

HIGHLIGHTS

		1970/71	1969/70	Change
Available Ton-Kms, total	(mill.)	1,546.0	1,431.5	+ 8 %
Available Ton-Kms, scheduled services	(mill.)	1,480.8	1,371.7	+ 8 %
Revenue Ton-Kms, scheduled services	(mill.)	738.5	710.1	+ 4 %
Total Load Factor, scheduled services	(%)	49.9	51.8	- 1.9 point
Available Seat-Kms, scheduled services	(mill.)	11,388	10,534	+ 8 %
Revenue Passenger-Kms, scheduled services	(mill.)	5,584	5,297	+ 5 %
Passenger Load Factor	(%)	49.0	50.3	- 1.3 point
Number of Passengers Carried	(000)	5,688	5,058	+12 %
Traffic Revenue	(MSKR)	1,621.8	1,478.9	+10 %
Net Profit	(MSKR)	71.4	88.9	
Number of Employees as of September 30		14,637	14,560	

AVAILABLE TON-KILOMETERS

Number of tons of capacity available for carriage of passengers, cargo and mail, multiplied by number of kilometers flown. *)

REVENUE TON-KILOMETERS

Total tonnage of paid traffic carried, multiplied by number of kilometers flown. *)

LOAD FACTOR

Percentage of total available capacity utilized (passenger, cargo and mail).

AVAILABLE SEAT-KILOMETERS

Total number of seats available for passengers, multiplied by number of kilometers flown. *)

REVENUE

PASSENGER-KILOMETERS

Number of paying passengers carried, multiplied by number of kilometers flown. *)

PASSENGER LOAD FACTOR

Percentage of total passenger capacity actually utilized.

*) Kilometers flown are based on IATA Great Circle distances.

SAS
SCANDINAVIAN AIRLINES SYSTEM

ANNUAL REPORT 1970-1971



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REPORT BY THE BOARD

Scandinavian Airlines System recorded a net profit of 71.4 million Swedish Crowns (MSKR) for the financial year ending September 30, 1971. This compares with a net profit of MSKR 88.9 for the previous year.

The SAS accounts incorporate all activities of the Consortium and its subsidiaries.

Total revenue rose from MSKR 1,990 to MSKR 2,297, an increase of 15 per cent. Expenditures, excluding depreciation, increased from MSKR 1,733 to MSKR 2,052, or by 18 per cent. Depreciation amounted to MSKR 174.2, an increase of MSKR 6.3 over last year.

The results of the 1970/71 financial year and the financial status of the Consortium as of September 30, 1971, are presented in the Consolidated Profit and Loss Statement and Balance Sheet following this report.

The Board of Directors submits to the Assembly of Representatives that MSKR 35.7 be paid to the parent companies of SAS and that MSKR 35.7 be retained by SAS for consolidation purposes and to be credited to the capital accounts of the parent companies.

The results of the year were relatively satisfactory considering the adverse circumstances affecting the aviation industry. The main problems confronting the carriers were an economic climate that restrained normal growth, particularly on the North Atlantic routes, soaring costs including public user charges, over-capacity and increased competition between scheduled carriers and from charter operators making heavy inroads in traditional scheduled traffic.

The SAS profit was achieved by avoiding excessive capacity increases, by continued strong emphasis on rationalization programs

and on other cost-reduction measures.

During the financial year SAS introduced the 747-B into transatlantic service, inaugurated the Trans-Siberian Express, and decided to order the DC-10 trijet. SAS also opened several hotels and acquired interest in several travel agencies.

It appears the current year will present more of the same challenges that SAS faced in 1970/71, in many areas such as wages, airport and en route facility fees and fuel. These operating costs are expected to rise at higher rates than in previous years.

Further strong emphasis has been laid upon economy measures and new marketing programs for SAS. Together with modern equipment and qualified personnel, these measures are anticipated to further strengthen the Consortium's preparedness to meet the adversities ahead.

25 YEARS OF SCANDINAVIAN COOPERATION

On August 1, 1971, SAS celebrated its 25th anniversary, a milestone in Scandinavian cooperation. The world's first truly international airline, created by representatives of Denmark, Norway and Sweden in Oslo, began operations after six weeks, on September 17, 1946.

In the quarter century, SAS has pioneered new routes in commercial aviation. It opened the Polar shortcut to Los Angeles in 1954 after several years of research and development in the techniques of Arctic navigation. In 1957, SAS followed with the North Pole shortcut to Tokyo. The Trans-Asian Express, a shortcut between Europe and Southeast Asia, was pioneered in 1967. The opening of the Trans-

Siberian Express in April, 1971, further established the SAS tradition in shortcut transportation between East and West. SAS also helped develop several new types of jetliners, custom-tailored for the airline's special route structure.

By combining the resources of the national carriers of three relatively small countries, SAS has become a significant public utility, developed a comprehensive network of domestic and international services, and flown 51 million passengers. Today the airline ranks ninth in traffic among intercontinental scheduled airlines. The accomplishments as viewed at the anniversary year have confirmed the vision of the SAS founders.

THE FLEET

SAS continued its fleet renewal program in 1970/71. The airline received its first Boeing 747-B, its 19th medium-range DC-9-41 seating 107 passengers, and a DC-8-62 AF all-cargo intercontinental jet carrying 14 three-ton pallets.

In its first six months of operation—starting April 1st—the 353-seat 747-B attracted 53,200 passengers, recorded a cabin factor of 54.4 per cent and attained a peak season utilization of 12.7 hours a day.

A sixth DC-8-63 was ordered for delivery in May, 1972. Five of the 194-passenger extended-fuselage jets are already in service on intercontinental routes.

With its order of two wide-body DC-10 trijets for delivery not later than 1976, SAS maintains options on six more DC-10s. The SAS DC-10s are part of a 39-plane package of orders and options placed with McDonnell Douglas by the KSSU group of airlines.

The model selected by SAS, worth approximately U.S.\$ 23 million including spare parts, is the DC-10 Series 30. This is the in-

Aircraft fleet and orders

AIRCRAFT	Operated at Sept. 30, 1971	On order for delivery during		
		1971/72	1972/73	1975/76
Boeing 747-B	1	1		
DC-10-30				2
DC-8-63	5	1		
DC-8-62	8 ¹⁾			
DC-8-55	2 ²⁾			
DC-9-41	19 ³⁾	2	3	
DC-9-33AF	2			
DC-9-21	10			
Caravelle SE-210	13			
Metropolitan CV-440	9			
	69	4	3	2

¹⁾ 2 in combined version (CF) and 1 in all-cargo version (AF)

²⁾ 1 leased to Scanair

³⁾ 2 leased to Thai International

tercontinental version seating 250 passengers, and with a range of 6,000 statute miles.

The DC-10 order placed the total value of aircraft and spare parts SAS has purchased from the Douglas Aircraft Company at over U.S. \$ 500 million in the 25-year history of the airline.

PRODUCTION AND TRAFFIC

Operating over an unduplicated 139,061-mile network, SAS carried 5,687,926 passengers in 1970/71, an increase of 12.5 per cent or 630,022 more than the previous year.

Measured in available ton-kilometers, total SAS capacity for the year expanded by eight per cent. A year earlier production had increased 11 per cent. To avoid over-

SAS sold two Caravelles, one Metropolitan and the last of its DC-8-33 jetliners in 1970/71.

Arrival punctuality was better than last year for all aircraft types. Fleet utilization remained at about the same level as the previous year.

capacity problems faced by numerous other carriers, SAS limited its capacity increase to six per cent on the North Atlantic. In Europe and the Middle East, SAS increased capacity by 10 per cent and on domestic services, by 13 per cent. Future intercontinental capacity growth will be regulated within the framework of actual traffic development.

Total production and traffic

SCHEDULED SERVICES	Total system	Intercontinental	Europe & M. East	Domestic routes
Available Ton-Kms (mill.)				
1970/71	1,481	887	428	166
1969/70	1,372	835	390	147
Change %	+ 7.9	+ 6.2	+ 9.7	+ 13.1
Distribution %	100.0	59.9	28.9	11.2
Revenue Ton-Kms (mill.)				
1970/71	739	450	199	90
1969/70	710	451	183	76
Change %	+ 4.0	- 0.3	+ 8.9	+ 17.8
Distribution %	100.0	60.9	27.0	12.1
Load Factor (%)				
1970/71	49.9	50.7	46.6	53.8
1969/70	51.8	54.0	46.9	51.6

Scheduled traffic, measured in revenue ton-kilometers, was four per cent above last year. The resulting load factor for the year dropped from 51.8 to 49.9 per cent. The load factor on Scandinavian domestic routes improved from 51.6 to 53.8 per cent. Part of this improvement can be attributed to a train strike in Sweden in early 1971. The intercontinental load factor, however, dropped by 3.3 points to 50.7 per cent with most notable decreases on North American and Far East services.

PASSENGER

SAS increased passenger capacity eight per cent in available seat-kilometers in 1970/71. Revenue passenger kilometers rose five per cent. Passenger traffic on intercontinental routes was down one per cent from the previous year. Traffic on the South American route, however, increased 10 per cent, and on African services, six per cent. Passenger traffic on European and Middle East sectors climbed 11 per cent, and on domestic routes, 19 per cent.

The systemwide cabin factor slipped from 50.3 to 49.0 per cent. Greenland, South America and the new Trans-Siberian services were the only intercontinental routes to record cabin factors above 50 per cent for the year. In Europe the cabin factor was 51.0 per cent, off slightly from 51.7 per cent in 1969/70. The domestic cabin factor was 58.9 per cent, an increase of three percentage points over the previous year.

CARGO AND MAIL

Cargo traffic was up one per cent for the financial year. Of intercontinental operations, cargo on Seattle/Los Angeles services rose 11 per cent, reflecting addition of palletized jet freighter service. Greenland cargo traffic was up 55 per cent. Major advances in European cargo traffic were noted on routes serving Austria, France, the Soviet

Union, Eastern Europe, Italy and the Iberian peninsula.

Air mail traffic increased seven per cent systemwide. Most routes over the entire system contributed to the advance.

IATA FARES AND RATES

IATA conferences on cargo rates in Singapore and on passenger fares in Montreal and Miami were held during 1971. The conferences demonstrated the increasing difficulty of the 107 members of IATA to achieve unanimous approval of price structures.

SAS recognizes that IATA is a necessary instrument in the operation of international air transportation. The airline is, however, in favor of simplifying the fares and rates machinery of IATA.

Early in the summer SAS followed several other transatlantic carriers with the introduction of low youth fares on the North Atlantic. Valid year-round for passengers between the ages of 12 and 25, the basic round trip price was U.S.\$ 210 between Scandinavia and New York. More than 5,000 passengers availed themselves of the new youth fare market during the summer.

SAS also introduced group inclusive tour fares between Scandinavia and the West Indies at prices substantially below normal economy class fares.

Towards the end of 1971 it appeared that an "open fare" situation might prevail on the North Atlantic as of February 1, 1972. The situation was the result of one airline's refusal to approve the new fare package established at the Montreal conference.

Meeting in Honolulu in November, however, the presidents of the IATA airlines operating on the North Atlantic reached a preliminary agreement, and the North Atlantic Traffic Conference was reopened in December to work out final details.

The proposal called for substantial reductions in normal economy class fares and in individual excursion fares with a 45-day validity. Other reductions in group affinity and group inclusive tour fares were agreed upon. The youth fare concept was to be retained, but at the same level as the 45-day excursion fares and with a validity between the ages of 12 and 21.

NETWORK

SAS served 95 cities in 46 countries during the financial year. A major new route, the Trans-Siberian Express, was opened on April 3. It links Copenhagen with Tokyo, via Moscow, in 13 hours, four hours less than the original Copenhagen-Tokyo shortcut via the North Pole.

The Trans-Siberian Express, consolidating SAS as a major Far East operator, is flown in cooperation with Aeroflot Soviet Airlines. Each carrier flies the route between the Scandinavian gateway and the Japanese capital once a week, according to agreements signed in February by the Soviet and three Scandinavian governments, and by Aeroflot and SAS the same month.

Results of the first six months of Trans-Siberian operations ending September 30, 1971, show that SAS flew the 26 round trips with a load factor of 62.3 per cent.

Esbjerg was added to the Danish domestic network and a new intra-Scandinavian route was opened between Oslo and Aalborg/Aarhus. Palletized jet cargo services were expanded both within Europe and on intercontinental routes.

At the end of the year SAS disclosed plans to increase 747-B services between Copenhagen and New York from six round trips a week to daily operation, to introduce 747-B flights between Copenhagen and Chicago, and to schedule more DC-8 palletized jet freighter capacity on both the North Pole and southern routes serving the Far East. The additions are due in the 1971/72 winter traffic program.

SAS AND CHARTER TRAFFIC

The explosive development of charter traffic from Scandinavia in recent years has rendered the benefits of air transportation to all levels of Scandinavian society for holiday and vacation purposes.

Charter traffic represents both an important social advancement and an innovation in the aviation industry. It is here to stay.

The key to charter development has been the very high passenger loads derived from the low fares made possible by the operating conditions of charter carriers. Free from the specific and costly obligations of the scheduled airlines, charter carriers market their entire capacity to tour producers on an annual basis. Charter sales and administration are relatively uncomplicated. The resulting cost level can be reflected in a pricing policy that is unrestricted by international price agreements or approval by governments.

The economic conditions of scheduled air transportation are different. Unlike charter, scheduled airlines have to operate according to traffic programs coordinated with the governments involved. With obligatory scheduled services according to timetables published far in advance of actual traffic and regardless of actual loads, it is unrealistic to expect scheduled routes to operate on a year-round basis with more than a 55-60 per cent annual utilization of capacity. This explains the cost level of scheduled traffic.

Charter traffic and scheduled air transportation serve different purposes. Against the social importance of charter traffic stands the dependence of national economies and international activities upon scheduled air transportation.

As the designated scheduled carrier of Denmark, Norway and Sweden, SAS has, over the years, built up an international and domestic network in accordance with the mission entrusted to it by the Scandinavian countries.

The Board of SAS feels that the mission and importance of scheduled traffic is not always properly appreciated by the public and the Governments; nor is the inevitable cost level of scheduled traffic.

The Board also wants to stress the fact--recognized by the Governments and the public when SAS was formed--that the foundation of the national traffic flown by the scheduled carriers between the cities and countries on their networks cannot be undermined by charter traffic, without endangering the very existence of scheduled traffic.

Although SAS has a special position as the designated carrier for scheduled traffic of Denmark, Norway and Sweden, it also serves the charter market on equal terms with pure charter carriers.

Formed 10 years ago by the parent companies of SAS, the charter carrier Scanair provides transportation services for a number of tour producers. Mainly operating on European and Mediterranean destinations, Scanair's share of the market in Scandinavia is about 35 per cent.

SAS itself has, in addition to ad hoc charter operations, provided a variety of group inclusive tours in cooperation with Scandinavian travel agencies on its scheduled flights under the auspices of the Globetrotter organization.

SAS has also become increasingly engaged in the inclusive tour business and travel agency operations. Last year SAS acquired Nyman & Schultz/Nordisk Resebureau AB, one of Europe's largest travel agencies, and during the year under review, A/S Dansk Rejsebureau. In 1970/71 SAS also purchased Vingresor/Club 33, Sweden's largest producer of inclusive tours. In addition it entered into partnership with the Danish, Norwegian and Swedish co-owners of Scandinavian Star Tour Corp., another major inclusive tour producer in Scandinavia.

With these acquisitions SAS will be able to offer a wide range of

travel services to the growing public interested in low-cost vacations.

AIR TRAFFIC NEGOTIATIONS

It is noted that many governments are following a policy of increased protectionism on international routes in favor of their national flag carriers.

A delegation from SAS visited China on the invitation of the Chinese national airline and authorities. Officials of the Chinese airline were invited to continue discussions with a visit to Scandinavia at a later date.

AIRPORT AND MAINTENANCE FACILITIES

During the summer, a new arrival hall, a parallel runway and control tower were completed at Copenhagen Airport. The 3,600-meter runway boosts the airport's operational capacity from 40 to 70 aircraft movements per hour.

A fifth SAS hangar at Copenhagen Airport was ready in April. Property of parent company DDL, the facility can house a 747-B and a DC-8 simultaneously.

In Stockholm a new workshop was opened at Arlanda Airport. The Linta engine overhaul workshop at Stockholm's Bromma Airport completed a new engine test facility for the 747-B powerplants owned by KSSU members.

ENVIRONMENTAL CONTROL

SAS recognizes the responsibility it shares with government and industry to counteract environmental problems. The company established an Environmental Advisory Committee to formulate policies concerning noise and pollution control.

Remedial action in certain technical fields has also been taken in cooperation with aircraft and engine manufacturers. The relatively noiseless and smokefree new generation jetliners, such as SAS's 747-B and DC-10 Series 30s, should

contribute significantly to reducing environmental side-effects.

In Norway, authorities imposed stricter night curfews as of November 1, 1971, as a noise abatement measure at Fornebu Airport. The decision forced SAS to revise its 1971/72 winter timetable in Norway at the expense of the redistribution of aircraft and crew.

KSSU COOPERATION

Members of the KSSU group — KLM, SAS, Swissair and UTA — continued their cooperation during the financial year. The agreement, running through 1980, covers technical and operational facets of the 747-B, DC-10 Series 30 and future aircraft the members may decide to acquire.

Three of the KSSU members, KLM, Swissair and SAS, introduced 747-Bs in 1971. Thus, practical applications of the cooperation were implemented in the fields of flight training, exchange of overhaul and maintenance services, and pooling of spare parts.

The cooperation has been facilitated by the agreement of KSSU members on common specifications for the aircraft and ground support equipment they select. The three 747-B operators shared, for example, the U.S.\$ 3 million flight simulator installed at Schiphol Airport, Amsterdam, for their flight crew training programs. The benefits of the KSSU association were obvious to SAS in its introduction and successful operation of a single 747-B during the last six months of the financial year.

AFFILIATED AIRLINES

Operating on the first year of a new seven-year Shareholders Agreement between Thai Airways Co. Ltd. (TAC) and SAS, Thai International increased its fleet from three to five DC-8s. Serving more points than any other regional airline in the Orient, Thai International also opened its first intercontinental service, to Sydney, Australia.

Scanair, the charter Consortium owned by the three parent com-

panies of SAS, flew 781,000 one-way passengers in 1970/71, up 19 per cent from the previous year. In its 10th year of operation, Scanair has a fleet of two DC-8 and three Boeing 727 jets.

Linjeflyg AB, owned jointly by SAS and parent company Swedish Airlines (ABA), continued to expand its Swedish domestic network and fleet. Capacity increased 10 per cent; traffic, 15 per cent. The domestic airline added Hultsfred and Gällivare to its network.

Widerøe Flyveselskap A/S, in which SAS has a 20 per cent interest, extended its local service operations along the Norwegian coastline. Five new STOL (Short Take-off and Landing) airports were added to the Widerøe network. The airline carried about 55,000 passengers, almost double the previous year.

On February 26, 1971, creation of a new Danish domestic airline, Danair A/S, was announced. Partners are SAS with 51 per cent ownership, Maersk Air and Cimber Air. The airline will commence operations November 1, 1971, with aircraft and crews contributed by all three partners. Danair will fly on all domestic points except Aarhus, Aalborg, Rønne and Greenland which will continue to be served by SAS.

Greenlandair, owned 25 per cent by SAS, carried 46,000 passengers in 1970/71, an increase of 15,000, performing primarily scheduled helicopter services on Greenland. Mail and cargo traffic was up 30 per cent.

SAS CATERING A/S

SAS Catering A/S, a wholly-owned subsidiary, completed its 10th year of operation. Its gross income increased from MSKR 153.3 to MSKR 172.0 or 12 per cent. The subsidiary operated four hotels, 10 flight kitchens and served 43 airlines.

HOTEL ACTIVITIES

It is the objective of SAS to stimulate and assist in the development of new hotels in Scandinavia in cities where the lack of suitable hotel accommodations has had an inhibiting effect on SAS traffic. The airline intends to help in adding more than 6,000 first class hotel beds to Scandinavia by 1975.

In the course of 1971 SAS was engaged in the opening of four new hotels: the 500-room Sheraton-Stockholm, in which SAS holds a 25 per cent interest; the wholly-owned 150-room SAS Globetrotter Hotel at Fornebu Airport, the

194-room SAS Royal Hotel Bodø, and the 160-room SAS Royal Hotel Tromsø. The three Norwegian hotels are operated by SAS Catering A/S. The subsidiary also owns the SAS Globetrotter Hotel near Copenhagen Airport and has an interest in the Arctic Hotel, Narsarsuaq, Greenland.

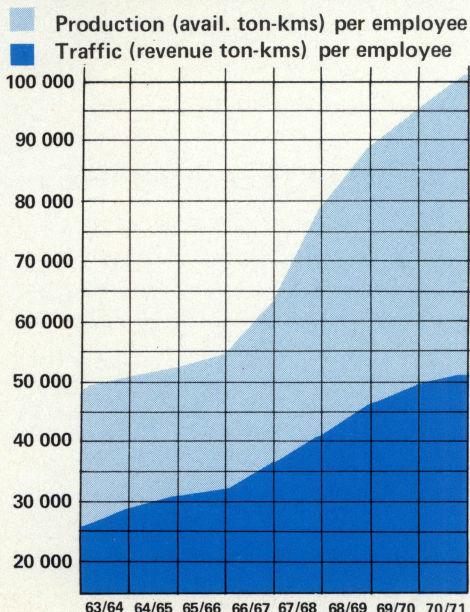
In addition, SAS became a 19-per cent shareholder in the Atlantic Hotel, Stavanger. As of September, 1971, the 150-room hotel has been renamed the SAS Royal Atlantic Hotel.

SAS hotels cover two categories. "SAS Royal" designates downtown hotels of high international standard in major cities. "SAS Globetrotter" specifies first class airport hotels in the vicinity of major Scandinavian airports.

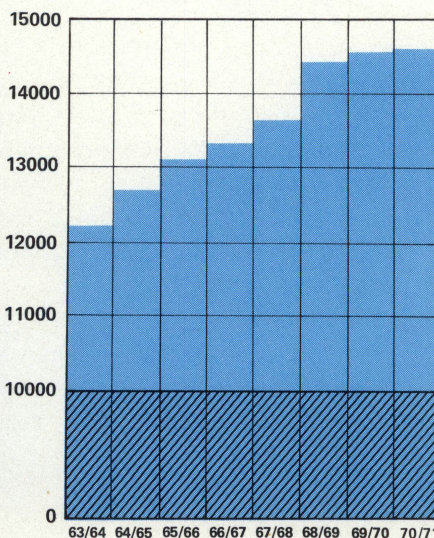
SAS-Invest A/S, a wholly-owned subsidiary, owns and operates the SAS Royal Hotel in Copenhagen. In its 11th year of operation the hotel maintained a 92 per cent room occupancy rate.

SAS is participating in the planning and construction of the 550-room Hotel Scandinavia in downtown Copenhagen. It is due to open in the spring of 1973. In Oslo, construction of the 500-room SAS Royal Hotel was scheduled to begin in the autumn of 1971, with opening date set for 1975.

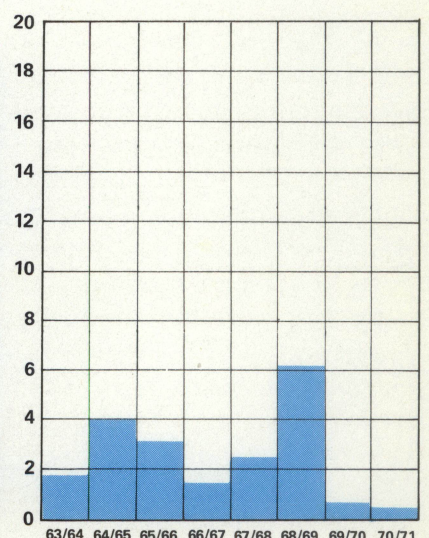
PRODUCTION AND TRAFFIC PER EMPLOYEE



NUMBER OF EMPLOYEES AS OF SEPT. 30 EACH YEAR



ANNUAL INCREASE OF EMPLOYEES IN % AS OF SEPT. 30



TRAINING PROGRAMS

At the Flight Training School, located at Bromma Airport, SAS installed for DC-9 pilots the most advanced type of flight simulator in Europe. Known as the VAMP visual system, the simulator re-creates actual airport approaches

with motion picture films projected on a screen in front of the pilots' cockpit windows. VAMP, an abbreviation of Visual Anamorphic Motion Picture, projects operations and situations as they would occur during real flying time.

The Sales and Stations Training School in Copenhagen graduated 799 students from all over the SAS system during the 1970/71 training season. The school also sold training to 213 students from other companies. The SAS Air Hostess College trained 155 new cabin attendants during the same period.

ORGANIZATION AND PERSONNEL

	Cockpit Personnel			Cabin Personnel			Other Personnel			Total Personnel		
	1971	1970	1969	1971	1970	1969	1971	1970	1969	1971	1970	1969
Denmark	364	370	357	699	739	637	4,036	3,955	3,935	5,099	5,064	4,929
Norway	344	353	348	310	288	333	1,956	1,949	1,933	2,610	2,590	2,614
Sweden	534	530	551	343	321	335	2,555	2,530	2,431	3,432	3,390	3,317
Head Office	—	—	—	—	—	—	955	921	933	955	921	933
Abroad	—	—	—	24	27	18	2,517	2,568	2,655	2,541	2,595	2,673
Total	1,242	1,253	1,256	1,376	1,375	1,323	12,019	11,932	11,887	14,637	14,560	14,466

A company reorganization was completed during the financial year. The number of regions was reduced to three: Regions Denmark, Norway and Sweden. They report in marketing matters to the Executive Vice President Marketing. Nine divisions cover marketing activities outside Scandinavia. Marketing was further subdivided into Passenger Marketing and Cargo Marketing. Ground

Operations was renamed Stations Services and designated to report directly to the Executive Vice President Technical and Operations.

During the financial year the SAS Board appointed Mr. Erik Palsgaard Executive Vice President Marketing, and named five new Vice Presidents. They are responsible for Associate Company Affairs, Passenger Marketing, Personnel and

Industrial Relations, Foreign Affairs and for IATA and Industry Association Affairs.

SAS employed 14,637 personnel at the end of the financial year compared with 14,560 a year earlier, an increase of 0.5 per cent.

The Board wishes to express its gratitude to the personnel of SAS for their loyalty and accomplishments during the year.

Copenhagen, Oslo and Stockholm, December, 1971

JENS CHR. HAUGE

HALDOR TOPSØE

M. WALLEMBERG

PER M. BACKE

PALLE CHRISTENSEN

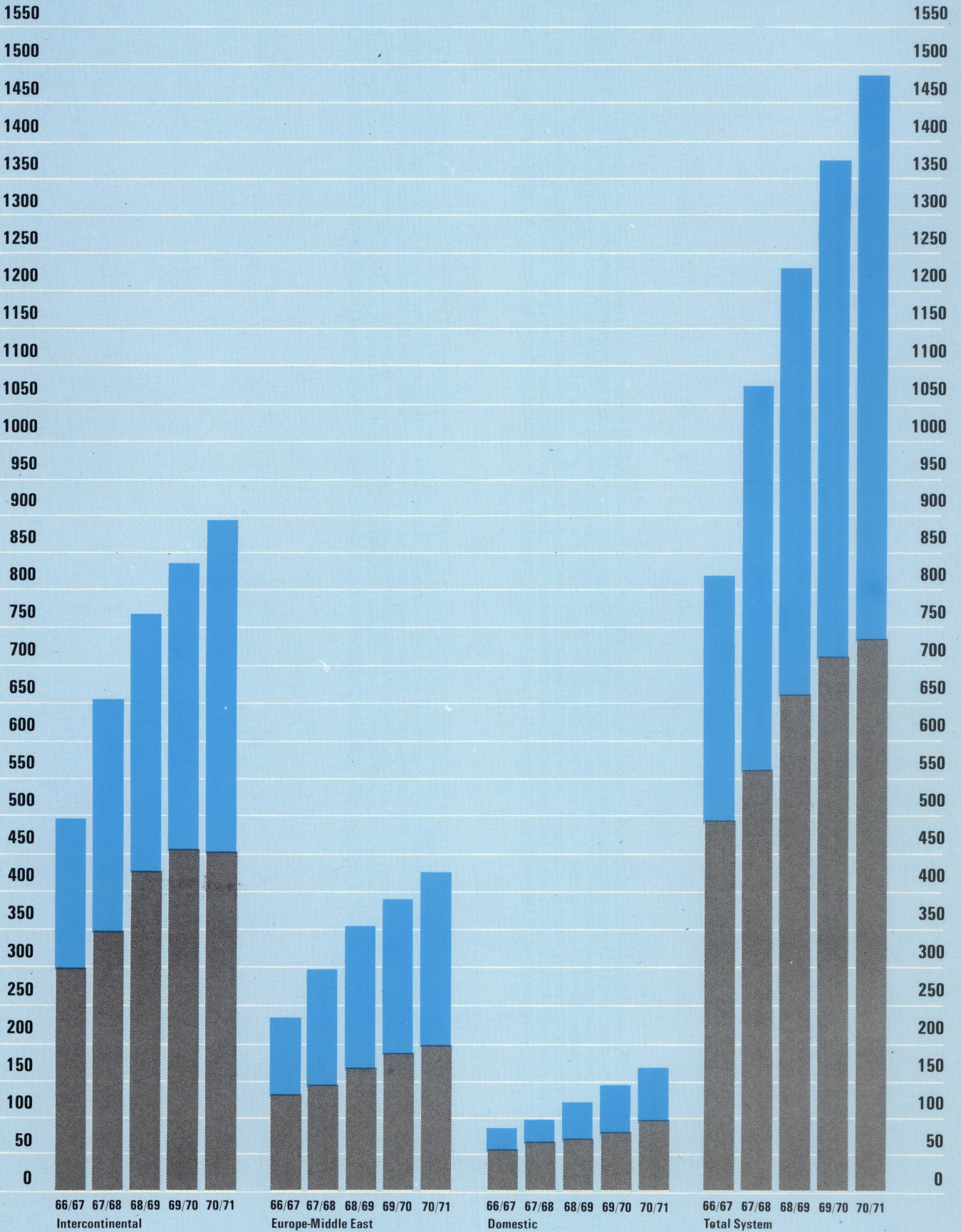
PER ÅSBRINK

KNUT HAGRUP

President

Mill.
Ton-Km

Mill.
Ton-Km



Available Ton-Km

Revenue Ton-Km

CONSOLIDATED PROFIT AND LOSS STATEMENT

October 1, 1970 – September 30, 1971
(including wholly-owned subsidiary companies)

INCOME (in millions of Swedish Crowns)	1970/71		1969/70	
Traffic revenue	1,621.8		1,478.9	
Other operating revenue (Note 1)	607.9	2,229.7	420.1	1,899.0
Financial income		29.5		31.5
Other income		8.9		8.3
Income from sale and retirement of flight equipment, etc. (Note 2)		29.1		50.8
		<u>2,297.2</u>		<u>1,989.6</u>

EXPENSES (in millions of Swedish Crowns)				
Operating expenses		1,888.7		1,570.5
Administrative expenses		64.4		58.3
Financial expenses		76.6		77.2
Other expenses		21.9		26.8
Depreciation (Note 3)		174.2		167.9
Net profit (Note 4)		71.4		88.9
		<u>2,297.2</u>		<u>1,989.6</u>

Copenhagen, Oslo and Stockholm, December, 1971

JENS CHR. HAUGE

HALDOR TOPSØE

M. WALLENBERG

PER M. BACKE

PALLE CHRISTENSEN

PER ÅSBRINK

KNUT HAGRUP

President

/C.E. Lindh

"Notes to Financial Statements" on pages 12–13 refer to the above Profit and Loss Statement.

CONSOLIDATED BALANCE SHEET

September 30, 1971
(including wholly-owned subsidiary companies)

ASSETS (in millions of Swedish Crowns)	Sept. 30, 1971		Sept. 30, 1970	
Aircraft (Note 6)				
At cost	1,595.7		1,496.6	
Depreciation and valuation reserves	481.5	1,114.2	438.9	1,057.7
Spare engines and spare parts (Note 6)				
At cost	409.4		318.4	
Depreciation and valuation reserves	143.1	266.3	159.5	158.9
Advance payments on flight equipment on order		88.2		111.0
Buildings and land (Note 7)				
At cost	140.7		116.1	
Depreciation and valuation reserves	33.3	107.4	32.2	83.9
Workshop and aircraft servicing equipment				
At cost	75.4		60.0	
Depreciation and valuation reserves	48.8	26.6	43.5	16.5
Other equipment and vehicles				
At cost	144.4		128.0	
Depreciation and valuation reserves	99.3	45.1	85.1	42.9
Discount on debenture loans		3.3		3.6
Shares and bonds (Note 9)		24.6		17.0
Goodwill (Note 10)				
At cost	15.5		0.5	
Depreciation	0.4	15.1	0.2	0.3
Long-term accounts receivable and prepayments		32.7		21.5
Shop work in progress		1.8		1.4
Sundry stores		76.6		56.8
Short-term accounts receivable and prepayments		303.3		268.6
Cash and bank balances including short-term cash investments		423.6		422.1
		<u>2,528.8</u>		<u>2,262.2</u>

"Notes to Financial Statements" on pages 12-13 refer to the above Balance Sheet.

LIABILITIES (in millions of Swedish Crowns)

	Sept. 30, 1971		Sept. 30, 1970	
Capital (Note 11)				
ABA (3/7)	256.9		237.8	
DDL (2/7)	171.2		158.5	
DNL (2/7)	<u>171.2</u>	599.3	<u>158.5</u>	554.8
Net profit		71.4		88.9
Subordinated debentures		157.5		157.5
Mortgage loans		29.1		24.0
Danish Government loan		—		0.8
Loans in USA (Note 12)		319.0		262.8
Manufacturer's credit on flight equipment		343.1		413.1
Other long-term liabilities (Note 13)		122.8		32.2
Short-term liabilities (Note 14)		870.1		711.6
General valuation reserve		<u>16.5</u>		<u>16.5</u>
		<u>2,528.8</u>		<u>2,262.2</u>
Contingent liabilities and guarantees		<u>29.5</u>		<u>17.0</u>
Furthermore, SAS has assumed certain liabilities in respect of pensions, and in connection with ticket sales according to pay-later plans				
Pledges (Note 15)				
Mortgages on real estate		29.7		27.3
Sundry pledges		<u>4.9</u>		<u>3.6</u>
		<u>34.6</u>		<u>30.9</u>

Copenhagen, Oslo and Stockholm, December, 1971

JENS CHR. HAUGE

HALDOR TOPSØE

M. WALLENBERG

PER M. BACKE

PALLE CHRISTENSEN

PER ÅSBRINK

KNUT HAGRUP

President

/C.E. Lindh

The above Profit and Loss Account and Balance Sheet are in accordance with the books of the Consortium, which have been examined by the undersigned Auditors, as set forth in our Auditor's Report dated January, 1972

Stockholm, January, 1972

VIKING BERGMAN

Authorized Public Accountant

CENTRALANSTALTEN FOR REVISION

ERIK SIVERTSEN

Authorized Public Accountant

CARL JOHAN THORSEN

Authorized Public Accountant

CHRISTIAN BLOM

Authorized Public Accountant

STEN NACKSTAD

Authorized Public Accountant

HUGO ENGMANN

TOR STORHAUG

Authorized Public Accountant

NOTES TO FINANCIAL STATEMENTS

The consolidated profit and loss statement and the consolidated balance sheet of SAS include wholly-owned subsidiaries such as SAS Catering A/S, SAS-Invest A/S, Nyman & Schultz/Nordisk Resebureau AB, A/S Dansk Rejsebureau and Vingresor/Club 33 AB, the last two of which were acquired in the course of the financial year.

Note 1 - Other operating revenue

"Other operating revenue" in the profit and loss statement, comprises revenue from sundry activities, such as shop work, ground handling, interline sales, etc., performed for other airlines, income from sale on board and in gateway stores, as well as revenue earned by wholly-owned subsidiaries from customers other than SAS.

Note 2 - Sale and retirement of flight equipment, etc.

"Income from sale and retirement of flight equipment, etc." includes the gain on the sale of two DC-8-33, one Metropolitan and two Caravelle aircraft.

Note 3 - Depreciation

The depreciation charges are apportioned as follows (MSKR):

	1970/71	1969/70
Aircraft, spare engines and spare parts	144.5	143.0
Buildings, etc.	5.6	4.8
Ground equipment and vehicles	24.1	20.1
	174.2	167.9

SAS flight equipment is depreciated over 10 years with a 10 % residual value except for Boeing 747-B equipment, which is depreciated over 12 years with a 10 % residual value.

Note 4 - Income taxes

The accounts of SAS, except for subsidiaries, contain no provision

for corporate income taxes in Denmark, Norway and Sweden, such liability resting upon the Parent Companies of SAS.

Note 5 - Balance sheet as of September 30, 1970

A regrouping of certain items has been made in the balance sheet as of September 30, 1970, in order to meet the presentation in the balance sheet as of September 30, 1971.

Note 6 - Aircraft, spare engines and spare parts

During the year one Boeing 747-B aircraft, one DC-8-62AF and one DC-9-41 aircraft were delivered.

Changes during the year in total acquisition value and total depreciation and valuation reserves of aircraft, spare engines and spare parts are specified below (MSKR):

Acquisition value	Total
As of September 30, 1970	1,815.0
Boeing 747-B flight equipment delivered in 1970/71	
Prepayments etc. made before October 1, 1970 (transferred from account for advance payments)	54.0
Investment during 1970/71	206.7
Other flight equipment delivered during 1970/71	
Prepayments made before October 1, 1970 (transferred from account for advance payments)	14.2
Investments during 1970/71	71.1
Flight equipment sold and retired in 1970/71, etc.	-155.9
As of September 30, 1971	2,005.1
<u>Depreciation and valuation reserves</u>	
As of September 30, 1970	598.4
Depreciation 1970/71	144.5
Accrued depreciation on flight equipment sold and retired in 1970/71, etc.	-118.3
As of September 30, 1971	624.6

Boeing 747-B flight equipment delivered in 1970/71 includes spare engines and engine spare parts held by SAS as the servicing company for the 747-B engine overhaul under the KSSU arrangements.

Note 7 - Buildings

Investments in buildings and land during the year amounted to MSKR 32.2. This includes investments in a cargo terminal in New York MSKR 21.9, in Globetrotter Hotel in Oslo MSKR 4.5, owned by SAS Catering A/S, and in SAS Royal Hotel in Oslo, MSKR 2.8.

Note 8 - Insurance values

As of September 30, 1971, flight equipment and other physical assets of SAS were insured as follows (MSKR):

	1971	1970
Aircraft	1,623.4	1,446.8
Spare engines, spare parts and technical stores	539.5	393.3
Buildings, etc.	198.1	167.1
Workshop and aircraft servicing equipment and tools	92.7	72.1
Other equipment, vehicles and sundry stores	187.6	164.9
	2,641.3	2,444.2

Note 9 - Shares

The item "Shares and Bonds" includes shares in the amount of MSKR 4.3 in Linjeflyg AB and MSKR 7.5 in Thai International.

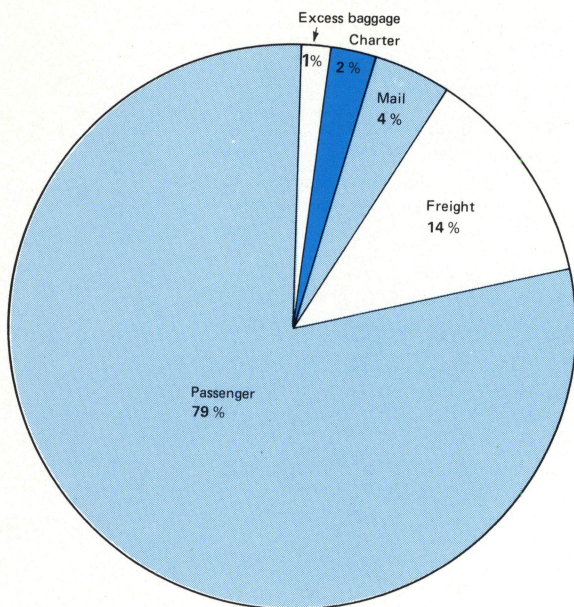
Note 10 - Goodwill

The increase during the year, MSKR 15.0, refers to the acquisition of Vingresor/Club 33 AB.

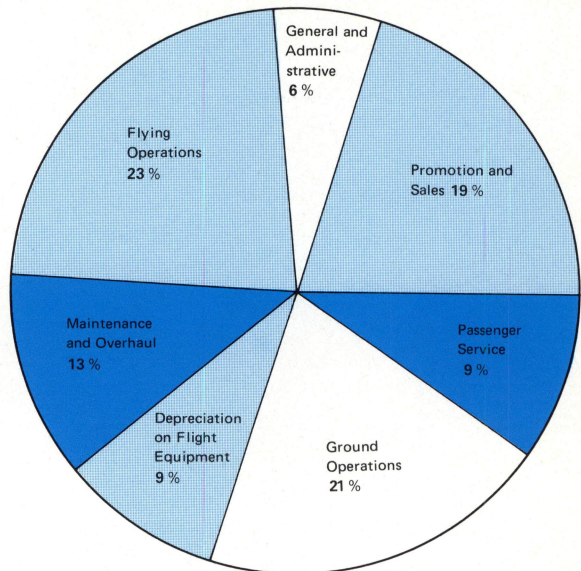
Note 11 - Capital

The capital of SAS was increased in 1970/71 by MSKR 44.5, retained by SAS out of the profit for the

SAS Traffic Revenue 1970/71



Operating expenses incurred in SAS transportation services 1970/71



year 1969/70, and amounts to MSKR 599.3 excluding the profit for the year 1970/71. The capital includes statutory reserves and retained earnings in wholly-owned subsidiaries as follows (MSKR):

<u>Statutory reserves</u>			
SAS Catering A/S	1.5		
SAS-Invest A/S	0.1		
A/S Dansk Rejsebureau	0.1	1.7	
<u>Other reserves and retained earnings</u>			
SAS Catering A/S	5.0		
SAS-Invest A/S	1.3		
A/S Dansk Rejsebureau	0.1	6.4	
			8.1

Note 12 - Loans in USA

As of September 30, 1971, the loans from insurance companies in the United States amounted to US\$ 4.0 million.

In the course of the year US\$ 21.9 million were drawn and US\$ 5.8 million amortized under the loan agreements entered into in 1968 for the financing of two Boeing 747-B aircraft with spare engines and spare parts and nine DC-9-41 aircraft. As of September 30, 1971, the loans of 1968 amounted to US\$ 53.9 million. Borrowing during the year under the loan

agreement of 1971 concerning the financing of five DC-9-41 aircraft amounted to US\$ 2.7 million.

Other loans in the US, included under this heading, amounted to US\$ 13.6 million as of September 30, 1971.

Current maturities of "Loans in USA", amounting to US\$ 12.6 million at the end of the financial year, are included under "Short-term liabilities" in the balance sheet.

Note 13 - Other long-term liabilities.

Loans from KSSU-partners, given to SAS for the purpose of financing Boeing 747-B spare engines and engine spare parts held by SAS as the servicing company for the 747-B engine overhaul under the KSSU-arrangements, amounted to US\$ 16.8 million on September 30, 1971.

Note 14 - Short-term liabilities

"Short-term liabilities" in the balance sheet include current ma-

turities of long-term liabilities totalling MSKR 180.8 at the end of the financial year.

For practical reasons, the various clearing accounts for traffic revenue are, as hitherto, included as a net balance in the item "Short-term liabilities".

Note 15 - Pledges

The item "Pledges" includes collateral for the mortgage loans raised by SAS-Invest A/S.

Note 16 - Rates of exchange

SAS accounts are kept in Swedish crowns. During the period of floating rates of exchange, which has prevailed since August 15, 1971, SAS has continued to use rates of exchange for accounting purposes based on the previous fixed parities between Swedish crowns and the other Scandinavian currencies as well as the United States dollar. These rates are as follows:

100 Danish crowns	=	69.07	Swedish crowns
100 Norwegian crowns	=	72.52	Swedish crowns
1 US dollar	=	5.18	Swedish crowns

FUNDS STATEMENT (in millions of Swedish Crowns)

Source of funds	1970/71	1969/70	1968/69	1967/68	1966/67
Net profit	71.4	88.9	83.3	86.1	84.0
Depreciation	174.2	167.9	154.0	103.7	92.4
Book value of assets sold and retired	26.4	80.0	71.5	3.7	9.0
Other (net)	- 1.9	- 0.7	- 0.3	- 1.1	- 3.8
From operations	270.1	336.1	308.5	192.4	181.6
New capital from Parent Companies			70.0		
Manufacturer's credit and borrowing for flight equipment	247.1	387.1	257.9	250.9	106.7
Other borrowing, etc.	20.1	5.7	15.2	3.5	5.8
Short-term liabilities	103.0	82.8	40.7	32.6	48.1
Other ¹⁾	10.1	16.1			
Sub-total	650.4	827.8	692.3	479.4	342.2
Use of funds					
Aircraft, spare engines, spare parts	277.7	365.7	337.0	376.2	163.5
Prepayments on aircraft and flight simulators	45.4	67.4	100.3	51.0	58.3
Buildings, etc.	32.2	15.1	13.4	12.9	5.2
Other equipment, supplies, etc.	38.2	25.6	21.6	20.0	27.1
Shares (and goodwill)	21.5	6.5	2.8	1.4	0.7
Long-term lending	10.9	5.5	8.3	2.0	0.2
Total investments	425.9	485.8	483.4	463.5	255.0
Accounts receivable and prepay- ments, etc.	19.1	29.9	24.2	29.6	23.0
Amortization on long-term debt	159.5	135.9	110.9	44.7	20.2
Paid to Parent Companies out of last year's profit	44.4	41.7	43.0	42.0	13.0
Sub-total	648.9	693.3	661.5	579.8	311.2
Change in cash and bank balances (including short-term cash investments)	+ 1.5	+ 134.5	+ 30.8	- 100.4	+ 31.0

¹⁾ Cash and bank balances of subsidiaries acquired during the year.

INVESTMENTS IN FLIGHT EQUIPMENT

	No. of aircraft		Amounts (in millions of Swedish Crowns)			Total
	Delivered	On order	Deliveries 1966/67 1970/71	Advance payments Sept. 30, 1971	To be paid 1971/72- 1976/77	
747-B	1	1	263.4 ¹⁾	53.1	227.8 ¹⁾	544.3
DC-10-30	-	2	-		279.6	279.6
DC-8-63	5	1 }	700.5	14.3	56.3	771.1
DC-8-62	8	- }				
DC-9-41	19	5 }	717.1	20.8	122.6	860.5
DC-9-33AF	2	- }				
DC-9-21	10	- }				
Total	45	9	1,681.0	88.2	686.3	2,455.5

¹⁾ Includes spare engines and engine spare parts for the Boeing 747-B engine overhaul under the KSSU-arrangements.

AUDITOR'S REPORT

We, the undersigned, appointed in accordance with Article 11 of the Consortium Agreement between AB Aerotransport (ABA), Det Danske Luftfartselskab A/S (DDL) and Det Norske Luftfartselskap A/S (DNL) as auditors of

SCANDINAVIAN AIRLINES SYSTEM
Denmark - Norway - Sweden

having completed our assignment, herewith submit to the Parent Companies our report for the financial year October 1, 1970 - September 30, 1971.

We have examined the Annual Report, which includes the subsidiary companies. To the required extent we have studied the accounting records, minutes and

other documents which give information about the economy and administration of the Consortium and have, moreover, taken those measures of inspection which we have considered necessary.

The Internal Auditing Department of SAS, acting in accordance with instructions approved by us, has conducted a continuous check of the accounting records of the Consortium and we have, in the course of the financial year and in connection with the closing of the accounts, received reports on the examination thus conducted.

The accounting records are properly kept.

As is seen from the Report for

the financial year there is declared, after depreciation, a net profit of 71.4 million Swedish Crowns, out of which 35.7 million Swedish Crowns are proposed to be paid out to the Parent Companies.

We recommend that the Annual Accounts as of September 30, 1971, which have been submitted and which have been signed by us, be adopted, and that the Members of the Board and the President be discharged from responsibility for their administration in respect of the financial year.

Stockholm, January, 1972

VIKING BERGMAN
Authorized Public Accountant

CENTRALANSTALTEN FOR REVISION
ERIK SIVERTSEN
Authorized Public Accountant

CARL JOHAN THORSEN
Authorized Public Accountant

CHRISTIAN BLOM
Authorized Public Accountant

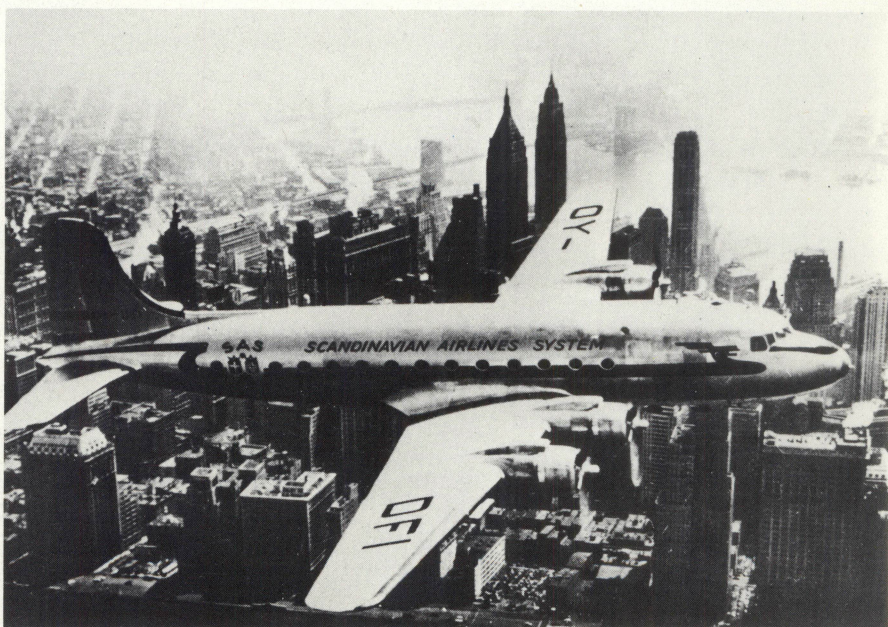
STEN NACKSTAD
Authorized Public Accountant

HUGO ENGMANN

TOR STORHAUG
Authorized Public Accountant



Three of the founding fathers of Scandinavian Airlines System, photographed after the agreement was signed in Oslo forming SAS on August 1, 1946. The first chairmen of the airline were, from left to right, Ths. S. Falck of Norway, Marcus Wallenberg of Sweden, and Per Kampmann of Denmark. Of the three, Dr. Wallenberg is still active within the airline.



Less than two months after SAS was established, the airline inaugurated its first service with a DC-4 between Scandinavia and New York on September 17, 1946, on a twice-weekly schedule. By comparison, SAS now serves New York four times a day in peak season. In November of 1946 SAS added its second service, to South America.



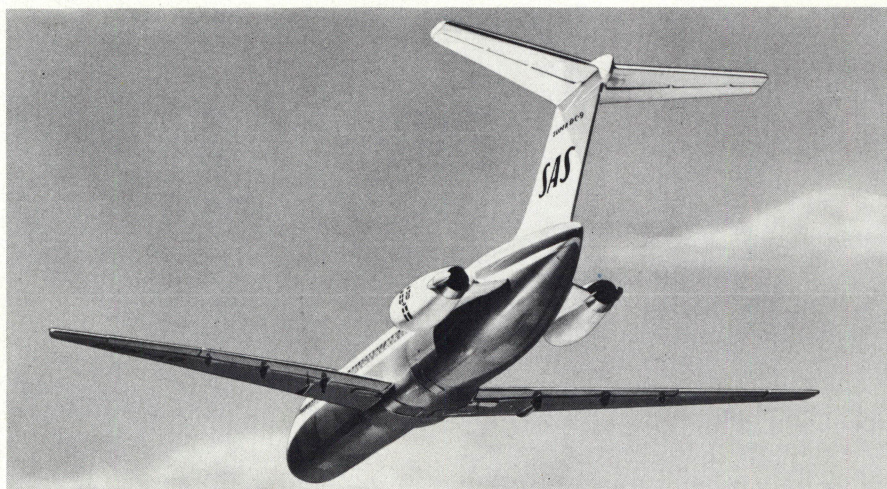
The SAS fleet of ten DC-4s was outfitted for 44 passengers, although a 28-seat cabin was used for the 19-hour New York flight, a 6,800-kilometer routing with intermediate stops at Prestwick and Gander.



Twenty-five years after the airline was founded, SAS was operating the 353-passenger Boeing 747-B on the North Atlantic, flying non-stop New York-Copenhagen in less than eight hours, providing an upstairs lounge, inflight movies, a selection of six channels of music and four different cabins, one reserved for non-smokers.



Among its historic milestones, SAS was the first airline to place the Caravelle medium range jet into scheduled operation, in 1959, the first jetliner featuring tail-mounted engines for the quietest cabin in the air. Today, among its second-generation jets, SAS has more than 30 DC-9s in short- and medium-range passenger versions as well as all-cargo models.



SAS was also first to order, and first to fly, the second generation DC-8 Super Fans, ultra-long-range and higher capacity jetliners. The Super Fan was specially designed to fly the SAS-pioneered Polar shortcut between Europe and the U.S. West Coast non-stop.



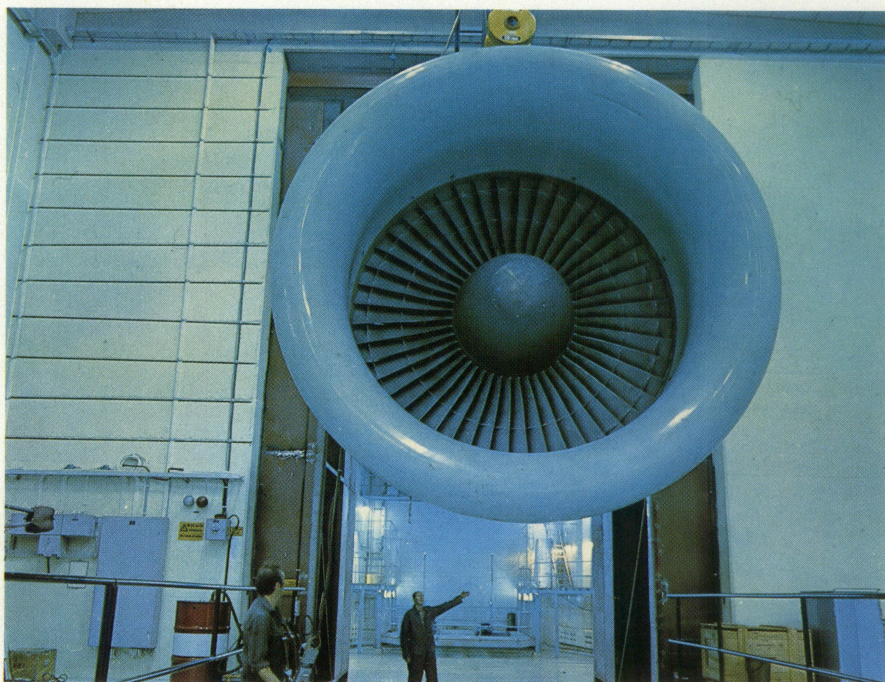
The Boeing 747-B was introduced by SAS during the airline's 25th year of operation. The "B" designates the longer-range, higher gross-weight version of the US\$ 25 million superjet. The 747-Bs of SAS, KLM and Swissair were ordered with common specifications to reduce training and maintenance costs and investments in spare parts and engines.



Containerized baggage and cargo, handled through a fully automated system in the 747-B, added greatly to the efficient image of the new SAS superjet.



As part of the KSSU cooperation, SAS's Linta engineering department outside Stockholm handles maintenance of the mammoth Pratt and Whitney JT9D-3A turbofan jet engines that power the airline group's fleet of Boeing 747-B's.



Executives of the member-airlines of the KSSU group met in Stockholm during the year. They include, left to right, P. Jensen, Vice President-Operations, SAS
 K. Hagrup, President, SAS
 A. Veil, President, UTA
 R. Réot, Manager, Technical Studies, UTA
 B. Törnblom, Executive Vice President-Technical and Operations, SAS
 A. Karlsson, Vice President-Engineering and Maintenance, SAS
 V. Holmboe, Director-Technical and Operations Planning and Control, SAS
 P. Nègre, Vice President, Development Direction, UTA
 J. van der Schaaff, Manager, Cooperation Coordination, KLM
 J. Augustijn, Vice President, Engineering and Maintenance, KLM
 F. Roth, Vice President, Engineering and Maintenance, Swissair
 J.F.A. de Soet, General Manager, KLM
 B. Holmer, Vice President-Aircraft Research and Development, SAS
 D. Keith, Director-Technical Materials, SAS
 R. Krähenbühl, Manager, Planning and Control, Swissair



SAS inaugurated the Trans-Siberian Express in cooperation with Aeroflot April 3, 1971. Among the guests of honor on the eastbound inaugural flight was Thor Heyerdahl, Norwegian scientist and author whose crew on the "Ra" expeditions included a member from Japan.



The inaugural of the 747-B between Copenhagen and New York was on April 1, 1971. Cabin service, in which the attendants themselves participated in the planning, was rehearsed for as much as two years in advance.



A crew of 18, including three pilots, serves on board the SAS 747-B. The 15 cabin attendants are allocated for 353 passengers.



With the opening of a new arrival hall at Copenhagen Airport in the summer of 1971, more space was available for check-in facilities in the departure hall.



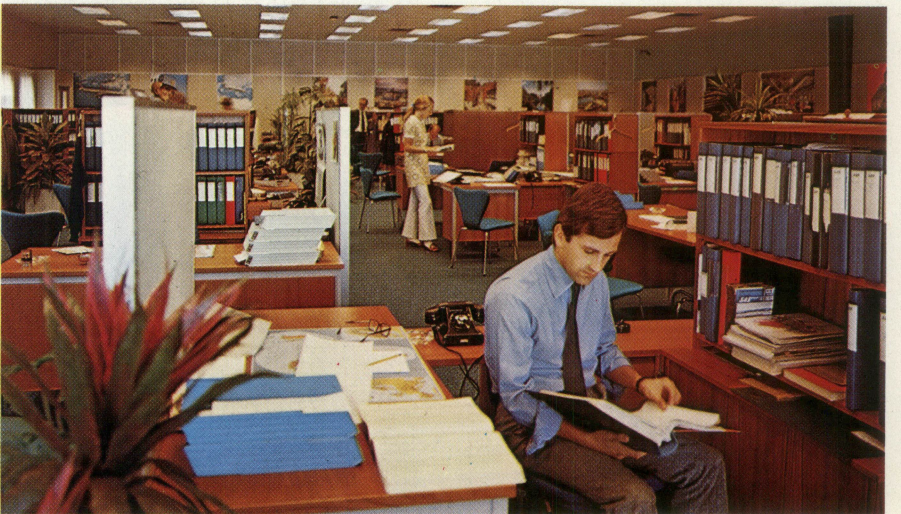
A third "finger" at Copenhagen Airport was completed during the year, providing 10 more parking places for SAS and other airlines. Spacious lounges and service counters for transit and transfer passengers adjoin each new nose-in dock. A rolling sidewalk links the new finger to the arrival and departure buildings.



SAS served 95 cities in 46 countries during the summer traffic program. Here, Los Angeles airport is one of six SAS serves on the North American continent.



Scandinavian Airlines' worldwide sales activities are directed from an attractive office landscape at the Head Office at Stockholm's Bromma Airport.





INTERCONTINENTAL ROUTES

Scheduled services (Mill.) Last Year's figures in brackets	Passenger		Cargo		Mail		Load	Cabin
	Pass.- Kms	Change %	Ton- Kms	Change %	Ton- Kms	Change %	Factor %	Factor %
North Atlantic	1,814 (1,857)	- 2	125.3 (127.4)	- 2	8.8 (7.9)	+ 12	51.4 (55.6)	47.0 (50.4)
Other Intercontinental Routes	1,034 (1,034)	0	46.2 (42.2)	+ 10	9.6 (9.8)	- 2	49.4 (51.1)	43.0 (44.8)
Total Intercontinental Traffic	2,848 (2,891)	- 1	171.5 (169.6)	+ 1	18.4 (17.7)	+ 4	50.7 (54.0)	45.4 (48.2)



EUROPEAN (incl. Middle East) and INTRA-SCANDINAVIAN ROUTES

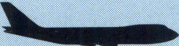

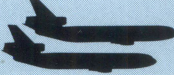
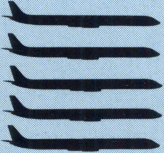

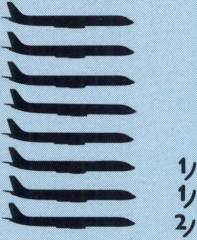
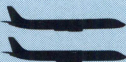



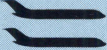

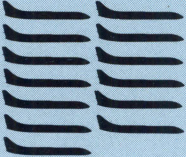

Scheduled services (Mill.) Last year's figures in brackets	Passenger		Cargo		Mail		Load Factor %	Cabin Factor %
	Pass.- Kms	Change %	Ton- Kms	Change %	Ton- Kms	Change %		
Middle East	104 (84)	+ 23	2.3 (2.1)	+ 7	0.3 (0.3)	+ 24	40.8 (35.5)	40.9 (35.0)
European Routes	1,317 (1,199)	+ 10	30.9 (30.7)	+ 1	4.8 (4.2)	+ 13	47.5 (48.8)	52.1 (54.9)
Intra-Scandinavian Routes	377 (335)	+ 12	6.3 (6.4)	- 1	1.0 (1.0)	+ 3	45.3 (44.2)	50.5 (47.6)
Total Europe, Middle East and Intra-Scandinavian Traffic	1,798 (1,618)	+ 11	39.5 (39.2)	+ 1	6.1 (5.5)	+ 12	46.6 (46.9)	51.0 (51.7)



SCANDINAVIAN DOMESTIC ROUTES

Scheduled services (Mill.) Last year's figures in brackets	Passenger		Cargo		Mail		Load Factor %	Cabin Factor %
	Pass.- Kms	Change %	Ton- Kms	Change %	Ton- Kms	Change %		
Denmark	195 (154)	+ 27	1.1 (1.1)	+ 4	0.2 (0.2)	+ 4	55.1 (55.8)	57.1 (57.4)
Norway	406 (352)	+ 16	1.7 (1.5)	+ 14	2.2 (2.0)	+ 13	53.8 (51.7)	59.4 (57.3)
Sweden	338 (282)	+ 19	2.0 (2.0)	- 4	2.3 (2.0)	+ 14	53.1 (49.6)	59.5 (53.4)
Total Domestic Traffic	939 (788)	+ 19	4.8 (4.6)	+ 4	4.7 (4.2)	+ 13	53.8 (51.6)	58.9 (55.9)

AIRCRAFT FLEET

	30/9 - 71	1971-72	1972-73	1976
	No. Fleet at the end of the year	Orders	Orders	Orders
747-B	1 			
DC-10-30				
DC-8-63	5 			
DC-8-62	8 			
DC-8-55	2 			
DC-9-41	19 			
DC-9-33 AF	2 			
DC-9-21	10 			
CARAVELLE	13 			
METROPOLITAN	9 			
	69			

1/ COMBINED VERSION (CF)
2/ CARGO " (AF)

COMPARATIVE STATISTICS 1962/63 – 1970/71

PRODUCTION AND TRAFFIC		70/71	69/70	68/69	67/68	66/67	65/66	64/65	63/64	62/63
Size of Network	(km 000)	224	205	208	206	190	158	158	155	145
Number of Countries Served		48	48	45	45	41	42	41	39	38
Number of Cities Served		96	92	90	90	84	87	81	77	74
Kilometers Flown	(mill.)	107.0	101.7	97.7	88.7	75.8	69.4	65.9	63.3	60.7
Hours Flown (airborne)	(000)	172.4	162.6	168.3	164.6	147.0	136.3	129.0	125.2	119.6
Available Ton-Kms, total	(mill.)	1,546.0	1,431.5	1,286.9	1,075.1	834.8	724.8	668.0	623.5	590.1
Available Ton-Kms, scheduled services	(mill.)	1,480.8	1,371.7	1,239.3	1,047.5	818.5	701.6	649.8	604.1	568.8
Revenue Ton-Kms, scheduled services	(mill.)	738.5	710.1	658.3	554.7	480.7	415.9	391.2	347.8	302.4
Passenger		493.4	469.3	417.0	380.1	337.7	295.3	283.1	256.8	222.2
Freight		215.8	213.4	214.5	149.4	119.8	97.5	86.7	72.2	64.0
Mail		29.3	27.4	26.8	25.2	23.2	23.1	21.4	18.8	16.2
Total Load Factor, scheduled services	(%)	49.9	51.8	53.1	53.0	58.7	59.3	60.2	57.6	53.2
Number of Passengers Carried	(000)	5,688	5,058	4,588	4,155	3,734	3,241	2,999	2,617	2,358
Revenue Passenger-kms	(mill.)	5,584	5,297	4,707	4,287	3,805	3,304	3,166	2,871	2,506
Passenger Load Factor	(%)	49.0	50.3	47.7	50.2	54.5	52.6	54.3	52.9	49.9
Average Passenger Trip Length	(kms)	997	1,061	1,036	1,038	1,024	1,029	1,064	1,109	1,076
Traffic Revenue/Revenue Ton-Km	(SKR)	2.18	2.04	2.04	2.10	2.11	2.15	2.20	2.27	2.34
Operating Expenses/Available Ton-Km (based on calculated depreciation, excl. interest)	(SKR)	1.03	1.00	1.01	1.04	1.16	1.18	1.19	1.16	1.16
PERSONNEL										
Number of Employees as of September 30		14,637	14,560	14,466	13,619	13,284	13,081	12,709	12,219	11,990
Available Ton-Kms/Employee (scheduled services)		101,700	95,000	88,100	78,200	62,500	54,800	52,200	50,300	48,000
Revenue Ton-Kms/Employee (scheduled services)		50,700	49,200	46,800	41,400	36,700	32,500	31,400	29,000	25,500
FINANCIAL										
(Mill. Swedish Crowns)										
Total Revenue		2,297.2	1,989.6	1,785.6	1,520.4	1,354.4	1,192.3	1,119.5	1,030.6	937.3
Traffic Revenue		1,621.8	1,478.9	1,366.1	1,179.0	1,023.3	913.5	875.2	807.6	726.4
Other Operating Revenue		607.9	420.1	336.9	304.4	284.5	246.4	218.4	202.8	197.2
Financial and Other Income, etc.		67.5	90.6	82.6	37.0	46.6	32.4	25.9	20.2	13.7
Total Expenses		2,225.8	1,900.7	1,702.3	1,434.3	1,270.4	1,127.5	1,044.6	960.6	916.3
Operating and Administrative Expenses		1,953.1	1,628.8	1,453.2	1,276.7	1,133.4	1,002.7	924.4	839.5	790.9
Financial and Other Expenses		98.5	104.0	95.1	53.9	44.6	39.2	37.7	35.5	34.5
Depreciation		174.2	167.9	154.0	103.7	92.4	85.6	82.5	85.6	90.9
Net Profit		71.4	88.9	83.3	86.1	84.0	64.8	74.9	70.0	21.0
Balance Sheet (total)		2,528.8	2,262.2	1,850.9	1,538.3	1,253.8	1,046.9	963.2	867.8	814.8
Aircraft, Spare Engines and Spare Parts (certain Expendable Parts included), Prepayments on Flight Equipment		1,468.7	1,327.6	1,129.2	894.2	547.0	423.5	335.3	367.3	437.9
Buildings, Ground Equipment, etc., Shares, Long-term Receivables		254.8	185.7	161.0	137.0	121.6	100.4	88.5	84.7	94.3
Current Assets		805.3	748.9	560.7	507.1	585.2	523.0	539.4	415.8	282.6
Capital incl. Net Profit		670.7	643.7	596.5	486.2	442.1	371.1	321.3	260.4	190.4
Subordinated Debentures		157.5	157.5	157.5	157.5	157.5	157.5	157.5	157.5	157.5
Long-term Debt		814.0	732.9	526.4	393.7	215.1	137.1	136.0	112.4	128.3
Short-term Liabilities		870.1	711.6	554.0	484.4	422.6	364.7	331.9	321.0	322.1
General Valuation Reserve		16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.5

SUBSIDIARIES

SAS Catering A/S

During 1970/71 SAS Catering, a wholly-owned subsidiary, increased its gross revenue 12 per cent to MSKR 172.0. Services to SAS accounted for 43 per cent of the turnover. With 10 flight kitchens throughout the world, SAS Catering served a total of 43 airlines.



A new flight kitchen at Arlanda was officially opened in October, 1971. With an area of 6,000 m², the facility is leased from Parent Company ABA. Construction began for a new 5,000 m² flight kitchen at Fornebu Airport, Oslo, and is expected to be ready in the autumn of 1972. Another flight kitchen, at Tokyo's new Narita Airport, will open at the same time.



Three hotels operated by SAS Catering were opened in the spring of 1971: the wholly-owned 150-room SAS Globetrotter at Fornebu Airport, Oslo; the 194-room SAS Royal in Bodø, and the 160-room SAS Royal in Tromsø.

SAS Catering had an average of 1,565 employees in 1970/71, compared with 1,406 the previous year.

SAS-Invest A/S

The wholly-owned subsidiary SAS-Invest A/S, which owns and operates the Royal Hotel in downtown Copenhagen, had a gross revenue of MSKR 17.9, compared to MSKR 17.7 a year earlier. Overnight stays totaled 129,000, the same as the previous year. The room occupancy rate remained at 92 per cent. The staff averaged 384 employees, slightly less than in 1969/70.

Copenhagen Air Cargo Center A/S

The Copenhagen Air Cargo Center, wholly-owned by SAS, handled 106,000 tons of cargo in 1970/71, down four per cent from the previous year, reflecting the general economic climate affecting world trade.

During the year, customs procedures were simplified; data processing of cargo shipments was expanded, and computerized cargo information systems were introduced. The Center employed an average of 250 in 1970/71.

Nyman & Schultz/Nordisk Resebureau AB

Nyman & Schultz/Nordisk Resebureau AB, which was purchased by SAS in 1969/70, recorded total sales of MSKR 206.6 in 1970/71, compared with MSKR 209.1 the previous year. Operating revenue was MSKR 19.2, down from MSKR 19.6.

With an average staff of 328 the travel agency, marketed a wide range of travel and related services, including airline, train and boat transportation, hotel accommodations and car rentals.



Vingresor/Club 33 AB

Vingresor/Club 33, Sweden's largest producer of inclusive tours, was purchased by SAS during 1970/71. With 137,000 inclusive tour customers, an increase of nine per cent, Vingresor/Club 33 had a gross revenue of MSKR 141.2, also up nine per cent. During the year the staff averaged 309.

Scandinavian Star Tour Corporation

SAS entered in July, 1971, into partnership with the Danish, Norwegian and Swedish co-owners of Star Tour, a

Scandinavian travel organization in the inclusive tour market.

With 69,000 passengers, Star Tour's gross revenue was MSKR 62.9, an increase of five per cent from the previous year. Employees averaged 92. Through its engagement in other Scandinavian travel agencies, SAS has a majority control of Star Tour.



Globetrotter

Formed in 1967, Globetrotter is owned 50 per cent by SAS and 50 per cent by



authorized IATA agencies in Denmark, Norway and Sweden. Globetrotter produces and markets inclusive tours on scheduled flights mainly to inter-continental destinations. During 1970/71 Globetrotter accounted for 9,500 passengers.

A/S Dansk Rejsebureau

Purchased by SAS during 1970/71, A/S Dansk Rejsebureau (DRB) showed an operating revenue of SKR 1.2 million on total sales of MSKR 11.0. Average employment for the year was 29. Particular increases in special group and inclusive tour sales to Portugal and the Soviet Union were recorded by DRB during the year. The agency's head office is in Copenhagen.

AFFILIATED AIRLINES

Linjeflyg AB

Linjeflyg, owned 50-50 by SAS and Parent Company ABA, served 22 airports in Sweden, one more than in 1969/70.



The airline's fleet was increased from 18 to 19 Metropolitans and also included four Nord 262 aircraft. Capacity increased 10 per cent while traffic, measured in revenue ton-kilometers, rose 15 per cent.

Total revenue amounted to MSKR 125.7, an increase of 16 per cent. Employees averaged 686 compared with 653 the previous year.

Scanair

For the 1970/71 financial year, Scanair recorded a gross revenue of MSKR 126.1, compared with MSKR 111.9 a year earlier. Three 166-passenger DC-8-33 jets were exchanged for two longer-range 187-passenger DC-8-55 fan jets, and the fleet also included three 131-passenger Boeing 727 jets.

Scanair carried a total of 781,000 one-way passengers, an increase of 19 per cent over the previous year. The total includes both outbound and homebound passengers, all of whom were flown by jet. The charter airline served 41 airports in 21 countries. An intercontinental destination, Ceylon, was added to the network.

The main traffic was to and from Spain, with 332,000 passengers; the Canary Islands, with 220,000, and Italy, with 75,000. Scanair performed 3,026 round-trips in all, 1,292 by DC-8, 1,580 by 727, and 154 with other chartered jets.



Thai International

Thai Airways International Ltd. (THAI) took delivery of its third DC-8 at the end of September, 1970, returning at the same time its two remaining Caravelles to SAS. A fourth DC-8 was added in December, 1970 and a fifth in September, 1971. After one DC-9 was returned to SAS at the end of the financial year, the THAI fleet consisted of five DC-8s and a DC-9.

In April, 1971, THAI inaugurated its first intercontinental route between Bangkok and Sydney via Singapore. The route was operated by DC-8-62 chartered from SAS once a week, increasing to twice a week by the end of 1971. Operations into Phnom Penh, Rangoon and Dacca were suspended during part of the year due to prevailing political conditions.

A new flight kitchen, the largest in Southeast Asia, was opened in December, 1970, at Bangkok airport and the former flight kitchen was converted into an air cargo center.

Total capacity in available ton-kilometers increased 52 per cent for the year. Traffic in revenue ton-kilometers rose 22 per cent. The overall load



factor was 46.4 per cent, compared with 57.7 per cent in 1969/70.

Available seat-kilometers and revenue passenger-kilometers increased by 42 per cent and 15 per cent respectively. The resulting cabin factor was 50.1 per cent compared with 62.1 per cent the previous year.

The decreases in load factor and cabin factor during the year are attributed to the substitution of the DC-8s for the smaller Caravelle jets.

Total revenue amounted to 850.5 million baht (MSKR 211.8), an increase of 24.8 per cent. Traffic revenue was 693.0 million baht (MSKR 172.6), up 26.1 per cent.

The number of personnel at the end of the year was 2,363, compared with 2,049 a year earlier. THAI is owned 70 per cent by Thai Airways Co. and 30 per cent by SAS.



Greenlandair

Greenlandair, owned 25 per cent by SAS, carried 46,000 passengers in 1970/71, compared with 31,000 the previous year.

Mail increased from 380 to 500 tons; cargo from 78 to 100 tons.

The Greenlandair fleet included five Sikorsky S-61-N helicopters, one DC-6B, one DC-4 and one Alouette 3 helicopter. The DC-6B was acquired during the year, replacing a DC-4.

Widerøe

Widerøe Flyveselskap A/S increased its share capital in 1970 from one to eight million Norwegian crowns. The main share-holders are, A/S Fred Olsen Flyveselskap, Braathens SAFE and SAS.

Widerøe concessions cover 14 airports along the coast of Norway from Bergen to Bodø, eight of which are built for STOL (Short Takeoff and Landing) operations.

Four new De Havilland Twin Otter Series 300 aircraft were delivered in early 1971. A fifth is on order for delivery in the spring of 1972, when three more STOL-ports and two additional airports will be included in the coastal network.

During 1970/71 the airline carried 55,000 passengers, almost twice as many as the previous year. Widerøe personnel totaled 106 at the end of the financial year.



	Denmark	Norway	Sweden
BOARD OF DIRECTORS	Haldor Topsøe First Vice Chairman Palle Christensen Deputies: Poul Andersen Helge Bech-Bruun	Jens Chr. Hauge Chairman Per M. Backe Deputies: Erik Brofoss Johan Horn	M. Wallenberg Second Vice Chairman Per Åsbrink Deputies: Curt Nicolin Nils Hörjel

ASSEMBLY OF REPRESENTATIVES	Mogens Pagh Chairman Count Flemming af Rosenborg Poul Andersen Helge Bech-Bruun K. Bredahl Palle Christensen Per Hækkerup Axel Kristensen Hans Muus Haldor Topsøe	Per M. Hansson Second Vice Chairman Nils Astrup Per M. Backe Erik Brofoss Jens Chr. Hauge Johan Horn Håkon Kyllingmark Johan Nerdrum Erik Brand Olimb Fred. Olsen K. Skaaluren Deputies: Halvdan Bjørum Guttorm Hansen Rolf Heilemann Arnljot Strømme Svendsen	Per A. Norlin First Vice Chairman Erik Boheman Erik Grafström Sven Gustafson Nils-Olov Hasslev Tryggve Holm Nils Hörjel Leif Janson A. Ax:son Johnson Sven Mellqvist Lars Peterson M. Wallenberg Sune Wetter Per Åsbrink Deputies: Torgeir Christoffersen Lars Eliasson Folke Fessé Helge Jäder Curt Nicolin Ragnar Sachs
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MANAGEMENT

	Knut Hagrup President			
Björn Törnblom Executive Vice President Technical and Operations	Erik Palsgaard Executive Vice President Marketing	C. E. Lindh Executive Vice President Finance	Gunnar Sandberg Senior Vice President Administration	
	Johs. Nielsen Vice President and General Manager Region Denmark	Kai Sørtorp Vice President and General Manager Region Norway	Sven-Erik Svanberg Vice President and General Manager Region Sweden	

SCANDINAVIAN AIRLINES SYSTEM

Scandinavian Airlines System (SAS) is the designated national carrier of three sovereign nations, Denmark, Norway, and Sweden. The owners of SAS are: Det Danske Luftfartselskab A/S (Danish Airlines) • Det Norske Luftfartselskap A/S (Norwegian Airlines) • AB Aerotransport (Swedish Airlines). These three limited companies are in turn, through shareholdings, owned 50 per cent by private individuals or enterprises, and 50 per cent by their respective national Governments.



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