

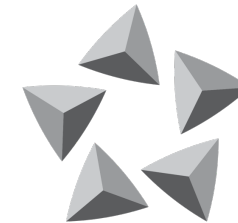


October 2023

Impact of SAS's Alliance Switch

What is happening?

- Air France-KLM is acquiring a 19.9% stake in SAS.
- SAS is leaving Star Alliance to join SkyTeam.

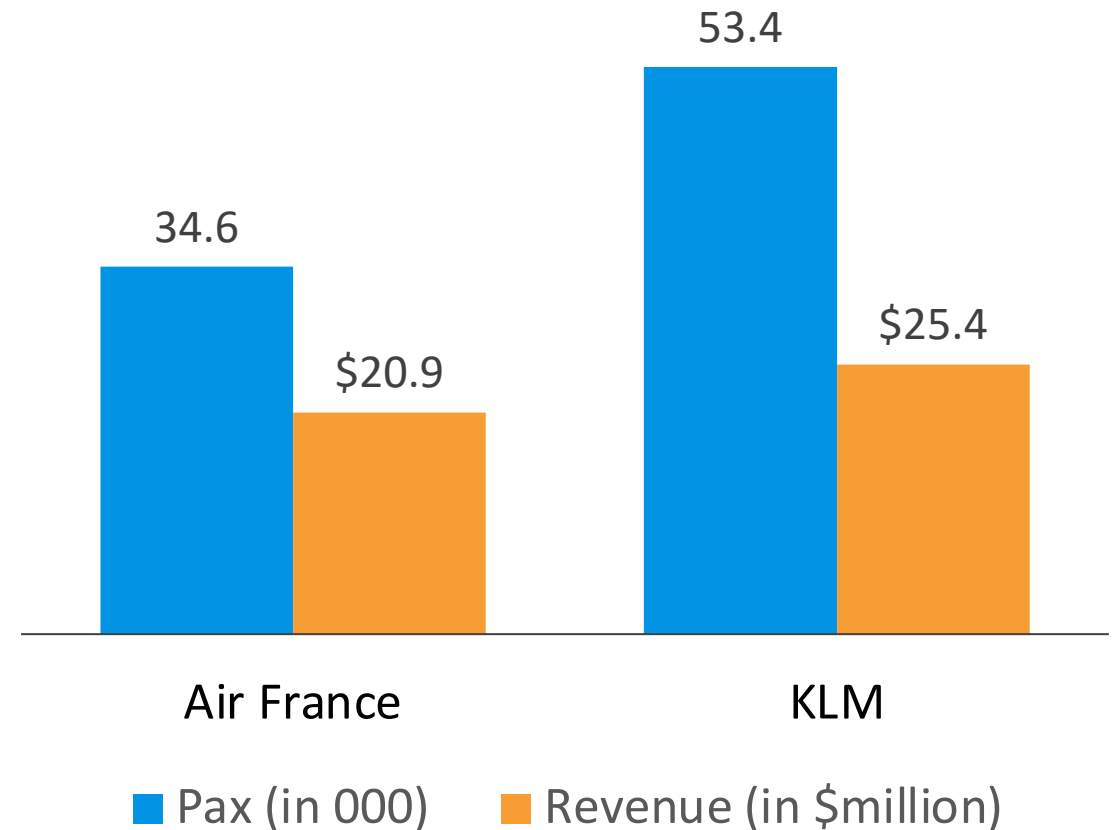


STAR ALLIANCE

Why the investment?

- 1. Peer pressure:** Lufthansa Group is eyeing ITA Airways in Italy and IAG wants Air Europe in Spain.
- 2. Gain from connections:** AF/KL stands to gain the most from SAS's switch to SkyTeam.

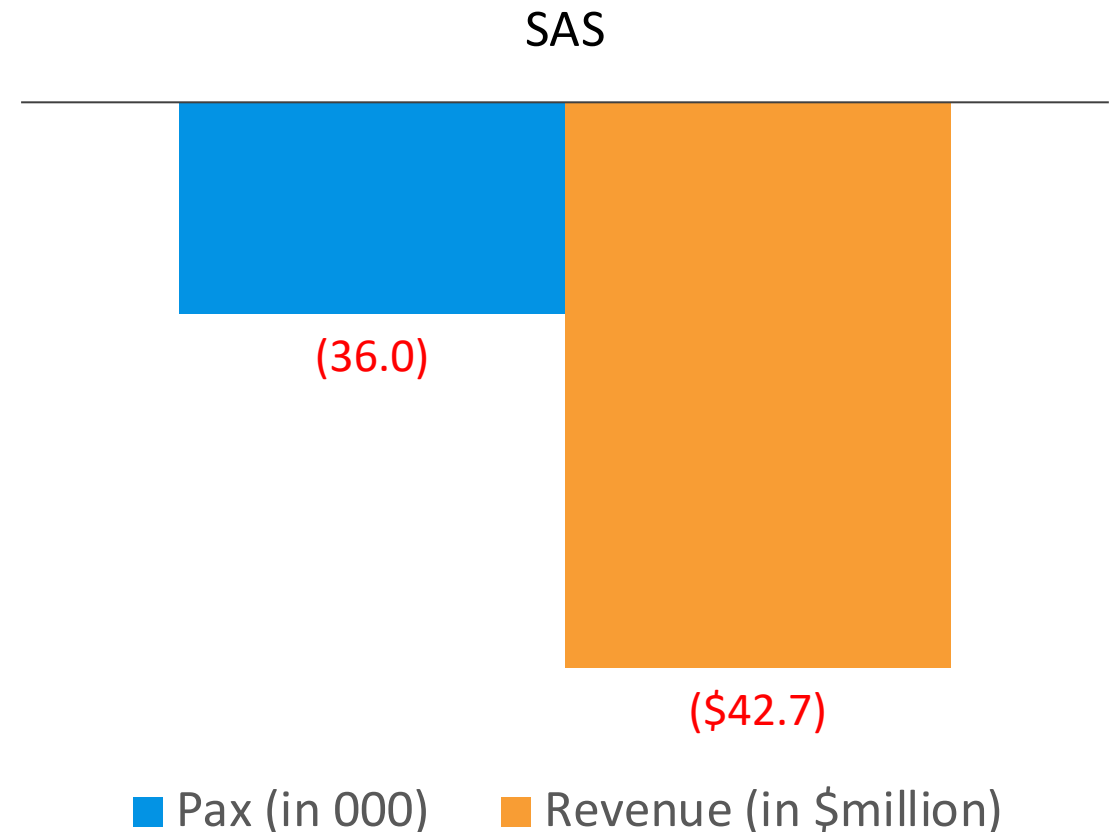
Annual Pax & Revenue Changes



Does SAS benefit?

- The \$144.5 million investment will support SAS in its restructuring efforts.
- But our analysis shows they will lose more passengers and revenue per year after switching alliances.

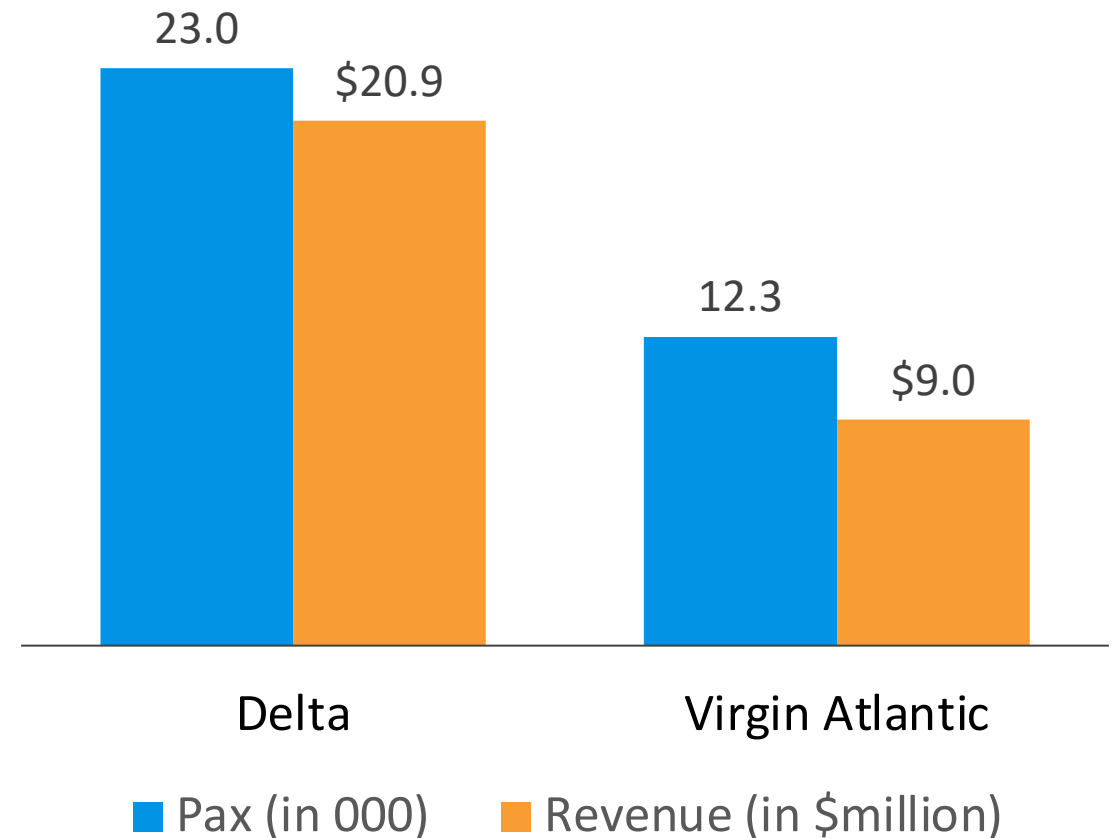
Annual Pax & Revenue Changes



Who wins big?

- Delta (DL) and Virgin Atlantic (VS) are top beneficiaries.
- Both of them are SkyTeam members.

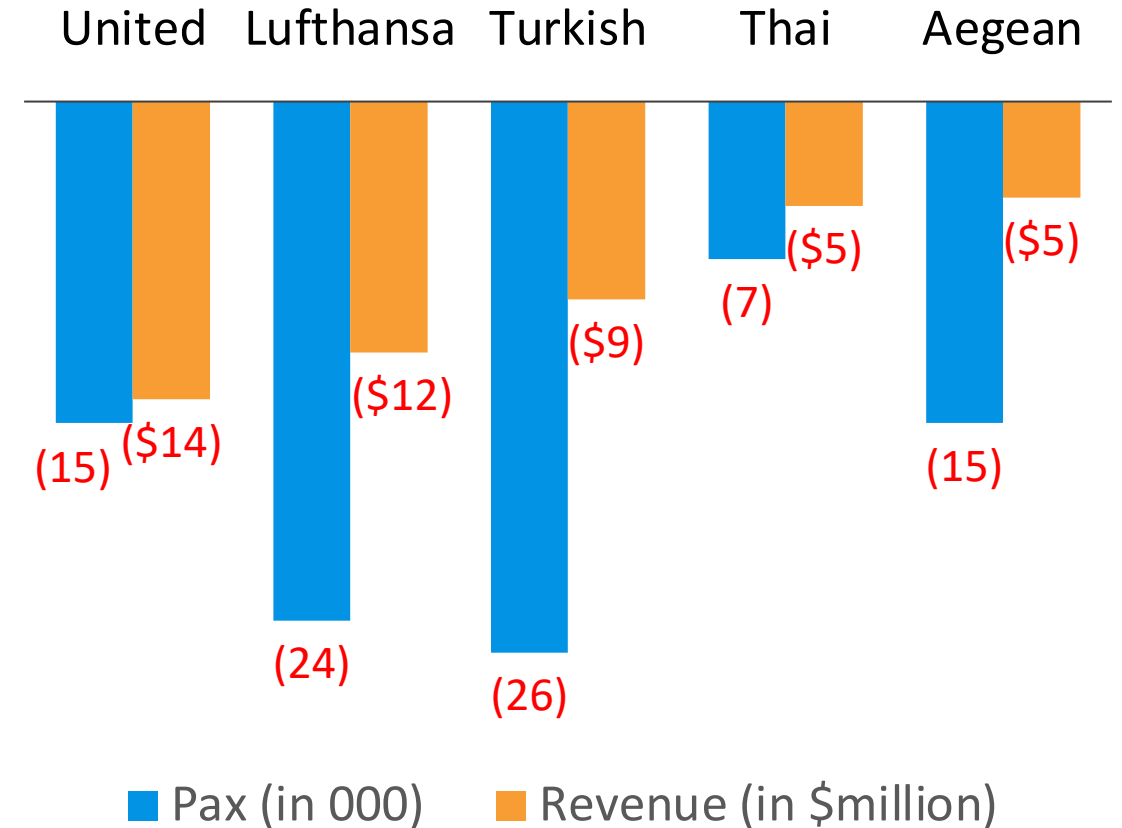
Annual Pax & Revenue Changes



Who loses out?

Star members such as United Airlines (UA), Lufthansa (LH), Turkish Airlines (TK), Thai Airways (TG), and Aegean Airlines (A3) face losses.

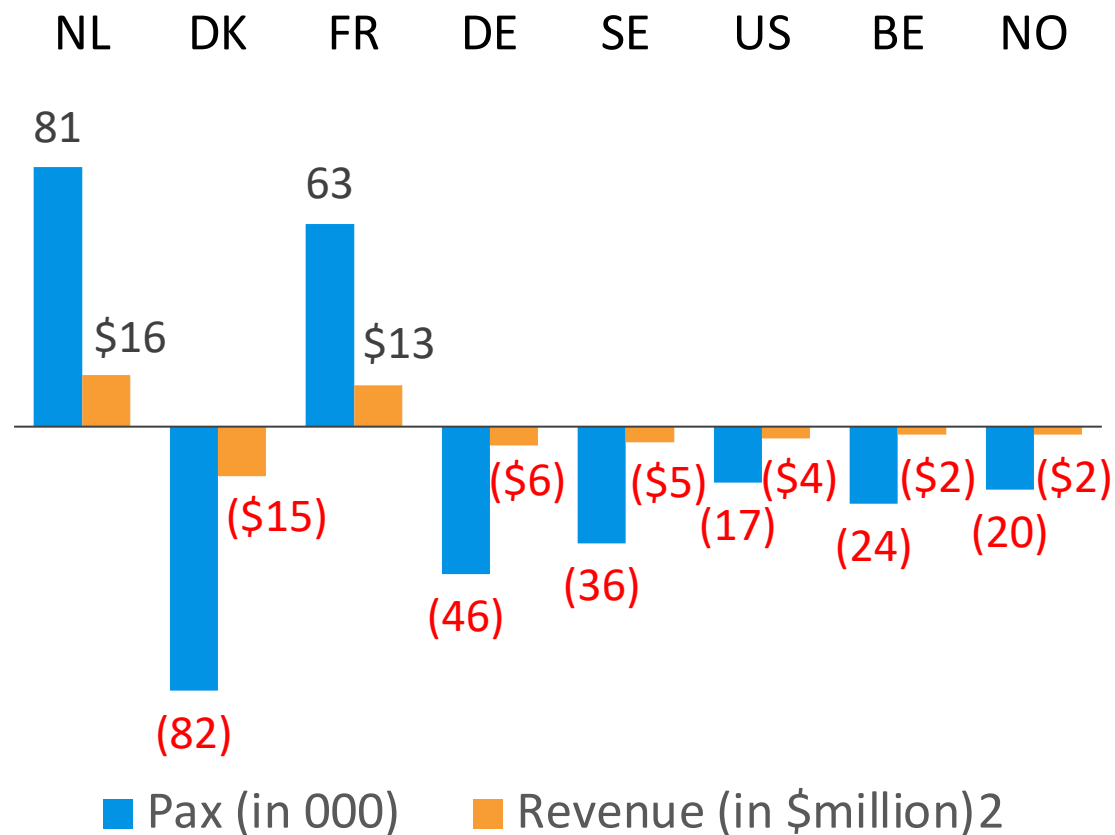
Annual Pax & Revenue Changes



How will traffic shift?

- Flights to/from the Netherlands (NL) and France (FR) will achieve higher load factors.
- Denmark (DK) will take the biggest hit, followed by Germany (DE), Sweden (SE), United States (US), Belgium (BE), and Norway (NO).

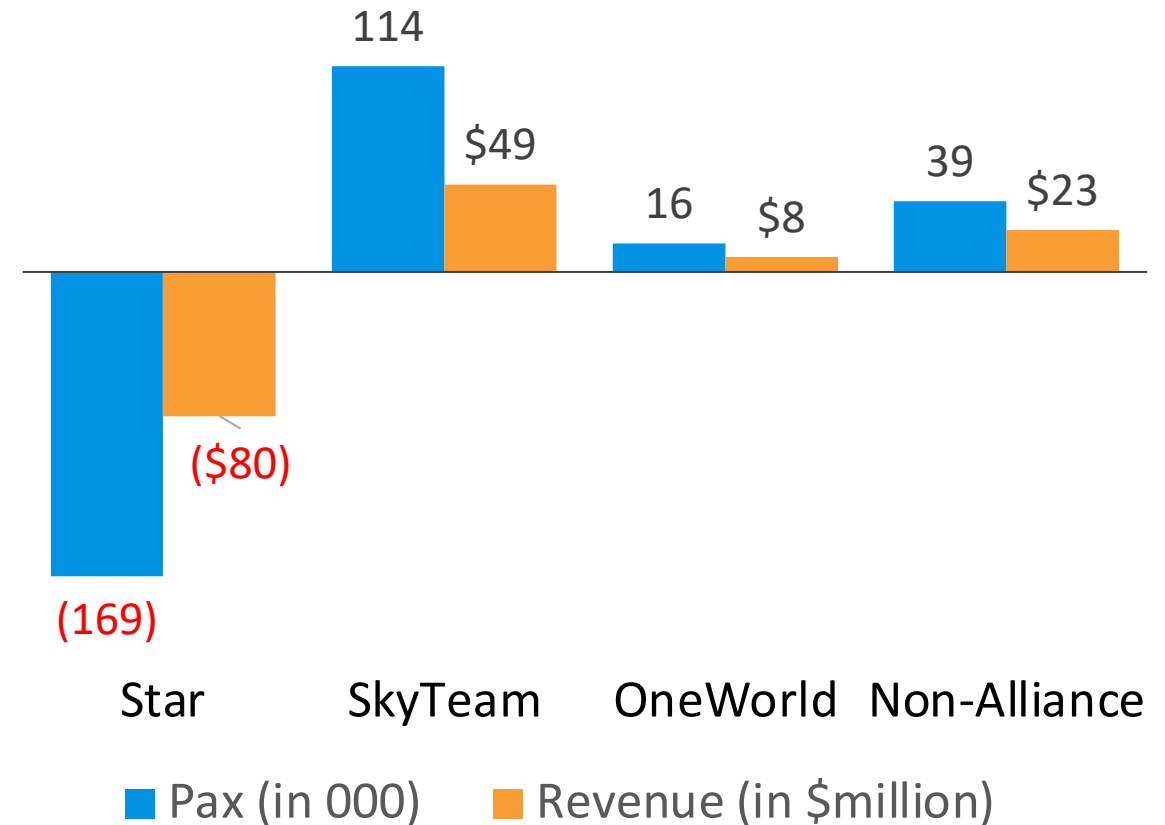
Annual Revenue Shift by Country



What is impact on alliances?

- Star Alliance will lose, while SkyTeam will gain.
- Oneworld and non-alliance carriers will also benefit.

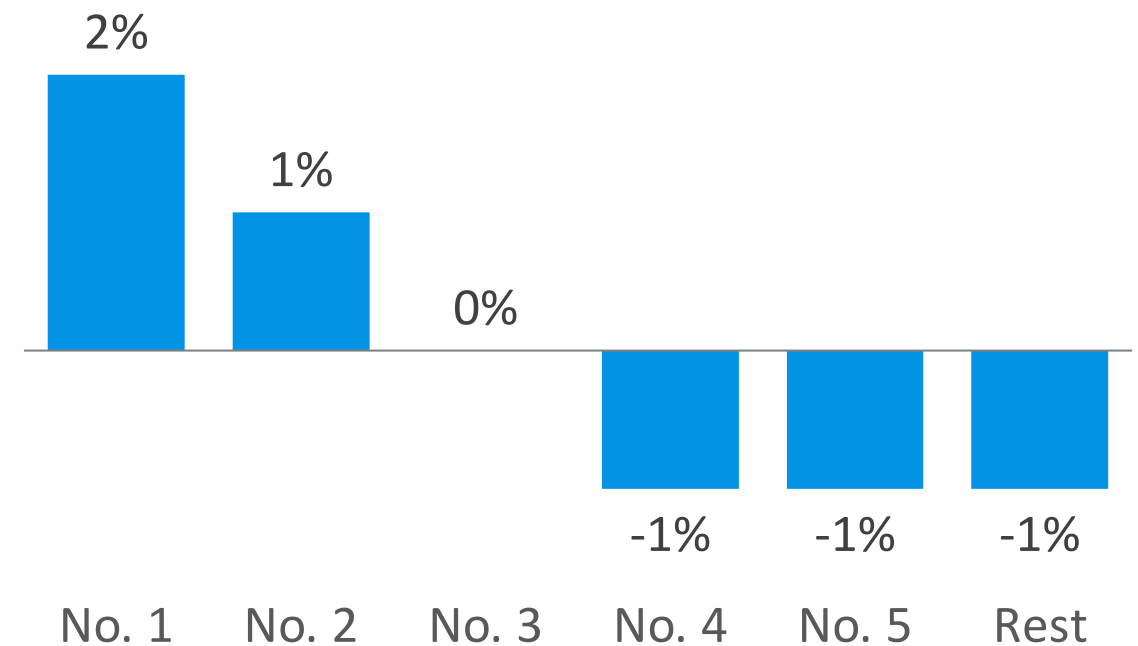
Annual Pax & Revenue Changes



What assumptions?

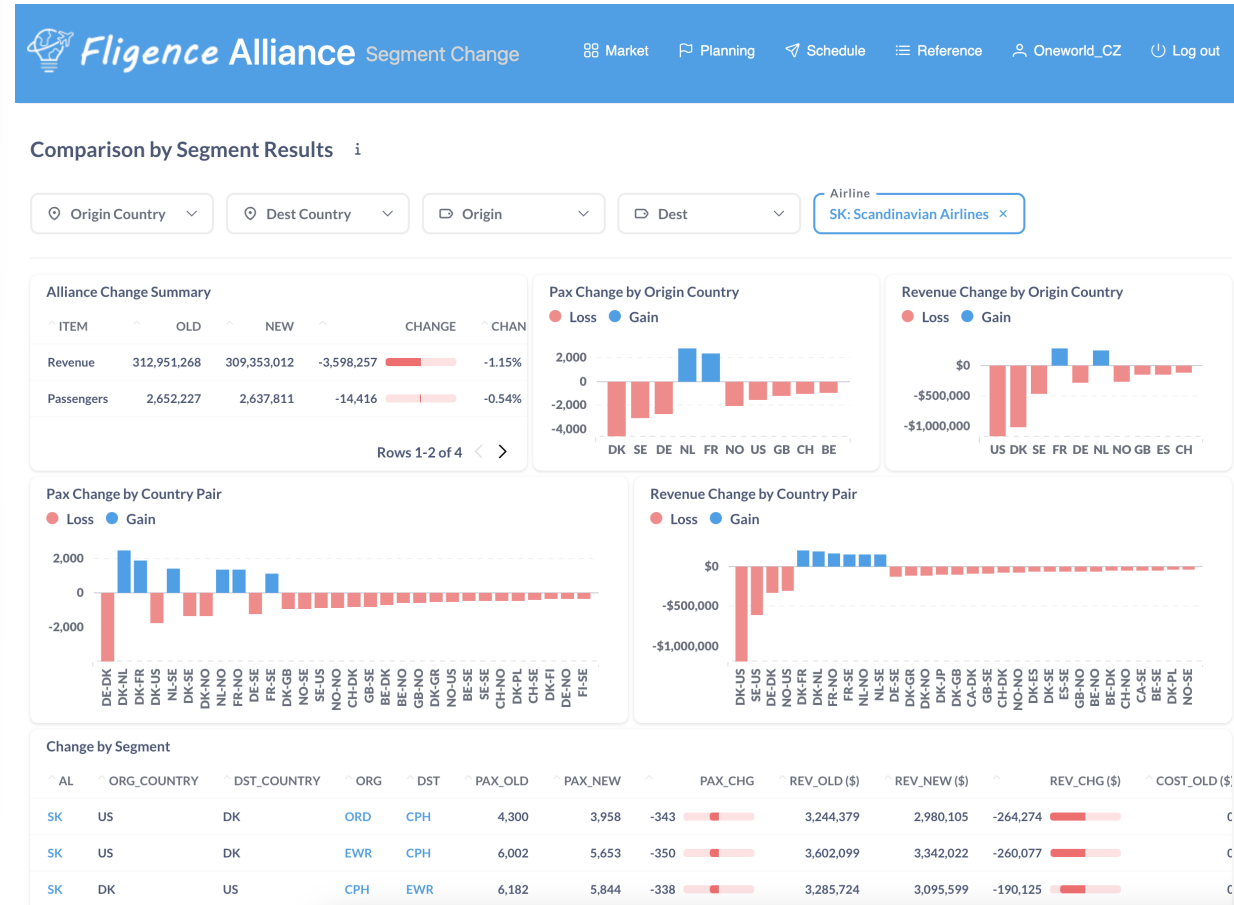
- Assume connections within an alliance have 20% of the effectiveness of online connections.
- Assume alliances with a stronger presence in a city attract more traffic.

Traffic Effects of Alliance City Presence



What tool is used?

Fligence Alliance is a revolutionary web-based solution designed to evaluate the impact of airline alliances, mergers, and codeshare relationships



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Flight BI is a Business Intelligence (BI) solution provider for the global aviation industry. We build data warehouse products and web applications to help airlines, airports, OEMs, and other travel-related businesses make data-driven strategic and operational decisions intuitively.

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