



SAS AB

2nd Quarter 2003



Stockholm – Arlanda, August 12th
London – Radisson SAS, August 12th

On the right track – cost cuts taking effects

- 1st Quarter – Weakest quarter in history for airline industry
- 2nd Quarter – Continued pressure on revenues – reduced operating costs
 - Volumes & yield pressure due to SARS and Iraq war and weak economies
 - Scandinavian Airlines unit cost down 13% in Q2
- **Traffic recovery noted in May/June**
 - U.S./Asian traffic has recovered
 - Bookings to Europe back to 2002 levels
- **Turnaround 2005 (Plan B + C) forcefully implemented**
 - 13-14 billion SEK in cost savings
 - 6 000 redundancies

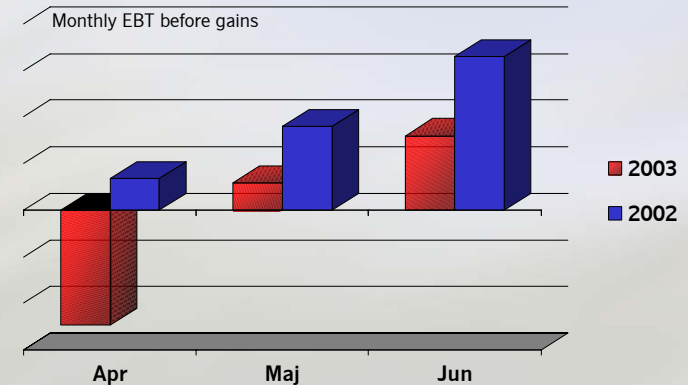
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2nd Quarter revenues hit hard by weak economies and SARS/Iraq

2nd Quarter MSEK	2003	2002	
▶ Revenue	15 300	17 868	-14,4%
▶ EBITDAR	1 608	3 248	-50%
▶ EBT bef. cap gains	-57	1 180	
▶ EBT incl. gains	87	1 039	

3

Extremely weak April Recovery noted as from May 2003



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Severe Revenue Pressure Passenger revenues down 3 729 MSEK Scandinavian Airlines



January-June

- ▶ Revenues 13 618 MSEK - 21,5 %
- Volume - 8.3%
- Yields* - 11,8%
- Currency - 2,7%

* Including Intercont effect and reduced travel agency commissions

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Events 2nd Quarter 2003



- Actions taken under Turnaround 2005
 - New agreements with unions with productivity improvements - block hours up by more than 40%
 - Agreements with all three cabin unions June/July
 - Negotiate reduction of overhead by more than 40%
 - Centralization of base maintenance to Stockholm
 - PFI for pilots under implementation
- Scandinavian Airlines most punctual airline in Europe in June. Best punctuality and regularity in 10 years
- Snowflake well received in market place
 - Passenger load factor > 80%

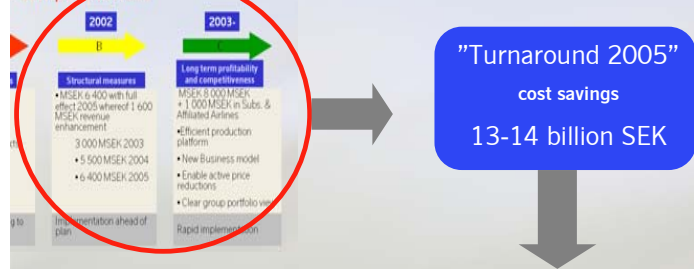
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The SAS Group Turnaround 2005



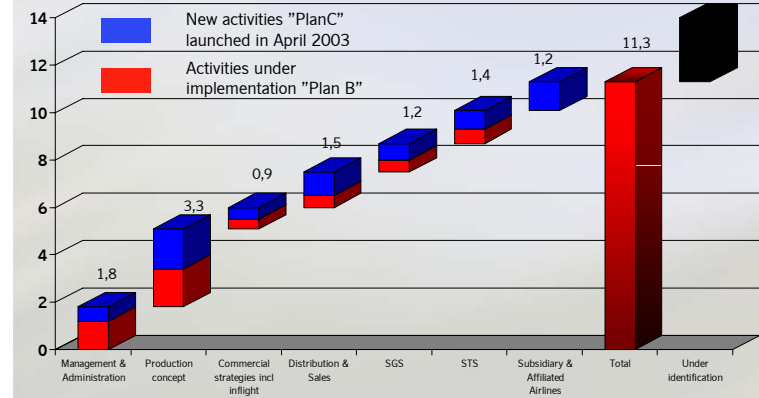
Group's path to profitability and competitiveness



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Identified cost measures of 11 billion SEK in Turnaround 2005



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Streamlined organization for a/c and flight deck



OSL

B737

STO

B737 MD-80

Q400



CPH

MD-80/90

A321 Q400

A330/A340

► **Advantage**

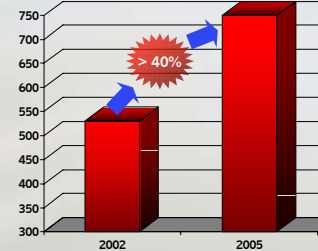
- Improved a/c productivity (less complex planning)
- Reduced type costs for C/A and F/D (productivity and stand-by)
- Reduced type costs for technical maintenance (personal, spare parts and quality)

Overhead reductions by 40% in Scandinavian Airlines

- To be implemented as from September

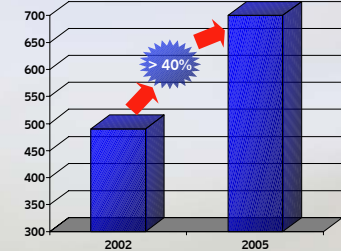
New agreements with possibility to increase crew and pilot block hours by over 40%

Block hours per year, cabin crew



- Cabin crew block hours from 530 to 750
- Pay freeze 2003/2004
- Flexible scheduling

Block hours per year, pilots

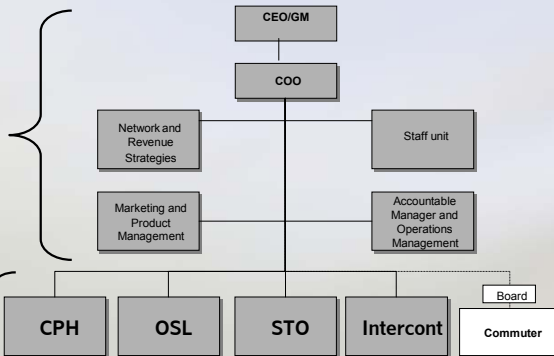


- Work day from 10,5 to 12 hrs/day
- Hours/week up from 42 to 45
- Pay freeze 2003/2004
- Block hours from 490 to 700-750

New organization – three bases

Separation of bases and new leaner organization

New agreements with unions and separation of bases
=> Productivity improvements up to 750 blhr/year



SAS Technical Services (STS) concentrate its base maintenance to Stockholm

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



Large number of redundancies expected

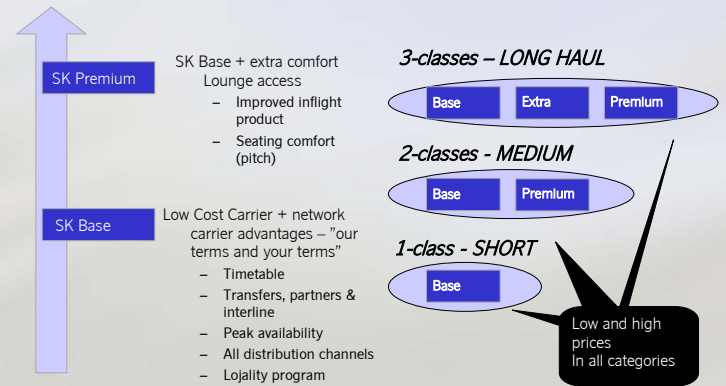
- ▶ Production (pilots, cabin crew, traffic planning etc.)
 - 3 000 FTE (of which 900 within STS)
 - ▶ Sales & Administration
 - 500 FTE
 - ▶ Management & Administration
 - 700 FTE
 - ▶ Subsidiary & Affiliated Airlines
 - 400 FTE
- ▶ In total 6 000 redundancies of which 1 400 already have been implemented



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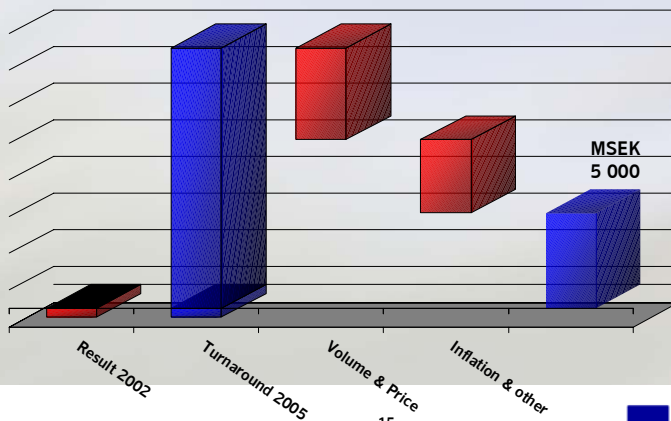
New modulated product concept – the base for future customer set up



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How to bridge the gap to reach target of MSEK 5 000



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Snowflake – over 80% cabin factor in July



www.flysnowflake.com 16



Gunilla Berg
CFO

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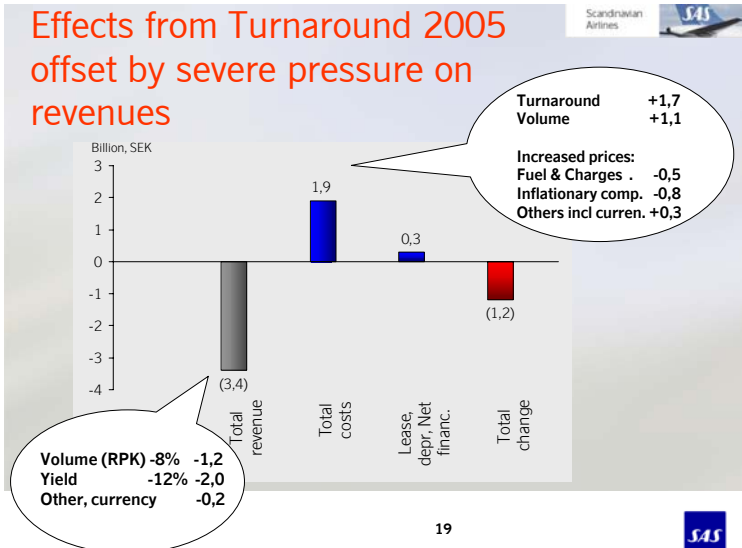
2nd Quarter Earnings before tax - Business area

Business area	Q2 03	Q2 02	Change
Scandinavian Airlines	-77	321	-398
Subsidiary & Aff. Airlines	214	415	-201
Airlines Support Businesses	44	137	-93
Airline Related Businesses	34	41	-7
Hotels	-39	59	-98
Group eliminations	-89	66	
EBT	87	1 039	-952

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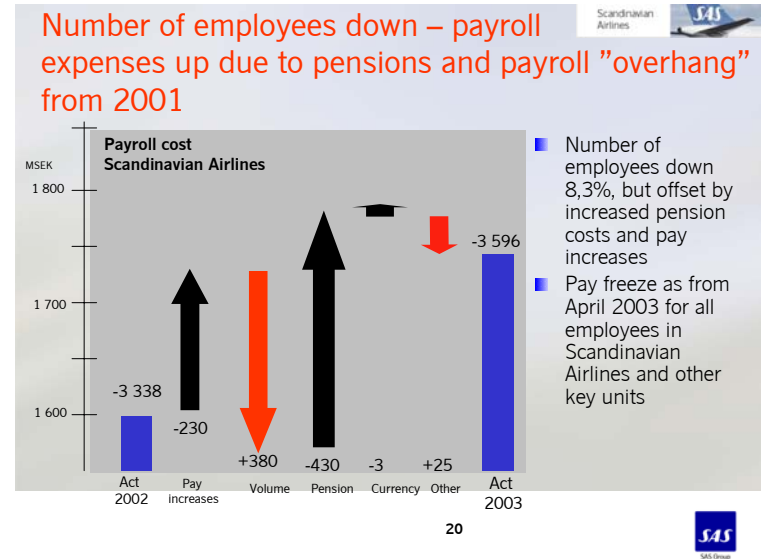
Effects from Turnaround 2005 offset by severe pressure on revenues



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



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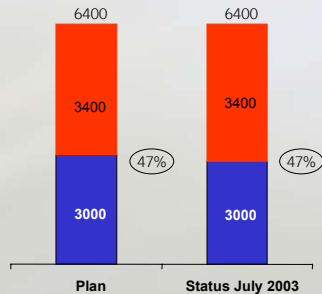


Plan B according to plan



■ To be implemented
■ Implemented

Total financial effect of implemented activities compared to plan MSEK



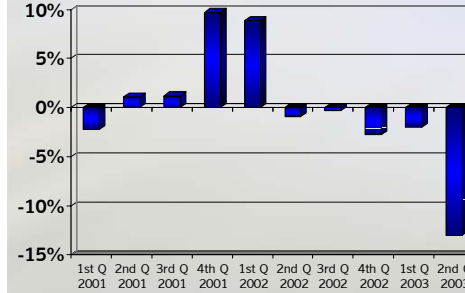
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Sharp reduction in unit cost 2nd Quarter



Index last year (currency adjusted) Scandinavian Airlines



- ▶ Q1 unit cost down 2,0%
- ▶ Q2 unit cost down by 13,0%
 - Turnaround 2005
 - Net pricing model
 - Limited long haul effect
 - Some effect from snowflake introduction

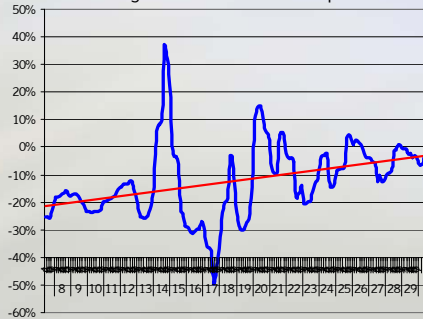
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Bookings have stabilized to almost same level as last year



Net bookings 2003 vs. 2002 - Europe



- ▶ Total bookings in line with 2002
- ▶ Bookings to Europe back to 2002 levels
- ▶ Strong U.S traffic during summer
- ▶ Asia recovered since June
- ▶ Weaker on domestic & intrascand

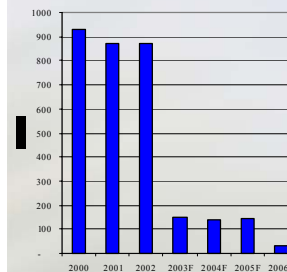
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High financial maneuverability



Aircraft CAPEX



- Liquidity of MSEK 8 155 (unchanged since Q1)
- Committed credit facilities MSEK 7 500
- Solidity 21%
- No Rating Triggers
- Investment program completed
- Young fleet
- Additional sources of capital
 - Aircraft
 - Real estates
 - Non-core businesses

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Jørgen Lindegaard
CEO

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Subsidiary & Affiliated Airlines not immune to falling revenues

Subsidiary & Affiliated Airlines

New improvement measures of MSEK 1 200 identified and initiated

Apr-Jun in MSEK				
Revenues	1 997 8%	1 736 -16%	647 -6%	262 -14%
EBITDAR	382 45%	274 -53%	112 -26%	55 -48%
EBT	86 n/a	73 n.m	43 n.m	16 -75%

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Overall weak market development

Subsidiary & Affiliated Airlines

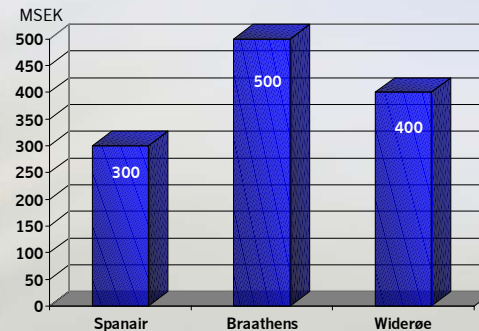


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A number of improvement measures initiated for Subsidiary airlines

Subsidiary & Affiliated Airlines



- ▶ Initiated April 2003
- ▶ Full effect 2004
- ▶ Total measures of at least MSEK 1 200
- ▶ Air Botnia ongoing improvements

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Hotels – weak hotel markets and high energy costs in Norway

Residor SAS Hospitality

- Affected by SARS and Iraq war
- Main capitals in Central Europe more affected than Eastern Europe and smaller cities
- New loyalty program introduced- Goldpoints
- Number of hotels increased from 184 to 213

January – June	2003	2002
Total revenue	1 745	1 624
EBITDA	-76	24
EBITDA, adjusted	-72	37
EBIT	-135	-18
EBT	-154	-26


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Sum up

- Significant pressure on revenues due to
 - Weak economies
 - Iraq/SARS (March/April)
- Cost measures takes effect
 - Turnaround 2005 forceful implementation
 - Unit cost down in Q2 by 13% for Scandinavian Airlines
- Strengthened position for Spanair Air Botnia & AirBaltic
- Good financial maneuverability to implement & carry through turnaround

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The Board of Directors

Assessment for full year 2003:

- Continued weak economies
- Recovery on U.S./Asia and European routes
- Turnaround 2005 – forceful implementation
- EBT bef taxes and gains approximately negative MSEK 2 000

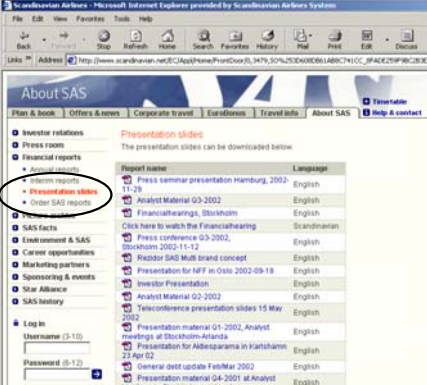
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Thank you for your attention!

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

www.sasgroup.net



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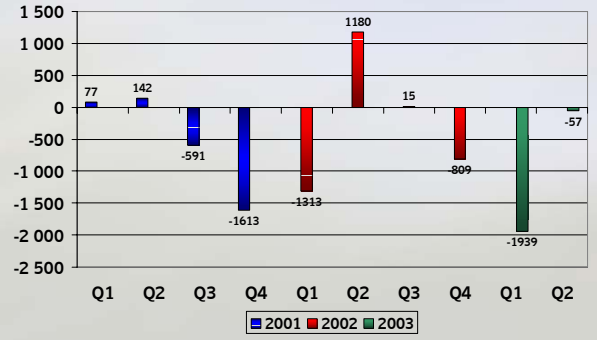
SAS Group 1st Half EBITDAR and CFROI

MSEK	2003	2002	
▶ Revenue	29 010	31 643	-8,3%
▶ EBITDAR	1 210	3 832	-68%
▶ EBITDAR margin	4,2%	12,1%	-7,9 p.p.
▶ CFROI	8%	9%	

Additional slides for further information

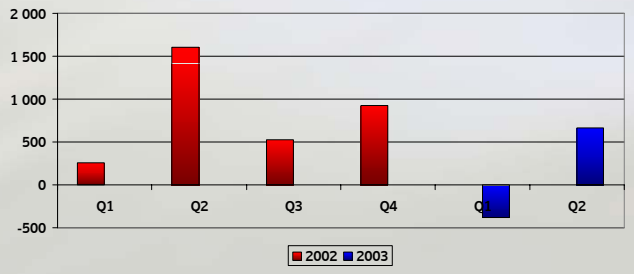
SAS Group 2002 – Quarterly EBT

EBT bef gains
MSEK million

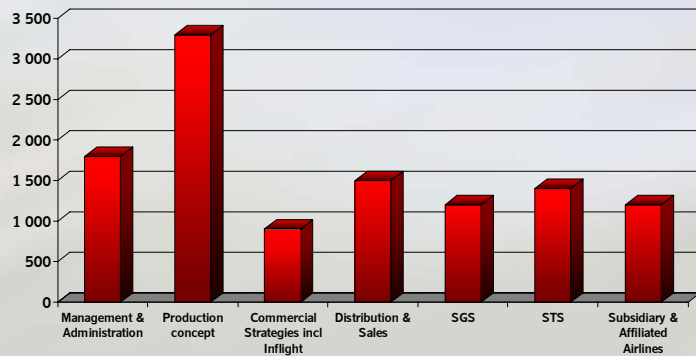


Scandinavian Airlines 2003/2002 Quarterly EBITDAR development

EBITDAR, Scandinavian Airlines
MSEK



Breakdown of Turnaround 2005



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Structural changes in Turnaround 2005



- ▶ Agreements with pilots and crew with potential to increase productivity by more than 40% in Scandinavian Airlines
- ▶ New traffic system point to point



- ▶ Utilize aircraft 1 more hour per day
- ▶ More efficient and improved traffic & planning at 3 bases
- ▶ Aircraft types allocated to bases
- ▶ Decrease overhead and administration in Scandinavian Airlines by more than 40%
- ▶ Centralization of base maintenance to Stockholm-Arlanda
- ▶ New aircraft configuration with app 7% more seats
- ▶ Increase internet sales share
- ▶ Improve check-in automatization

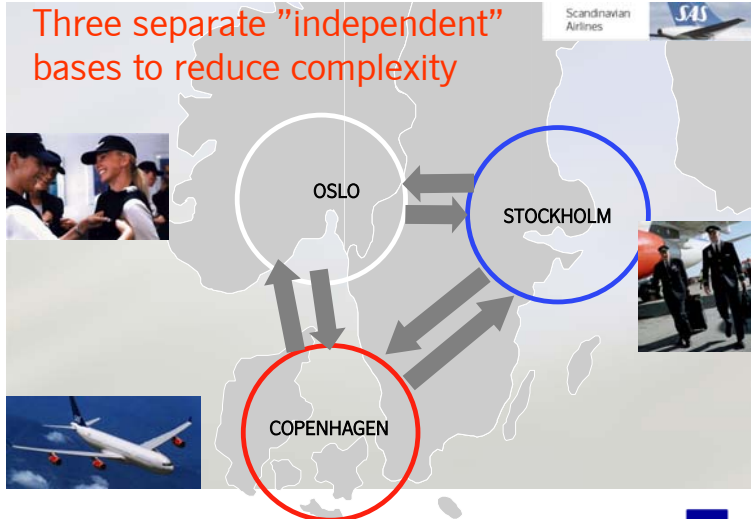


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Three separate "independent" bases to reduce complexity

Scandinavian Airlines

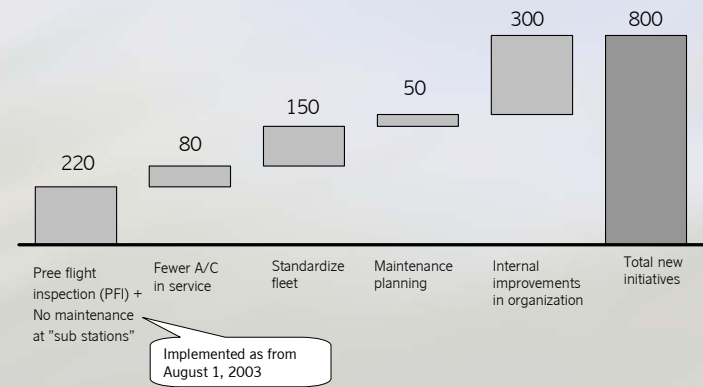


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Breakdown of new identified initiatives within STS

Airline Support Businesses

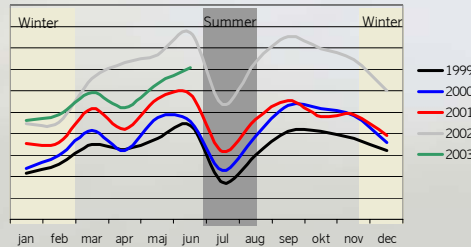


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Group seasonality pattern

- January, February, July and December seasonally weak months
- Revenues in Q3 in average 8% lower than Q2 the last four years
- Revenues in Q4 in average 3% lower than Q2 the last four years

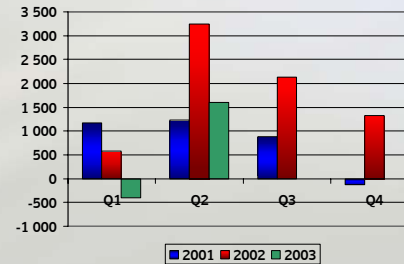


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Significant pressure on revenue halts EBITDAR improvement

EBITDAR MSEK million



EBITDAR in Q2 2003 was 1 608 (3 248) MSEK

EBITDAR

- Scandin Airl. 667 MSEK
- Braathens 274 MSEK
- Spanair 382 MSEK
- Widerøe 112 MSEK
- Air Botnia 55 MSEK

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1st Half Earnings before tax - Business area

Business area	1H 03	1H 02	Change
Scandinavian Airlines	-1 330	-528	-802
Subsidiary & Aff. Airlines	-350	65	-415
Airlines Support Businesses	-84	118	-202
Airline Related Businesses	18	75	-57
Hotels	-154	-26	-128
Group eliminations	-89	-111	
EBT	-1 789	-407	-1 382

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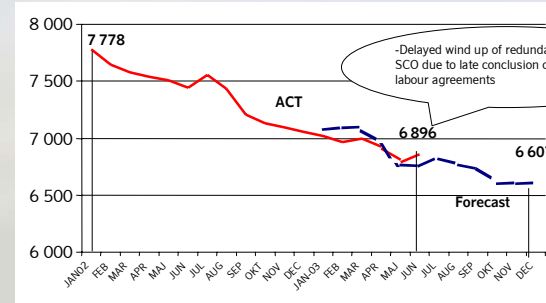
Scandinavian Airlines' hit by weak economies and uncertain markets

January – June	2003	2002
Passenger revenue	13 618	17 347
Other revenue	1 950	1 591
Operating revenue	15 568	18 938
EBITDAR	285	1 746
EBIT	-981	-139
EBT	-1 330	-528

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Scandinavian Airlines Number of personnel



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Reduction of capacity in 2003 for Scandinavian Airlines

	Capacity forecast for 2003 vs. 2002
Domestic incl. intrascand	-20%
Europe	-6%*
Intercontinental	+11%
Total**	-4%**

* +3% including Snowflake

** -1% including Snowflake

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Scandinavian Airlines key airline profitability drivers

2003 vs 2002
January-June

Traffic (RPK)	down	8,3%
Cabin Factor	down	3,9 p.u.
Yields (currency adjusted)	down	11,8%
Unit costs	down	6,8%

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Passenger Yield 2nd Quarter 2003 vs 2002



Route Sector	Nominal yield	Currency effect	Adjusted yield
Scandinavian Airline	82	104	86
Intercontinental	83	111	93
Europe	80	103	82
Intrascandinavian	90	102	92
Denmark*	145	101	146
Norway	83	103	86
Sweden	98	100	98

*) Incl Greenland 2002

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Passenger load factor down for most Group airlines



- ▶ Total traffic decreased by 4,0% vs. 1H 2002
- ▶ Total capacity up by 0,8% vs. 1H in 2002
 - Group passenger load factors hit by weak economies, Iraq and SARS situation

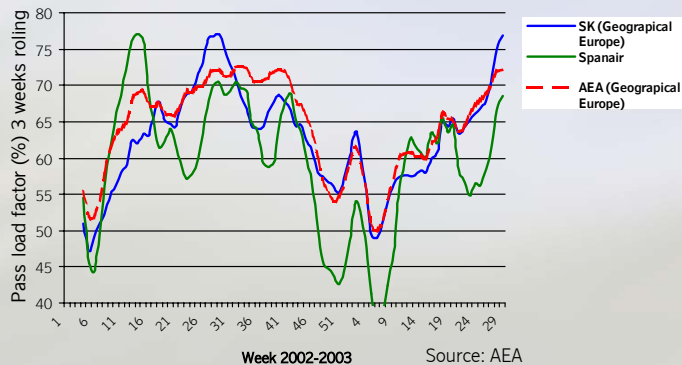
1H passenger load factors

	Scandinavian Airlines	-3,9 p.u.	→	63,3%
	Spanair	-1,4 p.u.	→	57,5%
	Braathens	+2,6 p.u.	→	58,5%
	Widerøe	+1,5 p.u.	→	52,1%
	Air Botnia	-4,1 p.u.	→	46,4%

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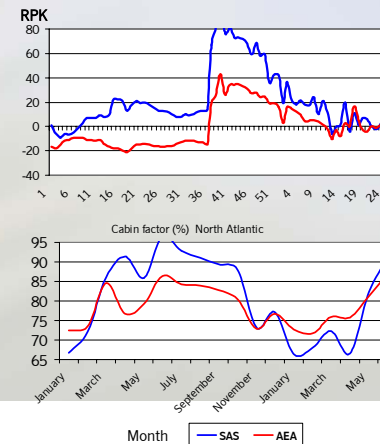
Scandinavian Airlines passenger load factors in line with AEA average



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

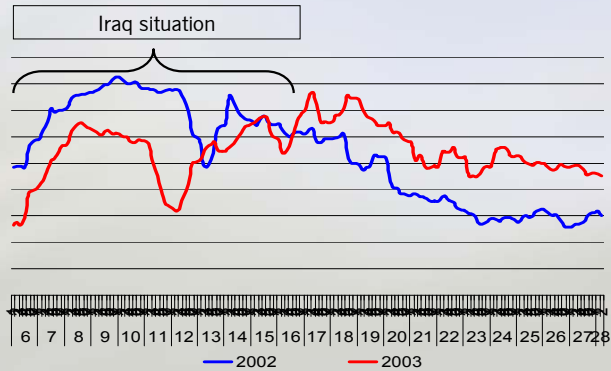


- ▶ Load factors close to 90% during summer
- ▶ Daily frequencies from Copenhagen, Oslo and Stockholm since March
- ▶ Oslo-New York nonstop three times per week with A330 during next winter
- ▶ Traffic in Jan-Jun 2003:
 - European airlines (AEA) traffic up 2,9%
 - SAS traffic up 10,6%

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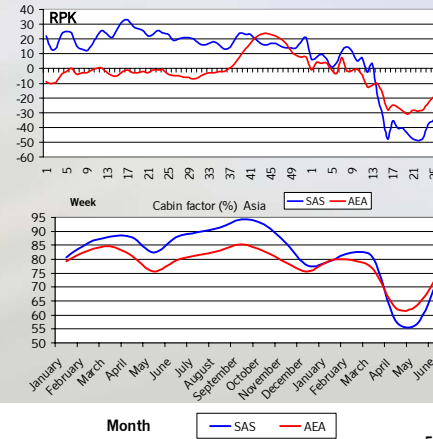


Net bookings to North America have improved significantly



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Asian traffic severely affected by SARS – recovery from June

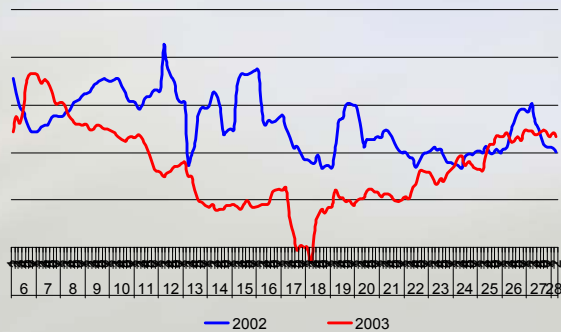


- ▶ Scandinavian Airlines ranked high in customer surveys
- ▶ To resume daily frequencies to Bangkok/Singapore and Beijing as from August 22nd
- ▶ Strengthened market position
- ▶ Traffic in Jan-Jun 2003:
 - AEA traffic down 12,1%
 - SAS traffic down 16,1%

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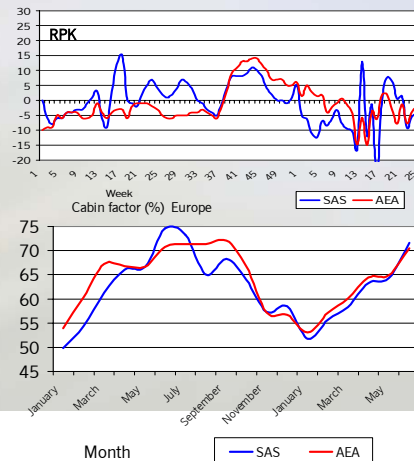
Bookings to Japan positive, Bangkok and Beijing affected by SARS

Capacity to Beijing reduced by 50% (Daily flights to be reintroduced on August 22n)
Capacity to Bangkok/Singapore reduced by one third (daily flights from September)



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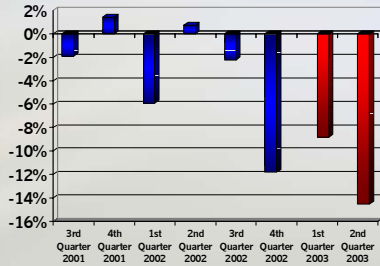
European routes affected by uncertain market conditions



- ▶ Weak market
- ▶ Cabin factor in line with AEA
- ▶ Traffic Jan-Jun 2003:
 - AEA traffic down 1,2%
 - SAS traffic down 4,8%

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Yields under severe pressure 2001- 2nd Quarter 2003 Total system - currency adjusted



- ▶ Yields down 14,5% in 2nd 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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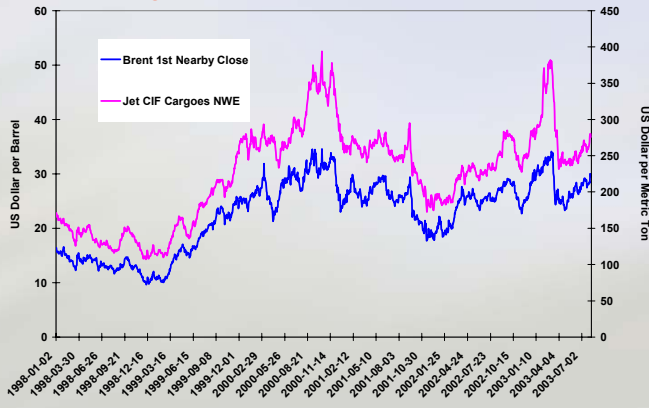
ECA –European cooperation agreement continued negative effects but improvements in 2nd Quarter

- ▶ 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
- ▶ Effect Q2 2003 - MSEK 88

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Brent Crude vs. Jet Fuel January 1998 to Date



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2003 fully hedged

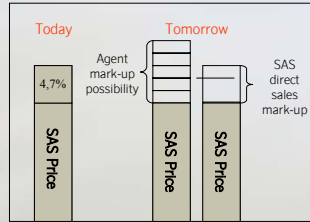
- ▶ Average rates:
 - ▶ 2000 265 USD/MT
 - ▶ 2001 255 USD/MT
 - ▶ Q1 2002 196 USD/MT
 - ▶ Q2 2002 226 USD/MT
 - ▶ Q3 2002 235 USD/MT
 - ▶ Q4 2002 258 USD/MT
 - ▶ Q1 2003 278 USD/MT
 - ▶ Q2 2003 264 USD/MT

Current hedging until year end 95%
Mainly CAPS
Estimated jet fuel cost MSEK 3 000

60



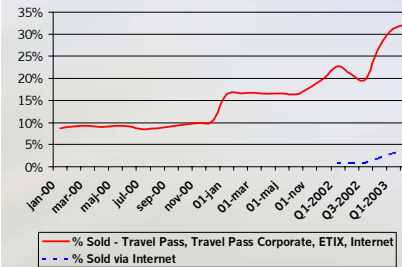
Scandinavian Airlines' new net pricing model accepted well in marketplace



- 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 32% in Q2



- ▶ Direct internet sales 3,9% of total sales (excluding Travel Pass and bookings through agents)
- ▶ Important to reduce cost of sales
- ▶ Total volume E-channels in Q2 MSEK 2 346
- ▶ 32% of total passenger sales in Q1
- ▶ Lowest price on homepage



Subsidiary & Affiliated Airlines



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Income Subsidiary & Affiliated Airlines

	January – June	
	2003	2002*
Operating revenues	8 451	7 749
Operating expenses	-7 584	-6 183
EBITDAR	+867	+1 566
EBT bef gains	-396	+58

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

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Subsidiary & Affiliated Airlines not immune to falling revenues

Subsidiary & Affiliated Airlines

New improvement measures of MSEK 1 200 identified and initiated

Jan-Jun in MSEK				
Revenues	3 372 5,6%	3 285 -8%	1 288 0,9%	485 -9,7%
EBITDAR	324 18%	378 -57%	168 -28%	61 -58%
EBT	-283 22%	-19 n.m.	12 -82%	-13 n.m.

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Improvements in Spanish market as from June

- Revenue increased by 5,6% in 1H
- Unit costs down by 2,7% in 1H
- Charter traffic successively better
- Spanair joined **Star Alliance** as from April 2003
- New price concept** released
 - One way pricing and booking
 - Availability pricing
 - Extra 30 EUR for Business Class

January – June	2003	2002
Operating revenue	3 372	3 193
EBT	-283	-365

66



Braathens affected by significantly lower yield

- Yield down 19,1% - partly explained by average longer routes
- Four new destinations introduced as from March 31st
- Cabin factor increased by 2,6 p.u
- Substantial new cost measures initiated of app MSEK 500 with full effect 2004

January – June	2003	2002
Operating revenue	3 285	3 572
EBT	-19	444



Air Botnia affected by weak market

- Two new non stop routes Helsinki-Brussels and Düsseldorf introduced
- Increased market shares in weak market

January – June	2003	2002
Operating revenue	485	537
EBT	-13	60



Widerøe hit by weak yield development

- Yield down by 20%
- To implement MSEK 400 in cost improvement measurements

January – June	2003	2002
Operating revenue	1 288	1 277
EBT	12	68

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Airline Support Businesses



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Airline Support Businesses

Airline Support
Businesses



January – June
(MSEK)

Operating revenues
Operating expenses

EBITDA

EBT

2003

9 434

-9 197

237

-84

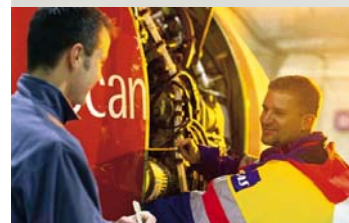
2002

10 088

-9 703

385

118



SAS World Sales to be integrated in
Scandinavian Airlines as from Q3

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SAS World Sales (SWS)

- To be integrated in Scandinavian Airlines as from August 2003
- Implementing new improvement measures to offset weak demand

January – June

Total revenue
Whereof external
EBITDA
EBIT
Employees

2003

2 540

24,9%

82

54

2 422

2002

3 267

10,3%

175

149

2 513

71



SAS Technical Services (STS)

- MSEK 800 identified in new cost improvements
- Improved earnings as cost improvement measures start to give effect
- To concentrate base maintenance to Stockholm-Arlanda

January – June

Total revenue
Whereof external
EBITDA
EBIT
Employee

2003

2 796

13,6%

166

28

3 659

2002

2 793

13,1%

120

-11

3 868

72





Scandinavian Ground Services (SGS)

- Affected by lower volumes
- Turnaround 2005 measures under implementation

January – June	2003	2002
Total revenue	2 796	2 967
Whereof external	13,5%	12,0%
EBITDA	-102	9
EBIT	-167	-54
Employee	6 879	6 669

73



Increased volumes for SAS Cargo

- Improved result but yield down by 5%
- Integrated with Braathens Cargo
- Increased demand on intercontinental routes

January – June	2003	2002
Total revenue	1 467	1 304
Whereof traffic rev	1 080	1 045
EBITDA	43	-23
EBIT	22	-44
EBT	-4	-40

74



Airline Related Businesses



75



Income Business Area Airline Related Business

Airline Related Businesses



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

January - June

MSEK	2003	2002
Operating revenues	2 383	3 089
Operating expenses	-2 253	-2 805
EBITDA	130	284
Income before taxes	18	75

76





Scandinavian IT Group

- Improved profitability in weak market conditions
- Implementation of Turnaround according to plan
- Higher automotive in Scandinavian Airlines

January – June	2003	2002
Total revenue	1 028	1 108
Whereof external rev	10,2%	4,2%
EBITDA	97	106
EBIT	48	44
EBT	49	43

www.scandinavianIT.com

77



SAS Trading – affected by weaker NOK

Airline Related Businesses



EURO SHOP



www.scandinavian.net

SAS Trading is a business in the SAS Group and a operator within Travel Retail. SAS Trading had 342 employees in 1H 2003

Result negatively affected by weaker Norwegian currency

New agreement with Inflight Service

	January-June 2003	2002
Total Revenues	752	1 074
EBITDA	-63	20
Profit before taxes	-49	-4

78



SAS Flight Academy

Airline Related Businesses



Revenue under pressure

SFA will coordinate all pilot and cabin trainin for Scandinavian Airlines, Braathens and Widerøe at Gardemoen (Oslo)



www.sasflightacademy.com

	January-June 2003	2002
Total Revenues	266	318
EBITDA	62	89
Profit before taxes	11	36

79



Jetpak

Airline Related Businesses



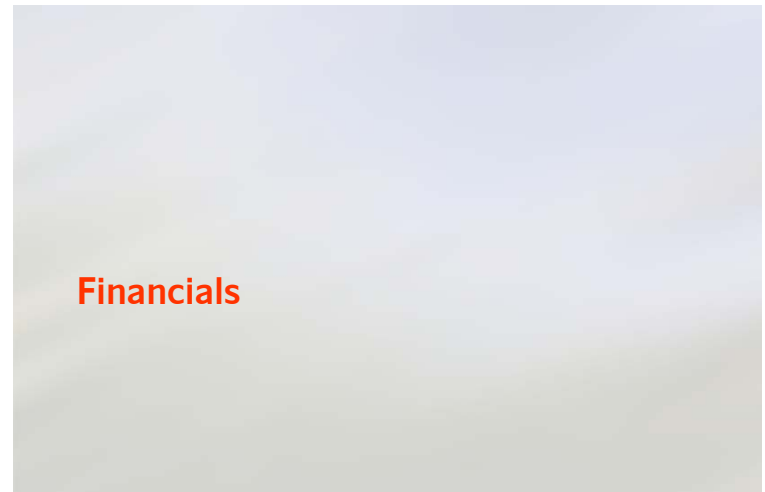
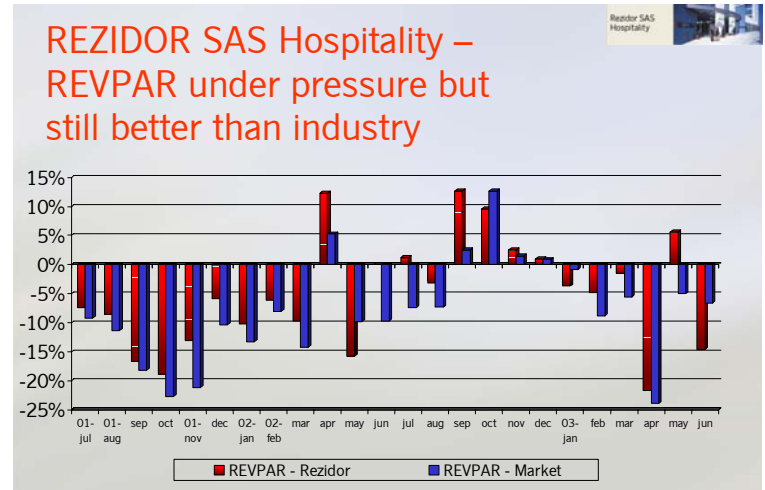
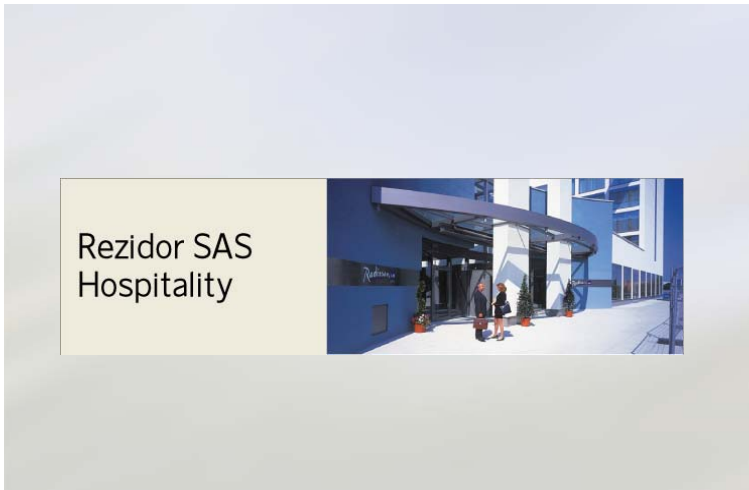
www.jetpak.com

- ▶ Jetpak is one of the fastest growing companies within express logistic in the Nordic countries.
- ▶ Improved profitability as a result of good cost control
- ▶ Weak market, but some improvements have been noted in the end of the period.

	January-June 2003	2002
Total Revenues	226	181
EBITDA	15	-6
Profit before taxes	11	-10

80





Financials

Clear Targets to Reduce Indebtedness - Long-term Targets established

- | Key figures | Today | Target |
|-----------------------------------|-------|--------|
| Equity/assets ratio (solidity) | 21% | >30% |
| Financial net debt/ equity | 144% | <50% |
| Fin. net debt+NPV Oplease/ equity | 232% | <100% |
| Fin. net debt+7* Oplease/ equity | 321% | <100% |
- Targets will be reached by:
- Turnaround measures
 - Release of main assets:
 - Aircraft
 - Properties
 - Non-core subsidiaries

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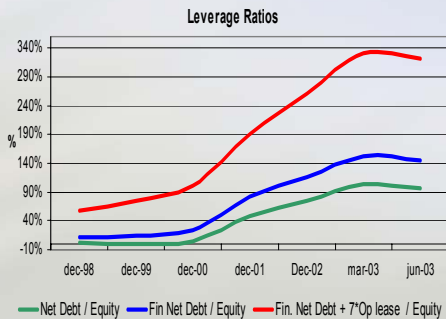
No undervalues despite reduced aircraft prices and weaker USD to SEK



86



Gearing levels peaking Consolidation ahead



- Leverage peaking during 2003
- Clear targets to reduce Leverage

87



Liquidity position maintained Committed Credit Facilities of MSEK 7 500

	MSEK
Liquid Funds 30/06-03	8 155
<u>Available Credit Facilities:</u>	
Revolving Credit Facility (MUSD 700)	3 200
Aircraft Finance Lease Facility	2 400
Bi-lateral Facilities	1 100
Others	800
Total Available Facilities	7 500
Total Available Funds	15 655

88



Reduced CAPEX will improve free cash flow going forward

MSEK	April – June	2003	2002
Cash flow from operations		550	1 754
Change in working capital		229	560
Net financing from operations		779	2 314
Investments, advance payments		-1 260	-3 178
Acquisition/sale of subsidiaries (net)		-	-181
Sales of fixed assets, etc.		1 604	167
Financing deficit/surplus		1 123	-878
Changes in external financing, net		-1 502	1 426

89

Cash flow first half

MSEK	January – June	2003	2002
Cash flow from operations		-545	1 326
Change in working capital		-355	380
Net financing from operations		-900	1 706
Investments, advance payments		-2 224	-5 128
Acquisition/sale of subsidiaries (net)		-19	-46
Sales of fixed assets, etc.		+1 906	+1 388
Financing deficit/surplus		-1 237	-2 080
Changes in external financing, net		-1 329	154

90

Weak traffic figures in Scandinavia 1H

- ▶ Group passenger load factor down by 3,8 p.u.
- ▶ Scandinavian Airlines load factor down by 3,9 p.u.

	Passenger-traffic (RPK)	Seat capacity (ASK)	Cabin-factor
SAS Group Total	-4,0%	+0,8%	61,4%
Intercontinental	-4,4%	+9,9%	
Europe	+2,4%	+5,5%	
Domestic and Intrasandinavian	-12,8%	-12,8%	

91

Recovery on traffic to US and Asia in July

- ▶ Group passenger load factor down by 1,1 p.u.
- ▶ Scandinavian Airlines load factor up by 0,4 p.u.
- ▶ Group traffic in Europe up by 10,4%

	Passenger-traffic (RPK)	Seat capacity (ASK)	Cabin-factor
SAS Group Total	-0,1%	+1,4%	70,6%
Intercontinental	-0,5%	+2,9%	
Europe	+10,4%	+9,2%	
Domestic and Intrasandinavian	-19,0%	-13,5%	

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Capacity outlook



Capacity forecast
for 2003 vs. 2002

Scandinavian Airlines	-1%*
Spanair	+3%
Braathens	+14%

* -4% excluding Snowflake

93



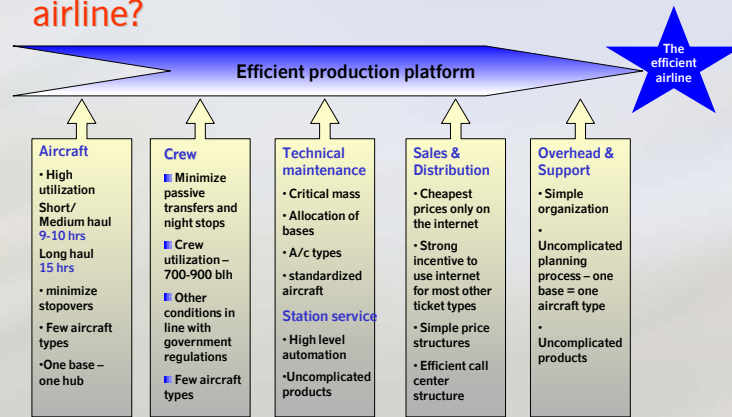
APPENDICES

Strategic development
Traffic Data
Yield
Unit cost
Fleet
Financial key figures

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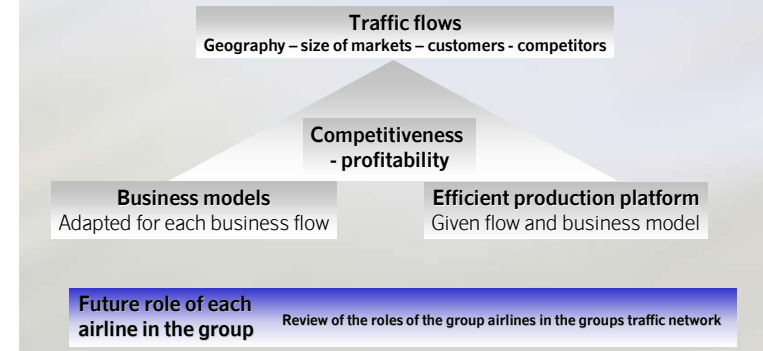
What characterizes an highly efficient airline?



95



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

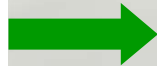


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Traffic flow determine cost level

- 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

97

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)

98



Traffic and Yield January-June 2003 vs 2002

Scandinavian Airline	2003	2002	Index variance
Total Scheduled			
Production (mill ASK)	16 603	17 061	97
Traffic (mill RPK)	10 513	11 468	92
Cabin factor (%)	63.3	67.2	-3.9
Yield (öre/RPK)	129.5	151.3	86
Currency adj. yield	129.5	146.9	88

99



Traffic and Yield 2nd Quarter 2003 vs 2002

Scandinavian Airline	2003	2002	Index variance
Total Scheduled			
Production (mill ASK)	8 563	8 773	98
Traffic (mill RPK)	5 614	6 240	90
Cabin factor (%)	65.6	71.1	-5.6
Yield (öre/RPK)	125.2	151.9	82
Currency adj. yield	125.2	147.4	86

100



Traffic and Yield January-June 2003 vs 2002

Braathens (Total scheduled)	2003	2002	Index variance
Production (mill ASK)	2 482	2 220	112
Traffic (mill RPK)	1 453	1 243	117
Cabin factor (%)	58.5	55.9	+2.6
Yield			81

*) local currency

101



Traffic and Yield 2nd Quarter 2003 vs 2002

Braathens (Total scheduled)	2003	2002	Index variance
Production (mill ASK)	1 340	1 197	112
Traffic (mill RPK)	852	717	119
Cabin factor (%)	63.6	59.8	+3.7
Yield			75

*) local currency

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Traffic and Yield January-June 2003 vs 2002

Spanair (Total scheduled)	2003	2002	Index variance
Production (mill ASK)	3 444	3 246	106
Traffic (mill RPK)	1 981	1 914	104
Cabin factor (%)	57.5	58.9	-1.4
Yield *)			100

*) local currency

103



Traffic and Yield 2nd Quarter 2003 vs 2002

Spanair (Total scheduled)	2003	2002	Index variance
Production (mill ASK)	1 896	1 686	112
Traffic (mill RPK)	1 130	989	114
Cabin factor (%)	59.6	58.7	+0.9
Yield *)			93

*) local currency

104





Traffic and Yield January-June 2003 vs 2002

Spanair (Charter)	2003	2002	Index variance
Production (mill ASK)	2 650	2 238	118
Traffic (mill RPK)	2 166	1 949	111
Cabin factor (%)	81.7	87.1	-5.4

*) local currency

105



Traffic and Yield January-June 2003 vs 2002

Wideroe	2003	2002	Index variance
Production (mill ASK)	475	393	121
Traffic (mill RPK)	247	199	124
Cabin factor (%)	52.1	50.6	+1.5
Yield *)			80

*) local currency

106



Traffic and Yield 2nd Quarter 2003 vs 2002

Wideroe	2003	2002	Index variance
Production (mill ASK)	242	202	120
Traffic (mill RPK)	133	107	125
Cabin factor (%)	54.9	52.9	+2.0
Yield *)			78

*) local currency

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Traffic and Yield January-June 2003 vs 2002

Air Botnia	2003	2002	Index variance
Production (mill ASK)	423	320	132
Traffic (mill RPK)	196	161	122
Cabin factor (%)	46.4	50.5	-4.1
Yield			74

*) local currency

108



Traffic and Yield 2nd Quarter 2003 vs 2002

Air Botnia	2003	2002	Index variance
Production (mill ASK)	218	165	132
Traffic (mill RPK)	112	94	119
Cabin factor (%)	51.5	57.2	-5.7
Yield			72

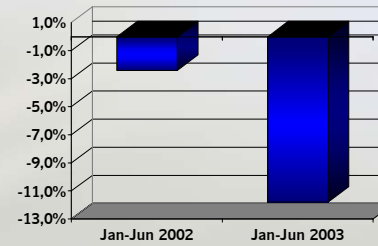
*) local currency

109



Yield Development January – June 2003 vs 2002

(currency adjusted)

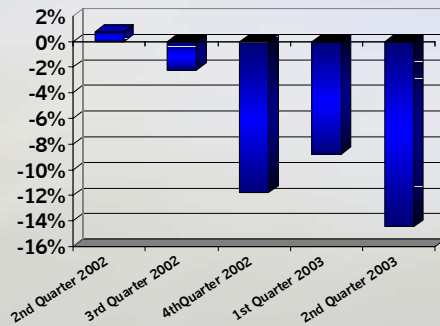


110



Yield Development Q2 2002 – Q2 2003

(currency adjusted)



Yields are under pressure from negative class mix /route mix

111



Passenger Yield January-June 2003 vs 2002

Route Sector	Nominal yield	Currency effect	Adjusted yield
Scandinavian Airline	86	103	88
Intercontinental	85	110	93
Europe	86	102	88
Intrascandinavian	93	101	94
Denmark*	140	101	141
Norway	95	100	95
Sweden	99	100	99

*) Incl Greenland 2002

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Passenger Yield 2nd Quarter 2003 vs 2002

Route Sector	Nominal yield	Currency effect	Adjusted yield
Scandinavian Airline	82	104	86
Intercontinental	83	111	93
Europe	80	103	82
Intrascandinavian	90	102	92
Denmark*	145	101	146
Norway	83	103	86
Sweden	98	100	98

*) Incl Greenland 2002

113

Unit Cost (adjusted) April - June 2003 vs 2002

MSEK	Volume and curr. adjusted Q2 2002	Q2 2003	Var. %	Share of total var %
Personnel	1 717	1 748	1,8%	0,4%
Fuel	694	715	3,1%	0,2%
Gov. charges	906	814	-10,1%	-1,1%
Selling costs	1 523	916	-39,8%	-7,0%
Ground Services	1 333	1 151	-13,7%	-2,1%
Technical	1 138	1 146	0,7%	0,1%
Other oper.	916	668	-27,1%	-2,9%
TOTAL OPER NET COST	8 226	7 158	-13,0%	-12,3%
Aircraft costs	464	486	4,8%	0,3%
ADJUSTED EBIT	8 690	7 644	-12,0%	-12,0%

Volume = average decrease in ASK: -2,4%

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Unit Cost (adjusted) January - June 2003 vs 2002

MSEK	Volume and curr. adjusted JAN-DEC 02	JAN-JUN 03	Var. %	Share of total var %
Personnel	3 424	3 596	5,0%	1,0%
Fuel	1 313	1 470	12,0%	0,9%
Gov. charges	1 723	1 610	-6,6%	0,7%
Selling costs	2 714	1 771	-34,7%	-5,6%
Ground Services	2 653	2 319	-12,6%	-2,0%
Technical	2 274	2 393	5,2%	0,7%
Other oper.	1 865	1 590	-14,7%	-1,6%
TOTAL OPER NET COST	15 966	14 749	-7,6%	-7,2%
Aircraft costs	909	977	7,6%	0,4%
ADJUSTED EBIT	16 874	15 726	-6,8%	-6,8%

Volume = average decrease in ASK: -2,7%

115

Key airline profitability drivers January-June 2003 vs 2002

- ▶ Traffic growth (RPK) down 8.3 %
- ▶ Cabin Factor down 3.9 p.u.
- ▶ Yields down 11.8 %
- ▶ Unit costs inkl A/C cost down 4.9 % *

*) Adjusted for method change = down 6.8 %

116

Key airline profitability drivers 2nd Quarter 2003 vs 2002

- ▶ Traffic growth (RPK) down 10.0 %
- ▶ Cabin Factor down 5.6 p.u.
- ▶ Yields down 14.5 %
- ▶ Unit costs inkl A/C cost down 10.2 % *

*) Adjusted for method change = down 12.0%

117



Passenger Revenue Analysis January-June 2003 vs 2002

- ▶ Revenues 13 618 MSEK - 21.5 %
- Volume -8.3 %
- Yields - 11.8 %
- Currency - 2.7 %

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Passenger load factor 1995-2003

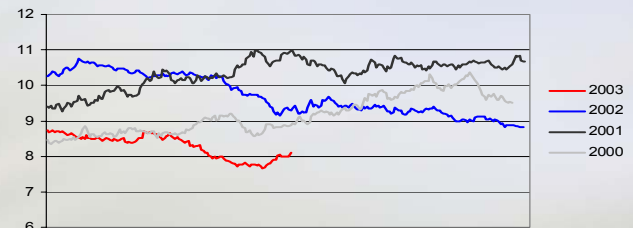
Moving 12 months values



119



Weaker USD offset by increased yield pressure



- Dollar position gradually hedged
- Positive effect on operation costs Q2 by 478 MSEK
- Weak USD => increased yield pressure

120



Currency Effects – SAS Group

January-June 2003 vs 2002



MSEK	JAN-JUN
Total revenues	-799
Total costs	+1 415
Forward cover costs & working cap.	-44
Income before depr.	+572
Financial items	+293
Income before tax	+865

121



Currency Effects – SAS Group

January-June 2003 vs 2002



Total revenues & costs: (Total +616 MSEK)		Working capital: (Total -113 MSEK)	
Major approx. effects:		2002 +88	
USD	+893	2003 -25	
DKK	0		
NOK	-28		
EUR	+4		
Asian curr.	-117		
All others	-136		
Forward cover costs: (Total +69 MSEK)		Financial items: (Total +293 MSEK)	
2002 +29		2002 +39	
2003 +98		2003 +332	
		Grand total +865 MSEK	

122



Currency Effects – SAS Group

April-June 2003 vs 2002



MSEK	APR-JUN
Total revenues	-610
Total costs	+869
Forward cover costs & working cap.	-94
Income before depr.	+165
Financial items	+118
Income before tax	+283

123



Currency Effects – SAS Group

April-June 2003 vs 2002

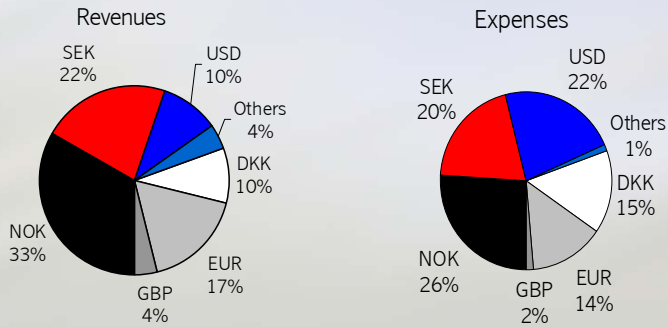


Total revenues & costs: (Total +259 MSEK)		Working capital: (Total -159 MSEK)	
Major approx. effects:		2002 +178	
USD	+478	2003 +19	
DKK	-6		
NOK	-66		
EUR	+6		
Asian curr.	-67		
All others	-86		
Forward cover costs: (Total +65 MSEK)		Financial items: (Total +118 MSEK)	
2002 -10		2002 -89	
2003 +55		2003 +29	
		Grand total +283 MSEK	

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Currency distribution in the SAS Group 2002



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Financial key figures and aircraft fleet data

126



Balance Sheet

MSEK

30JUN03

31MAR02

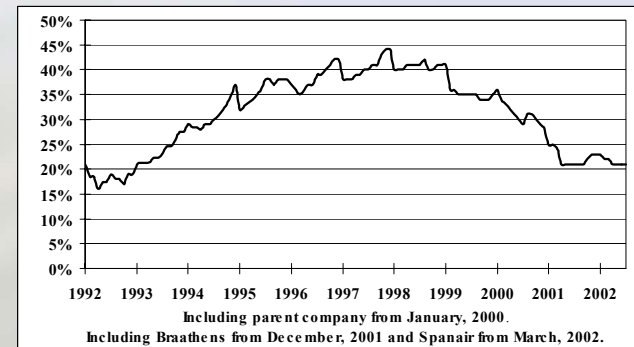


Liquid funds	8 155	8 534
Other interest-bearing assets	8 433	7 902
Aircraft	26 552	27 530
Other assets	20 528	21 188
Total assets	63 668	65 154
Operating liabilities	17 568	17 846
Interest-bearing liabilities	28 487	29 448
Subordinated debenture loan	855	905
Deferred tax	3 436	3 517
Minority interests	93	76
Equity	13 229	13 362
Total liabilities and equity	63 668	65 154
Financial net debt	19 232	20 554

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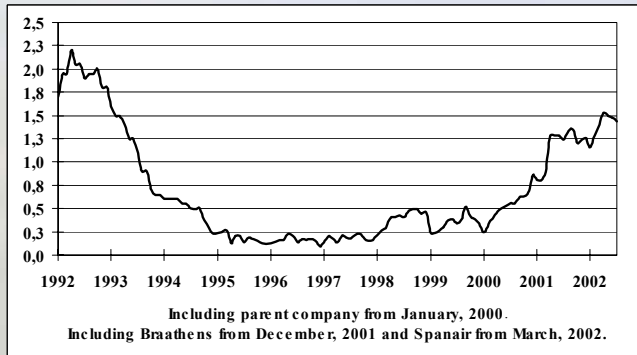
SAS Group Equity / Assets Ratio 9212-0306



128



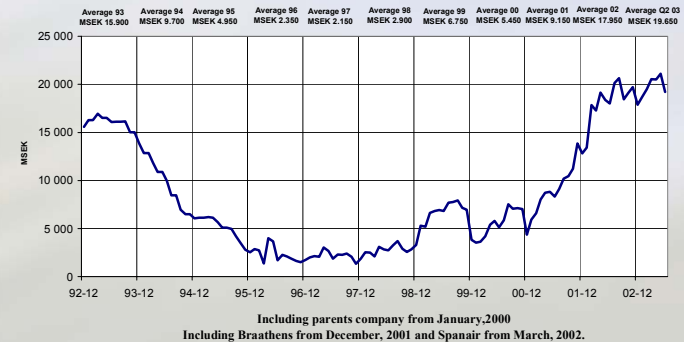
SAS Group Financial Net Debt/Equity Ratio 9212-0306



129



SAS Group development of financial net debt 9212-0306



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SAS Group fleet as of Jun 30, 2003

Aircraft Type	Owned	Leased	Total	Leased	On Order
SK,JK,BU,W,F,KF	In	In		Out	
Airbus A340-300	5	2	7		
Airbus A330-300	2	1	3		1
Airbus A321-200	8	5	13		5
Airbus A320	0	11	11		
Boeing 767-300	3	4	7		
Boeing 737-400	0	4	4		
Boeing 737-500	0	14	14		
Boeing 737-800	12	18	30	3	
Boeing 737-700	6	9	15		
Boeing 737-800	14	5	19	4	4
Bosing 717	0	4	4		
Douglas MD-81	5	10	15		
Douglas MD-82	17	26	43		
Douglas MD-83	0	21	21		
Douglas MD-87	10	6	16		
Douglas MD-90-30	8	0	8		
Avro RJ-85	0	5	5		
Embraer ERJ 145	0	3	3		
Fokker F28	3	0	3		1
Fokker F50	7	0	7		2
deHavilland Q100	16	1	17		
deHavilland Q300	0	9	9		
deHavilland Q400	9	18	27		
SAAB 2000	0	5	5		
Total	125	181	306	10	10

Company	Owned	Leased	Total	Leased	On Order
	In	In		Out	
SAS	102	85	187	10	9
Spanair	0	53	53	0	1
Braathens	4	23	27	0	0
Wideroe	19	10	29	0	0
Air Bolnia	0	10	10	0	0
Total	125	181	306	10	10

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Limited CAPEX – SAS Group Firm Order CAPEX MUSD 350

Firm Aircraft Orders

	Total	2003	2004	2005	2006
<i>as per 30/06-03</i>					
Airbus A330	1		1		
Airbus A321	5		1	3	1
Boeing 737	4	1	1	2	
TOT No. of A/C	10	1	3	5	1
CAPEX (MUSD)	348	31	138	146	33

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Limited CAPEX – SK Firm Order CAPEX MUSD 320

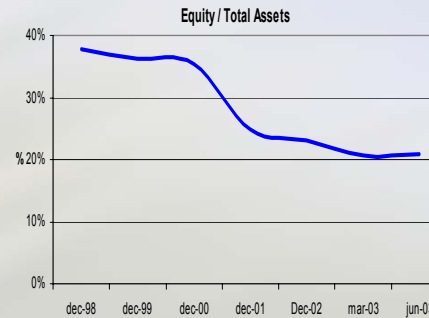
Firm Aircraft Orders

	Total	2003	2004	2005	2006
<i>as per 30/06-03</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)	318	31	108	146	33

133



SAS financial position adequate Strengthening ahead



- ▶ Equity MSEK 13 322
- ▶ Equity ratio 21%
- ▶ Financial net debt MSEK 19 232
- ▶ Fin net debt/ equity 144%

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SAS Group Financial Net January – June 2003

(MSEK)	03-06-30	02-12-31	Difference
Interest net and others	-476	-988	N/A
Exchange rate differences	+332	+36	N/A
Financial net	-144	-952	N/A
(in % p.a. of average financial net debt)	-1,5%	-5,3%	+3,8%

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SAS Group Financial Net January – June 2003

(MSEK)	03-06-30	02-06-30	Difference
Interest net and others	-476	-369	-107
Exchange rate differences	+332	+39	+293
Financial net	-144	-330	+186
(in % p.a. of average financial net debt)	-1,5%	-4,0%	+2,5%

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SAS Group - Development and Break Down of Financial Net Debt 030630

(MSEK)	030630	021231	Difference
Cash	8 155	10 721	-2 566
Other interest bearing assets	1 954	1 189	+765
Interest bearing liabilities	-29 341	-29 782	+441
Financial Net debt	-19 232	-17 872	-1 360

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SAS Group - Development and Break Down of Financial Net Debt 030630

(MSEK)	030630	020630	Difference
Cash	8 155	9 736	-1 581
Other interest bearing assets	1 954	1 390	+564
Interest bearing liabilities	-29 341	-29 052	-289
Financial Net debt	-19 232	-17 926	-1 306

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SAS share

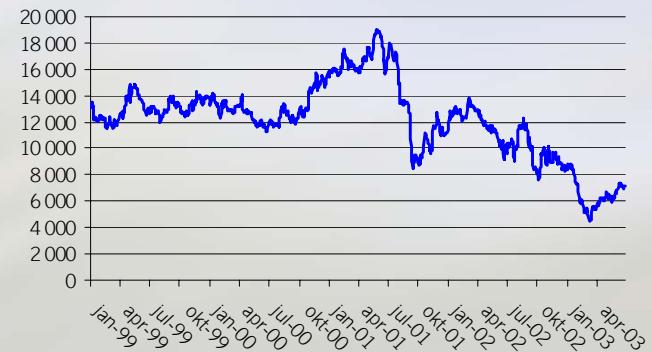
Price development



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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 - June 30 2003)



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

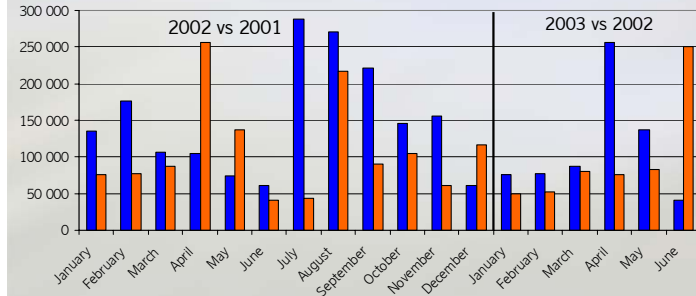
141



Volume in SAS in Stockholm



Average daily number of shares traded in Stockholm per month



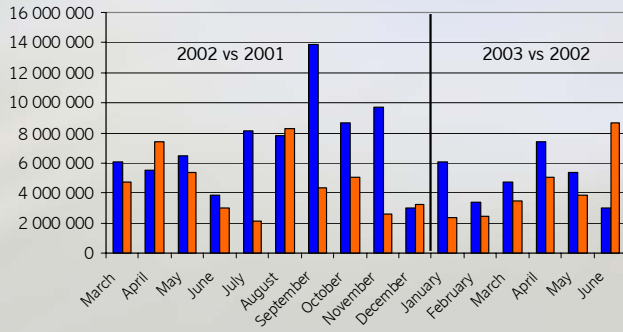
142



Weak volume in industry downturn SAS AB



Number of shares traded in SAS per month



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