




SAS Group 2nd interim report 2010

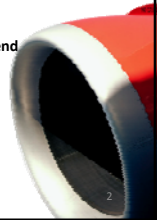
Teleconference, August 18, 2010

Improved result trend continued during Q2

– moving in the right direction, but we are not there yet




- ▶ **Improving market conditions**
 - Improving demand and flattening yield
 - Business Class growing on intercontinental routes and some key European routes
 - Record load factors reduce yield impact on RASK
- ▶ **Q2 results, EBT before non-recurring items¹, MSEK -236**
 - Negatively affected by the ash cloud effect by MSEK -700
 - Adjusted for above effects, result positive by MSEK 464
 - Cash flow from operating activities positive by MSEK 503
- ▶ **Core SAS program on track, additional MSEK 2050 implemented since year end**
 - Unit cost down 6.7% in first six months²
 - SEK 2.3bn remaining to implement
 - Remaining earnings effect of SEK 3.9bn
 - Customer satisfaction improved for three consecutive months



¹ In continuing operations
² Currency adjusted for Scandinavian Airlines

Good performance vs. key competitors

– SAS reports positive margin when adjusted for ash cloud effect




EBT-margin Q2 2010


Company	Reported	Adjusted for one off effects
SAS Group	-6.0%	+4.6% ¹
Finnair	-7.8%	-1.4% ²
Norwegian	-9.2%	-4.3% ³

¹ MSEK 1064 (primarily MSEK 700 ash cloud effect and MSEK 365 in restructuring charges)
² MEUR 31.1 (primarily MEUR 30 ash cloud effect)
³ MNOK 100 (ash cloud effect)

Three important challenges to reach long term profitability




Secure fulfilment of Core SAS strategy



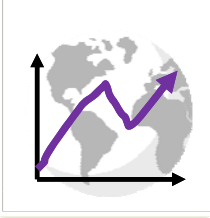
- ▶ Continued focus of Core SAS
- ▶ Core SAS SEK 3.9 bn remaining result effect
- ▶ SEK 2.3bn savings still to implement
- ▶ New organisation and structure established

Competition and yield pressure



- ▶ Focus on premium concept
- ▶ Yield enhancing measures
- ▶ Value for money prices
- ▶ Continued focus on load factor

Profitable growth 4-6% - uncertain macro economic recovery



- ▶ Improved financial preparedness
- ▶ Rights issue completed
- ▶ Strong liquidity
- ▶ Low capex the next years
- ▶ Flexible aircraft lease agreements
- ▶ Increased aircraft utilization

Stable platform created

– for a successful turnaround and future growth



Core SAS strategy being carried out according to plan

- Improved corporate culture established in a more streamlined structure and efficient organization leading to reduced complexity
- Cost reductions must be completed totaling SEK 7.8bn with remaining effect of SEK 3.9bn 2010-2012
- Financial position secured
 - Rights issue of SEK 5bn completed
 - Additional debt financing of SEK 3.2bn secured
- Capacity and fleet reductions fully implemented
- Improved basic quality and commercial offer resulting in customer satisfaction

Cash flow is now improving but still uncertainties and cost gap to fill

5

Core SAS cost savings program on track

– stable platform established

- Reduced yield pressure Q2 partly offset by improved load factor**
 - Yield (currency adjusted) down 6.6%¹
 - Load factor improved 2.0 p.u.¹ – starting to meet last years improving comparable figures
 - RASK down 5.6%¹ in Q2
- Core SAS cost savings program of SEK 7.8bn on track with 5.5% unit cost¹ reduction during Q2**
 - SEK 5.6 bn or 71% of the total cost savings have been implemented
 - MSEK 850 earnings effect from program in Q2
 - 20 out of the planned 21 aircraft taken out of service
 - Additional 250 FTEs reduced in Q2, 3,450 out of 4,600 FTEs completed
 - Remaining earnings effect of ~3.9bn SEK during 2010-12
- Rights issue and new financing completed**
 - SEK 7.2bn of liquid assets
 - SEK 5.6bn in financial facilities
 - SEK 12.7bn in total financial preparedness

¹ For Scandinavian Airlines compared to the same period in 2009. Yield, RASK and unit cost is currency adjusted.

6

MSEK -700 earnings impact from volcanic ash

Due to the volcanic ash from the Eyjafjallajökull volcano in Iceland the Scandinavian airspace was closed or partly closed primarily during April 15 and April 20, which forced SAS to cancel most of its flights.

The following weeks the introduction of 3 zones allowed operations in areas with low concentration of ash, and traffic could gradually return to normal. Bookings were initially affected, but after a few weeks the levels returned to pre-ash cloud expectations.

SAS has calculated the negative effects on earnings to MSEK -700.

Loss of revenues:	MSEK -790
Reduced operational cost:	MSEK 180
Passenger care:	MSEK -90

The media have recognized SAS work to take care of and inform the customers, in particular the innovative use of social media.

SAS has not received any compensation for the lost revenue or increased cost. In Sweden, liquidity mitigating steps were taken by the government, which however did not have any significant impact on SAS financial position.

7

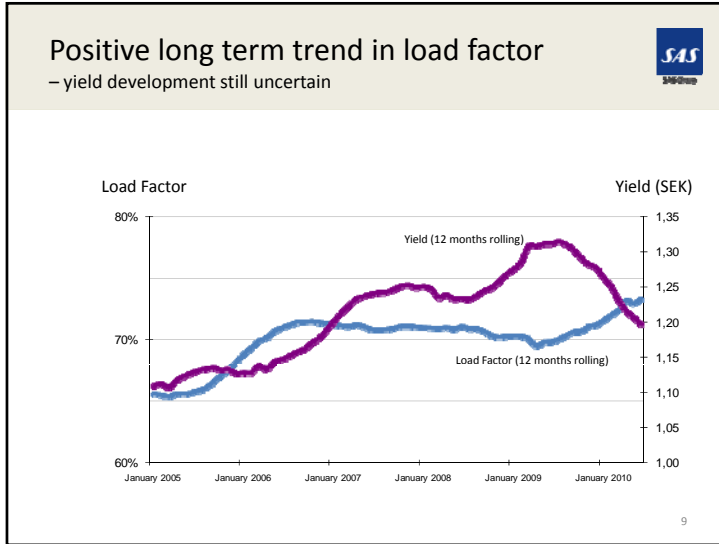
Positive development in load factor

– but still pressure on yield and RASK

	Apr-Jun 2010	Jan-Jun 2010
SAS Group		
Traffic (RPK)	↓ -6.3%	↓ -4.1%
Load factor	↑ +1.8 p.u.	↑ +4.0 p.u.
Scandinavian Airlines		
Yield ¹	↓ -6.6%	↓ -8.8%
Unit revenue, RASK ¹	↓ -5.6%	↓ -3.8%
Unit cost ²	↓ -6%	↓ -7%

¹ Adjusted for currency
² Adjusted for currency, fuel and ash cloud effect
 All figures compared to same periods in 2009

8



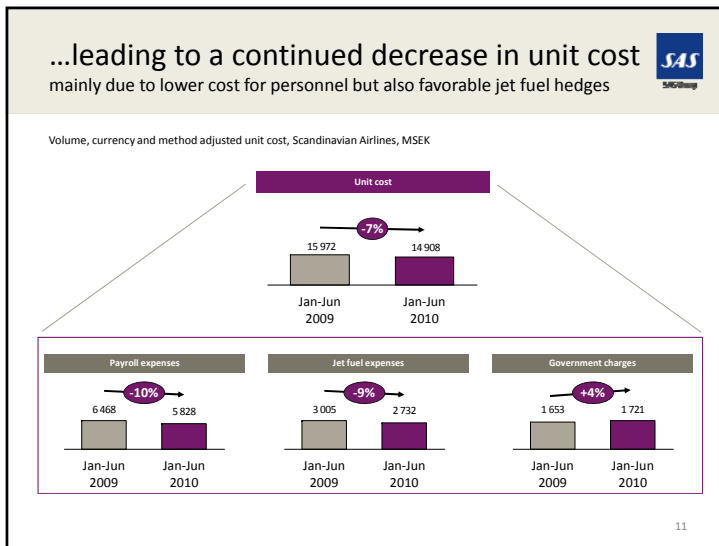
71% of targeted cost saving measures are already implemented...

Core SAS cost savings program (MSEK)	Potential	Implemented	
		Mar 2010	Jun 2010
Cabin crew/Flight deck	~1,900	~1350	~1600
Ground services	~900	~450	~450
SAS Tech	~1,800	~850	~1000
Sales, marketing & Commercial	~700	~550	~600
Purchasing	~400	~300	~300
Blue1, Widerøe, Cargo	~600	~450	~500
Administration	~1,400	~900	~1050
Other	~100	~50	~50
Total	~7,800	~4,900	~5,550

Core SAS

- Additional MSEK 650 implemented during the second quarter, taking the total to SEK 5.6bn or 71%. The recent activities are primarily related to union agreements, administration and MRO services.
- Additional 250 FTE reduced during the second quarter, taking the total to 3,450 FTE or 75% of the planned reduction of 4,600 FTE.
- Earnings effect of MSEK 850 during the second quarter, compared to same period 2009. Remaining effects of SEK ~3.9bn in 2010-2012
- Unit cost, down 6%¹ in the second quarter.

¹ For Scandinavian Airlines compared with the same period in 2009, adjusted for currency fuel and ash cloud effect.



75 % of Scandinavian Airlines fleet are new generation aircraft

Aircraft in operation	Scandinavian Airlines aircraft	SAS Group aircraft	Average age ¹	Peer comparison	Average age 2009 ³
New Generation ²	98	112	8	Finnair	6.6
Other	37	67	19	Air France-KLM	9.6
Wetlease and phase-out during 2010	10	13	16	Norwegian	11.0
				Scandinavian Airlines	11.1
				British Airways	11.5
				Lufthansa	12.2

SAS has a well suited fleet...


Approximately 75% of the fleet is new generation with an average age below 8 years.

...with flexibility to cope with fluctuations in demand

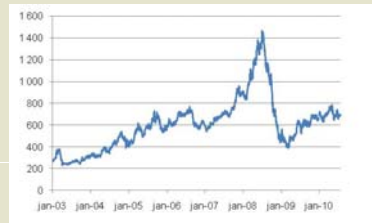
The mix of new generation and older aircraft with lower capital cost increase the flexibility to handle short term production peaks.

¹Average age in years for aircraft operated by Scandinavian Airlines. (Same figures for SAS Group is 8, 16, 16 years.)
² Boeing 737NG, A319/320/321, A330/340, MD-90, CRJ900NG, Q400NG, SAAB 2000
³Source: Aircraft Worldwide 116, 2009

Amended fuel hedging policy



Jet fuel, spot price development, USD



Current hedges

- 53% of the consumption hedged for next 12 months
- Only swaps and options
- Hedged at levels below USD 800MT until June 2011

Amended policy to offset fuel price volatility

- Hedging 40-70% of expected consumption (12 months rolling)
- Up to 18 months hedging allowed
- Yield management
- Cost initiatives

13

SAS getting aligned for profitable growth





- Cost program on track
- Improved market conditions
 - Load factors improved
 - Increasing demand
- Still uncertainties regarding yield
- Financial position stable
 - Strong liquidity

Stable platform established for future profitable growth

14