



Third Quarter 2004

Analyst presentation
November, 2004

Group | Scandinavian Airlines Operations | Subsidiary & Affiliated Airlines | Airline Support | Airline Related Business | Hotels



Third quarter marginally positive despite large overcapacity



MSEK, July-September	2004	2003	Change
Revenues	15 423	14 920	+503
EBITDAR	1 753	1 737	+16
Lease, depreciation & financial net	-1 684	-1 736	+102
EBT bef. cap gains *)	153	116	+37

*) Ex restructuring costs of MSEK 64 (96)

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Stabilized yield drop, but large overcapacity put pressure on load factors



- Group traffic revenues down 2% in Q3
 - Volume Price MSEK 560
 - Price MSEK -700
- Yield drop stabilized
 - Q1 -16%
 - Q2 -16%
 - Q3 -7%
- Large overcapacity => weaker load factor than expected
 - Down 2.7 p.u for Scandinavian Airlines
- Still some negative price effect from jet fuel despite fuel surcharges
- Spanair with strong profitability Q3 MSEK 280
- Turnaround 2005 according to plan
 - Unit cost down 26% since beginning of 2003

Overcapacity => Launch of "Capacity & Utilization Focus"
Revenue actions => New European concept and active yield mgt.

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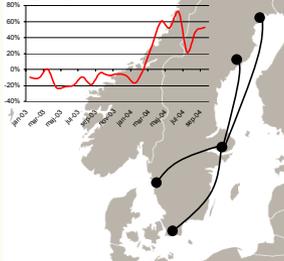


Large overcapacity in the market

- Particularly on Swedish domestic and European routes

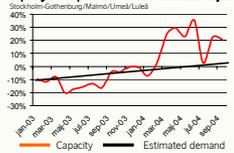


Capacity development Stockholm-Gothenburg



Capacity development on Swedish domestic majors

Stockholm-Gothenburg/Warmland-Orebro Lines



- Number of seats on Swedish domestic majors up more than 20% since March vs last year
- Capacity 2-3 times demand on Stockholm - Gothenburg

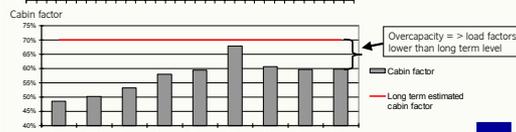
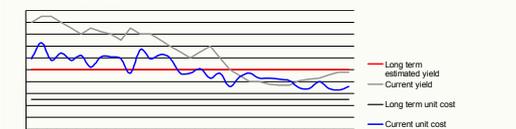
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Yields and unit cost close to sustainable levels



Yield and unit cost "illustrative"



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Three building blocks on the return to profitability



Turnaround 2005	Revenue actions	Capacity & Utilization Focus
<ul style="list-style-type: none"> Most ambitious structural change in the SAS Group ever Focus on reaching competitive cost level on each traffic flow Full effect 2005 according to plan 26% unit cost reduction since 2003 (SK) 	<ul style="list-style-type: none"> New European concept Active yield management Selective price increases Sales force management 	<ul style="list-style-type: none"> Overcapacity in market Improved utilization enabled by new business structure Stop marginal routes and loss making feed Focus on competitive situation Reduction of 10 aircraft in Scandinavian Airlines More dynamic fleet allocation
MSEK 14 000	Improving yields	MSEK 400-500 net
Structural cost savings	Revenue stabilization	Capacity cost adjustments
Capacity: no effect	Capacity: no effect	Capacity: Reduces capacity in Scandinavian Airlines with 4%

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New European product launched on October 31



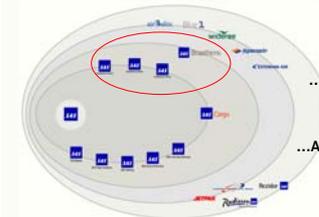
Overview



	snowflake & Economy	Economy Flex	Business	
snowflake	<ul style="list-style-type: none"> • ... • ... • ... • Buy on Board • No adv purchase • No minimum stay • No change/refund • One Way 	<ul style="list-style-type: none"> • ... • ... • ... • Buy on Board • Adv purchase 7d • SU/3 nights • No change/refund • Return 	<ul style="list-style-type: none"> • "Fast Track" • ... • ... • Food & Beverage • Full Flex • Return 	<ul style="list-style-type: none"> • Business • "Fast Track" • Lounge • 2+2 seating • Food & Beverage • Full Flex • Return



The group brand positioning



A premium quality airline...

...With a substantial network

...And attractive product offering

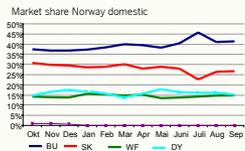
...At competitive prices



Braathens growing in and out of Norway



- ▶ Number of passengers increasing (30 000 more in September vs 2003)
- ▶ Stable market share
- ▶ New price concepts – one way pricing
- ▶ Braathens result before gains MSEK 349
- ▶ New web site 2nd most popular in Norway
 - More than 30% SAS Braathens passengers book on Internet
- ▶ Braathens today one of few European Airlines delivering shareholder returns



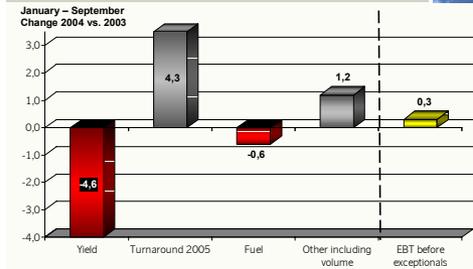
Braathens Jan-Sep	2004	2003
Total revenues	4 768	4 898
EBITDAR	901	703
EBIT	214	122
EBT	205	101
EBT, bef gains	349	129



Gunilla Berg
CFO



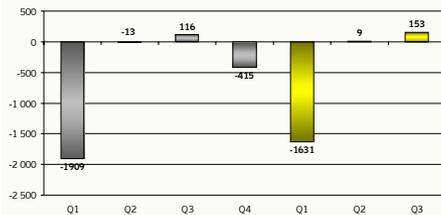
Cost savings more than offset yield decline and increased jet fuel costs



Quarterly results 2003-2004



EBT bef gains, restructuring and exceptionals
MSEK



Group | Mainline Airline Operations | Subsidiary & Affiliated Airlines | Airline Support Business | Airline Related Business | Hotels



EBT before gains and exceptionals - Business area



Business area	Q3		January-September 2004
	Jul-Sep 2004	Q3 Change	
Scandinavian Airlines	-306	-114	-1 608
Subsidiary & Aff. Airlines	321	3	273
Airline Support Businesses	288	170	427
Airline Related Businesses	10	-8	32
Hotels	-4	24	-97
Group eliminations, other	-156	-38	-496
EBT, before gains & exceptionals	153	37	-1 469

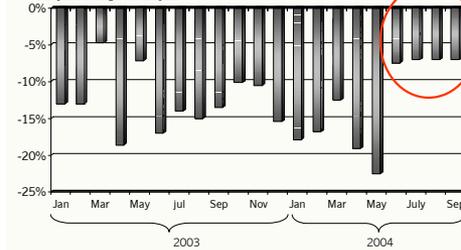
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Stable yield pressure as from June - Scandinavian Airlines



Total yield change vs last year



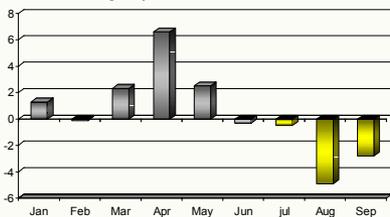
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Load factors under pressure in Q3 due to overcapacity in the marketplace



Load factor change in p.u. Scandinavian Airlines



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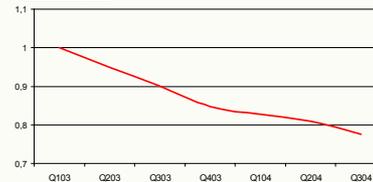


Unit cost reduction of 26% since 2003



- ▶ Target unit cost reduction 25-40%
- ▶ Scandinavian Airlines cost situation on track to competitive level
- ▶ Current issue is over capacity in the market

Scandinavian Airlines



Unit cost down 26% since beginning of 2003

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Reduced high fuel prices partly offset by fuel charges



Group	Jan-Sep	Q3	Group	Effect Sep 2004	Effect Dec 2004
▶ Fuel cost	-892	-500	▶ 1 st charge EUR 4-6	440	820
▶ Volume	-200	-100	▶ 2 nd charge EUR 2	10	100
▶ Currency	338	88	▶ 3 rd charge EUR 2	0	80
▶ Estimates fuel costs at current price, billion	2003 4,7	2004 6,2	▶ Total	450	1 000
▶ Hedging 50% Oct-Mar at 420 USD/MT including premium			▶ Gross effect excluding volume effects		

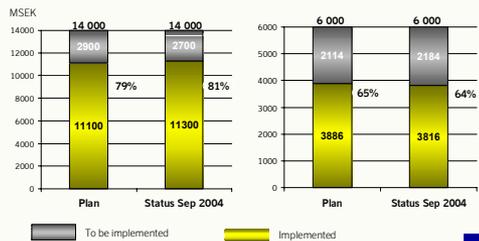
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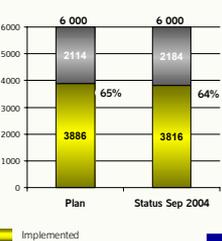
SAS Group – Turnaround 2005 ahead of plan



Total financial effect of implemented activities compared to plan



Reduction of personnel



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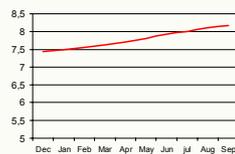


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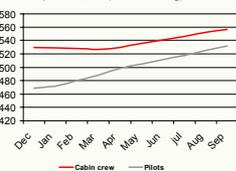
Key productivity ratios significantly improved



Aircraft utilization (12 month rolling)



Cabin, pilot utilization (12 month rolling)

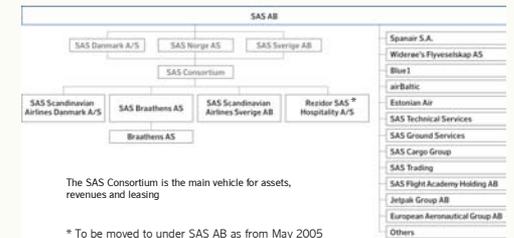


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Legal structure



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Change to new IFRS rules in 2005



- Financial instruments
 - Market valuation of financial instrument
 - Positive effect on equity
- Pensions
 - No effect from IAS to IFRS
- Goodwill
 - No amortization from 2005 (if valuation equals market value)
 - Positive effect on result

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Jørgen Lindegaard
CEO



Spanair contributes to Group's profitability in Q3



- EBT before gains improved MSEK 37 vs 2003
- Jet fuel costs up MSEK 100 in Q3 volume adjusted
- One way prices on whole system
- The second player position provides a long lasting growth perspective
- Traffic up 7.5% in Q3
- Yields down 3.2% in Q3
- Unit cost down 12.2% in Jan-Sep
- Positive expectations for 2004

	2004	2003	2004	2003
Total revenues	2 788	2 648	6 250	6 020
EBITDAR	618	591	981	915
EBIT	300	235	113	-7
EBT	280	238	59	-45
EBT bef. gains	286	249	12	-72

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Widerøe hit by weak summer performance and high jet fuel costs



Volumes lower in the summer than expected

- ▶ Volumes back to normal in September
- ▶ Traffic up 7,3% in Q3 and 11,2% accumulated
- ▶ Yields down 8,6%
- ▶ Turnaround 2005 proceeding according to plan
 - ▶ MSEK 300 almost fully completed
- ▶ Accumulated unit cost down 5,4%



	July-September		January-September	
	2004	2003	2004	2003
Total revenues	599	574	1 829	1 862
EBITDAR	69	88	242	256
EBIT	9	28	67	73
EBT	-7	18	44	30



Blue1 – good growth but currently weak profitability



Blue1's result disappointing but actions taken

- ▶ Traffic accumulated up 84,9%
- ▶ Yields down 27% in Q3
- ▶ Code share agreement with Lufthansa as from October will improve cabin factor
- ▶ Jet fuel cost up MSEK 41 vs 2003
- ▶ Helsinki-Dusseldorf/Geneve closed down
- ▶ Turnaround 2005 proceeding according to plan
 - ▶ Unit cost down 17,9%



Regional member of Star Alliance

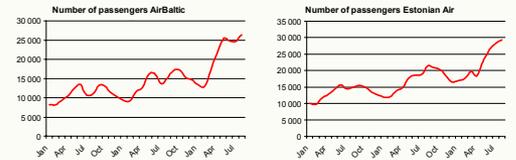
	July-September		January-September	
	2004	2003	2004	2003
Total revenues	294	201	907	686
EBITDAR	-3	14	11	75
EBIT	-42	-24	-103	-35
EBT	-46	-25	-112	-38



Impressive growth in AirBaltic and Estonian Air



- ▶ The SAS Group owns 49% in Estonian Air and 47,2% in AirBaltic
- ▶ Number of passengers have increased by more than 40% during 2004
- ▶ State of the art cost efficiency level – approximately 50% lower than west European network airlines



Strong REVPAR from September confirms recovery in Q4



MSEK	July-September		January-September		REVPAR
	2004	2003	2004	2003	
▶ Revenues	1 198	861	3 237	2 606	
▶ Operating expenses	-1 153	-869	-3 212	-2 690	
▶ EBITDA	45	-8	25	-84	
▶ Adjusted EBITDA	52	-3	47	-75	
▶ EBIT	4	-37	-78	-172	
▶ EBT	-3	-37	-96	-191	

Strong recovery for REVPAR from September

- ▶ Revenues up 39% in Q3 driven by new units
- ▶ Turnaround well under way – positive result expectations for 2004
- ▶ Number of rooms sold increased
 - ▶ Price pressure reduced
 - ▶ REVPAR up 6,4% for comparable units.
- ▶ Number of hotels in operation increased 11% (from 162 to 183)
- ▶ 32 new contracts in 2004.
- ▶ Full year positive result expected



Incorporation of business units completed October 1, 2004



- ▶ From business units to limited companies
- ▶ Closer to local markets
- ▶ Improved accountability
- ▶ One further step towards increased transparency



Strong performance from Airline Support Businesses in Q3



Jan-Sep in MSEK	SAS Technical Services		SAS Ground Services		SAS Cargo	
	Revenues	EBITDA	Revenues	EBITDA	Revenues	EBITDA
Revenues	3 550	414	4 617	295	2 147	75
EBITDA	-14,7%	32%	9,8%	n.m	-0,9%	21%
EBT	155	244%	192	n.m	23	130%



Sum up 9 months 2004



- ▶ Improved yields, but weaker load factors
- ▶ Record high fuel prices challenge for the industry
- ▶ Turnaround 2005 according to plan
- ▶ Capacity & Utilization Focus initiated
- ▶ New commercial strategies to repossess initiative
 - Launched October 31

▶ Outlook remains unchanged



Additional slides for further information

Other important events 3rd Quarter 2004



- ▶ Vitalized product offer launched October 30
 - ▶ Economy Flex introduced
 - ▶ Snowflake integrated with Scandinavian Airlines
 - ▶ Offered on most European routes
- ▶ Study by COWI confirms SAS important role in Scandinavian infrastructure and society in brand
 - ▶ Also confirms fierce competitive environment in Scandinavia
- ▶ Incorporation of Scandinavian Airlines in Denmark, Norway and Sweden



SAS Group's strong liquid position and significant committed facilities



	MSEK	
Liquid Funds September 30 - 2004	7 607	
Available Credit Facilities:		
Revolving Credit Facility (MEUR 400)	900	
Aircraft Finance Lease Facility	1 300	
Bi-lateral Facilities	1 600	
Others	500	
Total Available Facilities	4 300	▶ Available facilities MSEK 4300
Total Available Funds	11 907	▶ Utilized facilities MSEK 3 400
		▶ Total facilities MSEK 7 700

- ▶ Program to release capital continues



The SAS Group position as the 4th largest airline group in Europe retained



SAS Group number 11 world wide

Blue1 regional member as from 31 October 2004 – Group has three members

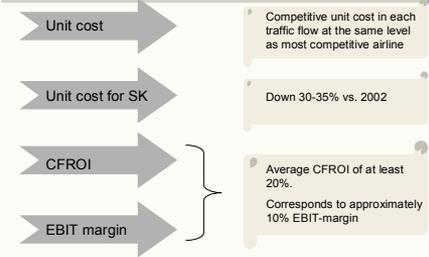


SAS Group has a large socio- economic importance

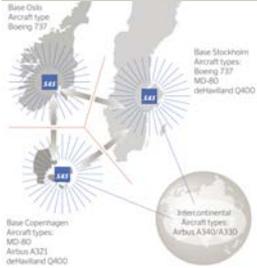


- ▶ Coming report in November 2004
- ▶ Scandinavia need a network carrier
- ▶ Competitive feature in Scandinavia as other European markets
- ▶ SAS Group responsible to return to profit
 - ▶ Governmental support helpful but not discriminative

SAS Group key objectives

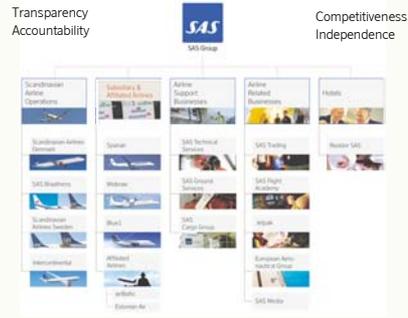


Implementation of new hubs proceeding according to plan



- Organization changes**
- ▶ Fleet allocation as from summer program 2003
 - ▶ Administration as from August 2003
 - ▶ Cabin crew in Q2 2004
 - ▶ Legal entities as from October
 - ▶ Fully implemented in Q4 2004
- Advantages with new national airlines**
- ▶ More efficient and flexible units
 - To serve the home market better
 - ▶ Reduced complexity
 - ▶ Agreements on local market levels
 - Closer to the customers

The SAS Group new structure as from October 2004



Strategies going forward



- ▶ Complete Turnaround 2005
 - Reduce Scandinavian Airlines unit cost by 25-40% vs 2002
 - Improve productivity significantly
 - Independent hubs in Copenhagen, Oslo and Stockholm
 - Complete final redundancies
- ▶ Implement positive yield measures
 - Yield management
 - Jet fuel surcharge
 - Fare adjustments
- ▶ Commercial strategies
 - Implemented October 31st

SAS Group objectives in the coming five year period are:



- To achieve an average CFROI of at least 20%
- To increase the Group's share of the Northern European airline market
- For each unit to achieve its customer satisfaction, employee satisfaction and environmental impact objectives
- For airline operations to achieve their flight safety targets
- Consolidated balance sheet



Revenue development per business area

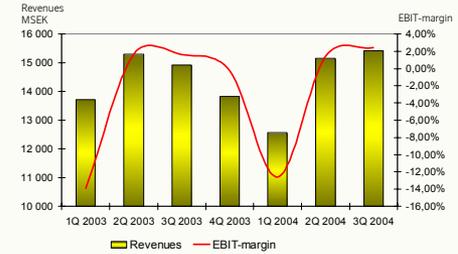


Business area	July-September vs. LY	January-September vs. LY
Scandinavian Airlines	-4.1%	-8.7%
Subsidiary & Aff. Airlines	6.1%	2.1%
Airline Support Businesses	-0.8%	-1.6%
Airline Related Businesses*	-37.7%	-39.0%
Hotels	39.1%	24.2%
SAS Group	3.4%	-1.8%

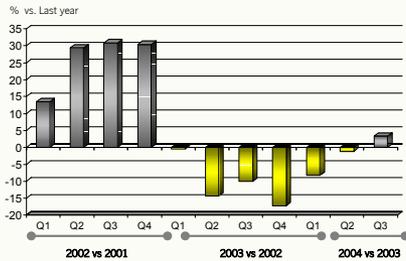
* In December 2003 Scandinavian IT Group was sold



Group revenues and EBIT-margin development



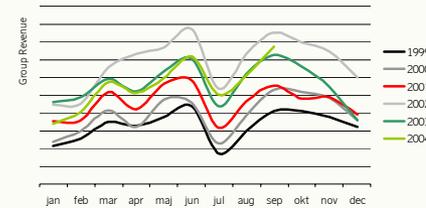
SAS Group revenue development



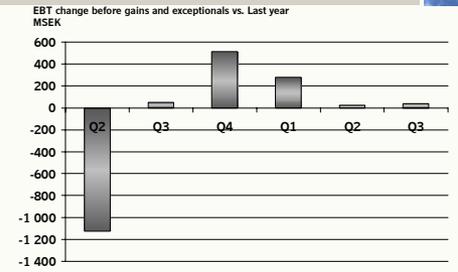
Revenue seasonality pattern



- Revenue in Q3 2004 slightly exceeds previous year
 - higher volumes
 - Reduced yield decline



Group results have improved since second quarter 2003



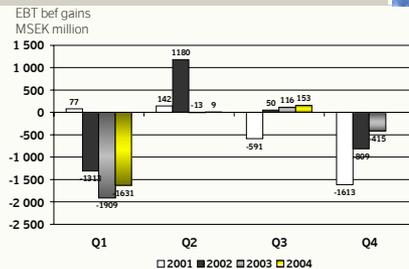
SAS Group EBITDAR and CFROI



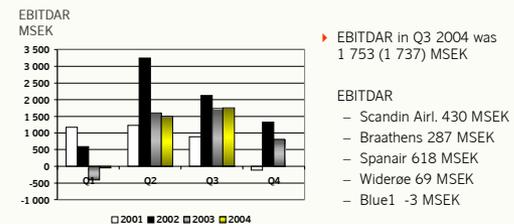
MSEK, January-September	2004	2003	
Revenue	43 133	43 930	-1,8%
EBITDAR	3 202	2 947	8,7%
EBITDAR-margin	7,4%	6,7%	+0,7 p.p.
CFROI	8%	7%	+1 p.p.



SAS Group – Quarterly EBT



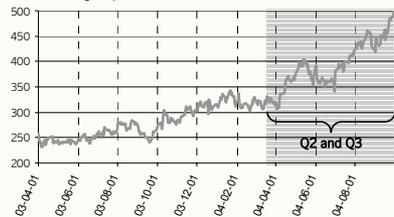
EBITDAR development



January-September affected negatively by MSEK 900 higher jet fuel costs



- ▶ Current spot price 84% higher than 2003
- ▶ SAS Group has 50% hedge in place for October 2004-March 2005 and 10% Apr-Sep 2005
- ▶ 3rd fuel charge implemented November 2



Record high jet fuel prices -Average spot rate 64% higher in Q3 vs 2003



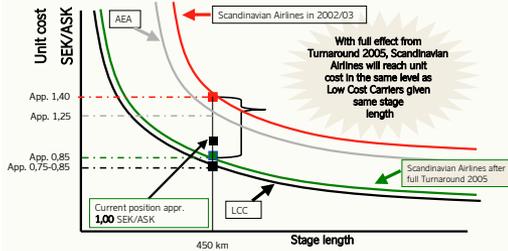
- ▶ Average market prices:
 - ▶ 2000 297 USD/MT
 - ▶ 2001 245 USD/MT
 - ▶ 2002 233 USD/MT
 - ▶ 2003 282 USD/MT
 - ▶ Q1 2003 323 USD/MT
 - ▶ Q2 2003 244 USD/MT
 - ▶ Q3 2003 264 USD/MT
 - ▶ Q4 2003 298 USD/MT
 - ▶ Q1 2004 322 USD/MT
 - ▶ Q2 2004 365 USD/MT
 - ▶ Q3 2004 433 USD/MT



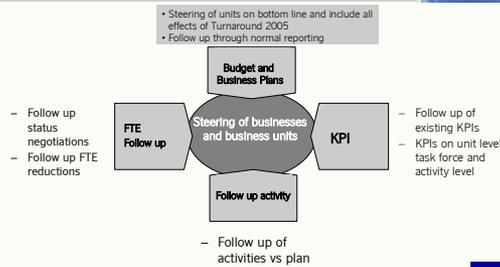
2005 דמורה
אוסמחה



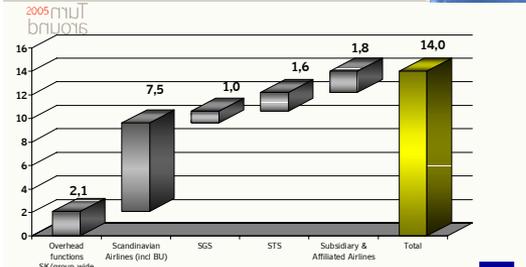
Scandinavian Airlines to improve efficiency and reach close to level of LCC



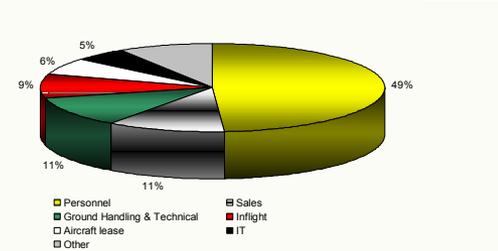
Turnaround 2005 business follow up a complement to existing follow up systems



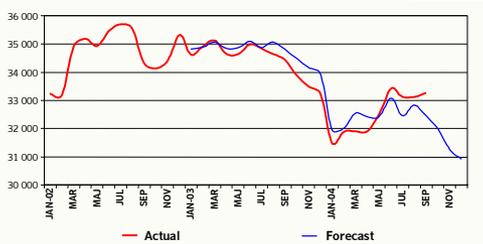
Decided and under implementation in Turnaround 2005



Distribution of cost reductions in Turnaround 2005 by cost category



Number of personnel development for the SAS Group



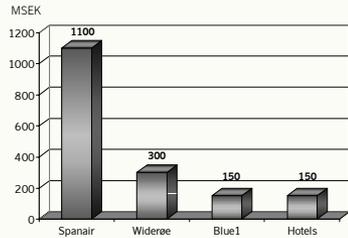
Block hours for Group Airlines in 2004



Majority owned Airlines Jan- Sep 2004	Air craft/day	Pilots/year	Cabin/year
Scandinavian Airlines	8,3	547	568
Spanair	8,6	710	871
Braathens	8,2	568	560
Widerøe	6,7	533	495
Blue1	7,7	685	744



Turnaround 2005 amounting to MSEK 2 800 for Subsidiary Airlines and Hotels



- ▶ Initiated in April 2003
- ▶ Total measures of at least MSEK 1 700
- ▶ Most of measures implemented in 2004

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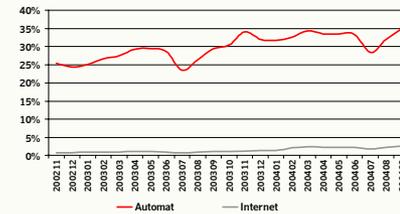


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Internet check in has doubled but from low levels



- ▶ Target to increase Self Service check in to 60% in 2005
- ▶ Internet check low, but has doubled in 2004



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Business areas



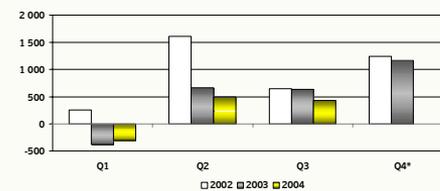
Scandinavian Airlines



Scandinavian Airlines Quarterly EBITDAR development



EBITDAR, Scandinavian Airlines MSEK



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Scandinavian Airlines key airline profitability drivers



2004 vs 2003
July-September

▶ Traffic (RPK)	up	2,6%
▶ Cabin Factor	down	2,7 p.u.
▶ Yields (currency adjusted)	down	7,0%
▶ Operational unit costs	down	7,1%

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Operating expenses continue to decrease



July – September	2004	2003	
Operating revenue	7 410	7 723	-4,1%
Personnel expenses	-1 627	-1 791	-9,2%
Sales & distribution	-206	-223	-7,6%
Fuel	-1 043	-728	43,3%
Government user fees	-833	-784	6,2%
Catering	-214	-307	-30,3%
Handling costs	-1 210	-1 101	9,9%
Technical aircraft maintenance	-882	-1 078	-18,2%
Data & telecommunication costs	-354	-417	-15,1%
Other costs	-611	-661	-7,6%
Operating expenses	-6 980	-7 090	-1,6%
EBITDAR	430	633	
EBIT	-196	-26	
EBT	-353	-178	



Scandinavian Airlines aircraft utilization up 13,3% in January-September vs last year



Productivity targets, Scandinavian Airlines



	Jan-Sep 2004	Target
▶ Aircraft, block hours/day	8,3	9
▶ Pilots, block hours/year	547	700-750
▶ Cabin, block hours/year	568	700-750
▶ Aircraft's turnaround		30 to 40

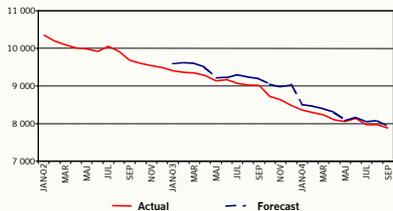
Will significantly contribute to Turnaround 2005



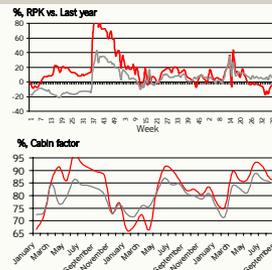
Scandinavian Airlines Development of number of employees



Employees FTE: Scandinavian Airlines



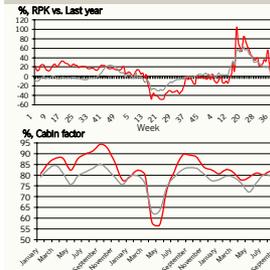
Strong development on North Atlantic



- ▶ General improved load factors
- ▶ Significantly higher load factor than AEA
- ▶ Oslo-New York ceased in March 2003
- ▶ Traffic in Jan-Sep 2004:
 - European airlines (AEA) traffic up 9,3%
 - SAS traffic up 3,1%



Asian traffic improved but capacity in the market has increased significantly



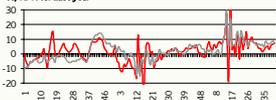
- ▶ Positive mix but capacity to many of SAS destinations has increased more than the demand
- ▶ Reduced capacity on Bangkok/Singapore
- ▶ Shanghai 3/week as from March 28th
 - Operate 6/week as from November
- ▶ Traffic in Jan-Sep 2004:
 - AEA traffic up 22,2%
 - SAS traffic down 17,9%



Increasing traffic on European routes

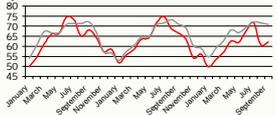


% RPK vs. Last year



- ▶ Traffic Jan-Sep 2004:
 - AEA traffic up 8,1%
 - SAS traffic up 6,9%

% Cabin factor



ECA – European cooperation agreement



- ▶ Tri-party Joint Venture agreement with BMI, Lufthansa and SAS signed November 9, 1999
- ▶ In effect from January 1, 2000
- ▶ Main scope: To integrate the parties scheduled pass. transport to/ from London/ Manchester
- ▶ Negative result effect 2002: MSEK 418 (335)
- ▶ Negative result effect 2003: MSEK 244
- ▶ Negative result effect first quarter 2004: MSEK 71
- ▶ Positive effect second quarter 2004: MSEK 45
- ▶ Negative effect third quarter 2004: MSEK 62



Subsidiary & Affiliated Airlines



Income for Subsidiary & Affiliated Airlines improved



MSEK, January-September	2004	2003	Change
▶ Revenues	13 786	13 499	2,1%
▶ Operating expansives	-11 730	-11 666	0,5%
▶ EBITDAR	2 056	1 833	+12,2%
▶ Lease	-1 309	-1 331	-0,2%
▶ EBITDA	747	502	48,8%
▶ Depreciation	-429	-430	-0,0%
▶ Income from sales/affiliated	-42	36	n.m.
▶ EBIT	276	108	155%
▶ EBT bef. cap gains	273	-10	n.m.
▶ EBT incl. gains	183	-42	n.m.



Income for Subsidiary & Affiliated Airlines stable



MSEK, July-September	2004	2003	Change
▶ Revenues	5 357	5 048	6,1%
▶ Operating expansives	-4 403	-4 082	7,9%
▶ EBITDAR	954	966	-1,2%
▶ Lease	-443	-445	-0,4%
▶ EBITDA	511	521	-1,9%
▶ Depreciation	-142	-155	-8,4%
▶ Income from sales/affiliated	-154	-28	n.m.
▶ EBIT	215	338	-36,4%
▶ EBT bef. cap gains	321	318	0,9%
▶ EBT incl. gains	171	308	-44,5%



Improved result in Subsidiary Airlines



Jan-Sep in MSEK	Spairair	BRAATHENS	widerøe	Blue 1
Revenues	6 250 3,8%	4 768 -2,7%	1 829 -1,8%	907 32%
EBITDAR	981 7,2%	901 28%	242 -5,5%	11 -85%
EBT	59 n.m.	205 103%	44 47%	-112 n.m.



Spanair improved result by MSEK 84 Jan-Sep vs 2003



MSEK	July-September		January-September	
	2004	2003	2004	2003
▶ Revenues	2 788	2 648	6 250	6 020
▶ Operating expenses	-2 170	-2 057	-5 269	-5 105
▶ EBITDAR	618	591	981	915
▶ EBITDA	335	302	151	64
▶ EBIT	300	235	47	-7
▶ EBT bef. cap gains	286	249	12	-72
▶ EBT incl. gains	280	238	59	-45



Spanair contributes to Group's profitability



- ▶ The twin track strategy with full service and low cost model starting to make results
- ▶ Earnings before taxes and one offs improved by MSEK 84 for Jan-Sep
 - Unit cost down 12,2%
 - Jet fuel costs up MSEK 271
- ▶ The underdog position provides a long lasting growth perspective

Combining excellent cost and quality/service performance with an innovative and aggressive commercial model, will provide very good results and value for the SAS Group over the coming years

Braathens has significantly improved its result, but weaker in Q3



MSEK	July-September		January-September	
	2004	2003	2004	2003
▶ Revenues	1 664	1 613	4 768	4 898
▶ Operating expenses	-1 377	-1 288	-3 867	-4 195
▶ EBITDAR	287	325	901	703
▶ EBITDA	144	174	462	238
▶ EBIT	-32	126	214	122
▶ EBT bef. cap gains	108	121	349	129
▶ EBT incl. gains	-36	120	205	101



Stable result in in Widerøe, but Q3 hit by lower volumes



MSEK	July-September		January-September	
	2004	2003	2004	2003
▶ Revenues	599	574	1 829	1 862
▶ Operating expenses	-530	-486	-1 587	-1 606
▶ EBITDAR	69	88	242	256
▶ EBITDA	44	69	171	184
▶ EBIT	9	28	67	73
▶ EBT bef. cap gains	-7	19	43	30
▶ EBT incl. gains	-7	18	44	30



Lower yields and high fuel costs reduces Blue1's result



MSEK	July-September		January-September	
	2004	2003	2004	2003
▶ Revenues	294	201	907	686
▶ Operating expenses	-297	-187	-896	-611
▶ EBITDAR	-3	14	11	75
▶ EBITDA	-39	-21	-94	-27
▶ EBIT	-42	-24	-103	-35
▶ EBT bef. cap gains	-46	-26	-111	-38
▶ EBT incl. gains	-46	-25	-112	-38



Airline Support Businesses



Result for Airline Support Businesses significantly improved



MSEK, January-September	2004	2003	Change
▶ Revenues	10 251	10 417	-1,6%
▶ Operating expenses	-9 410	-10 023	-6,1%
▶ EBITDA	841	394	113%
▶ EBIT	486	56	n.m
▶ EBT	427	-14	n.m



Airline Related Businesses



Statement of income Airline Related Businesses



MSEK, January-September	2004	2003	Change
▶ Revenues	2 179	3 571	-39%
▶ Operating expenses	-2 020	-3 334	-39%
▶ EBITDA	159	237	-33%
▶ EBIT	43	43	0%
▶ EBT	32	30	6,7%

▶ Scandinavian IT Group sold in December 2003 and included in the 2003 figures



Flight Academy and Jetpak on track Weak result from SAS Trading



Jan-Sep in MSEK	SAS Trading		SAS Flight Academy		JETPAK	
Revenues	1 261	7,3%	384	4,3%	338	1,8%
EBITDA	-5	n.m	102	24%	28	22%
EBT	-23	n.m	32	357%	12	-29%



Avinor has discontinued negotiations with SAS Trading tax free operations in Norway



- ▶ A definite agreement is expected in August 2004
- ▶ SAS Trading's current agreement will expire in December 2004
 - New agreement valid for seven years starting in 2005
 - The agreement is expected to have a turnover of SEK 1 billion
- ▶ Current agreements stands for appr. 2/3 of SAS Trading's total revenue
- ▶ SAS Trading has in total 38 duty free shops in Scandinavia, Poland and the Baltic states of which 6 in Norway



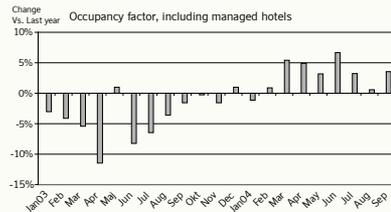
Hotels – third quarter result improved by MSEK 34 as REVPAR has stabilized



MSEK	July-September		January-September	
	2004	2003	2004	2003
▶ Revenues	1 198	861	3 237	2 606
▶ Operating expenses	-1 153	-869	-3 212	-2 690
▶ EBITDA	45	-8	25	-84
▶ Adjusted EBITDA	52	-3	47	-75
▶ EBIT	4	-37	-78	-172
▶ EBT	-3	-37	-96	-191



Improved occupancy



Unit cost has been sharply reduced



12 months rolling value



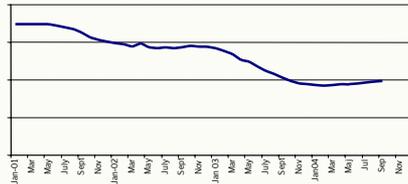
▶ Unit cost calculated as Costs/number of rooms



REVPAR has stabilized



REVPAR (EUR) 12 months rolling value



Financial update



Balance Sheet



MSEK	30 Sep 04	30 Sep 03	31 Dec 03
Liquid funds	7 607	7 483	9 066
Aircraft	21 770	26 192	25 561
Other assets	29 618	30 244	26 648
Total assets	58 995	63 919	61 275
Operating liabilities	16 315	17 548	15 890
Interest-bearing liabilities	27 784	29 290	28 866
Deferred tax	2 911	3 134	3 273
Minority interests	42	149	112
Equity	11 943	13 798	13 134
Total liabilities and equity	58 995	63 919	61 275
Financial net debt	18 834	19 375	18 122



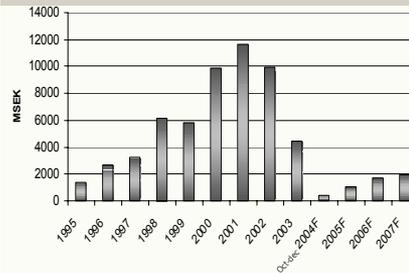
SAS Group's limited aircraft Capex



Firm Aircraft Orders

	Total	Oct-Dec 2004	2005	2006	2007
Airbus A320/321	4			2	2
Boeing 737	3				2
Number of aircraft	7	0	0	2	4
CAPEX (MUSD)	233	0	9	93	131

SAS Group's Capex Holiday



Clear Targets to Reduce Indebtedness - Long-term targets to be realised



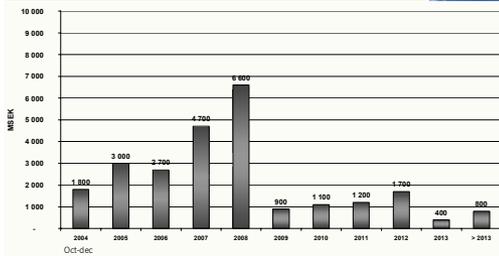
Key figures

	Sep 04	Dec03	Target
Equity/assets ratio (solidity)	20%	22%	>30%
Financial net debt/ equity	157%	137%	<50%
Fin. net debt+7*Oplease/ equity	314%	292%	<100%

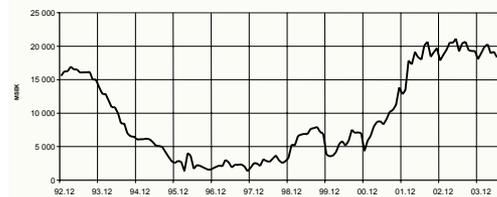
Targets will be reached by:

- Turnaround measures
- Capital Release:
 - Aircraft - Surplus and phase-outs
 - Other Assets (Properties, non-core subsidiaries etc)

Amortization profile of interest bearing liabilities



Development of financial net debt 1993-2004



SAS Group - Development and break down of Financial Net Debt 2004



(MSEK)	040930	031231	Difference
Cash	7 607	9 066	-1 459
Other interest bearing assets	1 343	1 678	-335
Interest bearing liabilities	-27 784	-28 866	1 082
Financial Net debt	-18 834	-18 122	-712

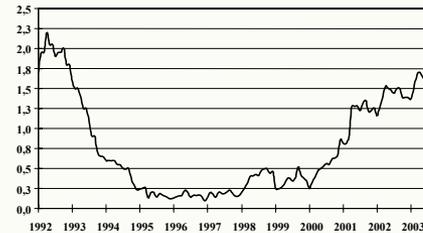
SAS Group - Development and break down of Financial Net Debt 2003-2004



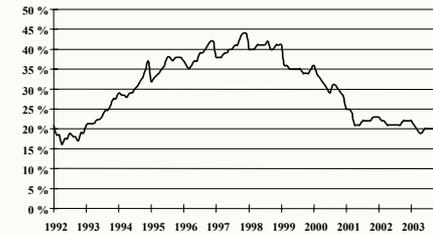
(MSEK)	040930	030930	Difference
Cash	7 607	7 483	+124
Other interest bearing assets	1 343	2 432	-1 089
Interest bearing liabilities	-27 784	-29 290	1 506
Financial Net debt	-18 834	-19 375	+541



Financial Net Debt / Equity Ratio 1992-2004



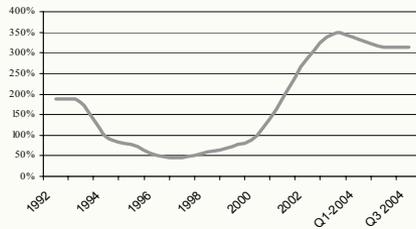
SAS Group Equity / Assets Ratio 1992-2004



Adjusted Net Debt / Equity 1992-2004



Net Debt + 7*Op lease / Equity



SAS Group Financial Net January – September 2004



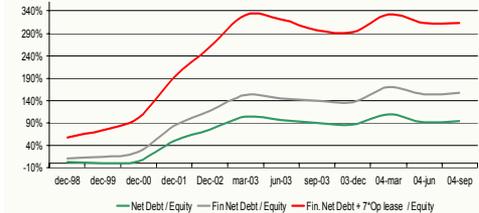
(MSEK)	04-09-30	03-09-30	Difference
Interest net and others	-733	-696	-37
Exchange rate differences	-33	+318	-351
Financial net	-766	-378	-388
Average financial net debt	19.100	19.800	+700
In % p.a. of average financial net debt:			
Interest net	-5,1%	-4,7%	- 0,4 p.u.
Exchange rate differences	-0,2%	+2,2%	-2,4 p.u.
Financial net	-5,3%	-2,5%	-2,8 p.u.



Gearing ratios



Leverage Ratios



Cash flow statement Q3



MSEK	July – September	
	2004	2003
Cash flow from operations	674	656
Change in working capital	-1 548	-823
Net financing from operations	-874	-167
Investments, advance payments	-672	-721
Acquisition/sale of subsidiaries (net)	0	-19
Sales of fixed assets, etc.	1 123	1 082
Financing deficit/surplus	-423	175
Changes in external financing, net	-799	-847
Changes in liquid assets acc. to balance sheet	-1 222	-672

Group | Scandinavian Airlines Operations | Subsidiary & Affiliated Airlines | Airline Support | Airline Related Business | Hotels



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Improved cash flow but no positive change in liquid assets as surplus is amortized



MSEK	January – September	
	2004	2003
Cash flow from operations	342	111
Change in working capital	-2 105	-1 182
Net financing from operations	-1 763	-1 071
Investments, advance payments	-2 393	-2 945
Acquisition/sale of subsidiaries (net)	-614	-34
Sales of fixed assets, etc.	5 033	2 988
Financing deficit/surplus	263	-1 062
Changes in external financing, net	-1 722	-2 176
Changes in liquid assets acc. to balance sheet	-1 459	-3 238

Group | Scandinavian Airlines Operations | Subsidiary & Affiliated Airlines | Airline Support | Airline Related Business | Hotels



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Sum Up – Credit Data



- ▶ Strong liquidity of MSEK 7 607
- ▶ Substantial Committed credit facilities of MSEK 4 300
- ▶ Limited CAPEX going forward
- ▶ Young aircraft fleet
- ▶ Additional sources of capital
- ▶ Turnaround 2005 program on track with union agreements secured

Group | Scandinavian Airlines Operations | Subsidiary & Affiliated Airlines | Airline Support | Airline Related Business | Hotels



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APPENDICES

- Traffic Data
- Yield
- Unit cost
- Fleet
- Financial key figures



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Yield development stabilized, but load factors weak on European flights and Swedish domestic



- ▶ Traffic improves, but less than expected
- ▶ Group traffic up 5,8% in Q3
- ▶ Group passenger load factor down by 1,3 p.u.

Q3	Passenger- traffic (RPK)	Seat capacity (ASK)	Cabin- factor
SAS Group Total	5,8%	7,9%	67,8%
Intercontinental	1,5%	1,9%	
Europe	10,5%	16,9%	
Domestic and Intrascandinavian	1,2%	-1,3%	

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Capacity (ASK) outlook 2004 vs. 2003



- ▶ Scandinavian Airlines 5%
- ▶ Spanair 13%
- ▶ Braathens 4-5%
- ▶ Widerøe 9%
- ▶ Blue1 60%
- ▶ Total SAS Group 7%

Group | Scandinavian Airlines Operations | Subsidiary & Affiliated Airlines | Airline Support | Airline Related Business | Hotels



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Yield development 2004 vs 2003



Scandinavian Airline Total Scheduled

Jul-Sep	2004	2003	Change
Yield (öre/RPK)	96,6	105,2	-8,1%
Currency adj. yield	96,6	104,0	-7,0%
Jan-Sep	2004	2003	Change
Yield (öre/RPK)	102,3	120,6	-15,2%
Currency adj. yield	102,3	117,6	-13,0%



Yield development 2004 vs 2003



Yield, local currency	July-September	January-September
Spanair	-3,2%	-7,8%
BRAATHENS	-8,8%	-10,8%
widerøe Member of the SAS Group	-8,6%	-8,6%
Blue1	-27,0%	-28,9%



Unit Cost

January-September 2004 vs 2003



Cost analysis	2003	2004	Var%	Share of total var %
Personnel	-6 218	-5 217	-16,1%	-4,3%
Fuel	-2 152	-2 709	25,9%	2,4%
Gov. Charges	-2 462	-2 471	0,4%	0,0%
Selling cost	-731	-588	-19,5%	-0,6%
Ground Services	-3 905	-3 687	-5,6%	-0,9%
Technical	-3 252	-2 762	-15,1%	-2,1%
Other operating costs	-3 087	-1 869	-39,5%	-5,2%
Total operating expenses	-21 806	-19 303	-11,5%	-10,7%
Aircraft costs	-1 559	-1 305	-16,3%	-1,1%
Adjusted EBIT	-23 366	-20 608	-11,8%	-11,8%

Volume = average increase in ASK: +5,5%



Unit Cost

July-September 2004 vs 2003



Cost analysis	Q3 2003	Q3 2004	Var%	Share of total var %
Personnel	-1 896	-1 627	-14,2%	-3,7%
Fuel	-734	-1 043	42,1%	4,2%
Gov. Charges	-824	-833	1,1%	0,1%
Selling cost	-237	-206	-13,0%	-0,4%
Ground Services	-1 257	-1 210	-3,8%	-0,6%
Technical	-1 046	-882	-15,7%	-2,2%
Other operating costs	-796	-504	-36,7%	-4,0%
Total operating expenses	-6 790	-6 305	-7,1%	-6,6%
Aircraft costs	-516	-429	-16,9%	-1,2%
Adjusted EBIT	-7 306	-6 734	-7,8%	-7,8%

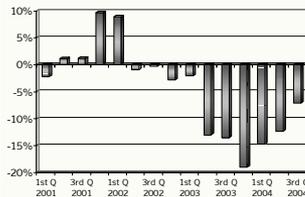
Volume = average increase in ASK: +6,7%



Sharp reduction in unit cost continues in Q3



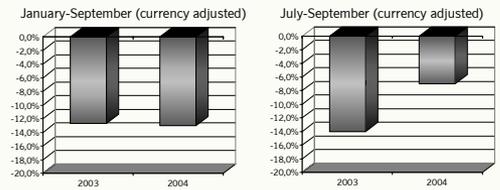
Index last year, EBITDAR level
(currency adjusted) Scandinavian Airlines



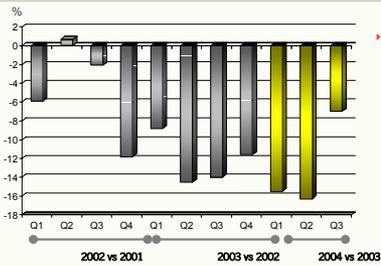
- ▶ Unit cost down 11,8% in 2003
- ▶ Unit cost down 14,7% in Q1 2004
- ▶ Unit cost down 12,3% in Q2 2004
- ▶ Unit cost down 7,1% in Q3 2004
- Adjusted for fuel price unit cost was down 11,3% in Q3



Yield Development



Yield development



- Yields down 7,0% in 3rd Quarter 2004
- Reduction reduced because of jet fuel surcharge, fewer price campaigns and more active yield management
- Class mix still negative



Passenger Yield 3rd Quarter 2004 vs 2003



Route Sector	Nominal yield	Currency effect	Adjusted yield
Scandinavian Airline	92	101	93
Intercontinental	104	103	108
Europe	88	101	89
Intrascandinavian	84	101	85
Denmark	104	101	105
Norway	94	102	96
Sweden	93	100	93



Passenger Yield January-September



Route Sector	Nominal yield	Currency effect	Adjusted yield
Scandinavian Airline	85	103	87
Intercontinental	98	104	102
Europe	85	102	86
Intrascandinavian	75	103	77
Denmark	93	101	94
Norway	82	107	88
Sweden	86	100	86



Key airline profitability drivers 2004 vs 2003



January-September		
Traffic growth (RPK)	up	6,4%
Cabin Factor	up	0,6 p.u.
Yields	down	13,0%
Unit costs <small>incl.A/C cost</small>	down	11,8%

July-September		
Traffic growth (RPK)	up	2,6%
Cabin Factor	down	2,7 p.u.
Yields	down	7,0%
Unit costs <small>incl.A/C cost</small>	down	7,8%



Revenue Pressure partly offset by larger volumes



January-September 2004
 ▶ Revenues 18 040 MSEK - 9,8%

- Volume +6,4%
- Yields -13,0%
- Currency -2,5%



Revenue analysis third Quarter – Scandinavian Airlines

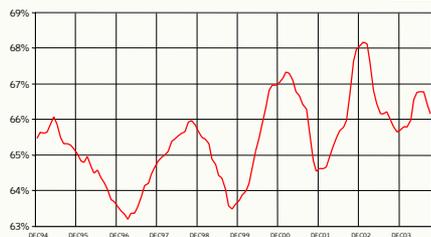


July-September 2004		
Revenues	6 006 MSEK	- 5,7%
Volume	+2,6%	
Yields	-7,0%	
Currency	-1,2%	

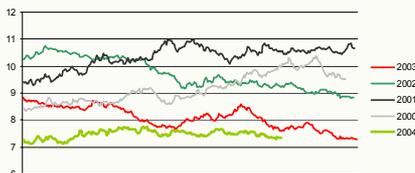


Passenger load factor 1995-2004

Moving 12 months values



Weaker USD offset by increased yield pressure



- ▶ Positive effect on operation costs in January-September by MSEK 690
- ▶ Weak USD => increased yield pressure



Currency Effects – SAS Group January-September 2004 vs 2003



MSEK	Jan-Sep
Total revenues	-1 304
Total costs	+1 799
Forward cover costs & working cap.	-185
Income before depr.	+310
Financial items	-351
Income before tax	-41



Currency Effects – SAS Group July-September 2004 vs 2003



MSEK	Jul-Sep
Total revenues	-188
Total costs	+321
Forward cover costs & working cap.	-68
Income before depr.	+65
Financial items	+10
Income before tax	+75



Currency Effects – SAS Group January-September 2004 vs 2003



Total revenues & costs: (Total +495 MSEK)	Working capital: (Total -1 MSEK)
Major approx. effects:	
USD +690	2003 +1
DKK +8	2004 0
NOK -156	Financial Items:
EUR -4	(Total -351 MSEK)
Asian curr. -45	2003 +318
All others +2	2004 -33
Forward cover costs: (Total -184 MSEK)	Grand total -41 MSEK
2003 +173	
2004 -11	



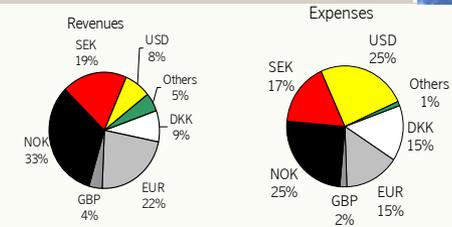
Currency Effects – SAS Group July-September 2004 vs 2003



Total revenues & costs: (Total +133 MSEK)	Working capital: (Total -24 MSEK)
Major approx. effects:	
USD +160	2003 +26
DKK +2	2004 +2
NOK -25	Financial Items:
EUR -3	(Total +10 MSEK)
Asian curr. -10	2003 -14
All others +9	2004 -4
Forward cover costs: (Total -44 MSEK)	Grand total +75 MSEK
2003 +75	
2004 +31	



Currency distribution in the SAS Group 2003

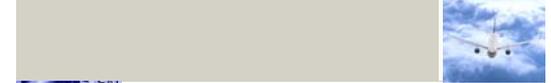


SAS Group fleet as of Sep 30, 2004



Aircraft Type	Owned	Leased In	Total	Leased Out	On Order
Airbus A340/A300-300	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		
Aéro RJ-85/100		9	9		
Fokker F28	1		1		
Fokker F50	7	1	8	2	
Boeing 737 MAX 8	17	37	54		
Boeing 737 MAX 9		5	5		
Total	108	194	302	15	6

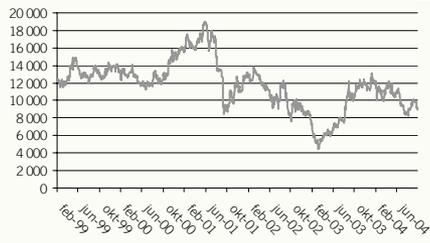
Company	Owned	Leased In	Total	Leased Out	On Order
SAS	91	92	183	14	6
Spanair		54	54		
Braathens	1	20	21	1	
Widerøe	16	14	30		
Blue1			14		
Total	108	194	302	15	6



SAS share



Development of Market capitalization



SAS share price vs. Peers 2004



SAS Market Capitalization vs. European Peers measured in SEK (December 31, 2003 - September 30 2004)



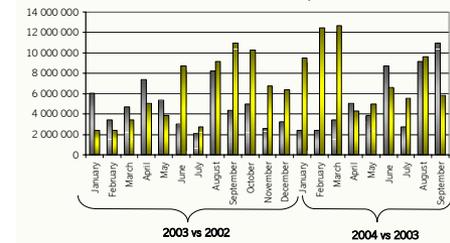
* Peers: Alitalia, Air France, British Airways, Finnair, KLM, Lufthansa & Ryanair



Number of traded SAS shares has increased



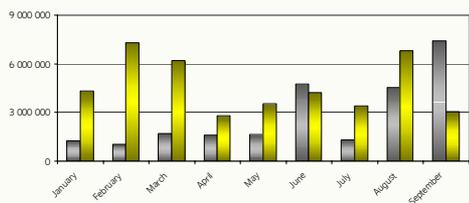
Number of shares traded in SAS per month



Increased number of traded SAS shares at Stockholm Stock Exchange



Number of shares traded in Stockholm per month



2004 vs 2003

