

SAS defers deliveries, still more bondholders back rescue

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Ahead of a crucial vote of bondholders at a meeting next week, SAS Scandinavian Airlines (SK, Copenhagen Kastrup) has claimed that a growing number of these creditors said they support a debt-to-equity conversion required before the company can press ahead with its SEK14 billion kronor (USD1.6 billion) recapitalisation plan. The Swedish-Danish carrier said in a statement released at the end of the working day on August 26 that holders of 72.47% of its bonds and 77% of its hybrid notes had so far authorised an agent, the corporate management firm Intertrust, to vote in favour of the conversions. This is a substantial increase from a statement the airline made on August 7, which put the proportions at 42% and 53%, respectively. At the meeting scheduled for September 2, holders of at least 80% of the nominal amount of the bonds and two-thirds of the hybrid notes must vote in favour. A vote on the recapitalisation plan will then take place at an extraordinary shareholders' meeting set for September 22. The entire revised plan is then expected to be completed in early November, SAS said in a separate statement on August 25. This week SAS posted a pretax loss for its third quarter, May to July, of SEK2.07 billion (USD237 million), a contrast from its profit of SEK1.49 billion (USD170 million) a year earlier. Revenue plunged by 80% to SEK2.5 billion (USD286 million). "Demand continues to return slowly and in line with the estimated ramp-up plan we presented in the second quarter," chief executive Rickard Gustafson said in a statement, adding that demand during the period was centred around domestic travel and European summer destinations.

