

Improved earnings during first quarter of 2007

- **Operating revenue for the first quarter** amounted to MSEK 13,839 (12,976), an increase of 6.7%.
- **Number of passengers** rose by 6.3% to 9.1 million.
- **Nonrecurring items** totaling MSEK 368 (-68) are included in results for the quarter. Profit from the sale of Flight Academy amounted to MSEK 370.
- **Income before capital gains and nonrecurring items** amounted to MSEK -469 (-1,319) for the period, an improvement of MSEK 850. This improvement in income is due to a combination of healthy market growth, higher yield, effective capacity and cost controls, and new business models.
- **Net income** for the quarter amounted to MSEK -47 (-1,064), an improvement of MSEK 1,017.
- **Equity/assets ratio** amounted to 32% (19%) at March 31, 2007.
- **CFROI** for the twelve-month period April 2006-March 2007 was 17% (13%).
- **Earnings per share for continuing and discontinued operations** for the SAS Group amounted to SEK -0.11 (-6.29). Earnings per share for continuing operations amounted to SEK -2.39 (-6.16) for the quarter. Equity per share amounted to SEK 98.69 (64.54).
- **Cost savings** corresponding to SEK 2.5 billion are currently being implemented. In March, 85% of the savings had been put into effect.
- **There are currently no indications of a slowdown in the economy** or the airline market. However, uncertainty remains regarding the strength of growth, the future competitive situation and the trend for jet fuel prices. The trend in the first quarter was in a positive direction and continued favorable passenger growth is expected in most of the SAS Group's markets for the full-year 2007. Competition is expected to remain intense in the markets in which the SAS Group is active.

SAS Group (MSEK)	Q1		Q2		Q3		Q4		April-March	
	January-March 2007	2006	2006	April-June 2005	July-September 2006	2005	October-December 2006	2005	2006-	2005-06
Revenue	13,839	12,976	16,155	14,347	16,365	14,911	15,117	14,456	61,476	56,690
EBITDAR	944	190	2,035	1,294	2,311	1,973	1,992	2,039	7,282	5,496
EBITDAR margin	6.8%	1.5%	12.6%	9.0%	14.1%	13.2%	13.2%	14.1%	11.8%	9.7%
EBITDA	67	-701	1,168	456	1,436	1,130	1,099	1,274	3,770	2,159
EBITDA margin	0.5%	-5.4%	7.2%	3.2%	8.8%	7.6%	7.3%	8.8%	6.1%	3.8%
EBIT	-327	-1,134	672	823	1,052	691	634	26	2,031	406
EBIT margin	-2.4%	-8.7%	4.2%	5.7%	6.4%	4.6%	4.2%	0.2%	3.3%	0.7%
Income before capital gains and nonrecurring items	-469	-1,319	894	579	969	619	735	228	2,129	107
Income before tax	-477	-1,351	442	499	795	464	363	-129	1,123	-517
Net income for the period	-47	-1,064	553	499	604	529	4,647	198	5,757	162
Earnings per share (SEK) for continuing and discontinued operations	-0.11	-6.29	2.97	3.01	3.40	3.03	28.01	0.88	34.27	0.63
Cash flow before financing operations	606	222	1,580	1,675	668	449	7,117	1,484	9,971	3,830

SAS AB is the Parent Company of the SAS Group, the Nordic region's largest airline and travel group, which offers air-transport and airline-related services. Scandinavian Airlines, Spanair and Blue1 are members of the world's largest airline alliance - Star Alliance™. The Group also includes the airlines Widerøe and airBaltic, the partly owned airline Estonian Air and the SAS Aviation Services business unit.

Statement of income

(MSEK)	January-March		2006-07	April-March 2005-06
	2007	2006		
Revenue	13,839	12,976	61,476	56,690
Payroll expenses	-4,560	-4,573	-17,962	-18,210
Other operating expenses	-8,335	-8,213	-36,232	-32,984
Leasing costs for aircraft	-877	-891	-3,512	-3,337
Depreciation	-402	-458	-1,866	-2,009
Share of income in affiliated companies	10	-2	71	62
Income from sale of shares in subsidiaries and affiliated companies	0	0	0	41
Income from the sale of aircraft and buildings	-2	27	56	153
Operating income	-327	-1,134	2,031	406
Income from other shares and participations	0	0	-47	50
Net financial items	-150	-217	-861	-973
Income before tax	-477	-1,351	1,123	-517
Tax	55	323	-384	-38
Net income from continuing operations	-422	-1,028	739	-555
Income from discontinued operations	375	-36	5,018	717
Net income for the period	-47	-1,064	5,757	162
Attributable to:				
Parent Company shareholders	-18	-1,034	5,638	104
Minority interests	-29	-30	119	58
Earnings per share (SEK) from continuing and discontinued operations ¹⁾	-0.11	-6.29	34.27	0.63
Earnings per share (SEK) from continuing operations ¹⁾	-2.39	-6.16	4.36	-3.38

1) Earnings per share is calculated on 164,500,000 shares outstanding (IAS 33). Since the SAS Group has no options, convertibles or share program, dilution cannot occur. An itemized statement of income is available at www.sasgroup.net

Income before capital gains and nonrecurring items

(MSEK)	January-March		2006-07	April-March 2005-06
	2007	2006		
Income for the period in continuing and discontinued operations	-47	-1,064	5,757	162
Tax	-54	-323	465	159
Income before tax	-101	-1,387	6,222	321
Capital gains	-368	-27	-4,665	-722
Impairment losses	0	0	146	0
Restructuring costs	0	95	242	508
Other nonrecurring items	0	0	184	0
Income before capital gains and nonrecurring items	-469	-1,319	2,129	107

Financial key ratios

(MSEK)	March	December	March	March
	2007	2006	2006	2005
CFROI (12 months rolling)	17%	15%	13%	10%
Return on equity (12 months rolling)	43%	38%	1%	-12%
Equity/assets ratio	32%	32%	19%	20%
Adjusted equity/assets ratio	22%	22%	15%	14%
Net debt, MSEK	-5,320	-4,671	5,431	9,051
Financial net debt, MSEK	3,677	4,134	14,053	16,424
Debt/equity ratio	0.23	0.25	1.26	1.41
Adjusted debt/equity ratio	1.66	1.68	3.26	2.96
Interest coverage ratio (12 months rolling)	5.4	4.4	1.2	-0.2

Traffic-related key figures

SAS Group	January-March		April-June		July-September		October-December		April-March	
	2007	2006	2006	2005	2006	2005	2006	2005	2006-07	2005-06
No. of passengers (000)	9,088	8,599	10,437	9,812	10,319	9,831	9,704	9,312	39,548	37,555
RPK (mill.)	8,543	8,293	10,551	9,806	11,059	10,454	9,343	9,101	39,496	37,654
ASK (mill.)	12,844	12,488	14,279	14,036	14,468	13,899	13,672	13,114	55,263	53,537
Load factor	66.5%	66.4%	73.9%	69.9%	76.4%	75.2%	68.3%	69.4%	71.5%	70.3%
Yield, SEK	1.25	1.15	1.14	1.03	1.01	0.96	1.20	1.10	1.15	1.06
Total unit cost, SEK	0.79	0.78	0.76	0.71	0.72	0.74	0.75	0.74	0.75	0.76

Dear Shareholder,

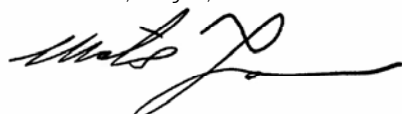
The trend in the first quarter was in a positive direction. The economy in our home market around the Baltic Sea region and globally remained favorable and contributed to growth in the air-travel market. Seasonally, this is the weakest quarter of the year, but we have adjusted our capacity to lower demand levels in this quarter to a greater extent than in prior years. Capacity development in the industry was restricted during the first quarter, which, combined with healthy market growth, led to advantageous market conditions. At the same time as generating a higher yield, we transported 9.1 million passengers, which is an increase of 6.3% compared with the year-earlier period. An expanded service program was introduced onboard Scandinavian Airlines at the end of March. The initial response from customers has been positive and this is an incentive for us to continue to further develop this sub-concept for our passengers. The leisure market is continuing to grow, and in the future, we will continue to offer a wide range of low-price tickets, combined with a high level of service.

The positive market trend led to encouraging income levels, with an increase of 6.7%. Accordingly, combined with continued internal efficiency-enhancement measures, income before capital gains and nonrecurring items improved by MSEK 850 compared with the preceding year and amounted to MSEK -469.

During the period January-April, two unlawful disputes affected SAS customers and shareholders. This is action that I deeply regret. The SAS Board of Directors has discussed the future consequences of the disputes to ensure that we can secure our customer commitments long-term.

I have now been President of the SAS Group for four months, a period that has been very intense and inspiring. We are now entering into the final stage of our "Strategy 2011." The plan we will present will answer many questions that are being asked and will provide us with a clear and distinct direction for the future.

Stockholm, May 3, 2007



Mats Jansson
President and CEO

SAS Group's traffic results

Traffic growth in the airline industry was favorable in the first quarter of 2007, primarily due to encouraging market conditions. Traffic rose by 6.2% for the member airlines of the Association of European Airlines (AEA), with the strongest growth in traffic within Europe.

The SAS Group's traffic increased by 5.4% in the first quarter of 2007 and the number of passengers by 6.3% to 9.1 million passengers. At the same time, capacity rose by 1.9%, leading to a marginal improvement in the load factor to 66.5%. The SAS Group's yield grew by 9% compared with the year-earlier period.

The SAS Group's strongest traffic growth was in Finnish, Spanish and Norwegian domestic traffic and within the Baltic region. The SAS Group's European traffic rose by 9.1% in line with capacity expansion. Intercontinental capacity was adjusted downward by 7.9% and traffic declined by 9.4%.

Within the SAS Scandinavian Airlines business area, SAS Braathens' traffic increased by 0.5%. There was a positive trend in Norwegian domestic traffic while capacity reductions to Southern Europe led to a decline in European traffic. Scandinavian Airlines Danmark's traffic declined by 1%. Capacity remained unchanged and the load factor amounted to 65.1%, a decrease of 0.6 percentage points. Scandinavian Airlines Sverige reported a positive growth in traffic of 8.8% as a result of the launch of new European routes. Capacity rose by 2.7%, which improved the load factor by 3.9 percentage points to 68.8%.

In Individually Branded Airlines, Blue1's traffic grew by 39%. Capacity was increased by 38% as a result of the phasing-in of three MD-90s, and the load factor was up 0.4 percentage points to 59.8%. airBaltic's traffic rose by 32.5% and capacity increased by 41%. The load factor during the quarter fell by 3.6 percentage points to 55.4% due to the weak trend in January and February. Spanair's traffic grew by 12.2% and capacity by 9.3%, which improved the load factor by 1.6 percentage points to 61.1%. Widerøe reported a strong increase in traffic of 5.6% during the quarter and the load factor improved by 5 percentage points to 57.6%.

SAS Group*	Jan-Mar 2007	Change over 2006
No. of passengers (000)	9,088	6.3%
Passenger km (mill.)	8,543	5.4%
Seat km (mill.)	12,844	1.9%
Load factor	66.5%	+2.4p.p.

Traffic results by route sector	Jan-Mar 2007 vs. Jan-Mar 2006
	Traffic (RPK) Capacity (ASK)
Intercontinental	-9.4% -7.9%
Europe	9.1% 9.2%
Intra-Scandinavian	4.7% 0.9%
Denmark (Domestic)	-2.0% 4.4%
Norway (Domestic)	6.6% 0.6%
Sweden (Domestic)	0.6% -8.4%

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

Traffic by company January-March	Traffic (RPK)	Capacity (ASK)	Load factor (%)	Change in load factor
SAS Group	5.4%	1.9%	66.5%	+2.4p.p.
SAS Danmark	-1.0%	0.0%	65.1%	-0.6%
SAS Braathens	0.5%	-1.8%	64.7%	-1.5p.p.
SAS Sverige	8.8%	2.7%	68.8%	+3.9p.p.
SAS International	-9.4%	-7.9%	78.6%	-1.3p.p.
Spanair	12.2%	9.3%	61.1%	+1.6p.p.
Widerøe	5.6%	-3.6%	57.6%	+5.0p.p.
Blue1	38.6%	37.8%	59.8%	+0.4p.p.
airBaltic	32.5%	41.2%	55.4%	-3.6p.p.

Financial performance

January-March 2007

SAS Flight Academy was divested in February 2007 and is reported as a discontinued operation in accordance with IFRS 5. The Rezidor Hotel Group was listed on the stock exchange and Norwegian Aviation College was divested in 2006. These operations' income after tax is reported as discontinued operations in comparative figures for 2006. Income from discontinued operations comprises the operations' income after tax and the Group's capital gain.

Continuing operations:

The net effect of currency fluctuations between the period January-March 2006 and 2007 was MSEK 232. The effect is MSEK -435 on operating revenue, MSEK 661 on operating expenses and MSEK 6 on net financial items.

The SAS Group's operating revenue amounted to MSEK 13,839 (12,976), up MSEK 863 or 6.7%. With regard to the currency effect, operating revenue rose by 10%. Passenger traffic (RPK) increased by 5.4% for the Group. SAS Scandinavian Airlines' traffic declined by 2.2% compared with the first quarter of 2006 and the currency-adjusted yield was up 16% compared with the corresponding period in 2006. The yield improvement is attributable to encouraging market growth, and effective capacity and revenue control.

Payroll expenses declined by MSEK 13, or 0.3% and amounted to MSEK 4,560 (4,573). Adjusted for currency effects of MSEK 123 and nonrecurring items of MSEK 0 (95), payroll expenses were up MSEK 205 on the preceding year. The number of employees increased by 0.2% in continuing units. The number of employees rose as a result of increased capacity in SAS Individually Branded Airlines, while the number of employees in SAS Scandinavian Airlines and SAS Aviation Services declined.

The Group's other operating expenses rose by MSEK 122, or 1.5%, to MSEK 8,335. Adjusted for currency effects, expenses increased by MSEK 564, or 6.9%. The Group's costs for jet fuel amounted to MSEK 2,252 (2,304). Adjusted for a positive currency effect owing to a weaker USD, fuel costs increased by MSEK 208. The market price (spot price) during the period was an average of 4% lower than during the same period in 2006. In addition, operating expenses rose due to growth in the number of passengers, expanded capacity and higher costs for technical maintenance in SAS Individually Branded Airlines.

Operating income before depreciation and leasing costs, EBITDAR, was MSEK 944 (190).

Leasing costs amounted to MSEK 877 (891), a decline of MSEK 14. With regard to the currency effect, leasing costs were MSEK 82 higher than the first quarter of 2006. Depreciation was MSEK 402 (458), a decline of MSEK 56. Decreased depreciation was primarily due to the sale and leaseback of aircraft, which resulted in higher leasing costs. Total leasing costs and depreciation were at the same level as in the preceding year.

Share of income in affiliated companies amounted to MSEK 10 (-2). The change between 2006 and 2007 is primarily due to the positive trend in bmi and Component Group.

The Group's income from the sale of aircraft and buildings during the period January-March amounted to MSEK -2 (27).

The Group's net financial items amounted to MSEK -150 (-217). Net interest was MSEK -143 (-209). The currency effect was MSEK 9 (3). Other net financial expenses were MSEK -16 (-11).

Income before tax in continuing operations amounted to MSEK -477 (-1,351).

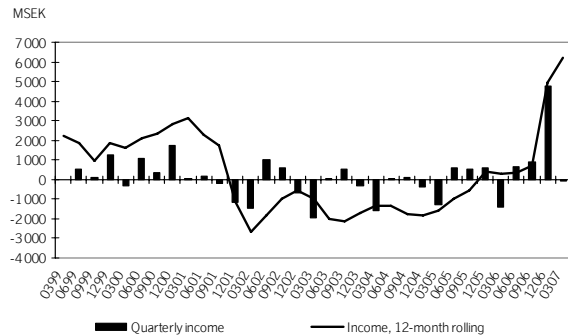
Discontinued operations:

Income from discontinued operations amounted to a total of MSEK 375 (-36). SAS Flight Academy was sold in February 2007 to STAR Capital Partners for MSEK 550. The capital gain in SFA amounted to MSEK 370. Income after tax in SAS Flight Academy was MSEK 5 until the date of sale.

Income after tax in Rezidor Hotel Group, Norwegian Aviation College and SAS Flight Academy was included for the period January-March 2006 at a total of MSEK -36.

Continuing and discontinued operations:

Income before capital gains and nonrecurring items amounted to MSEK -469 (-1,319).

Income before tax in continuing and discontinued operations**Earnings measures****Cost adaptations**

Lower unit costs require higher productivity, more seats in aircraft and lower handling and distribution expenses.

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

At the end of March 2007, measures corresponding to 85% of SEK 2.5 billion had been implemented.

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

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

For the full-year 2007, restructuring costs are expected to be in line with those of 2006.

New commercial initiatives

New products and price concepts for SAS Scandinavian Airlines' European and intra-Scandinavian routes were launched at the end of March. As a result of these changes, the Business Class product was upgraded with improved food and an enhanced service level. More affordable tickets were made available in Economy Extra and the service level was raised. The SAS Group is also working on expanding the number of Fast Track Securities for these customer segments. The aim of the changes is to improve the travel experience for frequent travelers. One example of this is offering EuroBonus Gold customers a larger number of benefits even when they travel in Economy. Additional improvements will be launched continuously in 2007.

Financial position and capital release

As of March 31, 2007, the SAS Group's cash and cash equivalents amounted to MSEK 8,844 (8,864), a decline of MSEK 20. Cash and cash equivalents have declined by MSEK 1,959 since year-end 2006. The decline since this date is primarily due to the SAS Group amortizing approximately MSEK 2,600 and the positive liquidity effect generated by the sale of SAS Flight Academy. In addition to cash and cash equivalents, the SAS Group had unutilized contract loan commitments amounting to MSEK 6,652 (5,606). This increase is due to the fact that amortization amounting to MSEK 1,100 that took place during the first quarter was converted to a credit facility with a due date of 2011.

The SAS Group's interest-bearing liabilities declined by MSEK 2,377 in 2007. In addition to planned amortization of MSEK 1,203, loans were amortized in advance in an amount of MSEK 1,413. The remaining increase in interest-bearing liabilities of MSEK 239 is primarily attributable to the weaker Swedish krona.

SAS Flight Academy was sold in February as part of the strategy to focus on core operations. The sales price amounted to MSEK 550 and the capital gain was MSEK 370. No aircraft transactions were conducted in the first quarter of 2007. The SAS Group has retained a 6.7% ownership share in the Rezidor Hotel Group since it was listed on the stock exchange. This ownership share is expected to be disposed of in 2007.

Financial net debt on March 31, 2007 amounted to MSEK 3,677 (14,053).

The equity/assets ratio on March 31, 2007 was 32% (19%). The adjusted debt/equity ratio amounted to 1.66. The SAS Group aims to maintain a debt/equity ratio that in the long term allows the SAS Group to be perceived as an attractive borrower. The SAS Group's target is an adjusted debt/equity ratio of 1.0. These financial targets are to be achieved through a combination of earnings improvements, limited investment levels and the program for releasing capital.

The SAS Group did not receive any aircraft deliveries in the first quarter of 2007. In all, the SAS Group has four aircraft on firm order, representing a total investment amounting to MUSD 105, with delivery during the period June-November 2007. In addition to investment in new aircraft, the Group invests approximately MSEK 1,500 per year in spare parts and other operational investments.

SAS Group's total aircraft fleet March 31, 2007:

Aircraft type	Average ¹⁾	Owned	Leased	Total	Leased out	Order
Airbus A340/330	4.8	5	6	11		
Airbus A321/ A320/ A319	4.1	4	27	31		2
Boeing 737 series	9.5	20	66	86	4	2
Boeing 717 (MD-95)	5.8		5	5		
McDonnell Douglas MD-80 series	17.8	13	68	81	2	
McDonnell Douglas MD-90 series	10.2	8		8		3
Avro RJ-85/100	5.4		9	9		
Fokker F50	17.4	0	14	14		
deHavilland Q series	9.2	18	35	53		
SAAB 2000	9.8	0	3	3		3
Total	11.1	68	233	301	12	4
SAS Scandinavian Airlines	10.9			178	7	4
Spanair	11.1			60		
Widerøe	11.9			29		
Blue1	6.5			15	5	
airBaltic	14.8			19		
Total	11.1			301	12	4

In addition to the above aircraft fleet, the SAS Group has four CRJ200s, three Fokker F100s and an Avro RJ-70 and an MD-82 leased on wetlease agreements.

¹⁾ Pertains to the average age of the aircraft fleet.

Firm orders for aircraft in 2007:

SAS Group	Total	2007
Airbus A319	2	2
Boeing 737	2	2
Number of aircraft	4	4
CAPEX (MUSD)	105	105

Capacity plans

The SAS Group plans to expand capacity by 5-7% during 2007, representing a somewhat higher capacity increase compared with 2006. Capacity in Scandinavian Airlines will be in line with 2006. Spanair is planning a capacity increase, partly through reallocation of charter aircraft to scheduled aircraft. Blue1 will have a full-year effect from new European production, but the capacity increase will be lower during the latter half of 2007.

Planned capacity 2007 compared with 2006 (ASK):

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

Currency and fuel hedging

The SAS Group has hedged about 85% of its USD deficit with forward contracts and options during 2007. Other currencies are hedged in accordance with policy at 60-90%.

The SAS Group has hedged 52% of its expected fuel consumption in 2007. This cost is hedged at an average price, including premium, of USD 750/ton for 2007. Hedging is primarily performed on options, but due to high premium levels, swaps and other instruments have also been used. The proportion of swaps is about 15% of total consumption and is implemented at an average price of USD 698/ton.

Investments

The SAS Group's investments, including prepayments, amounted to MSEK 388 (399) for the period. Investment in aircraft and other flight equipment totaled MSEK 126 (55).

	January-March	
	2007	2006
SAS Scandinavian Airlines	177	202
SAS Individually Branded Airlines	131	36
SAS Aviation Services	68	67
Groupwide functions and eliminations	6	8
Continuing operations	382	313
Discontinued operations	6	86
SAS Group	388	399

Average number of employees in SAS Group (FTE)

	January-March	
	2007	2006
SAS Scandinavian Airlines	7,517	7,686
SAS Individually Branded Airlines	7,388	6,923
SAS Aviation Services	10,390	10,565
Groupwide functions	780	842
Continuing operations	26,075	26,016
Discontinued operations	61	5,861
SAS Group	26,136	31,877

Legal issues

On February 14, 2006, the European Commission and the U.S. Department of Justice each made public investigations into possible illegal price fixing in the air cargo industry. SAS is one of several airlines and air cargo carriers involved in the investigations. In addition, and as is usual in corresponding cases, a large number of class-action civil suits have been filed against SAS and other airlines and air cargo carriers in the United States alleging civil damages and seeking monetary compensation. These actions have now been consolidated into a single case in New York. SAS is cooperating with the government investigations, preparing defense of civil litigation and conducting its own internal review. At present, SAS is unable to predict the outcome of these investigations and civil actions and cannot now evaluate the potential financial impact of these actions. However, in the event of adverse findings in either the government or civil actions, such adverse findings could have a material adverse effect on SAS. Costs for the investigations in SAS Cargo amounted to MSEK 100 in 2006.

Business conditions

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

Accounting principles and financial reports

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

The Group's other formal financial reports appear on page 2 and pages 8-10.

Parent Company SAS AB

Income before tax amounted to MSEK -376 (-173) for the period.

Available liquidity for SAS AB at March 31, 2007 amounted to MSEK 335, compared with MSEK 301 at the beginning of the year.

The number of shareholders in SAS AB amounted to 22,247 at March 31, 2007. The average number of employees of SAS AB amounted to 172 (180).

Statement of income

(MSEK)	January-March	
	2007	2006
Revenue	2	3
Payroll expenses	-64	-73
Other operating expenses	-55	-55
Operating income before depreciation	-117	-125
Depreciation	0	0
Operating income	-117	-125
Capital gain/loss on sale of shares	-175	1
Net financial items	-84	-49
Income before tax	-376	-173
Tax	57	48
Net income for the period	-319	-125

Balance sheet

(MSEK)	Mar. 31	Dec. 31
	2007	2006
Fixed assets	8,959	9,453
Current assets	6,282	5,981
Total assets	15,241	15,434
Shareholders' equity	11,954	12,273
Long-term liabilities	3,102	2,859
Short-term liabilities	185	302
Total shareholders' equity and liabilities	15,241	15,434

Change in shareholders' equity

(MSEK)	Share capital	Rest. reserves	Unrestr. equity	Total equity
Opening balance, Jan. 1, 2006	1,645	306	3,933	5,884
Group contribution rec'd, net			206	206
Net income for the period			6,183	6,183
Equity, Dec. 31, 2006	1,645	306	10,322	12,273
Net income for the period			-319	-319
Equity, March 31, 2007	1,645	306	10,003	11,954

Full-year 2007

There are currently no indications of a slowdown in the economy or the airline market, but uncertainty remains regarding the strength of growth, the future competitive situation and the trend for jet fuel prices. The trend in the first quarter was in a positive direction and continued favorable passenger growth is expected in most of the SAS Group's markets for the full-year 2007. Growth is expected to be strongest in traffic to/from Europe, in the Baltic States and Spain. Competition is expected to remain intense in the markets in which the SAS Group is active.

Stockholm, May 3, 2007

Mats Jansson
President and CEO

This interim report is unaudited.

SAS Group

Balance sheet

(MSEK)	March 31, 2007	December 31, 2006	March 31, 2006	March 31, 2005
Intangible assets	3,040	2,932	3,885	3,205
Tangible fixed assets	14,663	14,941	18,709	23,789
Financial fixed assets	13,483	13,316	13,575	11,483
Total fixed assets	31,186	31,189	36,169	38,477
Current assets	1,025	996	1,029	1,352
Current receivables	9,721	8,176	11,666	9,690
Cash and cash equivalents	8,844	10,803	8,864	7,659
Total current assets	19,590	19,975	21,559	18,701
Total assets	50,776	51,164	57,728	51,178
Shareholders' equity ¹⁾	16,226	16,388	11,167	11,620
Long-term liabilities	17,032	17,847	22,906	24,615
Short-term liabilities	17,518	16,929	23,655	20,943
Total shareholders' equity and liabilities	50,776	51,164	57,728	57,178
Equity per share ²⁾	98.69	99.49	64.54	70.63
Interest-bearing assets	19,421	21,149	19,763	17,359
Interest-bearing liabilities	14,101	16,478	25,194	26,410

1) Including minority interests.

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

Change in shareholders' equity

(MSEK)	Shareholders' equity attributable to Parent Company shareholders							Minority interests	Total equity
	Share capital contributed ¹⁾	Other capital ²⁾	Hedge reserve	Fair value reserve	Translation reserve	Retained earnings ⁴⁾	Total		
Opening balance, January 1, 2006	1,645	658	631	-	287	8,283	11,504	577	12,081
Change in hedge reserve			293				293	8	301
Tax charged directly to equity			-82				-82	-2	-84
Translation differences					42		42	-3	39
Revenue and expenses for the period									
charged directly to equity			211	-	42		253	3	256
Hedge reserve charged against income			-147				-147		-147
Tax on items charged against income			41				41		41
Net income for the period						-1,034	-1,034	-30	-1,064
Total revenue and expenses for the period			105	-	42	-1,034	-887	-27	-914
Closing balance, March 31, 2006	1,645	658	736	-	329	7,249	10,617	550	11,167
Divestment Rezidor Hotel Group								-650	-650
Transition to IFRS in affiliated companies						-154	-154		-154
Transfer of equity		-488				488	0		0
Change in fair value reserve				508			508		508
Change in hedge reserve			406				406	-7	399
Tax charged directly to equity			-114				-114	-2	-112
Translation differences					-43		-43	-21	-64
Revenue and expenses for the period									
charged directly to equity		-488	292	508	-43	334	603	-676	-73
Hedge reserve charged against income			-708				-708		-708
Tax on items charged against income			198				198		198
Net income for the period						5,656	5,656	148	5,804
Total revenue and expenses for the period		-488	-218	508	-43	5,990	5,749	-528	5,221
Closing balance, December 31, 2006	1,645	170	518	508	286	13,239	16,366	22	16,388
Change in fair value reserve				-30			-30		-30
Change in hedge reserve			-72				-72		-72
Tax charged directly to equity			20				20		20
Translation differences					-76 ³⁾		-76	-1	-77
Revenue and expenses for the period									
charged directly to equity			-52	-30	-76		-158	-1	-159
Hedge reserve charged against income			61				61		61
Tax on items charged against income			-17				-17		-17
Net income for the period						-18	-18	-29	-47
Total revenue and expenses for the period			-8	-30	-76	-18	-132	-30	-162
Closing balance, March 31, 2007	1,645	170	510	478	210	13,221	16,234	-8	16,226

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

2) The entire amount comprises share premium reserves.

3) Includes MSEK -214 of currency hedging of net investment in foreign subsidiaries.

4) No dividends were paid in 2005 and 2006.

SAS Group

Cash-flow statement

(MSEK)	January-March		April-March	
	2007	2006	2006-07	2005-06
Income before tax	-477	-1,351	1,123	-517
Depreciation	402	458	1,866	2,009
Income from the sale of fixed assets	2	-27	-62	-278
Divested operations	9	29	658	694
Adjustment for items not included in cash flow, etc.	-61	-36	-174	-338
Paid tax	-6	-58	-13	-28
Cash flow from operations	-131	-985	3,398	1,542
Change in working capital	640	70	128	5
Cash flow from operating activities	509	-915	3,526	1,547
Investments, including prepayments to aircraft manufacturers	-388	-399	-2,288	-1,911
Sale of subsidiaries	506	877	5,354	1,499
Sale of fixed assets, etc.	-21	659	3,379	2,695
Cash flow before financing activities	606	222	9,971	3,830
External financing, net	-2,584	-39	-9,983	-2,650
Cash flow for the period	-1,978	183	-12	1,180
Translation difference in cash and cash equivalents	19	-3	-8	25
Change in cash and cash equivalents according to the balance sheet	-1,959	180	-20	1,205

Comments on the cash-flow statement

Cash flow from operating activities improved in the first quarter of 2007 by MSEK 1,424 and amounted to MSEK 509 (-915). This improvement is primarily due to an upturn in the earnings trend in the Group and also to decreased tied-up working capital.

Investments amounted to MSEK 388 (399), of which MSEK 154 (93) related to aircraft, other flight equipment and prepayments. SAS Flight Academy was divested in February, which had an impact on the Group's cash flow of MSEK 506, after deductions for selling expenses and SAS Flight Academy's cash and cash equivalents. No aircraft transactions took place in the first quarter. Accordingly, cash

flow before financing activities amounted to MSEK 606 (222).

Cash and cash equivalents according to the balance sheet amounted to MSEK 8,844 (8,864).

The SAS Group has approximately MSEK 8,200 in unutilized tax loss carryforwards. This means that the SAS Group will not have tax payable until these loss carryforwards have been utilized, which will have a positive impact on cash flow in future periods.

Deferred tax assets have been reported for approximately 85% of the accumulated loss carryforwards

Statement of income – Quarterly breakdown

(MSEK)	2005					2006					2007
	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	FULL-YEAR JAN-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	FULL-YEAR JAN-DEC	JAN-MAR
Revenue	11,672	14,347	14,911	14,456	55,386	12,976	16,155	16,365	15,117	60,613	13,839
Payroll expenses	-4,414	-4,523	-4,363	-4,751	-18,051	-4,573	-4,731	-4,263	-4,408	-17,975	-4,560
Other operating expenses	-7,005	-7,785	-8,575	-8,411	-31,776	-8,213	-9,389	-9,791	-8,717	-36,110	-8,335
Leasing costs for aircraft	-686	-765	-843	-838	-3,132	-891	-893	-875	-867	-3,526	-877
Depreciation	-543	-521	-510	-520	-2,094	-458	-501	-445	-518	-1,922	-402
Share of income in affiliated companies	12	29	48	-13	76	-2	19	45	-3	59	10
Income from the sale of shares in subsidiaries and affiliated companies	0	-2	35	8	41	0	0	0	0	0	0
Income from the sale of aircraft and buildings	22	43	-12	95	148	27	12	16	30	85	-2
Operating income	-942	823	691	26	598	-1,134	672	1,052	634	1,224	-327
Income from other shares and participations	0	48	0	2	50	0	1	0	-48	-47	0
Net financial items	-213	-372	-227	-157	-969	-217	-231	-257	-223	-928	-150
Income before tax	-1,155	499	464	-129	-321	-1,351	442	795	363	249	-477
Tax	307	-77	-34	-250	-54	323	-56	-248	-135	-116	55
Net income from continuing operations	-848	422	430	-379	-375	-1,028	386	547	228	133	-422
Income from discontinued operations	-123	77	99	577	630	-36	167	57	4,419	4,607	375
Net income for the period	-971	499	529	198	255	-1,064	553	604	4,647	4,740	-47
Attributable to:											
Parent Company shareholders	-964	495	499	144	174	-1,034	489	559	4,608	4,622	-18
Minority interests	-7	4	30	54	81	-30	64	45	39	118	-29

Segment reporting: income by business area

Statement of income January-March	SAS Scandinavian Airlines		SAS Individually Branded Airlines		SAS Aviation Services		Groupwide & eliminations		SAS Group	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
External sales	8,831	8,046	3,665	3,474	1,215	1,315	128	141	13,839	12,976
Sales between business segments	306	327	41	40	2,179	2,271	-2,526	-2,638	0	0
Revenue	9,137	8,373	3,706	3,514	3,394	3,586	-2,398	-2,497	13,839	12,976
Payroll expenses	-2,042	-2,077	-822	-788	-1,514	-1,554	-182	-154	-4,560	-4,573
Other expenses	-6,211	-6,191	-2,765	-2,530	-1,916	-1,950	2,557	2,458	-8,335	-8,213
EBITDAR per business segment	884	105	119	196	-36	82	-23	-193	944	190
Leasing costs for aircraft	-548	-527	-350	-367	0	0	21	3	-877	-891
EBITDA per business segment	336	-422	-231	-171	-36	82	-2	-190	67	-701
Depreciation	-243	-299	-80	-82	-60	-58	-19	-19	-402	-458
Share of income in affiliated companies	2	14	12	2	-4	-18	0	0	10	-2
Capital gains	-2	9	0	0	0	0	0	18	-2	27
EBIT per business segment	93	-698	-299	-251	-100	6	-21	-191	-327	-1,134
Unallocated income items:										
Income from other shares and participations									0	0
Net financial items									-150	-217
Tax									55	323
Net income for the period for continuing operations									-422	-1,028
Income before capital gains and nonrecurring items	-13	-814	-343	-281	-131	11	18	-235	-469	-1,319

SAS Group's objectives

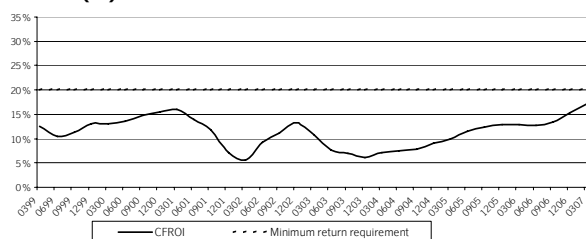
Performance target - CFROI

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

Performance targets for the Group and subsidiaries are currently being revised and will be published in conjunction with the unveiling of Strategy 2011.

During the period April 2006-March 2007, the Group generated income before net financial items, tax, depreciation, capital gains and operating lease costs for aircraft (EBITDAR) of MSEK 7,925 (6,114) in continuing and divested operations. Adjusted EBITDAR amounted to MSEK 7,724 (5,966). Viewed in relation to adjusted capital employed, CFROI was 17% (13%).

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



Income and capital concepts

(MSEK)	April-March 2006-07	April-March 2005-06
Income		
Income before depreciation, EBITDA	4,412	2,776
+ Operating lease costs, aircraft	3,513	3,338
EBITDAR	7,925	6,114
- Operating lease revenue, aircraft	-201	-148
Adjusted EBITDAR	7,724	5,966
Adjusted capital employed (average)		
+ Shareholders' equity	13,535	11,945
+ Surplus value, aircraft	87	183
+ Capitalized leasing costs, net (x7) *	23,034	19,897
- Equity in affiliated companies	-1,101	-962
+ Financial net debt	9,026	15,455
Adjusted capital employed	44,581	46,518
CFROI	17%	13%

* In the capital market, a calculation model is used whereby the annual cost is multiplied by seven regardless of the fixed period of the lease. The SAS Group takes leasing revenue into account in this item. NPV (Net Present Value) amounted at the end of March to MSEK 12,734 (12,032). Average NPV for the 12-month period amounted to MSEK 12,322 (11,647).

SAS Scandinavian Airlines

Statement of income

(MSEK)	January-March	
	2007	2006
Passenger revenue	7,654	6,978
Charter revenue	335	276
Other traffic revenue	476	426
Other revenue	672	693
Revenue	9,137	8,373
Payroll expenses	-2,042	-2,077
Selling costs	-120	-113
Jet fuel	-1,533	-1,564
Government user fees	-841	-853
Catering costs	-265	-279
Handling costs	-1,210	-1,277
Technical aircraft maintenance	-958	-1,022
Computer and telecommunication costs	-387	-440
Other operating expenses	-897	-643
Operating expenses	-8,253	-8,268
Income before depreciation and leasing costs, EBITDAR	884	105
Leasing costs for aircraft	-548	-527
Income before depreciation, EBITDA	336	-422
Depreciation	-243	-299
Share of income in affiliated companies	2	14
Capital gains	-2	9
Operating income, EBIT	93	-698
Net financial items	-108	-181
SAS Scandinavian Airlines – Income before tax	-15	-879

Earnings performance

The first quarter is seasonally weak with low traffic volumes. SAS Scandinavian Airlines Businesses reduced capacity during the quarter by 2.6% to further adjust the offering to demand. The load factor demonstrated a slightly positive trend during the quarter and rose by 0.3 percentage points to 69.9%. The yield was strong during the period and increased by 16% as a result of effective capacity control, low comparative figures and active yield management.

The business area's passenger revenue rose during the quarter by 9.7% to MSEK 7,654 (6,978), impacted by the positive yield trend. Currency-adjusted passenger revenues increased by 13.5%. Total revenue during the period rose by 9.1% to MSEK 9,137 (8,373).

Operating expenses fell during the quarter by 0.2% to MSEK 8,253 (8,268). Jet fuel costs declined by 2% to MSEK 1,533 (1,564) as a result of lower capacity. The unit cost for jet fuel rose by 13% (adjusted for volumes and currency). Payroll expenses declined by 1.7%. Handling costs fell by MSEK 67 to MSEK 1,210 (1,277) due to more efficient ordering. Costs for technical aircraft maintenance declined compared with the preceding year by MSEK 64.

As a result of the higher unit cost for jet fuel and lower percentage of capacity on intercontinental routes, the total currency-adjusted unit cost rose by 2.1% compared with the year-earlier period. Adjusted for higher fuel costs, the total unit cost fell by 0.2%.

The ECA joint venture with bmi, Lufthansa and Scandinavian Airlines had an impact on income of MSEK -157 (-130) in the first quarter, of which approximately MSEK 45 is a retroactive impact on income attributable to 2006. Earnings expectations from ECA in 2007 are expected to be in line with 2006 levels.

Due to the positive revenue trend and stable costs, operating income before depreciation and leasing costs (EBITDAR) improved by MSEK 779 and amounted to MSEK 884 (105).

Income before capital gains and nonrecurring items in the first quarter improved by MSEK 801 and amounted to MSEK -13 (-814).

Scandinavian Airlines Businesses, Total		January-March	
		2007	change
No. of passengers	(000)	5,843	+2.3%
Passenger km (RPK)	(mill.)	5,952	-2.2%
Seat km (ASK)	(mill.)	8,513	-2.6%
Load factor		69.9%	+0.3p.p.
Change in currency-adjusted yield		January-March	
Total		change vs. 2006	
Total		16.0%	
Change in currency and volume-adjusted unit cost			
Total unit cost, incl. charter ¹⁾		2.1%	
Operational unit cost, incl. charter ¹⁾		2.5%	

1) Higher fuel costs had a negative impact on unit cost of 2.3 percentage points.



SAS Braathens will change name to Scandinavian Airlines Norge on June 1, 2007.

(MSEK)	Jan-Mar 2007	Jan-Mar 2006
Passenger revenue	2,553	2,317
Other revenue	511	490
Total revenue	3,064	2,807
Total operating expenses	-2,614	-2,764
EBITDAR	450	43
Leasing costs	-250	-269
EBITDA	200	-226
Depreciation	-5	-10
EBIT	195	-236
Net financial items	3	6
Income before tax	198	-230
EBIT margin	6.4%	-8.4%
Average number of employees	2,464	2,664
EBT before nonrecurring items	198	-156

Traffic and production	Jan-Mar 2007	Change
Scheduled traffic		
No. of passengers (000)	2,212	+3.1%
RPK (mill.)	1,444	+0.5%
ASK (mill.)	2,233	-1.8%
Load factor	64.7%	+1.5p.p.
Yield, currency-adjusted		+14.0%
Total unit cost, incl. charter (local currency)		+2.3%
Charter traffic		
No. of passengers (000)	76	+10.3%

SAS Braathens' traffic rose by 0.5% in the first quarter. This increase is due to a strong trend in Norwegian domestic traffic, which rose by 6.9% partly as a result of irregularities in the preceding year. Traffic declined by 7.8% on European routes primarily due to capacity adjustments and the discontinuation of unprofitable routes. Capacity was reduced by a total of 1.8%, resulting in an improvement in the load factor of 1.5 percentage points to 64.7%.

The yield grew by 14% in the first quarter. Compared with the preceding year, SAS Braathens has transferred traffic from southern European routes with low yield to shorter routes. The yield was also positively impacted by effective capacity control, low comparative figures and active yield management. The unit cost rose by 2.3% during the quarter as a result of capacity adjustments and somewhat higher fuel costs.

Passenger revenue during the quarter rose by 10.2% and amounted to MSEK 2,553 (2,317) due to the higher number of passengers and positive yield. Total revenue rose by 9.2% and amounted to MSEK 3,064 (2,807). Operating expenses fell by 5.4% during the period and amounted to MSEK 2,614 (2,764).

EBITDAR improved by MSEK 407 and amounted to MSEK 450 (43) in the first quarter. This improvement is due to a stable traffic trend and a lower income level for the preceding year due to irregularities.

Income before capital gains and nonrecurring items improved by MSEK 354 and amounted to MSEK 198 (-156).



Scandinavian Airlines

Scandinavian Airlines Denmark

(MSEK)	Jan-Mar 2007	Jan-Mar 2006
Passenger revenue	2,178	1,981
Other revenue	425	332
Total revenue	2,603	2,313
Total operating expenses	-2,431	-2,395
EBITDAR	172	-82
Leasing costs	-171	-207
EBITDA	1	-289
Depreciation	0	0
EBIT	1	-289
Net financial items	2	0
Income before tax	3	-289
EBIT margin	0%	-12.5%
Average number of employees	2,132	1,717
EBT before nonrecurring items	3	-289

Traffic and production	Jan-Mar 2007	Change
Scheduled traffic		
No. of passengers (000)	1,845	+1.4%
RPK (mill.)	1,299	-1.0%
ASK (mill.)	1,995	-0.0%
Load factor	65.1%	-0.6p.p.
Yield, currency-adjusted		+12.7%
Total unit cost, incl. charter (local currency)		-2.9%
Charter traffic		
No. of passengers (000)	94	+70.4%

Scandinavian Airlines Denmark's number of passengers increased by 1.4% in the first quarter and amounted to 1.8 million. Growth was primarily reported on intra-Scandinavian routes, which are short, and routes to larger European cities. Traffic, RPK, fell by 1% and capacity remained unchanged, which led to a decrease of 0.6 percentage points in the load factor to 65.1%. Traffic was impacted negatively by the snow storm on February 21-24 that resulted in the cancellation of 469 flights.

The number of passengers rose substantially during the preceding year due to the new business model. Scandinavian Airlines Denmark focused on maintaining this positive trend in the first quarter of 2007 and increasing yield. The yield rose by 12.7% in the first quarter due to effective capacity control, low comparative figures and active yield management. The unit cost fell by 2.9% during the period.

Passenger revenue increased by 9.9% to MSEK 2,178 (1,981) compared with 2006, attributable to the positive yield trend and higher number of passengers. Total revenue during the quarter amounted to MSEK 2,603 (2,313). Operating expenses grew as a result of higher jet fuel costs and expanded charter capacity, and amounted to MSEK 2,431 (2,395).

EBITDAR improved by MSEK 254 during the quarter and amounted to MSEK 172 (-82) due to the positive revenue trend combined with stable costs. Income before tax amounted to MSEK 3 (-289), an improvement of MSEK 292.

Scandinavian Airlines Denmark will open new routes to Pristina and to Kangerlussuaq (Søndre Strømfjord) in Greenland during the first half of 2007.



Scandinavian Airlines

Scandinavian Airlines Sverige

(MSEK)	Jan-Mar 2007	Jan-Mar 2006
Passenger revenue	1,715	1,462
Other revenue	439	407
Total revenue	2,154	1,869
Total operating expenses	-1,853	-1,763
EBITDAR	301	106
Leasing costs	-137	-182
EBITDA	164	-76
Depreciation	-1	-1
EBIT	163	-77
Net financial items	-2	-7
Income before tax	161	-84
EBIT margin	7.6%	-4.1%
Average number of employees	1,672	1,446
EBT before nonrecurring items	161	-84

Traffic and production	Jan-Mar 2007	Change
Scheduled traffic		
No. of passengers (000)	1,502	+5.9%
RPK (mill.)	1,116	+8.8%
ASK (mill.)	1,623	+2.7%
Load factor	68.8%	+3.9p.p.
Yield, currency-adjusted		+7.6%
Total unit cost, incl. charter (local currency)		+3.6%
Charter traffic		
No. of passengers (000)	88	-5.4%

Scandinavian Airlines Sverige's traffic rose by 8.8% in the first quarter compared with the year-earlier period. Capacity rose by 2.7% and the load factor improved by 3.9 percentage points to 68.8%. The number of passengers increased by 5.9% during the period. The load factor on Swedish domestic flights in the first quarter was 73.1%, an increase of 6.5 percentage points compared with the preceding year. On intra-Scandinavian routes, the load factor during the quarter was 65.7%, a decline of 1.9 percentage points over the preceding year. The load factor on European routes reported an increase of 3.2 percentage points compared with the year-earlier period.

The yield had a positive trend in the first quarter and rose by 7.6% as a result of effective capacity control, low comparative figures and active yield management. The unit cost rose by 3.6% during the period partly due to reduced charter capacity.

Passenger revenue increased by 17.3% to MSEK 1,715 (1,462) in the first quarter, as a result of positive yield and higher volumes. Total revenue rose by 15.2% to MSEK 2,154 (1,869).

EBITDAR improved by MSEK 195 compared with the preceding year and amounted to MSEK 301. This positive trend is a result of the favorable traffic performance and stable costs. Income before tax improved by MSEK 245 compared with the year-earlier period and amounted to MSEK 161 (-84).

During the first half of 2007, Scandinavian Airlines Sverige will launch new routes from Stockholm to Bergen, Bristol, Glasgow, Malaga, Munich, Palma de Mallorca, Reykjavik, Trondheim and Vienna.



Scandinavian Airlines

Scandinavian Airlines International ¹⁾

(MSEK)	Jan-Mar 2007	Jan-Mar 2006
Passenger revenue	1,210	1,227
Other revenue	384	365
Total revenue	1,594	1,592
Total operating expenses	-1,629	-1,628
EBITDAR	-35	-36
Leasing costs	-169	-190
EBITDA	-204	-226
Depreciation	-1	-1
EBIT	-205	-227
Net financial items	8	-7
Income before tax	-197	-234
EBIT margin	-12.9%	-14.3%
Average number of employees	800	563
EBT before nonrecurring items	-197	-234

Traffic and production	Jan-Mar 2007	Change
Scheduled traffic		
No. of passengers (000)	283	-13.0%
RPK (mill.)	2,093	-9.4%
ASK (mill.)	2,661	-7.9%
Load factor	78.6%	-1.3p.p.
Yield, currency-adjusted		+13.3%
Total unit cost, incl. charter (local currency)		+6.0%

¹⁾ Pertains to intercontinental traffic.

The traffic trend in the first quarter was in line with expectations and Scandinavian Airlines International reduced capacity by 7.9%, primarily due to the introduction of product adjustments. Traffic fell by 9.4%. The load factor declined by 1.3 percentage points to 78.6%.

SAS Business Sleepers have now been installed on all Airbus A330/A340s and the greater comfort levels were very well received by customers. With the installation of these Business Sleepers, the number of seats in Business Class has decreased, meaning that capacity has been reduced and capacity utilization has increased.

The yield had a positive trend in the first quarter and rose by 13.3% as a result of a positive mix and fuel surcharges. The unit cost rose by 6% during the period due to higher jet fuel costs, cancelled flights and product improvements with more comfortable and fewer seats in Business Class.

Winter is normally seasonally weak for intercontinental traffic, which is attributable to lower volumes over the North Atlantic. Total revenue during the quarter was in line with the preceding year despite reduced capacity and amounted to MSEK 1,594 (1,592). Passenger revenue amounted to MSEK 1,210 (1,227), a decline of 1.4%. EBITDAR improved by MSEK 1 to MSEK -35 (-36). Income before tax improved by MSEK 37 and amounted to MSEK -197 (-234).

A new direct route between Stockholm and Beijing was launched in March and a second departure between Copenhagen and New York will be launched on May 20. In October 2007, new routes will be launched between Stockholm-Bangkok and Copenhagen-Dubai.

SAS Individually Branded Airlines

Statement of income

(MSEK)	2007	January-March 2006
Passenger revenue	2,859	2,529
Freight revenue	36	36
Charter revenue	313	486
Other traffic revenue	145	97
Other revenue	353	366
Revenue	3,706	3,514
Payroll expenses	-822	-788
Selling costs	-72	-99
Jet fuel	-735	-732
Government user fees	-499	-490
Catering costs	-131	-133
Handling costs	-247	-267
Technical aircraft maintenance	-445	-299
Computer and telecommunications costs	-83	-67
Other operating expenses	-553	-443
Operating expenses	-3,587	-3,318
Income before depreciation and leasing costs, EBITDAR	119	196
Leasing costs for aircraft	-350	-367
Income before depreciation, EBITDA	-231	-171
Depreciation	-80	-82
Share of income in affiliated companies	12	2
Operating income, EBIT	-299	-251
Net financial items	-44	-30
SAS Individually Branded Airlines - Income before tax	-343	-281

Earnings performance

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

In the first quarter of 2007, the business area accounted for 23% of the SAS Group's operating revenue before Groupwide eliminations. During the period, the airlines in this business area carried 3.2 million passengers, up 12.3% compared with the preceding year. This increase is due to strong passenger growth in airBaltic (27.6%), Blue1 (15.7%) and Spanair (11.2%) as a result of newly opened destinations and higher frequencies. The number of passengers carried by Widerøe rose by 4.8%.

Total revenue in the first quarter of 2007 amounted to MSEK 3,706 (3,514), up 5.5%. The business area's passenger revenue rose by 13% and amounted to MSEK 2,859 (2,529) in the first quarter.

Operating expenses rose by MSEK 269 during the quarter to MSEK 3,587 (3,318). This increase was due to higher capacity. Jet fuel costs rose by MSEK 3 to MSEK 735 (732), up 0.4%.

The business area reported income before tax of MSEK -343 (-281) for the period, a decline of MSEK 62. This decrease is due to a weaker yield trend and slightly lower volumes for Spanair and airBaltic in January and February. Spanair also incurred increased costs corresponding to approximately MSEK 140 for phasing out of aircraft and periodic maintenance expenses.

Traffic and production*	2007	January-March Change
Scheduled traffic		
No. of passengers (000)	3,245	+12.3%
RPK (mill.)	2,591	+17.3%
ASK (mill.)	4,331	+15.6%
Load factor	59.8%	+0.9p.p.

* Spanair, Widerøe, Blue1 and airBaltic.

Traffic results 2007				
January-March	Spanair	Widerøe	Blue1	airBaltic
Passengers	11.2%	4.8%	15.7%	27.6%
RPK	12.2%	5.6%	38.6%	32.5%
ASK	9.3%	-3.6%	37.8%	41.2%
Load factor	61.1%	57.6%	59.8%	55.4%
Load factor, change	+1.6p.p.	+5.0p.p.	+0.4p.p.	-3.6p.p.



(MSEK)	Jan-Mar 2007	Jan-Mar ¹⁾ 2006
Passenger revenue	1,639	1,475
Other revenue	519	588
Total revenue	2,158	2,063
Payroll expenses	-336	-326
Other operating expenses	-1,882	-1,640
Total operating expenses	-2,218	-1,966
EBITDAR	-60	97
Leasing costs	-250	-274
EBITDA	-310	-177
Depreciation	-29	-28
EBIT	-339	-205
Net financial items	-40	-30
Income before tax	-379	-235
EBIT margin	-15.7%	-9.9%
Average number of employees	3,268	3,259
EBT before nonrecurring items	-379	-235

¹⁾ Charter revenue and wetlease expenses have been reclassified.

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

Traffic and production	Jan-Mar 2007	Change
Scheduled traffic		
No. of passengers (000)	1,999	11.2%
RPK (mill.)	1,740	12.2%
ASK (mill.)	2,849	9.3%
Load factor	61.1%	+1.6p.p.
Yield, (EUR/RPK)		1.6%
Charter traffic		
No. of passengers (000)	189	-30%

Growth in Spanair continued in the first quarter and capacity increased by 9.3% compared with the year-earlier period. Growth was strongest on international routes. Traffic rose by 12.2%, which led to an increase of 2.4 percentage points in the load factor on Spanish domestic flights and an increase of 0.2 percentage points on international routes. Spanair carried 2 million passengers in the first quarter, an increase of 11.2% compared with the year-earlier period.

The yield rose by 1.6% in the first quarter.

Passenger revenue in the quarter was up 15.5% to MSEK 1,639 (1,475). Total revenue rose by 4.6% to MSEK 2,158 (2,063) due to reduced charter traffic. Operating expenses were up 12.8% and amounted to MSEK 2,218 (1,966). This increase is a result of higher capacity, periodic maintenance expenses and phase-out costs. Technical costs rose in the first quarter by MSEK 140, primarily due to the fact that technical maintenance is planned to take place during the low season and that Spanair phased out a number of MD80 aircraft during the period.

EBITDAR displayed a negative trend and amounted to MSEK -60 (97).

The first quarter is always seasonally weak and income before tax amounted to MSEK -379 (-235). Adjusted for periodic maintenance expenses, income remained unchanged compared with the preceding year.

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



(MSEK)	Jan-Mar 2007	Jan-Mar 2006
Passenger revenue	486	473
Other revenue	244	248
Total revenue	730	721
Payroll expenses	-262	-274
Other operating expenses	-364	-379
Total operating expenses	-626	-653
EBITDAR	104	68
Leasing costs	-23	-25
EBITDA	81	43
Depreciation	-37	-38
EBIT	44	5
Net financial items	-5	-7
Income before tax	39	-2
EBIT margin	6.0%	0.7%
Average number of employees	1,372	1,373
EBT before nonrecurring items	39	-2

Traffic and production	Jan-Mar 2007	Change
Scheduled traffic		
No. of passengers (000)	474	4.8%
RPK (mill.)	145	5.6%
ASK (mill.)	251	-3.6%
Load factor	57.6%	+5.0p.p.
Yield, (NOK/RPK)		1.5%
Total unit cost, incl. charter (local currency)		2.6%

Widerøe had a favorable traffic trend in the first quarter of 2007. Traffic rose by 5.6% compared with the year-earlier period, despite reductions in capacity of 3.6%. The load factor improved by 5 percentage points to 57.6%. This encouraging trend is a result of adjustments in the route network and proactive market activities.

The yield rose by 1.5% during the quarter primarily as a result of effective capacity control and shorter routes. The unit cost rose by 2.6% due to reduced capacity and higher jet fuel prices.

To offset this trend, Widerøe has identified MSEK 200 in cost measures that are being implemented. In addition, route changes were implemented and these will have a positive earnings effect in 2007.

Passenger revenue rose by MSEK 13 to MSEK 486 (473) in the first quarter of 2007 due to increased traffic. Total revenue was up MSEK 9 to MSEK 730 (721). Operating expenses fell by 4.1% to MSEK 626 (653) attributable to reduced capacity and a greater cost focus.

EBITDAR improved by MSEK 36 to MSEK 104 (68). This improvement is due to a higher load factor, positive yield trend and cost focus. Income before tax amounted to MSEK 39 (-2).

Widerøe has decided to phase in two 76-seater Dash 8 Q-400 aircraft that are to replace three 50-seater Dash 8-300 aircraft on the regional routes to/from Torp. This will generate substantially improved capacity during periods of high traffic and higher operational reliability.



(MSEK)	Jan-Mar 2007	Jan-Mar 2006
Passenger revenue	421	386
Other revenue	65	42
Total revenue	486	428
Payroll expenses	-76	-74
Other operating expenses	-369	-343
Total operating expenses	-445	-417
EBITDAR	41	11
Leasing costs	-39	-40
EBITDA	2	-29
Depreciation	-1	-3
EBIT	1	-32
Net financial items	0	6
Income before tax	1	-26
EBIT margin	0.2%	-7.5%
Average number of employees	513	460
EBT before nonrecurring items	1	-26

Traffic and production	Jan-Mar 2007	Change
Scheduled traffic		
No. of passengers (000)	433	15.7%
RPK (mill.)	329	38.6%
ASK (mill.)	550	37.8%
Load factor	59.8%	+0.4p.p.
Yield, (EUR/RPK)		-16.4%
Total unit cost, incl. charter (local currency)		-22.0%

Blue1's passenger numbers continued to increase (15.7%) in the first quarter of 2007. Domestic and European routes, in particular, contributed to the strong growth. Traffic rose by 38.6% and capacity was up 37.8% as a result of a focus on European routes. The load factor was 59.8%, an increase of 0.4 percentage points. The market shares for domestic routes increased and European routes had a higher occupancy rate compared with 2006.

The yield fell by 16.4% in the first quarter. This decline is due to longer flight distances and more intense price competition on Blue1's routes compared with the preceding year. The unit cost declined by 22% as a result of longer flight distances, the phasing-in of three MD-90 aircraft and continued cost focus.

The first quarter is the weakest quarter of the year in terms of earnings. Passenger revenue rose as a result of higher passenger volumes and amounted to MSEK 421 (386). Total revenue increased by 13.6% to MSEK 486 (428). Operating expenses rose as a result of higher capacity and amounted to MSEK 445 (417).

EBITDAR improved by MSEK 30 and amounted to MSEK 41 (11) during the period. This improvement is due to the positive traffic trend and cost control. Income before tax improved by MSEK 27 and amounted to MSEK 1 (-26).

In February, Blue1 launched an improved business concept, Economy Extra, in Scandinavia. Blue1's technical operations were localized to one aircraft hanger at Helsinki Vantaa Airport in March.



(MSEK)	Jan-Mar 2007	Jan-Mar 2006
Passenger revenue	313	251
Other revenue	52	36
Total revenue	365	287
Payroll expenses	-48	-38
Other operating expenses	-288	-237
Total operating expenses	-336	-275
EBITDAR	29	12
Leasing costs	-45	-27
EBITDA	-16	-15
Depreciation	-3	-2
EBIT	-19	-17
Net financial items	0	-1
Income before tax	-19	-18
EBIT margin	-5.2%	-5.9%
Average number of employees	853	729
EBT before nonrecurring items	-19	-18

Traffic and production	Jan-Mar 2007	Change
Scheduled traffic		
No. of passengers (000)	339	27.6%
RPK (mill.)	378	32.5%
ASK (mill.)	682	41.2%
Load factor	55.4%	-3.6p.p.
Yield, (LVL/RPK)		-0.7%
Total unit cost, incl. charter (local currency)		-6.3%

airBaltic's traffic rose by 32.5% in the first quarter of 2007 and the number of passengers was up 27.6% compared with the year-earlier period. This increase was attributable to new routes. At the same time, capacity rose by 41.2%, which resulted in a lower load factor with a decline of 3.6 percentage points to 55.4%. However, the load factor improved at the end of the period as a result of capacity adjustments.

The yield declined by a total of 0.7% in the first quarter. The unit cost fell by 6.3% partly as a result of longer flight distances and larger aircraft.

Passenger revenue rose by 24.7% to MSEK 313 (251) during the quarter. The increase was attributable to higher passenger volumes. Total revenue during the period amounted to MSEK 365 (287), up 27.2%. Operating expenses rose by 22.2% to MSEK 336 (275) as a result of expanded capacity.

EBITDAR improved by MSEK 17 to MSEK 29 (12). Leasing costs rose due to a higher number of aircraft and amounted to MSEK 45 (27). Income before tax declined by MSEK 1 and amounted to MSEK -19 (-18). This decline is attributable to the fact that increases in capacity in January and February were not absorbed by demand.

SAS Aviation Services

Statement of income

(MSEK)	January-March	
	2007	2006
Revenue	3,394	3,586
Payroll expenses	-1,514	-1,554
Handling costs	-242	-275
Technical aircraft maintenance	-679	-625
Computer and telecommunications costs	-105	-100
Other operating expenses	-890	-950
Operating expenses	-3,430	-3,504
Income before depreciation, EBITDA	-36	82
Depreciation	-60	-58
Share of income in affiliated companies	-4	-18
Operating income, EBIT	-100	6
Net financial items	-31	-16
SAS Aviation Services - Income before tax	-131	-10
EBT before nonrecurring items	-131	11

	SAS Ground Services		SAS Technical Services		SAS Cargo Group	
	January-March		January-March		January-March	
	2007	2006	2007	2006	2007	2006
Revenue	1,460	1,529	1,164	1,230	793	852
Of which, external revenue	19.7%	17.7%	12.5%	16.7%	98.5%	98.6%
Operating expenses	-1,436	-1,494	-1,214	-1,194	-803	-841
EBITDA	24	35	-50	36	-10	11
EBIT	3	12	-81	-4	-22	-1
EBIT margin	0.2%	0.8%	-7.0%	-0.3%	-2.8%	-0.1%
Income before tax	-2	10	-107	-13	-22	-5
Average number of employees	6,573	6,507	2,424	2,593	1,393	1,465
EBT before nonrecurring items	-2	10	-107	8	-22	-5

Earnings performance

The SAS Aviation Services business area comprises SAS Ground Services (SGS), SAS Technical Services (STS) and SAS Cargo Group. SGS is a full-service provider in ground handling and airport-related services. STS provides technical maintenance of aircraft within and outside the SAS Group. SAS Cargo is a leader in transporting freight in the Baltic region.

The business area's revenue declined by 5.4% in the first quarter of 2007 and amounted to MSEK 3,394 (3,586). This decline is attributable to the fact that STS and SGS were impacted by significant volume and price pressure. Operating expenses declined by MSEK 74. Income before capital gains and nonrecurring items fell by MSEK 142 and amounted to MSEK -131 (11).

SAS Technical Services' (STS) operating revenue for the first quarter amounted to MSEK 1,164 (1,230), a decline of 3% compared with the preceding year for comparable units (adjusted for BTS, which was divested in September 2006). External revenue declined during the same period by 2%. The decrease in operating revenue is primarily attributable to reduced demand for Airframe services in particular (heavy and base maintenance) from the SAS Group's airlines, and price reductions.

Lower revenue combined with STS's current major focus on delivery quality to airlines led to a substantial decline in earnings compared with the year-earlier period. Operating income before depreciation amounted to MSEK -50 (36).

Income before capital gains and nonrecurring items fell by MSEK 94 to MSEK -107 (-13).

STS expects continued low demand for the remainder of 2007 and will primarily direct focus on maintaining delivery quality.

SAS Ground Services' (SGS) operations underwent a less positive trend in the first quarter of 2007. SGS has made considerable progress in meeting market demands for efficient operations, but is now focusing intently on enhancing profitability and quality.

Operating revenue during the first quarter amounted to MSEK 1,460 (1,529), a decline of 4.5%, due to price reductions. Income before tax declined to MSEK -2 (10) and less extensive product orders.

In 2007, SGS signed new agreements with Malaysia Airlines at London Heathrow and with Air France/KLM in Aberdeen.

SAS Cargo's operating revenue declined by 6.9% and amounted to MSEK 792 (852) in the first quarter. This decrease is due to continued price pressure, lower volumes in Norway and currency effects. The decline in revenue is partly offset by the new agreements with Spanair and Air China. Income before capital gains and nonrecurring items fell by MSEK 16 and amounted to MSEK -22 (-5).

Definitions

Adjusted debt/equity ratio - Financial net debt plus seven times the net annual cost of operating leases for aircraft in relation to shareholders' equity including minority interests.

Adjusted equity/assets ratio - Shareholders' equity including minority interests in relation to total assets plus seven times the net annual cost of operating leases for aircraft.

AEA - The Association of European Airlines.

AOC - Airline Operator Certificate.

ASK, Available Seat Kilometers - The total number of seats available for passengers multiplied by the number of kilometers flown.

AV, Asset Value (adjusted capital employed) - Book shareholders' equity, plus minority interests, plus surplus value in the aircraft fleet, plus seven times the net annual cost of operating leases for aircraft, plus financial net debt, minus share of equity in affiliated companies. Can also be expressed as the book value of total assets, plus surplus value in the aircraft fleet, plus seven times the net annual cost of operating leases for aircraft, minus share of equity in affiliated companies, minus noninterest-bearing liabilities and interest-bearing assets, excluding net pension funds.

CAPEX (Capital Expenditure) - Future payments for aircraft on firm order.

Cash flow from operations - Cash flow from operating activities before change in working capital.

CFROI - Adjusted EBITDAR in relation to AV.

Debt/equity ratio - Financial net debt in relation to shareholders' equity and minority interests.

Earnings per share (EPS) - Net income for the period divided by the total number of shares.

EBIT (including capital gains) - Operating income.

EBIT margin - EBIT divided by total revenue.

EBITDA, Operating income before depreciation - Operating income before net financial items, tax, depreciation, share of income in affiliated companies and income from the sale of fixed assets.

EBITDAR, Operating income before depreciation and leasing costs - Operating income before net financial items, tax, depreciation, share of income in affiliated companies, income from the sale of fixed assets and leasing costs for aircraft.

EBITDAR margin - EBITDAR divided by total revenue.

Equity method - Shares in affiliated companies are taken up at the SAS Group's share of equity, taking acquired surplus and deficit values into account.

Equity/assets ratio - Shareholders' equity including minority interests in relation to total assets.

EV, Enterprise Value - Average market capitalization plus average financial net debt during the year and seven times the net annual cost of operating leases for aircraft.

Financial net debt - Interest-bearing liabilities minus interest-bearing assets, excluding net pension funds.

FTE - Full-time Equivalent.

Gross profit margin - Operating income before depreciation in relation to total revenue.

Interest coverage ratio - Operating income plus financial income in relation to financial expenses.

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

Net debt - Interest-bearing liabilities minus interest-bearing assets.

Return on capital employed (ROCE) - Operating income plus financial income in relation to average capital employed. Capital employed refers to total assets as specified in the balance sheet minus noninterest-bearing liabilities.

Return on equity - Net income for the period attributable to Parent Company shareholders in relation to average shareholders' equity, excluding minority interests.

Revenue Passenger Kilometers (RPK) - See RPK.

RPK, Revenue passenger kilometers - Number of paying passengers multiplied by the distance they are flown in kilometers.

Sale and leaseback - Sale of an asset (aircraft, building, etc.) that is then leased back.

TSR, Total Shareholder Return - Average total return.

Unit cost, operational - Airline operations' total operating expenses minus non-traffic related revenue per ASK.

Unit cost, total - Airline operations' total operating expenses including the capacity cost of aircraft minus non-traffic related revenue per ASK.

Unit revenue (yield) - Average traffic revenue per RPK.

Yield - See Unit revenue.

Important events

First quarter 2007

- Mats Jansson assumed the position of President and CEO on January 1, 2007.
- The SAS Group changed the structure and increased seasonal adjustments of its intercontinental operations. The new route between Stockholm and Beijing was launched on March 27. Shanghai was discontinued from April 2007. In addition, more frequencies will be added to New York and the seasonal routes Copenhagen-Dubai and Stockholm-Bangkok will be launched in October 2007.
- The SAS Group presented and introduced product and service innovations for its largest customer group – frequent flyers.
- The SAS Group sold SAS Flight Academy for MSEK 550 to STAR Capital Partners.
- Scandinavian Airlines Sverige announced the launch of 11 new direct routes during the first half of 2007.
- The SAS Group began offering passengers the opportunity to offset carbon dioxide emissions.
- Danish cabin crew undertook illegal industrial action on March 21, 2007.

Events after March 31, 2007

- SAS AB's Annual General Shareholders' Meeting resolved not to pay a dividend for the 2006 financial year. In addition, all members of the Board of Directors of SAS AB were reelected.
- SAS Braathens is changing its name to Scandinavian Airlines Norge from June 1st, 2007.
- Danish cabin crew undertook illegal industrial action on April 24-26, 2007.

Financial calendar:

Interim report 2, January-June 2007	August 9, 2007
Interim report 3, January-September 2007	November 8, 2007
Year-end report 2007	February 2008
Annual Report & Sustainability Report 2007	March 2008

All reports are available in English and Swedish and can be ordered from SAS, SE-195 87 Stockholm, telephone +46 8 797 00 00, fax +46 8 797 51 10. The reports can also be accessed and ordered via the Internet: www.sasgroup.net

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

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