

Sweden, Denmark dig deeper to save SAS

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Scandinavian airline SAS has finalised its recapitalisation plan

The Swedish and Danish governments have agreed to stump up more cash to bail out ailing airline SAS in a recapitalisation plan that was finalised on Friday, the Scandinavian carrier announced.

SAS, which like other airlines around the world has been hit hard by the economic fallout from the coronavirus pandemic, said that Stockholm and Copenhagen have agreed to increase their respective stakes in the carrier to 21.8 percent apiece as part of the rescue plan first unveiled in August.

The package includes some 12 billion kronor (\$1.37 billion, 1.16 billion euros) of fresh funding and the conversion of a further 2.25 billion kronor of debt into equity.

Previously, Sweden had held a stake of 14.8 percent in SAS and Denmark 14.2 percent.

But analysts suggested that a lack of sufficient interest on the part of other investors compelled the governments to step in and fill the gap.

"Investors have not lined up to buy SAS shares, and the governments have helped SAS reach the goal," said Sydbank analyst, Jacob Pedersen.

SAS's chief executive Rickard Gustafson said he was "grateful for the support from our largest owners, the government of Sweden, the [government](#) of Denmark and Knut and Alice Wallenberg's Foundation, that they have demonstrated throughout this recapitalisation process."

Faced with a grounding of most of its fleet, SAS already announced in April that it would cut 5,000 staff—equivalent to 40 percent of its workforce.

The negotiations for those redundancies had now been completed, a company spokeswoman told AFP.

After having fallen to near zero in April, the airline is still operating at severely reduced capacity.

In September, monthly revenues were down down by more than 85 percent to 448 million kronor.

"Looking ahead, our focus is to execute on our [business plan](#) aimed at adapting SAS to a market defined by lower demand, and to return as a profitable and more sustainable airline as the world recovers from the Covid-19 pandemic," CEO Gustafson said.

Several other European governments have had to come to the rescue of their own flag carriers, such as France's Air France and Germany's Lufthansa.

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