



# SAS Group

Year-end Report January-October 2012

## Positive income before tax and nonrecurring items – New aggressive plan launched – First decisive step implemented

- The measures launched at the beginning of the year are now making an impact
  - MSEK 23 in income before tax and nonrecurring items for January-October 2012
  - Passenger revenue up 5.6% (currency-adjusted for January-October 2012)
  - Unit cost decreased by 4% (excluding jet-fuel and currency adjustments for January-October 2012)
- New aggressive plan launched - 4Excellence Next Generation (4XNG) - which addresses SAS's structural and financial challenges
  - Measures with an annual positive earnings effect of approximately SEK 3 billion; including new collective agreements for flight crews with such features as changed pension conditions in place
  - The new pension terms reduce the negative impact on equity of amended reporting rules for pensions by approximately SEK 2.8 billion
  - Divestment of assets with a liquidity effect of about SEK 3 billion
- Income before tax during the period January-October 2012, was MSEK -1,245
  - Previously announced restructuring costs and other nonrecurring items impacted income by MSEK 1,421, of which about SEK 1 billion pertained to 4XNG
- Core shareholders and banks have placed credit facilities of SEK 3.5 billion at the Group's disposal until March 2015

### October 2012

- Revenue: MSEK 3,907 (3,731)
- Number of passengers: up 118,000 (4.6%)
- Passenger revenue adjusted for currency: up 9.2%
- Income before tax and nonrecurring items: MSEK 328 (-59)
- EBT margin before nonrecurring items: 8.4% (-1.6%)
- Income before tax: MSEK -1,052 (-67)
- Net income for the period: MSEK -1,010 (-54)
- Earnings per share: SEK -3.07 (-0.16)
- Cash flow from operating activities MSEK 794 (-33)

### January-October 2012

- Revenue: MSEK 35,986 (34,979)
- Number of passengers: up 983,000 (4.3%)
- Passenger revenue adjusted for currency and nonrecurring items: up 5.6%
- Income before tax and nonrecurring items: MSEK 23 (96)
- EBT margin before nonrecurring items: 0.1% (0.3%)
- Income before tax: MSEK -1,245 (381)
- Net income for the period: MSEK -985 (338)
- Earnings per share: SEK -2.99 (1.03)
- Cash flow from operating activities MSEK 2,562 (363)

### Future outlook 2012/2013

4XNG will deliver a significantly improved cost base looking forward. New collective agreements for flight crews will be implemented directly, at the same time as SAS has full focus on realization of the remaining activities. During 2012/2013, a positive impact on earnings of SEK 1.5 billion is expected from the 4XNG plan.

We continue to expect a negative trend for the RASK and yield but, given that no significant unexpected events occur in our operating environment and that jet-fuel prices remain stable at current levels, the SAS Group's assessment is that potential exists to post a positive EBIT margin in excess of 3% and a positive EBT for full-year 2012/2013. However, due to seasonality, the first quarter of 2013 (November-January) will be extremely weak.

## Income and key ratios

<b>Key ratios (MSEK)</b>	<b>Oct 2012</b>	Oct 2011	<b>Jan-Oct 2012</b>	Jan-Oct 2011	<b>Nov-Oct 2011/2012</b>	Nov-Oct 2010/2011
Revenue	<b>3,907</b>	3,731	<b>35,986</b>	34,979	<b>42,419</b>	41,712
EBITDAR before nonrecurring items	<b>697</b>	293	<b>3,629</b>	3,401	<b>4,317</b>	3,867
EBIT margin (target 8%)	<b>-23.4%</b>	0.5%	<b>-0.8%</b>	2.9%	<b>-1.6%</b>	0.6%
Income before tax and nonrecurring items	<b>328</b>	-59	<b>23</b>	96	<b>21</b>	-98
Income before tax, EBT	<b>-1,052</b>	-67	<b>-1,245</b>	381	<b>-3,255</b>	-487
Net income for the period	<b>-1,010</b>	-54	<b>-985</b>	338	<b>-3,010</b>	-147
EBT margin before nonrecurring items	<b>8.4%</b>	-1.6%	<b>0.1%</b>	0.3%	<b>0.0%</b>	-0.2%
Cash flow from operating activities	<b>794</b>	-33	<b>2,562</b>	363	<b>1,717</b>	-61

<b>Financial key ratios</b>	<b>Oct. 31, 2012</b>	Dec. 31, 2011	Oct. 31, 2011	Oct. 31, 2010
Equity/assets ratio (target >35%)	<b>30%</b>	32%	35%	34%
Financial preparedness (target >20% of fixed costs)	<b>29%</b>	33%	38%	37%
Shareholders' equity per share, SEK	<b>33.91</b>	37.79	43.70	44.51

## Comments by the CEO

*Positive income before nonrecurring items. New collective agreements and full implementation of 4Excellence Next Generation create the prerequisites for growth and profitability. The implementation of the plan gives rise to extensive restructuring costs that impact earnings for the full-year 2012.*

Positive underlying income before nonrecurring items of MSEK 23 is somewhat better than expectations but otherwise not satisfactory by any measure. However, we are making progress on both the income and the cost sides, which is evidenced through increased efficiency, a continued decline in unit cost and a positive trend for yield and RASK. The full-year figures (January-October 2012) show a SEK 1 billion loss, primarily attributable to the previously announced restructuring costs for the implementation of the 4Excellence Next Generation (4XNG) plan.

Furthermore, with the implementation of the 4XNG plan, we have secured our financial preparedness through a new expanded credit facility and reduced the challenge regarding the negative effect on equity under the new pension accounting rules in 2013.

### **SAS moving forward**

We presented our 4XNG plan in conjunction with the report for the third quarter. This is an aggressive plan that builds on the positive trend we have witnessed thus far in 2012 and, which addresses the fundamental challenges facing SAS.

On November 19, we took the first crucial step in the 4XNG plan through the signing of new collective agreements with our flight crew unions. The preceding week was extremely dramatic and challenging for SAS personnel, customers and suppliers as well as our union representatives. However, I am very pleased to note that we succeeded. Our unions have thus shown that they have shouldered responsibility and delivered under extraordinary circumstances. The new agreements create the necessary conditions for increased flexibility, reduced complexity and lower costs. This, in combination with the remaining components of the 4XNG plan, will enable us to efficiently compete in the growing leisure travel market while also maintaining competitiveness in what is, for us, the important business travel market. As a direct consequence of the above, we have now launched 45 new destinations in 2013.

The transfer of our defined-benefit based pension terms to defined-contribution based terms will reduce earnings volatility and significantly reduce the impairment need for equity by an estimated SEK 2.8 billion.

The agreement with our banks and core shareholders to expand the existing credit facility of SEK 3.2 billion to SEK 3.5 billion and also extend its tenor until March 31, 2015, is a prerequisite for our continued operation. The new facility provides us with the required financial preparedness while we complete our asset sales and realize the full benefit of the cost reductions in 4XNG.

We are continuing with the implementation of the remaining measures in the 4XNG plan, which mean extensive changes. These include the reduction and centralization of administration to Stockholm, which will realize a cost-saving and a reduction in full-time equivalents of about 800. In addition, outsourcing is planned for ground handling and major parts of our customer service. We will also implement comprehensive saving and streamlining measures in IT.

In addition, the process of divestment of non-core business assets has commenced and will, in combination with the effects of the 4XNG plan, reduce the Group's long-term reliance on external lenders. These divestments are expected to have a positive impact on liquidity of about SEK 3 billion. These assets include SAS Ground Handling, Widerøe as well as properties and other assets.

This is an aggressive initiative and our primary goal with the 4XNG plan is to create profitability and growth through building on our solid foundations. We have a strong, growing customer base with continued high levels of customer satisfaction. Our product is appreciated because of its quality and, in parallel, we offer a global network through our Star Alliance partners. These are the qualities that differentiate us from traditional low-service airlines.

When we have implemented 4XNG, we will see significantly decreased unit costs and a competitive, market-adjusted cost structure. Our productivity and aircraft utilization ratio will increase while we create increased flexibility in our cost base, which makes us far more adaptable to changes in our operating environment.

### **Future outlook 2012/2013**

4XNG will deliver a significantly improved cost base looking forward. New collective agreements for flight crews will be implemented directly, at the same time as SAS has full focus on realization of the remaining activities. During 2012/2013, a positive impact on earnings of SEK 1.5 billion is expected from the 4XNG plan.

We continue to expect a negative trend for the RASK and yield but, given that no significant unexpected negative events occur in our operating environment and that jet-fuel prices remain stable at current levels, the SAS Group's assessment is that potential exists to post a positive EBIT margin in excess of 3% and a positive EBT for full-year 2012/2013. However, due to seasonality, the first quarter of 2013 (November-January) will be extremely weak.

Stockholm, December 11, 2012

Rickard Gustafson  
President and CEO

## Market and income

### Aviation market in Europe

Traffic growth among network airlines in Europe was favorable in 2012, particularly in Europe. Traffic to/from Asia was weaker at the start of the year, rising only marginally in January-February. Significant growth was noted from March 2012, due primarily to weak comparative levels following the earthquake in Japan in March 2011. Traffic to/from North America increased by slightly more than 3.8% during the January-October period, despite only a 1.2% increase in capacity.

The total capacity increase in the European aviation market (AEA) for January-October rose by 2.5%, which was lower than the traffic growth of 4.7% and allowed almost all network airlines to report improved load factors. In the Nordic region, capacity continued to rise more than in the rest of Europe, resulting in pressure on yield. Despite higher capacity in many markets, SAS remained relatively successful in its efforts to retain its market position.

### Scandinavian Airlines' traffic trend (including Blue1)

Scandinavian Airlines traffic rose 6.3% during the January-October 2012 period and was positively impacted by healthy growth on the intercontinental routes. The number of passengers increased 3.8%. Passenger numbers increased significantly on Asian routes, positively impacted by the opening of the route to/from Shanghai. The trend for intercontinental routes to/from the US was also healthy.

Capacity increased by 4.4% during the January-October period due to increased capacity on the intercontinental routes and the opening of more longer-distance leisure routes during the summer months. The load factor rose 1.4 percentage points during the January-October period and reached record levels in April and July-August. The currency-adjusted total unit revenue, RASK, for Scandinavian Airlines for the ten-month period rose 2.2%, while the currency-adjusted yield fell 0.7%.

### Traffic trend for Scandinavian Airlines

Change in relation to the year-earlier period	Oct	Jan-Oct
Load factor (p.p.)	-1.0	+1.4
Yield (currency-adjusted)	3.1%	-0.7%
Unit revenue (RASK), incl. charter (currency-adjusted)	6.0%	2.2%
Total unit cost, incl. charter (currency-adjusted)	-5.7%	-0.1%
Total unit cost, incl. charter, excluding jet fuel (currency-adjusted)	-11.8%	-4.0%

For detailed traffic data information, refer to pages 18-19.

For definitions, refer to the 2011 Annual Report or [www.sasgroup.net](http://www.sasgroup.net)

### Earnings analysis October 2012

The SAS Group's income before tax and nonrecurring items amounted to MSEK 328 (-59).

Income before tax amounted to MSEK -1,052 (-67), income after tax was MSEK -1,010 (-54) and the tax cost amounted to MSEK 42 (13), primarily attributable to additional capitalization of loss carryforwards.

The Group's revenue amounted to MSEK 3,907 (3,731). Adjusted for currency effects and nonrecurring items, revenues increased MSEK 314, corresponding to an increase of 8.7% year-on-year. The increase was mainly attributable to passenger revenue, which adjusted for currency effects, increased 9.2%. The number of passengers rose 4.6%, volume (ASK) rose 6.7% and the load factor decreased 0.9 p.p. year-on-year. Scandinavian Airlines increased the currency-adjusted unit revenue (RASK) by 6.0% and the currency-adjusted passenger yield rose 3.1% year-on-year.

Payroll expenses amounted to MSEK -1,845 (-1,167), which included restructuring costs of MSEK -902 (-2). Adjusted for nonrecurring items and currency effects, payroll expenses were 15.7% lower year-on-year, which was attributable to the

measures within the scope of 4Excellence continuing to generate positive cost-saving effects. Expenses for jet fuel amounted to MSEK -831 (-737), which represents a difference of about MSEK -94 primarily due to higher volume of approximately MSEK -20, increased fuel prices of MSEK -50, the lower effect of fuel hedging this year of about MSEK -70 and currency effects of about MSEK 40 due to a stronger SEK/USD exchange rate compared with the year-earlier period.

Other operating expenses excluding fuel costs amounted to MSEK -1,746 (-1,538). Adjusted for nonrecurring items and currency effects, other operating expenses increased 3.0% compared with the year-earlier period, which was attributable to increased capacity.

The unit cost for Scandinavian Airlines, adjusted for jet-fuel costs, decreased 11.8% year-on-year, which is in line with the 4Excellence strategy of continued cost-saving measures and substantially increased focus on productivity and product improvements.

EBITDAR before nonrecurring items amounted to MSEK 697 (293). The Group's net financial items amounted to MSEK -138 (-84), of which the net interest expense accounted for MSEK -77 (-61), exchange-rate differences for MSEK 7 (-17) and other financial items for MSEK -68 (-6), of which MSEK -50 (0) was classified as a nonrecurring item.

Total nonrecurring items and capital losses amounted to MSEK -1,380 (-8), of which restructuring costs totaled MSEK -1,221 (-8), of which MSEK -902 (-2) pertained to payroll expenses and MSEK -319 (-6) to other restructuring costs. Of capital losses of MSEK -79 (0), MSEK -83 (0) was attributable to aircraft transactions, MSEK 3 (0) to property transactions and MSEK 1 (0) to capital gains in connection with the sale of shares in subsidiaries, associated companies and businesses. Other nonrecurring items totaled MSEK -80 (0) and pertained to a provision for renegotiation of suppliers' agreements of MSEK -30 (0) as well as financial expenses from the renegotiation of the credit facility of MSEK -50 (0).

### Earnings analysis January-October 2012

The SAS Group's income before tax and nonrecurring items amounted to MSEK 23 (96).

Income before tax amounted to MSEK -1,245 (381), income after tax was MSEK -985 (338) and the tax cost amounted to MSEK 260 (-43), primarily attributable to additional capitalization of loss carryforwards.

The Group's revenue amounted to MSEK 35,986 (34,979). Adjusted for currency effects and nonrecurring items, revenues increased MSEK 1,300, corresponding to an increase of 3.7% year-on-year. The increase was mainly attributable to the item of passenger revenue, which adjusted for currency effects and nonrecurring items, increased 5.6%. The number of passengers rose 4.3%. Volume (ASK) rose 4.5% and the load factor increased 1.2 p.p. year-on-year. Scandinavian Airlines increased the currency-adjusted unit revenue (RASK) by 2.2%, however, the currency-adjusted passenger yield declined 0.7% compared with the year-earlier period.

Payroll expenses amounted to MSEK -11,584 (-11,041), which included restructuring costs of MSEK -979 (-116). Adjusted for nonrecurring items and currency effects, payroll expenses were 2.3% lower year-on-year. The measures within the scope of 4Excellence continued to generate positive cost-saving effects and the currency-adjusted payroll expenses per unit produced (ASK, within Scandinavian Airlines) decreased by 6.8%. Expenses for jet fuel amounted to MSEK -8,035 (-6,465), which represents a difference of about MSEK -1,570 primarily due to higher volume of approximately MSEK -140, a higher fuel price of about MSEK -140, the lower effect of fuel hedging this year of about MSEK -860 and currency effects of about MSEK -380 due to a weaker SEK/USD exchange rate compared with the year-earlier period.

Other operating expenses excluding fuel costs amounted to MSEK -14,070 (-13,087). Adjusted for nonrecurring items and currency effects, other operating expenses were unchanged compared with the year-earlier period, despite increased capacity. Operating expenses were positively impacted in the preceding year by a reversal of USD hedges in an amount of MSEK 241.

The unit cost for Scandinavian Airlines, adjusted for jet-fuel costs, decreased 4.0% year-on-year, which is in line with the 4Excellence strategy of continued cost-saving measures and substantially increased focus on productivity and product improvements.

EBITDAR before nonrecurring items amounted to MSEK 3,629 (3,401). The Group's net financial items amounted to MSEK -959 (-647), of which the net interest expense accounted for MSEK -757 (-589), exchange-rate differences for MSEK 1 (15) and other financial items for MSEK -203 (-73), of which MSEK -50 (0) was classified as a nonrecurring item.

Total nonrecurring items and capital losses amounted to MSEK -1,268 (285), of which restructuring costs totaled MSEK -1,313 (-135), of which MSEK -979 (-116) pertained to payroll expenses and MSEK -334 (-19) to other costs. Of capital gains of MSEK 153 (36), MSEK -257 (34) was attributable to aircraft transactions, MSEK 10 (2) to property transactions and MSEK 400 (0) to capital gains in connection with the sale of shares in subsidiaries, associated companies and businesses. Other nonrecurring items and impairments totaled MSEK -108 (384) and pertained to the settlement of a legal dispute in Cargo of MSEK -28 (0), a provision for renegotiation of suppliers' agreements of MSEK -30 (0), impairment of aircraft in an amount of MSEK 0 (-725), revaluation of EuroBonus in an amount of MSEK 0 (380), which was recognized as revenue in 2011 and the reversal of USD hedges for aircraft of MSEK 0 (729), which were included under other operating expenses in 2011, as well as financial expenses from the renegotiation of the credit facility of MSEK -50 (0).

## Financial position

– Financial preparedness of SEK 8.1 billion

At October 31, 2012, the SAS Group's cash and cash equivalents amounted to MSEK 2,789 (4,811). In addition to cash and cash equivalents, the SAS Group had unutilized credit facilities amounting to MSEK 5,266 (5,440). At October 31, 2012, the SAS Group had a total financial preparedness (cash and cash equivalents and unutilized credit facilities) corresponding to MSEK 8,055 (10,251) or 29% (38%) of the Group's fixed costs. The funds are invested in instruments with good liquidity and short maturities with a credit rating not lower than A3/P-1 according to the rating agency Moody's or alternatively A-/A-1 according to Standard & Poor's.

The SAS Group's interest-bearing liabilities declined MSEK 2,451 from the beginning of the year and totaled MSEK 10,887 on the closing date. New loans raised during the year amounted to MSEK 714 and repayments amounted to MSEK 2,572. The remaining decline is mainly due to exchange-rate changes.

At October 31, 2012, the value of the debt and equity share (conversion option and repurchase right) relating to the convertible bond loan was set at MSEK 1,491 and MSEK 109, respectively. At the date of issue, these amounts were MSEK 1,374 and MSEK 226, respectively, and at December 31, 2011, they were MSEK 1,453 and MSEK 147. The value of the equity share was included in shareholders' equity, following a deduction for deferred tax.

During the year, financial net debt declined MSEK 468 to MSEK 6,549 on the closing date.

During the second quarter of 2012, assets corresponding to a value of SEK 2.7 billion were mortgaged.

At October 31, 2012, the adjusted equity/assets ratio amounted to 24% (29%). The adjusted debt/equity ratio amounted to 1.54 (0.93). The adjusted ratios take into account leasing costs.

## Description of events after October 31, 2012

SAS has reached an agreement to increase the existing credit facility of SEK 3.2 billion to SEK 3.5 billion and, in parallel, extend the tenor to March 31, 2015. SAS's bilateral facilities amounting to SEK 1.25 billion will be terminated as these provide limited benefit at a significant financial cost. This facility, in combination with the SAS Group's cash and cash equivalents, provides the Group with the required financial preparedness while completing asset sales and realizing the full benefit of the 4XNG cost-reduction plan.

The credit facilities are provided by seven banks, the Scandinavian states and KAW.

The credit facilities were subject to parliamentary decision. This has occurred in Sweden and Denmark and is expected to occur in Norway on December 12.

*For the balance sheet, refer to page 12*

## Cash-flow statement

– SAS' cash flow from operating activities totaled MSEK 2,562

Adjustment for items not included in cash flow included a provision for restructuring costs of MSEK 1,221 performed in October. The payment of SAS Cargo's EU fines of MSEK -660 and the reversal of USD hedges of MSEK -970 were reported under this post in the preceding year.

The change in working capital of MSEK 1,243 (-457) was due to a seasonally large increase in unearned transportation revenue liability as well as from current liabilities. The difference compared with the year-earlier period was primarily attributable to the significant decline in other current liabilities during the corresponding period in 2011.

Cash flow from operating activities amounted to MSEK 2,562 (363).

Investments amounted to MSEK 1,273 (1,500), of which MSEK 115 related to aircraft, MSEK 253 to engine maintenance, MSEK 167 to aircraft modifications and MSEK 135 to spare parts. Aircraft purchases comprised six MD80s and one Q300 that were previously on operational lease. Of these aircraft, five MD80s were sold on. In addition, investments totaling MSEK 340 are ongoing that are primarily attributable to aircraft.

Acquisition and divestment of subsidiaries relates to the sale of real estate to Swedavia that was completed at the end of June with a cash-flow effect of MSEK 439.

During the period, 18 MD80s and three Q400s were sold.

Cash flow before financing activities amounted to MSEK 1,943 (-647).

Cash and cash equivalents amounted to MSEK 2,789 according to the balance sheet, compared with MSEK 3,808 on December 31, 2011.

*For the cash-flow statement, refer to page 14*

## About the SAS Group

The SAS Group is the largest airline group in Northern Europe and transported approximately 27 million passengers in 2011/2012 to 128 destinations worldwide. The SAS Group comprises two airlines; Scandinavian Airlines and Widerøe. SAS Cargo and Blue1 are now integrated as part of Scandinavian Airlines. As a member of Star Alliance, SAS offers a global network that covers 1,329 destinations in 194 countries around the world and transports more than 670 million passengers. SAS is Europe's most punctual major airline and has held this title for three years in succession from 2009-2011, according to the independent source FlightStats. Sustainability is a prioritized area and the SAS Group's airlines are the only airlines in the world to be certified in line with ISO 14001 and EMAS for all operations.

## 4Excellence

In September 2011, SAS launched the 4Excellence strategy, with the aim of achieving excellence in four core areas by 2015 – Commercial Excellence, Sales Excellence, Operational Excellence and People Excellence. SAS shall remain the preferred choice for business travelers at the same time as the offering for the leisure segment will be strengthened. SAS will streamline its sales model and have the market's most attractive loyalty program. Furthermore, SAS will continue to be Europe's most punctual airline and deliver the quality and service that gives most value in terms of time and money for all customers. This will be realized by continuing cost-saving measures and by heavily strengthened focus on productivity and product improvements, a key part of which includes the roll-out of the Lean quality and efficiency program across all parts of the organization. With the 4Excellence strategy, SAS shows continued leadership in the Nordic airline industry.

### *Implementation impacts unit costs*

As part of 4Excellence, measures are ongoing in a number of key areas. In total, about half of the program's measures have been implemented with an estimated corresponding effect on earnings of about SEK 1.8 billion, excluding nonrecurring items, for the January-October 2012 fiscal year. The implementation of 4Excellence has resulted in SAS being able to increase currency-adjusted passenger revenue by 5.6% and lower the unit cost (CASK – after fuel and currency adjustments) by 4% in January-October 2012.

### *Commercial Excellence*

On the ground, the new SAS profile has been implemented with SAS branding that assists customers by providing clearer information and signage, for example, for lounges. In parallel, Fast Track is being expanded to more airports and capacity has been increased in Copenhagen. SAS SMART PASS has now been rolled out across Scandinavia and has a high level of usage and customer satisfaction. An upgrade program is underway onboard with new lightweight seats with enhanced comfort levels being installed and onboard Wi-Fi Internet continuing its gradual roll-out to an increasing number of aircraft. Following the initial free trial period for all passengers, SAS has implemented a commercial model where Business, Economy Extra and EuroBonus Gold customers continue to have access to free Wi-Fi Internet, while other customers in Economy pay a small fee. The customer offering is under continuous development and in 2012, 38 new routes have been opened. The ongoing rejuvenation and harmonization of the aircraft fleet have enabled these aggressive ventures, and contribute to greater aircraft utilization during periods of lower demand in business travel. In September, an agreement was signed regarding the sale and phasing out of the remaining MD80s, which is a key milestone in the transition to the new generation of fuel- and maintenance-efficient aircraft. Ahead of 2013, SAS has published an enhanced offering for its US routes including San Francisco as a new destination and increased the number of departures to New York. Several new options are being introduced under ancillary revenues, including flight and non-flight as well as lounge access, upgrades, etc. that will strengthen other traffic revenue already in 2012.

### *Sales Excellence*

A number of activities are underway in the EuroBonus area. New partners, such as Fjordkraft in Norway and STS Alpresor, joined the loyalty program. The airlines; Avianca, Copa and Taca joined as new STAR partners providing opportunities to earn and use EuroBonus points. The program has been enhanced during the year, so that it is now possible to transfer points between members and purchase single tickets from Star Alliance partners in the same way as from SAS. SAS Credits passed a key milestone and now has 30,000 members. Several major campaigns were completed in the quarter with an extremely positive effect on sales and on the impact of our new profile. In recent months, SAS has reorganized its sales and market organization to establish a more customer-oriented and cost-effective structure. The new organization has been assigned global responsibility for creating a uniform interface with international business travelers and agents. In addition, SAS has strengthened its sales focus through the Group's digital channels to meet the anticipated increase in these channels.

### *Operational Excellence*

A large number of LEAN activities are under way and will generate continued effects in the form of reduced expenses and quality enhancements. In addition, LEAN activities actively contribute to enhanced productivity, which now enables almost twice as many passengers to be handled per employee compared with 2008. The core of these improvements is the commitment from the employees working continuously on enhancement measures. The Finnish operations of Blue1 have been operationally integrated and from November 1, form a production unit of SAS. Now, sales and marketing in Finland are performed under the SAS brand. Our new modern IT-based distribution platform is being supplemented with additional functions and work has commenced on phasing out older systems. These efforts provide positive effects in the form of reduced complexity, enhanced business processes and lower expenses for operation and maintenance. Emissions per passenger kilometer declined by 2.9% year-on-year for Scandinavian Airlines.

### *Background – 4XNG to address the remaining challenges*

Despite major progress and healthy results in 4Excellence, the challenge of achieving long-term competitiveness and financial stability remains. In November, a new business plan called 4Excellence – Next Generation was launched. The new plan deals with the remaining structural and financial limitations through radical changes and simplification of operations. In total, the plan means further cost reductions of about SEK 3 billion over and above those resulting from ongoing activities in 4Excellence.

The main components of the 4XNG plan include new collective agreements for flight crews with salary and employment terms at market rates that enable significant efficiency enhancements with regard to planning and scheduling. Furthermore, new defined-contribution pension solutions will be introduced for most employees and administrative functions will be reduced and centralized to Stockholm. Furthermore, planning is underway for the outsourcing of ground handling and additional parts of customer service as well as IT streamlining and efficiency measures.

The plan also includes the divestment of assets to reduce the company's long-term dependence on credit facilities. These divestments and financing total about SEK 3 billion and include Widerøe, SAS Ground Handling, as well as properties and other assets.

#### *Increase flexibility in the cost base*

The 4XNG plan is not only a savings program, but also provides opportunities for increased flexibility, reduced complexity and the exchange of fixed costs for variable costs. This is intended to be accomplished through the outsourcing of areas including Ground Handling, customer service and certain administrative functions, whereby costs are linked to the degree of utilization and unit cost lowered over time through economies of scale at service providers.

#### *Changed pension plans*

Under the amended accounting standard IAS 19, which is being applied by SAS from November 2013, unrecognized actuarial gains and losses must be recognized in their entirety in equity with a resulting impairment of the SAS Group's equity. The 4XNG plan enables a transition, for the majority of employees, from defined-benefit to defined-contribution pension terms. These changes will reduce the negative effect on equity by an estimated SEK 2.8 billion, reduce the defined-benefit commitment by approximately SEK 19 billion (about 60%) and reduce earnings volatility arising from changes in pension commitments.

#### *Centralization of administration*

All administrative functions will be reduced and centralized to Stockholm, with adjustment of salary and employment terms to market rates and a degree of outsourcing. In total, the number of employees in administration will be reduced by about 800 full-time equivalents.

#### *Divestment of non-core business assets*

The plan includes an undertaking to divest assets and a funding plan with potential net sales proceeds totaling SEK 3 billion. The sales proceeds will be utilized to the Group's internally generated financial preparedness and further reduce the Group's financial exposure.

The funding plan and divestment of assets includes:

- Widerøe, a regional airline in Norway
- Airport-related real estate
- Ground Handling
- Aircraft engines

In addition, SAS will also actively evaluate the possibilities of realizing additional value from its financed aircraft portfolio and other assets.

#### *Improvement in unit costs*

The combined objective of these measures is to provide a substantial reduction in unit cost leading up to 2015. Specifically, the changed collective agreements will allow a reduction in crew cost per ASK of approximately 33%, from 15 to 10 öre/ASK. The reduction in the administrative cost is even more substantial and will decrease by approximately 43%, from 7 to 4 öre/ASK. These reductions assume that SAS increases capacity by 3-5% per year.

#### *Future earnings effect*

The 4XNG plan will deliver an earnings effect of approximately SEK 3 billion, of which SEK 1.5 billion is anticipated in the 2012/2013 fiscal year and SEK 1.2 billion in 2013/2014. The objective for the EBIT margin is a minimum of 8% for 2014/2015.

Restructuring costs under the program are estimated at about SEK 1.5 billion, of which, approximately SEK 1 billion was charged to earnings for the 2012 fiscal year. The plan is self-financed and requires no capital contribution.

## Segment reporting

The business segments are reported as Scandinavian Airlines and Widerøe. The SAS Cargo and Blue1 units are integrated with Scandinavian Airlines. Blue1 was previously reported as a separate segment. Comparative figures have been restated.

In total, Scandinavian Airlines accounts for more than 90% of the Group's annual revenue.

Scandinavian Airlines' income before tax and nonrecurring items was MSEK 355 (-81) for the third quarter of 2012. Widerøe's income before tax and nonrecurring items was MSEK 33 (50).

### Scandinavian Airlines

(MSEK)	Oct 2012	Oct 2011	Jan-Oct 2012	Jan-Oct 2011
Passenger revenue	2,730	2,614	24,543	23,576
Other revenue	853	812	8,606	8,629
Revenue	3,583	3,427	33,148	32,205
EBITDAR	594	241	3,247	4,040
EBIT before nonrecurring items	436	-16	907	511
EBIT margin before nonrecurring items	12.2%	-0.5%	2.7%	1.6%
EBT before nonrecurring items	355	-81	228	62



Scandinavian Airlines' earnings (EBIT before nonrecurring items) for October were considerably better than the preceding year, primarily due to increased passenger revenue and lower payroll expenses, but also to a positive currency rate. However, fuel costs were 12% higher than in the preceding year, which is significantly higher than the capacity increase. Traffic revenue increased principally due to higher passenger and passenger-related revenue.

Scheduled capacity (ASK) for the month rose 6.7% compared with the preceding year. Charter capacity was down more than 25% and capacity thus increased in total by slightly more than 3.4%. Traffic (RPK) during October rose 5.3%. Accordingly, the load factor declined 1.0 percentage point to 74.6%.

During the period, passenger revenue rose MSEK 116 compared with the preceding year. The Norwegian domestic and European routes, in particular, contributed to this positive trend. The currency-adjusted passenger yield rose 3.1%. After currency adjustments, the total unit revenue (RASK) was 6.0% higher year-on-year, primarily attributable to the positive trend in passenger and other traffic revenue.

Fuel costs increased MSEK 85, primarily due to a higher fuel price and the more positive impact of jet fuel hedging compared with the year-earlier period. Fuel volumes were also higher during the month.

Despite currency-adjusted fuel costs increasing by more than production, the currency-adjusted unit cost was 5.7% lower than the corresponding month in the preceding year.

Excluding fuel costs, the unit cost decreased 11.8% for the same period. Most of the 11.8% improvement was attributable to reduced payroll expenses. Despite increased capacity, the currency-adjusted payroll expenses were lower due to the impact of already implemented efficiency enhancements and other employee reductions, as well as an annual actuarial settlement of pensions.

Customer satisfaction for Scandinavian Airlines has remained at a favorably stable level for a long period, and at the end of October was 72.

The result for Scandinavian Airlines for the period January-October 2012 was also better than the preceding year. Also for this period, the earnings improvement was mainly driven by higher traffic revenue and lower payroll expenses. The earnings improvement was achieved despite a fuel cost that was nearly MSE 1,500 higher than in the preceding year. The higher fuel cost was mainly attributable to the preceding year's benefits from fuel-price hedging.

For Scandinavian Airlines' statement of income – refer to page 16



### Widerøe

(MSEK)	Oct 2012	Oct 2011	Jan-Oct 2012	Jan-Oct 2011
Passenger revenue	294	263	2,455	2,319
Other revenue	74	77	819	807
Revenue	369	340	3,273	3,126
EBITDAR	57	72	446	575
EBIT before nonrecurring items	33	49	196	355
EBIT margin before nonrecurring items	8.9%	14.4%	6.0%	11.4%
EBT before nonrecurring items	33	50	198	349

EBT was MSEK 33 in October, compared with MSEK 50 in the corresponding period of 2011. The lower EBT level during October compared with the preceding year was primarily attributable to higher fuel costs, and more intense competition on the company's commercial routes. EBT for the first ten months of 2012 was MSEK 198. The trend remains positive in Widerøe's markets. In October, the number of passengers rose 13% and the load factor was 58.8% – which is in line with the preceding year.

The accumulated EBT per October amounted to MSEK 196, compared with MSEK 355 in the preceding year. During the year, the number of passengers rose 8.7%.



## Risks and uncertainties

The SAS Group works strategically to refine and improve its risk management. Risk management includes identifying both new risks and known risks, such as changes in oil prices or exchange rates. The Group monitors the comprehensive 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 in the SAS Group, refer to the most recently published annual report.

### Currency and fuel hedging

The SAS Group hedged 50% of its anticipated fuel consumption for November 2012 until October 2013. On October 31, 2012, the market value of the hedges rose to MUS\$ 10. Hedging is performed using options and swaps. This strategy allows the SAS Group to take advantage of the lower price of jet fuel, while the hedging ensures that exposure to higher prices is limited. Under current plans for available capacity, the cost of fuel during the coming fiscal year is expected to be in line with the table below, taking into account different prices and USD rates. The SAS Group's financial policy is to handle changes in jet-fuel costs primarily through the hedging of jet fuel, price adjustments and yield management. The policy for jet-fuel hedging states that this can be conducted up to 18 months ahead and that the interval for the 12-month hedging level is 40-80% of anticipated volumes.

For foreign currency, the policy is to hedge 40-80%. Currently, an exception has been made to policy that enables a lower degree of hedging. In October 2012, the SAS Group had hedged 22% of its anticipated USD deficit for the next 12 months. The SAS Group has hedged its USD deficit using a combination of forward contracts and options. Other currencies have been hedged at a rate of 40-80% in accordance with the financial policy.

#### Hedging of jet fuel

	Nov-Jan 2012/2013	Feb-Apr 2013	May-Jul 2013	Aug-Oct 2013
Hedging jet fuel	72%	54%	53%	21%

#### Vulnerability matrix, jet-fuel cost, November 2012 through October 2013, SEK billion

Market price	Exchange rate SEK/USD			
	5,00	6,00	7,00	8,00
600 USD/ton	4.7	5.7	6.6	7.6
800 USD/ton	5.9	7.0	8.2	9.4
1,000 USD/ton	7.0	8.4	9.8	11.2
1,200 USD/ton	7.9	9.4	11.0	12.6
1,400 USD/ton	8.8	10.5	12.3	14.1

The SAS Group's current hedging contracts for jet fuel and reported jet-fuel cost at October 31, 2012 were taken into account.

### Amendment of accounting policy

In June 2011, the IASB (International Accounting Standards Board) published amendments to IAS 19 Employee Benefits. The amendments to IAS 19 have now been adopted by the EU. The amendments to the recognition of defined-benefit pension plans will be applied from fiscal years beginning on or after January 1, 2013. The change of fiscal year means that the amended IAS19 will be applied as of November 1, 2013. Among other features, the revised IAS 19 no longer permits the deferral of the recognition of certain deviations in estimates (the "corridor approach" has been removed). Instead, all deviations in estimates are to be recognized immediately in other comprehensive income. As a result of the amendments, the accumulative unrecognized deviations (unrecognized deviations from estimates and plan amendments) will be recognized in full in shareholders' equity, which will have a significantly negative effect on the SAS Group's shareholders' equity. The Parent Company SAS AB's recognized shareholders' equity will not be affected by this amendment. At October 31, 2012, the item "unrecognized deviations from estimates and plan amendments" amounted to about SEK 13 billion, up SEK 1 billion compared with December 31, 2011. The increase is partly due to a lower discount rate and a lower-than-anticipated return in terms of plan assets. The reversal of deviations from estimates and plan amendments will also involve a reversal of deferred tax liabilities related to pensions given that the temporary difference between the value for accounting and the value for tax purposes will be eliminated. The effect of the reversal of deferred tax liabilities related to pensions amounted to approximately SEK 1.5 billion, which had a positive impact on the SAS Group's shareholders' equity, entailing a net effect of approximately SEK 11.7 billion on the SAS Group's shareholders' equity.

However, the new collective agreements entail that recognition of the item "unrecognized deviations from estimates and plan amendments" will be reduced by approximately SEK 2.8 billion. This reduction is partly due to lower salary levels, elimination of the right to early retirement and retirement should employees lose their pilot's certificate and a transition from defined-benefit to defined-contribution pension plans. Earlier this year, the pension age for flying personnel in Norway was raised from 60 to 62, which also had a positive impact of about SEK 0.3 billion on the deviations from estimates. After taking into account the above reductions in unrecognized deviations from estimates and plan assessments, the net effect of the remaining actuarial loss to be recognized against the SAS Group's equity will be approximately SEK 8.9 billion.

The new collective agreements also entail that pension commitments will be reduced from approximately SEK 33 billion to approximately SEK 14 billion.

### Legal issues

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 in Europe (the UK, the Netherlands and Norway). SAS, which appealed the European Commission's decision, contests its responsibility in all of these legal processes. Further lawsuits by cargo customers cannot be ruled out and no provisions have been made.

In April 2010, 33 SAS pilots submitted a joint application to the Stockholm City Court for the issue of a summons against SAS. In the application, the claimants sought to have certain terms of employment rendered invalid and adjusted, and also a declaratory claim for damages. The claimants are former employees of Swedish airline Linjeflyg, who were employed by SAS in conjunction with its acquisition of Linjeflyg in 1993. The claimants allege that the terms of employment are discriminatory and in breach of EU law on free movement of labor. SAS, which disputes the claim in its entirety, considers the risk of a negative outcome to be limited and no provisions have been made.

## Change of fiscal year

At the Annual General Meeting for SAS on April 19, a resolution was passed to change the SAS Group's fiscal year to comprise the period November 1 – October 31 instead of the calendar year, and that the current fiscal year be shortened to comprise the period January 1, 2012 – October 31, 2012. The aim of changing the fiscal year is to bring the fiscal year into line with SAS's operations, which are conducted in two distinct periods – winter and summer. The change of the fiscal year for the SAS Group has been approved by the Swedish Tax Agency.

The SAS Group's fiscal year for 2012 regards the period January to October as a result of the resolution passed at the Annual General Meeting in April to change the fiscal year to comprise the period November 1 – October 31.

## Financial targets

In conjunction with the new measures that SAS has taken, the financial targets should reflect an operation that has cut its fixed costs, improved its profitability and cash flow and reduced its balance sheet. The financial targets are:

*Profitability:* Operating margin (EBIT) >8%, which SAS expects to achieve as of fiscal year 2014/2015.

*Equity/assets ratio:* >35% - despite the amended accounting rules for pensions, SAS assesses that the equity/assets ratio will not fall below 20% in fiscal year 2013/2014. The equity/assets ratio target is expected to be achieved in fiscal year 2014/2015.

*Financial preparedness:* cash and cash equivalents and unutilized credit facilities/fixed costs >20%.

## Full year 2012/2013

4XNG will deliver a significantly improved cost base looking forward. New collective agreements for flight crews will be implemented directly, at the same time as SAS has full focus on realization of the remaining activities. During 2012/2013, a positive impact on earnings of SEK 1.5 billion is expected from the 4XNG plan.

We continue to expect a negative trend for the RASK and yield but, given that no significant unexpected negative events occur in our operating environment and that jet-fuel prices remain stable at current levels, the SAS Group's assessment is that potential exists to post a positive EBIT margin in excess of 3% and a positive EBT for full-year 2012/2013. However, due to seasonality, the first quarter of 2013 (November-January) will be extremely weak.

# SAS Group

## Statement of income including statement of other comprehensive income

(MSEK)	Oct 2012	Oct 2011	Jan-Oct 2012	Jan-Oct 2011	Nov-Oct 2011/2012	Nov-Oct 2010/2011
Revenue	3,907	3,731	35,986	34,979	42,419	41,712
Payroll expenses <sup>1</sup>	-1,845	-1,167	-11,584	-11,041	-13,635	-13,318
Other operating expenses <sup>2</sup>	-2,577	-2,275	-22,105	-19,552	-26,294	-23,740
Leasing costs for aircraft <sup>3</sup>	-172	-132	-1,342	-1,284	-1,618	-1,571
Depreciation and impairment <sup>4</sup>	-145	-149	-1,426	-2,150	-1,689	-2,622
Share of income of affiliated companies	-3	9	32	32	28	28
Income from sale of shares in subsidiaries, affiliated companies and operations	1	0	400	0	400	-33
Income from sale of aircraft and buildings	-80	0	-247	36	-271	-203
<b>Operating income</b>	<b>-914</b>	<b>17</b>	<b>-286</b>	<b>1,020</b>	<b>-660</b>	<b>253</b>
Income from other securities holdings	0	0	0	8	-1,477	14
Financial revenue	1	26	96	188	132	231
Financial expenses	-139	-110	-1,055	-835	-1,250	-985
<b>Income before tax</b>	<b>-1,052</b>	<b>-67</b>	<b>-1,245</b>	<b>381</b>	<b>-3,255</b>	<b>-487</b>
Tax	42	13	260	-43	245	340
<b>Net income for the period</b>	<b>-1,010</b>	<b>-54</b>	<b>-985</b>	<b>338</b>	<b>-3,010</b>	<b>-147</b>
Other comprehensive income:						
Exchange-rate differences in translation of foreign operations	47	-14	-29	155	-57	101
Cash-flow hedging – hedging reserve	-61	-237	-357	-772	-189	-249
Tax attributable to components relating to other comprehensive income	16	62	94	203	50	66
Total other comprehensive income for the year, net after tax	2	-189	-292	-414	-196	-82
Total comprehensive income	-1,008	-243	-1,277	-76	-3,206	-229
Net income for the period attributable to: Parent Company shareholders	-1,010	-54	-985	338	-3,010	-147
Total comprehensive income attributable to: Parent Company shareholders	-1,008	-243	-1,277	-76	-3,206	-229
Earnings per share (SEK) <sup>5</sup>	-3.07	-0.16	-2.99	1.03	-9.15	-0.45

1 Includes restructuring costs of MSEK 902 (2) during October, MSEK 979 (116) during the period January – October and MSEK 1,021 (184) during the period November-October.

2 Includes restructuring costs of MSEK 280 (2) during October, MSEK 295 (8) during the period January-October and MSEK 468 (138) during the period November-October.

3 Includes restructuring costs of MSEK 39 (4) during October, MSEK 39 (11) during the period January-October and MSEK 46 (15) during the period November-October.

4 Includes restructuring costs of MSEK – (-) during October, MSEK – (-) during the period January -October and MSEK – (200) during the period November-October.

5 Earnings per share is based on 329,000,000 (329,000,000) shares outstanding.

The SAS Group has no option or share program. The convertible bond totaling MSEK 1,600 comprising 34,408,602 shares entails no dilution effect since the interest on the ordinary share that may be received in connection with conversion exceeds earnings per share before the dilution effect.

## EBITDAR before nonrecurring items

(MSEK)	Oct 2012	Oct 2011	Jan-Oct 2012	Jan-Oct 2011	Nov-Oct 2011/2012	Nov-Oct 2010/2011
Revenue	3,907	3,731	35,986	34,979	42,419	41,712
Payroll expenses	-1,845	-1,167	-11,584	-11,041	-13,635	-13,318
Other operating expenses	-2,577	-2,275	-22,105	-19,552	-26,294	-23,740
<b>EBITDAR</b>	<b>-515</b>	<b>289</b>	<b>2,297</b>	<b>4,386</b>	<b>2,490</b>	<b>4,654</b>
Restructuring costs	1,182	4	1,274	124	1,489	322
Other nonrecurring items	30	0	58	-1,109	338	-1,109
<b>EBITDAR before nonrecurring items</b>	<b>697</b>	<b>293</b>	<b>3,629</b>	<b>3,401</b>	<b>4,317</b>	<b>3,867</b>

## Income before tax and nonrecurring items

(MSEK)	Oct 2012	Oct 2011	Jan-Oct 2012	Jan-Oct 2011	Nov-Oct 2011/2012	Nov-Oct 2010/2011
Income before tax	-1,052	-67	-1,245	381	-3,255	-487
Impairment losses <sup>1</sup>	0	0	0	725	1,482	725
Restructuring costs	1,221	8	1,313	135	1,535	537
Capital gains/losses	79	0	-153	-36	-129	236
Other nonrecurring items <sup>2</sup>	80	0	108	-1,109	388	-1,109
<b>Income before tax and nonrecurring items</b>	<b>328</b>	<b>-59</b>	<b>23</b>	<b>96</b>	<b>21</b>	<b>-98</b>

1 Includes an impairment of aircraft in an amount of MSEK -725 for the second quarter 2011 and impairment of receivables to Spanair of MSEK -1,482 for the fourth quarter 2011.

2 Includes a decision by the Supreme Court of Norway of MSEK -9 in the fourth quarter 2010, dissolution of USD hedges for aircraft of MSEK 729, revaluation of the EuroBonus liability of MSEK 380 in the second quarter of 2011, legal settlement within Cargo of MSEK -20 in the first quarter 2012, a legal settlement within Cargo of MSEK -8 in the second quarter 2012 and provision pertaining to the renegotiation of supplier contract of MSEK -30 and financial costs in connection with the renegotiation of the credit facility of MSEK -50 in the fourth quarter of 2012.

## Condensed balance sheet

(MSEK)	Oct 31, 2012	Dec 31, 2011	Oct 31, 2011	Oct 31, 2010
Intangible assets	1,922	1,693	1,653	1,362
Tangible fixed assets	13,343	14,144	14,086	15,303
Financial fixed assets	14,427	14,046	15,032	14,470
<b>Total fixed assets</b>	<b>29,692</b>	<b>29,883</b>	<b>30,771</b>	<b>31,135</b>
Other current assets	687	705	634	616
Current receivables	3,586	4,789	4,695	5,435
Cash and cash equivalents	2,789	3,808	4,811	5,282
Assets held for sale	-	-	-	445
<b>Total current assets</b>	<b>7,062</b>	<b>9,302</b>	<b>10,140</b>	<b>11,778</b>
<b>Total assets</b>	<b>36,754</b>	<b>39,185</b>	<b>40,911</b>	<b>42,913</b>
Shareholders' equity <sup>1</sup>	11,156	12,433	14,376	14,644
Long-term liabilities	12,111	13,889	13,363	14,470
Current liabilities	13,487	12,863	13,172	13,671
Liabilities attributable to assets held for sale	-	-	-	128
<b>Total shareholders' equity and liabilities</b>	<b>36,754</b>	<b>39,185</b>	<b>40,911</b>	<b>42,913</b>
Shareholders' equity per share <sup>2</sup>	33.91	37.79	43.70	44.51
Interest-bearing assets	16,570	17,676	19,317	19,424
Interest-bearing liabilities	10,887	13,338	12,438	11,696

<sup>1</sup> Including non-controlling interests.

<sup>2</sup> Calculated on 329,000,000 shares outstanding.  
The SAS Group has not carried out any buyback programs.

During the second quarter 2012, assets valued at approximately SEK 2.7 billion were pledged and on October 31, the value totaled SEK 7.6 billion.

## Specification of financial net debt, October 31, 2012

	According to balance sheet	of which, financial net debt
Financial fixed assets	14,427	950
Current receivables	3,586	599
Cash and cash equivalents	2,789	2,789
Long-term liabilities	12,111	9,073
Current liabilities	13,487	1,814
Financial net debt		6,549

## Condensed changes in shareholders' equity

(MSEK)	Share capital <sup>1</sup>	Other contributed capital <sup>2</sup>	Hedge reserve	Translation reserve	Retained earnings <sup>3</sup>	Total shareholders' equity attributable to Parent Company shareholders	Total equity
Opening shareholders' equity in accordance with approved balance sheet, January 1, 2011	6,612	337	696	-69	6,862	14,438	14,438
Comprehensive income			-569	169	338	-62	-62
Closing balance, October 31, 2011	6,612	337	127	100	7,200	14,376	14,376
Comprehensive income			124	-42	-2,025	-1,943	-1,943
Closing balance, December 31, 2011	6,612	337	251	58	5,175	12,433	12,433
Comprehensive income			-263	-29	-985	-1,277	-1,277
<b>Closing balance, October 31, 2012</b>	<b>6,612</b>	<b>337</b>	<b>-12</b>	<b>29</b>	<b>4,190</b>	<b>11,156</b>	<b>11,156</b>

1 Number of shares in SAS AB: 329,000,000, with a quota value of 20.1.

2 The amount comprises share premium reserves and the equity share of convertible loans.

3 No dividends were paid in 2010 and 2011.

## Financial key ratios

	Oct 31, 2012	Dec 31, 2011	Oct 31, 2011	Oct 31, 2010
CFROI, 12-month rolling	9%	17%	17%	4%
Financial preparedness (target >20% of fixed costs)	29%	33%	38%	37%
Equity/assets ratio	30%	32%	35%	34%
Adjusted equity assets ratio (target >35%)	24%	26%	29%	27%
Financial net debt, MSEK	6,549	7,017	4,143	2,803
Debt/equity ratio	0.59	0.56	0.29	0.19
Adjusted debt/equity ratio (target <1.00)	1.54	1.33	0.93	0.93
Interest ratio	-1.6	-0.6	0.5	-2.8

## Condensed cash-flow statement

(MSEK)	Oct 2012	Oct 2011	Jan-Oct 2012	Jan-Oct 2011	Nov-Oct 2011-2012	Nov-Oct 2010-2011
Income before tax	-1,052	-67	-1,245	381	-3,255	-487
Depreciation and impairment	145	149	1,426	2,150	1,689	2,622
Income from sale of aircraft, buildings and shares	79	0	-153	-36	-129	236
Adjustment for items not included in cash flow, etc.	1,258	46	1,292	-1,673	2,926	-1,591
Tax paid	0	0	-1	-2	2	-1
<b>Cash flow from operations before change in working capital</b>	<b>430</b>	<b>128</b>	<b>1,319</b>	<b>820</b>	<b>1,233</b>	<b>779</b>
Change in working capital	364	-161	1,243	-457	484	-840
<b>Cash flow from operating activities</b>	<b>794</b>	<b>-33</b>	<b>2,562</b>	<b>363</b>	<b>1,717</b>	<b>-61</b>
Investments including advance payments to aircraft manufacturers	-157	-120	-1,273	-1,500	-1,814	-2,053
Acquisition of subsidiaries	0	0	-1,322	0	-1,322	0
Sales of subsidiaries	0	0	1,761	0	1,761	3
Sales of fixed assets, etc.	182	1	215	490	242	727
<b>Cash flow before financing activities</b>	<b>819</b>	<b>-152</b>	<b>1,943</b>	<b>-647</b>	<b>584</b>	<b>-1,384</b>
Rights issue including issue costs	0	0	0	0	0	1
External financing, net	-386	-159	-2,961	406	-2,604	858
<b>Cash flow for the period</b>	<b>433</b>	<b>-311</b>	<b>-1,018</b>	<b>-241</b>	<b>-2,020</b>	<b>-525</b>
Translation difference in cash and cash equivalents	0	0	-1	1	-2	-1
Cash and cash equivalents transferred from assets held for sale	0	0	0	8	0	55
<b>Change in cash and cash equivalents according to the balance sheet</b>	<b>433</b>	<b>-311</b>	<b>-1,019</b>	<b>-232</b>	<b>-2,022</b>	<b>-471</b>

## SAS Group's investments

(MSEK)	Oct 2012	Oct 2011	Jan-Oct 2012	Jan-Oct 2011	Nov-Oct 2011-2012	Nov-Oct 2010-2011
Scandinavian Airlines	120	117	984	1,279	1,448	1,739
Other operations and eliminations	37	3	289	221	366	314
<b>SAS Group</b>	<b>157</b>	<b>120</b>	<b>1,273</b>	<b>1,500</b>	<b>1,814</b>	<b>2,053</b>

## Parent Company SAS AB

Income before appropriations and tax for the period amounted to MSEK -174 (-93).

Available liquidity for SAS AB at October 31, 2012 amounted to MSEK 0, compared with MSEK 0 at the beginning of the year.

The number of shareholders in SAS AB amounted to 64,268 at October 31, 2012. The average number of employees in SAS AB amounted to 44 (45).

## Condensed statement of income

(MSEK)	Jan-Oct 2012	Jan-Oct 2011
Revenue	16	15
Payroll expenses	-96	-99
Other operating expenses	-68	-54
<b>Operating income before depreciation</b>	<b>-148</b>	<b>-138</b>
Depreciation	0	0
<b>Operating income</b>	<b>-148</b>	<b>-138</b>
Income from participations in Group companies	28	-
Income from other securities holdings	-	8
Net financial items	-54	37
<b>Income before appropriations and tax</b>	<b>-174</b>	<b>-93</b>
Appropriations	20	-
Tax	34	50
<b>Net income for the period</b>	<b>-120</b>	<b>-43</b>
Net income for the period attributable to: Parent Company shareholders	-120	-43

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

## Condensed balance sheet

(MSEK)	Oct 31, 2012	Dec 31, 2011	Oct 31, 2011
Financial fixed assets	6,351	6,899	7,702
Other current assets	7,079	8,364	9,829
Cash and cash equivalents	0	0	0
<b>Total assets</b>	<b>13,430</b>	<b>15,263</b>	<b>17,531</b>
Shareholders' equity	10,631	10,751	13,212
Long-term liabilities	2,577	4,264	4,289
Current liabilities	222	248	30
<b>Total shareholders' equity and liabilities</b>	<b>13,430</b>	<b>15,263</b>	<b>17,531</b>

During the second quarter 2012, assets valued at approximately SEK 1.4 billion were pledged and at October 31, 2012, the value was SEK 1.4 billion.

## Change in shareholders' equity

(MSEK)	Share capita 1	Restricted reserves	Unrestricted equity	Total equity
Opening balance, Jan 1, 2012	6,612	473	3,666	10,751
Net income for the period			-120	-120
Shareholders' equity, Oct 31, 2012	6,612	473	3,546	10,631

# Notes

## Note 1 – Accounting policies and financial statements

The 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 Annual Accounts Act.

A number of amendments of standards, new interpretations and new standards took effect for fiscal years beginning January 1, 2012 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 2011.

## Note 2 – Segment information

The Group's operations are governed and reported in two business segments: Scandinavian Airlines and Widerøe. Scandinavian Airlines includes airline operations in the consortium of Scandinavian Airlines System, SAS Cargo and Blue1. Widerøe is an independent regional airline based in Norway. From the first quarter of 2012, Blue1's operations are reported in the segment Scandinavian Airlines, comparative figures are translated.

Other operations include the Parent Company SAS AB (Group functions) and other non-reportable segments.

January-October	Scandinavian		Widerøe		Reconciliation				SAS Group	
	Airlines				Other		Eliminations			
(MSEK)	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
External revenue	32,753	31,874	3,231	3,104	2	1	0	0	35,986	34,979
Sales between segments	395	331	42	22	6	9	-443	-362	0	0
<b>Revenue</b>	<b>33,148</b>	<b>32,205</b>	<b>3,273</b>	<b>3,126</b>	<b>8</b>	<b>10</b>	<b>-443</b>	<b>-362</b>	<b>35,986</b>	<b>34,979</b>
Payroll expenses	-10,262	-9,832	-1,234	-1,110	-88	-99	0	0	-11,584	-11,041
Other operating expenses	-20,747	-18,332	-1,593	-1,441	-119	-69	354	290	-22,105	-19,552
<b>Operating income before depreciation and leasing costs</b>	<b>2,139</b>	<b>4,041</b>	<b>446</b>	<b>575</b>	<b>-199</b>	<b>-158</b>	<b>-89</b>	<b>-72</b>	<b>2,297</b>	<b>4,386</b>
Leasing costs for aircraft	-1,311	-1,254	-120	-102	0	0	89	72	-1,342	-1,284
Depreciation and impairment	-1,296	-2,031	-129	-118	-1	-1	0	0	-1,426	-2,150
Share of income of affiliated companies	4	4	0	0	28	28	0	0	32	32
Capital gains	-257	34	10	2	400	0	0	0	153	36
<b>Operating income</b>	<b>-721</b>	<b>794</b>	<b>207</b>	<b>357</b>	<b>228</b>	<b>-131</b>	<b>0</b>	<b>0</b>	<b>-286</b>	<b>1,020</b>
Unallocated income items:										
Income from other securities holdings									0	8
Net financial items									-959	-647
Tax									260	-43
<b>Net income for the period</b>									<b>-985</b>	<b>338</b>
<b>Income before tax and nonrecurring items</b>	<b>228</b>	<b>62</b>	<b>198</b>	<b>349</b>	<b>-403</b>	<b>-315</b>	<b>0</b>	<b>0</b>	<b>23</b>	<b>96</b>

## Statement of income Scandinavian Airlines

(MSEK)	Oct 2012	Oct 2011	Jan-Oct 2012	Jan-Oct 2011
Passenger revenue	2,730	2,614	24,543	23,576
Charter revenue	136	169	1,700	1,652
Other traffic revenue	317	235	2,992	2,756
Other revenue	400	408	3,914	4,221
<b>Revenue</b>	<b>3,583</b>	<b>3,427</b>	<b>33,148</b>	<b>32,205</b>
Payroll expenses	-898	-1,039	-9,463	-9,832
Selling costs	-207	-187	-1,830	-1,840
Jet fuel	-787	-702	-7,658	-6,168
Government user fees	-345	-363	-3,281	-3,170
Catering costs	-76	-68	-729	-664
Handling costs	-129	-148	-1,293	-1,376
Technical aircraft maintenance	-215	-197	-1,899	-1,841
Computer and telecommunications costs	-95	-99	-863	-863
Other operating expenses	-235	-382	-2,886	-2,408
<b>Operating expenses</b>	<b>-2,988</b>	<b>-3,185</b>	<b>-29,901</b>	<b>-28,164</b>
Income before depreciation and leasing costs, EBITDAR	594	241	3,248	4,041
Leasing costs, aircraft	-169	-129	-1,311	-1,254
<b>Income before depreciation, EBITDA</b>	<b>426</b>	<b>112</b>	<b>1,936</b>	<b>2,786</b>
Depreciation	-133	-137	-1,296	-2,031
Share of income of affiliated companies	1	1	4	4
Capital gains/losses	-80	0	-257	34
<b>Operating income, EBIT</b>	<b>214</b>	<b>-24</b>	<b>388</b>	<b>794</b>
EBIT before nonrecurring items	436	-16	907	511
EBT before nonrecurring items	355	-81	228	62

## Note 3 – Quarterly breakdown

### Statement of income

(MSEK)	2010		2011				2012					
	Oct- Dec	Jan- Dec	Jan- Mar	Apr- Jun	Jul- Sep	Oct- Dec	Jan- Dec	Jan- Mar	Apr- Jun	Jul- Sep	Oct	Jan- Oct
Revenue	10,653	41,070	9,313	11,319	10,616	10,164	41,412	9,591	11,392	11,096	3,907	35,986
Payroll expenses	-3,374	-13,894	-3,312	-3,349	-3,213	-3,218	-13,092	-3,403	-3,323	-3,013	-1,845	-11,584
Other operating expenses	-6,297	-25,115	-5,590	-5,552	-6,135	-6,464	-23,741	-6,229	-6,870	-6,429	-2,577	-22,105
Leasing costs for aircraft	-431	-1,815	-391	-373	-388	-408	-1,560	-367	-413	-390	-172	-1,342
Depreciation and impairment	-612	-1,885	-414	-1,153	-434	-412	-2,413	-421	-434	-426	-145	-1,426
Share of income of affiliated companies	1	12	-9	2	30	5	28	-14	17	32	-3	32
Income from sale of shares in subsidiaries and affiliated companies	-33	-73	0	0	0	0	0	0	336	63	1	400
Income from sales of aircraft and buildings	-246	-239	-5	17	24	-24	12	-24	-73	-70	-80	-247
<b>Operating income</b>	<b>-339</b>	<b>-1,939</b>	<b>-408</b>	<b>911</b>	<b>500</b>	<b>-357</b>	<b>646</b>	<b>-867</b>	<b>632</b>	<b>863</b>	<b>-914</b>	<b>-286</b>
Income from other securities holdings	6	-263	3	5	0	-1,477	-1,469	0	0	0	0	0
Financial revenue	62	174	57	56	49	62	224	49	32	14	1	96
Financial expenses	-192	-1,041	-210	-242	-273	-305	-1,030	-314	-293	-309	-139	-1,055
<b>Income before tax</b>	<b>-463</b>	<b>-3,069</b>	<b>-558</b>	<b>730</b>	<b>276</b>	<b>-2,077</b>	<b>-1,629</b>	<b>-1,132</b>	<b>371</b>	<b>568</b>	<b>-1,052</b>	<b>-1,245</b>
Tax	510	851	185	-179	-62	-2	-58	403	-51	-134	42	260
<b>Net income for the period</b>	<b>47</b>	<b>-2,218</b>	<b>-373</b>	<b>551</b>	<b>214</b>	<b>-2,079</b>	<b>-1,687</b>	<b>-729</b>	<b>320</b>	<b>434</b>	<b>-1,010</b>	<b>-985</b>
Attributable to:												
Parent Company shareholders	47	-2,218	-373	551	214	-2,079	-1,687	-729	320	434	-1,010	-985



## Earnings-related key ratios

(MSEK)	Jan-Mar 2012	Jan-Mar 2011	Apr-Jun 2012	Apr-Jun 2011	Jul-Sep 2012	Jul-Sep 2011	Oct 2012	Oct-Dec 2011	Nov-Oct 2011/12	Nov-Oct 2010/11
Revenue	9,591	9,313	11,392	11,319	11,096	10,616	3,907	10,164	42,419	41,712
EBITDAR	-41	411	1,199	2,418	1,654	1,268	-515	482	2,490	4,654
EBITDAR margin	-0.4%	4.4%	10.5%	21.4%	14.9%	11.9%	-13.2%	4.7%	5.9%	11.2%
EBIT	-867	-408	632	911	863	500	-914	-357	-660	253
EBIT margin	-9.0%	-4.4%	5.5%	8.0%	7.8%	4.7%	-23.4%	-3.5%	-1.6%	0.6%
Income before tax and nonrecurring items	-1,049	-509	137	366	607	298	328	-61	21	-98
Income before tax	-1,132	-558	371	730	568	276	-1,052	-2,077	-3,255	-487
Net income for the period	-729	-373	320	551	434	214	-1,010	-2,079	-3,010	-147
Earnings per share (SEK)	-2.22	-1.13	0.97	1.67	1.32	0.65	-3.07	-6.32	-9.15	-0.45
Cash flow before financing activities	787	-675	797	247	-460	-67	819	-1,511	584	-1,384

## Note 4 - SAS Group's average number of employees

(FTE)	Oct 2012	Oct 2011	Jan-Oct 2012	Jan-Oct 2011
Scandinavian Airlines	13,279	13,728	13,591	13,924
Widerøe	1,281	1,232	1,262	1,215
Other operations	41	47	44	45
<b>SAS Group</b>	<b>14,601</b>	15,007	<b>14,897</b>	15,184

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, December 11, 2012

Fritz H. Schur  
*Chairman of the Board*

Jacob Wallenberg  
*First Vice Chairman*

Dag Mejdell  
*Second Vice Chairman*

Monica Caneman  
*Board Member*

Jens Erik Christensen  
*Board Member*

Timo Peltola  
*Board Member*

Gry Mølleskog  
*Board Member*

Ulla Grøntvedt  
*Board Member*

Elisabeth Goffeng  
*Board Member*

Anna-Lena Gustafsson  
*Board Member*

Rickard Gustafson  
*President and CEO*

This interim report is unaudited.

## Traffic data information

### SAS Group's scheduled passenger traffic

	Oct 2012	Oct 2011	Change	Jan-Oct 2012	Jan-Oct 2011	Change	Nov-Oct 2011/2012	Nov-Oct 2010/2011	Change
Number of passengers (000)	2,696	2,577	4.6%	23,979	22,996	4.3%	28,189	27,072	+3.7%
RPK, Revenue Passenger Kilometers (mill)	2,709	2,570	5.4%	24,746	23,298	6.2%	28,621	27,183	+5.4%
ASK, Available Seat Kilometers (mill)	3,657	3,427	6.7%	32,813	31,411	4.5%	38,405	36,856	+4.2%
Load factor	74.1%	75.0%	-0.9 p.p.	75.4%	74.2%	+1.2 p.p.	74.5%	73.8%	+0.9 p.p.

### SAS Group's quarterly scheduled passenger traffic

	Jan-Mar 2012	Jan-Mar 2011	Apr-Jun 2012	Apr-Jun 2011	Jul-Sep 2012	Jul-Sep 2011	Oct 2012	Oct 2011	Jan-Oct 2012	Jan-Oct 2011	Nov-Oct 2011/2012	Nov-Oct 2010/2011
Number of passengers (000)	6,416	6,093	7,625	7,397	7,243	6,928	2,696	2,577	23,979	22,996	28,189	27,072
RPK, Revenue Passenger Kilometers (mill)	5,943	5,655	7,936	7,494	8,158	7,579	2,709	2,570	24,746	23,298	28,621	27,183
ASK, Available Seat Kilometers (mill)	8,701	8,528	10,300	9,848	10,154	9,609	3,657	3,427	32,813	31,411	38,405	36,856
Load factor	68.3%	66.3%	77.0%	76.1%	80.3%	78.9%	74.1%	75.0%	75.4%	74.2%	74.5%	73.8%

### SAS Group's charter traffic

	Oct 2012	Oct 2011	Change	Jan-Oct 2012	Jan-Oct 2011	Change	Nov-Oct 2011/2012	Nov-Oct 2010/2011	Change
Number of passengers (000)	68	99	-31.6%	1,056	1,105	-4.4%	1,169	1,220	-4.2%
RPK, Revenue Passenger Kilometers (mill)	208	301	-30.7%	2,953	3,084	-4.3%	3,363	3,493	-3.7%
ASK, Available Seat Kilometers (mill)	272	366	-25.8%	3,354	3,504	-4.3%	3,804	3,961	-4.0%
Load factor	76.7%	82.1%	-5.4 p.p.	88.0%	88.0%	+0.0 p.p.	88.4%	88.2%	+0.2 p.p.

### SAS Group's traffic trend by route sector

	October 2012 vs. October 2011		January-October 2012 vs. January-October 2011	
	(RPK)	(ASK)	(RPK)	(ASK)
Intercontinental	5.9%	6.8%	10.2%	9.2%
Europe/Intra-Scandinavia	6.5%	8.1%	4.4%	2.0%
Domestic	2.1%	3.7%	4.2%	3.9%

### RPK and ASK trends for European airlines<sup>1</sup>

	January-October 2012 vs. January-October 2011	
	(RPK)	(ASK)
Europe	4.6%	2.0%
North America	3.8%	1.2%
Asia	5.6%	3.7%
Total	4.7%	2.5%

1 AEA (Association of European Airlines)

## Scandinavian Airlines scheduled passenger traffic, yield, RASK and unit cost \*

	Oct 2012	Change	Jan-Oct 2012	Change	Nov-Oct 2011/2012	Change
Number of passengers (000)	2,435	+3.6%	21,666	+3.8%	25,467	+3.7%
RPK, Revenue Passenger Kilometers (mill)	2,631	+5.3%	24,045	+6.3%	27,798	+5.4%
ASK, Available Seat Kilometers (mill)	3,526	+6.7%	31,620	+4.4%	36,995	+4.2%
Load factor	74.6%	-1.0 p.p.	76.0%	+1.4 p.p.	75.1%	+0.9 p.p.
Yield (currency-adjusted)	1.04	+3.1%	1.02	-0.7%	1.03	-1.0%
Total unit cost, RASK (currency-adjusted)	0.84	+6.0%	0.84	+2.2%	0.84	+1.1%
Total unit cost, incl charter (currency-adjusted)	0.73	-5.7% <sup>1</sup>	0.81	+0.1% <sup>2</sup>	0.82	-0.1% <sup>3</sup>

1 Excluding jet-fuel costs, the unit cost declined 11.8% compared with the year-earlier period.

2 Excluding jet-fuel costs, the unit cost declined 4.0% compared with the year-earlier period.

3 Excluding jet-fuel costs, the unit cost declined 4.6% compared with the year-earlier period.

\* Key ratios also include Blue1

## Scandinavian Airlines' destinations and frequencies

	Oct 2012	Oct 2011	Change	Jan-Oct 2012	Jan-Oct 2011	Change
Number of destinations	100	90	11.1%	101	100	1.0%
Number of daily flights	897	849	5.7%	781	777	0.6%
Number of daily flights/destination	9,0	9,4	-4.9%	7,7	7,8	-0.4%

## Widerøe's scheduled traffic, yield and unit cost

	Oct 2012	Change	Jan-Oct 2012	Change	Nov-Oct 2011/2012	Change
Number of passengers (000)	261	+12.9%	2,313	+8.7%	2,722	+8.2%
RPK, Revenue Passenger Kilometers (mill)	77	+6.4%	701	+1.8%	823	+1.7%
ASK, Available Seat Kilometers (mill)	131	+7.5%	1,193	+4.8%	1,410	+4.8%
Load factor	58.8%	-0.6 p.p.	58.7%	-1.7 p.p.	58.4%	-1.8 p.p.
Yield (NOK)	3.33	+7.8%	3.02	+3.5%	3.06	2.7%
RASK, incl. charter (NOK)	2.07	+8.1%	1.85	+0.1%	1.87	-0.5%
Total unit cost, incl. charter (NOK)	1.85	+17.8%	1.71	+8.4%	1.70	5.0%

## Detailed unit cost analysis – Scandinavian Airlines

Adjusted for currency, volume and nonrecurring items (MSEK)	Jan-Oct 2012	Jan-Oct 2011 adjusted for currency and capacity	Change %	Share of adjusted total change %
Payroll expenses	9,283	9,965	-6.8%	-2.4%
Jet fuel	7,658	6,765	13.2%	3.2%
Government user fees	3,281	3,246	1.1%	0.1%
Selling costs	1,830	1,938	-5.6%	-0.4%
Handling costs	1,293	1,417	-8.8%	-0.4%
Technical aircraft maintenance	1,899	1,929	-1.5%	-0.1%
Other operating expenses (net)	527	331	-	0.7%
Operating expenses	25,770	25,592	0.7%	0.6%
Leasing costs for aircraft	1,273	1,356	-6.1%	-0.3%
Depreciation	1,296	1,350	-4.0%	-0.2%
Net expense	28,339	28,298	0.1%	0.1%
<b>Unit cost</b>	<b>0.81</b>	<b>0.81</b>	<b>0.1%</b>	

## Aircraft fleet

SAS Group's aircraft fleet, October 31, 2012\*

	Age	Owned	Leased	Total	In service	Leased out	Order
Airbus A330/A340	10.4	5	6	11	11	0	
Airbus A319/A320/A321	8.8	4	10	14	12	0	30
Boeing 737 Classic	19.4	0	10	10	10	0	
Boeing 737 NG	11.4	23	49	72	72	0	
Boeing 717	12.2	0	9	9	9	0	
McDonnell Douglas MD-80 series	23.1	13	8	21	19	0	
McDonnell Douglas MD-90 series	0.0	8	0	8	0	8	
Avro RJ-85	0.0	0	5	5	0	1	
deHavilland Q series	14.7	32	10	42	39	0	
Bombardier CRJ900NG	3.4	12	0	12	12	0	
<b>Total</b>	<b>13.1</b>	<b>97</b>	<b>107</b>	<b>204</b>	<b>184</b>	<b>9</b>	<b>30</b>

\* In addition, the following aircraft are wet leased: four CRJ200 and an ATR for SAS in Denmark, as well as two ATR and four Saab2000 for Blue1 in Finland.

### Aircraft in service/leased out by airline

	Age	Owned	Leased	Total	In service	Leased out	Order
SAS Scandinavian Airlines	12.6			143	136	8	30
Widerøe	14.9			39	39	0	
Blue1	12.2			13	9	1	
Leased aircraft				9			
<b>Total</b>	<b>13.1</b>			<b>204</b>	<b>184</b>	<b>9</b>	<b>30</b>

#### Main



**Airbus A330/340-300**  
Scandinavian Airlines



**Airbus A319/A320/A321**  
Scandinavian Airlines



**Boeing 737-600/700/800**  
Scandinavian Airlines

#### Phase Out



**MD-82/87**  
Scandinavian Airlines



**Boeing 737-400/500**  
Scandinavian Airlines

#### Regional



**Bombardier CRJ900**  
Scandinavian Airlines



**deHavilland Q 100/300/400NG**  
Widerøe



**Boeing 717**  
Blue1

For further information on each model of aircraft, refer to [www.sasgroup.net](http://www.sasgroup.net)

## Important events

### Events after October 31, 2012

- SAS launches 45 new routes for 2013.
- SAS's Board of Directors reduces fees by 30% from November 5, 2012.
- The Board of Directors resolves that the prerequisites exist for the implementation of the 4XNG plan. The credit facility of SEK 3.5 billion is available
  - ✓ Measures with an annual positive earnings effect of approximately SEK 3 billion; including new collective agreements with such features as changed pension conditions in place
  - ✓ The new pension terms reduce the negative impact on equity of amended reporting rules for pensions by approximately SEK 2.8 billion
  - ✓ Divestment of assets with a liquidity effect of about SEK 3 billion
- The SAS Group refinances three Airbus A330 for MUS\$ 125.

### Fourth quarter 2012

- Measures corresponding to approximately SEK 3 billion are to be implemented for the purpose of managing long-term cost, enhancing cost flexibility, reducing complexity, diminishing the negative effect of the amended accounting policies for pensions in 2013 and for the planned divestment of assets valued at about SEK 3 billion.
- 4Excellence Next Generation and the extension of credit facilities, and thus the company's continued operation, are conditional on new collective agreements.
- Apollo signs an agreement with SAS valued at MSEK 590, under which Apollo customers will fly on SAS aircraft from 13 different locations in Sweden, Norway and Denmark to eight destinations around the world.

### Third quarter 2012

- The Swedish government extends its agreement with SAS, valued at approximately MSEK 400, which will fly Swedish government employees on all domestic routes.
- SAS's EuroBonus program, one of Scandinavia's largest loyalty programs, strengthens its partnership with STS Alpesor
- SAS signs an agreement to sell and phase out all MD80 aircraft.
- SAS breaks a sales record on www.sas.se in its campaign entitled 1,000,000 cheap flights.
- SAS announces launch of a new direct route to San Francisco from April 2013, while also increasing frequencies to New York.
- Star Alliance named world's Best Airline Alliance by Skytrax.
- The EFTA Surveillance Authority (ESA) in Brussels announces its view that the current ban on Eurobonus points on Norwegian domestic flights is a breach of EEA's legislation. The Norwegian authorities are contesting this view.
- SAS signs a seven-year agreement covering the delivery of components in its aircraft fleet. The agreement will come into effect on March 15, 2013.

### Second quarter 2012

- Peab signs an agreement with SAS for travel to 19 different destinations, comprising about 5,100 single journeys.
- SAS is voted the Nordic region's most attractive employer in the transport sector by business students in the region.
- SAS has Sweden's best schedule, according to a survey of more than 900 air travelers.
- SAS opens a number of new direct routes to such destinations as Las Palmas, Lodz, Birmingham and Stavanger.
- The SAS Group changes its fiscal year.
- The SAS Annual General Meeting was held on April 19,
  - ✓ The Meeting resolved that no dividend would be paid to shareholders for the 2011 fiscal year.
  - ✓ All Board members were reelected and the Meeting also voted in accordance with the proposals in the notification of the Meeting in other matters.
  - ✓ SAS decided to change the fiscal year to the period November 1 – October 31 instead of the calendar year.
- SAS is voted favorite airline in the US at the EDGE Awards after counting more than 70,000 online votes.
- SAS sells six properties to Swedavia for an amount of SEK 1.8 billion, with a cash-flow effect of MSEK 440 and a capital gain of MSEK 340, to be recognized during the second quarter 2012.
- SAS Credits is expanded through a new business partner: The Carlson Rezidor Group.
- SAS and Apollo sign a historic partnership agreement amounting to MSEK 920.
- Blue1 commences a statutory conciliation process to reorganize its operation as part of the transition to a production company for Scandinavian Airlines.

### First quarter 2012

- SAS offers direct flights between Copenhagen-Shanghai and from Stockholm to Dubrovnik, Barcelona and Malaga.
- SAS named Europe's best airline, Brand of the Year 2011 and is commended for its social media campaign.
- SAS introduces free tea and coffee in economy class on all European routes and domestic flights in Sweden, Denmark and Norway.
- The Board of Directors of Spanair files for bankruptcy and SAS recognizes impairments of SEK 1.7 billion for 2011.
- The Norwegian Competition Authority (Konkurransetilsynet) is open to EuroBonus on Norwegian domestic traffic, but only on flights between Oslo-Stavanger, Bergen and Trondheim.
- The Swedish government decides to extend the agreement valued at MSEK 700 for international flights with SAS.
- SAS is Europe's most punctual airline for the third consecutive year, according to the independent source FlightStats.
- As part of cost savings under the 4Excellence program, SAS will reduce the number of full-time equivalents in administration by 300.
- SAS and Singapore Airlines expand their partnership to strengthen flight connections between Scandinavia and Singapore.
- Eivind Roald and Joakim Landholm are appointed new members of SAS Group Management with responsibility for Sales & Marketing and Commercial, respectively, which are two of the main focal areas of the new 4Excellence strategy.

## Financial calendar

Full-year report 2012 (10 months)	December 12, 2012
Annual Report 2012 (10 months)	February 15, 2013
Interim report 1, 2013 (November-January)	March 8, 2013
Annual General Meeting 2013	March 20, 2013
Interim report 2, 2013 (February-April)	June 11, 2013
Interim report 3, 2013 (May-July)	September 4, 2013
Interim report 4, 2013 (August-October)	December 19, 2013

All reports are available in English and Swedish and can be ordered on the Internet: [www.sasgroup.net](http://www.sasgroup.net) or from: [investor.relations@sas.se](mailto:investor.relations@sas.se).

The SAS Group'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](http://www.sasgroup.net).

For definitions, refer to the Annual Report or [www.sasgroup.net](http://www.sasgroup.net), under Investor Relations/Reports and Presentations.

## Press-/Investor Relations

Webcast, media	9:30 a.m., December 12, 2012
Telephone conference, investors/analysts	1:30 p.m., December 12, 2012

To participate in the above events, please contact Investor Relations.

Direct questions to Investor Relations SAS Group:  
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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 December 12, 2012, at 8:00 a.m.

## SAS Group's route network

