

Favorable economy combined with new business models, and effective cost and capacity control resulted in improved earnings

- **Operating revenue for the full year** amounted to MSEK 60,777 (55,501), an increase of 9.5%. For the fourth quarter, operating revenue amounted to MSEK 15,157 (14,492), an increase of 4.6%. Operating revenue excludes revenue for the hotel business, which is reported as a discontinued operation.
- **Number of passengers** rose by 6.3% to 38.6 million and by 3.9% to 9.6 million during the fourth quarter.
- **Nonrecurring items totaling MSEK 667 (413)** were charged against full-year results, of which MSEK 337 (413) pertained to restructuring costs, MSEK 146 (0) to impairment losses and MSEK 184 (0) to other nonrecurring items.
- **Income before capital gains and nonrecurring items** amounted to MSEK 1,279 (114) for the period, an improvement of MSEK 1,165. Income for the fourth quarter totaled MSEK 735 (228).
- **Income from discontinued operations** amounted to MSEK 4,576 (577). Rezidor Hotel Group was listed on the stock exchange on November 28, 2006.
- **Net income** for the full year amounted to MSEK 4,740 (255) and MSEK 4,647 (198) for the fourth quarter.
- **Equity/assets ratio** amounted to 32% (21%) at December 31, 2006.
- **CFROI** for the twelve-month period January-December 2006 was 15% (13%).
- **Earnings per share for continuing and discontinued operations** for the SAS Group amounted to SEK 28.10 (1.06) and SEK 28.01 (0.88) for the fourth quarter. Earnings per share for continuing operations amounted to SEK 0.78 (-2.01) for the full year. Equity per share amounted to SEK 99.49 (69.93).
- **Cost savings** corresponding to SEK 2.5 billion are currently being implemented. At year-end, 79% of the savings had been put into effect.
- **On January 1, 2007**, Mats Jansson assumed the position of President and CEO.
- **The Board of Directors proposes** to the Annual General Shareholders' Meeting that no dividend be paid to shareholders in SAS AB for fiscal year 2006. This is motivated by the SAS Group's relatively weak financial position and cash flow, as a result of which, financial flexibility will be of major importance in managing future restructuring measures and investments.
- **"The result reported for 2006 is a good sign**, but the level is too low to meet shareholders' return requirements and future investment needs. There are currently no indications of a slowdown in the economy or the airline market. However, uncertainty remains regarding the strength of growth, the future competitive situation and the trend for jet fuel prices," says Mats Jansson, President and CEO.

SAS Group	Q4		Q3		Q2		Q1			
	October-December		July-September		April-June		January-March		January-December	
(MSEK)	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Revenue	15,157	14,492	16,393	14,943	16,207	14,373	13,020	11,693	60,777	55,501
EBITDAR	2,009	1,330	2,314	1,988	2,063	2,069	230	293	6,616	5,680
EBITDAR margin	13.3%	9.2%	14.1%	13.3%	12.7%	14.4%	1.8%	2.5%	10.9%	10.2%
EBITDA	1,142	492	1,439	1,145	1,170	1,304	-661	-393	3,090	2,548
EBITDA margin	7.5%	3.4%	8.8%	7.7%	7.2%	9.1%	-5.1%	-3.4%	5.1%	4.6%
EBIT	644	79	1,044	686	690	833	-1,105	-921	1,273	677
EBIT margin	4.2%	0.5%	6.3%	4.6%	4.3%	5.8%	-8.5%	-7.9%	2.1%	1.2%
Income before capital gains and nonrecurring items	735	228	969	619	894	579	-1,319	-1,312	1,279	114
Income before tax	371	-77	786	457	458	509	-1,323	-1,135	292	-246
Net income for the period	4,647	198	604	529	553	499	-1,064	-971	4,740	255
Earnings per share (SEK) ¹⁾	28.01	0.88	3.40	3.03	2.97	3.01	-6.29	-5.86	28.10	1.06
Cash flow before financing activities	7,117	1,484	668	449	1,580	1,675	222	-1,131	9,587	2,477

¹⁾ Earnings per share from continuing and discontinued operations.

SAS AB is the Parent Company of the SAS Group, the Nordic region's largest airline and travel group, which offers air-transport and airline related services. 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, the partly owned airline Estonian Air and the SAS Aviation Services business unit.

SAS Group's Annual and Sustainability Report will be available on the Internet on March 15, 2007.

www.sasgroup.net

Statement of income

(MSEK)	October-December		January-December	
	2006	2005	2006	2005
Revenue	15,157	14,492	60,777	55,501
Payroll expenses	-4,440	-4,780	-18,092	-18,163
Other operating expenses	-8,708	-8,382	-36,069	-31,658
Leasing costs for aircraft	-867	-838	-3,526	-3,132
Depreciation	-528	-537	-1,964	-2,170
Share of income in affiliated companies	-3	-13	59	76
Income from sale of shares in subsidiaries and affiliated companies	0	8	0	41
Income from the sale of aircraft and buildings	33	129	88	182
Operating income	644	79	1,273	677
Income from other shares and participations	-48	2	-47	50
Net financial items	-225	-158	-934	-973
Income before tax	371	-77	292	-246
Tax	-141	-266	-128	-76
Net income from continuing operations	230	-343	164	-322
Income from discontinued operations	4,417	541	4,576	577
Net income for the period	4,647	198	4,740	255
Attributable to:				
Parent company shareholders	4,608	144	4,622	174
Minority interests	39	54	118	81
Earnings per share (SEK) from continuing and discontinued operations ¹⁾	28.01	0.88	28.10	1.06
Earnings per share (SEK) from continuing operations ¹⁾	1.41	-1.98	0.78	-2.01

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)	October-December		January-December	
	2006	2005	2006	2005
Income for the period in continuing and discontinued	4,647	198	4,740	255
Tax	140	375	196	163
Income before tax	4,787	573	4,936	418
Capital gains	-4,277	-578	-4,324	-717
Impairment losses	146	0	146	0
Restructuring costs	32	233	337	413
Other nonrecurring items	47	0	184	0
Income before capital gains and nonrecurring items	735	228	1,279	114

Financial key ratios

(MSEK)	2006	2005	2004
CFROI	15%	13%	9%
Return on equity	38%	1%	-15%
Equity/assets ratio	32%	21%	19%
Net debt, MSEK	-4,671	5,865	9,956
Financial net debt, MSEK	4,134	14,228	17,377
Debt/equity ratio	0.25	1.18	1.57
Adjusted debt/equity ratio	1.68	2.90	3.17
Interest coverage ratio	4.4	1.3	-0.3

Traffic-related key figures

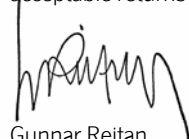
SAS Group	October-December		July-September		April-June		January-March		January-December	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
No. of passengers (000)	9,611	9,250	10,141	9,714	10,325	9,743	8,532	7,606	38,609	36,312
RPK (mill.)	9,162	8,953	10,745	10,219	10,357	9,651	8,179	7,638	38,443	36,461
ASK (mill.)	13,405	12,878	14,086	13,599	14,005	13,813	12,275	12,464	53,771	52,754
Load factor	68.4%	69.5%	76.3%	75.1%	74.0%	69.9%	66.6%	61.3%	71.5%	69.1%
Yield, SEK	1.22	1.15	1.05	1.02	1.16	1.13	1.16	1.11	1.15	1.10
Total unit cost, SEK	0.75	0.74	0.72	0.74	0.76	0.71	0.78	0.74	0.75	0.74

Dear Shareholder,

The year got off to a turbulent start with our difficult internal negotiations, which had an adverse impact on our earnings and delivery quality. Primarily during the late spring and to date, there has been a sharp increase in demand in most of the Group's markets, which was a significant reason for the improvement in earnings. In addition, the introduction of new business models, effective cost control and efficient capacity adaptation resulted in considerable earnings improvements, primarily in the Scandinavian Airlines business area. Income before nonrecurring items totaled MSEK 1,279, an improvement of MSEK 1,165. We are satisfied with the pace of improvement, but the level of earnings remains far from the returns that our shareholders are entitled to demand.

Growth was highly favorable in the Baltic States and Spain, but there was also significant growth in the Norwegian market. The SAS Group is well-positioned in the growth markets through airBaltic and Spanair. In Norway, SAS Braathens stabilized its market position. Despite moderate growth, Scandinavian Airlines Sverige had the largest improvement in earnings in percentage terms. The Group's other airlines also enjoyed a favorable earnings trend, except for Blue1, which had major start-up costs in connection with its expansion.

The cost-reducing measures at SAS Scandinavian Airlines and SAS Aviation Services, totaling SEK 2.5 billion, continue. Significant efficiency-enhancement measures are also being implemented by our other airlines. As Acting CEO, it has been my task to ensure that there has been a continued intense pace in the change processes. I feel that we have succeeded well in this, both in the commercial area and in terms of the cost trend. The new business models have given us a considerably improved load factor that provides opportunities for efficient control of revenue. During the year, a major step in the process to free up capital was implemented through the successful stock-exchange listing of the Rezidor Hotel Group. With this sale, the SAS Group increased its financial strength and we are now increasingly a streamlined airline group. It is my assessment that, through the work of recent years, we have created a more stable platform. However, much work remains before we can achieve acceptable returns for our shareholders.



Gunnar Reitan
Acting President and CEO
August 1 – December 31, 2006

Following a two month period of knowledge gathering, I formally assumed the position of President and CEO on January 1, 2007. It feels incredibly positive and inspiring to have the opportunity to head one of Europe's largest and most respected airline groups. At the same time, it is an obligation because, in cooperation with my colleagues, my assignment and my mandate are to develop the SAS Group financially and conceptually. The aim is to enable the implementation of necessary investments, satisfy the owners' demands for returns and preserve the SAS Group as an independent company.

By meeting and talking to more than 2,000 employees, conducting detailed interviews with some 100 managers, Board members and trade union representatives, I have gained an initial impression of the challenges that lie ahead. This process also forms the basis for the strategy work that has been commenced within the Group and which will culminate in a specific plan called "Strategy 2011" that will be unveiled in May. The starting point for our strategy work is that we are progressing from a rescue or crisis phase to one of conceptually driven restructuring.

More clearly than ever, "Strategy 2011" will provide the answer to where we stand, what we will be, what we will offer, how we will behave and, last but not least, the results requirement or demand that we must achieve in order to fulfill future investments and the shareholders' right to returns. In other words, we will chisel out hard and soft aspects of the plan, including everything from further cost-saving measures, brand positioning, customer offering and measures for growth to a management model, taking into account sustainability aspects and cultural values.

What are my impressions and reflections after the first few months?

First of all, SAS is a fine company that touches everyone. Competence and employee loyalty are high. We have lots of loyal customers, but expectations are also great. The brand is strong, as is the market position, particularly in Scandinavia. The result reported for 2006 is a good sign, but the level is too low to meet the shareholders' return requirements and future investment needs. The gap in earnings amounts to about SEK 3 billion for achievement of a satisfactory level of return. To fill the gap, further efficiency measures are required, as well as further strengthening and clarification of our business concept. In other words, a combination of cost and revenue measures.

A further reflection is that after completion of the necessary decentralization and incorporation, we require a clear description of our various roles to ensure quality and speed in the implementation of future improvement measures.

In conclusion, "Strategy 2011" will be no major revolution, rather a significant evolution with the principal aim of firmly establishing our future approach and target scenario for our customers, employees and shareholders.

In 2007, continued favorable growth is expected and there are currently no indications of a slowdown in the economy or the airline market. However, uncertainty remains regarding the strength of growth, the future competitive situation and the trend for jet fuel prices.

Stockholm, February 8, 2007



Mats Jansson
President and CEO

SAS Group's traffic results

Traffic growth in the airline industry was favorable in 2006. Traffic (RPK) increased by 5.2% during the year for the 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 grew by 5.4% in 2006, meaning that it increased more than the AEA average. New airlines (not members of the AEA) had somewhat larger traffic growth. At the same time, capacity (ASK) rose by 1.9% compared with 2005, which resulted in an improvement in the load factor of 2.4 percentage points to 71.5%. The number of passengers rose by 6.3% to 38.6 million, which is more than in prior years. Traffic during the fourth quarter rose by 2.3%.

The SAS Group's strongest traffic growth was in Finnish and Spanish domestic traffic and within the Baltic region. The Norwegian market also had favorable traffic growth. The SAS Group's European traffic increased by 15.1% and capacity rose by 8.7% in 2006. Intercontinental capacity was adjusted downward by 5.8% and traffic declined by 6.3%.

Within the SAS Scandinavian Airlines business area, Scandinavian Airlines Danmark's traffic increased by 1.3%. At the same time, capacity was reduced by 6.6%, which led to a 5.6-percentage point improvement in load factor to 72.1%. SAS Braathens had the highest traffic growth at 7.7% after an increase in both Norwegian domestic and European traffic. SAS Braathens' load factor increased by 2.5 percentage points to 68.8%. Scandinavian Airlines Sverige reduced its capacity by 7.3% but traffic declined by only 2.3%, which improved the load factor by 3.5 percentage points to 69.9%.

During the year, Blue1 opened 11 new destinations, which contributed to a strong increase in traffic of 51.2%. Capacity rose by 45.6% with the phasing-in of three MD-90s. The load factor improved by 2.5 percentage points to 66.6%. Spanair's traffic rose by 21.5% and capacity increased by 13.5%. The load factor improved by 4.4 percentage points to 66.6%. airBaltic also had a strong traffic increase of 32%. Capacity increased by 24% and the load factor improved by 3.7 percentage points to 60.6%. Widerøe had a favorable traffic increase of 7.6% during the year and the load factor improved by 2.8 percentage points to 57.0%.

SAS Group*		Oct-Dec 2006	Change over 2005	Jan-Dec 2006	Change over 2005
No. of passengers	(000)	9,611	3.9%	38,609	6.3%
Passenger km	(mill.)	9,162	2.3%	38,443	5.4%
Seat km	(mill.)	13,405	4.1%	53,771	1.9%
Load factor		68.4%	-1.2p.p.	71.5%	+2.4p.p.

Traffic results by route sector

	Oct-Dec 06 vs. Oct-Dec 05		Jan-Dec 06 vs. Jan-Dec 05	
	Traffic (RPK)	Capacity (ASK)	Traffic (RPK)	Capacity (ASK)
Intercontinental	-8.4%	-6.3%	-6.3%	-5.8%
Europe	12.3%	12.0%	15.1%	8.7%
Intra-Scandinavian	0.1%	-1.4%	5.9%	-1.6%
Denmark (Domestic)	-13.2%	-16.1%	-7.4%	-15.8%
Norway (Domestic)	2.8%	0.7%	3.3%	-1.4%
Sweden (Domestic)	-9.1%	-12.5%	-14.7%	-16.9%

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

Traffic by company

January-December	Traffic (RPK)	Capacity (ASK)	Load factor (%)	Change in load factor
SAS Group	5.4%	1.9%	71.5%	+2.4p.p.
SAS Danmark	1.3%	-6.6%	72.1%	+5.6p.p.
SAS Braathens	7.7%	3.7%	68.8%	+2.5p.p.
SAS Sverige	-2.3%	-7.3%	69.9%	+3.5p.p.
SAS International	-6.3%	-5.8%	82.8%	-0.4p.p.
Spanair	21.5%	13.5%	66.6%	+4.4p.p.
Widerøe	7.6%	2.3%	57.0%	+2.8p.p.
Blue1	51.2%	45.6%	66.6%	+2.5p.p.
airBaltic	32.0%	24.0%	60.6%	+3.7p.p.

Financial performance

January-December 2006

Rezidor Hotel Group was listed on the stock exchange on November 28, 2006. Accordingly, at December 31, 2006, the SAS Group had divested 91% of its holding in Rezidor Hotel Group and subsequently owns 6.7% of the shares in Rezidor Hotel Group.

Since the transaction is tangible in relation to the Group in its entirety, the divested operations are reported in accordance with IFRS5. During the year, the Norwegian Aviation College was also divested. In the preceding year, the European Aeronautical Group, Jetpak and 67% of the Group's holding in Component Group were also divested, which is why 2005 has been adjusted to facilitate comparison. Income items for continuing operations are presented first. Income from discontinued operations comprises the operations' income after tax and the Group's capital gain.

Continuing operations:

The net effect of currency fluctuations between the period January-December 2005 and 2006 was MSEK 45. The effect is MSEK 4 on operating revenue, MSEK 25 on operating expenses, MSEK 9 on net financial items and MSEK 6 on discontinued operations.

The SAS Group's operating revenue amounted to MSEK 60,777 (55,501), up MSEK 5,276 or 9.5%. Passenger traffic (RPK) rose 5.4% for the Group. SAS Scandinavian Airlines' traffic declined by 0.8% compared with 2005 and the currency-adjusted yield was up 6.7% compared with the corresponding period in 2005. The yield improvement is partly attributable to compensation for increased fuel costs, but also to active revenue control.

Payroll expenses declined by MSEK 71, or 0.4%, and amounted to MSEK 18,092 (18,163). Adjusted for nonrecurring items of MSEK 351 (393), payroll expenses were MSEK 29 lower than in the preceding year. Nonrecurring items for 2006 include MSEK 84 attributable to the outcome in the Norwegian Supreme Court regarding the integration of Braathens' ground handling personnel in 2002. The remaining MSEK 267 pertains to costs associated with the reduction of personnel in SAS Technical Services, MSEK 117, SAS Braathens, MSEK 74, SAS Ground Services, MSEK 50 and other units, MSEK 26. The number of employees fell by 0.1% in continuing units. The number of employees rose due to higher volumes in SAS Individually Branded Airlines, while the number of employees in SAS Scandinavian Airlines and SAS Aviation Services declined.

The Group's other operating expenses rose by MSEK 4,411, or 13.9% to MSEK 36,069. Adjusted for currency effects and nonrecurring items of MSEK 170 (20), expenses increased by MSEK 4,286, or 13.5% due to higher fuel costs and higher volumes in SAS Individually Branded Airlines (17.5% increase in ASK). The Group's costs for jet fuel amounted to MSEK 10,493 (8,123). Adjusted for a positive currency effect owing to a weaker USD, fuel costs increased by MSEK 2,436. The market price (spot price) during the period was an average of 15% higher than during the same period in 2005.

Operating income before depreciation and leasing costs, EBITDAR, was MSEK 6,616 (5,680).

Leasing costs amounted to MSEK 3,526 (3,132), an increase of MSEK 394. Depreciation was MSEK 1,964 (2,170), down MSEK 206. Decreased depreciation was primarily due to the sale and leaseback of aircraft, which resulted in higher leasing costs. Total leasing costs and depreciation were MSEK 188 higher than in the preceding year, of which MSEK 71 was attributable to the impairment of intangible assets.

Share of income in affiliated companies amounted to MSEK 59 (76). The change between 2005 and 2006 is due to lower earnings in Estonian Air and a positive trend in British Midland. The share of income in Component Group was MSEK -50 (-23). In 2005, airBaltic was included in an amount of MSEK -28. Share of income for 2006 includes MSEK 25 for the impairment of goodwill attributable to the Group's holding in Skyways.

The Group's income from the sale of aircraft and buildings during the period January-December amounted to MSEK 88 (182). This includes the sale and leaseback of twelve McDonnell Douglas MD-80s, four Airbus A321s, two Airbus A319s, and three Boeing 737s. Three McDonnell Douglas MD-80s and two Fokker F50s were divested. A property in Bromma and one in Oslo were also sold.

The result from other shares and participations totaling MSEK -47 (50) includes the effect of the valuation of shares in Aeroexchange (purchasing company within Star Alliance) at a fair value of MSEK -50. In 2005, participations in France Telecom were sold, generating a capital gain of MSEK 48.

The Group's net financial items amounted to MSEK -934 (-973). Net interest was MSEK -884 (-869). Net interest includes positive effects of MSEK 188 (116) from valuation of financial instruments in accordance with IAS39. The currency effect was MSEK -3 (-12). Other net financial expenses were MSEK -47 (-92).

Income before tax in continuing operations amounted to MSEK 292 (-246).

Discontinued operations:

Income from discontinued operations amounted to a total of MSEK 4,576 (577). The stock-exchange listing of Rezidor Hotel Group was implemented on November 28, 2006. In the preceding year, European Aeronautical Group, Jetpak and 67% of the holding in SAS Component Group were divested.

Continuing and discontinued operations:

Income before capital gains and nonrecurring items amounted to MSEK 1,279 (114).

The change in income before tax is due to:

Currency effect	45
Income before depreciation and leasing costs, EBITDAR	1,050
Leasing costs and depreciation	-129
Share of income in affiliated companies	-28
Net interest, etc.	23
Capital gains	3,557
Total changes	4,518

Fourth quarter of 2006

The SAS Group reported income before capital gains and nonrecurring items of MSEK 735 for the fourth quarter, which is MSEK 507 better than for the year-earlier period.

The Group's operating revenue in continuing operations amounted to MSEK 15,157 (14,492), an increase of MSEK 665 or 4.6%. Adjusted for the currency effect, operating revenue increased by MSEK 1,286 or 8.9%.

The Group's passenger traffic increased by 2.3%. In SAS Scandinavian Airlines, traffic declined by 4.2%, while the yield increased by 15.4% during the quarter.

Operating expenses, including payroll expenses, totaled MSEK 13,148 (13,162). Adjusted for currency effects and nonrecurring items of MSEK 79 (233), operating expenses were 5.5% higher than in the preceding year due to higher fuel costs and increased volumes in SAS Individually Branded Airlines. With regard to the currency effect, the fuel cost increased by MSEK 364 compared with the fourth quarter of 2005. During October-December 2006, the market price of fuel remained unchanged compared with the preceding year.

EBITDAR for the fourth quarter amounted to MSEK 2,009 (1,330).

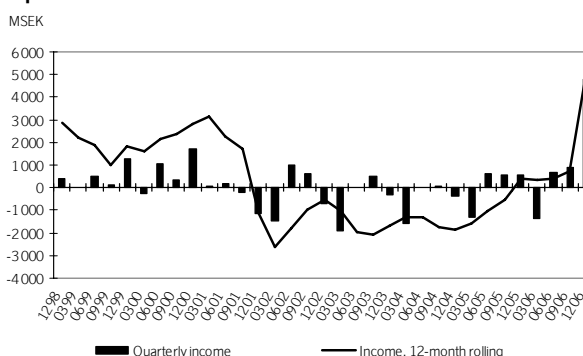
Capital gains relating to aircraft transactions, etc., amounted to MSEK 33 (129).

The Group's net financial items amounted to MSEK -225 (-158). Net interest was MSEK -196 (-145). Effects from the valuation of financial instruments in accordance with IAS39 were MSEK 39 (70).

Impairment losses totaling MSEK 146 on intangible assets and shares were charged in the fourth quarter of 2006.

Income from discontinued operations during the fourth quarter totaled MSEK 4,417 (541).

Income before tax in continuing and discontinued operations



New business models

New commercial concepts

The SAS Group's airlines work continuously to develop and improve the business model with the aim of increasing customer value and competitiveness. About 60-70% of SAS Group airlines' customers fly on business.

There is high price awareness among all customers, but customer surveys show that most business customers want to have more than the basic product offered by the new airlines or an economy class product. There is a willingness to pay for enhanced service. About 50% of business passengers travel in Economy class. The Group's customer satisfaction surveys show that there are business travelers that are dissatisfied with the Economy product and, accordingly, there is potential in designing an offering to satisfy these customers.

In February 2007, SAS Scandinavian Airlines is launching an improved product aimed at meeting this need to a greater degree. The product concept shall be clearer and also entail price reductions. It will build upon enhanced transparency/differentiation, focus on business customers and a higher degree of harmonization in the service structure. All airlines within the SAS Group shall offer a distinctly differentiated product compared with the new airlines. For example, the Group airlines fly to primary airports, with responsibility for passengers and baggage throughout the journey, Internet check-in and Fast Track security, etc., thereby saving time for the customer.

In autumn 2006, SAS Scandinavian Airlines launched a new, improved web site with a simpler booking dialog and clear price calendar. Pricing was also harmonized to simplify the process for passengers and to clarify price and product.

In the future, the SAS Group will continue to offer a large number of low-price tickets for the leisure market.

Traffic program

The size of the airlines' networks are to be adjusted to local traffic flows and profitable feeder traffic. Dynamic traffic planning (round trip management) was increasingly implemented in 2006, allowing the SAS Group's units to increasingly adapt capacity to demand during months, weeks and days. The Star Alliance complements the SAS Group network. The earnings effect is currently estimated at MSEK 600 on an annual basis.

For example, Scandinavian Airlines Danmark reduced capacity during the Christmas holiday and the days between Christmas and New Year compared with earlier years due to considerably lower demand. Corresponding adjustments are being made by the other airlines in the Group.

Cost adaptations

Lower unit costs require higher productivity, market-adapted compensation levels, more seats in aircraft and lower handling and distribution expenses.

The SAS Group continuously compares cost levels in each unit to ensure competitiveness. The need for new savings is being evaluated within the framework of the "Strategy 2011" program. Increasing efficiency is an ongoing feature of all of the Group's units.

SAS Scandinavian Airlines and the companies within SAS Aviation Services are currently implementing cost-reduction measures corresponding to SEK 2.5 billion for the years 2006-2007. These measures comprise efficiency enhancement in sales activities, ground services, technical maintenance, distribution and administration, as well as higher productivity and competitive terms and conditions for employees.

The distribution of the SEK 2.5 billion is currently MSEK 600 for productivity, approximately MSEK 900 for efficiency enhancements at SGS and STS, and approximately MSEK 1,000 for administration and sales and other costs. At the end of 2006, measures corresponding to 79% of the SEK 2.5 billion had been implemented.

Spanair is working continuously to improve efficiency and further reduce unit costs. Spanair will implement total efficiency savings of about MEUR 200 from the 2005 level prior to 2009. In conjunction with this, a four-year agreement was signed with cabin crew to enable increased productivity and new, competitive salary scales. Widerøe identified cost measures of approximately MSEK 200 aimed at reducing unit costs.

All companies will increase the degree of flexibility in the cost mass, which will be secured through changed crew agreements, aircraft leasing, purchasing agreements, etc.

The earnings effect from the cost program in 2006 amounted to MSEK 1,000. At the same time, the earnings effect from Turnaround 2005 was MSEK 1,600.

Nonrecurring items

Restructuring costs

In 2006, restructuring costs totaled MSEK 337, of which MSEK 147 pertains to the closure of the technical base in Sola Stavanger, Norway. The restructuring costs 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.

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 amounted to MSEK 84. Investigation costs of MSEK 100 pertaining to the Competition Authority's investigation into suspected legal breaches in the air cargo sector are charged against earnings.

Impairment

Impairment losses amounted to MSEK 146 (0). Intangible assets and goodwill are tested annually to determine the need for impairment, which resulted in an impairment loss of MSEK 96. Shares impaired by MSEK 50 follow fair valuations.

Financial position and capital release

As of December 31, 2006, the SAS Group's liquid assets amounted to MSEK 10,803 (8,684), an increase of MSEK 2,119. The increase was attributable to a cash contribution of MSEK 5,100 from the sale of the Rezidor Hotel Group and a positive cash flow from operations.

The SAS Group's interest-bearing liabilities declined by MSEK 9,859 in 2006. In addition to amortization of MSEK 5,800, interest-bearing liabilities of MSEK 1,500 were repaid in conjunction with aircraft transactions. MSEK 900 of loan commitments was also repaid. In addition, loans due for repayment in 2007 were amortized in advance in an amount corresponding to MSEK 1,700. New borrowing during the year totaled MSEK 1,900. The remaining reduction in interest-bearing liabilities is attributable to the strong Swedish krona.

Besides liquid assets, the SAS Group had unutilized contract loan commitments amounting to MSEK 5,336 (5,246). In December 2006, the main credit facility of MSEK 3,300, with a due date in May 2007, was renegotiated to a new due date of June 2010. A new revolving credit facility of MSEK 250 was signed in August 2006.

In 2006, sale and leaseback transactions were signed for two Airbus A319s, four Airbus A321s, twelve McDonnell Douglas MD80s and three Boeing 737s. In addition, the SAS Group sold three McDonnell Douglas MD80s and two Fokker F50s. The total sales value amounted to MSEK 3,805. The SAS Group also acquired four formerly leased McDonnell Douglas MD80s and a Boeing 737.

On November 28, 2006, the SAS Group implemented a stock-exchange listing of the Rezidor Hotel Group in line with the strategy of focusing on core operations. At December 31, 2006, the SAS Group had an ownership share of 6.7%, which is expected to be disposed of in 2007.

In 2006, financial net debt declined by MSEK 10,094 to MSEK 4,134.

The equity/assets ratio on December 31, 2006 was 32% (21%). The adjusted debt/equity ratio amounted to 1.68. The SAS Group aims 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 target is an adjusted debt/equity ratio of 1.0. These financial targets are to be reached through a combination of earnings improvements, limited investment levels and the program for releasing capital.

In August and September, the SAS Group received two deliveries of Airbus A319s. The SAS Group's planned investment in aircraft in the next few years is very limited. In all, the SAS Group has four aircraft on firm order, representing a total investment amounting to USD 109, with delivery during 2007. In addition to investment in new aircraft, the Group invests approximately MSEK 1,500 per year in spare parts and other operational investments.

Firm orders for aircraft in 2007:

SAS Group	Total	2007
Airbus A319	2	2
Boeing 737	2	2
Number of aircraft	4	4
CAPEX (MUSD)	109	109

Capacity plans

The SAS Group expects a somewhat higher capacity increase in 2007 compared with 2006. Capacity in Scandinavian Airlines will be in line with 2006. Spanair is planning a capacity increase, partly through reallocation of charter aircraft to scheduled aircraft. Blue1 will have a full-year effect from new European production, but the capacity increase will be lower than in 2006. airBaltic's strong growth is expected to continue.

Planned capacity compared with 2006 (ASK)

Scandinavian Airlines Danmark	+/-0%	Spanair	+15%
SAS Braathens	+2%	Widerøe	-4%
Scandinavian Airlines Sverige	+6%	Blue1	+20%
Scandinavian Airlines International	-4%	airBaltic	+30%
SAS Scandinavian Airlines	+/-0%	SAS Group	5-7%

Investments

The SAS Group's investments, including prepayments, amounted to MSEK 2,299 (1,827) for the period. Investment in aircraft and other flight equipment totaled MSEK 917 (845).

	October-December		January- December	
	2006	2005	2006	2005
SAS Scandinavian Airlines	232	182	1,412	361
SAS Individually Branded Airlines	153	158	335	342
SAS Aviation Services	154	159	296	709
Hotels	12	99	264	358
Groupwide functions and eliminations	-30	8	-8	57
SAS Group	521	606	2,299	1,827

SAS Group's total aircraft fleet, December 31, 2006:

Aircraft type	Average ¹⁾	Owned	Leased	Total	Leased out	Order
Airbus A340/330	4.6	5	6	11		
Airbus A321/ A320/ A319	3.9	4	27	31		2
Boeing 737 series	9.1	20	63	83	4	2
Boeing 717 (MD-95)	5.5		5	5		
McDonnell Douglas MD-80 series	17.5	13	69	82	2	
McDonnell Douglas MD-90 series	9.9	8		8	3	
Avro RJ-85/100	5.2		9	9		
Fokker F50	17.1		14	14		
deHavilland Q series	9.0	17	36	53		
SAAB 2000	9.6		5	5	5	
Total	10.9	67	234	301	14	4

SAS Scandinavian Airlines	10.7		180		9	4
Spanair	11.0		59			
Widerøe	11.5		29			
Blue1	6.8		17		5	
airBaltic	15.1		16			
Total	10.9		301		14	4

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

¹⁾ Pertains to average age of aircraft fleet.

Currency and fuel hedging

The SAS Group has hedged about 87% of its USD deficit with forward contracts and options during 2007. Other currencies are hedged in accordance with policy at 60-90%.

The SAS Group has hedged 57% of its expected fuel consumption in 2007. This cost is hedged at an average price, including premium, of USD 766/ton for 2007. Hedging is primarily performed on options, but due to high premium levels, swaps and other instruments have also been used. The proportion of swaps is about 15% of total consumption and is implemented at an average price of USD 670/ton.

Average number of employees in the SAS Group (FTE)

	October-December		January-December	
	2006	2005	2006	2005
SAS Scandinavian Airlines	7,509	8,039	7,588	8,244
SAS Individually Branded Airlines	7,555	7,052	7,402 ¹⁾	6,464
SAS Aviation Services	10,470	10,846	10,742	11,122

Groupwide functions	794	888	822	897
Continuing operations	26,328	26,825	26,554	26,727
Discontinued operations	4,071	6,193	5,411	6,197
SAS Group	30,399	33,018	31,965	32,924

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

Legal issues

On February 14, 2006, the European Commission and the U.S. Department of Justice each made public investigations into possible illegal 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 large 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 case in New York. SAS is cooperating with the government investigations, preparing defense of 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 effect on SAS. Costs for the investigations in SAS Cargo amounted to MSEK 100 in 2006.

At the end of July, SAS Braathens was found not guilty by Oslo City Court in a case brought by the Norwegian Competition Authority regarding alleged misuse of the dominating market position on the Oslo-Haugesund route (see also page 14 regarding the Norwegian National Authority for the Investigation and Prosecution of Economic Crime).

Business conditions

Negotiations are being conducted with Singapore Technologies regarding the final purchase consideration for the sale of 67% of the shares in SAS Components that was implemented in 2005. Information is currently being compiled to determine the parties' positions.

Accounting principles and financial reports

The SAS Group has applied International Financial Reporting Standards (IFRS) since January 1, 2005. Since the income from discontinued operations is tangible in relation to the SAS Group in its entirety, the statement of income is reported in accordance with IFRS5. Comparative data for 2005 are restated and also include accounting in accordance with IFRS5 for operations divested in 2005.

The Group's other formal financial reports appear on page 2 and pages 10-12.

Management issues

Jørgen Lindegaard was President and CEO until August 1, 2006. Gunnar Reitan is responsible for the SAS Individually Branded Airlines business area, SAS Cargo and SGS. Gunnar Reitan was Acting President and CEO from August 1 through December 31, 2006. The SAS Group's President and Chief Executive Officer, Mats Jansson, assumed the position of President of SAS AB on January 1, 2007. Gunilla Berg is Chief Financial Officer. John S. Dueholm is responsible for SAS Scandinavian Airlines and STS. At the beginning of 2007, Bernhard Rikardsen left the position of Executive Vice President with responsibility for Corporate Administration Support. Svein Oppegaard has been appointed Acting Executive Vice President.

Parent Company SAS AB

Income before tax amounted to MSEK 6,094 (1,853) for the year.

Available liquidity for SAS AB at December 31, 2006 amounted to MSEK 301, compared with MSEK 1 at the beginning of the year.

The number of shareholders in SAS AB amounted to 24,256 at December 31, 2006. The average number of employees of SAS AB amounted to 182 (177).

Statement of income

	January-December	
(MSEK)	2006	2005
Revenue	246	155
Payroll expenses	-313	-278
Other operating expenses	-256	-253
Operating income before depreciation	-323	-376
Depreciation	0	-1
Operating income	-323	-377
Capital gain/loss on sale of shares	3,773	-392
Dividends from subsidiaries	2,658	3,035
Net financial items	-14	-413
Income before tax	6,094	1,853
Tax	89	214
Net income for the year	6,183	2,067

Balance sheet

	Dec 31	Dec 31
(MSEK)	2006	2005
Fixed assets	9,453	10,720
Current assets	5,981	622
Total assets	15,434	11,342
Shareholders' equity	12,273	5,884
Long-term liabilities	2,859	5,288
Current liabilities	302	170
Total shareholders' equity and liabilities	15,434	11,342

Change in shareholders' equity

(MSEK)	Share capital	Rest. reserves	Unrestr. equity	Total equity
Opening balance, Jan 1, 2005	1,645	202	1,610	3,457
Transfer between unrestricted and restricted equity		104	-104	0
Group contribution rec'd, net			360	360
Net income for the year			2,067	2,067
Equity, Dec. 31, 2005	1,645	306	3,933	5,884
Group contribution rec'd, net			206	206
Net income for the year			6,183	6,183
Equity, Dec. 31, 2006	1,645	306	10,322	12,273

Board of Directors:

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

Proposed dividend for financial year 2006

The Board of Directors proposes to the Annual General Shareholders' Meeting that no dividend be paid to shareholders in SAS AB for fiscal year 2006. This is motivated by the SAS Group's relatively weak financial position and cash flow, as a result of which, financial flexibility will be of major importance in managing future restructuring measures and investments.

Full-year 2007

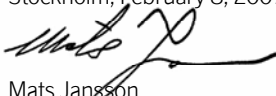
There are currently no indications of a slowdown in the economy or the airline market, but uncertainty remains regarding the strength of growth, the future competitive situation and the trend for jet fuel prices.

In 2007, continued favorable passenger growth is expected in most of the SAS Group's markets. Growth is expected to be strongest in traffic to/from Europe, in the Baltic States and Spain. Competition is expected to remain intense in the markets in which the SAS Group is active.

New business models and other initiatives have strengthened the Group's competitiveness and, in 2007, SAS Scandinavian Airlines will implement further improvements and innovations in its commercial concepts.

The SAS Group has initiated a process, "Strategy 2011," aimed at defining the Group's future approach. New efficiency and revenue measures will certainly be part of this plan. Due to continued structural activities, future restructuring costs cannot be ruled out.

Stockholm, February 8, 2007



Mats Jansson
 President and CEO

Management:

Mats Jansson, President and CEO
 Gunnar Reitan, Deputy CEO
 Gunilla Berg, Executive Vice President and CFO
 John S. Dueholm, Executive Vice President
 Svein Oppegaard, Acting Executive Vice President

The Year-end Report is unaudited.

SAS Group

Balance sheet

(MSEK)	December 31 2006	December 31 2005	December 31 2004 ¹⁾
Intangible assets	2,932	3,862	3,246
Tangible fixed assets	14,941	19,457	24,118
Financial fixed assets	13,316	13,120	11,094
Total fixed assets	31,189	36,439	38,458
Current assets	996	1,065	1,289
Current receivables	8,176	11,828	9,459
Cash, bank and short-term investments	10,803	8,684	8,595
Total current assets	19,975	21,577	19,343
Total assets	51,164	58,016	57,801
Shareholders' equity ²⁾	16,388	12,081	11,044
Long-term liabilities	17,847	23,608	25,193
Current liabilities	16,929	22,327	21,564
Total shareholders' equity and liabilities	51,164	58,016	57,801
Equity per share ³⁾	99.49	69.93	67.09
Interest-bearing assets	21,149	20,472	17,324
Interest-bearing liabilities	16,478	26,337	27,280

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

2) Including minority interests.

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

Change in shareholders' equity

(MSEK)	Share capital ¹⁾	Other contributed capital ²⁾	Hedge and translation reserves	Retained earnings ⁴⁾	Total equity attributable 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
Consolidation of affiliated company						-34	-34
Income from cash-flow hedges			-909		-909		-909
Translation differences relating to foreign operations			-170		-170	3	-167
Revenue and expenses for the year charged directly to equity			-1,079		-1,079	488	-591
Cash-flow hedges: charged against income			-95		-95		-95
Net income for the year				174	174	81	255
Total revenue and expenses for the year			-1,174	174	-1,000	569	-431
Closing balance, December 31, 2005	1,645	658	918	8,283	11,504	577	12,081
Divestment, Rezidor Hotel Group						-649	-649
Transition to IFRS in affiliated companies				-154	-154		-154
Transfer of equity		-488		488	0		0
Valuation of shares at fair value			508		508		508
Income from cash-flow hedges			503		503	1	504
Translation differences relating to foreign operations			-1 ³⁾		-1	-25	-26
Revenue and expenses for the year taken directly to equity		-488	1,010	334	856	-673	183
Cash-flow hedges: charged against income			-616		-616		-616
Net income for the year				4,622	4,622	118	4,740
Total revenue and expenses for the year		-488	394	4,956	4,862	-555	4,307
Closing balance, December 31, 2006	1,645	170	1,312	13,239	16,366	22	16,388

1) The share capital in SAS AB is distributed among 164,500,000 shares with a par value of SEK 10 per share in both the opening and closing balances.

2) The entire amount comprises share premium reserves.

3) Includes MSEK 368 of currency hedging of net investment in foreign subsidiaries.

4) No dividends were paid in 2005 and 2006.

SAS Group

Cash-flow statement

(MSEK)	October-December		January-December	
	2006	2005	2006	2005
Income before tax	371	-77	292	-246
Depreciation	528	537	1,964	2,170
Income from the sale of fixed assets	-36	-139	-91	-273
Divested operations	204	257	593	462
Adjustment for items not included in cash flow, etc.	79	-167	-149	-355
Paid tax	-5	-28	-65	16
Cash flow from operations	1,151	383	2,544	1,774
Change in working capital	85	638	435	-267
Cash flow from operating activities	1,236	1,021	2,979	1,507
Investments including prepayments to aircraft manufacturers	-521	-606	-2,299	-1,827
Sale of subsidiaries	4,848	614	4,848	622
Sale of fixed assets, etc.	1,554	455	4,059	2,175
Cash flow before financing activities	7,117	1,484	9,587	2,477
External financing, net	-4,627	-1,165	-7,438	-2,426
Cash flow for the period	2,490	319	2,149	51
Translation difference in liquid assets	-14	5	-30	38
Change in liquid assets according to the balance sheet	2,476	324	2,119	89

Comments on the cash-flow statement

Cash flow from operating activities improved by MSEK 1,472 MSEK in 2006 and amounted to MSEK 2,979 (1,507).

Working capital improved in part due to the payment of a receivable of MSEK 877 attributable to the divestment of SAS Component Group in 2005.

Investment amounted to MSEK 2,299 (1,827), of which MSEK 1,042 (863) related to aircraft, other flight equipment and prepayments. Divestment of subsidiaries had an impact on cash flow of SEK 4,848 (622), of which MSEK 4,860 was attributable to the stock-exchange listing of the Rezidor Hotel Group. Sales of fixed assets, etc., amounted to MSEK 4,059 (2,175), which includes the sale and leaseback of twelve McDonnell Douglas MD-80s, four Airbus A321s, two Airbus A319s and three Boeing 737s. Three McDonnell

Douglas MD-80s and two Fokker F50s were also sold. In addition, one property in Stockholm and one in Oslo were sold. Accordingly, cash flow before financing activities amounted to MSEK 9,587 (2,477).

Liquid assets according to the balance sheet amounted to MSEK 10,803 (8,684).

The SAS Group has approximately MSEK 8,200 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 assets have been reported for approximately 85% of the accumulated loss carryforwards.

Statement of income – Quarterly breakdown

	2004		2005			2006						
	OCT- DEC	FULL-YEAR JAN-DEC	JAN- MAR	APR- JUN	JUL- SEP	OCT- DEC	FULL-YEAR JAN-DEC	JAN- MAR	APR- JUN	JUL- SEP	OCT- DEC	FULL-YEAR JAN-DEC
(MSEK)												
Revenue	14,945	58,093	11,693	14,373	14,943	14,492	55,501	13,020	16,207	16,393	15,157	60,777
Payroll expenses	-4,962	-19,585	-4,441	-4,553	-4,389	-4,780	-18,163	-4,601	-4,760	-4,291	-4,440	-18,092
Other operating expenses	-8,781	-34,040	-6,959	-7,751	-8,566	-8,382	-31,658	-8,189	-9,384	-9,788	-8,708	-36,069
Leasing costs for aircraft	-667	-2,689	-686	-765	-843	-838	-3,132	-891	-893	-875	-867	-3,526
Depreciation	-718	-2,846	-562	-541	-530	-537	-2,170	-469	-511	-456	-528	-1,964
Share of income in affiliated companies	28	157	12	29	48	-13	76	-2	19	45	-3	59
Income from the sale of shares in subsidiaries and affiliated companies	2	5	0	-2	35	8	41	0	0	0	0	0
Income from the sale of aircraft and buildings	34	113	22	43	-12	129	182	27	12	16	33	88
Operating income	-119	-792	-921	833	686	79	677	-1,105	690	1,044	644	1,273
Income from other shares and participations	0	1	0	48	0	2	50	0	1	0	-48	-47
Net financial items	-276	-1,042	-214	-372	-229	-158	-973	-218	-233	-258	-225	-934
Income before tax	-395	-1,833	-1,135	509	457	-77	-246	-1,323	458	786	371	292
Tax	-232	68	304	-80	-34	-266	-76	319	-59	-247	-141	-128
Income from continuing operations	-627	-1,765	-831	429	423	-343	-322	-1,004	399	539	230	164
Income from discontinued operations	-	-	-140	70	106	541	577	-60	154	65	4,417	4,576
Net income for the period	-627	-1,765	-971	499	529	198	255	-1,064	553	604	4,647	4,740
Attributable to:												
Parent Company shareholders	-611	-1,760	-964	495	499	144	174	-1,034	489	559	4,608	4,622
Minority interests	-16	-5	-7	4	30	54	81	-30	64	45	39	118

Segment reporting: income by business area

Statement of income January-December	SAS Scandinavian Airlines		SAS Individually Branded Airlines		SAS Aviation Services		Groupwide & eliminations		SAS Group	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
External sales	37,201	35,550	17,442	14,188	5,651	5,535	483	228	60,777	55,501
Sales between business segments	1,430	1,309	150	164	9,095	9,429	-10,675	-10,902	0	0
Revenue	38,631	36,859	17,592	14,352	14,746	14,964	-10,192	-10,674	60,777	55,501
Payroll expenses	-7,844	-7,790	-3,342	-3,007	-6,314	-6,462	-592	-904	-18,092	-18,163
Other expenses	-25,711	-25,634	-12,124	-9,425	-8,454	-7,491	10,220	10,892	-36,069	-31,658
EBITDAR per business segment	5,076	3,435	2,126	1,920	-22	1,011	-564	-686	6,616	5,680
Leasing costs for aircraft	-2,102	-1,927	-1,484	-1,247	0	0	60	42	-3,526	-3,132
EBITDA per business segment	2,974	1,508	642	673	-22	1,011	-504	-644	3,090	2,548
Depreciation	-1,187	-1,346	-340	-312	-358	-419	-79	-93	-1,964	-2,170
Share of income in affiliated companies	58	61	43	39	-40	-23	-2	-1	59	76
Capital gains	58	394	0	15	3	34	27	-220	88	223
EBIT per business segment	1,903	617	345	415	-417	603	-558	-958	1,273	677
Unallocated income items:										
Income from other shares and participations									-47	50
Net financial items									-934	-973
Tax									-128	-76
Net income for the year for continuing operations									164	-322
Income before capital gains and nonrecurring items	1,252	-374	241	264	-111	633	-103	-409	1,279	114

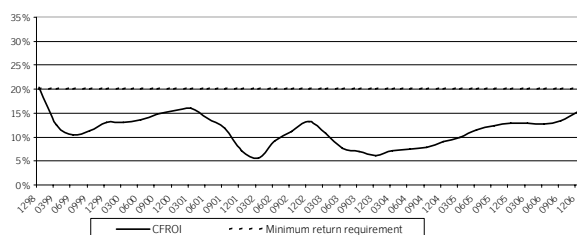
SAS Group's objectives

Performance target - CFROI

One of the Group's overall objectives is to reach an average CFROI of at least 20-25% per year.

In full-year 2006, the Group generated income before net financial items, tax, depreciation, capital gains and operating lease costs for aircraft (EBITDAR) of MSEK 7,190 (6,117) in continuing and discontinued operations. Adjusted EBITDAR amounted to MSEK 6,996 (5,962). Viewed in relation to adjusted capital employed, CFROI was 15% (13%).

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



Income and capital concepts

(MSEK)	2006	2005
Income		
Income before depreciation, EBITDA	3,663	2,984
+ Operating lease costs, aircraft	3,527	3,133
EBITDAR	7,190	6,117
- Operating lease revenue, aircraft	-194	-155
Adjusted EBITDAR	6,996	5,962
Adjusted capital employed (average)		
+ Shareholders' equity	12,706	11,921
+ Surplus value, aircraft	371	-161
+ Capitalized leasing costs, net (x7) *	22,567	18,967
- Equity in affiliated companies	-1,132	-853
+ Financial net debt	11,136	16,119
Adjusted capital employed	45,648	45,993
CFROI	15%	13%

* 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 December to MSEK 12,748 (12,518). Average NPV for the 12-month period amounted to MSEK 12,279 (11,358).

SAS Scandinavian Airlines

(including SAS Business Opportunities)

Statement of income

(MSEK)	October-December		January-December	
	2006	2005	2006	2005
Passenger revenue	8,132	7,692	31,603	29,810
Charter revenue	326	315	1,740	1,523
Other traffic revenue	720	786	2,531	2,512
Other revenue	654	823	2,757	3,014
Revenue	9,832	9,616	38,631	36,859
Payroll expenses	-1,917	-1,984	-7,844	-7,790
Selling costs	-66	-149	-473	-617
Jet fuel	-1,665	-1,596	-6,883	-5,729
Government user fees	-847	-947	-3,540	-3,843
Catering costs	-316	-372	-1,242	-1,170
Handling costs	-1,238	-1,399	-4,962	-5,460
Technical aircraft maintenance	-919	-883	-3,825	-3,942
Computer and telecommunications costs	-453	-467	-1,798	-1,731
Other operating expenses	-702	-784	-2,988	-3,142
Operating expenses	-8,123	-8,581	-33,555	-33,424
Income before depreciation and leasing costs, EBITDAR	1,709	1,035	5,076	3,435
Leasing costs for aircraft	-536	-535	-2,102	-1,927
Income before depreciation, EBITDA	1,173	500	2,974	1,508
Depreciation	-285	-326	-1,187	-1,346
Share of income in affiliated companies	14	18	58	61
Capital gains	30	70	58	394
Operating income, EBIT	932	262	1,903	617
Net financial items	-159	-127	-667	-656
SAS Scandinavian Airlines – Income before tax	773	135	1,236	-39

Earnings performance

The SAS Scandinavian Airlines business area comprises SAS Braathens, Scandinavian Airlines Danmark, Scandinavian Airlines Sverige and Scandinavian Airlines International.

Passenger revenue in 2006 rose 6% to MSEK 31,603 (29,810). The increase was due to a positive yield and higher passenger volumes. The yield rose 6.7%, due to active yield management and compensation for higher fuel costs. Total revenue for the period amounted to MSEK 38,631 (36,859), an increase of 4.8%.

Operating expenses for the period totaled MSEK 33,555 (33,424), an increase of 0.4%. Jet fuel costs rose by MSEK 1,154 to MSEK 6,883 (5,729). The unit cost for jet fuel rose by about 25%. Payroll expenses amounted to MSEK 7,844 (7,790) and include restructuring costs at SAS Braathens of MSEK 74. Handling costs and costs for technical aircraft maintenance were somewhat lower due to more efficient ordering and reduced unit prices.

The total currency-adjusted unit cost in 2006 rose by 5.2%, or by 0.8% after adjustments for jet fuel prices. The unit cost was negatively impacted by conflicts and reduced capacity. The ECA joint venture with British Midland and Lufthansa had a negative impact on income of MSEK -415 (-415) during the period.

EBITDAR amounted to MSEK 5,076 (3,435), an improvement of MSEK 1,641. Income was negatively impacted by conflicts in the amount of about MSEK 350.

Income before capital gains and nonrecurring items improved by MSEK 1,626 and amounted to MSEK 1,252 (-374).

Fourth quarter 2006

Passenger revenue rose 5.7% to MSEK 8,132 (7,692) owing to a higher yield during the fourth quarter. During the same period, the yield rose 15.4% due to the positive market trend and weaker comparative data. Total revenue rose by 2.2% to MSEK 9,832 (9,616) during the quarter.

During the period, operating expenses amounted to MSEK 8,123 (8,581). Jet fuel costs rose by MSEK 69 to MSEK

1,665 (1,596). The unit cost for jet fuel was up by about 15.3%. In other respects, operating expenses developed largely according to expectations. The ECA joint venture had a negative impact on income for the quarter of MSEK -159 (-52).

The total currency-adjusted unit cost rose by 3.3% for the period and declined by 0.3% when adjusted for fuel prices.

Income before capital gains and nonrecurring items in the fourth quarter of 2006 improved by MSEK 619 MSEK and amounted to MSEK 743 (124).

SAS Scandinavian Airlines, Total

		October-December		January-December	
		2006	change	2006	change
No. of passengers	(000)	6,238	-2.4%	25,099	+0.3%
Revenue passenger km (RPK)	(mill.)	6,472	-4.2%	27,506	-0.8%
Available seat km (ASK)	(mill.)	9,005	-3.1%	36,971	-3.9%
Load factor		71.9%	-0.8p.p.	74.4%	+2.3p.p.

Change in currency-adjusted yield per route sector

	October-December	January-December
	change vs. 2005	change vs. 2005
Intercontinental routes	15.6%	13.9%
European routes	16.6%	3.5%
Intrascandinavian routes	13.7%	-0.6%
Danish domestic	8.5%	7.0%
Norwegian domestic	8.4%	1.0%
Swedish domestic	12.2%	16.3%
Total	15.4%	6.7%

Change in currency-adjusted unit cost

	October-December	January-December
	3.3% ¹⁾	5.2% ²⁾
Total unit cost, incl. charter		
Operational unit cost, incl. charter	3.6% ¹⁾	5.6% ²⁾

1) Higher fuel costs had a negative impact on unit cost of 3.6 percentage points.
2) Higher fuel costs had a negative impact on unit cost of 4.4 percentage points.



	Oct-Dec 2006	Oct-Dec 2005	Jan-Dec 2006	Jan-Dec 2005
(MSEK)				
Passenger revenue	2,612	2,559	10,173	9,733
Other revenue	601	632	2,406	2,525
Total revenue	3,213	3,191	12,579	12,258
Total operating expenses	-2,706	-2,701	-11,166	-10,506
EBITDAR	507	490	1,413	1,752
Leasing costs	-261	-280	-1,063	-1,087
EBITDA	246	210	350	665
Depreciation	-5	-12	-28	-44
Capital gains	0	0	8	268 ¹⁾
EBIT	241	198	330	889
Net financial items	0	7	8	8
Income before tax	241	205	338	897
EBITDAR margin	15.8%	15.4%	11.2%	14.3%
Average number of employees	2,527	2,736	2,604	2,840
EBT before nonrecurring items	241	205	404	630

	Oct-Dec 2006	Change	Jan-Dec 2006	Change
Traffic and production				
Scheduled traffic				
Number of passengers (000)	2,353	+1.2%	9,554	+3.8%
RPK (mill.)	1,562	+1.2%	6,839	+7.7%
ASK (mill.)	2,394	+2.8%	9,948	+3.7%
Load factor	65.2%	-1.0p.p.	68.8%	+2.5p.p.
Yield, currency-adjusted		9.4%		-2.2%
Total unit cost, incl. charter (local currency)		6.9%		3.6%
Charter traffic				
Number of passengers (000)	65	1.9%	426	0.8%

¹⁾ Pertains to internal capital gain accrued on the divestment of Braathens AS to the SAS consortium prior to the implementation of the merger.

SAS Braathens' traffic, RPK, grew by 7.7% in 2006. The increase was primarily attributable to new business models and favorable market growth. Growth on European routes was 13.5%. Growth in Norwegian domestic traffic was stable despite a capacity reduction of 1.4%. Total capacity increased by 3.7% during the period, resulting in an improvement in the load factor of 2.5 percentage points to 68.8%.

The yield declined by 2.2% as a result of general price pressure in the market, new routes featuring more low-price tickets and longer flying distances. The unit cost in local currency increased by 3.6% compared with 2005. Adjusted for fuel prices, the unit cost declined by 0.4%.

Passenger revenue grew by 4.5% in 2006 to MSEK 10,173 (9,733) due to rising traffic volumes. Total revenue amounted to MSEK 12,579 (12,258). Operating expenses rose by 6.3% to MSEK 11,166 (10,506). The increase was mainly attributable to higher jet fuel prices, additional expenses in conjunction with conflicts during the first half of the year and restructuring costs of MSEK 74.

EBITDAR declined by MSEK 339, amounting to MSEK 1,413 (1,752). EBITDAR was negatively impacted by about MSEK 240 for disruptions to traffic in January and April. During the fourth quarter, EBITDAR improved by MSEK 17 and amounted to MSEK 507 (490).

Income before capital gains and nonrecurring items amounted to MSEK 404 (630) for 2006 and MSEK 241 (205) for the fourth quarter. During the year, SAS Braathens had restructuring costs of MSEK 74 and a capital gain of MSEK 8.

In July, SAS Braathens was found not guilty of alleged misuse of its dominating position on the Oslo-Haugesund route. In September, SAS Braathens was also found not guilty by the Norwegian National Authority for the Investigation and Prosecution of Economic Crime regarding unlawful access to data about Norwegian in the Amadeus reservation system. These judgments have been appealed. However, SAS Braathens was found guilty in the so-called "e-mail affair."



Scandinavian Airlines

Scandinavian Airlines Denmark

	Oct-Dec 2006	Oct-Dec 2005	Jan-Dec 2006	Jan-Dec 2005
(MSEK)				
Passenger revenue	2,307	2,147	9,045	8,443
Other revenue	523	462	1,879	1,820
Total revenue	2,830	2,609	10,924	10,263
Total operating expenses	-2,438	-2,554	-9,949	-9,924
EBITDAR	392	55	975	339
Leasing costs	-200	-241	-788	-956
EBITDA	192	-186	187	-617
Depreciation	0	0	-1	-1
EBIT	192	-186	186	-618
Net financial items	1	0	-4	3
Income before tax	193	-186	182	-615
EBITDAR margin	13.9%	2.1%	8.9%	3.3%
Average number of employees	2,102	1,595	1,983	1,628
EBT before nonrecurring items	193	-186	182	-615

	Oct-Dec 2006	Change	Jan-Dec 2006	Change
Traffic and production				
Scheduled traffic				
Number of passengers (000)	1,984	-4.4%	8,246	+2.8%
RPK (mill.)	1,414	-6.0%	6,018	+1.3%
ASK (mill.)	2,038	-5.4%	8,351	-6.6%
Load factor	69.4%	-0.5p.p.	72.1%	+5.6p.p.
Yield, currency-adjusted		19.2%		5.7%
Total unit cost, incl. charter (local currency)		1.4%		3.9%
Charter traffic				
Number of passengers (000)	62	9.4%	372	9.6%

Scandinavian Airlines Denmark's traffic, RPK, rose by 1.3% in 2006, despite a decrease in capacity of 6.6%. The number of passengers increased by 2.8% during the year. The load factor improved by 5.6 percentage points to 72.1%. This improvement was mainly attributable to the commercial drive comprising new business models based on one-way fares and generally favorable demand. In the fourth quarter, Scandinavian Airlines Denmark adapted its capacity according to the seasonally lower demand and capacity was reduced by 5.4%, while traffic declined by 6.0%.

The yield increased by 5.7% in 2006 and by 19.2% in the fourth quarter. The increase during the fourth quarter was due to active yield management, low comparative data and the capacity reduction during the Christmas holiday and other periods of low demand.

The currency-adjusted unit cost rose by 3.9% in 2006. Adjusted for fuel prices, the unit cost rose marginally. There was a negative effect on the unit cost from irregularity problems, capacity reduction and a higher load factor.

Passenger revenue was up during the year by 7.1% to MSEK 9,045 (8,443) due to the positive passenger trend and yield. During the period, revenue rose by 6.4% to MSEK 10,924 (10,263). Operating expenses were in line with 2005, despite higher jet fuel costs, and amounted to MSEK 9,949 (9,924).

EBITDAR improved by MSEK 636 in 2006, amounting to MSEK 975 (339). During the fourth quarter, the improvement amounted to MSEK 337 and EBITDAR totaled MSEK 392 (55). The income improvement was attributable to market successes, adaptation of capacity and cost savings.

Income before tax improved significantly by MSEK 797 in 2006, amounting to MSEK 182 (-615). Income was negatively affected by a conflict in January in an amount of about MSEK 110.

The income improvement is satisfactory, but Scandinavian Airlines Denmark did not achieve its return requirement.



Scandinavian Airlines

Scandinavian Airlines Sverige

	Oct-Dec 2006	Oct-Dec 2005	Jan-Dec 2006	Jan-Dec 2005
(MSEK)				
Passenger revenue	1,764	1,589	6,333	5,982
Other revenue	549	506	1,940	1,795
Total revenue	2,313	2,095	8,273	7,777
Total operating expenses	-1,823	-1,914	-7,072	-7,405
EBITDAR	490	181	1,201	372
Leasing costs	-155	-195	-671	-736
EBITDA	335	-14	530	-364
Depreciation	-1	-3	-5	-6
EBIT	334	-17	525	-370
Net financial items	-3	-7	-18	-27
Income before tax	331	-24	507	-397
EBITDAR margin	21.2%	8.6%	14.5%	4.8%
Average number of employees	1,653	1,457	1,615	1,468
EBT before nonrecurring items	329	36	504	-338

	Oct-Dec 2006	Change	Jan-Dec 2006	Change
Traffic and production				
Scheduled traffic				
Number of passengers (000)	1,583	-2.7%	5,892	-5.7%
RPK (mill.)	1,155	+0.4%	4,441	-2.3%
ASK (mill.)	1,656	-2.4%	6,349	-7.3%
Load factor	69.7%	+1.9p.p.	69.9%	+3.5p.p.
Yield, currency-adjusted		11.0%		7.6%
Total unit cost, incl. charter (local currency)		1.0%		0.9%
Charter traffic				
Number of passengers (000)				

Scandinavian Airlines Sverige reported an excellent improvement in earnings for 2006. During the year, Scandinavian Airlines Sverige reduced its capacity by 7.3%, while traffic declined by 2.3%, resulting in an improvement in load factor of 3.5 percentage points to 69.9%. The load factor on Swedish domestic flights in 2006 amounted to 70%, an improvement of 1.9 percentage points. On European routes, the load factor increased by 5.4 percentage points to 69.7%. In the fourth quarter of 2006, traffic increased by 0.4% and the load factor rose by 1.9 percentage points to 69.7%.

During the year, the yield rose by 7.6%. The rise was attributable to active yield management, to offset higher fuel prices, for example, and successful use of existing capacity. Despite the sharply increased jet fuel prices, the currency-adjusted unit cost rose by only 0.9%, as a result of efficient cost control. Adjusted for fuel prices, the unit cost declined by 3.3%.

In 2006, passenger revenue rose by 5.9% to MSEK 6,333 (5,982). The increase was positively impacted by the yield trend. Total revenue rose by 6.4% during the period to MSEK 8,273 (7,777). Operating expenses fell by 4.5%, due to reduced capacity and savings measures, despite substantially higher costs for jet fuel.

EBITDAR improved by MSEK 829 and amounted to MSEK 1,201 (372). During the fourth quarter, EBITDAR improved by MSEK 309 and amounted to MSEK 490 (181). The income improvement was attributable to continued successful work in constantly adapting capacity to demand, continued success in the market for the new domestic and European offerings, Nya Inrikesflyget and Nya Europaflyget, and cost reductions in operations.

Income before tax improved by MSEK 904 to MSEK 507 (-397) in 2006. During the fourth quarter, income improved by MSEK 355 MSEK and amounted to MSEK 331 (-24).

The earnings improvement was highly satisfactory, but Scandinavian Airlines Sverige has still not achieved its return requirement.



Scandinavian Airlines

Scandinavian Airlines International ¹⁾

	Oct-Dec 2006	Oct-Dec 2005	Jan-Dec 2006	Jan-Dec 2005
(MSEK)				
Passenger revenue	1,437	1,401	6,060	5,675
Other revenue	434	529	1,745	2,061
Total revenue	1,871	1,930	7,805	7,736
Total operating expenses	-1,636	-1,787	-6,907	-7,089
EBITDAR	235	143	898	647
Leasing costs	-177	-189	-726	-713
EBITDA	58	-46	172	-66
Depreciation	-1	-2	-3	-8
Capital gain/loss	0	5	0	5
EBIT	57	-43	169	-69
Net financial items	7	8	0	26
Income before tax	64	-35	169	-43
EBITDAR margin	12.6%	7.4%	11.5%	8.4%
Average number of employees	779	639	650	671
EBT before nonrecurring items	64	-40	169	-48

	Oct-Dec 2006	Change	Jan-Dec 2006	Change
Traffic and production				
Scheduled traffic				
Number of passengers (000)	318	-13.0%	1,407	-8.5%
RPK (mill.)	2,341	-8.4%	10,207	-6.3%
ASK (mill.)	2,918	-6.3%	12,323	-5.8%
Load factor	80.2%	-1.9p.p.	82.8%	-0.4p.p.
Yield, currency-adjusted		15.6%		13.9%
Total unit cost, incl. charter (local currency)		1.8%		8.6%

¹⁾ Pertains to intercontinental traffic.

The traffic trend in 2006 was in line with expectations. Capacity, ASK, was reduced by 5.8% compared with the preceding year. Traffic, RPK, declined by 6.3%, resulting in a decline in the load factor of 0.4 percentage points to 82.8%.

Capacity on the Asian routes was reduced by 7% during the period. The reduction was primarily due to the discontinuation of flights on the Bangkok-Singapore route, which is now served in cooperation with Thai. Traffic on the Asian routes fell by less than the capacity reduction, which is why the load factor on these routes improved.

Capacity on the US routes was down 5%. Traffic declined somewhat more than capacity, resulting in a slightly lower load factor. Traffic in Business Class increased despite the lower capacity.

The yield rose by 13.9% in 2006 and by 15.6% in the fourth quarter. This increase was attributable to a favorable mix of Business Class and Economy Class, and to jet fuel surcharges. The currency-adjusted unit cost rose by 8.6% during the year as a result of higher jet fuel costs, cancelled flights and product improvements. Adjusted for jet fuel prices, the increase was 2%.

Passenger revenue rose by MSEK 385 to MSEK 6,060 (5,675) in 2006. The increase was attributable to the positive yield trend. Total revenue increased by MSEK 69 to MSEK 7,805 (7,736).

EBITDAR improved by MSEK 251 and amounted to MSEK 898 (647). During the fourth quarter, EBITDAR amounted to MSEK 235 (143), an improvement of MSEK 92. In 2006, income before tax improved by MSEK 212 and amounted to MSEK 169 (-43).

The income improvement was satisfactory, but Scandinavian Airlines International has not achieved its return requirement.

In March 2007, Scandinavian Airlines International will launch a new direct route between Stockholm and Beijing, while a second Copenhagen-New York frequency will commence in May. The route to Shanghai will be discontinued from April 8, 2007.

SAS Individually Branded Airlines

Statement of income

(MSEK)	October-December		January-December	
	2006	2005	2006	2005
Passenger revenue	3,074	2,633	12,436	9,536
Freight revenue	39	44	154	127
Charter revenue	466	565	2,953	2,758
Other traffic revenue	197	127	550	352
Other revenue	386	362	1,499	1,579
Revenue	4,162	3,731	17,592	14,352
Payroll expenses	-860	-854	-3,342	-3,007
Selling costs	-66	-88	-409	-375
Jet fuel	-843	-733	-3,616	-2,400
Government user fees	-523	-477	-2,238	-1,905
Catering costs	-109	-170	-612	-634
Handling costs	-269	-290	-1,130	-950
Technical aircraft maintenance	-290	-265	-1,361	-1,057
Computer and telecommunications costs	-60	-79	-296	-263
Other operating expenses	-692	-484	-2,462	-1,841
Operating expenses	-3,712	-3,440	-15,466	-12,432
Income before depreciation and leasing costs, EBITDAR	450	291	2,126	1,920
Leasing costs for aircraft	-356	-315	-1,484	-1,247
Income before depreciation, EBITDA	94	-24	642	673
Depreciation	-99	-76	-340	-312
Share of income in affiliated companies	-12	-7	43	39
Capital gains	0	18	0	15
Operating income, EBIT	-17	-89	345	415
Income from other shares and participations	-1	0	-1	0
Net financial items	-41	-30	-157	-136
SAS Individually Branded Airlines - Income before tax	-59	-119	187	279

Earnings performance

The SAS Individually Branded Airlines business area comprises the airlines Spanair, Widerøe's Flyveselskap, Blue1 and airBaltic. The business area also includes the Spanish ground handling company Newco and the strategic holding in the airline Estonian Air, as well as the affiliated companies Air Greenland, Skyways and British Midland.

In 2006, the business area accounted for 28% of the SAS Group's operating revenue before Groupwide eliminations. The airlines in this business area grew strongly during the period. The number of passengers rose by 19.6%, with a total of 13.5 million passengers carried, which is more than ever before. Traffic, RPK, rose by 25.2%. The rise was due to robust traffic growth in Blue1 (51.2%), airBaltic (32.0%) and Spanair (21.5%) as a result of newly opened destinations and higher frequencies. Traffic in Widerøe increased by 7.6%.

The business area's passenger revenue rose by 30.4% to MSEK 12,436 (9,536) during the year due to larger volumes. Total revenues amounted to MSEK 17,592 (14,352). The yield was favorable for Spanair, Widerøe and airBaltic, but declined for Blue1, due to new and longer routes and intensive fare competition.

Operating expenses rose in 2006 by MSEK 3,034 to MSEK 15,466 (12,432). The increase was due to higher volumes, higher jet fuel prices and phasing-in costs for new aircraft. Jet fuel costs rose by MSEK 1,216 to MSEK 3,616 (2,400).

In 2006, EBITDAR amounted to MSEK 2,126 (1,920), an increase of MSEK 206, as a result of higher volumes.

The business area reported income before tax of MSEK 187 (279) for the year. Income before capital gains and nonrecurring items amounted to MSEK 241 (264) for the year. The lower income was attributable to phasing-in costs for new aircraft in Blue1 and reduced income in Widerøe.

Fourth quarter

Passenger revenue rose during the fourth quarter of 2006 by 16.7% to MSEK 3,074 (2,633). During the same period, total revenue rose by 11.6%, amounting to MSEK 4,162 (3,731). During the fourth quarter, growth was strongest in Blue1 and airBaltic.

Operating expenses during the quarter rose by 7.9% to MSEK 3,712 (3,440). At the same time, jet fuel costs increased by 15% to MSEK 843 (733). The result before capital gains and nonrecurring items amounted to MSEK -5 (-137) for the fourth period.

Traffic and production*	October-December		January-December	
	2006	Change	2006	Change
Scheduled traffic				
No. of passengers (000)	3,373	+18.0%	13,510	+19.6%
RPK (mill.)	2,691	+22.4%	10,938	+25.2%
ASK (mill.)	4,400	+22.6%	16,800	+17.5%
Load factor	61.2%	-0.1p.p.	65.1%	+4.0p.p.
* Spanair, Widerøe, Blue1 and airBaltic.				
Traffic and production 2006				
January-December	Spanair	Widerøe	Blue1	airBaltic
Passengers	20.0%	6.3%	21.8%	36.8%
RPK	21.5%	7.6%	51.2%	32.0%
ASK	13.5%	2.3%	45.6%	24.0%
Load factor	66.6%	57.0%	66.6%	60.6%
Load factor, Change	+4.4p.p.	+2.8p.p.	+2.5p.p.	+3.7p.p.



	Oct-Dec 2006	Oct-Dec 2005	Jan-Dec 2006	Jan-Dec 2005
(MSEK)				
Passenger revenue	1,763	1,453	7,299	5,797
Other revenue	686	781	3,713	3,418
Total revenue	2,449	2,234	11,012	9,215
Payroll expenses	-393	-385	-1,488	-1,369
Other operating expenses	-1,816	-1,651	-8,107	-6,440
Total operating expenses	-2,209	-2,036	-9,595	-7,809
EBITDAR	240	198	1,417	1,406
Leasing costs	-256	-272	-1,078	-1,142
EBITDA	-16	-74	339	264
Depreciation	-45	-20	-128	-108
Share of income in affiliated companies	1	0	0	-1
EBIT	-60	-94	211	155
Net financial items	-35	-24	-142	-108
Income before tax	-95	-118	69	47
EBITDAR margin	9.8%	8.9%	12.9%	15.3%
Average number of employees	3,567	3,478	3,570	3,393
CFROI (12 months)			16%	13%
EBT before nonrecurring items	-70	-118	96	47

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

	Oct-Dec 2006	Change	Jan-Dec 2006	Change
Traffic and production				
Scheduled traffic				
Number of passengers (000)	2,040	18.7%	8,315	20.0%
RPK (mill.)	1,776	18.0%	7,358	21.5%
ASK (mill.)	2,850	18.3%	11,042	13.5%
Load factor	62.3%	-0.2p.p.	66.6%	+4.4p.p.
Yield, (EUR/RPK)		5.0%		5.0%
Charter traffic				
Number of passengers (000)	336	-22.4%	2,256	-3.5%

Spanair's favorable market growth continued in 2006. Growth was strong on both Spanish domestic and international routes. Traffic on domestic routes increased by 16.2%, while the load factor improved by 3.9 percentage points to 67.5%. On the international routes, traffic increased by 42.8% and the load factor improved by 6.8 percentage points to 63.9%. During the year, Spanair opened new routes to Scandinavia and Switzerland. Total capacity rose by 13.5% and the load factor totaled 66.6%, an increase of 4.4 percentage points compared with the preceding year.

In 2006, the yield rose 5% as a result of the levied fuel surcharge and a positive trend in the business segment. The expanded route network and focus on product improvements contributed to the trend. During the fourth quarter, the yield rose by 5%. Charter revenue increased by 9% and developed well during the year.

Passenger revenue increased in 2006 by 25.9% and amounted to MSEK 7,299 (5,797) as a result of higher passenger volumes and a positive yield. Total revenue rose by 19.5%, amounting to MSEK 11,012 (9,215). Operating expenses rose as a result of higher volumes and increased fuel costs and totaled MSEK 9,595 (7,809).

EBITDAR amounted to MSEK 1,417 (1,406). During the year, Spanair focused on revenue-increasing activities and cost-efficiency, which had a positive effect on earnings. A change of method was implemented for wet leasing, which accounts for the decline in leasing expenses in 2006.

Income before tax was positive for the second consecutive year and amounted to MSEK 69 (47), an increase of MSEK 22. In the fourth quarter, earnings were charged with additional impairments of inventory and goodwill in Club de Vacaciones, as well as with expenses for legal disputes totaling MSEK 53.

In 2007, Spanair will continue to work on efficiency enhancement and improvement of its commercial product to raise competitiveness. During the first half of 2007, new routes will be launched from Barcelona and Bilbao.



	Oct-Dec 2006	Oct-Dec 2005	Jan-Dec 2006	Jan-Dec 2005
(MSEK)				
Passenger revenue	518	494	1,990	1,736
Other revenue	220	220	951	1,095
Total revenue	738	714	2,941	2,831
Payroll expenses	-274	-283	-1,112	-1,031
Other operating expenses	-382	-398	-1,538	-1,466
Total operating expenses	-656	-681	-2,650	-2,497
EBITDAR	82	33	291	334
Leasing costs	-25	-25	-103	-92
EBITDA	57	8	188	242
Depreciation	-36	-39	-153	-153
Capital gain	0	17	0	17
EBIT	21	-14	35	106
Net financial items	-3	-6	-13	-29
Income before tax	18	-20	22	77
EBITDAR margin	11.1%	4.6%	9.9%	11.8%
Average number of employees	1,416	1,350	1,393	1,331
CFROI (12 months)			18%	22%
EBT before nonrecurring items	18	-38	22	61

	Oct-Dec 2006	Change	Jan-Dec 2006	Change
Traffic and production				
Scheduled traffic				
Number of passengers (000)	488	6.6%	1,916	6.3%
RPK (mill.)	153	7.8%	608	7.6%
ASK (mill.)	265	2.3%	1,067	2.3%
Load factor	57.6%	+2.9p.p.	57.0%	+2.8p.p.
Yield, (NOK/RPK)		7.6%		1.0%
Total unit cost, incl. charter (local currency)		1.4%		5.4%

Widerøe had a favorable traffic trend in 2006. Traffic, RPK, increased by 7.6% compared with the preceding year, with growth being strongest on international routes. Capacity grew by 2.3% and, accordingly, the load factor improved by 2.8 percentage points 57.0%.

The yield increased by 1% in 2006, which was offset by a higher load factor. During the fourth quarter, the yield rose by 7.6%.

In 2006, the unit cost rose by 5.4%. The increase was due to higher fuel costs and higher technical and personnel-related costs. To offset this trend, Widerøe has identified MSEK 200 in cost measures that are being implemented. In addition, route changes were implemented and these will have a positive earnings effect in 2007.

Passenger revenue rose by MSEK 254 to MSEK 1,990 (1,736) in 2006 due to increased traffic and reclassification of passenger revenue from other revenue. Total revenue was up by 3.9% to MSEK 2,941 (2,831).

EBITDAR amounted to MSEK 291 (334), a decrease of MSEK 43. The decline was attributable to regularity problems at the beginning of the year and a generally negative cost trend. Income before tax amounted to MSEK 22 (77).

In November 2006, Widerøe was assigned short-runway production in Finnmark for the period April 2007 through March 2010, corresponding to production for two aircraft. Widerøe already serves these routes, but the new contract provides higher compensation, meaning that the new procurement will have a positive earnings effect.



	Oct-Dec 2006	Oct-Dec 2005	Jan-Dec 2006	Jan-Dec 2005
(MSEK)				
Passenger revenue	459	408	1,777	1,523
Other revenue	86	48	241	181
Revenue	545	456	2,018	1,704
Payroll expenses	-82	-72	-303	-258
Other operating expenses	-402	-335	-1,561	-1,238
Total operating expenses	-484	-407	-1,864	-1,496
EBITDAR	61	49	154	208
Leasing costs	-40	-34	-162	-135
EBITDA	21	15	-8	73
Depreciation	-1	-3	-8	-13
EBIT	20	12	-16	60
Net financial items	-2	2	-2	2
Income before tax	18	14	-18	62
EBITDAR margin	11.2%	10.7%	7.6%	12.2%
Average number of employees	520	441	491	444
CFROI (12 months)			18%	22%
EBT before nonrecurring items	18	14	-18	6.2

	Oct-Dec 2006	Change	Jan-Dec 2006	Change
Traffic and production				
Scheduled traffic				
Number of passengers (000)	492	22.4%	1,848	21.8%
RPK (mill.)	384	54.7%	1,432	51.2%
ASK (mill.)	587	54.6%	2,150	45.6%
Load factor	65.5%	+0.0p.p.	66.6%	+2.5p.p.
Yield, (EUR/RPK)		-27.3%		-24.7%
Total unit cost, incl. charter (local currency)		-21.7%		-16.2%

Blue1's traffic, RPK, performed favorably in 2006 and rose by 51.2%. Capacity was increased by 45.6%, which resulted in an improvement in the load factor during the year of 2.5 percentage points to 66.6%. During the fourth quarter, traffic increased by 54.7% and capacity by 54.6%, while the load factor was unchanged.

The strong increase in capacity and traffic is mainly attributable to Blue1 opening 11 new European routes during the year. Market share on domestic routes increased and the new European routes had a favorable load factor. In 2006, the total number of passengers amounted to 1.8 million, an increase of 21.8%.

The yield fell by 24.7% in 2006 and by 27.3% during the fourth quarter. The decline was attributable to longer flight distances and intensified fare competition on Blue1's routes compared with the preceding year. The unit cost declined by 16.2% in 2006 and by 21.7% during the fourth quarter. The decline was attributable to longer flight routes, the phasing-in of three MD-90 aircraft and continued focus on costs.

Since September, Blue1 has had a fleet consisting exclusively of jet aircraft.

In 2006, passenger revenue rose by MSEK 254 and amounted to MSEK 1,777 (1,523). The rise was attributable to increased traffic. Total revenue rose by MSEK 314 to MSEK 2,018 (1,704).

Operating expenses rose by MSEK 368, as a result of increased production, and amounted to MSEK 1,864 (1,496).

In 2006, EBITDAR amounted to MSEK 154 (208), a decline of MSEK 54. Income was adversely affected primarily by phasing-in costs for the MD90, the discontinuation of SAAB production and lower yield.

The result before tax declined by MSEK 80 and amounted to MSEK -18 (62).



	Oct-Dec 2006	Oct-Dec 2005	Jan-Dec 2006	Jan-Dec ¹⁾ 2005
(MSEK)				
Passenger revenue	334	347	1,370	1,084
Other revenue	65	39	181	127
Revenue	399	386	1,551	1,211
Total operating expenses	-352	-352	-1,339	-1,101
EBITDAR	47	34	212	110
Leasing costs	-38	-17	-147	-106
EBITDA	9	17	65	4
Depreciation	-2	-3	-10	-9
EBIT	7	14	55	-5
Net financial items	-2	-10	-6	-14
Income before tax	5	4	49	-19
EBITDAR margin	11.8%	8.8%	13.7%	9.1%
Average number of employees	851		790	626
CFROI (12 months)			22%	20%
EBT before nonrecurring items	5	4	49	-19

1) Pertains to full-year pro forma. Consolidated from August 1, 2005.

	Oct-Dec 2006	Change	Jan-Dec 2006	Change
Traffic and production				
Scheduled traffic				
Number of passengers (000)	352	25.9%	1,430	36.8%
RPK (mill.)	378	24.6%	1,540	32.0%
ASK (mill.)	698	28.7%	2,542	24.0%
Load factor	54.2%	-1.8p.p.	60.6%	+3.7p.p.
Yield, (LVL/RPK)		-0.2%		3.1%
Total unit cost, incl. charter (local currency)		2.7%		10.8%

airBaltic's traffic, RPK, rose by 32.0% in 2006 and the number of passengers carried by 36.8% compared with the preceding year. This increase was attributable to new routes and stable growth in Latvia and Lithuania. At the same time, capacity increased by 24.0%, which resulted in a sharp improvement in the load factor by 3.7 percentage points to 60.6%. During the fourth quarter, airBaltic increased its capacity by 28.7%. At the same time, traffic increased by 24.6%, resulting in a fall of 1.8 percentage points in the load factor.

In total, the yield rose by 3.1%, but declined by 0.2% during the fourth quarter.

In 2006, passenger revenue rose by 26.4% to MSEK 1,370 (1,084). The increase was attributable to higher passenger volumes, improved load factor and a positive yield. During the year, total revenues amounted to MSEK 1,551 (1,211), an increase of 28.1%. Operating expenses rose by 21.4% to MSEK 1,339 (1,101). The rise was mainly attributable to increased production and higher jet fuel prices.

EBITDAR improved by MSEK 102 to MSEK 212 (110). The EBITDAR margin improved by 4.6 percentage points to 13.7%.

Leasing costs rose as a consequence of three more aircraft and wet-lease expenses in May-June. In total, leasing costs amounted to MSEK 147 (106), a rise of 38.7%.

Income before tax improved in 2006 by MSEK 68 to MSEK 49 (-19).

SAS Aviation Services

(including SAS Flight Academy)

Statement of income

	October-December		January-December					
(MSEK)	2006	2005	2006	2005				
Revenue	3,787	3,863	14,746	14,964				
Payroll expenses	-1,516	-1,704	-6,314	-6,462				
Handling costs	-267	-361	-1,063	-1,356				
Technical aircraft maintenance	-674	-452	-2,551	-1,447				
Computer and telecommunications costs	-151	-139	-542	-589				
Other operating expenses	-1,105	-974	-4,298	-4,099				
Operating expenses	-3,713	-3,630	-14,768	-13,953				
Income before depreciation, EBITDA	74	233	-22	1,011				
Depreciation	-121	-102	-358	-419				
Share of income in affiliated companies	-4	-23	-40	-23				
Capital gains	3	34	3	34				
Operating income, EBIT	-48	142	-417	603				
Net financial items	-35	-22	-110	-101				
SAS Aviation Services - Income before tax	-83	120	-527	502				
EBT before nonrecurring items	-35	190	-111	633				
	SAS Ground Services		SAS Technical Services		SAS Cargo Group		SAS Flight Academy	
	January-December		January-December		January-December		January-December	
	2006	2005	2006	2005 ¹⁾	2006	2005	2006	2005
Revenue	5,867	6,185	4,896	5,167	3,648	3,308	441	447
Of which external revenue	17.5%	17.3%	16.2%	19.6%	98.5%	95.6%	54.0%	48.8%
Operating expenses	-5,773	-5,960	-5,091	-4,661	-3,540	-3,176	-353	-326
EBITDA	94	225	-195	506	108	132	88	121
EBIT	6	110	-363	310	66	83	49	79
Income before tax	-7	97	-437	244	52	63	43	75
Average number of employees	6,627	6,952	2,509	2,678	1,312	1,328	168	163
EBT before nonrecurring items	43	228	-249	274	99	67	40	41

¹⁾ Pro forma, excluding SAS Component

Earnings performance

The SAS Aviation Services business area comprises 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 ground handling and airport-related services. STS provides technical maintenance of aircraft within and outside the SAS Group. SAS Cargo is a leader in transporting freight in the Baltic region and SAS Flight Academy operates training centers for pilots and crew.

The business area's operating revenue declined in 2006 to MSEK 14,746 (14,964). The decline can be explained by the fact that STS and SGS were affected by heavy pressure on volume and prices. The result before capital gains and nonrecurring items deteriorated by MSEK 744 and amounted to MSEK -111 (633).

During the fourth quarter of 2006, operating revenue declined by MSEK 76 to MSEK 3,787 (3,863). The result before capital gains and nonrecurring items declined by MSEK 225 to MSEK -35 (190).

SAS Technical Services' (STS) operating revenue for 2006 amounted to MSEK 4,896 (5,167). This decline was due to the sale of SAS Component and lower volumes. During the period, STS signed new external agreements corresponding to MSEK 260. Operating expenses were charged with restructuring costs of MSEK 187 (of which, MSEK 147 pertained to closure of the Sola base). The result before depreciation, EBITDA, amounted to MSEK -195 (506). The result before nonrecurring items declined by MSEK 523 and amounted to MSEK -249 (274).

The weaker results were still attributable to reduced demand for Airframe services in particular (heavy and base maintenance), further market-based adjustments to prices and continued negative results from SAS Component. STS

expects continued weak results in 2007 due to low demand and its highest priority is to secure high-quality delivery.

SAS Ground Services' (SGS) operating revenue amounted to MSEK 5,867 (6,185) in 2006, a decline of 5.1% compared with the preceding year. Income before nonrecurring items declined by MSEK 185 and amounted to MSEK 43 (228). The income decline was attributable to lower market prices that are not yet fully offset on the debit side. Restructuring costs amounted to MSEK 50 (131). In a Norwegian court case on how Braathens' ground handling staff were to be integrated in 2002, the Supreme Court overturned the judgments of the lower courts. The effects of this court decision had a negative impact on the SAS Group's results in the amount of MSEK 84.

SGS's industry is characterized by price pressure and narrow margins, which results in efficiency requirements within the operation. SGS's volumes fell a total of 3% compared with the preceding year, with the largest decline noted in Denmark and Sweden. To offset seasonal variations, SGS is focusing on creating increased flexibility in production.

In 2006, SGS signed agreements with several new customers outside the SAS Group. In the second half of the year, SGS regained Icelandair as a customer in Scandinavia and secured an expanded contract with MyTravel Airways.

SAS Cargo's operating revenue for 2006 amounted to MSEK 3,648 (3,308). This growth was due to increased capacity with Singapore Airlines Cargo, Spanair and Air China, as well as new areas of operation. Income before capital gains and nonrecurring items improved by MSEK 32 to MSEK 99 (67). The market is characterized by intense competition and surplus capacity, which resulted in price pressure in 2006.

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 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.

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.

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

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.

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 Denmark went on a wildcat strike, resulting in the cancellation of nearly all flights from Copenhagen for three days. A shortage of pilots at SAS Braathens resulted in a large number of cancelled flights.
- The Supreme Court of Norway overturned the decision of Eidsivating Court of Appeal in favor of SAS Ground Services in a lawsuit concerning employees' rights in connection with the transfer from SAS Braathens in 2002.
- The SAS Group completed the incorporation process and affected pilots were transferred from the SAS Consortium to Scandinavian Airlines Denmark 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 US authorities is also under way.
- Blue1 opened ten new European destinations from Helsinki in March and April.

Second quarter 2006

- SAS Braathens concluded a new agreement with cabin crew.
- At SAS AB's Annual General Shareholders' Meeting, the Board of Directors was reelected and Jens Erik Christensen replaced Lars Rebien Sørensen who declined reelection.
- SAS AB's Annual General Shareholders' Meeting resolved not to pay a dividend for the 2005 financial year.
- 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.

Third quarter 2006

- SAS Scandinavian Airlines transported 7,900 passengers from Lebanon on behalf of the Scandinavian governments.
- Executive Vice President Gunnar Reitan assumed the position of Acting President and CEO from August 1.
- SAS Braathens won the legal process against the Norwegian Competition Authority regarding misuse of its dominating position on the Oslo-Haugesund route. The Competition Authority has appealed.
- SAS Braathens won the so-called Amadeus Affair against the Norwegian National Authority for the Investigation and Prosecution of Economic Crimes.
- The SAS Group signed a cooperation agreement with Reitan Servicehandel for the distribution of air tickets through the retail sector at about 2,400 stores in Scandinavia.
- The technical base for heavy maintenance in Stavanger/Sola was closed on September 1.
- The SAS Group celebrated its 60th anniversary on September 17.

Fourth quarter 2006

- Spanair launched five new routes and four new destinations in October and is expanding its operations from Barcelona.
- Rezidor Hotel Group was listed on the Stockholm Stock Exchange.
- Moody's upgraded the outlook for the SAS rating from negative to stable.

Events after December 31, 2006

- Mats Jansson assumed the position of President and CEO on January 1, 2007.
- The Board of Directors of the SAS Group proposes to the Annual General Shareholders' Meeting that no dividend be paid for the 2006 fiscal year.
- The SAS Group is changing the structure of its intercontinental operations, adding the Stockholm-Beijing route and several frequencies to New York. Shanghai will be discontinued from April 8, 2007.
- The SAS Group has presented product and service innovations for its largest customer group – frequent flyers.

Financial calendar:

Annual Report & Sustainability Report 2006.....	March 15, 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 8, 2007
Annual Report & Sustainability Report 2007.....	March 17, 2008

The Annual General Shareholders' Meeting will be held in Frösundavik, Solna at the SAS Group's head office on April 17, 2007. For further information and the possibility to participate in Copenhagen and Oslo, 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 also be accessed and ordered via the Internet: www.sasgroup.net

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

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