

Commission Decision of 9 July 2014 on the measure SA.35668 (13/C) (ex 13/NN) (ex 12/CP) implemented by Denmark and Sweden for Scandinavian Airlines (notified under document C(2014) 4532) (Only the English text is authentic) (Text with EEA relevance) (2014/938/EU)

- Article 1     The financing of Scandinavian Airlines through the new  
Revolving Credit...
- Article 2     This Decision is addressed to the Kingdom of Denmark and...  
Signature

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**Changes to legislation:** There are currently no known outstanding effects for the Commission Decision of 9 July 2014 on the measure SA.35668 (13/C) (ex 13/NN) (ex 12/CP) implemented by Denmark and Sweden for Scandinavian Airlines (notified under document C(2014) 4532) (Only the English text is authentic) (Text with EEA relevance) (2014/938/EU). (See end of Document for details)

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- (1) [OJ C 283, 28.9.2013, p. 8.](#)
- (2) Cf. footnote 1.
- (3) FAM is the company responsible for the management of the assets of the Knut and Alice Wallenberg's foundation.
- (4) Available Seat Kilometre (ASK) is a measure of an airline flight's passenger carrying capacity. It is equal to the number of seats available multiplied by the number of kilometres flown.
- (5) *Source:* <http://www.airlineleader.com/regional-focus/nordic-region-heats-up-as-all-major-players-overhaul-their-strategies>
- (6) See footnote 12 and paragraph 31, concerning the sale of 80 % of the shares of Widerøe.
- (7) More recent developments in S&P's credit rating for SAS are discussed in footnote 25 below.
- (8) Business secret.
- (9) The rights issues of 2009 and 2010 were the subject of a Commission Decision in case SA.29785 (available at [http://ec.europa.eu/competition/state\\_aid/cases/249053/249053\\_1461974\\_61\\_2.pdf](http://ec.europa.eu/competition/state_aid/cases/249053/249053_1461974_61_2.pdf)), where the Commission concluded that the right issues did not involve State aid.
- (10) See in this sense the words of the CEO of SAS, quoted by Reuters on 12 November 2012: “This *truly* is our “final call” if there is to be a SAS in the future,” said Chief Executive after launching a new rescue plan for the airline [...] which has not made a full-year profit since 2007”, available at <http://www.reuters.com/article/2012/11/12/uk-sas-idUSLNE8AB01O20121112>. See as well the article entitled ‘SAS tops European airline critical list’ in the Financial Times of 13 November 2012, available at <http://www.ft.com/intl/cms/s/0/fa1cbd88-2d87-11e2-9988-00144feabdc0.html#axzz2TSY5JHUh>
- (11) See for instance Reuters on 18 November 2012 ( <http://www.reuters.com/article/2012/11/19/sas-idUSL5E8MI6IY20121119>) and the Financial Times of 19 November 2012 ( <http://www.ft.com/intl/cms/s/0/43e37eba-322f-11e2-b891-00144feabdc0.html#axzz2TSY5JHUh>).
- (12) According to information provided by the Danish and Swedish authorities, the sale of [...] — indicated in the opening decision — was removed from the final list of planned disposals, given the high uncertainty as regards the timing of sale and revenue generation.
- (13) On 20 May 2013, SAS reported that it had signed an agreement to sell 80 % of its shares in Widerøe to an investor group. SAS will retain a 20 % share in Widerøe but will have an option to transfer full ownership in 2016. See <http://mb.cision.com/Main/290/9410155/119539.pdf>
- (14) SAS has sold 10 % of the shares in its ground handling company to Swissport. This acquisition was effective as of 1 November 2013. The negotiations are currently on hold until Swissport has concluded the acquisition and integration of Servisair.
- (15) This has been completed having a liquidity effect of around SEK 1,7 billion.
- (16) These measures have largely been implemented and will amount to savings of around SEK 1 billion.
- (17) [...]
- (18) [...], one of the lenders under the old RCF, indicated that it would not be prepared to participate in the new RCF. As a result, [...] and [...] increased their participation in the new RCF proportionally.
- (19) See footnote 34 below.
- (20) See <http://www.reuters.com/finance/stocks/SAS.ST/key-developments/article/2662973>
- (21) The commitment under Facility A was reduced from SEK 0,8 billion to SEK 0,6 billion on 31 October 2013 as a consequence of SAS selling a stake in SAS Ground Handling to Swissport.
- (22) [OJ C 244, 1.10.2004, p. 2.](#)
- (23) The alternative would be to simply allow the old RCF to expire on 20 June 2013, while at the same time preventing any utilization in that period as long as SAS could not satisfy the drawdown conditions.
- (24) The Danish and Swedish authorities provided information concerning some of the banks' other exposures to SAS in the form of bilateral facilities, various hedging arrangements, credit cards, aircraft financing facilities, overdraft facilities and real estate transactions. The Danish and Swedish authorities maintain that, with the possible exception of [...]’s exposure related to credit card

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- payments, the banks did not have any material unsecured exposure to SAS. The various forms of exposure mentioned were either limited in size or were secured and consequently appeared insignificant in relation to the banks' decision to participate in the new RCF.
- (25) Revenue per Available Seat Kilometre (RASK) is a commonly-used measure of revenue for airlines.
- (26) Denmark and Sweden and SAS also emphasise in this regard that S&P upgraded its credit rating of SAS from CCC+ to B- with a stable outlook on 5 August 2013.
- (27) See Case 730/79 *Philip Morris Holland BV v Commission* [1980] EC-2671, paragraph 11; Case T-288/97 *Regione Friuli Venezia Giulia v Commission* [2001] ECR 2001 II-1169, paragraph 41; and Case C-280/00 *Altmark Trans GmbH and Regierungspräsidium Magdeburg v Nahverkehrsgesellschaft Altmark GmbH (Altmark)* [2003] ECR I-7747, paragraph 75.
- (28) The 'third package' included three legislative measures: (i) Council Regulation (EEC) No 2407/92 of 23 July 1992 on licensing of air carriers ([OJ L 240, 24.8.1992, p. 1](#)); (ii) Council Regulation (EEC) No 2408/92 of 23 July 1992 on access for Community air carriers to intra-Community air routes ([OJ L 240, 24.8.1992, p. 8](#)); and (iii) Council Regulation (EEC) No 2409/92 of 23 July 1992 on fares and rates for air services ([OJ L 240, 24.8.1992, p. 15](#)). These Regulations were incorporated in the EEA Agreement until the time they were repealed by Regulation (EC) No 1008/2008 of the European Parliament and of the Council of 24 September 2008 on common rules for the operation of air services in the Community ([OJ L 293, 31.10.2008, p. 3](#)), as incorporated in the EEA Agreement by means of Annex XIII to the EEA Agreement.
- (29) Joined Cases T-228/99 and T-233/99 *Westdeutsche Landesbank Girozentrale and Land Nordrhein — Westfalen v Commission* [2003] ECR-II435, paragraph 255.
- (30) Case T-296/97 *Alitalia* [2000] ECR II-3871, paragraph 81.
- (31) [...]
- (32) Apart from the old RCF, three banks had by 30 September 2012 exposures in the form of bilateral facilities linked to the old RCF which could not be drawn unless the old RCF was drawn in full. The amounts of the individual bilateral facilities were EUR [400-800] million for [...], EUR [200-400] million for [...] and EUR [400-800] million for [...].
- (33) Case C-305/89 *Italy v Commission* [1991] ECR I-1603, paragraph 20.
- (34) For example, [...] was removed from the final list of planned disposals [...].
- (35) For example, one of the drawdown conditions for Facility B was that SAS should have an EBITDAR of at least SEK [5-9] billion on a 12-month rolling basis. Since this exceeded the EBITDAR projected for each year of the period 2012-15, it was considered unlikely that SAS would be in a position to draw on Facility B during the time horizon of the new RCF.
- (36) The financial covenants related to [...]. The latter two financial covenants were adjusted on a quarterly basis based on the financial model underlying the 4XNG plan, implying that SAS was required to meet its own financial targets.
- (37) For illustrative purposes, Denmark and Sweden estimate the States' combined loss on the new RCF assuming a full drawdown of Facility A (of which SEK [700-1 200] million was covered by the States) and further assuming that the security only covered 50 % of the Facility A commitment and that the States had already received the first instalment of the commitment fee. This would have implied an estimated loss of SEK [400-800] million on the new RCF together with an estimated loss on the combined shareholding of SEK [700-1 200] million, i.e. SEK [1 100-2 000] million in total.
- (38) See paragraph 90.
- (39) See paragraphs 84 and 91.
- (40) See paragraphs 84 and 89.

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