



SAS Group

1st Quarter 2000

Press Conference



Stockholm, May 11, 2000



Business highlights - 1st Quarter

- ▶ Modest capacity increase
 - ▶ Traffic growth in both classes
 - ▶ "Millennium" effect
 - ▶ Improved passenger load factors
 - ▶ Strengthened home market position
-
- ▶ Increased Jet Fuel costs
 - ▶ Result improvement program in progress

SAS Group

January - March 2000

MSEK	2000	1999
▶ Revenues	10 305	9 705
▶ Cash flow	490	438
▶ Gain on sales	13	387
▶ Pre-tax profit	-297	-11

Other highlights in 1st Quarter

- ▶ SAS Cargo, Lufthansa Cargo and Singapore Cargo in increased cooperation on air freight
- ▶ SAS, BMA and Lufthansa in Joint Venture
- ▶ Singapore and Austrian join Star Alliance™
- ▶ SAS tests Digital TV for communications with customers
- ▶ Star Alliance carriers take the lead in airline industry B2B exchange

Increased cost focus - favorable developments during 1st Quarter

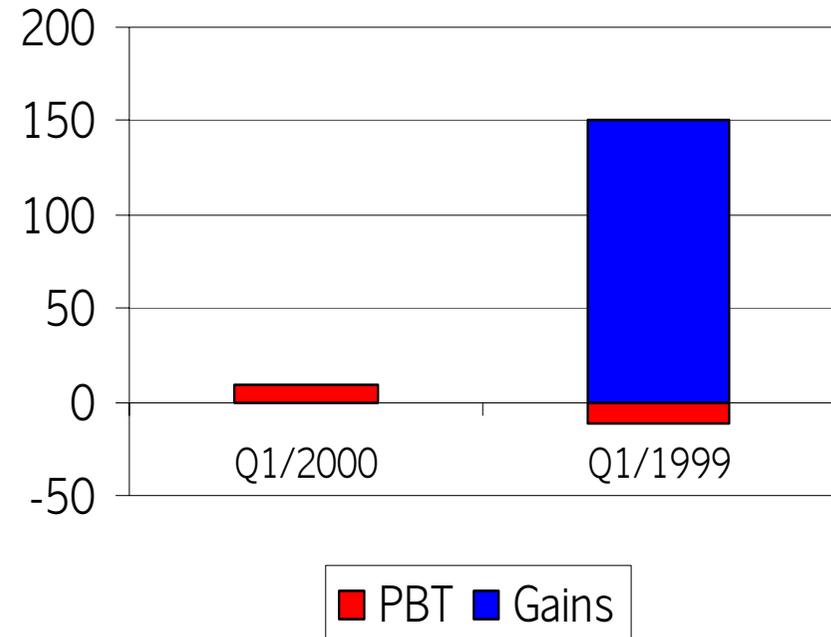
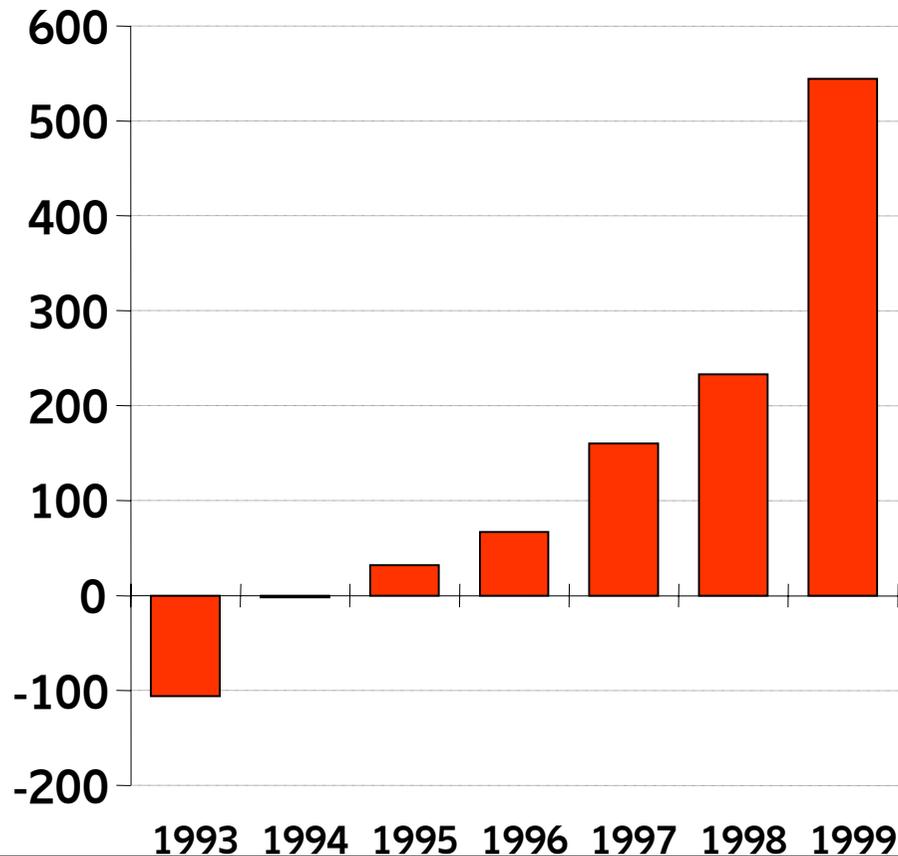
- ▶ Unit costs up 0.6%
- ▶ Fuel Costs up MSEK 368 vs 1999
- ▶ Jet fuel impact unit costs negatively by 4.1 p.u.

Result Improvement Program

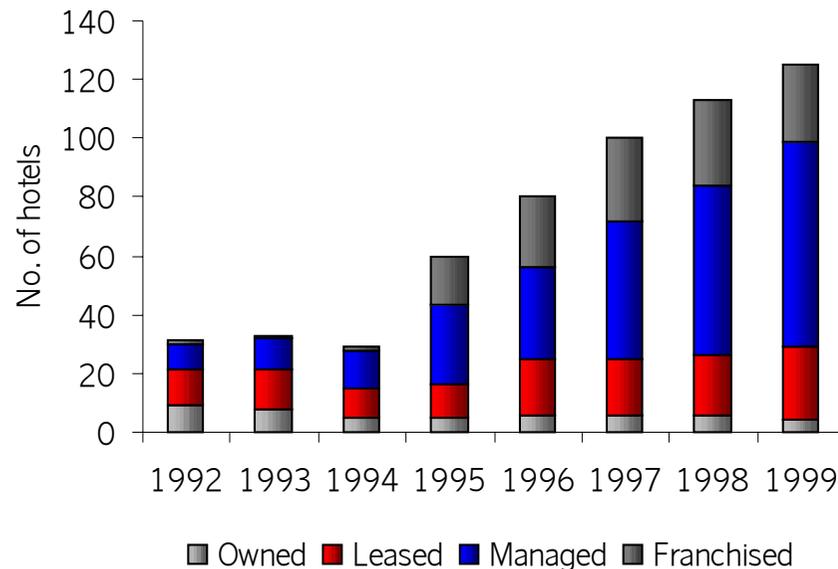
- ▶ MSEK 1350 achieved as of 1st Quarter

SIH - 1st Quarter stronger than 1999

Income before taxes (MSEK)



Radisson SAS Hotels & Resorts - expanding to 129 hotels

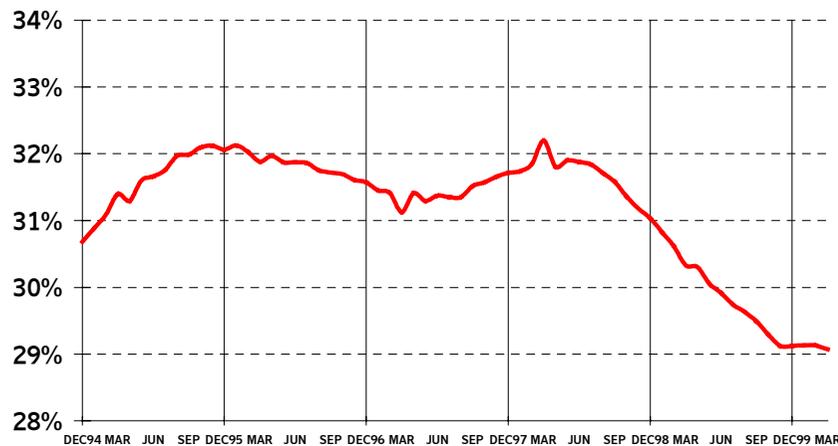


- ▶ 4 new hotels added during 1st Quarter
- ▶ Increased demand in Belgium, Netherlands, Germany and Southern Europe

Increased load factors and stabilization of Business Class development in Q1

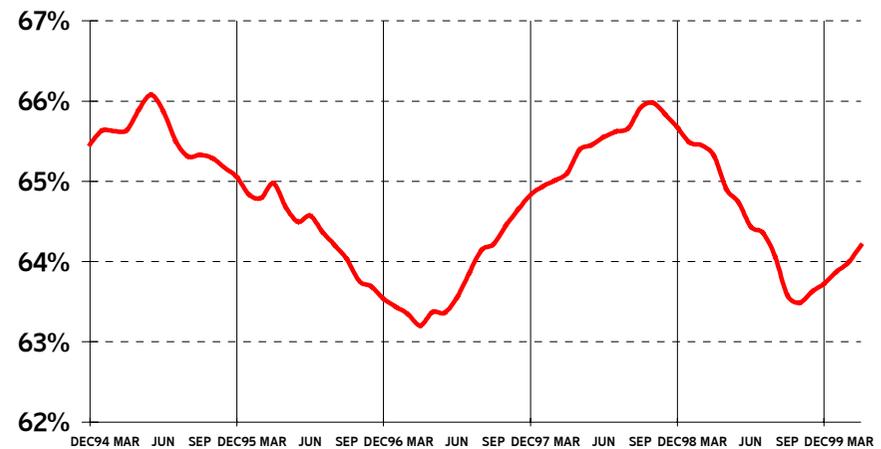
Share of full-fare traffic total system 1995-2000

Moving 12 months values



Passenger load factor total system 1995-2000

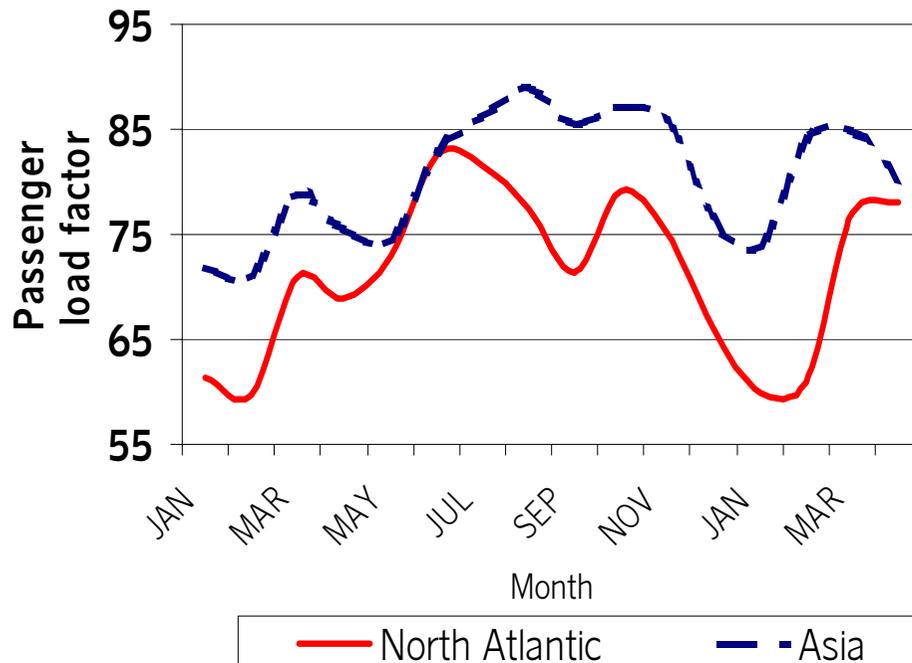
Moving 12 months values



Intercontinental routes

1999- April 2000

Passenger load factors North Atlantic/ Asia

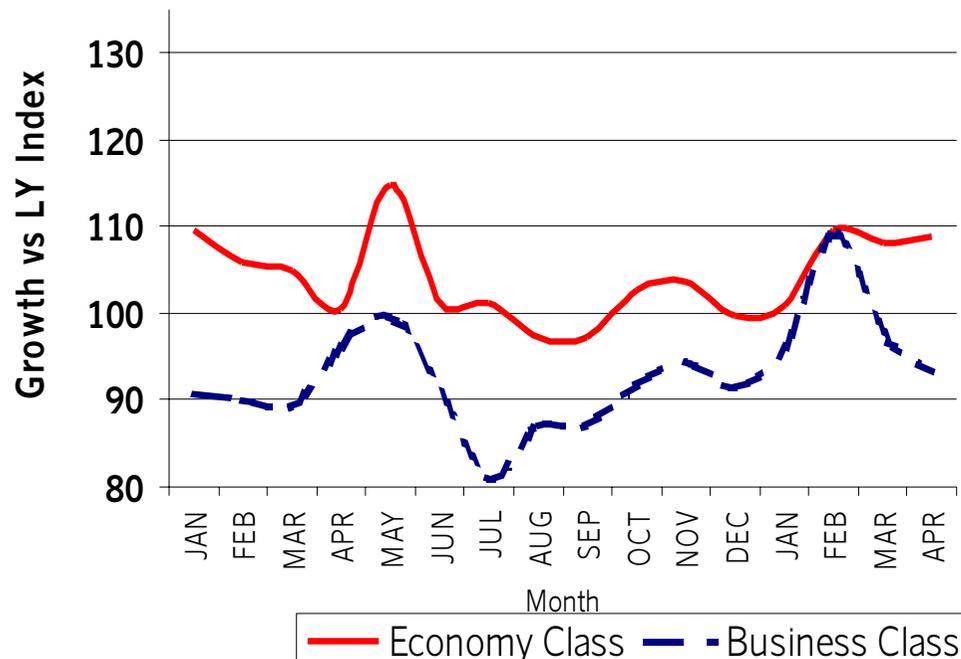


- ▶ "Millennium" effect
- ▶ Asian routes "booming"
- ▶ Reduced over- capacity on North America
- ▶ North America- improved development - primarily in Economy Class
- ▶ Flexible Economy Class ticket introduced

European routes - improvements

1999- April 2000

Business Class/ Economy Class

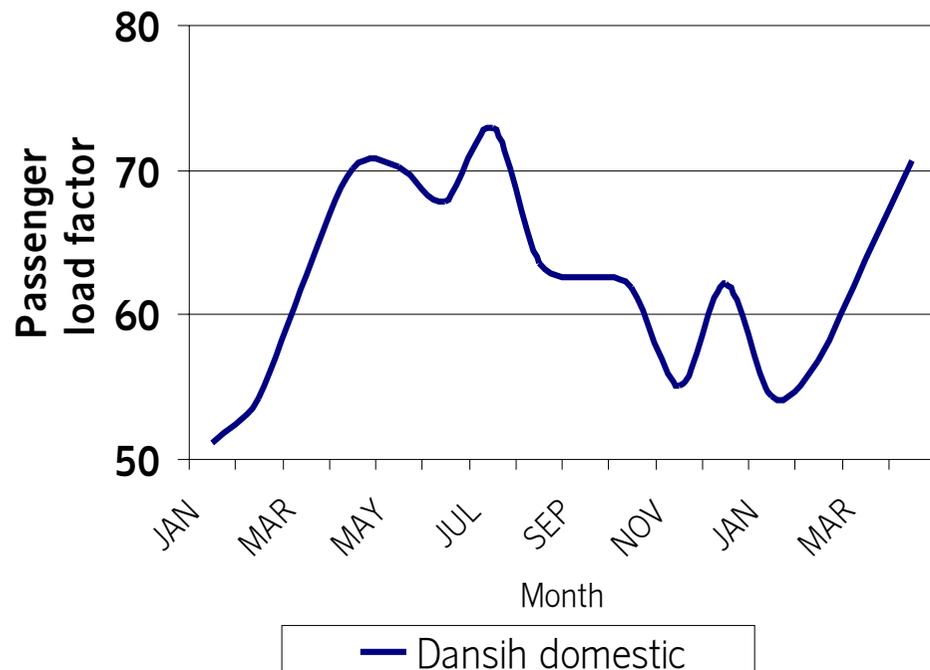


- ▶ Strong growth in Economy Class
- ▶ Improved passenger mix
- ▶ Business Class - improvements noted
- ▶ Traffic to/ from U.K. - strong in Business Class

Danish routes affected by aircraft introductory problems

1999 - April 2000

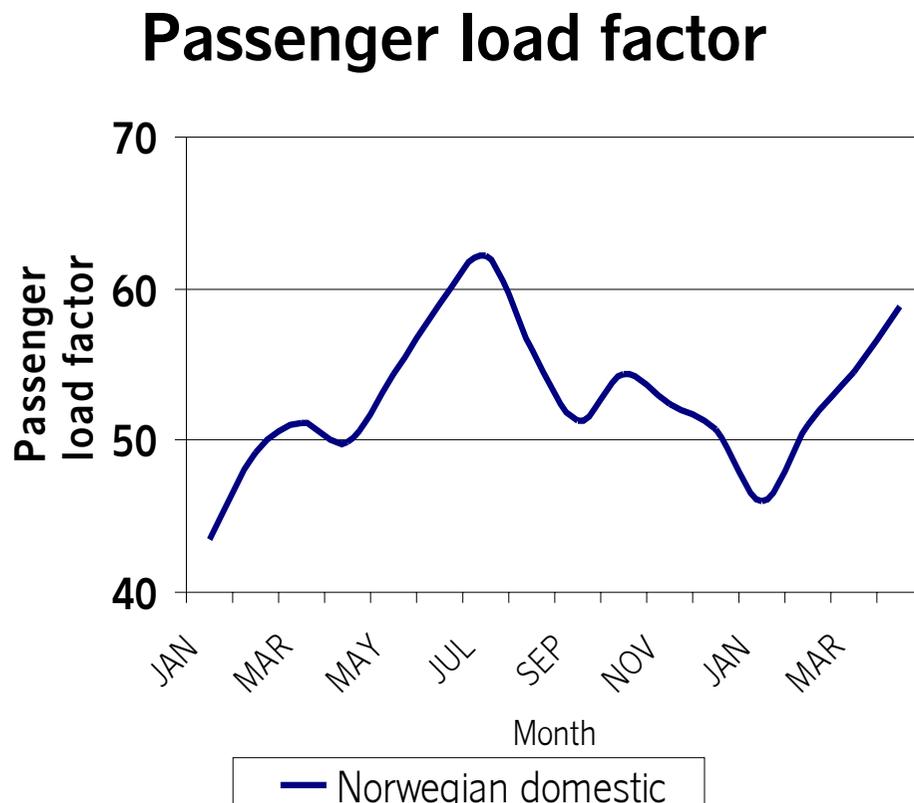
Passenger load factor



- ▶ Problems on Aarhus
- ▶ Introductory problems deHavilland Q400
- ▶ Passenger load factor improved

Reduced over-capacity on Norwegian domestic routes

1999 - April 2000

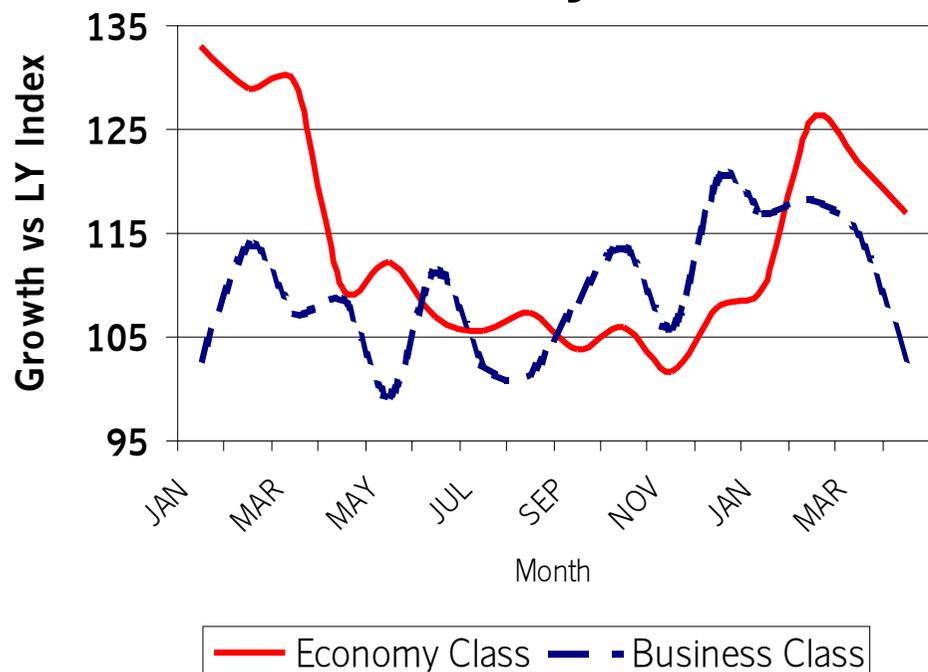


- ▶ Continued capacity adjustments
- ▶ Passenger load factor still too low
- ▶ SAS gains market shares
- ▶ 21% growth in Business Class in Southern Norway in Q1

Swedish domestic routes strong

1999- April 2000

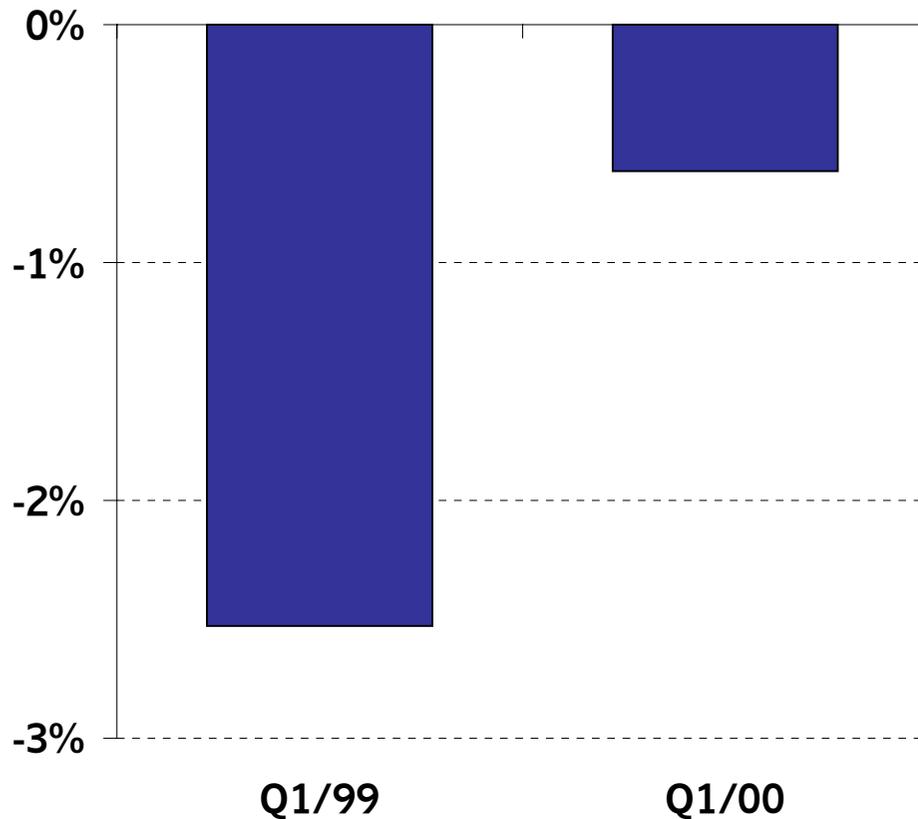
Business Class/ Economy Class



- ▶ Strong growth
- ▶ New price concepts introduced in September
- ▶ Arlanda - Gothenburg and Arlanda- Malmoe gain shares from secondary airport Bromma
- ▶ Arlanda Express Train stimulate traffic
- ▶ Boeing 737-800 introduced 08MAY

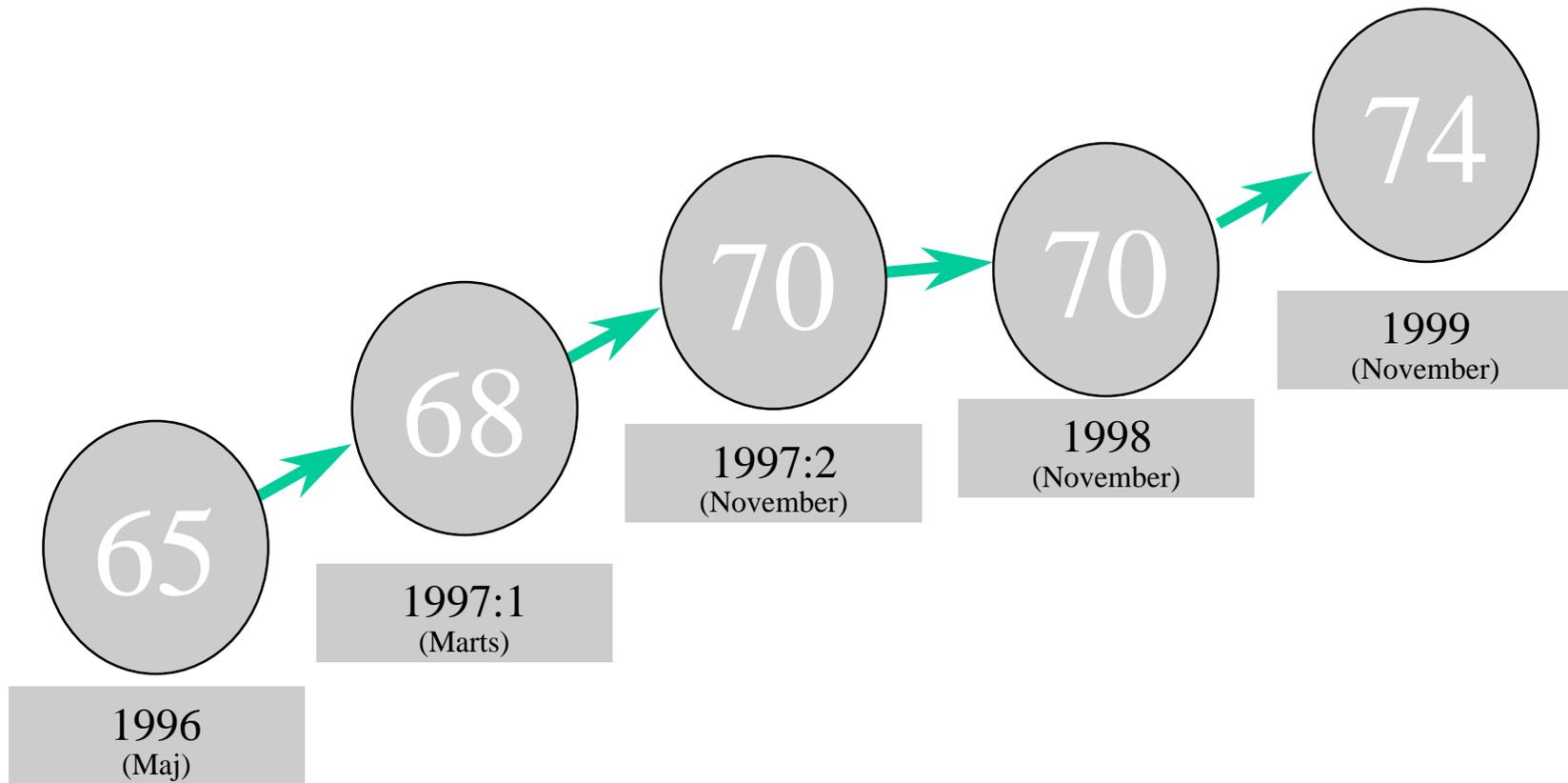
Reduced yield pressure in Q1

Total system - currency adjusted



- ▶ Overall yield down 0,6% in Q1
- ▶ Growth in Business Class, but still negative mix
- ▶ Continued yield pressure in Economy Class

"CSI Index" 1996-1999



Prices and awards in 1999/ 2000

- ▶ Grand Travel Award - Norwegian domestic
- ▶ Best Swedish domestic airline
- ▶ The Freddie Award - best international frequent flyer program
- ▶ 1998 Mercury Award - catering and service
- ▶ Cargo Airline of the Year
- ▶ Second best reputation of world airlines - (RI&HI)

Scandinavian airports most punctual in 1999

(Major hubs AEA punctuality statistics)
Delay >15 minutes

▶ Copenhagen	18,3%	▶ Zurich	32,5%
▶ Stockholm	18,5%	▶ Frankfurt	33,5%
▶ Helsinki	18,9%	▶ Brussels	35,4%
▶ Oslo	22,3%	▶ Paris CDG	36,4%
▶ London LHR	25,7%	▶ Rome	37,4%
▶ Amsterdam	30,3%	▶ Madrid	48,4%
		▶ Milan Malpensa	54,0%

SAS' cargo business - in increased cooperation

- ▶ New Global Cargo
 - ▶ Agreement with Lufthansa Cargo and Singapore Airlines Cargo signed 26APR00
 - ▶ Common products
 - ▶ Harmonization of sales, handling and IT

1st Quarter 2000

- ▶ Revenue tonnes up 7%
- ▶ Revenues up 2%

Star Alliance stands strong in current alliance turbulence



'WINGS'
?

SAS
LUFTHANSA
UNITED
AIR CANADA
VARIG
THAI
ANSETT
AIR NEW ZEALAND
ALL NIPPON



TISH AIRWAYS
AMERICAN
CANADIAN
NTAS
THAY
IBERIA
FINNAIR
LAN CHILE



SAS IR/STU
2000-05-23



British Midland and Mexicana new members during 2000

Star Alliance™

- ▶ Lufthansa
- ▶ United Airlines
- ▶ Thai Airways
- ▶ Air Canada
- ▶ Varig
- ▶ Air New Zealand
- ▶ Ansett Australia
- ▶ All Nippon Airways
- ▶ Singapore Airlines
- ▶ Austrian Airlines Group
- ▶ *Mexicana (by July '00)*

Regional Partners

- ▶ Cimber Air
- ▶ Wideroe
- ▶ Skyways
- ▶ Air Botnia
- ▶ airBaltic
- ▶ Estonian Air
- ▶ Grönlandsfly

Traffic System Partners

- ▶ Spanair
- ▶ Icelandair
- ▶ Maersk Air
- ▶ British Midland
(by July '00 in Star Alliance)

British Midland Added to SAS' Joint Ventures

- ▶ SAS capacity allocated



- ▶ Non-SAS capacity allocated



- ▶ Between Finland/Scandinavia and Germany

- ▶ Between Spain and Scandinavia

- ▶ Between Toronto and Copenhagen

- ▶ Between LHR and Milan, Rome and Madrid

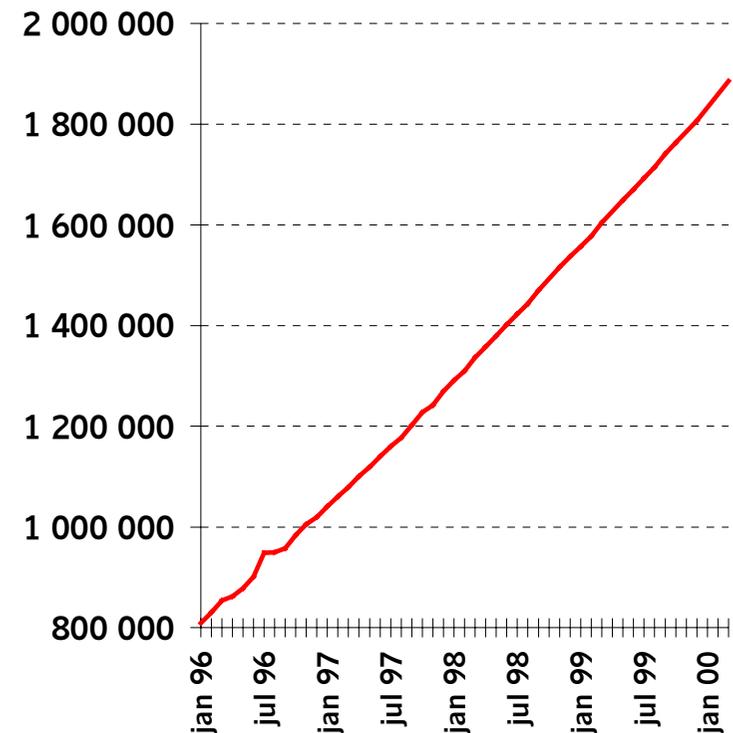
Approaching 2 million EuroBonus members



- ▶ Number of members during 1st quarter increased by 4,4% to 1 886 000
- ▶ Member distribution by country:

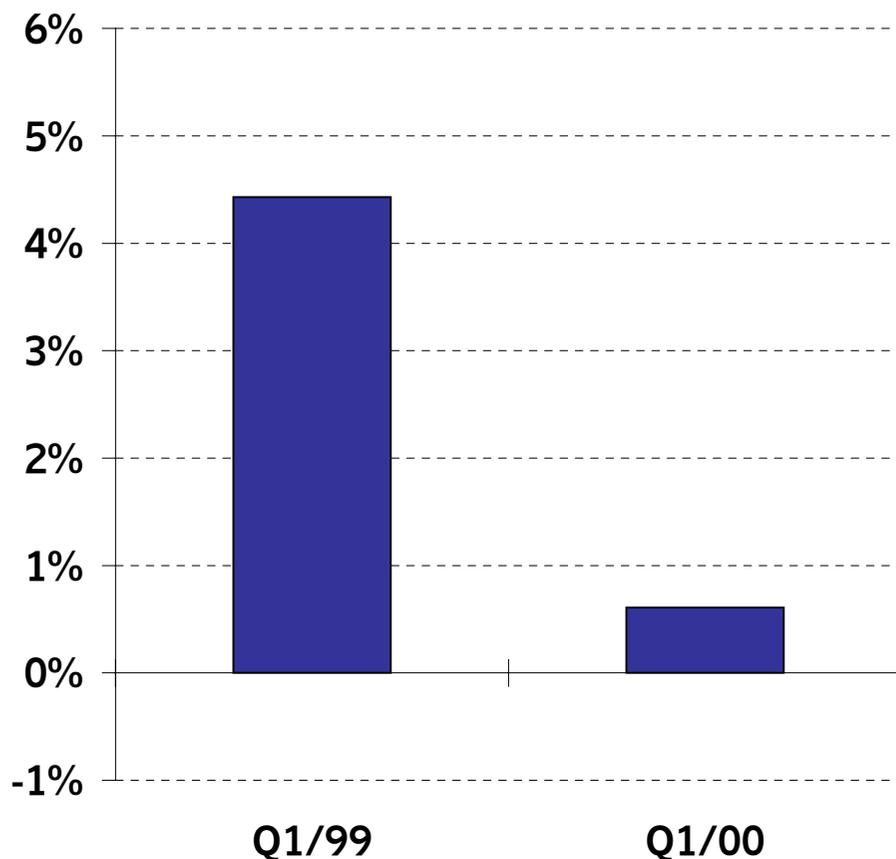
Outside Scandinavia	30%
Denmark	16%
Norway	32%
Sweden	22%

Number of members



Strong focus on costs - unit costs down adjusted for fuel costs

Index Last Year



- ▶ Increase of 0,6% in 1st Quarter
- ▶ Down 3,5% adjusted for fuel costs
- ▶ Positively affected by
 - Result Improvement program

Result Improvement Program 1999/00

- ▶ MSEK 1350 achieved as of 1st quarter 2000
- ▶ Target by early 2001: 3 000 MSEK

Area	Targeted effect vs. 1998
Cargo	100 MSEK
Catering & In-flight service	300 MSEK
IT & communications	250 MSEK
Distribution & Electronic channels	800 MSEK
Air crew	610 MSEK
Ground handling	300 MSEK
Technical maintenance	310 MSEK
Overhead & other	360 MSEK
Total	3030 MSEK

Fleet composition according to strategy - five new units during Q1

CHANGE 30MAR00 **Changes until end year 2000**

Boeing 767-300	-	Unchanged
MD-80	-	Unchanged
MD-90	-	Unchanged
Boeing 737	+5	15 new deliveries
DC-9-81	-	Phase out 2000
DC-9-41	-1	Phase out 2001
DC-9-21	-1	Phase out 2000
Boeing 737-300	-	Flexible capacity, wet lease
Fokker F28	-1	Phase out 1999/00
Fokker F50	-	Gradual phase out
DeHavilland Q400	+3	Phase in 2000
SAAB 2000	-	Gradual phase out
TOTAL	+5	

www.scandinavian.net

It's Scandinavian



Travel Guide Reservations, EuroBonus & Travel Services

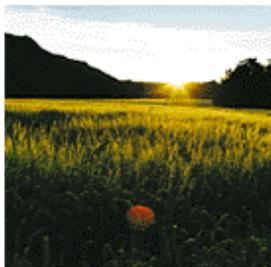
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Company Guide

SAS Corporate Information

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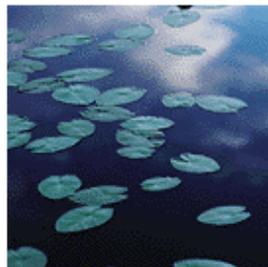


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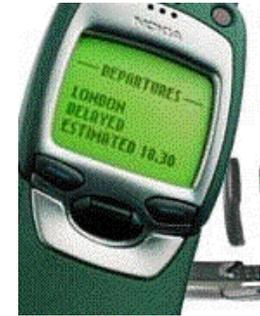
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A STAR ALLIANCE MEMBER

Electronic Channels - more news to come..

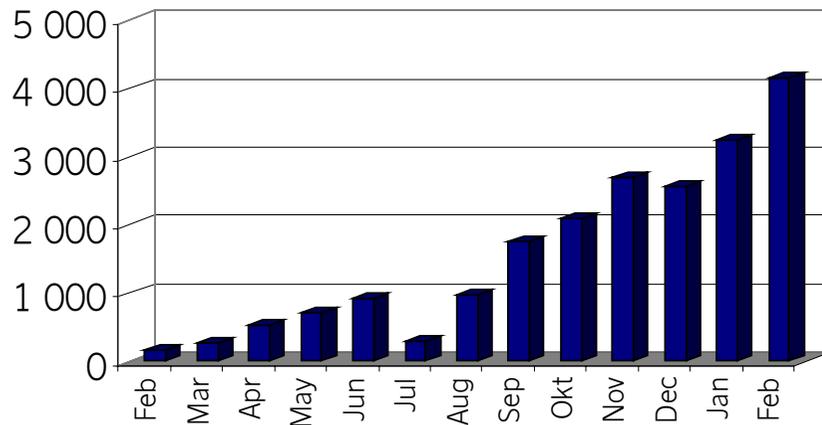


- ▶ New web site launched in (NOV99)
 - ▶ WAP-based booking service (JAN00)
 - ▶ Tests of Digital -TV communications with customers (MAY00)
 - ▶ European Travel Portal (MAY00)
- ## Ticketless travel
- ▶ E-TIX, TPC, TP
 - ▶ 12% of total Scandinavian sales (up from 6%)
 - ▶ Travel Pass Corporate (TPC) - a great success

Travel Pass Corporate - exponential development



No of active cards each month



- ▶ Reduced distribution costs
 - Bookings online
- ▶ Increased customer value
 - Pay as you fly!
- ▶ Focus on corporate accounts
 - Bonus on volume

First European online portal takes off

Announced today

- ▶ First European, multi-airline, online travel market created
- ▶ 10 major European participants
- ▶ Most up-to-date fare information
- ▶ Lowest branded fares

To cut the cost of selling and distributing tickets significantly

April traffic figures- a mixed picture

- ▶ Strong growth and sharply increased load factors
- ▶ Business Class affected by Easter periods

	Passenger- traffic (RPK)	Seat capacity (ASK)	Cabin- factor
SAS Total	+7,0%	-1,4%	+5,3 p.u.
Intercontinental	+12,9%	+2,6%	
Europe	+4,2%	-1,2%	
Domestic and Intrascandinavian	+3,4%	-5,2%	

Operating key figures - year 2000

- ▶ Increased traffic growth scenario
- ▶ Continued pressure on yields

SAS	2000
ASK	Up approx 3%
Frequencies	Marginally up
RPK	Up 7-8%
Passenger yield	Down 1-2%
Unit costs	Down

The Board of Directors

Assessment for full year 2000:



European airline shares

Relative development since January 1999

