

SAS FACT BOOK 2015/2016



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This Fact Book has not been the subject of an audit by SAS's external auditors.

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Overview of SAS

Key financial figures	FY16	FY15
Revenue, MSEK	39,459	39,650
EBITDAR, MSEK	5,802	5,470
EBIT-margin	4.8%	5.6%
EBT, MSEK	1,431	1,417
EBT bef. non-recurring items, MSEK	939	1,174
Net income, MSEK	1,321	956
ROIC	10%	12%
Financial preparedness	41%	40%
Cash flow from operating activities, MSEK	3,663	3,036
Net investments, MSEK	2,615	1,113
Financial net debt, MSEK	-1,166	-726
Equity/asset ratio	19%	21%
Debt/equity ratio	-0.19	-0.11
Adjusted debt/equity ratio	3.08	2.65

SAS's main business is the transportation of passengers to, from and within Scandinavia. SAS was founded in 1946 and is Scandinavia's leading airline with an attractive offering developed for the frequent travelers. During 2015/2016 we offered 813 daily flights and about 29 million passengers flew with SAS to 118 destinations in Europe, the USA and Asia. SAS EuroBonus is Scandinavia's largest loyalty program with 4.7 million members.

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, at the main hubs in Copenhagen, Oslo and Stockholm SAS activities

Key operating figures	FY16	FY15
Number of passengers, mill	29.0	28.1
of which charter, mill	1.3	1.2
Scheduled traffic, RPK,	9.6%	-0.4%
Scheduled capacity, ASK,	10.0%	-0.2%
Passenger load factor	74.5%	74.8%
Aircraft in service	156	151
Unit cost, ex jet fuel ¹	-11.1	-3.8
Yield ¹	-7.7%	4.0%
PASK ¹	-8.0%	3.8%
Scheduled destinations, ex code share	118	119
Number of daily scheduled flights	813	805
Average flight distance	903	866
Average no. of employees, FTE	10,710	11,288
- Cabin crew, FTE	2,599	2,384
- Pilots, FTE	1,345	1,266

¹ At constant currencies

include ground handling services through SAS Ground Handling and line maintenance through SAS Technical. SAS also provides air cargo services through SAS Cargo and handling services through Spirit.

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.

SAS Vision

To make life easier for Scandinavia's frequent travelers.

DNA

Safety, punctuality and care.

Traded financial instruments

SAS AB is the Parent Company of SAS and is listed on the stock exchanges in Stockholm (primary listing), Copenhagen and Oslo.

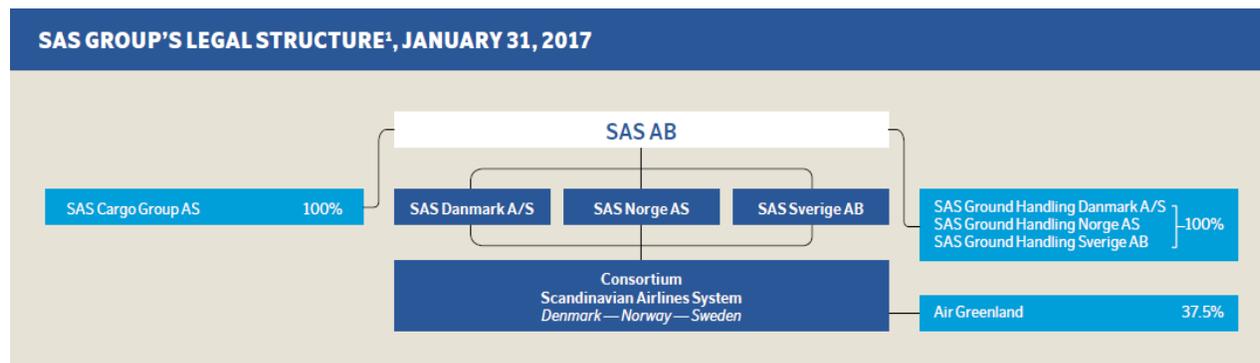
SAS has a stock exchange history extending back to 1920 when its Danish parent company Det Danske Luftfartselskab A/S was listed at the Copenhagen

Stock Exchange. Following the formation of the SAS Consortium in 1951, its three holding companies were listed separately at the respective Stock Exchanges in Copenhagen, Oslo and Stockholm. In 2001, SAS AB became the new Parent Company of the SAS Group and its common shares were listed. In March 2014, SAS AB issued preference shares which were listed at the Stockholm Stock Exchange.

Financial instrument	ISIN code	Issuing entity	Exchanges listed
SAS AB common share	SE0003366871	SAS AB	Nasdaq Nordic Stockholm (primary) Nasdaq Nordic Copenhagen Oslo Stockholm
SAS AB preference share	SE0005704053	SAS AB	Stockholm
Fixed Rate Senior Unsecured Notes 2013/2017 guaranteed by Scandinavian Airlines System Denmark Norway Sweden, MSEK 1,500	SE0005423597	SAS AB	Nasdaq Nordic Stockholm
SEK 1.6 billion Convertible Bond	SE0005794880	SAS AB	Frankfurt Stock Exchange - Open Market (Freiverkehr)
EMTN program, MSEK 1,000	Numerous private placements	SAS Consortium	Not listed
Subordinated Bond 1986 - Perpetual	CH0006125253	SAS Consortium	Traded at Berlin Börse and XSWX – Six Swiss Exchange

Dividend	FY16	FY15	FY14	FY13
Dividend, common shares, SEK	0	0	0	0
Dividend, preference shares, SEK	50	50	37.5	Not issued

SAS legal structure



¹ Operating companies

The 'Frequent travelers' and SAS's strategic priorities

SAS strategy is to focus on the frequent travelers. Based on this focus, our work is structured around three strategic priorities to meet trends and industry developments, ensure competitiveness and provide the prerequisites for long-term sustainable profitability.

- Be the first choice for frequent travelers
- Create an efficient operating platform
- Secure the right capabilities

The frequent traveler

About 2 million individuals in Scandinavia make more than five return flights per year. These individuals make up about 60-70% of the total spend on air traveling originating within Scandinavia. This segment is what we have defined as the 'frequent travelers'. The most frequent travelers are also the people with the greatest demands on their travel experience and for whom we develop our product and network. Our focus therefore leads to options that benefit all our customers.

Characteristics of the frequent traveler

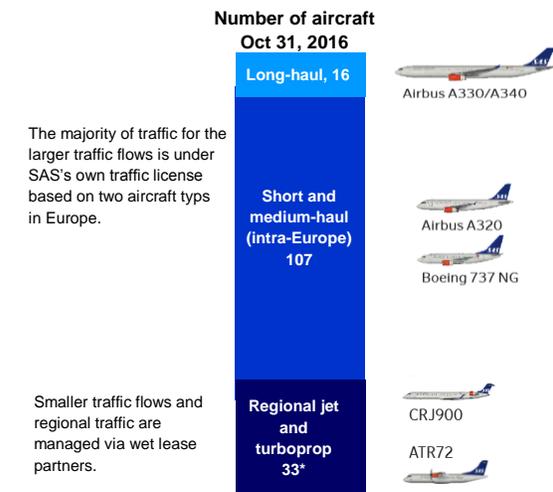
- We see ourselves as experienced travelers – traveling is a genuine interest and a key part of our lifestyle and self-image.
- We like to be on the move – it gives us energy.
- We like to fly, as this means time to ourselves – to relax and reflect on things.
- We are “early adopters” and test new things before others.
- We use the internet and social media to find new travel ideas and inspiration.
- We think it is important to keep up-to-date about what is happening in the world and to be knowledgeable about many areas.

Create an efficient operating platform

SAS expects increased competition and the trend with continued price pressure to continue and is therefore focusing on creating a more efficient operating platform through the implementation of cost efficiencies and through implementation of Lean work processes throughout the whole organization. During

the last few years, we have simplified the fleet from eight to three aircraft types. To increase the flexibility and ensure a cost efficient operation, the production model is set up using a two tier production platform where the large traffic flows are operated under SAS's own traffic license, while smaller traffic flows and regional traffic are managed via wet lease operation.

SAS production model



*Includes one Boeing 737 used on one long-haul route.

Secure the right capabilities

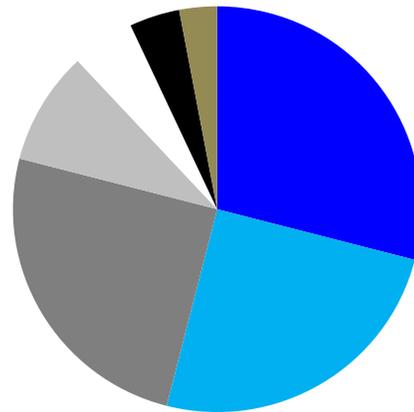
Over the last few years, both the airline industry as a whole and SAS in particular have undergone major structural changes, which set new requirements for our organization and our compiled competence. SAS has gone from conducting the majority of its operations itself to an increased degree of outsourcing services where this is relevant. In addition, SAS is strengthening digital services. Accordingly, it is essential that SAS ensures that it has the right capabilities by attracting new talent, while creating optimal conditions for each employee to perform at their best and achieve their full potential.

The most recent update on the progress of our strategy is available in the interim reports. The annual report also includes more details of our three strategic priorities.

Industry and market overview

Air transport is one of the world's largest industries and the industry generates revenues of about MUSD 700 billion/annually. It is also an industry characterized by intense competition, price pressure and underlying growth in traffic volumes. Globally about 3.5 billion passengers were carried on commercial airliners in 2016, up from 383 million in 1970. This means that the industry has had an annual passenger growth of about 5% during the last 40 years.

Traffic by airline domicile, %



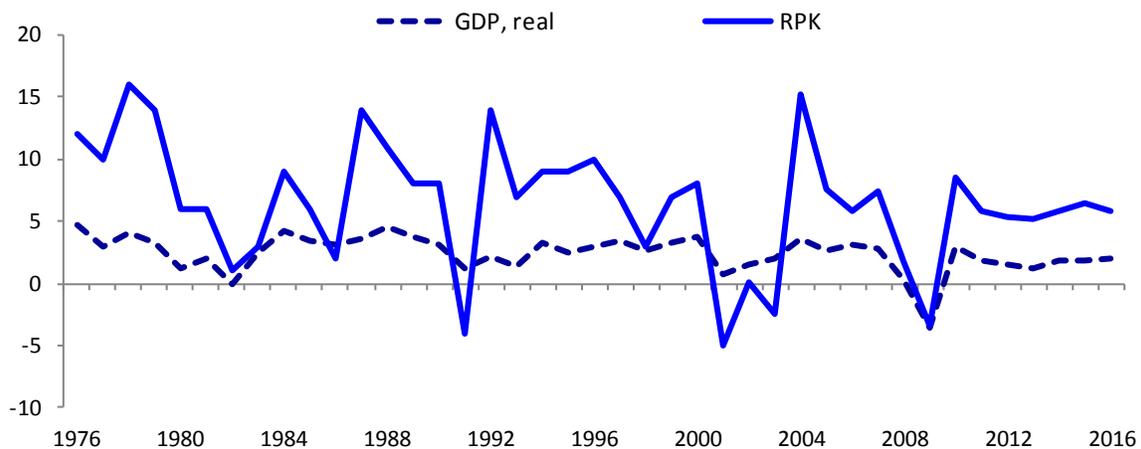
Source: Airbus Global Market Forecast 2015-2034

Correlation between traffic and GDP

Due to its international exposure, SAS and many other major international airlines are affected by the economic trends and events that effect economic activity. There is therefore a correlation between

global traffic growth and GDP, although air traffic typically experiences greater upward and downward effects than the underlying GDP trend.

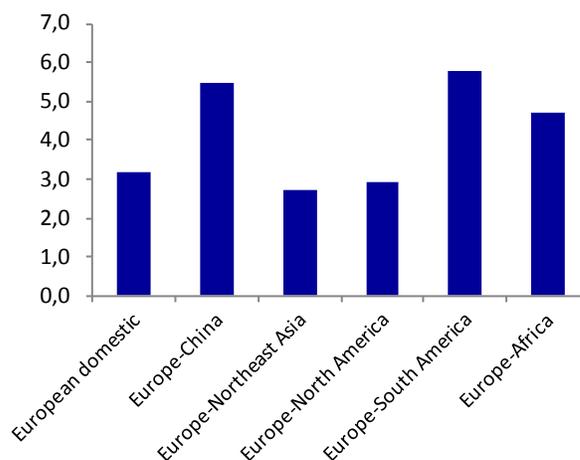
Global air traffic (RPK) and GDP development 1976-2016, %



Source: IATA and OECD

Greater prosperity, improved efficiency and attractive pricing have both contributed to turning the airline industry into a growth sector. According to Airbus and Boeing, global growth is expected to be about 5% over the next 20 years. The growth is forecast to differ between different regions and generally expected to be higher in Asia and South America, which also will have a positive effect on traffic flows to/from Europe.

Forecast annual growth by traffic stream, 2015-2035, %



Source: Boeing Market Outlook 2016-2035

Scandinavia

The annual value of air travelling in Scandinavia is about SEK 100 billion split over approximately 90 million passengers. This makes Scandinavia a relatively large market when set in relation to the population. This is due to the fact that Scandinavia has a high level of economic prosperity as well as many internationally successful companies. Geographically, the region is characterized by relatively long distances and small towns, difficult topography where the land masses are largely surrounded by sea, which makes other forms of transport time-consuming.

The relatively small cities also mean that there is a limited number of routes that can be served frequently using mid-sized aircraft for 120 passengers and more. At the same time there are more than 1,000 routes that require smaller aircraft. SAS two tier production platform that includes smaller aircraft is well equipped to serve the diverse demand in Scandinavia.

Norway is the largest market in Scandinavia due to the high level of flights per capita. When comparing flights per capita between the Scandinavian countries, it should be noted that many passengers travelling to/from Denmark origin in the southern part of Sweden and/or transfer via Copenhagen airport.

Distribution of passengers in Scandinavia, FY16, million

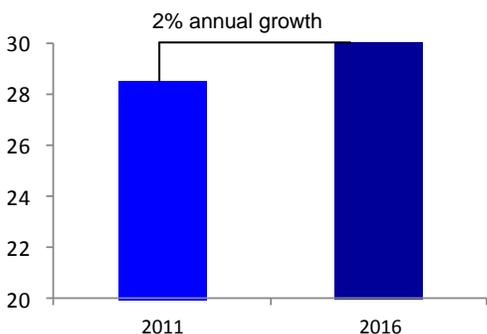
	Nbr of psgr. FY16	Population	Flights per capita
Denmark	30 million	5.7 million	4.7
Norway	36 million	5.2 million	6.9
Sweden	33 million	9.9 million	3.3
Total	92 million*	20.8million	4.4

*The total does not sum up with the values of respective country as it has been adjusted to avoid double counting of intrascandinavian passengers.

Source: Airport statistics, SCB, Statistikbanken, SSB

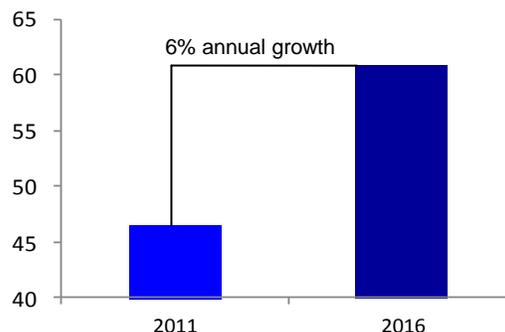
The traffic growth in Scandinavia is primarily driven by passengers traveling on leisure purposes. During 2011-2016 business travelling has increased 2% annually while leisure travelling has increased 6% annually. This trend is expected to continue driven by private consumption, more capacity and attractive prices. Business travel is expected to grow at a lower rate due to continued cost awareness and technological improvements.

Business travel Scandinavia, passengers annual growth, %



Source: Airport statistics from Swedavia, Avinor and Copenhagen Airport

Leisure travel Scandinavia, passengers CAGR %



Source: Airport statistics from Swedavia, Avinor and Copenhagen Airport

Largest airlines

Total number of passengers in 2015	million
1. American Airlines	146.5
2. Southwest Airlines	144.6
3. Delta Air Lines	138.8
4. China Southern Airlines	109.3
5. Ryanair	101.4
6. United Airlines	95.4
7. China Eastern Airlines	75.1
8. Easyjet	70.2
9. Turkish Airlines	60.2
10. Air China	58.7
31. SAS	28.2

Source: IATA, World Air Transport Statistics 2016

Largest airports operated by SAS

Total number of passengers in 2015	million
Chicago, ORD	76.9
London Heathrow, LHR	75.0
Los Angeles, LAX	74.9
Hong Kong, HKG	68.3
Paris, CDG	65.8
Frankfurt, FRA	61.0
Shanghai, PVG	60.1
Amsterdam, AMS	58.3
San Francisco, SFO	50.1
Miami, MIA	44.4
Copenhagen, CPH	26.6
Oslo, OSL	24.7
Stockholm, ARN	23.2

Source: IATA, World Air Transport Statistics 2016, Avinor, CPH and Swedavia,

Total number of international passengers by airline, 2015

Airline	million
1. Ryanair	101.4
2. Easyjet	62.7
3. Emirates	51.0
4. Lufthansa	46.9
5. British Airways	37.0
6. Turkish Airlines	34.1
7. Air France	32.4
8. KLM	28.6
9. American Airlines	26.8
10. United Airlines	26.2
21. SAS	16.3

Source: IATA, World Air Transport Statistics 2016

Top passenger countries in Europe, 2015

Total number of passengers	million
1. United Kingdom	199.3
2. Spain	144.8
3. Germany	142.4
4. Italy	119.8
5. France	116.6
6. Russia	81.0
7. Turkey	78.7
8. Switzerland	41.4
9. Netherlands	37.9
10. Norway	34.8
13. Sweden	29.3
17. Denmark	23.3

Source: IATA, World Air Transport Statistics 2

Competition & SAS market position

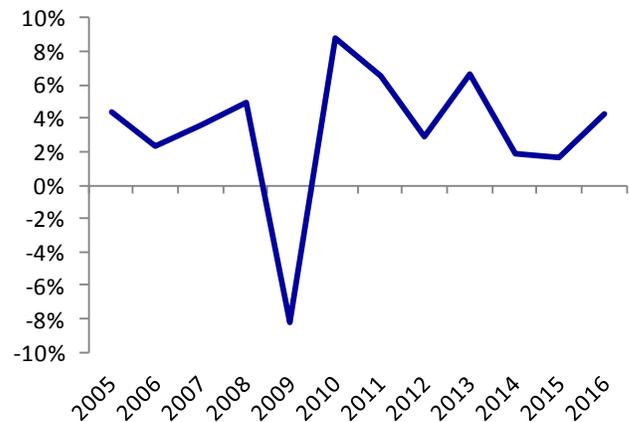
Background

The Scandinavian airline market was one of the first to be deregulated in Europe. Liberalization of the air travel market in the Nordic region started at the beginning of the 1990s. Formal liberalization of the Swedish domestic market took place in 1992. The Norwegian and Danish markets were liberalized in 1994 and 1995. By the mid-1990s, any airline from the EU/EEA countries were free to establish air traffic services in Scandinavia.

Toward the end of the 1990's new business models such as LCCs started to enter the Scandinavian market. The impact from the LCCs entering the market differed according to their network, offering and airports used. Some LCCs stimulated overall market growth while existing airlines have continued to fly at, largely, unchanged volumes. Nevertheless, new and more efficient business models have also put pressure on existing airlines and required additional efficiency enhancements since the turn of the century.

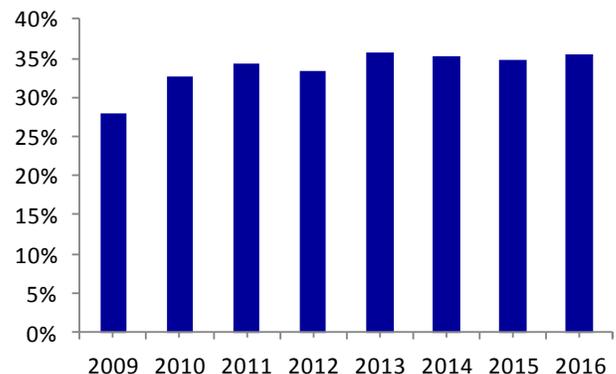
The overall capacity growth measured as number of offered seats grows by approximately 4-5% annually in Scandinavia when excluding for the global financial crisis in 2009. Since 2000, the capacity growth in SAS's home market has primarily stemmed from LCCs. Since 2010, the LCCs' total share of capacity has somewhat stagnated in Scandinavia.

Capacity development to, from and within Scandinavia, number of seats, %



Source: Innovata schedule data

LCC market share in Scandinavia, %



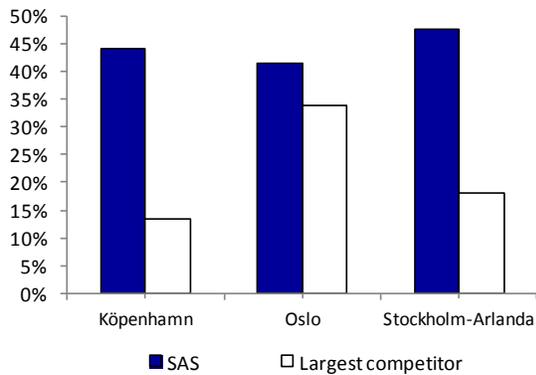
Source: Innovata schedule data

SAS market position

SAS focuses on the Scandinavian market and traffic to, from and within Scandinavia. This is where we are the leading airline when measured by number of passengers and share of capacity. We offer most departures from the primary airports in Scandinavia and the widest network. This network is supplemented by the offering from Star Alliance and partners, that enable SAS to offer the frequent travelers the most attractive network.

Our intercontinental network is focused on destinations in the northern hemisphere, where our

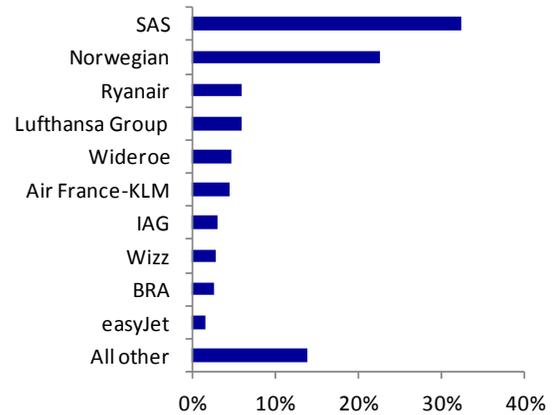
Position at hubs, % of departures in FY16



geographical position offers the greatest competitive advantage. Our principal focus is on customers that begin or end their journeys in Scandinavia. Of our passengers who travel on our intercontinental routes, around 80% begin or end their journeys in Scandinavia.

SAS's focus on Scandinavia is also reflected by the fact that some 70% of our passenger revenue comes from Scandinavia. Norway and Sweden account for the greatest share of SAS's revenue. SAS passenger market share is above 30% in Scandinavia.

Airline capacity market share in Scandinavia, number of seats FY16, %



Financial targets and dividend policy

SAS's overriding goal is to create value for its shareholders. To reach this goal, SAS pursues its 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 expected increases in overall market capacity. 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 that its liquid assets and undrawn credit facilities should exceed 20% of annual fixed costs.

Dividend policy

SAS has two share classes listed. Dividends require SAS AB to have distributable earnings and a resolution by a shareholders' meeting. The Group's earnings, expected performance, financial position, investment requirements and relevant economic conditions should also be taken into account. The dividend policy strives to achieve long-term sustainable dividends.

Common shares

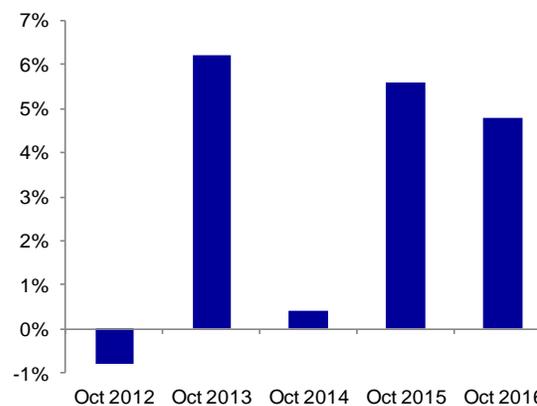
Dividends to holders of common shares can be paid from value-creation whereby SAS's return on invested capital exceeds the average cost of capital. The dividend should take into account any restrictions applying to the Group's financial instruments¹.

Preference shares

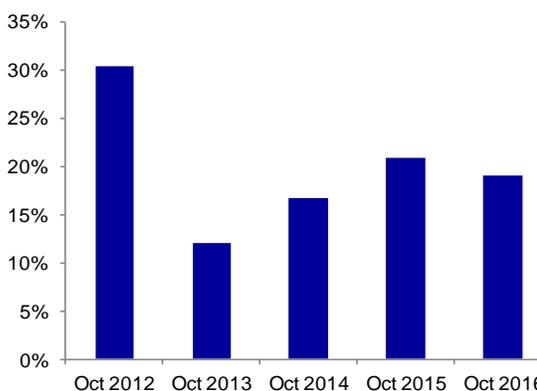
SAS is to pay dividends to holders of preference shares of SEK 50 per year, with a quarterly payment of SEK 12.50 per preference share until the payment date for the preference share dividend immediately following the record date of February 5, 2019, whereafter the annual preferential right to a dividend increases by an amount corresponding to 1% of the subscription price per preference share and year until the payment date for preference share dividends immediately after the record date of February 5, 2023. Thereafter, the annual preferential right to a

preference-share dividend totals an amount corresponding to SEK 50 plus an additional amount equivalent to 5% of the subscription price. In all cases, dividend payments are evenly allocated over the year in the form of quarterly payments.

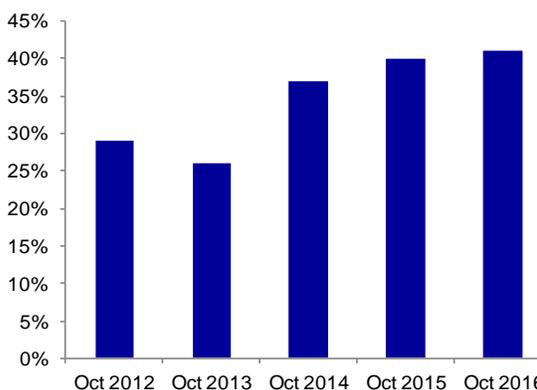
EBIT margin 2012-2016, %



Equity/asset ratio 2012-2016, %



Financial preparedness 2012-2016



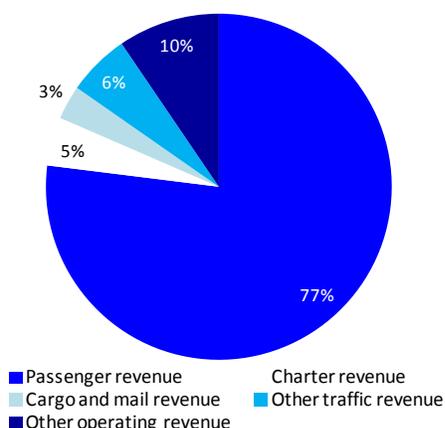
Overview of SAS's revenues and expenses

Revenue

SAS's main business is the transportation of passengers. In FY16 net passenger revenue from the scheduled services contributed MSEK 30,371,

equating to 77% of SAS's total revenue. In addition, SAS also generated revenue streams from charter, cargo and other traffic revenues.

Breakdown of SAS's revenue FY16



Passenger revenue

Passenger revenues makes up 77% of SAS's revenue and comes from the sale of passenger tickets and are recognized when SAS or another airline provides the transportation. Sales of passenger tickets are recorded as a short-term unearned transportation revenue liability in the consolidated balance sheet.

Passenger revenue includes:

- Ticketed revenue at the time of transportation
- Traffic revenue sold by other airlines
- Redemption of EuroBonus points on SAS's flights and SAS Credits

Ticketed revenue at the time of transportation

Ticketed revenue at the time of transportation makes up about 95% of passenger revenue and includes domestic/international fees, passenger services charges and air passenger duty.

Passenger revenue from other airlines

Traffic revenue from other airlines relate to passengers who have purchased their tickets via

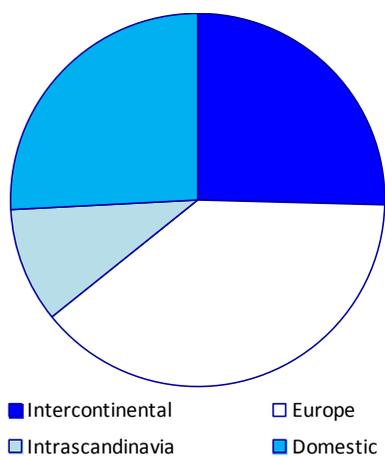
another airline, but are travelling with SAS. For this reason airlines clear revenue between each other on a regular basis. Traffic revenue from other airlines make up around 5% of SAS's passenger revenue.

Redemption of EuroBonus points on SAS's flights and SAS Credits

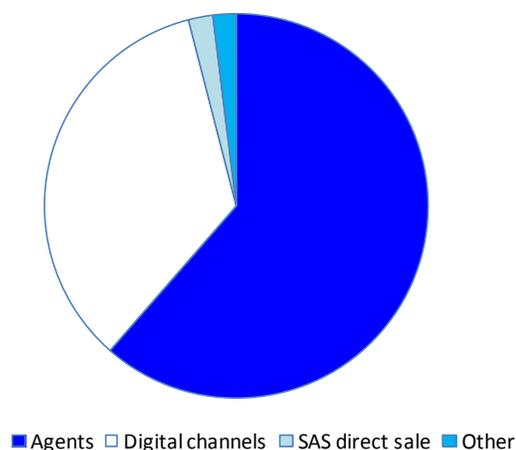
When a customer purchases a ticket SAS allocates the portion of the ticket price relating as a separate transaction. This is measured at fair value and is not recognized as revenue until the period in which the obligation is fulfilled, i.e. the point is used on SAS flights¹.

¹ If the EuroBonus point is used on another airline or to purchase other goods, the revenue is accounted in other operating revenue.

Geographical breakdown of SAS's passenger revenue FY16



Sales channels breakdown of SAS's passenger revenue, FY16



Charter revenue

SAS operates aircraft on a charter basis for flights that take place outside normal schedules through a hiring arrangement with particular customers. Charter revenue, similar to passenger revenue, is recognized when transportation has been provided.

Cargo and mail revenue

SAS provides cargo services on both passenger planes and commercial cargo flights. This revenue is recognized as revenue when the air transportation is completed.

Other traffic revenue

Other traffic revenue is from unutilized tickets, surcharges relating to sales for travelling on other airlines and ancillary revenue such as pre-seating, additional baggage and upgrades.

Tickets that have not been utilized by passengers and which have expired are recognized as revenue. SAS estimates unutilized tickets each period on the basis of historical utilization levels for unutilized tickets over

the past two or three-year period, and recognizes revenue and reduces the short-term unearned transportation revenue liability based on that estimate.

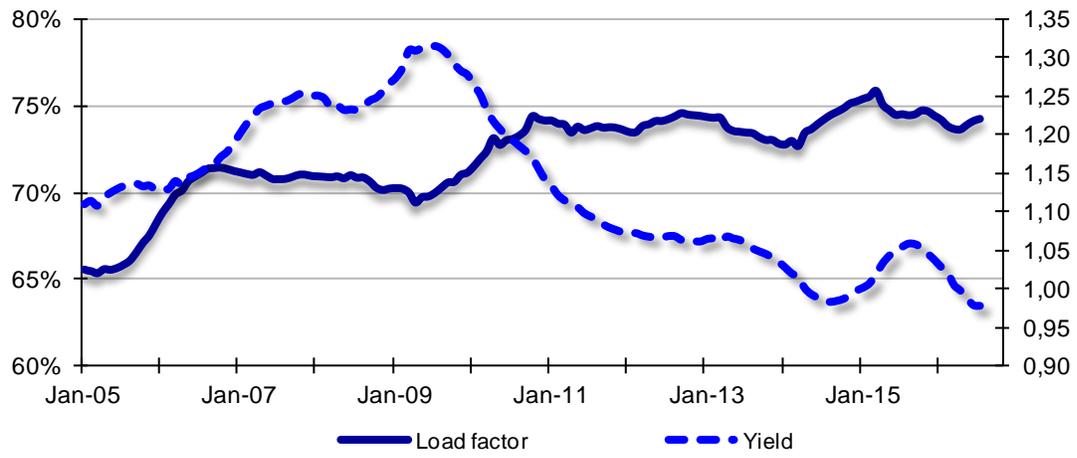
Other operating revenue

Other operating revenue is made up of the following items:

Item	FY16	FY15
In flight sales	252	253
Ground handling services	1,041	1,294
Technical maintenance	152	163
Terminal and forwarding services	351	370
Sales commissions and charges	556	548
Other*	1,399	1,453
Total other operating revenue	3,751	4,081

*Includes invoicing of other airlines for GDSs and lounge access, attached revenue and services fees from name changes and re-booking fees.

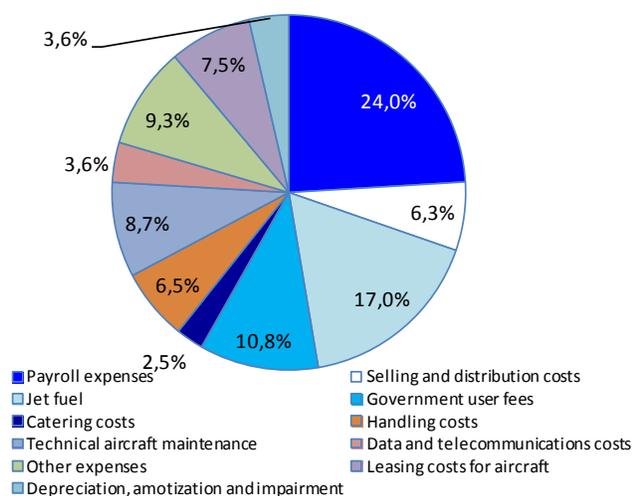
SAS yield and load factor development, R12



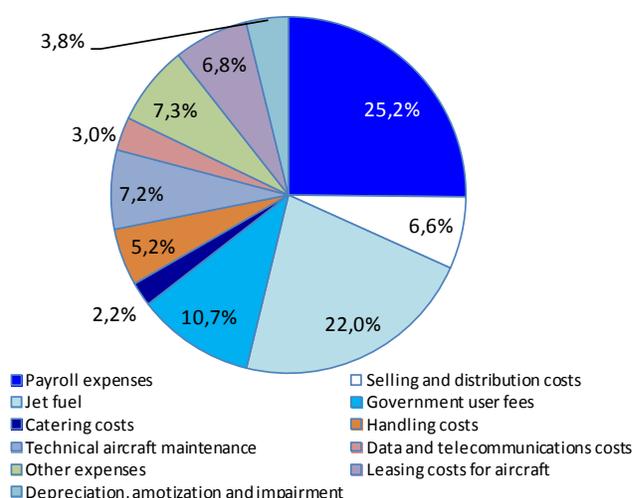
Expenditure

Airlines are capital and labour intensive, which is reflected in the expenditure breakdowns.

Cost breakdown FY16



Cost breakdown FY15



Payroll expenditure

Payroll expenditure includes employee costs such as wages, social taxes, insurances and training costs.

Wages make up approximately 80% of the payroll expenses.

Employee group	FY16	FY15	FY14
Ground handling	4,210	4,916	5,294
Cabin crew	2,574	2,325	2,455
Administration	1,516	1,660	1,947
Pilots	1,300	1,227	1,322
Technicians	1,110	1,160	1,312
Total full time employees	10,710	11,288	12,329

Jet fuel

Jet fuel costs includes mainly the cost for purchasing jet fuel, hedging costs and transportation of the jet fuel cost to SAS's aircraft.

Item	FY16	FY15	FY14
Jet fuel consumption, MT	1,308,776	1,212,206	1,236,184
Average jet fuel spot price, \$/MT	398	547	934
Jet fuel price paid incl. hedging cost (\$/MT)	583	757	978

Government user fees

Government user fees predominantly relate to costs for the use of airports, overflight and enroute charges as well as security and environmental charges.

Breakdown of airport and passenger related charges:

Area	FY16	FY15	FY14
Denmark	1,378	1,314	1,337
Norway	1,985	1,686	1,755
Sweden	1,023	1,049	1,070
International	2,317	2,130	1,890
Total	6,702	6,180	6,053

Breakdown of enroute charges:

Area	FY16	FY15	FY14
Denmark	154	158	172
Norway	219	248	256
Sweden	367	376	409
International	986	932	873
Total	1,726	1,714	1,711

In total, SAS paid MSEK 8,428 in airport and enroute charges during FY16 of which MSEK 4,106 is accounted for in the income statement. The remaining part is paid by the passengers to respective supplier via SAS.

Technical aircraft maintenance

Technical aircraft maintenance costs relate to external maintenance costs that SAS incur for base and heavier maintaining of its aircraft. SAS uses a number of suppliers for these services such as Lufthansa Technik, CFM, IAE, Safran, Iberia, Rolls Royce and MTU.

SAS undertakes most line maintenance in-house. Most expenditure relating to line maintenance is accounted for under payroll expenditure and only costs for spare parts and components are accounted for under technical aircraft maintenance costs.

Deicing fluid for SAS and other airlines are also included under technical aircraft maintenance costs at the main hubs, Malmö and Gothenburg airports.

A significant part of aircraft maintenance costs are priced in USD.

Leasing costs for aircraft

Aircraft leasing costs relate to operational lease expenses of aircraft that SAS is leasing. About 70% of SAS's aircraft fleet is on operating lease basis. Aircraft leasing costs also include 40% of SAS's total wet lease costs, while the remaining 60% of the wet lease costs is accounted for under 'Other operating expenses.

Aircraft leasing costs are predominantly denominated in USD.

Sales and distribution

Sales and distribution relate to agencies and distribution system providers, marketing, sales centre costs and credit card fees.

Handling costs

Handling costs relate to external ground handling services and cleaning. It also includes the logistical

costs for transporting the catering to the aircraft and disposing it

SAS has in house ground handling services at the main hubs at the airports in Copenhagen, Oslo and Stockholm-Arlanda as well as two line stations at Gothenburg and Malmö airports. Most expenditure relating to the in-house ground services is accounted for under payroll expenditure. Costs for leased vehicles and other equipment for in-house ground handling services are accounted for under other operating expenditure.

Computer and telecom costs

Computer and telecom costs includes payments to external IT providers for software, operation and management of SAS systems and IT infrastructure. It also includes procurement of IT hardware such as crew devices, telephones, screens and the leasing cost for desktop and laptops. IT development, which is not activated as an intangible assets, is also included under computer and telecom costs.

Catering

Catering costs include the cost for providing catering onboard SAS's flights.

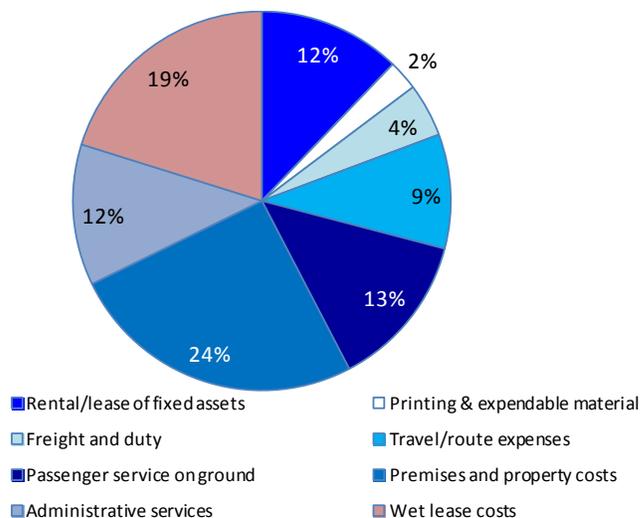
Other operating costs

Other operating costs include costs for premises and property, wet lease (60% of wet lease costs as 40% is accounted for under aircraft leasing costs), passenger service on ground, rental/lease of fixed assets, administrative costs as well as exchange rate and forward cover costs. Revaluation of provisions, due to changing exchange rates, relating to for example maintenance of leased engines also affect other operating costs.

Exchange rate and forward cover costs vary significantly from year to year depending on SAS's hedging position and the spot market development. A

breakdown of other operating costs excluding exchange rate and forward cover costs is provided below.

Breakdown of other operating costs excluding exchange rate and forward cover costs, FY16, %



Depreciation, amortization and impairment

Depreciation mostly relates to depreciation of owned aircraft and intangible assets. A breakdown of depreciation, amortization and impairment is provided in the table below:

Depreciation	FY16	FY15	FY14
Aircraft	1,123	1,129	1,213
Intangible assets	145	207	92
Spare engines and spare parts	2	40	57
Buildings and fittings	55	37	35
Other equipment and vehicles	25	37	28
Workshop and aircraft servicing equipment	17	16	18
Total	1,367	1,466	1,443

SAS depreciates is based on the following estimated periods of useful life:

Asset	Depreciation
Aircraft	20 years ¹
Spare equipment and spare parts	20 years ¹
Engine components (average)	8 years
Workshop and aircraft servicing equipment	5-10 years
Other equipment and vehicles	3-5 years
Buildings	5-50 years

¹ Estimated residual value after a useful life of 20 years is 10%.

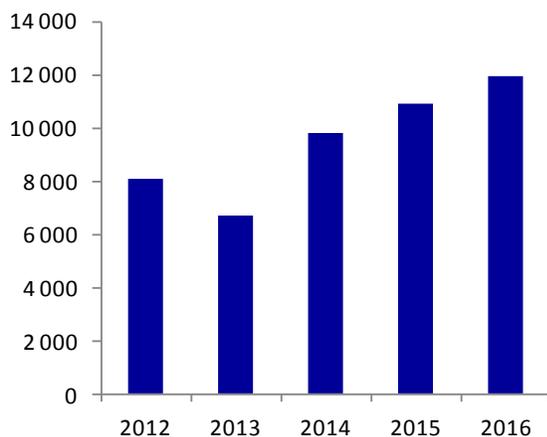
Financial risk management

Financial risk management is important due to SAS's capital intensive operation and exposure to many foreign currencies, interests and jet fuel risks that also require close management of liquidity and credit risks. SAS has a centralized Treasury function that monitors the financial risks in line with SAS Financial policy which is approved by the Board. The Financial policy includes policies and directions such as mandates for hedging and approved financial instruments.

Liquidity and cash flow

SAS targets a financial preparedness of at least 20% of annual fixed costs. SAS's cash and cash equivalents are placed in instruments with good liquidity or short maturity with credit ratings not lower than A3/P1 according to Moody's, or A/A1 according to Standard & Poor's.

Cash and undrawn credit facilities, MSEK

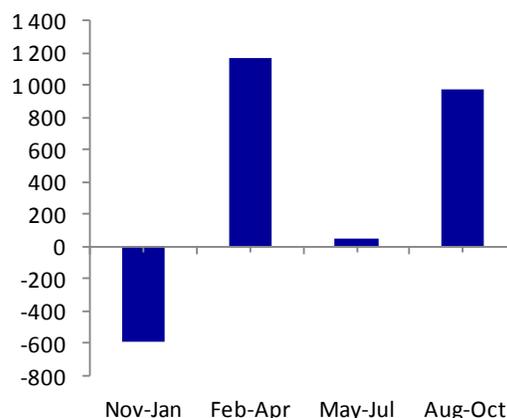


Seasonal fluctuations in demand impact cash flow and earnings differently. Passenger revenue is recognized when customers actually travel, while cash flow is positively impacted during months in which bookings increase.

SAS cash flow is positively impacted during periods with higher levels of pre-bookings. Pre-booking levels are generally building up during the spring from January to May before the summer period. This results in a positive change in SAS working capital due to increased unearned transportation revenue. During July-August, number of bookings decline which affect the cash flow from operation negatively due to a negative change in the working capital.

During the period September-November, pre-booking levels are relatively stable including the unearned transportation revenue.

SAS cash flow seasonality, MSEK*



*Average during 2010-2016

Funding and debt profile

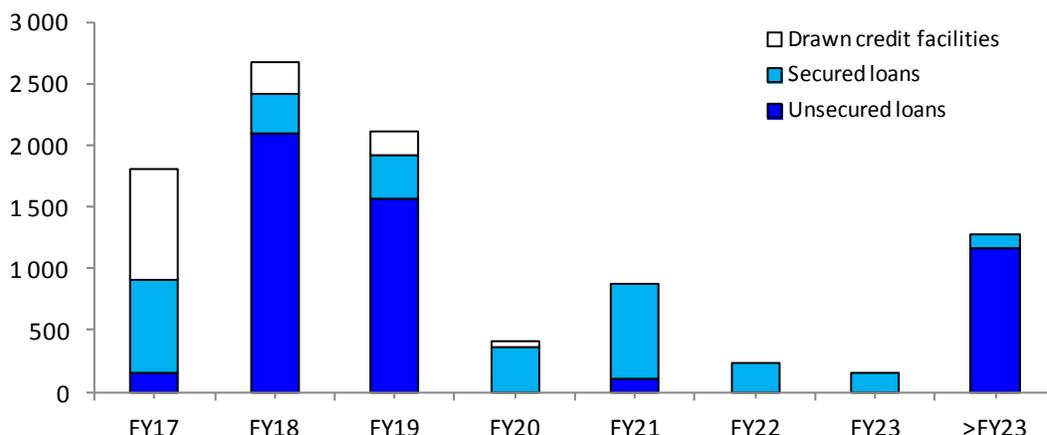
SAS has a diversified funding and uses commercial paper, bank loans, bond loans, convertible bond loans, subordinated loans and leasing as sources of funding. SAS's debt decisions are made with the aim to obtain a debt portfolio which minimizes the cost, has repayment flexibility, minimizes credit and residual value risks and has a balanced maturity profile.

SAS interest bearing liabilities totaled MSEK 9,880 on 31 October 2016 and is broken down as shown below:

Interest-bearing liabilities	MSEK
Subordinated loans	1,157
Bond loans	2,330
Convertible bond loan	1,482
Finance leases	1,321
Utilized facilities	1,821
Other loans	1,449
Other financial items	320
Total	9,880

As at 31 October 2016, SAS had net financial receivable of MSEK 1,166.

SAS interest-bearing liabilities amortization profile 31 October 2016, MSEK



In addition, SAS has off-balance sheet operating leases. These leases have an average tenor of 2.3 years as at 31 October 2016.

Jet fuel risk management

SAS's policy for jet-fuel hedging states that jet 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 following six months.

At October 31, 2016, SAS had hedged 45% of its anticipated jet-fuel consumption for the 2016/2017 fiscal year. The hedge was carried out using a mix of capped options and swaps. Under current plans (31 October 2016) for flight capacity, the cost of jet fuel during the 2016/2017 fiscal year is expected to be in line with the table below, taking into account different fuel 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.

Vulnerability matrix, jet-fuel cost FY17, SEK bn

Market price	SEK / USD			
	7.0	8.0	9.0	10.0
USD 300/MT	4.1	4.6	5.2	5.8
USD 400/MT	4.8	5.5	6.2	6.9
USD 500/MT	5.5	6.3	7.0	7.8
USD 600/MT	6.0	6.9	7.7	8.6

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

Trading of emission rights

SAS is a long-time supporter of the polluter pays principle. However, a prerequisite for this is that it is applied on equal terms and in a manner that does not distort competition. Furthermore, SAS is positive toward requirements for increased energy efficiency, which fit well with the company's ambitious environmental targets that mean making it possible to fly without greenhouse gas emissions by 2050.

In 2015/2016, SAS's emission rights expenses totaled MSEK 88. Due to the introduction of a new global emission trading system by ICAO, no emission rights have been allocated within the EU Emission Trading System for 2017. However, SAS does not expect significant changes to the emission rights expenses in 2016/2017.

Currency risk management

As a consequence of its international operations and bases in Scandinavia, SAS is exposed to price changes in several currencies.

SAS largest surplus currency is the NOK and the largest deficit currency is the USD. A breakdown of SAS's exposure to the different currencies based on the outcome during 2015/2016 is provided in the table below.

Currency breakdown 2015/2016, SEK bn

Currency	Revenue	Expenses	Net
USD	3.1	-13.2	-10.1
NOK	11.9	-5.5	6.5
SEK	11.5	-7.5	4.0
EUR	4.3	-3.7	0.6
CNY	0.6	-0.1	0.5
GBP	1.1	-0.7	0.5
JPY	0.4	-0.1	0.3
DKK	5.4	-5.4	0
Other	1.3	-0.3	1

Currency exposure is managed through continuously hedging 40–80% of SAS's surplus and deficit currencies based on a 12-month rolling liquidity forecast.

On October 31, 2016, SAS had hedged 53% of its anticipated USD deficit for the next 12 months. In terms of the NOK, 66% of the anticipated surplus for the next 12 months was hedged.

Hedging is mainly performed through currency forward contracts to prevent earnings-related

revaluation effects pertaining to financial assets and liabilities.

Currency hedging of aircraft order

SAS can hedge part of the order value for aircraft it has on order to limit the currency risk. This is conducted through currency forward contracts and by entering into sale and leaseback agreements. During 2016 and early 2017, SAS entered into sale and leaseback agreement for 18 Airbus A320neo. Through this, SAS has in effect no currency exposure on 60% of its A320neo order of 30 aircraft. SAS has also secured a small part of its aircraft order of eight Airbus A350 with delivery from 2019.

Interest

The airline industry is capital intensive and SAS has interest-bearing liabilities of MSEK 9,880, which exposes the company to interest-rate changes. The financial policy at SAS regulates the proportion between floating and fixed interest rates with the objective that gross financial debt has a tenor of two years. SAS's average tenor for gross financial debt was 2.3 years as of October 2016.

Counter party losses

SAS is exposed to counter party losses through credits, lease agreements and guarantees to external parties. This exposure is governed by SAS's financial policy. The SAS Group's cash and cash equivalents are placed in instruments with good liquidity or short maturity with credit ratings not lower than A3/P1 according to Moody's, or A/A1 according to Standard & Poor's.

Fleet

SAS's own fleet consists of two aircraft types for operation within Europe and Airbus A330/A340 for our long haul flights.

SAS aircraft, 31 October 2016

Aircraft type (SK AOC)	Age	Owned	Leased	Total	Order	Order lease
Airbus A330/A340/A350	11.4	0/6/0	8/2/0	8/8/0	0/0/8	-
Airbus A319/A320/A321	11.3	2/2/4	2/12/4	4/14/8	0/29/0	-
Boeing 737-600/700/800	13.7	4/8/8	19/21/21	23/29/29	-	-
Total	12.9	37	86	123	37	-

Wet leased aircraft, 31 October 2016

Aircraft type, other AOC than SK	Age	Owned	Wet Leased	Total	Order, wet lease
Boeing 737-700	11.0	-	1	1	-
Bombardier CRJ900	4.1	11	8	19	4
ATR-72	1.8	-	13	13	-
Total	3.4	11	22	33	4

Aircraft order

As at 31 October 2016, SAS had firm orders on 37 aircraft and 4 wet leased aircraft with deliveries as shown in the table below.

Aircraft type	FY17	FY18	FY19	FY20	FY21
Airbus A320neo	12	8	8	1	-
Airbus A350	-	-	-	3	5
Bombardier CRJ900 (wet lease)	4	-	-	-	-
Total	16	8	8	4	5

Aircraft data

	Airbus A330/A340	Airbus A319/320/321	Airbus A320neo	Boeing 737-600/700/800	CRJ900	ATR72
Number of aircraft	8/8	4/13/8	1	23/30/29	19	13
Number of seats, max	266/247	141/168/198	174	123/141/181	90	70
Max. takeoff weight, tonnes	242/275	75.5/75.5/89	77	59.9/69.4/79	38.3	23.0
Max. load weight, tonnes	44.5/44.1	16.7/18/23	18	13.2/15.2/19.6	9.6	7.4
Length, metres	63.7	33.8/37.6/44.5	37.6	31.2/33.6/39.5	36.2	27.2
Wingspan, metres	60.3	34.1	35.8	34.3/35.8/35.8	23.4	27.1
Cruising speed, km/h	875	840	840	840	840	490
Range, km	10,400/12,800	3,100/3,900/3,800	4,600	2,400/4,400/4,200	2,100	930
Fuel consumption, l/seat km	0.032/0.039	0.033/0.029/0.029	0.025	0.038/0.032/0.028	0.039	0.027
Engine	RR Trent 772B/ CFM56-5C4	IAE V2524-A5/ IAE V2527-A5/ IAE V2530-A5	CFM Leap 1A	CFM56-7B	GE CF34- 8C5a1	PW 127M

Alliances and partners

SAS is a founding member of Star Alliance™ in 1997. In addition, SAS has 21 bilateral codeshare partners as at 31 October 2016. Star Alliance and the bilateral partners complements and extends SAS's networks and offer our passengers a global proposition to, from and within Scandinavia.

Star Alliance

Star Alliance is the world's largest alliance between 28 network airlines. The member airlines include many of the world's top aviation companies as well as smaller regional airlines. Together, they offer easy connections to almost any destination in the world.

Each airline maintains its own individual style and cultural identity, bringing the richness of diversity and multiculturalism to the alliance. At the same time each airline shares a common dedication to the highest standards of safety and customer service.

Star Alliance enables an enhanced travel experience whereby customer can gain access to lounges and other time-saving services and can earn and redeem bonus on all participating airlines. In cases where our

passengers are impacted by flight irregularities, passengers can reach their destinations by rebooking to the next available Star Alliance flight as airlines within Star Alliance have established structures and processes for these events.

Joint venture

Sine 2012 SAS and Singapore Airlines have a joint venture on the routes between Singapore and Scandinavia.

Codeshare partners

In addition to its established relationships with Star Alliance, SAS has codeshare relationships with many other airlines. As at 31 October 2016, SAS had codeshare arrangements with 21 partners as shown in the table below.

Partner	Codeshare details
Aegean Airlines	SAS codeshares on Aegean Airlines services between Scandinavia and Greece. Aegean Airlines codeshares on SAS's services between Scandinavia and Greece.
Adria Airways	SAS codeshares on Adria Airways services between Scandinavia and Slovenia Adria Airways codeshares on SAS's services between Scandinavia and Slovenia
Air Baltic	SAS codeshares on Air Baltic services between Scandinavia and Riga. This agreement will not be extended after March 26, 2017.
Air Canada	SAS codeshares on Air Canada's services between Copenhagen and Toronto. Air Canada codeshares on SAS's services within Scandinavia and destinations in EU.
Air China	SAS codeshares on Air China's services between Stockholm and Beijing and beyond Beijing. Air China codeshares on SAS's services between Copenhagen and Beijing and Scandinavia.
All Nippon Airways	SAS codeshares on All Nippon Airways' services between within Japan. All Nippon Airways has no codeshares on SAS's service.
Austrian Airlines	SAS codeshares on Austrian Airlines' services between SCA and VIE and beyond VIE Austrian Airlines codeshares on SAS's services within SCA
Croatia Airlines	SAS codeshares on Croatia Airlines services between SCA and Croatia Croatia Airlines codeshares on SAS's services between SCA and Croatia
Egypt Air	SAS codeshares on Egypt Air services between CPH and Egypt Egypt Air codeshares on SAS's services within SCA
Ethiopian Airways	SAS codeshares on Ethiopian Airways services between STO and ADD Ethiopian Airways codeshares on SAS's services within SCA

Partner	Codeshare details
Etihad	SAS codeshares on Etihad services between Europe and AUH Etihad codeshares on SAS's services between/within SCA and EU
Lot	SAS codeshares on Lot's services between SCA and WAW Lot codeshares on SAS's services between SCA and WAW
Lufthansa	SAS codeshares on Lufthansa's services between SCA and Germany and beyond Germany Lufthansa codeshares on SAS's services between SCA and Germany and within SCA
Next Jet	SAS codeshares on Next Jet services between within SE and between SE and FI Next Jet has no codeshares on SAS's services .
Singapore Airlines	SAS codeshares on Singapore Airline's services between EU and SIN & beyond SIN Singapore Airlines codeshares on SAS's services within SCA and to EU
South African Airways	SAS codeshares on South African Airways services between EU and SA South African Airways codeshares on SAS's services within SCA and to DE/GB
Swiss	SAS codeshares on Swiss' services between SCA and ZRH Swiss codeshares on SAS's services between SCA and ZRH
Thai International	SAS codeshares on Thai International's services between SCA and TH Thai International codeshares on SAS's services within SCA and to EU
Turkish Airlines	SAS codeshares on Turkish Airlines services between SCA/FI and IST Turkish Airlines codeshares on SAS's services within SCA.
United Airlines	SAS codeshares on United Airlines services within US domestic United Airlines codeshares on SAS's services within SCA and to EU
Widerøe	SAS codeshares on Widerøe's services within NO/SCA and between NO and DK/UK Widerøe has no codeshares on SAS's services

Interline agreements

In addition to the codeshare relationships, SAS has interline agreements with more than 120 other

airlines. This enables SAS to check-through a passenger's bag to the final destination and further extend SAS's network and make the life easier for passengers travelling with SAS.

Legal framework and protection of SAS's traffic rights

SAS AB is a Swedish public limited company headquartered in Stockholm, Sweden. Since July 2001, SAS AB has been listed at the Nasdaq Nordic in Stockholm with secondary listings in Copenhagen and Oslo

Legal framework governing the SAS Group

External rules

- Swedish legislation
- The Swedish Corporate Governance Code (the Code)
- Nasdaq Nordic in Stockholm and Copenhagen and Oslo Børs rule book for issuers
- The recommendations issued by relevant Swedish and international organizations

Internal rules

- The Articles of Association
- Information/IR policy
- The Board's Rules of Procedure
- The Board's instructions to the President
- Internal policies and guidelines including the Code of Conduct

No breaches of the relevant stock exchange rules or of good stock market practices have been reported by Nasdaq's Disciplinary Committee, Oslo Børs or the Swedish Securities Council during the fiscal year.

Protection of SAS's air traffic rights in the Article of Association

For aviation policy reasons, the company's Articles of Association authorizes, in part, the mandatory redemption of common shares by means of a reduction of share capital and, in part, should redemption not be possible or be judged adequate, an option to issue subordinated shares for subscription with the support of previously issued warrants.

A precondition for these actions is an assessment by the company's Board that a direct threat exists against the air traffic rights of the company or any of its subsidiaries when the company or its subsidiaries infringe or risk infringing provisions on ownership and control in bilateral aviation agreements or in laws or regulations pertaining to permits for air traffic in the EU/EEA.

Mandatory redemption

In that case the Board may decide to mandatorily redeem a sufficient number of common shares not owned by shareholders domiciled in Denmark,

Norway or Sweden along with common shares that are controlled, directly or indirectly, by a person or company outside of these three countries, so as to ensure continued Scandinavian ownership and control. Primarily, such mandatory redemption of common shares is performed on shares owned or controlled by a person or company outside the EU/EEA. Prior to redemption, the shareholders are given an opportunity to sell their common shares voluntarily within a prescribed period. Redemptions are made subsequently without refund to the shareholder since the reduction is to be transferred to the company's statutory reserve.

Subordinated shares

Should the Board deem the action of redeeming common shares not possible or inadequate, the Board may propose a shareholders' meeting to decide whether to issue subordinated shares in such number so as to safeguard continued Scandinavian ownership and control. Such a decision must be approved by at least half of the votes cast at the meeting. The subordinated shares thus issued are subscribed for

with the support of previously issued warrants, which are currently held by a subsidiary of SAS AB but which the Board of SAS AB has the right to decide to transfer to one or more appropriate legal entities domiciled in Denmark, Norway or Sweden as soon as this is judged necessary for aviation policy reasons.

In total, there are 75,000 warrants issued, which provide entitlement to subscription of a total of 150,000,000 subordinated shares, which would increase the company's share capital by a maximum of SEK 3,015,000,000. As soon as the threat no longer exists, the Board shall ensure that the subordinated shares thus issued are redeemed.

Furthermore, for aviation policy reasons, the Articles of Association contain certain suitability and qualification requirements for Board members to ensure that the Board will at all times have the composition it needs to ensure that the company and its subsidiaries are able to retain their air traffic rights. These requirements include citizenship, domicile and knowledge and experience of the social, business and cultural conditions prevailing in the Scandinavian countries. Beyond these requirements and the regulations contained in the Articles of Association, there are no restrictions or voting rules pertaining to the appointment or removal of Board members.

SAS share and ownership

Three share classes

SAS AB has three classes of shares: common shares, preference shares and subordinated shares. At October 31, 2016, there were about 330 million common shares and seven million preference shares issued with a quotient value of SEK 20.10, which together constituted a total registered share capital of MSEK 6,754. There are no subordinated shares issued or outstanding. Common shares and subordinated shares entitle the holders to one vote each. Each preference share entitles the holder to one-tenth of a vote.

The maximum number of common shares and subordinated shares that may be issued is limited to a number that corresponds with 100% of the company's share capital. The maximum number of preference shares that may be issued is limited to 10% of the share capital. Common shares and preference shares provide shareholders with the rights set out in the Swedish Companies Act and the Articles of Association.

Subordinated shares provide shareholders the right to participate in and vote at the company's shareholders'

meetings. Subordinated shares do not entitle shareholders to dividends or participation in bonus issues. If subordinated shares are redeemed or the company is dissolved and its assets distributed, holders of subordinated shares are treated as common shares and receive an equal share in the company's assets, although not at an amount higher than the quotient value of the subordinated shares index-adjusted from the first date of registration of the subordinated shares until the date of the distribution with an interest-rate factor corresponding to STIBOR 90 days plus two percentage points. The purpose with the subordinated shares is to protect SAS's air traffic rights.

Ownership and control

On October 31, 2016, SAS AB had a total of 64,394 shareholders. The share of voting rights in Scandinavia was about 89%, with Sweden accounting for 42%, Denmark 33% and Norway 14%. Non-Scandinavian shareholders held about 11% of the voting rights in SAS AB. Institutional owners held 30–35% of the voting rights and private individuals 20–25%.

The 15 largest shareholders in SAS AB, 31 October 2016

Shareholder	Number of common shares	Number of preference shares	% of voting rights
The Swedish Government	56,700,000	-	17.1%
The Danish Government	47,000,000	-	14.2%
The Norwegian Government	37,800,000	-	11.4%
Knut and Alice Wallenberg's Foundation	24,855,960	-	7.5%
Försäkringsaktiebolaget Avanza Pension	4,445,020	458,852	1.5%
Unionen	4,150,539	-	1.3%
Vätterleden Aktiebolag	3,301,349	8,000	1.0%
Robur Försäkring	2,600,438	279,730	0.9%
Gerald Engström	2,650,000	-	0.8%
Norges Bank	2,386,489	160,884	0.8%
JP Morgan Bank Luxembourg	1,537,801	20,438	0.5%
Nordnet Pensionsförsäkring AB	1,256,546	184,400	0.4%
Den Danske Bank filial Stockholm	1,413,838	-	0.4%
DBNY-Dfa-Sml-Cap	1,339,495	-	0.4%
UBS AG London Branch Equities	1,326,220	-	0.4%
Other	137,319,036	5,887,696	41.4%
Total	330,082,551	7,000,000	100%

No restrictions exist in the Articles of Association concerning the voting rights of shareholders at shareholders' meetings and pursuant to the Swedish Companies Act, shareholders may vote for the entire number of shares they own or represent by proxy. Nor

are there any special plans, such as employee-benefit plans or the like, through which company or Group employees own shares with restricted voting rights. SAS AB has no knowledge of any agreements between shareholders that would restrict the capacity

of shareholders to vote at a shareholders' meeting or

their right to freely transfer such shares.

Change in SAS AB share capital

Year	Event	No. of new shares	Total No. of shares	Nominal value/share, SEK	Nominal share capital
2001	Incorporation	-	1,000	100	100,000
2001	Split	9,000	10,000	10	100,000
2001	New share issue	40,000	50,000	10	400,000
2001	Non-cash issue ²	155,272,395	155,322,395	10	1, 553,233,950
2001	Non-cash issue ³	6,494,001	161,816,396	10	1,618,163,960
2002	New share issue ⁴	2,683,604	164,500,000	10	1,645,000,000
2009	Share capital reduction	-	164,500,000	2.5	411,250,000
2009	Rights offering	2,303,000,000	2,467,500,000	2.5	6,168,750,000
2010	Share capital reduction	-	2,467,500,000	0.67	1,653,225,000
2010	Rights offering	7,402,500,000	9,870,000,000	0.67	6,612,900,000
2010	Reverse split	-	329,000,000	20.1	6,612,900,000
2014	New issue of preference shares	7,000,000	336,000,000	20.1	6,753,600,000
2016	Conversion of convertible loan	1,082,551	337,082,551	20.1	6,775,359,275

² Shares issued in exchange for shares in SAS Danmark A/S, SAS Norge AS and SAS Sverige AB.

³ Shares issued in exchange for shares in SAS Danmark A/S, SAS Norge AS and SAS Sverige AB.

⁴ Technical change in connection with consolidation to one common share.

SAS Board of Directors

The Board is responsible for the organization and administration of the Group, for ensuring proper control of its accounting and other financial circumstances as well as for appointing and removing

the President. All members elected by the shareholders' meeting are independent of the company and company management.



CHAIRMAN
FRITZ H. SCHUR, BORN 1951

Chairman of the Board of SAS AB since April 2008. Member of the Board of SAS AB since 2001.

Directorships: Chairman of the companies in the Fritz Schur Group and C.P. Dyvig & Co. A/S. Vice Chairman of the Board of Brd. Klee A/S. Board member of WEPA Industrieholding SE.

Education: B.Sc. Economics and Business Administration.

Earlier directorships/positions: Chairman of Det Danske Klasselotteri A/S, F. Uhrenholt Holding A/S, SN Holding A/S, CVI A/S, PostNord AB and Post Danmark A/S, Chairman of DONG Energy A/S and Vice Chairman of Interbank A/S. Board member of De Post NV/La Poste SA, Belgium, and others.

Shareholding: 40,000 common shares and 2,888 preference shares through a legal entity.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



FIRST VICE CHAIRMAN
JACOB WALLENBERG, BORN 1956

Vice Chairman of the Board of SAS AB since 2001.

Directorships: Chairman of Investor AB. Vice Chairman of ABB Ltd, FAM AB, Patricia Industries and Telefonaktiebolaget LM Ericsson, and Board member of the Stockholm School of Economics, the Knut and Alice Wallenberg Foundation and the Confederation of Swedish Enterprise.

Education: B.Sc. Economics and MBA Wharton School, University of Pennsylvania.

Earlier directorships/positions: Chairman of SEB. Vice Chairman of Stockholms Handelskamrars Service AB, Electrolux AB and Atlas Copco, as well as Board member of the Coca-Cola Company, Stora and WM-data. President and CEO of SEB, Deputy President and CFO of Investor AB.

Shareholding: 10,000 common shares.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



SECOND VICE CHAIRMAN
DAG MEJDELL, BORN 1957

Second Vice Chairman of the Board of SAS AB since 2008.

Directorships: Chairman of Norsk Hydro ASA, Sparebank 1 SR Bank ASA, NSB AS and International Post Corporation. Board member of Telecomputing AS.

Education: MBA, Norwegian School of Economics and Business Administration.

Earlier directorships/positions: President and CEO of Dyno Nobel ASA and CEO of Posten Norge AS. Chairman of Arbeidsgiverforeningen Spekter, Svenska Handelsbanken, Region Norway and Vice Chairman of Evry ASA. Board member of DYWIDAG System International GmbH. Industrial advisor IK investment Partners.

Shareholding: 4,214 common shares.

Shareholding of related parties: 0.

Independent of the company and the company management, and independent of the company's major shareholders from the latter part of the 2015/2016 fiscal year.



MONICA CANEMAN,
BORN 1954

Member of the Board of SAS AB since 2010.

Directorships: Chairman of Arion bank hf, Bravida Holding AB and Big Bag AB. Board member of Comhem AB, Intermail A/S and Nets AB.

Education: MBA, Stockholm School of Economics.

Earlier directorships/positions: Chairman of Allenex AB, EDT AS, the Fourth Swedish Pension Fund, Frösunda LSS AB, Interverbum AB and Viva Media Group AB. Board member of Akademikliniken AB, Citymail Group AB, EDB Business Partner ASA, Lindorff Group AB, My Safety AB, Nordisk Energiförvaltning ASA, Nya Livförsäkrings AB, Nocom AB, Resco AB, Schibsted ASA, SEB Trygg Liv, Svenska Dagbladet AB and XponCard Group AB.

Shareholding: 4,000 common shares.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



**CARSTEN DILLING,
BORN 1962**

Member of the Board of SAS AB since 2014.

Directorships: Vice Chairman of NNIT A/S.

Education: B.Sc. and M.Sc. in Economics and Business Administration, Copenhagen Business School.

Earlier directorships/positions: Board member of Get AS, Traen A/S (Chairman), Gatetrade A/S, Columbus IT Partner A/S, Confederation of Danish Industry (DI) and Industrial Employers in Copenhagen (IAK) and a number of Board assignments for the TDC Group. Previously President and CEO of TDC A/S.

Shareholding: 0.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



**LARS-JOHAN JARNHEIMER,
BORN 1960**

Member of the Board of SAS AB since 2013.

Directorships: Chairman of Qliro-Group, Arvid Nordqvist HAB and Ingka Holding B.V (IKEA's parent company). Board member of Egmont International Holding AS and Elite Hotels.

Education: B.Sc. in Business Administration and Economics, Lund and Växjö universities.

Earlier directorships/positions: Chairman of BRIS and Eniro AB. Board member of MTG Modern Times Group AB, Millicom International Cellular S.A, Invik and Apoteket AB. President and CEO of Tele2.

Shareholding: 10,000 common shares, 2,520 preference shares.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



**BERIT SVENDSEN,
BORN 1963**

Member of the Board of SAS AB since 2016.

Directorships: DNB ASA and Bisnode AB.

Education: M.Sc. in Electronic Systems Design, Norwegian University of Science and Technology (NTNU), M.Sc. in Technology Management, NTNU/NHH and Massachusetts Institute of Technology, Sloan School of Management, Boston, USA.

Earlier directorships/positions: Chairman of Data Respons ASA. Board member of EMGS and Ekornes ASA. Member of the European Commission's advisory group for ICT issues.

Shareholding: 0.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



**SANNA SUVANTO-HARSAAE,
BORN 1966**

Member of the Board of SAS AB since 2013.

Directorships: Chairman of Babysam AS, Sunset Boulevard AS, TCM AS, Bext VPG AS, Workz AS, Altia OYj, BoConcept AS and Footway AB. Board member of Paulig Oy, Broman group OYj, Clas Ohlson AB and Upplands Motor AB.

Education: M.Sc. in Business and Economics, Lund University.

Earlier directorships/positions: Chairman of Health and Fitness Nordic AB and BTX AS. Board member of Jetpak AB, Duni AB, Candyking AB, CCS AB and Symrise AG.

Shareholding: 0.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



**EMPLOYEE REPRESENTATIVE
JENS LIPPESTAD, BORN 1960**

Employed at Scandinavian Airlines in Norway. Member of the Board of SAS AB since 2014.

Shareholding: 15,000 common shares.

Shareholding of related parties: 0.

DEPUTIES:

Tor Kjøstel Lie, First Deputy.
Shareholding: 0.

Elin Rise, Second Deputy.
Shareholding: 0.



**EMPLOYEE REPRESENTATIVE
SVEN CAHIER, BORN 1951**

Employed at Scandinavian Airlines in Sweden. Member of the Board of SAS AB since 2014.

Shareholding: 418 common shares.

Shareholding of related parties: 0.

DEPUTIES:

Erik Bohlin, First Deputy.
Shareholding: 0.

Eva Dahlberg, Second Deputy.
Shareholding: 0.



**EMPLOYEE REPRESENTATIVE
JANNE WEGEBERG, BORN 1951**

Employed at Scandinavian Airlines in Denmark. Member of the Board of SAS AB since 2016.

Shareholding: 0 shares.

Shareholding of related parties: 0.

DEPUTIES:

Jean Pierre Shomburg, First Deputy.
Shareholding: 0.

Kim John Christiansen, Second Deputy.
Shareholding: 0.

Auditors: PricewaterhouseCoopers AB (PwC)
Auditor in charge: Bo Hjalmarsson, Authorized Public Accountant. Elected in 2013.
Other major engagements: Ericsson, SAAB and Teracom.
Board secretary: Marie Wohlfahrt, General Counsel.

SAS Group Management

SAS Group Management is responsible for the company's business management, financial reporting, acquisitions/divestments, financing and communication and other corporate matters. The members of the Group Management are appointed by the President in consultation with the Board of

Directors. Only the President reports to the Board, although the other members of Group Management report to the President. Group Management's responsibilities are divided among its members with regard to managing the company's business affairs, and minuted meetings are normally held every week.



RICKARD GUSTAFSON
BORN 1964

President and CEO

Member of SAS Group Management since February 1, 2011.

Previously: Various executive positions at GE Capital, both in Europe and the US, and President of Codan/Trygg-Hansa from 2006–2011.

External directorships: Chairman of Aleris and Board member of FAM AB.

Education: M.Sc. Industrial Economics.

Shareholding: 40,000 common shares.

Shareholding of related parties: 5 common shares.

Rickard Gustafson and related parties have no significant shareholdings or part ownership in companies with which SAS conducts major business.



GÖRAN JANSSON,
BORN 1958

CFO and Deputy President.

Member of SAS Group Management since 2011.

Previously: CFO and Deputy CEO of Assa Abloy.

External directorships: Board member of SPP.

Education: Graduate in Business Administration from Stockholm University.

Shareholding: 1,330 preference shares.

Shareholding of related parties: 0.



MATTIAS FORSBERG,
BORN 1972

Executive Vice President and CIO.

Member of SAS Group Management since January 1, 2016.

Previously: CIO at Systembolaget 2011–2015 and previously CIO at B&B Tools and strategy/management consultant at Accenture, including experience of Swedish and international assignments.

External directorships: Member of Skandia's Council of Delegates.

Education: MSc in Engineering Physics and Business and Economics from Uppsala University.

Shareholding: 0.

Shareholding of related parties: 0.



CARINA MALMGREN HEANDER,
BORN 1959

Executive Vice President and Chief of Staff.

Member of SAS Group Management since January 1, 2015.

Previously: Several leading positions in HR and operations at Electrolux, Sandvik and ABB.

External directorships: Chairman of Svenska Flygbranschen AB. Board member of Svedbergs AB and Scandinavian Track Group AB.

Education: MBA, Linköping University.

Shareholding: 0.

Shareholding of related parties: 0.



EIVIND ROALD,
BORN 1966

Executive Vice President and Chief Commercial Officer.

Member of SAS Group Management since April 1, 2012.

Previously: Eivind Roald joined SAS from Hewlett Packard in Norway, where he was President for seven years. He also has 16 years' experience from such companies as Accenture and Willi Railo Consulting, where he focused on the restructuring of sales and marketing functions.

External directorships: Crayon Group AS.

Education: Bachelor's degree from the Norwegian Business School (BI).

Shareholding: 0.

Shareholding of related parties: 84,000 common shares.



LARS SANDAHL SØRENSEN,
BORN 1963

Executive Vice President, Chief Operating Officer and Accountable Manager.

Member of SAS Group Management since May 1, 2015.

Previously: Lars Sandahl Sørensen has an international background from senior executive roles in ISS World (Group CCO), SAS Group (Group CCO & CEO of SAS International), Visit Denmark (CEO) and the Confederation of Danish Industry. Recently he has also been a partner in AIMS International and advisor to European large cap Active ownership funds.

External directorships: NKT Holding A/S, The Danish Industry Foundation, the Board of Management and Business Policy Committee at the Confederation of Danish Industry, Industrial Employers in Copenhagen (IAK) and Sport Event Denmark.

Education: Economics & Management from Kansai Gaidai University & St. Cloud University and Stanford University.

Shareholding: 0.

Shareholding of related parties: 0.



KARL SANDLUND,
BORN 1977

Executive Vice President and Chief Strategy Officer.

Member of SAS Group Management since February 1, 2014.

Previously: Karl Sandlund comes from a position as Vice President Network & Partners and previously worked in management roles with strategic assignments for SAS. Karl Sandlund worked for McKinsey before joining SAS in 2004.

External directorships: None.

Education: M.Sc. in Industrial Engineering and Management from Linköping University.

Shareholding: 2,000 common shares, 130 preference shares.

Shareholding of related parties: 0.

Ten-year financial overview

Income statement	FY16	FY15	FY14	FY13	2012 ¹	2011	2010	2009	2008	2007
Revenue	39,459	39,650	38,006	42,182	35,986	41,412	41,070	44,918	52,870	50,598
Operating income before depreciation	2,962	2,877	1,576							
Depreciation, amortization & impairment	-1,367	-1,446	-1,443	-1,658	-1,426	-2,413	-1,885	-1,845	-1,550	-1,457
Share of income in affiliated companies	39	37	30	25	32	28	12			
Income from the sale of shares in subsidiaries and affiliated companies	-7	-	6	700	400	-	-73			
Income from sale of aircraft, buildings and slot pairs	265	777	-16	-118	-247	12	-239			
Financial revenue	91	124	102	50	96	224	174	304	660	787
Financial expenses	-553	-632	-1,130	-999	-1,055	-1,030	-1,041	-645	-933	-1,041
Income before tax, EBT	1,431	1,417	-918	-1,648	-1,245	-1,629	-3,069	-3,423	-969	1,044
Income before tax and nonrecurring items	939	1,174	-697	919	23	94	-444	-2,247	-1,947	824
Balance sheets, MSEK										
Fixed assets	19,319	18,512	18,291	18,600	29,692	29,883	30,591	29,636	26,840	26,663
Current assets, excluding cash and cash equivalents	4,065	3,556	3,617	3,462	4,273	5,494	6,191	8,670	10,741	13,216
Cash and cash equivalents	8,370	8,198	7,417	4,751	2,789	3,808	5,043	4,189	5,783	8,891
Shareholders' equity	6,026	6,339	4,907	3,226	11,156	12,433	14,438	11,389	7,312	17,149
Long-term liabilities	9,822	10,275	10,384	10,173	12,111	13,889	13,932	13,069	19,160	11,274
Current liabilities	15,906	13,652	14,034	13,414	13,487	12,863	13,455	18,037	16,892	20,347
Total assets	31,754	30,266	29,325	26,813	36,754	39,185	41,825	42,495	43,364	48,770
Cash flow statements, MSEK										
Cash flow from operating activities	3,663	3,036	1,096	1,028	2,562	-482	-155	-3,414	-2,651	2,866
Investments	-5,960	-4,306	-2,113	-1,877	-2,595	-2,041	-2,493	-4,661	-4,448	-2,908
Sale of fixed assets, etc.	3,345	3,193	1,632	1,644	1,976	517	697	2,050	1,535	2,695
Cash flow before financing activities	1,048	1,923	615	795	1,943	-2,006	-1,951	-6,025	-5,564	2,653
New issue	-	-	3,500	-	-	-	4,678	5,808	-	-
Dividend	-350	-350	-175	-	-	-	-	-	-	-
External financing, net	-530	-787	-1,275	1,171	-2,961	763	-1,859	-1,524	2,480	-4,492
Cash flow for the year	168	786	2,665	1,966	-1,018	-1,243	868	-1,741	-3,084	-1,839
Key and alternative performance measures²										
EBIT margin, %	4.8	5.6	0.4	6.2	-0.8	1.6	-4.7	-6.9	-1.3	2.6
Return on shareholders' equity after tax, %	24	18	-15	457	-25	-12	-17	-27	-48	4
Return on invested capital, %	10	12	3	18	-1	4	-5	-6	1	6
Financial preparedness, %	41	40	37	26	31	33	34	23	23	42
Equity/assets ratio, %	19	21	17	12	30	32	35	27	17	35
Adjusted equity/assets ratio, %	12	13	11	8	24	26	28	21	13	27
Debt/equity ratio	-0.19	-0.11	0.22	1.42	0.59	0.56	0.20	0.57	1.22	0.07
Adjusted debt/equity ratio	3.08	2.65	3.14	5.13	1.54	1.33	0.89	1.70	3.08	0.92
Interest expenses/average gross debt, %	5.4	5.6	7.4	7.6	8.1	7.3	6.9	5.6	7.6	7.8
Interest-coverage ratio	3.6	3.2	0.2	2.6	-1.6	-0.6	-1.9	-4.4	-5.3	1.8
Average shareholders' equity	5,434	5,234	5,068	298	12,153	14,087	13,045	11,014	13,224	16,687
Interest-bearing liabilities	9,880	9,745	10,805	11,510	10,887	13,338	11,897	14,660	16,117	12,042
Financial net debt	-1,166	-726	1,102	4,567	6,549	7,017	2,862	6,504	8,912	1,231
Average financial net debt	-439	459	2,641	6,301	6,448	3,957	4,403	5,662	3,163	2,447
Capitalized leasing costs, net	19,754	17,535	14,287	11,970	10,654	9,527	10,318	15,554	21,182	23,086
Average capitalized leasing costs, net	18,791	16,105	13,017	11,219	9,827	9,706	11,984	19,502	22,016	23,191

¹ As a consequence of SAS's fiscal year changing to November 1–October 31, the 2012 fiscal year was shortened to the period January 1–October 31. Yield-based key figures are calculated based on income-statement items for a 12-month period.

² The returns are calculated using averages of the qualifying periods' balance-sheet items. The return on invested capital, adjusted equity/assets ratio and adjusted debt/equity ratio are calculated using net capitalized leasing costs, whereby operational leasing commitments for aircraft were taken into consideration.

Ten-year operational overview

Passenger related key figures	FY16	FY15	FY14	FY13	2012 ¹	2011	2010	2009	2008	2007
Number of destinations served, scheduled	118	119	125	150	136	128	127	134	157	158
Number of flights, scheduled	297,481	293,898	294,679	402,460	338,870	396,134	367,817	380,470	427,201	423,807
Number of passengers, total (000)	29,449	28,884	29,408	30,436	25,916	28,990	27,096	26,967	30,936	31,381
Number of passengers, scheduled (000)	27,738	26,941	27,061	28,057	23,979	27,206	25,228	24,898	29,000	29,164
Available seat km, total (mill.) ²	48,620	44,289	45,158	44,629	36,126	40,953	38,851	39,934	45,764	44,433
Available seat km, scheduled (mill.)	44,956	40,877	40,971	40,583	32,813	37,003	34,660	35,571	41,993	40,019
Revenue passenger km, total (mill.) ²	36,940	33,781	34,714	33,451	27,702	30,668	29,391	29,025	33,097	33,082
Revenue passenger km, scheduled (mill.)	33,508	30,561	30,686	29,650	24,746	27,174	25,711	25,228	29,916	29,365
Load factor, total (%) ²	76.0	76.3	76.9	75.0	76.7	74.9	75.6	72.7	72.3	74.5
Average passenger distance, total (km)	1,252	1,170	1,180	1,099	1,069	1,058	1,085	1,076	1,070	1,054
Weight-related key figures										
Available tone km, ATK, total (mill. tonne km)	6,179	5,553	5,617	5,527	4,475	5,089	4,835	5,052	5,991	5,812
Available tone km, scheduled (mill. tonne km)	5,741	5,132	5,119	5,042	4,098	4,604	4,318	4,463	5,291	4,987
Available tone km, other (mill. tonne km)	437	421	498	485	377	485	517	589	700	827
Revenue tone km, RTK, total (mill. tonne km)	4,404	3,989	4,067	3,930	3,201	3,555	3,448	3,327	4,136	4,210
Passenger and excess baggage (mill. tonne km)	3,666	3,354	3,446	3,308	2,733	3,018	2,897	2,863	3,268	3,265
Total load factor, scheduled (%)	71.3	71.8	72.4	71.1	71.5	69.9	71.3	65.9	69.0	72.4
Traffic revenue/revenue tonne km (SEK)	8.11	8.98	8.34	9.53	9.94	10.23	10.42	11.34	10.12	9.72
Key figures for costs and efficiency										
Unit cost ³	0.70	0.79	0.75	0.80	0.81	0.86	0.95	1.02	0.96	0.87
Jet-fuel price paid incl. hedging, average (USD/tonne)	583	757	978	1,093	1,116	970	773	831	1,120	786
Revenue-related key figures										
Passenger revenue/RPK, scheduled, yield (SEK)	0.91	1.00	0.94	1.07	1.09	1.12	1.16	1.30	1.27	1.25
Passenger revenue/ASK, scheduled, PASK (SEK)	0.68	0.75	0.70	0.78	0.82	0.82	0.86	0.92	0.91	0.92
Environmental key figures										
CO ₂ , gram/passenger km ⁴	99	101	100	104	118	122	121	127	131	130
Climate index ⁵ , (Environmental index ⁶)	91	92	92	94	98	100	90	94	98	96
Key figures for Scandinavian Airlines										
Market share, to from and within Scandinavia (%)	31	32	33	32	33	33	34	36		
Yield, currency-adjusted change, (%)	-7.7	4.0	-7.4	-0.4	-1.0	-2.0	-7.4	-5.2		
PASK, currency-adjusted change, (%) ⁷	-8.0	3.8	-5.8	-3.2	1.1	-1.3	-0.2	-7.3		
Unit cost, currency-adjusted, change (%)	-11.1	-3.8	-2.2	-6.0	-0.1	2.0	-7.8	-8.1		
Average flight distance, per flight, scheduled	903	866	865	861	844	847	823	816		
No. of daily departures, scheduled, annual average	813	805	807	791	773	683	667	707		
Number of aircraft in service ⁸	156	151	156	151	156	157	159	172		
Aircraft, block hours/day	9.3	8.8	9.0	8.7	8.2	8.1	7.5	8.0		
Pilots, FTE	1,300	1,228	1,396	1,413	1,328	1,304	1,297	1,609		
Pilots, block hours/year	681	688	685	665	659	650	630	550		
Pilots, payroll expenses, MSEK	2,489	2,370	2,459	2,584	2,979	2,826	-	-		
Cabin crew, FTEs	2,574	2,325	2,564	2,607	2,613	2,528	2,442	2,835		
Cabin crew, block hours/year	759	762	762	721	674	660	640	616		
Cabin crew, payroll expenses, MSEK ⁹	1,647	1,546	1,587	1,769	2,087	2,076	-	-		
Regularity, (%)	98.4	98.7	99.0	98.8	99.0	98.5	96.6	99.3		
Punctuality within 15, (%)	83.9	87.9	88.4	86.2	89.4	88.9	86.9	90.1		
Customer satisfaction, CSI	73	74	72	71	72	72	70	68		

¹ January 1–October 31. ² Total production includes scheduled traffic, charter, ad hoc flights and EuroBonus flights, etc. This means that the figures deviate from the published traffic statistics. ³ Only includes aircraft depreciation for 2007. ⁴ Carbon dioxide emissions per passenger kilometer comprising all passengers on board all flights (scheduled, charter etc.). Method adjusted from 2012/2013. ⁵ The base year became the full-year 2011 in conjunction with 4Excellence. The result for the Jan-Oct 2012 period comprises Nov 2011 - Oct 2012. ⁶ Refers to Scandinavian Airlines. ⁷ Refers to RASK prior to 2013/2014. ⁸ Including wet leases. ⁹ Excluding restructuring costs.

Milestones

Year	Event
1946	DDL, DNL and SILA founded SAS to operate intercontinental services, August 1
1951	DDL, DNL and ABA form SAS Consortium
1957	SAS inaugurates North Pole shortcut Copenhagen-Anchorage-Tokyo
1959	SAS first to introduce Caravelle jets into scheduled service
1960	DC-8 jets introduced on SAS intercontinental routes
1968	DC-9-41 put in service in Europe
1971	First Boeing 747
1981	SAS introduces EuroClass
1984	SAS wins "Airline of the Year" award from Air Transport World
1985	MD 80 in service
1988	SAS orders nine Boeing 767
1992	51% of Linjeflyg was acquired
1993	SAS Service Partner, Terminal Catering, Contract Catering were sold
1994	SAS holding of 42% in Lan Chile was sold, SAS Leisure, SAS Service Partner and Diners Club Nordic were sold
1995	The remaining 49% of Linjeflyg was acquired AirBaltic was established with SAS holding 16,5%
1997	STAR Alliance™ was founded with SAS as a founding member
1998	Acquisition of 63,2% in Widerøe, 100% in Air Botnia (today Blue1) and 26% of Cimber Air
2001	Scandinavian Airlines introduces new Airbus A340 on its intercontinental routes.
2005	Turnaround 2005 completed – SEK 14.2 bn in cost reduction measures implemented
2006	Sale and IPO of Rezidor Hotel Group
2007	SAS permanently grounds Q400
2009	SAS launches "Core SAS" and implements SEK 8.2 bn in cost reductions between 2009-2011 and focuses the operation on Northern Europe. SAS divested 80% of its holding in Spanair . Rights issue of SEK ~5.8 bn was completed.
2010	A rights issue of SEK ~5 bn was completed.
2011	SAS launches "4Excellence"
2012	4Excellence Next Generation was launched and significant changes incorporated in SAS collective bargain agreements with the flying crew which enabled SAS to renew a credit facility and continue operation.
2013	Sale of 80% shareholding in Widerøe
2015	SAS decided to expand its long haul fleet from 12 to 16.
2016	14 line stations in Norway were outsourced to Widerøe Ground Handling. Remaining 20% shareholding in Widerøe was sold. SAS took delivery of its first Airbus A320neo.

Definitions & concepts

Adjusted debt/equity ratio - The net of financial net debt plus capitalized leasing costs (x7) in relation to equity.

Adjusted equity/assets ratio - The net of equity in relation to total assets plus capitalized leasing costs (x7).

Affiliated company - Company where the SAS Group's holding amounts to at least 20% and at the most 50%.

AOC (Air Operator Certificate) - Permits for flight operations.

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

ATK, Available tonne kilometers - The total number of tonnes of capacity available for the transportation of passengers, freight and mail multiplied by the number of kilometers which this capacity is flown.

Block hours - Refers to the time from when the aircraft leaves the departure gate until it arrives at the destination gate.

CAGR - Compound annual growth rate.

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

Capitalized leasing costs (x7) - The net annual operating lease costs for aircraft multiplied by seven.

Carbon dioxide (CO₂) - A colorless gas that is formed in the combustion of all fossil fuels. The airline industry's CO₂ emissions are being reduced based on a changeover to more fuel-efficient aircraft.

CASK - See unit cost.

Code share - When one or more airlines' flight number is stated in the timetable for a flight, while only one of the airlines operates the flight.

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 revenue.

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

EBITDA margin - EBITDA divided by revenue.

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

EBITDAR margin - EBITDAR divided by revenue.

EBT - Income before tax.

Equity/assets ratio - Book 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.

Finance leases - Based on a leasing contract where the risks and rewards of ownership of the asset essentially remain with the lessee. The asset is reported as a fixed asset in the balance sheet because the lessee has an obligation to purchase the asset at the end of the lease. The commitment to pay future leasing charges is entered as a liability.

Financial net debt - Interest-bearing liabilities less interest-bearing assets excluding net pension funds.

Financial preparedness - Cash and cash equivalents, excluding receivables from other financial institutions, plus unutilized credit facilities in relation to fixed costs. In this ratio, fixed costs are defined as payroll and other operating expenses, except jet-fuel costs and government user fees, as well as leasing costs for aircraft.

FTE - Full Time Equivalent.

IATA - International Air Transport Association. A global association of more than 200 airlines.

ICAO - International Civil Aviation Organization. The United Nations' specialized agency for international civil aviation.

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

Interline revenue - Ticket settlement between airlines.

LCC - Low Cost Carrier.

Load factor - RPK divided by ASK. Describes the capacity utilization of available seats.

Market capitalization - Share price multiplied by the number of shares outstanding.

NPV - Net present value. Used to calculate capitalized future costs of operating leases for aircraft, for example.

Operating leases - Based on a leasing contract in which the risks and rewards of ownership remain with the lessor and is equivalent to renting. The leasing charges are expensed on a current basis in the statement of income.

PASK (unit revenue) - Passenger revenue/ ASK (scheduled).

Preference share capital - Preference share capital, corresponding to the redemption price after the 2018 AGM for 7,000,000 preference shares at 105% of the subscription price of SEK 500, amounting to MSEK 3,675.

RASK - Total traffic revenue/Total ASK (scheduled+charter).

Regularity - The percentage of flights completed in relation to flights scheduled.

Return on Invested Capital (ROIC) - EBIT plus the standard interest portion corresponding to 33% of net operating leasing costs minus dividends to shareholders in relation to average shareholders' equity, net financial debt and net capitalized leasing costs (x7).

Return on shareholders' equity after tax - 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.

RTK, Revenue tonne kilometers The number of tonnes of paid traffic (passengers, freight and mail) multiplied by the distance this traffic is flown in kilometers.

Sale and leaseback - Sale of an asset (aircraft, building, etc.) that is then leased back.

Shareholders' equity per common share - Shareholders' equity attributable to Parent Company shareholders less preference share capital in relation to the total number of common shares outstanding on the balance-sheet date.

Total load factor - RTK divided by ATK.

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

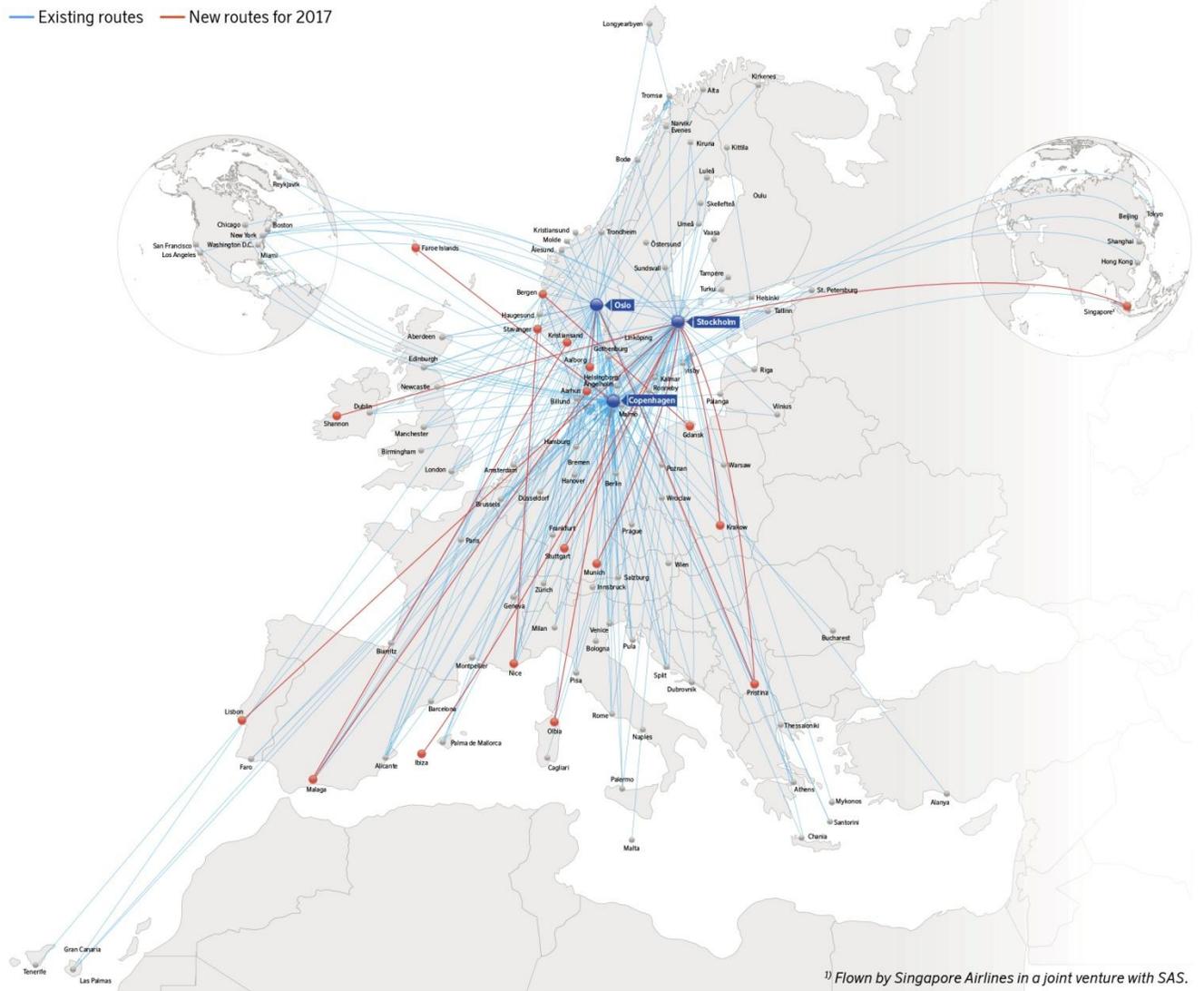
WACC - Weighted average cost of capital includes the average cost of liabilities, equity and operating leases for aircraft. The sources of funds are calculated and weighted in accordance with the current market value of equity and liabilities and the capitalized present value of operating lease costs for aircraft.

Wet lease agreement - Leasing in of aircraft including crew.

Working capital - The total of non-interest-bearing current assets and non-interest-bearing financial fixed assets excluding equity in affiliated companies and other securities holdings less non-interest-bearing liabilities.

Yield - Passenger revenue in relation to RPK (scheduled).

Route network



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