



## Teleconference year end 2005

February 9, 2006



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## SAS Group positive result 2005

- ▶ EBT bef nonrecurring items MSEK 114, an improvement of MSEK 1 815
- ▶ Record number of passengers and record load factors
  - Yield reductions in 4<sup>th</sup> Quarter more than offset by improved load factors
- ▶ Turnaround 2005 completed
- ▶ “More to be done” SEK 2 billion of new efficiency measures under implementation
- ▶ Jet fuel costs up by MSEK 1 700 (adjusted)
- ▶ Focus on core business
  - Sale of EAG, Jetpak Group and 67% of SAS Component

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## Financial targets still to be met – Scandinavian Airlines still a challenge

### The SAS Group's income and long term target achievement for 12 months 2005

2005	Negative result	Positive result	Target achieved
Scandinavian Airlines Danmark	●	●	
SAS Braathens		●	
Scandinavian Airlines Sverige		●	
Scandinavian Airlines International	●		
Spanair		●	▶
Widerøe		●	▶
Blue1		●	▶
SAS Ground Services		●	
SAS Technical Services		●	▶
SAS Cargo Group		●	
SAS Flight Academy		●	▶
Rezidor SAS		●	▶

▶ Still a challenge with Scandinavian Airlines Businesses cost position and profitability

▶ New cost measures in Scandinavian Airlines Businesses and STS, SGS

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## SAS Group will complete the incorporation process to secure competitiveness



### Key Benefits

- ▶ Full transparency
- ▶ Adaptation to national legal and market conditions
  - Reduce complexity from multinational structure
- ▶ Time to market
- ▶ Decentralized accountability
- ▶ Achieve market productivity targets (pilot block hours)
  - Simplified scheduling
  - Minimize passive transfer
  - Improved flexibility

▶ Key factor to achieve profitability in Scandinavian Airlines Businesses and resolve historical structural anomalies

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Nya Europaflyget **650:-**



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From the Swedish marketing campaign

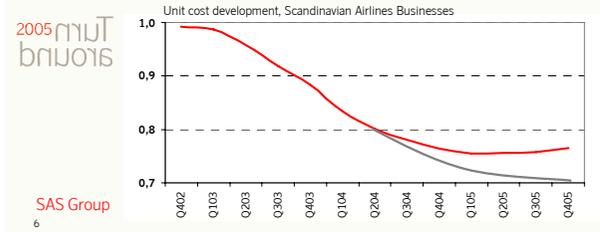
Gunilla Berg  
CFO



## Turnaround 2005 completed to 100%



- ▶ Most comprehensive program in the SAS Group's history
  - Savings of SEK 14,2 billion completed
  - More than 1 300 activities
  - 5 500 FTE's reductions
  - More than 30% reduction in unit cost
- ▶ Positive result effect in 2006 app SEK 1,7 billion



## SEK 2 billion of new measures under implementation



Estimated result effect, MSEK

- 700
  - ▶ Productivity (partly dependent on changes in collective agreements)
    - Block hours
    - F/D 700 h
    - C/A 750 h
- 700
  - ▶ Ground and technical services
    - Productivity (part time)
    - Leaner mgmt
    - Line and Heavy Maintenance
    - Simplified product
    - Reduced component costs
- 600
  - ▶ Administration and sales
    - IT
    - Call centers
    - Overhead
    - Sales organization

Structural cost measures of MSEK 2 000 under implementation

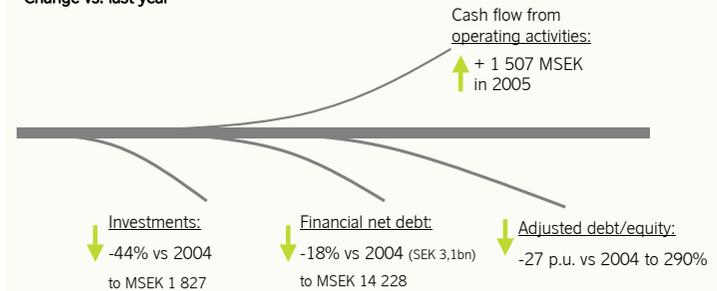
Scandinavian Airlines Businesses



## Strong operating cash flow and improved financial position



Change vs. last year



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## Sum up



- ▶ Turnaround 2005 fully completed
- ▶ First profitable year since 2000
- ▶ Record load factors and number of passengers
- ▶ Introduction of new Business Models
- ▶ Dynamic traffic planning
- ▶ Cost adaptation measures of appr SEK 2 billion
- ▶ More to be done

### Uncertainties in marketplace

- ▶ 2006
  - Stable market growth 3-5%
  - New Business Model with improved load and reduced yield
  - More commercial initiatives in pipeline

