



SAS launches comprehensive plan to improve profitability and secure long-term financial preparedness – new union agreements must be signed in the near future

Targeting approximately 3 bn SEK of annual improvement from cost reductions and organizational restructuring and approximately 3 bn SEK increased liquidity from asset sales ~ New 3.5 bn SEK Revolving Credit Facility from Banks and Core Shareholders to secure financial preparedness conditional on signed union agreements and parliamentary approvals ~ The Board unanimously supports the plan and recommends all employees to do the same ~ The Board will meet again on Sunday November 18, 2012 to decide if the conditions for the implementation of the plan exist

The 4 Excellence Plan, which was announced in September 2011, is on target to deliver approximately 5 bn SEK in EBT effect. Despite this success, SAS foresees the need for further improvements to secure its long-term competitiveness. In a challenging environment for airlines, SAS must take decisive action to address its cost structure, improve its capital structure on a long-term basis, and take steps to reduce the negative impact on equity in 2013 due to changed pension accounting regulations.

4 Excellence Next Generation to improve profitability

The Board of SAS has approved the 4 Excellence Next Generation (4XNG) plan to address the issues facing SAS. The 4XNG plan will improve EBT by approximately 3 bn SEK on an annualized basis and improve the overall cost flexibility through:

- New union agreements for personnel
- Centralization of administration functions
- Reduction of compensation to market levels
- New pension terms
- Outsourcing of Call Centers and Ground Handling

1.5 bn SEK in improved EBT is expected to be realized in the financial year 2012/13, with most of the remaining annualized benefits realized in the financial year 2013/14. The plan is self-financing and requires no new capital. The restructuring cost and one-off implementation costs will be approximately 1.5bn SEK, whereof 0.9-1.0 bn SEK in financial year 2012, and will be fully funded from expected savings.

New pension terms will mitigate the need for new equity

As a result of the revised IAS19, that will be applied by SAS as of November 2013, the SAS Group's shareholders' equity will be reduced when all unrecognized deviations from estimates and plan amendments will be recognized in full in shareholders' equity. The 4XNG plan will result in a transition, for the majority of the employees, from the current defined benefit plans to defined contribution plans. These changes will mitigate the negative impact on equity by an estimated 2.8 bn SEK, reduce defined benefit obligations by 19 bn SEK (58%) and reduce volatility in future earnings resulting from changes in pension assumptions. These pension changes, together with the other actions announced today, provide SAS with the confidence that it will retain a strong equity position.

Asset Disposal and Financing Plan to increase liquidity

The Plan involves a commitment to complete an asset disposal and financing plan, which

totals approximately 3 bn SEK in potential net cash proceeds. The proceeds will improve SAS' internally generated financial preparedness and allow SAS to further reduce its financial leverage. The asset disposal and financing plan includes:

- Widerøe, a subsidiary regional airline in Norway
- Airport related real estate interests;
- Ground handling; and
- Aircraft engines

In addition, SAS will also actively consider opportunities to realize further value from its financed aircraft portfolio and other assets.

3.5 bn SEK Revolving Credit Facility conditional on signed union agreements and parliamentary approvals

SAS has reached an agreement to increase its existing 3.1 bn SEK revolving credit facility to 3.5 bn SEK and extend the term of the facility to 31 March 2015. SAS's bilateral facilities in the amount of 1.25 bn SEK will be cancelled as these facilities provide limited benefit at a significant financial cost. This new revolving credit facility alongside SAS' cash resources will provide the required financial preparedness while it completes its asset sales and realizes the full benefits from its cost reduction plans.

The new revolving credit facility is being provided by seven current lenders and SAS' core shareholders (The Kingdom of Denmark, the Swedish State, the Kingdom of Norway and KAW) on equal terms. The availability of the new revolving credit facility is subject to final documentation, parliamentary approval where required, and it is conditional on signed union agreements that are a central and integral part of the 4XNG plan.

SAS has initiated discussions with its relevant unions and will initiate a broad communication effort towards its employees to obtain their consent to the changes in the union agreements within a very short time.

Comprehensive plans create a financially strong SAS

The plans announced today are supported by our core shareholders and enable SAS to position itself as a strong, financially self-sufficient airline on a long-term basis. In connection with the approvals of the plans, SAS has set new financial targets.

	<u>Long term: FY 14/15</u>
Profitability	
EBIT %	>8%
Financial preparedness	
Cash & unutilized RCF / Fixed cost	>20%
Equity ratio	
Equity / Assets	>35%

SAS Group Investor Relations

SAS is publishing this **information** in accordance with the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act and corresponding Danish and Norwegian legislation. This information was submitted for publication on November 12, 2012 at 08.00 CET.