

Interim report

January–September 2016



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- During the first nine months of the year, Swedavia's airports had 29.8 million (28.4)¹ passengers, which is a 4.8 per cent increase
- Net revenue totalled SEK 4,134 M (4,099)
- Operating profit totalled SEK 879 M (1,679) and profit for the period was SEK 669 M (1,265). Profit in 2016 was affected by a capital gain of SEK 146 M attributable to the sale of Göteborg City (Säve) Airport. Profit in 2015 was affected by a

capital gain of SEK 820 M. Operating profit excluding capital gains totalled SEK 733 M (859). The previous year includes operating profit from a property portfolio that was sold totalling SEK 117 M

KEY FINANCIAL DATA, GROUP²

	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
SEK M, unless otherwise indicated					
Net revenue	1,410	1,364	4,134	4,099	5,416
Operating profit	347	347	879	1,679	1,755
Operating profit, excluding capital gain	347	347	733	859	837
Operating margin, %	24.6	25.5	21.3	41.0	32.4
Operating margin, excluding capital gain, %	24.6	25.5	17.7	20.9	15.4
Profit for the period	257	230	669	1,265	1,410
Return on operating capital, %	8.9	13.7	8.9	13.7	14.5
Debt/equity ratio, times	0.6	0.7	0.6	0.7	0.7
Capital spending	594	266	1,297	690	1,120
Average number of employees	2,918	2,734	2,918	2,734	2,787
Passengers (m)	10.8	10.4	29.7	28.4	37.6
Operating costs per departing passenger, SEK	169.7	164.1	192.4	191.3	214.2
Commercial revenues per departing passenger, SEK	72.1	73.7	74.3	75.4	76.1

¹ Figures in parentheses are results for the corresponding period for the previous year, except for liquidity and financial position, where the comparison is with the opening balance for the previous year.

² For definitions, see page 18.

Strong growth points to new record

The strong growth in traffic continued during the third quarter. Passenger volume at Swedavia's ten airports during the first nine months of the year increased a total of 4.8 per cent. That means 1.4 million more passengers flew via one of Swedavia's airports compared to the same period in 2015. International travel showed stable growth, while domestic travel is again on the rise. The trend suggests an all-time passenger record for the full year 2016. Future forecasts also indicate sustained good growth. The increase in passengers has contributed to higher Aviation revenues. The positive trend in ground handling operations at the regional airports continued. However, in Commercial Services we saw lower retail sales per passenger. The main reasons for this are a change in purchasing behaviour and a change in the mix of destinations. Our challenge is to continue developing the commercial offering at the airports.

It is gratifying that our surveys indicate an increase in both customer and employee satisfaction. Customer satisfaction reached a new record of 78 per cent, 2 percentage points better than in 2015. For employees, the figure for engaged leaders and employees is 64 per cent, which is better than the external benchmark. Swedavia's target is 75 per cent.

NEW VENTURES ENHANCE ACCESS

The work to attract new airlines and routes is producing results. Using well designed surveys, we show airlines that there is good potential for new business. Passengers are responding very well to the new routes, and demand is increasing even faster than the airlines' capacity for growth. Our aviation marketing department was well received at the international World Route Development Forum held in Chengdu, China in September

During the quarter, four new low cost carriers announced they would set up operations at Stockholm Arlanda Airport, enhancing competitiveness and access to international destinations.

HIGH INVESTMENT RATE INCREASES CAPACITY

Growth is challenging the infrastructure of all our airports. During the summer, check-in counters and baggage handling facilities had a heavy load at times. Thanks to engaged airport employees, passengers received good service. To meet passenger growth and ensure long-term growth, a number of major construction projects are being carried out to increase capacity. This is reflected in the Group's capital spending, which increased to SEK 1,297 M for the first nine months of the year, SEK 607 M higher than in 2015.

It is clear to visitors at our airports that we are investing so that we can offer service of a high international standard. Stockholm Arlanda Airport's long-term development programme includes an overhaul of the airside area. The airport maintenance facilities are being relocated to make way for future capital spending projects. We are building to handle more and larger aircraft types and to attract new intercontinental direct routes.

The construction of the new office complex Sky City Office One will create a hub in the Airport City now taking shape. The next step is a new hotel with some 460 rooms. In October, we announced that Nordic Choice Hotels will be the hotel operator.

To ensure Stockholm's overall air capacity, the biggest investments in modern times, totalling SEK 1,500 M, are being



made in Bromma Stockholm Airport. The City of Stockholm has approved a building permit, which means we are now constructing a new arrival hall. As a result, capacity will rise to 3 million passengers a year.

The first phase of Göteborg Landvetter Airport's expansion is in full swing. The arrival hall expansion will be finished next year.

DELIVERY OF RENEWABLE AVIATION FUEL

After the end of the period came the good news that the UN body the International Civil Aviation Organization (ICAO) passed a resolution on a global scheme for emission credits to reduce aircraft emissions. The system caps carbon dioxide emissions at their 2020 level. Aviation is global, and Swedavia believes that climate issues are handled most effectively environmentally at the international level. As a result of the ICAO decision, aviation offsets will reduce emissions in other sectors of society. Technological advances and investments in renewable fuels ensure that emissions from the aviation industry will also be reduced going forward.

One of Swedavia's most important environmental projects is to support the transition to renewable aviation fuel. The industry's focus is on fossil-free domestic aviation by 2030. A crucial step will be taken before the end of the year, when Swedavia receives its first delivery of renewable aviation fuel, thereby enabling us to carry our decision into effect to have our 15,000 annual flights for business purposes use renewable aviation fuel. This is an historical milestone that we hope will inspire other operations. We are still also well ahead of schedule on reaching our environmental target of zero emissions of fossil carbon dioxide by 2020. In the years ahead, Swedavia's entire fleet of vehicles will be powered by electricity or fossil-free fuel.

APPROACH TO FUTURE AIRPORT CAPACITY

In late September, we submitted a response in consultation on an inquiry concerning Stockholm's future airport capacity. To prepare for operations beyond 2040, a decision is needed on the approach to issues such as the number of runways at Stockholm Arlanda Airport and enhancement of both international and domestic capacity in the Stockholm region. Given the long lead times, we share the coordinator's conclusion that work should begin soon for a policy decision on the approach to the future of Bromma Stockholm Airport after 2038. This is important so that we can continue to plan for and finance the measures needed to ensure future growth opportunities for Sweden and the Stockholm region and contribute to Sweden's international competitiveness.

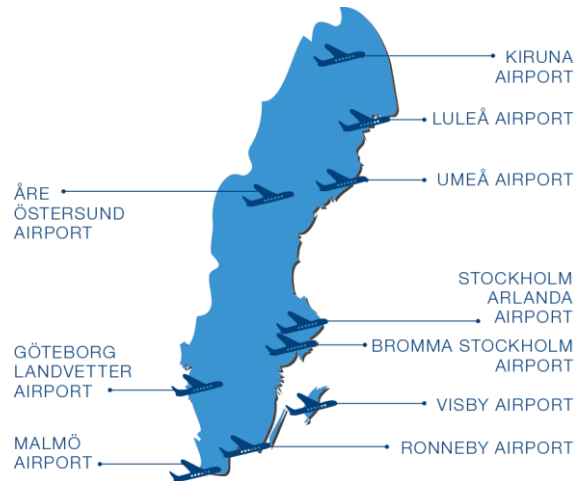
In October, the Swedish government's infrastructure proposal was presented. Regarding aviation, the important issue highlighted was capacity in ground transport links to Stockholm Arlanda Airport. We welcome the government's proposed investment in expanded capacity around major cities, which is in line with Swedavia's view that the expansion of regions through coordination of transport modes is vital to Swedish access.

Karl Wistrand
President and CEO

About Swedavia

Swedavia's customers are passengers, airlines and tenants. Passengers are offered inspiring environments and destinations, airlines are offered reliable, efficient infrastructure, and tenants are offered functional premises in an attractive setting that generates business opportunities.

The air travel industry and the access this creates today contribute more than SEK 130 billion a year to Swedish GDP as well as 180,000 jobs throughout the country. The air travel industry also has great responsibility in environmental terms. In the past few decades, significant technological advances have led to a reduction in the environmental impact of air travel. This trend continues, with modern aircraft fleets and the gradual phase-in of renewable fuels being important milestones. Swedavia's goal is zero emissions of fossil carbon dioxide from its own operations by 2020, and the company is ahead of schedule in meeting this goal.



SUSTAINABLE DEVELOPMENT AS STRATEGIC FOCUS

Swedavia's strategic focus is based on three sustainability dimensions – social development, economy and environmental concern – combined with a focus on customers.



OUR TARGETS

	Actual** 2016-09-30	Targets 2016	Sustainability targets, 2020
Satisfied passengers (ASQ), %	78 %	82 %	85 %
Engaged leaders and employees (ELE)*	64 %	n/a	75 %
Return on operating capital, %	8,9 %	7 %	7 %
Carbon dioxide emissions, tonnes	2 700	4 200	0

*Swedavia has changed its method of measurement and instead monitors "Engaged leaders and employees". No target for 2016 has been set.
** The actual figure is for 12 rolling months.

Mission	Swedavia is a State-owned company that owns, operates and develops Sweden's national basic infrastructure of airports – a network of airports that connects the whole country with the rest of the world. Our role is to create the access Sweden needs to facilitate travel, business and meetings.	Business concept	We at Swedavia create added value for our customers through attractive airports and access. Together with our partners, we continually develop our business.
Vision	Together we bring the world closer. Swedavia's operations give Sweden access and enable people who live in Sweden to experience the world. Together with our partners and employees, we create an experience that makes passengers want to return, time and time again. Swedavia brings the world closer.	Values	<ul style="list-style-type: none"> <li style="width: 50%;">➔ Reliable <li style="width: 50%;">➔ Innovative <li style="width: 50%;">➔ Engaged <li style="width: 50%;">➔ Welcoming



Important events

January–September

ENVIRONMENTAL PERMIT

In January, Stockholm Arlanda Airport placed its new environmental permit in operation. This means that the airport is running operations full out in line with the rulings issued by the Land and Environmental Court in 2013 and the Land and Environmental Court of Appeal in 2014. In May, Stockholm Arlanda Airport submitted trial period studies to the Land and Environmental Court concerning deferred issues related to a steeper glide path and changes in runway use patterns. The studies were then sent out to municipalities, county administrative boards, other authorities and aviation noise groups for their responses. Swedavia is now preparing a response to the views submitted. In June, the Land and Environmental Court rejected an application from Swedavia about Condition 5 regarding the handling of low-speed traffic. Swedavia appealed the decision to the Land and Environmental Court of Appeal and has been granted a leave to appeal. A hearing is planned for January 2017.

In late April, the Land and Environmental Court of Appeal issued Göteborg Landvetter Airport a permit for 90,000 aircraft movements a year in a ruling on the airport's environmental permit. As a result, the court reduced the number of movements from 120,000 specified in the environmental permit from the Land and Environmental Court in June 2015. According to Swedavia's forecast, the airport will go from about 70,000 movements in 2015 to about 90,000 movements in 2025. In addition to the adjustment in movements, the Land and Environmental Court of Appeal also changed the possibility of aircraft leaving fixed flight paths after taking off from Göteborg Landvetter. Swedavia has therefore decided to appeal the ruling to the Supreme Court in the hope of being granted an environmental permit that can handle long-term development at the airport. The Supreme Court has not yet ruled whether it will grant a leave to appeal.

LOWERED AIRPORT CHARGES

In January, Swedavia decided to reduce airport charges by an average of 0.8 per cent as of April 1, 2016. The Swedish Aviation Industry Group appealed the decision to the Swedish Transport Agency (STA), which examined the matter and issued a ruling April with no objections. As a result, Swedavia implemented the reduction as of April 16. Compared to other airports, the charges at Swedavia's airports are very competitive and are estimated to be 20 per cent lower on average than at competing comparable airports in northern Europe. However, legal proceedings continue since the STA's ruling has also been appealed.

RENEWED INCENTIVE PROGRAMME FOCUSED ON RENEWABLE AVIATION FUEL

In March, Swedavia launched a new incentive programme for airline customers. As part of the programme, which is aimed at stimulating Swedish access, Swedavia offers financial support for airlines that choose renewable fuel. Airlines can get financial support to fund the additional cost that the purchase of renewable aviation fuel entails today.

In June, Swedavia took another step toward its vision of fossil-free domestic air travel in Sweden. The Fly Green Fund was awarded the contract of delivering renewable aviation fuel equal to the amount used in Swedavia's business travel. Swedavia will contribute SEK 10 M a year to the Fly Green Fund, which is expected to reduce fossil carbon dioxide emissions by 1,400 tonnes.

ANNUAL GENERAL MEETING

On April 28, Swedavia AB's Annual General Meeting decided on a dividend of SEK 0.161 per share, for a total of SEK 232,065,887. At the AGM, Åke Svensson, CEO of Teknikföretagen, was elected as a new board member and chairman of the board. He replaced the departing board member and chairman of the board Ingemar Skogö. The other board members were re-elected.

GÖTEBORG CITY (SÄVE) AIRPORT

In May, Göteborg City (Säve) Airport was sold to Serneke Group AB in accordance with the declaration of intent Swedavia signed in August 2015 for the takeover. In the agreement signed, Serneke Group AB undertakes to carry out its operations at the airport in a way that enables emergency services for the national emergency (112) call system to operate for a period of at least fifteen years and enables general aviation that does not need runways longer than 1,000 metres for a period of five years. Swedavia can thus concentrate its efforts to secure the region's access to Göteborg Landvetter Airport.

NEW PRESIDENT AND CEO

In July, Jonas Abrahamsson, the CEO of E.ON Nordic since 2010, was appointed the new president and CEO of Swedavia. Mr Abrahamsson will assume his duties in January 2017 at the latest. Karl Wistrand will remain as acting CEO until Mr Abrahamsson assumes his duties.

US PRECLEARANCE

In July, the Swedish government appointed Stefan Mann, police commissioner of the County of Östergötland, to be the special investigator for the introduction of US preclearance at Stockholm Arlanda Airport. The assignment entails Mr Mann submitting proposals concerning how agreements with the US on US border control at Stockholm Arlanda will be implemented in Swedish law.

STOCKHOLM'S AIRPORT CAPACITY

In late September, Swedavia submitted its response in consultation to the government's coordinator on Stockholm's airport capacity. Swedavia shares the coordinator's view that discussions should begin soon so a policy decision can be made on the long-term approach to Stockholm's future air capacity.

Events after the end of the period

UN DECISION ON AVIATION EMISSIONS

The UN body the International Civil Aviation Organization (ICAO) passed a resolution in early October on a global scheme to reduce aircraft emissions. As a result of the decision, the scheme will cap greenhouse gas emissions at their 2020 level, in line with UN climate targets. Swedavia views the ICAO decision very favourably. The global aviation industry, including Swedavia, has long emphasised that aviation is a global transport mode.

HOTEL OPERATOR CHOSEN

Nordic Choice Hotels will be the operator of Stockholm Arlanda Airport's major new hotel. The hotel is expected to have some 460 rooms and will be a modern alternative to business hotels at the airport, offering everyday luxury standards. The hotel is an important piece of the puzzle in the construction of the new Airport City.

Passenger trends

January–September

Passenger volume increased 4.8 per cent during the first nine months of the year. The number of international passengers was up 5.5 per cent while the number of domestic passengers was up 3.5 per cent. Demand for international travel has remained strong, and the range of air links on offer has been enhanced, which had a positive effect on passenger volume. Domestic travel has also increased during the year, which illustrates the important role aviation plays in a geographically large country like Sweden. Overall the passenger load factor remained at a high level during the first nine months of the year.

Despite some turbulence around the world in 2016, the macroeconomic situation in Sweden continued to improve. Because of factors such as higher employment and the low interest rate environment, purchasing power remains strong for a large part of the population. This is reflected in the high level of international travel, and a number of airlines have continued to expand their services at Swedavia's airports. The number of visitors arriving in Sweden has increased all year long. Better access to Sweden by air is an important factor in this growth.

In intercontinental scheduled operations, passenger volume has continued to rise in 2016. New direct routes from Stockholm Arlanda Airport to Hong Kong and Los Angeles led to increased intercontinental volumes for both passengers and cargo compared to 2015. Charter traffic overall fell somewhat at Swedavia's airports. One explanation is reduced demand for holiday trips to Turkey, which has not been fully offset by increases in demand to other countries.

Seasonally adjusted passenger volume shows that international travel continued to hit record levels in 2016, while domestic travel is also at historically high, stable levels.

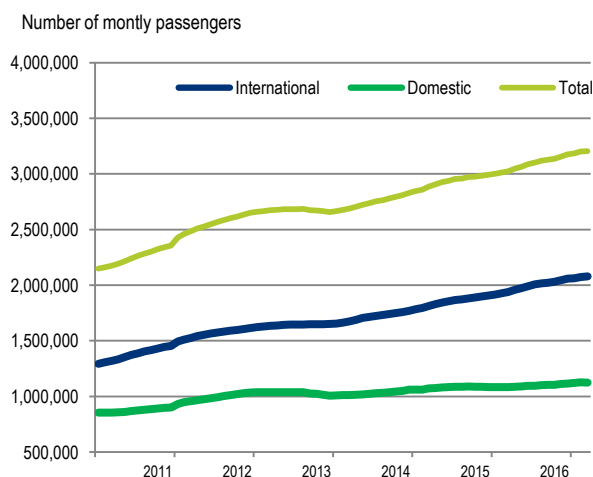
July–September

The third quarter saw passenger growth of 4.4 per cent at Swedavia's airports. Passenger volume increased to all the major countries except Turkey and France. There were especially large volume increases for Germany and Spain.

Demand for flights during the third quarter remained at a high level despite events around the world during the first half of the year. During the quarter, there were no specific events that affected the trend in the aviation market. Demand for flights was strong overall, which means that airlines continue to invest in the Swedish market. During the third quarter, a number of airlines decided to introduce or expand service going forward.

PASSENGER TRENDS – SWEDAVIA

ROLLING 12-MONTH TREND, APRIL 2010 THROUGH SEPTEMBER 2016



PASSENGER VOLUMES

- SWEDAVIA'S THIRD QUARTER AND FIRST NINE MONTHS OF 2016

Passengers	Number of passengers Jul-Sep			Number of passengers Jan-Sep		
	2016	2015	Percent change	2016	2015	Percent change
International	7,587,000	7,231,000	4.9%	19,688,000	18,657,000	5.5%
Domestic	3,244,000	3,141,000	3.3%	10,058,000	9,716,000	3.5%
Total	10,831,000	10,372,000	4.4%	29,746,000	28,373,000	4.8%

Economic overview

Financial performance

JANUARY-SEPTEMBER

Consolidated net revenue for the period totalled SEK 4,134 M (4,099), which is an increase of SEK 35 M or 1 per cent compared to 2015.

Revenue from Aviation Business totalled SEK 2,579 M (2,475) which is an increase of SEK 104 M. Passenger-related revenue did not increase at the same pace as passenger volume due to the price reductions implemented and a growing percentage of transfer passengers, which entails lower average revenue per passenger. As a result of increased passenger volume, more discounts were also provided within the scope of the airline incentive programme. Compensation for more stringent security requirements and increased sales of de-icing, apron and passenger services helped to increase revenue in Aviation Business.

Revenue from Commercial Services totalled SEK 1,525 M (1,606), which is a decrease of SEK 81 M. The property portfolio sold in June 2015 led to a 143 SEK M reduction in rental income during the first half of the year.

Revenue from car parking and parking facilities increased SEK 36 M as a result of the passenger increase. Revenue from retail, food & beverage was unchanged compared to the previous year, due to a decline in average sales per passenger. Commercial revenue per departing passenger totalled SEK 74.3 (75.4). The decrease in sales is mostly due to a change in the mix of destinations, which led to lower tax- and duty-free sales, and a change in passengers' purchasing behaviour.

Other operating revenue totalled SEK 179 M (855) and consists mostly of a capital gain attributable to the sale of Göteborg City Airport totalling SEK 146 M. Last year's sale of a property portfolio generated a capital gain of SEK 820 M.

External costs were SEK 105 M higher compared to the previous year. Higher costs attributable to higher passenger volumes and expanded security checkpoints had an adverse impact, as did higher costs attributable to the sale of services in the Real Estate segment. The sale of the property portfolio last year and downscaled operations at Göteborg City (Säve) Airport led to lower costs. In conjunction with the sale of Göteborg City Airport, a reversal of an environmental provision had a positive effect on costs of SEK 25 M

Staff expenses increased SEK 50 M. The change is explained by an increase in operational staff at the airports to handle the increase in passengers, expanded ground handling operations and increased passenger volume. Higher staff expenses are also explained by increased resources for development projects and the effect of annual salary reviews. Staff expenses attributable to Göteborg City Airport were lower compared to the previous year. The financial metric of operating costs per departing passenger was SEK 192.4 (191.3).

Depreciation, amortisation and impairment losses increased SEK 20 M compared to the previous year, which is explained by an increase in investments.

Consolidated operating profit was SEK 879 M (1,679). Operating profit in 2016 was affected by a capital gain of SEK 146 M attributable to the sale of Göteborg City Airport. The operating margin was 21.3 per cent (41.0). Operating profit in 2015 was affected by a capital gain of SEK 820 M attributable to the sale of the property portfolio. Operating profit excluding capital gains totalled SEK 733 M (859). Last year includes operating profit from operations sold of SEK 117 M.

JULY-SEPTEMBER

Consolidated net revenue for the third quarter totalled SEK 1,410 M (1,364), which is an increase of SEK 46 M or 3.4 per cent compared to last year.

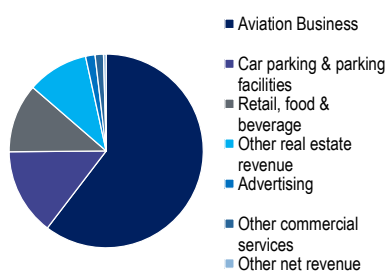
Operating profit totalled SEK 347 M (347). The operating margin was 24.6 per cent (25.5).

Aviation revenue totalled SEK 880 M (848), which is an increase of SEK 32 M. The higher revenue is explained by the increase in passenger volume.

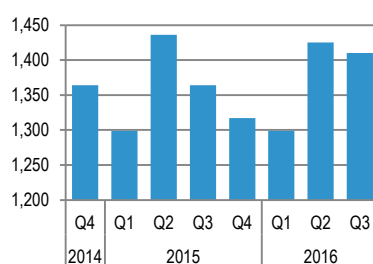
Revenue from Commercial Services during the third quarter totalled SEK 519 M (511), which is SEK 8 M more than last year. The increase in passenger volume led to higher revenue in Commercial Services. The average sale per passenger decreased, which is why the rate of increase did not correspond to the increase in passenger volume.

BREAKDOWN OF NET REVENUE

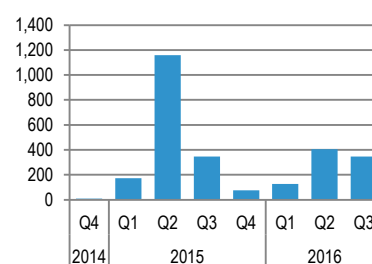
Jan-Sep 2016



NET REVENUE



OPERATING INCOME



Net financial items

Net financial items for the period January to September totalled SEK -65 M (-258). The share of profit from joint ventures had a positive effect on net financial items of SEK 46 M (0). Net financial items last year were adversely affected by a non-recurring charge of SEK 106 M attributable to the early settlement of interest rate derivatives. Underlying interest expenses were lower than last year due to decreased borrowings.

During the third quarter, net financial items totalled SEK -22 M (-47). The share of profit from joint ventures had a positive effect on net financial items of SEK 15 M (1).

Profit for the period

Profit before tax for the period January to September totalled SEK 815 M (1,421), and profit for the period totalled SEK 669 M (1,265).

Profit before tax for the third quarter totalled SEK 325 M (299), and profit for the period totalled SEK 257 M (230).

Capital spending

During the period January to September, investments totalled SEK 1,297 M (690). Important investments during the period were for development programmes to expand capacity at Stockholm Arlanda Airport and Göteborg Landvetter Airport. Investments were also made for the safety classification of the runway system at Bromma Stockholm Airport, as well as maintenance and capacity expansion measures at other airports.

Investments during the third quarter totalled SEK 594 M (266).

Cash flow

Cash flow for the first nine months of the year totalled SEK 253 M (-29). Cash flow from operating activities was SEK 1,197 M (974), which is SEK 223 M better compared to the same period last year. The change is explained mostly by a decrease in operating capital driven by increased trade receivables attributable to higher operating costs and capital spending.

Cash flow from investing activities was SEK -1,013 M (2,374). Cash flow from investing activities was positively affected by the liquid assets received for the sale of Göteborg City Airport and the sale of land to a joint venture with Bockasjö. Last year's cash flow was positively affected by SEK 3,854 M attributable to the sale of the property portfolio, while the acquisition of shares in a joint venture had a negative effect of SEK 790 M.

Cash flow from financing activities was SEK 69 M (-3,377). The difference is explained by a repayment of loans in conjunction with the Maverick transaction in 2015. Payment of the dividend adopted at the AGM had a negative effect of SEK 232 M and borrowings raised had a positive effect.

Cash flow for the third quarter totalled SEK 81 M (-2,972). The change compared to last year is explained mostly by the large volume of loans repaid last year.

Liquidity and financial position

Consolidated equity at the end of September was SEK 7,243 M (6,863).

Swedavia's borrowings at the end of the period totalled SEK 3,998 M, which is an increase of SEK 293 M. Swedavia's loan liabilities are divided into corporate notes of SEK 3,048 M and commercial paper of SEK 950 M. Liquid assets increased SEK 253 M and totalled SEK 259 M. The increase in liquid assets is explained by temporary fluctuations in payment flows. The debt/equity ratio was 0.6, which fell since year-end, when the figure was 0.7.

On the balance sheet date, Swedavia had credit facilities totalling SEK 700 M, divided into a loan commitment of SEK 500 M and an overdraft facility of SEK 200 M. The overdraft facility was not used at the end of the period.

Employees

The average number of employees for the period October 1, 2015, to September 30, 2016 was 2,918 (2,734). The change is explained by an increase in operational staff at the airports to handle the passenger increase, changes in security requirements and increased resources in development projects.

Risks and uncertainty factors

Risk is defined here as an event that affects the Group's prospects of achieving its operational goals and implementing its strategies. Swedavia works continuously to map, monitor and manage risks in its operations. Risk analyses are performed and reported to the Board of Directors on a quarterly basis. Swedavia's significant risks are described in the Annual Report 2015 on pages 46-48 and in Note 46. To mention a few, Swedavia's risks include necessary investments in increased infrastructure, financial instability of airlines, extreme incidents and political decisions that could affect operations.

The new environmental permit for Stockholm Arlanda Airport has reduced the risk associated with environmental permits. Swedavia's operations are affected by the general economic trend, and a downturn could have a negative effect on Swedavia in the form of lower demand for air travel and thus lower revenue. Other external factors could also affect Swedavia's performance.

Parent Company

Performance and financial position

The Parent Company's net revenue for the period January to September totalled SEK 4,095 M (3,943), which is an increase of SEK 152 M. Operating profit totalled SEK 659 M (665) and the operating margin was 16.1 per cent (16.9). Operating profit was positively affected by a capital gain attributable to the sale of land of SEK 19 M. Profit before tax was SEK 1,322 M (866) and profit for the period was SEK 1,196 M (794). Dividends from subsidiaries had a positive effect of SEK 757 M (483).

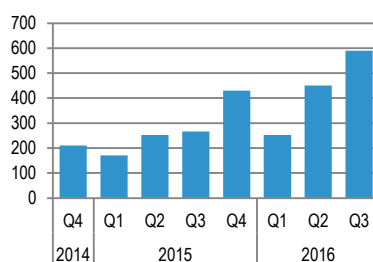
During the third quarter, the Parent Company's net revenue was SEK 1,401 M (1,357), which is an increase of SEK 44 M. Operating profit was 305 M (311) and the operating margin was 21.8 per cent (22.9). Operating profit was positively affected by a capital gain attributable to the sale of land of SEK 19 M. Profit before tax was SEK 274 M (264) and profit for the period was SEK 213 M (241).

SWEDAVIA'S FINANCIAL TARGETS

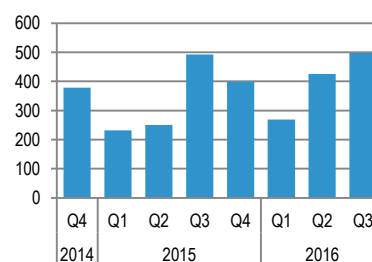
2016-09-30

	Actual	Targets
Return on operating capital, %	8.9	7.0
Debt/equity ratio, times	0.6	1-1,5

CAPITAL SPENDING



CASH FLOW FROM OPERATING ACTIVITIES



Income statement

Amounts in SEK M	Note	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
Net revenue	2.7	1,410	1,364	4,134	4,099	5,416
Other operating revenue		23	5	179	855	965
Work performed by the company for its own use and capitalised		27	22	87	69	94
External expenses		-495	-446	-1,550	-1,444	-2,121
Staff expenses		-388	-375	-1,282	-1,232	-1,675
Depreciation/amortisation and impairment losses on tangible fixed assets and intangible non-current assets		-229	-223	-688	-668	-915
Other operating expenses		0	-1	-1	-1	-9
Operating profit	2	347	347	879	1,679	1,755
Income from financial items						
Income from holdings in associated companies and joint ventures		15	1	46	1	22
Interest income and similar items		1	3	2	5	4
Interest expenses and similar items		-38	-51	-113	-263	-234
Income after financial items		325	299	815	1,421	1,547
Tax		-68	-68	-145	-156	-136
Profit for the period		257	230	669	1,265	1,410
Earnings per share						
Earnings per share before and after dilution, SEK		0.18	0.16	0.46	0.88	0.98
The total number of shares was 1,441,403,026 for all periods						

Statement of comprehensive income

Amounts in SEK M	Note	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
Profit for the period		257	230	669	1,265	1,410
Other comprehensive income:						
Items that can be reclassified to the income statement						
Cash flow hedges						
Items reclassified to the income statement		-	-	-	134	81
Change in fair value for the period		34	3	41	8	18
Tax		-7	-1	-9	-31	-36
Other comprehensive income from joint ventures, net after tax		-2	-	-18	-	-
Items that cannot be reclassified to the income statement						
Revaluations of defined benefit pensions		-70	-	-92	-	42
Tax		15	-	20	-	-9
Total other comprehensive income, net after tax		-30	2	-58	111	96
Comprehensive income for the period		227	232	612	1,376	1,506

Balance sheet

Amounts in SEK M	Note	2016-09-30	2015-09-30	2015-12-31
ASSETS	2			
NON-CURRENT ASSETS				
Intangible non-current assets		602	621	615
Tangible non-current assets		11,378	10,657	10,781
Non-current financial assets		1,007	898	988
Total non-current assets		12,987	12,176	12,385
CURRENT ASSETS				
Materials and supplies		75	45	45
Trade receivables		426	473	451
Receivables from associated companies		39	5	113
Other receivables		176	171	141
Prepaid expenses and accrued income		117	117	118
Derivative instruments	4	2	0	0
Liquid assets		259	83	6
Total current assets		1,094	895	874
TOTAL ASSETS		14,081	13,071	13,259
EQUITY AND LIABILITIES	2			
EQUITY				
Share capital		1,441	1,441	1,441
Other paid-in capital		2,162	2,162	2,162
Hedge reserve		-143	-127	-175
Retained earnings		3,782	3,247	3,435
Total equity		7,243	6,723	6,863
Non-current liabilities				
Provisions		1,004	956	945
Deferred tax liability		444	388	447
Interest-bearing liabilities		3,071	2,412	2,412
Derivative instruments	4	184	241	209
Other non-current liabilities		8	13	9
Total non-current liabilities		4,711	4,010	4,022
Current liabilities				
Provisions		33	39	49
Interest-bearing liabilities		959	1,358	1,315
Derivative instruments	4	0	4	15
Trade payables		433	289	372
Other liabilities		87	180	82
Liabilities to associated companies		0	1	18
Accrued expenses and prepaid income		614	469	521
Total current liabilities		2,126	2,339	2,373
TOTAL EQUITY AND LIABILITIES		14,081	13,071	13,259

Changes in equity

Amounts in SEK M	2016-09-30	2015-09-30
GROUP		
Equity, opening balance	6,863	5,571
Comprehensive income for the period	612	1,376
Dividend	-232	-230
Adjustments	-	5
Equity, closing balance	7,243	6,723

Cash flow statement

Amounts in SEK M	Note	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
Operating activities						
Profit after financial items		325	298	815	1,421	1,547
Adjustments for items not included in cash flow etc.		171	210	429	-180	-13
Tax paid		-44	-52	-172	-124	-137
Cash flow from operating activities before changes in working capital		451	457	1,071	1,118	1,397
Cash flow from changes in working capital						
Increase(-)/Decrease(+) in materials and supplies		-13	2	-20	-3	-4
Increase(-)/Decrease(+) in operating receivables		21	61	-2	-56	-73
Increase(+)/Decrease(-) in operating liabilities		39	-26	148	-83	53
Cash flow from operating activities		498	492	1,197	974	1,374
Investing activities						
Disposal of subsidiaries		45	-	274	3,854	3,854
Acquisitions/disposal of intangible non-current assets		-2	3	-11	-19	-22
Acquisitions/disposal of tangible fixed assets		-569	-269	-1,264	-671	-1,096
Acquisitions/disposal of other financial assets		-	-	-12	-790	-793
Cash flow from investing activities		-526	-266	-1,013	2,374	1,943
Financing activities						
Borrowings raised	6	654	550	1,741	3,955	4,563
Borrowings repaid	6	-553	-3,750	-1,447	-7,098	-7,748
Increase(+)/Decrease(-) in other financial liabilities		9	1	8	-4	-8
Dividend paid		-	-	-232	-231	-231
Cash flow from financing activities		109	-3,199	69	-3,377	-3,424
Cash flow for the period		81	-2,972	253	-29	-107
Liquid assets at the beginning of the period		178	3,054	6	112	112
Liquid assets at the end of the period		259	83	259	83	6

Income statement

Amounts in SEK M	Note	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
Net revenue		1,401	1,357	4,095	3,943	5,259
Other operating income		23	4	31	42	54
Work performed by the company for its own use and		27	22	87	69	94
External expenses		-527	-470	-1,580	-1,495	-2,167
Staff expenses		-384	-375	-1,271	-1,211	-1,858
Depreciation/amortisation and impairment losses on tangible fixed assets and intangible non-current assets		-234	-228	-703	-683	-936
Other operating expenses		0	-	-1	-	-9
Operating profit		305	311	659	665	436
Income from financial items						
Profit on holdings in Group companies		-	-	757	419	398
Profit on holdings in associated companies		-	-	-	-	-
Interest income and similar items		1	3	1	34	33
Interest expenses and similar items		-32	-48	-95	-252	-277
Income from financial items		274	264	1,322	866	590
Appropriations		-	-	-	-	4
Profit before tax		274	264	1,322	866	594
Tax		-61	-23	-126	-71	-70
Profit for the period		213	241	1,196	794	523

Balance sheet

Amounts in SEK M	Note	2016-09-30	2015-09-30	2015-12-31
ASSETS				
NON-CURRENT ASSETS				
Intangible non-current assets		584	627	615
Tangible fixed assets		11,005	10,311	10,411
Total financial assets	3	987	986	986
Non-current assets		12,576	11,923	12,012
CURRENT ASSETS				
Materials and supplies		68	39	41
Current receivables	3	1,571	984	1,424
Liquid assets		253	79	2
Total current assets		1,893	1,102	1,467
Total assets		14,468	13,026	13,479
EQUITY AND LIABILITIES				
EQUITY				
Restricted equity				
Share capital (1,441,403,026 shares)		1,441	1,441	1,441
Unrestricted equity				
Retained earnings/Share premium reserve		2,395	2,104	2,104
Profit for the period		1,196	794	523
Total equity		5,032	4,339	4,068
Untaxed reserves		1,982	1,967	1,982
Provisions		1,266	1,129	1,312
Non-current liabilities		3,072	2,417	2,413
Current liabilities	3	3,118	3,173	3,705
TOTAL EQUITY AND LIABILITIES		14,468	13,026	13,479

Notes

Note 1. ACCOUNTING PRINCIPLES

GENERAL

This interim report was prepared in conformity with IAS 34 and Sweden's Annual Accounts Act. The report was prepared in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), to the extent these have been adopted by the EU, as well as interpretations of standards in effect issued by the IFRS Interpretations Committee (IFRIC) that have been adopted by the EU.

Swedavia applies the same accounting principles that are described in the Annual and Sustainability Report for 2015. Amounts in the Group's financial reports are in Swedish kronor (SEK M) unless otherwise noted. Rounding differences may occur.

RELATED PARTY TRANSACTIONS

Related party transactions involve transactions with State-owned companies and enterprises as well as government agencies. Related parties also include companies over which Swedavia can exercise a controlling interest. Costs arise mostly from meteorological services, fees to government authorities and air traffic management services, which are largely included in the costs reimbursed by the Swedish Transport Agency. The transactions are carried out at market prices and on standard commercial terms.

PARENT COMPANY

The Parent Company applies Sweden's Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RR 2 *Financial reporting for legal entities*. The differences arising between the accounting principles of the Parent Company and the Group are caused by the limited ability to apply IFRS in the Parent Company as a result of Sweden's Annual Accounts Act and the Swedish Pension Obligations Vesting Act as well as in some cases by the relationship between financial reporting and taxation.

Note 2. SEGMENT REPORTING

The Swedavia Group is organised and managed in two operating segments, Airport Operations and Real Estate.

- **Airport Operations** owns, operates and develops Swedavia's airports. Most revenue consists of passenger-related revenue
- **Real Estate** owns, develops and manages properties and developable land at and around Swedavia's airports. Most revenue consists of rental income

The basis of segment reporting is the Group's internal reporting. The Board of Directors and executive management mainly use operating profit by segment for their monitoring. Financial expenses, financial income and income tax are handled at the Group level. The accounting principles conform to those applied in consolidated financial reporting.

SEGMENT REPORTING, NOTE 2

Income statement Jul-Sep Amounts in SEK M	Airport Operations		Real Estate		Eliminations/adjustments		Total Swedavia	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from external customers	1,425	1,359	35	33	-	-	1,460	1,391
Revenue from other segments	26	29	82	76	-108	-105	-	-
Total revenue	1,451	1,387	116	109	-108	-105	1,460	1,391
Operating expenses	-915	-853	-76	-73	108	105	-883	-821
Depreciation, amortisation and impairment losses	-228	-222	-1	-1	-	-	-230	-223
Operating profit	307	313	39	35	-	-	347	347

Income statement Jan-Sep Amounts in SEK M	Airport Operations		Real Estate		Eliminations/adjustments		Total Swedavia	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from external customers	4,139	3,978	261	1,163	-	-118	4,400	5,023
Revenue from other segments	81	98	248	231	-329	-329	-	-
Total revenue	4,220	4,076	509	1,394	-329	-447	4,400	5,023
Operating expenses	-2,873	-2,755	-289	-251	329	329	-2,833	-2,677
Depreciation, amortisation and impairment losses	-684	-665	-4	-2	-	-	-688	-668
Operating profit	662	656	217	1,141	-	-118	879	1,679

Balance sheet Amounts in SEK M	Airport Operations		Real Estate		Eliminations/adjustments		Total Swedavia	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015	30/09/2016	30/09/2015	30/09/2016	30/09/2015
Non-current assets	12,518	11,800	1,182	1,090	-713	-714	12,987	12,176
Current assets	1,892	1,107	1,137	1,005	-1,935	-1,217	1,094	895
Total assets	14,410	12,907	2,319	2,094	-2,648	-1,930	14,081	13,071
Equity	6,727	5,893	1,361	1,772	-845	-942	7,243	6,723
Liabilities	7,683	7,014	958	322	-1,803	-988	6,838	6,348
Total equity and liabilities	14,410	12,907	2,319	2,094	-2,648	-1,930	14,081	13,071

³ Eliminations consist of intra-Group transactions, and adjustments consist of consolidating adjustments.

Note 3. RECEIVABLES FROM GROUP COMPANIES

Receivables, non-current and current, from Group companies pertain mostly to loans funding the Swedavia Real Estate group.

Note 4. FINANCIAL INSTRUMENTS, FAIR VALUE**VALUATION AT FAIR VALUE**

For current receivables and liabilities, such as trade receivables and trade payables, with a remaining life of less than six months, the recognised value is considered to reflect the fair value.

Fair value for interest-bearing liabilities is calculated by discounting the future cash flow of the amount of capital and interest discounted at the current market interest rate. All derivatives on the balance sheet date are classified under Level 2, which means the derivatives can be measured through directly or indirectly quoted prices based on observable market data.

The Group has entered ISDA agreements for derivatives which allows set-off, for instance, against payments. There is no net accounting.

Amounts in SEK M	Group	
	2016 Sep 30	2015 Dec 31
Loan receivables and trade receivables	794	528
Other financial liabilities	-4,560	-4,226
Derivatives	-183	-224
Total	-3,949	-3,921
Total book value	-3,901	-3,864



Note 5. CONTINGENT LIABILITIES

Swedavia's contingent liabilities (in the Parent Company) consist of pension obligations in endowment insurance owned by the company, totalling SEK 7 M (6) and a guarantee for SEK 81 M (-) to the joint venture Landvetter Logistik Center AB, which it owns together with Bockasjö AB.

Swedavia furthermore has contingent liabilities related to environmental requirements to run its airport operations.

Note 6. CASH FLOW STATEMENT

Short-term borrowings, with a maturity of 3 months or less, are recognised on a net basis and are repaid the same month.

Note 7. NET REVENUE⁴

Group, amounts in SEK M	2016 Jul-Sep	2015 Jul-Sep	2016 Jan-Sep	2015 Jan-Sep	2015 Jan-Dec
Breakdown of net revenue					
<i>Aviation Business</i>					
Passenger-related revenue	453	432	1,234	1,195	1,576
Aircraft-related revenue	156	154	468	462	647
Externally regulated charges	181	176	549	513	650
Ground handling	47	46	182	174	240
Other additional services	43	40	145	131	145
	880	848	2,579	2,475	3,258
<i>Commercial Services</i>					
Car parking & parking facilities	218	209	630	594	796
Retail, food & beverage	169	170	471	471	634
Real estate revenue	89	99	300	419	452
Advertising	27	24	73	65	90
Other commercial services	17	9	52	57	157
	519	511	1,525	1,606	2,130
Other net revenue	10	5	30	18	27
Total net revenue	1,410	1,364	4,134	4,099	5,416

⁴ As of January 1, 2016, Swedavia has made minor changes in the definition of net revenue. Comparative periods have been adjusted

Note 8. SUPPLEMENTARY INFORMATION FOR KEY FINANCIAL DATA**Net liabilities**

The pension liability totalled SEK 834 M as of September 30, 2016, and SEK 804 M as of September 30, 2015. As of December 31, 2015, the figure was SEK 765 M.

Operating profit excluding capital gains

Capital gains that are excluded from calculations for the period and for January-September 2016 totalled SEK 146 M, and capital gains for the period January-September 2015 totalled SEK 820 M. Capital gains for the period January-December 2015 totalled SEK 918 M.

Note 9. EVENTS AFTER THE END OF THE PERIOD**UN DECISION ON AVIATION EMISSIONS**

The UN body the International Civil Aviation Organization (ICAO) passed a resolution in early October on a global scheme to reduce aircraft emissions. As a result of the decision, the scheme will cap greenhouse gas emissions from international air traffic at their 2020 level, in line with UN climate targets. Swedavia views the ICAO decision very favourably. The global aviation industry, including Swedavia, has long emphasised that aviation is a global transport mode.

HOTEL OPERATOR CHOSEN

Nordic Choice Hotels will be the operator of Stockholm Arlanda Airport's major new hotel. The hotel is expected to have some 460 rooms and will be a modern alternative to business hotels at the airport, offering everyday luxury standards. The hotel is an important piece of the puzzle in the construction of the new Airport City.

Definitions

AIRPORT OPERATIONS

Airport Operations is one of Swedavia's two operating segments. Owns, operates and develops Swedavia's airports.

AVERAGE NUMBER OF EMPLOYEES

The average number of employees is calculated based on hours worked. The average number of employees is restated as the total number of hours worked divided by the normal working time as defined by the Swedish Accounting Standards Board. Calculated on a rolling 12-month basis.

AVERAGE OPERATING CAPITAL

The closing balance of operating capital on the balance sheet date plus the closing balance of operating capital on the balance sheet for the previous year divided by two.

AVIATION BUSINESS

Infrastructure services aimed at airlines and ground handling companies, such as take-off and landing services and security screening.

COMMERCIAL REVENUE PER DEPARTING PASSENGER

Revenue from retail, food & beverage and parking divided by the number of departing passengers for the same period. A metric that the Group considers crucial for monitoring changes in commercial revenue.

COMMERCIAL SERVICES

Services connected to the airports such as leasing of premises for commercial activities, offices, storage and logistics as well as parking operations and the leasing of advertising space.

DEBT/EQUITY RATIO

Net liabilities divided by equity. This financial ratio is what the owner uses as a capital structure target for the Group. The metric is considered to be directly linked to the Group's actual funding and financial risk.

EARNINGS PER SHARE

Profit for the period divided by the average number of shares.

INTEREST-BEARING LIABILITIES

Interest-bearing liabilities on the balance sheet consist of liabilities to credit institutions, corporate notes, commercial paper and liabilities to leasing companies.

NET LIABILITIES

Interest-bearing liabilities plus pension liability less liquid assets.

NET REVENUE

Swedavia's net revenue includes revenue from Aviation Business and from Commercial Services.

OPERATING CAPITAL

Equity including interest-bearing liabilities less liquid assets.

OPERATING COSTS PER DEPARTING PASSENGER

Swedavia AB's total external costs and staff expenses divided by the number of departing passengers for the same period. A metric that Swedavia considers crucial for monitoring improvements in cost-effectiveness.

OPERATING MARGIN

Operating profit as a percentage of net revenue. For the operating margin excluding capital gains, see "Operating profit excluding capital gains".

OPERATING PROFIT EXCLUDING CAPITAL GAINS

Operating profit less capital gains from important transactions. A metric that is crucial since Swedavia's management monitors operating profit excluding capital gains.

PASSENGER

The term "passenger" refers to the statistical event in which a person has departed from or arrived at one of Swedavia's airports. The number of departing passengers is approximated by dividing the number of passengers by two.

PROFIT FOR THE PERIOD

Profit after tax.

REAL ESTATE

Real Estate is the second of Swedavia's two operating segments. Owns, develops and manages properties and developable land at and around Swedavia's airports.

RETURN ON OPERATING CAPITAL

Operating profit plus profit from holdings in associated companies for a rolling 12-month period divided by average operating capital. This financial ratio is the owner's metric for profitability and one of the Group's sustainability targets. This metric reflects the Group's cost of capital.

SUSTAINABILITY TARGETS

Swedavia's sustainability targets are monitored on a continuous basis based on the latest verified data for each target and in accordance with the same accounting principles described in the Annual and Sustainability Report 2015.



Calendar

Year-end report 2016 February 13, 2017
Annual report 2016 March 31, 2017
Q1 report Jan–Mar 2017 April 28, 2017

Swedavia's financial reports are published on Swedavia's website www.swedavia.se.

This interim report has been reviewed by Swedavia's auditors in accordance with the review report on page 20.

Contact people

Questions may be addressed to:

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MATS PÅHLSON

CFO

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On behalf of the Board of Directors, the president and CEO hereby submits the interim report for the period January–September 2016.

Stockholm-Arlanda October 28, 2016

Karl Wistrand
President and CEO

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Review report

Swedavia AB (publ), corporate identity number 556797-0818

Introduction

We have reviewed the condensed interim report for Swedavia AB (publ) as at September 30, 2016 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, October 28, 2016

Ernst & Young AB

Magnus Fagerstedt
Authorized Public Accountant