

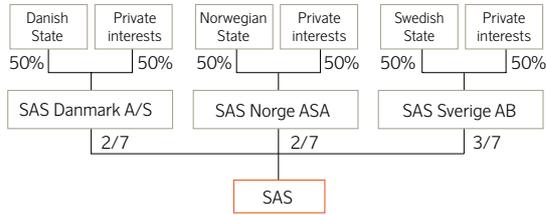
Year-end Report 2000

The SAS Group

SAS Danmark A/S • SAS Norge ASA • SAS Sverige AB



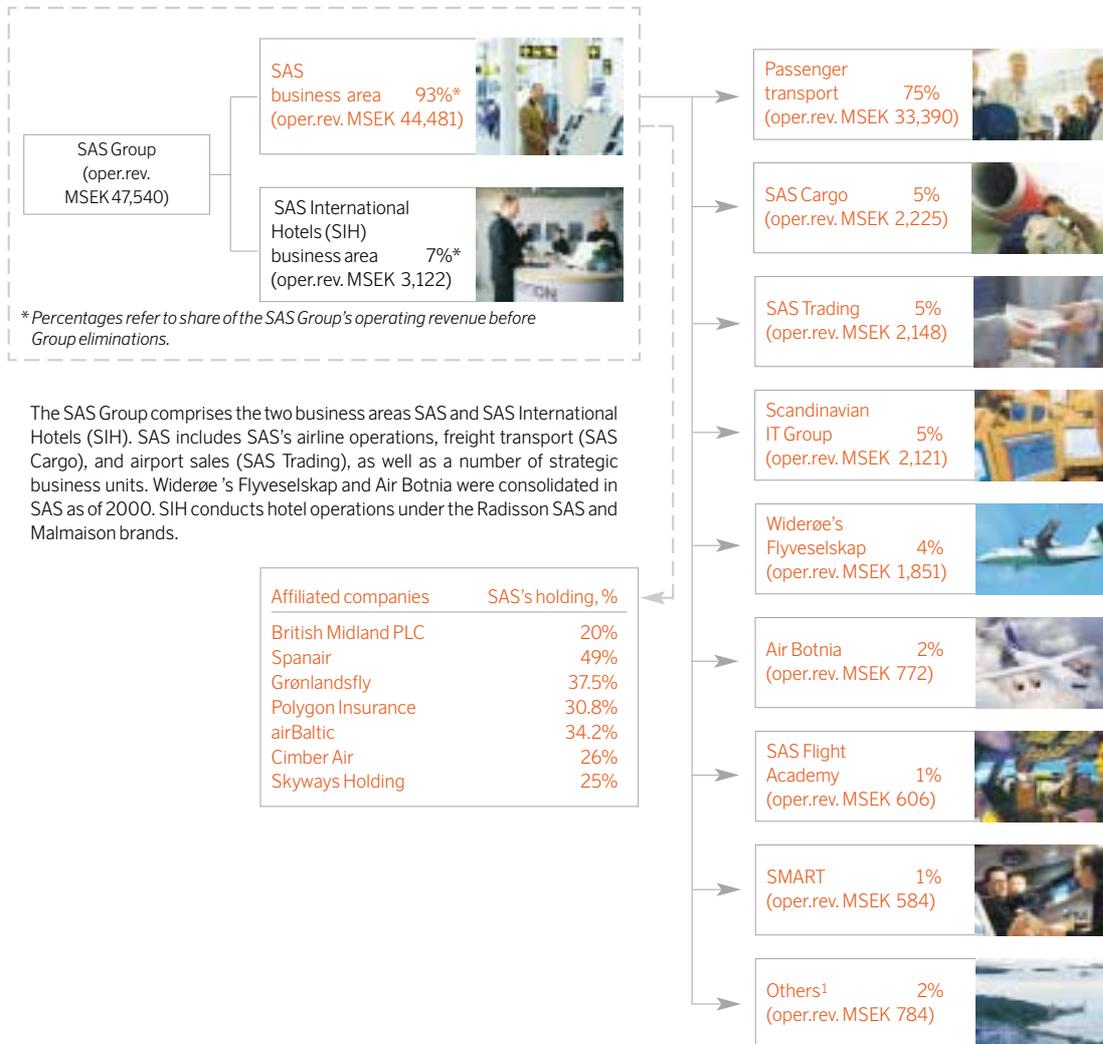
Ownership structure



SAS was formed in 1946 and is a consortium comprising the three national airlines SAS Danmark A/S, SAS Norge ASA, and SAS Sverige AB.

The Danish and Norwegian parent companies each own a 2/7 share in the consortium, with the Swedish company owning the remaining 3/7. The parent companies are listed on the stock exchanges in Copenhagen, Oslo and Stockholm respectively. 50% of the shares in each parent company are owned by the respective state and 50% by private interests.

SAS Group



¹ Incl. Group eliminations.

SAS Group

SAS Danmark A/S

SAS Norge ASA

SAS Sverige AB

- **The SAS Group's income** before taxes was MSEK 2,773 (1,846). Income for the fourth quarter amounted to MSEK 1,705 (1,245).
- **Income excluding capital gains** amounted to MSEK 1,235 (420) for the full year 2000 and MSEK 457 (429) in the fourth quarter.
- **The SAS Group's operating revenue** rose 8.7% to MSEK 47,540.
- **Passenger traffic (RPK)** increased by 7.0%. Traffic in Business Class rose 9%.
- **Increased fuel costs** had a negative impact on earnings of MSEK 1,677 compared with the previous year. The business improvement program was implemented according to plan which led to a 3.0% reduction in the unit cost, excluding the higher fuel costs.
- **Earnings before depreciation** and leasing costs for aircraft (EBITDAR) increased by 35% to MSEK 5,652 (4,199).
- **Earnings per share** amounted to SEK 15.48 (8.70) for SAS Danmark A/S, SEK 12.49 (7.94) for SAS Norge ASA, and SEK 11.79 (8.41) for SAS Sverige AB. The proposed dividend is DKK 3.80, NOK 4.20 and SEK 4.50 per share respectively.
- **SAS's parent companies** report the following income after taxes:

SAS Danmark A/S	MDKK	642	(345)
SAS Norge ASA	MNOK	564	(352)
SAS Sverige AB	MSEK	831	(593)
- **After a successful year** for SAS's operations, although with historically high fuel costs, the Board expects a significant improvement in operating income for the full year 2001. In addition, capital gains are expected to amount to at least MSEK 500.

The SAS Group's annual report will be available on March 8, 2001.

The complete report can be accessed on www.scandinavian.net

Important Events in the Last Four Quarters

First Quarter 2000

- SAS launched a WAP service for ticket reservations and information via mobile telephone.
- SAS was ranked best domestic airline in Norway and received the “Grand Travel Award.”
- SAS EuroBonus won the “Freddie Award” for the fourth consecutive year.
- SAS decided to buy 12 Airbus A321s and options for a total of SEK 4.5 billion. These aircraft meet high standards as regards low fuel consumption and noise levels, and raise SAS’s transport capacity to/from several major European cities and between the three Scandinavian capitals.
- SAS Cargo, Lufthansa Cargo and Singapore Airlines intensified their partnership plans in the freight sector.
- SAS, British Midland and Lufthansa concluded a joint venture agreement regarding European traffic to/from London Heathrow and Manchester.
- Star Alliance™ was broadened to incorporate two more members, Singapore Airlines and Austrian Airlines Group.
- SAS signed an agreement with Sabre, the world leader in advanced IT solutions for the travel and transport industry, regarding wider distribution of SAS’s products and services.

Second Quarter 2000

- SAS tested Digital TV in interactive communication with customers.
- British Midland and Mexicana Airlines became new members of Star Alliance™.
- SAS launched timetable information via SMS.
- SAS International Hotels (SIH) sold the Radisson SAS Scandinavia Hotel property in Oslo.

Third Quarter 2000

- In cooperation with twelve other airlines, SAS set up the airline industry’s largest Internet-based marketplace for business-to-business commerce, Aeroxchange.
- The members of Star Alliance™ launched StarNet, a sophisticated IT solution that links the 15 airlines’ computer systems with each other, which will benefit integration of the traffic systems.
- SIH concluded an agreement to operate the Malmaison hotels and acquired the Malmaison brand together with its partner.

Fourth Quarter 2000

- Jørgen Lindegaard, aged 52, was appointed to be the new President and CEO of SAS. He will take up his position in the first half of 2001.
- SAS, Amadeus and Netcom launched a new Internet-based travel marketplace with the aim of achieving a leading position in Scandinavia.
- In October, SIH sold the Radisson SAS Scandinavia Hotel Düsseldorf property. The hotel will continue to be operated under a long-term management agreement.
- SAS’s winter traffic program represents international expansion.
- The three Scandinavian governments announced their intention to reorganize SAS’s share structure to one share in a holding company.
- SAS presented a multi-function card, SAS Corporate Card, which can be used as an electronic ticket and means of payment. The card, to be launched in spring 2001, was developed in cooperation with Nordbanken Finans.

Important Events after January 1, 2001

- SAS decides to introduce a new class in the new long-haul fleet.
- SAS signs an agreement with Telia and the U.S. company Tenzing Communications Inc. on cooperation concerning wireless Internet and e-mail on board aircraft.
- SAS starts a pilot study on using Bluetooth technology to offer air travelers flight information directly in their mobile phones.
- SAS is voted best domestic airline in Norway for the second consecutive year and received the “Grand Travel Award.” SAS was also voted best international airline in Norway.

SAS Group

2000 was a successful year for the SAS Group.

The airline operations developed well with strong growth in passenger and freight revenues. The increase in Business Class travel and an improved price structure provided a positive volume and yield development. Capacity utilization, the cabin factor, was the highest in SAS's history, and during the year SAS increased its market shares while utilization of production resources improved considerably.

The earnings trend was satisfactory with improvements at all result levels despite the record high jet fuel prices. SAS's fuel costs were MSEK 1,677 MSEK, or 73% higher than in the previous year. SAS's unit cost fell 3.0%, excluding the increased fuel prices.

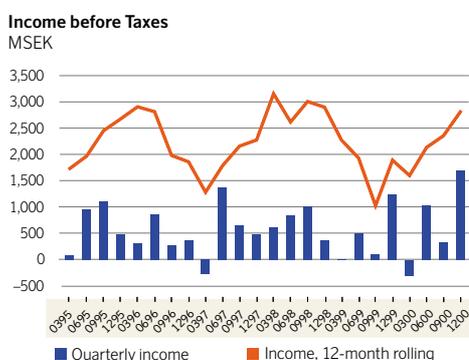
The earnings trend for SAS International Hotels remained favorable, and the strategy of focusing the business on operating hotels on an international basis and phasing out ownership of hotel properties continued. For comparable units SIH's income before depreciation (EBITDA) grew 22%. Significant values have been created in SIH in recent years and the company has a good balance between earnings from operations and annual rental commitments.

Financial Development

Widerøe's Flyveselskap (63.3%) and Air Botnia (100%) are reported as subsidiaries as of January 1, 2000. The figures for 1999 have been adjusted for comparability.

Currency Effects

Income for the period January-December was affected by a positive currency effect of MSEK 257. In the fourth quarter the net effect was MSEK 266. This positive currency effect mainly arose because of the strong U.S. dollar and a weaker Danish krone than in 1999 for most of the year.



Fourth Quarter 2000

Operating revenue amounted to MSEK 12,809 (11,539) in the fourth quarter, an increase of 11%.

Operating expenses increased by MSEK 1,065 or 10.2%, of which higher fuel costs accounted for MSEK 566.

Net financial items amounted to MSEK -53 (-88) in the fourth quarter. The currency effect during the quarter was MSEK 53 (-17).

Income before capital gains was MSEK 457 (429), an increase of 6.5%.

Income from the sale of fixed assets amounted to MSEK 1,248 (816). In December, 20% of the shares in British Midland were sold to Lufthansa which provided a capital gain of MSEK 1,031. In addition to this, the sale of aircraft provided a total of MSEK 217.

Income before taxes amounted to MSEK 1,705 (1,245).

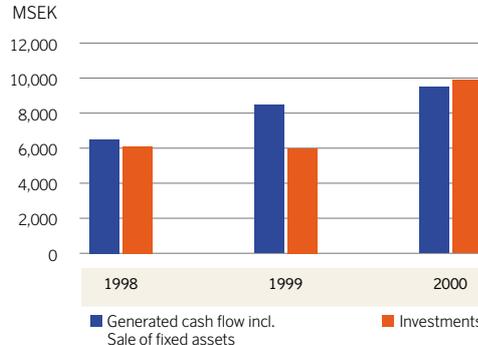
January-December

The SAS Group's operating revenue amounted to MSEK 47,540 (43,746), an increase of MSEK 3,794 or 8.7%. MSEK 3,115 of this increase was higher passenger revenue and MSEK 679 increased operating revenue in other operating areas. SAS's passenger traffic measured in RPK, revenue passenger kilometers, increased by 7.0% compared with 1999. Unit revenue, yield, increased by 1.9% adjusted for currency effects.

Operating expenses rose by MSEK 2,818 or 6.9%. Increased fuel costs accounted for MSEK 1,677 of this amount. Operating income before depreciation increased by MSEK 976 or 36% and amounted to MSEK 3,723 (2,747). The gross profit margin increased from 6.3% to 7.8%.

Share of income in affiliated companies amounted to MSEK -1 (77). Amortization of goodwill is included in a total

Cash Flow and Investments



amount of MSEK 32 (29). It was mainly a negative earnings trend in Polygon Group Ltd which contributed to the decrease compared with the previous year.

The SAS Group's net financial items amounted to MSEK -295 (-317). Net interest was MSEK -278 (-273). The currency effect was MSEK 15 (-39).

Income before capital gains amounted to MSEK 1,235 (420).

Capital gains totaled MSEK 1,538 (1,426).

The sale of two Fokker F28s, one SAAB 340 and four deHavilland Dash-8s provided a total of MSEK 46. Sale and leaseback of six Boeing 737s, one Boeing 767, six deHavilland Q400s and six Fokker F50s provided a total of MSEK 378. A MSEK 218 deduction was made for phasing in and phasing out costs, following which capital gains from aircraft transactions are reported in a net amount of MSEK 206. The sale of shares in British Midland generated MSEK 1,031. The sale of a hotel property and other shares provided a total of MSEK 301.

Income before taxes amounted to MSEK 2,773 (1,846). The change in income before taxes is due to:

Currency effect	257
Operating income before depreciation	773
Depreciation, share of income, etc.	-215
Capital gains	112
	927

Investments

The SAS Group's investments, including prepayments, amounted to MSEK 9,886 (5,982) during the year. The airline operations accounted for MSEK 9,578 (5,832) of investments and SAS International Hotels for MSEK 308 (150). Investments in aircraft and other flight equipment amounted to MSEK 8,455 (4,428). This includes investment in 19 Boeing 737s and eleven deHavilland Q400s. Delays at the manufacturer, Bombardier, resulted in deliveries of ten deHavilland Q400s being rescheduled from 2000 to 2001.

At the end of December 2000, the value of orders for Boeing 737s, deHavilland Q400s, Airbus A340/330s and Airbus A321s totaled MUSD 2,250.

Firm orders for aircraft during the period 2001-2003>

	Total	2001	2002	2003>
MUSD	2,250	1,000	850	400
Number of aircraft	49	27	16	6

Other investments normally amount to MSEK 800-900 on a yearly basis

Financial Position

The SAS Group's liquid assets amounted to MSEK 8,964 (8,488) on December 31, 2000. Cash flow from operations amounted to MSEK 2,892 (2,173). The net sum of investments and sales of fixed assets amounted to MSEK -4,327 (619). Cash flow including the sale of fixed assets has exceeded investments in the last two years. Although investments increased by MSEK 3,904 compared with the previous year, due to the now started renewal and expansion of the aircraft fleet, cash flow was on a par with investments. The financing deficit for the year after transfer to the parent companies was MSEK 1,160 MSEK. A financing surplus of MSEK 1,524 was reported for 1999.

The equity/assets ratio at December 31, 2000, was 41% (40%). The proposed transfer to SAS's three parent companies is not entered as a liability at December 31, 2000. The equity/assets ratio at December 31, 1999, was 41% adjusted for comparability. The net debt amounted to MSEK 2,393, an increase of MSEK 1,049 since year-end 1999. This increase is mainly attributable to prepayments and delivery payments for new aircraft.

The estimated surplus value of the aircraft fleet owned by SAS was approximately MSEK 5,500 (4,400) at December 31, 2000.

Personnel

The average number of employees at the SAS Group during the year was 30,939 (30,310), of whom 27,767 (27,201) at SAS and 3,131 (3,071) at SAS International Hotels.

Summary Statement of Income

(MSEK)	October-December		January-December	
	2000	1999	2000	1999
Operating revenue	12,809	11,539	47,540	43,746
Payroll expenses	-3,700	-3,675	-14,928	-14,825
Other operating expenses	-7,801	-6,761	-28,889	-26,174
Operating income before depreciation	1,308	1,103	3,723	2,747
Depreciation	-749	-546	-2,192	-2,087
Share of income in affiliated companies	-49	-40	-1	77
Income from the sale of shares in subsidiaries and affiliated companies	1,016	-3	1,033	283
Income from the sale of aircraft and buildings	228	623	490	726
Operating income	1,754	1,137	3,053	1,746
Income from other shares and participations	4	196	15	417
Net financial items	-53	-88	-295	-317
Income before taxes	1,705	1,245	2,773	1,846

Operating Revenue by Operating Area

(MSEK)	October-December		January-December	
	2000	1999	2000	1999
SAS	11,971	10,757	44,481	40,868
SAS International Hotels	853	802	3,122	2,963
Other operations/Group eliminations	-15	-20	-63	-85
Total operating revenue	12,809	11,539	47,540	43,746

Summary Balance Sheet

(MSEK)	December 31	December 31
	2000	1999
Aircraft and spare parts	15,985	12,250
Other noninterest-bearing assets	19,588	19,945
Interest-bearing assets (excl. liquid assets)	4,790	3,414
Liquid assets	8,964	8,488
Assets	49,327	44,097
Shareholders' equity	19,537	17,061
Minority interests	131	134
Subordinated debenture loan	840	772
Other interest-bearing liabilities	15,307	12,474
Operating liabilities	13,512	13,656
Shareholders' equity and liabilities	49,327	44,097

Shareholders' equity

January 1, 2000	17,061
Change in translation differences, etc.	49
Change in equity in affiliated companies, etc.	-45
Income after taxes, 2000	2,472
December 31, 2000	19,537

Cash Flow Statement

(MSEK)	October-December		January-December	
	2000	1999	2000	1999
Income before taxes	1,705	1,245	2,773	1,846
Depreciation	749	546	2,192	2,087
Income from the sale of fixed assets	-1,248	-816	-1,538	-1,426
Adjustment for items not included in cash flow, etc.	-102	-10	-535	-334
Cash flow from operations	1,104	965	2,892	2,173
Change in working capital	1,355	944	1,045	-311
Net financing from operations	2,459	1,909	3,937	1,862
Investments including prepayments to aircraft suppliers	-2,613	-1,660	-9,886	-5,982
Sale of fixed assets, etc.	3,063	4,599	5,559	6,601
Payments to parent companies	0	0	-770	-957
Financing surplus/deficit	2,909	4,848	-1,160	1,524
External financing, net	-1,060	-2,248	1,636	-1,184
Change in liquid assets according to the balance sheet	1,849	2,600	476	340

SAS

Airline Operations

Market and Competition

2000 was a good year for SAS in terms of traffic development.

The market for air traffic between Scandinavia and the rest of the world grew by more than 4%, with the strongest growth to and from Sweden. All SAS's key intercontinental markets and Swedish domestic traffic grew very strongly in 2000. During the year, SAS captured market shares in the business segment and increased its total market share.

The European airlines' international traffic grew by nearly 8% in 2000. The companies have expanded their production by just over 4%. In the same period, SAS increased its international production by just over 1% but had a traffic increase of 7%. In order to meet demand where its own capacity was insufficient, SAS in some cases leased in capacity from partners under a so-called wet lease agreement (leasing of aircraft including crew).

SAS's total passenger traffic rose 7.0% compared with the full year 1999. In the period October-December, traffic rose 5.4%.

Development for Business Class traffic was positive and increased by 9% compared with the previous year. Business Class accounted for 29% of total RPK, which is the same level as in the previous year. Traffic in Economy Class increased by 6% compared with 1999. The cabin factor rose by 3.3 percentage points to 67%, which is the highest capacity utilization SAS has ever had in its traffic system. In the fourth quarter, the cabin factor rose by 1 percentage point to 64.3%. Yield adjusted for currency effects increased by 1.9% compared with the full year 1999.

Intercontinental traffic rose 6.9% compared with the previous year. Business Class traffic increased by 10% and Economy Class by 6%. The cabin factor on the intercontinental routes was 80.6% (75.6%), an increase of 5 percentage points. The market developed very well and the cabin factor was high, on Asian routes extremely high. In the very important transatlantic market, SAS defended its market position, while market shares were lost in Asian traffic. Lack of capacity prevented SAS from being able to fully exploit expansion in the market. In autumn 2001, SAS will start introducing new and considerably larger Airbus A330/340 aircraft. A first expansion will take place in May 2001 when SAS will start a daily service between Copenhagen and Washington D.C.

Only two intercontinental routes showed falling passenger numbers, Stockholm-New York and Oslo-New York. The reason for this is that passengers whose final destination is not New York are increasingly choosing to use SAS's routes to Chicago and continue their trip in the U.S. with SAS's Star Alliance partner, United Airlines.

Traffic on European routes increased by 7.5%. Business Class traffic rose 8% and Economy Class 7%. The cabin factor was 2.6 percentage points higher than in the previous year. Production increased by 3%. The market saw good growth in 2000. SAS expanded its production to meet this increased demand. In order to be able to extend its traffic system, SAS obtained help from partners during the year. SAS's traffic to and from Finland was successful. Together with its

wholly owned subsidiary Air Botnia, SAS has captured market shares both on Finland-Scandinavia traffic and between Finland and the rest of the world. In Europe, competition from low-cost airlines is intensifying, particularly on routes to London. SAS's new aircraft for European traffic, the Airbus A321, will be introduced on routes to London, Paris and Frankfurt starting in the fourth quarter of 2001. In autumn 2000, SAS expanded in Europe. Two new routes were opened during the year: Copenhagen-Birmingham and Oslo-Dublin. The Copenhagen-Lisbon route was suspended during the year.

Intra-Scandinavian traffic increased by 4.1%. Business Class traffic rose 6% and Economy Class 2%. The cabin factor increased by 3.2 percentage points to 60.3%. Production was cut by 1.5%. Competition on routes between the Scandinavian capitals decreased when several competitors withdrew from this market. The capital city routes are full at certain times of the day and restrictions occur. In order to solve this lack of capacity, aircraft reconfigured with more seats were introduced on these routes in autumn 2000. Braathens closed its route between Oslo and Stockholm at the end of June. In the autumn, SAS increased its production on Stockholm-Oslo by putting in aircraft with more seats. When the Öresund Bridge was opened at the end of August, the catamaran service between Copenhagen Airport and Malmö was withdrawn.

In the Swedish domestic market, SAS and its partners increased their market share during the year. The total market increased by 5% and SAS's traffic was up 15.2% over the previous year. The increase in Business Class was 14% and in Economy Class 16%. Capacity increased by 14.9% measured in ASK following the phasing in of larger aircraft, and the cabin factor was 64% (63.8%). Domestic air traffic in Sweden has grown strongly since 1997. The number of domestic passengers amounted to approximately 8 million in 2000. Braathens' closure of its Norrland routes meant that SAS's Norrland traffic increased considerably more than traffic in the rest of the country.

The new Arlanda Express high-speed train service between Arlanda and downtown Stockholm helped to strengthen SAS's traffic hub Arlanda in relation to Bromma Airport.

The Norwegian domestic market fell by 2.5% to 10.5 million passengers. The decline in the number of passengers is partly explained by the fact that 1999 was a year characterized by overcapacity and tough competition over fares and therefore considerable traffic growth in the leisure travel market. During the year, SAS increased its traffic and market share by 1%. Business Class traffic increased by 4% while Economy Class was unchanged from 1999. After Color Air ceased its flight operations in autumn 1999, both SAS and its competitor Braathens cut back their production. The total number of departures in this market has been cut by approximately 15%. SAS's production decreased by 6.3% and the cabin factor rose by 4 percentage points to 57%.

Danish domestic traffic increased in Business Class by 5% and decreased in Economy Class by 7%. Total traffic was 2% lower than in the previous year. In 2000, SAS's traffic in the Danish domestic market decreased slightly more than the market and SAS's share of the Danish domestic market

Traffic, Production and Yield

		Oct.-Dec. 2000	Oct.-Dec. 1999	Change	Jan.-Dec. 2000	Jan.-Dec. 1999	Change
SAS Total							
Number of passengers	(000)	5,747	5,536	+3.8%	23,240	21,991	+5.7%
Revenue Passenger Kilometers (RPK) (mill)		5,492	5,210	+5.4%	22,647	21,160	+7.0%
Available Seat Kilometers (ASK) (mill)		8,541	8,227	+3.8%	33,782	33,205	+1.7%
Cabin factor		64.3%	63.3%	+1.0%pts.	67.0%	63.7%	+3.3%pts.
Yield, adjusted for currency effects				+5.1%			+1.9%
Intercontinental routes							
Number of passengers	(000)	289	281	+3.1%	1,201	1,128	+6.5%
Revenue Passenger Kilometers (RPK) (mill)		1,950	1,898	+2.7%	8,150	7,625	+6.9%
Available Seat Kilometers (ASK) (mill)		2,493	2,447	+1.9%	10,110	10,088	+0.2%
Cabin factor		78.2%	77.6%	+0.6%pts.	80.6%	75.6%	+5.0%pts.
Yield, adjusted for currency effects				+7.5%			+3.1%
European routes							
Number of passengers	(000)	1,854	1,712	+8.3%	7,650	7,104	+7.7%
Revenue Passenger Kilometers (RPK) (mill)		1,856	1,714	+8.3%	7,702	7,162	+7.5%
Available Seat Kilometers (ASK) (mill)		3,150	2,999	+5.0%	12,527	12,163	+3.0%
Cabin factor		58.9%	57.2%	+1.8%pts.	61.5%	58.9%	+2.6%pts.
Yield, adjusted for currency effects				+3.9%			+1.1%
Intra-Scandinavian routes							
Number of passengers	(000)	982	1,034	-5.0%	4,255	4,232	+0.5%
Revenue Passenger Kilometers (RPK) (mill)		458	433	+5.8%	1,874	1,801	+4.1%
Available Seat Kilometers (ASK) (mill)		792	766	+3.4%	3,108	3,154	-1.5%
Cabin factor		57.8%	56.5%	+1.3%pts.	60.3%	57.1%	+3.2%pts.
Yield, adjusted for currency effects				+1.7%			+1.3%
Danish domestic							
Number of passengers	(000)	249	249	+0.1%	980	1,031	-5.0%
Revenue Passenger Kilometers (RPK) (mill)		82	79	+4.0%	372	380	-2.0%
Available Seat Kilometers (ASK) (mill)		128	132	-2.7%	550	603	-8.7%
Cabin factor		63.7%	59.6%	+4.1%pts.	67.6%	63.0%	+4.6%pts.
Yield, adjusted for currency effects				+0.9%			-1.6%
Norwegian domestic							
Number of passengers	(000)	942	978	-3.7%	3,850	3,802	+1.3%
Revenue Passenger Kilometers (RPK) (mill)		460	479	-4.0%	1,977	1,960	+0.9%
Available Seat Kilometers (ASK) (mill)		847	910	-6.9%	3,466	3,698	-6.3%
Cabin factor		54.3%	52.6%	+1.7%pts.	57.0%	53.0%	+4.0%pts.
Yield, adjusted for currency effects				+15.5%			+9.9%
Swedish domestic							
Number of passengers	(000)	1,430	1,283	+11.5%	5,305	4,694	+13.0%
Revenue Passenger Kilometers (RPK) (mill)		686	607	+13.0%	2,572	2,233	+15.2%
Available Seat Kilometers (ASK) (mill)		1,129	973	+16.1%	4,020	3,499	+14.9%
Cabin factor		60.8%	62.4%	-1.7%pts.	64.0%	63.8%	+0.2%pts.
Yield, adjusted for currency effects				+1.5%			-1.2%

is now just over 50%. Production decreased by 8.7% or more than the decline in traffic which improved the cabin factor by 4.6 percentage points. However, Danish domestic traffic is a shrinking market due to an improved infrastructure for road traffic, mostly due to the bridge over the Great Belt.

The number of passengers during the year was 23.2 million (22.0). The number of SAS EuroBonus members was 17% higher than on December 31, 1999, and amounted to 2.1 million. Of SAS's total ticket sales, more than 10% were made through electronic channels.

SAS Cargo

SAS Cargo's revenues increased by MSEK 116 in 2000 to MSEK 2,225. Total tonnage flown amounted to 287,000 tonnes. SAS Cargo's contribution to SAS's earnings amounted to MSEK 861 (739). In 2000 demand for air freight increased, particularly between Asia and Europe.

SAS Cargo has consolidated its freight terminals in Copenhagen in order to improve freight handling and enhance efficiency. At the beginning of July, a new freight terminal officially went into operation in Malmö. A new terminal in Stavanger, Norway, was opened in November and a new freight terminal in Riga, Latvia, went into operation in February 2001.

Several competing air freight companies represent a growing and increasingly aggressive threat to SAS Cargo's own home market in the Nordic region. Despite this, SAS Cargo has succeeded in keeping and to some extent broadening its position and capturing new market shares, in Finland and elsewhere, through strategic partnerships and greater customer orientation.

On SAS Cargo's European routes competition with integrated companies and truckers has intensified. In order to counteract this negative trend, action has been taken to change the product mix through express consignments to compensate for the fall in tonnage.

Income Trend

Operating income from the airline operations showed positive development in 2000, despite the substantial fuel price increase, due to stronger traffic and revenue trends, better capacity utilization, and a positive trend for the unit cost.

Operating income before depreciation and leasing costs (EBITDAR) amounted to MSEK 1,648 (1,210) in the fourth quarter, an increase of 36%. Capacity utilization in the traffic system increased compared with the fourth quarter of 1999 by 1 percentage point to 64.3%. Yield adjusted for currency

effects rose 5.1% compared with the fourth quarter of the previous year.

Operating income before depreciation and leasing costs (EBITDAR) for the period January-December amounted to MSEK 5,155 (3,688), an increase of 40%.

Production expressed in ASK increased by 1.7% for the full year.

Operating expenses increased during the year by MSEK 2,049 or 5.5%, of which increased fuel costs accounted for MSEK 1,677.

In the period January-December the unit cost adjusted for currency effects increased by 1.1%. Excluding the fuel price increase, the unit cost fell by 3.0%.

The price of jet fuel in Europe, where SAS has the greater part of its consumption, was 71% higher in 2000 than in the previous year. Since SAS hedges part of its anticipated consumption on a rolling 12-month basis, a significant part of the price increase on jet fuel could be avoided. SAS's fuel costs increased by 73% compared with the previous year. Of this, the increased price of jet fuel accounts for 56 percentage points and volume and currency effects total 17 percentage points. The increased cost of fuel had a negative impact on the unit cost of 4.1%.

Even though there was a downturn in prices at the end of 2000, the oil price is expected to stabilize at a relatively high level in the immediate future. OPEC's decision to reduce its production quota in the middle of January will support the price, although it can be expected that additional quota reductions will be necessary to keep the price at around 25 dollars a barrel. The economic trend in the U.S. and in other OECD countries, as well as OPEC's ability to adjust its quotas, must be regarded as key factors in 2001.

Payroll expenses were at the previous year's level, MSEK 13,779 (13,733).

At the end of December 2000, cost reductions of MSEK 2,900 on an annual basis had been achieved within the framework of SAS's business improvement program. This program has been under way for about 18 months and has been successful. The target of MSEK 3,000 will be achieved in the first half of 2001.

Two Fokker F-28s and one SAAB 340 were sold during the year. Sale and leaseback transactions were carried out for six Boeing 737s, one Boeing 767, six deHavilland Q400s and six Fokker F-50s. Nineteen Boeing 737s and eleven deHavilland Q400s went into operation, of which four and one respectively in the fourth quarter.

Income before capital gains was MSEK 897 which represents an MSEK 728 improvement over 1999.

Income by Operating Area

(MSEK)	October-December		January-December	
	2000	1999	2000	1999
SAS Airline operations				
Passenger revenue	8,796	7,764	33,390	30,275
Freight revenue	757	673	2,558	2,379
Other traffic revenue	514	539	1,265	1,339
Other revenue	1,904	1,781	7,268	6,875
Operating revenue	11,971	10,757	44,481	40,868
Payroll expenses	-3,392	-3,382	-13,779	-13,733
Selling costs	-757	-470	-2,443	-2,064
Jet fuel	-1,200	-634	-3,959	-2,282
Government user fees	-948	-959	-3,740	-3,796
Catering costs	-371	-472	-1,791	-1,772
Handling costs	-467	-505	-1,926	-1,935
Technical aircraft maintenance	-516	-571	-2,285	-2,134
Other operating expenses	-2,611	-2,506	-9,356	-9,514
Operating expenses	-10,262	-9,499	-39,279	-37,230
Share of income in affiliated companies	-61	-48	-47	50
Earnings before depreciation and leasing costs, EBITDAR	1,648	1,210	5,155	3,688
Depreciation	-703	-506	-2,042	-1,902
Leasing costs	-509	-307	-1,898	-1,346
Capital gains	1,224	814	1,271	1,138
Net financial items	-61	-88	-318	-271
SAS – Income before taxes	1,599	1,123	2,168	1,307
SAS International Hotels				
Income before depreciation	99	153	396	459
Depreciation	-45	-39	-148	-183
Share of income in affiliated companies	11	7	45	26
Capital gains	24	2	267	288
Net financial items	7	1	23	-46
SIH – Income before taxes	96	124	583	544
Other operations/Group eliminations	10	-2	22	-5
Income before taxes	1,705	1,245	2,773	1,846

SAS International Hotels (SIH)

In 2000, the majority of markets in which SAS International Hotels (SIH) operates showed very favorable development. In key markets such as London, Amsterdam and Stockholm, demand for hotel rooms is very high which resulted in occupancy rates well over 90%. The only market with negative development during the year was Norway, due to increased supply and lower demand. Revenue per available room rose by 6% in 2000.

Revenues for the year amounted to MSEK 3,122 (2,963), an increase of just over 5%. Approximately 85% of this increase is attributable to an increased number of hotels, while the rest is mainly an effect of more efficient revenue control.

Operating income before depreciation amounted to MSEK 396 (459). The entire decrease is attributable to the

sale of two owned hotels, which will continue to be operated through long-term lease and management agreements. Earnings are now charged with a rental cost, instead of the previous depreciation. For comparable units, EBITDA shows an increase of 22%.

SIH concluded 25 new hotel agreements during the year. The hotels are located in cities including Bahrain, Sofia, Warsaw and Oslo.

At the end of 2000 the number of hotels in operation or under construction totaled 146.

The shareholding in Radisson SAS Scandinavia Hotel Düsseldorf was sold, which generated a capital loss of MSEK 19. Radisson SAS will continue to operate the hotel under a long-term management agreement.

Income before taxes amounted to MSEK 583 (544).

Statement of Income (SIH)

(MSEK)	October-December		January-December	
	2000	1999	2000	1999
Rooms revenue	355	346	1,485	1,476
Food and beverage revenue	320	310	1,053	1,019
Other revenue	178	146	584	468
Total operating income	853	802	3,122	2,963
Operating expenses	-602	-532	-2,176	-2,040
Rental expenses, property insurance and property tax	-152	-117	-550	-464
Operating income before depreciation	99	153	396	459
Depreciation	-45	-39	-148	-183
Share of income in affiliated companies	11	7	45	26
Income from the sale of shares in subsidiaries	-19	2	-19	288
Income from the sale of buildings	43	0	286	0
Net financial items	7	1	23	-46
Income before taxes	96	124	583	544
			December 31	December 31
			2000	1999
EBITDA, MSEK			441	485
Return on capital employed (ROCE)			17.7%	13.1%
Gross profit margin			30.3%	31.1%
Revenue per available room, REVPAR (incl. hotels operated on a management basis), SEK			619	584

Transfer to Parent Companies

The Board of Directors and the President propose to the SAS Assembly of Representatives that an amount of MSEK 740 be transferred to the parent companies.

Forecast for the Year 2001

Since the airline industry achieved a better balance between supply and demand in 2000, a positive yield development is anticipated in 2001. SAS's positive unit cost trend in 2000 is expected to persist as a result of both continued efficiency enhancement of operations and the effects of the ongoing renewal of the aircraft fleet.

There is uncertainty, however, about the development of the U.S. economy and the consequences of this for SAS's core markets in Europe. Based on its own sales forecasts, however, SAS expects a continued favorable traffic and revenue development in the current year. Passenger traffic is expected to increase by 9%, which is higher than general market growth.

After a successful year for SAS's operations, although with historically high fuel costs, the Board expects a significant improvement in operating income for the full year 2001. In addition, capital gains are expected to amount to at least MSEK 500.

Despite continued high investments, the increase in the net debt will be modest.

This assessment is based on a scenario with continued moderate economic growth in SAS's main markets in Europe. Equally, the forecast is based on the exchange rate situation as it is known today as well as anticipated stability in the financial markets.

Stockholm, February 13, 2001
Scandinavian Airlines System

Jan Stenberg
President and CEO

Summary of Income by Quarter

(MSEK)	1998		1999					2000				
	Oct.- Dec.	Full year Jan.-Dec.	Jan.- Mar.	Apr.- Jun.	Jul.- Sep.	Oct.- Dec.	Full year Jan.-Dec.	Jan.- Mar.	Apr.- Jun.	Jul.- Sep.	Oct.- Dec.	Full year Jan.-Dec.
Operating revenue	10,909	40,946	10,103	11,704	10,400	11,539	43,746	10,756	12,275	11,700	12,809	47,540
Payroll expenses	-3,595	-13,080	-3,652	-3,888	-3,610	-3,675	-14,825	-3,739	-3,792	-3,697	-3,700	-14,928
Other operating expenses	-6,503	-23,751	-6,330	-6,839	-6,244	-6,761	-26,174	-6,922	-7,232	-6,934	-7,801	-28,889
Operating income before depreciation	811	4,115	121	977	546	1,103	2,747	95	1,251	1,069	1,308	3,723
Depreciation	-537	-2,125	-481	-515	-545	-546	-2,087	-470	-463	-510	-749	-2,192
Share of income in affiliated companies	-13	-20	33	39	45	-40	77	62	4	-18	-49	-1
Income from the sale of shares in subsidiaries and affiliated companies	1	1	150	2	134	-3	283	0	0	17	1,016	1,033
Income from the sale of aircraft and buildings	177	1,014	16	44	43	623	726	17	266	-21	228	490
Operating income	439	2,985	-161	547	223	1,137	1,746	-296	1,058	537	1,754	3,053
Income from other shares and participations	1	1	221	0	0	196	417	0	11	0	4	15
Net financial items	-62	-129	-71	-40	-118	-88	-317	-7	-27	-208	-53	-295
Income before taxes	378	2,857	-11	507	105	1,245	1,846	-303	1,042	329	1,705	2,773

Key Figures

	December 31 2000	December 31 1999
Key financial data (based on statutory financial statements)		
Return on capital employed	11%	9%
Return on equity *	11%	8%
Equity/assets ratio ¹	41%	40%
Net debt, MSEK	2,393	1,344
Debt/equity ratio **	0.12	0.08
Interest coverage ratio ***	4.5	3.4
Key value drivers (based on market-adjusted capital employed) ****		
CFROI	19%	15%
ROCE, market-based	18%	10%

* After standard tax.

** Debt/equity ratio calculated as interest-bearing liabilities minus interest-bearing assets in relation to shareholders' equity and minority interests.

*** Operating income plus financial income in relation to financial expenses.

**** The market value of the aircraft fleet and the present value of operating lease contracts are included in market-adjusted capital employed.

¹ Proposed transfer to parent companies is not booked as a liability at December 31, 2000.

Income and Capital Concepts Included in the Key Value Drivers

(MSEK)	2000	1999
Earnings		
EBIT, earnings before net financial items and taxes	3,068	2,163
+ Depreciation	2,192	2,087
+ Goodwill amortization	32	29
– Income from the sale of fixed assets	–1,538	–1,426
+ Operating lease costs, aircraft	1,898	1,346
EBITDAR (Included in CFROI)	5,652	4,199
EBIT	3,068	2,163
+ Operating lease costs, aircraft	1,898	1,346
– 40% of operating lease costs	–759	–538
± Change in surplus value, aircraft	1,088	–54
EBIT, market-adjusted	5,295	2,917
(Included in market-based ROCE)		
Adjusted capital employed (average)		
Total assets	45,801	42,723
+ Surplus value, aircraft	5,420	4,911
+ Present value of operating lease contracts	3,765	2,265
– Interest-bearing assets	–11,395	–9,174
– Noninterest-bearing liabilities	–13,399	–12,828
Adjusted capital employed	30,192	27,897
(Included in CFROI and market-based ROCE)		

Development of Cash Flow Return on Investments, CFROI
% (12 month rolling values)



Development of Market-based Return on Capital Employed, ROCE % (12 month rolling values)



Following a weak year for airline operations in 1999, in 2000 the SAS Group generated earnings before interest, taxes, depreciation and rentals (EBITDAR) of MSEK 5,652 (4,199). EBITDAR over market-based capital employed (CFROI) was 19% (15%). The minimum return requirement is set at 17% as an average over an investment cycle, where average capital allocation for replacement of the aircraft fleet is taken into account.

CFROI (Cash Flow Return on Investments) is the most important metric for value creation in operations, making it the SAS Group's main focus. It is also the key indicator used by most analysts as a basis for assessing the value of an airline. CFROI reflects the EV/EBITDAR multiple which expresses the value of operations as a multiple of operating cash flow for the year excluding operating aircraft leasing costs.

The average of market prices for the three SAS shares at year-end 2000 plus average net debt during the year, and the present value of operating lease contracts, (EV), gives a multiple on EBITDAR of 4.1 based on reported earnings for 2000. Using the same calculation, the average share price during the year 2000 gives an EV/EBITDAR of 3.7. The EV/EBITDAR multiple of 4.1 is still lower than that of listed airlines in Europe which form the natural comparative base.

The SAS Group's market-based ROCE for the full year 2000 was 18% (10%), calculated on a market-based EBIT of MSEK 5,295 in relation to average capital employed, which includes the market values of the aircraft fleet and the present value of operating lease contracts. The increase in ROCE is largely due to the substantial rise in the surplus value of aircraft which is an effect of the strong dollar. After deduction for capital gains from the sale of shares amounting to MSEK 1,048, and the sale of properties amounting to MSEK 284, the operation's market-based EBIT was MSEK 3,963. Operating activities thus provided a return of 13.1% which is 1.1 percentage points higher than the minimum requirement.

SAS Parent Companies

Accounting Principles

The SAS Consortium and the SAS Commuter Consortium report according to IAS which implies that subsidiaries and affiliated companies are reported according to the equity method, whereby income and shareholders' equity in the SAS Group on the one hand, and in the SAS Consortium and the SAS Commuter Consortium on the other hand, correspond to each other.

Taxes pertain to both actual tax expenses and to the change in deferred tax, while negative tax refers to corresponding items reported earlier as tax payables, alternatively tax receivables, the latter to be offset against taxes on future profits

Key Figures

		SAS Danmark A/S	SAS Norge ASA	SAS Sverige AB
Earnings per share,				
local currency	12/31/00	13.66	12.00	11.79
	12/31/99	7.34	7.49	8.41
Earnings per share,				
SEK	12/31/00	15.48	12.49	11.79
	12/31/99	8.70	7.94	8.41
Equity per share,				
local currency	12/31/00	92.19	97.36	106.23
	12/31/99	80.94	86.74	94.41
Equity per share,				
SEK	12/31/00	109.09	104.33	106.23
	12/31/99	93.12	91.99	94.41

SAS Danmark A/S

SAS Danmark A/S's share of income in the SAS Group for the year amounted to MDKK 699 (445). SAS Danmark A/S's other operations amounted to MDKK 22 (13). Income before taxes then amounted to MDKK 721 (458).

The operations of SAS Danmark A/S include 2/7 of the income in the SAS Group.

The exchange rate at December 31, 2000, was SEK 100 = DKK84.51 (1999: DKK 86.95). The average exchange rate for the period January-December 2000 was SEK 100 = DKK 88.26 (1999: DKK 84.40).

The accounting principles remain unchanged from last year.

Provided the SAS Assembly of Representatives approves the SAS Group's annual report and the distribution of the surplus proposed by the SAS Consortium's Board, the Board of Directors of SAS Danmark A/S proposes to the Annual General Meeting that the company's income after taxes of MDKK 642 be allocated as follows:

Dividend	MDKK 179
Carried forward	MDKK 463
Total	MDKK 642

The proposed dividend per share is DKK 3.80. Last year the dividend was DKK 3.50.

The Annual General Meeting will be held on April 18, 2001, at 4 p.m. at the Radisson SAS Scandinavia Hotel in Copenhagen.

Forecast for the Year 2001

Regarding the forecast for the year 2001, please refer to the information provided by SAS.

Copenhagen, February 13, 2001

Erik Sørensen	Jan Stenberg
Chairman of the Board	President

Statement of Income

(MDKK)	Jan.-Dec. 2000	Jan.-Dec. 1999
Share of income in the SAS Group*	699	445
Other operating expenses	-5	-5
Operating income	694	440
Net financial items	27	18
Income before taxes	721	458
Taxes	-79	-113
Income after taxes	642	345

*Share in the SAS Group before subsidiaries' and affiliated companies' taxes.

Balance Sheet

(MDKK)	Dec. 31 2000	Dec. 31 1999
Fixed assets		
Share in the SAS Group	4,717	4,238
Current assets		
Current receivables	715	805
TOTAL ASSETS	5,432	5,043
Share capital	470	470
Premium reserve	411	411
Other reserves	3,452	2,923
Total shareholders' equity	4,333	3,804
Deferred tax	1,098	1,073
Current liabilities	1	166
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	5,432	5,043

Shareholders' Equity

(MDKK)	Dec. 31 2000	Dec. 31 1999
Share capital	470	470
Premium reserve	411	411
Other reserves		
January 1, 2000	2,923	2,437
Translation of shares in the SAS Group	-145	404
Translation of deferred tax	32	-99
Transferred from net income for the year	642	181
Total shareholders' equity	4,333	3,804

SAS Norge ASA

Income before taxes amounted to MNOK 761 compared with MNOK 497 in 1999.

The operations of SAS Norge ASA comprise administration and management of the company's 2/7 share of income in the SAS Group.

The average exchange rate for the period January-December 2000 and the closing rate at December 31, 2000, are used to translate the statement of income and balance sheet respectively. These rates are, respectively, SEK 100 = NOK 96.05 (1999: NOK 94.33) and SEK 100 = NOK 93.32 (1999: NOK 94.30).

Provided the SAS Assembly of Representatives approves the SAS Group's annual report and the distribution of the surplus proposed by the SAS Consortium's Board, the Board of Directors of SAS Norge ASA proposes to the Annual General Meeting a dividend per share of NOK 4.20. Last year the dividend was NOK 3.75.

The Annual General Meeting will be held on April 18, 2001, at 10 a.m. at Radisson SAS Scandinavia Hotel Oslo.

Forecast for the Year 2001

Regarding the forecast for the year 2001, please refer to the information provided by SAS.

Bærum, February 13, 2001

Board of Directors

Statement of Income (MNOK)	Jan.-Dec. 2000	Jan.-Dec. 1999
Share of income in the SAS Group*	761	497
Other operating expenses	-3	-3
Operating income	758	494
Financial income	3	3
Income before taxes	761	497
Taxes	-197	-145
Income after taxes	564	352
* Share in the SAS Group before subsidiaries' and affiliated companies' taxes.		
Balance Sheet (MNOK)	Dec. 31 2000	Dec. 31 1999
Machinery and equipment	2	2
Share in the SAS Group	5,209	4,597
Total fixed assets	5,211	4,599
Current receivables	29	208
Cash and bank	1	1
Total current assets	30	209
TOTAL ASSETS	5,241	4,808
Shareholders' equity	4,576	4,077
Deferred tax	665	552
Current liabilities	-	179
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	5,241	4,808
Shareholders' Equity (MNOK)	Dec. 31 2000	Dec. 31 1999
Share capital	470	470
Equity method reserve	307	307
Other reserves		
January 1, 2000	3,300	3,382
Transfer to equity method reserve	-	-307
Change in translation difference	-65	49
Transferred from net income for the year	564	176
Total shareholders' equity	4,576	4,077

SAS Sverige AB

The report comprises an account of the operations of SAS Sverige AB with 3/7 of the SAS Group.

SAS Sverige AB including 3/7 of the SAS Group reports income before taxes of MSEK 1,220 (815).

Available liquidity including current receivables for SAS Sverige AB amounted to MSEK 803 on December 31, compared with MSEK 852 at the beginning of the year.

Provided the SAS Assembly of Representatives approves the SAS Group's annual report and the distribution of the surplus proposed by the SAS Consortium's Board, the Board of Directors of SAS Sverige AB proposes a dividend per share of SEK 4.50 (4.00) or a total of MSEK 317 (282).

The Annual General Meeting will be held on April 17, 2001, at 6 p.m. in Wallenbergssalen, IVA Conference Center in Stockholm.

Forecast for the Year 2001

Regarding the forecast for the year 2001, please refer to the information provided by SAS.

Stockholm, February 13, 2001

Jan Stenberg
President

Statement of Income (MSEK)	Jan.-Dec. 2000	Jan.-Dec. 1999
Share of income in the SAS Group*	1,188	791
Other operating expenses	-3	-7
Operating income	1,185	784
Net financial items	35	31
Income before taxes	1,220	815
Taxes	-389	-222
Income after taxes	831	593
* Share in the SAS Group before subsidiaries' and affiliated companies' taxes.		
Balance Sheet (MSEK)	Dec. 31 2000	Dec. 31 1999
Share in the SAS Group	8,373	7,312
Total fixed assets	8,373	7,312
Current receivables	802	1,182
Cash and bank	1	1
Total current assets	803	1,183
TOTAL ASSETS	9,176	8,495
Shareholders' equity	7,489	6,656
Deferred tax	1,570	1,404
Other long-term liabilities	22	22
Current liabilities	95	413
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	9,176	8,495
Shareholders' Equity (MSEK)	Dec. 31 2000	Dec. 31 1999
Share capital	705	705
Revaluation reserve	179	179
Restricted reserves	4,947	4,561
Other reserves		
January 1, 2000	1,211	1,086
Transferred to restricted reserves	-384	-187
Transferred from net income for the year	831	312
Total shareholders' equity	7,489	6,656

Definitions

ASK, Available Seat Kilometers

The total number of seats available for transportation of passengers multiplied by the number of kilometers which they are flown.

AV, Asset Value

Total book value of assets plus surplus value in the aircraft fleet and net present value (NPV) of operating lease contracts, less noninterest-bearing liabilities and interest-bearing assets. Can also be expressed as booked shareholders' equity plus surplus value in the aircraft fleet and net present value (NPV) of operating lease contracts plus net interest-bearing liabilities.

Cabin Factor

Relation between RPK and ASK expressed as a percentage. Describes the capacity utilization of available seats. Also called occupancy rate.

Cash Flow from Operations

Cash flow from operating activities before change in working capital.

CFROI

Cash flow return on investment. EBITDAR in relation to AV.

Debt/Equity Ratio

Interest-bearing liabilities less interest-bearing assets in relation to shareholders' equity and minority interests.

Earnings per Share

Earnings after taxes divided by the number of shares.

EBITDA

Earnings before net financial items, taxes, depreciation, amortization of goodwill and capital gains.

EBITDAR

Earnings before net financial items, taxes, depreciation, amortization of goodwill, capital gains and operating lease costs for aircraft.

Equity Method

Shares in affiliated companies are taken up at SAS's share of shareholders' equity taking acquired surplus and deficit values into account.

Equity/Assets Ratio

Shareholders' equity plus deferred tax liability and minority interests in relation to total assets.

Gross Profit Margin

Operating income before depreciation, in relation to operating revenue.

Interest Coverage Ratio

Operating income plus financial income in relation to financial expenses.

Net Debt

Interest-bearing liabilities minus interest-bearing assets.

Return on Capital Employed (ROCE)

Operating income plus financial income in relation to average capital employed. Capital employed equals total assets as specified in the balance sheet less noninterest-bearing liabilities.

Return on Capital Employed (ROCE), Market-based

EBITR less the depreciation portion of the operating lease costs for aircraft plus change in surplus values (aircraft) in relation to AV.

Return on Equity

Income after taxes in relation to average shareholders' equity. Tax on the income of the SAS Consortium and the SAS Commuter Consortium is calculated here using a standard tax rate of 29.1% (weighted average tax rate for Denmark, Norway and Sweden).

RPK, Revenue Passenger Kilometers

The number of paying passengers multiplied by the distance they are flown in kilometers.

Unit Cost

Airline operations' total operating expenses less non-traffic related revenue per weighted ASK/RPK.

Unit Revenue

Average amount of traffic revenue received per RPK.

Wet lease agreement

Leasing of aircraft including crew.

Yield

See Unit revenue.

Financial Calendar

Annual Report 2000	March 2001	Interim Report 2, Jan.-June 2001	Aug. 8, 2001
Environmental Report 2000	March 2001	Interim Report 3, Jan.-Sept. 2001	Nov. 7, 2001
Annual General Meeting, SAS Danmark A/S	April 18, 2001	Year-end Report 2001	February 2002
Annual General Meeting, SAS Norge ASA	April 18, 2001	Annual Report 2001	March 2002
Annual General Meeting, SAS Sverige AB	April 17, 2001	Environmental Report 2001	March 2002
Interim Report 1, Jan.-March 2001	May 8, 2001		

SAS's monthly traffic and capacity statistics are published on the sixth working day of each month.

All reports are available in English, Danish, Norwegian and Swedish and can be ordered from SAS, SE-195 87 Stockholm, telephone +46 8 797 00 00, fax +46 8 797 15 15. The reports are also available on the Internet: www.scandinavian.net
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