



SAS Group 3rd interim report 2010

Press/analyst presentation
November 10, 2010

Positive Q3, improving cash flow - but quarter characterized by many one-off items



Improving market conditions

- Improving demand but still challenging markets
- Business and Economy extra is growing on intercontinental routes and major business destinations from Norway and Sweden
- Unit revenue, RASK, stable - Record load factors continue to mitigate yield fall

EBT before non-recurring items MSEK 387

Positive accumulated cash flow from operating activities

Result negatively affected by non-recurring items of MSEK 1,411

Core SAS strategy on track

- Customer satisfaction index improved
- SEK 2.6bn cost savings implemented since year end
- Unit cost down 8.7%¹ in third quarter

¹ Scandinavian Airlines, currency adjusted

Significantly improved result despite falling revenues

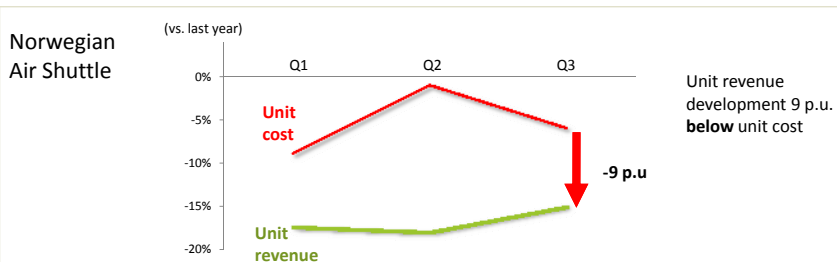
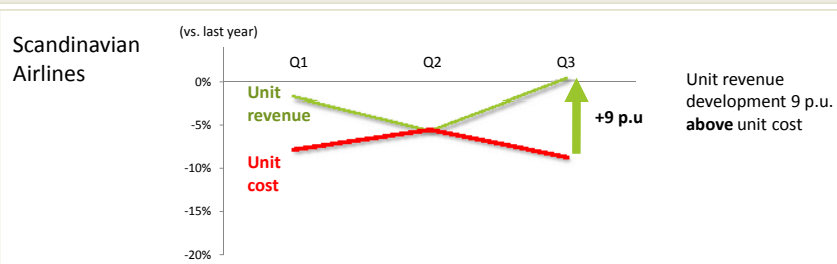


Result development (MSEK)	Jul-Sep 2010	Jul-Sep 2009
Revenues	10,690	11,076
EBT	-1,024	114
EBT before non-recurring items in continuing operations	387	37
Margin	3,6%	0,3%



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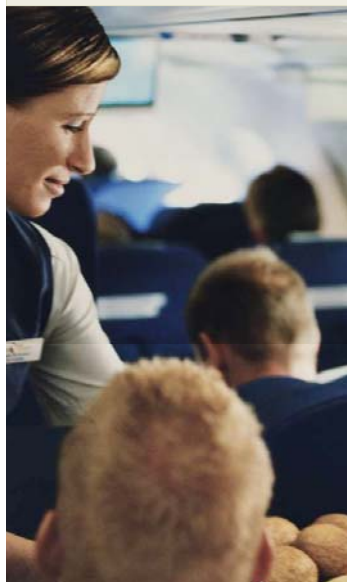
Key profitability drivers continue positive trend



Figures according to interim reports, unit revenue is RASK.

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Service quality improving despite cost program - thanks to our professional staff

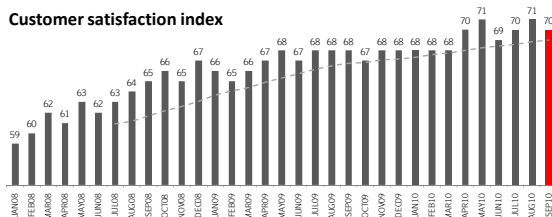


In particular factors related to:

- staff service
- time saving products
- price worthiness

has showed impressive progress during the last years, when asking our frequent flyers.

Customer satisfaction index



SAS was the most punctual airline in the world during the third quarter¹

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Through the implementation of Core SAS SAS is positioned for profitable growth



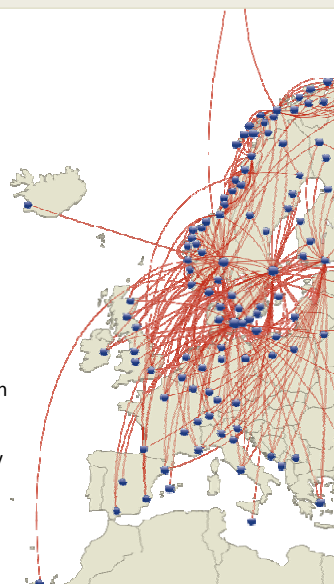
2 new longhaul routes
150 new European frequencies

- SAS**
- Reduced unit cost
 - World class quality
 - Increased customer satisfaction index
 - Focus on business travelers
 - Extensive partner network

- Market**
- Recovery especially in longhaul and business travel
 - Estimated annual market growth 4-6%

Drivers:

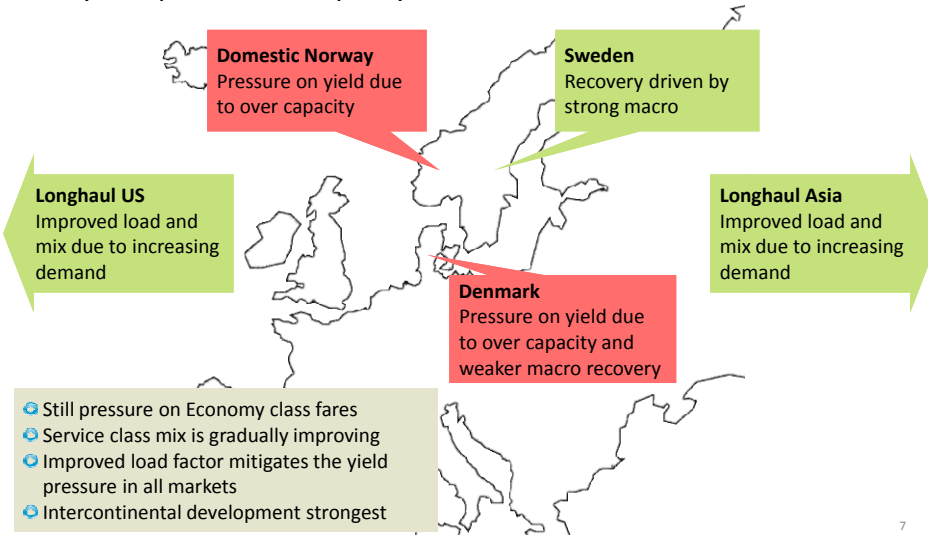
- Profitable expansion – the expansion to strengthen SAS long term profitability position
- The routes to strengthen SAS home market position
- Expansion is primarily based on "business" destinations
- A combination of own capacity and partners to be used



Regional differences in market recovery



Summary of competitive situation in primary markets

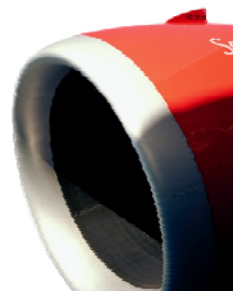


SAS to participate in market growth

- SAS capacity to increase 4-6% annually starting Q4 2010



	Estimated annual growth	
Domestic	3-4%	Matured market
Intrascandinavian	3%	Matured market, increase transfer
European majors	4%	Matured market, still potential
European minors	5%	Recovery
Scandinavia – US	5%	Recovery
Scandinavia – Asia	9%	Emerging markets






Mats Lönnqvist
CFO SAS Group



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Improving operational result driven by cost reductions and based on a stable financial platform



Yield pressure offset by improved load factor

Unit revenue, RASK, improvement of 0.4%¹

- Passenger yield down
- Load factor up
- Improving cargo yield

Core SAS cost savings program of SEK 7.8bn on track

8.7%¹ unit cost reduction

- 81% of the total cost savings have been implemented
- 83% of FTE reduction completed
- Remaining earnings effect of ~2.9bn SEK during 2010-12

Stable financial platform

27% of revenue in financial preparedness

- SEK 10.9bn in total financial preparedness
- SEK 14.0bn in equity
- 32% Equity ratio

¹Currency adjusted for Scandinavian Airlines compared to the same period in 2009. RASK adjusted for positive non-periodic items. Reported RASK in Q3 was +3.2%

Positive development in load factor – but still pressure on yield and RASK



SAS Group	Jan-Mar 2010	Apr-Jun 2010	Jul-Sep 2010
Traffic (RPK)	↓ -1.3%	↓ -6.3%	↑ +5.4%
Load factor	↑ +6.3 p.u.	↑ +1.8p.u.	↑ +2.2 p.u.
Scandinavian Airlines			
Yield ¹	↓ -11.4%	↓ -6.6%	↓ -4.3%
Unit revenue, RASK ¹	↓ -1.7%	↓ -5.6%	→ +0.4%
Unit cost ²	↓ -7.8%	↓ -5.5%	↓ -8.7%

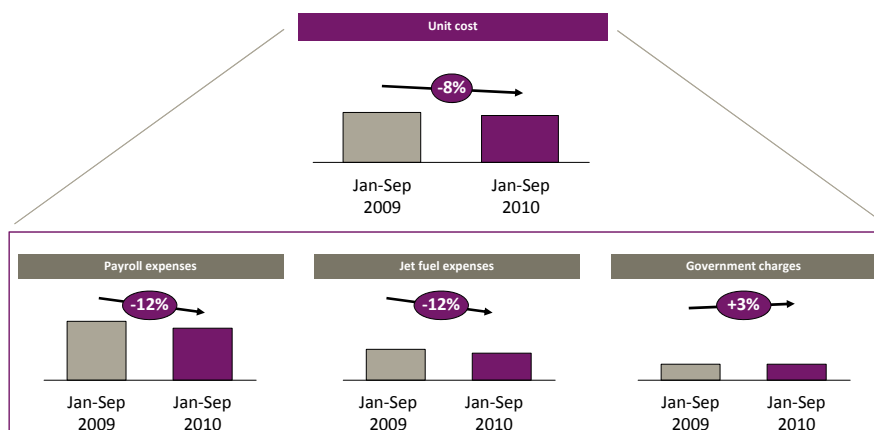
¹ Adjusted for currency, RASK adjusted for positive non-periodic items in Q3. Reported RASK in Q3 was +3.2%.
² Adjusted for currency.
 All figures compared to same periods in 2009

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Unit cost reduction visible in most areas - Still increasing government charges



Currency adjusted unit cost, Scandinavian Airlines



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Positive result of MSEK 387 before non-recurring items



(MSEK)	Jul-Sep 2010	Jul-Sep 2009	Jan-Sep 2010
Total operating revenue	10,690	11,076	30,164
Payroll expenses	-3,041	-3,767	-9,825
Fuel	-1,824	-2,119	-4,885
Government charges	-1,079	-1,096	-3,128
Other operating expenses	-3,259	-3,022	-9,700
Total operating expenses	-9,203	-10,005	-27,538
Leasing costs, aircraft	-444	-464	-1,343
Depreciation	-425	-409	-1,259
Other	-230	-161	-717
EBT before non-recurring items	387	37	-693
Non-recurring items	-1,411	76	-1,903
EBT	-1,024	114	-2,596

Non-recurring items excluded above EBT

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Q3 affected by substantial one-off items

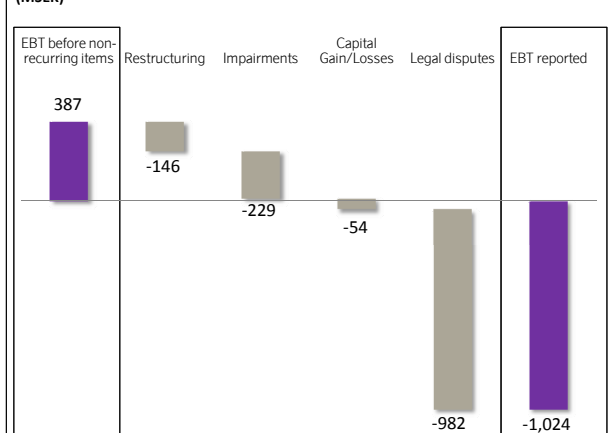
– Underlying strong result improvement



One-offs 2010

- ✓ SAS Cargo EU-commission
- ✓ SAS Cargo civil class actions US
- ✓ Norwegian Air Shuttle Lawsuit
- ✓ Spanair impairment
- ✓ Majority of Core SAS restructuring costs
- ✓ Majority of Core SAS divestments

Continuing business EBT (MSEK)



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European Commission to fine SAS and other airlines in air-cargo investigation



11 airlines fined for breaching EU competition rules in the air-cargo area

Fines for all airlines totaled MEUR 800

SAS Cargo and the SAS Group were fined MEUR 70.2 corresponding to approximately MSEK 660

- Earnings effect: Q3 2010
- Liquidity effect: Q1 2011

SAS believes that it has not been involved in a global cartel and that therefore the fines are disproportionate

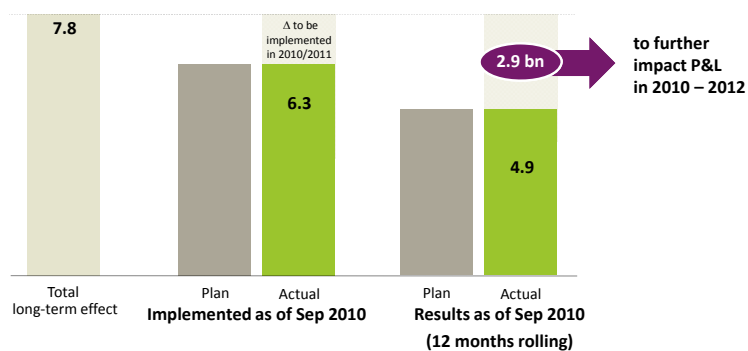
SAS will appeal the decision

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81% of cost program implemented SEK 2.9 bn remaining to have result effect



Implementation of Core SAS cost program



SEK 2.9 bn still to impact the P&L at full implementation

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SAS aligned for improved profitability



- Cost program on track
- Improved market conditions
 - Still pressure on yield
- Unit revenue and unit cost relation continue positive trend
- Financial position stable
 - Strong liquidity

Stable platform established for improved profitability and growth in line with market

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Appendices



- Core SAS strategy
- Product improvements
- Fleet & productivity
- Unit revenue (yield & RASK)
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81% of targeted cost saving measures implemented



Core SAS cost savings program (MSEK)	Potential	Implemented	
		Jun 2010	Sep 2010
Cabin crew/Flight deck	~1,900	~1,600	~1,900
Ground services	~900	~450	~450
SAS Tech	~1,800	~1,000	~1,300
Sales, marketing & Commercial	~700	~600	~600
Purchasing	~400	~300	~400
Blue1, Widerøe, Cargo	~600	~500	~550
Administration	~1,400	~1,050	~1,050
Other	~100	~50	~50
Total	~7,800	~5,500	~6,300

Core SAS

- Additional MSEK 750 implemented during the second quarter, taking the total to SEK 6.3bn or 81%.
- Additional 350 FTE reduced during the third quarter, taking the total to 3,800 FTE or 83% of the planned reduction of 4,600 FTE.
- Earnings effect of SEK 0.9 bn during the second quarter, compared to same period 2009. Remaining effects of SEK ~2.9bn in 2010-2012
- Unit cost, down 8.7%¹ in the second quarter.

¹ For Scandinavian Airlines compared with the same period in 2009, adjusted for currency.

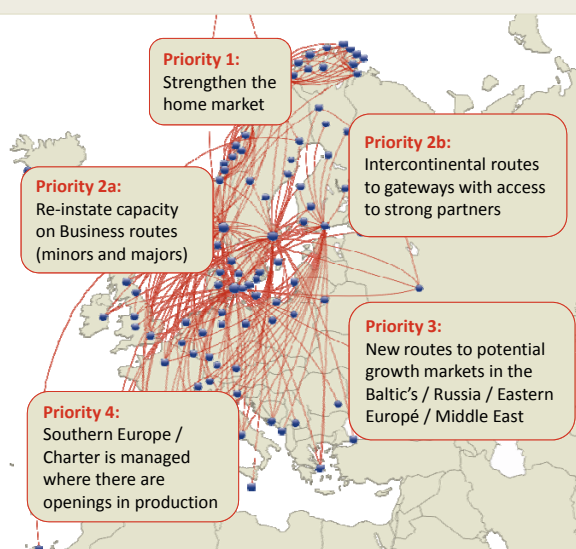
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Drivers and prioritization of expansion



Drivers:

- Profitable expansion – the expansion shall strengthen SAS long term profitability position
- The routes shall strengthen SAS home market position
- Expansion is based primarily on "business" destinations
- A combination of own production and partners shall be used



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Through the implementation of Core SAS,
SAS is positioned for growth



- Reduced unit cost – additional savings under implementation
- World class quality
- Attractive commercial offerings and significantly improved CSI

*SAS ambition is to minimum grow
in pace with the market growth*



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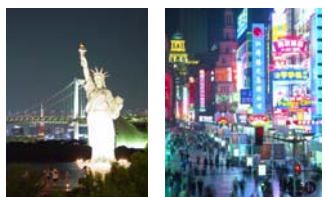
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Product update

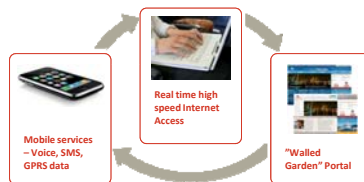


Environmental

SAS Group airlines SAS, Blue1 and Widerøe are the only airlines in the world with both ISO 14001 and EMAS

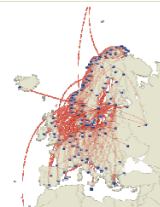


Intercontinental expansion
Oslo – New York, March 2011
Copenhagen – Shanghai, Winter 2011



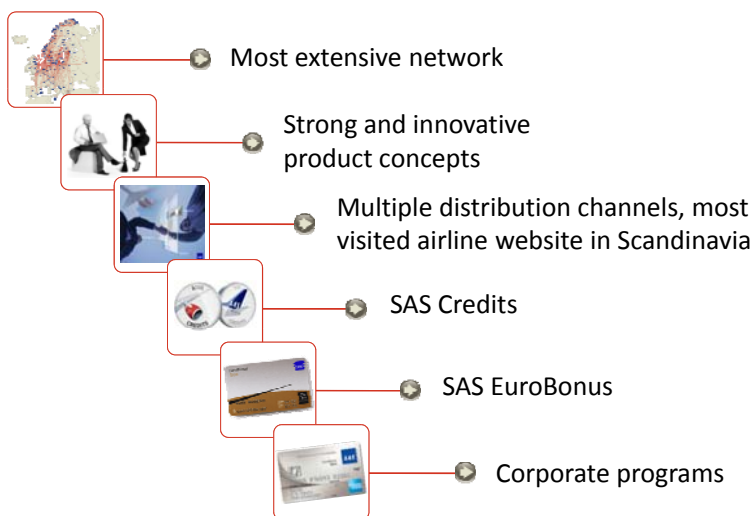
Internet
Wireless Inflight Communication and Iphone applicaton

Shorthaul
150 new frequencies during spring 2011



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Differenced product range - further strengthen SAS position in Scandinavia



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SAS Group fleet – September 2010



Aircraft Type	Owned	Leased	Wet leased	TOTAL	Leased out	Age	On order
Airbus A330/340	5	6		11	1	8.3	
Airbus A319/320/321	4	10		14	2	7.2	
Boeing 737 Classic		14		15		17.5	
Boeing 737 NG	22	45		67	2	9.3	
Boeing 717		9		9	4	10.1	
MD-82/87	27	14		41	8	20.6	
MD-90	8			8	8	13.7	
Avro RJ85		7		7		9.6	
Fokker 50		5		5		20.5	
Q100/300/400	27	14		41	3	12.7	1
SAAB 2000			2	2		13.6	
Bombardier CRJ200			4	4		12.6	
Bombardier CRJ900 NG	12			12		1.3	
ATR42/72			2	2		1.0	
Total aircraft	105	124	8	237	23	12.2	1

In operation	Total	Age
Scandinavian Airlines	145	11.5
Widerøe	32	13.4
Blue1	16	10.0

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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	99	114	8	Finnair	6.6
Other	37	66	19	Air France-KLM	9.6
Wetlease and phase-out during 2010	9	13	16	Norwegian	11.0
				Scandinavian Airlines	11.1
				British Airways	11.5
				Lufthansa	12.2

SAS has a well suited fleet...

Almost 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.

¹ Average age in years for aircraft operated by Scandinavian Airlines. (Same figures for SAS Group is 8, 16, 16 years.)

² B737NG; B717; A319/320/321; A330/340; CRJ900NG; Q400NG;

³ Source Ascend Worldwide Ltd, 2009

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Productivity



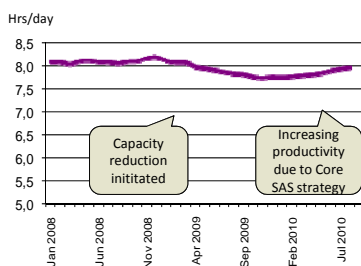
Block hours, 12 months rolling, 2009-2010	Aircraft, hours/day	Pilots, hours/year	Cabin, hours/year
Scandinavian Airlines	7.96	606	627
Widerøe	5.94	409	428
Blue1	7.52	617	728

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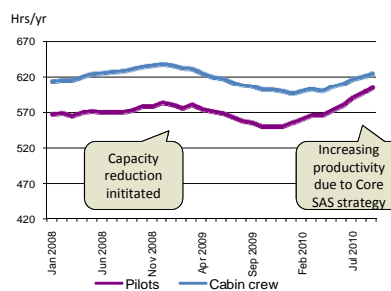
Key productivity ratios improving for Scandinavian Airlines



Aircraft utilization (12 months rolling)



Cabin, pilot utilization (12 months rolling)



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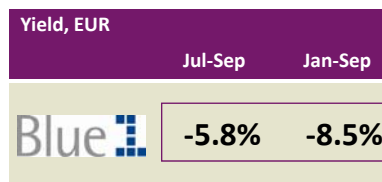
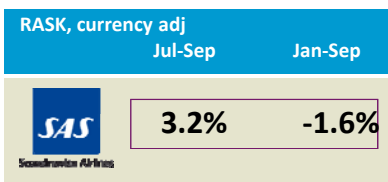
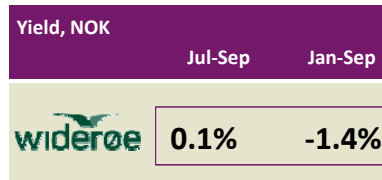
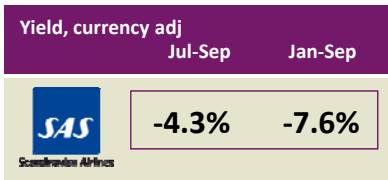
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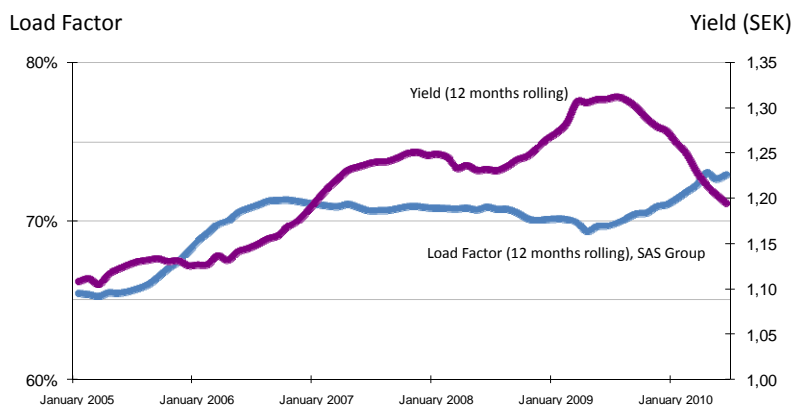
Yield and RASK development



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Positive long term trend in load factor

– mitigating the yield fall

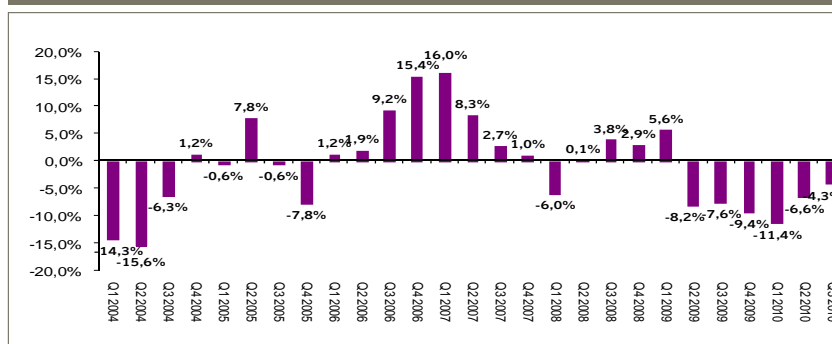


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Yield development Scandinavian Airlines



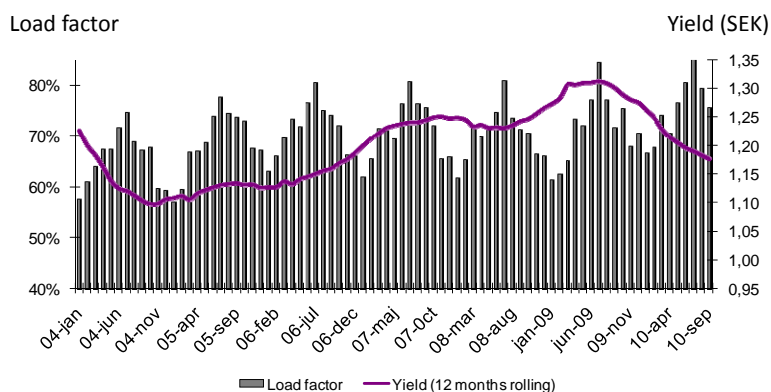
Scandinavian Airlines, currency adjusted yield vs last year



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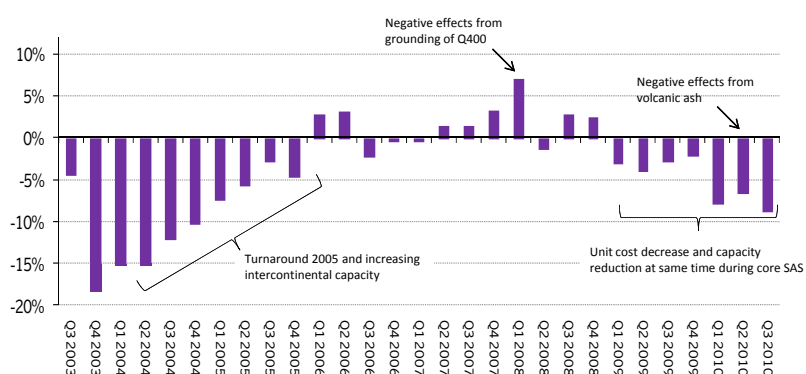
Scandinavian Airlines

– improving load factor, but weak yield



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Total unit cost long term development



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Unit cost down 8.7% in Q3 as cost reductions continue to reduce cost levels



Scandinavian Airlines, currency adjusted

Unit cost breakdown	Jul-Sep 2010	Jul-Sep 2009	Var, %	Share of total var, %
Payroll expenses	-2 592	-3 029	-14,4%	-5,4%
Jet fuel	-1 636	-1 974	-17,1%	-4,2%
Government user fees	-899	-880	2,2%	0,2%
Selling costs	-117	-113	3,0%	0,0%
Handling costs	-391	-421	-7,2%	-0,4%
Technical aircraft maint.	-552	-555	-0,4%	0,0%
Other operating expenses ¹	-427	-361	18,3%	0,8%
Total operating expenses	-6 614	-7 333	-9,8%	-8,8%
Leasing costs for aircraft	-419	-428	-2,3%	-0,1%
Depreciation	-380	-360	5,6%	0,2%
Adjusted EBIT	-7 413	-8 121	-8,7%	-8,7%

¹ Net of other operating revenues

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Large decrease in unit cost in Jan-Sep

Negatively affected by the ash cloud by approximately 1.5 p.u.



Scandinavian Airlines, currency adjusted

Unit cost breakdown	Jan-Sep 2010	Jan-Sep 2009	Var, %	Share of total var, %
Payroll expenses	-8 420	-9 542	-11,8%	-4,6%
Jet fuel	-4 368	-4 962	-12,0%	-2,5%
Government user fees	-2 620	-2 537	3,3%	0,3%
Selling costs	-299	-333	-10,3%	-0,1%
Handling costs	-1 182	-1 281	-7,8%	-0,4%
Technical aircraft maint.	-1 617	-1 886	-14,2%	-1,1%
Other operating expenses ¹	-1 429	-1 256	13,8%	0,7%
Total operating expenses	-19 935	-21 797	-8,5%	-7,7%
Leasing costs for aircraft	-1 271	-1 349	-5,7%	-0,3%
Depreciation	-1 116	-1 016	9,9%	0,4%
Adjusted EBIT	-22 322	-24 161	-7,6%	-7,6%

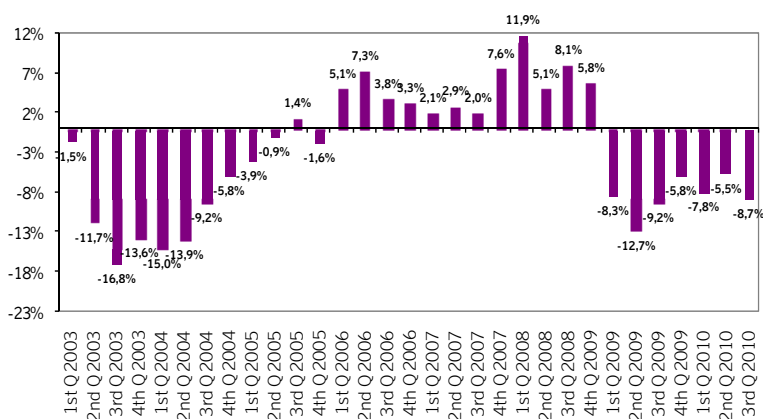
¹ Net of other operating revenues

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Unit cost continues to decrease significantly



Scandinavian Airlines,
Currency adjusted quarterly change vs. last year



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ASK outlook 2010 and 2011

- Increase in 2011 with existing resources except for additional aircraft



Scheduled	2010 vs 2009	2011 vs 2010
SAS Group	-4% to -5%	+5% to +7%
Scandinavian Airlines	-4% to -5%	+4% to +6%
Widerøe	+5 to +6%	+15% to +20%
Blue1	+10% to +11%	+9% to +11%

Scandinavian Airlines underlying capacity increase 2% in 2011

<i>Gross planned increase</i>	+4-6%
- Ash cloud effect	1.4%
- Intercontinental aircraft	2.5%
- Move of F50 to WF	-0.3%
<i>Underlying short haul increase:</i>	~2%

Except for addition of 5 aircraft (including intercontinental), the capacity increase is managed with existing resources through increased productivity

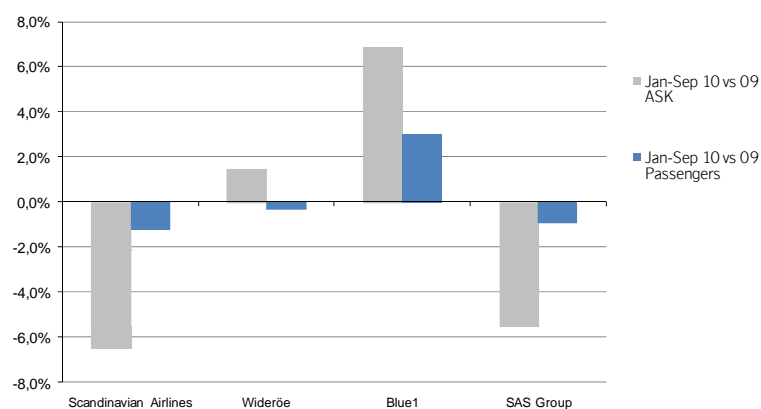
Other costs than aircraft represents an absolute majority of the operational costs

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Passenger volumes affected by reduced capacity and the closure of traffic in April – growth in Q3



Passenger and capacity development 2010 vs 2009



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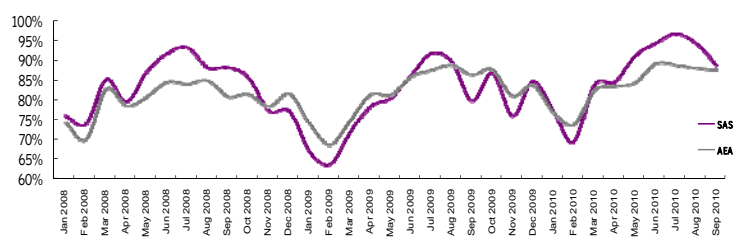
North Atlantic

– SAS traffic relatively stronger – additional capacity from Q4 2010



- Copenhagen to New York, Washington DC and Chicago
- Stockholm to New York and Chicago
 - Increased frequencies this winter season
 - Capacity cuts during the winter
- Oslo-New York from March 2011
- Traffic development Jan-Sep 2010
 - SK traffic up 0.9%
 - AEA traffic down 0.6%

Load factor



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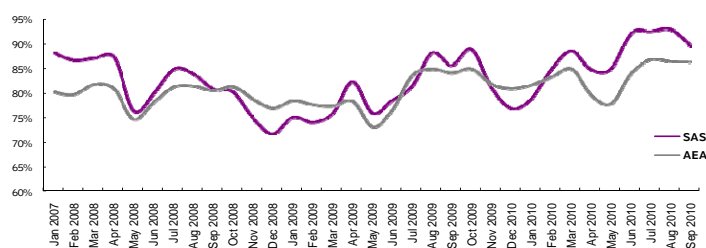
Asian routes

– SAS traffic growing more than the market



- Scandinavian Airlines serving Bangkok, Beijing, Tokyo and Dubai (seasonal) from Copenhagen
- Shanghai to be introduced in October 2011
- Traffic development in Jan-Sep 2010:
 - AEA traffic up 1.6%
 - SAS traffic up 6.3%

Load factor



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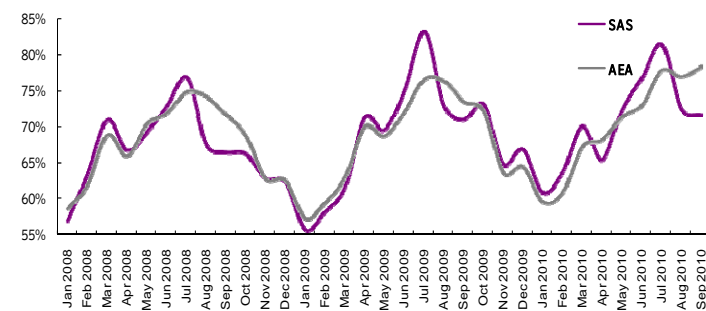
Europe

- Core SAS measures have a clear positive effect



- SAS load factor under pressure in the Norwegian domestic and Danish to Europe traffic
- Traffic development Jan-Sep 2010:
 - AEA traffic up 1.6%
 - SAS traffic down 4.7% due to capacity cuts of unprofitable routes and closure of traffic in April due to ash cloud

Load factor

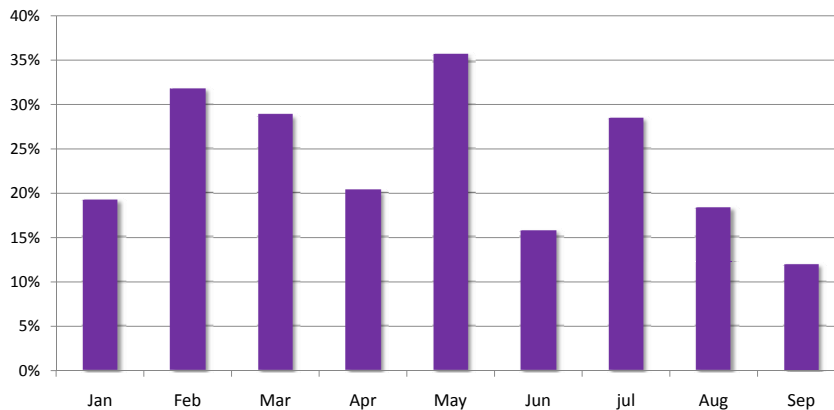


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Freight growing strongly

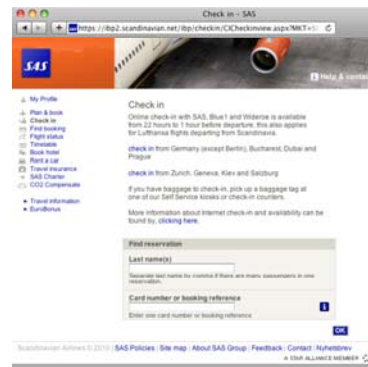
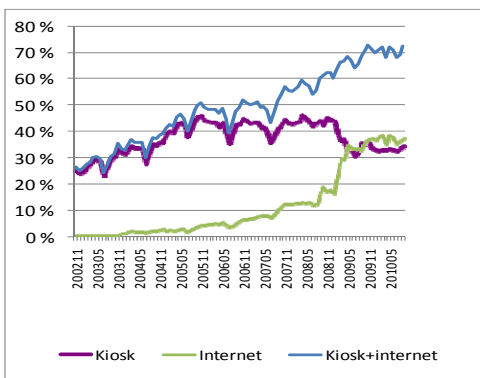


RTK, 2010 vs 2009, Scandinavian Airlines



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Proportion of internet check in has increased strongly



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Summary of the SAS Group's balance sheet



MSEK	30 Sep 2010	31 Dec 2009	30 Sep 2009
Aircraft and Spare parts	14 565	14 386	14 332
Other non interest-bearing assets	9 007	9 621	10 222
Interest-bearing assets	14 328	14 289	13 349
Cash and cash equivalents	5 480	4 199	5 481
Total Assets	43 380	42 495	43 384
Total shareholders' equity ¹	14 697	11 389	12 343
Deferred tax	2 416	2 835	3 070
Other interest-bearing liabilities	12 173	14 660	14 003
Operating liabilities	14 094	13 611	13 968
Total shareholders' equity and liabilities	43 380	42 495	43 384

¹ Including minority interests

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Overview of available funds – Sep 2010



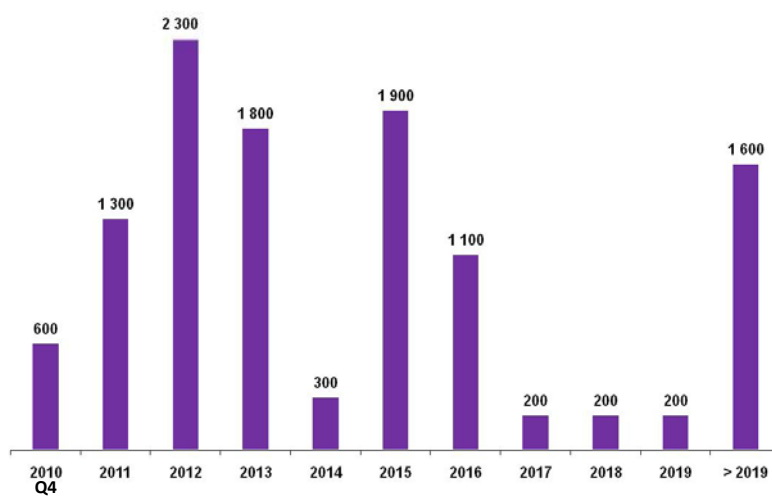
Available funds, SEK billion		Sep 2010	Maturity
Liquid funds		5.4	
Undrawn portion of credit facilities	Revolving Credit Facility, 366 MEUR (total SEK 3.5bn)	3.4	Jun 2013
	Revolving Credit Facility, 121 MUSD (total SEK 1 bn)	0.0	Apr 2013
	Credit Facility, 160 MUSD (total SEK 1.2 bn)	0.2	Mar 2011
	Credit Facility, 125 MUSD (total SEK 1.0 bn)	0.3	Jun 2013
	Bi-lateral Revolving Credit Facilities (total SEK 1.3 bn)	1.3	Jun 2013
	Others	0.3	Dec 2010
Total undrawn credit facilities		5.5	N/A
Total available funds		10.9	
Total credit facilities		7.8	
Drawn portion of credit facilities		2.3	
Undrawn portion of credit facilities		5.5	

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Improved financial flexibility

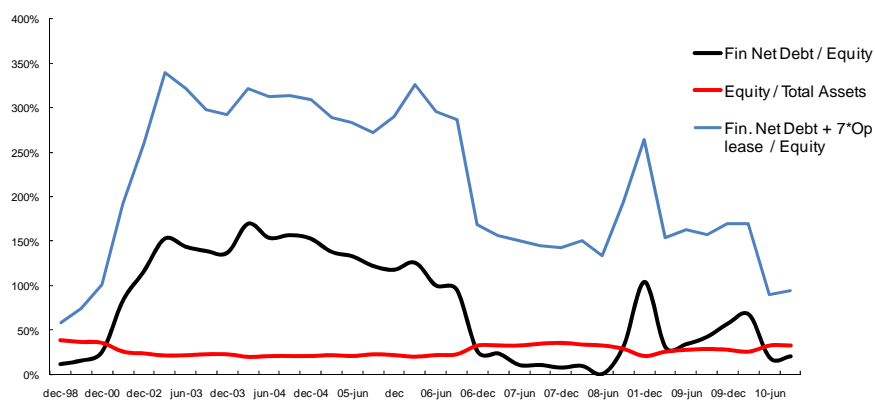


Scheduled amortization profile, SEK bn



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Gearing ratios



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SAS Group

Financial Net January-September



MSEK	Jan-Sep 2010	Jan-Sep 2009	Difference
Interest net and others	-696	-410	-286
Exchange rate differences	-32	+173	-205
Financial net	-728	-237	-491

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Development and Break Down of Financial Net Debt

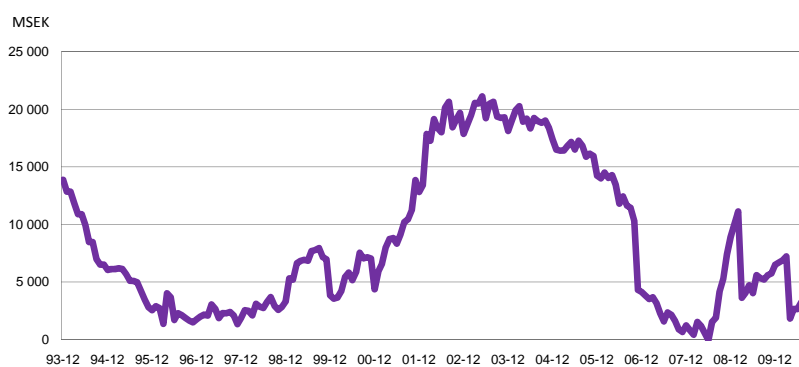


MSEK	2010-09-30	2009-12-31	Difference
Cash	5 480	4 199	+1 281
Other interest bearing assets	3 910	3 957	-47
Interest bearing liabilities	-12 173	-14 660	+2 487
Financial net debt	-2 783	-6 504	+3 721

MSEK	2010-09-30	2009-09-30	Difference
Cash	5 480	5 481	-1
Other interest bearing assets	3 910	3 303	+607
Interest bearing liabilities	-12 173	-14 003	+1 830
Financial net debt	-2 783	-5 219	+2 436

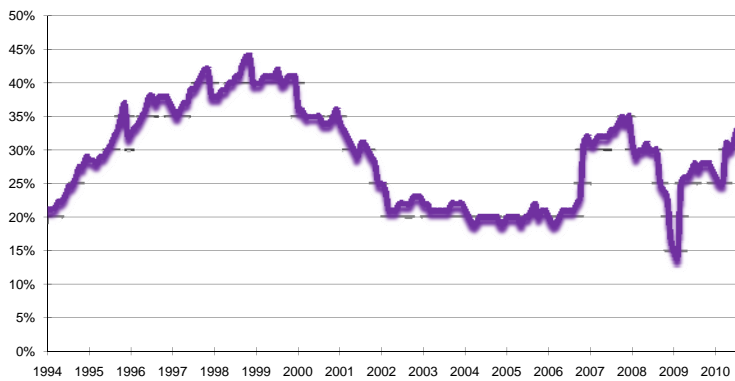
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Development of financial net debt 1993-2010



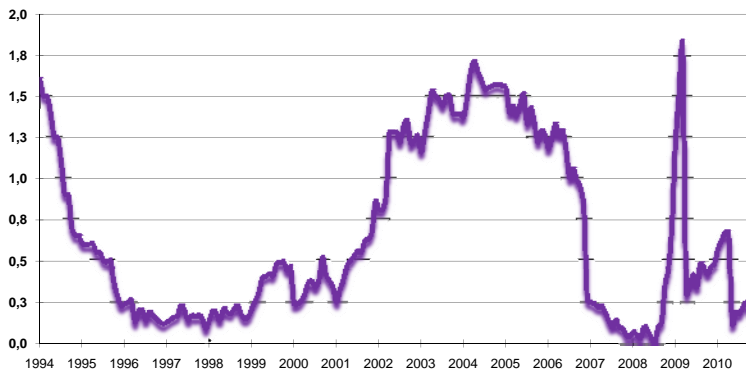
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Equity / Assets Ratio 1993-2010



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Financial Net Debt / Equity Ratio 1993-2010



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Development of the financial net debt

during Jan-Sep 2010



SEK billion	
Financial net debt December 2009	-6.5
Investments	-1.9
Sales	0.5
Cash flow from operating activities	0.1
Currency and others	0.3
Rights issue	4.7
Financial net debt September 2010	-2.8

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Appendices



- Core SAS strategy
- Product improvements
- Fleet & productivity
- Unit revenue (yield & RASK) & Unit cost
- Traffic
- Financial update
- Currency & Fuel

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Breakdown of currency effects SAS Group, continuing operations 2010 vs. 2009



Total revenues & costs currency effects		Jul-Sep	Jan-Sep
Total revenues & costs	USD	- 25	493
	DKK	16	95
	NOK	- 5	20
	EUR	2	7
	Asian currencies	20	- 28
	All others	- 12	- 52
	Total	- 4	535
Forward cover costs	2009	474	1,553
	2010	- 58	- 298
	Difference	- 532	- 1,851
Working capital	2009	- 98	- 180
	2010	- 101	- 31
	Difference	- 3	149
Financial items	2009	- 8	173
	2010	- 42	- 32
	Difference	- 34	- 205
Total currency effects		- 573	- 1,372

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Significant changes in currency exchange rates

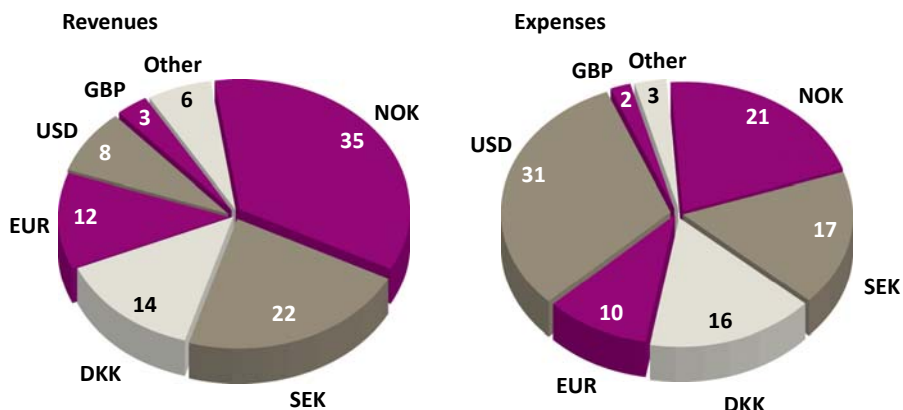
affected the result by MSEK - 1,372 in Jan-Sep 2010 vs Jan-Sep 2009



Currency effects MSEK on SAS Group, continuing operations: 2010 vs. 2009	Jul-Sep 2010	Jan-Sep 2010
<ul style="list-style-type: none"> Negative impact on revenues due to a significantly stronger SEK in March and onwards Positive impact on other operating costs mainly due to the weaker USD and EUR to SEK Weaker USD to SEK affected certain hedging arrangements negatively Weaker EUR to SEK affected net financial items, related to certain loan agreements with Spanair in January 2009 		
Total revenue	- 275	- 1,091
Total costs	271	1,626
Forward cover costs & working capital	- 535	- 1,702
Income before depreciation	- 539	- 1,167
Financial items	- 34	- 205
Income before tax	- 573	- 1,372

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Currency distribution in the SAS Group 2009

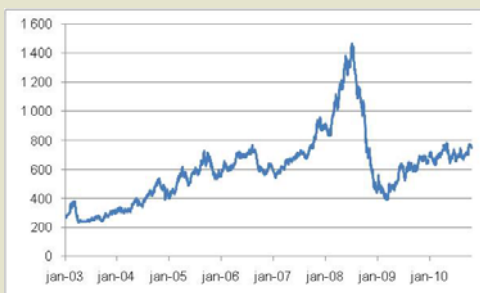


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Amended fuel hedging policy



Jet fuel, spot price development, USD



Current hedges

- 57% of the consumption hedged for next 12 months
- Only swaps and options
- Hedged at levels below USD 800MT until September 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

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Overview of the SAS Group's fuel hedging and costs for 2010



SAS Group's jet fuel hedging portfolio	Q4 2010	Q1 2011	Q2 2011	Q3 2011
Options	12%	10%	5%	9%
Strike price, USD/MT	746	745	793	759
Swaps	52%	41%	51%	49%
Price USD/MT	738	759	772	759

SAS Group's jet costs in 2010 (annual average values)	6.0 SEK/USD	7.0 SEK/USD	8.0 SEK/USD
Market price			
600 USD/MT	SEK 6.0 billion	SEK 6.2 billion	SEK 6.5 billion
800 USD/MT	SEK 6.3 billion	SEK 6.5 billion	SEK 6.7 billion
1 000 USD/MT	SEK 6.5 billion	SEK 6.7 billion	SEK 7.0 billion
1 200 USD/MT	SEK 6.6 billion	SEK 6.9 billion	SEK 7.2 billion

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