



Interim Report 3:2001 January-September

SAS AB Group
www.scandinavian.net

SAS AB Group

New Group structure

On May 8, 2001, SAS AB, a newly formed Swedish company, made offers to the shareholders of SAS Danmark A/S, SAS Norge ASA and SAS Sverige AB to exchange their shares for the same number of newly issued shares in SAS AB.

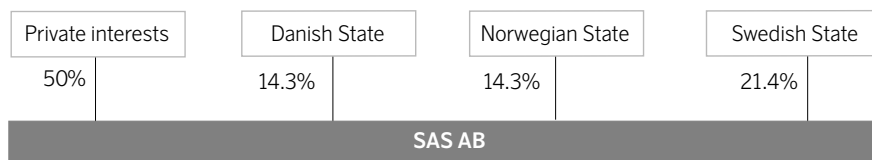
As of June 28, 2001, the offers to shareholders of SAS Danmark A/S, SAS Norge ASA and SAS Sverige AB had been accepted by shareholders representing more than 90% of the shares in each company.

The first day for listing and trading of shares in SAS AB was July 6, 2001.

The Board of Directors of SAS AB has requested delisting, and compulsory redemption of outstanding shares in SAS Danmark A/S, SAS Norge ASA and SAS Sverige AB is under way.

When the offers have been implemented and accepted in their entirety, the Danish, Norwegian and Swedish states will own 14.3%, 14.3% and 21.4% respectively of the shares in SAS AB. The remaining 50% of the shares will be owned by private interests.

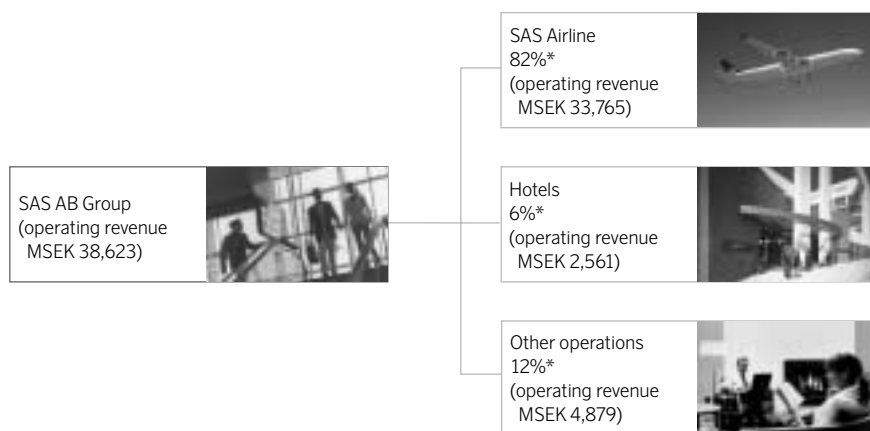
Ownership structure after the offers



New organization

Starting with the interim report for the period January-September 2001, the SAS AB Group reports on three business areas.

- **SAS Airline**, comprises passenger transport including SAS Commuter, Widerøe's Flyveselskap, Air Botnia and participations in affiliated companies, which are airlines, as well as freight transport (SAS Cargo).
- **Hotels**, consists of Rezidor SAS Hospitality (formerly SAS International Hotels) which conducts hotel operations under the Radisson SAS and Malmaison brands.
- **Other operations**, comprises airport sales (SAS Trading) and a number of business units such as Scandinavian IT Group, SAS Flight Academy, SMART and Jetpak.



* Percentages refer to share of the SAS AB Group's operating revenue before Group eliminations. Operating revenue relates to the period January-September 2001.

SAS AB Group

On October 8, flight SK686 crashed in Milan and 118 people lost their lives in the worst air disaster in SAS's history.

- **Recession and weaker demand**, which intensified considerably after September 11, are the main reasons for SAS's weak result in the third quarter.
- **Operating revenue rose** 11.2% to MSEK 38,623.
- **Earnings before depreciation** and leasing costs for aircraft (EBITDAR) decreased during the period January-September by 13.3% to MSEK 3,290 (3,794).
- **Income before taxes** amounted to MSEK 7 (1,108). Income for the third quarter was MSEK – 213 (343).
- **Earnings per share** for January-September for the SAS AB Group amounted to SEK –0.41 (4.78) and equity per share amounted to SEK 101.78 (98.15).
- **In addition to the capacity reductions** announced earlier of 12%, further capacity cutbacks of 3-5% corresponding to 5 aircraft are under way.
- **SAS is initiating an extensive action program** with an earnings impact of MSEK 3,500 on an annual basis, which will be implemented in 2002 and will counteract an otherwise highly negative earnings trend in 2002.
- **There is major uncertainty** surrounding the future development of passenger traffic. SAS is basing its assessment of results for the full year on traffic volume for the rest of the year remaining at the same level in relation to the previous year as in October. The SAS AB Group's income before taxes, excluding capital gains, is thus expected to be a loss of MSEK 1,500-2,000.

This interim report has not been reviewed by the Company's auditors.

The complete report can be accessed on www.scandinavian.net

President's Comments

In autumn 2001, SAS suffered the worst air disaster in its history. On October 8, flight SK686 crashed in Milan and 118 people lost their lives. Since then, grief and sadness have been felt throughout the company. Our thoughts go to the relatives of those who died and many employees at SAS today are doing their utmost to assist and support the bereaved.

External events have also caused severe strain. A weak economy, the terrorist attacks in the U.S., and the subsequent acts of war, have meant that the airline industry finds itself in perhaps its most dramatic period ever. Developments in society – economic, political and social – are fast reflected in travel patterns. Today, uncertainty in this respect is substantial and demand for air travel has fallen significantly. Profitability is being undermined and SAS is forced, in common with other airlines, to take powerful action to minimize the damage and avoid significant losses in 2002 as well.

The changes which we are now planning are intended to have a total earnings impact of SEK 3.5 billion on an annual basis by the start of 2003. A large number of SAS employees, approximately 2,500 people, will be redundant in addition to the 800-1,100 already announced. These measures are motivated by an absolute need to achieve a more efficient and less costly structure, which will allow us to conduct a growth strategy when air traffic returns to normal.

SAS's financial position remains strong and provides scope for continued implementation of the investment program now under way with replacement and renewal of the aircraft fleet. We have reason, despite the present strained situation, to believe in the future. With one of the most modern aircraft fleets in the industry and through offers which meet customers' expectations with even greater precision, SAS's strengths in areas such as safety, quality and service-minded employees will contribute to a strong, competitive and profitable SAS.

Important Events in the Last Three Quarters

First Quarter 2001

- SAS signed an agreement on evaluation of a communications system for wireless Internet access on board aircraft.
- The Swedish Market Court decided that EuroBonus points earned on Swedish domestic routes exposed to competition may not be used for bonus offers.

Second Quarter 2001

- SAS Cargo was set up as an independent limited liability company.
- The shareholders of the three SAS parent companies were invited to exchange their shares for the same number of shares in SAS AB, the newly formed holding company for the SAS Group domiciled in Stockholm.
- SAS announced, in agreement with the principal owner of the Norwegian company Braathens, its intention to acquire Braathens' airline operations, excluding Malmö Aviation.

Third Quarter 2001

- The first day for listing and trading with shares in SAS AB was July 6, 2001.
- The European Commission fined SAS and Maersk Air MEUR 39.375 and MEUR 13.125 respectively for infringement of the EU's competition rules.
- The first aircraft from a total of eleven new, larger aircraft for intercontinental traffic, an Airbus A340-300, was delivered.
- The Board of Directors of SAS AB announced its intention to resign in conjunction with presentation of the Commission of Inquiry's report on the SAS/Maersk affair.

Events after September 30, 2001

On October 8, flight SK686 crashed in an accident at Milan's Linate airport and 118 people died. SAS is now doing its utmost to support the bereaved.

- SAS lowered its forecast for the full-year 2001 due to declining traffic revenues and lower occupancy in Business Class.
- SAS decided to reduce its capacity by 12% compared with plan, to introduce measures to improve earnings and to implement a general price increase of 5%.
- The Norwegian Competition Authority approved SAS's acquisition of Braathens, thus meeting one of several conditions for completion of this deal.
- Rezidor SAS Hospitality has sold its property at Manchester Airport. The capital gain from the sale amounts to approximately MSEK 130.
- SAS announced that an agreement had been concluded to increase its holding in Spanair from 49% to 74% of the shares.
- At an Extraordinary General Meeting of SAS AB on November 6, a number of major shareholders will propose Egil Myklebust, Berit Kjøll, Fritz H. Schur, Anitra Steen, Lars Reiben Sørensen and Jacob Wallenberg as new members of the Board. Egil Myklebust will be proposed for appointment as Chairman of the Board.

SAS AB Group

Market Development

The market showed positive development in the first quarter of this year. Subsequently, a gradually weaker economic trend and demand were noted.

The already weak global airline market was hit hard by the terrorist attacks on September 11. In the period September 11 - September 30, European airlines' international traffic was 18% lower than in the previous year, with the greatest decline in traffic over the North Atlantic, which fell by nearly 40%.

For SAS, the decline in international traffic was 10% and Business Class traffic decreased by 23%. The intra-Scandinavian and domestic route networks were also affected, although to a lesser extent.

Development in the market put further pressure on passenger mix, cabin factor and yield.

Rezidor SAS Hospitality also noted negative development due to the events of September 11.

Financial Development

Currency effects

The net effect of exchange rate fluctuations between January-September 2000 and 2001 is MSEK 284. The effect on operating revenue is MSEK 2,122, MSEK -2,115 on costs and MSEK 277 on net financial items. Most of the currency effect on revenues and expenses arose in the second and third quarters, mainly due to the weakened Swedish krona against the euro and other currencies during this period.

January-September 2001

The SAS AB Group's operating revenue amounted to MSEK 38,623 (34,731), an increase of MSEK 3,892 or 11.2%. MSEK 2,986 of this increase was higher passenger revenue, MSEK 292 increased operating revenue in the Hotels business area, and MSEK 614 increased oper-

ating revenue in other units. SAS's total passenger traffic measured in RPK, revenue passenger kilometers, increased by 4.1% compared with the first nine months of 2000. Unit revenue, yield, increased by 1.0% adjusted for currency effects.

Operating expenses rose by MSEK 4,774 or 14.8%. Operating income before depreciation decreased by MSEK 882 to MSEK 1,523 (2,405). The gross profit margin fell from 6.9% to 3.9%.

The Group's depreciation increased by 20.0% from MSEK 1,443 to MSEK 1,732, mainly due to investments in aircraft.

Share of income in affiliated companies amounted to MSEK 28 (48). Goodwill amortization is included in a total amount of MSEK 15 (23).

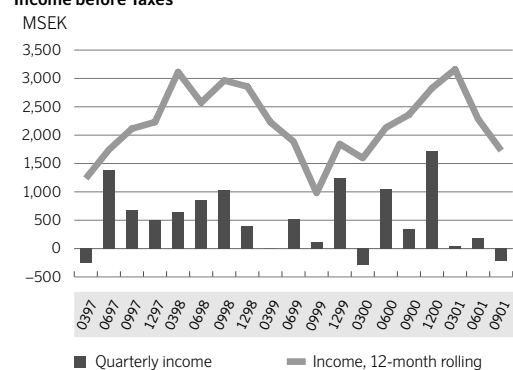
The Group's net financial items amounted to MSEK 21 (192). Net interest was MSEK 199 (123). A higher net debt and higher costs for loans in foreign currency had a negative impact on net interest. The currency effect was MSEK 213 (-38).

Sale and leaseback of nine aircraft was carried out in the nine-month period. The part of the gain which arose from the high U.S. dollar rate was regarded as a currency effect and had a positive impact on net financial items of MSEK 467. The weak development of the Swedish krona affected consolidated net debt by MSEK -254.

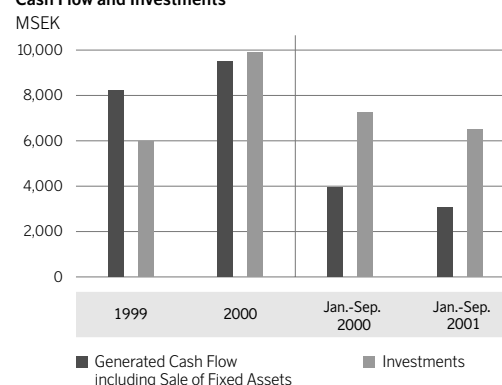
Income before capital gains amounted to MSEK -202 (818).

Capital gains totaled MSEK 209 (290). This includes the sale of aircraft with MSEK 529. An MSEK 296 deduction was made for phasing in and phasing out costs, following which income from the sale of aircraft is reported in a net amount of MSEK 233. In addition, shares in subsidiaries and other shares were sold with a capital loss of MSEK 24.

Income before Taxes



Cash Flow and Investments



Income before taxes amounted to MSEK 7 (1,108). The change in income before taxes is due to:

| | |
|---|---------------|
| Currency effect | 284 |
| Operating income before depreciation | -889 |
| Depreciation, share of income, net interest | -415 |
| Capital gains | -81 |
| | <u>-1,101</u> |

Third quarter 2001

The Group reports negative operating income for the third quarter. A marked downturn in demand in passenger traffic and reduced Business Class traffic in September led to falling revenues. Lower capacity utilization also contributed to the fall in earnings.

Operating revenue increased compared with the third quarter of 2000 by MSEK 975 or 8.3% to MSEK 12,675. The increase including currency effects was 1.0%. Passenger traffic, RPK, rose 3.1% compared with the previous year and the currency adjusted yield decreased by 1.9%.

Operating expenses increased by MSEK 1,838 or 17.3%. Adjusted for currency effects, the increase was 9.7%.

Income before capital gains was MSEK -421 (347).

After capital gains of MSEK 208 (-4), income before taxes amounted to MSEK -213 (343).

Investments

The SAS AB Group's investments, including prepayments, amounted to MSEK 6,495 (7,255) during the period. SAS Airline accounted for MSEK 6,008 (6,912) of investments, Rezidor SAS for MSEK 216 (188) and Other operations for MSEK 271 (155). Investments in aircraft and other flight equipment amounted to MSEK 5,292 (6,420).

At September 30, 2001, the sum of future investments in Boeing 737s, deHavilland Q400s, Airbus A340-330s and Airbus A321s amounted to approximately MUSD 1,330.

Firm orders for aircraft during the period 2001-2003>

| | Total | 2001 Oct.-Dec. | 2002 | 2003> |
|--------------------|-------|-------------------|------|-------|
| MUSD | 1,330 | 320 | 800 | 210 |
| Number of aircraft | 34 | 9 | 21 | 4 |

As a consequence of the decline in traffic that has occurred since September 11, there is a surplus of aircraft in the world market. SAS has started discussions with aircraft manufacturers on postponement of some deliveries. SAS does not plan to exercise options over the next year.

Financial Position

The SAS AB Group's liquid assets at September 30, 2001, amounted to MSEK 7,761 (7,118). A number of

bond loans were issued during the period for a total of MEUR 600. At the end of September 2001, SAS had unutilized contracted loan commitments totaling MUSD 885.

The equity/assets ratio at September 30, 2001, was 30% (34%). The net debt amounted to MSEK 5,586, an increase of MSEK 4,792 since year-end 2000. The change since year-end 2000 is mainly explained by the ongoing investment program in new aircraft. In addition, can be noted a less favorable cash flow from operations, MSEK 407 (1,739) for the period January-September. Cash flow for the third quarter amounts to MSEK -92 (713).

Investments and sales of fixed assets reached a net amount of MSEK 3,364 (2,539) during the nine-month period.

The estimated surplus value of the aircraft fleet owned by the SAS AB Group amounted to approximately MSEK 2,600 (7,100) on September 30, 2001. This change corresponds to the estimated fall in the market value of the fleet of approximately 20%.

Personnel

The average number of employees in the SAS AB Group during the period was 30,896 (29,731), of whom 25,212 (24,129) at SAS Airline, 3,058 (3,099) at Rezidor SAS, and 2,626 (2,503) in Other operations.

Accounting Principles

SAS AB's and the Group's closing accounts have been prepared in accordance with generally accepted accounting principles in Sweden which are based on the Swedish Annual Accounts Act and recommendations from the Swedish Financial Accounting Standards Council. The SAS Group's accounts through 2000 were in all significant respects prepared according to IAS. The differences between application of IAS and generally accepted accounting principles in Sweden have not so far been of material significance for the Group's results and financial position. With effect from 2001, a new recommendation (IAS 39) has been introduced regarding accounting for financial instruments. In the SAS AB Group's interim report for January-September 2001, this recommendation has not yet been applied. To the extent recommendations from IAS do not conflict with generally accepted accounting principles in Sweden, IAS will be applied for SAS AB and the Group.

All comparative figures have been recomputed in accordance with the new Group structure.

SAS AB Group

Summary Statement of Income

| (MSEK) | July-September | | January-September | | October-September | |
|---|----------------|--------|-------------------|---------|-------------------|-----------|
| | 2001 | 2000 | 2001 | 2000 | 2000-2001 | 1999-2000 |
| Operating revenue | 12,675 | 11,700 | 38,623 | 34,731 | 51,432 | 46,270 |
| Payroll expenses | -4,314 | -3,698 | -12,967 | -11,231 | -16,668 | -14,907 |
| Other operating expenses | -8,158 | -6,936 | -24,133 | -21,095 | -31,936 | -27,860 |
| Earnings before depreciation, EBITDA | 203 | 1,066 | 1,523 | 2,405 | 2,828 | 3,503 |
| Depreciation | -591 | -510 | -1,732 | -1,443 | -2,481 | -1,989 |
| Share of income in affiliated companies | -43 | -18 | 28 | 48 | -21 | 8 |
| Income from the sale of shares in subsidiaries and affiliated companies | 1 | 17 | -25 | 17 | 991 | 14 |
| Income from the sale of aircraft and buildings | 207 | -21 | 233 | 262 | 461 | 885 |
| Operating income | -223 | 534 | 27 | 1,289 | 1,778 | 2,421 |
| Income from other shares and participations | 0 | 0 | 1 | 11 | 5 | 207 |
| Net financial items | 10 | -191 | -21 | -192 | -55 | -268 |
| Income before taxes | -213 | 343 | 7 | 1,108 | 1,728 | 2,360 |
| Taxes | 3 | -105 | -52 | -316 | -435 | -738 |
| Minority interests | 2 | -1 | -22 | -5 | -12 | -2 |
| Income after taxes | -208 | 237 | -67 | 787 | 1,281 | 1,620 |
| Earnings per share (SEK) ¹ | -1.26 | 1.44 | -0.41 | 4.78 | 7.78 | 9.85 |

¹ Earnings per share is calculated on the full number of shares, 164,550,000.

Cash Flow Statement

| (MSEK) | July-September | | January-September | | October-September | |
|---|----------------|--------|-------------------|--------|-------------------|-----------|
| | 2001 | 2000 | 2001 | 2000 | 2000-2001 | 1999-2000 |
| Income before taxes | -213 | 343 | 7 | 1,108 | 1,728 | 2,360 |
| Depreciation | 591 | 510 | 1,732 | 1,443 | 2,481 | 1,989 |
| Income from the sale of fixed assets | -208 | 4 | -209 | -290 | -1,457 | -1,106 |
| Adjustment for items not included in cash flow, etc. | -252 | -125 | -961 | -270 | -1,076 | -238 |
| Tax paid | -10 | -19 | -162 | -252 | -100 | -293 |
| Cash flow from operations | -92 | 713 | 407 | 1,739 | 1,576 | 2,712 |
| Change in working capital | -626 | -227 | -662 | -321 | 700 | 631 |
| Net financing from operations | -718 | 486 | -255 | 1,418 | 2,276 | 3,343 |
| Investments including prepayments to aircraft suppliers | -2,852 | -2,733 | -6,495 | -7,255 | -9,126 | -8,915 |
| Sale of fixed assets, etc. | 1,770 | 637 | 3,320 | 2,524 | 6,355 | 7,123 |
| Financing deficit/surplus | -1,800 | -1,610 | -3,430 | -3,313 | -495 | 1,551 |
| Dividend | 0 | 0 | -754 | -666 | -754 | -666 |
| External financing, net | -2,659 | 2,394 | 2,966 | 2,602 | 1,892 | 335 |
| Change in liquid assets according to the balance sheet | -4,459 | 784 | -1,218 | -1,377 | 643 | 1,220 |

SAS AB Group

Summary Balance Sheet

| (MSEK) | September 30 2001 | December 31 2000 | September 30 2000 |
|---|----------------------|---------------------|----------------------|
| Aircraft and spare parts | 17,391 | 15,985 | 15,513 |
| Other noninterest-bearing assets | 24,084 | 19,671 | 21,372 |
| Interest-bearing assets (excl. liquid assets) | 7,896 | 4,790 | 4,261 |
| Liquid assets | 7,761 | 8,979 | 7,118 |
| Assets | 57,132 | 49,425 | 48,264 |
| Shareholders' equity | 16,748 | 17,520 | 16,151 |
| Minority interests | 275 | 131 | 136 |
| Deferred tax liability | 4,040 | 3,961 | 3,556 |
| Subordinated debenture loan | 956 | 840 | 809 |
| Other interest-bearing liabilities | 20,287 | 13,723 | 14,220 |
| Operating liabilities | 14,826 | 13,250 | 13,392 |
| Shareholders' equity and liabilities | 57,132 | 49,425 | 48,264 |
| Shareholders' equity | | | |
| Opening balance | 17,520 | 16,011 | 16,011 |
| Dividend to shareholders | -754 | -666 | -666 |
| Change in translation difference | 49 | 40 | 19 |
| Income after taxes | -67 | 2,135 | 787 |
| Closing balance | 16,748 | 17,520 | 16,151 |
| Earnings per share (SEK) ¹ | 101.78 | 106.50 | 98.15 |

¹ Equity per share is calculated on the full number of shares, 164,550,000.

Operating Revenue and Income by Business Area

| Operating revenue (MSEK) | July-September | | January-September | | October-September | |
|---|----------------|--------|-------------------|--------|-------------------|-----------|
| | 2001 | 2000 | 2001 | 2000 | 2000-2001 | 1999-2000 |
| SAS Airline | 11,068 | 10,156 | 33,765 | 30,347 | 45,021 | 40,401 |
| Hotels | 882 | 784 | 2,561 | 2,269 | 3,414 | 3,071 |
| Other operations | 1,573 | 1,432 | 4,879 | 4,326 | 6,411 | 5,831 |
| Group eliminations | -848 | -672 | -2,582 | -2,211 | -3,414 | -3,033 |
| Total operating revenue | 12,675 | 11,700 | 38,623 | 34,731 | 51,432 | 46,270 |
| Earnings before depreciation, EBITDA | | | | | | |
| (MSEK) | July-September | | January-September | | October-September | |
| | 2001 | 2000 | 2001 | 2000 | 2000-2001 | 1999-2000 |
| SAS Airline | 11 | 810 | 872 | 1,711 | 1,947 | 2,559 |
| Hotels | 78 | 119 | 203 | 297 | 302 | 450 |
| Other operations | 127 | 130 | 448 | 381 | 586 | 482 |
| Group eliminations | -13 | 7 | 0 | 16 | -7 | 12 |
| Earnings before depreciation, EBITDA | 203 | 1,066 | 1,523 | 2,405 | 2,828 | 3,503 |
| Income before taxes | | | | | | |
| (MSEK) | July-September | | January-September | | October-September | |
| | 2001 | 2000 | 2001 | 2000 | 2000-2001 | 1999-2000 |
| SAS Airline | -248 | 166 | -238 | 421 | 1,409 | 1,540 |
| Hotels | 23 | 101 | 81 | 487 | 177 | 611 |
| Other operations | 25 | 69 | 164 | 184 | 149 | 197 |
| Group eliminations | -13 | 7 | 0 | 16 | -7 | 12 |
| Income before taxes | -213 | 343 | 7 | 1,108 | 1,728 | 2,360 |

SAS AB Group

Summary of Income by Quarter

| (MSEK) | 1999 | | | 2000 | | | | | 2001 | | |
|---|---------------|---------------|------------------------|---------------|---------------|---------------|---------------|------------------------|---------------|---------------|---------------|
| | Jul.- Sep. | Oct.- Dec. | Full Year Jan.-Dec. | Jan.- Mar. | Apr.- Jun. | Jul.- Sep. | Oct.- Dec. | Full Year Jan.-Dec. | Jan.- Mar. | Apr.- Jun. | Jul.- Sep. |
| Operating revenue | 10,400 | 11,539 | 43,746 | 10,756 | 12,275 | 11,700 | 12,809 | 47,540 | 12,137 | 13,811 | 12,675 |
| Payroll expenses | -3,611 | -3,676 | -14,829 | -3,740 | -3,793 | -3,698 | -3,701 | -14,932 | -4,083 | -4,570 | -4,314 |
| Other operating expenses | -6,245 | -6,765 | -26,186 | -6,924 | -7,235 | -6,936 | -7,803 | -28,898 | -7,392 | -8,583 | -8,158 |
| Earnings before depreciation | | | | | | | | | | | |
| EBITDA | 544 | 1,098 | 2,731 | 92 | 1,247 | 1,066 | 1,305 | 3,710 | 662 | 658 | 203 |
| Depreciation | -545 | -546 | -2,087 | -470 | -463 | -510 | -749 | -2,192 | -576 | -565 | -591 |
| Share of income in affiliated companies | 45 | -40 | 77 | 62 | 4 | -18 | -49 | -1 | 35 | 36 | -43 |
| Income from the sale of shares in subsidiaries and affiliated companies | 134 | -3 | 283 | 0 | 0 | 17 | 1,016 | 1,033 | 5 | -31 | 1 |
| Income from the sale of aircraft and buildings | 43 | 623 | 726 | 17 | 266 | -21 | 228 | 490 | -43 | 69 | 207 |
| Operating income | 221 | 1,132 | 1,730 | -299 | 1,054 | 534 | 1,751 | 3,040 | 83 | 167 | -223 |
| Income from other shares and participations | 0 | 196 | 417 | 0 | 11 | 0 | 4 | 15 | 1 | 0 | 0 |
| Net financial items | -106 | -76 | -262 | 9 | -10 | -191 | -34 | -226 | -44 | 13 | 10 |
| Income before taxes | 115 | 1,252 | 1,885 | -290 | 1,055 | 343 | 1,721 | 2,829 | 40 | 180 | -213 |
| Taxes | 65 | -422 | -505 | 53 | -264 | -105 | -383 | -699 | -27 | -28 | 3 |
| Minority interests | -3 | 3 | -1 | 6 | -10 | -1 | 10 | 5 | 0 | -24 | 2 |
| Income after taxes | 177 | 833 | 1,379 | -231 | 781 | 237 | 1,348 | 2,135 | 13 | 128 | -208 |

Key Figures

| | September 30 | December 31 | September 30 |
|--|---------------------|-------------|--------------|
| | 2001 | 2000 | 2000 |
| Return on capital employed, (12-month rolling) | 7% | 12% | 11% |
| Return on equity, (12-month rolling) | 8% | 13% | 10% |
| Equity/assets ratio | 30% | 36% | 34% |
| Net debt, MSEK | 5,586 | 794 | 3,650 |
| Debt/equity ratio * | 0.33 | 0.04 | 0.22 |
| Interest coverage ratio, (12-month rolling) ** | 3.9 | 5.0 | 4.2 |
| EBITDAR margin *** | 12% | 12% | 11% |
| CFROI, (12-month rolling) **** | 13% | 17% | 16% |

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

** Operating income plus financial income in relation to financial expenses.

*** EBITDAR in relation to operating revenue.

**** Based on market-adjusted capital employed which includes the market value of the aircraft fleet and capitalized leasing costs.

Income and Capital Concepts included in CFROI

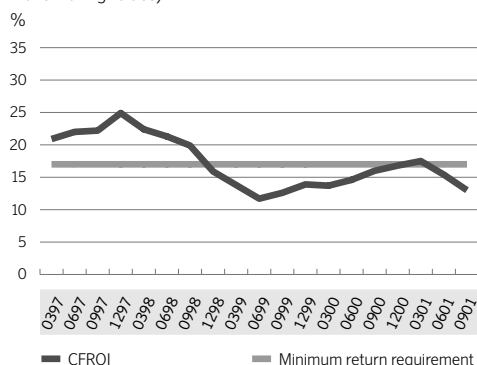
| (MSEK) | October-September 2000-2001 | October-September 1999-2000 |
|--|--------------------------------|--------------------------------|
| Earnings (12 months) | | |
| Earnings before depreciation, EBITDA | 2,828 | 3,503 |
| + Operating lease costs, aircraft | 2,276 | 1,696 |
| EBITDAR | 5,104 | 5,199 |
| Adjusted capital employed (average) | | |
| + Shareholders' equity | 17,008 | 15,761 |
| + Minority interests | 193 | 110 |
| + Surplus value, aircraft | 5,714 | 5,299 |
| + Capitalized leasing costs (x 7) * | 14,003 | 10,273 |
| – Equity in affiliated companies | –1,072 | –1,010 |
| + Net debt | 3,378 | 2,024 |
| Adjusted capital employed | 39,224 | 32,457 |
| CFROI | 13% | 16% |

* In the definition of CFROI the present value of operating lease contracts (NPV) was previously used for calculating capitalized leasing costs. Starting with this report, this calculation will instead be based on 7 times the annual cost for operating leases for aircraft.

The majority of SAS's operating leases are so-called phasing out leases with a remaining term of less than two years. In the capital market, the calculation model 7 times the annual cost is used regardless of the term of the leases. SAS therefore chooses to discontinue NPV in favor of 7 times the annual cost for operating leases for aircraft.

Average NPV for the 12-month period amounts to MSEK 4,709 (3,384).

Development of Cash Flow Return on Investments, CFROI (12-month rolling values)



In the period October 2000 to September 2001, the Group generated earnings before net financial items, taxes, depreciation, capital gains and operating lease costs for aircraft (EBITDAR) of MSEK 5,104 (5,199). Set in relation to market-based capital employed, CFROI was 13% (16%). The minimum return requirement is set at 17% as an average over an investment cycle, where average capital allocation for replacement of the aircraft fleet is taken into account.

CFROI (Cash Flow Return on Investments) is the most important metric for value creation in operations, making it the Group's main focus. CFROI reflects the EV/EBITDAR multiple which expresses the value of operations as a multiple of operating cash flow for the year excluding operating lease costs for aircraft.

SAS Airline Business Area

Market Development

Market development was good in the first quarter. Subsequently a gradually weaker economic trend and demand were noted. After September 11, demand has fallen sharply. In the first eight months of the year, SAS's traffic growth remained higher than for the rest of the airline industry. In the Swedish market, however, a continued marked fall in demand was noted due to the general economic slowdown and the weak Swedish krona.

In the period January-August, European airlines' international traffic rose approximately 1%. At the same time, capacity increased by 2%. In the same period, SAS increased its international production by 8% and had a traffic increase of 6%. This meant that SAS took market shares for the first time since the first half of the 1990s. Both SAS and the entire industry, however, experienced falls in the cabin factor in January-August.

In the period September 11-30, European airlines' international traffic fell 18% compared with the previous year, with the greatest decline in traffic over the North Atlantic which was reduced by almost 40%. At the same time, the cabin factor decreased substantially, over the North Atlantic by 15 percentage points since production had not been adjusted to such an extent, a reduction of 25% compared with the previous year, despite major cut-backs in companies' traffic programs. In the Scandinavia-USA market, the total number of daily flights was cut back from 10 to 6 through the two daily reductions made by SAS and the fact that American and Delta left the market. SAS was also severely affected with a decline in international traffic of 10% in the last three weeks of September compared with 2000. The decline in Business Class was 23%.

For the entire period January-September this meant that total international traffic for the industry fell by approximately 1% compared with the same period in the previous year, while the capacity increase was 1%. It can be expected that the airlines will adjust their capacity to these new conditions in their winter traffic program. SAS, however, continued to take market shares, since SAS's international traffic growth accumulated through September was almost 5% with a production increase of just over 8%. This meant that the cabin factor fell by over 2 percentage points to 67.5%. For SAS Airline, total traffic accumulated through September rose 4.1% and production 6.9%, compared with the same period a year ago.

Income Trend

Operating income from the airline operations showed negative development in the third quarter of 2001 compared with the previous year, due to subdued traffic development and a weak revenue trend. This negative traffic development was intensified after the terrorist

attacks on September 11. Less favorable capacity utilization combined with a production level which was lower than planned, also led to a negative development of the unit cost in the third quarter.

Earnings before depreciation and leasing costs (EBITDAR) amounted to MSEK 624 (1,304) in the third quarter. Capacity utilization in the traffic system decreased compared with the same period in 2000 by 4.1 percentage points to 67.5%. Yield adjusted for currency effects decreased by 1.9%.

Production expressed in ASK increased by 9.4% compared with the third quarter of 2000.

Earnings before depreciation and leasing costs (EBITDAR) amounted to MSEK 2,639 (3,100) for the period January-September, a decrease of 14.9%.

Production increased by 6.9% in the first nine months of the year. In view of the deteriorated traffic development, SAS decided to cut production by 12%, compared with earlier plans, from October 28, 2001.

In the period January-September, operating expenses increased by MSEK 3,879 or 14.2%, of which increased payroll expenses accounted for MSEK 1,390 and higher fuel costs for MSEK 539. Adjusted for currency effects, operating expenses rose 7.1%.

The unit cost increased by 1.6% compared with the same period in 2000. The weighted production increase was 3.4 percentage points lower than planned.

Payroll expenses totaled MSEK 10,758 (9,368). Taking currency effects into account, the increase was 8.1% and the average number of employees increased by 4.5%.

The world market price for jet fuel fell in recent months, mainly due to lower demand. SAS's costs for jet fuel during the period increased by MSEK 539 or 19.5% compared with 2000. Of this increase, 16.5% is due to volume and currency effects and the remaining 3% to price.

Depreciation and leasing costs increased by a total of MSEK 632 or 25% due to new investments in the aircraft fleet.

A sale and leaseback transaction was carried out for one Boeing 767 and eight Boeing 737s in January-September. In the same period, two Boeing 737s, two Airbus A340-300s and twelve deHavilland Q400s went into operation, of which two Airbus A340-300s and one deHavilland Q400 in the third quarter.

Income before capital gains amounted to MSEK -440, which represents a decline of MSEK 831 compared with the same period last year.

Statement of Income SAS Airline

| (MSEK) | July-September | | January-September | | October-September | |
|--|----------------|--------|-------------------|---------|-------------------|-----------|
| | 2001 | 2000 | 2001 | 2000 | 2000-2001 | 1999-2000 |
| Passenger revenue | 8,949 | 8,186 | 27,580 | 24,594 | 36,376 | 32,358 |
| Freight revenue | 524 | 551 | 1,569 | 1,629 | 2,264 | 2,243 |
| Other traffic revenue | 357 | 273 | 873 | 804 | 1,406 | 1,368 |
| Other revenue | 1,238 | 1,146 | 3,743 | 3,320 | 4,975 | 4,432 |
| Operating revenue | 11,068 | 10,156 | 33,765 | 30,347 | 45,021 | 40,401 |
| Payroll expenses | -3,550 | -3,075 | -10,758 | -9,368 | -13,792 | -12,377 |
| Selling costs | -601 | -583 | -1,861 | -1,686 | -2,618 | -2,156 |
| Jet fuel | -1,134 | -969 | -3,298 | -2,759 | -4,498 | -3,393 |
| Government user fees | -1,099 | -940 | -3,165 | -2,788 | -4,112 | -3,747 |
| Catering costs | -453 | -481 | -1,321 | -1,420 | -1,692 | -1,892 |
| Handling costs | -468 | -438 | -1,489 | -1,385 | -1,932 | -1,864 |
| Technical aircraft maintenance | -693 | -594 | -2,086 | -1,769 | -2,602 | -2,340 |
| Data and telecommunications costs | -367 | -283 | -1,186 | -936 | -1,532 | -1,304 |
| Other operating expenses | -2,079 | -1,489 | -5,962 | -5,136 | -8,020 | -7,073 |
| Operating expenses | -10,444 | -8,852 | -31,126 | -27,247 | -40,798 | -36,146 |
| Earnings before depreciation and leasing costs, EBITDAR | 624 | 1,304 | 2,639 | 3,100 | 4,223 | 4,255 |
| Leasing costs | -613 | -494 | -1,767 | -1,389 | -2,276 | -1,696 |
| Earnings before depreciation, EBITDA | 11 | 810 | 872 | 1,711 | 1,947 | 2,559 |
| Depreciation | -474 | -408 | -1,393 | -1,139 | -2,025 | -1,574 |
| Share of income in affiliated companies | -21 | -29 | 66 | 25 | 90 | -7 |
| Capital gains | 207 | -22 | 202 | 30 | 1,422 | 846 |
| Net financial items | 29 | -185 | 15 | -206 | -25 | -284 |
| Income before taxes | -248 | 166 | -238 | 421 | 1,409 | 1,540 |

SAS's Passenger Traffic

Development in SAS's Business Class traffic had already weakened in the second quarter due to lower demand. This decline intensified significantly in the third quarter when the decrease in Business Class traffic was 8%. In the period January-September, Business Class traffic was at the same level as in the previous year. Business Class accounted for 27.0% of total traffic, which is a decrease of 1.2 percentage points compared with the previous year. Traffic in Economy Class increased by 6% compared with 2000. The total cabin factor decreased by 1.9 percentage points to 66.1%. Yield adjusted for currency effects increased by 0.9% compared with January-September 2000.

In the first nine months of the year, intercontinental traffic increased by 3.8% against a production increase of 4.4%. The cabin factor for the entire period was 81.0% but on North Atlantic routes the cabin factor fell to approximately 60% after September 11. Business Class traffic on intercontinental routes remained at the same level as the previous year during the entire period January-September, while Economy Class traffic rose 5%. The new route to Washington has developed well since it started in May and had a cabin factor of 86% before September 11 but was naturally also negatively affected subsequently. Traffic to and from Asia has not been affected to such an extent by the terrorist attacks and in general continued to have a high cabin factor. SAS's Asian traffic increased by 3% after September 11, while the AEA companies had an average decline in traffic of 15% compared with the previous year. However, there was a sharp decline in SAS's Business Class traffic of 13%. The route to/from New Delhi, however, showed weak development and will be suspended in February 2002.

Traffic on the European routes increased by 6.4% in the period January-September with a production increase of 11.6%. September was weaker, however, with a traffic increase of only 1.1% over the previous year. Most affected was traffic to/from London with a 36% decline in Business Class. This trend was already evident before September 11 but worsened significantly in the last three weeks of September. Traffic in Economy Class, however, showed very strong development, 11% accumulated through September compared with the previous year. The total cabin factor decreased by 2.9 percentage points to 59.4%. At the end of September, SAS announced that capacity on its European routes will be reduced by 10% in 2002 compared with earlier plans.

Intra-Scandinavian traffic was almost unaffected in September. Feeder traffic to Copenhagen for European routes and routes to the U.S., however, was negatively affected. This applied in particular to feeder routes to/from Sweden, a trend that was also noted before September 11 due to the weak Swedish economy. In total, intra-Scandinavian traffic increased accumulated through September by 3.6% against a production increase of 9% compared with the previous year. The cabin factor fell 3.0 percentage points to 58.2%.

Danish domestic traffic increased by 1.9% with a production increase of 3.5% compared with January-September 2000. Business Class traffic increased by 4% while Economy Class remained at the previous year's level. SAS's Business Class traffic developed very well on the Copenhagen-Aalborg and Copenhagen-Aarhus routes.

The Norwegian domestic market has decreased due to raised passenger charges, a trend which was accentuated in the third quarter. SAS's traffic decreased in September by 3.2% compared with the previous year, but increased by 1.7% for the entire period. Business Class traffic, however, showed very strong development throughout the year, increasing by 9% in January-September compared with 2000. SAS continued to capture market shares in the Norwegian domestic market.

In the Swedish domestic market the downturn in demand, particularly since the beginning of the second quarter, led to a decline in traffic. SAS's traffic decreased by 9% in September compared with the previous year and has increased by only 0.6% accumulated through September compared with 2000. Since production increased by 7.8% for the entire period January-September due to the introduction of new larger Boeing 737-800s, the cabin factor fell 4.4 percentage points to 60.9%.

Ahead of the winter traffic program, which started on October 28, SAS decided to suspend services to New Delhi, Kaliningrad, Barcelona, Tel Aviv and Stanstead. It has also been decided to suspend the routes Oslo-New York (from October 2), Stockholm-Hamburg and Gothenburg-Paris (from October 8) and to reduce the number of frequencies on other routes. Capacity will be reduced by 12% compared with earlier plans. A total of 16 aircraft will be taken out of operation. This is being done in order to limit the effects of weaker demand and counteract the decline in the cabin factor.

The total number of SAS passengers during the period was 17.8 (17.5) million. The number of SAS EuroBonus members was 9% higher than at September 30, 2000, and amounted to 2.1 million.

Widerøe's Flyveselskap

| (MSEK) | Jan.-Sep. 2001 | Jan.-Sep. 2000 | Jan.-Dec. 2000 |
|------------------------|----------------|----------------|----------------|
| Operating revenue | 1,574 | 1,363 | 1,851 |
| of which external (%) | 100.0 | 100.0 | 99.0 |
| EBITDAR | 194 | 148 | 224 |
| Operating income, EBIT | 101 | 70 | 117 |
| Income before taxes | 53 | 23 | 56 |
| Number of employees | 1,231 | 1,240 | 1,238 |

Income before taxes improved substantially compared with the previous year and the EBITDAR margin increased by 1.5 percentage points.

Three main factors lie behind this improvement in earnings: better market adjustment on the commercial routes, a strong focus on cost-cutting activities, and the full effect of a new tender period with better conditions.

Widerøe achieved its regularity and punctuality targets for the period. Today, the company has approximately

Traffic, Production and Yield

| | | Jul.-Sep. 2001 | Jul.-Sep. 2000 | change | Jan.-Sep. 2001 | Jan.-Sep. 2000 | change |
|---------------------------------------|--------|-------------------|-------------------|-----------|-------------------|-------------------|-----------|
| Intercontinental routes | | | | | | | |
| Number of passengers | (000) | 348 | 335 | +3.6% | 950 | 911 | +4.2% |
| Revenue passenger kilometers (RPK) | (mill) | 2,356 | 2,291 | +2.8% | 6,437 | 6,200 | +3.8% |
| Available seat kilometers (ASK) | (mill) | 2,814 | 2,604 | +8.1% | 7,952 | 7,617 | +4.4% |
| Cabin factor | | 83.7% | 88.0% | -4.3%pts. | 81.0% | 81.4% | -0.4%pts. |
| Yield, adjusted for currency effects | | | | -0.8% | | | +0.6% |
| European routes | | | | | | | |
| Number of passengers | (000) | 2,186 | 2,079 | +5.1% | 6,122 | 5,796 | +5.6% |
| Revenue passenger kilometers (RPK) | (mill) | 2,233 | 2,103 | +6.2% | 6,218 | 5,846 | +6.4% |
| Available seat kilometers (ASK) | (mill) | 3,670 | 3,200 | +14.7% | 10,461 | 9,377 | +11.6% |
| Cabin factor | | 60.8% | 65.7% | -4.9%pts. | 59.4% | 62.3% | -2.9%pts. |
| Yield, adjusted for currency effects | | | | -7.4% | | | -2.5% |
| Intra-Scandinavian routes | | | | | | | |
| Number of passengers | (000) | 1,052 | 1,077 | -2.3% | 3,084 | 3,272 | -5.7% |
| Revenue passenger kilometers (RPK) | (mill) | 509 | 499 | +2.1% | 1,467 | 1,417 | +3.6% |
| Available seat kilometers (ASK) | (mill) | 859 | 771 | +11.4% | 2,524 | 2,316 | +9.0% |
| Cabin factor | | 59.3% | 64.7% | -5.4%pts. | 58.2% | 61.2% | -3.0%pts. |
| Yield, adjusted for currency effects | | | | -3.8% | | | -1.2% |
| Danish domestic | | | | | | | |
| Number of passengers | (000) | 238 | 239 | -0.5% | 735 | 730 | +0.7% |
| Revenue passenger kilometers (RPK) | (mill) | 121 | 112 | +7.5% | 296 | 290 | +1.9% |
| Available seat kilometers (ASK) | (mill) | 166 | 155 | +7.4% | 437 | 422 | +3.5% |
| Cabin factor | | 72.6% | 72.5% | +0.1%pts. | 67.7% | 68.8% | -1.1%pts. |
| Yield, adjusted for currency effects | | | | -1.0% | | | +4.0% |
| Norwegian domestic | | | | | | | |
| Number of passengers | (000) | 1,012 | 1,004 | +0.8% | 2,975 | 2,908 | +2.3% |
| Revenue passenger kilometers (RPK) | (mill) | 550 | 553 | -0.6% | 1,543 | 1,517 | +1.7% |
| Available seat kilometers (ASK) | (mill) | 859 | 897 | -4.2% | 2,521 | 2,619 | -3.8% |
| Cabin factor | | 64.0% | 61.6% | +2.3%pts. | 61.2% | 57.9% | +3.3%pts. |
| Yield, adjusted for currency effects | | | | +9.9% | | | +10.0% |
| Swedish domestic | | | | | | | |
| Number of passengers | (000) | 1,168 | 1,209 | -3.4% | 3,897 | 3,875 | +0.6% |
| Revenue passenger kilometers (RPK) | (mill) | 578 | 597 | -3.2% | 1,897 | 1,886 | +0.6% |
| Available seat kilometers (ASK) | (mill) | 941 | 870 | +8.2% | 3,117 | 2,890 | +7.8% |
| Cabin factor | | 61.4% | 68.6% | -7.2%pts. | 60.9% | 65.2% | -4.4%pts. |
| Yield, adjusted for currency effects | | | | -5.2% | | | +1.4% |
| SAS's passenger traffic, total | | | | | | | |
| Number of passengers | (000) | 6,002 | 5,943 | +1.0% | 17,763 | 17,493 | +1.5% |
| Revenue passenger kilometers (RPK) | (mill) | 6,346 | 6,155 | +3.1% | 17,858 | 17,155 | +4.1% |
| Available seat kilometers (ASK) | (mill) | 9,310 | 8,496 | +9.6% | 27,011 | 25,241 | +7.0% |
| Cabin factor | | 68.2% | 72.4% | -4.2%pts. | 66.1% | 68.0% | -1.9%pts. |
| Yield, adjusted for currency effects | | | | -2.1% | | | +0.9% |
| Widerøe's Flyveselskap | | | | | | | |
| Number of passengers | (000) | 341 | 359 | -5.0% | 1,068 | 1,132 | -5.6% |
| Revenue passenger kilometers (RPK) | (mill) | 86 | 91 | -5.4% | 269 | 283 | -5.2% |
| Available seat kilometers (ASK) | (mill) | 174 | 179 | -2.8% | 528 | 544 | -2.9% |
| Cabin factor | | 49.4% | 50.8% | -1.4%pts. | 50.9% | 52.1% | -1.2%pts. |
| Yield, adjusted for currency effects | | | | +10.4% | | | +10.0% |
| Air Botnia | | | | | | | |
| Number of passengers | (000) | 120 | 96 | +25.0% | 355 | 299 | +18.7% |
| Revenue passenger kilometers (RPK) | (mill) | 66 | 56 | +17.0% | 192 | 151 | +26.8% |
| Available seat kilometers (ASK) | (mill) | 145 | 128 | +13.1% | 434 | 390 | +11.3% |
| Cabin factor | | 45.5% | 44.0% | +1.5%pts. | 44.2% | 38.8% | +5.4%pts. |
| SAS Airline, total | | | | | | | |
| Number of passengers | (000) | 6,463 | 6,398 | +1.0% | 19,186 | 18,924 | +1.4% |
| Revenue passenger kilometers (RPK) | (mill) | 6,498 | 6,302 | +3.1% | 18,319 | 17,590 | +4.1% |
| Available seat kilometers (ASK) | (mill) | 9,629 | 8,804 | +9.4% | 27,973 | 26,175 | +6.9% |
| Cabin factor | | 67.5% | 71.6% | -4.1%pts. | 65.5% | 67.2% | -1.7%pts. |
| Yield, adjusted for currency effects | | | | -1.9% | | | +1.0% |

12% of the Norwegian domestic market and is expected with its operations to be well placed to survive the current crisis in the airline industry. For example, the cabin factor fell by only 2% in September.

Air Botnia

| (MSEK) | Jan.-Sep. 2001 | Jan.-Sep. 2000 | Jan.-Dec. 2000 |
|------------------------|----------------|----------------|----------------|
| Operating revenue | 682 | 558 | 772 |
| of which external (%) | 100.0 | 100.0 | 99.2 |
| EBITDAR | 12 | 17 | 11 |
| Operating income, EBIT | -11 | 9 | -4 |
| Income before taxes | -10 | 8 | -5 |
| Number of employees | 304 | 263 | 264 |

Air Botnia's expansion continued during the period and a total of 355,000 passengers were transported, an increase of 18.7% compared with the previous year. The Business Class proportion during the period was 47%. In the markets Stockholm-Tampere and Stockholm-Turku, Air Botnia together with SAS has a market share of approximately 80%.

New aircraft types were successfully phased in during the period. At the end of September, four SAAB 2000s and four RJ85s were in commercial operation. The Finnish airline market has weakened recently and several competitors are reducing capacity to and from Finland.

SAS Cargo

| | Jan.-Sep. 2001 | Jan.-Sep. 2000 | Jan.-Dec. 2000 |
|-----------------------------|----------------|----------------|----------------|
| Operating revenue (MSEK) | 1,588 | 1,591 | 2,225 |
| Flown tonnes | 193,981 | 210,162 | 286,785 |
| Tonne km (000) | 641,733 | 688,061 | 944,342 |
| Cargo yield, SEK / tonne km | 2.44 | 2.28 | 2.33 |
| Number of employees | 1,173 | 1,179 | 1,184 |

Since June 1, 2001, all operations have been conducted in an independent limited liability company, SAS Cargo Group A/S, which is 100% owned by SAS. Since before this date, the operations were integrated with SAS's airline operations, results cannot be reported for 2001.

SAS Cargo's freight revenue for the period amounted to MSEK 1,588, which is on a par with the previous year. September was affected by the terrorist attacks in the U.S. and the month continued generally with a weaker freight market. IATA's assessment is that the freight market may be affected by approximately 13% on an annual basis. However, SAS Cargo has experienced positive development on routes to the U.S., which is partly due to the fact that several American airlines no longer have services to Stockholm.

Hotels Business Area

Rezidor SAS Hospitality

(formerly SAS International Hotels)

After a good start to the year, there has been a negative trend in the market in recent months which was further intensified by the terrorist attacks in the U.S. in September. Small cities are affected to a lesser extent than major ones. The market segment most affected is group bookings, both business and leisure guests. Hotels with a low proportion of conference guests, such as RSH's Malmaison hotels, have not been affected to any great extent.

Ten new hotels were opened or re-branded in the first

nine months of the year. In addition, at the end of September RSH had signed a further nine new contracts, including hotels in Paris and Frankfurt.

Revenues for the period amounted to MSEK 2,561 (2,269), which is an increase of nearly 13%, of which approximately 8% is attributable to the fact that two hotels previously operated under management agreements are now leased.

Income before taxes for the nine-month period amounted to MSEK 81 (487). The 2000 result included a capital gain of 243 MSEK.

Statement of Income

| (MSEK) | July-September | | January-September | | October-September | |
|--|----------------|------------|-------------------|----------------|-------------------|--------------|
| | 2001 | 2000 | 2001 | 2000 | 2000-2001 | 1999-2000 |
| Rooms revenue | 426 | 409 | 1,215 | 1,129 | 1,568 | 1,477 |
| Food and beverage revenue | 258 | 238 | 814 | 733 | 1,137 | 1,041 |
| Other revenue | 198 | 137 | 532 | 407 | 709 | 553 |
| Total operating revenue | 882 | 784 | 2,561 | 2,269 | 3,414 | 3,071 |
| Operating expenses | -278 | -247 | -864 | -750 | -1,161 | -996 |
| Payroll expenses | -342 | -283 | -986 | -824 | -1,291 | -1,110 |
| Rental expenses, property insurance and property tax | -184 | -135 | -508 | -398 | -660 | -515 |
| Earnings before depreciation, EBITDA | 78 | 119 | 203 | 297 | 302 | 450 |
| Depreciation | -43 | -34 | -119 | -103 | -164 | -142 |
| Share of income in affiliated companies | 5 | 16 | 28 | 34 | 39 | 41 |
| Capital gains | - | - | - | 243 | 24 | 245 |
| Net financial items | -17 | - | -31 | 16 | -24 | 17 |
| Income before taxes | 23 | 101 | 81 | 487 | 177 | 611 |
| | | | | Sep. 30 | Sep. 30 | Dec. 31 |
| | | | | 2001 | 2000 | 2000 |
| EBITDA (MSEK) | | | | 203 | 297 | 396 |
| EBITDA, pro forma (adjusted for sale of properties) (MSEK) | | | | 203 | 295 | N/A. |
| Return on capital employed (ROCE) (12-month rolling) | | | | 11.0% | 19.2% | 17.7% |
| Revenue per available room (REVPAR) (SEK) | | | | 670 | 653 | 619 |
| Gross profit margin | | | | 27.8% | 32.0% | 30.3% |

Other Operations Business Area

| (MSEK) | July-September | | January-September | | October-September | |
|---|----------------|-------|-------------------|--------|-------------------|-----------|
| | 2001 | 2000 | 2001 | 2000 | 2000-2001 | 1999-2000 |
| Operating revenue | 1,573 | 1,432 | 4,879 | 4,326 | 6,411 | 5,831 |
| Payroll expenses | -422 | -340 | -1,223 | -1,039 | -1,585 | -1,420 |
| Cost of goods sold | -264 | -240 | -771 | -728 | -1,002 | -971 |
| Data and telecommunications costs | -284 | -252 | -822 | -738 | -1,099 | -1,019 |
| Other operating expenses | -476 | -470 | -1,615 | -1,440 | -2,139 | -1,939 |
| Earnings before depreciation, EBITDA | 127 | 130 | 448 | 381 | 586 | 482 |
| Depreciation | -73 | -69 | -220 | -203 | -289 | -275 |
| Share of income in affiliated companies | -27 | -3 | -66 | -10 | -152 | -26 |
| Capital gains | 1 | 17 | 7 | 17 | 11 | 15 |
| Net financial items | -3 | -6 | -5 | -1 | -7 | 1 |
| Income before taxes | 25 | 69 | 164 | 184 | 149 | 197 |

Scandinavian IT Group

| (MSEK) | Jan.-Sep. 2001 | Jan.-Sep. 2000 | Jan.-Dec. 2000 |
|------------------------|----------------|----------------|----------------|
| Operating revenue | 1,835 | 1,540 | 2,121 |
| of which external (%) | 3.7 | 4.4 | 4.3 |
| EBITDA | 196 | 151 | 207 |
| Operating income, EBIT | 91 | 50 | 74 |
| Income before taxes | 84 | 41 | 61 |
| Number of employees | 1,258 | 1,179 | 1,182 |

Scandinavian IT Group is a supplier of IT solutions to the airline industry, with the main focus on SAS which accounts for more than 95% of sales. The company is therefore affected by the general uncertainty currently prevailing in the airline industry. The economic downturn became increasingly noticeable in September.

SAS Trading

| (MSEK) | Jan.-Sep. 2001 | Jan.-Sep. 2000 | Jan.-Dec. 2000 |
|------------------------|----------------|----------------|----------------|
| Operating revenue | 1,734 | 1,596 | 2,148 |
| of which external (%) | 98.0 | 99.9 | 99.0 |
| EBITDA | 7 | 59 | 97 |
| Operating income, EBIT | -18 | 37 | 64 |
| Income before taxes | -24 | 44 | 75 |
| Number of employees | 665 | 628 | 639 |

Lower sales than planned combined with some one-time cost increases led to a loss of MSEK 18. Among the product groups, Perfumes & Cosmetics and Chocolate continued to show strong growth.

The EGO store chain was sold to Esthetique Sverige AB as of September 1, which generated a capital gain of MSEK 1.

On November 5, 2001, the Swedish Civil Aviation Administration announced that concessions for duty free sales and operation of stores at Swedish airports have been granted to another operator. This means that SAS Trading will wind up its operations in Sweden. The Arlanda

stores will close on June 30, 2002, while other stores will cease operating as of December 31, 2001. These operations have 220 employees.

SMART

| (MSEK) | Jan.-Sep. 2001 | Jan.-Sep. 2000 | Jan.-Dec. 2000 |
|------------------------|----------------|----------------|----------------|
| Operating revenue | 458 | 452 | 584 |
| of which external (%) | 100.0 | 98.7 | 99.0 |
| EBITDA | 122 | 25 | -5 |
| Operating income, EBIT | 112 | 15 | -20 |
| Income before taxes | 139 | 36 | 4 |
| Number of employees | 247 | 300 | 294 |

SMART consolidated its position as northern Europe's leading company for electronic distribution of travel information, reservations, tickets and payment services.

Revenues were at the 2000 level, MSEK 458 (452). Payroll expenses decreased by approximately MSEK 20 due to a lower number of employees compared with the previous year. In addition, distribution costs have been reduced substantially through new agreements.

This means that income before taxes amounts to MSEK 139 (36) for the nine-month period.

SAS Flight Academy

| (MSEK) | Jan.-Sep. 2001 | Jan.-Sep. 2000 | Jan.-Dec. 2000 |
|------------------------|----------------|----------------|----------------|
| Operating revenue | 460 | 447 | 606 |
| of which external (%) | 37.6 | 36.7 | 37.6 |
| EBITDA | 107 | 121 | 176 |
| Operating income, EBIT | 42 | 63 | 98 |
| Income before taxes | 38 | 58 | 32 |
| Number of employees | 197 | 193 | 193 |

Revenues for SAS Flight Academy (SFA) amounted to MSEK 460 during the period, which is an increase of 3% compared with the previous year. Training of cabin crew accounted for large volumes during the period, while SFA met increased competition in the external market for pilot training.

The negative trend in the airline industry in recent months will have a negative impact on SFA's operations, since both SAS and external customers have announced lower volumes.

Jetpak

| (MSEK) | Jan.-Sep. 2001 | Jan.-Sep. 2000 | Jan.-Dec. 2000 |
|------------------------|----------------|----------------|----------------|
| Operating revenue | 265 | 180 | 244 |
| of which external (%) | 99.4 | 97.3 | 97.4 |
| EBITDA | 16 | 13 | 20 |
| Operating income, EBIT | 11 | 9 | 16 |
| Income before taxes | 12 | 10 | 17 |
| Number of employees | 116 | 83 | 83 |

Jetpak is one of the fastest growing companies in express logistics in the Nordic region. Jetpak's revenues for the period amounted to MSEK 265 (180). During the year Jetpak Nordic AB acquired Schenker-BTL's share of the courier company Adena-Pickos, which accounts for approximately 35% of the rise in revenues.

The clear downturns in the markets in Sweden, Denmark and Finland in the autumn are putting pressure on prices and reducing volumes.

Parent Company SAS AB

At September 30, 2001, SAS AB had 161,816,396 shares registered at a par value of SEK 10 each. When the offers for exchange of shares are completed in their entirety, SAS AB will have 164,550,000 shares at SEK 10. Since the Board of SAS AB had requested compulsory redemption of outstanding shares in SAS Danmark A/S, SAS Norge ASA and SAS Sverige AB, SAS AB and the Group are reported at September 30, 2001, as if the entire share capital was registered.

Outlook for the Full Year 2001

The development for passenger traffic and passenger mix has gradually deteriorated since July 2001, due to the slowdown in the economy. The trend in August led to SAS making a downward adjustment to its full-year forecast on September 12 from MSEK 1,200 to at least 25% lower. This forecast did not take the possible effects of the terrorist attacks on September 11 into account.

Passenger traffic development has been negative since the terrorist attacks in New York on September 11. SAS's traffic in the period September 11 to September 30 decreased by 9%. Business Class traffic decreased by 19% and Economy Class by 4%.

In conjunction with the measures announced on September 26, 2001, SAS stated that these are being implemented in order to avoid a loss for the full-year 2001.

In October, the traffic trend further deteriorated with the commencement of acts of war. SAS's total traffic decreased in October by 9% compared with the same month in the previous year. Business Class fell 16% and Economy Class 6%.

Business Class traffic in October was 30% lower than in the previous year on intercontinental routes and 23% lower for European traffic. On intra-Scandinavian and domestic routes, the decline in Business Class was smaller. Norwegian domestic is the only route sector which shows an increase in Business Class traffic.

A very negative development such as this, which occurs suddenly as a consequence of acts of terrorism and war, puts substantial pressure on SAS's revenues. Today, there are no signs of improvements in the short term.

SAS has started capacity reductions corresponding to 12% compared with previous plans and further capacity cutbacks are now being implemented of 3-5%, corresponding to 5 aircraft, primarily in the intra-Scandinavian and domestic route sectors. This is being done in order to reduce production costs. Combined with capacity reductions announced earlier, a total corresponding to 21 aircraft will be taken out of operation before the end of the year. Most of this was already completed when the winter program started on October 28, 2001.

In conjunction with its third-quarter report, SAS is announcing an extensive earnings improvement program which is intended to have a total earnings effect of MSEK 3,500 on an annual basis. This action program, which will counteract an otherwise highly negative earnings trend in 2002, will gradually have an impact in 2002. The effects in the fourth quarter of 2001, on the other hand, will be relatively small and mainly limited to the traffic-related costs resulting from implemented capacity reductions. Starting in the fourth quarter of 2001, SAS will incur substantially higher costs for aircraft insurance, particularly war insurance, as well as higher costs for extended security procedures at airports. In order to cover these cost increases, SAS has decided to introduce a surcharge of USD 4 per passenger in November.

There is major uncertainty surrounding the future development of passenger traffic. SAS is basing its assessment of results for the full year on traffic volume for the rest of the year remaining at the same level in relation to the previous year as in October. The SAS AB Group's income before taxes, excluding capital gains, is thus expected to be a loss of MSEK 1,500-2,000.

Stockholm, November 6, 2001

SAS AB

Jørgen Lindegaard
President and CEO

Definitions

ASK, Available Seat Kilometers

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

AV, Asset Value (Adjusted Capital Employed)

Booked shareholders' equity, plus minority interests, plus surplus value in the aircraft fleet, plus 7 times the annual cost for operating leases for aircraft, plus net interest-bearing liabilities, minus share of equity in affiliated companies. Can also be expressed as total book value of assets, plus surplus value in the aircraft fleet, plus 7 times the annual cost for operating leases for aircraft, minus share of equity in affiliated companies, minus non-interest-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 operating activities before change in working capital.

CFROI

Cash flow return on investment. EBITDAR in relation to AV.

Debt/Equity Ratio

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

Earnings per Share (EPS)

Earnings after taxes divided by the number of shares.

EBITDA, Earnings before depreciation

Earnings before net financial items, taxes, depreciation, amortization, share of income in affiliated companies, and income from the sale of fixed assets.

EBITDAR, Earnings before depreciation and leasing costs

Earnings before net financial items, taxes, depreciation, amortization, share of income in affiliated companies, income from the sale of fixed assets, and operating lease costs for 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 minority interests in relation to total assets.

EV, Enterprise value

Average SAS share price at the end of the period plus average net debt during the year and 7 times the annual cost for operating leases for aircraft.

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 Equity

Income after taxes in relation to average shareholders' equity.

REVPAR, Revenue per available room

Revenue per available hotel room.

RPK, Revenue Passenger Kilometers

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 revenue per weighted ASK/RPK.

Unit Revenue (yield)

Average amount of traffic revenue received per RPK.

Yield

See Unit revenue.

Financial Calendar

| | |
|---------------------------------|---------------|
| Year-end Report 2001 | February 2002 |
| Annual Report 2001 | March 2002 |
| Environmental Report 2001 | March 2002 |
| Annual General Meeting | April 2002 |

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

Investor Relations: Sture Stølen +46 8 797 14 51.

e-mail: investor.relations@sas.se



Production: SAS and Wildeco
Printing: Arne Löfgren Offset 2001
Paper: Silverblade Matt

SAS AB (publ)
Company reg. no. 556606-8499
SE-195 87 Stockholm
Telephone +46 8 797 00 00
www.scandinavian.net

ENG