

SAS launches comprehensive plan to improve profitability and secure long-term financial preparedness – new collective agreements must be reached in the near future

- **4Excellence delivers: Income before tax and nonrecurring items of MSEK 607 for the third quarter**
 - **Passenger revenue: +9%**
 - **Unit cost: -6.1%**
- **New aggressive plan - 4Excellence Next Generation (4XNG) – which addresses SAS's structural and financial challenges**
 - **Measures with an annual positive earnings effect of approximately SEK 3 billion; including new collective agreements with such features as changed pension conditions and a significant reduction in administration**
 - **Divestment of assets with a liquidity effect of about SEK 3 billion**
 - **The new pensions terms considerably reduce the negative impact of amended reporting rules for pensions.**
- **Core shareholders and banks place credit facilities of SEK 3.5 billion at the Group's disposal until March 2015, conditional on full implementation of the 4XNG plan, new collective agreements being reached and that parliamentary approval is received.**
- **Accordingly, the company's existence is subject to the new collective agreements being reached**
- **The Board unanimously supports the presented plan and recommends that all employees give it their full backing. Board will meet again on Sunday November 18, 2012 to decide if conditions for the implementation of the plan exist**

July-September 2012

- Revenue: MSEK 11,096 (10,616)
- Number of passengers: increased by 315,000 (4.5%)
- Passenger revenue adjusted for currency and nonrecurring items: increased by 9.4%
- Income before tax and nonrecurring items: MSEK 607 (298)
- EBT margin before nonrecurring items: 5.5% (2.8%)
- Income before tax: MSEK 568 (276)
- Net income for the period: MSEK 434 (214)
- Earnings per share: SEK 1.32 (0.65)
- Cash flow from operating activities: MSEK -123 (232)

January-September 2012

- Revenue: MSEK 32,079 (31,248)
- Number of passengers: increased by 865,000 (4.2%)
- Passenger revenue adjusted for currency and nonrecurring items: increased by 5.1%
- Income before tax and nonrecurring items: MSEK -305 (155)
- EBT margin before nonrecurring items: -1.0% (0.5%)
- Income before tax: MSEK -193 (448)
- Net income for the period: MSEK 25 (392)
- Earnings per share: SEK 0.08 (1.19)
- Cash flow from operating activities: MSEK 1,768 (396)

Future outlook and the Group's continued operations

In the report for the second quarter of 2012, it was announced that SAS would not present a profitability forecast for full-year 2012 due to the uncertain economic trend, jet-fuel prices, exchange rates and intense competitive pressure. In the context of these uncertainties and to address SAS's structural and financial limitations, the 4Excellence Next Generation (4XNG) plan will be implemented yielding an annual positive earnings effect of approximately SEK 3 billion, of which SEK 1.5 billion is anticipated in the 2012/2013 fiscal year. With only one non-accounted month remaining in the shortened 2012 fiscal year (Jan-Oct), the assessment is that the SAS Group will report slightly negative income before tax and nonrecurring items. As a consequence of the measures in 4XNG, restructuring costs and nonrecurring items will amount to approximately SEK 1.5 billion, of which approximately SEK 0.9-1.0 billion will be charged to the 2012 fiscal year. The above future outlook and the extension of the credit facilities are conditional on new collective agreements being entered into. The company's existence is dependent on these collective agreements being reached in the near future.

Income and key ratios

	Jul-Sep 2012	Jul-Sep 2011	Jan-Sep 2012	Jan-Sep 2011	Oct-Sep 2011-2012	Oct-Sep 2010-2011
Key ratios (MSEK)						
Revenue	11,096	10,616	32,079	31,248	42,243	41,901
EBITDAR before nonrecurring items	1,686	1,311	2,932	3,108	3,913	4,327
EBIT margin (target 8%)	7.8%	4.7%	2.0%	3.2%	0.6%	1.6%
Income before tax and nonrecurring items	607	298	-305	155	-366	414
Income before tax, EBT	568	276	-193	448	-2,270	-15
Net income for the period	434	214	25	392	-2,054	439
EBT margin before nonrecurring items	5.5%	2.8%	-1.0%	0.5%	-0.9%	1.0%
Cash flow from operating activities	-123	232	1,768	396	890	178
Financial key ratios			Sept. 30, 2012	Dec. 31, 2011	Sept. 30, 2011	Sept. 30, 2010
Equity/assets ratio (target >35%)			33%	32%	35%	32%
Financial preparedness (target >20% of fixed costs)			26%	33%	40%	35%
Shareholders' equity per share, SEK			36.97	37.79	44.39	42.67

Comments by the CEO

“The way is now being cleared for a new, strong and competitive SAS.”

SAS is facing major and necessary changes. 4Excellence Next Generation enables us to establish an entirely new platform for SAS's future. It is a comprehensive plan that places significant demands on the entire organization, but which is necessary to address the conditions prevailing in the market. It is a plan that will also ensure that SAS will continue to play a key role in the lives of many millions of people in Scandinavia and enable it to achieve sustainable profitability and a healthy return. We now have the financial prerequisites necessary to implement the plan as a result of the credit facilities that were renegotiated with banks and our principal owners. However, the credit facility is conditional upon the full implementation of the plan and new collective agreements being reached in the near future.

4Excellence Next Generation (4XNG)

The new plan is highly comprehensive and involves far-reaching cost savings of about SEK 3 billion, in addition to activities already in progress in 4Excellence. The 4XNG plan is not only a savings program, but also provides opportunities for increased flexibility, reduced complexity and lower costs. This will enable us to efficiently compete in the leisure travel market while also maintaining competitiveness in what is, for us, the important business travel market.

The plan's main areas encompass, for example, new collective agreements for flight deck and cabin personnel with salary and employment conditions on market terms, thus facilitating significant efficiency improvements when planning and setting schedules. Furthermore, new defined-contribution pension solutions will be introduced for most employees, which will reduce the negative effect on equity that will arise from application of the amended IAS19 by approximately SEK 2.8 billion. Within administration, activities will be centralized to Stockholm and further outsourcing will take place, entailing a decrease in the number of staff by about 800 full-time equivalents. In addition, plans are in place to outsource Ground Handling and other parts of customer service, in addition to savings and efficiency enhancements within IT.

The combined objective of these measures is to deliver a substantial reduction in the unit cost.

Divestment of assets corresponding to about SEK 3 billion

The plan also encompasses the divestment and financing of assets to reduce the company's long-term dependence on credit facilities. The divestments and financing are expected to have a positive impact on liquidity of about SEK 3 billion. This includes Widerøe, SAS Ground Handling, as well as properties and other assets.

Expanded credit facility secures financial preparedness

We have reached an agreement to expand the existing credit facility of SEK 3.1 billion to SEK 3.5 billion and also extend its term until March 31, 2015. SAS's bilateral facilities amounting to SEK 1.25 billion will be terminated as these provide limited benefit at a high level of financial expense. The new facility is conditional upon new collective agreements being reached. Together with SAS's cash and cash equivalents, this facility provides us with the financial preparedness required while we implement our divestments and achieve an earnings effect from the cost reductions.

The credit facility is provided by seven banks, the Scandinavian states and KAW. In certain cases, the participation of the Scandinavian states is subject to a parliamentary decision.

Positive third quarter

In a very difficult and competitive market, the positive trend in the third quarter is confirmation that the implementation of the 4Excellence strategy is generating results. As a result of the execution of 4Excellence, SAS has been able to increase passenger revenue by 9% and reduce the unit cost (CASK – fuel and currency-adjusted) by 6% in the third quarter of 2012. Our income before tax and nonrecurring items for the third quarter improved by MSEK 309 to MSEK 607.

Future outlook and the Group's continued operations

In the report for the second quarter of 2012, it was announced that SAS would not present a profitability forecast for the full-year 2012 due to the uncertain economic trend, jet-fuel prices, exchange rates and intense competitive pressure. In the context of these uncertainties and to address SAS's structural and financial limitations, the 4XNG plan will be implemented yielding an annual positive earnings effect of approximately SEK 3 billion, of which SEK 1.5 billion is anticipated in the 2012/2013 fiscal year. With only one non-accounted month remaining in the shortened 2012 fiscal year (Jan-Oct), the assessment is that the SAS Group will report slightly negative income before tax and nonrecurring items. As a consequence of the measures in 4XNG, restructuring costs and nonrecurring items will amount to approximately SEK 1.5 billion, of which approximately SEK 0.9-1.0 billion will be charged to the 2012 fiscal year. The above future outlook and extension of credit facilities are conditional on new collective agreements being entered into. The company's existence is dependent on these agreements being reached in the near future.

Stockholm, November 12, 2012

Rickard Gustafson
President and CEO

Market and income

Aviation market in Europe

Traffic growth among network airlines in Europe was favorable in 2012, particularly in Europe. Traffic to/from Asia was weaker at the start of the year, rising only marginally in January-February. Significant growth was noted from March 2012, due primarily to weak comparative levels following the earthquake in Japan in March 2011. Traffic to/from North America increased by slightly more than 4% during the January-September period, despite only a 1% increase in capacity.

The total capacity increase in the European aviation market (AEA) for the nine-month period rose by just under 3%, which was lower than traffic growth and allowed almost all network airlines to report improved load factors. In the Nordic region, capacity continued to rise more than in the rest of Europe, resulting in pressure on yield. Despite higher capacity in many markets, SAS was relatively successful in its efforts to retain its market position.

Scandinavian Airlines' traffic trend (including Blue1)

Scandinavian Airlines traffic rose 6.5% during the January-September 2012 period and 7.8% in the third quarter. During the third quarter, the number of passengers increased 3.9% as a result of new routes. Passenger numbers increased significantly on Asian routes, positively impacted by the opening of the route to/from Shanghai. The trend for intercontinental routes to/from the US was also healthy.

Capacity increased by 4.2% during the nine-month period. During the third quarter, capacity rose by 5.7% due to the opening of more longer-distance leisure routes during the summer months. The load factor rose 1.6 percentage points during the January-September period and recorded record levels in April and July-August. The currency-adjusted total unit revenue, RASK, for Scandinavian Airlines for the nine-month period rose 1.8%, while the currency-adjusted yield fell 1.2%.

Traffic trend for Scandinavian Airlines

Change in relation to the year-earlier period	Jul-Sep	Jan-Sep
Load factor (p.p.)	+1.6	+1.6
Yield (currency-adjusted)	+1.8%	-1.2%
Unit revenue (RASK), incl. charter (currency-adjusted)	+3.6%	+1.8%
Total unit cost, incl. charter (currency-adjusted)	-3.5%	+0.8%
Total unit cost, incl. charter, excl. jet fuel (currency-adjusted)	-6.1%	-3.0%

For detailed traffic data information, refer to pages 17-18.

For definitions, refer to the 2011 Annual Report or www.sasgroup.net

Earnings analysis third quarter 2012

The SAS Group's income before tax and nonrecurring items amounted to MSEK 607 (298).

Income before tax amounted to MSEK 568 (276), income after tax was MSEK 434 (214) and the tax cost amounted to MSEK -134 (-62).

The Group's revenue amounted to MSEK 11,096 (10,616). Adjusted for currency effects and nonrecurring items, revenues increased MSEK 692, corresponding to an increase of 6.7% year-on-year. The increase was mainly attributable to passenger revenue, which adjusted for currency effects, increased 9.4%. The number of passengers rose 4.5%, volume (ASK) rose 5.7% and the load factor increased 1.5 p.p. year-on-year. Scandinavian Airlines increased the currency-adjusted unit revenue (RASK) by 3.6% and the currency-adjusted passenger yield rose 1.8% year-on-year.

Payroll expenses amounted to MSEK -3,013 (-3,213). Adjusted for nonrecurring items and currency effects, payroll expenses were 2.8% lower year-on-year. Measures within the scope of 4Excellence continued to generate positive cost-saving effects and the currency-adjusted payroll expenses

per unit produced (ASK, within Scandinavian Airlines) decreased by 8.3%. Expenses for jet fuel amounted to MSEK -2,336 (-1,976), which represents a difference of about MSEK -360 primarily due to higher volume of approximately MSEK -70, the lower effect of fuel hedging this year of about MSEK -130 and currency effects of about MSEK -140 due to a weaker SEK/USD exchange rate compared with the year-earlier period.

Other operating expenses excluding fuel costs amounted to MSEK -4,093 (-4,159). Adjusted for nonrecurring items and currency effects, other operating expenses were unchanged compared with the year-earlier period.

The unit cost for Scandinavian Airlines, adjusted for jet-fuel costs, decreased 6.1% year-on-year, which is in line with the 4Excellence strategy of continued cost-saving measures and substantially increased focus on productivity and product improvements.

EBITDAR before nonrecurring items amounted to MSEK 1,686 (1,311). The Group's net financial items amounted to MSEK -295 (-224), of which the net interest expense accounted for MSEK -214 (-213), exchange-rate differences for MSEK -44 (13) and other financial items for MSEK -37 (-24).

Total nonrecurring items and capital losses amounted to MSEK -39 (-22), of which restructuring costs totaled MSEK -32 (-46), of which MSEK -32 (-41) pertained to payroll expenses and MSEK 0 (-5) to other restructuring costs. Of capital losses of MSEK -7 (24), MSEK -70 (22) was attributable to aircraft transactions, MSEK 0 (2) to property transactions and MSEK 63 (0) to capital gains in connection with the sale of shares in subsidiaries, associated companies and businesses.

Earnings analysis January-September 2012

The SAS Group's income before tax and nonrecurring items amounted to MSEK -305 (155).

Income before tax amounted to MSEK -193 (448), income after tax was MSEK 25 (392) and tax was a positive MSEK 218 (-56), primarily attributable to additional capitalization of loss carryforwards.

The Group's revenue amounted to MSEK 32,079 (31,248). Adjusted for currency effects and nonrecurring items, revenues increased MSEK 986, corresponding to an increase of 3.2% year-on-year. The increase was mainly attributable to the item of passenger revenue, which adjusted for currency effects and nonrecurring items, increased 5.1%. The strike in Norway by security personnel negatively impacted revenue in an amount of about MSEK 75 for June. Revenue was also negatively impacted by the bankruptcies of Cimber Sterling and Skyways City Airlines. The number of passengers rose 4.2%. Volume (ASK) rose 4.2% and the load factor increased 1.5 p.p. year-on-year. Scandinavian Airlines increased the currency-adjusted unit revenue (RASK) by 1.8%, however, the currency-adjusted passenger yield declined 1.2% compared with the year-earlier period.

Payroll expenses amounted to MSEK -9,739 (-9,874). Expenses for jet-fuel amounted to MSEK -7,204 (-5,728), which represents a difference of about MSEK -1,475 primarily attributable to higher volume of about MSEK -120, the lower effect of fuel hedging this year of MSEK -880 and currency effects of about MSEK -410 due to a weaker SEK/USD exchange rate compared with the corresponding period in 2011.

Other operating expenses excluding fuel costs amounted to MSEK -12,324 (-11,549). After nonrecurring items and currency effects, these operating expenses were unchanged compared with the year-earlier period, despite increased capacity. Operating expenses were positively impacted in the preceding year by a reversal of USD hedges in an amount of MSEK 241.

The unit cost for Scandinavian Airlines, adjusted for jet-fuel costs, declined 3.0% year-on-year, which is in line with the 4Excellence strategy of continued cost-saving measures and substantially increased focus on productivity and product improvements.

EBITDAR before nonrecurring items amounted to MSEK 2,932 (3,108). The Group's net financial items amounted to MSEK -821 (-563), of which net interest expense accounted for MSEK -680 (-528), exchange-rate differences for MSEK -6 (32) and other financial items for MSEK -135 (-67).

Total nonrecurring items and capital gains amounted to MSEK 112 (293), of which restructuring costs totaled MSEK -92 (-127), of which MSEK -77 (-114) pertained to payroll expenses and MSEK -15 (-13) to other restructuring costs. Of capital gains of MSEK 232 (36), MSEK -174 (34) was attributable to aircraft transactions, MSEK 7 (2) to property transactions and MSEK 399 (0) to capital gains in connection with the sale of shares in subsidiaries, associated companies and businesses. Other nonrecurring items and impairments totaled MSEK -28 (384) and pertained to the settlement of a legal dispute in Cargo of MSEK -28 (0), impairment of aircraft in an amount of MSEK 0 (-725), revaluation of EuroBonus in an amount of MSEK 0 (380), which was recognized as revenue in 2011, and the reversal of USD hedges for aircraft of MSEK 0 (729), which were included under other operating expenses in 2011.

Financial position

– Financial preparedness of SEK 7.1 billion

As of September 30, 2012, the SAS Group's cash and cash equivalents amounted to MSEK 2,356 (5,122). In addition to cash and cash equivalents, the SAS Group has unutilized credit facilities amounting to MSEK 4,696 (5,508). One of the contracted credit facilities totaling MEUR 366 decreases by 25% every second month from January 31, 2013 until it finally expires on June 19, 2013. At September 30, 2012, the SAS Group had a total financial preparedness (cash and cash equivalents and unutilized credit facilities) corresponding to MSEK 7,052 (10,630) or 26% (40%) of the Group's fixed costs. The funds are invested in instruments with good liquidity and short maturities with a credit rating not lower than A3/P-1 according to the rating agency Moody's or alternatively A-/A-1 according to Standard & Poor's. Cash and cash equivalents is defined as funds that are not held as deposits and which are not blocked funds.

The SAS Group's interest-bearing liabilities declined MSEK 2,484 from the beginning of the year. New loans raised during the year amounted to MSEK 270 and repayments amounted to MSEK 2,160. The remaining decline is mainly due to exchange-rate changes.

At September 30, 2012, the value of the debt and equity share (conversion option and repurchase right) relating to the convertible bond loan was set at MSEK 1,487 and MSEK 113, respectively. At the date of issue, these amounts were MSEK 1,374 and MSEK 226, respectively, and at December 31, 2011, they were MSEK 1,453 and MSEK 147. The value of the equity share was included in shareholders' equity, following a deduction for deferred tax.

During the year, financial net debt declined MSEK 134 to MSEK 6,883 on the closing date.

During the second quarter of 2012, assets corresponding to a value of SEK 2.7 billion were mortgaged.

At September 30, 2012, the adjusted equity/assets ratio amounted to 26% (29%). The adjusted debt/equity ratio amounted to 1.41 (0.89). The adjusted ratios take into account leasing costs.

Description of events after September 30, 2012

SAS has reached an agreement to increase the existing credit facility of SEK 3.1 billion to SEK 3.5 billion and, in parallel, extend the tenor to March 31, 2015. SAS's bilateral facilities amounting to SEK 1.25 billion will be terminated as these provide limited benefit at a significant financial cost. The renegotiated facility is conditional on final documentation, the full implementation of the 4XNG plan and reaching new collective agreements. This facility, in combination with the SAS Group's cash and cash equivalents, provides the Group with the required financial preparedness while completing asset sales and realizing the full benefit of the cost-reduction plans.

The credit facilities are provided by seven banks, the Scandinavian states and KAW. In certain cases, the participation of the Scandinavian states is subject to parliamentary decision.

Refer also to the paragraph *New credit facilities conditional on new collective agreements* in the *Risks and uncertainties* section below.

For the balance sheet, refer to page 11

Cash-flow statement

– SAS cash flow from operating activities amounted to MSEK 1,768

In the first six months of 2012, working capital posted a vigorous trend driven by increased volumes in the leisure market and a generally positive level of bookings. When customers flew utilizing tickets bought previously, this resulted in a negative seasonal change in working capital in the third quarter.

The change in working capital of MSEK 879 (-296) was due to a seasonally large increase in unearned transportation revenue liability, while the net change in other receivables and liabilities was marginal. The difference compared with the year-earlier period was primarily attributable to the significant decline in other current liabilities during the corresponding period in 2011 as well as the larger year-on-year increase in unearned transportation revenue liability.

Cash flow from operating activities amounted to MSEK 1,768 (396). Investments amounted to MSEK 1,116 (1,380), of which MSEK 115 (252) related to aircraft, MSEK 212 (321) to engine maintenance, MSEK 0 (139) to prepayments, MSEK 149 (36) to aircraft modifications and MSEK 109 (140) to spare parts. Aircraft purchases comprised six MD80s and one Q300 that were previously on operational lease. Of these aircraft, four MD80s were sold on. In addition, investments totaling MSEK 280 (266) are ongoing that are primarily attributable to aircraft.

Acquisition and divestment of subsidiaries relates to the sale of real estate to Swedavia that was completed at the end of June with a cash-flow effect of MSEK 439.

During the period, eleven MD80s and two Q400s were sold.

Cash flow before financing activities amounted to MSEK 1,124 (-495).

Cash and cash equivalents amounted to MSEK 2,356 according to the balance sheet, compared with MSEK 3,808 on December 31, 2011.

For the cash-flow statement, refer to page 13

About the SAS Group

The SAS Group is the largest airline group in Northern Europe and transported approximately 27 million passengers in 2011 to 128 destinations worldwide. The SAS Group comprises two airlines; Scandinavian Airlines and Widerøe. SAS Cargo and Blue1 are now integrated as part of Scandinavian Airlines. As a member of Star Alliance, SAS offers a global network that covers 1,185 destinations across the globe and transports more than 600 million passengers. SAS is Europe's most punctual major airline and has held this title for three years in succession from 2009-2011, according to the independent source FlightStats. Sustainability comprises a key element and the SAS Group's airlines are the only airlines in the world to be certified in line with ISO 14001 and EMAS for all operations.

4Excellence

In September 2011, SAS launched the 4Excellence strategy, with the aim of achieving excellence in four core areas by 2015 – Commercial Excellence, Sales Excellence, Operational Excellence and People Excellence. SAS shall remain the preferred choice for business travelers at the same time as the offering for the leisure segment will be strengthened. SAS will streamline its sales model and have the market's most attractive loyalty program. Furthermore, SAS will continue to be Europe's most punctual airline and deliver the quality and service that gives most value in terms of time and money for all customers. This will be realized by continuing cost-saving measures and by heavily strengthened focus on productivity and product improvements, a key part of which includes the roll-out of the Lean quality and efficiency program across all parts of the organization. With the 4Excellence strategy, SAS shows continued leadership in the Nordic airline industry.

Implementation as planned generates results

As part of 4Excellence, measures are ongoing in a number of key areas. In total, about half of the program's measures have been implemented with an estimated corresponding effect on earnings of about SEK 2.7 billion. The implementation of 4Excellence has resulted in SAS being able to increase passenger revenue by 9% and lower the unit cost (CASK – after fuel and currency adjustments) by 6% in the third quarter of 2012. The status of the respective areas is as follows:

Commercial Excellence

On the ground, the new SAS profile has been implemented with SAS branding that assists customers by providing clearer information and signage, for example, for lounges. In parallel, Fast Track is being expanded to more airports. SAS SMART PASS has now been rolled out across Scandinavia and has a high level of usage and customer satisfaction. An upgrade program is underway onboard with new lightweight chairs with enhanced comfort levels being installed and onboard Wi-Fi Internet continuing its gradual roll-out to an increasing number of aircraft. Following the initial free trial period for all passengers, SAS has implemented a commercial model where Business, Economy Extra and EuroBonus Gold customers continue to have access to free Wi-Fi Internet, while other customers in Economy pay a small fee. The customer offering is under continuous development and in 2012, 38 new routes are being opened. The ongoing rejuvenation and harmonization of the aircraft fleet have enabled these aggressive ventures, and contribute to greater aircraft utilization during periods of low demand in business travel. In September, an agreement was signed regarding the sale and phasing out of the remaining MD80s, which is a key milestone in the transition to the new generation of fuel- and maintenance-efficient aircraft. Ahead of 2013, SAS has published an enhanced offering for its US routes including San Francisco as a new destination and increased the number of departures to New York. Several new options are being introduced under ancillary revenues, including flight and non-flight as well as lounge access, upgrades, etc. that will strengthen other traffic revenue already in 2012.

Sales Excellence

A number of activities are underway in the EuroBonus area. New partners, such as Fjordkraft in Norway and STS Alpresor, joined the loyalty program. The airlines; Avianca, Copa and Taca joined as new STAR partners providing opportunities to earn and use EuroBonus points. The program has been enhanced during the period, so that it is now possible to transfer points between members and purchase single tickets from Star Alliance partners in the same way as from SAS. SAS Credits passed a key milestone and now has 30,000 members. Several major campaigns were completed in the quarter with an extremely positive effect on sales and on the impact of our new profile. In recent months, SAS has reorganized its sales and market organization to establish a more customer-oriented and cost-effective structure. The new organization has been assigned global responsibility for creating a uniform interface with international business travelers and agents. In addition, SAS has strengthened its sales focus through the Group's digital channels to meet the anticipated increase in these channels.

Operational Excellence

A large number of LEAN activities are under way and will generate continued effects in the form of reduced expenses and quality enhancements. In addition, LEAN activities actively contribute to enhanced productivity, which now enables almost twice as many passengers to be handled per employee compared with 2008. The core of these improvements is the commitment from the employees working continuously on enhancement measures. The Finnish operations of Blue1 have been operationally integrated and from November 1, form a production unit of SAS. From that point forward, sales and marketing in Finland are performed under the SAS brand. Our new modern IT-based distribution platform is being supplemented with additional functions and work has commenced on phasing out older systems. These efforts provide positive effects in the form of reduced complexity, enhanced business processes and lower expenses for operation and maintenance. Emissions per passenger kilometer declined by 2.9% year-on-year for Scandinavian Airlines.

4Excellence Next Generation (4XNG)

The new plan that will deal with the remaining structural and financial limitations is extremely radical and entails further cost reductions of about SEK 3 billion over and above those resulting from ongoing activities in 4Excellence.

The main components of the 4XNG plan include new collective agreements for flight crews with salary and employment terms at market rates that enable significant efficiency enhancements with regard to planning and scheduling. Furthermore, new defined-contribution pension solutions will be introduced for most employees, which will reduce the negative effect on equity that will arise from application of the amended IAS19 by approximately SEK 2.8 billion. Administrative functions will be centralized to Stockholm, which means a reduction of about 800 full-time equivalents. Furthermore, planning is underway for the outsourcing of ground handling and additional parts of customer service as well as IT streamlining and efficiency measures.

The overall objective of these measures is to deliver a substantial reduction in the unit cost.

The plan also includes the divestment and financing of assets to reduce the company's long-term dependency on credit facilities. These divestments and financing total about SEK 3 billion and include Widerøe, SAS Ground Handling, as well as properties and other assets.

Segment reporting

The business segments are reported as Scandinavian Airlines and Widerøe. The SAS Cargo and Blue1 units are integrated with Scandinavian Airlines. Blue1 was previously reported as a separate segment. Comparative figures have been restated.

In total, Scandinavian Airlines accounts for more than 90% of the Group's annual revenue.

Scandinavian Airlines' income before tax and nonrecurring items was MSEK 656 (278) for the third quarter of 2012. Widerøe's income before tax and nonrecurring items was MSEK 33 (87).

Scandinavian Airlines

(MSEK)	Jul-Sep 2012	Jul-Sep 2011	Jan-Sep 2012	Jan-Sep 2011
Passenger revenue	7,560	7,040	21,813	20,962
Other revenue	2,724	2,748	7,753	7,817
Revenue	10,284	9,788	29,566	28,778
EBITDAR	1,628	1,172	2,653	3,800
EBIT before nonrecurring items	895	445	472	527
EBIT margin before nonrecurring items	8.7%	4.5%	1.6%	1.8%
EBT before nonrecurring items	656	278	-127	143



Scandinavian Airlines' earnings (EBIT before nonrecurring items) for the third quarter of 2012 were up on the preceding year, which was primarily attributable to increased passenger revenue and lower payroll expenses. However, fuel costs were higher than the preceding year and currency rates also had a negative impact. Passenger revenue increased principally due to higher capacity, but also from a higher load factor and increased yield.

Scheduled capacity (ASK) for the quarter rose 5.7% compared with the year-earlier period. Charter capacity was in line with the preceding year (down 0.5%) and capacity thus increased in total by slightly more than 5%. Traffic (RPK) for the quarter increased 7.8%. Accordingly, the load factor rose 1.6 percentage points to 81.0%.

During the period, passenger revenue increased by MSEK 520 compared with the preceding year. The improvement is broad in the sense that all route sectors contributed to the upswing, not least the routes to southern Europe. It is particularly pleasing that the revenue trend is being driven by both a higher load factor and a higher yield. The currency-adjusted passenger yield rose 1.8%. After currency adjustments, the total unit revenue (RASK) was 3.6% higher year-on-year, primarily attributable to the positive trend in passenger revenue.

Jet-fuel costs rose slightly more than MSEK 330, primarily as a result of negative currency effects and jet-fuel hedging having a clear positive effect in 2011. Fuel volumes were also higher during the quarter.

Despite the currency-adjusted fuel costs increasing by more than production, the currency-adjusted unit cost was 3.5% lower than the corresponding year-earlier period. Excluding fuel costs, the unit cost decreased by 6.1% for the same period. Of the 6.1% improvement, more than half was attributable to reduced payroll expenses. Otherwise, reduced costs were primarily noted for aircraft and purchased handling services.

Customer satisfaction for Scandinavian Airlines has remained stable at a healthy level for a longer period and at the end of the third quarter was 73. The high level of punctuality is appreciated by passengers and boosts customer satisfaction.

For Scandinavian Airlines' statement of income – refer to page 15

Widerøe

(MSEK)	Jul-Sep 2012	Jul-Sep 2011	Jan-Sep 2012	Jan-Sep 2011
Passenger revenue	694	673	2,161	2,056
Other revenue	241	263	744	730
Revenue	935	936	2,905	2,786
EBITDAR	100	155	389	503
EBIT before nonrecurring items	32	87	164	307
EBIT margin before nonrecurring items	3.5%	9.3%	5.6%	11.0%
EBT before nonrecurring items	33	87	165	299



EBT before nonrecurring items was MSEK 33 in the third quarter of 2012, as compared with MSEK 87 in the corresponding period of 2011. The lower EBT level in the third quarter compared with the preceding year was primarily attributable to higher fuel costs, and increased competition on the company's commercial routes. EBT for the first nine months of 2012 was MSEK 165. Historically, this was the second highest nine-month EBT ever for Widerøe. The trend remains positive in Widerøe's markets. In the third quarter, passenger numbers rose 10.3% and the load factor was 61.8% in the third quarter – a decrease from 63.5% the preceding year.

Risks 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 conducted in the 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.

New credit facilities conditional on new collective agreements and parliamentary approval

The agreement reached on extension of the credit facilities is conditional on final documentation new collective agreements being reached with the trade union organizations and that parliamentary approval is received. Since no such collective agreements have yet been reached with the unions, these thus constitute material uncertainties with regard to the continued operation of the SAS Group.

Currency and jet-fuel hedging

The SAS Group hedged 57% of its anticipated fuel consumption for October 2012 until September 2013. Higher prices for jet fuel since the end of the second quarter meant that the market value of the hedges rose and at September 30, 2012 were MUSD 23. Hedging is performed using options and swaps. This strategy allows the SAS Group to take advantage of the lower price of jet fuel, while the hedging ensures that exposure to higher prices is limited. Under current plans for available capacity, the cost of jet fuel in 2012 is expected to be in line with the table below, taking into account different prices and USD rates. The SAS Group's financial policy is to handle changes in jet-fuel costs primarily through the 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 40-80% of anticipated volumes.

For foreign currency, the policy is to hedge 40-80%. Currently, an exception has been made to policy that enables a lower degree of hedging. In September, the SAS Group had hedged 30% of its anticipated USD deficit for the next 12 months. The SAS Group has hedged its USD deficit using a combination of forward contracts and options. Other currencies have been hedged at a rate of 40-80% in accordance with the financial policy.

Hedging of jet fuel

	Oct-Dec 2012	Jan-Mar 2013	Apr-Jun 2013	Jul-Sep 2013
Hedging of jet fuel	76%	61%	54%	37%

Vulnerability matrix, jet-fuel cost January - December 2012, SEK billion

Market price	Exchange rate SEK/USD			
	5,00	6,00	7,00	8,00
600 USD per ton	8.4	8.6	8.9	9.1
800 USD per ton	8.6	8.9	9.2	9.5
1,000 USD per ton	8.9	9.2	9.6	9.9
1,200 USD per ton	9.1	9.5	9.8	10.2
1,400 USD per ton	9.3	9.7	10.2	10.6

The SAS Group's current hedging contracts for jet fuel and reported jet-fuel cost at September 30, 2012 were taken into account.

Amendment of accounting policy

In June 2011, the IASB (International Accounting Standards Board) published amendments to IAS 19 Employee Benefits. The amendments to IAS 19 have now been adopted by the EU. The amendments to the recognition of defined-benefit pension plans will be applied from fiscal years beginning on or after January 1, 2013. Among other features, the revised IAS 19 no longer permits the deferral of the recognition of certain deviations in estimates (the "corridor approach" has been removed). Instead, all deviations in estimates are to be recognized immediately in other comprehensive income. As a result of the amendments, the accumulative unrecognized deviations (unrecognized deviations from estimates and plan amendments) will be recognized in full in shareholders' equity, which will have a significantly negative effect on the SAS Group's shareholders' equity. The Parent Company SAS AB's recognized shareholders' equity will not be affected by this amendment. At December 31, 2011, the item "unrecognized deviations from estimates and plan amendments" amounted to about SEK 12 billion. The reversal of deviations from estimates and plan amendments will also involve a reversal of deferred tax liabilities related to pensions given that the temporary difference between the value for accounting and the value for tax purposes will be eliminated. The effect of the reversal of deferred tax liabilities related to pensions amounted to approximately SEK 1.3 billion, which had a positive impact on the SAS Group's shareholders' equity. The change in the fiscal year means that the amended IAS 19 will be applied from November 1, 2013.

Upon agreement in the ongoing collective agreement negotiations regarding amendments to the pension terms, the recognition of deviations from estimates will be reduced by approximately SEK 2.8 billion. This reduction is attributable to lowered pay levels, removal of the right to early retirement and pension should employees lose their pilot's certificate and a transition from defined-benefit to defined-contribution pension plans. Earlier in the year, the pension age for flying personnel in Norway was raised from 60 to 62, which has also had a positive impact on the deviations from estimates of about SEK 0.3 billion. After taking into account the above reductions in unrecognized deviations from estimates and plan assessments, the net effect of the remaining actuarial loss to be recognized against the SAS Group's equity will be approximately SEK 7.6 billion.

The change in the fiscal year means that the amended IAS 19 will be applied from November 1, 2013.

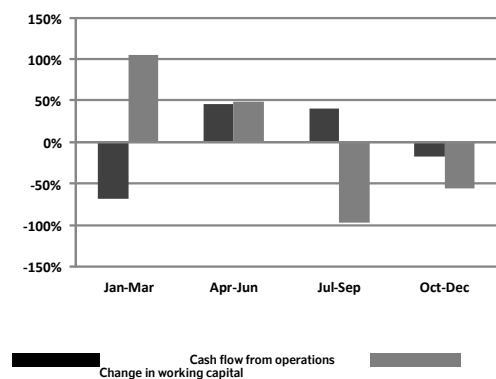
Legal issues

As a consequence of the European Commission's decision in the cargo investigation in November 2010, 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 and no provisions have been made.

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 gradually developed sophisticated methods for dynamically adapting capacity to demand on a monthly and weekly basis, such as in conjunction with major holidays.



The diagram shows the proportional profile of the cash flow for 2008-Q3 2012.

Change of fiscal year

At the Annual General Meeting for SAS on April 19, a resolution was passed to change the SAS Group's fiscal year to comprise the period November 1 – October 31 instead of the calendar year, and that the current fiscal year be shortened to comprise the period January 1, 2012 – October 31, 2012. The aim of changing the fiscal year is to bring the fiscal year into line with SAS's operations which are conducted in two distinct periods, winter and summer. The change of the fiscal year for the SAS Group has been approved by the Swedish Tax Agency.

The SAS Group's fiscal year for 2012 regards the period January to October as a result of the resolution passed at the Annual General Meeting in April to change the fiscal year to comprise the period November 1 – October 31.

Future outlook and the Group's continued operations

In the report for the second quarter of 2012, it was announced that SAS would not present a profitability forecast for full-year 2012 due to the uncertain economic trend, jet-fuel prices, exchange rates and intense competitive pressure. In the context of these uncertainties and to address SAS's structural and financial limitations, the 4XNG plan will be implemented yielding an annual positive earnings effect of approximately SEK 3 billion, of which SEK 1.5 billion is anticipated in the 2012/2013 fiscal year. With only one non-accounted month remaining in the shortened 2012 fiscal year (Jan-Oct), the assessment is that the SAS Group will report slightly negative income before tax and nonrecurring items. As a consequence of the measures in 4XNG, restructuring costs and nonrecurring items will amount to approximately SEK 1.5 billion, of which approximately SEK 0.9-1.0 billion will be charged to the 2012 fiscal year. The above future outlook and the extension of credit are conditional on new collective agreements being entered into. The company's existence is dependent on these collective agreements being reached.

Financial targets

In conjunction with the new measures that SAS has taken, the financial targets should reflect an operation that has cut its fixed costs, improved its profitability and cash flow and reduced its balance sheet. The financial targets are:

Profitability: Operating margin (EBIT) >8%, which SAS expects to achieve as of fiscal year 2014/2015.

Equity/assets ratio: >35% - despite the amended accounting rules for pensions, SAS assesses that the equity/assets ratio will not fall below 20% in fiscal year 2013/2014. The equity/assets ratio target is expected to be achieved in fiscal year 2014/2015.

Financial preparedness: cash and cash equivalents and unutilized credit facilities/fixed costs >20%.

SAS Group

Statement of income including statement of other comprehensive income

(MSEK)	Jul-Sep 2012	Jul-Sep 2011	Jan-Sep 2012	Jan-Sep 2011	Oct-Sep 2011-2012	Oct-Sep 2010-2011
Revenue	11,096	10,616	32,079	31,248	42,243	41,901
Payroll expenses ¹	-3,013	-3,213	-9,739	-9,874	-12,957	-13,248
Other operating expenses ²	-6,429	-6,135	-19,528	-17,277	-25,992	-23,574
Leasing costs for aircraft ³	-390	-388	-1,170	-1,152	-1,578	-1,583
Depreciation and impairment ⁴	-426	-434	-1,281	-2,001	-1,693	-2,613
Share of income of affiliated companies	32	30	35	23	40	24
Income from sale of shares in subsidiaries, affiliated companies and operations	63	0	399	0	399	-33
Income from sale of aircraft and buildings	-70	24	-167	36	-191	-210
Operating income	863	500	628	1,003	271	664
Income from other securities holdings	0	0	0	8	-1,477	14
Financial revenue	14	49	95	162	157	224
Financial expenses	-309	-273	-916	-725	-1,221	-917
Income before tax	568	276	-193	448	-2,270	-15
Tax	-134	-62	218	-56	216	454
Net income for the period	434	214	25	392	-2,054	439
Other comprehensive income:						
Exchange-rate differences in translation of foreign operations	-92	-10	-76	169	-118	88
Cash-flow hedging – hedging reserve	-16	-60	-296	-535	-365	54
Tax attributable to components relating to other comprehensive income	4	16	78	141	96	-14
Total other comprehensive income for the year, net after tax	-104	-54	-294	-225	-387	128
Total comprehensive income	330	160	-269	167	-2,441	567
Net income for the period attributable to: Parent Company shareholders	434	214	25	392	-2,054	439
Total comprehensive income attributable to: Parent Company shareholders	330	160	-269	167	-2,441	567
Earnings per share (SEK) ⁵	1,32	0,65	0,08	1,19	-6,24	1,33
Earnings per share after dilution (SEK)	1,26	0,65	0,08	1,19	-6,24	1,33

¹ Includes restructuring costs of MSEK 32 (41) during the period July-September, MSEK 77 (114) during the period January-September and MSEK 121 (205) during the period October-September.

² Includes restructuring costs of MSEK – (2) during the period July-September, MSEK 15 (6) during the period January-September and MSEK 190 (143) during the period October-September.

³ Includes restructuring costs of MSEK – (3) during the period July-September, MSEK – (7) during the period January-September and MSEK 11 (13) during the period October-September.

⁴ Includes restructuring costs of MSEK – (–) during the period July-September, MSEK – (–) during the period January-September and MSEK – (200) during the period October-September.

⁵ Earnings per share is based on 329,000,000 (329,000,000) shares outstanding.

The SAS Group has no option or share program. The convertible bond totaling MSEK 1,600 comprising 34,408,602 shares entails dilution effect only in the period July-September. In other periods, the interest on the ordinary share that may be received in connection with conversion exceeds earnings per share before the dilution effect.

EBITDAR before nonrecurring items

(MSEK)	Jul-Sep 2012	Jul-Sep 2011	Jan-Sep 2012	Jan-Sep 2011	Oct-Sep 2011-2012	Oct-Sep 2010-2011
Revenue	11,096	10,616	32,079	31,248	42,243	41,901
Payroll expenses	-3,013	-3,213	-9,739	-9,874	-12,957	-13,248
Other operating expenses	-6,429	-6,135	-19,528	-17,277	-25,992	-23,574
EBITDAR	1,654	1,268	2,812	4,097	3,294	5,079
Restructuring costs	32	43	92	120	311	348
Other nonrecurring items	0	0	28	-1,109	308	-1,100
EBITDAR before nonrecurring items	1,686	1,311	2,932	3,108	3,913	4,327

Income before tax and nonrecurring items

(MSEK)	Jul-Sep 2012	Jul-Sep 2011	Jan-Sep 2012	Jan-Sep 2011	Okt-Sep 2011-2012	Okt-Sep 2010-2011
Income before tax	568	276	-193	448	-2,270	-15
Impairment losses ¹	0	0	0	725	1,482	725
Restructuring costs	32	46	92	127	322	561
Capital gains/losses	7	-24	-232	-36	-208	243
Other nonrecurring items ²	0	0	28	-1,109	308	-1,100
Income before tax and nonrecurring items	607	298	-305	155	-366	414

¹ Includes an impairment of aircraft in an amount of MSEK -725 for the second quarter 2011 and impairment of receivables to Spanair of MSEK -1,482 for the fourth quarter 2011.

² Includes a decision by the Supreme Court of Norway of MSEK -9 in the fourth quarter 2010, dissolution of USD hedges for aircraft of MSEK 729, revaluation of the EuroBonus liability of MSEK 380 in the second quarter of 2011, legal settlement within Cargo of MSEK -31 and provision pertaining to Spanair of MSEK -249 in the fourth quarter 2011, legal settlement within Cargo of MSEK 20 in the first quarter 2012 and a legal settlement within Cargo of MSEK -8 in the second quarter 2012.

Condensed balance sheet

(MSEK)	Sep 30, 2012	Dec 31, 2011	Sep 30, 2011	Sep 30, 2010
Intangible assets	1,905	1,693	1,623	1,353
Tangible fixed assets	13,469	14,144	14,159	15,316
Financial fixed assets	14,825	14,046	15,110	14,502
Total fixed assets	30,199	29,883	30,892	31,171
Other current assets	677	705	565	620
Current receivables	4,096	4,789	5,378	5,727
Cash and cash equivalents	2,356	3,808	5,122	5,427
Assets held for sale	-	-	-	435
Total current assets	7,129	9,302	11,065	12,209
Total assets	37,328	39,185	41,957	43,380
Shareholders' equity ¹	12,164	12,433	14,605	14,037
Long-term liabilities	12,246	13,889	13,948	14,777
Current liabilities	12,918	12,863	13,404	14,430
Liabilities attributable to assets held for sale	-	-	-	136
Total shareholders' equity and liabilities	37,328	39,185	41,957	43,380
Shareholders' equity per share ²	36.97	37.79	44.39	42.67
Interest-bearing assets	15,823	17,676	20,226	19,808
Interest-bearing liabilities	10,854	13,338	12,927	12,173

¹ Including non-controlling interests.

² Calculated on 329,000,000 shares outstanding.

The SAS Group has not carried out any buyback programs.

During the second quarter 2012, assets valued at approximately SEK 2.7 billion were pledged and on September 30, the value totaled SEK 7.0 billion.

Specification of financial net debt, September 30, 2012

	According to balance sheet	of which, financial net debt
Financial fixed assets	14,825	945
Current receivables	4,096	670
Cash and cash equivalents	2,356	2,356
Long-term liabilities	12,246	8,684
Current liabilities	12,918	2,170
Financial net debt		6,883

Condensed changes 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 shareholders	Total equity
Opening shareholders' equity in accordance with approved balance sheet, January 1, 2011	6,612	337	696	-69	6,862	14,438	14,438
Comprehensive income			-394	169	392	167	167
Closing balance, September 30, 2011	6,612	337	302	100	7,254	14,605	14,605
Comprehensive income			-51	-42	-2,079	-2,172	-2,172
Closing balance, December 31, 2011	6,612	337	251	58	5,175	12,433	12,433
Comprehensive income			-218	-76	25	-269	-269
Closing balance, September 30, 2012	6,612	337	33	-18	5,200	12,164	12,164

1 Number of shares in SAS AB: 329,000,000, with a quota value of 20.1.

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

3 No dividends were paid in 2010 and 2011.

Financial key ratios

	Sep 30, 2012	Dec 31, 2011	Sep 30, 2011	Sep 30, 2010
CFROI, 12-month rolling	11%	17%	19%	2%
Financial preparedness (target >20% of fixed costs)	26%	33%	40%	35%
Equity assets ratio	33%	32%	35%	32%
Adjusted equity assets ratio (target >35%)	26%	26%	29%	26%
Financial net debt, MSEK	6,883	7,017	3,695	2,783
Debt/equity ratio	0.57	0.56	0.25	0.20
Adjusted debt/equity ratio (target <1,00)	1.41	1.33	0.89	0.97
Interest ratio	-0.9	-0.6	1.0	-3.2

Condensed cash-flow statement

(MSEK)	July-September		January-September		October-September	
	2012	2011	2012	2011	2011-2012	2010-2011
Income before tax	568	276	-193	448	-2,270	-15
Depreciation and impairment	426	434	1,281	2,001	1,693	2,613
Income from sale of aircraft, buildings and shares	7	-24	-232	-36	-208	243
Adjustment for items not included in cash flow, etc.	-69	-106	34	-1,719	1,714	-1,635
Tax paid	0	-1	-1	-2	2	-1
Cash flow from operations before change in working capital	932	579	889	692	931	1,205
Change in working capital	-1,055	-347	879	-296	-41	-1,027
Cash flow from operating activities	-123	232	1,768	396	890	178
Investments including advance payments to aircraft manufacturers	-297	-376	-1,116	-1,380	-1,777	-2,016
Acquisition of subsidiaries	0	0	-1,322	0	-1,322	0
Sales of subsidiaries	-2	0	1,761	0	1,761	3
Sales of fixed assets, etc.	-38	77	33	489	61	665
Cash flow before financing activities	-460	-67	1,124	-495	-387	-1,170
Rights issue including issue costs	0	0	0	0	0	1
External financing, net	-369	-469	-2,575	565	-2,377	814
Cash flow for the period	-829	-536	-1,451	70	-2,764	-355
Translation difference in cash and cash equivalents	-1	0	-1	1	-2	-3
Cash and cash equivalents transferred from assets held for sale	0	10	0	8	0	53
Change in cash and cash equivalents according to the balance sheet	-830	-526	-1,452	79	-2,766	-305

SAS Group's investments

(MSEK)	July-September		January-September		October-September	
	2012	2011	2012	2011	2011-2012	2010-2011
Scandinavian Airlines	233	334	864	1,162	1,445	1,707
Other operations and eliminations	64	42	252	218	332	309
SAS Group	297	376	1,116	1,380	1,777	2,016

Parent Company SAS AB

Income before tax for the period amounted to MSEK -113 (-84).

Available liquidity for SAS AB at September 30, 2012 amounted to MSEK 0 compared with MSEK 0 at the beginning of the year.

The number of shareholders in SAS AB amounted to 64,533 at September 30, 2012. The average number of employees in SAS AB amounted to 44 (44).

Condensed statement of income

(MSEK)	January-September	
	2012	2011
Revenue	14	15
Payroll expenses	-84	-90
Other operating expenses	-58	-48
Operating income before depreciation	-128	-123
Depreciation	0	0
Operating income	-128	-123
Income from participations in Group companies	28	-
Income from other securities holdings	-	8
Net financial items	-13	31
Income before tax	-113	-84
Tax	37	48
Net income for the period	-76	-36
Net income for the period attributable to: Parent Company shareholders	-76	-36

Net income for the period also corresponds to total comprehensive income.

Condensed balance sheet

(MSEK)	Sep 30,	Dec 31,	Sep 30,
	2012	2011	2011
Financial fixed assets	6,965	6,899	7,735
Other current assets	6,499	8,364	9,823
Cash and cash equivalents	0	0	0
Total assets	13,464	15,263	17,558
Shareholders' equity	10,675	10,751	13,220
Long-term liabilities	2,558	4,264	4,227
Current liabilities	231	248	111
Total shareholders' equity and liabilities	13,464	15,263	17,558

During the second quarter 2012, assets valued at approximately SEK 1.4 billion were pledged and at September 30, 2012, the value was SEK 1.4 billion.

Change in shareholders' equity

(MSEK)	Share	Restricted	Unrestricted	Total
	capital	reserves	equity	equity
Opening balance, Jan 1, 2012	6,612	473	3,666	10,751
Net income for the period			-76	-76
Shareholders' equity, Sep 30, 2012	6,612	473	3,590	10,675

Notes

Note 1 – Accounting policies and financial statements

The interim report for the SAS 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, 2012 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 2011.

The Board of Directors of SAS deems that the agreement that must be reached with the trade union organizations regarding new collective agreements represents a considerable uncertainty factor that generates significant doubt regarding the company's ability to continue its operations. After considering the above uncertainty, the Board has reasonable expectations that the Group will be able to reach the necessary agreement with the trade union organizations. Based on this, the Board deems that the financial statements be prepared in accordance with the going concern principle. The financial statements do not contain the adjustments that would be required if the Group were to be unable to continue to conduct its operations.

Note 2 – Segment information

The Group's operations are governed and reported in two business segments: Scandinavian Airlines and Widerøe. Scandinavian Airlines includes airline operations in the consortium of Scandinavian Airlines System, SAS Cargo and Blue1. Widerøe is an independent regional airline based in Norway. From the first quarter 2012, Blue1's operations are reported in the segment Scandinavian Airlines, comparative figures are translated.

Other operations include the Parent Company SAS AB (Group functions) and other non-reportable segments.

January-September	Scandinavian Airlines		Widerøe		Reconciliation				SAS Group	
	2012	2011	2012	2011	Other		Eliminations		2012	2011
(MSEK)					2012	2011	2012	2011		
External revenue	29,214	28,481	2,864	2,766	1	1	0	0	32,079	31,248
Sales between segments	352	297	41	20	6	9	-399	-326	0	0
Revenue	29,566	28,778	2,905	2,786	7	10	-399	-326	32,079	31,248
Payroll expenses	-8,565	-8,792	-1,095	-992	-79	-90	0	0	-9,739	-9,874
Other operating expenses	-18,348	-16,186	-1,421	-1,291	-78	-62	319	262	-19,528	-17,277
Operating income before depreciation and leasing costs	2,653	3,800	389	503	-150	-142	-80	-64	2,812	4,097
Leasing costs for aircraft	-1,142	-1,125	-108	-91	0	0	80	64	-1,170	-1,152
Depreciation and impairment	-1,163	-1,894	-117	-106	-1	-1	0	0	-1,281	-2,001
Share of income of affiliated companies	4	3	0	0	31	20	0	0	35	23
Capital gains	-177	34	10	2	399	0	0	0	232	36
Operating income	175	818	174	308	279	-123	0	0	628	1,003
Unallocated income items:										
Income from other securities holdings									0	8
Net financial items									-821	-563
Tax									218	-56
Net income for the period									25	392
Income before tax and nonrecurring items	-127	143	165	299	-343	-287	0	0	-305	155

Statement of income Scandinavian Airlines

(MSEK)	Jul-Sep 2012	Jul-Sep 2011	Jan-Sep 2012	Jan-Sep 2011
Passenger revenue	7,560	7,040	21,813	20,962
Charter revenue	716	679	1,564	1,483
Other traffic revenue	841	845	2,675	2,521
Other revenue	1,167	1,224	3,514	3,813
Revenue	10,284	9,788	29,566	28,778
Payroll expenses	-2,635	-2,844	-8,565	-8,792
Selling costs	-552	-518	-1,623	-1,653
Jet fuel	-2,225	-1,892	-6,870	-5,466
Government user fees	-986	-963	-2,935	-2,807
Catering costs	-234	-209	-652	-597
Handling costs	-384	-413	-1,164	-1,229
Technical aircraft maintenance	-575	-553	-1,684	-1,644
Computer and telecommunications costs	-246	-291	-768	-765
Other operating expenses	-820	-934	-2,651	-2,026
Operating expenses	-8,656	-8,616	-26,913	-24,979
Income before depreciation and leasing costs, EBITDAR	1,628	1,172	2,653	3,800
Leasing costs, aircraft	-381	-378	-1,142	-1,125
Income before depreciation, EBITDA	1,248	793	1,511	2,675
Depreciation	-386	-395	-1,163	-1,894
Share of income of affiliated companies	1	1	4	3
Capital gains/losses	-70	23	-177	34
Operating income, EBIT	793	422	175	818
EBIT before nonrecurring items	895	445	472	527
EBT before nonrecurring items	656	278	-127	143

Note 3 – Quarterly breakdown

Statement of income

(MSEK)	2010			2011			2012				
	Jul-Sep	Oct-Dec	Jan-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Revenue	10,776	10,653	41,070	9,313	11,319	10,616	10,164	41,412	9,591	11,392	11,096
Payroll expenses	-3,292	-3,374	-13,894	-3,312	-3,349	-3,213	-3,218	-13,092	-3,403	-3,323	-3,013
Other operating expenses	-7,131	-6,297	-25,115	-5,590	-5,552	-6,135	-6,464	-23,741	-6,229	-6,870	-6,429
Leasing costs for aircraft	-435	-431	-1,815	-391	-373	-388	-408	-1,560	-367	-413	-390
Depreciation and impairment	-429	-612	-1,885	-414	-1,153	-434	-412	-2,413	-421	-434	-426
Share of income of affiliated companies	37	1	12	-9	2	30	5	28	-14	17	32
Income from sale of shares in subsidiaries and affiliated companies	-14	-33	-73	0	0	0	0	0	0	336	63
Income from sales of aircraft and buildings	0	-246	-239	-5	17	24	-24	12	-24	-73	-70
Operating income	-488	-339	-1,939	-408	911	500	-357	646	-867	632	863
Income from other securities holdings	-269	6	-263	3	5	0	-1,477	-1,469	0	0	0
Financial revenue	36	62	174	57	56	49	62	224	49	32	14
Financial expenses	-306	-192	-1,041	-210	-242	-273	-305	-1,030	-314	-293	-309
Income before tax	-1,027	-463	-3,069	-558	730	276	-2,077	-1,629	-1,132	371	568
Tax	-24	510	851	185	-179	-62	-2	-58	403	-51	-134
Net income for the period	-1,051	47	-2,218	-373	551	214	-2,079	-1,687	-729	320	434
Attributable to:											
Parent Company shareholders	-1,051	47	-2,218	-373	551	214	-2,079	-1,687	-729	320	434

Earnings-related key ratios

(MSEK)	January-March		April-June		July-September		October-December		October-September	
	2012	2011	2012	2011	2012	2011	2011	2010	2011-12	2010-11
Revenue	9,591	9,313	11,392	11,319	11,096	10,616	10,164	10,653	42,243	41,901
EBITDAR	-41	411	1,199	2,418	1,654	1,268	482	982	3,294	5,079
EBITDAR margin	-0.4%	4.4%	10.5%	21.4%	14.9%	11.9%	4.7%	9.2%	7.8%	12.1%
EBIT	-867	-408	632	911	863	500	-357	-339	271	664
EBIT margin	-9.0%	-4.4%	5.5%	8.0%	7.8%	4.7%	-3.5%	-3.2%	0.6%	1.6%
Income before tax and nonrecurring items	-1,049	-509	137	366	607	298	-61	259	-366	414
Income before tax	-1,132	-558	371	730	568	276	-2,077	-463	-2,270	-15
Net income for the period	-729	-373	320	551	434	214	-2,079	47	-2,054	439
Earnings per share (SEK)	-2.22	-1.13	0.97	1.67	1.32	0.65	-6.32	0.14	-6.24	1.33
Cash flow before financing activities	787	-675	797	247	-460	-67	-1,511	-675	-387	-1,170

Note 4 - SAS Group's average number of employees

(FTE)	Jul-Sep		Jan-Sep	
	2012	2011	2012	2011
Scandinavian Airlines	13,645	14,103	13,627	13,947
Widerøe	1,281	1,226	1,259	1,213
Other operations	43	46	44	44
SAS Group	14,969	15,375	14,930	15,204

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, November 12, 2012

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 Grøntvedt
Board Member

Elisabeth Goffeng
Board Member

Anna-Lena Gustafsson
Board Member

Rickard Gustafson
President and CEO

This interim report is unaudited.

Traffic data information

SAS Group's scheduled passenger traffic

	Jul-Sep		Change	Jan-Sep		Change
	2012	2011		2012	2011	
Number of passengers (000)	7,243	6,928	4.5%	21,284	20,419	4.2%
RPK, Revenue Passenger Kilometers (mill)	8,158	7,579	7.6%	22,037	20,728	6.3%
ASK, Available Seat Kilometers (mill)	10,154	9,609	5.7%	29,156	27,984	4.2%
Load factor	80.3%	78.9%	+1.5 p.p.	75.6%	74.1%	+1.5 p.p.

SAS Group's quarterly scheduled passenger traffic

	Jan-Mar		Apr-Jun		Jul-Sep		Oct-Dec		Jul-Jun	
	2012	2011	2012	2011	2012	2011	2011	2010	2011-2012	2010-2011
Number of passengers (000)	6,416	6,093	7,625	7,397	7,243	6,928	6,788	6,557	28,071	26,976
RPK, Revenue Passenger Kilometers (mill)	5,943	5,655	7,936	7,494	8,158	7,579	6,446	6,389	28,483	27,117
ASK, Available Seat Kilometers (mill)	8,701	8,528	10,300	9,848	10,154	9,609	9,019	8,761	38,175	36,745
Load factor	68.3%	66.3%	77.0%	76.1%	80.3%	78.9%	71.5%	72.9%	74.6%	73.8%

SAS Group's charter traffic

	Jul-Sep		Change	Jan-Sep		Change
	2012	2011		2012	2011	
Number of passengers (000)	482	489	-1.6%	988	1,006	-1.8%
RPK, Revenue Passenger Kilometers (mill)	1,250	1,250	-0.0%	2,744	2,783	-1.4%
ASK, Available Seat Kilometers (mill)	1,355	1,359	-0.3%	3,082	3,138	-1.8%
Load factor	92.2%	92.0%	+0.2 p.p.	89.0%	88.7%	+0.3 p.p.

SAS Group's traffic trend by route sector

	July-September 2012 vs. July-September 2011		January-September 2012 vs. January-September 2011	
	(RPK)	(ASK)	(RPK)	(ASK)
Intercontinental	9.1%	9.2%	10.7%	9.5%
Europe/Intra-Scandinavia	7.9%	4.6%	4.1%	1.3%
Domestic	4.2%	3.4%	4.5%	3.9%

Scandinavian Airlines scheduled passenger traffic, yield, RASK and unit cost *

	Jul-Sep 2012	Change	Jan-Sep 2012	Change
Number of passengers (000)	6,527	+3.9%	19,231	+3.8%
RPK, Revenue Passenger Kilometers (mill)	7,931	+7.8%	21,414	+6.5%
ASK, Available Seat Kilometers (mill)	9,788	+5.7%	28,094	+4.2%
Load factor	81.0%	+1.6 p.p.	76.2%	+1.6 p.p.
Yield (currency-adjusted)	0.95	+1.8%	1.02	-1.2%
RASK, incl. charter (currency-adjusted)	0.82	+3.6%	0.84	+1.8%
Total unit cost, incl. charter (currency-adjusted)	0.74	-3.5%, ¹	0.82	+0.8%, ²

¹ Excluding jet-fuel costs, the unit cost declined by 6.1% compared with the year-earlier period

² Excluding jet-fuel costs, the unit cost declined by 3.0% compared with the year-earlier period

* Key ratios also include Blue1

Scandinavian Airlines' destinations and frequencies

	Jul-Sep 2012	2011	Change	Jan-Sep 2012	2011	Change
Number of destinations	95	86	10.5%	96	92	+4.3%
Number of daily flights	665	656	1.4%	691	676	+2.2%
Number of daily flights/destination	7.0	7.6	-8.2%	7.2	7.4	-2.1%

Widerøe's scheduled traffic, yield and unit cost

	Jul-Sep 2012	Change	Jan-Sep 2012	Change
Number of passengers (000)	716	+10.3%	2,052	+8.2%
RPK, Revenue Passenger Kilometers (mill)	226	+1.7%	623	+1.3%
ASK, Available Seat Kilometers (mill)	366	+4.2%	1,061	+4.5%
Load factor	61.8%	-1.6 p.p.	58.7%	-1.9 p.p.
Yield (NOK)	2.68	+4.6%	2.98	+2.9%
RASK, incl. charter (NOK)	1.68	-2.0%	1.82	-0.9%
Total unit cost, incl. charter (NOK)	1.60	+6.5%	1.69	+7.2%

Detailed unit cost analysis – Scandinavian Airlines

Adjusted for currency, volume and nonrecurring items (MSEK)	Jan-Sep 2012	Jan-Sep 2011 adjusted for currency and capacity	Change %	Share of adjusted total change %
Payroll expenses	8,488	8,939	-5.0%	-1.8%
Jet fuel	6,870	6,075	13.1%	3.1%
Government user fees	2,935	2,893	1.4%	0.2%
Selling costs	1,623	1,752	-7.4%	-0.5%
Handling costs	1,164	1,273	-8.6%	-0.4%
Technical aircraft maintenance	1,684	1,733	-2.8%	-0.2%
Other operating expenses (net)	491	244	-	1.0%
Operating expenses	23,255	22,910	1.5%	1.4%
Leasing costs for aircraft	1,142	1,233	-7.4%	-0.4%
Depreciation	1,163	1,208	-3.7%	-0.2%
Net expense	25,561	25,352	0.8%	0.8%
Unit cost	0.82	0.82	0.8%	

Aircraft fleet

SAS Group's aircraft fleet, September 30, 2012 *

	Age	Owned	Leased	Total	In service	Leased out	Order
Airbus A330/A340	10.4	5	6	11	11	0	
Airbus A319/A320/A321	8,7	4	10	14	12	0	30
Boeing 737 Classic	19.3	0	10	10	10	0	
Boeing 737 NG	11.3	23	49	72	72	0	
Boeing 717	12.1	0	9	9	9	0	
McDonnell Douglas MD-80 series	23,1	20	8	28	22	0	
McDonnell Douglas MD-90 series	-	8	0	8	0	8	
Avro RJ-85	-	0	5	5	0	1	
deHavilland Q series	14.6	33	10	43	39	0	
Bombardier CRJ900NG	3.3	12	0	12	12	0	
Total	13,1	105	107	212	187	9	30

* In addition, the following aircraft are wet leased: four CRJ200s and an ATR for SAS in Denmark, as well as two ATRs and four Saab2000s for Blue1 in Finland.

Aircraft in service/leased out by airline

	Age	Owned	Leased	Total	In service	Leased out	Order
SAS Scandinavian Airlines	12.8			151	139	8	30
Widerøe	14.8			39	39		
Blue1	12.1			13	9	1	
Leased aircraft				9			
Total	13.1			212	187	9	30



Airbus A330/340-300
Scandinavian Airlines



Airbus A319/A320/A321
Scandinavian Airlines



Boeing 737-600/700/800
Scandinavian Airlines



MD-82/87
Scandinavian Airlines



Boeing 737-400/500
Scandinavian Airlines



Bombardier CRJ900
Scandinavian Airlines



deHavilland Q 100/300/400NG
Widerøe



Boeing 717
Blue1

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

Important events

Events after September 30, 2012

- Measures corresponding to approximately SEK 3 billion are to be implemented for the purpose of managing long-term cost, enhancing cost flexibility, reducing complexity, diminishing the negative effect of the amended accounting policies for pensions in 2013 and for the planned divestment of assets valued at about SEK 3 billion.
- 4 Excellence Next Generation and the extension of credit facilities, and thus the company's continued operation, are conditional on new collective agreements, which thus form prerequisites for the Group's continued operations.
- Apollo signs an agreement with SAS valued at MSEK 590, under which Apollo customers will fly on SAS aircraft from 13 different locations in Sweden, Norway and Denmark to eight destinations around the world.

Third quarter 2012

- The Swedish government extends its agreement with SAS, valued at approximately MSEK 400, which will fly Swedish government employees on all domestic routes.
- SAS's EuroBonus program, one of Scandinavia's largest loyalty programs, strengthens its partnership with STS Alpresor
- SAS signs an agreement to sell and phase out all MD80 aircraft.
- SAS breaks a sales record on www.sas.se in its campaign entitled 1,000,000 cheap flights.
- SAS announces the opening of a new direct route to San Francisco as of April 2013, while also increasing frequencies to New York.
- Star Alliance named world's Best Airline Alliance by Skytrax.
- The EFTA Surveillance Authority (ESA) in Brussels announces its view that the current ban on earning EuroBonus points on Norwegian domestic flights is a breach of EEA legislation. The Norwegian authorities are contesting this view.
- SAS signs a seven-year agreement covering the delivery of components to its aircraft fleet. The agreement will come into effect on March 15, 2013.

Second quarter 2012

- PEAB signs an agreement with SAS for travel to 19 different destinations, comprising about 5,100 single journeys.
- SAS is voted the Nordic region's most attractive employer in the transport sector by business students in the Nordic region.
- SAS has Sweden's best schedule, according to a survey of more than 900 air travelers.
- SAS opens a number of new direct routes to such destinations as Las Palmas, Lodz, Birmingham and Stavanger.
- The SAS Group changes its fiscal year.
- The SAS Annual General Meeting was held on April 19,
 - ✓ The Meeting resolved that no dividend would be paid to shareholders for the 2011 fiscal year.
 - ✓ All Board members were reelected and the Meeting also voted in accordance with the proposals in the notification of the Meeting in other matters.
 - ✓ SAS decided to change the fiscal year to the period November 1 – October 31 instead of the calendar year.
- SAS is voted favorite airline in the US at the EDGE Awards after counting more than 70,000 online votes.
- SAS sells six properties to Swedavia for an amount of SEK 1.8 billion, with a cash-flow effect of MSEK 440 and a capital gain of MSEK 340, to be recognized during the second quarter 2012.
- SAS Credits is expanded through a new business partner: The Carlson Rezidor Group.
- SAS and Apollo sign a historic partnership agreement amounting to MSEK 920.
- Blue1 commences a statutory conciliation process to reorganize its operations as part of the transition to a production company for Scandinavian Airlines.

First quarter 2012

- SAS offers direct flights between Copenhagen-Shanghai and from Stockholm to Dubrovnik, Barcelona and Malaga.
- SAS named Europe's best airline, Brand of the Year 2011 and is commended for its social media campaign.
- SAS introduces free tea and coffee in Economy class on all European routes and domestic flights in Sweden, Denmark and Norway.
- The Board of Directors of Spanair files for bankruptcy and SAS recognizes impairments corresponding to SEK 1.7 billion for 2011.
- The Norwegian Competition Authority (Konkurransetilsynet) proposes to open for EuroBonus on Norwegian domestic traffic, but only on flights between Oslo-Stavanger, Bergen and Trondheim.
- The Swedish government decides to extend the agreement valued at MSEK 700 for international flights with SAS.
- SAS is Europe's most punctual airline for the third consecutive year, according to the independent source FlightStats.
- As part of cost savings under the 4Excellence program, SAS will reduce the number of full-time equivalents in administration by 300.
- SAS and Singapore Airlines expand their partnership to strengthen flight connections between Scandinavia and Singapore.
- Eivind Roald and Joakim Landholm are appointed new members of SAS Group Management with responsibility for Sales & Marketing and Commercial, respectively, which are two of the main focal areas of the new 4Excellence strategy.

Fourth quarter 2011

- SAS launches in-flight internet and GSM and now offers one of the best solutions in the market for WiFi, GSM telephony and wireless entertainment. The SAS WiFi internet service is offered to all passengers on board.
- Apple in Scandinavia named SAS Crew Guide one of the best apps in 2011 in the "Travel" category.
- SAS's long-haul premium economy, Economy Extra is voted on of the best in the world in a survey of 36,000 travelers.
- SAS orders new, comfortable, lightweight and eco-friendly short-haul seats that, among other things, provide more leg room.
- SAS signs an agreement for a loan facility for financial leasing of MSEK 500 for four existing A321 aircraft.
- More than 25,000 companies have reduced their travel expenses with SAS since the SAS credits corporate program was launched in 2008.
- The award-winning HBT campaign "Love is in the air," which became a social media success, was followed by an improved HBT site.
- SAS signs an agreement to sell 13 MD80 aircraft and 12 spare engines to a subsidiary of Allegiant Air, LCC.
- Beginning in November, SAS increases the number of departures to several domestic destinations such as Luleå, Umeå, Malmö and Gothenburg.

Financial calendar

Full-year report 2012 (10 months)	December 12, 2012
Annual report 2012 (10 months)	February 15, 2013
Interim report 1, 2013 (November-January)	March 8, 2013
Annual General Meeting 2013	March 20, 2013
Interim report 2, 2013 (February-April)	June 11, 2013
Interim report 3, 2013 (May-July)	September 4, 2013
Interim report 4, 2013 (August-October)	December 19, 2013

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

Telephone conference, media	9:00 a.m., November 12, 2012
Telephone conference, investors/analysts	13:30 p.m., November 12, 2012

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 November 12, 2012, at 8:00 a.m.

SAS Group's route network

