



SAS AB Analyst Handout

1st Quarter 2003



Stockholm – SAS Head office, May 13th

London – Savoy Hotel, May 15th

First quarter even weaker than expected

- 1st Quarter 2003 – probably weakest quarter in history for European airlines
 - Unprecedented number of negative factors
 - Weaker world economies
 - Significant yield pressure and pressure on traffic volumes
 - Iraq and SARS situation
 - Additional pressure on traffic volumes
- ⇒ Severe impact on revenues – difficult to offset in the short term
- Short term actions
 - Capacity reductions implemented and salary freeze 2003
- Cost reductions highest priority. Significant measures under implementation
 - Plan A completed as planned
 - Plan B ahead of plan
 - Plan C rapid implementation

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Group airlines recent capacity adjustments

Airline	ASK
Scandinavian Airlines	down 5-10% from May/June
Spanair	down 5-10%
BRAATHENS	down 7%
widerøe	down 5-10%

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SAS Group weakest Quarter ever

1st Quarter MSEK	2003	2002	Adj. change
▶ Revenue	13 710*	13 775*	-4,5%**
▶ EBITDAR	-398	584	
▶ EBT bef. overcapacity	-1 739^	-1 446	
▶ EBT bef. cap gains	-1 939	-1 313	

* Spanair not consolidated Jan-Feb 2002

** Adjusted for comparable units

^ EBT before gains and cost of in phase out of overcapacity corresponding to MSEK 200

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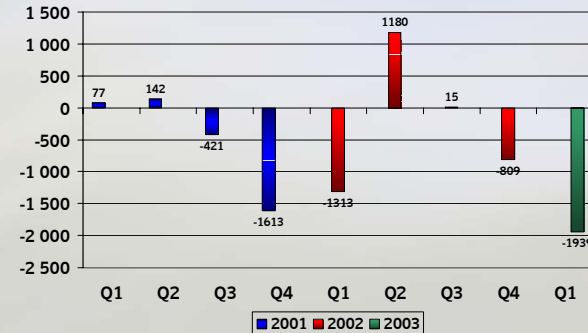
SAS Group 1st Quarter EBITDAR and CFROI

MSEK	2003	2002
▶ Revenue	13 710	13 775
▶ EBITDAR	-398	584
▶ EBITDAR margin	-3%	4%
▶ CFROI	11%	6%

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SAS Group 2002 – Quarterly EBT

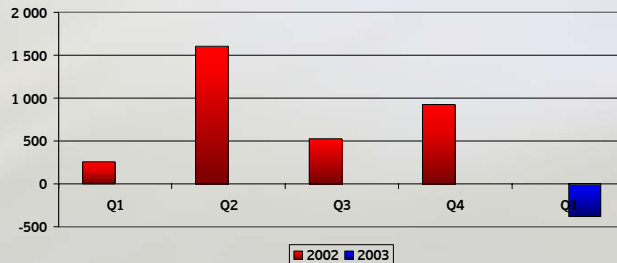
EBT bef gains
MSEK million



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Scandinavian Airlines 2003/2002 Quarterly EBITDAR development

EBITDAR, Scandinavian Airlines
MSEK



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Severe Revenue Pressure Passenger revenues down 1 100 MSEK Scandinavian Airlines

1st Quarter

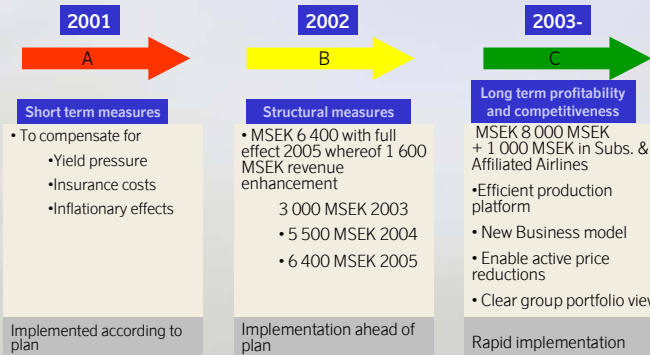
▶ Revenues 6 588 MSEK - 16.3 %

- Volume - 6.3 %
- Yields* - 8.8 %
- Currency - 1.8 %

* Including Intercont effect and reduced travel agency commissions

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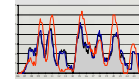
SAS Group's path to profitability and long term competitiveness



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Major steps of change implemented so far



- New organization implemented in July 2002
 - Clear responsibilities & transparency



- New production philosophy
 - hub and spoke 95%
 - Reduced traffic peaks in Copenhagen

- New distribution strategy – net pricing
- ROSA – Reduction of Overhead Support & Administration – reduction of MSEK 800 in costs
- Changed labour agreements
 - => far reaching productivity and compensation improvements
- New product concepts – Scandinavian Direct and a new Europe concept
- Salary freeze from April 2003

Scandinavian Direct

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Key outcome of union negotiations



- Pilots
 - Work day from 10,5 to 12 hrs/day
 - Hours/week up from 42 to 45
 - Pilot blh
 - 700 hours short haul 750 long haul
 - Pay freeze 2003/2004
- Cabin crew negotiations adjourned
 - Implementation of better utilization measures as from July
 - Redundancies to come gradually July/August
- SAS Technical Services
 - Base Maintenance to Stockholm
 - New schedule agreements
- Other personell
 - Per diem
 - Overhead & Administration reduction of 50%



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Next steps



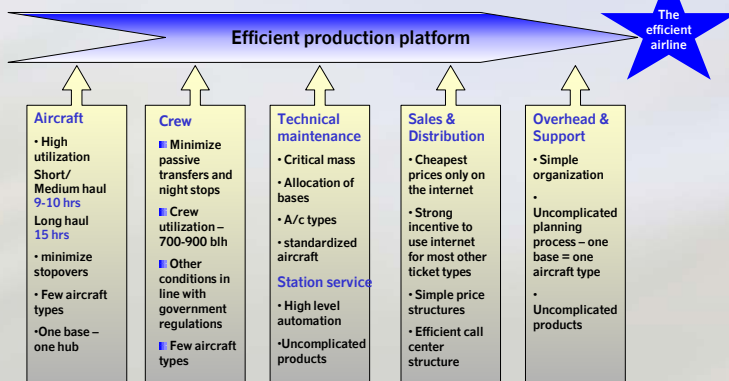
- New Organization Scandinavian Airlines
 - Three bases
 - Decentralization
- Production from bases
 - Crew
 - personell
- Significantly improve
 - aircraft utilization
 - crew utilization
- Technical Base Maintenance to Stockholm
- Impact of Plan C in 2003 approximately MSEK 400



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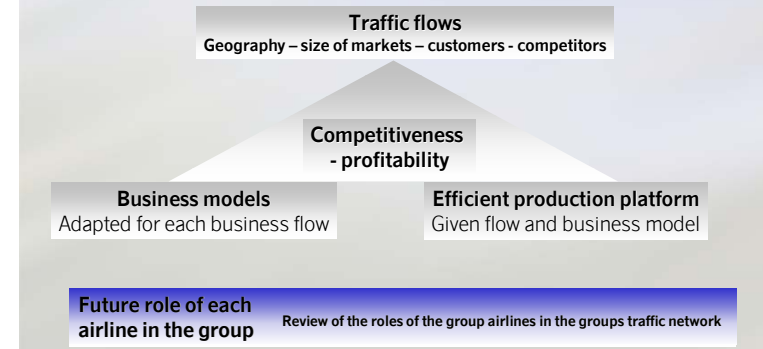
What characterizes an highly efficient airline?



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The SAS Group targeted position in the aviation market – a greater diversity of travel choices



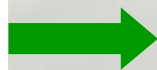
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Traffic flow determine cost level



- Competitive unit cost in each traffic flow
Domestic and southern Europe most commodity like type of flow
- “Big five” European destination and intercontinental room for more premium product features
- Enable active price reductions



Long term profitability and competitiveness

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Strategic development



- Intercontinental and Europe (2 service-levels)
 - On par with best full service operators in Europe (price, costs, service)
 - Lowest prices close to the levels of the low cost carriers (on main airports)
- Intrascandinavia, domestic and Southern Europe
 - On par with (price, costs and service) with the low cost carriers (on main airports)

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Group gap analysis vs high efficiency airlines (base 2003)



25-40% (pending type of traffic flow)
Mainly in aircraft utilization, overhead costs, crew utilization, complexity



5-10% (Norwegian domestic) Mainly in aircraft and crew utilization



At least 10%



Meet most criteria's today

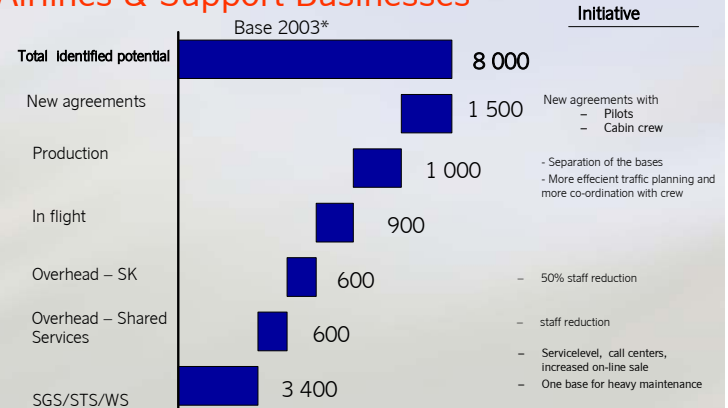


Meet most criteria's today –
(0-5% gap Finland- Scandinavia)



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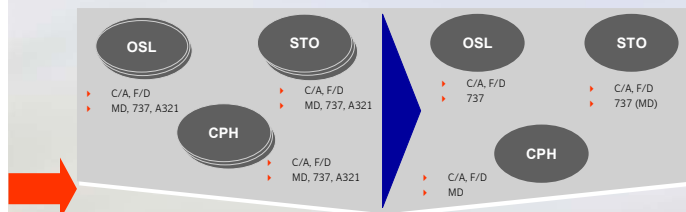
Potential of 8 000 MSEK in Scandinavian Airlines & Support Businesses



* Including effects from Structural measures 2003



Streamlined organization for a/c and flight deck



Advantage

- Improved a/c productivity (less complex planning)
- Reduced type costs for C/A and F/D (productivity and stand-by)
- Reduced type costs for technical maintenance (personal, spare parts and quality)

Overhead reductions by 50% in Scandinavian Airlines
- To be implemented as from August

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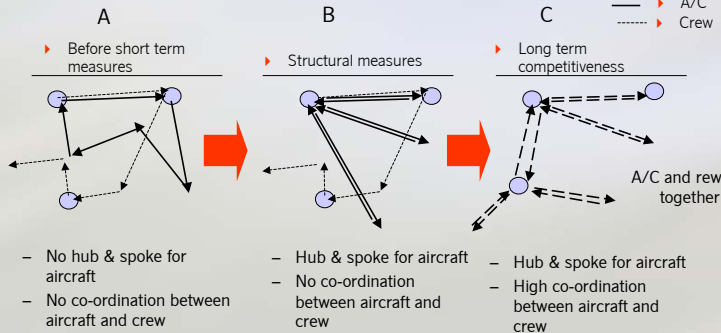
SAS Technical Services (STS) concentrate its maintenance to Stockholm

Airline Support Businesses

- Base maintenance to Stockholm but heavy maintenance in Oslo. Line maintenance at all airports.
- Approximately 900 redundancies due to shift
- Additional measures to be implemented to reduce costs significantly



Scandinavian Airlines production system simplified with full co-ordination with crew



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Europe: Business Class – premium market medium haul still valid

- ▶ Service and new procedures onboard focuses on Business Class
- ▶ A new meal concept meets customers' expectations: fewer, bigger, simpler and tastier dishes of high quality
- ▶ Cold Scandinavian breakfast with warm bread and good coffee



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Snowflake – over 70% cabin factor in April

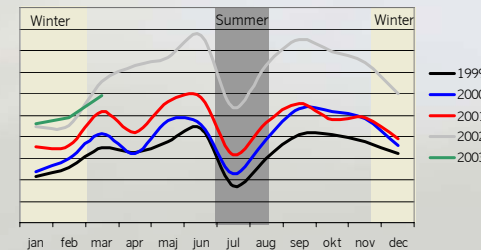


www.flysnowflake.com 23



1st Quarter revenues normally MSEK 1 500 – 2 000 weaker than Q2

- January, February, July and December seasonally weak months
- Revenues in Q1 in average 16% lower than Q2 the last four years
- Acquisition of Spanair has reduced seasonality slightly



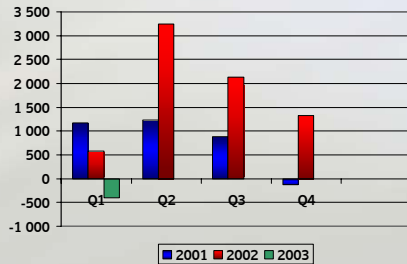
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Significant pressure on revenue halts EBITDAR improvement



EBITDAR MSEK million



▶ EBITDAR in Q1 2003 was -398 (584) MSEK

EBITDAR

- Scandin Airl. -382 MSEK
- Braathens 104 MSEK
- Spanair -109 MSEK
- Widerøe 56 MSEK
- Air Botnia 6 MSEK

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Earnings before tax - business area



Business area	Q1 03	Q1 02	Change
Scandinavian Airlines	-1 253	-849	-404
Subsidiary & aff. Airlines	-564	-350	-214
Airlines Support Businesses	-128	-19	-109
Airline Related Businesses	-16	+34	-50
Hotels	-115	-85	-30
Group eliminations	200	-177	
EBT	-1 876	-1 446	-430

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Scandinavian
Airlines



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Weak and uncertainty on Scandinavian Airlines' markets

Scandinavian
Airlines

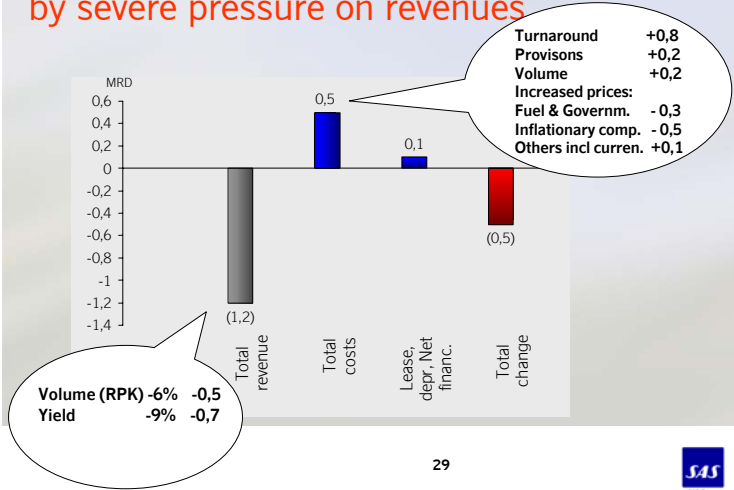


January – March	2003	2002
Passenger revenue	6 588	7 866
Other revenue	846	710
Operating revenue	7 434	8 576
EBITDAR	-382	257
EBIT	-1 086	-664
EBT	-1 253	-849

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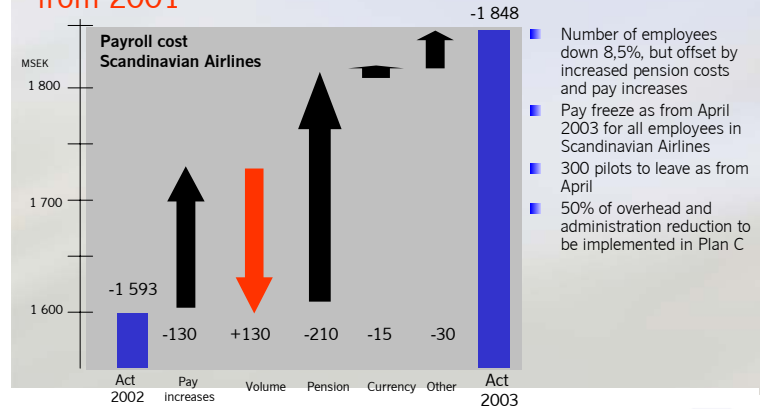
Measures and Turnaround offset by severe pressure on revenues



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Number of employees down – payroll expenses up due to pensions and payroll "overhang" from 2001

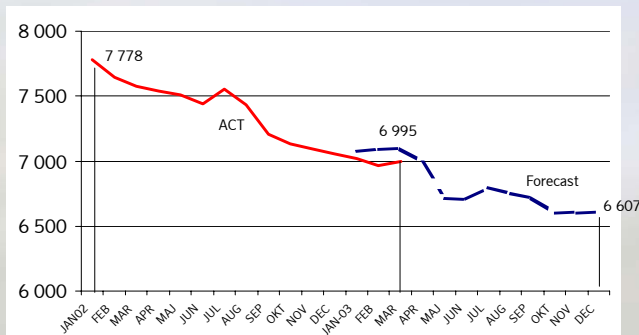


- Number of employees down 8,5%, but offset by increased pension costs and pay increases
- Pay freeze as from April 2003 for all employees in Scandinavian Airlines
- 300 pilots to leave as from April
- 50% of overhead and administration reduction to be implemented in Plan C

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Scandinavian Airlines Number of personnel

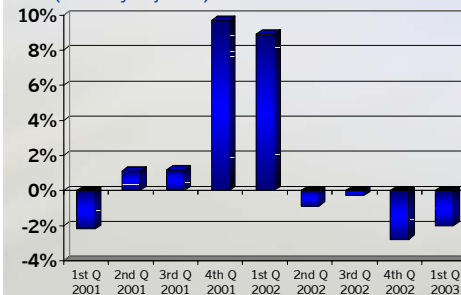


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Operating unit cost trend reversed

Index last year (currency adjusted) Scandinavian Airlines



- Units costs are down in spite of reduced volumes (ASK) (-3%)
- Cost reductions give effect
- Q1 affected by costs for over capacity

* = Method change

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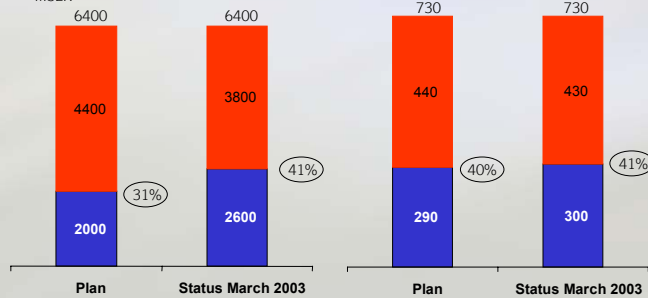
Plan B ahead of plan



■ To be implemented
■ Implemented

Total financial effect of implemented activities compared to plan
MSEK

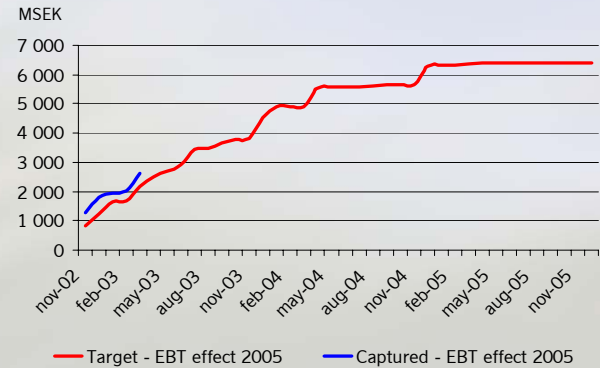
Number of activities compared to plan



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41% of Plan B implemented



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Reduction in capacity in 2003 for Scandinavian Airlines



	Capacity forecast for 2003 vs. 2002	Recent adjustment
Domestic incl. intrascand	-18%	-2%
Europe	+4%	-4%
Intercontinental	+11%	-3%
Total	+1%	-3%

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Scandinavian Airlines key airline profitability drivers



2003 vs 2002
January-March

Traffic (RPK)	down	6,3%
Cabin Factor	down	2,1 p.u.
Yields (currency adjusted)	down	8,8%
Unit costs	down	2,0%

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Passenger Yield January-March 2003 vs 2002



Route Sector	Nominal yield	Currency effect	Adjusted yield
Scandinavian Airline	89	98	91
Intercontinental	87	108	94
Europe	94	102	95
Intrascandinavian	96	100	96
Denmark*	132	101	133
Norway	108	97	105
Sweden	98	100	98

*) Incl Greenland 2002

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Passenger load factor down for most Group airlines



- ▶ Total traffic decreased by 4,2% vs. Q1 in 2002
- ▶ Total capacity reduced by 0,4% vs. Q1 in 2002
 - Group passenger load factors hit by weak economies, Iraq and SARS situation

Q1 passenger load factors		
	Scandinavian Airlines	-2,1 p.u. → 60,9%
	Spanair	-4,3 p.u. → 55,0%
	Braathens	+1,3 p.u. → 52,7%
	Widerøe	+1,0 p.u. → 49,1%
	Air Botnia	-2,3 p.u. → 41,0%

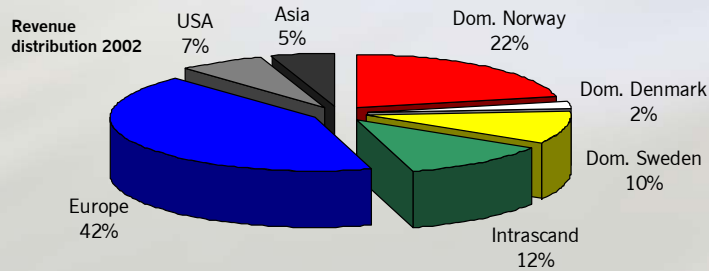
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SAS Group exposure for SARS



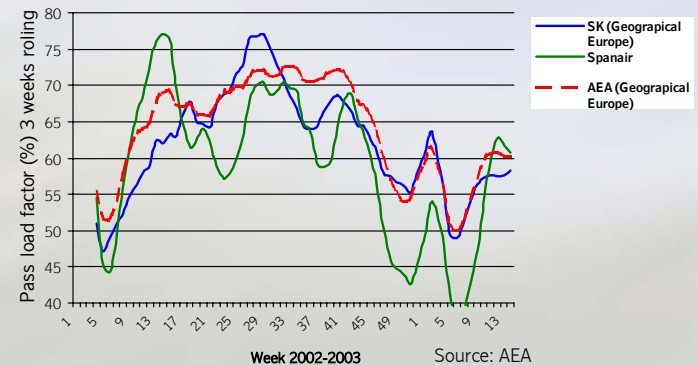
- ▶ SARS exposure to only 5% of revenues



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Scandinavian Airlines passenger load factors in line with AEA average

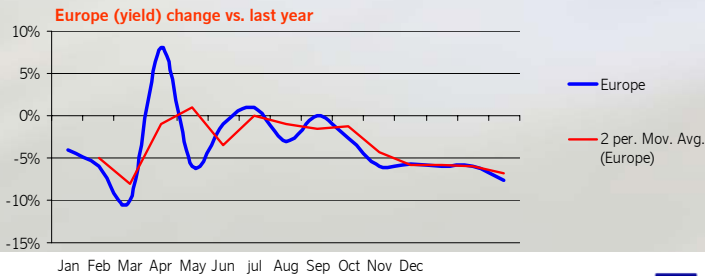


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Yield development under pressure Scandinavian Airlines

- ▶ Pressure on yield accelerated in 4th Quarter
- ▶ Continued pressure 1st Quarter – same level

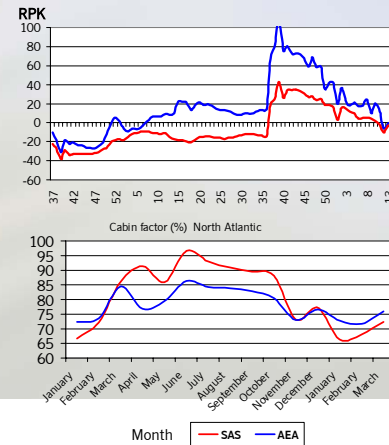


Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

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

- ▶ Airbus A340 introduced on New York many routes
- ▶ Reductions to/from New York in April, May & June
- ▶ Traffic in Q1 2003:
 - European airlines (AEA) traffic up 4,1%
 - SAS traffic up 15,6%

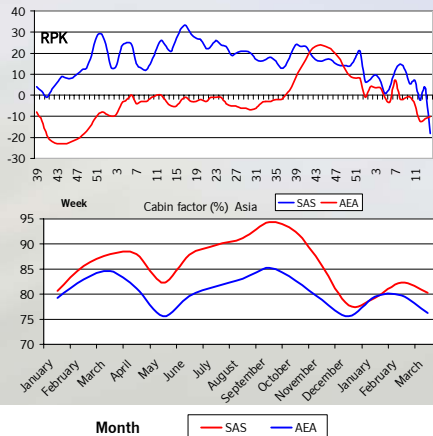


Month

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Asian traffic severely affected by SARS

- ▶ Scandinavian Airlines ranked high in customer surveys
- ▶ Reduced capacity to Beijing and Bangkok/Singapore
- ▶ Strengthened market position
- ▶ Traffic in Q1 2003:
 - AEA traffic down 0,8%
 - SAS traffic up 6,6%

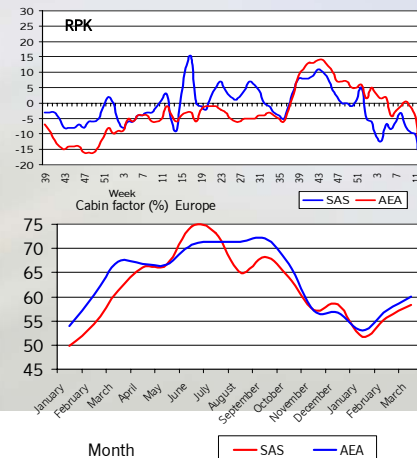


Month

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European routes affected by uncertain market conditions

- ▶ Weak market
- ▶ Cabin factor worse
- ▶ Traffic in Q1 2003:
 - AEA traffic down 0,1%
 - SAS traffic down 6,8%
- ▶ Some recovery in April

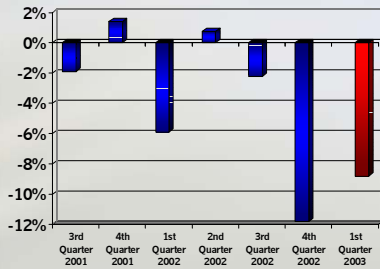


Month

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Yields under sever pressure

2001- 1st Quarter 2003 Total system - currency adjusted



- ▶ Yields down 8,8% in 1st Quarter 2003
 - Class mix negative
 - Campaigns
 - More RPK's of intercontinental traffic with lower yield
 - Positive Easter effect in March
- ▶ Reduced commissions by ~3%

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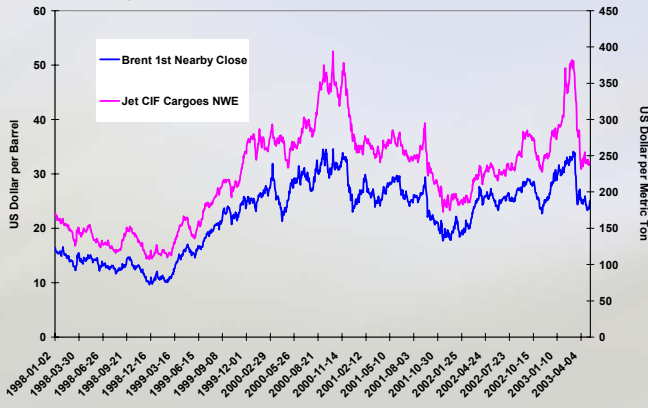
ECA –European cooperation agreement continued negative effects

- ▶ 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 2003 - MSEK 120

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Brent Crude vs. Jet Fuel January 1998 to Date



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2003 fully hedged

- ▶ Average rates:
 - ▶ 2000 265 USD/MT
 - ▶ 2001 255 USD/MT
 - ▶ Q1 2002 196 USD/MT
 - ▶ Q2 2002 226 USD/MT
 - ▶ Q3 2002 235 USD/MT
 - ▶ Q4 2002 258 USD/MT
 - ▶ Q1 2003 278 USD/MT

Current hedging until year end 95%

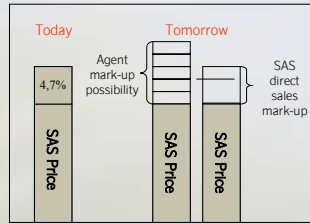
Call options in jet

Estimated jet fuel cost MSEK 3 400

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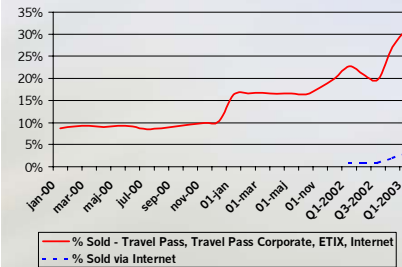
Scandinavian Airlines' new net pricing concept as from 2003



- Net price concept to be introduced 1st January 2003
- Prices lowered with same amount as commissions (app 3%)
- 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
- 90% of agents agreed

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Electronic Channels increased to 31% in Q1



- ▶ Important to reduce cost of sales
- ▶ Total volume E-channels in Q1 MSEK 2 127
- ▶ 31% of total passenger sales in Q1
- ▶ Lowest price on homepage



Subsidiary & Affiliated Airlines



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Income Subsidiary & Affiliated Airlines

	January – March	
	2003	2002*
Operating revenues	3 798	2 832
Operating expenses	-3 726	-2 379
EBITDAR	+72	+453
EBT bef gains	-564	-350

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

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Subsidiary & Affiliated Airlines not immune by weaker market

Subsidiary & Affiliated Airlines

New improvement measures of MSEK 1 000 initiated

Jan-Mar in MSEK				
Revenues	1 375 1,7%	1 549 3,5%	641 9,3%	223 -3,4%
EBITDAR	-58 n.m	104 -63%	56 -33%	6 -84%
EBT	-369 -25,1%	-92 n.m	-31 n.m	-29 n.m

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Spanish market grad becoming weaker

- Revenue declined by 1,8%
- New price concept** released
 - One way pricing and booking
 - Availability pricing
 - Extra 30 EUR for Business Class
- Spanair joined **Star Alliance** as from April 2003



January – March	2003	2002
Operating revenue	1 375	1 352
EBT	-369	-295

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Braathens – hit by weak market and periodisation of maintenance costs

- Weak Norwegian market
- Maintenance costs increased by 62 MSEK
- Substantial new cost measures initiated



January – March	2003	2002
Operating revenue	1 549	1 496
EBT	-92	38



Air Botnia affected by weak market

- New nonstop route Helsinki-Brussel introduced as from Q4 2002 and Helsinki-Düsseldorf as from Q1 2003

January – March	2003	2002
Operating revenue	223	231
EBT	-29	-4



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Widerøe hit by weak yield development

- Slowdown in Norwegian market
- Improvement measures of under way

January – March	2003	2002
Operating revenue	641	586
EBT	-31	3



Airline Support Businesses



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Airline Support

Airline Support
Businesses



January – March
(MSEK)

Operating revenues
Operating expenses

2003
4 755
-4 721

2002
4 973
-4 896

EBITDA

+34

+77

EBT

-128

-19



Units included in the business area:

SAS Cargo
SAS Technical Services
Scandinavian Ground Services
SAS World Sales

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SAS World Sales (SWS)

- Responsible for the SAS Group's sales and distribution.
- Revenue decreased by MSEK 259
- Improvement measures according to plan

January – March

Total revenue
Whereof external
EBITDA
EBIT
Employees

2003
1 241
25,5
15
1
2447

2002
1500
11,3
-22
-34
2553

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SAS Technical Services (STS)

- Responsible for technical maintenance
- Revenues under pressure as airlines reduce capacity
- Additional measures to be implemented to reduce costs significantly

January – March

Total revenue
Whereof external
EBITDA
EBIT
Employee

2003
1 463
14,1%
50
-19
3 690

2002
1 465
14,6%
75
13
3 895

60





Scandinavian Ground Services (SGS)

- Responsible for passenger and ramp services
- Affected by lower volumes
- Additional measures to be implemented to reduce costs

January – March	2003	2002
Total revenue	1 392	1 473
Whereof external	12,3%	10,9%
EBITDA	-77	25
EBIT	-110	-7
Employee	6 835	6 497

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Increased volumes for SAS Cargo

- Improved result although yield down by 9,2%
- Weak market to USA
- Additional improvement measures under implementation

January – March	2003	2002
Total revenue	748	647
Whereof traffic rev	557	523
EBITDA	24	0
EBIT	14	-11
EBT	-3	-10

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Airline Related Businesses



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Airline Related
Businesses



Income Business Area Airline Related Business

SAS Cargo moved to Business Area Airlines Support Businesses in 2002

January - March

MSEK	2003	2002
Operating revenues	1 166	1 467
Operating expenses	-1 128	-1336
EBITDA	38	131
Income before taxes	-16	34

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Scandinavian IT Group

- Implementation of Turnaround according to plan
- New agreement with TravelSky for the chinese market

January – March	2003	2002
Total revenue	523	557
Wherof external rev	9,4%	3,9%
EBITDA	35	49
EBIT	10	16
EBT	10	16

www.scandinavianIT.com

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SAS Trading – affected by weaker NOK

Airline Related Businesses



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

Result negatively affected by weaker Norwegian currency

A new Flightshop opened at Poznan airport in March

January-March
2003 2002

Total Revenues	346	474
EBITDA	-39	-5
Profit before taxes	-30	-13

www.scandinavian.net

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SAS Flight Academy

Airline Related Businesses



Training centers for pilots and other personell.

About 10 new customers in Q1



www.sasflightacademy.com

	January-March	
	2003	2002
Total Revenues	128	160
EBITDA	26	46
Profit before taxes	1	20

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Jetpak

Airline Related Businesses



- ▶ The company is 100% owned by SAS Group and has 176 employees
- ▶ Jetpak is one of the fastest growing companies withing expresslogistic in the Nordic countries.
- ▶ Weak market in first quarter, but good cost controll offset negative result

January-March
2003 2002

Total Revenues	113	85
EBITDA	7	2
Profit before taxes	5	0

www.jetpak.com

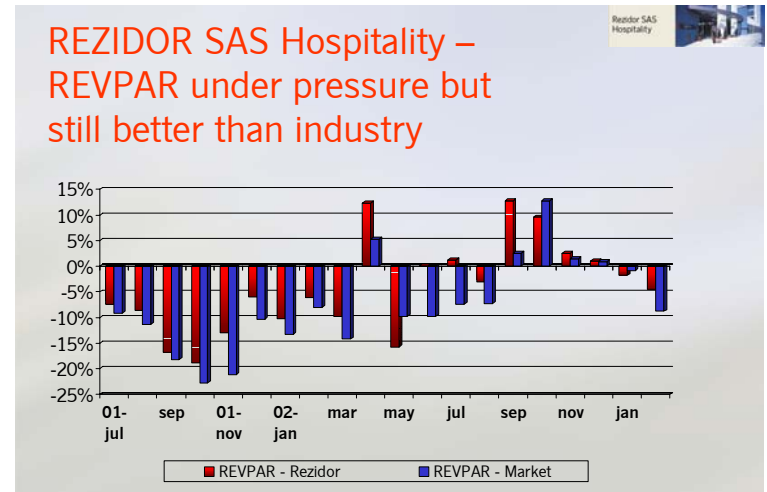
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Recent events for Rezidor SAS Hospitality

- New loyalty program introduced - Goldpoints
- 14 new Park Inn hotel launched in Sweden and one in Berlin
- New hotels opened in Tashkent and Cologne



REZIDOR SAS Hospitality – negatively affected by weaker markets and high energy costs in Norway



in MSEK	Jan-Mar 2003	Jan-Mar 2002	Change
Revenues	842	746	+12,9%
Operating result	-75	-61	-23%
Adjusted EBITDA	-76	-58	-31%
Pre tax profit Including gains	-115	-85	-59%

Financials

Clear Targets to Reduce Indebtedness - Long-term Targets established

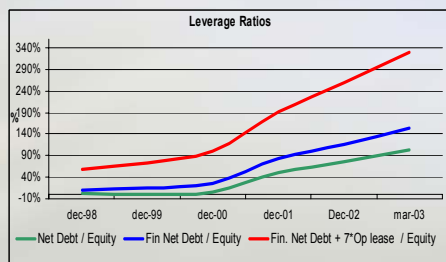


- | ▶ Key figures | Today | Target |
|-------------------------------------|-------|--------|
| ▶ Equity/assets ratio (solidity) | 21% | >30% |
| ▶ Financial net debt/ equity | 154% | <50% |
| ▶ Fin. net debt+NPV Oplease/ equity | 240% | <100% |
| ▶ Fin. net debt+7* Oplease/ equity | 330% | <100% |
- ▶ Targets will be reached by:
- Turnaround measures
 - Release of main assets:
 - Aircraft
 - Properties
 - Non-core subsidiaries

Surplus values despite reduced aircraft prices and weaker USD to SEK



Gearing level peaking Consolidation ahead



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

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Committed Credit Facilities of MSEK 8 350



	MSEK
Liquid Funds 31/03-03	8 535
<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
Total Available Facilities	8 350
Total Available Funds	16 885

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Reduced CAPEX will improve free cash flow going forward

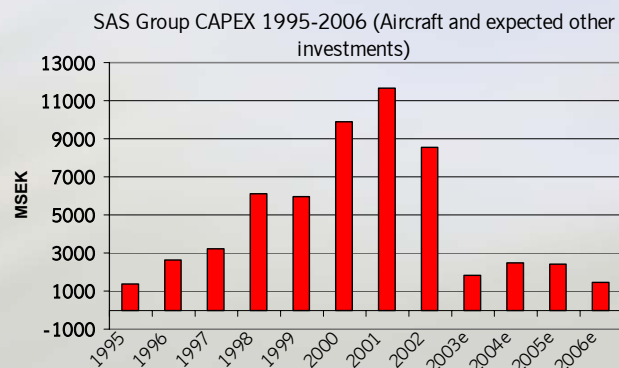


MSEK	January – March	2003	2002
Cash flow from operations	-1 095	-428	
Change in working capital	-584	-180	
Net financing from operations	-1 679	-608	
Investments, advance payments	- 964	- 1 950	
Acquisition/sale of subsidiaries (net)	-19	+135	
Sales of fixed assets, etc.	+302	+1 221	
Financing deficit/surplus	-2 360	-1 202	
Changes in external financing, net	+173	-1 272	

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SAS Group entering CAPEX holiday as from 2003



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High financial maneuverability



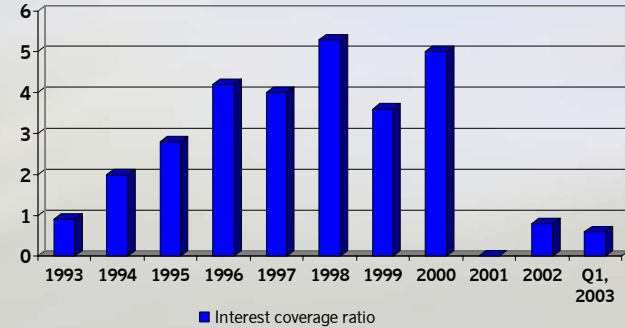
- Liquidity of MSEK 8 534
- Committed credit facilities MSEK 8 350
- Slightly less than half of the A/C fleet is Unencumbered
- No Rating Triggers
- No onerous Financial Covenants

- Additional sources of capital
 - Aircraft
 - Real estates
 - Non-core businesses

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Interest coverage ratio low in historic terms



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Summary & Outlook 2003

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Weak traffic figures in Scandinavia 1Q



- ▶ Group passenger load factor down by 2,3 p.u.
- ▶ Scandinavian Airlines load factor down by 2,1 p.u

	Passenger-traffic (RPK)	Seat capacity (ASK)	Cabin-factor
SAS Group Total	-4,2%	-0,4%	58,7%
Intercontinental	+2,9%	+12,5%	
Europe	-5,7%	-0,8%	
Domestic and Intrascandinavian	-10,2%	-10,1%	

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Some recovery on traffic to US and Europe in April

- ▶ Group passenger load factor down by 5,6 p.u.
- ▶ Scandinavian Airlines load factor down by 9,2 p.u
- ▶ Group traffic in Europe up by 8,0%

	Passenger-traffic (RPK)	Seat capacity (ASK)	Cabin-factor
SAS Group Total	-5,6%	-3,1%	60,5%
Intercontinental	-12,6%	+25,0%	
Europe	+8,0%	+9,4%	
Domestic and Intrasandinavian	-17,9%	-20,4%	



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Sum up

- ▶ Worst quarter in history
- ▶ Severe pressure on revenues
- ▶ Significant pressure on revenues due to
 - Weak economies
 - Iraq/SARS
- ▶ Most forceful measures ever implemented in Scandinavian Airlines– unit cost to come down 30%
- ▶ Sufficiently strong balance sheet and liquidity position to manage the current situation in the industry
- ▶ Good financial manoeuvrability to implement & carry through turnaround

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The Board of Directors

Assessment for full year 2003:

- ▶ Continued weak economies
- ▶ Uncertainty remains regarding other external factors
- ▶ Some recovery on U.S and European routes in April
- ▶ Plan B implementation ahead of plan
- ▶ Plan C SEK 8 billion – rapid implementation
- ▶ Additional MSEK 1 000 in Subsidiary & Affiliated Airlines



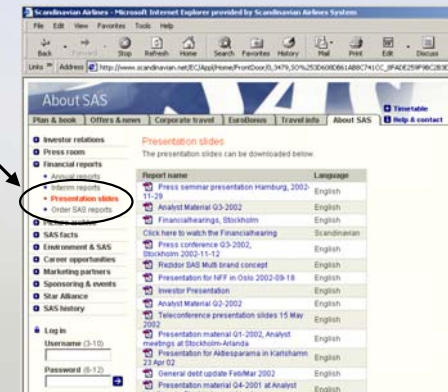
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Thank you for your attention!

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

www.sasgroup.net



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APPENDICES

Traffic Data
Yield
Unit cost
Fleet
Financial key figures

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Traffic and Yield January-March 2003 vs 2002

Scandinavian
Airlines



Scandinavian Airline Total Scheduled	2003	2002	Index variance
Production (mill ASK)	8 040	8 288	97
Traffic (mill RPK)	4 900	5 229	94
Cabin factor (%)	60.9	63.1	-2.1
Yield (öre/RPK)	134.5	150.5	89
Currency adj. yield	134.5	147.4	91

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Traffic and Yield January-March 2003 vs 2002

Subsidiary &
Affiliated Airlines



Braathens (Total scheduled)	2003	2002	Index variance
Production (mill ASK)	1 142	1 023	112
Traffic (mill RPK)	601	526	114
Cabin factor (%)	52.7	51.4	+1.3
Yield			88

*) local currency

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Traffic and Yield January-March 2003 vs 2002

Subsidiary &
Affiliated Airlines



Spanair (Total scheduled)	2003	2002	Index variance
Production (mill ASK)	1 549	1 556	99
Traffic (mill RPK)	852	922	92
Cabin factor (%)	55.0	59.3	-4.3
Yield *)			107

*) local currency

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Traffic and Yield January-March 2003 vs 2002

Spanair (Charter)	2003	2002	Index variance
Production (mill ASK)	1 029	970	106
Traffic (mill RPK)	879	873	101
Cabin factor (%)	85.4	90.0	-4.6

*) local currency

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Traffic and Yield January-March 2003 vs 2002

Wideroe	2003	2002	Index variance
Production (mill ASK)	233	191	122
Traffic (mill RPK)	114	92	125
Cabin factor (%)	49.1	48.2	+1.0
Yield *)			82

*) local currency

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Traffic and Yield January-March 2003 vs 2002

Air Botnia	2003	2002	Index variance
Production (mill ASK)	206	155	133
Traffic (mill RPK)	84	67	126
Cabin factor (%)	41.0	43.3	-2.3
Yield			76

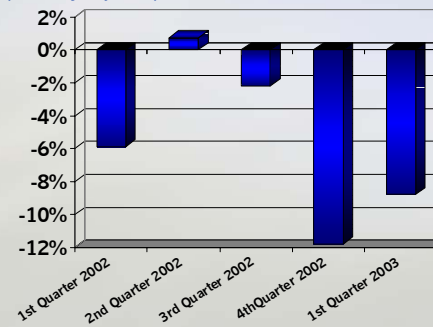
*) local currency

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Yield Development Q1 2002 – Q1 2003

(currency adjusted)



Yields are under pressure from negative class mix /route mix, lower commissions and intercont effect

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Passenger Yield January-March 2003 vs 2002

Route Sector	Nominal yield	Currency effect	Adjusted yield
Scandinavian Airline	89	98	91
Intercontinental	87	108	94
Europe	94	102	95
Intrascandinavian	96	100	96
Denmark*	132	101	133
Norway	108	97	105
Sweden	98	100	98

*) Incl Greenland 2002

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Unit Cost January - March 2003 vs 2002

MSEK

	Adjusted JAN-DEC 02	JAN-MAR 03	Var. %	Share of total var %
Personnel	1 558	1 848	18,6%	3,6%
Fuel	619	755	21,9%	1,7%
Gov. charges	818	796	-2,7%	-0,3%
Selling costs	1 192	855	-28,3%	-4,2%
Ground Services	1 319	1 168	-11,5%	-1,9%
Technical	1 136	1 247	9,8%	1,4%
Other oper.	885	922	4,2%	0,5%
TOTAL OPER NET COS	7 528	7 591	0,8%	0,8%
Aircraft costs	445	491	10,4%	0,6%
ADJUSTED EBIT	7 972	8 082	1,4%	1,4%

Volume = average decrease in ASK: -3.0%

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Unit Cost (adjusted) January - March 2003 vs 2002

MSEK

	Volume and curr. adjusted JAN-DEC 02	JAN-MAR 03	Var. %	Share of total var %
Personnel	1 624	1 763	8,5%	1,7%
Fuel	619	755	21,9%	1,7%
Gov. charges	818	796	-2,7%	-0,3%
Selling costs	1 192	855	-28,3%	-4,2%
Ground Services	1 319	1 168	-11,5%	-1,9%
Technical	1 136	1 247	9,8%	1,4%
Other oper.	948	922	-2,7%	-0,3%
TOTAL OPER NET COST	7 657	7 506	-2,0%	-1,9%
Aircraft costs	445	491	10,4%	0,6%
ADJUSTED EBIT	8 101	7 997	-1,3%	-1,3%

Volume = average decrease in ASK: -3.0%

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Key airline profitability drivers January-March 2003 vs 2002

- ▶ Traffic growth (RPK) down 6.3 %
- ▶ Cabin Factor down 3.0 p.u.
- ▶ Yields down 8.8 %
- ▶ Unit costs up 1.4 % *

*) Adjusted for method change = down 1,3%

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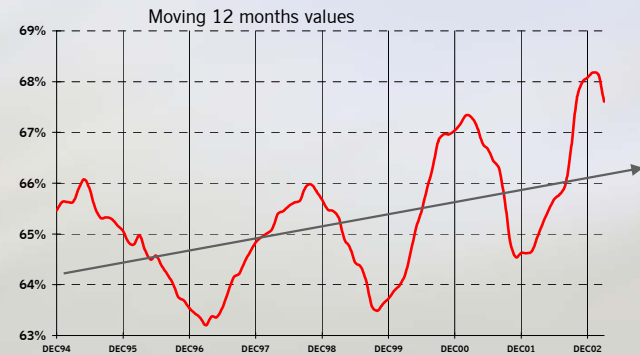
Passenger Revenue Analysis January-March 2003 vs 2002

- ▶ Revenues 6 588 MSEK - 16.3 %
- Volume - 6.3 %
- Yields - 8.8 %
- Currency - 1.8 %

101



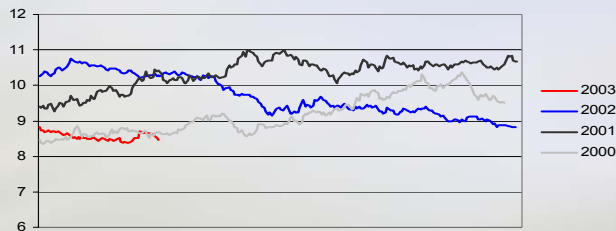
Passenger load factor – long term trend positive 1995-2003



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Weaker USD offset by increased yield pressure



- Positive effect on operation costs Q1 by 415 MSEK
- Weak USD => increased yield pressure

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Currency Effects – SAS Group January-March 2003 vs 2002

	<u>JAN-MAR</u>
MSEK	
Total revenues	-189
Total costs	+546
Forward cover costs & working cap.	+50
Income before depr.	+407
Financial items	+175
Income before tax	+582

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Currency Effects – SAS Group

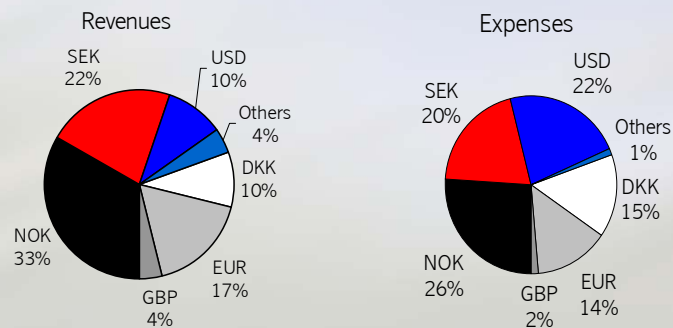
January-March 2003 vs 2002

Total revenues & costs: (Total +357 MSEK)		Working capital: (Total +89 MSEK)	
Major approx. effects:			
USD	+415	2002	-90
DKK	+6	2003	-1
NOK	+38		
EUR	-2		
Asian curr.	-50		
All others	-50		
Forward cover costs: (Total -39 MSEK)		Financial items: (Total +175 MSEK)	
2002	+39	2002	+128
2003	0	2003	+303
		Grand total +582 MSEK	

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Currency distribution in the SAS Group 2002



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Financial key figures and aircraft fleet data

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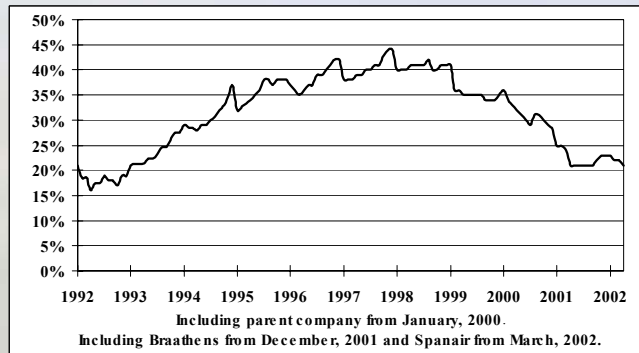
Balance Sheet

MSEK	<u>31MAR03</u>	<u>31DEC02</u>
Liquid funds	8 534	10 721
Other interest-bearing assets	7 902	7 487
Aircraft	27 530	27 256
Other assets	21 188	21 346
Total assets	65 154	66 810
Operating liabilities	17 846	18 068
Interest-bearing liabilities	29 448	28 867
Subordinated debenture loan	905	915
Deferred tax	3 517	3 606
Minority interests	76	166
Equity	13 362	15 188
Total liabilities and equity	65 154	66 810
Financial net debt	20 554	17 872

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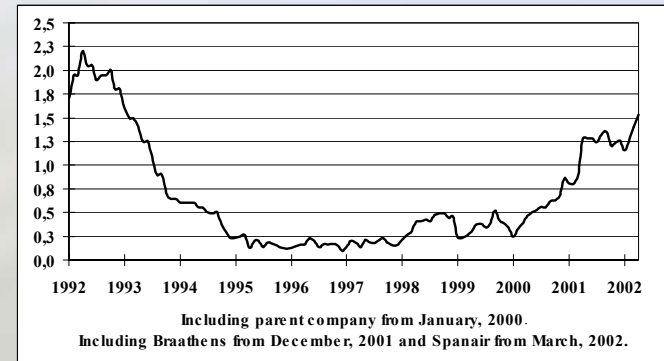
SAS Group Equity / Assets Ratio 9212-0303



109



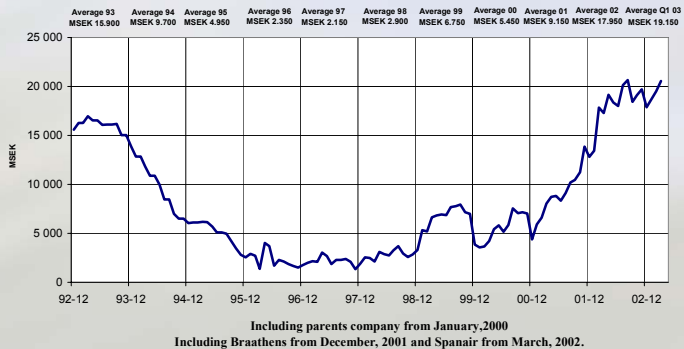
SAS Group Financial Net Debt/Equity Ratio 9212-0303



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SAS Group Development of financial net debt 9212-0303



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Summary pension schemes

- SAS Group follow IAS accounting
- Extremely low return on stock market has put pressure on SAS pension plans as well
- In spite of situation – still surplus funds MSEK 1 200
- SAS plans relatively robust if assumptions should change
- No need for write down at current levels
- No effects on cash flow
- No effects on net debt as pensions are excluded

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SAS Group fleet as of Mar 31, 2003



SAS Group (incl. SK, BU, JK, KF, WF)	Owned Mar03	Leased In	Total Mar03	Leased Out	On Order
Airbus A340-300	5	2	7	0	0
Airbus A330-300	2	1	3	0	1
Airbus A321-200	8	4	12	0	4
Airbus A320	0	8	8	0	0
Boeing 767-300	3	6	9	0	0
Boeing 737-400	0	4	4	0	0
Boeing 737-500	0	14	14	0	0
Boeing 737-600	12	18	30	0	0
Boeing 737-700	8	7	15	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	22	24	1	0
Douglas MD-87	10	6	16	0	0
Douglas MD-90-30	8	0	8	0	0
Avro RJ-85	0	5	5	0	0
Embraer ERJ 145	0	3	3	0	0
Fokker F28	7	0	7	2	0
Fokker F50	7	0	7	2	0
deHavilland Q100	16	1	17	0	0
deHavilland Q300	0	8	8	0	0
deHavilland Q400	10	18	28	0	0
SAAB 2000	0	5	5	0	0
Total	134	177	311	9	9

SAS Group (incl. SK, BU, JK, KF, WF)	Owned Mar03	Leased In	Total Mar03	Leased Out	On Order
SAS	114	81	195	9	9
Spanair	0	50	50	0	0
Braathens	4	23	27	0	0
Wideroe	16	13	29	0	0
Air Botnia	0	10	10	0	0
Total	134	177	311	9	9

SAS Group (incl. SK, BU, JK, KF, WF)	Average Age Owned	Average Age Leased In	Average Age Total
SAS	6,92	8,04	7,40
Spanair	0	10,02	10,02
Braathens	1,5	9,25	8,14
Wideroe	9,03	7,14	8,06
Air Botnia	0	3,33	3,6
Total	7,01	8,45	7,83

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Limited CAPEX – SAS Group Firm Order CAPEX MUSD 400



Firm Aircraft Orders

	Total	2003	2004	2005	2006
<i>as per 31/03-03</i>					
Airbus A330	1		1		
Airbus A320	2	1	1		
Airbus A321	4			3	1
Boeing 737	4	1	1	2	
Tot No. of A/C	11	2	3	5	1
CAPEX (MUSD)	402	72	151	146	33

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Limited CAPEX – SK Firm Order CAPEX MUSD 340



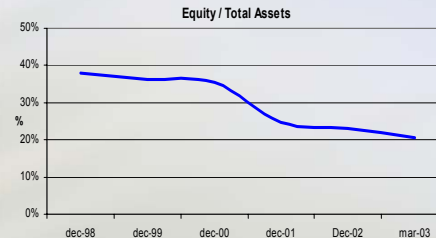
Firm Aircraft Orders

	Total	2003	2004	2005	2006
<i>as per 31/03-03</i>					
Airbus A330	1		1		
Airbus A321	4			3	1
Boeing 737	4	1	1	2	
Tot No. of A/C	9	1	2	5	1
CAPEX (MUSD)	342	42	121	146	33

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SAS financial position adequate



- ▶ Equity MSEK 13 438
- ▶ Equity ratio 21%
- ▶ Financial net debt MSEK 20 554
- ▶ Fin net debt/ equity 153%

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SAS Group Financial Net January – March 2003

(MSEK)	03-03-31	02-03-31	Difference
Interest net and others	-254	-168	-86
Exchange rate differences	+303	+128	+175
Financial net	+49	-40	+89
(In % p.a. of average financial net debt)	+1,0%	-1,1%	+2,1 p.u.

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SAS Group - Development and Break Down of Financial Net Debt 030331

(MSEK)	030331	021231	Difference
Cash	8 534	10 721	-2 187
Other interest bearing assets	1 265	1 189	+76
Interest bearing liabilities	-30 353	-29 782	-571
Financial Net debt	-20 554	-17 872	-2 682
Net debt	-13 917	-11 708	-2 209

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SAS Group - Development and Break Down of Financial Net Debt 030331

(MSEK)	030331	020331	Difference
Cash	8 534	9 188	-654
Other interest bearing assets	1 265	1 558	-293
Interest bearing liabilities	-30 353	-28 248	-2 105
Financial Net debt	-20 554	-17 502	-3 052
Net debt	-13 917	-11 574	-2 343

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SAS share

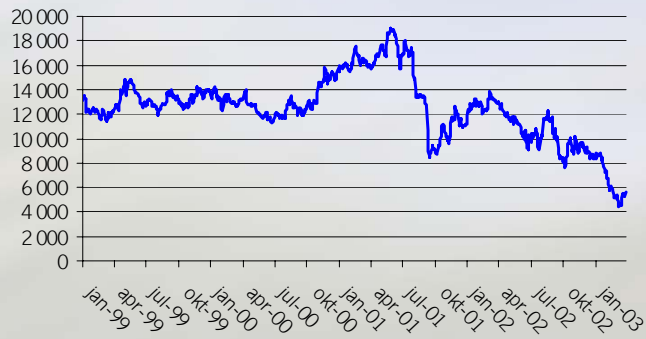
Price development



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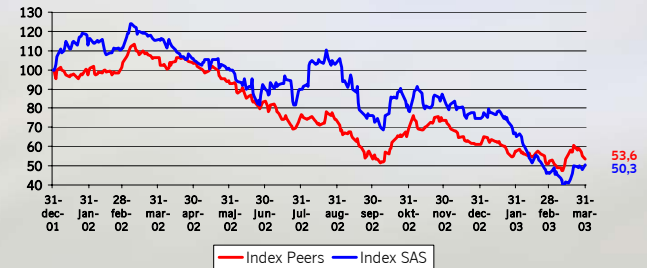
Development of Market capitalization



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SAS share price vs. Peers 2002-2003

SAS Market Capitalization vs. European Peers* measured in SEK
(December 28, 2001 - March 31, 2003)

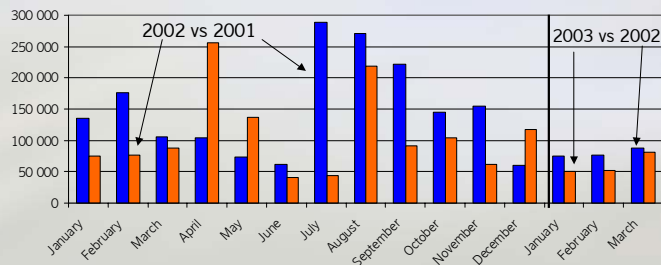


* Peers: Alitalia, Air France, British Airways, Finnair, KLM, Lufthansa & Ryanair

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Volume in SAS in Stockholm

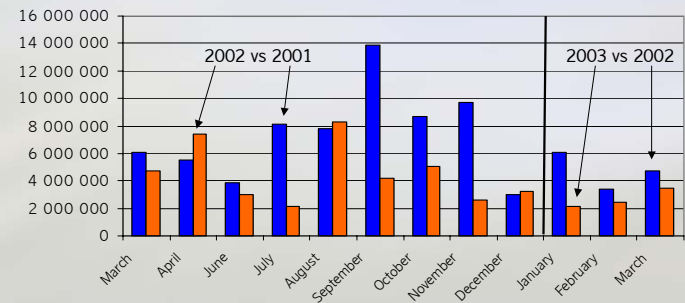
Average daily number of shares traded in Stockholm per month



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Weak volume in industry downturn SAS AB

Number of shares traded in SAS per month



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