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Additional efficiency enhancement measures within SAS Group's airlines

In conjunction with the publication of its year-end report on February 12, 2003, the SAS Group announced that additional structural measures would be required to ensure long-term profitability and competitiveness. A detailed analysis regarding the SAS Group's markets, traffic flows and competitive situation is currently under way with the aim of determining the demands for efficient flight operations for the Group's various traffic flows and the airlines' future roles in the Group's traffic system.

Efficient flight operations

All airlines within the SAS Group must achieve efficient flight operations to ensure long-term competitiveness and profitability. Efficient flight operations places demands on extensive structural measures in all areas. For example, the utilization of aircraft and crews must increase substantially to attain levels corresponding to the competition. In addition, a more distinct base separation in Stockholm, Oslo and Copenhagen, a reduction of the types of aircraft per base, enhancing the efficiency of maintenance, ground services, sales and distribution and reduction of overhead and support costs are being evaluated.

There is scope for increases in efficiency within all the Group's airlines, but Scandinavian Airlines is the Group company with the greatest need of further structural measures to achieve efficient flight operations. The identified unit cost reductions in Scandinavian Airlines to achieve long-term competitiveness is in the range of 25-40%, in addition to the measures already initiated depending on which market is being served. Braathens and Widerøe also need to reduce costs levels, but to a lesser degree. Spanair and Air Botnia already today fulfill most of the Group's demands for efficient flight operations in the traffic they operate.

Timetable

All employees and trade unions are being informed today and in the days ahead about the analysis work that is under way to achieve efficient flight operations for the Group's different traffic flows. No finalized proposal with measures is available and no decisions have been made to date. Work will be carried out with the greatest urgency and the timetable is very tight due to the current situation in the airline industry. The established negotiation and decision process means that the trade union negotiations shall be completed so that it is possible to present a final proposal to the Group Board already in mid-April.

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