

Record number of passengers contributed to positive result

- **Operating revenue for the first six months** amounted to MSEK 32,383 (29,033), an increase of 11.5%. For the second quarter, operating revenue amounted to MSEK 17,916 (16,017), an increase of 11.9%.
- **Number of passengers** rose by 8.7% to 18.8 million during the first six months and by 6.0% during the second quarter to 10.3 million, while the cabin factor increased by 4.1 percentage points to 74%.
- **Nonrecurring items** totaling MSEK 265 were charged to the results for the second quarter, of which MSEK 160 pertains to costs for the closure of the Sola base and MSEK 105 is the effect of a legal process relating to Scandinavian Ground Services in Norway.
- **Income before capital gains and nonrecurring items** amounted to MSEK -425 (-733) for the six-month period, an improvement of MSEK 308. Income for the second quarter totaled MSEK 894 (579). Income for the second quarter of 2006 was affected negatively in an amount of approximately MSEK 200 by the cabin crew conflict and the Easter effect in April.
- **Net income for the period** amounted to MSEK -511 (-472) for the six-month period and to MSEK 553 (499) for the second quarter.
- **CFROI** for the twelve-month period July 2005-June 2006 was 13% (12%).
- **Earnings per share** for the SAS Group were SEK -3.31 (-2.85) for the six-month period and SEK 2.97 (3.01) for the second quarter. Equity per share was SEK 68.13 (70.41).
- **Currency-adjusted total unit cost**, adjusted for higher fuel prices, rose by 2.2% for Scandinavian Airlines Businesses during the period January-June 2006. During the same period, fuel costs, adjusted for currency and volume, increased by MSEK 1,150.
- **Cost savings** corresponding to SEK 2.5 billion are currently being implemented. To date, 49% of these measures have been put into effect.
- **President and CEO of the SAS Group**, Jörgen Lindegaard, announced that he would leave the Group. Deputy CEO Gunnar Reitan took over as Acting President and CEO as from August 1. Recruitment is in progress.

SAS Group	Q1		Q2		Q3		Q4			
	January-March		April-June		July-September		October-December			July-June
(MSEK)	2006	2005	2006	2005	2005	2004	2005	2004	2005-06	2004-05
Revenue	14,467	13,016	17,916	16,017	16,567	15,428	16,287	14,945	65,237	59,406
EBITDAR	219	222	2,287	2,236	2,154	1,775	1,505	1,202	6,165	5,435
EBITDAR margin	1.5%	1.7%	12.8%	14.0%	13.0%	11.5%	9.2%	8.0%	9.5%	9.1%
EBIT	-1.161	-1.048	881	949	802	363	670	-119	1,192	145
EBIT margin	-8.0%	-8.1%	4.9%	5.9%	4.8%	2.4%	4.1%	-0.8%	1.8%	0.2%
Income before capital gains and nonrecurring items	-1.319	-1.312	894	579	619	184	228	-320	422	-869
Income after financial items	-1.387	-1.290	643	590	545	88	573	-395	374	-1,007
Net income for the period	-1.064	-971	553	499	529	119	198	-627	216	-980
Earnings per share (SEK)	-6.29	-5.86	2.97	3.01	3.03	0.60	0.88	-3.71	0.60	-5.97
Cash flow before financing activities	222	-1,131	1,580	1,675	449	-421	1,515	1,287	3,766	1,410

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

Statement of income

(MSEK)	April-June		January-June		July-June	
	2006	2005	2006	2005	2005-06	2004-05
Revenue	17,916	16,017	32,383	29,033	65,237	59,406
Payroll expenses	-5,346	-5,138	-10,492	-10,112	-20,847	-19,739
Other operating expenses	-10,283	-8,643	-19,385	-16,463	-38,225	-34,232
Leasing costs for aircraft	-894	-766	-1,785	-1,452	-3,466	-2,824
Depreciation	-559	-607	-1,082	-1,233	-2,261	-2,650
Share of income in affiliated companies	33	45	40	65	109	117
Income from the sale of shares in subsidiaries and affiliated companies	2	-2	2	-2	484	0
Income from the sale of aircraft and buildings	12	43	39	65	161	67
Operating income	881	949	-280	-99	1,192	145
Income from other shares and participations	1	48	1	48	3	49
Net financial items	-239	-407	-465	-649	-821	-1,201
Income after financial items	643	590	-744	-700	374	-1,007
Tax	-90	-91	233	228	-158	27
Net income for the period	553	499	-511	-472	216	-980
Attributable to:						
Parent Company shareholders	489	495	-545	-469	98	-982
Minority interests	64	4	34	-3	118	2
Earnings per share (SEK) ¹⁾	2.97	3.01	-3.31	-2.85	0.60	-5.97

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

Income before capital gains and nonrecurring items

(MSEK)	April-June		January-June		July-June	
	2006	2005	2006	2005	2005-06	2004-05
Income after financial items	643	590	-744	-700	374	-1,007
Impairment losses	0	0	0	0	0	27
Restructuring costs	160	78	255	78	590	226
Capital gains	-14	-89	-41	-111	-647	-115
Other nonrecurring items ¹⁾	105	0	105	0	105	0
Income before capital gains and nonrecurring items	894	579	-425	-733	422	-869

1) Pertains to additional payroll costs resulting from a judgment by the Norwegian Supreme Court regarding the rights of employees in Scandinavian Ground Services.

Financial key ratios

(MSEK)	June		December		June	
	2006	2005	2006	2005	2005	2004
EBITDAR	2,506	6,117	2,458	1,491		
EBITDA	721	2,984	1,006	174		
EBIT	-280	1,373	-99	-1,036		
EBITDAR margin (12-month rolling)	9%	10%	9%	7%		
EBIT margin (12-month rolling)	2%	2%	0%	-1%		
CFROI (12-month rolling)	13%	13%	12%	7%		
Return on equity (12-month rolling)	1%	1%	-9%	-10%		
Equity/assets ratio	21%	21%	20%	19%		
Net debt, MSEK	3,279	5,865	8,426	10,851		
Financial net debt, MSEK	11,815	14,228	16,510	18,352		
Debt/equity ratio	1.00	1.18	1.36	1.57		
Adjusted debt/equity ratio	2.96	2.90	2.91	3.09		
Interest coverage ratio (12-month rolling)	1.3	1.3	0.4	0.2		

Traffic-related key figures

SAS Group	July-September		October-December		January-March		April-June		July-June	
	2005	2004	2005	2004	2006	2005	2006	2005	2005-06	2004-05
No. of passengers (000)	9,714	9,133	9,250	8,154	8,532	7,606	10,325	9,743	37,821	34,636
RPK (mill.)	10,219	9,727	8,953	8,155	8,179	7,638	10,357	9,651	37,708	35,171
ASK (mill.)	13,599	13,899	12,882	13,039	12,275	12,464	14,005	13,813	52,761	53,215
Cabin factor	75.1%	70.0%	69.5%	62.5%	66.6%	61.3%	74.0%	69.9%	71.5%	66.1%
Yield, SEK	1.02	0.99	1.15	1.18	1.16	1.11	1.16	1.13	1.12	1.10
Total unit cost, SEK	0.74	0.66	0.80	0.73	0.78	0.74	0.76	0.71	0.77	0.71

SAS Group's traffic results

The traffic trend in the airline industry was favorable during the first half of 2006. Traffic (RPK) increased by 5.9% during the period for member airlines of the Association of European Airlines (AEA). The largest growth was in traffic to/from Asia and within Europe. The SAS Group's traffic increased by 7.2% during the first six months of 2006. This is more than the AEA, which means that the Group's market share grew.

During the second quarter of 2006, growth was somewhat higher and amounted to 7.3%. Blue 1 had the largest traffic growth within the SAS Group, with an increase of 42.6%.

Total capacity (ASK) for the SAS Group remained unchanged during the first six months. The cabin factor increased by 4.7 percentage points during the first six months to a record level of 70.5%. The number of passengers rose by 8.7% to 18.9 million.

On the intercontinental routes, capacity was reduced by 7.8% during the first six months of 2006 and traffic was 6.3% lower. The decline is attributable to closure of the Bangkok-Singapore route, which is served in cooperation with Swiss. There was continued strong development in traffic on the European routes. During the period, traffic increased by a total of 19.8%. Capacity increased by 6.8%, which means that the cabin factor improved by 7.3 percentage points to 67.8%.

Scandinavian Airlines Danmark's traffic increased by 6.8%, despite a reduction in capacity of 8.1%. At Scandinavian Airlines Sverige, traffic declined by 1.9% after capacity was reduced by 10.4%. During the period, SAS Braathens opened 12 new European routes, which contributed to traffic increasing by 8.6% and capacity by 2.4%.

SAS Group*		Apr-Jun 2006	Change over 2005	Jan-Jun 2006	Change over 2005
No. of passengers	(000)	10,325	6.0%	18,856	8.7%
Passenger km	(mill.)	10,357	7.3%	18,533	7.2%
Seat km	(mill.)	14,005	1.4%	26,274	0.0%
Cabin factor		74.0%	+4.1p.p.	70.5%	+4.7p.p.

Traffic results by route sector

	Apr-Jun 06 vs. Apr-Jun 05		Jan-Jun 06 vs. Jan-Jun 05	
	Traffic	Capacity	Traffic	Capacity
	(RPK)	(ASK)	(RPK)	(ASK)
Intercontinental	-6.2%	-5.1%	-6.3%	-7.8%
Europe	20.8%	9.1%	19.8%	6.8%
Intra-Scandinavian	7.7%	-3.0%	9.5%	-2.5%
Denmark (domestic)	-5.6%	-19.5%	-4.7%	-17.3%
Norway (domestic)	-0.4%	-5.7%	1.8%	-2.4%
Sweden (domestic)	-23.4%	-23.0%	-14.8%	-18.6%

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

Traffic by company

January-June	Traffic	Capacity	Cabin factor	Change in
	(RPK)	(ASK)	(%)	cabin factor
SAS Group	7.2%	0.0%	70.5%	+4.7p.p.
SAS Danmark	6.8%	-8.1%	71.2%	+9.9p.p.
SAS Braathens	8.6%	2.4%	67.9%	+3.9p.p.
SAS Sverige	-1.9%	-10.4%	69.1%	+6.0p.p.
SAS International	-6.3%	-7.8%	81.7%	+1.3p.p.
Spanair	29.7%	15.5%	65.2%	+7.2p.p.
Widerøe	7.7%	2.2%	60.6%	+4.0p.p.
Blue1	42.6%	33.2%	64.2%	+4.2p.p.
airBaltic	35.8%	19.5%	60.2%	+7.2p.p.

Financial performance

January-June 2006

The SAS Group's income for the first six months is negative due to the seasonally weak first quarter and that both quarters were affected by conflicts with a total estimated impact of MSEK 350. Nonrecurring items totaling MSEK 360 were charged to six-month results. Of this, MSEK 105 pertains to the effect of a judgment in Norway and MSEK 160 to SAS Technical Services. The underlying trend was particularly strong in May and June.

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

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

The net effect of currency fluctuations between the period January-June 2005 and 2006 was MSEK 46. The effect is MSEK 1,015 on operating revenue, MSEK -989 on operating expenses, and MSEK 20 on net financial items.

The SAS Group's operating revenue amounted to MSEK 32,383 (29,033), up MSEK 3,350 or 11.5%. Adjusted for currency effects and noncomparable units, the increase was MSEK 2,516 or 8.7%. Passenger traffic (RPK) rose 7.2% for the Group. Scandinavian Airlines Businesses' traffic rose 0.5% compared with 2005, and the currency-adjusted yield was up 1.6% compared with the corresponding period in 2005.

Payroll expenses rose by MSEK 380, or 3.8%, and amounted to MSEK 10,492 (10,112). Adjusted for currency effects and noncomparable units as well as nonrecurring items of MSEK 300 (63), payroll expenses were MSEK 181, or 1.8% higher than the preceding year. Nonrecurring items for 2006 include MSEK 105 attributable to the outcome in the Norwegian Supreme Court regarding the integration of Braathens ground handling personnel in 2002. The remaining MSEK 195 pertains to costs for the reduction in personnel in SAS Technical Services, MSEK 121, and at SAS Braathens, MSEK 74. The number of employees rose 2.1% in comparable units, due to higher volumes in Subsidiary & Affiliated Airlines and a larger number of hotels in Rezidor SAS, while the number of employees in Scandinavian Airlines Businesses and Support Businesses declined.

The Group's other operating expenses rose by MSEK 2,922, or 17.7%, to MSEK 19,385. Adjusted for currency effects, noncomparable units and provisions for unutilized premises of MSEK 60, expenses increased by MSEK 2,207, or 13.4%, due to higher fuel costs and higher volumes in Rezidor and Subsidiary & Affiliated Airlines (16% increase in ASK). The Group's costs for jet fuel amounted to MSEK 4,933 (3,483). Adjusted for a negative currency effect owing to a stronger USD, fuel costs increased by MSEK 1,145. The market price (spot price) during the period was on average 25% higher than in the first six months of 2005.

Operating income before depreciation and leasing costs, EBITDAR, was MSEK 2,506 (2,458).

Leasing costs amounted to MSEK 1,785 (1,452), an increase of MSEK 333. Depreciation was MSEK 1,082 (1,233), a decrease of MSEK 151. Decreased depreciation is primarily due to the sale and leaseback of aircraft, which resulted in higher leasing costs. Adjusted for currency effects, total leasing costs and depreciation combined were MSEK 49 higher than in the preceding year.

Share of income in affiliated companies amounted to MSEK 40 (65). The change between 2005 and 2006 is mainly due to lower earnings at Estonian Air. The share of income in Component Group was MSEK -36 (-) for the first six months. In 2005, airBaltic was included in an amount of MSEK -21.

Income before capital gains and nonrecurring items amounted to MSEK -425 (-733).

The Group's income from the sale of aircraft and buildings amounted to MSEK 39 (65). This includes the sale and leaseback of one McDonnell Douglas MD-80 and three Airbus A321s and the sale of a property in Bromma.

The improvement in income is primarily attributable to strong improvements in cabin factor, increased yield and continued cost focus.

The Group's net financial items amounted to MSEK -465 (-649). Net interest was MSEK -436 (-579). The currency effect was MSEK -5 (-25). Other net financial expenses were MSEK -24 (-45).

Income after financial items amounted to MSEK -744 (-700).

The change in income after financial items is due to:

Currency effect	46
Income before depreciation and leasing costs, EBITDAR	-111
Leasing costs and depreciation	-49
Share of income in affiliated companies	-25
Net interest, etc.	164
Capital gains	-69
Total changes	-44

Second quarter of 2006

The SAS Group reported positive income for the second quarter. Income before nonrecurring items was MSEK 315 higher than in 2005, despite Easter occurring in April this year and the cabin crew conflict in Norway. The improvement in income for the quarter occurred in May and June.

The Group's operating revenue amounted to MSEK 17,916 (16,017), an increase of MSEK 1,899, or 11.9%.

The Group's passenger traffic increased by 7.3%. In Scandinavian Airlines Businesses, traffic declined by 0.1%, while the yield increased by 1.9% during the quarter.

Operating expenses, including payroll expenses, totaled MSEK 15,629 (13,781). Adjusted for currency effects and noncomparable units as well as nonrecurring items of MSEK 265 (78), operating expenses were 10% higher than in the preceding year due to higher fuel costs and increased volumes. With regard to the currency effect, the fuel cost increased by MSEK 631 compared with the second quarter of the preceding year. During April-June 2006, the market price of fuel was an average of 24% higher than in the preceding year.

EBITDAR for the second quarter amounted to MSEK 2,287 (2,236).

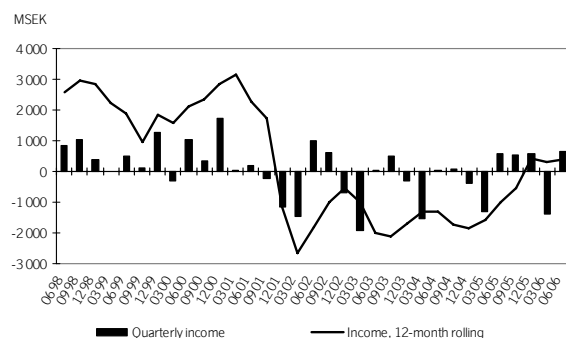
Income before capital gains and nonrecurring items was MSEK 894 (579).

Capital gains on aircraft transactions amounted to MSEK 12 (43).

The Group's net financial items amounted to MSEK -239 (-407). Net interest was MSEK -223 (-373), a decline of MSEK 150. The decline mainly comprises positive effects from the valuation of financial instruments in accordance with IAS39, MSEK 59 (-66).

Income after financial items amounted to MSEK 643 (590).

Income after financial items



New business models

New business models require further measures

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

- Commercial concepts
- Networks
- Costs

Commercial concepts

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

In autumn 2005, Scandinavian Airlines was the first network carrier to introduce a new business model based on one-way fares on European and Scandinavian routes. Spanair, Blue1 and airBaltic introduced similar customer-centered offerings in earlier years. In autumn 2006, Scandinavian Airlines will launch a new product concept based on increased transparency ("value for money"), greater focus on B2B and a larger degree of harmonization.

Networks

The airlines' networks are to be sized to accommodate local traffic flows and profitable feeder traffic. By focusing on dynamic traffic planning and round-trip management, the SAS Group's units have begun to seasonally adjust capacity to a greater extent, for example, in the winter months and in July.

Costs

The new group structure of incorporated units facilitates comparisons with competitors and allows new measures to be implemented faster. The SAS Group has simplified each company's business model, which enables further efficiency measures.

Based on an analysis, the SAS Group identified and required further adjustments based on each subsidiary's unit cost level. On the basis of the Group's requirements, the subsidiaries identified cost reductions for 2006-2007 corresponding to SEK 2.5 billion. Efforts to quality assure and identify further measures are continuous, which is why the scope may change. The measures include efficiency enhancements in sales activities, ground services, technical maintenance, distribution and administration, as well as higher productivity and competitive terms for pilots and cabin crew.

The measures are currently distributed as follows: approximately MSEK 600 for productivity and competitive terms for pilots and cabin crew, approximately MSEK 900 for efficiency enhancements at SGS and STS and approximately MSEK 1,000 in administration and sales and other costs.

At the end of June, measures corresponding to 49% of SEK 2.5 billion were implemented.

Collective bargaining talks already began in autumn 2005 with several major groups of employees. These will primarily be conducted at the local level with the subsidiaries concerned. An agreement with the cabin union at SAS Braathens was reached on April 15, 2006. The outcome of the agreement with Norwegian cabin crew is a moderate pay increase with the possibility of higher productivity. It is also a great benefit to SAS Braathens that there is now a single cabin agreement with the Norwegian Cabin Crew Union and the Braathens Cabin Crew Union. On May 19, 2006, an agreement was signed with Scandinavian Airlines' pilots that ensures unity regarding terms of employment, the seniority list and principal salary and employment terms and conditions.

The agreement will generate a positive effect for Scandinavian Airlines and provide the possibility of productivity enhancements. The goal of productivity of 700-750 hours remains, but the agreements do not yet provide for fully achieving this. Negotiations on matters involving pilots in the individual countries are currently in progress. Negotiations with cabin crew in Denmark and Sweden will resume in the autumn. Several agreements for ground staff in Denmark and Sweden expire in 2007, while all ground agreements in Norway expire during 2006.

In June, it was decided that the technical base for heavy maintenance in Stavanger/Sola will be closed. The closure will result in a surplus of 265 employees. The closure means that costs can be reduced by about MSEK 200.

In SGS, part-time work was gradually introduced to adapt manning to demand.

Restructuring costs

During the first half of 2006, restructuring costs amounted to a total of MSEK 255, MSEK 160 of which pertains to the closure of the technical base in Sola Stavanger, Norway. These are mainly related to personnel and pertain to costs for employees that have been terminated and idled under notice. The effects on cash flow are therefore very restricted. Restructuring costs for full-year 2006 are expected to be lower than for 2005.

Another nonrecurring item occurred as a result of the Norwegian Supreme Court's judgment against Scandinavian Ground Services in Norway regarding employee rights. The nonrecurring cost amounts to MSEK 105, which is charged against second-quarter earnings.

Financial position and capital release

As of June 30, the SAS Group's liquid assets amounted to MSEK 8,669 (8,680). Besides liquid assets, the SAS Group has unutilized contracted loan commitments amounting to MSEK 5,634 (4,600). This increase is attributable to repayment of rolling credit facilities of MEUR 175 compared with the preceding year. In total, the SAS Group repaid utilized credit facilities corresponding to MEUR 100, or MSEK 935, during the first half of the year.

During the first half of 2006, the SAS Group undertook sale and leaseback transactions with three Airbus A321s and one McDonnell Douglas MD-87 at a sales value of MSEK 1,058. The SAS Group also acquired four formerly leased-in McDonnell Douglas MD80s, which resulted in a lower total cost compared with leasing. The SAS Group is continuing to focus on releasing capital in the form of aircraft and aircraft engines.

In June, the SAS Group announced that preparation for the stock-exchange listing of Rezidor SAS Hospitality has commenced. The listing is expected to be implemented in the next twelve months, depending on the market situation.

The potential listing of hotel operations will provide possibilities to significantly improve the debt/equity ratio and the equity/assets ratio.

During the first six months, financial net debt declined by MSEK 2,413 to MSEK 11,815. Compared with the preceding year, the decline is MSEK 4,695.

The equity/assets ratio on June 30, 2006, was 21% (20%). The aim of the SAS Group is to maintain a debt/equity ratio that in the long term allows the SAS Group to be perceived as an attractive borrower. The SAS Group's targets are an equity/assets ratio of at least 30% and a debt/equity ratio no higher than 50%. These financial targets are to be reached through a combination of earnings improvement, limited investment levels and the program for releasing capital.

The SAS Group's planned investment in aircraft in the next few years will be limited. In all, the SAS Group has six aircraft on firm order, a total investment amounting to MUS\$ 160. Two aircraft (Airbus A319s) will be delivered in August and September 2006.

In addition to investment in new aircraft, the Group invests approximately MSEK 1,300 per year in spare parts and other operational investments.

Firm orders for aircraft 2006-2007:

SAS Group	Total	2006	2007
Airbus A319	4	2	2
Boeing 737	2	-	2
Number of aircraft	6	2	4
CAPEX (MUSD)	160	51	109

Investment

The SAS Group's investment, including prepayments, amounted to MSEK 927 (823) for the period. Investment in aircraft and other flight equipment totaled MSEK 227 (335).

	April-June		January-June	
	2006	2005	2006	2005
Scandinavian Airlines Businesses	341	73	543	129
Subsidiary & Affiliated Airlines	72	71	108	115
Airline Support Businesses	34	250	109	355
Hotels	74	104	152	199
Groupwide functions and eliminations	7	10	15	25
SAS Group	528	508	927	823

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

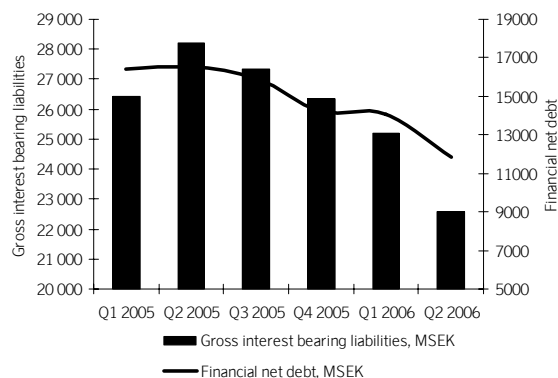
Aircraft type	Owned	Leased in	Total	Leased out	Order
Airbus A340/330	5	6	11		
Airbus A321/ A320/A319	5	24	29		4
Boeing 737 series	22	60	82	4	2
Boeing 717 (MD-95)		4	4		
McDonnell Douglas MD-80 series	27	62	89	5	
McDonnell Douglas MD-90 series	8		8	5	
Avro RJ-85/100		9	9		
Fokker F50	2	13	15		
deHavilland Q series	17	37	54		
SAAB 2000		5	5		
Total	86	220	306	14	6
Scandinavian Airlines	70	125	195	14	6
Spanair		54	54		
Widerøe	16	14	30		
Blue1		14	14		
airBaltic		13	13		
Total	86	220	306	14	6

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

Currency and fuel hedging

The SAS Group hedged about 68% of its USD deficit with forward contracts and options in the second half of 2006 and about 70% of its USD deficit for the next twelve months.

For the remainder of 2006 and the period until June 2007, the SAS Group has hedged 40% of its expected fuel cost. This cost is hedged at an average price, including premium, of USD 725/MT for the remainder of 2006 and USD 760 for the period July 2006-June 2007. Hedging is primarily performed with options, but due to the high premium levels, swaps and more complex instruments have also been used. Currently, the value of the hedge is approximately MSEK 160.



Average number of employees in the SAS Group (FTE)

	April-June		January-June	
	2006	2005	2006	2005
Scandinavian Airlines Businesses	7,596	8,269	7,651	8,370
Subsidiary & Affiliated Airlines	7,313	6,096	7,213 ¹⁾	5,953
Airline Support Businesses	10,867	12,228	10,798	12,132
Hotels	6,013	4,894	5,845	4,733
Groupwide functions	833	1,333	837	1,364 ²⁾
SAS Group	32,622	32,820	32,344	32,552

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

²⁾ Includes 462 FTEs for European Aeronautical Group, Jetpak and SAS Trading, which were all sold in 2005.

Legal issues

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

At the end of July, SAS Braathens was found not guilty by Oslo City Court in a case against the Norwegian Competition Authority regarding alleged misuse of the dominating market position on the Oslo-Haugesund route.

Accounting policies and financial reports

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

The Group's other formal financial reports appear on page 2 and pages 8-10.

Parent Company SAS AB

Income after financial items amounted to MSEK 2,371 (1,923) for the period.

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

The number of shareholders in SAS AB amounted to 25,725 at June 30, 2006. The average number of employees of SAS AB amounted to 181 (174).

Statement of income

(MSEK)	January – June	
	2006	2005
Revenue	11	12
Payroll expenses	-150	-122
Other operating expenses	-115	-129
Operating income before depreciation	-254	-239
Depreciation	0	0
Gain on the sale of shares	4	-551
Dividends from subsidiaries	2,658	3,035
Operating income	2,408	2,245
Net financial items	-37	-322
Income after financial items	2,371	1,923
Tax	80	155
Net income for the period	2,451	2,078

Balance sheet

(MSEK)	Jun 30 2006	Dec 31 2005
Fixed assets	10,817	10,719
Current assets	1,279	623
Total assets	12,096	11,342
Shareholders' equity	8,335	5,884
Long-term liabilities	3,615	5,288
Current liabilities	146	170
Total shareholders' equity and liabilities	12,096	11,342

Change in shareholders' equity

(MSEK)	Share capital	Restr. reserve	Unrestr. equity	Total equity
Opening balance, Jan. 1, 2005	1,645	202	1,611	3,458
Transfer between unrestricted and restricted equity		104	-104	
Group contribution rec'd, net			359	359
Net income for the year			2,067	2,067
Equity, Dec. 31, 2005	1,645	306	3,933	5,884
Net income for the period			2,451	2,451
Equity, June 30, 2006	1,645	306	6,384	8,335

Management issues

On May 16, 2006, the President and CEO of the SAS Group announced that he would leave the Group. Deputy CEO Gunnar Reitan assumed the position of Acting President and CEO from August 1, 2006.

A recruitment process is in progress.

SAS's Acting CEO and Group management are continuing their work to operate the Group in line with established strategy plans.

Full-year 2006

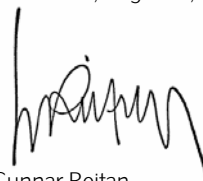
During the first half of 2006, there was strong market performance in the Group's markets, with favorable passenger growth of about 5-10%. The strong growth, combined with the new business models contributed to considerably improved cabin factors in Scandinavian Airlines. Growth was strongest in Finland, the Baltic states and Spain, and the Group is well-positioned with Blue1, airBaltic and Spanair, which have a cost level that is in line with the most efficient players. However, competition in all of the SAS Group's markets is expected to continue to be stiff.

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

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

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

Stockholm, August 8, 2006



Gunnar Reitan
Acting President and CEO

Board of Directors:

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

Management:

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

Financial calendar:

Interim Report 3, January-September 2006.....	November 8, 2006
Year-end Report 2006.....	February 8, 2007
Annual Report & Sustainability Report 2006.....	March 2007
SAS AB Annual General Shareholders' Meeting.....	April 17, 2007
Interim Report 1, January-March 2007.....	May 3, 2007
Interim Report 2, January-June 2007.....	August 9, 2007
Interim Report 3, January-September 2007.....	November 7, 2007

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

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

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

This Interim Report is unaudited.

SAS Group

Balance sheet

(MSEK)	June 30, 2006	December 31, 2005	June 30, 2005	June 30, 2004 ¹⁾
Intangible assets	3,820	3,862	3,862	3,354
Tangible fixed assets	17,885	19,457	23,489	26,972
Financial fixed assets	13,427	13,120	12,466	11,080
Total fixed assets	35,132	36,439	39,817	41,406
Current assets	1,097	1,065	1,377	1,289
Current receivables	11,079	11,828	11,879	9,109
Cash, bank and short-term investments	8,669	8,684	8,680	8,829
Total current assets	20,845	21,577	21,936	19,227
Total assets	55,977	58,016	61,753	60,633
Shareholders' equity ²⁾	11,810	12,081	12,106	11,691
Long-term liabilities	20,252	23,608	23,918	25,248
Current liabilities	23,915	22,327	25,729	23,694
Total shareholders' equity and liabilities	55,977	58,016	61,753	60,633
Equity per share ³⁾	68.13	69.93	70.41	71.04
Interest-bearing assets	19,302	20,472	19,772	17,586
Interest-bearing liabilities	22,581	26,337	28,198	28,437

1) Balance sheet for 2004 is restated according to IFRS 3.

2) Including minority interests.

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

Change in shareholders' equity

(MSEK)	Share capital	Other contributed capital	Hedge and translation reserves	Retained earnings	Total equity attrib- utable to Parent Company owners	Minority interests	Total equity
Opening balance, January 1, 2005	1,645	658	2,092	8,109	12,504	8	12,512
New share issue, Rezidor SAS						519	519
Income from Cash-flow hedges			-287		-287		-287
Translation differences relating to foreign operations			-138		-138		-138
Revenue and expenses for the period charged directly to equity			-425		-425	519	94
Cash-flow hedges: charged against income			-28		-28		-28
Net income for the period				-469	-469	-3	-472
Revenue and expenses for the period			-453	-469	-922	516	-406
Closing balance, June 30, 2005	1,645	658	1,639	7,640	11,582	524	12,106
Consolidation of affiliated company						-34	-34
Income from cash-flow hedges			-622		-622		-622
Translation differences relating to foreign operations			-32		-32	3	-29
Revenue and expenses for the period charged directly to equity			-654		-654	-31	-685
Cash-flow hedges: charged against income			-67		-67		-67
Net income for the period				643	643	84	727
Total revenue and expenses for the period			-721	643	-78	53	-25
Closing balance, December 31, 2005	1,645	658	918	8,283	11,504	577	12,081
Income from cash-flow hedges			640		640	4	644
Transition to IFRS in affiliated companies				-154	-154		-154
Translation differences relating to foreign operations			17*		17	-13	4
Revenue and expenses for the period charged directly to equity			657	-154	503	-9	494
Cash-flow hedges: charged against income			-254		-254		-254
Net income for the period				-545	-545	34	-511
Total revenue and expenses for the period			403	-699	-296	25	-271
Closing balance, June 30, 2006	1,645	658	1,321	7,584	11,208	602	11,810

* Includes MSEK 115 in currency hedging of net investments in foreign subsidiaries.

SAS Group

Cash-flow statement

	April-June		January-June		July-June	
(MSEK)	2006	2005	2006	2005	2005-06	2004-05
Income after financial items	643	590	-744	-700	374	-1,007
Depreciation	559	607	1,082	1,233	2,261	2,650
Income from the sale of fixed assets	-14	-89	-41	-111	-647	-115
Adjustment for items not included in cash flow, etc.	-101	28	-137	-25	-467	-173
Paid tax	2	78	-56	64	-104	72
Cash flow from operations	1,089	1,214	104	461	1,417	1,427
Change in working capital	281	476	1,228	274	687	-1,281
Cash flow from operating activities	1,370	1,690	1,332	735	2,104	146
Investment including aircraft prepayments	-528	-508	-927	-823	-1,931	-2,305
Sale of subsidiaries	0	0	0	0	622	0
Sale of fixed assets, etc.	738	493	1,397	632	2,971	3,569
Cash flow before financing activities	1,580	1,675	1,802	544	3,766	1,410
External financing, net	-1,764	-696	-1,803	-511	-3,749	-1,603
Cash flow for the period	-184	979	-1	33	17	-193
Translation difference in liquid assets	-11	42	-14	52	-28	44
Change in liquid assets according to the balance	-195	1,021	-15	85	-11	-149

Comments on the cash-flow statement

Cash flow from operating activities improved during the first half of 2006 by MSEK 597 and amounted to MSEK 1,332 (735).

Cash flow improved due in part to the positive trend in working capital as the result of payment of a receivable in the amount of MSEK 877.

Investment amounted to MSEK 927 (823), of which MSEK 278 (335) related to aircraft, flight equipment and prepayments. During the second quarter, the SAS Group purchased four McDonnell-Douglas MD-87 aircraft, resulting in lower total costs for the SAS Group. Sales of fixed assets, etc., amounted to MSEK 1,397 (632), which includes the sale and leaseback of one McDonnell-Douglas MD-87 and three Airbus A321s. In addition, properties were sold for MSEK 234 (0).

Accordingly, cash flow before financing activities amounted to MSEK 1,802 (544).

Liquid assets according to the balance sheet amounted to MSEK 8,669 (8,680).

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

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

Statement of income – quarterly breakdown

	2004				FULL 2005				FULL 2006			
(MSEK)	APR- JUN	JUL- SEP	OCT- DEC	YEAR JAN-DEC	JAN- MAR	APR- JUN	JUL- SEP	OCT- DEC	YEAR JAN-DEC	JAN- MAR	APR- JUN	
Revenue	15,148	15,428	14,945	58,093	13,016	16,017	16,567	16,287	61,887	14,467	17,916	
Payroll expenses	-5,069	-4,665	-4,962	-19,585	-4,974	-5,138	-4,949	-5,406	-20,467	-5,146	-5,346	
Other operating expenses	-8,565	-8,988	-8,781	-34,040	-7,820	-8,643	-9,464	-9,376	-35,303	-9,102	-10,283	
Leasing costs for aircraft	-678	-705	-667	-2,689	-686	-766	-843	-838	-3,133	-891	-894	
Depreciation	-702	-699	-718	-2,846	-626	-607	-596	-583	-2,412	-523	-559	
Share of income in affiliated companies	36	24	28	157	20	45	59	10	134	7	33	
Income from the sale of shares in subsidiaries and affiliated companies	3	0	2	5	0	-2	35	447	480	0	2	
Income from the sale of aircraft and buildings	63	-32	34	113	22	43	-7	129	187	27	12	
Operating income	236	363	-119	-792	-1,048	949	802	670	1,373	-1,161	881	
Income from other shares and participations	0	1	0	1	0	48	0	2	50	0	1	
Net financial items	-207	-276	-276	-1,042	-242	-407	-257	-99	-1,005	-226	-239	
Income after financial items	29	88	-395	-1,833	-1,290	590	545	573	418	-1,387	643	
Tax	103	31	-232	68	319	-91	-16	-375	-163	323	-90	
Net income for the period	132	119	-627	-1,765	-971	499	529	198	255	-1,064	553	
Attributable to:												
Parent Company shareholders	127	98	-611	-1,760	-964	495	499	144	174	-1,034	489	
Minority interests	5	21	-16	-5	-7	4	30	54	81	-30	64	

Segment reporting: income by business area

Statement of income	Scandinavian Airlines Businesses		Subsidiary & Affiliated Airlines		Airline Support Businesses		Hotels		Groupwide & eliminations		SAS Group	
January-June	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
External sales	18,077	17,264	8,133	6,032	2,779	2,581	3,147	2,456	247	700	32,383	29,033
Sales between business segments	681	650	80	78	4,665	5,153	48	41	-5,474	-5,922	0	0
Revenue	18,758	17,914	8,213	6,110	7,444	7,734	3,195	2,497	-5,227	-5,222	32,383	29,033
Payroll expenses	-4,064	-3,973	-1,632	-1,357	-3,347	-3,307	-1,127	-923	-322	-552	-10,492	-10,112
Other expenses	-12,828	-12,687	-5,732	-3,979	-4,172	-3,777	-1,858	-1,519	5,205	5,499	-19,385	-16,463
EBITDAR per business segment	1,866	1,254	849	774	-75	650	210	55	-344	-275	2,506	2,458
Leasing costs for aircraft	-1,045	-899	-753	-565	0	0	0	0	13	12	-1,785	-1,452
EBITDA per business segment	821	355	96	209	-75	650	210	55	-331	-263	721	1,006
Depreciation	-607	-685	-163	-154	-171	-248	-102	-97	-39	-49	-1,082	-1,233
Share of income in affiliated companies	28	29	25	12	-36	0	23	24	0	0	40	65
Capital gains	12	333	0	0	0	0	0	0	29	-270	41	63
EBIT per business segment	254	32	-42	67	-282	402	131	-18	-341	-582	-280	-99
Unallocated income items												
Income from other shares and participations											1	48
Net financial items											-465	-649
Tax											233	228
Net income for the period											-511	-472
Income before capital gains and nonrecurring items	-52	-634	-114	0	-34	330	117	-63	-342	-366	-425	-733

SAS Group's objectives

Targets

The SAS Group has a total shareholder return (TSR) target of 14% over a business cycle. The return target refers to the sum of 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 an average CFROI of at least 20% per year, in which average capital allocation for replacement of the aircraft fleet is taken into account.

During the period July 2005-June 2006 the Group generated income before net financial items, tax, depreciation, capital gains and operating lease costs for aircraft (EBITDAR) of MSEK 6,165 (5,435). Adjusted EBITDAR amounted to MSEK 6,001 (5,277). Viewed in relation to adjusted capital employed, CFROI was 13% (12%), which is 7 percentage points below target.

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



Income and capital concepts

(MSEK)	July-June 2005-06	July-June 2004-05
Income		
Income before depreciation, EBITDA	2,699	2,611
+ Operating lease costs, aircraft	3,466	2,824
EBITDAR	6,165	5,435
- Operating lease revenue, aircraft	-164	-158
Adjusted EBITDAR	6,001	5,277
Adjusted capital employed (average)		
+ Shareholders' equity	11,983	11,656
+ Surplus value, aircraft	497	-726
+ Capitalized leasing costs, net (x7) *	20,917	17,942
- Equity in affiliated companies	-1,032	-726
+ Financial net debt	14,533	17,499
Adjusted capital employed	46,898	45,645
CFROI	13%	12%

* In the capital market a calculation model is used whereby the annual cost is multiplied by seven regardless of the fixed period of the lease. The SAS Group takes leasing revenue into account in this item. NPV (Net Present Value) amounted at the end of June to MSEK 11,973 (11,382). Average NPV for the 12-month period amounted to MSEK 11,892 (11,603).

Target achievement for SAS Group companies

		Target ¹⁾	Jan-Jun ²⁾ 2006
SAS Group	CFROI	20%	13%
Scandinavian Airlines	CFROI	22%	10%
Spanair	CFROI	25%	14%
Widerøe	CFROI	25%	16%
Blue1	CFROI	25%	11%
airBaltic	CFROI	25%	11%
SAS Cargo	EBITDA	6% ³⁾	20%
STS	ROIC	20% ⁴⁾	-3%
SAS Flight Academy	ROIC	11%	17%
SGS	EBITDA margin	6% ³⁾	2%
Hotels	EBITDA margin	.5)	9%

1) Required rate of return over a business cycle.

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

3) Changed

4) Revised target after sale of SAS Component.

5) The earlier financial targets of an EBITDA margin of not less than 10% and EBITDA growth of not less than 15% over a business cycle are being reviewed. The targets are expected to be raised as a result of structural improvements in operations after transaction completed with Carlson Hotels Worldwide in 2005 and improved operating income.

Scandinavian Airlines Businesses

(including SAS Business Opportunities)

Statement of income

(MSEK)	April-June		January-June	
	2006	2005	2006	2005
Passenger revenue	8,538	8,179	15,516	14,675
Charter revenue	454	405	730	692
Other traffic revenue	689	477	1,115	1,133
Other revenue	698	780	1,397	1,414
Revenue	10,379	9,841	18,758	17,914
Payroll expenses	-1,984	-1,976	-4,064	-3,973
Selling costs	-158	-163	-271	-284
Jet fuel	-1,726	-1,414	-3,290	-2,583
Government user fees	-924	-998	-1,777	-1,894
Catering costs	-321	-289	-600	-476
Handling costs	-1,231	-1,370	-2,508	-2,752
Technical aircraft maintenance	-1,027	-1,112	-2,049	-2,188
Computer and telecommunications costs	-488	-416	-928	-828
Other operating expenses	-760	-816	-1,405	-1,682
Operating expenses	-8,619	-8,554	-16,892	-16,660
Income before depreciation and leasing costs, EBITDAR	1,760	1,287	1,866	1,254
Leasing costs for aircraft	-518	-455	-1,045	-899
Income before depreciation, EBITDA	1,242	832	821	355
Depreciation	-308	-340	-607	-685
Share of income in affiliated companies	14	14	28	29
Capital gains	3	43	12	333
Operating income, EBIT	951	549	254	32
Net financial items	-187	-152	-368	-333
Scandinavian Airlines Businesses – Income after financial items	764	397	-114	-301

Earnings performance

Revenue during the first half of 2006 amounted to MSEK 18,758 (17,914), an increase of 4.7%. This increase is due to stable trend in traffic development, positive yield and currency effects. The yield rose by 1.6% as a result of active yield management to compensate for record-high jet fuel prices. Passenger revenue rose by 5.7% and adjusted for currency effects, 2.1%, to MSEK 15,516 (14,675).

Operating expenses rose 1.4% in the first half-year to MSEK 16,892 (16,660). Jet fuel costs rose by MSEK 707 to MSEK 3,290 (2,583). Payroll expenses amounted to MSEK 4,064 (3,973) and also include restructuring costs at SAS Braathens of MSEK 74. Handling costs and costs for technical aircraft maintenance declined slightly as a result of more efficient ordering and reduced unit prices. Reduced prices for SGS and STS impacted income positively in a total amount of MSEK 130.

Total unit cost increased during the first half of 2006 by 6.2% and by 2.2% after adjustments for jet fuel prices. The unit cost was negatively impacted by conflicts, reduced capacity and more passengers. ECA, the joint venture between British Midland, Lufthansa and Scandinavian Airlines, had a negative impact on earnings in the first half of 2006 of MSEK -177 (-271). Earnings for the SAS Group from the joint-venture agreement in 2006 are expected to be negative in the amount of approximately MSEK 400.

Operating income before depreciation and leasing costs (EBITDAR) improved by MSEK 612, amounting to MSEK 1,866 (1,254). Operating income was negatively impacted by conflicts in the amount of approximately MSEK 350.

Income before capital gains and nonrecurring items in the first half of 2006 improved by MSEK 582, amounting to MSEK -52 (-634).

Second quarter 2006

Revenue increased during the second quarter by 5.5% to MSEK 10,379 (9,841). Passenger revenue was up 4.4% to MSEK 8,538 (8,179) owing to a higher yield and favorable currency effects. Yield rose by 1.9% during the quarter. After

currency adjustments, passenger revenue increased by 1.8%.

During the period, operating expenses amounted to MSEK 8,619 (8,554). Jet fuel costs rose 22.1% to MSEK 1,726 (1,414). The unit cost for jet fuel was up 22.8%. In other respects, operating expenses developed according to expectations.

The ECA joint-venture agreement impacted results in the second quarter negatively in the amount of MSEK 47 (-207). The improvement compared with the preceding year is due to improved traffic development and negative nonrecurring items during the second quarter 2005.

Income before capital gains and nonrecurring items in the second quarter 2006 improved by MSEK 407 and amounted to MSEK 761 (354).

Scandinavian Airlines Businesses, Total					
		2006	April-June change	2006	January-June change
No. of passengers (000)	(000)	6,668	-1.1%	12,389	+1.8%
Revenue passenger km	(mill.)	7,400	-0.1%	13,483	+0.5%
Available seat km (ASK)	(mill.)	9,619	-4.7%	18,359	-5.9%
Cabin factor		76.9%	+3.5 p.p.	73.4%	+4.7 p.p.
Change in currency-adjusted yield by route sector					
		April-June change vs		January-June change vs 2005	
Intercontinental routes		14.3%		12.2%	
European routes		-3.1%		-4.8%	
Intra-Scandinavian routes		-8.4%		-8.6%	
Danish domestic		1.4%		4.6%	
Norwegian domestic		-5.6%		-2.8%	
Swedish domestic		29.5%		16.0%	
Total		1.9%		1.6%	
Change in currency-adjusted unit cost					
Total unit cost, incl. charter		7.3% ¹⁾		6.2% ²⁾	
Operational unit cost, incl. charter		7.1% ¹⁾		6.1% ²⁾	

¹⁾ Higher fuel costs had a negative impact on unit cost of 4.1 percentage points.

²⁾ Higher fuel costs had a negative impact on unit cost of 4.0 percentage points.



Scandinavian Airlines

Scandinavian Airlines Denmark

	Apr-Jun 2006	Apr-Jun 2005	Jan-Jun 2006	Jan-Jun 2005
(MSEK)				
Passenger revenue	2,469	2,303	4,450	4,160
Other revenue	462	478	794	854
Revenues	2,931	2,781	5,244	5,014
Total operating expenses	-2,528	-2,497	-4,923	-4,909
EBITDAR	403	284	321	105
Leasing costs	-191	-235	-398	-468
EBITDA	212	49	-77	-363
Depreciation	-1	-1	-1	-1
EBIT	211	48	-78	-364
Net financial items	-4	1	-4	3
Income after financial items	207	49	-82	-361
EBITDAR margin	13.7%	10.2%	6.1%	2.1%
Average no. of employees	2,054	1,618	1,886	1,617

	Apr-Jun 2006	Change	Jan-Jun 2006	Change
Traffic and production				
Scheduled traffic				
No. of passengers (000)	2,225	+6.7%	4,045	+7.6%
RPK (mill.)	1,633	+6.1%	2,944	+6.8%
ASK (mill.)	2,142	-5.6%	4,137	-8.1%
Cabin factor	76.2%	+8.4 p.p.	71.2%	+9.9 p.p.
Yield, currency-adjusted		-1.7%		-3.5%
Total unit cost, incl. charter (local currency)		6.0%		4.6%
Charter traffic				
No. of passengers (000)	91	-4.6%	146	4.9%

The positive trend in Scandinavian Airlines Denmark's passenger volume continued in the second quarter. The number of passengers carried during the first half of 2006 rose by 286,000, an increase of 7.6%. Traffic, RPK, was up 6.8% despite a decrease in capacity of 8.1%. The cabin factor improved to a record high of 71.2% or an increase of 9.9 percentage points. This increase is explained by the commercial drive with new business models based on one-way fares that were introduced in September 2005.

The yield fell during the period by 3.5% after a sharp rise in volume in Economy. An improved cabin factor and more passengers offset the decline.

Passenger revenue rose by 7.0% during the first half of 2006 to MSEK 4,450 (4,160) due to the positive trend in passenger volumes. Operating expenses were on a par with the preceding year despite sharply rising jet fuel prices, and amounted to MSEK 4,923 (4,909). In local currency, costs including leasing fell by 3%. In addition to adjustments to capacity, cost measures also provided reductions in unit prices.

EBITDAR in the first half of 2006 was up MSEK 216, amounting to MSEK 321 (105). The improvement in EBITDAR in the second quarter was greater than in the first and amounted to MSEK 403 (284). The EBITDAR margin amounted to 13.7% in the second quarter.

Income after financial items rose by MSEK 279 to MSEK -82 (-361) during the period. Income was negatively affected by a conflict with pilots in January in the amount of approximately MSEK 110.

On March 1, pilots corresponding to 549 FTEs were transferred from the SAS Consortium to Scandinavian Airlines Denmark.



Braathens

	Apr-Jun 2006	Apr-Jun 2005	Jan-Jun 2006	Jan-Jun 2005
(MSEK)				
Passenger revenue	2,684	2,708	5,001	4,806
Other revenue	632	630	1,122	1,195
Revenues	3,316	3,338	6,123	6,001
Total operating expenses	-2,868	-2,733	-5,632	-5,202
EBITDAR	448	605	491	799
Leasing costs	-270	-272	-539	-535
EBITDA	178	333	-48	264
Depreciation	-9	-11	-19	-22
Capital gain	0	0	0	268 ¹⁾
EBIT	169	322	-67	510
Net financial items	3	7	9	-1
Income after financial items	172	329	-58	509
EBITDAR margin	13.5%	18.1%	8.0%	13.3%
Average no. of employees	2,610	2,856	2,637	2,911
EBT before nonrecurring items	172	329	16	241

	Apr-Jun 2006	Change	Jan-Jun 2006	Change
Traffic and production				
Scheduled traffic				
No. of passengers (000)	2,510	+1.1%	4,656	+3.4%
RPK (mill.)	1,870	+8.8%	3,307	+8.6%
ASK (mill.)	2,595	+1.6%	4,870	+2.4%
Cabin factor	72.1%	+4.8 p.p.	67.9%	+3.9 p.p.
Yield, currency-adjusted		-10.8%		-7.6%
Total unit cost, incl. charter (local currency)		-0.4%		1.1%
Charter traffic				
No. of passengers (000)	116	2.9%	185	-2.8%

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

SAS Braathens' traffic, RPK, in the first six months of 2006 was up 8.6%. Growth was strongest on European routes as a result of the introduction of new business models based on one-way fares. During the period, SAS Braathens opened 12 new European routes and traffic rose by 18.0%. Norwegian domestic traffic also increased by 1.8% and the cabin factor rose by 2.8 percentage points to 65.2%. The growth in domestic traffic was negatively impacted by a cabin strike in April and an abnormally high number of pilots calling in sick in January, leading to the cancellation of a large number of flights.

The yield during the period was down 7.6% as a result of more low-cost offerings in the market and new, longer European routes.

Passenger revenue was up 4.1% to MSEK 5,001 (4,806) for the first half of 2006 due to the increase in traffic. Total revenue amounted to MSEK 6,123 (6,001). Operating expenses rose by 8.3% to MSEK 5,632 (5,202). The increase in costs is primarily due to higher jet fuel costs of MSEK 247, additional expenses for disruptions to traffic and MSEK 74 in restructuring costs for staff reductions. Other operating expenses fell by 3%.

EBITDAR amounted to MSEK 491 (799), a decline of MSEK 308. EBITDAR was negatively impacted by approximately MSEK 240 for disruptions to traffic owing to the abnormally high number of pilots calling in sick in January and the strike by cabin personnel in April, as well as by the negative effects on traffic resulting from these events. Adjusted for recurring items, the underlying earnings trend was positive.

Income before capital gains and nonrecurring items amounted to MSEK 16 (241).

The final aircraft from Scandinavian Airlines was transferred to SAS Braathens in mid-May. During the period, an agreement was reached with cabin-crew associations, harmonizing the agreements between the two groups, and a new agreement was reached with the pilots. These agreements enable more effective use of the fleet of aircraft. In addition, personnel resources can be planned in a more effective and predictable manner.



Scandinavian Airlines

Scandinavian Airlines Sverige

	Apr-Jun 2006	Apr-Jun 2005	Jan-Jun 2006	Jan-Jun 2005
(MSEK)				
Passenger revenue	1,748	1,686	3,210	3,086
Other revenue	455	410	862	818
Revenues	2,203	2,096	4,072	3,904
Total operating expenses	-1,795	-1,963	-3,558	-3,810
EBITDAR	408	133	514	94
Leasing costs	-172	-185	-354	-358
EBITDA	236	-52	160	-264
Depreciation	-2	-1	-3	-2
EBIT	234	-53	157	-266
Net financial items	-5	-8	-12	-14
Income after financial items	229	-61	145	-280
EBITDAR margin	18.5%	6.3%	12.6%	2.4%
Average number of employees	1,682	1,465	1,564	1,458

	Apr-Jun 2006	Change	Jan-Jun 2006	Change
Traffic and production				
Scheduled traffic				
No. of passengers (000)	1,574	-11.2%	2,991	-5.3%
RPK (mill.)	1,204	-5.9%	2,230	-1.9%
ASK (mill.)	1,648	-11.6%	3,228	-10.4%
Cabin factor	73.1%	+4.4 p.p.	69.1%	+6.0 p.p.
Yield, currency-adjusted		9.0%		3.6%
Total unit cost, incl. charter (local currency)		-1.6%		0.8%
Charter traffic				
No. of passengers (000)	117	4.9%	209	0.6%

Scandinavian Airlines Sverige successfully adapted its capacity to demand during the first half-year. Capacity was reduced by 10.4% during the period, although traffic declined by only 1.9%. The cabin factor increased by 6.0 percentage points to 69.1%. The number of passengers fell by 5.3% during the period. The cabin factor on Swedish domestic routes during the period was 69.3%, an increase of 3.1 percentage points compared with the first half of 2005. The cabin factor on European routes rose by 7.5 percentage points to 68.6% and on inter-Scandinavian routes the cabin factor was 71.8%, up 10.5 percentage points.

Passenger revenue in the first six months of 2006 amounted to MSEK 3,210 (3,086), an increase of 4.0%. This increase was positively impacted by the 3.6% rise in yield. Revenue rose in the first half by 4.3% to MSEK 4,072 (3,904). Operating expenses fell by 6.6%, despite substantially higher costs for jet fuel, amounting to MSEK 3,558 (3,810), due to a reduction in capacity and saving measures.

EBITDAR improved considerably by MSEK 420 and amounted to MSEK 514 (94). The EBITDAR margin was 12.6% (2.4%). This major improvement in revenue is primarily due to successful cost savings, production being effectively adjusted to demand and the continued success of the Nya Inrikesflyget domestic and Nya Europaflyget European ventures in the market.

Income after financial items improved during the first half of 2006 to MSEK 145 (-280), an increase of MSEK 425. During the second quarter, income rose by MSEK 290 to MSEK 229 (-61).

On March 1 pilots corresponding to 370 FTEs were transferred from the SAS Consortium to Scandinavian Airlines Sverige.



Scandinavian Airlines

Scandinavian Airlines International ¹⁾

	Apr-Jun 2006	Apr-Jun 2005	Jan-Jun 2006	Jan-Jun 2005
(MSEK)				
Passenger revenue	1,640	1,476	2,867	2,599
Other revenue	457	519	822	990
Revenues	2,097	1,995	3,689	3,589
Total operating expenses	-1,821	-1,786	-3,449	-3,469
EBITDAR	276	209	240	120
Leasing costs	-182	-169	-372	-340
EBITDA	94	40	-132	-220
Depreciation	-1	-2	-2	-4
EBIT	93	38	-134	-224
Net financial items	-4	11	-11	18
Income after financial items	89	49	-145	-206
EBITDAR margin	13.2%	10.5%	6.5%	3.3%
Average number of employees	556	664	559	703

	Apr-Jun 2006	Change	Jan-Jun 2006	Change
Traffic and production				
Scheduled traffic				
No. of passengers (000)	371	-9.3%	697	-7.3%
RPK (mill.)	2,693	-6.2%	5,003	-6.3%
ASK (mill.)	3,235	-5.1%	6,124	-7.8%
Cabin factor	83.3%	-1.0 p.p.	81.7%	+1.3 p.p.
Yield, currency-adjusted		14.3%		12.2%
Total unit cost, including charter (local currency)		12.6%		13.4%

¹⁾ Pertains to intercontinental traffic.

The trend during the first six months was as expected. Scandinavian Airlines International reduced its capacity during the period by 7.8%. At the same time, traffic declined 6.3%. As a consequence, the cabin factor improved by 1.3 percentage points to 81.7%. The reduced capacity in general and the number of flights in particular, resulted in a decline in Business Class traffic of 3% during the period.

Traffic on Asian routes fell 8%. This reduction is primarily due to the termination of flights on the Bangkok-Singapore route, which is now served in partnership with Swiss. The decrease in traffic on Asian routes was lower than the decline in capacity and the cabin factor rose. As a result of the introduction of new Business Class seats with higher comfort, capacity in Business Class declined by 16%, although the reduction in traffic was lower.

Capacity over the North Atlantic was down 8%. Traffic fell by 7% resulting in an improvement in the cabin factor. Traffic in Business Class did not fall despite these reductions in capacity.

The yield rose in the first half-year by 12.2% and by 14.3% during the second quarter. This increase is a result of the jet fuel surcharge and a positive mix.

Passenger revenue rose by 10.3% to MSEK 2,687 (2,599) owing to the positive yield trend. Revenue during the first six months increased by 2.8% to MSEK 3,689 (3,589). EBITDAR amounted to MSEK 240 (120). Income after financial items in the first half-year improved by MSEK 61, amounting to MSEK -145 (-206). During the second quarter 2006, income after financial items rose by MSEK 40 to MSEK 89 (49).

Subsidiary & Affiliated Airlines

Statement of income

(MSEK)	April-June		January-June	
	2006	2005	2006	2005
Passenger revenue	3,489	2,347	6,018	4,093
Freight revenue	42	26	78	56
Charter revenue	674	601	1,160	1,008
Other traffic revenue	130	81	227	151
Other revenue	364	448	730	802
Revenue	4,699	3,503	8,213	6,110
Payroll expenses	-844	-709	-1,632	-1,357
Selling costs	-125	-93	-224	-159
Jet fuel	-911	-531	-1,643	-928
Government user fees	-571	-463	-1,061	-823
Catering costs	-162	-147	-295	-252
Handling costs	-290	-212	-557	-388
Technical aircraft maintenance	-371	-270	-670	-499
Computer and telecommunications costs	-97	-59	-164	-104
Other operating expenses	-675	-452	-1,118	-826
Operating expenses	-4,046	-2,936	-7,364	-5,336
Income before depreciation and leasing costs, EBITDAR	653	567	849	774
Leasing costs for aircraft	-386	-323	-753	-565
Income before depreciation, EBITDA	267	244	96	209
Depreciation	-81	-78	-163	-154
Share of income in affiliated companies	23	15	25	12
Operating income, EBIT	209	181	-42	67
Net financial items	-42	-36	-72	-67
Subsidiary & Affiliated Airlines – Income after financial items	167	145	-114	0

Earnings performance

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

In the first half of 2006 the business area accounted for 26% of the SAS Group's operating revenue before Groupwide eliminations. The airlines in this business area underwent substantial growth during the first six months of 2006. The number of passengers carried rose by 24.9%, with a total of 6.5 million passengers carried. Traffic, measured in RPK, rose by 30.4%. The rise is due to robust passenger growth at airBaltic (43.7%), Spanair (28.2%) and Blue1 (21.9%) as a result of newly opened destinations and higher frequencies. The number of passengers carried by Widerøe rose by 6.6%.

The business area's revenue in the first half of 2006 rose by MSEK 2,103 due to large volumes among the airlines and amounted to MSEK 8,213 (6,110). The yield was stable for Spanair and airBaltic, although it declined for Widerøe and Blue1 due to new and longer routes.

Operating expenses in the first half-year rose by MSEK 2,028 to MSEK 7,364 (5,336). The increase is due to higher volumes, higher jet fuel prices and phasing-in costs for new aircraft. Jet fuel costs rose MSEK 715 to MSEK 1,643 (928), an increase of 77%, and 53% adjusted for volume and currency effects.

EBITDAR amounted to MSEK 849 (774) during the first half of 2006, an increase of MSEK 75.

The business area reported income after financial items for the period of MSEK -114 (0).

Second quarter

Revenue for the second quarter 2006 increased sharply by 34.1% and amounted to MSEK 4,699 (3,503). Passenger revenue rose by 48.7% to MSEK 3,489 (2,347). The most substantial growth during the second quarter was seen in Blue1, which opened a total of 11 new destinations in March and the second quarter.

Operating expenses rose during the second quarter by 37.8% to MSEK 4,046 (2,936). Jet fuel costs increased by MSEK 380 to MSEK 911 (531). Income after financial items during the period amounted to MSEK 167 (145).

Traffic and production *	April-June		January-June	
	2006	Change	2006	Change
Scheduled traffic	3,644	+21.7%	6,466	+24.9%
No. of passengers (000)	2,953	+31.7%	5,050	+30.4%
RPK (mill.)	4,380	+17.8%	7,915	+16.9%
ASK (mill.)	67.4%	+7.1 p.p.	63.8%	+6.6 p.p.

* Spanair, Widerøe, Blue1 and airBaltic.

Traffic results 2006				
January-June	Spanair	Widerøe	Blue1	airBaltic
Passengers	28.2%	6.6%	21.9%	43.7%
RPK	29.7%	7.7%	42.6%	35.8%
ASK	15.5%	2.2%	33.2%	19.5%
Cabin factor	65.2%	56.2%	64.2%	60.2%
Cabin factor, change	+7.2 p.p.	+4.0 p.p.	+4.2 p.p.	+7.2 p.p.



	Apr-Jun 2006	Apr-Jun 2005	Jan-Jun 2006	Jan-Jun 2005
(MSEK)				
Passenger revenue	2,085	1,470	3,504	2,513
Other revenue	875	765	1,519	1,296
Revenues	2,960	2,235	5,023	3,809
Payroll expenses	-384	-321	-710	-609
Other operating expenses	-2,177	-1,544	-3,771	-2,711
Total operating expenses	-2,561	-1,865	-4,481	-3,320
EBITDAR	399	370	542	489
Leasing costs	-239	-307	-559	-535
EBITDA	160	63	-17	-46
Depreciation	-28	-28	-56	-56
Share of income in affiliated companies	0	-1	0	-1
EBIT	132	34	-73	-103
Net financial items	-40	-29	-70	-50
Income after financial items	92	5	-143	-153
EBITDAR margin	13.5%	16.6%	10.8%	12.8%
Average number of employees	3,563	3,346	3,506	3,264
CFROI (12 months)			14%	13%

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

Traffic and production	Apr-Jun 2006	Change	Jan-Jun 2006	Change
Scheduled traffic				
No. of passengers (000)	2,252	23.0%	3,982	28.2%
RPK (mill.)	1,998	30.5%	3,435	29.7%
ASK (mill.)	2,873	15.1%	5,266	15.5%
Cabin factor	69.5%	+8.2 p.p.	65.2%	+7.2 p.p.
Yield, (EUR/RPK)		7.8%		6.3%
Charter traffic				
Number of passengers (000)	498	13.7%	835	5.9%

In line with Spanair's growth plans, traffic in the first six months of 2006 was up 29.7%, after a 15.5% increase in capacity. The cabin factor grew by 7.2 percentage points to 65.2% during the period. Growth was positive on both Spanish domestic and international routes. Traffic on Spanair's domestic routes rose by 25.8% during the period and the cabin factor improved by 5.9% percentage points to 66.2%.

During the first half of 2006, the yield rose 6.3%, primarily as a result of the levied fuel surcharge and a positive trend in the business segment.

Revenue during the first half-year was up 31.9% to MSEK 5,023 (3,809). Passenger revenue rose 39.4% to MSEK 3,504 (2,513) due to the positive performance in schedule traffic. Operating expenses rose 35.0% to MSEK 4,481 (3,320) owing to higher capacity. Jet fuel costs climbed compared with 2005 by MSEK 441 to MSEK 1,152 (711).

EBITDAR during the period amounted to MSEK 542 (489). Leasing costs amounted to MSEK 559 (535). A change of method regarding wet leases was introduced from the second quarter, which explains the decrease in leasing costs of MSEK 68 to MSEK 239 (307). EBITDAR improved by MSEK 29 to MSEK 399 (370) during the second quarter.

Income after financial items amounted to MSEK -143 (-153).



	Apr-Jun 2006	Apr-Jun 2005	Jan-Jun 2006	Jan-Jun 2005
(MSEK)				
Passenger revenue	534	442	1,007	813
Other revenue	235	326	483	594
Revenues	769	768	1,490	1,407
Payroll expenses	-286	-251	-560	-483
Other operating expenses	-399	-385	-778	-712
Total operating expenses	-685	-636	-1,338	-1,195
EBITDAR	84	132	152	212
Leasing costs	-26	-23	-51	-44
EBITDA	58	109	101	168
Depreciation	-40	-38	-78	-75
EBIT	18	71	23	93
Net financial items	1	-8	-6	-16
Income after financial items	19	63	17	77
EBITDAR margin	10.9%	17.2%	10.2%	15.1%
Average number of employees	1,380	1,317	1,377	1,321
CFROI (12 months)			16%	22%

Widerøe reported a stable development in traffic during the first half of 2006 and traffic, RPK, rose 7.7% compared with the preceding year. Capacity grew by 2.2%, and the cabin factor improved by 4.0 percentage points to 56.2%. Growth in traffic was favorable during the second quarter and increased by 10.4%, at the same time as the cabin factor improved by 4.9 percentage points to 59.8%.

The yield was 3.0% lower than in the preceding year, which is offset by the high cabin factor. The unit cost rose 7.8% during the period. The increase is due to higher fuel costs and higher technical expenses and higher personnel costs attributable to more expensive contracts with staff.

Despite positive developments in the market and demand in flights, Widerøe did not attain expected revenue levels, primarily due to high costs. Comprehensive actions to reduce costs in the company were initiated.

In the first six months of 2006, passenger revenue rose by MSEK 194 to MSEK 1,007 (813), owing to increased traffic and the reclassification of passenger revenue from other revenue. Total revenue was up 5.9% to MSEK 1,490 (1,407).

EBITDAR amounted to MSEK 152 (212), a decrease of MSEK 60. This decrease is due to the regularity problems and the generally negative cost trend. Income after financial items amounted to MSEK 17 (77).

During the period, Widerøe signed new collective agreements with its pilots. Agreements for renewed collective agreements with cabin personnel were also reached in July.

	Apr-Jun 2006	Apr-Jun 2005	Jan-Jun 2006	Jan-Jun 2005
(MSEK)				
Passenger revenue	504	434	890	766
Other revenue	60	47	102	94
Revenues	564	481	992	860
Payroll expenses	-79	-68	-153	-130
Other operating expenses	-448	-330	-791	-613
Total operating expenses	-527	-398	-944	-743
EBITDAR	37	83	48	117
Leasing costs	-44	-34	-84	-67
EBITDA	-7	49	-36	50
Depreciation	-2	-3	-5	-6
EBIT	-9	46	-41	44
Net financial items	-3	-1	3	-3
Income after financial items	-12	45	-38	41
EBITDAR margin	6.6%	17.3%	4.8%	13.6%
Average number of employees	470	449	465	442
CFROI (12 months)			16%	16%

	Apr-Jun 2006	Change	Jan-Jun 2006	Change
Traffic and production				
Scheduled traffic				
No. of passengers (000)	522	23.6%	896	21.9%
RPK (mill.)	412	56.2%	649	42.6%
ASK (mill.)	612	51.5%	1,011	33.2%
Cabin factor	67.3%	+2.0 p.p.	64.2%	+4.2 p.p.
Yield, (EUR/RPK)		-24.2%		-19.4%
Total unit cost, incl. charter (local currency)		-13.4%		-6.8%

Traffic results continued to be positive during the second quarter. Traffic was up 42.6% during the first half-year. The increase in capacity, ASK, was 33.2%, which resulted in an improvement in the cabin factor of 4.2 percentage points to 64.2%. Both capacity and traffic rose sharply during the second quarter as a result of the opening of ten new European destinations at the end of March and in the second quarter.

The total number of passengers carried during the first half-year was 896,245, an increase of 21.9% compared with the period a year earlier.

The yield fell during the second quarter primarily as a result of intensified competition and longer average flight durations. During the first half-year, the yield decreased by a total of 19.4% compared with the preceding year.

Fuel costs were at a record high and amounted to MSEK 197 during the first half-year. Prices were increased in May to compensate for the rises in fuel costs. As a result of the phasing-in of the new MD-90 aircraft, unit costs fell during the first half-year by 6.8% compared with the corresponding period in 2005.

Passenger revenue for January-June rose by MSEK 124, due to higher passenger volumes, and amounted to MSEK 890 (766). Operating revenue was up 15.3% to MSEK 992 (860).

Income after financial items declined by MSEK 79 to MSEK -38 (41). The deterioration in earnings is primarily due to nonrecurring costs related to phasing in the MD-90 aircraft, the introduction of new routes and a lower yield.

	Apr-Jun 2006	Apr-Jun 2005	Jan-Jun 2006	Jan-Jun ¹⁾ 2005
(MSEK)				
Passenger revenue	366	276	617	440
Other revenue	34	34	70	62
Revenues	400	310	687	502
Payroll expenses	-41	-28	-79	-49
Other operating expenses	-288	-251	-525	-429
Total operating expenses	-329	-279	-604	-478
EBITDAR	71	31	83	24
Leasing costs	-35	-32	-62	-60
EBITDA	36	-1	21	-36
Depreciation	-3	-2	-5	-4
EBIT	33	-3	16	-40
Net financial items	-2	-1	-3	-2
Income after financial items	31	-4	13	-42
EBITDAR margin	17.8%	10.0%	12.1%	4.8%
Average number of employees	762	550	746	564
CFROI (12 months)			11%	16%

1) Not consolidated

	Apr-Jun 2006	Change	Jan-Jun 2006	Change
Traffic and production				
Scheduled traffic				
No. of passengers (000)	466	5.4%	636	43.7%
RPK (mill.)	479	-2.9%	671	35.8%
ASK (mill.)	733	-21.3%	1,114	19.5%
Cabin factor	65.3%	+12.4 p.p.	60.2%	+7.2 p.p.
Yield, (EUR/RPK)		2.9%		0.0%
Total unit cost, incl. charter (local currency)		12.9%		10.8%

Traffic, RPK, was positive in the first six months of 2006, and rose by 35.8% compared with a year earlier. The number of passengers increased by 43.7%. Capacity was up 19.5%, which resulted in the cabin factor improving by 7.2 percentage points to 60.2%.

The yield improved during the second quarter but remained unchanged during the first half-year. The unit cost rose due to higher fuel prices and shorter average flights.

Due the increased volume and positive yield, passenger revenue rose 40.2% to MSEK 617 (440). Operating revenue for the same period amounted to MSEK 687 (502), an increase of 36.9%. Operating expenses rose 26.4% to MSEK 604 (478). This increase is due to higher capacity, higher jet fuel prices and higher payroll expenses.

EBITDAR improved by MSEK 59 to MSEK 83 (24).

Leasing costs rose by 3.3% to MSEK 62 (60) as a consequence of three more aircraft in the fleet and wet leases in May and June.

Income before capital gains and nonrecurring items improved during the period by MSEK 55 to MSEK 13 (-42).

Airline Support Businesses

(including SAS Flight Academy)

Statement of income

(MSEK)	2006	April-June 2005	Pro forma ¹⁾ 2005	2006	January-June 2005	Pro forma ¹⁾ 2005
Revenue	3,733	3,855	3,639	7,444	7,734	7,336
Payroll expenses	-1,765	-1,662	-1,506	-3,347	-3,307	-3,020
Handling costs	-247	-339	-339	-522	-658	-658
Technical aircraft maintenance	-646	-401	-433	-1,271	-896	-948
Computer and telecommunications costs	-147	-134	-126	-250	-300	-280
Other operating expenses	-1,125	-970	-1,007	-2,129	-1,923	-1,964
Operating expenses	-3,930	-3,506	-3,411	-7,519	-7,084	-6,870
Income before depreciation, EBITDA	-197	349	228	-75	650	466
Depreciation	-102	-116	-84	-171	-248	-167
Share of income in affiliated companies	-18	0	0	-36	0	0
Operating income, EBIT	-317	233	144	-282	402	299
Net financial items	-21	-39	-19	-38	-72	-33
Airline Support Businesses - Income after financial items	-338	194	125	-320	330	266
EBT before nonrecurring items	-73	194	125	-34	330	266

	SAS Ground Services Jan-Jun		SAS Technical Services Jan-Jun		SAS Cargo Group Jan-Jun		SAS Flight Academy Jan-Jun	
	2006	2005	2006	2005 ¹⁾	2006	2005	2006	2005
Revenue	2,971	3,099	2,517	2,539	1,760	1,526	248	249
Of which external revenue	17.0%	16.8%	15.9%	11.1%	98.7%	95.2%	54.4%	45.0%
Operating expenses	-2,925	-2,950	-2,637	-2,345	-1,715	-1,478	-180	-179
EBITDA	46	149	-120	194	45	48	68	70
EBIT	3	92	-233	151	19	24	47	31
Income after financial items	-3	84	-253	136	11	14	44	30
Average number of employees	6,597	6,978	2,471	2,709	1,467	1,320	164	164
EBT before nonrecurring items	-3	84	-72	136	11	14	44	30

¹⁾ Pro forma, excluding SAS Component Group (sold as of November 2005).

Earnings performance

Airline Support Businesses' operations comprise SAS Ground Services (SGS), SAS Technical Services (STS), SAS Cargo Group and since January 2006 also SAS Flight Academy (SFA). SGS is a full-service provider in the areas of airline ground handling. STS provides technical maintenance of aircraft and engines to airlines within and outside the SAS Group. SAS Cargo is a leader in transporting freight in the Baltic Sea region, and SAS Flight Academy operates training centers for pilots and cabin crew.

The business area's operating revenue declined during the first half of 2006 to MSEK 7,444 (7,734). This reduction can be primarily explained by the sale of SAS Component Group (see pro forma), but also the fact that STS and SGS were affected by heavy pressure on volumes and prices. Income before capital gains and nonrecurring items deteriorated by MSEK 364 and amounted to MSEK -34 (330).

During the second quarter of 2006, operating revenues fell MSEK 122 to MSEK 3,733 (3,855). Income before capital gains and nonrecurring items declined by MSEK 267 to MSEK -73 (194).

Competition and price pressure for **SAS Ground Services (SGS)** continued to be intense. Airlines are reducing costs by removing and simplifying services, which leads to less purchases of ground handling services. Operating revenue for SGS amounted to MSEK 2,971 (3,099) for the first half-year. Income after financial items amounted to MSEK -3 (84). This deterioration is due to the fact that the operations, primarily in Denmark and Sweden, have not made changes at the same rate as prices have been subject to further market adjustment. SGS's ambition is to enhance the flexibility of the operations through measures such as seeking new business opportunities at the airports. SGS signed several new agreements with customers outside the SAS Group during the first half-year.

In the Norwegian court case on how Braathens' ground handling staff should be integrated in 2002, the Supreme Court overturned the judgments of the lower courts. The

effects of this court decision are expected to impact the SAS Group's results negatively in the amount of MSEK 105, which was charged to this business area's results during the second quarter 2006.

SAS Technical Services' (STS) 2005 figures are pro forma, excluding SAS Component Group. Revenue during the first half of 2006 amounted to MSEK 2,517 (2,539). During the period, STS signed new external agreements corresponding to MSEK 222. Operating expenses rose during the period by 12.4% mainly due to restructuring costs of MSEK 181 (of which MSEK 160 pertains to the closure of the Sola base). Income before depreciation, EBITDA, amounted to MSEK -120 (194). Income after financial items fell to MSEK -253 (136).

The lower operating revenue is attributable to lower demand for Airframe services in particular (heavy and base maintenance) from SAS Group airlines, and further market-based adjustments to prices. In order to further reduce costs for the Airframe operations, a decision was made to close the Sola base in Stavanger on September 1, 2006.

STS expects continued low demand during the remainder of 2006.

SAS Cargo's operating revenue for the first half-year was up 15.3%, to MSEK 1,760 (1,526). The rise is due to positive trends on the markets in the US and Asia, combined with increased capacity. New capacity agreements with Air China and Spanair are expected to contribute to continued growth. SAS Cargo's income after financial items amounted to MSEK 11 (14).

First half-year operating revenue for **SAS Flight Academy (SFA)** amounted to MSEK 248 (249). The trend of increasing revenue from external customers continued during the second quarter. Income after financial items amounted to MSEK 44 (30), which meets the SAS Group's return requirements.

Hotels



Statement of income

(MSEK)	April-June 2006		January-June 2006	
	2006	2005	2006	2005
Rooms revenue	983	784	1,779	1,371
Food and beverage revenue	495	439	970	784
Fee revenue	164	102	273	191
Other revenue	87	76	173	151
Revenue	1,729	1,401	3,195	2,497
Operating expenses	-496	-436	-980	-826
Payroll expenses	-585	-486	-1,127	-923
Operating expenses	-1,081	-922	-2,107	-1,749
Gross operating income (GOP)	648	479	1,088	748
Rental expenses, property insurance and property tax	-426	-338	-878	-693
Share of income in affiliated companies	14	16	23	24
Income before depreciation	236	157	233	79
Depreciation	-48	-49	-102	-97
Operating income, EBIT	188	108	131	-18
Financial items, net	-6	-25	-14	-45
Hotels – Income after financial items	182	83	117	-63

Key figures

Revenue, including managed hotels (MSEK)	3,454	2,762	6,326	4,891
Revenue per available room (SEK) (RevPAR) ¹⁾	727	663	664	585
Revenue per available room (EUR) (RevPAR) ¹⁾	78	72	71	64
Occupancy rate ¹⁾	72.0%	71.6%	67.3%	64.9%
Gross profit margin	37.5%	34.2%	34.1%	29.9%
Number of available rooms/night	14,231	12,200	14,380	12,200
Number of available rooms /night ¹⁾	31,650	27,300	32,677	26,900
Number of leased hotels			63	51
Number of hotels in operation			227	200

¹⁾ Including hotels operated on a management basis.

Earnings performance

Revenue for the six-month period amounted to MSEK 3,195 (2,497), an increase of 28.0% or MSEK 698. Comparable units posted an increase of MSEK 346, increased revenue from new hotels totaled MSEK 299 and exchange-rate differences MSEK 53.

Revenue for the second quarter amounted to MSEK 1,729 (1,401), an increase of 23.4% or MSEK 328. Comparable units posted an increase of MSEK 149, increased revenue from new hotels totaled MSEK 168 and exchange-rate differences MSEK 11.

Revenue per available room (RevPAR) continued to rise in the European hotel market during the second quarter of 2006. For comparable units in Rezidor SAS, RevPAR was 13.5% higher than in the same period in 2005. Eastern Europe is posting strong growth, as are Scandinavia and Central Europe.

Key figures for the first half of 2006, including managed hotels, performed as follows:

- RevPAR rose to EUR 71 (SEK 664), an increase of EUR 7. For the second quarter, RevPAR was EUR 78 (SEK 727), an increase of EUR 6.
- The occupancy rate for the six-month period rose by 2.5 percentage points to 67.3%.

Revenue, including managed hotels, amounted to MSEK 6,326 (4,891) for the first six months, which is an increase of 29.3%. Revenue for the second quarter amounted to MSEK 3,454 (2,762), an increase of 25.1% while the occupancy rate rose by 0.5 percentage points.

During the second quarter, Rezidor SAS signed 13 contracts for new hotels, making a total of 20 hotels in 2006. The number of hotels in operation during the first half of 2006 increased by ten hotels (13 new hotel openings and three

closings) and totaled 227 hotels at June 30. During the period, seven Radisson SAS hotels and six Park Inn hotels were opened, while three hotels left the chain. At June 30, Rezidor SAS had 272 hotels in operation or under construction.

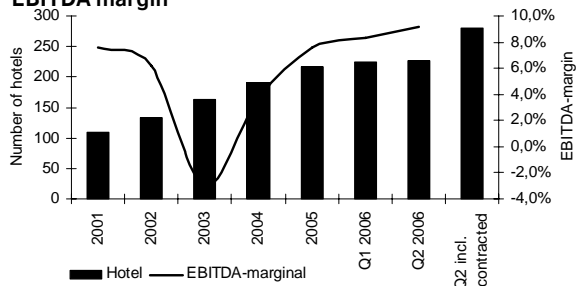
Income before depreciation amounted to MSEK 233 (79) for the six-month period and MSEK 236 (157) for the second quarter. The sharp improvement in earnings compared with 2005 is primarily due to the increase in RevPAR and the reduction in brand costs to Carlson Companies.

Rezidor SAS' goal is to have 700 hotels by 2015. The earlier financial targets of an EBITDA margin of not less than 10% and EBITDA growth of not less than 15% over a business cycle are being reviewed. The targets are expected to be raised as a result of structural improvements in operations after a transaction completed with Carlson Hotels Worldwide and improved operating income.

Income after financial items, EBT, amounted to MSEK 117 (-63) for the six-month period and MSEK 182 (83) for the second quarter.

The SAS Group is preparing a stock-exchange listing of Rezidor SAS within the next twelve months.

Performance of number of hotels in operation and EBITDA margin



Definitions

AEA - The Association of European Airlines.

AOC - Airline Operator Certificate.

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

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

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

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

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

CFROI - Adjusted EBITDAR in relation to AV.

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

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

EBIT (including capital gains) - Operating income.

EBIT margin - EBIT divided by total revenue.

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

EBITDAR margin - EBITDAR divided by total revenue.

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

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

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

EV, Enterprise value - Average market capitalization plus average financial net debt during the year and seven times the net annual cost of operating leases for aircraft.

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

FTE - Full-time equivalent.

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

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

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

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

Return on equity - Net income for the period attributable to Parent Company shareholders in relation to average shareholders' equity, excluding minority interests.

Revenue passenger kilometers (RPK) - See RPK.

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

RPK, 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.) that is then leased back.

TSR, Total shareholder return - Average total return.

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

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

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

Yield - See Unit revenue.

Important events

First quarter 2006

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

Second quarter 2006

- Swiss and South African Airways became new members of Star Alliance.
- SAS Braathens concluded a new agreement with cabin crew after a three-day lawful dispute.
- At SAS AB's Annual General Shareholders' Meeting, the Board of Directors was reelected and Jens Erik Christensen replaced Lars Rebién Sørensen, who declined reelection.
- SAS AB's Annual General Shareholders' Meeting resolved not to pay a dividend for the 2005 financial year.
- SAS Flight Academy expanded its operations in Copenhagen and installed two new simulators.
- The President and CEO of the SAS Group, Jørgen Lindegaard, announced that he would leave the SAS Group.
- Scandinavian Airlines and the pilots' trade unions signed an agreement that ensures unity regarding terms of employment, the seniority list and principal payroll and employment terms and conditions.
- SAS Braathens rejected claims by the Norwegian National Authority for the Investigation and Prosecution of Economic Crime that SAS Braathens had used operationally sensitive passenger information from Norwegian Air Shuttle in a prohibited manner.
- The Board decided that the technical base for heavy maintenance in Stavanger/Sola will be closed on September 1, 2006.
- The Swedish Government selected Scandinavian Airlines for all 105 destinations in Europe, North America and Asia for which SAS submitted bids.
- The SAS Group announced that preparations have been initiated for a stock-exchange listing of Rezidor SAS within the next twelve months.

Events after June 30, 2006

- In conjunction with the evacuation of Scandinavians from Lebanon, Scandinavian Airlines transported 7,900 passengers on a total of 50 additional flights, following orders from the three Scandinavian governments.
- From August 1, Executive Vice President Gunnar Reitan assumed the position of Acting President. A recruitment process for the appointment of a new President and CEO is in progress.
- SAS Braathens won the legal process against the Norwegian Competition Authority regarding misuse of its dominant position on the Oslo-Haugesund route.
- STS signed a contract with low-cost carrier Wizzair for line maintenance of its entire Polish aircraft fleet from January 2007. The contract has a duration of five years and is valued at MSEK 100.



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