

Favorable cabin factor and stronger yield result in improved earnings for third quarter

- **Operating revenue for the nine-month period** amounted to MSEK 50,418 (45,600), an increase of 10.6%. For the third quarter, operating revenue amounted to MSEK 18,035 (16,567), an increase of 8.9%.
- **Number of passengers** rose by 7.2% to 29 million during the nine-month period and by 4.4% to 10.1 million during the third quarter, while the cabin factor increased by 1.1 percentage points to 76.3%.
- **Nonrecurring items** totaling MSEK 442 (180) were charged to results, of which MSEK 82 (102) pertains to the third quarter.
- **Income before capital gains and nonrecurring items** amounted to MSEK 544 (-114) for the period, an improvement of MSEK 658. Income for the third quarter totaled MSEK 969 (619).
- **Net income** for the nine-month period amounted to MSEK 93 (57) and MSEK 604 (529) for the third quarter.
- **CFROI** for the twelve-month period October 2005-September 2006 was 13% (12%).
- **Earnings per share** for the period amounted to SEK 0.09 (0.18) and SEK 3.40 (3.03) for the third quarter. Equity per share amounted to SEK 69.51 (74.36).
- **Currency-adjusted total unit cost**, adjusted for higher fuel prices, declined by 2.1% for SAS Scandinavian Airlines during the period July-September 2006. The increase for the period January-September was 0.5%. During the period January-September, fuel costs, adjusted for currency and volume, increased by SEK 2 billion.
- **Cost savings** corresponding to SEK 2.5 billion are currently being implemented. To date, 68% of these savings have been put into effect.
- **A stock-exchange listing of the Rezidor Hotel Group** is being prepared and is expected to be completed before the end of 2006, with a reservation for market conditions and final approval by the SAS Board of Directors.
- **The Board of Directors of the SAS Group** appointed Mats Jansson as new President and CEO. Mats Jansson will assume this position on January 1, 2007.
- **"The earnings trend is positive**, but the strong economy is a significant contributory factor. The result is far from the Group's return requirement and, accordingly, it is necessary to continue focusing full energy on cost-cutting measures," says Gunnar Reitan, Acting President and CEO.

SAS Group	Q3		Q2		Q1		Q4			
(MSEK)	July-September		April-June		January-March		October-December		October-September	
	2006	2005	2006	2005	2006	2005	2005	2004	2005-06	2004-05
Revenue	18,035	16,567	17,916	16,017	14,467	13,016	16,287	14,945	66,705	60,545
EBITDAR	2,473	2,154	2,287	2,236	219	222	1,505	1,202	6,484	5,814
EBITDAR margin	13.7%	13.0%	12.8%	14.0%	1.5%	1.7%	9.2%	8.0%	9.7%	9.6%
EBIT	1,154	802	881	949	-1,161	-1,048	670	-119	1,544	584
EBIT margin	6.4%	4.8%	4.9%	5.9%	-8.0%	-8.1%	4.1%	-0.8%	2.3%	1.0%
Income before capital gains and nonrecurring items	969	619	894	579	-1,319	-1,312	228	-320	772	-434
Income after financial items	893	545	643	590	-1,387	-1,290	573	-395	722	-550
Net income for the period	604	529	553	499	-1,064	-971	198	-627	291	-570
Earnings per share (SEK)	3.40	3.03	2.97	3.01	-6.29	-5.86	0.88	-3.71	0.96	-3.53
Cash flow before financing activities	668	449	1,580	1,675	222	-1,131	1,515	1,287	3,985	2,280

SAS AB is the Parent Company of the SAS Group, the Nordic region's largest listed airline and travel group, offering air transportation, airline-related services and hotel operations. Scandinavian Airlines, Spanair and Blue1 are members of Star Alliance™, the world's largest airline alliance. The Group also includes the airlines Widerøe and airBaltic, as well as the partly owned airline Estonian Air. The other business areas are SAS Aviation Services and Hotels.

Statement of income

(MSEK)	July-September		January-September		October-September	
	2006	2005	2006	2005	2005-06	2004-05
Revenue	18,035	16,567	50,418	45,600	66,705	60,545
Payroll expenses	-4,883	-4,949	-15,375	-15,061	-20,781	-20,023
Other operating expenses	-10,679	-9,464	-30,064	-25,927	-39,440	-34,708
Leasing costs for aircraft	-875	-843	-2,660	-2,295	-3,498	-2,962
Depreciation	-507	-596	-1,589	-1,829	-2,172	-2,547
Share of income in affiliated companies	57	59	97	124	107	152
Income from the sale of shares in subsidiaries and affiliated companies	-10	35	-8	33	439	35
Income from the sale of aircraft and buildings	16	-7	55	58	184	92
Operating income	1,154	802	874	703	1,544	584
Income from other shares and participations	0	0	1	48	3	48
Net financial items	-261	-257	-726	-906	-825	-1,182
Income after financial items	893	545	149	-155	722	-550
Tax	-289	-16	-56	212	-431	-20
Net income for the period	604	529	93	57	291	-570
Attributable to:						
Parent Company shareholders	559	499	14	30	158	-581
Minority interests	45	30	79	27	133	11

Earnings per share (SEK) ¹⁾

3.40 3.03 0.09 0.18 0.96 -3.53

1) Earnings per share is calculated on 164,500,000 shares outstanding (IAS33). Since the SAS Group has no options, convertibles or share program, dilution cannot occur. An itemized statement of income is available at www.sasgroup.net

Income before capital gains and nonrecurring items

(MSEK)	July-September		January-September		October-September	
	2006	2005	2006	2005	2005-06	2004-05
Income after financial items	893	545	149	-155	722	-550
Impairment losses	0	0	0	0	0	27
Restructuring costs	50	102	305	180	538	264
Capital gains	-6	-28	-47	-139	-625	-175
Other nonrecurring items ¹⁾	32	0	137	0	137	0
Income before capital gains and nonrecurring items	969	619	544	-114	772	-434

1) Pertains to additional payroll costs of MSEK 105 resulting from a judgment by the Norwegian Supreme Court regarding the rights of employees in Scandinavian Ground Services and inquiry costs of MSEK 32 in SAS Cargo relating to the competition authorities' investigation of suspected antitrust violations in the air freight business.

Financial key ratios

(MSEK)	September 30, 2006	December 31, 2005	September 30, 2005	September 30, 2004
EBITDAR	4,979	6,117	4,612	3,266
EBITDA	2,319	2,984	2,317	1,244
EBIT	874	1,373	703	-673
Income after financial items	149	418	-155	-1,438
Net income for the period	93	255	57	-1,138
Earnings per share (SEK)	0.09	1.06	0.18	-6.98
EBITDAR margin (12-month rolling)	10%	10%	10%	7%
EBIT margin (12-month rolling)	2%	2%	1%	-1%
CFROI (12-month rolling)	13%	13%	12%	8%
Return on equity (12-month rolling)	1%	1%	-5%	-14%
Equity/assets ratio	22%	21%	21%	20%
Net debt, MSEK	2,783	5,865	7,711	11,269
Financial net debt, MSEK	11,451	14,228	15,888	18,834
Debt/equity ratio	0.95	1.18	1.25	1.59
Adjusted debt/equity ratio	2.87	2.90	2.79	3.08
Interest coverage ratio (12-month rolling)	1.5	1.3	0.6	-0.1

Traffic-related key figures

SAS Group	January-March		April-June	July-September		October-December	October-September	
	2006	2005	2006	2006	2005	2005	2005-06	2004-05
No. of passengers (000)	8,532	7,606	10,325	10,141	9,714	9,250	38,245	35,217
RPK (mill.)	8,179	7,638	10,357	10,745	10,219	8,953	38,234	35,663
ASK (mill.)	12,275	12,464	14,005	14,086	13,599	12,882	53,248	52,915
Cabin factor	66.6%	61.3%	74.0%	76.3%	75.1%	69.5%	71.8%	67.4%
Yield, SEK	1.16	1.11	1.16	1.05	1.02	1.15	1.13	1.11
Total unit cost, SEK	0.78	0.74	0.76	0.72	0.74	0.80	0.76	0.73

Dear Shareholder,

The overall trend in the third quarter was relatively positive. Our cabin factor and traffic trend remained favorable, while the yield was strengthened in several of the Group's airlines. Cost savings and more flexible traffic programs also contributed to the improvement in income.

Market demand is generally strong and a significant contributory factor to this are the highly favorable economic conditions in most of the Group's markets. Growth in passenger volume was between 5% and 15%, which is attributable to favorable economic growth and a high level of exports. In addition to this, the balance between offering and demand has improved, at the same time as higher cabin factors mean that more full-fare tickets can be sold. As a result, the price level has stabilized somewhat and has even increased in recent months. The yield improvement is partly attributable to price adjustments for increased fuel prices.

With Turnaround 2005, we created a new cost platform. However, costs must be reduced further to secure long-term competitiveness. Accordingly, Group management has full focus on this and cost-reducing measures of SEK 2.5 billion are currently under way and will be fully implemented in 2007.

The unit cost fell during the third quarter as a result of continued cost savings. The pace at which the unit cost is declining has slowed because effects of Turnaround 2005 have already had an impact. The collective negotiations with cabin crew associations concluded in Sweden and Denmark involve certain wage increases and the focus is on generating productivity improvements.

In recent years, we have successfully launched new business models adapted to our customers' requirements. In the summer and autumn, we have worked on adjusting the commercial concept, which will further refine our business model. More than two-thirds of our customers travel on business. We intend to ensure that we give these customers even better service – before, during and after their journey. Being first to launch new solutions is a long tradition that we have in the SAS Group.

In total, the income trend during the quarter was positive, with income before nonrecurring items of MSEK 969, an improvement of MSEK 350 compared with the year-earlier period. Rolling 12-month income is at a level of MSEK 772.

Finally, I also want to take this opportunity to welcome Mats Jansson as new CEO when he assumes responsibility on January 1, 2007.



SAS Group's traffic results

The traffic trend in the airline industry was stable during the nine-month period January-September 2006. Traffic (RPK) increased by 5.2% during the period for the member airlines of the Association of European Airlines (AEA). The largest growth was in traffic to/from Asia and within Europe.

The SAS Group's traffic grew by 6.4% between January and September 2006, meaning that it increased somewhat more than the AEA. At the same time, total capacity (ASK) rose by 1.2%. The cabin factor increased by 3.6 percentage points compared with 2005 to total 72.5%. The number of passengers rose by 7.2% compared with the preceding year to 29 million, which is a record number for the period. Traffic during the third quarter was stable.

The SAS Group's strongest traffic growth was in Finnish and Spanish domestic traffic and within the Baltic region. In total, the SAS Group's European traffic increased by 16.8% and capacity rose by 7.6% from January-September. Intercontinental traffic declined by 5.6% and capacity by 5.6% during the same period.

Within the SAS Scandinavian Airlines business area, Scandinavian Airlines Danmark's traffic increased by 3.8%. Capacity was reduced by 7.0%, which led to a 7.6-percentage point improvement in cabin factor to 72.9%. SAS Braathens had the highest growth in traffic at 9.8% after an increase in both Norwegian domestic and European traffic. SAS Braathens' cabin factor increased by 3.7 percentage points to 69.9%. Scandinavian Airlines Sverige reduced capacity by 8.9%, which improved the cabin factor by 4.1% to 70%. Traffic declined by only 3.2%.

Blue1's launch of new destinations during the year contributed to a strong increase in traffic of 50%. Capacity rose by 42.5% with the phasing in of three MD-90s. Cabin factor improved by 3.4 percentage points to 67%. Spanair's traffic rose by 22.6% and capacity increased by 11.9%. Cabin factor improved by 6 percentage points to 68.1%. airBaltic also had a strong traffic trend at 34.6%. Capacity increased by 22.3% and the cabin factor improved by 5.8 percentage points to 63%.

SAS Group*	Jul-Sep 2006	Change over 2005	Jan-Sep 2006	Change over 2005
No. of passengers (000)	10,141	4.4%	28,998	7.2%
Passenger km (mill.)	10,745	5.2%	29,281	6.4%
Seat km (mill.)	14,086	3.6%	40,366	1.2%
Cabin factor	76.3%	+1.1p.p.	72.5%	+3.6p.p.

Traffic results by route sector

	Jul-Sep 06 vs. Jul-Sep 05		Jan-Sep 06 vs. Jan-Sep 05	
	Traffic (RPK)	Capacity (ASK)	Traffic (RPK)	Capacity (ASK)
Intercontinental	-4.3%	-1.2%	-5.6%	-5.6%
Europe	12.3%	9.0%	16.8%	7.6%
Intra-Scandinavian	5.3%	-0.1%	8.0%	-1.7%
Denmark (Domestic)	-6.2%	-12.1%	-5.2%	-15.8%
Norway (Domestic)	6.5%	-1.5%	3.4%	-2.1%
Sweden (Domestic)	-20.6%	-18.1%	-16.6%	-18.5%

* Passenger traffic for Scandinavian Airlines, Spanair, Widerøe, Blue1 and airBaltic.

Traffic by company

Jan.-Sept.	Traffic (RPK)	Capacity (ASK)	Cabin factor (%)	Change in cabin factor
SAS Group	6.4%	1.2%	72.5%	+3.6p.p.
SAS Danmark	3.8%	-7.0%	72.9%	+7.6p.p.
SAS Braathens	9.8%	4.0%	69.9%	+3.7p.p.
SAS Sverige	-3.2%	-8.9%	70.0%	+4.1p.p.
SAS International	-5.6%	-5.6%	83.6%	+0.0p.p.
Spanair	22.6%	11.9%	68.1%	+6.0p.p.
Widerøe	7.5%	2.4%	56.8%	+2.7p.p.
Blue1	50.0%	42.5%	67.0%	+3.4p.p.
airBaltic	34.6%	22.3%	63.0%	+5.8p.p.

Financial performance

January-September 2006

The SAS Group's earnings for the period January-September 2005 included SAS Trading, which was sold in the second quarter, and European Aeronautical Group, Jetpak and Component Group, which were sold during the fourth quarter of 2005. As regards Component Group, 67% of the SAS Group's holding was sold and, accordingly, 33% remains as a holding in an affiliated company. airBaltic is consolidated as a subsidiary from August 2005.

For comparison with 2005, the aforementioned changes are corrected under the term noncomparable units.

The net effect of currency fluctuations between the period January-September 2005 and 2006 was MSEK 30. The effect is MSEK 677 on operating revenue, MSEK -684 on operating expenses and MSEK 37 on net financial items.

The SAS Group's operating revenue amounted to MSEK 50,418 (45,600), up MSEK 4,818 or 10.6%. Adjusted for currency effects and noncomparable units, the increase was MSEK 4,186 or 9.2%. Passenger traffic (RPK) rose 6.4% for the Group. SAS Scandinavian Airlines' traffic increased by 0.3% compared with 2005 and the currency-adjusted yield was up 4.1% compared with the corresponding period in 2005. The yield improvement is partly attributable to compensation for increased fuel costs.

Payroll expenses rose by MSEK 314, or 2.1%, and amounted to MSEK 15,375 (15,061). Adjusted for currency effects and noncomparable units as well as nonrecurring items of MSEK 350 (165), payroll expenses were MSEK 470 or 3.2% higher than the preceding year as a result of expansion in SAS Individually Branded Airlines and Hotels. Nonrecurring items for 2006 include MSEK 105 attributable to the outcome in the Norwegian Supreme Court regarding the integration of Braathens' ground handling personnel in 2002. The remaining MSEK 245 pertains to costs in the reduction in personnel in SAS Technical Services, MSEK 121, SAS Braathens, MSEK 74 and SAS Ground Services, MSEK 50. The number of employees rose 0.6% in comparable units due to higher volumes in SAS Individually Branded Airlines and a larger number of hotels in Rezidor SAS, while the number of employees in SAS Scandinavian Airlines and SAS Aviation Services declined.

The Group's other operating expenses rose by MSEK 4,137, or 16%, to MSEK 30,064. Adjusted for currency effects, noncomparable units and nonrecurring items of MSEK 92 (15), expenses increased by MSEK 3,390, or 13.1% due to higher fuel costs and higher volumes in Rezidor and SAS Individually Branded Airlines (16% increase in ASK). The Group's costs for jet fuel amounted to MSEK 7,993 (5,766). Adjusted for a negative currency effect owing to a stronger USD, fuel costs increased by MSEK 2,072. The market price (spot price) during the period was on average 20% higher than during the same period in 2005.

Operating income before depreciation and leasing costs, EBITDAR, was MSEK 4,979 (4,612).

Leasing costs amounted to MSEK 2,660 (2,295), an increase of MSEK 365. Depreciation was MSEK 1,589 (1,829), a decrease of MSEK 240. Decreased depreciation is primarily due to the sale and leaseback of aircraft, which resulted in higher leasing costs. Adjusted for currency effects, total leasing costs and depreciation combined were MSEK 47 higher than in the preceding year.

Share of income in affiliated companies amounted to MSEK 97 (124). The change between 2005 and 2006 is mainly due to lower earnings at Estonian Air. The share of income in Component Group was MSEK -41 (-) for the period. In 2005, airBaltic was included in an amount of MSEK -28.

Income before capital gains and nonrecurring items amounted to MSEK 544 (-114).

The Group's income from the sale of aircraft and buildings amounted to MSEK 55 (58) for the period January-September. This includes the sale and leaseback of two McDonnell Douglas MD-80s, three Airbus A321s and three Boeing 737s. A property in Bromma and one in Oslo were also sold.

The Group's net financial items amounted to MSEK -726 (-906). Net interest was MSEK -700 (-807). Net interest includes positive effects from valuation of financial instruments in accordance with IAS39 of MSEK 149 (46). The currency effect was MSEK 11 (-26). Other net financial expenses were MSEK -37 (-73).

Income after financial items amounted to MSEK 149 (-155).

The change in income after financial items is due to:

Currency effect	30
Income before depreciation and leasing costs, EBITDAR	296
Leasing costs and depreciation	-47
Share of income in affiliated companies	-27
Net interest, etc.	144
Capital gains	-92
Total changes	304

Third quarter of 2006

The SAS Group reported income before nonrecurring items of MSEK 969 for the third quarter, which is MSEK 350 better than for the year-earlier period.

The Group's operating revenue amounted to MSEK 18,035 (16,567), an increase of MSEK 1,468 or 8.9%.

The Group's passenger traffic increased by 5.2%. In SAS Scandinavian Airlines, traffic was unchanged, while the yield increased by 9.2% during the quarter.

Operating expenses, including payroll expenses, totaled MSEK 15,562 (14,413). Adjusted for currency effects and noncomparable units as well as nonrecurring items of MSEK 82 (102), operating expenses were 8.6% higher than in the preceding year due to higher fuel costs and increased volumes. With regard to the currency effect, the fuel cost increased by MSEK 927 compared with the third quarter of the preceding year. During July-September 2006, the market price of fuel was an average of 10% higher than in the preceding year.

EBITDAR for the third quarter amounted to MSEK 2,473 (2,154).

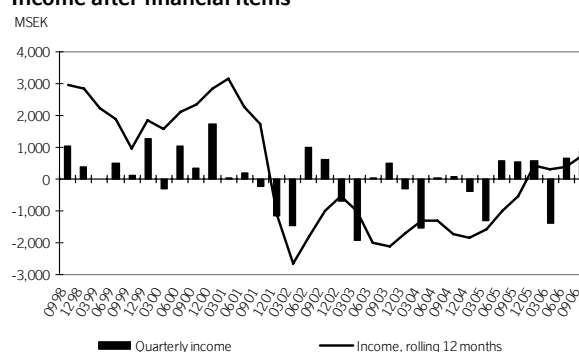
Income before capital gains and nonrecurring items was MSEK 969 (619).

Capital gains on aircraft transactions amounted to MSEK 16 (-7).

The Group's net financial items amounted to MSEK -261 (-257). Net interest was MSEK -264 (-228). Effects from the valuation of financial instruments in accordance with IAS 39 were MSEK -4 (65).

Income after financial items amounted to MSEK 893 (545).

Income after financial items



New business models

New business models require further measures

In autumn 2005, the SAS Group introduced new business models based on: commercial concepts, network and costs. In 2006, the business models are being further developed.

Commercial concepts

SAS Group airlines are to tailor their customer offerings to the requirements of the local market. Ticket restrictions are exchanged for freedom of choice and flexibility for the customer and pricing is now largely based on a purely demand-driven system without ticket restrictions.

In autumn 2005, Scandinavian Airlines was the first network carrier to introduce a new business model based on one-way fares on European and Scandinavian routes. Spanair, Blue1 and airBaltic introduced similar customer-centered offerings in earlier years. In autumn 2006, Scandinavian Airlines launched a new and improved web site, with a simpler booking dialog and price calendar. Improved product concepts are now being prepared on the basis of increased transparency, greater focus on B2B and a larger degree of harmonization in the service structure. The airlines within SAS Individually Branded Airlines are working actively to improve the offering with a focus on business travelers.

Network

The airlines' networks are to be sized to accommodate local traffic flows and profitable feeder traffic. Dynamic traffic planning (round trip management) allows the SAS Group's units to adapt capacity to demand to a greater degree for months, weeks and days.

For example, Scandinavian Airlines Danmark will reduce capacity during the Christmas holiday and the days between Christmas and New Year by 75% compared with earlier years due to considerably lower demand. Corresponding adjustments are being made by the other airlines in the Group.

Cost reductions

The new Group structure of incorporated units facilitates comparisons with competitors and this reduces the time required for implementing new measures.

The SAS Group has demanded further adjustments based on each subsidiary's unit cost level. Based on these demands, SAS Scandinavian Airlines and SAS Aviation Services identified cost reductions for the years 2006-2007 corresponding to SEK 2.5 billion. Efforts to quality assure and identify further measures are continuous, which is why the scope may change. The measures include efficiency enhancements in sales activities, ground services, technical maintenance, distribution and administration, as well as higher productivity and competitive terms for pilots and cabin crew.

The distribution of the SEK 2.5 billion is currently approximately MSEK 600 for productivity and competitive terms for pilots and cabin crew, approximately MSEK 900 for efficiency enhancements at SGS and STS, and approximately MSEK 1,000 in administration and sales and other costs. At the end of September, measures corresponding to 68% of the SEK 2.5 billion had been implemented. Collective bargaining talks commenced in autumn 2005 with several major groups of employees. These have primarily been conducted at a local level with each subsidiary.

On May 19, 2006 an agreement was signed with Scandinavian Airlines' pilots that ensures unity regarding terms of employment, seniority lists and principal salary and employment terms and conditions. The goal of productivity of 700 hours remains, but the current pilots' agreements do not yet provide for achieving this. Negotiations on matters involving pilots in the individual countries are currently in progress.

In 2006, agreements were signed with the cabin crew trade unions in Scandinavian Airlines. The agreements resulted in salary increases that are, in principle, in line with each market. The agreements result in somewhat lower

productivity for Swedish cabin crew, but the expectation is that productivity in Norway and Denmark can be improved.

Due to remaining aspects of negotiations with pilot and cabin crew unions, MSEK 250 is missing from the cost measures in 2006. The SAS Group is currently evaluating how this should be managed in the future in the form of alternative savings among these personnel groups in 2007.

Widerøe identified cost measures of approximately MNOK 200 aimed at reducing the unit cost.

Spanair is working continuously to improve efficiency and further reduce unit costs. Spanair will implement total efficiency measures of about MEUR 200 from the 2005 level. Spanair will migrate to a production model that involves higher productivity than today. In conjunction with this, a four-year agreement was signed with flight personnel that enables increased productivity combined with new, competitive salary scales.

In June, it was decided that the technical base for heavy maintenance in Stavanger/Sola will be closed. The closure will result in a surplus of 265 employees. However, due to the stronger labor market, nearly all of them have secured alternative work. The closure means that capacity will be adapted and result in an income improvement of about MSEK 200 on an annual basis.

Restructuring costs

During January-September 2006, restructuring costs amounted to a total of MSEK 305, MSEK 160 of which pertains to the closure of the technical base in Sola Stavanger, Norway. The restructuring costs are mainly related to personnel and pertain to costs for employees that have been terminated and idled under notice. The effects on cash flow are therefore very restricted. Restructuring costs for full-year 2006 are expected to be lower than for 2005.

Another nonrecurring item occurred as a result of the Norwegian Supreme Court's judgment against Scandinavian Ground Services in Norway regarding employee rights. The nonrecurring cost amounted to MSEK 105. Investigation costs of MSEK 32 for the Competition Authority's investigation into suspected legal breaches in the air cargo sector are charged to earnings.

Financial position and capital release

As of September 30, 2006, the SAS Group's liquid assets were in line with the preceding year and amounted to MSEK 8,327 (8,360). Besides liquid assets, the SAS Group had unutilized contract loan commitments amounting to MSEK 5,881 (4,763). A new revolving credit facility of MSEK 250 was signed in August. The increase in unutilized facilities is attributable to repayment of rolling credit facilities of MEUR 100 compared with the preceding year. In total, the SAS Group repaid unutilized credit facilities of MEUR 100, corresponding to MSEK 935 during January-September.

During January-September 2006, sale and leaseback transactions were signed for three Airbus A321s, two McDonnell Douglas MD80s and three Boeing 737s with a sales value of MSEK 2,108. The SAS Group also acquired four formerly leased-in McDonnell Douglas MD80s and a Boeing 737, which resulted in a lower total cost compared with leasing.

A stock-exchange listing of the Rezidor Hotel Group was initiated and is expected to be completed before year-end. The listing of the hotels business, if it is implemented, will provide opportunities to considerably improve the debt/equity ratio and equity/assets ratio and is in line with the SAS Group's strategy of focusing on core operations.

The SAS Group is currently evaluating a sale of SAS Flight Academy. In conjunction with this, an Information Memorandum has been distributed to various interested parties.

In the period January-September, financial net debt declined by MSEK 2,777 to MSEK 11,451. Compared with the preceding year, the decline is MSEK 4,607.

The equity/assets ratio on September 30, 2006, was 22% (21%). The aim of the SAS Group is to maintain a debt/equity ratio that in the long term allows the SAS Group to be perceived as an attractive borrower. The SAS Group's targets are an equity/assets ratio of at least 30% and a debt/equity ratio not higher than 50%. These financial targets are to be reached through a combination of earnings improvement, limited investment levels and the program for releasing capital.

In August and September, the SAS Group received two deliveries of Airbus A319s. The SAS Group's planned investment in aircraft in the next few years will be limited. In all, the SAS Group has four aircraft on firm order, a total investment amounting to MUSD 114. In addition to investment in new aircraft, the Group invests approximately MSEK 1,500 per year in spare parts and other operational investments.

Firm orders for aircraft 2006-2007:

SAS Group	Total	2006	2007
Airbus A319	2	-	2
Boeing 737	2	-	2
Number of aircraft	4	-	4
CAPEX (MUSD)	114	5	109

Capacity plans

Through September 2006, the SAS Group's capacity increased by 1.2%. For full-year 2006, capacity is expected to increase by approximately 2%.

Scandinavian Airlines Danmark	-7%	Spanair	+13%
SAS Braathens	+6%	Widerøe	+2-3%
Scandinavian Airlines Sverige	-9%	Blue1	+45%
Scandinavian Airlines International	-6%	airBaltic	+25%
SAS Scandinavian Airlines	-2 to -3%	SAS Group	+2%

The SAS Group expects a somewhat higher capacity increase in 2007 compared with 2006. The capacity increase in Scandinavian Airlines will be limited. Spanair is planning a productivity increase that will result in higher capacity growth in scheduled traffic than in 2006. Blue1 will have a full-year effect of new production, but the capacity increase will be lower than in 2006. airBaltic's rapid growth is expected to continue at a somewhat faster pace than in 2006.

Investments

The SAS Group's investments, including prepayments, amounted to MSEK 1,778 (1,221) for the period. Investment in aircraft and other flight equipment totaled MSEK 730 (521).

	July-September		January-September	
	2006	2005	2006	2005
SAS Scandinavian Airlines	637	50	1 180	179
SAS Individually Branded Airlines	74	69	182	184
SAS Aviation Services	33	195	142	550
Hotels	100	60	252	259
Groupwide functions and eliminations	7	24	22	49
SAS Group	851	398	1 778	1 221

SAS Group's total aircraft fleet, September 30, 2006:

Aircraft type	Owned	Leased	Total	Leased out	Order
Airbus A340/330	5	6	11		
Airbus A321/ A320/A319	7	24	31		2
Boeing 737-series	20	62	82	4	2
Boeing 717 (MD-95)	0	4	4		
McDonnell Douglas MD-80-series	26	62	88	5	
McDonnell Douglas MD-90-series	8	0	8	5	
Avro RJ-85/100	0	9	9		
Fokker F50	2	12	14		
deHavilland Q-series	17	36	53		
SAAB 2000	0	5	5	5	
Total	85	220	305	19	4

Scandinavian Airlines	183
Spanair	61
Widerøe	29
Blue1	17
airBaltic	15
Total	305

In addition to the above aircraft fleet, the SAS Group has three CRJ200s, three Fokker F100s and one Avro RJ leased in on wetlease agreements.

Currency and fuel hedging

The SAS Group has hedged about 78% of its USD deficit with forward contracts and options during the period October 2006-September 2007.

For the fourth quarter of 2006 and through September 2007, the SAS Group has hedged 60% of its expected fuel cost. The cost is hedged at an average price, including premium, of USD 692/MT for the remainder of 2006 and USD 765/MT for the period January-September 2007. Hedging is primarily performed with options, but due to high premium levels, swaps and other instruments have also been used.

Average number of employees in the SAS Group (FTE)

	July-September		January-September	
	2006	2005	2006	2005
SAS Scandinavian Airlines	7,596	8,267	7,633	8,336
SAS Individually Branded Airlines	7,629	6,899	7,352 ¹⁾	6,268
SAS Aviation Services	10,900	12,288	10,832	12,184
Hotels	5,828	4,899	5,839	4,788
Groupwide functions	819	1,222	831	1,317 ²⁾
SAS Group	32,772	33,575	32,487	32,893

¹⁾ The increase is primarily due to the consolidation of airBaltic and higher volume at Spanair.

²⁾ Includes 416 FTEs for European Aeronautical Group, Jetpak and SAS Trading, which were all sold in 2005.

Legal issues

On February 14, 2006, the European Commission and the U.S. Department of Justice each made public investigations into possible price fixing in the air cargo industry. SAS is one of several airlines and air cargo carriers involved in the investigations. In addition, and as is usual in corresponding cases, a larger number of class-action civil suits have been filed against SAS and other airlines and air cargo carriers in the United States alleging civil damages and seeking monetary compensation. These actions have now been consolidated into a single civil case in New York. SAS is cooperating with the government investigations, preparing defense of the civil litigation, and conducting its own internal review. At present, SAS is unable to predict the outcome of these investigations and civil actions and cannot now evaluate the potential financial impact of these actions. However, in the event of adverse findings in either the government or civil actions, such adverse findings could have a material adverse effect on SAS. Costs for the investigations in SAS Cargo amounted to MSEK 32 at September 30, 2006.

At the end of July, SAS Braathens was found not guilty by Oslo City Court in a case against the Norwegian Competition Authority regarding alleged misuse of the dominating market position on the Oslo-Haugesund route (see also page 14 for a description of the affairs relating to the Norwegian National Authority for the Investigation and Prosecution of Economic Crime).

Accounting policies and financial reports

The SAS Group has applied International Financial Reporting Standards (IFRS) since January 1, 2005. The Interim Report has been prepared in accordance with IAS 34.

The Group's other formal financial reports appear on page 2 and pages 9-11.

Management issues

On May 16, 2006, the SAS Group's President and CEO Jørgen Lindegaard announced that he would leave the Group. Deputy CEO Gunnar Reitan assumed the position of Acting President and CEO from August 1, 2006. Gunnar Reitan is responsible for the SAS Individually Branded Airlines business area, Hotels and SAS Cargo. John S. Dueholm is responsible for SAS Scandinavian Airlines and STS. Bernhard Rikardsen is responsible for SAS Flight Academy and SGS. Gunilla Berg is Chief Financial Officer.

On October 16, 2006, the SAS Board of Directors announced the appointment of Mats Jansson as new President and CEO. Mats Jansson will assume this position on January 1, 2007.

Parent Company SAS AB

Income after financial items amounted to MSEK 2,213 (1,790) for the period.

Available liquidity for SAS AB at September 30, 2006, amounted to MSEK 1, compared with MSEK 1 at the beginning of the year.

The number of shareholders in SAS AB amounted to 26,271 at September 30, 2006. The average number of employees of SAS AB amounted to 182 (182).

Statement of income

	January-September	
(MSEK)	2006	2005
Revenue	14	20
Payroll expenses	-223	-187
Other operating expenses	-166	-188
Operating income before depreciation	-375	-355
Depreciation	0	0
Operating income	-375	-375
Loss on the sale of shares	-4	-551
Dividends from subsidiaries	2,658	3,035
Net financial items	-66	-339
Income after financial items	2,213	1,790
Tax	124	190
Net income for the period	2,337	1,980

Balance sheet

	Sept 30,	Dec 31,
(MSEK)	2006	2005
Fixed assets	10,869	10,719
Current assets	1,051	623
Total assets	11,920	11,342
Shareholders' equity	8,221	5,884
Long-term liabilities	3,569	5,288
Current liabilities	130	170
Total shareholders' equity and liabilities	11,920	11,342

Change in shareholders' equity

(MSEK)	Share capital	Restr. reserves	Unrestr. equity	Total equity
Opening balance, Jan. 1, 2005	1,645	202	1,611	3,458
Transfer between unrestricted and restricted equity		104	-104	0
Group contribution rec'd, net			359	359
Net income for the year			2,067	2,067
Equity, Dec. 31, 2005	1,645	306	3,933	5,884
Net income for the period			2,337	2,337
Equity, Sept 30, 2006	1,645	306	6,270	8,221

Full-year 2006

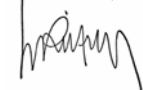
During the first three quarters of 2006, there was strong market performance as a result of highly favorable economic conditions in the Group's markets. Passenger growth was favorable at about 5-10%. The strong growth, combined with the new business models, contributed to considerably improved cabin factors in SAS Scandinavian Airlines. Growth was strongest in Finland, the Baltic States and Spain and the Group is well-positioned with Blue1, airBaltic and Spanair, which have a cost level that is in line with the most efficient players. However, competition in all of the SAS Group's markets remains stiff.

For SGS and STS, continued price pressure is expected, while continued low volumes are expected for STS for the remainder of 2006.

Despite strong measures, further cost-cutting needs to be done to ensure long-term competitiveness in several Group units. Measures in SAS Scandinavian Airlines and support units corresponding to SEK 2.5 billion have been identified so far and are being implemented. This, along with continued market advances, will lay the foundations for earnings improvements.

There is still no indication of a slowdown in the market, but uncertainty remains regarding the future strength of market growth and the trend for prices of jet fuel.

Stockholm, November 8, 2006



Gunnar Reitan
Acting President and CEO

Review Report

We have conducted a review of the accompanying balance sheet for SAS AB (publ) at September 30, 2006, and the accompanying statements of income, change in shareholders' equity and change in cash flow during the nine-month period ending on that date, as well as a summary of significant accounting principles and other supplementary information. The Board of Directors and the President are responsible for ensuring that all of the financial information contained in this interim report is prepared and presented in a true and fair manner in accordance with IAS 34. Our responsibility is to express an opinion on the financial information contained in the interim report based on our review.

We have conducted our review in accordance with the Standard on Review Engagements SÖG 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by FAR. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different direction and is substantially more limited in scope than an audit conducted in accordance with Swedish GAAP and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the opinion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not, in all material respects, provide a fair impression of the company's financial position at September 30, 2006 and that the financial results and cash flow for the nine-month period that ended on this date were not prepared in accordance with IAS 34.

Stockholm, November 8, 2006

Deloitte AB

Peter Gustafsson
Authorized Public Accountant

Board of Directors:

Egil Myklebust, Chairman
Jacob Wallenberg, Vice Chairman
Jens Erik Christensen, Board member
Berit Kjøl, Board member
Timo Peltola, Board member
Fritz H. Schur, Board member
Anitra Steen, Board member
Ulla Grøntvedt, Board member (employee representative)
Olav Lie, Board member (employee representative)
Verner Lundtoft Jensen, Board member (employee representative)

Management:

Gunnar Reitan, Acting President and CEO
Gunilla Berg, Executive Vice President and CFO
John S. Dueholm, Executive Vice President
Bernhard Rikardsen, Executive Vice President

Financial calendar:

Year-end Report 2006.....	February 8, 2007
Annual Report & Sustainability Report 2006.....	March 15, 2007
SAS AB Annual General Shareholders' Meeting.....	April 17, 2007
Interim Report 1, January-March 2007.....	May 3, 2007
Interim Report 2, January-June 2007.....	August 9, 2007
Interim Report 3, January-September 2007.....	November 8, 2007

All reports are available in English and Swedish and can be ordered from SAS, SE-195 87 Stockholm, telephone +46 8 797 00 00, fax +46 8 797 51 10. The reports can also be accessed and ordered via the Internet: www.sasgroup.net

The SAS Group's monthly traffic and production data are normally published on the fifth business day of the following month. A financial calendar can be found at: www.sasgroup.net

Direct questions to: SAS Group Investor Relations: Vice President Sture Stølen +46 8 797 14 51, e-mail: investor.relations@sas.se

SAS Group

Balance sheet

(MSEK)	September 30, 2006	December 31, 2005	September 30, 2005	September 30, 2004 ¹⁾
Intangible assets	3,785	3,862	3,943	3,284
Tangible fixed assets	17,295	19,457	22,305	26,107
Financial fixed assets	13,420	13,120	12,545	11,231
Total fixed assets	34,500	36,439	38,793	40,622
Current assets	1,115	1,065	1,429	1,335
Current receivables	11,085	11,828	12,177	9,593
Cash, bank and short-term investments	8,327	8,684	8,360	7,607
Total current assets	20,527	21,577	21,966	18,535
Total assets	55,027	58,016	60,759	59,157
Shareholders' equity ²⁾	12,084	12,081	12,752	11,819
Long-term liabilities	19,210	23,608	23,323	24,335
Current liabilities	23,733	22,327	24,684	23,003
Total shareholders' equity and liabilities	55,027	58,016	60,759	59,157
Equity per share ³⁾	69.51	69.93	74.36	71.70
Interest-bearing assets	19,024	20,472	19,621	16,515
Interest-bearing liabilities	21,807	26,337	27,332	27,784

1) Balance sheet for 2004 is restated according to IFRS.

2) Including minority interests.

3) Calculated on 164,500,000 outstanding shares. The SAS Group has not carried out any share buyback programs.

Change in shareholders' equity

(MSEK)	Share capital ¹⁾	Other contributed capital ²⁾	Hedge and translation reserves	Retained earnings ⁴⁾	Total equity attributable to Parent Company owners	Minority interests	Total equity
Opening balance, January 1, 2005	1,645	658	2,092	8,109	12,504	8	12,512
New share issue, Rezidor SAS						519	519
Consolidation of affiliated company						-36	-36
Income from Cash-flow hedges			-9		-9		-9
Translation differences relating to foreign operations			-112		-112	1	-111
Revenue and expenses for the period charged directly to equity			-121		-121	484	363
Cash-flow hedges: charged against income			-180		-180		-180
Net income for the period				30	30	27	57
Revenue and expenses for the period			-301	30	-271	511	240
Closing balance, September 30, 2005	1,645	658	1,791	8,139	12,233	519	12,752
Consolidation of affiliated company						2	2
Income from cash-flow hedges			-899		-899		-899
Translation differences relating to foreign operations			-58		-58	2	-56
Revenue and expenses for the period charged directly to equity			-957		-957	4	-953
Cash-flow hedges: charged against income			84		84		84
Net income for the period				144	144	54	198
Total revenue and expenses for the period			-873	144	-729	58	-671
Closing balance, December 31, 2005	1,645	658	918	8,283	11,504	577	12,081
Income from cash-flow hedges			256		256	4	260
Transition to IFRS in affiliated companies				-154	-154		-154
Translation differences relating to foreign operations			58 ³⁾		58	-11	47
Revenue and expenses for the period charged directly to equity			314	-154	160	-7	153
Cash-flow hedges: charged against income			-244		-244		-244
Net income for the period				14	14	80	94
Total revenue and expenses for the period			70	-140	-70	73	3
Closing balance, September 30, 2006	1,645	658	988	8,143	11,434	650	12,084

1) The share capital in SAS AB is distributed among 164,500,000 shares with a par value of SEK 10 per share in both the opening and closing balances.

2) The entire amount comprises a share premium reserve.

3) Includes MSEK 202 in currency hedging of net investments in foreign subsidiaries.

4) No dividends were paid in 2005 and 2006.

SAS Group

Cash-flow statement

(MSEK)	July-September		January-September		October-September	
	2006	2005	2006	2005	2005-06	2004-05
Income after financial items	893	545	149	-155	722	-550
Depreciation	507	596	1,589	1,829	2,172	2,547
Income from the sale of fixed assets	-6	-28	-47	-139	-625	-175
Adjustment for items not included in cash flow, etc.	-91	-163	-228	-188	-395	-226
Paid tax	-14	-20	-70	44	-98	65
Cash flow from operations	1,289	930	1,393	1,391	1,776	1,661
Change in working capital	-878	-1,179	350	-905	988	-916
Cash flow from operating activities	411	-249	1,743	486	2,764	745
Investment including prepayments to aircraft manufacturers	-851	-398	-1,778	-1,221	-2,384	-2,007
Sale of subsidiaries	0	8	0	8	614	8
Sale of fixed assets etc.	1,108	1,088	2,505	1,720	2,991	3,534
Cash flow before financing activities	668	449	2,470	993	3 985	2 280
External financing, net	-1,008	-750	-2,811	-1,261	-4,007	-1,556
Cash flow for the period	-340	-301	-341	-268	-22	724
Translation difference in liquid assets	-2	-19	-16	33	-11	29
Change in liquid assets according to the balance sheet	-342	-320	-357	-235	-33	753

Comments on the cash-flow statement

Cash flow from operating activities improved by MSEK 1,257 during the first nine months of 2006 and amounted to MSEK 1,743 (486).

Working capital improved in part due to the payment of a receivable of MSEK 877 attributable to the divestment of SAS Component Group in 2005.

Investment amounted to MSEK 1,778 (1,221), of which MSEK 817 (521) related to aircraft, other flight equipment and prepayments. Sales of fixed assets, etc., amounted to MSEK 2,505 (1,720), which includes the sale and leaseback of two McDonnell Douglas MD-80s, three Airbus A321s and three Boeing 737s. In addition, one property in Stockholm

and one in Oslo were sold. Accordingly, cash flow before financing activities amounted to MSEK 2,470 (993).

Liquid assets according to the balance sheet amounted to MSEK 8,327 (8,360).

The SAS Group has approximately MSEK 10,000 in unutilized tax loss carryforwards. This means that the SAS Group will not have tax payable until these loss carryforwards have been utilized, which will have a positive impact on cash flow in future periods.

Deferred tax receivables have been reported for approximately 80% of the accumulated loss carryforwards.

Statement of income – quarterly breakdown

	2004			2005			FULL 2006				
(MSEK)	JUL-SEP	OCT-DEC	FULL YEAR JAN-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	FULL YEAR JAN-DEC	JAN-MAR	APR-JUN	JUL-SEP
Revenue	15,428	14,945	58,093	13,016	16,017	16,567	16,287	61,887	14,467	17,916	18,035
Payroll expenses	-4,665	-4,962	-19,585	-4,974	-5,138	-4,949	-5,406	-20,467	-5,146	-5,346	-4,883
Other operating expenses	-8,988	-8,781	-34,040	-7,820	-8,643	-9,464	-9,376	-35,303	-9,102	-10,283	-10,679
Leasing costs for aircraft	-705	-667	-2,689	-686	-766	-843	-838	-3,133	-891	-894	-875
Depreciation	-699	-718	-2,846	-626	-607	-596	-583	-2,412	-523	-559	-507
Share of income in affiliated companies	24	28	157	20	45	59	10	134	7	33	57
Income from the sale of shares in subsidiaries and affiliated companies	0	2	5	0	-2	35	447	480	0	2	-10
Income from the sale of aircraft and buildings	-32	34	113	22	43	-7	129	187	27	12	16
Operating income	363	-119	-792	-1,048	949	802	670	1,373	-1,161	881	1,154
Income from other shares and participations	1	0	1	0	48	0	2	50	0	1	0
Net financial items	-276	-276	-1,042	-242	-407	-257	-99	-1,005	-226	-239	-261
Income after financial items	88	-395	-1,833	-1,290	590	545	573	418	-1,387	643	893
Tax	31	-232	68	319	-91	-16	-375	-163	323	-90	-289
Net income for the period	119	-627	-1,765	-971	499	529	198	255	-1,064	553	604
Attributable to:											
Parent Company shareholders	98	-611	-1,760	-964	495	499	144	174	-1,034	489	559
Minority interests	21	-16	-5	-7	4	30	54	81	-30	64	45

Segment reporting: income by business area

Statement of income	SAS Scandinavian Airlines		SAS Individually Branded Airlines		SAS Aviation Services		Hotels		Groupwide & eliminations		SAS Group	
January-September	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
External sales	27,768	26,291	13,325	10,494	4,187	4,036	4,788	3,811	350	968	50,418	45,600
Sales between business segments	1,047	974	105	127	6,772	7,330	70	61	-7,994	-8,492	0	0
Revenue	28,815	27,265	13,430	10,621	10,959	11,366	4,858	3,872	-7,644	-7,524	50,418	45,600
Payroll expenses	-5,934	-5,814	-2,482	-2,153	-4,798	-4,912	-1,716	-1,386	-445	-796	-15,375	-15,061
Other expenses	-19,512	-19,047	-9,272	-6,839	-6,257	-5,673	-2,772	-2,288	7,749	7,920	-30,064	-25,927
EBITDAR per business segment	3,369	2,404	1,676	1,629	-96	781	370	198	-340	-400	4,979	4,612
Leasing costs for aircraft	-1,567	-1,393	-1,128	-932	0	0	0	0	35	30	-2,660	-2,295
EBITDA per business segment	1,802	1,011	548	697	-96	781	370	198	-305	-370	2,319	2,317
Depreciation	-903	-1,021	-241	-236	-237	-340	-152	-147	-56	-85	-1,589	-1,829
Share of income in affiliated companies	44	43	55	46	-36	0	35	35	-1	0	97	124
Capital gains	28	324	0	-3	0	0	0	5	19	-235	47	91
EBIT per business segment	971	357	362	504	-369	441	253	91	-343	-690	874	703
Unallocated income items												
Income from other shares and participations											1	48
Net financial items											-726	-906
Tax											-56	212
Net income for the period											93	57
Income before capital gains and nonrecurring items	510	-496	246	401	-76	397	235	25	-371	-441	544	-114

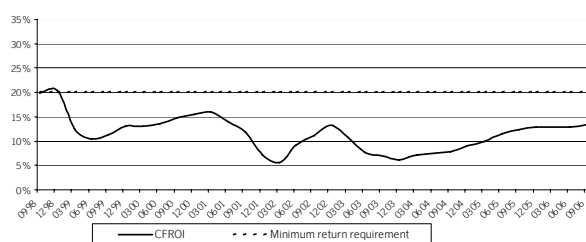
SAS Group's objectives

Performance target - CFROI

One of the Group's objectives over the next five years is to reach an average CFROI of at least 20% per year, in which average capital allocation for the replacement of the aircraft fleet is taken into account.

During the period, October 2005-September 2006, the Group generated income before net financial items, tax, depreciation, capital gains and operating lease costs for aircraft (EBITDAR) of MSEK 6,484 (5,814). Adjusted EBITDAR amounted to MSEK 6,302 (5,657). Viewed in relation to adjusted capital employed, CFROI was 13% (12%), which is 7 percentage points below target.

Performance of Cash Flow Return on Investments, CFROI (%)



Income and capital concepts

(MSEK)	October-September	
	2005-06	2004-05
Income		
Income before depreciation, EBITDA	2,986	2,852
+ Operating lease costs, aircraft	3,498	2,962
EBITDAR	6,484	5,814
- Operating lease revenue, aircraft	-182	-157
Adjusted EBITDAR	6,302	5,657
Adjusted capital employed (average)		
+ Shareholders' equity	11,979	11,868
+ Surplus value, aircraft	543	-519
+ Capitalized leasing costs, net (x7) *	21,827	18,313
- Equity in affiliated companies	-1,094	-750
+ Financial net debt	13,521	17,041
Adjusted capital employed	46,776	45,953
CFROI	13%	12%

* In the capital market a calculation model is used whereby the annual cost is multiplied by seven regardless of the fixed period of the lease. The SAS Group takes leasing revenue into account in this item. NPV (Net Present Value) amounted at the end of September to MSEK 12,122 (11,557). Average NPV for the 12-month period amounted to MSEK 12,040 (11,427).

Target achievement for SAS Group companies

		Target ¹⁾	Jan-Sep ²⁾ 2006
SAS Group	CFROI	20%	13%
SAS Scandinavian Airlines	CFROI	22%	11%
Spanair	CFROI	25%	15%
Widerøe	CFROI	25%	14%
Blue1	CFROI	25%	16%
airBaltic	CFROI	25%	18%
SAS Cargo	CFROI	20%	18%
STS	ROIC	12%	-4%
SAS Flight Academy	ROIC	11%	18%
SGS	EBITDA margin	6%	1%
Hotels	EBITDA margin	12%	8%

1) Required rate of return over a business cycle.

2) Refers to the most recent 12-month period.

SAS Scandinavian Airlines

(including SAS Business Opportunities)

Statement of income

(MSEK)	July-September		January- September	
	2006	2005	2006	2005
Passenger revenue	7,955	7,443	23,471	22,118
Charter revenue	684	516	1,414	1,208
Other traffic revenue	696	593	1,811	1,726
Other revenue	722	799	2,119	2,213
Revenue	10,057	9,351	28,815	27,265
Payroll expenses	-1,870	-1,841	-5,934	-5,814
Selling costs	-136	-184	-407	-468
Jet fuel	-1,929	-1,551	-5,219	-4,134
Government user fees	-916	-1,002	-2,693	-2,896
Catering costs	-326	-322	-926	-798
Handling costs	-1,216	-1,309	-3,724	-4,061
Technical aircraft maintenance	-857	-871	-2,906	-3,059
Computer and telecommunications costs	-417	-436	-1,345	-1,264
Other operating expenses	-887	-685	-2,292	-2,367
Operating expenses	-8,554	-8,201	-25,446	-24,861
Income before depreciation and leasing costs, EBITDAR	1,503	1,150	3,369	2,404
Leasing costs for aircraft	-522	-494	-1,567	-1,393
Income before depreciation, EBITDA	981	656	1,802	1,011
Depreciation	-296	-336	-903	-1,021
Share of income in affiliated companies	16	14	44	43
Capital gains	16	-9	28	324
Operating income, EBIT	717	325	971	357
Net financial items	-139	-196	-507	-529
SAS Scandinavian Airlines – Income after financial items	578	129	464	-172

Earnings performance

SAS Scandinavian Airlines comprises Scandinavian Airlines Denmark, SAS Braathens, Scandinavian Airlines Sverige and Scandinavian Airlines International, which operates intercontinental traffic.

Passenger revenue in the period January-September rose by 6.1% to MSEK 23,471 (22,118). This increase is due to a higher number of passengers and a positive yield. The yield rose by 4.1% due to active yield management, in part to compensate for record-high jet fuel prices. Total revenue for the period amounted to MSEK 28,815 (27,265), an increase of 5.7%.

Operating expenses for the period totaled MSEK 25,446 (24,861), an increase of 2.4%. Jet fuel costs rose by MSEK 1,085 to MSEK 5,219 (4,134). The unit cost for jet fuel rose by about 25%. Payroll expenses amounted to MSEK 5,934 (5,814) and include restructuring costs at SAS Braathens of MSEK 74. Handling costs and costs for technical aircraft maintenance declined slightly as a result of more efficient ordering and reduced unit prices. Reduced prices for SGS and STS impacted income positively in a total amount of approximately MSEK 200.

The total currency-adjusted unit cost rose in the period January-September by 5.2% and by 0.5% after adjustments for jet fuel prices. The unit cost was negatively impacted by conflicts, reduced capacity and more passengers. The ECA joint venture had a negative impact on income of MSEK -256 (-363) during the period. The improvement is due to negative nonrecurring effects in 2005 and a somewhat more advantageous trend.

EBITDAR amounted to MSEK 3,369 (2,404), an improvement of MSEK 965. Income was negatively impacted by conflicts in the amount of approximately MSEK 350.

Income before capital gains and nonrecurring items improved by MSEK 1,006 and amounted to MSEK 510 (-496).

Third quarter 2006

Passenger revenue rose 6.9% to MSEK 7,955 (7,443) owing to a higher yield. Yield rose 9.2% during the quarter. After currency adjustments, passenger revenue increased by 9.2%. Total revenue rose during the quarter by 7.5% to MSEK 10,057 (9,351).

During the period, operating expenses amounted to MSEK 8,554 (8,201). Jet fuel costs rose by MSEK 378 to MSEK 1,929 (1,551). The unit cost for jet fuel was up by about 30%. In other respects, operating expenses developed according to expectations. The ECA joint venture had a negative impact on income for the quarter of MSEK -98 (-92).

The total currency-adjusted unit cost fell by 2.1% for the period, adjusted for fuel costs.

Income before capital gains and nonrecurring items in the third quarter of 2006 improved by MSEK 424 and amounted to MSEK 562 (138).

SAS Scandinavian Airlines. Total

		July-September		January-September	
		2006	change	2006	change
No. of passengers	(000)	6,472	+0.3%	18,861	+1.3%
Revenue passenger km	(mill.)	7,551	-0.0%	21,034	+0.3%
Available seat km (ASK)	(mill.)	9,607	-0.5%	27,965	-4.1%
Cabin factor		78.6%	+0.4p.p.	75.2%	+3.3p.p.

Change in currency-adjusted yield per route sector

	July-September change vs. 2005	January-September change vs. 2005
Intercontinental routes	15.2%	13.3%
European routes	8.4%	-0.4%
Intra-Scandinavian routes	2.4%	-5.2%
Danish domestic	10.4%	6.3%
Norwegian domestic	2.2%	-1.4%
Swedish domestic	21.8%	17.7%
Total	9.2%	4.1%

Change in currency-adjusted unit cost

Total unit cost, incl. charter	3.8% ¹⁾	5.2% ²⁾
Operational unit cost, incl. charter	4.0% ¹⁾	5.3% ²⁾

1) Higher fuel costs had a negative impact on unit cost of 5.9 percentage points.
2) Higher fuel costs had a negative impact on unit cost of 4.7 percentage points.



Scandinavian Airlines

Scandinavian Airlines Denmark

	Jul-Sep 2006	Jul-Sep 2005	Jan-Sep 2006	Jan-Sep 2005
(MSEK)				
Passenger revenue	2,288	2,136	6,738	6,296
Other revenue	562	504	1,356	1,358
Total revenue	2,850	2,640	8,094	7,654
Total operating expenses	-2,588	-2,461	-7,511	-7,370
EBITDAR	262	179	583	284
Leasing costs	-190	-247	-588	-715
EBITDA	72	-68	-5	-431
Depreciation	0	0	-1	-1
EBIT	72	-68	-6	-432
Net financial items	-1	0	-5	3
Income after financial items	71	-68	-11	-429

EBITDAR margin	9.2%	6.8%	7.2%	3.7%
Average number of employees	2,057	1,682	1,943	1,639

	Jul-Sep 2006	Change	Jan-Sep 2006	Change
Traffic and production				
Scheduled traffic				
Number of passengers (000)	2,216	+1.5%	6,262	+5.4%
RPK (mill.)	1,660	-1.2%	4,604	+3.8%
ASK (mill.)	2,176	-4.7%	6,313	-7.0%
Cabin factor	76.3%	+2.7p.p.	72.9%	+7.6p.p.
Yield, currency-adjusted		11.9%		1.7%
Total unit cost, incl. charter (local currency)		8.7%		5.9%
Charter traffic				
Number of passengers (000)	173	15.8%	319	10.5%

Scandinavian Airlines Denmark had a stable trend in passenger volume in the third quarter. The number of passengers carried in the period January-September 2006 rose by 319,000, an increase of 5.4%. Traffic, RPK, rose by 3.8% despite a decrease in capacity of 7%. The cabin factor improved to a record high of 72.9%, an increase of 7.6 percentage points. This increase is explained by the commercial drive with new business models based on one-way fares that were introduced in September 2005 and a positive market trend.

The yield increased by 1.7% in January-September and had a positive trend in the third quarter, rising by 11.9%. The increase is attributable to price adjustments and active yield management to offset higher jet fuel prices. The currency-adjusted unit cost rose by 5.9% during the period. Adjusted for fuel prices, the unit cost rose by 2.1%. The unit cost was adversely affected by irregularity problems, capacity reductions and a strong increase in the cabin factor.

Passenger revenue rose by 7% to MSEK 6,738 (6,296) in January-September due to the positive trend in passenger volumes. During the period, revenues increased by 5.7% to MSEK 8,094 (7,654). Operating expenses rose by 1.9%, mainly due to higher jet fuel costs, and amounted to MSEK 7,511 (7,370).

EBITDAR in the period January-September 2006 improved by MSEK 299, amounting to MSEK 583 (284). Accordingly, the EBITDAR margin improved to 7.2% (3.7).

Income after financial items improved by a strong MSEK 418 during the period to MSEK -11 (-429). Income was negatively affected by a conflict with pilots in January in the amount of approximately MSEK 110. The income improvement is attributable to market success, adaptation of capacity and cost savings.

The earnings improvement is satisfactory, but Scandinavian Airlines Denmark remains far from its return requirement.



Braathens

	Jul-Sep 2006	Jul-Sep 2005	Jan-Sep 2006	Jan-Sep 2005
(MSEK)				
Passenger revenue	2,560	2,368	7,561	7,174
Other revenue	683	698	1,805	1,893
Total revenue	3,243	3,066	9,366	9,067
Total operating expenses	-2,828	-2,603	-8,460	-7,805
EBITDAR	415	463	906	1,262
Leasing costs	-263	-272	-802	-807
EBITDA	152	191	104	455
Depreciation	-4	-10	-23	-32
Capital gains	8	0	8	268 ¹⁾
EBIT	156	181	89	691
Net financial items	-1	2	8	1
Income after financial items	155	183	97	692
EBITDAR margin	12.8%	15.1%	9.7%	13.9%
Average number of employees	2,616	2,803	2,630	2,875
EBT before nonrecurring items	155	183	171	424

	Jul-Sep 2006	Change	Jan-Sep 2006	Change
Traffic and production				
Scheduled traffic				
Number of passengers (000)	2,545	+6.8%	7,201	+4.6%
RPK (mill.)	1,971	+11.9%	5,278	+9.8%
ASK (mill.)	2,684	+7.1%	7,554	+4.0%
Cabin factor	73.4%	+3.2p.p.	69.9%	+3.7p.p.
Yield, currency-adjusted		-1.0%		-5.6%
Total unit cost, incl. charter (local currency)		5.5%		2.5%
Charter traffic				
Number of passengers (000)	176	4.3%	361	0.6%

1) Pertains to internal capital gain made in the divestment of Braathens AS to the SAS consortium prior to the implementation of the merger.

SAS Braathens traffic, RPK, was up 9.8% in the period January-September 2006. The increase is attributable to the positive reception for the new business models, which, in particular, resulted in strong growth on European routes of 18% during the period. Growth in Norwegian domestic traffic was stable and traffic rose by 3.6%. Capacity increased by 4% during the period, resulting in an improvement in the cabin factor of 3.7 percentage points to 69.9%. The cabin factor for the third quarter was 73.4%.

The yield declined by 5.6% as a result of general price pressure in the market and longer flying distances on the new European routes. The currency-adjusted unit cost rose by 2.5% during the period. Adjusted for higher fuel prices, the unit cost declined by 1.9%.

Passenger revenue was up 5.4% to MSEK 7,561 (7,174) during the period January-September 2006 due to rising traffic volumes. Total revenue amounted to MSEK 9,366 (9,067). Operating expenses rose by 8.4% to MSEK 8,460 (7,805). The increase is mainly attributable to higher jet fuel costs, additional expenses in conjunction with conflicts during the first half of the year and restructuring costs of MSEK 74 for staff reductions. Other operating expenses fell by 2%.

EBITDAR declined by MSEK 356, amounting to MSEK 906 (1,262). EBITDAR was negatively impacted by about MSEK 240 for disruptions to traffic owing to pilots calling sick in January and the strike by cabin personnel in April. During the third quarter, EBITDAR declined by MSEK 48 and amounted to MSEK 415 (463).

Income before capital gains and nonrecurring items amounted to MSEK 171 (424) for the period January-September. For the third quarter, income before capital gains and nonrecurring items totaled MSEK 155 (183).

In July, SAS Braathens was found not guilty of misuse of its dominating position on the Oslo-Haugesund route. In September, SAS Braathens was also found not guilty by the Norwegian National Authority for the Investigation and Prosecution of Economic Crime regarding unlawful access to data about Norwegian in the Amadeus reservation system. However, SAS Braathens was found guilty in the so-called "e-mail affair." All of these judgments have been appealed.



Scandinavian Airlines

Scandinavian Airlines Sverige

	Jul-Sep 2006	Jul-Sep 2005	Jan-Sep 2006	Jan-Sep 2005
(MSEK)				
Passenger revenue	1,359	1,307	4,569	4,393
Other revenue	529	471	1,391	1,289
Total revenue	1,888	1,778	5,960	5,682
Total operating expenses	-1,691	-1,681	-5,249	-5,491
EBITDAR	197	97	711	191
Leasing costs	-162	-183	-516	-541
EBITDA	35	-86	195	-350
Depreciation	-1	-1	-4	-3
EBIT	34	-87	191	-353
Net financial items	-3	-6	-15	-20
Income after financial items	31	-93	176	-373
EBITDAR margin	10.4%	5.5%	11.9%	3.4%
Average number of employees	1,679	1,498	1,602	1,471

Traffic and production	Jul-Sep 2006	Change	Jan-Sep 2006	Change
Scheduled traffic				
Number of passengers (000)	1,318	-10.1%	4,309	-6.8%
RPK (mill.)	1,057	-5.9%	3,286	-3.2%
ASK (mill.)	1,465	-5.2%	4,693	-8.9%
Cabin factor	72.1%	-0.5p.p.	70.0%	+4.1p.p.
Yield, currency-adjusted		12.7%		6.4%
Total unit cost, incl. charter (local currency)		1.5%		0.9%
Charter traffic				
Number of passengers (000)	187	21.7%	399	10.5%

Scandinavian Airlines Sverige reported a favorable improvement in earnings for the third period. Since the beginning of the year, Scandinavian Airlines Sverige has reduced its capacity by 8.9%. During the same period, traffic declined by 3.2%, resulting in an improvement in cabin factor of 4.1 percentage points to 70%. The cabin factor on Swedish domestic during the period amounted to 69.8%, an improvement of 1.6 percentage points. On inter-Scandinavian routes, the cabin factor was up 10.5 percentage points to 72.5% and on European routes, the cabin factor rose by 5 percentage points to 69.9%.

In the period January-September, the yield rose by 6.4%. This rise is attributable to active yield management to offset higher fuel prices, for example, and successful use of existing capacity. Despite the sharply increased jet fuel prices, the currency-adjusted unit cost rose by only 0.9% as a result of efficient cost control. Adjusted for fuel prices, the unit cost declined by 4.3%.

Passenger revenue for January-September rose by 4% to MSEK 4,569 (4,393). The increase was positively impacted by the yield trend. Revenue rose by 4.9% to MSEK 5,960 (5,682) during the period. Operating expenses fell by 4.4% due to reduced capacity and saving measures, despite substantially higher costs for jet fuel.

EBITDAR improved by MSEK 520 and amounted to MSEK 711 (191). The EBITDAR margin was 11.9% (3.4%).

Income after financial items improved by MSEK 549 to MSEK 176 (-373) in the period January-September. During the third quarter, income improved by MSEK 124, amounting to MSEK 31 (-93). The income improvement is attributable to continued successful work in continuously adapting capacity to demand, continued success in the market for the new domestic and European offerings, Nya Inrikesflyget and Nya Europaflyget, and cost reductions in operations.

The earnings improvement is satisfactory, but Scandinavian Airlines Sverige remains far from its return requirement.



Scandinavian Airlines

Scandinavian Airlines International ¹⁾

	Jul-Sep 2006	Jul-Sep 2005	Jan-Sep 2006	Jan-Sep 2005
(MSEK)				
Passenger revenue	1,756	1,675	4,623	4,274
Other revenue	489	542	1,311	1,532
Total revenue	2,245	2,217	5,934	5,806
Total operating expenses	-1,822	-1,833	-5,271	-5,302
EBITDAR	423	384	663	504
Leasing costs	-177	-184	-549	-524
EBITDA	246	200	114	-20
Depreciation	0	-2	-2	-6
EBIT	246	198	112	-26
Net financial items	4	0	-7	18
Income after financial items	250	198	105	-8
EBITDAR margin	18.8%	17.3%	11.2%	8.7%
Average number of employees	702	637	607	681

Traffic and production	Jul-Sep 2006	Change	Jan-Sep 2006	Change
Scheduled traffic				
Number of passengers (000)	393	-6.8%	1,089	-7.1%
RPK (mill.)	2,863	-4.3%	7,866	-5.6%
ASK (mill.)	3,282	-1.2%	9,405	-5.6%
Cabin factor	87.3%	-2.8p.p.	83.6%	+0.0p.p.
Yield, currency-adjusted		15.2%		13.3%
Total unit cost, incl. charter (local currency)		6.1%		10.9%

¹⁾ Pertains to intercontinental traffic.

The trend in the period January-September was in line with established plans. Scandinavian Airlines International's intercontinental capacity, ASK, was reduced by 5.6% compared with the preceding year. Traffic declined by a corresponding amount, resulting in an unchanged cabin factor of 83.6%. The reduced capacity in general and the number of flights, in particular, meant that Business Class traffic declined by 3%.

Capacity on the Asian routes was reduced by 7% during the period. The reduction is primarily due to the termination of flights on the Bangkok-Singapore route, which is now served in cooperation with Swiss. Traffic on the Asian routes fell less than the capacity reduction, which is why the cabin factor improved. As a result of the introduction of new Business Class seats, capacity in Business Class declined by 11%, but the reduction in traffic was considerably lower.

Capacity on the US routes was down 5%. Traffic declined somewhat more than capacity, which resulted in a lower cabin factor compared with 2005. Traffic in Business Class increased despite the lower capacity.

The yield rose by 13.3% in the period January-September and by 15.2% in the third quarter. This increase is attributable to a favorable mix of Business Class and Economy Class and jet fuel surcharges. The currency-adjusted unit cost rose by 10.9% in the period January-September as a result of higher fuel costs and product improvements. Adjusted for jet fuel prices, the increase was 3%. The unit cost was negatively impacted by irregularity problems and capacity reductions.

Passenger revenue rose by MSEK 349 to MSEK 4,623 (4,274) in the period January-September. The increase is attributable to the positive yield trend. Total revenue increased by MSEK 128 to MSEK 5,934 (5,806).

EBITDAR improved by MSEK 159 and amounted to MSEK 663 (504). In the third quarter, EBITDAR amounted to MSEK 423 (384), an improvement of MSEK 39. Income after financial items for the nine-month period improved by MSEK 113 and amounted to MSEK 105 (-8).

SAS Individually Branded Airlines

Statement of income

(MSEK)	July-September		January- September	
	2006	2005	2006	2005
Passenger revenue	3,344	2,810	9,362	6,903
Freight revenue	37	27	115	83
Charter revenue	1,327	1,185	2,487	2,193
Other traffic revenue	126	74	353	225
Other revenue	383	415	1,113	1,217
Revenue	5,217	4,511	13,430	10,621
Payroll expenses	-850	-796	-2,482	-2,153
Selling costs	-119	-128	-343	-287
Jet fuel	-1,130	-739	-2,773	-1,667
Government user fees	-654	-605	-1,715	-1,428
Catering costs	-208	-212	-503	-464
Handling costs	-304	-272	-861	-660
Technical aircraft maintenance	-401	-293	-1,071	-792
Computer and telecommunications costs	-72	-80	-236	-184
Other operating expenses	-652	-531	-1,770	-1,357
Operating expenses	-4,390	-3,656	-11,754	-8,992
Income before depreciation and leasing costs, EBITDAR	827	855	1,676	1,629
Leasing costs for aircraft	-375	-367	-1,128	-932
Income before depreciation, EBITDA	452	488	548	697
Depreciation	-78	-82	-241	-236
Share of income in affiliated companies	30	34	55	46
Capital gains	0	-3	0	-3
Operating income, EBIT	404	437	362	504
Net financial items	-44	-39	-116	-106
SAS Individually Branded Airlines - Income after financial items	360	398	246	398

Earnings performance

The SAS Individually Branded Airlines business area comprises the airlines Spanair, Widerøe's Flyveselskap, Blue1 and airBaltic. The business area also includes the Spanish ground handling company Newco, the strategic holding in Estonian Air and the affiliated companies Air Greenland, Skyways and British Midland.

In the period January-September 2006, the business area accounted for 23% of the SAS Group's operating revenue before Groupwide eliminations. The airlines in this business area underwent substantial growth during the period. The number of passengers carried rose by 20.1%, with a total of 10.1 million passengers carried, which is more than ever before. Traffic, measured in RPK, rose by 26.1%. The rise is due to robust traffic growth in Blue1 (50.0%), airBaltic (34.6%) and Spanair (22.6%) as a result of newly opened destinations and higher frequencies. Traffic in Widerøe increased by 7.5%.

The business area's passenger revenue in January-September increased by 36% to MSEK 9,362 (6,903) due to larger volumes. Total revenues amounted to MSEK 13,430 (10,621). The yield was stable for Spanair, Widerøe and airBaltic, but declined for Blue1 due to new and longer routes and intensive competition.

Operating expenses rose during the period by MSEK 2,762 to MSEK 11,754 (8,992). The increase is due to higher volumes, record-high jet fuel prices and phasing-in costs for new aircraft. Jet fuel costs rose MSEK 1,106 to MSEK 2,773 (1,667).

EBITDAR amounted to MSEK 1,676 (1,629) for the period January-September, an increase of MSEK 47.

The business area reported income after financial items of MSEK 246 (398) for the period. Income before capital gains and nonrecurring items amounted to MSEK 246 (401) for the period. The lower income is attributable to phasing-in costs for new aircraft in Blue1 and reduced income in Widerøe.

Third quarter

Passenger revenue rose by a robust 19% to MSEK 3,344 (2,810) during the third quarter of 2006. Total revenue rose by 15.7% during the same period, amounting to MSEK 5,217 (4,511). In the third quarter, growth was strongest in Blue1 and airBaltic.

Operating expenses during the third quarter rose by 20.1% to MSEK 4,390 (3,656). At the same time, jet fuel costs increased by 53% to MSEK 1,130 (739). Income before capital gains and nonrecurring items amounted to MSEK 360 (401) during the period.

Traffic and production*		July-September		January-September	
		2006	Change	2006	Change
Scheduled traffic					
No. of passengers (000)		3,671	+12.6%	10,137	+20.1%
RPK (mill.)		3,197	+20.0%	8,247	+26.1%
ASK (mill.)		4,486	+13.8%	12,401	+15.8%
Cabin factor		71.3%	+3.7p.p.	66.5%	+5.5p.p.
* Spanair, Widerøe, Blue1 and airBaltic.					
Traffic results 2006					
January-September		Spanair	Widerøe	Blue1	airBaltic
Passengers		20.4%	6.1%	21.6%	40.8%
RPK		22.6%	7.5%	50.0%	34.6%
ASK		11.9%	2.4%	42.5%	22.3%
Cabin factor		68.1%	56.8%	67.0%	63.0%
Cabin factor, change		+6.0p.p.	+2.7p.p.	+3.4p.p.	+5.8p.p.



	Jul-Sep 2006	Jul-Sep 2005	Jan-Sep 2006	Jan-Sep 2005
(MSEK)				
Passenger revenue	2,032	1,831	5,536	4,344
Other revenue	1,508	1,341	3,027	2,637
Revenue	3,540	3,172	8,563	6,981
Payroll expenses	-385	-375	-1,095	-984
Other operating expenses	-2,519	-2,078	-6,290	-4,789
Total operating expenses	-2,904	-2,453	-7,385	-5,773
EBITDAR	636	719	1,178	1,208
Leasing costs	-263	-335	-822	-870
EBITDA	373	384	356	338
Depreciation	-27	-32	-83	-88
Shares of income in affiliated companies	-1	0	-1	-1
EBIT	345	352	272	249
Net financial items	-37	-34	-107	-84
Income after financial items	308	318	165	165
EBITDAR margin	18.0%	22.7%	13.8%	17.3%
Average number of employees	3,700	2,978	3,571	2,809
CFROI (12 months)			15%	13%

An itemized statement of income is available at www.sasgroup.net

	Jul-Sep 2006	Change	Jan-Sep 2006	Change
Traffic and production				
Scheduled traffic				
No. of passengers (000)	2,293	8.8%	6,275	20.4%
RPK (mill.)	2,147	12.7%	5,582	22.6%
ASK (mill.)	2,926	5.9%	8,192	11.9%
Cabin factor	73.4%	+4.4p.p.	68.1%	+6.0p.p.
Yield, (EUR/RPK)		0.0%		3.3%
Charter traffic				
Number of passengers (000)	1,085	-2.8%	1,920	0.0%

Spanair's traffic was up 22.6% in the period January-September 2006. Growth was strong on both Spanish domestic and international routes. Traffic on domestic routes increased by 17%, while the cabin factor improved by 4.9 percentage points to 68.8%. On the international routes, traffic increased by 46% and the cabin factor improved by 10 percentage points to 66%. During the year, Spanair opened new routes to Scandinavia and Switzerland. Total capacity rose by 11.9% and the cabin factor totaled 68.1%, an increase of 6 percentage points compared with the preceding year.

In January-September, the yield rose 3.3% as a result of the levied fuel surcharge and a positive trend in the business segment. In the third quarter, the yield was in line with the preceding year.

Passenger revenue increased during the period January-September by 27.4% and amounted to MSEK 5,536 (4,344) as a result of higher passenger volumes and a positive yield. Total revenue rose by 22.7%, amounting to MSEK 8,563 (6,981). Operating expenses rose as a result of higher volumes and increased fuel costs and totaled MSEK 7,385 (5,773).

EBITDAR during the period amounted to MSEK 1,178 (1,208). Leasing costs amounted to MSEK 822 (870). A change of method regarding wet lease was introduced, which explains the decrease in leasing costs of MSEK 72 to MSEK 263 (335) during the third quarter.

Income after financial items was in line with the preceding year and amounted to MSEK 165 (165).

In the fourth quarter, Spanair will open new routes from Madrid and Barcelona to new domestic and international destinations. In 2007, Spanair will open further new routes from Barcelona and Bilbao.

Due to provisions in the fourth quarter of 2005, the income improvement in the fourth quarter of 2006 will be larger than the three preceding quarters.



	Jul-Sep 2006	Jul-Sep 2005	Jan-Sep 2006	Jan-Sep 2005
(MSEK)				
Passenger revenue	465	429	1,472	1,242
Other revenue	248	281	731	875
Revenue	713	710	2,203	2,117
Payroll costs	-278	-265	-838	-748
Other operating expenses	-378	-356	-1,156	-1,068
Total operating expenses	-656	-621	-1,994	-1,816
EBITDAR	57	89	209	301
Leasing costs	-27	-23	-78	-67
EBITDA	30	66	131	234
Depreciation	-39	-39	-117	-114
EBIT	-9	27	14	120
Net financial items	-4	-7	-10	-23
Income after financial items	-13	20	4	97
EBITDAR margin	8.0%	12.5%	9.5%	14.2%
Average number of employees	1,402	1,331	1,385	1,324
CFROI (12 months)			14%	24%

	Jul-Sep 2006	Change	Jan-Sep 2006	Change
Traffic and production				
Scheduled traffic				
No. of passengers (000)	475	5.1%	1,428	6.1%
RPK (mill.)	157	7.2%	456	7.5%
ASK (mill.)	271	2.8%	802	2.4%
Cabin factor	58.0%	+2.4p.p.	56.8%	+2.7p.p.
Yield, (NOK/RPK)		-0.9%		-3.7%
Total unit costs, incl. charter (local currency)		3.5%		6.9%

Widerøe had a favorable traffic trend during the period January-September and traffic, RPK, increased by 7.5% compared with the preceding year. The largest growth was on international routes. Capacity grew by 2.4% and, accordingly, the cabin factor improved by 2.7 percentage points to 56.8%.

The yield was 3.7% lower than in the preceding year, which was offset by the higher cabin factor. The unit cost rose by 6.9% during the period. The increase is due to higher fuel costs and higher technical and personnel-related costs. The collective agreements signed in 2005 resulted in an unfavorable cost trend.

Despite positive developments in the market and demand for flights, Widerøe did not attain expected revenue levels, primarily due to high costs. Widerøe has commenced a program corresponding to MSEK 200 to improve the cost situation. By the end of September, activities corresponding to MNOK 75 had been implemented.

Passenger revenue rose by MSEK 230 to MSEK 1,472 (1,242) in the period January-September owing to increased traffic and reclassification of passenger revenue from other revenue. Total revenue was up 4% to MSEK 2,203 (2,117).

EBITDAR amounted to MSEK 209 (301), a decrease of MSEK 92. The decline is attributable to regularity problems at the beginning of the year and a generally negative cost trend. Income after financial items amounted to MSEK 4 (97).

In September, Widerøe submitted a bid for production in the short runway network in Finnmark for the period April 2007 to March 2010, corresponding to production for two aircraft. The result of the procurement process will be announced at the end of November.

(MSEK)	Jul-Sep 2006	Jul-Sep 2005	Jan-Sep 2006	Jan-Sep 2005
Passenger revenue	428	349	1,318	1,115
Other revenue	53	39	155	133
Revenue	481	388	1,473	1,248
Payroll expenses	-68	-56	-221	-186
Other operating expenses	-368	-290	-1,159	-903
Total operating expenses	-436	-346	-1,380	-1,089
EBITDAR	45	42	93	159
Leasing costs	-38	-34	-122	-101
EBITDA	7	8	-29	58
Depreciation	-2	-4	-7	-10
EBIT	5	4	-36	48
Net financial items	-3	3	0	0
Income after financial items	2	7	-36	48
EBITDAR margin	9.4%	10.8%	6.3%	12.7%
Average number of employees	513	449	481	444
CFROI (12 months)			16%	21%

Traffic and production	Jul-Sep 2006	Change	Jan-Sep 2006	Change
Scheduled traffic				
No. of passengers (000)	460	21.2%	1,356	21.6%
RPK (mill.)	398	63.8%	1,048	50.0%
ASK (mill.)	553	63.2%	1,564	42.5%
Cabin factor	72.1%	+0.3p.p.	67.0%	+3.4p.p.
Yield, (EUR/RPK)		-24.2%		-22.0%
Total unit cost, incl. charter (local currency)		-22.7%		-12.5%

Traffic results (RPK) were extremely favorable in the third quarter and rose by 50% in the period January-September compared with the preceding year. The increase in capacity, ASK, was 42.5% in the same period, which resulted in an improvement in the cabin factor of 3.4 percentage points to 67%.

The strong increase in capacity and traffic is mainly attributable to Blue1 opening 11 new European routes during the year. Market share, particularly on domestic routes, increased and the new European routes had a favorable cabin factor. During the period, the total number of passengers carried was 1.4 million, an increase of 21.6% compared with the preceding year.

The yield fell by 22% in the period January-September. The decline is attributable to longer flight durations and intensified competition on Blue1's routes compared with the preceding year.

Fuel costs were high during the third quarter and rose by MSEK 119 in the period January-September. As a result of the phasing in of MD-90 aircraft, unit costs fell by 12.5% compared with the preceding year.

Passenger revenue for January-September increased by MSEK 203 compared with the preceding year due to higher passenger volumes and amounted to MSEK 1,318 (1,115). Total revenue rose 18% to MSEK 1,473 (1,248).

Blue1 is now an airline with exclusively jet aircraft, since the SAAB 340 was phased out from the aircraft fleet. In September, the third MD-90 aircraft was phased into traffic.

Income after financial items declined by MSEK 84 to MSEK -36 (48) in the period January-September. Income was primarily adversely affected by the phasing in of the MD-90s and the phasing out of SAAB production.

(MSEK)	Jul-Sep 2006	Jul-Sep 2005	Jan-Sep 2006	Jan-Sep ¹⁾ 2005
Passenger revenue	419	296	1,036	737
Other revenue	46	27	116	89
Revenue	465	324	1,152	825
Payroll expenses	-42	-33	-121	-81
Other operating expenses	-341	-239	-866	-668
Total operating expenses	-383	-272	-987	-749
EBITDAR	82	52	165	76
Leasing costs	-47	-29	-109	-89
EBITDA	35	23	56	-13
Depreciation	-3	-2	-8	-6
EBIT	32	20	48	-19
Net financial items	-1	-2	-4	-4
Income after financial items	31	18	44	-23
EBITDAR margin	17.6%	16.0%	14.3%	9.2%
Average number of employees	818	625	770	685
CFROI (12 months)			18%	17%

1) Consolidated as of August 1, 2005.

Traffic and production	Jul-Sep 2006	Change	Jan-Sep 2006	Change
Scheduled traffic				
No. of passengers (000)	441	36.8%	1,078	40.8%
RPK (mill.)	491	33.0%	1,162	34.6%
ASK (mill.)	730	26.7%	1,844	22.3%
Cabin factor	67.3%	+3.2p.p.	63.0%	+5.8p.p.
Yield, (LVL/RPK)		7.4%		3.0%
Total unit cost, incl. charter (local currency)		10.8%		8.1%

Traffic (RPK) rose by 34.6% in the period January-September 2006 and the number of passengers carried increased by 40.8% compared with a year earlier. This increase is attributable to new routes and stable growth in Latvia and Lithuania. At the same time, capacity increased by 22.3%, which resulted in a sharp improvement in the cabin factor by 5.8 percentage points to 63%.

The yield gradually improved after a weak start to the year. In the period January-September, the yield increased by 3.0%.

Passenger revenue rose by 40.6% till MSEK 1,036 (737) in January-September. The increase is attributable to higher passenger volumes, improved cabin factor and a positive yield. During the same period, revenue amounted to MSEK 1,152 (825), an increase of 39.6%. Operating expenses rose by 31.8% to MSEK 987 (749). The rise is attributable to increased production and higher jet fuel prices.

EBITDAR improved by MSEK 89 to MSEK 165 (76). The EBITDAR margin improved by 5.1 percentage points to 14.3%.

Leasing costs rose as a consequence of three more aircraft in the fleet and wet-lease expenses in May-June. In total, leasing costs amounted to MSEK 109 (89), a rise of 22.5%.

Income before capital gains and nonrecurring items improved during the period by MSEK 27 to MSEK 44 (17).

SAS Aviation Services

(including SAS Flight Academy)

Statement of income

(MSEK)	July-September		January- September	
	2006	2005	2006	2005
Revenue	3,515	3,632	10,959	11,366
Payroll expenses	-1,451	-1,605	-4,798	-4,912
Handling costs	-274	-337	-796	-995
Technical aircraft maintenance	-606	-367	-1,877	-1,263
Computer and telecommunications costs	-141	-154	-391	-454
Other operating expenses	-1,064	-1,038	-3,193	-2,961
Operating expenses	-3,536	-3,501	-11,055	-10,585
Income before depreciation, EBITDA	-21	131	-96	781
Depreciation	-66	-92	-237	-340
Share of income in affiliated companies	0	0	-36	0
Operating income, EBIT	-87	39	-369	441
Net financial items	-37	-33	-75	-105
SAS Aviation Services – Income after financial items	-124	6	-444	336
EBT before nonrecurring items	-42	67	-76	397

	SAS Ground Services		SAS Technical Services		SAS Cargo Group		SAS Flight Academy	
	Jan-Sep		Jan-Sep		Jan-Sep		Jan-Sep	
	2006	2005	2006	2005	2006	2005	2006	2005
Revenue	4,398	4,572	3,644	4,224	2,660	2,350	332	330
Of which external revenue	17.1%	17.5%	17.2%	19.7%	98.8%	95.3%	54.2%	48.8%
Operating expenses	-4,359	-4,411	-3,779	-2,601	-2,601	-2,269	-261	-245
EBITDA	39	161	-135	438	59	81	71	85
EBIT	-28	74	-268	287	25	42	39	26
Income after financial items	-37	64	-317	210	14	27	35	23
Average number of employees	6,672	7,042	2,536	3,652	1,447	1,328	165	163
EBT before nonrecurring items	13	125	-136	210	46	27	35	23

Earnings performance

The SAS Aviation Services business area comprises SAS Ground Services (SGS), SAS Technical Services (STS), SAS Cargo Group and since January 2006 also SAS Flight Academy (SFA). SGS is a full-service provider in the area of airline ground handling. STS provides technical maintenance of aircraft within and outside the SAS Group. SAS Cargo is a leader in transporting freight in the Baltic Sea region and SAS Flight Academy operates training centers for pilots and cabin crew.

The business area's operating revenue declined during the period January-September 2006 to MSEK 10,959 (11,366). This decline can be explained by the sale of SAS Component Group, but also the fact that STS and SGS are undergoing structural changes and were affected by heavy pressure on volume and prices. Income before capital gains and nonrecurring items deteriorated by MSEK 473 and amounted to MSEK -76 (397).

During the third quarter of 2006, operating revenues fell MSEK 117 to MSEK 3,515 (3,632). Income before capital gains and nonrecurring items declined by MSEK 109 to MSEK -42 (67).

SAS Technical Services' (STS) operating revenue for the period January-September 2006 totaled MSEK 3,644 (4,224). This decline is due to the sale of SAS Component and lower volumes. During the period, STS signed new external agreements corresponding to MSEK 230. Operating expenses were charged with restructuring costs of MSEK 181 (of which, MSEK 160 pertained to closure of the Sola base). Income before depreciation, EBITDA, amounted to MSEK -135 (438). Income before nonrecurring items declined by MSEK 346 to MSEK -136 (210).

The lower operating revenue continues to be attributable to reduced demand for Airframe services in particular (heavy and base maintenance) from SAS Group airlines and further market-based adjustments to prices. STS expects continued low demand during the remainder of 2006.

SAS Ground Services' (SGS) operating revenue amounted to MSEK 4,398 (4,572) for the period January-September. Income before capital gains and nonrecurring items was MSEK 13 (124). Restructuring costs during the period amounted to MSEK 50.

SGS operates in a sector in which low prices and narrow margins lead to a requirement for efficiency enhancement of operations. SGS' volumes fell a total of 3% compared with the preceding year, with the largest decline in SGS in Denmark and Sweden. To offset seasonal variations, SGS is focusing on creating increased flexibility in production. In 2006, SGS signed several new agreements with customers outside the SAS Group and regained Icelandair as a customer in Denmark in the third quarter.

In the Norwegian court case on how Braathens' ground handling staff were to be integrated in 2002, the Supreme Court overturned the judgments of the lower courts. The effects of this court decision are expected to impact the SAS Group's results negatively in the amount of MSEK 105.

SAS Cargo's operating revenue for the period January-September amounted to MSEK 2,660 (2,350). This growth is due to increased capacity with Singapore Airlines and Spanair, as well as new operations. Income before capital gains and nonrecurring items improved by MSEK 19 to MSEK 46 (27). The market is characterized by intense competition and surplus capacity, which results in price pressure.

Hotels

THE

REZIDOR

HOTEL GROUP

Statement of income

(MSEK)	July-September		January- September	
	2006	2005	2006	2005
Rooms revenue	968	806	2,747	2,177
Food and beverage revenue	436	370	1,406	1,154
Fee revenue	172	116	445	307
Other revenue	87	83	260	234
Revenue	1,663	1,375	4,858	3,872
Operating expenses	-459	-402	-1,439	-1,228
Payroll expenses	-589	-463	-1,716	-1,386
Property insurance and property tax	-32	-26	-77	-70
Operating expenses	-1,080	-891	-3,232	-2,684
Gross operating income (GOP)	583	484	1,626	1,188
Rental expenses	-423	-341	-1,256	-990
Share of income in affiliated companies	12	11	35	35
Income before depreciation, EBITDA	172	154	405	233
Depreciation	-50	-50	-152	-147
Capital gains	0	5	0	5
Operating income, EBIT	122	109	253	91
Financial items, net	-4	-16	-18	-61
Hotels – Income after financial items	118	93	235	30
Key figures				
Revenue, including managed hotels (MSEK)	3,342	2,764	9,671	7,651
Revenue per available room (SEK) (RevPAR) ¹⁾	683	675	670	618
Revenue per available room (EUR) (RevPAR) ¹⁾	74	72	72	67
Occupancy rate ¹⁾	74.4%	73.8%	69.8%	68.0%
Gross profit margin	35.1%	35.2%	33.5%	30.7%
Number of available rooms/night	14,298	12,292	14,176	12,260
Number of available rooms/night ¹⁾	33,348	27,820	32,005	27,254
Number of leased hotels	63	52	63	52
Number of hotels in operation	226	204	226	204

¹⁾ Including hotels operated on a management basis.

Earnings performance

Revenue for the nine-month period amounted to MSEK 4,858 (3,872), an increase of 25.5% or MSEK 986. Comparable units posted an increase of MSEK 424, corresponding to 43% of the total increase.

Revenue for the third quarter amounted to MSEK 1,663 (1,375), an increase of 20.9% or MSEK 288. Comparable units posted an increase of MSEK 306 or 36% of the total increase.

Revenue per available room (RevPAR) continued to improve during the third quarter of 2006, primarily due to higher room prices.

Key figures for the nine-month period of 2006, including managed hotels, performed as follows:

- RevPAR rose to EUR 72 (SEK 670), which is an increase of 7.5%. For the third quarter, RevPAR was EUR 74 (SEK 683), an increase of 2.8%.
- The occupancy rate for the nine-month period rose by 2 percentage points to 70%. For the third quarter, the occupancy rate was at the same level as the year-earlier period, 74%.

Revenue, including managed hotels, amounted to MSEK 9,671 (7,651) for the period, which is an increase of 26.4%. Revenue for the third quarter amounted to MSEK 3,342 (2,764), an increase of 20.9%.

During the period January-September, Rezidor signed 23 contracts for new hotels, corresponding to 5,485 rooms. Four of the contracts pertain to leased hotels and the remaining 19 to hotels through management contracts.

During the period January-September, the number of rooms, including managed and franchise hotels, increased by 3,433 to a total of 45,783. Of these, 1,686 pertain to Radisson SAS hotels and 1,747 rooms pertain to Park Inn. A total of 1,515 rooms left the chain during the period. Of the new rooms added to the chain, 10% pertain to leased hotels, 78% to hotels through management contracts and the remaining 12% to franchises. The majority of the new rooms were added in Western Europe (excluding the Nordic region) under the Radisson SAS brand and in Eastern Europe under the Park Inn brand. At September 30, Rezidor had a total of 272 hotels, of which 46 were under construction.

Income before depreciation amounted to MSEK 405 (233) for the nine-month period and MSEK 172 (154) for the third quarter. The sharp improvement in income compared with 2005 is primarily due to the increase in RevPAR and the reduction in brand costs to Carlson Companies.

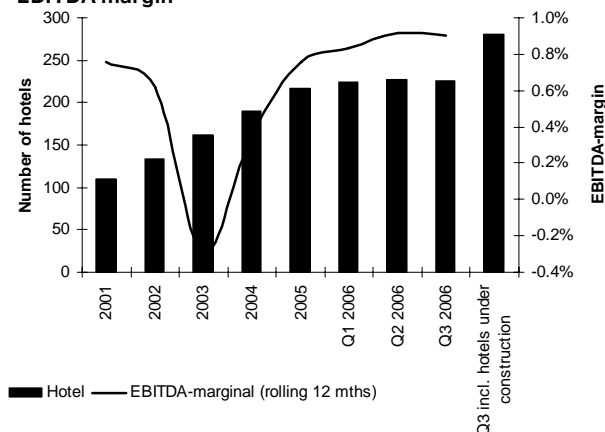
Income after financial items, EBT, totaled MSEK 235 (30) for the nine-month period and MSEK 118 (93) for the third quarter.

Rezidor's goal is to have 20,000 new hotel rooms in the period 2007 to 2009. The financial target is an EBITDA margin of 12% over a business cycle.

The SAS Group announced on June 22 its intention to prepare for a listing of its hotel business, Rezidor Hotel Group AB ("Rezidor") through an initial public offering on the Stockholm Stock Exchange. On October 26, SAS published its intention to float Rezidor and the IPO is expected to be completed by the end of this year, subject to market conditions and final SAS Board approval. Carlson Hotels Worldwide has declared its intention to remain a significant shareholder.

For the fourth quarter of this year, it is expected that RevPAR will continue to grow, however at a slower pace than in the first nine months of 2006. Such growth is expected to be mainly driven by rate increases. Revenue is expected to increase by a low double-figure percent compared with the fourth quarter of 2005. EBITDA margin is expected to increase marginally before any IPO-related expenses.

Performance of number of hotels in operation and EBITDA margin



Definitions

AEA – The Association of European Airlines. An organization comprising the largest European airlines.

AOC – Airline Operator Certificate.

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 seven times the net annual cost of operating leases for aircraft, plus financial net debt, minus share of equity in affiliated companies. Can also be expressed as the book value of total assets, plus surplus value in the aircraft fleet, plus seven times the net annual cost of operating leases for aircraft, minus share of equity in affiliated companies, minus noninterest-bearing liabilities and interest-bearing assets, excluding net pension funds.

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 - Adjusted EBITDAR in relation to AV.

Debt/equity ratio – Financial net debt in relation to shareholders' equity and minority interests.

Earnings per share (EPS) – Net income for the period divided by the total number of shares.

EBIT (incl. Capital gains) – Operating income.

EBIT margin - EBIT divided by total revenue.

EBITDA, Operating income 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 margin – EBITDAR divided by total revenue.

EBITDAR, Operating income 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 the SAS Group's share of 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 financial net debt during the year and seven times the net annual cost of operating leases for aircraft.

Financial net debt – Interest-bearing liabilities minus interest-bearing assets, excluding net pension funds.

FTE – Full-time equivalent.

Gross profit margin – Operating income before depreciation in relation to total 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 – Net income for the period attributable to Parent Company shareholders in relation to average shareholders' equity, excluding minority interests.

Revenue passenger kilometers (RPK) – See RPK.

RevPAR, Revenue per available room – Revenue per available hotel room.

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

Sale and leaseback – Sale of an asset (aircraft, property, etc.) that is then leased back.

TSR, Total shareholder return – Average total return.

Unit cost, operational – Airline operations' total operating expenses minus non-traffic related revenue per ASK.

Unit cost, total – Airline operations' total operating expenses, including the capacity cost of aircraft minus non-traffic related revenue per ASK.

Unit revenue (yield) – Average traffic revenue per RPK.

Yield – See Unit revenue.

Important events

First quarter 2006

- At Spanair, certain revenue and expense items were incorrectly booked for the period 2002-2005.
- The pilots at Scandinavian Airlines Danmark went on a wildcat strike, resulting in the cancellation of nearly all routes from Copenhagen for three days. At the same time, an unusually high number of pilots at SAS Braathens called in sick, resulting in a large number of canceled flights.
- The Supreme Court of Norway overturned the decision of Eidsivating Court of Appeal in favor of SAS Ground Services in a lawsuit concerning employee rights in connection with the transfer from Braathens in 2002.
- The SAS Group completed the incorporation and affected pilots were transferred from the SAS Consortium to Scandinavian Airlines Danmark and Scandinavian Airlines Sverige effective March 1, 2006.
- The European Commission conducted an unannounced inspection of SAS Cargo in Copenhagen on February 14 as part of an extensive investigation of suspected antitrust violations in the airfreight business. A similar investigation by US authorities is also under way.
- Blue1 opened ten new European destinations from Helsinki in March and April.

Second quarter 2006

- SAS Braathens concluded a new agreement with cabin crew after a three-day lawful dispute.
- At SAS AB's Annual General Shareholders' Meeting, the Board of Directors was reelected and Jens Erik Christensen replaced Lars Rebie Sørensen who declined reelection.
- SAS AB's Annual General Shareholders' Meeting resolved not to pay a dividend for the 2005 financial year.
- The President and CEO of the SAS Group, Jørgen Lindegaard, announced that he would leave the SAS Group.
- Scandinavian Airlines and the pilots' trade unions signed an agreement that ensures unity regarding terms of employment, the seniority list and principal payroll and employment terms and conditions.
- SAS Braathens rejected claims by the Norwegian National Authority for the Investigation and Prosecution of Economic Crime that SAS Braathens has used operationally sensitive passenger information from Norwegian Air Shuttle in a prohibited manner.

Third quarter 2006

- SAS Scandinavian Airlines transported 7,900 passengers from Lebanon on behalf of the Scandinavian governments.
- Executive Vice President Gunnar Reitan assumed the position of Acting President and CEO from August 1.
- SAS Braathens won the legal process against the Norwegian Competition Authority regarding misuse of its dominating position on the Oslo-Haugesund route. The Competition Authority has appealed.
- The SAS Group signed a cooperation agreement with Reitan Servicehandel for the distribution of air tickets through the retail sector at about 2,400 stores in Scandinavia.
- The technical base for heavy maintenance in Stavanger/Sola was closed on September 1.
- Scandinavian Airlines International announced that a Stockholm-Beijing service will commence in March 2007.
- SAS celebrated the 60th anniversary of its first flight on September 17, 1946.



Events after September 30, 2006

- SAS Scandinavian Airlines concluded a one-year agreement with the cabin crew associations in Sweden and Denmark. The agreement expires on March 1, 2007. In Norway, the agreement has a duration of two years.
- The SAS Board of Directors appointed Mats Jansson as new President and CEO. Mats Jansson will assume this position on January 1, 2007.
- Spanair launched five new routes and four new destinations in October and is expanding its operations from Barcelona.
- The SAS Group is evaluating a sale of SAS Flight Academy.
- A stock-exchange listing of the Rezidor Hotel Group is being prepared and is expected to be finalized before the end of 2006, with a reservation for market conditions and final approval by the SAS Board.
- Moody's upgraded the outlook for the SAS rating from negative to stable.



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Production: SAS koncernen
Print: Redners
Paper: G-Print