



SAS delivers on its promise...

SAS

Q4 EBT MSEK 442

- EBIT-margin 6.4%

Full-year EBT MSEK 433

- EBIT-margin 3.3%

Restructuring drives improvement (FY12/13)

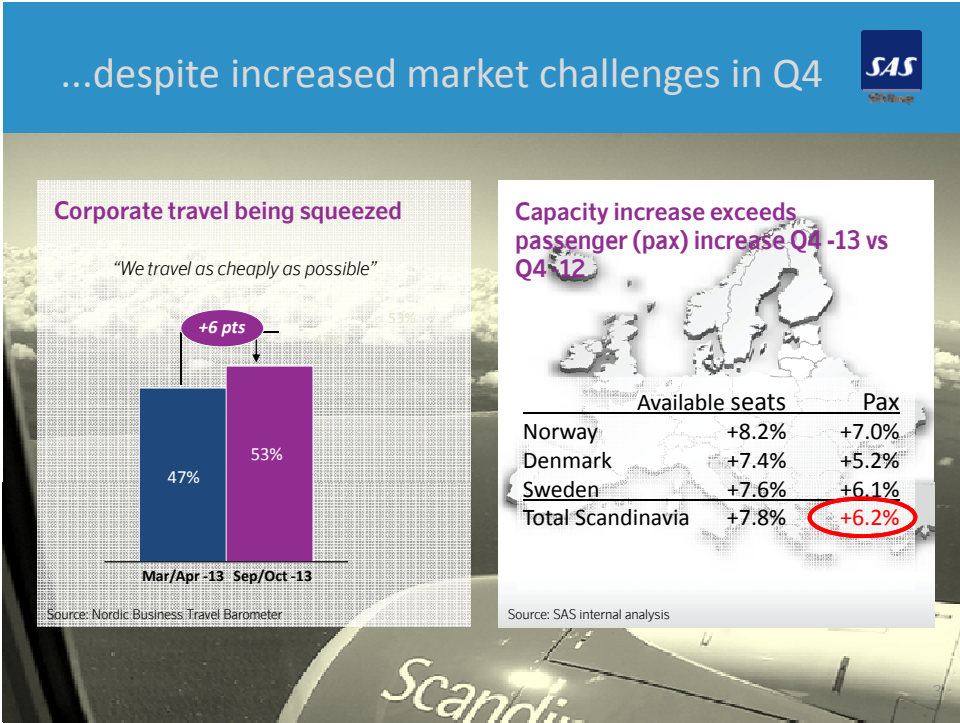
- Operating expenses down 7.1% while capacity was up 6%
- Unit cost down 5.9% (ex fuel)
- Aircraft utilization increased by 5.3%

Financial position improved

- Net debt reduced by 30% versus last year
- Widerøe divestment completed

EBIT-margin – rolling 4 quarters

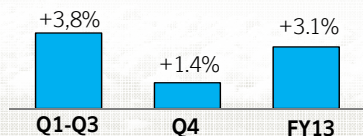
Quarter	EBIT-margin (%)
Q4 11/12	-2.5
Q1 12/13	-1.5
Q2 12/13	0.5
Q3 12/13	1.5
Q4 12/13	6.4



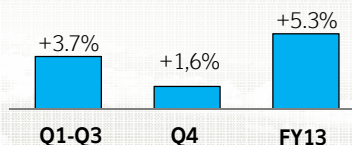
1. Improvement in operating platform partly compensates weaker revenues in Q4



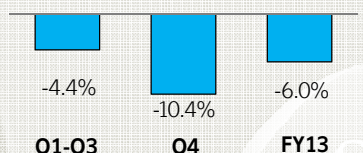
Increased traffic revenues
vs last year, SK, FX adjusted



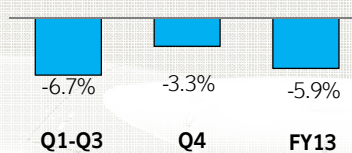
Increased Aircraft utilization, 4 Qtr
A/C utilization vs. LY, (short haul)



Operating expenditure*
vs last year, SK



Unit cost decreasing
SK, FX & Fuel adjusted unit cost vs. LY



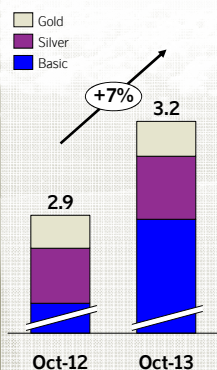
* Excludes MSEK 450 in reduced pension costs

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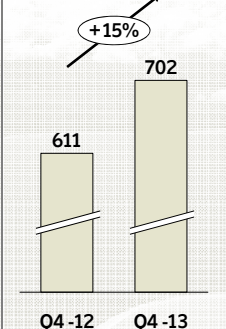
2. Investing in the customer offering



EuroBonus members, million



Number of EuroBonus members travelling more than once thousands



Highlights

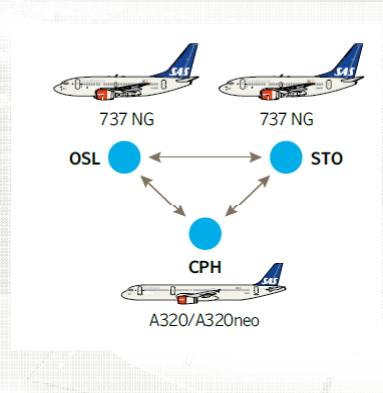
- Launched GO/PLUS onboard
- EB points also on NO domestic
- New EB program partners
- New and upgraded lounges
- Improved mobile check-in
- Fast Track expanded
- Introduced GSM surf onboard
- 52 new routes opened in 2013

3. Renewal and simplification of SAS fleet



Last MD80 Flight in Q4

One medium haul aircraft type per base



GÖRAN JANSSON
CFO

Top line pressure in Q4 – restructuring program continues to deliver

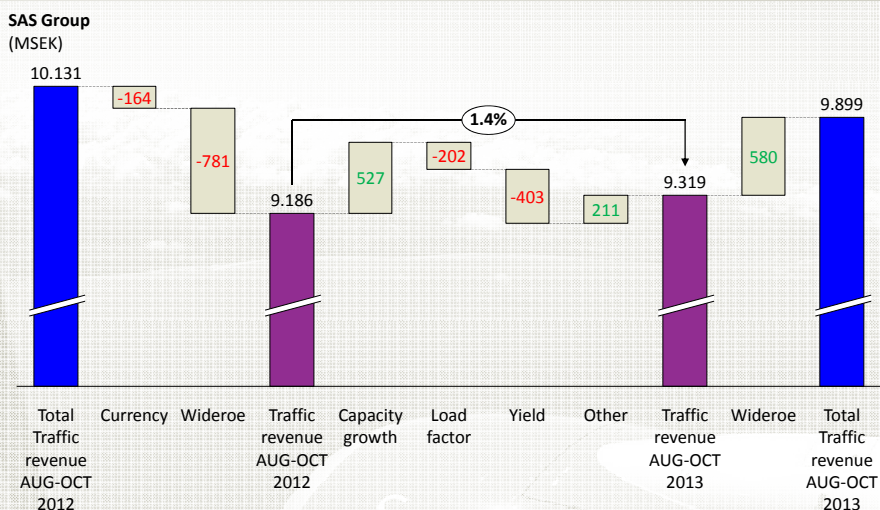


(MSEK)	Aug -Oct 2013	Share of revenue	Aug-Oct 2012	Share of revenue	Change (pts)
Total operating revenue	11,059		11,412		-3.1
Payroll expenses	-2,713	24.5%	-2,921	25.6%	-1.1
Fuel	-2,502	22.6%	-2,465	21.6%	+1.0
Government charges	-1,079	9.8%	-1,097	9.6%	+0.2
Other operating expenses	-3,103	28.1%	-3,055	26.8%	+1.3
Total operating expenses*	-9,397	85.0%	-9,538	83.6%	+1.4
EBITDAR before non-recurring items	1,662	15.0%	1,874	16.4%	-1.4
Leasing costs, aircraft	-486	4.4%	-397	3.5%	+0.9
Depreciation	-388	3.5%	-432	3.8%	-0.3
Share of income in affiliated companies	19	0.2%	17	0.2%	+0.0
EBIT before non-recurring items	807	7.3%	1,062	9.3%	-2.0
Financial items	-261	2.4%	-253	2.2%	+0.2
EBT before non-recurring items	546	4.9%	809	7.1%	-2.2
Non-recurring items	-104	0.9%	-1,370	12.0%	-11.1
EBT	442	4.0%	-561	-4.9%	+8.9

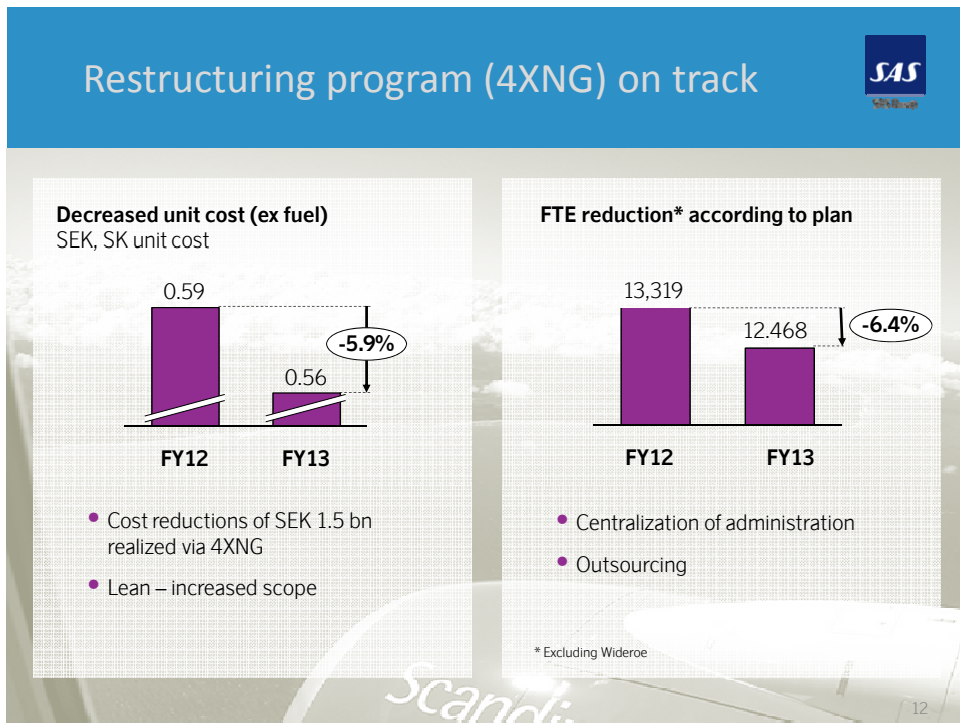
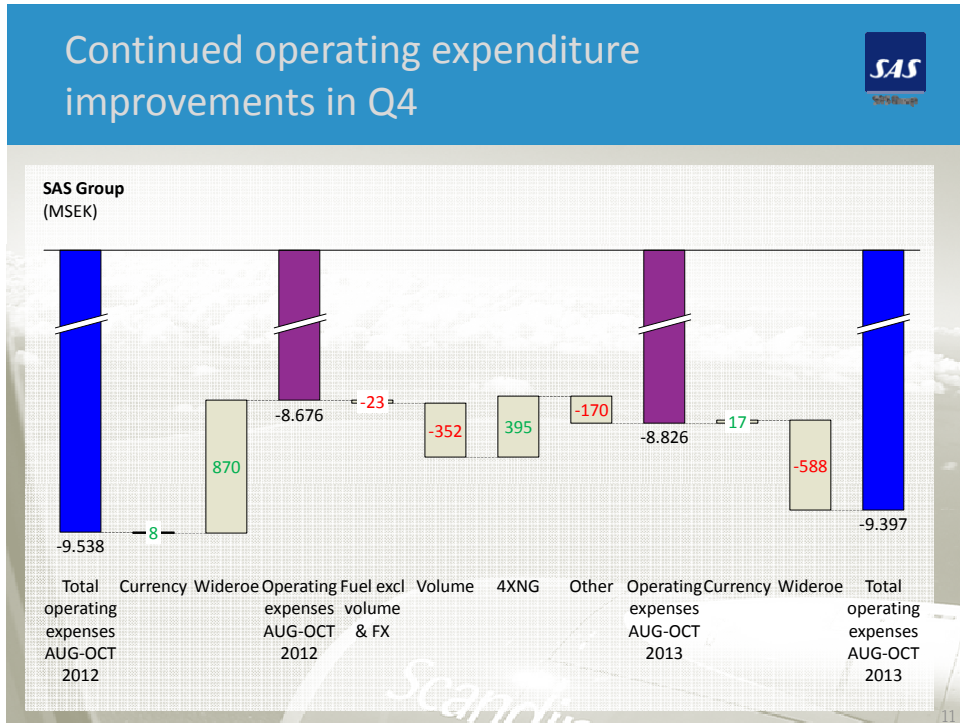
* = before non-recurring items

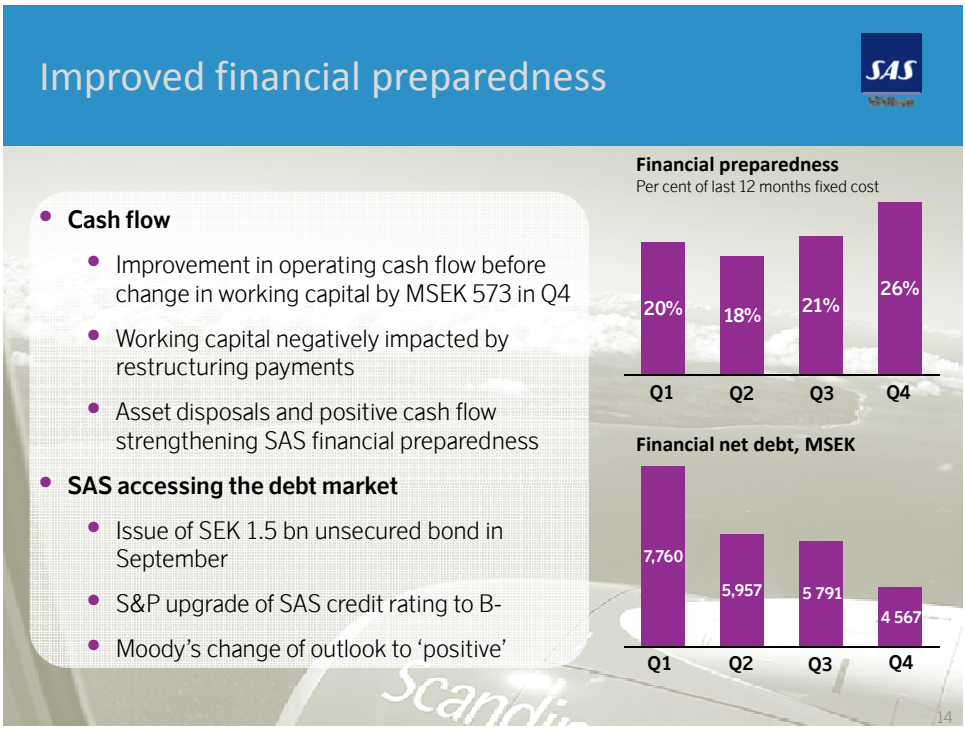
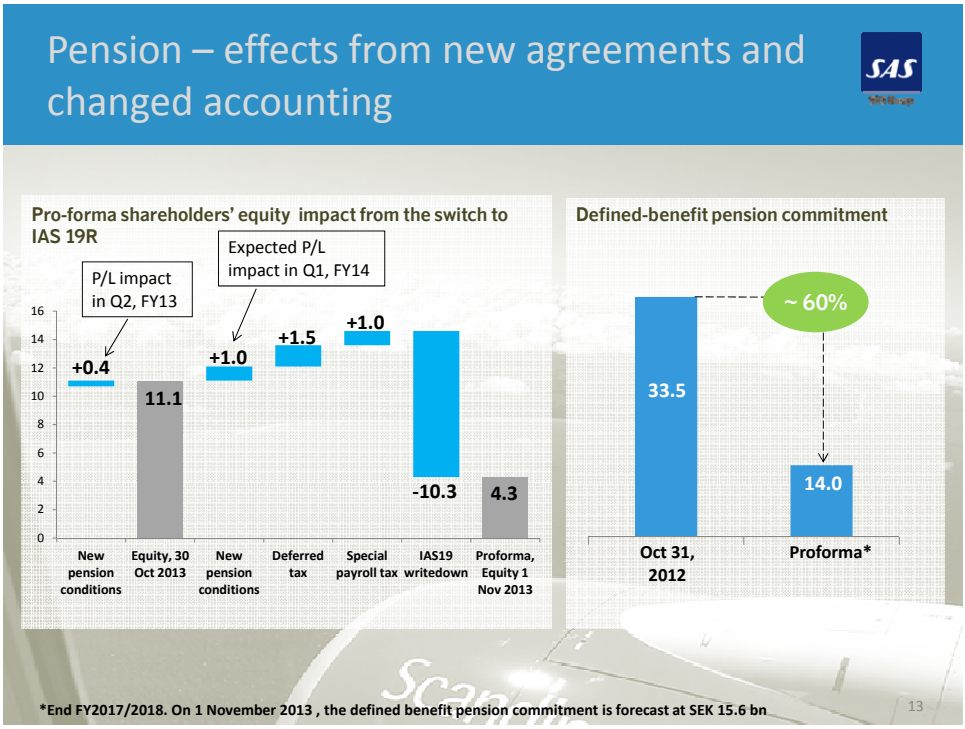
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Traffic revenues affected by tougher market conditions in Q4



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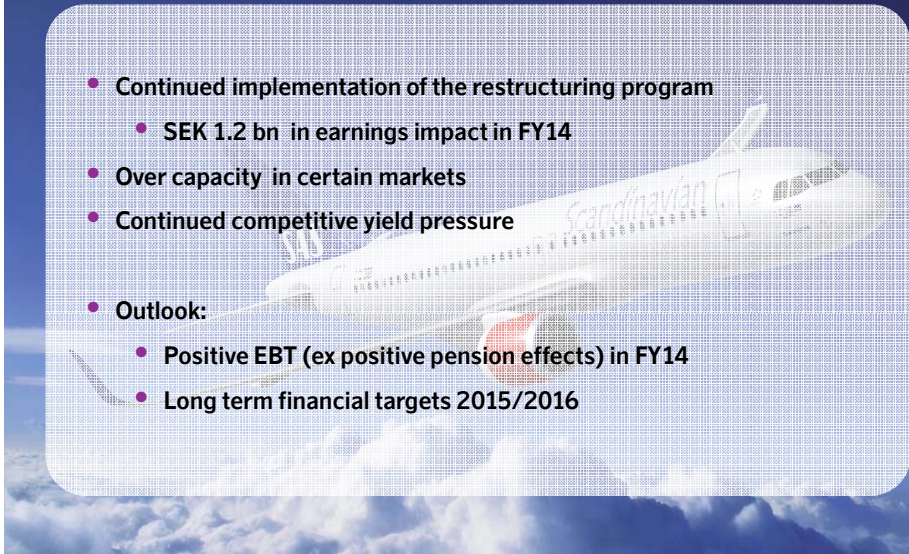




Outlook 2013/2014




- Continued implementation of the restructuring program
 - SEK 1.2 bn in earnings impact in FY14
- Over capacity in certain markets
- Continued competitive yield pressure
- Outlook:
 - Positive EBT (ex positive pension effects) in FY14
 - Long term financial targets 2015/2016



Thank you!










4XNG: Delivering on strategic priorities



Pillar	Action	Impact
Cost and efficiency	New collective bargaining agreement	→ Unit cost, ex fuel, down by 3.3% in Q4
	Administration & IT restructuring	→ Personnel unit cost reduced by 8.6%
	Restructure of sales organization	→ Aircraft utilization up 5.3% in Q4
	Network optimization	→ SK capacity up 6.7% in Q4
	Wet lease	→ New wet lease operation – Jet Time
	Outsourcing of Ground Handling	→ Increase flexibility in cost structure
Pension switch over	New agreement on pension schemes	→ Full year effect MSEK 500 from FY14
	Move to contribution plans completed in Sweden/Denmark . Norway to be completed before year end	→ Reduced equity effect of accounting rules, from SEK -12bn to SEK -7bn
		→ Outstanding pension liability reduced by 60% (by 2017/2018)
Financial preparedness	Disposal of non core assets	→ Increased financial preparedness to 26% compared to 21% in Q3 (driven by the sale of Widerøe)
	Refinancing of aircraft	→ Bond issue of SEK 1.5 bn
		→ Reduced net debt

4XNG – status on cost reduction



Initiatives	Progress	Cost measures
 New collective agreements	<ul style="list-style-type: none"> • Compensation effective as of December 2012 • New schedules effective as of March 13 	MSEK 700
 New pension schemes	<ul style="list-style-type: none"> • Move to contribution plans implemented in Sweden/Denmark; Norway to be completed by end of the year • New early retirement conditions implemented in Q2 	MSEK 500
 Admin centralization	<ul style="list-style-type: none"> • 75% of 1,000 FTE completed FY2012/13 	MSEK 750
 IT restructuring	<ul style="list-style-type: none"> • Contract agreement signed with new IT-supplier, Tata Consultancy Services (TCS) • Agreement to outsource revenue management systems 	MSEK 550
 Commercial & Sales	<ul style="list-style-type: none"> • Network efficiency being enhanced through better utilization of existing resources • Call Centres – Agreement signed with Sykes 	MSEK 500
Total: MSEK 3,000		
 Increase proportion of variable costs	<ul style="list-style-type: none"> • Outsourcing of SAS Ground Handling <ul style="list-style-type: none"> – Reduces exposure of external revenue – Switching SEK 5 bn to variable costs • Increased use of wet lease • Outsourcing of call centres 	




Appendices




- Fleet & productivity**
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Modernization of fleet well in progress




SAS main aircraft

Airbus A330/340-300
Scandinavian Airlines



Airbus A319/A320/A321
Scandinavian Airlines



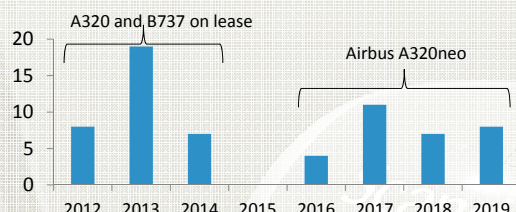
Boeing 737-600/700/800
Scandinavian Airlines

SAS aircraft being phased out

- MD80 and Boeing 737 Classic to be phased out by 2013 and 2014

Aircraft being phased in

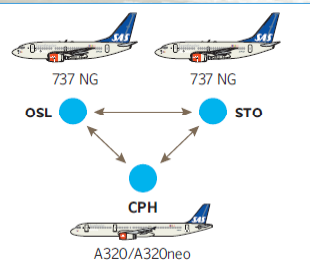
- SAS is phasing in 30 leased aircraft that will completely replace older generation aircraft 2012-2014
- Renewal of the long haul fleet with first delivery in 2015



A320 and B737 on lease

Airbus A320neo

One aircraft type per base from 2014



SAS Group fleet – October 2013

Aircraft Type	Age	Owned	Leased	Total	In traffic	Firm order	Lease order
Airbus A330/A340/A350	11.4	5	6	11	11	12	1
Airbus A321/A320/A319	8.8	6	18	24	24	30	1
Boeing 737 Classic	22.4	0	7	7	3		
Boeing 737 NG	11.5	17	64	81	80		7
Boeing 717	13.2	4	5	9	9		
Douglas MD-80-series	-	12	0	12	0		
Bombardier CRJ900 NG	4.2	12	0	12	12		
Total	10.9	56	100	156	139	42	9
Leased out aircraft	Age	Owned	Leased	Total	In service		
Douglas MD-90-series	16.8	8	0	8	8		
Avro RJ-85	11.9	0	1	1	1		
Bombardier Q400	5.8	0	1	1	1		
	15.2	8	2	10	10		

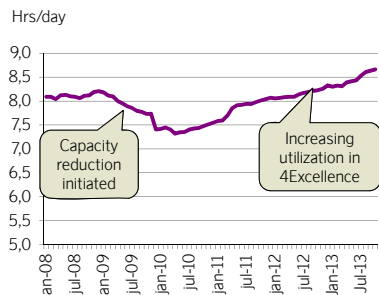
*In addition SAS wet leases the following Aircraft: four CRJ200, four ATR and four S2000.

Productivity development



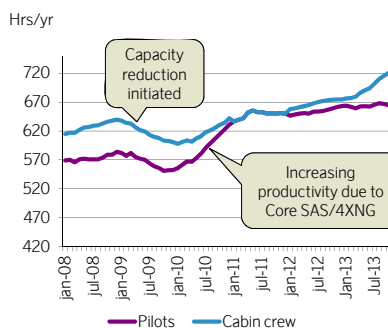
Scandinavian Airlines

Aircraft utilization (12 months rolling)



Scandinavian Airlines

Cabin, pilot utilization (12 months rolling)



Block hours, 12 months rolling, Oct 2013	Aircraft, hours/day	Pilots, hours/year	Cabin, hours/year
Scandinavian Airlines	8.7	665	721

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Yield and RASK development



Yield, SEK Currency adj	Q4	Nov-Oct
	-4.1%	-0.4%


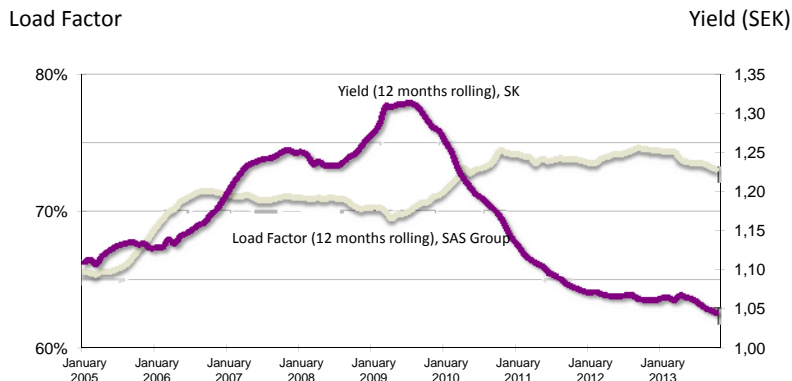
Yield, SEK Currency adj	Aug-Sep	Nov-Sep
	2.1%	3.8%

RASK, SEK currency adj	Q4	Nov-Oct
	-5.8%	-3.2%

RASK, SEK currency adj	Aug-Sep	Nov-Sep
	7.8%	2.1%


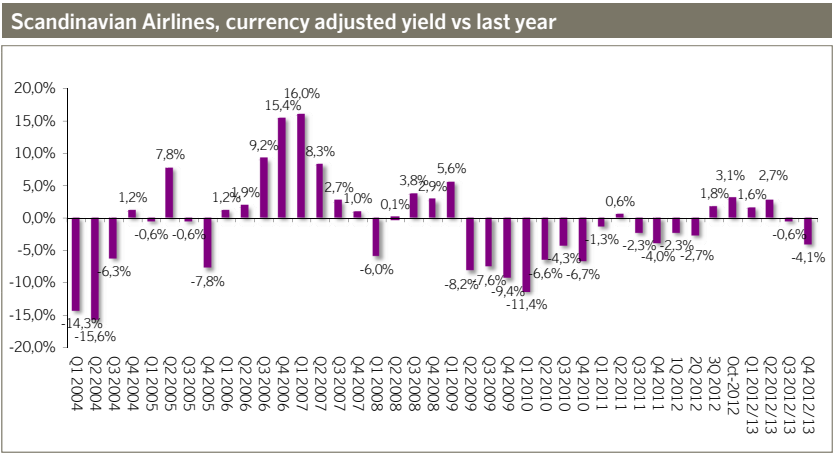
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Negative yield development in Q4

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Quarterly yield development

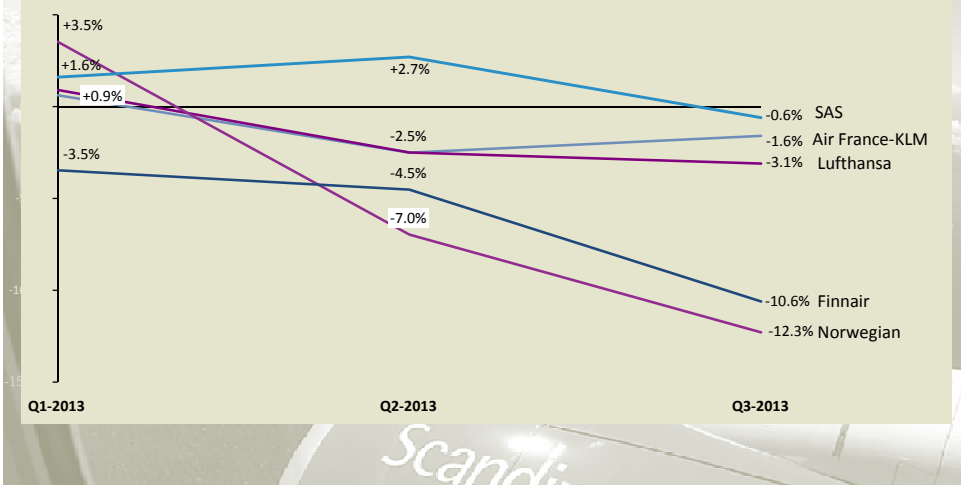
Note: Including Blue1 from March 2012

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Our competitors are also affected by the harsh market development, reporting falling yields



Competitor yield trends
(Yield development vs. same quarter last year; %)



Summary of key drivers



SAS Group

Traffic (RPK)

Passenger load factor

Scandinavian Airlines*

Passenger yield

Total unit revenue (RASK)

Total unit cost (excluding fuel)

	Q1 2012/13	Q2 2012/13	Q3 2012/13	Q4 2012/13
Traffic (RPK)	↑ +4.3%	↑ +1.0%	↑ +5.6%	↑ +3.1%
Passenger load factor	↓ -0.3 p.u.	↓ -2.3 p.u.	↓ -1.6 p.u.	↓ -1.7 p.u.
Passenger yield	↑ +1.6%	↑ +2.7%	↓ -0.6%	↓ -4.1%
Total unit revenue (RASK)	↑ +0.5%	↓ -1.7%	↓ -4.8%	↓ -5.8%
Total unit cost (excluding fuel)	↓ -2.8%	↓ -10.7%	↓ -5.8%	↓ -3.3%

* Including Blue1 from March 2012

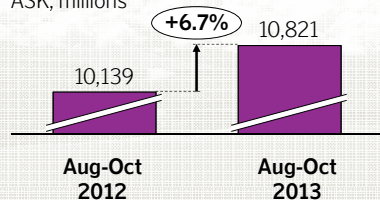
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Unit cost reduced by 3.3% in Q4

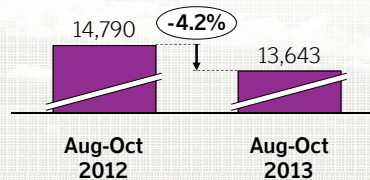


Capacity, Scandinavian Airlines

ASK, millions



SAS Group FTEs



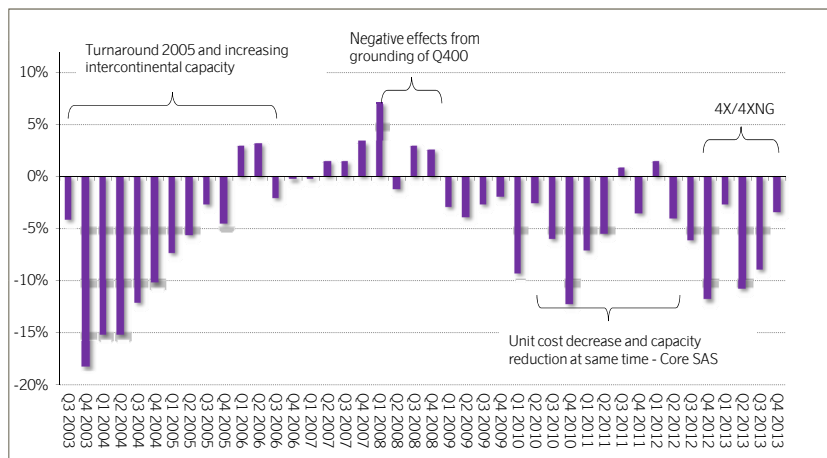
Scandinavian

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Quarterly unit cost development



Scandinavian Airlines, currency adjusted unit cost excluding fuel vs last year



Note: Including Blue1 from March 2012

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Breakdown of unit cost, Nov 2012 - Oct 2013



Scandinavian Airlines, SEK, currency adjusted

Unit cost breakdown	Nov 2012 - Oct 2013	Nov 2011 - Oct 2012	Var, %	Share of total var, %
Payroll expenses	-9,971	-11,684	-14.7%	-4.9%
Jet fuel	-8,640	-9,172	-5.8%	-1.5%
Government user fees	-3,865	-4,028	-4.0%	-0.5%
Selling and distribution costs	-2,260	-2,249	0.5%	0.0%
Handling costs	-1,570	-1,611	-2.5%	-0.1%
Technical aircraft maint.	-2,332	-2,358	-1.1%	-0.1%
Other operating expenses	-910	-555	63.9%	1.0%
Total operating expenses	-29,548	-31,657	-6.7%	-6.0%
Leasing costs for aircraft	-1,744	-1,585	10.0%	0.5%
Depreciation	-1,491	-1,630	-8.6%	-0.4%
Adjusted EBIT	-32,783	-34,872	-6.0%	-6.0%¹

¹ Excluding changes in pension conditions that reduces payroll expenses by MSEK 450 during Q2, the adjusted EBIT unit cost was down 4.1%

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Breakdown of unit cost, Q4



Scandinavian Airlines, SEK, currency adjusted

Unit cost breakdown	Aug-Oct 2013	Aug-Oct 2012	Var, %	Share of total var, %
Payroll expenses	-2,462	-2,695	-8.6%	-2.6%
Jet fuel	-2,421	-2,469	-1.9%	-0.5%
Government user fees	-1,027	-1,104	-7.0%	-0.9%
Selling and distribution costs	-586	-651	-10.0%	-0.7%
Handling costs	-385	-419	-8.0%	-0.4%
Technical aircraft maint.	-594	-639	-7.0%	-0.5%
Other operating expenses	-288	-85	n/a	2.3%
Total operating expenses	-7,763	-8,062	-3.7%	-3.4%
Leasing costs for aircraft	-477	-409	-16.8%	0.8%
Depreciation	-352	-424	-16.9%	-0.8%
Adjusted EBIT	-8,593	-8,894	-3.4%	-3.4%

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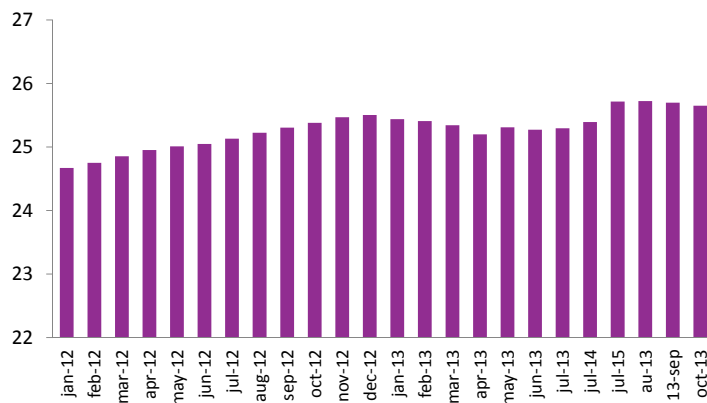
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SAS passenger development



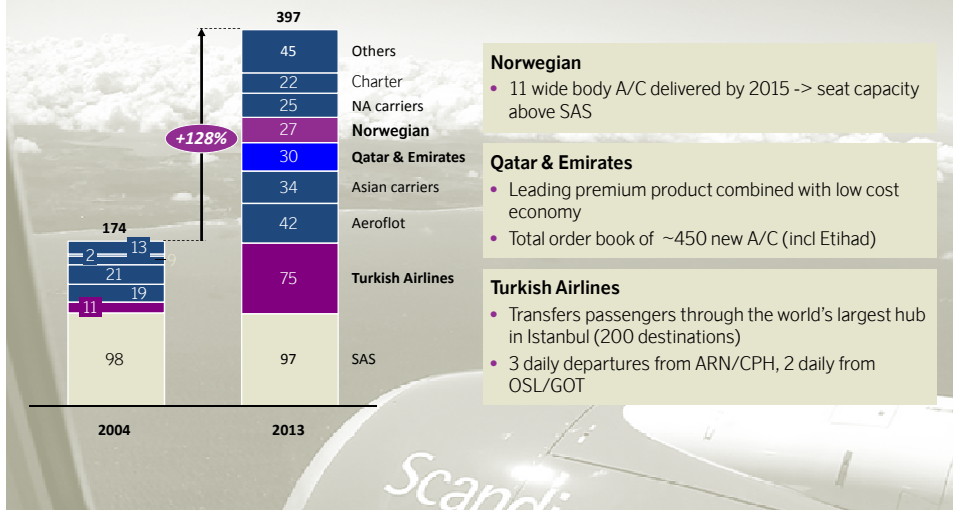
Scheduled passenger Scandinavian Airlines, 12 months rolling
(Million)




Large European network carriers also grow in Scandinavia, with presence also in secondary cities




Weekly extra-European flights from Scandinavia



Improved operating platform enables SAS to launch 41 new routes in FY14



- Unit cost down 5.9% in FY13
- 52 new routes to be launched in 2013
- In addition to 2013, 44 new routes will be opened in 2014
 - 15 routes from Sweden
 - 15 routes from Norway
 - 14 routes from Denmark



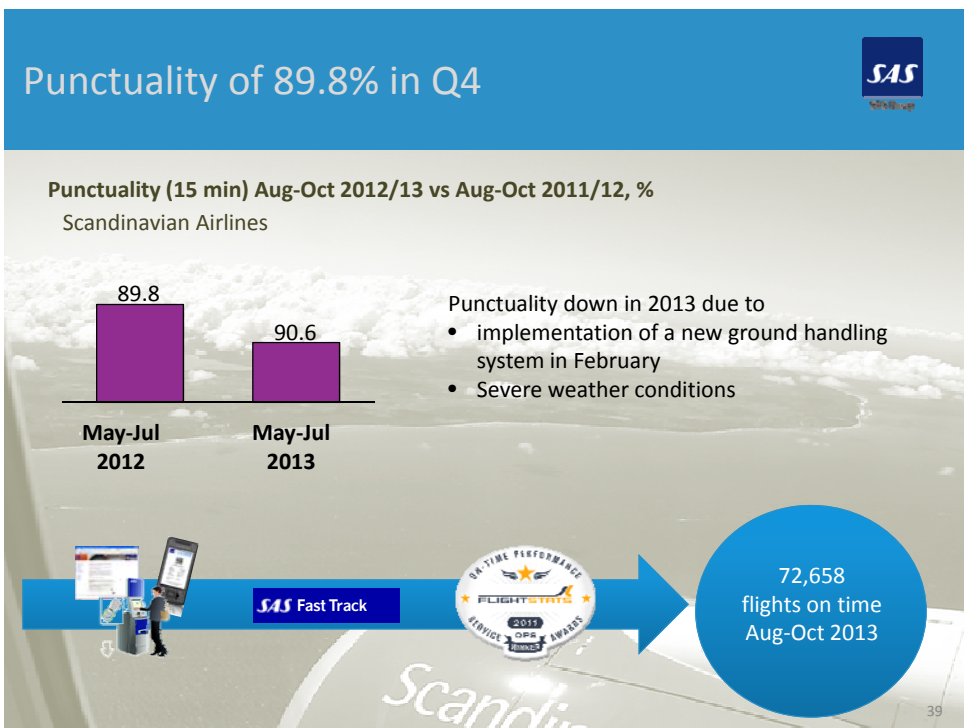
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ASK outlook for financial year 2013/14



ASK outlook for November 2013 – October 2014

Scheduled	Financial year 2013/14 vs 2012/13
Scandinavian Airlines	+3-4%



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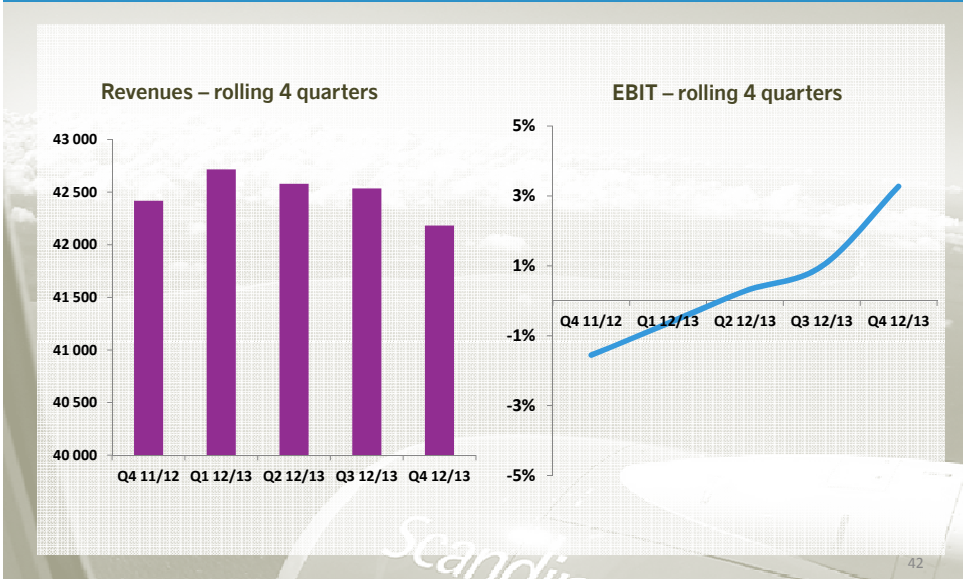
Financial targets



		Long term: FY16
NEW	Profitability EBIT-margin%	>8%
NEW	Equity ratio Equity/Assets, %	>35%
NEW	Financial preparedness Cash & unutilized credit facilities / Fixed cost	>20% (70 days)

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EBIT margin improving

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Overview of credit facilities – October 2013



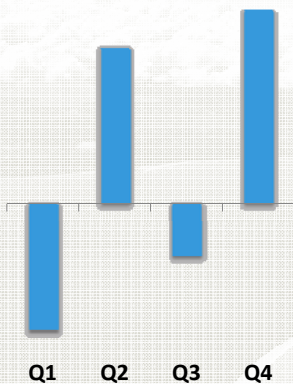
Available funds, SEK billion	Oct 2013	Maturity
Undrawn portion of credit facilities		
Revolving Credit Facility, SEK 1.8 bn	1.8	Mar 2015
Credit Facility, MUSD 125 & 59	0.2	Jan 2016, Oct 2017
Credit Facility, MUSD 66	0.0	Sep 2021
Others (MUSD 116)	0.0	Feb 2020
Total undrawn credit facilities	2.0	
Total credit facilities	4.2	
Drawn portion of credit facilities	2.2	
Undrawn portion of credit facilities	2.0	

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Cash seasonality



Seasonality of SAS cash flow from operating activities



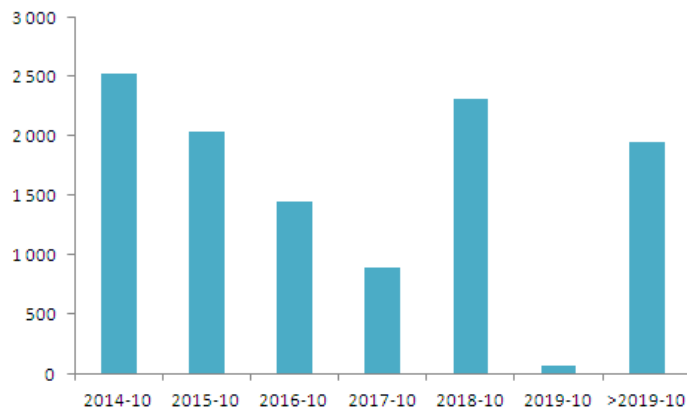
- Cash flow has seasonality increased as more passenger pre book tickets ahead of the summer period
 - Leisure travelling generates a higher degree of early bookings
 - Business bookings closer to departure
- Improvement in operating cash flow before change in working capital by MSEK 573 in Q4
- Working capital negatively impacted by restructuring payments

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Amortization profile

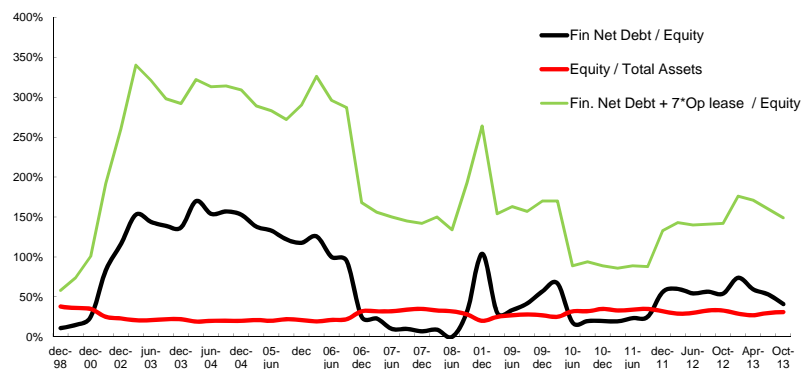


Scheduled amortization profile as of 31 October 2013, MSEK



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Gearing ratios



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SAS Group

Financial Net November-October



MSEK	Nov12-Oct 13	Nov11-Oct 12	Difference
Interest net and others	-952	-1,104	+152
Exchange rate differences	+3	-14	+17
Financial net	-949	-1,118	+169

MSEK	Aug13-Oct13	Aug12-Oct12	Difference
Interest net and others	-257	-308	+51
Exchange rate differences	-4	+5	-9
Financial net	-261	-303	+42

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Development and Break Down

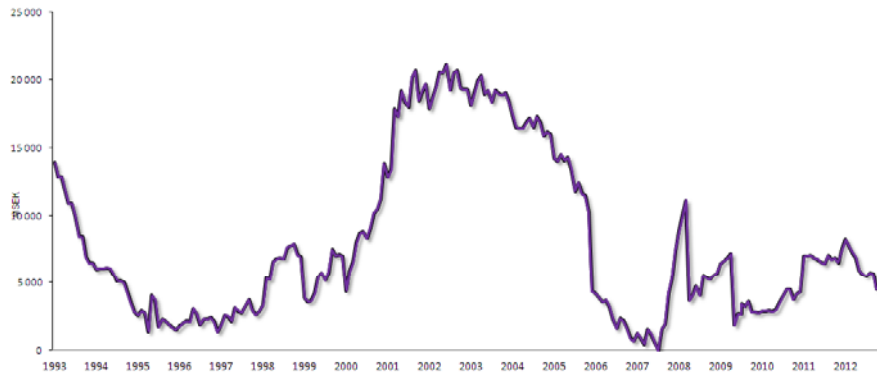
Financial Net Debt



MSEK	31 Oct 2013	31 Oct 2012	Difference
Cash	4,751	2,789	+1,962
Other interest bearing assets	2,192	1,549	+643
Interest bearing liabilities	-11,510	-10,887	-623
Financial net debt	-4,567	-6,549	+1,982

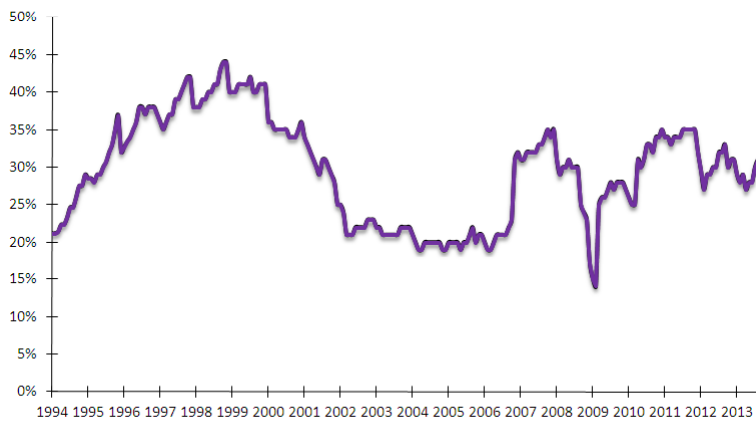
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Development of financial net debt 1993-2013



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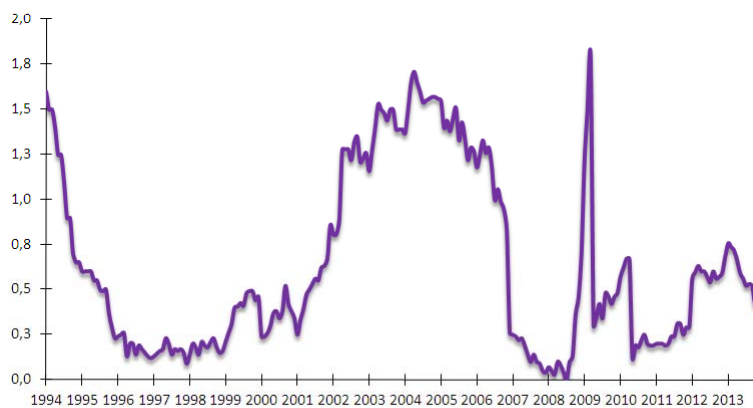
Equity / Assets Ratio 1993-2013



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Financial Net Debt / Equity Ratio

1993-2013



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Breakdown of currency effects SAS Group



Total revenues & costs currency effects		Aug-Oct 2013 vs LY	Nov 2012-Oct 2013 vs LY
Total revenues & costs	USD	55	329
	DKK	0	21
	NOK	-85	-241
	EUR	-4	12
	Asian currencies	-35	-113
	All others	-8	-52
	Total	-77	-44
Forward cover costs	2012	-2	186
	2013	20	-16
	Difference	22	-202
Working capital	2012	89	-51
	2013	-3	-17
	Difference	-92	34
Financial items	2012	5	-14
	2013	-4	3
	Difference	-9	17
Total currency effects		-156	-195

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Changes in currency exchange rates

affected the result by MSEK -195 in Nov 2012-Oct 2013 vs Nov 2011-Oct 2012



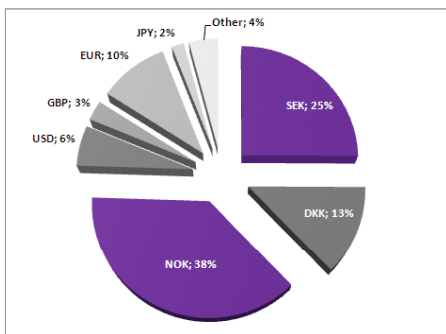
Currency effects MSEK on SAS Group 2012-13 vs 2011-12		Aug-Oct 13	Nov 12-Oct 13
<ul style="list-style-type: none"> Negative impact on revenue due to the stronger SEK Positive impact on other operating costs due to the stronger SEK 	Total revenue	-179	-1,027
	Total costs	102	983
	Forward cover costs & working capital	-70	-168
	Income before depreciation	-147	-212
	Financial items	-9	17
	Income before tax	-156	-195

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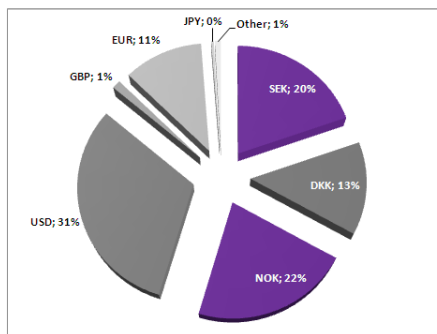
Currency distribution in SAS Group Nov 2012 – Oct 2013



Revenue


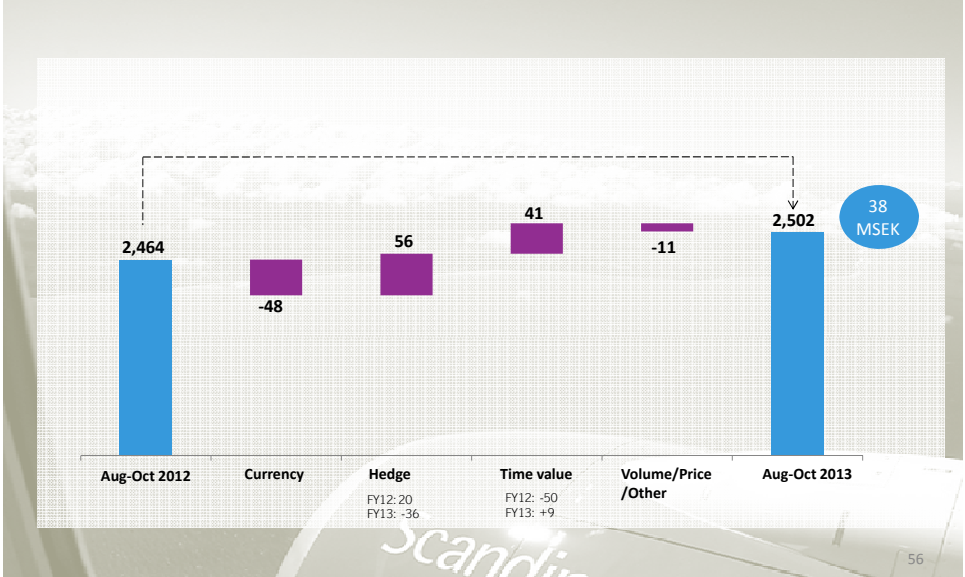


Expenses



55

Lower fuel costs due to currency and time value effects

56

