

Third quarter 2005

- **Operating revenue for the nine-month period** was MSEK 45,600 (43,133), an increase of 5.7%.
- **Income before depreciation and leasing costs for aircraft (EBITDAR)** improved by MSEK 358 and amounted to MSEK 2,111 (1,753) in the third quarter and MSEK 4,483 (3,202) for the nine-month period.
- **Operating income (EBIT)** increased for the third quarter by MSEK 425 to MSEK 802 (377) and amounted to MSEK 703 (-629) for the nine-month period.
- **Income before capital gains and nonrecurring items** improved by MSEK 421 and amounted to MSEK 619 (198) in the third quarter. Earnings for the nine-month period amounted to MSEK -114 (-1,337).
- **Income after financial items** for the third quarter amounted to MSEK 545 (102) and to MSEK -155 (-1,394) for the nine-month period.
- **Net income for the period** amounted to MSEK 529 (133) for the third quarter and MSEK 57 (-1,094) for the nine-month period.
- **CFROI** for the 12-month period October 2004-September 2005 was 12% (8%).
- **Earnings per share** for the SAS Group for the nine-month period amounted to SEK 0.18 (-6.72). Equity per share was SEK 76.22 (73.40).
- **Number of passengers during the nine-month period** increased by 5.2% to 26 million.
- **Total unit cost adjusted for currency effects** for Scandinavian Airlines Businesses decreased by 1% during the nine-month period despite increased fuel prices. Adjusted for increased fuel prices, the unit cost fell during the same period by 5.1% and by 2.7% in the third quarter.
- **Continued uncertainty regarding development** in the airline industry gives reason to be cautious, but provided there are no significant changes in the business environment, adopted business plans indicate positive earnings for 2005.
- **“Third-quarter earnings** were, as anticipated, positive and in line with the profitability plan for the SAS Group. The new business model in Europe has proved successful and combined with continued reductions in unit costs we are strengthening the Group’s position,” says President and CEO Jørgen Lindegaard.

SAS Group (MSEK)	October-December		January-March		April-June		July-September		October-September	
	2004	2003	2005	2004	2005	2004	2005	2004	2004-05	2003-04
Operating revenue	14,940	13,824	13,016	12,567	16,017	15,143	16,567	15,423	60,540	56,957
EBITDAR	1,181	814	179	-44	2,193	1,493	2,111	1,753	5,664	4,016
EBITDAR margin	7.9%	5.9%	1.4%	-0.4%	13.7%	9.9%	12.7%	11.4%	9.4%	7.1%
EBIT	-104	-43	-1,048	-1,257	949	251	802	377	599	-672
EBIT margin	-0.7%	-0.3%	-8.1%	-10.0%	5.9%	1.7%	4.8%	2.4%	1.0%	-1.4%
Income before capital gains and nonrecurring items	-305	-415	-1,312	-1,588	579	53	619	198	-419	-1,752
Income after financial items	-380	-245	-1,290	-1,540	590	44	545	102	-535	-1,639
Net income for the period	-612	-609	-971	-1,374	499	147	529	133	-555	-1,703
Earnings per share (SEK)	-3.63	-3.53	-5.86	-8.26	3.01	0.86	3.03	0.68	-3.45	-10.25
Cash flow before financing activities	1,287	899	-1,131	-1,319	1,675	2,001	449	-421	2,280	1,160

SAS AB is the Nordic region's largest listed airline and travel group and offers air transport and related services from its base in northern Europe. Scandinavian Airlines provides services within Scandinavia, to/from Europe, North America and Asia. Scandinavian Airlines is a founder member of the world's largest global airline alliance – Star Alliance™. The Group also includes the airlines Spanair, Widerøe's Flyveselskap and Blue1 and the partly-owned airlines airBaltic and Estonian Air. The Group's business areas Airline Support Businesses and Airline Related Businesses include companies that support the airline operations. The Group also includes hotel operations with Rezidor SAS Hospitality.

SAS Group

Statement of income

(MSEK)	July-September		January-September		October-September	
	2005	2004	2005	2004	2004-05	2003-04
Operating revenue	16,567	15,423	45,600	43,133	60,540	56,957
Payroll expenses	-4,949	-4,665	-15,061	-14,623	-20,023	-20,080
Other operating expenses	-9,507	-9,005	-26,056	-25,308	-34,853	-32,861
Leasing costs for aircraft	-843	-705	-2,295	-2,022	-2,962	-2,677
Depreciation	-553	-663	-1,700	-2,020	-2,382	-2,760
Share of income in affiliated companies	59	24	124	129	152	112
Income from the sale of shares in subsidiaries and affiliated companies	35	0	33	3	35	654
Income from the sale of aircraft and buildings	-7	-32	58	79	92	-17
Operating income	802	377	703	-629	599	-672
Income from other shares and participations	0	1	48	1	48	9
Net financial items	-257	-276	-906	-766	-1,182	-976
Income after financial items	545	102	-155	-1,394	-535	-1,639
Tax	-16	31	212	300	-20	-64
Net income for the period	529	133	57	-1,094	-555	-1,703
Attributable to:						
Parent Company shareholders	499	112	30	-1,105	-567	-1,686
Minority interests	30	21	27	11	12	-17
Earnings per share (SEK) ¹	3.03	0.68	0.18	-6.72	-3.45	-10.25

¹⁾ Earnings per share are calculated on 164,500,000 outstanding shares (IAS 33). Since the SAS Group has no options, convertibles or share programs, dilution does not occur.

Specified statement of income is available at www.sasgroup.net

Income before capital gains and nonrecurring items

(MSEK)	July-September		January-September		October-September	
	2005	2004	2005	2004	2004-05	2003-04
Income after financial items	545	102	-155	-1 394	-535	-1,639
Impairment losses	0	0	0	0	27	52
Restructuring costs	102	64	180	139	264	480
Capital gains	-28	32	-139	-82	-175	-645
Income before capital gains and nonrecurring items	619	198	-114	-1 337	-419	-1,752

Financial key ratios

	September 30	December 31	September 30	September 30
	2005	2004	2004	2003
EBITDAR	4,483	4,383	3,202	2,947
EBITDA	2,188	1,694	1,180	667
EBIT	703	-733	-629	-838
EBITDAR margin (12-month rolling)	9%	8%	7%	7%
EBIT margin (12-month rolling)	1%	-1%	-1%	-2%
CFROI (12-month rolling)	12%	9%	8%	7%
Return on equity (12-month rolling)	-5%	-14%	-13%	-8%
Equity/assets ratio	22%	20%	20%	22%
Net debt, MSEK	7,711	9,956	11,269	12,563
Financial net debt, MSEK	15,888	17,377	18,834	19,375
Debt/equity ratio	1.22	1.53	1.55	1.39
Adjusted debt/equity ratio	2.72	3.09	3.01	2.91
Interest cover ratio (12-month rolling)	0.7	-0.3	-0.1	-0.1

Traffic-related key ratios

SAS Group	July-September		October-December		January-March		April-June		October-September	
(MSEK)	2005	2004	2004	2003	2005	2004	2005	2004	2004-05	2003-04
Number of passengers	9,325	8,562	7,645	7,512	7,299	7,238	9,357	8,902	33,626	32,243
RPK	9,838	9,188	7,649	7,317	7,342	7,031	9,259	8,970	34,088	32,516
ASK	13,599	13,542	12,667	11,894	12,465	11,852	13,810	13,470	52,541	50,773
Cabin factor	72.3%	67.8%	60.4%	61.6%	58.9%	59.3%	67.0%	66.6%	64.9%	64.0%
Yield, SEK	1.04	1.02	1.22	1.25	1.17	1.17	1.18	1.10	1.13	1.13
Total unit cost, SEK	0.74	0.66	0.73	0.80	0.74	0.76	0.71	0.69	0.73	0.74

Dear shareholder,

Third-quarter earnings were positive and at a level that supports the plan for positive earnings for the full-year 2005. Compared with 2004, the earnings improvement for the quarter amounted to approximately MSEK 400. Operating income (EBIT) amounted to MSEK 802 during the quarter and totals MSEK 703 for the year to date. Income before capital gains and nonrecurring items during the quarter improved by MSEK 421 and amounted to MSEK 619 (198).

Oil prices reached all-time high levels but the SAS Group has compensated for this by hedging fuel prices, continued cost reductions and price control. During the quarter the Group's airlines had record-high cabin factors while the yield trend was relatively stable. The new business model in Europe and within Scandinavia, with one-way fares and simplified rules, has been very well received by our customers and both the number of sold tickets and the cabin factor increased markedly. The SAS Group is now gaining market share. As the number of low-fare tickets increases, yield will be negatively affected in the future but this is expected to be compensated by higher volumes.

There are now signs that the almost chronic overcapacity, primarily in Copenhagen, is beginning to ease. Several of our competitors have cut back or announced future capacity reductions.

The positive development for Blue1 in Finland that characterized the company during 2005 has continued with substantial improvements in cabin factors. For Widerøe there is talk of yet another record result. Spanair is carrying out a successful expansion and the company reports positive earnings. Development in the Spanish domestic market is characterized, however, by intensifying competition from new players.

The two large support companies, STS and SGS, continued to adapt their operations to the increasing competition and adjust costs to match volume. SGS lost contracts during the third quarter and STS is experiencing growing competition from many suppliers of maintenance services, which put pressure on the companies' margins. We are continuing to streamline the Group and expect to be able to announce further deals during the autumn.

The hotel operations are going according to plan and Rezidor SAS is well on its way towards positive earnings for the year and continued development towards expansion and profitability.

Turnaround 2005 is being completed as planned and after the third quarter only SEK 0.5 billion remains to be implemented before the goal for savings of approximately SEK 14 billion is achieved. During the quarter the unit cost decreased by 2.7% and by 5.1% during the year, adjusted for increased fuel prices.

As we announced earlier, cost adjustments for our airlines continue since new business models demand lower costs. Additional cost adjustments locally in the companies during 2006 currently amount to approximately SEK 2 billion. These adjustments will be implemented during 2006.

In summary, the SAS Group's companies show underlying growth and, combined with Turnaround 2005 and the commercial activities, the Group's market position is now strengthening. Since the industry continues to be characterized by considerable overcapacity with inherent price pressure, it is necessary to maintain a major focus on costs. The trend during the quarter as well as traffic during October are in line with the profitability plan with which the SAS Group is working.



SAS Group's traffic development

The European airlines within the AEA showed stable traffic development in most markets during the period January-September. The AEA's total international traffic increased during the period by 6.3%. The highest growth occurred in traffic to/from Asia with 11.7% while traffic to/from North America was weaker with growth of 1.9%.

The SAS Group's traffic (RPK) increased at the same rate as the AEA by 5% in January-September. The SAS Group's highest growth was in Asian traffic, and Spanish and Finnish domestic traffic. Total capacity (ASK) increased during the same period by 2.6%. The cabin factor rose by 1.5 percentage points to 66.3%. During the third quarter the growth rate increased and traffic rose 7.1 % while capacity only increased by 0.4%. This resulted in a strongly improved cabin factor by 4.5 percentage points to 72.3%. Scandinavian Airlines Businesses' new business model within Scandinavia and Europe contributed to the positive traffic development.

Intercontinental traffic showed weak development at the beginning of 2005 but has gradually improved. The traffic growth of 1.2% in January-September did not, however, match the capacity increase of 2.8%. Traffic on Asian routes increased by 17.6% while traffic decreased over the North Atlantic due to capacity cutbacks. During the third quarter traffic increased by 2.6% and capacity decreased by 1.8% which resulted in an improved cabin factor of 3.7 percentage points to 86.9%.

Traffic on European routes developed positively during January-September and increased by 11% due primarily to strong growth for Spanair, Blue1 and airBaltic. The new business model for intra-Scandinavian and European routes made a positive contribution for Scandinavian Airlines from September 1. The cabin factor improved by 2.9 percentage points to 62.3%. Traffic within Scandinavia decreased during the period by 8.2%. Capacity was adjusted due to major overcapacity within certain markets. Development on the Swedish domestic routes continued to be positive following the launch of the new domestic concept. Traffic increased during the quarter by 2.5% and the cabin factor improved by a strong 12.9 percentage points to 70.1%.

Spanair's traffic rose during January-September by 13.9% on a par with the capacity increase of 14%. Blue1's development during the period was strong and the number of passengers rose by 29.4% while the cabin factor improved by 11.2 percentage points to 60.9%. Within the Scandinavian Airlines Businesses, Scandinavian Airlines Sverige's cabin factor improved by 5.3 percentage points to 62.8% SAS Braathens had the highest traffic growth with 3.8% and the cabin factor improved at the same time by 2.0 percentage points to 63.1%. Widerøe's traffic was on a par with the previous year. airBaltic's rapid growth continued during 2005 and the number of passengers increased during the period by 79.5%.

SAS Group*	Jul-Sep 2005	Change vs. 2004	Jan-Sep 2005	Change vs. 2004
No. of passengers (000)	9,325	8.9%	25,981	5.2%
Passenger km (mill)	9,838	7.1%	26,439	5.0%
Seat km (mill)	13,599	0.4%	39,874	2.6%
Cabin factor	72.3%	4.5%pts	66.3%	1.5%pts

* Passenger traffic for Scandinavian Airlines, Spanair, Widerøe, Blue1 and airBaltic.
SAS Group currently does not include passengers within different loyalty programs. From January 2006 the SAS Group plans to include these passengers by way of adjustment to industry practice.

Traffic development by route sector

Traffic development by route sector				
	Jul-Sep 05 vs. Jul-Sep 04		Jan-Sep 05 vs. Jan-Sep 04	
	Traffic (RPK)	Capacity (ASK)	Traffic (RPK)	Capacity (ASK)
Intercontinental	2.6%	-1.8%	1.2%	2.8%
Europe	12.9%	3.3%	11.0%	5.9%
Intra-Scandinavian	-5.6%	-4.7%	-8.2%	-5.4%
Denmark (domestic)	1.4%	-7.4%	2.7%	0.8%
Norway (domestic)	0.2%	2.0%	0.6%	-0.3%
Sweden (domestic)	2.5%	-16.3%	-4.1%	-12.9%

January-September	Traffic (RPK)	Capacity (ASK)	Cabin factor (%)	Change in cabin factor
SAS Group	5.0%	2.6%	66.3%	1.5%pts
SAS Danmark	-8.6%	-12.6%	61.5%	2.7%pts
SAS Braathens	3.8%	0.5%	63.1%	2.0%pts
SAS Sverige	-4.5%	-12.6%	62.8%	5.3%pts
SAS International	1.2%	2.8%	80.5%	-1.3%pts
Spanair	13.9%	14.0%	61.3%	-0.1%pts
Widerøe	-1.8%	-1.2%	53.1%	-0.3%pts
Blue1	25.2%	2.1%	60.9%	11.2%pts
airBaltic	119.5%	106.4%	57.0%	3.4%pts

Financial development

January-September 2005

The transaction with Carlson Companies regarding Rezidor SAS was completed on June 30, 2005. Carlson Companies received, via an MEUR 55 new issue, 25% of the shares in Rezidor SAS in exchange for improved commercial terms in the parties' Master Franchise Agreement, which increased the Group's equity by MSEK 519.

The net effect of exchange-rate fluctuations between the period January-September 2004 and 2005 was MSEK 325. The effect is MSEK 569 on operating revenue, MSEK -251 on operating expenses, and MSEK 7 on net financial items.

The SAS Group's operating revenue amounted to MSEK 45,600 (43,133), an increase of MSEK 2,467 or 5.7%. Adjusted for currency effects the increase was MSEK 1,898 or 4.3%. Passenger traffic (RPK) increased by 5% for the Group. In Scandinavian Airlines Businesses traffic decreased by 1.4% compared with 2004 and the currency adjusted yield increased by 2% compared with the same period in 2004 mainly due to the introduction of fuel surcharges.

Payroll expenses increased by MSEK 438 or 3% and amounted to MSEK 15,061 (14,623). Adjusted for currency effects and restructuring costs of MSEK 165 (123), payroll expenses were MSEK 147 or 1.4% higher than in the previous year. This increase is mainly due to higher volumes within hotel and support units. Scandinavian Airlines Businesses reduced its payroll expenses by 5.2%.

The Group's other operating expenses increased by MSEK 748 or 3% to MSEK 26,056. Adjusted for currency effects, expenses increased by MSEK 678 or 2.7% due to increased fuel costs. The Group's cost for jet fuel amounted to MSEK 5,766 (4,521). Adjusted for positive currency effects due to a weaker USD, fuel costs increased by MSEK 1,360. The market price (spot price) during the period was on average 50% higher than in 2004.

Operating income before depreciation and leasing costs, EBITDAR, amounted to MSEK 4,483 (3,202).

Leasing costs amounted to MSEK 2,295 (2,022), an increase of MSEK 273. Depreciation was MSEK 1,700 (2,020), a decrease of MSEK 320. The lower depreciation is mainly due to sale and leaseback of the aircraft which led to increased leasing costs. In total, leasing costs and depreciation taking currency effects into account were at the same level as in the previous year.

Share of income in affiliated companies amounted to MSEK 124 (129). The change between 2004 and 2005 is partly due to lower earnings in airBaltic and Air Greenland as well as a positive earnings trend in Estonian Air and British Midland.

Income before capital gains and nonrecurring items amounted to MSEK -114 (-1,337) (see page 2).

The Group's income from the sale of aircraft and buildings, amounted during January-September to MSEK 58 (79). This includes the sale of one McDonnell Douglas MD-82, one Fokker F28 and two Boeing 737s as well as sale and leaseback of two Boeing 737s. In addition, hotel properties were sold with a capital gain of MSEK 5.

The operations in SAS Trading were sold during the second quarter at a price corresponding to book values. During the third quarter an additional purchase price was received relating to the sale of Scandinavian IT Group amounting to MSEK 33. All the SAS Group's participations in France Telecom (originally SITA Foundation) were sold in June for MSEK 49 with a capital gain of MSEK 48.

The Group's net financial items amounted to MSEK -906 (-766). Net interest was MSEK -807 (-662), an increase of MSEK 145 mainly due to a weaker SEK and higher market interest rates and borrowing costs. The currency effect was MSEK -26 (-33). Other net financial expenses amounted to MSEK -73 (-71).

Income after financial items amounted to MSEK -155 (-1,394).

Change in income after financial items is due to:

Currency effect	325
Income before depreciation and leasing costs, EBITDAR	1,029
Leasing costs and depreciation	-19
Share of income in affiliated companies	-5
Net interest, etc.	-147
Capital gains	56
Total changes	1,239

Third-quarter 2005

The SAS Group also reports positive earnings for the third quarter.

The net effect of exchange-rate fluctuations between the period July-September 2004 and 2005 was MSEK 185. The effect was MSEK 571 on operating revenue, MSEK -389 on operating expenses and MSEK 3 on net financial items.

The Group's operating revenue amounted to MSEK 16,567 (15,423), an increase of MSEK 1,144 or 7.4%. Adjusted for currency effects, MSEK 571, the increase was 3.6%

The Group's passenger traffic increased by 7.1%. In Scandinavian Airlines Businesses traffic increased by 0.1% and yield fell 0.6% during the quarter.

Operating expenses including payroll expenses amounted to MSEK 14,456 (13,670). Adjusted for currency effects and restructuring costs, operating expenses were 2.7% higher than in the previous year mainly due to higher fuel costs and higher volumes. Taking currency effects into account, fuel costs increased by MSEK 518 compared with the third quarter of the previous year. The market price (spot price) of fuel during July-September 2005 was on average 46% higher than in 2004.

EBITDAR for the third quarter was MSEK 2,111 (1,753).

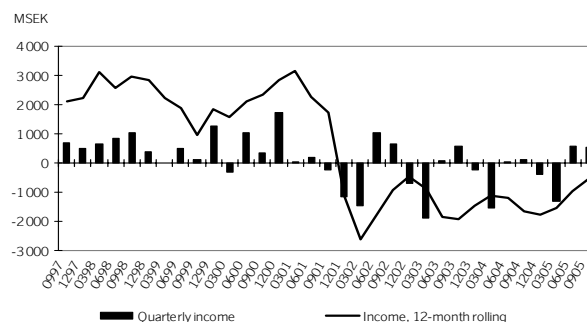
Income before capital gains and nonrecurring items was MSEK 619 (198).

During the third quarter income from aircraft transactions was MSEK -7 (-32). Other capital gains amounted to MSEK 35 (-).

The Group's net financial items during the third quarter amounted to MSEK -257 (-276). Net interest was MSEK -229 (-246). Net interest for the period includes positive effects from valuation of financial instruments according to IAS 39 of MSEK 65. Currency effects amounted to MSEK -1 (-4) and other financial expenses were MSEK -27 (-26).

Income after financial items amounted to MSEK 545 (102).

Income after financial items



SAS Group's Turnaround 2005

Since 2002, the SAS Group has implemented major cost reductions designed to strengthen competitiveness over time. The cost cutting measures amount to a total of SEK 14 billion, of which SEK 0.5 billion remains to be implemented during the final quarter of 2005.

The positive earnings impact from Turnaround 2005 for January-September 2005 amounted to SEK 2.4 billion compared with same period in 2004 and to SEK 0.5 billion for the third quarter. The earnings impact for the full year 2006 is expected to amount to SEK 1.6 billion.

Program almost completed

During 2005 the SAS Group has focused on implementing the remaining activities. The remaining activities are broken down in the following table:

Remaining measures within Turnaround 2005 (SEK billion)	Total
Group & Scandinavian Airlines Businesses	0.2
SAS Technical Services, LCC model	0.1
SAS Ground Services, LCC model	0.1
Distribution including IT	0.1
Total	0.5

Improved unit cost

During the year Turnaround 2005 has continued to contribute to reduce unit costs despite increased fuel prices. During January-September 2005 Scandinavian Airlines Businesses reduced the unit cost by 5.1% and by 2.7% for the third quarter compared with 2004, adjusted for increased fuel prices. This decrease has been achieved despite reduced flight capacity. Capacity cutbacks within Capacity & Utilization Focus had a negative impact on unit costs of approximately 2 percentage points.

New business models require additional measures

In autumn 2005 the SAS Group introduced new business models based on:

- Commercial concepts
- Network dimensioning
- Costs

Commercial concepts

Every unit within the SAS Group will adjust its customer offerings to local market conditions. Ticket restrictions are being exchanged for freedom of choice and flexibility for the customer. This has resulted in a significant increase in customers' opportunities for individually tailored travel, and pricing is now mainly based on a purely demand-driven system without ticket restrictions.

During the third quarter Scandinavian Airlines was the first network company to convert to one-way fares on routes within Europe and Scandinavia. Scandinavian Airlines had already introduced this on Swedish and Norwegian domestic routes, and Spanair, Blue1 and airBaltic have also introduced similar customer-driven offerings.

Network dimensioning

The airline's networks will be dimensioned and adapted to local traffic flows and built on profitable transfer traffic. By focusing on dynamic traffic planning the SAS Group's units will seasonally adjust capacity to a greater extent. For example, Scandinavian Airlines Sverige will further adjust capacity during the winter months. Similar measures will be carried out among the other airlines within the SAS Group.

Cost level

The new Group structure with incorporated units facilitates comparisons with competitors and reduces the time it takes to implement new measures. In addition to Turnaround 2005, the SAS Group is introducing simplifications to each company's business models which will lead to further cost adjustments.

The cost of a basic product will be at the same level as the most effective players in the relevant market. The SAS Group has identified and demanded additional adjustments based on the unit cost level in each subsidiary. Based on these demands, subsidiaries have preliminarily identified cost reductions for 2006-2007 corresponding to approximately SEK 2 billion for Scandinavian Airlines Danmark, SAS Braathens, Scandinavian Airlines Sverige and Scandinavian Airlines International. These cost adjustments will primarily be implemented during 2006. Since work on quality assurance and identification of additional measures is still under way, the scope of this may change. Measures include flight staff productivity, efficiency enhancements in sales operations, ground services, technical maintenance, distribution and administration. In addition to this, preliminary collective agreement discussions started during autumn 2005. These will mainly be carried out locally in each subsidiary.

Restructuring costs

Restructuring costs for 2005 are expected to be slightly higher than previously indicated mainly for defined restructuring in several of the Group's companies. For the full year 2005 restructuring costs are expected to amount to approximately SEK 0.3 billion. The cash flow effects will be very limited since these provisions primarily relate to payroll expenses for 2006 for employees who have been given notice.

Financial position and release of capital

The SAS Group's liquid assets at September 30 amounted to MSEK 8,360 (7,607). In addition to liquid assets, the SAS Group also has unutilized contracted loan commitments amounting to MSEK 4,763, an increase of MSEK 163 since June and an increase of MSEK 1,429 since March 2005. During the second and third quarters the SAS Group repaid utilized credit facilities of MSEK 1,414. During the period January-September the SAS Group renewed bilateral facilities of MSEK 1,586.

During January-September the SAS Group sold one McDonnell Douglas MD-80, two Boeing 737s and one Fokker F28. In addition, the SAS Group carried out a sale and leaseback transaction with two Boeing 737s. This provided a total sales value of MSEK 878. As a result of Capacity & Utilization Focus parts of the SAS Group's MD-90 fleet will be phased out. Additional release of capital with a focus on aircraft, aircraft engines and spare parts will continue. The SAS Group is currently evaluating the future structure and strategy of SAS Component. This ongoing process includes negotiations with an international consortium regarding possible partnership or acquisition.

In April the SAS Group issued bonds amounting to MSEK 860 in the Norwegian market. The bonds have a maturity of five years with repayment in 2010.

The financial net debt at September 30 amounted to MSEK 15,888, a decrease of MSEK 1,489 MSEK since December 31, 2004. Moody's downgraded the SAS Group in May by one notch. Moody's changed its rating methods in June which meant that the SAS Group was upgraded to B1 for the company's senior implied rating with an unchanged negative outlook.

The equity/assets ratio at September 30, 2005, was 22% (20%). The SAS Group's target is a debt/equity ratio that allows the Group to be regarded as an attractive borrower over the long-term. The SAS Group's target is an equity/assets ratio of at least 30% and a debt/equity ratio that does not exceed 50%. These financial targets will be achieved through a combination of improved earnings, limited investments and the program for release of capital.

The SAS Group's planned investments in aircraft are very limited over the next few years. In total, the SAS Group has six aircraft on firm order with a total investment of MUSD 185. In addition to investments in new aircraft, investments are made in spare parts and other operational investments amounting to approximately MSEK 1,300 per year.

Firm orders for aircraft 2005-2007:

SAS Group	Total	2005	2006	2007
CAPEX (MUSD)	185	3	59	123
Number of aircraft	6	0	2	4

Investments

The SAS Group's investments, including prepayments, amounted to MSEK 1,092 (3,007) for the period. Investments in aircraft and other flight equipment totaled MSEK 392 (1,639).

	Jul-Sep		Jan-Sep	
	2005	2004	2005	2004
Scandinavian Airlines Businesses	7	253	34	813
Subsidiary & Affiliated				
Airlines	69	60	184	834
Airline Support Businesses	191	75	539	288
Airline Related Businesses	5	127	37	140
Hotels	60	145	259	243
Groupwide functions and eliminations	23	12	39	689
SAS Group	355	672	1,092	3,007

SAS Group's total aircraft fleet September 30, 2005:

Aircraft type	Own- ed	Leased in	Total	Leased out	Order
Airbus A340/330	5	6	11		
Airbus A319					4
Airbus A320/A321-200	8	20	28		
Boeing 737	24	54	78	5	2
Boeing 717		4	4		
McDonnell Douglas MD-80-serien	27	62	89	6	
McDonnell Douglas MD-90-30	8		8	2	
Avro RJ-85/100		9	9		
Fokker F50	7	1	8	2	
deHavilland Q100-400	16	37	53		
SAAB 2000		5	5		
Total	95	198	293	15	6

Breakdown of Group's fleet by airline:

Scandinavian Airlines Businesses	80	114	194	15	6
Spanair		56	56		
Widerøe	15	14	29		
Blue1		14	14		
Total	95	198	293	15	6

Currency and fuel hedging

The SAS Group has hedged approximately 64% of the USD deficit with forward contracts and options during the period October 2005 until September 2006.

Of anticipated fuel consumption, 50% is hedged for 12 months from October 2005 until September 2006 at an average price, including premium, of USD 580/MT. For the remainder of 2005, 50% of anticipated consumption is hedged at a total average price, including premium, of approximately USD 450/MT. Hedging is primarily effected with capped options but due to high premium levels instruments such as swaps are also used.

The SAS Group will continuously neutralize price increases for jet fuel through cost reductions, hedging and yield control. In the event of major price movements within short periods, the effects of compensatory measures are delayed. The effects on volume of the fuel surcharges introduced earlier have been limited but increased effects on volume in the event of higher yield levels cannot be ruled out.

Average number of employees in the SAS Group (FTEs)

	Jul-Sep 2005 2004		Jan-Sep 2005 2004	
Scandinavian Airlines Businesses	8,241	9,340	8,309	9,519
Subsidiary & Affiliated Airlines	6,311	5,335	5,714	5,113
Airline Support Businesses	12,127	12,143	12,021	11,880
Airline Related Businesses	559	865	650	858
Hotels	4,899	4,661	4,788	4,243
Groupwide functions	850	828	856	903
SAS Group	32,987	33,172	32,338	32,516

Accounting principles and financial reports

The SAS Group has applied International Financial Reporting Standards (IFRS) since January 1, 2005. Comparative figures for 2004 have been restated according to IFRS. Through 2004 the Group applied the Swedish Financial Accounting Standards Council's recommendations (RR). The annual report for 2004 contains a complete account of positions adopted and the effects of the transition to IFRS. Comparative figures restated in accordance with IFRS are provided on pages 21-22.

The Group's other formal financial reports are provided on pages 2, 9 and 10.

Parent Company SAS AB

Income after financial items for the period amounted to MSEK 1,790 (932).

Available liquidity for SAS AB amounted to MSEK 1 at September 30, 2005, compared with MSEK 1 at the start of the year.

The number of shareholders in SAS AB amounted to 23,073 at September 30, 2005. The average number of employees in SAS AB amounted to 182 (164).

Statement of income

	January – September 2005 2004	
(MSEK)		
Operating revenue	20	17
Payroll expenses	-187	-159
Other operating expenses	-188	-174
Operating income before depreciation	-355	-316
Depreciation	0	-1
Income from the sale of shares	-551	1,353
Dividends from subsidiaries	3,035	50
Operating income	2,129	1,086
Net financial items	-339	-154
Income after financial items	1,790	932
Tax	190	0
Net income for the period	1,980	932

Balance sheet

	Sept 30 2005	Dec 31 2004
(MSEK)		
Fixed assets	11,225	9,365
Current assets	60	396
Total assets	11,285	9,761
Shareholders equity	5,437	3,457
Long-term liabilities	5,781	6,168
Current liabilities	67	136
Total shareholders' equity and liabilities	11,285	9,761

Change in shareholders' equity

	Share capital	Restricted reserves	Unrestricted equity	Total equity
(MSEK)				
Opening balance, Jan 1, 2004	1,645	180	479	2,304
Transfer between unrestricted and restricted equity		22	-22	0
Group contribution received net			116	116
Net income for the year			1,037	1,037
Equity, December 31, 2004	1,645	202	1,610	3,457
Transfer between unrestricted and restricted equity		103	-103	0
Net income for the period			1,980	1,980
Equity, Sept 30, 2005	1,645	305	3,487	5,437

Full-year 2005

In the year-end report for 2004 published on February 10, the annual report for 2004 and the interim reports published on May 3 and August 17, the SAS Group stated that adopted business plans indicate positive earnings for 2005.

The market continues to be characterized by major overcapacity and price pressure, but the first signs of reduced overcapacity were noted during the autumn.

Continued uncertainty regarding development in the airline industry gives reason to be cautious, but provided there are no significant changes in the business environment, adopted business plans indicate positive earnings for 2005.

Earnings for the third quarter and traffic development in October were positive and according to plan.

Stockholm, November 8, 2005
SAS AB



Jørgen Lindegaard
President and CEO

Review Report

We have reviewed SAS AB's (publ) interim report for the nine-month period ending September 30, 2005. Our review has been conducted in accordance with the recommendation issued by FAR.

The review has been planned and performed to obtain limited assurance that the interim report is free of material misstatement. A review is largely limited to queries of the company's personnel and an analytical evaluation of financial data, and our assurance is limited compared with an audit.

Nothing has come to our attention during the review that causes us to believe that this interim report does not comply with the requirements for interim reports according to the Annual Accounts Act and IAS 34.

Stockholm, November 8, 2005
Deloitte AB

Board of Directors:

Egil Myklebust, Chairman
Jacob Wallenberg, Vice Chairman
Berit Kjøl, board member
Fritz H. Schur, board member
Anitra Steen, board member
Lars Rebien Sørensen, board member
Timo Peltola, board member
Verner Lundtoft Jensen, board member
Ulla Grøntvedt, board member
John Lyng, board member

Management:

Jørgen Lindegaard, President and CEO
Gunnar Reitan, Deputy CEO
Gunilla Berg, Executive Vice President and CFO
John S. Dueholm, Executive Vice President
Bernhard Rikardsen, Executive Vice President
Håkan Ericsson, Executive Vice President

Financial calendar:

Year-end report 2005.....	February 9, 2006
Annual Report & Sustainability Report 2005.....	March 7, 2006
SAS AB Annual General Meeting	April 20, 2006
Interim Report 1, January-March 2006.....	May 4, 2006
Interim Report 2, January-June 2006.....	August 9, 2006
Interim Report 3, January-September 2006.....	November 8, 2006

The Annual General Meeting will be held in Stockholm on April 20, for additional information see www.sasgroup.net under Investor Relations, Corporate Governance.

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

The SAS Group's monthly traffic and capacity statistics are normally published on the fifth working day of each month. A financial calendar is available from www.sasgroup.net

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

SAS Group

Balance sheet

(MSEK)	September 30 2005	December 31 2004 ¹⁾	September 30 2004 ¹⁾	September 30 2003
Intangible fixed assets	3,877	3,180	3,218	2,971
Tangible fixed assets	22,353	24,166	26,143	31,688
Financial fixed assets	12,545	11,094	11,231	10,424
Total fixed assets	38,775	38,440	40,592	45,083
Current assets	1,429	1,289	1,335	1,474
Current receivables	12,177	9,459	9,593	9,879
Cash, bank and short-term investments	8,360	8,595	7,607	7,483
Total current assets	21,966	19,343	18,535	18,836
Total assets	60,741	57,783	59,127	63,919
Shareholders' equity ²⁾	13,074	11,354	12,116	13,947
Provisions	4,771	4,256	4,270	4,340
Long-term liabilities	18,696	21,103	20,281	22,520
Current liabilities	24,200	21,070	22,460	23,112
Total shareholders' equity and liabilities	60,741	57,783	59,127	63,919
Equity per share(SEK) ³⁾	76,22	68,87	73,40	83,88
Interest-bearing assets	19,621	17,324	16,515	16,727
Interest-bearing liabilities	27,332	27,280	27,784	29,290

¹⁾ Balance sheets for 2004 are restated according to IFRS 3.

²⁾ Including minority interests.

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

Changes in shareholders' equity

(MSEK)	Share capital	Restrict. reserves	Accumulated exch. rate diff. restricted reserves	Unrestrict. equity	Accumulate exch. rate unrestricted reserves	Total equity attrib. to Parent Co. shareholders	Minority interests	Total equity
Opening balance, January 1, 2004	1,645	5,348	218	5,583	340	13,134	112	13,246
Acquisitions						-	-82	-82
Exchange rate difference			8	49	-11	46		46
Transfers between restricted and unrestricted equity		45		-45		0		0
Net income for the period				-1,105		-1,105	11	-1,094
Adjusted equity, September 30, 2004	1,645	5,393	226	4,482	329	12,075	41	12,116
Acquisitions						-	-1	-1
Exchange rate difference			-37	-34	-78	-149		-149
Transfers between restricted and unrestricted equity		-16	-14	65	-35	0		0
Net income for the period				-597		-597	-15	-612
Closing balance, December 31, 2004	1,645	5,377	175	3,916	216	11,329	25	11,354
Adjustment for IAS 39				1,468		1,468		1,468
Opening balance, January 1, 2005	1,645	5,377	175	5,384	216	12,797	25	12,822
New issue Rezidor SAS						-	519	519
Consolidation of affiliated company						-	-31	-31
Change in value cash flow hedges				-190		-190		-190
Exchange rate difference			111*	91	-301*	-99	-4	-103
Transfers between restricted and unrestricted equity		306		-306				0
Net income for the period				30		30	27	57
Total equity, September 30, 2005	1,645	5,683	286	5,009	-85	12,538	536	13,074

* Includes MSEK -383 and MSEK -158 respectively, for currency hedging of net investments in foreign subsidiaries.

SAS Group

Cash flow statement

	July-September		January-September		October-September	
(MSEK)	2005	2004	2005	2004	2004-05	2003-04
Income after financial items	545	102	-155	-1,394	-535	-1,639
Depreciation	553	663	1,700	2,020	2,382	2,760
Income from the sale of fixed assets	-28	32	-139	-82	-175	-645
Adjustment for non-cash items, etc.	-174	-110	-212	-163	-250	-379
Paid tax	-20	-13	44	-39	65	-144
Cash flow from operations	876	674	1,238	342	1,487	-47
Change in working capital	-1,179	-1,546	-905	-2,113	-919	-2,002
Cash flow from operating activities	-303	-872	333	-1,771	568	-2,049
Investments including prepayments to aircraft suppliers	-355	-672	-1,092	-2,393	-1,854	-3,902
Acquisition of subsidiaries	0	0	0	-614	0	-614
Sale of subsidiaries	17	0	17	0	17	884
Sales of fixed assets, etc.	1,090	1,123	1,735	5,039	3,549	6,841
Cash flow before financing activities	449	-421	993	261	2,280	1,160
External financing, net	-750	-797	-1,261	-1,721	-1,556	-1,046
Cash flow for the period	-301	-1,218	-268	-1,460	724	114
Translation difference in liquid assets	-19	-4	33	1	29	10
Change in liquid assets according to balance sheet	-320	-1,222	-235	-1,459	753	124

Comments on the cash flow statement

Cash flow from operations during January-September 2005 improved by MSEK 896 and amounted to MSEK 1,238 (342). During the third quarter cash flow from operations amounted to MSEK 876 (674). The change in cash flow compared with the previous year is mainly due to the improved operating income.

Change in working capital improved during the nine-month period by MSEK 1,208 and amounted to MSEK -905 (-2,113). This improvement was due to negative non-recurring effects during 2004 and a focus on release of working capital. Development of working capital in the third quarter was in line with normal seasonal variations.

Investments decreased by MSEK 1,301 and amounted to MSEK -1,092 (-2,393) of which MSEK -392 (-1,639) related to flight equipment. Sale of fixed asset, etc., amounted to MSEK 1,735

(5,039) which includes the sale of one Douglas MD-82, two Boeing 737s and one Fokker F28 as well as sale and leaseback of two Boeing 737s. The SAS Group's cash flow before financing activities thus amounted to MSEK 993 (261).

External financing was MSEK -1,261 (-1,721). The SAS Group's liquid assets according to the balance sheet amounted to MSEK 8,360 (7,607).

The SAS Group has approximately MSEK 8,000 in unutilized loss carry forwards. Of these, deferred tax assets are not stated for approximately MSEK 1,000. This means that the SAS Group will not have tax payable until these loss carry forwards have been utilized which will affect cash flow positively in future periods.

Statement of income – quarterly breakdown

	2003			2004			2005				
(MSEK)	JUL- SEP	OCT- DEC	FULL YEAR JAN-DEC	JAN- MAR	APR- JUN	JUL- SEP	OCT - DEC	FULL YEAR JAN-DEC	JAN- MAR	APR- JUN	JUL- SEP
Operating revenue	14,920	13,824	57,754	12,567	15,143	15,423	14,940	58,073	13,016	16,017	16,567
Payroll expenses	-5,165	-5,457	-21,927	-4,889	-5,069	-4,665	-4,962	-19,585	-4,974	-5,138	-4,949
Other operating expenses	-8,018	-7,553	-32,066	-7,722	-8,581	-9,005	-8,797	-34,105	-7,863	-8,686	-9,507
Leasing costs for aircraft	-729	-655	-2,935	-639	-678	-705	-667	-2,689	-686	-766	-843
Depreciation	-773	-740	-3,046	-691	-666	-663	-682	-2,702	-583	-564	-553
Share of income in affiliated companies	4	-17	39	69	36	24	28	157	20	45	59
Income from the sale of shares in subsidiaries and affiliated companies	0	651	651	0	3	0	2	5	0	-2	35
Income from the sale of aircraft and buildings	559	-96	649	48	63	-32	34	113	22	43	-7
Operating income	798	-43	-881	-1,257	251	377	-104	-733	-1,048	949	802
Income from other shares and participations	0	8	-1	0	0	1	0	1	0	48	0
Net financial items	-234	-210	-588	-283	-207	-276	-276	-1,042	-242	-407	-257
Income after financial items	564	-245	-1,470	-1,540	44	102	-380	-1,774	-1,290	590	545
Tax	196	-364	5	166	103	31	-232	68	319	-91	-16
Net income for the period	760	-609	-1,465	-1,374	147	133	-612	-1,706	-971	499	529
Attributable to:											
Parent Company shareholders	699	-581	-1 415	-1 359	142	112	-597	-1 702	-964	495	499
Minority interests	61	-28	-50	-15	5	21	-15	-4	-7	4	30

Segment reporting: income by business area

Income statement January – September	Scandinavian Airlines Businesses		Subsidiary & Affiliated Airlines		Airline Support Businesses		Airline Related Businesses		Hotels		Groupwide & eliminations		SAS Group	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
External sales	26,121	25,409	10,494	8,971	3,875	3,454	963	1,830	3,811	3,166	336	303	45,600	43,133
Sales between business segments	996	953	127	59	7,166	7,171	259	349	61	71	-8,609	-8,603	0	0
Total operating revenue	27,117	26,362	10,621	9,030	11,041	10,625	1,222	2,179	3,872	3,237	-8,273	-8,300	45,600	43,133
Payroll expenses	-5,800	-6,118	-2,153	-1,830	-4,841	-4,614	-280	-321	-1,386	-1,191	-601	-549	-15,061	-14,623
Other expenses	-19,051	-18,896	-6,839	-6,046	-5,515	-5,139	-835	-1,699	-2,288	-2,021	8,472	8,493	-26,056	-25,308
EBITDAR per business segment	2,266	1,348	1,629	1,154	685	872	107	159	198	25	-402	-356	4,483	3,202
Leasing costs for aircraft	-1,393	-1,153	-932	-869	0	0	0	0	0	0	30	0	-2,295	-2,022
EBITDA per business segment	873	195	697	285	685	872	107	159	198	25	-372	-356	2,188	1,180
Depreciation	-890	-1,051	-236	-220	-276	-369	-96	-109	-147	-125	-55	-146	-1,700	-2,020
Share of income in affiliated companies	43	46	46	64	0	0	0	0	35	22	0	-3	124	129
Capital gains	324	26	-3	55	-100	-59	0	0	5	1	-135	59	91	82
EBIT per business segment	350	-784	504	184	309	444	11	50	91	-77	-562	-446	703	-629
Unallocated income statement items														
Income from other shares and participations													48	1
Net financial items													-906	-766
Tax													212	300
Net income for the period													57	-1,094

SAS Group's objectives

Targets

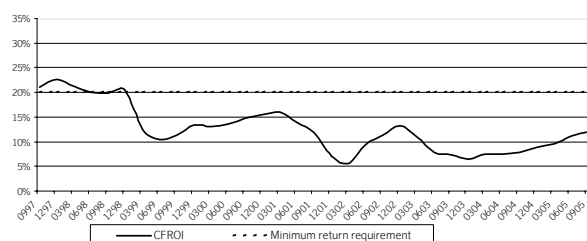
The SAS Group has a target for total shareholder return (TSR) of 14% over a business cycle. The return target refers to share price appreciation and reinvested dividends. Based on this return target, the SAS Group has set its internal financial target, CFROI.

Performance target – CFROI

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

During the period October 2004-September 2005 the Group generated income before net financial items, tax, depreciation, capital gains and operating lease costs for aircraft (EBITDAR) of MSEK 5,664 (4,016). Adjusted EBITDAR amounted to MSEK 5,507 (3,850). Set in relation to adjusted capital employed, CFROI was 12% (8%) which is 8 percentage points below target.

Development of cash flow return on investments, CFROI (%)



Income and capital concepts included in CFROI

(MSEK)	October-September 2004-2005	2003-2004
Income		
Income before depreciation, EBITDA	2,702	1,339
+ Operating lease costs, aircraft	2,962	2,677
EBITDAR	5 664	4,016
- Operating lease revenue, aircraft	-157	-166
Adjusted EBITDAR	5 507	3,850
Adjusted capital employed (average)		
+ Shareholders' equity	12,182	12,639
+ Surplus value, aircraft	-704	-531
+ Capitalized leasing costs, net (x 7) *	18,313	18,836
- Equity in affiliated companies	-750	-657
+ Financial net debt	17,007	18,992
Adjusted capital employed	46,048	49,279
CFROI	12%	8%

* In the capital market a calculation model is used whereby the annual cost is multiplied by seven regardless of the term of the leases. The SAS Group takes leasing revenue into account in this item. Net Present Value (NPV) amounted at the end of September to MSEK 11,557 (12,863). Average NPV for the 12-month period amounted to MSEK 11,427 (11,381).

Target attainment for SAS Group's companies (12-month rolling)

		Target ¹⁾	Oct-Sep 2004-2005
SAS Group	CFROI	20%	12%
Scandinavian Airlines	CFROI	20%	8%
Spanair	CFROI	25%	13%
Widerøe	CFROI	25%	24%
Blue1	CFROI	25%	21%
SAS Cargo	CFROI	20%	15%
STS	ROIC	12%	8%
SAS Flight Academy	ROIC	11%	7%
SGS	EBITDA margin	8%	5%
Jetpak	EBITDA margin	15%	10%
Hotels	EBITDA margin	10%	6% ²⁾

¹⁾ Return requirement over a business cycle.

²⁾ Pertains to January-September 2005

Scandinavian Airlines Businesses

(former Scandinavian Airlines business area, with Braathens included from January 1, 2004)

Statement of income

(MSEK)	July-September		January- September	
	2005	2004 ¹⁾	2005	2004 ¹⁾
Passenger revenue	7,443	7,315	22,118	21,899
Charter revenue	516	371	1,208	794
Other traffic revenue	593	568	1,726	1,588
Other revenue	732	691	2,065	2,081
Operating revenue	9,284	8,945	27,117	26,362
Payroll expenses	-1,835	-1,885	-5,800	-6,118
Selling costs	-183	-241	-466	-683
Jet fuel	-1,551	-1,246	-4,134	-3,229
Government user fees	-1,002	-1,143	-2,896	-3,291
Catering costs	-280	-253	-720	-777
Handling costs	-1,304	-1,356	-4,049	-4,126
Technical aircraft maintenance	-914	-1,014	-3,188	-3,086
Data and telecommunications costs	-435	-400	-1,259	-1,270
Other operating expenses	-679	-735	-2,339	-2,434
Operating expenses	-8,183	-8,273	-24,851	-25,014
Income before depreciation and leasing costs, EBITDAR	1,101	672	2,266	1,348
Leasing costs, aircraft	-494	-407	-1,393	-1,153
Income before depreciation, EBITDA	607	265	873	195
Depreciation	-292	-333	-890	-1,051
Share of income in affiliated companies	14	16	43	46
Capital gains	-9	-29	324	26
Operating income, EBIT	320	-81	350	-784
Net financial items	-195	-161	-530	-517
Scandinavian Airlines Businesses – Income after financial items	125	-242	-180	-1,301

¹⁾ Pro forma including Braathens

Earnings performance

The business area's total operating revenue increased during January-September by 2.9% to MSEK 27,117 (26,362). The change was due to increased traffic in the third quarter, a stable yield due partly to the introduction of fuel surcharges and increased charter production. Passenger revenue rose 1% and was at the same level as 2004 adjusted for currency effects.

Operating expenses decreased compared with the previous year despite the high fuel prices and amounted to MSEK 24,851 (25,014). Fuel costs increased during the period by MSEK 905 to MSEK 4,134 (3,229). The unit cost decreased compared with the previous year by 1% and by 5.1% adjusted for increased fuel costs, despite capacity reductions.

Payroll expenses decreased by 5.2% to MSEK 5,800 (6,118). The average number of employees during the period was 8,309 (9,519). Handling costs amounted to MSEK 4,049 (4,126) and costs for technical aircraft maintenance rose by MSEK 102 to MSEK 3,188 (3,086) due to increased planned maintenance volumes.

The joint venture agreement, ECA (European Cooperation Agreement) between British Midland, Lufthansa and Scandinavian Airlines had a negative earnings effect in January-September of MSEK -363 (-88). This decline was due to less favorable development for Lufthansa and British Midland as well as adjustment of the previous year's result.

EBITDAR improved by MSEK 918 and amounted to MSEK 2,266 (1,348).

Income before capital gains and nonrecurring items amounted to MSEK -504 (-1,272) during the period.

Third quarter

Operating revenue rose during the third quarter by 3.8% to MSEK 9,284 (8,945). Passenger revenue increased by 1.7% to MSEK 7,443 (7,315) due to a higher number of transported passengers and reduced yield pressure due to the introduction of fuel surcharges. Adjusted for currency fluctuations, passenger revenue decreased by 1.8%.

Operating expenses decreased during the third quarter by MSEK 90 to MSEK 8,183 (8,273) despite higher jet fuel prices. Payroll expenses decreased by MSEK 50 to MSEK 1,835 (1,885) and the unit cost for employees by 1.5%. Fuel costs increased during the quarter by MSEK 305 to MSEK 1,551 (1,246) and the unit cost for jet fuel by 26.4%. The total unit cost, adjusted for currency effects, fell by 2.7% adjusted for fuel prices.

The ECA joint venture agreement decreased by MSEK 30 to MSEK -92 (-62).

Income before capital gains and nonrecurring items for the third quarter amounted to MSEK 134 (-195).

Scandinavian Airlines Businesses, Total					
		July-September		January-September	
		2005	change.	2005	change.
Number of passengers	(000)	6,117	0.5%	17,673	-2.5%
Rev. passenger km (RPK)	(mill)	7,218	0.1%	20,009	-1.4%
Available seat km (ASK)	(mill)	9,656	-7.8%	29,162	-4.6%
Cabin factor		74.7%	5.9%pts	68.6%	2.2%pts

Currency adjusted yield trend by route sector

	Jul-Sep change vs. 2004	Jan-Sep change vs. 2004
Intercontinental routes	-0.6%	2.8%
European routes	-3.8%	-2.3%
Intra-Scandinavian routes	2.1%	12.2%
Danish domestic	-0.6%	11.3%
Norwegian domestic	2.5%	4.1%
Swedish domestic	-11.5%	-7.5%
Total	-0.6%	2.3%³⁾

Currency adjusted unit cost trend

Total unit cost, incl. charter	1.4% ¹⁾	-1.0% ²⁾
Operational unit cost, incl. charter	1.3% ¹⁾	-0.8% ²⁾

¹⁾ Increased fuel costs had a negative impact on unit cost of 4.2 percentage points.

²⁾ Increased fuel prices had a negative impact on unit cost of 4.1 percentage points.

³⁾ Fuel surcharges are estimated to have a positive yield impact of 5-6 percentage points.



Scandinavian Airlines

Scandinavian Airlines Denmark

(MSEK)	Jul-Sep 2005	Jan-Sep 2005
Passenger revenue	2,136	6,296
Other revenue	504	1,358
Total revenue	2,640	7,654
Total operating expenses	-2,461	-7,370
EBITDAR	179	284
Leasing costs	-247	-715
EBITDA	-68	-431
Depreciation	0	-1
EBIT	-68	-432
Net financial items	0	3
Income after financial items	-68	-429
EBITDAR margin	6.8%	3.7%
Average number of employees	1,682	1,639

Traffic and production	2005	Jul-Sep Change	2005	Jan-Sep Change
Scheduled traffic				
Number of passengers (000)	2,055	-4.5%	5,587	-9.7%
RPK (mill)	1,588	-4.3%	4,177	-8.6%
ASK (mill)	2,283	-15.6%	6,786	-12.6%
Cabin factor	69.5%	8.2%pts	61.5%	2.7%pts
Yield, currency adjusted		-6.1%		-1.8%
Charter traffic				
Number of passengers (000)	148	39.2%	327	83.3%

Scandinavian Airlines Denmark's traffic, RPK, decreased in January-September by 8.6%, mainly due to reallocations and capacity reductions within the business area. Capacity decreased during the period by 12.6% and the cabin factor improved by 2.7 percentage points to 61.5%. A new business model was introduced on European routes during the third quarter with one-way fares and simplified rules which was very well received among customers. Scandinavian Airlines Denmark's cabin factor improved during the quarter by 8.2 percentage points to 69.5%. The number of charter passengers increased in January-September by 83.3% due to targeted efforts within this area.

For the period January-September yield was slightly lower than in the previous year but decreased during the third quarter by 6.1% due, among other things, to the introduction of one-way fares. The lower yield was compensated by a higher cabin factor.

During the first nine months of the year, Scandinavian Airlines Denmark focused on revenue generating activities and efficiency enhancements. These measures are intended to reduce costs from 2005 by approximately 20% including a capacity reduction of four aircraft in order to make Scandinavian Airlines Denmark profitable. Scandinavian Airlines Denmark's traffic revenue in January-September amounted to MSEK 6,296. Total operating revenue amounted to MSEK 7,654 which includes rising charter revenue.

EBITDAR for the period was MSEK 284 and MSEK 179 in the third quarter.

Income after financial items amounted to MSEK -429 and MSEK -68 in the third quarter.



(MSEK)	Jul-Sep 2005	January-September 2005	2004 ²⁾
Passenger revenue	2,368	7,174	6,583
Other revenue	698	1,893	1,869
Total revenue	3,066	9,067	8,452
Total operating expenses	-2,603	-7,805	-7,758
EBITDAR	463	1,262	694
Leasing costs	-272	-807	-769
EBITDA	191	455	-75
Depreciation	-10	-32	-91
Capital gains	0	268 ¹⁾	0
EBIT	181	691	-166
Net financial items	2	1	-9
Income after financial items	183	692	-175
EBITDAR margin	15.1%	13.9%	8.2%
Average number of employees	2,803	2,875	3,076
EBIT before capital gains	181	423	-166
EBT before capital gains	183	424	-175

¹⁾ Pertains to internal capital gain from sale of Braathens AS to the SAS Consortium, prior to implementation of the merger.

²⁾ Pro forma

Traffic and production	2005	Jul-Sep Change	2005	Jan-Sep Change
Scheduled traffic				
Number of passengers (000)	2,257	0.2%	6,562	-0.6%
RPK (mill)	1,673	4.6%	4,581	3.8%
ASK (mill)	2,505	1.7%	7,261	0.5%
Cabin factor	66.8%	1.8%pts	63.1%	2.0%pts
Yield, currency adjusted		-2.7%		-0.1%
Charter traffic				
Number of passengers (000)	168	24.5%	359	30.7%

SAS Braathens' traffic, RPK, increased during the period January-September by 3.8%. Growth was strongest on European routes which increased by 12.4% with southern European routes showing a particularly positive trend. Capacity, ASK, increased during the period by 0.5% and the cabin factor improved by 2.0 percentage points to 63.1%. Yield was on a par with the previous year despite the introduction of fuel surcharges which is due to the major growth on south European routes where the yield is lower. Competition remains intense with underlying price pressure in the market.

Operating revenue increased in January-September by 7.3% to MSEK 9,067 (8,452). Passenger revenue increased during the period by 9% to MSEK 7,174 (6,583). Currency adjusted the increase was 4%. The increase is due to higher traffic volumes on SAS Braathens' routes. EBITDAR improved by 81.8% to MSEK 1,262 (694). During the third quarter the improvement was 30.6%. The improved earnings are due to higher revenue while operating expenses (currency adjusted) decreased by 5%. The decrease was due to completed measures within Turnaround 2005 as well as synergies from the merger of Scandinavian Airlines Norge and Braathens. SAS Braathens is in total slightly below plan in Turnaround 2005 and will focus in future on further improvements in productivity. SAS Braathens has initiated new efficiency enhancement measures designed to improve profitability.

Income before capital gains and nonrecurring items improved by MSEK 599 and amounted to MSEK 424 (-175) and to MSEK 183 (-1) in the third quarter.



Scandinavian Airlines

Scandinavian Airlines Sverige

	Jul-Sep 2005	Jan-Sep 2005
(MSEK)		
Passenger revenue	1,307	4,393
Other revenue	471	1,289
Total revenue	1,778	5,682
Total operating expenses	-1,681	-5,491
EBITDAR	97	191
Leasing costs	-183	-541
EBITDA	-86	-350
Depreciation	-1	-3
EBIT	-87	-353
Net financial items	-6	-20
Income after financial items	-93	-373
EBITDAR margin	5.5%	3.4%
Average number of employees	1,498	1,471

	2005	Jul-Sep Change	2005	Jan-Sep Change
Traffic and production				
Scheduled traffic				
Number of passengers (000)	1,399	8.6%	4,396	4.1%
RPK (mill)	1,072	-6.1%	3,232	-4.5%
ASK (mill)	1,546	-19.6%	5,149	-12.6%
Cabin factor	69.4%	10.0%pts	62.8%	5.3%pts
Yield, currency adjusted		5.0%		6.1%
Charter traffic				
Number of passengers (000)	154.2	92.2%	361.6	84.1%€

Scandinavian Airlines Sverige launched "Nya Inrikesflyget" (a new domestic concept) in March 2005 and "Nya Europaflyget" (a new concept for European flights) in September 2005. The new concepts contributed to more and new customers and the market in general reacted positively.

Traffic during the period January-September decreased by 4.5% due to a capacity reduction of 12.6%. The cabin factor increased by 5.3 percentage points during the period to 62.8%. The number of passengers increased by 4.1% to almost 4.4 million. Since the launch of the new domestic concept the cabin factor on Swedish domestic has increased by an average of 10 percentage points to approximately 70%. The cabin factor on European routes increased in September by 12 percentage points to 68.4% after the launch of the new concept for European flights. Yield increased during the period by 6.1% as a result of fuel surcharges and shorter average flight distances.

Charter traffic continued to develop well with an increase of 84% measured in number of passengers during the first nine months of the year.

Operating revenue for the first nine months of the year amounted to MSEK 5,682 and passenger revenue was MSEK 4,393. Activities within Turnaround 2005 are proceeding as planned and contributed to enhanced efficiency for Scandinavian Airlines Sverige. EBITDAR amounted during the period to MSEK 191 and was negatively affected by major overcapacity on Swedish domestic. Income after financial items amounted to MSEK -373.

During December capacity will be seasonally adjusted to a greater extent than before to the lower demand as a result of more dynamic traffic planning.

Scandinavian Airlines Sverige has initiated new efficiency enhancement measures designed to improve profitability.



Scandinavian Airlines

Scandinavian Airlines International ¹⁾

	Jul-Sep 2005	Jan-Sep 2005
(MSEK)		
Passenger revenue	1,675	4,274
Other revenue	542	1,532
Total revenue	2,217	5,806
Total operating expenses	-1,833	-5,302
EBITDAR	384	504
Leasing costs	-184	-524
EBITDA	200	-20
Depreciation	-2	-6
EBIT	198	-26
Net financial items	0	18
Income after financial items	198	-8
EBITDAR margin	17.3%	8.7%
Average number of employees	637	681

	2005	Jul-Sep Change	2005	Jan-Sep Change
Traffic and production				
Scheduled traffic				
Number of passengers (000)	406	2.7%	1,129	0.5%
RPK (mill)	2,885	2.6%	8,020	1.2%
ASK (mill)	3,322	-1.8%	9,967	2.8%
Cabin factor	86.9%	3.7%pts	80.5%	-1.3%pts
Yield, currency adjusted		-0.6%		2.8%

¹⁾ Pertains to Intercontinental traffic.

Competition in Scandinavian Airlines International's market intensified in January-September. Despite major competition, Scandinavian Airlines International's traffic increased by 1.2% compared with the same period last year. Capacity increased by 2.8% which contributed to a reduction in the cabin factor of 1.3 percentage points to 80.5%. During the third quarter traffic rose 2.6% and the cabin factor increased by 3.7 percentage points to 86.9%.

During the period January-September traffic to/from Asia increased by 17.6%. Copenhagen-Shanghai saw the greatest increase including more than three times more passengers in Business than in the previous year. Capacity on routes over the North Atlantic decreased by 7.4% and traffic decreased by 8.2%. The mix on the USA routes between Business and Economy was positive. Economy Extra showed strong development during the period and increased by 19% compared with the previous year. Due to the positive development, the number of seats within Economy Extra will be increased in 2006.

Yield rose in January-September by 2.8% due to an improved mix between Business and Economy and the introduction of fuel surcharges.

Operating revenue in January-September totaled MSEK 5,806 and passenger revenue was MSEK 4,274. EBITDAR improved compared with the first half of the year and amounted to MSEK 504. Income after financial items amounted to MSEK -8 and to MSEK 198 in the third quarter.

At the beginning of 2005, Scandinavian Airlines International was the first airline in the world to introduce wireless Internet on board, SAS Net Access/Connexion by Boeing, on all Airbus A330/A340 aircraft. From December 2005 Scandinavian Airlines International will offer four television channels on board in cooperation with Connexion by Boeing. Scandinavian Airlines will also install flat beds in Business starting in 2006. Scandinavian Airlines International has initiated new efficiency enhancements designed to improve profitability.

Subsidiary & Affiliated Airlines

(excluding Braathens)

Statement of income

(MSEK)	July-September		January-September	
	2005	2004 ¹⁾	2005	2004 ¹⁾
Passenger revenue	2,810	2,104	6,903	5,635
Freight	27	33	83	87
Charter revenue	1,185	1,164	2,193	2,240
Other traffic revenue	74	73	225	195
Other revenue	415	324	1,217	873
Operating revenue	4,511	3,698	10,621	9,030
Payroll expenses	-796	-646	-2,153	-1,830
Selling costs	-128	-83	-287	-277
Jet fuel	-739	-530	-1,667	-1,297
Government user fees	-605	-500	-1,428	-1,298
Catering costs	-212	-252	-464	-559
Handling costs	-272	-162	-660	-587
Technical aircraft maintenance	-293	-237	-792	-679
Data and telecommunications costs	-80	-83	-184	-198
Other operating expenses	-531	-539	-1,357	-1,151
Operating expenses	-3,656	-3,032	-8,992	-7,876
Income before depreciation and leasing costs, EBITDAR	855	666	1,629	1,154
Leasing costs, aircraft	-367	-298	-932	-869
Income before depreciation, EBITDA	488	368	697	285
Depreciation	-82	-76	-236	-220
Share of income in affiliated companies	34	1	46	64
Capital gains	-3	-5	-3	55
Operating income, EBIT	437	288	504	184
Net financial items	-39	-40	-106	-84
Subsidiary & Affiliated Airlines – Income after financial items	398	248	398	100

¹⁾ Pro forma excluding Braathens.

Earnings performance

The Subsidiary & Affiliated Airlines business area comprises the airlines Spanair, Widerøe's Flyveselskap and Blue1. The business area includes the strategic holdings in affiliated companies Estonian Air and airBaltic. airBaltic was consolidated in the business area from August 1, 2005. Air Greenland, Skyways and British Midland are also included as affiliated companies. In October 2004 Braathens was integrated in the Scandinavian Airlines Businesses business area and is therefore not included in the 2004 statement of income.

In January-September, the business area accounted for 20% of the SAS Group's operating revenue before group eliminations. The airlines in the business area transported 8.3 million passengers during the period, an increase of 26.5% compared with the previous year.

The business area's revenue during the period January-September 2005 amounted to MSEK 10,621 (9,030), an increase of 17.6%. All units in the business area showed increased operating revenue. Operating expenses increased during the nine-month period by 14.2% to MSEK 8,992 (7,876). The increase was due to higher fuel prices and bigger volumes. EBITDAR improved by 41.2% and amounted to MSEK 1,629 (1,154).

The business area reported income after financial items of MSEK 398 (100) for the period. Income before capital gains and nonrecurring items amounted to MSEK 401 (45).

Third quarter

Operating revenue for the third quarter rose by 22% to MSEK 4,511 (3,698). Passenger revenue rose 33.6% to MSEK 2,810 (2,104). The increase is explained by strong traffic growth for Blue1 and Spanair and a higher yield following the introduction of fuel surcharges.

Operating expenses rose in the third quarter by 20.6% to MSEK 3,656 (3,032). Fuel prices increased by MSEK 209 in the same period which, combined with increased volumes, explains the cost increase.

EBITDAR improved by 28.4% to MSEK 855 (666). Income after financial items improved by MSEK 150 to MSEK 398 (248). Income before capital gains and nonrecurring items amounted to MSEK 401 (253).

Traffic and production *	July-September		January-September	
	2005	Change	2005	Change
Scheduled traffic				
No. of passengers (000)	3,208	29.6%	8,308	26.5%
RPK (mill)	2,620	32.6%	6,430	31.3%
ASK (mill)	3,943	28.5%	10,711	29.2%
Cabin factor	66.5%	2.0%pts	60.0%	1.0%pts

* Spanair, Widerøe, Blue1 and airBaltic.

Traffic development 2005				
January-September	Spanair	Widerøe	Blue1	airBaltic
Passengers	17.0%	-0.9%	29.4%	79.5%
RPK	13.9%	-1.8%	25.2%	119.5%
ASK	14.0%	-1.2%	2.1%	106.4%
Cabin factor	61.3%	53.1%	60.9%	57.0%
Cabin factor, change	-0.1%pts	-0.3%pts	11.2%pts	3.4%pts



	Jul-Sep 2005	January-September 2005	2004
(MSEK)			
Passenger revenue	1,831	4,344	3,628
Other revenue	1,341	2,637	2,622
Total revenue	3,172	6,981	6,250
Payroll expenses	-375	-984	-863
Other operating expenses	-2,078	-4,789	-4,406
Total operating expenses	-2,453	-5,773	-5,269
EBITDAR	719	1,208	981
Leasing costs	-335	-870	-830
EBITDA	384	338	151
Depreciation	-32	-88	-85
Share of income in affiliated companies	0	-1	0
Capital gains	0	0	47
EBIT	352	249	113
Net financial items	-34	-84	-54
Income after financial items	318	165	59
EBITDAR margin	22.7%	17.3%	15.7%
Average number of employees	2,978	2,809	2,641
CFROI (12 months)		13%	13%

Specified statement of income available at www.sasgroup.net

	2005	Jul-Sep Change	2005	Jan-Sep Change
Traffic and production				
Scheduled traffic				
Number of passengers (000)	2,079	19.5%	5,148	17.0%
RPK (mill)	1,878	14.0%	4,487	13.9%
ASK (mill)	2,763	12.0%	7,322	14.0%
Cabin factor	68.0%	1.2%pts	61.3%	-0.1%pts
Yield, (EUR/RPK)		7.2%		5.4%
Unit cost, total incl. charter (local currency)		8.3%		5.4%
Charter traffic				
Number of passengers (000)	1,116	0.9%	1,904	-7.4%

In accordance with growth plans, Spanair opened two new destinations and five new routes during the year. Capacity increased during the period January-September by 14% and is concentrated to Spanish domestic traffic. Traffic, RPK, increased during the period by 13.9%. In Spanish domestic traffic, traffic increased by 17.1% and capacity rose 18%, resulting in a slightly lower cabin factor of 63.3%. The number of transported passengers increased in Spanish domestic traffic by 18.9% and market share rose. Development within the business segment has been favorable and volumes have increased.

Yield rose in January-September by 5.4% mainly due to the introduction of fuel surcharges and positive development within the business segment.

Unit cost rose during the period by 5.4% due to higher fuel prices. Adjusted for fuel, the unit cost rose by 2.8%.

Operating revenue rose during January-September by 11.7% to MSEK 6,981 (6,250). Passenger revenue rose by 19.7% to MSEK 4,344 (3,628) due to larger volumes and improved yield. During the third quarter passenger revenue increased by 24.1% to MSEK 1,831 (1,475). Charter revenue was lower than in the previous year following production cutbacks, but higher in the third quarter. Operating expenses increased due to increased capacity and volume by 9.6% to MSEK 5,773 (5,269). Fuel costs rose compared with the previous year by MSEK 239, an increase of 18.6%. EBITDAR improved by 23.1% to MSEK 1,208 (981).

Income after financial items improved by MSEK 106 to MSEK 165 (59) and amounted to MSEK 318 (280) in the third quarter.

Income before capital gains improved by MSEK 153 to MSEK 165 (12).



	Jul-Sep 2005	January-September 2005	2004
(MSEK)			
Passenger revenue	429	1,242	1,141
Other revenue	281	875	688
Total revenue	710	2,117	1,829
Payroll expenses	-265	-748	-631
Other operating expenses	-356	-1,068	-956
Total operating expenses	-621	-1,816	-1,587
EBITDAR	89	301	242
Leasing costs	-23	-67	-71
EBITDA	66	234	171
Depreciation	-38	-114	-104
EBIT	28	120	67
Net financial items	-7	-23	-23
Income after financial items	21	97	44
EBITDAR margin	12.5%	14.2%	13.2%
Average number of employees	1,331	1,324	1,266
CFROI (12 months)		24%	18%

	2005	Jul-Sep Change	2005	Jan-Sep Change
Traffic and production				
Scheduled traffic				
Number of passengers (000)	448	-0.2%	1,332	-0.9%
RPK (mill)	144	-3.5%	415	-1.8%
ASK (mill)	264	-1.7%	783	-1.2%
Cabin factor	54.4%	-1.0%pts	53.1%	-0.3%pts
Yield, (NOK/RPK)		5.0%		3.8%
Unit cost, total incl. charter (local currency)		6.8%		6.4%

Widerøe's positive development continued during the third quarter.

Widerøe's traffic, RPK, fell during January-September by 1.8% compared with the previous year and capacity by 1.2%. The cabin factor was at the same level as in the previous year at 53.1%. Regional airlines with contracted routes have lower cabin factors because a route often consists of three or more stopovers which means that occupancy on the last sections is lower than with a direct route.

Yield improved in January-September by 3.8% compared with 2004 mainly due to the introduction of fuel surcharges. The unit cost rose in the same period by 6.4%. The full effect of this year's changes to collective agreements has not yet been achieved and Widerøe is working on further efficiency enhancements.

Widerøe's operating revenue during January-September increased by 15.7% to MSEK 2,117 (1,829). EBITDAR improved by MSEK 59 to MSEK 301 (242) and the EBITDAR margin was 14.2%. Income after financial items improved substantially compared with the previous year and amounted to MSEK 97 (44).

In October 2005 Widerøe was affected by a go-slow action by technical ground staff. This action lasted for 19 days and resulted in 387 canceled flights during the period and will have a negative impact on revenue and to some extent lead to higher costs during the fourth quarter.

In the autumn Widerøe won the tender for 11 out of 16 routes on the Norwegian short runway network for the period April 1, 2006, until March 2009.



	Jul-Sep 2005	January-September 2005	2004
(MSEK)			
Passenger revenue	349	1 115	866
Other revenue	39	133	41
Total revenue	388	1 248	907
Payroll expenses	-56	-186	-143
Other operating expenses	-290	-903	-753
Total operating expenses	-346	-1 089	-896
EBITDAR	42	159	11
Leasing costs	-34	-101	-105
EBITDA	8	58	-94
Depreciation	-4	-10	-9
EBIT	4	48	-103
Net financial items	3	0	-9
Income after financial items	7	48	-112
EBITDAR margin	10.8%	12.7%	1.2%
Average number of employees	449	444	338
CFROI (12 months)		21%	2%

The traffic trend remained positive during the third quarter. Traffic, RPK, rose during January-September by 25.2%. The cabin factor improved by 11.2 percentage points to 60.9%. The trend for domestic routes was particularly good with a cabin factor of 65.1%. The total number of passengers rose during the same period by 29.4% compared with the previous year.

Capacity increased during January-September by only 2.1% compared with the same period in the previous year. Capacity has been redistributed from European routes to Finnish domestic production.

During the third quarter traffic increased by 27.9% and capacity by 1.3% which resulted in an improvement in the cabin factor of 14.1 percentage points to 68%. In September, Blue1 was the first company in Finland to launch one-way fares in the Finnish market. At the same time Blue1 launched its biggest-ever advertising campaign "Taito Lentää" (the art of flying). Both the introduction of one-way fares and the advertising campaign led to increased traffic volumes.

Unit revenue, yield, increased by 3.3% during January-September. During the third quarter yield fell 6.9% due to reduced revenue levels during July. Lower average income was compensated by the higher number of passengers.

The increased fuel costs were charged against earnings with MSEK 6 for the third quarter and the unit cost therefore rose 4.1%.

Passenger revenue for January-September increased by MSEK 249 compared with the previous year and amounted to MSEK 1,115 (866). Operating revenue increased by 37.6% to MSEK 1,248 (907). In addition to an increase in passenger revenue, operating revenue was positively affected by Blue1 conducting sales and marketing in Finland for other airlines within the SAS Group and for some companies within Star Alliance.

Income after financial items improved by MSEK 160 to MSEK 48 (-112). The improved earnings are mainly due to an increase in cabin factor. During the third quarter income after financial items improved by MSEK 53 to MSEK 7 (-42).

Traffic and production	2005	Jul-Sep Change	2005	Jan-Sep Change
Scheduled traffic				
Number of passengers (000)	360	26.1%	1 068	29.4%
RPK (mill)	230	27.9%	668	25.2%
ASK (mill)	339	1.3%	1 098	2.1%
Cabin factor	68.0%	14.1%pts	60.9%	11.2%pts
Yield, (EUR/RPK)		-6.9%		3.3%
Unit cost, total incl. charter (local currency)		4.1%		8.3%

Airline Support Businesses

Statement of income

(MSEK)	July-September		January-September	
	2005	2004	2005	2004
Operating revenue	3,553	3,537	11,041	10,625
Payroll expenses	-1,584	-1,457	-4,841	-4,614
Handling costs	-337	-276	-995	-844
Technical aircraft maintenance	-367	-388	-1,263	-1,301
Data and telecommunications costs	-150	-149	-445	-438
Other operating expenses	-1,002	-836	-2,812	-2,556
Operating expenses	-3,440	-3,106	-10,356	-9,753
Income before depreciation, EBITDA	113	431	685	872
Depreciation	-71	-126	-276	-369
Operating income, EBIT	42	305	409	503
Net financial items	-31	-18	-100	-59
Airline Support Businesses - Income after financial items	11	287	309	444

	SAS Ground Services January-September		SAS Technical Services January-September		SAS Cargo Group January-September	
	2005	2004	2005	2004	2005	2004
Operating revenue	4,572	4,617	4,224	3,965	2,350	2,147
Of which, external operating revenue	17.5%	16.8%	19.7%	15.4%	95.3%	96.2%
Operating expenses	-4,411	-4,322	-3,786	-3,520	-2,269	-2,072
EBITDA	161	295	438	445	81	75
EBIT	74	186	287	217	42	42
Income after financial items	64	192	210	166	27	25
Average number of employees	7,042	6,950	3,652	3,665	1,328	1,265

Earnings performance

Airline Support Businesses' operations comprise SAS Ground Services, SAS Technical Services and SAS Cargo Group. SAS Ground Services (SGS) is a full-service supplier within Airline Ground handling and airport related services. SAS Technical Services (STS) provides technical maintenance of aircraft, engines and other components to airlines within and outside the SAS Group. SAS Cargo Group offers goods transport services to/from and within Scandinavia. In January-September, the business area accounted for 20% of the SAS Group's operating revenue before group eliminations.

In recent years the units within the business area have streamlined their operations in response to structural changes within the industry. Competition increased sharply during the year. Operating revenue rose in January-September by 3.9% to MSEK 11,041 (10,625) due to higher volumes. Income after financial items decreased by MSEK 135 to MSEK 309 (444).

During the third quarter operating revenue was on a par with the previous year and amounted to MSEK 3,553 (3,537). Renegotiated agreements, a number of positive nonrecurring items in the previous year and low volume within STS meant that the business area's income after financial items decreased by MSEK 276 to MSEK 11 (287).

Competition in **SAS Ground Services' (SGS)** market has increased during 2005. Airlines have streamlined, reduced and simplified service which led to lower purchases of ground handling services. The number of handled aircraft and prices have decreased compared with 2004 which was partly compensated by increased sales of new products and establishment in new markets.

In the third quarter, SGS signed agreements with KLM in Manchester, South African in Washington, and Britannia in Scandinavia. Icelandair and Sterling have chosen other suppliers than SGS in Scandinavia, which corresponds to approximately MSEK 120 in reduced annual revenue. Otherwise, during the year SGS signed major agreements with both old and new customers: Thai Airways, Lot Polish Airways, South African Airways and Thomas Cook, while Maersk chose not to renew its contract with SGS in Denmark.

Lower purchases, internal streamlining and lost customers have combined to create redundancies at SGS in Denmark and

Sweden which in the first nine months of the year has led to notices corresponding to 244 FTEs. SGS continued to carry out efficiency enhancements within Turnaround 2005.

SGS's operating revenue in January-September was MSEK 4,572 (4,617). Income after financial items was MSEK 64 (192) and charged with restructuring costs of MSEK 61.

SAS Technical Services' (STS) operating revenue during January-September amounted to MSEK 4,224 (3,965), an increase of 6.5% compared with 2004. Revenue from customers outside the SAS Group rose 28% during the same period to MSEK 834 and thus compensated for the weak operating revenue trend within the Group.

Operating income, EBITDA, was on a par with the previous year at MSEK 438 (445). Income after financial items improved by 26.5% to MSEK 210 (166) due to lower depreciation.

Development during the third quarter was weaker than expected and income after financial items amounted to MSEK -5 (81). This decline is due to lower capacity utilization than planned within heavy and medium maintenance as well as higher costs within the component operations.

Efficiency enhancements within heavy/medium maintenance as well as market adjustment of line operations in Norway continue and the number of employees has been reduced by 110 FTEs through natural attrition and voluntary action. Total efficiency enhancements relate to approximately 200 FTEs.

The market is expected to remain demanding with continued low capacity utilization and general price pressure.

SAS Cargo's operating revenue during January-September amounted to MSEK 2,350 (2,147). Operating revenue was negatively affected by lower capacity on the intercontinental routes and a weaker market in Europe and Scandinavia. The introduction of fuel surcharges increased yield in the third quarter to SEK 1.90 (2.04). The underlying downward trend is expected to continue.

SAS Cargo's income after financial items improved by MSEK 2 to MSEK 27 (25).

Airline Related Businesses

Statement of income

(MSEK)	July-September		January-September	
	2005	2004	2005	2004
Operating revenue	352	740	1,222	2,179
Payroll expenses	-75	-105	-280	-321
Handling costs	-42	-46	-119	-146
Technical aircraft maintenance	-5	-399	-156	-1,091
Data and telecommunications costs	-13	-13	-41	-41
Other operating expenses	-173	-126	-519	-421
Operating expenses	-308	-689	-1,115	-2,020
Income before depreciation, EBITDA	44	51	107	159
Depreciation	-31	-33	-96	-109
Capital gains	2	0	0	0
Operating income, EBIT	15	18	11	50
Net financial items	-6	-4	-10	-11
Airline Related Businesses – Income after financial items	9	14	1	39

	SAS Flight Academy		Jetpak		European Aeronautical Group		SAS Business Opportunities
	January-September		January-September		January-September		Jan-Sep
	2005	2004	2005	2004	2005	2004	2005
Operating revenue	330	384	352	338	146	142	172
Of which, external operating revenue	48.8%	41.9%	98.6%	99.7%	62.3%	65.5%	99.4%
Operating expenses	-245	-282	-315	-310	-127	-116	-163
EBITDA	85	102	37	28	19	26	9
EBIT	26	33	22	14	10	11	7
Income after financial items	23	32	19	13	9	10	8
Average number of employees	163	152	162	176	158	156	26

Earnings performance

Airline Related Businesses includes SAS Flight Academy, Jetpak, European Aeronautical Group, SAS Media and SAS Business Opportunities. SAS Trading's operations in Eastern Europe were sold during 2005. SAS Flight Academy is a leading training center for pilots, cabin crew, flight technicians and ship's officers. Jetpak offers door-to-door express deliveries. The business area also includes the media house SAS Media. SAS Business Opportunities develops opportunities within non-seat business, a growing area offering new business opportunities. The SAS Group is currently in final negotiations with various counterparties regarding the sale of Jetpak. The deal is expected to be finalized at year-end.

SAS Flight Academy's operating revenue fell during January-September by MSEK 54 to MSEK 330 (384). This decline is mainly due to lower volumes to Scandinavian Airlines Businesses. The positive trend with increased revenue from customers outside the SAS Group has continued and SAS Flight Academy gained a number of new customers during the period. Due to the lower revenues, income after financial items was lower than in the previous year and amounted to MSEK 23 (32).

Jetpak's operating revenue increased during the period by 4.1% to MSEK 352 (338). Competition in Jetpak's market has increased but despite this Jetpak has succeeded in concluding agreements with several new customers during the period. Income after financial items improved by MSEK 6 to MSEK 19 (13).

European Aeronautical Group's operating revenue amounted to MSEK 146 (142) during January-September. The company continued to sign contracts with a number of new customers but the market was characterized by strong competition and price pressure. Income after financial items amounted to MSEK 9 (10).

SAS Business Opportunities' operating revenue amounted to MSEK 172 during the period. Sales on board were slightly lower than anticipated at the beginning of the year due to start-up problems. Income after financial items amounted to MSEK 2. Comparative figures are not available since the unit was formed on October 1, 2004.

Hotels

Rezidor

Statement of income

(MSEK)	July-September		January-September	
	2005	2004	2005	2004
Rooms revenue	806	695	2,177	1,779
Food and beverage revenue	370	327	1,154	973
Other revenue	199	176	541	485
Operating revenue	1,375	1,198	3,872	3,237
Operating expenses	-402	-417	-1,228	-1,114
Payroll expenses	-463	-407	-1,386	-1,191
Rental expenses, property insurance and property tax	-367	-329	-1,060	-907
Income before depreciation	143	45	198	25
Depreciation	-50	-49	-147	-125
Share of income in affiliated companies	11	7	35	22
Capital gains	5	1	5	1
Operating income, EBIT	109	4	91	-77
Net financial items	-16	-7	-61	-18
Hotels - Income after financial items	93	-3	30	-95
Key figures				
EBITDA, MSEK ¹⁾	154	52	233	47
Revenue per available room (SEK) (RevPAR) ²⁾	675	595	618	559
Revenue per available room (EUR) (RevPAR) ²⁾	72	65	67	61
Occupancy rate ²⁾	73.8%	71.0%	68.0%	65.2%
Gross profit margin	37.1%	31.2%	32.5%	28.8%
Number of rooms available/night	4,136	4,062	12,222	10,962
Number of rooms available/night ²⁾	8,710	8,852	27,216	24,849
Number of hotels	51	51	51	51
Number of hotels including management and franchise	206	196	206	196

¹⁾ Operating income before depreciation and including share of income in affiliated companies.

²⁾ Including hotels operated on a management basis.

Earnings performance

Operating revenue for the nine-month period amounted to MSEK 3,872 (3,237), an increase of 19.6%. The increase is mainly attributable to new hotels. Adjusted for comparable units, an increase of 5.2% is shown.

Revenue per available room (RevPAR) continued to increase in the European hotel market. For comparable units within Rezidor SAS, revenue per available room was 12.9% higher than in the same period of 2004. All areas showed growth, in particular Scandinavia, the U.K. Ireland, Russia, the Baltic countries, and the Middle East. Other hotel revenues showed weak growth at the start of the year, but in recent months food and beverage revenues in particular showed good growth. The trend for other revenue was weaker.

Rezidor SAS retained its market shares during the period.

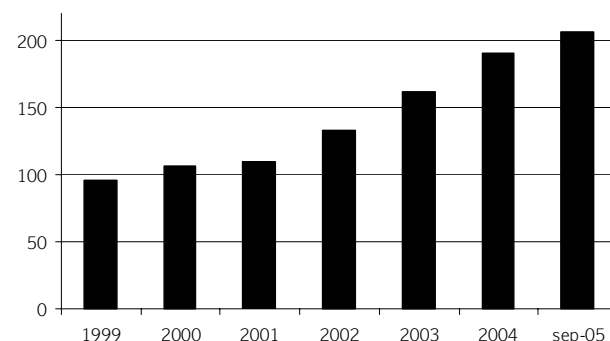
During the third quarter, Rezidor SAS signed one contract for a new hotel, bringing the total for the first nine months of the year to 16. Ten new Park Inn hotels were opened during the period and ten new Radisson SAS hotels.

EBITDA, income before depreciation and including share of income in affiliated companies, amounted to MSEK 233 (47) for the nine-month period and MSEK 154 (52) for the third quarter. The improved earnings compared with 2004 are mainly due to improved EBITDA for comparable units, partly through the strong increase in RevPAR and partly through improved control of costs.

Income after financial items amounted to MSEK 30 (-95) for the full period and MSEK 93 (-3) for the third quarter.

During the first quarter, the SAS Group concluded an agreement with the U.S.-based Carlson Hotels Worldwide. Under this agreement Carlson Hotels acquired 25% in Rezidor SAS in exchange for improved commercial terms in the parties' Master Franchise Agreement. The agreement was completed in June and will provide an estimated cost reduction of MEUR 6.0 for the second half of 2005, of which MEUR 2.7 accrued in the third quarter. The full-year effect is estimated at MEUR 11.0 but will rise with increased operating revenue.

Development of number of hotels in operation 1999-2005



Reporting according to IFRS (International Financial Reporting Standards)

With effect from January 1, 2005, the SAS Group prepares its consolidated accounts according to International Financial Reporting Standards (IFRS), in accordance with the current EU directive.

The date for transition to IFRS was set as January 1, 2004, since IFRS requires restatement of a comparative year. The SAS Group is therefore publishing financial information according to IFRS for 2004 and 2005 in all financial reports prepared according to IFRS during 2005.

The differences between IFRS and previously applied accounting principles are shown below. This summary has been prepared in accordance with the IFRS principles that are expected to apply on December 31, 2005. Since IFRS is subject to continuous review and approval by the EU, changes may still occur. Furthermore, since the IFRS rules were recently introduced, clarifications from standard-setting bodies and development of practice within this area will lead to further clarifications which may have an effect on the information provided below.

Reconciliation balance sheet January 1, 2004, and September 30, 2004

(MSEK)	January 1, 2004	IFRS effects	January 1, 2004 according to IFRS	September 30, 2004	IFRS effects	September 30, 2004 according to IFRS
Intangible fixed assets	2,810		2,810	3,102	116	3,218
Tangible fixed assets	29,706		29,706	26,143		26,143
Financial fixed assets	10,252		10,252	11,215	16	11,231
Total fixed assets	42,768		42,768	40,460	132	40,592
Current assets	1,286		1,286	1,335		1,335
Current receivables	8,155		8,155	9,593		9,593
Cash, bank and short-term investments	9,066		9,066	7,607		7,607
Total current assets	18,507		18,507	18,535	0	18,535
Total assets	61,275		61,275	58,995	132	59,127
Shareholders' equity	13,134	112	13,246	11,943	173	12,116
Minority interests	112	-112	-	42	-42	-
Provisions	4,888		4,888	4,269	1	4,270
Long-term liabilities	20,855		20,855	20,281		20,281
Current liabilities	22,286		22,286	22,460		22,460
Total shareholders' equity and liabilities	61,275	0	61,275	58,995	132	59,127

Reconciliation statement of income January–September 2004 and January–December 2004

(MSEK)	Jan-Sep 2004	IFRS effects	Jan-Sep accord. IFRS	January–December 2004	IFRS effects	January–December 2004 accord. IFRS
Operating revenue	43,133		43,133	58,073		58,073
Payroll expenses	-14,623		-14,623	-19,585		-19,585
Other operating expenses	-25,308		-25,308	-34,105		-34,105
Leasing costs for aircraft	-2,022		-2,022	-2,689		-2,689
Depreciation	-2,136	116	-2,020	-2,853	151	-2,702
Share of income in affiliated companies	113	16	129	137	20	157
Income from the sale of shares in subsidiaries and affiliated companies	3		3	5		5
Income from the sale of aircraft and buildings	79		79	113		113
Operating income	-761	132	-629	-904	171	-733
Income from other shares and participations	1		1	1		1
Net financial items	-766		-766	-1,042		-1,042
Income after financial items	-1,526	132	-1,394	-1,945	171	-1,774
Tax	301	-1	300	69	-1	68
Minority interests	-11	11	-	4	-4	-
Net income for the period	-1,236	142	-1,094	-1,872	166	-1,706
Attributable to:						
Parent Company shareholders			-1,105			-1,702
Minority interests			11			-4

Reconciliation balance sheet December 31, 2004, and January 1, 2005

(MSEK)	December 31, 2004	IFRS effects	December 31, 2004 according to IFRS	IFRS effects IAS39	January 1, 2005 accord. to IFRS
Intangible fixed assets	3,029	151	3,180		3,180
Tangible fixed assets	24,166		24,166		24,166
Financial fixed assets	11,074	20	11,094	-64	11,030
Total fixed assets	38,269	171	38,440	-64	38,376
Current assets	1,289		1,289		1,289
Current receivables	9,459		9,459	205	9,664
Cash, bank and short-term investments	8,595		8,595	1	8,596
Total current assets	19,343		19,343	206	19,549
Total assets	57,612	171	57,783	142	57,925
Shareholders' equity	11,159	195	11,354	1,468	12,822
Minority interests	25	-25	-		-
Provisions	4,255	1	4,256	571	4,827
Long-term liabilities	21,103		21,103	-1,581	19,522
Current liabilities	21,070		21,070	-316	20,754
Total shareholders' equity and liabilities	57,612	171	57,783	142	57,925

Reconciliation consolidated shareholders' equity

	Note	(MSEK)
Equity January 1, 2004, according to Swedish accounting principles		13,134
<i>Effects of change of accounting principles in accordance with IFRS</i>		
Minority interests	b	112
Equity according to IFRS January 1, 2004		13,246
Equity September 30, 2004, according to Swedish accounting principles		11,943
<i>Effects of change of accounting principles in accordance with IFRS</i>		
Goodwill amortization	a	132
Minority interests	b	42
Deferred tax on IFRS effects	d	-1
Total IFRS effects		173
Equity according to IFRS September 30, 2004		12,116
Equity December 31, 2004, according to Swedish accounting principles		11,159
<i>Effects of change of accounting principles in accordance with IFRS</i>		
Goodwill amortization	a	171
Deferred tax on IFRS effects	d	-1
Minority interests	b	25
Total IFRS effects		195
Equity according to IFRS December 31, 2004		11,354
Fair value of short-term investments	c	1
Fair value of financial derivative instruments	c	-348
Amortized cost of financial borrowings	c	116
Fair value hedge	c	0
Cash flow hedge, commercial flows	c	22
Cash flow hedge, aircraft	c	2,248
Deferred tax on IFRS effects	d	-571
Total IFRS effects		1,468
Equity according to IFRS January 1, 2005		12,822

Explanatory notes:**a. Amortization of goodwill**

According to IFRS 3, Business Combinations, goodwill should not be amortized but should instead be subject to an impairment test. The SAS Group's intangible assets mainly comprise goodwill. Since IFRS 3 is applied prospectively from the transition date, Goodwill amortization for 2004 will be reversed according to IFRS. In accordance with the transitional rules, SAS has performed impairment tests at January 1, 2004 and at December 31, 2004. These tests showed that no impairment losses exist.

b. Minority interests

According to IAS 1, Presentation of Financial Statements, minority interests are a separate component in equity in the balance sheet. In the statement of income they are included as part of net income for the period with an amount attributable to shareholders and minority owners respectively specified under net income.

c. IAS 39, Financial Instruments: Recognition and Measurement

The SAS Group applies IAS 39 with effect from January 1, 2005, and utilizes the exemptions allowed in IFRS 12 not to restate comparative figures/information regarding 2004. Consequently, recognition and measurement of financial instruments, hedging of cash flow and fair value hedges and application of hedge accounting prior to January 1, 2005, have been carried out in accordance with generally accepted accounting principles in Sweden.

The general principles for measurement of financial instruments according to IAS 39 are that financial assets and all derivative instruments should be measured at fair value while financial liabilities are measured at amortized cost. All financial instruments, including derivative instruments, will be recognized in the balance sheet.

An initial classification of each financial instrument establishes the accounting principle for measurement of changes in value of the instrument in the accounts. In cases where loans and derivative instruments are intended to hedge future cash flows, hedge accounting may be applied. One essential criterion for being able to apply hedge accounting is that the hedging relationship is expected to be effective both at inception and during the hedging period. The changes in value of the hedging instrument affect either equity (cash flow hedges) or income (fair value hedges). The hedging transaction will be recognized as income in the same period as the hedge position is closed.

d. Deferred tax on IFRS changes

Some of the above IFRS changes mean that a difference arises between tax base and book value. Deferred taxes are reported on these differences.

Definitions

Adjusted debt/equity ratio – Financial net debt plus 7 times the net leasing cost of aircraft, in relation to equity.

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

AOC, Airline Operating Certificate

ASK, Available seat kilometers - The total number of seats available for passengers multiplied by the number of kilometers which they are flown.

AV, Asset value (adjusted capital employed) - Book shareholders' equity, plus surplus value in the aircraft fleet, plus 7 times the net annual cost for operating leases for aircraft, plus financial net debt, minus share of equity in affiliated companies. Can also be expressed as book value of total assets, plus surplus value in the aircraft fleet, plus 7 times the net annual cost for operating leases for aircraft, minus share of equity in affiliated companies, minus noninterest-bearing liabilities and interest-bearing assets, excluding net pension funds.

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

CAPEX (Capital Expenditure) - Future payments for aircraft on firm order.

Cash flow from operations - Cash flow from operating activities before change in working capital.

CFROI – Adjusted EBITDAR in relation to AV.

Debt/equity ratio - Financial net debt in relation to shareholders' equity.

Earnings per share (EPS) - Income after tax divided by the total number of shares.

EBIT (including capital gains) - Operating income.

EBIT margin - EBIT divided by operating revenue.

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

EBITDAR, Operating income before depreciation and leasing costs - Operating income before net financial items, tax, depreciation, share of income in affiliated companies, income from the sale of fixed assets and leasing costs for aircraft.

EBITDAR margin - EBITDAR divided by operating revenue.

Equity method - Shares in affiliated companies are taken up at the SAS Group's share of shareholders' equity, taking acquired surplus and deficit values into account.

Equity/assets ratio - Shareholders' equity in relation to total assets.

EV (Enterprise Value) - Average market capitalization plus average net debt during the year and 7 times the net annual cost for operating leases for aircraft.

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

FTE, Full Time Equivalent – Full-time positions.

Gross profit margin - Operating income before depreciation in relation to operating revenue.

Interest coverage ratio - Operating income plus financial income in relation to financial expenses.

Net debt - Interest-bearing liabilities minus interest-bearing assets.

Return on capital employed (ROCE) - Operating income plus financial income in relation to average capital employed. Capital employed refers to total assets as specified in the balance sheet minus noninterest-bearing liabilities.

Return on equity - Income after tax in relation to average shareholders' equity.

Revenue passenger kilometers (RPK) - See RPK.

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

RPK, Revenue passenger kilometers - Number of paying passengers multiplied by the distance they are flown in kilometers.

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

TSR, Total shareholder return - Average total return

Unit cost, operational - Flight operations' total operating expenses minus non-traffic related revenue per ASK. The change compared with previous year is currency adjusted unless otherwise stated.

Unit cost, total - Flight operations' total operating expenses including capacity costs for aircraft (40% of leasing costs and aircraft depreciation) minus non-traffic related revenue per ASK (including charter).

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

Yield - See Unit revenue.

Important events

First quarter 2005

- On January 17, SAS Braathens submitted a reply to the Norwegian Competition Authority in which SAS Braathens contested the Competition Authority's accusations of abuse of a dominant position.
- John Dueholm took over responsibility for the business area Scandinavian Airlines Businesses from February 15.
- The SAS Group sold SAS Trading's operations in Poland, Latvia and Estonia to Inflight Service Europe AB. The remaining operations in SAS Trading were sold or integrated in SAS Business Opportunities.
- The SAS Group intensified its cooperation with the U.S.-based Carlson Hotels Worldwide. Under the agreement Carlson Hotels acquired a 25% shareholding in Rezidor SAS in exchange for improved commercial terms regarding the parties' existing Master Franchise Agreement (MFA).
- Scandinavian Airlines became the first airline in the world to offer wireless Internet on board all intercontinental aircraft.
- Scandinavian Airlines Sverige launched "Nya inrikesflyget" (a new domestic concept) based on one-way fares and simplified ticket rules.

Second quarter 2005

- SAS AB's Annual General Meeting decided not to issue a dividend for 2004. In addition, all members of SAS AB's Board were re-elected and Timo Peltola was elected as a new member of the Board.
- The SAS Group's airlines carried out fare adjustments in order to neutralize the effect of the increased jet fuel prices.
- The board of SAS Technical Services announced that STS's technical maintenance will be market-adjusted resulting in streamlining of some 200 FTEs.

Third quarter 2005

- The Norwegian Competition Authority imposed a fine on SAS Braathens of MNOK 20 for abuse of a dominant position on the Oslo-Haugesund route and announced possible fines of up to MNOK 30 on Oslo-Ålesund for the same reason. SAS Braathens is contesting these fines. The Competition Authority completed its examination of several other routes without finding conditions that contravene the Competition Act.
- On August 24, Scandinavian Airlines International had a tail strike with an Airbus A340 in Shanghai. The SAS Group takes a serious view of this incident and has therefore carried out an investigation. A number of measures have been identified to ensure that the incident is not repeated.
- Scandinavian Airlines Businesses and Blue1 introduced a new business model on the routes within Scandinavia and to/from Europe based on one-way fares and dynamic pricing starting on September 1.
- Spanair became the first Spanish airline to receive IOSA certification (IATA Operational Safety Audit) after meeting all requirements regarding flight operation and safety.

Events after September 30, 2005

- On October 1, Håkan Ericsson became a new member of Group Management with responsibility for Airline Support Businesses and Airline Related Businesses.
- The SAS Group continued its sales process for SAS Component. A deal is expected to be finalized during the fourth quarter of 2005 at the earliest.
- Scandinavian Airlines was the first airline in the world when it launched, via Business Opportunities, a Mobile Internet Portal.
- The SAS Group is currently negotiating with a number of counterparties for the sale of Jetpak. The deal is expected to be finalized at year-end.
- The SAS Group concluded an agreement with Copenhagen Airport regarding the level of charges for the period 2006-2008.
- Widerøe won the tender for 11 out of 16 routes on the Norwegian short runway network.

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