



## Teleconference 1<sup>st</sup> Half Result 2006

August 9



## Record growth and improved yield provide positive result



- ▶ EBT bef nonrecurring items MSEK 894 in 2<sup>nd</sup> Quarter – up MSEK 315
  - Positive yield in Scandinavian Airlines by 1,9%
  - Lower volumes and price pressure in SGS and STS
  - Jet fuel price effect MSEK 600 higher than last year
  - Negative Easter effect and cost of conflict MSEK 200
- ▶ Record high cabin factor and number of passengers for the SAS Group
- ▶ Strong improvement for Group's largest unit
  - Scandinavian Airlines underlying EBT up MSEK 600 in Q2
- ▶ New cost measures of SEK 2,5 billion under implementation

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## Improved profitability despite conflicts and record high fuel prices



MSEK	April-June		January-June	
	2006	Change	2006	Change
▶ Revenues	17 916	+1 899	32 383	+3 350
▶ EBITDAR	2 287	+51	2 506	+48
▶ Lease & depreciation	-1 453	-80	-2 867	-182
▶ EBIT	881	-68	-280	-181
▶ Financial net	-239	+168	-465	+184
▶ EBT	643	+53	-744	-44
▶ Non- recurring items	251	+262	319	+352
▶ EBT bef non-recurring items	<b>894</b>	<b>+315</b>	<b>-425</b>	<b>+308</b>

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## Strongest improvement in Scandinavian Airlines Businesses



MSEK	2006	Apr-Jun		2006	Jan-Jun
		Change	Change		
▶ Scandinavian Airlines Businesses	761	+407	-52	+582	
▶ Subsidiary & Affiliated Airlines	167	+23	-114	-114	
▶ Airline Support Businesses	-73	-267	-34	-364	
▶ Hotels	182	+99	117	+180	
▶ Group eliminations, other	-143	+53	-342	+24	
▶ EBT bef nonrecurring items	<b>894</b>	<b>+315</b>	<b>-425</b>	<b>+308</b>	

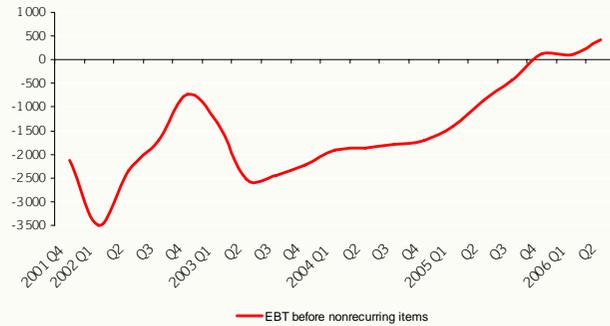
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## Earnings before non recurring 12 months trend

12 months rolling EBT before nonrecurring items, SAS Group

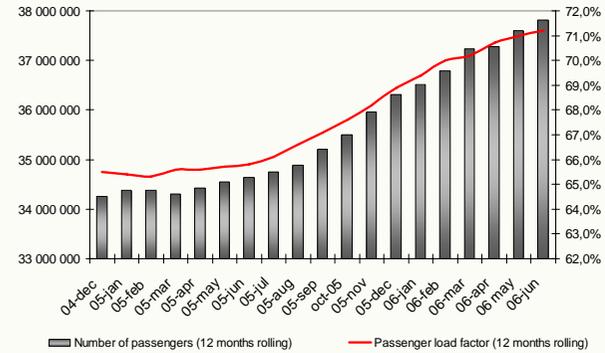


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## Group number of passengers grew by 8,7% 1<sup>st</sup> Half providing record load factors



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Gunilla Berg  
CFO



## Underlying result improved MSEK 400 in 2<sup>nd</sup> Quarter

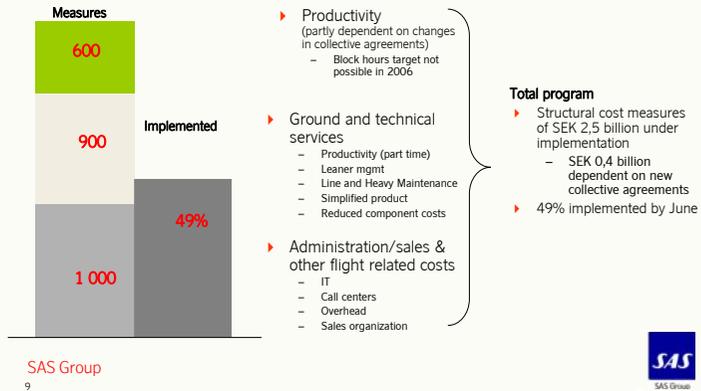
MSEK	April-June		January-June	
	2006	Change	2006	Change
▶ EBT	643	+53	-744	-44
▶ Restructuring	-		95	
▶ SAS Technical Services (Sola)	160		160	
▶ SAS Ground Services (Norway)	105		105	
▶ Gains	-14		-41	
▶ EBT bef non-recurring items	894	+315	-425	+308
▶ Cost of conflicts	100		350	
▶ Pilots in January (Denm/Norw.)				
▶ Cabin in April (Norway)				
▶ Underlying EBT	994	+415	-125	+658

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## SEK 2,5 billion of cost cuts to be implemented in 2006-2007



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## Strong improvements in Denmark and Sweden



Jan-Jun in MSEK	SAS Scandinavian Airlines Denmark		SAS Braathens		SAS Scandinavian Airlines Sweden		SAS Scandinavian Airlines International	
	Revenues	5 244	4,6%	6 123	2,0%	4 072	4,3%	3 689
EBITDAR	321	+216	491	-308	514	+420	240	+120
EBT bef nonrec.	-82	+279	16	-225	145	+425	-145	+61
<b>Apr-Jun in MSEK</b>								
Revenues	2 931	5,4%	3 316	-0,7%	2 203	5,1%	2 097	5,1%
EBITDAR	403	+119	448	-157	408	+275	276	+67
EBT bef nonrec.	207	+158	172	-157	229	+290	89	+40

Scandinavian Airlines Businesses

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## STS and SGS affected by lower volumes



Jan-Jun in MSEK	SAS SAS Technical Services		SAS SAS Ground Services		SAS Cargo		SAS SAS Flight Academy	
Revenues	2 517	-0,9%	2 971	-4,1%	1 760	15,3%	248	-0,4%
EBT, bef nonrec.	-72	-208	-3	-87	11	-3	44	+14

### Reasons for weaker result

#### STS

- Volume
- SAS Component

#### SGS

- Price reductions
- Simpler product

Airline Support Businesses

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Gunnar Reitan  
Acting CEO



## Improvement in Spanair and airBaltic but Widerøe and Blue1 weaker



Jan-Jun in MSEK		 Member of the SAS Group		
Revenues	5 023 31,9%	1 490 5,9%	992 15,3%	687 36,9%
EBITDAR	542 +53	152 -60	48 -69	83 +59
EBT bef nonrec.	-143 +10	17 -60	-38 -79	13 +55
Apr-Jun in MSEK				
Revenues	2 960 32,4%	769 0%	564 17,3%	400 29,0%
EBITDAR	399 +29	84 -48	37 -46	71 +40
EBT bef nonrec.	92 +87	19 -44	-12 -57	31 +35

Subsidiary & Affiliated Airlines



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## SAS Group prepares IPO for Rezidor SAS Strong development in Q2



- ▶ Listing within 12 months
- ▶ In line with SAS Group focus on core activities
- ▶ Favourable position for next phase in Rezidor development
- ▶ Profitable growth:
  - ▶ 700 hotels targeted by 2015
  - ▶ EBITDA targets under review <sup>1)</sup>
- ▶ Carlson to remain a significant shareholder (today 25%)
- ▶ SAS Group's holding to be decided at time of IPO
- ▶ SAS co-branding to be evaluated

<sup>1)</sup> The previously announced financial target of an EBITDA margin of at least 10% and EBITDA growth of at least 15% over a business cycle are under review. The targets are expected to be raised due to structural improvements in the business following the transaction with Carlson Hotels Worldwide in 2005 and improved operational performance

REZIDOR SAS	2006	Apr-Jun 2005	2006	Jan-Jun 2005
Total revenues	1 729	1 401	3 195	2 497
EBITDA	236	157	233	79
EBT	182	83	117	-63

- ▶ Strong hotel market
- ▶ Number of rooms sold increased
  - ▶ RevPAR up 13,5% for comparable units
  - ▶ Occupancy rate improved 2,5 p.u.
- ▶ 10 new hotels opened in 1<sup>st</sup> Half. Total number of hotels now 227
- ▶ 20 new contracts signed in 1<sup>st</sup> Half

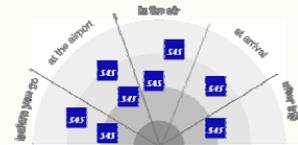


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## New commercial concept in pipeline



- ▶ Harmonized product concept
  - Consistent customer offering
  - Common market strategy
  - Common price concept
- ▶ Product differentiation to increase
  - Distinctive product – different vs LCC
  - New web site easier to find low fares
  - Value for money
  - Improved benefits for frequent flyers
- ▶ B2B Corporate agreements
  - Strengthen the corporate offer
  - Transparent and simple business relation
- ▶ Brand positioning
  - Position Scandinavian Airlines for growth in business and leisure segment
- ▶ Timetable
  - Launch in Sep 2006
  - Introductions in Oct-Dec
- ▶ Target
  - Customer Satisfaction index of 72 (today 66)
  - Capture revenue potential in market



Scandinavian Airlines Businesses

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



- ▶ Tough start of 2006
  - Pilot and cabin actions negative result effect appr MSEK 350
- ▶ Stabilization in 2<sup>nd</sup> Quarter
  - Improved yield
  - New Business Models & Strong Market Growth
  - Record cabin factor
- ▶ Jet fuel costs a challenge/effort to compensate
- ▶ Cost measures of SEK 2,5 billion on track

### Outlook

- ▶ Stable market growth 5-10% in SAS Group markets
- ▶ New Business Model with improved load
- ▶ Uncertainties about future growth rate and fuel prices



