia	+4.3%	+5.0%	+2.7%	+4.4%
Domestic	+3.0%	+2.4%	-0.1%	+0.9%

SCHEDULED DESTINATIONS AND FREQUENCIES FOR SAS

	Aug–Oct 2018	Aug–Oct 2017	Year-on-year change	Nov–Oct 2017–2018	Nov–Oct 2016–2017	Year-on-year change
Number of destinations	116	115	+0.9%	125	123	+1.6%
Number of daily departures	853	862	-1.1%	800	817	-2.1%
No. of departures per destination/day	7.4	7.5	-1.9%	6.4	6.6	-3.7%

PRODUCTIVITY AND ENVIRONMENTAL EFFICIENCY

12-month rolling	Oct 2018	Oct 2017	Year-on-year change
Aircraft, block hours/day	9.6	9.6	-0.5%
Cabin crew, block hours/year	771	777	-0.8%
Pilots, block hours/year	687	686	+0.1%

Environmental efficiency	Aug–Oct 2018	Aug–Oct 2017	Year-on-year change	Nov–Oct 2017–2018	Nov–Oct 2016–2017	Year-on-year change
CO_2 emissions per passenger kilometer, grams	93.0	94.8	-1.9%	95.1	96.4	-1.3%

1) Figures given in percentage points

AIRCRAFT FLEET

THE SAS AIRCRAFT FLEET AT 31 OCTOBER 2018

Aircraft in service under SAS' (SK) own traffic license	Age	Owned	Leased	Total	Purchase orders	Lease orders
Airbus A330/A340/A350	13.4	11	5	16	9	
Airbus A319/A320/A321	8.8	11	26	37	44	15
Boeing 737 NG	14.7	25	39	64		
Total	**12.7**	**47**	**70**	**117**	**53**	**15**

Aircraft in service under a traffic license other than SAS' (SK)	Age	Owned	Leased	Total	On wet lease order
Bombardier CRJ900	1.7		22	22	
Bombardier CRJ1000	2.5		2	2	
ATR-72	3.6		9	9	
Airbus A320neo	0.7		7	7	
Total	**2.0**		**40**	**40**	**0**

Total SAS in-service aircraft fleet	Age	Owned	Leased	Total	Purchase orders	On wet lease order
Total	**9.9**	**47**	**110**	**157**	**53**	**15**

Aircraft to be phased out	Age	Owned	Leased	Total	Leased out	Parked
Bombardier Q400	10.8	1		1		1

Aircraft on firm order 2018–2023 at 31 October 2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Airbus A320neo	14	10	3	17	15
Airbus A350		4	4		
Airbus A330	1				

DEFINITIONS & CONCEPTS

SAS uses various key figures, including alternative performance measures (APMs), for internal analysis purposes and for external communication of the operations' results, performance and financial position.

The key figures support stakeholders in their assessment of SAS' earnings and performance. In the APMs based on capitalized leasing costs (×7), SAS' level of debt is raised to a level that would correspond to a situation where aircraft under operating leases would instead be owned or under finance leases. In the airline industry, capitalized leasing costs (×7) is an established method for estimating unrecognized liabilities pertaining to operating leases for aircraft.

The aim of the APMs is to illustrate the performance measures tailored to operations that, in addition to the other key figures, enable various stakeholders to more accurately assess and value SAS' historical, current and future performance and positions. A list of the APMs deemed of sufficient material importance to specify is available at www.sasgroup.net under Investor Relations.

Adjusted debt/equity ratio — The net of financial net debt plus capitalized leasing costs (x7) in relation to equity.

Adjusted equity/assets ratio — The net of equity in relation to total assets plus capitalized leasing costs (x7).

Adjusted financial net debt/EBITDAR — The sum of average net financial debt and average LTM net capitalized leasing costs in relation to EBITDAR.

ASK, Available Seat Kilometers — The total number of seats available for passengers multiplied by the number of kilometers which they are flown.

Capital employed — Total capital according to the balance sheet less non-interest-bearing liabilities.

Capitalized leasing costs (×7) — The net annual operating lease costs for aircraft multiplied by seven.

Cash flow from operating activities per common share — Cash flow from operating activities in relation to the average number of common shares outstanding.

Debt/equity ratio — Financial net debt in relation to equity.

Earnings per common share (EPS) — Net income for the period attributable to Parent Company shareholders less preference-share dividends in relation to the average number of common shares outstanding.

EBIT — Operating income.

EBIT margin — EBIT divided by revenue.

EBITDA — Operating income before tax, net financial items, income from the sale of fixed assets, share of income in affiliated companies, and depreciation and amortization.

EBITDA margin — EBITDA divided by revenue.

EBITDAR — Operating income before tax, net financial items, income from the sale of fixed assets, share of income in affiliated companies, depreciation and amortization, and leasing costs for aircraft.

EBITDAR margin — EBITDAR divided by revenue.

EBT — Earnings before tax.

Equity/assets ratio — Equity in relation to total assets.

Equity method — Shares in affiliated companies are taken up at the SAS Group's share of equity, taking acquired surplus and deficit values into account.

Financial net debt — Interest-bearing liabilities less interest-bearing assets excluding net pension funds.

Financial preparedness — Cash and cash equivalents, excluding receivables from other financial institutions, plus unutilized credit facilities in relation to fixed costs. In this ratio, fixed costs are defined as payroll and other operating expenses, except jet-fuel costs and government user fees, as well as leasing costs for aircraft.

FTE — Full-time equivalents.

Interest-coverage ratio — Operating income plus financial revenue in relation to financial expenses.

Load factor — RPK divided by ASK. Describes the capacity utilization of available seats.

Nonrecurring items – Nonrecurring items are identified to facilitate comparison of SAS' underlying results in different periods. These items consist of impairment, restructuring costs, capital gains/losses, and other nonrecurring items. They arise as a consequence of specific events, and are items that both management and external assessors take note of when analyzing SAS. By reporting earnings excluding nonrecurring items, the underlying results are shown, which facilitates comparability between different periods.

PASK, Unit revenue — Passenger revenue/ASK (scheduled).

Preference share capital — Preference share capital, corresponding to the redemption price for 2,101,552 preference shares at 105% of the subscription price of SEK 500, amounting to MSEK 1,103.

RASK — Total traffic revenue/total ASK (scheduled+charter).

Return on Invested Capital (ROIC) — EBIT plus the standard interest portion corresponding to 33% of net operating leasing costs in relation to average shareholders' equity, net financial debt and net capitalized leasing costs (×7).

Return on shareholders' equity — Net income for the period attributable to shareholders in the Parent Company in relation to average equity excluding non-controlling interests.

RPK, Revenue passenger kilometers — Number of paying passengers multiplied by the distance they are flown in kilometers.

Sale and leaseback — Sale of an asset (aircraft, building, etc.) that is then leased back.

Shareholders' equity per common share — Shareholders' equity attributable to Parent Company shareholders less preference share capital in relation to the total number of common shares outstanding on the balance-sheet date.

Unit cost, CASK — Total payroll expenses, other operating expenses, leasing costs for aircraft and depreciation adjusted for currency and nonrecurring items, less other operating revenue per ASK (scheduled and charter).

Working capital — The total of non-interest-bearing current assets and non-interest-bearing financial fixed assets excluding equity in affiliated companies and other securities holdings less non-interest-bearing liabilities.

Yield — Passenger revenue divided by RPK (scheduled).

A more detailed list of definitions & concepts is available at www.sasgroup.net under Investor Relations/Financial data/Financial definitions.

SAS flies more than 30 million passengers each year and is Scandinavia's leading airline with more than 800 flights per day on 288 routes serving 125 destinations in Scandinavia, Europe, the US and Asia. SAS is a member of Star Alliance™ and together with 27 other partner airlines is able to offer over more than 18,800 daily departures to around 1,300 destinations in 193 countries. In addition to airline operations, activities at SAS include ground handling services, technical maintenance and air cargo services.

SAS AB is the Parent Company of SAS and is listed on the stock exchanges in Stockholm (primary listing), Copenhagen and Oslo. The majority of the operations and assets are included in the SAS Consortium, with the exception of SAS Cargo and SAS Ground Handling, which are directly owned by SAS AB.

SIGNIFICANT EVENTS

FIRST QUARTER 2017/2018

- SAS completed a private placement of MSEK 1,270. As a result of the new share issue, the conversion price for SAS' convertible bond was changed from SEK 24.0173 to SEK 23.73.
- SAS' credit rating was upgraded by Moody's and Standard & Poor's.
- SAS issued SEK 1.5 billion unsecured bond with a tenor of five years and a fixed coupon rate of 5.375%.
- Torbjørn Wist was appointed as the new Chief Financial Officer (CFO). The previous CFO Göran Jansson will take overall responsibility for Group strategy, SAS Growth, the SAS aircraft fleet and Strategic Sourcing. In the new role, Göran Jansson will continue as Deputy President and as a member of SAS Group Management.
- Fritz H. Schur notified his intent to step down as Chairman and as a member of the Board of SAS at the 2018 AGM.
- SAS decided on the mandatory redemption of a maximum of 4.9 million preference shares.

SECOND QUARTER 2017/2018

- SAS redeemed just under 4.9 million preference shares for a total redemption cost of MSEK 2,579.
- SAS ordered a further 50 new Airbus A320neo aircraft, thus creating a single-type fleet.
- The AGM resolved to pay a maximum dividend to preference shareholders over the period until the next AGM of SEK 50 per preference share. The AGM resolved not to pay a dividend to holders of common shares for the 2016/2017 fiscal year. Liv Fiksdahl and Oscar Stege Unger were elected as new members of the Board. Carsten Dilling was elected Chairman of the Board.
- SAS ordered one Airbus A330E as replacement for an Airbus A340.

THIRD QUARTER 2017/2018

- As the first Nordic airline, SAS launched high speed WiFi on its short and medium haul routes in Europe.
- SAS appointed a new head for SAS Growth Initiatives to strengthen SAS' platform for growth in new areas.
- SAS increased its unsecured bond with MSEK 750 at an effective interest rate of 4.73%.
- SAS and Preem signed a letter of intent pledging to co-operate on securing increased production of biofuel from 2022.

FOURTH QUARTER 2017/2018

- SAS completed JOLCO financing for one Airbus A320 in September. Financing of a further nine Airbus A320 using JOLCO is ongoing.
- MEUR 35 issued through euro medium-term note (EMTN) program.

EVENTS AFTER 31 OCTOBER 2018

- SAS decided on redemption of all 2.1 million preference shares for a total redemption cost of MSEK 1,112. Record date was on 30 November 2018 and payment of redemption proceeds to preferred shareholders is expected to take place on 5 December 2018.

FINANCIAL CALENDAR

Annual report 2017/2018	29 January 2019
Q1 Interim report, 2019 (Nov 2018–Jan 2019)	27 February 2019
Annual General Meeting 2019	13 March 2019
Q2 Interim report, 2019 (Feb–Apr)	28 May 2019
Q3 Interim report, 2019 (May–July)	27 August 2019
Q4 Interim report, 2019 (Aug–Oct)	5 December 2019

All reports are available in English and Swedish and can be downloaded at www.sasgroup.net.

SAS' monthly traffic data information is normally issued on the fifth business day of the following month. A complete financial calendar can be found at: www.sasgroup.net under Investor Relations.

For further definitions, refer to the Annual Report or www.sasgroup.net, under Investor Relations/Financial data/Financial definitions.

PRESS/INVESTOR RELATIONS

Telephone conference at 10:00 a.m., 4 December 2018.
Analyst meeting at 12:45 p.m. in Oslo, 4 December 2018.

This information is information that SAS AB is obliged to disclose pursuant to the EU Market Abuse Regulation.

The information was submitted through the agency of the contact person set out below for publication on 4 December 2018 at 8:00 a.m. CET.

Any questions about the report can be addressed to Magnus Hurst, Investor Relations, +46 70 997 4519 or alternatively to investor.relations@sas.se.