

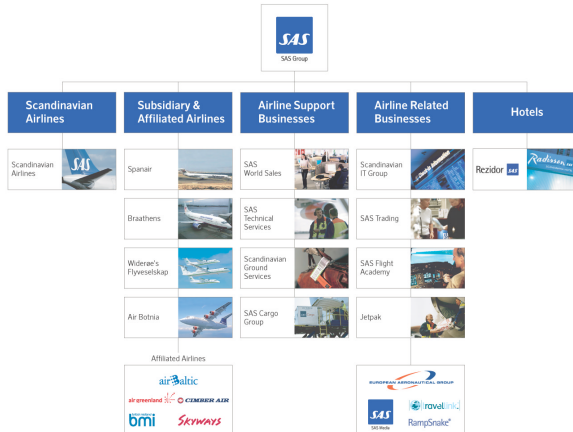


**SAS AB**  
**Presentation fiscal year 2002**  
**Stockholm, Copenhagen**

**Weak full year result but according to plan**

- 1<sup>st</sup> Quarter – weak – according to plan
- 2<sup>nd</sup> Quarter – passenger load factors and yields better than expected
- 3<sup>rd</sup> and 4<sup>th</sup> Quarter –pressure on yields
  - Short term measures completed
  - Structural improvement measures under implementation
  - Additional structural measures to position group airlines to be introduced

**The SAS Group five business areas as from Q4 2002**

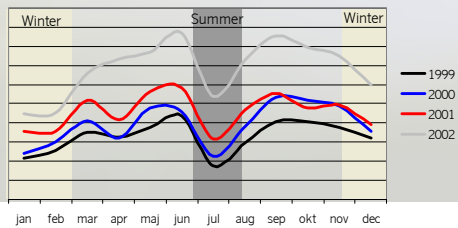


**SAS Group statement of income**

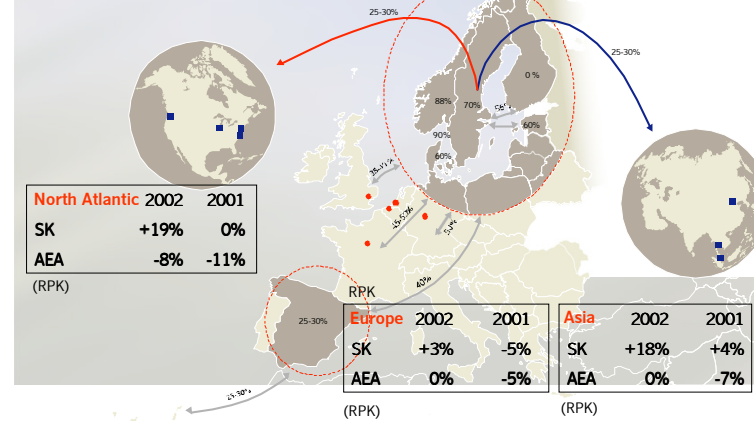
MSEK	2002	2001	Change
▶ Revenue	64 944	51 433	+26%
▶ EBITDAR	7 294	3 168	+130%
▶ EBT	-450	-1 140	+60%
▶ EBT excl. cap gains	-951	-2 282	+66%

## The SAS Group seasonality pattern

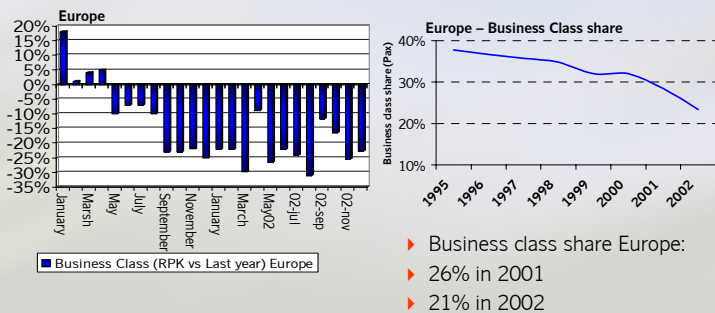
- January, February, July and December seasonally weak months
- Easter has a negative earnings effect by appr. 200-300 MSEK.
- Acquisition of Spanair has reduced seasonality slightly



## In weak market the SAS Group has taken market shares vs. AEA

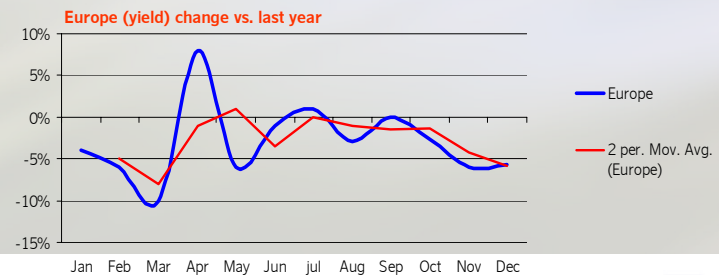


## European routes Continued fall in Business Class



## Yield development for Scandinavian Airlines a challenge for group profitability

- ▶ Pressure on yield accelerated in 4th Quarter



## Turnaround

- Short term measures fully completed
- Structural measures under implementation

### Short term measures

- All activities implemented
- Result effect of 3 400 MSEK in 2002
- Short term measures will give full effect in 2003.






### Structural measures – under implementation

- 22% of total activities are completed corresponding to 43% of the total effect in 2003
- Implementation so far ahead of plan



## Improved balance between supply and demand

- ▶ Total traffic decreased by 3,2% vs. 2001
- ▶ Total capacity reduced by 8,5% vs. 2001
  - Group passenger load factors at record levels

		2002 passenger load factors	
	Scandinavian Airlines	+ 3,5 p.u.	68,1%
	Spanair	+0,9 p.u.	61,0%
	Braathens	+ 7,0 p.u.	57,8%
	Widerøe	+ 1,3 p.u.	51,4%
	Air Botnia	+5,6 p.u.	49,5%



Gunilla Berg

CFO



## Group pretax profit (EBT) affected by one offs

MSEK	2002
▶ Pretax profit (ex. Cap gains & one offs)	-736
<b>One offs</b>	
▶ Swedish Aviation Authority	+570
▶ Cimber Air	-91
▶ Expo Investment	-157
▶ Restructuring costs	-537
▶ <b>TOTAL one offs</b>	<b>-215</b>
▶ Pre-tax (ex. gains)	-951
▶ Pre-tax (incl gains & one offs)	-450



## Summary turnaround



	Gross full year effect	Annual
<b>Short term measures</b>		
Reductions in traffic system	500	500
Revenue enhancement	2 200	*
Cost reductions	2 400	1 700
Other business areas than SK	1 300	1 200
<b>Total</b>	<b>Approx. 6 400</b>	<b>3 400 *</b>

\*) = Revenue enhancements of 2 200 comprising a supplementary charge of USD 4/passenger/flight/and a general price increase of 5% are neutralized to a considerable extent by a negative passenger mix and higher insurance costs. The net result effect is therefore almost zero.

<b>Structural measures</b>		
<b>Total</b>	<b>Approx. 6 400</b>	<b>0</b>

**TOTAL ALL MEASURES**      **Approx. 12 800**      **3 400**



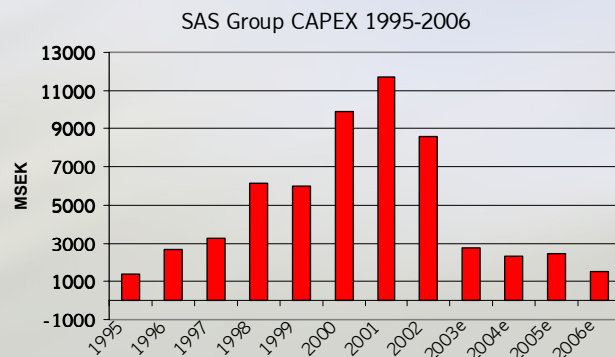
## Group operating cash flow significantly improved



MSEK	January – December	2002	2001
<b>Cash flow from operations</b>		<b>+1 818</b>	<b>-817</b>
Change in working capital		+320	+467
<b>Net financing from operations</b>		<b>+2 138</b>	<b>-350</b>
Investments, advance payments		- 9 654	- 10 850
Acquisition/sale of subsidiaries (net)		+468	-826
Sales of fixed assets, etc.		+5 322	+8 382
<b>Financing deficit/surplus</b>		<b>-1 726</b>	<b>-3 644</b>
Changes in external financing, net		+785	+6 327



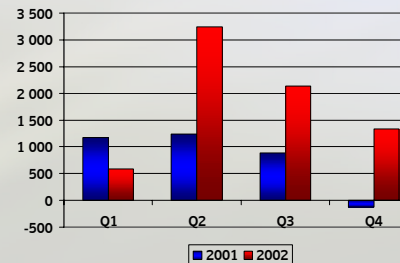
## SAS Group entering CAPEX holiday as from 2003



## SAS Group improved operating performance 2001/2002 EBITDAR



### EBITDAR MSEK million

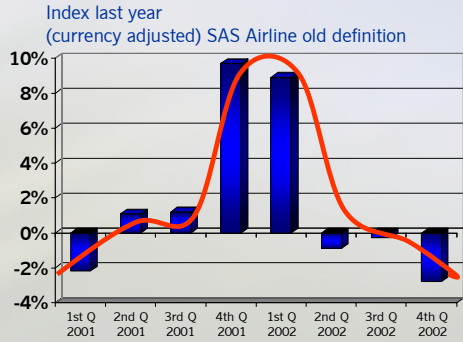


▶ EBITDAR in 2002 was 7 294 (3 168) MSEK

- EBITDAR
- Scandin Airl. 3 315
  - Braathens 1 694
  - Spanair 984 MSEK
  - Widerøe 453 MSEK
  - Air Botnia 245 MSEK



## Unit operating cost trend reversed



- ▶ Units costs are down in spite of weaker volumes (ASK) (-4%)
- ▶ Short term measures give effect
- ▶ Structural measures will impact 2003 going forward



## Operating income - business area – EBIT

Business area	2002	2001	Change
Scandinavian Airlines	-68	-1049	+981
Subsidiary & aff. Airlines	+484	+49	+435
Airlines Support Businesses	+286	n/a	n/a
Airline Related Businesses	+134	+157	-23
Hotels	+102	+230	-128
Group eliminations	-256	-16	
<b>EBIT</b>	<b>+682</b>	<b>-629</b>	<b>n.m</b>
SAS Airline, EBT (ex gains)	-1 184	-2 599	+1 415



## Short term measures offset by pressure on revenues increased, insurance & pensions and inflationary effects

### Change vs. 2001

<b>MSEK</b>	
EBT bef gains	+1 400
<b>Whereof revenues</b>	
Volume increase	500
Price increase	1 900
Class/routemix	-3 500
Total	-1 100
<b>Whereof costs</b>	
Short term measures	+1 700
Fuel & gover charges	+900
Maintenance	+400
Inflationary components	-1 100
Insurance/pensions	-1 000
Others incl currency effects	+1 600
Total	+2 500



Jørgen Lindegaard

CEO








Scandinavian Airlines 

## Business Area Scandinavian Airlines

- SAS World Sales, SAS Technical Services and Scandinavian Ground Services moved to Airline Support Businesses.
- New P & L accounts reflects as from now the real costs and not only external costs
- Improvement programs on track, but challenges are still ahead
- Weak economic development and pressure on yield but significantly improved operating results

January – December	2002	2001
Passenger revenue	33 016	34 108
Other revenue	4 147	7 058
<b>Operating revenue</b>	<b>37 163</b>	<b>41 166</b>
EBITDAR	3 315	1 802
<b>EBIT</b>	<b>-68</b>	<b>-1 049</b>




Scandinavian Airlines 

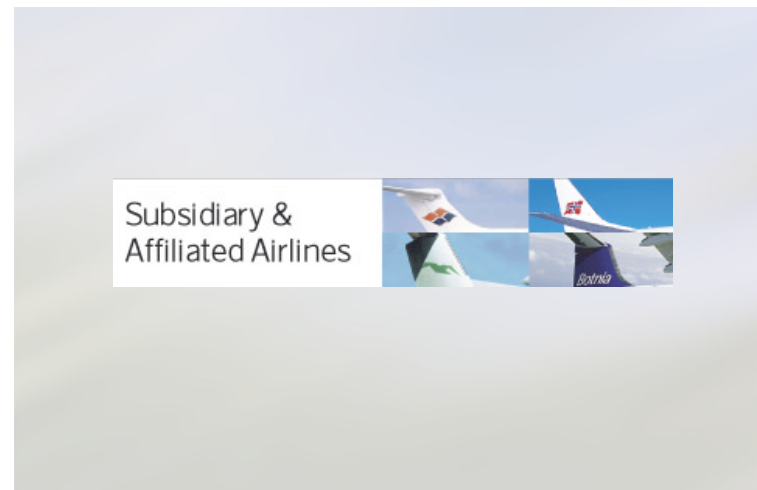
## Contingency plan in case of Iraq war

- ▶ Implementation of plan as soon as conflicts start or when an escalation affect demand significantly
- ▶ Base case 10-15% capacity reduction
- ▶ Plan can be escalated in additional steps if market conditions weakens further
- ▶ Short lead times for reinstalling of capacity to capture revenues

ASK



Case	ASK Change (%)
Case 1	-10,0%
Case 2	-15,0%
Case 3	-25,0%





## Significant better earnings in Subsidiary & Affiliated Airlines 2002 vs 2001

Jan-Dec in MSEK				
Revenues	6 514* 1,5%	7 370 6,2%	2 603 20,8%	1 025 14,5%
EBITDAR	984* 16,7%	1 694 169%	453 22%	245 90%
EBT	-155* 65,6%	806 n.m	82 4%	83 n.m

\* = Spanair accumulated figures for the period March-December



## Spanair's unit costs in line with low cost airlines, but full service product

- ▶ Spanair ready to join Star Alliance as from April 2003
- ▶ Improved mix
  - ▶ Shift from low yield to high yield markets
- ▶ Key Operating data:
  - Total Aircraft utiliz 9,2 hrs/ day
  - Cabin Crew 860 hrs/year
- ▶ Cost reductions
- ▶ Capacity reductions
- ▶ Unit cost in line with low costs carriers



## Braathens – Strong performance

- 8% fall in the Norwegian domestic market 2002 vs. 2001
- Cabin factor in 2002 on scheduled traffic up 7,0 p.u. To 57,8%
- CFROI 23%

January – December	2002	2001
Passenger revenue	6 039	5 791
Other revenue	1 311	1 146
<b>Operating revenue</b>	<b>7 370</b>	<b>6 937</b>
EBITDAR	1 694	630
EBT	806	-375



## Air Botnia significantly improved result

- Turnaround well under way
- New nonstop route Helsinki-Brussel introduced as from Q4

January – December	2002	2001
Operating revenue	1 025	974
EBT	83	-33



## Widerøe in line with 2001

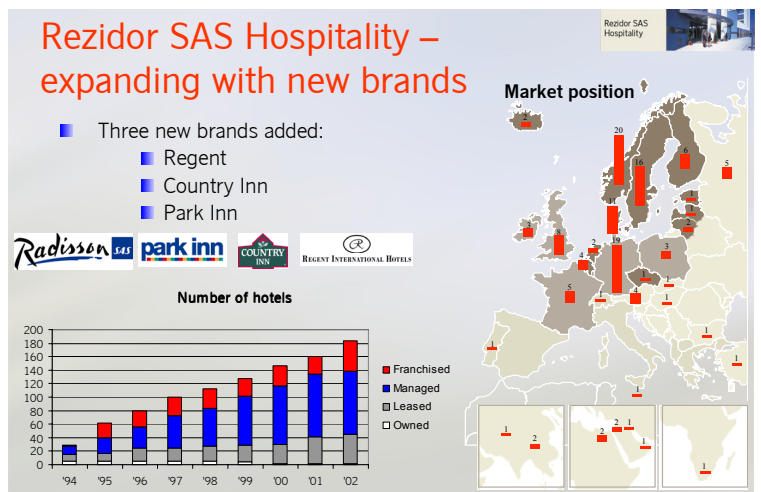
- Strong traffic development, specially on international routes
- Hit by slowdown in Norwegian market
- Improvement measures under way

January – December	2002	2001
Operating revenue	2 603	2 135
EBT	82	79







REZIDOR  



### REZIDOR SAS Hospitality – negatively affected by weaker markets

in MSEK

	Jan-Dec 2002	Jan-Dec 2001	Change
Revenues	3 570	3 510	+1,7%
Operating result	186	274	-32,1%
Adjusted EBITDA	220	265	-17,0%
Pre tax profit Including gains	85	208	-59,1%

REZIDOR  

## Summary & Outlook 2003



## Sum up – 4th Quarter 2002

- ▶ Yields and revenues under pressure
- ▶ Significant improved EBITDAR
- ▶ Unit cost show downward trend
- ▶ Market position unchanged
- ▶ Forceful measures in process
  - Short term measures completed
  - Structural under implementation 2003 - 2005



## The Board of Directors

### Assessment for full year 2003:

- ▶ Economic environment challenging
- ▶ Continued pressure on yield expected  
Turnaround according to plan – effects in 2003
- ▶ Greater uncertainty regarding geopolitical situation



## Why do we believe we will succeed?

- ▶ Most ambitious Turnaround introduced
- ▶ Additional structural measures in process
- ▶ Group portfolio of airlines => new possibilities



- ▶ Increased transparency – who delivers?
- ▶ Industry restructuring



## Thank you for your attention!

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

[www.sasgroup.net](http://www.sasgroup.net)

The screenshot shows the 'About SAS' page with a navigation menu on the left and a list of presentations on the right. The 'Presentation slides' link is highlighted in the menu. The list of presentations includes:

Report name	Language
Press seminar presentation Hamburg, 2002-11-29	English
Analyst Material Q3-2002	English
Financial meetings, Stockholm	English
Click here to watch the Financialhearing	Scandinavian
Press conference Q3-2002, Stockholm 2002-11-12	English
Press release SAS Multi brand concept	English
Presentation for NFF in Oslo 2002-09-18	English
Investor Presentation	English
Analyst Material Q2-2002	English
Teleconference presentation slides 15 May 2002	English
Presentation material Q1-2002, Analyst meetings at Stockholm-Adwards	English
Presentation for Aldesparama in Karlshamn 23-Apr-02	English
General debt update Feb/Mar 2002	English
Presentation material Q4-2001 at Analyst	Finnish



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2. Result improvement measures
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6. Business area – Rezidor SAS Hospitality
7. Financials
8. Outlook 2003 – new business areas and new distribution concept
9. Appendices

## Events of note 4<sup>th</sup> Quarter



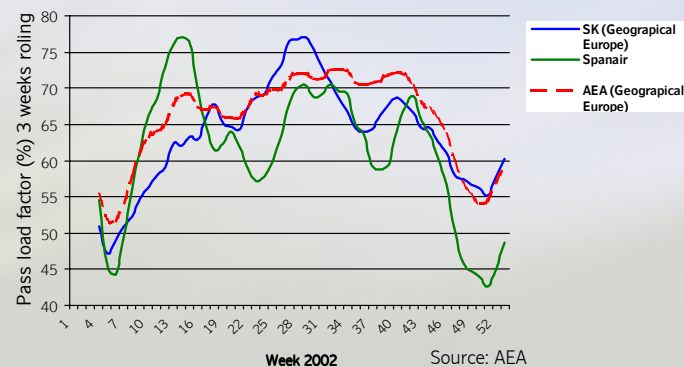
- Structural measures increased from 4 000 MSEK to 6 400 MSEK.
  - New production concept implemented
  - New distribution strategy implemented as of January 1<sup>st</sup> 2003
- Scandinavian Airlines won dispute with Swedish Civil Aviation Administration proceed of MSEK 572
- Reporting of results according to five business areas

## Passenger Yield

4th Quarter 2002 vs 2001

Route Sector	Nominal yield	Currency effect	Adjusted yield
<b>Scandinavian Airline</b>	<b>86</b>	<b>103</b>	<b>88</b>
Intercontinental	89	108	96
Europe	93	104	96
Intrascandinavian	97	101	98
Denmark/Greenland	119	106	126
Norway	115	97	111
Sweden	94	100	94

## Scandinavian Airlines passenger load factors in line with AEA average



## Significant uplift in 2<sup>nd</sup> and 3<sup>rd</sup> Quarter compared with 1<sup>st</sup> Quarter 2002

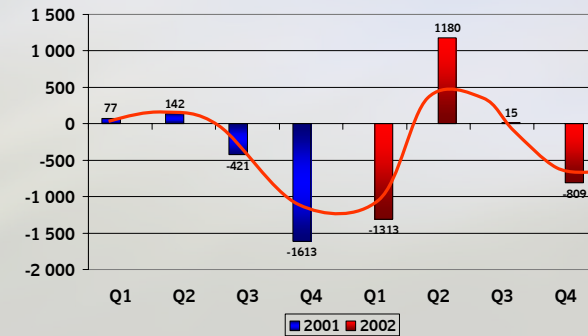


Summary of income statement MSEK	Q1	Q2	Q3	Q4	Jan-Dec 02
Operating revenues	13 775	17 868	16 592	16 709	64 944
Operating costs	-13 191	-14 620	-14 462	15 377	-57 650
<b>EBITDAR</b>	<b>584</b>	<b>3 248</b>	<b>2 130</b>	<b>1 332</b>	<b>7 294</b>
EBITDAR-marginal	4,2%	18,2%	12,8%	8,0%	12,4%
Operating lease cost external	-878	-1 050	-932	-887	-3 747
<b>EBITDA</b>	<b>-294</b>	<b>2 198</b>	<b>1 198</b>	<b>445</b>	<b>3 547</b>
Contr from affiliated	-328	-12	3	-72	-409
Depreciation	-651	-715	-781	-806	-2 953
Gain on sales	-133	-141	621	126	497
<b>EBIT</b>	<b>-1 406</b>	<b>1 354</b>	<b>1 041</b>	<b>-307</b>	<b>682</b>
Net financial items	-40	-315	-401	-376	-1 132
<b>EBT</b>	<b>-1 446</b>	<b>1 039</b>	<b>640</b>	<b>-683</b>	<b>-450</b>
<b>EBT bef gains</b>	<b>-1 313</b>	<b>1 180</b>	<b>15</b>	<b>-809</b>	<b>-951</b>



## SAS Group 2002 – EBT

EBT bef gains  
MSEK million



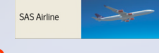
## EBITDAR up 130% EBITDAR margin up 5 p.u



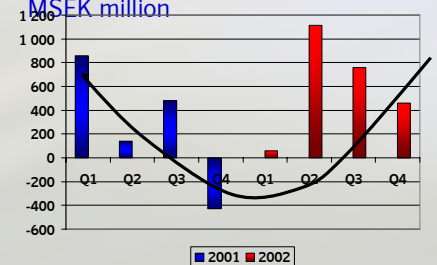
MSEK	2002	2001	Change
▶ Revenue	64 944	51 433	26%
▶ EBITDAR	7 294	3 168	+130%
▶ EBITDAR margin	11%	6%	+5 p.u.
▶ CFROI	13%	7%	6 p.u.



## SAS Airlines 2001/2002 EBITDAR



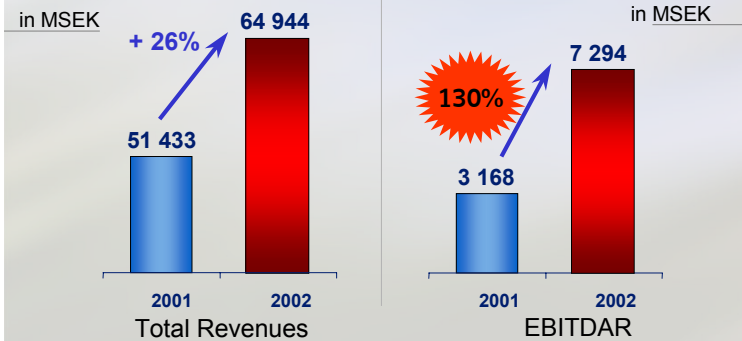
EBITDAR, SAS Airline  
MSEK million



▶ EBITDAR significantly stronger 4th Quarter 2002 compared with 2001

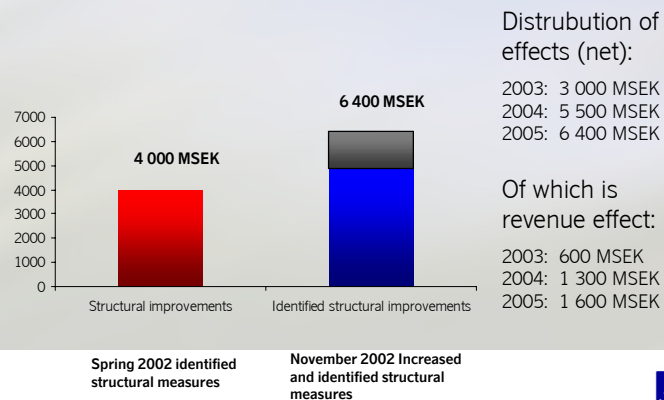


## EBITDAR up 130% Strong recovery vs. 2001

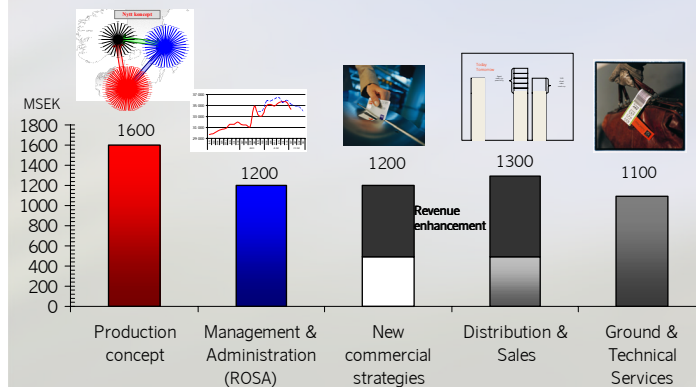


## Group improvement measures

## Structural improvement measures increased from 4 000 MSEK to 6 400 MSEK

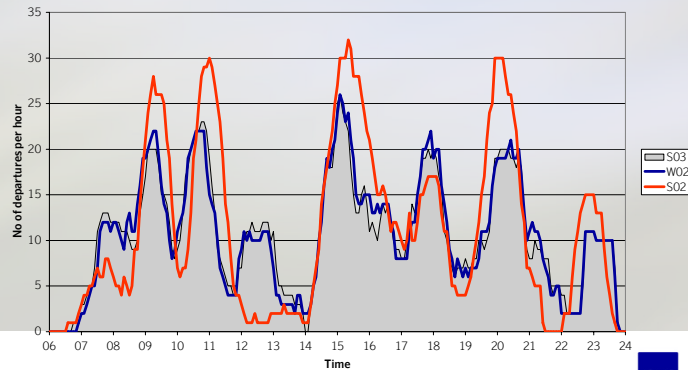


## Structural measures 5 areas of focus



## Reduced peaks in Copenhagen hub will affect productivity positively

Total savings in Ground Services by MSEK 600



## Turnaround 2005 - short term targets

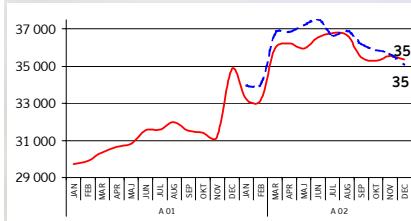
Scandinavian Airlines



	Current	Short-term target	Change
Cockpit crew utilization (BLH/pilot/year)	490	600	+20%
Cabin Crew utilization	530	600	+13%
Aircraft night stops (winter 02/03)	800	500	+60%
Techn. maintenance costs			-10 to -15%
Handling costs			-10 to -15%



## ROSA project completed



- ▶ **Achieved: 30%** reduction in administrative costs and personnel in group functions, business units and Scandinavian Airlines
  - ▶ Reduced ambition levels
  - ▶ Productivity improvements
- ▶ Reduction of 700 adm personell 2003
- ▶ Remaining 2004



## Business area



## Significantly stronger EBITDAR



Business area	January - December		
	2002	2001	Change
Scandinavian Airlines	+3 315	+1 802	84%
Subsidiary & aff. Airlines	+3 389	+510	565%
Airlines Support Businesses*	+796	n/a	n/a
Airline Related Businesses*	+471	+602	-22%
Rezidor SAS Hospitality*	+186	+274	-32%
Group eliminations*	-863	-20	
<b>EBITDAR</b>	<b>+7 294</b>	<b>+3 168</b>	<b>130%</b>

\* = Including leasing cost ( R )



## Improved operating results in Scandinavian Airlines, but challenges still ahead



	October-December		January - December	
	2002	2001	2002	2001
Total revenues	9 336	10 049	37 163	41 166
Operating costs	-8 411	-10 477	-33 848	-39 364
EBITDAR	+925	-428	3 315	1 802
EBIT	312	-1 118	-68	-1 049



## Scandinavian Airlines key airline profitability drivers



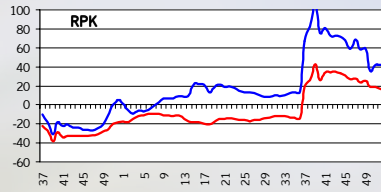
	2002 vs 2001			
	Oct-Dec		Jan-Dec	
Traffic growth (RPK)	up	7,2%	up	1,1%
Cabin Factor	up	5,6 p.u.	up	3,5 p.u.
Yields	down	11,8%	down	4,6%
Unit costs	down	2,8%	up	1,3%



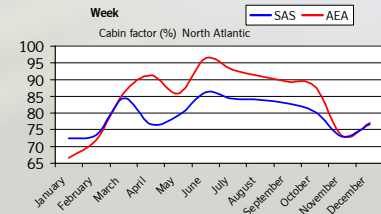


## Recovery on North Atlantic

Scandinavian Airlines



- ▶ Airbus A340 introduced on New York and Chicago from Copenhagen
- Strong load factors during summer



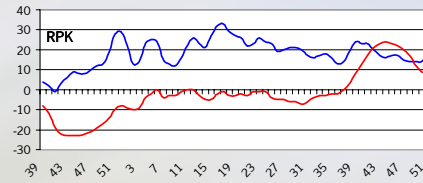
- ▶ Traffic in 2002:
  - European airlines (AEA) traffic down 4,8%
  - SAS traffic up 22,9%

Month — SAS — AEA

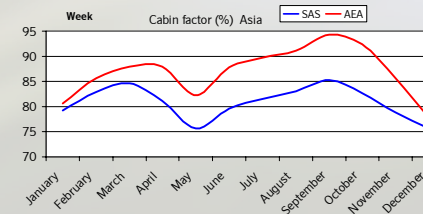


## Strong performance on Asian

Scandinavian Airlines



- ▶ Scandinavian Airlines ranked high in customer surveys
- ▶ New capacity incremental growth in RPK
- ▶ Strengthened market position



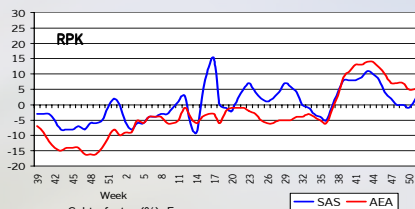
- ▶ Traffic in 2002:
  - AEA traffic up 1,2%
  - SAS traffic up 19,7%

Month — SAS — AEA

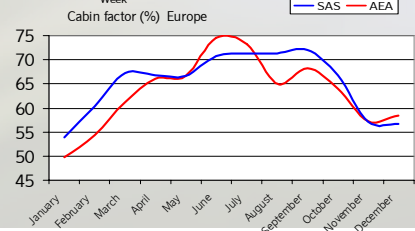


## European routes

Scandinavian Airlines



- ▶ Weak market
- ▶ Cabin factor improved
- ▶ Traffic in 2002:
  - AEA traffic down 1,1%
  - SAS traffic up 1,5%



Month — SAS — AEA



## Passenger revenues mainly affected by yield and currency Jan-Dec 2002

Scandinavian Airlines

Revenues 33 016 MSEK (-3,2%)

Whereas

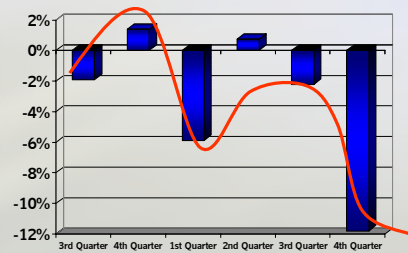
currency	+0,3%
volumes	- 1,1%
yields	- 4,6%

Price +5,5%  
Class mix -7,6%  
Other mix -2,5%



## Yields under pressure 4th Quarter

2001-4th Quarter 2002 Total system - currency adjusted



- ▶ Yields down 11,8% in 4th Quarter 2002
  - Class mix negative
  - Campaigns
  - More RPK's of intercontinental traffic with lower yield



## ECA –European cooperation agreement continued negative effects

- ▶ 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 2002 - MSEK 113
- ▶ Effect Q2 2002 - MSEK 104
- ▶ Effect Q3 2002 - MSEK 86
- ▶ Effect Q4 2002 - MSEK 115



## Brent Crude vs. Jet Fuel January 1998 to Date



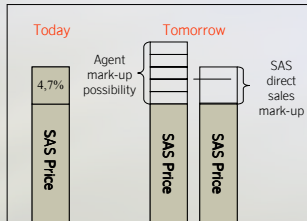
## Current fuel cost

- ▶ Average rates:
  - ▶ 2000 265 USD/MT
  - ▶ 2001 255 USD/MT
  - ▶ Q1 2002 196 USD/MT
  - ▶ Q2 2002 226 USD/MT
  - ▶ Q3 2002 235 USD/MT
  - ▶ Q4 2002 258 USD/MT

Current hedging ratio Next 11 months 57%  
Hedging until June 90%



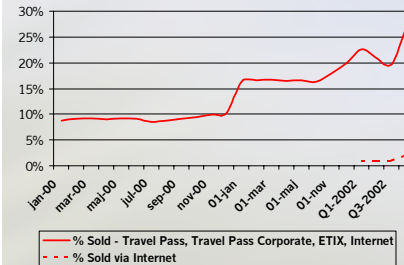
## Scandinavian Airlines' new net pricing concept as from 2003



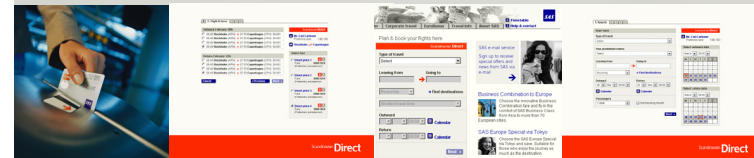
- Net price concept to be introduced 1 January 2003
- Prices lowered with same amount as commissions
- Agent will set their own price to the customer
- Markup can vary from channel to channel
- Introduction of service fees in SAS' direct channels
- Introduction of new agent program



## Electronic Channels increased to 27% in Q4



- ▶ Total volume E-channels in Q4 MSEK 2 132
- ▶ 27% of total passenger sales in Q4
- ▶ New web site launched in May



## Significant reduction in capacity to continue in 2003 for Scandinavian Airlines



### Reduction in capacity since 2001

- -4% in 2002 vs 2001
- +0% in 2003 vs 2002

Domestic incl intrascand

Europe

Intercontinental

Total

	Plan 2003	
	ASK	Single trips
Domestic incl intrascand	-18%	-19%
Europe	+3%	+0%
Intercontinental	+13%	+7%
Total	+0%	-11%

### Surplus of aircraft winter 2002/03

- 6 leased out & 9 will be delivered back to owners (5 DC 9, 4 B767)
- 10 agreed to be leased out 2003
- 7 aircraft are fully depreciated Fokker-28
- Remaining 11 aircraft will be sold or leased out

	Summer 03	November 01	Number of aircraft
	156	199	43



## Subsidiary & Affiliated Airlines



Subsidiary & Affiliated Airlines

## Income Subsidiary & Affiliated Airlines – Braathens and Spanair fully consolidated

(MSEK)	January – December	
	2002	2001
Operating revenues	17 525	3 123
EBITDAR	+3 389	+510
<b>EBT bef gains</b>	<b>+120*</b>	<b>+7</b>

\* = Includes Spanair as affiliated company Nov/Dec 2001 because of change of financial year



Subsidiary & Affiliated Airlines

## Significant better earnings in Subsidiary & Affiliated Airlines 2002 vs 2001

Jan-Dec in MSEK								
Revenues	6 514*	1,5%	7 370	6,2%	2 603	20,8%	1 025	14,5%
EBITDAR	984*	16,7%	1 694	169%	453	22%	245	90%
EBT	-155*	65,6%	806	n.m.	82	4%	83	n.m.

\* = Spanair accumulated figures for the period March-December



Subsidiary & Affiliated Airlines



## Spanair hit by weak Spanish market

- Total charter market down 20%
- Weak domestic traffic in Q4
- Strong yield development until November

March – December	2002	2001
Passenger revenue	3 893	4 080
Other revenue	2 621	2 339
<b>Operating revenue</b>	<b>6 514</b>	<b>6 419</b>
EBITDAR	984	843
EBT	-155	-451



Subsidiary & Affiliated Airlines

## Spanair ready to join STAR Full member as from April 2003

SAS  
LUFTHANSA  
UNITED  
AIR CANADA /  
CANADIAN  
THAI  
VARIG  
AIR NEW ZEALAND



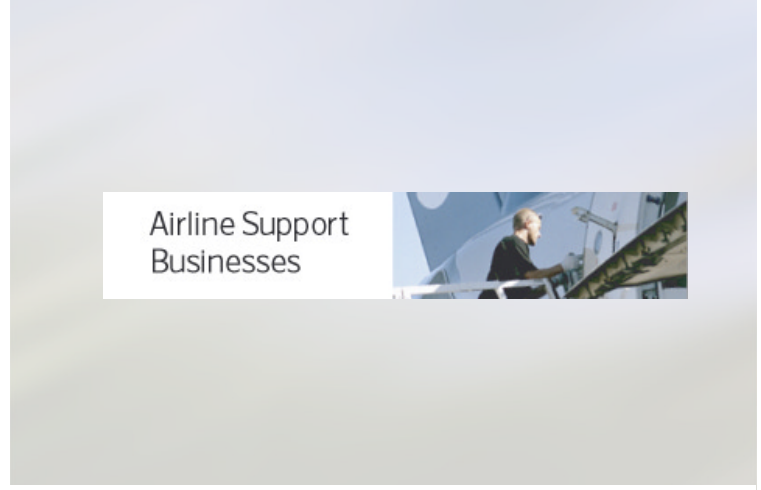
ALL NIPPON  
AUSTRIAN  
LAUDA AIR  
TYROLEAN  
SINGAPORE  
MEXICANA  
BRITISH MIDLAND



APPROVED

SPANAIR





## Airline Support Businesses



## Airline Support

- New business area since July 1st 2002
- Includes ramp services, technical maintenance, repair and overhaul (MRO) and a sales organization.
- Cargo businesses is also included in the business area

**Units included in the business area:**

- SAS Cargo**
- SAS Technical Services**
- Scandinavian Ground Services**
- SAS World Sales**

## Income Airline Support Businesses

	Q4, 2002	Jan-Dec 2002
Operating revenues	5 493	20 628
EBITDA	148	796
<b>EBIT</b>	<b>16</b>	<b>286</b>

## SAS World Sales (SWS)

- New business unit in 2002
- Responsible for the SAS Group's sales and distribution.
- Improvement measures reduced costs by 8% in 2002

January – December	2002	2001
Total revenue	6 287	n/a
Whereof external	10,7%	n/a
EBITDA	183	n/a
<b>EBIT</b>	<b>127</b>	<b>n/a</b>
Employees	2 490	n/a





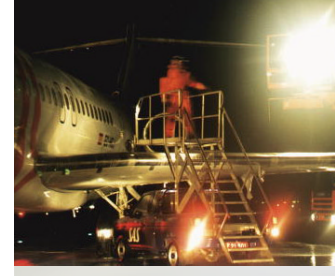
Airline Support  
Businesses



## SAS Technical Services (STS)

- New Business unit in 2002
- Responsible for technical maintenance
- Despite weak market STS reached EBIT of MSEK 91
- Target to reduce costs by -10% to -15% within the structural measures

January – December	2002	2001
Total revenue	5 874	n/a
Whereof external	13%	n/a
EBITDA	365	n/a
<b>EBIT</b>	<b>91</b>	<b>n/a</b>
Employee	3 808	n/a



Airline Support  
Businesses



## Scandinavian Ground Services (SGS)

- Responsible for passenger and ramp services
- Passenger and Ramp services.
- Present at approximately 120 airports
- Hit by decreased capacity
- Target to reduce costs by -10% to -15% within the structural measures

January – December	2002	2001
Total revenue	6 083	n/a
Whereof external	13,1%	n/a
EBITDA	48	n/a
<b>EBIT</b>	<b>-87</b>	<b>n/a</b>
Employee	6 891	n/a



Airline Support  
Businesses



## SAS Cargo hit by weaker market

- Improvement program has developed better than expected
- Weak market to USA
- SAS Cargo has moved from Airline Related Businesses to Business Area Airlines Support Businesses as from Q4 2002
- Cargo contribution 855 MSEK

January – December	2002	2001
Total revenue	2 844	2 698
Whereof traffic rev	2 269	2 170
EBITDA	47	n/a
EBIT	1	n/a
<b>EBT</b>	<b>-4</b>	<b>n/a</b>



## Airline Related Businesses







## Income Business Area Airline Related Business

SAS Cargo moved to Business Area Airlines Support Businesses in 2002

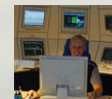
MSEK	January - 2002	December 2001
Operating revenues	6 052	8 148
Operating expenses	-5 581	-7 546
EBITDA	471	602
<b>Income before taxes</b>	<b>84</b>	<b>160</b>



## Scandinavian IT Group



One of Scandinavia's largest IT companies, with a turnover of 2 255 MSEK in 2002 and 1 289 employees



	January-December 2002	2001
Total Revenues	2 255	2 463
EBITDA	192	245
Profit before taxes	70	96

[www.scandinavianIT.com](http://www.scandinavianIT.com)

Scandinavian IT Group  
Customer driven - Airline focused - Technology based



## SAS Trading – turnaround in process

EURO  
SHOP



SAS Trading is a business in the SAS Group and a operator within Travel Retail. SAS Trading had 471 employees at year end 2002. In 2002 SAS Trading won a concession for duty free sales and operation at Torps (Norway) and at Copenhagen's airport

	January-December 2002	2001
Total Revenues	1 964	2 275
EBITDA	13	38
Profit before taxes	-34	-1

[www.scandinavian.net](http://www.scandinavian.net)



## SAS Flight Academy



Training centers for pilots and other personell.



[www.sasflightacademy.com](http://www.sasflightacademy.com)

	January-December 2002	2001
Total Revenues	568	627
EBITDA	139	150
Profit before taxes	36	56



# Jetpak

Airline Related Businesses



- ▶ The company is 100% owned by SAS Group and has 153 employees
- ▶ Jetpak is one of the fastest growing companies with express logistic in the Nordic countries.
- ▶ Jetpak and Adena Picko's coordinated in 2002

January-December  
2002 2001

Total Revenues	385	355
EBITDA	4	19
Profit before taxes	-3	10

www.jetpak.com



# Rezidor SAS Hospitality

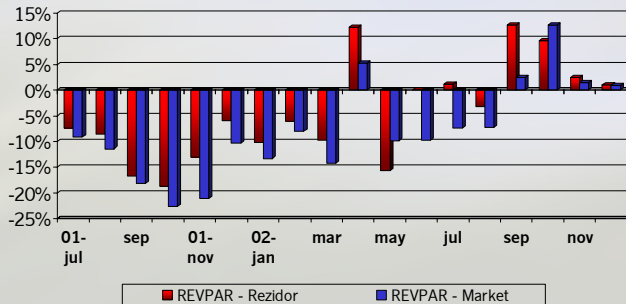


REZIDOR



# REZIDOR SAS Hospitality – REVPAR under pressure but still better than industry

Rezidor SAS Hospitality



REZIDOR



# Three new brands acquired for MSEK 60

Rezidor SAS Hospitality

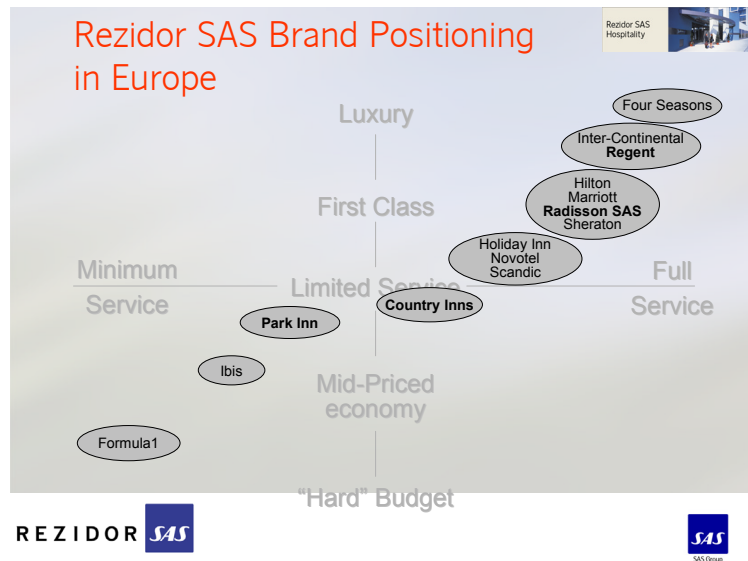
- ▶ Regent
  - Established in 1970, 5-star deluxe, 10 hotels in North America, Asia & Europe (1 in Berlin, Germany & 1 in Almaty, Kazakhstan)
- ▶ Country Inns
  - Established in 1987, Mid-market, 300 hotels in North America & Asia, 12 hotels in Europe
- ▶ Park Inn
  - Included in Carlson Hotels in 2000, 3-star, limited service business hotel, 60 hotels in North America & Asia



REZIDOR



## Rezidor SAS Brand Positioning in Europe



## Radisson SAS current growth strategy

- ▶ Expansion in existing home markets – Scandinavia, Finland, Germany
- ▶ Extend home markets to UK, France, Benelux & Poland
- ▶ Expand in capitals & other important cities - e.g. Athens, Barcelona, Cairo, Rome, Zagreb...
- ▶ Extend into leisure & resorts
- ▶ Focus on airport hotels



REZIDOR SAS

SAS Group

## Financials

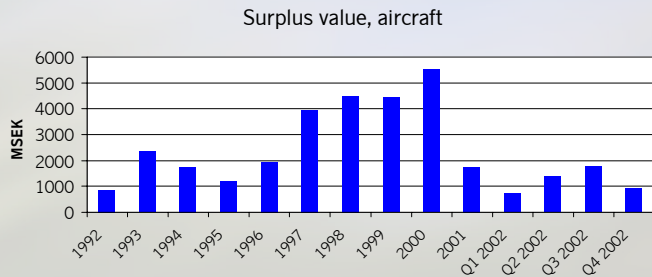
## Clear targets to reduce indebtedness

- ▶ Targets
  - Solidity >30%
  - Financial net debt/ equity <50%
  - Adj fin. net debt/ equity <100%
- ▶ Release of main assets:
  - Properties
  - Non-core subs

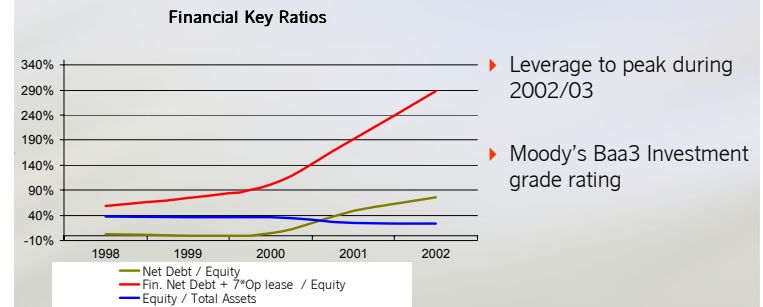
SAS Group

SAS Group

## Surplus values despite reduced aircraft prices and weaker USD to SEK



## Gearing level peaking Consolidation ahead



## Committed Credit Facilities of MSEK 8 350



	MSEK
Liquid Funds 31/12-02	10 721
<u>Available Credit Facilities:</u>	
Revolving Credit Facility (MUSD 700)	3 550
Aircraft Finance Lease Facility	2 600
Bi-lateral Facilities	1 150
Others	1 050
<b>Total Available Facilities</b>	<b>8 350</b>
<b>Total Available Funds</b>	<b>19 071</b>



## Outlook 2003



## Weak January figures in Scandinavia

- ▶ Group improved passenger load factor by 0,2 p.u.
- ▶ Scandinavian Airlines improved load factor by 0,6 p.u

	Passenger-traffic (RPK)	Seat capacity (ASK)	Cabin-factor
SAS Group Total	-3,5%	-3,9%	55,3%
Intercontinental	+1,3%	+3,6%	
Europe	-0,5%	-1,1%	
Domestic and Intra-scandinavian	-13,2%	-13,9%	



## Outlook – operating key figures - year 2003

- ▶ Expected growth on intercontinental routes
- ▶ Further capacity adjustments planned in Scandinavian Airlines

Key figure	The SAS Group	Scandinavian Airlines
ASK	+7%	+0%
Frequencies	-3%	-11%



## APPENDICES

## Traffic and Yield January-December 2002 vs 2001

Scandinavian Airline	2002	2001	Index variance
Total Scheduled			
Production (mill ASK)	34 096	35 520	96
Traffic (mill RPK)	23 212	22 956	101
Cabin factor (%)	68.1	64.6	+3.5
Yield (öre/RPK)	142.2	148.6	96
Currency adj. yield	142.2	149.0	95

Scandinavian Airlines



## Traffic and Yield 4th Quarter 2002 vs 2001

Scandinavian Airlines 

Scandinavian Airline	2002	2001	Index variance
Total Scheduled			
Production (mill ASK)	8 334	8 509	98
Traffic (mill RPK)	5 463	5 097	107
Cabin factor (%)	65.6	59.9	+5.7
Yield (öre/RPK)	139.4	163.0	86
Currency adj. yield	139.4	158.2	88



## Traffic and Yield January-December 2002 vs 2001

Subsidiary & Affiliated Airlines 

Braathens (Total scheduled)	2002	2001	Index variance
Production (mill ASK)	4 533	5 336	85
Traffic (mill RPK)	2 620	2 713	97
Cabin factor (%)	57.8	50.8	+7.0
Yield			102

\*) local currency



## Traffic and Yield 4th Quarter 2002 vs 2001

Subsidiary & Affiliated Airlines 

Braathens (Total scheduled)	2002	2001	Index variance
Production (mill ASK)	1 107	1 287	86
Traffic (mill RPK)	611	602	101
Cabin factor (%)	55.2	46.8	+8.4
Yield			97

\*) local currency



## Traffic and Yield January-December 2002 vs 2001

Subsidiary & Affiliated Airlines 

Spanair (Total scheduled)	2002	2001	Index variance
Production (mill ASK)	7 096	9 434	75
Traffic (mill RPK)	4 329	5 668	76
Cabin factor (%)	61.0	60.1	+0.9
Yield *)			126

\*) local currency







## Traffic and Yield

### 4th Quarter 2002 vs 2001

Spanair (Total scheduled)	2002	2001	Index variance
Production (mill ASK)	1 883	2 045	92
Traffic (mill RPK)	1 067	1 208	88
Cabin factor (%)	56.6	59.1	-2.4
Yield *)			126

\*) local currency



## Traffic and Yield

### January-December 2002 vs 2001

Spanair (Charter)	2002	2001	Index variance
Production (mill ASK)	5 171	5 020	103
Traffic (mill RPK)	4 422	4 512	98
Cabin factor (%)	85.5	89.9	-4.4

\*) local currency



## Traffic and Yield

### January-December 2002 vs 2001

Wideroe	2002	2001	Index variance
Production (mill ASK)	818	712	115
Traffic (mill RPK)	420	357	118
Cabin factor (%)	51.4	50.1	+1.3
Yield *)			96

\*) local currency



## Traffic and Yield

### 4<sup>th</sup> Quarter 2002 vs 2001

Wideroe	2002	2001	Index variance
Production (mill ASK)	222	183	121
Traffic (mill RPK)	117	88	133
Cabin factor (%)	52.7	48.0	+4.7
Yield *)			87

\*) local currency





## Traffic and Yield January-December 2002 vs 2001

Air Botnia	2002	2001	Index variance
Production (mill ASK)	670	579	116
Traffic (mill RPK)	332	254	131
Cabin factor (%)	49.5	44.0	+5.5
Yield			81

\*) local currency



## Traffic and Yield 4th Quarter 2002 vs 2001

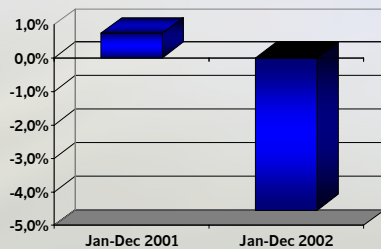
Air Botnia	2002	2001	Index variance
Production (mill ASK)	188	159	118
Traffic (mill RPK)	81	64	127
Cabin factor (%)	43.1	40.2	+2.9
Yield			71

\*) local currency



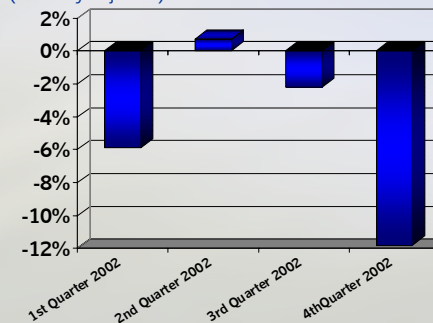
## Yield Development January – December 2002 vs 2001

(currency adjusted)



## Yield Development Q1-Q4 2002

(currency adjusted)



Yields are under pressure from negative class mix /route mix



## Passenger Yield January-December 2002 vs 2001



Route Sector	Nominal yield	Currency effect	Adjusted yield
<b>Scandinavian Airline</b>	<b>96</b>	<b>100</b>	<b>95</b>
Intercontinental	92	104	96
Europe	99	100	99
Intrascandinavian	103	99	102
Denmark/Greenland	109	101	110
Norway	132	95	127
Sweden	101	100	101



## Passenger Yield 4th Quarter 2002 vs 2001



Route Sector	Nominal yield	Currency effect	Adjusted yield
<b>Scandinavian Airline</b>	<b>86</b>	<b>103</b>	<b>88</b>
Intercontinental	89	108	96
Europe	93	104	96
Intrascandinavian	97	101	98
Denmark/Greenland	119	106	126
Norway	115	97	111
Sweden	94	100	94



## Unit Cost January - December 2002 vs 2001



MSEK

	Adjusted JAN-DEC 01	JAN-DEC 02	Var. %	Share of total var %
Commissions	2 222	2 007	-9,7%	-0,7%
Fuel	3 684	3 187	-13,5%	-1,6%
Government charges	3 677	3 621	-1,5%	-0,2%
Personnel	12 894	14 176	9,9%	4,0%
Other oper. net costs	9 417	9 413	0,0%	0,0%
<b>TOTAL</b>	<b>31 894</b>	<b>32 404</b>	<b>1,6%</b>	<b>1,6%</b>

Volume = average decrease in ASK: -4.0%



## Unit Cost 4th Quarter 2002 vs 2001

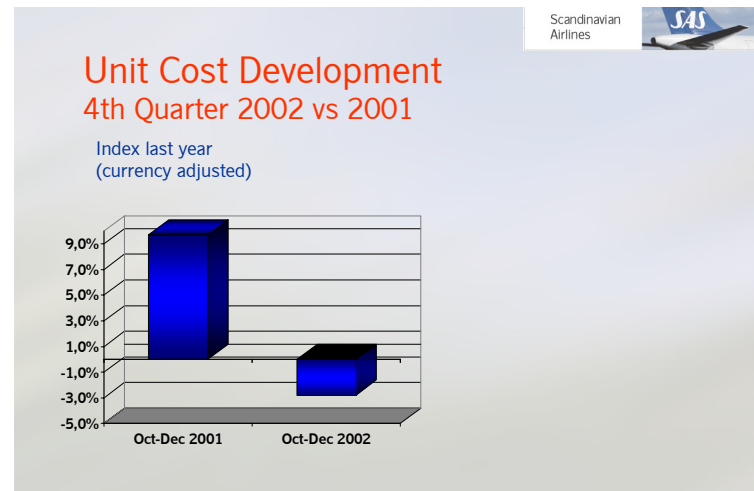
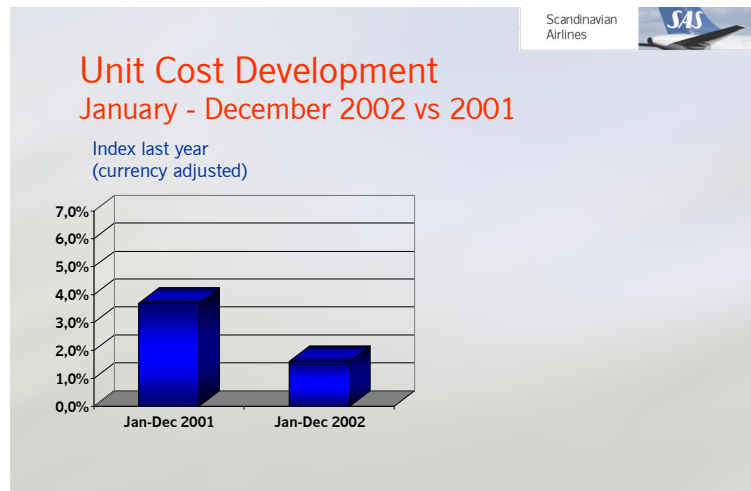


MSEK

	Adjusted OCT-DEC 01	OCT-DEC 02	Var. %	Share of total var %
Commissions	536	476	-11,1%	-0,7%
Fuel	763	808	5,9%	0,5%
Government charges	882	828	-6,2%	-0,7%
Personnel	3 526	3 694	4,8%	2,0%
Other oper. net costs	2 646	2 314	-12,6%	-4,0%
<b>TOTAL</b>	<b>8 353</b>	<b>8 120</b>	<b>-2,8%</b>	<b>-2,8%</b>

Volume = average decrease in ASK: -2.1%






Scandinavian Airlines 

## Operating Costs January-December 2002 vs 2001

MSEK	JAN-DEC02	JAN-DEC01*)	curr adj 01
Personnel costs	14 176	13 540	13 687
Leasing costs (aircraft)	1 739	2 232	2 123
Sales costs	2 007	2 324	2 315
Fuel	3 187	4 030	3 838
Governmental charges	3 621	3 842	3 840
Meal costs	1 461	1 647	1 651
Handling costs	1 710	1 863	1 854
Maintenance costs	2 146	2 542	2 463
IT and Communication	1 413	1 538	1 519
Other Costs	7 708	8 038	7 992
<b>TOTAL COSTS</b>	<b>39 168</b>	<b>41 596</b>	<b>41 282</b>

\*) SAS Cargo is included in SAS Airline until May 2001



Scandinavian Airlines 

## Operating Costs 4th Quarter 2002 vs 2001

MSEK	OCT-DEC02	OCT-DEC01*)	curr adj 01
Personnel costs	3 694	3 647	3 600
Leasing costs (aircraft)	358	600	529
Sales costs	476	566	547
Fuel	808	898	779
Governmental charges	828	933	901
Meal costs	330	391	381
Handling costs	404	490	472
Maintenance costs	671	595	519
IT and Communication	374	405	382
Other Costs	2 359	2 552	2 482
<b>TOTAL COSTS</b>	<b>10 302</b>	<b>11 077</b>	<b>10 592</b>



## Key airline profitability drivers January-December 2002 vs 2001

▶ Traffic growth (RPK)	up	1.1 %
▶ Cabin Factor	up	3.5 p.u.
▶ Yields	down	4.6 %
▶ Unit costs	up	1.3 %

## Key airline profitability drivers 4th Quarter 2002 vs 2001

▶ Traffic growth (RPK)	up	7.2 %
▶ Cabin Factor	up	5.6 p.u.
▶ Yields	down	11.8 %
▶ Unit costs	down	2.8 %

## Passenger Revenue Analysis January-December 2002 vs 2001

▶ Revenues	33 016 MSEK	- 3.2 %
• Volume		+ 1.1 %
• Yields		- 4.6 %
• Currency		+ 0.3 %

## Passenger Revenue Analysis 4th Quarter 2002 vs 2001

▶ Revenues	7 617 MSEK	- 8.3 %
• Volume		+ 7.2 %
• Yields		- 11.8 %
• Currency		- 3.0 %





## Currency Effects

October-December 2002 vs 2001



MSEK	OCT-DEC
Total revenues	-301
Total costs	+455
Forward cover costs & working cap.	+83
<b>Income before depr.</b>	<b>+237</b>
Financial items	-13
<b>Income before tax</b>	<b>+224</b>



## Currency Effects

January-December 2002 vs 2001

SAS Airline



MSEK	JAN-DEC
Total revenues	+138
Total costs	+285
Forward cover costs & working cap.	+29
<b>Income before depr.</b>	<b>+452</b>
Financial items	+229
<b>Income before tax</b>	<b>+681</b>



## Currency Effects

October-December 2002 vs 2001

SAS Airline



MSEK	OCT-DEC
Total revenues	-289
Total costs	+438
Forward cover costs & working cap.	+47
<b>Income before depr.</b>	<b>+196</b>
Financial items	+63
<b>Income before tax</b>	<b>+259</b>



## Currency Effects

January-December 2002 vs 2001

SAS Airline



<b>Total revenues &amp; costs:</b> (Total +423 MSEK)		<b>Working capital:</b> (Total +160 MSEK)	
Major approx. effects:		2001	-65
USD	+256	2002	+95
DKK	+30	<b>Financial items:</b> (Total +229 MSEK)	
NOK	+220	2001	-175
EUR	-11	2002	+54
Asian curr.	-38	<b>Grand total +681 MSEK</b>	
All others	-34		
<b>Forward cover costs:</b> (Total -131 MSEK)			
2001	+121		
2002	-10		



## Currency Effects

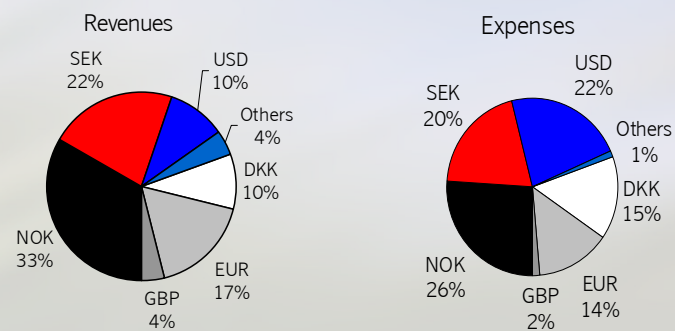
October-December 2002 vs 2001



<b>Total revenues &amp; costs:</b> (Total +149 MSEK)		<b>Working capital:</b> (Total +88 MSEK)	
Major approx. effects:			
USD	+151	2001	-29
DKK	+44	2002	+59
NOK	+23		
EUR	-13		
Asian curr.	-17		
All others	-39		
<b>Forward cover costs:</b> (Total -41 MSEK)		<b>Financial items:</b> (Total +63 MSEK)	
2001	+30	2001	+71
2002	-11	2002	+134
		<b>Grand total +259 MSEK</b>	



## Currency distribution in the SAS Group 2002



## Financials and aircraft fleet data



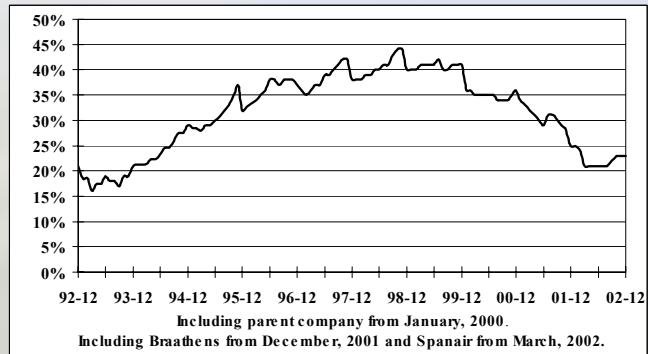
## Balance Sheet



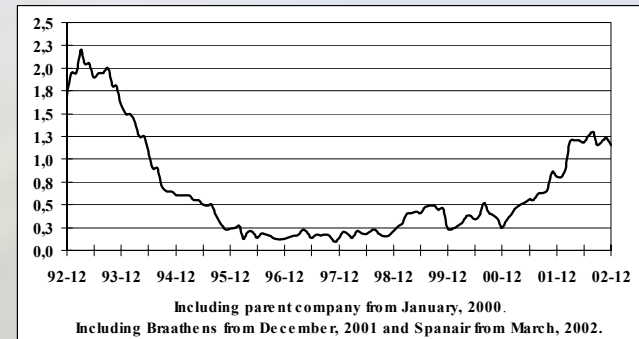
MSEK	31DEC02	31DEC01
Liquid funds	10 721	11 662
Other interest-bearing assets	7 487	6 810
Aircraft	27 256	22 076
Other assets	21 346	22 214
<b>Total assets</b>	<b>66 810</b>	<b>62 762</b>
Operating liabilities	18 068	16 975
Interest-bearing liabilities	28 867	25 204
Subordinated debenture loan	915	920
Deferred tax	3 606	3 856
Minority interests	166	263
Equity	15 188	15 544
<b>Total liabilities and equity</b>	<b>66 810</b>	<b>62 762</b>
<b>Net debt</b>	<b>11 574</b>	<b>7 652</b>



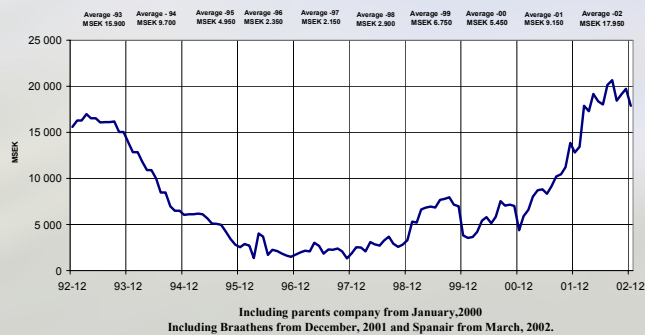
## The SAS Group Equity / Assets Ratio 9212-0212



## The SAS Group Financial net Debt / Equity Ratio 9212-0212



## Development of financial net debt 9112-0212



## SAS Group fleet as of Dec 31, 2002

SAS Group (incl. SK, BU, JK, KE, WF)	Owned Dec02	Leased In	Total Dec02	Leased Out	On Order	SAS Group (incl. SK, BU, JK, KE, WF)	Owned Dec02	Leased In	Total Dec02	Leased Out	On Order
Airbus A340-300	5	2	7	0	0	Scandinavian Airlines	113	86	199	6	10
Airbus A330-300	1	1	2	0	2	Spanair	0	49	49	0	11
Airbus A321-200	8	4	12	0	5	Braathens	4	23	27	0	0
Airbus A320	0	6	6	0	10	Wideroe	16	13	29	0	0
Boeing 767-300	3	6	9	0	0	Air Botnia	0	10	10	0	0
Boeing 737-400	0	5	5	0	0						
Boeing 737-500	0	14	14	0	0						
Boeing 737-600	12	18	30	0	0						
Boeing 737-700	8	6	14	0	0						
Boeing 737-800	14	5	19	4	4						
Boeing 717	0	4	4	0	0						
Douglas MD-81	5	10	15	0	0						
Douglas MD-82	17	26	43	0	0						
Douglas MD-83	2	23	25	0	0						
Douglas MD-87	10	6	16	0	0						
Douglas MD-90-30	8	0	8	0	0						
Douglas DC-9-41	0	5	5	0	0						
Avro RJ-85	0	5	5	0	0						
Embraer ERJ 145	0	3	3	0	0						
Fokker F28	7	0	7	0	0						
Fokker F50	7	0	7	2	0						
deHavilland Q100	16	1	17	0	0						
deHavilland Q300	0	9	9	0	0						
deHavilland Q400	10	17	27	0	0						
SAAB 2000	0	5	5	0	0						
<b>Total</b>	<b>133</b>	<b>181</b>	<b>314</b>	<b>6</b>	<b>21</b>						



## Limited CAPEX Firm Order CAPEX MUSD 480



### Firm Aircraft Orders

	Total	2003	2004	2005	2006
<i>as per 31/12-02</i>					
Airbus A330	2	1	1		
Airbus A320	2	1	1		
Airbus A321	4			3	1
Boeing 737	4	2		2	
TOT No. of A/C	12	4	2	5	1
CAPEX (MUSD)	480	175	126	146	33

Total CAPEX 2003-06 MUSD 480



## Limited CAPEX Firm Order CAPEX MUSD 420

Scandinavian  
Airlines



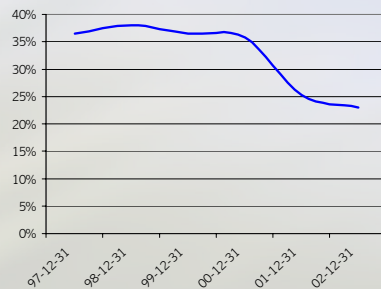
### Firm Aircraft Orders

	Total	2003	2004	2005	2006
<i>as per 31/12-02</i>					
Airbus A330	2	1	1		
Airbus A321	4			3	1
Boeing 737	4	2		2	
TOT No. of A/C	10	3	1	5	1
CAPEX (MUSD)	420	145	96	146	33

Total CAPEX 2003-06 MUSD 420



## SAS financial position adequate



- ▶ Equity MSEK 15 188
- ▶ Equity ratio 23%
- ▶ Financial net debt MSEK 17 872
- ▶ Fin net debt/ equity 116%



## SAS Group Financial Net January – December 2002



(MSEK)	02-12-31	01-12-31	Difference
Interest net and others	-988	-352	-636
Exchange rate differences	+36	-160	+196
Financial net	-952	-512	-440
(in % p.a. of average financial net debt)	-5,3%	-5,6%	0,3%



## SAS Group - Development and Break Down of Financial Net Debt 021231



(MSEK)	021231	011231	Difference
Cash	10 721	11 662	-941
Other interest bearing assets	1 189	1 638	-449
Interest bearing liabilities	-29 782	-26 124	-3 658
Net debt	-17 872	-12 824	-5 048



## SAS Group - Development and Break Down of Net Debt 021231



(MSEK)	021231	011231	Difference
Cash	10 721	11 662	-941
Other interest bearing assets	7 487	6 810	677
Interest bearing liabilities	-29 782	-26 124	-3 658
Net debt	-11 574	-7 652	-3 922



## SAS share



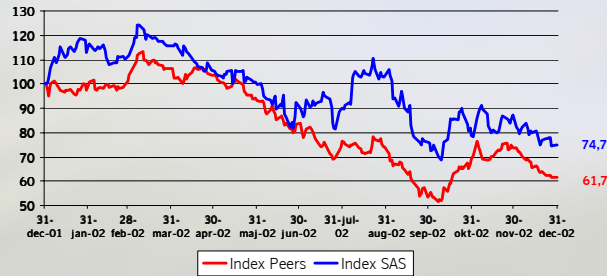
## Development of Market capitalization



## SAS share price vs. Peers 2002



SAS Market Capitalization vs. European Peers\* measured in SEK  
(December 28, 2001 - December 31, 2002)



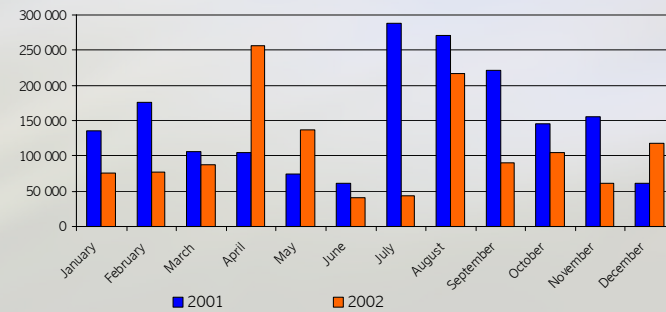
\* Peers: Alitalia, Air France, British Airways, Finnair, KLM, Lufthansa & Rynair



## Volume in SAS 2002 vs 2001 in Stockholm



Average daily number of shares traded in Stockholm per month



## Weak volume in industry downturn SAS AB



Number of shares traded in SAS per month

