



GOVERNMENTS OF DENMARK AND SWEDEN SUPPORTS RECAPITALIZATION OF SAS

News / Airlines



Swedish Government has put forward a proposal to the Swedish Parliament to support SAS AB (publ) ("SAS") with up to SEK 5 billion as part of the company's necessary Recapitalization Plan due to the negative effects of COVID-19. In addition, the Danish government has today communicated political unity for a recapitalization of SAS. The company estimates that the recapitalization will encompass new funding need of some SEK 12.5 billion and additional measures. The aim of the recapitalization plan is to ensure that SAS is fully funded and that shareholders equity will be at levels experienced before COVID-19 pandemic when business volumes return to pre-corona levels. SAS remains in dialogue with selected stakeholders regarding the terms and conditions of the recapitalization plan and the burden sharing measures required by the Swedish and Danish governments. These measures will involve internal, external and financial stakeholders in the company, including the holders of SAS outstanding bonds and hybrid notes. Further details are intended to be announced before end of June.

As an effect of COVID-19, there has been a sharp drop in number of passengers and consequently revenues for SAS. Despite countries starting to re-open their borders, the recovery phase for the airline industry and SAS will most likely go well into 2022 before reaching levels like the demand ahead of the COVID-19 outbreak.



Given the negative financial impacts of the pandemic, the Board of Directors of SAS have approved a revised business plan, including a reduction of workforce by 5 000 and the need for productivity improvements in the range of 15-25% in all collective bargaining agreements. The plan also includes continued strict cost control procedures, renegotiated contracts with suppliers, reduced spend on marketing, product, IT development and other projects. Furthermore, it will entail an adaptation of the fleet size through postponements in aircraft deliveries.

Despite these measures, the revised business plan will require a recapitalization of the company for it to be able to continue its operations and its sustainability agenda. The Swedish and Danish Governments share the view of the Board of Directors of SAS on the need for a recapitalization. In this light, SAS welcomes the fact that the Swedish Government has put forward a proposal to the Swedish Parliament to support the company with an amount up to SEK 5 billion in shares and/or other transferable securities, as well as the Danish political agreement for the recapitalization of SAS.

Because of COVID-19 and the expected recovery of the traffic to, from and within Scandinavia, SAS estimates that the company will need some SEK 12.5 billion of new funding as part of the recapitalization plan. The aim of the plan is to ensure that SAS is fully funded and that shareholders equity will be at levels reported before the COVID-19 pandemic when anticipated business volumes return to pre-corona levels in 2022. As part of the potential plan, the Swedish and Danish governments have required burden sharing measures involving internal, external and financial stakeholders in the company, including holders of SAS outstanding bonds and hybrid notes. SAS remains in dialogue with the governments and other selected stakeholders to agree on the terms and conditions of their participation. SAS also continues its efforts to secure support from the Norwegian government. The ambition is to announce further details before the end of

June.



15 JUNE 2020

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