



Interim Report 2:2001

January-June

SAS AB Group
www.scandinavian.net

New Group structure

In 1999, the Boards of Directors of SAS Danmark A/S, SAS Norge ASA and SAS Sverige AB initiated discussions through their respective board chairmen with the Danish, Norwegian and Swedish governments about the need to change SAS's legal structure. The objective of this change was to create a single SAS share.

On May 8, 2001, SAS AB, a newly formed Swedish company, made three parallel public offers to the shareholders of SAS Danmark A/S, SAS Norge ASA and SAS Sverige AB to exchange their shares for the same number of newly issued shares in SAS AB.

On June 28, 2001, SAS AB announced that the offers to the shareholders of SAS Danmark A/S, SAS Norge ASA and SAS Sverige AB had been accepted by shareholders representing more than 90% of the shares in each company. Since the other terms for the offers had also been met, the Board of SAS AB decided to complete the offers.

The new single share was traded through BTAs (paid subscribed shares)/interim shares on the Copenhagen Stock Exchange, Oslo Stock Exchange and Stockholm Stock Exchange starting on June 29, 2001. The first day for listing and trading of shares in SAS AB was July 6, 2001.

Mandatory offers have been made in Denmark and Norway, and the offer in Sweden has been extended until August 17, 2001. The Board of SAS AB has requested delisting and compulsory redemption of outstanding shares in SAS Danmark A/S, SAS Norge ASA and SAS Sverige AB.

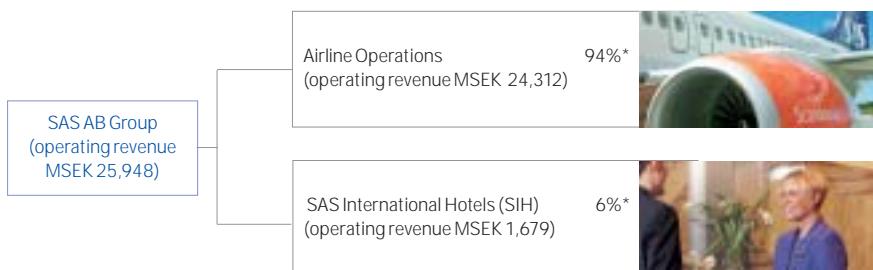
When the offers have been implemented and accepted in their entirety, the Danish, Norwegian and Swedish states will own 14.3%, 14.3% and 21.4% respectively of the shares in SAS AB. The remaining 50% of the shares will be owned by private interests.

Ownership structure after the offers



SAS AB Group

The SAS AB Group comprises the two business areas Airline Operations and SAS International Hotels (SIH). Airline Operations include passenger transport, freight transport (SAS Cargo) and airport sales (SAS Trading), as well as a number of strategic business units. SIH conducts hotel operations under the Radisson SAS and Malmaison brands.



* Percentages refer to share of the SAS AB Group's operating revenue before Group eliminations. Operating revenue relates to the period January-June 2001.

SAS AB Group

- **Weaker economic growth** and demand in key markets are the main reasons for SAS's weak result in the second quarter.
- **Operating revenue rose** 12.7% to MSEK 25,948.
- **A provision has been made** for the entire amount of the MEUR 39.375 fine imposed on SAS by the European Commission.
- **Earnings before depreciation and leasing costs** for aircraft (EBITDAR) increased by 10.6% to MSEK 2,555 (2,310) in the first half of 2001.
- **Income before taxes** amounted to MSEK 220 (765). Income for the second quarter was MSEK 180 (1,055).
- **Earnings per share for the half year** for the SAS AB Group amounted to SEK 0.86 (3.34) and equity per share amounted to SEK 103.20 (96.16).
- **In the forecast** provided in the interim report for the first quarter of 2001, the Group expected to achieve a significant improvement in income before taxes, excluding capital gains, for the full year 2001 compared with the previous year. Due to the weak result in the second quarter, and uncertainty as regards traffic and revenues for the second half, the SAS AB Group's income before taxes, excluding capital gains, is now expected to be on the same level as the previous year, i.e. MSEK 1,200.

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

First Quarter 2001

- SAS signed an agreement with Telia and Tenzing Communications Inc. on testing Tenzing's communications system for wireless Internet access on board aircraft.
- The Swedish Market Court decided that EuroBonus points earned on Swedish domestic routes exposed to competition may not be used for bonus offers.

Second Quarter 2001

- SAS Cargo, SAS's freight operations, was set up as an independent limited liability company.
- The shareholders of the three SAS parent companies were invited to exchange their shares for the same number of newly issued shares in SAS AB, the newly formed holding company for the Scandinavian SAS Group domiciled in Stockholm.
- Jørgen Lindgaard 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 EuroBonus won the Freddie Award for the fifth consecutive year.
- SAS announced, in agreement with the principal owner of the Norwegian company Braathens, its intention to acquire Braathens' airline operations, excluding Malmö Aviation, for MNOK 1,127.
- The new single share was traded through BTAs (paid subscribed shares)/ interim shares on the Copenhagen Stock Exchange, Oslo Stock Exchange and Stockholm Stock Exchange starting on June 29, 2001. The first day for listing and trading of shares in SAS AB was July 6, 2001.

Events after June 30, 2001

- The European Commission fined SAS and Maersk Air MEUR 39.375 and MEUR 13.125 respectively for infringement of the EU's competition rules.
- The first aircraft from a total of eleven new, larger aircraft for intercontinental traffic, an Airbus 340-300, was delivered on July 30, 2001.

SAS AB Group

There was a relatively marked downturn in economic growth and a large number of major companies issued profit warnings. Consumption has declined and this is having a direct impact on demand in the airline industry.

In common with the rest of the European airline industry, SAS noted a weaker traffic and revenue trend in the second quarter. For SAS, the weak development in the Swedish market has been particularly noticeable.

SAS International Hotels also noted weaker development in the second quarter compared with the previous year.

Financial Development

Currency effects

The net effect of exchange rate fluctuations between the first half of 2000 and 2001 is MSEK -18. The effect on operating revenue is MSEK 1,159, MSEK -1,224 on costs, and MSEK 47 on net financial items. A significant portion of the currency effect on revenues and expenses arose in the second quarter, mainly due to the weakened Swedish krona against the euro and other currencies during this period.

January-June 2001

The SAS AB Group's operating revenue amounted to MSEK 25,948 (23,031), an increase of MSEK 2,917 or 12.7%. MSEK 2,223 of this increase was higher passenger revenue, MSEK 194 increased operating revenue in SAS International Hotels (SIH), and MSEK 500 increased operating revenue in other operating areas. SAS's passenger traffic measured in RPK, revenue passenger kilometers, increased by 4.7% compared with the first half of 2000. Unit revenue, yield, increased by 2.3% adjusted for currency effects.

Operating expenses rose by MSEK 2,936 or 13.5%. Increased fuel costs accounted for MSEK 374 of this increase. The European Commission's fine imposed on

SAS for unlawful cooperation with Maersk Air amounted to MEUR 39.375 or MSEK 359. A provision has been made for the entire amount. Operating income before depreciation decreased by MSEK 19 and amounted to MSEK 1,320 (1,339). The gross profit margin fell from 5.8% to 5.1%.

The Group's depreciation rose 22.3% from MSEK 933 to MSEK 1,141, mainly due to investments in aircraft.

Share of income in affiliated companies amounted to MSEK 71 (66). Goodwill amortization is included in a total amount of MSEK 10 (10).

The Group's net financial items amounted to MSEK -31 (-1). Net interest was MSEK -121 (-46). The currency effect was MSEK 110 (63).

Sale and leaseback of four aircraft was carried out in the first half of the year. The part of the gain which arose from the high U.S. dollar rate was regarded as a currency effect and had a positive impact on net financial items of MSEK 297.

The weak development of the Swedish krona affected consolidated net debt by MSEK -187.

Income before capital gains amounted to MSEK 219 (471).

Capital gains totaled MSEK 1 (294). This includes the sale of one Boeing 767 and three Boeing 737s with MSEK 200. An MSEK 174 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 26. In addition, shares in subsidiaries and other shares were sold with a capital loss of MSEK 25.

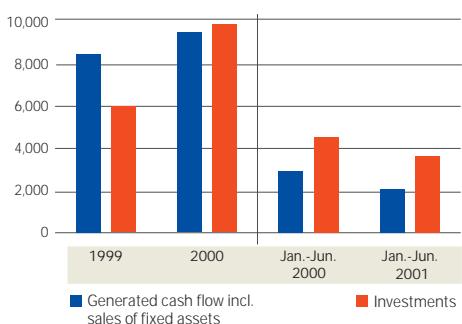
Income before taxes amounted to MSEK 220 (765). The change in income before taxes is due to:

Currency effect	-18
Operating income before depreciation	46
Depreciation, share of income, net interest	-280
Capital gains	-293
	-545

Income before Taxes
MSEK



Cash Flow and Investments
MSEK



Second quarter 2001

The Group reports a weak result for the second quarter. Contributory factors to this decline were lower demand in passenger traffic, reduced Business Class traffic, and lower capacity utilization.

Operating revenue increased compared with the second quarter of 2000 by MSEK 1,536 or 12.5% to MSEK 13,811. The increase including currency effects was 5.6%. Passenger traffic rose 3.7% compared with the previous year, and the currency adjusted yield was unchanged.

Operating expenses increased by MSEK 2,125 or 19.3%. Adjusted for currency effects, the increase was 11.8%.

Income before capital gains amounted to MSEK 142 (778).

After capital gains of MSEK 38 (277), income before taxes amounted to MSEK 180 (1,055).

Investments

The SAS AB Group's investments, including prepayments, amounted to MSEK 3,643 (4,522) in the first half of 2001. Airline operations accounted for MSEK 2,128 (3,019) of investments and SAS International Hotels for MSEK 132 (107). Investments in aircraft and other flight equipment amounted to MSEK 2,816 (4,072).

At June 30, 2001, the value of orders for Boeing 737s, deHavilland Q400s, Airbus A340/330s and Airbus A321s totaled MUSD 2,050.

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

	Total	2001 Jul.-Dec.	2002	2003>
MUSD	2,050	700	950	400
Number of aircraft	37	14	17	6

Financial Position

The SAS AB Group's liquid assets at June 30, 2001, amounted to MSEK 12,220 (6,334). A bond loan amounting to MEUR 500 was issued in the first half of the year. In addition, approximately MSEK 3,500 was borrowed within the framework of the SAS Euro Commercial Paper Program. This led to greater liquidity, which is temporary, however, in view of future deliveries of Airbus aircraft.

Cash flow from operations amounted to MSEK 609 (1,130). The net sum of investments and sales of fixed assets amounted to MSEK 2,094 (2,635) in the first half of 2001.

The equity/assets ratio at June 30, 2001, was 29% (35%). The net debt amounted to MSEK 3,759, an increase of MSEK 2,965 since year-end 2000.

The estimated surplus value of the aircraft fleet owned by SAS was approximately MSEK 6,800 (5,100) at June 30, 2001.

Personnel

The average number of employees in the SAS AB Group in the first half of 2001 was 30,499 (29,544), of whom 27,428 (26,438) at SAS and 3,024 (3,061) at SAS International Hotels.

Summary Statement of Income

(MSEK)	April-June		January-June		July-June	
	2001	2000	2001	2000	2000-2001	1999-2000
Operating revenue	13,811	12,275	25,948	23,031	50,457	44,970
Payroll expenses	-4,570	-3,793	-8,653	-7,533	-16,052	-14,820
Other operating expenses	-8,583	-7,235	-15,975	-14,159	-30,714	-27,169
Operating income before depreciation	658	1,247	1,320	1,339	3,691	2,981
Depreciation	-565	-463	-1,141	-933	-2,400	-2,024
Share of income in affiliated companies	36	4	71	66	4	71
Income from the sale of shares in subsidiaries and affiliated companies	-31	0	-26	0	1,007	131
Income from the sale of aircraft and buildings	69	266	26	283	233	949
Operating income	167	1,054	250	755	2,535	2,108
Income from other shares and participations	0	11	1	11	5	207
Net financial items	13	-10	-31	-1	-256	-183
Income before taxes	180	1,055	220	765	2,284	2,132
Taxes	-28	-264	-55	-211	-543	-568
Minority interests	-24	-10	-24	-4	-15	-4
Income after taxes	128	781	141	550	1,726	1,560
Earnings per share (SEK) ¹	0.78	4.75	0.86	3.34	10.49	9.48

¹ Earnings per share is calculated on the full number of shares, 164,550,000.

Summary Balance Sheet

	June 30 2001	December 31 2000	June 30 2000
(MSEK)			
Aircraft and spare parts	16,224	15,985	14,134
Other noninterest-bearing assets	24,221	19,671	20,558
Interest-bearing assets (excl. liquid assets)	7,187	4,790	4,032
Liquid assets	12,220	8,979	6,334
Assets	59,852	49,425	45,058
Shareholders' equity	16,982	17,520	15,823
Minority interests	268	131	131
Deferred tax liability	3,992	3,961	3,496
Subordinated debenture loan	874	840	782
Other interest-bearing liabilities	22,292	13,723	11,643
Operating liabilities	15,444	13,250	13,183
Shareholders' equity and liabilities	59,852	49,425	45,058
Shareholders' equity			
Opening balance	17,520	16,011	16,011
Dividend to shareholders	-754	-666	-666
Change in translation difference	75	40	-72
Income after taxes	141	2,135	550
Closing balance	16,982	17,520	15,823
Equity per share (SEK) ¹	103.20	106.50	96.16

¹ Equity per share is calculated on the full number of shares, 164,550,000.

Cash Flow Statement

(MSEK)	April-June		January-June		July-June	
	2001	2000	2001	2000	2000-2001	1999-2000
Income before taxes	180	1,055	220	765	2,284	2,143
Depreciation	565	463	1,141	933	2,400	2,025
Income from the sale of fixed assets	-38	-278	-1	-295	-1,244	-1,288
Adjustment for items not included in cash flow, etc.	-368	-47	-709	-144	-950	-194
Tax paid	-14	-66	-152	-233	-109	-345
Cash flow from operations	325	1,127	499	1,026	2,381	2,341
Change in working capital	453	306	-36	-94	1,099	-66
Net financing from operations	778	1,433	463	932	3,480	2,275
Investments including prepayments to aircraft suppliers	-1,601	-3,222	-3,643	-4,522	-9,007	-7,445
Sale of fixed assets, etc.	1,180	1,171	1,550	1,887	5,222	7,572
Financing surplus/deficit	357	-618	-1,630	-1,703	-305	2,402
Dividend	-754	-666	-754	-666	-754	-666
External financing, net	6,033	1,684	5,625	208	6,945	-1,022
Change in liquid assets according to the balance sheet	5,636	400	3,241	-2,161	5,886	714

Accounting Principles

SAS AB's and the Group's closing accounts have been prepared in accordance with generally accepted accounting principles in Sweden which are based on the Swedish Annual Accounts Act and recommendations from the Swedish Financial Accounting Standards Council. The SAS Group's accounts through 2000 were in all significant respects prepared according to IAS. The differences between application of IAS and generally accepted accounting principles in Sweden have so far not been of material significance for the Group's results and financial position. With effect from 2001, a new recommendation (IAS 39) has been introduced regarding accounting for financial instruments. In the SAS AB Group's interim report for the first half of 2001, this recommendation has not yet been applied. To the extent recommendations from IASC do not conflict with generally accepted accounting principles in Sweden, IAS will be applied for SAS AB and the Group.

The SAS AB Group's accounts only differ significantly from those of the SAS Group in a few items.

Effects on the balance sheet at June 30, 2001

On the asset side, items and total assets are only marginally changed compared with the SAS Group's accounts.

More significant changes occur on the liabilities side.

- SAS Danmark A/S's, SAS Norge ASA's and SAS Sverige AB's (the parent companies) deferred taxes increase the Group's deferred taxes by MSEK 3,549 to MSEK 3,992. These taxes, however, emanate from the SAS Consortium's activities and do not represent any new burden for operations.
- In the new Group, the SAS Group's debt to the parent companies will only be an intra-group item. The new Group's external liabilities will thus be MSEK 1,552 lower than for the SAS Group.
- The net effect of these and other marginal changes in the balance sheet mean that the new Group's reported equity will be MSEK 2,030 lower than for the SAS Group. The main explanation is that the SAS Group only paid to the parent companies as much as was required for them to meet dividends and tax payable (as well as the companies' minor running costs). In principle, the SAS Group's shareholders' equity could thus be regarded as also including deferred tax liabilities relating to operations in the SAS Consortium.

Effects on statement of income for January-June 2001

- Revenues are not affected while operating expenses are increased by the parent companies' costs of administration, MSEK 5.
- Net financial items improve by MSEK 45 since the new Group's external liabilities are MSEK 1,552 lower than for the SAS Group.
- The net effect is that net income after taxes is MSEK 40 higher for the Group than for the SAS Group.

All comparative figures have been recomputed in accordance with the new group structure.

SAS Airline Operations

Market development

SAS's traffic growth remained higher than that of the rest of the industry. In the Swedish market, however, a clear fall in demand was noted due to the general economic downturn and the weak Swedish krona.

In the first half of 2001, the European airlines' international traffic increased by just under 1%. Capacity was expanded by 2%. In the same period, SAS increased its international production by nearly 7% and had a traffic increase of 5%. Both SAS and the entire industry noted a decline in the cabin factor in the second quarter.

Development for Business Class traffic declined significantly in the second quarter and increased by 4.1% in the period January-June compared with the previous year. Business Class accounted for 29.7% of total RPK, which is a decrease of 0.5 percentage points compared with the previous year. Traffic in Economy Class increased by 5.4% in the second quarter and by 4.6% in the first half of the year compared with 2000. The cabin factor decreased by 0.7 percentage points to 65.0% since production rose 5.7%. Yield adjusted for currency effects increased by 2.3% compared with the first half of 2000.

In the first six months of the year, total intercontinental traffic showed good growth and the cabin factor rose by 1.4 percentage points. Business Class increased by 6% and Economy Class by 4%. The new route to Washington D.C. has been highly successful since it started in May, and the cabin factor in June was 89%. Other traffic to and from North America developed less favorably, particularly in Business Class. The cabin factor on traffic to Asia was generally high.

On the European routes, SAS showed very positive development for Business Class traffic in the first quarter. In May and June, however, a general decline was noted in Business Class traffic. Particularly weak development in Business Class traffic could be noted to and from the U.K. This was mainly due to the downturn in the Swedish market. This means that Business Class traffic, accumulated for the first six months of the year, is at the same level as in the previous year. Economy Class traffic, however, showed growth of 9%. Since the total growth of 6.5% was lower than the increase in production, the cabin factor decreased by 1.9 percentage points to 58.7%.

Intra-Scandinavian traffic increased by 4.4%. Business Class traffic increased by 5% and Economy Class by 4%. The cabin factor fell by 1.8 percentage points to 57.6%. Production increased by 7.7%. Particularly favorable development was noted on the route between Oslo and Stockholm. Feeder routes from Sweden to Copenhagen developed less favorably due to the weaker Swedish economy, while traffic from Norway to Copenhagen increased.

Danish domestic traffic increased in Business Class by 6% and decreased in Economy Class by 7%. Total traffic was 1.7% lower than in the previous year. Production

Traffic, Production and Yield

	April-June 2001	April-June 2000	Change	January-June 2001	January-June 2000	Change
SAS Total						
Number of passengers (000)	6,279	6,236	+0.7%	11,761	11,550	+1.8%
Revenue passenger kilometers (RPK) (mill)	6,227	6,008	+3.7%	11,513	11,000	+4.7%
Available seat kilometers (ASK) (mill)	9,144	8,492	+7.7%	17,701	16,744	+5.7%
Cabin factor	68.1%	70.7%	-2.6% pts.	65.0%	65.7%	-0.7% pts.
Yield, adjusted for currency effects			+0.1%			+2.3%
Intercontinental routes						
Number of passengers (000)	322	312	+3.2%	602	576	+4.5%
Revenue passenger kilometers (RPK) (mill)	2,181	2,114	+3.2%	4,082	3,909	+4.4%
Available seat kilometers (ASK) (mill)	2,658	2,550	+4.2%	5,137	5,013	+2.5%
Cabin factor	82.1%	82.9%	-0.9% pts.	79.4%	78.0%	+1.4% pts.
Yield, adjusted for currency effects			+0.0%			+1.6%
European routes						
Number of passengers (000)	2,191	2,076	+5.5%	3,936	3,717	+5.9%
Revenue passenger kilometers (RPK) (mill)	2,231	2,096	+6.5%	3,985	3,742	+6.5%
Available seat kilometers (ASK) (mill)	3,575	3,160	+13.1%	6,792	6,177	+10.0%
Cabin factor	62.4%	66.3%	-3.9% pts.	58.7%	60.6%	-1.9% pts.
Yield, adjusted for currency effects			-3.0%			-0.1%
Intra-Scandinavian routes						
Number of passengers (000)	1,101	1,199	-8.2%	2,033	2,195	-7.4%
Revenue passenger kilometers (RPK) (mill)	521	504	+3.5%	958	918	+4.4%
Available seat kilometers (ASK) (mill)	872	779	+11.9%	1,665	1,545	+7.7%
Cabin factor	59.8%	64.6%	-4.8% pts.	57.6%	59.4%	-1.8% pts.
Yield, adjusted for currency effects			-1.6%			+0.0%
Danish domestic						
Number of passengers (000)	257	259	-1.0%	497	491	+1.3%
Revenue passenger kilometers (RPK) (mill)	94	99	-4.9%	175	178	-1.7%
Available seat kilometers (ASK) (mill)	137	131	+4.4%	271	267	+1.3%
Cabin factor	68.4%	75.1%	-6.7% pts.	64.6%	66.6%	-2.0% pts.
Yield, adjusted for currency effects			+10.0%			+7.5%
Norwegian domestic						
Number of passengers (000)	1,038	1,004	+3.3%	1,963	1,905	+3.1%
Revenue passenger kilometers (RPK) (mill)	535	524	+2.2%	993	964	+3.1%
Available seat kilometers (ASK) (mill)	819	852	-3.9%	1,661	1,722	-3.5%
Cabin factor	65.4%	61.5%	+3.9% pts.	59.8%	56.0%	+3.8% pts.
Yield, adjusted for currency effects			+8.6%			+9.8%
Swedish domestic						
Number of passengers (000)	1,371	1,386	-1.1%	2,729	2,666	+2.4%
Revenue passenger kilometers (RPK) (mill)	664	672	-1.1%	1,319	1,289	+2.3%
Available seat kilometers (ASK) (mill)	1,083	1,020	+6.2%	2,175	2,020	+7.7%
Cabin factor	61.3%	65.8%	-4.5% pts.	60.6%	63.8%	-3.2% pts.
Yield, adjusted for currency effects			+2.6%			+3.7%

increased by 1.3%. The cabin factor decreased by 2 percentage points to 64.6%. SAS's traffic on Copenhagen-Aalborg and Copenhagen-Aarhus developed well.

The Norwegian domestic market is decreasing due to raised passenger charges. SAS's traffic increased by 3.1% during the period. Business Class traffic increased by 7% and Economy Class by 1%. SAS's production decreased by 3.5% and the cabin factor increased by 3.8 percentage points to 59.8%. SAS continued to capture market shares in the Norwegian domestic market.

A clear fall in demand can be noted in Sweden. The total Swedish domestic market increased by 2% in the first half of the year and SAS's traffic rose 2.3% compared with the previous year. The increase in Business Class was 2% and 3% in Economy Class. A positive trend in the first quarter was followed by a marked fall in growth in the second quarter. The market showed growth of only 0.2% and SAS's traffic was 1.1% lower than in the second quarter of the previous year. Since capacity increased by 7.7% in the period January-June, the cabin factor was reduced by 3.2 percentage points to 60.6%.

Ahead of the winter SAS has decided to suspend certain routes. A number of frequencies will be reduced in the Stockholm-Oslo-Copenhagen capital triangle. The planned start of the Copenhagen-Berlin route has been postponed from winter 2001 to summer 2002. SAS also plans to suspend the routes between Copenhagen and Krakow and Bologna respectively, which means the closure of these two destinations. These reductions represent a production decrease of 2.5% measured in ASK and are being made in order to limit the effects of weaker demand and counteract the decline in the cabin factor.

SAS Cargo

SAS Cargo's freight revenue for the period amounted to MSEK 1,061 (1,044). The higher revenues were affected by a positive currency effect, while volumes are falling due to weaker demand in the market.

On March 8, SAS's Board decided to incorporate SAS Cargo. Since June 1, 2001, all operations have been conducted in an independent limited liability company, SAS Cargo A/S, which is 100% owned by SAS.

Income trend

Operating income from the airline operations showed negative development in the second quarter of 2001 compared with the previous year, due to subdued traffic and revenue development. Less favorable capacity utilization combined with a production level that was lower than planned, led to a negative development of the unit cost in the second quarter.

Operating income before depreciation and leasing costs (EBITDAR) amounted to MSEK 1,234 (1,566) in the second quarter. Capacity utilization in the traffic system decreased compared with the same period in 2000 by 2.6 percentage points to 68.1%. Yield adjusted for currency effects increased by 0.1%.

Production expressed in ASK increased by 7.7% compared with the second quarter of 2000.

Operating income before depreciation and leasing costs (EBITDAR) amounted to MSEK 2,399 (2,099) for the first half of the year, an increase of 14.3%.

Production increased by 5.7% in the first half of the year. A capacity increase of approximately 6% is planned for the full year 2001.

Operating expenses increased during the period January-June by MSEK 2,432 or 12.4%, of which increased payroll expenses accounted for MSEK 1,017 and higher fuel costs for MSEK 374. Adjusted for currency effects, operating expenses rose 6.2%.

The unit cost increased by 3.1% compared with the second quarter of 2000. The weighted production increase was 2.6 percentage points lower than planned in the second quarter. The increased unit cost reflects the limited short-term mobility of the cost base.

Payroll expenses totaled MSEK 7,995 (6,978) in the first half of the year. Taking currency effects into account, the increase was 10.5%, and the average number of employees increased by 3.7%. The weighted production increase was 5.2% and productivity rose 1.4%.

The world market price for jet fuel in the first half of 2001 was on average approximately 6% higher than in the previous year. SAS's costs for jet fuel during the period increased by MSEK 374 or 21% compared with the first half of 2000. 15% of this increase is attributable to volume and currency effects and the remaining 6% to price.

Depreciation and leasing costs increased by a total of MSEK 459 or 26% due to new investments in the aircraft fleet.

A sale and leaseback transaction was carried out for one Boeing 767 in the first quarter, and for a further three Boeing 737s in the second quarter. Two Boeing 737s and eleven deHavilland Q400s went into operation in the first half, of which five deHavilland Q400s in the second quarter.

Income before capital gains amounted to MSEK 119, which is an MSEK 171 decline compared with the first half of 2000.

Operating Revenue by Operating Area

(MSEK)	April-June		January-June		July-June	
	2001	2000	2001	2000	2000-2001	1999-2000
SAS	12,946	11,497	24,312	21,580	47,213	42,047
SAS International Hotels	888	789	1,679	1,485	3,316	2,986
Other operations/Group eliminations	-23	-11	-43	-34	-72	-63
Total operating revenue	13,811	12,275	25,948	23,031	50,457	44,970

Income by Operating Area

(MSEK)	April-June		January-June		July-June	
	2001	2000	2001	2000	2000-2001	1999-2000
SAS Airline Operations						
Passenger revenue	9,951	8,873	18,631	16,408	35,613	31,393
Freight revenue	635	612	1,225	1,195	2,588	2,460
Other traffic revenue	256	201	487	490	1,262	1,364
Other revenue	2,104	1,811	3,969	3,487	7,750	6,830
Operating revenue	12,946	11,497	24,312	21,580	47,213	42,047
Payroll expenses	-4,203	-3,507	-7,995	-6,978	-14,796	-13,715
Selling costs	-672	-613	-1,260	-1,103	-2,600	-2,077
Jet fuel	-1,132	-903	-2,164	-1,790	-4,333	-3,009
Government user fees	-1,071	-911	-2,068	-1,851	-3,957	-3,770
Catering costs	-461	-481	-868	-939	-1,720	-1,855
Handling costs	-609	-477	-1,110	-997	-2,039	-1,973
Technical aircraft maintenance	-742	-581	-1,393	-1,175	-2,503	-2,253
Other operating expenses	-2,845	-2,454	-5,103	-4,696	-9,763	-9,311
Operating expenses	-11,735	-9,927	-21,961	-19,529	-41,711	-37,963
Share of income in affiliated companies	23	-4	48	48	-47	39
Earnings before depreciation and leasing costs, EBITDAR						
1,234	1,566	2,399	2,099	5,455	4,123	
Depreciation	-526	-436	-1,064	-864	-2,242	-1,870
Leasing costs	-645	-463	-1,154	-895	-2,157	-1,550
Capital gains	38	35	1	52	1,220	909
Net financial items	-4	-50	-62	-50	-330	-240
SAS - Income before taxes	97	652	120	342	1,946	1,372
SAS International Hotels (SIH)						
Income before depreciation	92	131	125	178	343	443
Depreciation	-39	-28	-76	-69	-155	-153
Share of income in affiliated companies	13	9	23	18	50	31
Capital gains	0	243	0	243	24	379
Net financial items	-5	22	-14	16	-7	1
SIH - Income before taxes	61	377	58	386	255	701
Other operations/Group eliminations	22	26	42	37	83	59
Income before taxes	180	1,055	220	765	2,284	2,132

Statement of Income, SAS International Hotels

(MSEK)	April-June		January-June		July-June	
	2001	2000	2001	2000	2000/2001	1999/2000
Rooms revenue	424	392	792	720	1,553	1,465
Food and beverage revenue	284	252	554	495	1,114	1,031
Other revenue	180	142	333	270	648	537
Total operating revenue	888	786	1,679	1,485	3,315	3,033
Operating expenses	-631	-518	-1,230	-1,043	-2,362	-2,098
Rental expenses, property insurance and property tax	-165	-137	-324	-264	-610	-492
Operating income before depreciation	92	131	125	178	343	443
Depreciation	-39	-28	-76	-69	-155	-153
Share of income in affiliated companies	13	9	23	18	50	31
Capital gains	-	243	-	243	24	379
Net financial items	-5	22	-14	16	-7	1
Income before taxes	61	377	58	386	255	701
			June 30 2001	December 31 2000	June 30 2000	
EBITDA, MSEK			148	441	196	
Return on capital employed (ROCE) *			14.1%	17.7%	15.4%	
Revenue per available room (REVPAR), SEK			660	619	628	
Gross profit margin			26.7%	30.3%	30.9%	

* 12-month rolling

SAS International Hotels (SIH)

After a good start to the year, the market has now weakened for the hotel operations as well. Development in the Swedish market was negative due to the general economic situation in Sweden. The market in the U.K. is also weaker, mainly due to foot-and-mouth disease. The markets in Finland and Germany also saw weak development.

In the first half of the year, seven new hotels were opened or re-branded. The hotels are located in Finland, Sweden, Estonia, Lithuania, Bulgaria, Ireland and Egypt.

At the end of July 2001, SIH had signed a further nine new contracts.

Revenues for the first six months amounted to MSEK 1,679 (1,485), which is an increase of 13%. Approximately half of this increase is attributable to the fact that two hotels previously operated under management agreements are now leased.

Income before taxes for the period amounted to MSEK 58 (386). The 2000 result included a capital gain of MSEK 243.

Parent Company SAS AB

At June 30, 2001, SAS AB had 155,322,395 shares registered at a par value of SEK 10 each. When the offers for exchange of shares are completed in their entirety, SAS AB will have 164,550,000 shares at SEK 10. Since the Board of SAS AB has requested compulsory redemption of outstanding shares in SAS Danmark A/S, SAS Norge ASA and SAS Sverige AB, SAS AB and the Group are reported at June 30, 2001, as if the entire share capital was registered.

Forecast for the Full Year 2001

Demand in several of SAS's markets was weak in the second quarter and there is uncertainty as to the future development of the global economy. This is having an effect on SAS's revenue trend. Indications for the next few months, however, are more positive than the result in the second quarter.

SAS reduced its capacity in the first half of the year and further reductions will be made as per November 1, 2001, by 2.5% on an annual basis. The capacity increase on an annual basis is therefore expected to be 6-7% higher than in the previous year, and the traffic increase is expected to be approximately 6%, although this is subject to uncertainty over economic growth.

Cost development is according to plan, but external factors such as the high fuel price and a weak Swedish krona are having a negative effect. The unit cost trend remains positive but improvements are hindered by the factors mentioned above and lower production than planned for the present year. SAS's fuel costs for the second half of the year are based on a price of USD 250/tonne.

In the forecast provided in the interim report for the first quarter of 2001, the Group expected to achieve a significant improvement in income before taxes, excluding capital gains, for the full year 2001 compared with the previous year. Due to the weak result in the second quarter, and uncertainty as regards traffic and revenues for the second half, the SAS AB Group's income before taxes, excluding capital gains, is now expected to be on the same level as the previous year, i.e. MSEK 1,200.

Stockholm, August 8, 2001
SAS AB

Jørgen Lindegaard
President and CEO

SAS AB Group Summary of Income by Quarter

	1999				2000				2001		
	Apr.- Jun.	Jul.- Sep.	Oct.- Dec.	Full Year Jan.-Dec.	Jan.- Mar.	Apr.- Jun.	Jul.- Sep.	Oct.- Dec.	Full Year Jan.-Dec.	Jan.- Mar.	Apr.- Jun.
(MSEK)											
Operating revenue	11,704	10,400	11,539	43,746	10,756	12,275	11,700	12,809	47,540	12,137	13,811
Payroll expenses	-3,889	-3,611	-3,676	-14,829	-3,740	-3,793	-3,698	-3,701	-14,932	-4,083	-4,570
Other operating expenses	-6,842	-6,245	-6,765	-26,186	-6,924	-7,235	-6,936	-7,803	-28,898	-7,392	-8,583
Operating income before depreciation	973	544	1,098	2,731	92	1,247	1,066	1,305	3,710	662	658
Depreciation	-515	-545	-546	-2,087	-470	-463	-510	-749	-2,192	-576	-565
Share of income in affiliated companies	39	45	-40	77	62	4	-18	-49	-1	35	36
Income from the sale of shares in subsidiaries and affiliated companies	2	134	-3	283	0	0	17	1,016	1,033	5	-31
Income from the sale of aircraft and buildings	44	43	623	726	17	266	-21	228	490	-43	69
Operating income	543	221	1,132	1,730	-299	1,054	534	1,751	3,040	83	167
Income from other shares and participations	0	0	196	417	0	11	0	4	15	1	0
Net financial items	-25	-106	-76	-262	9	-10	-191	-34	-226	-44	13
Income before taxes	518	115	1,252	1,885	-290	1,055	343	1,721	2,829	40	180
Taxes	-152	65	-422	-505	53	-264	-105	-383	-699	-27	-28
Minority interests	1	-3	3	-1	6	-10	-1	10	5	0	-24
Income after taxes	367	177	833	1,379	-231	781	237	1,348	2,135	13	128

Key Figures

Key financial data (based on statutory financial statements)	June 30	December 31	June 30
	2001	2000	2000
Return on capital employed, (12-month rolling)	9%	12%	10%
Return on equity, (12-month rolling)	10%	13%	10%
Equity/assets ratio	29%	36%	35%
Net debt, MSEK	3,759	794	2,059
Debt/equity ratio *	0.22	0.04	0.13
Interest coverage ratio, (12-month rolling) **	3.5	4.5	4.0
Market-value based key value drivers			
(based on market-adjusted capital employed) ***			
CFROI, (12-month rolling)	20%	21%	17%
ROCE, market-based, (12-month rolling)	18%	20%	10%

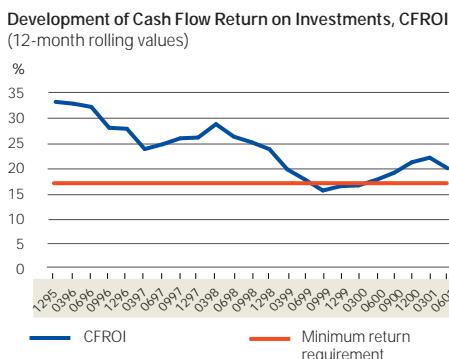
* Debt/equity ratio calculated as interest-bearing liabilities minus interest-bearing assets in relation to shareholders' equity and minority interests.

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

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

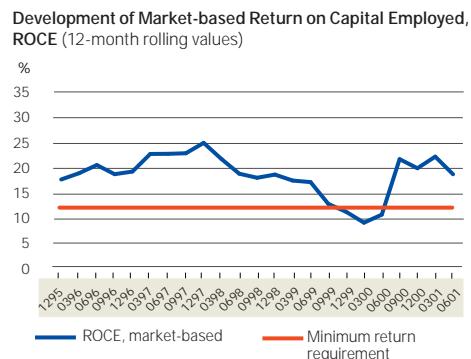
Income and Capital Concepts Included in Market-Value Based Key Value Drivers

(MSEK)	July-June 2000-2001	July-June 1999-2000
Earnings (12 months)		
EBIT, earnings before net financial items and taxes	2,535	2,108
+ Depreciation	2,400	2,024
+ Goodwill amortization	21	29
- Income from the sale of fixed assets	-1,245	-1,287
+ Operating lease costs, aircraft	2,157	1,550
EBITDAR (Included in CFROI)	5,868	4,424
EBIT	2,535	2,108
+ Operating lease costs, aircraft	2,157	1,550
- 40% of operating lease costs	-863	-620
± Change in surplus value, aircraft	1,693	-414
EBIT, market-adjusted	5,522	2,624
(Included in market-based ROCE)		
Adjusted capital employed (average)		
Total assets	50,963	42,912
+ Surplus value, aircraft	6,230	4,985
+ Present value of operating lease contracts	4,428	3,025
- Interest-bearing assets	-13,576	-9,557
- Noninterest-bearing liabilities	-17,727	-15,853
Adjusted capital employed	30,318	25,512
(Included in CFROI and market-based ROCE)		



In the period July 2000 to June 2001, the Group generated earnings before net financial items, taxes, depreciation, capital gains and operating lease costs for aircraft (EBITDAR) of MSEK 5,868 (4,424). Set in relation to market-based capital employed, CFROI was 20% (17%). 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 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 Group's market-based ROCE for the period July 2000 to June 2001 was 18% (10%), calculated on a market-based EBIT of MSEK 5,522, 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 U.S. dollar. After deduction for capital gains from the sale of shares amounting to MSEK 1,012, and the sale of properties amounting to MSEK 43, the operation's market-based EBIT was MSEK 4,467. Operating activities thus provided a return of 14.7% which is 2.7 percentage points higher than the minimum requirement.

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 (Adjusted Capital Employed)

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 (EPS)

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.

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 ASK/RPK.

Unit Revenue

Average amount of traffic revenue received per RPK.

Yield

See Unit revenue.

Financial Calendar

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

e-mail: investor.relations@sas.se



Production: SAS and Wildeco
Printing: Arne Löfgren Offset 2001
Paper: Silverblade Matt

SAS AB
SE-195 87 Stockholm
Telephone +46 8 797 00 00
www.scandinavian.net

ENG