



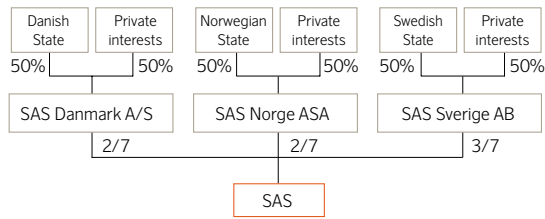
# Interim Report 1:2001 January-March

SAS Group

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



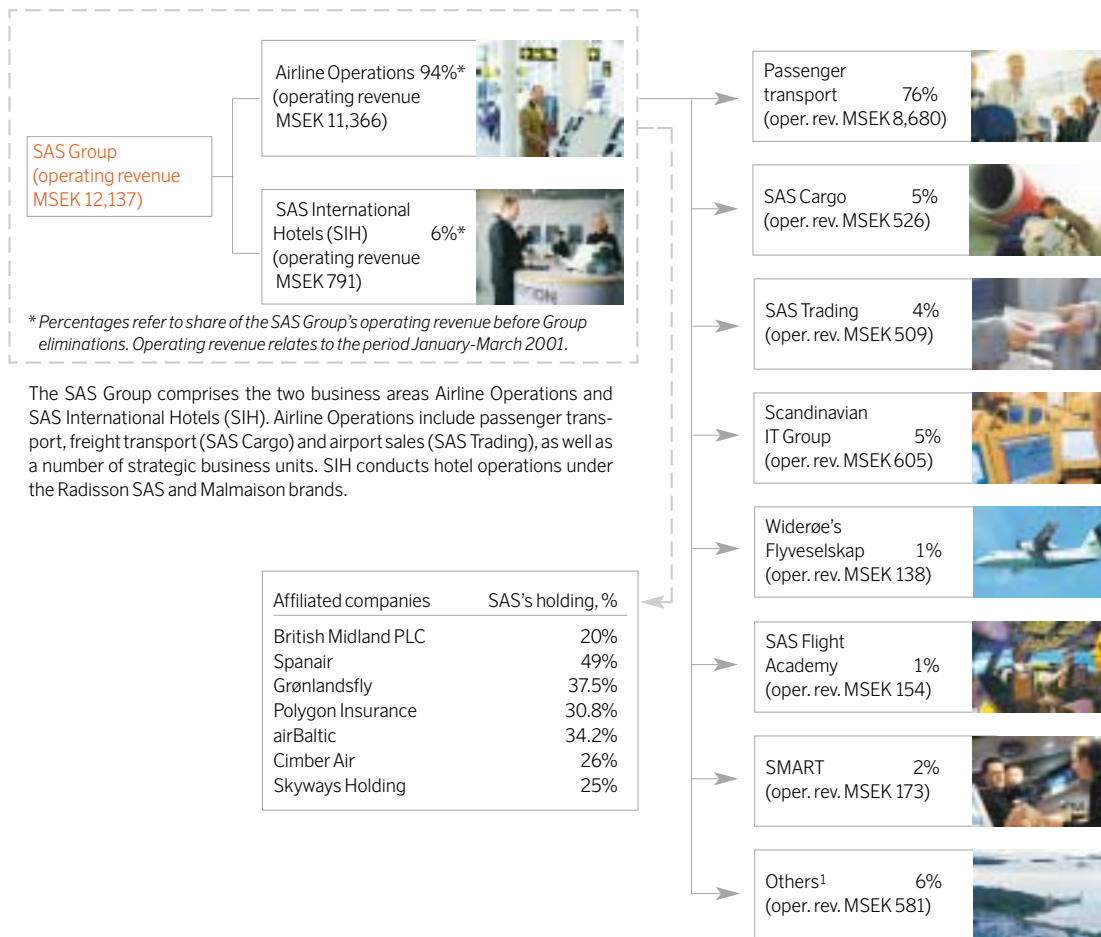
# Ownership structure



SAS was formed in 1946 and is a consortium comprising the three national airlines SAS Danmark A/S, SAS Norge ASA, and SAS Sverige AB.

The Danish and Norwegian parent companies each own a 2/7 share in the consortium, with the Swedish company owning the remaining 3/7. The parent companies are listed on the stock exchanges in Copenhagen, Oslo and Stockholm respectively. 50% of the shares in each parent company are owned by the respective state and 50% by private interests.

# SAS Group



<sup>1</sup> Incl. Group eliminations.

# SAS Group

SAS Danmark A/S

SAS Norge ASA

SAS Sverige AB

- **Income before taxes** amounted to MSEK 20 (–303).
- **Operating revenue** rose 12.8% to MSEK 12,137.
- **Earnings before depreciation** and leasing costs for aircraft (EBITDAR) increased in the first quarter to MSEK 1,214 (597). Over the last 12 months the increase was 46%.
- **The unit cost trend** was positive and decreased by 3.3% compared with the first quarter of 2000.
- **Earnings per share** amounted to SEK 0.16 (–1.16) for SAS Danmark A/S, SEK 0.19 (–1.40) for SAS Norge ASA, and SEK –0.03 (–1.55) for SAS Sverige AB.
- **SAS's parent companies** report the following income after taxes:

SAS Danmark A/S	MDKK	6	(–48)
SAS Norge ASA	MNOK	8	(–63)
SAS Sverige AB	MSEK	–2	(–109)
- **Despite greater uncertainty**, income before taxes, excluding capital gains, is expected to show a significant improvement over 2000. This is in accordance with the earlier forecast issued on February 13, 2001.

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

The complete report can be accessed on [www.scandinavian.net](http://www.scandinavian.net)

## Important Events in the First Quarter

### January

- SAS signed an agreement with Telia and Seattle-based Tenzing Communications Inc. on testing Tenzing's communications system for wireless Internet access on board aircraft.

### February

- The Swedish Market Court decided that as of October 27, 2001, SAS must change EuroBonus as regards earning points to be used for bonus offers on Swedish domestic routes where SAS faces competition.

### March

- SAS announced that SAS's freight operations will be set up as an independent corporation as of April 1, 2001.

### Important Events after March 31, 2001

- SAS announced that shareholders in the parent companies will be invited to exchange their shares for the same number of newly issued shares in SAS AB, a newly formed holding company for the Scandinavian SAS Group domiciled in Stockholm. The offer is subject, among other things, to parliamentary approval in the three countries, which is expected in June.
- SAS EuroBonus won the Freddie Award for the fifth consecutive year.
- On April 27, the Göta Court of Appeal passed judgment in the case between SAS and the Swedish Civil Aviation Administration regarding Terminal 2 at Stockholm's Arlanda Airport. The Court's decision was in SAS's favor.
- Jørgen Lindegaard took up his position as President and CEO on May 8. At the same time, he announced a new structure and organization for SAS.

# SAS Group

The earnings trend in the first quarter of 2001 was considerably better than in the same period in the previous year.

The airline operations' growth in passenger traffic was 5.9%. Somewhat slacker growth was noted, however, in some of SAS's main markets as a result of the slightly weaker economy in the U.S. Strong growth in business class and price adjustments carried out in some markets led to a positive yield development.

The earnings trend for SAS International Hotels remains favorable. For comparable units, SIH's income before depreciation (EBITDA) grew 28%.

## Financial Development

This interim report is prepared according to the same accounting principles as the SAS Group's annual report for 2000.

## Currency Effects

The total effect on income before taxes of exchange rate fluctuations between the years was MSEK -88. The currency effect mainly arose because of the continued strong U.S. dollar and the weaker Swedish krona.

## January-March

The SAS Group's operating revenue amounted to MSEK 12,137 (10,756), an increase of MSEK 1,381 or 12.8%. MSEK 1,145 of this increase was higher passenger revenue, MSEK 95 increased operating revenue in SIH, and

MSEK 141 increased operating revenue in other operating areas. SAS's passenger traffic measured in RPK, revenue passenger kilometers, increased by 5.9% compared with the first quarter of 2000. Unit revenue, yield, increased by 5.0% adjusted for currency effects.

Operating expenses rose by MSEK 812 or 7.6%. Increased fuel costs accounted for MSEK 145 of this increase. Operating income before depreciation increased by MSEK 569 and amounted to MSEK 664 (95). The gross profit margin increased from 0.9% till 5.5%.

The SAS Group's depreciation increased by 22.6% from MSEK 470 to MSEK 576 mainly due to investments in aircraft.

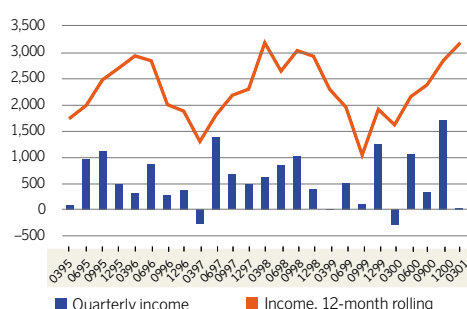
Share of income in affiliated companies amounted to MSEK 35 (62). Goodwill amortization is included in a total amount of MSEK 5 (8). This decline is mainly because the first quarter of 2000 included a positive adjustment of the 1999 result of MSEK 32.

The SAS Group's net financial items amounted to MSEK -66 (-7). Net interest was MSEK -89 (-45). The currency effect was MSEK 34 (48).

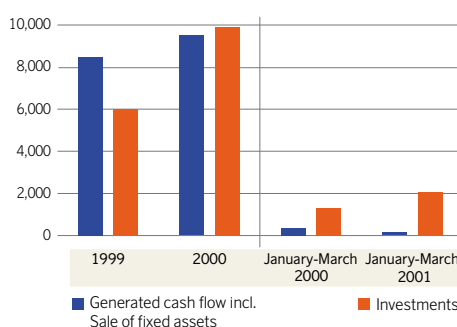
Sale and leaseback of one Boeing 767 was carried out in the first quarter. The capital gain was MSEK 190. The portion of this gain which arose due to the high U.S. dollar rate was regarded as a currency effect and had a positive impact on net financial items of MSEK 165.

Income before capital gains amounted to MSEK 57 (-320).

**Income before Taxes**  
MSEK



**Cash Flow and Investments**  
MSEK



Capital gains totaled MSEK –37 (17). This includes the sale of one Boeing 767 with MSEK 25. An MSEK 68 deduction was made for phasing in and phasing out costs, following which income from the sale of aircraft is reported in a net amount of MSEK –43. In addition, shares in subsidiaries and other shares were sold with a capital gain of MSEK 6.

Income before taxes amounted to MSEK 20 (–303). The change in income before taxes is due to:

Currency effect	–88
Operating income before depreciation	643
Depreciation, share of income, net interest, etc.	–178
Capital gains	–54
	323

### Investments

The SAS Group's investments, including prepayments, amounted to MSEK 2,042 (1,300) in the first quarter. Airline operations accounted for MSEK 1,963 (1,254) of investments, and SAS International Hotels for MSEK 79 (46). Investments in aircraft and other flight equipment amounted to MSEK 1,539 (1,093). This includes investment in two Boeing 737-800s and three deHavilland Q400s.

At March 31, 2001, the value of orders for Boeing 737s, deHavilland Q400s, Airbus A340/330s and Airbus A321s totaled MUSD 2,150. In April, SAS converted one A340 option into a firm order.

### Firm orders for aircraft during the period 2001-2003>

	Total	2001	2002	2003>
	April-Dec.			
MUSD	2,150	800	850	500
Number of aircraft	42	19	16	7

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

### Financial Position

The SAS Group's liquid assets at March 31, 2001, amounted to MSEK 6,581 (5,932). Cash flow from operations amounted to MSEK 262 (16). The net sum of investments and sales of fixed assets amounted to MSEK –1,672 (–584) in the first quarter.

The equity/assets ratio at March 31, 2001, was 37% (41%). The net debt amounted to MSEK 5,494, an increase of MSEK 3,101 since year-end 2000.

The estimated surplus value of the aircraft fleet owned by SAS was approximately MSEK 6,500 (4,900) at March 31, 2001.

### Personnel

The average number of employees in the SAS Group in the first quarter was 29,985 (29,326), of whom 27,015 (26,251) at SAS and 2,928 (3,035) at SAS International Hotels.

## Summary Statement of Income

(MSEK)	January-March		April-March	
	2001	2000	2000-2001	1999-2000
Operating revenue	12,137	10,756	48,921	44,399
Payroll expenses	–4,082	–3,739	–15,271	–14,912
Other operating expenses	–7,391	–6,922	–29,358	–26,766
<b>Operating income before depreciation</b>	<b>664</b>	95	<b>4,292</b>	2,721
Depreciation	–576	–470	–2,298	–2,076
Share of income in affiliated companies	35	62	–28	106
Income from the sale of shares in subsidiaries and affiliated companies	5	0	1,038	133
Income from the sale of aircraft and buildings	–43	17	430	727
<b>Operating income</b>	<b>85</b>	–296	<b>3,434</b>	1,611
Income from other shares and participations	1	0	16	196
Net financial items	–66	–7	–354	–253
<b>Income before taxes</b>	<b>20</b>	–303	<b>3,096</b>	1,544

## Operating Revenue by Operating Area

(MSEK)	January-March		April-March	
	2001	2000	2000-2001	1999-2000
SAS Airline Operations	11,366	10,083	45,764	41,491
SAS International Hotels	791	696	3,217	2,984
Other operations/Group eliminations	-20	-23	-60	-76
<b>Total operating revenue</b>	<b>12,137</b>	<b>10,756</b>	<b>48,921</b>	<b>44,399</b>

## Summary Balance Sheet

(MSEK)	March 31 2001	December 31 2000	March 31 2000
Aircraft and spare parts	16,894	15,985	12,758
Other noninterest-bearing assets	22,401	19,588	19,926
Interest-bearing assets (excl. liquid assets)	6,376	4,790	3,657
Liquid assets	6,581	8,964	5,932
<b>Assets</b>	<b>52,252</b>	<b>49,327</b>	<b>42,273</b>
Shareholders' equity	18,848	19,537	16,638
Minority interests	155	131	121
Subordinated debenture loan	868	840	755
Other interest-bearing liabilities	17,583	15,307	11,811
Operating liabilities	14,798	13,512	12,948
<b>Shareholders' equity and liabilities</b>	<b>52,252</b>	<b>49,327</b>	<b>42,273</b>

### Shareholders' equity

January 1, 2001	19,537
Payment to parent companies	-740
Change in translation difference, etc.	75
Income after taxes January-March 2001	-24
<b>March 31, 2001</b>	<b>18,848</b>

## Cash Flow Statement

(MSEK)	January-March		April-March	
	2001	2000	2000-2001	1999-2000
Income before taxes	20	-303	3,096	1,554
Depreciation	576	470	2,298	2,075
Income from the sale of fixed assets	37	-17	-1,484	-1,056
Adjustment for items not included in cash flow, etc.	-371	-134	-772	-376
<b>Cash flow from operations</b>	<b>262</b>	<b>16</b>	<b>3,138</b>	<b>2,197</b>
Change in working capital	-490	-396	951	17
<b>Net financing from operations</b>	<b>-228</b>	<b>-380</b>	<b>4,089</b>	<b>2,214</b>
Investments including prepayments to aircraft suppliers	-2,042	-1,300	-10,628	-5,790
Sale of fixed assets, etc.	370	716	5,213	6,723
Payments to parent companies	-740	-770	-740	-770
<b>Financing deficit/surplus</b>	<b>-2,640</b>	<b>-1,734</b>	<b>-2,066</b>	<b>2,377</b>
External financing, net	257	-822	2,715	-2,240
<b>Change in liquid assets according to the balance sheet</b>	<b>-2,383</b>	<b>-2,556</b>	<b>649</b>	<b>137</b>

## SAS Airline Operations

### Market Development

From the second half of 2000, SAS's traffic growth has been higher than that of the rest of the industry. The market for air traffic between Scandinavia and the rest of the world continued to expand in the first quarter of this year. Airport statistics for the Scandinavian capitals show that SAS's international traffic at Arlanda and Gardermoen grew faster than the total market, while the trend in Copenhagen is in step with the market.

The European airlines' international traffic grew by nearly 4% in the first quarter. Capacity was expanded by 2%. In the same period, SAS increased its international production by 4% and had a traffic increase of 6%.

The falling growth rate in the global economy has not yet had any major impact on SAS's traffic development. On the other hand, development in Business Class, on the London routes for example, indicates restrained demand. Business Class traffic from Sweden to the U.S. is also showing declining demand.

Development for Business Class traffic remained positive and increased by 7.5% compared with the same period in the previous year. Business Class accounted for 32.3% of total RPK, which is an increase of 1 percentage point compared with the previous year. Traffic in Economy Class increased by 5.1% compared with 2000. The cabin factor rose by 1.3 percentage points to 61.8%. Yield adjusted for currency effects increased by 5.0% compared with the first quarter of 2000.

Intercontinental traffic increased by 5.8% compared with the previous year. Business Class traffic increased by 13.6% and Economy Class by 4.2%. The cabin factor on the intercontinental routes was 76.6% (72.9%). The traffic trend on the U.S. routes remained strong in the first quarter and Business Class traffic developed particularly well. The two New York routes from Stockholm and Oslo reported a higher cabin factor in the first quarter compared with the previous year.

On the Asian routes, production is unchanged compared with the previous year. The cabin factor increased slightly in the first quarter and the traffic increase is concentrated to Business Class. Traffic in the higher fare segment developed particularly well on the route to Tokyo.

Traffic on European routes increased by 6.5%. Business Class traffic rose 6.8% and Economy Class 6.4%. The cabin factor was 54.5% which is unchanged from the previous year. Production increased by 6.6%. The routes to Germany, Russia, Finland and Belgium showed particularly positive development. All the Frankfurt routes are characterized by good growth figures, and the Frankfurt hub is becoming increasingly significant for SAS's position in Scandinavia. The routes to Kaliningrad and St.

Petersburg also developed well. In Finland, SAS is gradually capturing increasingly large shares of both local traffic between Scandinavia and Finland as well as traffic between Finland and the rest of the world via Scandinavia.

Intra-Scandinavian traffic increased by 5.5%. Business Class traffic rose 8.2% and Economy Class 3%. The cabin factor increased by 1 percentage point to 55.1%. Production increased by 3.5%. Particularly favorable development was noted on routes between Norway and Copenhagen, which grew faster than the airline market as a whole. SAS thus captured shares of international traffic between Norway and the rest of the world. Above all, the position in Oslo strengthened. Development for feeder routes was weaker, partly due to introduction problems with the deHavilland Q400s. As regards the routes between Sweden and Copenhagen, the picture is more varied. The only really significant growth occurred on the route from Stockholm.

Danish domestic traffic increased in Business Class by 7.1%, and decreased in Economy Class by 1.8%. Total traffic was 2.5% higher than in the previous year. Production decreased by 1.5%. The cabin factor increased by 2.4 percentage points to 60.8%. SAS's traffic on Copenhagen-Aalborg and Copenhagen-Aarhus was higher than in the same period last year. Despite considerably increased charges on Greenland, SAS's traffic to Greenland was slightly above the level in the first quarter of 2000 and the cabin factor rose to 72%.

The Norwegian domestic market increased by 1% compared with the same period in the previous year. SAS's traffic increased by 4.1% during the period. Business Class traffic decreased by 1.2% while Economy Class increased by 7.8%. SAS's production decreased by 3.1% and the cabin factor rose 3.7 percentage points to 54.3%. Measured in the number of passengers, SAS increased its traffic by 2.8% while Braathens decreased by 1.4% and Widerøe by just over 6%, largely due to the fact that in April 2000 the company lost part of traffic purchased by the state. SAS's market share increased from 36% to 37%. Measured in the main route network (SAS's and Braathens' routes) market share rose from 42% to just over 43%.

The total Swedish domestic market increased by 4% and SAS's traffic rose 6.1% compared with the same period a year ago. The increase in Business Class was 7.3% and in Economy Class 5%. Capacity rose 9.2%, which led to a 1.7 percentage points reduction in the cabin factor to 60%. Traffic on the short routes Karlstad, Växjö and Sundsvall, however, failed to develop according to expectations and lost market share to the X2000 train. Compared with the previous year, the yield for both Business Class and Economy Class increased as a result of the fare adjust-



## Traffic, Production and Yield

		January-March 2001	January-March 2000	Change
<b>SAS Total</b>				
Number of passengers	(000)	<b>5,482</b>	5,314	+3.2%
Revenue passenger kilometers (RPK)	(mill)	<b>5,286</b>	4,992	+5.9%
Available seat kilometers (ASK)	(mill)	<b>8,558</b>	8,253	+3.7%
Cabin factor		<b>61.8%</b>	60.5%	+1.3% pts.
Yield, adjusted for currency effects				+5.0%
<b>Intercontinental routes</b>				
Number of passengers	(000)	<b>280</b>	264	+6.1%
Revenue passenger kilometers (RPK)	(mill)	<b>1,900</b>	1,795	+5.8%
Available seat kilometers (ASK)	(mill)	<b>2,479</b>	2,463	+0.7%
Cabin factor		<b>76.6%</b>	72.9%	+3.7% pts.
Yield, adjusted for currency effects				+4.1%
<b>European routes</b>				
Number of passengers	(000)	<b>1,745</b>	1,641	+6.3%
Revenue passenger kilometers (RPK)	(mill)	<b>1,754</b>	1,647	+6.5%
Available seat kilometers (ASK)	(mill)	<b>3,217</b>	3,018	+6.6%
Cabin factor		<b>54.5%</b>	54.6%	-0.1% pts.
Yield, adjusted for currency effects				+3.7%
<b>Intra-Scandinavian routes</b>				
Number of passengers	(000)	<b>932</b>	997	-6.5%
Revenue passenger kilometers (RPK)	(mill)	<b>437</b>	414	+5.5%
Available seat kilometers (ASK)	(mill)	<b>793</b>	766	+3.5%
Cabin factor		<b>55.1%</b>	54.1%	+1.0% pts.
Yield, adjusted for currency effects				+1.8%
<b>Danish domestic</b>				
Number of passengers	(000)	<b>241</b>	232	+3.9%
Revenue passenger kilometers (RPK)	(mill)	<b>81</b>	79	+2.5%
Available seat kilometers (ASK)	(mill)	<b>134</b>	136	-1.5%
Cabin factor		<b>60.8%</b>	58.4%	+2.4% pts.
Yield, adjusted for currency effects				+4.4%
<b>Norwegian domestic</b>				
Number of passengers	(000)	<b>926</b>	901	+2.8%
Revenue passenger kilometers (RPK)	(mill)	<b>458</b>	440	+4.1%
Available seat kilometers (ASK)	(mill)	<b>843</b>	870	-3.1%
Cabin factor		<b>54.3%</b>	50.6%	+3.7% pts.
Yield, adjusted for currency effects				+11.2%
<b>Swedish domestic</b>				
Number of passengers	(000)	<b>1,358</b>	1,280	+6.1%
Revenue passenger kilometers (RPK)	(mill)	<b>655</b>	617	+6.1%
Available seat kilometers (ASK)	(mill)	<b>1,092</b>	1,000	+9.2%
Cabin factor		<b>60.0%</b>	61.7%	-1.7% pts.
Yield, adjusted for currency effects				+4.7%

ments implemented in autumn 2000 due to fuel price increases.

The number of passengers during the period totaled 5.5 million (5.3). The number of SAS EuroBonus members was 16% higher than on March 31, 2000, and amounted to 2.2 million.

### SAS Cargo

SAS Cargo's freight revenue for the first three months of the year amounted to MSEK 526 (518). This increase is mainly attributable to a higher yield than in the previous year. Tonnage was 2% lower than in the same period a year ago.

On March 8, SAS's Board decided to incorporate SAS Cargo once union negotiations are finalized. Negotiations with the union organizations in Sweden and Denmark are now completed and an agreement has been drawn up. Negotiations are still under way in Norway.

### Income Trend

Operating income from the airline operations showed positive development in the first quarter of 2001 with a good traffic and revenue trend, improved capacity utilization and a positive development of the unit cost.

Operating income before depreciation and leasing costs (EBITDAR) amounted to MSEK 1,165 (533) in the quarter. Capacity utilization in the traffic system increased compared with the first quarter of 2000 by 1.3 percentage points to 61.8%. Yield adjusted for currency effects increased by 5.0% compared with the first quarter of the previous year.

Production expressed in ASK increased by 3.7% compared with the same period in 2000. The planned capacity increase for 2001 is 6%.

Operating expenses increased during the period by MSEK 624 or 6.5%, of which increased payroll expenses accounted for MSEK 321 and higher fuel costs for MSEK 145. In the period January-March, the unit cost adjusted

for currency effects decreased by 3.3%. Productivity improved by 2%.

Payroll expenses amounted to MSEK 3,792 (3,471) and the average number of employees increased by 2.9% compared with the first quarter of 2000.

The cost of jet fuel was MSEK 1,032 (887), an increase of 16.3%. Of this increase, price rises accounted for 6 percentage points and volume and currency effects together for 10 percentage points. The price of jet fuel remained largely unchanged in the first quarter of 2001 compared with the same period last year. Even though the supply of crude oil has allowed stocks to be built up again, despite OPEC's downward adjustment of its quotas, the price of jet fuel remains high.

Depreciation and leasing costs increased by a total of MSEK 187 due to investments in new aircraft and sale and leaseback transactions.

SAS's business improvement program is in its final phase and the MSEK 3,000 target will be achieved as planned in the first half of 2001.

A sale and leaseback transaction was carried out for one Boeing 767 in the first quarter. Two Boeing 737s and six deHavilland Q400s went into operation.

Income before capital gains was MSEK 60 which represents an MSEK 387 improvement over the previous year.

## Income by Operating Area

(MSEK)	January-March		April-March	
	2001	2000	2000-2001	1999-2000
<b>SAS Airline Operations</b>				
Passenger revenue	8,680	7,535	34,535	30,800
Freight revenue	590	583	2,565	2,407
Other traffic revenue	231	289	1,207	1,401
Other revenue	1,865	1,676	7,457	6,883
<b>Operating revenue</b>	<b>11,366</b>	<b>10,083</b>	<b>45,764</b>	<b>41,491</b>
Payroll expenses	-3,792	-3,471	-14,100	-13,819
Selling costs	-588	-490	-2,541	-2,027
Jet fuel	-1,032	-887	-4,104	-2,657
Government user fees	-997	-940	-3,797	-3,741
Catering costs	-407	-458	-1,740	-1,818
Handling costs	-501	-520	-1,907	-1,982
Technical aircraft maintenance	-651	-594	-2,342	-2,205
Other operating expenses	-2,258	-2,242	-9,372	-9,528
<b>Operating expenses</b>	<b>-10,226</b>	<b>-9,602</b>	<b>-39,903</b>	<b>-37,777</b>
Share of income in affiliated companies	25	52	-74	74
<b>Earnings before depreciation and leasing costs, EBITDAR</b>	<b>1,165</b>	<b>533</b>	<b>5,787</b>	<b>3,788</b>
Depreciation	-538	-428	-2,152	-1,898
Leasing costs	-509	-432	-1,975	-1,448
Capital gains	-37	17	1,217	918
Net financial items	-58	0	-376	-214
<b>SAS Airline Operations– Income before taxes</b>	<b>23</b>	<b>-310</b>	<b>2,501</b>	<b>1,146</b>
<b>SAS International Hotels</b>				
Income before depreciation	33	47	382	459
Depreciation	-37	-41	-144	-176
Share of income in affiliated companies	10	9	46	30
Capital gains	0	0	267	138
Net financial items	-9	-6	20	-37
<b>SIH – Income before taxes</b>	<b>-3</b>	<b>9</b>	<b>571</b>	<b>414</b>
Other operations/Group eliminations	0	-2	24	-6
<b>Income before taxes</b>	<b>20</b>	<b>-303</b>	<b>3,096</b>	<b>1,544</b>

## Statement of Income (SIH)

(MSEK)	January-March		April-March	
	2001	2000	2000-2001	1999-2000
Rooms revenue	368	326	1,525	1,460
Food and beverage revenue	270	242	1,082	1,025
Other revenue	153	128	610	499
<b>Total operating revenue</b>	<b>791</b>	696	<b>3,217</b>	2,984
Operating expenses	-599	-522	-2,254	-2,065
Rental expenses, property insurance and property tax	-159	-127	-581	-460
<b>Operating income before depreciation</b>	<b>33</b>	47	<b>382</b>	459
Depreciation	-37	-41	-144	-176
Share of income in affiliated companies	10	9	46	30
Capital gains	-	-	267	138
Net financial items	-9	-6	20	-37
<b>Income before taxes</b>	<b>-3</b>	9	<b>571</b>	414
			<b>March 31</b>	March 31
			<b>2001</b>	2000
EBITDA, MSEK			43	57
Return on capital employed (ROCE) *			13.3%	13.3%
Revenue per available room (REVPAR), SEK			612	578
Gross profit margin			25.6%	26.3%

\* 12-month rolling

### SAS International Hotels (SIH)

The market situation for SIH generally developed well and according to plan. The trend in the Norwegian market, which was weak in the previous year, has improved. Towards the end of the period, negative effects were noted in the U.K. and Irish markets because of foot-and-mouth disease. Some slowdown was also noted in Sweden.

In the first quarter of 2001, five new hotels were

opened or re-branded. The locations of these hotels include Estonia, Lithuania, and Bulgaria.

Revenues for the period amounted to MSEK 791 (696), which is an increase of approximately 14%. This increase is mainly attributable to the fact that two hotels previously operated under management agreements are now leased.

Income before taxes for the period amounted to MSEK -3 (9).

### **Forecast for the Full Year 2001**

The weaker economy in SAS's key markets leads to greater uncertainty regarding growth in passenger traffic and the SAS Group's income trend. Capacity adjustments have been carried out and these are expected to provide a reasonable balance between traffic and production increases for 2001.

The cost trend is satisfactory and the unit cost for the airline operations is expected to decrease for the full year 2001.

Despite greater uncertainty, income before taxes, excluding capital gains, is expected to show a significant improvement over 2000. This is in accordance with the earlier forecast issued on February 13, 2001.

Stockholm, May 8, 2001  
SCANDINAVIAN AIRLINES SYSTEM

Jørgen Lindegaard  
*President and CEO*

## SAS Group Summary of Income by Quarter

(MSEK)	1999					2000					2001
	Jan.- Mar.	Apr.- Jun.	Jul.- Sep.	Oct.- Dec.	Full Year Jan.-Dec.	Jan.- Mar.	Apr.- Jun.	Jul.- Sep.	Oct.- Dec.	Full Year Jan.-Dec.	Jan.- Mar.
Operating revenue	10,103	11,704	10,400	11,539	43,746	10,756	12,275	11,700	12,809	47,540	<b>12,137</b>
Payroll expenses	-3,652	-3,888	-3,610	-3,675	-14,825	-3,739	-3,792	-3,697	-3,700	-14,928	<b>-4,082</b>
Other operating expenses	-6,330	-6,839	-6,244	-6,761	-26,174	-6,922	-7,232	-6,934	-7,801	-28,889	<b>-7,391</b>
<b>Operating income before depreciation</b>	121	977	546	1,103	2,747	95	1,251	1,069	1,308	3,723	<b>664</b>
Depreciation	-481	-515	-545	-546	-2,087	-470	-463	-510	-749	-2,192	<b>-576</b>
Share of income in affiliated companies	33	39	45	-40	77	62	4	-18	-49	-1	<b>35</b>
Income from the sale of shares in subsidiaries and affiliated companies	150	2	134	-3	283	0	0	17	1,016	1,033	<b>5</b>
Income from the sale of aircraft and buildings	16	44	43	623	726	17	266	-21	228	490	<b>-43</b>
<b>Operating income</b>	-161	547	223	1,137	1,746	-296	1,058	537	1,754	3,053	<b>85</b>
Income from other shares and participations	221	0	0	196	417	0	11	0	4	15	<b>1</b>
Net financial items	-71	-40	-118	-88	-317	-7	-27	-208	-53	-295	<b>-66</b>
<b>Income before taxes</b>	-11	507	105	1,245	1,846	-303	1,042	329	1,705	2,773	<b>20</b>

## Key Figures

<b>Key financial data</b>	<b>March 31</b>	December 31	March 31
(based on statutory financial statements)	<b>2001</b>	2000	2000
Return on capital employed, (12-month rolling)	<b>12%</b>	11%	8%
Return on equity*, (12-month rolling) *	<b>12%</b>	11%	6%
Equity/assets ratio <sup>1</sup>	<b>37%</b>	41%	40%
Net debt, MSEK	<b>5,494</b>	2,393	2,977
Debt/equity ratio **	<b>0.29</b>	0.12	0.18
Interest coverage ratio, (12-month rolling) ***	<b>4.5</b>	4.5	3.2

### Market-value based key value drivers

(based on market-adjusted capital employed) ****	<b>20%</b>	19%	15%
CFROI, (12-month rolling)	<b>20%</b>	19%	15%
ROCE, market-based, (12-month rolling)	<b>20%</b>	18%	8%

\* After standard tax.

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

\*\*\* Operating income plus financial income in relation to financial expenses.

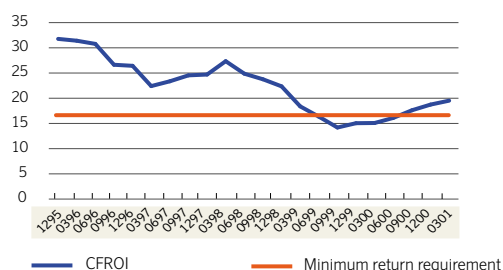
\*\*\*\* The market value of the aircraft fleet and the present value of operating lease contracts are included in market-adjusted capital employed.

<sup>1</sup> Proposed transfer to parent companies is not booked as a liability at December 31, 2000.

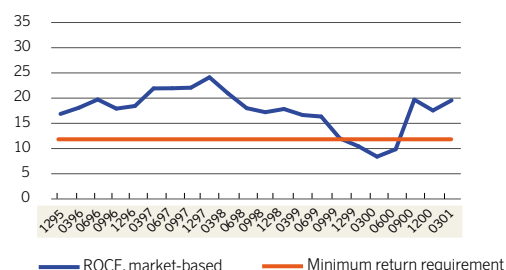
## Income and Capital Concepts Included in Market-Value Based Key Value Drivers

(MSEK)	April-March 2000-2001	April-March 1999-2000
<b>Earnings</b> (12-months)		
EBIT, earnings before net financial items and taxes	3,450	1,807
+ Depreciation	2,298	2,076
+ Goodwill amortization	29	27
– Income from the sale of fixed assets	–1,484	–1,056
+ Operating lease costs, aircraft	1,975	1,448
<b>EBITDAR</b> (Included in CFROI)	<b>6,268</b>	4,302
EBIT	3,450	1,807
+ Operating lease costs, aircraft	1,975	1,448
– 40% of operating lease costs	–790	–579
± Change in surplus value, aircraft	1,645	–284
<b>EBIT, market-adjusted</b>	<b>6,280</b>	2,392
(Included in market-based ROCE)		
<b>Adjusted capital employed</b> (average)		
Total assets	47,432	42,794
+ Surplus value, aircraft	5,837	4,988
+ Present value of operating lease contracts	4,107	2,647
– Interest-bearing assets	–11,607	–9,100
– Noninterest-bearing liabilities	–13,650	–12,823
<b>Adjusted capital employed</b>	<b>32,119</b>	28,506
(Included in CFROI and market-based ROCE)		

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



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



In the period April 2000 to March 2001 the SAS Group generated earnings before net financial items, taxes, depreciation, capital gains and operating lease costs for aircraft (EBITDAR) of MSEK 6,268 (4,302). EBITDAR over market-based capital employed (CFROI) was 20% (15%). The minimum return requirement is set at 17% as an average over an investment cycle, where average capital allocation for replacement of the aircraft fleet is taken into account.

CFROI (Cash Flow Return on Investments) is the most important metric for value creation in operations, making it the SAS Group's main focus. It is also the key indicator used by most analysts as a basis for assessing the value of an airline. CFROI reflects the EV/EBITDAR multiple which expresses the value of operations as a multiple of operating cash flow for the year excluding operating aircraft leasing costs.

The average market prices for the three SAS shares at March 31, 2001, plus average of net debt over the last 12 months, and the present value of operating lease contracts (EV), gives a multiple on EBITDAR of 3.4 based on reported earnings for the same period.

The SAS Group's market-based ROCE for the period April 2000 to March 2001 was 20% (8%), calculated on a market-based EBIT of MSEK 6,280, 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 strong dollar. After deduction for capital gains from the sale of shares amounting to MSEK 1,054, and the sale of properties amounting to MSEK 284, the operation's market-based EBIT was MSEK 4,942. Operating activities thus provided a return of 15.4% which is 3.4 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,	03/31/01	0.13	0.17	-0.03
local currency	03/31/00	-1.02	-1.34	-1.55
	12/31/00	13.66	12.00	11.79
Earnings per share,	03/31/01	0.16	0.19	-0.03
SEK	03/31/00	-1.16	-1.40	-1.55
	12/31/00	15.48	12.49	11.79
Equity per share,	03/31/01	89.45	93.04	106.65
local currency	03/31/00	82.38	88.17	92.40
	12/31/00	92.19	97.36	106.23
Equity per share,	03/31/01	109.39	106.00	106.65
SEK	03/31/00	91.83	90.44	92.40
	12/31/00	109.09	104.33	106.23

## SAS Danmark A/S

SAS Danmark A/S's share of income in the SAS Group for the period amounted to MDKK 5 (-74). SAS Danmark A/S's other operations amounted to MDKK 9 (6). Income before taxes then amounted to MDKK 14 (-68).

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

The exchange rate at March 31, 2001, was SEK 100 = DKK 81.77 (2000: DKK 89.79). The average exchange rate for the period January-March 2001 was SEK 100 = DKK 82.94 (2000: DKK 87.60).

The accounting principles are unchanged from the previous year.

### Forecast for the Full Year 2001

Regarding the forecast for the full year 2001, please refer to the information provided by SAS.

Copenhagen, May 8, 2001

Erik Sørensen                      Jørgen Lindegaard  
Chairman of the Board              President

	Jan.-Mar. 2001	Jan.-Mar. 2000
<b>Statement of Income (MDKK)</b>		
Share of income in the SAS Group*	5	-74
Other operating expenses	-1	-1
<b>Operating income</b>	<b>4</b>	<b>-75</b>
Net financial items	10	7
<b>Income before taxes</b>	<b>14</b>	<b>-68</b>
Taxes	-8	20
<b>Income after taxes</b>	<b>6</b>	<b>-48</b>

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

	Mar. 31 2001	Dec. 31 2000
<b>Balance Sheet (MDKK)</b>		
<b>Fixed assets</b>		
Share in the SAS Group	4,403	4,717
<b>Current assets</b>		
Current receivables	900	715
<b>TOTAL ASSETS</b>	<b>5,303</b>	<b>5,432</b>
Share capital	470	470
Share premium reserve	411	411
Other reserves	3,323	3,452
<b>Total shareholders' equity</b>	<b>4,204</b>	<b>4,333</b>
Deferred tax liability	1,098	1,098
Current liabilities	1	1
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>5,303</b>	<b>5,432</b>

	Mar. 31 2001	Dec. 31 2000
<b>Shareholders' Equity (MDKK)</b>		
Share capital	470	470
Share premium reserve	411	411
<b>Other reserves</b>		
January 1, 2001	3,452	3,452
Change in translation difference	-135	-
Transferred from net income for the year	6	-
<b>Total shareholders' equity</b>	<b>4,204</b>	<b>4,333</b>



## SAS Norge ASA

Income before taxes amounted to MNOK 6 compared with MNOK –81 for the same period in the previous year.

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

The average exchange rate for the period January-March 2001 and the closing rate at March 31, 2001, are used to translate the statement of income and balance sheet respectively. These rates are, respectively, SEK 100 = NOK 91.13 (2000: NOK 94.43) and SEK 100 = NOK 87.77 (2000: NOK 97.48).

### Forecast for the Full Year 2001

Regarding the forecast for the full year 2001, please refer to the information provided by SAS.

Bærum, May 8, 2001

Board of Directors

Statement of Income (MNOK)	Jan.-Mar. 2001	Jan.-Mar. 2000	Jan.-Dec. 2000
Share of income in the SAS Group*	5	-81	761
Other operating expenses	0	-1	-3
<b>Operating income</b>	<b>5</b>	<b>-82</b>	<b>758</b>
Financial income	1	1	3
<b>Income before taxes</b>	<b>6</b>	<b>-81</b>	<b>761</b>
Taxes	2	18	-197
<b>Income after taxes</b>	<b>8</b>	<b>-63</b>	<b>564</b>

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

Balance Sheet (MNOK)	Mar. 31 2001	Mar. 31 2000	Dec. 31 2000
Machinery and equipment	2	2	2
Share in the SAS Group	4,727	4,634	5,209
<b>Total fixed assets</b>	<b>4,729</b>	<b>4,636</b>	<b>5,211</b>
Current receivables	226	204	29
Cash and bank	1	1	1
<b>Total current assets</b>	<b>227</b>	<b>205</b>	<b>30</b>
<b>TOTAL ASSETS</b>	<b>4,956</b>	<b>4,841</b>	<b>5,241</b>
Shareholders' equity	4,373	4,144	4,576
Deferred tax liability	556	521	638
Current liabilities	27	176	27
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>4,956</b>	<b>4,841</b>	<b>5,241</b>

Shareholders' Equity (MNOK)	Mar. 31 2001	Dec. 31 2000
Share capital	470	470
Revaluation reserve	919	919
<b>Other reserves</b>		
January 1, 2001	3,187	3,187
Change in translation difference	-211	-
Transferred from net income for the year	8	-
<b>Total shareholders' equity</b>	<b>4,373</b>	<b>4,576</b>

## SAS Sverige AB

The report comprises an account of the operations of SAS Sverige AB with 3/7 of the SAS Group.

SAS Sverige AB including 3/7 of the SAS Group reports income before taxes of MSEK 17 (-124).

Available liquidity including receivables for SAS Sverige AB amounted to MSEK 1,035 on March 31, compared with MSEK 803 at the beginning of the year.

### Forecast for the Full Year 2001

Regarding the forecast for the full year 2001, please refer to the information provided by SAS.

Stockholm, May 8, 2001

Jørgen Lindegaard  
President

Statement of Income (MSEK)	Jan.-Mar. 2001	Jan.-Mar. 2000
Share of income in the SAS Group*	9	-130
Other operating expenses	-1	-1
<b>Operating income</b>	<b>8</b>	<b>-131</b>
Net financial items	9	7
<b>Income before taxes</b>	<b>17</b>	<b>-124</b>
Taxes	-19	15
<b>Income after taxes</b>	<b>-2</b>	<b>-109</b>

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

Balance Sheet (MSEK)	Mar. 31 2001	Dec. 31 2000
Share in the SAS Group	8,078	8,373
<b>Total fixed assets</b>	<b>8,078</b>	<b>8,373</b>
Current receivables	1,033	802
Cash and bank	2	1
<b>Total current assets</b>	<b>1,035</b>	<b>803</b>
<b>TOTAL ASSETS</b>	<b>9,113</b>	<b>9,176</b>
Shareholders' equity	7,519	7,489
Deferred tax liability	1,570	1,570
Other long-term liabilities	22	22
Current liabilities	2	95
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>9,130</b>	<b>9,176</b>

Shareholders' Equity (MSEK)	Mar. 31 2001	Dec. 31 2000
Share capital	705	705
Revaluation reserve	179	179
Restricted reserves	4,947	4,947
<b>Other reserves</b>		
January 1, 2001	1,658	1,658
Change in translation difference	32	-
Transferred from net income for the year	-2	-
<b>Total shareholders' equity</b>	<b>7,519</b>	<b>7,489</b>

# 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 operating activities before change in working capital.

## **CFROI**

Cash flow return on investment. EBITDAR in relation to AV.

## **Debt/Equity Ratio**

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

## **Earnings per Share**

Earnings after taxes divided by the number of shares.

## **EBITDA**

Earnings before net financial items, taxes, depreciation, goodwill amortization, and income from the sale of fixed assets.

## **EBITDAR**

Earnings before net financial items, taxes, depreciation, goodwill amortization, income from the sale of fixed assets, 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) in relation to 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 Kilometers**

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 RPK/ASK.

## **Unit Revenue (Yield)**

Average amount of traffic revenue received per RPK.

## **Yield**

See Unit revenue.

# Financial Calendar

Interim Report 2, January-June 2001 .....	August 8, 2001
Interim Report 3, January-September 2001 .....	November 7, 2001
Year-end Report 2001 .....	February 2002
Annual Report 2001 .....	March 2002
Environmental Report 2001 .....	March 2002

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](http://www.scandinavian.net)

e-mail: [investor.relations@sas.se](mailto:investor.relations@sas.se)



**SAS Group**

SE-195 87 Stockholm  
Telephone +46 8 797 00 00  
[www.scandinavian.net](http://www.scandinavian.net)

**SAS Danmark A/S**

DK-2300 Copenhagen S  
Telephone +45 32 32 45 45

**SAS Norge ASA**

NO-0080 Oslo  
Telephone +47 64 81 63 98

**SAS Sverige AB**

SE-195 87 Stockholm  
Telephone +46 8 797 12 93