



SAS AB

Fiscal year 2003



Teleconference
February 11th

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	

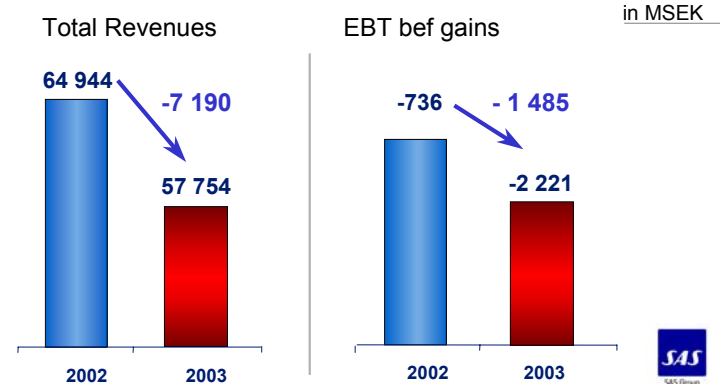
*) Excluding restructuring and impairments **) Including one off MSEK 570 from Swedish Aviation Authority



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SEK 7 billion decline in revenues compensated largely on cost side



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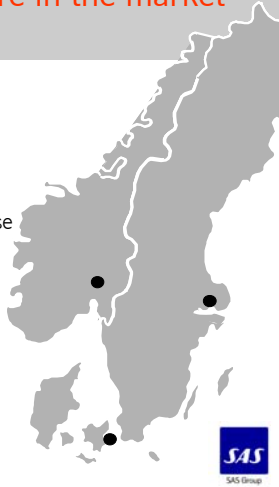
Overcapacity and yield pressure in the market place

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 Turnaround

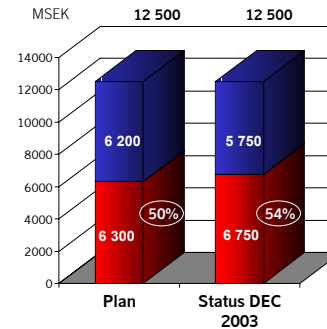


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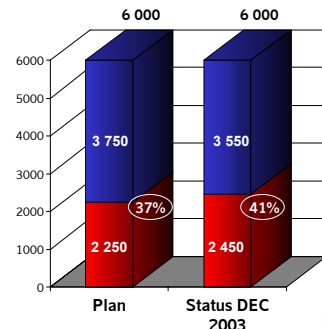
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Turnaround 2005 ahead of plan

Total financial effect of implemented activities compared to plan



Reduction of personnel



To be implemented

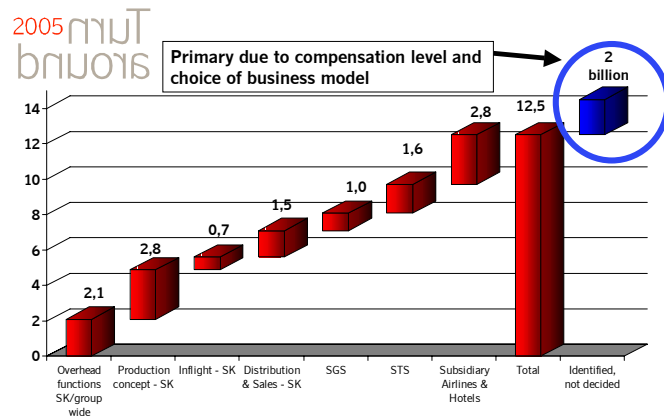
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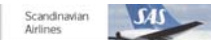
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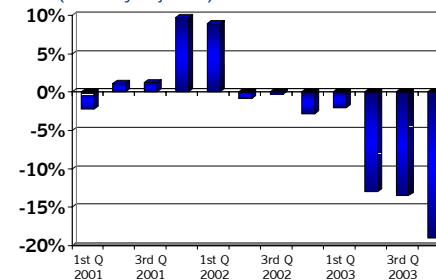
Decided and under implementation 12,5 billion SEK in Turnaround 2005



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



Index last year, EBITDAR level
(currency adjusted) Scandinavian Airlines



- ▶ 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

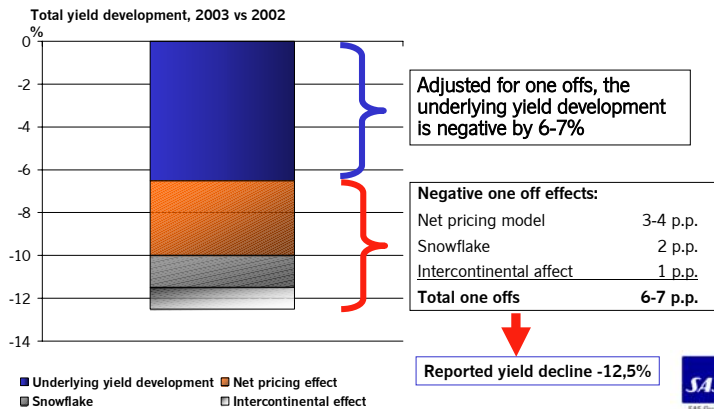
- ▶ Very limited Cash effect from restructuring
- ▶ Most of restructuring cost (MSEK 400) is related to future (2004) salary cost of personnel that are laid off, but liberated from their positions.



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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'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' 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'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'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			 <small>Member of the SAS Group</small>	
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



- 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



Compensation on competitive level

2005 TURNAROUND

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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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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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



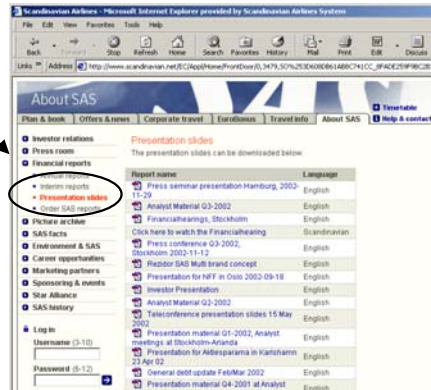
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