

# SAS Group 1<sup>st</sup> interim report 2011

Media/analyst presentation  
May 10, 2011



## Q1

Improved earnings driven by Core SAS  
cost reductions



- Continued strong macro development in Scandinavia
  - ➔ Additional capacity is being added
- Continued yield pressure and weaker load factors
  - ➔ Currency adjusted revenues up 4.1% due to capacity growth
- Sharply increased jet fuel prices
  - ➔ SAS with good hedging position
  - ➔ limited effect from fuel surcharges
- Core SAS continues to deliver important cost savings
  - ➔ unit cost – 7.1% Q1 (excluding fuel)

*EBT before non recurring items  
improved MSEK 339*

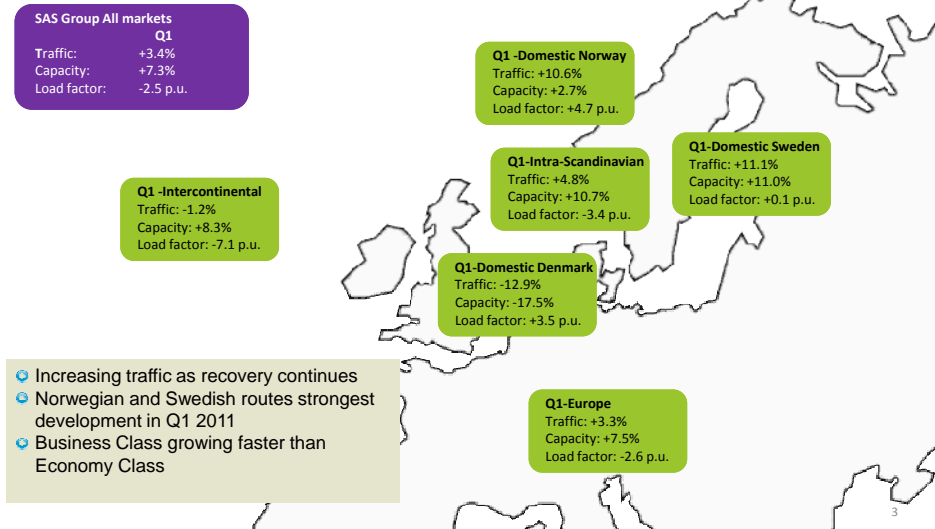
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## Increased traffic but lower load factors

- Market capacity increase expected to be approx 10 % in 2011



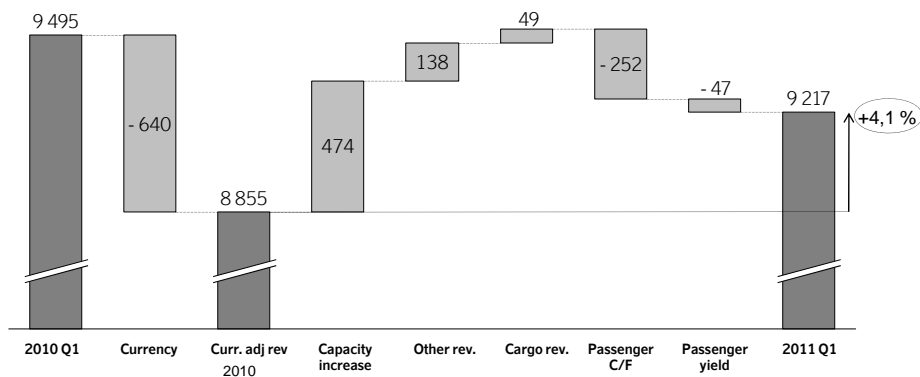
### SAS Group Traffic Development per market during Q1 2011



## Growing revenues in Q1 driven by capacity growth



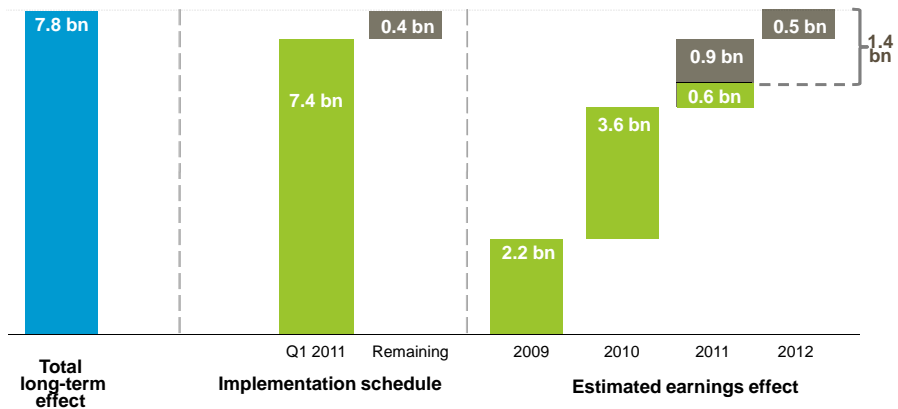
Revenues, MSEK



95% of Core SAS cost program implemented  
SEK 1.4 bn earnings effect remaining



(SEK)



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Significantly improved result  
despite lower revenues and record fuel prices



Result Development (MSEK)	Jan-Mar 2011	Jan-Mar 2010
Revenues	9 217	9 495
EBT	-554	-972
EBT before non-recurring items	-505	-844



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# Our focus areas in 2011



## Create capacity for profitable growth Streamlining of fleet in process



### Harmonised production platform in Oslo and Stockholm

Phasing out Boeing 737  
Classic and MD-80  
(2008-2014)



### Harmonised production platform in Copenhagen

Phasing out MD-80  
(2012-2016)



### Harmonised production platform in Helsinki (Blue 1)

Phasing out Avro and  
MD-90 (2010-2012)  
Phasing in of Boeing 717  
under way



Indicative saving from streamlining approximately MSEK 200 - 300 (not included in Core SAS cost program)

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Create capacity for profitable growth  
New technology introduced



Internet on board



Real time high speed Internet Access

- Web browsing on all Internet sites
- Full E-mail support
- VPN corporate access

NFC



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Drive collaboration and communication



- Bi-Annual Top 100 meetings
  - ➔ Reaches more than 100 Top leaders
- Quarterly union meetings
- Quarterly dialogue meetings
  - ➔ All major sites across Scandinavia
  - ➔ > 2 000 people
- Quarterly Business Reviews
- Regular visits to international offices
  - ➔ Tokyo
  - ➔ London

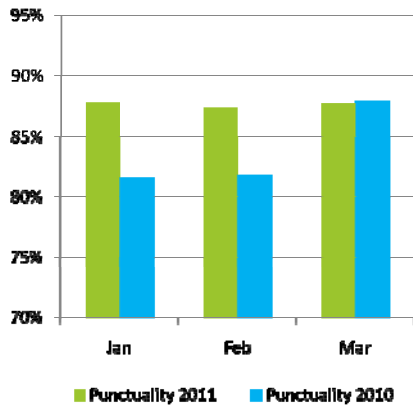
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## Focus on people & performance



Scandinavian Airlines - departure within 15 min



- Core SAS delivered according to plan
- Improved employee satisfaction (PULS)
- External recognition
  - ➔ EuroBonus Frequent Traveler Award
  - ➔ Innovator of the Year by IGLTA
  - ➔ Norwegian Customer barometer
  - ➔ Reputation Institute, Denmark
- Punctuality further improved

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Passionate customer focus

## World class punctuality and improved CSI

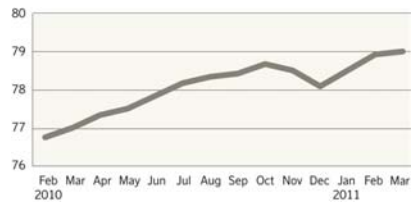


Number one in punctuality in Europe during 2010 according to Flightstats

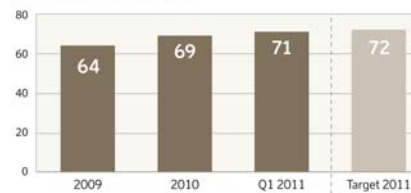


- We take care of your time
- Customer perceived punctuality is improving

Customer-experienced punctuality % total SAS R12



Scandinavian Airlines customer satisfaction Customer Satisfaction Index (CSI)



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Göran Jansson  
CFO SAS  
Group



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## Improving result driven by unit cost reductions



### Yield pressure reduced

Total unit revenue, RASK,  
down 2.4% in Q1

- Passenger growth of 6.2%
- Reduced yield pressure
- Weaker load factors
- Improving cargo yield

### Core SAS cost savings program of SEK 7.8 bn on track

7.1%<sup>1</sup> total unit cost reduction in Q1

- 95% of the total cost savings have been implemented
- 89% of FTE reduction completed
- Remaining earnings effect of ~1.4 bn SEK until 2012

### Stable financial platform

29% of revenue in financial  
preparedness

- SEK 11.9 bn in total financial preparedness
- SEK 14.5 bn in equity
- 27% equity ratio

<sup>1</sup>Currency adjusted for Scandinavian Airlines compared to the same period in 2010. Adjusted for Jet fuel.

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## Positive traffic development – weaker load factors put pressure on RASK



SAS Group	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
Traffic (RPK)	↓ -1.3%	↓ -6.3%	↑ +5.4%	↑ +10.9%	↑ +3.4%
Passenger load factor	↑ +6.3 p.u.	↑ +1.8 p.u.	↑ +2.2 p.u.	↑ +2.3 p.u.	↓ -2.5 p.u.
<b>Scandinavian Airlines</b>					
Passenger yield	↓ -11.4%	↓ -6.6%	↓ -4.3%	↓ -6.7%	↓ -1.3%
Total unit revenue (RASK)	↓ -1.7%	↓ -5.6%	→ +0.4%	→ +0.9%	↓ -2.4%
Total unit cost (excluding fuel)	↓ -7.8%	↓ -5.5%	↓ -8.7%	↓ -8.3%	↓ -7.1%

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## 95% of targeted cost saving measures implemented



Core SAS	Core SAS cost savings program (MSEK)	Potential	Implemented	
			Dec 2010	Mar 2011
<ul style="list-style-type: none"> <li>Additional MSEK 700 implemented in the 1<sup>st</sup> Quarter, to total SEK 7.4 bn or 95%.</li> <li>Additional 100 FTE reduced during the 1<sup>st</sup> Quarter, taking the total to 4,100 FTE or 89% of the planned reduction of 4,600 FTE.</li> <li>Earnings effect of SEK 0.6 bn during the 1<sup>st</sup> Quarter. Remaining effects of SEK ~1.4bn in 2011-2012</li> <li>Unit cost, down 7.1%<sup>1</sup> in the 1<sup>st</sup> Quarter (excluding jet fuel).</li> </ul>	Cabin crew/Flight deck	~1,900	~1,900	~1,900
	Ground services	~900	~550	~700
	SAS Tech	~1,800	~1,350	~1,700
	Sales, marketing & Commercial	~700	~650	~700
	Purchasing	~400	~400	~400
	Blue1, Widerøe, Cargo	~600	~550	~550
	Administration	~1,400	~1,250	~1,350
	Other	~100	~50	~100
	<b>Total</b>	<b>~7,800</b>	<b>~6,700</b>	<b>~7,400</b>

<sup>1</sup> For Scandinavian Airlines compared with the same period in 2010, adjusted for currency.

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## Dramatic fuel price increase

- Hedging and yield development do not fully mitigate impact



### 42% higher fuel price in Q1 2011

Has increased further since Q1, but sharp fall recent days.

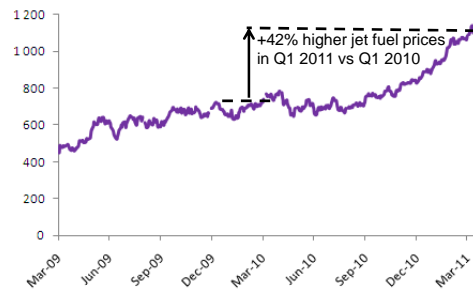
### 57% of SAS estimated consumption hedged - will delay cost impact

SAS fuel hedges had a positive market value per March 31 of 176 MUSD.

### Industry yields expected to rise - will mitigate earnings impact

SAS has increased fuel surcharges by EUR 3-5 on domestic and European tickets as of February 22 and by another 5 EUR from March 22.

Jet fuel spot price (USD/Ton)



Fierce competition and overcapacity make it challenging to realize full effect of fuel surcharges.

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## Best Q1 since 2007

- limited one offs during the quarter



(MSEK)	Jan-Mar 2011	Jan-Mar 2010	Change
Total operating revenue	9,217	9,495	-2.9%
Payroll expenses	- 3,162	- 3,445	8.2%
Fuel	- 1,748	- 1,434	-21.9%
Government charges	- 945	- 1,020	7.3%
Other operating expenses	- 2,912	- 3,340	12.8%
<b>Total operating expenses</b>	<b>- 8,767</b>	<b>- 9,239</b>	<b>5.1%</b>
Leasing costs, aircraft	- 390	- 453	13.9%
Depreciation	- 409	- 407	-0.5%
Other	- 156	- 240	35%
<b>EBT before non-recurring items</b>	<b>- 505</b>	<b>- 844</b>	<b>40.2%</b>
Non-recurring items	- 49	- 128	61.7%
<b>EBT (including non-recurring items)</b>	<b>- 554</b>	<b>- 972</b>	<b>43.0%</b>

Non-recurring items excluded above EBT, Continuing business

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## Capital structure strengthened

Good financial preparedness with SEK 2 billion bond issue



- Equity of SEK 14.5 billion
- Financial preparedness of SEK 11.9 billion corresponding to 29% of the annual revenue
- Liquid assets of SEK 6.6 bn
- Successful issue of bonds in March 2011 of SEK 2 billion to significantly improved terms
- Q1 cash flow negatively impacted by the EU fine payment (660 MSEK)

Core SAS impact on key figures	Mar 31, 2011	Mar 31, 2010
Financial preparedness	29%	16%
Adjusted equity/assets ratio	27%	20%
Financial net debt, MSEK	2 818	2 862
Adjusted debt/equity ratio	0.86	1.70

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## 2011 Outlook – Positive result

–still valid but more challenging



- Strong GDP Growth in Scandinavia – a growing aviation market
- SAS Capacity growth 2011, 6%
- Additional capacity being added
- Risk of overcapacity and continued RASK pressure
- Uncertainties regarding jet fuel development – up 42% in Q1 2011 vs 2010 – challenging to offset through surcharges
- Still financial exposure to Spanair

**Still targeting profitability in 2011, subject to no unforeseen events and ability to offset fuel increase**

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# Appendices

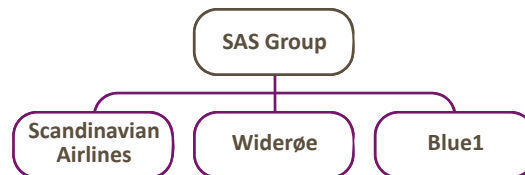


- Core SAS strategy
- Product improvements
- Fleet & productivity
- Unit revenue (yield & RASK)
- Traffic
- Financial update
- Currency & Fuel

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## The SAS Group's new business structure

(reporting segments as from Q1 2011)

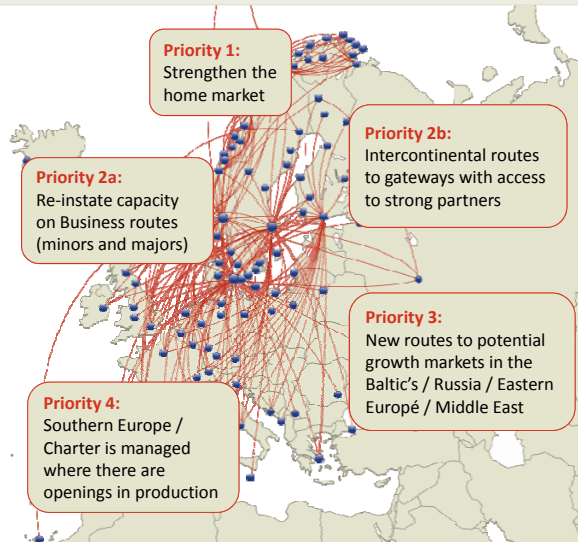


## Drivers and prioritization of expansion



### Drivers:

- ➊ Profitable expansion – the expansion shall strengthen SAS long term profitability position
- ➋ The routes shall strengthen SAS home market position
- ➌ Expansion is based primarily on "business" destinations
- ➍ A combination of own production and partners shall be used



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Through the implementation of Core SAS,  
SAS is positioned for growth



- ➊ Reduced unit cost – additional savings under implementation
- ➋ World class quality
- ➌ Attractive commercial offerings and significantly improved CSI

***SAS ambition is to minimum grow in pace with the market growth***



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# Appendices



- Core SAS strategy
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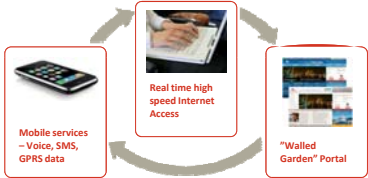
# Product update



**Environmental**  
SAS Group airlines SAS, Blue1 and Widerøe are the only airlines in the world with both ISO 14001 and EMAS




**Intercontinental expansion**  
Oslo – New York, March 2011  
Copenhagen – Shanghai, Winter 2011



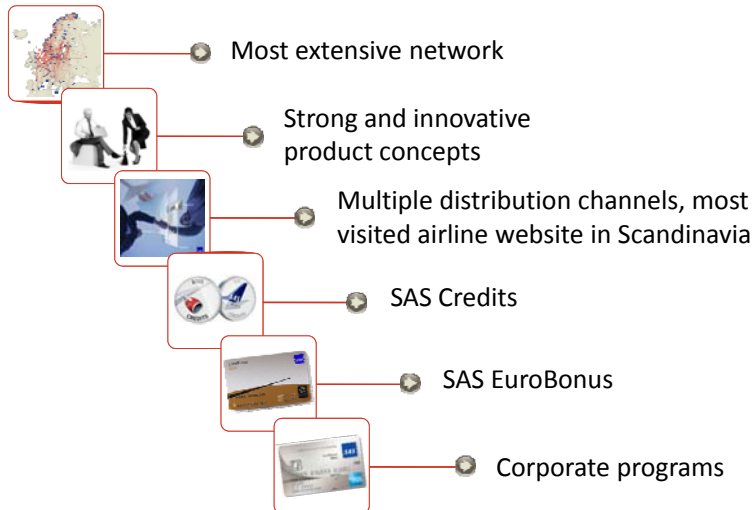
**Internet**  
Wireless Inflight Communication and Iphone applicaton

**Shorthaul**  
150 new frequencies during spring 2011  
Oslo-Moscow in March 2011



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## Differenced product range - further strengthen SAS position in Scandinavia



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## SAS Group fleet – March 2011



Aircraft Type	Owned	Leased	Wet leased	TOTAL	Leased out	Age	On order
Airbus A330/340	5	6		11	1	8.8	
Airbus A319/320/321	4	10		14	2	7.7	
Boeing 737 Classic	1	11		12		18.1	
Boeing 737 NG	22	45		67	1	9.9	
Boeing 717		9		9	2	10.6	
MD-82/87	27	14		41	8	21.1	
MD-90	8			8	7	14.2	
Avro RJ85		5		5		9.3	
Fokker 50		4		4		21.0	
deHavilland Q-series	24	13		37	2	13.4	
SAAB 2000			2	2		14.1	
Bombardier CRJ200			4	4		13.1	
Bombardier CRJ900 NG	12			12		1.8	
ATR42/72			3	3		1.1	
<b>Total aircraft</b>	<b>103</b>	<b>117</b>	<b>9</b>	<b>229</b>	<b>23</b>	<b>12.6</b>	<b>0</b>

In operation	Total in traffic	Age
Scandinavian Airlines	155	11.8
Widerøe	34	13.7
Blue1	17	8.9

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## Productivity is improving



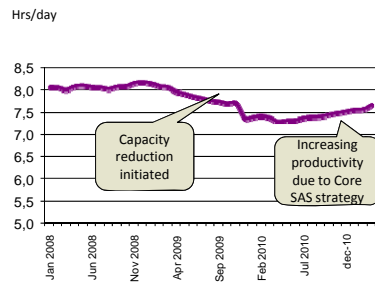
Block hours, 12 months rolling, Mar 2011	Aircraft, hours/day	Pilots, hours/year	Cabin, hours/year
Scandinavian Airlines	7.69	642	651
Widerøe	6.18	430	453
Blue1	7.59	618	739

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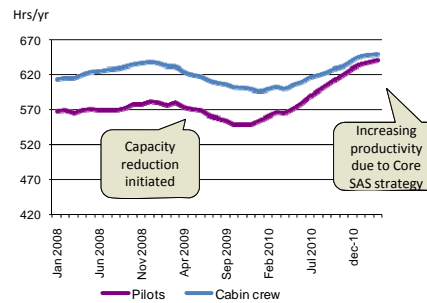
## Key productivity ratios improving for Scandinavian Airlines



**Aircraft utilization (12 months rolling)**



**Cabin, pilot utilization (12 months rolling)**



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## Positive traffic development

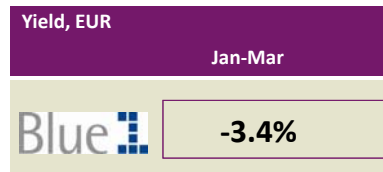
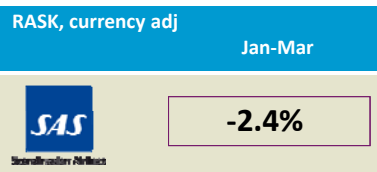
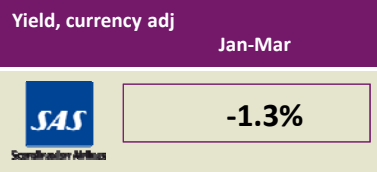
– weaker load factors put pressure on RASK in Q1 2011



	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011
<b>SAS Group</b>					
Traffic (RPK)	↓ -1.3%	↓ -6.3%	↑ +5.4%	↑ +10.9%	↑ +3.4%
Passenger load factor	↑ +6.3 p.u.	↑ +1.8 p.u.	↑ +2.2 p.u.	↑ +2.3 p.u.	↓ -2.5 p.u.
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Passenger yield	↓ -11.4%	↓ -6.6%	↓ -4.3%	↓ -6.7%	↓ -1.3%
Total unit revenue (RASK)	↓ -1.7%	↓ -5.6%	→ +0.4%	→ +0.9%	↓ -2.4%
<b>Total unit cost (excluding fuel)</b>	↓ -7.8%	↓ -5.5%	↓ -8.7%	↓ -8.3%	↓ -7.1%

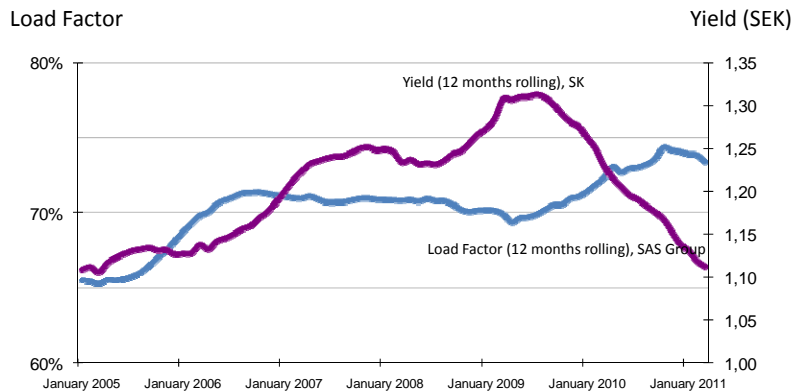
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## Yield and RASK development, Q1 2011



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## Yield at lowest levels since 2005, but load factor at historically high levels

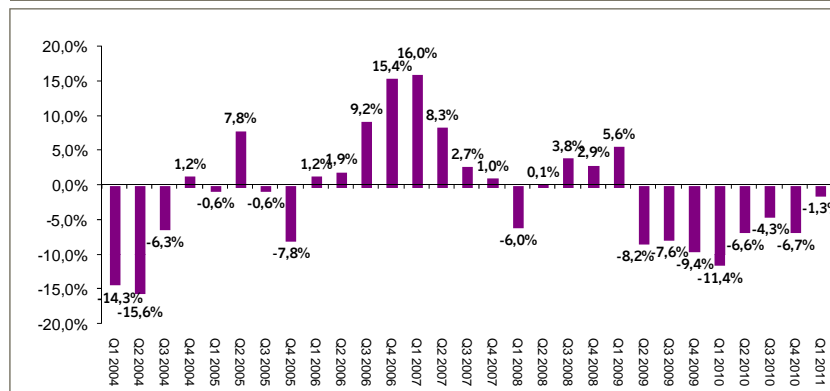


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## Yield development Scandinavian Airlines



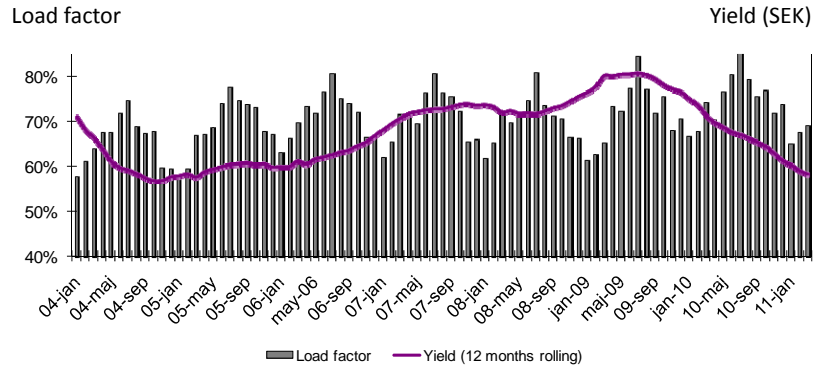
Scandinavian Airlines, currency adjusted yield vs last year



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# Scandinavian Airlines

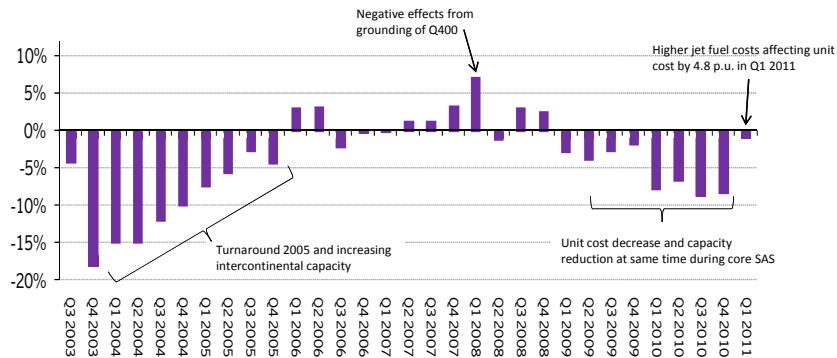
– Still decreasing yield



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# Scandinavian Airlines

Total unit cost down 1.1% in Q1 2011 albeit 29% higher jet fuel costs

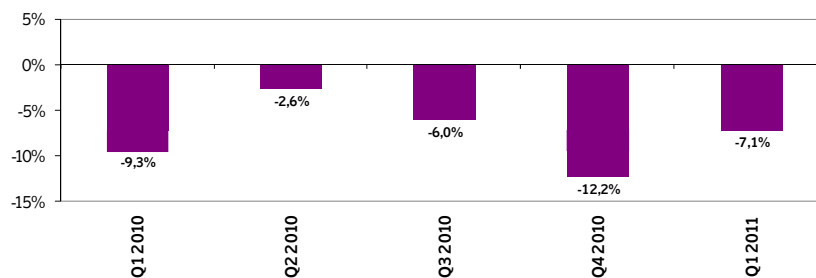


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## Unit cost development excluding jet fuel



Scandinavian Airlines,  
Currency adjusted quarterly change vs. last year excluding jet fuel



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Scandinavian Airlines

## Breakdown of unit cost in Q1 2011



Scandinavian Airlines, currency adjusted

Unit cost breakdown	Jan-Mar 2011	Jan-Mar 2010	Var, %	Share of total var, %
Payroll expenses	-2 737	-2 883	-5.1%	-2.0%
Jet fuel	-1 553	-1 205	28.8%	4.8%
Government user fees	-820	-812	1.0%	0.1%
Selling and distribution costs	-546	-509	7.2%	0,5%
Handling costs	-342	-390	-12.4%	-0,7%
Technical aircraft maint.	-501	-585	-14.4%	-1.2%
Other operating expenses <sup>1</sup>	70	-79	-190%	-2.0%
<b>Total operating expenses</b>	<b>-6 428</b>	<b>-6 463</b>	<b>-0.5%</b>	<b>-0.5%</b>
Leasing costs for aircraft	-373	-408	-8.6%	-0.5%
Depreciation	-374	-384	-2.4%	-0.1%
<b>Adjusted EBIT</b>	<b>-7 175</b>	<b>-7 254</b>	<b>-1.1%</b>	<b>-1.1%</b>

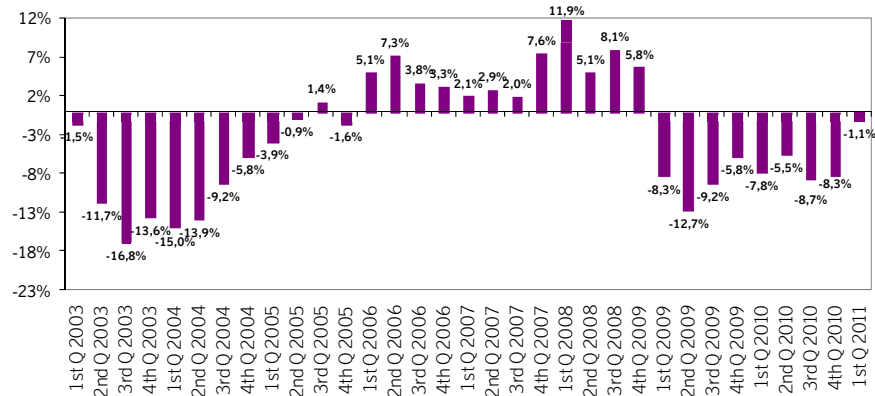
<sup>1</sup> Net of other operating revenues

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## Unit cost continues to decrease



Scandinavian Airlines,  
Currency adjusted quarterly change vs. last year



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- 🔍 Traffic and capacity outlook
- 🔍 Financial update
- 🔍 Currency & Fuel

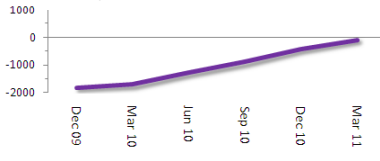
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# Improved cost position, but pressure on yield continues

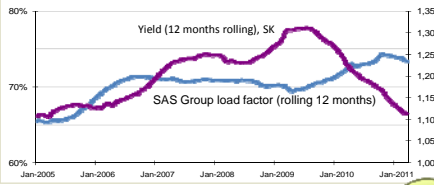


**Close to break even** result before non-recurring items

MSEK, Rolling 12

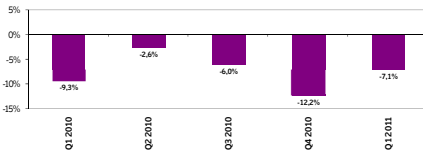


**Yield still at low levels** (partly offset by improved load factor)

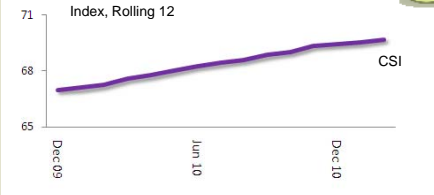


**Unit cost continues to decrease**

Scandinavian Airlines quarterly unit cost (excluding jet fuel)



**Improving customer satisfaction**

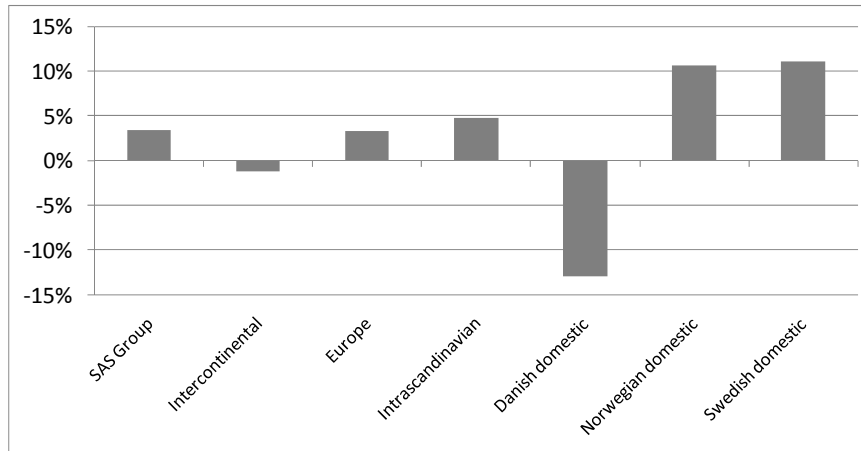


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# Strongest traffic growth on routes within Scandinavia



RPK Jan-Mar 2011 vs 2010



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# ASK outlook 2011

- Increase in 2011 with existing resources except for additional aircraft



Scheduled	2011 vs 2010
SAS Group	approximately 6%
Scandinavian Airlines	+5% to +6%
Widerøe	+15% to +20%
Blue1	+15% to +20%

## Scandinavian Airlines underlying capacity increase 2% in 2011

Gross planned increase	+5-6%
- Ash cloud effect	1.4%
- Intercontinental aircraft	2.5%
- Move of F50 to WF	-0.3%
Underlying short haul increase:	~2%

- Except for addition of 5 aircraft (including intercontinental), the capacity increase is managed with existing resources through increased productivity
- Other costs than aircraft represents an absolute majority of the operational costs
- Widerøe's capacity increase driven by incorporation of SAS Fokker 50 production
- Group charter capacity to be decreased by close to 1% during 2011

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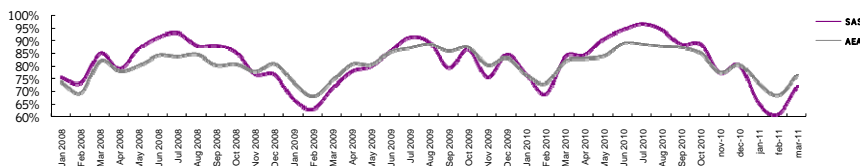
# North Atlantic

Oslo-New York commenced in March 2011



- Copenhagen to New York, Washington DC and Chicago
- Stockholm to New York and Chicago
  - Increased frequencies this winter season
- Oslo-New York from March 2011
- Traffic development January –March 2011
  - SK traffic down 2.2%
  - AEA traffic up 4.1%

## Load factor



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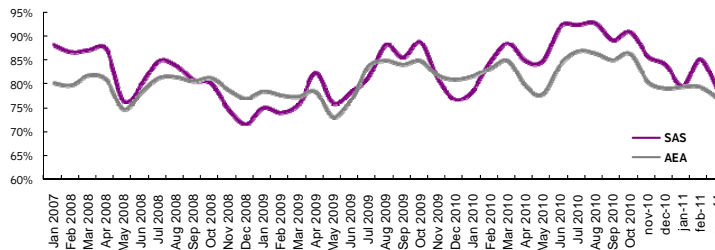
## Asian routes

– SAS load factor above AEA



- Scandinavian Airlines serving Bangkok, Beijing, Tokyo and Dubai (seasonal) from Copenhagen
- Shanghai to be introduced in winter 2011/12
- Traffic development January-March 2011:
  - AEA traffic up 6.0%
  - SAS traffic down 0.1%

### Load factor



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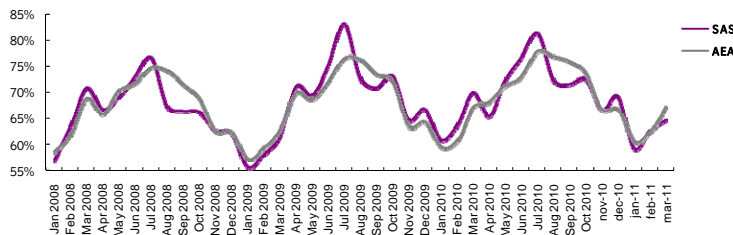
## Cross border European routes

– Core SAS measures have had a clear positive effect



- Growth for SAS in the first quarter 2011
- Traffic development January-March 2011:
  - AEA traffic up 6.3%
  - SAS traffic up 1.5%

### Load factor



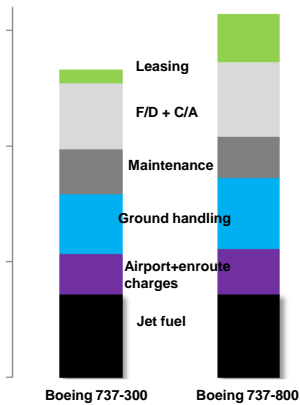
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# Is larger aircraft the solution for the record high Jet Fuel prices ?



Cost comparison between Boeing 737-300 and Boeing 737-800, MSEK

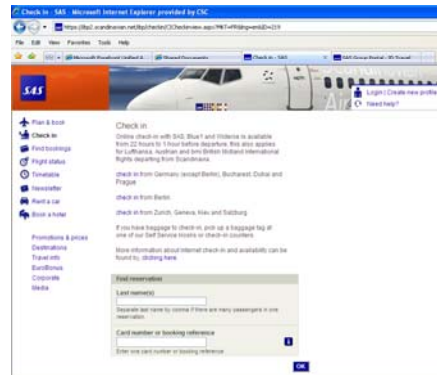
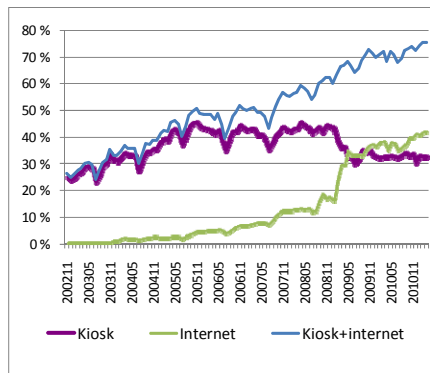


- ❖ Larger size aircraft do not reduce absolute cost – rather increases the total costs
- ❖ Not always right to justify capacity growth due to change of aircraft type
  - ➔ A 737-800 has only approximately 5% lower unit costs than a 737-300 due to significantly higher capital costs
  - ➔ A 737-800 consumes the same amount of jet fuel as a 737-300 per trip
  - ➔ Larger aircraft tend to reduce the yield => advantage from lower unit cost is diluted by lower unit revenues (yield)



SAS fleet decision is based on:  
 - a need to phase out MD80  
 - complexity cost

# Electronic check-in options continue to increase



# Appendices

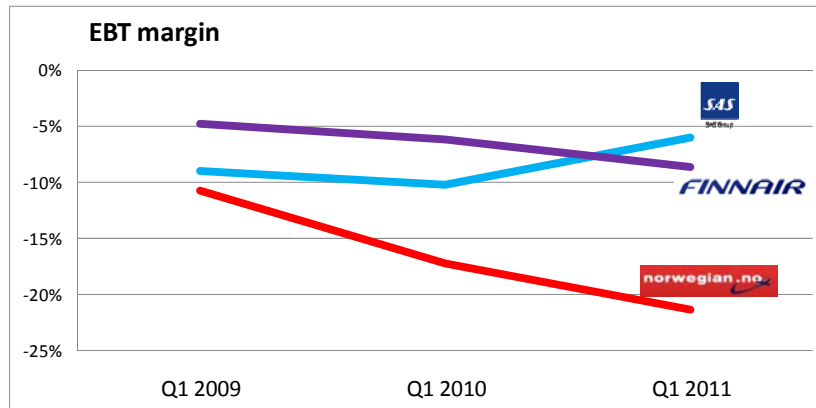


- Core SAS strategy
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## SAS Q1 performance relative to Nordic competitors 2009-2011



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## Summary of the SAS Group's balance sheet



MSEK	31 Mar 2011	31 Dec 2010	31 Mar 2010
Aircraft and Spare parts	13 914	14 046	15 118
Other non interest-bearing assets	8 158	8 200	9 492
Interest-bearing assets	14 975	14 528	14 346
Cash and cash equivalents	6 689	5 051	3 918
<b>Total Assets</b>	<b>43 736</b>	<b>41 825</b>	<b>42 874</b>
Total shareholders' equity <sup>1</sup>	14 515	14 438	10 731
Deferred tax	2 236	2 306	2 602
Other interest-bearing liabilities	13 843	11 897	15 165
Operating liabilities	13 142	13 184	14 376
<b>Total shareholders' equity and liabilities</b>	<b>43 736</b>	<b>41 825</b>	<b>42 874</b>

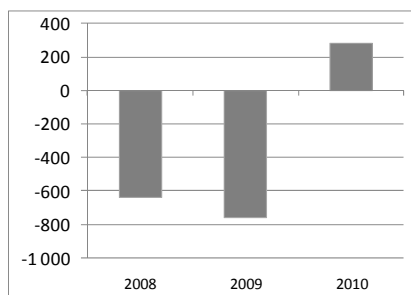
<sup>1</sup> Including minority interests

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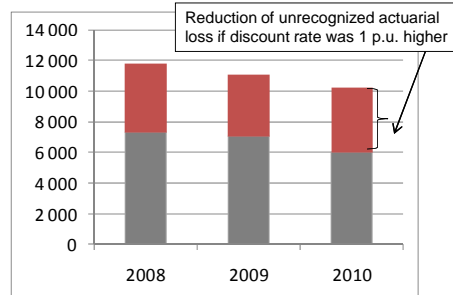
## Possible new IAS accounting rules from 2013 SAS pension assets above DBO Unrecognized actuarial gain decreasing



**Difference between funded assets and DBO (cash), MSEK**



**Unrecognized actuarial loss 2008-2010 (accounting), MSEK**



**Discount rate changes performed in 2010:**  
From 5,5% to 5% in Norway  
From 4,5% to 4,25% in Sweden

### Sensitivities

- A 1 p.u. increase in the discount rate (from 4.9% to 5.9%) corresponds to approximately SEK 4.3 bn reduction in the unrecognized actuarial gain
- A 46% growth in the equity market corresponds to an approximately SEK 4.3 bn reduction in the unrecognized actuarial gain.
- 29% of funded assets invested in equity market

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Possible new IAS accounting rule from 2013

## Limited effects from inclusion of operational lease obligations on the balance sheet



- Many of the SAS Group's key figures already include off balance sheet aircraft leasing obligations
- Banks, credit agencies and investors adjust for off sheet balance sheet commitments already
  - Accounting rule change to have limited "real" economic impact
  - No changes expected relating to the SAS Group's credit rating or ability to new debt financing
- NPV of leasing obligations relating to properties of is approx. SEK 6bn
- Financial net debt to increase by roughly SEK 6 bn for properties from current SEK 2.8 bn to SEK 8.8 bn (as of March 2011)

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## Overview of available funds – Mar 2011



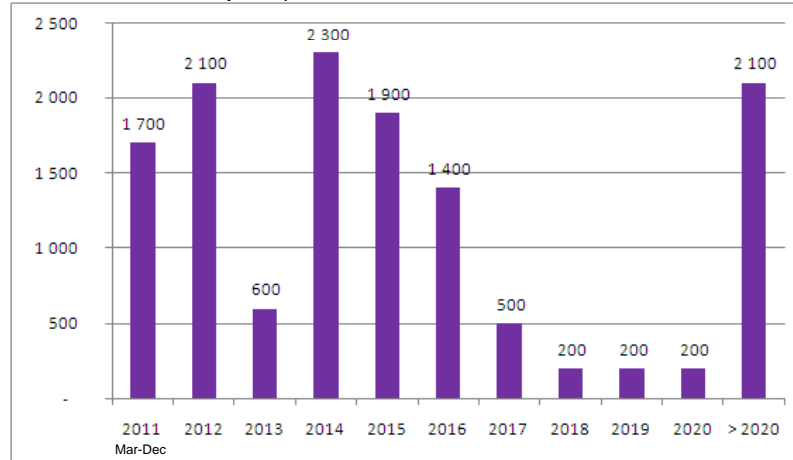
Available funds, SEK billion	Mar 2011	Maturity
<b>Liquid funds</b>	<b>6.6</b>	
<b>Undrawn portion of credit facilities</b>		
Revolving Credit Facility, 366 MEUR (total SEK 3.5bn)	<b>3.3</b>	<b>Jun 2013</b>
Revolving Credit Facility, 121 MUSD (total SEK 1 bn)	<b>0.0</b>	<b>Apr 2013</b>
Credit Facility, 125 MUSD (total SEK 1.0 bn)	<b>0.4</b>	<b>Jan 2016</b>
Bi-lateral Revolving Credit Facilities (total SEK 1.3 bn)	<b>1.3</b>	<b>Jun 2013</b>
Others	<b>0.3</b>	<b>Dec 2011</b>
<b>Total undrawn credit facilities</b>	<b>5.3</b>	<b>N/A</b>
<b>Total available funds</b>	<b>11.9</b>	
<b>Total credit facilities</b>	<b>6.5</b>	
<b>Drawn portion of credit facilities</b>	<b>1.2</b>	
<b>Undrawn portion of credit facilities</b>	<b>5.3</b>	

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## Improved financial flexibility

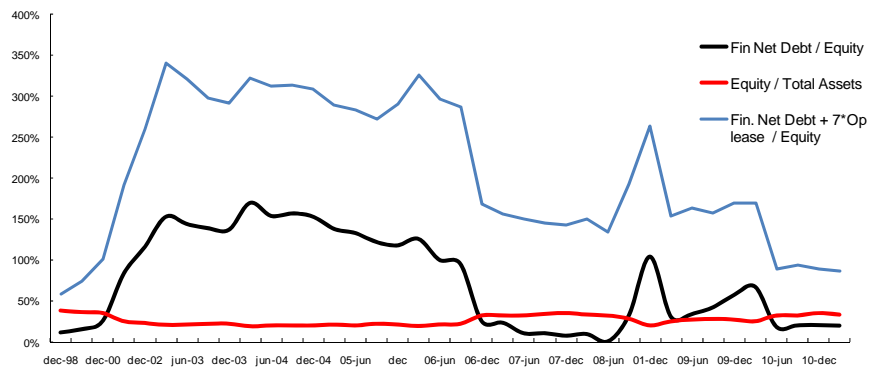


Scheduled amortization profile, MSEK



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## Gearing ratios



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## SAS Group

Financial Net January - March



MSEK	Jan-Mar 2011	Jan-Mar 2010	Difference
Interest net and others	-147	-201	+54
Exchange rate differences	-3	-9	+6
<b>Financial net</b>	<b>-150</b>	<b>-210</b>	<b>+60</b>

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## Development and Break Down

of Financial Net Debt

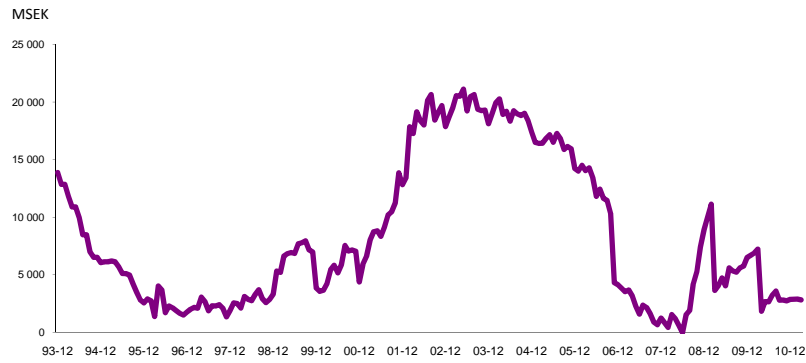


MSEK	2011-03-31	2010-03-31*	Difference
Cash	6 689	5 051	+1 638
Other interest bearing assets	4 336	3 984	+352
Interest bearing liabilities	-13 843	-11 897	-1 946
<b>Financial net debt</b>	<b>-2 818</b>	<b>-2 862</b>	<b>+44</b>

\* Proforma, inclusive rights issue

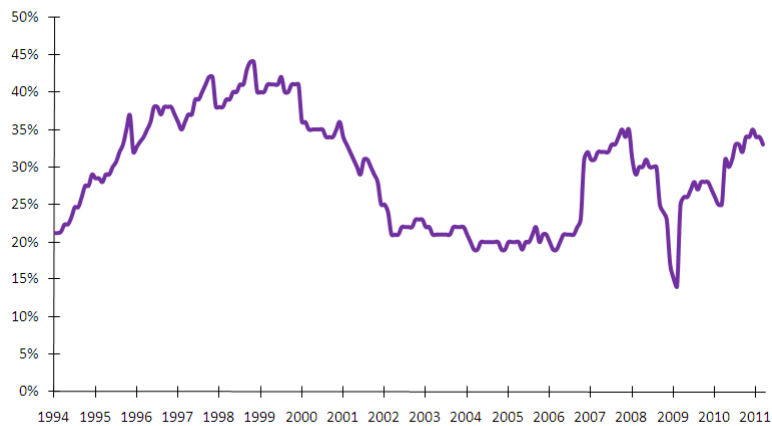
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## Development of financial net debt 1993-2011



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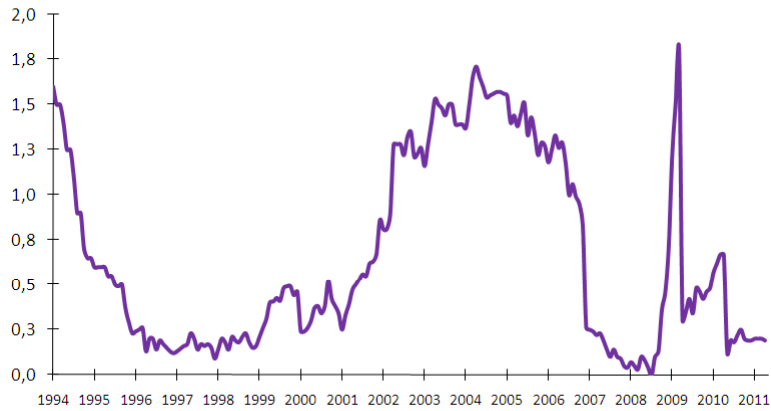
## Equity / Assets Ratio 1993-2011



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## Financial Net Debt / Equity Ratio

1993-2011



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## Development of the financial net debt

during Jan-Mar 2011



SEK billion	
Financial net debt December 2010	-2.8
Investments	-0.3
Sales	0.2
Cash flow from operating activities	-0.6
Currency and others	0.7
<b>Financial net debt March 2011</b>	<b>-2.8</b>

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# Appendices



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## Breakdown of currency effects SAS Group, continuing operations January–March 2011 vs. 2010



Total revenues & costs		Currency effect
Total revenues & costs	USD	170
	DKK	31
	NOK	- 83
	EUR	3
	Asian currencies	- 5
	All others	- 16
	<b>Total</b>	<b>100</b>
Forward cover costs	2010	- 186
	2011	95
	<b>Difference</b>	<b>281</b>
Working capital	2010	19
	2011	- 12
	<b>Difference</b>	<b>- 31</b>
Financial items	2010	- 9
	2011	- 3
	<b>Difference</b>	<b>6</b>
<b>Total currency effect</b>		<b>356</b>

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## Changes in currency exchange rates

affected the result by MSEK 356 compared to the same period in 2010



Currency effects MSEK on SAS Group, continuing operations: 2011 vs. 2010		Jan-Mar 2011
<ul style="list-style-type: none"> <li>Negative impact on revenues due to the stronger SEK</li> <li>Positive impact on other operating costs due to the stronger SEK</li> </ul>	Total revenue	- 639
	Total costs	739
	Forward cover costs & working capital	250
	Income before depreciation	350
	Financial items	6
	Income before tax	356

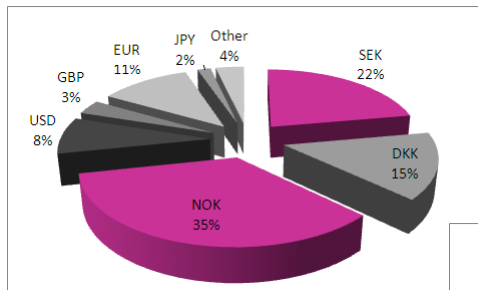
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## Currency distribution

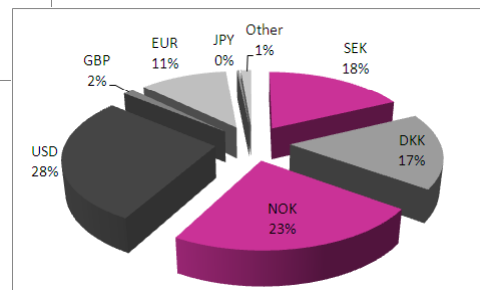
in the SAS Group 2010



### Revenues



### Expenses



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# Amended fuel hedging policy



## Jet fuel, spot price development, USD



## Current hedges

- 57% of the consumption hedged for April 2011 - March 2012
- Only swaps and options
- Swaps hedged at levels below USD 800MT until September 2011 and below USD 830/MT in Q4 2011

## Amended policy to offset fuel price volatility

- Hedging 40-70% of expected consumption (12 months rolling)
- Up to 18 months hedging allowed
- Yield management
- Cost initiatives

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# Overview of the SAS Group's fuel hedging and costs for 2011



SAS Group's jet fuel hedging portfolio	Q2 2011	Q3 2011	Q4 2011	Q1 2012
Options	4%	8%	17%	30%
Strike price, USD/MT	1 038	752	868	1 036
Swaps	50%	47%	43%	27%
Price USD/MT	774	759	826	944

SAS Group's jet costs in 2011 (annual average values)	5.0 SEK/USD	6.0 SEK/USD	7.0 SEK/USD	8.0 SEK/USD
Market price				
800 USD/MT	SEK 5.8 bn	SEK 6.6 bn	SEK 7.4 bn	SEK 8.3 bn
1 000 USD/MT	SEK 6.3 bn	SEK 7.2 bn	SEK 8.1 bn	SEK 9.1 bn
1 200 USD/MT	SEK 6.8 bn	SEK 7.8 bn	SEK 8.8 bn	SEK 9.8 bn
1 400 USD/MT	SEK 7.2 bn	SEK 8.3 bn	SEK 9.4 bn	SEK 10.5 bn

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