

Strengthened cash flow but negative earnings as forecast

- continued challenges in 2012
- 4Excellence measures corresponding to SEK 5 billion to be implemented

Key ratios January-March 2012

- Revenue: MSEK 9,591 (9,313)
- Number of passengers: increased by 323,000 (5.3%)
- Income before tax and nonrecurring items: MSEK -1,049 (-509)
- EBT margin before nonrecurring items: -10.9% (-5.5%)
- Income before tax: MSEK -1,132 (-558)
- Net income for the period: MSEK -729 (-373)
- Earnings per share: SEK -2.22 (-1.13)
- SAS's financial preparedness on March 31 amounted to SEK 8.6 billion

Important events in 2012

- The SAS Annual General Meeting was held on April 19.
 - ✓ The Meeting resolved that no dividend would be paid to shareholders for the 2011 fiscal year.
 - ✓ All of the Board members were reelected and the Meeting also voted in accordance with the proposals contained in the notification of the Meeting.
 - ✓ SAS decided to change the fiscal year to comprise the period of November 1 - October 31 instead of the calendar year.
- SAS sold six properties to Swedavia totaling SEK 1.8 billion, with a cash-flow effect of MSEK 450 and a capital gain of MSEK 350, which will be recognized in the second quarter of 2012.
- SAS and Apollo signed a historic partnership agreement valued at MSEK 920.
- The Board of Directors of Spanair filed for bankruptcy and SAS recognized an impairment loss in 2011 corresponding to SEK 1.7 billion.
- SAS became the most punctual airline in Europe for the third consecutive year, according to the independent source FlightStats.
- Blue1 commenced a statutory conciliation process to reorganize its operations as part of the transition to a production company for Scandinavian Airlines.

A difficult to assess 2012 – Total of SEK 5 billion in measures

2012 is difficult to assess, primarily due to global economic trends. Jet-fuel prices and increased capacity in the market present additional challenges. As a result of the weaker economic climate, the measures under the 4Excellence strategy were accelerated in February 2012. In total, measures corresponding to SEK 5 billion will be implemented in the period 2012-2013. Agreements were signed with many of SAS's trade unions regarding cost savings corresponding to SEK 1 billion for the period 2012-2013. The work on reducing the administration is progressing according to plan. The earnings effect of the combined measures in 2012 is estimated at approximately SEK 2 billion. Bookings for the summer period are high and the trend in cash flow was strong. The combination of the uncertainty regarding economic trends, high jet-fuel prices and intense pressure from competitors means that SAS will not present a profitability forecast for the full-year 2012.

Income and key ratios

	Jan-Mar 2012	Jan-Mar 2011	Apr-Mar 2011-2012	Apr-Mar 2010-2011
Earnings-based key ratios (MSEK)				
Revenue	9,591	9,313	41,690	40,807
EBITDAR before nonrecurring items	18	455	3,652	4,055
Income before tax and nonrecurring items	-1,049	-509	-446	-102
Income before tax, EBT	-1,132	-558	-2,203	-2,648
Net income for the period	-729	-373	-2,043	-1,879
EBT margin before nonrecurring items (target 7%)	-10.9%	-5.5%	-1.1%	-0.2%
Cash flow from operating activities	1,215	-567	1,300	-752
Financial key ratios				
CFROI, 12-month rolling (target 25%)	15%	17%	8%	2%
Financial preparedness (target >20% of annual revenue)	21%	21%	29%	16%
Shareholders' equity per share, SEK	34.91	37.79	44.12	4.35

Comments by the CEO

“Strengthened cash flow but negative first-quarter earnings as forecast”

As previously announced, SAS posted unsatisfactorily negative earnings for the seasonally weak first quarter of 2012. EBT amounted to MSEK -1,132, down MSEK 574 compared with the year-earlier period. The negative trend was due to sharp increases in jet-fuel prices, the uncertain economic climate and the fact that the earnings effects of the 4Excellence program will not be generated until the latter part of 2012. The year-earlier period was also impacted by a positive currency effect of MSEK 241. Accordingly, it is worth noting that underlying earnings for several key destinations reported a positive trend compared with the year-earlier period.

Unit revenue (RASK) was up 1.7% driven by a strong load factor and slightly weaker yield pressure. This result is particularly gratifying since we noted increased capacity and competition in the market throughout the first quarter. Furthermore, cash flow for the SAS Group was strengthened, mainly driven by the positive trend in future bookings. Otherwise, we also saw major improvements in working capital as a direct result of our focused work on reducing capital tied-up.

High fuel prices presented a significant challenge for the entire aviation industry, including SAS, and with the prevailing market situation it is difficult to fully offset this cost increase. In the first quarter alone, SAS's jet-fuel cost rose approximately MSEK 350, primarily as the result of fuel hedging having less of an effect this year. However, yield pressure during the quarter declined slightly, which is a sign that the industry sees the necessity of adjusting to these higher fuel prices. As previously, SAS manages fluctuations in fuel prices by hedging jet fuel, introducing a jet-fuel surcharge and proactive yield management. In addition to the increase in jet-fuel cost, the quarter was charged with higher maintenance costs of about MSEK 80.

Stable liquidity

Cash flow from operating activities was strong during the quarter at MSEK 1,215. SAS had a financial preparedness of SEK 8.6 billion, corresponding to 20.6% of revenue, at March 31. Of this amount, SEK 3.7 billion comprised cash and cash equivalents. After the end of the quarter, we also completed the sale of six properties to Swedavia, corresponding to SEK 1.8 billion. This sale is part of our strategy to reduce capital tied-up and the transaction releases liquidity corresponding to MSEK 450. Accordingly, we have a sound financial position despite the weak quarterly earnings.

Improved customer offering and more passengers

We are continuing to develop our customer offering and the new Copenhagen-Shanghai route was opened in March, which was immediately well received in the market. In addition, SAS will launch 27 new routes in 2012. The ongoing rejuvenation and harmonization of the aircraft fleet have enabled these aggressive ventures. We recently signed an agreement for the lease of three A320s and we now have a total of 60 new aircraft that will join the fleet over the next few years. Within two years, all MD80 and B737 Classic aircraft will have been phased out and replaced by modern A320/B737NG aircraft. We are also looking forward to receiving delivery to our fleet of the market's most efficient aircraft, the Airbus A320 neo. In pace with the rejuvenation of the fleet, we can expect lower jet-fuel costs, reduced maintenance costs and lower CO₂ emissions.

At the start of the year, we reintroduced free coffee and tea for all levels of service, onboard WiFi is being gradually introduced to our fleet, SMART PASS is now available for all destinations throughout Scandinavia, new partners were added to our EuroBonus offering, Fast Track is now also available for our passengers in Gothenburg, our traffic between Scandinavia and Finland has been further strengthened and new partners were incorporated into the Star Alliance family. All of these activities are specific examples of how SAS is continuously developing its product offering to always deliver value in terms of time and money to our customers. Even now we can see the results of our efforts, particularly in that we had the pleasure of welcoming 323,000 more passengers onboard our flights during the quarter.

Accelerated 4Excellence being implemented

At the end of 2011, we launched the new 4Excellence strategy with the aim of achieving Excellence in four core areas by 2015 – Commercial Excellence, Sales Excellence, Operational Excellence and People Excellence. One of the strategic targets of the 4Excellence strategy is to lower the unit cost by 3-5% per year. Many initiatives are now fully underway to lower the unit cost, enhance productivity and reduce complexity in the company as early as in 2012. Collective agreements were signed with many of our trade unions, which will ensure delivery of the announced savings corresponding to SEK 1 billion for the period 2012-2013. The work on reducing the administration is progressing according to plan and, during the quarter, 150 of the announced 300 FTEs were eliminated or are in the process of being eliminated from the business. Furthermore, our new modern IT platform went online in February, exactly as planned, meaning that many older systems can now be shut down, which will significantly reduce complexity.

Future outlook

2012 is difficult to assess due to the uncertain business climate, continued intense competition and high fuel prices. We expect passenger growth of 5-7%. The SAS Group's capacity (ASK) is expected to grow in line with the market, meaning by approximately 5% in 2012. The aim for 2012 is also to remain the most punctual airline in Europe and customer satisfaction will be further improved. We forecast and are planning for continued pressure on yield and RASK in 2012. To meet these challenges, the 4Excellence strategy was accelerated in February 2012, under which measures corresponding to SEK 5 billion are being implemented in 2012-2013. The 4Excellence measures are expected to generate effects in the second half of 2012. Bookings for the summer period are high and cash flow will be strengthened in the second quarter as a result of the agreed property transaction with Swedavia. The combination of the uncertainty regarding economic trends, high jet-fuel prices and intense pressure from competitors means that SAS will not present a profitability forecast for the full-year 2012.

Rickard Gustafson
President and CEO

Market and income

Market and traffic trend

Aviation market in Europe

Traffic growth among European network airlines was favorable in the first quarter of 2012, particularly in European traffic. At the same time, capacity increases were relatively modest, which led to almost all network airlines reporting improved load factors. However, traffic to/from Asia remained weaker and rose only marginally in January-February, although significant growth was noted in March 2012, which was primarily due to weak comparative levels due to the earthquake in Japan in March 2011. Traffic to/from North America increased slightly more than 6% during the quarter, despite almost unchanged capacity.

In the Nordic region, capacity continued to rise more than in the rest of Europe, resulting in pressure on yield. Despite higher capacity in many markets, SAS retained its market position.

Scandinavian Airlines' traffic trend (including Blue1)

Traffic for Scandinavian Airlines (RPK) rose 5.2% during the first quarter of 2012. The number of passengers increased 5.1% and figures were particularly favorable on all routes in Scandinavia. The trend for intercontinental routes to/from the US was stable, yet was weak for routes to/from Asia. The strongest improvement in the load factor was noted on European routes.

Capacity increased only 1.9% following substantial capacity reductions in Blue1's route network to/from Europe. In line with higher demand in Scandinavia, capacity rose more in Intra-Scandinavia and domestic routes. In addition, Scandinavian Airlines launched the Copenhagen-Shanghai route, and the Oslo-New York route also contributed to the capacity increase. The load factor rose 2.2 percentage points during the quarter. The currency-adjusted total unit revenue, RASK, for Scandinavian Airlines for the quarter was 1.7% higher than in the year-earlier period, while the currency-adjusted yield fell 2.3%.

Traffic trend for Scandinavian Airlines

<i>Change in relation to the year-earlier period</i>	Jan-Mar
Load factor (p.p.)	2.2 p.p.
Passenger yield (currency-adjusted, %)	-2.3%
Total unit revenue, RASK (currency-adjusted, %)	1.7%
Total unit cost (currency-adjusted, %)	4.2%
Total unit cost excluding jet fuel (currency-adjusted, %)	1.5%

For detailed traffic data information, refer to pages 16-17.

For definitions, refer to the 2011 Annual Report or www.sasgroup.net

Earnings analysis first quarter 2012

The SAS Group's income before tax and nonrecurring items amounted to MSEK -1,049 (-509). The decline was primarily due to higher costs for jet fuel (about MSEK 350), aircraft maintenance (about MSEK 80) and weaker net interest items (about 125 MSEK). In the preceding year, operating expenses were positively impacted in the amount of MSEK 241 for the reversal of USD hedging for aircraft.

Income before tax amounted to MSEK -1132 (-558), including nonrecurring items and capital gains/losses totaling MSEK -83 (-49).

Income after tax amounted to MSEK -729 (-373) and tax was a positive MSEK 403 (185).

The Group's revenue amounted to MSEK 9,591 (9,313). Adjusted for currency effects, revenue increased MSEK 149, corresponding to an increase of 1.6% compared with the year-earlier period. The increase was mainly attributable to the item of passenger revenue. The number of passengers rose 5.3%, passenger volume (ASK) rose 2.0% and the load factor increased 2.0 p.p. compared with the year-earlier period. SAS's traffic revenue rose a total of 5.5%.

Payroll expenses amounted to MSEK -3,403 (-3,312). Adjusted for nonrecurring items and currency effects, payroll expenses rose MSEK 70, corresponding to an increase of 2.1% compared with the year-earlier period. Expenses for jet fuel amounted to MSEK -2,080 (-1,748), a currency-adjusted increase of 16.1%, due to higher global market prices. Other operating expenses amounted to MSEK -4,149 (-3,842). Adjusted for nonrecurring items and currency effects, this was a 1.0% increase that was primarily due to higher costs for aircraft maintenance.

The unit cost for Scandinavian Airlines, adjusted for jet-fuel costs, rose 1.5% compared with the year-earlier period. However, the payroll unit cost fell 0.4%.

EBITDAR before nonrecurring items amounted to MSEK 18 (455) for the first quarter. The Group's net financial items amounted to MSEK -265 (-153), of which net interest expense accounted for MSEK -255 (-129), exchange-rate differences for MSEK 16 (-3) and other financial items for MSEK -26 (-21).

Restructuring costs amounted to MSEK -39 (-44), of which MSEK -29 (-44) pertained to payroll expenses and MSEK -10 (0) to other restructuring costs. Of capital losses of MSEK -24 (-5), MSEK -21 (-5) was attributable to aircraft transactions and MSEK -3 (0) was attributable to property transactions. Other nonrecurring items pertained to the settlement of a legal dispute in Cargo of MSEK -20 (-).

Financial position

– Financial preparedness of SEK 8.6 billion

On March 31, 2012, the SAS Group's cash and cash equivalents amounted to MSEK 3,660 (6,639). In addition to cash and cash equivalents, the SAS Group has unutilized credit facilities amounting to MSEK 4,901 (5,243). The SAS Group has total financial preparedness (cash and cash equivalents and unutilized credit facilities) corresponding to MSEK 8,561 (11,882) or 21% (29%) of the Group's annual revenue. The funds are invested in instruments with good liquidity and short maturities with a credit rating not lower than A3/P-1 according to the rating agency Moody's or alternatively A-/A-1 according to Standard & Poor's. Cash and cash equivalents is defined as funds that are not held as deposits and which are not blocked funds.

The SAS Group's interest-bearing liabilities fell MSEK 752 compared with the beginning of the year. New loans raised during the first quarter of 2012 amounted to MSEK 150 and repayments amounted to MSEK 800.

At March 31, 2012, the value of the debt and equity share (conversion option and repurchase right) relating to the convertible bond loan was set at MSEK 1,465 and MSEK 135, respectively. At the date of issue, these amounts were MSEK 1,374 and MSEK 226, respectively, and at December 31, 2011, they were MSEK 1,453 and MSEK 147. The value of the equity share was included in shareholders' equity, following a deduction for deferred tax.

During the year, financial net debt declined MSEK 127 to MSEK 6,890 on the closing date.

As of March 31, 2012, the adjusted equity/assets ratio amounted to 23% (27%). The adjusted debt/equity ratio amounted to 1.43 (0.86). The adjusted ratios take into account leasing costs.

For the balance sheet, refer to page 10

Cash-flow statement

– SAS's cash flow from operating activities amounted to MSEK 1,215

The change in working capital of MSEK 1,868 (468) was due to a seasonally large increase in unearned transportation revenue liability, while the net change in other receivables and liabilities was marginal. The difference compared with the year-earlier period was primarily attributable to the significant decline in other current liabilities during the first quarter of 2011.

Cash flow from operating activities amounted to MSEK 1,215 (-567).

Investments amounted to MSEK 412 (329), of which MSEK 231 (212) related to aircraft, other flight equipment and prepayments. This included the purchase of three MD87s that were previously on operational lease.

Cash flow before financing activities amounted to MSEK 787 (-675).

Cash and cash equivalents amounted to MSEK 3,660 according to the balance sheet, compared with MSEK 3,808 on December 31, 2011.

For the cash-flow statement, refer to page 12

About the SAS Group

The SAS Group is the largest airline group in Northern Europe and transported approximately 27 million passengers in 2011 to 128 destinations worldwide. The SAS Group comprises two airlines: Scandinavian Airlines and Widerøe. SAS Cargo and Blue1 are integrated as part of Scandinavian Airlines. As a member of Star Alliance, SAS offers a global network that covers 1,185 destinations across the globe and transports more than 600 million passengers. SAS is Europe's most punctual major airline and has held this title for three years in succession from 2009-2011, according to the independent source FlightStats. Sustainability comprises a key element and the SAS Group's airlines are the only airlines in the world to be certified in line with both ISO 14001 and EMAS for all operations.

4Excellence

In September 2011, SAS launched the new strategic focus 4Excellence, with the aim of achieving excellence in four core areas by 2015 – Commercial Excellence, Sales Excellence, Operational Excellence and People Excellence.

SAS shall remain the preferred choice for business travelers at the same time as the offering for the leisure segment will be strengthened. SAS will streamline its sales model and have the market's most attractive loyalty program. Furthermore, SAS will continue to be Europe's most punctual airline and deliver the quality and service that gives most value in terms of time and money for all customers.

This will be realized by continuing cost-saving measures and by strengthened focus on productivity and product improvements, a key part of which includes the roll-out of the Lean quality and efficiency program across all parts of the organization. With the 4Excellence strategy, SAS shows continued leadership in the Nordic airline industry.

SAS's vision: "To be valued for Excellence by all stakeholders". (Stakeholders: customers, employees, owners and society in general)

SAS's mission: "We provide best value for time and money to Nordic travelers whatever the purpose of their journey."

We have ambitious targets

Our goal is to achieve sustainable profitability through:

- SAS is to be Number 1 – The Nordic region's most valued airline by reaching new heights in customer satisfaction ratings.
- Unit cost shall be reduced by 3-5% annually.
- Our employee satisfaction is to be in the Top Five in the entire Nordic transportation sector.
- We are to reduce our overall emissions by 20%.

...to secure an efficient return on investment.

4Excellence comes together in four areas to achieve the targets

Commercial Excellence

Do the right things that customers are willing to pay for and make us the natural choice for Nordic travelers.

Sales Excellence

Increase cost-efficiency and achieve higher levels of loyalty among both companies and travelers. Sales are about relationships, not only transactions.

Operational Excellence

Ensure that we deliver the highest quality and cost-efficiency based on customer value.

People Excellence

Realize the full potential of employees through strong leadership and cooperation on shared goals.

Accelerated action plan

As part of 4Excellence, a number of measures are ongoing in a number of main areas that will generate effects totaling SEK 5 billion in 2012-2013, of which SEK 3.5 billion involves cost measures and SEK 1.5 billion revenue measures, with the largest cost effect deriving from the renegotiated collective agreements corresponding to SEK 1 billion. The other most important measures in each area are:

Commercial Excellence

At airports, a new design was launched with a clearly enhanced SAS profile with SAS branding that assists customers by providing clearer information and signage, for example, for lounges. The launch of Fast Track and SMART PASS has now been rolled out across Scandinavia and already has a high level of usage and customer satisfaction. Regarding in-flight services, free coffee and tea were introduced during the quarter. Also, onboard WiFi was introduced and will continue to be integrated throughout the fleet so that more aircraft will be equipped with the latest technology.

The customer offering is being continuously developed and the new Copenhagen-Shanghai route was opened in March, which was immediately well received in the market. SAS will launch a total of 27 new routes in 2012, mainly in the summer. The ongoing rejuvenation and harmonization of the aircraft fleet have enabled these aggressive ventures, and contribute to greater aircraft utilization during periods of low demand in business travel. For example, we can now increase capacity by 3% on short-haul routes in 2012 using one less aircraft. However, the guiding principle for all growth is that it is profitable.

Sales Excellence

A number of activities are underway in the EuroBonus area. New partners, such as World hotel, SverigeTaxi and Flygbussarna Airport Coaches, joined the loyalty program. A new simplified point structure is being implemented and many customers will be offered one free flight for every ten flights taken. An improved concept for the leisure market will be introduced in 2012 and it will be simpler and quicker to achieve and maintain Gold status. Rezidor became a new partner in SAS Credits.

Operational Excellence

A large number of LEAN activities are under way and will generate continued effects in the form of reduced expenses. The target of these LEAN activities is to improve quality and punctuality, and work more optimally regarding material and employees. An example is the project that took place in Line Maintenance in 2012 that focused on simplifying processes. Delays prior to the process changed amounted to 42. A considerable improvement was noted after the change, with zero delays noted for aircraft in service. The core of these improvements is the commitment from the employees working continuously on improvement measures.

The work on reducing the administration is progressing according to plan and, during the quarter, 150 of the announced 300 FTEs were eliminated or are in the process of being eliminated from the business. Collective agreements were signed with many of our trade unions, which ensures savings corresponding to SEK 1 billion for the period 2012-2013.

At the end of April 2012, a property portfolio comprising six properties located close to airports in Sweden was sold for a total value of SEK 1.8 billion. A total corresponding to MSEK 400 in liquidity was released.

People Excellence

The roll-out of the SAS's new Performance Management (PM) process began at the start of 2012 and encompasses managers and administrative personnel with a focus on systematic targets, follow-up and coaching. Training camps were held to educate our managers in the entire PM process and, in the spring, networks will commence to further develop the coaching skills of our managers.

Segment reporting

The business segments are reported as Scandinavian Airlines and Widerøe. The SAS Cargo and Blue1 units are integrated with Scandinavian Airlines. Blue1 was previously reported as a separate segment. Comparative figures have been restated.

In total, Scandinavian Airlines accounts for more than 90% of the Group's annual revenue.

Scandinavian Airlines' income before tax and nonrecurring items MSEK was -992 (-453) for the first quarter of 2012. Widerøe's income before tax and nonrecurring items was MSEK 63 (62).

Scandinavian Airlines

(MSEK)	Jan-Mar 2012	Jan-Mar 2011
Passenger revenue	6,324	6,076
Other revenue	2,444	2,479
Revenue	8,768	8,555
EBITDAR	-109	350
EBIT before nonrecurring items	-791	-368
EBIT margin before nonrecurring items	-9.0%	-4.3%
EBT before nonrecurring items	-992	-453



Scandinavian Airlines' earnings for the first quarter were weaker compared with the year-earlier quarter, primarily due higher jet-fuel costs, negative currency effects and lower other revenue. However, traffic revenue, particularly passenger revenue, displayed a positive trend and was higher than in the year-earlier period. One of the reasons for the decline in other revenue was that fewer aircraft were leased out compared with the preceding year.

Scheduled capacity (ASK) for the quarter rose 1.9% compared with the year-earlier period. A new intercontinental route was opened between Copenhagen and Shanghai during the quarter, which boosted capacity. Charter capacity was in line with the preceding year. Traffic (RPK) for the quarter increased 5.2%. Accordingly, the load factor rose 2.2 percentage points to 68.9%.

Passenger revenue for the period was approximately MSEK 250 higher than in the year-earlier period. The higher load factor and capacity increase had a positive impact on revenue, while continued pressure on yield had an adverse effect. The currency-adjusted passenger yield declined 2.3%. The currency-adjusted revenue (RASK) was 1.7% higher year-on-year, attributable to such factors as higher load factor and higher charter revenue.

Jet-fuel costs rose MSEK 311, primarily as a result of higher global market prices, but also due to negative currency effects and jet-fuel hedging having a more positive effect than in the preceding year.

The currency-adjusted unit cost deteriorated, mainly as a result of higher fuel prices and was 4.2% higher compared with the year-earlier period. Excluding fuel, the unit cost for the same period rose 1.5%. Such factors as lower other revenue and slightly higher technical aircraft maintenance contributed to the higher unit cost excluding fuel costs.

Similar to the preceding year, customer satisfaction for Scandinavian Airlines displayed a positive trend in 2012, and the index for March showed a customer satisfaction level of 72.

For Scandinavian Airlines' statement of income – refer to page 13

Widerøe

(MSEK)	Jan-Mar 2012	Jan-Mar 2011
Passenger revenue	712	636
Other revenue	248	232
Revenue	959	869
EBITDAR	135	131
EBIT before nonrecurring items	63	67
EBIT margin before nonrecurring items	6.6%	7.7%
EBT before nonrecurring items	63	62



Widerøe's EBT was at the same level as in the first quarter of 2011, which was the best first quarter in the company's history. This result was achieved despite intensified competition from Norwegian at Widerøe's hub Sandefjord Airport Torp.

Passenger revenue rose despite stiffer competition, which was related to a 6% increase in production compared with the preceding year and the continued positive trend in Widerøe's markets.

A new tendering period for scheduled regional air services started on April 1. Widerøe will continue to operate all of its previous routes, but also recaptured the Florø-Bergen/Oslo route that has been operated by Danish Air Transport for the past nine years.

Risks and uncertainties

The SAS Group works strategically to refine and improve its risk management. Risk management includes identifying both new risks and known risks, such as changes in oil prices or exchange rates. The Group monitors the comprehensive risks centrally, while portions of risk management are situated out in operations and include identification, action plans and policies. For further information about risk management in the SAS Group, refer to the most recently published annual report.

Currency and jet-fuel hedging

The SAS Group hedged 49% of its anticipated fuel consumption for April 2012 until March 2013. The market value of the hedges at March 31, 2012 was MUS\$ 22. Hedging is achieved using call options and swaps, with most of the hedging in the form of call options. This strategy allows the SAS Group to take advantage of the lower price of jet fuel, while the hedging ensures that exposure to higher prices is limited. Under current plans for seat capacity, the cost of jet fuel in 2012 is expected to be in line with the table below, taking into account different prices and USD rates. The SAS Group's financial policy is to handle changes in jet-fuel costs primarily through hedging of jet fuel, price adjustments and yield management. The policy for jet-fuel hedging states that this can be conducted up to 18 months ahead and that the interval for the 12-month hedging level is 40-80% of anticipated volumes.

For foreign currency, the policy is to hedge 40-80%. In March 2012, the SAS Group had hedged 64% 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 40-80% in accordance with the financial policy.

Currency hedging

	Q2 2012	Q3 2012	Q4 2012	Q1 2013
Hedging of USD (coverage)	72%	72%	60%	42%

Hedging of jet fuel

	Q2 2012	Q3 2012	Q4 2012	Q1 2013
Hedging of jet fuel	50%	49%	48%	50%

Vulnerability matrix, jet-fuel cost 2012, SEK billion

Market price	Exchange rate SEK/USD			
	5.00	6.00	7.00	8.00
600 USD per ton	5.8	6.5	7.3	8.0
800 USD per ton	6.6	7.5	8.4	9.3
1,000 USD per ton	7.5	8.5	9.6	10.7
1,200 USD per ton	8.1	9.2	10.4	11.6
1,400 USD per ton	8.7	10.0	11.3	12.7

The SAS Group's current hedging contracts for jet fuel and reported jet-fuel cost at March 31, 2012 were taken into account.

Emissions Trading System

As of January 1, 2012, all airline traffic to/from and within the EU is encompassed by the European Union Emissions Trading System (EU ETS). About 85% of the emission allowances have been allocated free of charge by the EU Member States, and 15% are to be purchased on the open market. The current price is EUR 8 per ton of CO₂. The SAS Group's budgeted expense for 2012 amounts to MSEK 130. A certain portion of the allowances have also been hedged at a predetermined price to limit exposure in the event of a sharp increase in the price of CO₂. Since SAS is in the process of replacing parts of its fleet, the number of emissions allowances required by each production unit will gradually decrease.

A number of political risks are currently associated with the system. We have noted extensive protests against the system from the governments of many non-EU countries, particularly the US, Russia, China, India and Brazil and others. Accordingly, there is the risk of reprisals against EU airlines in the form of, for example, limitation to traffic rights or new taxes and charges, unless the deadlock can be resolved through negotiations within the ICAO. In addition, initiatives have been put forward by various stakeholders in, for example, the European Parliament regarding a reduction in the number of allowances that are allotted to the airline industry.

Proposed amendment of accounting policy

In June 2011, the IASB (International Accounting Standards Board) published amendments to IAS 19 Employee Benefits. The amendments to IAS 19 have not yet been adopted by the EU, but a decision is expected in 2012. The amendments to the recognition of defined-benefit pension plans will be applied from fiscal years beginning on or after January 1, 2013. Among other features, the revised IAS 19 no longer permits the deferral of the recognition of certain deviations in estimates (the "corridor approach" has been removed). Instead, all deviations in estimates are to be recognized immediately in other comprehensive income. As a result of the amendments, the accumulative unrecognized deviations (unrecognized deviations from estimates and plan amendments) will be recognized in full in shareholders' equity, which will have a significantly negative effect on the SAS Group's shareholders' equity. The Parent Company SAS AB's recognized shareholders' equity will not be affected by this amendment. At December 31, 2011, the item "unrecognized deviations from estimates and plan amendments" amounted to about SEK 12 billion. The reversal of deviations from estimates and plan amendments will also involve a reversal of deferred tax liabilities related to pensions given that the temporary difference between the value for accounting and the value for tax purposes will be eliminated. The effect of the reversal of deferred tax liabilities related to pensions amounts to approximately SEK 1.3 billion, which will have a positive impact on the SAS Group's shareholders' equity, involving a net effect on the SAS Group's shareholders' equity of about SEK 10.7 billion.

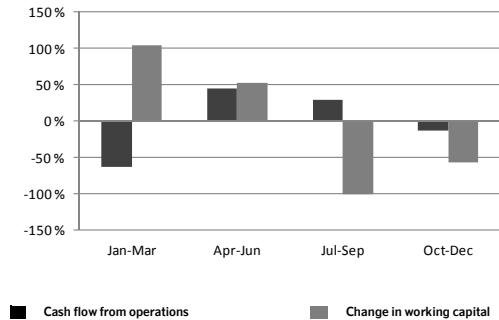
Legal issues

In November 2010, the European Commission decided to order SAS to pay fines of MEUR 70.2 for SAS Cargo. The fines were charged to Group earnings for the third quarter of 2010 in the amount of MSEK 660 and impacted the Group's liquidity in the first quarter of 2011. As a consequence of the European Commission's decision in the cargo investigation, SAS and other airlines fined by the Commission are involved in various civil lawsuits in Europe (the UK, the Netherlands and Norway). SAS, which appealed the European Commission's decision, contests its responsibility in all of these legal processes. Further lawsuits by cargo customers cannot be ruled out and no provisions have been made.

In April 2010, 33 SAS pilots jointly submitted an application for a summons against SAS at the Stockholm City 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 Swedish airline Linjeflyg, who were employed by SAS in conjunction with its acquisition of Linjeflyg in 1993. The claimants allege that the terms of employment are discriminatory and are in breach of EU law on free movement of labor. SAS, which disputes the claim in its entirety, considers the risk of a negative outcome to be limited and no provisions have been made.

Seasonal effects

Demand in SAS's markets is seasonally low in December-February, relatively high in September-November and highest in April-June. This is due to variations in demand in the business market. Demand may deviate from the normal seasonal pattern and develop in different ways in the Group's markets. SAS has gradually developed sophisticated methods for dynamically adapting capacity to demand on a monthly and weekly basis, such as in conjunction with major holidays.



The diagram shows the proportional profile of the cash flow for 2008-Q1 2012.

Change of fiscal year

At the SAS Annual General Meeting on April 19, it was resolved to change the SAS Group's fiscal year to comprise the period November 1 – October 31 instead of the calendar year and that the current fiscal year be shortened and thus comprise the period January 1, 2012 – October 31, 2012. The purpose of the change is to adapt the fiscal year to SAS's operations, which are conducted in two distinct periods – a winter and summer traffic program. Because of the amendment to the fiscal year, the revised IAS 19 will be applied as of November 1, 2013. The change to the SAS Group's fiscal year is subject to the approval of the Swedish Tax Agency.

Full-year 2012

2012 is difficult to assess due to a weaker business climate, continued intense competition and uncertainty concerning fuel prices and exchange rates. However, the assessment is that the market will continue to grow and we expect passenger growth of 5-7%. The SAS Group's capacity (ASK) is expected to grow by about 5% in 2012. The aim for 2012 is also to remain the most punctual airline in Europe, and customer satisfaction will be further improved. We forecast and are planning for continued pressure on yield and RASK in 2012. To meet these challenges, the 4Excellence strategy was accelerated in February 2012, under which measures corresponding to SEK 5 billion are being implemented in 2012-2013. The 4Excellence measures are expected to generate effects from the second half of 2012. Bookings for the summer period are high and cash flow will be strengthened in the second quarter as a result of the agreed property transaction with Swedavia. The combination of the uncertainty regarding economic trends, high jet-fuel prices and intense pressure from competitors means that SAS will not present a profitability forecast for the full-year 2012.

SAS Group

Statement of income including statement of other comprehensive income

(MSEK)	Jan-Mar 2012	Jan-Mar 2011	Apr-Mar 2011-2012	Apr-Mar 2010-2011
Revenue	9,591	9,313	41,690	40,807
Payroll expenses ¹	-3,403	-3,312	-13,183	-13,554
Other operating expenses ²	-6,229	-5,590	-24,380	-24,940
Leasing costs for aircraft ³	-367	-391	-1,536	-1,744
Depreciation and impairment ⁴	-421	-414	-2,420	-1,886
Share of income of affiliated companies	-14	-9	23	33
Income from sale of shares in subsidiaries and affiliated companies	0	0	0	-72
Income from sale of aircraft and buildings	-24	-5	-7	-225
Operating income	-867	-408	187	-1,581
Income from other securities holdings	0	3	-1,472	-260
Financial revenue	49	57	216	193
Financial expenses	-314	-210	-1,134	-1,000
Income before tax	-1,132	-558	-2,203	-2,648
Tax	403	185	160	769
Net income for the period	-729	-373	-2,043	-1,879
Comprehensive income:				
Exchange-rate differences in translation of foreign operations	0	-32	162	-160
Cash-flow hedges – hedging reserve	-294	653	-1,551	1,225
Tax attributable to other components relating to comprehensive income	77	-171	407	-321
Total other comprehensive income after tax for the year	-217	450	-982	744
Total comprehensive income	-946	77	-3,025	-1,135
Net income for the period attributable to: Parent Company shareholders	-729	-373	-2,043	-1,879
Total comprehensive income attributable to: Parent Company shareholders	-946	77	-3,025	-1,135
Earnings per share (SEK) ⁵	-2.22	-1.13	-6.21	-5.91

1 Includes restructuring costs of MSEK 29 (44) during the period January-March and MSEK 143 (421) during the period April-March.

2 Includes restructuring costs of MSEK 10 (-) during the period January-March and MSEK 191 (330) during the period April-March.

3 Includes restructuring costs of MSEK - (-) during the period January-March and MSEK 18 (38) during the period April-March.

4 Includes restructuring costs of MSEK - (-) during the period January-March and MSEK - (200) during the period April-March.

5 Earnings per share is based on 329,000,000 (329,000,000) outstanding shares for the period January-March and 329,000,000 (317,889,396) outstanding shares for the period April - March. 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 has no option or share program. The convertible bond totaling 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.

EBITDAR before nonrecurring items

(MSEK)	Jan-Mar 2012	Jan-Mar 2011	Apr-Mar 2011-2012	Apr-Mar 2010-2011
Revenue	9,591	9,313	41,690	40,807
Payroll expenses	-3,403	-3,312	-13,183	-13,554
Other operating expenses	-6,229	-5,590	-24,380	-24,940
EBITDAR	-41	411	4,127	2,313
Restructuring costs	39	44	334	751
Other nonrecurring items	20	0	-809	991
EBITDAR before nonrecurring items	18	455	3,652	4,055

Income before nonrecurring items

(MSEK)	Jan-Mar 2012	Jan-Mar 2011	Apr-Mar 2011-2012	Apr-Mar 2010-2011
Income before tax	-1,132	-558	-2,203	-2,648
Impairment losses ¹	0	0	2,207	229
Restructuring costs	39	44	352	989
Capital gains	24	5	7	337
Other nonrecurring items ²	20	0	-809	991
Income before tax and nonrecurring items	-1,049	-509	-446	-102

1 Pertains to an impairment regarding Spanair and the carrying amount of aircraft of MSEK - (-) during the period January-March and MSEK -2,207 (-229) during the period April-March.

2 Other nonrecurring items in 2011 comprise a MSEK 729 dissolution of USD hedges for aircraft, a MSEK 380 revaluation of the EuroBonus liability, MSEK -31 regarding legal settlement within Cargo and a MSEK -249 provision pertaining to Spanair. In 2012, another nonrecurring item totaling MSEK -20 related to a legal settlement within Cargo.

SAS updated its aircraft fleet strategy in June 2011 and it does not involve any planned aircraft sales, except for minor phase-outs, which means that the requirement for USD hedging has ceased. Accordingly, the hedges linked to these future sales were discontinued during the second quarter of 2011. The dissolution of these hedges is recognized prospectively from June 2011, meaning the point in time when the planned sales are no longer expected to occur. The reclassification of MSEK 729 reduced exchange-rate differences in operating income for the period and reduced hedging reserves in shareholders' equity in the same amount. The revalued amount corresponds to the accumulated profit for the hedging instruments recognized in other comprehensive income from the period when the hedge was in effect.

The EuroBonus revaluation is due to the previous estimates made regarding the fair value per point category being adjusted downward, driven by continued price reductions, changes to the EuroBonus rules and redemption patterns. The effect of the changed assessment of the point value has been recognized prospectively from June 2011.

Condensed balance sheet

(MSEK)	Mar 31, 2012	Dec 31, 2011	Mar 31, 2011	Mar 31, 2010
Intangible assets	1,787	1,693	1,456	1,281
Tangible fixed assets	14,167	14,144	14,602	16,036
Financial fixed assets	14,420	14,046	14,447	14,431
Total fixed assets	30,374	29,883	30,505	31,748
Other current assets	684	705	601	666
Current receivables	4,592	4,789	5,503	6,147
Cash and cash equivalents	3,660	3,808	6,639	3,912
Assets held for sale	-	-	488	401
Total current assets	8,936	9,302	13,231	11,126
Total assets	39,310	39,185	43,736	42,874
Shareholders' equity ¹	11,487	12,433	14,515	10,731
Long-term liabilities	13,023	13,889	15,266	13,543
Current liabilities	14,800	12,863	13,827	18,461
Liabilities attributable to assets held for sale	-	-	128	139
Total shareholders' equity and liabilities	39,310	39,185	43,736	42,874
Shareholders' equity per share ²	34.91	37.79	44.12	4.35
Interest-bearing assets	17,246	17,676	21,664	18,264
Interest-bearing liabilities	12,586	13,338	13,843	15,165

1 Including non-controlling interests.

2 Calculated on 329,000,000 outstanding shares as per 2012 and 2011. In March 2010, the number of outstanding shares was 2,467,500,000. The SAS Group has not carried out any buyback programs.

Specification of financial net debt, March 31, 2012

	According to balance sheet	Of which, financial net debt
Financial fixed assets	14,420	801
Current receivables	4,592	1,235
Cash and cash equivalents	3,660	3,660
Long-term liabilities	13,023	9,575
Current liabilities	14,800	3,011
Financial net debt		6,890

Condensed changes in consolidated shareholders' equity

(MSEK)	Share capital ¹	Other contributed capital ²	Hedge reserve	Translation reserve	Retained earnings ³	Total shareholders' equity attributable to Parent Company shareholders	Total equity
Opening shareholders' equity in accordance with approved balance sheet, January 1, 2011	6,612	337	696	-69	6,862	14,438	14,438
Comprehensive income			482	-32	-373	77	77
Closing balance, March 31, 2011	6,612	337	1,178	-101	6,489	14,515	14,515
Comprehensive income			-927	159	-1,314	-2,082	-2,082
Closing balance, December 31, 2011	6,612	337	251	58	5,175	12,433	12,433
Comprehensive income			-217	0	-729	-946	-946
Closing balance, March 31, 2012	6,612	337	34	58	4,446	11,487	11,487

1 Number of shares in SAS AB: 329,000,000 with a quota value of 20.1.

2 The entire amount comprises share premium reserves and the equity share of convertible loans.

3 No dividends were paid in 2010 and 2011.

Financial key ratios

	Mar 31, 2012	Dec 31, 2011	Mar 31, 2011	Mar 31, 2010
CFROI, 12-month rolling	15%	17%	8%	2%
Financial preparedness (target >20% of annual revenue)	21%	21%	29%	16%
Equity/assets ratio	29%	32%	33%	25%
Adjusted equity/assets ratio (target >35%)	23%	26%	27%	20%
Financial net debt, MSEK	6,890	7,017	2,818	7,222
Debt/equity ratio	0.60	0.56	0.19	0.67
Adjusted debt/equity ratio (target <1.00)	1.43	1.33	0.86	1.70
Interest ratio	-0.9	-0.6	-1.6	-3.7

Condensed cash-flow statement

(MSEK)	January-March		April-March	
	2012	2011	2011-2012	2010-2011
Income before tax	-1,132	-558	-2,203	-2,648
Depreciation and impairment	421	414	2,420	1,886
Income from sale of fixed assets	24	5	7	337
Adjustment for items not included in cash flow, etc.	34	-895	890	66
Tax paid	0	-1	2	-2
Cash flow from operations before change in working capital	-653	-1,035	1,116	-361
Change in working capital	1,868	468	184	-391
Cash flow from operating activities	1,215	-567	1,300	-752
Investments including prepayments to aircraft manufacturers	-412	-329	-2,124	-1,587
Sales of subsidiaries and affiliated companies	0	0	0	12
Sale of fixed assets, etc.	-16	221	280	726
Cash flow before financing activities	787	-675	-544	-1,601
Rights issue including issue costs	0	0	0	4,678
External financing, net	-935	2,314	-2,486	-293
Cash flow for the period	-148	1,639	-3,030	2,784
Translation difference in cash and cash equivalents	0	-1	1	-13
Cash and cash equivalents transferred to/from assets held for sale	0	-42	50	-44
Change in cash and cash equivalents according to the balance sheet	-148	1,596	-2,979	2,727

SAS Group's investments

(MSEK)	January-March		April-March	
	2012	2011	2011-2012	2010-2011
Scandinavian Airlines	326	262	1,807	1,359
Other operations and eliminations	86	67	317	228
SAS Group	412	329	2,124	1,587

Parent Company SAS AB

Income before tax for the period amounted to MSEK -36 (-26).

Available liquidity for SAS AB at March 31, 2012 amounted to MSEK 0 compared with MSEK 0 at the beginning of the year.

The number of shareholders in SAS AB amounted to 65,914 at March 31, 2012. The average number of employees in SAS AB amounted to 46 (42).

Condensed statement of income

(MSEK)	January-March	
	2012	2011
Revenue	4	0
Payroll expenses	-28	-25
Other operating expenses	-16	-17
Operating income before depreciation	-40	-42
Depreciation	0	0
Operating income	-40	-42
Income from other securities holdings	-	3
Net financial items	4	13
Income before tax	-36	-26
Tax	9	23
Net income for the period	-27	-3
Net income for the period attributable to: Parent Company shareholders	-27	-3

Net income for the period also corresponds to total comprehensive income.

Condensed balance sheet

(MSEK)	Mar 31,	Dec 31,	Mar 31,
	2012	2011	2011
Financial fixed assets	6,908	6,899	7,716
Other current assets	6,999	8,364	9,513
Cash and cash equivalents	0	0	1
Total assets	13,907	15,263	17,230
Shareholders' equity	10,724	10,751	13,253
Long-term liabilities	2,937	4,264	3,839
Current liabilities	246	248	138
Total shareholders' equity and liabilities	13,907	15,263	17,230

Change in shareholders' equity

(MSEK)	Share capital	Restricted reserves	Unrestricted equity	Total equity
Opening balance, Jan. 1, 2012	6,612	473	3,666	10,751
Net income for the period			-27	-27
Shareholders' equity, Mar. 31, 2012	6,612	473	3,639	10,724

Notes

Note 1 - Accounting policies and financial statements

The interim report for the SAS Group was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The interim report for the Parent Company was prepared in accordance with the Annual Accounts Act.

A number of amendments of standards, new interpretations and new standards took effect for fiscal years beginning January 1, 2012 that are not deemed to have material relevance in the preparation of this financial report, meaning that the SAS Group continued to apply the same accounting policies as in its 2011 Annual Report.

Note 2 - Segment information

The Group's operations are governed and reported in two business segments: Scandinavian Airlines and Widerøe. Scandinavian Airlines includes airline operations in the consortium of Scandinavian Airlines System, SAS Cargo and Blue 1. Widerøe is an independent airline based in Norway. Blue1 is reported in the Scandinavian Airlines segment from the first quarter of 2012. Comparative figures have been restated.

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

January-March (MSEK)	Scandinavian Airlines		Widerøe		Reconciliation				SAS Group	
	2012	2011	2012	2011	Other		Eliminations		2012	2011
External revenue	8,648	8,446	943	867	0	0	0	0	9,591	9,313
Sales between segments	120	109	16	2	3	2	-139	-113	0	0
Revenue	8,768	8,555	959	869	3	2	-139	-113	9,591	9,313
Payroll expenses	-3,029	-2,976	-348	-312	-26	-24	0	0	-3,403	-3,312
Other operating expenses	-5,848	-5,229	-476	-426	-18	-26	113	91	-6,229	-5,590
Operating income before depreciation and leasing costs	-109	350	135	131	-41	-48	-26	-22	-41	411
Leasing costs for aircraft	-359	-382	-34	-31	0	0	26	22	-367	-391
Depreciation and impairment	-382	-381	-38	-33	-1	0	0	0	-421	-414
Share of income of affiliated companies	1	1	0	0	-15	-10	0	0	-14	-9
Capital gains/losses	-24	-6	0	1	0	0	0	0	-24	-5
Operating income	-873	-418	63	68	-57	-58	0	0	-867	-408
Unallocated income items:										
Income from other securities holdings									0	3
Net financial items									-265	-153
Tax									403	185
Net income for the period									-729	-373
Income before nonrecurring items	-992	-453	63	62	-120	-118	0	0	-1,049	-509

Statement of income Scandinavian Airlines

(MSEK)	Jan-Mar 2012	Jan-Mar 2011
Passenger revenue	6,324	6,076
Charter revenue	379	334
Other traffic revenue	869	812
Other revenue	1,196	1,334
Revenue	8,768	8,555
Payroll expenses	-3,029	-2,976
Selling costs	-523	-582
Jet fuel	-1,973	-1,662
Government user fees	-914	-878
Catering costs	-188	-176
Handling costs	-386	-408
Technical aircraft maintenance	-587	-534
Computer and telecommunications costs	-262	-212
Other operating expenses	-1,016	-776
Operating expenses	-8,877	-8,205
Income before depreciation and leasing costs, EBITDAR	-109	350
Leasing costs, aircraft	-359	-382
Income before depreciation, EBITDA	-468	-32
Depreciation	-382	-381
Share of income of affiliated companies	1	1
Capital losses	-24	-6
Operating income, EBIT	-873	-418
EBIT before nonrecurring items	-791	-368
EBT before nonrecurring items	-992	-453

Note 3 - Quarterly breakdown

Statement of income

(MSEK)	2010					2011					2012
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Dec	Jan-Mar
Revenue	9,576	10,065	10,776	10,653	41,070	9,313	11,319	10,616	10,164	41,412	9,591
Payroll expenses	-3,652	-3,576	-3,292	-3,374	-13,894	-3,312	-3,349	-3,213	-3,218	-13,092	-3,403
Other operating expenses	-5,765	-5,922	-7,131	-6,297	-25,115	-5,590	-5,552	-6,135	-6,464	-23,741	-6,229
Leasing costs for aircraft	-462	-487	-435	-431	-1,815	-391	-373	-388	-408	-1,560	-367
Depreciation and impairment	-413	-431	-429	-612	-1,885	-414	-1,153	-434	-412	-2,413	-421
Share of income of affiliated companies	-30	4	37	1	12	-9	2	30	5	28	-14
Income from sale of shares in subsidiaries and affiliated companies	-1	-25	-14	-33	-73	0	0	0	0	0	0
Income from sale of aircraft and buildings	-19	26	0	-246	-239	-5	17	24	-24	12	-24
Operating income	-766	-346	-488	-339	-1,939	-408	911	500	-357	646	-867
Income from other securities holdings	0	0	-269	6	-263	3	5	0	-1,477	-1,469	0
Financial revenue	38	38	36	62	174	57	56	49	62	224	49
Financial expenses	-251	-292	-306	-192	-1,041	-210	-242	-273	-305	-1,030	-314
Income before tax	-979	-600	-1,027	-463	-3,069	-558	730	276	-2,077	-1,629	-1,132
Tax	267	98	-24	510	851	185	-179	-62	-2	-58	403
Net income for the period	-712	-502	-1,051	47	-2,218	-373	551	214	-2,079	-1,687	-729
Attributable to:											
Parent Company shareholders	-712	-502	-1,051	47	-2,218	-373	551	214	-2,079	-1,687	-729

Earnings-related key ratios

(MSEK)	Jan-Mar		Apr-Jun		Jul-Sep		Oct-Dec		April-Mars	
	2012	2011	2011	2010	2011	2010	2011	2010	2011-12	2010-11
Revenue	9,591	9,313	11,319	10,065	10,616	10,776	10,164	10,653	41,690	40,807
EBITDAR	-41	411	2,418	567	1,268	353	482	982	4,127	2,313
EBITDA margin	-0.4%	4.4%	21.4%	5.6%	11.9%	3.3%	4.7%	9.2%	9.9%	5.7%
EBIT	-867	-408	911	-346	500	-488	-357	-339	187	-1,581
EBIT margin	-9.0%	-4.4%	8.0%	-3.4%	4.7%	-4.5%	-3.5%	-3.2%	0.4%	-3.9%
Income before nonrecurring items	-1,049	-509	366	-236	298	384	-61	259	-446	-102
Income before tax	-1,132	-558	730	-600	276	-1,027	-2,077	-463	-2,203	-2,648
Net income for the period	-729	-373	551	-502	214	-1,051	-2,079	47	-2,043	-1,879
Earnings per share (SEK)	-2.22	-1.13	1.67	-1.76	0.65	-3.19	-6.32	0.14	-6.21	-5.91
Cash flow before financing activities	787	-675	247	408	-67	-659	-1,511	-675	-544	-1,601

Note 4 - SAS Group's average number of employees

(FTE)	Jan-Mar 2012	Jan-Mar 2011
Scandinavian Airlines	13,556	13,732
Widerøe	1,234	1,198
Other operations	46	42
SAS Group	14,836	14,972

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, May 3, 2012

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 Grøntvedt
Board Member

Elisabeth Goffeng
Board Member

Anna-Lena Gustafsson
Board Member

Rickard Gustafson
President and CEO

This interim report is unaudited.

Traffic data information

SAS Group's scheduled passenger traffic

	Jan-Mar		Change
	2012	2011	
Number of passengers (000)	6,416	6,093	5.3%
RPK, Revenue Passenger Kilometers (mill)	5,943	5,655	5.1%
ASK, Available Seat Kilometers (mill)	8,701	8,528	2.0%
Load factor (%)	68.3%	66.3%	+2.0 p.p.

SAS Group's quarterly traffic data

	Jan-Mar		Apr-Jun		Jul-Sep		Oct-Dec		Apr-Mar
	2012	2011	2011	2010	2011	2010	2011	2010	2010-2011
Number of passengers (000)	6,416	6,093	7,397	6,282	6,928	6,655	6,788	6,557	27,529
RPK, Revenue Passenger Kilometers (mill)	5,943	5,655	7,494	6,612	7,579	7,239	6,446	6,389	27,463
ASK, Available Seat Kilometers (mill)	8,701	8,528	9,848	8,769	9,609	9,180	9,019	8,761	37,177
Load factor (%)	68.3%	66.3%	76.1%	75.4%	78.9%	78.9%	71.5%	72.9%	73.5%

SAS Group's charter traffic

	Jan-Mar		Change
	2012	2011	
Number of passengers (000)	234	218	7.1%
RPK, Revenue Passenger Kilometers (mill)	750	699	7.3%
ASK, Available Seat Kilometers (mill)	841	790	6.4%
Load factor (%)	89.2%	88.5%	+0.7 p.p.

SAS Group traffic operation by route sector

	Jan-Mar 2012 vs. Jan-Mar 2011	
	Traffic (RPK)	Capacity (ASK)
Intercontinental	7.7%	7.8%
Europe/Intra-Scandinavia	1.7%	-3.8%
Domestic	8.5%	7.8%

Traffic trend for European airlines¹

	Jan-Mar 2012 vs. Jan-Mar 2011	
	Traffic (RPK)	Capacity (ASK)
Europe (excluding domestic)	7.3%	1.8%
North America	6.1%	0.4%
Asia	5.6%	4.9%
Total	7.0%	3.0%

¹ AEA (Association of European Airlines)

Scheduled passenger traffic, yield, RASK and unit cost

Scandinavian Airlines' traffic-related key ratios *

	Jan-Mar 2012	Change
Number of passengers (000)	5,784	5.1%
RPK, Revenue Passenger Kilometers (mill)	5,758	5.2%
ASK, Available Seat Kilometers (mill)	8,361	1.9%
Load factor (%)	68.9%	2.2 p.p.
Currency-adjusted yield trend	1.10	-2.3%
Total unit revenue, RASK (currency-adjusted)	0.83	1.7%
Total unit cost, including charter (currency-adjusted)	0.90	4.2% ¹

1 Excluding jet-fuel costs, the unit cost rose 1.5% compared with the year-earlier period

* Key figures also include Blue1

Scandinavian Airlines' scheduled passenger traffic

	Jan-Mar 2012	2011	Change
Number of destinations	91	84	8.3%
Number of daily flights	680	672	1.3%
Number of daily flights/destinations	7.5	8.0	-6.5%

Widerøe's scheduled traffic, yield and unit cost

	Jan-Mar 2012	Change
Scheduled traffic:		
Number of passengers (000)	632	7.1%
RPK, Revenue Passenger Kilometers (mill)	185	2.7%
ASK, Available Seat Kilometers (mill)	340	5.9%
Load factor (%)	54.3%	-1.7 p.p.
Yield (local currency)		6.2%
Total unit cost, including charter (local currency)		5.7%

Detailed unit cost analysis – Scandinavian Airlines

Adjusted for currency, volume and nonrecurring items (MSEK)	Jan-Mar 2012	Jan-Mar 2011 currency/capacity adjusted	Change %	Share of adjusted total change %
Payroll expenses	3,000	3,011	-0.4%	-0.1%
Jet fuel	1,973	1,734	13.7%	3.0%
Government user fees	914	900	1.5%	0.2%
Selling costs	523	600	-13.0%	-1.0%
Handling costs	386	419	-7.9%	-0.4%
Technical aircraft maintenance	587	549	6.9%	0.5%
Other operating expenses (net)	119	-87	-	2.6%
Operating expenses	7,501	7,128	5.2%	4.7%
Leasing costs for aircraft	359	397	-9.6%	-0.5%
Depreciation	383	387	-1.1%	-0.1%
Net cost	8,243	7,913	4.2%	4.2%
Unit cost	0.90	0.87	4.2%	

Aircraft fleet

SAS Group's aircraft fleet, March 31, 2012 *

	Age	Owned	Leased	Total	In service	Leased out	Order
Airbus A330/A340	9.8	5	6	11	11	0	30
Airbus A319/A320/A321	8.2	4	10	14	12	0	
Boeing 737 Classic	18.8	0	10	10	10	0	
Boeing 737 NG	10.9	23	45	68	68	0	
Boeing 717	11.6	0	9	9	9	0	0
McDonnell Douglas MD-8 series	22.3	27	11	38	27	0	
McDonnell Douglas MD-90 series	0.0	8	0	8	0	8	
Avro RJ-85	0.0	0	5	5	0	0	
deHavilland Q series	14.3	34	10	44	35	0	0
Bombardier CRJ900NG	2.8	12	0	12	12	0	
Total	12.9	113	106	219	184	8	30

* In addition, the following aircraft are wetleased: four CRJ200s for SAS in Denmark and two ATRs and four Saab2000s for Blue1 in Finland.

Aircraft in service distributed by airline

	Age	Owned	Leased	Total	In service	Leased out	Order
SAS Scandinavian Airlines	12.7			159	140	8	30
Widerøe	14.3			38	35		
Blue1	11.6			14	9		
Leased out aircraft				8			
Total	12.9			219	184	8	30



Airbus A330/340-300
Scandinavian Airlines



Airbus A319/A320/A321
Scandinavian Airlines



Boeing 737-600/700/800
Scandinavian Airlines



Boeing 737-400/500
Scandinavian Airlines



MD-82/87
Scandinavian Airlines



Bombardier CRJ900
Scandinavian Airlines



deHavilland Q 100/300/400NG
Widerøe



Boeing 717
Blue1

For further information on each model of aircraft, refer to www.sasgroup.net

Important events

Events after March 31, 2012

- The SAS Annual General Meeting was held on April 19.
 - ✓ The Meeting resolved that no dividend would be paid to shareholders for the 2011 fiscal year.
 - ✓ All of the Board members were reelected and the Meeting also voted in accordance with the proposals contained in the notification of the Meeting.
 - ✓ SAS decided to change the fiscal year to comprise the period of November 1 - October 31 instead of the calendar year.
- SAS is voted favorite airline in the US at the EDGE awards after more than 70,000 online votes had been cast.
- SAS sold six properties to Swedavia totaling SEK 1.8 billion, with a cash-flow effect of MSEK 450 and a capital gain of MSEK 350, which will be recognized in the second quarter of 2012.
- SAS Credits is expanded through the addition of a new business partner: The Carlson Rezidor Group
- SAS and Apollo signed a historic partnership agreement valued at MSEK 920.
- Blue1 commenced a statutory conciliation process to reorganize its operations as part of the transition to a production company for Scandinavian Airlines.

First quarter 2012

- SAS launches direct flights between Copenhagen-Shanghai and from Stockholm to Dubrovnik, Barcelona and Malaga.
- SAS named Europe's best airline, Brand of the Year 2011 and is commended for its social media campaign.
- SAS introduced free coffee and tea in Economy class on all European routes and domestic flights in Sweden, Denmark and Norway.
- The Board of Directors of Spanair filed for bankruptcy and SAS recognized an impairment loss for 2011 corresponding to SEK 1.7 billion.
- The Norwegian Competition Authority granted permission for EuroBonus on Norwegian domestic services, but only on flights between Oslo-Stavanger, Bergen and Trondheim.
- The Swedish government decided to extend the agreement with SAS valued at MSEK 700 for international flights.
- SAS was named Europe's most punctual airline for the third consecutive year according to the independent source FlightStats.
- As part of cost savings under the 4Excellence program, SAS will reduce the number of full-time employees in administration by 300.
- SAS and Singapore Airlines extended their partnership to strengthen flight connections between Scandinavia and Singapore.
- Eivind Roald and Joakim Landholm were appointed new members of SAS Group Management with responsibility for Sales & Marketing and Commercial, respectively, which are two of the main focal areas of the new 4Excellence strategy.

Fourth quarter 2011

- SAS further strengthened its long-term position in Finland through Blue1, which is planning to open a significant number of routes.
- SAS launched Internet and GSM services onboard flights and now offers one of the best solutions on the market for WiFi, GSM telephony and wireless entertainment. The SAS WiFi Internet service will be offered to all passengers.
- Apple named the SAS Crew Guide one of the best apps in the Travel category for 2011.
- SAS increases capacity over the Christmas holiday period and deploys larger aircraft on many routes.
- SAS's long-haul premium economy offering, Economy Extra, was voted the world's best by 36,000 frequent travelers in a survey.
- SAS ordered new, comfortable, lightweight and environmentally friendly short-haul seats that will provide additional legroom.
- SAS secured a financial lease facility of MSEK 500 for four existing A321 aircraft.
- SAS has helped lower travel expenses for more than 25,000 companies since the SAS credits corporate program was first launched in 2008.
- The award-winning HBT campaign "Love is in the air," which became a social media success, was followed up with an improved HBT site.
- SAS signed an agreement for the sale of 13 MD80 aircraft and 12 spare engines to a subsidiary of Allegiant Air, LCC.
- Beginning in November, SAS has increased the number of departures to several Swedish domestic destinations, such as Luleå, Umeå, Malmö and Gothenburg.
- SAS became one of the first airlines in the world to accept payment in the form of bonus points when passengers make onboard purchases.
- SAS decided to launch 21 new routes from when the summer schedule comes into operation in March 2012.

Third quarter 2011

- SAS set a punctuality record for the company in August and thereby became the world's most punctual airline for the second consecutive month.
- SAS launched its new 4Excellence strategy, the aim of which is to have achieved excellence in four core areas by 2015: Commercial Excellence, Sales Excellence, Operational Excellence and People Excellence.
- New Group Management, which will be broader and have firm responsibility for the strategy's four Excellence areas.
- SAS won the procurement of air travel for Swedish government employees on all Swedish domestic routes operated by SAS. The combined value of all of the domestic agreements is MSEK 340.

Second quarter 2011

- SAS's traffic continued to grow and SAS noted its highest customer satisfaction in 11 years.
- Core SAS was completed according to plan. Cost reductions of approximately SEK 7.6 billion were implemented. Based on the Core SAS program, the unit cost was reduced by about 23%.
- SAS continued to streamline its aircraft fleet by placing an order for 30 Airbus A320neo aircraft, with the option of an additional 11 Airbus A320neo aircraft, with delivery scheduled to commence in the second half of 2016 and the final delivery in 2019.
- Blue1 phased out the Avro aircraft and resumed its focus on the Scandinavian/Finnish market.
- SAS Smart Pass, a wireless communication technology that allows passengers to proceed simply, efficiently and quickly through the airport, was introduced throughout Scandinavia.
- SAS was praised for its 2010 social media and PR campaign "Love is in the air" and was a finalist for Sweden's top PR of the year award for the same campaign.
- The Swedish state has continued confidence in SAS, which once again won the Swedish government's procurement of air travel.
- The SAS Annual General Meeting was held on April 11, 2011.
 - ✓ The Meeting resolved that no dividend would be paid to shareholders for the 2010 fiscal year.
 - ✓ All of the members of the Board of Directors were re-elected and all other issues were resolved in accordance with the proposals presented in the notice of the Meeting 2010.
- SAS launched the Oslo-New York route, and will also start to operate the Stockholm-Gdansk and Copenhagen-Shanghai routes and double the number of departures on the Stockholm-Milan route.

Financial calendar

Interim report 2, 2012
Interim report 3, 2012

August 8, 2012
November 8, 2012

Preliminary financial calendar (new fiscal year)*

Year-end report, 2012 (10 months)

Annual report 2012 (10 months)

Interim report 1, 2013

Interim report 2, 2013

December 2012

February 2013

March 2013

June 2013

* A detailed financial calendar will be published following approval by the Swedish Tax Agency.

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 complete financial calendar can be found at: www.sasgroup.net.

For definitions, refer to the Annual Report or www.sasgroup.net under Investor Relations/Reports and Presentations.

Press/Investor Relations

Webcast – media
Telephone conference, investors/analysts

8.30 a.m., May 3, 2012

1.30 p.m., May 3, 2012

To participate in the above events, please contact Investor Relations.

Direct questions to Investor Relations SAS Group:

Vice President Sture Stølen +46 8 797 14 51, e-mail: investor.relations@sas.se.

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 May 3, 2012 at 8:00 a.m.

SAS Group's route network

