



SAS Group 3rd Quarter 2003



Telconference

November 11, 2003

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
 - ▶ Unit cost down 14% Q3 (SK)
 - ▶ 42% of program implemented



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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



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3rd Quarter pressure on revenues offset by cost reductions

3rd Quarter

| MSEK | 2003 | 2002 | |
|---------------------------------------|--------|--------|------|
| ▶ Revenue | 14 920 | 16 592 | -10% |
| ▶ EBITDAR*) | 1 834 | 2 145 | -15% |
| ▶ Lease, depreciation & financial net | -1 733 | 2 095 | -17% |
| ▶ EBT bef. cap gains*) | 101 | 50 | |
| ▶ EBT incl. gains | 564 | 640 | |

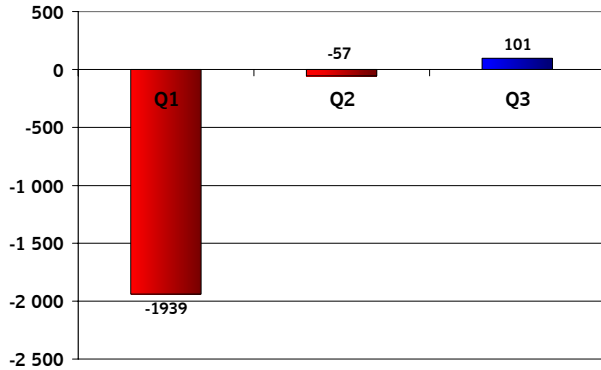
*) Excluding restructuring costs



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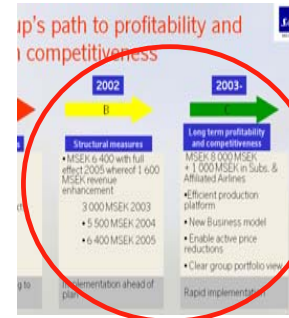
Negative result mainly attributable to the first quarter

EBT bef gains and restructuring
MSEK million



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The SAS Group Turnaround 2005

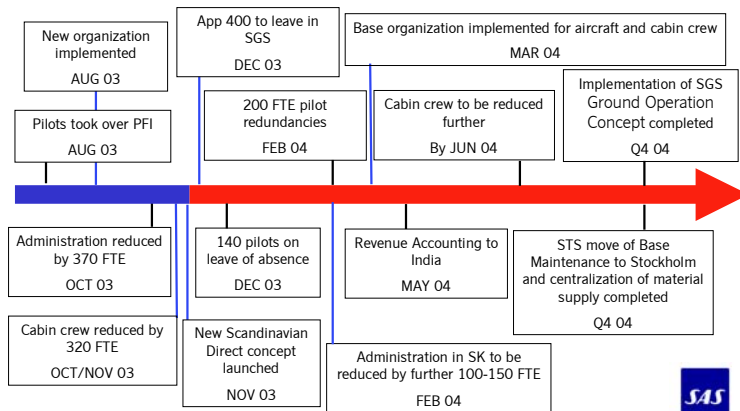


"Turnaround 2005"
cost savings
13-14 billion SEK



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Important events in Turnaround 2005



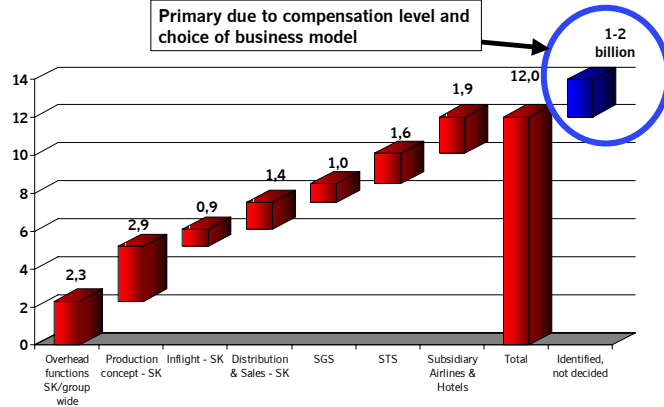
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Gunilla Berg
CFO



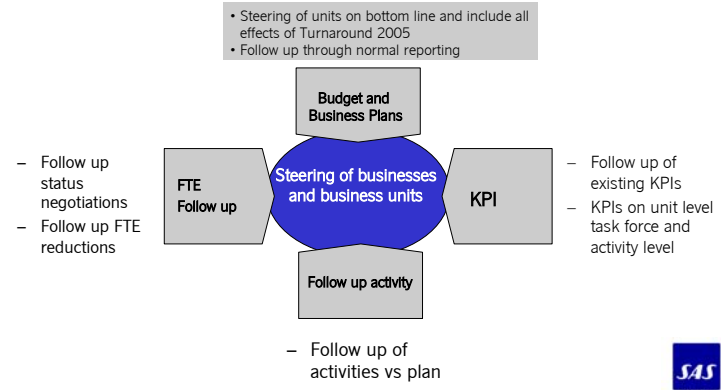
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Decided and under implementation 12 billion SEK in Turnaround 2005



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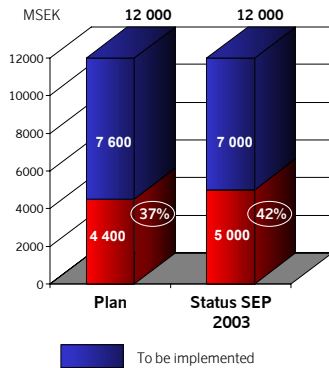
The Turnaround 2005 business follow up a complement to existing follow up systems



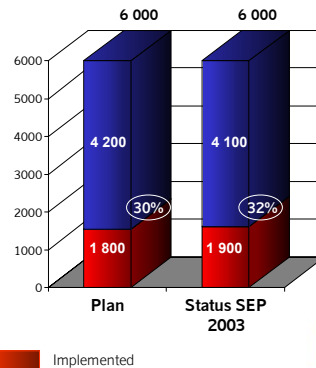
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Turnaround 2005 ahead of plan

Total financial effect of implemented activities compared to plan



Reduction of personnel



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Operating expenses down by 15,8% in Scandinavian Airlines

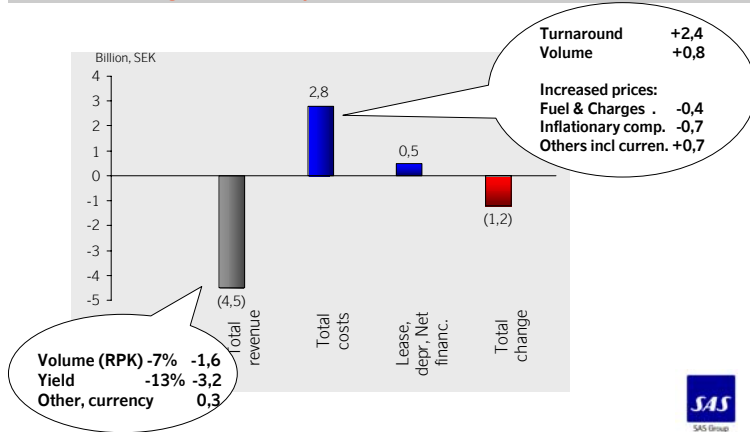


| | 2003 | pro forma 2002 | % Change |
|--------------------------------|---------------|----------------|---------------|
| July – September | | | |
| Operating revenue | 7 723 | 9 095 | -15,1% |
| Personnel expenses | -1 791 | -1 858 | -3,6% |
| Sales & distribution | -223 | -497 | -55,1% |
| Fuel | -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 | |

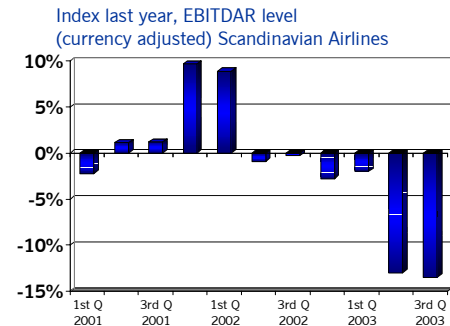


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Effects from Turnaround 2005 offset by severe pressure on revenues



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



- ▶ 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

3rd Quarter EBT before gains and exceptionals - Business area





| Business area | Q3 03 | Q3 02 | Change |
|---------------------------------------------|------------|-----------|-----------|
| Scandinavian Airlines | -192 | -273 | 81 |
| Subsidiary & Aff. Airlines | 298 | 316 | -18 |
| Airlines Support Businesses | 119 | 118 | 1 |
| Airline Related Businesses | 12 | 36 | -24 |
| Hotels | -37 | 124 | -161 |
| Group eliminations | -99 | -271 | |
| EBT, before gains & exceptionals | 101 | 50 | 51 |

Jørgen Lindegaard
CEO & President

Subsidiary & Affiliated Airlines positive Quarter for most airlines

Subsidiary & Affiliated Airlines

New improvement measures of MSEK 1 800 identified and initiated

| Jul-Sep in MSEK |  |  |  |  |
|-------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| 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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Finland and the Baltic region of great strategic importance to the SAS Group



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 | 2003 | 2002 |
|----------------|------|------|
| Total revenue | 861 | 975 |
| EBITDA | -8 | 141 |
| EBIT | -37 | 132 |
| EBT | -37 | 129 |



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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



Thank you for your attention!

This presentation can be downloaded at the SAS Group's homepage

www.sasgroup.net

