



Third Quarter 2004

Press conference
November 2, 2004

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



Jørgen Lindegaard
CEO



Third quarter marginally positive despite large overcapacity



| MSEK, July-September | 2004 | 2003 | Change |
|---------------------------------------|--------|--------|--------|
| ▶ Revenues | 15 423 | 14 920 | +503 |
| ▶ EBITDAR | 1 753 | 1 737 | +16 |
| ▶ Lease, depreciation & financial net | -1 684 | -1 736 | +102 |
| ▶ EBT bef. cap gains *) | 153 | 116 | +37 |

▶ *) Ex restructuring costs of MSEK 64 (96)

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



3

Stabilized drop, but large overcapacity put pressure on load factors



▶ Group traffic revenues down 2% in Q3 →

| | |
|--------|-----------|
| Volume | MSEK 560 |
| Price | MSEK -700 |

▶ Yield drop stabilized →

| | |
|----|------|
| Q1 | -16% |
| Q2 | -16% |
| Q3 | -7% |

- ▶ Large overcapacity => weaker load factor than expected
 - ▶ Down 2,7 p.u for Scandinavian Airlines
- ▶ Still some negative price effect from jet fuel despite fuel surcharges
- ▶ Spanair with strong profitability Q3 MSEK 280
- ▶ Turnaround 2005 according to plan
 - ▶ Unit cost down 26% since beginning of 2003

⇒ **Overcapacity => Launch of "Capacity & Utilization Focus"**
Revenue actions => New European concept and active yield mgt.

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

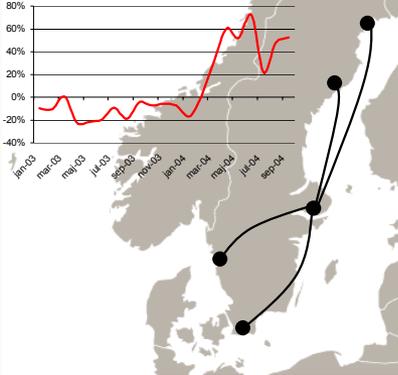


4

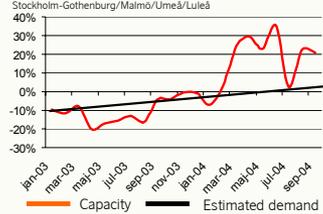
Large overcapacity in the market - Particularly on Swedish domestic and European routes



Capacity development Stockholm-Gothenburg



Capacity development on Swedish domestic majors



- ▶ Number of seats on Swedish domestic majors up close to 30%
- ▶ Capacity 2-3 times demand on Stockholm - Gothenburg



Three building blocks on the return to profitability



Turnaround 2005

- ▶ Most ambitious structural change in the SAS Group ever
- ▶ Focus on reaching competitive cost level on each traffic flow
- ▶ Full effect 2005 according to plan
- ▶ 26% unit cost reduction since 2003 (SK)

MSEK 14 000

Structural cost savings

Capacity: no effect

Revenue actions

- ▶ New European product concept
- ▶ Active yield management
- ▶ Selective price increases
- ▶ Sales force management

Improving yields

Revenue stabilization

Capacity: no effect

Capacity & Utilization Focus

- ▶ Overcapacity in market
- ▶ Improved utilization enabled by new business structure
- ▶ Stop marginal routes and loss making feed
- ▶ Focus on competitive situation
- ▶ Reduction of 10 aircraft in Scandinavian Airlines
- ▶ More dynamic fleet allocation

MSEK 400-500 net

Capacity cost adjustments

Capacity: Reduces capacity in Scandinavian Airlines with 4%



New European product launched on October 31

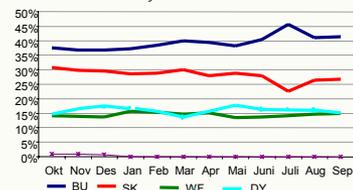


SAS Braathens growing in and out of Norway



- ▶ Number of passengers increasing (30 000 more in September vs 2003)
- ▶ Stable market share
- ▶ New price concepts – one way pricing
- ▶ Braathens result before gains MSEK 349
- ▶ New web site 2nd most popular in Norway
 - More than 30% SAS Braathens passengers book on Internet
- ▶ Braathens today one of few European Airlines delivering shareholder returns

Market share Norway domestic



| Braathens Jan-Sep | 2004 | 2003 |
|-------------------|-------|-------|
| Total revenues | 4 768 | 4 898 |
| EBITDAR | 901 | 703 |
| EBIT | 214 | 122 |
| EBT | 205 | 101 |
| EBT, bef gains | 349 | 129 |

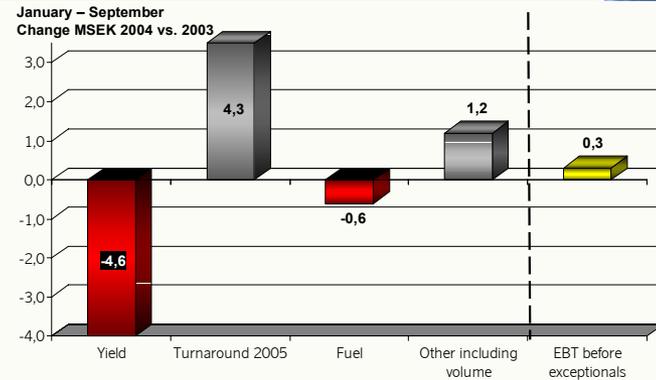




Gunilla Berg
CFO



Cost savings more than offset yield decline and increased jet fuel costs



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



EBT before gains and exceptionals - Business area



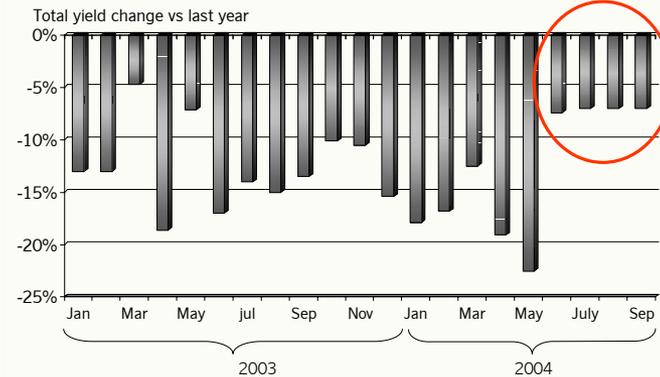
| Business area | Q3 | | January-September 2004 |
|---|--------------|-----------|------------------------|
| | Jul-Sep 2004 | Q3 Change | |
| Scandinavian Airlines | -306 | -114 | -1 608 |
| Subsidiary & Aff. Airlines | 321 | 3 | 273 |
| Airline Support Businesses | 288 | 170 | 427 |
| Airline Related Businesses | 10 | -8 | 32 |
| Hotels | -4 | 24 | -97 |
| Group eliminations, other | -156 | -38 | -496 |
| EBT, before gains & exceptionals | 153 | 37 | -1 469 |

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



11

Stable yield pressure as from June - Scandinavian Airlines



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

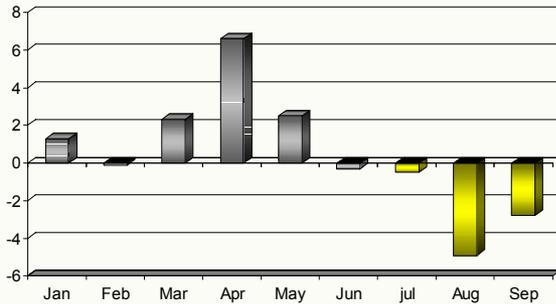


12

Load factors under pressure in Q3 due to overcapacity in the marketplace



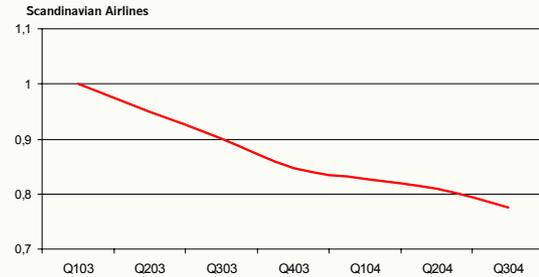
Load factor change in p.u. Scandinavian Airlines



Unit cost reduction of 26% since 2003



- ▶ Target unit cost reduction 25-40%
- ▶ Scandinavian Airlines cost situation on track to competitive level
- ▶ Current issue is over capacity in the market



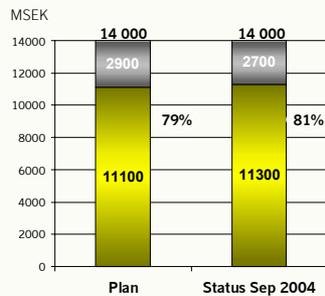
Unit cost down 26% since beginning of 2003



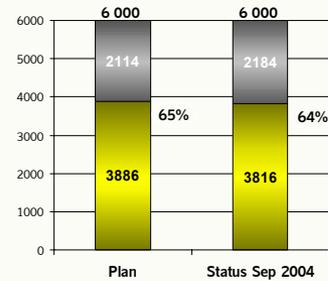
SAS Group – Turnaround 2005 ahead of plan



Total financial effect of implemented activities compared to plan



Reduction of personnel



■ To be implemented ■ Implemented



Gunnar Reitan
Deputy CEO



Spanair contributes to Group's profitability in Q3



- ▶ EBT before gains improved MSEK 37 vs 2003
- ▶ Jet fuel costs up MSEK 100 in Q3 volume adjusted
- ▶ One way prices on whole system
- ▶ The second player position provides a long lasting growth perspective

- ▶ Traffic up 7,5% in Q3
- ▶ Yields down 3,2% in Q3
- ▶ Unit cost down 12,2% in Jan-Sep

- ▶ Positive expectations for 2004

| | Jul-Sep | | Jan-Sep | |
|----------------|---------|-------|---------|-------|
| | 2004 | 2003 | 2004 | 2003 |
| Total revenues | 2 788 | 2 648 | 6 250 | 6 020 |
| EBITDAR | 618 | 591 | 981 | 915 |
| EBIT | 300 | 235 | 113 | -7 |
| EBT | 280 | 238 | 59 | -45 |
| EBT bef. gains | 286 | 249 | 12 | -72 |

17

Widerøe hit by weak summer performance and high jet fuel costs



Volumes lower in the summer than expected

- ▶ Volumes back to normal in September
- ▶ Traffic up 7,3% in Q3 and 11,2% accumulated
- ▶ Yields down 8,6%
- ▶ Turnaround 2005 proceeding according to plan
 - ▶ MSEK 300 almost fully completed
- ▶ Accumulated unit cost down 5,4%

| | July- September | | January-September | |
|----------------|-----------------|------|-------------------|-------|
| | 2004 | 2003 | 2004 | 2003 |
| Total revenues | 599 | 574 | 1 829 | 1 862 |
| EBITDAR | 69 | 88 | 242 | 256 |
| EBIT | 9 | 28 | 67 | 73 |
| EBT | -7 | 18 | 44 | 30 |

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

18



Blue1 – good growth but currently weak profitability



Blue 1

Regional member of Star Alliance

Blue1's result disappointing but actions taken

- ▶ Traffic accumulated up 84,9%
- ▶ Yields down 27% in Q3
- ▶ Code share agreement with Lufthansa as from October will improve cabin factor
- ▶ Jet fuel cost up MSEK 41 vs 2003
- ▶ Helsinki-Düsseldorf/Geneve closed down
- ▶ Turnaround 2005 proceeding according to plan
 - ▶ Unit cost down 17,9%

| | July-September | | January-September | |
|----------------|----------------|------|-------------------|------|
| | 2004 | 2003 | 2004 | 2003 |
| Total revenues | 294 | 201 | 907 | 686 |
| EBITDAR | -3 | 14 | 11 | 75 |
| EBIT | -42 | -24 | -103 | -35 |
| EBT | -46 | -25 | -112 | -38 |

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

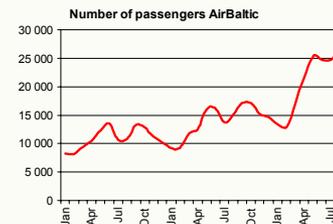


19

Impressive growth in AirBaltic and Estonian Air



- ▶ The SAS Group owns 49% in Estonian Air and 47,2% in AirBaltic
- ▶ Number of passengers have increased by more than 40% during 2004
- ▶ State of the art cost efficiency level – approximately 50% lower than west European network airlines



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

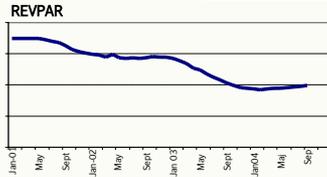


20

Strong REVPAR from September confirms recovery in Q4



| MSEK | July-September | | January-September | |
|----------------------|----------------|------|-------------------|--------|
| | 2004 | 2003 | 2004 | 2003 |
| ▶ Revenues | 1 198 | 861 | 3 237 | 2 606 |
| ▶ Operating expenses | -1 153 | -869 | -3 212 | -2 690 |
| ▶ EBITDA | 45 | -8 | 25 | -84 |
| ▶ Adjusted EBITDA | 52 | -3 | 47 | -75 |
| ▶ EBIT | 4 | -37 | -78 | -172 |
| ▶ EBT | -3 | -37 | -96 | -191 |



Strong recovery for REVPAR from September

- ▶ Revenues up 39% in Q3 driven by new units
- ▶ Turnaround well under way – positive result expectations for 2004
- ▶ Number of rooms sold increased
 - ▶ Price pressure reduced
 - ▶ REVPAR up 6,4% for comparable units.
- ▶ Number of hotels in operation increased 11% (from 162 to 183)
- ▶ 32 new contracts in 2004.
- ▶ Full year positive result expected



Jörgen Lindegaard
CEO



Incorporation of business units completed October 1, 2004



- ▶ From business units to limited companies
- ▶ Closer to local markets
- ▶ Improved accountability
- ▶ One further step towards increased transparency



Strong performance from Airline Support Businesses in Q3



| Jan-Sep in MSEK | SAS Technical Services | | SAS Ground Services | | SAS Cargo | |
|-----------------|------------------------|--------|---------------------|------|-----------|-------|
| Revenues | 3 550 | -14,7% | 4 617 | 9,8% | 2 147 | -0,9% |
| EBITDA | 414 | 32% | 295 | n.m | 75 | 21% |
| EBT | 155 | 244% | 192 | n.m | 23 | 130% |



Sum up 9 months 2004



- ▶ Improved yields, but weaker load factors
- ▶ Record high fuel prices challenge for the industry
- ▶ Turnaround 2005 according to plan
- ▶ Capacity & Utilization Focus initiated
- ▶ New commercial strategies to repossess initiative
 - Launched October 31

▶ Outlook remains unchanged

