



Scandinavian Airlines

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A STAR ALLIANCE MEMBER 

SAS receives court approval to enter into investment agreement in its exit financing solicitation process

SAS announces that the U.S. Bankruptcy Court for the Southern District of New York (the “Court”) has approved SAS’ entry into the investment agreement with the winning bidder consortium in SAS’ exit financing solicitation process. The winning bidder consortium consists of Castlake, L.P., on behalf of certain funds or affiliates (“Castlake”), Air France-KLM S.A. and Lind Invest ApS, together with the Danish state (collectively, the “Investors”).

On November 4, 2023, SAS announced that it had entered into an investment agreement with the Investors, subject to approval by the Court. The agreed transaction structure includes a total investment in reorganized SAS corresponding to USD 1,200 million (SEK 13.2 billion),¹ which includes USD 475 million (SEK 5.225 billion) in new unlisted equity and USD 725 million (SEK 7.975 billion) in secured convertible debt. Today, SAS received Court approval to enter into the investment agreement.

SAS also received final Court approval for its new debtor-in-possession (“DIP”) financing credit agreement with Castlake for USD 500 million (SEK 5.5 billion). The funding related to the new DIP financing credit agreement is being used to, among other things, refinance SAS’ original DIP term loan with a significant extension of the DIP loan financing period sufficient to bridge to final emergence from chapter 11. On November 9, 2023, the Court authorized SAS to draw USD 450 million (SEK 4.95 billion) and, today, the Court authorized SAS to draw the remaining USD 50 million (SEK 550 million) under the new DIP facility.

Anko van der Werff, President & Chief Executive Officer of SAS, comments:

“The investment agreement that was approved by the court today is a key milestone in our SAS FORWARD plan, and it shows that our new investors believe in SAS and our potential to remain at the forefront of the airline industry for years to come.”

Conditionality of the transaction and expected recoveries in the chapter 11 process

The agreed exit transaction remains subject to approval in connection with the confirmation of SAS’ chapter 11 plan of reorganization (the “Chapter 11 Plan”). SAS currently aims to receive approval from the Court of the Chapter 11 Plan in early 2024, to be followed by obtaining regulatory approvals and the implementation of a Swedish company reorganization (Sw. *företagsrekonstruktion*) at the SAS AB level (likely to be filed by SAS AB in 2024). The effectiveness of the transaction will occur upon the fulfilment of certain conditions precedent, including receipt of all relevant regulatory approvals, as further set out in the press release announced by SAS on October 3, 2023. No approval is expected to be required from the existing shareholders of SAS AB for the transaction.

¹ All amounts cited are based upon an assumed USD/SEK exchange rate of 11.00.



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SAS reiterates its expectation set out in the press release announced by SAS on October 3, 2023 that there will be only a modest recovery for general unsecured creditors, no recovery for subordinated unsecured creditors and no value for SAS AB's existing shareholders upon emergence from the chapter 11 process. Any payment of recoveries to creditors will be made only after the completion of the transaction and the fulfilment of any conditions for payment to creditors. All of SAS AB's common shares and listed commercial hybrid bonds are further expected to be cancelled, redeemed and delisted (currently expected to occur during the second quarter of 2024).

Information regarding chapter 11 cases

Additional information regarding SAS' voluntary chapter 11 cases is available on SAS' dedicated restructuring website, <https://sasgroup.net/transformation>. Court filings and other documents related to the chapter 11 cases in the U.S. are available on a separate website administered by SAS' claims agent, Kroll Restructuring Administration LLC, at <https://cases.ra.kroll.com/SAS>. Information is also available by calling (844) 242-7491 (U.S./Canada) or +1 (347) 338-6450 (International), as well as by email at SASInfo@ra.kroll.com.

Advisors

Weil, Gotshal & Manges LLP is serving as global legal counsel and Mannheimer Swartling Advokatbyrå AB is serving as Swedish legal counsel to SAS. Seabury Securities LLC and Skandinaviska Enskilda Banken AB are serving as investment bankers, and Seabury Securities LLC is also serving as restructuring advisor to SAS. Skadden, Arps, Slate, Meagher & Flom LLP is serving as legal counsel, Rothschild & Co is serving as investment banker, and SkyWorks Holdings LLC is serving as aviation consultant to Castlake. White & Case LLP, Paul McGeown and Shepard, Mullin, Richter & Hampton LLP are serving as co-legal counsel to Air France-KLM. Bech-Bruun Law Firm P/S is serving as legal counsel and Latham & Watkins LLP is serving as US legal counsel to Lind Invest.

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SAS, Scandinavia's leading airline, with main hubs in Copenhagen, Oslo and Stockholm, flies to destinations in Europe, USA and Asia. Spurred by a Scandinavian heritage and sustainable values, SAS aims to be the driving force in sustainable aviation and in the transition toward net zero emissions. We are continuously reducing our carbon emissions through using more sustainable aviation fuel, investing in new fuel-efficient aircraft and technology innovation together with partners – thereby contributing towards the industry target of net zero CO2 emissions by 2050. In addition to flight operations, SAS offers ground handling services, technical maintenance and air cargo services. Learn more at <https://www.sasgroup.net>

ADDITIONAL INFORMATION

The press release does not constitute an offer to sell or issue, or the solicitation of an offer to buy or acquire, or subscribe for, shares or any other financial instruments in SAS.



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