



The SAS Group
Interim Report
1:2002
January-March

www.scandinavian.net



The SAS Group

Organization

Starting in the fourth quarter of 2001 the SAS Group is reported in four business areas.

- **SAS Airline** comprises passenger transport services including SAS Commuter. The business area includes the independent business units Scandinavian Ground Services and Scandinavian Technical Services.

- **Subsidiary & Affiliated Airlines** comprises other airlines within the Group. Widerøe, 63%, and Air Botnia, 100%, were already SAS owned.

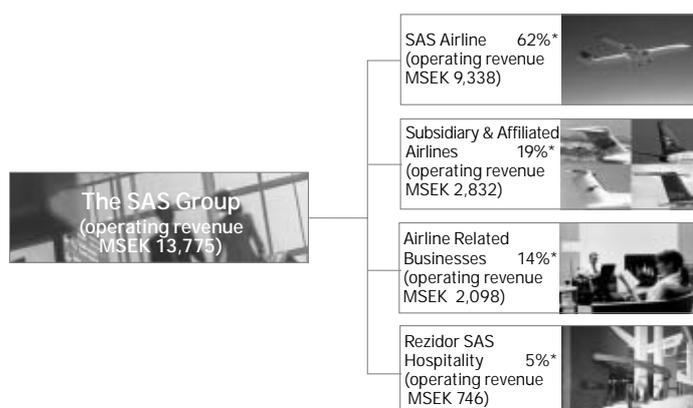
On December 20, 2001, all the shares were acquired in Braathens ASA, which is therefore included in the SAS Group's results from January 2002.

The EU Commission approved the SAS Group's acquisition of an additional 25% of the shares in Spanair S.A. on March 5, 2002, following which the SAS Group's holding amounts to 74%. Spanair is therefore consolidated as a subsidiary from March 2002.

Affiliated companies include Skyways, Cimber Air, British Midland, airBaltic and Grønlandsfly.

- **Airline Related Businesses** includes SAS Cargo, SMART, SAS Trading and Jetpak – all of which make most of their sales to external customers. SAS Flight Academy and SAS Flight Support sell services to internal and external airlines. Scandinavian IT Group has most of its sales within the Group.

- **Rezidor SAS Hospitality (REZSAS)** is the SAS Group's hotel business. The company works with two hotel chains, Radisson SAS Hotels & Resorts and Malmaison.



* Percentages refer to share of the SAS Group's operating revenue before group eliminations. Operating revenue relates to the period January-March 2002.

The SAS Group

- **Operating revenue** for the first quarter amounted to MSEK 13,775 (12,137), an increase of 13.5%. For comparable units, operating revenue decreased by 7.5%.
- **Earnings before depreciation and leasing costs for aircraft (EBITDAR)** decreased in the period January-March to MSEK 584 (1,171).
- **Income before capital gains** amounted to MSEK –1,313 (77) in the first quarter.
- **Consolidated income before tax** amounted to MSEK –1,446 (40), of which MSEK –1,035 (–91) was attributable to SAS Airline.
- **Earnings per share** for the SAS Group for the period January-March amounted to SEK –8.17 (0.08) and equity per share amounted to SEK 83.80 (109.02).
- **The negative development** noted in the fourth quarter of 2001 continued in the first quarter of 2002.
- **Earnings improvement measures** are being implemented as planned. As expected, the effect on the first quarter was limited.
- **Against a background of cautious optimism** and the planned effects of the action programs, the SAS Group considers that the negative earnings trend has now reached its lowest point. With continued expectations of improved demand in the second half, the SAS Group's earnings forecast for 2002 which was presented on February 12 remains unchanged. The SAS Group's income before tax, excluding capital gains, is expected to be negative for the full year 2002 but better than in 2001. Operating cash flow for the full year 2002 is expected to be positive.

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

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

President's comments

The opening months of 2002 continued to be affected by the weak global economy and the crisis in the airline industry following the terrorist attacks and acts of war in 2001. Despite signs of stabilization in the U.S. and a recovery in Europe, there is still considerable uncertainty about future development. For the airline industry, which is so closely tied to the general investment and consumption trend, the situation remains very demanding.

The first quarter is a weak season for SAS, a fact that was further accentuated this year by the difficulties which marked the fourth quarter of 2001. The high loss for the first quarter, SEK 1.3 billion before capital gains, is essentially attributable to SAS Airline. The explanation is the difficult situation which has characterized the airline industry since the crisis-ridden autumn of 2001. SAS Airline's passenger inflow developed well and the cabin factor reached record levels during the quarter. In terms of earnings, however, SAS Airline is suffering badly from a lower proportion of business travelers combined with insufficient resource utilization and in some areas cost levels which are not competitive. Traffic cutbacks, redundancies and other traditional cost saving measures have been implemented, which has reduced costs for the immediate overcapacity which arose due to the collapse in demand last autumn. The earnings impact of these measures, however, was low at the beginning of the year but is rising gradually and is expected to amount to MSEK 1,700 for the full year 2002. The full year effect for 2003 is expected to be MSEK 2,400.

In order to restore SAS Airline's competitiveness and profitability on a lasting basis, an extensive process of change is now under way within all parts of operations relating to products, prices, production, distribution and control. In a first stage, a new service and fare concept, Scandinavian Direct, will be introduced for Scandinavian routes from June 1. In conjunction with the 2002 winter traffic program, a radical reorganization of SAS Airline's production will be implemented. This involves concentration to routes with high sustainability while routes with an insufficient passenger base for a profitable cabin factor will be discontinued. The intention is to achieve a profitable route network, a more efficient and robust production with a less vulnerable traffic system and better utilization of resources. In line with the Group's aim to be more businesslike and optimize Group benefit, steps are also being taken to increase independence and the level of freedom in the formerly totally integrated units for ground handling, technical service and sales. The goal is that these long-term measures will provide an earnings impact in excess of SEK 4 billion with full effect from 2004.

The first quarter of 2002 was the first in the SAS Group after the acquisition of Braathens and, at the end of the period, majority ownership of Spanair. These acquisitions mean that operating revenue will rise from approximately SEK 50 billion to SEK 60-65 billion in 2002. Both acquisitions represent strategic strengthening and the companies will contribute a positive result to 2002 as a whole.

A successful process of change in SAS Airline is the most important factor today from an earnings point of view. As far as the Group is concerned, integration of acquired units has very high priority. The objective is to bring together in the Group airline and airline-related businesses with good profitability and strong brands. A new and more focused control and management structure will be introduced in order to exploit synergies within the Group and support strong management of the airline business while developing the other operations in the Group.

Like the rest of the travel industry, the hotel operations within Rezidor SAS Hospitality have felt the effects of lower demand. Earnings weakened temporarily but the strong development of these operations continues and the prospects are bright.

Willingness to change and a high tempo are essential if we are to be prepared to take advantage of the growth which lies ahead for our core business, the airline industry. Our goal remains that a strong SAS Group will emerge from this crisis. The work now being carried out, a strong financial position relative to the rest of the industry, and awareness of the necessity to react fast to impulses from the market, support my opinion that this goal can be achieved.



Jørgen Lindegaard

Strategically Important Events

First Quarter 2002

- SAS Airline's cooperation agreement with Skyways was approved by the Swedish Competition Authority.
- Airbus A340s were phased in on all routes to Asia.
- On March 5, the EU Commission approved the SAS Group's 25% increase in its holding in Spanair. Since the holding now totals 74%, the company will now be treated as a subsidiary.
- On March 18, the Norwegian Competition Authority decided that SAS and Braathens may not distribute bonus points on domestic routes in Norway. The SAS Group has lodged an appeal against this decision.
- SAS Airline launched a new travel concept "Scandinavian Direct" for travel within Scandinavia to be introduced on June 1.

Events after March 31, 2002

- SAS Airline and Braathens coordinated their traffic system on Norwegian domestic routes with effect from April 2, 2002.
- SAS AB carried out a MSEK 200 new issue in the final stage of introduction of a single share.
- On April 17, the SAS Group announced major changes in its traffic system.
- SAS EuroBonus received the Freddie Award for the sixth consecutive year.
- The SAS Group was presented with the European Environmental Reporting Award (EERA) for the best environmental report 2000.

The SAS Group

Financial Development

Acquisitions

In November 2001, the SAS Group concluded an agreement to increase its holding in Spanair from 49% to 74%. The purchase price amounted to a total of MEUR 112, of which MEUR 52 in cash and MEUR 60 in conversion of loans. The agreement was examined by the EU Commission and on March 5, 2002, SAS's takeover of an additional 25% of the shares in Spanair was approved. Spanair is therefore consolidated as a subsidiary with effect from March 2002.

January-March 2002

The net effect of exchange rate fluctuations between January-March 2001 and 2002 is MSEK 98. The effect on operating revenue is MSEK 543, MSEK -539 on costs, and MSEK 94 on net financial items.

The SAS Group's operating revenue increased by MSEK 1,638, or 13.5%, from MSEK 12,137 to MSEK 13,775. Adjusted for currency effects, MSEK 543, and operating revenue for the period in Braathens and Spanair, MSEK 2,010, the Group's operating revenue decreased by MSEK 915 or 7.5%. SAS Airline's passenger traffic measured in RPK, revenue passenger kilometers, decreased by 1.1% compared with the first quarter of 2001. Unit revenue, yield, fell 5.9% adjusted for currency effects. Total passenger traffic in the Group decreased by 5.6% compared with the first quarter of 2001.

Payroll expenses increased by MSEK 1,126, or 27.6% and amounted to MSEK 5,209 (4,083). Adjusted for currency effects and payroll expenses in acquired companies, costs rose by MSEK 414 or 10.1%. The number of employees in the SAS Group increased by 5,046 or 16.8%. Braathens and Spanair account for 4,916 of the additional employees. The increase in employees in comparable units was 0.4%

The Group's other operating expenses increased by MSEK 1,468, or 19.8% to MSEK 8,860. Excluding currency effects and acquired companies, expenses decreased by 4.5%.

Earnings before depreciation, EBITDA, amounted to MSEK -294 (662). The gross profit margin decreased from 5.5% to -2.1%.

Depreciation totaled MSEK 651 (576), an increase of MSEK 75, of which MSEK 41 in acquired units.

Share of income in affiliated companies amounted to MSEK -328 (35). Spanair was reported as an affiliated company through February 2002 and is included with MSEK -300 (-1). Due to Spanair's changed fiscal year in 2002, from November-October to the calendar year, share of income comprises the period November 2001-February 2002. In addition British Midland reported lower earnings, MSEK -38 (6) as did Polygon MSEK -18 (-2). Goodwill amortization is included in a total amount of MSEK 9 (5).

The Group's net financial items amounted to MSEK -40 (-44). Net interest was MSEK -168 (-78). The currency effect on the Group's net debt was MSEK 128 (34) due to the fact that the Swedish krona has strengthened against most currencies since year-end 2001.

Income before capital gains was MSEK -1,313 (77).

Six Boeing 737s and one Fokker F28 were sold in the first quarter. No capital gains were generated from these transactions. In the period January-March phasing in and phasing out costs related to the change of aircraft types in the fleet are reported amounting to MSEK 133 (68).

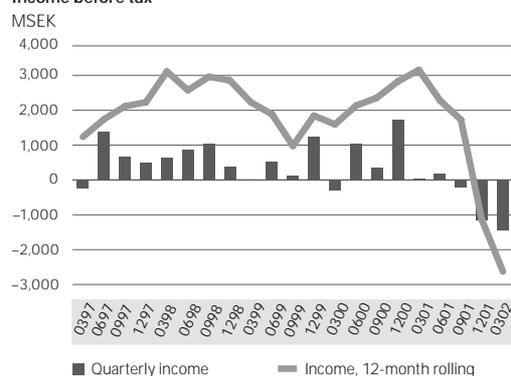
Income before tax amounted to MSEK -1,446 (40). The change in income before tax is due to:

Currency effect	98
Operating income before depreciation	-960
Depreciation, share of income	-438
Net interest	-90
Capital gains	-96
	-1,486

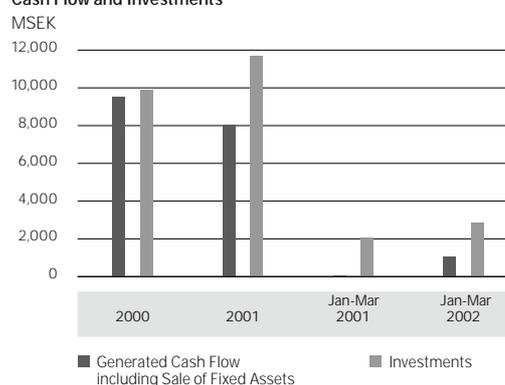
Earnings improvement measures in the SAS Group

A number of activities designed to improve both revenues and costs are under way in order to counteract the negative earnings trend in the SAS Group. The total scope of these activities amounts to just over SEK 10 billion

Income before tax



Cash Flow and Investments



over a period of 3-4 years and pertains to the gross effects of the specific measures. The majority of these measures are in SAS Airline. Price pressure in the market, a continued negative passenger mix with pressure on yield, higher insurance costs and a number of other negative factors make the net effect hard to estimate. The short-term measures are currently under implementation and will therefore not have a full earnings impact in 2002. The long-term measures will first have some effect in 2003 with the full impact expected in 2004.

The short-term measures for a total of MSEK 6,400 comprise MSEK 5,100 in SAS Airline and MSEK 1,300 in the Group's other business areas.

Reductions in the traffic system were announced on September 26, 2001, and measures designed to strengthen revenues and additional cost reductions were announced on November 6, 2001.

SAS Airline's measures (full-year effects)	MSEK
Reductions in traffic system	500
Revenue enhancement	2,200
Cost reductions	2,400
Total	5,100

Measures relating to costs are being carried out according to plan and comprise traditional cost reductions covering the whole of SAS Airline. The measures are being implemented on an ongoing basis but had a limited effect on the first quarter. The effect for the full year 2002 is expected to be MSEK 1,700. The full effect of MSEK 2,400 is expected to be achieved in 2003.

The long-term measures for MSEK 4,000 are structural and the goal is to lift SAS Airline out of its negative earnings trend and create conditions for a return to levels of profitability in line with the SAS Group's return target of a 17% CFROI.

The long-term restructuring measures comprise five parts and encompass production philosophy, offering to customers, fare concepts, distribution, and control and administration.

On April 17, 2002, SAS Airline launched a completely new traffic system which has been developed to enhance efficiency, for example aircraft utilization. A more stable traffic system is also expected to improve punctuality. This change is part of the SAS Group's measures designed to maintain a long-term profitability and it will also allow additional productivity improvements. Fully implemented the changed production concept is expected to have gross effects of approximately half of the total effect for the SAS Group in 2003-2004. A new fare concept and offering to customers will be launched on June 1, 2002, as Scandinavian Direct.

Investments

The SAS Group's investments including prepayments amounted to MSEK 2,833 (2,042) for the period. SAS Airline accounted for MSEK 2,337 (1,632) of investments, Subsidiary & Affiliated Airlines for MSEK 417 (236), Airline Related Businesses for MSEK 62 (95) and Rezidor SAS Hospitality for MSEK 37 (79). Investments in aircraft and other flight equipment amounted to MSEK 1,707 (992).

At the end of March 2002, the sum of future investments, CAPEX, in the SAS Group amounted to MUSD 1,240.

Firm orders for aircraft during the period 2002-2005>

SAS Airline	Total	2002	2003	2004	2005>
CAPEX (MUSD)	880	490	255	105	30
Number of aircraft	20	10	7	2	1

Financial Position

The SAS Group's liquid assets at March 31, 2002, amounted to MSEK 9,188 (6,584). As per today's date the Group has unutilized contracted loan commitments totaling MUSD 950.

The equity/assets ratio at March 31, 2002, was 21% (34%). The substantial decrease in the equity/assets ratio can be attributed to a reduction of the Group's shareholders' equity and the increased total assets. The MSEK 4,081 reduction in shareholders' equity is mainly due to a negative earnings trend, dividends and translation differences, etc. The SEK 13.5 billion increase in total assets is due to a higher cash position in SAS Airline (SEK 2 billion), increased investments in aircraft and spare parts in SAS Airline (SEK 3.6 billion) and consolidation of Spanair and Braathens (SEK 7.5 billion). The target is that the equity/assets ratio should amount to at least 30% before the end of 2004. Net debt amounted to MSEK 11,708, an increase of MSEK 4,056 since year-end 2001. The change since year-end 2001 is mainly explained by the ongoing investment program in new aircraft and consolidation of Spanair as a subsidiary. In addition a negative cash flow from operations, MSEK -428 (174), can be noted for the period January-March.

Investments and sales of fixed assets reached a net amount of MSEK 1,470 (1,672) during the period.

The estimated surplus value of the aircraft fleet owned by the SAS Group amounted to approximately MSEK 700 (6,500) at March 31, 2002. The major decline in market values of the fleet in the Group of MSEK 5,800 since March 2001, is due to the prevailing crisis throughout the entire airline industry. Overcapacity and the events of September 11 have led to an excess supply of aircraft in the market which has resulted in price pressure on aircraft in the secondhand market.

Personnel

The average number of employees in the SAS Group during the period January-March 2002 was 35,035 (29,989) of whom 21,821 (22,985) in SAS Airline, 6,462 (1,533) in Subsidiary & Affiliated Airlines, 3,826 (2,543) in Airline Related Businesses and 2,926 (2,928) in Rezidor SAS Hospitality.

Accounting Principles

SAS AB's and the Group's interim accounts are prepared in accordance with the generally accepted accounting principles in Sweden. The accounting principles are the same as those applied in the latest annual report.

The SAS Group

Summary Statement of Income

(MSEK)	January-March		April-March	
	2002	2001	2001-2002	2000-2001
Operating revenue	13,775	12,137	53,071	48,921
Payroll expenses	-5,209	-4,083	-18,918	-15,275
Other operating expenses	-8,860	-7,392	-34,366	-29,366
Earnings before depreciation, EBITDA	-294	662	-213	4,280
Depreciation	-651	-576	-2,518	-2,298
Share of income in affiliated companies	-328	35	-433	-28
Income from the sale of shares in subsidiaries and affiliated companies	0	5	-29	1,038
Income from the sale of aircraft and buildings	-133	-43	583	430
Operating income	-1,406	83	-2,610	3,422
Income from other shares and participations	0	1	0	16
Net financial items	-40	-44	-16	-279
Income before tax	-1,446	40	-2,626	3,159
Tax	99	-27	229	-779
Minority interests	25	0	-2	-1
Income after tax	-1,322	13	-2,399	2,379
Earnings per share (SEK) ¹	-8.17	0.08	-14.83	14.71

¹ Earnings per share is calculated on the number of shares at March 31, i.e. 161,816,396.

Operating Revenue and Income by Business Area

Operating revenue (MSEK)	January-March		April-March	
	2002	2001	2001-2002	2000-2001
SAS Airline	9,338	9,982	40,522	40,349
Subsidiary & Affiliated Airlines	2,832	740	5,215	2,705
Airline Related Businesses	2,098	1,524	8,722	5,916
Rezidor SAS Hospitality	746	791	3,465	3,217
Group eliminations	-1,239	-900	-4,853	-3,266
Total operating revenue	13,775	12,137	53,071	48,921
Earnings before depreciation, EBITDA (MSEK)	January-March	April-March	2001-2002	2000-2001
SAS Airline	-455	385	-1,270	3,009
Subsidiary & Affiliated Airlines	91	76	332	309
Airline Related Businesses	131	168	565	571
Rezidor SAS Hospitality	-61	33	180	382
Group eliminations	0	0	-20	9
Earnings before depreciation, EBITDA	-294	662	-213	4,280
Income before tax (MSEK)	January-March	April-March	2001-2002	2000-2001
SAS Airline	-1,035	-91	-2,443	2,246
Subsidiary & Affiliated Airlines	-350	34	-377	108
Airline Related Businesses	23	100	83	225
Rezidor SAS Hospitality	-85	-3	126	571
Group eliminations	1	0	-15	9
Income before tax	-1,446	40	-2,626	3,159

The SAS Group

Summary Balance Sheet

(MSEK)	March 31 2002	December 31 2001	March 31 2001
Aircraft and spare parts	22,932	22,076	16,894
Other noninterest-bearing assets	26,298	22,214	22,403
Interest-bearing assets (excl. liquid assets)	7,352	6,810	6,376
Liquid assets	9,188	11,662	6,584
Assets	65,770	62,762	52,257
Shareholders' equity	13,560	15,544	17,641
Minority interests	86	263	155
Deferred tax liability	3,809	3,856	3,988
Subordinated debenture loan	890	920	868
Other interest-bearing liabilities	27,358	25,204	15,193
Operating liabilities	20,067	16,975	14,412
Shareholders' equity and liabilities	65,770	62,762	52,257
Shareholders' equity			
Opening balance	15,544	17,520	17,520
Dividend to shareholders	–	–754	–
Change in translation difference	–197	140	108
Share conversion	–	–298	–
Change in Group composition	–465	–	–
Income after tax	–1,322	–1,064	13
Closing balance	13,560	15,544	17,641
Equity per share (SEK) ¹	83.80	96.06	109.02

¹ Equity per share is calculated on 161,816,396 shares.

Cash Flow Statement

(MSEK)	January-March		April-March	
	2002	2001	2001-2002	2000-2001
Income before tax	–1,446	40	–2,626	3,159
Depreciation	651	576	2,518	2,298
Income from the sale of fixed assets	133	–196	–1,497	–1,935
Adjustment for items not included in cash flow, etc.	234	–108	248	–178
Paid tax	0	–138	–62	–161
Cash flow from operations	–428	174	–1,419	3,183
Change in working capital	101	–489	1,057	952
Net financing from operations	–327	–315	–362	4,135
Investments including prepayments to aircraft suppliers	–1,950	–2,042	–10,758	–10,628
Investment in subsidiary	–883	–	–1,709	–
Sale of fixed assets, etc.	1,363	370	9,375	5,213
Financing deficit	–1,797	–1,987	–3,454	–1,280
Dividend	–	–	–754	–666
External financing, net	–677	–408	6,812	2,596
Change in liquid assets according to the balance sheet	–2,474	–2,395	2,604	650

The SAS Group

Summary of income by quarter

(MSEK)	2000					2001					2002
	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	10,756	12,275	11,700	12,809	47,540	12,137	13,811	12,675	12,810	51,433	13,775
Payroll expenses	-3,740	-3,793	-3,698	-3,701	-14,932	-4,083	-4,570	-4,314	-4,825	-17,792	-5,209
Other operating expenses	-6,924	-7,235	-6,936	-7,803	-28,898	-7,392	-8,583	-8,158	-8,765	-32,898	-8,860
Earnings before depreciation, EBITDA	92	1,247	1,066	1,305	3,710	662	658	203	-780	743	-294
Depreciation	-470	-463	-510	-749	-2,192	-576	-565	-591	-711	-2,443	-651
Share of income in affiliated companies	62	4	-18	-49	-1	35	36	-43	-98	-70	-328
Income from the sale of shares in subsidiaries and affiliated companies	0	0	17	1,016	1,033	5	-31	1	1	-24	0
Income from the sale of aircraft and buildings	17	266	-21	228	490	-43	69	207	440	673	-133
Operating income, EBIT	-299	1,054	534	1,751	3,040	83	167	-223	-1,148	-1,121	-1,406
Income from other shares and participations	0	11	0	4	15	1	0	0	0	1	0
Net financial items	9	-10	-191	-34	-226	-44	13	10	1	-20	-40
Income before tax, EBT	-290	1,055	343	1,721	2,829	40	180	-213	-1,147	-1,140	-1,446
Tax	53	-264	-105	-383	-699	-27	-28	3	155	103	99
Minority interests	6	-10	-1	10	5	0	-24	2	-5	-27	25
Income after tax	-231	781	237	1,348	2,135	13	128	-208	-997	-1,064	-1,322

Key Figures

	March 31 2002	December 31 2001	March 31 2001
Return on capital employed (12-month rolling)	-5%	-1%	13%
Return on equity (12-month rolling)	-15%	-6%	14%
Equity/assets ratio	21%	25%	34%
Net debt, MSEK	11,708	7,652	3,101
Debt/equity ratio*	0.86	0.48	0.17
Interest coverage ratio (12-month rolling)**	-2.9	-0.8	4.9
EBITDAR margin (12-month rolling)***	5%	6%	13%
CFROI (12-month rolling)****	6%	8%	18%

* 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.

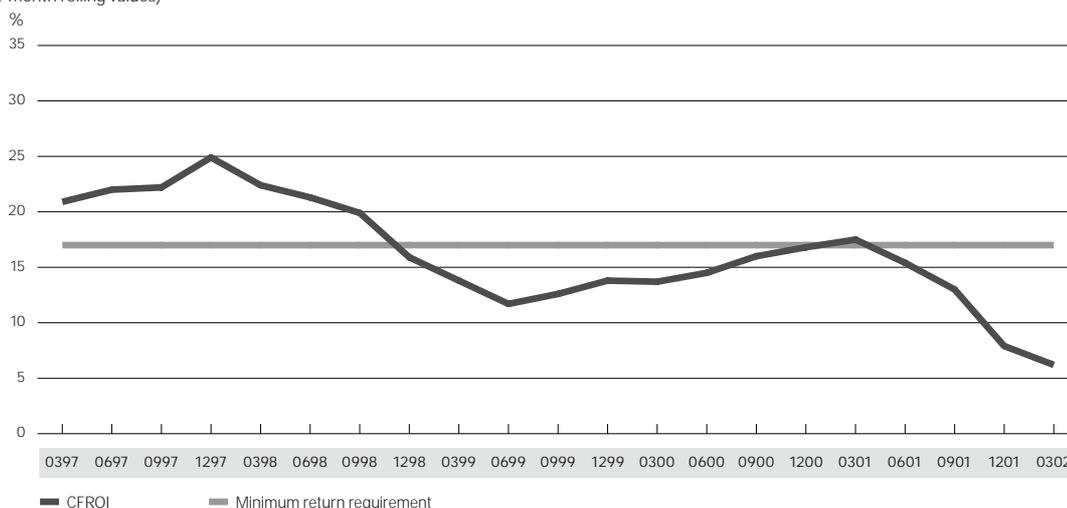
*** EBITDAR in relation to operating revenue.

**** Based on market-adjusted capital employed which includes the market value of the aircraft fleet and capitalized leasing costs.

Cash Flow Return on Investments, CFROI

One of the Group's objectives over the next five years is to reach a CFROI of an average minimum of 17% per year, where average capital allocation for replacement of the aircraft fleet is taken into account.

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



In the period January–March 2002, the Group generated earnings before net financial items, tax, depreciation, capital gains and operating lease costs for aircraft (EBITDAR) of MSEK 2,581 (6,254). Set in relation to adjusted capital employed, CFROI was 6% (18%).

Income and Capital Concepts included in CFROI

(MSEK)	April-March 2001-2002	April-March 2000-2001
Earnings (12 months)		
Earnings before depreciation, EBITDA	-213	4,280
+ Operating lease costs, aircraft	2,794	1,974
EBITDAR	2,581	6,254
Adjusted capital employed (average)		
+ Shareholders' equity	16,095	16,564
+ Minority interests	209	135
+ Surplus value, aircraft	3,679	5,837
+ Capitalized leasing costs (x 7)*	16,276	11,994
- Equity in affiliated companies	-1,066	-947
+ Net debt	6,361	2,076
Adjusted capital employed	41,554	35,659
CFROI	6%	18%

* The majority of SAS's operating leases are so-called phasing out leases with a remaining term of less than two years. In the capital market, the calculation model 7 times the annual cost is used regardless of the term of the leases. Average NPV (Net Present Value) for the 12-month period amounted to MSEK 7,554 (4,107).

Parent Company SAS AB

Reported income before tax for the period was MSEK –20 (0). Shareholders' equity at March 31, 2002, amounted to MSEK 1,701 compared with MSEK 1,721 MSEK at the beginning of the year, and total assets amounted to MSEK 3,144, compared with MSEK 3,150 at the beginning of the year.

The number of shares in SAS AB at March 31, 2002, amounted to 161,816,396. Following the new issue in April 2002 the number of shares amounts to 164,500,000.

Outlook for the Full Year 2002

There is still considerable uncertainty regarding market development and demand for the airline industry after the dramatic events of last autumn. Economic development in the U.S. and Europe is giving signals that a recovery is on its way. Recent development in Swedish industry and commerce causes concern as to the development of demand in Business Class in SAS's important Swedish market. For the airline industry, overcapacity in European aviation has been reduced and many airlines are now showing record-high cabin factors. The assessment is that there is now a balance between supply and demand.

Capacity cutbacks have had positive effects for the SAS Group. The cabin factor for SAS Airline, Spanair and Braathens is showing considerable improvement and record-high levels have been noted. Demand in the business segment has been weak, which has especially affected SAS Airline. A positive trend in the business segment was noted, however, in March and April.

A number of improvement measures are being carried out in the SAS Group to counteract this negative development. These measures are proceeding according to plan but had a limited impact in the first quarter. The measures will have an earnings impact for the full year 2002 of MSEK 1,700 and full effect of MSEK 2,400 in 2003. The announced long-term restructuring measures, with an effect of MSEK 4,000, are expected to take effect in stages in 2003 and to have their full impact in 2004.

Against a background of cautious optimism and the planned effects of the action programs, the SAS Group considers that the negative earnings trend has now reached its lowest point. With continued expectations of improved demand in the second half, the SAS Group's earnings forecast for 2002 which was presented on February 12 remains unchanged. The SAS Group's income before tax, excluding capital gains, is expected to be negative for the full year 2002 but better than in 2001. Operating cash flow for the full year 2002 is expected to be positive.

Stockholm, May 14, 2002
SAS AB

Jørgen Lindegaard
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SAS Airline

Market and Traffic Development

In the first quarter European airlines' international traffic (RPK) fell by 7% and capacity (ASK) decreased by 11%. SAS Airline continued to take market shares. In the same period, SAS Airline's international traffic increased by 0.7% while capacity decreased by 2.6%.

The pattern in the market with substantial, but highly price-sensitive demand, means that the events of September 11 are no longer regarded as the key reason for the decline in traffic which is more attributable to the downturn in the economy. The total market has decreased in Business Class as a result of a more restrictive corporate travel policy with fewer trips and increased business travel in Economy Class. This has led to a greater focus on campaigns and low fares which is producing a shift to lower reservation classes with resultant pressure on yield.

SAS Airline's passenger traffic continued to note weak development in the first quarter of 2002. The number of passengers decreased by 7.1% and traffic (RPK) by 1.1%. The lower decline in RPK is explained by the positive development for intercontinental traffic. The reduction in capacity (ASK) was 3.2% which meant that the cabin factor for the quarter rose by 1.3 percentage points to 63.1% which is a record-high cabin factor for the period. Passenger revenue amounted to MSEK 7,866 in the first quarter, which adjusted for currency effects is 6.9% lower than in the previous year. Yield, adjusted for currency effects, fell 5.9% for SAS Airline as a whole.

Traffic in Business Class decreased by 17.9% during the quarter. In contrast to 2001, part of the Easter holiday was in March in 2002. Taking the Easter effect into account, which has a negative impact on business travel, the decline in Business Class was approximately 14%. Business Class accounted for 26.3% of total traffic, which is a decline of 5.4 percentage points compared with the previous year. Traffic in Economy Class increased by 6.7% compared with 2001.

Intercontinental traffic developed favorably in the first quarter. Despite the closure of the route to Delhi as of February 1 and a reduction in capacity to New York of approximately 38%, traffic rose 9.8%. At the same time, total capacity rose 5.8%. The favorable traffic trend and increased capacity are mainly due to SAS Airline's introduction in January of Airbus A340s on all intercontinental routes to Asia. Traffic to Asia measured in RPK increased by 18.2% while capacity rose 18.3%. The cabin factor for the total intercontinental routes was 79.5% in the first quarter, which is 2.9 percentage points higher than in 2001. Business Class continued its weak development and the decline for the period was 14.1%. In Economy Class traffic increased by 15.2% mainly due to increased capacity to Asia, where the route to Beijing in particular showed a rise of 45% in Economy Class. Yield adjusted for currency effects decreased during the period by 7.1% due to the larger proportion of travelers in Economy Class.

On European routes traffic measured in RPK decreased by 4.9%. The number of passengers fell 4.7%. The changes introduced in the traffic program with effect from October 28, designed to adjust capacity to prevailing demand, led to a 6.8% reduction in capacity. The cabin factor rose during the quarter by 1.1 percentage points. The trend in Business Class remained very weak but improvements could be noted in March taking the Easter break into account. Traffic from Sweden is particularly weak. The currency adjusted yield for the period decreased by 6.8%.

Development on the intra-Scandinavian routes was also weak. The number of passengers decreased by 8.2%. Primarily feeder traffic to and from Sweden was weak as a result of the weak economic development. At the same time, capacity decreased by 4.3% as a result of production adjustments but this was not sufficient to maintain the same cabin factor. The cabin factor fell by 1.6 percentage points.

Danish domestic traffic developed relatively well while traffic to Greenland was very weak. In total, the number of passengers decreased by 13.2%. The reduction measured in RPK was 18.8% mainly due to the very weak trend in traffic to Greenland. Capacity decreased by 4.1% and the cabin factor fell by 9.3 percentage points. On April 17, SAS Airline announced that its services to Greenland will be discontinued from April 2003.

In the domestic market in Norway coordination of the traffic systems of SAS Airline and Braathens is currently under way, starting on April 2, 2002. The traffic systems were therefore not adjusted to each other in the first quarter. For SAS Airline the number of passengers fell 6.9% and traffic, RPK, was down 8.6% compared with 2001. Capacity decreased by 10.8%. The cabin factor rose by 1.4 percentage points to 55.7%. As a result of a better mix between Business Class and Economy Class, yield adjusted for currency effects rose 17.3%.

The Swedish domestic market was affected by the weak economic development in Sweden. Based on statistics from the airports, SAS Airline increased its market share of domestic traffic in Sweden. The number of passengers, however, decreased by 11.6% during the period. Since November SAS Airline has reduced the number of departures which resulted in a 5.9% fall in capacity. The reduction in traffic, RPK, was 10.8%, which meant that the cabin factor decreased by 3.2 percentage points to 56.8%. Yield adjusted for currency effects decreased by 0.7%.

Traffic, Production and Yield

		Jan.-Mar. 2002	Jan.-Mar. 2001	Change
SAS Airline Total				
Number of passengers	(000)	5,091	5,482	-7.1%
Revenue passenger kilometers (RPK)	(mill)	5,229	5,286	-1.1%
Available seat kilometers (ASK)	(mill)	8,288	8,558	-3.2%
Cabin factor		63.1%	61.8%	+1.3%pts.
Yield, adjusted for currency effects				-5.9%
Intercontinental routes				
Number of passengers	(000)	301	280	+7.4%
Revenue passenger kilometers (RPK)	(mill)	2,086	1,900	+9.8%
Available seat kilometers (ASK)	(mill)	2,624	2,479	+5.8%
Cabin factor		79.5%	76.6%	+2.9%pts.
Yield, adjusted for currency effects				-7.1%
European routes				
Number of passengers	(000)	1,663	1,745	-4.7%
Revenue passenger kilometers (RPK)	(mill)	1,668	1,754	-4.9%
Available seat kilometers (ASK)	(mill)	2,998	3,217	-6.8%
Cabin factor		55.6%	54.5%	+1.1%pts.
Yield, adjusted for currency effects				-6.8%
Intra-Scandinavian routes				
Number of passengers	(000)	856	932	-8.2%
Revenue passenger kilometers (RPK)	(mill)	406	437	-7.0%
Available seat kilometers (ASK)	(mill)	759	793	-4.3%
Cabin factor		53.5%	55.1%	-1.6%pts.
Yield, adjusted for currency effects				+0.8%
Danish domestic/Greenland				
Number of passengers	(000)	209	241	-13.2%
Revenue passenger kilometers (RPK)	(mill)	66	81	-18.8%
Available seat kilometers (ASK)	(mill)	128	134	-4.1%
Cabin factor		51.5%	60.8%	-9.3%pts.
Yield, adjusted for currency effects				+12.0%
Norwegian domestic				
Number of passengers	(000)	862	926	-6.9%
Revenue passenger kilometers (RPK)	(mill)	418	458	-8.6%
Available seat kilometers (ASK)	(mill)	751	843	-10.8%
Cabin factor		55.7%	54.3%	+1.4%pts.
Yield, adjusted for currency effects				+17.3%
Swedish domestic				
Number of passengers	(000)	1,200	1,358	-11.6%
Revenue passenger kilometers (RPK)	(mill)	584	655	-10.8%
Available seat kilometers (ASK)	(mill)	1,028	1,092	-5.9%
Cabin factor		56.8%	60.0%	-3.2%pts.
Yield, adjusted for currency effects				-0.7%

Statement of Income SAS Airline

(MSEK)	January-March		April-March	
	2002	2001	2001-2002	2000-2001
Passenger revenue	7,866	8,096	33,878	32,385
Freight revenue	0	512	344	2,273
Other traffic revenue	420	242	1,491	1,254
Other revenue	1,052	1,132	4,809	4,437
Operating revenue	9,338	9,982	40,522	40,349
Payroll expenses	-3,512	-3,218	-13,834	-11,935
Selling costs	-488	-546	-2,266	-2,397
Jet fuel	-745	-972	-3,803	-3,896
Government user fees	-895	-917	-3,820	-3,477
Catering costs	-351	-387	-1,611	-1,658
Handling costs	-439	-443	-1,859	-1,714
Technical aircraft maintenance	-524	-612	-2,454	-2,200
Data and telecommunications costs	-377	-396	-1,519	-1,319
Other operating expenses	-1,947	-1,631	-8,354	-6,897
Operating expenses	-9,278	-9,122	-39,520	-35,493
Earnings before depreciation and leasing costs, EBITDAR	60	860	1,002	4,856
Leasing costs	-515	-475	-2,272	-1,847
Earnings before depreciation, EBITDA	-455	385	-1,270	3,009
Depreciation	-449	-422	-1,812	-1,732
Share of income in affiliated companies	17	15	68	53
Capital gains	-140	-42	511	1,170
Net financial items	-8	-27	60	-254
SAS Airline - Income before tax	-1,035	-91	-2,443	2,246

Earnings Trend

SAS Airline's operating revenue amounted to MSEK 9,338 (9,982), a decrease of MSEK 644. Since the freight operations were part of SAS Airline through May 2001, the decline in revenues for comparable units was MSEK 132. Adjusted for currency effects the decline was MSEK 545 or 5.8%. Passenger revenue, adjusted for currency effects, decreased by 6.9% or MSEK 584.

The joint venture agreement between British Midland, Lufthansa and SAS is proceeding as described in February 2002. A negative result is also expected for the current year. In the first quarter of 2002 the agreement had a negative earnings impact of MSEK -113 (-).

Operating expenses increased in the period January-March by MSEK 156. For comparable units, expenses rose 6.1% and the unit cost compared with the first quarter of 2001 increased by 8.8%.

Payroll expenses amounted to MSEK 3,512 (3,218). Taking into account currency effects and SAS Cargo, the increase was 10.4%. The number of employees rose 0.4%.

Earnings before depreciation and leasing costs (EBITDAR) for the period January-March amounted to MSEK 60 (860), a decrease of MSEK 800 or 93%.

Production, expressed in ASK, decreased by 3.2% in the first quarter. In view of the deteriorated traffic development a decision was made in autumn 2001 to cut back production by 5-7% compared with the 2001 level. Further reductions in the traffic program were announced in April 2002, for implementation ahead of the 2002/2003 winter program.

Depreciation and leasing costs rose by a total of MSEK 67.

In the period January-March one Fokker F28 was sold. During the period two Boeing 737s, one Airbus A340 and one deHavilland Q400 went into operation.

Income before capital gains was MSEK -895 MSEK, which represents a MSEK 846 decline compared with the previous year.

Subsidiary & Affiliated Airlines

Statement of Income

(MSEK)	January-March		April-March	
	2002	2001	2001-2002	2000-2001
Passenger revenue	2,264	584	4,154	2,150
Freight revenue	65	11	100	46
Other traffic revenue	220	3	236	30
Other revenue	283	142	725	479
Operating revenue	2,832	740	5,215	2,705
Payroll expenses	-804	-204	-1,489	-762
Selling costs	-129	-42	-220	-144
Jet fuel	-222	-60	-386	-208
Government user fees	-374	-79	-635	-317
Catering costs	-124	-20	-192	-82
Handling costs	-106	-26	-229	-85
Technical aircraft maintenance	-134	-39	-285	-142
Data and telecommunications costs	-90	-11	-120	-43
Other operating expenses	-396	-149	-806	-486
Operating expenses	-2,379	-630	-4,362	-2,269
Earnings before depreciation and leasing costs, EBITDAR	453	110	853	436
Leasing costs	-362	-34	-521	-127
Earnings before depreciation, EBITDA	91	76	332	309
Depreciation	-93	-46	-228	-146
Share of income in affiliated companies	-327	12	-397	-37
Capital gains	7	0	-22	21
Net financial items	-28	-8	-62	-39
Subsidiary & Affiliated Airlines - Income before tax	-350	34	-377	108

The Subsidiary & Affiliated Airlines business area reported income before capital gains of MSEK -357 (34) for the first quarter.

The affiliated company British Midland, 20% holding, provided a share of income of MSEK -38 (6). Earnings for the period were charged with a MSEK -23 adjustment relating to the previous year.

Spanair is consolidated with effect from March 1, 2002, as a subsidiary in the SAS Group. Goodwill at acquisition, after adjustment of the acquisition balance

taking tax effects and acquisition costs into account, is estimated at MSEK 920. Adjustment of the acquisition balance has been made as regards previously capitalized costs in Spanair which do not comply with the SAS Group's accounting principles as well as restructuring costs attributable to the closure of intercontinental traffic. After tax this adjustment amounts to MEUR 105. The month of March was charged with goodwill amortization of MSEK 4.

Widerøe's Flyveselskap ASA

(MSEK)	Jan.-Mar. 2002	Jan.-Mar. 2001	Jan.-Dec. 2001
Passenger revenue	422	358	1,502
Other revenue	164	154	633
Operating revenue	586	512	2,135
EBITDAR	83	95	371
EBITDAR margin	14.2%	18.6%	17.4%
EBITDA	51	66	254
EBIT	18	35	144
Income before tax	3	19	79
Number of employees	1,183	1,231	1,227

Air Botnia

(MSEK)	Jan.-Mar. 2002	Jan.-Mar. 2001	Jan.-Dec. 2001
Passenger revenue	231	225	974
Other revenue	0	0	0
Operating revenue	231	225	974
EBITDAR	38	13	129
EBITDAR margin	16.5%	5.8%	13.2%
EBITDA	-1	7	2
EBIT	-4	-3	-34
Income before tax	-4	-3	-33
Number of employees	289	302	303

Traffic and production

	Jan.-Mar. 2002	Jan.-Mar. 2001	Change
Number of passengers (000)	346	373	-7.2%
Revenue passenger kilometers (RPK)	92	90	2.9%
Available seat kilometers (ASK)	191	181	5.0%
Cabin factor	48.4%	49.4%	-1.0%pts.
Yield, local currency			+5.7%

Traffic and production

	Jan.-Mar. 2002	Jan.-Mar. 2001	Change
Number of passengers (000)	111	102	8%
Revenue passenger kilometers (RPK)	67	58	16%
Available seat kilometers (ASK)	155	143	8%
Cabin factor	43.3%	40.3%	+3.0%pts.

Passenger revenue for the period amounted to MSEK 422, which is MSEK 64 or 18% higher than in the previous year. Adjusted for currency effects, revenues increased by 6%. The number of passengers decreased by 7.2% compared with the previous year while production rose 5%. Yield increased by 5.7% in local currency (NOK).

Income before tax amounted to MSEK 3 (19). The negative difference compared with the previous year is mainly explained by higher costs for fuel, technical maintenance and payroll expenses.

Passenger revenue for the first quarter amounted to MSEK 231 (225). Traffic, RPK, increased by 16% compared with the same period in 2001, which is explained by a changeover in production from short domestic routes to longer international routes

Income before tax amounted to MSEK -4 (-3).

Braathens

(MSEK)	Jan.-Mar. 2002	Jan.-Mar. 2001 ¹	Jan.-Dec. 2001 ¹
Passenger revenue	1,287	1,330	5,791
Other revenue	209	234	1,146
Operating revenue	1,496	1,564	6,937
Payroll expenses	-476	-516	-2,151
Other operating expenses	-737	-1,004	-4,156
Total operating expenses	-1,213	-1,520	-6,307
EBITDAR	283	44	630
EBITDAR margin	18.9%	2.8%	9.1%
Leasing costs	-201	-188	-772
EBITDA	82	-144	-142
Depreciation	-38	-49	-223
Capital gains	-	5	10
EBIT	44	-188	-355
Net financial items	-6	7	-20
Income before tax	38	-181	-375
Number of employees	3,098	3,760	3,770

¹ Braathens not consolidated in the SAS Group.

Traffic and production

	Jan.-Mar. 2002	Jan.-Mar. 2001	Change
Number of passengers (000)	977	1,262	-22.5%
Revenue passenger kilometers (RPK)	526	617	-14.8%
Available seat kilometers (ASK)	1,023	1,343	-23.8%
Cabin factor	51.4%	45.9%	+5.5%pts.
Yield, local currency			+6.2%

Passenger revenue for the period January-March amounted to MSEK 1,287, a decrease of MSEK 43 or 3.2% compared with the previous year. Production, ASK, for the period decreased by 23.8%, compared with the previous year while the cabin factor rose by 5.5 percentage points.

In March, traffic declined by 17.2% compared with 2001, which was mainly due to a substantial 28.2% fall in the company's domestic traffic. In the same period, production fell 26.9%, which meant that the cabin factor rose by 6.8 percentage points.

Income before tax for the period amounted to MSEK 38.

Spanair

(MSEK)	March 2002	Nov. 2000 - Oct. 2001 ^{1,2}
Passenger revenue	339	7,078
Other revenue	176	119
Operating revenue	515	7,197
EBITDAR	49	1,391
EBITDAR margin	9.5%	19.3%
EBITDA	-42	-150
EBIT	-46	-196
Income before tax	-59	-373
Number of employees	1,937	2,438

¹ Spanair not consolidated in the SAS Group – included as share of income.

² Fiscal year November 1, 2000 – October 31, 2001.

Traffic and production – scheduled

	Jan.-Mar. 2002	Jan.-Mar. 2001	Change
Number of passengers (000)	1,087	1,195	-9.0%
Revenue passenger kilometers (RPK)	925	1,191	-22.3%
Available seat kilometers (ASK)	1,561	2,165	-27.9%
Cabin factor	59.3%	55.0%	+4.3%
Yield, local currency			+23.0%

Traffic and production – charter

	Jan.-Mar. 2002	Jan.-Mar. 2001	Change
Number of passengers (000)	351	375	-6.4%
Revenue passenger kilometers (RPK)	872	974	-10.4%
Available seat kilometers (ASK)	970	1,068	-9.2%
Cabin factor	90.0%	91.2%	-1.2%
Yield, local currency			+2.5%

The Spanish market for the first quarter was generally weaker than in the same period last year. March was favorably affected, however, by increased demand over the Easter holidays.

Capacity has been moved from markets with low yield to more business-oriented markets. This, combined with the discontinuation of intercontinental traffic, explains the high increase in yield compared with the first quarter of 2001. Capacity in Europe has been reduced by 22.5%. Spanair discontinued its intercontinental traffic in March 2002.

EBITDAR for March amounted to MSEK 49. Rising fuel prices and insurance costs had a negative impact on earnings.

Income before tax amounted to MSEK -59.

Airline Related Businesses

Statement of Income

(MSEK)	January-March		April-March	
	2002	2001	2001-2002	2000-2001
Operating revenue	2,098	1,524	8,722	5,916
Payroll expenses	-571	-377	-2,226	-1,428
Handling costs	-56	-32	-240	-108
Costs of goods sold, incl. concession charges	-360	-385	-1,702	-1,679
Data and telecommunications costs	-241	-282	-1,135	-1,046
Other operating expenses	-739	-280	-2,854	-1,084
Earnings before depreciation, EBITDA	131	168	565	571
Depreciation	-82	-71	-345	-276
Share of income in affiliated companies	-21	-2	-138	-89
Capital gains	0	5	3	26
Net financial items	-5	0	-2	-7
Airline Related Businesses - Income before tax	23	100	83	225

SAS Cargo

(MSEK)	Jan.-Mar. 2002	Jan.-Mar. 2001 ¹	Jan.-Dec. 2001 ¹
Operating revenue	647	643	2,698
of which traffic revenue	523	526	2,170
Other external revenue	96.1%	-	-
EBITDA	0	-	-
EBITDA margin	-0.1%	-	-
EBIT	-11	-	-
Income before tax	-10	-	-
Number of employees	1,183	1,186	1,180
Flown tonnes	62,860	65,344	263,431
Tonne km (000)	207,895	221,514	878,364
Cargo yield, SEK/ tonne kilometer	2.49	2.36	2.44

¹ Operations have been conducted as a corporation since June 1, 2001. Since prior to that date the operations were integrated with SAS Airline, results cannot be reported for 2001.

Operating revenue for the first quarter amounted to MSEK 647, which is on a par with the previous year. The North American market remained weak, particularly for New York.

The freight market remains generally weak, but several markets are now showing an improvement. Volumes are rising at most major Asian airports, with the exception of Osaka, while a number of the large North American airports still show a negative difference compared with the same period in 2001.

The average yield, SEK 2.49, was 6% better than in the previous year. The average load factor amounted to 66%.

The Fitness program, an earnings improvement program, had implemented a number of projects by the end of March. The program is expected to provide a total EBIT improvement of MSEK 125.

SAS Trading

(MSEK)	Jan.-Mar. 2002	Jan.-Mar. 2001	Jan.-Dec. 2001
Operating revenue	474	509	2,275
of which external revenue	97.3%	98.6%	98.0%
EBITDA	-5	3	38
EBITDA margin	-1.1%	0.6%	1.7%
EBIT	-12	-5	2
Income before tax	-13	-7	-1
Number of employees	585	668	658

Operating revenue amounted to MSEK 474, which is a decrease compared with the previous year of 7%. Operating revenue was negatively affected by the present recession as well as by the decline in traffic after the events of September 11, 2001. Sweden, excluding Arlanda, differs substantially from the previous year because SAS Trading lost its concessions at tax-free stores in Landvetter and regional airports from the beginning of the year. Comparable units show a decline of 2% compared with the previous year.

The new, rebuilt and extended tax-free store at Gardermoen was inaugurated in March. Negotiations are currently under way between SAS Trading and Copenhagen Airport on possible extension of store operations in Copenhagen and between SAS Trading and the Swedish Civil Aviation Administration on the remaining stores at Arlanda and Landvetter.

Income before tax amounted to MSEK -13 for the period.

Scandinavian IT Group

(MSEK)	Jan.-Mar. 2002	Jan.-Mar. 2001	Jan.-Dec. 2001
Operating revenue	557	605	2,463
of which external revenue	3.9%	3.3%	3.6%
EBITDA	49	66	245
EBITDA margin	9.0%	10.9%	9.9%
EBIT	16	32	104
Income before tax	16	29	96
Number of employees	1,310	1,215	1,274

For the first quarter Scandinavian IT Group reports pre-tax income of MSEK 16 compared with MSEK 29 in the previous year.

Operating revenue decreased compared with the previous year by 9% to MSEK 557.

SMART

(MSEK)	Jan.-Mar. 2002	Jan.-Mar. 2001	Jan.-Dec. 2001
Operating revenue	127	173	593
of which external revenue	99.9%	99.9%	99.8%
EBITDA	29	52	71
EBITDA margin	22.8%	30.1%	12.0%
EBIT	26	48	62
Income before tax	24	58	95
Number of employees	208	247	249

Revenues totaled MSEK 127 in the period January-March, which is 27% lower than in the same period of 2001. Reservation volumes are approximately 12% below the previous year.

A new agreement has been concluded with the Swedish State Railways (SJ) which is a strategically important customer for SMART. The agreement means that SMART will take over SJ's helpdesk for travel agencies.

SMART reported income before tax of MSEK 24 in the period January-March.

SAS Flight Academy

(MSEK)	Jan.-Mar. 2002	Jan.-Mar. 2001	Jan.-Dec. 2001
Operating revenue	165	154	627
of which external revenue	28.5%	38.3%	35.4%
EBITDA	42	41	150
EBITDA margin	25.5%	26.6%	23.9%
EBIT	18	20	62
Income before tax	16	20	56
Number of employees	206	195	200

Operating revenue for the period January-March was more than 7% up on the previous year. Sales to customers outside the Group were slightly below the level for the previous year.

Total costs are at the previous year's level which is mainly due to lower costs for service and simulator maintenance. Depreciation was higher than in the previous year due to investment in two new simulators and a mock-up. These investments were made in 2001 but the full effect on depreciation will be for the full-year 2002.

Income before tax amounted to MSEK 16 for the period, a decline of 20% compared with the same period in 2001. Recent developments within the airline industry have had a strong impact on SAS Flight Academy, but the company's assessment is that the market has reached its lowest point. In the first half of the year comparatively high demand is expected from customers within the SAS Group, while sales to external customers will be lower than in the previous year. In the second half, the opposite is expected. In general uncertainty as regards training volumes is far greater than in previous years.

Jetpak

(MSEK)	Jan.-Mar. 2002	Jan.-Mar. 2001	Jan.-Dec. 2001
Operating revenue	85	69	355
of which external revenue	99.2%	99.1%	99.5%
EBITDA	2	6	19
EBITDA margin	2.4%	8.7%	5.4%
EBIT	0	4	10
Income before tax	0	5	10
Number of employees	151	85	125

Jetpak's operating revenue for January-March was 23% above the previous year's level. The increase, MSEK 16, is mainly attributable to company acquisitions made in summer 2001.

In general the first quarter showed a weak volume development with an unchanged contribution margin ratio.

Rezidor SAS Hospitality

Revenues for the first quarter amounted to MSEK 746, which is MSEK 45 or 6% lower than in the same period last year. This negative development compared with 2001 is due to the fact that Easter occurred in March in 2002. The market situation has improved steadily since October 2001 and is now almost at the previous year's level.

The strongest markets are the Middle East as well as some new markets, such as Bratislava and Sofia. Despite weak revenues, market shares were retained in all key markets.

A new hotel was opened in February in central Paris. At the end of the period, a new agreement was concluded for a Golf and Spa Resort in Hungary.

Income before tax amounted to MSEK –85 (–3) for the period.

Statement of Income

(MSEK)	January-March		April-March	
	2002	2001	2001-2002	2000-2001
Rooms revenue	353	364	1,576	1,523
Food and beverage revenue	258	272	1,151	1,083
Other revenue	135	155	738	611
Operating revenue	746	791	3,465	3,217
Operating expenses	–270	–314	–1,146	–1,102
Payroll expenses	–322	–284	–1,369	–1,150
Rental expenses, property insurance and property tax	–215	–160	–770	–583
Operating income before depreciation	–61	33	180	382
Depreciation	–28	–37	–134	–144
Share of income in affiliated companies	3	10	29	46
Capital gains	0	0	63	267
Net financial items	1	–9	–12	20
Income before tax	–85	–3	126	571

Key Figures

	Mar. 31, 2002	Dec. 31, 2001	Mar. 31, 2001
EBITDA	–58	441	43
EBITDA, pro forma ¹	–58	266	30
Revenue per available room (REVPAR) ² (SEK)	558	619	612
Gross profit margin	20.6%	30.3%	25.6%

¹ Pro forma, adjusted for sale of properties.

² Including hotels operated on a management basis.

Definitions

ASK, Available seat kilometers

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

AV, Asset value (adjusted capital employed)

Book shareholders' equity, plus minority interests, plus surplus value in the aircraft fleet, plus 7 times the annual cost for operating leases for aircraft, plus net interest-bearing liabilities, minus share of equity in affiliated companies. Can also be expressed as book value of total assets, plus surplus value in the aircraft fleet, plus 7 times the annual cost for operating leases for aircraft, minus share of equity in affiliated companies, minus noninterest-bearing liabilities and interest-bearing assets.

Cabin factor, passengers

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

CAPEX (capital expenditure)

Future payments for aircraft on firm order.

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 minus interest-bearing assets in relation to shareholders' equity and minority interests.

Earnings per share (EPS)

Income after tax divided by the total number of shares.

EBITDA, Earnings before depreciation

Operating income before net financial items, tax, depreciation, share of income in affiliated companies, and income from the sale of fixed assets.

EBITDAR, Earnings before depreciation and leasing costs

Operating income before net financial items, tax, depreciation, share of income in affiliated companies, income from the sale of fixed assets and leasing 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 minority interests in relation to total assets.

EV, Enterprise value

Average market capitalization plus average net debt during the year and 7 times the annual cost for operating leases for aircraft.

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 refers to total assets as specified in the balance sheet minus noninterest-bearing liabilities.

Return on equity

Income after tax in relation to average shareholders' equity.

Revenue passenger kilometers (RPK)

See RPK.

REVPAR, Revenue per available room

Revenue per available hotel room.

RPK, Revenue passenger kilometers

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

Sale and leaseback

Sale of an asset (aircraft, building, etc.) which is then leased back.

Unit cost

Airline operations' total operating expenses minus non-traffic related revenue per ASK.

Unit revenue (yield)

Average traffic revenue per RPK.

Yield

See Unit revenue.

Financial Calendar

Interim Report 2, January-June 2002	August 7, 2002
Interim Report 3, January-September 2002	November 12, 2002
Year-end Report 2002	February 2003
Annual Report 2002 and Environmental Report	March 2003

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

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