



SAS Group

Interim Report January-June 2010

Key ratios January-June 2010

- Operating revenue: MSEK 19,474 (23,519)
- Number of passengers: 12.0 million, down 4.6%
- Earnings before non-recurring items in continuing operations: MSEK -1,080 (-851)
- EBT margin before non-recurring items in continuing operations: -5.5% (-3.6%)
- Net income for the period: MSEK -1,214 (-1,795)
- Cash flow from operating activities: MSEK 533 (-604)

Key ratios April-June 2010

- Operating revenue: MSEK 9,979 (12,223)
- Number of passengers: 6.3 million, down 8.3%
- Earnings before non-recurring items in continuing operations: MSEK -236 (38). Adjusted for the effects of the ash cloud, earnings amounted to MSEK 464
- EBT margin before non-recurring items in continuing operations: -2.4% (0.3%)
- Net income for the period: MSEK -502 (-1,047)
- Cash flow from operating activities: MSEK 503 (-353)

Income and key ratios

(MSEK)	April-June 2010	April-June 2009	January-June 2010	January-June 2009	July-June 2009-2010	July-June 2008-2009
Revenue	9,979	12,223	19,474	23,519	40,873	49,629
EBITDAR before non-recurring items	883	1,061	1,140	1,342	2,424	3,559
Income before non-recurring items in continuing operations	-236	38	-1,080	-851	-1,983	-839
EBT margin before non-recurring items in continuing operations	-2.4%	0.3%	-5.5%	-3.6%	-4.9%	-1.7%
Income before tax, EBT	-600	-1,039	-1,572	-2,018	-2,977	-2,268
Net income for the period	-502	-1,047	-1,214	-1,795	-2,366	-6,570
Earnings per share (SEK)	-1.76	-5.94	-5.06	-14.01	-10.86	-63.17
Cash flow from operating activities	503	-353	533	-604	-2,277	-4,610

Income before non-recurring items

(MSEK)	April-June 2010	April-June 2009	January-June 2010	January-June 2009	July-June 2009-2010	July-June 2008-2009
Income before tax in continuing operations	-600	-1,039	-1,572	-2,018	-2,977	-2,268
Impairment losses	0	0	0	0	215	12
Restructuring costs	365	1,027	473	1,122	1,118	1,354
Capital gains	-1	47	19	42	-355	44
Other non-recurring items	0	3	0	3	16	19
Income before tax and non-recurring items in continuing operations	-236	38	-1,080	-851	-1,983	-839

Income before non-recurring items adjusted for ash-cloud effects

(MSEK)	April-June 2010	April-June 2009	January-June 2010	January-June 2009	July-June 2009-2010	July-June 2008-2009
Income before tax and non-recurring items in continuing operations	-236	38	-1,080	-851	-1,983	-839
Result effect due to closed air space resulting from volcanic ash	700	-	700	-	700	-
Adjusted income	464	38	-380	-851	-1,283	-839

Comments by the CEO

“Adjusted for ash-cloud effects, SAS generated a profit for the second quarter of 2010.”

Although the situation in 2010 for the aviation industry has improved compared with 2009, the sector and we as a company are faced with major challenges moving forward. The IATA industry body anticipates continued losses totaling USD 2.8 billion for European airlines in 2010. The Group's reported income before non-recurring items in continuing operations in the first six months of the year was a loss of MSEK -1,080, with the second quarter accounting for MSEK -236 of this amount.

The ash cloud and the subsequent closure of airspace had a significant impact on net income for the second quarter and greatly affected our customers. However, we are pleased that our hard work taking care of and informing customers was appreciated and helped increase confidence in SAS. Although services recovered within a few weeks to a normal level, earnings were negatively impacted by approximately MSEK -700 due to the event. Adjusted for the negative effects, income was consequently positive in the amount of MSEK 464 in the second quarter, which is traditionally a strong period for airlines. The fact that cash flow from operating activities is now positive, MSEK 503, including the impact of the closure of airspace, it is also a display of financial strength.

During the first six months, we lowered unit cost by 6.7% despite reduced capacity and the major disruptions to services. We also noted growth in travel in Economy extra and Business class and a record-high load factor on primarily intercontinental flights. This has added to the platform we must establish to attain profitable growth. Accordingly, we will now reintroduce one long-haul aircraft that will increase the number of departures to Asia and the US and, in Scandinavia, we will increase the frequency of services between the capital cities already in September.

Our increased customer satisfaction demonstrates that our focus on service, simplicity and attractive prices is generating results. Moreover, we have one of the market's strongest loyalty programs with three million members. Today, we are also launching our biggest ever low-fare campaign, with 1,000,000 low-price tickets, which will help boost capacity utilization and direct focus to our product and brand.

At present, I believe we are faced with three challenges that are most decisive in our efforts to achieve a profitable SAS:

- Retain our focus and momentum in the implementation of the Core SAS strategy and cost savings program. We are experiencing intense competition, which entails continued pressure on yields. It is now vital that we continue our efforts to cut costs. Over a period of one and a half years, we have implemented savings totaling SEK 5.6 billion. It is important that we continue in this manner, even in a period of positive development.
- Continue to be the leader in terms of product and quality. Higher frequency of services, a broader network and better punctuality than our competitors constitute significant competitive advantages. Combined with simplicity on the ground and in the air, this represents considerable added value for our customers. This is a focus area and we are working tirelessly to identify new solutions.
- Grow profitably in line with a market that remains uncertain. The market is expected to grow annually by approximately 4-6% and our ambition is to grow at an equal or higher rate. However, the macroeconomic trend is uncertain. We will expand our capacity by increasing aircraft utilization and availing ourselves of short-term leases. This requires low investment obligations, which combined with our strong liquidity, reduces our vulnerability.

In addition to these challenges is the constant volatility in exchange rates and jet-fuel prices. Although we are on the right path, there is some way to go before we achieve profitability.

I recently informed the Board of Directors that I have decided to leave SAS in the fall. My decision to leave the company was not easy and although there are still great challenges to come for SAS, the platform is in place. The Core SAS strategy, including extensive cost savings, has been established, the financial platform has been secured through the latest rights issue, SAS has gained strength in terms of our products, and customer satisfaction has increased. The company is now well positioned to face the future.

Mats Jansson
President and CEO

Financial overview

Condensed income statement

	April-June 2010	April-June 2009	January-June 2010	January-June 2009	July-June 2009-10	July-June 2008-09
(MSEK)						
Revenue	9,979	12,223	19,474	23,519	40,873	49,629
Payroll expenses ¹	-3,473	-5,269	-7,017	-9,878	-15,137	-18,528
Other operating expenses ²	-5,947	-6,779	-11,740	-13,280	-24,372	-28,771
Leasing costs for aircraft ³	-487	-626	-949	-1,367	-1,901	-2,583
Depreciation and impairment ⁴	-426	-463	-834	-864	-1,815	-1,706
Share of income in affiliated companies	4	19	-26	-14	-270	-18
Income from sale of shares in subsidiaries and affiliated companies	-25	2	-26	7	396	7
Income from sale of aircraft and buildings	26	-49	7	-49	-41	-51
Operating income	-349	-942	-1,111	-1,926	-2,267	-2,021
Net financial items	-251	-97	-461	-92	-710	-247
Income before tax	-600	-1,039	-1,572	-2,018	-2,977	-2,268
Tax	98	13	365	277	891	205
Net income from continuing operations	-502	-1,026	-1,207	-1,741	-2,086	-2,063
Income from discontinued operations	0	-21	-7	-54	-280	-4,507
Net income for the period	-502	-1,047	-1,214	-1,795	-2,366	-6,570
Attributable to:						
Parent Company shareholders	-502	-1,047	-1,214	-1,795	-2,366	-6,570
Minority interests	0	0	0	0	0	0
Earnings per share (SEK) ⁵	-1.76	-5.94	-5.06	-14.01	-10.86	-63.17
Earnings per share (SEK) from continuing operations ⁵	-1.76	-5.82	-5.03	-13.59	-9.57	-19.84
Earnings per share (SEK) from discontinued operations ⁵	0.00	-0.12	-0.03	-0.42	-1.29	-43.33

¹ Includes restructuring costs of MSEK 134 (877) during the period April-June, MSEK 233 (972) during the period January-June and MSEK 705 (1,204) during the period July-June.

² Includes restructuring costs of MSEK 190 (6) during the period April-June, MSEK 190 (6) during the period January-June and MSEK 287 (6) during the period July-June.

³ Includes restructuring costs of MSEK 41 (110) during the period April-June, MSEK 50 (110) during the period January-June and MSEK 81 (110) during the period July-June.

⁴ Includes restructuring costs of MSEK - (34) during the period April-June, MSEK - (34) during the period January-June and MSEK 45 (34) during the period July-June.

⁵ Earnings per share is based on 284,557,583 (176,372,894) outstanding shares for the period April-June, 240,115,167 (128,123,255) outstanding shares for the period January-June and 217,893,958 (103,998,436) outstanding shares for the period July-June. The number of outstanding shares until April 15, 2009 and May 1, 2010 has been adjusted for a bonus element in the rights issue to existing shareholders of 6,123 and 2,379, respectively, in addition to a reverse 1:30 split.

The SAS Group had no option or share program. The convertible bond totaling approximately MSEK 1,600 comprising 34,408,602 shares does not entail any dilution effect, since the interest on the ordinary share that may be received in connection with conversion exceeds earnings per share before the dilution effect.

A detailed statement of income and terms and definitions are available at www.sasgroup.net.

EBITDAR before non-recurring items

	April-June 2010	April-June 2009	January-June 2010	January-June 2009	July-June 2009-10	July-June 2008-09
(MSEK)						
Revenue	9,979	12,223	19,474	23,519	40,873	49,629
Payroll expenses	-3,473	-5,269	-7,017	-9,878	-15,137	-18,528
Other operating expenses	-5,947	-6,779	-11,740	-13,280	-24,372	-28,771
EBITDAR	559	175	717	361	1,364	2,330
Restructuring costs	324	883	423	978	992	1,210
Other non-recurring items	0	3	0	3	68	19
EBITDAR before non-recurring items in continuing operations	883	1,061	1,140	1,342	2,424	3,559

SAS Group

Market and earnings trend

Demand in the aviation industry grew slightly in the first six months of 2010, although the downward pressure on yield continued despite a slight stabilization during the period. The negative impact on demand due to the closure of airspace resulting from volcanic ash mainly affected April, but the market recovered after a few weeks.

European and North American air travel services have been slower to emerge from the recession than traffic in Asia and Latin America. In May-June, however, traffic between Europe and North America also increased, resulting in improved load factors. Total traffic for AEA airlines increased 0.6% during the first six months of the year, despite a decline of 13.1% in April due to the closure of large areas of European airspace.

The recovery in the cargo market continued in the second quarter of 2010, with a capacity shortage on Asian routes.

For the SAS Group, the number of passengers fell 4.6% in the first six months of the year compared with the same period in 2009. In relation to the capacity decrease of 9.4%, the increased passenger volumes indicate that the fall in demand has leveled out in SAS's markets, and demand is now increasing to some European destinations and destinations in Asia and the US.

The currency-adjusted yield for Scandinavian Airlines in the first six months was 8.8% lower than for the same period last year and 6.6% lower during the second quarter. This impacted SAS's revenues and earnings, but was partly offset by an increased load factor of 4.3 p.u. As a result, the currency-adjusted unit revenue (RASK) for Scandinavian Airlines fell 3.8% during the first six months of the year.

January-June 2010

The SAS Group's income before capital gains and non-recurring items in continuing operations amounted to MSEK -1,080 (-851) and net income for the period totaled MSEK -1,214 (-1,795). The result was negatively impacted by the closure of airspace after the volcano eruption in the second quarter, and the effect is estimated to amount to approximately MSEK -700.

The SAS Group's revenue amounted to MSEK 19,474 (23,519). Taking currency fluctuations into account, revenue declined MSEK 3,229 or 14.2%, mainly due to reduced capacity (ASK) of 9.4% and an 8.8% decline in currency-adjusted yield (Scandinavian Airlines). Although the load factor rose from 68.3% to 72.3%, it could not fully offset the lower yield, which meant that the currency-adjusted unit revenue (RASK) fell by 3.8%.

Operating expenses, including payroll expenses, totaled MSEK 18,757 (23,158). Adjusted for exchange-rate effects and non-recurring items of MSEK 423 (981), operating expenses were 17.2% lower than in the same period in the preceding year.

EBITDAR before non-recurring items amounted to MSEK 1,140 (1,342). The Group's net financial items totaled MSEK -461 (-92), of which the net interest expense accounted for MSEK -434 (-254) and exchange-rate differences for MSEK 10 (181).

Leasing costs and depreciation also declined as a result of the capacity reductions and the decrease was MSEK 448, or 14.3%.

Restructuring costs related to the implementation of Core SAS were MSEK 473 (1,122), of which MSEK 233 (972) was included in payroll expenses, MSEK 50 (110) was included in leasing costs and MSEK 175 (0) was included in rent costs.

The sale of Air Maintenance Estonia was finalized in the first quarter, which generated a capital loss of MSEK 1. During the second quarter, the Group sold its shareholding in SAS Ground Services UK, generating a capital loss of MSEK 25.

The SAS Group's income from discontinued operations includes earnings after tax in Spirit amounting to MSEK -7 (-54).

Second quarter 2010

The SAS Group's income before capital gains and non-recurring items in continuing operations amounted to MSEK -236 (38). The earnings trend was negatively impacted by the closure of airspace due to the ash cloud, and the effect is estimated to amount to approximately MSEK -700. Adjusted for this event, net income for the period amounted to MSEK 464, an improvement of MSEK 426. Of the MSEK -700, MSEK -790 related to lost revenues, MSEK 180 to reduced costs for jet fuel and fees and MSEK -90 to costs for transportation, food and accommodation for affected passengers.

The net effect of the currency fluctuations during the period was MSEK -257 MSEK, compared with the same period in 2009, which is primarily attributable to a weaker USD/SEK exchange rate, which impacted revenues by MSEK -451 and jet-fuel costs by MSEK 130.

The SAS Group's revenue amounted to MSEK 9,979 (12,223). Taking currency fluctuations into account, revenue declined MSEK 1,793 or 15.2%, mainly due to reduced capacity (ASK) of 8.5% and a 6.6% decline in currency-adjusted yield (Scandinavian Airlines). Although the load factor rose from 73.6% to 75.4%, it could not fully offset the lower yield, which means that the currency-adjusted unit revenue (RASK) fell by 5.6%.

Operating expenses, including payroll expenses, totaled MSEK 9,420 (12,048). Adjusted for exchange-rate effects and non-recurring items of MSEK 324 (886), operating expenses were 17.3% lower than in the same period in 2009. Payroll expenses were MSEK 3,339, down 20.4% adjusted for exchange-rate effects, and the cost of jet fuel amounted to MSEK 1,627, down 22% adjusted for exchange-rate effects. Selling costs, catering, rent costs and costs for administrative services were all significantly reduced.

EBITDAR before non-recurring items amounted to MSEK 883 (1,061) for the second quarter. The Group's net financial items totaled MSEK -251 (-97), of which the net interest expense accounted for MSEK -250 (-124) and exchange-rate differences for MSEK 19 (43).

Leasing costs and depreciation also declined as a result of the capacity reductions and the decrease was MSEK 176 or 11.5% adjusted for exchange-rate effects.

Restructuring costs related to the implementation of Core SAS were MSEK 365 (1,027), of which MSEK 134 (877) was included in payroll expenses, MSEK 41 (110) was included in leasing costs and MSEK 175 (0) was included in rent costs.

During the second quarter, the Group sold its shareholding in SAS Ground Services UK, generating a capital loss of MSEK 25.

The SAS Group's income from discontinued operations includes Spirit's earnings and amounted to MSEK 0 (-21).

Core SAS

Core SAS, launched in February 2009, is the SAS Group's renewed strategic approach and is based on five pillars that will facilitate an efficient and more profitable SAS.

Focus on the Nordic home market:

Core SAS involves a strengthened focus on core operations and the Nordic home market, which is proceeding according to plan.

Focus on business travelers and a strengthened commercial offering:

Due to the introduction of the winter schedule, the established target to reduce capacity by 21 aircraft by discontinuing unprofitable routes will be achieved. An improved cost platform provides the prerequisites to initiate profitable growth, and capacity will steadily increase again in the latter part of 2010.

To strengthen the commercial offering, a new commercial concept was launched, Service And Simplicity. In brief, the concept involves improving customer satisfaction by further simplifying travel while maximizing value for individual customers. Service And Simplicity is being well received by SAS customers and contributed to higher customer satisfaction, demonstrating that SAS has successfully maintained the quality of its operations despite extensive cost reductions.

Improved cost base:

A key part of Core SAS is the cost savings program aimed at improving SAS's profitability. A detailed breakdown of the Core SAS cost savings program is presented under the heading "Status of Core SAS's cost savings program".

Streamlined organization and intensified customer focus:

The organization of the Group has been significantly streamlined under the Core SAS framework, which has resulted in a more efficient and simplified SAS with a stronger customer focus. The Group's three business segments are Scandinavian Airlines, Blue1 and Widerøe.

Strengthened capital structure:

Two rights issues with a combined value of approximately SEK 11 billion were implemented in 2009 and 2010, and the terms and conditions for credit facilities corresponding to approximately SEK 5 billion were also renegotiated in 2010. In addition, bonds and convertible bonds for a combined nominal amount of approximately SEK 3.2 billion were issued in 2010.

Status of Core SAS's cost savings program

The Core SAS cost savings program was originally launched in February 2009. In June 2010, the program encompassed cost-reducing activities totaling SEK 7.8 billion.

The implementation of cost savings under Core SAS proceeded as planned during the second quarter and an additional MSEK 650 in cost savings were implemented. A total of MSEK 2,050 was implemented in the first six months of 2010. The largest savings were made in collective agreements for flight deck and cabin personnel, reductions in the number of administrative employees, new agreements within SAS Tech and strengthened cost awareness within the Group.

The earnings effect generated in the second quarter for the total cost program amounted to MSEK 850 compared with the same period in 2009. This can be seen in the lowered operating expenses and is particularly noticeable in the reduction of the unit cost.

Of the total cost savings program amounting to SEK 7.8 billion, 71% or SEK 5.6 billion has been implemented. The achieved earnings effect during the first six months of 2010 was SEK 1.7 billion in excess of the earnings effect of SEK 2.2 billion realized in 2009. The remaining earnings effect from the total cost program is thus estimated to amount to approximately SEK 3.9 billion during 2010-2012. This estimate includes a reduction in operating expenses resulting from savings programs, for example, payroll expenses and maintenance costs.

Implementation of the Core SAS cost savings program as of June 30, 2010:

(MSEK)	Implemented Mar 31, 2010	Implemented Jun 30, 2010	Total potential 2009-2012
Cabin crew/Flight deck	1,350	1,600	1,900
Ground services	450	450	900
SAS Tech	850	1,000	1,800
Sales marketing and commercial	550	600	700
Purchasing	300	300	400
Blue1/Widerøe/Cargo	450	500	600
Administration	900	1,050	1,400
Other	50	50	100
Total	4,900	5,550	7,800

Personnel reductions under Core SAS

Personnel reductions in 2009-2011 will amount to approximately 4,600 FTEs based on forecast production volumes.

In 2009, FTEs were reduced by 2,900. In the first six months of 2010, FTEs were reduced by an additional 550, meaning that 3,450 FTEs, or 75% of the total reduction target of 4,600 FTEs, has been completed.

Personnel reductions under Core SAS as of June 30, 2010:

	Total
Planned FTE reduction	~4,600
Implemented	~3,450
Implemented %	75%

Legal issues

On February 14, 2006, the European Commission and the U.S. Department of Justice announced the initiation of their investigations into possible price fixing in the air cargo industry. SAS Cargo was one of several air cargo carriers involved in the investigations. On July 21, 2008, SAS Cargo entered a plea of guilty to violation of U.S. antitrust laws, and agreed to pay a fine of MUSD 52 in installments over four years in settlement. This concluded and resolved all liability in connection with the investigation by the U.S. authorities.

The European Commission's decision in respect of its investigation is expected in 2010. Group Management believes it is probable that the European Commission will impose a fine on SAS. The ultimate amount of the fine may be influenced by several different factors, including the arguments SAS makes in its defense. Taking the nature of the allegations into account, an adverse outcome is likely to have a substantial negative financial impact on SAS.

SAS is cooperating with authorities in other jurisdictions. A formal investigation was launched in 2009 by the South Korean authorities against several airlines, including SAS. However, Group Management believes that this investigation, as it relates to SAS, is not of material importance. SAS is also subject to class-action civil lawsuits in the United States and Canada. The plaintiffs claim to have suffered damage and are suing for financial compensation. SAS continues to be engaged in settlement negotiations relating to the civil cases.

SAS and certain other European airlines have been added as defendants to a pending class-action lawsuit in California alleging price-fixing of air passenger fares on Trans-Pacific routes. SAS, which does not operate these routes, disputes the claim.

Since it is impossible to quantify the potential liability of the lawsuits or investigations above, or to predict the outcome, no provisions have been made in the financial statements with respect such lawsuits and investigations. An unfavorable outcome in any of these disputes could have a significantly negative effect on SAS's operations, financial position and earnings.

In March 2010, the Court of Appeal (Lagmansretten) in Oslo reached a decision in the appeal by SAS and Norwegian Air Shuttle related to the ruling in a dispute from 2008. The Court ruled in favor of Norwegian Air Shuttle but the decision was not unanimous. SAS has submitted a request to the Norwegian Supreme Court for leave to appeal. If the request is not granted or successful, the recent decision by the Court of Appeal will have a negative effect on SAS's earnings and liquidity of approximately MSEK 200.

On January 27, 2010, the Norwegian Tax Appeal Board (Skatteklagenemnda) rejected an appeal lodged by SAS against the Norwegian Tax Authority's decision dated February 13, 2009. According to the decision, depreciation charges amounting to approximately MNOK 180 had been reversed resulting in an increase in taxable income. SAS has appealed the decision of the Norwegian Tax Appeal Board. Should SAS be successful in its appeal, it would result in an increase in loss carryforwards.

In connection with Quantum Air's (formerly AeBal, operating in Spain) breaches of its obligations under lease agreements entered into with SAS as lessor or guarantor, SAS has initiated different legal measures against Quantum Air and an arbitration proceeding against the owner, Proturin. Quantum Air, Quantum Air personnel and Proturin have made various claims for damages against the company, and have taken legal action concerning damage and loss as a result of terminated lease agreements, and also alleged breach of contract with respect to the sale of the shares in Quantum Air to Proturin. The development in the different disputes and their financial impact for SAS is hard to assess. SAS established a provision of SEK 133 million in the fourth quarter of 2009 in relation to probable future losses.

On April 15, 2010, 33 SAS pilots jointly submitted an application for a summons against SAS at the Stockholm District Court. In the application, the claimants seek to have certain terms of employment rendered invalid and adjusted, and also seek a declaratory claim for damages. The claimants are former employees of the Swedish airline company Linjeflyg which, in connection with the SAS acquisition of Linjeflyg in 1993, were employed by SAS. The claimants allege that the terms of employment are discriminatory and are in breach of EU law regarding free movement. SAS disputes the claims in their entirety. At present, the claim does not include a monetary value, but based on an initial and preliminary review, SAS considers the risk for a negative outcome to be limited and no provisions have been made.

Currency and fuel hedging

The SAS Group has hedged 52% of its anticipated fuel consumption for the last six months of 2010. For the period July 2010 – June 2011, the Group has hedged 53% of its anticipated fuel consumption. Hedging was achieved primarily through swaps supplemented with call options. Under current plans for seat capacity, the cost of jet fuel in 2010 is expected to be in line with the table on page 18, assuming different prices and USD exchange rates. The SAS Group's policy is to handle changes in jet-fuel costs primarily through hedging of jet fuel, price adjustments and yield management. In August 2010, the policy was amended slightly by extending the hedging period from 12 to 18 months and the interval for the 12-month hedging level was increased from the earlier figure of 40-60% to 40-70%.

In June 2010, the SAS Group had hedged 70% of its anticipated USD deficit for the next 12 months. A specification of hedging on a quarterly basis is provided below. The SAS Group has hedged its USD deficit using a combination of forward contracts and call options. Other currencies have been hedged at a rate of 60-90% in accordance with the financial policy.

	Q3 2010	Q4 2010	Q1 2011	Q2 2011
USD hedging (upside)	70%	70%	70%	70%

SAS Group

Segment information

January-June (MSEK)	Scandinavian Airlines		Blue1		Widerøe		Reconciliation				Core SAS	
	2010	2009	2010	2009	2010	2009	Other		Eliminations		2010	2009
External revenue	16,652	20,371	856	947	1,671	1,678	206	254	0	0	19,385	23,250
Sales between segments	372	428	15	29	3	3	382	605	-714	-871	58	194
Revenue	17,024	20,799	871	976	1,674	1,681	588	859	-714	-871	19,443	23,444
Payroll expenses	-6,059	-8,404	-167	-189	-604	-655	-17	-166	0	0	-6,847	-9,414
Other operating expenses	-9,740	-12,013	-751	-798	-856	-880	-968	-464	647	823	-11,668	-13,332
Operating income before depreciation and leasing costs	1,225	382	-47	-11	214	146	-397	229	-67	-48	928	698
Leasing costs for aircraft	-903	-1,266	-52	-60	-61	-89	0	0	67	48	-949	-1,367
Depreciation and impairment	-736	-761	-2	-3	-72	-71	-19	-23	1	3	-828	-855
Share of income in affiliated companies	1	3	0	0	0	0	0	0	0	0	1	3
Capital gains/losses	-25	-46	0	0	0	1	0	1	0	0	-25	-44
Operating income	-438	-1,688	-101	-74	81	-13	-416	207	1	3	-873	-1,565
Unallocated income items:												
Net financial income												
Tax												
Net income for the period from continuing operations												
Income before non-recurring items in continuing operations	-440	-727	-99	-75	75	9	-450	279	176	3	-738	-511

January-June (MSEK)	Reconciliation				SAS Group	
	Other		Eliminations		2010	2009
External revenue	89	269	0	0	19,474	23,519
Sales between segments	195	471	-253	-665	0	0
Revenue	284	740	-253	-665	19,747	23,519
Payroll expenses	-170	-464	0	0	-7,017	-9,878
Other operating expenses	-325	-613	253	665	-11,740	-13,280
Operating income before depreciation and leasing costs	-211	-337	0	0	717	361
Leasing costs for aircraft	0	0	0	0	-949	-1,367
Depreciation and impairment	-6	-9	0	0	-834	-864
Share of income in affiliated companies	-27	-17	0	0	-26	-14
Capital gains/losses	6	2	0	0	-19	-42
Operating income	-238	-361	0	0	-1,111	-1,926
Unallocated income items:						
Net financial income					-461	-92
Tax					365	277
Net income for the period from continuing operations					-1,207	-1,741
Income before non-recurring items in continuing operations	-342	-340	0	0	-1,080	-851

The Group's operations are governed and reported by business segment according to the following:

Scandinavian Airlines, which includes airline operations in the consortium of Scandinavian Airlines System, SAS Ground Services in Sweden, Norway and Denmark, SAS Tech and the remaining parts of SAS Cargo.

Blue1 as an independent airline based in Finland.

Widerøe as an independent regional airline based in Norway.

The three segments above jointly comprise Core SAS, along with certain shared services and management functions.

Other operations include SAS Individual Holdings, the Parent Company SAS AB (Group functions) and other non-reportable segments.

The operations in SAS Individual Holdings are being successively discontinued through divestment and outsourcing.

Core SAS

Scandinavian Airlines, Blue1 and Widerøe comprise Core SAS. Included in Scandinavian Airlines are the units SGS, SAS Tech and SAS Cargo. In total, Core SAS comprises more than 95% of the Group's operating revenue.

Scandinavian Airlines' EBIT before non-recurring items was MSEK 114 (81), Blue1's amounted to MSEK -43 (-24) and Widerøe's amounted to MSEK 59 (29), for the second quarter of 2010. All segments were adversely impacted by the closure of airspace. Excluding this effect, all segments reported improved earnings compared with the same period in 2009.

During the first quarter, the drop in yield leveled off, but remained at a low level in the second quarter compared with the same period in 2009. The exception was Widerøe, which noted a slight improvement. Meanwhile, the load factor increased significantly due to capacity reductions and more stable passenger demand, which somewhat compensated for the low yield.

All segments reduced costs, offsetting the impact of reduced revenues.

Statement of income Scandinavian Airlines

(MSEK)	Apr-Jun		Jan-Jun	
	2010	2009	2010	2009
Passenger revenue	6,605	7,898	12,663	15,082
Charter revenue	481	587	826	983
Other traffic revenue	524	752	1,259	1,571
Other revenue	1,115	1,491	2,275	3,162
Revenue	8,725	10,728	17,024	20,799
Payroll expenses	-3,049	-4,520	-6,059	-8,404
Selling costs	-104	-115	-182	-250
Jet fuel	-1,450	-2,037	-2,732	-3,720
Government user fees	-867	-1,008	-1,721	-1,965
Catering costs	-184	-306	-372	-582
Handling costs	-390	-494	-791	-1,003
Technical aircraft maintenance	-521	-665	-1,080	-1,464
Computer and telecommunications costs	-404	-467	-806	-930
Other operating costs	-987	-1,016	-2,056	-2,098
Operating expenses	-7,954	-10,627	-15,799	-20,416
Income before depreciation and leasing costs, EBITDAR	771	100	1,225	382
Leasing costs for aircraft	-463	-579	-903	-1,266
Income before depreciation, EBITDA	308	-479	322	-884
Depreciation	-378	-412	-736	-761
Share of income in affiliated companies	1	0	1	3
Capital gains/losses	-5	-51	-25	-46
Operating income, EBIT	-74	-941	-438	-1,688
EBIT before non-recurring items	114	81	-142	-572

Second-quarter 2010 earnings for Scandinavian Airlines were positive and represented a slight improvement on the same period in 2009, despite the negative impact of MSEK -630 on earnings due to the closure of airspace during the period. The market improved in the second quarter, which generally entails stronger demand for business and leisure travel. However, the addition of new capacity to the Scandinavian market meant that the downward pressure on yield also persisted during the second quarter. Nevertheless, growth in demand was noted for Business class and Economy extra in intercontinental traffic and certain European destinations, which offset to the fall in yield.

Although Scandinavian Airlines' capacity (ASK) was reduced during the second quarter by 9.6%, the decline was only 5% when adjusted for the effects of closed airspace. Traffic (RPK) decreased by 7.1% during the period, resulting in a rise in the load factor.

Traffic revenues were below 2009 figures, which was an effect of such factors as reduced capacity and because the improved load factor did not fully compensate for the lower yield. During the second quarter, the load factor was 76.2%, which was 2 p.u. higher than in the preceding year and constituted the fifth consecutive quarter with a positive trend. The currency-adjusted unit revenue (RASK) declined by 5.6%, during the second quarter compared with the preceding year, which was partially a consequence of the yield trend. The currency-adjusted yield was 6.6% lower than in the second quarter of 2009, representing a slight recovery compared with the first quarter of the year.

Due to a stronger freight market, cargo revenue increased in the second quarter of 2010 compared with the same period in 2009, following the exclusion of revenues from operations discontinued in 2009.

In addition to lower volumes, which reduced operating costs, the cost savings program had a substantial impact on operating expenses, which were 25% lower than in the same period in 2009. The currency-adjusted unit cost for Scandinavian Airlines was down 5.5% in the second quarter, despite the reduction in capacity compared with the same period in 2009. Adjusted for the effects of the closure of airspace and for jet fuel, the decrease in unit cost was approximately 6%.

In addition to the effects of reduced capacity, payroll expenses were reduced primarily due to activities in the cost savings program, while fuel costs fell despite increased market prices due to such factors as a weaker USD. Technical aircraft maintenance costs decreased due to fewer periodical heavy maintenance checks as well as cost savings measures.

Statement of income Blue1

(MSEK)	Apr-Jun		Jan-Jun	
	2010	2009	2010	2009
Passenger revenue	412	472	784	880
Other revenue	47	38	87	96
Revenue	459	510	871	976
EBITDAR	-17	8	-47	-11
EBIT before nonrecurring items	-43	-24	-99	-74
EBIT margin before nonrecurring items	-9.4%	-4.7%	-11.4%	-7.6%
Average number of employees	422	442	413	441

For the second quarter, Blue1 recognized EBIT of MSEK -43, which was down on the same period in 2009. Earnings were impacted by approximately MSEK -40 resulting from the closure of airspace, but were also affected by unfavorable market conditions creating a strong downward pressure on yield. Traffic during the second quarter grew 9.2%, while capacity rose 5.1%, resulting in an increase in the load factor to 71.3%, 2.7 p.u. higher than in the same period in 2009. During 2010, Blue1 has continued to reallocate capacity from the domestic and Scandinavian markets to European routes where the demand is stronger. Both the unit revenue and the unit cost were significantly lower than in the preceding year, primarily due to a weaker EUR/SEK exchange rate but also due to changes in the traffic program. Personnel reductions and cost savings were implemented according to plan.

Statement of income Widerøe

(MSEK)	Apr-Jun		Jan-Jun	
	2010	2009	2010	2009
Passenger revenue	603	638	1,189	1,236
Other revenue	243	237	485	444
Revenue	845	875	1,674	1,681
EBITDAR	127	105	214	146
EBIT before nonrecurring items	59	29	81	-13
EBIT margin before nonrecurring items	7.0%	3.3%	4.8%	-0.8%
Average number of employees	1,178	1,196	1,179	1,224

The positive earnings trend for Widerøe continued and, for the second quarter, the improvement was MSEK 30 despite a negative impact on earnings of approximately MSEK -30 due to the closure of airspace. Despite the downturn in such figures as load factor, demand in the market served by Widerøe remains stable. In the second quarter, production dropped 1.4% compared with the same period in 2009, while traffic declined 8.4% primarily as a result of traffic disruptions. Consequently, the load factor contracted by 4.5 p.u. while the yield rose 3.0%. On June 1, Widerøe took over operation of certain areas of production previously operated by SAS. Widerøe will be fully responsible for the operation of these routes in the autumn of 2010. The production relates to three aircraft. The implementation of the cost savings program continues on schedule.

SAS Individual Holdings

One of the five pillars of Core SAS is a focus on the Nordic home market, and as part of this strategy, several divestments have been made. Units in the process of being divested and outsourced are managed by SAS Individual Holdings.

Divestments in 2010

During the first six months, Air Maintenance Estonia was divested and SGS UK was outsourced (by divesting the company and establishing a service agreement). The SAS Group also reduced its participating interest in Skyways from 25% to 19.9%, which means that Skyways is no longer recognized as an affiliate of the Group. With respect to Estonian Air, a letter of intent was signed that aims to reduce the Group's participating interest in the airline from 49% to 10% in the future.

SAS intends to continue to divest non-core businesses, such as Air Greenland, and the wholly owned subsidiaries in the cargo operations, Spirit Air Cargo and Trust, and other non-core operations.

SAS Group

Condensed cash-flow statement

(MSEK)	April-June		January-June		July-June	
	2010	2009	2010	2009	2009-2010	2008-2009
Income before tax	-600	-1,039	-1,572	-2,018	-2,977	-2,268
Depreciation and impairment	426	463	834	864	1,815	1,706
Income from sale of fixed assets	-1	47	19	42	-355	44
Discontinued operations	5	-25	3	-448	-22	-2,153
Adjustment for items not included in cash flow, etc.	36	18	140	50	134	-131
Tax paid	-1	0	-1	-2	-2	-6
Cash flow from operations	-135	-536	-577	-1,512	-1,407	-2,808
Change in working capital	638	183	1,110	908	-870	-1,802
Cash flow from operating activities	503	-353	533	-604	-2,277	-4,610
Investments, including prepayments to aircraft manufacturers	-401	-1,336	-1,636	-2,410	-3,887	-4,272
Sale of subsidiaries and affiliated companies	9	2	65	223	447	160
Sale of fixed assets, etc.	297	517	421	744	1,122	873
Cash flow before financing activities	408	-1,170	-617	-2,047	-4,595	-7,849
Rights issue, including issue costs	4,730	5,808	4,730	5,808	4,730	5,808
External financing, net	-1,852	-4,298	-1,104	-3,108	480	398
Cash flow for the period	3,286	340	3,009	653	615	-1,643
Translation difference in cash and cash equivalents	-4	-12	-8	43	-2	26
Cash and cash equivalents transferred to/from assets held for sale	-43	-28	-39	80	-21	-28
Change in cash and cash equivalents according to the balance sheet	3,239	300	2,962	776	592	-1,645

Comments on the cash-flow statement

Cash flow from operating activities for the first six months of the year amounted to MSEK 533 (-604). The year-on-year improvement was mainly attributable to better earnings for continuing operations and changes in working capital.

Investments amounted to MSEK 1,636 (2,410), of which MSEK 1,335 (2,084) related to aircraft that were previously contracted, other flight equipment and prepayments. This figure includes delivery payments for one CRJ900, one Boeing 737 and two Q400 NGs, as well as the repurchase of one leased Q400, which was subsequently sold as part of the discontinuation of the Q400 fleet.

In January, the wholly owned subsidiary Air Maintenance Estonia was divested for MSEK 74 and in June, SAS Ground Services UK was sold for MSEK 32. After taking sales costs and the divested companies' liquid assets into account, the Group's cash and cash equivalents increased by MSEK 65 as a result of the sales.

One Airbus A321 was sold in March for MSEK 131 and, in April, one Boeing 737 was sold for MSEK 264 through a sale and leaseback scheme.

Cash flow before financing activities thus amounted to MSEK -617 (-2,047).

Cash and cash equivalents were positively impacted by the rights issue, which generated proceeds of MSEK 4,730, and amounted to MSEK 7,151 according to the balance sheet, compared with MSEK 4,189 as of December 31, 2009.

The SAS Group had, as of December 31, 2009, approximately MSEK 8,000 in unutilized tax loss carryforwards in continuing operations. This will have a positive impact on cash flow in future periods as the Group will not have tax payable until these loss carryforwards have been utilized. Deferred tax assets are valued at approximately 90% of their full value.

Financial key ratios

(MSEK)	June 30	December 31	June 30	June 30
	2010	2009	2009	2008
CFROI	3%	1%	2%	10%
Equity/assets ratio	31%	27%	27%	30%
Adjusted equity/assets ratio	26%	21%	20%	24%
Financial net debt, MSEK	2,642	6,504	4,040	-34
Debt/equity ratio	0.18	0.57	0.34	0.00
Adjusted debt/equity ratio	0.90	1.70	1.57	0.88
Interest coverage ratio	-2.5	-4.4	-7.0	-0.4

The SAS Group's targets are specified below:

Target for financial position

Adjusted equity/assets ratio: >35%

Adjusted debt/equity ratio: <1.00

Financial preparedness: minimum of 20% of annual revenue

SAS Group

Condensed balance sheet

(MSEK)	June 30 2010	December 31 2009	June 30 2009	June 30 2008
Intangible assets	1,328	1,296	1,244	3,022
Tangible fixed assets	15,629	15,574	15,723	14,343
Financial fixed assets	14,822	12,766	12,411	12,920
Total fixed assets	31,779	29,636	29,378	30,285
Current assets	636	758	715	1,097
Current receivables	6,580	7,511	7,476	11,287
Cash and cash equivalents	7,151	4,189	6,559	8,204
Assets held for sale	434	401	413	-
Total current assets	14,801	12,859	15,163	20,588
Total assets	46,580	42,495	44,541	50,873
Shareholders' equity ¹	14,632	11,389	11,984	15,098
Long-term liabilities	16,087	13,069	15,971	15,150
Current liabilities	15,729	17,880	16,172	20,625
Liabilities related to assets held for sale	132	157	414	-
Total shareholders' equity and liabilities	46,580	42,495	44,541	50,873
Shareholders' equity per share ²	44.47	4.62	4.86	92.01
Interest-bearing assets	21,715	18,488	19,187	21,111
Interest-bearing liabilities	14,004	14,660	13,125	11,310

¹ Including minority interests.

² Calculated on 329,000,000 outstanding shares as per June 30, 2010. In June and December 2009, the number of outstanding shares was 2,467,500,000. In June 2008, the corresponding figure was 164,500,000. The SAS Group has not carried out any buyback programs.

Change in shareholders' equity

(MSEK)	Share capital ¹	Other contributed capital ²	Hedge reserves	Ongoing rights issue	Translation reserve	Retained earnings ³	Total equity attributable to Parent Company owners	Total equity
Opening shareholders' equity in accordance with approved balance sheet, January 1, 2009	1,645	170	-743	0	25	6,215	7,312	7,312
Reduction in share capital	-1,234					1,234	0	0
Rights issue	5,757	300					6,057	6,057
Net costs for rights issue				-170			-170	-170
Comprehensive income			432		148	-1,795	-1,215	-1,215
Closing balance, June 30, 2009	6,168	470	-311	-170	173	5,654	11,984	11,984
Net costs for rights issue				170		-184	-14	-14
Rights issue		-300				300	0	0
Tax effect attributable to change of accounting policy						154	154	154
Comprehensive income			538		-121	-1,152	-735	-735
Closing balance, December 31, 2009	6,168	170	227	0	52	4,772	11,389	11,389
Reduction in share capital	-4,516					4,516	0	0
Rights issue	4,960						4,960	4,960
Net costs for rights issue						-170	-170	-170
Comprehensive income			-320		-13	-1,214	-1,547	-1,547
Closing balance, June 30, 2010	6,612	170	-93	0	39	7,904	14,632	14,632

¹ The share capital in SAS AB is distributed as follows: an opening balance on January 1, 2009 of 164,500,000 shares with a quota value of SEK 10 per share. An opening balance on January 1, 2010 of 2,467,500,000 shares with a quota value of SEK 2.5 per share and a closing balance at June 30, 2010 of 329,000,000 shares with a quota value of SEK 20.1 per share.

² The entire amount comprises share premium reserves.

³ No dividends were paid in 2008 and 2009.

SAS Group

Statement of other comprehensive income

(MSEK)	January-June 2010	January-June 2009
Profit/loss for the period	-1,214	-1,795
Other comprehensive income:		
Exchange-rate differences in translation of foreign operations	-13	148
Cash-flow hedges – hedging reserve	-434	586
Tax attributable to components relating to other comprehensive income	114	-154
Net total comprehensive income for the period after tax	-333	580
Total comprehensive income	-1,547	-1,215

Parent Company SAS AB

Income before tax for the period amounted to MSEK -99 (-1,040).

Available liquidity for SAS AB at June 30, 2010 amounted to MSEK 11, compared with MSEK 2 at the beginning of the year.

The number of shareholders in SAS AB totaled 73,665 at June 30, 2010. The average number of employees in SAS AB was 56 (300).

Condensed statement of income

(MSEK)	January-June 2010	January-June 2009
Revenue	2	128
Payroll expenses	-72	-211
Other operating expenses	-46	-195
Operating income before depreciation	-116	-278
Depreciation	0	0
Operating income	-116	-278
Income from divested shares	-	-575
Impairment of current receivables	-	-238
Financial items	17	51
Income before tax	-99	-1,040
Tax	26	60
Net loss for the period	-73	-980

Condensed balance sheet

(MSEK)	June 30 2010	December 31 2009
Fixed assets	8,061	6,541
Current assets	9,884	4,937
Total assets	17,945	11,478
Shareholders' equity	13,488	8,773
Long-term liabilities	4,011	2,448
Current liabilities	445	257
Total shareholders' equity and liabilities	17,944	11,478

Change in shareholders' equity

(MSEK)	Share capital	Restricted reserves	Unrestricted equity	Total equity
Opening balance, January 1, 2009	6,168	306	2,299	8,773
Reduction in share capital	-4,516		4,516	0
Rights issue	4,960			4,960
Net costs for rights issue			-170	-170
Loss for the period			-73	-73
Equity, June 30, 2010	6,612	306	6,570	13,488

Accounting policies and financial reports

This interim report was prepared in accordance with IAS 34 Interim Financial Reporting. A number of amendments of standards, new interpretations and new standards took effect as of January 1, 2010. For the SAS Group, none of the changes in standards and interpretations are deemed to have material relevance in the preparation of this financial report. In other respects, the SAS Group continued to apply the same accounting policies as in its Annual Report for 2009.

Financial position

On June 30, 2010, the SAS Group's cash and cash equivalents amounted to MSEK 7,151 (6,559). Since the beginning of the year, cash and cash equivalents have increased by MSEK 2,962. In addition to cash and cash equivalents, the SAS Group has unutilized contract loan commitments amounting to MSEK 5,542 (4,873). The SAS Group has total financial preparedness corresponding to MSEK 12,693 (11,432), or 31% (23%) of the Group's annual revenues (July 2009 to June 2010).

During the first six months of 2010, the SAS Group's interest-bearing liabilities declined by MSEK 656 to MSEK 14,004. New loans amounted to MSEK 3,925 and repayments totaled MSEK 4,580. New loans primarily comprise a convertible bond totaling SEK 1.6 billion, new bonds totaling MEUR 60 and SEK 1 billion, respectively, and long-term borrowing related to aircraft acquisitions.

At the end of June, financial net debt was MSEK 2,642, down MSEK 3,862 since the beginning of the year. The reduction was primarily due to the rights issue, which generated net proceeds of SEK 4.7 billion, investments during the first six months of the year of SEK 1.6 billion, sales of SEK 0.5 billion and a positive cash flow of SEK 0.5 billion from operating activities.

Four new aircraft were delivered in the first quarter, two Q400NGs, a CRJ900 and a Boeing 737-700. During the second quarter, the 737-700 aircraft delivered in the first quarter was financed on the basis of a sale and leaseback transaction.

Aircraft on firm order only comprise the final Q400 NG, which is scheduled for delivery in November 2010.

As of June 30, 2010, the adjusted equity/assets ratio was 26% (20%). The adjusted debt/equity ratio was 0.9 (1.57).

SAS Group Management and areas of responsibility

Mats Jansson, President and CEO.

John S. Dueholm, Deputy CEO and Executive Vice President. Responsible for Operations & Commercial.

Mats Lönnqvist, Deputy President and CFO.

Henriette Fenger Ellekrog, Executive Vice President and Deputy President. Responsible for HR, Communication & Strategy.

Benny Zakrisson, Executive Vice President. Responsible for SAS Individual Holdings.

Mats Lönnqvist, Executive Vice President and Chief Legal Officer.

Full-year 2010

Despite a sharp fall in the GDP of the Nordic countries in 2009, the Nordic economies appear to be emerging relatively quickly from the deepest financial crisis since the 1930s. Forecasts indicate that 2010 will be significantly stronger than 2009. However, uncertainty remains as to the strength of the global economic recovery.

In June, IATA (International Air Transport Association) raised its full-year forecast and it now anticipates that the global aviation industry will achieve a positive result of approximately USD 2.5 billion in 2010. However, the estimated losses forecast for European airlines total USD 2.8 billion, partially due to the effects of the extraordinary disruption to air travel services caused by volcanic ash. The assessment that 2010 will also be a difficult year for the aviation industry remains valid. IATA estimates growth in 2010 of just over 6% for passenger traffic and approximately 15% for air cargo.

For SAS, an improved market trend was noted mainly on intercontinental routes, although several European and intra-Scandinavian routes also reported positive development. Total market growth is estimated at 4-6% annually, which is also SAS's target. However, concerns about the yield trend remain, since capacity is increasing and is leading to overcapacity in some markets.

In terms of costs, there is a sense of uncertainty regarding the price of jet fuel, which has had a rising trend in 2010. Earnings will also be impacted by the USD exchange-rate trend, whereby a weakening of the USD normally benefits SAS.

The implementation of the SAS Group's cost savings program totaling SEK 7.8 billion is proceeding according to plan. Up to and including June 30, 2010, the cost savings program generated a positive earnings effect of approximately SEK 3.9 billion and the remaining earnings effect is estimated to be approximately SEK 3.9 billion. Restructuring costs in 2010 and 2011 are expected to total approximately SEK 1 billion, with the majority anticipated to occur in 2010.

Mats Jansson
President and CEO

The Board of Directors and President hereby assure that this interim report provides a true and fair overview of the performance of the Parent Company's and the Group's operations, financial position and earnings, and describes the significant risks and uncertainty factors to which the Parent Company and the companies included in the Group are exposed.

Stockholm, August 18, 2010

Fritz H. Schur
Chairman of the Board

Jacob Wallenberg
First Vice Chairman

Dag Mejdell
Second Vice Chairman

Monica Caneman
Board Member

Jens Erik Christensen
Board Member

Timo Peltola
Board Member

Gry Mølleskog
Board Member

Ulla Gröntvedt
Board Member

Asbjørn Wikestad
Board Member

Carsten Nielsen
Board Member

Mats Jansson
President and CEO

This interim report is unaudited

Traffic data information

SAS Group's passenger traffic*

		April-June			January-June		
		2010	2009	Change	2010	2009	Change
Number of passengers	(000)	6,282	6,850	-8.3%	12,016	12,598	-4.6%
Passenger km	(mill.)	6,612	7,055	-6.3%	12,083	12,596	-4.1%
Seat km	(mill.)	8,769	9,584	-8.5%	16,720	18,453	-9.4%
Load factor		75.4%	73.6%	+1.8 p.u.	72.3%	68.3%	+4.0 p.u.

SAS Group's traffic-related key ratios*

		January-June		April-June		July-September		October-December		July-June	
		2010	2009	2010	2009	2009	2008	2009	2008	2009-2010	2008-2009
Number of passengers	(000)	5,735	5,748	6,282	6,850	6,245	7,325	6,055	6,612	24,316	26,536
RPK	(mill.)	5,471	5,541	6,612	7,055	6,868	8,180	5,764	6,559	24,714	27,335
ASK	(mill.)	7,951	8,870	8,769	9,584	8,958	10,984	8,160	9,750	33,837	39,187
Load factor		68.8%	62.5%	75.4%	73.6%	76.7%	74.5%	70.6%	67.3%	73.0%	69.8%

SAS Group's traffic operation by route sector*

	April-June 2010 vs. January-June 2010		January-June 2010 vs. January-June 2009	
	Traffic (RPK)	Capacity (ASK)	Traffic (RPK)	Capacity (ASK)
Intercontinental	2.0%	-7.6%	0.4%	-10.1%
Europe	-10.4%	-11.0%	-7.3%	-11.4%
Intra-Scandinavia	-4.4%	-4.1%	-0.8%	-7.0%
Denmark (domestic)	-7.0%	-18.7%	-4.7%	-13.4%
Norway (domestic)	-12.4%	-5.2%	-7.5%	-5.4%
Sweden (domestic)	-5.3%	-4.8%	0.4%	-3.4%

* Passenger traffic for Scandinavian Airlines, Widerøe and Blue1.

Scandinavian Airlines' traffic-related key ratios

		April-June		January-June	
		2010	Change	2010	Change
Number of passengers	(000)	5,400	-8.6%	10,313	-4.8%
Passenger km	(mill.)	6,037	-7.1%	11,075	-4.8%
Seat km	(mill.)	7,920	-9.6%	15,145	-10.4%
Load factor		76.2%	+2.0 p.u.	73.1%	+4.3 p.u.
Yield, currency-adjusted			-6.6%		-8.8%
Total traffic revenue/total ASK (currency-adjusted)			-5.6%		-3.8%
Total unit cost, incl. charter (currency-adjusted)			-5.5% ¹		-6.7% ²
Operational unit cost, incl. charter (currency-adjusted)			-6.5% ¹		-6.8% ²

¹ Lower fuel costs had a positive impact of 3.5% on unit cost in April-June 2010. The suspension of traffic in Europe during parts of April due to the ash cloud had a negative effect on unit cost of approximately 4 percentage units.

² Lower fuel costs had a positive impact of 1.7% on unit cost in January-June 2010. The suspension of traffic in Europe during parts of April due to the ash cloud had a negative effect on unit cost of approximately 2 percentage units.

Unit cost, total – The airline's total operating costs including aircraft leasing adjusted for currency and restructuring costs less non-traffic-related revenue per total ASK (scheduled and charter).

Unit cost, operational – The airline's operational operating costs adjusted for currency and restructuring costs less non-traffic-related revenue per total ASK (scheduled and charter).

SAS Group's charter traffic

		April-June			January-June		
		2010	2009	Change	2010	2009	Change
Number of passengers	(000)	310	357	-13.0%	548	610	-10.3%
Passenger km	(mill.)	847	916	-7.6%	1,593	1,700	-6.3%
Seat km	(mill.)	1,031	1,101	-6.4%	1,856	1,983	-6.4%
Load factor		82.1%	83.2%	-1.1 p.u.	85.8%	85.7%	+0.1 p.u.

Other traffic and production

	Widerøe				Blue1			
	Apr-Jun 2010	Change	Jan-Jun 2010	Change	Apr-Jun 2010	Change	Jan-Jun 2010	Change
Scheduled traffic								
Number of passengers (000)	485	-8.7%	967	-4.0%	396	-3.4%	736	-2.1%
RPK (mill.)	158	-8.4%	309	-3.3%	417	9.2%	699	8.4%
ASK (mill.)	264	-1.4%	532	-1.8%	585	5.1%	1,043	2.5%
Load factor	59.7%	-4.5 p.u.	58.0%	-0.9 p.u.	71.3%	+2.7 p.u.	67.1%	+3.6 p.u.
Yield, currency-adjusted		3.0%		-1.5%		-10.5%		-8.8%
Unit cost, total incl. charter (local currency)		-10.1%		-10.9%		-1.4%		0.1%

Detailed unit cost analysis – Scandinavian Airlines

Currency/volume adjusted (MSEK)	Jan-Jun 2010	Jan-Jun 2009 adjusted for currency/volume	Variance %	Share of adjusted total variance %
Payroll expenses	-5,828	-6,468	-9.9%	-4.0%
Jet fuel	-2,732	-3,005	-9.1%	-1.7%
Government user fees	-1,721	-1,653	4.1%	0.4%
Selling costs	-182	-219	-16.9%	-0.2%
Handling costs	-791	-856	-7.6%	-0.4%
Technical aircraft maintenance	-1,065	-1,318	-19.2%	-1.6%
Other operating expenses (net)	-1,002	-885	13.2%	0.7%
Total operating expenses	-13,320	-14,404	-7.5%	-6.8%
Leasing costs for aircraft	-852	-914	-6.7%	-0.4%
Depreciation	-736	-655	12.4%	0.5%
Adjusted EBIT	-14,908	-15,972	-6.7%	-6.7%

Statement of income

Statement of income – quarterly breakdown

(MSEK)	2008				2009				2010		
	APR- JUN	JUL- SEP	OCT- DEC	JAN- DEC	JAN- MAR	APR- JUN	JUL- SEP	OCT- DEC	JAN- DEC	JAN- MAR	APR- JUN
Revenue	14,412	13,287	12,823	52,870	11,296	12,223	11,076	10,323	44,918	9,495	9,979
Payroll expenses	-4,485	-4,253	-4,397	-17,632	-4,609	-5,269	-3,994	-4,126	-17,998	-3,544	-3,473
Other operating expenses	-8,826	-7,919	-7,572	-31,959	-6,501	-6,779	-6,257	-6,375	-25,912	-5,793	-5,947
Leasing costs for aircraft	-519	-543	-673	-2,282	-741	-626	-476	-476	-2,319	-462	-487
Depreciation and impairment	-360	-398	-444	-1,550	-401	-463	-497	-484	-1,845	-408	-426
Share of income in affiliated companies	-78	7	-11	-147	-33	19	-15	-229	-258	-30	4
Income from sale of shares in subsidiaries and affiliated companies	0	0	0	0	5	2	423	-1	429	-1	-25
Income from sale of aircraft and buildings	6	6	-8	4	0	-49	-1	-47	-97	-19	26
Operating income	150	187	-282	-696	-984	-942	259	-1,415	-3,082	-762	-349
Net financial items	-19	-77	-78	-273	5	-97	-145	-104	-341	-210	-251
Income before tax	131	110	-360	-969	-979	-1,039	114	-1,519	-3,423	-972	-600
Tax	-124	32	-104	4	264	13	142	384	803	267	98
Net income from continuing operations	7	142	-464	-965	-715	-1,026	256	-1,135	-2,620	-705	-502
Income from discontinued operations	-429	-2,128	-2,325	-5,395	-33	-21	-104	-169	-327	-7	0
Net income for the period	-422	-1,986	-2,789	-6,360	-748	-1,047	152	-1,304	-2,947	-712	-502
Attributable to:											
Parent Company shareholders	-422	-1,986	-2,789	-6,303	-748	-1,047	152	-1,304	-2,947	-712	-502
Minority interests	0	0	0	-57	0	0	0	0	0	0	0

Earnings overview

(MSEK)	January-March		April-June		July-September		October-December		July-June	
	2010	2009	2009	2008	2009	2008	2009	2008	2009-10	2008-09
Revenue	9,495	11,296	9,979	12,223	11,076	13,287	10,323	12,823	40,873	49,629
EBITDAR	158	186	559	175	825	1,115	-178	854	1,364	2,330
EBITDAR margin	1.7%	1.6%	5.6%	1.4%	7.4%	8.4%	-1.7%	6.7%	3.3%	4.7%
EBIT	-762	-984	-349	-942	259	187	-1,415	-282	-2,267	-2,021
EBIT margin	-8.0%	-8.7%	-3.5%	-7.7%	2.3%	1.4%	-13.7%	-2.2%	-5.5%	-4.1%
Income before non-recurring items	-844	-889	-236	38	37	301	-940	-289	-1,983	-839
Income before tax	-972	-979	-600	-1,039	114	110	-1,519	-360	-2,977	-2,268
Net income for the period	-712	-748	-502	-1,047	152	-1,986	-1,304	-2,789	-2,366	-6,570
Earnings per share (SEK)	-3.64	-9.36	-1.76	-5.94	0.78	-24.86	-6.66	-34.92	-10.86	-63.17
Cash flow before financing activities	-1,025	-877	408	-1,170	-2,507	-2,891	-1,471	-2,911	-4,595	-7,849

SAS Group's number of employees (FTE)

	April-June 2010	April-June 2009	January-June 2010	January-June 2009
Scandinavian Airlines	12,955	14,795	12,905	15,087
Blue1	422	442	413	441
Widerøe	1,178	1,196	1,179	1,224
Other Core SAS	116	455	181	461
Total Core SAS	14,671	16,888	14,678	17,213
Other operations	342	1,054	413	1,044
Continuing operations	15,013	17,942	15,091	18,257
Discontinued operations	696	734	681	2,148
SAS Group	15,709	18,676	15,772	20,405

Investments, aircraft fleet, fuel and financial position

SAS Group investments

	2010	April-June 2009	2010	January-June 2009
Core SAS	395	1,291	1,610	2,259
Other operations and eliminations	0	0	4	40
Continuing operations	395	1,291	1,614	2,299
Discontinued operations	6	45	22	111
SAS Group	401	1,336	1,636	2,410

SAS Group's aircraft under firm order

	Total	2010
Q400	1	1
Number of aircraft	1	1
CAPEX (MUSD)	<20	<20

SAS Group's aircraft fleet June 30, 2010

	Age	Owned	Leased	Wetleased	Total	Leased out	Order
Airbus A330/A340	8.1	5	6		11	1	
Airbus A319/A320/A321	7.0	4	10		14	2	
Boeing 737 Classic	17.3		15		15		
Boeing 737 NG	9.2	22	45		67	2	
Boeing 717	9.8		9		9	4	
McDonnell Douglas MD-80 series	20.3	27	14		41	8	
McDonnell Douglas MD-90 series	13.4	8			8	3	
Avro RJ-85/-100	9.3		7		7		
Fokker 50	20.3		5		5		
deHavilland Q series *	12.3	27	15		42	4	1
SAAB2000	13.3			3	3		
Bombardier CRJ200	11.9			5	5		
Bombardier CRJ900NG	1.1	12			12		
Total	1.1	105	126	8	239	24	1

Distributed by airline:

SAS Scandinavian Airlines	11.7				168	24	
Widerøe	13.1				32		1
Blue 1	11.5				15		
Leased out aircraft	13.6				24		
Total	12.1				239	24	1

* Includes six deHavilland Q400 aircraft that have been taken out of service.

Facts and vulnerability – jet fuel

	Q3 2010	Q4 2010	Q1 2011	Q2 2011
Options	5%	12%	11%	5%
Redemption price (USD/ton)	688	746	744	787
Swaps	48%	40%	41%	50%
Prices (USD/ton)	712	753	761	773

Estimated jet-fuel expense 2010¹

Market price, USD	6.00 SEK/USD	7.00 SEK/USD	8.00 SEK/USD	9.00 SEK/USD
Jet fuel				
600 USD/ton	5,675	6,111	6,547	6,982
800 USD/ton	6,047	6,545	7,043	7,541
1,000 USD/ton	6,385	6,939	7,493	8,047
1,200 USD/ton	6,722	7,333	7,943	8,553

¹ Relates to outcome for jet-fuel cost up to and including June 30, 2010 and, subsequently, to assumptions regarding average levels in the next six-month period for SEK/USD and the market price for jet fuel. The SAS Group's current hedging contracts for jet fuel were taken into consideration, but not currency hedging.

Important events

Third quarter 2009

- The SAS Group divested its holdings in bmi. The sales price totaled MGBP 38, which generated a capital gain of MSEK 427.
- As part of the ongoing savings program in the SAS Group, the Board of Directors of SAS decided, with retroactive effect from September 1, 2009, to reduce Board remuneration by 25%.

Fourth quarter 2009

- SAS reached an agreement regarding changes to collective agreements corresponding to MSEK 130 in savings for cabin crews in Norway and Sweden and ground personnel in Denmark.
- SAS is the most punctual airline in Europe according to the "FlightStats" website.
- SAS's long-term credit rating was downgraded one step from B3 to Caa1 by the rating agency Moody's. The outlook for the company is negative, which reflects the negative trends in the industry. The downgrade does not affect the SAS Group's loans or credit facilities.
- SAS introduced mobile telephone boarding passes to further enhance travel efficiency.
- The SAS Group divested 20 MD-80 aircraft (18 aircraft plus and an additional two aircraft in a separate agreement) to the North American airline Allegiant, with delivery scheduled for the first six months of 2010. The divestment is part of reducing surplus aircraft caused by the capacity reductions implemented under Core SAS.

First quarter 2010

- SAS was the most punctual airline in Europe in 2009 in terms of arrivals in the "major airline" category according to the "FlightStats" website.
- The SAS Group's Board of Directors resolved to implement a rights issue of approximately SEK 5 billion, with preferential rights for the Group's shareholders, which was approved by the Annual General Meeting held on April 7, 2010.
- The Core SAS cost savings program was strengthened by an additional SEK 2.5 billion and now totals SEK 7.8 billion.
- The two main conditions for the participation of the four principal owners in the rights issue were satisfied:
 - Agreements signed on March 12, 2010 with pilot and cabin crew unions covering annual cost savings of MSEK 500, with effect from the second quarter of 2010.
 - Refinancing of SEK 2 billion through issue of bonds in the EMTN market with an aggregate principal amount of MEUR 60 (approximately MSEK 580), SEK 1.6 billion in convertible bonds and received commitments for bonds with an aggregate principal amount of a further SEK 1 billion, which is subject to completion of the rights issue.
- The Court of Appeal in Oslo (Lagmansretten) ruled on March 16, 2010 that SAS is to pay damages totaling MNOK 160 plus legal costs to Norwegian Air Shuttle. The court ruling was not unanimous and SAS will appeal to the Norwegian Supreme Court.
- SAS's stake in Skyways Holding AB was diluted to 19.9% after not utilizing its pro rata share in Skyways Holding AB's rights issue.
- SAS divested the subsidiary Air Maintenance Estonia to the private equity and venture capital investor BaltCap.

Second quarter 2010

- On April 15, Scandinavian airspace closed due to the ash from the Eyjafjallajökull volcano in Iceland. The total negative earnings effect for SAS was approximately MSEK -700.
- SAS's Annual General Meeting was held on April 7.
 - Two new Board members, Monica Caneman and Gry Mølleskog, were elected after Berit Kjöll and Anitra Steen announced their resignation from the Board.
 - The rights issue, reverse split and convertible bonds were approved
 - The Meeting decided that no dividend would be paid for the 2009 fiscal year.
- SAS's rights issue valued at approximately SEK 5 billion was oversubscribed by 50%.
- SAS implemented a 1:30 reverse split of shares.
- The conversion price of the Group's convertible bonds was adjusted to SEK 46.50 following the rights issue and reverse split.
- On April 15, 2010, 33 SAS pilots jointly submitted an application for a summons against SAS at the Stockholm District Court. In the claim, the claimants seek to have certain terms of employment rendered invalid and adjusted, and also seek a declaratory claim against SAS for damages. SAS considers the risk of a negative outcome to be limited and no provisions have been made.
- The subsidiary SGS UK was outsourced.
- On June 9, SAS pilots participated in an eight-hour sympathy strike linked to a conflict between the Swedish regional airline AVIA and its pilots.

Events after June 30, 2010

- SAS decided to deploy an additional long-haul aircraft to meet the increased demand for intercontinental travel.
- On August 10, Mats Jansson, President and CEO, announced that he would leave his position at SAS in fall 2010. The company's Board has initiated the recruitment process to identify a successor.
- On August 18, SAS launches its biggest ever low-fare campaign.
- The Danish National Audit Office issues a report relating to the Civil Aviation Administration's review of SAS. The report criticizes SAS for overdue ADs. The National Audit Office is of the opinion that the initiatives taken by SAS to avoid future infringements are satisfactory.

Financial calendar

SAS financial reporting

Interim report 3, July-September 2010
 Year-end report 2010
 Annual Report & Sustainability Report 2010
 Annual General Meeting 2011
 Interim report 1, 2011
 Interim report 2, 2011
 Interim report 3, 2011

November 10, 2010
 February 9, 2011
 March 14, 2011
 April 11, 2011
 May 10, 2011
 August 17, 2011
 November 8, 2011

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

All reports are available in English and Swedish and can be ordered on the Internet: www.sasgroup.net or from: investor.relations@sas.se.

The SAS Group's monthly traffic data information is normally issued on the fifth business day of the following month. A continuously updated financial calendar can be found at: www.sasgroup.net.

For definitions, refer to the SAS Group website, www.sasgroup.net, or contact investor.relations@sas.se.

Press/Investor Relations

Telephone conference, Frösundavik
 Telephone conference, investors/analysts

10:30 a.m. August 18, 2010
 2:00 p.m. August 18, 2010

SAS discloses this information pursuant to the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was provided for publication on August 18, 2010 at 8:00 a.m.

