

Year-end report

January – December 2018

**“Enhanced access for a
competitive Sweden”**

Jonas Abrahamsson
President and CEO

Q4
2018

Year-end report

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- For the full year, Swedavia's airports had 42.0 million (41.9)¹ passengers, which is an increase of 0.2 per cent compared to the previous year
- Net revenue totalled SEK 5,922 M (5,745)
- Operating profit totalled SEK 682 M (651). Operating profit was positively affected by an earnout of SEK 55 M, attributable to the sale of Söde Airport. Impairment losses and disposals of SEK 84 M (160) had a negative effect on operating profit
- Operating profit excluding capital gains, impairment losses and disposals totalled SEK 711 M (811)
- Profit for the period totalled SEK 517 M (407)
- The Group's investments totalled SEK 3,195 M (3,866). The investment pace is an effect of the ongoing development programmes to increase capacity at Stockholm Arlanda Airport and Göteborg Landvetter Airport as well as property development at Real Estate
- The Board of Directors proposes that the profit for the year of SEK 517 M be carried forward

KEY FINANCIAL DATA, GROUP

	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
SEK M, unless otherwise indicated				
Net revenue	1,498	1,466	5,922	5,745
Operating profit	16	-123	682	651
Operating profit excluding capital gains, impairment losses and disposals	100	37	711	811
Operating margin, %	1.1	-8.4	11.5	11.3
Operating margin excluding capital gains, impairment losses and disposals, %	6.7	2.5	12.0	14.1
Profit for the period	-17	-144	517	407
Return on operating capital, %	4.6	5.1	4.6	5.1
Return on operating capital excluding capital gains, impairment losses, and disposals, %	4.7	6.2	4.7	6.2
Debt/equity ratio, times	1.1	1.0	1.1	1.0
Cash flow from operating activities	491	350	1,359	1,537
Capital spending	928	1,281	3,195	3,866
Average number of employees	3,217	3,074	3,217	3,074
Passengers, million	9.9	10.1	42.0	41.9
Operating costs per departing passenger, SEK ²	228.7	233.8	205.4	197.3
Commercial revenues per departing passenger, SEK	78.2	79.7	75.2	75.7

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

² As of December 31, 2017, this metric is based on Airport Operations. Comparative periods have been adjusted. For definitions of key metrics, see pages 20-21

Enhanced access for a competitive Sweden

The work to develop our airports continues. In the long term, we are strengthening our customer offering and thereby ensuring that people have the opportunity to meet in the future as well. Meanwhile, changed conditions in our world create both new challenges and development opportunities.

In 2018, more than 40 new air links were launched at our airports, which is especially gratifying. Each new route contributes to even better access. The last route added during the year was between Göteborg Landvetter Airport and Doha, Qatar, which was our first long-haul route from western Sweden. This is a welcome addition for the region and enables even better connections, above all to Asia and Africa. Good air links create better conditions in competing for meetings and events, attracting visitors from new markets and contributing to business opportunities and jobs. Enhancing access for Sweden in this way is one of Swedavia's most important tasks, and in 2018 we were very successful in this respect. While we further enhanced access, passenger volume fell for the first time in many years during the fourth quarter of 2018 compared to the previous year. During the year, Swedavia's airports saw a three per cent decrease in domestic travel. International travel increased a total of two per cent, which is a slower growth rate than we have seen in a number of years. There are numerous reasons for the decline during the fourth quarter, but the ongoing climate debate with its focus on reducing air travel is one contributing factor. For the full-year 2018, just over 42 million passengers flew to or from our airports, a level virtually unchanged from the previous year. Passenger volume at both Stockholm Arlanda Airport and Göteborg Landvetter Airport increased one per cent during the year.

Consolidated net revenue during the year increased SEK 177 M to SEK 5,922 M (5,745). Operating profit for the year totalled SEK 682 M (651). For the fourth quarter, net revenue totalled SEK 1,498 M (1,466). Operating profit during the fourth quarter totalled SEK 16 M (-123). In view of the lower passenger growth than planned, it was positive that we managed to reduce operating costs during the fourth quarter to a lower level than in 2017. Given costs related to harsh winter conditions early in the year, costs associated with more stringent security requirements and no change in passenger volume, our full-year results are satisfactory.

THE PATH TO SUSTAINABLE AIR TRAVEL

In 2018, we had the great pleasure to announce that Visby Airport, like Ronneby Airport the year before, had achieved our goal to be fossil-free in our own operations. All ten of our airports should have achieved this goal by 2020 at the latest. Even today, Swedavia's airports are among the most climate-smart in the world. The airports' sustainable development is part of the development in the entire air travel industry. Under the scope of the Swedish government's Fossil-Free Sweden Initiative, in 2018 the country's air travel industry prepared a roadmap to make air travel fossil-free. Through continued dedicated work, industry-wide collaboration, and the right policy instruments, Swedish domestic air travel will be fossil-free by 2030 at the latest and international air travel will be fossil-free by 2045.

One essential requirement to achieve fossil-free air travel is large-scale production of renewable jet fuel. There are many exciting developments in the electrification of air travel, but in the short term investments in renewable jet fuel will have the greatest impact. Investments in this area are thus totally necessary for the sustainable development of air travel. In mid-December renewable jet fuel corresponding to the annual amount of fuel used for our own air travel for business purposes was once again delivered to five of Swedavia's airports. By stimulating demand and hopefully also inspiring others to follow our lead, we want to help provide the conditions needed for large-scale domestic production. Using unused by-products from our Swedish forest industry as a base, there is also an opportunity to create a new Swedish showcase industry. As we now will soon achieve our target of zero tonnes of fossil carbon dioxide emissions from our own operations by the end of 2020, we will also work going forward toward the target of a five



per cent mix of bio jet fuel at Swedavia's airports by 2025, a target that is fully in line with the industry's roadmap and a target that we can only achieve through close collaboration with every stakeholder in the industry.

PROGRESS AND DEVELOPMENT

During the year we continued to take important steps forward in the development of our airports through innovative solutions and indispensable capacity improvements. At the end of the year, we inaugurated our new departure hall at Bromma Stockholm Airport, opened the new VIP facilities at Stockholm Arlanda Airport and introduced our digital chatbot Swea, which provides assistance to our passengers. During the fourth quarter, work with the Swedish government's Arlanda Council Initiative also continued. The work has been fruitful so far and helps to create a vital shared perspective on the development and importance of Stockholm Arlanda for the country in the long term.

CHANGE AND THE WAY FORWARD

During the autumn, we initiated a change programme aimed at developing the company in the long term and ensuring cost-effectiveness here and now. Through a clearer assignment of responsibilities between strategic work and operative focus in the organisation and a clearer business process orientation, Swedavia will be more efficient and at the same time gain more vigour in its development work. We are driving this change work with the involvement and great engagement of employees and leaders. One important result of the programme so far is the new Group organisational structure, which took effect on January 1, 2019. As a result, we also have a change in Group management, the composition of which is characterised by versatility and breadth.

Finally, I would like to highlight the importance of air travel both for Sweden and for us as individuals as well as the importance of broad collaboration between the business community in general and political leaders. In order to enhance access and Sweden's competitiveness, and ensure that the necessary investments are made in technological advances and the large-scale production of bio jet fuel, more participants need to follow along on this journey and safeguard the importance of air travel. Transport modes of the future must be sustainable, and air travel must be one of those future modes. I am convinced that sustainability and growth are essential requirements for one another and look to the future with confidence.

It was an intense and eventful year that I can proudly say I think all of our colleagues at Swedavia handled particularly well. To conclude, I would thus like to extend my warm thanks to all our engaged employees, but naturally also to our partners, customers and passengers. Only together can we truly make the changes needed and invest in the development necessary for the travel of the future and for sustainable air travel. Together we enable people to meet.

Jonas Abrahamsson
President and CEO

About Swedavia

Swedavia owns, operates and develops a network of ten airports in Sweden from Kiruna in the north to Malmö in the south. The company was formed in 2010 and is wholly owned by the Swedish State.

Swedavia operates in a competitive and international market. The company's role is to create the access Sweden needs to facilitate travel, business and meetings – in Sweden, elsewhere in Europe and the rest of the world. Swedavia's customers are passengers, airlines and tenants. At the same time, tenants and airlines are important partners in Swedavia's drive to create access and offer passengers – the mutual end-customer – a smooth, inspiring travel experience. In the work to attract airline investments, Swedavia competes with other airports. Safety, security and sustainable development with a focus on the customer are the basis of everything Swedavia does, both in its own operations and in society in general. Operations are run based on solid business principles, and the company shall build a long-term sustainable business through development, planning and operational efficiency. Engaged employees and a good workplace environment are crucial to Swedavia's operations. Swedavia shall continuously reduce its carbon footprint and help reduce the climate impact of the entire air transport industry.



SUSTAINABLE DEVELOPMENT AS A STRATEGIC FOCUS

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



TARGETS 2025

	Actual ³ 31/12/2018	Actual ³ 31/12/2017	Targets 2018	Sustainability targets,
Satisfied passengers, %	74	75	75	85
Engaged leaders and employees, % ⁵	65	67	70	75
Return on operating capital, %	4.6	5.1	6.0	6.0
Carbon dioxide emission	1,471	1,800	2,200	0
Mixture of renewable jet fuel, % ⁶	0.4	-	-	5

³ The actual figure is for 12 rolling months

⁵ Measured once a year

⁶ As of 2019, Swedavia has supplemented the sustainability target in the environment with a target where air traffic at Swedavia's airports will have a 5% involvement of renewable fuel in 2025

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.

Objective

Together, we enable people to meet.

Vision

We develop the airports of the future and create sustainable growth for Sweden.

Business concept

Together with our partners, we shall create added value for our customers through attractive airports.

Values

- ➔ Reliable
- ➔ Engaged
- ➔ Innovative
- ➔ Welcoming

Important events

January – December

EXPANDED LOAN FRAMEWORK

Swedavia has received the Swedish Financial Supervisory Authority's approval to expand the loan framework for its medium-term note (MTN) programme, which was established in 2012. The programme has been expanded from SEK 5 to 15 billion.

NEW HEAD OF IMPLEMENTATION ORGANISATION

On February 7, Johan Bill was appointed the new head of Swedavia's implementation organisation, the name of which was also changed to the unit for Major Projects. Johan Bill worked most recently at the Swedish Transport Administration and assumed his new duties in August 2018. He reports to the CEO and is a member of the Group management team.

SWEDISH NATIONAL AVIATION TAX INTRODUCED

On April 1, 2018, a national aviation tax adopted by the Swedish Parliament in conjunction with its decision on a framework budget for 2018 was implemented. Swedavia has followed developments to determine what effects the tax may have on the company's customers and thus on Swedavia's operations. Swedavia's previous view, that a national aviation tax will have very small effects on greenhouse gas emissions and at the same time risks being a Swedish competitive disadvantage, still holds. Swedavia continues to follow developments in order to determine what measures will need to be taken as a result of the aviation tax.

TERMINAL EXPANSION FOR GÖTEBORG LANDVETTER

Over the next few years, Swedavia is carrying out a major expansion of Göteborg Landvetter Airport in order to meet the region's need for increased access. The agreements for the project, Terminal Expansion North, were signed on February 23, 2018, and include the construction of a new hotel linked to the terminal, a single security checkpoint for domestic and international passengers and a new baggage storage facility. The general contractor is Peab, and the hotel operator will be Scandic. May 8 was the official start of the Terminal Expansion North project, which means that construction is now under way on both the north and south sides of the terminal at Göteborg Landvetter.

NEW AIRCRAFT APRON INAUGURATED AT STOCKHOLM ARLANDA AIRPORT

On May 28, a new apron with new aircraft parking stands was inaugurated at Terminal 2 at Stockholm Arlanda Airport. Passengers and baggage are handled in other terminals, and buses transport passengers to and from the apron. The new apron is an important addition to Stockholm Arlanda's development and allows the airport to handle increased air traffic, which is essential for the construction of the new pier.

ZERO TONNES OF FOSSIL CARBON DIOXIDE EMISSIONS AT VISBY AIRPORT

In early June, Swedavia's operations at Visby Airport became entirely fossil-free. As a result, it is Swedavia's first airport – apart from Ronneby Airport, whose operations the Swedish Defence Forces is responsible for – to achieve the target of zero emissions of fossil carbon dioxide emissions from its own operations. This target is one of Swedavia's four general sustainability targets – zero

tonnes of fossil carbon dioxide emissions from the company's own operations by 2020.

EARNOUT ON SALE OF SÄVE AIRPORT

In June, an agreement was signed with Serneke Group AB concerning final payment of the earnout, SEK 55 M, attributable to the sale of Säve Airport. Cash settlement was made in August 2018.

SALE OF HOTEL PROPERTY AT GÖTEBORG LANDVETTER AIRPORT

On July 6, Swedavia signed an agreement to sell the property at Göteborg Landvetter Airport on which a future hotel is under construction to Midstar Fastigheter AB. The hotel, which is expected to be ready for occupancy in early 2021, is located immediately adjacent to the airport terminal. The sale is in line with Swedavia's adopted strategy to create and deliver value in order to reinvest in the competitiveness of its airports. The capital gain on the sale is estimated to be around SEK 140 M, and the hotel is expected to open during the first quarter of 2021.

NEW DEPARTURE HALL INAUGURATED AT BROMMA STOCKHOLM AIRPORT

Bromma Stockholm Airport is adapting its facilities to meet the need for well-functioning travel by adding a new section to the departure hall, which is now open. The new departure hall, which was rebuilt with airier, more spacious and more efficient gates to make travel easier, was inaugurated on September 16. Improvements in the departure hall are part of the modernisation of the airport.

FIRST TENANTS MOVE INTO OFFICE ONE AT STOCKHOLM ARLANDA AIRPORT

SkyCity Office One provides modern co-working offices for modern workplaces that are close to the entire world. In May, United Spaces signed an agreement with Swedavia for a long-term partnership on the SkyCity Office One building at Stockholm Arlanda Airport, which is located close to the terminals. The first tenants moved in on October 1, 2018.

AIRPORT CHARGES, 2019

Swedavia has decided to raise its charges to airlines and ground handling companies 7.8 per cent starting January 1, 2019, in addition to the 2.7 per cent increase in effect as of January 15, 2019, under the 2018 pricing decision. The airport charge decision also includes a one-time adjustment by which Swedavia's charges will be temporarily increased a further 2.1 per cent until December 31, 2019. The reason for the higher charges is the extensive investments in new capacity being carried out by Swedavia to meet long-term demand for air travel.

SECURITY SERVICES AGREEMENT WITH SECURITAS FOR GÖTEBORG LANDVETTER AIRPORT

Swedavia signed an agreement with Securitas for the company to be the new security services contractor at Göteborg Landvetter Airport beginning May 1, 2019. Göteborg Landvetter Airport was formerly Swedavia's only major airport whose security operations were managed under Swedavia's auspices.

SUPPLY OF BIO JET FUEL

Since 2016, Swedavia has purchased bio jet fuel corresponding to the amount used for its employees' travel for business purposes. In 2016, Swedavia became the first company in the world to make such an investment, which it has continued to do in subsequent years. Bio jet fuel has previously been used to fuel aircraft at half of Swedavia's airports. The amount for 2018 was allocated in mid-December 2018 to Stockholm Arlanda Airport, Göteborg Landvetter Airport, Bromma Stockholm Airport, Visby Airport and Luleå Airport.

NEW ORGANASATIONAL STRUCTURE AT SWEDAVIA IN 2019

In December 2018, a new Group organisational structure for Swedavia was decided, which was implemented on January 1, 2019. The new organisation will help ensure that Swedavia has the conditions needed to gradually change its working methods, be more results- and process-oriented and create better potential to realise the company's strategies. In conjunction with the organisational change, Swedavia has to some extent a new Group management team, which consists of the president and CEO, Jonas Abrahamsson, Mats Pålsson, Anna Bovaller, Marie Wiksborg, Johan Bill, Karl Wistrand, Charlotte Ljunggren, Peter Grunditz, Mona Glans and Susanne Norman. Anna Strömwall will

take over as airport director at Göteborg Landvetter Airport in February and will be part of the new Group management team.

Events after the end of the period

SWEDAVIA ANNOUNCES LAYOFFS

Swedavia is taking measures to ensure its competitiveness and meet changed market conditions. These measures shall ensure efficiency and adjust costs in both the short and long term. As a result of a cost-cutting and change programme, on January 15 Swedavia notified the authorities that it was laying off staff. A total of 125 full-time equivalent staff will be affected both in its corporate units and at its airports. The Group management's decision now serves as the basis for upcoming talks with trade union representatives. The aim is for the new organisation and the changes it entails to be implemented on July 1, 2019.

Passenger trends

January – December

For the eighth straight year, Swedavia posted an increase in passenger volume in 2018. Passenger volume increased 0.2 per cent. The number of international passengers continued to rise, up 2.1 per cent, while the number of domestic passengers fell 3.4 per cent. Both Stockholm Arlanda and Göteborg Landvetter posted new passenger records. The rolling passenger trend indicates that the pace of growth levelled off in 2018 after a long period of strong growth.

The subdued traffic growth at Swedavia's airports is a result of many factors such as higher fuel prices and fares, the climate debate and the introduction of a Swedish aviation tax as well as market adjustments after numerous years of high growth. The passenger load factor for airlines fell 0.9 percentage points during the year.

The general economic trend remained strong in both Sweden and globally, which contributed to a rise in incoming tourists. Swedavia sees a strong link between new direct routes and an increase in the number of incoming visitors, which benefits the entire tourism industry. However, the Swedish economy appears to be entering a slowdown phase. Worries about weaker economic growth in Sweden, about the housing market and about the stock market probably had an effect on the traffic trend during the autumn.

Among leisure travellers, there was a noted shift in destinations from Spain and Greece to Turkey and Egypt, which are recovering from turmoil in recent years. A weaker Swedish krona against the euro also contributed to the growth in travel to Turkey and Egypt. Intercontinental traffic was the segment that showed the highest growth during the year.

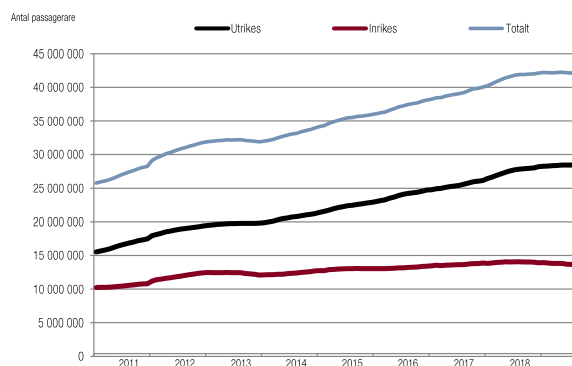
However, during the fourth quarter, we saw continued decelerating growth in international traffic while domestic traffic weakened

October – December

further, which contributed to negative growth during the quarter. Passenger volume fell 1.5 per cent during the final quarter of the year. Demand for international travel slowed sharply as a result of a decrease in intercontinental traffic. In mid-December, Qatar Airways launched non-stop service between Gothenburg and Doha. Norwegian Air Shuttle also started up two new intercontinental routes during the fourth quarter, one to Krabi, Thailand, and one to Orlando, Florida. At the same time, there was a decline in the number of routes on offer to the US.

PASSENGER TRENDS – SWEDAVIA

ROLLING TWELVE-MONTH TREND, APRIL 2010 TO DECEMBER 2018



PASSENGER VOLUMES

- SWEDAVIA'S FOURTH QUARTER AND JAN-DEC 2018

Number of passengers Jan-Dec				Number of passengers Oct-Dec			
Passengers	2018	2017	Per cent change	2018	2017	Per cent change	
International	28,475,000	27,902,000	2.1%	6,426,000	6,408,000	0.3%	
Domestic	13,542,000	14,022,000	-3.4%	3,485,000	3,659,000	-4.8%	
Total	42,017,000	41,924,000	0.2%	9,911,000	10,067,000	-1.5%	

Economic overview

Net revenue and operating profit

JANUARY-DECEMBER

Consolidated revenue for the full year totalled SEK 5,922 M (5,745), which is an increase of SEK 177 M or 3.1 per cent compared to the same period the previous year.

Revenue from aviation business totalled SEK 3,696 M (3,552), which is an increase of SEK 144 M. Passenger- and aircraft-related revenue increased SEK 88 M or 3.7 per cent. Swedavia's price model, which includes a risk component for passenger volume that deviates from forecast levels, had a positive effect on revenue reported.

An increased cost base due to security screening entailed increased revenue from externally paid charges. Revenue from ground handling and other ancillary services exceeded the total last year, due to a favourable trend for de-icing, glycol and shipping services. Revenue from commercial services totalled SEK 2,191 M (2,152), which is an increase of SEK 39 M. Commercial revenue per passenger was SEK 75.2 (75.7).

Revenue from food & beverage continued to increase faster than passenger growth while the trend for revenue from retail was negative, with revenue growth lower than passenger growth. Revenue from car parking & parking facilities exceeded last year's figure. Revenue from advertising, especially at Stockholm Arlanda, saw a positive trend and exceeded the figure last year by 22 per cent.

External costs were SEK 96 M higher compared to the previous year. The increase in costs is due to rent for the new airport maintenance area and to higher costs attributable to the effects of winter, IT, and airport protection and security. The key metric "operating costs per departing passenger" was SEK 205.4 (197.3).

As a result of measures initiated during the first quarter, the cost growth rate slowed.

Staff expenses adjusted for work performed by the company for its own use and capitalised totalled SEK 1,860 M, which is an increase of SEK 94 M compared to the previous year. The higher staff expenses were driven by increased resources to carry out the company's development programmes, development of IT, an increased need for operational staff at the airports and annual salary reviews.

Depreciation, amortisation and impairment losses increased SEK 51 M compared to the previous year. Impairment losses in 2018 totalled SEK 71 M (119). Depreciation and amortisation totalled SEK 1,032 M (933), an increase of SEK 99 M, due to the accelerated investment pace in recent years. Other operating costs were SEK 26 M lower compared to the previous year; disposals

had a negative effect for the year of SEK 14 M (40).

Consolidated operating profit totalled SEK 682 M (651), with an earnout of SEK 55 M on the sale of Söve Airport having a positive effect. Impairment losses and disposals had a negative effect of SEK 84 M (160). The operating margin was 11.5 per cent (11.3).

OCTOBER-DECEMBER

Consolidated revenue for the fourth quarter totalled SEK 1,498 M (1,466), which is an increase of SEK 32 M or 2.2 per cent compared to the same period last year.

Revenue from aviation business totalled SEK 924 M (896), which is an increase of SEK 28 M. Revenue from commercial services totalled SEK 561 M (553), which was SEK 8 M higher than for the same period last year. The negative trend for retail revenue continued during the quarter, while revenue from car parking & parking facilities increased. Higher revenue from advertising and from real estate had a positive effect during the quarter.

External costs were SEK 35 M lower compared to the same period last year. The decrease is explained mostly by cost-cutting measures initiated during the first quarter. Staff expenses adjusted for work performed by the company for its own use and capitalised were on a par with the figure for the same period last year.

Depreciation, amortisation and impairment losses totalled SEK 352 M (384), a decrease of SEK 32 M. The decrease is due to lower impairment losses in 2018, SEK 60 M (119). Depreciation and amortisation for the fourth quarter totalled SEK 292 M (265), an increase of SEK 27 M, due to the placing in service of important investments at Bromma Stockholm and Stockholm Arlanda during the period.

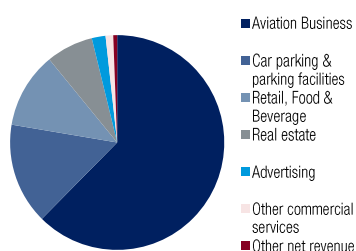
Consolidated operating profit totalled SEK 16 M (-123). The operating margin was 1.1 per cent (-8.4).

Financial items

Financial items for the full year totalled SEK -40 M (-76). Lower average interest rates had a positive effect on financial items compared to last year despite increased borrowings. The share of profit from joint ventures had a positive effect on net financial items of SEK 53 M (37).

Financial items for the fourth quarter totalled SEK -18 M (-16), with profit from joint ventures contributing SEK 4 M (7). The capitalisation of interest expenses associated with major investment projects according to IAS 23 had a positive effect on the net financial items for the Group of SEK 24 M (22).

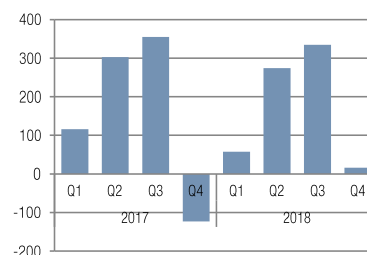
BREAKDOWN OF NET REVENUE
Jan-Dec 2018



NET REVENUE, SEK M



OPERATING PROFIT, SEK M
(including capital gains)



Profit for the period and tax

Profit before tax for the period January to December totalled SEK 642 M (575).

The Swedish Parliament decided in June to lower the corporate tax rate in two stages, first to 21.4 per cent in 2019 and then to 20.6 per cent in 2021. Swedavia has decided to recalculate deferred tax on temporary differences at the lower tax rate since the reversal is expected to take place in 2021 at the earliest. That had a positive effect on tax for the full year of SEK 30 M. Profit before tax for the fourth quarter totalled SEK -2 M (-139).

Investments

During the period January to December, investments totalled SEK 3,195 M (3,866). Important capital spending during the period was used to enhance capacity in Stockholm Arlanda Airport's and Göteborg Landvetter Airport's development programmes as well as terminal development. Investments were also made in the construction of the office complex SkyCity Office One and hotels at Stockholm Arlanda Airport and Göteborg Landvetter. Maintenance of landing runways also constituted an important share of investments during the year.

During the fourth quarter, investments totalled SEK 928 M (1,281).

Sale of property

Swedavia signed an agreement in July 2018 to sell the company that owns the property at Göteborg Landvetter Airport on which a future hotel is under construction. Under the agreement, the transfer will take place during the first quarter of 2021 when the hotel is operational. The transaction is reported in conjunction with the transfer, which is the time at which the risk is transferred to the buyer.

Cash flow

Cash flow for the year totalled SEK -48 M (-112). Cash flow from operating activities was SEK 1,359 M (1,537), which is SEK 178 M lower compared to the same period the previous year. The difference is explained primarily by the trend in operating liabilities, which had a negative effect this year compared to last year. In 2017, increased trade payables attributable to the relatively high level of activity in investment activities generated positive cash flow as a result. In 2018, the trend for trade payables was the reverse.

Investments for the period entailed expenditures of SEK 3,195 M (3,765). Cash received for the earnout on Söve Airport had a positive effect of SEK 55 M, and the sale of tangible fixed assets had a positive effect on cash flow of SEK 16 M. The comparative

period was positively affected by a SEK 95 M earnout on the sale of Clarion Hotel.

Cash flow from financing activities was SEK 1,717 M (2,117). Bank borrowings, including a used line of credit, of SEK 1,707 M plus an increase in medium-term notes and commercial paper generated a positive cash flow of SEK 70 M and SEK 56 M, respectively.

Cash flow for the fourth quarter was SEK -2 M (25).

Liquidity and financial position

Consolidated equity at the end of the period was SEK 8,066 M (7,665).

Swedavia's net liabilities at the end of the period totalled SEK 9,195 M (7,290), an increase of SEK 1,905 M, which is due to increased borrowings as a result of the high investment pace. Swedavia's borrowings are divided into bank loans of SEK 1,700 M (-), medium-term notes of SEK 5,150 M (5,082), and commercial paper of SEK 1,506 M (1,451). Furthermore, SEK 7 M (-) was used on its line of credit. At the end of the period, the average capital tie-up period was 4.2 years (3.4) and the average interest rate lock-in period was 2.7 years (3.4). The average interest rate as of December 31, 2018, was 1.0 per cent (1.4).

Liquid assets decreased SEK 48 M to SEK 10 M (58). The debt-to-equity ratio, a metric for leverage, was 1.1 times (1.0).

On the balance sheet date, there were also unused credit facilities totalling SEK 1,793 M (2,200) and a loan agreement with Nordic Investment Bank of SEK 2,000 M, with SEK 1,700 M of this utilised.

SWEDAVIA'S FINANCIAL TARGETS

	Actual Dec 31, 2018	Target
Return on operating capital, %	4.6	6.0
Debt/equity ratio, times	1.1	0.7-1.5
Dividend target, % ⁷	30	30-50

⁷ Pertains to dividend as per AGM 2018

FINANCIAL METRICS

	Actual Dec 31, 2018	Actual Dec 31, 2018	Policy
Average interest rate, %	1.0	1.4	n/a
Average interest rate lock-in period, year	2.7	3.4	1-4
Average capital tie-up period, years	4.2	3.4	2-5

Employees

The average number of employees for the period January 1, 2018 - December 31, 2018 was 3,217 (3,074). The change is explained by an increase in operational staff due to more stringent security requirements, increased resources in development projects, and the replacement of consultants with permanent staff, including in IT.

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 reports are prepared and presented to the Board of Directors on a quarterly basis. Swedavia's significant risks are described in the Annual Report 2017 on pages 73-77 and in Note 45. Swedavia's top overall risks consist of its capability to meet the need for capital spending in the long term and to carry out investments in a sustainable and cost-effective way. There is also the risk of disruptions or shutdowns in operating or commercial activities as well as the risk of not being able to convert insights and customer needs into new business opportunities quickly enough. Furthermore, there is the risk of not being able to attract and retain employees, which could result in a lack of resources and competence, but Swedavia works proactively with the workplace environment. Swedavia has a small number of big airline customers, which could have a major impact on Swedavia's operations in the event one of them were to have economic difficulties.

Swedavia's operations are also affected by the risk of a decline in air traffic, since a decrease in passenger volume can have an adverse effect on Swedavia in the form of lower revenue. There can be a decrease as a result of aviation taxes introduced, the climate debate and the general economic trend. Moreover, other external factors could affect Swedavia's performance.

Dividend

In view of the period the Group is now in, with its major capacity-expanding investments, and in order to create increased financial flexibility, the Board of Directors has decided to propose to the shareholder, at the Annual General Meeting to be held on April 17, 2019, that the profit for the year, SEK 517 M, be carried forward.

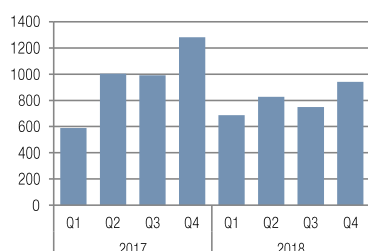
Parent Company

Net revenue and profit

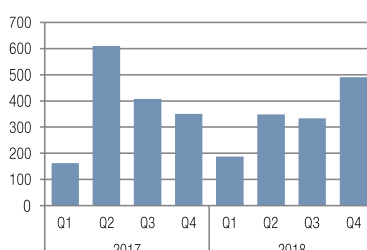
The Parent Company's net revenue for the period January to December totalled SEK 5,873 M (5,713), which is an increase of SEK 160 M. Operating profit totalled SEK 429 M (450) and the operating margin was 7.3 per cent (7.9). Profit before tax for the period was SEK 390 M (1,388) and profit for the period was SEK 272 M (1,279). Dividends from subsidiaries had a positive effect on profit of SEK 1,039 M, which is a result of property transactions the previous year.

During the fourth quarter, the Parent Company's net revenue increased SEK 30 M to SEK 1,483 M (1,453). Operating profit totalled SEK -47 M (-202), which produced a profit margin of -3.2 per cent (-13.9). Profit before tax was SEK -24 M (-224) and profit for the period was SEK -46 M (-204).

INVESTMENTS, SEK M



CASH FLOW FROM OPERATING ACTIVITIES, SEK M



Income statement

Amounts in SEK M	Note	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Net revenue	2.7	1,498	1,466	5,922	5,745
Other operating revenue		24	11	104	36
Work performed by the company for its own use and capitalised		52	35	170	145
External expenses		-654	-689	-2,366	-2,270
Staff expenses		-538	-520	-2,030	-1,911
fixed assets and intangible non-current assets		-352	-384	-1,103	-1,052
Other operating expenses		-14	-42	-16	-42
Operating profit	2	16	-123	682	651
Income from financial items					
Income from holdings in associated companies and joint ventures		4	7	53	37
Interest income and similar items		1	3	3	5
Interest expenses and similar items		-23	-26	-96	-118
Income after financial items		-2	-139	642	575
Tax		-15	-5	-126	-167
Profit for the period		-17	-144	517	407
Earnings per share					
Earnings per share before and after dilution, SEK		-0.01	-0.10	0.36	0.28
The total number of shares was 1,441,403,026 for all periods					

Statement of comprehensive income

Amounts in SEK M	Note	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Profit for the period		-17	-144	517	407
Other comprehensive income:					
Items that can be reclassified to the income statement					
Cash flow hedges					
Items reclassified to the income statement		1	2	1	2
Change in fair value for the period		-2	-11	57	70
Tax		0	2	-13	-16
Other comprehensive income from joint ventures, net after tax		-1	-1	4	0
Items that cannot be reclassified to the income statement					
Revaluations of defined benefit pensions		-38	-1	-54	-8
Tax		8	0	12	2
Total other comprehensive income, net after tax		-31	-8	7	50
Comprehensive income for the period		-48	-153	523	457

Balance sheet

Amounts in SEK M	Note	31/12/2018	31/12/2017
ASSETS	2		
NON-CURRENT ASSETS			
Intangible non-current assets		777	618
Tangible non-current assets		16,257	14,741
Non-current financial assets ⁸		1,192	1,089
Total non-current assets		18,225	16,447
CURRENT ASSETS			
Materials and supplies		47	44
Trade receivables		575	571
Receivables from associated companies		20	129
Other receivables		220	140
Prepaid expenses and accrued income		154	194
Derivative instruments	4	31	4
Liquid assets		10	58
Total current assets		1,057	1,140
Assets held for sale	8	442	0
TOTAL ASSETS		19,725	17,587
EQUITY AND LIABILITIES	2		
EQUITY			
Share capital		1,441	1,441
Other paid-in capital		2,162	2,162
Hedge reserve		-18	-63
Retained earnings		4,480	4,125
Total equity		8,066	7,665
NON-CURRENT LIABILITIES			
Provisions ⁷		947	993
Deferred tax liability		488	496
Interest-bearing liabilities		6,064	4,426
Derivative instruments	4	76	97
Other non-current liabilities		23	7
Total non-current liabilities		7,598	6,019
CURRENT LIABILITIES			
Provisions		121	14
Interest-bearing liabilities		2,376	2,192
Derivative instruments	4	0	0
Trade payables		651	854
Other liabilities		161	105
Liabilities to associated companies		0	0
Accrued expenses and prepaid income		750	738
Total current liabilities		4,059	3,903
Liabilities attributable to assets held for sale	8	2	0
TOTAL EQUITY AND LIABILITIES		19,725	17,587

⁷ Pension provision and receivable for related employee pension tax are offset. The comparative period has been adjusted

Change in equity

Amounts in SEK M	Dec 31, 2018	Dec 31, 2017
GROUP		
Equity, opening balance	7,665	7,351
Comprehensive income for the period	523	457
Dividend	-122	-143
Equity, closing balance	8,066	7,665

Cash flow statement

Amounts in SEK M	Note	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Operating activities					
Profit after financial items		-2	-139	642	575
Adjustments for items not included in cash flow etc.		311	339	989	922
Tax paid		-43	-7	-135	-167
Cash flow from operating activities before changes in working capital		266	193	1,496	1,330
Cash flow from changes in working capital					
Increase(-)/Decrease(+) in materials and supplies		0	0	-2	-1
Increase(-)/Decrease(+) in operating receivables		-28	-161	-1	-189
Increase(+)/Decrease(-) in operating liabilities		253	318	-134	397
Cash flow from operating activities		491	350	1,359	1,537
Investing activities					
Disposal of subsidiaries		0	-	55	95
Acquisitions/disposal of intangible non-current assets		-148	-6	-224	-22
Acquisitions/disposal of tangible fixed assets		-773	-1,275	-2,955	-3,835
Acquisitions/disposal of other financial assets		0	-	0	-3
Cash flow from investing activities		-921	-1,281	-3,124	-3,765
Financing activities					
Borrowings raised	6	521	2,825	3,805	4,359
Borrowings repaid	6	-100	-1,877	-1,980	-2,124
Increase(+)/Decrease(-) in other financial liabilities		7	8	14	25
Dividend paid		-	-	-122	-143
Cash flow from financing activities		428	957	1,717	2,117
Cash flow for the period		-2	25	-48	-112
Liquid assets at the beginning of the period		12	34	58	170
Liquid assets at the end of the period		10	58	10	58

Income statement

Amounts in SEK M	lote	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Net revenue		1,483	1,453	5,873	5,713
Other operating income		24	11	49	29
Work performed by the company for its own use and capitalised		52	35	170	145
External expenses		-659	-703	-2,453	-2,367
Staff expenses		-584	-570	-2,083	-1,959
Depreciation/amortisation and impairment losses on tangible fixed assets and intangible non-current assets		-350	-387	-1,111	-1,068
Other operating expenses		-13	-42	-16	-42
Operating profit		-47	-202	429	450
Income from financial items					
Profit on holdings in Group companies		-	-	-	1,039
Interest income and similar items		4	9	15	17
Interest expenses and similar items		-24	-32	-97	-120
Income from financial items		-68	-225	346	1,387
Appropriations		44	2	44	2
Profit before tax		-24	-224	390	1,388
Tax		-22	19	-118	-109
Profit for the period		-46	-204	272	1,279

Balance sheet

Amounts in SEK M	Note	31/12/2018	31/12/2017
ASSETS			
NON-CURRENT ASSETS			
Intangible non-current assets		703	568
Tangible Fixed assets		15,249	13,851
Total financial assets	3	1,132	1,091
Non-current assets		17,083	15,510
CURRENT ASSETS			
Materials and supplies		44	42
Current receivables	3	2,645	2,344
Liquid assets		5	54
Total current assets		2,694	2,440
Total assets		19,777	17,950
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity			
Share capital (1,441,403,026 shares)		1,441	1,441
Reserve for development expenditures		44	25
Unrestricted equity			
Retained earnings/Share premium reserve		4,460	3,321
Profit for the period		272	1,279
Total equity		6,217	6,067
Untaxed reserves		2,035	2,000
Provisions		1,367	1,361
Non-current liabilities		6,040	4,402
Current liabilities	3	4,117	4,120
TOTAL EQUITY AND LIABILITIES		19,777	17,950

Notes

NOT 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).

As of January 1, 2018, Swedavia applies IFRS 15 *Revenue from contracts with customers* and IFRS 9 *Financial instruments*.

Implementation of IFRS 15 did not entail any change in terms of the timing or amount for the recognition of revenue, so no transition effects were identified.

Implementation of IFRS 9 did not identify any material changes in terms of items recognised. Classification of financial assets and liabilities is done under new categories in accordance with the standard. Equity has thus not been affected by the change. Application of IFRS 9 entailed a new procedure for Swedavia in the assessment and recognition of credit losses. The new procedure did not have any material effect on the opening balance, and no restatement was made. For hedge accounting, Sweden has decided to continue applying IAS 39. The transition to IFRS 15 and IFRS 9 entails increased disclosure requirements in the company's interim reports and Annual Report 2018.

The accounting principles applied are described in the company's annual and sustainability report for 2017.

New accounting principles that enter into force in 2019 or later

Swedavia applies IFRS 16 *Leases* as of January 1, 2019. IFRS 16 introduces a single lessee accounting model. A lessee recognises a right-of-use asset, which represents a right to use the underlying asset, and a lease liability, which represents a liability to make lease payments. There is an exception for short-term leases and leases of low-value assets.

IFRS 16 *Leases* replaces existing IFRS accounting standards related to leases, such as IAS 17 *Leases*, IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, SIC 15 *Operating Leases – Incentives*, and SIC 27 *Evaluating the Substance of Transactions in the Legal Form of a Lease*. The substantial differences that the new standard gives rise to apply to lessees. The accounting for lessors is essentially unchanged. The below text will thus focus on the lessee's perspective. Swedavia will recognise new assets and liabilities for operating leases, above all rent on premises and vehicle leases. The accounting of costs for these leases will change, since Swedavia will recognise depreciation for right-of-use assets and interest expenses for lease liabilities.

Previously, Swedavia recognised operating lease expenses on a straight-line basis over the lease period and recognised assets (prepaid lease payments) and liabilities (accrued lease payments) only to the extent there was a difference between actual lease payments and recognised cost. Furthermore, Swedavia will no longer recognise provisions for operating leases that are judged to be loss agreements. Instead, Swedavia will include payments specified in the lease in the lease liability.

There is no significant effect expected for Swedavia's finance leases. However, after opening balances have been reported, Swedavia plans to adjust these figures so that the agreements

affected are recognised in accordance with IFRS 16. This will have some effect on lease liabilities, and the value of assets will be adjusted by the corresponding amount, which means that this adjustment will not have any effect on equity.

Based on the information available, Swedavia recognises additional lease liabilities for the Group of about SEK 1,120 M, right-of-use assets of about SEK 1,100 M (after adjusting for prepaid lease payments recognised on December 31, 2018) and deferred tax receivables of about SEK 10 M, which when offset reduces equity by SEK 30 M as of January 1.

Swedavia expects that operating profit for 2019 will increase by about SEK 20 M compared to when previous accounting principles were used, given that some lease expenses will be recognised as an interest expense. The effect on profit after tax will be immaterial. Cash flow from operating activities is expected to increase and cash flow from financing activities is expected to decrease by about SEK 50 M given that lease payments will be recognised as a payment in financing activities. As a transitional method, Swedavia has applied the modified retrospective method. This means that the accumulated effect of the introduction of IFRS 16 is recognised in retained earnings in the opening balance on January 1, 2019, without a restatement of comparative figures. Right-of-use assets related to previous operating leases are recognised exclusively at cost less depreciation from the commencement date of the lease. Swedavia uses an expedient for leases of low-value assets and for leases with a maximum 12-month lease term. As a result, they will not be included in lease liabilities; instead the cost will continue to be recognised using the straight-line method over the lease period.

The Group's reporting is in millions of Swedish kronor, SEK M, unless otherwise indicated. 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.

NOT 2. SEGMENT REPORTING

Swedavia's operations are organised and managed in two operating segments, Airport Operations and Real Estate. The

highest executive decision maker at Swedavia is identified as the president and CEO of the Parent Company.

- **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. The capitalisation of financial expenses, financial income and income tax are handled at the Group level.

The accounting principles otherwise conform to those applied in consolidated financial reporting.

SEGMENT REPORTING, NOTE 2

	Airport Operations		Real Estate		Eliminations/adjustments ⁹		Group	
Income statement Oct-Dec								
Amounts in SEK M	2018	2017	2018	2017	2018	2017	2018	2017
Net revenue, external	1,449	1,419	49	42	-	-	1,498	1,466
Net revenue, internal	34	34	94	90	-128	-124	-	-
Other operating income, external	24	11	0	0	-	-	24	11
Work performed by the company for its own use and capitalised, external	52	35	-	-	-	-	52	35
Total revenue	1,559	1,499	143	132	-128	-124	1,574	1,512
Operating expenses	-1,211	-1,265	-116	-110	128	124	-1,206	-1,251
Depreciation, amortisation and impairment losses	-343	-381	-8	-3	-	-	-352	-384
Operating profit	4	-146	19	19	-	-	16	-123

	Airport Operations		Real Estate		Eliminations/adjustments ⁹		Group	
Income statement Jan-Dec								
Amounts in SEK M	2018	2017	2018	2017	2018	2017	2018	2017
Net revenue, external	5,753	5,586	171	154	-	-	5,922	5,745
Net revenue, internal	120	128	356	343	-476	-471	-	-
Other operating income, external	49	29	55	7	-	-	104	36
Work performed by the company for its own use and capitalised, external	170	145	-	-	-	-	170	145
Total revenue	6,092	5,888	582	504	-476	-471	6,196	5,926
Operating expenses	-4,499	-4,321	-383	-372	476	471	-4,411	-4,223
Depreciation, amortisation and impairment losses	-1,087	-1,043	-16	-9	-	-	-1,103	-1,052
Operating profit	506	523	183	124	-	-	682	651

	Airport Operations		Real Estate		Eliminations/adjustments ⁹		Group	
Balance sheet								
Amounts in SEK M	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017	Dec 31, 2018	Dec 31, 2017
Non-current assets	17,000	15,407	2,279	1,708	-1,053	-668	18,225	16,447
Current assets	2,694	2,440	407	458	-2,044	-1,757	1,057	1,140
Assets held for sale	-	-	-	-	442	-	442	-
Total assets	19,694	17,847	2,686	2,165	-2,656	-2,425	19,725	17,587
Equity	8,036	7,825	713	582	-683	-742	8,066	7,665
Liabilities	11,658	10,022	1,974	1,583	-1,973	-1,683	11,659	9,922
Liabilities attributable to assets held for sale	-	-	-	-	2	-	2	-
Total equity and liabilities	19,694	17,847	2,686	2,165	-2,656	-2,425	19,725	17,587

⁹ Eliminations consist of intra-Group transactions, and adjustments consist of consolidating adjustments.

NOT 3. RECEIVABLES FROM GROUP COMPANIES

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

NOT 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 prices for derivatives can be determined through directly or indirectly quoted prices based on observable market data.

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

Amounts in SEK M	Group	
	2018 Dec 31	2017 Dec 31
Loan receivables and trade receivables	886	999
Other financial liabilities	-9 179	-7 513
Derivatives	-23	-81
Total	-8 317	-6 595
Total book value	-8 312	-6 596

NOT 5. CONTINGENT LIABILITIES AND PLEDGED ASSETS

Swedavia's pledged assets consist of shares and holdings in the joint ventures Swedish Airport Infrastructure KB and Swedish Airport Infrastructure AB. The carrying amount is SEK 935 M (878).

Swedavia's contingent liabilities consist of pension obligations in endowment insurance owned by the company, totalling SEK 6 M (8) and a guarantee of SEK 67 M (65) for the joint venture Landvetter Logistik Center AB.

In addition to the contingent liabilities mentioned above, Swedavia has obligations related to environmental requirements. In its operations, Swedavia handles chemical substances and products, and is responsible for waste, atmospheric emissions, discharges to water, contamination and other environmental impacts at Swedavia's airports. Swedavia's obligations pertain to events after the company was formed.

NOT 6. CASH FLOW STATEMENT

Starting in 2018, commercial paper issued and repaid with the same transaction date is classified as refinancing and is offset. Comparative periods have been adjusted.

NOT 7. NET REVENUE

Group, amounts in SEK M	2018 Oct-Dec	2017 Oct-Dec	2018 Jan-Dec	2017 Jan-Dec
Breakdown of net revenue				
<i>Aviation Business</i>				
Passenger-related revenue	428	420	1,821	1,714
Aircraft-related revenue	156	163	623	642
Externally regulated charges	200	170	748	699
Ground handling	83	82	294	278
Other additional services	57	61	210	219
	924	896	3,696	3,552
<i>Commercial Services</i>				
Car parking & parking facilities	225	221	903	894
Retail, food & beverage	167	183	676	691
Real estate revenue	113	102	421	405
Advertising	37	30	123	101
Other commercial services	19	16	68	61
	561	553	2,191	2,152
Other net revenue	12	16	35	41
Total net revenue	1,498	1,466	5,922	5,745

Swedavia's geographic market is Sweden. Swedavia's airports are run, consolidated and reported internally as a single airport system.

Of net revenue for the fourth quarter, SEK 143 M (132) was attributable to Real Estate, broken down into real estate revenue of 95 M (90), other commercial products of SEK 47 M (41) and other net revenue of SEK 1 M (1). For the full year, SEK 527 M (497) was attributable to Real Estate, broken down into real estate revenue of SEK 356 M (341), other commercial products of SEK 167 M (154) and other net revenue of SEK 4 M (2). During the year, revenue from contracts with customers under IFRS 15 was SEK 5,000 M (4,812) and pertains to total net revenue except for revenue from the retail, food & beverage

product and parts of the real estate revenue product. For the full-year 2018, revenue from retail, food & beverage totalled SEK 676 M (691) and revenue attributable to leases in real estate totalled SEK 245 M (242). The corresponding figures for the quarter were SEK 167 M (183) and SEK 64 M (58), respectively.

NOT 8. ASSETS HELD FOR SALE

In December 2017, Swedavia signed an agreement to sell the company that owns the property at Stockholm Arlanda Airport on which a future major hotel is now under construction. Under

the agreement, the transfer will take place in November 2019 when the hotel is operational.

Assets classified as "held for sale" consist of investment properties with a book value of SEK 413 M and operating assets of SEK 29 M. Assets held for sale are not depreciated from the time of their reclassification. The assets are financed through intra-Group loans. Liabilities related to assets held for sale totalled SEK 2 M and consist mostly of operating liabilities.

NOT 9. SUPPLEMENTARY INFORMATION FOR KEY FINANCIAL DATA

DEBT-TO-EQUITY RATIO (LEVERAGE)

Swedavia's debt-to-equity ratio is affected by the pension liability trend, the provision for pensions less payroll tax receivable, which totalled SEK 765 M on December 31, 2018. On December 31, 2017, it was SEK 730 M.

RETURN ON OPERATING CAPITAL EXCLUDING CAPITAL GAINS, IMPAIRMENT LOSSES AND DISPOSALS

In calculating this financial ratio as of December 2018, operating profit for the rolling 12-month period was adjusted by impairment losses and disposals of SEK 84 M and a capital gain, an earnout, of SEK 55 M. As of December 2017, operating profit for the rolling 12-month period was adjusted by impairment losses and disposals of SEK 74 M and capital gains of SEK 95 M. Operating profit for January-December 2017 has been adjusted by impairment losses and disposals of 160 M.

NOT 10. EVENTS AFTER THE END OF THE PERIOD

SWEDAVIA ANNOUNCES LAYOFFS

Swedavia is taking measures to ensure its competitiveness and meet changed market conditions. As a result of a cost-cutting and change programme, on January 15 Swedavia notified the authorities that it was laying off staff. A total of 125 full-time equivalent staff will be affected both in its corporate units and at its airports. The Group management's decision now serves as the basis for upcoming talks with trade union representatives. The aim is for the new organisation and the changes it entails to be implemented on July 1, 2019.

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, 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 twelve-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.

CAPITAL TIE-UP PERIOD

Volume-weighted average remaining maturity for interest-bearing liabilities with respect to interest rate derivatives at the end of the period. This metric tracks the Group's financial risk.

COMMERCIAL REVENUE PER DEPARTING PASSENGER

Revenue from retail, food & beverage and car parking & parking facilities 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 retail operations, offices, warehousing and logistics as well as land leases, parking operations and the leasing of advertising space.

DEBT-TO-EQUITY RATIO*

Net liabilities divided by equity. This leverage 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.

DIVIDEND PAY OUT RATIO

The normal dividend shall be between 30 and 50 per cent of profit for the year, excluding capital gains from real estate sales as well as changes in valuation changes and tax attributable to this.

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, liabilities to leasing companies and other liabilities.

INTEREST RATE LOCK-IN PERIOD

Volume-weighted average interest rate lock-in period at the end of the period for interest-bearing liabilities as regards interest rate derivatives. The metric reflects the Group's interest rate risk.

INVESTMENTS*

Investments in fixed assets and intangible long-term assets including investment projects in progress. Swedavia is in an intensive development phase, and the pace of investment is important to Swedavia's management and external stakeholders.

NET REVENUE

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

Definitions (cont.)

OPERATING CAPITAL

Equity plus net liabilities.

OPERATING COSTS PER DEPARTING PASSENGER*

Airport Operations' total external costs and staff expenses minus own work capitalised 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*

The difference between operating revenue and operating costs. A metric that is used to measure operating profitability.

OPERATING PROFIT EXCLUDING CAPITAL GAINS, IMPAIRMENT LOSSES AND DISPOSALS*

Operating profit excluding capital gains, impairment losses and disposals. This metric is crucial since it is considered to give a better understanding of the operating profitability trend.

PASSENGER

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

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 twelve-month period divided by average operating capital. This financial ratio is the owner's metric for profitability at Swedavia 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 2017.

Alternative performance measures (APMs) as specified in the guidelines issued by the European Securities and Markets Authority (ESMA) are marked by an asterisk (*).



Calendar

Annual Report 2018	March 22, 2019
Annual General Meeting	April 17, 2019
Interim report Jan-Mar 2019	April 17, 2019
Interim report Jan-Jun 2019	July 18, 2019
Interim report Jan-Sep 2019	October 30, 2019
Year-end report 2019	February 14, 2020

Swedavia's financial reports are published on Swedavia's website www.swedavia.se. Additional information about investments is also published on the website.

Swedavia AB (publ) is required to disclose the information in this year-end report under the EU Market Abuse Regulation and the Securities Market Act. The information was provided by the contact persons below for publication on February 15, 2019, at 5:00 p.m. CET. This is an English translation of the original Swedish text, which takes precedence in the event of a discrepancy.

This year-end report was not subject to a review by Swedavia's auditors.

Contact people

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CFO

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The CEO hereby submits the year-end report 2018 for the period January-December 2018 on behalf of the Board of Directors.

Stockholm-Arlanda February 15, 2019

Jonas Abrahamsson
President and CEO