

SAS PRESENTS EARNINGS IMPROVEMENTS FOR THE QUARTER

NOVEMBER 2015 – JANUARY 2016

- Income before tax: MSEK -309 (-836)
- Income before tax and nonrecurring items: MSEK -404 (-829)
- Revenue: MSEK 8,275 (8,371)
- Unit revenue (PASK) declined 10.0%¹
- Unit cost (CASK) decreased 6.6%²
- EBIT margin: -2.2% (-7.8%)
- Net income for the period: MSEK -246 (-640)
- Earnings per common share: SEK -1.01 (-2.21)
- The outlook for the 2015/2016 fiscal year remains firm, see page 8.

1) Currency adjusted.

2) Currency adjusted and excluding jet fuel.

COMMENTS BY THE PRESIDENT AND CEO OF SAS:

“The first quarter is the seasonally weakest quarter of the fiscal year and, this year, income before tax amounted to MSEK -309. However, this represents a year-on-year improvement of MSEK 527. The improvement was driven by our commercial success, significantly lower jet-fuel costs and the effects of cost measures.

Our strategy is to strengthen our offering to Scandinavia’s frequent travelers and to be an airline that rewards its customers for their loyalty. Many travelers appreciate the advantages offered by SAS, which resulted in a year-on-year increase in EuroBonus members of 14%, while income from members accounted for more than 50% of our total passenger revenue.

Competition intensified in 2016 with increased capacity growth in the market. Accordingly, we are working intensively on adapting operations to market conditions and enhancing efficiency. The outsourcing ground handling services at the line stations in Norway comprises a key element in increasing our cost flexibility and has now been completed according to plan.

Looking ahead to the spring, we look forward to offering new routes to both Los Angeles and Boston and welcoming our travelers on board our upgraded long-haul aircraft with a product that, according to our customers, is the best in Europe,” says Rickard Gustafson, SAS President and CEO.

INCOME AND KEY RATIOS

Key ratios (MSEK)	Q1	Q1	Rolling 12 months	Rolling 12 months
	Nov–Jan 2015–2016	Nov–Jan 2014–2015	Feb–Jan 2015–2016	Feb–Jan 2014–2015
Revenue	8,275	8,371	39,554	38,506
EBIT margin	-2.2%	-7.8%	6.8%	-1.7%
Income before tax and nonrecurring items	-404	-829	1,599	-357
Income before tax, EBT	-309	-836	1,944	-1,608
Net income for the period	-246	-640	1,350	-1,247
Cash flow from operating activities	-589	-425	2,872	1,579

	Jan 31, 2016	Oct 31, 2015	Jan 31, 2015	Jan 31, 2014
Equity/assets ratio	16%	21%	14%	12%
Financial preparedness (target >20% of fixed costs)	37%	40%	35%	20%
Shareholders’ equity per common share, SEK	3.54	8.10	2.20	9.35

COMMENTS BY THE CEO

- **Income before tax totaled MSEK -309 (-836)**
- **Cash flow from operating activities declined MSEK 164 due to lower provisions**
- **The number of passengers increased by more than 200,000**
- **SAS's intercontinental traffic increased 17%**
- **The number of EuroBonus members increased 14%**
- **Revenue from EuroBonus members exceeded 50%**
- **The outsourcing of ground handling services at line stations in Norway was completed according to plan**

The first quarter is the seasonally weakest quarter of the fiscal year and, this year, income before tax amounted to MSEK -309. However, this represents a year-on-year improvement of MSEK 527, driven by continued commercial success, substantially lower jet-fuel costs and the effects of our cost measures.

SAS increased its capacity during the quarter through a strengthened offering to the US and Asia and to leisure destinations in Europe. Our efforts resulted in a traffic increase of almost 10%, which confirms customer appreciation for our product improvements. At the same time, competition intensified in 2016 with increased capacity growth in the market. Accordingly, we must work intensively on adapting the operations to the market and enhancing efficiency, while we also strengthen our offering.

INCREASED LOYALTY AMONG FREQUENT TRAVELERS

SAS's strategy is to win over frequent travelers and to be an airline that rewards its customers for their loyalty. We listen to our customers and design our offering to ensure that smooth journeys for travelers, and to make their lives slightly easier. One example is the new Remap function where travelers can create their own travel tips directly in our app and then share them with friends and family. Loyalty among our customers strengthened and the number of EuroBonus members increased 14% year-on-year. More members are also actively taking advantage of the program's benefits and income from EuroBonus members during the quarter exceeded 50% of SAS's total passenger revenue. It is also gratifying that our passenger figures rose by more than 200,000 compared with the year-earlier period.

SAS was the first airline to operate commercial flights over the North Pole and has connected Scandinavia with the rest of the world ever since. The investment in our international network continued with a new route to Hong Kong and increased frequencies to New York, Chicago, San Francisco and Shanghai. This has been well received by customers and contributed to a more than 15% increase in the number of passengers on our long-haul routes in the quarter. We are now looking forward to launching new direct routes to Los Angeles and Boston in March and to Miami in September. The cabins have been upgraded on 11 of our 15 long-haul aircraft, featuring completely new interiors that significantly enhance the customer experience. We also received delivery of our third new Airbus A330E fresh from the factory in February.

Following a successful test period with positive responses from our customers, we will now supplement our service concept with SAS Go Light between Scandinavia and the rest of Europe. The service concept, which is a pared-down alternative and increases choice for customers, represents an adjustment to the European market.

Customer satisfaction was at a high level during the quarter, which is confirmation that our employees are giving excellent customer service and that the product improvements are appreciated. SAS won four prestigious prizes at the travel industry's Grand Travel Awards, including Best Intercontinental Airline. We are also strengthening our domestic production and in February we opened the first Café Lounge in Sweden at Malmö airport and in April we will open another Café Lounge at Luleå airport.

EFFICIENCY ENHANCEMENTS MAKING PROGRESS

The cost measures of SEK 2.1 billion, with full effect in 2017, generated an earnings impact of MSEK 155 during the quarter. The unit cost, excluding jet fuel, declined 6.6%, which was positive, although it was primarily driven by the increase in average flight distance. Accordingly, it is absolutely vital that we continue to adapt the operations to the market and increase our seasonal flexibility.

To ensure increased cost-base flexibility, SAS has focused on reducing fixed costs in line with the long-term industry trend. On February 1, ground handling services and approximately 850 full-time equivalents at the line stations in Norway were outsourced to Widerøe. The transaction proceeded according to plan and we are now looking forward to a productive partnership. We also continued discussions with Aviator regarding the outsourcing of ground handling services at our primary airports as well as Gothenburg and Malmö.

Entering into partnerships with specialists for regional traffic has increased the flexibility of our production. An additional eight brand new CRJ900s will enter service by the summer. We are also looking forward to receiving the first Airbus A320neo in the autumn and thus taking the next step in the renewal of our aircraft fleet. The combination of these changes will strengthen our competitiveness.

SAS operates in an industry with minimal margins. As a result, we have to look at how we can improve our efficiency every day. In administration, we are now implementing the Lean method to a greater extent in areas such as product development. We have applied Lean with great success in the technical operations and achieved tangible results. For example, we improved the process in Oslo so that the time an aircraft is out of service due to unplanned maintenance has decreased by 41%, while lead times have been reduced by 16%. We will also introduce the Lean program in Copenhagen and Stockholm during the year.

DEVELOP, ENGAGE AND SECURE THE RIGHT CAPABILITIES

Increasing digitization will change our industry and, in this area, we are at the forefront to ensure we remain relevant for frequent travelers. Over the course of the spring, we will be introducing iPads to our cabin crews to enable them to provide more personal and even better service to our customers. These iPads will serve as a tool to make daily work duties easier and enhance efficiency.

The annual SAS Awards was held during the quarter, where we awarded prizes for performances of both teams and individuals in line with our leadership model. In addition, all employees will undergo a web-based safety course on the SAS Code of Conduct. The introduction of all of these processes and activities are crucial for securing the right skills and increasing our competitiveness.

This year we are celebrating 70 years as Scandinavia's leading airline. We have a proud history and – in keeping with our tradition – we make sure that our passengers can travel smoothly to, from and within Scandinavia.

FINANCIAL POSITION AND OUTLOOK

The seasonally negative earnings meant that our equity/assets ratio fell during the quarter, although it is 2 percentage points higher than last year due to the earnings improvement in the preceding fiscal year. Financial preparedness of 37% is well above our target. We have also secured financing of PDPs for aircraft orders until the start of 2018.

For the spring and beyond, we see that competition will remain intense. We are facing competition with a strong product, a more attractive network and sustained efficiency enhancements. The detailed outlook is presented on page 8.

Stockholm, March 8, 2016.

Rickard Gustafson
President and CEO

COMMENTS ON SAS'S FINANCIAL STATEMENTS

MARKET AND TRAFFIC TRENDS

Following more stable capacity growth in 2015, as expected competitive conditions intensified during the first quarter of 2015/2016. Measured in the number of seats offered, capacity in the market increased 7.4% during the quarter. The largest capacity growth was mainly seen on international routes to/from Scandinavia. However, the total number of passengers in Scandinavia also increased about 7%.

During the quarter, SAS increased scheduled traffic by 9.6% as a result of the launch of the Stockholm-Hong Kong route and more frequencies on the existing routes to New York, Chicago, San Francisco and Shanghai. Furthermore, SAS increased production of seasonal destinations, mainly to southern Europe, which also contributed to SAS's total traffic growth for the quarter. Demand in the Swedish market remained strong. Despite a weaker performance in the oil industry and regions with high exposure to the oil industry, demand in Norway as a whole continued to trend positively, while competition became intensified in Denmark at the same time as demand trended more weakly.

Unit revenue (PASK) declined 10% during the quarter. From a purely mathematical perspective, unit revenue is impacted to a great extent by the increased production on SAS's long-haul routes. Further details of the traffic trend for SAS are available on page 17.

EARNINGS ANALYSIS NOVEMBER 2015 - JANUARY 2016

SAS's operating income before tax totaled MSEK -186 (-657). Income before tax amounted to MSEK -309 (-836) and income after tax was MSEK -246 (-640). Tax income amounted to MSEK 63 (196).

The exchange-rate trend had a negative impact on revenue of MSEK -79 and a negative effect on operating expenses of MSEK -368. Accordingly, the exchange-rate trend had a negative impact on operating income of MSEK -447 for the quarter.

Revenue for SAS amounted to MSEK 8,275 (8,371). After adjustment for currency effects, revenue was MSEK 17 lower year-on-year. Currency-adjusted passenger revenue increased 1.0%, primarily due to higher traffic. Charter revenue (currency adjusted) was 11.3% lower, which was attributable to lower volumes. Currency-adjusted freight revenue also declined in the quarter and posted a year-on-year decline of 1.8%. The main reason for the lower freight revenue was the continued overcapacity in the market.

SAS's total capacity (ASK) increased 11.2%, mainly due to the increase in intercontinental traffic, which contributed to the unit cost (CASK), adjusted for currency and jet-fuel, declining 6.6%.

Payroll expenses amounted to MSEK -2,334 (-2,478). After adjustment for currency, payroll expenses declined 3.0% year-on-year.

Other operating expenses amounted to MSEK -5,169 (-5,668). These expenses largely comprise jet fuel, which amounted to MSEK -1,228 (-2,023). Adjusted for currency, jet-fuel costs declined 46.2%. The falling price of oil had a positive effect of MSEK 760, currency had a negative effect of MSEK -260 and hedge effects (including the effect of time value) had a positive impact of MSEK 377 year-on-year.

During the period, the implementation of the ongoing restructuring program resulted in cost reductions of about MSEK 155.

Leasing costs amounted to MSEK -700 (-601). Adjusted for currency effects, leasing costs increased 3.7%.

Net financial items for SAS amounted to MSEK -124 (-182), of which net interest expense was MSEK -113 (-152). The positive year-on-year change pertaining to net financial items was primarily due to lower current interest expenses and lower net debt.

Total nonrecurring items amounted to MSEK 95 (-7), of which MSEK 95 (0) pertained to capital gains/losses from aircraft transactions. In the preceding year, a nonrecurring item of MSEK -19 was

related to cargo activities and MSEK 12 to earnings from the sale of shares and sale of operations.

FINANCIAL POSITION

Cash and cash equivalents were MSEK 7,440 (7,108) at January 31, 2016. SAS also had unutilized contracted credit facilities amounting to MSEK 2,879 (2,771). Financial preparedness amounted to 37% (35%) of the Group's fixed costs.

SAS's interest-bearing liabilities increased by MSEK 1,195 compared with October 31, 2015 and amounted to MSEK 10,940 on the closing date. New loans amounted to MSEK 236 and repayments amounted to MSEK 227. The increase since year-end was primarily due to market valuations of jet-fuel hedges, which had a negative impact of MSEK 934 on comprehensive income.

In 2014, SAS issued a convertible bond loan, which was valued at MSEK 1,452 on January 31, 2016. During the first quarter of the year, bonds were converted to 1,082,551 common shares, corresponding to a nominal amount of MSEK 26.

During the quarter, the net financial debt increased MSEK 2,180 to MSEK 1,454 on the closing date, primarily due to the market valuation of jet-fuel hedging and a negative cash flow.

At January 31, 2016, the equity/assets ratio was 16% (14%) and the adjusted equity/assets ratio was 10% (10%). The adjusted debt/equity ratio amounted to 4.09 (3.89). The adjusted ratios take into account leasing costs.

For the balance sheet; refer to page 10.

CASH-FLOW STATEMENT

Cash flow from operating activities, before changes in working capital, amounted to MSEK -95 (-555) in the first quarter of the fiscal year.

The changes in working capital, which amounted to MSEK -494 (130), are MSEK 624 lower than in the preceding year. This was primarily due to lower operating liabilities, for example, lower reserves for fuel as a result of lower fuel costs, lower liabilities in the sales operations and the decline in the restructuring reserve. The negative change in working capital was also due to a slight increase in operating receivables.

Investments totaled MSEK 1,422 (480), of which MSEK 1,351 (367) pertained to aircraft. These include delivery payment for a new Airbus A330E that was immediately divested on the basis of a sale and lease-back agreement. In addition, investments mainly comprise aircraft modifications, capitalized expenditures for engine maintenance and PDPs to Airbus.

Blue1 was divested in November, which had a negative impact of MSEK 11 on the Group's cash and cash equivalents.

The sale of three Boeing 717s, two MD-90s and the sale and lease-back of the Airbus A330 acquired during the period generated MSEK 1,147. In addition, MSEK 105 was received as the remaining portion of the purchase consideration for the slot pair at London Heathrow that was sold in the preceding fiscal year.

Cash flow before financing activities amounted to MSEK -728 (-993).

New loans for the quarter amounted to MSEK 236 (185), while repayments totaled MSEK 227 (158). In addition, cash flow was positively impacted by financing activities through realization of financial derivatives, primarily in the preceding year.

Cash flow for the quarter amounted to MSEK -758 (-308).

Cash and cash equivalents amounted to MSEK 7,440 according to the balance sheet, compared with MSEK 8,198 at October 31, 2015.

For the cash-flow statement; refer to page 11.

SEASONAL VARIATIONS

Demand, measured as the number of transported passengers, in SAS's markets is seasonally low from December to February and at its peak from April to June and September to October. However, the share of advance bookings is greatest from January to May, which has a positive effect on working capital ahead of the holiday period.

Seasonal fluctuations in demand impact cash flow and earnings differently, since passenger revenue is recognized when customers actually travel, which results in revenue generally increasing during months in which more passengers are transported. Since a substantial share of an airline's costs is fixed, earnings are impacted by fluctuations in revenue levels.

Seasonal variations indicate that the first and second quarters are the weakest quarters in terms of earnings. However, cash flow from operating activities is seasonally weak in the first and third quarters.

FINANCIAL TARGETS

The SAS Group's overriding goal is to create value for its shareholders. To reach this goal, SAS pursues three strategic priorities to meet trends and industry developments, ensure competitiveness and provide the prerequisites for long-term sustainable profitability.

SAS is affected by the economic trend in Europe, the exchange-rate trend, jet-fuel prices and the extensive changes to the European airline industry with intensified competition as a result of increases expected in market capacity from 2016. Given the inherent uncertainty of these external factors, SAS, in line with numerous other airlines, has chosen not to specify targets for profitability or its equity/assets ratio. However, SAS has a target for financial preparedness which is to exceed 20% of annual fixed costs.

EVENTS AFTER JANUARY 31, 2016

- SAS's Annual Report contained an updated dividend policy for the common share, stipulating that SAS is to pay dividends of SEK 50 per year to preference shareholders, with a quarterly payment of SEK 12.50 per preference share in accordance with the terms and conditions of the issue of preference shares.
- SAS canceled 68 flights in connection with collective agreement negotiations between SAS's partner Flybe and its pilot and cabin crew trade unions.
- The European Commission announced that it will not appeal the European Court of Justice's judgement to annul the European Commission's fines of MEUR 70.2 in 2010. SAS will recognize the reversal as a nonrecurring item in the second quarter of the 2015/2016 fiscal year. However, the European Commission can make a new decision in relation to this matter.

STRATEGIC PRIORITIES FOR SAS

To strengthen its competitiveness and to meet the challenges in the industry, we have implemented a number of measures within three strategic priority areas:

1. Win Scandinavia's frequent travelers
2. Establish an efficient platform
3. Secure the right capabilities

WIN SCANDINAVIA'S FREQUENT TRAVELERS

SAS's product is designed with a focus on frequent travelers to, from and within Scandinavia. The target-group approach has delivered results and travelers appreciate SAS's service concepts: SAS Go, SAS Plus and SAS Business. Following a positive test period with a favorable reception from our customers, the service concept will be supplemented with SAS Go Light in the spring. The concept is a response to customer demand for a more pared-down option for passengers traveling light and is also an adjustment to market trends in Europe. SAS Go Light will be available on SAS's European routes.

SAS's EuroBonus program is at the core of establishing a closer relationship with customers, while simultaneously setting SAS apart from the competition. The number of EuroBonus members increased by 90,000 during the first quarter and now totals 4.3 million. Revenue from EuroBonus members increased to more than 50% of total passenger revenue during the quarter. We are renewing the digital platform for EuroBonus in the spring, which will improve the customer experience on our website. This is part of our digital investment of approximately SEK 0.5 billion, aimed at making life easier for frequent travelers. Another example of a digital venture is the new Remap function, launched in December 2015, where travelers can create their own travel tips directly in our app and then share them with friends and family.

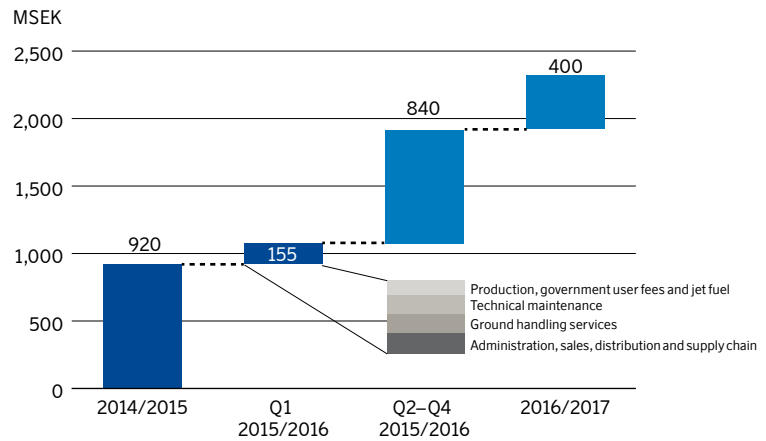
We are making the network and destinations more highly adapted to the season. During the first quarter, we launched ten seasonal route to winter destinations, including Salzburg and Innsbruck, while also increasing capacity to destinations in southern Europa such as Las Palmas and Nice. We also strengthened our international offering with the new route to Hong Kong and increased frequencies to New York, Chicago, San Francisco and Shanghai. In spring 2016, we will commence flights to Los Angeles and Boston to meeting increased demand among travelers. The expanded network can be cost-effectively implemented due to limited investment in aircraft and increased productivity.

A smooth and efficient process on the ground is important to frequent travelers. We now offer Fast Track at 46 airports and self service baggage drops at 57 airports, as well as 67 SAS or partner lounges. In February 2016, we opened a Café Lounge at Malmö airport and will open another Café Lounge in Luleå during the spring. More Café Lounges are planned for Scandinavia.

ESTABLISH AN EFFICIENT PLATFORM

In December 2014, SAS launched cost measures that will generate efficiency enhancements of SEK 2.1 billion with full effect in 2017. The measures are aimed to meet price pressure and the expected growth in capacity. The measures contributed MSEK 920 in efficiency enhancements in the 2014/2015 fiscal year and MSEK 155 in the quarter. The target for the 2015/2016 fiscal year is SEK 1 billion in earnings impact.

EFFECTS OF SAS'S COST MEASURES



Measures with earnings impact in 2015/2016

SAS's production model is based on producing the majority of traffic for the larger traffic flows under SAS's own traffic license based on a homogeneous aircraft fleet, while smaller flows and regional traffic are managed via business partners (wet lease). Wet-lease-based production (including Cimber) accounts for about 8% of capacity. In spring 2016, CityJet will gradually deploy eight, brand new, Bombardier CRJ900s, which will reduce the complexity of our own production since we now have only two aircraft types under our own traffic license for traffic in Europe.

We are also investing in the aircraft fleet to strengthen the customer experience and enhance operational efficiency. Three Airbus A330Es have been delivered since autumn 2015 and another aircraft of the same type will be delivered in spring 2016. The first Airbus A320neo aircraft of a total order of 30 aircraft are scheduled for delivery in the autumn.

In technical maintenance, we will see the effect of outsourcing base maintenance in Stockholm and Oslo in 2015/2016 and the outcome of efficiency enhancements with the new IT system. In addition, we can realize cost savings by selling spare parts and through lower costs for maintenance outside Scandinavia. We have now introduced Lean and achieved tangible results. For example, we improved the process in Oslo so that the time an aircraft is out of service due to unplanned maintenance has decreased by 41%, while lead times have been reduced by 16%. The same Lean program will also be introduced in Copenhagen and Stockholm during the calendar year.

Automation of ground handling services is continuing. More than half of our passengers already check in online, but there is potential to further improve the customer experience and generate efficiency enhancements. In 2015/2016, we also expect to see the full effect of the new scheduling introduced in 2015.

To ensure increased cost-base flexibility, SAS has focused on reducing fixed costs in line with the long-term industry trend. On February 1, 2016, ground handling services and approximately 850 full-time equivalents at the line stations in Norway were outsourced to Widerøe. The transaction proceeded completely according to plan and we are now looking forward to the continuation of the partnership. We also continued discussions with Aviator regarding the outsourcing of ground handling services at our primary airports as well as Gothenburg and Malmö.

The Lean method will be applied to administration to optimize work processes. Efficiency enhancements are expected to be achieved in Commercial from credit card fees, agent commissions and the new sales organization. The full effect of the administration reductions of 285 FTEs in 2015 will also be realized in 2015/2016.

In 2015, SAS took measure to increase internal mobility within the pilot corps, which will have a positive effect on our costs in 2015/2016. This reconstruction in combination with the expanded intercontinental offering means that SAS is recruiting new pilots.

Restructuring costs

The cost measures for 2015–2017 resulted in restructuring costs of a total of SEK 1.5 billion in the 2013/2014 and 2014/2015 fiscal years. No restructuring costs arose during the first quarter of 2015/2016.

SECURE THE RIGHT CAPABILITIES

We have gone from conducting the majority of our operations ourselves to an increased degree of outsourcing services where this is relevant. To manage this transition, we have to ensure that employees have the right skills. We identified a number of critical skills areas, such as purchasing, project management and digital development, in which we will work actively to attract, retain and develop competence.

Increasing digitization is changing the industry and, in this area, we must be at the forefront to ensure we remain relevant for frequent travelers. In line with our digital ventures, we will introduce iPads to cabin crews in spring 2016, which will enable them to provide more personal and even better service to our customers, while serving as a tool to make daily work duties easier and enhance efficiency.

The annual SAS Awards was held during the first quarter, where we awarded prizes for performances of both teams and individuals. This year, the “Lean Achievement” category was won by the project at the technical base in Oslo, which achieved significant improvements in production.

All employees are currently undergoing a web-based safety course on the SAS Code of Conduct. Our pilots and cabin crew receive continuous training. Including retraining, pilots undergo an average of two weeks training each year and cabin crew about three days. We have also integrated Lean principles in the management processes. All employees are working toward shared targets that are categorized under SQDEC, which stands for Safety, Quality, Delivery, Employees and Cost. The targets are followed up through clear action plans across all operations.

The introduction of all of these processes and activities is crucial for securing the right skills and increasing competitiveness.

This year we are celebrating 70 years as Scandinavia’s leading airline. We have a proud history and – in keeping with our tradition – we make sure that our passengers can travel smoothly to, from and within Scandinavia.

RISKS AND UNCERTAINTIES

SAS works strategically to refine and improve its risk management. Risk management includes identifying both 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 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's hedging strategy is to enable SAS to act quickly when changes in exchange rates and fuel prices are advantageous.

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

As of January 31, 2016, the hedging of SAS's future jet-fuel consumption for the remainder of the fiscal year was primarily conducted through swaps. The hedging ratio for the next 12 months amounts to 73% and no hedges were undertaken for the next six-month period. Under current plans for flight capacity, the cost of jet fuel during the 2015/2016 fiscal year is expected to be in line with the table below, taking into account different prices and USD rates and including jet-fuel hedging.

The cost of jet fuel in the statement of income does not include the effects from SAS's USD currency hedging. The effects from SAS's currency hedging are recognized in profit or loss under "Other operating expenses," since SAS's currency hedging is performed separately and is not linked specifically to its jet-fuel purchases.

For foreign currency, the policy is to hedge 40–80%. At January 31, 2016, the SAS Group had hedged 55% 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's largest surplus currency, 62% was hedged for the next 12 months. Based on the currency exposure for 2014/2015, a weakening of the NOK against the SEK of 1% would generate a negative earnings impact of MSEK 65, excluding hedge effects. A weakening of the USD against the SEK of 1% would generate a positive earnings impact of MSEK 108, excluding hedge effects.

HEDGING OF JET FUEL

Hedge level (max price)	Feb–Apr	Maj–July 2016	Aug–Oct 2016	Nov 2016 – Jan 2017
USD 401-500/tonne	–	–	–	33%
USD 501-600/tonne	82%	80%	97%	–

VULNERABILITY MATRIX, JET-FUEL COST NOVEMBER 2015 TO OCTOBER 2016, SEK BILLION¹

Market price	Exchange rate SEK/USD				
	6.00	7.00	8.00	9.00	10.00
USD 300/tonne	4.8	5.4	6.0	6.6	7.2
USD 400/tonne	4.9	5.5	6.1	6.7	7.3
USD 600/tonne	5.0	5.6	6.3	6.9	7.5
USD 800/tonne	5.2	5.8	6.5	7.1	7.8
USD 1,000/tonne	5.3	5.9	6.6	7.3	8.0

¹ SAS's current hedging contracts for jet fuel at January 31, 2016 have been taken into account.

LEGAL ISSUES

The European Commission's decision in November 2010 found SAS and many other airlines guilty of participating in a global air cargo cartel and were ordered to pay fines of MEUR 70.2. SAS appealed the decision in January 2011 and in December 2015, the General Court of the European Court of Justice annulled the European Commission's judgement including the MEUR 70.2 fine. On February 29, 2016, the European Commission announced that it would not appeal the European Court of Justice's decision and fines of MEUR 70.2 would be returned to SAS. SAS will recognize the reversal as a non-recurring item in the second quarter of the 2015/2016 fiscal year. The European Commission can make a new decision in relation to this matter. SAS does not have any insight and cannot influence the timing and content of such possible new decision.

As a consequence of the European Commission's decision in the cargo investigation in November 2010, 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, Germany and Norway. SAS is evaluating the impact that a legally binding ruling from the European Court of Justice could have on the ongoing actions for damages. 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 and no provisions have been made.

The SAS pilot associations have filed a lawsuit against SAS with the Swedish Labour Court claiming damages for breach of collective agreements. No financial damages were specified in the summons application. The dispute pertains to a large group of pilots employed at the Stockholm base but who worked out of the Copenhagen base, and the calculation and coordination of the rights to Swedish and Danish pension benefits of these pilots on changing bases. SAS contests all claims. In an intermediate judgement, announced on February 3, 2016, the Swedish Labour Court rejected the pilot associations' claim that the Court should confirm that SAS had breached collective agreements. This means that the pilot associations' grounds for claiming damages have been limited and that the pilot associations now have to decide whether they wish to continue to pursue the damages claim against SAS. Irrespective of the outcome, the assessment of SAS is that the dispute will not have any material negative financial impact on SAS.

A group of former Braathens cabin crew have, through the Parat trade union, initiated a legal process against SAS at a general court in Norway with a claim for correction of a work time factor (part-time percentage) in the calculation of pension rights in the occupational pension plan in accordance with the Norwegian Occupational Pensions Act. The summons application contains no specified demand for compensation. SAS contests the claim. SAS won the initial case, however the judgement has been appealed by the counterparty and is not expected to be heard until April 2016. The financial exposure is difficult to quantify, but SAS considers the risk of a negative outcome to be limited and 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 financial exposure is difficult to quantify, but SAS, which disputes the claim, considers the risk of a negative outcome to be limited and no provisions have been made.

OUTLOOK FOR 2015/2016

OUTLOOK

Capacity growth in Scandinavia is expected to increase about 5–7% in 2015/2016 and lead to more intense competition. At the same time, SAS is continuing its focused efforts on strengthening competitiveness through product investments and efficiency measures. In 2015/2016, SAS plans to increase capacity on the intercontinental routes by 25%. Growth will be through expansion of the long-haul aircraft fleet and increased resource utilization, which will increase the average flight distance and, as a consequence, SAS expects this to result in a lower unit cost and a lower unit revenue during the fiscal year. Jet-fuel costs were significantly lower in the first quarter 2015/2016 than in the year-earlier period. However, the decrease in jet-fuel costs will successively subside during the remainder of the fiscal year. This, combined with sustained intense competition, is expected to entail that the earnings trend for the remainder of the fiscal year compared with the preceding year will be lower than during the first quarter.

In total, SAS expects to be able to deliver a positive income before tax and nonrecurring items for the 2015/2016 fiscal year. The outlook is based on no unexpected events occurring.

The outlook is based on the following preconditions at January 31, 2016:

- SAS plans to increase scheduled capacity (ASK) by about 10% in 2015/2016 with the largest increase in the winter. Excluding intercontinental expansion, capacity growth is about 1%.
- A significantly lower PASK and unit cost in 2015/2016 compared with 2014/2015 as a result of the above capacity increase.
- Earnings impact from efficiency-enhancement measures amounting to about SEK 1 billion in 2015/2016.
- Net investments are expected to amount to between SEK 1.5 and SEK 2.0 billion in 2015/2016.

STATEMENT OF INCOME

STATEMENT OF INCOME INCLUDING STATEMENT OF OTHER COMPREHENSIVE INCOME

MSEK	Note	Q1	Q1	Rolling 12 months	Rolling 12 months
		Nov–Jan 2015–2016	Nov–Jan 2014–2015	Feb–Jan 2015–2016	Feb–Jan 2014–2015
Revenue	2	8,275	8,371	39,554	38,506
Payroll expenses ¹		-2,334	-2,478	-9,478	-10,213
Other operating expenses ²	3	-5,169	-5,668	-24,059	-25,344
Leasing costs for aircraft ³		-700	-601	-2,692	-2,243
Depreciation, amortization and impairment ⁴		-341	-282	-1,525	-1,396
Share of income in affiliated companies		-12	-10	35	32
Income from sale of shares in subsidiaries, affiliated companies and operations		0	11	-11	16
Income from the sale of aircraft, buildings and slot pairs		95	0	872	6
Operating income		-186	-657	2,696	-636
Income from other securities holdings		1	3	-302	-45
Financial revenue		22	22	124	99
Financial expenses		-146	-204	-574	-1,026
Income before tax		-309	-836	1,944	-1,608
Tax		63	196	-594	361
Net income for the period		-246	-640	1,350	-1,247
Other comprehensive income					
<i>Items that may later be reversed to net income:</i>					
Exchange-rate differences in translation of foreign operations, net after tax		-23	-88	-112	102
Cash-flow hedges – hedging reserve, net after tax		-1,016	170	-258	350
<i>Items that will not be reversed to net income:</i>					
Revaluations of defined-benefit pension plans, net after tax		-235	76	-236	-1,086
Total other comprehensive income, net after tax		-1,274	158	-606	-634
Total comprehensive income		-1,520	-482	744	-1,881
Net income for the period attributable to:					
Parent Company shareholders		-246	-638	-1,348	-1,259
Non-controlling interests		0	-2	2	12
Earnings per common share (SEK) ⁵		-1.01	-2.21	3.03	-4.62
Earnings per common share after dilution (SEK) ⁵		-1.01	-2.21	2.64	-4.62

1) Includes restructuring costs and other nonrecurring items of MSEK - (-) during the period November–January and MSEK 130 (394) during the period February–January.

2) Includes restructuring costs and other nonrecurring items of MSEK - (19) during the period November–January and MSEK 83 (641) during the period February–January.

3) Includes restructuring costs of MSEK - (-) during the period November–January and MSEK - (67) during the period February–January.

4) Includes restructuring costs and other nonrecurring items of MSEK - (-) during the period November–January and MSEK - (123) during the period February–January.

5) Earnings per common share are calculated as net income for the period attributable to Parent Company shareholders less preference share dividends in relation to 329,360,850 (329,000,000) common shares outstanding during the period November–January and 329,090,213 (329,000,000) common shares outstanding during the period February–January.

SAS has no option or share programs. Convertible bond loans only have a dilution effect if conversion of the loans to common shares would result in lower earnings per share. At the balance-sheet date, there was one convertible bond loan of MSEK 1,574, covering 65,536,095 shares.

INCOME BEFORE TAX AND NONRECURRING ITEMS

MSEK	Q1	Q1	Rolling 12 months	Rolling 12 months
	Nov–Jan 2015–2016	Nov–Jan 2014–2015	Feb–Jan 2015–2016	Feb–Jan 2014–2015
Income before tax	-309	-836	1,944	-1,608
Impairment ¹	0	0	314	52
Restructuring costs	0	0	177	1,132
Capital gains/losses	-95	-12	-872	-26
Other nonrecurring items	0	19	36	93
Income before tax and nonrecurring items	-404	-829	1,599	-357

1) Includes impairment of shares in Widerøe in an amount of MSEK -270 for the fourth quarter of 2014/2105.

BALANCE SHEET

CONDENSED BALANCE SHEET

MSEK	Jan 31, 2016	Oct 31, 2015	Jan 31, 2015	Jan 31, 2014
Intangible assets	1,793	1,798	1,955	1,783
Tangible fixed assets	9,465	9,596	9,052	9,513
Financial fixed assets	7,259	7,118	8,010	8,154
Total fixed assets	18,517	18,512	19,017	19,450
Other current assets	324	345	383	400
Current receivables	3,208	3,211	4,193	3,099
Cash and cash equivalents ¹	7,440	8,198	7,108	3,343
Total current assets	10,972	11,754	11,684	6,842
Total assets	29,489	30,266	30,701	26,292
Shareholders' equity ²	4,843	6,339	4,425	3,095
Long-term liabilities	9,478	10,275	10,846	10,240
Current liabilities	15,168	13,652	15,430	12,957
Total shareholders' equity and liabilities	29,489	30,266	30,701	26,292
Shareholders' equity per common share (SEK) ³	3.54	8.10	2.20	9.35
Interest-bearing assets	13,661	14,839	14,363	10,063
Interest-bearing liabilities	10,940	9,745	12,466	11,397

1) At January 31, 2016, including receivables from other financial institutions, MSEK 1,377 (1,177).

2) Including non-controlling interests.

3) Total shareholders' equity attributable to Parent Company shareholders excluding total preference share capital in relation to the 330,082,551 (329,000,000) common shares outstanding. The SAS Group has not carried out any buyback programs.

SPECIFICATION OF FINANCIAL NET DEBT JANUARY 31, 2016

	According to balance sheet	Of which, finan- cial net debt
Financial fixed assets	7,259	1,650
Current receivables	3,208	396
Cash and cash equivalents	7,440	7,440
Long-term liabilities	9,478	7,507
Current liabilities	15,168	3,433
Financial net debt		1,454

CONDENSED CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Share capital ¹	Other con- tributed capital ²	Hedging reserves	Transla- tion reserve	Retained earnings ³	Total shareholders' equity attributable to Parent Company shareholders	Non controlling interests	Total share- holders' capital
Opening shareholders' equity in accordance with approved balance sheet, November 1, 2014	6,754	494	290	-109	-2,549	4,880	27	4,907
Comprehensive income, November–January			170	-88	-562	-480	-2	-482
Closing balance, January 31, 2015	6,754	494	460	-197	-3,111	4,400	25	4,425
Preference share dividend					-350	-350		-350
Equity share of convertible loans		-167			167	0		0
Non-controlling interests					25	25	-25	0
Comprehensive income, February–October			758	-89	1,595	2,264		2,264
Closing balance, October 31, 2015	6,754	327	1,218	-286	-1,674	6,339	0	6,339
Conversion of convertible bond loan	22				2	24		24
Comprehensive income, November–January			-1,016	-23	-481	-1,520		-1,520
Closing balance, January 31, 2016	6,776	327	202	-309	-2,153	4,843		4,843

1) Number of shares in SAS AB: 330,082,551 (329,000,000) common shares with a quotient value of SEK 20.10 and 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 2014/15.

CASH-FLOW STATEMENT

CONDENSED CASH-FLOW STATEMENT

MSEK	Q1	Q1	Rolling 12 months	Rolling 12 months
	Nov–Jan 2015–2016	Nov–Jan 2014–2015	Feb–Jan 2015–2016	Feb–Jan 2014–2015
Income before tax	-309	-836	1,944	-1,608
Depreciation, amortization and impairment	341	282	1,525	1,396
Income from sale of aircraft, buildings and shares	-95	-12	-872	-26
Adjustment for other items not included in the cash flow, etc.	-32	9	498	1,048
Tax paid	0	2	-1	0
Cash flow from operations before change in working capital	-95	-555	3,094	810
Change in working capital	-494	130	-222	769
Cash flow from operating activities	-589	-425	2,872	1,579
Investments including advance payments to aircraft manufacturers	-1,422	-480	-5,188	-1,680
Acquisition of shares	0	0	0	-687
Acquisition of subsidiaries	0	0	-60	0
Sale of shares	0	0	0	688
Sale of subsidiaries and operations	-11	10	-11	14
Sale of fixed assets, etc.	1,294	-98	4,575	885
Cash flow before financing activities	-728	-993	2,188	799
Preference share issue	0	0	0	3,500
Dividend on preference shares	-87	-87	-350	-262
External financing, net	57	772	-1,502	-274
Cash flow for the period	-758	-308	336	3,763
Translation difference in cash and cash equivalents	0	-1	-4	2
Change in cash and cash equivalents according to the balance sheet	-758	-309	332	3,765
Cash flow from operating activities per common share (SEK)	-1.79	-1.29	8.73	4.80

FINANCIAL KEY RATIOS

	Jan 31, 2016	Oct 31, 2015	Jan 31, 2015	Jan 31, 2014
Return on shareholder's equity after tax, 12-month rolling	25%	18%	-24%	166%
Return on invested capital, 12-month rolling	14%	12%	-1%	21%
Financial preparedness (target >20% of fixed costs)	37%	40%	35%	20%
Equity/assets ratio	16%	21%	14%	12%
Adjusted equity/assets ratio	10%	13%	10%	8%
Financial net debt, MSEK	1,454	-726	2,135	5,710
Debt/equity ratio	0.30	-0.11	0.48	1.84
Adjusted debt/equity ratio	4.09	2.65	3.89	5.91
Interest-coverage ratio	4.4	3.2	-0.6	3.1

PARENT COMPANY SAS AB

The number of common and preference shareholders in SAS AB amounted to 61,932 at January 31, 2016. SAS AB paid a shareholders' contribution in April 2015 of a total of SEK 7 billion to the SAS Consortium's parent companies: SAS Danmark A/S, SAS Norge AS and SAS Sverige AB. Thereafter, these companies paid capital contributions of SEK 12 billion to the Consortium. In the first quarter of 2015/2016, shares outstanding increased by 1,082,551 common shares due to conversions of SAS's convertible bond loan. The average number of employees amounted to 4 (5). In the first quarter of 2015/2016, an expense of MSEK 63 was recognized pertaining to guarantee commitments.

CONDENSED STATEMENT OF INCOME

MSEK	Q1	
	Nov-Jan 2015-2016	Nov-Jan 2014-2015
Revenue	0	0
Payroll expenses	-8	-9
Other operating expenses	-73	-10
Operating income before amortization and depreciation	-81	-19
Amortization and depreciation	0	0
Operating income	-81	-19
Income from participations in Group companies	0	0
Income from other securities holdings	1	2
Net financial items	-10	-24
Income before tax	-90	-41
Tax	16	17
Net income for the period	-74	-24
Net income for the period attributable to:		
Parent Company shareholders	-74	-24

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

CONDENSED BALANCE SHEET

MSEK	Jan 31, 2016	Oct 31, 2015	Jan 31, 2015
Financial fixed assets	14,790	14,828	5,304
Other current assets	1,071	1,174	12,464
Cash and cash equivalents	0	1	1
Total assets	15,861	16,003	17,769
Shareholders' equity	12,729	12,779	12,607
Long-term liabilities	2,989	3,003	3,407
Current liabilities	143	221	1,755
Total shareholders' equity and liabilities	15,861	16,003	17,769

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Share capital ¹	Restricted reserves	Unrestricted equity ²	Total equity
Opening balance, November 1, 2015	6,754	306	5,719	12,779
Conversion of convertible bond loan	22		2	24
Net income for the period			-74	-74
Shareholders' equity, January 31, 2016	6,776	306	5,647	12,729

1) Number of shares: 330,082,551 common shares with a quotient value of SEK 20.10 and 7,000,000 preference shares with a quotient value of SEK 20.10.

2) No dividends were paid on common shares for 2014/2015.

NOTES

NOTE 1 ACCOUNTING POLICIES AND FINANCIAL STATEMENTS

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

A number of amendments of standards, new interpretations and new standards took effect for fiscal years beginning November 1,

2015 that are not deemed to have material relevance in the preparation of this financial report, meaning that the SAS Group continued to apply the same accounting policies as in its Annual Report for 2014/2015.

NOTE 2 REVENUE

	Q1	Q1	Rolling 12 months	Rolling 12 months
	Nov–Jan 2015–2016	Nov–Jan 2014–2015	Feb–Jan 2015–2016	Feb–Jan 2014–2015
Passenger revenue	6,269	6,273	30,492	29,246
Charter	197	231	1,708	2,022
Mail and freight	333	328	1,270	1,295
Other traffic revenue	510	540	2,036	1,857
Other operating revenue	966	999	4,048	4,086
Total	8,275	8,371	39,554	38,506

NOTE 3 OTHER OPERATING EXPENSES

	Q1	Q1	Rolling 12 months	Rolling 12 months
	Nov–Jan 2015–2016	Nov–Jan 2014–2015	Feb–Jan 2015–2016	Feb–Jan 2014–2015
Selling and distribution costs	-535	-538	-2,515	-2,276
Jet fuel	-1,228	-2,023	-7,635	-8,999
Government user fees	-911	-883	-4,115	-4,002
Catering costs	-191	-178	-849	-763
Handling costs	-507	-405	-2,100	-1,726
Technical aircraft maintenance	-697	-649	-2,805	-2,474
Computer and telecommunications costs	-329	-235	-1,253	-1,048
Other	-771	-757	-2,787	-4,056
Total	-5,169	-5,668	-24,059	-25,344

NOTE 4 QUARTERLY BREAKDOWN**STATEMENT OF INCOME**

MSEK	2013–2014					2014–2015					2015–2016
	Q 1	Q 2	Q 3	Q 4	Full year	Q 1	Q 2	Q 3	Q 4	Full year	Q 1
	Nov–Jan	Feb–Apr	May–Jul	Aug–Oct	Nov–Oct	Nov–Jan	Feb–Apr	May–Jul	Aug–Oct	Nov–Oct	Nov–Jan
Revenue	7,871	8,472	10,697	10,966	38,006	8,371	9,403	10,973	10,903	39,650	8,275
Payroll expenses	-1,446	-2,484	-2,495	-2,756	-9,181	-2,478	-2,439	-2,386	-2,319	-9,622	-2,334
Other operating expenses	-5,446	-5,828	-6,413	-7,435	-25,122	-5,668	-6,135	-6,503	-6,252	-24,558	-5,169
Leasing costs for aircraft	-485	-500	-525	-617	-2,127	-601	-662	-659	-671	-2,593	-700
Depreciation, amortization and impairment	-329	-338	-354	-422	-1,443	-282	-405	-343	-436	-1,466	-341
Share of income in affiliated companies	-12	1	24	17	30	-10	-2	25	24	37	-12
Income from sale of shares in subsidiaries, affiliated companies and operations	1	4	0	1	6	11	0	0	-11	0	0
Income from the sale of aircraft, buildings and slot pairs	-22	12	-2	-4	-16	0	698	35	44	777	95
Operating income	132	-661	932	-250	153	-657	458	1,142	1,282	2,225	-186
Income from other securities holdings	5	0	1	-49	-43	3	0	0	-303	-300	1
Financial revenue	25	25	28	24	102	22	41	30	31	124	22
Financial expenses	-308	-442	-205	-175	-1,130	-204	-144	-141	-143	-632	-146
Income before tax	-146	-1,078	756	-450	-918	-836	355	1,031	867	1,417	-309
Tax	34	278	-260	147	199	196	-76	-231	-350	-461	63
Net income for the period	-112	-800	496	-303	-719	-640	279	800	517	956	-246
Attributable to:											
Parent Company shareholders	-115	-806	494	-309	-736	-638	278	799	517	956	-246
Non-controlling interests	3	6	2	6	17	-2	1	1	0	0	0

EARNINGS-RELATED KEY RATIOS AND AVERAGE NUMBER OF EMPLOYEES

MSEK	Q 1	Q 1	Q 2	Q 2	Q 3	Q 3	Q 4	Q 4	Rolling 12 months	Rolling 12 months
	Nov–Jan 2015–2016	Nov–Jan 2014–2015	Feb–Apr 2015	Feb–Apr 2014	May–Jul 2015	May–Jul 2014	Aug–Oct 2015	Aug–Oct 2014	Feb–Jan 2015–2016	Feb–Jan 2014–2015
Revenue	8,275	8,371	9,403	8,472	10,973	10,697	10,903	10,966	39,554	38,506
EBITDAR	772	225	829	160	2,084	1,789	2,332	775	6,017	2,949
EBITDAR margin	9.3%	2.7%	8.8%	1.9%	19.0%	16.7%	21.4%	7.1%	15.2%	7.7%
EBIT	-186	-657	458	-661	1,142	932	1,282	-250	2,696	-636
EBIT margin	-2.2%	-7.8%	4.9%	-7.8%	10.4%	8.7%	11.8%	-2.3%	6.8%	-1.7%
Income before tax and nonrecurring items	-404	-829	-331	-1,076	996	759	1,338	789	1,599	-357
Income before tax	-309	-836	355	-1,078	1,031	756	867	-450	1,944	-1,608
Net income for the period	-246	-640	279	-800	800	496	517	-303	1,350	-1,247
Earnings per common share (SEK)	-1.01	-2.21	0.58	-2.72	2.16	1.24	1.31	-1.21	3.03	-4.62
Cash flow before financing activities	-728	-993	1,328	733	415	235	1,173	824	2,188	799
Average number of employees (FTEs)	10,932	11,484	11,172	12,217	11,329	12,548	11,167	12,262	11,150	12,128

NOTE 5 FINANCIAL ASSETS AND LIABILITIES**FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES**

MSEK	Jan 31, 2016		Jan 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets at fair value	279	279	444	444
Financial assets held for trading	5,114	5,114	6,629	6,629
Other assets	4,093	4,093	3,398	3,398
Total	9,486	9,486	10,471	10,471
Financial liabilities				
Financial liabilities at fair value	1,392	1,392	136	136
Financial liabilities held for trading	34	34	19	19
Financial liabilities at amortized cost	9,514	9,309	9,590	8,820
Total	10,940	10,735	9,745	8,975

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. Cash and bank balances are categorized as level 1.

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

MSEK	Oct 31, 2016			Oct 31, 2015		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial assets						
Financial assets at fair value	-	279	279	-	444	444
Financial assets held for trading	3,242	1,872	5,114	3,480	3,149	6,629
Total	3,242	2,151	5,393	3,480	3,593	7,073
Financial liabilities						
Financial liabilities at fair value	-	1,392	1,392	-	136	136
Financial liabilities held for trading	-	34	34	-	19	19
Total	0	1,426	1,426	0	155	155

The Board of Directors and President hereby assure that this interim report provides a true and fair overview of the performance 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, March 8, 2016

Fritz H. Schur
Chairman of the Board

Jacob Wallenberg
First Vice Chairman

Dag Mejdell
Second Vice Chairman

Monica Caneman
Board member

Lars-Johan Jarnheimer
Board member

Birger Magnus
Board member

Sanna Suvanto-Harsaae
Board member

Carsten Dilling
Board member

Jens Lippestad
Board member

Sven Cahier
Board member

Bo Nielsen
Board member

Rickard Gustafson
President and CEO

This interim report is unaudited.

TRAFFIC DATA INFORMATION

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

	Nov–Jan 2015–2016	Nov–Jan 2014–2015	Year-on-year change
Number of passengers (000)	5,850	5,646	+3.6%
RPK, Revenue Passenger Kilometers (mill)	6,430	5,869	+9.6%
ASK, Available Seat Kilometers (mill)	9,575	8,527	+12.3%
Load factor	67.2%	68.8%	-1.7 p.u.
Passenger yield (currency-adjusted)	0.97	1.06	-7.8%
Unit revenue, PASK (currency-adjusted)	0.65	0.73	-10.0%

TOTAL TRAFFIC (SCHEDULED AND CHARTER TRAFFIC) FOR SAS

	Nov–Jan 2015–2016	Nov–Jan 2014–2015	Year-on-year change
Number of passengers (000)	5,976	5,782	+3.4%
RPK, Revenue Passenger Kilometers (mill)	6,854	6,318	+8.5%
ASK, Available Seat Kilometers (mill)	10,032	9,019	+11.2%
Load factor	68.3%	70.1%	-1.7 p.u.
Total unit cost (CASK), (currency-adjusted)	0.77	0.95	-18.6%
Unit cost (CASK) excluding jet fuel (currency-adjusted)	0.65	0.69	-6.6%

SCHEDULED TRAFFIC TREND FOR SAS BY ROUTE SECTOR

	Nov–Jan 2015–2016 vs. Nov–Jan 2014–2015	
	Traffic (RPK)	Capacity (ASK)
Intercontinental	+16.9%	+21.4%
Europe/Intra-Scandinavia	+6.8%	+10.5%
Domestic	+3.1%	+2.2%

SCHEDULED DESTINATIONS AND FREQUENCIES FOR SAS

	Nov–Jan 2015–2016	Nov–Jan 2014–2015	Year-on-year change
Number of destinations	100	103	-2.9%
Number of daily departures	806	713	+13.0%
No. of departures per destination/day	8.1	6.9	+16.8%

PRODUCTIVITY

	Nov–Jan 2015–2016	Nov–Jan 2014–2015	Year-on-year change
Block hours, rolling 12 months			
Aircraft	9.0	8.9	1.9%
Cabin crew	776	761	2.1%
Pilots	702	678	3.6%
Environmental impact			
CO ₂ emissions per passenger kilometer, grams	110.2	110.7	-0.5%

AIRCRAFT FLEET

THE SAS AIRCRAFT FLEET AT JANUARY 31, 2016

Aircraft in service under SAS's (SK) own traffic license	Age	Owned	Leased	Total	On purchase order	On lease order
Airbus A330/A340/A350	11.3	7	8	15	9	
Airbus A319/A320/A321	11.0	6	19	25	30	
Boeing 737 NG	13.0	15	68	83		
Total	12.5	28	95	123	39	0

Aircraft in service under a traffic license other than SAS's (SK)	Age	Owned	Wet leased	Total	On wet lease order
Bombardier CRJ900	7.2	12	1	13	8
Boeing 737 NG	10.4		1	1	
ATR-72	4.5		15	15	2
SAAB 2000	22.0		2	2	
Total	6.8	12	19	31	10

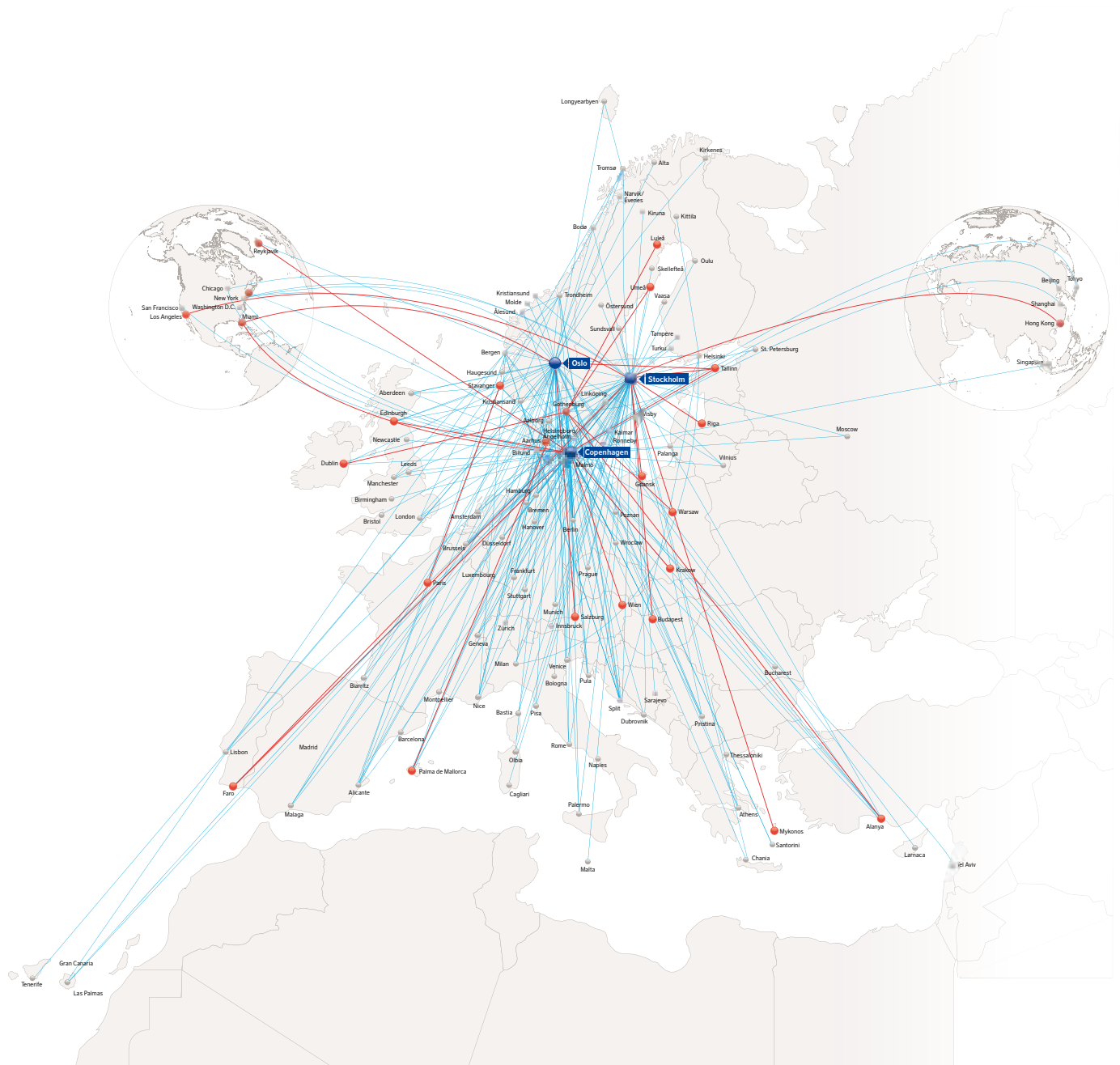
Total SAS in-service aircraft fleet	Age	Owned	Leased	Total	On purchase order	On wet lease order
Total	11.7	40	114	154	39	10

Aircraft to be phased out	Age	Owned	Leased	Total	Leased out	Parked
McDonnell Douglas MD-90 family	19.0	6		6	6	
Bombardier Q400	8.1		1	1	1	
Total	17.4	6	1	7	7	0

Aircraft on firm order 2016–2021 at 31 January 2016	2016	2017	2018	2019	2020	2021
Airbus A320neo	4	11	7	8		
Airbus A330E/A350	1			1	2	5

SAS DESTINATIONS

— Existing routes — New routes for 2015 and 2016



DEFINITIONS & CONCEPTS

Adjusted debt/equity ratio – Financial net debt plus capitalized leasing costs (x7) in relation to equity.

Adjusted equity/assets ratio – Equity divided by total capital plus 7 times the annual operating leasing cost.

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

CAPEX (Capital Expenditure) – Future payments for aircraft on firm order.

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

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 total revenue.

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

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

EBITDAR margin – EBITDAR divided by total revenue.

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 and unutilized credit facilities/fixed costs.

FTE – Full Time Equivalent.

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

Load factor – RPK divided by ASK. Describes the capacity utilization of available seats. Also called occupancy rate.

PASK, unit revenue – Passenger revenue divided by ASK (scheduled).

Return on Capital Employed (ROCE) – Operating income plus financial income in relation to average capital employed.

Return on Invested Capital (ROIC) – EBIT plus operating lease interest after subtracting dividends in relation to average shareholders' equity, net financial debt and capitalized operating lease obligations (times 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.

Unit cost, CASK – Total operating expenses for airline operations including aircraft leasing cost and total depreciation less other non-traffic-related revenue per total ASK (scheduled and charter).

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 is Scandinavia's leading airline and has an attractive offering to frequent travelers. SAS offers more than 800 flights daily and more than 28 million passengers travelled with SAS to 119 destinations in Europe, the US and Asia in 2014/2015. Membership in Star Alliance™ provides SAS's customers with access to a far-reaching network and smooth connections. Altogether, Star Alliance offers more than 18,500 daily departures to 1,321 destinations in 193 countries around the world. In addition to airline operations, activities at SAS

include ground handling services (SAS Ground Handling), technical maintenance (SAS Technical) and air cargo services (SAS Cargo).

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 directly owned by the SAS Consortium with the exception of SAS Cargo and SAS Ground Handling, which are directly owned by the Parent Company SAS AB.

IMPORTANT EVENTS

EVENTS AFTER JANUARY 31, 2016

- SAS's Annual Report contained an updated dividend policy for the common share, stipulating that SAS is to pay dividends of SEK 50 per year to preference shareholders, with a quarterly payment of SEK 12.50 per preference share in accordance with the terms and conditions of the issue of preference shares.
- SAS canceled 68 flights in connection with collective agreement negotiations between SAS's partner Flybe and its pilot and cabin crew trade unions.
- The European Commission announced that it will not appeal the European Court of Justice's judgement to annul the European Commission's fines of MEUR 70.2 in 2010. SAS will recognize the reversal as a nonrecurring item in the second quarter of the 2015/2016 fiscal year. However, the European Commission can make a new decision in relation to this matter.

FIRST QUARTER 2015/2016

- SAS completed the sale of Blue1 to Cityjet. From spring 2016, Cityjet will operate regional jet services on behalf of SAS using eight, brand new, Bombardier CRJ900s.
- SAS decided to open Café Lounges at Malmö and Luleå airports.
- The European Court of Justice annulled the European Commission's MEUR 70.2 fine from 2010. However, the European Commission could decide to appeal this ruling.
- Mattias Forsberg took office as Executive Vice President and CIO on January 1, 2016.
- SAS completed the financing of PDPs for five Airbus aircraft.
- Following conversion of SAS's convertible bond loan, the number of common shares issued for SAS AB increased 1,082,551 to 330,082,551.

FINANCIAL CALENDAR

2016 Annual General Meeting	March 8, 2016
Q 2 Interim Report, 2016 (February–April)	June 10, 2016
Q 3 Interim Report, 2016 (May–July)	September 8, 2016
Q 4 Interim Report, 2016 (August–October)	December 13, 2016

All reports are available in English and Swedish and can be ordered online at: www.sasgroup.net or from: investor.relations@sas.se

SAS's 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, 10:00 a.m., March 8, 2016.
 Presentation in Oslo, 1:00 p.m., March 9, 2016.
 Presentation in London, 11:00 a.m., March 10, 2016.

SAS discloses this information pursuant to the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was provided for publication on March 8, 2016, at 8:00 a.m.