SAS Group

SAS Group Year-end report January-December 2005

The year in brief

- **Operating revenue for the full year** amounted to MSEK 61,887 (58,093), an increase of 6.5%. Operating revenue for the fourth quarter amounted to MSEK 16,287 (14,945), an increase of 9%.
- **Number of passengers** increased by 8% to 34.9 million for the full year.
- **Income before depreciation and leasing costs for aircraft (EBITDAR)** for the full year amounted to MSEK 6,117 (4,468) and MSEK 1,505 (1,202) for the fourth quarter.
- **Income before capital gains and nonrecurring items** improved by MSEK 1,815 and amounted to MSEK 114 (-1,701) for the full year and MSEK 228 (-320) for the fourth quarter.
- **Income after financial items** was MSEK 418 (-1,833) and MSEK 573 (-395) for the fourth quarter.
- **Income after tax for the period** amounted to MSEK 255 (-1,765) and MSEK 198 (-627) for the fourth quarter.
- **CFROI** for the 12-month period January-December 2005 was 13% (9%).
- **Earnings per share** for the SAS Group amounted to SEK 1.06 (-10.70) for the full year and SEK 0.88 (-3.71) for the fourth quarter. Equity per share was SEK 70.02 (66.98).
- **Turnaround 2005** comprising savings of SEK 14 billion was completed as planned. The unit cost has fallen by over 30% since 2002, adjusted for currency effects and increased fuel prices. Despite powerful measures, further cost savings must be made to ensure long-term competitiveness in several of the Group's units. The SAS Group has initiated new cost-cutting measures corresponding to SEK 2 billion for implementation in 2006.
- **Total unit cost adjusted for currency effects** for Scandinavian Airlines Businesses decreased by -1.7% during the period January-December 2005 and by –1.7% for the fourth quarter of 2005. Adjusted for increased fuel prices, the unit cost fell by –5.4% and -4.5% respectively.
- **The Board of Directors proposes to the Annual General Meeting** that no dividend be issued to SAS AB's shareholders for the 2005 fiscal year.

SAS Group	January-March		April-June		July-September		October-December		January-December	
(MSEK)	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Operating revenue	13,016	12,572	16,017	15,148	16,567	15,428	16,287	14,945	61,887	58,093
EBITDAR	222	-23	2,236	1,514	2,154	1,775	1,505	1,202	6,117	4,468
EBITDAR margin	1.7%	-0.2%	14.0%	10.0%	13.0%	11.5%	9.2%	8.1%	9.9%	7.7%
EBIT	-1,048	-1,272	949	236	802	363	670	-119	1,373	-792
EBIT margin	-8.1%	-10.1%	5.9%	1.6%	4.8%	2.4%	4.1%	-0.8%	2.2%	-1.4%
Income before capital gains and nonrecurring items	-1,312	-1,603	579	38	619	184	228	-320	114	-1,701
Income after financial items	-1,290	-1,555	590	29	545	88	573	-395	418	-1,833
Net income for the period	-971	-1,389	499	132	529	119	198	-627	255	-1,765
Earnings per share (SEK)	-5.86	-8.35	3.01	0.77	3.03	0.60	0.88	-3.71	1.06	-10.70
Cash flow before financing activities	-1,131	-1,319	1,675	2,001	449	-421	1,515	1,287	2,508	1,548

SAS AB is the parent company of the SAS Group, the Nordic region's largest listed airline and travel group, which offers air transport, airline related services and hotel operations. Scandinavian Airlines, Spanair and Blue1 are members of the world's largest airline alliance - Star Alliance™ . The Group also includes the airlines Widerøe and airBaltic and the partly owned airline Estonian Air. Other business areas are Airline Support Businesses, Airline Related Businesses and Hotels.

The SAS Group's Annual Report & Sustainability Report will be published on March 7, 2006.

Statement of income

(MSEK)	October-December 2005	October-December 2004	January-December 2005	January-December 2004
Operating revenue	16,287	14,945	61,887	58,093
Payroll expenses	-5,406	-4,962	-20,467	-19,585
Other operating expenses	-9,376	-8,781	-35,303	-34,040
Leasing costs for aircraft	-838	-667	-3,133	-2,689
Depreciation	-583	-718	-2,412	-2,846
Share of income in affiliated companies	10	28	134	157
Income from the sale of shares in subsidiaries and affiliated companies	447	2	480	5
Income from the sale of aircraft and buildings	129	34	187	113
Operating income	670	-119	,1373	-792
Income from other shares and participations	2	0	50	1
Net financial items	-99	-276	-1,005	-1,042
Income after financial items	573	-395	418	-1,833
Tax	-375	-232	-163	68
Net income for the period	198	-627	255	-1,765
Attributable to:				
Parent Company shareholders	144	-611	174	-1,760
Minority interests	54	-16	81	-5
Earnings per share(SEK) 1)	0.88	-3.71	1.06	-10.40

1) Earnings per share are calculated on 164,500,000 outstanding shares (IAS33). 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)	October-December 2005	October-December 2004	January-December 2005	January-December 2004
Income after financial items	573	-395	418	-1,833
Impairment losses	0	27	0	27
Restructuring costs	233	84	413	223
Capital gains	-578	-36	-717	-118
Income before capital gains and nonrecurring items	228	-320	114	-1,701

Financial key ratios

(MSEK)	2005	2004	2003
EBITDAR	6,117	4,468	3,532
EBITDA	2,984	1,779	597
EBIT	1,373	-792	-1,100
EBITDAR margin	10%	8%	6%
EBIT margin	2%	-1%	-2%
CFROI	13%	9%	6%
Return on equity	1%	-15%	-12%
Equity/assets ratio	21%	19%	21%
Net debt, MSEK	5,865	9,956	11,466
Financial net debt, MSEK	14,228	17,377	18,122
Debt/equity ratio	1.18	1.57	1.40
Adjusted debt/equity ratio	2.90	3.17	2.91
Interest cover ratio	1.3	-0.3	0.0

Traffic-related key ratios

SAS Group	January-March		April-June		July-September		October-December		January-December	
(MSEK)	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Number of passengers	7,299	7,238	9,357	8,902	9,325	8,562	8,945	7,645	34,926	32,347
RPK	7,342	7,031	9,259	8,970	9,838	9,188	8,646	7,649	35,085	32,838
ASK	12,465	11,852	13,810	13,470	13,599	13,542	12,880	12,667	52,754	51,532
Cabin factor	58.9%	59.3%	67.0%	66.6%	72.3%	67.8%	67.1%	60.4%	66.5%	63.7%
Yield, SEK	1.17	1.17	1.17	1.10	1.06	1.03	1.19	1.22	1.14	1.13
Total unit cost, SEK	0.74	0.76	0.71	0.69	0.74	0.66	0.80	0.73	0.74	0.73

Dear shareholder,

After five years of sweeping changes, the SAS Group posts positive earnings before capital gains and nonrecurring items, an earnings improvement of SEK 1.8 billion compared with 2004. This has been achieved through the biggest process of change in the Group's history, Turnaround 2005, where savings of just over SEK 14 billion had been implemented by year-end. All companies in the Group have worked determinedly to reduce costs. The unit cost for Scandinavian Airlines Businesses has fallen by over 30% since 2002. Despite powerful measures, further cost savings must be made to ensure long-term competitiveness in several of the Group's units. New cost-cutting activities amounting to SEK 2 billion have been identified so far and implementation is under way.

The SAS Group put a totally new organization in place in 2004 and set up subsidiaries for all business units and airlines. The split was made nationally in order to strengthen market opportunities under the different laws and regulations prevailing in the countries and markets in which we operate. This further strengthens the competitiveness of the national companies. The key elements in this change process are proximity to the market, transparency in price comparisons, and cost structure. The only staff group that was not transferred to the new companies in Sweden and Denmark in the first round was pilots, since we agreed to first establish SAS Braathens in Norway with its own staff, and to implement the same arrangement now in the other airlines within Scandinavian Airlines Businesses.

The parallel work with a new Group structure and cost savings has laid the foundations for the SAS Group's market adjustment. New business models and product concepts implemented during 2005 were very well received by customers. The new business models offer low one-way fares with Internet reservations, while the SAS Group retains both business class and the flexible economy class. The business model provides a lower average price per ticket but a higher passenger volume. So far, the increase in cabin factors has well compensated for the reduced average fares (yield). Cabin factors have reached a record high both for the Group and Scandinavian Airlines Businesses.

Despite powerful measures, Scandinavian Airlines Businesses remains unprofitable although it is the business area with the greatest improvement in earnings in 2005. A strong focus on further cost reductions must therefore continue in order to reach a competitive cost level and thus ensure future growth.

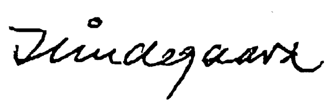
Blue1 continues its expansion with new routes, primarily to southern Europe with three new MD90 aircraft. Blue1 captured market shares in 2005 and has established itself as a valid competitor in the Finnish market. In Spain, Spanair increased production in 2005 and shows positive earnings. Widerøe and airBaltic have been successful and see continued opportunities for profitable growth.

Our support companies, SAS Technical Services (STS) and SAS Ground Services (SGS) had a year with intense competition which led to the loss of some external contracts. STS, like SGS, has reduced its prices to the Group's airlines. Efforts to enhance operational efficiency are continuing in both companies and during 2006 lower prices are expected to both internal and external customers, as well as lower volumes.

SAS Cargo had a good year with high demand, particularly in Asia. SAS Flight Academy increased its proportion of external customers which today account for approximately 50%. Rezidor SAS improved its profitability and the number of hotels at year-end was 217 in operation and 46 hotels under development.

During the year we sold 100% of the shares in Jetpak and European Aeronautical Group as well as 67% of SAS Component. This strengthened the Group by releasing capital. At the same time, a positive development for these operations was ensured with their new owners. The sale of SAS Component has also created opportunities for strategic cooperation between Singapore Technologies and the SAS Group's technical operations within a number of areas.

The total market is expected to grow by between 3 and 5% from Scandinavia and more in the Group's growth markets in Finland, the Baltic countries and Spain. Uncertainty remains in the market due to continued intense competition and high fuel costs. The success of the new business models, combined with completed cost-cutting measures, mean that we enter 2006 in a stronger strategic position. Creating a competitive cost base and profitability for Scandinavian Airlines continues to present a challenge, however, and will require good cooperation with all employee groups.



SAS Group's traffic development

The European airlines within the AEA showed stable traffic development in most markets during 2005. AEA's total international traffic rose by 6.3% during the period. The highest growth occurred in traffic to/from Asia with 12.1% while growth to/from North America was considerably weaker for the AEA companies with growth of 2.1% .

The SAS Group's traffic (RPK) increased by 6.8% during 2005 which is slightly more than AEA. The SAS Group's highest growth was in European traffic and Spanish and Finnish domestic traffic. Total capacity (ASK) increased during the year by 2.4%. The cabin factor improved by 2.8 percentage points to 66.5%. Scandinavian Airlines Businesses' new business model within Scandinavia/Europe was launched on September 1, 2005. As a result of this, the growth rate rose during the fourth quarter and traffic rose 13.0% while capacity increased by only 1.7%. This resulted in a substantially improved cabin factor of 6.7 percentage points to a record high 67.1%.

Intercontinental traffic showed weak development at the beginning of 2005 but improved during the year. The traffic increase of 0.8% during 2005 matched the capacity increase of 1.1%. Traffic on Asian routes increased by 16% while traffic decreased over the North Atlantic due to capacity cutbacks. During the fourth quarter, traffic decreased by 0.8% and capacity fell 4.1% which resulted in an improved cabin factor of 2.7 percentage points to 78.8%.

The SAS Group's European traffic grew in 2005 by 14.5% mainly due to strong growth for Spanair, Blue1 and airBaltic. After September 1, Scandinavian Airlines also had good growth mainly due to the introduction of new business models. The cabin factor improved by 4.4 percentage points to 62.9%. Traffic within Scandinavia decreased by 0.5% during the period. Capacity was adjusted due to major overcapacity in some markets. Development for Swedish domestic was positive following the launch of the new domestic concept. Traffic rose during the quarter by 5.2% and the cabin factor improved by a strong 11.2 percentage points to 65.8%.

Spanair's traffic increased in 2005 by 17.0% and capacity by 15.0%. Blue1 showed strong development during the period and the number of passengers rose by 27.8% while the cabin factor improved by 11.1 percentage points to 61.5%. Within Scandinavian Airlines Businesses, the cabin factor for Scandinavian Airlines Sverige improved by 6.5 percentage points to 63.4%. SAS Braathens had the highest traffic growth with 4.8% while the cabin factor improved by 2.9 percentage points to 63.3%. Widerøe's traffic was on a par with the previous year. airBaltic's rapid growth continued in 2005 and the number of passengers increased by 76.1%. For the first time, airBaltic's passenger numbers exceeded one million in a year.

SAS Group*		Oct Dec 2005	Change vs. 2004	Jan-Dec 2005	Change vs. 2004
No. of passengers	(000)	8,945	17.0%	34,926	8.0%
Passenger km	(mill)	8,646	13.0%	35,085	6.8%
Seat km	(mill)	12,880	1.7%	52,754	2.4%
Cabin factor		67.1%	+6.7%pts	66.5%	+2.8%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 includes these passengers by way of adjustment to industry practice.

Traffic development by route sector

	Oct-Dec 05 vs. Oct-Dec 04		Jan-Dec 05 vs. Jan-Dec 04	
	Traffic (RPK)	Capacity (ASK)	Traffic (RPK)	Capacity (ASK)
Intercontinental	–0.8%	–4.1%	0.8%	1.1%
Europe	26.4%	7.9%	14.5%	6.4%
Intra-Scandinavian	10.7%	–4.0%	–3.8%	–5.0%
Denmark (domestic)	8.1%	–0.2%	4.1%	0.5%
Norway (domestic)	4.6%	–1.4%	1.5%	–0.6%
Sweden (domestic)	5.2%	–12.7%	–1.9%	-12.8%

January-December	Traffic (RPK)	Capacity (ASK)	Cabin factor (%)	Change in cabin factor
SAS Group	6.8%	2.4%	66.5%	+2.8%pts
SAS Danmark	-4.1%	-13.1%	62.8%	+5.9%pts
SAS Braathens	4.8%	0.0%	63.3%	+2.9%pts
SAS Sverige	-1.7%	-11.8%	63.4%	+6.5%pts
SAS International	0.8%	1.1%	80.1%	–0.2%pts
Spanair	17.0%	15.0%	61.4%	+1.1%pts
Widerøe	-0.7%	-0.3%	53.2%	–0.2%pts
Blue1	24.2%	1.7%	61.5%	+11.1%pts
airBaltic	105.3%	86.2%	56.6%	+5.3%pts

Financial development

January-December 2005

The transaction with Carlson Hotels Worldwide regarding Rezidor SAS Hospitality was completed on June 30, 2005. Carlson 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-December 2004 and 2005 was MSEK 274. The effect is MSEK 1,443 on operating revenue, MSEK -1,200 on operating expenses and MSEK 31 on net financial items.

The SAS Group's operating revenue amounted to MSEK 61,887 (58,093), an increase of MSEK 3,794 or 6.5%. Adjusted for currency effects, the increase was MSEK 2,351 or 4.0%. Passenger traffic (RPK) increased by 6.8% for the Group. In Scandinavian Airlines Businesses traffic increased by 0.2% compared with 2004 and the currency adjusted yield decreased by 0.3% compared with the same period in 2004.

Payroll expenses increased by MSEK 882 or 4.5% and amounted to MSEK 20,467 (19,585). Adjusted for currency effects and restructuring costs MSEK 393 (188), payroll expenses were MSEK 152 or 0.8% higher than in the previous year. The increase is mainly due to higher volumes within hotel operations and consolidation of airBaltic. Within Scandinavian Airlines Businesses payroll expenses decreased by 4%.

The Group's other operating expenses increased by MSEK 1,263 or 3.7% to MSEK 35,303. Adjusted for currency effects, expenses increased by MSEK 619 or 1.8%, due to increased fuel costs. The Group's cost for jet fuel amounted to MSEK 8,123 (6,252). Adjusted for positive currency effects due to a weaker USD, fuel costs increased by MSEK 1,792. The market price (spot price) during the period was on average 42% higher than in 2004.

Operating income before depreciation and leasing costs, EBITDAR, amounted to MSEK 6,117 (4,468).

Leasing costs amounted to MSEK 3,133 (2,689) an increase of MSEK 444. Depreciation was MSEK 2,412 (2,846), a decrease of MSEK 434. The lower depreciation is mainly due to sale and leaseback of 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 134 (157). The change between 2004 and 2005 is partly due to lower earnings in Air Greenland but also to a positive earnings trend in Estonian Air and British Midland.

Income before capital gains and nonrecurring items amounted to MSEK 114 (-1,701), an increase of MSEK 1,815 (see page 2).

Income from the sale of shares in subsidiaries and affiliated companies amounted to MSEK 480 (5).

The operations in SAS Trading were sold in the second quarter at a price corresponding to book values. In the third quarter, an additional purchase price was received relating to the sale of Scandinavian IT Group of MSEK 33.

During the fourth quarter European Aeronautical Group, Jetpak and 67% of the Group's shareholding in SAS Component Group were sold for a total of MSEK 1,531. The capital gain totaled MSEK 381. In addition, Radisson SAS Hotel London Stansted Airport was sold for a capital gain of MSEK 58.

The Group's income from the sale of aircraft and buildings during the year was MSEK 187 (113). This includes the sale of two McDonnell Douglas MD-80s, one Fokker F28 and four Boeing 737s as well as sale and leaseback of two Boeing 737s, two McDonnell Douglas MD-80s, five Fokker F50s and flight simulators. In addition, hotel properties were sold for a capital gain of MSEK 5.

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.

Operating income was affected negatively with MSEK -415 (-134) relating to the ECA joint-venture agreement but affected positively with MSEK 200 for reversal of VAT. Both these items affect comparability.

The Group's net financial items amounted to MSEK -1,005 (-1,042). Net interest was MSEK -952 (-897) MSEK, an increase of MSEK 55 mainly due to higher market interest rates and borrowing costs. The currency effect was MSEK -22 (-53). Other net financial expenses amounted to MSEK -31 (-92).

Income after financial items was MSEK 418 (-1,833) MSEK.

Change in income after financial items is due to:

Currency effect	274
Income before depreciation and leasing costs, EBITDAR	1,390
Leasing costs and depreciation	6
Share of income in affiliated companies	-23
Net interest, etc.	6
Capital gains	598
Total changes	2,251

Fourth-quarter 2005

The SAS Group reports positive earnings for the fourth quarter of 2005. The fourth quarter has not been positive since 2000. The quarter was charged with adjustments in Spanair's earnings of approximately MSEK 80.

The net effect of exchange-rate fluctuations between the period October-December 2004 and 2005 was MSEK -51. The effect is MSEK 874 on operating revenue, MSEK -949 on operating expenses and MSEK 24 on net financial items

The Group's operating revenue amounted to MSEK 16,287 (14,945), an increase of MSEK 1,342 or 9%. Adjusted for currency effects, MSEK 874, the increase was 3.1%.

The Group's passenger traffic increased by 13% compared with the fourth quarter of 2004. In Scandinavian Airlines Businesses traffic rose 5.3% while yield fell 7.8%.

Operating expenses including payroll expenses amounted to MSEK 14,782 (13,743). Adjusted for currency effects and restructuring costs, operating expenses were on the same level as in the previous year despite higher fuel costs. Taking currency effects into account, fuel costs increased by MSEK 432 compared with the fourth quarter of 2004. The market price (spot price) of fuel during October-December 2005 was on average 25% higher than in 2004.

EBITDAR for the fourth quarter amounted to MSEK 1,505 (1,202), an increase of MSEK 303.

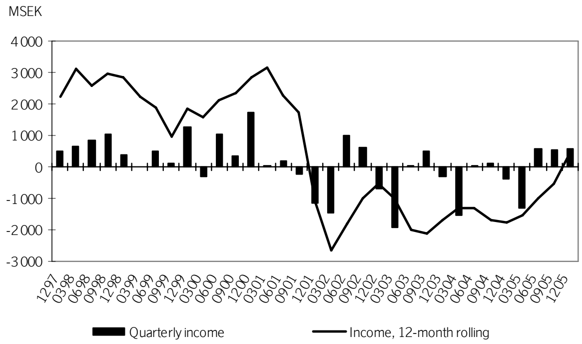
Income before capital gains and nonrecurring items was MSEK 228 (-320).

During the fourth quarter income from the sale of shares in subsidiaries and aircraft transactions was MSEK 576 (36). Other capital gains amounted to MSEK 2 (-).

The Group's net financial items during the fourth quarter amounted to MSEK -99 (-276). Net interest was MSEK -145 (-235). Net interest for the period includes positive effects from valuation of financial instruments according to IAS 39 of MSEK 70. Currency effects amounted to MSEK 4 (-20) and other financial items were MSEK 42 (-21) MSEK, which includes the effect from market valuation of financial fixed assets of MSEK 62.

Income after financial items was MSEK 573 (-395).

Income after financial items



Turnaround 2005 and new business models

Turnaround 2005 was started at the end of 2002 in order to achieve long-term and structurally strong competitiveness for all the Group's units. At year end, Turnaround 2005 had been fully implemented and structural cost reductions of SEK 14.2 billion had been achieved. Since 2002, Turnaround 2005 has reduced the unit cost, adjusted for currency and fuel price, by over 30% for Scandinavian Airlines Businesses.

The positive earnings impact up until 2005 reached SEK 12.5 billion. The remaining SEK 1.7 billion will have a positive earnings impact in 2006 when these measures fully affect the full year.

New business models require additional measures

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

-Commercial concepts
-Networks
-Costs

Commercial concepts

Every unit within the SAS Group will adjust its customer offerings to local market conditions. Ticket restrictions will be exchanged for freedom of choice and flexibility for the customer and fares will now be mainly based on purely demand-driven systems with no ticket restrictions.

In autumn 2005 Scandinavian Airlines was the first network company to introduce a new business model based on one-way fares on routes within Europe and Scandinavia. Scandinavian Airlines had already introduced this on Swedish and Norwegian domestic routes. Spanair, Blue1 and airBaltic introduced similar customer-driven offerings in previous years.

Networks
The airlines' networks will be dimensioned to local traffic flows and profitable feed traffic. By focusing on dynamic traffic planning the SAS Group's units will seasonally adjust capacity to a greater extent. For example, as a result of this Scandinavian Airlines Sverige has further adjusted capacity during the winter months. Similar measures have been carried out by the other airlines within the SAS Group.

Costs
The new Group structure with incorporated units facilitates comparisons with competitors and reduces the time it takes to implement new measures. The SAS Group is working to simplify each company's business model which will lead to further efficiency enhancements.

Each airline unit will offer a differentiated basic product. The cost of a basic product will be at the same level as the most effective players in the relevant market and traffic flow. An extensive analysis of each subsidiary's market was carried out in autumn 2005. Based on this analysis, the SAS Group has identified and made demands for additional adjustments on the basis of each subsidiary's unit cost level. In response to these demands, subsidiaries have preliminarily identified cost reductions for the years 2006-2007 corresponding to SEK 2 billion. Since work on quality assurance and identification of additional measures is still under way, the scope of this may change. Measures include efficiency enhancements in sales operations, ground services, technical maintenance, distribution and within administration as well as increased productivity and competitive terms for pilots and cabin crew.

These measures are currently allocated with approximately MSEK 700 for productivity and competitive conditions for pilots and cabin crew, approximately MSEK 700 for efficiency enhancements for SGS and STS, and approximately MSEK 600 within administration and sales.

Collective agreement discussions started during autumn 2005 with several large staff groups. These will mainly be conducted at local level with each subsidiary. The current agreement with cabin crew expires on February 28, 2006, and with pilots on March 31, 2006. Several agreements for ground staff in Denmark, Norway and Sweden expire in 2007.

Restructuring costs
Restructuring costs in 2005 were slightly higher than previously indicated mainly because the local cost-cutting programs were completed faster than originally planned particularly with regard to SGS. For the full year 2005, restructuring costs amounted to approximately MSEK 413. The cash flow effects are very limited since these provisions primarily related to payroll expenses for employees who have been given notice.

Financial position and release of capital
The SAS Group's liquid assets at December 31 amounted to MSEK 8,684 (8,595). In addition to liquid assets, the SAS Group also has unutilized contracted loan commitments amounting to MSEK 5,246, an increase of MSEK 646 since June 2005 and an increase of MSEK 1,886 since December 2004. During the year the SAS Group repaid utilized credit facilities of MEUR 200. In 2005, the SAS Group renewed bilateral facilities of MSEK 2,096.

During 2005 the SAS Group sold four Boeing 737s, two McDonnell Douglas MD-80s and one Fokker F28. In addition the Group effected sale and leaseback transactions with two Boeing 737s, two McDonnell Douglas MD-80s, five Fokker F50s and five Full Flight Simulators. This provided a total sales value of MSEK 1,800.

67% of SAS Component was sold during the fourth quarter as well as 100% of Jetpak Group and European Aeronautical Group. The total sales value including inventories amounted to approximately MSEK 3,150. The SAS Group will continue to focus on release of capital from aircraft and aircraft engines.

From April to December, the SAS Group made new bond issues of MSEK 925 in the Norwegian market. The bonds have a maturity of five years with repayment during 2010. In addition, the Group issued MSEK 511 with a maturity shift of MSEK 1,018 from 2008 to 2010.

The financial net debt at December 31, 2005, amounted to MSEK 14,228 a decrease of MSEK 3,139 since year-end 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 corporate family rating with an unchanged negative outlook.

The equity/assets ratio at December 31, 2005, was 21% (19%). 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 179. 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	2006	2007
CAPEX (MUSD)	179	57	122
Number of aircraft	6	2	4

Investments
The SAS Group's investments including prepayments amounted to MSEK 1,827 (3,865). Investments in aircraft and other flight equipment totaled MSEK 845 (2,098).

	Oct-Dec		Jan-Dec	
	2005	2004	2005	2004
Scandinavian Airlines Businesses	160	85	323	970
Subsidiary & Affiliated Airlines	158	183	342	1,017
Airline Support Businesses	153	297	692	585
Airline Related Businesses	31	42	68	182
Hotels	99	278	358	521
Groupwide functions and eliminations	5	-99	44	590
SAS Group	606	786	1,827	3,865

Specification of discontinued operations

	2005	Discont. oper.	Group elimin.	Remain. oper.
Operating revenue	61,887	1,511	-513	60,889
Payroll expenses	-20,467	-367		-20,100
Other operating expenses	-35,303	-1,066	513	-34,750
Leasing costs for aircraft	-3,133	-		-3,133
Depreciation	-2,412	-62		-2,350
Share in income of affiliates	134	-		134
Income from the sale of shares in subsidiaries and affiliates	480	-		480
Income from the sale of aircraft and buildings	187	-		187
Operating income	1,373	16	-	1,357
Income from other shares and particip.	50	-		50
Net financial items	-1,005	-38		-967
Income after financial items	418	-22	-	440
Tax	-163	-13		-150
Net income for the period	255	-35	-	290

Discontinued operations are Jetpak Group, European Aeronautical Group and SAS Component Group.

SAS Group's total aircraft fleet December 31, 2005:

Aircraft type	Owned	Leased in	Total	Leased out	Order	Age
Airbus A340/330	5	6	11			3.6
Airbus A321-200	8	5	13			3.8
Airbus A320/A319		16	16		4	2.7
Boeing 737 Series	22	54	76	5	2	7.5
Boeing 717 (MD-95)		4	4			5.2
McDonnell Douglas MD-80 Series	24	66	90	5		16.4
McDonnell Douglas MD-90 Series	8		8	2		8.9
Avro RJ-85/100		9	9			4.2
Fokker F50	2	6	8	2		15.8
deHavilland Q Series	17	37	54			8.0
SAAB 2000		5	5			8.6
Total	86	208	294	14	6	9.9
Breakdown of Group's fleet by airline:						
Scandinavian Airlines	70	121	191	14	6	9.8
Spanair		59	59			11.0
Widerøe	16	14	30			10.4
Blue1		14	14			5.8
Total	86	208	294	14	6	9.9

In addition to the above aircraft fleet, the SAS Group has leased in wet lease agreements for three CRJ200s and three Fokker F100s.

Currency and fuel hedging
The SAS Group has hedged approximately 70% of the USD deficit with forward contracts and options in 2006.

In 2005, the SAS Group hedged 54% of the total jet fuel consumption. This hedging meant that the cost of jet fuel was approximately MSEK 750 lower than if purchases had been made at market prices. Of anticipated fuel consumption, 43% is hedged for 12 months in 2006 at an average price including premium of USD 640/MT. Hedging is primarily effected with capped options but due to high premium levels instruments such as swaps are also used.

Average number of employees in the SAS Group (FTEs)

	Oct-Dec 2005	Oct-Dec 2004	Jan-Dec 2005	Jan-Dec 2004
Scandinavian Airlines Businesses	8,078	8,661	8,242	9,254
Subsidiary & Affiliated Airlines	6,495	5,264	5,903	5,145
Airline Support Businesses	11,444	11,931	11,845	11,893
Airline Related Businesses	472	872	599	862
Hotels	5,286	5,025	4,922	4,436
Groupwide functions	845	847	852	891
SAS Group	32,620	32,600	32,363	32,481

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 contained a complete account of positions adopted and the effects of the transition to IFRS. The final effects of the transition to IFRS and restated comparative figures are provided on pages 21-22.

Errors have been identified in Spanair's accounts mainly relating to the period 2002-2004 which means that some expense and income items have been booked incorrectly.

According to the new IFRS rules such errors must be corrected retrospectively.

Deviations for 2002-2004 amount to a total of MSEK 332 and have been corrected through restatement of earnings and consolidated equity for previous years.

The earnings impact of each year 2002, 2003 and 2004 is MSEK -92, MSEK -228 and MSEK-11 respectively.

Errors relating to 2005 have also occurred which have been corrected in the fourth quarter with MSEK 80.

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 1,854 (899).

Available liquidity for SAS AB at December 31, 2005, amounted to MSEK 1 compared with MSEK 1 at the beginning of the year.

The number of shareholders in SAS AB amounted to 22,821 at December 31, 2005. The average number of employees in SAS AB amounted to 177 (161).

Statement of income

(MSEK)	January – December 2005	2004
Operating revenue	155	173
Payroll expenses	-278	-232
Other operating expenses	-253	-250
Operating income before depreciation	-376	-309
Depreciation	0	-1
Income from the sale of shares	-392	1,335
Dividends from subsidiaries	3,035	70
Operating income	2,267	1,095
Net financial items	-413	-196
Income after financial items	1,854	899
Tax	213	138
Net income for the period	2,067	1,037

Balance sheet

(MSEK)	Dec 31 2005	Dec 31 2004
Fixed assets	10,719	9,365
Current assets	623	396
Total assets	11,342	9,761
Shareholders' equity	5,884	3,457
Long-term liabilities	5,288	6,168
Current liabilities	170	136
Total equity and liabilities	11,342	9,761

Change in shareholders' equity

(MSEK)	Share capital	Restrict. reserve	Unrestrict. equity	Total equity
Equity, Jan 1, 2004	1,645	180	480	2,305
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, Dec 31,2004	1,645	202	1,611	3,458
Transfer between unrestricted and restricted equity		104	-104	0
Group contribution received, net			359	359
Net income for the year			2,067	2,067
Equity Dec 31, 2005	1,645	306	3,933	5,884

Proposed dividend for 2005

The Board of Directors proposes that no dividend be issued to SAS AB's shareholders for the 2005 fiscal year. This is motivated by the fact that the Group is affected by the restructuring taking place in the airline industry and that securing the financial position is important for the Group's continuing operations.

Full-year 2006

A continued positive development of the Group's markets is expected in 2006 with stable passenger growth of 2-3% within Scandinavia and 4-5% to/from Europe. Competition is expected to remain intense, however, in the SAS Group's markets.

Scandinavian Airlines' new business models have strengthened competitiveness with improved cabin factors but weaker yield. In the first half of 2006, further improvements in the business model and product concept will be implemented. For SGS and STS, continued price pressure and partly reduced volumes are expected during 2006.

High growth is expected in Finland, the Baltic countries and Spain and the Group is well positioned with Blue1, airBaltic and Spanair, which have a cost base on a par with the most effective players.

Turnaround 2005 was completed as planned and the SAS Group will continue to gain positive earnings effects from the program in 2006.

Despite powerful measures, additional cost-cutting measures need to be implemented in order to ensure long-term competitiveness in several of the Group's units. New measures for Scandinavian Airlines Businesses and the support units corresponding to SEK 2 billion have been identified so far and implementation is under way. This, combined with continued success in the market, creates conditions for improved earnings in the future. Uncertainty remains in the market, however, due to continued intense competition and high jet fuel prices.

Stockholm, February 9, 2006

Jørgen Lindegaard
President and CEO

Board of Directors:
Egil Myklebust, Chairman
Jacob Wallenberg, Vice Chairman
Berit Kjøll, board member
Timo Peltola, board member
Lars Rebien Sørensen, board member
Fritz H. Schur, board member
Anitra Steen, board member
Ulla Gröntvedt, employee representative
Olav Lie, employee representative
Verner Lundtoft Jensen, employee representative

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

Financial calendar:

Annual Report & Sustainability Report 2005	March 7, 2006
SAS AB Annual General Meeting	April 20, 2006
Interim Report 1, January-March 2006	May 3, 2006
Interim Report 2, January-June 2006	August 8, 2006
Interim Report 3, January-September 2006	November 7, 2006
Annual Report & Sustainability Report 2006	March 2007

The Annual General Meeting will be held in Frösundavik, Solna at the SAS Group's head office 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

The year-end report has not been reviewed by the auditors.

SAS Group

Balance sheet

(MSEK)	December 31 2005	December 31 2004 1	December 31 2003
Intangible fixed assets	3,862	3,246	2,810
Tangible fixed assets	19,457	24,118	29,706
Financial fixed assets	13,120	11,094	10,252
Total fixed assets	36,439	38,458	42,768
Current assets	1,065	1,289	1,286
Current receivables	11,828	9,459	8,155
Cash, bank and short-term investments	8,684	8,595	9,066
Total current assets	21,577	19,343	18,507
Total assets	58,016	57,801	61,275
Shareholders' equity2)	12,081	11,044	12,926
Long-term liabilities	23,608	25,193	25,633
Current liabilities	22,327	21,564	22,716
Total shareholders' equity and liabilities	58,016	57,801	61,275
Equity per share3) (SEK)	70.02	66.98	77.90
Interest-bearing assets)	20,472	17,324	17,400
Interest-bearing liabilities	26,337	27,280	28,866

1) Balance sheets for 2004 are restated according to IFRS3.
2) Including minority interests
3) Calculated on 164,500,000 outstanding shares. The SAS Group has not carried out any buyback programs.

Changes in equity

(MSEK)	Share capital	Other capital provided	Hedging and translation reserves	Retained earnings	Total equity attributable to Parent Company shareholders	Minority interests	Total equity
Opening balance, January 1, 2004	1,645	658	558	10,036	12,897	29	12,926
Acquisitions						-17	-17
Exchange differences relating to foreign operations			-101			1	-100
Revenue and expenses for the period taken directly to equity			-101		-101	-16	-117
Net income for the year				-1,760	-1,760	-5	-1,765
Total revenue and expenses for the period			-101	-1,760	-1,861	-21	-1,882
Closing balance, December 31, 2004	1,645	658	457	8,276	11,036	8	11,044
Adjustment for IAS 39			1,468		1,468		1,468
Opening balance, January 1, 2005	1,645	658	1,925	8,276	12,504	8	12,512
New issue Rezidor SAS						519	519
Consolidation of affiliated company						-34	-34
Exchange differences relating to foreign operations			-170*		-170*	3	-167
Revenue and expenses for the period taken directly to equity			-170*		-170*	488	318
Change in value cash flow hedges			-1,004		-1,004		-1,004
Net income for the year				174	174	81	255
Total revenue and expenses for the period			-1,174	174	-1,000	569	-431
Closing balance, December 31, 2005	1,645	658	751	8,450	11,504	577	12,081

* Includes MSEK 523 for currency hedging of net investments in foreign subsidiaries.

SAS Group

Cash flow statement

(MSEK)	October-December 2005	October-December 2004	January-December 2005	January-December 2004
Income after financial items	573	-395	418	-1,833
Depreciation	583	718	2,412	2,846
Income from the sale of fixed assets	-578	-36	-717	-118
Adjustment for non-cash items, etc.	-167	-38	-355	-201
Paid tax	-28	21	16	-18
Cash flow from operations	383	270	1,774	676
Change in working capital	638	-11	-267	-2,116
Cash flow from operating activities	1,021	259	1,507	-1,440
Investments including prepayments to aircraft suppliers	-606	-786	-1,827	-3,251
Acquisition of subsidiaries	0	0	0	-614
Sale of subsidiaries	614	0	622	0
Sale of fixed assets, etc.	486	1,814	2,206	6,853
Cash flow before financing activities	1,515	1,287	2,508	1,548
External financing, net	-1,196	-295	-2,457	-2,016
Cash flow for the period	319	992	51	-468
Translation difference in liquid assets	5	-4	38	-3
Change in liquid assets according to the balance sheet	324	988	89	-471

Comments on the cash flow statement

Cash flow from operations in 2005 improved by MSEK 1,098 and amounted to MSEK 1,774 (676). The improved cash flow compared with the previous year is mainly due to improved operating income. In the fourth quarter, cash flow from operations amounted to MSEK 383 (270).

Change in working capital improved during 2005 by MSEK 1,849 MSEK and amounted to MSEK -267 (-2 116). This improvement was due to negative nonrecurring effects during 2004 and a focus on release of working capital.

Investments decreased by MSEK 1,424 and amounted to MSEK -1,827 (-3,251) of which MSEK -863 (-2 128) related to flight equipment. Subsidiaries were sold for a total purchase price of MSEK 1,642. Taking into account liquid assets in the sold companies and unpaid purchase price this affected the Group's liquid assets by MSEK 622. Sale of fixed asset, etc., amounted to MSEK 2,206 (6,853), which includes the sale of two Douglas MD-80s, four Boeing 737s and one Fokker F28 as well as sale and leaseback of two Boeing 737s, two Douglas MD-87s and five Fokker F50s. In addition, SAS Flight Academy sold aircraft simulators. The SAS Group's cash flow before financing activities therefore amounted to MSEK 2,508 (1,548).

External financing was MSEK -2,457 (-2,016) which is due to amortization of loans. The SAS Group's liquid assets according to the balance sheet amounted to MSEK 8,684 (8,595).

The SAS Group has approximately MSEK 8,000 in unutilized loss carryforwards. 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 carryforwards have been utilized which will affect cash flow positively in future periods.

Statement of income – quarterly breakdown

(MSEK)	2003 OCT-DEC	2003 FULL YEAR JAN-DEC	2004 JAN-MAR	2004 APR-JUN	2004 JUL-SEP	2004 OCT-DEC	2004 FULL YEAR JAN-DEC	2005 JAN-MAR	2005 APR-JUN	2005 JUL-SEP	2005 OCT-DEC	2005 FULL YEAR JAN-DEC
Operating revenue	13,800	57,655	12,572	15,148	15,428	14,945	58,093	13,016	16,017	16,567	16,287	61,887
Payroll expenses	-5,458	-21,931	-4,889	-5,069	-4,665	-4,962	-19,585	-4,974	-5,138	-4,949	-5,406	-20,467
Other operating expenses	-7,584	-32,192	-7,706	-8,565	-8,988	-8,781	-34,040	-7,820	-8,643	-9,464	-9,376	-35,303
Leasing costs for aircraft	-655	-2,935	-639	-678	-705	-667	-2,689	-686	-766	-843	-838	-3,133
Depreciation	-740	-3,046	-727	-702	-699	-718	-2,846	-626	-607	-596	-583	-2,412
Share of income in affiliated companies	-17	39	69	36	24	28	157	20	45	59	10	134
Income from the sale of shares in subsidiaries and affiliated companies	651	651	0	3	0	2	5	0	-2	35	447	480
Income from the sale of aircraft and buildings	-96	649	48	63	-32	34	113	22	43	-7	129	187
Operating income	-99	-1,110	-1,272	236	363	-119	-792	-1,048	949	802	670	1,373
Income from other shares and participations	8	-1	0	0	1	0	1	0	48	0	2	50
Net financial items	-210	-588	-283	-207	-276	-276	-1,042	-242	-407	-257	-99	-1,005
Income after financial items	-301	-1,699	-1,555	29	88	-395	-1,833	-1,290	590	545	573	418
Tax	-364	5	166	103	31	-232	68	319	-91	-16	-375	-163
Net income for the period	-665	-1,694	-1,389	132	119	-627	-1,765	-971	499	529	198	255
Attributable to:												
Parent Company shareholders	-622	-1,584	-1,374	127	98	-611	-1,760	-964	495	499	144	174
Minority interests	-43	-110	-15	5	21	-16	-5	-7	4	30	54	81

Segment reporting: income by business area

Statement of income January – December	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	35,352	34,344	14,188	11,780	5,316	4,634	1,248	2,452	5,368	4,452	415	431	61,887	58,093
Sales between business segments	1,343	1,329	164	78	9,560	9,579	334	461	90	100	-11,491	-11,547	0	0
Total Operating revenue	36,695	35,673	14,352	11,858	14,876	14,213	1,582	2,913	5,458	4,552	-11,076	-11,116	61,887	58,093
Payroll expenses	-7,785	-8,106	-3,007	-2,485	-6,569	-6,204	-350	-447	-1,926	-1,664	-830	-679	-20,467	-19,585
Other expenses	-25,483	-25,444	-9,425	-7,918	-7,428	-6,932	-1,075	-2,269	-3,178	-2,751	11,286	11,274	-35,303	-34,040
EBITDAR per business segment	3,427	2,123	1,920	1,455	879	1,077	157	197	354	137	-620	-521	6117	4,468
Leasing costs for aircraft	-1,928	-1,557	-1,247	-1,132	0	0	0	0	0	0	42	0	-3,133	-2,689
EBITDA per business segment	1,499	566	673	323	879	1,077	157	197	354	137	-578	-521	2,984	1,779
Depreciation	-1,344	-1,553	-312	-309	-367	-491	-122	-142	-179	-163	-88	-188	-2,412	-2,846
Share of income in affiliated companies	61	62	39	70	-95	0	-1	0	58	28	72	-3	134	157
Capital gains	394	162	15	53		5	36	1	63	53	159	-156	667	118
EBIT per business segment	610	-763	415	137	417	591	70	56	296	55	-435	-868	1,373	-792
Unallocated income statement items														
Income from other shares and participations													50	1
Net financial items													-1,005	-1,042
Tax													-163	68
Net income for the period													255	-1,765

SAS Group's objectives

Targets

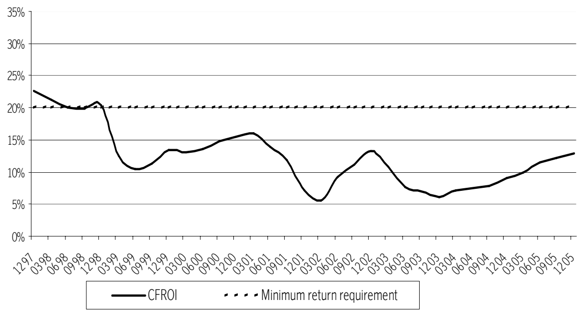
The SAS Group has a target for total shareholder return (TSR) of 14% over a business cycle. The return target refers to share price appreciation and reinvested dividends. Based on this return target, the SAS Group has set its internal financial target, CFROI.

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 full-year 2005 the Group generated income before net financial items, tax, depreciation, capital gains and operating lease costs for aircraft (EBITDAR) of MSEK 6,117 (4,468). Adjusted EBITDAR amounted to MSEK 5,962 (4,306). Set in relation to adjusted capital employed, CFROI was 13% (9%) which is 7 percentage points below target.

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



Income and capital concepts

(MSEK)	2005	2004
Income		
Income before depreciation, EBITDA	2,984	1,779
+ Operating lease costs, aircraft	3,133	2,689
EBITDAR	6,117	4,468
- Operating lease revenue, aircraft	-155	-163
Adjusted EBITDAR	5,962	4,306
Adjusted capital employed (average)		
+ Shareholders' equity	12,113	11,823
+ Surplus value, aircraft	-161	-674
+ Capitalized leasing costs, net (x7) *	18,967	18,130
- Equity in affiliated companies	-853	-676
+ Financial net debt	16,119	18,592
Adjusted capital employed	46,185	47,195
CFROI	13%	9%

* 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 December to MSEK 12,518 (10,587). Average NPV for the 12-month period amounted to MSEK 11,358 (11,546).

Target attainment for the SAS Group's companies

		Target [1]	Jan-Dec 2005
SAS Group	CFROI	20%	13%
Scandinavian Airlines	CFROI	20%	9%
Spanair	CFROI	25%	13%
Widerøe	CFROI	25%	22%
Blue1	CFROI	25%	22%
SAS Cargo	CFROI	20%	17%
STS	ROIC	12%	5%
SAS Flight Academy	ROIC	11%	11%
SGS	EBITDA margin	8%	6%
Jetpak	EBITDA margin	15%	9%
Hotels	EBITDA margin	10%	8%

[1] Return requirement over a business cycle.

Scandinavian Airlines Businesses

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

Statement of income

(MSEK)	October-December 2005	October-December 2004	January- December 2005	January- December 2004
Passenger revenue	7,692	7,581	29,810	29,480
Charter revenue	315	242	1,523	1,036
Other traffic revenue	786	775	2,512	2,363
Other revenue	785	713	2,850	2,794
Operating revenue	9,578	9,311	36,695	35,673
Payroll expenses	-1,985	-1,988	-7,785	-8,106
Selling costs	-150	-199	-616	-882
Jet fuel	-1,597	-1,279	-5,731	-4,508
Government user fees	-947	-1,092	-3,843	-4,383
Catering costs	-348	-242	-1,068	-1,019
Handling costs	-1,392	-1,393	-5,441	-5,519
Technical aircraft maintenance	-883	-1,060	-3,942	-4,074
Data and telecommunications costs	-467	-487	-1,726	-1,757
Other operating expenses	-777	-868	-3,116	-3,302
Operating expenses	-8,546	-8,608	-33,268	-33,550
Income before depreciation and leasing costs, EBITDAR	1,032	703	3,427	2,123
Leasing costs for aircraft	-535	-404	-1,928	-1,557
Income before depreciation, EBITDA	497	299	1,499	566
Depreciation	-325	-394	-1,344	-1,553
Share of income in affiliated companies	18	16	61	62
Capital gains	70	136	394	162
Operating income, EBIT	260	57	610	-763
Net financial items	-128	-184	-658	-701
Scandinavian Airlines Businesses – Income after financial items	132	-127	-48	-1,464

Earnings performance

The business area's total operating revenue increased during 2005 by 2.9% to MSEK 36,695 (35,673). Excluding currency effects operating revenue increased by 0.4%. The increase was due to increased traffic during the second half, increased charter production and a more stable yield. Passenger revenue rose by 1.1% but decreased adjusted for currency effects by 1.2%.

Operating expenses fell slightly compared with the previous year despite significantly higher jet fuel costs as well as bigger volumes and amounted to MSEK 33,268 (33,550). Fuel costs increased during the period by MSEK 1,223 to MSEK 5,731 (4,508). The total unit cost decreased compared with the previous year by 1.7% and by 5.4% adjusted for increased fuel prices. This reduction occurred in spite of capacity reductions.

Payroll expenses decreased by 4.0% to MSEK 7,785 (8,106). The average number of employees during the period amounted to 8,242 (9,254). Handling costs decreased to MSEK 5,441 (5,519) while costs for technical aircraft maintenance fell by MSEK 132 to MSEK 3,942 (4,074).

The joint-venture agreement, ECA (European Cooperation Agreement) between British Midland, Lufthansa and Scandinavian Airlines had a negative earnings impact during the year of MSEK -415 (-134). The background is intense competition with a weak earnings trend.

EBITDAR improved by MSEK 1,304 and amounted to MSEK 3,427 (2,123).

Income before capital gains and nonrecurring items improved by MSEK 1,017 in 2005 and amounted to MSEK -383 (-1,448).

Fourth quarter

Operating revenue rose during the fourth quarter by 2.9% to MSEK 9,578 (9,311) MSEK. Passenger revenue increased by 1.5% to MSEK 7,692 (7,581), due to a higher number of transported passengers. The introduction of new business models led to lower yield which was more than compensated by a higher cabin factor. Adjusted for currency effects passenger revenue decreased by 4.0%, while capacity fell by 7.1%.

Operating expenses decreased by MSEK 62 to MSEK 8,546 (8,608) despite higher fuel costs. Fuel costs increased during the quarter by MSEK 318 to MSEK 1,597 (1,279). The total unit cost, adjusted for currency effects, fell by 4.4% adjusted for increased fuel prices.

The ECA joint-venture agreement amounted to MSEK -52 (-46).

Income before capital gains and nonrecurring items improved during the fourth quarter by MSEK 261 to MSEK 121 (-140).

Scandinavian Airlines Businesses, Total

		Oct-Dec 2005	Oct-Dec change.	Jan-Dec 2005	Jan-Dec change.
Number of passengers	(000)	6,125	+8.5%	23,799	+0.1%
Rev. passenger km (RPK)	(mill)	6,478	+5.3%	26,487	+0.2%
Available seat km (ASK)	(mill)	9,292	-7.1%	38,454	-5.2%
Cabin factor		69.7%	+8.2%pt	68.9%	+3.7%pts

Currency adjusted yield trend by route sector

	Oct-Dec ch. vs. 2004	Jan-Dec ch. vs. 2004
Intercontinental routes	4.1%	3.1%
European routes	-12.9%	-4.9%
Intra-Scandinavian routes	-12.3%	5.5%
Danish domestic	-8.4%	5.4%
Norwegian domestic	-7.1%	1.1%
Swedish domestic	-9.8%	-7.9%
Total	**-7.8%**	**-0.3%**

Currency adjusted unit cost trend

	Oct-Dec	Jan-Dec
Total unit cost, incl. charter	-1.7% [1]	-1.7%[2]
Operational unit cost, incl. charter	-2.1% [1]	-1.8%[2]

1) Increased fuel costs had a negative impact on unit cost of 2.8 percentage -points.
2) Increased fuel costs had a negative impact on unit cost of 3.7 percentage points.

Scandinavian Airlines Danmark

(MDKK)	Oct-Dec 2005	Jan-Dec 2005
Passenger revenue	2,147	8,443
Other revenue	462	1,820
Total revenue	2,609	10,243
Total operating expenses	-2,554	-9,924
EBITDAR	55	339
Leasing costs	-241	-956
EBITDA	-186	-617
Depreciation	0	-1
EBIT	-186	-618
Net financial items	0	3
Income after financial items	-186	-615
EBITDAR margin	2.1%	3.3%
Average number of employees	1,595	1,628

Traffic and production	2005	Oct-Dec Change	2005	Jan-Dec Change
Scheduled traffic				
No. of passengers (000)	1,974	+9.9%	7,561	-5.3%
RPK (mill)	1,434	+11.9%	5,611	-4.1%
ASK (mill)	2,154	-14.7%	8,939	-13.1%
Cabin factor	66.6%	+15.9%pt	62.8%	+5.9%pt
Yield, currency adjusted		-17.1%		-5.6%
Charter traffic				
No. of passengers (000)	57	180.9%	340	70.9%

Scandinavian Airlines Danmark's traffic decreased during 2005 by 4.1%. The decrease is due to optimization of production which led to capacity reductions and a higher level of seasonal adjustment. Capacity was reduced by 13.1% which meant that the cabin factor rose by 5.9 percentage points to 62.8%. The new business model with one-way fares and simplified rules introduced on September 1, 2005, was well received in the market and had a positive impact on the number of passengers and market share during the fourth quarter. In the fourth quarter, Scandinavian Airlines Danmark's cabin factor rose by a substantial 15.9 percentage points to 66.6%. The number of charter passengers rose in 2005 by 70.3% due to a targeted campaign in this area.

The currency adjusted yield fell during the year by 5.6% and by 17.1% in the fourth quarter. This decline is due, among other things, to the introduction of one-way fares which was well compensated by higher cabin factors.

Operating revenue in 2005 amounted to MSEK 10,263. Passenger revenue amounted to MSEK 8,443. EBITDAR for 2005 amounted to MSEK 339 and to MSEK 55 in the fourth quarter.

During 2005, Scandinavian Airlines Danmark focused on revenue generating activities and efficiency enhancements. Turnaround 2005 was completed as planned. In addition, implementation of new efficiency enhancements which together will reduce costs by about 20% including a capacity reduction of four aircraft was started. The goal is to make Scandinavian Airlines Danmark competitive and profitable.

Income after financial items for 2005 amounted to MSEK -615 and to MSEK -186 for the fourth quarter.

An illegal pilot conflict in January 2006 will lead to a charge against earnings for Scandinavian Airlines Danmark of approximately MSEK 90 in 2006.

SAS Braathens

(MSEK)	Oct-Dec 2005	January-December 2005	January-December 2004 [2]
Passenger revenue	2,559	9,733	9,012
Other revenue	632	2,525	2,406
Total revenue	3,191	12,258	11,418
Total operating expenses	-2,701	-10,506	-10,231
EBITDAR	490	1,752	1,187
Leasing costs	-280	-1,087	-1,133
EBITDA	210	665	54
Depreciation	-12	-44	-108
Capital gains	0	268 [1]	-69
EBIT	198	889	-123
Net financial items	7	8	-39
Income after financial items	205	897	-162
EBITDAR margin	15.4%	14.3%	10.4%
Average number of employees	2,736	2,839	3,048
EBIT before nonrecurring items	198	621	43
EBT before nonrecurring items	205	629	4

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	Oct-Dec Change	2005	Jan-Dec Change
Scheduled traffic				
No. of passengers (000)	2,238	+3.1%	8,800	+0.3%
RPK (mill)	1,486	+8.2%	6,067	+4.8%
ASK (mill)	2,329	-1.4%	9,590	+0.0%
Cabin factor	63.8%	+5.7%pt	63.3%	+2.9%pt
Yield, currency adjusted		-10.8%		-3.0%
Charter traffic				
No. of passengers (000)	64	0.2%	424	24.1%

SAS Braathens' traffic rose in 2005 by 4.8%. The strongest growth was on European routes which increased by 13.4%. Capacity, ASK, was unchanged which meant that the cabin factor improved by 2.9 percentage points to 63.3%.

Yield was 3.0% lower than in the previous year due to intense competition with an underlying price pressure in the market combined with strong growth on Southern European routes which have a lower yield.

Operating revenue increased during the year by 7.3% to MSEK 12,258 (11,418). Passenger revenue rose during the period by 8.0% to MSEK 9,733 (9,012). In local currency, passenger revenue increased by 2%. The increase is due to higher traffic volumes on SAS Braathens' routes. EBITDAR improved by 47.5% to MSEK 1,752 (1,187). The improved earnings are due to higher revenues while operating expenses (currency adjusted) decreased by 3%. The decrease is due to completed measures within Turnaround 2005 as well as synergies in conjunction with the merger of Scandinavian Airlines Norge and Braathens. SAS Braathens has initiated new efficiency enhancements designed to ensure competitiveness.

Income before capital gains and non-recurring items improved by MSEK 625 and amounted to MSEK 629 (4).

Production disruptions due to an extra large proportion of sick listings among pilots in January 2006 will be charged against earnings with approximately MSEK 70 during 2006.

Scandinavian Airlines Sverige

(MSEK)	Oct-Dec 2005	Jan-Dec 2005
Passenger revenue	1,589	5,982
Other revenue	506	1,795
Total revenue	2,095	7,777
Total operating expenses	-1,914	-7,405
EBITDAR	181	372
Leasing costs	-195	-736
EBITDA	-14	-364
Depreciation	-3	-6
EBIT	-17	-370
Net financial items	-7	-27
Income after financial items	-24	-397
EBITDAR margin	8.6%	4.8%
Average number of employees	1,457	1,468
EBIT before capital gains	42	-311
EBT before capital gains	35	-338

Traffic and production	2005	Oct-Dec Change	2005	Jan-Dec Change
Scheduled traffic				
No. of passengers (000)	1,562	+17.7%	5,958	+7.4%
RPK (mill)	1,104	+7.8%	4,337	-1.7%
ASK (mill)	1,696	-9.1%	6,845	-11.8%
Cabin factor	65.1%	+10.2%pt	63.4%	+6.5%pt
Yield, currency adjusted		-2.8%		3.9%
Charter traffic				
No. of passengers (000)	97	29.6%	459	68.9%

The success of “Nya Inrikesflyget” (the new domestic concept launched in April) and “Nya Europaflyget” (a new concept for European flights launched in September) continued during the fourth quarter of 2005. The market reacted positively to the new concept which contributed to more and new customers.

The number of passengers increased during 2005 by 7.4%. Traffic (RPK) decreased during the year by 1.7% as a result of a reduction in capacity of 11.8%. The cabin factor improved by 6.5 percentage points to 63.4%. Since the launch of the new domestic concept, the cabin factor on Swedish domestic has averaged almost 70%. The cabin factor on European routes since the launch in September has improved by more than 10 percentage points. Yield rose in 2005 by 3.9% due to shorter flight distances and increased fares. In the fourth quarter yield fell by 2.8% which was compensated by higher cabin factors. Charter traffic developed well in 2005 with an increase of 68.9% measured in number of passengers.

At the end of 2005 the product range was complemented with “SAS Semesterflyg” (holiday flights) to a number of destinations in the UK and southern Europe as part of the greater focus on capacity utilization. A cooperation agreement with the Gothenburg-based airline City Airlines was presented, which means that City Airlines’ route network will be sold by SAS from March 1, 2006.

Operating revenue in 2005 amounted to MSEK 7,777 and passenger revenue was MSEK 5,982. Activities within Turnaround 2005 were completed as planned in December 2005. Scandinavian Airlines Sverige has initiated new efficiency enhancements designed to ensure competitiveness and profitability. EBITDAR amounted to MSEK 353 during the period and was negatively affected by the major overcapacity on Swedish domestic. Income after financial items amounted to MSEK -416. Income before capital gains and nonrecurring items was MSEK -338 and positive during the fourth quarter with MSEK 35.

Scandinavian Airlines International [1)]

(MSEK)	Oct-Dec 2005	Jan-Dec 2005
Passenger revenue	1,401	5,675
Other revenue	529	2,061
Total revenue	1,930	7,736
Total operating expenses	-1,787	-7,089
EBITDAR	143	647
Leasing costs	-189	-713
EBITDA	-46	-66
Depreciation	-2	-8
Capital gains	5	5
EBIT	-48	-69
Net financial items	8	26
Income after financial items	-40	-43
EBITDAR margin	7.4%	8.4%
Average number of employees	639	671

Traffic and production	2005	Oct-Dec Change	2005	Jan-Dec Change
Scheduled traffic				
No. of passengers (000)	351	-0.8%	1,480	+0.2%
RPK (mill)	2,453	-0.8%	10,473	+0.8%
ASK (mill)	3,113	-4.1%	13,079	+1.1%
Cabin factor	78.8%	+2.7%pt	80.1%	-0.2%pt
Yield, currency adjusted		4.2%		3.2%

[1)] Pertains to Intercontinental traffic.

Competition in Scandinavian Airlines International’s markets increased during 2005. Despite increased competition Scandinavian Airlines International’s traffic increased by 0.8% compared with 2004. Capacity increased at the same time by 1.1% and the cabin factor was 80.1%, on a par with the previous year. During the fourth quarter capacity was reduced by 4.1% while traffic only decreased by 0.8%. This meant that the cabin factor improved by 2.7 percentage points to 78.8%. Business Class traffic rose in 2005 by 4% and by 6% in the fourth quarter.

During 2005 traffic to/from Asia rose by 16%. Copenhagen-Shanghai accounted for the greatest increase where traffic more than doubled and the strongest increase was in Business Class. Capacity on the North Atlantic was reduced during the year by 8% and traffic decreased correspondingly. The decrease was less in Business Class than in Economy Class. Economy Extra, the class between Economy and Business Class, developed positively during the period and rose by 21%. During the fourth quarter the increase was 25%. Due to this positive development, the number of seats in Economy Extra will be increased in 2006.

Despite increased competition, yield improved by 3.2% mainly due to fuel surcharges and an improved mix in 2005. In the fourth quarter, yield rose by 4.2% due to successful campaigns for Business Class and Economy Extra.

From December 2005 Scandinavian Airlines International offers four live television channels on board in cooperation with Connexion by Boeing. Furthermore, Scandinavian Airlines is installing flat beds in Business Class from the beginning of 2006. Scandinavian Airlines International has started new efficiency enhancements designed to ensure competitiveness and profitability.

Operating revenue in 2005 amounted to MSEK 7,736 and passenger revenue was MSEK 5,675. EBITDAR improved compared with the first nine months and amounted to MSEK 647. Income after financial items was MSEK -43 and MSEK -40 in the fourth quarter.

Subsidiary & Affiliated Airlines

(excluding Braathens)

Statement of income

(MSEK)	October-December 2005	October-December 2004	January- December 2005	January- December 2004
Passenger revenue	2,633	1,820	9,536	7,470
Freight revenue	44	31	127	118
Charter revenue	565	496	2,758	2,736
Other traffic revenue	127	85	352	280
Other revenue	362	381	1,579	1,254
Operating revenue	3,731	2,813	14,352	11,858
Payroll expenses	-854	-655	-3,007	-2,485
Selling costs	-88	-73	-375	-350
Jet fuel	-733	-449	-2,400	-1,746
Government user fees	-477	-398	-1,905	-1,696
Catering costs	-170	-162	-634	-721
Handling costs	-290	-199	-950	-786
Technical aircraft maintenance	-265	-139	-1,057	-818
Data and telecommunications costs	-79	-60	-263	-258
Other operating expenses	-484	-369	-1,841	-1,543
Operating expenses	-3,440	-2,504	-12,432	-10,403
Income before depreciation and leasing costs, EBITDAR	291	309	1,920	1,455
Leasing costs for aircraft	-315	-263	-1,247	-1,132
Income before depreciation, EBITDA	-24	46	673	323
Depreciation	-76	-89	-312	-309
Share of income in affiliated companies	-7	6	39	70
Capital gains	18	-2	15	53
Operating income, EBIT	-89	-39	415	137
Net financial items	-30	-26	-136	-110
Subsidiary & Affiliated Airlines – Income after financial items	-119	-65	279	27

Earnings performance

The Subsidiary & Affiliated Airlines business area comprises the airlines Spanair, Widerøe's Flyveselskap and Blue1. In addition, the business area includes the Spanish ground handling company Newco. The business area includes the strategic holdings in 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 2005 the business area accounted for 20% of the SAS Group's operating revenue before group eliminations. The airlines in the business area transported 11.2 million passengers during the year, an increase of 29.9% over the previous year.

The business area's revenue during 2005 amounted to MSEK 14,352 (11,838), an increase of 21%. All units in the business area show increased operating revenue. Operating expenses increased during the year by 19.5% to MSEK 12,432 (10,403). The increase is due to considerably larger volumes and higher fuel prices. EBITDAR improved by 32% and amounted to MSEK 1,920 (1,466).

The business area reported income after financial items of MSEK 279 (27) for the period. Income before capital gains and nonrecurring items was MSEK 264 (-15).

Fourth quarter

Operating revenue for the fourth quarter increased by 32.6% to MSEK 373 (2,813). Passenger revenue increased by 44.7% to MSEK 2,633 (1,820). The increase is due to strong traffic growth for Blue1 and Spanair and a higher yield following the introduction of fuel surcharges.

Operating expenses increased in the fourth quarter by 37.4% to MSEK 3,440 (2,504). Fuel prices rose during the same period by MSEK 284 which, combined with higher volumes, explains the increased costs.

EBITDAR amounted to MSEK 291 (309). Earnings in the fourth quarter were affected by a less favorable development for Widerøe and charged with MSEK 80 relating to incorrect bookkeeping of income and expenses in Spanair during 2005. Income after financial items improved by MSEK 54 and amounted to MSEK -119 (-65). Income before capital gains and nonrecurring items amounted to MSEK -137 (-63).

Traffic and production*		October-December 2005	October-December Change	January-December 2005	January-December Change
Scheduled traffic					
No. of passengers	(000)	2,820	41.2%	11,127	29.9%
RPK	(mill)	2,168	44.8%	8,598	34.4%
ASK	(mill)	3,588	34.6%	14,300	30.5%
Cabin factor		60.4%	4.3%pts	60.1%	1.8%pts

* Spanair, Widerøe, Blue1 and airBaltic.

Traffic development 2005 January-December	Spanair	Widerøe	Blue1	airBaltic
Passengers	21.4%	0.0%	27.8%	76.1%
RPK	17.0%	-0.7%	24.2%	105.3%
ASK	15.0%	-0.3%	1.7%	86.2%
Cabin factor	61.4%	53.2%	61.5%	56.6%
Cabin factor, change	1.1%pts	-0.2%pts	11.1%pts	5.3%pts

Spanair

(MSEK)	Oct-Dec 2005	January-December 2005	2004*
Passenger revenue	1,453	5,797	4,726
Other revenue	781	3,418	3,243
Total revenue	2,234	9,215	7,969
Payroll expenses	-385	-1,369	-1,147
Other operating expenses	-1,651	-6,440	-5,681
Total operating expenses	-2,036	-7,809	-6,828
EBITDAR	198	1,406	1,141
Leasing costs	-272	-1,142	-1,048
EBITDA	-74	264	93
Depreciation	-20	-108	-126
Capital gains	0	-1	47
EBIT	-94	155	14
Net financial items	-24	-108	-66
Income after financial items	-118	47	-52
EBITDAR margin	8.9%	15.3%	15.8%
Average number of employees	2,898	2,832	2,631
CFROI (12 months)		13%	12%

Specified statement of income available at www.sasgroup.net
* Restated earnings, see page 7.

Traffic and production	Oct-Dec 2005	Oct-Dec Change	Jan-Dec 2005	Jan-Dec Change
Scheduled traffic				
No. of passengers (000)	1,702	36.9%	6,850	21.4%
RPK (mill)	1,487	27.7%	5,974	17.0%
ASK (mill)	2,409	18.2%	9,731	15.0%
Cabin factor	61.7%	+4.6%pt	61.4%	+1.1%pt
Yield, (EUR/RPK)		4.9%		4.2%
Unit cost, total incl. charter (local currency)		1.7%		3.4%
Charter traffic				
No. of passengers (000)	433			-5.2%

Spanair opened two new destinations and six new routes in 2005. Capacity increased by 15.0% and traffic by 17.0%. The cabin factor improved during the year by 1.1 percentage points to 61.4%. In the fourth quarter, traffic rose by 27.7% and the number of passengers by 36.9%. In the fourth quarter traffic development was positively affected by weak comparative figures due to an industrial conflict in November/December 2004.

Yield rose in 2005 by 4.2% compared with 2004. The increase is due to the introduction of fuel surcharges and positive development within the business segment. The unit cost rose 3.4% due to increased fuel prices.

Operating revenue increased by 15.6% in 2005 to MSEK 9,215 (7,949). Passenger revenue increased by 22.7% to MSEK 5,797 (4,726) due to larger volumes and improved yield. In the fourth quarter, passenger revenue rose 34.2% to MSEK 1,453 (1,083). Charter revenues were on a par with the previous year after production cutbacks in the first half but a stronger development during the fourth quarter. Operating expenses increased due to the increased capacity and volume by 15.7% to MSEK 7,809 (6,828). Fuel costs increased compared with the previous year by MSEK 400, an increase of 28.6%. EBITDAR improved by 12.3% to MSEK 1,406 (-1,141).

Earnings for the fourth quarter of 2005 were charged with MSEK 80 due to previous incorrect bookkeeping of some income and expense items.

Income before capital gains was positive for the first time since Spanair was consolidated in the SAS Group. Income after financial items improved by MSEK 99 to MSEK 47 (-52) and amounted to MSEK -118 (-103) in the fourth quarter.

widerøe

(MSEK)	Oct-Dec 2005	January-December 2005	2004
Passenger revenue	494	1,736	1,532
Other revenue	220	1,095	970
Total revenue	714	2,831	2,502
Payroll expenses	-283	-1,031	-873
Other operating expenses	-398	-1,466	-1,280
Total operating expenses	-681	-2,497	-2,153
EBITDAR	33	334	349
Leasing costs	-25	-92	-94
EBITDA	8	242	255
Depreciation	-39	-153	-153
Capital gains	17	17	13
EBIT	-14	106	115
Net financial items	-6	-29	-31
Income after financial items	-20	77	84
EBITDAR margin	4.6%	11.8%	13.9%
Average number of employees	1,350	1,331	1,277
CFROI (12 months)		22%	21%

Traffic and production	Oct-Dec 2005	Oct-Dec Change	Jan-Dec 2005	Jan-Dec Change
Scheduled traffic				
No. of passengers (000)	452	2.7%	1,784	0.0%
RPK (mill)	139	2.8%	554	-0.7%
ASK (mill)	259	2.7%	1,042	-0.3%
Cabin factor	53.6%	+0.0%pt	53.2%	-0.2%pt
Yield, (NOK/RPK)		5.0%		2.0%
Unit cost, total incl. charter (local currency)		1.9%		5.0%

Widerøe's positive market development continued in 2005 but the cost trend was negative.

Widerøe's traffic, RPK, decreased in 2005 by 0.7% compared with the previous year and capacity by 0.3%. The cabin factor was 52.2%. Unlike the other units in the SAS Group, Widerøe has a low cabin factor. Regional airlines with contracted routes have lower cabin factors. This is due to the structure of the route network with several stopovers which leads to an average lower occupancy than a nonstop route.

Yield improved in 2005 by 2.0% compared with the previous year, due to the fuel surcharges, market activities and a focus on revenue optimization. The unit cost rose in the same period by 5.0% as a result of less favorable agreements with employees and increased fuel prices. 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. This had a negative impact on revenues and led to higher costs in the fourth quarter, with a total earnings impact of approximately MSEK 3. Widerøe is working on further efficiency enhancements in 2006.

Widerøe has good growth opportunities in a market characterized by intense competition, provided costs are reduced still further. Both the short runway network, transfer traffic to the SAS Group's traffic hubs in Oslo, Copenhagen and Stockholm, and direct routes between small towns in Northern Europe offer development opportunities.

Widerøe's operating revenue in 2005 increased by 13.1% to MSEK 2,831. EBITDAR was MSEK 15 lower than in the previous year and amounted to MSEK 334. The EBITDAR margin was 11.8%. Income after financial items was MSEK 77 (84).

Blue1

(MSEK)	Oct-Dec 2005	January-December 2005	2004
Passenger revenue	408	1,523	1,213
Other revenue	48	181	93
Total revenue	456	1,704	1,306
Payroll expenses	-72	-258	-207
Other operating expenses	-335	-1,238	-1,041
Total operating expenses	-407	-1,496	-1,248
EBITDAR	49	208	58
Leasing costs	-34	-135	-139
EBITDA	15	73	-81
Depreciation	-3	-13	-11
EBIT	12	60	-92
Net financial items	2	2	-19
Income after financial items	14	62	-111
EBITDAR margin	10.7%	12.2%	4.4%
Average number of employees	441	444	366
CFROI (12 months)		22%	6%

Traffic and production	2005	Oct-Dec Change	2005	Jan-Dec Change
Scheduled traffic				
No. of passengers (000)	388	23.6%	1,456	27.8%
RPK (mill)	240	21.4%	908	24.2%
ASK (mill)	378	0.5%	1,476	1.7%
Cabin factor	63.4%	+10.9%pt	61.5%	+11.1%pt
Yield, (EUR/RPK)		-0.7%		0.0%
Unit cost, total incl. charter (local currency)		5.7%		6.1%

The traffic trend remained positive during the fourth quarter and traffic (RPK) for the full-year 2005 was 24.2% higher than in 2004. The cabin factor for 2005 improved by 11.1 percentage points to 61.5%. Domestic routes performed particularly well with a cabin factor for the full year of 66.0%. The total number of passengers in 2005 was 1.5 million, an increase of 27.8% compared with the previous year.

Capacity increased in 2005 by 1.7% compared with 2004. A redistribution of capacity took place during the year from the European routes to the Finnish domestic routes.

During the fourth quarter traffic rose 21.4% compared with the previous year with in principle unchanged capacity, which meant that the cabin factor for the fourth quarter improved by 10.9 percentage points to 63.4%. The profiling of Blue1 "Taito Lentää" (the art of flying) achieved its aim of increasing awareness of Blue1.

Yield for the full year was on a par with the previous year and 0.7% lower in the fourth quarter due to a new business model, which was compensated by a higher cabin factor.

Unit cost increased during the year by 6.1% due to higher fuel costs and a new traffic program.

Passenger revenue for 2005 increased by MSEK 310 compared with the previous year and amounted to MSEK 1,523 (1,213). Operating revenue increased by 30% to MSEK 1,704 (1,306). 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 173 and amounted to MSEK 62 (-111). The improved earnings are mainly due to an improved cabin factor. During the fourth quarter income after financial items improved by MSEK 28 to MSEK 14 (1).

Airline Support Businesses

Statement of income

(MSEK)	October-December 2005	October-December 2004	January-December 2005	January-December 2004
Operating revenue	3,835	3,588	14,876	14,213
Payroll expenses	-1,728	-1,590	-6,569	-6,204
Handling costs	-361	-314	-1,356	-1,158
Technical aircraft maintenance	-542	-394	-1,805	-1,695
Data and telecommunications costs	-138	-165	-583	-603
Other operating expenses	-872	-920	-3,684	-3,476
Operating expenses	-3,641	-3,383	-13,997	-13,136
Income before depreciation, EBITDA	194	205	879	1,077
Depreciation	-91	-122	-367	-491
Share of income in affiliated companies	-23	0	-23	0
Capital gains	-72	5	-72	5
Operating income, EBIT	8	88	417	591
Net financial items	-30	-25	-130	-84
Airline Support Businesses - Income after financial items	-22	63	287	507

	SAS Ground Services January-December 2005	2004	SAS Technical Services January-December 2005	2004	SAS Cargo Group January-December 2005	2004
Operating revenue	6,185	6,212	5,520	4,927	3,308	2,833
External operating revenue	17.3%	16.9%	19.6%	17.6%	95.6%	96.0%
Operating expenses	-5,960	-5,792	-5,011	-4,328	-3,176	-2,757
EBITDA	225	420	509	599	132	76
EBIT	110	273	210	300	83	35
Income after financial items	97	279	110	230	63	14
Average number of employees	6,952	6,962	-3,564	3,594	1,328	1,266
EBT before nonrecurring items	228	279	212	230	67	14

Earnings performance

Airline Support Businesses' operations comprise SAS Ground Services (SGS), SAS Technical Services (STS) and SAS Cargo Group. SGS is a full-service supplier within Airline Ground handling and airport related services. STS provides technical maintenance of aircraft, engines and other components to airlines within and outside the SAS Group.

Competition increased for the units within the business area in 2005. Profitability in the second half of 2005 was lower for SGS due to intensified competition while STS had low capacity utilization and logistics problems within SAS Component which had a negative impact on STS's earnings. Operating revenue increased in 2005 by 4.7% to MSEK 14,876 (14,213) due to higher volumes, particularly in the first half of the year. Income after financial items decreased by MSEK 220 to MSEK 287 (507).

In the fourth quarter, operating revenue was on a par with the previous year and amounted to MSEK 3,835 (3,588). Low volumes within STS and a weaker result within SAS Component meant that the business area's income after financial items decreased by MSEK 85 to MSEK -22 (63).

SGS and STS will be affected in 2006 by lower prices, changed product orders, and a lower business volume corresponding to MSEK 500-700, which will have a negative impact on 2006 earnings compared with 2005.

SAS Ground Services (SGS)
Lower volumes and internal efficiency enhancements led to redundancies at SGS in Denmark and Sweden. Redundancies of 460 FTEs were handled during the year. During 2005 analyses were conducted of the operations in Norway and Sweden which show that SGS's prices are at market levels. In Denmark, SGS needs to carry out restructuring in order to be able to offer market prices to Scandinavian Airlines Danmark.

Earlier in the year, SGS renewed and signed new agreements with: Britannia Airways, LOT Polish Airways, South African Airways, Thai Airways, Mahan Air and Thomas Cook. Competition, price pressure and lower volumes affected earnings. Icelandair and Sterling did not renew their agreements with SGS during the year. This affected SGS's annual operating revenue by about MSEK 200.

Operating revenue in 2005 amounted to MSEK 6,185 (6,212), a decrease of 0.4% compared with the previous year. Income after financial items was MSEK 97 (279). Earnings were charged with restructuring costs of MSEK 131, mainly related to SGS in Denmark.

SAS Technical Services (STS)
In the fourth quarter, 67% of SAS Component Group A/S was sold to Singapore Technologies.

Activities designed to adjust capacity within heavy/medium maintenance (Airframe) are almost completed and the number of employees decreased by approximately 110 FTEs during the year. Approximately 200 FTEs are planned to be reduced in line maintenance in 2006.

Operating revenue for the full-year 2005 amounted to MSEK 5,520 (4,927), an increase of 12% compared with 2004. External revenues increased by 9% to MSEK 1,084. EBITDA amounted to MSEK 509, a decrease of MSEK 90 compared with the previous year. The main reason is a less favorable operating income within SAS Component. In addition, a capital loss of MSEK 72 from the sale of SAS Component and restructuring costs of MSEK 30 were included in earnings. Income after financial items amounted to MSEK 110 (230).

SAS Cargo's operating revenue rose in 2005 to MSEK 3,308 (2,833). Operating revenue was negatively affected by lower belly capacity on the intercontinental routes which is compensated by more all-cargo capacity. The markets in Europe and Scandinavia had weak development. As a result of the introduction of fuel surcharges, yield rose in the fourth quarter and amounted to SEK 1.92 (2.03). The underlying downward trend is expected to continue.

SAS Cargo's income after financial items improved by MSEK 49 to MSEK 63 (14).

Airline Related Businesses

Statement of income

(MSEK)	October-December 2005	October-December 2004	January-December 2005	January-December 2004
Operating revenue	360	734	1,582	2,913
Payroll expenses	-70	-126	-350	-447
Handling costs	-52	-48	-171	-194
Costs of sold goods incl. concession fees	-28	-340	-184	-1,431
Data and telecommunications costs	-9	-14	-50	-55
Other operating expenses	-151	-168	-670	-589
Operating expenses	-310	-696	-1,425	-2,716
Income before depreciation, EBITDA	50	38	157	197
Depreciation	-26	-33	-122	-142
Share of income in affiliated companies	-1	0	-1	0
Capital gains	36	1	36	1
Operating income, EBIT	59	6	70	56
Net financial items	-4	-2	-14	-13
Airline Related Businesses – Income after financial items	55	4	56	43

	SAS Flight Academy		Jetpak		European Aeronautical Group		SAS Business Opportunities
	January-December 2005	January-December 2004	January-December 2005	January-December 2004	January-December 2005*	January-December 2004	Jan-Dec 2005
Operating revenue	447	515	481	459	164	194	228
External operating revenue	48.8%	41.2%	98.8%	99.6%	62.8%	64.6%	99.1%
Operating expenses	-326	-382	-428	-421	-142	-162	-216
EBITDA	121	133	53	38	22	32	12
EBIT	79	46	33	19	12	19	10
Income after financial items	75	46	29	18	11	19	12
Average no. of employees	163	156	162	177	157	156	25

* pertains solely to January-October

Earnings performance

During 2005 the Airline Related Businesses business area comprised the units SAS Flight Academy, Jetpak Group, European Aeronautical Group, SAS Business Opportunities and SAS Media.

SAS Flight Academy is a leading trading 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 and SAS Business Opportunities which provides increased profitability to the Group's companies by creating ancillary revenue. The SAS Group completed the sale of European Aeronautical Group in November. The sale of Jetpak Group was completed in December.

The business area's operating revenue in 2005 amounted to MSEK 1,582 (2,913). The decrease is mainly to the winding up of SAS Trading. As a result of the lower volumes, EBITDA was lower and amounted to MSEK 157 (197). Income after financial items amounted to MSEK 56 (43).

SAS Flight Academy's operating revenue fell during 2005 by MSEK 68 to MSEK 447 (515). The decrease is mainly due to lower volumes to Scandinavian Airlines Businesses. The trend with rising revenues from customers outside the SAS Group continued and SAS Flight Academy acquired a number of new customers during the period. Despite lower revenues, income after financial items was higher than in the previous year and amounted to MSEK 75 (46).

Jetpak's operating revenue increased in 2005 by 4.7% to MSEK 481 (459). Income after financial items improved by MSEK 11 to MSEK 29 (18). Jetpak Group was sold to Polaris Private Equity in December 2005.

European Aeronautical Group was sold in November 2005 to Navtech Inc. Operating revenue in January-October amounted to MSEK 164. Income after financial items amounted to MSEK 12 during the period.

SAS Business Opportunities' operating revenue amounted to MSEK 228 in 2005. 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 12. Comparative figures are not available since the unit was formed on October 1, 2004.

Hotels

Rezidor SAS

Statement of income

(MSEK)	October-December 2005	October-December 2004	January- December 2005	January- December 2004
Rooms revenue	811	652	2 988	2 431
Food and beverage revenue	554	457	1 708	1 430
Other revenue	221	206	762	691
Operating revenue	1,586	1,315	5 458	4 552
Operating expenses	-482	-380	-1 710	-1 494
Payroll expenses	-540	-473	-1 926	-1 664
Rental expenses, property insurance and property tax	-408	-350	-1 468	-1 257
Income before depreciation	156	112	354	137
Depreciation	-32	-38	-179	-163
Share of income in affiliated companies	23	6	58	28
Capital gains	58	52	63	53
Operating income, EBIT	205	132	296	55
Net financial items	67	3	6	-15
Hotels - Income after financial items	272	135	302	40
Key figures				
EBITDA, MSEK [1]	179	118	412	165
Revenue per available room (SEK) (RevPAR) [2]	625	541	622	557
Revenue per available room (EUR) (RevPAR) [2]	66	59	67	61
Occupancy rate [2]	55.2%	51.3%	67.3%	64.6%
Gross profit margin	35.6%	35.1%	33.4%	30.6%
Number of rooms available/night	13,455	12,716	12,561	11,322
Number of rooms available/night [2]	29,566	27,004	27,836	25,309
Number of hotels	61	60	61	50
Number of hotels including management and franchise	217	196	217	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 full year amounted to MSEK 5,458 (4,552), an increase of 19.9%. The increase is mainly attributable to new hotels, MSEK 602. Comparable units also show an increase of MSEK 304. Hotels that have left the chain and exchange rate differences net amount to zero.

Revenue per available room (RevPAR) continued to increase in the European hotel market throughout 2005. For comparable units within Rezidor SAS, revenue per available room was 11% higher than in 2004.

Similar growth was also seen in the local markets. Copenhagen had the biggest increase in RevPAR in the European market, 19%. Other Nordic capitals also showed strong growth: Oslo 13%, Stockholm 10% and Helsinki 9%. In the European market, the increase was more mixed with an average of 3-4%. Despite the terrorist attacks last summer, London had a growth of 4%. The markets in Eastern Europe and Russia continue to show strong growth while the trend in the Middle East is more mixed.

Key ratios for 2005 show the following trend:
- RevPAR reached EUR 67 (SEK 622), an increase of EUR 6
- Average price amounted to EUR 99 (SEK 919), an increase of EUR 5.
- The occupancy rate rose 2.7% to 67.3%.

In 2005, Rezidor SAS signed 29 contracts for new hotels. 21 new Park Inn hotels and 16 new Radisson SAS hotels were opened during the year. At year-end 2005, Rezidor SAS had 263 hotels, of which 46 were under construction, in 48 countries.

EBITDA, income before depreciation and including share of income in affiliated companies, amounted to MSEK 412 (165) for 2005 and MSEK 179 (118) for the fourth quarter. The improved earnings compared with 2004 are mainly due to improved EBITDA for comparable units.

Radisson SAS Hotel London Stansted Airport was sold in the fourth quarter, which provided a capital gain of MSEK 58. Rezidor SAS signed a long-term management agreement for continued operation of the hotel.

Financial items include effect from market valuation of financial fixed assets of MSEK 62.

Income after financial items, EBT, was MSEK 302 (40) for the full period and MSEK 272 (135) for the fourth quarter.

In the first quarter, the SAS Group concluded an agreement with the U.S.-based Carlson Hotels Worldwide. Under this agreement Carlson Hotels acquired, via a new issue, 25% in Rezidor SAS in exchange for improved commercial terms in the parties' Master Franchise Agreement. The agreement was completed in June and provided a cost reduction of MEUR 6.0 for the second half of 2005. 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 applied on December 31, 2005.

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

(MSEK)	January 1 2004	IFRS effects	January 1 2004 according to IFRS	December 31 2004	IFRS effects	December 31, 2004 according to IFRS
Intangible fixed assets	2,810		2,810	3,095	151	3,246
Tangible fixed assets	29,706		29,706	24,166	-48	24,118
Financial fixed assets	10,252		10,252	11,074	20	11,094
Total fixed assets	42,768		42,768	38,335	123	38,458
Current assets	1,286		1,286	1,289		1,289
Current receivables	8,155		8,155	9,459		9,459
Cash, bank and short-term investments	9,066		9,066	8,595		8,595
Total current assets	18,507		18,507	19,343		19,343
Total assets	61,275		61,275	57,678	123	57,801
Shareholders' equity	12,897	29	12,926	10,914	130	11,044
Minority interests	29	-29	-	8	-8	-
Provisions	4,888		4,888	4,255	1	4,256
Long-term liabilities	20,855		20,855	21,103		21,103
Current liabilities	22,606		22,606	21,398		21,398
Total shareholders' equity and liabilities	61,275	0	61,275	57,678	123	57,801

Reconciliation statement of income January-December 2004

(MSEK)	January-December 2004	IFRS effects	January-December 2004 accord. IFRS
Operating revenue	58,093		58,093
Payroll expenses	-19,585		-19,585
Other operating expenses	-34,136	96	-34,040
Leasing costs for aircraft	-2,689		-2,689
Depreciation	-2,853	7	-2,846
Share of income in affiliated companies	137	20	157
Income from the sale of shares in subsidiaries and affiliated companies	5		5
Income from the sale of aircraft and buildings	113		113
Operating income	-915	123	-792
Income from other shares and participations	1		1
Net financial items	-1,042		-1,042
Income after financial items	-1,956	123	-1,833
Tax	69	-1	68
Minority interests	5	-5	-
Net income for the period	-1,882	117	-1,765
Attributable to:			
Parent Company shareholders			-1,760
Minority interests			-5

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

(MSEK)	December 31, 2004 according to IFRS	IFRS effects IAS39	January 1,2005 accord. IFRS
Intangible fixed assets	3,246		3,246
Tangible fixed assets	24,118		24,118
Financial fixed assets	11,094	-64	11,030
Total fixed assets	38,458	-64	38,328
Current assets	1,289		1,289
Current receivables	9,459	205	9,664
Cash, bank and short-term investments	8,595	1	8,596
Total current assets	19,343	206	19,549
Total assets	57,801	142	57,943
Shareholders' equity	11,044	1,468	12,512
Provisions	4,256	571	4,827
Long-term liabilities	21,103	-1,581	19,522
Current liabilities	21,398	-316	21,082
Total shareholders' equity and liabilities	57,801	142	57,943

Reconciliation consolidated shareholders' equity

	Note	(MSEK)
Equity January 1, 2004, according to Swedish accounting principles		12 897
Effects of change of accounting principles according to IFRS		
Minority interests	c	29
Equity according to IFRS January 1, 2004		12,926
Equity December 31, 2004, according to Swedish accounting principles		10,914
Effects of change of accounting principles according to IFRS		
Goodwill amortization	a	171
Depreciation of engines	b	-48
Deferred tax on IFRS effects	e	-1
Minority interests	c	8
Total IFRS effects		130
Equity according to IFRS December 31, 2004		11,044
Fair value of short-term investments	d	1
Fair value of financial derivative instruments	d	-348
Amortized cost of financial borrowings	d	116
Fair value hedge	d	0
Cash flow hedge, commercial flows	d	22
Cash flow hedge, aircraft	d	2,248
Deferred tax on IFRS effects	e	-571
Total IFRS effects		1 468
Equity according to IFRS January 1, 2005		12,512

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. **Tangible fixed assets**
Reporting of tangible fixed assets according to IAS16 Property, Plant and Equipment will also in the future be done at historical cost including accumulated depreciation and write-downs and with regular testing for impairment. As regards the aircraft fleet, a number of essential components have been identified. The useful life of the different components has been determined whereby it was found that all components, with the exception of aircraft engines, have the same useful life, i.e. 20 years. In accordance with official requirements, engines must be maintained and significant engine parts changed after a specific number of take-offs and landings and flight hours. This maintenance occurs on average every eighth year depending on type of aircraft. Completed maintenance is capitalized and depreciated over a relevant period for each aircraft type. Application of component depreciation relating to aircraft engines affects the Group's earnings and equity for 2004 by MSEK -48 in increased depreciation. In addition, MSEK 96 is restated from maintenance costs to depreciation.

c. **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.
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d. **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.

e. **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

AEA - Association of European Airlines. An organization comprising the largest European airlines.
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) – Net income for the period 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 – Equity including minority interests 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 for the period attributable to Parent Company shareholders in relation to average shareholders' equity excluding minority interests.
Revenue passenger kilometers (RPK) - See RPK.
RevPAR, Revenue per available room - Revenue per available hotel room.
RPK, 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.
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.
Unit revenue (yield) - Average traffic revenue per RPK.
Yield - See Unit revenue.

Important events

First quarter 2005

- John Dueholm took over responsibility for 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 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 member of SAS AB's Board were re-elected and Timo Peltola was elected as a new member of the Board.
- 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.

Fourth quarter 2005

- On October 1, Håkan Ericsson became a new member of Group Management with responsibility for Support Businesses and Airline Related Businesses.
- The SAS Group concluded an agreement with Copenhagen Airport regarding the level of charges for the period 2006-2008.
- During a routine check-up in November 2005 it was found that planned inspections of engines and engine mounts on Airbus A340s had not been carried out. The reason was inadequate administrative routines and these were changed immediately. When the inspections were carried out, no faults were found so flight safety had not been threatened.
- Widerøe won the tender for 11 out of 16 routes on the Norwegian short runway network.
- The SAS Group sold European Aeronautical Group to Navtech Inc. for MSEK 162.
- The SAS Group sold Jetpak Group to Polaris Private Equity for MSEK 492.
- The SAS Group sold 67% of SAS Component to Singapore Technologies Engineering. The total value of the transaction amounted to MSEK 500.
- Blue1 decided to start services from Helsinki to nine new European destinations from the first quarter of 2006.

Events after December 31, 2005

- In Spanair, some income and expense items were incorrectly booked for the period 2002-2005.
- Pilots in Scandinavian Airlines Danmark carried out an unofficial action which meant that almost all flights from Copenhagen were canceled for three days. At the same time, the pilots in SAS Braathens had an unusually high number of sick listings which led to a large number of canceled flights.
- The Supreme Court in Norway overturned the verdict from Eidsiva Court of Appeals which had acquitted SAS Ground Services in a court case concerning employee rights in connection with the transfer to Braathens in 2002.

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