SAS Group

SAS Group

Year-end report
January-December 2002

The year in brief

- **Operating revenue for the year** amounted to MSEK 64,944 (51,433), an increase of 26.3%. For comparable units and adjusted for currency effects, operating revenue decreased during the period by 1.0% or MSEK 512.
- **Income before depreciation and leasing costs for aircraft** (EBITDAR) amounted to MSEK 7,294 (3,168) for the full year, an increase of 130%. EBITDAR for the fourth quarter was MSEK 1,332 (–122).
- **Income before capital gains** for the year was MSEK –951 (–2,282). Income for the fourth quarter amounted to MSEK –809 (–1,613). Excluding non-recurring items, income before capital gains for the full year 2002 was MSEK –736 (–2,282).
- **Income before tax** amounted to MSEK –450 (–1,140). The result for the fourth quarter was MSEK –683 (–1,147).
- **CFROI** for the full year 2002 was 13% (7%).
- **Earnings per share** for the period January–December amounted to SEK –0.81 (–6.65) for the SAS Group and equity per share amounted to SEK 92.33 (96.06).
- **The Board of Directors proposes** that no dividend be paid for the 2002 fiscal year.
- **Against the background of** the uncertain global political situation and the difficult market situation, the SAS Group is, under present conditions, not issuing a detailed assessment of earnings for the full year 2003.

SAS Group	**January-March**		**April-June**		**July-September**		**October-December**		**January-December**	
(MSEK)	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
Operating revenue	**13,775**	12,137	**17,868**	13,811	**16,592**	12,675	**16,709**	12,810	**64,944**	51,433
EBITDAR	**584**	1,171	**3,248**	1,237	**2,130**	882	**1,332**	-122	**7,294**	3,168
EBITDAR margin	**4.2%**	9.6%	**18.2%**	9.0%	**12.8%**	7.0%	**8.0%**	-0.1%	**11.2%**	6.2%
EBIT	**-1,406**	248	**1,354**	299	**1,041**	-53	**-307**	-1,123	**682**	-629
EBIT margin	**-10.2%**	2.0%	**7.6%**	2.2%	**6.3%**	-0.4%	**-1.8%**	-8.8%	**1.1%**	-1.2%
Income before capital gains	**-1,313**	-88	**1,180**	10	**15**	-591	**-809**	-1,613	**-951**	-2,282
EBT	**-1,446**	40	**1,039**	180	**640**	-213	**-683**	-1,147	**-450**	-1,140
Earnings per share (SEK)	**-8.17**	0.08	**5.88**	0.79	**3.08**	-1.32	**-1.73**	-6.16	**-0.81**	-6.65

SAS AB is the Nordic region's largest listed airline and travel group. 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 ™. Other airlines in the Group are Spanair, Braathens, Widerøe's Flyveselskap and Air Botnia. The Group's business areas Airline Support Businesses and Airline Related Businesses include companies that support the airline operations such as SAS Cargo Group and SAS Flight Academy. The Group also includes hotel operations with Rezidor SAS Hospitality.

The SAS Group's annual report will be published on March 4, 2003.
www.sasgroup.net

SAS Group

Organization – five business areas:

With effect from July 1, 2002, the SAS Group was restructured to comprise five business areas. Starting in the fourth quarter of 2002, the SAS Group reports its results divided into five business areas compared with four previously.

Scandinavian Airlines	Subsidiary & Affiliated Airlines	Airline Support Businesses	Airline Related Businesses	Hotels
Op. rev. MSEK 37,163 44%	Op. rev. MSEK 17,525 21%	Op. rev. MSEK 20,628 24%	Op. rev. MSEK 6,052 7%	Op. rev. MSEK 3,570 4%

The SAS Group's operating revenue for 2002 totaled MSEK 64,944.

Percentages refer to share of the SAS Group's operating revenue before Group eliminations. Operating revenue pertains to the period January-December 2002.

- **Scandinavian Airlines** comprises passenger transport services including the production company SAS Commuter.
- **Subsidiary & Affiliated Airlines** comprises other airlines within the Group. Braathens, which is 100% owned, Spanair which is 74% owned, Widerøe which is 99% owned, and Air Botnia which is 100% owned.

  Affiliated companies include airBaltic, Skyways, Cimber Air, British Midland and Air Greenland.
- **Airline Support Businesses**. The business area includes the business units SAS World Sales, SAS Technical Services, Scandinavian Ground Services and SAS Cargo Group.
- **Airline Related Businesses** includes Scandinavian IT Group, SAS Trading, SAS Flight Academy, Jetpak, European Aeronautical Group, Rampsnake, SAS Media and Travellink.
- In the **Hotels** business area Rezidor SAS Hospitality (REZSAS) conducts the SAS Group's hotel business. The company works with four brands, Radisson SAS Hotels & Resorts, Regent, Country Inn and Park Inn.

President's comments

The economic situation in Scandinavia and Europe was weak throughout 2002 and a further downward trend could be noted in the autumn. This led to reduced demand for travel. Lower economic activity means fewer meetings and therefore fewer trips. This weak business climate has continued into 2003 and uncertainty about the future is expected to lead to continued pressure on revenues.

Uncertainty about the future includes a possible war in Iraq. A large-scale conflict could have major repercussions for the entire airline industry.

An apprehensive market combined with intense competition is putting pressure on revenues. This is the reality in which SAS lives. The SAS Group has initiated two earnings improvement programs within the framework of what we call Turnaround. The principal aim is to ensure an effective production platform in order to achieve profitability and long-term competitiveness. The major part of this program affects Scandinavian Airlines where the challenge is to reach a considerably more efficient cost level. The short-term action program has now been completed and will have its full effect in 2003. The restructuring program, amounting to SEK 6.4 billion, is being implemented at the moment and going according to plan. This program is yielding results – one effect is that the unit cost in the fourth quarter was lower than in the same period in 2001.

Additional restructuring measures are planned in view of the uncertain market situation and intensifying competition.

For the first time, earnings for the SAS Group are now reported in five business areas, compared with four previously. This provides greater transparency, clarifies budget responsibility and encourages a professional approach.

2002 started on a subdued note but the second quarter developed relatively well. This trend was broken in the third quarter which provided zero profit. During the rest of the year pressure on revenues and yield intensified and this has continued in 2003. Income before depreciation and leasing costs, EBITDAR, improved compared with the previous year by more than SEK 4 billion. This was due to the effect of measures taken earlier and consolidation of Braathens and Spanair. The full-year result before capital gains and excluding nonrecurring items was MSEK –736, an improvement over 2001 and in line with expectations.

The other airlines in the SAS Group have come a long way in their efforts to achieve greater cost efficiency, but this work continues for them as well since the weak market and tough competition will require the efficiency enhancement of these companies to continue in 2003. The positive change for Braathens is gratifying. Spanair has a cost and efficiency level comparable to the low-cost companies in Europe and is now preparing to join Star Alliance on April 1, 2003. The two regional airlines Widerøe and Air Botnia developed favorably during the period.

The Hotels business area is continuing with a growth strategy in different customer segments. We expect strong growth for hotels in the middle class segment, and Rezidor SAS is well prepared with its new brands, Park Inn and Country Inn. During the year the hotel market was also affected by the unfavorable business climate.

2003 will be a year of restructuring in particular for Scandinavian Airlines. We expect that the restructuring measures will have an effect in 2003 of approximately MSEK 3,000. Work in the Group is increasingly being carried out in accordance with the new group structure, in which all operations must have market relations with their customers and suppliers.

We live in a time when much has to be reconsidered, but the direction is clear. We will meet the expectations placed on us by our owners, customers and employees. This is a challenge. We have accepted this challenge and staked out our route forward.

Jørgen Lindegaard

Important events

First quarter 2002

- Airbus A340s with a high environmental performance were phased in on all Scandinavian Airlines' routes to Asia.
- On March 5, the European Commission approved the SAS Group increasing its holding in Spanair to 74%. Spanair has been treated as a subsidiary since that date.

Second quarter 2002

- Scandinavian Airlines and Braathens coordinated their traffic systems on Norwegian domestic routes on April 2.
- SAS AB carried out a MSEK 200 new issue in the final stage of introduction of a single share.
- In May, the SAS Group acquired 33.1% of the shares in Widerøe from minority shareholders. A voluntary offer on the same terms was made to other minority shareholders and at December 31, the SAS Group's holding amounted to 99.4%.
- In June, it was decided to make Spanair a full member of Star Alliance ™ with effect from April 1, 2003.

Third quarter 2002

- The subsidiary SMART was sold to Amadeus. The sale provided a capital gain of MSEK 811.
- Rezidor SAS Hospitality concluded a master franchise agreement with Carlson Hotels Worldwide providing exclusive rights in Europe, the Middle East and Africa for an additional three brands: Regent, Country Inn and Park Inn. Rezidor SAS sold its rights to the Malmaison brand.
- A new organization with five business areas was introduced in July.

Fourth quarter 2002

- The subsidiary Scandinavian Flight Support acquired Aeronautical Services Group from Thales Avionics and changed its name to European Aeronautical Group AB.
- The target for the SAS Group's restructuring measures was raised from MSEK 4,000 to MSEK 6,400 following completion of an evaluation process. The full effect of these measures is expected in 2004/2005.
- A dispute with the Swedish Civil Aviation Administration was decided in the Supreme Court in favor of the SAS Group which received compensation of MSEK 570.
- A new production concept was introduced for Scandinavian Airlines in conjunction with the 2002 winter traffic program.

Events after December 31, 2002

- On January 1, Scandinavian Airlines introduced a new distribution philosophy based on net prices to distributors.

SAS Group

Traffic development

Traffic development for European airlines
In the fourth quarter traffic and capacity rose again among the European airlines (AEA). These improvements are mainly explained by very weak comparative figures for 2001. Total international traffic (RPK) rose 14.2% and capacity (ASK) by 3.7%. The restrained restoration of capacity led several airlines to report record-high cabin factors, mainly on intercontinental routes. The cabin factor in the fourth quarter for intercontinental traffic increased to approximately 72%, which is approximately 6.6 percentage points higher than in 2001 among European airlines.

The SAS Group's traffic development
The number of transported passengers increased during the period January-December 2002 by 33.4% compared with 2001 from 24.9 million to 33.3 million, and by 37.7% in the fourth quarter as a result of the acquisition of Braathens and Spanair. For comparable units, traffic rose 3.9% while capacity decreased by 3.7%. The positive trend for the cabin factor continued during the quarter, although at a lower rate towards the end of the period, and the cabin factor for the full year rose by 4.6 percentage points to 62.5%.

The SAS Group's intercontinental traffic developed well and increased by 13.4% despite the phase-out of Spanair's intercontinental traffic in March 2002. Cabin factors amounted to 79.1% in the fourth quarter, an increase of 9.4 percentage points. Traffic in Europe rose by 3.8% and capacity (ASK) decreased by 1.0%, which meant that the cabin factor rose by 1.5 percentage points to 56.4%.

Intra-Scandinavian traffic was very weak and decreased by 8.5% during the quarter. Domestic traffic in Denmark decreased by 27.5%. This heavy decline was mainly due to Scandinavian Airlines ceasing its services to Greenland on October 27. In Norway, traffic fell 3.1% and capacity fell 12.5% which meant that the cabin factor rose 5.3 percentage points to 54.7%. The better capacity utilization was due to Scandinavian Airlines and Braathens coordinating their different traffic systems. Widerøe's traffic also continued its strong development during the quarter and traffic rose by a total of 32.9% and by 15.2% within Norway. In Sweden, the SAS Group's traffic (RPK) decreased by 5.4% and capacity fell 16.1%.

Traffic and production

		October-December			January-December		
		2002	2001	change	**2002**	2001	change
SAS Group*							
Number of passengers	(000)	**7,922**	8,116	-2.4%	**33,254**	35,640	-6.7%
Rev. passenger km., RPK	(mill)	**7,337**	7,061	3.9%	**30,913**	31,948	-3.2%
Available seat km., ASK	(mill)	**11,734**	12,185	-3.7%	**47,214**	51,581	-8.5%
Cabin factor		**62.5%**	57.9%	+4.6%pts.	**65.5%**	61.9%	+3.5%pts.

Traffic development by route sector*	**Oct -Dec 2002 vs. Oct-Dec 2001**		**Jan-Dec 2002 vs . Jan-Dec 2001**	
	Traffic (RPK)	Capacity (ASK)	Traffic (RPK)	Capacity (ASK)
Intercontinental	**13.4%**	0.0%	**0.1%**	-9.2%
Europe	**3.8%**	-1.0%	**-2.7%**	-7.0%
Intra-Scandinavian	**-8.5%**	-7.8%	**-6.1%**	-3.7%
Denmark. Greenland (domestic)	**-27.5%**	-25.4%	**-14.2%**	-5.4%
Norway (domestic)	**-3.1%**	-12.5%	**-7.7%**	-13.6%
Sweden (domestic)	**-5.4%**	-16.1%	**-8.0%**	-9.0%

* Passenger traffic for Scandinavian Airlines, Spanair, Braathens, Widerøe and Air Botnia.

Traffic figures per company

January – December 2002	Traffic (RPK)	Production (ASK)	Cabin factor (%)	Change in cabin factor
SAS Group	**-3.2%**	**-8.5%**	**65.5%**	**+3.5%pts.**
Scandinavian Airlines	1.1%	-4.0%	68.1%	+3.5%pts.
Spanair	-23.6%	-24.8%	61.0%	+0.9%pts.
Braathens	-3.4%	-15.0%	57.8%	+7.0%pts.
Widerøe	17.9%	15.0%	51.4%	+1.3%pts.
Air Botnia	30.5%	15.8%	49.5%	+5.6%pts.

Financial development

January-December 2002

The SAS Group's statement of income for 2002 includes Braathens from January 1 and Spanair from March 1. SMART is only included through August 31, 2002. The first two companies were not consolidated as subsidiaries in the 2001 results, while SMART was consolidated for the whole of 2001. To allow comparisons with 2001, this has been adjusted under non-comparable units.

The SAS Group's operating revenue amounted to MSEK 64,944 (51,433), an increase of MSEK 13,511 or 26.3%. On November 12, 2002, the Supreme Court ruled that it had not granted the Swedish Civil Aviation Administration right of review in the dispute over the SAS Group's leasing commitments for Terminal 2 at Arlanda. The ruling in the Göta Court of Appeal was thus confirmed in SAS's favor. Including interest the repaid amount relating to payments made by the SAS Group in 1993-1996 was MSEK 570 which is reported as revenue. Adjusted for non-comparable units, MSEK 13,518, currency effects, MSEK 273, and revenue from Terminal 2, MSEK 570, the Group's operating revenue decreased by 1.6%.

In conjunction with implementation of the ongoing earnings improvement measures, redundancies were identified in the latter part of 2002. In total the costs for restructuring throughout the Group amount to MSEK 537. MSEK 529 of this is costs for work-free notice periods and early retirement pensions. The remaining MSEK 8 mainly comprises costs for unutilized rented premises.

Payroll expenses increased by MSEK 4,560 or 25.6% and amounted to MSEK 22,352 (17,792). Adjusted for non-comparable units, restructuring costs and currency effects, payroll expenses were MSEK 18,689 or 5% higher than in the previous year. The Group's pension costs have increased considerably compared with the previous year. The reasons for this are, apart from acquired companies, lower return on funded assets and amortization of cumulative actuarial gains and losses. The Group's anticipated long-term rate of return on pension funds in Alecta was reduced during the year by one percentage point to 8.8%. The actual return for 2002 for the defined benefit pension plans is expected to be lower than the average calculated return of 8.1%. A marked reduction of funded assets has occurred in the current year, particularly in the insurance companies where the Swedish and Norwegian pension plans are secured, which is taken into account in the calculation of estimated funded assets at year-end 2002. The SAS Group's assessment, however, is that this decline is temporary.

The number of employees in the SAS Group increased by 14.4%. In comparable units, the number of employees decreased by 3.4%.

The Group's other operating expenses increased by MSEK 4,825 or 15.8% to MSEK 35,298. Adjusted for non-comparable units and currency effects, costs decreased by 6.1%.

Other operating expenses include the Group's costs for jet fuel which amounted to MSEK 4,938 (4,254), of which Scandinavian Airlines accounts for MSEK 3,184 (4,030) and other airlines for MSEK 1,756 (224). SAS's price for fuel was almost 10% lower in 2002 than in 2001.

Operating income before depreciation, EBITDA, was MSEK 3,547 (743). The gross profit margin rose from 1.4% to 5.5%.

The net effect of exchange rate fluctuations between January-December 2001 and 2002 was MSEK 718. The effect on operating revenue was MSEK 273, MSEK 249 on costs and MSEK 196 on net financial items. Most of the exchange rate fluctuations arose in Scandinavian Airlines. Operating income was positively affected by the strong Norwegian krone by MSEK 220 and by a weak USD by MSEK 256.

Leasing costs rose from MSEK 2,425 to MSEK 3,747. Since Braathens and Spanair accounted for MSEK 1,709, costs in Scandinavian Airlines decreased by MSEK 387.

Depreciation totaled MSEK 2,953 (2,443), an increase of MSEK 510, of which approximately half came from acquired units.

Shares of income in affiliated companies amounted to MSEK –409 (–70). Spanair was reported as an affiliated company through February 2002. Share of income amounts to MSEK –300 and covers the period November 1, 2001 – February 28, 2002. Excluding utilization of an equity reserve in the previous year of MSEK 80 and Spanair's income share of MSEK –153, shares of income amounted to MSEK –109 (3). The main reason for this change is British Midland where share of income amounted to MSEK –95 (49) and Polygon, MSEK –21 (–111). In addition, the Group's holding in Cimber Air was written down by MSEK 91. The value of the company has been reduced due to restructuring in the industry and the SAS Group therefore wrote down its holding to an estimated market value.

In the 2001 results the portion of capital gains from sale and leaseback of aircraft which arose due to the high U.S. dollar rate in 2001 was stated as an exchange rate difference in net financial items. Comparative figures for 2001 have been reclassified in the 2002 statement of income whereby net financial items declined by MSEK 492 and capital gains improved by the same amount.

Income before capital gains amounted to MSEK –951 (–2,281). Taking into account nonrecurring items of MSEK –215, comprising MSEK 570 in revenue from the Swedish Civil Aviation Administration relating to Terminal 2, restructuring costs of MSEK –537, and a MSEK –248 write-down of shares in Cimber Air and Expo Investment Partnership, income before capital gains was MSEK –736 (–2,282).

The Group's gain from the sale of shares in subsidiaries and affiliated companies, MSEK 817 (–24), comprises a MSEK 811 capital gain from the sale of SMART, and the sale of Malmaison and SAS Hotels Amsterdam NV.

The Group's income from the sale of aircraft and buildings amounted to MSEK –320 (1,165) during the year. This includes the sale of aircraft through sale and leaseback of seven Boeing 737s, two Airbus A320s, one Airbus A330 and one Airbus A340 as well as the sale of one Fokker F28 with a total of MSEK 264. After deduction for phasing in and phasing out costs, which, due to the phasing out of the Douglas DC9 in particular and phasing in of the new Airbus fleet, amounted to MSEK –574 (–684) income from the sale of aircraft is reported as MSEK –310 (295).

Income from the sale of buildings amounted to MSEK –10 (870) and comprised the sale of fixtures and fittings in SAS Trading.

Income from other shares and participations, MSEK –180 (1), comprises a write-down of the Group's holding in Expo Investments Partnership which holds 10% of the shares in Air Canada. Against the background of development for Air Canada's shares, a MSEK 157 write-down was made. A MSEK 27 write-down was also made of SMART's holding in ICSA T.

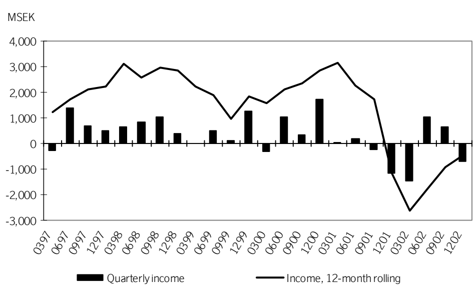
The Group's net financial items amounted to MSEK –952 (–512). Net interest was MSEK –882 (–300). The currency effect was MSEK 36 (–160). Other financial expenses reached a net amount of MSEK –106 (–52).

Income before tax amounted to MSEK –450 (–1,140).

The change in income before tax is due to:

Currency effect	718
Income before depreciation and leasing costs, EBITDAR	3,604
Leasing costs and depreciation	-1,832
Share of income in affiliated companies	-339
Net interest	-636
Capital gains and write-downs	-825
Total changes	690

Income before tax



Fourth quarter 2002

Earnings for the fourth quarter were much better than in the same period last year when the events of September 11 had a full impact.

Traffic expressed in RPK increased by 3.9% for the entire Group compared with the previous year. The weak business climate in Scandinavia and Europe has reduced demand for air travel. Yield is also under strong pressure due to a falling proportion of travel in Business Class and increased competition.

The Group's operating revenue amounted to MSEK 16,709 (12,810), an increase of MSEK 3,899 or 30.4%. Taking into account a currency effect of MSEK –301, operating revenue in non-comparable units, MSEK 3,383, and revenue from Terminal 2, MSEK 570, operating revenue increased by 2.3%.

Passenger traffic in Scandinavian Airlines increased by 7.2% due to the low volume in the fourth quarter of 2001, while the currency adjusted yield decreased by 11.8%.

Operating expenses amounted to MSEK 15,377 (12,932), an increase of 18.9%. Adjusted for currency effects, comparable units and restructuring costs, operating expenses fell 4.3%.

Reduced production and the action programs contributed to the decrease in costs.

Income before capital gains was MSEK –649 (–1,613). Nonrecurring items amounting to MSEK –159 were charged to the fourth quarter.

Excluding the items mentioned above, income before capital gains amounted to MSEK –490 (–1,613) for the quarter.

The SAS Group's Turnaround

The airline industry was characterized by overcapacity and restructuring requirements long before September 11, 2001. The events of autumn 2001 clarified and exacerbated the profitability problems already facing the industry

The weaker market situation and intensifying competition meant that all airlines in the SAS Group, primarily Scandinavian Airlines, must adapt to a new business environment with new customer behavior. Against this background, the SAS Group initiated two earnings improvement programs within the framework of what is called Turnaround. The main aim for Turnaround is to raise competitiveness and strengthen profitability.

The assessment is, however, that in view of the weak market development and intensifying competition, additional restructuring measures will be carried out in order to meet the targets for profitability and long-term competitiveness.

Short-term measures

Implementation of the short-term measures started at the end of 2001. These measures were carried out according to plan and this program is now completed. In the full year 2002 the short-term measures had an impact of approximately MSEK 3,400. The full effect of these measures will occur in 2003.

Short-term measures 2002/2003

	Gross full-year effect	Est. earnings impact at Dec. 31, 2002
Scandinavian Airlines:		
Capacity reductions	500	500
Revenue enhancements	2,200	0 *
Cost reductions	2,400	1,700
Total Scandinavian Airlines	5,100	2,200
Other group companies	1,300	1,200
Total short-term measures	6,400	3,400 *

* Revenue enhancements of MSEK 2,200, comprising a surcharge of USD 4/passenger/flight and a general price increase of 5%, were offset by higher insurance costs and a negative passenger mix. The net earnings impact is therefore close to zero.

Restructuring measures

In order to restore profitability, restructuring measures were introduced within the SAS Group at the beginning of 2002. During 2002 major work has been carried out to validate the restructuring measures for the SAS Group. This meant that the original target level of MSEK 4,000 could be increased to MSEK 6,400 with full effect in 2005. These measures include MSEK 1,600 in revenue enhancements and MSEK 4,800 in cost reductions.

Breakdown of restructuring measures 2004/2005

SAS Group including Scandinavian Airlines and Airline Support Businesses	
Management and administration	MSEK 1,200
Scandinavian Airlines	
Production concept	MSEK 1,600
Commercial strategies (revenue enhancement incl. MSEK 800)	MSEK 1,200
Distribution and sales incl. SAS World Sales (revenue enhancement incl. MSEK 800)	MSEK 1,300
Additional measures within the business area Airline Support Businesses	
Scandinavian Ground Services	MSEK 500
SAS Technical Services	MSEK 600
Total restructuring measures	MSEK 6,400

Management and administration
Within overhead, support and administration as well as other group functions, a reduction of costs within the Group of 30% is being carried out which will almost have its full effect in 2003. The reduction is being achieved through a reduced level of ambition and increased productivity.

Production concept - Scandinavian Airlines
The new production concept was introduced on October 27, 2002, with the new winter traffic program. The improvements include increased aircraft utilization, reducing turnaround time by 5-10 minutes and higher productivity through more effective utilization of aircraft within the different route sectors. Pilot hours on an annual basis net excluding redundancies will increase from 490 hours to 600 hours and the equivalent for cabin crew from 540 hours to 600 hours within Scandinavian Airlines as a first sub-target.

Commercial strategies- Scandinavian Airlines
Within the area commercial strategies a new aircraft configuration with approximately 7% more seats will be introduced. Within SAS EuroBonus the commercial partner cooperation will be extended.

Distribution and sales - Scandinavian Airlines
Within distribution and sales the call center structure will be simplified. The goal is also to raise Internet sales from approximately 1% today to 25% and to increase ticketless travel to 50% by 2004. The goal for Internet check-in is 20% in 2005.

Scandinavian Ground Services (SGS)
Within Scandinavian Ground Services most of the savings will come from reduced traffic peaks through the introduction of the new traffic system, increased automation at check-in, and generally increased efficiency within passenger service.

SAS Technical Services (STS)
Within STS more seasonally adjusted technical maintenance will release capacity and therefore allow cost savings. A central warehouse for materials will be introduced, which will release capital.

Implementation rate
Implementation of the restructuring measures is under way and the effect in 2003 is expected to be approximately MSEK 3,000. All measures will be carried out in 2004 at the latest. The net effect in 2004 is expected to be MSEK 5,500 and the full effect, MSEK 6,400, is expected to be achieved in 2005.

Implementation of the restructuring measures is proceeding entirely according to plan
Implementation of the restructuring measures went according to plan in 2002. This applies both to the number of started and completed activities and to the financial impact. In 2002, 23% of the activities, corresponding to 43% of the full-year effect in 2003 and 28% of the full-year effect in 2005, were carried out. In 2003, it is planned to complete 80% of the activities.

Restructuring measures will lead to a surplus of a total of 2,700 positions. In 2002, the number of positions was reduced by 1,200. The remaining redundancies, 1,500 positions, will be handled in stages in 2003 and 2004 in pace with introduction of the restructuring measures.

Cost provisions
As a result of redundancies, provisions were made in the fourth quarter of 2002 to cover work-free notice periods, early retirement pensions and other agreements for redundant employees.

Investments

The SAS Group's investments, including prepayments, amounted to MSEK 10,054 (11,374) for the year. Scandinavian Airlines and Airline Support accounted for MSEK 7,763 (10,227) of investments, Subsidiary & Affiliated Airlines for MSEK 1,618 (429), Airline Related Businesses for MSEK 408 (498) and the Hotels business area for MSEK 265 (220). Investments in aircraft and other flight equipment totaled MSEK 8,014 (5,141).

At the end of December 2002, the sum of future investments, CAPEX, in the SAS Group amounted to MUSD 480.

Firm orders for aircraft, 2003-2006>:

SAS Group	**Total**	2003	2004	2005	2006>
CAPEX (MUSD)	**480**	175	126	146	33
Number of aircraft	**12**	4	2	5	1

Scandinavian Airlines	**Total**	2003	2004	2005	2006>
CAPEX (MUSD)	**420**	145	96	146	33
Number of aircraft	**10**	3	1	5	1

SAS Group's total aircraft fleet

	Owned Dec 31	Leased in	**Total Dec 31**	Leased out	Order
Airbus A340-300	5	2	**7**		
Airbus A330-300	1	1	**2**		2
Airbus A321-200	8	4	**12**		5
Airbus A320		6	**6**		10
Boeing 767-300	3	6	**9**		
Boeing 737-400		5	**5**		
Boeing 737-500		14	**14**		
Boeing 737-600	12	18	**30**		
Boeing 737-700	8	6	**14**		
Boeing 737-800	14	5	**19**	4	4
Boeing 717		4	**4**		
Douglas MD-81	5	10	**15**		
Douglas MD-82	17	26	**43**		
Douglas MD-83	2	23	**25**		
Douglas MD-87	10	6	**16**		
Douglas MD-90-30	8		**8**		
Douglas DC-9-41		5	**5**		
Avro RJ-85		5	**5**		
Embraer ERJ 145		3	**3**		
Fokker F28	7		**7**		
Fokker F50	7		**7**	2	
deHavilland Q100	16	1	**17**		
deHavilland Q300		9	**9**		
deHavilland Q400	10	17	**27**		
SAAB 2000		5	**5**		
Total	**133**	**181**	**314**	**6**	**21**
Breakdown of Group's fleet by airline:					
Scandinavian Airlines	113	86	**199**	6	10
Spanair		49	**49**		11
Braathens	4	23	**27**		
Widerøe	16	13	**29**		
Air Botnia		10	**10**		

Financial position

The SAS Group's liquid assets at December 31, 2002, amounted to MSEK 10,721 (11,662). As per today's date, the Group has unutilized loan commitments totaling MUSD 952.

The equity/assets ratio at December 31, 2002, was 23% (25%). The lower equity/assets ratio can be attributed to a reduction in the Group's shareholders' equity and the increased total assets. The increase in total assets is mainly due to consolidation of Spanair and investments in new aircraft. The SAS Group's target is an equity/assets ratio of at least 30% and a debt/equity ratio of less than 50%. Net debt amounted to MSEK 11,574, an increase of MSEK 3,922 since year-end 2001. The financial net debt amounted to MSEK 17,872 (12,824). The net debt was expected to reach its highest level in 2002 and then to decrease. The change since year-end 2001 is mainly due to the investment program in new aircraft and consolidation of Spanair as a subsidiary. Cash flow from operations for the period January-December was positive, MSEK 1,818 (–817). Cash flow for the fourth quarter was MSEK –61 (–1,224).

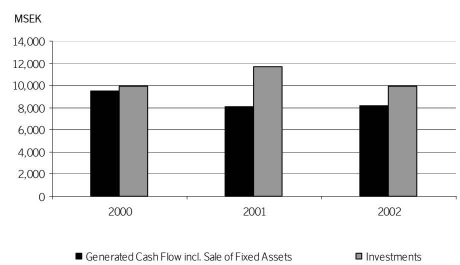
Investments and sales of fixed assets reached a net amount of MSEK 3,684 (2,636) during the period.

The SAS Group has had large surplus values in its aircraft fleet for several years. The size of these surplus values mainly depends on the market value of aircraft, the depreciation rate chosen, and the SEK/USD exchange rate.

The estimated surplus value of the aircraft fleet owned by the SAS Group amounted to MSEK 925 (1,751) at December 31, 2002. The decline in surplus values since December 2001 is due to continued overcapacity. A higher supply of aircraft in the secondhand market following the events of September 11, 2001, has led to pressure on prices. At the same time the USD/SEK exchange rate decreased by about 17% in 2002 which had a negative impact on surplus values in SEK.

Since market uncertainty makes it difficult to set accurate market values, the SAS Group's estimated surplus value from and including the second quarter of 2002 is based on the average of three external valuations.

Cash flow and investments



Personnel

The average number of employees in the SAS Group during the period January-December 2002 was 35,506 (31,035) of whom 7,556 (22,364) in Scandinavian Airlines, 6,392 (1,530) in Subsidiary & Affiliated Airlines, 13,188 (-) in Airline Support Businesses, 4,188 (4,038) in Airline Related Businesses, 3,117 (3,103) in Hotels and 1,065 for groupwide functions. The number of employees for 2002 includes Braathens and Spanair with 5,310.

Accounting principles

SAS AB's and the Group's year-end report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendations (RR20). The accounting principles are the same as those applied in the latest annual report.

SAS Group

Summary statement of income

(MSEK)	October-December 2002	October-December 2001	January-December 2002	January-December 2001
Operating revenue	**16,709**	12,810	**64,944**	51,433
Payroll expenses	**-6,311**	-4,825	**-22,352**	-17,792
Other operating expenses	**-9,066**	-8,107	**-35,298**	-30,473
Operating income before depreciation and leasing costs, EBITDAR	**1,332**	-122	**7,294**	3,168
Leasing costs	**-887**	-658	**-3,747**	-2,425
Operating income before depreciation, EBITDA	**445**	-780	**3,547**	743
Depreciation	**-806**	-711	**-2,953**	-2,443
Share of income in affiliated companies	**-72**	-98	**-409**	-70
Income from the sale of shares in subsidiaries and affiliated companies	**-13**	1	**817**	-24
Income from the sale of aircraft and buildings	**139**	465	**-320**	1,165
Operating income, EBIT	**-307**	-1,123	**682**	-629
Income from other shares and participations	**-160**	0	**-180**	1
Net financial items	**-216**	-24	**-952**	-512
Income before tax, EBT	**-683**	-1,147	**-450**	-1,140
Tax	**370**	155	**267**	103
Minority interests	**29**	-5	**51**	-27
Income after tax	**-284**	-997	**-132**	-1,064
Earnings per share (SEK)[1]	**-1.73**	-6.16	**-0.81**	-6.65

[1]) Earnings per share is calculated on a weighted average of shares outstanding (RR18), October - December 164,500,000 (161,816,396) and January – December 163,747,100 (160,018,622)

Operating revenue and income by business area

Operating revenue (MSEK)	October-December 2002	October-December 2001	January-December 2002	January-December 2001
Scandinavian Airlines	**9,336**	10,049	**37,163**	41,166
Subsidiary & Affiliated Airlines	**4,648**	858	**17,525**	3,123
Airline Support Businesses	**5,493**		**20,628**	
Airline Related Businesses	**1,595**	2,307	**6,052**	8,148
Hotels	**971**	949	**3,570**	3,510
Groupwide and eliminations	**-5,334**	-1,353	**-19,994**	-4,514
Total operating revenue	**16,709**	12,810	**64,944**	51,433

Operating income before depreciation, EBITDA (MSEK)	October-December 2002	October-December 2001	January-December 2002	January-December 2001
Scandinavian Airlines	**574**	-1,028	**1,613**	-430
Subsidiary & Affiliated Airlines	**166**	101	**1,382**	317
Airline Support Businesses	**148**		**796**	
Airline Related Businesses	**73**	96	**471**	602
Hotels	**21**	71	**186**	274
Groupwide and eliminations	*) **-537**	-20	*) **-901**	-20
Operating income before depreciation, EBITDA	**445**	-780	**3,547**	743

Operating income, EBIT (MSEK)	October-December 2002	October-December 2001	January-December 2002	January-December 2001
Scandinavian Airlines	**312**	-1 118	**-68**	-1,049
Subsidiary & Affiliated Airlines	**2**	-65	**484**	49
Airline Support Businesses	**16**		**286**	
Airline Related Businesses	**-14**	-42	**134**	157
Hotels	**-12**	118	**102**	230
Groupwide and eliminations	*) **-611**	-16	*) **) **-256**	-16
Operating income, EBIT	**-307**	-1 123	**682**	-629

*) Includes restructuring costs of MSEK 382.
**) Includes capital gain from the sale of SMART, MSEK 811.

SAS Group

Summary balance sheet

(MSEK)	**December 31 2002**	December 31 2001
Aircraft and spare parts	**27,256**	22,076
Other noninterest-bearing assets	**21,346**	22,214
Interest-bearing assets (excl. liquid assets)	**7,487**	6,810
Liquid assets	**10,721**	11,662
Assets	**66,810**	62,762
Shareholders' equity	**15,188**	15,544
Minority interests	**166**	263
Deferred tax liability	**3,606**	3,856
Subordinated debenture loan	**915**	920
Other interest-bearing liabilities	**28,867**	25,204
Operating liabilities	**18,068**	16,975
Shareholders' equity and liabilities	**66,810**	62,762
Shareholders' equity		
Opening balance	**15,544**	17,520
New issue	**197**	-
Dividend to shareholders	**-**	-754
Change in translation difference	**32**	140
Share conversion	**-**	-298
Effect of consolidation of affiliated companies	**-389**	-
Income after tax	**-132**	-1 064
Closing balance	**15,188**	15,544
Equity per share (SEK) [1]	**92.33**	96.06

1) Calculated on 164,500,000 shares for 2002 and on 161,816,396 shares for 2001.

Cash flow statement

	October-December		**January-December**	
(MSEK)	**2002**	2001	**2002**	2001
Income before tax	**-683**	-1,147	**-450**	-1,140
Depreciation	**806**	711	**2,953**	2,443
Income from the sale of fixed assets	**-325**	-854	**-1,075**	-1,826
Adjustment for items not included in cash flow, etc.	**294**	104	**663**	-94
Paid tax	**-153**	-38	**-273**	-200
Cash flow from operations	**-61**	-1,224	**1,818**	-817
Change in working capital	**1,315**	1,129	**320**	467
Net financing from operations	**1,254**	-95	**2,138**	-350
Investments including prepayments to aircraft suppliers	**-2,848**	-4,355	**-9,654**	-10,850
Investments in subsidiaries	**-54**	-826	**-265**	-826
Sale of subsidiaries	**-**	-	**733**	-
Sale of fixed assets, etc.	**2,547**	5,062	**5,322**	8,382
Financing surplus/deficit	**899**	-214	**-1,726**	-3,644
New issue	**-**	-	**197**	-
Dividend	**-**	-	**-**	-754
External financing, net	**-660**	4,115	**588**	7,081
Change in liquid assets according to balance sheet	**239**	3,901	**-941**	2,683

SAS Group

Summary of income by quarter

	2000		2001					**2002**				
	OCT-	FULL YEAR	JAN-	APR-	JUL-	OCT-	FULL YEAR	**JAN-**	**APR-**	**JUL-**	**OCT-**	**FULL YEAR**
(MSEK)	DEC	JAN-DEC	MAR	JUN	SEP	DEC	JAN-DEC	**MAR**	**JUN**	**SEP**	**DEC**	**JAN-DEC**
Operating revenue	12,809	47,540	12,137	13,811	12,675	12,810	51,433	**13,775**	**17,868**	**16,592**	**16,709**	**64,944**
Payroll expenses	-3,701	-14,932	-4,083	-4,570	-4,314	-4,825	-17,792	**-5,209**	**-5,497**	**-5,335**	**-6,311**	**-22,352**
Other operating expenses	-7,294	-27,000	-6,883	-8,004	-7,479	-8,107	-30,473	**-7,982**	**-9,123**	**-9,127**	**-9,066**	**-35,298**
Operating income before depreciation and leasing costs, EBITDAR	1,814	5,608	1,171	1,237	882	-122	3,168	**584**	**3,248**	**2,130**	**1,332**	**7,294**
Leasing costs	-509	-1,898	-509	-579	-679	-658	-2,425	**-878**	**-1,050**	**-932**	**-887**	**-3,747**
Operating income before depreciation, EBITDA	1,305	3,710	662	658	203	-780	743	**-294**	**2,198**	**1,198**	**445**	**3,547**
Depreciation	-749	-2,192	-576	-565	-591	-711	-2,443	**-651**	**-715**	**-781**	**-806**	**-2,953**
Share of income in affiliated companies	-49	-1	35	36	-43	-98	-70	**-328**	**-12**	**3**	**-72**	**-409**
Income from the sale of shares in subsidiaries and affiliated companies	1,016	1,033	5	-31	1	1	-24	**0**	**1**	**829**	**-13**	**817**
Income from the sale of aircraft and buildings	228	490	122	201	377	465	1,165	**-133**	**-118**	**-208**	**139**	**-320**
Operating income, EBIT	1,751	3,040	248	299	-53	-1,123	-629	**-1,406**	**1,354**	**1,041**	**-307**	**682**
Income from the sale of other shares and participations	4	15	1	0	0	0	1	**0**	**-24**	**4**	**-160**	**-180**
Net financial items	-34	-226	-209	-119	-160	-24	-512	**-40**	**-291**	**-405**	**-216**	**-952**
Income before tax, EBT	1,721	2,829	40	180	-213	-1,147	-1,140	**-1,446**	**1,039**	**640**	**-683**	**-450**
Tax	-383	-699	-27	-28	3	155	103	**99**	**-100**	**-102**	**370**	**267**
Minority interests	10	5	0	-24	2	-5	-27	**25**	**29**	**-32**	**29**	**51**
Income after tax	1,348	2,135	13	128	-208	-997	-1,064	**-1,322**	**968**	**506**	**-284**	**-132**

Key figures	**December 31 2002**	December 31 2001
EBITDAR margin[1]	**11%**	6%
EBIT margin[2]	**1%**	-1%
CFROI[3]	**13%**	7%
Return on equity	**-1%**	-6%
Equity/assets ratio	**23%**	25%
Net debt, MSEK[4]	**11,574**	7,652
Financial net debt, MSEK[5]	**17,872**	12,824
Debt/equity ratio[6]	**1.16**	0.81
Interest coverage ratio[7]	**0.8**	0.0

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 Operating income plus financial income in relation to financial expenses.

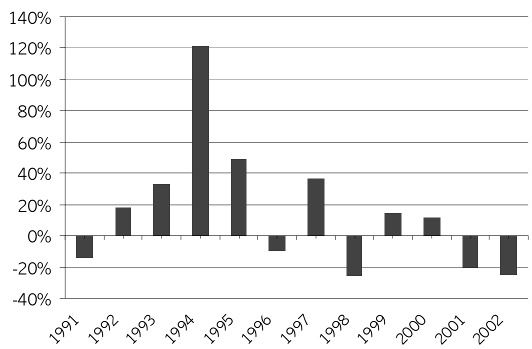
The SAS Group's objectives

Total shareholder return target

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 January-December 2002 SAS's market capitalization fell by 25.3%.

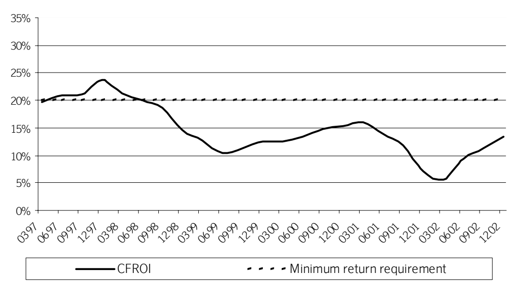
Annual total return on SAS shares
(Share price appreciation including dividends)



Cash flow return on investments, 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 values)



In 2002, the Group generated income before net financial items, tax, depreciation, capital gains and operating lease costs for aircraft (EBITDAR) of MSEK 7,294 (3,168). Set in relation to adjusted capital employed, CFROI was 13% (7%), which is 7 percentage points below target.

The SAS Group's target is within 2-3 years (2004/2005) to reach an EBT of MSEK 5,000-6,000.

Income and capital concepts included in CFROI

(MSEK)	**2002**	2001
Income		
Income before depreciation, EBITDA	**3,547**	743
+ Operating lease costs, aircraft	**3,747**	2,425
EBITDAR	**7 294**	3,168
Adjusted capital employed (average)		
+ Shareholders' equity	**14,890**	16,887
+ Minority interests	**71**	218
+ Surplus value, aircraft	**1,318**	4,638
+ Capitalized leasing costs (x 7)*	**22,049**	14,930
- Equity in affiliated companies	**-803**	-1,087
+ Financial net debt	**16,905**	8,661
Adjusted capital employed	**54,430**	44,247
CFROI	**13%**	7%

*The majority of SAS's operating leases are so-called phasing out leases with a remaining term of less than two years. In the capital market the calculation model 7 times the annual cost is used regardless of the term of the leases. NPV (Net Present Value) at the end of December amounted to MSEK 12,749 (8,773). Average NPV for the 12-month period amounted to MSEK 11,302 (5,115).

Parent Company SAS AB

Reported income before tax for the period was MSEK –84 (103).

Available liquidity for SAS AB at December 31 amounted to MSEK 1 compared with MSEK 0 at the beginning of the year.

A directed new issue of 2,683,604 shares was carried out in April. The issue was made at a subscription price of SEK 74 SEK per share, a total of MSEK 200. The share capital increased by MSEK 27 to MSEK 1,645 represented by 164,500,000 shares and the remaining MSEK 172 was allocated to a premium reserve.

The number of shareholders in SAS AB totaled 19,811 at December 31, 2002.

Statement of income	**January – December**	
(MSEK)	**2002**	2001
Operating revenue	**-**	-
Operating expenses	**-22**	-7
Operating income	**-22**	-7
Net financial items	**-62**	110
Income before tax	**-84**	103
Tax	**+32**	0
Income after tax	**-52**	103

Balance sheet	**Dec 31**	Dec 31
(MSEK)	**2002**	2001
Fixed assets	**3,102**	3,022
Current assets	**2**	128
Total assets	**3,104**	3,150
Shareholders' equity	**1,865**	1,721
Long-term liabilities	**1,091**	1,278
Current liabilities	**148**	151
Total shareholders' equity and liabilities	**3,104**	3,150

Shareholders' equity (MSEK)		
Restricted equity		
Share capital	**1,645**	1,618
Premium reserve	**170**	-
Statutory reserve	**10**	-
Unrestricted equity		
Profit brought forward	**92**	-
Net income for the period	**-52**	103
Total shareholders' equity	**1,865**	1,721

Proposed dividend for 2002

In the present circumstances, with negative earnings in operations and uncertainty regarding market development in the airline industry, financial strength is of decisive importance.

The Board of Directors therefore proposes that no dividend be paid to SAS AB's shareholders for the 2002 fiscal year.

Outlook for the full year2003

In its traffic statistics for November 2002 to January 2003, the SAS Group has reported weak demand with a lower yield due to the economic downturn in Scandinavia and Europe.

The weak economic climate is expected to continue in 2003 and, combined with the uncertain global political situation, a continued pressure on revenues is anticipated.

Implementation of the Turnaround program is proceeding as planned. The short-term measures have now been completed. The restructuring measures now being carried out are extensive and will have a cumulative impact in 2003. The measures are insufficient, however, for achievement of the goals for long-term profitability and competitiveness. Additional restructuring measures will therefore be carried out designed to strengthen the positions of the Group's airlines in the future.

Against the background of the uncertain global political situation and the difficult market situation, the SAS Group is, under present conditions, not issuing a detailed assessment of earnings for the full year 2003.

Stockholm, February 12, 2003
SAS AB

Jørgen Lindegaard
President and CEO

This report has not been reviewed by the Company's auditors.

Scandinavian Airlines

Market and passenger development

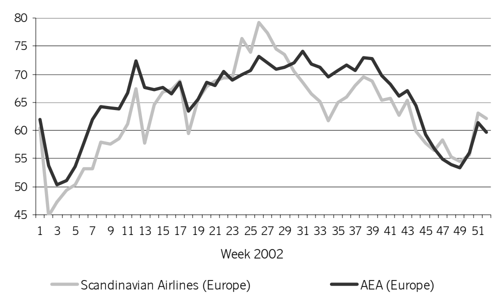
Yield and market conditions

Despite generally improved cabin factors, the air traffic market was characterized in the fourth quarter by price initiatives and campaigns. The pressure on unit revenues (yield) continued in the fourth quarter and yield adjusted for currency effects fell by 11.8%. A large part of the decline in yield was explained by Scandinavian Airlines' increased capacity in intercontinental traffic with longer distances flown which generally have a far lower yield. Yield on the key European routes fell 3.7% in the fourth quarter.

Scandinavian Airlines' passenger traffic (RPK) decreased within Scandinavia and Europe but showed strong growth on the intercontinental routes. Overall, traffic increased in 2002 by 1.1%. In the fourth quarter, traffic rose 7.2%. Capacity (ASK) decreased by 4.0% in 2002 and in the fourth quarter by 2.1% due to fewer frequencies and suspended routes. In total the cabin factor rose by 5.6 percentage points in the fourth quarter to 65.6%.

Passenger revenue in January-December amounted to MSEK 33,016, which adjusted for currency effects is 3.5% lower than in the previous year. In the fourth quarter alone passenger revenue decreased by 8.3% to MSEK 7,617.

Cabin factor



Traffic development

Scandinavian Airlines increased its market shares of total international traffic in 2002. For the airlines within the Association of European Airlines (AEA) international traffic decreased in the fourth quarter by about 3.9% and by 6.9% for the full year 2002. Scandinavian Airlines' total international traffic rose in the fourth quarter by approximately 11.2% and by 12.2% for the full year, mainly due to phasing in of the new Airbus A340/A330 on the intercontinental routes. For traffic within Europe, traffic for AEA rose by about 7.8% in the fourth quarter but fell 4.7% for the full year 2002. Scandinavian Airlines' traffic rose 4.1% in the fourth quarter and by 1.6% for the full year.

For traffic within Europe, Scandinavian Airlines' cabin factor was 2.1 percentage points lower than the AEA companies in 2002. During the year, Scandinavian Airlines improved its cabin factor by 5.6 percentage points compared with a 3.2 percentage points improvement for AEA, which is in line with the adopted strategy.

Intercontinental traffic

Scandinavian Airlines' intercontinental traffic showed very strong development in 2002 as a result of the introduction of the new long-haul aircraft the Airbus A340/A330. Traffic increased by 18.4% in 2002 despite the closure of the route to New Delhi on February 1 and by 32.9% in the fourth quarter. The cabin factor rose by 4.8 percentage points to 83.3% in 2002 and by 8.1 percentage points to 79.1% in the fourth quarter. The currency adjusted yield decreased by 4.1% in 2002 and by 4.3% in the fourth quarter, mainly because the Airbus A340 has a larger proportion of Economy Class than the Boeing 767.

European traffic

Traffic on European routes was weak and fell 4.6% in 2002. In the fourth quarter, traffic decreased by 0.8% despite weak comparative figures for 2001. Capacity has been adjusted to the lower demand and decreased by 9.4% in 2002 and by 4.7% in the fourth quarter. The cabin factor rose in 2002 to 61.5% which is 3 percentage points higher than in 2001. Yield fell 1.3% during the year.

Intra-Scandinavian traffic

The weakening of the Scandinavian economies and reduced capacity have affected the intra-Scandinavian routes which decreased by 7.7% in 2002 and by 12.4% in the fourth quarter. Capacity decreased by 5.6% in 2002 and by 11.8% in the fourth quarter. The substantially reduced capacity in the fourth quarter was mainly due to the closure of a number of destinations from southern Sweden to Copenhagen and fewer frequencies. The cabin factor fell during the year by 1.3 percentage points and by 0.3 percentage points in the fourth quarter.

Scandinavian domestic traffic

Danish domestic traffic was affected by the fact that traffic to/from Greenland was discontinued in the fourth quarter. Traffic decreased by 27.7% in the fourth quarter and capacity decreased by 25.4%. The cabin factor fell by 1.8 percentage points to 55.0% compared with 2001.

On Norwegian domestic routes traffic decreased by 27.7% and capacity by 28.2% in the fourth quarter. This decline is largely explained by adjustments between Braathens' and Scandinavian Airlines' traffic systems on April 2, 2002, which means that Scandinavian Airlines mainly serves southern Norway. The cabin factor rose to 54.1% which is an increase of 0.4 percentage points compared with the fourth quarter of 2001.

Traffic on Swedish domestic routes was characterized by a weak economic development throughout 2002. On October 28, Scandinavian Airlines discontinued its services to Kristianstad and Skellefteå. Traffic decreased by 5.4% in the fourth quarter and capacity by 16.2%. During the period, Scandinavian Airlines had a number of attractive campaigns designed to stimulate travel. The cabin factor rose sharply by 7.5 percentage points to 65.5%.

Scandinavian Airlines - Traffic, production and yield

		October-December			January-December		
		2002	2001	change	**2002**	2001	change
SAS Total							
Number of passengers	(000)	**5,155**	5,300	-2.7%	**21,866**	23,063	-5.2%
Revenue passenger km (RPK)	(mill)	**5,463**	5,097	+7.2%	**23,212**	22,956	+1.1%
Available seat km (ASK)	(mill)	**8,334**	8,509	-2.1%	**34,096**	35,521	-4.0%
Cabin factor		**65.6%**	59.9%	+5.6%pts.	**68.1%**	64.6%	+3.5%pts.
Yield, currency adjusted				-11.8%			-4.6%
Intercontinental routes							
Number of passengers	(000)	**357**	270	+32.2%	**1,420**	1,220	+16.4%
Revenue passenger km (RPK)	(mill)	**2,429**	1,827	+32.9%	**9,783**	8,264	+18.4%
Available seat km (ASK)	(mill)	**3,071**	2,574	+19.3%	**11,748**	10,526	+11.6%
Cabin factor		**79.1%**	71.0%	+8.1%pts.	**83.3%**	78.5%	+4.8%pts.
Yield, currency adjusted				-4.3%			-4.1%
European routes							
Number of passengers	(000)	**1,736**	1,716	+1.2%	**7,604**	7,838	-3.0%
Revenue passenger km (RPK)	(mill)	**1,706**	1,719	-0.8%	**7,570**	7,937	-4.6%
Available seat km (ASK)	(mill)	**2,978**	3,126	-4.7%	**12,316**	13,588	-9.4%
Cabin factor		**57.3%**	55.0%	+2.3%pts.	**61.5%**	58.4%	+3.0%pts.
Yield, currency adjusted				-3.7%			-1.3%
Intra-Scandinavian routes							
Number of passengers	(000)	**792**	918	-13.7%	**3,638**	4,003	-9.1%
Revenue passenger km (RPK)	(mill)	**379**	432	-12.4%	**1,754**	1,900	-7.7%
Available seat km (ASK)	(mill)	**723**	820	-11.8%	**3,156**	3,343	-5.6%
Cabin factor		**52.4%**	52.7%	-0.3%pts.	**55.6%**	56.8%	-1.3%pts.
Yield, currency adjusted				-1.5%			+1.6%
Danish domestic/ Greenland							
Number of passengers	(000)	**211**	220	-3.8%	**877**	955	-8.1%
Revenue passenger km (RPK)	(mill)	**50**	69	-27.7%	**313**	365	-14.2%
Available seat km (ASK)	(mill)	**91**	122	-25.4%	**529**	559	-5.4%
Cabin factor		**55.0%**	56.8%	-1.8%pts.	**59.2%**	65.3%	-6.0%pts.
Yield, currency adjusted				+26.0%			+10.4%
Norwegian domestic *)							
Number of passengers	(000)	**814**	864	-5.8%	**3,557**	3,839	-7.3%
Revenue passenger km (RPK)	(mill)	**303**	419	-27.7%	**1,467**	1,962	-25.2%
Available seat km (ASK)	(mill)	**559**	779	-28.2%	**2,523**	3,300	-23.5%
Cabin factor		**54.1%**	53.8%	+0.4%pts.	**58.1%**	59.5%	-1.3%pts.
Yield, currency adjusted				+11.0%			+26.6%
Swedish domestic							
Number of passengers	(000)	**1,245**	1,311	-5.1%	**4,770**	5,209	-8.4%
Revenue passenger km (RPK)	(mill)	**597**	631	-5.4%	**2,326**	2,528	-8.0%
Available seat km (ASK)	(mill)	**912**	1,088	-16.2%	**3,824**	4,204	-9.0%
Cabin factor		**65.5%**	58.0%	+7.5%pts.	**60.8%**	60.1%	+0.7%pts.
Yield, currency adjusted				-6.4%			+1.0%

*) Reduction in traffic and production and increase in yield are due to redistribution of Norwegian domestic routes between Scandinavian Airlines and Braathens.

Statement of income - Scandinavian Airlines

	October-December		January-December	
(MSEK)	**2002**	2001	**2002**	2001
Passenger revenue	**7,617**	8,307	**33,016**	34,108
Freight revenue	**0**	0	**0**	856
Other traffic revenue	**877**	175	**2,509**	1,313
Other revenue	**842**	1,567	**1,638**	4,889
Operating revenue	**9,336**	10,049	**37,163**	41,166
Payroll expenses	**-1,729**	-3,647	**-6,622**	-13,540
Selling costs	**-1,230**	-566	**-5,322**	-2,324
Jet fuel	**-814**	-898	**-3,184**	-4,030
Government user fees	**-803**	-933	**-3,553**	-3,842
Catering costs	**-314**	-391	**-1,389**	-1,647
Handling costs	**-1,267**	-490	**-5,348**	-1,863
Technical aircraft maintenance	**-1,441**	-595	**-5,131**	-2,542
Data and telecommunications costs	**-132**	-405	**-457**	-1,538
Other operating expenses	**-681**	-2,552	**-2,842**	-8,038
Operating expenses	**-8,411**	-10,477	**-33,848**	-39,364
Income before depreciation and leasing costs, EBITDAR	**925**	-428	**3,315**	1,802
Leasing costs	**-351**	-600	**-1,702**	-2,232
Income before depreciation, EBITDA	**574**	-1,028	**1,613**	-430
Depreciation	**-366**	-537	**-1,312**	-1,785
Share of income in affiliated companies	**16**	15	**67**	66
Capital gains	**88**	432	**-436**	1,100
Operating income, EBIT	**312**	-1,118	**-68**	-1,049

The business area in brief

The former business area SAS Airline, which included SAS World Sales, SAS Technical Services and Scandinavian Ground Services, has been restructured and streamlined and the Scandinavian Airlines business area was established on July 1, 2002. The establishment of the business area means that the actual costs of operations are reported more clearly. Handling costs, selling costs and costs for technical aircraft maintenance in SAS Airline only included services purchased externally in 2001. For Scandinavian Airlines in 2002, the total costs are reported including services purchased from the Airline Support Businesses business area.

Earnings trend

Operating income in Scandinavian Airlines showed positive development in the fourth quarter compared with the previous year. Production was 2.0% lower than in 2001 and with a traffic increase of 7.2%, the cabin factor improved by 5.6 percentage points to 65.6%. Yield in the fourth quarter, however, was 11.8% lower than in the same period last year. Passenger revenue was MSEK 7,617 (8,307).

Operating expenses in the fourth quarter of 2002 were lower than in the previous year, due among other things to lower fuel prices as well as lower production and the effects of the action programs.

Income before capital gains amounted to MSEK 224 in the fourth quarter.

Scandinavian Airlines' passenger revenue amounted to MSEK 33,016 (34,108) in the period January-December, a decrease of MSEK 1,092. Passenger revenue decreased, adjusted for currency effects, by 2.9% or MSEK 1,197 due to the fall in yield.

The joint venture agreement, ECA (European Cooperation Agreement), between British Midland, Lufthansa and Scandinavian Airlines is proceeding as previously described. In the period January-December the agreement had a negative earnings impact of MSEK –418 (–335).

Operating expenses decreased in the period January-December, due among other things to the effect of the action programs. Fuel costs had a positive impact, primarily because the fuel price was almost 10% below the 2001 level.

Operating income before depreciation and leasing costs (EBITDAR) amounted to MSEK 3,315 for the period January-December.

Production, expressed in ASK, decreased for the full year by 4%. In view of the deteriorated traffic development since autumn 2001 continuous reductions and redistributions have been made in the traffic program.

Income before capital gains was MSEK 368.

Subsidiary & Affiliated Airlines

Statement of income

(MSEK)	October-December 2002	October-December 2001	January-December 2002	January-December 2001
Passenger revenue	**3,344**	695	**12,762**	2,474
Freight revenue	**73**	12	**255**	46
Charter revenue	**497**	1	**2,679**	3
Other traffic revenue	**198**	6	**378**	16
Other revenue	**536**	144	**1,451**	584
Operating revenue	**4,648**	858	**17,525**	3,123
Payroll expenses	**-1,054**	-247	**-3,923**	-889
Selling costs	**-254**	-30	**-865**	-133
Jet fuel	**-480**	-58	**-1,756**	-224
Government user fees	**-551**	-94	**-2,244**	-340
Catering costs	**-195**	-23	**-781**	-88
Handling costs	**-538**	-87	**-1,169**	-149
Technical aircraft maintenance	**-415**	-51	**-1,084**	-190
Data and telecommunications costs	**-298**	-9	**-624**	-41
Other operating expenses	**-168**	-100	**-1,690**	-559
Operating expenses	**-3,953**	-699	**-14,136**	-2,613
Income before depreciation and leasing costs, EBITDAR	**695**	159	**3,389**	510
Leasing costs	**-529**	-58	**-2,007**	-193
Income before depreciation, EBITDA	**166**	101	**1,382**	317
Depreciation	**-124**	-51	**-479**	-181
Share of income in affiliated companies	**-96**	-86	**-482**	-58
Capital gains	**56**	-29	**63**	-29
Operating income, EBIT	**2**	-65	**484**	49
Income from other shares and participations	**-159**	0	**-159**	0
Net financial items	**-104**	-14	**-205**	-42
Subsidiary & Affiliated Airlines - Income before tax, EBT	**-261**	-79	**120**	7

The Subsidiary & Affiliated Airlines business area comprises the airline Spanair, which conducts both charter and scheduled traffic within and outside Spain, and Braathens which conducts traffic both within and outside Norway. The business area also includes the Norwegian regional airline Widerøe's Flyveselskap with its base in Norway, and Air Botnia which conducts airline operations based in the Finnish market.

airBaltic, Air Greenland, Cimber Air, British Midland and Skyways are minority owned airlines that are also part of the business area.

The business area's operating revenue corresponds to approximately 21% of the SAS Group's total operating revenue.

For the 12-month period the business area reported income before capital gains of MSEK 57 (36). In the fourth quarter the result was MSEK –317 (–50). In the fourth quarter a write-down of participations in Cimber Air is included with MSEK 91.

The affiliated company **British Midland**, 20% holding, provided a share of income of MSEK –95 (49). Earnings for the period were charged with a MSEK –22 adjustment relating to the previous year.

Spanair was consolidated from March 1, 2002, as a subsidiary in the SAS Group. The months March-December were charged with goodwill amortization of MSEK 36. Spanair is included as a share of income for the period November 1, 2001 – February 28, 2002, with MSEK –300.

Goodwill amortization for **Braathens** was charged against earnings with MSEK 43 for the period January-December.

Spanair

(MSEK)	March-Dec. 2002	March-Dec 2001 [1]
Passenger revenue	**3,893**	4,080
Other revenue	**2,621**	2,339
Total revenue	**6,514**	6,419
Payroll expenses	**-943**	-873
Other operating expenses	**-4,587**	-4,703
Total operating expenses	**-5,530**	-5,576
Operating income before depreciation, leasing-costs, EBITDAR	**984**	843
Leasing costs	**-959**	-1,166
Operating income before depreciation, EBITDA	**25**	-323
Depreciation	**-59**	-40
Capital gains	**56**	80
Operating income, EBIT	**22**	-283
Net financial items	**-177**	-168
Income before tax, EBT	**-155**	-451
EBITDAR margin	**15.1%**	13.1%
Number of employees	**2,496**	2,179

[1] Spanair not consolidated in SAS Group – included as income share

Traffic and production		January-December 2002	2001	Change
Scheduled				
No. of passengers	(000)	**5,205**	5,687	-8.5%
Rev. passenger km	(RPK)	**4,329**	5,668	-23.6%
Available seat km	(ASK)	**7,096**	9,434	-24.8%
Cabin factor	%	**61.0%**	60.1%	+0.9%pts
Yield, local currency				26.3%
Charter				
No. of passengers	(000)	**2,241**	2,163	3.6%

Traffic and earnings trend

Spanair's scheduled traffic, measured in RPK, decreased by 23.6% for the full year. Production, ASK, fell 24.8% in the same period. At the same time, the cabin factor rose 0.9 percentage points compared with 2001 to 61.0%. Yield for scheduled traffic, measured in local currency, increased by 26.3% compared with the same period last year. In the domestic market traffic was relocated from routes with low yield to strategically important routes, which provided a large increase in average revenue per passenger. Excluding intercontinental traffic, production rose 1.2% and traffic 4.1% while the cabin factor rose 1.7 percentage points.

Charter traffic for the full year, measured in RPK, fell 2.0%. Production rose 3.0% while the cabin factor decreased by 4.4 percentage points to 85.5%. Charter traffic for March-December amounted to MSEK 2,088. The charter market shows no sign of recovery and cancellations remain very high.

Passenger revenue for the period March-December amounted to MSEK 3,893 (4,080).

EBITDAR for March-December amounted to MSEK 984 (843).

Income before tax for the period March-December amounted to MSEK –155 (–451).

BRAATHENS

(MSEK)	January-December 2002	2001 [1]
Passenger revenue	**6,039**	5,791
Other revenue	**1,331**	1,146
Total revenue	**7,370**	6,937
Payroll expenses	**-1,932**	-2,151
Other operating expenses	**-3,744**	-4,156
Total operating expenses	**-5,676**	-6,307
Operating income before depreciation, leasing-costs, EBITDAR	**1,694**	630
Leasing costs	**-750**	-772
Operating income before depreciation, EBITDA	**944**	-142
Depreciation	**-170**	-223
Capital gains	**0**	10
Operating income, EBIT	**774**	-355
Net financial items	**32**	-20
Income before tax, EBT	**806**	-375
EBITDAR margin	**23.0%**	9.1%
Number of employees	**2,814**	3,770

[1] Braathens not consolidated in the SAS Group

Traffic and production		January-December 2002	2001	Change
Scheduled				
No. of passengers	(000)	**4,148**	5,031	-17.6%
Rev. passenger km	(RPK)	**2,620**	2,713	-3.4%
Available seat km	(ASK)	**4,533**	5,336	-15.0%
Cabin factor	%	**57.8%**	50.8%	+7.0%pts.
Yield, local currency				2.1%
Charter				
No. of passengers	(000)	**357**	265	34.9%

Traffic and earnings trend

Braathens' scheduled traffic, measured in RPK, showed a decrease of 3.4% for the full year and production, ASK, fell by15.0% due to reductions in international traffic. At the same time, the cabin factor rose by 7.0 percentage points to 57.8% compared with 2001. Yield for scheduled traffic rose by 2.1% compared with the same period in the previous year.

Charter traffic, measured in RPK, increased by 50.1% during the year compared with 2001, and the number of passengers rose by 34.9%. Charter traffic amounts to MSEK 590.

Passenger revenue for the full year amounted to MSEK 6,039 (5,791), an increase of 4.6%.

EBITDAR for 2002 was MSEK 1,694 (630).

Income before tax amounted to MSEK 806 (–375).

widerøe

(MSEK)	January-December 2002	2001
Passenger revenue	**1,807**	1,502
Other revenue	**796**	633
Total revenue	**2,603**	2,135
Operating income before depreciation, leasing-costs, EBITDAR	**453**	371
Operating income before depreciation, EBITDA	**306**	254
Operating income, EBIT	**164**	144
Income before tax, EBT	**82**	79
EBITDAR margin	**17.4%**	17.4%
No. of employees	**1,207**	1,227

Traffic and production		January-December 2002	2001	Change
No. of passengers	(000)	**1,501**	1,408	6.6%
Rev. passenger km	(RPK)	**420**	357	17.9%
Available seat km	(ASK)	**818**	712	15.0%
Cabin factor	%	**51.4%**	50.1%	+1.3%pts.
Yield, local currency				-3.8%

Traffic and earnings trend

Traffic, measured in RPK, continued to show strong development in the fourth quarter and increased by 17.9% for the full year. Production, ASK, rose by 15.0%. The cabin factor for the period increased by 1.3 percentage points to 51.4%.

Passenger revenue for the full year, MSEK 1,807, differed favorably from the previous year by 20.3%. This difference is mainly attributable to increased production compared with 2001.

Income before tax amounted to MSEK 82, which is 3.8% better than in the previous year.

Air Botnia

(MSEK)	January-December 2002	2001
Passenger revenue	**1,022**	974
Other revenue	**3**	0
Total revenue	**1,025**	974
Operating income before depreciation, leasing-costs, EBITDAR	**245**	129
Operating income before depreciation, EBITDA	**94**	2
Operating income, EBIT	**83**	-34
Income before tax, EBT	**83**	-33
EBITDAR margin	**23.9%**	13.2%
No. of employees	**291**	303

Traffic and production		January-December 2002	2001	Change
No. of passengers	(000)	**535**	452	18.4%
Rev. passenger km	(RPK)	**332**	254	30.5%
Available seat km	(ASK)	**670**	579	15.8%
Cabin factor	%	**49.5%**	44.0%	+5.6%pts.
Yield, local currency				-19.5%

Traffic and earnings trend

Traffic, measured in RPK, continued its positive development and increased for the full year by 30.5% compared with the previous year. Production, ASK, increased by 15.8% and the cabin factor rose 5.6 percentage points to 49.5%. The total number of passengers increased by 18.4% compared with 2001.

Passenger revenue for the full year amounted to MSEK 1,022 (974), which is 4.9% higher than in the previous year. On an annual basis, yield in local currency fell 19.5%, which was mainly due to a lower proportion of full-fare paying passengers, 39.7%, compared with 2001, 47.7%.

Income before tax amounted to MSEK 83.

Airline Support Businesses

Statement of income

(MSEK)	Oct. –Dec. 2002	Jan. – Dec. 2002
Revenues	5,493	20,628
Operating revenue	**5,493**	**20,628**
Payroll expenses	-1,981	-7,406
Selling costs	-475	-2,006
Handling costs	-299	-1,194
Technical aircraft maintenance	-628	-1,944
Data and telecommunications costs	-666	-2,450
Other operating expenses	-1,296	-4,832
Income before depreciation, EBITDA	**148**	**796**
Depreciation	-132	-501
Share of income in affiliated companies	0	-9
Operating income, EBIT	**16**	**286**

The business area includes the independent business units SAS World Sales, SAS Technical Sales, Scandinavian Ground Services and SAS Cargo Group. The business area's operating revenue accounts for 24% of the SAS Group's total operating revenue before group eliminations.

SAS

SAS World Sales

(MSEK)	January - December 2002
Operating revenue	6,287
of which external operating revenue	10.7%
Operating income before depreciation, EBITDA	183
Operating income, EBIT	127
EBITDA margin	2.9%
Number of employees	2,490

SAS World Sales (SWS) is responsible for sales and distribution on behalf of a number of airlines within and outside the SAS Group. In addition, the sales organization outside Scandinavia supplies administrative services to Scandinavian Ground Services, SAS Technical Services and SAS Cargo. Previously, these operations were an integrated part of Scandinavian Airlines.

Operating revenue for 2002 amounted to MSEK 6,287. Operating income, EBIT, amounted to MSEK 127 for the period.

SAS Technical Services

(MSEK)	January - December 2002
Operating revenue	**5,874**
of which external operating revenue	**13.0%**
Operating income before depreciation, EBITDA	**365**
Operating income, EBIT	**91**
EBITDA margin	**6.2%**
Number of employees	**3,808**

SAS Technical Services (STS) was established in 2002 as a separate business unit within the SAS Group. STS provides technical maintenance for aircraft, engines and other components to Scandinavian Airlines and other airlines within and outside the SAS Group.

Operating revenue for the full year amounted to MSEK 5,874. Operating income, EBIT, for the period was MSEK 91, which is regarded as positive in the present weak market. This result was achieved despite a lower revenue level than planned and costs could be kept down due to the ongoing efficiency enhancement program and a general restraint as regards costs.

Scandinavian Ground Services

(MSEK)	January - December 2002
Operating revenue	**6,083**
of which external operating revenue	**13.1%**
Operating income before depreciation, EBITDA	**48**
Operating income, EBIT	**-87**
EBITDA margin	**0.8%**
Number of employees	**6,891**

Scandinavian Ground Services (SGS) is responsible for the SAS Group's passenger and ramp service on the ground. The business unit is located at some 120 airports worldwide, either through its own ground handling operations or through a representative. The unit has a large number of customers, of which approximately 70 are under contract. The largest customer is Scandinavian Airlines. During the year SGS provided service to 240 different companies.

Operating revenue for the year amounted to MSEK 6,083. Despite major restructuring during 2002 the weak market, combined with nonrecurring effects, had a negative impact on earnings during the year. SGS's operating income amounted to MSEK –87 and excluding nonrecurring effects was MSEK –13.

SAS Cargo

	January-December	
(MSEK)	**2002**	2001
Operating revenue	**2,844**	2,698
of which traffic revenue	**2,269**	2,170
Proportion of external operating revenue	**95.5%**	-
Operating income before depreciation, EBITDA	**47**	-
Operating income, EBIT	**1**	-
Income before tax, EBT	**-4**	-
EBITDA margin	**1.7%**	-
Number of employees	**1,146**	1,180
Flown tonnes	**271,103**	263,431
Tonne km (000)	**928,307**	878,364
Cargo yield, SEK/ tonne km	**2.27**	2.44

[1] Operations conducted as a corporation since June 1, 2001. Since prior to that date the operations were integrated with Scandinavian Airlines, results cannot be disclosed for 2001.

Operating revenue for the year amounted to MSEK 2,844, which exceeds the previous year by 5.4%.

Revenue development to/from the USA remained weak in the fourth quarter, while Asian routes and Scandinavia/Europe were in line with plan.

The average yield, SEK 2.27, was 7% lower than in the previous year. The average load factor amounted to 66.8%, an increase of 1.0 percentage points compared with the previous year.

The Fitness Program, which is an earnings improvement program, has implemented projects which led to savings in excess of plan by the end of December.

Income before tax amounted to MSEK –4 for the full year 2002.

Airline Related Businesses

Statement of income

	October-December		January-December	
(MSEK)	**2002**	2001[1)]	**2002**	2001[1)]
Revenues	**1,595**	2,307	**6,052**	8,148
Operating revenue	**1,595**	2,307	**6,052**	8,148
Payroll expenses	**-574**	-586	**-1,828**	-2,032
Handling costs	**-103**	-39	**-257**	-216
Costs of goods sold incl. concession charges	**-334**	-375	**-1,562**	-1,727
Data and telecommunications costs	**-185**	-308	**-828**	-1,176
Other operating expenses	**-326**	-903	**-1,106**	-2,395
Income before depreciation, EBITDA	**73**	96	**471**	602
Depreciation	**-89**	-99	**-312**	-334
Share of income in affiliated companies	**3**	-40	**-19**	-119
Capital gains	**-1**	1	**-6**	8
Operating income, EBIT	**-14**	-42	**134**	157
Income from other shares and participations	**0**	0	**-27**	0
Net financial items	**-13**	12	**-23**	3
Airline Related Businesses - Income before tax, EBT	**-27**	-30	**84**	160

1) SAS Cargo was part of the business area in 2001.

The Airline Related Businesses business area comprises Scandinavian IT Group, SAS Trading, SAS Flight Academy, Jetpak, European Aeronautical Group, Rampsnake, SAS Media and Travellink. Most of sales are to external customers. Airline Related Businesses accounts for 7% of the SAS Group's operating revenue before group eliminations.

In July, the SAS Group signed an agreement to sell its shareholding in SMART to Amadeus. This transaction was carried out on August 31, following approval by the Swedish Competition Authority. SMART is therefore consolidated in the SAS Group's accounts for the first eight months of the year and included in consolidated operating revenue with MSEK 306 (593), in EBITDA with MSEK 33 (71) and in income before tax with MSEK 3 (95).

SAS

Scandinavian IT Group

	January-December	
(MSEK)	**2002**	2001
Operating revenue	**2,255**	2,463
of which external operating revenue	**6.7%**	3.6%
Operating income before depreciation, EBITDA	**192**	245
Operating income, EBIT	**72**	104
Income before tax, EBT	**70**	96
EBITDA margin	**8.5%**	9.9%
Number of employees	**1,289**	1,274

Scandinavian IT Group's operating revenue for the period amounted to MSEK 2,255 (2,463), which is 8% lower than in the previous year. The decline in revenue can mainly be attributed to lower sales, primarily to Scandinavian Airlines. In 2002, Scandinavian IT Group carried out a cost savings program which considerably reduced costs and thus adapted the company to the changed market conditions for the industry.

Income before tax amounted to MSEK 70 (96).

SAS Trading

(MSEK)	January-December 2002	2001
Operating revenue	**1,964**	2,275
of which external operating revenue	**96.9%**	98.0%
Operating income before depreciation, EBITDA	**13**	38
Operating income, EBIT	**-24**	2
Income before tax EBT	**-34**	-1
EBITDA margin	**0.7%**	1.7%
Number of employees	**471**	658

Operating revenue for the period amounted to MSEK 1,964 (2,275), which is 14% lower than in the previous year. Comparisons with the previous year are affected by the fact that SAS Trading lost the concession with the Civil Aviation Administration in Sweden from July 1, 2002. Comparable stores increased their sales by 5% compared with the previous year.

Arlanda, excluding domestic, and Göteborgs Parfym were phased out on July 1. In the third quarter, SAS Trading won the concession at Torp airport in Norway and for the chocolate stores at Copenhagen airport.

Income before tax amounted to MSEK –34.

The loss of concessions in Sweden, combined with a negative development in the number of air travelers in Scandinavia, are significant reasons for the decline in both operating revenue and earnings during the year.

SAS Flight Academy

(MSEK)	January-December 2002 1)	2001
Operating revenue	**568**	627
of which external operating revenue	**30.6%**	35.4%
Operating income before depreciation, EBITDA	**139**	150
Operating income, EBIT	**44**	62
Income before tax, EBT	**36**	56
EBITDA margin	**24.5%**	23.9%
Number of employees	**200**	200

1) Excluding NAC

Operating revenue for the period January-December amounted to MSEK 568 (627).

The negative trend seen in the autumn has continued.

Sales to customers outside the SAS Group decreased by 5 percentage points for the period. The industry is still characterized by low demand for type training since the airlines do not need to recruit new people.

SAS Flight Academy (SFA) sold its 60% shareholding in Norwegian Aviation College (NAC) to the SAS Consortium in December. This deal applies retroactively from January 1, 2002. NAC is therefore not consolidated in SFA per December 2002.

Income before tax for the full year amounted to MSEK 36 (56).

JETPAK

(MSEK)	January-December 2002	2001
Operating revenue	**385**	355
of which external operating revenue	**99.5%**	99.5%
Operating income before depreciation, EBITDA	**4**	19
Operating income, EBIT	**-2**	10
Income before tax, EBT	**-3**	10
EBITDA margin	**1.0%**	5.4%
Number of employees	**153**	125

Jetpak's operating revenue for January-December was MSEK 385 (355). Volumes added from Braathens contributed MSEK 20. Excluding Braathens, the increase in operating revenue was 2.8%.

Income before tax for 2002 was MSEK –3 (10).

Rezidor SAS

Hotels

Statement of income

	October-December		January-December	
(MSEK)	**2002**	2001	**2002**	2001
Rooms revenue	**437**	376	**1,695**	1,591
Food and beverage revenue	**371**	349	**1,160**	1,163
Other revenue	**163**	224	**715**	756
Operating revenue	**971**	949	**3,570**	3,510
Operating expenses	**-330**	-327	**-1,151**	-1,191
Payroll expenses	**-383**	-345	**-1,373**	-1,331
Rental expenses, property insurance and property tax	**-237**	-206	**-860**	-714
Operating income before depreciation	**21**	71	**186**	274
Depreciation	**-38**	-24	**-124**	-143
Share of income in affiliated companies	**4**	8	**34**	36
Capital gains	**1**	63	**6**	63
Operating income, EBIT	**-12**	118	**102**	230
Net financial items	**-6**	9	**-17**	-22
Hotels – Income before tax, EBT	**-18**	127	**85**	208

Key figures	**January-December 2002**	January-December 2001
EBITDA, MSEK [1]	**220**	310
EBITDA, pro forma, MSEK [2]	**220**	265
Revenue per available room (REVPAR), SEK [3]	**632**	638
Gross profit margin	**29.3%**	28.1%

1) Operating profit before depreciation and share of income in affiliated companies.
2) Pro forma, adjusted for sale of properties.
3) Including hotels operated on a management basis.

Earnings trend
Revenues for the full year amounted to MSEK 3,570 (3,510), which is MSEK 60 better than the previous year. Revenues for the fourth quarter amounted to MSEK 971 (949).

The negative trend compared with 2001 is mainly due to the general decline in the market that started in mid-2001 and was intensified on September 11. In addition, the hotel strike in Norway in April-May 2002 had a negative impact on the first half. It was expected that the hotel market would start a strong improvement in the second and third quarters of 2002. This upturn has been weaker than expected for European markets. In the major European cities REVPAR, revenue per available room, was approximately 3-4% lower than in the previous year. REVPAR for Rezidor SAS fell 1.6% for comparable units.

The strongest markets are Iceland, Ireland, the Netherlands, South Africa, the Baltic countries and the Middle East, as well as some new markets such at St. Petersburg, Bratislava and Sofia. The Norwegian market weakened compared with the previous year and was also affected by the strike in April-May 2002. The hotels in Sweden, Denmark and Germany had lower revenues than in the previous year.

Despite weak revenues, market shares in all main markets have been retained.

In September, Rezidor SAS concluded a franchise agreement with Carlson Hotels Worldwide under which Rezidor SAS gains exclusive rights to develop three brands: Regent, Country Inns and Park Inn. The agreement runs for 30 years and covers Europe, the Middle East and Africa.

Thirteen new hotels were opened during the period including hotels in Paris, Leeds, Beirut and Warsaw. In addition, 13 new agreements were signed for new Radisson SAS hotels. The agreement with Carlson Hotels Worldwide has added a further 12 hotels under the Country Inns and Suites brand to the chain.

EBITDA, income before depreciation and share of income in affiliated companies, amounted to MSEK 220 (310) for the full year. EBITDA for the fourth quarter amounted to MSEK 25 (79). The lower EBITDA for the fourth quarter, compared with the same period last year, was mainly due to compensation for terminated management agreements in the previous year, MSEK 46.

Income before tax, EBT, amounted to MSEK 85 (208) for the year.

Definitions

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 annual cost for operating leases for aircraft, plus net interest-bearing liabilities excluding net pension funds, 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 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 (Cash flow return on investment)
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.

EBT
Income before tax.

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 annual cost for operating leases for aircraft.

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

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
Airline operations' total operating expenses minus non-traffic related revenue per ASK.

Unit revenue (yield)
Average traffic revenue per RPK.

Yield
See Unit revenue.

Financial calendar

Annual Report and Environmental Report 2002	March 4, 2003
Annual General Meeting	April 10, 2003
Interim Report 1, January-March 2003	May 13, 2003
Interim Report 2, January-June 2003	August 11, 2003
Interim Report 3, January-September 2003	November 11, 2003
Year-end report 2003	February 2004
Annual Report and Environmental Report 2003	March 2004

All reports are available in English, Danish, Norwegian 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 are also available on the Internet: www.sasgroup.net

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