

DANSK LUFTFARTS ÅRSMØDE

RICKARD GUSTAFSON, PRESIDENT & CEO SAS

23.05.2018

A STAR ALLIANCE MEMBER 

SAS

1

SAS AT A GLANCE

2

THE FUTURE OF SCANDIAVIAN AVIATION



SAS is an important part of Scandinavian infrastructure

A DAY IN THE LIFE OF SAS

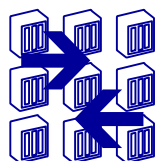
>82,000

PASSENGERS SERVED
PER DAY



DAILY
DEPARTURES

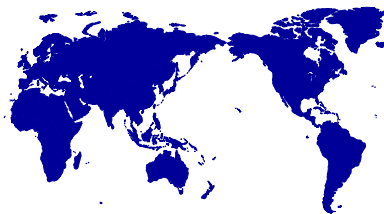
>800



~350

TONNES CARGO
TRANSPORTED DAILY

SAS BY THE NUMBERS



272

ROUTES
SERVED



158

AIRCRAFT (OF
WHICH WET LEASED)

33

>5 million

EUROBONUS
MEMBERS



10,324

AVG. NUMBER OF
EMPLOYEES

43bn

SEK OPERATING
REVENUE

13%

ROIC



Our vision is to make life easier for Scandinavia's frequent travelers



BE THE FIRST CHOICE FOR
SCANDINAVIA'S FREQUENT TRAVELERS



CREATE AN EFFICIENT OPERATING
PLATFORM



SECURE THE RIGHT CAPABILITIES



SUSTAINABLE & PROFITABLE BUSINESS



In FY17, customer offering has been reinforced...



LEISURE OFFERING



LOUNGE REFRESH



...and operational efficiency increased further. SAS Ireland up and flying!

SAS IRELAND



CIMBER



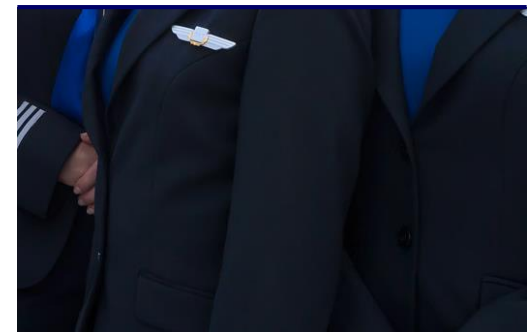
EFFICIENCY PROGRAM



A320 NEO



High commitment among employees is an integral part of SAS success



Financial position strengthened through a row of successful measures

NEW UNSECURED BOND

LHR SLOTS

affärs världen

AFGX 5/5,05 +0,26% 15.11, +4,08 % i år	NIKKEI 225 23186,55 +0,03% 07.15, +4,62 % i år	HANG SENG 32315,41 +0,43% 09.08, +8,27 % i år	FTSE 100 7729,78 -0,01% 15.11, 0 % i år
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Nyheter / Börs & marknad / Analys / Krönikor / Bostad & fastighet / Analys+ / Platinum / An

ANINGD.

DIRECTED SHARE ISSUE

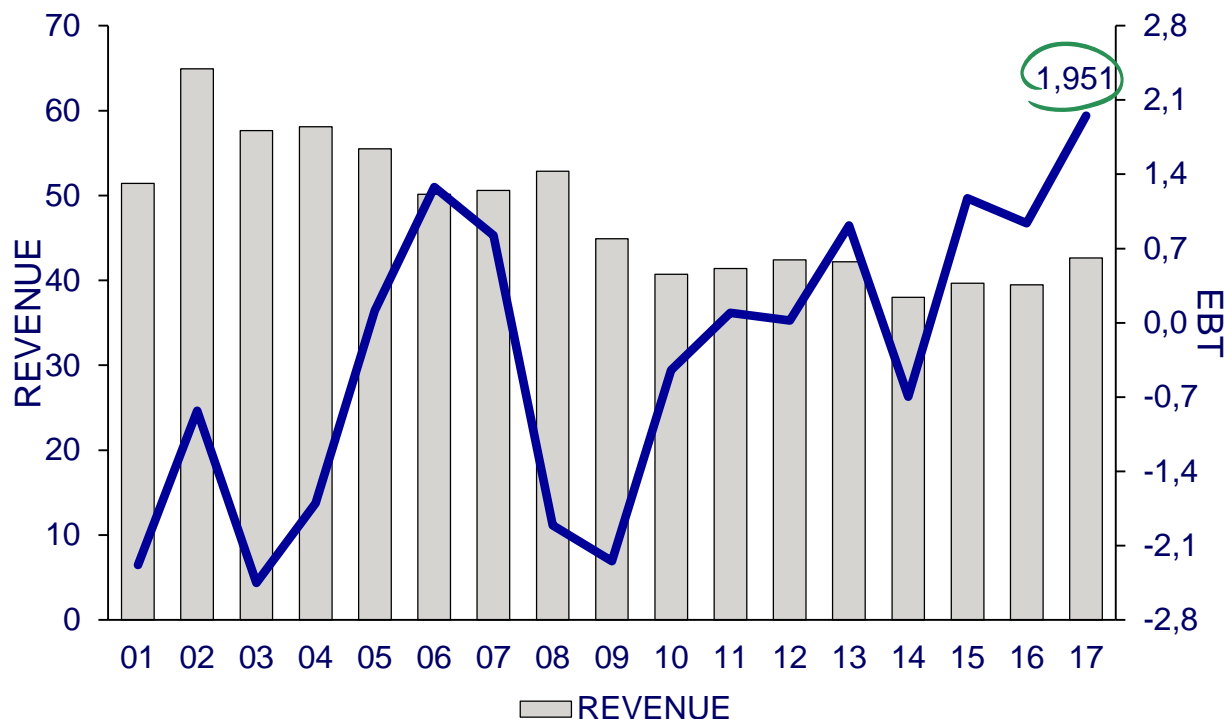
SAS GENOMFÖR RIKTAD NYEMISSION PÅ 1,27 MILJARDER KRONOR

2017-11-09 07:18 Av: Direkt Affärsvärlden



As a matter of fact, FY17 has been SAS strongest year in 20 years!

REVENUE AND EBT¹ (SEK bn)



FINANCIAL KEY RATIOS FY17

37%

FINANCIAL
PREPARED-
NESS

3.1x

FINANCIAL
NET DEBT/
EBITDA

13%

ROIC

SHARE PRICE DEVELOPMENT FY17

**SEK
15.30**



**SEK
25.90**

1

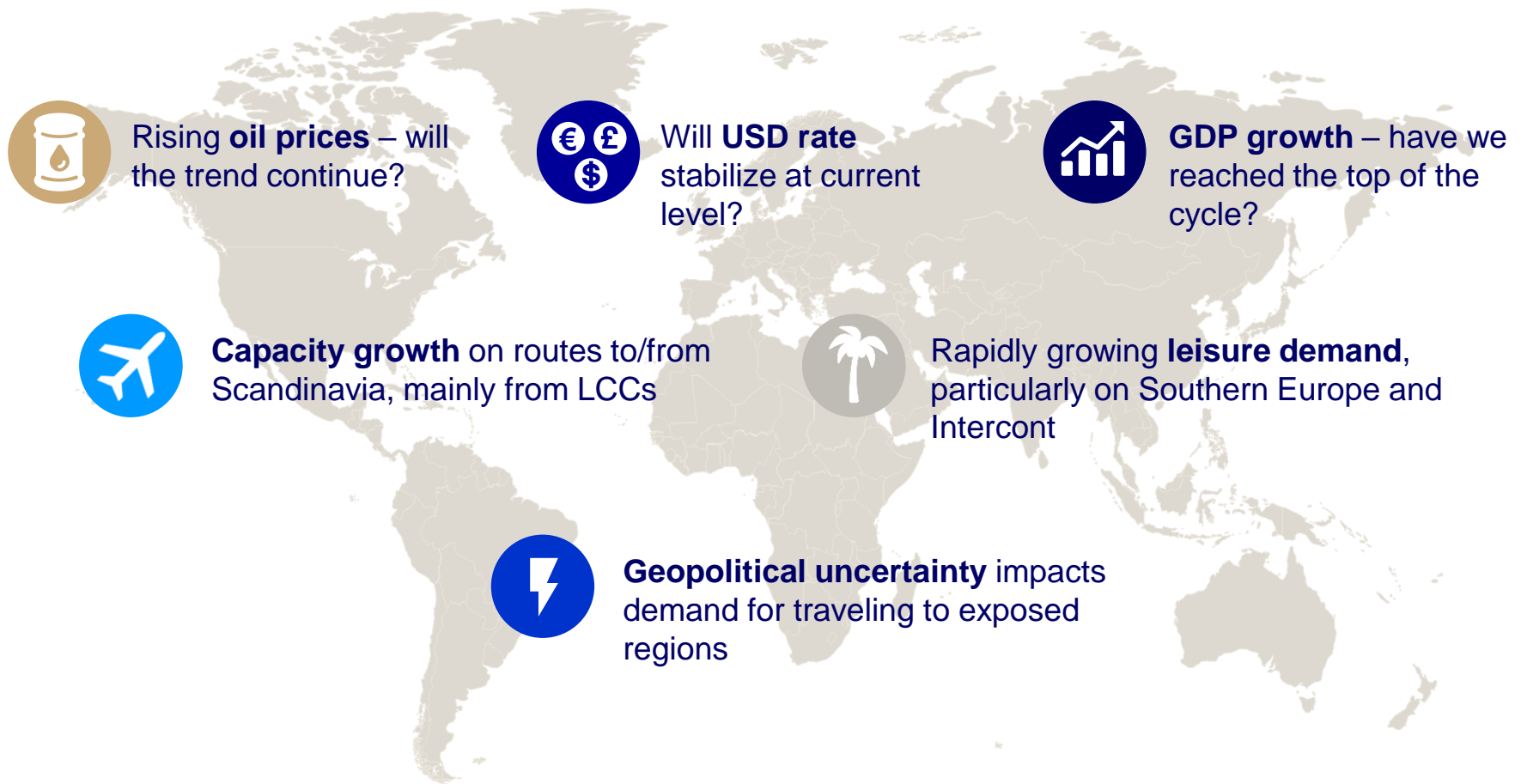
SAS AT A GLANCE

2

THE FUTURE OF SCANDIAVIAN
AVIATION



Exposure and sensitivity towards the impact of macroeconomic factors and developments in external environment...



...set the tone, creating a new reality for the entire airline industry



Sustainability – need to reduce footprint, providing access to sustainable air transport for future generations



Digitalization – automation of processes through connecting digital technology, information, customers and employees



Evolution of business models – customized production platforms, new personnel setups, consolidation and new AC equipment



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Addressing the environmental footprint of aviation is becoming increasingly important across the society

PRIVATE CONSUMERS

- Consumers concerned with aviation's emissions
 - More open to stop flying to reduce emissions
 - Willing to pay more for sustainability

CORPORATES

- Increased pressure on corporations to reduce their environmental footprint
 - Shorter domestic trips could be replaced by train
 - Digital meetings are expected to increase further as technology progresses

GOVERNMENTAL BODIES

- Aviation tax introduced in Norway (June 2016) and in Sweden (April 2018)
- Free allowances in the EU ETS (Emission Trading System) to be gradually removed



SAS vision is to lead the development towards sustainable aviation and zero emissions – three focus areas identified

Fuel efficiency

- **Fleet renewal** – A320neo has 15-18% lower fuel burn
- **Right sizing** – adjust AC size to customer demand
- **Efficient planning** – avoid excessive fuel consumption
- **Other areas** – e.g. weight reduction and org behavior

Biofuel & new technologies

- **Biofuel** generates 80% less CO₂ emissions – subject to reasonable price & availability
- **Financial incentives** for both producers and users of biofuel could be an option
- **New technologies**, e.g. electrical AC are of interest, but too far in the future

Sustainable product offering

- **Waste reduction** throughout customer journey
- **Sustainable product options**, e.g. packaging and food ingredients
- Help customers to make **responsible choices** by offering sustainable options, e.g. biofuel upgrade

One of our most recent initiatives is the decision to CO₂ compensate all youth tickets



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Aviation is undergoing a disruptive digital transformation



Digital airline – technology contributes to increased efficiency and better customer experience



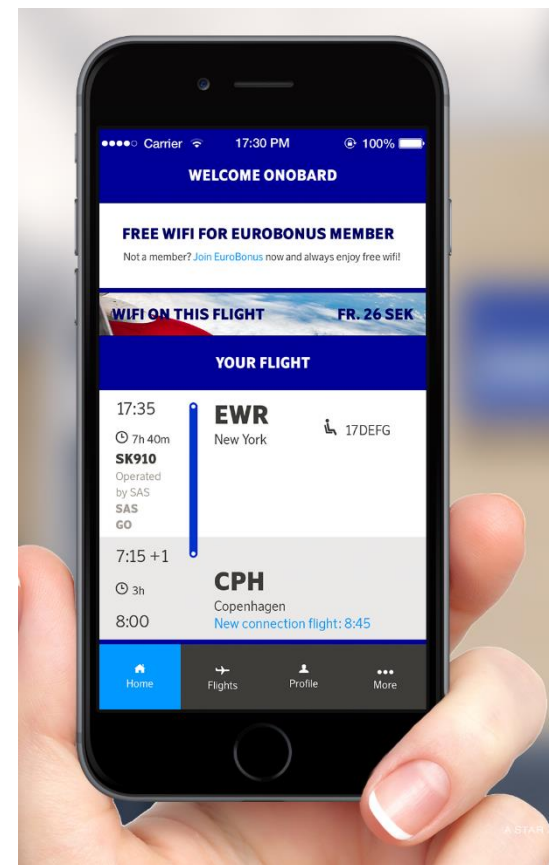
Travel ecosystem – new digital platforms enable cooperation and information sharing – both with customers and B2B



Travel experience – use of customer insights to provide frictionless travel, integrated into everyday life



Safety & security – in the age of big data and AI, protecting customer data is crucial



Further develop SAS digital capabilities in order to improve operational efficiency and realize strategy



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European aviation landscape has undergone major changes in recent years...

MULTIPLE PRODUCTION PLATFORMS

- Complementing production platforms with low cost focus
- Dedicated long-haul & short-haul AOCs
- Multiple crew and aircraft bases

NEW, DYNAMIC CREW MODELS

- Mix of direct employment and manning companies
- Productivity based salary components
- Pilot shortage in Europe

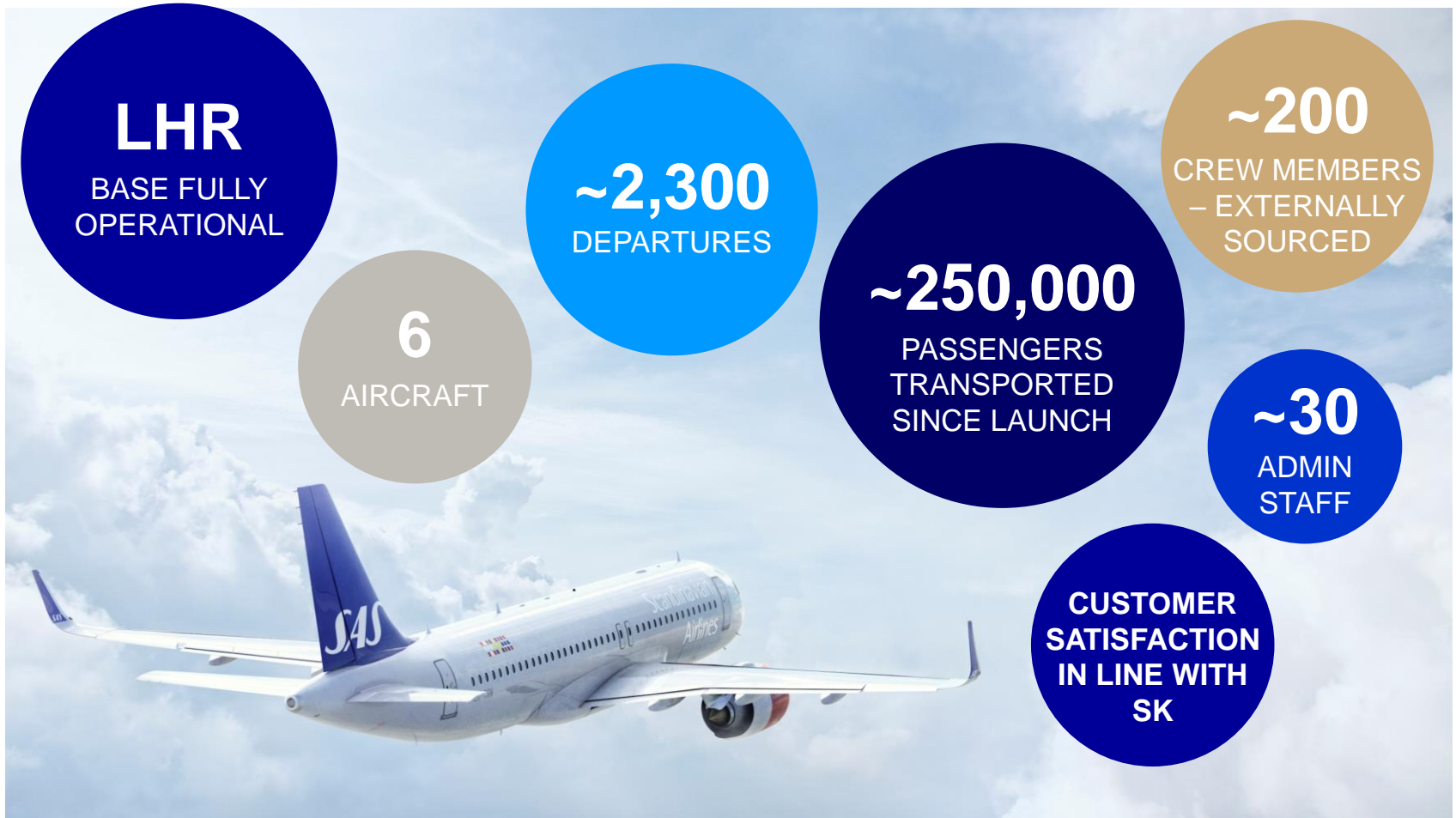
CONSOLIDATION / ELIMINATION

- European commercial aviation is generally in a good shape
- LCC growth and tough competition
- Airlines unable to adapt are being eliminated

EFFICIENT FLEET & P2P FOCUS

- Customers expect smooth travel, strong preference for direct flights
- Efficient fleet is a prerequisite for profitable operations
- New equipment opens up new markets

SAS Ireland is designed in a competitive manner and will become an important complement to SAS existing production model



Consolidation through elimination of underperforming players in the European aviation has picked up pace – expected to continue

2017



Air Berlin declared bankruptcy and assets were acquired by **Lufthansa** and **easyJet**



NIKI air was acquired by **Laudamotion** and two months later sold to **Ryanair**



Monarch declared bankruptcy – slots and pilots were acquired primarily by **easyJet**



2018



Alitalia close to default, solutions are currently being evaluated



NEXTJET declared bankruptcy – ongoing; part of the slots taken over by **BRA**



IAG acquired of 4.6% of **Norwegian** shares to prepare for a full acquisition



Efficient fleet enables SAS to serve Scandinavia's frequent travelers well and is a prerequisite for profitable operations



High density short-haul

- Moving towards one type-fleet on short-haul!
- Simplified crew & tech maintenance planning
- Increased robustness in operations
- Enhanced & harmonized customer experience



Low density short-haul

- Cost-efficient wet lease operations with small jets
- Enables SAS to serve & maintain frequency also on thinner traffic flows



High density long-haul

- Modern equipment appropriate for serving SAS Intercont portfolio
- Option to delays phase-out of A340 if the market conditions are right



Low density long-haul?

- Open up new unserved destinations
- Add new P2P routes to existing destination
- Improve year-round frequency on existing routes

With range for Northeastern America, Middle East, and parts of Asia and Africa – the A321LR covers >30% of the Intercont market

Indicative A321LR range vs. Scandinavia market size
(Trips in millions)

■ Out of range
■ Within range from at least one SAS hub



Source: DDS; Airbus calculations

Luftfartsstrategi for Danmark

Juli 2017



UDENRIGSMINISTERIET



SAS welcomes Danish Aviation Strategy as a breakthrough in Scandinavia