

Second Quarter 2005

2nd Quarter result improved by MSEK 526

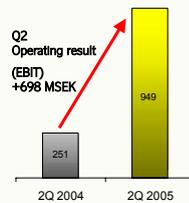


MSEK	April-June		January-June	
	2005	Change	2005	Change
▶ Revenues	16 017	+874	29 033	+1 323
▶ EBITDAR	2 193	+700	2 372	+923
▶ Lease & depreciation	-1 330	+14	-2 599	+75
▶ EBIT	949	+698	-99	+907
▶ Financial net	-407	-200	-649	-159
▶ EBT	590	+546	-700	+796
▶ EBT bef non-recurring items	579	+526	-733	+802

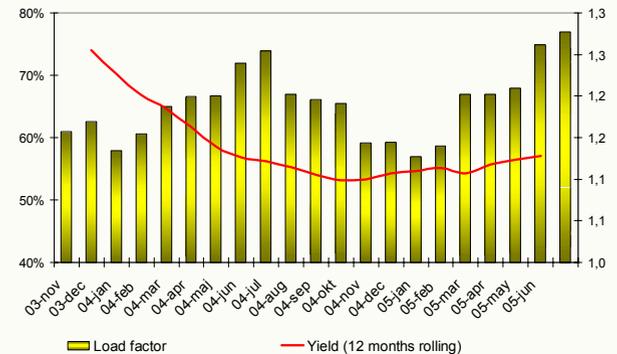
Positive result and improved operating performance



- ▶ 1st Half result improved by MSEK 802
 - Improvement for all business areas and group airlines
- ▶ Operating result almost tripled in 2nd Quarter
 - EBIT improved MSEK 698 vs last year
- ▶ Strong positive cash flow in 2nd Quarter
- ▶ Stable yields and record load factors
- ▶ Turnaround 2005 as planned
 - Unit cost down 6,4% adjusted for currency and fuel (vs. 2004)
 - Continuous efficiency measures - benchmarking
- ▶ Fuel cost up appr. MSEK 700 vs last year
- ▶ New Business models



Improved load and stable yields



Scandinavian Airlines Danmark - still large overcapacity



- ▶ Fierce competition and overcapacity on many routes
- ▶ Capacity & Utilization Focus starting to give effect
 - Capacity down 11,0%
 - Cabin factor down 0,1 p.u. during Jan-Jun but up 1,9 p.u. in Q2
- ▶ Negotiations with Copenhagen Airport on charges for 2006-2008

	Apr-Jun 2005	Jan-Jun 2005
Total revenues	2 781	5 014
EBITDAR	284	105
EBT	49	-361

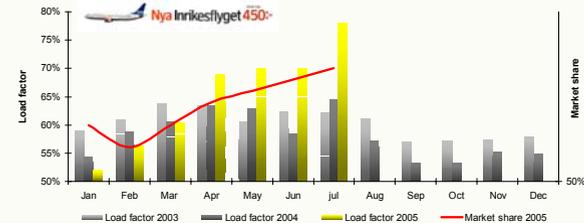


Scandinavian Airlines Sverige – record load factors but yields under pressure



- ▶ Number of passengers up 7,4% in Q2
- ▶ Cabin factor up 6,8 p.u. in Q2
- ▶ Swedish domestic yields down 10% in Q2
- ▶ Successful launch of Swedish domestic concept
 - One way pricing
 - New web site
 - Simple rules
 - April-June load factor 70% up 8,1 p.u. vs 2004

	Apr-Jun 2005	Jan-Jun 2005
Total revenues	2 096	3 904
EBITDAR	133	94
EBT	-61	-280



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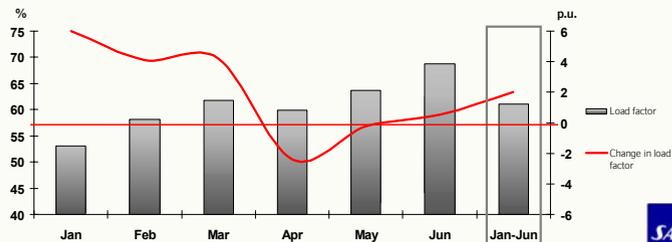


SAS Braathens on track – 1st Half result improved by MSEK 417



- ▶ Cabin factor up 2,0 p.u. in first half
- ▶ Market position stable
- ▶ One AOC established
- ▶ Over 40% internet bookings on domestic routes

	Apr-Jun 2005	2004	2005	Jan-Jun 2004
Total revenues	3 338	2 955	6 001	5 606
EBITDAR	565	360	799	467
EBT, bef nonrecurring items	329	35	241	-176



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Scandinavian Airlines International – positive market development



- ▶ Focus on further efficiency measures on intercontinental operations
- ▶ Increased overcapacity
- ▶ Cabin factor down 3,7 p.u. in first half and down 1,7 p.u. in Q2
- ▶ Several product improvements
 - Internet onboard all aircraft
- ▶ IATA customer survey shows SAS has third most satisfied customers of all airlines on USA routes

	Apr-Jun 2005	Jan-Jun 2005
Total revenues	1 995	3 589
EBITDAR	209	120
EBT	49	-206

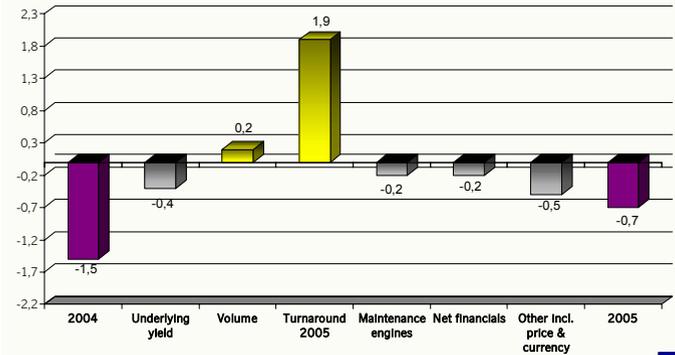




Gunilla Berg
CFO



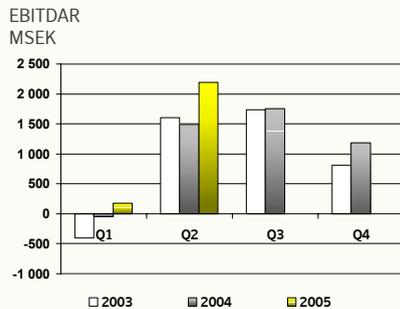
Improved result by SEK 0,8 billion 1st Half



Group | Scandinavian Airlines Businesses | Subsidiary & Affiliated Airlines | Airline Support | Airline Related Business | Hotels



EBITDAR 1st Half improved 64%



▶ EBITDAR in 1H 2005 was 2 372 (1 449) MSEK

EBITDAR

- Scandin Airl. 1 165 MSEK
- Spanair 489 MSEK
- Widerøe 212 MSEK
- Blue1 117 MSEK



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All major Business areas contribute to the improved result



MSEK	April-June		January-June	
	2005	Change	2005	Change
▶ Scandinavian Airlines Businesses	353	+374	-638	+439
▶ Subsidiary & Affiliated Airlines	145	+65	0	+208
▶ Airline Support Businesses	183	+38	298	+141
▶ Airlines Related Businesses	17	+6	14	-11
▶ Hotels	82	+75	-63	+29
▶ Group, eliminations, other	-201	-32	-344	-4
▶ EBT bef non-recurring items	579	+526	-733	+802

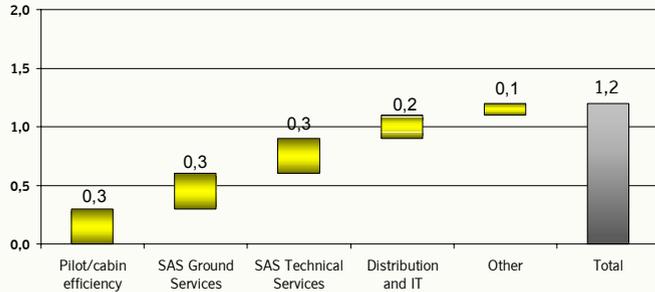


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Focus on remaining areas in Turnaround 2005



2005
turnaround



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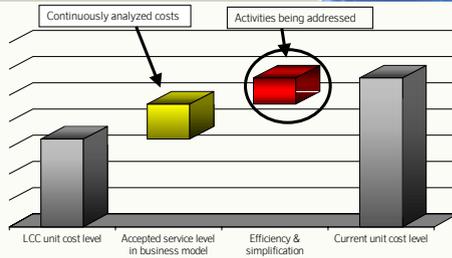
Gunnar Reitan
Deputy CEO



Scandinavian Airlines focus on cost and profitable services



- ▶ Turnaround 2005 – focus on remaining activities
- ▶ Further rationalization
 - ▶ Simplified business model
 - ▶ Basic production on LCC cost level
- ▶ Increase cost flexibility



Secure further improvement in cost position vs. LCC after completion of Turnaround 2005

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Spanair's result improved by MSEK 121 during 1st Half 2005



- ▶ Robust traffic development in the total market
 - ▶ Two new destinations and five new routes opened in first half 2005
 - ▶ Traffic up 13,7%, cabin factor stable
- ▶ Strong corporate sale development
 - ▶ Share of sales has increased by app 8 p.u.
 - ▶ Strong performance on Madrid-Barcelona with over 20 daily frequencies
- ▶ More dynamic aircraft allocation within the SAS Group has made it possible to increase capacity in Spanair



	Apr-Jun		Jan-Jun	
	2005	2004	2005	2004
Total revenues	2 235	2 057	3 809	3 462
EBITDAR	370	347	489	363
EBT, bef nonrecurring items	5	18	-153	-273

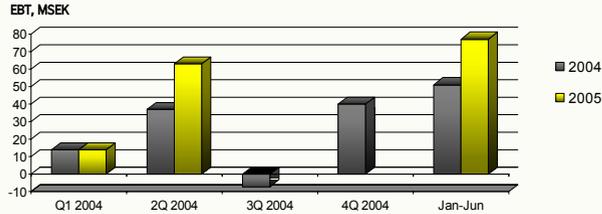


Widerøe best 1st Half year result ever



- Traffic down 0,9% but load factor up 0,1 p.u. during first half 2005
- Result improvement of MSEK 26
- Widerøe competing for the public service network on tender for 2006-2009
 - Result of the procurement procedure in November/December

	Apr-Jun		Jan-Jun	
	2005	2004	2005	2004
Total revenues	768	642	1 407	1 230
EBITDAR	132	101	212	173
EBT, bef nonrecurring Items	63	37	77	51



SAS Group Baltic presence increases



- airBaltic and Estonian Air carried more than 0,7 million passengers in the first half 2005
- airBaltic has opened up routes to Paris, Istanbul, Munich and Barcelona
- Blue1 connected with Baltic market
- Rezidor SAS hotels increases presence in a strategically interesting region
 - 15 Hotels in Baltic states, Finland and Russia

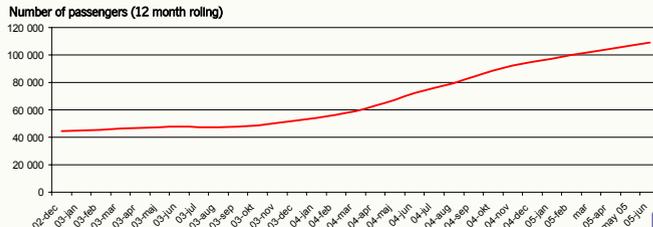


Blue1 - Impressive growth and result margins



- Result improved by MSEK 107 in 1st Half
- Successful domestic operations
- CFROI 16%
- Strong operational performance
 - Traffic up 23,9% in first half
 - Cabin factor up 10,0 p.p.
 - Cabin factor on Finnish domestic 63,3%

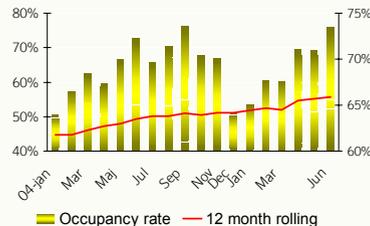
	Apr-Jun		Jan-Jun	
	2005	2004	2005	2004
Total revenues	481	345	860	613
EBITDAR	83	42	117	14
EBT, bef nonrecurring Items	45	0	41	-66



2nd Quarter improved by MSEK 75 Transaction with Carlson completed in 1st Half



	Apr-Jun		Jan-Jun	
	2005	2004	2005	2004
Total revenues	1 401	1 121	2 497	2 039
EBITDA	157	45	79	-5
EBT	83	8	-63	-92
EBT, bef nonrecurring Items	82	7	-63	-92



- Strong hotel market
- Number of rooms sold increased
 - RevPAR up 8,5% for comparable units
 - 12 months occupancy rate improved 2,4 p.u.
- Number of operating hotels +10 to 200
- Enhanced partnership with shareholder agreement with Carlson
 - Agreement extended to 2052
 - 11 MEUR in full year effect on reduced franchise fee as from July 2005
- Transaction confirms significant value in the Hotels
 - PV of MEUR 131 at 9% WACC. 0% growth
 - PV at 4% growth MEUR 210 => Full implied value MEUR 840



Sum up Subsidiary & Affiliated Airlines + Hotels



- ▶ **Airlines**
Continue profitable growth. Cost structure in place and in parity with best LCC's



Cost disadvantage being addressed. Prepare for public service tender



Strong growth and impressive profit change. Successful shift to domestic traffic. Benefit from Star Alliance link up. Cost level in place.



Growth despite fierce competition with Easyjet and Ryanair. Cost level in place



- ▶ **Hotels**
Improved market. Continued expansion with new brands. Develop partnership with Carlson



Commercial and strategic development



Our platform

- ▶ Turnaround 2005/Further rationalization ==> Competitive unit cost
- ▶ Incorporation ==> Transparency and accountability
- ▶ New Business models ==> Improved cabin factor

Group development

- ▶ 2001: Braathens acquired
- ▶ 2002: Majority stake in Spanair
- ▶ 2003: Acquisition of 49% of Estonian Air
- ▶ 2004: Rebranded Blue1 launched in Finland – switch to domestic routes

Commercial development

- ▶ 2003: Spanair introduced one-way demand driven pricing
- ▶ 2003: airBaltic introduced one-way demand driven pricing
- ▶ May 2004: SAS Braathens with new domestic concept based on one-way
- ▶ October 2004: Scandinavian Airlines introduced Economy Flex + fast track security
- ▶ March 2005: Launch of new Swedish domestic product
- ▶ September 2005: One way and demand driven pricing on European and intrascandinavian routes

Secure long term profitability in all group companies



Jørgen Lindegaard
CEO



Business models for SAS Group airlines - three common denominators



Costs

- Cost level for the basic product in line with the most efficient players on corresponding traffic flows
- Additional costs for transfer, distribution, in-flight, on-ground, network etc. should be covered by a price premium



Commercial concept

- Price structures based on demand-driven one-way prices for simple *online distribution*
- *Base product* differentiated from competitors
- *Add-on products* that stimulate buy-up and ancillary revenues.
- "Value-for-money"



Traffic system

- Traffic systems dimensioned for local passengers and for profitable transfer traffic
- *Dynamic flexible traffic planning*



New Europe/Intrascandinavian concept to be launched



- ▶ One-way demand driven pricing
- ▶ Simplified rules
- ▶ Increased availability of low fares
- ▶ Simplified customer friendly web



More satisfied customers and increased repurchase rate

Destination	City	Class	Time	Days	Program	Amount	Flight
London, England	Stockholm, Sweden	Y	07:00	08:00	08:00	1,000	SK541
London, England	Stockholm, Sweden	M	07:00	08:00	08:00	1,000	SK541
London, England	Stockholm, Sweden	L	07:00	08:00	08:00	1,000	SK541
London, England	Stockholm, Sweden	E	07:00	08:00	08:00	1,000	SK541
London, England	Stockholm, Sweden	S	07:00	08:00	08:00	1,000	SK541
London, England	Stockholm, Sweden	B	07:00	08:00	08:00	1,000	SK541
London, England	Stockholm, Sweden	I	07:00	08:00	08:00	1,000	SK541
London, England	Stockholm, Sweden	O	07:00	08:00	08:00	1,000	SK541
London, England	Stockholm, Sweden	A	07:00	08:00	08:00	1,000	SK541
London, England	Stockholm, Sweden	N	07:00	08:00	08:00	1,000	SK541
London, England	Stockholm, Sweden	Q	07:00	08:00	08:00	1,000	SK541
London, England	Stockholm, Sweden	X	07:00	08:00	08:00	1,000	SK541
London, England	Stockholm, Sweden	Z	07:00	08:00	08:00	1,000	SK541



Sum up 2nd Quarter



- ▶ Stable yields and improved load factors
- ▶ Turnaround 2005
 - Focus on remaining activities
 - Continuous improvements
- ▶ Commercial focus
 - Economy Flex
 - New Swedish domestic concept a rapid sales success
 - New European business models - details August 19

Cautious outlook

- ▶ Uncertainties in the marketplace
- ▶ Business Plan shows positive earnings provided
 - Unchanged yields
 - Favorable traffic development
 - Unchanged business environment
 - No further significant fuel price increases

