

## SAS AB Teleconference



#### November 8, 2001

A BOAR ALLIANDE HEMBER (C)

ce

SAS AB Group

#### Table of contents

- Summary of 3rd Quarter 2001
- ▶ SAS shares
- ▶ Business area- SAS Airline
- ▶ Result improvement measures
- ▶ Business area Hotels
- Business area Other
- ▶ Financial strength
- ▶ Spanair case
- ▶ Braathens acquisition
- → Outlook

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SAS IR/STU

545

Scandinavian Airlines System, Investor Relations Tel. +46 (0) 8 797 1451 Fax: +46 (0)8 797 5110 e-mail: investor.relations@sas.se --- Homepage: www.scandinavian.net -- Results Jan -Sep 2001





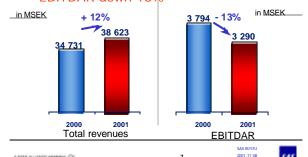
		SAS AB	Group	
An industry in crisis				
September 11, 2001 chang		lustry		
Airline crisis worse than Gu	ılf War			
<ul><li>Great uncertainty</li><li>Threat of world recession</li></ul>				
<ul><li>General fear of travelling</li><li>U.S situation</li></ul>				
0.5 stauton				
A STAN ALLMAND WEARING C	4	SAS IR/STU 2001 -11 -08	545	
		SAS AB	Group	
SAS strengths in crisis s	scenario			
<ul> <li>Limited direct exposure to the U</li> <li>Only 6,5% of revenues</li> <li>Limited feeder effects</li> </ul>	.S.			
<ul> <li>Limited reduct cheets</li> <li>Limited capacity on many Interconnection</li> <li>High load factors prior to U.S</li> </ul>		ıtes		
<ul><li>Strong strategic position</li><li>Strong financial position</li></ul>				
▶ Fleet flexibility				
-Possibility to adjust pace of fl	eet replacem	ent		
A MONA PALLANDE INFAMENT (C)*	5	SAS IR/STU 2001 -11 -08	545	
		CACAD	0	
		SAS AB	Group	
SAS weaknesses in this	scenario			
<ul> <li>High exposure to Business Class -Europe's largest Business Class</li> </ul>				
-Businesses reduce travel -Service and product costs				
·				
<ul> <li>In the middle of large fleet replace</li> <li>Large capital requirement</li> </ul>	ement progr	am		
A STAN ALLANDS WANTED C	6	SAS IR/STU 2001-11-08	545	



#### SAS Group

### Continued growth in revenues

- EBITDAR down 13%



#### SAS AB Group

## Forecast for full year 2001 – chronology of downgrades

- On August 8 forecast for full year 2001 ex gains MSEK 1200
- ➤ September 12 profit warning as mix worsen at least 25% less than 2000
  - No September 11 effect accounted for
- September 26 Result improvement measures to avoid a loss for full year 2001
- November 6 No signs of recovery a loss of at MSEK 1500 -2000 expected for 2001

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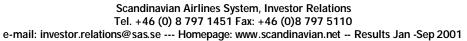
# Cash flow from operations (EBITDAR) down -13% Jan-Sep 2001

MSEK	2001	2000	Change	
Revenue	38 623	34 731	+11%	
▶ EBITDAR	3 290	3 794	-13%	
Pre tax profit				
ex gains	-201	+829	n.m.	
Pre-tax profit	+7	+1 108	-99%	

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Income by Business	∆rea	SAS Group		
medific by business	(MSEK)			
	January - Sep 2001 20	otember 2000		
SAS Airline SAS International Hotels	-238 +4	21 87		
Other operations/Group elim. Group eliminations		84		
Income before taxes	+7 +1 1		-	
notae accusable separates 💇	SAS IR/STI 2001-11-0			
Business area	100	<u> </u>		
SAS Airline		7		
erra accado versión 👺	SAS IR/ST 2001 -11 -0		-	
	S	AS Airline		
3rd Quarter 2001 events Probably the worst in SA				
<ul><li>Continued weaker world econor</li><li>September 11 attack</li></ul>	nies			
<ul><li>Weaker demand</li><li>Airline industry in crisis</li></ul>				
<ul><li>SK 686 Milan accident</li><li>Maersk case/ SAS Board of Dire</li></ul>	ectors resigns			
▶ Significant downgrade of full ye	ar 2001			
	SAS IR/STI			
THE RELIEF STREET CT				



Income by Busine	ess Area		AS Iline	
moomo by basine	(MSEK)			
	Janua 2001	ry - Septem 2000	ber	
Operating revenues Operating expences EBITDAR EBITDA	33 765 -31 126 2 639 <u>872</u>	30 347 -27 247 3 100 1 711	-	
Income before taxes	-238	+421		
a stant according infrastru (C)	13	SAS IR/STU 2001-11-08	545	
		CAC	station -	
Insurance issues		SAS A	Airline	
<ul> <li>Insurance coverage not a hijackings and terrorist a</li> <li>SAS and other carriers a guarantees</li> </ul>	ct sked governm	nents for		
Current guarantee in pla	ce until Nove	mber 23		
▶ EU recommendation to e	extend until ye	ear end		
A BEAM ALL LANDS WEMBERT CO	14	SAS IR/STU 2001 -11 -08	545	
		SAS /	Airline	
Result Improvement	Measures	0,10,1		
<ul> <li>Announced September 2         <ul> <li>12% reduction in capace</li> <li>16 aircraft</li> </ul> </li> <li>Announced November 6         <ul> <li>5 more aircraft 3-5% in</li> </ul> </li> <li>Result improvement progenerations</li> <li>Review of product and services</li> <li>Review of internal work</li> <li>Review of collective agree</li> <li>Accelerated internal efficiency</li> </ul>	cacacity gram MSEK 3 services process eements	500		
SAN WITHOUT NEWSON, C.	15	SAS IR/STU 2001 -11 -08	545	



SAS introduced a variety of measures to offset effects from September 11 announced September 26  • 12% reduction in capacity 2002  - Reduced pace in long-haul strategy  • 16 aircraft to be taken out of service  - 3 wide-body jets  - 10 narrow body jets  - 3 commuter aircraft  • 800-1 100 redundancies  • Price increases of 5% from October 1, 2001  • Result improvement  - 500-600 MSEK in 2002	
SAS RASTU 201-11-08 201-11-08	
The program target 3 500 MSEK SAS Airline	
<ul><li>SAS Airline</li><li>Revenue enhancement</li><li>1 000 MSEK</li></ul>	
- Reduced costs 2 400 MSEK	
100 M05//	
► Other units100 MSEK	
Total 3 500 MSEK	
SAS BOSTU 2001-11 08 545	
Redundancies amount to 2 500 SAS Airline	
employees	
No	
Unit staff World Sales 300	
Scandinavian Flight Operation 120 Sandinavian Cabin Operation 570	
Scandinavian Ground Services 590	
Scandinavian Technical Services 550 Central functions 150	
SAS Airline total 2 280	
Other units 220	
Total SAS Group 2 500	
SAS RE/STU 18 201-11-08 145	

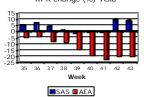


Key airline profitabil  3 <sup>rd</sup> Quarter 2001 vs 2000  SAS Passenger Transport		SAS Airline		
► Traffic growth (RPK)	up	3,1%		
▶ Cabin Factor	down	4,3 p.u.		
Yields	down	2,1%		
Unit costs	up	4,3%		
N SOUND WITTENSOON SERVICES CO.		S IR/STU 01 -11 -08		
	S	AS Airline		
Intercontinental route		1.1		
Significant down from	•			
3m Moving average	<ul> <li>U.S Airspace clean</li> <li>September 11-</li> </ul>	14		
20% 15% 10%	<ul> <li>New York an Washington r</li> </ul>			
5% <b>diffilition of the</b>	affected - Seatlle route			
-10%	<ul> <li>Asian routes de well</li> </ul>	eveloped		
January Marsh April May June July Augus Septembe	<ul><li>Up 3% Sep 1</li><li>Tokyo and Be</li></ul>			
■Total Traffic ■ Business Class	- Delhi to be cl February 200	osed down		
A SUMM AND LANGUIS AND AND SUMMERS CO.	20 20	IS IR/STU 01 -11 -08		
	S	AS Airline		
Traffic development S.	AS vs peers	after		
September 11 –North	Atlantic			
RPK change (%) North Atlantic	SAS traffic 26,6%	down		
0				
-20 -4 <b>1 -41 -41 -41 -41 -41 -41 -41 -41 -41 -4</b>	<ul><li>AEA traffic 35,3%</li></ul>	down		
-60 35 36 37 38 39 40 41 42 43	JJ,J /0			
Week ■SAS <b>■</b> AEA				
N BANK WITTENSON REPORTED S. C.		IS IR/STU 01 -11 -08		

#### **SAS Airline**

## Traffic development SAS vs peers after September 11 -Asia

RPK change (%) Asia



- ▶ SAS traffic up 2,3%
- AEA traffic down 15,5%

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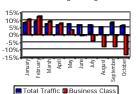


#### SAS Airline

# European routes significantly weaker in Business Class

3rd Quarter

3m Moving average



- Significant slowdown in Business Class during May-August
- Slowdown accelerated after September11
- Business Class down 36% on London after September 11
- Weak also on most other areas

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#### SAS Airline

#### Intrascandinavian routes – Less affected but mix weakens in October

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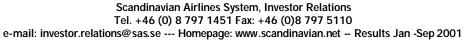
3m moving average

- Significantly less affected
- Weaker on feeder routes to/from U.S.A and Europe
- Weaker to/ from Sweden
  - Weaker Swedish economy

and access service of

SAS IR/









## SAS Airline Norwegian domestic routes affected by increased passenger fees ▶ Weak overall growth - SAS gain market shares 3m Moving average Strong recovery in Business Class Up 9% January-September Increased estimated over capacity 12-14% (August) is now 15-20% A MONTAL LANGE MEMBER 1/2" 25 SAS Airline Swedish domestic routes Significantly weaker Weaker growth in Swedish economy 3m Moving average affect traffic growth ▶ Slowdown accelerated in September/ October 26 SAS Airline Yields are under pressure from negative class mix/ price mix Total system - currency adjusted ▶ Up 5% 1st Quarter ▶ Flat 2nd Quarter - Down 3% on European routes Down 1,9% 3rd Quarter t 2nd 3rd ter Quarter Quarte 01 2001 2001 ▶ 5% Price increase from October 1 ■Yield Currency adjusted

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## **SAS Airline** Negative class mix partly offset by price increases Total system Jan-Sep 2001 ▶ Class mix/ Price mix affect negatively by 6% Prices up 5% overall - 6% in Business Class - 3% in Economy Class ▶ Economy Flex decrease impact from negative class mix/ price mix **SAS Airline** Unit cost increase as volumes are weaker -Index Last Year Decrease of 3,0% 1st Quarter Increase of 3,1% 2<sup>nd</sup> Quarter Increase of 4,3% 3rd Quarter **SAS Airline** Fuel cost - outlook 2001 Hedging ratio ▶ Rest of 2001 55% Next 12 months 48% ▶ Estimate Full year 2001 MSEK 4 100



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			SAS A	irline	
Cargo busines Weaker dema		mproved	d yields		
January-September 2	2001				
<ul><li>Cargo contribut</li><li>MSEK 508</li></ul>	tion 2001		15%		
<ul><li>Revenue ton-kr</li><li>Revenue</li></ul>	n	do fla	own 8,0% it		
		31	SAS IR/STU 2001 -11 -08	545	
				SIH	
Business Area					
SAS Internati Hotels	ional	-1			
Radisson		32	SAS IR/STU 2001 -11 -08	545	
SAS Internation				SIH	
a slowdown ir	3rd Qu	uarter			
***************************************	9m 2001	9m 2000	Change		
Revenues	2 561	2 269	12,8%		 
Operating result	203		-32%		
Adjusted EBITDA	203	295	-30%		
Pre tax profit Including gains	81	487	n.m.		
Dadissan		22	SAS IR/STU		 







Other Income Business Area - other January - September 2001 2000 Operating revenues 4 879 4 326 Operating expences 4 431 3 945 EBITDA 448 381 Income before taxes 184 614 A MONTH ALL LANDS WEMPER TO 37 **Financial position** SAS AB Group SAS financial position is strong ▶ 17,5 SEK Billion in shareholder's equity Lease expences to be reduced
 Overvalues in aircraft fleet (MSEK 2 600 Sep-01) and in equity stakes also After Sep MSEK 18 000 17 000 16 000 15 000 14 000 Key ratios (Sep-01) Net Debt+ 7X lease/ Book equity **112%** Net debt/ equity ratio 0,33



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SAS final compare	ncial position d with mair	on is stron n competite	g ors	SAS AB Group	
				·	
	SAS	AF	ВА	LH	
Adj net debt/ Booked equit		150%	357%	123%	
Based on anal	lyst estimated 200	1 results			
A STAN ALLIANDS WEMBERS (\$2)		40	SAS IR/5 2001 -11		
Firm Ord	der CAPEX	MUSD 12	275		
Aircraft Ord	lers				
	Oct-Dec 0	1 2002 2	<del>003 2</del>	004	
CAPEX (MUS Aircraft on or	SD) <b>29</b> 5	<b>770</b> 7 18	<b>180</b> 3	<b>30</b>	
Airbus A340 Airbus A32		9			
Boeing 737	29	<del>8 -</del> 9			
Note: Aircra	ıft defferals will shi	ft CAPEX from 20	02 to 200		
A STAN ALLIANDS MEMBER (C)		41	2001 -11		
Deferrals	of deliveri	es 2002		SAS Airline	
2 Airbus 330, 5 Airbu 2001	is A 321, 4 Boeing 737	to be deffered 2004			
Airbus A340-300 Airbus A321 – 200 deHavilland Q400	Oct, Nov Oct, Nov, Dec Oct, Nov	Airbus A33 Airbus A32 2005 Airbus A32	1- 200 N	eb Mar, Apr Feb, Mar	
2002 Airbus A340-300 Airbus A330-300	Jan, Apr, Apr Aug	2006 Aribus A32		reb, mar Mar	
February Airbus A321–200 Boeing 737 deHavillandQ400	Jun, Jul, Aug 2 Aircrafts will be deli Feb, Feb, Mar	vered			
2003 Airbus A330 – 300 Boeing 737	May, Oct 4 Aircrafts will be del	ivered			
A SOUR ALL LANDS SOURCES CO.		42	SAS IR/5 2001-41		





SAS AB indebtness	SAS AB Group	
Operating lease * 7 +net debt / equity	Group	
fully a	s of 110-160% acceptable from a	
lender	r/ equity market of view	
80% 60% dec-00 jun-01 dec-01 jun-02 dec-02		
Base Case* Best Case* Worse Case*		
A STAN ALLIANDE DEMARKE CO	SAS IR/STU 2001-11-08	
Commited financing of MSEK 9	300	
European Investement Bank	370	
Revolving Credit Facility	7.400	
Short term financing Total	1.500 9.300	
TOtal	9.300	
A BESTA ALLEMAN UNIVERSITY CO	SAS IR/STU 2001-11-08	
Spanair		
transaction		
	SAS IR/STU	

Spanair is the main a growth Spanish ma	alternative carrier in	n the high			
Capitalise on Spanair		ase and large			
investment in slots business segment	<ol><li>Potential to grow</li></ol>				
Ambition to make Sp		d member of			
Star Alliance					
SAS' controlling posi transfer of manage capabilities			r		
Long haul to be close	ed down				
A SAME AND ADDRESS OF THE PARTY	46	SAS IR/STU 2001 -11 -08	545		
Key Transaction Ter	ms				
SAS to purchase an		stako			
Total ownership		Stake			
Convertion of loan €	•				
SAS's capital injection					
Continued involve					
Joint holding continues incentive structum		n-out			
Expected closing b		cambar 20	Λ1		
Subject to EU (			01		
A 100A ALLIANDE HEMBER (C)	47	SAS IR/STU 2001 -11 -08	545		
Spanair is the Main Alte	ernative Carrier.				
Market Share in	Domestic Routes Operate	ed <sup>(1)</sup>			
January 2001		ıly 2001		-	
Öthers <sup>(2)</sup>	Others(2)				
79,6%	75,5%				
20,4% Scanair		24.5%			_
Spanair Source AENA		Spanair			
Spanair has managed to increase its further focus on service and put		% to 24.5% throu	gh		
(1) Weighted by number of passengers     (2) Includes Bertis and Air Europa		SAS IR/STU			
			1		

SAS to Take Control of a Strategic Asset



# ... in the Rapidly Growing Spanish Market ... 20% 545 ... where its operations are mainly focused 50 Spanair is Well Positioned to Capture the Spanish Market 545 51



and its Highly Competi	tive Cost Dosif	tion	
Unit Cost Variations wit	th Flight Distance, Europe 1		
Cost/Available tonne Kilometre, US Cents 180			
160			
120			
80 AEA Average			
60 Cost advantage = 40% {	panair <sup>(1)</sup>	Average flight distance (Km)	
20		(444)	
600 800 1 000  Source: SAS Annual Report 2000 and SpanairManagement (1) Existing Charter	1 200 1 400 1 60	1 800	
(1) Enclaring Crimer  (2) Including Chaner	52	SAS IR/STU 2001-11-08	
			-
<b>Braathes</b>			
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e along services of memoria. 💍	53	SAS IR/STU 2001 -11 -08	
		_	
Braathens Acquisi		SAS a	
Strong Position in	Norway		
Strong market position i	in Norway		·
▶ Reduced over-capacity in		bility	
Positive feeder effects in		onal network	
Significant pre-tax syner			
<ul> <li>Increased pace in capa focus on cost synergie</li> </ul>	city adjustments	s and increased	
<ul> <li>Expected NPV of MSER</li> </ul>			
postoa . vi v oi ivioEi			
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Outlook 200	)1		
BOWN OFFICE REPORTS (\$2)	55	SAS IR/STU 2001-11-08	
		0.00.01.11	
Ootobor figur	roo	SAS Airline	
October figur			
	duced passenger load factories 15,9% - Economy Class		
	Passenger- Seat capac		
SAS Total	traffic (RPK) (AS		
Intercontinental	-12,1% +4,6	5%	
Europe Domestic and	-6,9% +8,4 -8,7% +2,5		
Intrascandinavian			
NOW WITHOUT MANNEY CO.	56	SAS IR/STU 2001-11-08	
The Doord of	F.Dimontono	SAS AB Group	
The Board of	full year 2001:		
Weaker econo	omies in general		
<ul><li>Significant im</li><li>Further impro</li></ul>	pact from September1 evement measures intr	11 roduced	
	c level for rest of 2001 g gain for full year 20		
at MSEK 1 50		o . ostimatou	
NEAN ALLEMAN HAMBER (\$*	57	SAS IR/STU 2001-11-08	



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