

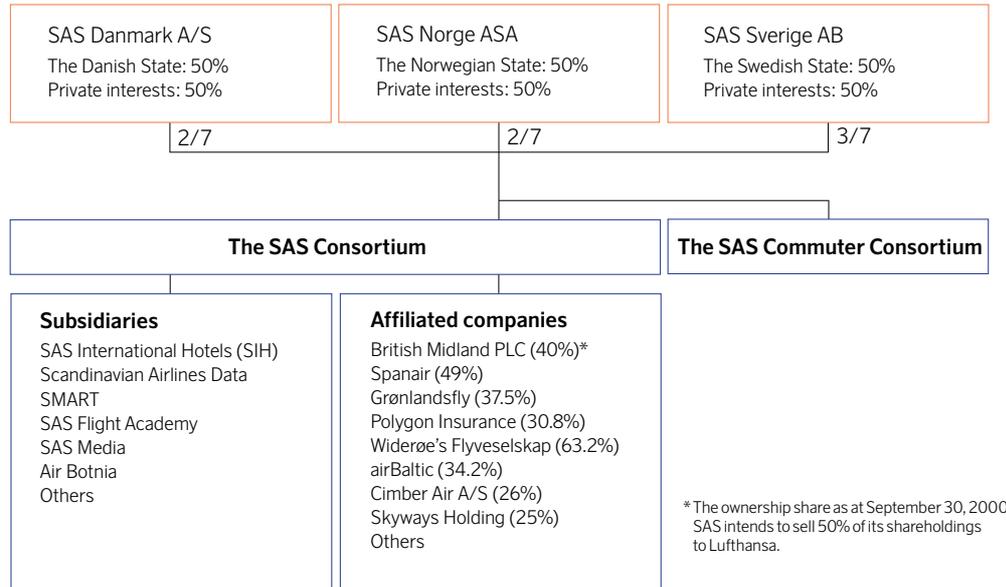


Interim Report 3:2000 January-September

The SAS Group

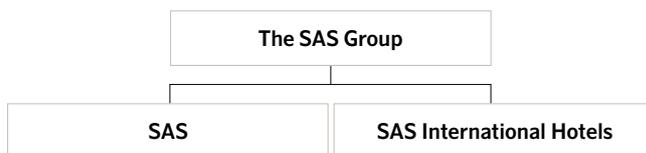
SAS Danmark A/S • SAS Norge ASA • SAS Sverige AB

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

- **The SAS Group's income** before taxes was MSEK 1,060 (601). Income for the third quarter amounted to MSEK 328 (105).
- **Income excluding capital gains** amounted to MSEK 780 (–9) for the nine-month period and MSEK 337 (–72) in the third quarter.
- **Passenger traffic (RPK)** increased by 7.6%. Traffic in Business Class rose 7.0%.
- **Increased fuel costs** had a negative impact on earnings of MSEK 1,091 compared with the same period in the previous year. The business improvement program is progressing according to plan which led to a 3.2% reduction in the unit cost, excluding the higher fuel costs.
- **Cash flow** from operations amounted to MSEK 1,728 (1,149).
- **Earnings per share** amounted to SEK 4.93 (3.20) for SAS Danmark A/S, SEK 4.67 (2.98) for SAS Norge ASA, and SEK 4.95 (3.19) for SAS Sverige AB.
- **SAS's parent companies report the following income after taxes:**

SAS Danmark A/S	MDKK	206	(126)
SAS Norge ASA	MNOK	213	(132)
SAS Sverige AB	MSEK	349	(225)
- **The Board** adheres to its previous forecast for the full year 2000 of income before taxes, excluding capital gains, of approximately MSEK 1,000.

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 Three Quarters

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.
- 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.

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 property in Oslo.

Third Quarter 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 members of the Star Alliance™ launched StarNet, a sophisticated IT solution that links the 15 airlines’ computer systems with each other, which will benefit integration of the traffic systems.
- SIH concluded an agreement to operate the Malmaison hotels and acquired the Malmaison brand together with its partner.

Important events after September 30, 2000

- SAS, Amadeus and Netcom launched a new Internet-based travel marketplace with the aim of achieving a leading position in Scandinavia.
- In October, SIH sold the Radisson SAS Düsseldorf Hotel property for MSEK 300, corresponding to its book value. The hotel will continue to be operated under a long-term management agreement.
- SAS’s winter traffic program represents international expansion.
- The three Scandinavian governments have jointly announced their intention to reorganize SAS’s share structure to one share in a holding company.

The SAS Group

Market and Competition

The business trend in the markets in which SAS operates remains positive and economic growth is expected to continue to increase in the medium term. Economic forecasters expect that the strong growth in the U.S. economy will decline to some extent, that the Japanese economy will continue its recovery although still at a slow rate, and that the economic situation in Europe will continue to improve. Scandinavia is showing positive development, particularly Sweden where the strong economic growth continues and inflation and interest rates are at a low level, which favors travel.

In addition to changes in GNP, the development of air services depends on ticket prices, competition and capacity. The positive traffic trend in the first nine months of the year, combined with a very modest capacity increase, provided SAS with a four percentage points higher cabin factor than in the same period in the previous year and consequently higher passenger revenues. Competition remains intense and is increasingly characterized by the ability, within the framework of the major alliances, to create optimal traffic systems which offer customers the most appropriate service and raise cost efficiency by taking advantage of synergy gains. While competing product offers and budget operators are putting pressure on fares, the airline industry must try to compensate for the dramatically rising costs of aircraft fuel. The average fuel price has risen 85% since September 1999. SAS's fuel costs rose SEK 1,091 or 68% compared with the period January-September in the previous year.

In general, SAS defends its position in the air travel market between Scandinavia and the rest of the world, traffic which is expected to rise by approximately 5% in the present year. On the major European routes SAS is winning shares in Business Class. On the intercontinental routes, in particular to and from the U.S., the cabin factor is very high which leads to a loss in market share. Deliveries of the new Airbus fleet due to start in 2001 will improve SAS's opportunities to gain a

greater advantage from the traffic growth on European and intercontinental routes, to recapture the market shares lost through lack of capacity, and to attract new customers.

Financial Development

Currency Effects

Income in January-September was affected by a negative currency effect of MSEK 7. In the third quarter the net effect was MSEK -33. This negative currency effect mainly arose on the net debt due to the weakening of the Swedish krona against the euro, the U.S. dollar and other currencies to which the net debt is exposed.

Third Quarter 2000

Operating revenue amounted to MSEK 11,263 (10,019) in the third quarter, an increase of 12.4%.

Operating expenses rose by MSEK 757 or 8%. Higher fuel costs accounted for MSEK 379.

Net financial items amounted to MSEK -190 (-96) in the third quarter. Net interest was MSEK -80 (-46) due to the rising net debt.

The currency effect during the quarter was MSEK -101 (-41) due to a strong U.S. dollar and a weak Swedish krona.

Income before capital gains amounted to MSEK 337 (-72).

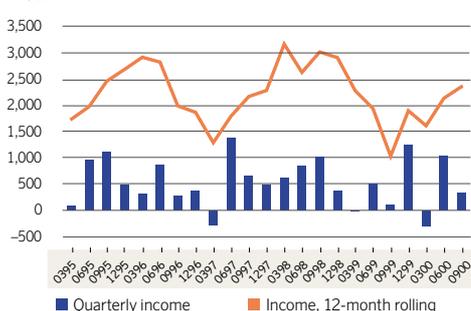
Income from the sale of fixed assets amounted to MSEK -9 (177). In the third quarter of this year a sale and leaseback transaction was carried out with two Boeing 737s and shares in group companies were sold. The entire costs relating to phasing out aircraft in the period January-September reduced capital gains in the third quarter.

Income before taxes amounted to MSEK 328 (105).

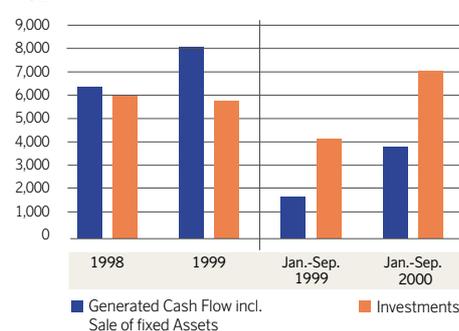
January-September

The SAS Group's operating revenue amounted to MSEK 33,367 (30,984), an increase of MSEK 2,383 or 7.7%. MSEK 2,075 of this increase was higher passenger revenue and

Income before Taxes
MSEK



Cash Flow and Investments
MSEK



MSEK 308 increased operating revenue in other operating areas. SAS's passenger traffic measured in RPK, Revenue Passenger Kilometers, increased by 7.6% compared with the same period in 1999. Unit revenue, yield, rose 1.4%. Adjusted for currency effects, the increase was 0.9%.

Operating expenses rose MSEK 1,650 or 5.6%. Increased fuel costs accounted for MSEK 1,091 of this amount. Operating income before depreciation increased by MSEK 733 or 48% and amounted to MSEK 2,256 (1,523). The gross profit margin increased from 4.9% to 6.8%.

Share of income before taxes in affiliated companies amounted to MSEK 74 (102). Amortization of goodwill is included in a total amount of MSEK 30 (31).

Capital gains totaled MSEK 280 (610).

During the period aircraft transactions, including phase-out costs, generated capital gains of MSEK 9 and the sale of a hotel property and other shares provided MSEK 271.

The SAS Group's net financial items amounted to MSEK -195 (-167). Net interest was MSEK -132 (-147). The currency effect was MSEK -38 (-22), due to the weak development of the Swedish krona in the third quarter against the currencies to which the SAS Group's net debt is exposed.

Income before taxes amounted to MSEK 1,060 (601). The change in income before taxes is due to:

Currency effect	-7
Operating income before depreciation	724
Depreciation, share of income, etc.	72
Capital gains	-330
	459

Investments

The SAS Group's investments, including prepayments, amounted to MSEK 7,187 (4,237) during the period. The airline operations accounted for MSEK 6,998 (4,136) of investments and SAS International Hotels for MSEK 188 (101). Investments in aircraft and other flight equipment amounted to MSEK 6,357 (3,410). This includes investment in 15 Boeing 737s and ten deHavilland Q400s. Delays at the manufacturer, Bombardier, resulted in deliveries of five deHavilland Q400s being rescheduled from 2000 to 2001.

At the end of September 2000, the value of orders for Boeing 737s, deHavilland Q400s, Airbus A340/330s and Airbus A321s totaled MUSD 2,300.

Firm orders for aircraft during the period 2000-2003>

	Total	Oct.-Dec.			
		2000	2001	2002	2003>
MUSD	2,300	200	900	800	400
Number of aircraft	51	7	25	13	6

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

Financial Position

The SAS Group's liquid assets amounted to MSEK 7,047 (5,782) on September 30, 2000. Cash flow from operations in the first nine months of the year amounted to MSEK 1,728 (1,149). The net sum of investments and sales of fixed assets amounted to MSEK -4,871 (-2,359). The financing deficit for the period was MSEK -4,025 (-3,413).

Summary Statement of Income

(MSEK)	July-September		January-September		October-September	
	2000	1999	2000	1999	1999-2000	1998-1999
Operating revenue	11,263	10,019	33,367	30,984	44,445	41,893
Payroll expenses	-3,536	-3,445	-10,744	-10,642	-14,246	-14,237
Other operating expenses	-6,710	-6,044	-20,367	-18,819	-26,876	-25,322
Operating income before depreciation	1,017	530	2,256	1,523	3,323	2,334
Depreciation	-481	-520	-1,355	-1,467	-1,840	-2,004
Share of income in affiliated companies	-9	14	74	102	-18	89
Income from the sale of shares in subsidiaries and affiliated companies	17	134	17	286	14	287
Income from the sale of aircraft and buildings	-26	43	252	103	880	280
Operating income	518	201	1,244	547	2,359	986
Income from the sale of other shares and participations	0	0	11	221	207	222
Net financial items	-190	-96	-195	-167	-261	-229
Income before taxes	328	105	1,060	601	2,305	979

Operating Revenue by Operating Area

(MSEK)	July-September		January-September		October-September	
	2000	1999	2000	1999	1999-2000	1998-1999
SAS	10,494	9,329	31,147	28,888	41,443	39,000
SAS International Hotels	784	699	2,269	2,161	3,071	2,968
Other operations/Group eliminations	-15	-9	-49	-65	-69	-75
Total operating revenue	11,263	10,019	33,367	30,984	44,445	41,893

Summary Balance Sheet

(MSEK)	September 30	December 31	September 30
	2000	1999	1999
Aircraft and spare parts	14,770	11,302	13,531
Other noninterest-bearing assets	21,014	19,601	20,429
Interest-bearing assets (excl. liquid assets)	4,206	3,356	2,303
Liquid assets	7,047	8,368	5,782
Assets	47,037	42,627	42,045
Shareholders' equity	17,932	17,061	16,491
Minority interests	17	25	27
Subordinated debenture loan	809	772	788
Other interest-bearing liabilities	15,148	11,626	12,750
Operating liabilities	13,131	13,143	11,989
Shareholders' equity and liabilities	47,037	42,627	42,045

Shareholders' equity

January 1, 2000	17,061
Change in translation differences	-4
Income after taxes January-September 2000	875
September 30, 2000	17,932

Cash Flow Statement

(MSEK)	July-September		January-September		October-September	
	2000	1999	2000	1999	1999-2000	1998-1999
Income before taxes	328	105	1,060	601	2,305	979
Depreciation	481	520	1,355	1,467	1,840	2,004
Income from the sale of fixed assets	9	-177	-280	-610	-1,101	-789
Adjustment for items not included in cash flow, etc.	-147	-132	-407	-309	-412	-348
Cash flow from operations	671	316	1,728	1,149	2,632	1,846
Change in working capital	-181	-929	-112	-1,246	836	-91
Net financing from operations	490	-613	1,616	-97	3,468	1,755
Investments including prepayments to aircraft suppliers	-2,710	-1,235	-7,187	-4,238	-8,819	-6,863
Sale of fixed assets, etc.	643	1,013	2,316	1,879	6,873	2,334
Payments to parent companies	0	0	-770	-957	-770	-957
Financing deficit/surplus	-1,577	-835	-4,025	-3,413	752	-3,731
External financing, net	2,392	1,175	2,704	1,149	513	2,035
Change in liquid assets according to the balance sheet	815	340	-1,321	-2,264	1,265	-1,696

The equity/assets ratio on September 30, 2000, was 39% (40%) and the debt/equity ratio was 0.26 (0.33). The net debt amounted to MSEK 4,704, an increase of MSEK 4,030 since year-end 1999. This increase is mainly attributable to prepayments and delivery payments for new aircraft.

The estimated surplus value of the aircraft fleet owned by SAS was approximately MSEK 6,700 (4,500) on September 30, 2000.

Personnel

The average number of employees at the SAS Group during the period was 28,485 (27,773), of whom 25,345 (24,675) at SAS and 3,099 (3,057) at SAS International Hotels.

SAS

Airline Operations

Market and Competition

The market for airline services between Scandinavia and the rest of the world is expected to rise by approximately 5% for the present year.

The market for air services to/from Sweden is rising sharply, 7-8% during the year, while the trend in the Danish market is positive but weaker. For traffic to/from Norway, volume for scheduled flights is expected to be unchanged compared with the previous year.

The increase noted for SAS's passenger traffic at Kastrup is mainly attributable to development in the Swedish market since the rate of increase in the Danish market is lower. In Norway, the market in Oslo is growing while the rest of the market is decreasing.

In general, SAS is defending its market position in traffic between Scandinavia and the rest of the world. Some strengthening was noted in certain areas, particularly in the latter part of the period. In the Swedish market, SAS strengthened its position. SAS increased its proportion of Business Class on the major European routes.

In the Danish market, SAS recaptured market shares towards the end of the period thus breaking the negative trend. In south Jutland, however, Billund is gaining importance as an international airport through Maersk's services to other hubs.

In the Norwegian market it can be noted that the previous negative trend in the development of SAS's market share was reversed in recent months.

In general, Economy Class is rising faster than Business Class in all Scandinavian markets.

As regards the competitive situation in terms of seat availability and frequencies, the trend in the present year is comparatively balanced. SAS has largely maintained its production shares in the offering between Scandinavia and Europe.

SAS's total passenger traffic rose 7.6% compared with the

period January-September in the previous year. In the period July-September, traffic rose 8.6%. The total traffic growth for SAS and the regional and European partners in which SAS holds significant stakes was approximately 11% in the first nine months of the year.

Development for Business Class traffic remained positive and increased by 7% compared with January-September in the previous year. Business Class accounted for 28.2% of total RPK, an increase of 1 percentage point compared with the previous year. Traffic in Economy Class rose 7.8% compared with 1999. The cabin factor increased by 4.1 percentage points to 68%. In the third quarter, the cabin factor rose 5.3 percentage points to 72.4%. Yield increased by 1.4% compared with 1999. Adjusted for currency effects, yield rose 0.9%.

Intercontinental traffic rose 8.3% compared with the previous year. Business Class traffic increased by 9% and Economy Class by 8%. The cabin factor on intercontinental routes was 81.4% (74.9%), an increase of 6.5 percentage points. In the third quarter, the cabin factor was over 90% at times. The development of traffic to/from Chicago, Seattle and Beijing was particularly positive. The cabin factor on routes to Tokyo and Bangkok was over 85%. SAS is restricted in intercontinental traffic by the meager seat capacity of the Boeing fleet.

In the period January-September, air traffic within the Association of European Airlines, AEA, increased by 8% in Europe. SAS's traffic in Europe increased by 6.6%. The AEA companies increased their production in Europe by 5.7% while SAS increased by 1.2%.

Traffic on European routes increased by 7.3%. Both Business Class traffic and Economy Class rose 7%. The cabin factor was 2.9 percentage points higher than in the same period in 1999. Production increased by 2.3%. Particularly favorable development was noted for traffic to/from Scandinavia, Germany and Finland. Starting with its 2000/2001 winter program, SAS is putting additional capacity into European traffic while introducing new routes to Birmingham and Palma de Mallorca.

Intra-Scandinavian traffic increased by 3.5%. Business Class traffic rose 4% and Economy Class 3%. The occupancy rate increased by 3.9 percentage points to 61.2%. Production was decreased by 3%. In the third quarter, traffic growth was a full 7.2% which led to lack of capacity during peak traffic periods, mainly to/from Copenhagen where capacity has now been steadily strengthened. The catamaran route between Malmö and Copenhagen was discontinued at the end of August.

In the Swedish domestic market, SAS and its partners increased their market share during the period. The total market increased by 5% and SAS's traffic was up 16% over

Traffic, Production and Yield

		Jul.-Sep. 2000	Jul.-Sep. 1999	Change	Jan.-Sep. 2000	Jan.-Sep. 1999	Change
SAS Total							
Number of passengers	(000)	5,943	5,589	+6.3%	17,493	16,455	+6.3%
Revenue Passenger Kilometers (RPK)	(mill)	6,155	5,667	+8.6%	17,155	15,950	+7.6%
Available Seat Kilometers (ASK)	(mill)	8,496	8,450	+0.6%	25,241	24,978	+1.1%
Cabin factor		72.4%	67.1%	+5.3 p.p.	68.0%	63.9%	+4.1 p.p.
Yield, adjusted for currency effects				+2.9%			+0.9%
Intercontinental routes							
Number of passengers	(000)	335	307	+9.1%	911	847	+7.6%
Revenue Passenger Kilometers (RPK)	(mill)	2,291	2,089	+9.6%	6,200	5,727	+8.3%
Available Seat Kilometers (ASK)	(mill)	2,604	2,592	+0.5%	7,617	7,641	-0.3%
Cabin factor		88.0%	80.6%	+7.4 p.p.	81.4%	74.9%	+6.5 p.p.
Yield, adjusted for currency effects				+4.9%			+1.8%
European routes							
Number of passengers	(000)	2,079	1,882	+10.5%	5,796	5,392	+7.5%
Revenue Passenger Kilometers (RPK)	(mill)	2,103	1,924	+9.3%	5,846	5,448	+7.3%
Available Seat Kilometers (ASK)	(mill)	3,200	3,135	+2.1%	9,377	9,163	+2.3%
Cabin factor		65.7%	61.4%	+4.3 p.p.	62.3%	59.4%	+2.9 p.p.
Yield, adjusted for currency effects				+2.0%			+0.2%
Intra-Scandinavian routes							
Number of passengers	(000)	1,077	1,069	+0.7%	3,272	3,199	+2.3%
Revenue Passenger Kilometers (RPK)	(mill)	499	465	+7.2%	1,417	1,368	+3.5%
Available Seat Kilometers (ASK)	(mill)	771	784	-1.7%	2,316	2,388	-3.0%
Cabin factor		64.7%	59.3%	+5.4 p.p.	61.2%	57.3%	+3.9 p.p.
Yield, adjusted for currency effects				+0.9%			+1.1%
Danish domestic							
Number of passengers	(000)	239	243	-1.7%	730	782	-6.6%
Revenue Passenger Kilometers (RPK)	(mill)	112	114	-1.4%	290	301	-3.6%
Available Seat Kilometers (ASK)	(mill)	155	172	-9.7%	422	471	-10.4%
Cabin factor		72.5%	66.4%	+6.1 p.p.	68.8%	63.9%	+4.9 p.p.
Yield, adjusted for currency effects				+0.0%			-2.8%
Norwegian domestic							
Number of passengers	(000)	1,004	1,009	-0.5%	2,908	2,824	+3.0%
Revenue Passenger Kilometers (RPK)	(mill)	553	553	-0.0%	1,517	1,481	+2.4%
Available Seat Kilometers (ASK)	(mill)	897	980	-8.5%	2,619	2,788	-6.1%
Cabin factor		61.6%	56.4%	+5.2 p.p.	57.9%	53.1%	+4.8 p.p.
Yield, adjusted for currency effects				+10.0%			+8.1%
Swedish domestic							
Number of passengers	(000)	1,209	1,078	+12.2%	3,875	3,412	+13.6%
Revenue Passenger Kilometers (RPK)	(mill)	597	521	+14.6%	1,886	1,625	+16.0%
Available Seat Kilometers (ASK)	(mill)	870	787	+10.6%	2,890	2,526	+14.4%
Cabin factor		68.6%	66.2%	+2.4 p.p.	65.2%	64.4%	+0.8 p.p.
Yield, adjusted for currency effects				+0.2%			-2.2%

the previous year. In July, the traffic increase was more than 20%. The increase in Business Class was 13% and in Economy Class 18%. Capacity rose 14.4% measured in ASK following the introduction of Boeing 737s and the cabin factor was 65.2% (64.4%).

The Norwegian domestic market decreased by 2% during the period. Fare increases and high state charges are subduing demand for air travel. Business Class traffic increased by 1%, Economy Class by 3% and SAS's total traffic by 2.4%. Production was 6.1% lower than in the same period a year ago. The cabin factor was 57.9% which is 4.8 percentage points higher than in 1999. SAS's market share of routes exposed to competition rose by 2 percentage points.

Danish domestic traffic decreased in Business Class by 12.5% and increased in Economy Class by 3.7%. Total traffic was 3.6% lower than in the previous year. In the third quarter, traffic to Greenland developed well while traffic on the Danish mainland stabilized to the previous year's level.

The number of passengers in the period January–September was 17.5 million (16.5). The number of members of SAS EuroBonus was 16% higher than on September 30, 1999, and amounted to 2.02 million on September 30, 2000. Of SAS's total ticket sales, 9% or more than MSEK 2,000 were made through electronic channels.

Freight Operations

Freight revenue for the period totaled MSEK 1,771 (1,668), representing an increase of approximately 6%. Also in volume (tonne-km) SAS Cargo increased by 6%, thus breaking the yield decline of recent years. Demand for air freight was strong during the period. However, demand from the U.S. fell, mainly due to an imbalance in trade between Europe and the U.S. due to the strong dollar. European routes are exposed to increasingly strong competition from integrators and ever-improving trucking solutions, which led to a decline in volume of approximately 9% compared with the same period in 1999. In order to counteract this negative trend, SAS Cargo is focusing on changing the product mix in Europe so that the proportion of express consignments will rise which should compensate for the falling tonnage.

As part of SAS Cargo's quality work the terminals in Stockholm, Gothenburg, Oslo and Copenhagen have started ISO 9002 certification. Stockholm, Gothenburg and Oslo are expected to be ready before the end of the year and Copenhagen is expected to achieve ISO certification in the first quarter of 2001.

Income Trend

Operating income from the airline operations showed positive development, despite the substantial fuel price increase

and the weak Swedish krona, due to stronger traffic and revenue trends, better capacity utilization and a positive trend for the unit cost.

Operating income before depreciation and leasing costs amounted to MSEK 1,324 (753) in the third quarter, an increase of 76%. Capacity utilization in the traffic system increased compared with the third quarter of 1999 by 5.3 percentage points to 72.4%. Yield rose 3.8%. Adjusted for currency effects, yield increased by 2.9% compared with the third quarter of the previous year.

Operating income before depreciation and leasing costs for the period January–September amounted to MSEK 3,105 (2,240), an increase of 39%.

Production increased by 1.1% during the nine-month period. A capacity increase of approximately 2% is expected for the full year 2000.

Operating expenses rose during the period by MSEK 1,394 or 5.2%, of which increased fuel costs accounted for MSEK 1,091.

In the period January–September the unit cost adjusted for currency effects increased by 0.6%. Excluding the fuel price increase, the unit cost fell by 3.2%.

The price of aircraft fuel in Europe, where SAS consumes the greater part of its fuel, was 85% higher in the period January–September this year than in the same period last 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 68% compared with the same period last year. Of this, the increased price of fuel accounts for 56 percentage points and volume and currency effects total 12 percentage points. The increased cost of fuel had a negative impact on the unit cost of 3.8%.

An insufficient buildup of stocks of crude oil and refined products, mainly heating oil, combined with the situation on the West Bank and the approaching winter, make a stable, high oil price very probable over the next six months.

Payroll expenses were at the previous year's level, MSEK 9,903 (9,843). Productivity improved by 1.7%.

At the end of September 2000, cost reductions of MSEK 2,150 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 and in September with two Boeing 737s. During the period, 15 Boeing 737s and ten deHavilland Q400s went into operation, of which five and four respectively in the third quarter.

Income before capital gains was MSEK 524 which represents an MSEK 664 improvement over 1999.

Income by Operating Area

(MSEK)	July-September		January-September		October-September	
	2000	1999	2000	1999	1999-2000	1998-1999
SAS						
Passenger revenue	7,896	6,930	23,643	21,568	31,058	28,849
Freight revenue	598	580	1,771	1,668	2,431	2,309
Other traffic revenue	253	331	729	788	1,257	1,263
Other revenue	1,747	1,488	5,004	4,864	6,697	6,579
Operating revenue	10,494	9,329	31,147	28,888	41,443	39,000
Payroll expenses	-3,248	-3,190	-9,903	-9,843	-13,112	-13,139
Selling expenses	-569	-490	-1,641	-1,550	-2,094	-2,079
Aircraft fuel	-947	-568	-2,686	-1,595	-3,298	-2,242
Government user fees	-876	-889	-2,596	-2,628	-3,482	-3,588
Catering costs	-472	-432	-1,393	-1,267	-1,852	-1,698
Handling costs	-453	-461	-1,432	-1,398	-1,926	-1,846
Technical aircraft maintenance	-578	-486	-1,714	-1,504	-2,306	-1,927
Other operating expenses	-2,027	-2,060	-6,677	-6,863	-9,059	-9,262
Operating expenses	-9,170	-8,576	-28,042	-26,648	-37,129	-35,781
Income before depreciation and leasing costs	1,324	753	3,105	2,240	4,314	3,219
Depreciation	-446	-475	-1,251	-1,322	-1,696	-1,812
Leasing costs	-428	-341	-1,160	-1,020	-1,454	-1,311
Share of income in affiliated companies	-25	8	40	83	-60	66
Capital gains	-10	43	37	324	856	503
Net financial items	-189	-81	-210	-121	-276	-153
SAS – Income before taxes	226	-93	561	184	1,684	512
SAS International Hotels						
Income before depreciation	118	111	297	305	449	427
Depreciation	-34	-45	-103	-144	-142	-190
Share of income in affiliated companies	17	6	34	19	42	23
Capital gains	-	135	243	286	245	287
Net financial items	-	-16	16	-46	17	-79
SIH – Income before taxes	101	191	487	420	611	468
Other operations/Group eliminations	1	7	12	-3	10	-1
Income before taxes	328	105	1,060	601	2,305	979

SAS International Hotels (SIH)

The hotel market showed very positive development in the first nine months of the year in most markets in which SAS International Hotels (SIH) operates hotels. In key destinations such as London, Amsterdam and Stockholm, demand for hotel rooms remained very high which resulted in occupancy rates well over 90%. The only markets with negative development in 2000 are a few locations in Norway, where the supply of hotel rooms increased and demand decreased.

Revenues for the period totaled MSEK 2,269 (2,160), an increase of approximately 5%.

During the period, twelve new agreements were signed in the Radisson SAS Hotels & Resorts (RSH) chain. The hotel locations include Bahrain, Sofia, Warsaw and Cape Town.

SIH has acquired the brand and rights to Malmaison hotels. A joint venture, in which SIH's stake is 50%, has been formed with Marylebone Warwick Balfour Group Plc. (MWB). The intention is to develop this brand further in Europe in the next few years. At present, five hotels are in operation and two are under construction, all located in the U.K. The hotels in the chain will be operated by SIH under a long-term management agreement.

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

Income before taxes for the nine-month period amounted to MSEK 487 (420).

Statement of Income (SIH)

(MSEK)	July-September		January-September		October-September	
	2000	1999	2000	1999	1999-2000	1998-1999
Room revenue	409	377	1,129	1,129	1,477	1,510
Food and beverage revenue	238	211	733	709	1,041	1,038
Other revenue	137	111	407	322	553	421
Total operating income	784	699	2,269	2,160	3,071	2,969
Operating expenses	-531	-485	-1,574	-1,508	-2,107	-2,068
Rental expenses, property insurance and property tax	-135	-103	-398	-347	-515	-474
Operating income before depreciation	118	111	297	305	449	427
Depreciation	-34	-45	-103	-144	-142	-190
Share of income in affiliated companies	17	6	34	19	42	23
Income from the sale of shares in subsidiaries	0	135	0	286	2	287
Income from the sale of buildings	0	0	243	0	243	0
Net financial items	0	-16	16	-46	17	-79
Income before taxes	101	191	487	420	611	468
			September 30	December 31	September 30	
			2000	1999	1999	
EBITDA			332	485	324	
Return on capital employed (ROCE) *			19.2%	13.1%	11.5%	
Revenue per available room (REVPAR)			653	638	647	
Gross profit margin			32.0%	31.1%	30.2%	

* 12-month rolling values

Forecast for the Full Year 2000

The positive development of SAS's operations continues with good growth in passenger traffic in both the business and leisure travel segments.

The historically high fuel costs are a burden, however, and are now expected to lead to a cost for the full year 2000 of approximately MSEK 3,700. This represents increased fuel costs of approximately MSEK 1,500 compared with the previous year.

Despite this, the Board adheres to its previous forecast of income before taxes, excluding capital gains, of approximately MSEK 1,000.

Stockholm, November 9, 2000
Scandinavian Airlines System

Jan Stenberg
President and CEO

Summary of Income by Quarter

(MSEK)	1998			1999					2000		
	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	10,245	10,909	40,946	9,705	11,260	10,019	11,078	42,062	10,305	11,799	11,263
Payroll expenses	-3,231	-3,595	-13,080	-3,486	-3,711	-3,445	-3,502	-14,144	-3,570	-3,638	-3,536
Other operating expenses	-5,947	-6,503	-23,751	-6,150	-6,625	-6,044	-6,509	-25,328	-6,680	-6,977	-6,710
Operating income before depreciation	1,067	811	4,115	69	924	530	1,067	2,590	55	1,184	1,017
Depreciation	-522	-537	-2,125	-457	-490	-520	-485	-1,952	-439	-435	-481
Share of income in affiliated companies	-28	-13	-20	41	47	14	-92	10	65	18	-9
Income from the sale of shares in subsidiaries and affiliated companies	0	1	1	150	2	134	-3	283	0	0	17
Income from the sale of aircraft and buildings	538	177	1,014	16	44	43	628	731	13	265	-26
Operating income	1,055	439	2,985	-181	527	201	1,115	1,662	-306	1,032	518
In come from other shares and participations	0	1	1	221	0	0	196	417	0	11	0
Net financial items	-40	-62	-129	-51	-20	-96	-66	-233	9	-14	-190
Income before taxes	1,015	378	2,857	-11	507	105	1,245	1,846	-297	1,029	328

Key Figures

	September 30 2000	December 31 1999	September 30 1999
Financial Key Ratios (based on statutory financial statements)			
Return on capital employed (12-month rolling)	10%	9%	6%
Return on equity* (12-month rolling)	9%	8%	4%
Equity/assets ratio	39%	41%	40%
Net debt, MSEK	4,704	674	5,453
Debt/equity ratio**	0.26	0.04	0.33
Interest coverage ratio (12-month rolling)	4.1	3.7	2.4
Key Value Drivers (based on market-adjusted capital employed)***			
CFROI (12-month rolling)	16%	14%	14%
ROCE, market-based (12-month rolling)	19%	9%	11%

* After standard tax.

** Debt/equity 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 and Capital Concepts Included in the Key Value Drivers

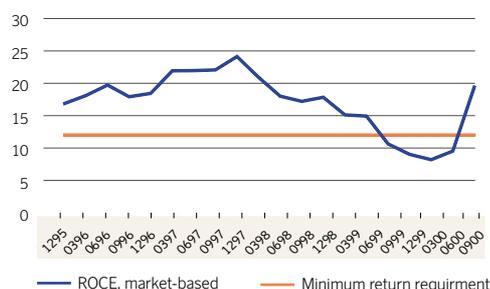
(MSEK)	Oct. 1999-Sep. 2000	Oct. 1998-Sep. 1999
Earnings (12-months)		
EBIT, earnings before net financial items and taxes	2,566	1,208
+ Depreciation	1,840	2,004
+ Amortization of goodwill	39	40
– Capital gains	–1,202	–789
+ Operating lease costs, aircraft	1,453	1,279
EBITDAR (Included in CFROI)	4,696	3,742
EBIT	2,566	1,208
+ Operating lease costs, aircraft	1,453	1,279
EBITR	4,019	2,487
– 40% of operating lease costs, aircraft	–581	–512
± Change in surplus value, aircraft	2,143	872
EBIT, market-adjusted (Included in market-based ROCE)	5,581	2,847
Adjusted capital employed (average)		
Total assets	43,274	40,482
+ Surplus value, aircraft	4,892	4,525
+ Present value of operating lease contracts	3,384	1,996
– Interest-bearing assets	–10,152	–8,453
– Noninterest-bearing liabilities	–12,717	–11,937
Adjusted capital employed (Included in CFROI and market-based ROCE)	28,681	26,613

Development of Cash Flow Return on Investments, CFROI
% (12-month rolling values)



CFROI expresses the return generated by operations in the form of operating cash flow, excluding capital gains, as a ratio of market-adjusted capital employed. CFROI for the period October 1999–September 2000 was 16%. The minimum return requirement is 17%.

Development of Market-based Return on Capital Employed, ROCE
% (12-month rolling values)



The SAS Group's market-based ROCE was 19% for the period October 1999–September 2000, calculated on a market-based EBIT of MSEK 5,581 in relation to average capital employed, which includes the market values of the aircraft fleet and the present value of operating lease contracts. The increase in ROCE is largely due to the substantial rise in the surplus value of aircraft which is an effect of the high dollar rate. After deduction for capital gains from the sale of shares amounting to MSEK 207 and the sale of hotel properties amounting to MSEK 243, the operation's market-based EBIT was MSEK 5,131. Operating activities thus provided a return of 17.9% which is 5.9 percentage points higher than the minimum requirement.

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 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	09/30/00	4.38	4.53	4.95
	09/30/99	2.68	2.81	3.19
	12/31/99	7.34	7.49	8.41
Earnings per share,				
SEK	09/30/00	4.93	4.67	4.95
	09/30/99	3.20	2.98	3.19
	12/31/99	8.70	7.94	8.41
Equity per share,				
local currency	09/30/00	85.70	90.83	99.33
	09/30/99	79.28	85.64	92.37
	12/31/99	80.94	86.74	94.41
Equity per share,				
SEK	09/30/00	97.84	96.59	99.33
	09/30/99	92.87	90.48	92.37
	12/31/99	93.12	91.99	94.41

SAS Danmark A/S

SAS Danmark A/S's share of income in the SAS Group for the period amounted to MDKK 269 (144). SAS Danmark A/S's other operations amounted to MDKK 15 (11). Income before taxes then amounted to MDKK 284 (155).

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

The exchange rate at September 30, 2000, was SEK 100 = DKK 87.40 (1999: DKK 85.24). The average exchange rate for the period January-September was SEK 100 = DKK 88.82 (1999: DKK 83.88).

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, November 9, 2000

Erik Sørensen
Chairman of the Board

Jan Stenberg
President

Statement of Income

(MDKK)	Jan.-Sep. 2000	Jan.-Sep. 1999
Share of income in the SAS Group*	269	144
Other operating expenses	-4	-4
Operating income	265	140
Net financial items	19	15
Income before taxes	284	155
Taxes	-78	-29
Income after taxes	206	126

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

Balance Sheet

(MDKK)	Sep. 30 2000	Dec. 31 1999
Fixed assets		
Share in the SAS Group	4,478	4,238
Current assets		
Short-term receivables	671	805
TOTAL ASSETS	5,149	5,043
Share capital	470	470
Premium reserve	411	411
Other reserves	3,147	2,923
Total shareholders' equity	4,028	3,804
Deferred tax	1,085	1,073
Short-term liabilities	36	166
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	5,149	5,043

Shareholders' Equity

(MDKK)	Sep. 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	18	-
Transferred from net income for the year	206	-
Total shareholders' equity	4,028	3,804

SAS Norge ASA

Income before taxes amounted to MNOK 293 compared with MNOK 161 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-September 2000 and the closing rate at September 30, 2000, are used to translate the statement of income and balance sheet respectively. These rates are, respectively, SEK 100 = NOK 96.95 (1999: NOK 94.20) and SEK 100 = NOK 94.04 (1999: NOK 94.65).

Forecast for the Full Year 2000

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

Bærum, November 9, 2000

Board of Directors

Statement of Income (MNOK)	Jan.-Sep. 2000	Jan.-Sep. 1999	Jan.-Dec. 1999
Share of income in the SAS Group*	294	161	497
Other operating expenses	-3	-2	-3
Operating income	291	159	494
Financial income	2	2	3
Income before taxes	293	161	497
Taxes	-80	-29	-145
Income after taxes	213	132	352

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

Balance Sheet (MNOK)	Sep. 30 2000	Sep. 30 1999	Dec. 31 1999
Machinery and equipment	2	2	2
Share in the SAS Group	4,818	4,461	4,597
Total fixed assets	4,820	4,463	4,599
Short-term receivables	28	50	208
Cash and bank	1	1	1
Total current assets	29	51	209
TOTAL ASSETS	4,849	4,514	4,808
Shareholders' equity	4,269	4,025	4,077
Deferred tax	580	438	552
Short-term liabilities	-	51	179
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	4,849	4,514	4,808
Shareholders' Equity (MNOK)	Sep. 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	-21		-
Transferred from net income for the year	213		-
Total shareholders' equity	4,269		4,077

SAS Sverige AB

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

SAS Sverige AB, including 3/7 of the SAS Group, reports income before taxes of MSEK 478 (275).

Available liquidity including short-term receivables for SAS Sverige AB amounted to MSEK 794 on September 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, November 9, 2000

Jan Stenberg
President

Statement of Income (MSEK)	Sep.-Jan. 2000	Sep.-Jan. 1999
Share of income in the SAS Group*	454	257
Other operating expenses	-2	-5
Operating income	452	252
Net financial items	26	23
Income before taxes	478	275
Taxes	-129	-50
Income after taxes	349	225

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

Balance Sheet (MSEK)	Sep. 30 2000	Dec. 31 1999
Share in the SAS Group	7,685	7,312
Total fixed assets	7,685	7,312
Short-term receivables	793	1,182
Cash and bank	2	1
Total current assets	795	1,183
TOTAL ASSETS	8,480	8,495
Shareholders' equity	7,003	6,656
Deferred tax	1,404	1,404
Other long-term liabilities	22	22
Short-term liabilities	51	413
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	8,480	8,495
Shareholders' Equity (MSEK)	Sep. 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	-2	-
Transferred from net income for the year	349	-
Total shareholders' equity	7,003	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 the aircraft fleet and net present value (NPV) of operating lease contracts, less noninterest-bearing liabilities and interest-bearing assets. Can also be expressed as booked shareholders' equity plus surplus value in the aircraft fleet and net present value (NPV) of operating lease contracts plus net interest-bearing liabilities.

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 costs 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 costs 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

Year-end Report 2000	February 13, 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, 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
e-mail: investor.relations@sas.se



