



SAS AB

Fiscal year 2003



Analyst presentation
Stockholm, February 11th
Copenhagen and London February 12

4th Quarter 2003 –Yield pressure offset by large cost reductions

- ▶ Continued strong pressure on yields
 - ▶ Yields down (currency adjusted) 12% in Q4 – Scandinavian Airlines
- ▶ Turnaround 2005 well underway – ahead of plan
 - ▶ Unit cost (currency adjusted) down 19% Q4 (SK)
- ▶ Clear stabilisation of traffic volumes – but no significant growth
 - ▶ Group traffic +0,5%



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Income statements for 2003

Fiscal year	2003	2002	
MSEK			
▶ Revenues	57 754	64 944**	-11%
▶ EBITDAR*)	3 761	7 294	-48%
▶ Lease, depreciation & financial net	-6 569	-7 652	-14%
▶ EBT bef. cap gains*)	-2 221	-736	
▶ EBT incl. gains	-1 470	-450	

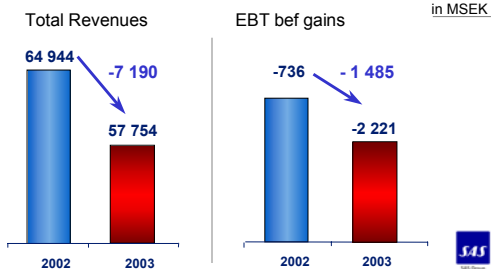
*) Excluding restructuring and impairments **) Including one off MSEK 570 from Swedish Aviation Authority



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SEK 7 billion decline in revenues largely compensated on cost side



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Overcapacity and yield pressure in the market place

Market conditions

- ▶ Continued tough market conditions, but improving macro outlook
 - ▶ New players have increased capacity by 50% on some routes in Scandinavia
 - ▶ Aircraft easy and cheap to acquire/lease
- = > Severe overcapacity and price pressure
- ▶ SAS Group traffic on European routes increased more than AEA (6,4% vs. 1,4%) during 2003
- ▶ Long haul has improved significantly particularly on Asia



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A fundamental structural change is in process

- ▶ New Business models are replacing old ones
 - ▶ Fundamentally changed customer preferences
- = > Turnaround 2005 has highest priority
Creation of three companies in each of Scandinavian countries
Integration of Braathens and Scandinavian Airlines to one unit in Norway
LCC+ base business model

Target → To reach sustainable profitability levels for any traffic flow of the SAS Group Airlines



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Commercial Turnaround initiated

- ▶ Market place increasingly price sensitive, but premium market exist also in "comoditized" markets
- ▶ Focus in SAS Group
 - Short/Medium haul
 - Focus on efficient travel
 - Customer productivity – new innovative travel solutions
 - Improved product on european longer routes
 - Long haul inflight
 - High service in Business Class



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Gunilla Berg
CFO



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2005 תמורה
אוסטרה

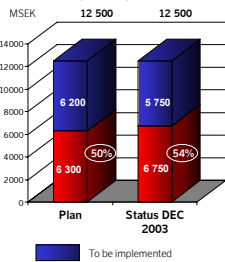


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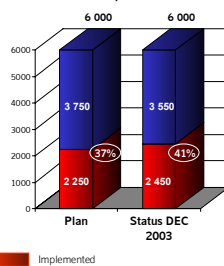
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Turnaround 2005 ahead of plan

Total financial effect of implemented activities compared to plan



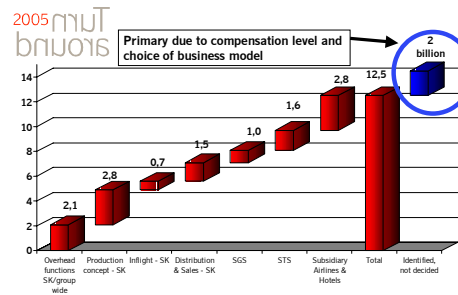
Reduction of personnel



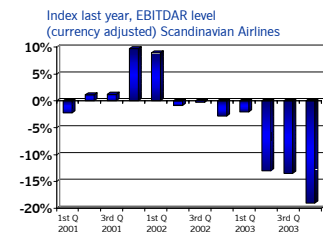
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Decided and under implementation 12,5 billion SEK in Turnaround 2005



Sharp reduction in unit cost from Q2 and Q3 in 4th Quarter



- ▶ Q1 unit cost down 2%
- ▶ Q2 unit cost down by 13%
- ▶ Q3 unit cost down by 14%
- ▶ Q4 unit cost down by 19%



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Block hours for Group Airlines in 2003

Majority owned Airlines	Air craft/day	Pilots/year	Cabin/year
Scandinavian Airlines	7,4	469	530
Spanair	8,3	672	863
Braathens	7,8	540	520
Widerøe	6,4	481	459
Blue1	7,1	586	648



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SAS Group – one offs 2002 and 2003 Restructuring, impairments and capital gains

One offs	2002	2003
Restructuring costs	-537	-496
Dispute regarding Terminal 2 - Arlanda	570	
Write down Expo	-157	-30
Write down Travellink		-52
Write down Cimber	-91	
Total	-215	-578
Capital gains	2002	2003
Sale of aircraft	264	219
Sale of properties/other		1 161
Sale of companies/shares	811	-59
Phasing in/out	-574	
Total	501	1 321

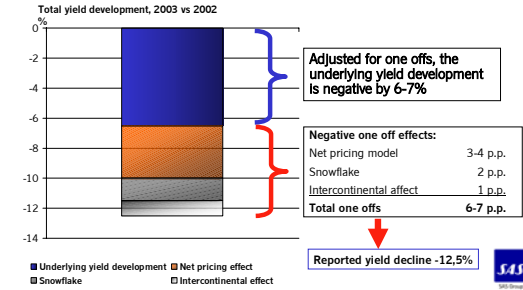
Very limited Cash effect from restructuring
Most of restructuring cost (MSEK 400) is related to future (2004) salary cost of personnel that are laid off, but liberated from their positions.



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Underlying yield development -6% to -7%



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Business areas



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EBT before gains and exceptionals - Business area

Business area	2003	Change *
Scandinavian Airlines	-1 914	-826
Subsidiary & Aff. Airlines	-116	-423
Airlines Support Businesses	67	-108
Airline Related Businesses	62	-117
Hotels	-245	-324
Group eliminations	-81	
EBT, before gains & exceptionals	-2 221	-1 485

* Proforma SAS World Sales



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Jørgen Lindegaard
President & CEO



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Yield & traffic for Subsidiary Airlines in 2003

- Spanair** Spanair's traffic up 5,9%, yield down by 4,6%, unit cost down 7,1%
 - ▶ Yield decline to continue, but offset by in unit costs
- Braathens** Braathens' traffic up 15,8%, yield down by 18,9%, unit cost down 2,1%
 - ▶ Yield decline to continue as prices are being reduced, but profitability has improved during the year as Turnaround 2005 is being implemented
- Widerøe** Widerøe's traffic up 20,5%, yield down by 18,8%, unit cost down 9,9%
 - ▶ Yield decline expected to continue, but profitability improved significantly as Turnaround 2005 gives effect
- Blue1** Blue1's traffic up 23,8%, yield down by 25,0%, unit cost down 19,7%
 - ▶ Yield decline expected to continue as new longer routes are added to the network



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Subsidiary & Affiliated Airlines not immune to falling revenues

Subsidiary & Affiliated Airlines

Total Turnaround of MSEK 2 800 identified and initiated

Jan-Dec in MSEK	Spanair	BRAATHENS	widerøe	Blue1
Revenues	7 628 3,8%	6 418 -13%	2 477 -4,8%	948 -7,5%
EBITDAR	1 105 17%	885 -48%	343 -24%	79 -68%
EBT	-45 n.m	98 -88%	77 -6%	-80 n.m



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Strategic considerations behind new shareholding in Estonian Air

ESTONIAN AIR

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



Hotels – continued weak hotel markets

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

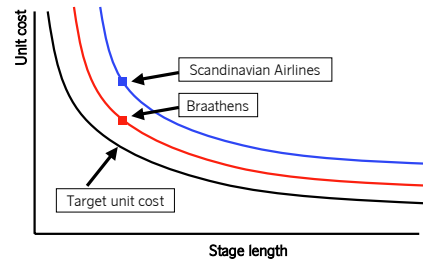
January-December	2003	2002
Total revenues	3 558	3 570
EBITDA	-106	220
EBIT	-240	102
EBT	-253	85



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Braathens has 17% lower unit cost than Scandinavian Airlines –same distance flown



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Compensation on competitive level

2005 MUT
BRAATHENS

Will together with selected business models close gap of appr. MSEK 2 000 to reach the total target of MSEK 14 000 in Turnaround 2005



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Sum up and agenda going forward



- ▶ Stabilization of market – but no significant growth
- ▶ Turnaround 2005 ahead of schedule
- ▶ Position as Europe's no 4 airline group maintained
- ▶ No proposed dividend for 2003
- ▶ Ambition for 2004 positive result
- ▶ Normal seasonality expected
 - Loss 1st Quarter
 - Profit 2nd & 3rd Quarter
- ▶ Continued uncertainties about yields



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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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Additional slides for further information



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Positive currency offset by higher prices on fuel and increased security costs

Currency

- ▶ Effect from USD + MSEK 1 600
- ▶ Total currency effect + MSEK 1 100
- ▶ USD deficit approximately MSEK 7 000
 - ▶ Hedged 60% for 2004
 - ▶ Sensitivity decreased to MSEK 700 for 10% change

Fuel & Security

- ▶ Negative price effect MSEK 700
- ▶ Policy 40-60% 12 month rolling
 - ▶ Exceptions for extreme pricing conditions
- ▶ Current hedge in place only for 1st Quarter 2004
- ▶ Prices considered overvalued
- ▶ Increased security cost approximately MSEK 500



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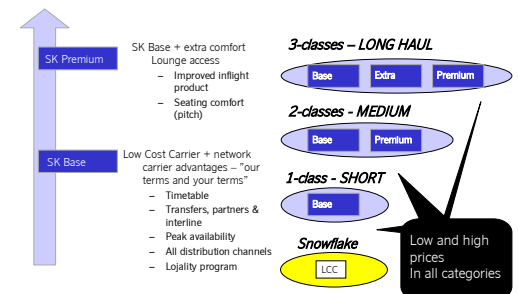
2005 דטורה אוסמור



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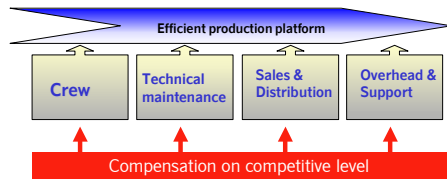
Product concept – the base for future customer set up



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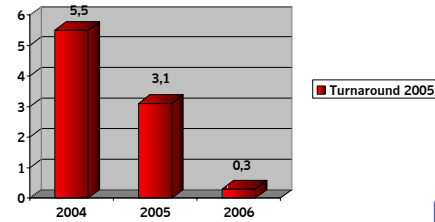
Gap mainly found in compensation schemes



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Resulteffects from Turnaround 2005



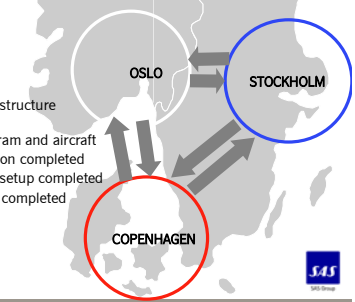
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Three separate "independent" bases to reduce complexity within Scandinavian Airlines



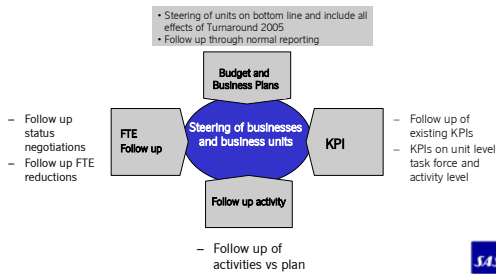
- 15 August Business structure setup
- Oct 03 Traffic Program and aircraft
- Feb 04 Administration completed
- Mar 04 Cabin Crew setup completed
- Oct 04 Pilots setup completed



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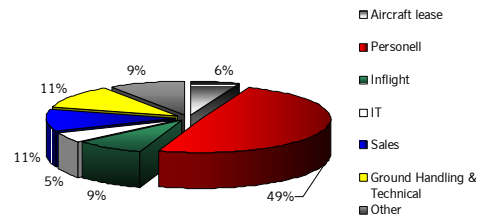
The Turnaround 2005 business follow up a complement to existing follow up systems



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Distribution of cost reductions in Turnaround 2005 by cost category

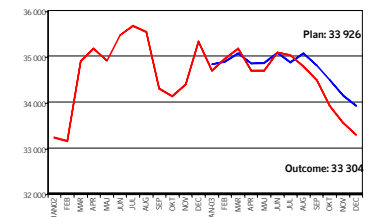


Target SEK 14 billion of which SEK 12,5 billion are decided

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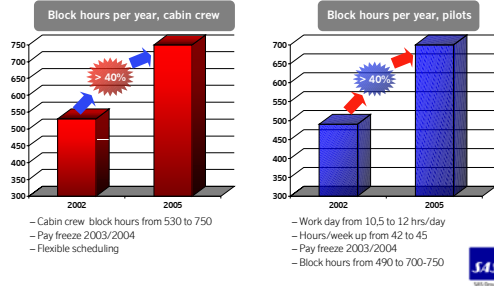
Development of the number of employees in the SAS Group



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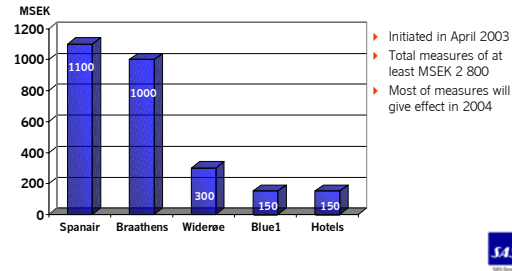
New agreements with possibility to increase crew and pilot block hours by over 40%



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Turnaround 2005 amounting to MSEK 2 800 for Subsidiary Airlines and Hotels



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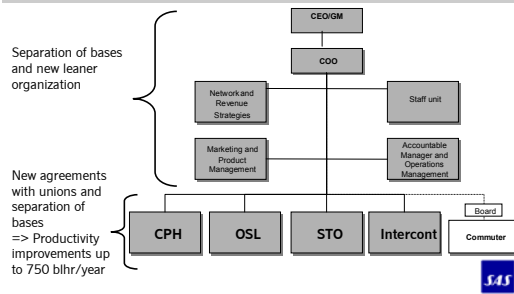
Automatic check in will increase SGS efficiency



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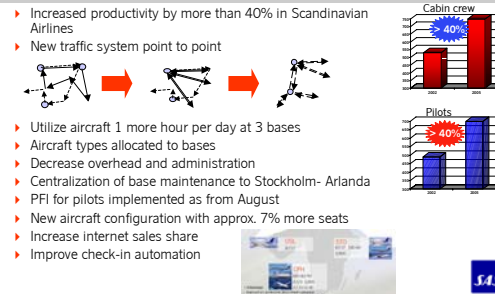
New organization – three bases



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Summary structural changes in Turnaround 2005



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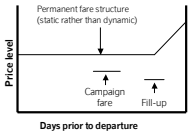
Share of sales over Internet has increased steadily



New dynamic price models under implementation

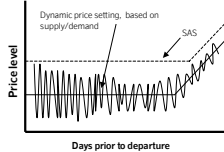
Traditional models

Main focus: optimize revenues / minimize deviation



Dynamic models

Main focus: maximize cabin factor / maximize buy-up



- Dynamic price model introduced by Spanair in March 2003
- Dynamic models under implementation within the other airlines in the Group



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



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New efficient booking platform

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



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www.flysnowflake.com

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Business areas



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Scandinavian Airlines



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Operating expenses down by 12,8% in Scandinavian Airlines

	2003	pro forma 2002	
January – December			
Operating revenue	31 664	38 104	-16,9%
Personnel expenses	-7 916	-7 916	-1,3%
Sales & distribution	-852	-2 010	-57,6%
Fuel	-2 894	-3 184	-9,1%
Government user fees	-3 170	-3 553	-10,8%
Catering	-1 188	-1 389	-14,5%
Handling costs	-4 679	-5 413	-13,6%
Technical aircraft maintenance	-4 287	-5 131	-16,4%
Data & telecommunication costs	-1 860	-2 132	-12,8%
Other costs	-3 417	-3 881	-12,0%
Operating expenses	-30 163	-34 609	-12,8%
EBITDAR	1 501	3 495	
EBIT	-1 076	56	
EBT	-1 743	-940	

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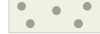
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Business Models

Today

Clear distinction between LCC's and Network Carrier Business Models

Ultra simple travel



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

Simple travel



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

Advanced travel



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

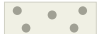
Tomorrow

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

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

We think they will interact!

Ultra simple travel



Simple travel



Advanced travel



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Strategic focus going forward

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

Ultra simple travel



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

Simple travel



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

Advanced travel



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



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Business Models – Current and Future

Ultra simple travel



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

Simple travel



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

Advanced travel



- Network carriers
- Hub/O&D driven
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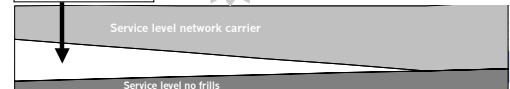
Today

Clear distinction between LCC's and Network Carrier Business Models



Tomorrow

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



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Scandinavian Airlines' hit by weak economies and uncertain markets



January – December

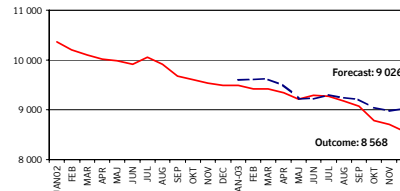
	2003	2002	Proforma 2002
Passenger revenue	26 175	33 016	33 016
Other revenue	5 489	4 147	5 088
Operating revenue	31 664	31 163	38 104
EBITDAR	1 501	3 315	3 495
EBIT	-1 076	-68	56
EBT	-1 743	-1 032	-940



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Scandinavian Airlines Development of the number of employees



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Scandinavian Airlines key airline profitability drivers



2003 vs 2002

January-December

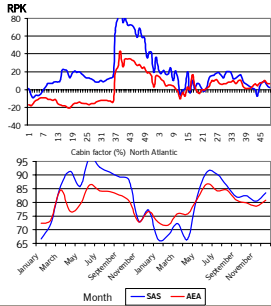
Traffic (RPK)	down	5,6%
Cabin Factor	down	2,2 p.u.
Yields (currency adjusted)	down	12,5%
Operational unit costs	down	11,8%



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



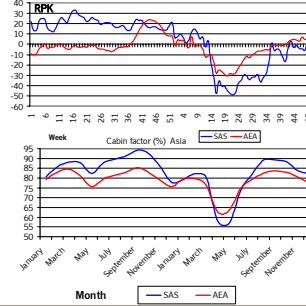
- ▶ General improved load factors as capacity has been adjusted to seasonal patterns
- ▶ Oslo-New York will be ceased as from March 2004
- ▶ Traffic in Jan-Dec 2003:
 - European airlines (AEA) traffic up 3,9%
 - SAS traffic up 9,8%



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Asian traffic severely affected by SARS – recovery from June



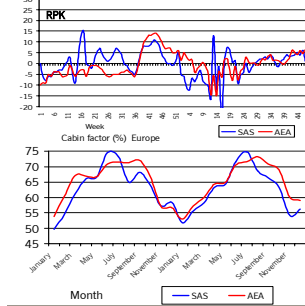
- ▶ Hit hard by SARS
- ▶ Daily frequencies resumed to Bangkok/ Singapore and Beijing as from August 22nd
- ▶ Shanghai as from March 28th
- ▶ Positive mix during the end of 2003
- ▶ Traffic in Jan-Dec 2003:
 - AEA traffic down 7,0%
 - SAS traffic down 14,6%



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European routes affected by uncertain market conditions



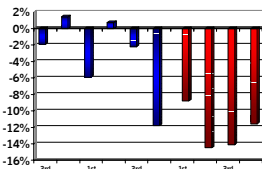
- ▶ Weak market
- ▶ Cabin factor in line with AEA
- ▶ Traffic Jan-Dec 2003:
 - AEA traffic up 1,4%
 - SAS traffic down 1,7%



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Yields under severe pressure 2001- 3rd Quarter 2003 Total system - currency adjusted



- ▶ Yields down 11,6% in 4th Quarter 2003
 - Affected by:
 - introduction of Snowflake by app 7-8 p.p
 - Easter holidays
 - Class mix negative
 - Price campaigns
 - More RPK's of intercontinental traffic with lower yield
- ▶ Reduced commissions by ~3%



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ECA – European cooperation agreement still negative but improvements vs. 2002

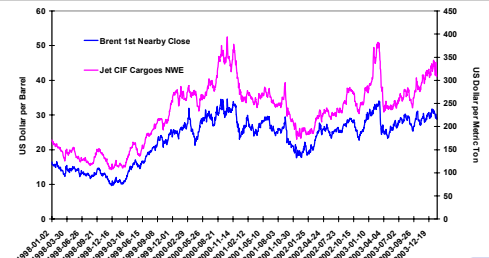
- ▶ Tri-party Joint Venture agreement with BMI, Lufthansa and SAS signed November 9, 1999
- ▶ In effect from January 1, 2000
- ▶ Main scope: To integrate the parties scheduled pass. transport to/ from London/ Manchester
- ▶ Negative result effect 2002: MSEK 418 (335)
- ▶ Negative result effect 2003: MSEK 244



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Brent Crude vs. Jet Fuel January 1998 to Date



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Fuel prices



- ▶ Average rates:
- ▶ 2000 266 USD/MT
 - ▶ 2001 255 USD/MT
 - ▶ 2002 229 USD/MT
 - ▶ 2003 270 USD/MT
 - ▶ Q1 2003 278 USD/MT
 - ▶ Q2 2003 264 USD/MT
 - ▶ Q3 2003 264 USD/MT
 - ▶ Q4 2003 273 USD/MT



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Subsidiary & Affiliated Airlines



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Income Subsidiary & Affiliated Airlines



(MSEK)

	January – December	
	2003	2002*
Operating revenues	17 515	17 525
Operating expenses	-15 227	-14 136
EBITDAR	2 288	3 389
EBT bef gains	-67	120

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



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Subsidiary & Affiliated Airlines positive Quarter for most airlines



Oct-Dec in MSEK	Spanair	BRAATHENS	widerøe	Blue
Revenues	1 608 -12,8%	1 520 -18,1%	615 -12,4%	262 7,4%
EBITDAR	190 45%	182 -54%	87 -30%	4 -91%
EBT	0 n.m.	-3 n.m.	47 194%	-42 n.m.

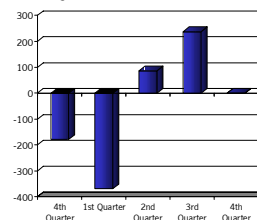


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Turnaround in Spanair on track

Earnings before taxes



- Summary development since the SAS Group takeover
- Long haul closed down March 2002
- New availability based pricing model introduced in March 2003
- Star Alliance member as from April 2003
- After a tough first quarter 2003 Spanair has improved earnings every quarter significantly
- Spanairs Turnaround measures of MSEK 1 100 well under implementation



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Group Increased holding in Spanair to 95%



2003 financials

- Revenue increased by 3,8%
- Unit costs down by 7,1%
- Charter traffic successively better
- Spanair joined **Star Alliance** as from April 2003
- Result improved by MSEK 345 vs. 2002
 - EBT in Q2 MSEK 86
 - EBT in Q3 MSEK 238
 - EBT in Q4 MSEK 0
- Number of passengers up 2,0% versus 2002
- Most punctual airline in November

January – December	2003	2002
Operating revenue	7 628	7 351
EBT	-45	-390



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Spanair value creation going forward

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

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



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Braathens further strengthened competitiveness



BRAATHENS

- Costs to be reduced by MSEK 1 000 with full effect in 2006
- To achieve a unit cost of 0,60 NOK (reduction by 20%)
- Strengthen competitiveness in relation to low-cost competitors
- Will enable Braathens to compete at same price levels but still offering network product advantages
- Future development affected by new unit in Norway

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Braathens affected by significantly lower yield



BRAATHENS

- Yield down 18,9% - partly explained by average longer routes
- Four new destinations introduced as from March 31st
- Cabin factor increased by 0,7 p.p.
- Substantial cost measures extended to approx MSEK 1 000 with full effect 2006

January – December	2003	2002
Operating revenue	6 418	7 370
EBT	98	806

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

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

October – December	2003	2002
Operating revenue	615	702
EBT	47	16



Blue1 affected by close down of Tampere airport in July

- New routes to Helsinki/Berlin and Hamburg from March 2004
- Increased market shares in weak market

January – December	2003	2002
Operating revenue	948	1 025
EBT	-80	83

Fiscal year 2003

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Widerøe hit by weak yield development

- Yield down by 18,8%
- To implement MSEK 300 in cost improvement measurements

January – December	2003	2002
Operating revenue	2 477	2 603
EBT	77	82

Airline Support Businesses



Fiscal year 2003

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Airline Support Businesses

January – December (MSEK)	2003	pro forma 2002
Operating revenues	13 850	14 409
Operating expenses	-13 242	-13 793
EBITDA	608	616
EBT	67	167



SAS World Sales moved to Scandinavian Airlines



73

Airline Support Businesses

Jan-Sep in MSEK	SAS Technical Services	SAS Ground Services	SAS Cargo
Revenues	5 445 -7,3%	5 588 -8,1%	2 954 3,8%
EBITDA	416 14%	-17 n.m.	119 153%
EBIT	153 68%	-162 n.m.	77 n.m.



Fiscal year 2003

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Airline Related Businesses



Fiscal year 2003

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Income Business Area Airline Related Business

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

January - December MSEK	2003	2002
Operating revenues	4 776	6 052
Operating expenses	-4 448	-5 581
EBITDA	328	471
Income before taxes	33	84



Fiscal year 2003

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Airline Related Businesses

Jan-Sep in MSEK	SAS Technical Services	SAS Training	SAS Flight Academy	JETPAK
Revenues	2 057 -8,7%	1 543 -21%	496 -13%	448 16%
EBITDA	219 14%	-61 n.m.	114 -19%	33 725%
EBT	125 79%	-87 n.m.	16 -58%	22 n.m.



Fiscal year 2003

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Rezidor SAS Hospitality



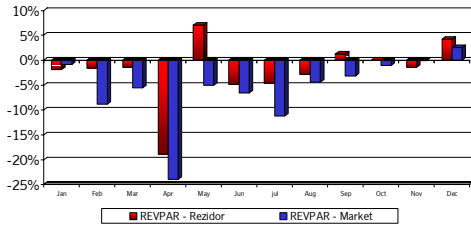
REZIDOR SAS



Fiscal year 2003

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



Fiscal year 2003

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Financials

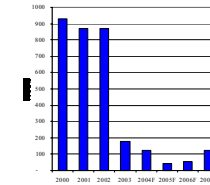


Fiscal year 2003

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High financial maneuverability

Aircraft CAPEX



- Liquidity of MSEK 9 066
- New Revolving facility MEUR 400
- Committed credit facilities MSEK 6 500
- Solidity 22%
- CAPEX holiday going forward
- Young fleet (average age 8,3 years)
- Real estates released in fourth quarter of MSEK 1 100
- Additional sources of capital
 - Non-core businesses



Fiscal year 2003

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Committed Credit Facilities of MSEK 6 500

	MSEK
Liquid Funds December 31 - 2003	9 066
Available Credit Facilities:	
Revolving Credit Facility (MUSD 700)	2 900
Aircraft Finance Lease Facility	2 200
Bi-lateral Facilities	1 000
Others	400
Total Available Facilities	6 500
Total Available Funds	15 566

New Revolving Credit Facility of MEUR 400 to refinance the existing evolving Credit facility as from May 2004.



Fiscal year 2003

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Clear Targets to Reduce Indebtedness - Long-term Targets established

Key figures	Dec 03	Sep03	Target
Equity/assets ratio (solidity)	22%	22%	>30%
Financial net debt/ equity	137%	139%	<50%
Fin. net debt+NPV Oplease/ equity	213%	209%	<100%
Fin. net debt+7* Oplease/ equity	292%	298%	<100%

Targets will be reached by:

- Turnaround measures
- Release of main assets:
 - Aircraft
 - Properties
 - Non-core subsidiaries

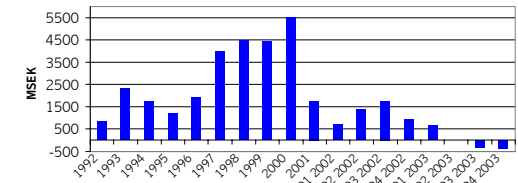


Fiscal year 2003

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

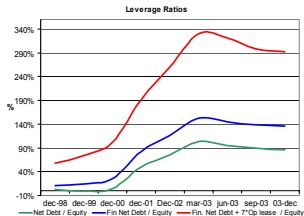
Surplus value, aircraft



Fiscal year 2003

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Gearing levels peaking Consolidation ahead



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



Fiscal year 2003

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Reduced CAPEX will improve free cash flow going forward

MSEK	October – December	2003	2002
Cash flow from operations		-389	-61
Change in working capital		71	-1 106
Net financing from operations		-318	1 045
Investments, advance payments		-1 509	-2 848
Acquisition/sale of subsidiaries (net)		884	-219
Sales of fixed assets, etc.		1 860	2 332
Financing deficit/surplus		917	310
Changes in external financing, net		-666	-71



Fiscal year 2003

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Cash flow January-December

MSEK	January – December	2003	2002
Cash flow from operations		-278	1 818
Change in working capital		-1 111	320
Net financing from operations		-1 389	2 138
Investments, advance payments		-4 454	-9 654
Acquisition/sale of subsidiaries (net)		850	468
Sales of fixed assets, etc.		4 848	5 322
Financing deficit/surplus		-145	-1 726
Changes in external financing, net		-1 510	785



Fiscal year 2003

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Weak traffic figures in Scandinavia

- ▶ Group passenger load factor down by 2,0 p.u.
- ▶ Scandinavian Airlines load factor down by 2,4 p.u

	Passenger-traffic (RPK)	Seat capacity (ASK)	Cabin-factor
January-December			
SAS Group Total	-1,6%	1,5%	63,5%
Intercontinental	-1,9%	6,0%	
Europe	6,4%	7,6%	
Domestic and Intrasandinavian	-13,4%	-11,2%	



Fiscal year 2003

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January update

- ▶ Group passenger load factor up by 0,7 p.u.
- ▶ Scandinavian Airlines load factor up by 1,3 p.u
- ▶ Group traffic in Europe up by 6,5%

	Passenger-traffic (RPK)	Seat capacity (ASK)	Cabin-factor
January-December			
SAS Group Total	1,4%	0,1%	56,1%
Intercontinental	2,0%	-7,0%	
Europe	6,5%	8,4%	
Domestic and Intrasandinavian	-7,0%	-5,5%	



Fiscal year 2003

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Capacity outlook

	Capacity forecast for 2004 vs. 2003
Scandinavian Airlines	5%
Spanair	6%
Braathens	5%
Widerøe	18%
Blue1	67%
Total	7%



Fiscal year 2003

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APPENDICES

Strategic development
Traffic Data
Yield
Unit cost
Fleet
Financial key figures



Fiscal year 2003

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Baltic strategy



Fiscal year 2003

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



Increased presence in Finland and in the Baltic region



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



Fiscal year 2003

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Introduction of Blue1 – expansion in the Finnish market

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



Fiscal year 2003

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Baltic countries – interesting opportunities in a growing region

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



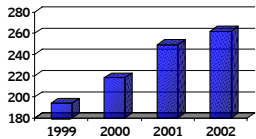
Fiscal year 2003

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AirBaltic – growing based on efficient production platform



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



Yield development 2003 vs 2002



Scandinavian Airline Total Scheduled

Jan-Dec	2003	2002	Change
Yield (öre/RPK)	119,5	142,2	-16,0%
Currency adj. yield	119,5	136,6	-12,5%

Oct-Dec, Q4	2003	2002	Change
Yield (öre/RPK)	116,0	139,4	-16,8%
Currency adj. yield	116,0	131,3	-11,6%



Fiscal year 2003

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Yield development 2003 vs 2002



Yield, local currency	October-December	January-December
Spanair	-6,1%	-4,6%
BRAATHENS	-18,3%	-18,9%
widerøe Member of the SAS Group	-12,8%	-18,8%
Blue 1	-28,8%	-25,0%



Fiscal year 2003

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Unit Cost

October-December 2003 vs 2002



Cost analysis	Q4 2002	Q4 2003	Var%	Share of total var %
Personnel	-2 039	-1 790	-12,2%	-3,0%
Fuel	-706	-696	-1,5%	-0,1%
Gov. Charges	-756	-776	2,6%	0,2%
Selling cost	-442	-153	-65,4%	-3,4%
Ground Services	-1 229	-1 176	-4,3%	-0,6%
Technical	-1 375	-816	-40,6%	-6,6%
Other operating costs	-1 364	-1 003	-26,5%	-4,3%
TOTAL OPERATING EXPENSES	-7 910	-6 410	-19,0%	-17,8%
Aircraft costs	-511	-465	-9,0%	-0,5%
ADJUSTED EBIT	-8 422	-6 875	-18,4%	-18,4%

Volume = average decrease in ASK: -0,5%



Fiscal year 2003

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Unit Cost (adjusted)

January - December 2003 vs 2002



Cost analysis	JAN-DEC 02	JAN-DEC 03	Var%	Share of total var %
Personnel	-7 854	-7 816	-0,5%	-0,1%
Fuel	-2 719	-2 894	6,4%	0,5%
Gov. Charges	-3 347	-3 170	-5,3%	-0,5%
Selling cost	-1 893	-852	-55,0%	-3,1%
Ground Services	-5 225	-4 679	-10,5%	-1,6%
Technical	-4 826	-4 287	-11,2%	-1,6%
Other operating costs	-5 303	-3 788	-28,6%	-4,6%
TOTAL OPERATING EXPENSES	-31 168	-27 486	-11,8%	-11,1%
Aircraft costs	-1 962	-1 958	-0,2%	0,0%
ADJUSTED EBIT	-33 130	-29 445	-11,1%	-11,1%

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

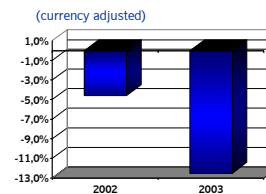


Fiscal year 2003

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Yield Development

January – December 2003 vs 2002



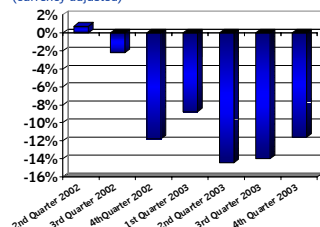
Fiscal year 2003

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Yield Development Q2 2002 – Q4 2003



(currency adjusted)



Yields are under pressure from negative class mix /route mix



Fiscal year 2003

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Passenger Yield

January-December 2003 vs 2002



Route Sector	Nominal yield	Currency effect	Adjusted yield
Scandinavian Airline	84	104	88
Intercontinental	84	109	95
Europe	80	103	85
Intrascandinavian	90	103	91
Denmark*	145	101	140
Norway	83	105	92
Sweden	99	100	101

*) Incl Greenland 2002



Fiscal year 2003

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Passenger Yield

4th Quarter 2003 vs 2002



Route Sector	Nominal yield	Currency effect	Adjusted yield
Scandinavian Airline	84	106	89
Intercontinental	92	108	100
Europe	82	105	85
Intrascandinavian	79	106	84
Denmark	96	102	98
Norway	78	112	87
Sweden	103	100	103



Fiscal year 2003

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Key airline profitability drivers January-December 2003 vs 2002



▶ Traffic growth (RPK)	down	5,6%
▶ Cabin Factor	down	2,2 p.u.
▶ Yields	down	12,5%
▶ Unit costs <small>Incl A/C cost</small>	down	11,1%



Fiscal year 2003

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Key airline profitability drivers 4th Quarter 2003 vs 2002



▶ Traffic growth (RPK)	down	2,4 %
▶ Cabin Factor	down	1,2 p.u.
▶ Yields	down	11,6%
▶ Unit costs <small>Incl A/C cost</small>	down	19,0 %



Fiscal year 2003

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Severe Revenue Pressure Passenger revenues down 6 841 MSEK



January-December 2003

▶ Revenues	33 016 MSEK	- 20,7 %
• Volume		- 5,6%
• Yields		- 12,5%
• Currency		-4,0%



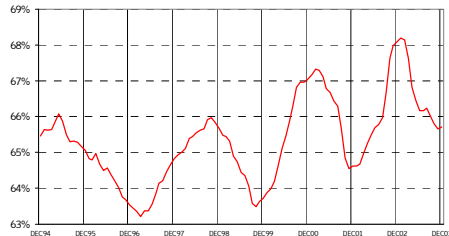
Fiscal year 2003

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Passenger load factor 1995-2003



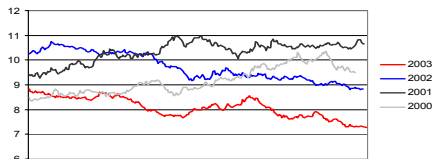
Moving 12 months values



Fiscal year 2003

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Weaker USD offset by increased oil pressure



- Dollar position gradually hedged
- Positive effect on operation costs Q4 by 152 MSEK
- Weak USD => increased yield pressure



Fiscal year 2003

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Currency Effects – SAS Group January-December 2003 vs 2002

MSEK	JAN-DEC
Total revenues	-2 700
Total costs	+3 515
Forward cover costs & working cap.	+11
Income before depr.	+826
Financial items	+282
Income before tax	+1 108



Fiscal year 2003

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Currency Effects – SAS Group January-December 2003 vs 2002

Total revenues & costs: (Total +815 MSEK)		Working capital: (Total -112 MSEK)	
Major approx. effects:			
USD	+1 624	2002	+129
DKK	+10	2003	+17
NOK	-393	Financial items: (Total +282 MSEK)	
EUR	-6	2002	+36
Asian curr.	-212	2003	+318
All others	-208	Grand total +1 108 MSEK	
Forward cover costs: (Total +123 MSEK)			
2002	-10		
2003	+113		



Fiscal year 2003

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Currency Effects – SAS Group October-December 2003 vs 2002

MSEK	OCT-DEC
Total revenues	-1 055
Total costs	+1 207
Forward cover costs & working cap.	-112
Income before depr.	+40
Financial items	-81
Income before tax	-41



Fiscal year 2003

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Currency Effects – SAS Group October-December 2003 vs 2002

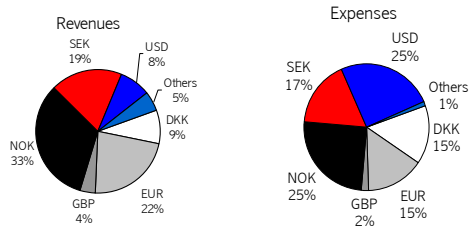
Total revenues & costs: (Total +152 MSEK)		Working capital: (Total -63 MSEK)	
Major approx. effects:			
USD	+435	2002	+79
DKK	+12	2003	+16
NOK	-185	Financial items: (Total -81 MSEK)	
EUR	-12	2002	+81
Asian curr.	-48	2003	0
All others	-50	Grand total +41 MSEK	
Forward cover costs: (Total -49 MSEK)			
2002	-11		
2003	-60		



Fiscal year 2003

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Currency distribution in the SAS Group 2003



Fiscal year 2003

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Balance Sheet

MSEK	31DEC03	31SEP03	31DEC02
Liquid funds	9 066	7 483	10 721
Other interest-bearing assets	8 334	9 244	7 487
Aircraft	25 561	26 192	27 256
Other assets	18 314	21 000	21 346
Total assets	61 275	63 919	66 810
Operating liabilities	15 890	17 548	18 068
Interest-bearing liabilities	28 124	28 553	28 867
Subordinated debenture loan	742	737	915
Deferred tax	3 273	3 134	3 606
Minority interests	112	149	116
Equity	13 134	13 798	15 188
Total liabilities and equity	61 275	63 919	66 810
Financial net debt	18 122	19 375	17 872

Fiscal year 2003

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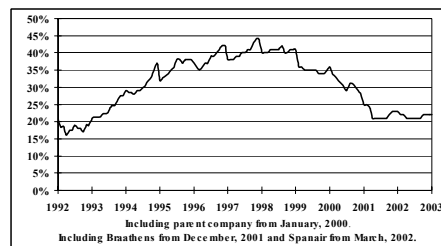
Financial key figures and aircraft fleet data

Fiscal year 2003

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SAS Group Equity / Assets Ratio 9212-0312

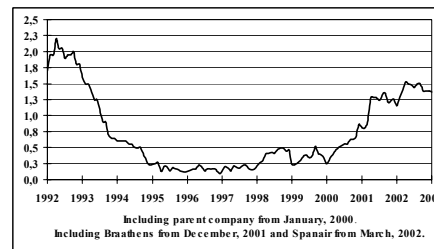


Fiscal year 2003

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SAS Group Financial Net Debt / Equity Ratio 9212-0312

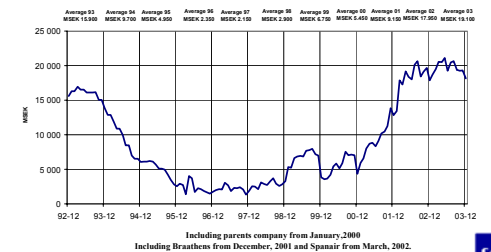


Fiscal year 2003

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SAS Group Development of net debt 9212-0312



Fiscal year 2003

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SAS Group fleet as of Dec 31, 2003

	Owned	Leased In	Total	Leased Out	On Order
Airbus A310/A340-300	7	3	10		1
Airbus A321/A320-200	8	16	24		4
Boeing 767	3	2	5	2	
Boeing 737	33	50	83	8	3
Boeing 737		4	4		
Douglas MD-81/82/83/87	31	61	92	1	
Douglas MD-90	8		8		
Airbus A319		9	9		
Fokker F28	2		2		1
Fokker F50	7		7		2
de Havilland Q400-Q400	21	32	53		
SASB 2000		5	5		
Total	120	182	302	14	9

Company	Owned	Leased In	Total	Leased Out	On Order
Scandinavian Airlines	100	81	181	13	8
Sasnet		51	51		
Brathens	4	23	27	1	1
Widerøe	16	13	29		
Blue1		14	14		
Total	120	182	302	14	9



Fiscal year 2003

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Limited CAPEX – SAS Group Firm Order CAPEX MUS\$ 348

Firm Aircraft Orders

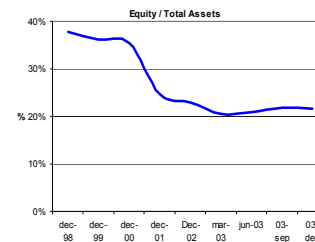
	Total	2004	2005	2006	2007
as per Dec 31, 2003					
Airbus A330	1	1			
Airbus A320/321	5	1	1	1	2
Boeing 737	3	1			2
TOT No. of A/C	9	3	1	1	4
CAPEX (MUSD)	348	123	44	55	125



Fiscal year 2003

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SAS financial position adequate Strengthening ahead



- ▶ Equity MSEK 13 131
- ▶ Equity ratio 22%
- ▶ Financial net debt MSEK 18 122
- ▶ Fin net debt/ equity 138%



Fiscal year 2003

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SAS Group Financial Net January – December 2003

(MSEK)	03-12-31	02-12-31	Difference
Interest net and others	-906	-988	+82
Exchange rate differences	+318	+36	+282
Financial net	-588	-952	+364
(In % p.a. of average financial net debt)	-3,1%	-5,3%	+2,2%



Fiscal year 2003

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SAS Group - Development and Break Down of Financial Net Debt 031231

(MSEK)	031231	021231	Difference
Cash	9 066	10 721	-1 655
Other interest bearing assets	1 678	1 189	+ 489
Interest bearing liabilities	-28 866	-29 782	+916
Financial Net debt	-18 122	-17 872	- 250



Fiscal year 2003

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SAS share



Fiscal year 2003

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Development of Market capitalization

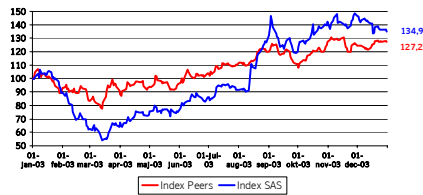


Fiscal year 2003

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SAS share price vs. Peers 2002-2003

SAS Market Capitalization vs. European Peers* measured in SEK
(December 31, 2002 - December 31, 2003)



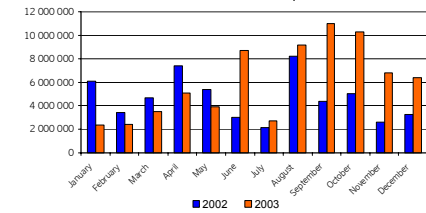
* Peers: Alitalia, Air France, British Airways, Finnair, KLM, Lufthansa & Ryanair

Fiscal year 2003

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Increased trade in the share...

Number of shares traded in SAS per month

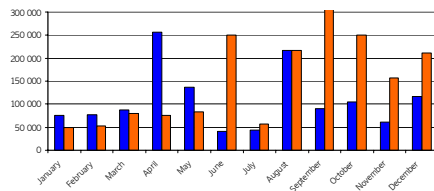


Fiscal year 2003

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...and at Stockholm Stock Exchange

Average daily number of shares traded in Stockholm per month



Fiscal year 2003

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