

# SAS Group

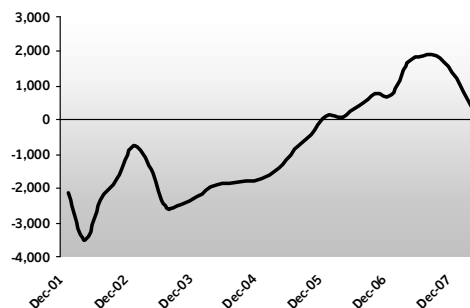
## Interim Report January-March 2008

### Key ratios for the period

- Operating revenue: MSEK 12,833 (11,887) (+6.3%) \*
- Number of passengers: 7.3 million (+2.6%)
- Earnings before nonrecurring items in continuing operations: MSEK -973 (-94)
- EBT margin before nonrecurring items: -7.6% (-0.8%)
- Net income for the period: MSEK -1,134 (-47)
- Earnings per share: SEK -6.55 (-0.11)
- A short-term action plan corresponding to SEK 1.1 billion will be implemented. A total of 44% of the long-term cost program corresponding to SEK 2.8 billion has been implemented.

\* Currency adjusted

EBT before nonrecurring items, 12 months rolling (MSEK)



### Income and key ratios

(MSEK)	January-March		April-March	
	2008	2007	2007-08	2006-07
Revenue	12,833	11,887	53,197	51,040
EBITDAR	191	1,010	4,492	6,021
Earnings before nonrecurring items in continuing operations <sup>1)</sup>	-973	-94	363	1,676
EBT margin before nonrecurring items	-7.6%	-0.8%	0.7%	3.3%
Net income for the period	-1,134	-47	-451	5,757
Earnings per share (SEK)	-6.55	-0.11	-2.57	34.27

1) Spanair and Aerolineas de Baleares are reported as operations under discontinuation.

### Comments by the CEO

The negative earnings trend we experienced in November and December last year continued in the first quarter of 2008. The primary reason for this is the rapid rise in jet fuel prices to record high levels that could not be offset, while unit earnings fell as a result of further intensification of competition. There is also certain overcapacity in the market and tendencies toward a decline in business travel. Managing this market situation is currently a challenge faced by the entire air-travel industry. We have seen how companies in the local market have adjusted their forecasts downward at the same time as carriers in the US and Asia have filed for bankruptcy. Consolidation in the industry on a global scale is continuing with full force.

Accordingly, the SAS Group's earnings for the first quarter were very weak, with an outcome of MSEK -973, which is a substantial decline compared with the year-earlier period. The first quarter is seasonally a weak quarter, which was further amplified by Easter falling in March this year. However, the underlying decline is deemed to amount to approximately MSEK 600. We continued to incur increasing expenses as a result of the Q400 problems, but the amount of compensation received from Bombardier will mostly offset this during the quarter.

There are indications that that global trends are so serious that we must prepare for a more enduring economic downturn. The macroeconomic problems, which essentially derive from the overutilization of the US credit market, are now having knock-on effects in the financial system.

To turn around the earnings trend and manage the challenging market situation, we have extended the action plan announced in February and grouped it together under the name Profit 2008. These measures shall generate an earnings effect in 2008 of SEK 1.1 billion, including price adjustments, changes to the traffic programs, additional efficiency enhancements of overheads and the discontinuation and postponement of certain planned activities. Furthermore, we have decided to reduce capacity by 11 aircraft (5%) commencing in autumn 2008 and have decided not to implement the planned increase of one intercontinental aircraft. In total, the number of positions will be reduced by approximately 1,000 FTEs.

In parallel with these measures, we will continue to implement the S11 strategy program – "Strategy 2011." Major focus is being directed toward a cultural turnaround and to improving our customer satisfaction, for example by providing more stable delivery quality and continuous product improvements.

The situation in the air-travel industry is serious. For this reason it is vital that we turn around the earnings trend and at the same time keep S11 on track to ensure that we can develop SAS to become an even stronger and more competitive airline.

Mats Jansson  
President and CEO

# Financial overview

## Statement of income

(MSEK)	January-March		April-March	
	2008	2007	2007-08	2006-07
Revenue	12,833	11,887	53,197	51,040
Payroll expenses	-4,730	-4,127	-17,874	-16,183
Other operating expenses	-7,912	-6,750	-30,831	-28,836
Leasing costs for aircraft	-631	-642	-2,567	-2,507
Depreciation	-363	-364	-1,477	-1,700
Share of income in affiliated companies	-69	10	-70	71
Income from sale of aircraft and buildings	0	-2	43	56
<b>Operating income</b>	<b>-872</b>	<b>12</b>	<b>421</b>	<b>1,941</b>
Income from other shares and participations	0	0	5	-46
Net financial items	-101	-108	-251	-703
<b>Income before tax</b>	<b>-973</b>	<b>-96</b>	<b>175</b>	<b>1,192</b>
Tax	200	55	-141	-151
<b>Net income from continuing operations</b>	<b>-773</b>	<b>-41</b>	<b>34</b>	<b>1,041</b>
Income from discontinued operations	-361	-6	-485	4,716
<b>Net income for the period</b>	<b>-1,134</b>	<b>-47</b>	<b>-451</b>	<b>5,757</b>
Attributable to:				
Parent Company shareholders	-1,077	-18	-422	5,638
Minority interests	-57	-29	-29	119
Earnings per share (SEK) <sup>1</sup>	-6.55	-0.11	-2.57	34.27
Earnings per share (SEK) from continuing operations <sup>1</sup>	-4.35	-0.18	0.45	6.16

<sup>1)</sup> Earnings per share is calculated on the basis of 164,500,000 outstanding shares (IAS 33). Since the SAS Group has no option, convertibles or share programs, no dilution occurs. A detailed statement of income is available at [www.sasgroup.net](http://www.sasgroup.net)

## Income before nonrecurring items

(MSEK)	January-March		April-March	
	2008	2007	2007-08	2006-07
Income before tax in continuing operations	-973	-96	175	1,192
Impairment losses	0	0	0	126
Restructuring costs	0	0	216	233
Capital gains/losses	0	2	-48	-59
Other nonrecurring items	0	0	20	184
<b>Income before nonrecurring items in continuing operations</b>	<b>-973</b>	<b>-94</b>	<b>363</b>	<b>1,676</b>

## Adjusted income trend

(MSEK)	January-March		
	2008	2007	Change
Income before nonrecurring items in continuing operations	-973	-94	-879
Effects of Q400 (net)	50	0	50
ECA/bmi	50	131	-81
Effect of early Easter	300	0	300
<b>Adjusted income</b>	<b>-573</b>	<b>37</b>	<b>-610</b>

## Financial key ratios

(MSEK)	March 31, 2008	December 31, 2007	March 31, 2007	March 31, 2006
CFROI (12 months rolling)	13%	14%	17%	13%
Equity/assets ratio	33%	35%	32%	19%
Adjusted equity/assets ratio	23%	24%	22%	15%
Financial net debt, MSEK	1,534	1,231	3,677	14,053
Debt/equity ratio	0.09	0.07	0.23	1.26
Adjusted debt/equity ratio	1.50	1.42	1.66	3.26
Interest-coverage ratio (12 months rolling)	0.7	1.8	5.4	1.2

# SAS Group

## Market and earnings trend

Market growth during the first quarter was favorable in Northern Europe, particularly in the Baltic States, which contributed to a positive passenger trend. However, the yield trend during the first quarter was negative for the Group's airlines as a result of intensified competition, certain overcapacity and tendencies toward a decline in business travel. This downturn was reinforced in March due to Easter falling in March of this year compared with April 2007. The effect of Easter for the Group is deemed to amount to approximately MSEK 300. The load factor improved successively during the first quarter and is in line with the preceding year. Fuel prices rose rapidly to record high levels during the quarter, which impacted all airlines.

Earnings for Scandinavian Airlines in the first quarter declined for the short-haul companies. However, Scandinavian Airlines International reported a favorable load factor and yield trend, due to such factors as increased seasonable adjustments, and accordingly posted an improvement in earnings.

Widerøe reported weaker earnings as result of the effects of the Q400 problems and early Easter. airBaltic's capacity increases in the first quarter were not absorbed by corresponding passenger increases which, combined with hikes in jet-fuel prices, had a sharply negative impact on earnings. Blue1's earnings are in line with the preceding year.

In SAS Aviation Services, STS turned around the negative trend and improved earnings in the first quarter. However, SGS is displaying a negative trend and extensive cost measures are being implemented. SAS Cargo's earnings improved as a result of the implementation of profitability-enhancing measures.

Adjusted for the Q400 effects, ECA/bmi and Easter, the underlying earnings in the first quarter of 2008 were about MSEK 600 weaker than in the year-earlier period. The SAS Group is currently implementing key short-term profitability measures (Profit 2008).

## January-March 2008

During the fourth quarter of 2007, the divestment process commenced for Spanair S.A. and Aerolineas de Baleares. Accordingly, these companies' assets and liabilities are reported as assets held for sale. Income after tax is reported among discontinued operations.

### Continuing operations:

The net effect of currency fluctuations between the January-March periods of 2007 and 2008 was MSEK 73. The effect is MSEK 201 on revenues, MSEK -107 on operating expenses and MSEK -21 on net financial items.

The SAS Group's revenue amounted to MSEK 12,833 (11,887), an increase of MSEK 946 or 8%. Taking into account currency effects, revenue increased by 6.3%. The revenue increase includes the compensation received relating to the Q400 incidents in the preceding year. Passenger traffic (RPK) rose by 6.4% for the Group.

The Group's costs for jet fuel amounted to MSEK 2,187 (1,757). Adjusted for positive currency effects owing to a weaker USD, fuel costs rose by MSEK 583 due to higher prices and increased volume. In addition, operating expenses rose due to growth in the number of passengers and expanded capacity.

Operating income before depreciation and leasing costs, EBITDAR, was MSEK 191 (1,010).

Leasing costs and depreciation, after currency adjustments, were MSEK 44 higher than in the preceding year.

The share of income in affiliated companies amounted to MSEK -69 (10). This decline is primarily attributable to the negative earnings in British Midland.

The Group's net financial items amounted to MSEK -101 (-108). Net interest was MSEK -82 (-104). The currency effect was MSEK -12 (9). Other net financial expenses were MSEK -7 (-13).

Income before nonrecurring items in continuing operations amounted to MSEK -973 (-94). Compared with the year-earlier period, income for the first quarter of 2008 was adversely impacted by approximately MSEK 300 since Easter of this year fell in March.

### Discontinued operations:

Income from discontinued operations totaled MSEK -361 (-6). The amount for the first quarter of 2008, MSEK -361, comprises income after tax in Spanair and Aerolineas de Baleares. Capital gains and income attributable to SAS Flight Academy, MSEK 375, and income in Newco, MSEK 1, were reported for January-March 2007, in addition to income after tax in Spanair and Aerolineas de Baleares of MSEK -382.

## Profit 2008

Since November 2007, the SAS Group has had a negative underlying earnings trend that continued in the first quarter of 2008. This is primarily due to rapidly rising jet fuel prices, fiercer competition and thereby increased overcapacity, as well as tendencies toward a slowdown in business travel. To turn around this earnings trend, SAS is implementing short-term earnings-enhancing measures – Profit 2008.

The measures being implemented are of such a nature that they can swiftly be introduced. The measures will have a total earnings effect of about SEK 1.1 billion. These measures include price adjustments, traffic program changes, efficiency enhancements of overheads and the discontinuation/postponement of certain activities. These cost measures account for approximately 60% of the program. In addition, capacity will be reduced by 11 aircraft commencing in autumn 2008. In the future, it will be possible to further adjust the reduction in the number of aircraft upwards or downwards according to the market trend. In total, the activities are expected to lead to a capacity reduction (ASK) of 6-7% compared with planned production. Furthermore, the planned 12th intercontinental aircraft will not be introduced. Profit 2008 is expected to entail a reduction of approximately 1,000 FTEs, of which about one third involves non-production related resources.

### Profit 2008 – Specification of measures

Earnings measures	MSEK 400-500
Traffic program	MSEK 250
Reduction OH/adm. costs	MSEK 150
Other activities	MSEK 250
Total	MSEK 1,050-1,150

## Strategy 2011

The Strategy 2011 program is being implemented in parallel with Profit 2008. Within the framework of this program, the SAS Group launched a cost program corresponding to SEK 2.8 billion in June 2007, which is to be implemented by 2009. At the end of the first quarter, 44% of the SEK 2.8 billion SEK had been implemented. The plan was that 60% of the measures were to be implemented in the same period.

About SEK 1 billion of the total cost program is related to collective agreements. Collective-agreement negotiations in 2007 did not result in a breakthrough as regards increased productivity, or any other improvements, which is the main reason for the delay in the implementation process.

Cost measures in Ground/Technical have been adjusted due to the decision made about the future structure of SGS and STS. Flight operations costs have now declined to the corresponding extent.

### Cost program

	Target:	Implemented:
Procurement	MSEK 400	MSEK 50
Central adm.	MSEK 300-400	MSEK 60
Subsidiaries	MSEK 2,100	MSEK 1,120
Of which:		
Flight operation	MSEK 770	MSEK 410
Sales/Admin	MSEK 600	MSEK 420
Ground/Technical	MSEK 730	MSEK 290

Total restructuring costs in 2008, including measures contained in Profit 2008, are expected to amount to the same level as in 2007.

#### Profitability targets for the Group



#### Profitability targets for subsidiaries

Operating margin  $\geq 12\%$

#### Exceptions

Widerøe  $\geq 7\%$

SAS Ground Services  $\geq 4\%$

SAS Cargo  $\geq 4\%$

SAS Technical Services  $\geq 5\%$

## Measures relating to the Q400 aircraft

### *Discontinuation of the Q400:*

On October 28, following the three accidents involving landing gear, the Board of Directors of the SAS Group decided to permanently withdraw its entire fleet of 27 Dash 8 Q400 aircraft.

The aircraft were used on Swedish domestic, Danish domestic and international routes, as well as by the subsidiary Widerøe in Norway. This affects a total of 27 of the Group's 303 aircraft, an estimated 5% of the total capacity in terms of the number of seats.

At year-end, nearly 100% of this capacity had been replaced by wet lease capacity.

A gross negative earnings effect of MSEK 700-800 is anticipated for full-year 2008.

SAS reached an agreement with Bombardier and Goodrich for compensation for SAS for the incidents involving the Dash aircraft. The details of the agreement are confidential, but SAS can confirm that the total financial compensation amounts to slightly more than SEK 1 billion. As part of the agreement, an order was placed for 27 aircraft, with an option for a further 24 aircraft.

The new aircraft to be delivered by Bombardier will be CRJ900 NextGen jet aircraft and Q400 NextGen turboprop aircraft. These models will replace the Q400 fleet and certain other aircraft in the SAS Group. Scandinavian Airlines and Estonian Air will use the CRJ900 NextGen. Widerøe and airBaltic will use the Q400 NextGen. The aircraft will be delivered successively over the next few years, beginning in autumn 2008 until 2011.

The process of divesting the 27 old Q400 aircraft is progressing. At the end of March 2008, seven aircraft had been sold to carriers outside the SAS Group. There is widespread interest in the remaining aircraft, which are expected to be sold within the next six months.

## Financial position

On March 31, 2008, the SAS Group's cash and cash equivalents amounted to MSEK 8,124 (8,844), of which MSEK 122 is reported as assets held for sale. Since year-end, cash and cash equivalents have declined by MSEK 869, which is mainly due to the investments, prepayments and amortization made during the quarter not corresponding to cash flow from operating activities. In addition to cash and cash equivalents, the SAS Group has unutilized contract loan commitments amounting to MSEK 5,990 (6,652), which are unchanged since year-end, adjusted for currencies. In total, the SAS Group has financial preparedness corresponding to MSEK 14,114 (15,496) or 26% (30%) of revenues.

The SAS Group's interest-bearing liabilities declined by MSEK 291 during the first quarter. In addition to planned amortization of MSEK 72, loans corresponding to MSEK 127 were amortized in advance. The remaining change in interest-bearing liabilities of MSEK 92 is primarily attributable to exchange-rate fluctuations.

The adjusted equity/assets ratio on March 31, 2008 was 23% (22%). The adjusted debt/equity ratio amounted to 1.50 (1.66). The SAS Group's targets are as follows:

#### Targets for financial position

Adjusted equity/assets ratio  $>35\%$

Adjusted debt/equity ratio  $<100\%$

Financial preparedness 20% of operating revenue

## Legal issues

On February 14, 2006, the European Commission and the U.S. Department of Justice each made public investigations into possible price fixing in the air cargo industry. SAS is one of several air cargo carriers involved in the investigations. In addition, a number of class-action civil lawsuits brought against SAS and other air cargo carriers in the United States, alleging civil damages and seeking monetary compensation, are pending in a consolidated civil case in New York.

SAS is continuing to cooperate with the authorities in the investigations and to defend itself in the civil litigation. SAS is also continuing to conduct its own internal review.

In the U.S., no formal accusations have been made against SAS to date. As part of its cooperation with the U.S. authorities, SAS is engaged in discussions with them concerning a possible resolution of the investigation.

In the EU, the European Commission issued a Statement of Objections on 20 December 2007 to a large number of air carriers, including SAS Cargo. In the Statement of Objections, the European Commission alleges that certain investigated practices in the air cargo sector constituted infringements of EC competition rules. SAS recently submitted a response to the European Commission's Statement of Objections, but with respect to the ongoing confidential investigation it is unable to further comment on the content of its response. The next stage of the process is that the European Commission will convene a hearing at which the airlines involved in the investigation will be presented with another opportunity to offer their views on the infringements claimed by the Commission. Such a hearing is not expected to take place until the summer or autumn of 2008, and the Commission is not expected to make a final decision in this matter until the end of 2008 at the earliest.

It is not possible at this time for SAS to predict the outcomes of the ongoing investigations or of the civil lawsuits. Taking the nature of the allegations into account, adverse outcomes are likely to have a substantial negative financial impact on SAS.

## Currency and fuel hedging

The SAS Group has hedged 42% of its anticipated fuel consumption in 2008. This hedging was achieved through ceiling options, swaps and other instruments. The value of the hedge portfolio for continuing operations and operations being discontinued amounted to MUS\$ 264 on March 31.

Under current plans for flight capacity, the cost of jet fuel in 2008 is expected to be in line with Appendix 3, assuming various prices and USD rates. SAS's policy is to handle increases in jet fuel costs through price adjustments and yield management. However, during the first quarter of 2008, the SAS Group's airlines were unable to offset this to any great extent since the price of fuel rapidly rose to a record high level. The ambition for the full-year 2008 is to fully offset this, which requires price levels to stabilize.

In December, the SAS Group had hedged 61% of its anticipated USD deficit for the next twelve months. Other currencies are hedged in accordance with the 60-90% policy.

# SAS Scandinavian Airlines

The SAS Scandinavian Airlines business area's earnings for the first quarter of the year amounted to SEK –0.5 billion before nonrecurring items. The beginning of the year has been weak in terms of earnings for Scandinavian Airlines's three short-haul carriers. Yield is being put under pressure by an intensified competitive climate, tendencies toward a slowdown in business travel and overcapacity on certain routes. Rapidly rising jet fuel prices made it difficult for the companies to fully compensate for these factors. Easter falling in March of 2008 had a clearly negative impact on earnings.

## EBIT margins, 12 months rolling

### Scandinavian Airlines

	Outcome	Profitability targets
SAS Norge	4.8 %	9 %
SAS Danmark	2.6 %	9 %
SAS Sverige	4.5 %	9 %
SAS International	1.2 %	9 %

## Scandinavian Airlines Norge



	Jan-Mar	
(MSEK)	2008	2007
Passenger revenue	2,615	2,553
Other revenue	582	511
Revenue	3,197	3,064
EBITDAR	53	450
EBIT before nonrecurring items	-192	195
EBIT margin before nonrecurring items	-6.0%	6.4%
Average number of employees	2,413	2,583

**Scandinavian Airlines Norge** reported weak quarterly earnings. This weak earnings trend is attributable to such factors as SAS Norge having expanded both domestically and within Europe, which burdened earnings in the short term. Expansion was successful insofar that traffic increased more than production, resulting in a 1.5-percentage point increase in the load factor during the first quarter. At the same time, this venture contributed to imposing clear pressure on yield. The early Easter had a particularly negative impact on SAS Norge since the carrier is heavily dependent on business travel in the large domestic market. Furthermore, it was not possible to fully offset the rapidly rising jet fuel prices. The company also incurred increasing costs for maintenance after adjusting price levels in relation to STS.

## Scandinavian Airlines Danmark



	Jan-Mar	
(MSEK)	2008	2007
Passenger revenue	2,126	2,178
Other revenue	787	425
Revenue	2,913	2,603
EBITDAR	37	173
EBIT before nonrecurring items	-125	1
EBIT margin before nonrecurring items	-4.3%	0.0%
Average number of employees	2,191	2,193

**Scandinavian Airlines Danmark's** quarterly earnings entail a weakening compared with 2007. The negative impact on SAS Danmark's earnings caused by the Q400 problems was fully offset during the quarter by the compensation received from Bombardier. Instead, the negative deviation in earnings is primarily attributable to the effect of Easter and the high jet fuel costs that could not be fully offset. With commencement of the summer program at the end of March, SAS Danmark's leased replacement capacity for the Q400 becomes distinctly better adapted to the market basis since the average size of the leased aircraft will be significantly smaller. Charter operations remain an increasingly high portion of SAS Danmark's production.

## Scandinavian Airlines Sverige



	Jan-Mar	
(MSEK)	2008	2007
Passenger revenue	1,589	1,715
Other revenue	512	440
Revenue	2,101	2,154
EBITDAR	63	301
EBIT before nonrecurring items	-69	163
EBIT margin before nonrecurring items	-3.3%	7.6%
Average number of employees	1,699	1,752

**Scandinavian Airlines Sverige's** quarterly earnings are significantly weaker compared with the preceding year. One of the reasons for this is the increasingly fierce competitive climate, which, for example, results in a certain level of overcapacity in the market. In addition, tendencies toward a slowdown in business travel were noted. Consequently, yield and earnings ability are pressurized. The new routes launched by the carrier at the end of 2007 had a negative impact on earnings at the beginning of 2008, although the trend is expected to be positive from the summer program. SAS Sverige was also unable to fully offset the high jet fuel prices. Additionally, Easter had a negative effect.

## Scandinavian Airlines International



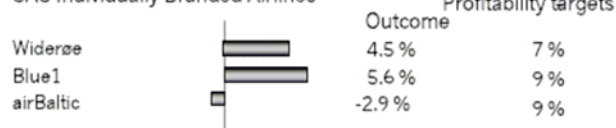
	Jan-Mar	
(MSEK)	2008	2007
Passenger revenue	1,382	1,210
Other revenue	411	383
Revenue	1,794	1,594
EBITDAR	12	-35
EBIT before nonrecurring items	-151	-205
EBIT margin before nonrecurring items	-8.4%	-12.8%
Average number of employees	753	802

**Scandinavian Airlines International** reported an improvement in earnings in the first quarter compared with the year earlier period. The improvement is driven by both the yield and load factor, which led to a substantial increase in unit earnings. SAS International's new commercial strategy, which includes greater concentration on the home market, higher flexibility and seasonal adjustments to the traffic program, is a strong contributing factor to this positive trend. The two new routes operated by SAS International in the winter (Stockholm – Bangkok and Copenhagen – Dubai) were successful both in terms of the number of customers and earnings.

## SAS Individually Branded Airlines

Blue1 reported an EBIT in line with the preceding year, whereas Widerøe and airBaltic reported lower earnings. Rapidly rising jet fuel prices and an early Easter put pressure on the companies. Blue1 is in line with the preceding year. Widerøe continues to be adversely affected by the Q400 problems and airBaltic's expansion has not yet generated the desired earnings effect.

EBIT margins, 12 months rolling  
SAS Individually Branded Airlines



### Blue1



(MSEK)	Jan-Mar	
	2008	2007
Passenger revenue	422	421
Other revenue	65	64
Revenue	488	486
EBITDAR	31	41
EBIT before nonrecurring items	2	1
EBIT margin before nonrecurring items	0.3%	0.2%
Average number of employees	463	514

**Blue1** reported an EBIT in line with the preceding year, despite the early Easter and substantially increased fuel prices. The early Easter led to a reduced level of business travel during the month, which was slightly compensated by increased leisure traffic. Blue1 was relatively successful at offsetting the negative effects of the higher fuel prices. As part of the review of European traffic, the Helsinki-Amsterdam and Helsinki-Berlin routes were discontinued in February. This work is continuing and further routes may be adjusted. Similar work is being conducted on domestic traffic and frequencies on the Helsinki-Rovaniemi route were reduced from three daily return flights to one. The load factor is slightly lower than in the preceding year, yet this was compensated by a higher yield.

### airBaltic



(MSEK)	Jan-Mar	
	2008	2007
Passenger revenue	408	313
Other revenue	104	52
Revenue	512	365
EBITDAR	-18	29
EBIT before nonrecurring items	-107	-19
EBIT margin before nonrecurring items	-21.0%	-5.2%
Average number of employees	1,047	861

**airBaltic** reported substantially weaker earnings compared with the first quarter of 2007. The company is continuing to undergo extremely strong expansion that resulted in increased market shares, but did not have the desired earnings effect. Passenger revenue is not increasing at the same rate as production, which is primarily attributable to falling yield. This is partly explained by the market featuring intensified competition and the fact that airBaltic's home market is largely operated by low-fare carriers. Rapidly rising jet fuel prices also had a negative impact on earnings. airBaltic was more adversely affected by higher fuel prices than the Group's other carriers since fuel represents a relatively higher share of the company's cost base.

### Widerøe



(MSEK)	Jan-Mar	
	2008	2007
Passenger revenue	475	486
Other revenue	352	243
Revenue	827	730
EBITDAR	76	104
EBIT before nonrecurring items	10	44
EBIT margin before nonrecurring items	1.2%	6.0%
Average number of employees	1,361	1,372

**Widerøe** reported quarterly earnings that were weaker than the first quarter of 2007. This was mainly attributable to additional costs incurred as a result of the Q400 problems, although these were partly offset by compensation received from Bombardier. The underlying earnings, adjusted for Q400 effects and the early Easter, are in line with the preceding year. Widerøe will receive deliveries of the new Q400 NG aircraft from April. A total of five Q400 NG aircraft are expected to be delivered in 2008. The competitive situation compared with the preceding year has changed since two of the company's competitors have discontinued their operations. As a result, Widerøe launched the Haugesund-Copenhagen route.

# SAS Aviation Services

All companies in the SAS Aviation Services business area reported EBIT margins below their individual profitability requirements. STS reported the strongest improvement compared with the preceding year, but its 12-month rolling EBIT margin remains the lowest. SAS Cargo reported an improvement in earnings compared with the preceding year. SGS's first quarter was significantly weaker than in 2007, meaning that SAS Aviation Services as a whole reported a loss in the first quarter of 2008.

## EBIT margins, 12 months rolling

### SAS Aviation Services

		Outcome	Profitability targets
STS		- 5.3 %	5 %
SGS		- 3.2 %	4 %
SAS Cargo		1.7 %	4 %

## STS

	Jan-Mar	
(MSEK)	2008	2007
Revenue	1,262	1,165
EBITDA	58	-50
EBIT before nonrecurring items	25	-81
EBIT margin before nonrecurring items	2.0%	-7.0%
Average number of employees	2,402	2,470

**SAS Technical Services' (STS)** earnings from the first quarter were significantly better than in the preceding year. The improved earnings are mainly due to the ongoing earnings-improvement program and new agreements with the airlines in the SAS Group, based on market prices. Furthermore, STS is continuing to work on improving delivery quality. The external market for technical maintenance is growing and is characterized by fierce competition, overcapacity and price pressure. In 2008, STS's focus on delivery quality combined with more efficient production organization will generate increased productivity and efficiency, and thereby enhance the company's level of competition and profitability.

## SGS

	Jan-Mar	
(MSEK)	2008	2007
Revenue	1,568	1,460
EBITDA	-32	23
EBIT before nonrecurring items	-53	3
EBIT margin before nonrecurring items	-3.4%	0.2%
Average number of employees	7,064	6,835

**SAS Ground Services (SGS)** reported significantly weaker earnings compared with the first quarter of 2007. SGS operates in a highly competitive market in which most ground handling companies generate very small operating margins. Since autumn 2007, the focus has been directed to improving delivery quality, which has generated visible results although further improvements are needed. The company's other major challenge is on the costs side, particularly in Denmark. To attain the profitability requirement, one of the measures taken was defining a cost program corresponding to MSEK 400 and the implementation process for this has been commenced.

## SAS Cargo

	Jan-Mar	
(MSEK)	2008	2007
Traffic revenue	403	460
Other revenue	439	333
Revenue	842	793
EBITDA	15	-18
EBIT before nonrecurring items	4	-22
EBIT margin before nonrecurring items	0.4%	-2.8%
Average number of employees	1,256	1,425

**SAS Cargo** reported a first quarter that was an improvement on 2007. The primary reason is the company's ability to generate revenue in a market characterized by price pressure and that is significantly affected by rising jet fuel costs. Capacity adjustments and the earnings-improvement program also had a positive impact on earnings. For the summer, SAS Cargo has specifically focused on leased cargo capacity to Asia where a number of activities are in progress to secure profitability.

# SAS Group

## Balance sheet

(MSEK)	March 31, 2008	December 31, 2007	March 31, 2007	March 31, 2006
Intangible assets	1,227	1,226	3,040	3,885
Tangible fixed assets	13,596	13,436	14,663	18,709
Financial fixed assets	12,031	12,001	13,483	13,575
<b>Total fixed assets</b>	<b>26,854</b>	<b>26,663</b>	<b>31,186</b>	<b>36,169</b>
Current assets	876	850	1,025	1,029
Current receivables	7,416	6,168	9,721	11,666
Cash, bank and short-term investments	8,002	8,891	8,844	8,864
Assets held for sale	6,005	6,198	-	-
<b>Total current assets</b>	<b>22,299</b>	<b>22,107</b>	<b>19,590</b>	<b>21,559</b>
<b>Total assets</b>	<b>49,153</b>	<b>48,770</b>	<b>50,776</b>	<b>57,728</b>
Shareholders' equity <sup>1)</sup>	16,228	17,149	16,226	11,167
Long-term liabilities	10,910	11,274	17,032	22,906
Current liabilities	16,515	15,024	17,518	23,655
Liabilities relating to assets held for sale	5,500	5,323	-	-
<b>Total shareholders' equity and liabilities</b>	<b>49,153</b>	<b>48,770</b>	<b>50,776</b>	<b>57,728</b>
Shareholders' equity per share <sup>2)</sup>	98.88	104.13	98.69	64.54
Interest-bearing assets	19,816	20,307	19,421	19,763
Interest-bearing liabilities	11,751	12,042	14,101	25,194

1) Including minority interests.

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

## Change in shareholders' equity

(MSEK)	Share capital <sup>1)</sup>	Other contributed capital <sup>2)</sup>	Hedge reserves	Fair value reserve	Translation reserve	Retained earnings <sup>3)</sup>	Total shareholders' equity attributable to Parent Company shareholders	Minority interest	Total equity
<b>Opening balance, January 1, 2007</b>	<b>1,645</b>	<b>170</b>	<b>518</b>	<b>508</b>	<b>286</b>	<b>13,239</b>	<b>16,366</b>	<b>22</b>	<b>16,388</b>
Change in fair value reserve				-30			-30		-30
Change in hedge reserve			-72				-72		-72
Tax charged directly to equity			20				20		20
Translation differences					-76		-76	-1	-77
Revenue and expenses for the period reported directly against equity	0	0	-52	-30	-76	0	-158	-1	-159
Hedge reserve dissolved against earnings			61				61		61
Tax on items dissolved against earnings			-17				-17		-17
Net income for the period						-18	-18	-29	-47
Total revenue and expenses for the period	0	0	-8	-30	-76	-18	-132	-30	-162
<b>Closing balance, March 31, 2007</b>	<b>1,645</b>	<b>170</b>	<b>510</b>	<b>478</b>	<b>210</b>	<b>13,221</b>	<b>16,234</b>	<b>-8</b>	<b>16,226</b>
Changed accounting principle in affiliated companies						-27	-27		-27
Change in fair value reserve				17			17		17
Change in hedge reserve			655				655		655
Tax charged directly to equity			-183		113		-70		-70
Translation differences					38		38	-1	37
Revenue and expenses for the period reported directly against equity	0	0	472	17	151	-27	613	-1	612
Fair value reserve dissolved against earnings				-495			-495		-495
Hedge reserve dissolved against earnings			171				171		171
Tax on items dissolved against earnings			-48				-48		-48
Net income for the period						655	655	28	683
Total revenue and expenses for the period	0	0	595	-478	151	628	896	27	923
<b>Closing balance, December 31, 2007</b>	<b>1,645</b>	<b>170</b>	<b>1,105</b>	<b>0</b>	<b>361</b>	<b>13,849</b>	<b>17,130</b>	<b>19</b>	<b>17,149</b>
Change in hedge reserve			501				501		501
Tax charged directly to equity			-140		-17		-157		-157
Translation differences					-18		-18	-2	-20
Revenue and expenses for the period reported directly against equity	0	0	361	0	-35	0	326	-2	324
Hedge reserve dissolved against earnings			-158				-158		-158
Tax on items dissolved against earnings			44				44		44
Minority holdings in acquired companies							0	1	1
Net income for the period						-1,077	-1,077	-55	-1,132
Total revenue and expenses for the period	0	0	247	0	-35	-1,077	-865	-56	-921
<b>Closing balance, March 31, 2008</b>	<b>1,645</b>	<b>170</b>	<b>1,352</b>	<b>0</b>	<b>326</b>	<b>12,772</b>	<b>16,265</b>	<b>-37</b>	<b>16,228</b>

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) No dividends were paid in 2006 and 2007.



# SAS Group

## Cash-flow statement

	January-March		April-March	
(MSEK)	2008	2007	2007-08	2006-07
Income before tax	-973	-96	175	1,192
Depreciation	363	364	1,477	1,700
Income from the sale of fixed assets	0	2	-48	-59
Discontinued operations	-335	-334	-255	752
Adjustment for items not included in cash flow, etc.	73	-61	119	-174
Paid tax	-8	-6	-40	-13
<b>Cash flow from operations</b>	<b>-880</b>	<b>-131</b>	<b>1,428</b>	<b>3,398</b>
Change in working capital	856	640	905	128
<b>Cash flow from operating activities</b>	<b>-24</b>	<b>509</b>	<b>2,333</b>	<b>3,526</b>
Investments, including prepayments to aircraft manufacturers	-588	-388	-2,883	-2,288
Acquisition of subsidiary	0	0	-225	0
Sale of subsidiaries	0	506	43	5,354
Sales of fixed assets, etc.	36	-21	2,203	3,379
<b>Cash flow before financing activities</b>	<b>-576</b>	<b>606</b>	<b>1,471</b>	<b>9,971</b>
External financing, net	-287	-2,584	-2,195	-9,983
<b>Cash flow for the period</b>	<b>-863</b>	<b>-1,978</b>	<b>-724</b>	<b>-12</b>
Translation difference in cash and cash equivalents	-6	19	4	-8
Cash and cash equivalents transferred to assets held for sale	-20	0	-122	0
<b>Change in cash and cash equivalents according to the balance sheet</b>	<b>-889</b>	<b>-1,959</b>	<b>-842</b>	<b>-20</b>

## Comments on the cash-flow statement

Cash flow from operating activities declined by MSEK 533 and amounted to MSEK -24 (509), mainly as a result of the weaker earnings trend during the first quarter.

Investments amounted to MSEK 588 (388), of which MSEK 440 (154) related to aircraft, other flight equipment and prepayments.

Cash and cash equivalents according to the balance sheet amounted to MSEK 8,002 (8,844).

The SAS Group has about MSEK 4,300 in unutilized tax loss carryforwards in continuing operations. 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 83% of the accumulated loss carryforwards.

## Segment reporting: income by business area

January-March (MSEK)	SAS Scandinavian Airlines		SAS Individually Branded Airlines		SAS Aviation Services		Groupwide & eliminations		SAS Group	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
External sales	9,491	8,831	1,759	1,563	1,292	1,215	291	278	12,833	11,887
Sales between business segments	350	306	73	23	2,366	2,179	-2,789	-2,508	0	0
<b>Revenue</b>	<b>9,841</b>	<b>9,137</b>	<b>1,832</b>	<b>1,586</b>	<b>3,658</b>	<b>3,394</b>	<b>-2,498</b>	<b>-2,230</b>	<b>12,833</b>	<b>11,887</b>
Payroll expenses	-2,346	-2,042	-471	-390	-1,679	-1,514	-234	-181	-4,730	-4,127
Other expenses	-7,209	-6,211	-1,281	-1,025	-1,960	-1,916	2,538	2,402	-7,912	-6,750
<b>EBITDAR per business segment</b>	<b>286</b>	<b>884</b>	<b>80</b>	<b>171</b>	<b>19</b>	<b>-36</b>	<b>-194</b>	<b>-9</b>	<b>191</b>	<b>1,010</b>
Leasing costs for aircraft	-506	-548	-140	-101	0	0	15	7	-631	-642
<b>EBITDA per business segment</b>	<b>-220</b>	<b>336</b>	<b>-60</b>	<b>70</b>	<b>19</b>	<b>-36</b>	<b>-179</b>	<b>-2</b>	<b>-440</b>	<b>368</b>
Depreciation	-244	-243	-45	-42	-63	-60	-11	-19	-363	-364
Share of income in affiliated companies	4	2	-70	12	-3	-4	0	0	-69	10
Capital gains	0	-2	0	0	0	0	0	0	0	-2
<b>EBIT per business segment</b>	<b>-460</b>	<b>93</b>	<b>-175</b>	<b>40</b>	<b>-47</b>	<b>-100</b>	<b>-190</b>	<b>-21</b>	<b>-872</b>	<b>12</b>
Unallocated income items:										
Net financial items									-101	-108
Tax									200	55
<b>Net income for the year from continuing operations</b>									<b>-773</b>	<b>-41</b>
<b>Income before nonrecurring items in continuing operations</b>	<b>-467</b>	<b>-13</b>	<b>-172</b>	<b>38</b>	<b>-101</b>	<b>-131</b>	<b>-233</b>	<b>12</b>	<b>-973</b>	<b>-94</b>

## Parent Company SAS AB

Income before tax for the period amounted to MSEK -74 (-376).

Available liquidity for SAS AB at March 31, 2008 amounted to MSEK 256 compared with MSEK 258 at the beginning of the year.

The number of shareholders in SAS AB amounted to 33,513 on March 31, 2008. The average number of employees in SAS AB amounted to 249 (172). This increase is due to transfers from the consortium.

### Statement of income

(MSEK)	January-March	
	2008	2007
Revenue	44	2
Payroll expenses	-83	-64
Other operating expenses	-63	-55
<b>Operating income before depreciation</b>	<b>-102</b>	<b>-117</b>
Depreciation	0	0
<b>Operating income</b>	<b>-103</b>	<b>-117</b>
Income from shares	0	-175
Net financial items	28	-84
<b>Income before tax</b>	<b>-74</b>	<b>-276</b>
Tax	21	57
<b>Net income for the period</b>	<b>-53</b>	<b>-319</b>

### Balance sheet

(MSEK)	March 31, 2008	December 31, 2007
Fixed assets	8,640	8,619
Current assets	8,341	7,925
<b>Total assets</b>	<b>16,981</b>	<b>16,544</b>
Shareholders' equity	11,487	11,540
Long-term liabilities	5,269	4,704
Current liabilities	225	300
<b>Total shareholders' equity and liabilities</b>	<b>16,981</b>	<b>16,544</b>

### Change in shareholders' equity

(MSEK)	Share capital	Rest. reserves	Unrestr. equity	Total equity
<b>Opening balance, Jan.</b>	1,645	306	10,322	12,273
Group contribution rec'd, net			19	19
Net income for the period			-752	-752
<b>Equity, Dec. 31, 2007</b>	1,645	306	9,589	11,540
<b>Net income for the period</b>			-53	-53
<b>Equity, Dec. 31, 2008</b>	1,645	306	9,536	11,487

## Accounting principles and financial reports

The SAS Group has applied International Financial Reporting Standards (IFRS) since January 1, 2005. Discontinued operations are reported in accordance with IFRS 5.

This interim report was prepared in accordance with IAS 34 Interim Financial Reporting, and the accounting principles are unchanged since the most recent Annual Report.

The Group's other formal financial statements appear on pages 2 and 8-9.

## SAS Group management and areas of responsibility

Mats Jansson, President and CEO. Responsible for the SAS Individually Branded Airlines business area.

John S. Dueholm, Deputy CEO and Executive Vice President. Responsible for the SAS Scandinavian Airlines business area and STS.

Gunilla Berg, CFO and Deputy President.

Benny Zakrisson, Executive Vice President, responsible for the Group's structure and strategy issues, and SGS and SAS Cargo.

Claus Sonberg, Senior Vice President Communications and Public Affairs.

Henriette Fenger Ellekrog, Group Head of Personnel.

## Full-year 2008

Economic growth is expected to be lower in 2008 in the SAS Group's markets compared with 2007. Official forecasts have gradually been revised downwards, and we will probably see signs of an economic downturn in the not too distant future. As a result of this, the market's passenger growth is expected to be lower in 2008, while competition and overcapacity increase. The price of jet fuel has risen rapidly to record levels, which entails an increasing challenge.

To turn around the earnings trend and manage the challenging market situation, the SAS Group has extended the action plan announced in February, named Profit 2008. The program is expected to generate an earnings effect of SEK 1.1 billion in 2008 and includes price adjustments, changes to the traffic programs, efficiency enhancements to overheads and the discontinuation and postponement of certain non-strategic activities. Furthermore, we have decided to reduce capacity by 11 aircraft starting in autumn 2008. In parallel, Strategy 2011 is being implemented with full force to ensure long-term competitiveness.

Mats Jansson  
President and CEO

The interim report is unaudited.

# Traffic data information

## SAS Group's passenger traffic

		January-March		
		2008	2007	Change
Number of passengers	(000)	7,277	7,089	2.6%
Passenger km	(mill.)	7,235	6,803	6.4%
Seat km	(mill.)	10,669	9,995	6.7%
Load factor		67.8%	68.1%	-0.2 p.p.

## SAS Group's traffic-related key data

	January-March		April-June		July-September		October-December		April-March	
	2007	2006	2007	2006	2007	2006	2007	2006	2007-08	2006-07
Number of passengers (000)	7,277	7,089	8,226	8,074	8,152	7,848	7,712	7,570	31,366	30,581
RPK (mill.)	7,235	6,803	8,297	8,359	8,979	8,598	7,603	7,386	32,114	31,146
ASK (mill.)	10,669	9,995	11,247	11,132	11,511	11,160	10,941	10,555	44,368	42,842
Load factor	67.8%	68.1%	73.8%	75.1%	78.0%	77.0%	69.5%	70.0%	72.4%	72.7%
Yield, SEK	1.25	1.30	1.23	1.19	1.08	1.08	1.29	1.28	1.21	1.21
Total unit cost, SEK	0.90	0.85	0.80	0.80	0.75	0.76	0.9	0.81	0.83	0.81

## SAS Group traffic operation by route sector

	Jan-Mar 2008 vs. Jan-Mar 2007	
	Traffic (RPK)	Capacity (ASK)
Intercontinental	5.9%	0.6%
Europe	10.0%	12.1%
Intra-Scandinavia	1.0%	8.6%
Denmark (domestic)	4.3%	16.3%
Norway (domestic)	1.7%	-1.4%
Sweden (domestic)	-0.9%	10.7%

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

## SAS Scandinavian Airlines traffic-related key data

		January-March	Change compared with 2007
		2008	2007
Number of passengers	(000)	5,957	+2.0%
Passenger km, RPK	(mill.)	6,267	+5.3%
Seat km, ASK	(mill.)	8,954	+5.2%
Load factor		70.0%	+0.1 p.p.
Currency-adjusted yield trend			-6.0%
Total unit cost, incl. charter			+11.9% <sup>1)</sup>
Operational unit cost, incl. charter			+12.2% <sup>1)</sup>

<sup>1)</sup> Higher fuel costs had a negative effect of 4.8 percentage points on unit costs and additional costs for Q400 of 4.5 percentage points.

## SAS Scandinavian Airlines traffic and production

	Scandinavian Airlines Danmark		Scandinavian Airlines Norge		Scandinavian Airlines Sverige		Scandinavian Airlines International	
	Jan-Mar 2008	Change	Jan-Mar 2008	Change	Jan-Mar 2008	Change	Jan-Mar 2008	Change
<b>Scheduled traffic</b>								
Number of passengers (000)	1,819	-1.4%	2,314	-4.6%	1,515	+0.9%	309	+9.0%
RPK (mill.)	1,316	+1.3%	1,541	+6.7%	1,192	+6.8%	2,217	+6.8%
ASK (mill.)	2,103	+5.4%	2,330	+4.3%	1,844	+4.3%	2,677	+13.6%
Load factor	62.6%	-2.5 p.p.	66.2%	-1.5 p.p.	64.7%	-4.1 p.p.	82.8%	-4.2 p.p.
Yield, currency-adjusted		-5.7%		-11.7%		-13.3%		+7.1%
Total unit cost, incl. charter (local currency)		-6.1%		+7.3%		+3.6%		+8.3%
<b>Charter traffic</b>								
Number of passengers (000)	125	+36.2%	83	+9.5%	42	-51.1%		

## SAS Individually Branded Airlines traffic and production

	Widerøe		Blue1		airBaltic	
	Jan-Mar 2008	Change 2007	Jan-Mar 2008	Change 2007	Jan-Mar 2008	Change 2007
Number of passengers (000)	472	-0.4%	380	-12.3%	468	37.8%
RPK (mill.)	145	+0.1%	300	-8.8%	524	38.7%
ASK (mill.)	244	-2.9%	511	-7.0%	959	40.6%
Load factor	59.4%	+1.8 p.p.	58.7%	-1.2 p.p.	54.6%	-0.7 p.p.
Yield, SEK		-7.8%		+6.4%		-9.3%
Total unit cost, SEK		+5.7%		+3.1%		+11.1%

<sup>1)</sup> Spanair is reported as a discontinued operation.

# Statement of income

## Statement of income – Quarterly breakdown

	2006					2007					2008
(MSEK)	JAN- MAR	APR- JUN	JUL- SEP	OCT- DEC	FULL- YEAR JAN-DEC	JAN- MAR	APR- JUN	JUL- SEP	OCT- DEC	FULL- YEAR JAN-DEC	JAN- MAR
Revenue	10,999	13,366	12,955	12,832	50,152	11,887	13,496	13,484	13,384	52,251	<b>12,833</b>
Payroll expenses	-4,173	-4,292	-3,812	-3,952	-16,229	-4,127	-4,304	-4,234	-4,606	-17,271	<b>-4,730</b>
Other operating expenses	-6,738	-7,493	-7,461	-7,132	-28,824	-6,750	-7,344	-7,789	-7,786	-29,669	<b>-7,912</b>
Leasing costs for aircraft	-616	-617	-624	-624	-2,481	-642	-641	-659	-636	-2,578	<b>-631</b>
Depreciation	-421	-465	-409	-462	-1,757	-364	-378	-371	-365	-1,478	<b>-363</b>
Share of income in affiliated companies	-2	19	46	-4	59	10	38	7	-46	9	<b>-69</b>
Income from the sale of aircraft and buildings	27	12	16	30	85	-2	-44	20	67	41	<b>0</b>
<b>Operating income</b>	<b>-924</b>	<b>530</b>	<b>711</b>	<b>688</b>	<b>1,005</b>	<b>12</b>	<b>823</b>	<b>458</b>	<b>12</b>	<b>1,305</b>	<b>-872</b>
Income from other shares and participations	0	1	0	-47	-46	0	0	5	0	5	<b>0</b>
Net financial items	-187	-191	-219	-185	-782	-108	-84	-30	-36	-258	<b>-101</b>
<b>Income before tax</b>	<b>-1,111</b>	<b>340</b>	<b>492</b>	<b>456</b>	<b>177</b>	<b>-96</b>	<b>739</b>	<b>433</b>	<b>-24</b>	<b>1,052</b>	<b>-973</b>
Tax	241	-18	-113	-75	35	55	-212	-78	-51	-286	<b>200</b>
<b>Net income from continuing operations</b>	<b>-870</b>	<b>322</b>	<b>379</b>	<b>381</b>	<b>212</b>	<b>-41</b>	<b>527</b>	<b>355</b>	<b>-75</b>	<b>766</b>	<b>-773</b>
Income from discontinued operations	-194	231	225	4,266	4,528	-6	80	346	-550	-130	<b>-361</b>
<b>Net income for the period</b>	<b>-1,064</b>	<b>553</b>	<b>604</b>	<b>4,647</b>	<b>4,740</b>	<b>-47</b>	<b>607</b>	<b>701</b>	<b>-625</b>	<b>636</b>	<b>-1,134</b>
Attributable to:											
Parent Company shareholders	-1,034	489	559	4,608	4,622	-18	584	667	-596	637	<b>-1,077</b>
Minority interests	-30	64	45	39	118	-29	23	34	-29	-1	<b>-57</b>

## Earnings overview

	January-March		April-June		July-September		October-December		April-March	
(MSEK)	2008	2007	2007	2006	2007	2006	2007	2006	2007-08	2006-07
Revenue	<b>12,833</b>	<b>11,887</b>	<b>13,496</b>	13,366	<b>13,484</b>	12,955	<b>13,384</b>	12,832	<b>53,197</b>	51,040
EBITDAR	<b>191</b>	<b>1,010</b>	<b>1,848</b>	1,581	<b>1,461</b>	1,682	<b>992</b>	1,748	<b>4,492</b>	6,021
EBITDAR margin	<b>1.5%</b>	<b>8.5%</b>	<b>13.7%</b>	11.8%	<b>10.8%</b>	13.0%	<b>7.4%</b>	13.6%	<b>8.4%</b>	11.8%
EBIT	<b>-872</b>	<b>12</b>	<b>823</b>	530	<b>458</b>	711	<b>12</b>	688	<b>421</b>	1,941
EBIT margin	<b>-6.8%</b>	<b>0.1%</b>	<b>6.1%</b>	4.0%	<b>3.4%</b>	5.5%	<b>0.1%</b>	5.4%	<b>0.8%</b>	3.8%
Income before nonrecurring items	<b>-973</b>	<b>-94</b>	<b>783</b>	593	<b>513</b>	558	<b>40</b>	619	<b>363</b>	1,676
Income before tax	<b>-973</b>	<b>-96</b>	<b>739</b>	340	<b>433</b>	492	<b>-24</b>	456	<b>175</b>	1,192
Net income for the period	<b>-1,134</b>	<b>-47</b>	<b>607</b>	553	<b>701</b>	604	<b>-625</b>	4,647	<b>-451</b>	5,757
Earnings per share (SEK)	<b>-6.55</b>	<b>-0.11</b>	<b>3.55</b>	2.97	<b>4.05</b>	3.40	<b>-3.62</b>	28.01	<b>-2.57</b>	34.27
Cash flow before financing activities	<b>-576</b>	<b>606</b>	<b>2,058</b>	1,580	<b>-71</b>	668	<b>60</b>	7,117	<b>1,471</b>	9,971

## SAS Group average number of employees (FTE)

	January-March	
	2008	2007
SAS Scandinavian Airlines	<b>7,400</b>	7,517
SAS Individually Branded Airlines	<b>2,969</b>	2,835
SAS Aviation Services	<b>10,722</b>	10,390
Groupwide functions	<b>818</b>	780
<b>Continuing operations</b>	<b>21,909</b>	21,522
Discontinued operations	<b>3,568</b>	4,614
<b>SAS Group</b>	<b>25,477</b>	26,136

# Investments, aircraft fleet and fuel

## SAS Group's investments

	January-March	
	2008	2007
SAS Scandinavian Airlines	467	177
SAS Individually Branded Airlines	41	95
SAS Aviation Services	55	68
Groupwide functions and eliminations	3	6
<b>Continuing operations</b>	<b>566</b>	<b>346</b>
Discontinued operations	22	42
<b>SAS Group</b>	<b>588</b>	<b>388</b>

## SAS Group's aircraft under firm order<sup>\*)</sup>

	Total	2008	2009	2010
Boeing 737	6	3	3	0
CRJ900	10	2	8	0
Q400	14	0	7	7
No. of aircraft	30	5	18	7
CAPEX (MUSD)	729	194	407	128

<sup>\*)</sup> Excluding Estonian Air.

## SAS Group aircraft fleet March 31, 2008

	Age	Owned	Leased	Wet-leased	Total	Leased out	Order
Airbus A330/A340	5.7	5	6		11		
Airbus A319/A320/A321	4.8	4	10		14	2	
Boeing 737 series	10.6	20	71		91	4	6
Boeing 717	7.8		4		4	4	
McDonnell Douglas MD-80 series	18.7	13	44		57	13	
McDonnell Douglas MD-90	11.2	8			8	3	
Avro RJ-85/100	10.0		7	5	12		
Fokker 50	18.2		14		14		
deHavilland Q series <sup>*)</sup>	10.0	18	35		53		14
BAe 146	21.4			2	2		
Bombardier CRJ200	7.8			4	4		
Bombardier CRJ200 NG <sup>**)</sup>	-	0	0				10
<b>Total</b>	11.9	68	191	11	270	26	30

By airline:

SAS Scandinavian Airlines	11.6				207	26	30
Widerøe	12.8				30		
Blue 1	6.2				11		
airBaltic	15.5				22		
<b>Total</b>	11.9				270	26	30

<sup>\*)</sup> Including 27 deHavilland Q-400 aircraft withdrawn from operation.

<sup>\*\*)</sup> Excluding Estonian Air.

## Facts and vulnerability – jet fuel

	Q2 2008	Q3 2008	Q4 2008	Q1 2009
Options *	14%	22%	30%	23%
Redemption price (USD/ton)	713	881	827	883
Swap price (USD/ton)	8%	10%	13%	8%
	706	702	829	773
Three-way **	16%	5%		
price (USD/ton)	781	800		

\* Excluding premium

\*\* Three-ways has ceiling for the protection level of USD 800 or 900/ton

## Estimated jet fuel expense 2008 \*

Market price, USD	SEK 5.5 /USD	SEK 6.0 /USD	SEK 6.5 /USD
<b>Jet fuel hedging</b>			
USD 800/ton	8,130	8,670	9,211
USD 1,000/ton	9,074	9,701	10,327
USD 1,200/ton	10,023	10,736	11,448

\* Pertains to the full-year values for SEK/USD and jet fuel price per ton. The SAS Group's hedging of jet fuel at March 31, 2008 was taken into account.

# SAS Scandinavian Airlines

## Statement of income

(MSEK)	2008	Jan-Mar 2007
Passenger revenue	7,712	7,654
Charter revenue	346	335
Other traffic revenue	743	476
Other revenue	1,040	672
<b>Revenue</b>	<b>9,841</b>	<b>9,137</b>
Payroll expenses	-2,346	-2,042
Selling costs	-127	-120
Jet fuel	-1,866	-1,533
Government user fees	-912	-841
Catering costs	-291	-265
Handling costs	-1,285	-1,211
Technical aircraft maintenance	-1,122	-958
Computer and telecommunication costs	-405	-387
Other operating costs	-1,201 <sup>*)</sup>	-897
<b>Operating expenses</b>	<b>-9,554</b>	<b>-8,253</b>
<b>Income before depreciation and leasing costs, EBITDAR</b>	<b>286</b>	<b>884</b>
Leasing costs for aircraft	-506	-548
<b>Income before depreciation, EBITDA</b>	<b>-220</b>	<b>335</b>
Depreciation	-244	-243
Share of income in affiliated companies	4	2
Capital gains	0	-2
<b>Operating income, EBIT</b>	<b>-460</b>	<b>93</b>
Net financial items	-8	-108
<b>SAS Scandinavian Airlines - Income before tax</b>	<b>-467</b>	<b>-15</b>
<b>Income before nonrecurring items</b>	<b>-467</b>	<b>-13</b>

<sup>\*)</sup> Includes cost of leased replacement capacity for Q400 aircraft.

## Important events

### First quarter 2008

- The SAS Group decided to purchase six MD-87 and two Boeing 737-600 aircraft from another operator as replacements for the Q400, partly as an interim solution and partly as a permanent solution.
- SAS took over delivery positions on three Boeing 737-800 aircraft with delivery during 2008.
- The Board of Directors of the SAS Group decided in February that SGS would be provided an opportunity to implement cost reductions of MSEK 400 within 18 months and a quality program, otherwise an external solution will be sought. At the same time, it was decided that the maintenance of Boeing 737 Classics be outsourced and that terminal management, Sprit, in SAS Cargo, be divested.
- SAS agreed a settlement with Bombardier and Goodrich for compensation to SAS regarding the incidents involving the Dash aircraft in the autumn of 2007. The details of the agreement are confidential but the total financial compensation is slightly more than SEK 1 billion. As part of the agreement, an order was placed for 27 aircraft, with an option for a further 24 aircraft.

### Events after March 31, 2008

- On April 1, 2008, SAS and the Danish Pilots' Association (DPF), the Norwegian SAS Pilots' Association (NSF) and the Swedish Pilots' Association (SPF) signed a two-year collective agreement on salaries and general terms of service. The agreement period is April 1, 2007, through March 31, 2009.
- Danska Datagraf acquired SAS Media AB from the SAS Group.
- At SAS's Annual General Meeting, Fritz H. Schur was elected the new Chairman of the Board of Directors. Dag Mejdell, CEO of Posten Norge AS, took office as new Board member. The Annual General Meeting resolved not to issue any dividends for the 2007 fiscal year.
- The SAS Group has signed a letter of intent with Amadeus, under which parts of SAS's commercial IT platform will be replaced. These parts are sales, booking, ticketing, check-in and load control. The new, modern systems, which are simpler to use and more standardized, will provide the SAS Group's employees with efficient support in their interaction with customers. The letter of intent will also mean that travel agencies retain access to the lowest prices at SAS through Amadeus.
- SAS is to sell Facility Management to Coor Service Management, which will thus become a total supplier of service to SAS in Denmark, Norway and Sweden.

## Financial calendar

Interim Report 2, April-June 2008  
Interim Report 3, July-September 2008  
Year-end Report 2008  
Annual Report & Sustainability Report 2008

August 14, 2008  
November 5, 2008  
February 2009  
March 2009

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All reports are available in English and Swedish and can be ordered on the Internet: [www.sasgroup.net](http://www.sasgroup.net) or from:

[investor.relations@sas.se](mailto:investor.relations@sas.se)

The SAS Group's monthly traffic data information is normally issued on the fifth business day of the following month. A continuously updated financial calendar can be found at: [www.sasgroup.net](http://www.sasgroup.net)

## Media/Investor Relations activities

Press conference, Frösundavik  
Teleconference, analysts  
Analysts' meeting, London

10:30 a.m., April 29, 2008  
2:00 p.m., April 29, 2008  
8:00 a.m. (UK time), April 30, 2008

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