

Interim Report January-September 2002

Nine-month summary

- **Operating revenue** for the first nine-months of 2002 reached MSEK 48,235 (38,623), an increase of 24.9%. For comparable units, operating revenue decreased by 3.0% during the period and by 1.9% in the third quarter.
- **Income before depreciation and leasing costs for aircraft (EBITDAR)** amounted to MSEK 5,962 (3,290) for the period January-September. EBITDAR for the third quarter was MSEK 2,130 (882).
- **Income before capital gains** amounted to MSEK -118 (-202) in the first nine months of the year. Income for the third quarter was MSEK 15 (-421).
- **Income before tax** amounted to MSEK 233 (7), of which Scandinavian Airlines accounted for MSEK -377 (-350).
- **Income before tax** was affected positively by the acquired companies, Braathens and Spanair, by MSEK 658.
- **CFROI** for the 12-month period October 2001-September 2002 was 13% (13%). Since the Group's return requirement is 20%, this result is far from what is required to meet the target.
- **Earnings per share** for the period January-September amounted to SEK 0.93 (-0.42) for the SAS Group and equity per share amounted to SEK 93.70 (103.50).
- The ceiling for **the SAS Group's restructuring measures** is being raised from MSEK 4,000 to MSEK 6,400 with anticipated full effect in 2005.
- Due to a continued weak business climate with increased pressure on yield and revenues in the third quarter, which is expected to continue in the fourth quarter, the SAS Group expects a negative pre-tax income (EBT) excluding restructuring costs and capital gains for the full year 2002. Capital gains in 2002, including costs for phasing in and phasing out aircraft, will amount to at least MSEK 250 and restructuring costs will total approximately MSEK 600.

(MSEK)	January-March		2002	April-June		July-September		January-September	
	2002	2001		2001	2002	2001	2002	2001	
Operating revenue	13,775	12,137	17,868	13,811	16,592	12,675	48,235	38,623	
EBITDAR	584	1,171	3,248	1,237	2,130	882	5,962	3,290	
EBITDAR margin	4.2%	9.6%	18.2%	9.0%	12.8%	7.0%	12.4%	8.5%	
EBIT	-1,406	83	1,354	167	1,041	-223	989	27	
EBIT margin	-10.2%	0.7%	7.6%	1.2%	6.3%	-1.8%	2.1%	0.1%	
Income before capital gains	-1,313	77	1,180	142	15	-421	-118	-202	
EBT	-1,446	40	1,039	180	640	-213	233	7	
Earnings per share(SEK)	-8.17	0.08	5.88	0.79	3.08	-1.32	0.93	-0.42	

The SAS Group is Scandinavia's largest listed airline and travel group which offers air transport and related services from its base in northern Europe. The core business is conducted by the airline company Scandinavian Airlines which provides services within Scandinavia and to Europe, North America and Asia. Scandinavian Airlines is a founder member of the world's largest global airline alliance - Star Alliance™. The SAS Group is also an active owner in the airlines Spanair, Braathens, Widerøe and Air Botnia, as well as the Rezidor SAS Hospitality hotel operations. The Group also includes companies which support the airline operations such as SAS Cargo and SAS Flight Academy.

President's comments

These are challenging times for Scandinavian business and every day the newspapers tell us about cost reductions and staff cutbacks. This trend is also reflected in the SAS Group's operations. Revenues have been put under pressure because the market in general is receding which we cannot influence in the short term. Development in the third quarter indicates that revenue pressure will continue in the fourth quarter.

Operating income for the period represents a strong recovery compared with the same period in 2001, but income before tax is charged with substantial capital costs for the renewal of the aircraft fleet, which we will soon have completed. In the next two years there will be a marked decrease in the rate of investment in new aircraft. The increase in operating revenue is an effect of the strategic acquisitions of Spanair and Braathens.

The process of change and improvement within the SAS Group, initiated in autumn 2001, is following set plans. Within the next few years, the short-term earnings improvement program for MSEK 6,400 should lift the Group out of the loss situation which had arisen. These measures were designed, among other things, to cover the substantially increased costs for insurance and security routines as well as expectations of a less favorable market development due to the events last autumn.

The short-term improvement measures were judged insufficient to restore the SAS Group to profitability. Against this background, in February this year a number of restructuring measures were initiated within Scandinavian Airlines with a gross effect amounting to MSEK 4,000. Since the economic recovery is taking longer than expected, the target for the restructuring measures was raised in the autumn. Extensive validation work has been carried out this autumn which enabled us to identify additional measures and raise the level for the restructuring measures to MSEK 6,400, which is expected to have its full impact in 2005. The restructuring measures will have a negative effect on the current calendar year due to the provisions of approximately MSEK 600 which will be made for restructuring costs.

The Group's short-term measures will have a full impact in 2003 while next year will be when the restructuring measures start to have some effect. Despite this, 2003 will be a year of restructuring for Scandinavian Airlines in contrast to the other airlines in the Group. The target to reduce the unit cost by 20% in Scandinavian Airlines by 2005 remains unchanged. In addition to these measures, the SAS Group will work with further improvement activities on an ongoing basis in order to achieve the Group's earnings target of MSEK 5,000 – 6,000 in 2004/05.

Intercontinental traffic has developed far better than expected. The new Airbus A340 has been well received by customers and despite the fact that it has almost 40% more capacity, the cabin factor has risen since it was introduced.

Other airlines within the Group, in common with Scandinavian Airlines, have also been affected by the weak market trend. Spanair has suffered a fall in demand for charter services and domestic traffic in Spain. Revenues have been under pressure, despite a strong improvement in yields, which substantial saving measures have failed to fully compensate. Spanair's earnings, however, showed a marked improvement compared with 2001, and Spanair reports positive pre-tax income for the third quarter. I would also like to point out that Spanair has a unit cost which is on a par with several low fare operators. Braathens' earnings continue to show positive development despite a weak Norwegian domestic market. Further synergies are expected to be realized as a result of Scandinavian Ground Services' takeover of Braathens' ground services in September. Regional airline Widerøe's earnings strengthened following improvements in both revenues and costs. Air Botnia reports an even stronger performance.

The Rezidor SAS Hospitality business area has been affected by a weak market and the hotel strike in Norway in the second quarter. Three new brands were acquired in the third quarter: Regent, Country Inns and Park Inn, which will make it possible to complete a growth strategy with a minimum capital outlay. As well as better utilization of the company's administrative resources, these acquisitions will also provide advantages in purchasing and reduced exposure to the rapid fluctuations that characterize the travel market, since the new brands target different customer segments.

Difficult times lie behind us and major challenges lie ahead, and all our employees are aware of this. However, many units within the Group are showing positive development. We have a powerful turnaround plan for Scandinavian Airlines and the earnings trend in our other airlines strengthens our belief that we will succeed. The division into a new Group structure shows what values there are in different parts of the Group, of which the sale of SMART in the summer is a clear example. We will now continue our work to try to create additional values for our shareholders and customers.

Jørgen Lindegaard

Important events

First quarter 2002

- Airbus A340s were phased in on all routes to Asia.
- On March 5, the European Commission approved the SAS Group increasing its holding in Spanair to 74%. Spanair has been treated as a subsidiary since that date.
- The Norwegian Competition Authority decided that Scandinavian Airlines, Braathens and Widerøe may not use their bonus programs on domestic routes in Norway.

Second quarter 2002

- Scandinavian Airlines and Braathens coordinated their traffic systems on Norwegian domestic routes on April 2.
- SAS AB carried out a MSEK 200 new issue in the final stage of introduction of a single share.
- The SAS Group announced a decision on major efficiency enhancements in its traffic system.
- In May, the SAS Group acquired 33.1% of the shares in Widerøe from minority shareholders. A voluntary offer on the same terms was made to other minority shareholders and as of September 30, the SAS Group's holding amounted to 99.4%.
- Scandinavian Airlines' new travel concept "Scandinavian Direct" for simpler, smoother and more attractively priced travel on Scandinavian trips was launched on June 1.
- In June, it was decided to make Spanair a full member of Star Alliance™. Official entry is expected to take place within 12 months.
- On June 13, Scandinavian Airlines launched a new distribution concept, based on net prices and starting on January 1, 2003.

Third quarter 2002

- The SAS Group sold its subsidiary SMART to Amadeus which was approved by the Swedish Competition Authority in August. The sales price amounted to MSEK 995 and provided a capital gain of MSEK 826 as well as a positive effect on cash flow of MSEK 935.
- Scandinavian Airlines signed a new agreement with the cabin unions which includes the possibility of a more flexible system for working hours and improved productivity.
- The SAS Group's annual report won the Farmand prize for Norway's best annual report in 2001 among companies listed on the Oslo Stock Exchange.
- It was decided to transfer Braathens' loyalty program Wing to Scandinavian Airlines' bonus program EuroBonus.
- In competition with seven other airlines, Widerøe won large parts of the tender for regional routes in Norway over the next three years. The regional routes put out to tender account for approximately 50% of Widerøe's operations.
- Scandinavian Airlines announced that starting in winter 2002/2003 capacity will be seasonally adjusted in order to raise capacity utilization. The new traffic system and higher aircraft utilization will allow new destinations in southern Europe to be opened for the 2003 summer program.
- Rezidor SAS Hospitality concluded a master franchise agreement with Carlson Hotels Worldwide providing exclusive rights in Europe, the Middle East and Africa for an additional three brands: Regent, Country Inns and Park Inn. Investments in this deal amount to MSEK 40 and also include taking over 12 existing hotels. During the quarter Rezidor SAS sold its rights to the Malmaison brand.
- Two new Group Management members took up their posts in September, Gunilla Berg as CFO, and John Dueholm as head of the business areas Airline Support and Airline Related Businesses.

Events after September 30, 2002

- The SAS Group's subsidiary Scandinavian Flight Support acquired the company Aeronautical Services Group from Thales Avionics. As a result of this acquisition, Flight Support is changing its name to European Aeronautical Group AB and will become the largest player in Europe.
- Alecta announced a temporary freeze on client company pension funds, which for the SAS Group comprise MSEK 600. The freeze was lifted, however, at the end of October.
- The goal for the SAS Group's restructuring measures is to be extended from MSEK 4,000 to MSEK 6,400 following completion of an evaluation process. The full effect of these measures is expected in 2004/2005.

SAS Group

Traffic development

Traffic trends in the European airline industry

The third quarter continued to be affected by reduced capacity due to the events of autumn 2001 and a less favorable business climate. In the third quarter of 2002, European airlines' (AEA) total international traffic (RPK) decreased by about 6.3% and capacity by 9.7%. The restrained reinstallation of capacity means that several airlines report record-high cabin factors, mainly on intercontinental routes. The cabin factor for the period rose to approximately 79% which is some 2.8 percentage points higher than in 2001.

The SAS Group's traffic development

The SAS Group's traffic (RPK) rose in January-September 2002 by 28.8% compared with 2001 and in the third quarter by 32.2% due to the acquisition of Braathens and Spanair. For comparable units, traffic decreased by 4.8% in the third quarter and capacity fell 10.9%. The SAS Group raised its cabin factor by 4.5 percentage points to 70.2%.

The SAS Group's intercontinental traffic (RPK) decreased, despite higher capacity at Scandinavian Airlines, by 5.2% in the third quarter, due to the phase-out of Spanair's intercontinental traffic in March 2002. The cabin factor was 87.8% in the third quarter, an increase of 4.1 percentage points. Traffic in Europe fell 3.4% and capacity (ASK) by 9.5%, which made the cabin factor rise 4.2 percentage points to 66.4%. Braathens has reduced its European traffic while Spanair's restructuring in its Spanish domestic traffic continues as planned with a focus on strategically important routes, resulting in higher cabin factors and higher yield. Scandinavian Airlines has also adjusted capacity to lower demand which increased the cabin factor substantially. Air Botnia's traffic to and from Finland rose 36.6% during the period.

Intra-Scandinavian traffic (RPK) fell 6.8% during the quarter. Domestic traffic (RPK) in Denmark and to Greenland fell 10.4%. Traffic (RPK) in Norway fell 6.1% and capacity (ASK) by 13.5%, so the cabin factor rose 4.9 percentage points to 61.5%. Coordination of traffic between Scandinavian Airlines and Braathens from April 2, worked well. Widerøe's traffic developed strongly in the quarter and rose by a total of 21.5% with 7.7% in Norway. In Sweden, the SAS Group's traffic (RPK) fell 7.3% and capacity was down 6.7%.

Traffic and production

	July-September			January-September		
	2002	2001	change	2002	2001	change
SAS Group*						
Number of passengers** (000)	8,784	9,450	-7.0%	25,338	27,525	-7.9%
Rev. passenger kilometers (mill)	8,590	9,027	-4.8%	23,574	24,887	-5.3%
Available seat kilometers (mill)	12,240	13,742	-10.9%	35,479	39,392	-9.9%
Cabin factor	70.2%	65.7%	+4.5%pts.	66.4%	63.2%	+3.2%pts.

Traffic development by route sector *	Jul-Sep 2002 vs. Jul-Sep 2001		Jan-Sep 2002 vs. Jan-Sep 2001	
	Traffic (RPK)	Capacity (ASK)	Traffic (RPK)	Capacity (ASK)
Intercontinental	-5.2%	-15.1%	-3.5%	-11.9%
Europe	-3.4%	-9.5%	-4.6%	-9.4%
Intra-Scandinavian	-6.8%	-4.0%	-5.3%	-2.3%
Denmark. Greenland (domestic)	-10.4%	-1.8%	-11.0%	+0.1%
Norway (domestic)	-6.1%	-13.5%	-9.0%	-13.9%
Sweden (domestic)	-7.3%	-6.7%	-8.8%	-6.6%

* Passenger traffic for Scandinavian Airlines, Spanair, Braathens, Widerøe and Air Botnia.

** The reduction in the number of passengers is a result of lower capacity.

Financial development

Acquisitions and divestments

On March 5, 2002, the European Commission approved the takeover of an additional 25% of the shares in Spanair. Spanair was therefore consolidated as a subsidiary from March 2002. In the second quarter of 2002, an additional 36.1% of the shares in Widerøe were acquired. The SAS Group's holding then amounted to 99.4%.

Following approval by the competition authorities, the SAS Group's shareholding in SMART was sold on August 31, 2002. The sales revenue amounted to MSEK 995 and the capital gain was MSEK 826.

January-September 2002

The net effect of exchange rate fluctuations between January-September 2001 and 2002 was MSEK 27. The effect on operating revenue is MSEK 574, MSEK -289 on costs, and MSEK -258 on net financial items. Most of the currency effects arose in Scandinavian Airlines. Operating income was positively affected by the Norwegian krone with MSEK 197 and by the USD with MSEK 105.

The SAS Group's operating revenue increased by MSEK 9,612, from MSEK 38,623 to MSEK 48,235. Adjusted for currency effects, MSEK 574, and operating revenue for the period in Braathens and Spanair, MSEK 10,185, the Group's operating revenue decreased by MSEK 1,147 or 3.0%. Scandinavian Airlines' passenger traffic measured in RPK, revenue passenger kilometers, fell 0.6% compared with the same period in 2001, mainly due to the suspension of unprofitable routes. Unit revenue, yield, decreased adjusted for currency effects by 2.3%. The total passenger traffic in the Group decreased compared with January-September 2001 by 5.3%.

Payroll expenses increased by MSEK 3,074 or 23.7% and amounted to MSEK 16,041 (12,967). Adjusted for currency effects and payroll expenses in acquired companies, costs rose by MSEK 765 or 5.9%. The number of employees in the SAS Group increased by 4,286 or 13.9%. The number of employees in comparable units fell by 2.9%.

The Group's other operating expenses increased by MSEK 3,866 or 17.3% to MSEK 26,232. Excluding currency effects, and acquired companies, costs decreased by 9.6%. Due to capacity reductions which led to 4.6% lower production, and the action program in Scandinavian Airlines, all costs decreased compared with the previous year.

Leasing costs rose by MSEK 1,093 to MSEK 2,860. The increase is mainly due to Braathens and Spanair which are included with MSEK 1,258 in 2002, as well as a MSEK 251 decline in Scandinavian Airlines.

Operating income before depreciation, EBITDA, was MSEK 3,102 (1,523). The gross profit margin rose from 3.9% to 6.4%.

Depreciation totaled MSEK 2,147 (1,732), an increase of MSEK 415, of which MSEK 168 in acquired units.

Share of income in affiliated companies amounted to MSEK -337 (28). Spanair was reported as an affiliated company through February 2002 and is included with MSEK -300 (-42). British Midland's earnings were lower than in 2001, MSEK -87 (-5), while Polygon reports improved earnings of MSEK -21 (-79). Goodwill amortization is included in a total amount of MSEK 21 (15). In the previous year an equity reserve was utilized amounting to MSEK 80.

The Group's net financial items amounted to MSEK -736 (-21). Net interest was MSEK -691 (-234). The currency effect was MSEK -45 (213).

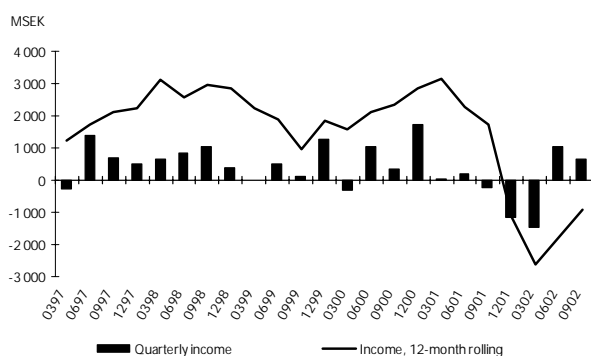
Income before capital gains was MSEK -118 (-202).

Six Boeing 737s and one Fokker F28 were sold in the period January-September. No capital gains arose from these transactions. During the period, phasing in and phasing out costs related to the change of aircraft types in the fleet amounted to MSEK 462 (292). The capital gain from the sale of shares in SMART amounted to MSEK 826. Other sales provided MSEK -20.

Income before tax amounted to MSEK 233 (7). The change in income before tax is due to:

Currency effect	27
Income before depreciation and leasing costs, EBITDAR	2,387
Leasing costs and depreciation	-1,508
Share of income in affiliated companies	-365
Net interest	-457
Capital gains	142
Total change	226

Income before tax



Third quarter 2002

Earnings for the third quarter were considerably better than in the same period last year which was negatively affected by the events of September 11.

The third quarter is normally weaker than the second quarter due to seasonal fluctuations. In the second quarter the Group noted rising traffic and unit revenue (yield) while the yield trend in the third quarter was less favorable, leading to a negative revenue trend. The development of the European business climate has had a negative impact. Despite high cabin factors, yield is affected by a decreasing Business Class portion and a general mix shift in favor of tickets at lower prices.

The Group's operating revenue amounted to MSEK 16,592 (12,675), an increase of MSEK 3,917 or 30.9%. Adjusted for currency effects, MSEK -92, and operating revenue in Braathens and Spanair, MSEK 4,256, operating revenue decreased by 1.9%.

Passenger traffic in Scandinavian Airlines decreased by 1.0% due to suspensions of unprofitable routes and the currency adjusted yield decreased by 2.1%.

Due to the capital market trend in 2002 the Group's anticipated long-term return on pension funds in Alecta was reduced by 1 percentage point to 8.8%. This change is charged against earnings for the third quarter with MSEK 90. The effect on the full year 2002 will be MSEK 120.

Operating expenses amounted to MSEK 14,462 (11,793), an increase of 22.6%. Adjusted for currency effects and comparable units, operating expenses decreased by 4.6%.

Reduced production and the action programs contributed to the decrease in costs.

Income before capital gains was MSEK 15 (-421). This included Braathens and Spanair in the current year with MSEK 343.

Earnings improvement measures

The SAS Group has previously announced two improvement programs for a gross amount of MSEK 10,400. The programs include short-term measures for a gross amount of MSEK 6,400 and restructuring measures amounting to approximately MSEK 4,000. Implementation of the short-term measures started at the end of 2001 and is going according to plan.

Short-term measures

	Gross full year effect	Estimated earnings impact at Sept 30, 2002
Scandinavian Airlines:		
Capacity reductions	500	375
Revenue enhancements	2,200	*
Cost reductions	2,400	1,000
Total Scandinavian Airlines	5,100	1,375
Other group companies	1,300	700
Total short-term measures	6,400	2,075

* Revenue enhancements comprising a surcharge of USD 4/ passenger/flight and a general price increase of 5% have to a great extent been neutralized by higher insurance costs and a negative passenger mix.

Implementation of the short-term measures continue according to plan and provided an estimated effect of about MSEK 2,075 in the nine-month period. Cost reductions amounting to approximately MSEK 2,400 are under way as planned and had an effect of about MSEK 1,000 during the period. These measures include traditional measures to reduce costs and are expected to have a full effect in 2003. The short-term measures in other group companies are also going according to plan. Most of these measures are within Spanair as well as in companies in Airline Related Businesses.

Within the short-term measures, the aim in November 2001 was to reduce the SAS Group's workforce by 3,500 positions. By year-end 2002 the number of positions is expected to have decreased by 1,500 in Scandinavian Airlines and 200 in other group companies. New activities such as Scandinavian Ground Services have led to 500 new jobs. 700 positions are covered by planned but not yet implemented expansion. Of the remaining 600 positions, approximately one-third were handled by alternative measures with a corresponding earnings impact. One-third is covered by measures not carried out, and one-third will be implemented within the restructuring measures.

The short-term measures were introduced in November 2001 to counterbalance the unfavorable situation after the events of September 11, 2001. In order to restore profitability, restructuring measures were initiated at the beginning of 2002.

Restructuring measures

In recent months major work has been carried out in Scandinavian Airlines to validate these measures, but also to identify additional measures. This work is now completed and as a result the measures announced earlier amounting to MSEK 4,000 have now been adjusted upwards to a total of MSEK 6,400 for 2005. These measures include MSEK 1,600 in revenue enhancements and MSEK 4,800 in cost reductions.

Breakdown of restructuring measures within Scandinavian Airlines:

- Production concept MSEK 1,600
- Commercial strategies MSEK 1,200 (incl. 700 revenue enhancement)
- Distribution & Sales MSEK 1,300 (incl. 800 revenue enhancement)
- Management & Administration MSEK 1,200

Additional measures within Airline Support Businesses

- Scandinavian Ground Services MSEK 500
- Scandinavian Technical Services MSEK 600

Total restructuring measures - MSEK 6,400

The new production concept was introduced on October 26, 2002, with the winter program. The improvements include increased aircraft utilization (from 7.5 to 9 hours), reducing turnaround time by 5-10 minutes and generally higher productivity through more effective utilization of aircraft within the different route sectors. Pilot hours on an annual basis will rise from 490 hours to 600 hours and for cabin crew from 540 to 600 hours in 2004 at Scandinavian Airlines.

Within the area "commercial strategies" a new aircraft configuration with more seats will be introduced. Increased efficiency on aircraft and reduced ground service have already started.

Within Distribution & Sales the structure of call centers will be simplified. The goal is also to increase Internet sales from approximately 1% today to 25% by 2004.

The reduction in overheads, support and administration will be achieved through a lower level of ambition and higher productivity.

At Scandinavian Ground Services most of the savings will come from reduced traffic peaks due to the new traffic system, greater automation at check-in and generally enhanced efficiency.

Implementation of these measures has started and the net effect in 2003 will be approximately MSEK 3,000. All measures will be implemented in 2004 at the latest. The net effect in 2004 is expected to be MSEK 5,500 with the full effect expected in 2005. Management's goal is that the short-term measures and restructuring will reduce the unit cost within Scandinavian Airlines by 20%.

2,700 redundancies in the restructuring measures

Implementation of these measures will make a total of 2,700 employees redundant in addition to redundancies in the short-term measures. In administrative functions redundancies total 700 employees and 200 in production units, of whom a total of 600 will be handled through attrition and voluntary solutions. In addition, 300 pilots were served redundancy notices on November 1, 2002. The remaining redundancies will be handled in stages in 2003 and 2004 as restructuring measures are implemented.

Surplus of aircraft

As a result of capacity reductions in Scandinavian Airlines in 2001 and 2002, as well as increased capacity utilization, in its winter program Scandinavian Airlines will operate 153 aircraft (including reserves) compared with a total fleet of 199 aircraft. Of this surplus, 8 DC9-41s have been sold through sale and leaseback transactions. In addition, 4 Boeing 737-800s and 3 MD80s have been leased out. 13 aircraft (Fokker F-28s and Fokker F-50s) are fully depreciated with limited market values.

The remaining surplus of 18 aircraft, including 3 Boeing 767s, will be sold or leased out as soon as the market situation permits. The reported surplus of aircraft means a temporary fall in the utilization level of the fleet until these aircraft can be sold or leased out.

Provisions

As a result of redundancies, a provision amounting to approximately MSEK 600 will be made in the fourth quarter of 2002. This does not affect earnings for the period January-September 2002. The provision will cover extended and work-free notice periods for redundant employees.

Investments

The SAS Group's investments, including prepayments, amounted to MSEK 8,006 (6,495) for the period. Scandinavian Airlines accounted for MSEK 6,796 (5,574) of investments, Subsidiary & Affiliated Airlines for MSEK 934 (384), Airline Related Businesses for MSEK 144 (321) and Rezidor SAS Hospitality for MSEK 132 (216). Investments in aircraft and other flight equipment totaled MSEK 6,227 (5,292).

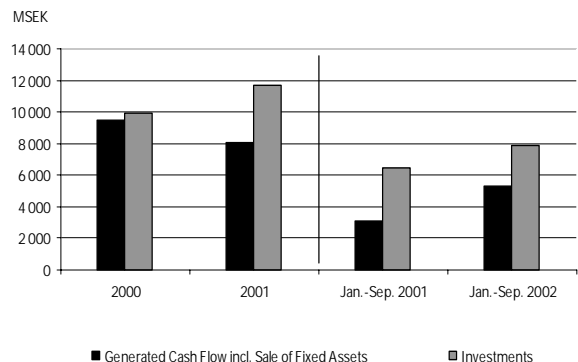
At the end of September 2002, the sum of future investments, CAPEX, in the SAS Group amounted to MUSD 725.

Firm orders for aircraft, 2002-2005>:

SAS Group	Total	2002	2003	2004	2005>
CAPEX (MUSD)	725	205	220	220	80
Number of aircraft	20	5	7	5	3

Scandinavian Airlines	Total	2002	2003	2004	2005>
CAPEX (MUSD)	585	170	145	190	80
Number of aircraft	14	4	3	4	3

Cash flow and investments



SAS Group's total aircraft fleet

	Owned 30 Sep	Leased in 30 Sep	Total 30 Sep	Leased out	Order out
Airbus A340-300	5	2	7		
Airbus A330-300					4
Airbus A321-200	5	3	8		8+
Airbus A320		5	5		11
Boeing 767-300	3	6	9		
Boeing 737-400		5	5		
Boeing 737-500		15	15		
Boeing 737-600	12	18	30		
Boeing 737-700	9	4	13		
Boeing 737-800	14	5	19	4	4
Douglas MD-81	5	10	15		
Douglas MD-82	17	29	46		
Douglas MD-83	2	20	22		
Douglas MD-87	10	8	18		
Douglas MD-90-30	8		8		
Douglas DC-9-41		9	9		
Avro RJ-85		5	5		
Embraer ERJ 145		3	3		
Fokker F28	7		7		
Fokker F50	7		7	2	
deHavilland Q100	16	1	17		
deHavilland Q300		9	9		
deHavilland Q400	15	13	28		
SAAB 2000		5	5		
Total	135	175	310	6	27
Breakdown of Group's fleet by airline:					
Scandinavian Airlines	115	83	198	6	12
Spanair		45	45		15
Braathens	4	23	27		
Widerøe	16	14	30		
Air Botnia		10	10		

Financial position

The SAS Group's liquid assets at September 30, 2002, amounted to MSEK 10,482 (7,761). As per today's date the Group has unutilized loan commitments totaling MUSD 925.

The equity/assets ratio at September 30, 2002, was 22% (30%). The decrease in the equity/assets ratio can be attributed to a reduction of the Group's shareholders' equity and the increased total assets. The increase in total assets is mainly due to consolidation of Spanair and Braathens and investments in new aircraft. The target is that the equity/assets ratio should amount to at least 30% and a net debt/shareholders' equity of less than 50% before the end of 2004. Net debt amounted to MSEK 12,168, an increase of MSEK 4,516 since year-end 2001. The net debt is expected to reach its highest level in 2002 and then to decrease. The change since year-end 2001 is mainly explained by the ongoing investment program in new aircraft and consolidation of Spanair as a subsidiary. Cash flow from operations for the period January-September was positive, MSEK 1,879 (407). Cash flow for the third quarter was MSEK 553 (-92).

Investments and sales of fixed assets reached a net amount of MSEK 4,373 (3,131) during the period.

The estimated surplus value of the aircraft fleet owned by the SAS Group amounted to approximately MSEK 1,755 (2,600) at September 30, 2002. The decline in surplus values of aircraft in the Group since September 2001, is due to continued overcapacity and a higher supply of aircraft in the market after the events of September 11, 2001, which has led to price pressure in the secondhand market.

Personnel

The average number of employees in the SAS Group during the period January-September 2002 was 35,182 (30,896) of whom 21,896 (23,129) in Scandinavian Airlines, 6,630 (1,535) in Subsidiary & Affiliated Airlines, 3,690 (3,174) in Airline Related Businesses and 2,966 (3,058) in Rezidor SAS Hospitality. The number of employees in 2002 include Braathens and Spanair with 5,148.

Current legal issues for the SAS Group

On November 5, 2002, the European Court of Justice announced its decision in the case between the European Commission and eight member states, including Denmark and Sweden, regarding a breach of the EU Treaty when the states entered open skies agreements with the U.S. The single most important part of the decision states that open skies agreements with the U.S. contravene the EU Treaty since they contain traditional restrictions regarding national ownership and control of airlines.

This decision is thus in principle important and can become a platform for a liberalization of civil aviation agreements between EU member states and countries outside the EU.

The present restrictions also prevent cross-border takeovers of or mergers with airlines outside the EU. The decision can thus in time provide opportunities for a greater consolidation of the airline industry. Another probable consequence is that the European Commission will make even greater efforts than before to achieve a mandate for negotiation of an EU-U.S. agreement.

The Norwegian Federation of Trade Unions and 350 former Braathens employees have decided to start a legal process against SAS against the background that they want the SAS Group's acquisition of Braathens to be defined as a transfer of operations, resulting in recognition of seniority for all employees. SAS is of the opinion that the transfer of Braathens' handling operations to SAS was handled correctly and in accordance with existing labor law.

In conjunction with the introduction of a new commission system between SAS and Scandinavian travel agents starting in 2003, an individual Danish travel agent, supported by the Danish Association of Travel Agents, has brought an action against SAS in a Danish court demanding that the existing commission model be retained. During the past year, SAS had a close dialog with the Scandinavian travel agents and won acceptance for the new commission system from several significant players in the market in the three Scandinavian countries.

Accounting principles

SAS AB's and the Group's interim accounts are prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation number 20. The accounting principles are the same as those applied in the latest annual report.

SAS Group

Summary statement of income

(MSEK)	July-September		January-September		October-September	
	2002	2001	2002	2001	2001-2002	2000-2001
Operating revenue	16,592	12,675	48,235	38,623	61,045	51,432
Payroll expenses	-5,335	-4,314	-16,041	-12,967	-20,866	-16,668
Other operating expenses	-9,127	-7,479	-26,232	-22,366	-34,339	-29,660
Operating income before depreciation and leasing costs, EBITDAR	2,130	882	5,962	3,290	5,840	5,104
Leasing costs	-932	-679	-2,860	-1,767	-3,518	-2,276
Operating income before depreciation, EBITDA	1,198	203	3,102	1,523	2,322	2,828
Depreciation	-781	-591	-2,147	-1,732	-2,858	-2,481
Share of income in affiliated companies	3	-43	-337	28	-435	-21
Income from the sale of shares in subsidiaries and affiliated companies	829	1	830	-25	831	991
Income from the sale of aircraft and buildings	-208	207	-459	233	-19	461
Operating income, EBIT	1,041	-223	989	27	-159	1,778
Income from other shares and participations	4	0	-20	1	-20	5
Net financial items	-405	10	-736	-21	-735	-55
Income before tax, EBT	640	-213	233	7	-914	1,728
Tax	-102	3	-103	-52	52	-435
Minority interests	-32	2	22	-22	17	-12
Income after tax	506	-208	152	-67	-845	1,281
Earnings per share (SEK) ¹	3.08	-1.32	0.93	-0.42	-5.18	8.10

¹ Earnings per share is calculated on a weighted average of shares outstanding (RR18), July-September 164,500,000 shares (158,158,555), January-September 163,496,133 (158,158,855) and October-September 163,076,199 (158,158,855).

Operating revenue and income by business area

Operating revenue (MSEK)	July-September		January-September		October-September	
	2002	2001	2002	2001	2001-2002	2000-2001
Scandinavian Airlines	9,708	9,892	30,137	31,117	40,186	41,790
Subsidiary & Affiliated Airlines	5,128	740	12,877	2,265	13,735	2,901
Airline Related Businesses	2,078	2,374	6,419	5,841	8,726	7,355
Rezidor SAS Hospitality	975	882	2,599	2,561	3,548	3,414
Group eliminations	-1,297	-1,213	-3,797	-3,161	-5,150	-4,028
Total operating revenue	16,592	12,675	48,235	38,623	61,045	51,432
Operating income before depreciation, EBITDA (MSEK)	July-September		January-September		October-September	
	2002	2001	2002	2001	2001-2002	2000-2001
Scandinavian Airlines	395	-141	1,271	598	243	1,611
Subsidiary & Affiliated Airlines	559	42	1,216	216	1,317	278
Airline Related Businesses	109	202	370	506	466	644
Rezidor SAS Hospitality	141	78	165	203	236	302
Group eliminations	-6	22	80	0	60	-7
Operating income before depreciation, EBITDA	1,198	203	3,102	1,523	2,322	2,828
Income before tax, EBT (MSEK)	July-September		January-September		October-September	
	2002	2001	2002	2001	2001-2002	2000-2001
Scandinavian Airlines	192	-294	-377	-350	-1,526	1,252
Subsidiary & Affiliated Airlines	316	-40	381	86	302	118
Airline Related Businesses	8	76	44	190	14	188
Rezidor SAS Hospitality	129	23	103	81	230	177
Group eliminations	-5	22	82	0	66	-7
Income before tax, EBT	640	-213	233	7	-914	1,728

SAS Group

Summary balance sheet

	September 30	December 31	September 30
(MSEK)	2002	2001	2001
Aircraft and spare parts	26,429	22,076	17,391
Other noninterest-bearing assets	24,621	22,214	24,084
Interest-bearing assets (excl. liquid assets)	7,279	6,810	7,896
Liquid assets	10,482	11,662	7,761
Assets	68,811	62,762	57,132
Shareholders' equity	15,414	15,544	16,748
Minority interests	-57	263	275
Deferred tax liability	3,746	3,856	4,040
Subordinated debenture loan	902	920	956
Other interest-bearing liabilities	29,027	25,204	20,287
Operating liabilities	19,779	16,975	14,826
Shareholders' equity and liabilities	68,811	62,762	57,132
Shareholders' equity			
Opening balance	15,544	17,520	17,520
Dividend to shareholders	-	-754	-754
Change in translation difference	104	140	49
Share conversion	-	-298	-
Effect of consolidation of affiliated companies	-386	-	-
Income after tax	152	-1,064	-67
Closing balance	15,414	15,544	16,748
Equity per share (SEK) ¹	93.70	96.06	103.50

¹ Equity per share is calculated on 164,500,000 shares at September 2002 (after the new issue) and on 161,816,396 shares at September 2001 and December 2001.

Cash flow statement

	July-September		January-September		October-September	
(MSEK)	2002	2001	2002	2001	2001-02	2000-01
Income before tax	640	-213	233	7	-914	1 728
Depreciation	781	591	2,147	1,732	2,858	2 481
Income from the sale of fixed assets	-793	-500	-750	-972	-1,604	-2 361
Adjustment for items not included in cash flow, etc.	-60	40	369	-198	473	-172
Paid tax	-15	-10	-120	-162	-158	-100
Cash flow from operations	553	-92	1,879	407	655	1 576
Change in working capital	-1,167	-626	-505	-662	624	700
Net financing from operations	-614	-718	1,374	-255	1,279	2 276
Investments including prepayments to aircraft suppliers	-1,678	-2,852	-6,806	-6,495	-11,161	-9 126
Investments in subsidiaries	-	-	-1,064	-	-1,890	-
Sale of subsidiaries	843	-	843	-	843	-
Sale of fixed assets, etc.	1,492	1,770	3,100	3,320	8,162	6 355
Financing surplus/deficit	43	-1,800	-2,553	-3,430	-2,767	-495
Dividend	-	-	-	-754	-	-754
External financing, net	703	-2,659	1,373	2,966	5,488	1 892
Change in liquid assets according to balance sheet	746	-4,459	-1,180	-1,218	2,721	643

SAS Group

Summary of income by quarter

(MSEK)	2000			2001			2002					
	Jul-Sep	Oct-Dec	Full year Jan-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Full year Jan-Dec	Jan-Mar	Apr-Jun	Jul-Sep	
Operating revenue	11,700	12,809	47,540	12,137	13,811	12,675	12,810	51,433	13,775	17,868	16,592	
Payroll expenses	-3,698	-3,701	-14,932	-4,083	-4,570	-4,314	-4,825	-17,792	-5,209	-5,497	-5,335	
Other operating expenses	-6,442	-7,294	-27,000	-6,883	-8,004	-7,479	-8,107	-30,473	-7,982	-9,123	-9,127	
Operating income before depreciation and leasing costs, EBITDAR	1,560	1,814	5,608	1,171	1,237	882	-122	3,168	584	3,248	2,130	
Leasing costs	-494	-509	-1,898	-509	-579	-679	-658	-2,425	-878	-1,050	-932	
Operating income before depreciation, EBITDA	1,066	1,305	3,710	662	658	203	-780	743	-294	2,198	1,198	
Depreciation	-510	-749	-2,192	-576	-565	-591	-711	-2,443	-651	-715	-781	
Share of income in affiliated companies	-18	-49	-1	35	36	-43	-98	-70	-328	-12	3	
Income from the sale of shares in subsidiaries and affiliated companies	17	1,016	1,033	5	-31	1	1	-24	0	1	829	
Income from the sale of aircraft and buildings	-21	228	490	-43	69	207	440	673	-133	-118	-208	
Operating income, EBIT	534	1,751	3,040	83	167	-223	-1,148	-1,121	-1,406	1,354	1,041	
Income from other shares and participations	0	4	15	1	0	0	0	1	0	-24	4	
Net financial items	-191	-34	-226	-44	13	10	1	-20	-40	-291	-405	
Income before tax, EBT	343	1,721	2,829	40	180	-213	-1,147	-1,140	-1,446	1,039	640	
Tax	-105	-383	-699	-27	-28	3	155	103	99	-100	-102	
Minority interests	-1	10	5	0	-24	2	-5	-27	25	29	-32	
Income after tax	237	1,348	2,135	13	128	-208	-997	-1,064	-1,322	968	506	

Key figures

	September 30	December 31	September 30
	2002	2001	2001
EBITDAR margin (12-month rolling) ¹	10%	6%	10%
EBIT margin (12-month rolling) ²	0%	-2%	3%
CFROI (12-month rolling) ³	13%	8%	13%
Return on equity (12-month rolling)	-6%	-6%	8%
Equity/assets ratio	22%	25%	30%
Net debt, MSEK ⁴	12,168	7,652	5,586
Debt/equity ratio	0.79	0.48	0.33
Interest coverage ratio (12-month rolling) ⁶	0.5	-0.8	3.9

¹ EBITDAR in relation to operating revenue

² EBIT in relation to operating revenue.

³ Based on market-adjusted capital employed which includes the market value of the aircraft fleet and capitalized leasing costs.

⁴ Other interest-bearing liabilities and subordinated debenture loans minus interest-bearing assets including liquid assets.

⁵ Debt/equity ratio calculated as interest-bearing liabilities minus interest-bearing assets in relation to shareholders' equity and minority interests.

⁶ Operating income plus financial income in relation to financial expenses.

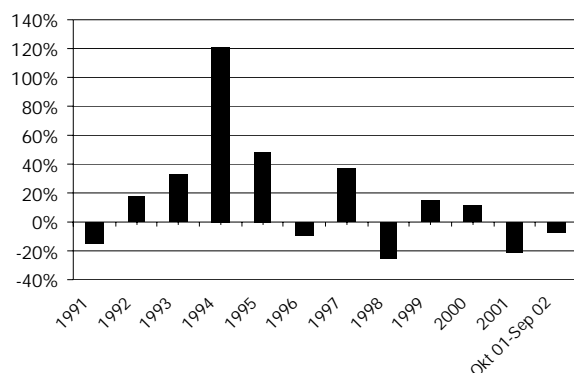
The SAS Group's objectives

Total shareholder return target

The SAS Group has a target for total shareholder return (TSR) of a minimum of 14% over a business cycle. The return target refers to the sum of share price appreciation and reinvested dividends. Based on this return target, the SAS Group has set its internal financial target, CFROI.

In the period January-September 2002 SAS's market value fell by 24.0%. In the 12-month period October 2001 to September 2002, the market value fell 7.8%. The Annual General Meeting of SAS AB held on April 17, decided not to issue a dividend for the 2001 fiscal year.

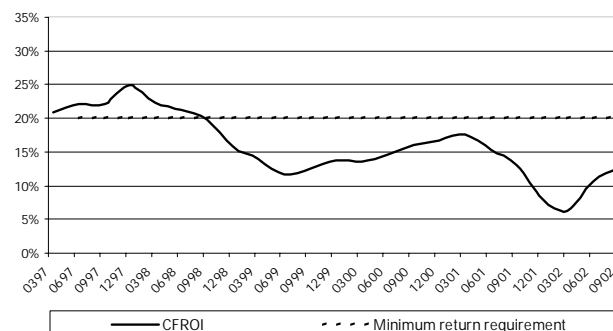
Annual total return on SAS shares
(Share price appreciation including dividends)



Cash flow return on investments, CFROI

One of the Group's objectives over the next five years is to reach a CFROI of an average minimum of 20% per year, where average capital allocation for replacement of the aircraft fleet is taken into account.

Development of cash flow return on investments, CFROI (%) (12-month rolling values)



In the period October 2001 to September 2002, the Group generated income before net financial items, tax, depreciation, capital gains and operating lease costs for aircraft (EBITDAR) of MSEK 5,840 (5,104). Set in relation to adjusted capital employed, CFROI was 13% (13%), which is 7 percentage points below target.

The SAS Group's target is within 2-3 years (2004/2005) to reach an EBT of MSEK 5,000-6,000.

Income and capital concepts included in CFROI

(MSEK)	October-September	
	2001-2002	2000-2001
Income (12 months)		
Income before depreciation, EBITDA	2,322	2,828
+ Operating lease costs, aircraft	3,518	2,276
EBITDAR	5,840	5,104
Adjusted capital employed (average)		
+ Shareholders' equity	15,202	17,008
+ Minority interests	93	193
+ Surplus value, aircraft	1,645	5,714
+ Capitalized leasing costs (x 7)*	19,989	13,909
- Equity in affiliated companies	-931	-1,072
+ Net debt	9,830	3,378
Adjusted capital employed	45,828	39,130
CFROI	13%	13%

* The majority of SAS's operating leases are so-called phasing out leases with a remaining term of less than two years. In the capital market the calculation model 7 times the annual cost is used regardless of the term of the leases. NPV(Net Present Value) at the end of September amounted to MSEK 10,516 (5,259). Average NPV for the 12-month period amounted to MSEK 9,804 (4,709).

Parent Company SAS AB

Reported income before tax for the period was MSEK -55 (-16).

Available liquidity for SAS AB at September 30 amounted to MSEK 1 compared with MSEK 0 at the beginning of the year.

A directed new issue of 2,683,604 shares was carried out in April. The issue was made at a subscription price of SEK 74 per share, a total of MSEK 200. The share capital increased by MSEK 27 to MSEK 1,645 represented by 164,500,000 shares and the remaining MSEK 172 was allocated to a premium reserve.

The number of shareholders in SAS AB totals 19,804.

Statement of income (MSEK)	January – September	
	2002	2001
Operating revenue	-	-
Operating expenses	-9	-1
Operating income	-9	-1
Net financial items	-46	-15
Income before tax	-55	-16
Tax	0	0
Income after tax	-55	-16

Balance sheet (MSEK)	Sep 30	Dec 31
	2002	2001
Fixed assets	3,047	3,022
Current assets	11	128
Total assets	3,058	3,150
Shareholders' equity	1,864	1,721
Long-term liabilities	1,067	1,278
Current liabilities	127	151
Total shareholders' equity and liabilities	3,058	3,150

Shareholders' equity (MSEK)

Restricted equity		
Share capital	1,645	1,618
Premium reserve	172	-
Statutory reserve	10	-
Unrestricted equity		
Profit brought forward	92	-
Net income for the period	-55	103
Total shareholders' equity	1,864	1,721

Outlook for the full year 2002

Operations in the first nine months of 2002 were marked by implementation of the planned measures designed to restore profitability. Development of cabin factor and yield was slightly stronger than expected in the second quarter. In conjunction with the SAS Group's publication of traffic statistics for August and September, however, the Group announced a growing pressure on yield.

The outlook for revenues and yield in the immediate future is more negative, in view of the continued weak business climate in Scandinavia and in Europe and the uncertain political situation in the external environment. The short-term improvement measures presented in autumn 2001 have developed according to plan and had a positive impact on earnings for the first nine months of 2002. The process of identifying the restructuring measures is proceeding as planned. In the fourth quarter provisions of approximately MSEK 600 will be made for restructuring costs related to implementation of the restructuring measures. The positive effects of the restructuring measures in 2003 and 2004 are expected to amount to MSEK 3,000 and MSEK 5,500 respectively.

In conjunction with the second interim report for 2002, the SAS Group anticipated positive pre-tax income, excluding capital gains, for the full year 2002, mainly based on better prospects for yield and revenues.

Due to a continued weak business climate with increased pressure on yield and revenues in the third quarter, which is expected to continue in the fourth quarter, the SAS Group expects a negative pre-tax income (EBT) excluding restructuring costs and capital gains for the full year 2002. Capital gains in 2002, including costs for phasing in and phasing out aircraft, will amount to at least MSEK 250 and restructuring costs will total approximately MSEK 600.

Stockholm, November 12, 2002
SAS AB

Jørgen Lindegaard
President and CEO

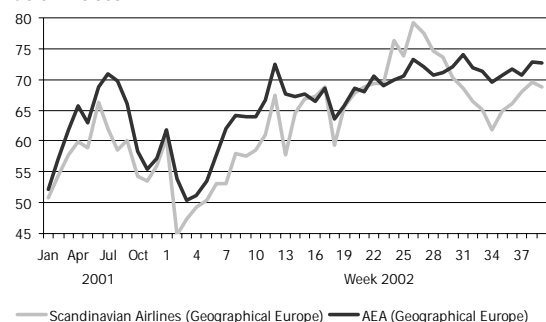
This interim report has not been reviewed by the Company's auditors.

Scandinavian Airlines

Market and traffic development

Scandinavian Airlines continues to capture market shares. For AEA European traffic (RPK) decreased in the period January-September by 7.6% and capacity (ASK) by 12.0%. Scandinavian Airlines' European traffic decreased in the same period by 5.7% and capacity fell 10.7%. In the first nine months, Scandinavian Airlines' cabin factor was 2.8 percentage points lower than for AEA. A key part of Scandinavian Airlines' strategy is to raise capacity utilization and in the period January-September 2002 the distance to AEA was reduced. For the nine-month period, Scandinavian Airlines reported an improved cabin factor by 5.6 percentage points compared with a 3.2 percentage points improvement for AEA, which is in line with the strategy.

Cabin factor



The airline market in general was characterized by campaigns and special offers. Despite high cabin factors the trend towards a greater pressure on yield intensified in the third quarter and the currency adjusted yield decreased by 2.1% during the quarter. The decline in yield is explained by Scandinavian Airlines' increased capacity in intercontinental traffic and a negative passenger mix for European traffic. Price pressure and increased capacity on the intercontinental routes mean that the pressure on yield is expected to continue in the fourth quarter. Passenger revenue amounted to MSEK 25,399 in January-September, which adjusted for currency effects is 2.9% lower than in the previous year. In the third quarter alone, passenger revenue fell 3.9% to MSEK 8,052.

Scandinavian Airlines' passenger traffic (RPK) decreased within Scandinavia and Europe due to capacity reductions, but showed strong growth on intercontinental routes. Overall, traffic in the first nine months decreased by 0.6%. In the third quarter, traffic decreased by 1.0%. Capacity (ASK) decreased in the period January-September by 4.6% and in the third quarter by 6.5%. For the period January-September, the cabin factor rose by 2.8 percentage points and for the third quarter by 4.0 percentage points to 72.2%.

Intercontinental traffic showed very strong development as a result of the introduction of Scandinavian Airlines' new long-haul aircraft, the Airbus A340. Traffic increased by 14.2% for the period January-September, despite the closure of the route to Delhi on February 1. In the third quarter, traffic increased by 16.0% and capacity rose 10.6%. Even though the new long-haul aircraft have approximately 35% higher capacity, the cabin factors on the intercontinental routes improved and amounted to 87.8% in the third quarter, an improvement of 4.1 percentage points. For traffic to Asia, which was served by the new Airbus A340 throughout the quarter, the cabin factor was 90.5%, which is an improvement over 2001 of just over 2 percentage points. Cabin factors to the USA also developed well and the same cabin factors were achieved on the routes where the new Airbus A340 has replaced the smaller Boeing 767.

The currency adjusted yield decreased in January—September by 3.7% and by 1.3% in the third quarter, mainly due to the Airbus A340 having a larger Economy Class section than the Boeing 767.

On European routes traffic measured in RPK decreased by 5.7% in January-September. The number of passengers fell 4.1%. In the third quarter traffic (RPK), especially from Sweden, continued to decrease by 6.7% mainly as an effect of further capacity cutbacks. Capacity decreased in January-September by 10.7% and by 13.9% in the third quarter. Since the capacity reduction was greater than the fall in traffic, the cabin factor rose in the third quarter by a strong 5.1 percentage points to 65.9%. The aim is to further increase the cabin factor. The currency adjusted yield rose 1.2% in the third quarter but pressure on yield was noted at the end of the period.

Scandinavian Airlines' new travel concept, Scandinavian Direct was introduced on intra-Scandinavian routes on June 1. Under the new concept the division between Business Class and Economy Class no longer applies. The weak business climate in the Scandinavian economies and reduced capacity (ASK) affected traffic (RPK) on the intra-Scandinavian routes which decreased by 6.3% in January-September and by 8.3% in the third quarter. Capacity fell 3.6% in January-September and by 5.9% in the third quarter. Despite lower capacity, the cabin factor fell in the third quarter by 1.5 percentage points to 57.8%. The currency adjusted yield rose in the third quarter by 1.0%.

Danish domestic traffic and traffic to Greenland decreased by 11.0% in January-September. The number of passengers fell in the same period by 9.4%. Particularly weak development was noted on routes to Greenland. Since the decline in traffic could not be compensated by a corresponding lower capacity, the cabin factor decreased by 7.5 percentage points to 60.1% in January-September. In the third quarter, the cabin factor declined by 6.3 percentage points to 66.2%. The decided closure of traffic to Greenland was brought forward to October 28, 2002.

Following the adjustment between Braathens' and Scandinavian Airlines' traffic systems as of April 2, 2002, Scandinavian Airlines primarily runs services in southern Norway. Capacity measured in ASK therefore decreased in the third quarter by 32.8% and by 22.1% for the period January-September. Traffic (RPK) declined, mainly because of reduced capacity but also as a result of a somewhat weaker market, by 35.6% in the third quarter and by 24.6% in January-September. A new low fare player on Norwegian domestic routes, which since September has run services on some of the routes served by Scandinavian Airlines, did not affect demand for Scandinavian Airlines in the third quarter. As a result above all of shorter routes with a higher proportion of business travelers, the currency adjusted yield rose 30.0% in the third quarter.

The Swedish domestic market has been affected by weak economic development throughout 2002. The number of passengers decreased in January-September by 9.5% and by 7.9% in the third quarter. Measured in RPK, traffic fell 7.3% in the third quarter. Capacity decreased by 6.6% for the period January-September and by 6.7% in the third quarter. Above all, slightly lower demand than expected in July and August, due among other things to the good weather, meant that the cabin factor decreased in the third quarter by 0.4 percentage points to 61.0%. As a result of weak development, Scandinavian Airlines will discontinue its services to Kristianstad and Skellefteå from October 28.

Scandinavian Airlines – traffic, production and yield

	July-September			January-September		
	2002	2001	change	2002	2001	change
Scandinavian Airlines total						
Number of passengers (000)	5,586	6,002	-6.9%	16,710	17,763	-5.9%
Revenue passenger km (RPK) (mill)	6,281	6,346	-1.0%	17,749	17,858	-0.6%
Available seat km (ASK) (mill)	8,701	9,310	-6.5%	25,762	27,011	-4.6%
Cabin factor	72.2%	68.2%	+4.0%pts.	68.9%	66.1%	+2.8%pts.
Yield, currency adjusted			-2.1%			-2.3%
Intercontinental routes						
Number of passengers (000)	394	348	+13.5%	1,063	950	+11.9%
Revenue passenger km (RPK) (mill)	2,733	2,356	+16.0%	7,354	6,437	+14.2%
Available seat km (ASK) (mill)	3,113	2,814	+10.6%	8,677	7,952	+9.1%
Cabin factor	87.8%	83.7%	+4.1%pts.	84.8%	81.0%	+3.8%pts.
Yield, currency adjusted			-1.3%			-3.7%
European routes						
Number of passengers (000)	2,079	2,186	-4.9%	5,868	6,122	-4.1%
Revenue passenger km (RPK) (mill)	2,083	2,233	-6.7%	5,864	6,218	-5.7%
Available seat km (ASK) (mill)	3,161	3,670	-13.9%	9,338	10,461	-10.7%
Cabin factor	65.9%	60.8%	+5.1%pts.	62.8%	59.4%	+3.4%pts.
Yield, currency adjusted			+1.2%			-1.7%
Intra-Scandinavian routes						
Number of passengers (000)	947	1,052	-10.0%	2,845	3,084	-7.8%
Revenue passenger km (RPK) (mill)	467	509	-8.3%	1,375	1,467	-6.3%
Available seat km (ASK) (mill)	809	859	-5.9%	2,434	2,524	-3.6%
Cabin factor	57.8%	59.3%	-1.5%pts.	56.5%	58.2%	-1.7%pts.
Yield, currency adjusted			+1.0%			+1.9%
Danish domestic/Greenland						
Number of passengers (000)	213	238	-10.3%	666	735	-9.4%
Revenue passenger km (RPK) (mill)	108	121	-10.4%	263	296	-11.0%
Available seat km (ASK) (mill)	163	166	-1.8%	438	437	+0.2%
Cabin factor	66.2%	72.6%	-6.3%pts.	60.1%	67.7%	-7.5%pts.
Yield, currency adjusted			+4.2%			+6.1%
Norwegian domestic *)						
Number of passengers (000)	876	1,012	-13.4%	2,743	2,975	-7.8%
Revenue passenger km (RPK) (mill)	354	550	-35.6%	1,164	1,543	-24.6%
Available seat km (ASK) (mill)	578	859	-32.8%	1,964	2,521	-22.1%
Cabin factor	61.2%	64.0%	-2.7%pts.	59.3%	61.2%	-1.9%pts.
Yield, currency adjusted			+30.0%			+28.0%
Swedish domestic						
Number of passengers (000)	1,076	1,168	-7.9%	3,525	3,897	-9.5%
Revenue passenger km (RPK) (mill)	535	578	-7.3%	1,729	1,897	-8.8%
Available seat km (ASK) (mill)	878	941	-6.7%	2,912	3,117	-6.6%
Cabin factor	61.0%	61.4%	-0.4%pts.	59.4%	60.9%	-1.5%pts.
Yield, currency adjusted			+2.3%			+3.3%

*) Reduction in traffic and production and increase in yield are due to re-distribution of Norwegian domestic routes between Scandinavian Airlines and Braathens.

Statement of income - Scandinavian Airlines

(MSEK)	July-September		January-September		October-September	
	2002	2001	2002	2001	2001-2002	2000-2001
Passenger revenue	8,052	8,383	25,399	25,801	33,706	34 055
Freight revenue	0	0	0	856	0	1 536
Other traffic revenue	596	616	1,537	1,138	1,712	1 663
Other revenue	1,060	893	3,201	3,322	4,768	4 536
Operating revenue	9,708	9,892	30,137	31,117	40,186	41 790
Payroll expenses	-3,396	-3,144	-10,482	-9,893	-14,129	-12 736
Selling costs	-487	-570	-1,531	-1,758	-2,097	-2 484
Jet fuel	-792	-1,086	-2,379	-3,132	-3,277	-4 273
Government user fees	-931	-1,007	-2,793	-2,909	-3,726	-3 776
Catering costs	-383	-433	-1,131	-1,256	-1,522	-1 600
Handling costs	-425	-466	-1,306	-1,373	-1,796	-1 794
Technical aircraft maintenance	-530	-640	-1,475	-1,947	-2,070	-2 425
Data and telecommunications costs	-295	-345	-1,039	-1,133	-1,444	-1 467
Other operating expenses	-1,711	-1,721	-5,349	-5,486	-7,901	-7 517
Operating expenses	-8,950	-9,412	-27,485	-28,887	-37,962	-38 072
Income before depreciation and leasing costs, EBITDAR	758	480	2,652	2,230	2,224	3 718
Leasing costs	-363	-621	-1,381	-1,632	-1,981	-2 107
Income before depreciation, EBITDA	395	-141	1,271	598	243	1 611
Depreciation	-527	-419	-1,458	-1,248	-1,995	-1 846
Share of income in affiliated companies	17	16	51	51	66	64
Capital gains	619	207	365	201	772	1 402
Operating income, EBIT	504	-337	229	-398	-914	1 231
Income from other shares and participations	4	0	7	1	7	5
Net financial items	-316	43	-613	47	-619	16
Scandinavian Airlines – Income before tax, EBT	192	-294	-377	-350	-1,526	1 252

Earnings trend

Scandinavian Airlines' operating income showed positive development in the third quarter of 2002 compared with the previous year. Production was 6.5% lower than in 2001, and with a traffic decline of 1% capacity utilization, the cabin factor, improved by 4 percentage points to 72.2%. Yield in the third quarter was 2.1% lower than in the same period last year. Operating revenue was MSEK 9,708 (9,892). EBITDAR amounted to MSEK 758 (480), an improvement of MSEK 278.

Operating expenses in the third quarter of 2002 were 4.9% lower than in the previous year, due among other things to lower fuel prices as well as lower production and the effects of action programs.

Scandinavian Airlines' operating revenue amounted to MSEK 30,137 (31,117) during the period January-September, a decline of MSEK 980. Adjusted for currency effects and comparable units (SAS Cargo), the decrease was MSEK 548 or 1.8%. Passenger revenue decreased, adjusted for currency, by 2.9% or MSEK 752.

The joint venture agreement, ECA (European Cooperation Agreement) between British Midland, Lufthansa and SAS is proceeding as described in February 2002. A negative result is also expected for the current year. In the period January-September, the agreement had a negative earnings impact of MSEK -303 (-114).

Operating expenses decreased in the period January-September by MSEK 1,402. For comparable units, costs fell 1.5%. Compared with the same period in 2001, the unit cost increased by 2.2% due to lower capacity and the fact that capacity reductions compared with the previous year have not yet had a full impact on payroll expenses. Since the fuel price was approximately 14% lower than in 2001, fuel costs had a positive impact on the unit cost.

Operating income before depreciation and leasing costs (EBITDAR) amounted to MSEK 2,652 (2,230) for the period January-September, an increase of MSEK 422 or 18.9%.

Production, expressed in ASK, decreased during the nine month period by 4.6%. In view of the deteriorated traffic development, since autumn 2001 continuous reductions have been made in the traffic program and these will continue ahead of the 2002/2003 winter program.

Depreciation and leasing costs together were at the same level as the previous year.

In January-September one Fokker F28 and one Airbus A340 were sold. Deliveries during the period were two Boeing 737s, three Airbus A340s, two Airbus A321s and nine deHavilland Q400s.

Income before capital gains was MSEK -749, MSEK 197 lower than in the previous year.

Subsidiary & Affiliated Airlines

Statement of income

(MSEK)	July-September		January-September		October-September	
	2002	2001	2002	2001	2001-2002	2000-2001
Passenger revenue	3,532	566	9,418	1,779	10,113	2,321
Freight revenue	27	12	182	34	194	49
Other traffic revenue	1,270	15	2,362	12	2,369	22
Other revenue	299	147	915	440	1,059	509
Operating revenue	5,128	740	12,877	2,265	13,735	2,901
Payroll expenses	-1,030	-225	-2,869	-642	-3,116	-833
Selling costs	-249	-31	-611	-103	-641	-134
Jet fuel	-573	-48	-1,276	-166	-1,334	-225
Government user fees	-686	-84	-1,693	-246	-1,787	-327
Catering costs	-250	-20	-586	-65	-609	-92
Handling costs	-279	6	-631	-62	-718	-83
Technical aircraft maintenance	-278	-53	-669	-139	-720	-178
Data and telecommunications costs	-106	-10	-326	-32	-335	-44
Other operating expenses	-549	-175	-1,522	-459	-1,622	-538
Operating expenses	-4,000	-640	-10,183	-1,914	-10,882	-2,454
Income before depreciation and leasing costs, EBITDAR	1,128	100	2,694	351	2,853	447
Leasing costs	-569	-58	-1,478	-135	-1,536	-169
Income before depreciation, EBITDA	559	42	1,216	216	1,317	278
Depreciation	-141	-44	-355	-130	-406	-166
Share of income in affiliated companies	-24	-28	-386	28	-472	27
Capital gains	0	0	7	0	-22	15
Operating income, EBIT	394	-30	482	114	417	154
Income from other shares and participations	0	0	0	0	0	0
Net financial items	-78	-10	-101	-28	-115	-36
Subsidiary & Affiliated Airlines - Income before tax, EBT	316	-40	381	86	302	118

The Subsidiary & Affiliated Airlines business area reported income before capital gains of MSEK 374 (86) for the nine-month period. Income for the third quarter was MSEK 316 (-40).

The affiliated company **British Midland**, 20% holding, provided a share of income of MSEK -87 (5). Earnings for the period were charged with a MSEK -22 adjustment relating to the previous year.

Spanair was consolidated from March 1, 2002, as a subsidiary in the SAS Group. The months March-September were charged with goodwill amortization of MSEK 27.

Goodwill amortization for **Braathens** was charged against earnings with MSEK 31 for the period January-September



(MSEK)	March - September		Nov 2000-
	2002	2001	Oct 2001
		¹⁾	^{1) 2)}
Passenger revenue	2,805	3,106	7,078
Other revenue	1,864	1,720	119
Total revenue	4,669	4,826	7,197
Payroll expenses	-608	-610	-1,145
Other operating expenses	-3,208	-3,680	-4,661
Total operating expenses	-3,816	-4,290	-5,806
Operating income before depreciation, leasing costs, EBITDAR	853	536	1,391
Leasing costs	-684	-848	-1,541
Operating income before depreciation, EBITDA	169	-312	-150
Depreciation	-38	-23	-46
Operating income, EBIT	131	-335	-196
Net financial items	-107	-103	-177
Income before tax, EBT	24	-438	-373
EBITDAR margin	18.3%	11.1%	19.3%
Number of employees	2,087	2,209	2,438

¹⁾ Spanair not consolidated in the SAS Group – included as share of income

²⁾ Fiscal year Nov. 1, 2000 – Oct. 31, 2001 and partly based on accounting principles different from those of the SAS Group.

Traffic and production	January-September		
	2002	2001	Change
Scheduled			
No. of passengers (000)	3,971	4,476	-11.3%
Revenue passenger km (RPK)	3,262	4,460	-26.9%
Available seat km (ASK)	5,213	7,389	-29.4%
Cabin factor	62.6%	60.4%	+2.2%pts
Yield, local currency			26.5%
Charter			
No. of passengers (000)	1,887	1,818	3.8%
Revenue passenger km (RPK)	3,740	3,714	0.7%
Available seat km (ASK)	4,470	4,463	0.2%
Cabin factor	83.7%	83.2%	+0.5%pts
Yield, local currency			-0.1%

Traffic and earnings trend

Spanair's scheduled traffic, measured in RPK, decreased by 26.9% in the period January-September. Production, ASK, decreased by 29.4% in the same period. At the same time, the cabin factor rose 2.2 percentage points compared with 2001 to 62.6%. Yield for scheduled traffic, measured in local currency, increased by 26.5% compared with the same period last year. In the domestic market, capacity was transferred from routes with low yield to strategically important routes, which provided a large increase in average revenue per passenger. Excluding the intercontinental traffic, production decreased by 4.8% and traffic by 0.2% while the cabin factor rose 2.9 percentage points.

Charter traffic for the period January-September, measured in RPK, increased by 0.7% and production by 0.2%, while the cabin factor rose by 0.5 percentage points to 83.7%. Charter traffic for March-September amounted to MSEK 1,678. The charter market is showing no signs of recovery and the level of cancellations remains very high.

Passenger revenue for the period March-September amounted to MSEK 2,805 (3,106).

EBITDAR for the period March-September amounted to MSEK 853 which is MSEK 317 better than in the previous year.

Income before tax for the period March-September amounted to MSEK 24 (-438).



(MSEK)	January-September		Jan-Dec
	2002	2001	2001
		¹⁾	¹⁾
Passenger revenue	4,514	4,280	5,791
Other revenue	1,001	925	1,146
Total revenue	5,515	5,205	6,937
Payroll expenses	-1,491	-1,596	-2,151
Other operating expenses	-2,726	-3,146	-4,156
Total operating expenses	-4,217	-4,742	-6,307
Operating income before depreciation, leasing costs, EBITDAR	1,298	463	630
Leasing costs	-574	-576	-772
Operating income before depreciation, EBITDA	724	-113	-142
Depreciation	-130	-166	-223
Capital gains	0	8	10
Operating income, EBIT	594	-271	-355
Net financial items	40	11	-20
Income before tax, EBT	634	-260	-375
EBITDAR margin	23.5%	8.9%	9.1%
Number of employees	3,061	3,782	3,770

¹⁾ Braathens not consolidated in the SAS Group

Traffic and production	January-September		
	2002	2001	Change
Scheduled			
No. of passengers (000)	3,154	3,879	-18.7%
Revenue passenger km (RPK)	2,010	2,110	-4.8%
Available seat km (ASK)	3,426	4,049	-15.4%
Cabin factor	58.7%	52.1%	+6.6%pts.
Yield, local currency			3.8%
Charter			
No. of passengers (000)	315	238	32.2%
Revenue passenger km (RPK)	778	546	42.5%
Available seat km (ASK)	948	706	34.4%
Cabin factor	82.1%	77.4%	+4.7%pts.
Yield, local currency			-7.7%

Traffic and earnings trend

Braathens' scheduled traffic, measured in RPK, showed a decrease of 4.8% for the period January-September, and production, ASK, fell by 15.4% due to reductions in international traffic. At the same time, the cabin factor rose by 6.6 percentage points to 58.7% compared with 2001. The yield for scheduled traffic increased by 3.8% compared with same period last year.

Charter traffic, measured in RPK, increased by 42.5% for the nine-month period compared with 2001, and the number of passengers increased by 32.2%. Charter traffic totaled MSEK 504 for the first nine months of the year.

Passenger revenue amounted to MSEK 4,514 (4,280) for the period January-September, an increase of 5.5%.

EBITDAR for the period January-September was MSEK 1,298 (463).

Income before tax for the period January-September amounted to MSEK 634 (-260).



(MSEK)	January-September		Jan-Dec
	2002	2001	2001
Passenger revenue	1,318	1,097	1,502
Other revenue	583	477	633
Total revenue	1,901	1,574	2,135
Operating income before depreciation, leasing costs, EBITDAR	329	280	371
Operating income before depreciation, EBITDA	225	194	254
Operating income, EBIT	119	101	144
Income before tax, EBT	66	53	79
EBITDAR margin	17.3%	17.8%	17.4%
Number of employees	1,189	1,231	1,227

Traffic and production	January-September		
	2002	2001	Change
No. of passengers (000)	1,090	1,066	2.3%
Revenue passenger km (RPK)	304	269	13.0%
Available seat km (ASK)	596	528	12.9%
Cabin factor	50.9%	50.9%	0.0
Yield, local currency			-0.3%

Traffic and earnings trend

Traffic measured in RPK increased by 13.0% in the nine-month period. Production, ASK, increased by 12.9%. The cabin factor for the period was unchanged.

Passenger revenue for the period, MSEK 1,318, differed favorably from the previous year by 20%. This difference is primarily attributable to increased production compared with 2001.

Income before tax amounted to MSEK 66, which is 25% better than in the previous year.



(MSEK)	January-September		Jan-Dec
	2002	2001	2001
Passenger revenue	780	681	974
Other revenue	1	1	0
Total revenue	781	682	974
Operating income before depreciation, leasing costs, EBITDAR	202	61	129
Operating income before depreciation, EBITDA	87	12	2
Operating income, EBIT	77	-11	-34
Income before tax, EBT	77	-10	-33
EBITDAR margin	25.9%	8.9%	13.2%
Number of employees	293	304	303

Traffic and production	January-September		
	2002	2001	Change
No. of passengers (000)	406	339	19.8%
Revenue passenger km (RPK)	252	190	32.6%
Available seat km (ASK)	482	419	15.0%
Cabin factor	52.2%	45.4%	+6.8%pts.
Yield, local currency			-12.7%

Traffic and earnings trend

Traffic, measured in RPK, continued its positive development and increased during the nine-month period by 32.6% compared with the previous year. Production, ASK, increased by 15.0% in the same period.

Passenger revenue for the period January-September amounted to MSEK 780 (681), which is 14.5% higher than in the previous year.

Income before tax amounted to MSEK 77.

Airline Related Businesses

Statement of income

(MSEK)	July-September		January-September		October-September	
	2002	2001	2002	2001	2001-2002	2000-2001
Revenue	2,078	2,374	6,419	5,841	8,726	7,355
Operating revenue	2,078	2,374	6,419	5,841	8,726	7,355
Payroll expenses	-558	-603	-1,700	-1,446	-2,286	-1,808
Handling costs	-74	-78	-204	-177	-243	-202
Costs of goods sold incl. concession charges	-403	-498	-1,228	-1,352	-1,603	-1,767
Data and telecommunication costs	-186	-298	-669	-868	-977	-1,127
Other operating expenses	-748	-695	-2,248	-1,492	-3,151	-1,807
Income before depreciation EBITDA	109	202	370	506	466	644
Depreciation	-83	-85	-250	-235	-349	-305
Share of income in affiliated companies	-7	-36	-32	-79	-72	-151
Capital gains	-3	1	-6	7	-5	11
Operating income, EBIT	16	82	82	199	40	199
Income from other shares and participations	0	0	-27	0	-27	0
Net financial items	-8	-6	-11	-9	1	-11
Airline Related Businesses - Income before tax, EBT	8	76	44	190	14	188

In July, the SAS Group signed an agreement to sell its shareholding in SMART to Amadeus. This transaction was carried out on August 31, following approval by the Swedish Competition Authority. SMART is therefore consolidated in the SAS Group's accounts for the first eight months of the year and included in consolidated operating revenue with MSEK 306 (341), in EBITDA with MSEK 33 (122), and in income before tax with MSEK 3 (139).



(MSEK)	January-September		Jan-Dec
	2002	2001 ¹⁾	2001 ¹⁾
Operating revenue	2,043	1,976	2,698
of which traffic revenue	1,632	1,588	2,170
Proportion of external operating revenue	95.3%	-	-
Operating income before depreciation, EBITDA	-26	-	-
Operating income, EBIT	-63	-	-
Income before tax, EBT	-64	-	-
EBITDA margin	-1.3%	-	-
Number of employees	1,134	1,187	1,180
Flown tonnes	197,703	190,320	263,431
Tonne km (000)	670,412	643,816	878,364
Cargo yield, SEK/ tonne km	2.29	2.44	2.44

¹⁾ Operations have been conducted as a corporation since June 1, 2001. Since prior to that date the operations were integrated with Scandinavian Airlines, results cannot be reported for 2001.

Operating revenue for the period amounted to MSEK 2,043, which exceeds the previous year by 3.4%.

Revenue development to/from the USA remained weak, while Asian routes were in line with plan, and Scandinavia/Europe better than expected. Air Mail has concluded an agreement with the Norwegian Post on transport of domestic mail. The agreement will run for four years.

The average yield, SEK 2.29, was 6% lower than in the previous year. The average load factor amounted to 65.3%, an increase of 1.0 percentage points compared with the previous year.

The Fitness program, which is an earnings improvement program, had implemented projects which led to savings in excess of plan by the end of September.

Income before tax amounted to MSEK -64 for January-September. Earnings were negatively affected by a write-down of shares in Tradevision and a negative effect from introduction of a new traffic system in Norway. The minority shareholding, 30%, in Tradevision was sold to Descartes Systems in Canada.



(MSEK)	January-September		Jan-Dec
	2002	2001	2001
Operating revenue	280	265	355
of which external revenue	99.3%	99.4%	99.5%
Operating income before depreciation, EBITDA	2	16	19
Operating income, EBIT	-3	11	10
Income before tax, EBT	-3	12	10
EBITDA margin	0.7%	6.0%	5.4%
Number of employees	150	116	125

Jetpak's operating revenue for January-September was MSEK 280 (265). Income before tax for the nine-month period amounted to MSEK -3 (12). Restructuring costs of MSEK 10 had an impact on earnings.



SAS Trading

(MSEK)	January-September		Jan-Dec
	2002	2001	2001
Operating revenue	1,560	1,734	2,275
of which external revenue	96.9%	98.0%	98.0%
Operating income before depreciation, EBITDA	36	7	38
Operating income, EBIT	9	-18	2
Income before tax, EBT	4	-24	-1
EBITDA margin	2.3%	0.4%	1.7%
Number of employees	510	665	658

Operating revenue for the period amounted to MSEK 1,560 (1,734), which is 10% lower than in the previous year. Comparisons with the previous year are affected by the fact that SAS Trading lost the concession with the Civil Aviation Administration in Sweden from July 1, 2002. Comparable units increased by 1% compared with 2001.

The store operations, which account for 93% of operating revenue, showed for comparable units an increase of 4% compared with the previous year, despite a sharp decline in passenger traffic. This was achieved due to a major focus on greater retail trading expertise throughout the entire operations.

Work designed to make the organization more efficient continued.

In the third quarter, SAS Trading won the concession at Torp, Norway, against tough international competition.

Income before tax amounted to MSEK 4, which is MSEK 28 better than the previous year.



SAS Flight Academy

(MSEK)	January-September		Jan-Dec
	2002	2001	2001
Operating revenue	458	460	627
of which external revenue	33.8%	37.6%	35.4%
Operating income before depreciation, EBITDA	105	107	150
Operating income, EBIT	33	42	62
Income before tax, EBT	26	38	56
EBITDA margin	22.9%	23.3%	23.9%
Number of employees	202	197	200

Operating revenue for the period January-September amounted to MSEK 458 (460).

Sales to customers outside the SAS Group decreased for the period by 3.8 percentage points. The industry is still characterized by low demand for type trainings because airlines do not need to recruit new people. Short-term measures designed to meet this lower demand include a greater focus on markets where the economic situation is less troubled.

Income before tax for the period January-September amounted to MSEK 26 (38).



Scandinavian IT Group

(MSEK)	January-September		Jan-Dec
	2002	2001	2001
Operating revenue	1,676	1,835	2,463
of which external revenue	5.5%	3.7%	3.6%
Operating income before depreciation, EBITDA	176	196	245
Operating income, EBIT	83	91	104
Income before tax, EBT	81	84	96
EBITDA margin	10.5%	10.7%	9.9%
Number of employees	1,296	1,258	1,274

Scandinavian IT Group's operating revenue for the period amounted to MSEK 1,676 (1,835), which is 9% lower than in the previous year. The decline in revenue can be attributed to lower deliveries primarily to Scandinavian Airlines. In the first nine months of 2002, Scandinavian IT Group has carried out a cost savings program which considerably reduced costs and thus adapted the company to the changed market conditions for the industry.

Income before tax amounted to MSEK 81 (84).

Rezidor SAS Hospitality

Statement of income

(MSEK)	July-September		January-September		October-September	
	2002	2001	2002	2001	2001-2002	2000-2001
Rooms revenue	473	423	1,258	1,215	1,634	1,571
Food and beverage revenue	257	260	789	814	1,138	1,134
Other revenue	245	199	552	532	776	709
Operating revenue	975	882	2,599	2,561	3,548	3,414
Operating expenses	-277	-278	-821	-864	-1,148	-1,161
Payroll expenses	-351	-342	-990	-986	-1,335	-1,291
Rental expenses, property insurance and property tax	-206	-184	-623	-508	-829	-660
Operating income before depreciation	141	78	165	203	236	302
Depreciation	-31	-43	-86	-119	-110	-164
Share of income in affiliated companies	17	5	30	28	38	39
Capital gains	5	0	5	0	68	24
Operating income, EBIT	132	40	114	112	232	201
Net financial items	-3	-17	-11	-31	-2	-24
Rezidor SAS Hospitality –Income before tax, EBT	129	23	103	81	230	177
Key figures	January-September		January-December		January-September	
	2002		2001		2001	
EBITDA, MSEK ¹⁾	195		310		231	
EBITDA, pro forma, MSEK ²⁾	192		196		-	
Revenue per available room (SEK) (REVPAR) ³⁾	643		638		661	
Gross profit margin	30.3%		28.1%		27.8%	

¹⁾ Operating income before depreciation and share of income in affiliated companies.

²⁾ Pro forma, adjusted for sale of properties.

³⁾ Including hotels operated on a management basis.

Earnings trend

Revenues for the first nine months of the year amounted to MSEK 2,599 (2,561), which is MSEK 38 better than in the previous year. In the third quarter, revenues amounted to MSEK 975 (882). Revenues for the third quarter include the compensation received when the agreement for the five Malmaison hotels was terminated, MSEK 103.

The negative trend compared with 2001 is mainly due to the general decline in the market which started in mid-2001 and was intensified on September 11. In addition, the hotel strike in Norway in April-May of the present year had a negative impact on the first half. The expectation was that the hotel market would start a strong improvement in the second and third quarters of 2002. This upturn has been weaker than expected for European markets. In major European cities REVPAR, revenue per available room, was approximately 2% higher than in September last year, although that was a very poor month. REVPAR for Rezidor SAS has improved steadily since October 2001 and was 6% better than in the previous year in September 2002.

The strongest markets are Iceland, the Netherlands, the Baltic countries, the Middle East, as well as some new markets such as St. Petersburg, Bratislava and Sofia. The Norwegian market has weakened compared with the previous year and was also affected by the strike in April-May of this year. The hotels in Sweden, Denmark and Germany have lower revenues than in the previous year.

Despite weak revenues, market shares in all main markets have been retained and the estimate is that market shares will be retained during the year in most markets.

In September, Rezidor SAS concluded a franchise agreement with Carlson Hotels Worldwide under which Rezidor SAS gains exclusive rights to develop three brands, Regent, Country Inns and Park Inn. The agreement runs for 30 years and covers Europe, the Middle East and Africa.

Eight new hotels were opened during the period including hotels in Paris, Leeds and Warsaw. In addition, 13 new agreements were signed for new Radisson SAS hotels. The new agreement with Carlson Hotels Worldwide has added a further 12 hotels under the Country Inns brand to the chain.

In October, a joint venture agreement was concluded to take over five hotels in the Middle East. All hotels will open in the period November 2002-January 2003 and be rebranded to Radisson SAS Hotels.

EBITDA, income before depreciation and share of income in affiliated companies, amounted to MSEK 195 (231) for the first nine months of the year. EBITDA for the third quarter was MSEK 158 (83).

Income before tax, EBT, for the period January-September was MSEK 103 (81).

Definitions

ASK, Available seat kilometers

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

AV, Asset value (adjusted capital employed)

Book shareholders' equity, plus minority interests, plus surplus value in the aircraft fleet, plus 7 times the annual cost for operating leases for aircraft, plus net interest-bearing liabilities, minus share of equity in affiliated companies. Can also be expressed as book value of total assets, plus surplus value in the aircraft fleet, plus 7 times the annual cost for operating leases for aircraft, minus share of equity in affiliated companies, minus noninterest-bearing liabilities and interest-bearing assets.

Cabin factor, passengers

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

CAPEX (Capital Expenditure)

Future payments for aircraft on firm order.

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 minus interest-bearing assets in relation to shareholders' equity and minority interests.

Earnings per share (EPS)

Income after tax divided by the total number of shares.

EBIT (including capital gains)

Operating income.

EBIT margin

EBIT divided by operating revenue.

EBITDA, Operating income before depreciation

Operating income before net financial items, tax, depreciation, share of income in affiliated companies, and income from the sale of fixed assets.

EBITDAR, Operating income before depreciation and leasing costs

Operating income before net financial items, tax, depreciation, share of income in affiliated companies, income from the sale of fixed assets and leasing costs for aircraft.

EBITDAR margin

EBITDAR divided by operating revenue.

EBT

Income before tax.

Equity method

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

Equity/assets ratio

Shareholders' equity plus minority interests in relation to total assets.

EV (Enterprise Value)

Average market capitalization plus average net debt during the year and 7 times the annual cost for operating leases for aircraft.

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 refers to total assets as specified in the balance sheet minus noninterest-bearing liabilities.

Return on equity

Income after tax in relation to average shareholders' equity.

Revenue passenger kilometers (RPK)

See RPK.

REVPAR, Revenue per available room

Revenue per available hotel room.

RPK, Revenue passenger kilometers

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

Sale and leaseback

Sale of an asset (aircraft, building, etc.) which is then leased back.

TSR, Total shareholder return

Average total return

Unit cost

Airline operations' total operating expenses minus non-traffic related revenue per ASK.

Unit revenue (yield)

Average traffic revenue per RPK.

Yield

See Unit revenue.

SAS Group

Organization

The SAS Group has four business areas:

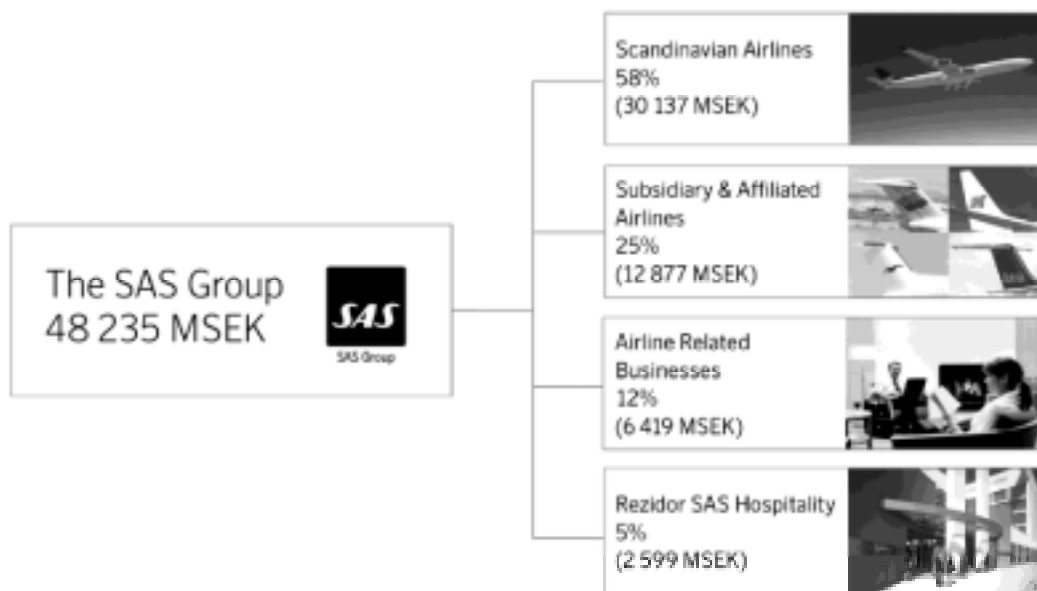
- **Scandinavian Airlines** comprises passenger transport services including SAS Commuter. The business area includes the independent business units Scandinavian Ground Services and Scandinavian Technical Services.
- **Subsidiary & Affiliated Airlines** comprises other airlines within the Group. Air Botnia is 100% SAS owned. Widerøe is 99% owned at September 30, 2002, previously 63%.

On December 20, 2001, all the shares were acquired in Braathens ASA, which is therefore included in the SAS Group in 2002.

The European Commission approved the SAS Group's acquisition of an additional 25% of the shares in Spanair S.A. on March 5, 2002, bringing the SAS Group's holding to 74%. Spanair is therefore consolidated as a subsidiary from March 2002.

Affiliated companies include Skyways, Cimber Air, British Midland, airBaltic and Air Greenland.

- **Airline Related Businesses** includes SAS Cargo, SAS Trading and Jetpak – all with most of their sales to external customers. SAS Flight Academy and SAS Flight Support sell services to internal and external airlines. Scandinavian IT Group has most of its sales within the Group. The SAS Group sold its shareholding in SMART to Amadeus on August 31, 2002.
- **Rezidor SAS Hospitality (REZSAS)** is the SAS Group's hotel business. The company works with four brands: Radisson SAS Hotels & Resorts, Regent, Country Inns and Park Inn.



Percentages refer to share of the SAS Group's operating revenue before group eliminations. Operating revenue refers to the period January-September 2002.

Financial Calendar

Year-end report 2002.....February 12, 2003

Annual Report 2002 and Environmental Report.....March 2003

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

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

Investor Relations SAS Group: Sture Stølen +46 8 797 14 51
e-mail: investor.relations@sas.se

SAS AB (publ)
Company reg. no. 556606-8499
SE-195 87 Stockholm
Telephone +46 8 797 00 00
www.scandinavian.net