



Second Quarter 2004

Analyst meeting

Stockholm, August 11, 2004



Second quarter marginally positive despite strong yield pressure and record high jet fuel prices



MSEK, April-June	2004	2003	Change
▶ Revenues	15 143	15 300	-157
▶ EBITDAR	1 493	1 608	-115
▶ Lease, depreciation & financial net	-1 589	-1 692	-103
▶ EBT bef. cap gains *)	9	-13	+22

▶ *) Ex restructuring costs of MSEK 75 (44)



Unprecedented yield fall and record high jet fuel prices offset by significant cost reductions



1st Half 2004

- ▶ Traffic revenues down MSEK 1 900 due to yield pressure
- ▶ Currency and volume adjusted fuel costs up approx 500 MSEK
- ▶ Exceptionally strong pressure on yields but volumes up
 - ▶ Yields down (currency adjusted) 16% – Scandinavian Airlines
 - ▶ Group traffic up 11%
- ▶ Negative impact offset by large unit cost reduction
 - ▶ Turnaround 2005 ahead of plan
 - ▶ Unit cost (currency adjusted) for SK down 14% first half 23% accumulated vs 2002. Large reduction in European perspective.



First half earnings before taxes and exceptionals improved with MSEK 300 vs. last year



Other important events 2nd Quarter and summer period



- ▶ SAS Braathens successfully launched on the Norwegian market
- ▶ Scandinavian Airlines transported a record number of intercontinental passengers
- ▶ Process to incorporate Business units initiated –
 - ▶ Implemented Oct 1 2004
- ▶ Scandinavian Airlines has signed more than 300 new corporate agreements with small and medium size companies
- ▶ Blue 1 introduces Finnish domestic routes
- ▶ The Norwegian Competition Authority examines price structures on the Norwegian market



Why our statement that a positive result is difficult to achieve in 2004?



- ▶ The year started with weak demand
- ▶ Significant increased capacity in Scandinavia from a number of new start up airlines
- ▶ New players
 - => overcapacity and low cabin factors
 - => very low average prices
- ▶ Record high oil prices



Strong 2nd Quarter result not achievable

- ▶ As from June price increases to offset Jet Fuel as well as improved yield management initiated by the largest operator: SAS Group
- ▶ Yield development improved in June – uncertainties due to overcapacity situation



Prices in Scandinavia now among the lowest in Europe...



European Cost per Mile Comparison: Destination/Class of Service American Express (European Corporate Travel Index), Report Q1, 2004

Country	Lowest Fare		Fair Fare		Middle Fare		North America		European		Middle Europe	
	Economy	Business	Economy	Business	Economy	Business	Economy	Business	Economy	Business	Economy	Business
Austria	0.84	1.76	0.90	0.90	0.88	0.89	0.73	0.80	0.69	0.80	0.69	0.80
Belgium	0.85	0.94	0.86	0.86	0.86	0.87	0.77	0.83	0.69	0.80	0.69	0.80
Denmark	0.82	0.99	0.77	0.77	0.77	0.77	0.77	0.80	0.69	0.80	0.69	0.80
Finland	0.80	0.83	0.80	0.80	0.80	0.80	0.80	0.80	0.69	0.80	0.69	0.80
France	0.79	0.79	0.80	0.80	0.80	0.80	0.79	0.80	0.69	0.80	0.69	0.80
Germany	0.80	0.84	0.80	0.80	0.80	0.80	0.80	0.80	0.69	0.80	0.69	0.80
Greece	0.82	0.82	0.80	0.80	0.79	0.80	0.80	0.80	0.69	0.80	0.69	0.80
Italy	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.69	0.80	0.69	0.80
July	0.87	0.76	0.80	0.80	0.80	0.80	0.80	0.80	0.69	0.80	0.69	0.80
Spain	0.82	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.69	0.80	0.69	0.80
Sweden	0.84	0.76	0.80	0.80	0.80	0.80	0.80	0.80	0.69	0.80	0.69	0.80
Switzerland	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.69	0.80	0.69	0.80
Turkey	0.84	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.69	0.80	0.69	0.80
United Kingdom	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.69	0.80	0.69	0.80
United States	0.80	0.76	0.80	0.80	0.80	0.80	0.80	0.80	0.69	0.80	0.69	0.80

▶ Table based on CRS bookings only

- ▶ "Sweden has the lowest leisure fares" (Source: Swedish Aviation Authority – Flygetts utveckling 2003)



SAS Group market position stable



Market shares

- ▶ Continued tough market conditions, but improving volumes and macro outlook
- ▶ **Norway domestic** – market share stable around 85%
- ▶ **Sweden domestic** – market share around 60%
- ▶ **Within Scandinavia** – market share 60-90%
- ▶ **To/from Europe** – between 35-50%
- ▶ **Intercontinental** – market share 25-30%



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

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The SAS Group position as the 4th largest airline group in Europe retained



SAS Group number 12 world wide

Strong performance from Airline Support Businesses in Q2



Jan-Jun in MSEK	SAS Technical Services		SAS Ground Services		SAS Cargo	
Revenues	2 446	-12,5%	3 066	9,7%	1 401	-4,5%
EBITDA	246	48%	92	n.m	34	-21%
EBT	69	n.m	29	n.m	1	n.m

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Flight Academy and Jetpak on track Weak result from SAS Trading



Jan-Jun in MSEK	SAS Training		SAS Flight Academy		JETPAK	
Revenues	800	6,4%	276	3,8%	230	1,8%
EBITDA	-12	n.m	78	26%	20	33%
EBT	-24	n.m	31	181%	9	-18%

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Very promising start for SAS Braathens in Norway – to continue to build on Braathens strong profitability



SAS Braathens

- ▶ Operative in May 2004 – Boeing 737 fleet only
- ▶ New web site – 2nd most popular in Norway
- ▶ New price concepts – one way pricing
- ▶ Appr. 50 aircraft and 35 destinations – 440 daily departures
- ▶ Stable market share domestic appr. 85%
- ▶ Braathens today one of few European Airlines delivering shareholder returns

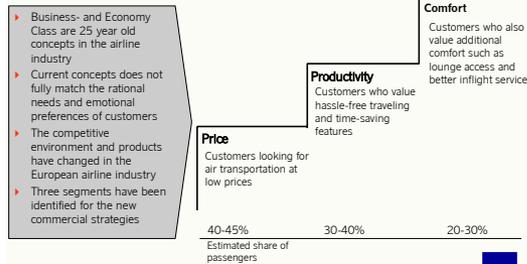
Braathens April-June	2004	2003
Total revenues	1 685	1 736
EBITDAR	389	274
EBIT	204	83
EBT	200	73

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

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Updated market segmentation and analysis of customer priorities



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After successfully reducing costs SAS committed to vitalize approach to the market



- ▶ Next step: Vitalized offer from Scandinavian Airlines Denmark, Sweden and from SAS Braathens to be introduced during fall 2004
- ▶ The approach is based on market segmentation study of customer priorities
- ▶ Platform: Network carrier at low cost
- ▶ Today's travelers want freedom of choice: flexible and cheap travel
 - Focus on Business travelers as well as leisure travelers
 - Improved service for Business travelers demanding extra comfort
- ▶ Low fare offer expanded through the introduction of Snowflake throughout most of SAS network¹⁾
 - Scandinavia's largest low fare provider
- ▶ Details to be presented by the Danish, Swedish and Norwegian CEO's on August 23

¹⁾ SAS Braathens established as low fare concept in Norwegian market



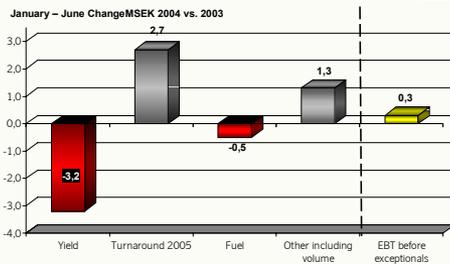
Snowflake and SAS Braathens symbols for lowest available fares



Gunilla Berg
CFO



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



EBT before gains and exceptionals - Business area



April-June Business area	Q2		January-June 2004
	April-Jun 2004	Q2 Change	
Scandinavian Airlines	-223	-68	-1 331
Subsidiary & Aff. Airlines	239	19	-48
Airline Support Businesses	130	137	138
Airline Related Businesses	10	-30	22
Hotels	7	48	93
Group eliminations, other	-154	-84	-310
EBT, before gains & exceptionals	9	22	-1 622



SAS Group's strong liquid position and significant committed facilities



	MSEK
Liquid Funds June 30 - 2004	8 829
Available Credit Facilities:	
Revolving Credit Facility (MEUR 400)	900
Aircraft Finance Lease Facility	1 800
Bi-lateral Facilities	1 600
Others	250
Total Available Facilities	4 550
Total Available Funds	13 379



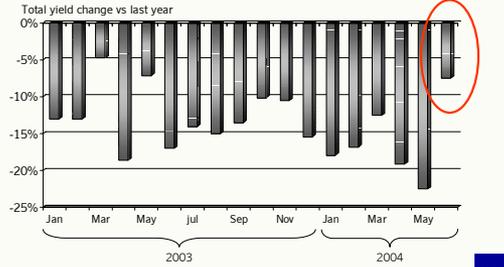
Yield and traffic development



	Yield, April-June	RPK, April-June
	-16,3%	12,5%
	-12,5%	19,9%
	-9,4%	9,3%
	-13,0%	14,3%
	-27,4%	84,9%



Reduced yield pressure for June and indications for July positive



Yield enhancements under implementation...



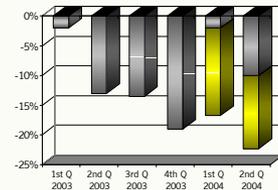
- ▶ Commercial Strategies
 - Focus on added value for the customer
 - More info August 23
- ▶ Price adjustments in Sweden and Denmark
 - In Denmark fare adjusted with DKK 50-200/leg
 - In Norway fare adjusted with NOK 40-90 as from August 17th
 - In Swedish fare adjusted with SEK 50-75/leg
- ▶ Active yield management
 - Reduced number of low fare tickets during peaks
- ▶ System improvements
- ▶ Jet fuel surcharge – will be neutralized by higher fuel costs
- ▶ SAS Corporate agreements focus on small and medium sized customers. More than 300 new contracts signed in 2004



Unit cost continues to improve significantly - down 23% since 2002



Index last year, EBITDAR level (currency adjusted) Scandinavian Airlines



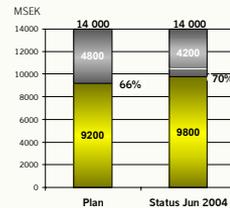
- ▶ 9th Quarter in a row with improved unit cost
- ▶ Unit cost in Q2 down by 12%
 - Adjusted for jet fuel price increases unit cost down by 15%
 - Accumulated unit cost down 23% since 2Q 2002
- ▶ One of largest reductions among European Airlines



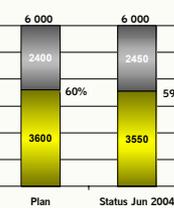
SAS Group – Turnaround 2005 ahead of plan



Total financial effect of implemented activities compared to plan



Reduction of personnel



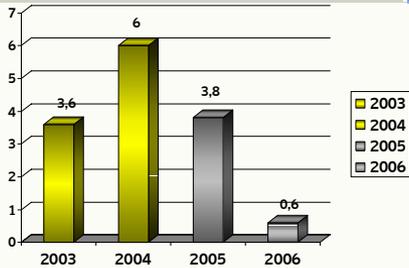
Share of sales over Internet has increased steadily



- ▶ Approximately 18% of bookings on Scandinavian Airlines homepage in the first quarter 2004



Estimated result effects SEK 14 billion from Turnaround 2005



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



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Jørgen Lindegaard
CEO



Spanair on track



Hit by 23% increased jet fuel costs in Q2

- ▶ Most punctual in Europe in February
- ▶ One way prices on whole system
- ▶ New Business Class setup well received
- ▶ Traffic up 19,9%
- ▶ Yields down 12%
- ▶ Unit cost down 13% in 1st Half
- ▶ Jet fuel costs up MSEK 107 in Q2
- ▶ Positive expectations for 2004

April-June	2004	2003
Total revenues	2 057	1 997
EBITDAR	347	382
EBIT	84	101
EBT	71	86

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Widerøe continued very strong, Blue1 break even



Widerøe very strong performance

- ▶ Stronger revenues than expected
- ▶ Improved efficiency as Turnaround 2005 take effect
- ▶ Traffic up 14,6%
- ▶ Decreasing yield compensated by improved efficiency



Successful launch of Finnish domestic operations

- ▶ New Internet site
- ▶ Blue1 traffic increased 84,9% as new routes were introduced.
- ▶ Finnish domestic cabin factor over 60%
- ▶ Unit cost down 21%, but result negatively affected by cost for new identity and phasing in of new aircraft

April-June	2004	2003	April-June	2004	2003
Total revenues	642	647	Total revenues	345	262
EBITDAR	101	112	EBITDAR	42	55
EBIT	77	58	EBIT	3	19
EBT	37	43	EBT	0	16

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Hotels back in black numbers 2nd Quarter – mostly driven by the new hotel brands



Recovery in the marketplace and effects from Turnaround 2005

- ▶ Number of rooms sold increased
 - ▶ Price pressure reduced
 - ▶ RevPAR increased 3%
- ▶ Revenues up 17% driven by new units
- ▶ Unit cost sharp down

- ▶ Market share position unchanged
- ▶ Number of hotels in operation increased 11% (from 162 to 180)
 - ▶ New hotels have significantly contributed to improved result
- ▶ 7 new Radisson SAS hotels and 15 Park Inn, and 1 Regent hotels opened in the first half 2004

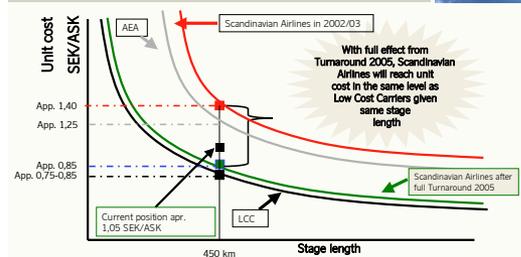
MSEK	April-June		January-June	
	2004	2003	2004	2003
▶ Revenues	1 121	903	2 039	1 745
▶ Operating expenses	-1 084	-904	-2 059	-1 821
▶ EBITDA	37	-1	-20	-76
▶ Adjusted EBITDA	45	4	-5	-72
▶ EBIT	6	-28	-82	-135
▶ EBT	7	-39	-93	-154

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



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Scandinavian Airlines to improve efficiency and reach close to level of LCC



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



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Sum up 1st half 2004



► Very difficult trading conditions

- 1st Half –high fuel prices and yield pressure

► Turnaround 2005 according to plan

- Unit cost reductions so far up to 23% for Scandinavian - large reduction in European perspective

► Yield Improvements expected in second half

- Still uncertainties due to overcapacity situation
- Strong performance by several business units

► New Commercial strategies to repossess Initiative

- Snowflake expanded to most of network
- To be presented in details August 23



Additional slides for further information

SAS Group key objectives



Unit cost

Competitive unit cost in each traffic flow at the same level as most competitive airline

Unit cost for SK

Down 30-35% vs. 2002

CFROI

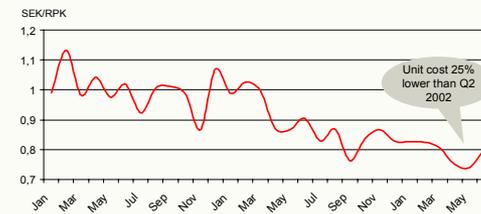
Average CFROI of at least 20%.

EBIT margin

Corresponds to approximately 10% EBIT-margin



Unit cost for Scandinavian Airlines has gone down by 25% vs 2002



Implementation of new hubs proceeding according to plan



Organization changes

- Fleet allocation as from summer program 2003
- Administration as from August 2003
- Cabin crew in Q2 2004
- Pilots in October/November 2004
- Legal entities as from October 2004
- Fully implemented in Q4 2004

Advantages with new national airlines

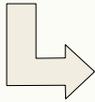
- More efficient and flexible units
 - To serve the home market better
- Reduced complexity
- Agreements on local market levels
 - Closer to the customers



Scandinavian Airlines already able to compete successfully



- ▶ Unit cost 23% lower than 2002
- ▶ Costs reduced by more than MSEK 1 500 in Q2 2004 vs Q2 2002
- ▶ Unit cost will have improved 30-35% in 2005 compared with 2002



As a result

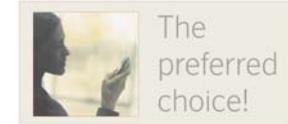
- ▶ Scandinavian Airlines cost level already very competitive
- ▶ Winning major charter contracts for 2005 as utilization improves and cost level is competitive



Mission of the SAS Group



Vision of the SAS Group

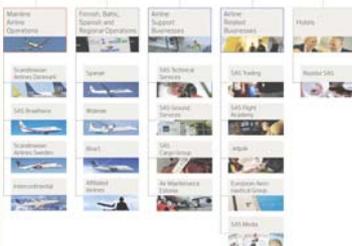


The SAS Group new structure as from October 2004

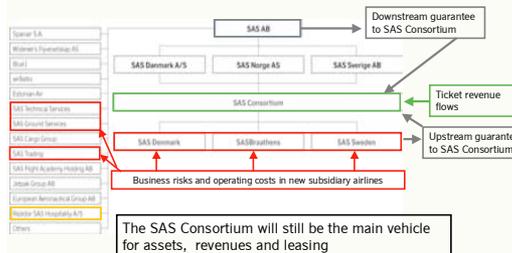
Transparency
Accountability



Competitiveness
Independence



Legal structure to be implemented



Strategies going forward



- ▶ Complete Turnaround 2005
 - Reduce Scandinavian Airlines unit cost by 30-35% vs 2002
 - Improve productivity significantly
 - Independent hubs in Copenhagen, Oslo and Stockholm
 - Complete final redundancies
- ▶ Implement positive yield measures
 - Yield management
 - Jet fuel surcharge
 - Fare adjustments
- ▶ Implementation of Commercial Turnaround
 - Expected to be launched in August/September



SAS Group objectives in the coming five year period are:



- To achieve an average CFROI of at least 20%
- To increase the Group's share of the Northern European airline market
- For each unit to achieve its customer satisfaction, employee satisfaction and environmental impact objectives
- For airline operations to achieve their flight safety targets
- Consolidated balance sheet



Revenue development per business area



Business area	April-June vs. LY	January-June vs. LY
Scandinavian Airlines	-7.9%	-10.8%
Subsidiary & Aff. Airlines	1.8%	-0.3%
Airline Support Businesses	1.7%	-2.0%
Airline Related Businesses*	-36.8%	-39.6%
Hotels	24.1%	16.8%
SAS Group	-1.0%	-4.5%

* In December 2003 Scandinavian IT Group was sold



Income for Subsidiary & Affiliated Airlines improved



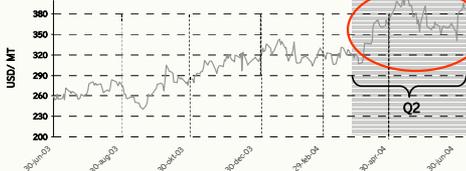
MSEK April-June	2004	2003	Change
▶ Revenues	15 143	15 300	-1%
▶ Operating expenses	-13 650	-13 692	-0%
▶ EBITDAR	1 493	1 608	-7%
▶ Lease	-678	-719	-6%
▶ EBITDA	815	889	-8%
▶ Depreciation	-704	-780	-10%
▶ Income from sales/affiliated	96	163	-41%
▶ EBIT	207	272	-24%
▶ EBT bef. cap gains	9	-13	n.m.
▶ EBT incl. gains	0	87	n.m.



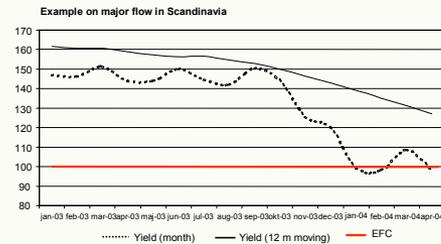
April-June affected negatively by MSEK 481 higher jet fuel costs



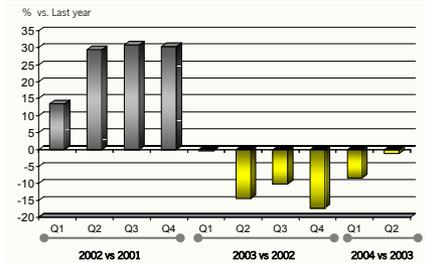
- ▶ Jet fuel prices have been 49% higher i 1H vs. Last year
- ▶ SAS Group has 33% hedge in place for 4th Quarter



...but yield level is not sustainable on many traffic flows for even most efficient carrier



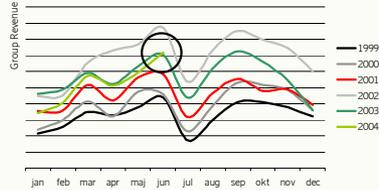
SAS Group revenue development



Revenue seasonality pattern



- ▶ June revenue 2004 slightly exceeds previous year
 - higher volumes
 - Reduced yield decline



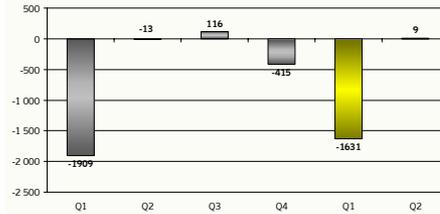
Group 49 | Mainline Airline Operations | Subsidiary & Affiliated Airlines | Airline Support Business | Airline Related Business | Hotels



Quarterly results 2003-2004



EBT bef gains, restructuring and exceptionals
MSEK



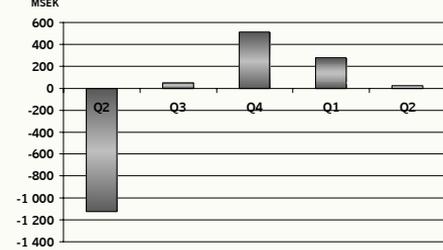
Group 50 | Mainline Airline Operations | Subsidiary & Affiliated Airlines | Airline Support Business | Airline Related Business | Hotels



Group results have improved significantly since second quarter 2003



EBT change before gains and exceptionals vs. Last year
MSEK



Group 51 | Mainline Airline Operations | Subsidiary & Affiliated Airlines | Airline Support Business | Airline Related Business | Hotels



SAS Group EBITDAR and CFROI



MSEK, January-June

	2004	2003	
▶ Revenue	27 710	29 010	-4,5%
▶ EBITDAR	1 449	1 210	20%
▶ EBITDAR-margin	5,2%	4,2%	+1,0 p.p.
▶ CFROI	8%	8%	0 p.p.

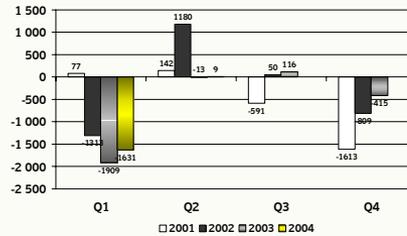
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SAS Group – Quarterly EBT



EBT bef gains
MSEK million



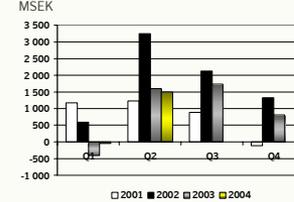
Group 53 | Scandinavian Airlines | Subsidiary & Affiliated Airlines | Airline Support Business | Airline Related Business | Hotels



EBITDAR development



EBITDAR
MSEK



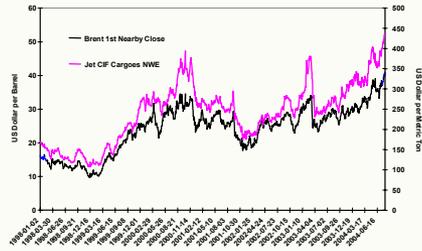
- ▶ EBITDAR in Q2 2004 was 1 493 (1 608) MSEK

- EBITDAR
- Scandinavian Airl. 497 MSEK
 - Braathens 390 MSEK
 - Spanair 346 MSEK
 - Widerøe 101 MSEK
 - Blue1 42 MSEK

Group 54 | Scandinavian Airlines Operations | Subsidiary & Affiliated Airlines | Airline Support | Airline Related Business | Hotels



Brent Crude vs. Jet Fuel January 1998 to Date



Record high jet fuel prices -Average rate 49% higher in Q2 vs 2003



Average market prices:

- ▶ 2000 297 USD/MT
- ▶ 2001 245 USD/MT
- ▶ 2002 233 USD/MT
- ▶ 2003 282 USD/MT
- ▶ Q1 2003 323 USD/MT
- ▶ Q2 2003 244 USD/MT
- ▶ Q3 2003 264 USD/MT
- ▶ Q4 2003 298 USD/MT
- ▶ Q1 2004 322 USD/MT
- ▶ Q2 2004 365 USD/MT

Jet fuel hedged 33% for Q4 2004



2005 דמורה אוסמחה

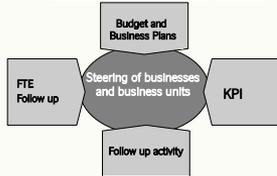


Turnaround 2005 business follow up a complement to existing follow up systems



- Steering of units on bottom line and include all effects of Turnaround 2005
- Follow up through normal reporting

- Follow up status negotiations
- Follow up FTE reductions

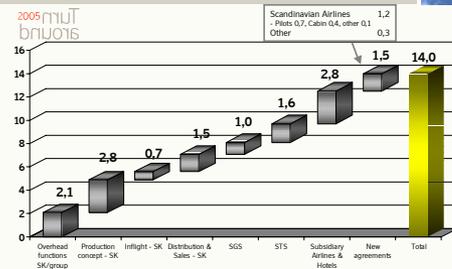


- Follow up of existing KPIs
- KPIs on unit level task force and activity level

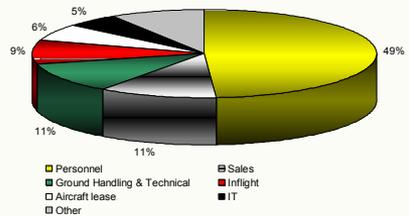
- Follow up of activities vs plan



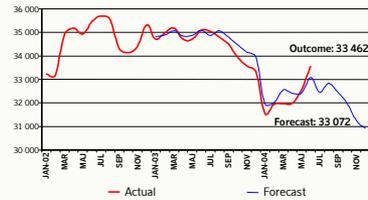
Decided and under implementation in Turnaround 2005



Distribution of cost reductions in Turnaround 2005 by cost category



Number of personnel development for the SAS Group



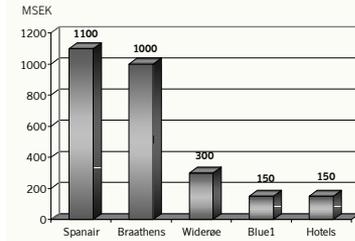
Block hours for Group Airlines in 2004



Majority owned Airlines Jan- Jun 2004	Air craft/day	Pilots/year	Cabin/year
Scandinavian Airlines	8,3	537	562
Spanair	7,9	655	882
Braathens	8,0	552	540
Widerøe	6,7	540	496
Blue1	8,1	712	773



Turnaround 2005 amounting to MSEK 2 800 for Subsidiary Airlines and Hotels



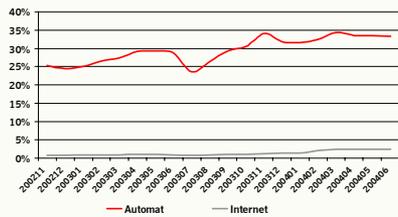
- ▶ Initiated in April 2003
- ▶ Total measures of at least MSEK 2 800
- ▶ Most of measures will give effect in 2004



Internet check in has doubled but from low levels



- ▶ Target to increase Self Service check in to 60% in 2005
- ▶ Internet check low, but has doubled in 2004



Cost distribution on a 400 km flight Oslo-Stockholm



"The Efficient Airline"		
▶ Payroll expenses	10 000	} Aircraft with capacity to take 150 pax } Cabin factor 70% = 105 passengers } 65 000/105 passengers = 760 } SEK 620 per passenger to break even!! } Reasonable profitability level 10% } Average price = SEK 680
▶ Selling costs	2 500	
▶ Jet fuel	5 500	
▶ Government user fees	8 000	
▶ Catering costs	1 000	
▶ Ground handling	12 000	
▶ Technical maintenance	12 000	
▶ Aircraft depreciation	5 000	
▶ Overhead costs	6 000	
▶ Other	3 000	
▶ Total expenses (EBIT-level)	65 000	



Business areas





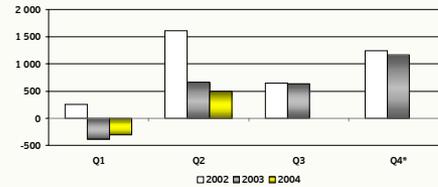
Scandinavian Airlines



Scandinavian Airlines Quarterly EBITDAR development



EBITDAR, Scandinavian Airlines
MSEK



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



Severe Revenue Pressure partly offset by larger volumes



January-June 2004

- ▶ Revenues 12 035 MSEK - 11,6%
- Volume +8,6%
- Yields -16,0%
- Currency -3,1%

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



Scandinavian Airlines key airline profitability drivers



2004 vs 2003

April-June

- ▶ Traffic (RPK) up 12,5%
- ▶ Cabin Factor up 3,0 p.u.
- ▶ Yields (currency adjusted) down 16,3%
- ▶ Operational unit costs down 12,3%

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



Operating expenses continue to decrease

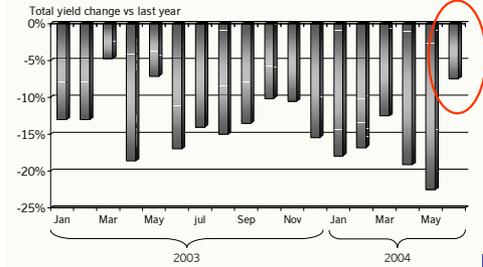


	2004	2003	
April - June			
Operating revenue	7 839	8 513	-7,9%
Personnel expenses	-1 787	-2 063	-13,4%
Sales & distribution	-196	-244	-19,7%
Fuel	-919	-715	28,5%
Government user fees	-863	-814	6,0%
Catering	-252	-308	-18,2%
Handling costs	-1 259	-1 190	5,8%
Technical aircraft maintenance	-1 007	-1 146	-12,1%
Data & telecommunication costs	-380	-486	-21,8%
Other costs	-679	-814	-16,6%
Operating expenses	-7 342	-7 780	-5,6%
EBITDAR	497	733	
EBIT	-78	158	
EBT	-238	-30	

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

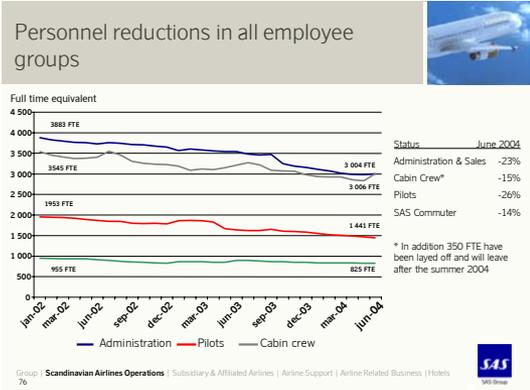
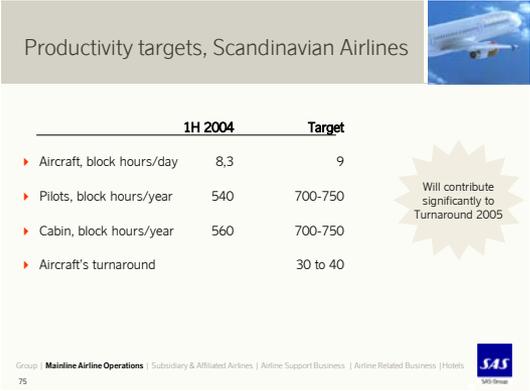
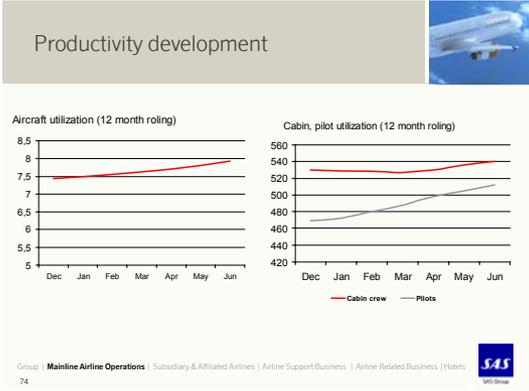
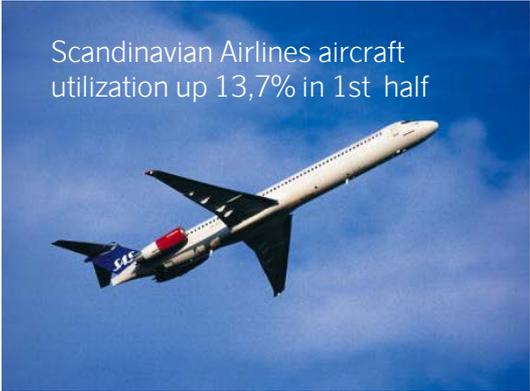


Yield pressure for June and outlook July significantly less

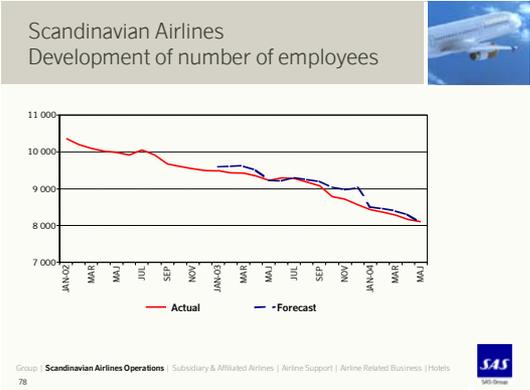


Group | Scandinavian Airlines Operations | Subsidiary & Affiliated Airlines | Airline Support | Airline Related Business | Hotels





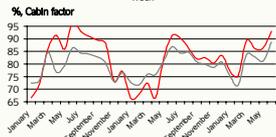
- ### Many new corporate agreements signed in 1 Half
- Focus on medium and small companies
 - To create a win win situation
 - Reducing costs for both parties
 - More than 300 agreements signed so far
 - New charter agreements
 - Agreement with Kuoni group, Star Tours
 - Project is ongoing throughout 2004
- Group | Scandinavian Airlines Operations | Subsidiary & Affiliated Airlines | Airline Support | Airline Related Business | Hotels



Strong development on North Atlantic



- ▶ General improved load factors
 - ▶ Significantly higher load factor than AEA
- ▶ Oslo-New York ceased in March 2003



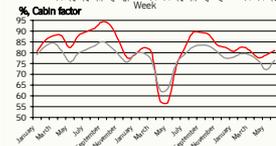
- ▶ Traffic in Jan-Jun 2004:
 - European airlines (AEA) traffic up 11,2%
 - SAS traffic up 9,9%



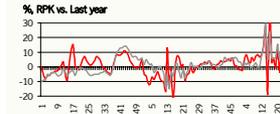
Asian traffic improved but capacity in the market has increased significantly



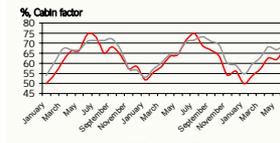
- ▶ Positive mix but capacity to many of SAS destinations has increased more than the demand
- ▶ Reduced capacity on Bangkok/Singapore
- ▶ Shanghai 3/week as from March 28th
 - Operate 6/week as from November
- ▶ Traffic in Jan-Jun 2004:
 - AEA traffic up 24,3%
 - SAS traffic down 16,5%



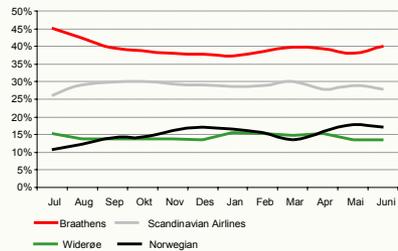
Increasing traffic on European routes



- ▶ Weak market
- ▶ Cabin factor in line with AEA
- ▶ Traffic Jan-Jun 2004:
 - AEA traffic up 8,8%
 - SAS traffic up 7,6%



Market shares on Norway domestic routes



ECA – European cooperation agreement positive for first time in Q2



- ▶ Tri-party Joint Venture agreement with BMI, Lufthansa and SAS signed November 9, 1999
- ▶ In effect from January 1, 2000
- ▶ Main scope: To integrate the parties scheduled pass. transport to/from London/ Manchester
- ▶ Negative result effect 2002: MSEK 418 (335)
- ▶ Negative result effect 2003: MSEK 244
- ▶ Negative result effect first quarter 2004: MSEK 71
- ▶ Positive effect second quarter 2004: MSEK 45



Subsidiary & Affiliated Airlines



Income for Subsidiary & Affiliated Airlines improved



MSEK, January-June	2004	2003	Change
Revenues	8 429	8 451	-0.3%
Operating expansives	-7 327	-7 584	-3.4%
EBITDAR	1 102	867	+27,1%
Lease	-866	-886	-2.3%
EBITDA	236	-19	n.m.
Depreciation	-287	-275	4.4%
Income from sales/affiliated	112	64	75%
EBIT	61	-230	n.m.
EBT bef. cap gains	-48	-328	85%
EBT incl. gains	12	-350	n.m.



Improved result in Subsidiary Airlines



Jan-Jun in MSEK	Spanair		BRAATHENS		widerøe		Blue 1	
Revenues	3 462	2.7%	3 104	-5.5%	1 230	-4.5%	613	26%
EBITDAR	363	12%	614	63%	173	3%	14	-77%
EBT	-221	22%	241	n.m.	51	n.m.	-66	n.m.



Spanair hit by MSEK 114 higher jet fuel costs in 1st Half



MSEK	April-June		January-June	
	2004	2003	2004	2003
Revenues	2 057	1 997	3 462	3 372
Operating expenses	-1 710	-1 615	-3 099	-3 048
EBITDAR	347	382	363	324
EBITDA	60	90	-184	-238
EBIT	84	101	-187	-242
EBT bef. cap gains	18	51	-274	-321
EBT incl. gains	71	86	-221	-283



Spanair value creation going forward



- ▶ Solid profitability and cash flow is viable as a consequence of excellent cost and efficiency and a business model providing sustainable growth
- ▶ Strong position in Madrid and Barcelona, two of Europe's strongest markets
- ▶ The underdog position provides a long lasting growth perspectiv without getting close to dominant position
- ▶ The twin track strategy with full service and low cost model is essential in order to capitalize on Spanair's position

Combining excellent cost and quality/service performance with an innovative and agresiv commercial model, would provide very good results and value for the SAS Group over the coming years



Braathens has significantly improved its result



MSEK	April-June		January-June	
	2004	2003	2004	2003
Revenues	1 685	1 736	3 104	3 285
Operating expenses	-1 296	-1 462	-2 490	-2 907
EBITDAR	389	274	614	378
EBITDA	240	121	318	64
EBIT	204	83	246	-4
EBT bef. cap gains	201	111	242	9
EBT incl. gains	200	73	241	-19



Braathens' result is very impressive compared with European Airlines



- ▶ EBT improved MSEK 260 to MSEK 241 in first half
 - Yield down 11,9% - partly explained by average longer routes
 - Unit cost improved with 14,1%
- ▶ Cabin factor increased by 3,3 p.p.
- ▶ Costs to be reduced by MSEK 1 000 with full effect in 2006
- ▶ To achieve a unit cost of 0,60 NOK (reduction by 20%)
- ▶ Strengthen competitiveness in relation to low-cost competitors
- ▶ Will enable Braathens to compete at same price levels but still offering network product advantages
- ▶ SAS Braathens launched in May



Continued positive development in Widerøe



MSEK	April-June		January-June	
	2004	2003	2004	2003
▶ Revenues	642	647	1 230	1 288
▶ Operating expenses	-541	-535	-1 057	-1 120
▶ EBITDAR	101	112	173	168
▶ EBITDA	77	92	127	115
▶ EBIT	42	58	58	45
▶ EBT bef. cap gains	37	43	51	12
▶ EBT incl. gains	37	43	51	12

Weak yield offset by traffic growth and cost control



- ▶ Traffic increased 13,6%
- ▶ Yield down by over 10,8%
- ▶ Unit cost down 8,4% as Turnaround 2005 has been almost completed
- ▶ MSEK 300 in cost improvement measurements under implementation
- ▶ New non stop route to Manchester from Bergen as from December

Blue1 with break even result in second quarter



MSEK	April-June		January-June	
	2004	2003	2004	2003
▶ Revenues	345	262	613	485
▶ Operating expenses	-303	-207	-599	-424
▶ EBITDAR	42	55	14	61
▶ EBITDA	7	21	-55	-6
▶ EBIT	3	19	-61	-11
▶ EBT bef. cap gains	0	16	-66	-13
▶ EBT incl. gains	0	16	-66	-13

Blue1 traffic increased with 80% in first half 2004



- ▶ Successful introduction of new domestic routes in Finland
- ▶ Helsinki-Amsterdam over 60% cabin factor in first month of operation
- ▶ EBT in second quarter MSEK 0
- ▶ Yield down by 28,6%
- ▶ Unit cost down 21,2%
- ▶ MSEK 150 in cost improvement measurements under implementation



Airline Support Businesses

Result for Airline Support Businesses improved



MSEK, January-June	2004	2003	Change
▶ Revenues	6 840	6 980	-2%
▶ Operating expenses	-6 429	-6 825	
▶ EBITDA	411	155	165%
▶ EBIT	179	-70	n.m
▶ EBT	138	-133	n.m



Airline Related Businesses



Statement of income Airline Related Businesses



MSEK, January-June	2004	2003	Change
▶ Revenues	1 439	2 383	-40%
▶ Operating expenses	-1 331	-2 253	-41%
▶ EBITDA	108	130	-17%
▶ EBIT	29	-1	n.m
▶ EBT	22	18	+22%

▶ Scandinavian IT Group sold in December 2003 and included in the 2003 figures

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



Avinor has discontinued negotiations with SAS Trading tax free operations in Norway



- ▶ A definite agreement is expected in August 2004
- ▶ SAS Trading's current agreement will expire in December 2004
 - New agreement valid for seven years starting in 2005
 - The agreement is expected to have a turnover of SEK 1 billion
- ▶ Current agreements stands for appr. 2/3 of SAS Trading's total revenue
- ▶ SAS Trading has in total 38 duty free shops in Scandinavia, Poland and the Baltic states of which 6 in Norway

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



Hotels – second quarter result improved by MSEK 46



MSEK	April-June		January-June	
	2004	2003	2004	2003
▶ Revenues	1 121	903	2 039	1 745
▶ Operating expenses	-1 084	-904	-2 059	-1 821
▶ EBITDA	37	-1	-20	-76
▶ Adjusted EBITDA	45	4	-5	-72
▶ EBIT	6	-28	-82	-135
▶ EBT	7	-39	-93	-154

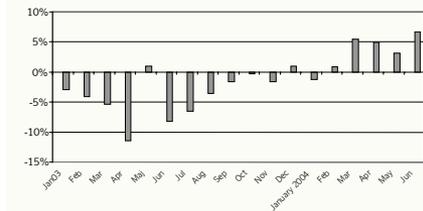
Group | Scandinavian Airlines Operations | Subsidiary & Affiliated Airlines | Airline Support | Airline Related Business | **Hotels**



Improved occupancy factor



Occupancy factor, including managed hotels
Vs. Last year



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



Clear Targets to Reduce Indebtedness - Long-term targets to be realised



Key figures

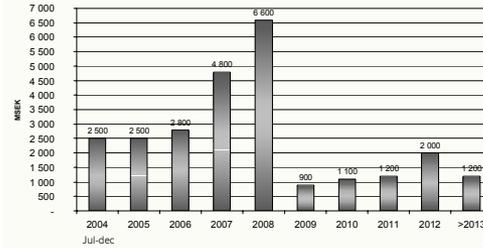
	Jun04	Dec03	Target
▶ Equity/assets ratio (solidity)	20%	22%	>30%
▶ Financial net debt/ equity	154%	137%	<50%
▶ Fin. net debt+7*Oplease/ equity	313%	292%	<100%

▶ Targets will be reached by:

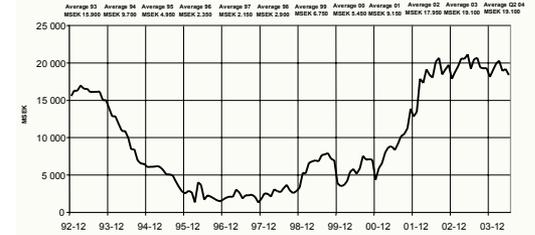
- Turnaround measures
- Capital Release:
 - Aircraft – Surplus and phase-outs
 - Other Assets (Properties, non-core subsidiaries etc)



Amortization profile interest bearing liabilities



Development of financial net debt 1993-2004



SAS Group - Development and Break Down of Financial Net Debt 2004



(MSEK)	040630	031231	Difference
Cash	8 829	9 066	-237
Other interest bearing assets	1 256	1 678	-422
Interest bearing liabilities	-28 437	-28 866	+429
Financial Net debt	-18 352	-18 122	-230



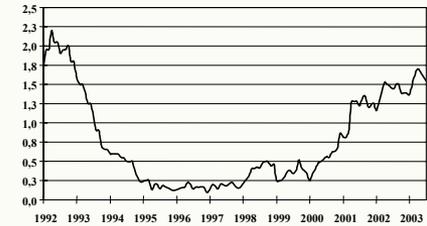
SAS Group - Development and Break Down of Financial Net Debt 2003-2004



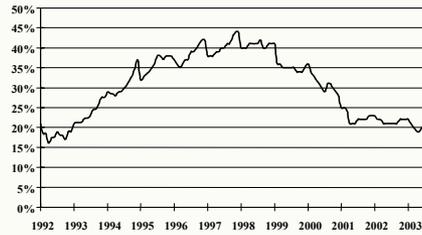
(MSEK)	040630	030630	Difference
Cash	8 829	8 155	+674
Other interest bearing assets	1 256	1 954	-698
Interest bearing liabilities	-28 437	-29 341	+904
Financial Net debt	-18 352	-19 232	+880



Financial Net Debt / Equity Ratio 1992-2004



SAS Group Equity / Assets Ratio 1992-2004



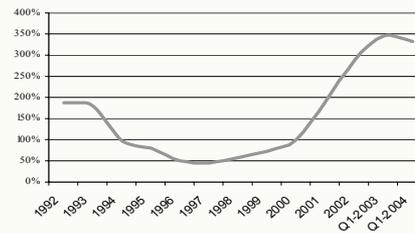
Group | Scandinavian Airlines Operations | Subsidiary & Affiliated Airlines | Airline Support | Airline Related Business | Hotels
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Adjusted Net Debt / Equity 1992-2004



Net Debt+7*Op lease / Equity



Group | Scandinavian Airlines Operations | Subsidiary & Affiliated Airlines | Airline Support | Airline Related Business | Hotels
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SAS Group's Balance Sheet largely Unencumbered



As per 30 June 04

	MSEK	
SAS Group's total Balance Sheet	60 504	
Total aircraft and spares	22 572	
Encumbered Assets:		
Aircraft (book values)	14 300	63% of aircraft and spare parts encumbered
Other	200	
Total	14 500	

Group | Scandinavian Airlines Operations | Subsidiary & Affiliated Airlines | Airline Support | Airline Related Business | Hotels
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SAS Group Financial Net January – June 2004



(MSEK)	04-06-30	03-06-30	Difference
Interest net and others	-461	-476	+15
Exchange rate differences	-29	+332	-361
Financial net	-490	-144	-346
Average financial net debt	19.100	19.600	+500
In % p.a. of average financial net debt:			
Interest net	-4,8%	-4,9%	+0,1 p.u.
Exchange rate differences	-0,3%	+3,4%	-3,7 p.u.
Financial net	-5,1%	-1,5%	-3,6 p.u.

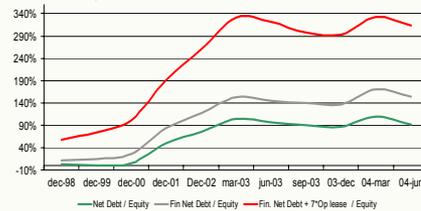
Group | Scandinavian Airlines Operations | Subsidiary & Affiliated Airlines | Airline Support | Airline Related Business | Hotels
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Gearing ratios



Leverage Ratios



Group | Scandinavian Airlines Operations | Subsidiary & Affiliated Airlines | Airline Support | Airline Related Business | Hotels
119



Improved cash flow as underlying result is improving



MSEK	2004	April – June 2003
Cash flow from operations	563	550
Change in working capital	-47	229
Net financing from operations	516	779
Investments, advance payments	-1 063	-1 260
Acquisition/sale of subsidiaries (net)	0	0
Sales of fixed assets, etc.	2 544	1 604
Financing deficit/surplus	1 997	1 123
Changes in external financing, net	-1 533	-1 502
Changes in liquid assets acc. to balance sheet	444	-379

Group | Scandinavian Airlines Operations | Subsidiary & Affiliated Airlines | Airline Support | Airline Related Business | Hotels
120



Improved cash flow but no change in liquid assets as surplus is amortized



MSEK	January – June	
	2004	2003
Cash flow from operations	-332	-545
Change in working capital	-557	-359
Net financing from operations	-889	-904
Investments, advance payments	-1 721	-2 224
Acquisition/sale of subsidiaries (net)	-614	-15
Sales of fixed assets, etc.	3 910	1 906
Financing deficit/surplus	686	-1 237
Changes in external financing, net	-923	-1 329
Changes in liquid assets acc. to balance sheet	-237	-2 566



Sum Up – Credit Data



- ▶ Strong liquidity of MSEK 8 829
- ▶ Substantial Committed credit facilities of MSEK 4 550
- ▶ Limited CAPEX going forward
- ▶ Young aircraft fleet
- ▶ Additional sources of capital
- ▶ Turnaround 2005 program on track with union agreements secured



APPENDICES

- Traffic Data
- Yield
- Unit cost
- Fleet
- Financial key figures

Increased traffic in the first Half



- ▶ Group passenger load factor up by 1,7 p.u.
- ▶ Group traffic up 11,1%

January-June	Passenger-traffic (RPK)	Seat capacity (ASK)	Cabin-factor
SAS Group Total	11,1%	8,1%	63,2%
Intercontinental	12,8%	0,1%	
Europe	15,6%	17,5%	
Domestic and Intrasandinavian	1,4%	0,1%	



Capacity (ASK) outlook 2004 vs. 2003



- ▶ Scandinavian Airlines 5%
- ▶ Spanair 10%
- ▶ Braathens 4-5%
- ▶ Widerøe 12-13%
- ▶ Blue1 60%
- ▶ Total SAS Group 7%



Yield development 2004 vs 2003



Scandinavian Airline Total Scheduled

Apr-Jun	2004	2003	Change
Yield (öre/RPK)	103,1	125,2	-17,7%
Currency adj. yield	103,1	123,2	-16,3%
Jan-Jun	2004	2003	Change
Yield (öre/RPK)	105,4	129,5	-18,6%
Currency adj. yield	105,4	125,5	-16,0%



Yield development 2004 vs 2003



Yield, local currency	April-June	January-June
Spiritair	-12,5%	-11,0%
BRAATHENS	-9,4%	-11,9%
widerøe Member of the SAS Group	-13,0%	-10,8%
Blue1	-27,4%	-28,6%



Unit Cost

January-June 2004 vs 2003



Cost analysis	2003	2004	Var%	Share of total var %
Personnel	-4 318	-3 590	-16,9%	-4,5%
Fuel	-1 418	-1 666	17,5%	1,5%
Gov. Charges	-1 638	-1 638	0,0%	0,0%
Selling cost	-494	-382	-22,6%	-0,7%
Ground Services	-2 589	-2 477	-4,3%	-0,7%
Technical	-2 263	-1 880	-16,9%	-2,4%
Other operating costs	-2 326	-1 365	-41,3%	-6,0%
Total operating expenses	-15 045	-12 998	-13,6%	-12,7%
Aircraft costs	-1 043	-876	-16,0%	-1,0%
Adjusted EBIT	-16 088	-13 874	-13,8%	-13,8%

Volume = average increase in ASK: +4,9%



Unit Cost

April-June 2004 vs 2003



Cost analysis	Q2 2003	Q2 2004	Var%	Share of total var %
Personnel	-2 186	-1 787	-18,3%	-4,9%
Fuel	-728	-919	26,3%	2,4%
Gov. Charges	-861	-863	0,2%	0,0%
Selling cost	-262	-196	-25,1%	-0,8%
Ground Services	-1 289	-1 259	-2,3%	-0,4%
Technical	-1 132	-1 007	-11,1%	-1,5%
Other operating costs	-1 134	-624	-45,0%	-6,3%
Total operating expenses	-7 592	-6 655	-12,3%	-11,5%
Aircraft costs	-534	-430	-19,5%	-1,3%
Adjusted EBIT	-8 126	-7 085	-12,8%	-12,8%

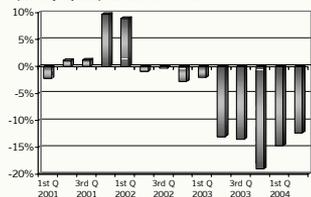
Volume = average increase in ASK: +7,6%



Sharp reduction in unit cost continued in Q2



Index last year, EBITDAR level
(currency adjusted) Scandinavian Airlines



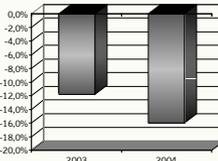
- ▶ Unit cost down 11,8% in 2003
- ▶ Unit cost down 14,7% in Q1 2004
- ▶ Unit cost down 12,3% in Q2 2004
- ▶ Adjusted for fuel price unit cost down 14,7% in Q2 2004



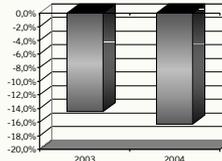
Yield Development



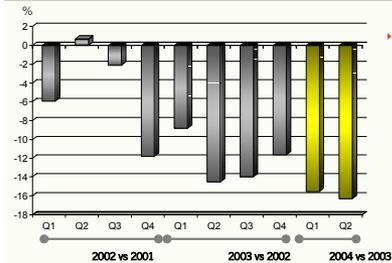
January-June (currency adjusted)



April-June (currency adjusted)



Yield development



- ▶ Yields down 16,3% in 2nd Quarter 2004
- Affected by:
 - Affected 5-6 pp by higher proportion intercont. traffic
 - Class mix negative
 - Price campaigns



Passenger Yield

2nd Quarter 2004 vs 2003



Route Sector	Nominal yield	Currency effect	Adjusted yield
Scandinavian Airline	82	102	84
Intercontinental	96	103	99
Europe	86	101	86
Intrascandinavian	72	102	74
Denmark	89	100	89
Norway	78	105	82
Sweden	81	100	81



Passenger Yield

January-June



Route Sector	Nominal yield	Currency effect	Adjusted yield
Scandinavian Airline	81	103	84
Intercontinental	95	105	99
Europe	84	102	85
Intrascandinavian	71	104	73
Denmark	88	101	89
Norway	78	110	85
Sweden	83	100	83



Key airline profitability drivers

2004 vs 2003



January-June

▶ Traffic growth (RPK)	up	8,6%
▶ Cabin Factor	up	2,2 p.u.
▶ Yields	down	16,0%
▶ Unit costs <small>incl.AFC cost</small>	down	13,8%

April-June

▶ Traffic growth (RPK)	up	12,5%
▶ Cabin Factor	up	3,0 p.u.
▶ Yields	down	16,3%
▶ Unit costs <small>incl.AFC cost</small>	down	12,8%



Severe Revenue Pressure partly offset by larger volumes



January-June 2004

▶ Revenues 12 035 MSEK - 11,6%

- Volume +8,6%
- Yields -16,0%
- Currency -3,1%



Revenue analysis second Quarter – Scandinavian Airlines



April-June 2004

▶ Revenues 6 513 MSEK - 7,4%

- Volume +12,5%
- Yields -16,3%
- Currency -1,6%

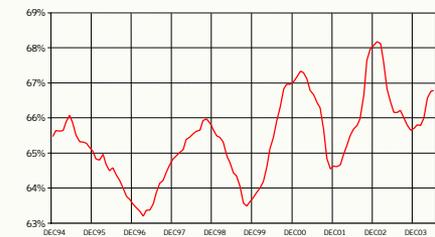


Passenger load factor

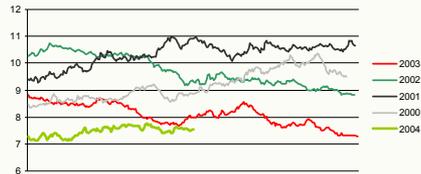
1995-2004



Moving 12 months values



Weaker USD offset by increased yield pressure



- ▶ Positive effect on operation costs in January-June by xxx MSEK
- ▶ Weak USD => increased yield pressure



Currency Effects – SAS Group January-June 2004 vs 2003



MSEK	Jan-Jun
Total revenues	-1 116
Total costs	+1 478
Forward cover costs & working cap.	-117
Income before depr.	+245
Financial items	-361
Income before tax	-116



Currency Effects – SAS Group April-June 2004 vs 2003



MSEK	Apr-Jun
Total revenues	-316
Total costs	+433
Forward cover costs & working cap.	-102
Income before depr.	+15
Financial items	-21
Income before tax	-6



Currency Effects – SAS Group January-June 2004 vs 2003



Total revenues & costs: (Total +362 MSEK) Major approx. effects:	Working capital: (Total +23 MSEK)
USD +530	2003 -25
DKK +6	2004 -2
NOK -131	Financial items:
EUR -1	(Total -361 MSEK)
Asian curr. -35	2003 +332
All others -7	2004 -29
Forward cover costs: (Total -140 MSEK)	Grand total -116 MSEK
2003 +98	
2004 -42	



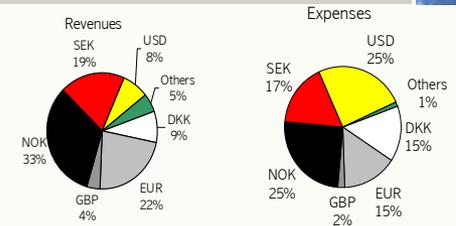
Currency Effects – SAS Group April-June 2004 vs 2003



Total revenues & costs: (Total +117 MSEK) Major approx. effects:	Working capital: (Total -24 MSEK)
USD +165	2003 +19
DKK +2	2004 -5
NOK -55	Financial items:
EUR -1	(Total -21 MSEK)
Asian curr. -7	2003 +29
All others +13	2004 +8
Forward cover costs: (Total -78 MSEK)	Grand total -6 MSEK
2003 +55	
2004 -23	



Currency distribution in the SAS Group 2003



SAS Group fleet as of Jun 30, 2004



Aircraft Type	Owned	Leased In	Total	Leased Out	On Order
Airbus A320/A321-200	7	4	11		
Airbus A320/A321-200	8	19	27		4
Boeing 767		3	3	3	
Boeing 737	29	50	79	5	3
Boeing 717		4	4		
Douglas MD-81/82/83/87	31	61	92	4	
Douglas MD-90	8		8		
Aero RJ-85/100		9	9		
Fokker F28	1		1		
Fokker F50	7	1	8	2	
de Havilland Q100-400	17	36	53		
SAAB 2000		5	5		
Total	108	192	300	14	7

Company	Owned	Leased In	Total	Leased Out	On Order
Scandinavian Airlines	88	88	176	13	7
Spanair		54	54		
Braathens	4	23	27		1
Widerøe	16	13	29		
Blue1		14	14		
Total	108	192	300	14	7

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



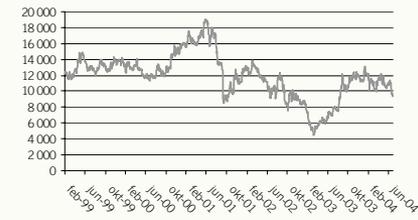
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SAS share



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Development of Market capitalization



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



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SAS share price vs. Peers 2002-2003



SAS Market Capitalization vs. European Peers* measured in SEK (December 28, 2001 - June 30, 2004)



* Peers: Alitalia, Air France, British Airways, Finnair, KLM, Lufthansa & Ryanair

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

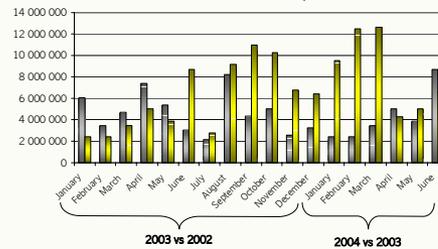


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Increased trade in the share...



Number of shares traded in SAS per month



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

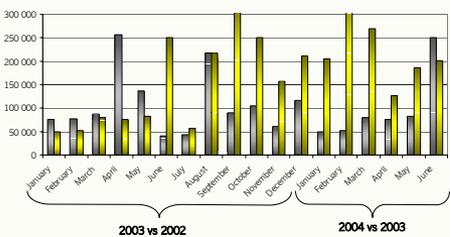


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...and at Stockholm Stock Exchange



Average daily number of shares traded in Stockholm per month



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



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