



SAS Group

Interim Report January-June 2011

Best second quarter since 2008 as a result of cost savings measures and higher revenue

Key ratios April-June 2011

- Revenue: MSEK 11,229 (9,979)
- Number of passengers: up 1.1 million (17.8%)
- Income before nonrecurring items in continuing operations: MSEK 365 (-236)
- EBT margin before nonrecurring items in continuing operations: 3.4% (-2.4%)
- Cash flow from operating activities: MSEK 731 (503)
- Income before tax: MSEK 729 (-600)
- Net income for the period: MSEK 551 (-502)
- Earnings per share: SEK 1.67 (-1.76)

Key ratios January-June 2011

- Revenue: MSEK 20,446 (19,474)
- Number of passengers: up 1.5 million (12.3%)
- Income before nonrecurring items in continuing operations: MSEK -140 (-1,080)
- EBT margin before nonrecurring items in continuing operations: -0.7% (-5.5%)
- Cash flow from operating activities: MSEK 164 (533)
- Income before tax: MSEK 175 (-1,572)
- Net income for the period: MSEK 178 (-1,214)
- Earnings per share: SEK 0.54 (-5.06)

Important events during the quarter

- SAS passenger traffic continued to grow and SAS noted the highest customer satisfaction in 11 years
- Core SAS was concluded according to plan. Cost reductions of approximately SEK 7.6 billion have been implemented. Under Core SAS, the unit cost has been reduced by approximately 23%
- SAS placed an order for 30 Airbus A320neo aircraft with the first delivery scheduled for the second half of 2016
- SAS was the most punctual airline in Europe in June-July 2011

Forecast for 2011 remains unchanged

- Jet-fuel prices, increasing uncertainty regarding the global economy and additional capacity in the market are continuing to present challenges, but provided that no unexpected events occur, the conditions remain positive for the SAS Group to achieve positive income before tax for full-year 2011

Income and key ratios

	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jul-Jun 2010-11	Jul-Jun 2009-10
Earnings-related key ratios (MSEK)						
Revenue	11,229	9,979	20,446	19,474	41,695	40,873
EBITDAR before nonrecurring items	1,334	883	1,785	1,140	4,482	2,424
Income before nonrecurring items in continuing operations	365	-236	-140	-1,080	505	-1,983
Income before tax, EBT	729	-600	175	-1,572	-1,313	-2,977
Net income for the period	551	-502	178	-1,214	-826	-2,366
EBT margin before nonrecurring items (target 7%)	3.4%	-2.4%	-0.7%	-5.5%	1.2%	-4.9%
Cash flow from operating activities	731	503	164	533	-524	-2,277
Financial key ratios						
	Jun 30 2011	Dec 31 2010	Jun 30 2010	Jun 30 2009		
CFROI, 12-month rolling (target 25%)	15%	6%	3%	2%		
Financial preparedness (target >20% of annual revenue)	27%	25%	31%	23%		
Shareholders' equity per share, SEK	43.91	43.88	44.47	4.86		

Comments by the CEO

“Best result since 2008 driven by cost reductions and increased passenger growth”

It is now slightly more than six months since I took up the post of President and CEO of SAS. The first half of 2011 was dominated by continued economic recovery. The result for the first half of 2011 was significantly better compared with the preceding year and the underlying result for the second quarter was as expected, apart from the effects of the earthquake in Japan.

Best result since 2008

The second quarter of 2011 was the strongest since 2008 and in recent months, we have achieved record levels for the load factor, noted increased customer satisfaction and are once again Europe's most punctual airline, despite continued intense competition. Income before nonrecurring items was MSEK 365. Income before tax for the second quarter of 2011 was MSEK 729 and contains, for example, a positive nonrecurring item from the dissolution of the EuroBonus liability. This result provides us with a platform from which to proceed with our work; a step on the way but far from enough. Accordingly, we must continue to work every day in such a manner that we always review our expenses and revenue, something that will also characterize the new strategic approach that we will launch in the autumn.

Total capacity in the market in the Nordic region is continuing to increase and is expected to rise by about 10% for full-year 2011, at the same time as SAS continues to plan a capacity increase of about 6% compared with the preceding year. Total growth is expected to be about 6%.

For the SAS Group, growth was favorable during the first six months of 2011, but routes to Asia were adversely affected by the earthquake in Japan, which impacted earnings in an amount of approximately MSEK 75. There are positive prospects for continued traffic growth during the second half of 2011, particularly on US routes, but also on domestic and intra-Scandinavian routes. During the quarter, the trend was good for new routes, such as Oslo–New York, and in the leisure segment, in which strong demand was noted.

For both yield and jet fuel prices, the trend remains uncertain, but the fuel surcharge enforced had a positive impact on yield, which stabilized somewhat compared with the preceding quarter. Otherwise, SAS always optimizes the combination of yield and load factor (RASK) and the improvement shows that the fuel surcharge is having an effect. We also manage the fuel price by hedging jet fuel and we now have a favorable hedging position.

Stable financial position

SAS's financial preparedness amounted to SEK 11 billion or 27% of annual revenue in June. This comprises SEK 5.6 billion in cash liquidity and SEK 5.4 billion in unutilized credit facilities. The cash flow from continuing operations was positive during the quarter at MSEK 731.

Efficiency enhancement and modernization of fleet

SAS works continuously to develop its fleet strategy and some major decisions have been made during the year to simplify the aircraft fleet. Currently, two thirds of the fleet comprises Next Generation aircraft.

In Oslo and Stockholm, SAS will operate using exclusively 737 Next Generation (NG) aircraft. Not later than 2015, the remaining 20 MD80s and 737 Classics will have been replaced. SAS has already signed a leasing contract for 17 aircraft of the 737NG model and intends to contract more aircraft before 2011 is over.

In Copenhagen, the objective is to achieve a fleet comprising only aircraft from Airbus, the A320 family. SAS has signed a contract to purchase 30 new A320neo (New Engine Option) aircraft for delivery from 2016 and an option for a further 11 A320neo. However, in the meantime, the 17 MD80 aircraft will be replaced by leased A320s.

In addition to the streamlining of the fleet using these measures, it will become more environmentally friendly. The A320neo will have 15% lower fuel consumption and 50% less noise footprint than the current 737NG and A320 aircraft.

Core SAS completed - 23% lower costs

The Core SAS cost-saving program is now being concluded according to plan and has resulted in unit cost reductions of 23% since 2008. An entirely new platform for profitable growth has been created and this has occurred at the same time as we have succeeded in delivering world-class punctuality, noted the highest level of customer satisfaction in eleven years and achieved the highest load factor ever in July this year. This is evidence of our stable position and that we are strong in delivery even under demanding conditions. The remaining earnings effect of the Core SAS cost-saving program is expected to be SEK 1 billion in 2011/2012. The remaining restructuring costs are estimated at MSEK 100-200 during 2011. The effect of Core SAS provides conditions for profitable growth, but continued cost reductions will be part of ongoing operations in the future.

Forecast of positive earnings in 2011 unchanged

Ahead of the second quarter, the booking status is relatively stable, but there is a higher degree of uncertainty regarding global economic trends. Jet fuel prices and additional capacity in the market remain a challenge. Our assessment made in conjunction with the report for the first quarter of 2011 stands firm – provided that no unexpected events occur, the conditions remain for the SAS Group to achieve positive income before tax for full-year 2011. In addition, the financial risk exposure remains in Spainair.

Rickard Gustafson
President and CEO

Market and income

Market and traffic trend

Aviation market in Europe

The first six months of 2011 began with increasing capacity that exceeded demand, which led to demanding conditions for many airlines in Europe. The situation stabilized slightly during the second quarter, although most markets remained characterized by high capacity additions. The greatest capacity increase was seen on intercontinental routes to/from North American and on short-haul routes in Europe, mainly driven by low-cost carriers. From March onward, traffic in Asia suffered a strong negative effect from the earthquake in Japan, which sparked a sudden decline in demand. Demand subsequently recovered slowly but not yet completely. SAS's load factor fell a total of 0.7 percentage points to 71.6% during the first half of the year. However, in the second quarter of 2011 the load factor as a whole was slightly higher than in the second quarter of 2010. The 2011 yield trend gradually improved between the first and second quarters in line with the introduction of the fuel surcharge. The intercontinental routes displayed the strongest yield trend, driven by improvements in the passenger mix.

For further industry statistics, refer to page 16

Scandinavian Airlines' traffic trend

Traffic for Scandinavian Airlines (RPK) rose 7.7% during the first six months of the year, partly positively affected by weak comparative figures for April 2010 caused by the volcanic ash cloud. The number of passengers increased 9.4%. Growth was mainly favorable on the more short-haul intra-Scandinavian routes, boosted by strong demand. The trend for the intercontinental routes to/from the US was weak at the beginning of the year, but improved during the second quarter. Scandinavian Airlines increased its total capacity by 8.5%. Growth was also healthy in Business Class and Economy Extra but was highest in the leisure travel segment. The load factor improved 1.0 percentage point in the second quarter and in June, the highest ever load factor recorded for a June month was achieved.

The currency-adjusted total unit revenue, RASK, for Scandinavian Airlines in the first six months of the year was 2.3% higher compared with the preceding year and the currency-adjusted yield declined 0.5%.

Traffic trend for Scandinavian Airlines

Change in relation to year-earlier period	Apr-Jun	Jan-Jun
Load factor (p.p.)	+1.0 p.p.	-0.6 p.p.
Yield (currency-adjusted, %)	+0.6%	-0.5%
Total unit revenue, RASK (currency-adjusted, %)	+6.6%	+2.3%
Total unit cost (currency-adjusted, %)	+2.4%*	+0.6%*
Total unit cost excluding jet fuel (currency-adjusted, %)	-5.1%*	-6.2%*

* Excluding impairment of aircraft in the second quarter.

For detailed traffic data information, refer to page 16

For definitions, refer to www.sasgroup.net

Earnings analysis, January-June 2011

The SAS Group's income before capital gains and nonrecurring items in continuing operations amounted to MSEK -140 (-1,080) and income after tax was MSEK 182 (-1,207).

The Group's revenue amounted to MSEK 20,446 (19,474). Taking into account currency effects, revenue rose MSEK 2,229 or 12.2%, mainly due to a 9.9% rise in capacity (ASK). The currency-adjusted yield (Scandinavian Airlines) declined 0.5%. The yield was adjusted for revaluation regarding the EuroBonus points liability, which had a positive earnings impact of MSEK 380. The preceding year's revenue was affected negatively by the volcanic eruption in Iceland (about MSEK 700). The load factor developed somewhat negatively and amounted to 71.6%.

Operating expenses including payroll expenses amounted to MSEK -17,629 (-18,757). The currency-adjusted deviation regarding fuel amounted to MSEK 1,106, corresponding to an increase of 41.8%. Other cost increases were mainly attributable to the rise in production volume. Adjusted for exchange-rate effects, jet-fuel expenses, volume and nonrecurring items, the unit cost was 6.2% lower than the year-earlier period.

EBITDAR before nonrecurring items amounted to MSEK 1,785 (1,140).

Leasing costs amounted to MSEK -764 (-949), which is a currency-adjusted reduction of 7.4% compared with the preceding year.

Depreciation amounted to MSEK -1,557 (-834). The period's expenses include impairment relating to MD80 and A340 aircraft of MSEK -725, which is attributable to the declining market value of aircraft, mainly due to a weaker USD exchange rate.

The Group's net financial items amounted to MSEK -334 (-461), of which net interest expense accounted for MSEK -309 (-434), exchange-rate differences MSEK 18 (10) and other financial items MSEK -43 (-37).

Restructuring costs relating to the implementation of Core SAS amounted to MSEK -81 (-473), of which MSEK -73 (-233) pertained to payroll expenses, MSEK -4 (-50) to leasing costs, MSEK 0 (-175) to rental expenses and MSEK -4 (-15) to other restructuring costs. Other nonrecurring items pertained to the impairment of aircraft of MSEK -725 (0), revaluation of the EuroBonus point liability of MSEK 380 (0) and the dissolution of USD hedges for aircraft totaling MSEK 729 (0).

The capital gains/losses of MSEK 12 (-24) are attributable to aircraft transactions and MSEK 0 (31) is attributable to buildings.

The SAS Group's income from discontinued operations pertains to earnings after tax in Spirit, which amounted to MSEK -4 (-7).

Earnings analysis, second quarter 2011

SAS Group's income before capital gains and nonrecurring items in continuing operations amounted to MSEK 365 (-236) and earnings after tax amounted to MSEK 551 (-502).

The Group's revenue amounted to MSEK 11,229 (9,979). Taking into consideration exchange-rate effects, revenue increased MSEK 1,868 or 20.0%, mainly because capacity (ASK) rose 12.3%. Currency-adjusted yield (Scandinavian Airlines) rose 0.6%. Yield was adjusted for revaluation in terms of the EuroBonus points liability, which had a positive impact of MSEK 380 on revenue. The preceding year's revenue was adversely affected by the volcanic eruption in Iceland (approximately MSEK 700). The load factor displayed a positive trend and amounted to 76.1%.

Operating expenses including payroll expenses amounted to MSEK -8,819 (-9,420). The currency-adjusted deviation for fuel amounted to MSEK 661, corresponding to an increase of 49.2%. Other cost increases are mainly attributable to the increased production volume. Adjusted for exchange-rate effects, jet-fuel expenses, volume and nonrecurring items, the unit cost was 5.1% lower than the year-earlier period.

EBITDAR before nonrecurring items amounted to MSEK 1,334 (883).

Leasing costs amounted to MSEK -373 (-487), which is a currency-adjusted reduction of 8.1% compared with the preceding year.

Depreciation amounted to MSEK -1,148 (-426). The period's expenses included impairment relating to MD80 and A340 aircraft of MSEK -725, which was attributable to the declining market value of aircraft that was mainly due to a weaker USD exchange rate.

The Group's net financial items amounted to MSEK -184 (-251), of which net interest totaled MSEK -183 (-250), exchange-rate differences MSEK 21 (19) and other financial items MSEK -22 (-20).

Restructuring costs relating to the implementation of Core SAS amounted to MSEK -37 (-365), of which MSEK -29 (-134) pertained to payroll expenses, MSEK -4 (-41) to leasing costs, MSEK 0 (-175) to rental expenses and MSEK -4 (-15) to other restructuring costs. Other nonrecurring items comprised the impairment of aircraft of MSEK -725 (0), revaluation of the EuroBonus points liability of MSEK 380 (0) and dissolution of USD hedges for aircraft of MSEK 729 (0).

Capital gains/losses of MSEK 17 (-5) are attributable to aircraft transactions and MSEK 0 (31) is attributable to buildings.

The SAS Group's income from discontinued operations pertains to earnings after tax in Spirit, which amounted to MSEK 0 (0).

Financial position

– *Financial preparedness at SEK 11.1 billion*

The SAS Group had cash and cash equivalents at June 30, 2011 amounting to MSEK 5,648 (7,151). Cash and cash equivalents have risen MSEK 605 since the start of the year. In addition to cash and cash equivalents, the SAS Group has unutilized credit facilities of MSEK 5,421 (5,542). The SAS Group has total financial preparedness (cash and cash equivalents and unutilized credit facilities) corresponding to MSEK 11,069 (12,693) or 27% (31%) of the Group's annual revenue.

The SAS Group's interest-bearing liabilities rose MSEK 985 compared with the beginning of the year. New loans raised during this period amounted to MSEK 2,800 and repayments amounted to MSEK 1,500. A bond loan of MEUR 40 (MSEK 360) maturing in 2017 was issued in February. Two bond loans totaling about SEK 2 billion, comprising a loan of MSEK 1,300 and a loan of MEUR 75, were issued in March and both loans mature in 2014. At June 30, 2011, the value of the debt and equity share (conversion option and repurchase rights) relating to the convertible bond loan was set at MSEK 1,431 and MSEK 226, respectively. At the date of issue, these amounts were MSEK 1,374 and MSEK 226, respectively, and at December 31, 2010, they were MSEK 1,408 and MSEK 226, respectively. The value of the equity share was included in shareholders' equity, following a deduction for deferred tax.

During the year, financial net debt has risen MSEK 533 and amounted to MSEK 3,395 on the balance-sheet date. The increase is mainly attributable to cash flow from operations of MSEK 164 and investments and sales of fixed assets of net MSEK -592.

At June 30, 2011, the adjusted equity/assets ratio amounted to 28% (26%). The adjusted debt/equity ratio amounted to 0.89 (0.90). The adjusted amounts take into account leasing costs.

For the balance sheet, refer to page 10

Cash-flow statement

– *SAS's accumulated cash flow from operating activities amounted to MSEK 164*

Cash flow from operating activities for the first six months amounted to MSEK 164 (533). A fine of MSEK 660 was paid in February that was levied on SAS Cargo in conjunction with the European Commission's air cargo investigation, which is the main difference compared with the preceding year. Adjustment for items not included in cash flow, etc., amounted to MSEK -1 613 (140) during the first six months of the year as a result of the dissolution of USD hedges and payment of SAS Cargo's fine.

Investments amounted to MSEK 1,004 (1,636), of which MSEK 605 (1,335) related to aircraft, other flight equipment and prepayments. This figure included a Bombardier Q100 and three Bombardier Q200 aircraft for Widerøe. In addition, a Boeing 737 was purchased that was formerly on operational lease.

In March, a Bombardier Q300 was divested and in June, a Boeing 737 was divested through sale and leaseback.

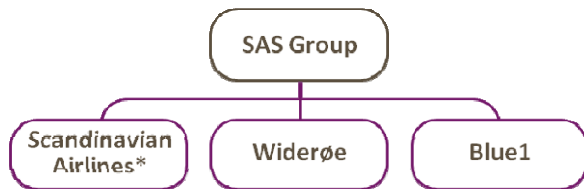
Cash flow before financing activities amounted to MSEK -428 (-617).

Cash and cash equivalents amounted to MSEK 5,648 according to the balance sheet compared with MSEK 5,043 at December 31, 2010.

For the cash-flow statement, refer to page 11

SAS business concept and strategies

SAS is the leading airline in Northern Europe. Some 25.2 million passengers flew with SAS in 2010 to more than 127 destinations. As a member of the Star Alliance, SAS offers a global network that exceeds 1,000 destinations. In 2010, SAS was Europe's most punctual major airline. Airline operations comprise the three business segments Scandinavian Airlines, Widerøe and Blue1. Individual Holdings includes operations in the process of being divested.



* Includes airline operations in the consortium of Scandinavian Airlines System, SAS Ground Services, SAS Tech and SAS Cargo.

Business concept

Through cooperating airlines, the SAS Group offers flexible and value-for-money air travel with a focus on products and services that meet the needs of business travelers in the Nordic region.

Strategic focus – Core SAS concluded

Core SAS, launched in February 2009, is the Group's renewed strategic approach that is based on five pillars and is aimed at ensuring a more efficient and profitable SAS.

After Core SAS

SAS has commenced a process to formulate the strategy to succeed Core SAS. This process aims to present the strategy in the autumn of 2011. The work is characterized by four areas:

- Creating conditions for profitable growth
- Establishing a favorable climate for cooperation
- Strengthened leadership and a clear performance culture
- Passionate customer focus

Core SAS cost-reduction program concluded

The Core SAS cost-reduction program was originally launched in February 2009. In June 2011, the program comprised cost-reducing activities amounting to a total of SEK 7.8 billion.

The implementation of the cost savings under Core SAS proceeded as planned in the second quarter and a further MSEK 200 in cost-savings were implemented. The largest savings were attributable to the reduced number of employees in administration, more efficient processes in ground and air operating activities and continued cost awareness in the Group.

The earnings effect generated in the second quarter by the total cost-saving program amounted to about MSEK 400 compared with the same period in 2010. This can be seen in the reduced operating expenses.

Of the total cost-saving program of SEK 7.8 billion, 97% or SEK 7.6 billion has been implemented. The remaining MSEK 200 will be implemented continuously during the autumn. No new activities will be conducted under Core SAS and the program is thus considered to have been concluded.

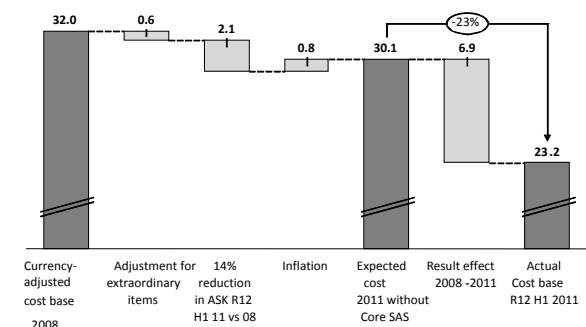
Implementation of the Core SAS cost-saving program at June 30, 2011:

(MSEK)	Implemented, Mar 31, 2011	Implemented, Jun 30, 2011	Potential 2011
Cabin crew/flight deck	1,900	1,900	1,900
Ground services	700	800	900
SAS Tech	1,700	1,750	1,800
Sales, marketing and commercial	700	700	700
Purchasing	400	400	400
Blue1/Widerøe/Cargo	550	600	600
Administration	1,350	1,350	1,400
Other	100	100	100
Total	7,400	7,600	7,800

The earnings effect generated in 2011 is SEK 1.0 billion in addition to the SEK 3.6 billion realized in 2010 and the SEK 2.2 billion realized in 2009. The remaining earnings effect from the total cost-saving program is thus expected to amount to about SEK 1.0 billion in 2011-2012. Approximately 80% of this effect is the result of activities already implemented, while the other 20% is related to continuing activities in the autumn of 2011.

The analysis below shows that the reported earnings effect from 2009 until the first six months of 2011 can be seen in the reduction of SAS's cost base during the period. Expenses were reduced by about SEK 6.9 billion between 2008 and the last six months of 2010 and the first six months of 2011 combined. This demonstrates that the effects of the Core SAS cost-saving program were realized according to plan.

Scandinavian Airlines' cost base excluding fuel (SEK billion)



Personnel reductions under Core SAS

Personnel reductions in 2009-2011 will amount to about 4,600 FTEs based on forecasted production volumes.

During 2009, the number of FTEs was reduced by 2,900. In 2010, the number of FTEs was further reduced by 1,100.

Productivity increase

Within the Scandinavian Airlines operations unit, a significant productivity increase occurred during the first six months of 2011 compared with the same period in 2010. While the production volume increased by up to 5% in Operations units, the number of FTEs declined by about 400. Given the flexibility between volume and FTEs in production, the increased volume was produced by about 200 fewer FTEs compared with the level that would have been required during the second quarter of 2010. The actual productivity increase thus corresponds to a further reduction of 200 FTEs.

(FTE)	Total
Planned FTE reduction	~4,600
Implemented	~4,200
Implemented %	91%

Segment reporting

The business segments are reported as Scandinavian Airlines, Blue1 and Widerøe. The SAS Ground Services, SAS Tech and SAS Cargo units are integrated with Scandinavian Airlines. In total, these segments comprise more than 95% of the Group's annual revenue.

Scandinavian Airlines' income before nonrecurring items was MSEK 447 (-147) for the second quarter of 2011. Widerøe's income before nonrecurring items amounted to MSEK 151 (57) and Blue1's income before nonrecurring items amounted to MSEK -130 (-43) for the second quarter of 2011.

Scandinavian Airlines

(MSEK)	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010
Passenger revenue	7,404	6,605	13,094	12,663
Other revenue	2,553	2,250	4,953	4,619
Revenue	9,956	8,855	18,047	17,283
EBITDAR	2,390	532	2,815	697
EBIT before nonrecurring items	574	46	298	-486
EBIT margin before nonrecurring items	5.8%	0.5%	1.7%	-2.8%
EBT before nonrecurring items	447	-147	92	-845



Scandinavian Airlines' earnings for the second quarter were better than in the preceding year. Parts of the improvement between the years were attributable to the negative impact of the volcanic eruption in Iceland last year, but at the same time, the operations were simultaneously charged with strongly increased fuel prices.

Continued cost reductions and a stronger market, with an increase in business and leisure travel generated the conditions to increase capacity (ASK) in the second quarter. Capacity increased 11% during the period, compared with the year-earlier period (including charter +9,5%). The capacity increase was implemented in all route sectors except charter. The increase was greater for the intercontinental routes as a result of the new route between Oslo and New York. Traffic (RPK) rose 12.5% during the quarter. The load factor increased 1.0 percentage point and amounted to 77.2%.

Passenger revenues rose sharply during the period, even adjusted for the volcanic ash cloud in 2010 and, compared with 2010, revenues were also negatively impacted by currency and continued yield pressure. The currency-adjusted passenger yield rose 0.6% and unit revenue (RASK) was 6.6% higher than in 2010. The trend for cargo revenues was strong as a result of a favorable cargo market and higher intercontinental capacity.

During the second quarter of 2011, the cost-savings program also had a distinct impact, which is evident in such factors as payroll expenses, which were 5% lower than in the year-earlier period. Fuel costs rose, primarily as a result of higher global market prices, but also due to higher volume. Fuel futures and currency impeded cost increases during the period.

The currency-adjusted unit cost weakened as a result of higher fuel prices and was 2.4% higher than the year-earlier quarter. Excluding fuel, the unit cost fell 5.1% in the same period, which demonstrates the continued favorable effect of the Core SAS cost-savings program.

For some time, customer satisfaction at Scandinavian Airlines has been at a stable level, Customer Satisfaction Index (CSI) 71, which has not been achieved since 2001. Punctuality is

one of the factors that contributes to the excellent rating from customers.

For Scandinavian Airlines' income statement – refer to page 13

Widerøe

(MSEK)	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010
Passenger revenue	747	603	1,383	1,189
Other revenue	235	243	467	485
Revenue	981	845	1,850	1,674
EBITDAR	218	127	348	214
EBIT before nonrecurring items	153	59	220	82
EBIT margin before nonrecurring items	15.6%	7.0%	11.9%	4.9%
EBT before nonrecurring items	151	57	213	75



The second quarter demonstrated a continued favorable trend, with EBIT of MSEK 153, compared with MSEK 59 in the year-earlier period. During the first six months, EBIT totaled MSEK 220, up MSEK 138 compared with the first half of 2010. The improvement compared with the preceding year is significant, even adjusted for the ash cloud in Iceland in April 2010. The improvement is a combination of a healthy market trend, the establishment of new routes previously operated by Scandinavian Airlines using Fokker 50 aircraft and continued cost reductions.

Widerøe's market demonstrates a continued positive trend. During the second quarter, production rose 29.7%, primarily due to the take-over of the above-mentioned routes. The number of RPK during the same period rose 35.0%. Consequently, the load factor rose 2.4 percentage points.

Blue1

(MSEK)	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010
Passenger revenue	442	412	828	784
Other revenue	30	47	93	87
Revenue	472	459	921	871
EBITDAR	-101	-17	-166	-47
EBIT before nonrecurring items	-128	-43	-218	-99
EBIT margin before nonrecurring items	-27.2%	-9.4%	-23.7%	-11.4%
EBT before nonrecurring items	-130	-43	-224	-99



The EBIT of MSEK -128 for the second quarter was MSEK 85 less than the year-earlier period, largely due to higher fuel costs and lower revenues as a result of tough competition with lower yield levels on all route sectors. EBIT includes MSEK 9 in establishment costs connected to the ongoing change in the aircraft fleet.

The scheduled capacity (ASK) rose 21.5% during the second quarter, primarily due to the ash cloud in Iceland last year. Due to weak profitability, significant production cuts and an improvement plan for cost reductions and revenue generation were initiated in June. Trade union negotiations connected to personnel reductions commenced at the end of June. Most of the European routes plan to close during the third and fourth quarters this year.

Risk and uncertainties

The SAS Group works strategically to refine and improve its risk management. Risk management includes identifying both new risks and known risks, such as changes in oil prices or exchange rates. The Group monitors the comprehensive risks centrally, while portions of risk management are situated out in operations and include identification, action plans and policies. For further information about risk management in the SAS Group, refer to the most recently published annual report.

Currency and jet fuel hedging

The SAS Group hedged 56% of its anticipated fuel consumption for the period July 2011 – June 2012. The market value of the hedges at June 30, 2011 was MU\$ 113. Hedging is achieved using swaps, supplemented by call options. Under current plans for seat capacity, the cost of jet fuel in 2011 is expected to be in line with the table below, assuming different prices and USD rates. The SAS Group's financial policy is to handle changes in jet fuel costs primarily through hedging of jet fuel, price adjustments and yield management. The policy for jet-fuel hedging states that this can be conducted up to 18 months ahead and that the interval for the 12-month hedging level is 40-70% of anticipated volumes.

For foreign currency, the policy is to hedge 60-90%. In June 2011, the SAS Group had hedged 72% of its anticipated USD deficit for the next 12 months. A specification of hedging on a quarterly basis is provided below. The SAS Group has hedged its USD deficit using a combination of forward contracts and call options. Other currencies have been hedged at a rate of 60-90% in accordance with the financial policy.

Currency hedging

	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Hedging of USD (coverage)	65%	66%	76%	77%

Hedging of jet fuel

	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Hedging of jet fuel	56%	61%	57%	50%

Vulnerability matrix, jet-fuel expense 2011, SEK billion

Market price	Exchange rate SEK/USD			
	5.00	6.00	7.00	8.00
USD 800 per ton	6.3	6.8	7.3	7.9
USD 1,000 per ton	6.6	7.2	7.8	8.4
USD 1,200 per ton	7.0	7.6	8.3	8.9
USD 1,400 per ton	7.3	8.0	8.7	9.4

The SAS Group's current hedging contracts for jet fuel and reported jet-fuel expense at June 30, 2011 were taken into account.

Remaining commitments

In 2009, the SAS Group sold its participating interest of 20% in bmi (British Midland International) to LHBD Holdings Ltd. SAS may now obtain a further payment from Lufthansa if additional value is realized in bmi during the period through to the end of the third quarter of 2011. SAS also has a negative exposure of a maximum of MGBP 19 for the same period should bmi become insolvent.

Following the divestment of 80.1% in Spanair at the beginning of 2009, SAS had an interest-bearing receivable from Spanair of MEUR 149, which falls due on January 30, 2014. In addition, SAS has leased out a total of seven aircraft to Spanair on market terms and remains as a guarantor of certain operational commitments within Spanair's operation amounting to a maximum of MEUR 24 for the period extending no longer than to January 30, 2014. SAS also has an outstanding bridging loan of MEUR 27 to the buyers of Spanair, which falls due on December 31, 2011. The SAS Group's shareholding in Spanair was impaired by MSEK 229 to MSEK 0 in the third quarter of 2010.

Following the most recent injection of capital from Spanair's principal owner, SAS's ownership share has decreased to 10.9%.

In the event of Spanair going into liquidation, SAS's total exposure is SEK 1.8 billion, but with a limited negative liquidity effect of MSEK 200-300. If such an event were to occur, it would mean that SAS would still be able to meet its financial preparedness with a good margin.

Air Baltic was divested in 2008 and SAS had receivables of MU\$ 52 due; all receivables have now been repaid to SAS.

SAS has receivables due from Estonian Air and these amount to MEUR 7 at June 30, 2011.

Legal issues

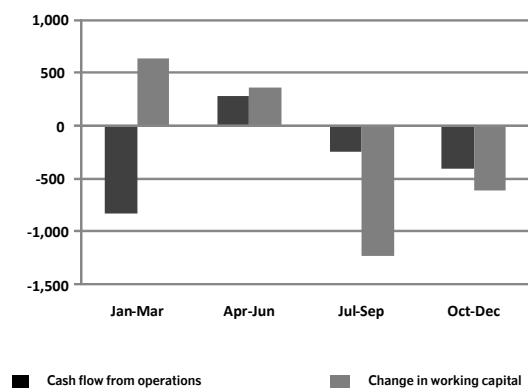
In November 2010, the European Commission decided to order SAS to pay fines of MEUR 70.2 for SAS Cargo. The fines were charged to Group earnings for the third quarter in the amount of MSEK 660 and impacted the Group's liquidity in the first quarter of 2011. As a consequence of the European Commission's decision in the cargo investigation, SAS and other airlines fined by the Commission are involved in various civil lawsuits in Europe (the UK, the Netherlands and Norway). SAS, which appealed the European Commission's decision, contests its responsibility in all of these legal processes. Further lawsuits by cargo customers cannot be ruled out.

SAS and certain other European airlines have been added as defendants in a pending class-action lawsuit in California alleging price-fixing of air passenger fares on Trans-Pacific routes. SAS, which does not operate these routes, disputes the claim.

In April 2010, 33 SAS pilots jointly submitted an application for a summons against SAS at the Stockholm City Court. In the application, the claimants seek to have certain terms of employment rendered invalid and adjusted, and also seek a declaratory claim for damages. The claimants are former employees of Swedish airline Linjeflyg, who were employed by SAS in conjunction with its acquisition of Linjeflyg in 1993. The claimants allege that the terms of employment are discriminatory and are in breach of EU law on free movement of labor. SAS, which disputes the claim in its entirety, considers the risk of a negative outcome to be limited and no provisions have been made.

Seasonal effects

Demand in SAS's markets is seasonally low in December-February, relatively high in September-November and highest in April-June. This is due to variations in demand in the business market. Demand may deviate from the normal seasonal pattern and develop in different ways in the Group's markets. SAS has successfully developed sophisticated methods for dynamically adapting capacity to demand on a monthly and weekly basis, such as in conjunction with major holidays.



Based on reported cash flow 2008 - 2011

Full-year 2011

For the SAS Group, growth was favorable during the first six months of 2011, but Asia traffic, in particular, was negatively impacted by the earthquake in Japan. There are favorable conditions for continued traffic growth in the second half of 2011, particularly on the USA routes, but also on domestic and intra-Scandinavian routes. Large capacity increases were implemented for certain markets, particularly on European routes from Denmark and in the Swedish market. The offering in terms of capacity is expected to continue to increase and the overall market capacity is expected to rise during the full-year 2011 by 10%, while SAS still plans to expand capacity by about 6%.

The trend is uncertain for both yield and jet fuel prices. The rising jet fuel prices were partly offset by a fuel surcharge. The Group manages its jet fuel price through hedging of jet fuel and currently has a favorable hedging position. The remaining exposure is handled through the introduction of fuel surcharges and active yield management, but with rising overcapacity, it is a greater challenge to fully offset the cost increase.

Core SAS has now been essentially concluded and continues to contribute to strengthening SAS's competitiveness. The remaining earnings effect of the Core SAS savings program is expected to be SEK 1 billion. The remaining restructuring costs are estimated at MSEK 100-200 in 2011. During the autumn, SAS will, as part of its new strategic approach, present further cost and earnings improvements.

The result for the first half of 2011 was considerably better compared with the preceding year and performance in the second quarter, apart from the earthquake in Japan, was as expected. Ahead of the second quarter, the booking status is relatively stable, but there is a higher degree of uncertainty regarding global economic trends. Jet fuel prices and additional capacity in the market remain a challenge. Our assessment made in conjunction with the report for the first quarter of 2011 stands firm – provided that no unexpected events occur, the conditions remain for the SAS Group to achieve positive income before tax for full-year 2011. In addition, the financial risk exposure remains in Spanair.

SAS Group

Statement of income including statement of other comprehensive income

(MSEK)	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jul-Jun 2010-11	Jul-Jun 2009-10
Revenue	11,229	9,979	20,446	19,474	41,695	40,873
Payroll expenses ¹	-3,244	-3,473	-6,450	-7,017	-12,906	-15,137
Other operating expenses ²	-5,575	-5,947	-11,179	-11,740	-24,649	-24,372
Leasing costs for aircraft ³	-373	-487	-764	-949	-1,630	-1,901
Depreciation and impairment ⁴	-1,148	-426	-1,557	-834	-2,590	-1,815
Share of income of affiliated companies	2	4	-7	-26	31	-270
Income from sale of shares in subsidiaries and affiliated companies	0	-25	0	-26	-47	396
Income from sale of aircraft and buildings	17	26	12	7	-234	-41
Operating income	908	-349	501	-1,111	-330	-2,267
Income from other securities holdings	5	0	8	0	-255	0
Financial revenue	58	41	118	82	222	222
Financial expenses	-242	-292	-452	-543	-950	-932
Income before tax	729	-600	175	-1,572	-1,313	-2,977
Tax	-178	98	7	365	441	891
Net income from continuing operations	551	-502	182	-1,207	-872	-2,086
Income from discontinued operations	0	0	-4	-7	46	-280
Net income for the period	551	-502	178	-1,214	-826	-2,366
Other comprehensive income:						
Exchange-rate differences in translation of foreign operations	211	-20	179	-13	71	-134
Cash-flow hedges – hedging reserve	-1,128	-498	-475	-434	595	297
Tax attributable to components relating to other comprehensive income	296	131	125	114	-156	-79
Total other comprehensive income after tax for the year	-621	-387	-171	-333	510	84
Total comprehensive income	-70	-889	7	-1,547	-316	-2,282
Net income for the period attributable to:						
Parent Company shareholders	551	-502	178	-1,214	-826	-2,366
Earnings per share (SEK) ⁵	1.67	-1.76	0.54	-5.06	-2.51	-10.86
Earnings per share (SEK) from continuing operations ⁵	1.67	-1.76	0.55	-5.03	-2.65	-9.57
Earnings per share (SEK) from discontinued operations ⁵	0.00	0.00	-0.01	-0.03	0.14	-1.29

1 Includes restructuring costs of MSEK 29 (134) during the period April-June, MSEK 73 (233) during the period January-June and MSEK 316 (705) during the period July-June.

2 Includes restructuring costs of MSEK 4 (190) during the period April-June, MSEK 4 (190) during the period January-June and MSEK 144 (287) during the period July-June.

3 Includes restructuring costs of MSEK 4 (41) during the period April-June, MSEK 4 (50) during the period January-June and MSEK 1 (81) during the period July-June.

4 Includes restructuring costs of MSEK - (-) during the period April-June, MSEK - (-) during the period January-June and MSEK 200 (45) during the period July-June.

5 Earnings per share is based on 329,000,000 (284,557,583) outstanding shares for the period April-June, 329,000,000 (240,115,167) outstanding shares for the period January-June and 329,000,000 (217,893,958) for the period July-June. The number of outstanding shares until April 15, 2009 and May 1, 2010 has been adjusted for a bonus element in the rights issue to existing shareholders of 6,123 and 2,379, respectively, in addition to a reverse 1:30 split.

EBITDAR before nonrecurring items

(MSEK)	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jul-Jun 2010-11	Jul-Jun 2009-10
Revenue	11,229	9,979	20,446	19,474	41,695	40,873
Payroll expenses	-3,244	-3,473	-6,450	-7,017	-12,906	-15,137
Other operating expenses	-5,575	-5,947	-11,179	-11,740	-24,649	-24,372
EBITDAR	2,410	559	2,817	717	4,140	1,364
Restructuring costs	33	324	77	423	460	992
Other nonrecurring items	-1,109	0	-1,109	0	-118	68
EBITDAR before nonrecurring items in continuing operations	1,334	883	1,785	1,140	4,482	2,424

Income before nonrecurring items

(MSEK)	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jul-Jun 2010-11	Jul-Jun 2009-10
Income before tax in continuing operations	729	-600	175	-1,572	-1,313	-2,977
Impairment losses ²	725	0	725	0	954	215
Restructuring costs	37	365	81	473	661	1,118
Capital gains/losses	-17	-1	-12	19	321	-355
Other nonrecurring items ¹	-1,109	0	-1,109	0	-118	16
Income before tax and nonrecurring items in continuing operations	365	-236	-140	-1,080	505	-1,983

1 Other nonrecurring items comprise a MSEK 729 dissolution of USD hedges for aircraft and a MSEK 380 revaluation of the EuroBonus liability.

2 Pertains to impairment of the carrying amount of aircraft.

Condensed balance sheet

(MSEK)	Jun 30 2011	Dec 31 2010	Jun 30 2010	Jun 30 2009
Intangible assets	1,574	1,414	1,328	1,244
Tangible fixed assets	14,134	14,782	15,629	15,723
Financial fixed assets	14,648	14,395	14,822	12,411
Total fixed assets	30,356	30,591	31,779	29,378
Current assets	648	679	636	715
Current receivables	5,584	5,019	6,580	7,476
Cash and cash equivalents	5,648	5,043	7,151	6,559
Assets held for sale	449	493	434	413
Total current assets	12,329	11,234	14,801	15,163
Total assets	42,685	41,825	46,580	44,541
Shareholders' equity ¹	14,445	14,438	14,632	11,984
Long-term liabilities	13,823	13,932	16,087	15,971
Short-term liabilities	14,288	13,323	15,729	16,172
Liabilities attributable to assets held for sale	129	132	132	414
Total shareholders' equity and liabilities	42,685	41,825	46,580	44,541
Shareholders' equity per share ²	43.91	43.88	44.47	4.86
Interest-bearing assets	20,246	19,579	21,715	19,187
Interest-bearing liabilities	12,882	11,897	14,004	13,125

¹ Including non-controlling interests.

² Calculated on 329,000,000 outstanding shares as per June 30, 2011, per December 31, 2010 and per June 30, 2010. In June 2009, the number of outstanding shares was 2,467,500,000. The SAS Group has not carried out any buyback programs.

Condensed change in shareholders' equity

(MSEK)	Share capital ¹	Other contributed capital ²	Hedge reserve	Translation reserve	Retained earnings ³	Total shareholders' equity attributable to Parent Company owners	Total equity
Opening shareholders' equity in accordance with approved balance sheet, January 1, 2010	6,168	170	227	52	4,772	11,389	11,389
Reduction in share capital	-4,516				4,516	0	0
Rights issue	4,960					4,960	4,960
Net costs for rights issue					-170	-170	-170
Comprehensive income			-320	-13	-1,214	-1,547	-1,547
Closing balance, June 30, 2010	6,612	170	-93	39	7,904	14,632	14,632
Net costs for rights issue					-38	-38	-38
Other contributed capital		167				167	167
Comprehensive income			789	-108	-1,004	-323	-323
Closing balance, December 31, 2010	6,612	337	696	-69	6,862	14,438	14,438
Comprehensive income			-350	179	178	7	7
Closing balance, June 30, 2011	6,612	337	346	110	7,040	14,445	14,445

¹ The share capital in SAS AB is distributed as follows: opening balance on January 1, 2010 of 2,467,500,000 shares with a quota value of SEK 2.5 per share and a closing balance on June 30, 2011 of 329,000,000 shares with a quota value of SEK 20.1.

² The entire amount comprises share premium reserves and the equity share of convertible loans.

³ No dividends were paid in 2009 and 2010.

Financial key ratios

	Jun 30 2011	Dec 31 2010	Jun 30 2010	Jun 30 2009
CFROI	15%	6%	3%	2%
Financial preparedness (target >20% of annual revenue)	27%	25%	31%	23%
Equity/assets ratio	34%	35%	31%	27%
Adjusted equity/assets ratio (target > 35%)	28%	28%	26%	20%
Financial net debt, MSEK	3,395	2,862	2,642	4,040
Debt/equity ratio	0.24	0.20	0.18	0.34
Adjusted debt/equity ratio (target <1,00)	0.89	0.89	0.90	1.57
Interest ratio	-0.4	-1.9	-2.5	-7.0

Condensed cash-flow statement

(MSEK)	April-June		January-June		July-June	
	2011	2010	2011	2010	2010-11	2009-10
Income before tax	729	-600	175	-1,572	-1,313	-2,977
Depreciation and impairment	1,148	426	1,557	834	2,590	1,815
Income from sale of fixed assets	-17	-1	-12	19	321	-355
Discontinued operations	6	5	7	3	13	-22
Adjustment for items not included in cash flow, etc.	-718	36	-1,613	140	-688	134
Tax paid	0	-1	-1	-1	-1	-2
Cash flow from operations	1,148	-135	113	-577	922	-1,407
Change in working capital	-417	638	51	1,110	-1,446	-870
Cash flow from operating activities	731	503	164	533	-524	-2,277
Investments including prepayments to aircraft manufacturers	-675	-401	-1,004	-1,636	-1,861	-3,887
Sale of subsidiaries and affiliated companies	0	9	0	65	3	447
Sale of fixed assets, etc.	191	297	412	421	620	1,122
Cash flow before financing activities	247	408	-428	-617	-1,762	-4,595
Rights issue including issue costs	0	4,730	0	4,730	-52	4,730
External financing, net	-1,280	-1,852	1,034	-1,104	279	480
Cash flow for the period	-1,033	3,286	606	3,009	-1,535	615
Translation difference in cash and cash equivalents	2	-4	1	-8	-7	-2
Cash and cash equivalents transferred from/to assets held for sale	40	-43	-2	-39	39	-21
Change in cash and cash equivalents according to the balance	-991	3,239	605	2,962	-1,503	592

SAS Group investments

(MSEK)	April-June		January-June		July-June	
	2011	2010	2011	2010	2010-11	2009-10
Scandinavian Airlines	551	352	802	1,511	1,516	3,452
Other operations and eliminations	120	43	194	103	325	384
Continuing operations	671	395	996	1,614	1,841	3,836
Discontinued operations	4	6	8	22	20	51
SAS Group	675	401	1,004	1,636	1,861	3,887

Parent Company SAS AB

Income before tax for the period amounted to MSEK -69 (-99).

Available liquidity for SAS AB at June 30, 2011 amounted to MSEK 0 compared with MSEK 1 at the beginning of the year.

The number of shareholders in SAS AB amounted to 67,568 on June 30, 2011. The average number of employees in SAS AB amounted to 43 (56).

Condensed statement of income

(MSEK)	January-June	
	2011	2010
Revenue	8	2
Payroll expenses	-63	-72
Other operating expenses	-34	-46
Operating income before depreciation	-89	-116
Depreciation	0	0
Operating income	-89	-116
Income from other securities holdings	8	-
Net financial items	12	17
Income before tax	-69	-99
Tax	44	26
Net income for the period	-25	-73
Net income for the period attributable to Parent Company shareholders	-25	-73

Condensed balance sheet

(MSEK)	Jun 30	Dec 31	Jun 30
	2011	2010	2010
Fixed assets	7,702	7,697	8,061
Current assets	9,730	9,509	9,884
Total assets	17,432	17,206	17,945
Shareholders' equity	13,231	13,256	13,488
Long-term liabilities	4,041	3,834	4,012
Short-term liabilities	160	116	445
Total shareholders' equity and liabilities	17,432	17,206	17,945

Change in shareholders' equity

(MSEK)	Share capital	Restricted reserves	Unrestricted equity	Total equity
Opening balance, 1 Jan 2011	6,612	473	6,171	13,256
Net income for the period			-25	-25
Shareholders' equity Jun 30, 2011	6,612	473	6,146	13,231

Notes

Note 1 – Accounting policies and financial statements

The interim report for the Group was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The interim report for the Parent Company was prepared in accordance with the Annual Accounts Act.

A number of amendments of standards, new interpretations and new standards took effect for fiscal years beginning January 1, 2011 that are not deemed to have material relevance in the preparation of this financial report, meaning that the SAS Group continued to apply the same accounting policies as in its Annual Report for 2010

Note 2 – Segment information

The Group's operations are governed and reported in three business segments: Scandinavian Airlines, Widerøe and Blue1. Scandinavian Airlines includes airline operations in the consortium of Scandinavian Airlines System, SAS Ground Services in Sweden, Norway and Denmark, SAS Tech and the remaining parts of SAS Cargo. Widerøe is an independent regional airline based in Norway. Blue1 is an independent airline based in Finland.

Other operations include the Parent Company SAS AB (Group functions) and other non-reportable segments. Certain operations are being successively discontinued through divestment.

January-June (MSEK)	Scandinavian Airlines ¹		Blue1		Widerøe		Reconciliation				SAS Group	
	2011	2010	2011	2010	2011	2010	Other		Eliminations		2011	2010
External revenue	17,691	16,908	910	856	1,845	1,671	0	39	0	0	20,446	19,474
Sales between segments	356	374	11	15	5	3	5	77	-377	-469	0	0
Revenue	18,047	17,282	921	871	1,850	1,674	5	116	-377	-469	20,446	19,474
Payroll expenses	-5,565	-6,110	-172	-167	-650	-604	-63	-136	0	0	-6,450	-7,017
Other operating expenses	-9,667	-10,475	-915	-751	-852	-856	-46	-60	301	402	-11,179	-11,740
Operating income before depreciation and leasing costs	2,815	697	-166	-47	348	214	-104	-80	-76	-67	2,817	717
Leasing costs for aircraft	-730	-903	-50	-52	-60	-61	0	0	76	67	-764	-949
Depreciation and impairment	-1,485	-753	-3	-2	-68	-72	-1	-7	0	0	-1,557	-834
Share of income of affiliated companies	2	1	0	0	0	0	-9	-27	0	0	-7	-26
Capital gains/losses	11	-25	0	0	1	0	0	6	0	0	12	-19
Operating income	613	-983	-219	-101	221	81	-114	-108	0	0	501	-1,111
Unallocated income items:												
Income from other securities holdings											8	0
Net financial items											-334	-461
Tax											7	365
Net income for the period from continuing operations											182	-1,207
Income before nonrecurring items in continuing operations	92	-845	-224	-99	213	75	-221	-211	0	0	-140	-1,080

1 A detailed statement of income for Scandinavian Airlines is presented on the following page.

Statement of income Scandinavian Airlines

(MSEK)	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010
Passenger revenue	7,404	6,605	13,094	12,663
Charter revenue	471	481	802	826
Other traffic revenue	851	524	1,649	1,259
Other revenue	1,230	1,244	2,503	2,534
Revenue	9,956	8,855	18,047	17,282
Payroll expenses	-2,784	-3,032	-5,565	-6,110
Selling costs	-523	-499	-1,069	-1,022
Jet fuel	-1,774	-1,450	-3,327	-2,732
Government user fees	-897	-867	-1,717	-1,720
Catering costs	-199	-184	-367	-372
Handling costs	-357	-389	-699	-790
Technical aircraft maintenance	-513	-521	-1,014	-1,080
Computer and telecommunications costs	-255	-234	-460	-470
Other operating expenses	-263	-1,148	-1,015	-2,288
Operating expenses	-7,566	-8,323	-15,232	-16,586
Income before depreciation and leasing costs, EBITDAR	2,390	532	2,815	697
Leasing costs, aircraft	-357	-463	-730	-903
Income before depreciation, EBITDA	2,033	69	2,085	-206
Depreciation	-1,111	-386	-1,485	-753
Share of income of affiliated companies	1	1	2	1
Capital gains/losses	17	-5	11	-25
Operating income, EBIT	939	-321	613	-983
EBIT before nonrecurring items	574	46	298	-486
EBT before nonrecurring items	447	-147	92	-845

From the first quarter of 2011, some pension costs, property costs and currency forward contracts attributable to Scandinavian Airlines are included in Scandinavian Airlines' segment income. Income for the first quarter of 2010 has been restated.

Note 3 – Quarterly breakdown

Statement of income

(MSEK)	2009				2010				2011			
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Dec	Jan-Mar	Apr-Jun	
Revenue	12,223	11,076	10,323	44,918	9,495	9,979	10,690	10,559	40,723	9,217	11,229	
Payroll expenses	-5,269	-3,994	-4,126	-17,998	-3,544	-3,473	-3,193	-3,263	-13,473	-3,206	-3,244	
Other operating expenses	-6,779	-6,257	-6,375	-25,912	-5,793	-5,947	-7,148	-6,322	-25,210	-5,604	-5,575	
Leasing costs for aircraft	-626	-476	-476	-2,319	-462	-487	-435	-431	-1,815	-391	-373	
Depreciation and impairment	-463	-497	-484	-1,845	-408	-426	-425	-608	-1,867	-409	-1,148	
Share of income of affiliated companies	19	-15	-229	-258	-30	4	37	1	12	-9	2	
Income from sale of shares in subsidiaries and affiliated companies	2	423	-1	429	-1	-25	-14	-33	-73	0	0	
Income from sale of aircraft and buildings	-49	-1	-47	-97	-19	26	0	-246	-239	-5	17	
Operating income	-942	259	-1,415	-3,082	-762	-349	-488	-343	-1,942	-407	908	
Income from other securities holdings	0	0	0	0	0	0	-269	6	-263	3	5	
Financial revenue	48	86	54	304	41	41	39	65	186	60	58	
Financial expenses	-145	-231	-158	-645	-251	-292	-306	-192	-1,041	-210	-242	
Income before tax	-1,039	114	-1,519	-3,423	-972	-600	-1,024	-464	-3,060	-554	729	
Tax	13	142	384	803	267	98	-24	458	799	185	-178	
Net income from continuing operations	-1,026	256	-1,135	-2,620	-705	-502	-1,048	-6	-2,261	-369	551	
Income from discontinued operations	-21	-104	-169	-327	-7	0	-3	53	43	-4	0	
Net income for the period	-1,047	152	-1,304	-2,947	-712	-502	-1,051	47	-2,218	-373	551	
Attributable to:												
Parent Company shareholders	-1,047	152	-1,304	-2,947	-712	-502	-1,051	47	-2,218	-373	551	

Earnings-related key ratios

(MSEK)	Jan-Mar		Apr-Jun		Jul-Sep		Oct-Dec		Jul-Jun	
	2011	2010	2011	2010	2010	2009	2010	2009	2010-11	2009-10
Revenue	9,217	9,495	11,229	9,979	10,690	11,076	10,559	10,323	41,695	40,873
EBITDAR	407	158	2,410	559	349	825	974	-178	4,140	1,364
EBITDAR margin	4.4%	1.7%	21.5%	5.6%	3.3%	7.4%	9.2%	-1.7%	9.9%	3.3%
EBIT	-407	-762	908	-349	-488	259	-343	-1,415	-330	-2,267
EBIT margin	-4.4%	-8.0%	8.1%	-3.5%	-4.6%	2.3%	-3.2%	-13.7%	-0.8%	-5.5%
Income before nonrecurring items	-505	-844	365	-236	387	37	258	-940	505	-1,983
Income before tax	-554	-972	729	-600	-1,024	114	-464	-1,519	-1,313	-2,977
Net income for the period	-373	-712	551	-502	-1,051	152	47	-1,304	-826	-2,366
Earnings per share (SEK)	-1.13	-3.64	1.67	-1.76	-3.19	0.78	0.14	-6.66	-2.51	-10.86
Cash flow before financing activities	-675	-1,025	247	408	-659	-2,507	-675	-1,471	-1,762	-4,595

Note 4 - SAS Group's number of employees

(FTE)	Apr-Jun 2011	Apr-Jun 2010	Jan-Jun 2011	Jan-Jun 2010
Scandinavian Airlines	12,864	13,071	12,748	13,086
Widerøe	1,214	1,178	1,206	1,179
Blue1	432	422	421	413
Other operations	45	342	43	413
Continuing operations	14,555	15,013	14,418	15,091
Discontinued operations	709	696	700	681
SAS Group	15,264	15,709	15,118	15,772

The Board of Directors and President hereby assure that this interim report provides a true and fair overview of the performance of the Parent Company's and the Group's operations, financial position and earnings, and describes the significant risks and uncertainty factors to which the Parent Company and the companies included in the Group are exposed.

Stockholm, August 17, 2011

Fritz H. Schur
Chairman of the Board

Jacob Wallenberg
First Vice Chairman

Dag Mejdell
Second Vice Chairman

Monica Caneman
Board Member

Jens Erik Christensen
Board Member

Timo Peltola
Board Member

Gry Mølleskog
Board Member

Ulla Gröntvedt
Board Member

Elisabeth Goffeng
Board Member

Nicolas E. Fischer
Board Member

Rickard Gustafson
President and CEO

This interim report is unaudited.

Traffic data information

SAS Group's scheduled passenger traffic

	Apr-Jun			Jan-Jun		
	2011	2010	Change	2011	2010	Change
Number of passengers (000)	7,397	6,282	17.8%	13,490	12,016	12.3%
RPK, Revenue Passenger Kilometers (mill)	7,494	6,612	13.3%	13,149	12,083	8.8%
ASK, Available Seat Kilometers (mill)	9,848	8,769	12.3%	18,376	16,720	9.9%
Load factor (%)	76.1%	75.4%	+0.7 p.p.	71.6%	72.3%	-0.7 p.p.

SAS Group's quarterly traffic data

	Jan-Mar		Apr-Jun		Jul-Sep		Oct-Dec		Jul-Jun	
	2011	2010	2011	2010	2010	2009	2010	2009	2010-2011	2009-2010
Number of passengers(000)	6,093	5,735	7,397	6,282	6,655	6,245	6,557	6,055	26,702	24,316
RPK, Revenue Passenger Kilometers (mill)	5,655	5,471	7,494	6,612	7,239	6,868	6,389	5,764	26,777	24,714
ASK, Available Seat Kilometers (mill)	8,528	7,951	9,848	8,769	9,180	8,958	8,761	8,160	36,316	33,837
Load factor (%)	66.3%	68.8%	76.1%	75.4%	78.9%	76.7%	72.9%	70.6%	73.7%	73.0%

SAS Group's charter traffic

	Apr-Jun			Jan-Jun		
	2011	2010	Change	2011	2010	Change
Number of passengers(000)	299	310	-3.6%	517	548	-5.6%
RPK, Revenue Passenger Kilometers (mill)	833	847	-1.6%	1,533	1,593	-3.8%
ASK, Available Seat Kilometers (mill)	988	1,031	-4.2%	1,778	1,856	-4.2%
Load factor (%)	84.8%	82.1%	+2.2 p.p.	86.2%	85.8%	+0.4 p.p.

SAS Group traffic operation by route sector

	Apr-Jun 2011 vs. Apr-Jun 2010		Jan-Jun 2011 vs. Jan-Jun 2010	
	RPK	ASK	RPK	ASK
Intercontinental	7.0%	13.8%	3.3%	11.2%
Europe	14.4%	11.9%	9.6%	9.9%
Intra-Scandinavia	15.6%	14.7%	10.5%	12.8%
Denmark (domestic)	-3.3%	2.1%	-8.2%	-8.9%
Norway (domestic)	22.5%	8.4%	16.8%	5.6%
Sweden (domestic)	21.5%	16.2%	16.2%	13.6%

Traffic trend for European airlines¹

	Jan-Jun 2011 vs. Jan-Jun 2010	
	RPK	ASK
Europe (excluding domestic)	12.0%	9.2%
North America	9.8%	13.0%
Asia	8.8%	14.8%
Total	9.1%	10.4%

¹ AEA (Association of European Airlines)

Scheduled passenger traffic, yield, RASK and unit cost Scandinavian Airlines' traffic-related key ratios

	Apr-Jun		Jan-Jun	
	2011	Change	2011	Change
Number of passengers(000)	6,206	+14.9%	11,287	+9.4%
RPK , Revenue Passenger Kilometers (mill)	6,792	+12.5%	11,924	+7.7%
ASK, Available Seat Kilometers (mill)	8,794	+11.0%	16,432	+8.5%
Load factor (%)	77.2%	+1.0 p.p.	72.6%	-0.6 p.p.
Currency-adjusted yield trend ¹		0.6%		-0.5%
Total unit revenue, RASK (currency-adjusted) ²		6.6%		2.3%
Total unit cost, including charter (currency-adjusted)		2.4% ³		0.6% ⁴

- 1 Adjusted for nonrecurring effect of revaluation of EuroBonus liability (positively impacted yield by 5.4 percentage points for the period April-June and by 3.0 percentage points for the period January-June).
2 Adjusted for nonrecurring effect of revaluation of EuroBonus liability (positively impacted RASK by 4.8 percentage points for the period April-June and by 2.6 percentage points for the period January-June).
3 Excluding jet-fuel costs, the unit cost fell 5.1% for the period April-June 2011 compared with the year-earlier period. The unit cost excludes the impairment of aircraft during the second quarter of 2011.
4 Excluding jet-fuel costs, the unit cost fell 6.2% for the period January-June 2011 compared with the year-earlier period. The unit cost excludes the impairment of aircraft during the second quarter of 2011.

Scandinavian Airlines' scheduled passenger traffic

	Apr-Jun		Change	Jan-Jun		Change
	2011	2010		2011	2010	
Number of destinations	88	86	2.3%	93	91	2.2%
Number of daily flights	709	669	6.1%	691	671	2.9%
Number of daily flights/destinations	8.1	7.8	3.7%	7.4	7.4	0.7%

Other traffic and production

	Widerøe				Blue1			
	Apr-Jun 2011	Change	Jan-Jun 2011	Change	Apr-Jun 2011	Change	Jan-Jun 2011	Change
Scheduled traffic								
Number of passengers(000)	657	35.4%	1,247	28.9%	535	34.9%	957	30.0%
RPK, Revenue Passenger Kilometers (mill)	213	35.0%	393	27.4%	489	17.2%	831	18.9%
ASK, Available Seat Kilometers (mill)	343	29.7%	664	24.8%	711	21.5%	1,280	22.7%
Load factor (%)	62.1%	+2.4 p.p.	59.2%	+1.2 p.p.	68.8%	-2.5 p.p.	65.0%	-2.1 p.p.
Yield (local currency)		-2.2%		-1.9%		-0.9%		-1.9%
Total unit cost, including charter (local currency)		0.8%		-0.9%		-3.9%		-4.1%

Detailed unit cost analysis – Scandinavian Airlines

Currency/volume adjusted (MSEK)	Jan-Jun 2011	Jan-Jun 2010 currency/volume adjusted	Change %	Share of adjusted total change %
Payroll expenses	5,493	5,890	-6.7%	-2.7%
Jet fuel	3,327	2,485	+33.9%	+5.7%
Government user fees	1,717	1,691	+1.5%	+0.2%
Selling costs	1,069	1,005	+6.3%	+0.4%
Handling costs	699	791	-11.6%	-0.6%
Technical aircraft maintenance	1,010	1,063	-5.0%	-0.4%
Other operating expenses (net)	50	251	-80.0%	-1.4%
Operating expenses	13,365	13,176	+1.4%	+1.3%
Leasing costs for aircraft	726	787	-7.8%	-0.4%
Depreciation	761	807	-5.7%	-0.3%
Adjusted EBIT	14,851	14,770	+0.6%	+0.6%

Aircraft fleet

SAS Group's aircraft fleet, June 30, 2011

	Age	Owned	Leased	Wetleased	Total	In service	Leased out	Order
Airbus A330/A340	9.1	5	6	0	11	10	1	
Airbus A319/A320/A321	8.0	4	10	0	14	12	2	30
Boeing 737 Classic	18.4	1	11	0	12	11	0	
Boeing 737 NG	10.2	22	45	0	67	67	0	
Boeing 717	10.8	0	9	0	9	9	0	
McDonnell Douglas MD-80 series	21.3	27	14	0	41	26	8	
McDonnell Douglas MD-90 series	14.4	8	0	0	8	0	8	
Avro RJ-85	9.6	0	5	0	5	5	0	
ATR	1.4	0	0	3	3	3	0	
Fokker 50	21.2	0	3	0	3	0	0	
deHavilland Q series *	13.8	31	10	0	41	34	0	
SAAB2000	14.3	0	0	2	2	2	0	
Bombardier CRJ200	13.4	0	0	4	4	4	0	
Bombardier CRJ900NG	2.1	12	0	0	12	12	0	
Total	12.9	110	113	9	232	195	19	30

* Including four Q400 aircraft being delivered.

Aircraft in service distributed by airlines

	Age	Total	In service	Leased out	Order
SAS Scandinavian Airlines	12.1	157	142	19	30
Widerøe	14.0	37	34		
Blue 1	9.3	19	19		
Leased aircraft	16.6	19			
Total	12.9	232	195	19	30

A320neo deliveries	Total	2016	2017	2018	2019
Number of aircraft *	30	40	11	7	8

* The list price before discounts for a A320neo is approximately MUSD 90.



Airbus A340-300
Scandinavian Airlines



Airbus A330-300
Scandinavian Airlines



Airbus A321-200
Scandinavian Airlines



Airbus A319
Scandinavian Airlines



MD-82/87
Scandinavian Airlines



Boeing 737-400/500
Scandinavian Airlines



Boeing 737-600/700/800
Scandinavian Airlines



Bombardier CRJ900
Scandinavian Airlines



deHavilland Q100/300/400NG
Widerøe



Boeing 717
Blue1



Avro RJ
Blue1

For further information on each model of aircraft, refer to www.sasgroup.net

Important events during the quarter

Events after June 30, 2011

- SAS's passenger traffic continued to grow in July and had the highest customer satisfaction in 11 years. In addition, record passenger load factors were registered in June and July.
- SAS once again became the most punctual airline in Europe in the major airlines category for July.

Second quarter 2011

- SAS continued to streamline its aircraft fleet by placing an order for 30 Airbus A320neo aircraft, with the option of an additional 11 Airbus A320neo aircraft, with delivery scheduled to commence in the second half of 2016 and the final delivery in 2019
- Blue1 phased out the Avro aircraft and resumed its focus on the Scandinavian/Finnish market
- SAS Smart Pass, a wireless communication technology that allows passengers to process simply, efficiently and quickly through the airport, was introduced in Scandinavia
- SAS was praised for its 2010 social media and PR campaign Love is in the air and was a finalist for Sweden's top PR of the year award for the same campaign.
- The Swedish state has continued confidence in SAS, which once again won the Swedish government's procurement of air travel.
- The SAS Annual General Meeting was held on April 11, 2011.
 - ✓ The Meeting resolved that no dividend would be paid to shareholders for the 2010 fiscal year.
 - ✓ All of the members of the Board of Directors were re-elected and all other issues were resolved in accordance with the proposals presented in the notice of the Meeting.
- SAS launched the Oslo-New York route, and will also start to operate the Stockholm-Gdansk and Copenhagen-Shanghai routes and double the number of departures on the Stockholm-Milan route.

First quarter 2011

- Rickard Gustafson took office as President and CEO on February 1, 2011.
- SAS was named Travel Marketer of the Year by Hospitality Sales and Marketing Association International (HSMAI) in Norway.
- SAS was officially named Europe's most punctual airline by the independent research company FlightStats.
- Göran Jansson took office as the new CFO and Deputy President of SAS.
- SAS issued senior unsecured bonds totaling SEK 2 billion.

Fourth quarter 2010

- In conjunction with the initiative to simplify the aircraft fleet, SAS impaired the carrying amount of its MD90s by MSEK 200.
- SAS was affected to a minor extent compared with other types of transportation by the extreme weather conditions in November and December. SAS's costs for the disruption to traffic are estimated at between MSEK 70 and 80.
- SAS completed the relocation of its head office from Frösundavik Solna to Arlanda Airport.

Third quarter 2010

- Mats Jansson, President and CEO, left his position on October 1, 2010, John Dueholm was appointed President and CEO.
- On November 9, the European Commission fined SAS Cargo MSEK 660 in the air-cargo investigation that had been conducted since 2006. Earnings in the third quarter were affected by the corresponding amount.
- SAS Cargo entered a settlement agreement concerning disputes in the US, which had a negative impact of MSEK 104 on Group earnings for the third quarter.
- SAS deployed an additional long-haul aircraft to meet the increased demand for intercontinental travel.
- SAS was denied leave to appeal to Norway's Supreme Court regarding the ruling to pay damages and legal costs to Norwegian Air Shuttle, which involved a negative effect of MSEK 218 on the Group's earnings in the third quarter.
- During the quarter, SAS was the world's most punctual major airline.
- The Danish National Audit Office issued a report relating to the Civil Aviation Administration's review of SAS. The report criticized SAS for overdue ADs. The National Audit Office is of the opinion that the initiatives taken by SAS to avoid future infringements are satisfactory.
- SAS becomes the first airline in the world to obtain ISO 14001 and EMAS environmental certification.
- The SAS Group entered a leasing agreement relating to its eight MD90s and, as a result, the aircraft model will be phased out of SAS's operational fleet.
- The SAS Group simplified its company structure by divesting its remaining shareholding in the regional airline Skyways Holding AB.

Financial calendar

SAS financial calendar

Interim report 3, 2011
 Year-end report 2011
 Annual Report and Sustainability Report 2011
 Interim report 1, 2012

November 8, 2011
 February 8, 2012
 March 15, 2012
 May 3, 2012

All reports are available in English and Swedish and can be ordered on the Internet www.sasgroup.net or from 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 complete financial calendar can be found at www.sasgroup.net

For definitions, refer to the Annual Report or www.sasgroup.net under Investor Relations / Reports and Presentations.

Press/Investor Relations

Press conference/media
 Telephone conference, investors/analysts
 Analyst meeting, London

9:30 a.m., August 17, 2011
 1:30 p.m., August 17, 2011
 8:00 a.m., August 23, 2011

To participate in the above events, please contact Investor Relations.

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

SAS discloses this information pursuant to the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was provided for publication on August 17, 2011, 8:00 a.m.

SAS Group's route network

