

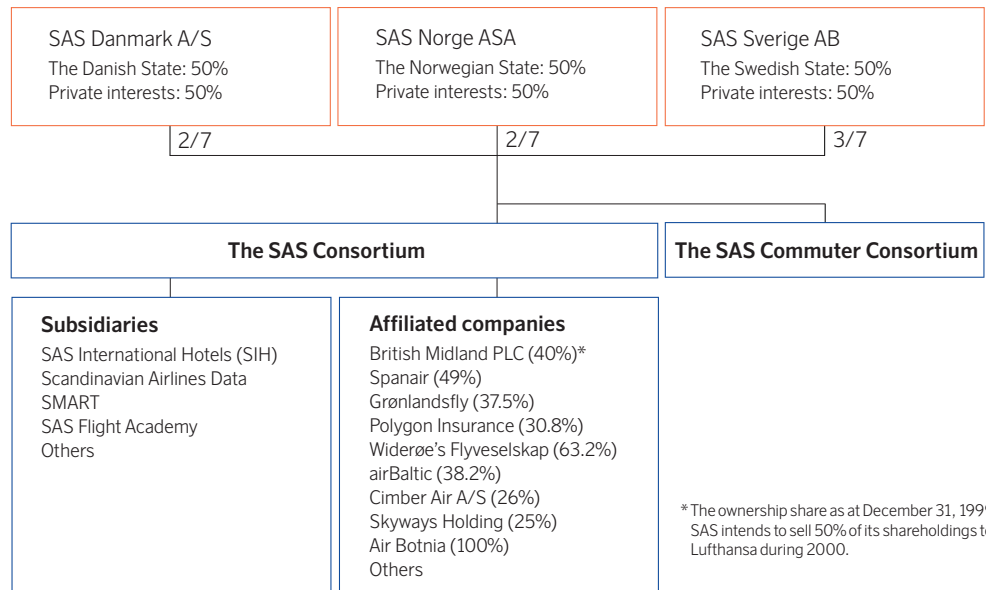


Year-end Report 1999

The SAS Group

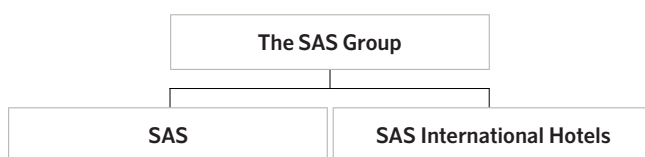
SAS Danmark A/S • SAS Norge ASA • SAS Sverige AB

Corporate Structure



- **SAS Danmark A/S, SAS Norge ASA and SAS Sverige AB** are the parent companies whose shares are listed on the stock exchanges in Copenhagen, Oslo and Stockholm, respectively.
- **The SAS Consortium** comprises passenger transport services, SAS Cargo (freight) and SAS Trading (trade with goods on board aircraft and at airports).
- **The SAS Commuter Consortium** is a production company which conducts flights for SAS in Scandinavia and northern Europe.

Operating Areas



- **The SAS Group** comprises the SAS Consortium including wholly or partly owned subsidiaries and affiliated companies. The financial statements of the SAS Group and its two operating areas are prepared in accordance with the recommendations of the International Accounting Standards Committee (IASC). Subsidiaries owned more than 50% are consolidated in the SAS Group. Affiliates owned between 20% and 50% are reported according to the equity method.
- **SAS** comprises the SAS Consortium with subsidiaries and affiliated companies, excluding SAS International Hotels, as well as the SAS Commuter Consortium with subsidiaries.
- **SAS International Hotels** comprises its wholly and partly owned subsidiaries, and affiliated companies.

SAS Group

SAS Danmark A/S

SAS Norge ASA

SAS Sverige AB

Highlights in the Final Accounts as per December 31, 1999

- **SAS Group's income** before taxes was MSEK 1,846 (2,857). Income for the fourth quarter was MSEK 1,245 (378).
- **Over capacity** in the market, a general pressure on prices and a change in the volume of the two price segments are, largely speaking, the reasons for the decrease in operating income for 1999.
- **Unit costs** were 1.1% lower than in the previous year.
- **Passenger traffic (RPK)** increased by 1.6%.
- **Cash flow** from operations amounted to MSEK 2,227 (3,807).
- **Capital gains** on sales of shares and other fixed assets amounted to MSEK 1,431 (1,016).
- **Earnings per share** for SAS Danmark A/S was SEK 8.70 (13.78), for SAS Norge ASA SEK 7.94 (12.13) and for SAS Sverige AB SEK 8.41 (12.77). A dividend of DKK 3.50, NOK 3.75 and SEK 4.00 per share, unchanged from the previous year, is proposed.
- **SAS's parent companies report income after taxes** as follows:

SAS Danmark A/S	MDKK	345	(545)
SAS Norge ASA	MNOK	352	(541)
SAS Sverige AB	MSEK	593	(900)
- **After a weak 1999**, it is deemed that SAS Group's operating income for 2000 will be considerably better.

SAS Group's final year-end report will be available on March 13, 2000

The entire report is available on www.scandinavian.net

Important Events during the Recent Quarters

Fourth Quarter 1999

- All Nippon Airways became a new member of Star Alliance.
- SAS announced its intention to sell part of its shareholding in British Midland to Lufthansa.
- SAS launched a new Internet site: www.scandinavian.net
- SAS was the first with a new security system, which will be installed in all of the Boeing 737's.
- SAS's Board of Directors decided to acquire ten Airbus aircraft for a total of SEK 10 billion, which will successively, until the year 2004, replace the Boeing 767's used in SAS's inter-continental traffic. The new aircraft will reduce emissions by 10-20%, on a per available aircraft seat basis, compared with the Boeing 767's.
- SAS sold further shares in the data network provider Equant N.V.
- SAS entered a joint venture agreement with GECAS and sold 30 Douglas MD-80 aircraft.
- SAS was named the best airline for both domestic and international travel by Swedish business travelers.

Third Quarter 1999

- SAS International Hotels (SIH) sold the hotel property Radisson SAS Portman Hotel in London. SIH will operate the hotel in the future on the basis of a long-term management contract.

Second Quarter 1999

- SAS Cargo was chosen "Cargo Airline of the Year".
- SAS and Singapore Airlines formed a strategic alliance.
- Air New Zealand and Ansett Australia joined Star Alliance.
- The program of change SAS 2000+ was launched to SAS's customers.
- SAS ordered a further five deHavilland Q400's.
- Star Alliance signed a joint document, Environmental Commitment Statement, which describes the members' commitments concerning environmental issues.

First Quarter 1999

- SAS experienced continued disruptions in the wake of the reorganization of air routes in Scandinavia, "Airspace 98", as well as running-in problems at Oslo's airport Gardermoen.
- SAS sold 30% of its shareholding in the data network provider Equant N.V.
- SAS International Hotels sold its hotel property in Amsterdam.
- SAS EuroBonus won the Freddie Award for the third time in a row.
- SAS was named winner of the 1998 Mercury Award in competition with 250 participants within the airline and catering industries.

Important Events after December 31, 1999

- The change to the year 2000 took place without any disruption to SAS's operations.
- SAS launched a WAP service for airline ticket booking via mobile telephone.
- SAS was named the best domestic airline in Norway and received the "Grand Travel Award".
- SAS's Board of Directors decided to invest in new, larger aircraft for use in Europe and Scandinavia. The order consists of twelve Airbus A321-100's and an option to purchase an additional ten aircraft at a total value of SEK 4.5 billion. The aircraft will be delivered at the beginning of the autumn of 2001.

SAS Group

Market and Competition

The air travel industry was characterized during 1999 by significant over capacity, intense price pressure and a considerable decrease in the full-price segment. In spite of a favorable economic situation in Sweden, Great Britain, other parts of Europe and North America, growth in air travel decreased. Mainly the weak economic conditions in Norway, but, also, in part, unfavorable conditions in Denmark, had a negative effect on SAS. Over all, the air travel industry's profitability was weakened and the industry is experiencing a period of intensive efforts to, via rationalizations, cooperation and changes in traffic systems, achieve a better level of effectiveness.

Financial Development

Currency Effects

Income for the period January - December is affected by a negative currency effect of MSEK 80. The equivalent for the fourth quarter was MSEK 3. SAS's operating revenue is positively affected and costs negatively affected by, primarily, a weaker Swedish krona compared with the previous year. The Japanese yen strengthened considerably during the second half of the year, which had a negative effect on net financial items.

Fourth Quarter

The income trend was better than during the same period last year.

Operating income before depreciation amounted to MSEK 1,139 (811).

There were capital gains totaling MSEK 821 (179) during the fourth quarter. Included in this amount is the sale of aircraft, MSEK 726, buildings, MSEK -98, and shares, MSEK 193.

Operating income before taxes amounted to MSEK 1,245 (378).

January-December

The SAS Group's operating revenue increased by MSEK 562 or 1.4%. Of this amount, MSEK 96 represents increased passenger revenue and MSEK 466 represents increased operating revenue within other operating areas. SAS's passenger traffic measured in RPK, revenue passenger kilometer, increased by 1.6% compared with 1998. Unit revenue, yield, decreased by 2.4% excluding currency effects.

Operating expenses increased by MSEK 1,912 or 5.2%. The number of personnel in SAS Group grew by 6.6% and payroll expenses amounted to MSEK 975 or

7.5% greater than the previous year. Other operating expenses increased by 3.9%.

Operating income before depreciation decreased by MSEK 1,350. Changes in exchange rates negatively affected income by MSEK 54. The gross profit margin decreased from 10.0% to 6.7%.

Depreciation decreased by MSEK 183 to MSEK 1,942. This change is a net of reduced depreciation due to altered depreciation plan for aircraft, as well as increased investments. The positive effect on income for the whole year 1999, due to the altered depreciation plan, amounted to approximately MSEK 400.

Shares of income before tax in affiliated companies amounted to MSEK -175 (-20). The decrease in income is found primarily in Air Botnia due to start-up costs, as well as in Widerøe. Depreciation of goodwill is included and totals MSEK 41 (43).

Income from sales of shares in subsidiaries and affiliated companies, amounting to MSEK 283, is due primarily to capital gains from the sale of the hotel property in Amsterdam and the Portman Hotel in London.

During the year, aircraft have been sold resulting in capital gains of MSEK 829 (1,009). Included in this amount is the sale of five Fokker F-28's for MSEK 65, three SAAB 340's for MSEK 27 and one Boeing 737-500 for MSEK 79. In addition there was a sale and leaseback of eight Boeing 737-600's for MSEK 227, as well as thirty Douglas MD-80's for MSEK 431.

SAS has, in cooperation with General Electric Capital Aviation Services (GECAS), established a joint venture, Commercial Aviation Leasing Limited, Ireland, in which SAS owns 47%. The sale and leaseback agreement for the thirty Douglas MD-80's provides SAS access to the aircraft during ten years but also allows for earlier return as well as the right to extension. Provision for inter-company profit has been made amounting to MSEK 396, which reduces the capital gain.

During the previous year, one MD-83, one Boeing 737, three Boeing 767's and twenty-four Douglas DC-9's were sold.

Capital gains from the sale of buildings amounted to MSEK -98 (5). Losses from the sale of buildings at Fornebu, the former airport at Oslo, amounted to MSEK 100.

SAS has shares in the SITA Foundation, which in its turn owns shares in the data network provider Equant N.V. After a decision by the SITA Foundation to sell shares in Equant N.V. on the stock exchange, 55.8% of SAS's shareholdings were sold in February and December of 1999, resulting in a total capital gain of MSEK 417. SAS's

remaining shareholding is equivalent to 0.25% of the shares in Equant N.V. and had, as at December 31, 1999, a market value of approximately MUSD 55.

The SAS Group's net financial items amounted to MSEK -233 (-129). Net interest was MSEK -196 (-80) due to the higher average net debt compared with 1998. The currency effect was MSEK -40 (-14).

Income before taxes amounted to MSEK 1,846 (2,857).

Investments

SAS Group's investments, including prepayments, amounted to MSEK 5,870 (6,112) during the period. Of these total investments, the airline operations were responsible for MSEK 5,720 (5,554) and SAS International Hotels for MSEK 150 (557). Investments in aircraft and other aircraft material amounted to MSEK 4,342 (2,962). The investment in twenty-one Boeing 737-600's is included in this amount.

At the end of December 1999 the value of orders for Boeing 737's, deHavilland A400's and Airbus A340/330's, amounted to MUSD 2,400. During the year 2000 approximately twenty deHavilland Q400's and twenty Boeing 737's are expected to be delivered.

Planned Investments in Aircraft During the Period 2000-2003>

	Total	2000	2001	2002	2003>
MUSD	2,400	1,000	600	500	300
Number of aircraft	58	39	9	6	4

Other investments usually amount to MSEK 800 - 900 on a yearly basis.

Financial Position

The SAS Group's liquid assets amounted to MSEK 8,335 (8,011) as at December 31, 1999.

Cash flow from operations during the period amounted to MSEK 2,227 (3,807). The net of investments and sale of fixed assets amounted to MSEK 515 (-3,740). There was a financing surplus for the year amounting to MSEK 1,544. There was a financing deficit for the previous year of MSEK 756.

The equity/assets ratio as at December 31, 1999 was 41% (40%) after the proposed transfer to the parent companies has been booked as a liability and the debt/equity ratio was 0.03 (0.13). Net debt amounted to MSEK 529 (2,079).

The surplus value of the SAS aircraft fleet amounts to approximately MSEK 4,000 (4,500) as per December 31.

Personnel

The average number of personnel in the SAS Group during the period was 28,863 (27,701) of which 25,754 (23,992) at SAS and 3,071 (3,041) at SAS International Hotels.

SAS

Airline Operations

Market and Competition

All of the large European airlines operate to Scandinavia and the competition on the most attractive of destinations has grown dramatically during recent years with an increased number of flights.

During 1999, SAS increased capacity by a total of 4.7% with the aim to regain market shares and secure a continued competitive edge. Production increased during the fourth quarter by 1.4%. The development of partnerships, partly by SAS on its own initiative and partly within the framework of Star Alliance, has also continued during the year. The contribution to income from the Star Alliance cooperation, was approximately MSEK 800 during 1999. SAS has a strong position on the Scandinavian market. At all of the three major airports in Scandinavia, SAS's share of the total number of frequencies is 40-50%.

SAS's passenger traffic development was less favorable in 1999 than during the previous year. The increase in traffic compared with the previous year was 1.6%. Traffic increased by 2.4% during the period October-December. The total growth in traffic for SAS and its regional and European partners outside Star Alliance was approximately 9%. Traffic in Business Class decreased by 5% as a result of the considerable weakening in demand on important markets such as Norway, as well as due to a general trend in industry and the business community towards less Business Class travel. Traffic in Business Class represents 29.1% of the total number of RPK. Traffic in Economy Class increased by 4% compared with 1998. SAS's passenger traffic has also been affected by the increased competition within Scandinavia and the fact that SAS's increase in capacity during recent years has been lower than the average for European airlines. This also applies to the allocation of capacity to and from Scandinavia in comparison with SAS's competitors. The cabin factor decreased by 1.9 percentage points to 63.7%. Yield, excluding currency effects, decreased by 2.4%.

The intercontinental traffic increased by 2.0% compared with the previous year. Business Class traffic decreased by 7% while Economy Class increased by 4%. Traffic to and from North America has an over capacity and intensive price pressure, which has affected the passenger load factor and yield development. The traffic to and from Asia has developed positively during the fourth quarter. The cabin factor on the intercontinental routes is high, 75.6% (77.7%) and was 77.6% during the fourth quarter.

During the year air travel increased within the Association of European Airlines, AEA, within Europe by 4.6%. SAS's traffic in Europe, including intra-Scandinavian traffic decreased by 0.2%. The growth in traffic to and from Scandinavia has, during all of 1999, been significantly weaker than growth within the European market.

The European routes decreased by 0.9%, Economy Class increased by 3% and Business Class traffic

Traffic, Production and Yield

		Oct-Dec 1999	Oct-Dec 1998	change	Jan-Dec 1999	Jan-Dec 1998	change
SAS Total							
Number of passengers	(000)	5,536	5,431	+1.9%	21,991	21,499	+2.3%
Revenue Passenger Kilometers (RPK)	(mill)	5,210	5,089	+2.4%	21,160	20,821	+1.6%
Available Seat Kilometers (ASK)	(mill)	8,227	8,116	+1.4%	33,205	31,705	+4.7%
Cabin factor		63.3%	62.7%	+0.6 p.u.	63.7%	65.7%	-1.9 p.u.
Yield, adjusted for currency effect				-2.4%			-2.4%
Intercontinental Routes							
Number of passengers	(000)	281	266	+5.5%	1,128	1,076	+4.8%
Revenue Passenger Kilometers (RPK)	(mill)	1,898	1,821	+4.3%	7,625	7,475	+2.0%
Available Seat Kilometers (ASK)	(mill)	2,447	2,491	-1.8%	10,088	9,620	+4.9%
Cabin factor		77.6%	73.1%	+4.5 p.u.	75.6%	77.7%	-2.1 p.u.
Yield, adjusted for currency effect				-7.5%			-6.0%
European Routes							
Number of passengers	(000)	1,712	1,754	-2.4%	7,104	7,232	-1.8%
Revenue Passenger Kilometers (RPK)	(mill)	1,714	1,733	-1.1%	7,162	7,229	-0.9%
Available Seat Kilometers (ASK)	(mill)	2,999	3,044	-1.5%	12,163	12,211	-0.4%
Cabin factor		57.2%	56.9%	+0.2 p.u.	58.9%	59.2%	-0.3 p.u.
Yield, adjusted for currency effect				-2.7%			-3.3%
Intra-Scandinavian Routes							
Number of passengers	(000)	1,034	1,047	-1.2%	4,232	4,166	+1.6%
Revenue Passenger Kilometers (RPK)	(mill)	433	436	-0.9%	1,801	1,751	+2.9%
Available Seat Kilometers (ASK)	(mill)	766	776	-1.2%	3,154	2,956	+6.7%
Kabinfaktor		56.5%	56.3%	+0.2 p.u.	57.1%	59.2%	-2.1 p.u.
Yield, adjusted for currency effect				+3.2%			+1.2%
Danish Domestic							
Number of passengers	(000)	249	294	-15.2%	1,031	1,152	-10.5%
Revenue Passenger Kilometers (RPK)	(mill)	79	90	-12.6%	380	422	-10.0%
Available Seat Kilometers (ASK)	(mill)	132	154	-14.3%	603	674	-10.6%
Cabin factor		59.6%	58.5%	+1.1 p.u.	63.0%	62.5%	+0.4 p.u.
Yield, adjusted for currency effect				-1.4%			-0.3%
Norwegian Domestic							
Number of passengers	(000)	978	883	+10.7%	3,802	3,607	+5.4%
Revenue Passenger Kilometers (RPK)	(mill)	479	451	+6.3%	1,960	1,911	+2.5%
Available Seat Kilometers (ASK)	(mill)	910	787	+15.7%	3,698	3,049	+21.3%
Cabin factor		52.6%	57.3%	-4.7 p.u.	53.0%	62.7%	-9.7 p.u.
Yield, adjusted for currency effect				-1.7%			-4.2%
Swedish Domestic							
Number of passengers	(000)	1,283	1,187	+8.1%	4,694	4,265	+10.1%
Revenue Passenger Kilometers (RPK)	(mill)	607	558	+8.8%	2,233	2,033	+9.9%
Available Seat Kilometers (ASK)	(mill)	973	864	+12.5%	3,499	3,194	+9.5%
Cabin factor		62.4%	64.6%	-2.2 p.u.	63.8%	63.6%	+0.2 p.u.
Yield, adjusted for currency effect				+0.0%			-1.3%

decreased by 9%. The cabin factor was 0.3 percentage points lower than during the same period last year. Production was, largely speaking, unchanged compared to 1998 and capacity has been transferred to routes with better profitability. A new destination has been opened in Poland.

The intra-Scandinavian traffic increased by 2.9%. Business Class traffic decreased by 1% and Economy Class increased by 6%. The passenger load factor decreased by 2.1 percentage points compared to the previous year. Production increased by 6.7% and capacity increase was largest on the routes Stockholm-Copenhagen and Oslo-Copenhagen.

The traffic between Sweden and Denmark developed positively even from secondary destinations in Sweden.

On the Swedish domestic routes SAS and its partners have increased their market share during the period by 5 percentage points to 69%. The total market grew by 5% and SAS traffic increased by 9.9% compared to the previous year. The increase in Business Class was 8% and in Economy Class 11%. In order to meet growing demand and in conjunction with Braathens/Malmö Aviation's termination of domestic flights from Arlanda at the end of November, SAS has increased its capacity.

The Norwegian domestic market has increased by 6.6%, but there has been a large over capacity in that market during the entire year. Color Air ceased operations at the end of September and both SAS and Braathens decreased capacity later during the autumn. At the beginning of 2000 the total capacity of Norwegian domestic traffic was 15% lower than before the termination of Color Air. Business Class traffic decreased during the year by 5%, while Economy Class increased by 7%.

Danish domestic traffic decreased in both price segments and the total traffic was 10% less than the previous year. SAS now has only two domestic destinations. After the implemented capacity reductions, the Danish domestic routes have a cabin factor of approximately 63%.

The number of passengers during the year was 22.0 (21.5) million. The number of members in SAS Eurobonus was 18% greater than at December 31, 1998, or a total of 1.8 million members.

Freight Operations

Freight revenues for the year amounted to MSEK 2,109 (2,053). This represents an increase of just less than 3% compared to 1998. Flown tonnage was 2% greater than in 1998.

Quality stabilized during the latter part of the year, after large running-in problems at the new freight terminals at Gardermoen and Kastrup.

SAS Cargo and Lufthansa Cargo AG decided at the beginning of April 1999, to accelerate a closer cooperation between the sales and marketing functions of the two companies. This implies that from January 1, 2000, the employees in Scandinavia and Finland will work together at the same locations.

Income Trend

Operating income before depreciation for the fourth quarter amounted to MSEK 987 (688). Capacity utilization in the traffic system compared with the fourth quarter 1998 increased by 9.6 percentage points and the yield deteriorated by 3.4%.

Operating income before depreciation amounted to MSEK 2,310 (3,644) for the entire year, a decrease by 37%.

Both SAS's production and passenger volume levels were lower during 1999 than those expected at the beginning of the year. In spite of this, unit costs could be reduced by 1.1% compared with 1998. Unit costs have shown a downward trend from and including the second quarter of 1999. Unit costs reduced by 5.4% during the fourth quarter.

Total operating expenses increased during January-December by MSEK 1,753 or 5.1%. Excluding currency effects, the increase was 3.5%.

Payroll expenses increased by 7.6% compared with the previous year, of which currency effects were 0.6%. The average number of employees has increased by 8.1%. This has contributed to an increase in unit costs of 1.6%.

Oil prices have, on average, been lower than the previous year. SAS's jet fuel expenses are, considering volume and currency effects, 10% lower than in 1998, which had a positive effect on unit costs by 1%. Price-fixing of future jet fuel deliveries implies that 40-60% of expected fuel consumption on a twelve-month rolling basis have a fixed price.

Decreased selling expenses in the form of changed agent commissions compared with 1998 reduced unit costs by 2.0%.

The repayment of environmental charges from 1995 positively affected government-user fees by MSEK 158, which contributed to a positive unit cost effect by 0.7%.

Other operating expenses increased by 3.8%.

Expenses for aircraft leasing increased by 22% due to sale and leaseback transactions.

Work with SAS's improvement program has taken place within the framework of the usual operational planning since the autumn of 1999. At the end of 1999, cost reduction measures totaling SEK 2.2 billion were identified and are now underway. The measures to be taken are aimed at both improving internal productivity and decreasing costs for supplies and distribution.

In October SAS discontinued operating its Fokker F28's. Five aircraft have been sold during the year and six have been leased. During 1999 twenty-two Boeing 737's were put into operation, of which four during the fourth quarter.

Income before taxes was MSEK 1,307 (2,616).

SAS and Year 2000

The change to year 2000 took place without any disruption to SAS's operations.

Preparations for year 2000 started in 1996. From 1996 until and including November 1999, the operations' IT support and processes were systematically inventoried and, when required, modified, in order to ensure that no year 2000 related problems would affect operations.

A support unit was established for New Year's Eve, December 31, 1999 with the responsibility to provide the ordinary operations with the information required to make decisions on the basis of the details obtained from the various control measures which had been implemented.

During the year 2000, Leap Year Day, February 29, and New Year's Eve, December 31, will be monitored with extra preparedness.

On the basis of the experience SAS has had to date, there are no indications that any year 2000 related disturbances should occur during 2000 or thereafter.

SAS International Hotels (SIH)

The hotel market has developed very positively during the year in the majority of countries in which Radisson SAS Hotels & Resorts have hotels. In the Nordic countries (with the exception of Norway) and in Belgium, The Netherlands, Germany and southern Europe, both the room rates and the business volume has continued to increase. All of the new airport hotels, Oslo, Manchester and Amsterdam, have developed very well.

Revenues for the period amounted to MSEK 2,963 (2,786), an increase of 6.4%. Adjusted for new hotels as well as for sold properties, revenues have increased by approximately 4%.

During the year sixteen hotels have been opened and/or taken over.

Management or license agreements have been established for a further twenty-two hotels during 1999. Included in this figure is a joint venture agreement for the operation of a hotels in South Africa.

The hotels in Amsterdam and London have been sold during the year, which generated a capital gain of MSEK 286. Radisson SAS Hotels will continue to be responsible for the operations of these hotels via a management agreement.

Income before tax amounted to MSEK 544 (233).

Statement of Income (SIH)

(MSEK)	October-December		January-December	
	1999	1998	1999	1998
Rooms revenue	346	379	1,476	1,430
Food and beverage revenue	310	329	1,019	973
Other revenue	146	99	468	383
Operating income	802	807	2,963	2,786
Operating expenses	-532	-557	-2,040	-1,902
Rental expenses, insurance of properties and property tax	-117	-127	-464	-421
Operating income before depreciation	153	123	459	463
Depreciation	-39	-47	-183	-150
Share of income in affiliated companies	7	4	26	15
Income from the sale of shares in subsidiaries	2	0	288	0
Net financial items	1	-32	-46	-95
Income before taxes	124	48	544	233
			December 31	December 31
			1999	1998
EBITDA			485	477
Return on capital employed (ROCE)			13.1%	14.5%
Revenue per available room (REVPAR)			638	642
Gross profit margin			31.1%	31.8%

Transfer to Parent Companies

The Board of Directors and the President propose to the SAS Assembly of Representatives that an amount of MSEK 770 be transferred to the parent companies. The corresponding amount has been booked as a liability in the SAS Group balance sheet as per December 31, 1999.

Forecast for 2000

After a weak 1999, it is deemed that SAS Group's operating income for 2000 will be considerably better.

The economic development in important markets is expected to be stronger than in 1999 and provides the basis for increased growth in airline traffic. Over capacity continues to exist in several markets but restraint in establishing new capacity is expected to characterize the entire industry. At the same time the significant over capacity in the Norwegian market has now been reduced.

The development of expenses in SAS is expected to show a further positive trend due to the current program of improvement. It is expected that the unit cost for the year 2000 will be lower than it was for 1999.

The most uncertain elements are the future growth in demand and the development of prices which continue to be pressed due to over capacity.

Stockholm February 17, 2000
Scandinavian Airlines System

Jan Stenberg
President and Chief Executive Officer

SAS Group

Summary Statement of Income

(MSEK)	October-December		January-December	
	1999	1998	1999	1998
Operating revenue	10,896	10,909	41,508	40,946
Payroll expenses	-3,469	-3,595	-14,055	-13,080
Other operating expenses	-6,288	-6,503	-24,688	-23,751
Operating income before depreciation	1,139	811	2,765	4,115
Depreciation	-480	-537	-1,942	-2,125
Share of income in affiliated companies	-170	-13	-175	-20
Income from sale of shares in subsidiaries and affiliated companies	-3	1	283	1
Income from the sale of aircraft and buildings	628	177	731	1,014
Operating income	1,114	439	1,662	2,985
Income from other shares and participations	196	1	417	1
Net financial items	-65	-62	-233	-129
Income before taxes	1,245	378	1,846	2,857

Summary Balance Sheet

(MSEK)	December 31 1999	December 31 1998
Aircraft and spare parts	11,297	11,339
Other noninterest-bearing assets	19,296	19,330
Interest-bearing assets (excl. liquid assets)	3,532	1,769
Liquid assets	8,335	8,011
Assets	42,460	40,449
Shareholders' equity	17,061	16,110
Minority interests	25	19
Subordinated debenture loan	772	854
Other interest-bearing liabilities	11,624	11,005
Operating liabilities	12,978	12,461
Shareholders' equity and liabilities	42,460	40,449
Shareholders' equity		
January 1, 1999	16,110	
Change in translation differences, etc	35	
Income after taxes 1999	1,686	
Proposed payment to parent companies	-770	
December 31, 1999	17,061	

Cash Flow Statement

(MSEK)	October-December		January-December	
	1999	1998	1999	1998
Income before taxes	1,245	378	1,846	2,857
Depreciation	480	537	1,942	2,125
Income from the sale of fixed assets	-821	-179	-1,431	-1,016
Adjustment for items not included in cash flow, etc.	72	-39	-130	-159
Cash flow from operations	976	697	2,227	3,807
Change in working capital	876	1,155	-295	330
Net financing from operations	1,852	1,852	1,932	4,137
Investments including prepayments to aircraft suppliers	-1,632	-2,625	-5,870	-6,112
Sale of fixed assets, etc.	4,571	455	6,439	2,360
Payment to parent companies	0	0	-957	-1,141
Financing surplus/deficit	4,791	-318	1,544	-756
External financing, net	-2,216	886	-1,220	-1,050
Change in liquid assets according to the balance sheet	2,575	568	324	-1,806

Key Figures

	Dec. 31 1999	Dec. 31 1998
Key financial ratios (based on statutory financial statements)		
Return on capital employed (ROCE)	9%	13%
Return on equity *	8%	13%
Equity/assets ratio	41%	40%
Net debt, MSEK	529	2,079
Debt/equity ratio **	0.03	0.13
Interest coverage ratio	3.7	4.7
Key value drivers (based on market-adjusted capital employed)***		
CFROI	14%	22%
ROCE, market-based	9%	18%

* After standard tax

** Debt/equity ratio is calculated as interest-bearing liabilities minus interest-bearing assets in relation to shareholders' equity and minority interests.

*** The market value of the aircraft fleet and the present value of operational lease contracts are included in the market-based capital employed.

Income by Operating Area

(MSEK)	October-December		January-December	
	1999	1998	1999	1998
SAS				
Passenger revenue	7,184	7,281	28,335	28,240
Freight revenue	660	641	2,327	2,240
Other traffic revenue	528	475	1,315	1,407
Other revenue	1,742	1,715	6,653	6,324
Operating revenue	10,114	10,112	38,630	38,211
Payroll expenses	-3,177	-3,296	-12,964	-12,051
Leasing costs	-285	-291	-1,291	-1,059
Selling expenses	-371	-529	-1,597	-2,072
Jet fuel	-600	-647	-2,181	-2,322
Government user fees	-872	-960	-3,486	-3,558
Catering costs	-452	-431	-1,711	-1,596
Handling costs	-480	-448	-1,862	-1,700
Technical aircraft maintenance	-577	-423	-2,063	-1,732
Other operating expenses	-2,313	-2,399	-9,165	-8,477
Operating expenses	-9,127	-9,424	-36,320	-34,567
Income before depreciation	987	688	2,310	3,644
Depreciation	-439	-490	-1,757	-1,974
Share of income in affiliated companies	-177	-17	-201	-35
Income from the sale of shares in subsidiaries and affiliated companies	-3	1	-3	1
Income from sale of aircraft and buildings	626	177	729	1,014
Income from other shares and participations	196	1	417	1
Net financial items	-67	-32	-188	-35
SAS – Income before taxes	1,123	328	1,307	2,616
SAS International Hotels	124	48	544	233
Other operations/Group eliminations	-2	2	-5	8
Income before taxes	1,245	378	1,846	2,857

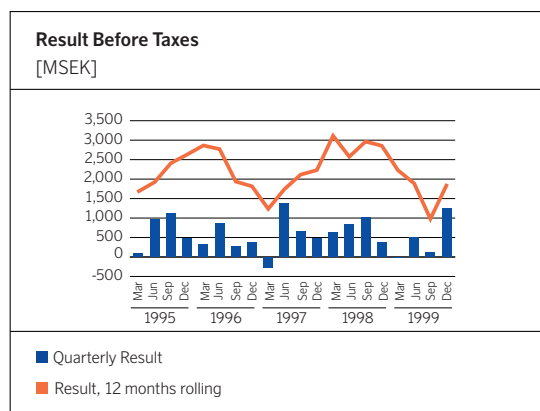
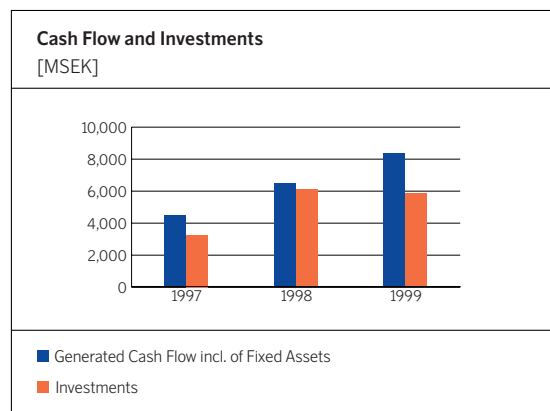
The currency effect between the years relating to operating revenue is MSEK -95 for the fourth quarter and MSEK 464 for the period January-December. The effect on operating expenses is MSEK 86, respectively MSEK -518.

Revenue by Operating Area

(MSEK)	October-December		January-December	
	1999	1998	1999	1998
SAS				
SAS International Hotels	802	807	2,963	2,786
Other operations/Group eliminations	-20	-10	-85	-51
Total operating revenue	10,896	10,909	41,508	40,946

Summary of Income, on Quarterly Basis

	1997		1998					1999				
	Oct- Dec	Full year Jan-Dec	Jan- Mar	Apr- Jun	Jul- Sep	Oct- Dec	Full year Jan-Dec	Jan- Mar	Apr- Jun	Jul- Sep	Oct- Dec	Full year Jan-Dec
Operating revenue	10,196	38,928	9,469	10,323	10,245	10,909	40,946	9,621	11,114	9,877	10,896	41,508
Payroll expenses	-2,976	-11,739	-3,060	-3,194	-3,231	-3,595	-13,080	-3,469	-3,690	-3,427	-3,469	-14,055
Other operating expenses	-6,224	-23,071	-5,552	-5,749	-5,947	-6,503	-23,751	-6,058	-6,458	-5,884	-6,288	-24,688
Operating income before depreciation	996	4,118	857	1,380	1,067	811	4,115	94	966	566	1,139	2,765
Depreciation	-491	-1,880	-536	-530	-522	-537	-2,125	-455	-488	-519	-480	-1,942
Share of income in affiliated companies	22	88	16	5	-28	-13	-20	15	3	-23	-170	-175
Income from sale of shares in subsidiaries and affiliated companies	-1	1	0	0	0	1	1	150	2	134	-3	283
Income from the sale of aircraft and buildings	13	83	297	2	538	177	1,014	16	44	43	628	731
Operating income	539	2,410	634	857	1,055	439	2,985	-180	527	201	1,114	1,662
Income from the sale of other shares and participations	0	15	0	0	0	1	1	221	0	0	196	417
Net financial items	-54	-167	-15	-12	-40	-62	-129	-51	-21	-96	-65	-233
Income before taxes	485	2,258	619	845	1,015	378	2,857	-10	506	105	1,245	1,846



Earnings and adjusted capital included in key value drivers

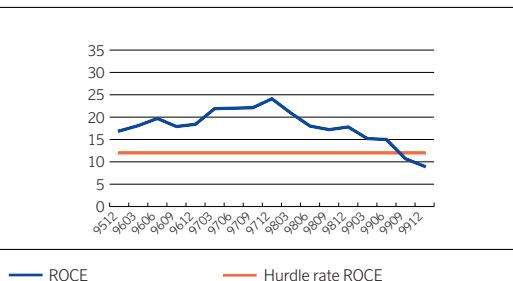
	1999
Earnings	
EBIT, earnings before net financial items and taxes	2,079
+ Depreciation	1,942
+ Depreciation of goodwill	41
– Capital gains	–1,532
+ Operational leasing expenses, aircraft	1,291
EBITDAR (Numerator in CFROI)	3,821
EBIT	
EBIT	2,079
+ Operational leasing expenses, aircraft	1,292
EBITR	3,370
– 40% of operational leasing expenses	–516
± Change in surplus value, aircraft	–450
EBIT, market-based	2,404
(Numerator in market-based ROCE)	
Market-adjusted capital employed	
Total assets (average)	41,175
+ Surplus value, aircraft	4,600
+ NPV of operational lease contracts	2,265
– Interest-bearing assets	–9,073
– Non-interest bearing liabilities	–12,240
Adjusted capital employed	26,727
(Denominator in CFROI and market-based ROCE)	

Development of Cash Flow Return on Investments, CFROI
[%] (12 month rolling values)



CFROI expresses the return generated by operations in the form of operative cash flow, excluding capital gains, as a ratio of the market-adjusted capital employed. CFROI for 1999 was 14.3%. The minimum return required is 17%.

Development of Market-based Return on Capital Employed, ROCE
[%] (12 month rolling values)



The SAS Group's market-based ROCE was 9% for 1999 calculated on market-based EBIT of MSEK 2,404, in relation to the average capital employed which includes the market value of the aircraft fleet and the present value of operational leasing contracts. After deduction for capital gains from the sale of shares in Equant N.V., totaling MSEK 417 and the sale of hotel properties, totaling MSEK 286, the operation's market-based EBIT was MSEK 1,701. Accordingly, the operational activities produced a return of 6.4% or 5.6 percentage points less than minimum requirement.

SAS Parent Companies

Accounting Principles

SAS Consortium and the Consortium SAS Commuter report according to IAS which implies that subsidiaries and affiliated companies are reported in accordance with the equity method whereby income and shareholders' equity in the SAS Group, on the one hand, and income and shareholders' equity in the SAS Consortium and Consortium SAS Commuter, on the other hand, correspond with each other.

Taxes pertain to both actual tax expenses and to the change deferred tax, while negative tax refers to corresponding items earlier reported as tax payables, alternatively tax receivables, the latter to be cleared against taxes on future gains.

Key Figures

	SAS Danmark A/S	SAS Norge ASA	SAS Sverige AB
Earnings per share, local currency	7.34	7.49	8.41
Earnings per share, SEK	8.70	7.94	8.41
Equity per share, local currency	80.94	86.74	94.41
Equity per share, SEK	93.12	91.99	94.41

SAS Danmark A/S

SAS Danmark A/S's share of income in the SAS Group for the period amounted to MDKK 445 (688). SAS Danmark A/S's other operations amounted to MDKK 13 (18). Income before taxes amounted to MDKK 458 (706).

Operations in SAS Danmark A/S include 2/7 of the income of the SAS Group.

The exchange rate as at December 31, 1999 was: SEK 100 = DKK 86.95 (1998: DKK 78.62). The average exchange rate during January-December 1999 was: SEK 100 = DKK 84.40 (1998: DKK 84.23).

The accounting principles applied are unchanged from the previous year.

Provided that the SAS Assembly of Representatives approves the SAS Group's annual report and the distribution of the surplus proposed by the SAS Consortium's Board, the Board of Directors of SAS Danmark A/S proposes to the Annual General Meeting that the company's income after taxes of MDKK 345 be allocated as follows:

Dividend	MDKK 165
Carried forward	MDKK 180
Total	MDKK 345

The proposed dividend per share is DKK 3.50. Last year the dividend was DKK 3.15.

The Annual General Meeting of Shareholders will be held on April 12, 2000, at 10:00 a.m. in Tivoli's Concert Hall.

Forecast for 2000

Regarding the outlook for the whole year 2000, please refer to information furnished by SAS.

Copenhagen, February 17, 2000

Hugo Schrøder Jan Stenberg
Chairman of the Board President

Statement of Income

(MDKK)	Jan-Dec 1999	Jan-Dec 1998
Share of income in the SAS Group ^{*)}	445	688
Other operating expenses	-5	-4
Operating income	440	684
Net financial items	18	22
Income before taxes	458	706
Taxes	-113	-161
Income after taxes	345	545

^{*)} Share in SAS Group before subsidiaries and affiliated companies' taxes.

Balance Sheet

(MDKK)	Dec 31 1999	Dec 31 1998
Fixed assets		
Share in SAS Group	4,238	3,619
Current assets		
Short-term receivables	805	693
TOTAL ASSETS	5,043	4,312
Share capital	470	470
Premium reserve	411	411
Other reserves	2,923	2,438
Total shareholders' equity	3,804	3,319
Deferred taxes	1,073	844
Short-term liabilities	166	149
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	5,043	4,312

Shareholders' Equity

(MDKK)	Dec 31 1999	Dec 31 1998
Share capital	470	470
Premium reserve	411	411
Other reserves		
January 1, 1999	2,438	2,289
Exch. difference, share of SAS Group	404	-333
Exch. difference, deferred tax liabilities	-99	85
Transferred from net income for the year	180	397
Total shareholders' equity	3,804	3,319

SAS Norge ASA

Income before taxes amounted to MNOK 497 compared with MNOK 774 for the same period last year.

Operations in SAS Norge ASA include administration and management of the company's 2/7 of the result in the SAS Group.

Items in the statement of income and balance sheet are translated at the average exchange rate for the period January-December 1999; NOK 94.33 for SEK 100 (1998: 94.89) respective closing rate as at December 31, 1999; NOK 94.30 for SEK 100 (1998:93.20).

Provided that the SAS Assembly of Representatives approves the SAS Group's annual report and the distribution of the surplus proposed by the SAS Consortium's Board, the Board of Directors of SAS Norge ASA proposes to the annual general meeting a dividend per share of NOK 3.70. Last year the dividend was NOK 3.70.

The Annual General Meeting of Shareholders will be held on April 12, 2000, at 4.00 p.m. at Radisson SAS Scandinavia Hotel Oslo.

Forecast for 2000

Regarding the outlook for the whole year 2000, please refer to information furnished by SAS.

Bærum, February 17, 2000

Board of Directors

Statement of Income (MNOK)	Jan-Dec 1999	Jan-Dec 1998
Share of income in the SAS Group *)	497	774
Other operating expenses	-3	-3
Operating income	494	771
Financial income	3	3
Income before taxes	497	774
Taxes	-145	-233
Income after taxes	352	541

*) Share in the SAS Group after subsidiaries' and affiliated companies' taxes.

Balance Sheet (MNOK)	Dec 31 1999	Dec 31 1998
Machinery and equipment	2	2
Share in the SAS Group	4,597	4,291
STotal fixed assets	4,599	4,293
Short-term receivables	208	275
Cash and bank	1	1
Total current assets	209	276
TOTAL ASSETS	4,808	4,569
Shareholders' equity	4,077	3,852
Deferred tax	552	438
Short-term liabilities	179	279
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	4,808	4,569

Shareholders' Equity (MNOK)	Dec 31 1999	Dec 31 1998
Share capital	470	470
Statutory reserve	-	519
Equity method reserve	307	-
Other reserves	3,382	2,484
January 1, 1999	-307	-
Transferred to equity method reserve	49	12
Exch. difference	176	367
Transferred from the year's income, excl. dividends	4,077	3,852
Total shareholders' equity	4,077	3,852

SAS Sverige AB

The report contains an account of the operations of SAS Sverige AB with 3/7 of the SAS Group.

SAS Sverige AB including 3/7 of the SAS Group reports income before taxes of MSEK 815 (1,265).

Available liquidity including short-term receivables for SAS Sverige AB amounted to MSEK 852 as at December 31, compared with MSEK 970 at the beginning of 1999.

Provided that the SAS Assembly of Representatives approves the SAS Group's annual report and the distribution of the surplus proposed by the SAS Consortium's Board, the Board of Directors of SAS Sverige AB proposes a dividend of SEK 4.00 (4.00) per share, for a total distribution of MSEK 282 (282).

The Annual General Meeting of Shareholders will be held on April 13, 2000 at 5 p.m. in Uppropssalen, Stockholm Stock Exchange.

Forecast for 2000

Regarding the outlook for the whole year 2000, please refer to information furnished by SAS.

Stockholm, February 17, 2000

Jan Stenberg
President

Statement of Income (MSEK)	Jan-Dec 1999	Jan-Dec 1998
Share of income in the SAS Group *)	791	1,224
Other operating expenses	-7	-6
Operating income	784	1,218
Net financial items	31	47
Income after financial items	815	1,265
Taxes	-222	-366
Income after taxes	593	900

*) Share in the SAS Group before subsidiaries' and affiliated companies' taxes.

Balance Sheet (MSEK)	Dec 31 1999	Dec 31 1998
Share in the SAS Group	7,312	6,904
Total fixed assets	7,312	6,904
Short-term receivables	1,182	1,382
Cash and bank	1	3
Total current assets	1,183	1,385
TOTAL ASSETS	8,495	8,289
Shareholders' equity	6,656	6,329
Deferred taxes	1,404	1,405
Other long-term liabilities	22	22
Short-term liabilities	413	533
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	8,495	8,289

Shareholders' Equity (MSEK)	Dec 31 1999	Dec 31 1998
Share capital	705	705
Revaluation reserve	179	179
Restricted reserves	4,561	4,359
Other reserves	1,086	621
January 1, 1999	-187	-152
Transferred to restricted reserves	312	617
Transferred from the year's income, excl. dividends	6,656	6,329
Total shareholders' equity	6,656	6,329

Definitions

ASK, Available Seat Kilometers

The total number of seats available for transportation of passengers multiplied by the number of kilometers which these are flown.

AV, Asset Value

Total book value of assets plus surplus values in aircraft and net present value (NPV) of operational lease contracts for aircraft, less noninterest-bearing liabilities and interest-bearing assets.

Cabin Factor

Relation between RPK and ASK expressed as a percentage. Describes the capacity utilization of available seats. Also called occupancy rate.

Cash Flow from Operations

Cash flow from operations before change in working capital.

CFROI

Cash flow return on investment. EBITDAR divided by AV.

Debt/Equity Ratio

Interest-bearing liabilities less interest-bearing assets in relation to shareholders' equity and minority interests.

Earnings per Share

Profit after taxes divided by the number of shares.

EBITDA

Earnings before interest, taxes, depreciation and capital gains.

EBITDAR

Earnings before interest, tax depreciation, amortization, operating lease rental expense and capital gains from sale of aircraft.

Equity Method

Shares in affiliated companies are taken up at SAS's share of shareholders' equity taking acquired surplus and deficit values into account.

Equity/Assets Ratio

Shareholders' equity plus deferred tax liability and minority interests in relation to total assets.

Gross Profit Margin

Operating income before depreciation, in relation to operating revenue.

Interest Coverage Ratio

Operating income plus financial income in relation to financial expenses.

Net Debt

Interest-bearing liabilities minus interest-bearing assets.

Return on Capital Employed (ROCE)

Operating income plus financial income in relation to average capital employed. Capital employed equals total assets as specified in the balance sheet less noninterest-bearing liabilities.

Return on Capital Employed (ROCE), Market-based

EBITR less the depreciation portion of the operating lease rental expense for aircraft plus change in surplus values (aircraft) divided by AV.

Return on Equity

Income after taxes in relation to average shareholders' equity. Tax on the earnings of the SAS Consortium and the SAS Commuter Consortium is calculated here using a standard tax rate of 29.1% (weighted average tax rate for Denmark, Norway and Sweden).

RPK, Revenue Passenger Kilometer

The number of paying passengers multiplied by the distance they are flown in kilometers.

Unit Cost

Airline operations' total operating expenses less non-traffic related income per weighted ASK/RPK.

Unit Revenue

Average amount of revenue received per RPK.

Yield

See Unit revenue.

Financial Calendar

Annual Report 1999	March 2000	Interim Report 1, Jan.-March 2000	May 11, 2000
Environmental Report 1999	March 2000	Interim Report 2, Jan.-June 2000	Aug. 11, 2000
Annual Meeting, SAS Danmark A/S	April 12, 2000	Interim Report 3, Jan.-Sept. 2000	Nov. 9, 2000
Annual Meeting, SAS Norge ASA	April 12, 2000	Year-end Report 2000	February 2001
Annual Meeting, SAS Sverige AB	April 13, 2000	Annual Report 2000	March 2001
		Environmental Report 2000	March 2001

SAS's monthly traffic and capacity statistics are published on the sixth working day of each month.

All reports are available in English, Danish, Norwegian and Swedish and can be ordered from SAS, SE-195 87 Stockholm, telephone +46 8 797 00 00, fax +46 8 797 15 15.

The reports are also available on the Internet:

www.scandinavian.net

e-mail: investor.relations@sas.se



