



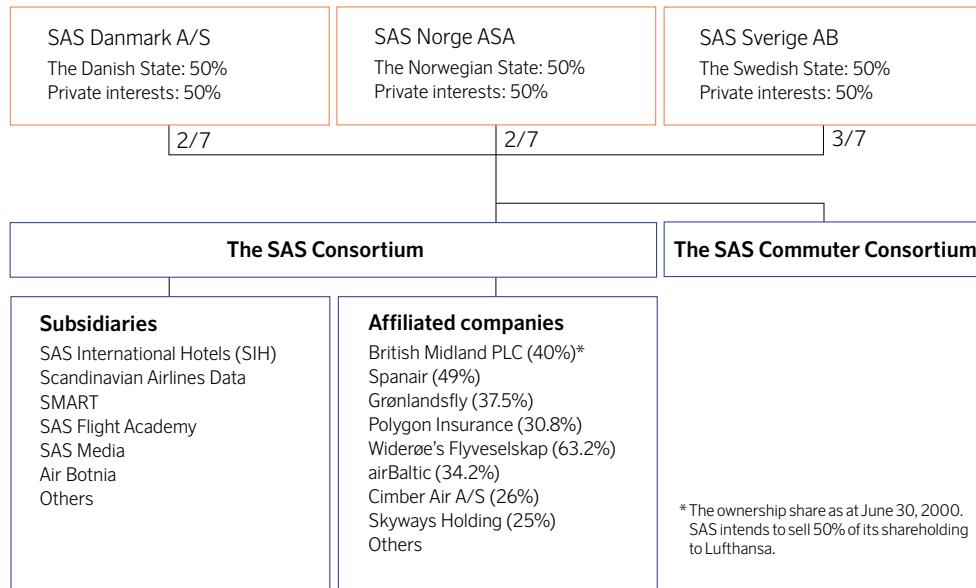
Interim Report 2:2000

January-June

The SAS Group

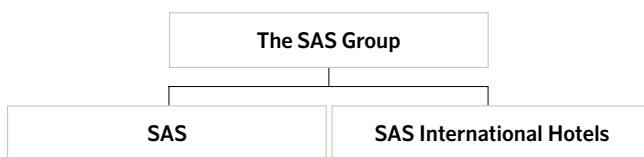
SAS Danmark A/S • SAS Norge ASA • SAS Sverige AB

Corporate Structure



- **SAS Danmark A/S, SAS Norge ASA and SAS Sverige AB** are the parent companies whose shares are listed on the stock exchanges in Copenhagen, Oslo and Stockholm, respectively.
- **The SAS Consortium** comprises passenger transport services, SAS Cargo (freight) and SAS Trading (trade with goods on board aircraft and at airports).
- **The SAS Commuter Consortium** is a production company which conducts flights for SAS in Scandinavia and northern Europe.

Operating Areas



- **The SAS Group** comprises the SAS Consortium including wholly or partly owned subsidiaries and affiliated companies. The financial statements of the SAS Group and its two operating areas are prepared in accordance with the recommendations of the International Accounting Standards Committee (IASC). Subsidiaries owned more than 50% are consolidated in the SAS Group. Affiliates owned between 20% and 50% are reported according to the equity method.
- **SAS** comprises the SAS Consortium with subsidiaries and affiliated companies, excluding SAS International Hotels, as well as the SAS Commuter Consortium with subsidiaries.
- **SAS International Hotels** comprises its wholly and partly owned subsidiaries, and affiliated companies.

The SAS Group

SAS Danmark A/S

SAS Norge ASA

SAS Sverige AB

Highlights of the Interim Report as per June 30, 2000

- **The SAS Group's income** before taxes was MSEK 732 (496). Income for the second quarter amounted to MSEK 1,029 (507).
- **Income excluding capital gains** amounted to MSEK 443 (63) for the full period and MSEK 753 (461) in the second quarter.
- **Passenger traffic (RPK)** increased by 7%. Traffic in Business Class rose 5%.
- **Increased fuel costs** had a negative impact on earnings of MSEK 712 compared with the first half of the previous year.
- **Cash flow** from operations amounted to MSEK 1,057 (833).
- **Earnings per share** amounted to SEK 3.48 (2.00) for SAS Danmark A/S, SEK 3.22 (2.49) for SAS Norge ASA, and SEK 3.40 (2.09) for SAS Sverige AB.
- **SAS's parent companies report the following income after taxes:**

SAS Danmark A/S	MDKK	145	(78)
SAS Norge ASA	MNOK	147	(110)
SAS Sverige AB	MSEK	240	(147)

- **Despite the substantial rise** in fuel costs, the previous forecast of income before taxes, excluding capital gains, for the full year 2000 of approximately MSEK 1,000 remains unchanged. This is based on an improved earnings trend in operations, with regard to both revenues and costs, which will compensate for the higher fuel costs.

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

The complete report can be accessed on www.scandinavian.net

Important Events in the Last Two Quarters

Second Quarter 2000

- SAS tested Digital TV in interactive communication with customers.
- British Midland and Mexicana Airlines became new members of the Star Alliance™.
- SAS launched timetable information via SMS.
- SAS International Hotels (SIH) sold the Radisson SAS Scandinavia Hotel in Oslo.

First Quarter 2000

- SAS launched a WAP service for ticket reservations and information via mobile telephones.
- SAS was ranked best domestic airline in Norway and received the “Grand Travel Award.”
- SAS EuroBonus won the “Freddie Award” for the fourth consecutive year.
- SAS decided to buy 12 Airbus A321s and options for a total of SEK 4.5 billion. These aircraft meet high standards as regards low fuel consumption and noise levels and raise SAS's transport capacity to/from several major European cities and between the three Scandinavian capitals.
- SAS Cargo, Lufthansa Cargo and Singapore Airlines intensified their partnership plans in the freight sector.
- SAS, British Midland and Lufthansa concluded a joint venture agreement regarding European traffic to/from London Heathrow and Manchester.
- The Star Alliance™ was broadened to incorporate two more members, Singapore Airlines and Austrian Airlines Group.
- SAS signed an agreement with Sabre, the world leader in advanced IT solutions for the travel and transport industry, regarding wider distribution of SAS's products and services.

Important Events after June 30, 2000

- In cooperation with twelve other airlines, SAS set up the airline industry's largest Internet-based marketplace for business-to-business commerce, Aeroxchange.

The SAS Group

Market and Competition

Economic growth and consequently airline traffic increased in the majority of markets in which SAS operates. For SAS, development in the Swedish domestic market was particularly positive and passenger traffic for scheduled international services from Sweden has also shown a substantial increase so far this year. The higher number of business travelers noted in the first quarter was further confirmed in the second quarter. Business Class travel to/from the U.S. is particularly strong, something which SAS is not expected to be able to take full advantage of until delivery of the new long-haul fleet, Airbus, starts in stages from the second half of 2001.

The establishment of partnerships and alliances continues to characterize the airline industry. As far as SAS is concerned, cooperation within the largest of the alliances, Star Alliance™, continues to provide an attractive traffic system and a favorable revenue trend.

The rising price of fuel is a factor that is having a powerful impact on earnings for the airline industry. Since the first half of 1999 fuel prices have increased by an average of 104%. Although SAS hedges a significant part of its fuel consumption, the cost of fuel rose MSEK 712 or 69% compared with the previous year. For the airline industry in Europe, which in 1999 suffered from considerable overcapacity and falling profitability, the trend is now moving towards increased demand and reduced overcapacity. In the first half of the year, SAS noted traffic growth of 7% compared with the previous year as well as a 3.5 percentage points improvement in the cabin factor. SAS's market position strengthened in Sweden and Norway. In addition, a general positive development can be noted, mainly in the business travel segment in most markets.

The SAS Group's income before depreciation developed well in the second quarter and was 28% higher than in the same period in 1999. Increased demand for both business and leisure travel led to a positive revenue and earnings trend.

Financial Development

Currency Effects

Income for the period January-June was affected by a positive currency effect of MSEK 18. In the second quarter, the net effect was MSEK 8. Above all, the strengthened Swedish krona against the Norwegian and Danish currencies had a negative impact on SAS's revenues and a positive impact on costs.

Second Quarter 2000

Operating revenue increased compared with the second quarter of 1999 by MSEK 539 or 4.8%. Adjusted for currency effects, the increase was 6.7%.

Operating expenses rose by MSEK 279 or 2.7%. Higher fuel costs accounted for MSEK 344.

Income before capital gains was MSEK 753 (461), an increase of 63%.

After capital gains of MSEK 276 (44), comprising sale and leaseback of one Boeing 737, MSEK 22, the sale of a hotel property in Oslo, MSEK 243, and the sale of shares in Dar-es-Salaam Airport Handling Co, MSEK 11, income before taxes amounted to MSEK 1,029 (507).

January-June

The SAS Group's operating revenue increased by MSEK 1,139 or 5.4%. MSEK 1,109 of this amount represents increased passenger revenue and MSEK 30 increased operating revenue in other business areas. SAS's passenger traffic measured in RPK, Revenue Passenger Kilometers, increased by 7% compared with the first half of 1999. Unit revenue, yield, was unchanged, excluding currency effects.

Operating expenses rose MSEK 893 or 4.5%, of which higher fuel costs accounted for MSEK 712. Operating income before depreciation increased by MSEK 246 or 24.8%. The gross profit margin increased from 4.7% to 5.6%.

Share of income before taxes in affiliated companies amounted to MSEK 83 (88). Amortization of goodwill is included in a total amount of MSEK 21 (20).

Capital gains totaled MSEK 289 (433).

In the first half of 2000, aircraft transactions generated capital gains of MSEK 35 and the sale of a hotel property and other shares provided MSEK 254.

The SAS Group's net financial items amounted to MSEK -5 (-71). Net interest was MSEK -52 (-101), due to a lower average net debt compared with 1999. The currency effect was MSEK 63 (19), due to the strong development of the Swedish krona against the currencies to which the SAS Group's net debt is exposed.

Income before taxes amounted to MSEK 732 (496).

Investments

The SAS Group's investments, including prepayments, amounted to MSEK 4,477 (3,003) in the first six months of the year. The airline operations accounted for

MSEK 4,370 (2,908) of investments and SAS International Hotels for MSEK 107 (95). Investments in aircraft and other flight equipment amounted to MSEK 4,046 (2,365). This includes investment in ten Boeing 737s and six deHavilland Q400s. Delays at Bombardier resulted in deliveries of four deHavilland Q400s being rescheduled from 2000 to 2001.

At the end of June 2000, the value of orders for Boeing 737s, deHavilland Q400s, Airbus A340/330s and Airbus A321s totaled MUSD 2,600. During the period July–December 2000, nine Boeing 737s and ten deHavilland Q400s are due for delivery.

Planned investments in aircraft during the period 2000-2003>

	Total	July-Dec. 2000	2001	2002	2003>
MUSD	2,600	520	740	650	680
Number of aircraft	54	19	15	9	11

Other investments normally amount to MSEK 800-900 on a yearly basis.

Financial Position

On June 30, 2000, the SAS Group's liquid assets amounted to MSEK 6,232 (5,442).

Cash flow from operations in the first half of the year amounted to MSEK 1,057 (833). The net sum of investments and sales of fixed assets amounted to MSEK -2,804 (-2,137). The financing deficit for the period was MSEK -2,448 (-2,578).

The equity/assets ratio on June 30, 2000, was 41% (41%) and the debt/equity ratio was 0.18 (0.28). The net debt amounted to MSEK 3,126 (4,617), an increase of MSEK 2,452 since year-end 1999.

The estimated surplus value of the aircraft fleet owned by SAS was approximately MSEK 4,800 (5,200) on June 30, 2000.

Personnel

The average number of employees at the SAS Group in the first half of the year was 28,295 (27,568), of whom 25,193 (24,431) at SAS and 3,061 (3,098) at SAS International Hotels.

SAS

Airline Operations

Market and Competition

The market for air traffic to and from Scandinavia continues to grow. Traffic to/from Sweden had the fastest growth, with an increase of 9%.

SAS's international traffic developed favorably in the second quarter, which meant that overall market share could be maintained. In the business travel segment, SAS strengthened its market position. SAS's share of total production offered between Scandinavia and Europe was unchanged compared with the first half of 1999.

SAS strengthened its market shares for intra-Scandinavian traffic and Swedish and Norwegian domestic traffic.

SAS's total passenger traffic rose 7.0% compared with the first half of the previous year. In April-June, traffic rose 7.8%. The total traffic growth for SAS and the regional and European partners in which SAS holds significant stakes was approximately 11% for the first half of the year.

Development for Business Class has been stable since the first quarter and traffic increased by 5% compared with the first half of the previous year. Business Class accounted for 30.2% of total RPK. Traffic in Economy Class rose 8% compared with 1999. The cabin factor increased by 3.5 percentage points to 65.7%. In the second quarter, the cabin factor rose 4.9 percentage points to 70.7%. Yield, excluding currency effects, was unchanged compared with 1999.

Intercontinental traffic increased by 7.5% compared with the previous year. Business Class traffic rose 5% and Economy Class rose 8%. The cabin factor on intercontinental routes was 78% (72%), an increase of 6 percentage points, with very high capacity utilization in particular on the routes to Tokyo and Bangkok. Traffic to/from the U.S. is growing, above all in Business Class. Traffic to/from Chicago is showing positive development as Chicago strengthens its position as a hub in the U.S.

In the first half of the year, air traffic within the Association of European Airlines, AEA, increased by 8% in Europe. SAS's traffic in Europe, including intra-Scandinavian traffic, increased by 5.3%. The AEA companies increased their total production by 6% while SAS increased by 1.2%.

Traffic on European routes increased by 6.2%. Business Class traffic rose 5% and Economy Class 7%. The cabin factor was 2.1 percentage points higher than in the same period in the previous year. Production increased by 2.5%. Since the rate of increase in Business Class traffic has accelerated for several destinations, SAS is increasing or maintaining its share of the Business Class segment.

Intra-Scandinavian traffic increased by 1.6%. Business Class traffic rose 2% and Economy Class 1%. The passenger load factor improved by 3.1 percentage points to 59.4%. Production was decreased by 3.7% to reduce overcapacity at certain times of the day. Braathens discontinued its service between Oslo and Stockholm in June.

In the Swedish domestic market, SAS and its partners increased their market share during the period by 10 percentage points to 78%. The total market rose by 5% and SAS's traffic grew by 16.7% compared with the previous year. The increase in Business Class was 15% and in Economy Class 18%. Capacity increased by 16.2%, measured in ASK, and the cabin factor was 63.8% (63.5%). In the autumn almost the entire aircraft fleet for Swedish domestic services will comprise Boeing 737s and deHavilland Q400s.

The Norwegian domestic market decreased marginally in the first half of the year. During the period, Business

Traffic, Production and Yield

		Apr.-Jun. 2000	Apr.-Jun. 1999	Change	Jan.-Jun. 2000	Jan.-Jun. 1999	Change
SAS Total							
Number of passengers	(000)	6,236	5,850	+6.6%	11,550	10,870	+6.3%
Revenue Passenger Kilometers (RPK)	(mill)	6,008	5,571	+7.8%	11,000	10,283	+7.0%
Available Seat Kilometers (ASK)	(mill)	8,492	8,466	+0.3%	16,744	16,528	+1.3%
Cabin factor		70.7%	65.8%	+4.9 p.u.	65.7%	62.2%	+3.5 p.u.
Yield, adjusted for currency effects				+0.4%			-0.1%
Intercontinental routes							
Number of passengers	(000)	312	287	+8.5%	576	540	+6.7%
Revenue Passenger Kilometers (RPK)	(mill)	2,114	1,933	+9.4%	3,910	3,637	+7.5%
Available Seat Kilometers (ASK)	(mill)	2,550	2,547	+0.1%	5,013	5,049	-0.7%
Cabin factor		82.9%	75.9%	+7.0 p.u.	78.0%	72.0%	+5.9 p.u.
Yield, adjusted for currency effects				+1.1%			-0.3%
European routes							
Number of passengers	(000)	2,076	1,936	+7.2%	3,717	3,510	+5.9%
Revenue Passenger Kilometers (RPK)	(mill)	2,096	1,956	+7.2%	3,742	3,523	+6.2%
Available Seat Kilometers (ASK)	(mill)	3,160	3,115	+1.4%	6,177	6,028	+2.5%
Cabin factor		66.3%	62.8%	+3.6 p.u.	60.6%	58.4%	+2.1 p.u.
Yield, adjusted for currency effects				+1.4%			-0.6%
Intra-Scandinavian routes							
Number of passengers	(000)	1,199	1,156	+3.7%	2,195	2,132	+3.0%
Revenue Passenger Kilometers (RPK)	(mill)	504	494	+2.0%	918	903	+1.6%
Available Seat Kilometers (ASK)	(mill)	779	839	-7.1%	1,545	1,604	-3.7%
Cabin factor		64.6%	58.9%	+5.7 p.u.	59.4%	56.3%	+3.1 p.u.
Yield, adjusted for currency effects				+0.3%			+1.5%
Danish domestic							
Number of passengers	(000)	259	273	-5.0%	491	539	-8.9%
Revenue Passenger Kilometers (RPK)	(mill)	99	101	-2.1%	178	187	-4.9%
Available Seat Kilometers (ASK)	(mill)	131	145	-9.7%	267	300	-10.8%
Cabin factor		75.1%	69.3%	+5.8 p.u.	66.6%	62.5%	+4.1 p.u.
Yield, adjusted for currency effects				-1.6%			-3.7%
Norwegian domestic							
Number of passengers	(000)	1,004	975	+3.0%	1,905	1,815	+5.0%
Revenue Passenger Kilometers (RPK)	(mill)	524	507	+3.3%	964	928	+3.9%
Available Seat Kilometers (ASK)	(mill)	852	929	-8.4%	1,722	1,808	-4.8%
Cabin factor		61.5%	54.6%	+6.9 p.u.	56.0%	51.3%	+4.6 p.u.
Yield, adjusted for currency effects				+6.5%			+7.0%
Swedish domestic							
Number of passengers	(000)	1,386	1,223	+13.4%	2,666	2,334	+14.2%
Revenue Passenger Kilometers (RPK)	(mill)	672	581	+15.6%	1,289	1,104	+16.7%
Available Seat Kilometers (ASK)	(mill)	1,020	890	+14.6%	2,020	1,739	+16.2%
Cabin factor		65.8%	65.2%	+0.6 p.u.	63.8%	63.5%	+0.3 p.u.
Yield, adjusted for currency effects				-3.6%			-3.2%

Class traffic increased by 1%, Economy Class 5% and SAS's total traffic 3.9%. In the first half of the year, production was 4.8% lower than in the same period in the previous year. The cabin factor was 56.0%, which is 4.6 percentage points higher than in the first half of 1999. SAS's market share on routes exposed to competition rose 2.6%. The overcapacity in the Norwegian domestic market is thereby considerably reduced compared with the previous year. There is still a need, however, for further traffic growth within the framework of present production capacity.

Danish domestic traffic decreased in Business Class by 6% and increased in Economy Class by 7%. Total traffic was 4.9% lower than in the previous year. Following implementation of capacity cutbacks of 10.8%, Danish domestic operations had a cabin factor of 66.6%.

The number of passengers totaled 11.6 million (10.9) in the first half of 2000. Compared with June 30, 1999, the number of SAS EuroBonus members was 15% higher and amounted to 1.96 million on June 30, 2000.

Freight Operations

Freight revenue for the period totaled MSEK 1,172 (1,086). This represents an increase of approximately 8% compared with the previous year. Tonnage flown was 6% higher than in 1999.

The cooperation with Lufthansa Cargo and Singapore Airlines Cargo – New Global Cargo – is now under way.

Income Trend

Operating income before depreciation for the second quarter amounted to MSEK 1,040 (785), an increase of 32.5%. Compared with the second quarter of 1999, capacity utilization in the traffic system increased by 4.9 percentage points to 70.7%. Yield adjusted for currency effects was 0.4% above the previous year's level.

Operating income before depreciation amounted to MSEK 1,049 (808) in the first half of the year, an increase of 29.8%.

Production increased by 1.3% during the first half of 2000. A capacity increase of approximately 3% is planned for the full year 2000.

Total operating expenses rose during the period by MSEK 853 or 4.5%, of which increased fuel costs accounted for MSEK 712.

The unit cost rose 1.8% compared with the second quarter of 1999. In the period January–June, the unit cost rose 1.2%. Excluding the fuel price increase, the unit cost fell 2.6% in the first half of the year.

The price of aircraft fuel in Europe, where SAS consumes the greater part of its fuel, was approximately 104% higher in the first half of 2000 than in the previous

Statement of Income (SIH)

(MSEK)	Apr.-Jun.		Jan.-Jun.		Jul.-Jun.	
	2000	1999	2000	1999	1999-2000	1998-1999
Room revenue	392	414	720	754	1,465	1,489
Food and beverage revenue	252	261	495	498	1,031	1,018
Other revenue	142	112	270	210	537	404
Total operating income	786	787	1,485	1,462	3,033	2,911
Operating expenses	-520	-528	-1,043	-1,024	-2,093	-2,013
Rental expenses, property insurance and property tax	-137	-112	-264	-244	-492	-460
Operating income before depreciation	129	147	178	194	448	438
Depreciation	-28	-50	-69	-99	-155	-180
Share of income in affiliated companies	9	8	18	13	32	22
Income from the sale of shares in subsidiaries	238	2	243	152	385	150
Net financial items	22	-16	16	-31	2	-89
Income before taxes	370	91	386	229	712	341
			June 30 2000		December 31 1999	June 30 1999
EBITDA			196		485	207
Return on capital employed (ROCE)*			15.4%		13.1%	11.6%
Revenue per available room (REVPAR)			628		638	647
Gross profit margin			30.9%		31.1%	29.9%

* 12-month rolling values

year. Since SAS hedges part of its anticipated consumption on a rolling 12-month basis, a significant part of the fuel price rise could be avoided. SAS's fuel costs increased by 69% compared with the first half of the previous year. The increased price of fuel accounts for 58% and volume and currency effects total 11%. The increased cost of fuel had a negative impact on the unit cost of 3.8%. Stocks of crude oil and refined products are low for the season which gives cause for concern regarding the price trend during the coming winter months. OPEC and in particular Saudi Arabia's actions regarding production quotas, combined with the winter temperatures in the northern hemisphere, will certainly be key factors for fuel prices in the immediate future.

Payroll expenses were at the same level as in the previous year, MSEK 6,655 (6,653). Taking currency effects and volume growth in operations into account, the unit cost fell 0.4%. Productivity improved by 1.2%.

Selling expenses and government charges each reduced the unit cost by 0.3%. Other operating expenses had a positive impact on the unit cost of 1.6%.

At the end of June 2000, cost reductions of MSEK 1,550 on an annual basis had been achieved within the framework of SAS's business improvement program.

One Fokker F-28 was sold in March. In June, a sale and leaseback transaction was carried out with one Boeing 737. In the first half, ten Boeing 737s and six deHavilland Q400s went into operation, of which five and three respectively in the second quarter.

Income before capital gains was MSEK 288, which represents an MSEK 292 improvement compared with the first half of 1999.

Operating income showed positive development, despite the substantial fuel price increase, due to stronger traffic and revenue trends, better capacity utilization and a positive trend for the unit cost.

SAS International Hotels (SIH)

The hotel market showed very positive development in the first half of the year in most markets in which Radisson SAS Hotels & Resorts (RSH) has hotels. The only exception is Norway, where demand for hotel rooms decreased while the supply rose. All newly opened hotels performed well.

Revenues for the period totaled MSEK 1,485 (1,462), an increase of nearly 2%.

Five hotels were opened and/or taken over during the period.

In the first half of the year, management or license agreements were concluded for an additional seven hotels.

The Radisson SAS Scandinavia Hotel Oslo property was sold in May, which provided a capital gain of MSEK 243. RSH will continue to operate the hotel under a long-term management agreement.

The favorable market situation, combined with a steady increase in the number of hotels as well as the sale of properties in 1999 and the current year, resulted in a significant improvement in the financial position of the chain.

Income before taxes amounted to MSEK 386 (229).

Forecast for the Full Year 2000

The positive turnaround in demand and traffic growth in the second quarter looks set to continue. A better balance between supply and demand throughout the airline industry will allow positive revenue development in the second half of the year.

The cost trend is positive and in line with plans, with the exception of fuel costs. The price of fuel has risen more than the market situation indicated at the end of April, while the U.S. dollar has strengthened against the Swedish krona.

Consequently, SAS's fuel costs for the full year 2000 are now expected to be approximately MSEK 3,500, or MSEK 500 higher than previously announced, and approximately MSEK 1,300 higher than in the previous year.

Despite the substantial rise in fuel costs, the previous forecast of income before taxes, excluding capital gains, for the full year 2000 of approximately MSEK 1,000 remains unchanged. This is based on an improved earnings trend in operations, with regard to both revenues and costs, which will compensate for the higher fuel costs.

Stockholm, August 11, 2000
Scandinavian Airlines System

Jan Stenberg
President and CEO

The SAS Group

Summary Statement of Income

(MSEK)	Apr.-Jun.		Jan.-Jun.		Jul.-Jun.	
	2000	1999	2000	1999	1999-2000	1998-1999
Operating revenue	11,799	11,260	22,104	20,965	43,201	42,119
Payroll expenses	-3,638	-3,711	-7,208	-7,197	-14,155	-14,023
Other operating expenses	-6,977	-6,625	-13,657	-12,775	-26,210	-25,225
Operating income before depreciation	1,184	924	1,239	993	2,836	2,871
Depreciation	-435	-490	-874	-947	-1,879	-2,006
Share of income in affiliated companies	18	47	83	88	5	47
Income from the sale of shares in subsidiaries and affiliated companies	0	2	0	152	131	153
Income from the sale of aircraft and buildings	265	44	278	60	949	775
Operating income	1,032	527	726	346	2,042	1,840
Income from the sale of other shares and participations	11	0	11	221	207	222
Net financial items	-14	-20	-5	-71	-167	-173
Income before taxes	1,029	507	732	496	2,082	1,889

Summary Balance Sheet

	Jun. 30 2000	Dec. 31 1999	Jun. 30 1999
(MSEK)			
Aircraft and spare parts	13,410	11,302	13,002
Other noninterest-bearing assets	20,141	19,601	20,510
Interest-bearing assets (excl. liquid assets)	3,979	3,356	2,117
Liquid assets	6,232	8,368	5,442
Assets	43,762	42,627	41,071
Shareholders' equity	17,515	17,061	16,465
Minority interests	18	25	25
Subordinated debenture loan	782	772	788
Other interest-bearing liabilities	12,555	11,626	11,388
Operating liabilities	12,892	13,143	12,405
Shareholders' equity and liabilities	43,762	42,627	41,071
Shareholders' equity			
January 1, 2000	17,061		
Change in translation differences	-112		
Income 2000	566		
June 30, 2000	17,515		

Cash Flow Statement

(MSEK)	Apr.-Jun.		Jan.-Jun.		Jul.-Jun.	
	2000	1999	2000	1999	1999-2000	1998-1999
Income before taxes	1,029	507	732	496	2,082	1,889
Depreciation	435	490	874	947	1,879	2,006
Income from the sale of fixed assets	-276	-46	-289	-433	-1,287	-1,150
Adjustment for items not included in cash flow, etc.	-123	-90	-260	-177	-397	-227
Cash flow from operations	1,065	861	1,057	833	2,277	2,518
Change in working capital	254	402	69	-317	88	-22
Net financing from operations	1,319	1,263	1,126	516	2,365	2,496
Investments including prepayments to aircraft suppliers	-3,194	-1,539	-4,477	-3,003	-7,344	-6,866
Sale of fixed assets, etc.	1,070	282	1,673	866	7,243	2,460
Payments to parent companies	0	0	-770	-957	-770	-957
Financing deficit/surplus	-805	6	-2,448	-2,578	1,494	-2,867
External financing, net	1,152	-270	312	-26	-704	-509
Change in liquid assets according to the balance sheet	347	-264	-2,136	-2,604	790	-3,376

Key Figures

Key Financial Ratios (based on statutory financial statements)	June 30	December 31	June 30
	2000	1999	1999
Return on capital employed, (12-month rolling)	9%	9%	9%
Return on equity **, (12-month rolling)	8%	8%	8%
Equity/assets ratio	41%	41%	41%
Net debt, MSEK	3,126	674	4,617
Debt/equity ratio **	0.18	0.04	0.28
Interest coverage ratio, (12-month rolling)	4.3	3.7	3.6

Key Value Drivers (based on market-adjusted capital employed) ***

CFROI, (12-month rolling)	15%	14%	16%
ROCE, market-based, (12-month rolling)	10%	9%	15%

* After standard tax.

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

*** The market value of the aircraft fleet and the present value of operating lease contracts are included in market-adjusted capital employed.

Income by Operating Area

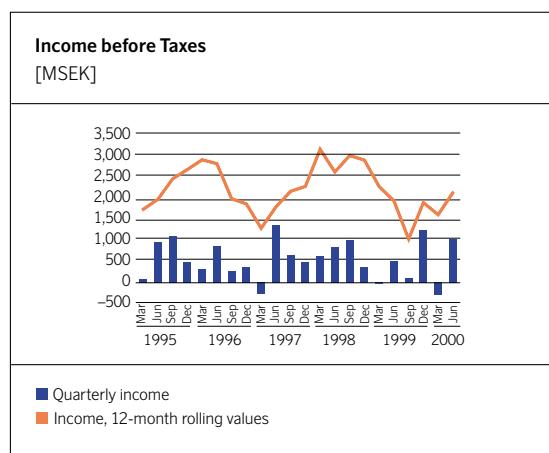
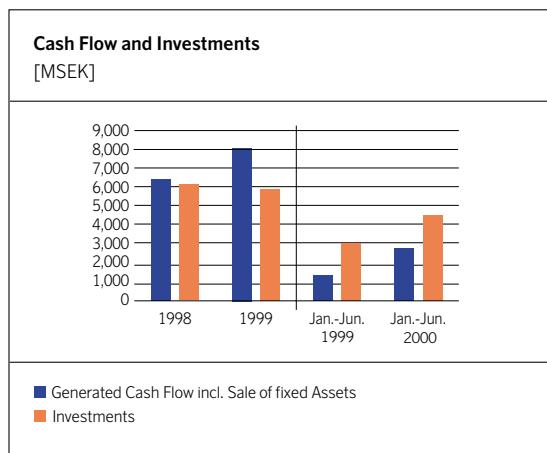
(MSEK)	Apr.-Jun.		Jan.-Jun.		Jul.-Jun.	
	2000	1999	2000	1999	1999-2000	1998-1999
SAS						
Passenger revenue	8,548	7,932	15,747	14,638	30,092	29,060
Freight revenue	601	546	1,173	1,088	2,413	2,241
Other traffic revenue	193	233	476	457	1,335	1,260
Other revenue	1,679	1,786	3,257	3,376	6,438	6,685
Operating revenue	11,021	10,497	20,653	19,559	40,278	39,246
Payroll expenses	-3,353	-3,434	-6,655	-6,653	-13,054	-12,931
Leasing costs	-372	-355	-732	-679	-1,367	-1,252
Selling expenses	-598	-547	-1,072	-1,060	-2,015	-2,099
Aircraft fuel	-877	-533	-1,739	-1,027	-2,919	-2,239
Government user fees	-849	-810	-1,720	-1,739	-3,495	-3,611
Catering costs	-472	-433	-921	-835	-1,812	-1,685
Handling costs	-468	-475	-979	-937	-1,934	-1,819
Technical aircraft maintenance	-562	-515	-1,136	-1,018	-2,214	-1,838
Other operating expenses	-2,430	-2,610	-4,650	-4,803	-9,092	-9,339
Operating expenses	-9,981	-9,712	-19,604	-18,751	-37,902	-36,813
Income before depreciation	1,040	785	1,049	808	2,376	2,433
Depreciation	-408	-439	-805	-847	-1,725	-1,822
Share of income in affiliated companies	10	39	65	75	-27	24
Income from the sale of shares in subsidiaries and affiliated companies	0	0	0	0	-3	1
Income from the sale of aircraft and buildings	23	44	36	60	705	775
Income from other shares and participations	11	0	11	221	207	222
Net financial items	-37	-3	-21	-40	-168	-84
SAS – Income before taxes	639	426	335	277	1,365	1,549
SAS International Hotels	377	90	386	229	701	346
Other operations/Group eliminations	13	-9	11	-10	16	-6
Income before taxes	1,029	507	732	496	2,082	1,889

Operating Revenue by Operating Area

(MSEK)	Apr.-Jun.		Jan.-Jun.		Jul.-Jun.	
	2000	1999	2000	1999	1999-2000	1998-1999
SAS	11,021	10,497	20,653	19,559	40,278	39,246
SAS International Hotels	789	787	1,485	1,462	2,986	2,955
Other operations/Group eliminations	-11	-24	-34	-56	-63	-82
Total operating revenue	11,799	11,260	22,104	20,965	43,201	42,119

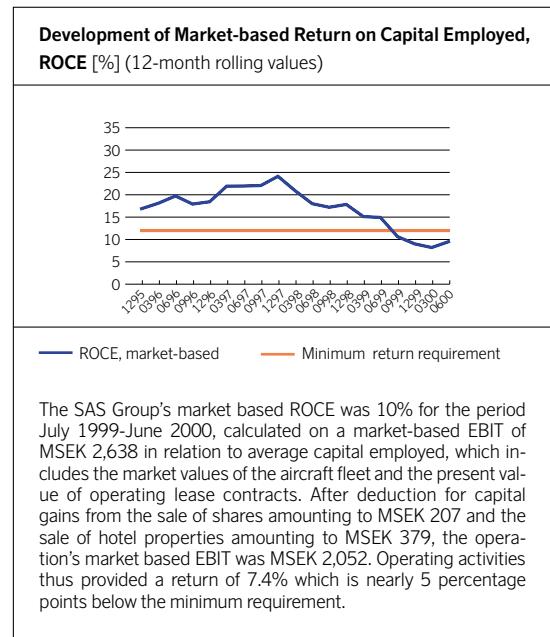
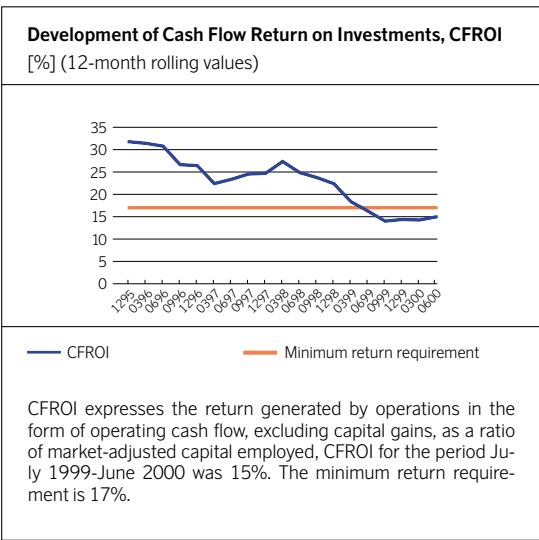
Summary of Income by Quarter

(MSEK)	1998				1999				2000		
	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Full year	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Dec.	Jan.-Mar.	Apr.-Jun.
Operating revenue	10,323	10,245	10,909	40,946	9,705	11,260	10,019	11,078	42,062	10,305	11,799
Payroll expenses	-3,194	-3,231	-3,595	-13,080	-3,486	-3,711	-3,445	-3,502	-14,144	-3,570	-3,638
Other operating expenses	-5,749	-5,947	-6,503	-23,751	-6,150	-6,625	-6,044	-6,509	-25,328	-6,680	-6,977
Operating income before depreciation	1,380	1,067	811	4,115	69	924	530	1,067	2,590	55	1,184
Depreciation	-530	-522	-537	-2,125	-457	-490	-520	-485	-1,952	-439	-435
Share of income in affiliated companies	5	-28	-13	-20	41	47	14	-92	10	65	18
Income from sale of shares in subsidiaries and affiliated companies	0	0	1	1	150	2	134	-3	283	0	0
Income from the sale of aircraft and buildings	2	538	177	1,014	16	44	43	628	731	13	265
Operating income	857	1,055	439	2,985	-181	527	201	1,115	1,662	-306	1,032
Income from other shares and participations	0	0	1	1	221	0	0	196	417	0	11
Net financial items	-12	-40	-62	-129	-51	-20	-96	-66	-233	9	-14
Income before taxes	845	1,015	378	2,857	-11	507	105	1,245	1,846	-297	1,029



Income and Capital Concepts Included in the Key Value Drivers

(MSEK)	Jul. 1999-Jun. 2000	Jul. 1998-Jun. 1999
Earnings (12-months)		
EBIT, earnings before net financial items and taxes	2,249	2,047
+ Depreciation	1,880	2,005
+ Amortization of goodwill	41	47
- Capital gains	-1,388	-1,150
+ Operating lease expenses, aircraft	1,366	1,220
EBITDAR (Included in CFROI)	4,148	4,169
EBIT	2,249	2,047
+ Operating lease expenses, aircraft	1,366	1,220
EBITR	3,615	3,267
- 40% of operating lease expenses, aircraft	-547	-488
± Change in surplus value, aircraft	-430	1,054
EBIT, market-adjusted	2,638	3,833
(Included in market-based ROCE)		
Adjusted capital employed (average)		
Total assets	42,080	39,914
+ Surplus value, aircraft	4,590	4,440
+ Present value of operating lease contracts	3,025	2,039
- Interest-bearing assets	-9,413	-8,855
- Noninterest-bearing liabilities	-12,571	-11,861
Adjusted capital employed	27,711	25,677
(Included in CFROI and market-based ROCE)		



SAS Parent Companies

Accounting Principles

The SAS Consortium and the SAS Commuter Consortium report according to IAS which implies that subsidiaries and affiliated companies are reported according to the equity method, whereby income and shareholders' equity in the SAS Group on the one hand, and income and shareholders' equity in the SAS Consortium and the SAS Commuter Consortium, on the other hand, correspond to each other.

Taxes pertain to both actual tax expenses and to the change in deferred tax, while negative tax refers to corresponding items reported earlier as tax payables, alternatively tax receivables, the latter to be offset against taxes on future profits.

Key Figures

	SAS Danmark A/S	SAS Norge ASA	SAS Sverige AB
Earnings per share, local currency	3.09	3.13	3.40
Earnings per share, SEK	3.48	3.22	3.40
Equity per share, local currency	84.91	92.36	97.13
Equity per share, SEK	95.82	94.88	97.13

SAS Danmark A/S

SAS Danmark A/S's share of income in the SAS Group for the period totaled MDKK 186 (118). SAS Danmark A/S's other operations amounted to MDKK 9 (8). Income before taxes then amounted to MDKK 195 (126).

The operations of SAS Danmark A/S include 2/7 of the income of the SAS Group.

The exchange rate at June 30,2000, was SEK 100 = DKK 88.41 (1999: DKK 85.05). The average exchange rate for the period January-June 2000 was SEK 100 = DKK 88.86 (1999: DKK 83.14).

The accounting principles remain unchanged from last year.

Forecast for the Full Year 2000

Regarding the forecast for the full year 2000, please refer to the information provided by SAS.

Copenhagen, August 11, 2000

Erik Sørensen
Chairman of the Board

Jan Stenberg
President

Statement of Income

(MDKK)	Jan.-Jun. 2000	Jan.-Jun. 1999
Share of income in the SAS Group*	186	118
Other operating expenses	-3	-3
Operating income	183	115
Net financial items	12	11
Income before taxes	195	126
Taxes	-50	-48
Income after taxes	145	78

* Share in the SAS Group before subsidiaries' and affiliated companies' taxes.

Balance Sheet

(MDKK)	Jun. 30 2000	Dec. 31 1999
Fixed assets		
Share in the SAS Group	4,424	4,238
Current assets		
Short-term receivables	664	805
TOTAL ASSETS	5,088	5,043
Share capital	470	470
Premium reserve	411	411
Other reserves	3,110	2,923
Total shareholders' equity	3,991	3,804
Deferred tax	1,085	1,073
Short-term liabilities	12	166
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	5,088	5,043

Shareholders' Equity

(MDKK)	Jun. 30 2000	Dec. 31 1999
Share capital	470	470
Premium reserve	411	411
Other reserves		
January 1, 2000	2,923	2,923
Change in translation difference	42	-
Transferred from net income for the year	145	-
Total shareholders' equity	3,991	3,804

SAS Norge ASA

Income before taxes amounted to MNOK 203, compared with MNOK 127 in the same period in the previous year.

The operations of SAS Norge ASA comprise administration and management of the company's 2/7 share of income in the SAS Group.

The average exchange rate for the period January-June 2000 and the closing rate at June 30, 2000, are used to translate the statement of income and balance sheet respectively. These rates are, respectively, SEK 100 = NOK 97.23 (1999: NOK 94.12) and SEK 100 = NOK 97.34 (1999: NOK 92.90).

Forecast for the Full Year 2000

Regarding the forecast for the full year 2000, please refer to the information provided by SAS.

Bærum, August 11, 2000

Board of Directors

Statement of Income (MNOK)	Jan.-Jun. 2000	Jan.-Jun. 1999	Jan.-Dec. 1999
Share of income in the SAS Group*	204	127	497
Other operating expenses	-2	-2	-3
Operating income	202	125	494
Financial income	1	2	3
Income before taxes	203	127	497
Taxes	-56	-17	-145
Income after taxes	147	110	352

* Share in the SAS Group before subsidiaries' and affiliated companies' taxes.

Balance Sheet (MNOK)	Jun. 30 2000	Jun. 30 1999	Dec. 31 1999
Machinery and equipment	2	2	2
Share in the SAS Group	4,871	4,370	4,597
Total fixed assets	4,873	4,372	4,599
Short-term receivables	21	50	208
Cash and bank	8	1	1
Total current assets	29	51	209
TOTAL ASSETS	4,902	4,423	4,808
Shareholders' equity	4,341	3,922	4,077
Deferred tax	561	438	552
Short-term liabilities	-	63	179
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	4,902	4,423	4,808
Shareholders' Equity (MNOK)	Jun. 30 2000	Dec. 31 1999	
Share capital	470	470	
Equity method reserve	307	307	
Other reserves			
January 1, 2000	3,300	3,300	
Change in translation difference	117	-	
Transferred from net income for the year	147	-	
Total shareholders' equity	4,341		4,077

SAS Sverige AB

The report comprises an account of the operations of SAS Sverige AB which has a 3/7 share of the SAS Group.

SAS Sverige AB, including 3/7 of the SAS Group, reports income before taxes of MSEK 331 (225).

Available liquidity including short-term receivables for SAS Sverige AB amounted to MSEK 786 on June 30, compared with MSEK 852 at the beginning of the year.

Forecast for the Full Year 2000

Regarding the forecast for the full year 2000, please refer to the information provided by SAS.

Stockholm, August 11, 2000

Jan Stenberg
President

Statement of Income (MSEK)	Jan.-Jun. 2000	Jan.-Jun. 1999
Share of income in the SAS Group*	315	213
Other operating expenses	-2	-4
Operating income	313	209
Net financial items	18	16
Income before taxes	331	225
Taxes	-91	-78
Income after taxes	240	147

* Share in the SAS Group before subsidiaries' and affiliated companies' taxes.

Balance Sheet (MSEK)	Jun. 30 2000	Dec. 31 1999
Share in the SAS Group	7,506	7,312
Total fixed assets	7,506	7,312
Short-term receivables	786	1,182
Cash and bank	1	1
Total current assets	787	1,183
TOTAL ASSETS	8,293	8,495
Shareholders' equity	6,848	6,656
Deferred tax	1,404	1,404
Other long-term liabilities	22	22
Short-term liabilities	19	413
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	8,293	8,495
Shareholders' Equity (MSEK)	Jun. 30 2000	Dec. 31 1999
Share capital	705	705
Revaluation reserve	179	179
Restricted reserves	4,561	4,561
Other reserves		
January 1, 2000	1,211	1,211
Change in translation difference	-48	-
Transferred from net income for the year	240	-
Total shareholders' equity	6,848	6,656

Definitions

ASK, Available Seat Kilometers

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

AV, Asset Value

Total book value of assets plus surplus value in aircraft and net present value (NPV) of operating lease expenses for aircraft, less noninterest-bearing liabilities and interest-bearing assets. Can also be expressed as booked shareholders' equity plus surplus value in aircraft and net present value (NPV) of operating lease expenses for aircraft plus net debt.

Cabin Factor

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

Cash Flow from Operations

Cash flow from operations before change in working capital.

CFROI

Cash flow return on investment. EBITDAR divided by AV.

Debt/Equity Ratio

Interest-bearing liabilities less interest-bearing assets in relation to shareholders' equity and minority interests.

Earnings per Share

Income after taxes divided by the number of shares.

EBITDA

Income before net financial items, taxes, depreciation, amortization of goodwill and capital gains.

EBITDAR

Income before net financial items, taxes, depreciation, amortization of goodwill, capital gains and operating lease expenses for aircraft.

Equity Method

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

Equity/Assets Ratio

Shareholders' equity plus deferred tax liability and minority interests in relation to total assets.

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 equals total assets as specified in the balance sheet less noninterest-bearing liabilities.

Return on Capital Employed (ROCE), Market-based

EBITR less the depreciation portion of the operating lease expenses for aircraft plus change in surplus values (aircraft) divided by AV.

Return on Equity

Income after taxes in relation to average shareholders' equity. Tax on the income of the SAS Consortium and the SAS Commuter Consortium is calculated here using a standard tax rate of 29.1% (weighted average tax rate for Denmark, Norway and Sweden).

RPK, Revenue Passenger Kilometer

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

Unit Cost

Airline operations' total operating expenses less non-traffic related revenue per weighted ASK/RPK.

Unit Revenue

Average amount of traffic revenue received per RPK.

Yield

See Unit revenue.

Financial Calendar

Interim Report 3, January-September 2000	November 9, 2000
Year-end Report 2000	February 2001
Annual Report 2000	March 2001
Environmental Report 2000	March 2001

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

All reports are available in English, Danish, Norwegian and Swedish and can be ordered from SAS,
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available on the Internet: www.scandinavian.net
e-mail: investor.relations@sas.se



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