



Year end report 2004

Press conference
February 10, 2005

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



2004 affected by unprecedented yield reductions, record fuel prices and large overcapacity



- ✈ Turnaround 2005
 - Substantially improved cost platform
 - Focus on remaining activities
- ✈ New business structure established
 - Incorporation of Scandinavian Airlines completed
 - Improved transparency and accountability
- ✈ Significant overcapacity affecting yields and passenger load factor
- ✈ Full year fuel cost SEK 1,5 billion higher than 2003
 - Net effect SEK 0,6 billion mainly from 1st Half (ex volume)
- ✈ Revenue actions stabilized yield in 2nd half

Significantly improved business platform for 2005

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4th Quarter loss mainly attributable to 350 MSEK in exceptionals



- ✈ Yield development according to plan
 - Positive yield 4th Quarter
- ✈ Relative weak passenger load factor
 - Overcapacity in the market
- ✈ One off effect of MSEK 350
 - Industrial actions by pilots in Spanair and cabin attendants in Scandinavian Airlines
 - Traffic disturbances in November/December in Scandinavia due to ATC problems
 - Method change SAS Cargo MSEK 100

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Improved full year and 4th Quarter EBITDAR result



MSEK	October-December			January-December		
	2004	2003	Change	2004	2003	Change
✈ Revenues	14 940	13 824	+1 116	58 073	57 754	+319
✈ EBITDAR	1 181	814	+367	4 383	3 761	+622
✈ Lease, depreciation & financial net	-1 660	-1 605	-55	-6 584	-6 569	-15
✈ Capital gains and non-recurring items	-75*	170*		-132	751	
✈ EBT	-419	-245	-174	-1 945	-1 470	
✈ EBT bef non-recurring items	-344**)	-415	+71	-1 813	-2 221	+408

*) Restructuring costs of MSEK 84 (341) **) Including negative off effects of MSEK 350

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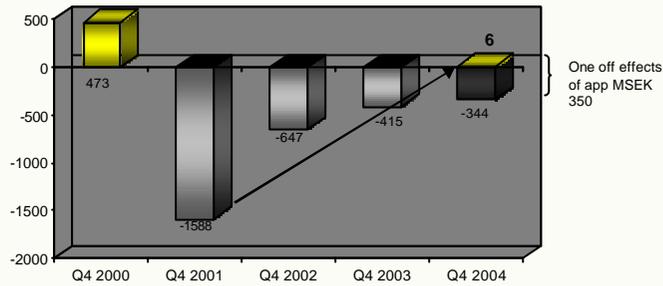


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Best underlying 4th Quarter result in 4 years



EBT bef cap gains & nonrecurring items

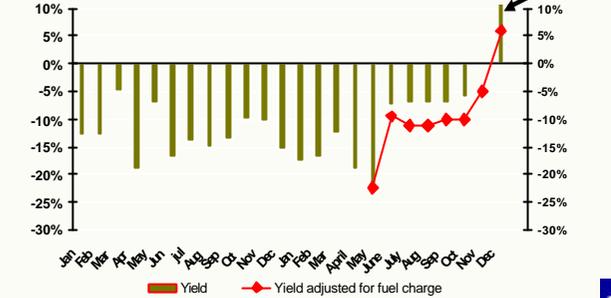


Positive yield in December Indications for January flat or slightly positive



🔴 Currency adjusted yield for full year 2004 vs 2003 -9,1%

Total yield change vs last year (excluding Braathens)



SAS Group with increased commercial focus in 2005



SAS Group strategic focus areas

Commercial excellence	Cost improvement	Optimization of production	Portfolio strategy	Governance & organization
<ul style="list-style-type: none"> Customer segmentation Products Pricing Revenue management Sales Distribution Ancillary revenue 	<ul style="list-style-type: none"> Turnaround 2005 Further rationalization Flexibility in cost base 	<ul style="list-style-type: none"> Optimization of production system and network development Capacity & Utilization focus Ensure presence in growth markets 	<ul style="list-style-type: none"> Alliances Structural deals Horizontal integration 	<ul style="list-style-type: none"> Group governance Competence development Communication



New European product launched on October 31



SAS Braathens very competitive after Turnaround 2005 and new price concepts



- Traffic increased 9,1%
- Cabin factor up 2,9 p.u.
- Stable market share
- New price concepts – one way pricing
- Result MSEK 4
- New web site 2nd most popular in Norway
 - More than 30% SAS Braathens

SAS Braathens		2004
Total revenues		11 418
EBITDAR		1 187
EBIT		-123
EBT		-162
EBIT bef nonrecurring items		43
EBT, bef nonrecurring items		4



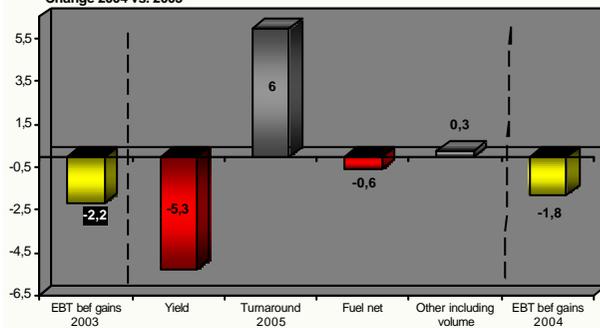
Gunilla Berg
CFO



Cost savings offset yield decline and increased jet fuel costs

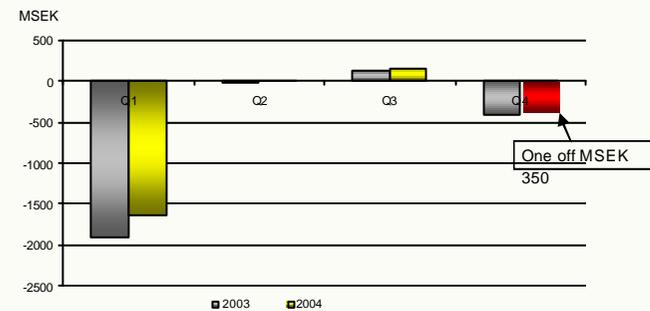


January – December
Change 2004 vs. 2003



Quarterly result development 2003-2004

EBT before nonrecurring items



EBT before gains and nonrecurring items - Business area



Business area	Q4		January-December	
	Oct-Dec 2004	Q4 Change	2004	Change
Scandinavian Airlines Businesses	-138	105	-1 439	324
Subsidiary & Aff. Airlines	-89	5	-136	66
Airline Support Businesses	57	-24	498	431
Airline Related Businesses	8	-12	40	-22
Hotels	98	144	1	236
Group eliminations, other	-280	-147	-777	-627
EBT, before gains & exceptionals	-344	71	-1 813	408



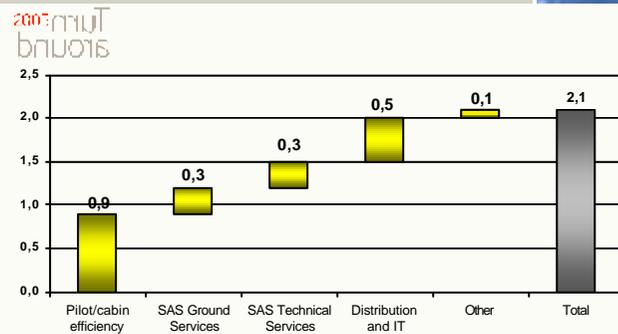
Turnaround 2005 SEK 2,1 billion remaining



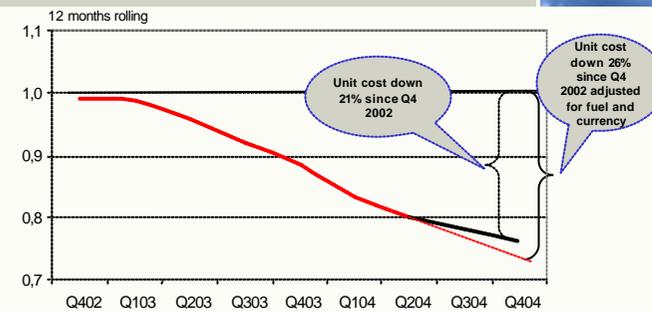
- 85% implemented as of December 2004
 - SEK 11,9 billion implemented
 - Remaining MSEK 2 100 to be implemented in 2005
- Result effect SEK 6 billion in 2004
 - Total effect SEK 9,6 billion 2003-2004



Focus on remaining areas in Turnaround 2005



Scandinavian Airlines unit cost development





Gunnar Reitan
Deputy CEO



Spanair's result affected by pilot action, March 11 and record fuel prices



- 🔴 Pilot conflict affects result negatively by app. MSEK 150, net fuel effect app MSEK 235
 - 🔴 11 March negative effect app MSEK 45
 - 🔴 EBT before gains improved MSEK 74 vs 2003
 - 🔴 Innovative products
 - 🔴 Full service and simple travel
 - 🔴 One way prices on whole system
 - 🔴 Punctuality guarantee
 - 🔴 Increased market share
- 2004 data:
- 🔴 Traffic up 12,2%
 - 🔴 Yields down 7,6%
 - 🔴 Unit cost down 10,4%

	Oct-Dec		Jan-Dec	
	2004	2003	2004	2003
Total revenues	1 699	1 608	7 949	7 628
EBITDAR	271	190	1 252	1 105
EBIT	-88	23	25	16
EBT	-100	0	-41	-45
EBT bef. gains	-100	-90	-88	-162

Best result ever for Widerøe



Turnaround 2005 having full impact

- 🔴 EBT before gains improved vs 2003
- 🔴 Traffic up 10,3% in 2004 and cabin factor up 0,5 p.u.
- 🔴 Yields down 6,9%
- 🔴 Turnaround 2005 proceeding according to plan
 - 🔴 Unit cost down 3,6%, excluding fuel price unit cost down app 6%



	October - December		January-December	
	2004	2003	2004	2003
Total revenues	673	615	2 502	2 477
EBITDAR	107	87	349	343
EBIT	48	23	115	96
EBT	40	47	84	77



Blue1 – EBT in Q4 improved by MSEK 43 vs 2003



Blue1's result improving strongly in Q4

- 🔴 Traffic in 2004 up 77,9%
- 🔴 Yields down 22% in 2004 and down 12,7% in Q4
- 🔴 Code share agreement with Lufthansa as from October
- 🔴 Jet fuel cost up MSEK 73 vs 2004 adjusted for volume and currency
- 🔴 Turnaround 2005 proceeding according to plan
 - 🔴 Unit cost down 10%
- 🔴 Introducing Helsinki - Vaasa/Rovaniemi in January 2005



Member of
Star Alliance

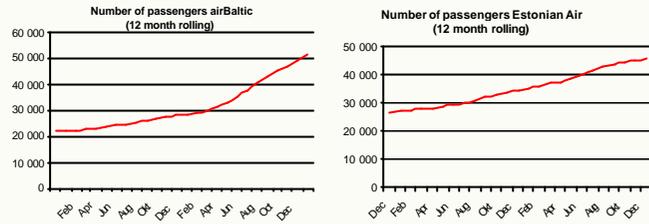
	October-December		January-December	
	2004	2003	2004	2003
Total revenues	399	262	1 306	948
EBITDAR	47	4	58	79
EBIT	11	-35	-92	-70
EBT	1	-42	-111	-80



Impressive growth in airBaltic and Estonian Air continues



- 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



Hotels positive full year after strong 4th quarter



MSEK	October-December		January-December	
	2004	2003	2004	2003
• Revenues	1 315	952	4 552	3 558
• EBITDA	112	-41	137	-125
• EBT	134	-62	38	-253
• EBT bef. gains	98	-46	1	-245

Positive result as expected

- Recovery for RevPAR from September
- Number of rooms sold increased
 - Price pressure reduced
 - REVPAR up 3,6% in Q4
- 12 month occupancy rate improved 2,3 p.u.
- Number of hotels in operation increased 17% during the year (from 162 to 190)



Jørgen Lindegaard
CEO

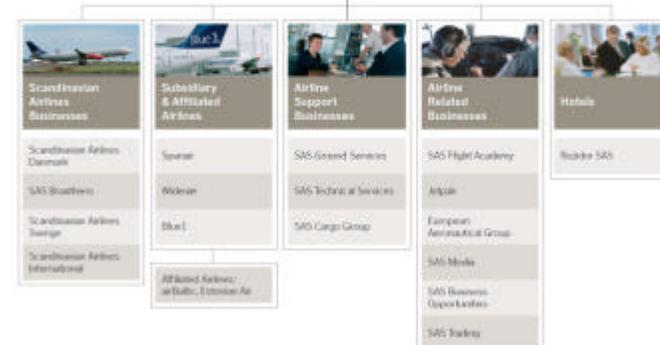


Incorporation of business units

- From business units to limited companies



- Closer to local markets
- Improved accountability



Airline Support Businesses result with significant improvements



Jan-Dec in MSEK	SAS Technical Services	SAS	SAS Cargo
EBT, bef gains	230 +154	279 +435	11 -44

- SAS Technical Services has reduced prices to customers within the Group by app 5-10%
 - Costs reduced by MSEK 1 300
 - New full service contracts signed with a total value of MSEK 800
- SAS Ground Services has reduced prices to customers by app 5-10%
 - Costs reduced by MSEK 700
- SAS Cargo negatively affected by method change



Sum up



- Improved yields second half, but low load factors
- Record high fuel prices offset second half
- Turnaround 2005
 - 26% Unit cost reduction
 - Focus on remaining activities
- Capacity & Utilization Focus initiated – full effect as from March
- Economy Flex positively received by customers

Cautious outlook

- Uncertainties in the marketplace
- Business Plan shows positive earnings
 - Unchanged yields
 - Favorable traffic development
 - Unchanged business environment



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