



First interim report 2005

Press conference
May 3, 2005

Group | Scandinavian Airlines Businesses | Subsidiary & Affiliated Airlines | AirlineSupport | Airline Related Business | Hotels



1st Quarter improved



- ▶ Turnaround 2005
 - Unit cost down 7,5% adjusted for currency and fuel (vs. 2004)
- ▶ Yield development stable
- ▶ Load factor a challenge
 - Significant overcapacity in Copenhagen market and Swedish domestic
- ▶ Fuel cost up MSEK 340 vs last year
 - Offset by price initiatives
- ▶ 1st Quarter negative Easter effect of around MSEK 200-250
- ▶ Underlying result improved by MSEK 500
 - Strongest improvements in Spanair and Blue1

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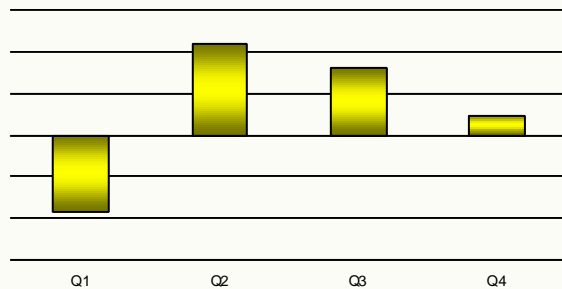
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1st Quarter loss follows normal seasonality



EBT bef cap gains & nonrecurring items (historic picture)



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3



Underlying 1st Quarter result improved by MSEK 500



MSEK	January-March		
	2005	2004	Change
▶ Revenues	13016	12567	+449
▶ EBITDAR	179	-44	+223
▶ Lease, depreciation & financial net	-1511	-1613	-102
▶ EBT	-1290	-1540	+250
▶ EBT bef non-recurring items	-1312*	-1588	+276

*) Including negative Easter effects of MSEK 200-250 improvement of appr MSEK 500

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4



SAS Braathens on track One AOC established



- ▶ Competition intense but market share relatively stable
- ▶ Cabin factor up 4,6 p.u. in Q1
- ▶ EBT improved by MSEK 123
- ▶ Over 50% internet bookings on domestic routes

	Jan-Mar 2005	2004
Total revenues	2 663	2 651
EBITDAR	234	107
EBT, bef nonrecurring items	-88	-211



Scandinavian Airlines Danmark - large overcapacity in Europe



- ▶ Fierce competition and large overcapacity on many routes
- ▶ Capacity down 5,8%
- ▶ Cabin factor down 1,6 p.u.
- ▶ Negotiations with Copenhagen Airport on charges for 2006-2008

	Jan-Mar 2005
Total revenues	2 233
EBITDAR	-179
EBT	-410



Scandinavian Airlines Sverige – new domestic concept above expectations

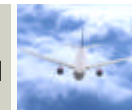


- ▶ Cabin factor flat in Q1
- ▶ Large overcapacity on Swedish domestic
- ▶ New domestic concept successfully launched on March 28
 - One way pricing
 - New web site
 - Simple rules
 - April load factor close to 70%

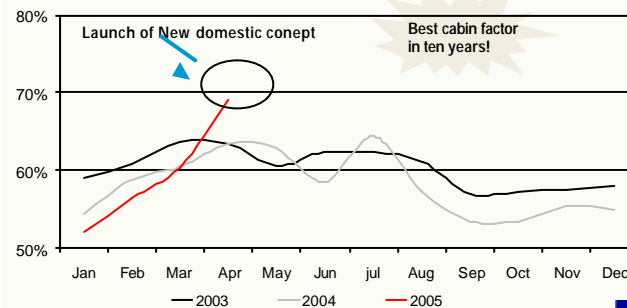
	2005
Total revenues	1 808
EBITDAR	-39
EBT	-219



The new Swedish concept has had a very good start – load factor close to 70% in April



Passenger load factor Swedish domestic



Scandinavian Airlines International – improved long haul product



- ▶ Increased overcapacity
- ▶ Cabin factor down 5,6 p.u. due to lower demand on USA- routes
- ▶ Several product improvements

Jan-Mar	2005
Total revenues	1 594
EBITDAR	-89
EBT	-255



Improved long haul product in the pipeline as part of customer segmentation strategy



- ▶ First airline in the world to offer a wireless broadband internet connection on the entire long haul fleet
- ▶ PC power in the seats in Business and Economy Flex (110 volt, same adapter as at home/in office)
- ▶ In seat telephones in Business
- ▶ Flat beds, Video and Audio on demand will be installed from 2006



SAS Group is focusing on 5 strategic areas



The SAS Group's strategic focus areas



Commercial excellence



Examples of implemented activities

- ▶ Snowflake on Europe
- ▶ Economy Flex on European and Intercontinental routes
- ▶ New Swedish domestic concept
- ▶ New web site
- ▶ One way pricing
- ▶ Improved long haul product
- ... and more to follow



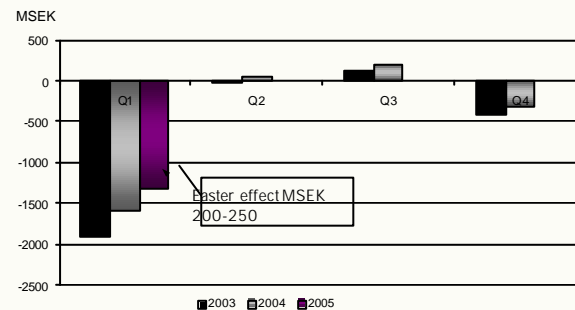


Gunilla Berg
CFO



Result development 2003-2005

EBT before nonrecurring items



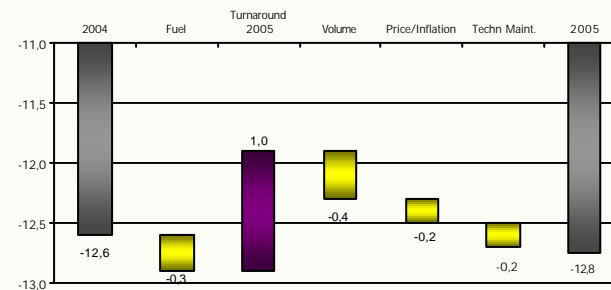
EBT before nonrecurring improving for the airlines



Business area	Jan-Mar	
	2005	Change
Scandinavian Airlines Businesses	-991	65
Subsidiary & Aff. Airlines	-145	143
Airline Support Businesses	116	104
Airline Related Businesses	-3	-17
Hotels	-146	-46
Group eliminations, other	143	27
EBT, before gains & exceptionals	-1 312	276



SAS Group cost analysis



Cost improvement and flexibility



Cost improvement and flexibility

- Turnaround 2005
- Further rationalizations
- Increased cost-flexibility

Examples

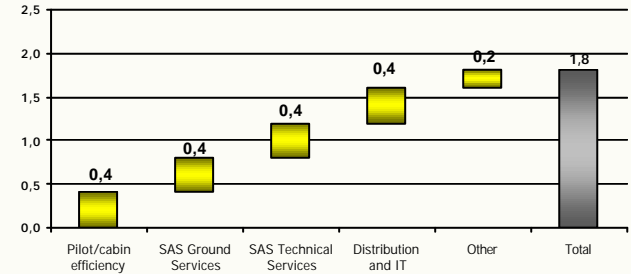
- ▶ Turnaround 2005 – focus on remaining activities
- ▶ Further rationalization to simplify business models
- ▶ Reduce seasonality
- ▶ Planning process
- ▶ Scheduling
- ▶ Leasing structure



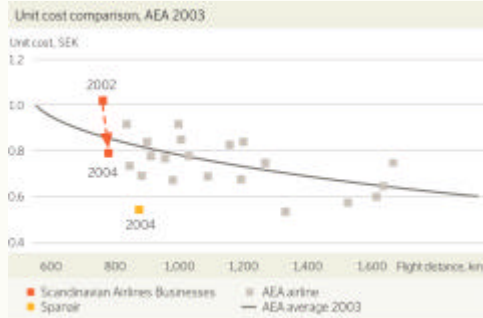
Focus on remaining areas in Turnaround 2005



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Scandinavian Airlines is reaching a competitive cost level



Gunnar Reitan
Deputy CEO



Spanair's Q1 result improved by MSEK 134



▶ Spanair's low cost model in combination with full service concept

▶ Innovative products

- ▶ Full service and simple travel
- ▶ One way prices on whole system
- ▶ Punctuality guarantee

▶ New market growth with

- ▶ Traffic up 17,2%, cabin factor stable
- ▶ Two new routes opened in Q1 and three new routes in April

▶ More dynamic aircraft allocation within the SAS Group

Jan-Mar	2005	2004
Total revenues	1 574	1 405
EBITDAR	119	16
EBT	-158	-292



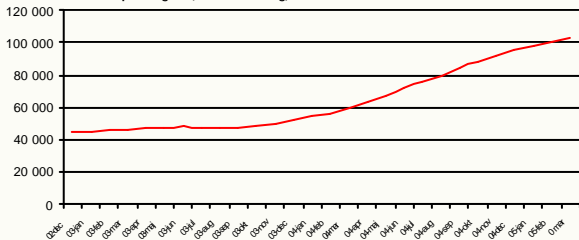
Blue1 - Impressive traffic growth



- ▶ Traffic up 27,6% in first quarter
- ▶ Capacity up 1,3% in first quarter
- ▶ Cabin factor up 10,7 p.p.
- ▶ Cabin factor on Finnish domestic 60,3%

January-March	2005	2004
Total revenues	379	268
EBITDAR	34	-28
EBT	-4	-66

Number of passengers (12 month rolling)



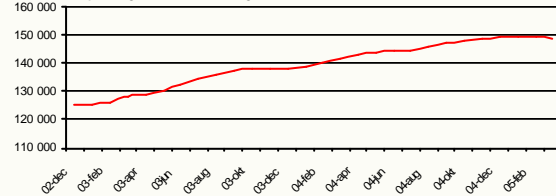
Widerøe according to plan



- ▶ Number of passengers growing steadily
- ▶ Yields down 2,6%
- ▶ Load factor up 1,1 p.u.
- ▶ EBT on same level as 2004 despite Easter Holiday

	2005	2004
Total revenues	639	588
EBITDAR	80	72
EBT	14	14

Number of passengers (12 month rolling)

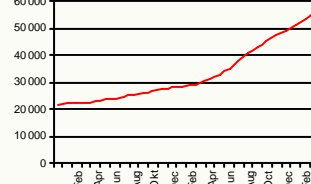


Impressive growth in airBaltic



- ▶ The SAS Group holds 47,2% in airBaltic
- ▶ airBaltic traffic up 217,4% in Q1 and passengers up 95,1%
- ▶ Competitive cost level

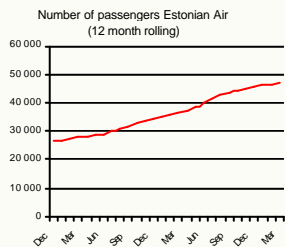
Number of passengers airBaltic (12 month rolling)



Estonian Air grow despite fierce competition



- ▶ The SAS Group holds 49% in Estonian Air
- ▶ Estonian Air number of passengers up 16,5%
- ▶ Competitive cost level

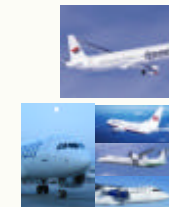


25

Good track record of acquiring companies and making them profitable



- ▶ Widerøe acquired 1998
 - ▶ Leading regional airline in Norway
 - ▶ Most profitable year ever in 2004
- ▶ Braathens acquired 2001
 - ▶ Significant Turnaround
 - ▶ Proforma 2004 strongest result ever
- ▶ Spanair acquired 2001
 - ▶ Loss making 1997-2003
 - ▶ Profitable in 2004 adjusted for one-offs



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26



Completed structural transaction with the hotels during 1st Quarter



Hotels

- ▶ Enhancing partnership with shareholder agreement with Carlson
 - Agreement extended to 2052
 - 11 MEUR in full year effect on reduced franchise fee
 - PV of MEUR 131 at 9% WACC 0% growth
 - PV at 4% growth MEUR 210 => Full implied value MEUR 840 of hotels
- ▶ Transaction confirms significant value in the Hotels for the SAS group
- ▶ Expected closing fall 2005

MSEK	January-March	
	2005	2004
▶ Revenues	1 096	918
▶ EBITDA	-86	-57
▶ EBT	-146	-100
▶ EBT bef. gains	-146	-100

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27



Jørgen Lindegaard
CEO



SAS Group key characteristics in perspective



2000	2005	Future
<ul style="list-style-type: none"> ▶ Highest costs among European Airlines ▶ Highest prices in Europe <ul style="list-style-type: none"> - Thousands of ticket rules ▶ Limited competition/duopoly 	<ul style="list-style-type: none"> ▶ Costs lower than AEA ▶ Prices among the lowest in Europe <ul style="list-style-type: none"> - One way pricing introduced - Still some ticket rules ▶ Over established market in Scandinavia <ul style="list-style-type: none"> - ICC "Room" 	<ul style="list-style-type: none"> ▶ Continued rationalization ▶ Segmented approach demand driven ▶ "You pay for what you get" <ul style="list-style-type: none"> - Business - Transfer - Low price ▶ Normalized airline market?
<ul style="list-style-type: none"> ▶ Limited accountability 	<ul style="list-style-type: none"> ▶ Full accountability and steering model 	<ul style="list-style-type: none"> ▶ Further streamlining of portfolio
<ul style="list-style-type: none"> ▶ Strong position in Scandinavia ▶ 6th largest in Europe 	<ul style="list-style-type: none"> ▶ Strong position in Baltic region ▶ 4th largest in Europe 	<ul style="list-style-type: none"> ▶ Significant and profitable aviation group in Europe



Sum up 1st Quarter



- ▶ Stable yields and load factors
- ▶ Record high fuel prices offset
- ▶ Turnaround 2005
 - Focus on remaining activities
- ▶ Capacity & Utilization Focus – full effect as from March
- ▶ New commercial focus initiated
 - Economy Flex positively received
 - New Swedish domestic concept a sales success

Cautionous outlook

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



Presentations

Year	Presentation	File Size
2004-11-02	Analyst material Q1, 2004	4.328 KB
2004-11-02	Press conference Q1, 2004	558 KB
2004-08-11	Analyst material Q1, 2004	1.448 KB
2004-08-11	Teleconference Q1, 2004	485 KB
2004-08-11	Press conference Q1, 2004	880 KB
2004-05-25	General Credit update	444 KB
2004-05-25	Analyst material Q1, 2004	1.807 KB
2004-06-04	Teleconference Q1, 2004	950 KB
2004-04-04	Press conference Q1, 2004	350 KB
2004-03-24	Teleconference	280 KB
2004-03-12	Analyst material Q1, 2004	1.222 KB
2004-02-11	Teleconference Q1, 2004	411 KB
2004-02-11	Press conference Q1, 2004	704 KB
2004-03-11	SAS Group structure	854 KB

Thank you for your attention!
This presentation can be downloaded on www.sasgroup.net

