



SAS AB  
Press conference  
1st Quarter 2003



Stockholm  
Frösundavik, May 13th

First quarter even weaker than expected

- 1<sup>st</sup> Quarter 2003 – probably weakest quarter in history for European airlines
  - Unprecedented number of negative factors
    - Weaker world economies
    - Significant yield pressure and pressure on traffic volumes
    - Iraq and SARS situation
    - Additional pressure on traffic volumes
- ⇒ Severe impact on revenues – difficult to offset in the short term
- Short term actions
  - Capacity reductions implemented and salary freeze 2003
- Cost reductions highest priority. Significant measures under implementation
  - Plan A completed as planned
  - Plan B ahead of plan
  - Plan C rapid implementation



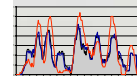
SAS Group weakest Quarter ever

1st Quarter MSEK	2003	2002	Adj. change
▶ Revenue	13 710*	13 775*	-4,5%**
▶ EBITDAR	-398	584	
▶ EBT bef. overcapacity	-1 739^	-1 446	
▶ EBT bef. cap gains	-1 939	-1 313	

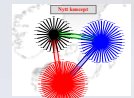
\* Spanair not consolidated Jan-Feb 2002  
 \*\* Adjusted for comparable units  
 ^ EBT before gains and cost of in phase out of overcapacity corresponding to MSEK 200



Major steps of change implemented so far



- New organization implemented in July 2002
  - Clear responsibilities & transparency
- New production philosophy
  - hub and spoke 95%
  - Reduced traffic peaks in Copenhagen
- New distribution strategy – net pricing
- ROSA – Reduction of Overhead Support & Administration – reduction of MSEK 800 in costs
- Changed labour agreements  
=> far reaching productivity and compensation improvements
- New product concepts – Scandinavian Direct and a new Europe concept



## Key outcome of union negotiations



- ▶ Pilots
  - Work day from 10,5 to 12 hrs/day
  - Hours/week up from 42 to 45
  - Pilot blh
    - 700 hours short haul 750 long haul
  - Pay freeze 2003/2004
- ▶ Cabin crew negotiations adjourned
  - Implementation of better utilization measures as from July
  - Redundancies to come gradually July/August
- ▶ SAS Technical Services
  - Base Maintenance to Stockholm
  - New schedule agreements
- ▶ Other personell
  - Per diem
- ▶ Overhead & Administration reduction of 50%



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## Next steps



- ▶ New Organization Scandinavian Airlines
  - Three bases
  - Decentralization
- ▶ Production from bases
  - Crew
  - personell
- ▶ Significantly improve
  - aircraft utilization
  - crew utilization
- ▶ Technical Base Maintenance to Stockholm
- ▶ Impact of Plan C in 2003 approximately MSEK 400



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## Group gap analysis vs high efficiency airlines (base 2003)



25-40% (pending type of traffic flow)  
Mainly in aircraft utilization, overhead costs, crew utilization, complexity



5-10% (Norwegian domestic) Mainly in aircraft and crew utilization



At least 10%



Meet most criteria's today



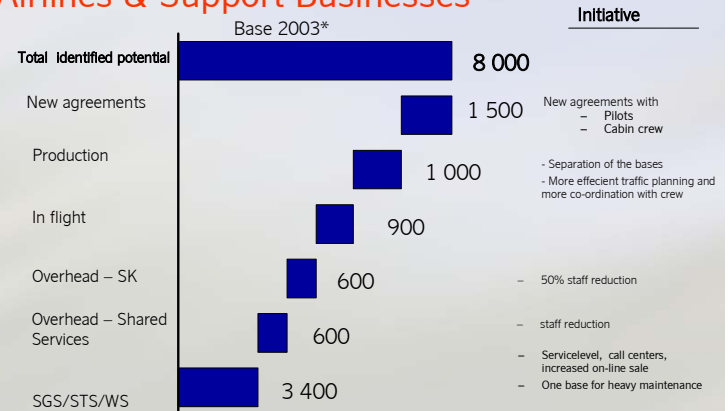
Meet most criteria's today –  
(0-5% gap Finland- Scandinavia)



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## Potential of 8 000 MSEK in Scandinavian Airlines & Support Businesses



\* Including effects from Structural measures 2003g



# Snowflake – over 70% cabin factor in April



More than 100 000 bookings before first take off  
 Trip is booked one way. Two single trips area round trip  
 One price is offered on each separate booking occasion  
 No advance booking rules, no stay-away rules =  
 simple, clear rules and no overbooking

[www.fliesnowflake.com](http://www.fliesnowflake.com)



# Gunilla Berg CFO

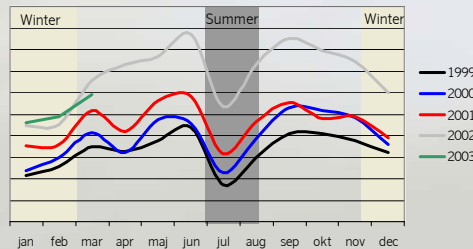
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# 1<sup>st</sup> Quarter revenues normally MSEK 1 500 – 2 000 weaker than Q2



- January, February, July and December seasonally weak months
- Revenues in Q1 in average 16% lower than Q2 the last four years
- Acquisition of Spanair has reduced seasonality slightly



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# Earnings before tax - business area



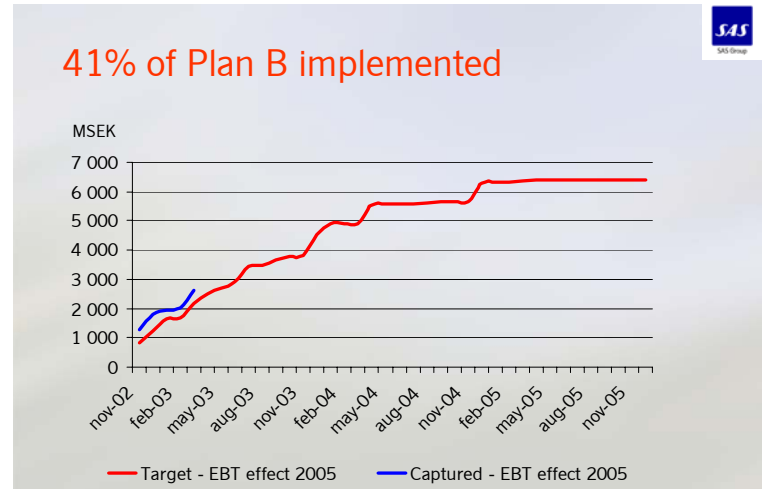
Business area	Q1 03	Q1 02	Change
Scandinavian Airlines	-1 253	-849	-404
Subsidiary & aff. Airlines	-564	-350	-214
Airlines Support Businesses	-128	-19	-109
Airline Related Businesses	-16	+34	-50
Hotels	-115	-85	-30
Group wide/eliminations	200	-177	
<b>EBT</b>	<b>-1 876</b>	<b>-1 446</b>	<b>-430</b>

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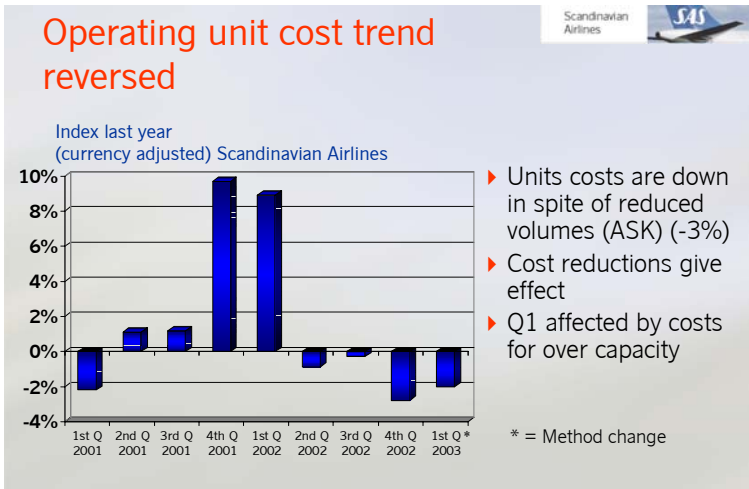




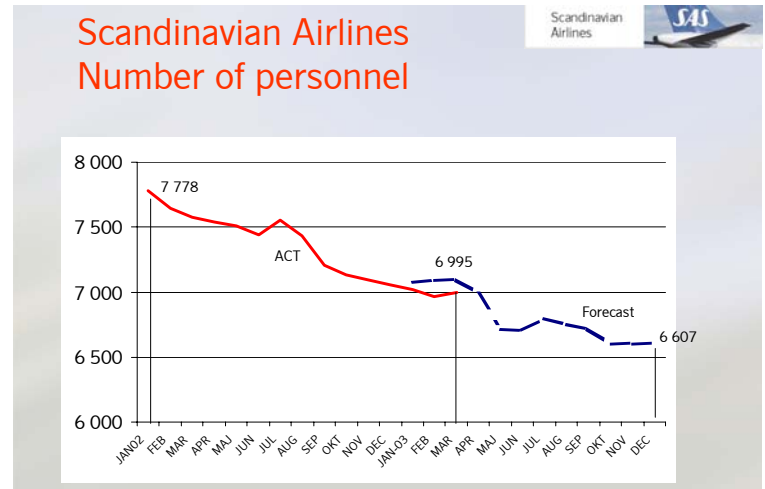
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## High financial maneuverability



- Liquidity of MSEK 8 534
- Committed credit facilities MSEK 8 350
- Solidity > 20%
- No Rating Triggers
- No onerous Financial Covenants
  
- Additional sources of capital
  - Aircraft
  - Real estates
  - Non-core businesses

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## Gunnar Reitan Deputy CEO

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## Subsidiary & Affiliated Airlines



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## Subsidiary & Affiliated Airlines not immune by weaker market

Subsidiary & Affiliated Airlines



New improvement measures of MSEK 1 000 initiated

Jan-Mar in MSEK			 <small>Member of the SAS Group</small>	
Revenues	1 375 1,7%	1 549 3,5%	641 9,3%	223 -3,4%
EBITDAR	-58 n.m	104 -63%	56 -33%	6 -84%
EBT	-369 -25,1%	-92 n.m	-31 n.m	-29 n.m

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## Spanish market grad becoming weaker

- Revenue declined by 1,8%
- **New price concept** released
  - One way pricing and booking
  - Availability pricing
  - Extra 30 EUR for Business Class
- Spanair joined **Star Alliance** as from April 2003

January – March	2003	2002
Operating revenue	1 375	1 352
EBT	-369	-295



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## Braathens – hit by weak market and periodisation of maintenance costs

- Weak Norwegian market
- Maintenance costs increased by 62 MSEK
- Substantial new cost measures initiated

January – March	2003	2002
Operating revenue	1 549	1 496
EBT	-92	38



## Air Botnia affected by weak market

- New nonstop route Helsinki-Brussel introduced as from Q4 2002 and Helsinki-Düsseldorf as from Q1 2003

January – March	2003	2002
Operating revenue	223	231
EBT	-29	-4



## Widerøe hit by weak yield development

- Slowdown in Norwegian market
- Improvement measures of under way

January – March	2003	2002
Operating revenue	641	586
EBT	-31	3



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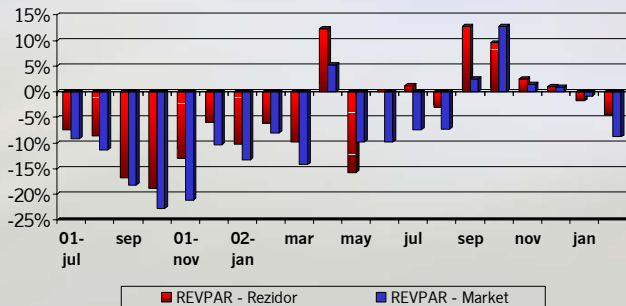
## Rezidor SAS Hospitality



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## REZIDOR SAS Hospitality – REVPAR under pressure but still better than industry



## Recent events for Rezidor SAS Hospitality

- New loyalty program introduced - Goldpoints
- 14 new Park Inn hotel launched in Sweden and one in Berlin
- New hotels opened in Tashkent and Cologne



## REZIDOR SAS Hospitality – negatively affected by weaker markets and high energy costs in Norway

in MSEK	Jan-Mar 2003	Jan-Mar 2002	Change
Revenues	842	746	+12,9%
Operating result	-75	-61	-23%
Adjusted EBITDA	-76	-58	-31%
Pre tax profit Including gains	-115	-85	-59%

Jørgen Lindegaard  
CEO

## Summary & Outlook 2003

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## Some recovery on traffic to US and Europe in April

- ▶ Group passenger load factor down by 5,6 p.u.
- ▶ Scandinavian Airlines load factor down by 9,2 p.u
- ▶ Group traffic in Europe up by 8,0%

	Passenger-traffic (RPK)	Seat capacity (ASK)	Cabin-factor
SAS Group Total	-5,6%	-3,1%	60,5%
Intercontinental	-12,6%	+25,0%	
Europe	+8,0%	+9,4%	
Domestic and Intrasandinavian	-17,9%	-20,4%	

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## The Board of Directors

### Assessment for full year 2003:

- ▶ Continued weak economies
- ▶ Uncertainty remains regarding other external factors
- ▶ Some recovery on U.S and European routes in April
- ▶ Plan B implementation ahead of plan
- ▶ Plan C SEK 8 billion – rapid implementation
- ▶ Additional MSEK 1 000 in Subsidiary & Affiliated Airlines

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## Thank you for your attention!

This presentation can be downloaded at the SAS Group's homepage

[www.sasgroup.net](http://www.sasgroup.net)

The screenshot shows the 'About SAS' page with a list of presentations. The 'Presentation slides' link is circled in red, and an arrow points from the text above to it. The list includes items like 'Press seminar presentation Hamburg, 2003', 'Analyst Material Q3-2002', and 'Investor Presentation'.

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