SAS Group

SAS Group Interim Report January-March 2003

First quarter in brief

- **Operating revenue for the first quarter** amounted to MSEK 13,710 (13,775), a decrease of 0.5%. For comparable units, and adjusted for currency effects, operating revenue for the period decreased by 4.5% or MSEK 616.
- **Operating revenue** for Scandinavian Airlines amounted to MSEK 7,434 (8,576). Adjusted for currency effects, operating revenue fell 11.2%.
- **Income before depreciation and leasing costs for aircraft** (EBITDAR) for the quarter was MSEK –398 (584).
- **Income before capital gains** for the first quarter was MSEK –1,939 (–1,313). Excluding costs for phasing out overcapacity, income before capital gains was approximately MSEK –1,739 (–1,313).
- **Income before tax** amounted to MSEK –1,876 (–1,446).
- **CFROI** for the 12-month period April 2002-March 2003 was 11% (6%).
- **Earnings per share** for the period January-March amounted to SEK –9.72 (–8.17) for the SAS Group and equity per share was SEK 81.23 (83.80).
- **A decision has been made for additional cost reductions** amounting to MSEK 8,000, primarily within Scandinavian Airlines, and for a further MSEK 1,000 within Subsidiary & Affiliated Airlines. The full effect will be achieved by 2005.
- **In view of the uncertainty surrounding market development,** under present conditions the SAS Group, in line with what was presented on February 12, 2003, is not issuing a detailed assessment of earnings for the full year 2003.

SAS Group	**April-June**		**July-September**		**October-December**		**January-March**		**April-March**	
(MSEK)	**2002**	2001	**2002**	2001	**2002**	2001	**2003**	2002	**2002-03**	2001-02
Operating revenue	**17,868**	13,811	**16,592**	12,675	**16,709**	12,810	**13,710**	13,775	**64,879**	53,071
EBITDAR	**3,248**	1,237	**2,130**	882	**1,332**	-122	**-398**	584	**6,312**	2,581
EBITDAR margin	**18.2%**	9.0%	**12.8%**	7.0%	**8.0%**	-0.1%	**-2.9%**	4.2%	**9.7%**	4.9%
EBIT	**1,354**	299	**1,041**	-53	**-307**	-1,123	**-1,908**	-1,406	**180**	-2,283
EBIT margin	**7.6%**	2.2%	**6.3%**	-0.4%	**-1.8%**	-8.8%	**-13.9%**	-10.2%	**0.3%**	-4.3%
Income before capital gains	**1,180**	10	**15**	-591	**-809**	-1,613	**-1,939**	-1,313	**-1,553**	-3,507
EBT	**1,039**	180	**640**	-213	**-683**	-1,147	**-1,876**	-1,446	**-880**	-2,626
Earnings per share (SEK)	**5.88**	0.79	**3.08**	-1.32	**-1.73**	-6.16	**-9.72**	-8.17	**-2.49**	-15.03

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™. The Group also includes the airlines 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.

President’s comments

The beginning of 2003 saw a continuation of the apprehension and uncertainty in the global business climate that characterized autumn 2002. National economies deteriorated still further which worsened the situation for the entire airline industry. The business community’s cautious attitude to investment, combined with greater price sensitivity and the war in Iraq, had a negative impact on travel.

All in all the past quarter was the worst ever for the airline industry with airlines throughout the world, not least in the U.S., reporting losses of billions.

Historically, the SAS Group experiences its lowest demand in the first quarter, but this year the period was exceptionally weak. From March onwards, SARS had a negative impact on demand on routes to and from parts of Asia. The MSEK 1,939 loss before capital gains is attributable to both Scandinavian Airlines and the other airlines in the Group. The hotel operations also experienced lower demand.

Internally in the Group the period was marked by efforts to reduce costs, primarily in Scandinavian Airlines. In order to ensure long-term profitability and competitiveness, the Board decided in April on additional cost reductions of MSEK 8,000 within Scandinavian Airlines. New collective agreements for most trade unions with extensive improvements as regards productivity and terms, including a wage freeze, were negotiated in April.

The action programs decided earlier are being carried out with full vigor and remain ahead of plan. A total of 1,000 full-time positions have been eliminated in Scandinavian Airlines and related units, of which a significant portion were within administration. The Group’s organizational structure is now showing its strength: Greater transparency, clearer profit responsibility and more businesslike relations between customer and suppliers, are totally in line with this new, cost-effective approach. All companies in the Group are focusing on further cost reductions and activities for MSEK 1,000 are now being implemented in Spanair, Braathens, Widerøe and Air Botnia.

This is all about achieving changes that are absolutely essential and achieving them fast. I am convinced that the ability to do this exists in the organization. But this is also about the individual employee – the efficiency enhancement program now initiated will make about 4,000 positions redundant in addition to measures decided earlier. I expect everyone affected, at all levels, to be treated with respect in a difficult process.

Parallel with reducing costs, Scandinavian Airlines has carried out a market adjustment program and renewed its fares and services within Europe. The catchwords are less expensive and more efficient but with retained or increased customer value. These innovations have been well received by the market and the new product concept within Scandinavian Airlines, with better utilization of the aircraft fleet and workforce, has provided clear efficiency gains.

A new distribution strategy for travel in the Scandinavian market with a net price model was introduced at the end of 2002, a model that has also been introduced by several other airlines. The Snowflake low fare concept was launched at the end of March and hundred of thousands of tickets have been sold in a short period with a minimum of marketing. This concept demonstrates the flexibility of our organization and our broad product offering to the market.

We have achieved far-reaching changes in the trade union agreements that were concluded during the spring. Our operations are now controlled by market forces and anything that was based on any criteria other than customer demand is being dismantled and removed.

The SAS Group is already the fourth largest airline group in Europe. We are now taking radical action to strengthen our group of competitive airlines, in order to meet market demands even more clearly.

Important events

First quarter 2003

- Sören Belin took up his position as Chief Operating Officer, COO, for Scandinavian Airlines on February 15.
- On March 7, the SAS Group announced that additional restructuring will be carried out in order to ensure long-term profitability and competitiveness. Scandinavian Airlines is the airline in the Group with the greatest need of further restructuring in order to achieve an efficient aircraft operation and production platform for its traffic flows.
- Spanair launched a new fare concept for Spanish domestic flights in March.
- Scandinavian Airlines' new low-fare concept Snowflake was launched. Snowflake is intended for leisure travelers looking for inexpensive and simple travel in Europe or from Europe to Sweden and Denmark. Flights started on March 30.
- Scandinavian Airlines reopened its Oslo - New York route on March 30.

Events after March 31, 2003

- With effect from April 22 Braathens adjusted its capacity by 7% for Norwegian domestic traffic because of a weak economy and uncertainty due to the war in Iraq. Spanair also reduced its capacity by 5-10% due to weak demand.
- Scandinavian Airlines has carried out ongoing capacity adjustments of 5-10%. In April, reductions were implemented in traffic to/from Beijing, Bangkok, Singapore and New York.
- The SAS Group's Annual General Meeting decided not to issue a dividend for 2002.
- The Board gave the SAS Group's management a mandate to carry out cost reductions of MSEK 6,000-8,000. Agreement has been reached with most of the 39 trade unions regarding changes in collective agreements.
- Scandinavian Airlines announced a major reorganization as part of the implementation of the new measures.
- SAS Technical Services is to locate the main facility for base maintenance in Stockholm while heavy maintenance will remain in Oslo.

SAS Group

Traffic development

Traffic development for European airlines
Traffic development was weak in the first quarter of 2003. Unease about the war in Iraq, weak economic development and concern over SARS towards the end of the period, had a negative impact on traffic, and in March total international traffic among European airlines (AEA) fell 4.8%. In the quarter as a whole, total international traffic increased by 1.3% compared with the first quarter in the previous year. This increase was largely due to weak traffic in 2002. Capacity, ASK, increased by 4.8%. The weak traffic trend led to the cabin factor for the period decreasing to 70%, which is 2.4 percentage points lower than 2002.

The SAS Group's traffic development
Traffic development was weak for all airlines in the SAS Group in the first quarter of 2003, mainly due to weak economic development especially in the home market. The number of transported passengers decreased by 8.2% and capacity fell 0.4%. The positive trend for the cabin factor was broken during the quarter and the cabin factor decreased by 2.3 percentage points to 58.7%.

The SAS Group's intercontinental traffic was affected towards the end of the period by the war in Iraq and growing concern about SARS. Despite Spanair's closure of its intercontinental routes, traffic rose 2.9% compared with 2002. The cabin factor amounted to 71.9% in the first quarter which is a decrease of 6.7 percentage points. The cabin factor decreased by 13.1 percentage points in March. European traffic was particularly weak and decreased by 5.7%. Capacity decreased by 0.8%, which meant that the cabin factor fell by 2.8 percentage points to 53.1%.

Due to weak demand, intra-Scandinavian traffic in the first quarter decreased by 14.4% and capacity by 12.6%. Domestic traffic in Denmark decreased by 43.0%. This decline was mainly due to the fact that Scandinavian Airlines has ceased its services to Greenland. In Norway, traffic decreased by 2.5%. Capacity rose 0.3%. Coordination between the traffic systems of Scandinavian Airlines and Braathens improved capacity utilization. Widerøe's traffic continued its satisfactory development during the quarter and traffic rose by a total of 24.5% and the cabin factor rose by 1.0 percentage point. In Sweden, the SAS Group's traffic decreased by 14.5% and capacity was down 20.8% which meant that the cabin factor rose by 4.5 percentage points to 61.3%.

Traffic and production

		January-March 2003	Change vs. 2002
SAS Group*			
No. of passengers	(000)	**6,987**	-8.2%
Passenger kilometers	(mill)	**6,551**	-4.2%
Seat kilometers	(mill)	**11,169**	-0.4%
Cabin factor		**58.7%**	-23%pts.

Traffic development by route sector*	**Jan-Mar 03 vs.** Traffic (RPK)	**Jan-Mar 02** Capacity (ASK)
Intercontinental	2.9%	12.5%
Europe	-5.7%	-0.8%
Intra-Scandinavian	-14.4%	-12.6%
Denmark, Greenland (domestic)	-43.0%	-41.6%
Norway (domestic)	-2.5%	0.3%
Sweden (domestic)	-14.5%	-20.8%

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

Traffic figures per company

January-March	Traffic (RPK)	Capacity (ASK)	Cabin factor (%)	Change in cabin factor
SAS Group	**-4.0%**	**-0.2%**	**58.6%**	**-2.3%pts.**
Scandinavian Airlines	-6.3%	-3.0%	60.9%	-2.1%pts.
Spanair	-8.0%	-0.8%	55.0%	-4.3%pts.
Braathens	14.4%	11.6%	52.7%	+1.3%pts.
Widerøe	24.5%	22.1%	49.1%	+1.0%pts.
Air Botnia	25.7%	32.8%	41.0%	-2.3%pts.

Financial development

January-March 2003

The SAS Group's statement of income for the first quarter of 2002 included Spanair from March 1 and SMART throughout the period. The 2003 figures include Aerolineas de Baleares, which was consolidated as a subsidiary from January 1, 2003, while SMART is not included since the company was sold on August 31, 2002. To allow for comparisons with 2002, adjustments have been made for this under non-comparable units.

The net effect of exchange rate fluctuations between January-March 2002 and 2003 was MSEK 582. The effect on operating revenue was MSEK –189, on the costs side the currency effect is MSEK 596 and MSEK 175 on net financial items. Most of the exchange rate fluctuations arose in Scandinavian Airlines.

The SAS Group's operating revenue amounted to MSEK 13,710 (13,775), a decrease of MSEK 65 or 0.5%. Adjusted for non-comparable units, MSEK 740, and currency affects, MSEK –189, the Group's operating revenue decreased by 4.5% or MSEK 616.

Payroll expenses increased by MSEK 532 or 10.2% and amounted to MSEK 5,741 (5,209). Adjusted for non-comparable units and currency effects, payroll expenses were MSEK 288, or 5.5%, higher than in the previous year. This was mainly due to higher pension costs.

The number of employees in the SAS Group decreased by 0.2%. For comparable units, the number of employees fell by approximately 4%, mainly due to implementation of the Turnaround measures.

Consolidated other operating expenses increased by MSEK 385, or 4.8%, to MSEK 8,367. Adjusted for non-comparable units, and currency effects, expenses decreased by 1.4%.

Other operating expenses include the Group's costs for jet fuel which amounted to MSEK 1,193 (967). The world market price for jet fuel increased by approximately 60% in the first quarter compared with the same period in the previous year. Despite this, Scandinavian Airlines' costs for jet fuel increased by only 1.5% during the period. This is due to hedging of jet fuel combined with a positive currency trend as well as a slightly lower volume of consumption. The hedging ratio for the remaining nine months of 2003 is 95% and is mainly hedged through capped options.

The price of jet fuel remains relatively high but fell considerably following the start of the war in Iraq.

Operating income before depreciation and leasing costs, EBITDAR, was MSEK –398 (584).

Leasing costs and depreciation were on a par with the previous year.

Costs related to phasing out overcapacity as regards flight personnel who have been made redundant and surplus aircraft in Scandinavian Airlines were charged against the first quarter of 2003 with approximately MSEK 200.

Shares of income in affiliated companies amounted to MSEK 24 (–328). Spanair was reported as an affiliated company through February 2002. Share of income amounted to MSEK –300 and covered the period November 1, 2001 – February 28, 2002. Excluding Spanair, shares of income amounted to MSEK –28 in the first quarter of 2002. The main reason for the change is British Midland where share of income amounted to MSEK –5 (–38) and Polygon, MSEK –1 (–18).

Income before capital gains amounted to MSEK –1,939 (–1,313).

The Group's income from the sale of aircraft and buildings totaled MSEK 50 (–133) in the first quarter. In the first quarter of 2003, land and buildings in Copenhagen were sold for capital gains of MSEK 47. In the previous year, phasing in and phasing out costs for aircraft were reported as a capital loss and amounted to MSEK –133. See accounting principles page 7.

Income from other shares and participations, MSEK –17 (–), 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 the negative development for Air Canada, the Group's shareholding was written down by MSEK 30. The SAS Group's holding has thus been written down to zero. In addition, the sale of the Group's participations in Copenhagen International Hotels K/S provided a gain of MSEK 13.

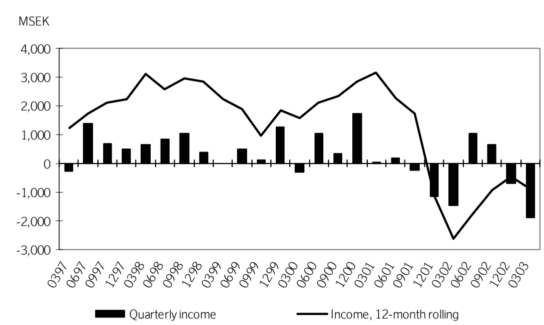
The Group's net financial items amounted to MSEK 49 (-40). Net interest was MSEK –254 (–168). The currency effect was MSEK 303 (128).

Income before tax was MSEK –1,876 (–1,446).

The change in income before tax is due to:

Currency effect	582
Income before depreciation and leasing costs, EBITDAR	-1,244
Leasing costs and depreciation	-201
Share of income in affiliated companies	353
Net interest	-86
Capital gains and write-downs	166
Total changes	-430

Income before tax



The SAS Groups Turnaround

The SAS Group has implemented extensive cost and rationalization measures since autumn 2001. The first part, Plan A, has been completed in full and ended with an effect on costs in Scandinavian Airlines of MSEK 2,400 in 2003. The second part, Plan B, comprises MSEK 6,400 and implementation started in autumn 2002.

Plan B

Implementation of Plan B is running slightly ahead of plan. At the end of March activities corresponding to 41% of the entire Turnaround's financial effect of MSEK 6,400 had been carried out, compared with a target of 31%. Of the effect of MSEK 3,200 for 2003, activities corresponding to 64% have been implemented against the planned 48%. The anticipated total earnings impact for 2003-2005 remains unchanged.

So far a total of 1,000 full-time positions have been eliminated through Plan B, mainly from administration, cabin crew and Scandinavian Ground Services. In November 2002, notice was served to 300 pilots who will successively leave the company from April 2003. Plan B's effect in the first quarter shows a cost reduction of MSEK 400, which is slightly higher than expected.

Plan C
In order to ensure long-term competitiveness and profitability an extensive analysis was initiated of the SAS Group's markets, traffic flows and competitive situation in order to establish requirements for effective aircraft operation for the Group's different traffic flows. Based on the SAS Group's requirements for effective aircraft operation, Scandinavian Airlines and the support units have initiated what is known as Plan C.

The intention of Plan C is to achieve a competitive cost level through a number of structural measures. These measures will simplify the airline's working methods and structure.

These include:

- simplifying management and decision processes through greater independence for the bases in Copenhagen, Oslo and Stockholm with their own profit responsibility and responsibility for planning and operating airline operations in each base
- increased utilization of aircraft and crews
- reduction of the number of aircraft types per base
- simplifying and improving service onboard
- efficiency enhancement of maintenance, ground services, sales and distribution
- reduction of overhead and support costs

All measures will be carried out within an 18-month period.

At full effect these measures will reduce Scandinavian Airlines' average unit cost by approximately 30%, corresponding to a cost reduction of an additional MSEK 8,000 based on the cost situation in 2003. Implementation will lead to approximately 4,000 redundancies.

Overview Plan C
The potential for Plan C amounts to MSEK 8,000 broken down as follows:

	Potential, MSEK
Collective agreement changes	1,500
Production	900
In-flight	1,000
Administration & overhead Scandinavian Airlines	600
Overhead, groupwide functions	600
Airline Support Businesses	3,400
Total	8,000

Scandinavian Airlines
Pilots
Working hours will be adjusted to official regulations from a maximum of 10.5 to 12 hours/day and from a maximum of 42 to 45 hours per week. This change will provide scope for increasing the number of block hours from today's 450 to 700-750. As an effect of the new collective agreement, Scandinavian Airlines has forecast pilot redundancies which will be phased out from June 2003.

Cabin crew
Negotiations have been adjourned, and as of today's date no agreement has been reached on changes in collective agreements. Productivity improvements will for the time being be carried out in line with current agreements. Redundancies will be phased out successively from July/August 2003.

Administration within Scandinavian Airlines
Administration costs within the airline will be reduced by 40-50% which will provide extensive restructuring and productivity improvements. This will lead to a redundancy of approximately 50% from today's base of approximately 1,000 full-time positions.

Agreements have been concluded on introduction of per diem allowances in accordance with state rules and removal of some weekend compensation.

Negotiations in Denmark have not been concluded because LFF's proposal was voted down by the members. It is expected that a new agreement will lead to reductions in costs and greater flexibility.

Airline Support Businesses
Station operations
Scandinavian Ground Services (SGS) will among other things increase cost flexibility by purchasing services in order to meet volume changes, renegotiate agreements with external handling suppliers, simplify all operations at the three base stations, reorganize staff functions, expose operation and administration of computer systems to competition, and renegotiate collective agreements.

An agreement has been signed with station employees in Sweden which includes changes to scheduling rules, unpaid meal breaks, reviewing compensation for weekend work, and introduction of per diem allowances in accordance with state rules. This agreement provides major competitive improvements.

Technical operations
The main base for SAS Technical Services (STS) will be located in Stockholm-Arlanda where base maintenance will be concentrated. In all three countries, daily line maintenance of aircraft will continue and heavy maintenance will remain at Oslo Gardermoen. Overhead and staff functions will be centralized to the main base. The number of employees within STS will be reduced through restructuring by just over 900 full-time jobs. A number of agreements have also been signed for unpaid meal breaks, changes in shift planning, etc.

Sales operations
Efficiency improvements are under way at SAS World Sales (SWS) where key measures include a reduction of agents' commissions in markets outside Scandinavia, a review of credit card agreements, simplification of systems support, reorganization of staff functions and renegotiated collective agreements.

Implementation rate for Plan C
The measures within Plan C will be implemented at a fast rate and are expected to have a positive impact on the SAS Group's earnings in the fourth quarter of 2003 of approximately MSEK 400. The remainder will be implemented in 2004 with full effect in 2005. Starting in autumn 2003 the Group's Plan B and Plan C will be reported together and with quarterly accounts for each area.

Subsidiary & Affiliated Airlines
Savings of MSEK 1,000 have been identified within the airlines in Subsidiary & Affiliated Airlines which will have their full effect in 2005.

Provisions for costs
At present the SAS Group does not expect that any major restructuring costs will be necessary for implementation of the measures.

Handling of surplus aircraft
At the end of the first quarter, Scandinavian Airlines required 159 aircraft for its planned production out of a total fleet of 195. Of the difference of 36 aircraft, 11 are leased out. The remaining 25 comprise aircraft that will either be sold or leased out at a rate the market allows as well as aircraft to be returned under expiring leasing agreements. The ongoing surplus in 2003 is expected to vary depending on seasonal fluctuations and changes in production plans, leasing commitments and market opportunities for selling and leasing out aircraft.

Investments

The SAS Group's investments, including prepayments, amounted to MSEK 983 (1,950) for the period January-March. Scandinavian Airlines accounted for MSEK 610 (1,049) of investments, Subsidiary & Affiliated Airlines for MSEK 90 (417), Airline Support Businesses for MSEK 149 (354), Airline Related Businesses for MSEK 34 (60) and the Hotels business area for MSEK 87 (37). Investments in aircraft and other flight equipment totaled MSEK 686 (1,707).

At the end of March 2003, the sum of future investments, CAPEX, in the SAS Group amounted to MUSD 402.

Firm orders for aircraft, 2003-2006>:

SAS Group	**Total**	2003	2004	2005	2006>
CAPEX (MUSD)	**402**	72	151	146	33
Number of aircraft	**11**	2	3	5	1

Scandinavian Airlines	**Total**	2003	2004	2005	2006>
CAPEX (MUSD)	**342**	42	121	146	33
Number of aircraft	**9**	1	2	5	1

SAS Group's total aircraft fleet, March 31, 2003

	Owned	Leased in	**Total**	Leased out	Order
Airbus A340-300	5	2	**7**		
Airbus A330-300	2	1	**3**		1
Airbus A321-200	8	4	**12**		4
Airbus A320		8	**8**		
Boeing 767-300	3	6	**9**		
Boeing 737-400		4	**4**		
Boeing 737-500		14	**14**		
Boeing 737-600	12	18	**30**		
Boeing 737-700	8	7	**15**		
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	22	**24**	1	
Douglas MD-87	10	6	**16**		
Douglas MD-90-30	8		**8**		
Avro RJ-85		5	**5**		
Embraer ERJ 145		3	**3**		
Fokker F28	7		**7**	2	
Fokker F50	7		**7**	2	
deHavilland Q100	16	1	**17**		
deHavilland Q300		8	**8**		
deHavilland Q400	10	18	**28**		
SAAB 2000		5	**5**		
Total	134	177	**311**	9	9

Breakdown of Group's fleet by airline:

Scandinavian Airlines	114	81	**195**	9	9
Spanair		50	**50**		
Braathens	4	23	**27**		
Widerøe	16	13	**29**		
Air Botnia		10	**10**		
Total	**134**	177	**311**	9	9

Financial position

The SAS Group's liquid assets at March 31, 2003, amounted to MSEK 8,534 (9,188). As per today's date, the Group has unutilized loan commitments totaling MSEK 8,350.

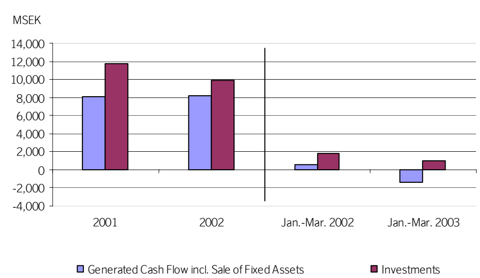
The equity/assets ratio at March 31, 2003, was 21% (21%). The SAS Group's long-term target is an equity/assets ratio of at least 30% and a debt/equity ratio of less than 50%. Net debt amounted to MSEK 13,917, an increase of MSEK 2,343 since year-end 2002. The financial net debt amounted to MSEK 20,554 (17,502). The change since year-end 2002 is mainly due to weak earnings including seasonal variations. Cash flow from operating activities for the period January-March was negative, MSEK –1,095 (–428).

Investments and sales of fixed assets reached a net amount of MSEK –681 (–594) during the period.

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

The estimated surplus value of the aircraft fleet owned by the SAS Group amounted to MSEK 633 (725) at March 31, 2003. The decline in the surplus value since March 2002 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.

Cash flow and investments



Personnel

The average number of employees in the SAS Group during the period January-March 2003 was 34,950 (35,035) of whom 6,995 (7,644) in Scandinavian Airlines, 6,994 (6,462) in Subsidiary & Affiliated Airlines, 14,233 (14,069) in Airline Support Businesses, 2,151 (2,702) in Airline Related Businesses, 3,428 (2,926) in Hotels and 1,149 (1,232) for groupwide functions.

Accounting principles

SAS AB's and the Group's interim report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendations (RR20). Phasing in and phasing out costs for aircraft are reported as operating expenses as from January 1, 2003. Only costs directly related to the sale of aircraft are included as a capital loss. Otherwise the accounting principles are the same as those applied in the most recent annual report.

SAS Group

Summary statement of income

(MSEK)	January-March 2003	January-March 2002	April-March 2002-2003	April-March 2001-2002
Operating revenue	**13,710**	13,775	**64,879**	53,071
Payroll expenses	**-5,741**	-5,209	**-22,884**	-18,918
Other operating expenses	**-8,367**	-7,982	**-35,683**	-31,572
Operating income before depreciation and leasing costs, EBITDAR	**-398**	584	**6,312**	2,581
Leasing costs for aircraft	**-832**	-878	**-3,701**	-2,794
Operating income before depreciation, EBITDA	**-1,230**	-294	**2,611**	-213
Depreciation	**-753**	-651	**-3,055**	-2,518
Share of income in affiliated companies	**25**	-328	**-56**	-433
Income from the sale of shares in subsidiaries and affiliated companies	**0**	0	**817**	-29
Income from the sale of aircraft and buildings	**50**	-133	**-137**	910
Operating income, EBIT	**-1,908**	-1,406	**180**	-2,283
Income from other shares and participations	**-17**	0	**-197**	0
Net financial items	**49**	-40	**-863**	-343
Income before tax, EBT	**-1,876**	-1,446	**-880**	-2,626
Tax	**174**	99	**342**	229
Minority interests	**103**	25	**129**	-2
Income after tax	**-1,599**	-1,322	**-409**	-2,399
Earnings per share SEK)[1]	**-9.72**	-8.17	**-2.49**	-15.03

[1] Earnings per share is calculated on a weighted average of the number of shares outstanding (RR18)

Segment reporting by business area

Statement of income January - March	**Scandinavian Airlines**		**Subsidiary & Affiliated Airlines**		**Airline Support Businesses**		**Airline Related Businesses**		**Hotels**		**Groupwide & eliminations**		**SAS Group**	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002
External sales	**7,144**	8,264	**3,723**	2,823	**1,409**	1,168	**586**	775	**815**	722	**33**	23	**13,710**	13,775
Inter-segment sales	**290**	312	**75**	9	**3,346**	3,805	**580**	692	**27**	24	**-4,318**	-4,842	**-**	-
Total operating revenue	**7,434**	8,576	**3,798**	2,832	**4,755**	4,973	**1,166**	1,467	**842**	746	**-4,285**	-4,819	**13,710**	13,775
Payroll expenses	**-1,848**	-1,593	**-1,021**	-804	**-1,949**	-1,878	**-362**	-421	**-356**	-322	**-205**	-191	**-5,741**	-5,209
Other expenses	**-5,968**	-6,726	**-2,705**	-1,575	**-2,772**	-3,011	**-766**	-915	**-561**	-485	**4,405**	4,730	**-8,367**	-7,982
Operating income before depreciation and leasing costs, EBITDAR, per segment	**-382**	257	**72**	453	**34**	84	**38**	131	**-75**	-61	**-85**	-280	**-398**	584
Leasing costs for aircraft	**-382**	-509	**-450**	-362	**-**	-7	**-**	-	**-**	-	**-**	-	**-832**	-878
Operating income before depreciation, EBITDA, per segment	**-764**	-252	**-378**	91	**34**	77	**38**	131	**-75**	-61	**-85**	-280	**-1 230**	-294
Depreciation	**-338**	-289	**-133**	-93	**-125**	-114	**-66**	-73	**-33**	-28	**-58**	-54	**-753**	-651
Shares of income in affiliated companies	**16**	17	**12**	-327	**-**	-2	**-**	-19	**-1**	3	**-2**	-	**25**	-328
Capital gains	**-**	-140	**14**	7	**-**	-	**-**	-	**2**	-	**34**	-	**50**	-133
Operating income EBIT per segment	**-1,086**	-664	**-485**	-322	**-91**	-39	**-28**	39	**-107**	-86	**-111**	-334	**-1,908**	-1,406
Non-segmented income statement items														
Income from other shares and participations													**-17**	-
Net financial items													**49**	-40
Tax on income for the year													**174**	99
Minority interests													**103**	25
Income after tax													**-1,599**	-1,322

SAS Group

Summary balance sheet

(MSEK)	**March 31 2003**	December 31 2002	March 31 2002
Aircraft and spare parts	**27,530**	27,256	22,932
Other noninterest-bearing assets	**21,188**	21,346	26,298
Interest-bearing assets (excl. liquid assets)	**7,902**	7,487	7,352
Liquid assets	**8,534**	10,721	9,188
Assets	**65,154**	66,810	65,770
Shareholders' equity	**13,362**	15,188	13,560
Minority interests	**76**	166	86
Deferred tax liability	**3,517**	3,606	3,809
Subordinated debenture loan	**905**	915	890
Other interest-bearing liabilities	**29,448**	28,867	27,358
Operating liabilities	**17,846**	18,068	20,067
Shareholders' equity and liabilities	**65,154**	66,810	65,770
Shareholders' equity			
Opening balance	**15,188**	15,544	15,544
New issue	**-**	197	-
Change in translation difference	**-227**	-32	-197
Effect of consolidation of affiliated companies	**-**	-389	-465
Income after tax	**-1,599**	-132	-1,322
Closing balance	**13,362**	15,188	13,560
Equity per share (SEK) [1]	**81.23**	92.33	83.80

1) Calculated on164,500,000 shares in March 2003 and December 2002 and on 161,816,396 shares in March 2002.

Cash flow statement

	January-March		**April-March**	
(MSEK)	**2003**	2002	**2002-03**	2001-02
Income before tax	**-1,876**	-1,446	**-880**	-2,626
Depreciation	**753**	651	**3,055**	2,518
Income from the sale of fixed assets	**-63**	0	**-1,138**	-1,630
Adjustment for items not included in cash flow, etc.	**118**	367	**414**	381
Paid tax	**-27**	0	**-300**	-62
Cash flow from operations	**-1,095**	-428	**1,151**	-1,419
Change in working capital	**-584**	-180	**-84**	776
Net financing from operations	**-1,679**	-608	**1,067**	-643
Investments including prepayments to aircraft suppliers	**-964**	-1,950	**-8,668**	-10,758
Acquisition of subsidiaries	**-19**	135	**-419**	-691
Sale of subsidiaries	**-**	-	**733**	-
Sale of fixed assets, etc.	**302**	1,221	**4,403**	9,233
Financing deficit	**-2,360**	-1,202	**-2,884**	-2,859
New issue	**-**	-	**197**	-
Dividend	**-**	-	**-**	-754
External financing, net	**173**	-1,272	**2,033**	6,217
Change in liquid assets according to balance sheet	**-2,187**	-2,474	**-654**	2,604

SAS Group

Summary of income by quarter

(MSEK)	2001 JAN-MAR	2001 APR-JUN	2001 JUL-SEP	2001 OCT-DEC	2001 FULL YEAR JAN-DEC	2002 JAN-MAR	2002 APR-JUN	2002 JUL-SEP	2002 OCT-DEC	2002 FULL YEAR JAN-DEC	**2003 JAN-MAR**
Operating revenue	12,137	13,811	12,675	12,810	51,433	13,775	17,868	16,592	16,709	64,944	**13,710**
Payroll expenses	-4,083	-4,570	-4,314	-4,825	-17,792	-5,209	-5,497	-5,335	-6,311	-22,352	**-5,741**
Other operating expenses	-6,883	-8,004	-7,479	-8,107	-30,473	-7,982	-9,123	-9,127	-9,066	-35,298	**-8,367**
Operating income before depreciation and leasing costs, EBITDAR	1,171	1,237	882	-122	3,168	584	3,248	2,130	1,332	7,294	**-398**
Leasing costs for aircraft	-509	-579	-679	-658	-2,425	-878	-1,050	-932	-887	-3,747	**-832**
Operating income before depreciation, EBITDA	662	658	203	-780	743	-294	2,198	1,198	445	3,547	**-1,230**
Depreciation	-576	-565	-591	-711	-2,443	-651	-715	-781	-806	-2,953	**-753**
Share of income in affiliated companies	35	36	-43	-98	-70	-328	-12	3	-72	-409	**25**
Income from the sale of shares in subsidiaries and affiliated companies	5	-31	1	1	-24	0	1	829	-13	817	**0**
Income from the sale of aircraft and buildings	122	201	377	465	1,165	-133	-118	-208	139	-320	**50**
Operating income, EBIT	248	299	-53	-1,123	-629	-1,406	1,354	1,041	-307	682	**-1,908**
Income from other shares and participations	1	0	0	0	1	0	-24	4	-160	-180	**-17**
Net financial items	-209	-119	-160	-24	-512	-40	-291	-405	-216	-952	**49**
Income before tax, EBT	40	180	-213	-1,147	-1,140	-1,446	1,039	640	-683	-450	**-1,876**
Tax	-27	-28	3	155	103	99	-100	-102	370	267	**174**
Minority interests	0	-24	2	-5	-27	25	29	-32	29	51	**103**
Income after tax	13	128	-208	-997	-1,064	-1,322	968	506	-284	-132	**-1,599**

Key figures

	March 31 2003	December 31 2002	March 31 2002
EBITDAR margin[1] (12-month rolling)	**10%**	11%	5%
EBIT margin[2] (12-month rolling)	**0%**	1%	-4%
CFROI[3] (12-month rolling)	**11%**	13%	6%
Return on equity (12-month rolling)	**-3%**	-1%	-15%
Equity/assets ratio	**21%**	23%	21%
Net debt, MSEK[4]	**13,917**	11,574	11,708
Financial net debt, MSEK[5]	**20,554**	17,872	17,502
Debt/equity ratio[6]	**1.53**	1.16	1.28
Interest coverage ratio[7] (12-month rolling)	**0.6**	0.8	-1.6

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

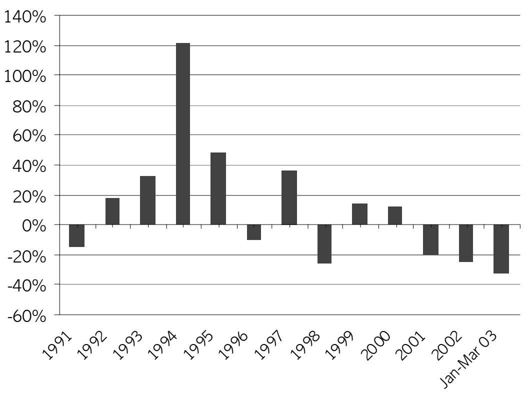
The SAS Group's objectives

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-March 2003 the SAS Group's market capitalization fell by 32.5%.

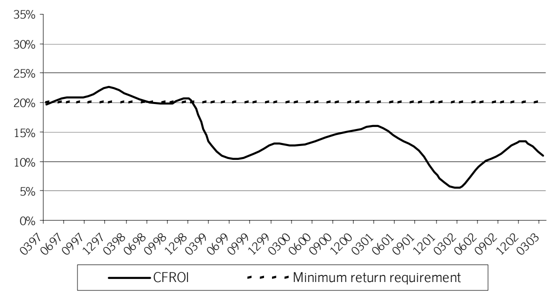
Annual total return on SAS shares
(Share price appreciation including dividends)



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)



In the period April 2002-March 2003 the Group generated income before net financial items, tax, depreciation, capital gains and operating lease costs for aircraft (EBITDAR) of MSEK 6,312 (2,581). Set in relation to adjusted capital employed, CFROI was 11% (6%) which is 9 percentage points below target.

The SAS Group's target is to reach an EBT of MSEK 5,000-6,000 in 2005.

Income and capital concepts included in CFROI

(MSEK)	**April-March 2002-2003**	April-March 2001-2002
Income		
Income before depreciation, EBITDA	**2,611**	-213
+ Operating lease costs, aircraft	**3,701**	2,794
EBITDAR	**6,312**	2,581
Adjusted capital employed (average)		
+ Shareholders' equity	**14,453**	16,095
+ Minority interests	**33**	209
+ Surplus value, aircraft	**1,094**	3,679
+ Capitalized leasing costs (x 7)*	**23,835**	16,184
- Equity in affiliated companies	**-669**	-1,066
+ Financial net debt	**18,451**	11,287
Adjusted capital employed	**57,197**	46,388
CFROI	**11%**	6%

* Most of the SAS Group's operating leases are so-called phasing out leases with a remaining term of less than 2 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 March amounted to MSEK 11,450 (13,081). Average NPV for the 12-month period amounted to MSEK 11,837 (7,554).

Parent Company SAS AB

Net income before tax for the period was MSEK –19 (–20).

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

The number of shareholders in SAS AB amounted to 20,237 at March 31, 2003.

Statement of income	**January – March**	
(MSEK)	**2003**	2002
Operating revenue	**-**	-
Operating expenses	**-4**	-1
Operating income	**-4**	-1
Net financial items	**-15**	-19
Income before tax	**-19**	-20
Tax	**-**	-
Income after tax	**-19**	-20

Balance sheet	**March 31**	Dec. 31
(MSEK)	**2003**	2002
Fixed assets	**3,102**	3,102
Current assets	**2**	2
Total assets	**3,104**	3,104
Shareholders' equity	**1,846**	1,865
Long-term liabilities	**1,255**	1,091
Current liabilities	**3**	148
Total shareholders' equity & liabilities	**3,104**	3,104

Shareholders' equity (MSEK)		
Restricted equity		
Share capital	**1,645**	1,645
Premium reserve	**170**	170
Statutory reserve	**10**	10
Unrestricted equity		
Profit brought forward	**40**	92
Net income for the period	**-19**	-52
Total shareholders' equity	**1,846**	1,865

Outlook for the full year 2003

The SAS Group's traffic reports for January to April 2003 reported weak demand due to the economic downturn in Scandinavia and Europe. The situation in Iraq and the SARS virus led to increased pressure on passenger volumes in March and April. After the war ended, some recovery has been noted in the number of flight reservations to/from the U.S. and Europe.

Remaining uncertainty over the economic development and other external factors, make market development difficult to assess.

Turnaround (Plan B) is being implemented on an ongoing basis and lies ahead of plan after the first quarter.

In April, additional measures were presented in Scandinavian Airlines, within the framework of Plan C, amounting to MSEK 8,000 and designed to ensure long-term profitability and competitiveness. New collective agreements have been negotiated with most trade unions which involve extensive changes in productivity and conditions. In addition, measures for MSEK 1,000 are currently being carried out in Braathens, Spanair, Widerøe and Air Botnia. All measures will achieve their full effect in 2005.

In view of the uncertainty surrounding market development, under present conditions the SAS Group, in line with what was presented on February 12, 2003, is not issuing a detailed assessment of earnings for the full year 2003.

Stockholm, May 13, 2003
SAS AB

Jørgen Lindegaard
President and CEO

Scandinavian Airlines

Statement of income

	January - March	
(MSEK)	**2003**	2002
Passenger revenue	**6,588**	7,866
Other traffic revenue	**621**	452
Other revenue	**225**	258
Operating revenue	**7,434**	8,576
Payroll expenses	**-1,848**	-1,593
Selling costs	**-855**	-1,264
Jet fuel	**-755**	-744
Government user fees	**-796**	-868
Catering costs	**-338**	-331
Handling costs	**-1,168**	-1,368
Technical aircraft maintenance	**-1,247**	-1,253
Data and telecommunications costs	**-95**	-125
Other operating expenses	**-714**	-773
Operating expenses	**-7,816**	-8,319
Income before depreciation and leasing costs, EBITDAR	**-382**	257
Leasing costs for aircraft	**-382**	-509
Income before depreciation, EBITDA	**-764**	-252
Depreciation	**-338**	-289
Share of income in affiliated companies	**16**	17
Capital gains	**0**	-140
Operating income, EBIT	**-1,086**	-664
Net financial items	**-167**	-185
Scandinavian Airlines – Income before tax, EBT	**-1,253**	-849

Earnings trend

Operating income in Scandinavian Airlines showed negative development in the first quarter of 2003 compared with the previous year. Production was 3.0% lower than in the previous year and with a decrease in traffic of 6.3%, the cabin factor fell by 2.1 percentage points to 60.9%. Yield was 8.8% lower than in the same period last year. A large portion of the decline in yield is due to increased capacity on intercontinental routes with lower yield.

Scandinavian Airlines' passenger revenue amounted to MSEK 6,588 (7,866) in the period January-March, a decline of MSEK 1,278. Passenger revenues decreased, adjusted for currency effects, by 14.3% due to a lower traffic volume and lower 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-March the agreement had a negative earnings impact of MSEK –120 (–113).

Operating expenses decreased n the period January-March by MSEK 503 or 6.0%. Adjusted for currency effects, the decrease was 3.7%.

Payroll expenses increased by 16% compared with the first quarter of 2002. Higher pension costs increased payroll expenses by 12%. Phasing in and phasing out costs, which in the previous year were reported as a capital loss, accounted for a 4.3% increase in reported payroll expenses. The number of employees decreased by 8.5% from 7,644 to 6,995, mainly due to completion of Turnaround measures. The cost reduction due to the lower number of employees was counteracted, however, by salary increases between 2002 and 2003 in accordance with existing agreements. A salary freeze for the period April 1 to December 31 now applies in most collective agreements.

Selling costs decreased by MSEK 409 as a result of both lower volumes and changed commission levels for travel agencies and agents. Fuel costs increased by 1.5%. A considerably higher price than in the first quarter of 2002 was compensated by a positive currency effect.

Operating income before depreciation and leasing costs (EBITDAR) amounted to MSEK –382 (257) for the period January–March.

Leasing costs decreased by MSEK 127 or 25% largely due to a positive currency effect.

Income before capital gains was MSEK –1,253 (–709).

The business area in brief

- Scandinavian Airlines conducts passenger transport services and transported 4.5 million passengers in the first quarter.
- Scandinavian Airlines is the SAS Group's largest business area measured in operating revenue and accounted for 41% of operating revenue in the first quarter.
- The aircraft fleet comprised 195 aircraft in March 2003.
- The average number of employees in the first quarter was 6,995.

Scandinavian Airlines – Traffic, production and yield

		January-March 2003	change vs. 2002
SAS Total			
Number of passengers	(000)	**4,477**	-12.1%
Revenue passenger km (RPK)	(mill)	**4,900**	-6.3%
Available seat km (ASK)	(mill)	**8,040**	-3.0%
Cabin factor		**60.9%**	-2.1%pts.
Yield, currency adjusted			-8.8%
Intercontinental routes			
Number of passengers	(000)	**324**	+7.5%
Revenue passenger km (RPK)	(mill)	**2,261**	+8.4%
Available seat km (ASK)	(mill)	**3,145**	+19.9%
Cabin factor		**71.9%**	-7.6%pts.
Yield, currency adjusted			-6.0%
European routes			
Number of passengers	(000)	**1,529**	-8.0%
Revenue passenger km (RPK)	(mill)	**1,505**	-9.7%
Available seat km (ASK)	(mill)	**2,862**	-4.5%
Cabin factor		**52.6%**	-3.0%pts.
Yield, currency adjusted			-4.6%
Intra-Scandinavian routes			
Number of passengers	(000)	**692**	-19.2%
Revenue passenger km (RPK)	(mill)	**330**	-18.6%
Available seat km (ASK)	(mill)	**625**	-17.7%
Cabin factor		**52.9%**	-0.6%pts.
Yield, currency adjusted			-4.2%
Danish domestic			
Number of passengers	(000)	**182**	-13.2%
Revenue passenger km (RPK)	(mill)	**38**	-43.0%
Available seat km (ASK)	(mill)	**75**	-41.6%
Cabin factor		**50.3%**	-1.2%pts.
Yield, currency adjusted			+33.4%
Norwegian domestic			
Number of passengers	(000)	**721**	-16.3%
Revenue passenger km (RPK)	(mill)	**265**	-36.6%
Available seat km (ASK)	(mill)	**519**	-31.0%
Cabin factor		**51.1%**	-4.6%pts.
Yield, currency adjusted			+4.5%
Swedish domestic			
Number of passengers	(000)	**1,030**	-14.2%
Revenue passenger km (RPK)	(mill)	**500**	-14.5%
Available seat km (ASK)	(mill)	**815**	-20.8%
Cabin factor		**61.3%**	+4.5%pts.
Yield, currency adjusted			-2.0%
Unit cost development			
Total unit cost*			-1.3%
Operational unit cost*			-2.0%

* Excluding change of method for phasing in and phasing out costs and reduced return on funded assets in Alecta (adjusted in quarter 3, 2002). Costs for the ITP Plan in Alecta calculated according to IAS19/RR29 are distributed to all business areas with effect from 2003.

Market and passenger development

Yield and market conditions

The market in the first quarter of 2003 was weak and traffic was negatively affected by a weak economy, uncertainty regarding the situation in Iraq and, at the end of the quarter, concern about SARS. Yield continued to fall and the currency adjusted yield fell by 8.8%. A large part of the decline in yield is due to an increased proportion of capacity in intercontinental traffic with longer distances flown, which generally has a far lower yield, and a change to net prices. Yield from traffic to Europe decreased by 4.6% in the first quarter.

After the end of the war, some recovery has occurred in the number of flight reservations to/from the U.S. and Europe.

Passenger revenue in January-March amounted to MSEK 6,588 which, adjusted for currency effects, is 14.5% lower than in the previous year.

Traffic development

In total, traffic for Scandinavian Airlines (RPK) decreased in the first quarter by 6.3% and capacity fell 3.0%. The cabin factor decreased by 2.1 percentage points to 60.9%.

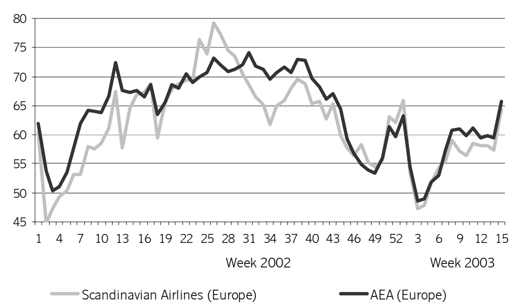
Intercontinental traffic

Intercontinental traffic showed satisfactory development at the beginning of the quarter and rose 8.4% in the quarter due to phasing in of the new large long-haul aircraft, the Airbus A330/A340. The Oslo-New York route was reopened on March 30. In conjunction with the war in Iraq the number of new reservations on intercontinental routes decreased initially, but then almost returned, on routes to the U.S., to the levels prevailing before the start of the war. Traffic to Asia was more affected at the end of the period by the decline due to concern about SARS.

European traffic

Traffic on European routes was very weak and fell 9.7% in the first quarter, due to the weak economy and uncertainty. Capacity has been adjusted to the lower demand and decreased by 4.5%. The cabin factor decreased by 3.0 percentage points to 52.6%, which is on a par with AEA.

Cabin factor



Intra-Scandinavian and domestic traffic

The weakening of the Scandinavian economies, reduced capacity and major traffic rescheduling had a strong impact on traffic which decreased by 23.2% in the first quarter. Capacity decreased by 23.8% and the cabin factor rose by 0.4 percentage points. Compared with 2002, several feeder routes from southern Sweden to Copenhagen, traffic to Greenland and two domestic routes in Sweden have been closed. On April 2, 2002, Scandinavian Airlines' and Braathens' traffic systems in Norway were coordinated which resulted in Scandinavian Airlines mainly serving short routes in south Norway, which had a negative impact on capacity.

Subsidiary & Affiliated Airlines

Statement of income

(MSEK)	January-March 2003	2002
Passenger revenue	**2,887**	2,264
Freight revenue	**25**	65
Charter revenue	**450**	205
Other traffic revenue	**73**	15
Other revenue	**363**	283
Operating revenue	**3,798**	2,832
Payroll expenses	**-1,021**	-804
Selling costs	**-183**	-134
Jet fuel	**-439**	-223
Government user fees	**-580**	-374
Catering costs	**-215**	-124
Handling costs	**-311**	-145
Technical aircraft maintenance	**-372**	-154
Data and telecommunications costs	**-146**	-133
Other operating expenses	**-459**	-288
Operating expenses	**-3,726**	-2,379
Income before depreciation and leasing costs, EBITDAR	**72**	453
Leasing costs for aircraft	**-450**	-362
Income before depreciation, EBITDA	**-378**	91
Depreciation	**-133**	-93
Share of income in affiliated companies	**12**	-327
Capital gains	**14**	7
Operating income, EBIT	**-485**	-322
Income from other shares and participations	**-30**	0
Net financial items	**-49**	-28
Subsidiary & Affiliated Airlines - Income before tax, EBT	**-564**	-350

Earnings trend

The business area's operating revenue amounted to MSEK 3,798, an improvement compared with the same period in 2002 of MSEK 966. This deviation is mainly due to the fact that in 2002 Spanair was consolidated as a subsidiary from March 2002.

In the first quarter of 2003 the business area reported income before capital gains of MSEK –578 (–357).

The affiliated company **British Midland**, 20% holding, provided a share of income of MSEK –5 (–38).

Goodwill amortization for **Spanair** was charged against the business area's earnings with MSEK 13 (4). Spanair has been consolidated as a subsidiary in the SAS Group since March 1, 2002, and previously provided a share of income of MSEK –300 (January-February 2002).

Goodwill amortization for **Braathens** was charged against earnings amounting to MSEK 11 (7) for the first quarter.

The business area in brief

- Comprises the airlines Spanair, Braathens, Widerøe's Flyveselskap and Air Botnia.
- The business area accounted for 21% of the SAS Group's operating revenue in the first quarter.
- The airlines within the business area transported 2.5 million passengers in the first quarter.
- The aircraft fleet comprised 116 aircraft in March 2003.
- The average number of employees in the first quarter was 6,994.

Spanair

(MSEK)	**Jan-Mar 2003**	Jan-Mar 2002 [1]	Jan-Dec 2002 [1]
Passenger revenue	**906**	887	4,441
Other revenue	**469**	465	2,910
Total revenue	**1,375**	1,352	7,351
Payroll expenses	**-250**	-248	-1,109
Other operating expenses	**-1,183**	-1,093	-5,295
Total operating expenses	**-1,433**	-1,341	-6,404
Operating income before depreciation, leasing-costs, EBITDAR	**-58**	11	947
Leasing costs	**-270**	-279	-1,147
Operating income before depreciation, EBITDA	**-328**	-268	-200
Depreciation	**-17**	-12	-67
Capital gains	**2**	27	83
Operating income, EBIT	**-343**	-253	-184
Net financial items	**-26**	-42	-206
Income before tax, EBT	**-369**	-295	-390
EBITDAR margin	**-4.2%**	0.8%	12.9%
Average number of employees	**2,503**	1,892	2,463

[1] Pro forma. Spanair consolidated in SAS Group March – December 2002. January-February Spanair included as share of income.

Traffic and production	**Jan-Mar 2003**	Change vs. 2002
Scheduled traffic		
Number of passengers (000)	**1,043**	-4.1%
Revenue passenger km (RPK)	**852**	-8.0%
Available seat km (ASK)	**1,549**	-0.8%
Cabin factor %	**55.0%**	-4.3%pts.
Yield, local currency		7.4%
Unit cost, total, local currency		+2.0%
Charter traffic		
Number of passengers (000)	**379**	7.1%

Traffic and earnings trend

Spanair's traffic, RPK, decreased by 6.7% in the first quarter. Capacity was at the same level in the first quarter of 2003 as in 2002 despite the fact that intercontinental traffic was discontinued in March 2002. Capacity has not decreased due to new routes to Scandinavia, Spain, Germany and Austria. The war in Iraq has put pressure on the cabin factor and yield on European flights. A new, simplified pricing system was introduced with effect from mid-March 2003.

Charter traffic was affected by the general uncertainty. Furthermore, Easter week, which is highly significant for charter traffic, was in April in 2003.

Passenger revenue amounted to MSEK 906 and total operating revenue was MSEK 1,375. The higher operating revenue is explained by the fact that Club de Vacaciones and Fuerza de Ventas are now consolidated in Spanair. Operating revenue for comparable units fell 1.8%. Compared with 2002, fuel costs rose 15% and government user fees rose 24%. Unit cost increased by 2.0%.

EBITDAR in the first quarter of 2003 amounted to MSEK –58 (11) and income before tax was MSEK –369 (–295).

BRAATHENS

(MSEK)	**Jan-Mar 2003**	Jan-Mar 2002	Jan-Dec 2002
Passenger revenue	**1,336**	1,287	6,039
Other revenue	**213**	209	1,331
Total revenue	**1,549**	1,496	7,370
Payroll expenses	**-432**	-476	-1,932
Other operating expenses	**-1,013**	-737	-3,744
Total operating expenses	**-1,445**	-1,213	-5,676
Operating income before depreciation, leasing-costs, EBITDAR	**104**	283	1,694
Leasing costs	**-161**	-201	-750
Operating income before depreciation, EBITDA	**-57**	82	944
Depreciation	**-41**	-38	-170
Capital gains	**11**	-	-
Operating income, EBIT	**-87**	44	774
Net financial items	**-5**	-6	32
Income before tax, EBT	**-92**	38	806
EBITDAR margin	**6.7%**	18.9%	23.0%
Average number of employees	**2,056**	3,098	2,814

Traffic and production	**Jan-Mar 2003**	Change vs. 2002
Scheduled traffic		
Number of passengers (000)	**950**	-2.7%
Revenue passenger km (RPK)	**601**	14.4%
Available seat km (ASK)	**1,142**	11.6%
Cabin factor %	**52.7%**	+1.3%pts.
Yield, local currency		-12.3%
Unit cost, total incl. charter, local currency		+2.2%
Charter traffic		
Number of passengers (000)	**28**	-15.2%

Traffic and earnings trend

Braathens' scheduled traffic, measured in RPK, increased by 14.4% in the first quarter compared with 2002. This increase was due to the traffic rescheduling in April 2002 after which Braathens mainly service long routes, and by the fact that Easter was later in 2003 than in 2002. Capacity measured in ASK increased by 11.6%. The cabin factor rose by 1.3 percentage points to 52.7% and yield declined by 15.2%.

Taking the later Easter in account, the Norwegian domestic market remained weak in the first quarter and rose by approximately 1% measured in number of passengers. The proportion of full-fare passengers is decreasing.

Passenger revenue amounted to MSEK 1,336 (1,287). EBITDAR was MSEK 104 (283). The reason for this decline, apart from a weak domestic market and increased competition, was an increase in aircraft maintenance costs of MSEK 62 and higher operating expenses of MSEK 36. The increase in aircraft maintenance costs was as expected and due to the considerable variation in the number of maintained aircraft engines between the quarters. The higher operating expenses were due to higher prices. Unit cost increased by 2.2%.

Income before tax (EBT) amounted to MSEK –92 (38).

widerøe

(MSEK)	**Jan-Mar 2003**	Jan-Mar 2002	Jan-Dec 2002
Passenger revenue	**430**	407	1,807
Other revenue	**211**	179	796
Total revenue	**641**	586	2,603
Operating income before depreciation, leasing-costs, EBITDAR	**56**	83	453
Operating income before depreciation, EBITDA	**23**	51	306
Operating income, EBIT	**-13**	18	164
Income before tax, EBT	**-31**	3	82
EBITDAR marginal	**8.7%**	14.2%	17.4%
Average number of employees	**1,302**	1,183	1,207

Traffic and production		**Jan-Mar 2003**	Change vs. 2002
Number of passengers	(000)	**386**	11.7%
Revenue passenger km	(RPK)	**114**	24.5%
Available seat km	(ASK)	**233**	22.1%
Cabin factor	%	**49.1%**	+1.0%pts.
Yield, local currency			-18.1%

Traffic and earnings trend

Traffic, measured in RPK, rose in the first quarter by 24.5% mainly due to new routes in intra-Scandinavian traffic between southern Norway and Denmark. Production, ASK; increased by 11.7%. The cabin factor for the period rose 1.0 percentage points to 49.1%. Due to falling demand Widerøe reduced capacity in southern Norway and on intra-Scandinavian routes from March 4.

Passenger revenue for the first quarter amounted to MSEK 430 which is an increase of 5.6% over the previous year. The increase is mainly due to higher production compared with 2002.

Yield fell in the first quarter by 18.1%. This considerable decline was due to a lower number of full-fare passengers.

Income before tax amounted to MSEK –31 (3).

Air Botnia

(MSEK)	**Jan-Mar 2003**	Jan-Mar 2002	Jan-Dec 2002
Passenger revenue	**215**	231	1,022
Other revenue	**8**	0	3
Total revenue	**223**	231	1,025
Operating income before depreciation, leasing-costs, EBITDAR	**6**	38	245
Operating income before depreciation, EBITDA	**-27**	-1	94
Operating income, EBIT	**-30**	-4	83
Income before tax, EBT	**-29**	-4	83
EBITDAR margin	**2.7%**	16.5%	23.9%
Average number of employees	**283**	289	291

Traffic and production		**Jan-Mar 2003**	Change vs. 2002
Number of passengers	(000)	**131**	17.9%
Revenue passenger km	(RPK)	**84**	25.7%
Available seat km	(ASK)	**206**	32.8%
Cabin factor	%	**41.0%**	-2.3%pts.
Yield, local currency			-23.5%

Traffic and earnings trend

Passenger revenue for the first quarter amounted to MSEK 215, which is MSEK 16 or 7% lower than in the previous year. The decline in revenue is mainly due to a lower yield due to price competition, falling demand in the market and changed consumer behavior. Despite falling demand in the market, Air Botnia increased the number of sold passenger kilometers, RPK, by 25.7% Air Botnia has thus captured market shares and further strengthened its position in the market.

Operating expenses increased by MSEK 22 or 11%. The change in costs compared with the previous year was mainly due to a 33% increase in production and higher fuel costs.

Unit cost fell 16% compared with the previous year. This improvement was mainly due to greater utilization of aircraft and higher crew productivity.

Income before tax amounted to MSEK –29 (–4).

Airline Support Businesses

Statement of income

(MSEK)	January-March 2003	2002
Operating revenue	**4,755**	4,973
Payroll expenses	**-1,949**	-1,878
Selling costs	**-232**	-488
Handling costs	**-310**	-303
Technical aircraft maintenance	**-531**	-482
Data and telecommunications costs	**-560**	-614
Other operating expenses	**-1,139**	-1,131
Operating expenses	**-4,721**	-4,896
Income before depreciation, EBITDA	**34**	77
Depreciation	**-125**	-114
Share of income in affiliated companies	**0**	-2
Operating income, EBIT	**-91**	-39
Net financial items	**-37**	20
Airline Support Businesses - Income before tax, EBT	**-128**	-19

Earnings trend

Airline Support Businesses was established as a business area in 2002. The earnings for the business units are based on the price models and agreement structures (SLA – Service Level Agreements) that exist between the units and the airlines in the SAS Group.

During the quarter the units within Airline Support Businesses have adjusted their operations in response to lower volumes in the markets. Operating revenue decreased by MSEK 218 to MSEK 4,755 (4,973).

The business area reported income before tax of MSEK –128 (–19) in the first quarter of 2003.

The business area in brief

- The business area's operations mainly comprise ground services, technical aircraft maintenance, sales and distribution, and freight services.
- Comprises SAS World Sales, SAS Technical Services, Scandinavian Ground Services and SAS Cargo Group.
- The business area accounted for 26% of the SAS Group's operating revenue in the first quarter.
- Average number of employees in the first quarter was 14,233.

SAS World Sales

(MSEK)	Jan-Mar 2003	Jan-Mar 2002	Jan-Dec 2002
Operating revenue	**1,241**	1,500	6,287
of which external operating revenue	**25.5%**	11.3%	10.7%
Operating income before depreciation, EBITDA	**15**	-22	183
Operating income, EBIT	**1**	-34	127
EBITDA margin	**1.2%**	-1.5%	2.9%
Average number of employees	**2,447**	2,553	2,490

SAS World Sales (SWS) had sales to the SAS Group and Lufthansa totaling MSEK 1,241, which was MSEK 259 lower than in the previous year. EBT at March 31 amounted to MSEK 1. Despite, lower sales to the airlines in the SAS Group, SWS reports positive earnings because significant parts of the Turnaround program have been implemented which provides a base for continued businesslike development.

A new net pricing system was implemented on January 1, 2003, in the Scandinavian market. New agreements have now been signed with 90% of the Scandinavian travel agencies. Other activities included closure of a number of call centers and a continued reduction in the total number of employees during the first quarter of 2003.

The first quarter of 2003 showed a continued positive development for ticketless travel, with increased sales in electronic channels in accordance with plan.

SAS Technical Services

(MSEK)	**Jan-Mar 2003**	Jan-Mar 2002	Jan-Dec 2002
Operating revenue	**1,463**	1,465	5,874
of which external operating revenue	**14.1%**	14.6%	13.0%
Operating income before depreciation, EBITDA	**50**	75	365
Operating income, EBIT	**-19**	13	91
EBITDA margin	**3.4%**	5.1%	6.2%
Average number of employees	**3,690**	3,895	3,808

Sales to the SAS Group and external customers amounted to MSEK 1,463 which is on a par with the previous year. EBIT for the quarter amounted to MSEK –19, which is MSEK 32 lower than in the previous year.

External revenues were somewhat lower than expected in the first quarter. Revenue levels generally fall when airlines reduce their capacity due to the weak market situation, and there is therefore not the same need for maintenance.

The Turnaround measures are being implemented according to plan. Contract negotiations regarding engine maintenance for MD-80 aircraft were concluded in the first quarter and provide STS with an average cost saving of approximately 12% in relation to the present level.

Scandinavian Ground Services

(MSEK)	**Jan-Mar 2003**	Jan-Mar 2002	Jan-Dec 2002
Operating revenue	**1,392**	1,473	6,083
of which external operating revenue	**12.3%**	10.9%	13.1%
Operating income before depreciation, EBITDA	**-77**	25	48
Operating income, EBIT	**-110**	-7	-87
EBITDA margin	**-5.5%**	1.7%	0.8%
Average number of employees	**6,835**	6,497	6,891

Scandinavian Ground Services' (SGS) sales to the SAS Group and external customers amounted to MSEK 1,392, which is MSEK 81 lower than the previous year. Sales to Scandinavian Airlines decreased by approximately MSEK 190, but this decline was compensated by new deals, with Braathens and others. EBT for the first quarter amounted to MSEK –110.

Earnings were negatively affected by lower volumes, primarily from airlines in the SAS Group. The integration work in Norway has taken slightly longer than planned but since Turnaround started the number of employees has decreased by almost 270 positions. Additional decisions have been taken for cost reductions in 2003.

Due to poor profitability the competitor Servisair is discontinuing its Ground Handling operations in Sweden as of August 2003. This will give SGS new business opportunities in the Scandinavian market. Two new customers were added in the first quarter, Snowflake and My Travel.

SAS Cargo

(MSEK)	**Jan-Mar 2003**	Jan-Mar 2002	Jan-Dec 2002
Operating revenue	**748**	647	2,844
of which traffic revenue	**557**	523	2,269
Proportion of external operating revenue	**95.6%**	96.1%	95.5%
Operating income before depreciation, EBITDA	**24**	0	47
Operating income, EBIT	**14**	-11	1
Income before tax, EBT	**-3**	-10	-4
EBITDA margin	**3.2%**	0	1.7%
Average number of employees	**1,261**	1,183	1,146
Flown tonnes	**70,557**	62,860	271,103
Tonne km (000)	**243,418**	207,895	928,307
Cargo yield, SEK/ tonne km	**2.26**	2.49	2.27

Operating revenue amounted to MSEK 748 which is 16% higher than in the first quarter of 2002.

SAS Cargo's accumulated EBT amounted to MSEK –3, which is an improvement of MSEK 7 compared with the previous year. The company has started additional cost reductions which will reduce operating expenses for the year compared with 2002. Yield declined from SEK 2.49 to SEK 2.26, a fall of 9.2%. This decline is due to a weaker U.S. dollar and lower freight prices in general.

SAS Cargo had a positive tonnage development in the first quarter, which applied in particular to intercontinental destinations. This trend resulted in the company capturing market shares in its home market in Scandinavia.

SAS Cargo will be investing a further amount of approximately MSEK 35-40 in safety equipment as a consequence of the stricter safety regulations that have been introduced in the freight industry. Most of these cost increases will be compensated by customers paying a safety supplement per flown kilogram. The planned start is the first quarter of 2004.

Airline Related Businesses

Statement of income

(MSEK)	January - March 2003	2002
Operating revenue	**1,166**	1,467
Payroll expenses	**-362**	-421
Handling costs	**-60**	-46
Costs of goods sold incl. concession charges	**-293**	-360
Data and telecommunications costs	**-170**	-232
Other operating expenses	**-243**	-277
Operating expenses	**-1,128**	-1,336
Income before depreciation, EBITDA	**38**	131
Depreciation	**-66**	-73
Share of income in affiliated companies	**0**	-19
Operating income, EBIT	**-28**	39
Net financial items	**12**	-5
Airline Related Businesses - Income before tax, EBT	**-16**	34

Earnings trend

Airline Related Businesses was established as a business area in 2001. Most of the business area's sales are to external customers. In July 2002 the SAS Group signed an agreement to sell its shareholding in SMART to Amadeus. This transaction was completed on August 31, 2002, and SMART is therefore included in comparative figures for 2002.

Due to a lower level of activity in the airline industry and the sale of SMART, operating revenue for the business area decreased by MSEK 301 to MSEK 1,166 (1,467).

Income before tax amounted to MSEK –16 (34) for the period.

The business area in brief

- Operations related to airline operations within and outside the SAS Group. Operations comprise stores at airports, IT support for the airline industry and training of pilots and cabin crew.
- Comprises the companies Scandinavian IT Group, SAS Trading, SAS Flight Academy, Jetpak and others.
- The business area accounted for 7% of the SAS Group's operating revenue in the first quarter.
- Average number of employees in the first quarter was 2,151.

Scandinavian IT Group

(MSEK)	Jan-Mar 2003	Jan-Mar 2002	Jan-Dec 2002
Operating revenue	**523**	557	2,255
of which external operating revenue	**9.4%**	3.9%	6.7%
Operating income before depreciation, EBITDA	**35**	49	192
Operating income, EBIT	**10**	16	72
Income before tax, EBT	**10**	16	70
EBITDA margin	**6.7%**	8.8%	8.5%
Average number of employees	**1,254**	1,310	1,289

Despite the continued decline in the civil aviation industry, Scandinavian IT Group reports an EBT for the first quarter of 2003 of MSEK 10, which is better than expected but MSEK 6 lower than in the previous year. Operating revenue totaled MSEK 523, which represents a decline of 7% compared with 2002. The continued satisfactory level of income before tax is attributable to the full effect of the Cost & Restructuring Program carried out in 2002.

In addition to Atlantic Air, Cimber and Coast Air. Mærsk Air has now shown an interest in Scandinavian IT Group's Internet Booking solution. Scandinavian IT Group is holding cooperation discussions with Unisys in the Airport segment. In February an agreement was signed with TravelSky, one of the major players in the Chinese market within the airline industry. The intention was to sell competence in code sharing, in response to a direct inquiry from TravelSky, but also to establish a point of entry to the Chinese market.

SAS Trading

(MSEK)	**Jan-Mar 2003**	Jan-Mar 2002	Jan-Dec 2002
Operating revenue	**346**	474	1,964
of which external operating revenue	**96.5%**	97.3%	96.6%
Operating income before			
depreciation, EBITDA	**-39**	-5	13
Operating income, EBIT	**-44**	-12	-24
Income before tax, EBT	**-30**	-13	-34
EBITDA margin	**-11.3%**	-1.1%	0.7%
Average number of employees	**337**	585	471

SAS Trading's total operating revenue amounted to MSEK 346 which is MSEK 128 lower than in the previous year. The entire difference is due to a lost concession for sales at airports in Sweden. This decline had an impact on EBT which deteriorated from MSEK –13 in 2002 to MSEK –30 for the first quarter of 2003. The weakening of the Norwegian krone against the Swedish krona had a very negative impact on earnings for the quarter since most of sales take place in Norway.

A new store was opened at the airport in Poznan in March and prospects look positive. Planned expansion at Kastrup airport, with two new stores, has been postponed. Copenhagen airport does not currently wish to invest in new stores due to the weak development at Kastrup and in the business environment. SAS Trading has signed agreements with SAS Flightshop, Spanair and Braathens regarding purchasing of duty paid products for each company's inflight sales. The agreements came into force on May 1, 2003.

SAS Flight Academy

(MSEK)	**Jan-Mar 2003**	Jan-Mar 2002 [1]	Jan-Dec 2002
Operating revenue	**128**	160	568
of which external operating revenue	**33.6%**	26.9%	30.6%
Operating income before			
depreciation, EBITDA	**26**	46	141
Operating income, EBIT	**3**	22	44
Income before tax, EBT	**1**	20	38
EBITDA margin	**20.3%**	28.8%	24.8%
Average number of employees	**176**	176	174

[1] Pro forma, excluding Norwegian Aviation College.

SAS Flight Academy's (SFA) total sales amounted to MSEK 128, which is MSEK 32 lower than in the previous year. EBT was MSEK 19 lower than in the previous year and most of this negative development is due to a lower training demand from Scandinavian Airlines

SFA acquired several new customers in the first quarter of 2003. These included Ryanair, Lagun Air, Gestavi, Argentinska Flygvapnet, Viking Airlines, JAT Yugoslav Airlines, Air Catalunya, Polishögskolan, City-Air, Casino Cosmopol and Royal Flight of Oman.

JETPAK

(MSEK)	**Jan-Mar 2003**	Jan-Mar 2002	Jan-Dec 2002
Operating revenue	**113**	85	385
of which external operating revenue	**99.1%**	99.2%	99.5%
Operating income before			
Depreciation, EBITDA	**7**	2	4
Operating income, EBIT	**5**	0	-2
Income before tax, EBT	**5**	0	-3
EBITDA margin	**6.2%**	2.4%	1.0%
Average number of employees	**168**	151	153

Jetpak's total sales amounted to MSEK 113, which is 33% more than in the first quarter of 2002.

The company's total EBT amounted to MSEK 5, which is MSEK 5 higher than in the previous year.

The market for express transport services remained weak in the first quarter. In general this could be noticed within Jetpak's local delivery services. By exercising restraint, Jetpak was able to achieve satisfactory earnings for the first quarter.

Adena Pickos in Malmö has been part of the Jetpak Group since February 1. The unit will contribute approximately MSEK 25 in increased operating revenue. Integration is being conducted according to plan with efforts focused on building a joint platform of express/local deliveries in south Sweden and on cost savings.

Rezidor SAS

Hotels

Statement of income

(MSEK)	January-March 2003	2002
Rooms revenue	**405**	353
Food and beverage revenue	**278**	258
Other revenue	**159**	135
Operating revenue	**842**	746
Operating expenses	**-316**	-270
Payroll expenses	**-356**	-322
Rental expenses, property insurance and property tax	**-245**	-215
Operating income before depreciation	**-75**	-61
Depreciation	**-33**	-28
Share of income in affiliated companies	**-1**	3
Capital gains	**2**	0
Operating income, EBIT	**-107**	-86
Income from other shares and participations	**13**	0
Net financial items	**-21**	1
Hotels - Income before tax, EBT	**-115**	-85
Key figures		
EBITDA, MSEK [1]	**-76**	-58
Revenue per available room (SEK) (REVPAR) [2]	**496**	558
Gross profit margin	**20.2%**	20.6%

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

Earnings trend

Revenues for the first quarter amounted to MSEK 842 (746), an improvement compared with the previous year of MSEK 96 or 12.9%. The increase is primarily attributable to new hotels opened since the previous year and consequently revenues are unchanged for comparable units.

The hotel market showed very negative development in the first quarter and revenue per available room, adjusted for currency effects, is 8% lower than in the previous year. The main reasons for this negative trend are the war in Iraq, and the uncertainty during the period before war broke out, and SARS. The weakest markets are major cities in Europe while cities in eastern parts of Europe and smaller cities showed less of a decline. Hotels in the Middle East suffered a smaller decline than expected during the war.

Market positions were strengthened in the first two months of the year. In the two markets where market shares were lost in 2001 and 2002, Sweden and Germany, improvements can now been seen.

In September 2002 Rezidor SAS signed a franchise agreement with Carlson Hotels Worldwide under which Rezidor SAS gains exclusive rights to develop three brands: Regent, Country Inn and Park Inn. When the agreement was signed Rezidor SAS took over 14 hotels. Since then, agreements have been signed for a further 16 hotels, which means that 12 Country Inn, 16 Park Inn and 2 Regent hotels were part of the chain at the end of March 2003.

An agreement was signed in March for the development of a new hotel brand which focuses on the lifestyle concept. The brand will carry the name Cerruti and agreements have already been signed for the two first Cerruti hotels.

Two new agreements were signed for Radisson SAS hotels in the first quarter, bringing the number of hotels in the chain to 166 at the end of March 2003.

Seven new Radisson SAS hotels opened during the period, in Sweden, Germany and Saudi Arabia. In addition, two Park Inn hotels opened in Germany and South Africa.

EBITDA, income before depreciation and including share of income in affiliated companies, amounted to MSEK –76 (–58) for the period.

Income before tax, EBT, amounted to MSEK –115 (-85) for the period. The decline compared with 2002 is mainly attributable to lower operating income which was due to the downturn in the market.

The business area in brief

- Comprises the company Rezidor SAS Hospitality which conducts the SAS Group's hotel business under the brands Radisson SAS, Park Inn, Country Inn and Regent.
- The number of available rooms per day is approximately 40,000 divided among more than 190 hotels.
- The business area accounted for 5% of the SAS Group's operating revenue in the first quarter.
- Average number of employees in the first quarter was 3,428.

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 financial net debt, minus share of equity in affiliated companies. Can also be expressed as book value of total assets, plus surplus value in the aircraft fleet, plus 7 times the 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
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, operational
Airline operations' operating expenses minus non-traffic related revenue per ASK.
Unit cost, total
Airline operations' total operating expenses including capacity costs for aircraft minus non-traffic related revenue per ASK.
Unit revenue (yield)
Average traffic revenue per RPK.
Yield
See Unit revenue.

SAS Group organization

Op. rev. MSEK 7,434 41% | Op rev. MSEK 3,798 21% | Op rev. MSEK 4,755 26% | Op. rev. MSEK 1,166 7% | Op. rev. MSEK 842 5%

Operating revenue for the SAS Group totaled MSEK 13,710 (13,775) for the first quarter. Percentages refer to share of the SAS Group's operating revenue excluding groupwide items and before group eliminations. Operating revenue pertains to the period January-March 2003.

Financial calendar

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

The SAS Group's monthly traffic and capacity statistics are published on the sixth working day of each month.

Investor Relations SAS Group: Sture Stølen +46 8 797 14 51
e-mail: investor.relations@sas.se

SAS AB (publ)
Company reg. no. 556606-8499
SE-195 87 Stockholm
Telephone +46 8 797 00 00

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