





**ANNUAL REPORT**

FOR THE FINANCIAL YEAR OCTOBER FIRST, 1964,  
TO SEPTEMBER THIRTIETH, 1965

**1964-1965**

## SUMMARY

### GLOSSARY

**Available ton-kilometers:** Number of tons of capacity available for carriage of passengers, cargo and mail, multiplied by number of kilometers flown.\*)

**Revenue ton-kilometers:** Total tonnage of paid traffic carried, multiplied by kilometers flown.\*)

**Load factor:** Percentage of total available capacity utilized (passenger, cargo and mail).

**Available seat-kilometers:** Total number of seats available for passengers, multiplied by the number of kilometers flown.\*)

**Revenue passenger-kilometers:** Number of paying passengers carried, multiplied by kilometers flown.\*)

**Passenger load factor:** Percentage of total passenger capacity actually utilized.

\*) Kilometers flown are based on IATA Great Circle distances.

PRODUCTION	64/65	Variation in %	63/64	Variation in %	62/63
Size of Network (km 000)	158	+ 1.8	155	+ 6.9	145
No. of Countries Served	41		39		38
No. of Cities Served	81		77		74
Kilometers Flown (Mill.)	65.9	+ 4.0	63.3	+ 4.3	60.7
Hours Flown (airborne) (000)	129.0	+ 3.0	125.3	+ 4.7	119.6
Avail. Ton-Kms, total (Mill.)	668.0	+ 7.1	623.5	+ 5.7	590.1
Avail. Ton-Kms, Sched. Serv. (Mill.)	649.8	+ 7.6	604.1	+ 6.3	568.1
<b>TRAFFIC</b>					
Revenue Ton-Kms (Mill.)	391.2	+ 12.5	347.8	+ 15.0	302.4
Passengers	283.1	+ 10.2	256.8	+ 15.6	222.2
Freight	86.7	+ 20.1	72.2	+ 12.8	64.0
Mail	21.4	+ 14.0	18.8	+ 16.0	16.2
Total Load Factor, Sched. Serv. (%)	60.2		57.6		53.2
No. of Passengers Carried (000)	2,999	+ 14.6	2,617	+ 11.0	2,358
Revenue Passenger-Kms (Mill.)	3,166	+ 10.3	2,871	+ 14.5	2,506
Passenger Load Factor (%)	54.3		52.9		49.9
Average Length of Trip (km)	1,064	— 4.1	1,109	+ 3.1	1,076
<b>PERSONNEL</b>					
No. of Employees per Sept. 30	12,709	+ 4.0	12,219	+ 1.9	11,990
Average Staff Strength	12,450	+ 3.8	12,000	+ 1.3	11,850
Avail. Ton-Kms/Employee	53,700	+ 3.4	51,950	+ 4.3	49,800
Revenue Ton-Kms/Employee	31,450	+ 8.4	29,000	+ 13.7	25,500
<b>FINANCIAL (Swedish Crowns)</b>					
Traffic Revenue (Mill.)	875.2	+ 8.4	807.6	+ 11.2	726.4
Passengers (Mill.)	710.8	+ 8.6	654.4	+ 12.0	584.1
Freight (Mill.)	95.8	+ 11.0	86.3	+ 10.6	78.0
Mail (Mill.)	53.5	+ 7.6	49.7	+ 10.0	45.2
Charters (Mill.)	15.1	— 12.2	17.2	— 9.9	19.1
Net Profit (Mill.)	74.9		70.0		21.0
Traffic Revenue/RTK (Sw. Cr.)	2.20	— 3.1	2.27	— 2.8	2.34
Operating Expense/ATK (Sw. Cr.)	1.23	+ 2.3	1.20	+ 0.3	1.20
"Break-even" Load Factor for Airline Services (%)	56.2		53.1		51.9

## REPORT BY THE BOARD

In 1964/65, SAS production in ton-kilometers increased by seven percent over the previous year. Revenue ton-kilometers rose by 12 percent. The load factor for the year improved another 2.6 points, to 60.2—the highest percentage recorded in the history of SAS.

World aviation in general has shown good rates of growth. It is estimated that revenue ton-kilometers during the calendar year 1965 will increase by 13 percent.

Total revenue for SAS, excluding income from sale of flight equipment, amounted to 1,114.1 million Swedish Crowns (M. SKR). This is an increase of M.SKR 89.4, nine percent over last year.

Traffic revenue alone accounted for M.SKR 875.2, which is M.SKR 67.6 or eight percent more than in 1963/64. Towards this result, passenger traffic contributed M.SKR 710.8, freight M.SKR 95.8, mail M.SKR 53.5 and charter M.SKR 15.1.

Other operating revenues totalled M.SKR 218.4, which is M.SKR 15.6 or eight percent above last year. This income mainly stemmed from shop work done for other airlines, handling services, lease of equipment and external revenue earned by the wholly owned subsidiaries SAS Catering A/S and SAS-Invest A/S, both of which showed a continued satisfactory growth during the year.

Total operating expenses increased by M.SKR 80.9 or ten percent to M.SKR 897.4.

Depreciation amounted to M.SKR 82.5, out of which M.SKR 75.5 represented ordinary depreciation and M.SKR 7.0 extra-ordinary depreciation on Caravelle aircraft. Through sales of equipment and of certain plants and due to other equipment being fully written-off, depreciation charges were M.SKR 3.1 less than last year.

Operating profit, after allowance for depreciation, amounts to M.SKR 69.5. To this amount income of M.SKR 5.4 from sale of flight equipment should be added. SAS net profit thus becomes M.SKR 74.9 (M.SKR 70.0 last year), corresponding to US\$ 14.5 million (US\$ 13.5 million).

The Board proposes to the SAS Assembly of Representatives that M.SKR 14.98 be paid in cash to the Parent Companies and that M.SKR 59.92 be retained by SAS and credited to the Parent Companies' capital accounts as a further consolidation.

The result of the financial year 1964/65, and the status as of September 30, 1965, are set forth in the Consolidated Profit and Loss Account and the Consolidated Balance Sheet, which include SAS' wholly-owned subsidiaries.

While the result of SAS for the year as a whole must be deemed gratifying, there were also indication of less favorable trends. SAS' share of the North

Atlantic market fell to 4.8 from 5.2 percent last year. It is noted that the non-IATA carrier Loftleidir has meantime increased its share of the North Atlantic market to 3.2 percent.

Towards the end of the year there were signs of a decrease in profitability due to rising costs such as heavy increases in salary and wage costs and landing charges. In previous years, SAS has been able to offset such trends by steadily improving productivity and by a better utilization of all resources. During the last three years the load factor has improved from 51.5 percent to 60.2 percent. The possibility of further improvements has become smaller. To maintain the profitability of SAS, it is consequently essential to lower unit costs.

The Board has, therefore, approved a program which is now being implemented, designed to add impetus to the efficiency and cost-reducing efforts. SAS anticipates that the prevailing trend towards lower fares and rates will continue.

Air cargo increased its share of SAS total traffic from 20.7 to 24.7 percent. In order to handle the increasing air cargo with greater efficiency, SAS is making substantial new investments in cargo-handling facilities.

Major orders for new aircraft have been placed. In November, 1964, the decision was taken to purchase from the Douglas Aircraft Company an advanced DC-8 type of aircraft, the "62" Super-Fan, built to meet specific SAS requirements. This first order for four aircraft was later followed by another decision, announced in October 1965, to purchase four more DC-8 aircraft. Whether these will be of the "62" type, or of another version of DC-8, will be decided at a later date. All eight aircraft will be delivered to SAS in the course of 1967.

To meet the already existing need for increased capacity on its longhaul routes, SAS took delivery of a new DC-8-55 fan-powered aircraft in April 1965. Two additional DC-8-55 aircraft will be delivered in 1966. To meet the increased traffic on our European routes and for lease to THAI Airways International Ltd. (Bangkok), SAS also acquired three new Caravelle aircraft.

Under the terms of the purchase/resale agreement between Swissair and SAS, Swissair has exercised its right to purchase from SAS the four Caravelles which have been at the disposal of the Swiss airline since 1960. The transfer of ownership took place on March 31, 1965. SAS will, on the other hand, return to Swissair early in 1966 two Coronados which have been chartered by SAS.

SASCO, the electronic booking system, was inaugurated in February and has, after a few initial difficulties, been performing well. Other acquisitions have been made of modern computers to expedite the telex traffic and to facilitate and improve administrative planning and control work.

SAS Catering A/S and SAS-Invest A/S have each concluded the year with satisfactory results. The accounts of Linjeflyg AB, in which SAS holds a 50 percent interest, show a net loss. ABA, the Swedish parent company of SAS, has acquired the other 50 percent of Linjeflyg's share capital with the acquiescence of DDL and DNL, the Danish and Norwegian parent companies.

The traffic of THAI International has developed satisfactorily and for the financial year 1964/65 the company has reported a profit for the first time, namely of M.SKR 1.0. According to the agreement between SAS and THAI International the profit has been credited to SAS to offset past losses. For its expanding operations THAI International has, as

mentioned above, taken over a third Caravelle on lease from SAS as from October 1965.

The cooperation between Swissair and SAS has been further consolidated. In the technical field, the agreement to exchange services has been extended another three years, until October 31, 1968. The SAS workshop at Oslo will overhaul the engines of eleven Swissair Metropolitan aircraft while the Swissair workshop at Zürich continues to overhaul the engines of the nine DC-7s of SAS.

In a take-off at Teneriffe on February 8,

1965, a DC-7C on charter to Scanair was destroyed. No serious injuries were caused to passengers or crew.

The developments of the year are more fully surveyed in the President's report, as are other events affecting the operation of SAS.

The average number of employees in SAS increased during the year from 12.000 to 12.450.

The Board wishes to take this opportunity to express its appreciation to all SAS personnel for their diligence and devotion.

Copenhagen, Oslo and Stockholm,  
December 1965

JENS CHR. HAUGE

PER M. BACKE

J. CHR. ASCHENGREEN

PALLE CHRISTENSEN

M. WALLENBERG

PER ÅSBRINK

KARL NILSSON

President

## PROFIT AND LOSS ACCOUNT

OCTOBER 1, 1964 - SEPTEMBER 30, 1965

(Including wholly owned subsidiary companies)

INCOME (in millions of Swedish Crowns)	1964/65	1963/64
Traffic revenue .....	875.2	807.6
Other operating revenues .....	<u>218.4</u> 1,093.6	<u>202.8</u> 1,010.4
Financial income .....	17.2	10.7
Other income .....	3.3	3.6
Income from sale of flight equipment .....	<u>5.4</u>	<u>5.9</u>
	<u>1,119.5</u>	<u>1,030.6</u>
<hr/>		
EXPENSES (in millions of Swedish Crowns)	1964/65	1963/64
Operating expenses .....	897.4	816.5
Administrative expenses .....	27.0	23.0
Financial expenses .....	20.3	20.1
Other expenses .....	17.4	15.4
Depreciation .....	82.5	85.6
Net profit .....	<u>74.9</u>	<u>70.0</u>
	<u>1,119.5</u>	<u>1,030.6</u>

"Notes to Financial Statements" on page 9 refer to above Profit and Loss Account.

Copenhagen, Oslo and Stockholm, December, 1965

JENS CHR. HAUGE

J. CHR. ASCHENGREEN

M. WALLENBERG

PER M. BACKE

PALLE CHRISTENSEN

PER ÅSBRINK

KARL NILSSON

President

/ C E Lindh

## CONSOLIDATED BALANCE SHEET

SEPTEMBER 30, 1965

(Including wholly owned subsidiary companies)

ASSETS (in millions of Swedish Crowns)	Sept. 30, 1965		Sept. 30, 1964	
Aircraft				
At cost .....	582.1		610.0	
Depreciation and valuation reserves .....	333.0	249.1	327.3	282.7
Spare engines, spare propellers, spare parts				
At cost .....	247.9		259.3	
Depreciation and valuation reserves .....	152.5	95.4	153.5	105.8
Flight equipment on order .....		19.6		13.6
Buildings and land				
At cost .....	58.8		56.0	
Depreciation and valuation reserves .....	13.2	45.6	10.4	45.6
Workshop and aircraft servicing equipment				
At cost .....	35.0		36.8	
Depreciation and valuation reserves .....	30.0	5.0	30.2	6.6
Other equipment and vehicles				
At cost .....	61.5		57.7	
Depreciation and valuation reserves .....	48.0	13.5	43.9	13.8
Discount on debenture loans .....		5.1		5.5
Shares and bonds .....		8.3		4.8
Long-term accounts receivable .....		15.9		12.2
Shop work in progress .....		2.6		2.7
Sundry stores .....		5.7		4.8
Short-term accounts receivable and prepayments .....		140.7		127.5
Cash and bank balances, including short-term cash investments .....		356.7		242.2
		<u>963.2</u>		<u>867.8</u>

"Notes to Financial Statements" on page 9 refer to the above Balance Sheet.



LIABILITIES (in millions of Swedish Crowns)	Sept. 30, 1965	Sept. 30, 1964
Capital		
ABA (3/7) .....	105.6	81.6
DDL (2/7) .....	70.4	54.4
DNL (2/7) .....	70.4	54.4
	<u>246.4</u>	<u>190.4</u>
Net profit .....	74.9	70.0
Subordinated debentures .....	157.5	157.5
Mortgage loans .....	27.5	29.0
Danish Government loan .....	5.5	6.3
Loans in USA .....	70.5	79.0
Manufacturer's credit on flight equipment ..	30.4	8.7
Other long-term liabilities .....	9.5	7.0
Short-term liabilities .....	324.5	303.4
General valuation reserve .....	16.5	16.5
	<u>963.2</u>	<u>867.8</u>
Contingent liabilities and guarantees .....	<u>13.9</u>	<u>11.4</u>
<p>Furthermore, SAS has assumed certain liabilities in respect of pensions, and in connection with ticket sales according to pay-later plans.</p>		
Pledges		
Mortgages on real estate .....	33.6	33.9
Sundry pledges .....	1.5	1.6
	<u>35.1</u>	<u>35.5</u>

Copenhagen, Oslo and Stockholm, December 1965

JENS CHR. HAUGE  
PER M. BACKE

J. CHR. ASCHENGREEN  
PALLE CHRISTENSEN

M. WALLENBERG  
PER ÅSBRINK

KARL NILSSON

President

/ C E Lindh

The above Profit and Loss Account and Balance Sheet are in accordance with the books of the Consortium, which have been examined by the undersigned Auditors, as set forth in our Auditor's Report dated December, 1965.

VIKING BERGMAN

Stockholm, December, 1965

CENTRALANSTALTEN FOR REVISION

CHRISTIAN BLOM

FRANS BRUUN

CARL JOHAN THORSEN

OSCAR JELF

HUGO ENGMANN

TOR STORHAUG

# SAS-INVEST A/S BALANCE SHEET

SEPTEMBER 30, 1965

(Included in Balance Sheet of SAS)

ASSETS (in millions of Swedish Crowns)	Sept. 30, 1965		Sept. 30, 1964	
Buildings				
At cost .....	37.1		37.1	
Depreciation .....	4.5	32.6	2.9	34.2
Equipment				
At cost .....	6.2		6.2	
Depreciation .....	2.9	3.3	2.3	3.9
Long-term accounts receivable .....		2.8		2.8
Sundry stores .....		0.4		0.4
Short-term accounts receivable and prepayments .....		0.6		0.8
Cash and bank balances .....		0.5		0.5
		<u>40.2</u>		<u>42.6</u>

LIABILITIES (in millions of Swedish Crowns)	Sept. 30, 1965		Sept. 30, 1964	
Share capital .....		3.7		3.7
Mortgage loans .....		22.6		24.9
Loan from SAS .....		12.0		12.3
Other long-term liabilities .....		0.2		0.4
Short-term liabilities				
SAS .....	0.2		0.1	
Other .....	1.5	1.7	1.2	1.3
		<u>40.2</u>		<u>42.6</u>
Contingent liabilities .....		—		—
Pledges				
Mortgages on real estate .....		28.4		28.4
Sundry pledges .....		0.1		0.1
		<u>28.5</u>		<u>28.5</u>

## NOTES TO FINANCIAL STATEMENTS

1) Expenses incurred in airline services, specified by functions, are related to traffic revenue and production as shown to the right.

2) Ordinary depreciation charges, M.SKR 75.5, were apportioned with M.SKR 62.6 to aircraft, spare engines, spare propellers and spare parts, M.SKR 2.8 to buildings and M.SKR 10.1 to ground equipment and vehicles.

Through additional depreciation on Caravelle aircraft, acquisition costs of later purchases have been adjusted down to the level of those made during earlier years. Depreciation terms will otherwise remain unchanged.

3) In addition to profit on sale of spare parts etc., the item "Income from sale of flight equipment" includes insurance proceeds less costs.

4) As of September 30, 1965, advance payments amounting to M.SKR 20.3 had been made on the DC-8 Mark 62 order and on a Caravelle aircraft to be delivered February 1966. In addition to the prepaid cash part of the purchase price of the latter aircraft, a DC-7C aircraft will be delivered as a "trade-in".

5) Three Caravelle aircraft have been

delivered from Sud-Aviation during the year. The cash part of the purchase price of the third one had been prepaid as per September 30, 1964, and a DC-7C was delivered as a "trade-in" during this financial year. This latter aircraft is still at the disposal of SAS under a special agreement with Sud-Aviation.

6) Stocks of surplus spares have been further reduced during the year. Risks connected with the sale of surplus spares are covered by the general valuation reserve.

	Percentage of Total Traffic Revenue			Per available Ton-km (Øre)		
	1964/65	1963/64	1962/63	1964/65	1963/64	1962/63
Flying Operations	22.1	21.9	24.0	28.9	28.4	29.5
Maintenance and Overhaul	14.1	14.4	14.8	18.5	18.7	18.3
Flight Equipment	9.9	10.3	10.9	13.0	13.3	13.4
Ground Operations	13.8	13.2	13.5	18.1	17.1	16.6
Passenger Service	7.8	7.5	7.6	10.2	9.7	9.4
Promotion and Sales	20.4	20.1	20.7	26.7	25.9	25.4
General and Administrative	5.9	5.6	6.0	7.8	7.3	7.4
Total Expenses	94.0	93.0	97.5	123.2	120.4	120.0
Total Traffic Revenue	100.0	100.0	100.0	131.0	129.0	123.1



7) As of September 30, 1965, flight equipment and other physical assets of SAS were insured as follows:

(Amounts in M.SKR)	1965	1964
Aircraft	512.3	529.9
Spare engines, spare propellers, spare parts and technical stores	214.4	241.7
Buildings	65.0	61.0
Workshop and aircraft servicing equipment and tools	44.4	41.6
Other equipment, vehicles and sundry stores	83.0	75.1

8) The item «Shares and Bonds» includes shares in the amount of M.SKR 4.35 in Linjeflyg AB, the Swedish domestic airline in which SAS holds a 50 percent interest. Out of this amount, M.SKR 3.75 have been subscribed in connection with an increase in the share capital of Linjeflyg AB from M.SKR 1.2 to M.SKR 8.7. ABA, the Swedish parent company of SAS, owns the remaining 50 percent of the share capital. After depreciation of M.SKR 3.7 Linjeflyg AB shows a loss of M.SKR 0.9.

9) For practical reasons, the various clearing accounts for traffic revenue are, as hitherto, included as a net balance in the item "Short-term liabilities".

10) As of September 30, 1965, the remainder of the loans raised in the United States amounts to US\$ 13.6 million repayable over a nine year period, beginning December 31, 1966.

11) The guarantee to THAI Airways Co., which amounted to M.SKR 2.9 on September 30, 1964, has been redeemed during the year. The item "Pledges" includes security for the mortgage loans raised by SAS-Invest A/S.

12) The accounts of SAS contain no provision for corporate income taxes in Denmark, Norway and Sweden; such liability resting upon the Parent Companies of SAS.

## AUDITORS' REPORT

We, the undersigned, appointed in accordance with Article 11 of the Consortium Agreement between AB Aerotransport (ABA), Det Danske Luftfartsselskab A/S (DDL) and Det Norske Luftfartsselskap A/S (DNL) as auditors of

SCANDINAVIAN AIRLINES SYSTEM  
Denmark - Norway - Sweden

having completed our assignment, herewith submit to the Parent Companies our report for the financial year October 1, 1964 - September 30, 1965.

We have examined the Annual Report and Accounts which include SAS Inc., New York, SAS-Invest A/S, Copenhagen, and other subsidiary companies. To the required extent we have studied the accounting records, minutes and other documents which give information about the economy and administration of the Consortium and have, moreover, taken those measures of inspection which we have considered necessary.

The Internal Auditing Department of SAS, acting in accordance with instructions approved by us, has conducted a continuous check of the accounting records of the Consortium and we have, in the course of the financial year and in connection with the closing of the accounts, received reports on the examination thus conducted.

The accounting records are properly kept.

As is seen from the Report for the financial year there is declared, after depreciation and allocations, a net profit of 74.90 million Swedish Crowns, out of which 14.98 million Swedish Crowns are proposed to be paid out to the Parent Companies.

We recommend that the Annual Accounts as per September 30, 1965, which have been submitted and which have been signed by us, be adopted, and

that the Members of the Board and the President be discharged from responsibility for their administration in respect of the financial year.

Stockholm, December 1965

VIKING BERGMAN

CENTRALANSTALTEN FOR REVISION

CHRISTIAN BLOM

FRANS BRUUN

CARL JOHAN THORSEN

OSCAR JELF

HUGO ENGMANN

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## THE YEAR IN REVIEW

Report by the President

### WORLD AVIATION

The civil air transport industry in 1964 fared better than in any period since the middle of the 1950s. In 1965, total production of the world's international and domestic airlines\*) continued to increase by an estimated 15 percent over 1964. However, as to traffic carried, the total world growth in 1965 is calculated at somewhat less, and the load factor, which globally reached about 53 percent in 1964, may again drop a point in 1965. According to ICAO\*\*) the operating margin of the world's scheduled carriers is estimated to have reached a peak of 7.3 percent of total revenues in 1964, corresponding to US\$ 600 million; the forecast for 1965 points to an operating margin of 4.4 percent (US\$ 400 million). By the end of 1964, the operating fleet of IATA\*\*\*) members consisted of 3,137 aircraft, of which 964 were jets, 614 turboprops, 1,528 piston engined aircraft and 31 helicopters.

### SAS DEVELOPMENT

On almost all of the company's routes, traffic has met or exceeded expectations — with the North Atlantic being the most notable exception.

Within the total traffic volume for the whole System a structural change of considerable importance has, however, taken place. Its significance is most easily appreciated by comparing the total load factor figure with the passenger load factor. The increase in the former was 2.6 percentage points and in the latter 1.4 percentage points. During 1964/65 there was, in other words, a proportionally smaller increase in passen-

\*) Excluded from these figures are the Soviet Union and China.

\*\*) International Civil Aviation Organization, an agency of United Nations.

\*\*\*) International Air Transport Association.



ger traffic than in cargo and mail traffic. The result of this development is a decline in yield per revenue ton-kilometer, from SKR 2.27 last year to SKR 2.20 in the current year. This down-turn is expected to continue in 1965/66. Ten years ago, for example, the yield per revenue ton-kilometers for SAS was SKR 2.69.

On pages 19—22 detailed information is given as to how SAS fared in the different areas served by the carrier. There follows here an account of the more significant developments affecting the company's operations.

## THE SEASONS

The imbalance in demand for SAS services between summer and winter has been less pronounced in the present financial year than in any previous year. During the five so-called off-season months, i.e. from November to March inclusive, SAS registered a load factor of 55.5 percent, as compared with 50.3 percent a year earlier.

The higher winter traffic which SAS experienced was undoubtedly attributable to the concerted effort of the SAS sales organization to attract more travelers to Scandinavia at a time when rates are lower and conditions less crowded. Throughout the System, but particularly in North America, advertising and other promotional media stressed the attractions of Scandinavia outside the traditional tourist season.

As the summer approached, the SAS load factor, compared with the corresponding months the previous year, stopped its steady climb. And towards the end of the financial year, this levelling-off turned into an actual decrease. One reason was, without doubt, the uncertainties arising from the outbreak of hostilities between India and Pakistan. Another

explanation was the heavy traffic generated last year by such events as the summer Olympic Games and the New York World's Fair.

## A DECLINING SHARE

Viewing the year as a whole, the SAS route to and from New York showed a decline in revenue ton-kilometers in relation to both the total SAS route-net and SAS competitors.

This being the System's major trunk line, the decline is a matter of concern. In part, the cause may be ascribed to the balance of payments problem which beset the United States economy during most of the year. The appeals of the American Administration to its citizens to "See America First" or, if going abroad nonetheless, to "Fly American", were bound to have an impact on the Atlantic traffic of the European carriers.

SAS, however, did less well than the other European airlines, which operate to and from U.S.A. The company's share of the total North Atlantic passenger market fell 0.4 percentage points, to only 4.8 percent. As SAS operated the route with equipment as modern and attractive as those of any other carrier, the explanation has to be found in circumstances peculiar to Northern Europe. In the estimation of SAS, one reason is the special non-IATA position of the Icelandic carrier Loftleidir. This situation has directly influenced the less satisfactory trend towards the end of the year.

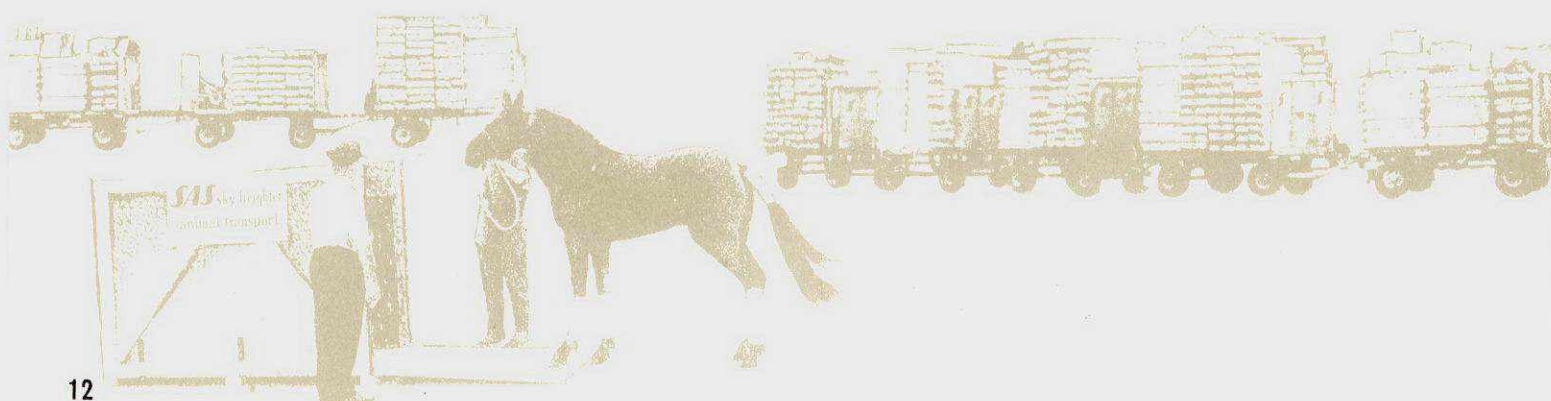
Such factors as these have made it imperative, as well as desirable in itself, for SAS to develop the potential of vacation travel which may originate in Europe and have America as its objective. As a new feature of the company's "Visit U.S.A." campaign, special SAS Welcome Desks have been opened in major

American cities. Staffed with Scandinavian-speaking travel experts, this new service aims at giving advice and travel suggestions to all visiting tourists. During the year, SAS organized a further series of seminars for European travel agents specially to focus on the attractions of U.S.A. The decision by the American Government to grant stop-over rights in Anchorage for passengers on the Polar route between Copenhagen and Tokyo, encouraged SAS to launch a separate promotional campaign presenting Alaska as a sportsman's year-round paradise.

## PASSENGER TRAFFIC

In the field of passenger traffic, SAS succeeded in increasing its total sales, measured in revenue passenger-kilometers, by 10 percent over 1963/64. The passenger load factor for the whole System reached 54.3 percent, as compared with 52.9 percent in the preceding year and 49.9 percent in 1962/63.

Nevertheless, the growth in SAS passenger transport was below the industry average. And this applies to all areas, except within Scandinavia. On the North Atlantic, the average increase in passenger transport for all IATA carriers was 18.9 percent — and in the case of SAS 8.7 percent. In Europe and the Middle East, the corresponding figures were 14.7 and 13.0 percent respectively. The European traffic of SAS is more affected by charter competition than probably any other airline in Europe. In relation to the total volume, scheduled traffic between Scandinavia and such countries as Italy and Spain has become a part of what it used to be some years back. SAS' reduced share on these routes has, however, been offset by a continuously heavy demand on other European routes where vacation travel is secondary to business travel.



The largest increase in passenger traffic, or 18 percent, took place on the domestic routes within Scandinavia, spurred by a 5 percent reduction in domestic fares introduced by SAS on February 1.

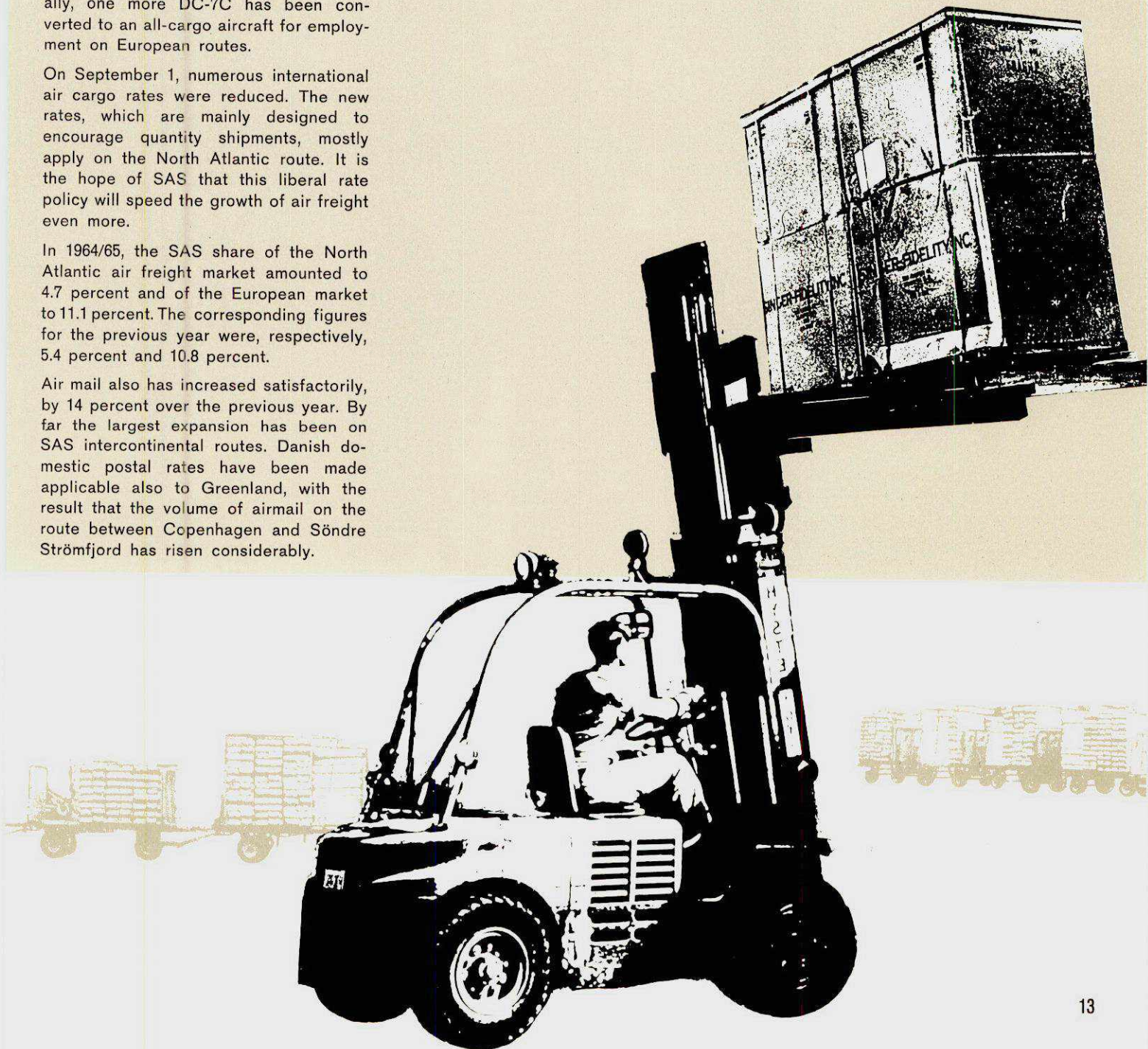
## CARGO AND MAIL

SAS has been far from alone in enjoying a heavy increase in air cargo during the year under review. The SAS growth in volume amounts to 20 percent above the previous 12 months. The all-cargo aircraft employed on the North Atlantic registered the highest load factor for the System, 70.3 percent for the year. In order to meet the growing demand, SAS is considering to convert the second of the two DC-8-55s, due for delivery in 1966, to cargo carrying as from the fall, to serve the North Atlantic route. Additionally, one more DC-7C has been converted to an all-cargo aircraft for employment on European routes.

On September 1, numerous international air cargo rates were reduced. The new rates, which are mainly designed to encourage quantity shipments, mostly apply on the North Atlantic route. It is the hope of SAS that this liberal rate policy will speed the growth of air freight even more.

In 1964/65, the SAS share of the North Atlantic air freight market amounted to 4.7 percent and of the European market to 11.1 percent. The corresponding figures for the previous year were, respectively, 5.4 percent and 10.8 percent.

Air mail also has increased satisfactorily, by 14 percent over the previous year. By far the largest expansion has been on SAS intercontinental routes. Danish domestic postal rates have been made applicable also to Greenland, with the result that the volume of airmail on the route between Copenhagen and Søndre Strømfjord has risen considerably.



## THE ROUTE-NET

Three new cities were brought into the SAS network in the course of the year. These were Billund in the heart of industrial Jutland, Entebbe in Uganda, and Dubrovnik, the Yugoslavian vacation resort. It was also decided to start a daily service to the industrial city of Tampere in Finland, and to two other Danish airports, Skrydstrup and Karup, both in Jutland.

The route between Bergen, Bodö and Tromsø opened on May 1 with one daily service in both directions. The average load factor for the five subsequent months of the year was 46.9 percent.

Towards the end of the year, SAS had concluded its research on the opening of a new route to Seattle. It has been established that this city, in the heart of the populous and most recent Scandinavian settlement, provides a large and natural market for travel to and from Scandinavia. SAS has, therefore, requested the Scandinavian authorities to make a formal application to the American Government for the introduction of a direct service between Seattle and Copenhagen.

By a British Government order, the North Atlantic service of SAS through Prestwick has since 1964 been limited to 4 frequencies weekly during the summer and 3 frequencies during the winter. SAS is pleased to note, however, that the British authorities have indicated preparedness to review this decision. Meantime, Bergen has in part replaced Prestwick as an intermediate stop on the New York — Copenhagen route, in this way generating a considerable amount of tourist travel to West Norway.

The relationship between SAS and its European pool partners has developed satisfactorily, in that arrangements pertaining to time schedules, ground handling and other services have further im-

proved the product which is offered to the public.

## SAS POSITIONS

In the international traffic of all IATA carriers, SAS in 1964 occupied the 4th position in number of passengers carried, while it ranked as the 8th in terms of passenger-kilometers as well as the 8th in revenue freight ton-kilometers.

During the year, SAS transported nearly three million passengers, or 15 percent more than in the previous year. The average length of travel was 1,064 km. During the peak season the route net comprised 81 cities in 41 countries.

The employment of Caravelle aircraft on domestic and inter-Scandinavian routes has been accelerated, and during the peak season even the DC-8 was occasionally flying the route between South and North Norway.

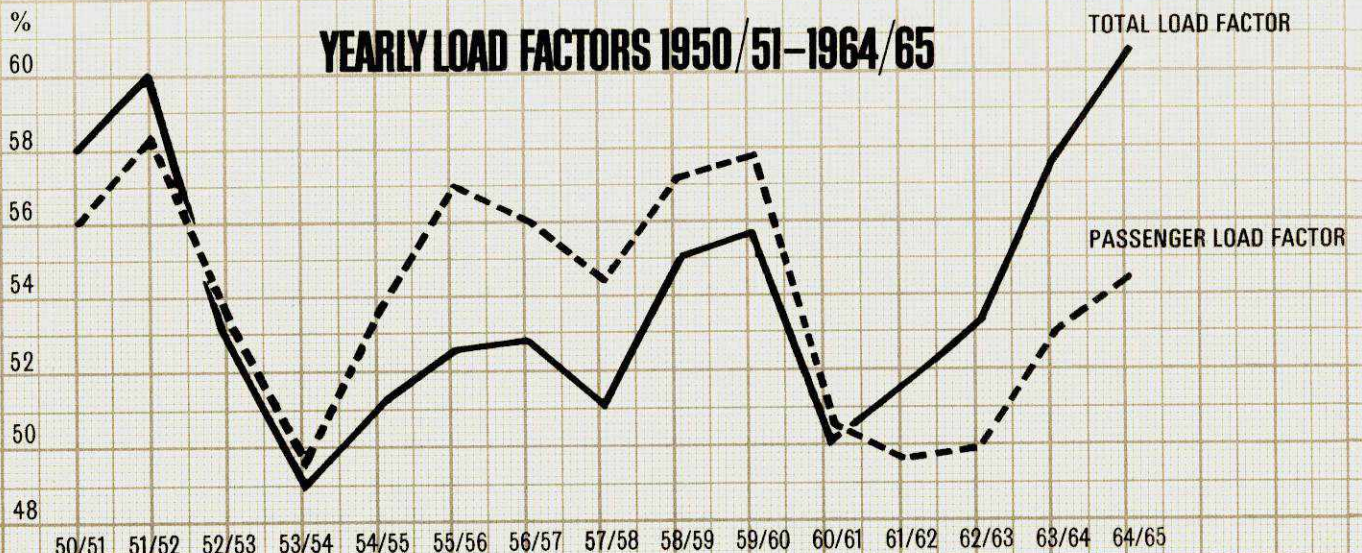
## THE SAS PRESENTATION

In its international advertising, SAS has for the fourth year in succession presented itself in the context of present-day Scandinavian arts and crafts. In making SAS air service and Scandinavian Modern styling into interrelated concepts, it is felt that the company's advertising is bringing Scandinavia in a pleasant and attractive manner to the attention of the outer world.

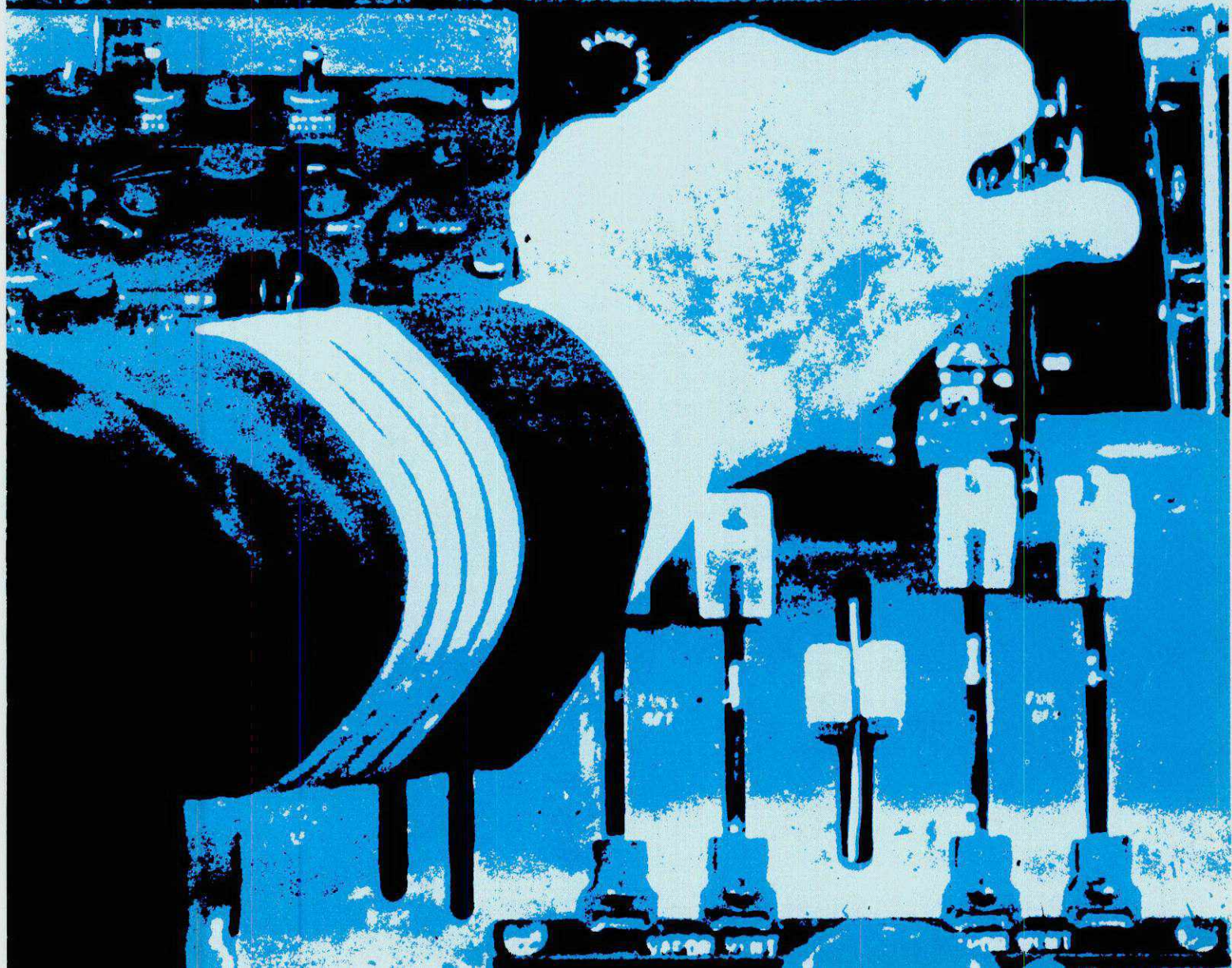
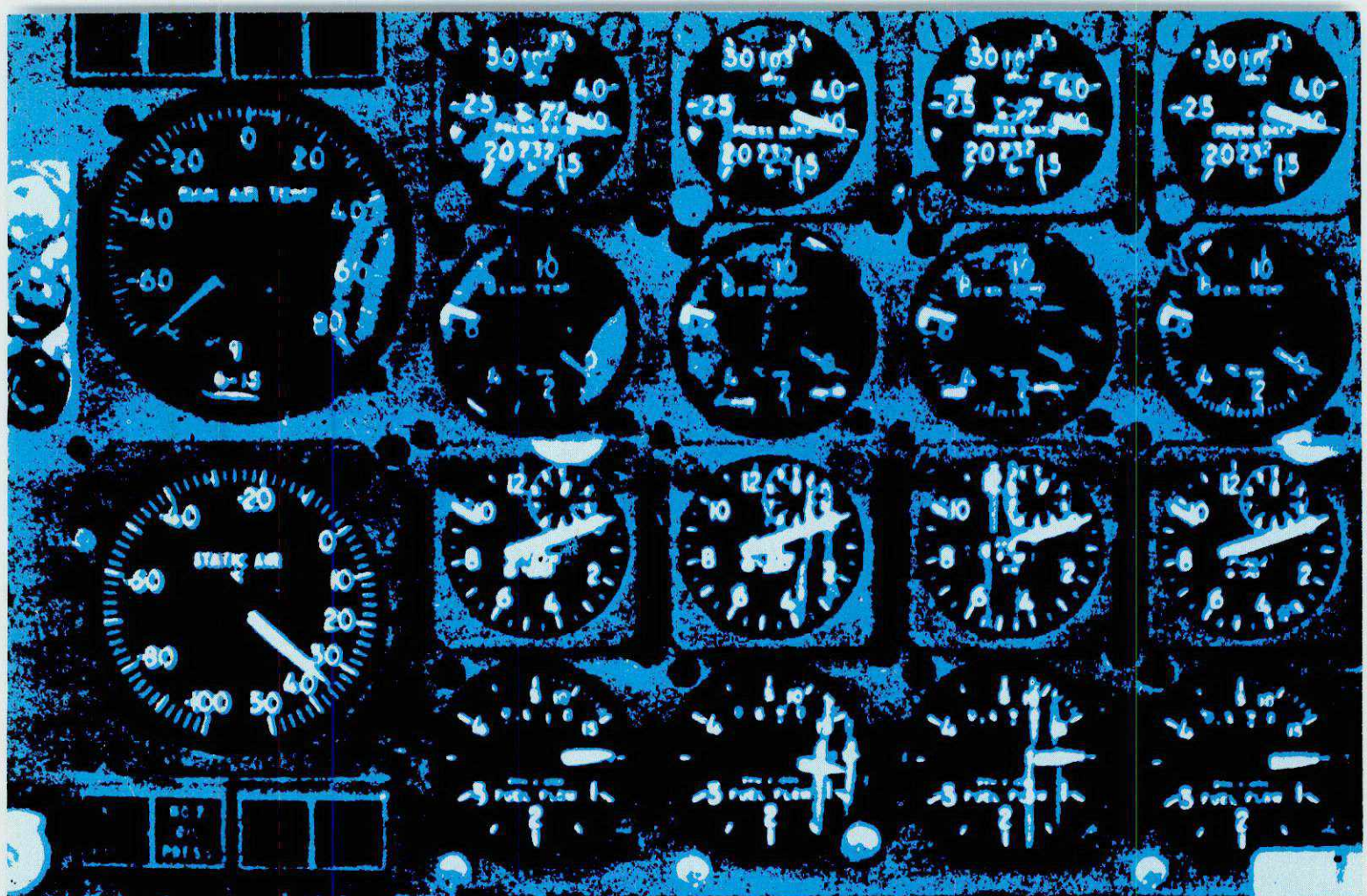
Of the 200 public sales offices, which SAS maintains around the world, the 50 most important ones are undergoing a program of extensive redecoration. Presently about one-third completed, this program gives to each office a basically Scandinavian Modern design.

KARL NILSSON

President







# DC-8 62

Scandinavian Airlines System has the pleasure of recording in this year's Annual Report another significant development in aviation progress.

It will be recalled that in 1954, SAS, as the first airline, opened a regular service across the Arctic between Europe and the U.S. Pacific Coast. Three years later SAS was the first airline to offer Transpolar flights to Tokyo.

SAS is now preparing to introduce as from early 1967, on its Polar route Copenhagen—Los Angeles, an entirely new ultralong-range airliner, to be known as the Douglas DC-8-62—capable of flying this distance non-stop. Progress in the air has for SAS been linked with constant pioneering. Without the research and developments of the aircraft manufacturing industry, however, little progress would be

possible for any airline. The new Mark 62 jetliner, which SAS will employ, is currently being built by the Douglas Aircraft Company to SAS specifications.

The requirements of SAS for long-range aircraft differ from those of most other carriers. A major reason is that the distance New York—Copenhagen is 300—700 miles longer than from New York to other trans-Atlantic terminals in Europe. But the Mark 62 will represent a major advance in ultra-long-range travel. It will be capable of carrying a larger number of passengers at a cruising speed of 580 miles per hour non-stop the 5,615 miles from Copenhagen to Los Angeles.

The greater capacity of the "62" will provide an increased revenue potential for SAS, and thus strengthen the

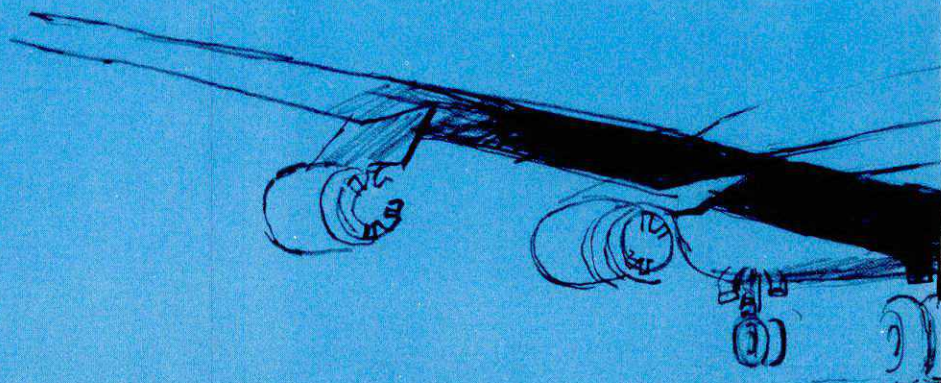
company in its efforts to reduce fares and rates. This advanced version of the present DC-8 has increased size, capacity and efficiency, and will far out-perform its predecessor which has already set world commercial jet transport records for speed, altitude, range and payload capacity.

SAS signed a contract with the Douglas Aircraft Company in Stockholm, in May 1965, for the delivery of four DC-8-62s. One aircraft will be delivered each month, beginning in February 1967.

Just at the close of the financial year, the airline concluded negotiations for the purchase of another four Douglas aircraft. However, whether these will be DC-8-62s, or some other version of DC-8, will be decided at a later date. Both contracts also have provisions that one or several of the aircraft can, if SAS so desires, be delivered either as all-cargo or dual passenger/cargo carriers.

These new giants of the airways are being built to very special and rigid specifications set down by SAS to meet its operational requirements and when the first Mark 62 rolls out of the Douglas plant in California, in May 1966, it will represent a ten-year advance in technology while fully maintaining the proven in-flight qualities of the existing DC-8s.

After SAS initiated the building of the Mark 62, it now has the pleasure of seeing other airlines following suit and placing orders for the new airliner. The greatest advancement is the new jetliner's non-stop range of 5,750 miles, with a maximum 45,000 pound payload. This means that it is capable of carrying full payloads — even against prevailing headwinds — from points in Central Europe to cities on the West Coast of America, and with ample fuel reserves. The present DC-



8s carry a full payload approximately 4,000 miles.

This performance has been achieved through a number of aerodynamic improvements to reduce drag. The pods of the four Pratt and Whitney JT3D-3B turbo-fan engines have been re-designed to augment thrust and reduce drag by ducting turbo-fan air through the entire length of the engine nacelle.

The pods have also been given a slim and unbroken contour to reduce drag. This has necessitated a redesigning of the pylons which suspend the engines from the underside of the wings.

The wing tips have been extended by three feet each, which will give the Mark 62 a total wing-span of 148 feet 4 inches. This increase over the span of the present DC-8 is aimed at minimizing induced drag under climb and cruise condition and, at the same time, to provide extra fuel space.

These new features, together with an improved flap system, will permit higher take-off weight. These, in combination with the increased fuel capacity and reduced drag, will improve the range capabilities by approximately 45 percent over the Series 30 DC-8s, which today are in service with the SAS fleet.

The fuselage of the DC-8-62 has been lengthened by 80 inches which, with a re-arrangement of doors and interior installations, enlarges the cabin to accommodate 20 more passengers than the Series 30, in the SAS mixed First Class/Economy version.

The cargo capacity has also been increased by almost one ton and, with the introduction of larger cargo doors, the new jetliner will be capable of handling large format packages.

By lengthening the fuselage, and with an entirely new internal layout in-

cluding improved passenger service units and special seating, the DC-8-62 allows for a maximum seating accommodation of 189 passengers in a thrift-class version. However, under present planning the SAS configuration — combining first and economy class — will seat 158 passengers.

To bring an entirely new look to the jetliner's interior, Douglas and SAS styling experts have worked together in close co-operation to match the decor with the advanced look and performance of the DC-8-62.

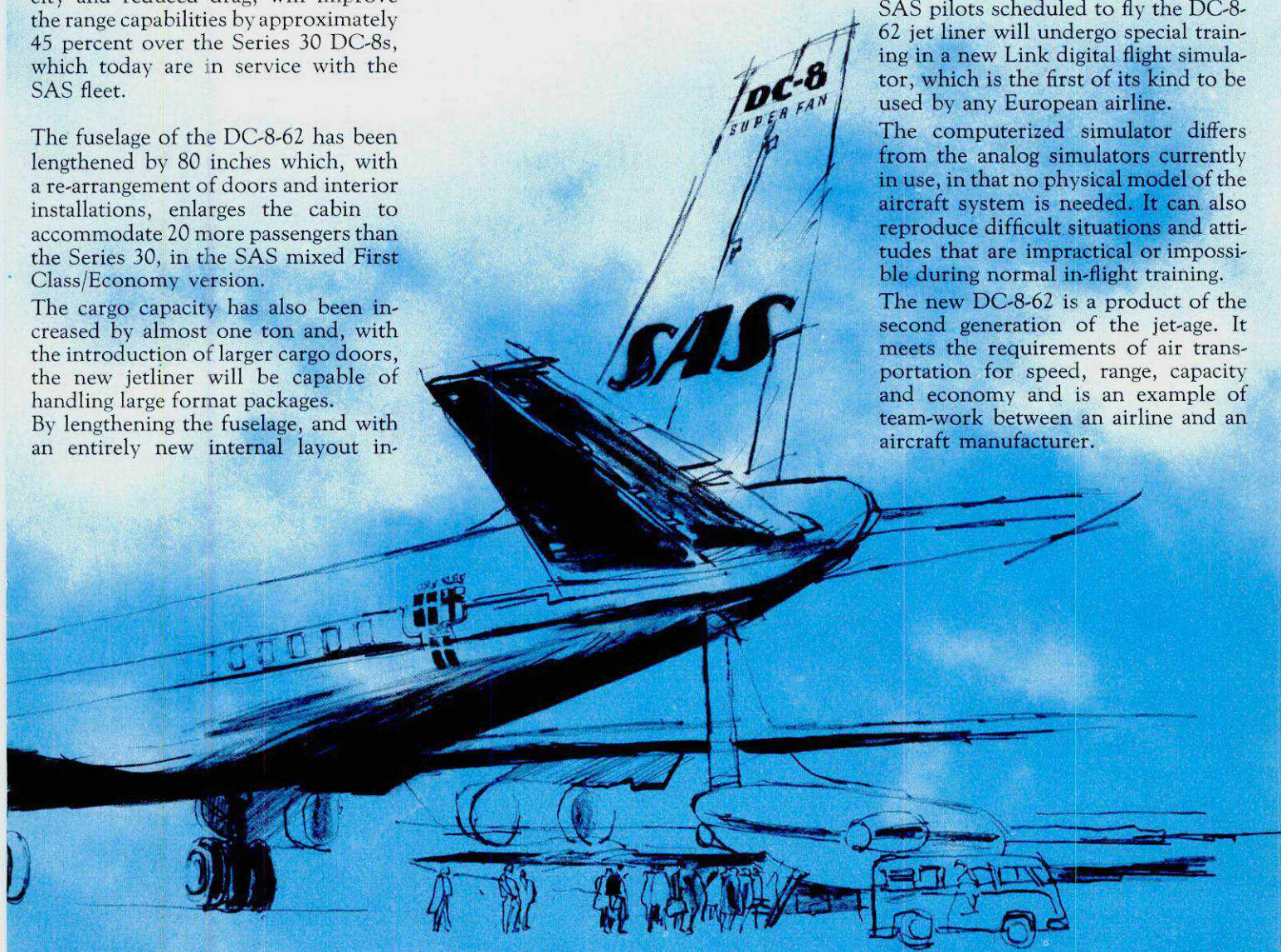
The Flight Deck reflects ten years of technical improvements, including a host of new instruments and navigational equipment, which will allow a reduction in the current landing minima of 200 feet down to 100 feet.

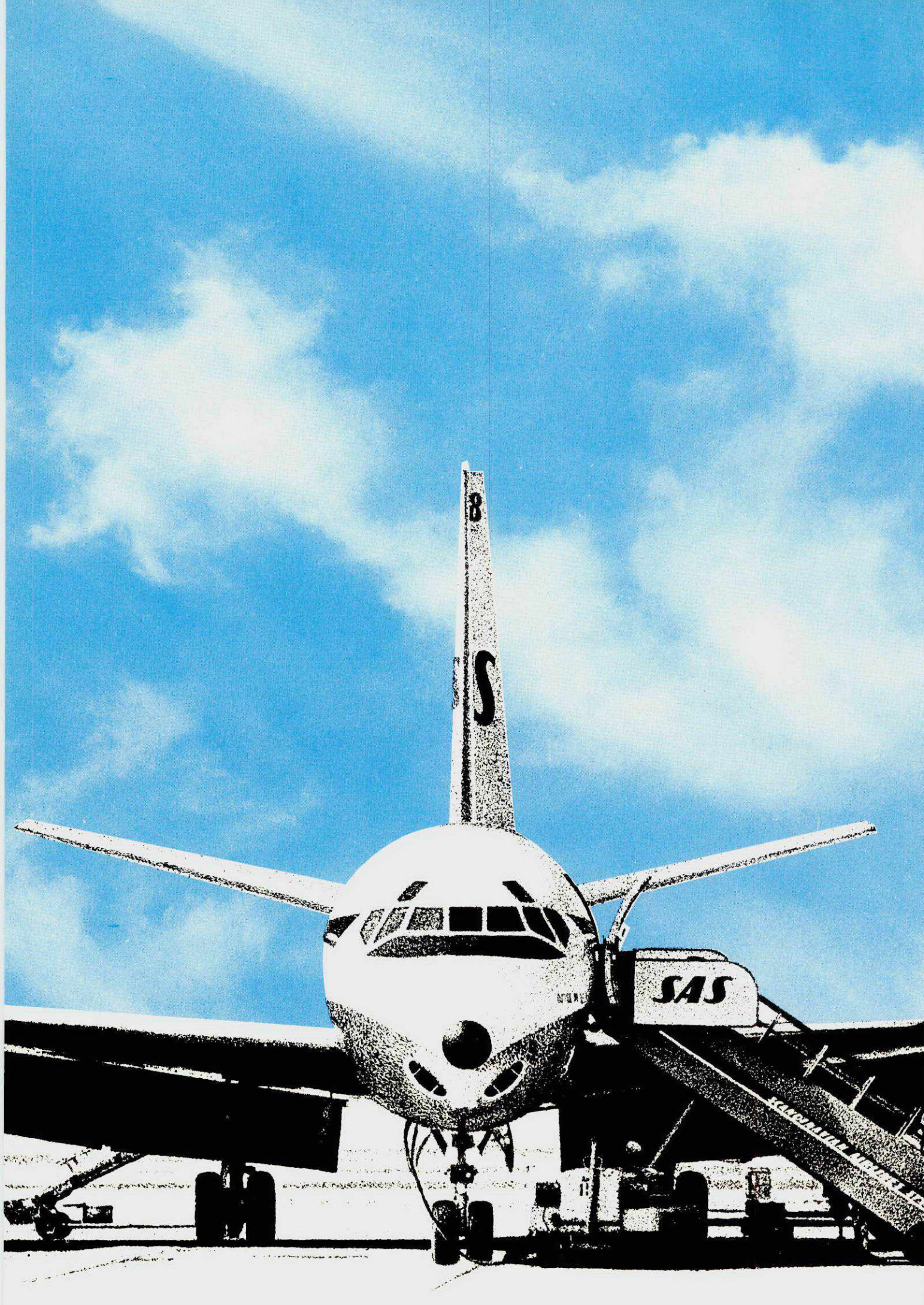
However, despite the increase in size and the alterations made in the DC-8-62, no costly new maintenance equipment is needed nor are any complications anticipated in regard to servicing the new aircraft. To house the new super-fans, SAS will by 1967 have built a fourth hangar at Kastrup airport.

SAS pilots scheduled to fly the DC-8-62 jet liner will undergo special training in a new Link digital flight simulator, which is the first of its kind to be used by any European airline.

The computerized simulator differs from the analog simulators currently in use, in that no physical model of the aircraft system is needed. It can also reproduce difficult situations and attitudes that are impractical or impossible during normal in-flight training.

The new DC-8-62 is a product of the second generation of the jet-age. It meets the requirements of air transportation for speed, range, capacity and economy and is an example of team-work between an airline and an aircraft manufacturer.





## PRODUCTION AND TRAFFIC

SCHEDULED SERVICES	Total System	Intercont.	Europe and M. East	Domestic
Avail. Ton-Kms (in Mill.)				
1964/65	650	371	215	64
1963/64	604	360	187	57
Increase %	+ 7.6	+3.1	+15.0	+11.7
Rev. Ton-Kms (in Mill.)				
1964/65	391	234	116	41
1963/64	348	210	103	35
Increase %	+12.5	+11.7	+12.9	+16.3
1964/65 Load Factor	60.2	63.1	54.3	63.4
1963/64 Load Factor	57.6	58.2	55.3	60.9

The table above shows what SAS has offered, and what SAS has sold, during the financial year. Comparative figures are given for the preceding year.

The growth for the whole SAS network — in terms of ton-kilometers produced, expanded by seven percent beyond 1963/64. Ton-kilometers sold increased by 12 percent.

The table shows the break-down in production and traffic on the three main components of the System: Intercontinental, Europe and Middle East (including

inter-Scandinavian routes), and Domestic. As will be seen, the intercontinental share of scheduled services has remained by far the largest. In the year under review, it took 57.1 percent of production and 59.8 percent of traffic. The corresponding figures for Europe and the Middle East were 33.0 percent and 29.8 percent, and for Domestic 9.9 percent and 10.4 percent.

More detailed information on developments within these three traffic areas are given in the subsequent tables.

## INTERCONTINENTAL ROUTES

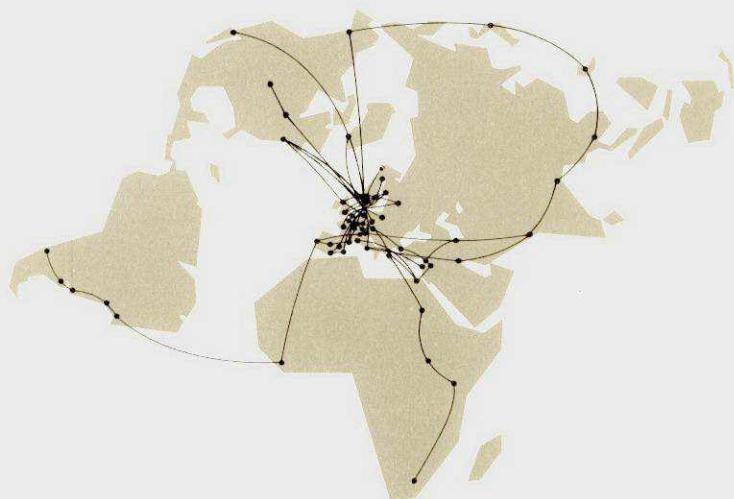
Scheduled Traffic (in Mill.) Last year's figures in brackets	Passenger Traffic		Cargo Traffic		Mail Traffic		Load factor
	Pass- Kms	Change	Ton- Kms	Change	Ton- Kms	Change	%
North Atlantic	1.196 (1.112)	+ 8 %	46.6 (36.4)	+ 28 %	6.4 (6.0)	+ 7 %	65.3 (59.1)
Other Intercon- tinentaI Routes	486 (459)	+ 6 %	18.1 (16.2)	+ 12 %	7.9 (6.1)	+ 29 %	58.6 (56.4)
TOTAL Intercon- tinentaI Traffic	1.682 (1.571)	+ 7 %	64.7 (52.6)	+ 23 %	14.3 (12.1)	+ 18 %	63.1 (58.2)

This table shows the category distribution of sales of SAS capacity in intercontinental routes during the year under review.

During the peak season, 21 weekly flights were maintained in each direction between Scandinavian points and New York — otherwise 14 flights. To Montreal and Chicago there were 6 weekly connections during the tourist season — otherwise three. Summer season flights to Los Angeles were reduced from five weekly, making three flights a week the all year frequency. The all-cargo flights between Copenhagen and New York were increased from two to three per week.

On the Transpolar route to Tokyo, which was pioneered by SAS nine years ago, there were two flights a week in each direction. SAS would have liked to increase the frequency to three weekly flights, but proposals to that end have so far not met acceptance. There were no frequency changes in the remaining intercontinental routes in the SAS network, South America and South Africa being each served once a week, and the Far East via India twice a week.

Of the total freight carried by SAS during 1964/65 approximately 75 percent was on intercontinental routes, and 53 percent was on the North Atlantic routes.



## EUROPEAN AND MIDDLE EAST ROUTES (Including inter-Scandinavian routes)

Scheduled Traffic (in Mill.)  Last year's figures in brackets	Passenger Traffic		Cargo Traffic		Mail Traffic		Load factor
	Pass- Kms	Change	Ton- Kms	Change	Ton- Kms	Change	%
Middle East	107 (91)	+ 17 %	1.5 (1.3)	+16 %	0.5 (0.4)	+ 11 %	45.8 (46.1)
Europe (incl. Inter- Scandinavian Routes)	976 (868)	+ 13 %	18.1 (16.2)	+ 12 %	3.7 (3.5)	+ 7 %	55.3 (56.4)
<b>TOTAL</b>	<b>1083</b> <b>(959)</b>	<b>+ 13 %</b>	<b>19.6</b> <b>(17.5)</b>	<b>+ 12 %</b>	<b>4.2</b> <b>(3.9)</b>	<b>+ 7 %</b>	<b>54.3</b> <b>(55.3)</b>

SAS traffic in this area increased by 13 percent, and production by 15 percent. This represents an improvement on the previous financial year, which showed only a six percent traffic growth over 1962/63. Contributing to the increase were undoubtedly the reduced-fare night flights which, during the summer, were operated by jet between Scandinavia and 11 major European vacation centers.

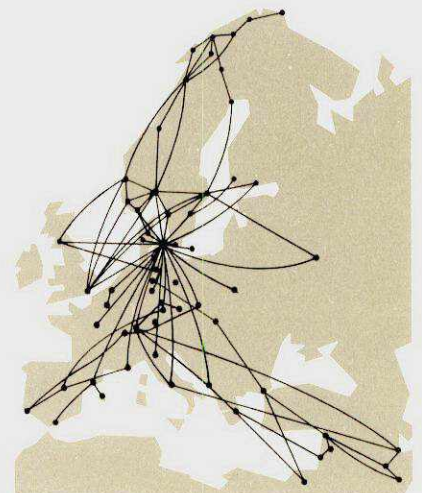
Within the passenger sector the largest increases were recorded by routes from Scandinavia to Finland (up 49 percent), the Soviet Union (up 40 percent) and Switzerland (up 25 percent).

All-cargo flights have been augmented so that 17 cities in Europe became linked by SAS freighters. In the course of the year, there was a total of 3,758 all-cargo flights on European routes. In total volume of cargo traffic the inter-Scandinavian routes occupied the No. 1 position. The proportion of the total volume of cargo carried on all-cargo aircraft on European routes was 54 percent. The remaining 46 percent were carried in the cargo compartment of the passenger planes.

Outside Scandinavia propeller craft were still employed in the European area only on four shorter routes. Otherwise Caravelle jets served all cities, supplemented by Coronados in the case of the London and Zurich routes and by DC-8s making intermediate stops on their way to other continents.

In the table below, inter-Scandinavian routes are included in the traffic figures for Europe. Production on the routes between the three Scandinavian countries was 28 percent above the previous year, and traffic 25 percent higher. The load factor declined from 51.9 percent to 50.7 percent.

In the summer season there were 10 SAS flights a day between Copenhagen and Oslo in each direction, between Copenhagen and Stockholm 11 flights and between Oslo and Stockholm two SAS flights.

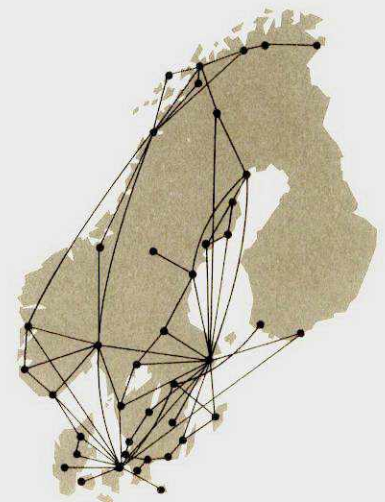


## DOMESTIC ROUTES

Scheduled Traffic (in Mill.)  Last year's figures in brackets	Passenger Traffic		Cargo Traffic		Mail Traffic		Load factor
	Pass- Kms	Change	Ton- Kms	Change	Ton- Kms	Change	%
Denmark	52 (36)	+47 %	0.3 (0.3)	+26 %	0.2 (0.2)	+10 %	60.8 (54.3)
Norway	192 (158)	+21 %	0.7 (0.5)	+35 %	1.2 (1.0)	+15 %	64.5 (63.0)
Sweden	157 (147)	+7 %	1.4 (1.4)	+3 %	1.5 (1.5)	-3 %	63.0 (60.7)
<b>TOTAL Domestic</b>	<b>401 (341)</b>	<b>+18 %</b>	<b>2.4 (2.1)</b>	<b>+14 %</b>	<b>2.9 (2.8)</b>	<b>+5 %</b>	<b>63.4 (60.9)</b>

As shown in the table at left, 1964/65 recorded another substantial growth in SAS traffic within each of the Scandinavian countries. The increase of total traffic in Denmark of 43 percent over the previous year was mainly accounted for by the opening of regular services to the Jutland airport of Billund. With the opening of new airports in North Norway, the population of this region has taken instant advantage of air transport facilities, resulting in a continued large increase in Norwegian traffic, as was the case last year.

Starting from the 1965 summer program, Caravelles operated on certain Norwegian routes and DC-7C on some Swedish routes, the remaining domestic services in Scandinavia being maintained by Metropolitans.





## THE FLEET

During the year, four new aircraft have joined the SAS fleet, and five have been sold. The acquisitions are three Caravelles and one DC-8-55. The aircraft sold are one DC-7C and the four Caravelles, which Swissair since 1960 has had on lease from SAS and now bought. To replace the DC-7C which was lost when on charter to Scanair, another DC-7 has been obtained on lease. Of the DC-7Cs, three have been on lease to Scanair.

On a yearly basis, the utilization time has been 11.5 hours per day for the DC-8, 5.6 hours for Coronado, 5.9 hours for the Caravelle, 6.2 hours for the DC-7C/F and 6.1 hours for the Metropolitan. Altogether the aircraft of the SAS fleet have registered 129,025 commercial airborne

hours in the course of the year. During the peak season, each SAS aircraft made, on average, 6 landings or take-offs per day. SAS planes together made around 300 landings or take-offs per day.

With the approval of the authorities, the number of flying hours between maintenance checks and overhaul have been further extended. Attention to safety remains the overriding consideration in all work plans.

The technical cooperation agreement with Swissair has been renewed. The changes from the previous agreement relate to the engine overhauls for the Swissair Metropolitan, which are now being performed at the SAS Oslo workshop, and to the scheduled return next

year to Swissair of the two Coronado aircraft.

The fifth pod on the DC-8, used for the transport of spare engines for DC-8 aircraft, has been developed by SAS engineers to transport Caravelle spare engines as well. This innovation has been made in order to secure fast and economic delivery of spare engines to THAI International.

By the end of October 1965, SAS has the following aircraft on order: 2 Caravelles for delivery in December 1965 and February 1966, 3 DC-8-55 for delivery in February and March 1966, 4 DC-8-62 for delivery between February and May 1967, and 4 more DC-8 aircraft of a type yet to be decided, also for delivery in 1967.

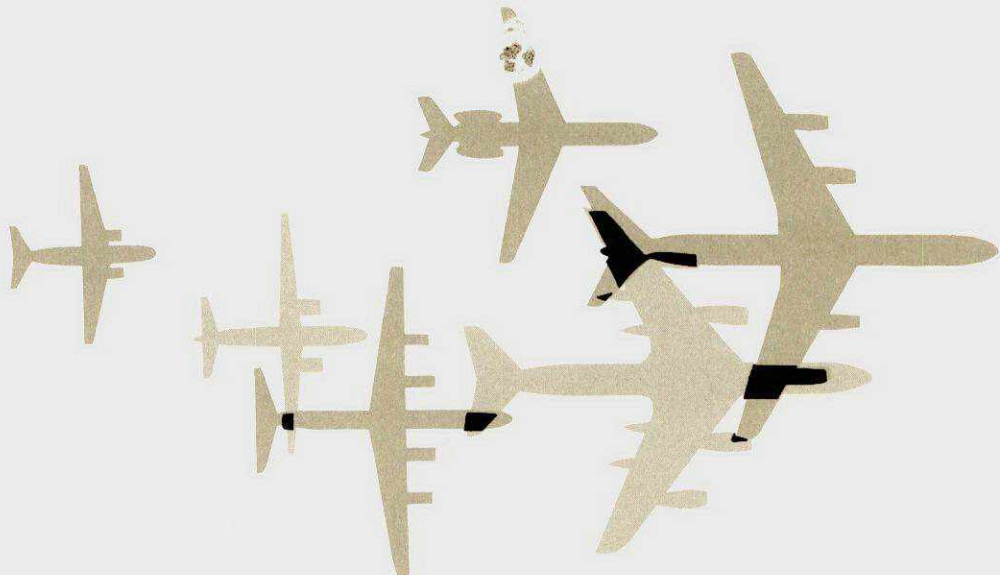
Aircraft type	Total Sept. 30 1964	Changes during 1964/65	Total Sept. 30 1965	In SAS operation	Leased to others
Douglas DC-8	7	+1 —	8	8	—
Convair Coronado	2	— —	2*	2	—
Caravelle	19	+3 —4	18	16	2**
Douglas DC-7C/F	9	+1 —1	9***	6	3****
Convair Metropolitan	19	— —	19	19	—
Douglas DC-3	1	— —1	—	—	—
Total	57	+5 —6	56	51	5

\* Leased from Swissair

\*\* Leased to THAI International

\*\*\* One of which leased

\*\*\*\* Leased to Scanair



The uniforms of the 600 air hostesses of SAS, whose task it is to provide as well as to personify the SAS concept of service perfection, have been redesigned. The new, elegant, Paris original, designed by Madame Carven, gives a freer, more feminine styling to the all-wool navy-blue uniform.



## PERSONNEL

	Cockpit Personnel			Cabin Personnel			Other Personnel			Total		
	1965	1964	1963	1965	1964	1963	1965	1964	1963	1965	1964	1963
Denmark	301	262	253	401	316	347	3284	3186	3034	3986	3764	3634
Norway	283	249	236	225	210	209	1844	1682	1487	2352	2141	1932
Sweden	459	397	396	301	292	284	2203	2270	2452	2963	2959	3132
Head Office	-	-	-	-	-	-	926	884	867	926	884	867
Abroad	-	-	-	20	18	18	2462	2453	2407	2482	2471	2425
<b>TOTAL</b>	<b>1043</b>	<b>908</b>	<b>885</b>	<b>947</b>	<b>836</b>	<b>858</b>	<b>10719</b>	<b>10475</b>	<b>10247</b>	<b>12709</b>	<b>12219</b>	<b>11990</b>

At the end of the financial year, the staff numbered 12,709 — an increase over last year of 490 employees or four percent. The net increase in cockpit crew amounts to 135 persons, an addition of 15 percent over last year. Cabin crew rose from 836 to 947, or by 13 percent. The number of flight personnel on loan to THAI International has remained at 14.

In the course of the year, a total of M.SKR 343 were paid in wages and salaries, pensions and social benefits. Of all personnel, 2,200 or 17 percent, were non-Scandinavians, of different nationalities. There were 319 Scandinavians posted in SAS service outside Scandinavia.

Regional staff publications have been replaced by one Systemwide fortnightly magazine, "INSIDE SAS".



## SUBSIDIARIES

### SAS-INVEST A/S

In its fifth year of business, this wholly-owned subsidiary has increased its gross revenue by 10 percent to M.SKR 13.9. At the Royal Hotel in Copenhagen there were 120,000 overnight stays, an increase of two percent. This corresponds to a room occupancy of 88 percent. The average staff strength in 1964/65 was 370 employees.



ROYAL  
HOTEL

### LINJEFLYG AB

The ownership of this company has undergone a change in that ABA, the Swedish parent company of SAS, with the approval of the Danish and Norwegian parent companies, has acquired 50 percent of the share capital. These stocks in Linjeflyg AB were previously held by Swedish newspaper interests. The other 50 percent remain in the hands of SAS.

Linjeflyg has approximately 50 percent of the traffic on the Swedish domestic network. Measured in available seat-kms, its production has increased 3.8 percent over the previous year, partly through a changed cabin configuration and partly through acquisition of two additional Metropolitans. Linjeflyg has also expanded its fleet by the lease of two 8-seat Grand Commanders, which operate feeder services to cities in the provinces.

Revenue passenger-kms decreased by 3.2 percent and freight ton-kms by 20.2 percent, while mail ton-kms went up by 33.4 percent. The load factor dropped from 47.4 percent last year to 45.1 percent in the present year. The carrier transported 433,552 passengers, or 4.8 percent less than in the preceding year.

**LIN**

### SAS CATERING A/S

The gross revenue of this wholly owned SAS subsidiary increased by 24 percent from the previous year to a total of M.SKR 73.5. 26 airlines were supplied from the kitchens of SAS Catering. SAS itself remained the largest customer. SAS Catering was given the responsibility for operating the restaurant at the Pavilion at the International Transport Exhibition in Munich. For the second year of the New York World's Fair, SAS Catering again ran the Swedish Pavilion Restaurant; and it has also been assigned the task of running the restaurant at the joint Scandinavian Pavilion at the Montreal EXPO 67. The company has continued to operate a number of canteens and restaurants, leased or owned, in the three Scandinavian countries. In 1964/65, the average staff strength was 917 employees, an increase of 10 percent over the preceding year.



CARAVELLE

## THAI INTERNATIONAL – PRODUCTION AND TRAFFIC

	1964/65	Variation in %	1963/64	Variation in %	1962/63
Avail. Tonkm (Mill.)	30.8	+ 13	27.2	— 10	30.3
Reven. Tonkm (Mill.)	16.8	+ 14	14.7	+ 13	13.0
Total Load Factor (%)	54.7	—	53.9	—	43.0
Traffic Revenue Sw. Crs. (Mill.)	40.3	+14	35.4	+ 14	31.2



## AIR TRAVEL-A 17 YEAR HISTORY OF DECLINING COSTS TO THE PUBLIC

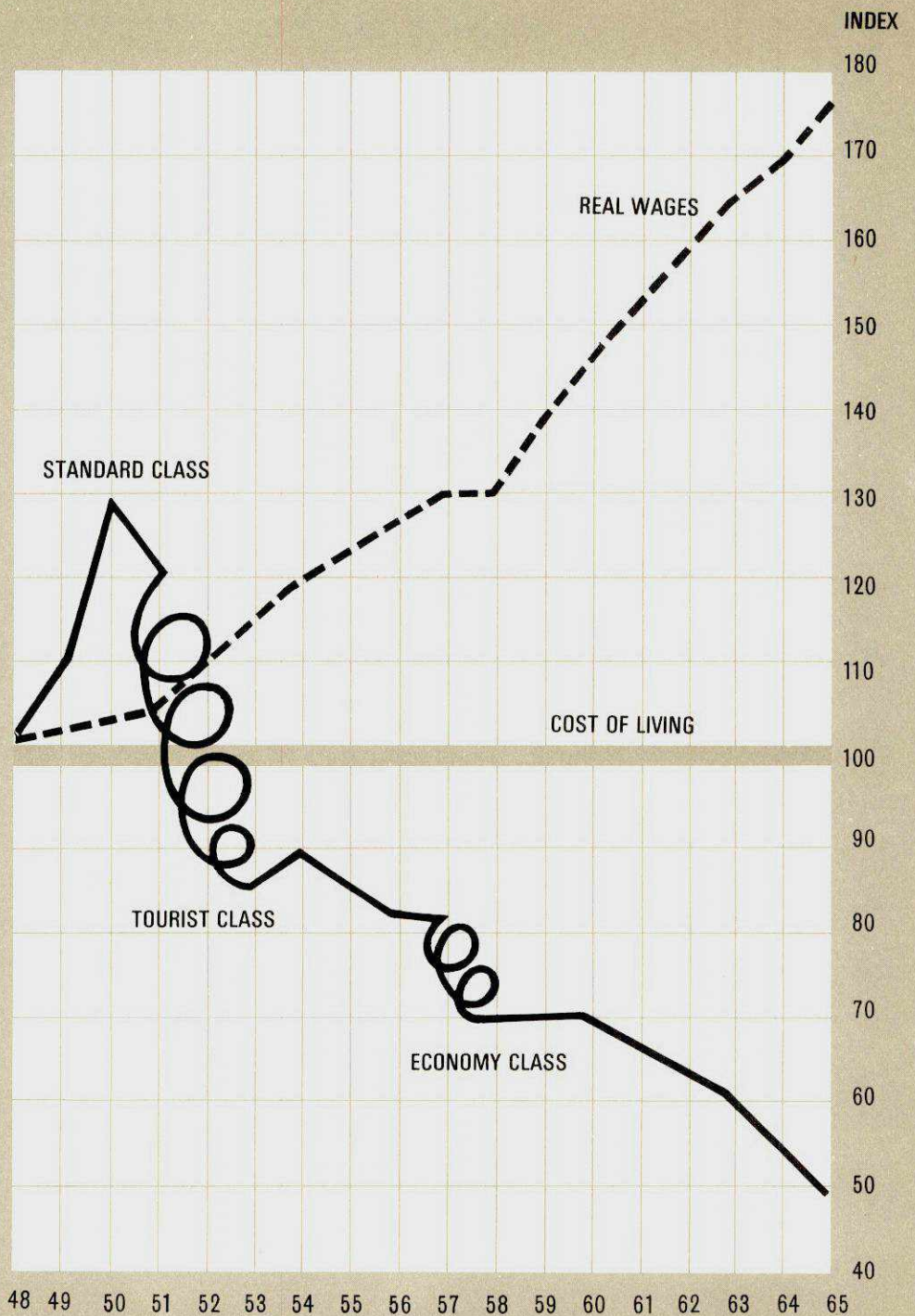
This chart points out the extent to which the cost of air travel to the passenger has been steadily reduced throughout the last 17 years.

The wage data used in the chart represent a composite of the increases in the earnings of the average industrial worker in the three Scandinavian countries together, while the air fare data refer to the cost of a ticket on the Copenhagen-New York route.

The chart shows that between 1948 and 1965 real wages have risen by 77 percent, while the lowest regular fare has declined by 51 percent.

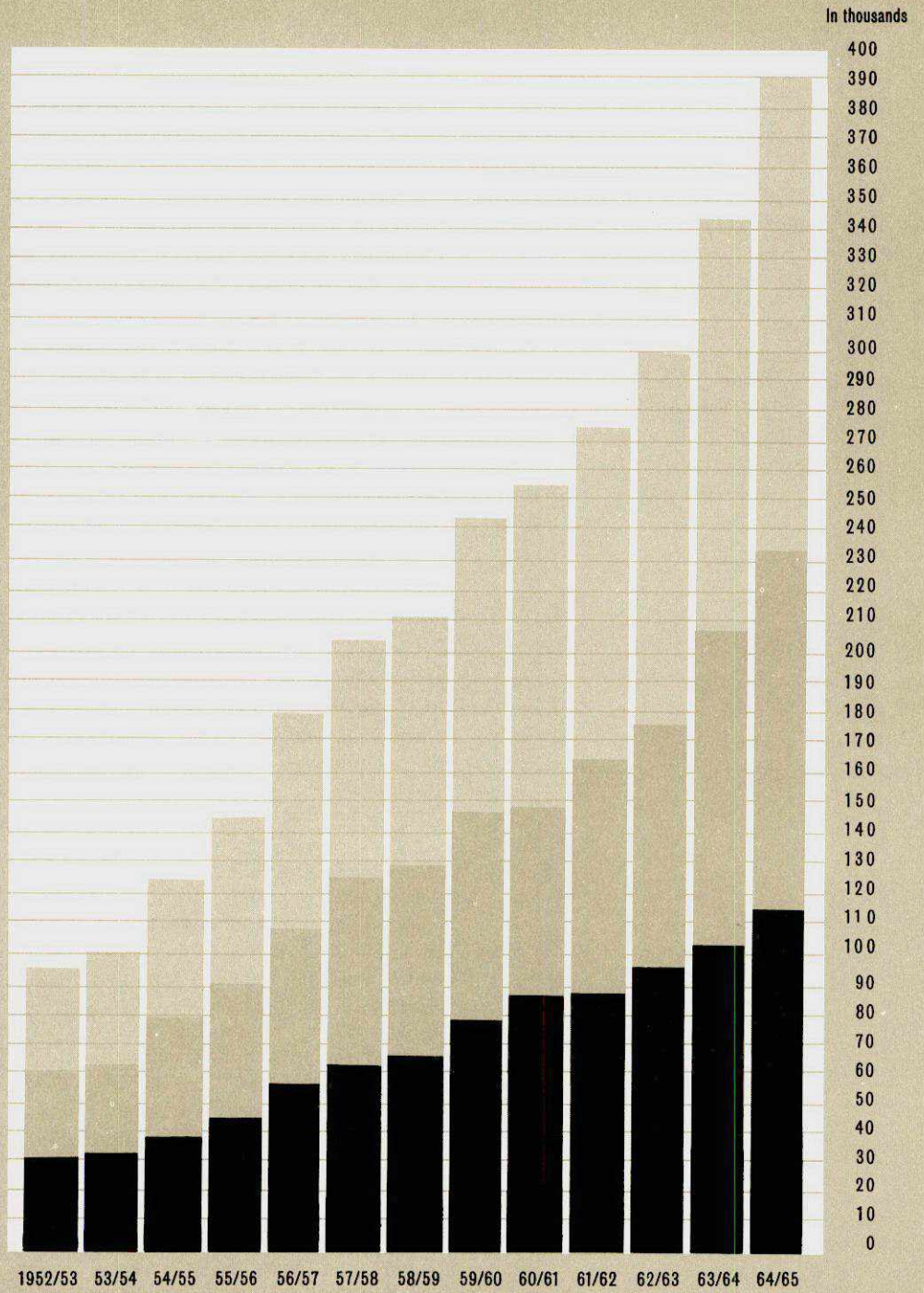
Translated, this means that in relation to his purchasing power the average wage earner in Scandinavia in 1965 was able to fly to America at 72 percent less cost than in 1948.

(1965's purchasing power of the Scandinavian currencies has been used in these computations.)



# SAS REVENUE TON-KMS

(Scheduled traffic only)



TOTAL SYSTEM



INTERCONTINENTAL



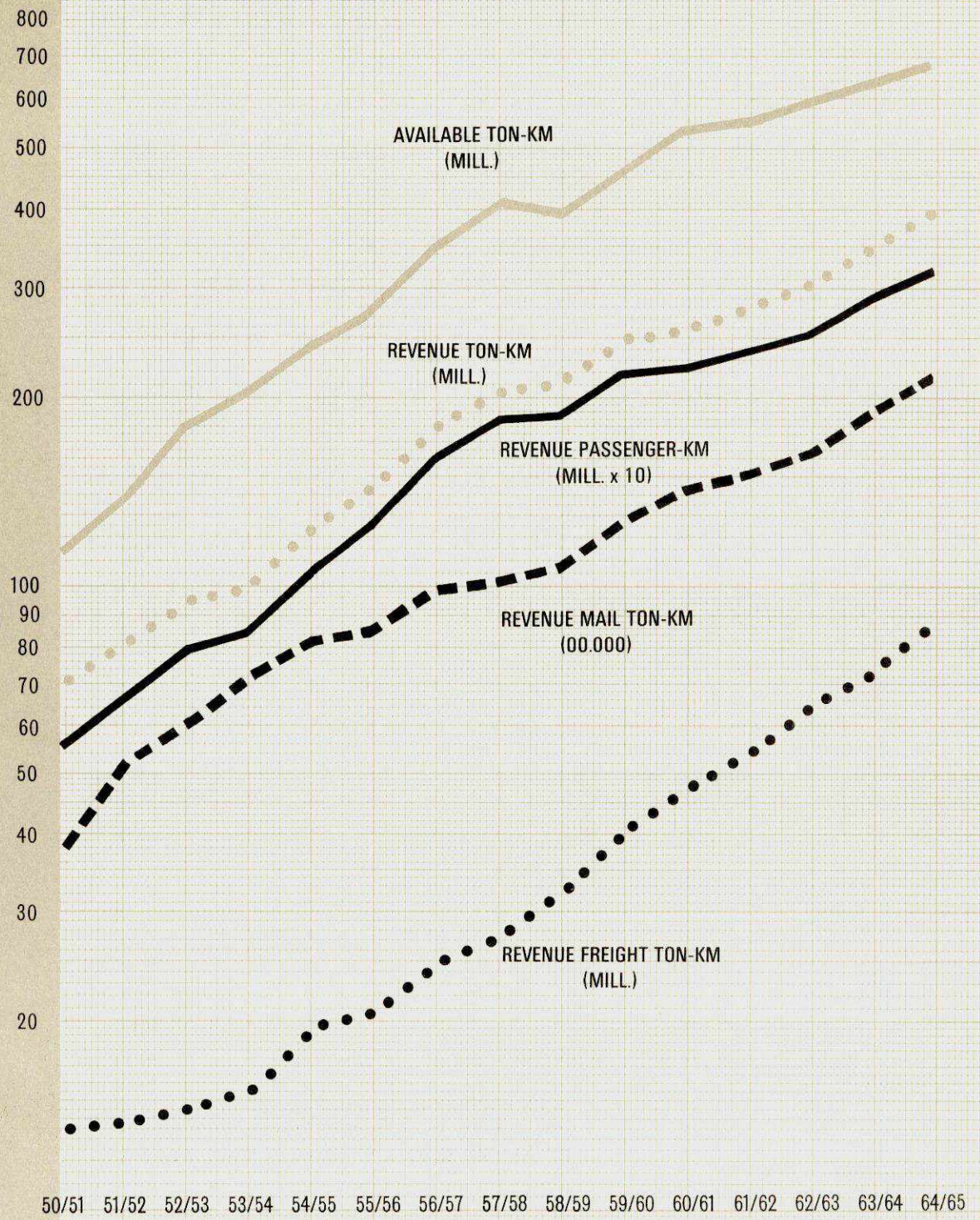
EUROPEAN AND MIDDLE EAST



DOMESTIC



# 15 YEARS' GROWTH





## BOARD OF DIRECTORS

### Denmark

J. Chr. Aschengreen  
First Vice Chairman  
Palle Christensen  
Deputies:  
Helge Bech-Bruun  
E. Dige

### Norway

Jens Chr. Hauge  
Chairman  
Per M. Backe  
Deputies:  
E. F. Eckhoff  
Erik Waaler

### Sweden

M. Wallenberg  
Second Vice Chairman  
Per Åsbrink  
Deputies:  
Curt Nicolin  
Nils J. Hörjel

## ASSEMBLY OF REPRESENTATIVES

### Denmark

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Chairman  
Greve Flemming af Rosenberg  
Poul Andersen  
J. Chr. Aschengreen  
Helge Beck-Bruun  
Vagn Bro  
Palle Christensen  
E. Dige  
Svend Horn  
Hans Muus

### Norway

Per M. Hansson  
Second Vice Chairman  
Nils Astrup  
Per M. Backe  
Erik Brofoss  
E. F. Eckhoff  
Jens Chr. Hauge  
B. Hurlen  
Erik Waaler  
Deputies:  
Halvdan Bjørum  
Rolf Heilemann  
Erling Lind  
Finn Moe

### Sweden

Per A. Norlin  
First Vice Chairman  
Erik Boheman  
Erik G. Hj. Grafström  
Trygve Holm  
Emanuel Högberg  
Nils J. Hörjel  
Sven Mellqvist  
Gustaf V. Nilsson  
Lars Peterson  
Manne Ståhl  
M. Wallenberg  
Sune Wetter  
Erik Wijk  
Per Åsbrink  
Deputies:  
Torgeir Christoffersen  
Folke Fessé  
A. Ax:son Johnson  
Helge Jäder  
Ragnar Sachs  
Olof Sahlin

## MANAGEMENT

Knut Hagrup  
Executive Vice President-  
Technical and Operations  
Johs. Nielsen  
Vice President and  
General Manager  
Region Denmark

Karl Nilsson  
President

Johan Nerdrum  
Vice President and  
General Manager  
Region Norway  
Tore Nilert  
President, SAS Inc.

Arne Wickberg  
Executive Vice President-  
Marketing  
Sven-Erik Svanberg  
Vice President and  
General Manager  
Region Sweden

E. Palsgaard  
President, SAS Catering A/S

A. Kappenberger  
President, SAS-Invest A/S

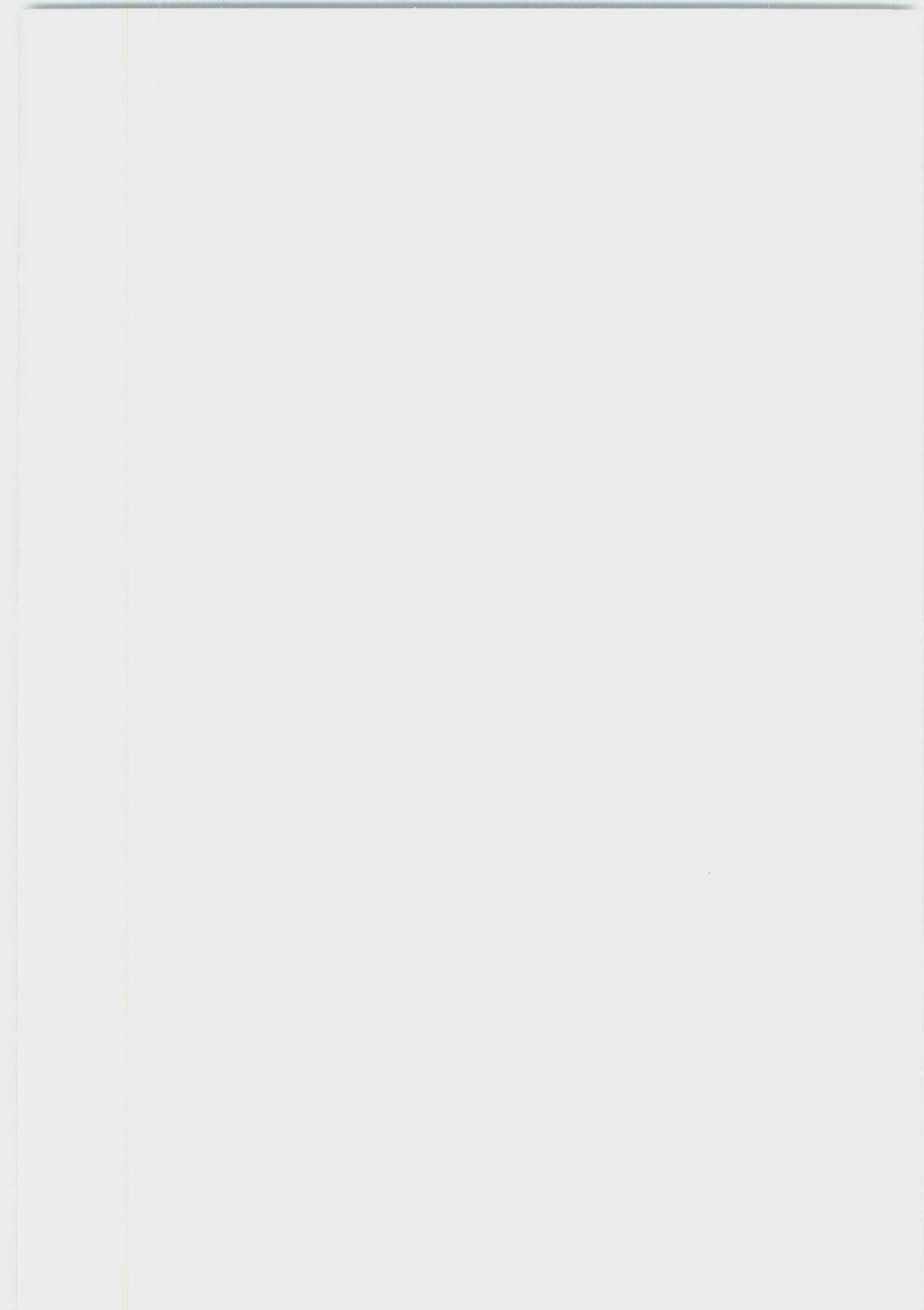


***SCANDINAVIAN AIRLINES SYSTEM***

Scandinavian Airlines System (SAS) is the designated national carrier of three sovereign nations, Denmark, Norway and Sweden.  
The owner of SAS are: Det Danske Luftfartselskab A/S (Danish Airlines) · Det Norske Luftfartselskap A/S (Norwegian Airlines)  
AB Aerotransport (Swedish Airlines)

These three limited companies are in turn, through shareholdings, owned 50 percent by private individuals or enterprises, and 50 percent by their respective national Governments.





HELSINKI													
4	1850	1200*1	SR 501	FY C9	ZRH 0730*1	SK 608	YH C9						
					CPH 0930*1	AY 802	FY CA						
7	1850	1855*1	SR 505	FY C9	ZRH 0755*1	SK 614	FY CA 60						
					CPH 1505*1	SK 408	Y CA						
					STO 1700*1	SK 734	FY CA						
3	1905	1200*1	SR 984	FY D8	CPH 0930*1	AY 802	FY CA						
6	1905	1550*1	SR 986	FY D8	CPH 1125*1	SK 404	Y CA						
					STO 1330*1	AY 194	Y CA						

HONG KONG													
1	0935	*1300	CX 722	FY C8						Y	86.80	165.00	
3	1005	*1330	CX 726	FY C8						F	122.50	232.80	
5	1005	*1330	CX 730	FY C8									
6	1005	*1330	CX 732	FY C8									
09OCT-30OCT	136	1040	*1430	TG 602	FY CA								
01OCT-05OCT	257	1040	1535	TG 600	FY CA								
07OCT-31OCT	2457	1040	*1430	TG 600	FY CA								
2	1150	*1605	CX 724	FY LE									
CN 04OCT	1	1220	1715	TG 702	FY CA								
1	1315	*1740	SR 504	FY C9									
6	1315	*1740	SR 502	FY C9									
02OCT-06OCT	36	1700	2155	TG 604	FY CA								
07OCT-31OCT	67	1740	*2130	TG 702	FY CA								

KARACHI													
2	1850	2250	SR 503	FY C9						Y	145.60	276.70	
4	1850	2255	SR 501	FY C9						F	204.40	388.40	
7	1850	2255	SR 505	FY C9									
3	1905	2150	SK 984	FY D8									
6	1905	2305	SK 986	FY D8									

KUALA LUMPUR													
CN 05OCT	2	1045	1315	TG 411	FY CA					Y	67.20	127.00	
257	1245	1515	ML 511	FY HC						F	114.80	218.00	
CN 03OCT	7	1500	1730	TG 403	FY CA								
1	1530	1820	CX 723	FY LE									
07OCT-31OCT	247	1720	1950	TG 401	FY CA								
09OCT-30OCT	6	1900	2130	TG 401	FY CA								

LONDON LHR													
2	1850	*0835*1	SR 503	FY C9	ZRH 0810*1	SR 100	FY C9			Y	501.20	957.30	
4	1850	*0835*1	SR 501	FY C9	ZRH 0810*1	SR 100	FY C9			F	868.00	1648.30	
7	1850	*0835*1	SR 505	FY C9	ZRH 0810*1	SR 100	FY C9						
3	1905	*0835*1	SK 984	FY D8	ZRH 0810*1	SR 100	FY C9						
6	1905	*0835*1	SK 986	FY D8	ZRH 0810*1	SR 100	FY C9						

LOS ANGELES													
2	1850	2040*1	SR 503	FY C9	ZRH 0755*1	SK 614	FY CA 60			Y	824.70	1502.70	
					CPH 1530*1	SK 935	FY D8			F	1299.50	2495.40	
7	1850	2040*1	SR 505	FY C9	ZRH 0755*1	SK 614	FY CA 60						
					CPH 1530*1	SK 935	FY D8						

MELBOURNE													
2	1850	1215*1	SR 503	FY C9	ZRH 0755*1	SK 614	FY CA 60			Y	504.20	958.00	
					CPH 1155*1	SK 424	Y C4			F	871.00	1654.90	
4	1850	1215*1	SR 501	FY C9	ZRH 0755*1	SK 614	FY CA 60						
					CPH 1155*1	SK 424	Y C4						
7	1850	1215*1	SR 505	FY C9	ZRH 0755*1	SK 614	FY CA 60						
					CPH 1155*1	SK 424	Y C4						
3	1905	0940*1	SK 984	FY D8	CPH 0920*1	SK 422	Y C4						
6	1905	1215*1	SK 986	FY D8	CPH 1155*1	SK 424	Y C4						

MANILA													
2	1200	1600	SK 983	FY D8						Y	130.80	248.60	
CN 04OCT	1	1220	1850	TG 702	FY CA					F	185.40	352.30	
08OCT-29OCT	5	1305	1705	SK 983	FY D8								
3	1315	1710	SR 500	FY C9									

MILAN LIN													
3	1905	0920*1	SK 984	FY D8	ROM 0820*1	AZ 288	FY CA			Y	473.20	899.10	
6	1905	0920*1	SK 986	FY D8	ROM 0820*1	AZ 288	FY CA			F	803.60	1526.90	

MONTREAL													
4	1850	1510*1	SR 501	FY C9	ZRH 0755*1	SK 614	FY CA 60			Y	667.40	1268.10	
					CPH 1230*1	SK 941	FY D8			F	1124.70	2137.00	
3	1905	1510*1	SK 984	FY D8	CPH 1230*1	SK 941	FY D8						
6	1905	*1410*1	SK 986	FY D8	CPH 1230*1	SK 941	FY D8						

MUNICH													
2	1850	0935*1	SR 503	FY C9	ZRH 0835*1	SR 216	Y C4			Y	495.60	941.70	
4	1850	0935*1	SR 501	FY C9	ZRH 0835*1	SR 216	Y C4			F	859.60	1633.30	
7	1850	0935*1	SR 505	FY C9	ZRH 0835*1	SR 216	Y C4						
3	1905	0935*1	SK 984	FY D8	ZRH 0835*1	SR 216	Y C4						
6	1905	0935*1	SK 986	FY D8	ZRH 0835*1	SR 216	Y C4						

NEW YORK JFK													
2	1850	1650*1	SR 503	FY C9	ZRH 0755*1	SK 614	FY CA 60			Y	683.40	1298.50	
					CPH 1200*1	SK 921	FY D8			F	1138.70	2163.60	
4	1850	1655*1	SR 501	FY C9	ZRH 0730*1	SK 608	YH C9						
					CPH 1105*1	SK 917	FY D8						
7	1850	1650*1	SR 505	FY C9	ZRH 0755*1	SK 614	FY CA 60						
					CPH 1200*1	SK 921	FY D8						
3	1905	1655*1	SK 984	FY D8	CPH 1200*1	SK 913	FY D8						
02OCT-23OCT	6	1905	1655*1	SK 986	FY D8	CPH 1105*1	SK 917	FY D8					
6	1905	*1730*1	SK 986	FY D8	CPH 1500*1	SK 911	FY D8						