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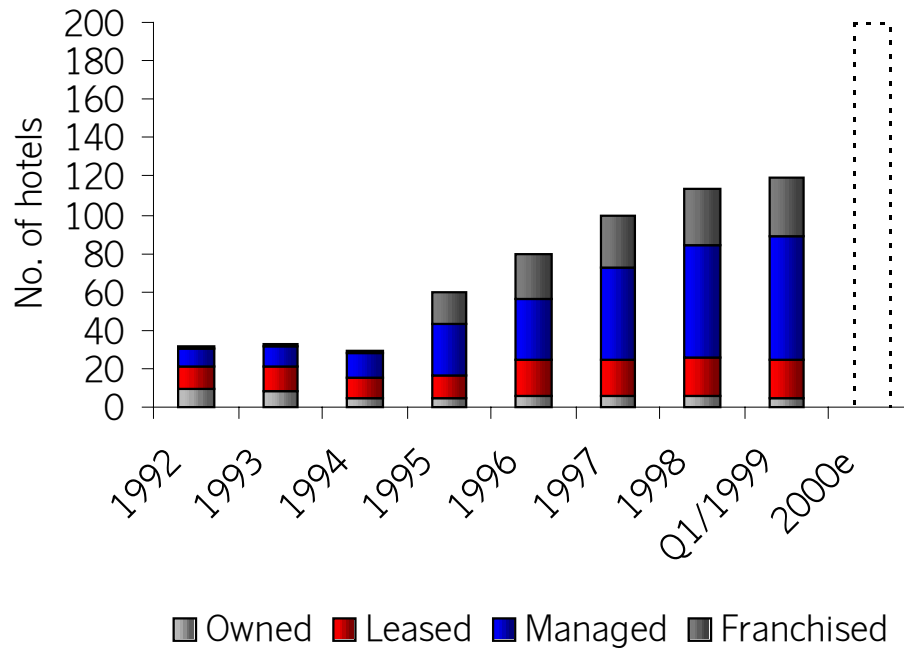
Events of Note 2nd Quarter

- ▶ SAS and Singapore Airlines in strategic alliance
- ▶ Air New Zealand and Ansett Australia join Star Alliance™
- ▶ SAS order 5 additional DeHaviland Q400
- ▶ Program of change; **SAS 2000+** launched to customer May07

Business Highlights 2nd Quarter

- ▶ Weak demand in Business Class (RPK-C) **up 0.4%**
- ▶ Over-capacity (Cabin-factor) **down 3.9 p.u.**
- ▶ Yields under pressure **down 2.1%**
- ▶ Unit Costs (vol. supported) **down 2.4%**
- ▶ Income before depreciation **down 30%**
- ▶ Result Improvement Program under implementation

SIH - Expanding with 13 New Hotels to a Total of 126 Hotels

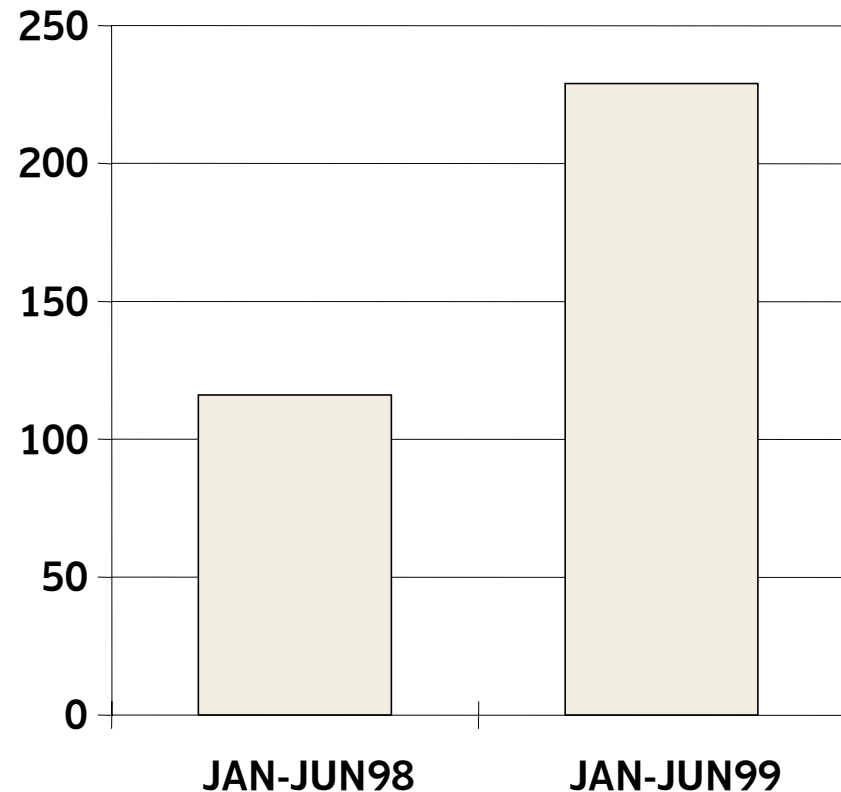
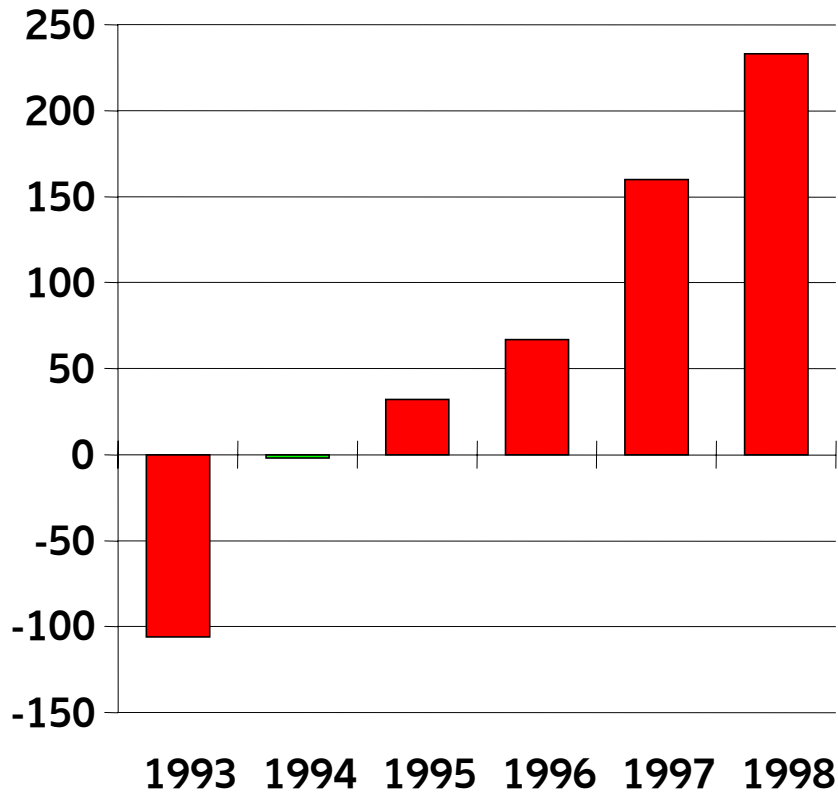


Owned hotels H1/1999:
 Scandinavia Hotel, Oslo, Norway
 Park Hotel, Oslo, Norway
 Düsseldorf, Germany
 Airport Hotel, Manchester, England

Hotels sold in 1999:
 Amsterdam, Netherlands (Q1/99)
 Portman Hotel, London, England (Aug 99)

SIH - Full Year income for 1999 better than for 1998

Income before taxes (MSEK)



The Scandinavian Base



ANA/11AUG99
DU/UZ/STU
DU/GR/UP

1999-11-16

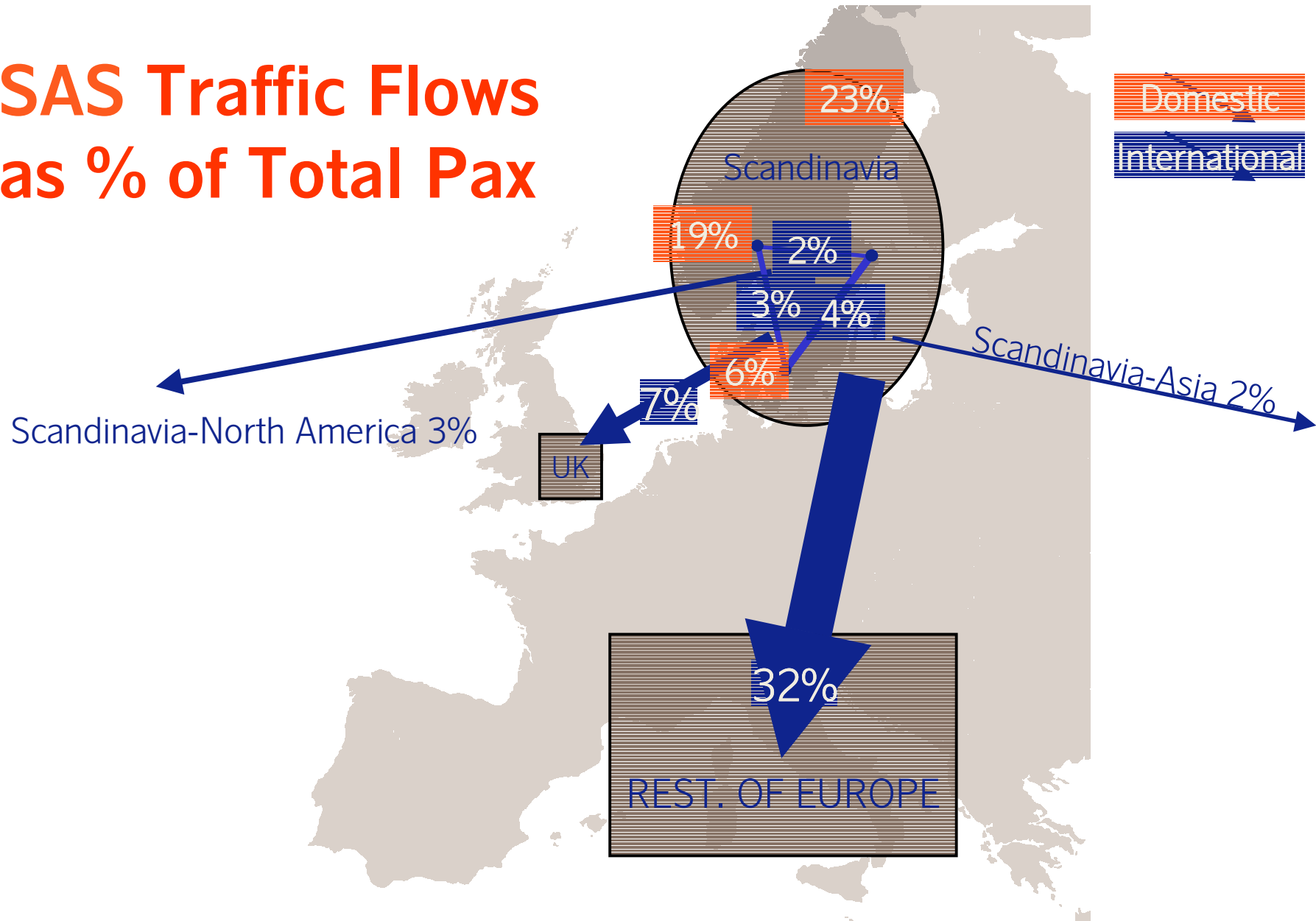


Norwegian domestic - continues

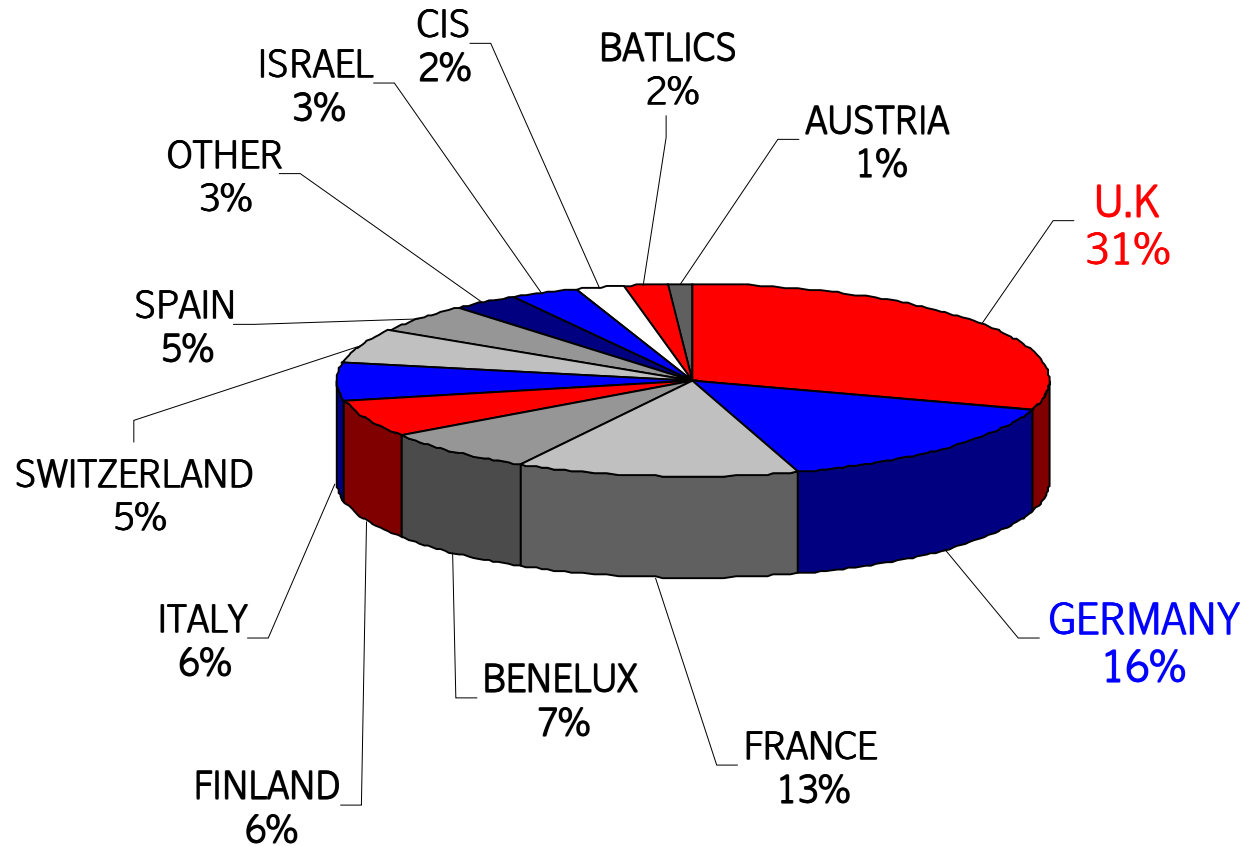
Development of market shares January - August 1999 v.s 1998

- ▶ SAS down 1,3 p.u. 41,3% (40,0%)
- ▶ Main competitor down 3,1 p.u. 58,7% (55,6%)
- ▶ "New Entrant" up 3,1 p.u. 4,4% (0,2%)

SAS Traffic Flows as % of Total Pax



U.K. Largest European Market - Germany no. 2 and France no. 3 (% of total European RPK H1/99)



SAS Partner Strategy

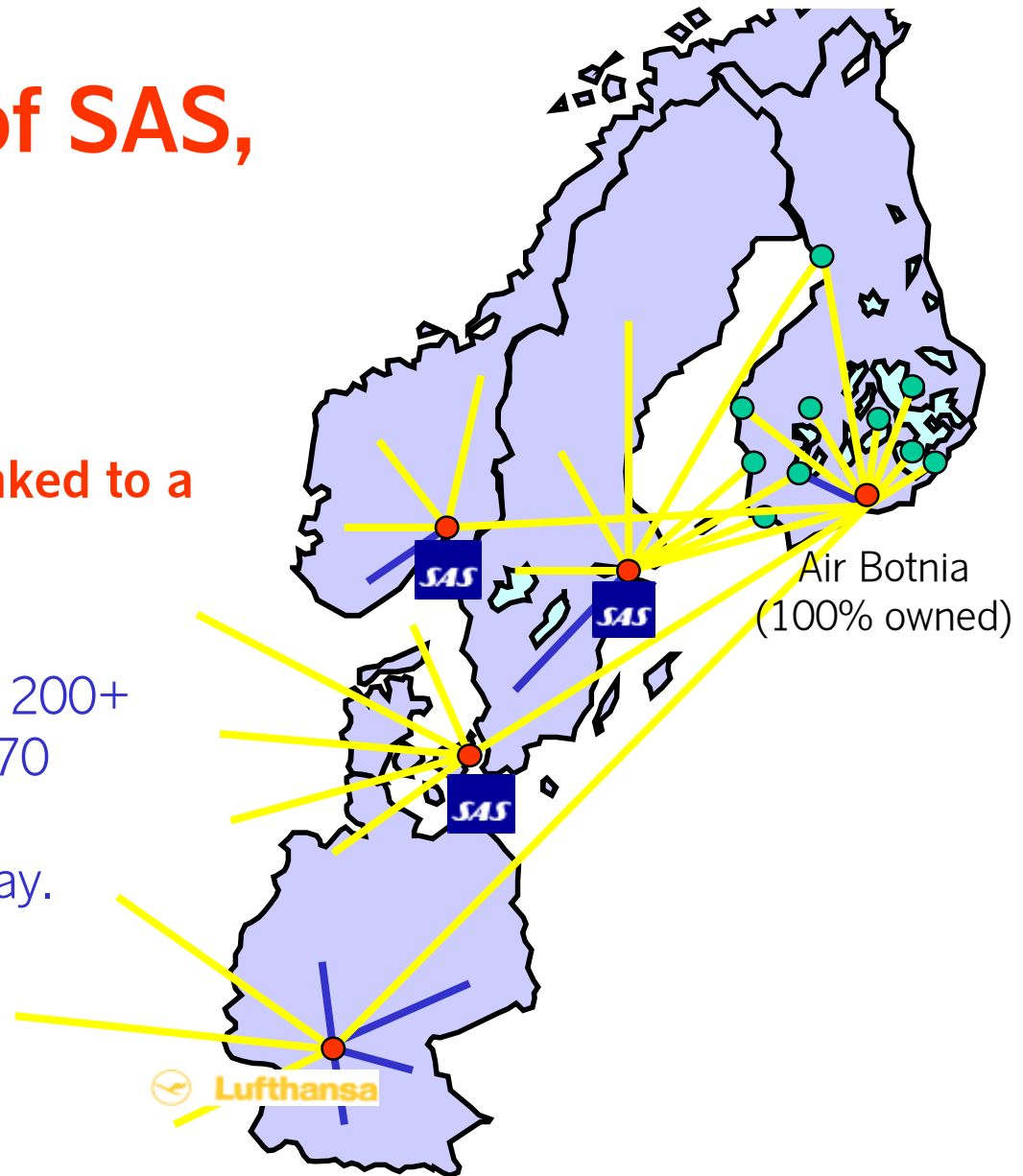
SAS Regional Partner Strategy

- ▶ Important feeders in SAS' traffic system.
- ▶ Complement SAS' traffic program by adding more frequencies on existing routes, and/or by operating new routes only profitable for smaller aircraft.
- ▶ SAS' (part-) ownership in its regional partners ensures long-term commitment and stability.

Joint Network of SAS, Air Botnia & Lufthansa

- an example of regional linked to a global multi-hub system

Convenient connections to 200+ destinations in more than 70 countries
- with EuroBonus all the way.



Critical Success Criteria in the Business Segment

- ▶ Frequencies ✓
- ▶ Punctuality ✓
- ▶ Continuous product improvements - innovations ✓
- ▶ World class loyalty program (awarded 3 times) ✓
- ▶ Efficient distribution system (IT) ✓
- ▶ Travel pass & tailored corporate agreements ✓
- ▶ Seamless travel - global traffic systems through alliances ✓

Program of change - 2000+

Vision:

All Scandinavians will be proud of their airline



It's Scandinavian!

- ▶ Program where all employees are involved
- ▶ Focus on customer perceived quality
- ▶ Launched to customer 07MAY
 - ▶ New service concepts
 - ▶ New meal menus
 - ▶ New uniforms
 - ▶ New service features

Business review



ANA/11AUG99
DU/UZ/STU
DU/GR/UP

1999-11-16

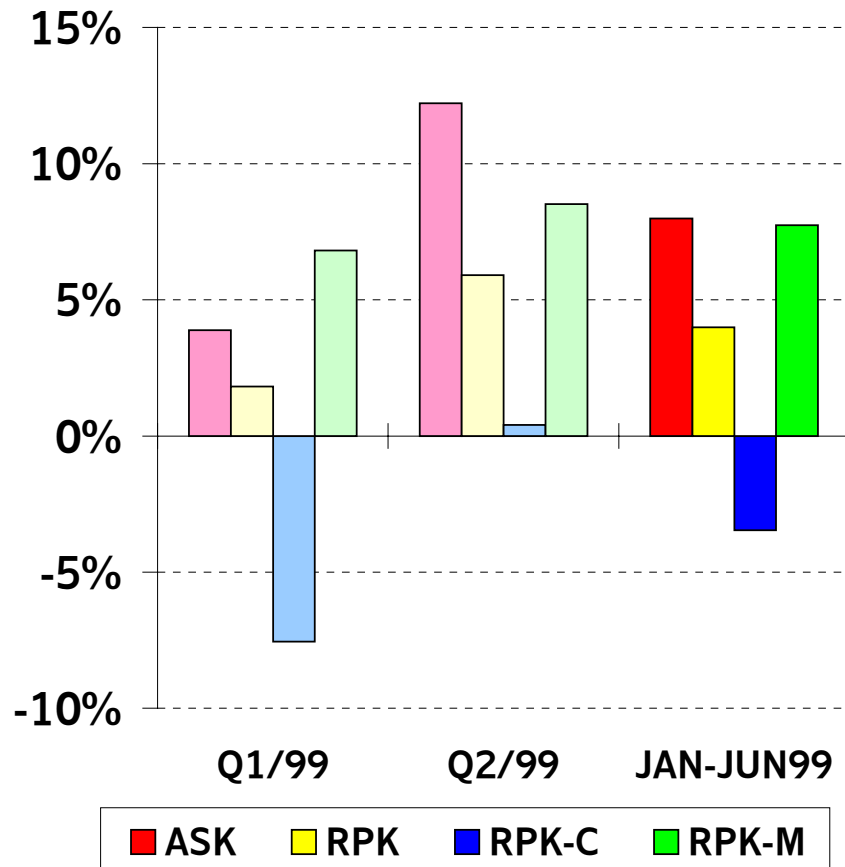


Main Points in Traffic Development 2nd Quarter 1999

- ▶ Signs of recovery can be noted on traffic to/ from Asia (Increased cabin factor)
- ▶ Over-capacity on:
 - North Atlantic (U.S.A in particular)
 - Norwegian domestic
 - Parts of European network
- ▶ Continued strong development on Swedish domestic
- ▶ SAS growth lower than AEA average due to modest capacity increase

Passenger Traffic 2nd Quarter 1999

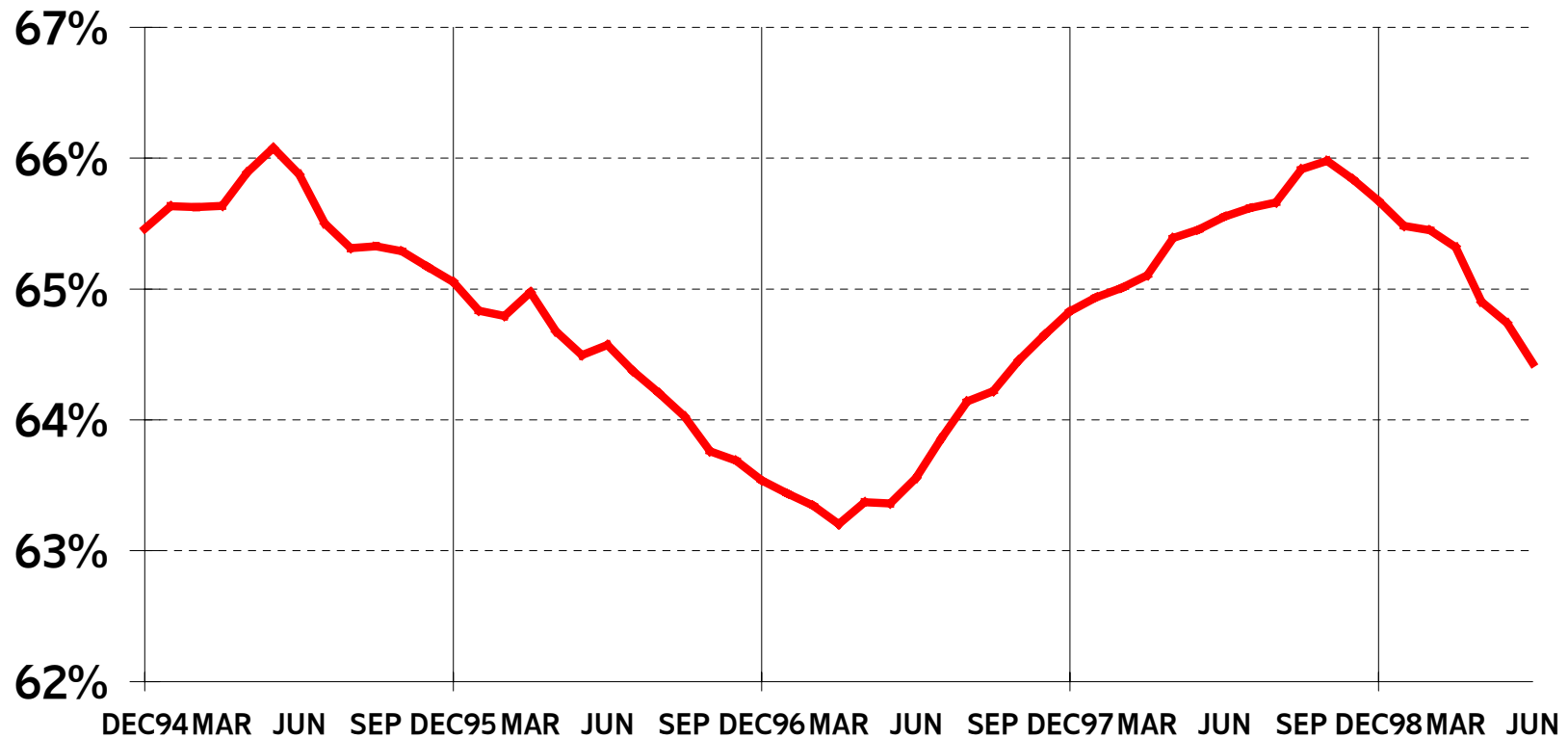
Change vs last year



- ▶ Q2/98 had about 5,5% traffic reduction due to conflicts in Denmark and Norway
- ▶ General decrease in business traffic continues
- ▶ Growth in discounted traffic continues - partly driven by campaigns
- ▶ Q2 passenger load factor 65,8% (down 3,9 p.u.)
- ▶ Q2 number of passengers up 6,4%

Global over-capacity put pressure On overall passenger load factor

Total System
Moving 12 months values



Cabin factors during 2nd Quarter

Positive areas:

- ▶ Increased cabin factor
Thailand/ Singapore
 - U.K
 - Spain
 - Finland
 - Poland
 - Hungary
 - Estonia
 - Danish domestic

Negative areas:

- ▶ Decreased cabin factor
 - U.S.A.
 - The Netherlands
 - Belgium
 - Switzerland
 - C.I.S.
 - France
 - Sweden - Norway v.v.
 - Norwegian domestic

SAS Performed Well on the Competitive Routes Scandinavia - U.K.

The marketplace

- ▶ Highly competitive with several majors and low cost carriers present
 - BA
 - Go
 - Finnair
 - Braathens
 - Debon Air
 - Ryanair
 - Easyjet

SAS Performance

- ▶ 5% capacity added (H1)
 - Primarily Stansted
- ▶ M-class traffic up 14%
- ▶ Cabin factor up 1.7 p.u.
- ▶ C-class share >34%
 - SAS focused as the Premium carrier
 - more than 60% market share of total Premium segment

Business Class Development during 2nd Quarter

Positive areas:

- ▶ Strongest Business Class development
 - Asia
 - Israel
 - Finland
 - Poland
 - Estonia
 - Denmark- Sweden v.v
 - Swedish domestic
 - Danish domestic

Negative areas:

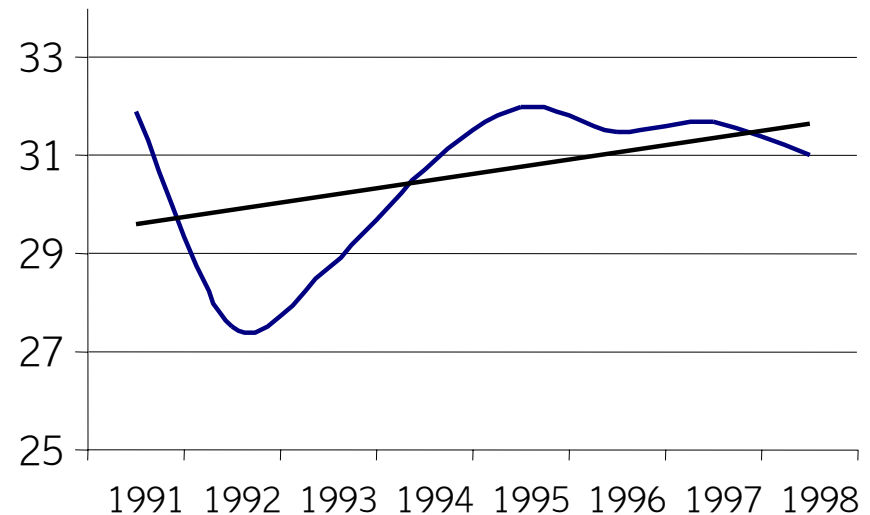
- ▶ Weakest Business Class development
 - U.S.A.
 - The Netherlands
 - Switzerland
 - C.I.S.
 - France
 - Sweden - Norway v.v
 - Norwegian domestic

SAS Position as Premium Carrier is Still Strong

Highest C-class share in Europe (31.5% H1/99)

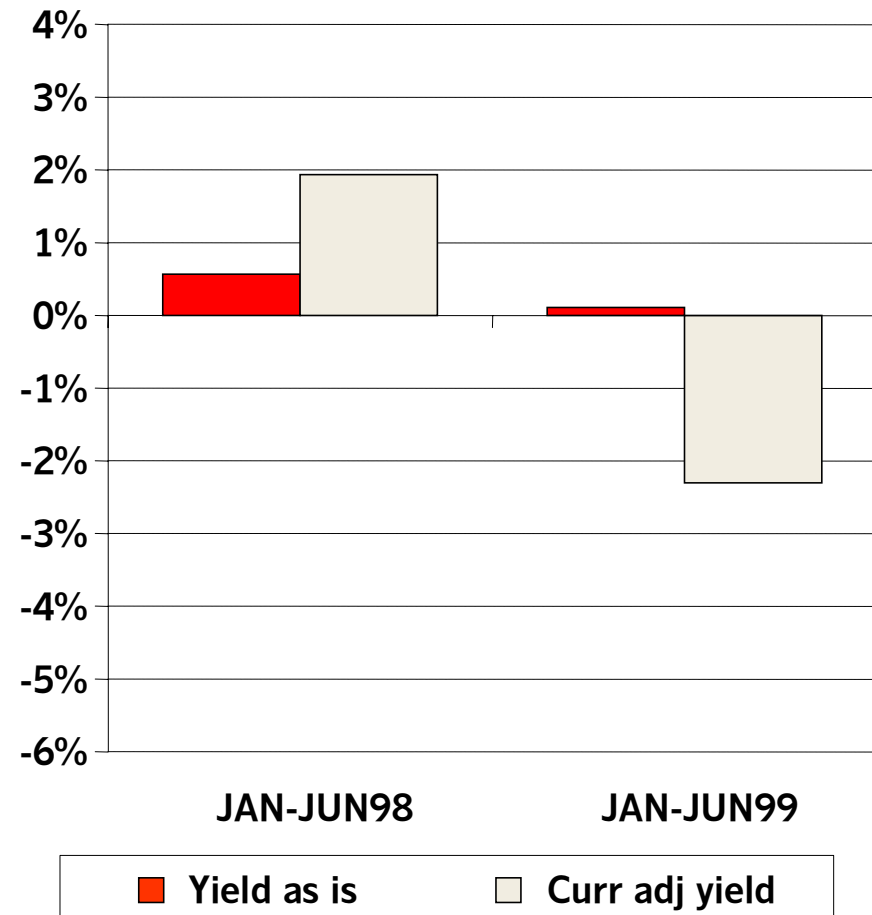
- ▶ C-class development highly cyclical
- ▶ C-class share still above the average level throughout the 90's
- ▶ Overall market share in C-class segment high; 60-65%

C-class share (% of RPK)
1991-H1/1999

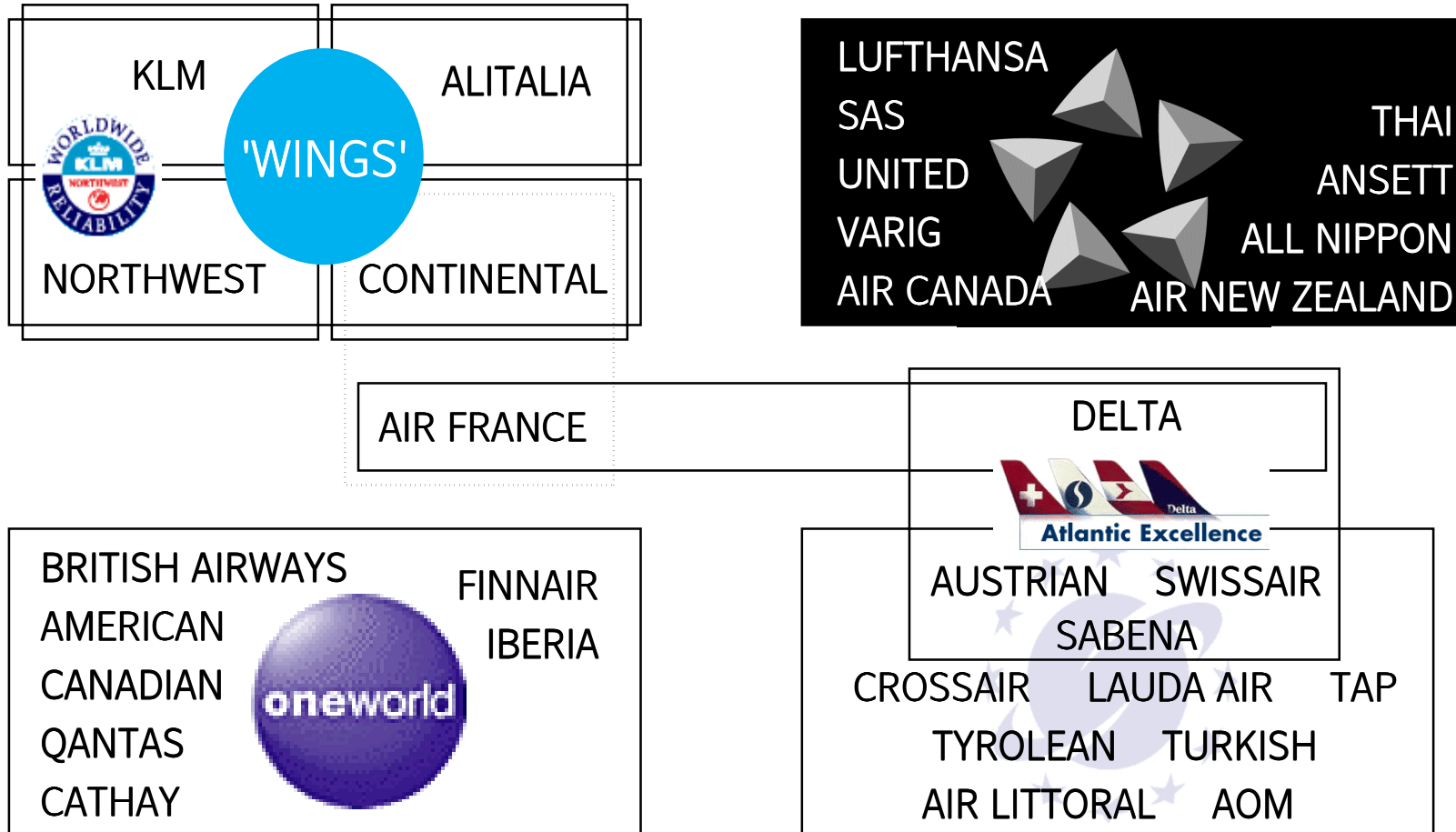


Yields are under pressure

- ▶ Passenger mix - a global phenomenon
- ▶ M-class yields down
 - "Price war" on North Atlantic
 - Continued pressure on Norwegian domestic
- ▶ Recovery on Asia
- ▶ C-class yields stable



The Alliance Picture is not Finalized...



SAS EuroBonus

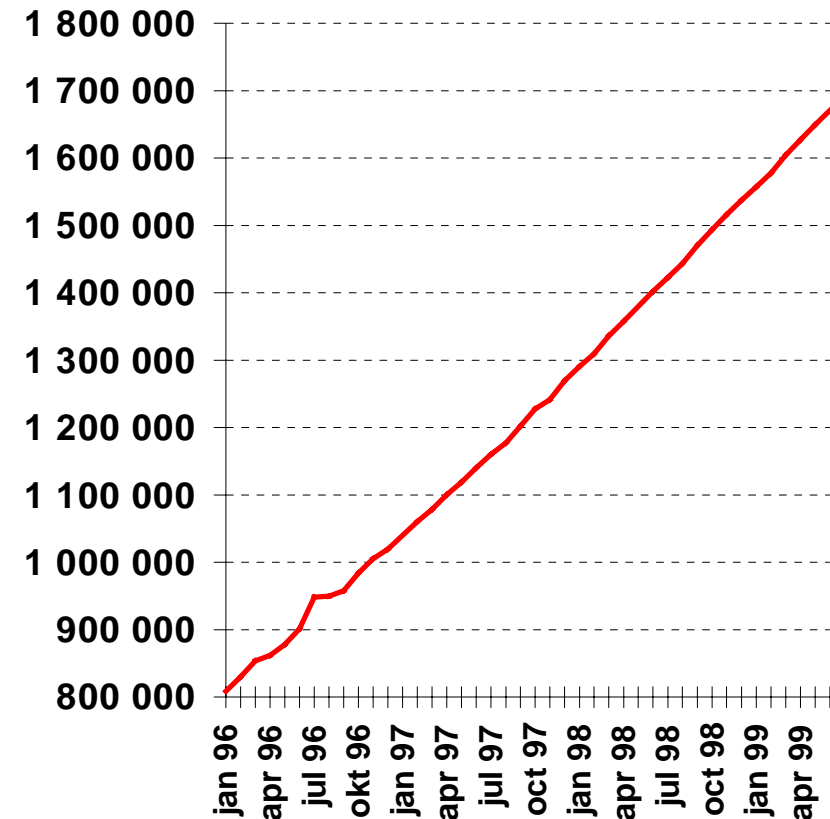
- Growing steadily

- ▶ EuroBonus wins Freddie Award for third consecutive year
- ▶ Number of members during 2nd quarter increased by 4,1% to 1 670 500

- ▶ Member distribution by country:

Outside Scandinavia	31%
Denmark	16%
Norway	32%
Sweden	22%

Number of members



Joint Ventures with Lufthansa and Air Canada

Scandinavia/Finland-Germany

Joint Venture with LH

H1 1999 vs 1998

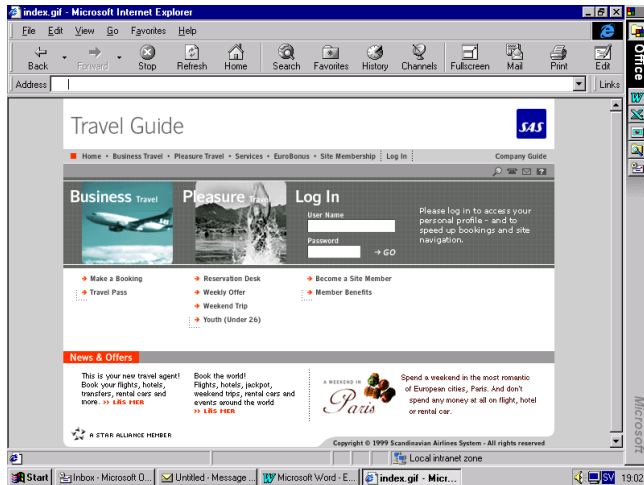
▶ Passengers	1 225 000	+5.7%
▶ Traffic, RPK		+8.1%
▶ Production, ASK		+12.4%
▶ Cabin Factor		59,4% vs 61,8%

Scandinavia-Canada
Joint Venture with AC

May-June 1999

▶ Cabin Factor	80%'s
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Distribution Strategy - Increased Activity Through Electronic Channels



▶ New web site

- ▶ SAS Business products
- ▶ SAS Pleasure products
- ▶ SAS Electronic Ticket
- ▶ Star Alliance products

SAS new improved site ready for launch in September/ October

Target:: 30% of distribution end 2002 concluded with various of electronic channels

▶ Payment methods

- ▶ Credit card
- ▶ Invoice
- ▶ Internet bank

Changes in Governmental fees and airport charges

- ▶ Tax-free ended July 1, for travel within EU
 - ▶ 1999 Negative Effect MSEK 40 (SAS Trading)
- ▶ Copenhagen Airport (KLH) imposed charge increase of 15% (1999) and 8 DKK/bag
 - ▶ Under negotiation - decision fall 1999
 - ▶ New fee structure proposed
- ▶ Environmental tax in Sweden (Jet Fuel)
 - ▶ EU ruling - positive effect MSEK 140 (H1/99)
- ▶ Norwegian charges:
 - ▶ Charge per seat changed to charge per passenger
 - ▶ MSEK 137 positive effect on result (1999 - full year)

SAS and the millennium (Y2K)

- ▶ SAS started preparations in 1996
- ▶ Aircraft fleet concluded
- ▶ All data-systems are tested and approx. 600 modifications
- ▶ Ongoing verification
- ▶ Close co-operation with IATA, governments, suppliers, partners etc.

"Business as usual"

Financial review

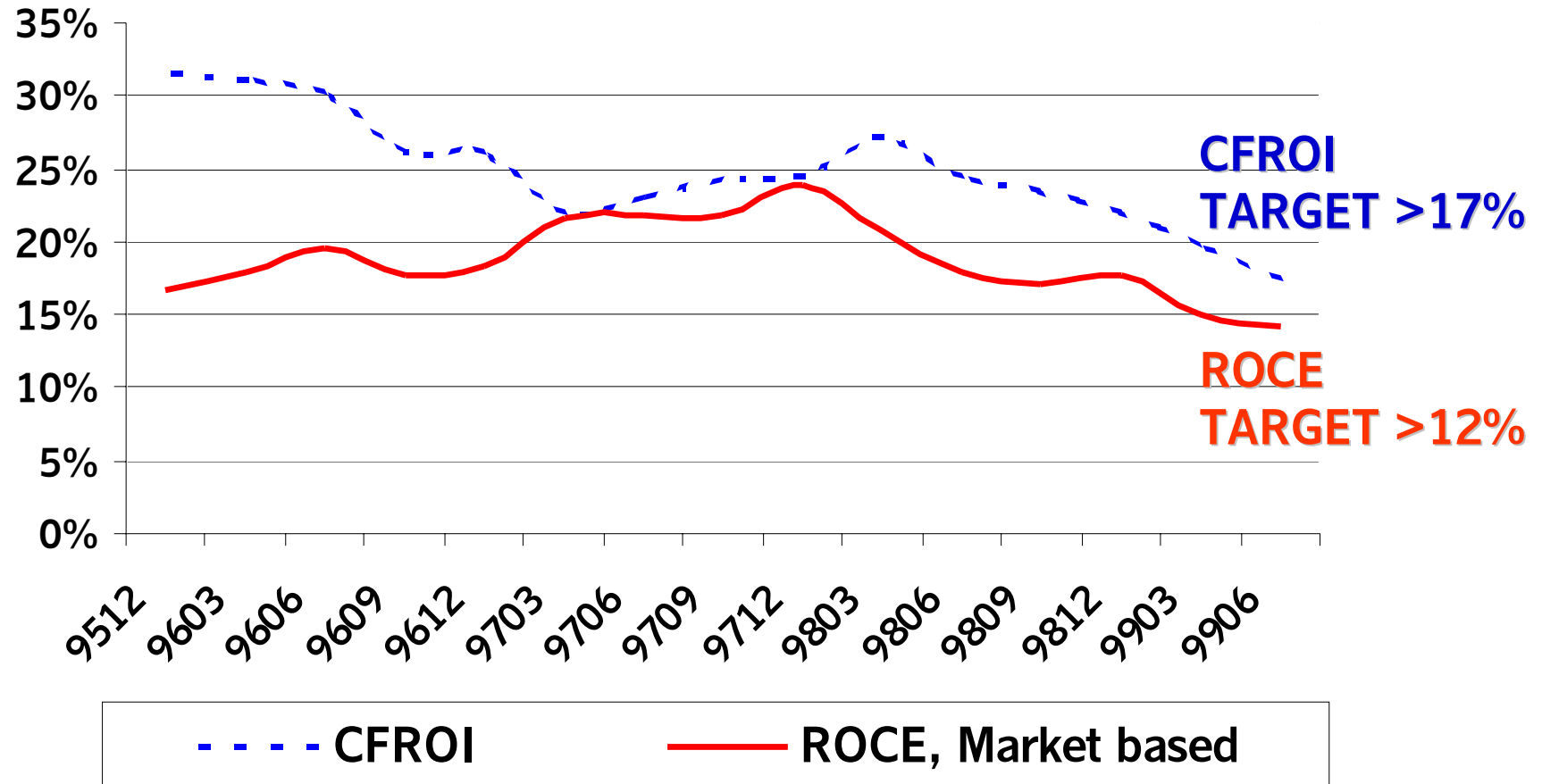
Key Financials First Half 1999

January - June

SAS Group MSEK	1999	1998
▶ Revenue	20 735	19 792
▶ Op. inc. bef. depr.	1 060	2 237
▶ Operating income	324	1 477
▶ Income before tax	473	1 450

Key Metrics Weaker in the Current Industry Downturn

4 quarters moving values

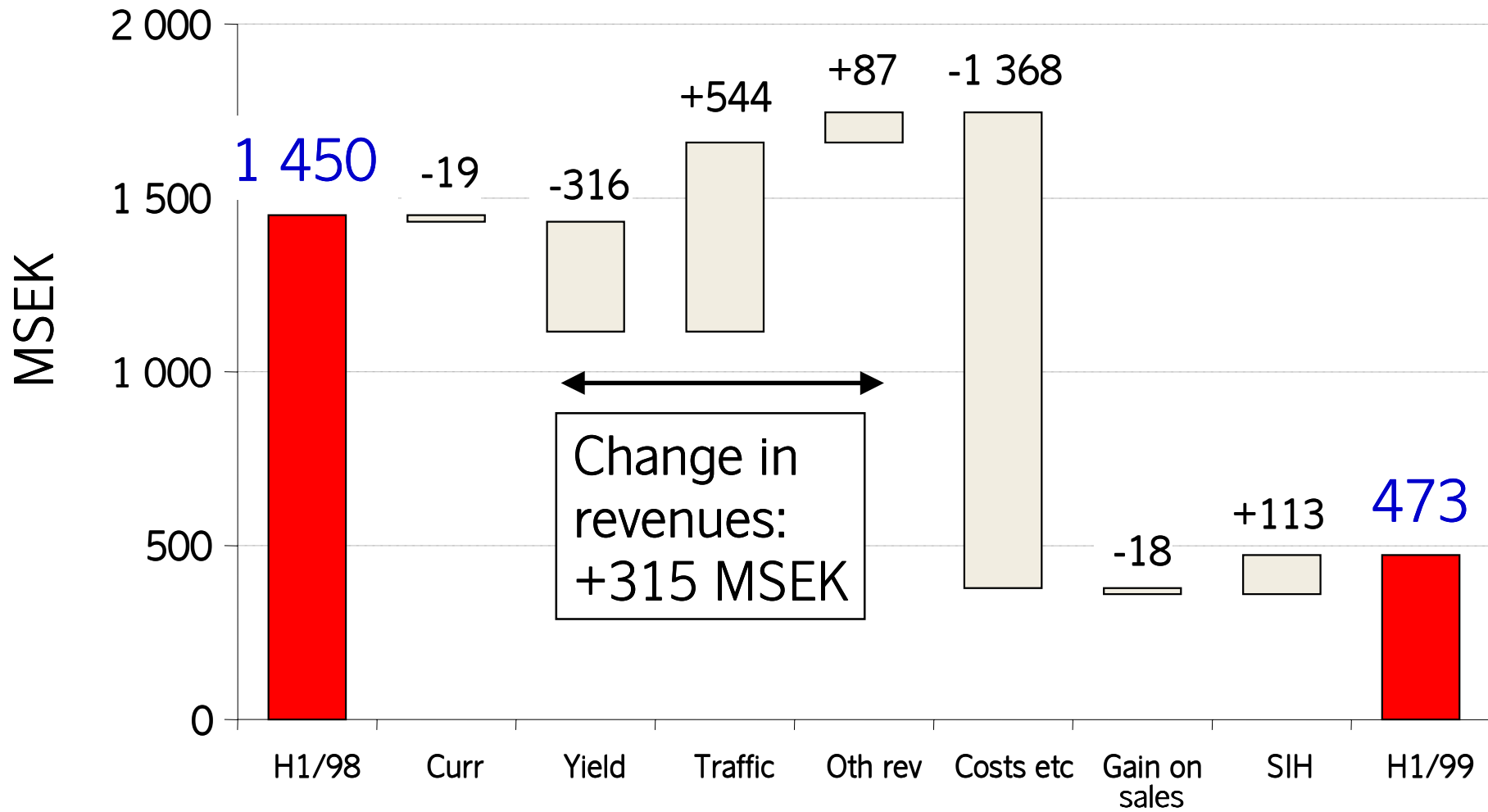


Summary Key Financial Metrics

	<i>January - June</i>	
	<i>1999</i>	<i>1998</i>
▶ Gross operating margin %	5	11
▶ CFROI ¹⁾ %	17	25
▶ Market based ROCE ¹⁾ %	15	18
▶ ROCE ¹⁾ %	9	12

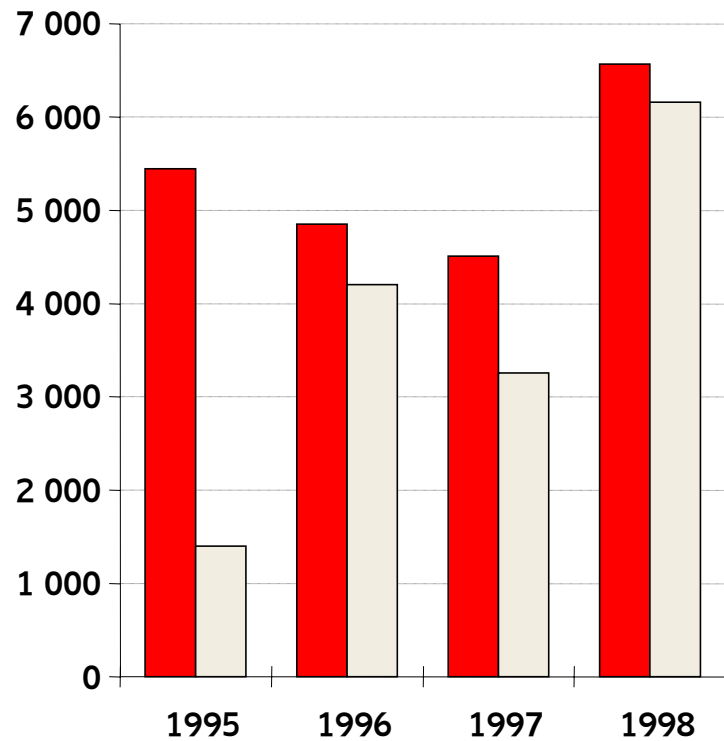
1) 4 last quarters

Weaker Revenues and Load Factors

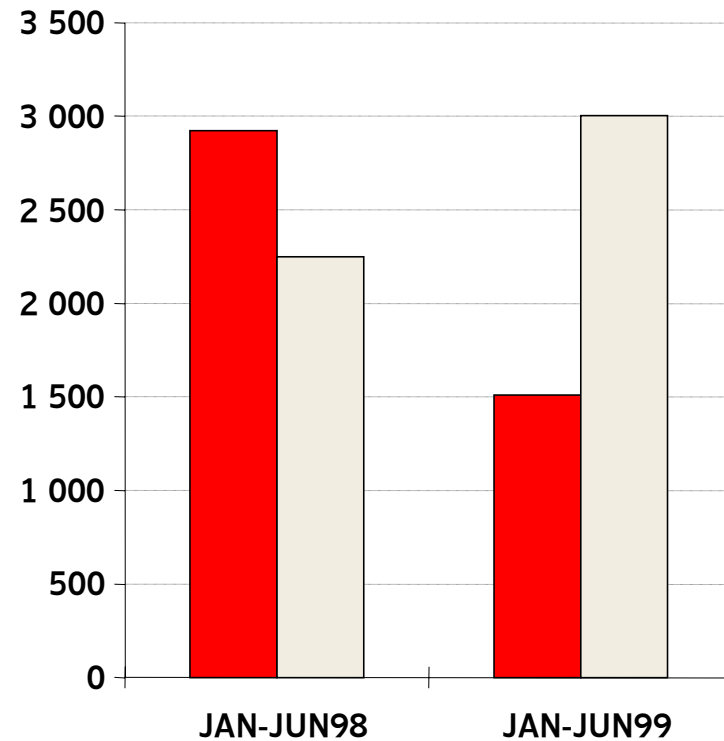


SAS Group Cash Flow

Net Financing from ops + sales & Investments
MSEK



■ Generated cash flow □ Investments



■ Generated cash flow □ Investments

SAS Group

Changes in Financial Position

MSEK	<i>January - June</i>	
	<i>1999</i>	<i>1998</i>
Cash flow from operations	900	2 122
Change in working capital	- 247	+ 35
Net financing from operations	653	2 157
Investments, advance payments	- 3 003	- 2 249
Sales of fixed assets, etc.	+ 856	+ 766
Payment to mother companies	- 957	- 1 141
Financing surplus	- 2 451	- 467
Changes in external financing, net	- 135	- 567
Change in liquid funds	- 2 586	- 1 034

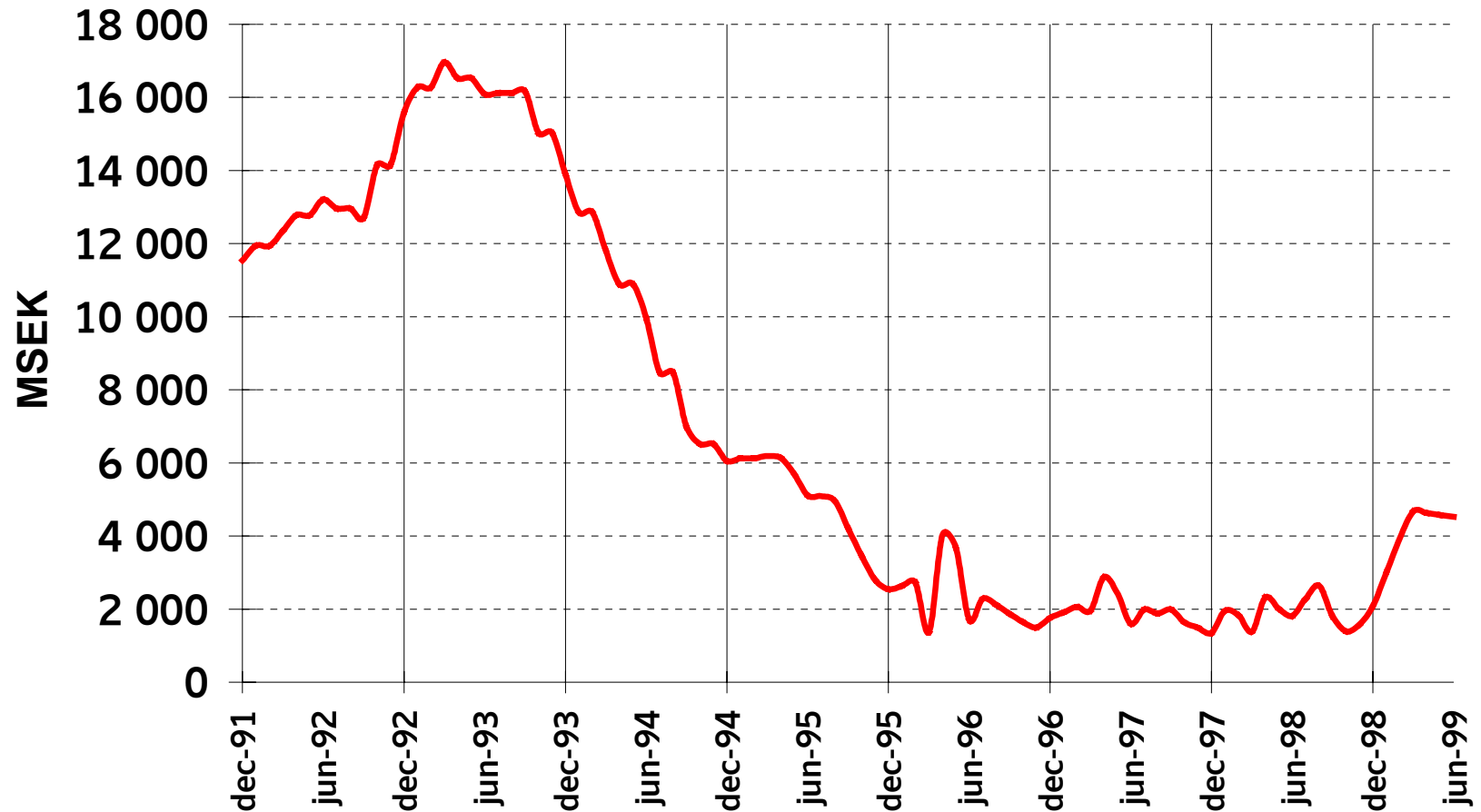
Slightly Increased Unit Costs, but improvements in Q2

January - June 1999 vs 1998

MSEK	Adjusted H1/98	H1/99	Var. %	Share of total var %
Commissions	1 127	852	24.4%	1.9%
Fuel	1 220	1 020	16.4%	1.4%
Government charges	1 842	1 732	6.0%	0.8%
Personnel	6 161	6 489	(5.3%)	(2.3%)
Other oper. net costs	4 026	4 404	(9.4%)	(2.6%)
TOTAL	14 376	14 497	(0.8%)	(0.8%)

Volume = average growth in ASK and RPK = 6,0%

Net Debt Increased to MSEK 4 526



Result Improvement Program



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DU/UZ/STU
DU/GR/UP

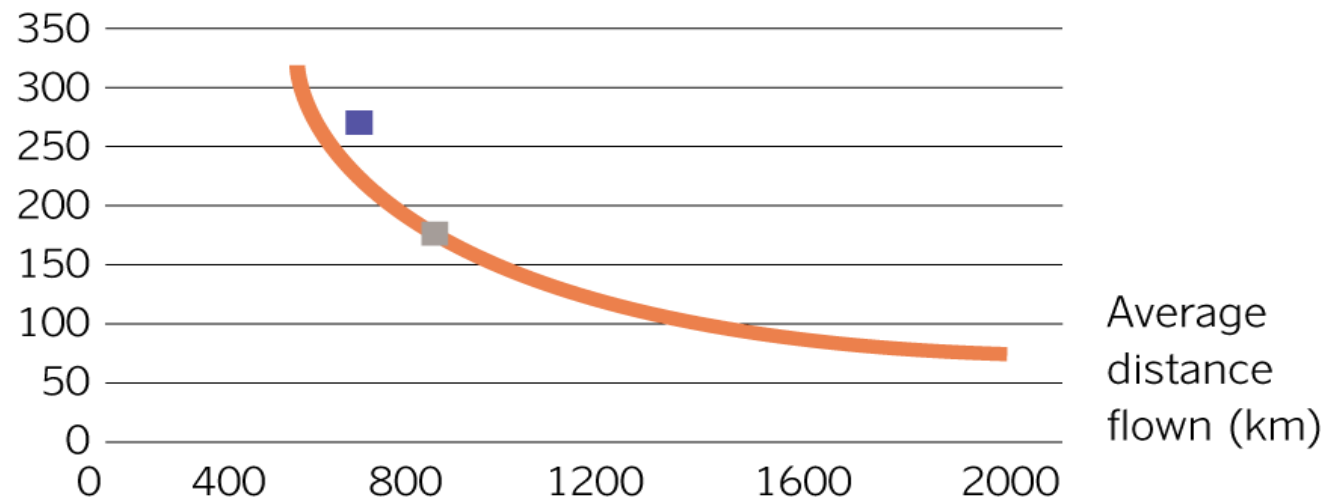
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SAS Yield Is Slightly Higher Than Most European Peers

Variation yield by flight length, Europe 1997

[revenue/paid tonne km., US cents]



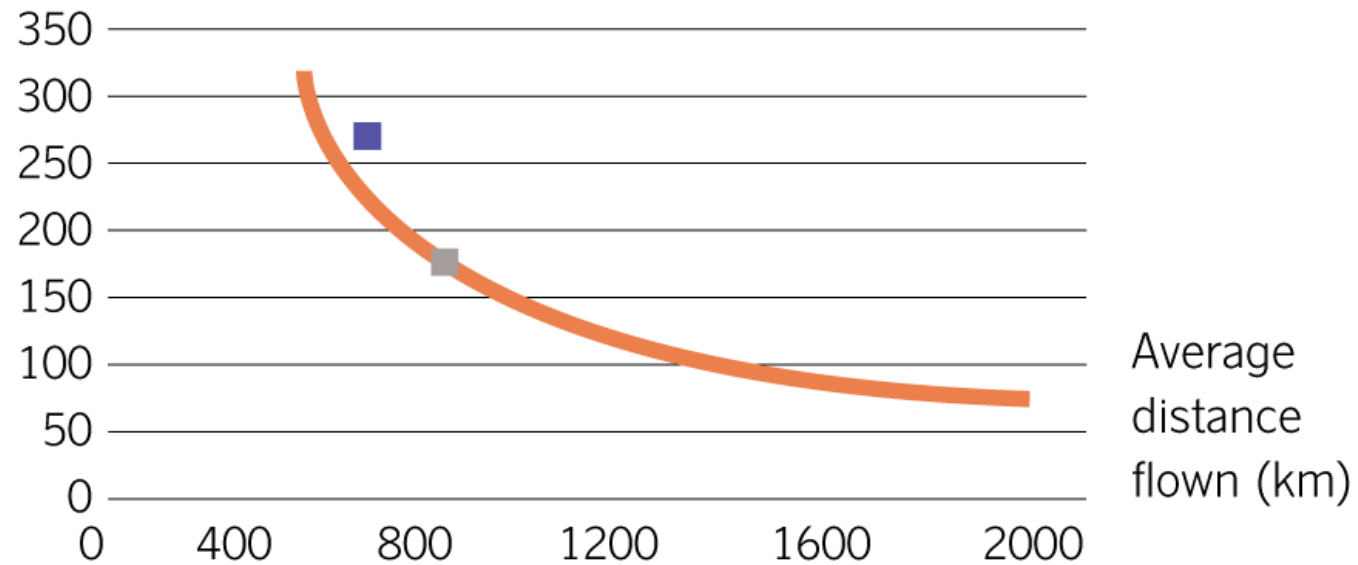
■ SAS

■ AEA average

■ AEA

Unit costs vs. European Peers is Fairly in Parity with Yield Deviation (1997)

Cost/ ATK U.S. Cents



■ SAS

■ AEA average

■ AEA

Shorter Stage Length and Business Segment Focus = Higher Cost Base

- ▶ Shorter average distance flown
 - 1100 flights a day
 - Limited intercontinental network
 - Smaller aircraft size
 - Smaller c-class share
- ▶ Higher proportion C-class passengers
 - 31% Europe/ 40% Intrascandinavian/ Domestic
 - Higher catering cost
 - Business lounges
 - Service facilities

Result Improvement Program

Program to increase gross profit margin by 3 p.u. is to be completed during end 2000

- ▶ Critical in order to reach set return requirements
- ▶ More than 100 projects identified as of date
- ▶ Control and central follow up systems established

Result Improvement Program

Total program of MSEK 3000 vs.
1998 cost base (level)

	<u>MSEK</u>
▶ Improved gross operating margin 3 p.u.	1 200
▶ Inflationary increase of cost base 1999 (3%)	850
▶ Inflationary increase of cost base 2000 (3%)	950
▶ Total program	3000

Result Improvement Program 1999/00

▶ MSEK 3000 in potential identified as of H1/99:

Area	Targeted effect vs. 1998
Cargo	100 MSEK
Catering & Inflight service	300 MSEK
IT & communications	180 MSEK
Distribution & Electronic channels	1000 MSEK
Air crew	420 MSEK
Ground handling	260 MSEK
Technical maintenance	340 MSEK
Overhead & other	400 MSEK
Total	3000 MSEK

Result Improvement Program 1999

- ▶ MSEK 550 achieved so far H1/1999 ¹⁾
- ▶ Target at year end 1999: 1 200 MSEK

Area	Achieved effect vs. 1998
Cargo	40 MSEK
Catering & Inflight service	0 MSEK
IT & communications	0 MSEK
Distribution & Electronic channels	170 MSEK
Air crew	135 MSEK
Ground handling	60 MSEK
Technical maintenance	60 MSEK
Overhead & other	85 MSEK
Total	550 MSEK

¹⁾ Note: Compared with 1998 cost levels

Feasibility Studies for Potential Structural Changes

- ▶ Establishment of air cargo company with with Lufthansa and Singapore Airlines
- ▶ Partnership in cargo handling
- ▶ Partnership in ground handling
- ▶ Release of capital through financial restructuring
 - Aircraft, properties and other assets

Meeting with Unions in Stockholm on August 9

Meeting between SAS Management and the unions

- ▶ Agreement on the need and necessity for comprehensive improvements and changes that will result in cost reductions and long-term competitiveness.
- ▶ Agreement to focus on, and work together to implement, changes in operations in line with established objectives, and to conduct this activity with a high pace and strong momentum

Outlook 1999/00



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DU/UZ/STU
DU/GR/UP

1999-11-16



Ongoing Renewal of SAS fleet



- ▶ 56 next generation Boeing 737-600
 - 11 B737-700/800
 - 20 in traffic (Jun 99)
- ▶ 22 new deHaviland Q400
- ▶ Replace F28-4000 and DC9-21/41 + F50
- ▶ Average age on owned fleet down from 9 years to 6.5 years by the year 2000

Capital Expenditures in Aircraft 1999-2003 (MUSD)

B737-600/700/800 firm order 36 A/C	900
Dash 8-400 firm order 22 A/C	<u>400</u>
Total	1.300
Pre-payments to manufactures (as of Jun 30 1999)	300
Net capital expenditures	1000

Total Traffic and Passenger Mix Developed Negative in July

July 1999 vs. 1998 (RPK)

▶ Business Class: -13.5% Economy Class: +1.4%

	Passenger- traffic	Seat- capacity	Cabin- factor
SAS Total	-1,2%	+0,2%	-1.0 p.u.
Intercontinental	-1.8%	+2.3%	
Europe	-2.5%	-5.1%	
Domestic and Intrascandinavian	+1.5%	+5.4%	

Development of Passenger Traffic January - July 1999 vs. 1998 (RPK)

- ▶ Negative passenger mix
- ▶ Business Class: -4.4% Economy Class: +6.5%

	Passenger- traffic	Seat- capacity	Cabin- factor
SAS Total	+3,2%	+6,8%	-2.3 p.u.
Intercontinental	+3.1%	+8.3%	
Europe	+0.7%	+0.7%	
Domestic and Intrascandinavian	+6.3%	+13.1%	

Current Macroeconomic Outlook SAS' Main Markets (Consensus)

US:

- GDP +3.5% (unch.)
- Weaker/ flat USD
- Higher Interest rates

Norway:

- Oil Price strong
- Int. rates down
- Recovery

Sweden:

- Export, consumption and GDP stronger

Japan:

- Slightly better but from low level

UK:

- GDP +1-2%
- V- shaped recovery
- Int. rates down

Denmark:

- Slight slowdown, but stronger prospects

Euroland:

Moderate growth
Germany stronger

Asia excl. Japan:

- Recovery in most regions

Operational Targets 1999

Continued pressure on yields expected going forward...

Target	1999
ASK	Up 5-6%
RPK	Up 3-5%
Passenger yield	Down 1-2%
Unit costs	Flat/ Slightly down

Summary of Agenda Going Forward..



Outlook 1999

- ▶ Continued weak demand in most markets
- ▶ Business class growth slow
- ▶ Over-capacity continue to put pressure on passenger yields and cabin factor
- ▶ Increased competition from new entrants
- ▶ Increased Jet Fuel prices
- ▶ Unit costs slightly down in 1999

The Board of Directors

Adheres to its Assessment for 1999 that:

- ▶ Income before taxes will be considerably below that of the previous year.
- ▶ Assessment assumes no further capital gains during second half of 1999

APPENDICES

- ▶ Share price data
- ▶ STAR
- ▶ Currency effects
- ▶ Financial data
- ▶ Traffic & Yield data
- ▶ Revenues & costs data
- ▶ Balance sheet data
- ▶ Definitions
- ▶ SAS IR

Share price data



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DU/GR/UP

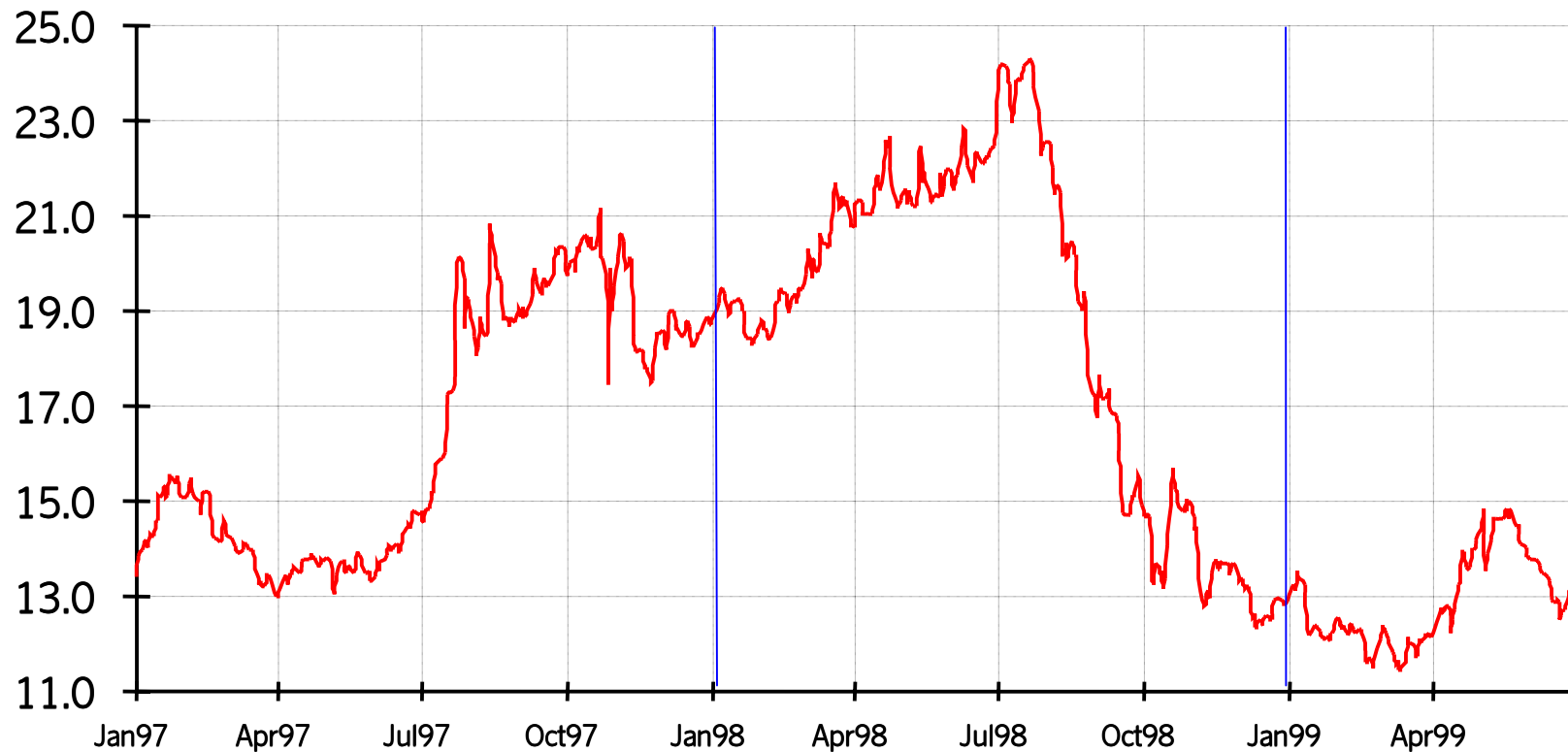
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SAS Total Market Capitalization

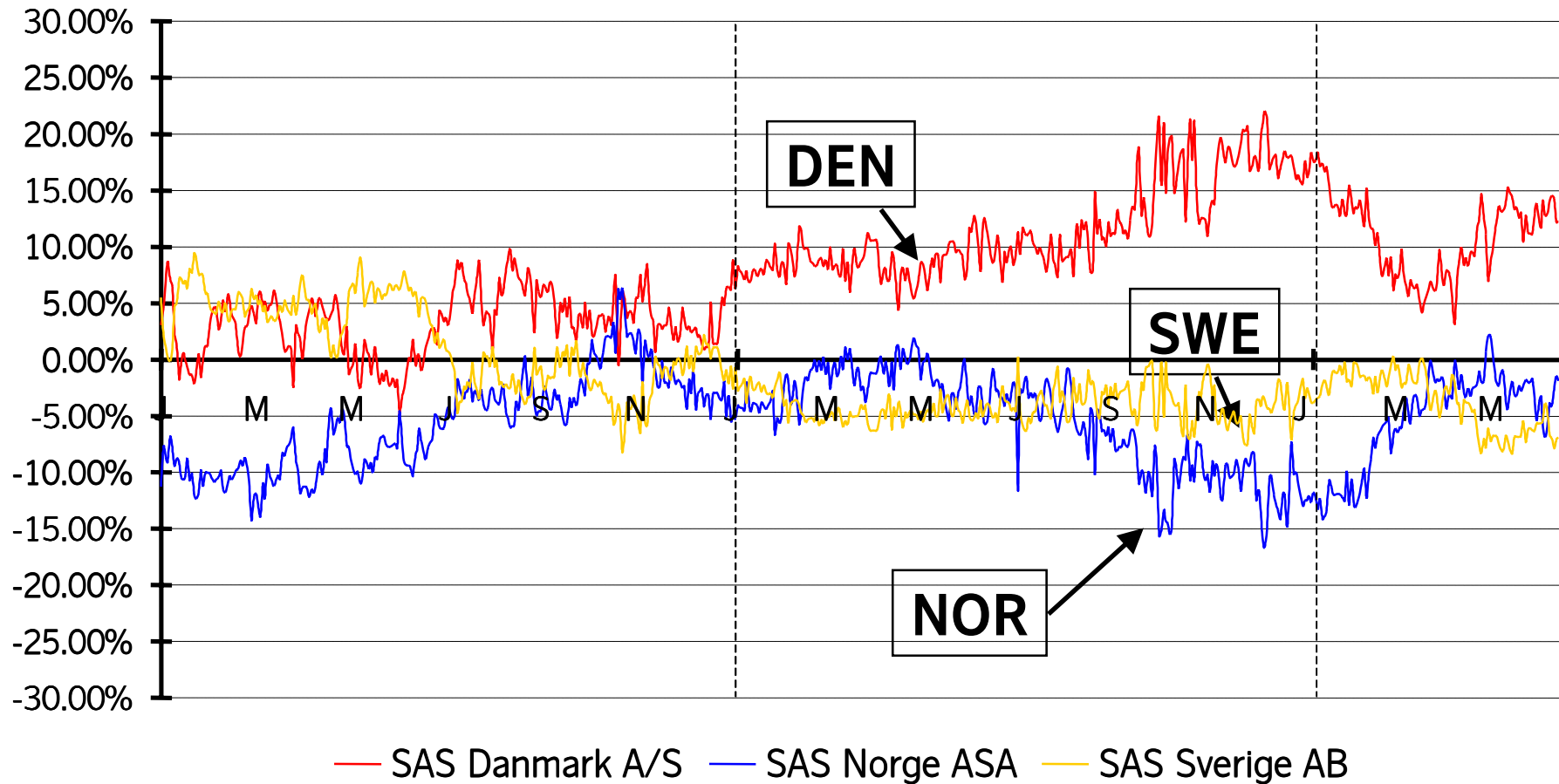
1997 - 1999

SEK
(mrd.)



SAS Share Prices

SWE and NOR still 15-20% discount vs. DEN



STAR



ANA/11AUG99
DU/UZ/STU
DU/GR/UP

1999-11-16



Star Alliance Synergies

Code-Sharing with 20 Partners

Number of destinations

	29MAR99	30JUN99
SAS network	95	98
SAS code-shared with LH	+42	+43
SAS code-shared with other	+88	+100
TOTAL	225	241

Number of frequencies/day

	19-25APR99	28JUN-04JUL99
SAS operated, no code-sharing	493	495
Partner flts on SAS	458	492
SAS comm. flts on partners	914	978
TOTAL	1 865	1 965

SAS and Star Alliance

- ▶ SAS own and code-shared number of daily flights increased by 15% since January
- ▶ SAS and Lufthansa in joint venture between Scandinavia and Germany shows good market penetration, traffic increased 8% H1/99 vs H1/98

Currency effects



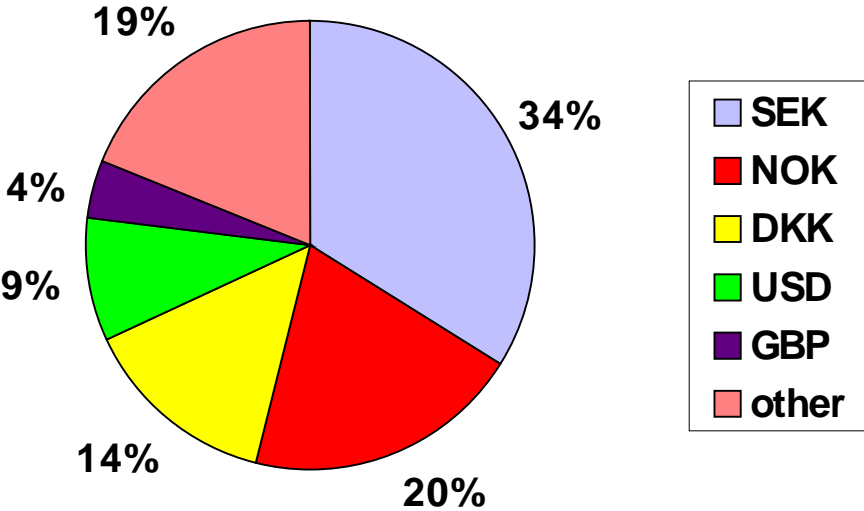
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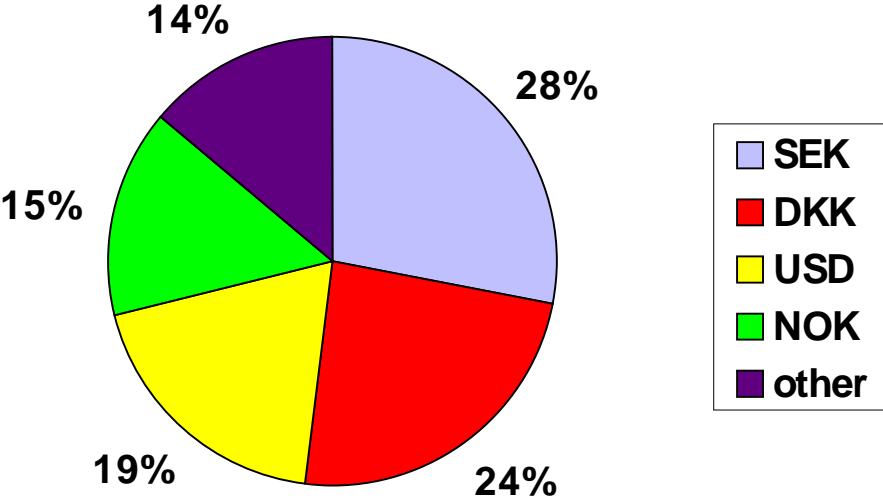
Currency Distribution

Revenues



Costs

Major deficiency currencies:
USD,DKK



SAS Airline

Currency Effects 1999 vs 1998

(MSEK)

	<u>2nd quarter</u>	<u>1st half</u>
Total revenues	+ 333	+ 456
Total costs	- 321	- 449
Forward cover costs & working cap.	- 6	- 6
Income bef. depr.	+ 6	+ 1
Financial items	- 3	- 20
Income before tax	+ 3	- 19

SAS Airline Currency Effects

2nd Quarter 1999 vs 1998

Total revenues & costs:

(Total +12 MSEK)

Major approx. effects:

USD	-43
DKK	-35
NOK	+25
DEM	+18
Asian curr.	+12
All others	+35

Forward cover costs:

(Total -44 MSEK)

1998	+19
1999	-25

Working capital:

(Total +38 MSEK)

1998	-26
1999	+12

Financial items:

(Total -3 MSEK)

1998	+12
1999	+9

Grand total: + 3 MSEK

Financial data



ANA/11AUG99
DU/UZ/STU
DU/GR/UP

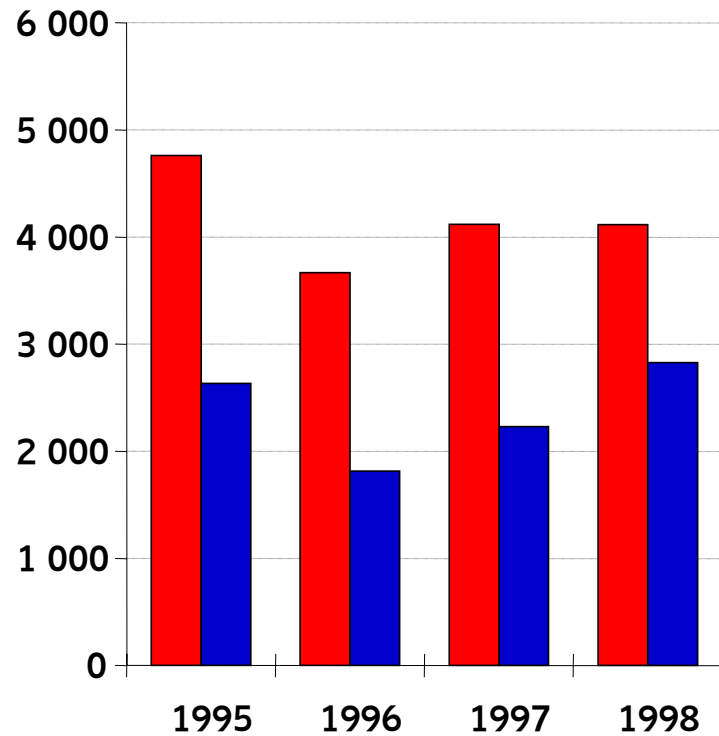
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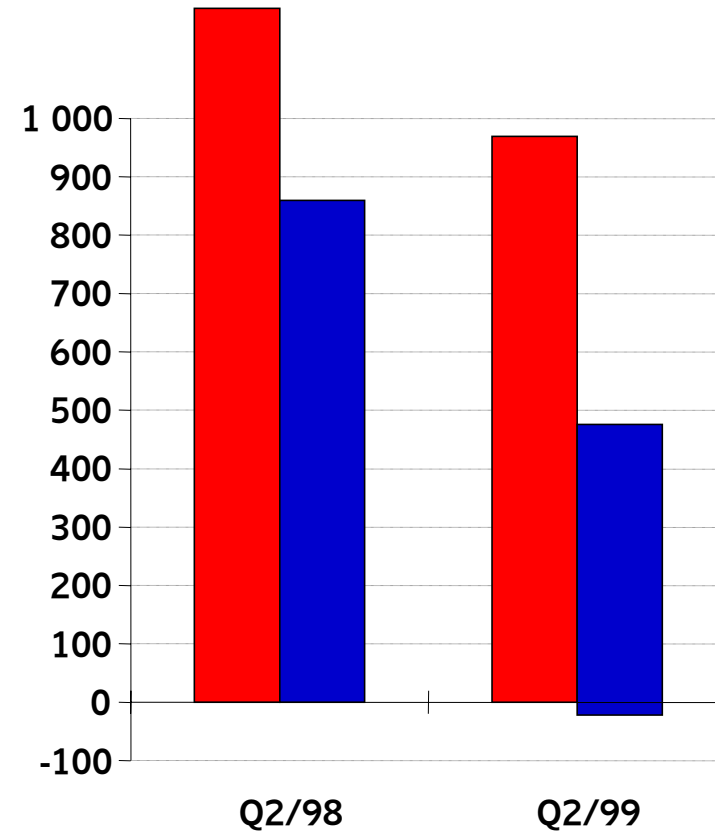
SAS Group Result

Before depreciation and before taxes

MSEK



■ Income bef depreciation ■ Income bef taxes



■ Income bef depreciation ■ Income bef taxes

SAS Group

Statement of Income

(MSEK)

	<i>January - June</i> <u>1999</u>	<u>1998</u>
Operating revenue	20 735	19 792
Op. income before depr.	1 060	2 237
Operating income	324	1 477
Gain on sales of shares	+ 221	0
Financial items, net	- 72	- 27
Income before taxes	473	1 450

SAS Group Income by Business Unit

(MSEK)

	<i>January - June</i>	
	<i>1999</i>	<i>1998</i>
SAS	254	1 330
SAS International Hotels	229	116
Other operations/Group elim.	- 10	+ 4
Income before taxes	473	1 450

SAS Group

Net Financial Items

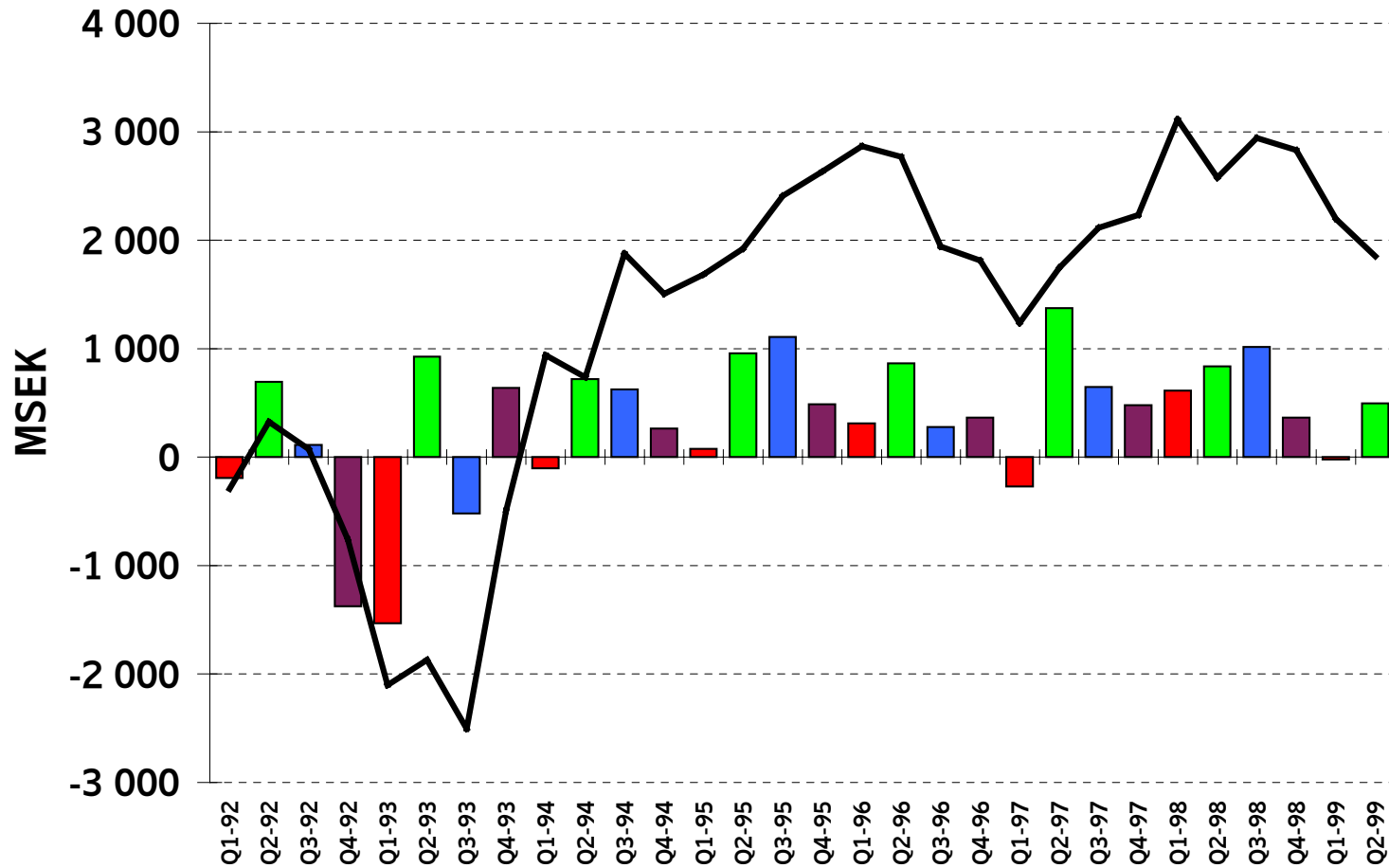
(MSEK)

	<i>January - June</i>	
	<i>1999</i>	<i>1998</i>
Interest net etc.	- 91	-46
Currency differences	+ 19	+ 19
Financial items, net	- 72	- 27

SAS Group Investments

MSEK	JAN-JUN99	JAN-JUN98
Aircraft and spare parts	1 690	95
Prepayments aircraft	675	920
Other	638	1 234
Total	3 003	2 249

SAS Group Income before taxes



Bars = quarterly Line = moving 4 quarters

SAS (incl. SAS Trading) Revenues (as is)

MSEK	<i>JAN-JUN99</i>	<i>JAN-JUN98</i>	<i>curr adj 98</i>
Passenger revenues	14 386	13 818	14 159
Cargo revenues	1 087	1 087	1 125
Other traffic revenues	457	604	635
Other revenues	3 400	3 015	3 061
TOTAL REVENUES	19 330	18 524	18 980

SAS (incl. SAS Trading) Operating Costs (as is)

MSEK	JAN-JUN99	JAN-JUN98	curr adj 98
Personnel costs	6 615	5 773	5 928
Leasing costs (aircraft)	670	486	505
Sales costs	852	1 033	1 063
Fuel	1 020	1 110	1 151
Governmental charges	1 732	1 686	1 738
Meals costs	831	746	767
Handling costs	927	818	848
Maintenance costs	1 006	912	937
Other costs	4 801	3 941	4 023
TOTAL COSTS	18 454	16 505	16 960

SAS

Statement of income

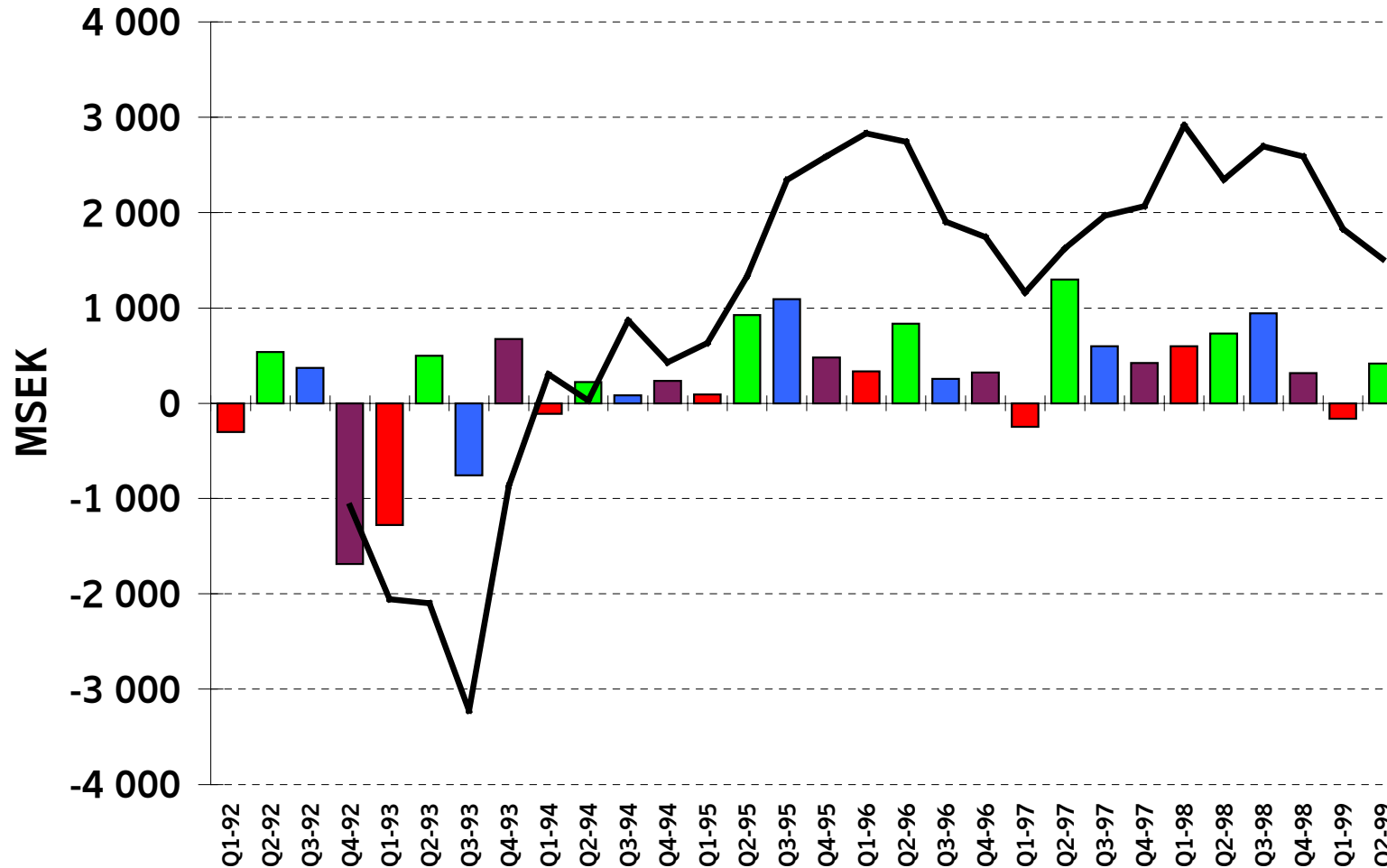
(MSEK)

	<i>January - June</i>	
	<i>1999</i>	<i>1998</i>
Operating revenue *)	18 023	17 254
Operating income bef. depr. *)	1 433	2 339
Operating income	74	1 321
Income before taxes	254	1 330

*) Excluding SAS Trading and aircraft lease net

SAS

Income before e.o. items



Bars = quarterly Line = moving 4 quarters



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Development in Net Unit Costs

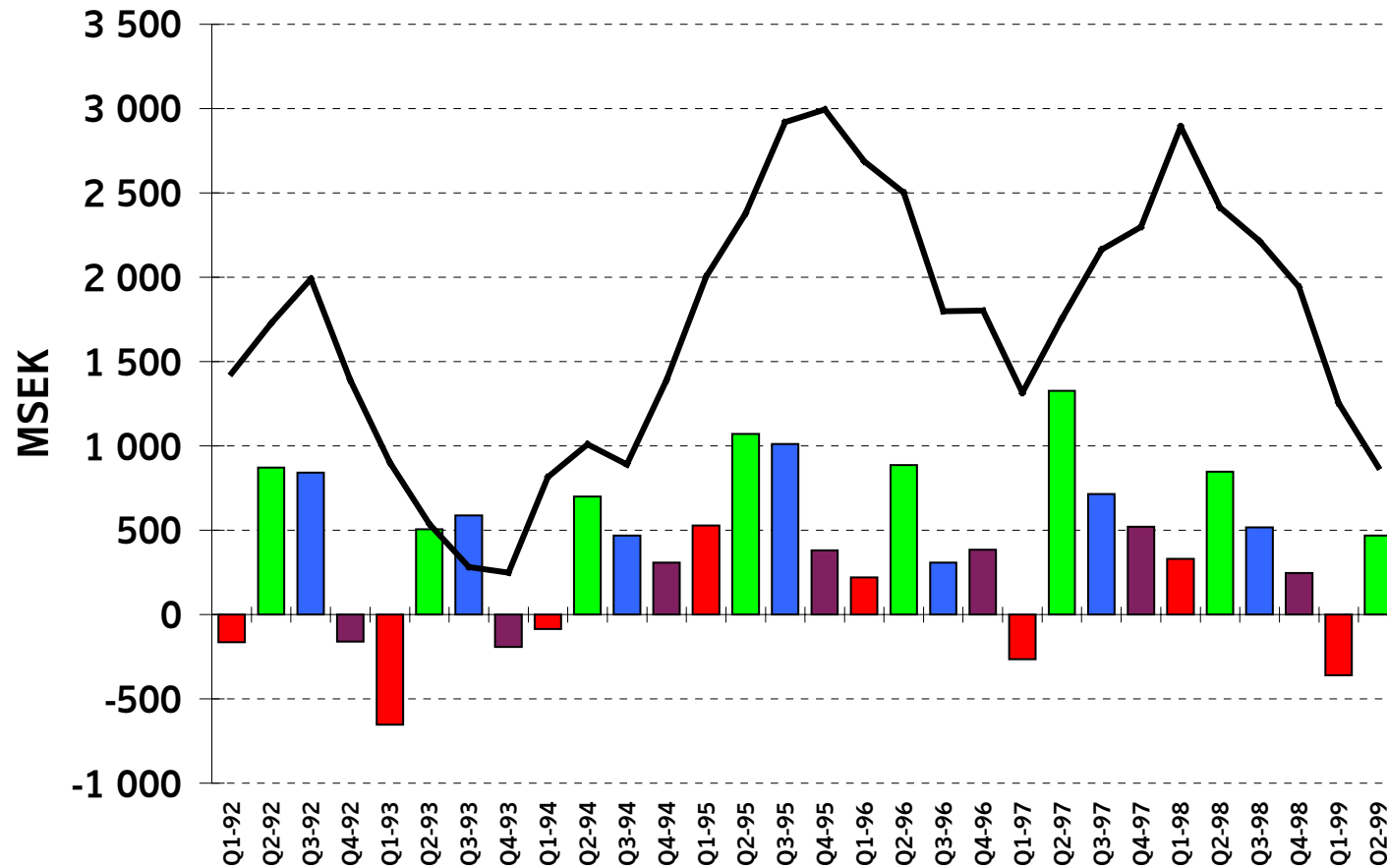
January - June 1999 vs 1998

MSEK

	H1/98	Currency	Volume	Adjusted H1/98	H1/99	Variance	Var. %	Impact on net unit cost
Commissions	1 033	30	64	1 127	852	275	24.4%	1.9%
Personnel	5 657	155	349	6 161	6 489	(328)	(5.3%)	(2.3%)
Fuel	1 110	41	69	1 220	1 020	200	16.4%	1.4%
Government charges	1 686	52	104	1 842	1 732	110	6.0%	0.8%
Other oper. net costs	3 684	114	228	4 026	4 404	(378)	(9.4%)	(2.6%)
TOTAL	13 170	392	814	14 376	14 497	(121)	(0.8%)	(0.8%)

Volume = average growth in ASK and RPK = 6,0%

SAS Group Income after depreciation



Bars = quarterly Line = moving 4 quarters

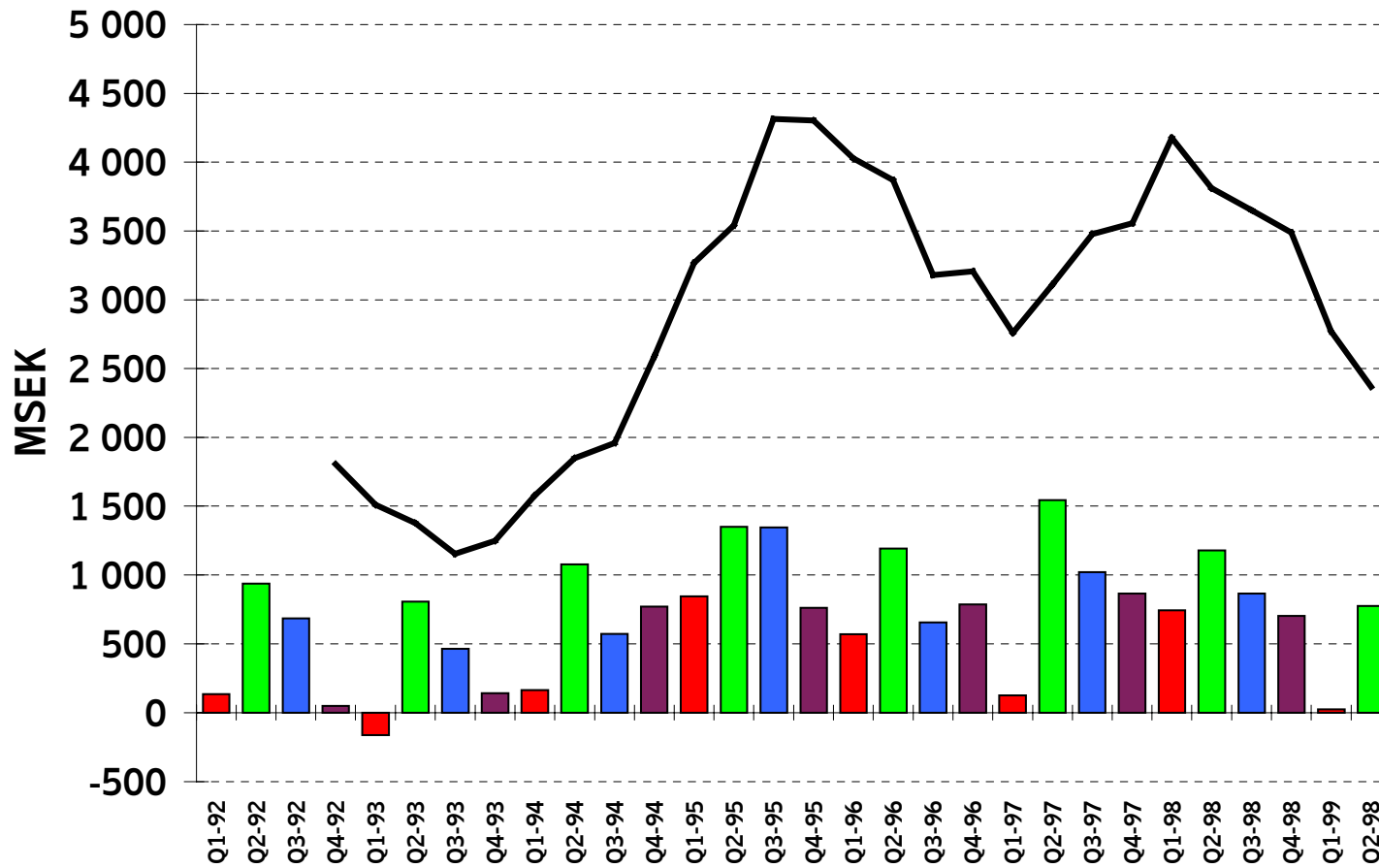
SAS Group

Development of Net Debt/Equity Ratio



SAS

Income before depreciation

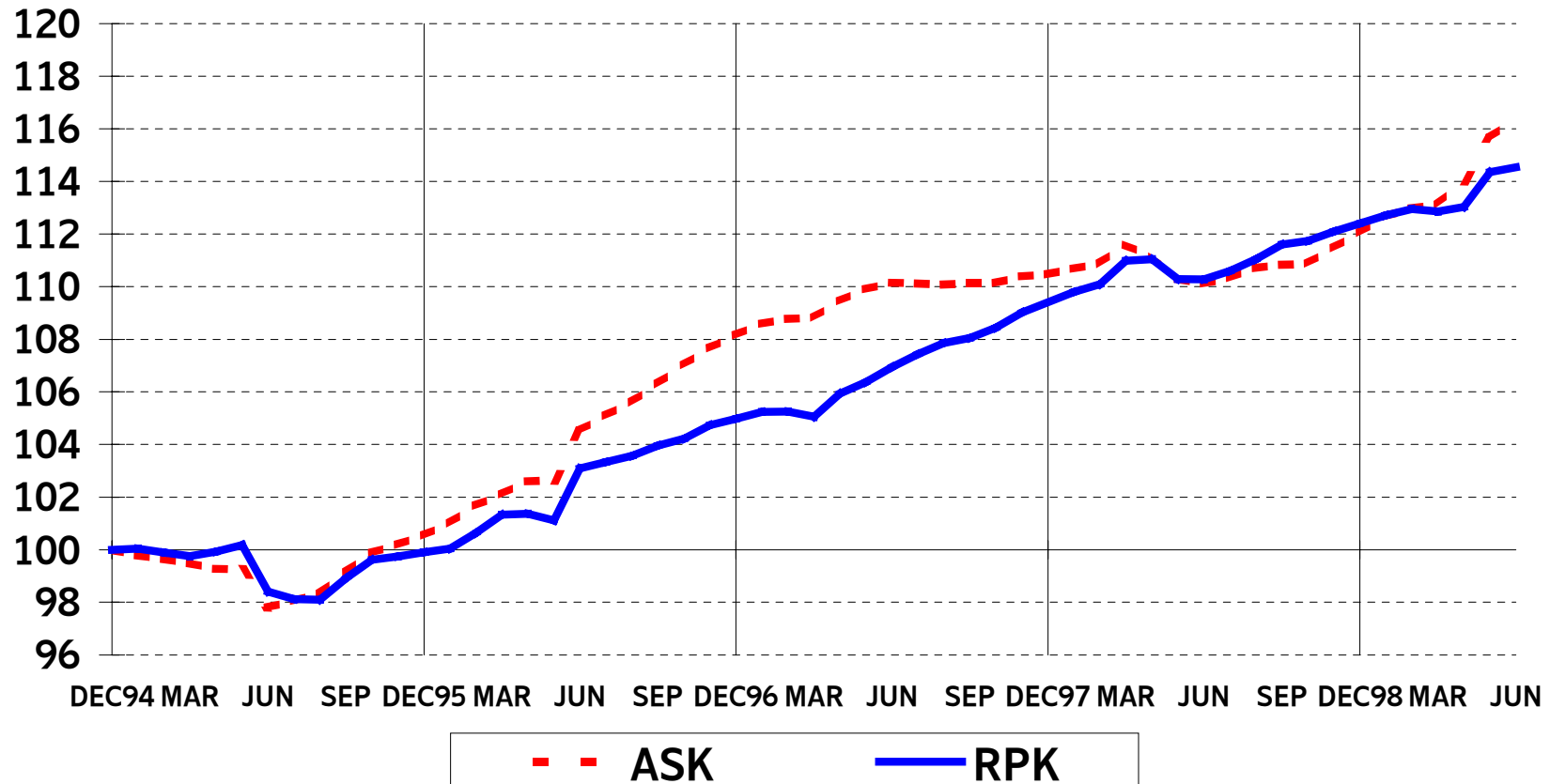


Bars = quarterly Line = moving 4 quarters

Production and Traffic

Moving 12 months values

Index 1994 = 100



Development of SEK vs ECU

Index 1991-05-17 = 100



Traffic & Yield data



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Traffic and Yield

2nd Quarter 1999 vs 1998

SAS Total Scheduled	<i>2nd quarter</i>		<i>Index,</i>
	<i>1999</i>	<i>1998</i>	<i>variance</i>
Production (mill ASK)	8 466	7 545	<i>112</i>
Traffic (mill RPK)	5 571	5 260	<i>106</i>
Cabin factor (%)	65,8	69,7	- 3,9
C-class share (%)	30,6	32,3	- 1,7
Yield (öre/RPK)	140	138	<i>101</i>
Currency adj. yield	140	143	<i>98</i>

Production and Traffic

2nd Quarter 1999 vs 1998

Route Sector Scheduled	<i>Production</i> <i>ASK</i>	<i>Traffic</i> <i>RPK</i>	<i>Cabin</i> <i>factor %</i>
SAS Total	112	106	- 3,9
Intercontinental	112	108	- 2,8
Europe	106	102	- 2,4
Intrascandinavian	124	116	- 4,2
Denmark/Greenland	94	96	+ 1,6
Norway	131	105	- 13,6
Sweden	113	108	- 3,3

Traffic Analysis

2nd Quarter 1999 vs 1998

Route Sector Scheduled	<i>Fullfare RPK-C</i>	<i>Discounted RPK-M</i>	<i>Total traffic RPK</i>
SAS Total	100	109	106

Intercontinental	101	110	108
Europe	95	105	102
Intrascandinavian	113	118	116
Denmark/Greenland	102	92	96
Norway	95	111	105
Sweden	106	110	108

Passenger Yield

2nd Quarter 1999 vs 1998

Route Sector Scheduled	<i>Nominal yield</i>	<i>Currency effect</i>	<i>Adjusted yield</i>
SAS Total	101	97	98
Intercontinental	99	94	93
Europe	101	96	97
Intrascandinavian	105	97	102
Denmark/Greenland	107	95	101
Norway	101	96	97
Sweden	100	100	100

Traffic and Yield

JAN-JUN 1999 vs 1998

SAS Total Scheduled	JAN-JUN		Index, variance
	1999	1998	
Production (mill ASK)	16 528	15 306	108
Traffic (mill RPK)	10 283	9 888	104
Cabin factor (%)	62,2	64,6	- 2,4
C-class share (%)	31,1	33,5	- 2,4
Yield (öre/RPK)	140	140	100
Currency adj. yield	140	143	98

Production and Traffic

JAN-JUN 1999 vs 1998

Route Sector Scheduled	<i>Production</i> <i>ASK</i>	<i>Traffic</i> <i>RPK</i>	<i>Cabin</i> <i>factor %</i>
SAS Total	108	104	- 2,4
Intercontinental	109	104	- 3,7
Europe	102	101	- 0,3
Intrascandinavian	114	109	- 2,6
Denmark/Greenland	92	94	+ 1,5
Norway	125	102	- 11,5
Sweden	110	113	+ 1,8

Traffic Analysis

JAN-JUN 1999 vs 1998

Route Sector Scheduled	<i>Fullfare RPK-C</i>	<i>Discounted RPK-M</i>	<i>Total traffic RPK</i>
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SAS Total	97	108	104
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Intercontinental	95	107	104
Europe	93	106	101
Intrascandinavian	103	114	109
Denmark/Greenland	96	93	94
Norway	92	110	102
Sweden	107	118	113

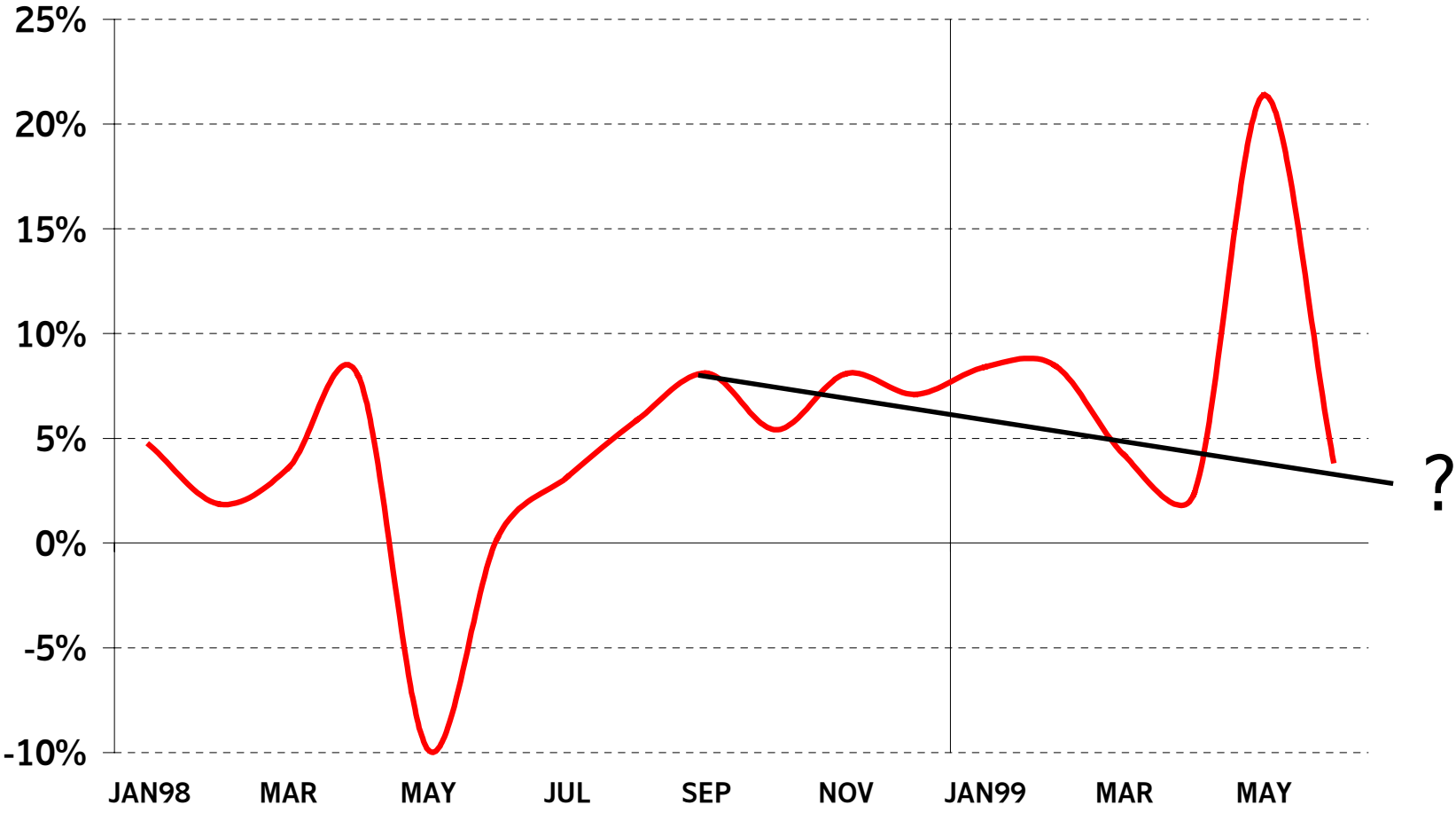
Passenger Yield

JAN-JUN 1999 vs 1998

Route Sector	<i>Nominal yield</i>	<i>Currency effect</i>	<i>Adjusted yield</i>
Scheduled			
SAS Total	100	98	98
<hr/>			
Intercontinental	96	96	91
Europe	99	97	97
Intrascandinavian	102	98	100
Denmark/Greenland	104	95	99
Norway	97	99	95
Sweden	97	100	96

Monthly Change in Total M-class Traffic

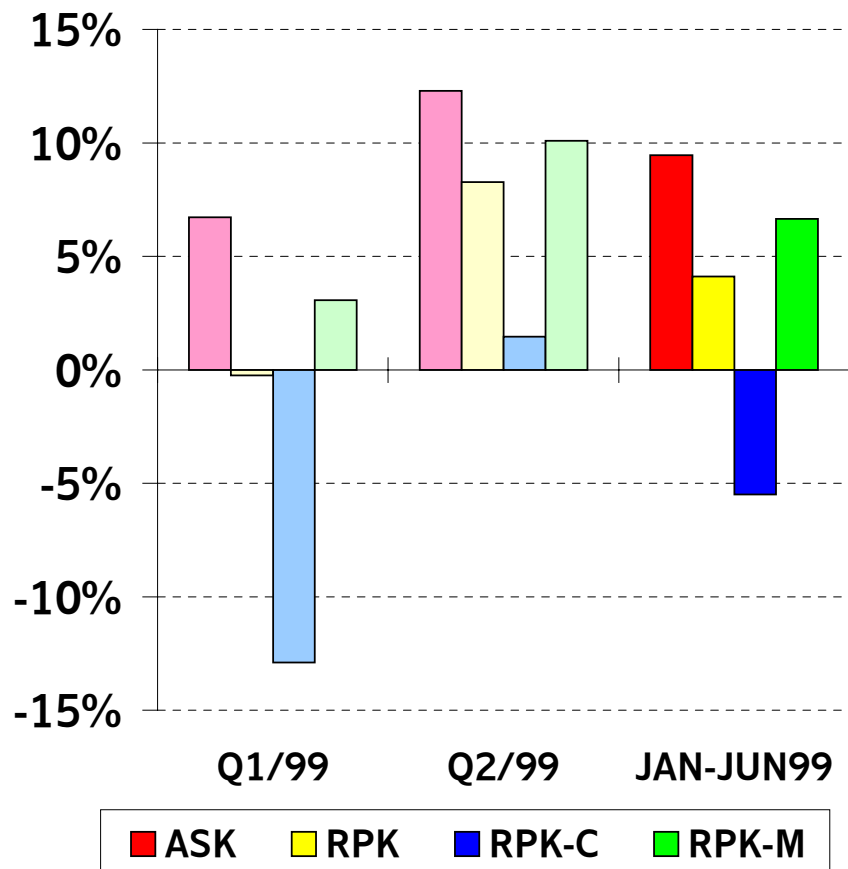
JAN98 - JUN99



Intercontinental Routes

2nd Quarter 1999

Change vs last year

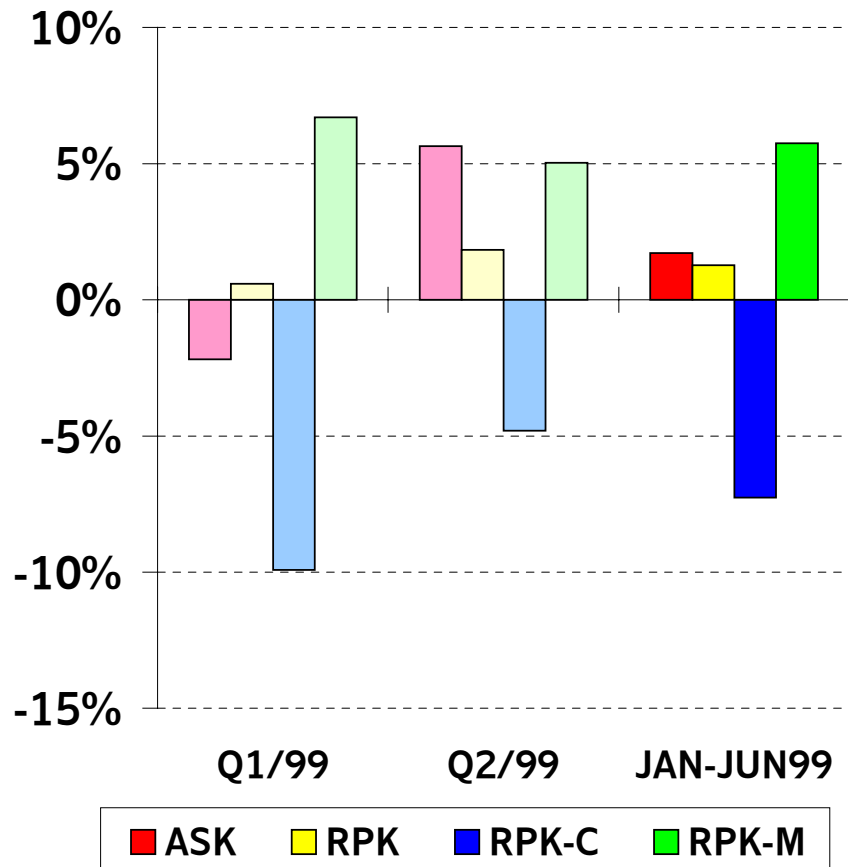


- Weak development in business travel
- Overcapacity to/from North America
- Passenger load factor 75,9% (down 2,8 p.u.)
- Number of passengers up 12,1%

European Routes

2nd Quarter 1999

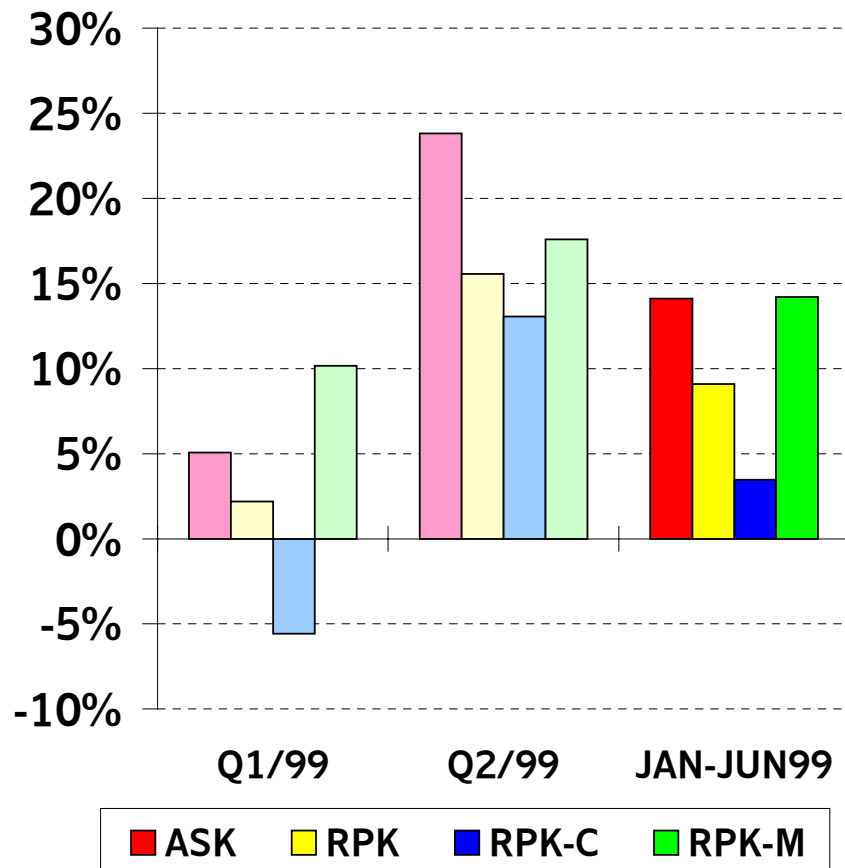
Change vs last year



- Market shares kept on UK
- Low feed from Europe to intercontinental routes
- Passenger load factor 62,8% (down 2,4 p.u.)
- Number of passengers up 1,9%

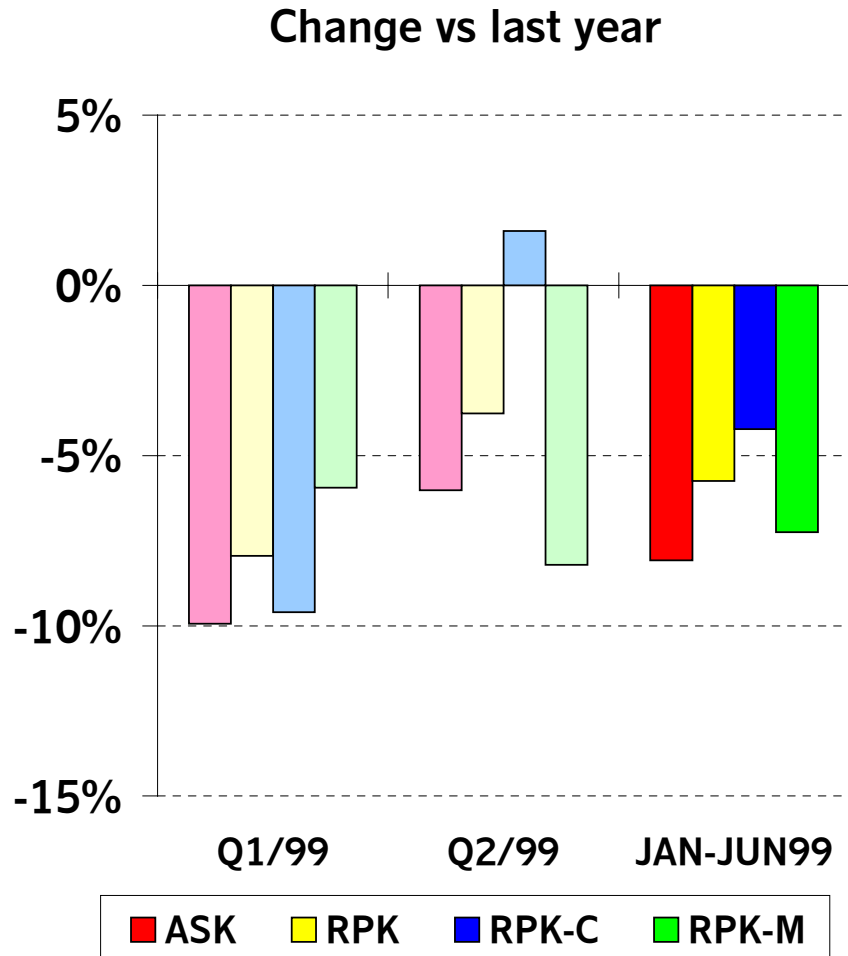
Intrascandinavian Routes

2nd Quarter 1999
Change vs last year



- Q2/98 disturbed by conflicts
- Strong development on traffic between Denmark and Sweden
- Passenger load factor 58,9% (down 4,2 p.u.)
- Number of passengers up 12,8%

Danish Domestic Routes 2nd Quarter 1999

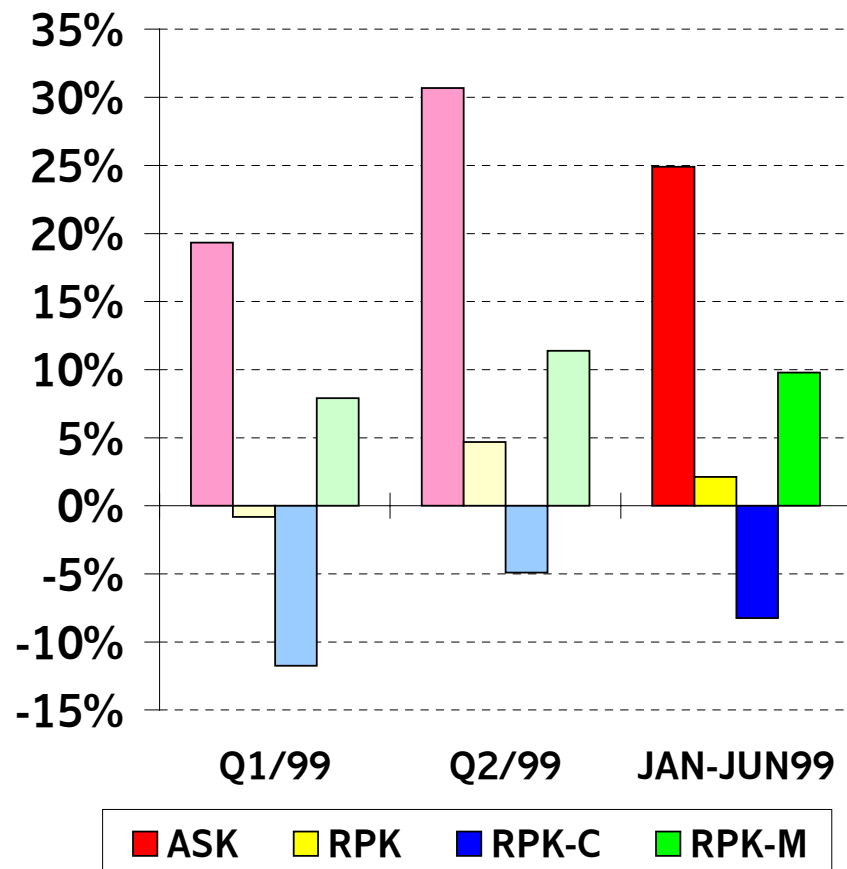


- Adjustments in traffic system due to infra-structural changes in Danish domestic market still successful
- Passenger load factor 69,3% (up 1,6 p.u.)
- Number of passengers down 4,2%

Norwegian Domestic Routes

2nd Quarter 1999

Change vs last year

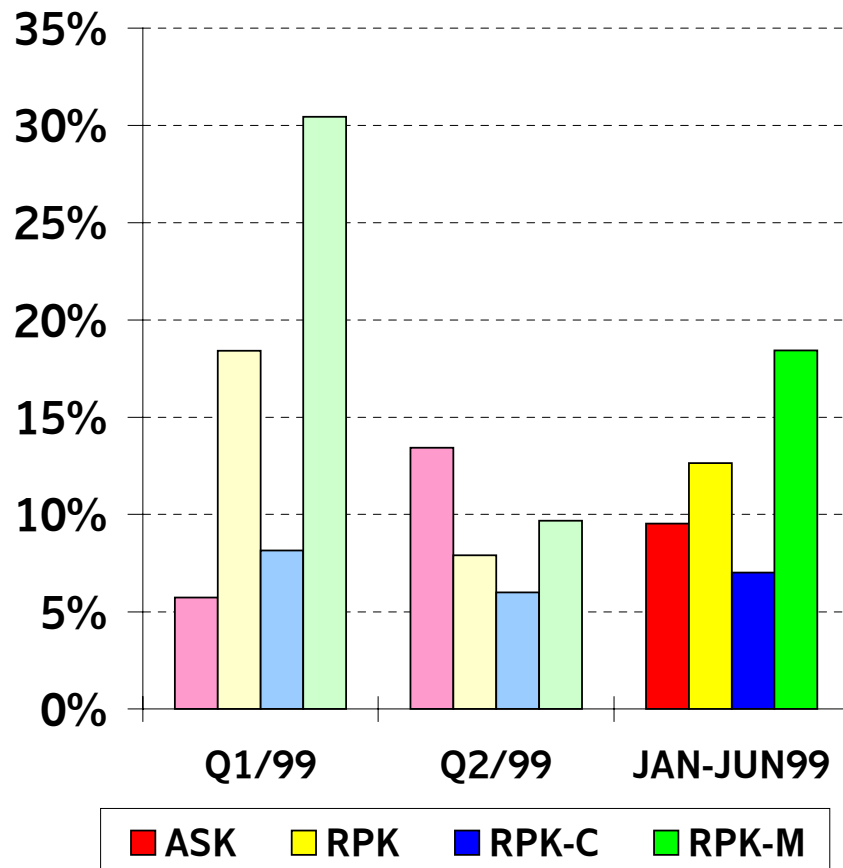


- Overcapacity in the market place
- Low business activity in Norway
- Passenger load factor 54,6% (down 13,6 p.u.)
- Number of passengers up 7,1%

Swedish Domestic Routes

2nd Quarter 1999

Change vs last year



- Balanced growth in Q2
- Passenger load factor 65,2% (down 3,3 p.u.)
- Number of passengers up 8,8%

SAS Cargo

2nd Quarter 1999

- Low exports from Scandinavia to Asia and Europe
- Hard competition on North Atlantic due to overcapacity
- Prices low in Japan
- Increasing demands from Asia to Scandinavia

Change of Depreciation Plan

- ▶ Review of present depreciation policy on aircraft (6% per year) in relation to the economic value diminution
- ▶ Adjusted plan adopted from 01JAN:
4,5% annual book depreciation to a residual value of 10% after 20 years
- ▶ By eliminating over-depreciation, the new policy will preempt surplus values from accumulating in the aircraft fleet and reduce fluctuations in earnings
- ▶ Effect in JAN-JUN99: 210 MSEK
- ▶ Effect full year 1999: approx. 450 MSEK

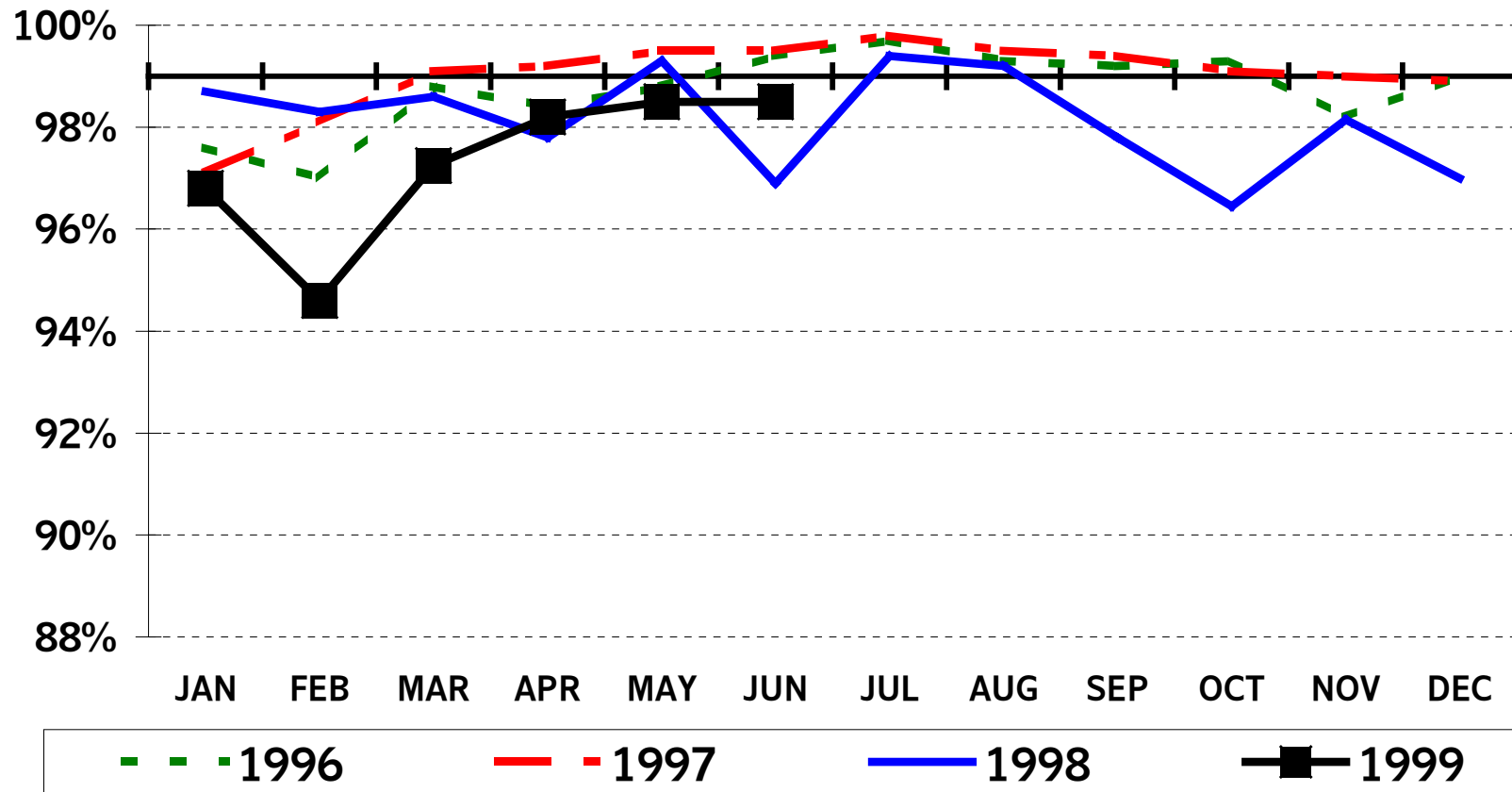
SAS Aircraft Fleet

Aircraft in SAS Traffic

	<i>30JUN99</i>	<i>31MAR99</i>	<i>30DEC98</i>
Boeing 747-243	0	1	1
Boeing 767-300	14	14	14
MD-81/82/83	49	49	49
MD-87	18	18	18
MD-90	8	8	8
Boeing 737-600	20	14	8
DC-9-81	9	9	9
DC-9-41	21	21	22
DC-9-21	4	4	4
Boeing 737-300	2	2	0
Fokker F28	11	14	16
Fokker F50	22	22	22
SAAB 2000	6	6	6
TOTAL	184	182	177

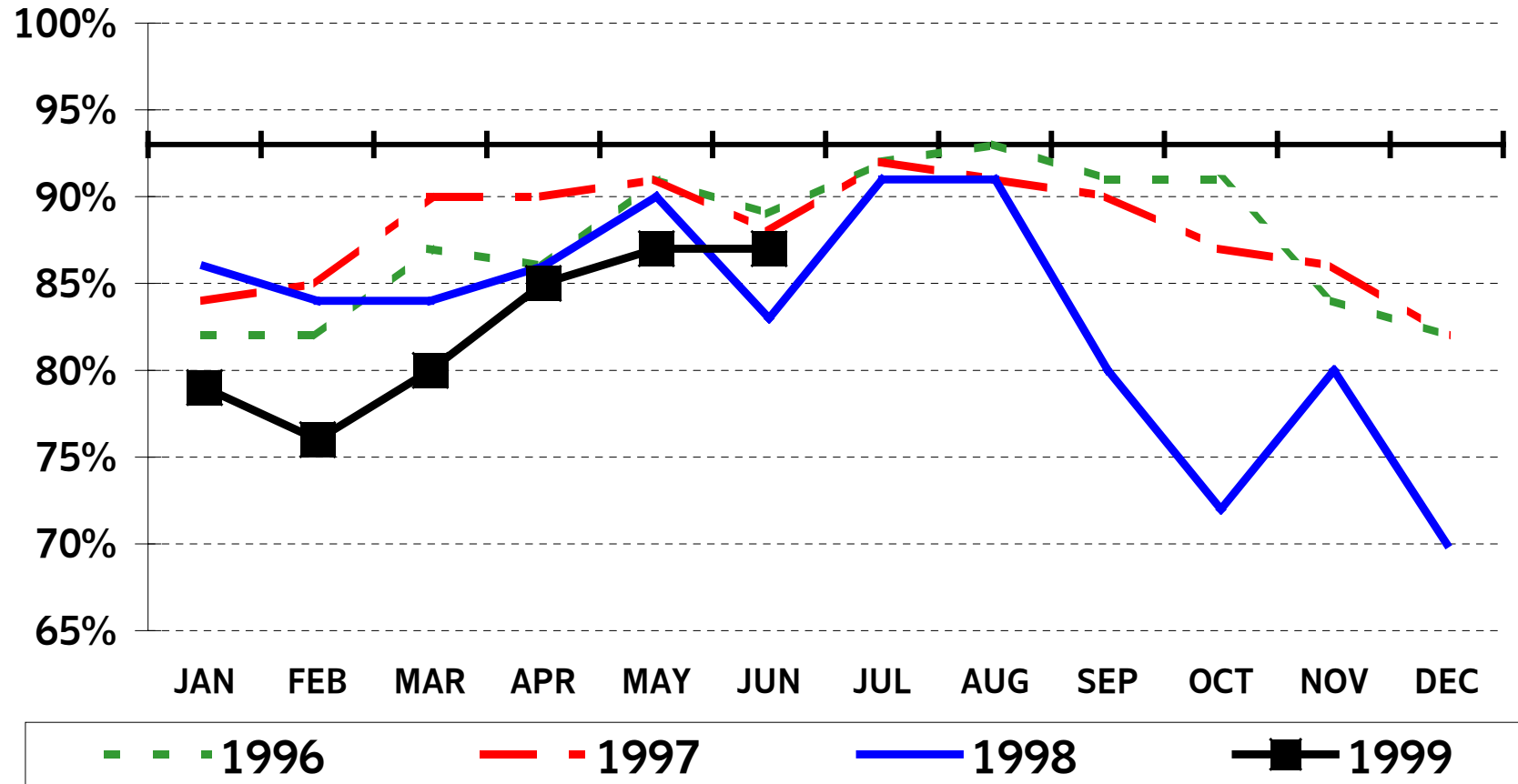
Regularity

Performed flights of scheduled (axis shows internal standard)



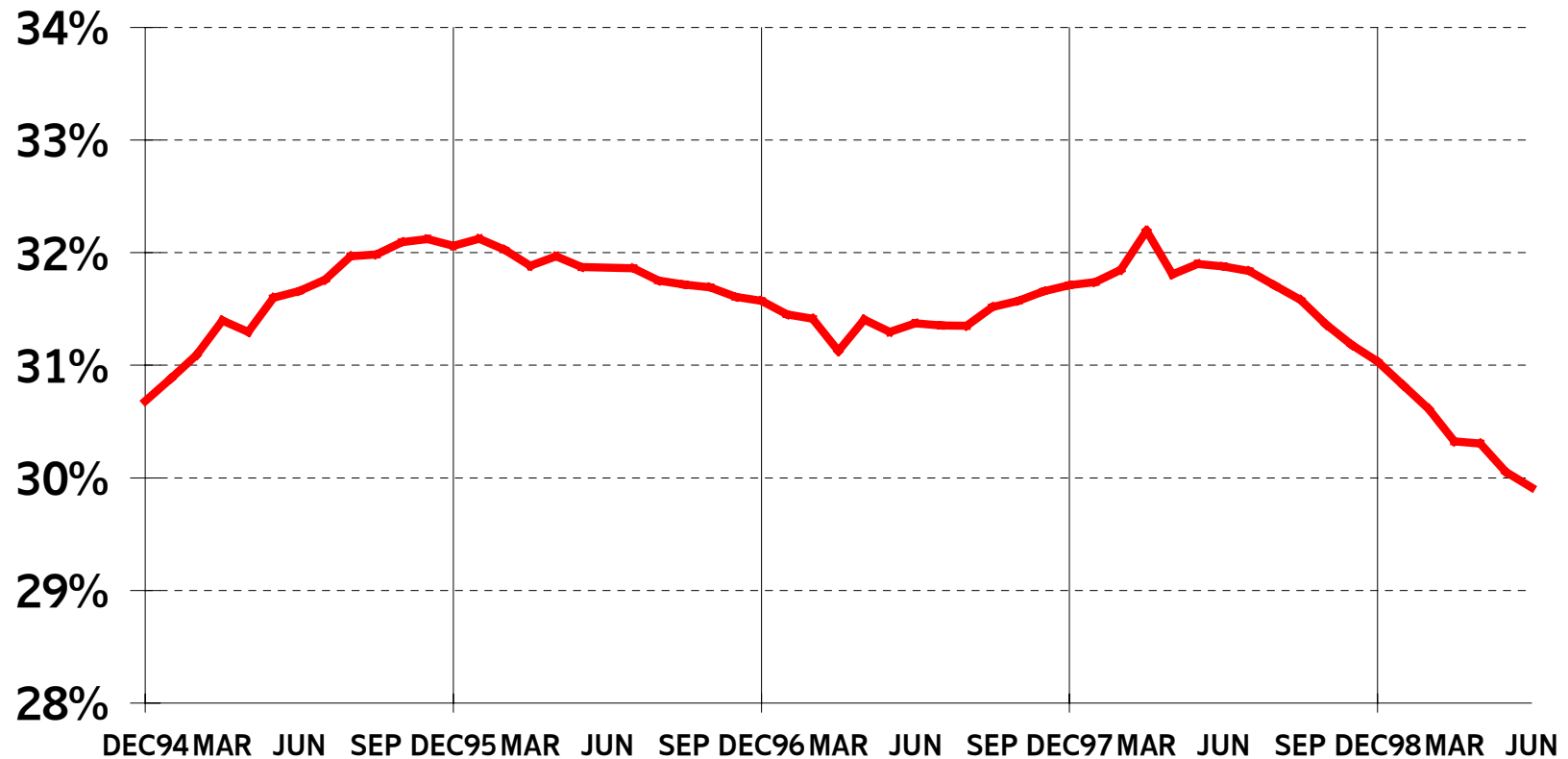
Punctuality

Flights delayed less than 15 min
(axis shows internal standard)



Share of Fullfare Traffic Total System

Moving 12 months values



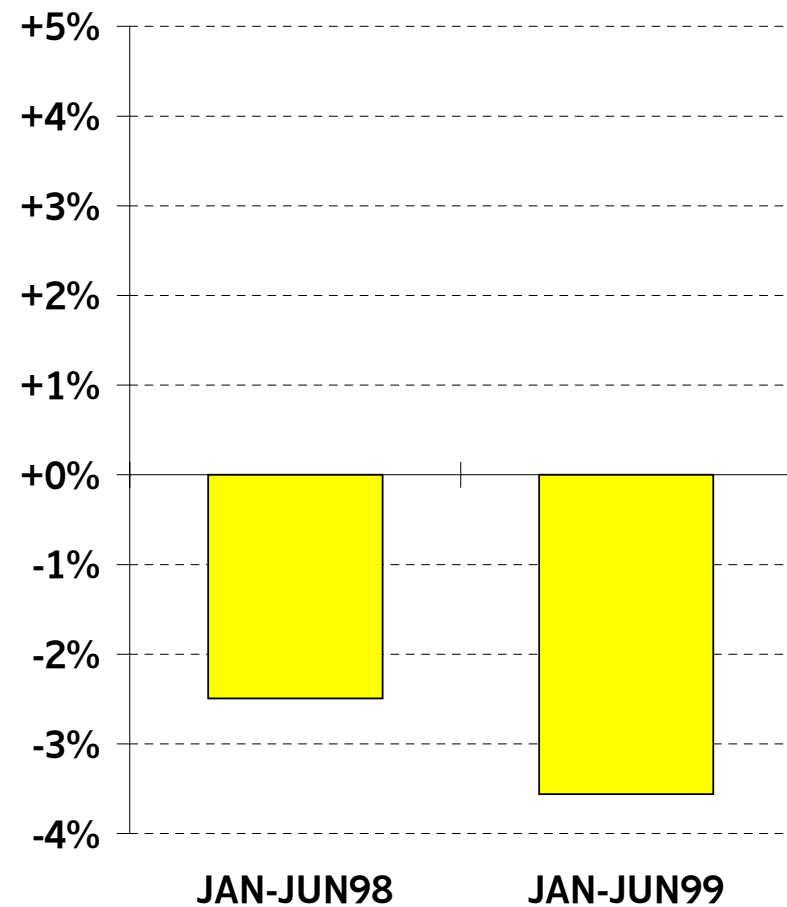
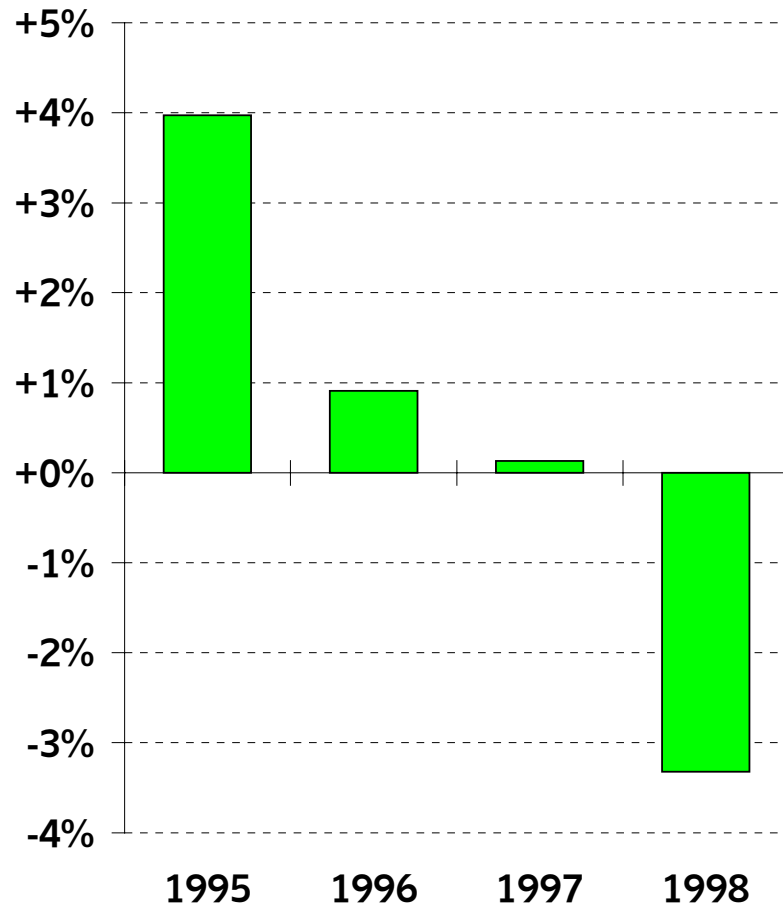
Revenues and costs data

Number of Personnel

SAS excl SAS Trading

- ▶ During JAN-JUN, average number of employees increased by 2 100 (9,9%)
- ▶ Main increases:
 - cabin attendants (JarOps and new service concept)
 - pilots (new aircraft type Boeing 737 and new Stockholm commuter hub)
 - sales personnel (increased own sales)
 - increased data development activities

Productivity Development



Measure is average change of RPK /ASK over
change in number of full time employees

Balance sheet & Financial strength

SAS Group Balance Sheet

MSEK	<i>30JUN99</i>	<i>31DEC98</i>
Liquid funds	5 425	8 011
Other interest-bearing assets	2 223	1 769
Aircraft	13 001	11 339
Other assets	20 350	19 330
Total assets	40 999	40 449
Operating liabilities	12 335	12 461
Interest-bearing liabilities	11 386	11 005
Subordinated debenture loan	788	854
Minority interests	25	19
Equity	16 465	16 110
Total liabilities and equity	40 999	40 449
Net debt	4 526	2 079

Strong Balance Sheet

Hidden Values and Conservative Provisions

- ▶ Surplus values in aircraft fleet
- ▶ Favourable aircraft orders
- ▶ Over funded pension obligations
- ▶ SAS International Hotels
- ▶ Affiliated companies
- ▶ Future maintenance costs
- ▶ Accrued EuroBonus obligations
- ▶ Sold, not yet flown tickets

Fleet changes during first half 1999

- ▶ B 747-200 Cargo Freighter on operating redelivered
- ▶ One DC9-41 on operating lease redelivered
- ▶ One F28-4000 sold
- ▶ Three F28-4000 agreed for sale in Q3
- ▶ 4 Saab 340 sold on forward sales
- ▶ Air Botnia to lease 4 F28-4000 from SAS
 - 2 more during Q4 1999

Still significant overvalues in fleet

- ▶ SEK 5200 Million (June99)
- ▶ Change of depreciation principle effective Jan 1 1999
- ▶ Incremental increase in overvalues in spite of changed depreciation principle due to strong USD

Gross investments

- ▶ Aircraft MUSD
Firm orders: 1999 2000 2001 2002-
 640 710 75 75
- ▶ Other investments in SAS normally
800-900 MSEK annually

Definitions



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Unit Cost Definition

The unit cost change is calculated as follows:

- ▶ **Costs:**
Operating expenses excluding depreciation and lease costs for aircraft and reduced with other external revenue
Last year figure is for comparison adjusted with currency effect
- ▶ **Volume growth rate:**
Average growth rate of ASK and RPK
- ▶ **Net unit cost change:**
Growth rate of comparable costs in relation to volume growth rate

Market based metrics

Cash flow return on investments (CFROI)

- ▶ Cash flow from operations (EBITDAR)
- ▶ Adjusted capital:
 - + total assets
 - + overvalues aircraft
 - + capitalized leases
 - interest-bearing assets
 - noninterest-bearing debt

Market based ROCE

- ▶ Result:
 - + EBIT
 - + interest part of leases
 - + change of overvalues (aircraft)
- ▶ Adjusted capital:
 - + total assets
 - + overvalues aircraft
 - + capitalized leases
 - interest-bearing assets
 - noninterest-bearing debt

Valuation Drivers

Key target metrics:

Key valuation multiples:

CFROI 17% ↔ AAV/EBITDAR

ROCE (market) 12% ↔ AAV/EBIT

ROE 14% ↔ P/E

WACC 10% ↔ Discounted Cash Flow Approach

SAS IR



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Strengthened relationship with the equity capital markets

- ▶ Developed program for Investor Relations
- ▶ A large number of analyst and investor meetings arranged in 1998
- ▶ 8-9 international analyst follow the SAS shares, totaling 20
- ▶ SAS perceived as more share holder friendly
- ▶ New and developed value creation model incl. Introduction of market based key metrics
 - CFROI (cash flow return on invested capital)
 - Market based ROCE

SAS Investor Relations on the Internet



<http://www.sas.se/investor>

SAS IR

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