



## Presentation of 1<sup>st</sup> Interim Report 2006

Teleconference, May 4



## Result affected by pilot conflict and underlying yield pressure



- ▶ EBT bef nonrecurring items MSEK -1 319 in line with 2005
  - Positive “Easter Effect” MSEK 100
  - Cost for conflicts of MSEK 250
  - Still underlying price pressure
  - Lower volumes and price pressure in SGS and STS
- ▶ Strong growth and record load factors
- ▶ Jet fuel price effect MSEK 550 higher than last year
  
- ▶ EBT result in Scandinavian Airlines Businesses improved by MSEK 250
- ▶ New cost measures on track and extended from SEK 2,0 to SEK 2,5 billion

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2



## EBT result in line with last year



| MSEK                          | 2006   | January-March<br>Change |
|-------------------------------|--------|-------------------------|
| ▶ Revenues                    | 14 467 | +1 451                  |
| ▶ EBITDAR                     | 219    | -3                      |
| ▶ Lease & depreciation        | -1 414 | -102                    |
| ▶ EBIT                        | -1 161 | -113                    |
| ▶ Financial net               | -226   | +16                     |
| ▶ EBT                         | -1 387 | -97                     |
| ▶ EBT bef non-recurring items | -1 319 | -7                      |

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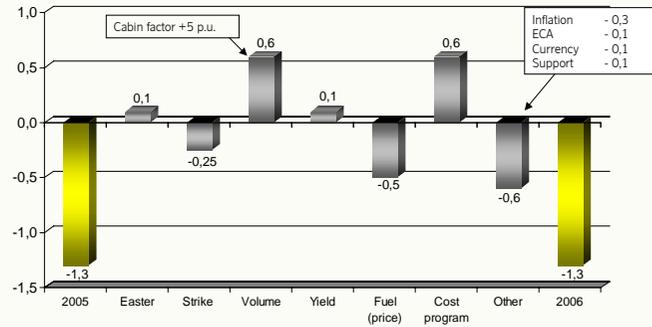
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Gunilla Berg  
CFO



## SAS Group underlying result improved MSEK 200-300



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5



## Fuel cost at record level Full year fuel cost up SEK 2,5 - 3 billion



- SAS Group strategy to offset jet fuel price
- Policy to hedge 40-60% of expected consumption (12 months)
  - Yield management
  - Cost initiatives
    - Price increase due to very high prices on continuous basis

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6

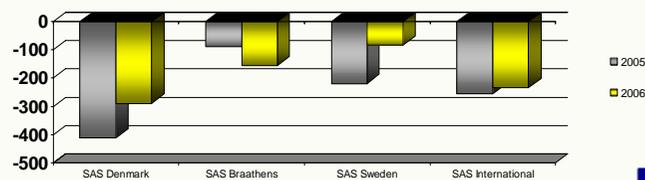


## Result improved for most Scandinavian Airlines



| Jan-Mar in MSEK | SAS Denmark |      | SAS Braathens |      | SAS Sweden |      | SAS International |       |
|-----------------|-------------|------|---------------|------|------------|------|-------------------|-------|
| Revenues        | 2 313       | 3,6% | 2 807         | 5,4% | 1 869      | 3,4% | 1 592             | -0,1% |
| EBT bef nonrec. | -289        | +121 | -156          | -68  | -84        | +135 | -234              | +21   |

EBT bef nonrecurring items



Scandinavian Airlines Businesses

7



## STS and SGS affected by lower volumes



| Jan-Mar in MSEK  | SAS Technical Services |       | SAS Ground Services |       | SAS Cargo |       | SAS Flight Academy |       |
|------------------|------------------------|-------|---------------------|-------|-----------|-------|--------------------|-------|
| Revenues         | 1 230                  | -6,9% | 1 529               | -2,9% | 852       | 19,3% | 126                | -1,6% |
| EBT, bef nonrec. | 8                      | -56   | 10                  | -41   | -5        | -10   | 28                 | +8    |

Airline Support Businesses

8



## SEK 2,5 billion of new measures under implementation in 2006-2007



600

900

1 000

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



- ▶ Structural cost measures of SEK 2,5 billion under implementation
  - Measures increased by SEK 0,5 billion
  - SEK 0,4 billion dependent on new collective agreements
- ▶ 44% implemented

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9



## Jørgen Lindegaard CEO



## Spanair weaker due to “Easter Effect” and challenges in Widerøe



|                                    | Jan-Mar     |             |
|------------------------------------|-------------|-------------|
|                                    | 2006        | 2005        |
| Total revenues                     | 2 063       | 1 574       |
| EBITDAR                            | 143         | 119         |
| <b>EBT, bef nonrecurring items</b> | <b>-235</b> | <b>-158</b> |



|                                    | Jan-Mar   |           |
|------------------------------------|-----------|-----------|
|                                    | 2006      | 2005      |
| Total revenues                     | 721       | 639       |
| EBITDAR                            | 68        | 80        |
| <b>EBT, bef nonrecurring items</b> | <b>-2</b> | <b>14</b> |

- ▶ Robust traffic development in first Quarter
  - ▶ Number of passengers up 35,6%
  - ▶ Cabin factor up 5,9 p.u. to 60,1%
- ▶ Jet fuel up 70% vs last year corresponding to MSEK 212 also due to expansion
- ▶ 1<sup>st</sup> Quarter negatively affected by Easter effect of MSEK 50

- ▶ Traffic up 4,7% and cabin factor improved by 2,5 p.u. to 56,0%
- ▶ Yield was down 0,3% in Q1 due to more low fare tickets in the market
- ▶ Unit cost up 6,9% due to jet fuel and costs for technical maintenance

Subsidiary & Affiliated Airlines

11



## Strong hotel market gives improved result of MSEK 81

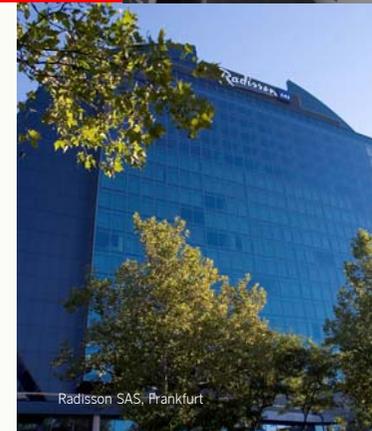


|                | Jan-Mar    |             |
|----------------|------------|-------------|
|                | 2006       | 2005        |
| Total revenues | 1 466      | 1 096       |
| EBITDA         | -3         | -78         |
| <b>EBT</b>     | <b>-65</b> | <b>-146</b> |

- ▶ Strong hotel market
- ▶ Result positively affected by Easter in April
- ▶ Number of rooms sold increased
  - ▶ RevPAR up 20,6% for comparable units
  - ▶ Occupancy rate improved 4,4 p.u.
- ▶ 7 new hotels opened in Q1. Total number of hotels now 224

Rezidor SAS

12



Radisson SAS, Frankfurt

## Market growth and growth for SAS Group airlines



...but we will also do much more for the frequent travellers



### Added services

- Attractive products/ services which can be added to base product



### More commercial initiatives to be introduced during 2006:

- Next step in price model
- Improved benefits to loyal customers
- Product differentiation
- Improved internet sales engine
- Easier to find low fares

### Base product

- Attractive basic offer
- Few restrictions
- Price follows demand

Scandinavian Airlines Businesses

14



## Tough start of 2006, but passenger growth trend intact



- ▶ Tough start of 2006
  - Pilot action result effect appr MSEK 250
  - Cabin conflict in Norway
- ▶ New Business Models
  - Solid traffic development
    - Record load factors and number of passengers
  - More commercial initiatives in pipeline
- ▶ Jet fuel costs more challenging and to be handled through
  - Yield management
  - Cost reductions
  - Hedging
- ▶ Cost measures increased to SEK 2,5 billion

### Outlook

- ▶ Stable market growth 3-5%
- ▶ New Business Model with improved load
- ▶ Load up 7 p.u. in Scandinavian Airlines after Easter

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15

