



## THE SAS GROUP

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SAS DANMARK A/S

SAS NORGE ASA

SAS SVERIGE AB

### January – September 2000

- The SAS Group's income before taxes was MSEK 1,060 (601). Income for the third quarter amounted to MSEK 328 (105).
- Income excluding capital gains amounted to MSEK 780 (-9) for the nine-month period and MSEK 337 (-72) in the third quarter.
- Passenger traffic (RPK) increased by 7.6%. Traffic in Business Class rose 7.0%.
- Increased fuel costs had a negative impact on earnings of MSEK 1,091 compared with the same period in the previous year. The business improvement program is progressing according to plan which led to a 3.2% reduction in the unit cost, excluding the higher fuel costs.
- Cash flow from operations amounted to MSEK 1,728 (1,149).
- Earnings per share amounted to SEK 4.93 (3.20) for SAS Danmark A/S, SEK 4.67 (2.98) for SAS Norge ASA, and SEK 4.95 (3.19) for SAS Sverige AB.
- SAS's parent companies report the following income after taxes:

SAS Danmark A/S	MDKK	206	(126)
SAS Norge ASA	MNOK	213	(132)
SAS Sverige AB	MSEK	349	(225)
- The Board adheres to its previous forecast for the full year 2000 of income before taxes, excluding capital gains, of approximately MSEK 1,000.

This interim report has not been reviewed by the Company's auditors.  
The complete report can be accessed on [www.scandinavian.net](http://www.scandinavian.net)

# IMPORTANT EVENTS IN THE LAST THREE QUARTERS

## FIRST QUARTER 2000

- SAS launched a WAP service for ticket reservations and information via mobile telephones.
- SAS was ranked best domestic airline in Norway and received the “Grand Travel Award.”
- SAS EuroBonus won the “Freddie Award” for the fourth consecutive year.
- SAS decided to buy 12 Airbus A321s and options for a total of SEK 4.5 billion. These aircraft meet high standards as regards low fuel consumption and noise levels and raise SAS’s transport capacity to/from several major European cities and between the three Scandinavian capitals.
- SAS Cargo, Lufthansa Cargo and Singapore Airlines intensified their partnership plans in the freight sector.
- SAS, British Midland and Lufthansa concluded a joint venture agreement regarding European traffic to/from London Heathrow and Manchester.
- Star Alliance™ was broadened to incorporate two more members, Singapore Airlines and Austrian Airlines Group.
- SAS signed an agreement with Sabre, the world leader in advanced IT solutions for the travel and transport industry, regarding wider distribution of SAS’s products and services.

## SECOND QUARTER 2000

- SAS tested Digital TV in interactive communication with customers.
- British Midland and Mexicana Airlines became new members of the Star Alliance™.
- SAS launched timetable information via SMS.
- SAS International Hotels (SIH) sold the Radisson SAS Scandinavia Hotel property in Oslo.

## THIRD QUARTER 2000

- In cooperation with twelve other airlines, SAS set up the airline industry’s largest Internet-based marketplace for business-to-business commerce, Aeroxchange.
- The members of the Star Alliance™ launched StarNet, a sophisticated IT solution that links the 15 airlines’ computer systems with each other, which will benefit integration of the traffic systems.
- SIH concluded an agreement to operate the Malmaison hotels and acquired the Malmaison brand together with its partner.

## IMPORTANT EVENTS AFTER SEPTEMBER 30, 2000

- SAS, Amadeus and Netcom launched a new Internet-based travel marketplace with the aim of achieving a leading position in Scandinavia.
- In October, SIH sold the Radisson SAS Düsseldorf Hotel property for MSEK 300, corresponding to its book value. The hotel will continue to be operated under a long-term management agreement.
- SAS’s winter traffic program represents international expansion.
- The three Scandinavian governments have jointly announced their intention to reorganize SAS’s share structure to one share in a holding company.

# THE SAS GROUP

## SUMMARY STATEMENT OF INCOME

(MSEK)	JULY-SEPTEMBER 2000      1999		JANUARY-SEPTEMBER 2000      1999		OCTOBER-SEPTEMBER 1999-00      1998-99	
Operating revenue	11,263	10,019	33,367	30,984	44,445	41,893
Payroll expenses	-3,536	-3,445	-10,744	-10,642	-14,246	-14,237
Other operating expenses	-6,710	-6,044	-20,367	-18,819	-26,876	-25,322
<b>Operating income before depreciation</b>	<b>1,017</b>	530	<b>2,256</b>	1,523	<b>3,323</b>	2,334
Depreciation	-481	-520	-1,355	-1,467	-1,840	-2,004
Share of income in affiliated companies	-9	14	74	102	-18	89
Income from the sale of shares in subsidiaries and affiliated companies	17	134	17	286	14	287
Income from the sale of aircraft and buildings	-26	43	252	103	880	280
<b>Operating income</b>	<b>518</b>	201	<b>1,244</b>	547	<b>2,359</b>	986
Income from the sale of other shares and participations	0	0	11	221	207	222
Net financial items	-190	-96	-195	-167	-261	-229
<b>Income before taxes</b>	<b>328</b>	105	<b>1,060</b>	601	<b>2,305</b>	979

# SUMMARY BALANCE SHEET

(MSEK)	SEPTEMBER 30 2000	DECEMBER 31 1999	SEPTEMBER 30 1999
Aircraft and spare parts	14,770	11,302	13,531
Other noninterest-bearing assets	21,014	19,601	20,429
Interest-bearing assets(excl. liquid assets)	4,206	3,356	2,303
Liquid assets	7,047	8,368	5,782
<b>Assets</b>	<b>47,037</b>	<b>42,627</b>	<b>42,045</b>
Shareholders' equity	17,932	17,061	16,491
Minority interests	17	25	27
Subordinated debenture loan	809	772	788
Other interest-bearing liabilities	15,148	11,626	12,750
Operating liabilities	13,131	13,143	11,989
<b>Shareholders' equity and liabilities</b>	<b>47,037</b>	<b>42,627</b>	<b>42,045</b>

## Shareholders' equity

January 1, 2000	17,061
Change in translation differences	-4
Income after taxes January-September 2000	875
September 30, 2000	<b>17,932</b>

# CASH FLOW STATEMENT

	JULY-SEPTEMBER		JANUARY-SEPTEMBER		OCTOBER-SEPTEMBER	
(MSEK)	2000	1999	2000	1999	1999-00	1998-99
Income before taxes	328	105	1,060	601	2,305	979
Depreciation	481	520	1,355	1,467	1,840	2,004
Income from the sale of fixed assets	9	-177	-280	-610	-1,101	-789
Adjustment for items not included in cash flow, etc.	-147	-132	-407	-309	-412	-348
<b>Cash flow from operations</b>	<b>671</b>	<b>316</b>	<b>1,728</b>	<b>1,149</b>	<b>2,632</b>	<b>1,846</b>
Change in working capital	-181	-929	-112	-1,246	836	-91
<b>Net financing from operations</b>	<b>490</b>	<b>-613</b>	<b>1,616</b>	<b>-97</b>	<b>3,468</b>	<b>1,755</b>
Investments including prepayments to aircraft suppliers	-2,710	-1,235	-7,187	-4,238	-8,819	-6,863
Sale of fixed assets, etc.	643	1,013	2,316	1,879	6,873	2,334
Payments to parent companies	0	0	-770	-957	-770	-957
<b>Financing deficit/surplus</b>	<b>-1,577</b>	<b>-835</b>	<b>-4,025</b>	<b>-3,413</b>	<b>752</b>	<b>-3,731</b>
External financing, net	2,392	1,175	2,704	1,149	513	2,035
<b>Change in liquid assets according to the balance sheet</b>	<b>815</b>	<b>340</b>	<b>-1,321</b>	<b>-2,264</b>	<b>1,265</b>	<b>-1,696</b>

## KEY FIGURES

<b>Financial Key Ratios</b>	<b>SEP. 30</b>	<b>DEC. 31</b>	<b>SEP. 30</b>
(based on statutory financial statements)	<b>2000</b>	<b>1999</b>	<b>1999</b>
Return on capital employed, (12-month rolling)	10%	9%	6%
Return on equity *, (12-month rolling)	9%	8%	4%
Equity/assets ratio	39%	41%	40%
Net debt, MSEK	4,704	674	5,453
Debt/equity ratio **	0.26	0.04	0.33
Interest coverage ratio, (12-month rolling)	4.1	3.7	2.4

### Key Value Drivers

(based on market-adjusted capital employed) \*\*\*

CFROI, (12-month rolling)	16%	14%	14%
ROCE, market-based, (12-month rolling)	19%	9%	11%

\* After standard tax.

\*\* Debt/equity ratio calculated as interest-bearing liabilities minus interest-bearing assets in relation to shareholders' equity and minority interests.

\*\*\* Market value of the aircraft fleet and the present value of operating lease contracts are included in market-adjusted capital employed.