



SAS AB

3rd Quarter 2003



Stockholm, November 11th
Oslo, November 12th

3rd Quarter 2003 -Tough market environment offset by significant cost reductions

- ▶ Clear stabilisation of traffic volumes – but no significant growth
 - ▶ Group traffic +1%
- ▶ Continued strong pressure on yields
 - ▶ Down 14% in Q3
- ▶ Turnaround 2005 well underway – ahead of plan
 - ▶ Units cost down 14% Q3 (SK)
 - ▶ 42% of program implemented



3rd Quarter pressure on revenues offset by cost reductions

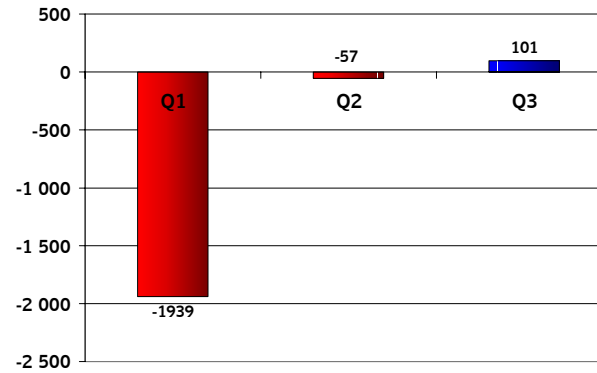
3 rd Quarter	2003	2002	
MSEK			
▶ Revenue	14 920	16 592	-10%
▶ EBITDAR*)	1 833	2 145	-15%
▶ Lease, depreciation & financial net	-1 732	2 095	-17%
▶ EBT bef. cap gains*)	101	50	
▶ EBT incl. gains	564	640	

*) Excluding restructuring costs



Negative result mainly attributable to the first quarter

EBT bef gains and restructuring
MSEK



Position as Europe's No 4 Airline Group secured further - Revenues - Passengers



- ▶ The SAS Group current platform
 - Strong position in home market
 - 100 million in catchment area
 - Fourth largest airline group in Europe
- ▶ Strengthened market position through acquisitions of minority holdings in Estonian Air
- ▶ Rebranding of Air Botnia into Blue1 in Finland expanding with new nonstop flights from Helsinki to Europe



The SAS Group offers low price from all capitals in Scandinavia



Braathens from Oslo to:

Barcelona, Malaga, Alicante, Nice, Roma, Las Palmas, Palma, Lissabon, Dublin

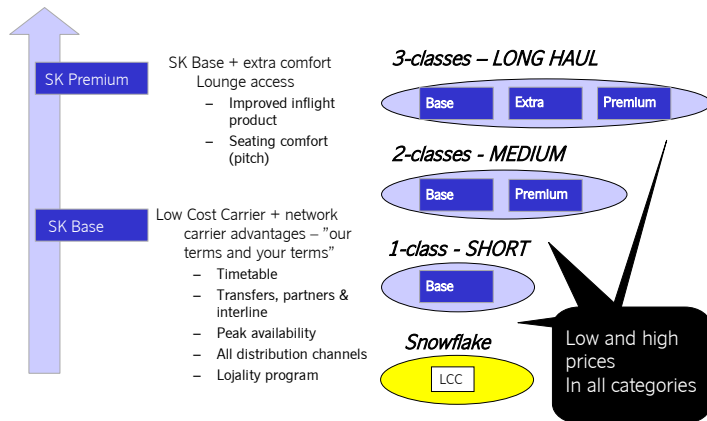
Snowflake from Copenhagen and Stockholm to:

Malaga, Alicante, Athens, Beograd, Beirut, Bologna, Budapest, Dublin, Rome, Istanbul, Lyon, Nice, Palma, Prague, Pristina, Sarajevo,

New destinations to come: Ankara, Inverness, Malta, Venice Skopje, Split, Lisbon



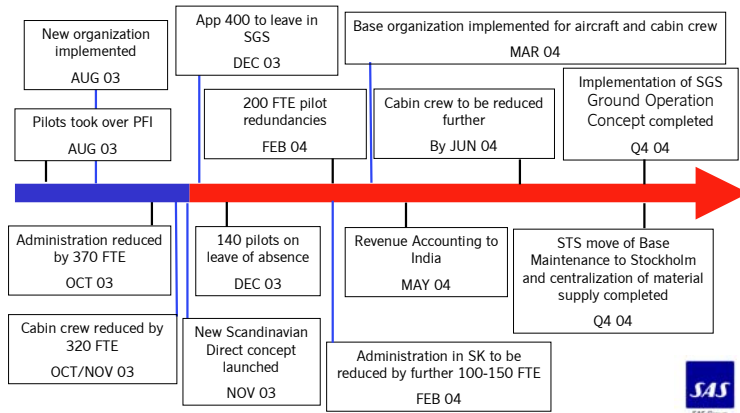
New modulated product concept – the base for future customer set up



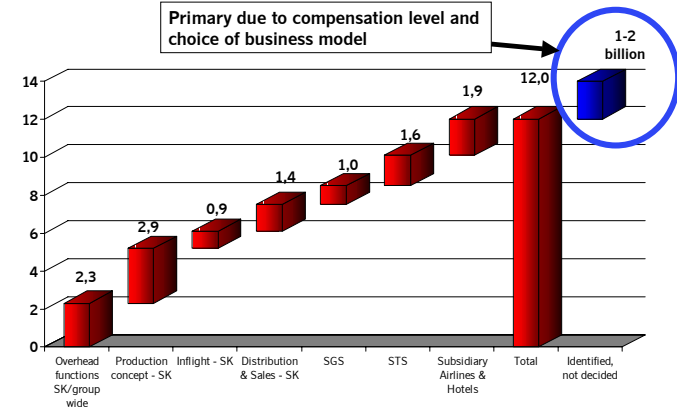
Turnaround 2005



Important events in Turnaround 2005

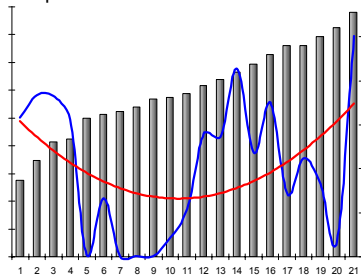


Decided and under implementation 12 billion SEK in Turnaround 2005



Gap to the "efficient airline" in compensation schemes

Example: cabin crew



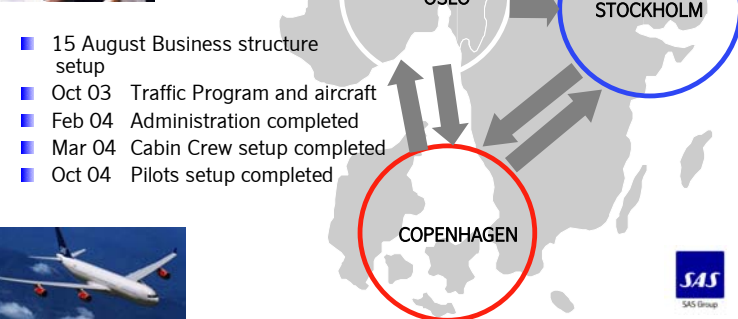
"Compensation ladder" for cabin crew

— Distribution of personnel

- Gap to complete Turnaround 2005 in cabin crew and pilots compensations
- Main compensation schemes for cabin crew
 - Basic compensation with a new level for each 21 years...
 - ...and 11,5% "fly compensation"...
 - Per diem January-September in average 25-30% of salary
 - Overtime (MDC) obligatory for pursers and compulsory on some longer routes for all groups



Three separate "independent" bases to reduce complexity within Scandinavian Airlines

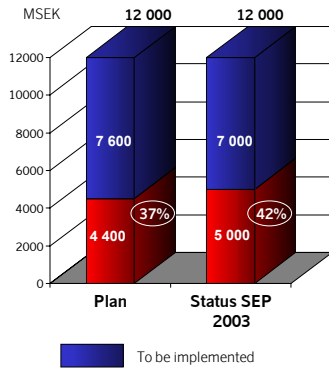


- 15 August Business structure setup
- Oct 03 Traffic Program and aircraft
- Feb 04 Administration completed
- Mar 04 Cabin Crew setup completed
- Oct 04 Pilots setup completed

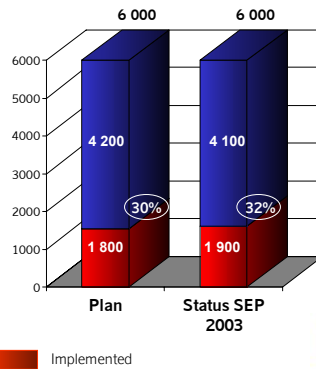


Turnaround 2005 ahead of plan

Total financial effect of implemented activities compared to plan



Reduction of personnel



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Business areas

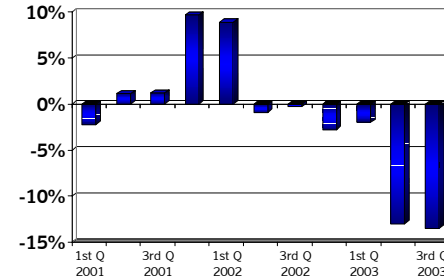
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Sharp reduction in unit cost from Q2 continued in 3rd Quarter



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



- ▶ Q1 unit cost down 2%
- ▶ Q2 unit cost down by 13%
- ▶ Q3 unit cost down by 14%
 - Turnaround 2005
 - Net pricing model
 - Limited long haul effect
 - Some effect from snowflake introduction

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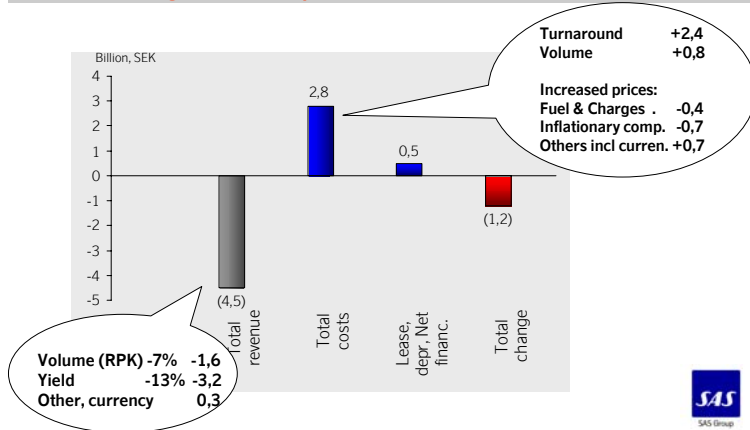
3rd Quarter EBT before gains and exceptionals - Business area

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Scandinavian Airlines	-192	-273	81
Subsidiary & Aff. Airlines	298	316	-18
Airlines Support Businesses	119	118	1
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Hotels	-37	124	-161
Group eliminations	-99	-271	
EBT, before gains & exceptionals	101	50	51

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Effects from Turnaround 2005 offset by severe pressure on revenues



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Gunnar Reitan
Deputy CEO

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Subsidiary & Affiliated Airlines positive Quarter for most airlines



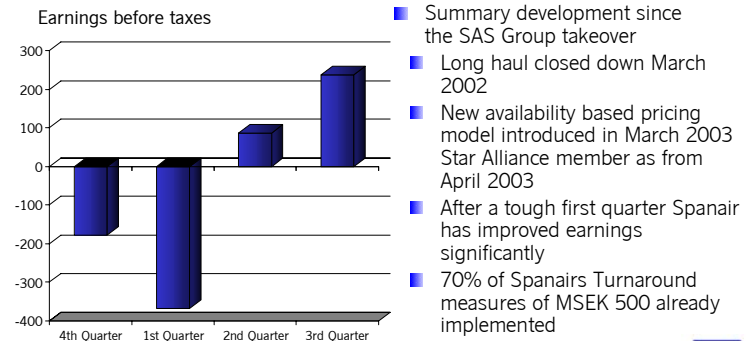
New improvement measures of MSEK 1 800 identified and initiated

Jul-Sep in MSEK	Spanair	BRAATHENS	widerøe Member of the SAS Group	Blue
Revenues	2 648 14,5%	1 613 -17,0%	574 -8,0%	201 -17,6%
EBITDAR	591 9,2%	325 -24,1%	88 -7,4%	14 -76%
EBT, before gains	259 69%	131 -31%	18 n.m	-25 n.m

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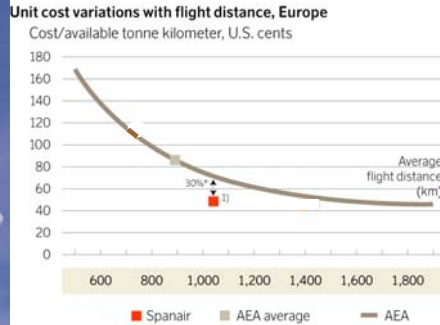
Turnaround in Spanair on track



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Cost position in line with EasyJet on scheduled routes and Ryanair on charter



• Strong Q3 EBITDAR +9% EBT bef gains +69%

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Spanair value creation going forward

- ▶ Solid profitability and cash flow is viable as a consequence of excellent cost and efficiency and a business model providing sustainable growth
- ▶ Strong position in Madrid and Barcelona, two of Europe's strongest markets
- ▶ The underdog position provides a long lasting growth perspective without getting close to dominant position
- ▶ The twin track strategy with full service and low cost model is essential in order to capitalize on Spanair's position

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



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Turnaround in Widerøe - weak yield development offset by good cost control

- Yield down by over 20% managed by good cost control
- MSEK 300 in cost improvement measurements under implementation
- New non stop route to Manchester from Bergen as from December

July – September

Operating revenue
EBT

2003	2002
574	624
18	-2



Hotels – continued weak hotel markets

- Weak trading conditions in Western Europe (specially in main capitals)
- Strong in the Baltic region and Eastern Europe
- New loyalty program introduced- Goldpoints
- Improvement program of MSEK 150 under implementation with full effect 2004

July-September

Total revenue
EBITDA
EBIT
EBT

2003	2002
861	975
-8	141
-37	132
-37	129



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Baltic strategy



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Finland and the Baltic region of great strategic importance to the SAS Group



Increased presence in Finland and in the Baltic region



49%



100%



47%

- **Estonian Air** a growing airline in a very interesting region
 - Operating cost level app. 50% below European airlines
- **AirBaltic** growing network out of Latvia with similar cost level as Estonian Air
- **Blue1** growing out from Finland with new non-stop routes from Helsinki to Brussels, Geneva and Düsseldorf



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Introduction of Blue1 – expansion in the Finnish market

- AirBotnia to change identity to Blue1
- New international nonstop destinations from Finland - Geneva, Düsseldorf and Brussels.
- Since 1998 SAS Group has tripled the number of daily flights to and from Finland from 40 to 120, of which Blue1 as from November will operate 102.



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Baltic countries – interesting opportunities in a growing region

- ▶ Growing economies
 - Expected GDP growth in 2003/04
 - Estonia 5,4% / 5,9%
 - Latvia 6,1% / 6,6%
 - Improved domestic purchasing power
 - Inflation under control
 - Estonia 3,3% and Latvia 2,8%
- ▶ Estonia and Latvia to join EU
- ▶ Cost level significantly under Scandinavian countries
 - Local airline cost structure necessary to be able to operate profitable to/from region



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Strategic considerations behind new shareholding in Estonian Air



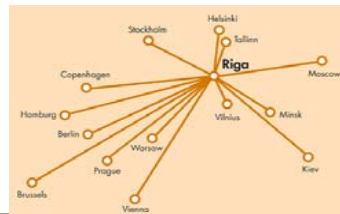
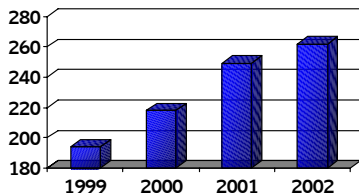
- The Baltic states part of SAS home market
- Exploiting business opportunities to/from Estonia
- State of the art cost efficiency level – approximately 50% lower than west European network airlines
- Synergy effects estimated at about MSEK 35
- One-stop services via Copenhagen Stockholm hubs



AirBaltic – growing based on efficient production platform



- SAS Group ownership 47%
- Transported 262 000 passengers in 2002
- Efficient production platform
 - Pilot block hours 800 in 2002
 - Cabin block hours 740 in 2002
- Two class product to 14 destinations – 3 destinations opened in 2003
- Participates in Euro Bonus program



Jørgen Lindegaard CEO & President



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Sum up



- ▶ Stabilization of market – but no significant growth
 - Yield pressure to continue
- ▶ Cost measures takes effect
 - Turnaround 2005 ahead of schedule
 - Unit cost down in Q3 by 14% for Scandinavian Airlines
- ▶ Position as Europe's no 4 airline group secured further
 - Strengthened position for Spanair, Blue1 & AirBaltic
 - Acquisition of Estonian Air



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The Board of Directors

Assessment for full year 2003:

- ▶ Improved economies, but still weak demand
 - Yields under pressure
- ▶ Turnaround 2005 – ahead of schedule
- ▶ EBT before taxes approximately negative MSEK 2 000
 - Uncertainties about yields 4th Quarter



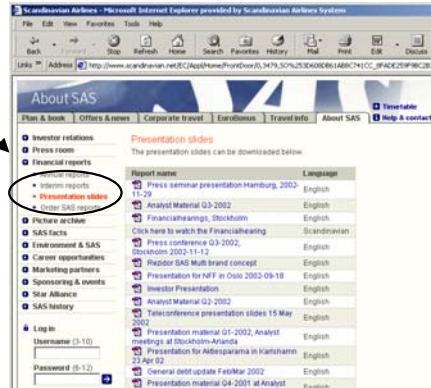
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www.sasgroup.net



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Additional slides for further information



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Operating expenses down by 15,8% in Scandinavian Airlines



July – September	2003	pro forma 2002	
Operating revenue	7 723	9 095	-15,1%
Personnel expenses	-1 791	-1 858	-3,6%
Sales & distribution	-223	-497	-55,1%
Fuel	-728	-795	-8,4%
Government user fees	-784	-923	-15,1%
Catering	-307	-367	-16,3%
Handling costs	-1 101	-1 356	-18,8%
Technical aircraft maintenance	-1 078	-1 241	-13,1%
Data & telecommunication costs	-417	-433	-3,7%
Other costs	-661	-949	-30,3%
Operating expenses	-7 090	-8 419	-15,8%
EBITDAR	633	676	
EBIT	-26	-224	
EBT	-178	-464	



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Severe Revenue Pressure Passenger revenues down 5 410 MSEK



January-September

▶ Revenues	19 989 MSEK	- 21,3 %
• Volume		- 6,6%
• Yields		- 12,7%
• Currency		-3,4%



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Traffic up by 0,9% in the third quarter

- ▶ Total traffic increased by 0,9% in Q3, but down 2,2% in Jan- Sep
- ▶ Total capacity up by 2,3% vs. Q3 in 2002

3Q passenger load factors

	Scandinavian Airlines	-0,4 p.u.	→	71,8%
	Spanair	+0,5 p.u.	→	69,0%
	Braathens	-3,5 p.u.	→	59,9%
	Widerøe	+3,0 p.u.	→	54,3%
	Blue1	-7,8 p.u.	→	47,6%



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Recent events under Turnaround 2005



- **Scandinavian Airlines** - main actions taken under Turnaround 2005
 - New organization with three bases as from August 15th
 - Cabin Crew reduced by 320 FTE's by October
 - Adm personnel reduced by 370 FTE's by end of October
 - Revenue accounting – move to India
 - New Procedures for Line Maintenance (PFI)
 - New Internet web site for Scandinavian Airlines and Snowflake as from October
- **Subsidiary & Affiliated airlines**
 - Increased ambition levels
 - Braathens MSEK 500, Spanair MSEK 500
- **Airline Support Businesses**
 - Increase SK self check in to 60% in 2005
 - Centralize STS 'Base Maintenance' to Stockholm.
 - FTE's reduced by 510. Further redundancies expected with plan



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SAS Group EBITDAR and CFROI

Jan-Sep	2003	2002	
MSEK			
▶ Revenue	43 930	48 235	-8,9%
▶ EBITDAR	2 947	5 962	-51%
▶ EBITDAR margin	6,7%	12,4%	-5,7 p.p.
▶ CFROI	7%	11%	

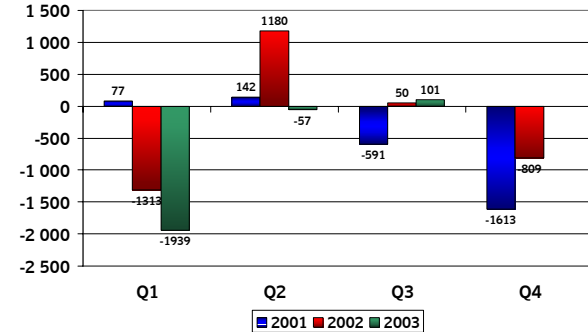


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SAS Group – Quarterly EBT

EBT bef gains
MSEK million



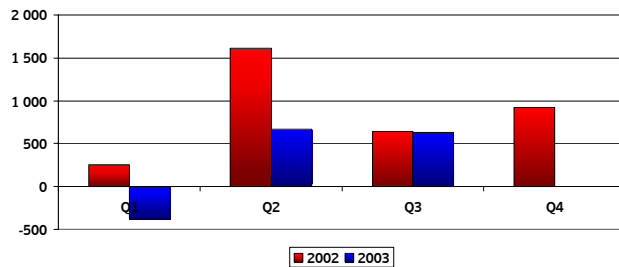
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Scandinavian Airlines 2003/2002 Quarterly EBITDAR development



EBITDAR, Scandinavian Airlines
MSEK

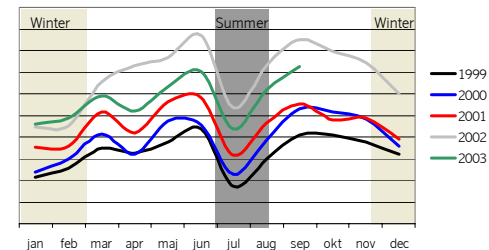


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Group seasonality pattern

- January, February, July and December seasonally weak months
- Revenues in Q3 in average 7% lower than Q2 last five years
- Revenues in Q4 in average 3% lower than Q2 last four years
- Revenues in Q1 in average 15% lower than Q2 last five years

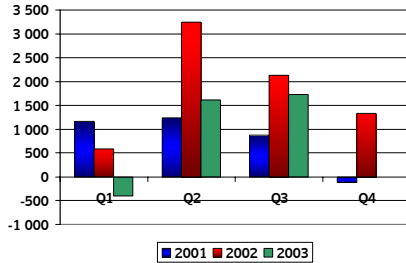


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Significant pressure on revenue halts EBITDAR improvement

EBITDAR MSEK



▶ EBITDAR in Q3 2003 was 1 737 (2 130) MSEK

EBITDAR

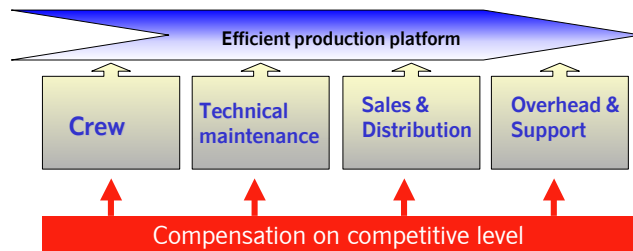
- Scandin Airl. 633 MSEK
- Braathens 325 MSEK
- Spanair 591 MSEK
- Widerøe 88 MSEK
- Blue1 14 MSEK



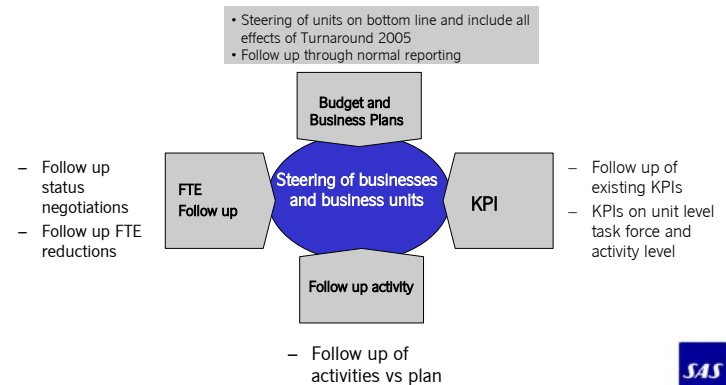
Summary Turnaround 2005



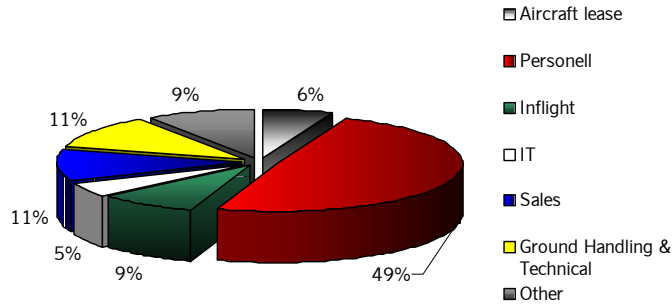
Gap mainly found in compensation schemes



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



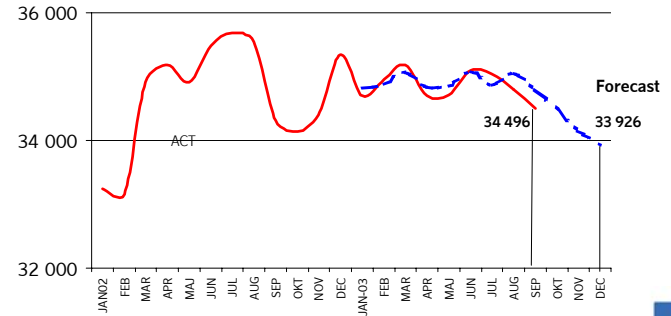
Distribution of cost reductions in Turnaround 2005 by cost category



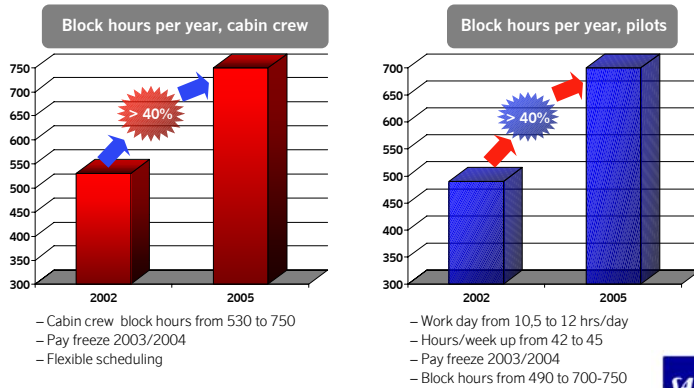
Target SEK 13-14 billion of which SEK 12 billion is decided



Development of the number of employees in the SAS Group



New agreements with possibility to increase crew and pilot block hours by over 40%

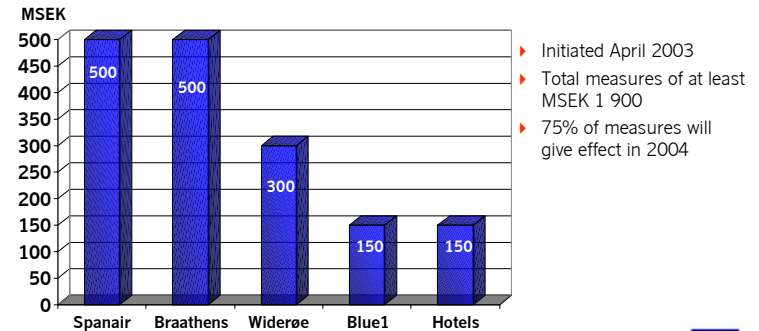


- Cabin crew block hours from 530 to 750
- Pay freeze 2003/2004
- Flexible scheduling

- Work day from 10,5 to 12 hrs/day
- Hours/week up from 42 to 45
- Pay freeze 2003/2004
- Block hours from 490 to 700-750



Improvement measures amounting to MSEK 1 900 for Subsidiary Airlines and Hotels



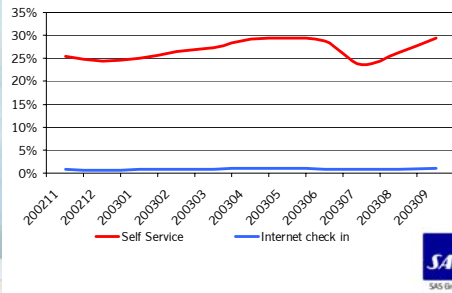
- ▶ Initiated April 2003
- ▶ Total measures of at least MSEK 1 900
- ▶ 75% of measures will give effect in 2004



Automatic check in will increase SGS efficiency



- Target to increase Self Service check in to 60% in 2005
- Internet check low, but increasing
- Best performance 9% internet check in Bromma - Copenhagen**



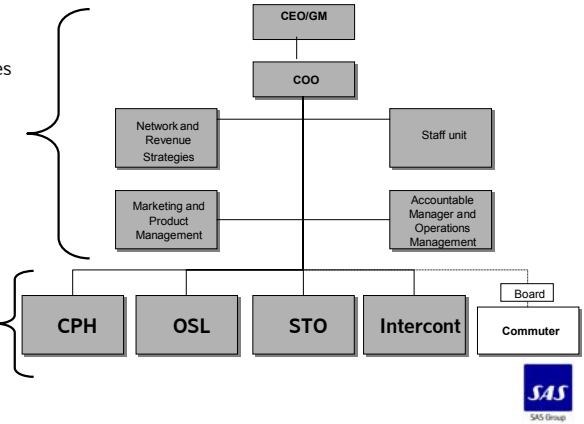
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New organization – three bases

Separation of bases and new leaner organization

New agreements with unions and separation of bases => Productivity improvements up to 750 blhr/year

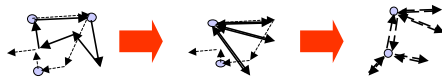


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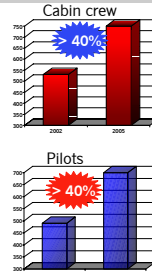
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Summary structural changes in Turnaround 2005

- Increased productivity by more than 40% in Scandinavian Airlines
- New traffic system point to point



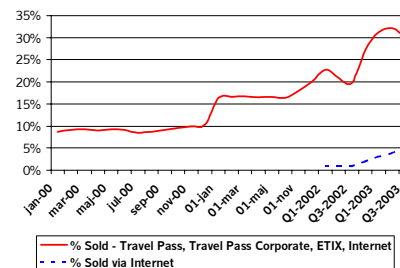
- Utilize aircraft 1 more hour per day at 3 bases
- Aircraft types allocated to bases
- Decrease overhead and administration
- Centralization of base maintenance to Stockholm- Arlanda
- PFI for pilots implemented as from August
- New aircraft configuration with approx. 7% more seats
- Increase internet sales share
- Improve check-in automation



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Electronic Channels increased to 30% in Q3



- Direct internet sales 4,8% of total sales (excluding Travel Pass and bookings through agents)
- Total volume E-channels in Q3 MSEK 1 984
- 30% of total passenger volumes in Q3
- Lowest price on homepage



New Internet booking launched in October will make booking simpler and transparent

Increased transparency!

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New efficient booking platform

New booking platform introduced on October 2nd
Trip is booked one way.

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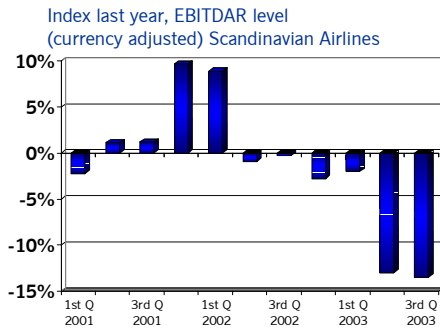
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Scandinavian Airlines



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 - Turnaround 2005
 - Net pricing model
 - Limited long haul effect
 - Some effect from snowflake introduction



Business Models

Today

Clear distinction between LCC's and Network Carrier Business Models

Ultra simple travel



- LCC's with zero frills
- Secondary A/P's ~100 km outside city centers

Simple travel



- LCC's with certain frills
- Secondary A/P's closer to city centers or primary A/P's

Advanced travel



- Network carriers
- Hub/O&D driven
- Frills
- Alliances allow worldwide coverage

Tomorrow

"How far left or right should an airline position itself?"

"How much added value can be offered in each of the Business Models?"

We think they will interact!

Ultra simple travel



Simple travel



Advanced travel



Strategic focus going forward

- ▶ Forceful implementation of Turnaround 2005
- ▶ Close gap to non frills
- ▶ Find the right Business model for each traffic flow

Ultra simple travel



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Business Models – Current and Future

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Simple travel



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Advanced travel



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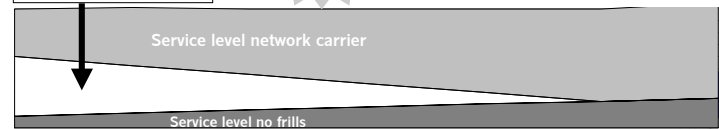
Today

Clear distinction between LCC's and Network Carrier Business Models

Adjustment measures to narrow gap

Tomorrow

LCC will partly adopt Business model by offering limited frills
Network carriers will adjust to attract part of LCC's potential but still keep an advanced premium service and network.



Scandinavian Airlines' hit by weak economies and uncertain markets



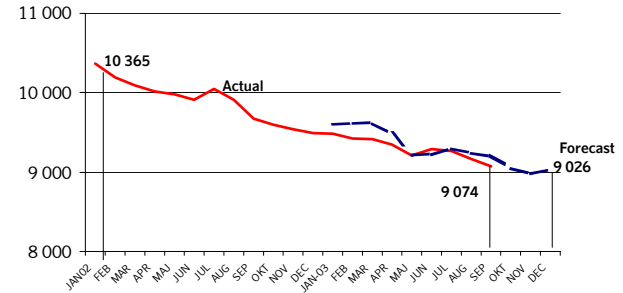
January – September	2003	2002	Proforma 2002
Passenger revenue	19 989	25 399	25 399
Other revenue	4 062	2 428	3 094
Operating revenue	24 051	27 827	28 493
EBITDAR	1 000	2 390	2 593
EBIT	-953	-380	-217
EBT	-1 459	-1 007	-886



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Scandinavian Airlines Development of the number of employees



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Scandinavian Airlines key airline profitability drivers



2003 vs 2002 January-September

Traffic (RPK)	down	6,6%
Cabin Factor	down	2,7 p.u.
Yields (currency adjusted)	down	12,7%
Unit costs	down	8,5%



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Passenger Yield 3rd Quarter 2003 vs 2002



Route Sector	Nominal yield	Currency effect	Adjusted yield
Scandinavian Airline	82	105	86
Intercontinental	86	109	95
Europe	79	104	83
Intrascandinavian	88	105	93
Denmark*	172	101	173
Norway	83	109	92
Sweden	102	100	103

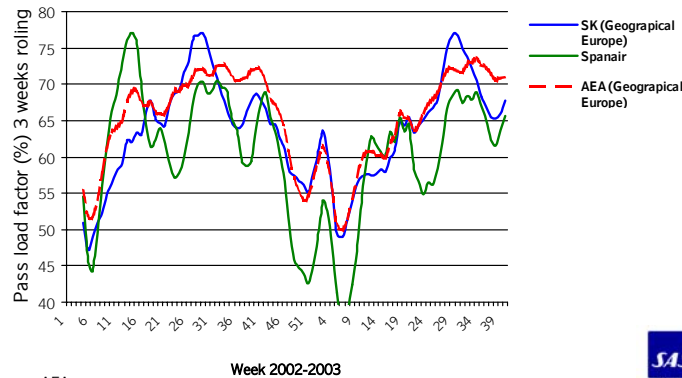
*) Incl Greenland 2002



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Scandinavian Airlines passenger load factors in line with AEA average

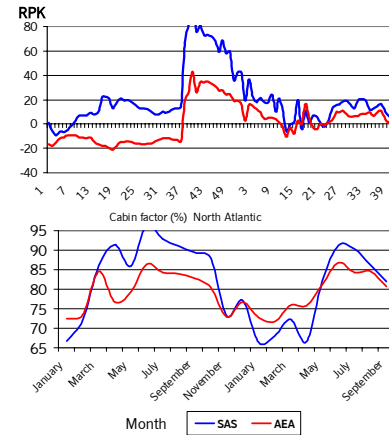


Source: AEA

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Traffic on North Atlantic hit by war in Iraq but recovery noted in bookings

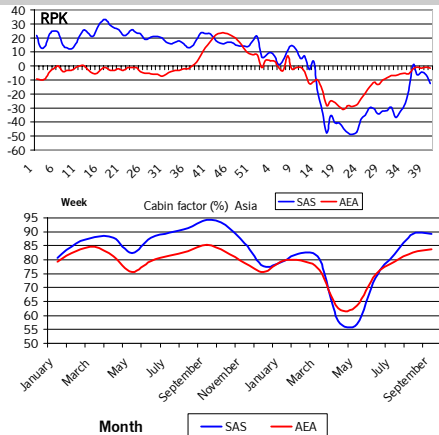


- ▶ Load factors over 90% during summer
- ▶ Daily frequencies from Copenhagen, Oslo and Stockholm since March
- ▶ Oslo-New York nonstop three times per week with A330 during next winter
- ▶ Traffic in Jan-Sep 2003:
 - European airlines (AEA) traffic up 3,8%
 - SAS traffic up 12,2%

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Asian traffic severely affected by SARS – recovery from June

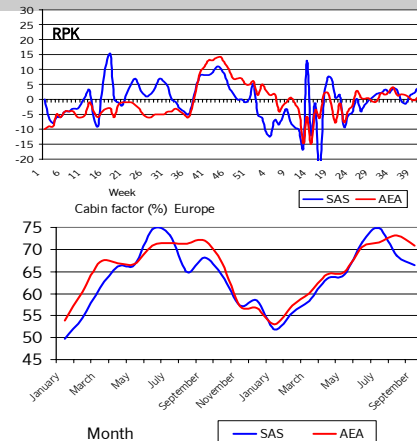


- ▶ Scandinavian Airlines ranked high in customer surveys
- ▶ Daily frequencies resumed to Bangkok/ Singapore and Beijing as from August 22nd
- ▶ Traffic in Jan-Sep 2003:
 - AEA traffic down 10,1%
 - SAS traffic down 18,2%

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European routes affected by uncertain market conditions

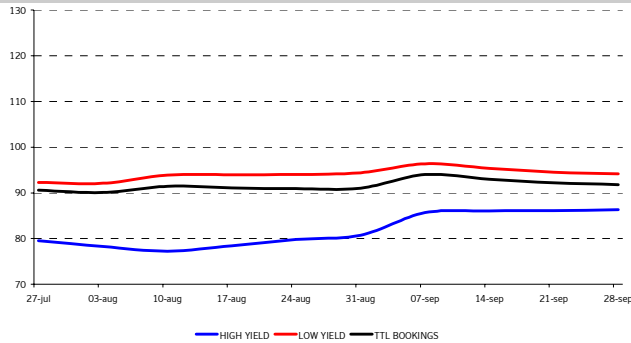


- ▶ Weak market
- ▶ Cabin factor in line with AEA
- ▶ Traffic Jan-Sep 2003:
 - AEA traffic down 0,8%
 - SAS traffic down 2,0%

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Bookings has stabilized



- ▶ Bookings to Europe back to 2002 levels
- ▶ Asia recovered since June
- ▶ High yield bookings increase in the end of September

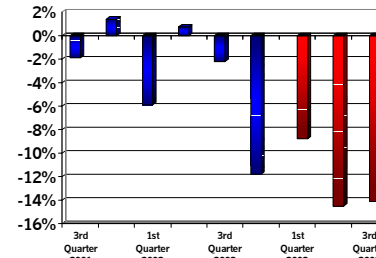


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Yields under severe pressure

2001- 3rd Quarter 2003 Total system - currency adjusted



- ▶ Yields down 14,1% in 3rd Quarter 2003
 - Affected by:
 - introduction of Snowflake by app 7-8 p.p
 - Easter holidays
 - Class mix negative
 - Price campaigns
 - More RPK's of intercontinental traffic with lower yield
- ▶ Reduced commissions by ~3%



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ECA – European cooperation agreement still negative but improvements in 3rd Quarter

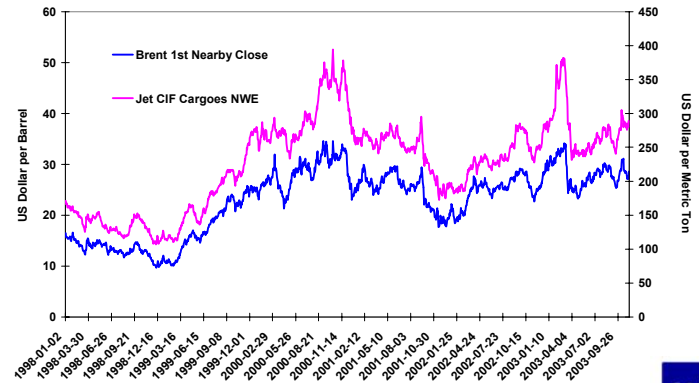
- ▶ Tri-party Joint Venture agreement with BMI, Lufthansa and SAS signed November 9, 1999
- ▶ In effect from January 1, 2000
- ▶ Main scope: To integrate the parties scheduled pass. transport to/ from London/ Manchester
- ▶ Negative result effect 2002: MSEK 418 (335)
- ▶ Effect Q1 2003 - MSEK 120
- ▶ Effect Q2 2003 - MSEK 88
- ▶ Effect Q3 2003 - MSEK 71



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Brent Crude vs. Jet Fuel January 1998 to Date



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2003 fully hedged



- ▶ Average rates:
 - ▶ 2000 265 USD/MT
 - ▶ 2001 255 USD/MT
 - ▶ 2002 229 USD/MT
 - ▶ Q1 2003 278 USD/MT
 - ▶ Q2 2003 264 USD/MT
 - ▶ Q3 2003 264 USD/MT

Current hedging until year end 99%

Mainly CAPS

Average for 12 months forward 20%

Estimated jet fuel cost MSEK 3 000



Subsidiary & Affiliated Airlines



Income Subsidiary & Affiliated Airlines



(MSEK)

	January – September	
	2003	2002*
Operating revenues	13 499	12 877
Operating expenses	-11 666	-10 183
EBITDAR	18 33	2 694
EBT bef gains	-42	381

* = Spanair was included as an affiliated company Jan/Feb 2002



Subsidiary & Affiliated Airlines not immune to falling revenues



New improvement measures of MSEK 1 800 identified and initiated

Jan-Sep in MSEK				
Revenues	6 020 9,3%	4 898 -11%	1 862 -2,1%	686 -12,2%
EBITDAR	915 12%	703 -46%	256 -22%	75 -63%
EBT	-45 79%	101 -84%	30 -55%	-38 n.m



Improvements in Spanish market as from June



- Revenue increased by 9,3%
- Unit costs down by 4,8%
- Charter traffic successively better
- Spanair joined **Star Alliance** as from April 2003
- EBT in Q2 MSEK 86
- EBT in Q3 MSEK 238
- Number of passengers up 3,9% in Q2 up 8,0% in Q3
- Increased market share on Spanish domestic routes

January – September	2003	2002
Operating revenue	6 020	5 506
EBT	-45	-211

Spanair

81

Braathens affected by significantly lower yield



- Yield down 19,1% - partly explained by average longer routes
- Four new destinations introduced as from March 31st
- Cabin factor increased by 0,4 p.u
- Substantial cost measures extended to app MSEK 500 with full effect 2004

January – September	2003	2002
Operating revenue	4 898	5 515
EBT	-101	634

BRAATHENS

82



Blue1 affected by close down of Tampere airport in July

- New route Helsinki-Geneve introduced in Q3
- Increased market shares in weak market

January – September	2003	2002
Operating revenue	686	781
EBT	-38	77

Widerøe hit by weak yield development

- Yield down by 20,5%
- To implement MSEK 300 in cost improvement measurements

January – September	2003	2002
Operating revenue	1 862	1 901
EBT	30	66

SAS
SAS Group

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Airline Support Businesses



SAS
SAS Group

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Airline Support Businesses



January – September
(MSEK)

	2003	2002
Operating revenues	10 417	15 135
Operating expenses	-10 023	-14 487
EBITDA	394	648
EBT	-14	236



SAS World Sales moved to
Scandinavian Airlines



85

Airline Support Businesses

Jan-Sep in MSEK	SAS Technical Services		SAS Passenger General Services		SAS Cargo	
Revenues	4 163	0.0%	4 205	-6.7%	2 166	6.0%
EBITDA	314	43%	-38	n.m	62	n.m
EBIT	106	n.m	-136	n.m	30	n.m



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Airline Related Businesses



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Income Business Area Airline Related Business



SAS Cargo moved to Business Area Airlines Support Businesses in 2002
SMART sold in August 2002

January - September





MSEK	2003	2002
Operating revenues	3 571	4 457
Operating expenses	-3 334	-4 059
EBITDA	237	398
Income before taxes	30	111



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Airline Related Businesses

Jan-Sep in MSEK				
Revenues	1 535 -8,4%	1 175 -25%	368 -16%	332 18,6%
EBITDA	148 -16%	-37 n.m	82 -30%	23 n.m
EBT	77 -4,9%	-58 n.m	7 -82%	17 n.m



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Rezidor SAS Hospitality



REZIDOR 

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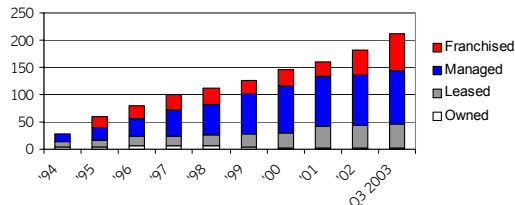
Rezidor SAS Hospitality – expanding with new brands



- Large potential of chain brands in Europa
- Three new brands added:
 - Park Inn opened in 14 cities in Sweden



Number of hotels



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Financials

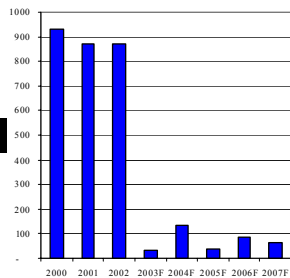


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High financial maneuverability

Aircraft CAPEX



- Liquidity of MSEK 7 483
- Committed credit facilities MSEK 6 800
 - 7 banks agreed facility MEUR 350
- Solidity 22%
- CAPEX holiday
- Young fleet
- Real estates released in fourth quarter
- Additional sources of capital
 - Aircraft
 - Non-core businesses



Committed Credit Facilities of MSEK 6 800

	MSEK
Liquid Funds September 30 - 2003	7 483
<u>Available Credit Facilities:</u>	
Revolving Credit Facility (MUSD 700)	3 100
Aircraft Finance Lease Facility	2 200
Bi-lateral Facilities	1 100
Others	<u>400</u>
Total Available Facilities	<u>6 800</u>
Total Available Funds	14 283



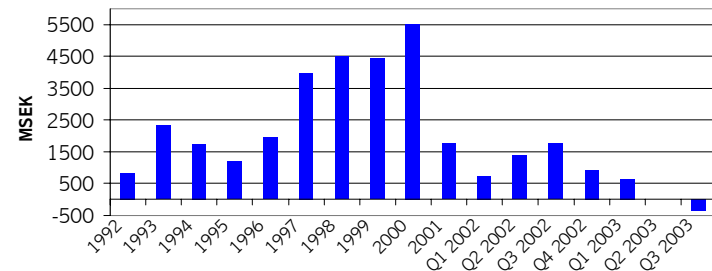
Clear Targets to Reduce Indebtedness - Long-term Targets established

- | | Today | Target |
|-------------------------------------|-------|--------|
| ▶ Key figures | | |
| ▶ Equity/assets ratio (solidity) | 22% | >30% |
| ▶ Financial net debt/ equity | 139% | <50% |
| ▶ Fin. net debt+NPV Oplease/ equity | 209% | <100% |
| ▶ Fin. net debt+7* Oplease/ equity | 298% | <100% |
| ▶ Targets will be reached by: | | |
| – Turnaround measures | | |
| – Release of main assets: | | |
| • Aircraft | | |
| • Properties | | |
| • Non-core subsidiaries | | |

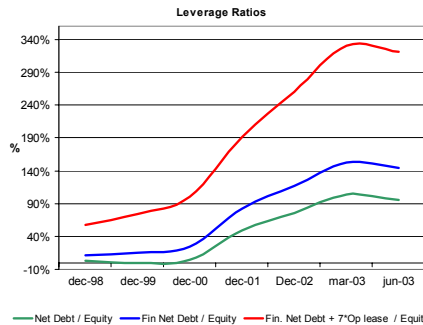


Undervalue in fleet in September by MSEK 351 but neutralized as USD has appreciated to SEK

Surplus value, aircraft



Gearing levels peaking Consolidation ahead



- ▶ Leverage peaking during 2003
- ▶ Clear targets to reduce Leverage



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Reduced CAPEX will improve free cash flow going forward

MSEK	July – September	2003	2002
Cash flow from operations		656	553
Change in working capital		-823	-1 166
Net financing from operations		-167	-613
Investments, advance payments		-721	-1 678
Acquisition/sale of subsidiaries (net)		-19	733
Sales of fixed assets, etc.		1 082	1 602
Financing deficit/surplus		175	44
Changes in external financing, net		-847	702



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Cash flow January-September

MSEK	January – September	2003	2002
Cash flow from operations		111	1 879
Change in working capital		-1 178	-786
Net financing from operations		-1 067	1 093
Investments, advance payments		-2 945	-6 806
Acquisition/sale of subsidiaries (net)		-38	+687
Sales of fixed assets, etc.		+2 988	+2 990
Financing deficit/surplus		-1 062	-2 036
Changes in external financing, net		-2 176	856



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Weak traffic figures in Scandinavia

- ▶ Group passenger load factor down by 2,3 p.u.
- ▶ Scandinavian Airlines load factor down by 3,9 p.u.

	Passenger-traffic (RPK)	Seat capacity (ASK)	Cabin-factor
January-September			
SAS Group Total	-2,2%	1,3%	64,1%
Intercontinental	-2,3%	8,7%	
Europe	5,8%	7,0%	
Domestic and Intrascandinavian	-14,4%	-12,9%	



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October update

- ▶ Group passenger load factor down by 1,7 p.u.
- ▶ Scandinavian Airlines load factor down by 2,3 p.u
- ▶ Group traffic in Europe up by 10,7%

	Passenger-traffic (RPK)	Seat capacity (ASK)	Cabin-factor
SAS Group Total	0,1%	2,7%	64,8%
Intercontinental	-1,9%	4,5%	
Europe	10,7%	9,8%	
Domestic and Intrasandinavian	-13,5%	-8,9%	



Capacity outlook

Capacity forecast for 2003 vs. 2002

Scandinavian Airlines	-3%*
Spanair	5%
Braathens	15%
Widerøe	16%
Blue1	40%

* -4% excluding Snowflake



APPENDICES

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



Yield development 2003 vs 2002







Scandinavian Airline Total Scheduled

	2003	2002	Index variance
Jan-Sep			
Yield (öre/RPK)	120,6	143,1	84
Currency adj. yield	120,6	138,2	87
Jul-Sep, Q3			
Yield (öre/RPK)	105,2	128,2	82
Currency adj. yield	105,2	122,4	86



Yield development 2003 vs 2002

Subsidiary & Affiliated Airlines

Yield, local currency	July-September	January-September
 Spanair	-8,4%	-4,5%
 BRAATHENS	-17,6%	-19,1%
 widerøe Member of the SAS Group	-21,4%	-20,5%
 Blue	-19,1%	-23,3%



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Unit Cost (adjusted) July - September 2003 vs 2002

Scandinavian Airlines

Cost analysis	Q3 2002	Q3 2003	Var%	Share of total var %
Personnel	-1 723	-1 791	4,0%	0,3%
Fuel	-701	-728	3,9%	0,1%
Gov. Charges	-866	-784	-9,5%	-0,3%
Selling cost	-464	-223	-51,9%	-1,0%
Ground Services	-1 291	-1 101	-14,7%	-0,8%
Technical	-1 174	-1 078	-8,1%	-0,4%
Other operating costs	-1 211	-711	-41,3%	-2,0%
TOTAL OPERATING I	-7 429	-6 416	-13,6%	-4,1%
Aircraft costs	-478	-488	1,9%	0,0%
ADJUSTED EBIT	-7 907	-6 904	-12,7%	-4,1%

Volume = average decrease in ASK: -3,0%



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Unit Cost (adjusted) January - September 2003 vs 2002

Scandinavian Airlines

Cost analysis	JAN-SEP 02	JAN-SEP 03	Var%	Share of total var %
Personnel	-5 783	-6 026	4,2%	1,0%
Fuel	-2 014	-2 198	9,1%	0,7%
Gov. Charges	-2 589	-2 394	-7,5%	-0,8%
Selling cost	-1 450	-699	-51,8%	-3,0%
Ground Services	-3 995	-3 503	-12,3%	-2,0%
Technical	-3 456	-3 471	0,4%	0,1%
Other operating costs	-3 940	-2 785	-29,3%	-4,7%
TOTAL OPERATING I	-23 227	-21 076	-9,3%	-8,7%
Aircraft costs	-1 451	-1 493	2,9%	0,2%
ADJUSTED EBIT	-24 678	-22 569	-8,5%	-8,5%

Volume = average decrease in ASK: -2,8%



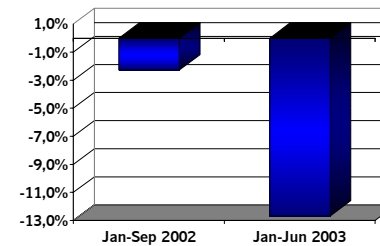
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Yield Development January - September 2003 vs 2002

Scandinavian Airlines

(currency adjusted)

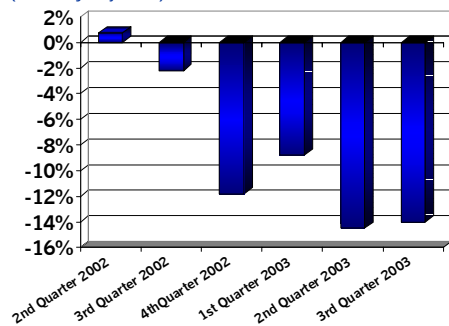


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Yield Development Q2 2002 – Q3 2003

(currency adjusted)



Yields are under pressure from negative class mix /route mix

Passenger Yield

January-September 2003 vs 2002

Route Sector	Nominal yield	Currency effect	Adjusted yield
Scandinavian Airline	84	104	87
Intercontinental	86	109	93
Europe	83	103	85
Intrascandinavian	91	102	93
Denmark*	152	101	153
Norway	90	103	93
Sweden	100	100	100

*) Incl Greenland 2002

Passenger Yield 3rd Quarter 2003 vs 2002

Route Sector	Nominal yield	Currency effect	Adjusted yield
Scandinavian Airline	82	105	86
Intercontinental	86	109	95
Europe	79	104	83
Intrascandinavian	88	105	93
Denmark*	172	101	173
Norway	83	109	92
Sweden	102	100	103

*) Incl Greenland 2002

Key airline profitability drivers January-September 2003 vs 2002

- ▶ Traffic growth (RPK) down 6,6%
- ▶ Cabin Factor down 2,7 p.u.
- ▶ Yields down 12,7%
- ▶ Unit costs Incl A/C cost down 8,5%

Key airline profitability drivers 3rd Quarter 2003 vs 2002



- ▶ Traffic growth (RPK) down 3,6 %
- ▶ Cabin Factor down 0,4 p.u.
- ▶ Yields down 14,0%
- ▶ Unit costs incl A/C cost down 12,7 % *

*) Adjusted for method change = down 13,6%



Passenger Revenue Analysis January-September 2003 vs 2002



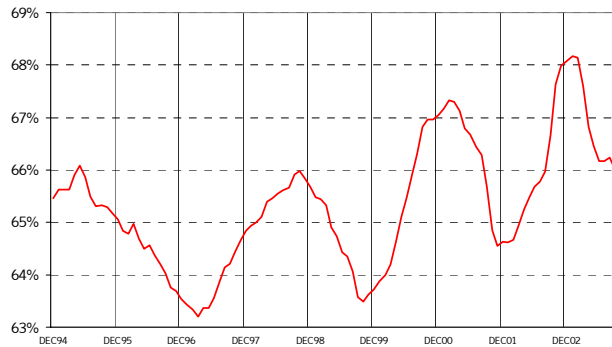
- ▶ Revenues 19 989 MSEK - 21.3%
- Volume - 6,6%
- Yields - 12,7%
- Currency -3,4%



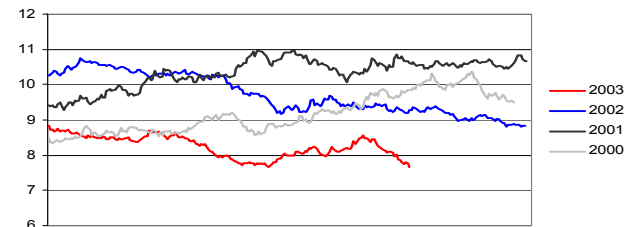
Passenger load factor 1995-2003



Moving 12 months values



Weaker USD offset by increased yield pressure



- Dollar position gradually hedged
- Positive effect on operation costs Q3 by 296 MSEK
- Weak USD => increased yield pressure



Currency Effects – SAS Group

January-September 2003 vs 2002

MSEK	JAN-SEP
Total revenues	-1 645
Total costs	+2 265
Forward cover costs & working cap.	+123
Income before depr.	+743
Financial items	+363
Income before tax	+1 106



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Currency Effects – SAS Group

January-September 2003 vs 2002

Total revenues & costs: (Total +620 MSEK)	Working capital: (Total -49 MSEK)
Major approx. effects:	2002 +50
USD +1 189	2003 +1
DKK -2	
NOK -207	Financial items: (Total +363 MSEK)
EUR +6	2002 -45
Asian curr. -165	2003 +318
All others -201	Grand total +1 106 MSEK
Forward cover costs: (Total +172 MSEK)	
2002 +1	
2003 +173	



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Currency Effects – SAS Group

July-September 2003 vs 2002

MSEK	JUL-SEP
Total revenues	-846
Total costs	+850
Forward cover costs & working cap.	+167
Income before depr.	+171
Financial items	+70
Income before tax	+241



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Currency Effects – SAS Group

July-September 2003 vs 2002

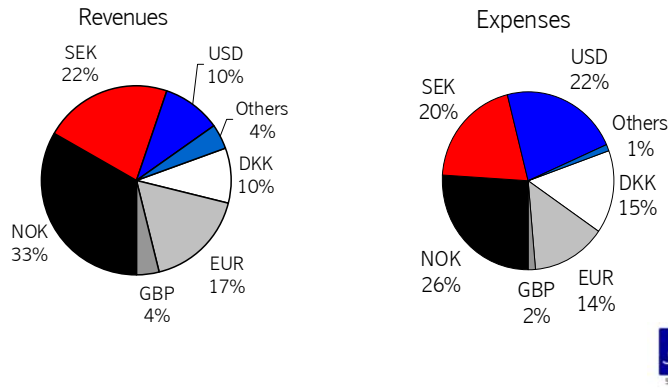
Total revenues & costs: (Total +4 MSEK)	Working capital: (Total +64 MSEK)
Major approx. effects:	2002 -38
USD +296	2003 +26
DKK -2	
NOK -179	Financial items: (Total +70 MSEK)
EUR +2	2002 -89
Asian curr. -48	2003 -14
All others -65	Grand total +241 MSEK
Forward cover costs: (Total +103 MSEK)	
2002 -28	
2003 +75	



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Currency distribution in the SAS Group 2002



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Financial key figures and aircraft fleet data

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Balance Sheet

MSEK

30SEP03

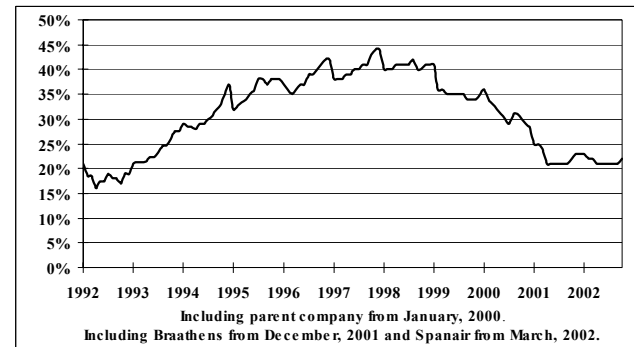
31JUN03

Liquid funds	7 483	8 155
Other interest-bearing assets	9 244	8 433
Aircraft	26 192	26 552
Other assets	21 000	20 528
Total assets	63 919	63 668
Operating liabilities	17 548	17 568
Interest-bearing liabilities	28 553	28 487
Subordinated debenture loan	737	855
Deferred tax	3 134	3 436
Minority interests	149	93
Equity	13 798	13 229
Total liabilities and equity	63 919	63 668
Financial net debt	19 375	19 232

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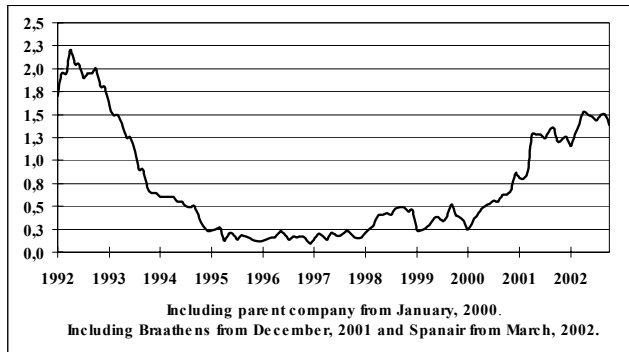
SAS Group Equity / Assets Ratio 9212-0309



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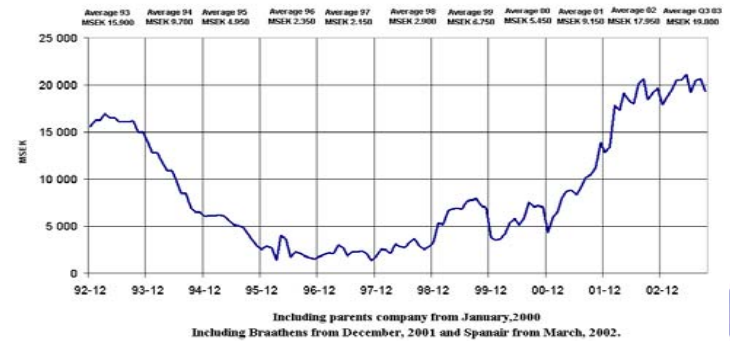
SAS Group Financial Net Debt / Equity Ratio 9212-0309



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SAS Group Development of net debt 9212-0309



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SAS Group fleet as of Sept 30, 2003

	Owned	Leased In	Total	Leased Out	On Order
Airbus 330/340	7	3	10		1
Airbus 321/320	8	16	24		5
Boeing 767	3	4	7		
Boeing 737	32	50	82	7	4
Boeing 717	0	4	4		
Douglas MD 81-87	31	63	94		
Douglas MD-90	8	0	8		
Avri RJ-85	2	5	5		
Fokker F28	2		2		
Fokker F50	7		7	2	
de Havilland Q100-400	25	28	53		
SAAS 2000		5	5		
Total	123	178	301	9	10

Company	Owned	Leased In	Total	Leased Out	On Order
Scandinavian Airlines	100	82	182	9	9
Spanair		53	53		1
Braathens	4	23	27		
Wideroe	19	10	29		
Blue1		10	10		
Total	123	178	301	9	10



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Limited CAPEX – SAS Group Firm Order CAPEX MUSD 346

Firm Aircraft Orders

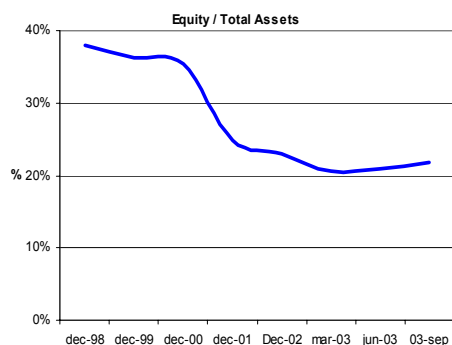
	Total	2003	2004	2005	2006	2007
<i>as per Sep 30, 2003</i>						
Airbus A330	1		1			
Airbus A320/321	5		1	1	1	2
Boeing 737	4	1	1		2	
TOT No. of A/C	10	1	3	2	3	2
CAPEX (MUSD)	346	23	134	37	86	66



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SAS financial position adequate Strengthening ahead



- ▶ Equity MSEK 13 798
- ▶ Equity ratio 22%
- ▶ Financial net debt MSEK 19 375
- ▶ Fin net debt/ equity 139%



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SAS Group Financial Net January – September 2003

(MSEK)	03-09-30	02-12-31	Difference
Interest net and others	-696	-988	N/A
Exchange rate differences	+318	+36	N/A
Financial net	-378	-952	N/A
(in % p.a. of average financial net debt)	-2,5%	-5,3%	+2,8%



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SAS Group Financial Net January – September 2003

(MSEK)	03-09-30	02-09-30	Difference
Interest net and others	-696	-691	-5
Exchange rate differences	+318	-45	+363
Financial net	-378	-736	+358
(in % p.a. of average financial net debt)	-2,5%	-5,6%	+3,1%



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SAS Group - Development and Break Down of Financial Net Debt 030930

(MSEK)	030930	021231	Difference
Cash	7 483	10 721	-3 238
Other interest bearing assets	2 432	1 189	+1 243
Interest bearing liabilities	-29 290	-29 782	+492
Financial Net debt	-19 375	-17 872	-1 503



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SAS Group - Development and Break Down of Financial Net Debt 030930

(MSEK)	030930	020930	Difference
Cash	7 483	10 482	-2 999
Other interest bearing assets	2 432	1 045	+1 387
Interest bearing liabilities	-29 290	-29 929	+639
Financial Net debt	-19 375	-18 402	-973



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SAS share



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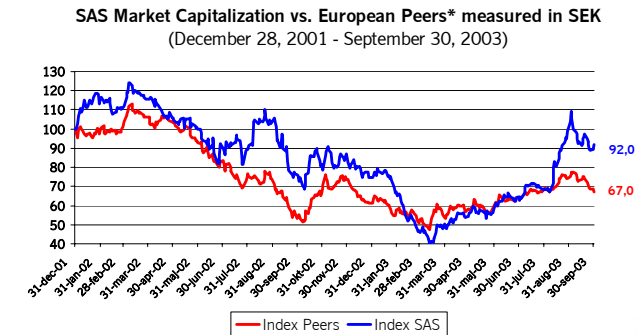
Development of Market capitalization



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SAS share price vs. Peers 2002-2003



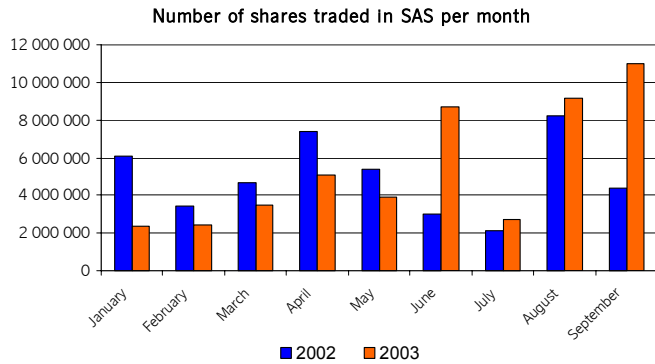
* Peers: Alitalia, Air France, British Airways, Finnair, KLM, Lufthansa & Ryanair



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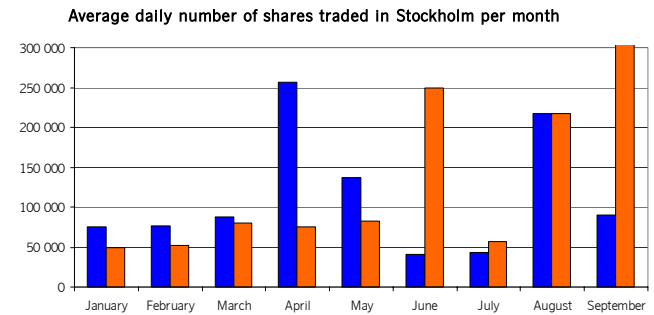
Increased trade in the share...



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...and at Stockholm Stock Exchange



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