SAS Group Interim Report
January-September 2004

Positive third-quarter earnings

- **Operating revenue for the nine-month period** amounted to MSEK 43,133 (43,930), a decrease of 1.8%. Operating revenue for the third quarter amounted to MSEK 15,423 (14,920), an increase of 3.4%. For comparable units, operating revenue for the nine-month period rose 1.5% or MSEK 639.

- **Traffic growth was good but slightly weaker in the third quarter.** The SAS Group's total passenger traffic (RPK) increased by 9.1% for the whole period and by 5.8% for the third quarter.

- **Income before depreciation and leasing costs for aircraft** (EBITDAR) amounted to MSEK 3,202 (2,947) in January-September. EBITDAR for the third quarter was MSEK 1,753 (1,737).

- **Income before capital gains and nonrecurring items** improved by MSEK 337 compared with 2003 and amounted to MSEK -1,469 (-1,806) for the nine-month period. The result for the third quarter was positive at MSEK 153 (116).

- **Income after financial items** amounted to MSEK -1,526 (-1,225), and to MSEK 57 (564) for the third quarter. In 2003 the third quarter result included capital gains of MSEK 559.

- **Income after tax** amounted to MSEK -1,236 (-834), and MSEK 68 (699) for the third quarter.

- **CFROI** for the 12-month period October 2003 – September 2004 was 8% (7%).

- **Earnings per share** for the SAS Group for the nine-month period amounted to SEK –7.51 (-5.07). Equity per share amounted to SEK 72.60 (83.88).

- **Income after financial items for the Group's largest units** for the third quarter amounted to MSEK -353 (-178) for Scandinavian Airlines, MSEK 280 (238) for Spanair and MSEK -36 (120) for Braathens.

- **Currency-adjusted unit cost** for Scandinavian Airlines decreased by 12% in the period January-September and by 7% for the third quarter. Adjusted for increased jet fuel prices, the unit cost decreased by 12% in the third quarter. Since the beginning of 2003 unit cost (adjusted for currency effects and higher jet fuel costs) has decreased by 26%.

- **The SAS Group's Board and Management** expect negative earnings before tax and nonrecurring items for the full-year 2004.

Quarterly breakdown of earnings and key figures – SAS Group

SAS Group	October-December		January-March		April-June		July-September		October-September	
(MSEK)	**2003**	2002	**2004**	2003	**2004**	2003	**2004**	**2003**	**2003-04**	2002-03
Operating revenue	**13,824**	16,709	**12,567**	13,710	**15,143**	15,300	**15,423**	14,920	**56,957**	60,639
EBITDAR	**814**	1,332	**-44**	-398	**1,493**	1,608	**1,753**	1,737	**4,016**	4,279
EBITDAR margin	**5.9%**	8.0%	**-0.4%**	-2.9%	**9.9%**	10.5%	**11.4%**	11.6%	**7.1%**	7.1%
EBIT	**-43**	-307	**-1,300**	-1,908	**207**	272	**332**	798	**-804**	-1,145
EBIT margin	**-0.3%**	-1.8%	**-10.3%**	-13.9%	**1.4%**	1.8%	**2.2%**	5.3%	**-1.4%**	-1.9%
Income before capital gains and nonrecurring items	**-415**	-647	**-1,631**	-1,909	**9**	-13	**153**	116	**-1,884**	-2,453
Income after financial items	**-245**	-683	**-1,583**	-1,876	**0**	87	**57**	564	**-1,771**	-1,908
Income after tax	**-581**	-284	**-1,402**	-1,599	**98**	66	**68**	699	**-1,817**	-1,118
Earnings per share (SEK)	**-3.53**	-1.73	**-8.52**	-9.72	**0.60**	0.40	**0.41**	4.25	**-11.05**	-6.80
Cash flow before financing activities	**917**	310	**-1,311**	-2,360	**1,997**	1,123	**-423**	175	**1,180**	-752
Number of passengers	**7,512**	7,922	**7,238**	6,987	**8,879**	8,180	**8,591**	8,325	**32,220**	31,414
RPK	**7,344**	7,308	**7,031**	6,551	**8,960**	7,840	**9,198**	8,695	**32,533**	30,394
ASK	**11,931**	11,689	**11,852**	11,169	**13,456**	12,252	**13,557**	12,566	**50,796**	47,679
Cabin factor	**61.6%**	62.5%	**59.3%**	58.7%	**66.6%**	64.0%	**67.8%**	69.2%	**64.0%**	63.7%
Yield, SEK	**1.25**	1.50	**1.17**	1.45	**1.10**	1.32	**1.03**	1.11	**1.15**	1.40
Unit cost, SEK	**0.79**	0.98	**0.76**	0.94	**0.71**	0.82	**0.69**	0.75	**0.75**	0.91

SAS AB is the Nordic region's largest listed airline and travel group and the fourth-largest airline group in Europe, in terms of number of passengers and operating revenue. The SAS Group offers air transport and related services from its base in northern Europe. Scandinavian Airlines provides services within Scandinavia, and to/from Europe, North America and Asia. Scandinavian Airlines is a founder member of the world's largest global airline alliance – Star Alliance™. The Group also includes the airlines Spanair, Widerøe's Flyveselskap and Blue1 and the partly-owned airlines airBaltic and Estonian Air. The Group's business areas Airline Support Businesses and Airline Related Businesses include companies that support the airline operations. The Group also includes hotel operations with Rezidor SAS Hospitality.

Important events

First quarter 2004

- Widerøe won the tender for traffic in Nord-Troms in north Norway for a further three years.
- The Swedish Transport Workers' Union took its members out on strike which led to canceled flights during two half days for the SAS Group in Sweden.
- SAS AB's Board decided to incorporate Scandinavian Airlines, SAS Ground Services (SGS), SAS Technical Services (STS), SAS Trading and Shared Services.
- Within the framework of Turnaround 2005, the SAS Group signed new collective agreements with all trade unions except the Swedish Transport Workers' Union.
- It was decided to set up a new function, Airline Strategy & Coordination, in order to exploit synergies and coordinate the airlines within the SAS Group.

Second quarter 2004

- SAS Braathens was launched in the Norwegian market.
- SAS AB's Annual General Meeting decided not to issue a dividend for 2003.
- The SAS Group was downgraded by the credit rating company Moody's to B1.
- SAS Braathens' office at Fornebu in Bærum was visited by the Norwegian Competition Authority on June 22 and 23. The background to this is the Competition Authority's examination of price structure in the Norwegian market and whether SAS Braathens has abused its dominant position in the Norwegian market.
- Oslo Lufthavn AS/Avinor AS announced that they do not intend to proceed in contract negotiations with SAS Trading for the operation of tax-free stores at Norwegian airports during the period 2005-2011.

Third quarter 2004

- During weekends in July, Scandinavian Airlines had production disruptions from Copenhagen due to limited personnel resources.
- SAS Commuter's operations were integrated with the other airline operations and SAS Technical Services.
- On 26-28 September, the SAS Group had major production disruptions in Norway due to sicklisting by air traffic controllers.

Events after September 30, 2004

- SAS Scandinavian Airlines Danmark A/S, SAS Braathens AS and SAS Scandinavian Airlines Sverige AB were incorporated as subsidiaries to the SAS Consortium. SAS Ground Services (SGS), SAS Technical Services (STS) and SAS Trading were incorporated as subsidiaries to SAS AB.
- The SAS Group signed an agreement with the Swedish Transport Workers' Union that deviates from the targets within Turnaround 2005. Alternative measures for achieving a competitive cost level are being evaluated.
- Scandinavian Airlines launched Economy Flex in a new three-class division on European routes which was introduced on October 31. Snowflake as a concept will be integrated with the regular operations.
- Blue1 became the first regional member of Star Alliance on October 31, 2004.
- The EUR 4-6 fuel surcharge introduced by Scandinavian Airlines in May on domestic and European routes was raised by EUR 2 in September and by a further EUR 2 at the beginning of November. On intercontinental routes, the fuel surcharge was increased by between 2 and 10 USD at the beginning of November.

Dear shareholder,

The good traffic growth we noted in the second quarter of this year did not continue at the anticipated rate in August and September. In particular, travel from the Nordic region to destinations in the rest of Europe has not really gained momentum. The passenger trend is more positive within Scandinavia and on the intercontinental routes. We review our capacity offering continuously, making adjustments and reallocations where necessary. We have therefore initiated a program called "Capacity & Utilization Focus," where we review the network, capacity and the number of destinations and release aircraft through improved capacity utilization.

The situation in the airline industry remains characterized by overcapacity and intense competition which has resulted in substantially reduced yield. Despite in many cases unrealistically low average fares, new players have emerged, while some have disappeared. According to independent sources, fares within Scandinavia and to/from Scandinavia have been among the lowest in Europe. There are signs that the industry may well be entering a phase of consolidation, a trend that we also expect in the years ahead.

Jet fuel prices have continued to rise month by month and reached new record levels in the fall. This has put further pressure on the entire airline industry and inhibited the positive development from higher traffic volumes. At the end of October the price of jet fuel was a full 90% above the price one year ago. Handling a challenge of this nature requires a number of measures. On three occasions we have introduced fuel surcharges on tickets, although this does not cover the entire substantial increase in costs. We have also secured a specific price level by hedging half our fuel purchases for the next six months.

Improving the cost situation has had top priority within the Group for the past two years. Yield management has also been in focus and intensified in the past quarter. This has helped to balance yield development and been able to counteract the negative cost impact of increasingly expensive fuel.

Income before capital gains and nonrecurring items in the third quarter amounted to MSEK 153, despite increased fuel costs and considerable overcapacity. Despite this, this result is far from satisfactory.

Efforts to reduce costs by restructuring through Turnaround 2005 continue as planned. Of the total target of cost reductions of SEK 14 billion by 2005, 81% has been carried out.

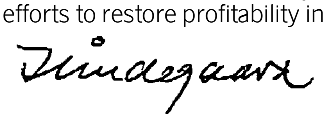
The unit cost in Scandinavian Airlines has now been reduced by 26% since the start of this program in 2003 and the target is 25-40% depending on traffic flow.

Work on incorporation of operations in the Group, starting on October 1, has been taking place throughout the quarter. From 2005, we will report the earnings and operations of Scandinavian Airlines' various companies.

Just a couple of days ago we introduced our new commercial venture, the Europe concept, with greater choice for customers and a product that better meets market expectations. Snowflake as a concept is being expanded in the European market. Initial reactions from travel agents, corporate customers and individuals, as well as from investors, are positive.

The SAS Group has a stable market position as Europe's fourth-largest airline group. The strategic focus is that we will operate as a network carrier based on an efficient production platform. The difference in unit cost between the Group's airlines and new companies in the market has also narrowed dramatically in the last two years. Among other companies in the Group, Spanair deserves a special mention with an improvement in earnings for the third quarter with an EBITDAR margin of 22%.

We have experienced a quarter that has not been easy in any way. The previous forecast of negative earnings for the full year remains unchanged. Turnaround 2005, combined with other measures, will have a lasting effect on continued efforts to restore profitability in the SAS Group.



SAS Group's traffic development

Traffic development for European airlines (AEA)
Among the European airlines, traffic growth had a weak start in 2004 but gradually improved towards the end of the first quarter and during the second quarter. At the beginning of the third quarter growth was strong but then weakened slightly. Intercontinental traffic (RPK) developed well compared with the previous year and rose in January-September by 12%. Particularly favorable growth was noted on traffic to/from Asia. Capacity increased at the same time and rose more than traffic in the third quarter resulting in a lower cabin factor. On some destinations there is overcapacity. European traffic has also gradually improved and rose 7% during the same period, but the cabin factor decreased in August and September.

Total international traffic (RPK) within AEA rose January-September by 10% compared with 2003. During the same period capacity (ASK) increased by almost 8% which meant that the cabin factor rose by almost 2 percentage points to 76%.

SAS Group's traffic development
The SAS Group's traffic (RPK) rose in January-September by 9.1%. Capacity rose during the same period by 8.0% and the cabin factor by 0.7 percentage points to 64.8%. The greatest traffic increase occurred within European and intercontinental traffic. In the third quarter, traffic continued to rise by 5.8% but slightly less than expected. Capacity rose at the same time by 7.9% which meant that the cabin factor fell by 1.3 percentage points to 67.8%. The lower growth is explained by weak growth within European traffic and Swedish domestic traffic.

Of the SAS Group's airlines, Blue1's traffic rose 84.9% in January-September compared with the previous year. This large increase is due to newly opened routes to Europe, three new domestic routes in Finland, and an increased share of traffic between Finland and Scandinavia. Spanair's traffic rose by 12.2%. During the year Spanair extended its capacity on the longer routes to the Canary Islands and opened a new route between Barcelona and Seville. Widerøe's and Braathens' traffic increased in January-September by 11.2% and 13.9% respectively.

Intercontinental traffic has developed well in 2004 and rose during January-September by 8.5% and the cabin factor increased by 5.9 percentage points to 81.7%. The rate of increase for Asian traffic slowed somewhat in the third quarter because traffic in 2003 started to normalize itself after the SARS epidemic and the war in Iraq. A total of 1,123,000 passengers were transported on the intercontinental routes in January-September, which is the highest number of transported passengers ever for the SAS Group. In the third quarter, traffic to/from the U.S. in particular showed positive development with an average cabin factor of 85%.

European traffic (including Spanish domestic) rose in January-September by 13.5%. Capacity rose 17.3% which meant that the cabin factor was 2.0 percentage points lower than in the previous year. It was in particular Scandinavian Airlines' European traffic to/from Copenhagen that had lower growth than anticipated, especially in the third quarter.

The SAS Group's traffic within Scandinavia, despite substantial overcapacity and intense competition, rose 1.5% in January-September. At the same time, the cabin factor improved by 1.5 percentage points. Danish domestic traffic showed the strongest development and rose 9.0% during the period and by 13.6% during the third quarter combined with a strong improvement in cabin factor. Intra-Scandinavian traffic also performed well and rose 4.7% in January-September. In January-September, Norwegian domestic traffic rose 2.8% and the cabin factor improved by 2.7 percentage points to 58.8%. In the third quarter traffic rose 5.1% and the cabin factor increased by 4.8 percentage points to 62.0%. SAS Braathens and Widerøe have a stable share of the Norwegian market. Swedish domestic traffic showed weak development which was less favorable than expected. Traffic fell during the period January-September by 4.4%. The cabin factor fell by 2.0 percentage points to 59.1%. Scandinavian Airlines' market share has decreased slightly on Swedish domestic traffic and is approximately 60%.

SAS Group		Jul-Sep 2004	Change vs. 2003	Jan-Sep 2004	Change vs. 2003
No. of passengers	(000)	**8,591**	3.2%	**24,708**	5.2%
Passenger km	(mill)	**9,198**	5.8%	**25,189**	9.1%
Seat km	(mill)	**13,557**	7.9%	**38,864**	8.0%
Cabin factor		**67.8%**	-1.3%pts	**64.8%**	+0.7%pts

Traffic development by route sector	Jul-Sep04 vs. Jul-Sep03		Jan- Sep04 vs.Jan-Sep03	
	Traffic (RPK)	Capacity (ASK)	Traffic (RPK)	Capacity (ASK)
Intercontinental	1.5%	1.9%	8.5%	0.7%
Europe	10.5%	16.9%	13.5%	17.3%
Intra-Scandinavian	1.9%	-4.5%	4.7%	1.4%
Denmark (domestic)	13.6%	-0.7%	9.0%	-7.5%
Norway (domestic)	5.1%	-3.0%	2.8%	-1.8%
Sweden (domestic)	-7.5%	-3.4%	-4.4%	-1.1%

January-September	Traffic (RPK)	Capacity (ASK)	Cabin factor (%)	Change in cabin factor
SAS Group	**9.1%**	**8.0%**	**64.8%**	**+0.7%pts**
Scandinavian Airlines	6.4%	5.5%	66.7%	+0.6%pts
Spanair	12.2%	13.4%	61.4%	-0.7%pts
Braathens	13.9%	5.2%	64.1%	+4.9%pts
Widerøe	11.2%	10.0%	53.4%	+0.5%pts
Blue1	84.9%	74.6%	49.6%	+2.8%pts

Capacity & Utilization Focus
The SAS Group judges that overcapacity in the aviation market is substantial and that this is the main explanation for the weak profitability being shown by the entire industry.

From December onwards the SAS Group's various airlines, primarily Scandinavian Airlines Sweden, Scandinavian Airlines Denmark and SAS Braathens, will carry out some reductions in capacity (ASK) of approximately 4% net mainly through adjustments of frequencies and small changes in the network. Through reallocation and adjustments in the traffic system, approximately ten more aircraft than previously will be released so that capacity utilization can increase. Measures designed to increase capacity utilization will be facilitated by the establishment of the three national units. These activities are not of a structural nature and are not part of Turnaround 2005. The earnings impact amounts to MSEK 400-500 net and the aim is to create a balance between supply and demand and to contribute to reduced overcapacity. The SAS Group estimates that ASK in 2005 will decrease by 1.5% for the Group and by 4.5% for Scandinavian Airlines, including Braathens, compared with 2004.

Financial development

Acquisitions
In January 2004 a further 21% of the shares in Spanair SA and Aerolineas de Baleares respectively were acquired. The SAS Group's holding then amounted to 95%. The purchase price totaled MEUR 73.5 and goodwill for the acquisitions in both companies amounted to MEUR 64.7.

January-September 2004
The SAS Group's statement of income for January-September 2003 included Scandinavian IT Group, which was sold on December 31, 2003, and Travellink, where 10% of the shares were sold in December 2003. Maersk Air Maintenance Estonia AS was acquired in September 2003. To allow comparison with 2003, this is adjusted under non-comparable units

The net effect of exchange rate fluctuations between the period January-September 2003 and 2004 was MSEK -41. The effect is MSEK -1,304 on operating revenue, MSEK 1,614 on operating expenses and MSEK -351 on net financial items.

The SAS Group's operating revenue amounted to MSEK 43,133 (43,930), a decrease of MSEK 797 or 1.8%. Adjusted for non-comparable units, MSEK 132, and currency effects, MSEK -1,304, the Group's operating revenue increased by 1.5% or MSEK 639. Passenger traffic (RPK) increased by a total of 9.1% in the Group's airlines. In Scandinavian Airlines traffic rose 6.4% while currency adjusted yield decreased by 13% compared with the same period in 2003.

Payroll expenses decreased by MSEK 1,847 or 11.2% and amounted to MSEK 14,623 (16,470). This includes restructuring costs of MSEK 139 (155). Taking into account non-comparable units, currency effects and restructuring costs, payroll expenses were 9.7% lower than in the previous year.

The number of employees (full-time equivalents, FTEs) in the SAS Group decreased by 6.5%. In comparable units, the number of employees decreased by 3.1% which is a net effect of implementation of Turnaround 2005 and increased volume within many units.

The Group's other operating expenses increased by MSEK 795, or 3.2% to MSEK 25,308.

Other operating expenses include the Group's jet fuel costs which amounted to MSEK 4,521 (3,629). Fuel costs increased by MSEK 892, of which approximately MSEK 200 relates to increased volume. The currency effect on jet fuel was positive with MSEK 338. The market price (spot price) of fuel in January-September 2004 was an average of 28% higher than in the previous year.

Operating income before depreciation and leasing costs, EBITDAR, reached MSEK 3,202 (2,947).

Despite a number of sale and leaseback transactions, leasing costs, adjusted for currency effects of MSEK 49, were lower than in the previous year and amounted to MSEK 2,022. This cost decrease is mainly due to more favorable leasing terms in the market and the sale of surplus aircraft.

Share of income in affiliated companies amounted to MSEK 113 (56). The improvement between 2003 and 2004 comprises an adjustment of the previous year's result when final accounts were received and improved earnings in British Midland and affiliated companies in Rezidor SAS Hospitality. Goodwill amortization is included with MSEK 16 (11).

Income before capital gains, restructuring costs and nonrecurring items amounted to MSEK -1,469 (-1,806).

The Group's gains from the sale of aircraft and buildings in the period January-September amounted to MSEK 79 (745) and comprise sale and leaseback of four deHavilland Q400s, two Airbus A340s, two Airbus A320s and three Boeing 767s and the sale of four Boeing 737s and two Fokker F28s. In the previous year properties were sold with a capital gain of MSEK 607.

The Group's shareholding in Flygtaxi Sverige AB was sold in the second quarter with a capital gain of MSEK 3.

The Group's net financial items amounted to MSEK -766 (-378). Net interest was MSEK -733 (-696). The currency effect was MSEK -33 (318).

Income after financial items amounted to MSEK -1,526 (-1,225).

The change in income after financial items is due to:

Currency effect	-41
Income before depreciation and leasing costs, EBITDAR	154
Leasing costs and depreciation	219
Share of income in affiliated companies	57
Net interest	-37
Capital gains and impairment losses	-653
Total changes	-301

Third quarter 2004
The Group's income before capital gains and nonrecurring items amounted to MSEK 153 (116) in the third quarter.

The Group's operating revenue amounted to MSEK 15,423 (14,920), an increase of MSEK 503 or 3.4%. Taking into account currency effects, MSEK -188, and operating revenue in comparable units, operating revenue rose 5.0%.

The Group's passenger traffic increased by 5.8%. In Scandinavian Airlines the increase was 2.6%, but yield fell 7.0% during the quarter.

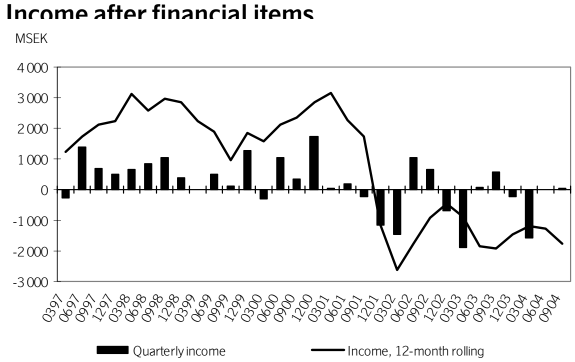
Operating expenses including payroll expenses amounted to MSEK 13,670 (13,183). Adjusted for currency effects, comparable units and restructuring costs, operating expenses were 5.8% higher than in the previous year, mainly due to higher volumes and higher fuel costs. Fuel costs have risen by MSEK 480, of which approximately MSEK 100 is related to increased volume. The currency effect on jet fuel was positive with MSEK 88. The market price (spot price) of fuel in July-September 2004 was on average 64% higher than in the previous year. The increased fuel costs were partly compensated by fue7l surcharges.

EBITDAR for the third quarter amounted to MSEK 1,753 (1,737).

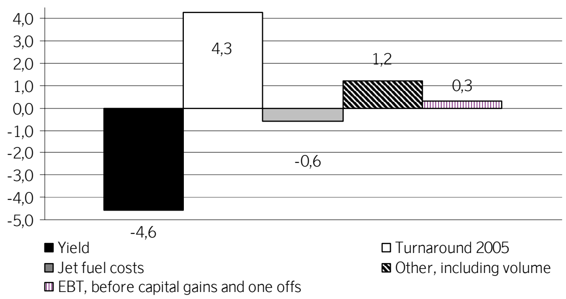
In the third quarter the capital gain from aircraft transactions was MSEK -32 (3). In the third quarter of 2003 office properties in Copenhagen were sold with a capital gain of MSEK 556.

Income after financial items amounted to MSEK 57 (564).

Income after financial items



Change in earnings compared with 2003



SAS Group's Turnaround 2005

The SAS Group has achieved major cost reductions designed over time to strengthen the Group's competitiveness on all traffic flows on a par with other efficient players. All measures have been placed under Turnaround 2005 which will cut the SAS Group's costs by SEK 14 billion and reduce Scandinavian Airlines' total unit cost by 25-40% depending on traffic flow. These changes are yielding results and Scandinavian Airlines' unit cost for the period July-September 2004 has fallen by 26% (adjusted for currency effects and increased fuel costs) compared with the beginning of 2003.

As a starting point for Turnaround 2005 the SAS Group analyzed all traffic flows where the Group's airlines operate flights. This analysis has also included estimations of the yield assessed as being sustainable over time so that the most efficient players can provide their shareholders with an acceptable return. In the period July-September yield fell 7.0% (currency adjusted) as a result of competition and overcapacity in the market and on some traffic flows yield is at a level that makes it difficult for all players to provide their shareholders with a reasonable return. The industry's cabin factors in Scandinavia and Europe have so far, due to substantial overcapacity, been lower than was anticipated within Turnaround 2005. Combined with the extremely high jet fuel prices it is difficult for the industry's operators to achieve acceptable profitability.

SAS Group's cost reductions in Turnaround 2005

	Earnings impact	Level effect	
(SEK billion)	Sept. 30	Sept. 30	Total
Overhead functions (Group & Scandinavian Airlines)		2.0	2.1
Scandinavian Airlines (incl. Braathens)		5.3	7.5
Airline Support Businesses			
Scandinavian Ground Handling (SGS)		0.8	1.0
SAS Technical Services (STS)		1.6	1.6
Total Scandinavian Airlines and Airline Support Businesses	6.6	9.7	12.2
Subsidiary Airlines & Hotels (excl. Braathens)	1.3	1.6	1.8
Total	**7.9**	**11.3**	**14.0**

Effects from decided cost-cutting measures have had and will have the following impact on earnings, including recently agreed salary and compensation levels (SEK billion):

	Full year earnings impact
2003	3.6
2004	6.0
2005	3.8
2006	0.6
Total	**14.0**

Follow-up of Turnaround 2005

At September 30, 2004, activities corresponding to SEK 11.3 billion had been implemented, corresponding to 81% of total measures compared with the planned 79%. The positive earnings impact of the measures within Turnaround 2005 in January-September 2004 amounted to approximately SEK 4.3 billion compared with the same period in 2003. Specifically for the third quarter, the earnings impact amounted to SEK 1.6 billion compared with the same period in 2003.

Overhead functions (Group & Scandinavian Airlines)

Measures comprise efficiency enhancements within overhead functions of the Group and Scandinavian Airlines. The sale of Scandinavian IT Group to CSC will reduce IT costs by just over MSEK 400 year on year in the different units in the Group. A total of 800 FTEs were phased out during 2003 and a further 900 FTEs were phased out in 2004. In total the measures within overhead functions amount to SEK 2.1 billion, of which approximately MSEK 800 relates to non-employee costs for consultants, IT, etc.

Scandinavian Airlines

A new traffic program, the division of Scandinavian Airlines' operations into three production bases, and changed collective agreements have provided opportunities for significant efficiency gains. Aircraft utilization has increased to 8.2 hours/day during 2004 (12-month rolling). The goal to raise productivity for both cabin crew and pilots by approximately 40% to 700-750 block hours per year is unchanged. The present conditions with regard, among other things, to traffic program and fleet mean that this goal will not be fully achieved in 2005. The goal is expected to be achieved in 2006. The number of block hours in 2005 for pilots is expected to be approximately 600-650 and 650-700 for cabin crew. During the rolling 12-month period (October 2003-September 2004) block hours for pilots and cabin crew amounted to 532 and 556 hours respectively. Redundancies are being handled through a combination of dismissals, early retirement and leave of absence.

Of the collective agreements signed in the first quarter, pilots and cabin crew accounted for savings of SEK 1.2 billion. The changes that apply from April 1, 2004, include per diem reductions and lower salary levels. Within distribution and sales, the call center structure is being simplified and the number of call centers reduced. The goal of a 40% proportion of Internet reservations will probably not be achieved in 2005 due to several of Scandinavian Airlines' largest customers preferring to outsource their entire travel management to travel agents as well as a somewhat longer development period for Scandinavian Airlines' new website.

Scandinavian Airlines in Norway has now joined Braathens in the new airline SAS Braathens and now has a joint cost program that is reported under the total for Scandinavian Airlines. Measures within Scandinavian Airlines (including Braathens) total SEK 7.5 billion.

Airlines Support Businesses

At SAS Ground Services a large portion of savings has come from greater automation at check-in and increased efficiency within passenger service. The aim includes increasing the total proportion of self service check-in to 60% by 2005 among Scandinavian Airlines' customers. The collective agreements signed in March 2004 until 2006 represent reduced compensation levels to a value of SEK 0.2 billion. Of the redundancies within SAS Ground Services, 670 FTEs had been phased out as per September 30. Measures within SAS Ground Services total SEK 1 billion.

SAS Technical Services has completed measures for a total of SEK 1.6 billion. Structural changes mean that a large number of FTEs will be made more effective. Efficiency enhancements have been realized among other things by Scandinavian Airlines' pilots carrying out the PFI (Pre Flight Inspection) since August 2003. A new operational schedule for technical maintenance was also introduced in 2003. Efficiency enhancements within the other operations mean that heavy technical maintenance has been moved from Shannon, Ireland, to Oslo/Gardermoen. Collective agreements signed in March 2004 until 2006 represent lower compensation levels worth SEK 0.1 billion.

Subsidiary Airlines & Hotels
From October 2004, Braathens together with Scandinavian Airlines in Norway is part of the new company SAS Braathens. This means that Braathens' cost measures within Turnaround 2005 will subsequently be reported under Scandinavian Airlines' total.

Savings of over SEK 1.8 billion have been identified within the airlines in Subsidiary Airlines and the Hotels business area which are expected to have their full effect in 2005, including SEK 1.6 billion in 2004. Widerøe has more or less completed its entire Turnaround 2005 program of SEK 0.3 billion. Spanair has implemented SEK 0.9 billion of its program of SEK 1.1 billion. Rezidor SAS Hospitality and Blue1 have both implemented efficiency enhancements of MSEK 150 each.

Reduction of full-time equivalents (FTEs)
Within Turnaround 2005 redundancies totaling 6,000 FTEs have been identified. Of these, 3,820 FTEs have been phased out (employees have left the SAS Group) through September 2004 (450 within groupwide functions, 2,200 within Scandinavian Airlines, 1,170 within Airline Support Businesses).

Restructuring costs
The SAS Group has chosen to maintain a fast pace in the Turnaround 2005 work and restructuring costs arose in 2002-2003. The restructuring costs relating to Turnaround 2005 in 2004 are expected to be limited. Integration of Scandinavian Airlines and Braathens into SAS Braathens in Norway and some changes in Sweden are expected to lead to restructuring costs in the latter part of 2004 in the order of a couple of hundred million SEK, but with a very limited cash effect. In 2004 restructuring costs totaled MSEK 139 for reductions in SAS Commuter's administrative staff and the redundancy at the head office in Frösundavik.

Long-term effects of the new collective agreements
In addition to the changes in collective agreements described above, Scandinavian Airlines concluded agreements that simplify and ensure fewer salary grades for cabin crew and pilots. Grades have been reduced to approximately ten levels, which will have an additional long-term effect

Harmonization of business structure and legal structure
In 2001, a single share was introduced through the formation of SAS AB, the SAS Group's parent company. In 2002 a clearer business structure with five individual business areas was introduced. This structure is based on decentralization, profit responsibility and transparency. The SAS Group's experiences from the establishment of SAS AB and the revised business structure have been positive.

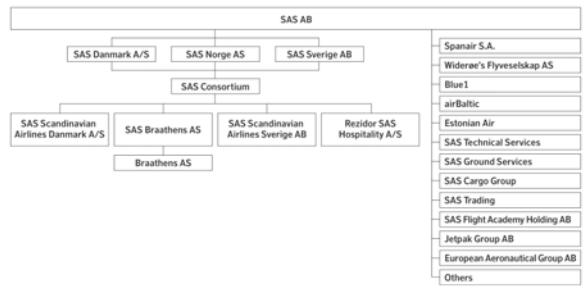
As communicated earlier, the SAS Group's legal structure does not fully reflect the business structure. In order to improve opportunities for profitable and competitive growth, the SAS Group initiated a process in 2003 designed to harmonize the legal structure with the business structure. This was done using a number of different stages, which started with the transfer of employees within Group Management and Corporate Functions from the SAS Consortium to SAS AB in November 2003, and continued with the transfer of a number of subsidiaries from the SAS Consortium to SAS AB, on market terms, in December 2003. This was described in the year-end report for 2003.

In conjunction with the transfer of the subsidiaries SAS AB issued an irrevocable undertaking in order to guarantee the SAS Consortium's present and future interest-bearing, leasing and other financial commitments.

In addition the business units SAS Ground Services, SAS Technical Services, SAS Trading and SAS Business Opportunities were incorporated as of October 1 and are now wholly owned subsidiaries of SAS AB.

As of October 1, 2004, the business risk and result of the SAS Consortium's business activities in Scandinavian Airlines, with the exception of the intercontinental operations, were also transferred from the SAS Consortium to three wholly owned subsidiaries of the SAS Consortium: SAS Braathens AS, SAS Scandinavian Airlines Danmark A/S and SAS Scandinavian Airlines Sverige AB. Braathens AS is a wholly owned subsidiary of SAS Braathens AS. It is still the SAS Consortium and Braathens that carry out flight operations.

The updated legal structure as of October 1, 2004 (see below) and the irrevocable undertaking from SAS AB can be downloaded under Investor Relations, from the SAS Group's website, www.sasgroup.net



Financial position

The SAS Group's liquid assets at September 30, 2004, amounted to MSEK 7,607 (7,483). In addition to liquid assets, the Group has unutilized contracted loan commitments totaling MSEK 4,300. During 2004, existing bilateral bank facilities of MUSD 144 were renewed for one year. Other facilities of MUSD 150 were extended. Furthermore, a further bilateral facility of MSEK 500 has been raised. In May 2004, a Revolving Credit Facility for MUSD 700 was replaced with a newly signed credit facility for MEUR 400. This facility matures in 2007.

The SAS Group's program to release capital is continuing in 2004. In the first nine months of the year the SAS Group sold four Boeing 737-800s and two Fokker F28s which were surplus aircraft. The Group also effected sale and leaseback of four deHavilland Q400s, two Airbus A340s, two Airbus A320s and three Boeing 767-300s as part of the capital optimization program. This provides a total sales value of MSEK 4,075.

The financial net debt has improved since March 2004 by MSEK 1,443 and amounted to MSEK 18,834 (19,375). The SAS Group's financial position and preparedness are assessed as sufficient to carry out the measures within Turnaround 2005. Moody's downgraded SAS's creditworthiness in May from Ba3 to Ba1 for the company's senior implied rating and changed the outlook in August from "negative" to "stable".

The equity/assets ratio at September 30 was 20% (22%). The SAS Group's target is a debt/equity ratio that allows the Group to be regarded as an attractive borrower over the long term. The SAS Group's target is an equity/assets ratio of at least 30% and a debt/equity ratio that does not exceed 50%. These financial targets will be achieved through a combination of the measures within Turnaround 2005 and the program for release of capital.

The program for capital utilization is under way with a focus on aircraft, aircraft engines, spare parts and some buildings.

Investments

	Jul-Sep		Jan-Sep	
	2004	2003	**2004**	2003
Scandinavian Airlines	**239**	124	**785**	804
Subsidiary & Affiliated Airlines	**79**	119	**877**	1,015
Airline Support Businesses	**70**	159	**273**	412
Airline Related Businesses	**127**	24	**140**	126
Hotels	**145**	112	**243**	394
Groupwide functions and eliminations	**12**	208	**689**	234
SAS Group	**672**	746	**3,007**	2,985

Firm orders for aircraft 2004-2007:

		Oct-Dec	Jan-Dec	Jan-Dec	Jan-Dec
SAS Group	**Total**	2004	2005	2006	2007
CAPEX (MUSD)	**233**	0	9	93	131
Number of aircraft	**6**	0	0	2	4

The SAS Group has had large surplus values in its aircraft fleet for a number of years. The size of surplus values mainly depends on the market value of aircraft, the depreciation rate applied, and the SEK/USD exchange rate. Due to lower market prices and a changed SEK/USD exchange rate, the SAS Group currently has a small deficit value. The reported value of the Group's aircraft fleet at September 30, 2004, exceeded the market value by approximately MSEK 600. The deficit value is not expected to be long term.

SAS Group's total aircraft fleet, September 30, 2004:

Aircraft type	Owned	Leased in	**Total**	Leased out	Order
Airbus A330/340-300	6	5	**11**		
Airbus A320/A321-200	8	19	**27**		4
Boeing 767-300		3	**3**	3	
Boeing 737	30	50	**80**	5	2
Boeing 717		4	**4**		
Douglas MD-81/82/83/87	31	61	**92**	5	
Douglas MD-90	8		**8**		
Avro RJ-85/100		9	**9**		
Fokker F28	1		**1**		
Fokker F50	7	1	**8**	2	
deHavilland Q100-400	17	37	**54**		
SAAB 2000		5	**5**		
Total	108	194	**302**	15	6
Breakdown of the Group's fleet by airline:					
Scandinavian Airlines	91	92	**183**	14	6
Spanair		54	**54**		
Braathens	1	20	**21**	1	
Widerøe	16	14	**30**		
Blue1		14	**14**		
Total	108	194	**302**	15	6

The average age of the SAS Group's aircraft fleet at September 30, 2004, was 8.7 years. The average age of the owned fleet was 8.7 years.

Currency and fuel hedging

The SAS Group has hedged approximately 60% of the USD deficit during a 12-month period, some of which is hedged with capped options. Of anticipated fuel consumption during the period October 2004 to March 2005, the Group has hedged 50% at an average price of approximately USD 420/MT, and an average of 10% of consumption in the second and third quarter of 2005. Spot prices at the end of October were approximately USD 530/tonne.

Average number of employees in the SAS Group (FTEs)

	Jul-Sep		Jan-Sep	
	2004	2003	**2004**	2003
Scandinavian Airlines	**7,941**	9,037	**8,110**	9,202
Subsidiary & Affiliated Airlines	**7,215**	7,175	**7,010**	7,076
Airline Support Businesses	**11,663**	11,823	**11,392**	11,807
Airline Related Businesses	**865**	2,092	**858**	2,132
Hotels	**4,661**	3,431	**4,243**	3,426
Groupwide functions	**828**	1,087	**903**	1,116
SAS Group	**33,173**	34,645	**32,516**	34,759

Accounting principles

SAS AB's and the Group's interim accounts are prepared in accordance with the Swedish Financial Accounting Standards Council's recommendations (RR20). The accounting principles are the same as those used in 2003 annual report.

Parent Company SAS AB

Income after financial items for the period was MSEK 932 (-66). Available liquidity for SAS AB at September 30, 2004, was MSEK 1 compared with MSEK 1 at the start of the year.

The number of shareholders in SAS AB amounted to 21,627 at September 30, 2004. The average number of employees at SAS AB at September 30, 2004, was 157 (1).

Statement of income	**January – September**	
(MSEK)	**2004**	2003 *
Operating revenue	**17**	-
Payroll expenses	**-159**	-12
Other operating expenses	**-174**	-7
Operating income before depreciation	**-316**	-19
Depreciation	**-1**	-
Income from the sale of shares in subsidiaries	**1,403**	-
Operating income	**1,086**	-19
Net financial items	**-154**	-47
Income after financial items	**932**	-66
Tax	**-**	-
Income after tax	**932**	-66

* As per November 1, 2003, certain groupwide functions were transferred to SAS AB.

Balance sheet	**Sep 30**	Dec 31
(MSEK)	**2004**	2003
Fixed assets	**11,350**	8,418
Current assets	**135**	4
Total assets	**11,485**	8,422
Shareholders' equity	**3,237**	2,304
Long-term liabilities	**7,989**	6,028
Current liabilities	**259**	90
Total shareholders' equity and liabilities	**11,485**	8,422

Change in shareholders' equity (MSEK)	Share-capital	Restrict. reserves	Unrest. equity	Total equity
Opening balance Jan 1, 2003	1,645	180	41	1,866
Net income			439	439
Equity, Dec 31, 2003	1,645	180	480	2,305
Transfer between unrestricted and restricted equity		22	-22	
Net income			932	932
Equity, Sep 30, 2004	1,645	202	1,390	3,237

Outlook for the full-year 2004

In its interim report for the second quarter, the SAS Group stated that negative earnings before tax and nonrecurring items were expected for the full-year 2004.

Due to major overcapacity in many markets and strong price pressure, yield (unit revenue), in particular for Scandinavian Airlines, fell in the first half of the year compared with the previous year. Following a number of measures, the yield decline stabilized from June onwards. The other airlines developed according to expectations.

Jet fuel prices have risen to very high levels during the year. Starting in the third quarter, the increased cost is compensated by fuel surcharges on air tickets.

Passenger volumes were weaker than expected during the fall, mainly due to substantial overcapacity but also weaker demand, especially on European routes. The SAS Group has therefore initiated "Capacity and Utilization Focus." The aim of this program is to further increase aircraft utilization by optimizing the network and thus reducing capacity on routes that are not strategically important.

Turnaround 2005 is proceeding as planned and has resulted in and will continue to result in substantial unit cost improvements for all the airlines in the SAS Group.

Taken overall, this means that the Board and Management's forecast from August 11, of negative earnings before tax and nonrecurring items for the full-year 2004, remains unchanged.

Stockholm, November 2, 2004
SAS AB

Jørgen Lindegaard
President and CEO

Review Report

We have reviewed this interim report in accordance with the recommendation issued by the Swedish Institute of Authorized Public Accountants (FAR). A review is considerably limited in scope compared with an audit.

Nothing has come to our attention that causes us to believe that the interim report does not comply with the requirements of the Securities and Clearing Operations Act and the Swedish Annual Accounts Act.

Stockholm, November 2, 2004
Deloitte & Touche AB

Peter Gustafsson
Authorized Public Accountant

SAS Group

Summary statement of income

(MSEK)	July-September 2004	July-September 2003	January-September 2004	January-September 2003	October-September 2003-2004	October-September 2002-2003
Operating revenue	**15,423**	14,920	**43,133**	43,930	**56,957**	60,639
Payroll expenses	**-4,665**	-5,165	**-14,623**	-16,470	**-20,080**	-22,781
Other operating expenses	**-9,005**	-8,018	**-25,308**	-24,513	**-32,861**	-33,579
Operating income before depreciation and leasing costs, EBITDAR	**1,753**	1,737	**3,202**	2,947	**4,016**	4,279
Leasing costs for aircraft	**-705**	-729	**-2,022**	-2,280	**-2,677**	-3,167
Operating income before depreciation, EBITDA	**1,048**	1,008	**1,180**	667	**1,339**	1,112
Depreciation	**-703**	-773	**-2,136**	-2,306	**-2,876**	-3,112
Share of income in affiliated companies	**19**	4	**113**	56	**96**	-16
Income from the sale of share in subsidiaries and affiliated companies	**0**	0	**3**	0	**654**	-13
Income from the sale of aircraft and buildings	**-32**	559	**79**	745	**-17**	884
Operating income, EBIT	**332**	798	**-761**	-838	**-804**	-1,145
Income from other shares and participations	**1**	0	**1**	-9	**9**	-169
Net financial items	**-276**	-234	**-766**	-378	**-976**	-594
Income after financial items	**57**	564	**-1,526**	-1,225	**-1,771**	-1,908
Tax	**32**	196	**301**	369	**-63**	739
Minority interests	**-21**	-61	**-11**	22	**17**	51
Income after tax	**68**	699	**-1,236**	-834	**-1,817**	-1,118
Earnings per share (SEK)[1]	**0.41**	4.25	**-7.51**	-5.07	**-11.05**	-6.80

Statement of income with additional cost specifications is available at www.sasgroup.net

[1] Earnings per share is calculated on 164,500,000 outstanding shares (RR18). Since the SAS Group has no options, convertibles or share programs, dilution cannot occur.

Segment reporting: income by business area

Statement of income January - September	Scandinavian Airlines 2004	Scandinavian Airlines 2003	Subsidiary & Affiliated Airlines 2004	Subsidiary & Affiliated Airlines 2003	Airline Support Businesses 2004	Airline Support Businesses 2003	Airline Related Businesses 2004	Airline Related Businesses 2003	Hotels 2004	Hotels 2003	Groupwide & eliminations 2004	Groupwide & eliminations 2003	SAS Group 2004	SAS Group 2003
External sales	**20,941**	22,908	**13,573**	13,275	**3,319**	3,244	**1,830**	1,864	**3,166**	2,537	**304**	102	**43,133**	43,930
Sales between business segments	**1,028**	1,143	**213**	224	**6,932**	7,173	**349**	1,707	**71**	69	**-8,593**	-10,316	**0**	0
Total operating revenue	**21,969**	24,051	**13,786**	13,499	**10,251**	10,417	**2,179**	3,571	**3,237**	2,606	**-8,289**	-10,214	**43,133**	43,930
Payroll expenses	**-5,217**	-6,026	**-2,929**	-3,013	**-4,416**	-4,634	**-321**	-1,016	**-1,191**	-1,086	**-549**	-695	**-14,623**	-16,470
Other expenses	**-16,136**	-17,025	**-8,801**	-8,653	**-4,994**	-5,389	**-1,699**	-2,318	**-2,021**	-1,604	**8,343**	10,476	**-25,308**	-24,513
EBITDAR per business segment	**616**	1,000	**2,056**	1,833	**841**	394	**159**	237	**25**	-84	**-495**	-433	**3,202**	2,947
Leasing costs for aircraft	**-852**	-1,050	**-1,309**	-1,331	**0**	0	**0**	0	**0**	0	**139**	101	**-2,022**	-2,280
EBITDA per business segment	**-236**	-50	**747**	502	**841**	394	**159**	237	**25**	-84	**-356**	-332	**1,180**	667
Depreciation	**-964**	-1,073	**-429**	-430	**-355**	-338	**-116**	-194	**-126**	-101	**-146**	-170	**-2,136**	-2,306
Share of income in affiliated companies	**46**	49	**48**	0	**0**	0	**0**	0	**22**	9	**-3**	-2	**113**	56
Capital gains	**26**	121	**-90**	36	**0**	0	**0**	0	**1**	4	**145**	584	**82**	745
EBIT per business segment	**-1 128**	-953	**276**	108	**486**	56	**43**	43	**-78**	-172	**-360**	80	**-761**	-838
Unallocated income statement items														
Income from other shares and participations													**1**	-9
Net financial items													**-766**	-378
Tax on income for the year													**301**	369
Minority interests													**-11**	22
Income after tax													**-1,236**	-834

SAS Group

Balance sheet

(MSEK)	September 30 2004	December 31 2003	September 30 2003	September 30 2002
Intangible fixed assets	**3,102**	2,810	2,971	2,789
Tangible fixed assets	**26,143**	29,706	31,688	33,749
Financial fixed assets	**11,215**	10,252	10,424	10,109
Total fixed assets	**40,460**	42,768	45,083	46,647
Current assets	**1,335**	1,286	1,474	1,475
Current receivables	**9,593**	8,155	9,879	10,207
Cash, bank and short-term investments	**7,607**	9,066	7,483	10,482
Total current assets	**18,535**	18,507	18,836	22,164
Total assets	**58,995**	61,275	63,919	68,811
Shareholders' equity	**11,943**	13,134	13,798	15,414
Minority interests	**42**	112	149	-57
Provisions	**4,269**	4,888	4,340	5,606
Long-term liabilities	**20,281**	20,855	22,520	23,080
Current liabilities	**22,460**	22,286	23,112	24,768
Total shareholders' equity and liabilities	**58,995**	61,275	63,919	68,811

Change in shareholders' equity

(MSEK)	Jul-Sep 2004	Jan-Sep 2004	Jan-Dec 2003	Jul-Sep 2003	Jan-Sep 2003	Jan-Sep 2002
Opening balance	**11,867**	**13,134**	15,188	13,229	15,188	15,544
Change in translation difference	**8**	**45**	-639	-130	-556	104
Effect of consolidation of affiliated company	**-**	**-**	-	-	-	-386
Income after tax	**68**	**-1,236**	-1,415	699	-834	152
Closing balance	**11,943**	**11,943**	13,134	13,798	13,798	15,414
Equity per share (SEK) [1]	**72.60**	**72.60**	79.84	83.88	83.88	93.70

[1] Calculated on 164,500,000 outstanding shares. The SAS Group has not carried out any share buy-back programs.

Cash flow statement

(MSEK)	July-September 2004	2003	January-September 2004	2003	October-September 2003-04	2002-03
OPERATING ACTIVITIES						
Income after financial items	**57**	564	**-1,526**	-1,225	**-1,771**	-1,908
Depreciation	**703**	773	**2,136**	2,306	**2,876**	3,112
Income from the sale of fixed assets	**32**	-559	**-82**	-766	**-645**	-1,064
Adjustment for items not included in cash flow, etc.	**-105**	-114	**-147**	-30	**-363**	237
Paid tax	**-13**	-8	**-39**	-174	**-144**	-327
Cash flow from operations	**674**	656	**342**	111	**-47**	50
Change in working capital	**-1,548**	-823	**-2,105**	-1,182	**-2,034**	-76
Cash flow from operating activities	**-874**	-167	**-1,763**	-1,071	**-2,081**	-26
INVESTING ACTIVITIES						
Investments including prepayments to aircraft suppliers	**-672**	-721	**-2,393**	-2,945	**-3,902**	-5,793
Acquisition of subsidiaries	**0**	-19	**-614**	-34	**-614**	-253
Sale of subsidiaries	**0**	0	**0**	0	**884**	0
Sale of fixed assets, etc.	**1,123**	1,082	**5,033**	2,988	**6,893**	5,320
Cash flow from investing activities	**451**	342	**2,026**	9	**3,261**	-726
FINANCING ACTIVITIES						
External financing, net	**-799**	-847	**-1,722**	-2,176	**-1,056**	-2,247
Cash flow from financing activities	**-799**	-847	**-1,722**	-2,176	**-1,056**	-2,247
Cash flow for the period	**-1,222**	-672	**-1,459**	-3,238	**124**	-2,999

Comments on the cash flow statement

Cash flow from operations for the period January-September was positive with MSEK 342 (111). The improved cash flow compared with the previous year is mainly explained by improved operating income. Working capital decreased, due among other things to lower provisions for restructuring costs and some operating receivables that will be paid at the beginning of 2005. The negative change in working capital during the third quarter compared with the previous year is mainly due to the fact that reservations levels and therefore unearned transportation revenue in June 2003 was unusually low due to the SARS epidemic.

Investments in aircraft and other flight equipment amounted to MSEK 1,639 (1,737) and mainly relate to delivery of one Airbus A330, two Airbus A320s and one Boeing 737. In 1998-2002 the SAS Group carried out an extensive investment program for replacement of the aircraft fleet. The last Airbus A330, which was phased into the long-haul fleet, was delivered in January 2004. This program is now mainly completed and the SAS Group will have very limited investments over the next 3-4 years. Acquisition of subsidiaries amounted to MSEK 614 (34) and mainly comprised the increased holding in Spanair from 74% to 95%. Sale of fixed assets amounted to MSEK 4,963 (2,988) and mainly relates to the sale of aircraft. The SAS Group's cash flow before financing activities thus amounted to MSEK 263 (-1,062).

External financing was negative and amounted to MSEK -1,722 (-2,176) due to amortization of existing loans according to plan. The SAS Group's liquid assets according to the balance sheet improved compared with September in the previous year by MSEK 124 to MSEK 7,607 (7,483).

SAS Group

Summary of income by quarter

(MSEK)	2002 JUL-SEP	OCT-DEC	FULL YEAR JAN-DEC	2003 JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	FULL YEAR JAN-DEC	**2004 JAN-MAR**	**APR-JUN**	**JUL-SEP**
Operating revenue	16,592	16,709	64,944	13,710	15,300	14,920	13,824	57,754	**12,567**	**15,143**	**15,423**
Payroll expenses	-5,335	-6,311	-22,352	-5,741	-5,564	-5,165	-5,457	-21,927	**-4,889**	**-5,069**	**-4,665**
Other operating expenses	-9,127	-9,066	-35,298	-8,367	-8,128	-8,018	-7,553	-32,066	**-7,722**	**-8,581**	**-9,005**
Operating income before depreciation and leasing costs, EBITDAR	2,130	1,332	7,294	-398	1,608	1,737	814	3,761	**-44**	**1,493**	**1,753**
Leasing costs for aircraft	-932	-887	-3,747	-832	-719	-729	-655	-2,935	**-639**	**-678**	**-705**
Operating income before depreciation, EBITDA	1,198	445	3,547	-1,230	889	1,008	159	826	**-683**	**815**	**1,048**
Depreciation	-781	-806	-2,953	-753	-780	-773	-740	-3,046	**-729**	**-704**	**-703**
Share of income in affiliated companies	3	-72	-409	25	27	4	-17	39	**64**	**30**	**19**
Income from the sale of shares in subsidiaries and affiliated companies	829	-13	817	0	0	0	651	651	**0**	**3**	**0**
Income from the sale of aircraft and buildings	-208	139	-320	50	136	559	-96	649	**48**	**63**	**-32**
Operating income, EBIT	1,041	-307	682	-1,908	272	798	-43	-881	**-1,300**	**207**	**332**
Income from other shares and participations	4	-160	-180	-17	8	0	8	-1	**0**	**0**	**1**
Net financial items	-405	-216	-952	49	-193	-234	-210	-588	**-283**	**-207**	**-276**
Income after financial items	640	-683	-450	-1,876	87	564	-245	-1,470	**-1,583**	**0**	**57**
Tax	-102	370	267	174	-1	196	-364	5	**166**	**103**	**32**
Minority interests	-32	29	51	103	-20	-61	28	50	**15**	**-5**	**-21**
Income after tax	506	-284	-132	-1,599	66	699	-581	-1,415	**-1,402**	**98**	**68**

Summary balance sheet

(MSEK)	**September 30 2004**	December 31 2003	September 30 2003	September 30 2002
Aircraft and spare parts	**21,770**	25,561	26,192	26,429
Other noninterest-bearing assets	**20,710**	18,314	21,000	24,621
Interest-bearing assets (excl. liquid assets)	**8,908**	8,334	9,244	7,279
Liquid assets	**7,607**	9,066	7,483	10,482
Assets	**58,995**	61,275	63,919	68,811
Shareholders' equity	**11,943**	13,134	13,798	15,414
Minority interests	**42**	112	149	-57
Deferred tax liability	**2,911**	3,273	3,134	3,746
Subordinated debenture loan	**743**	742	737	902
Other interest-bearing liabilities	**27,041**	28,124	28,553	29,027
Operating liabilities	**16,315**	15,890	17,548	19,779
Shareholders' equity and liabilities	**58,995**	61,275	63,919	68,811

Financial key ratios

	September 30 2004	December 31 2003	September 30 2003	September 30 2002
EBITDAR margin[1] (12-month rolling)	**7%**	7%	7%	10%
EBIT margin[2] (12-month rolling)	**-1%**	-2%	-2%	0%
CFROI[3] (12-month rolling)	**8%**	7%	7%	11%
Return on equity (12-month rolling)	**-15%**	-10%	-8%	-6%
Equity/assets ratio	**20%**	22%	22%	22%
Net debt, MSEK[4]	**11,269**	11,466	12,563	12,168
Financial net debt, MSEK[5]	**18,834**	18,122	19,375	18,402
Debt/equity ratio	**1.57**	1.37	1.39	1.20
Adjusted debt/equity ratio[7]	**3.14**	2.92	2.98	2.80
Interest cover ratio[8] (12-month rolling)	**-0.2**	0.1	-0.1	0.5

[1] EBITDAR in relation to operating revenue
[2] EBIT in relation to operating revenue
[3] Based on market-adjusted capital employed which includes the market value of the aircraft fleet and capitalized leasing costs
[4] Interest-bearing liabilities minus interest-bearing assets
[5] Interest-bearing liabilities minus interest-bearing assets excluding pension funds, net
[6] Debt/equity ratio calculated as financial net debt in relation to shareholders' equity and minority interests
[7] Adjusted debt/equity ratio calculated as financial net debt plus 7 times leasing costs for aircraft (12-month rolling) in relation to shareholders' equity and minority interests
[8] Operating income plus financial revenue in relation to financial expenses

The SAS Group's objectives

Targets

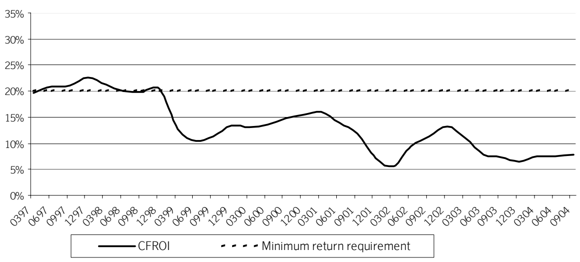
The SAS Group has a target for total shareholder return (TSR) of a minimum of 14% over a business cycle. The return target refers to the sum of share price appreciation and reinvested dividends. Based on this return target, the SAS Group has set its internal financial target, CFROI.

In the period October 2003-September 2004, the Group generated income before net financial items, tax, depreciation, capital gains and operating lease costs (EBITDAR) of MSEK 4,016 (4,279). Adjusted EBITDAR amounted to MSEK 3,850 (4,142). Set in relation to adjusted capital employed, CFROI was 8% (7%), which is 12 percentage points below target.

Performance target- CFROI

One of the Group's objectives over the next five years is to reach a CFROI of an average minimum of 20% per year, where average capital allocation for replacement of the aircraft fleet is taken into account

Development of cash flow return on investments, CFROI (%) (12-month rolling)



Income and capital concepts included in CFROI

(MSEK)	October- September 2003-2004	2002-2003
Income		
Income before depreciation, EBITDA	**1,339**	1,112
+ Operating lease costs, aircraft	**2,677**	3,167
EBITDAR	**4 016**	4,279
- Revenues from operating leases, aircraft	**-166**	-137
Adjusted EBITDAR	**3 850**	4,142
Adjusted capital employed (average)		
+ Shareholders' equity	**12,518**	14,198
+ Minority interests	**68**	85
+ Surplus value, aircraft	**-531**	592
+ Capitalized leasing costs, net (x 7)*	**18,836**	23,786
- Equity in affiliated companies	**-650**	-540
+ Financial net debt	**18,992**	19,087
Adjusted capital employed	**49,233**	57,208
CFROI	**8%**	7%

* In the capital market the calculation model 7 times the annual cost is used regardless of the term of the leases. The SAS Group takes leasing revenues into account in this item. NPV (Net Present Value) amounted at the end of September to MSEK 12,863 (9,765). Average NPV for the 12-month period amounted to MSEK 11,381 (11,227).

Scandinavian Airlines

Statement of income

(MSEK)	July-September 2004	July-September 2003	January-September 2004	January-September 2003
Passenger revenue	**6,005**	6,371	**18,040**	19,989
Other traffic revenue	**730**	678	**1,879**	2,087
Other revenue	**675**	674	**2,050**	1,975
Operating revenue	**7,410**	7,723	**21,969**	24,051
Payroll expenses	**-1,627**	-1,791	**-5,217**	-6,026
Selling costs	**-206**	-223	**-588**	-699
Jet fuel	**-1,043**	-728	**-2,709**	-2,198
Government user fees	**-833**	-784	**-2,471**	-2,394
Catering costs	**-214**	-307	**-674**	-953
Handling costs	**-1,210**	-1,101	**-3,687**	-3,503
Technical aircraft maintenance	**-882**	-1,078	**-2,762**	-3,471
Data and telecommunication costs	**-354**	-417	**-1,117**	-1,376
Other operating expenses	**-611**	-661	**-2,128**	-2,431
Operating expenses	**-6,980**	-7,090	**-21,353**	-23,051
Income before depreciation and leasing costs, EBITDAR	**430**	633	**616**	1,000
Leasing costs for aircraft	**-307**	-337	**-852**	-1,050
Income before depreciation, EBITDA	**123**	296	**-236**	-50
Depreciation	**-306**	-353	**-964**	-1,073
Share of income in affiliated companies	**16**	17	**46**	49
Capital gains	**-29**	14	**26**	121
Operating income, EBIT	**-196**	-26	**-1,128**	-953
Net financial items	**-157**	-152	**-508**	-506
Scandinavian Airlines - Income after financial items	**-353**	-178	**-1,636**	-1,459

Traffic and market development

Traffic volumes have improved during 2004. Traffic (RPK) rose during the period January-September by 6.4% and by 2.6% in the third quarter. The reduced traffic growth in the third quarter is because comparative figures were not affected to the same extent by SARS and the war in Iraq in 2003 and to increased overcapacity in Scandinavian Airlines' markets. Capacity rose in January-September by 5.5% and the cabin factor improved by 0.6 percentage points to 66.7%. The greatest improvement was attributable to intercontinental traffic.

The yield trend in January-September was weak and in total currency adjusted yield fell by 13.0%. The lower yield was due to a negative mix, fare reductions and an increased offering of low-price tickets. The decline in yield stabilized during the third quarter and decreased by 7.0% due to fuel surcharges, selective fare adjustments and more active yield management.

Yield development was strongest on the intercontinental routes and rose in January-September by 2.0%, adjusted for currency effects. In the third quarter specifically, yield rose 7.7% due to the introduction of fuel surcharges. In the third quarter, USA traffic in particular saw strong development with a positive mix, while the trend for Asian routes, which developed very strongly earlier in the year, was somewhat more varied. The currency adjusted yield on European traffic decreased by 13.6% in January-September and by 11.4% during the third quarter. The decline is partly due to longer routes, a changed mix and price adjustment and substantial overcapacity. On the intra-Scandinavian routes the currency adjusted yield decreased by 23.0% despite good traffic development and improved cabin factors. The large decline is due to active fare reductions. Yield stabilized significantly during the third quarter. A corresponding trend occurred for Danish and Norwegian domestic traffic. In Sweden, the currency adjusted yield decreased by 14.3% in January-September after several major campaigns, particularly in the second quarter.

Scandinavian Airlines Total		July-September 2004	July-September Change.	Jan-Sep 2004	Jan-Sep Change.
Number of passengers	(000)	**4,867**	-1.2%	**14,712**	+1.2%
Revenue passenger km (RPK)	(mill)	**6,214**	+2.6%	**17,633**	+6.4%
Available seat km (ASK)	(mill)	**9,004**	+6.7%	**26,423**	+5.5%
Cabin factor		**69.0%**	-2.7%pts	**66.7%**	+0.6%pts

Currency adjusted yield trend by route sector

	July-September Change. vs. 2003	Jan-Sep Change. vs. 2003
Intercontinental routes	7.7%	2.0%
European routes	-11.4%	-13.6%
Intra-Scandinavian routes	-14.7%	-23.0%
Danish domestic	4.9%	-6.5%
Norwegian domestic	-3.7%	-11.7%
Swedish domestic	-7.1%	-14.3%
Total	**-7.0%**	**-13.0%**

Currency adjusted unit cost trend

	July-September	Jan-Sep
Total unit cost	-7.8%[1]	-11.8%[2]
Operational unit cost	-7.1%[1]	-11.5%[2]

1) Increased fuel costs had a negative impact on unit cost of 4.2%pts
2) Increased fuel costs had a negative impact on unit cost of 2.4%pts

Earnings trend

The first half of 2004 started very weakly with low business volumes and strong pressure on yield. The market gradually improved in February/March and volumes rose to satisfactory levels. The major overcapacity, particularly in Scandinavia, meant that yield declined further which led to the recovery in the spring being weaker than expected. Yield has stabilized since June. Fares within Scandinavia and to/from Scandinavia according to independent sources were among the lowest in Europe. Volume growth weakened, however, in the third quarter and did not match the increased production which led to a decline in the cabin factor.

Scandinavian Airlines' operating revenue decreased during the period January-September 2004 by 8.7% to MSEK 21,969 (24,051). Currency adjusted operating revenue decreased by 6.2%. Passenger revenue amounted to MSEK 18,040 (19,989), a decrease of 9.8%. Adjusted for currency effects passenger revenue decreased by 7.4%. This decline was due to a fall in currency adjusted yield for the same period of 13.0% while volume rose 6.4%.

Operating expenses continued to fall as Turnaround 2005 had an impact and the total unit cost, adjusted for jet fuel costs, decreased in January-September by 14.2%. Despite a substantial increase in fuel prices and bigger volumes, operating expenses decreased by MSEK 1,698 or 7.4% compared with 2003. Adjusted for currency effects the decrease in costs was 6.0%. The number of FTEs decreased compared with the previous year by 1,092. Payroll expenses decreased during the period by MSEK 809 which corresponds to 13.4% or 16.1% adjusted for currency effects and volume.

Fuel costs rose during the period and were MSEK 671 higher, adjusted for currency effects, than in the previous year. The increase is due to increased capacity and significantly higher price levels. The unit cost for jet fuel rose by 25.9%. Handling costs to SAS Ground Services (SGS) rose during the same period by MSEK 184 due to the transfer of certain activities from SAS Technical Services to SGS. Technical aircraft maintenance decreased by MSEK 709 which was mainly due to considerably enhanced efficiency and the transfer of operations to SGS.

The joint venture agreement, ECA (European Cooperation Agreement), between British Midland, Lufthansa and Scandinavian Airlines had a negative earnings impact for the period January-September of MSEK -88 (-279). The effects of improvement measures carried out combined with a better market trend explain these improved earnings.

Operating income before depreciation and leasing costs (EBITDAR) amounted to MSEK 616 (1,000) for the period January-September.

Income after financial items, excluding capital gains and nonrecurring items, amounted to MSEK –1,608 (-1,580).

Third quarter

Operating revenue decreased in the third quarter by MSEK 313 to MSEK 7,410 (7,723) or 4.1%. Passenger revenue decreased by 5.7% to MSEK 6,005 (6,371) despite increased traffic. The decline in passenger revenue is due to the fact that currency adjusted yield fell by 7.0% compared with the same period in 2003. Adjusted for currency fluctuations, passenger revenue decreased by 4.6%.

Operating expenses continued to decrease despite increased volumes and very high fuel costs during the third quarter by MSEK 110 to MSEK 6,980 (7,090) a decline of 1.6%. Adjusted for currency effects, costs rose by 1.3%. Unit costs for employees improved by 14.2%. Fuel costs rose, on the other hand, by MSEK 355, adjusted for currency effects. The total unit cost decreased in the third quarter by 7.8% and adjusted for jet fuel costs by 12.0%. Compared with the beginning of 2003, the unit cost has fallen by approximately 26%.

Income for ECA amounted to MSEK –62 (-71) in the third quarter.

Income before capital gains and nonrecurring items amounted to MSEK -306 (-192).

Subsidiary & Affiliated Airlines

Statement of income

(MSEK)	July-September 2004	July-September 2003	January-September 2004	January-September 2003
Passenger revenue	**3,414**	3,236	**9,494**	9,452
Freight revenue	**33**	22	**87**	72
Charter revenue	**1,310**	1,259	**2,556**	2,536
Other traffic revenue	**149**	169	**401**	343
Other revenue	**451**	362	**1,248**	1,096
Operating revenue	**5,357**	5,048	**13,786**	13,499
Payroll expenses	**-974**	-983	**-2,929**	-3,013
Selling costs	**-117**	-164	**-371**	-491
Jet fuel	**-733**	-529	**-1,817**	-1,426
Government user fees	**-810**	-753	**-2,118**	-2,008
Catering costs	**-291**	-332	**-662**	-801
Handling costs	**-310**	-386	**-1,028**	-1,033
Technical aircraft maintenance	**-302**	-306	**-839**	-987
Data and telecommunication costs	**-130**	-187	**-354**	-500
Other operating expenses	**-736**	-442	**-1,612**	-1,407
Operating expenses	**-4,403**	-4,082	**-11,730**	-11,666
Income before depreciation and leasing costs, EBITDAR	**954**	966	**2,056**	1,833
Leasing costs for aircraft	**-443**	-445	**-1,309**	-1,331
Income before depreciation, EBITDA	**511**	521	**747**	502
Depreciation	**-142**	-155	**-429**	-430
Share of income in affiliated companies	**-4**	-18	**48**	0
Capital gains	**-150**	-10	**-90**	36
Operating income, EBIT	**215**	338	**276**	108
Income from other shares and participations	**0**	0	**0**	-30
Net financial items	**-44**	-30	**-93**	-120
Subsidiary & Affiliated Airlines - Income after financial items	**171**	308	**183**	-42

Earnings trend

Subsidiary & Affiliated Airlines comprises the airlines Spanair, Braathens, Widerøe's Flyveselskap and Blue1. Estonian Air has been included in the business area as an affiliated company since September 2003. airBaltic, Air Greenland, Skyways and British Midland are also included as affiliated companies.

The business area accounted for 27% of the SAS Group's operating revenue before groupwide eliminations during the period January-September. The airlines within the business area transported 10 million passengers during the period with an aircraft fleet of 119 aircraft in September 2004. The average number of employees in January-September was 7,010 (7,076).

The business area's operating revenue for January-September amounted to MSEK 13,786 (13,499) and to MSEK 5,357 (5,048) in the third quarter.

The business area reports income after financial items of MSEK 183 (-42), an improvement of MSEK 225. Income after financial items for the third quarter amounted to SEK 171 (308).

Goodwill amortization for Spanair was charged to the business area's earnings with MSEK 62 (39). Spanair's income after financial items amounted to MSEK 59 (-45). Income after financial items in the third quarter amounted to MSEK 280 (238).

Goodwill amortization for Braathens was charged against earnings with MSEK 29 (31). Braathens' income after financial items amounted to MSEK 205 (101). In the third quarter income after financial items amounted to MSEK 108 (120).

SAS Braathens, comprising Scandinavian Airlines in Norway and Braathens, was established as a legal entity on October 1, 2004. Starting in the first quarter of 2005, SAS Braathens will report its earnings as a unit within the Scandinavian Airlines Operations business area.

Spanair

(MSEK)	Jul-Sep 2004	Jan-Sep 2004	Jan-Sep 2003
Passenger revenue	**1,475**	**3,628**	3,510
Other revenue	**1,313**	**2,622**	2,510
Total revenue	**2,788**	**6,250**	6,020
Payroll expenses	**-314**	**-863**	-815
Other operating expenses	**-1,856**	**-4,406**	-4,290
Total operating expenses	**-2,170**	**-5,269**	-5,105
Operating income before depreciation, leasing-costs, EBITDAR	**618**	**981**	915
Leasing costs	**-283**	**-830**	-851
Operating income before depreciation, EBITDA	**335**	**151**	64
Depreciation	**-30**	**-85**	-89
Capital gains	**-5**	**47**	18
Operating income, EBIT	**300**	**113**	-7
Net financial items	**-20**	**-54**	-38
Income after financial items	**280**	**59**	-45
EBITDAR margin	**22.2%**	**15.7%**	15.2%
Average number of employees	**2,783**	**2,641**	2,559

Specified statement of income available at www.sasgroup.net

Traffic and production	Jul-Sep 2004	Jul-Sep Change	Jan-Sep 2004	Jan-Sep Change
Scheduled traffic				
No. of passengers (000)	**1,740**	0.9%	**4,401**	7.2%
RPK (mill)	**1,647**	7.5%	**3,941**	12.2%
ASK (mill)	**2,466**	11.1%	**6,424**	13.4%
Cabin factor	**66.8%**	-2.2%pts	**61.4%**	-0.7%pts
Yield, local currency		-3.2%		-7.8%
Unit cost, tot. local currency				-12.2%
Charter traffic				
No. of passengers (000)	**1,106**	3.8%	**2,032**	-4.6%

Traffic and earnings trend

During 2004 Spanair has adjusted its operations and capacity to meet increased demand compared with the previous year. Traffic, RPK, during January-September increased by 12.2%. Since capacity, ASK, increased slightly more, the cabin factor decreased by 0.7 percentage points. The greatest increase in capacity was on Spanish domestic traffic and on the longer routes to the Canary Islands. A short-term negative effect from the terrorist attack in Madrid on March 11 was noted. Yield decreased during the period by 7.8% partly due to longer routes, introduction of a net fares system and marketing campaigns, which led to increased market shares.

Operating revenue increased by 3.8% to MSEK 6,250 (6,020) during January-September compared with the previous year. As a result of higher volumes, passenger revenue rose 3.4% to MSEK 3,628 (3,510). Passenger revenue in the third quarter increased by 4.2%. Operating expenses rose in January-September by MSEK 164 compared with the previous year. Fuel costs were MSEK 271 or 35% higher than in the previous year due to higher prices and volumes. Adjusted for jet fuel costs, operating expenses decreased by 3.3%, mainly as a result of Turnaround 2005 as well as the introduction of net fares and increased sales through own channels. EBITDAR improved by MSEK 66 to MSEK 981 (915).

Income after financial items improved by MSEK 104 to MSEK 59 (-45).

Braathens

(MSEK)	Jul-Sep 2004	Jan-Sep 2004	Jan-Sep 2003
Passenger revenue	**1,310**	**3,859**	4,050
Other revenue	**354**	**909**	848
Total revenue	**1,664**	**4,768**	4,898
Payroll expenses	**-329**	**-1,099**	-1,221
Other operating expenses	**-1,048**	**-2,768**	-2,974
Total operating expenses	**-1,377**	**-3,867**	-4,195
Operating income before depreciation, leasing-costs, EBITDAR	**287**	**901**	703
Leasing costs	**-143**	**-439**	-465
Operating income before depreciation, EBITDA	**144**	**462**	238
Depreciation	**-32**	**-104**	-116
Capital gains	**-144**	**-144**	0
Operating income, EBIT	**-32**	**214**	122
Net financial items	**-4**	**-9**	-21
Income after financial items	**-36**	**205**	101
EBITDAR margin	**17.2%**	**18.9%**	14.4%
Average number of employees	**1,880**	**1,896**	2,052

Specified statement of income available at www.sasgroup.net

Traffic and production	Jul-Sep 2004	Jul-Sep Change	Jan-Sep 2004	Jan-Sep Change
Scheduled traffic				
No. of passengers (000)	**1,221**	12.3%	**3,420**	7.9%
RPK (mill)	**997**	15.0%	**2,658**	13.9%
ASK (mill)	**1,471**	1.8%	**4,150**	5.2%
Cabin factor	**67.8%**	+7.8%pts	**64.1%**	+4.9%pts
Yield, local currency		-8.8%		-10.8%
Unit cost, tot. incl. charter, local currency				-8.2%
Charter traffic				
No. of passengers (000)	**101**	-2.4%	**202**	-3.1%

Traffic and earnings trend

Braathens' scheduled traffic, RPK, rose 13.9% in the period January-September compared with 2003. This large increase is due to the opening of new international routes as well as more passengers on both domestic and international routes. Capacity, ASK, rose during the same period by 5.2% and the cabin factor improved by an excellent 4.9 percentage points to 64.1% (59.2%). The increased capacity is due to the newly opened international routes and more frequencies. Yield fell 10.8% compared with 2003. This decrease is mainly due to fare reductions. Furthermore, competition intensified, both in the Norwegian domestic market and on international routes. The total market in Norway, measured in number of passengers, increased in January-September by 7.8% compared with 2003.

Passenger revenue in January-September amounted to MSEK 3,859 (4,050), a decrease of 4.7%. In the third quarter passenger revenue rose 3.8% to MSEK 1,310 (1,262). The EBITDAR margin for January-September was 18.9% (14.4%). The improved earnings are to a large extent attributable to the effects of Turnaround 2005. The unit cost decreased by 8.2% compared with 2003. The third quarter was charged with a loss of MSEK 144 from the sale of three Boeing 737s. Income after financial items amounted to MSEK 205 (101), an improvement of 103% compared with 2003. Income before capital gains and nonrecurring items improved by MSEK 220 to MSEK 349 (129).

A merger of Scandinavian Airlines' operations in Norway and Braathens to form SAS Braathens was carried out on September 20. SAS Braathens will be consolidated in the Scandinavian Airlines Operations business area from the fourth quarter.

wideröe

(MSEK)	Jul-Sep 2004	Jan-Sep 2004	Jan-Sep 2003
Passenger revenue	**347**	**1 141**	1 235
Other revenue	**252**	**688**	627
Total revenue	**599**	**1,829**	1,862
Operating income before depreciation, leasing-costs, EBITDAR	**69**	**242**	256
Operating income before depreciation, EBITDA	**44**	**171**	184
Operating income, EBIT	**9**	**67**	73
Income after financial items	**-7**	**44**	30
EBITDAR margin	**11.5%**	**13.2%**	13.7%
Average number of employees	**1,276**	**1,266**	1,301

Traffic and production	**Jul-Sep 2004**	Jul-Sep Change	**Jan-Sep 2004**	Jan-Sep Change
Scheduled traffic				
No. of passengers (000)	**478**	7.2%	**1,350**	8.8%
RPK (mill)	**158**	7.3%	**423**	11.2%
ASK (mill)	**283**	4.4%	**793**	10.0%
Cabin factor	**56.0%**	+1.5%pts	**53.4%**	+0.5%pts
Yield, local currency		-8.6%		-8.6%
Unit cost, tot. local currency				-5.4%

Traffic and earnings trend

Widerøe's traffic, RPK, rose in January-September by 11.2% compared with the same period in 2003. The number of transported passengers increased by 8.8%. Capacity, ASK, increased by 10.0% due to Widerøe operating longer routes and placing more seats in its aircraft. Widerøe has changed its traffic system compared with the previous year and reallocated its aircraft fleet to new contracted routes as well as new commercial routes started in North Norway. In total, the number of flying hours increased by 7% and the number of landings by 7% compared with 2003.

Yield fell during January-September by 8.6% compared with 2003. This decline is due to Widerøe reducing fares on its commercial routes by 25%. The cabin factor improved by 0.5 percentage points to 53.4%.

Despite increased fuel costs the unit cost was reduced by 5.4% compared with the same period in 2003, which is mainly due to measures completed within Turnaround 2005.

Operating revenue in January-September fell 1.8% to MSEK 1,829 (1,862). Passenger revenue for the period amounted to MSEK 1,141 (1,235), a decline of 7.6% compared with 2003. EBITDAR amounted to MSEK 242 (256). Income after financial items improved by MSEK 14 and amounted to MSEK 44 (30).

Blue1

(MSEK)	Jul-Sep 2004	Jan-Sep 2004	Jan-Sep 2003
Passenger revenue	**282**	**866**	657
Other revenue	**12**	**41**	29
Total revenue	**294**	**907**	686
Operating income before depreciation, leasing-costs, EBITDAR	**-3**	**11**	75
Operating income before depreciation, EBITDA	**-39**	**-94**	-27
Operating income, EBIT	**-42**	**-103**	-35
Income after financial items	**-46**	**-112**	-38
EBITDAR margin	**-1.0%**	**1.2%**	10.9%
Average number of employees	**347**	**338**	283

Traffic and production	**Jul-Sep 2004**	Jul-Sep Change	**Jan-Sep 2004**	Jan-Sep Change
Scheduled traffic				
No. of passengers (000)	**286**	102.0%	**825**	86.7%
RPK (mill)	**181**	95.3%	**534**	84.9%
ASK (mill)	**334**	73.6%	**1 075**	74.6%
Cabin factor	**53.9%**	+6.0%pts	**49.6%**	+2.8%pts
Yield, local currency		-27.0%		-28.9%
Unit cost, tot. local currency				-17.9%

Traffic and earnings trend

Blue1 increased its traffic, RPK, by 84.9% in January-September compared with the previous year. The number of passengers rose 86.7%. The increase in capacity, ASK, was 74.6% compared with the previous year as a result of the increase in the aircraft fleet with four Avro aircraft at the end of 2003 and new European destinations.

Passenger revenue for the first nine months of the year amounted to MSEK 866, which is 31.8% higher than in the previous year. Yield fell 28.9% compared with the previous year due to intensified competition and a changed route network. Unit costs decreased 18% compared with the previous year despite a marked increase in fuel costs.

Income after financial items amounted to MSEK -112 (-38). These lower earnings are mainly attributable to lower yield and increased fuel costs. Adjusted for the production increase and currency, fuel costs increased by MSEK 41. Fare adjustments have been made to partly compensate for the increased fuel costs. The underlying yield trend, excluding fuel price adjustments, is still negative.

Due to the decline in earnings, the unprofitable routes Helsinki-Düsseldorf and Helsinki-Geneva have been suspended. Instead, Blue1 opened Helsinki-Hamburg, Helsinki-Berlin and Helsinki-Amsterdam. Development on Helsinki-Hamburg and Helsinki-Berlin has not met expectations. This commercial cooperation, in the form of code shares and loyalty program with Lufthansa started in October and is expected to have a positive impact of these routes. Membership of Star Alliance as a regional member from the end of October will further strengthen earnings development. Code share cooperation with other Star Alliance airlines is possible since Blue1 is the first Finnish airline to receive IOSA certification from IATA.

Traffic capacity starting in the winter traffic program will be further adjusted to improve cabin factor and earnings.

Blue1 has completed measures within Turnaround 2005 amounting to approximately MSEK 150.

Airline Support Businesses

Statement of income

(MSEK)	July-September 2004	July-September 2003	January-September 2004	January-September 2003
Operating revenue	**3,411**	3,437	**10,251**	10,417
Payroll expenses	**-1,387**	-1,442	**-4,416**	-4,634
Handling costs	**-274**	-257	**-842**	-796
Technical aircraft maintenance	**-364**	-485	**-1,225**	-1,396
Data and telecommunication costs	**-148**	-173	**-435**	-539
Other operating expenses	**-808**	-841	**-2,492**	-2,658
Operating expenses	**-2,981**	-3,198	**-9,410**	-10,023
Income before depreciation, EBITDA	**430**	239	**841**	394
Depreciation	**-123**	-113	**-355**	-338
Operating income, EBIT	**307**	126	**486**	56
Net financial items	**-18**	-7	**-59**	-70
Airline Support Businesses - Income after financial items	**289**	119	**427**	-14

Earnings trend

Airline Support Businesses' operations comprise SAS Ground Services, SAS Technical Services and SAS Cargo Group. Air Maintenance Estonia has been part of the business area since September 2003. SAS Ground Services (SGS) is a full service supplier within airline ground handling and airport-related services. SAS Technical Services (STS) provides technical maintenance of aircraft, engines and other components to airlines within and outside the SAS Group. SAS Cargo Group offers goods transport services to/from and within Scandinavia.

In recent years the units within the business area have adapted to structural changes within the industry. Extensive structural changes within Turnaround 2005 are under implementation designed to reduced costs with full effect in 2005. A large part of these cost reductions will give lower prices for the Group's airlines. Operating revenue decreased in January-September by 1.6% to MSEK 10,251 (10,417). Operating expenses decreased despite increased volumes in the same period by 6.1% due to rationalization within Turnaround 2005. Income after financial items, compared with the previous year, improved by MSEK 441 to MSEK 427 (-14).

Operating revenue in the third quarter decreased by 0.8% to MSEK 3,411 (3,437). Costs decreased by MSEK 217 to MSEK 2,981 (3,198). Income after financial items amounted to MSEK 289 (119).

SAS Ground Services

(MSEK)	Jul-Sep 2004	Jan-Sep 2004	Jan-Sep 2003
Operating revenue	**1,551**	**4,617**	4,205
of which external operating revenue	**18.1%**	**16.8%**	14.7%
Operating income before depreciation, EBITDA	**203**	**295**	-38
Operating income, EBIT	**160**	**186**	-136
Income after financial items	**163**	**192**	-132
EBITDA margin	**13.1%**	**6.4%**	-0.9%
Average number of employees	**7,310**	**6,950**	6,915

SAS Ground Services' (SGS) operating revenue for January-September amounted to MSEK 4,617 (4,205), an increase of 9.8% compared with the previous year. The increase in operating revenue and improvement in earnings is due to increased volumes and Turnaround 2005. SAS Ground Services took over deicing and towing of aircraft from STS on January 1, 2004. This has been done more or less with the existing workforce. Price pressure and competition in the industry over new customers remains very intense.

Turnaround 2005 within SAS Ground Services is going according to plan.

Income after financial items for January-September amounted to MSEK 192 (-132).

SAS Technical Services

(MSEK)	Jul-Sep 2004	Jan-Sep 2004	Jan-Sep 2003
Operating revenue	**1,104**	**3,550**	4,163
of which external operating revenue	**16.7%**	**15.1%**	13.5%
Operating income before depreciation, EBITDA	**168**	**414**	314
Operating income, EBIT	**101**	**205**	106
Income after financial items	**86**	**155**	45
EBITDA margin	**15.2%**	**11.7%**	7.5%
Average number of employees	**2,981**	**3,086**	3,621

STS's operating revenue in January-September amounted to MSEK 3,550 (4,163). The decrease is mainly attributable to lower revenue from Scandinavian Airlines, as an effect of completed Turnaround activities, and the fact that some activities (such s deicing and maintenance of ground equipment) has been transferred to SGS, as part of STS's streamlining strategy. The proportion of external revenues increased and accounted to 15.1% of operating revenue as of September.

In the first three quarters STS signed several new full service contracts with external customers and the proportion of external revenues is expected to increase further in the years ahead. Activities are under way to further strengthen the market side and find suitable cooperation partners for increased growth in the external market.

Most of the activities in Turnaround 2005 were implemented by year-end 2003 and have led to a substantial reduction in costs and considerably improved earnings compared with the previous year, despite price reductions and lower operating revenue. The only major activity still outstanding is the establishment of a central depot in Copenhagen, which is expected to be completed in May 2005.

Income after financial items improved by MSEK 110 compared with the same period in 2003 and amounted to MSEK 155 (45).

SAS Cargo

(MSEK)	Jul-Sep 2004	Jan-Sep 2004	Jan-Sep 2003
Operating revenue	**746**	**2,147**	2,166
of which traffic revenue	**526**	**1,518**	1,589
Proportion ext. operating revenue	**96.0%**	**96.2%**	95.3%
Operating income before depreciation, EBITDA	**41**	**75**	62
Operating income, EBIT	**29**	**40**	30
Income after financial items	**22**	**23**	10
EBITDA margin	**5.5%**	**3.5%**	2.9%
Average number of employees	**1,280**	**1,265**	1,261
Flown tonnes	**70,006**	**208,421**	211,249
Tonne km (000)	**260,114**	**744,729**	729,855
Cargo yield, SEK/tonne km	**2.03**	**2.04**	2.18

SAS Cargo's operating revenue for the period January-September amounted to MSEK 2,147 (2,166) a decline of 0.9%. Operating revenue was negatively affected, among other things, by exchange rates which were partly compensated by fuel surcharges and larger volumes on routes with high yield.

SAS Cargo's income after financial items improved by MSEK 13 and amounted to MSEK 23 (10), an improvement of 130%. Earnings were negatively affected by one-time payments to employees in Sweden and Norway in conjunction with SAS Cargo's incorporation in 2001 and adjustment of pension costs in Norway. Savings within IT projects, rental costs and handling and selling costs outside Scandinavia had a positive impact on earnings. The negative currency effect on revenue was at the same time balanced by a positive effect on costs.

A number of activities with a focus on yield within "Ask4more" have not resulted in the desired effect due to intensified competition. Yield decreased compared with 2003 by approximately 2%. In September, four new products were launched with the aim of having a positive impact on yield.

In the third quarter a new capacity agreement was signed with Emirates to replace the present agreement with Lufthansa on the Gothenburg-Hong Kong route. The agreement applies from October 2004 and includes an additional frequency per week starting in the summer program 2005.

Airline Related Businesses

Statement of income

	July-September		January-September	
(MSEK)	**2004**	2003	**2004**	2003
Operating revenue	**740**	1,188	**2,179**	3,571
Payroll expenses	**-105**	-313	**-321**	-1,016
Handling costs	**-46**	-53	**-146**	-171
Costs of goods sold, incl. concession charges	**-399**	-359	**-1,091**	-996
Data and telecommunication costs	**-13**	-166	**-41**	-472
Other operating expenses	**-126**	-190	**-421**	-679
Operating expenses	**-689**	-1,081	**-2,020**	-3,334
Income before depreciation, EBITDA	**51**	107	**159**	237
Depreciation	**-37**	-63	**-116**	-194
Operating income, EBIT	**14**	44	**43**	43
Net financial items	**-4**	-32	**-11**	-13
Airline Related Businesses - Income after financial items	**10**	12	**32**	30

Earnings trend

Airline Related Businesses includes SAS Trading, SAS Flight Academy, Jetpak, European Aeronautical Group and SAS Media. SAS Trading is a retailer within Travel Retail. SAS Flight Academy is a leading training center for pilots, cabin crew, flight technicians and ship's officers. Jetpak offers door-to-door express deliveries. Also included is European Aeronautical Group which provides flight navigation data and the media house SAS Media. Scandinavian IT Group was sold to Computer Sciences Corporation (CSC) in December 2003

Operating revenue decreased in January-September by 39% to MSEK 2,179 (3,571). The decline is due to the sale of Scandinavian IT Group to CSC (Computer Science Corporation). For comparable units operating revenue rose by 3.6%. Operating expenses decreased in January-September by 39.4% and amounted to MSEK 2,020 (3,334). Income after financial items improved by MSEK 2 to MSEK 32 (30).

Operating revenue in the third quarter decreased by 37.7% to MSEK 740 (1,188) due to the sale of Scandinavian IT Group. Operating expenses decreased by 36.3% to MSEK 689 (1,081) mainly for the same reason. Income after financial items declined by MSEK 2 to MSEK 10 (12) due to lower operating revenue.

SAS Trading

(MSEK)	Jul-Sep 2004	Jan-Sep 2004	Jan-Sep 2003
Operating revenue	**461**	**1,261**	1,175
of which external operating revenue	**97.2%**	**96.4%**	95.0%
Operating income before depreciation, EBITDA	**7**	**-5**	-37
Operating income, EBIT	**3**	**-18**	-51
Income after financial items	**1**	**-23**	-58
EBITDA margin	**1.5%**	**-0.4%**	-3.1%
Average number of employees	**331**	**332**	343

SAS Trading's operating revenue in January-September amounted to MSEK 1,261 (1,175), an increase of MSEK 86 compared with the previous year. Operating revenue is showing a positive trend. Income after financial items amounted to MSEK -23 (-58) an improvement of MSEK 35. The improved earnings are an effect of improved logistics through better routines for purchasing and distribution. Administration and overhead costs have been reduced through efficiency enhancements.

SAS Trading has had a concession to operate tax-free operations at Oslo and Avinor's other airports in Norway for many years. These concessions expire at the end of December 2004 and new concessions have been under negotiation in spring 2004 for which SAS Trading has submitted a tender. Oslo/Avinor have chosen to sign new contracts with another operator which will affect SAS Trading's operations for 2005 since this was SAS Trading's largest single contract. Without the concessions from Oslo/Avinor, SAS Trading has 32 stores in Scandinavia, Poland and the Baltic countries.

SAS Flight Academy

(MSEK)	Jul-Sep 2004	Jan-Sep 2004	Jan-Sep 2003
Operating revenue	**108**	**384**	368
of which external operating revenue	**42.6%**	**41.9%**	34.8%
Operating income before depreciation, EBITDA	**24**	**102**	82
Operating income, EBIT	**1**	**33**	11
Income after financial items	**1**	**32**	7
EBITDA margin	**22.2%**	**26.6%**	22.3%
Average number of employees	**158**	**152**	170

SAS Flight Academy's operating revenue for the period January-September 2004 amounted to MSEK 384, which is MSEK 16 more than in the previous year. Income after financial items improved by MSEK 25 to MSEK 32 (7). This positive development was mainly due to an increased requirement for pilot training among customers outside the Group which meant that external operating revenue increased by 25% compared with the same period in 2003. Costs also decreased due to efficiency enhancements. SAS Flight Academy (SFA) acquired a number of new customers during the period including Viking Airlines, HCH Helicopters International, Bulgarian Air Charter, Jetran, Philippine Air Force, Aviation Simulation LTD as well as a renewed contract with Saab Aircraft. As part of efforts to coordinate pilot and cabin crew training in the SAS Group, SFA has reached agreement with Scandinavian Airlines, Braathens and Widerøe on training at SAS Flight Academy's new training center at Gardermoen. The training center opened on August 15, 2004.

(MSEK)	Jul-Sep 2004	Jan-Sep 2004	Jan-Sep 2003
Operating revenue	**108**	**338**	332
of which external operating revenue	**100.0%**	**99.7%**	99.4%
Operating income before depreciation, EBITDA	**8**	**28**	23
Operating income, EBIT	**2**	**13**	18
Income after financial items	**3**	**12**	17
EBITDA margin	**7.4%**	**8.3%**	6.9%
Average number of employees	**176**	**176**	181

Jetpak's operating revenue during the period January-September amounted to MSEK 338 (332), an increase of 1.8% compared with 2003.

Operating income before depreciation (EBITDA) was MSEK 28 (23) an increase of MSEK 5 compared with 2003. Income before financial items declined by MSEK 5 to MSEK 12 (17).

Operating revenue for July and August was weaker than anticipated. This especially applies to chance customers and the small-volume market. To meet this situation and also improve the business platform for 2005, the cost level in Sweden will be adjusted, among other things by reducing the workforce by 15 people. Additional cost adjustments will also be made in production.

In the third quarter a major logistics operation started for distribution of car spare parts for SAAB/GM in Norway. In addition, Jetpak Norway received some 10 customers from SAS Cargo in spare parts distribution. The full-year effect of these contracts is estimated at MSEK 30 in increased operating revenue. This creates a homogenous business for Jetpak for spare parts distribution to the automotive industry.

Hotels

Rezidor SAS

Statement of income

(MSEK)	July-September 2004	July-September 2003	January-September 2004	January-September 2003
Rooms revenue	**695**	463	**1 779**	1 338
Food and beverage revenue	**327**	246	**973**	812
Other revenue	**176**	152	**485**	456
Operating revenue	**1,198**	861	**3,237**	2,606
Operating expenses	**-417**	-282	**-1,114**	-902
Payroll expenses	**-407**	-358	**-1,191**	-1,086
Rental expenses, property insurance and property tax	**-329**	-229	**-907**	-702
Operating income before depreciation	**45**	-8	**25**	-84
Depreciation	**-49**	-34	**-126**	-101
Share of income in affiliated companies	**7**	5	**22**	9
Capital gains	**1**	0	**1**	4
Operating income, EBIT	**4**	-37	**-78**	-172
Income from other shares and participations	**0**	0	**0**	13
Net financial items	**-7**	0	**-18**	-32
Hotels - Income after financial items, EBT	**-3**	-37	**-96**	-191
Key figures				
EBITDA, MSEK [1]	**52**	-3	**47**	-75
Revenue per available room (SEK) (REVPAR) [2]	**614**	587	**541**	532
Revenue per available room (EUR) (REVPAR) [2]	**67**	64	**59**	58
Gross profit margin	**31.2%**	25.7%	**28.8%**	23.7%

1) Operating income before depreciation and including share of income in affiliated companies.
2) Including hotels operated on a management basis.

Earnings trend

Revenue for the nine-month period amounted to MSEK 3,237 (2,606), an increase of 24.2%. The increase is mainly attributable to new hotels, 27.1%, but adjusted for these and currency effects, the increase was still 1.5%.

The hotel market in Europe showed signs of a recovery in most markets during the period. Revenue per available room (REVPAR), adjusted for currency effects, is 2.1% higher than in the previous year. For comparable units within Rezidor SAS, REVPAR was 6.4% higher.

The strongest growth figures are found in the U.K. and Ireland, Russia, the Baltic countries and the Middle East.

Rezidor SAS retained its market shares during the nine-month period.

In the third quarter Rezidor SAS signed eight new agreements, two Radisson SAS, four Park Inn and two Regent. A total of 32 new agreements were signed in the first nine months of the year.

As of September, Rezidor SAS has 183 hotels in operation, an increase of 23 hotels since December 2003.

EBITDA, Income before depreciation and including share of income in affiliated companies, amounted to MSEK 47 (-75) for January-September. EBITDA for the third quarter was MSEK 52 (-3). This positive development compared with 2003 can be attributed to improved EBITDA for comparable units as a result of Turnaround 2005. Furthermore, two Swedish hotels and one Swiss hotel were transferred to leasing contracts.

The gross profit margin improved by 5.1 percentage points to 28.8%.

Income after financial items for the period amounted to MSEK -96 (-191) and MSEK -3 (-37) for the third quarter.

The assessment is that the Hotels business area will achieve positive earnings for the full-year 2004.

Definitions

AEA - Association of European Airlines. An organization comprising the largest European airlines.

ASK, Available seat kilometers - The total number of seats available for passengers multiplied by the number of kilometers which they are flown.

AV, Asset value (adjusted capital employed) - Book shareholders' equity, plus minority interests, plus surplus value in the aircraft fleet, plus 7 times the net annual cost for operating leases for aircraft, plus financial net debt, minus share of equity in affiliated companies. Can also be expressed as book value of total assets, plus surplus value in the aircraft fleet, plus 7 times the net annual cost for operating leases for aircraft, minus share of equity in affiliated companies, minus noninterest-bearing liabilities and interest-bearing assets, excluding net pension funds.

Cabin factor, passengers - Relation between RPK and ASK expressed as a percentage. Describes the capacity utilization of available seats. Also called occupancy rate.

CAPEX (Capital Expenditure) - Future payments for aircraft on firm order.

Cash flow from operations - Cash flow from operating activities before change in working capital.

CFROI – Adjusted EBITDAR in relation to AV.

Debt/equity ratio - Financial net debt in relation to shareholders' equity and minority interests.

Earnings per share (EPS) - Income after tax divided by the total number of shares.

EBIT (including capital gains) - Operating income.

EBIT margin - EBIT divided by operating revenue.

EBITDA, Operating income before depreciation - Operating income before net financial items, tax, depreciation, share of income in affiliated companies, and income from the sale of fixed assets.

EBITDAR, Operating income before depreciation and leasing costs - Operating income before net financial items, tax, depreciation, share of income in affiliated companies, income from the sale of fixed assets and leasing costs for aircraft.

EBITDAR margin - EBITDAR divided by operating revenue.

.
Equity method - Shares in affiliated companies are taken up at the SAS Group's share of shareholders' equity, taking acquired surplus and deficit values into account.

Equity/assets ratio - Shareholders' equity plus minority interests in relation to total assets.

EV (Enterprise Value) - Average market capitalization plus average net debt during the year and 7 times the net annual cost for operating leases for aircraft.

Financial net debt - Interest-bearing liabilities minus interest-bearing assets, excluding net pension funds.

FTE - Full Time Equivalent, full-time positions.

Gross profit margin - Operating income before depreciation in relation to operating revenue.

Interest coverage ratio - Operating income plus financial income in relation to financial expenses.

Net debt - Interest-bearing liabilities minus interest-bearing assets.

Return on capital employed (ROCE) - Operating income plus financial income in relation to average capital employed. Capital employed refers to total assets as specified in the balance sheet minus noninterest-bearing liabilities.

Return on equity - Income after tax in relation to average shareholders' equity.

Revenue passenger kilometers (RPK) - See RPK.

REVPAR, Revenue per available room - Revenue per available hotel room.

RPK, Revenue passenger kilometers - Number of paying passengers multiplied by the distance they are flown in kilometers.

Sale and leaseback - Sale of an asset (aircraft, building, etc.) which is then leased back.

TSR, Total shareholder return - Average total return

Unit cost, operational - Flight operations' total operating expenses minus non-traffic related revenue per ASK.

Unit cost, total - Flight operations' total operating expenses including capacity costs for aircraft minus non-traffic related revenue per ASK.

Unit revenue (yield) - Average traffic revenue per RPK.

Yield - See Unit revenue.

Financial calendar

Year-end report 2004	February 10, 2005
Annual Report & Sustainability Report 2004	March 8, 2005
Interim Report 1, January-March 2005	May 3, 2005
Interim Report 2, January-June 2005	August 17, 2005
Interim Report 3, January-September 2005	November 4, 2005

All reports are available in English and Swedish and can be ordered from SAS, SE-195 87 Stockholm, telephone +46 8 797 00 00, fax +46 8 797 51 10. The reports can be accessed and ordered via the Internet: www.sasgroup.net

The SAS Group's monthly traffic and capacity statistics are normally published on the fifth working day of each month. An updated financial calendar is available from: www.sasgroup.net
Investor Relations SAS Group: VP Investor Relations Sture Stølen +46 8 797 14 51, e-mail: investor.relations@sas.se

Management:
Jørgen Lindegaard, President and CEO
Gunnar Reitan, Deputy CEO
Gunilla Berg, Executive Vice President and CFO
John Dueholm, Executive Vice President
Sören Belin, Executive Vice President
Bernhard Rikardsen, Executive Vice President

Board of Directors:
Egil Myklebust, Chairman
Jacob Wallenberg, Vice Chairman
Berit Kjøll, board member
Fritz H. Schur, board member
Anitra Steen, board member
Lars Rebien Sørensen, board member
Nicolas E. Fischer, board member
Ulla Gröntvedt, board member
John Lyng, board member

SAS AB (publ)
Company reg. no. 556606-8499
Head office: Frösundaviks Allé 1
SE-195 87 Stockholm
Telephone +46 8 797 00 00

Production: SAS Group
Printing: Redners
Paper: G-Print