



SAS Group 4<sup>th</sup> Quarter Presentation 2007  
 Teleconference  
 February 6



## A challenging year but underlying result improved

- EBT bef. non rec. Jan-Dec 2007: MSEK 1 242
  - Record number of passengers
  - Group airlines perform well
- Weak 4<sup>th</sup> Quarter
  - Q400
  - Capacity
  - Risk of strikes
- Profit protection actions
  - Secure compensation for record fuel prices
  - Capacity adjustment
- Strong focus on S11 implementation
  - Challenge: Speed of cultural change



## Q400 replacement in process

- Two accidents in September
  - Three weeks grounding
- Third accident in October
  - Unique and strong decision to permanently stop operations
    - Customers, Employees, SAS brand
- All capacity now secured with wet leases
- Ongoing discussions with Bombardier including compensation



## Focusing and concentration



### Status:

SGS	Keep internal, pending cost reductions of MSEK 400 and quality targets within 18 months. <b>If targets not reached: Outsourcing/ Seek external partner</b>
STS	Decision to outsource B737 – classic heavy maintenance
SAS Cargo	Decision to sell cargo handling (Spirit)
Spanair	Bids received – expecting closing 1st half 2008
BMI	In process, many interested parties
Air/Baltic/Estonian	In process





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CFO



## Underlying a positive result but a weak 4<sup>th</sup> Quarter

### 2007 full year and Q4

Underlying result development MSEK	October-December			January-December		
	2007	2006	Change	2007	2006	Change
Income before nonrecurring items in continuing operations	40	619	-579	1 242	727	+515
Strike effects	-88	0	-88	212	350	-138
Joint Venture Lufthansa/ECA	108	163	-55	678	310	+368
Q400 effects	500	0	+500	700	0	+700
<b>Underlying result improvement</b>	<b>560</b>	<b>782</b>	<b>-222</b>	<b>2 832</b>	<b>1 387</b>	<b>+1 445</b>

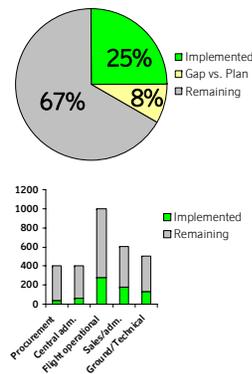


## Competitiveness: Status of the cost reductions of SEK 2.8 bn



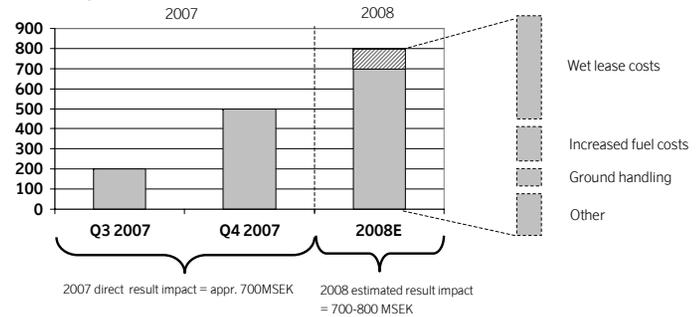
### Cost program

- Group administrative functions 300-400 MSEK
  - Central staff reduction 20%
- Group coordination of procurement 400 MSEK
  - Centralized purchasing function with a clear mandate
  - Many activities in process
- SAS Group subsidiaries SEK 2.1bn
  - Operational flight costs SEK 1000m
  - Administrative and sales cost SEK 600m
  - Ground/Technical SEK 500m



## Full year Q400 direct result effect estimated to MSEK 700-800 in 2008

### SAS Group Q400 incidents direct result effect



## SAS Norge and SAS Sverige strong, but weaker in Q4

Scandinavian Airlines Results	SAS Norge		SAS Danmark		SAS Sverige		SAS International	
	Q4 2007	Change	Q4 2007	Change	Q4 2007	Change	Q4 2007	Change
EBIT margin	5.5%	-2.0 p.u.	-3.9%	-10.7 p.u.	4.6%	-9.9 p.u.	-0.1%	-3.2 p.u.
EBT before nonrec. (MSEK)	199	-43	-102	-295	113	-215	4	-60

### EBIT-margins, 12 months rolling

SAS Norge	7.7%
SAS Danmark	3.7%
SAS Sverige	7.1%
SAS International	0.6%

## Sum up 4<sup>th</sup> Quarter

### Ongoing activities

- Strategy 2011 under implementation
- Cost measures of SEK 2.8bn in process

### Action Plan

- Focus on customer confidence
- Capacity adjustments
- Fuel price compensation
- Step up cost program

### 2008

- Risk of slowdown
- Q400 to affect full year negative by 700-800 MSEK

