

# Year-end report

January–December 2016



**“Continued growth and a doubling in capital spending”**

**Jonas Abrahamsson**  
President and CEO



# Year-end report

## January – December

### 2016

#### January–December 2016

- During the full year, Swedavia's airports had 39.5 million (37.6)<sup>1</sup> passengers, which is a 5.2 per cent increase. Seven airports reached all-time highs
- Net revenue totalled SEK 5,546 M (5,416)
- Operating profit totalled SEK 966 M (1,755) and profit for the period was SEK 717 M (1,410). Profit in 2016 was affected by capital gains of SEK 241 M attributable to the sale of Göteborg City (Säve) Airport and TreDhotel. Profit in 2015 was affected by a capital gain of SEK 918 M. Operating profit excluding capital gains totalled SEK 725 M (837). The previous year includes operating profit from a property portfolio that was sold totalling SEK 117 M
- The Group's capital spending increased to SEK 2,138 M (1,120), which is a result of the higher investment pace of its development programmes
- In accordance with Swedavia's dividend policy, the Board of Directors proposes a dividend of SEK 0.09921 per share, for a total of about SEK 143 M

#### KEY FINANCIAL DATA, GROUP<sup>2</sup>

	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
SEK M, unless otherwise indicated				
Net revenue	1,412	1,317	5,546	5,416
Operating profit	87	76	966	1,755
Operating profit, excluding capital gain	-8	-22	725	837
Operating margin, %	6.2	5.8	17.4	32.4
Operating margin, excluding capital gain, %	-0.6	-1.7	13.1	15.4
Profit for the period	47	145	717	1,410
Return on operating capital, %	8.6	14.5	8.6	14.5
Debt/equity ratio, times	0.7	0.7	0.7	0.7
Capital spending	841	430	2,138	1,120
Average number of employees	2,949	2,787	2,949	2,787
Passengers (million)	9.8	9.2	39.5	37.6
Operating costs per departing passenger, SEK	233.0	238.8	202.6	203.0
Commercial revenues per departing passenger, SEK	78.9	78.4	75.5	76.1

<sup>1</sup> 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.

<sup>2</sup> Return on operating capital is calculated based on a rolling 12-month period; for definitions see page 19.

# Continued growth and a doubling in capital spending

The strong passenger growth in 2016 meant an all-time record for Swedavia. A total of 39.5 million passengers, a 5.2 per cent increase (almost 2 million), flew to or from our ten airports. During the year, new passenger records were set at seven of Swedavia's ten airports. Of the three others, both Visby and Ronneby had their highest passenger numbers in many years. This growth, together with capital gains from property development, led to a year with good profitability while our airport charges remain competitive. Net revenue increased SEK 130 M to SEK 5,546 M. Profit for the year totalled SEK 717 M (1,410). Swedavia's financial condition is sufficiently strong to handle the large capacity expansion now under way.

At the same time that passenger volume has risen, passenger satisfaction is also up to 77 per cent. We have had success here thanks to the fine work that all of Swedavia's employees, from Kiruna in the north of Sweden to Malmö in the south, do each day. These good efforts are an essential requirement for achieving our high target of 85 per cent by 2020.

## INNOVATIVE SOLUTIONS REQUIRED

Looking forward, we note a number of challenges for the air travel industry. How will travel be affected if a Swedish aviation tax is introduced? Will people be willing to travel less due to disturbing political developments around the world? Are the air travel industry's measures to reduce its environmental impact extensive enough to meet ever-growing demands from across the world? How will we handle new retail patterns as more people choose to shop online instead of in shops?

In our organisation, we work with great resolve together with other companies and organisations at the airports to handle these challenges. We have a bright outlook and will continue to be an attractive alternative for modern airport visitors. This requires new ways of thinking and innovative solutions with a focus on capacity expansion, improved efficiency, continued competitive airport charges, increased revenue from our commercial offering and continued value creation in our real estate business.

As an infrastructure operator, we make safety and security our highest priority. No matter what the situation in the world is, our passengers will feel safe and secure. To maintain our high level of safety and security, continuous improvement work is carried out together with government authorities and our partners. In 2017, for instance, we will gradually introduce body scanners for passengers at our airports for heightened security, faster flows and a better experience.

## BIOFUEL INITIATIVE

In our work for increased sustainability, Swedavia took a number of exciting steps during the year. We place set demands for ourselves – our growth will always be in a long-term sustainable manner. Our target is zero tonnes of fossil carbon dioxide emissions from our own operations starting in 2020. We are ahead of forecast, in part as a result of our new snow removal equipment, which runs on biogas or environmental diesel. At year-end, 450 tonnes of renewable biofuel were used at Stockholm Arlanda, Bromma Stockholm and Östersund Airports as part Swedavia's investment to offset our employees' air travel on official business during the year. We have decided to do this in 2017 as well. With these initiatives, we want to accelerate the development of large-scale Nordic production of renewable



aviation fuel. To succeed, initiatives are also needed from political leaders, airlines, businesses, government authorities and passengers.

## MAJOR INVESTMENTS IN AIRPORTS

In 2016, investments to expand capacity continued at our airports. The Group's capital spending increased to SEK 2,138 M, almost twice the level in 2015. We are now entering an interesting, very intense development phase, with the investment pace tripling in the years ahead compared to 2015. This is necessary to meet the requirements for higher international service standards and long-term growth.

Large-scale development programmes, with the first phase running through 2023, are under way at our three largest airports. Stockholm Arlanda Airport will get a new maintenance area, a new pier and parking stand for large aircraft, new baggage handling facilities and a new modern space for shopping. Immediately adjacent to the terminals, an office complex is being built which will be the heart of Airport City, where a new large hotel will officially open in 2018.

At Göteborg Landvetter Airport and Bromma Stockholm Airport, billions of kronor are being invested to increase capacity, improve service and comply with changes in regulatory requirements.

Domestic traffic is growing at our regional airports and we are increasing capacity. We have made great advances in our work designing development plans. In 2016, the development plans were completed for Umeå Airport, Visby Airport and Ronneby Airport. At Kiruna Airport, continued development is assured now that a new environmental permit was approved in late 2016.

## BRIGHT FUTURE PROSPECTS

Swedavia's general assessment is that this strong passenger growth will continue, especially in international travel. The trend of more new intercontinental direct routes and the establishment of low cost carriers will intensify. International travel from Swedavia's airports has grown for 69 straight months, which is fantastic. We are now entering the next era, when we will make substantial investments to increase future airport capacity. Meanwhile we will further increase passenger satisfaction, focus on airport operations with continuous efficiency improvements and punctuality, drive sustainability issues and deliver on our economic targets while conducting operations in line with the mission objectives set by our owner. The Swedish government's recently announced aviation strategy also highlights the critical role of aviation in Sweden's economic growth.

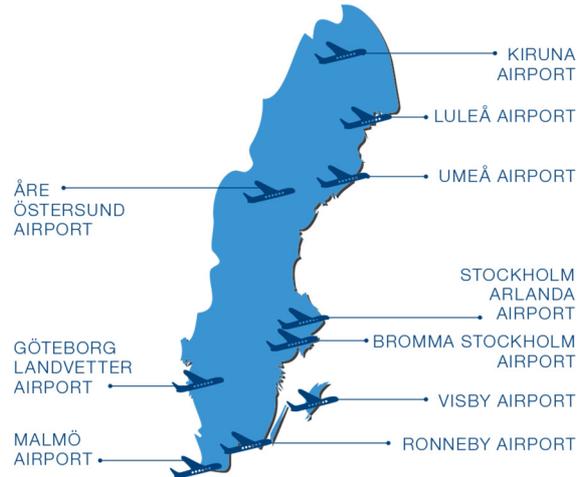
I would like to take the opportunity to thank Karl Wistrand for his fine work as Swedavia's acting President and CEO. My reflection after this brief, initial time as President and CEO is that Swedavia is well equipped with a wonderful network of airports and engaged, talented employees. Together with our customers and partners, this creates potential for the continued success of Sweden in the increasingly intense global competition.

Jonas Abrahamsson  
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** 2016-12-31	Targets 2016	Sustainability targets, 2020
Satisfied passengers (ASQ),%	77%	82%	85%
Engaged leaders and employees (ELE)*	64%	n/a	75%
Return on operating capital,%	8.6%	7%	7%
Carbon dioxide emissions, tonnes	2,720	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

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



# Important events

## January–December

### ENVIRONMENTAL PERMIT

In January, Stockholm Arlanda Airport placed its new environmental permit in service. This means that the airport carries out operations in full in accordance with the rulings issued by the Land and Environmental Court in 2013 and the Land and Environmental Court of Appeal 2014. In May, Stockholm Arlanda Airport submitted trial period reports to the Land and Environmental Court on deferred questions concerning a steeper glide bath and a change in runway use patterns. The main hearing on these deferred questions is planned for March 28-29, 2017. In June, the Land and Environmental Court rejected an application to change Condition 5 concerning the handling of low-speed traffic. Swedavia appealed the ruling to the Land and Environmental Court of Appeal and has been granted move to appeal; the hearing is planned for January 24, 2017.

In late April, the Land and Environmental Court of Appeal allowed Göteborg Landvetter Airport 90,000 aircraft movements per year in its ruling on the airport's environmental permit. As a result, the court has lowered the number of movements from the 120,000 specified in the environmental permit issued by the Land and Environmental Court in June 2015. According to Swedavia's forecast, between 2015 and 2025 the airport will go from about 70,000 to about 90,000 movements. In addition to modifying the number of movements, the Land and Environmental Court of Appeal also changed the possibility of aircraft leaving established flight paths after take-off from Göteborg Landvetter Airport. Swedavia has therefore decided to appeal the ruling to the Supreme Court in the hope of being issued an environmental permit that satisfies requirements for long-term growth at the airport. The Supreme Court has not yet issued a ruling as to whether it will hear the appeal.

### REDUCTION IN AIRPORT CHARGES

Despite increased capital spending, Swedavia reduced charges to airlines by an average 0.8 per cent starting April 1, 2016. Compared to other airports, charges at Swedavia's airports are very competitive and, after the reduction implemented, are on average about 20 per cent lower than at comparable competing airports in Northern Europe. A move to appeal Swedavia's pricing decision was submitted to the Swedish Transport Agency, which rejected the appeal. The decision by the agency was in turn appealed to the Administrative Court, which has not yet ruled on the matter.

### INITIATIVE FOR FOSSIL-FREE DOMESTIC AIR TRAVEL

During the year, Swedavia took another step in realising its vision of fossil-free domestic air travel in Sweden by 2030. In December, the Fly Green Fund delivered 450 tonnes of renewable aviation fuel, equal to the amount used in Swedavia's air travel for official business. The fuel was delivered to three of Swedavia's airports: Stockholm Arlanda Airport, Bromma Stockholm Airport and Åre Östersund Airport.

### NEW BOARD CHAIRMAN AND PRESIDENT AND CEO

At the Annual General Meeting 2016, Åke Svensson, formerly CEO of Teknikföretagen, was elected as a new member and Chairman of the Board. He replaced the departing member and Chairman of the Board Ingemar Skogö. The other Board members were re-elected. At the Board meeting in July 2016, Jonas Abrahamsson was appointed Swedavia's new President and CEO, to assume those duties in January 2017.

### GÖTEBORG CITY (SÄVE) AIRPORT

In May, Göteborg City (Säve) Airport was sold to Serneke Group AB. 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.

### US PRECLEARANCE

In November, the Swedish government and the US signed a bilateral agreement to introduce US border control at Stockholm Arlanda Airport. In conjunction, Swedavia signed a declaration of intent with US Customs and Border Protection (CBP) on how this function is to be handled at the airport. The government has appointed an investigator who is tasked with proposing how the agreement should be modified to conform to Swedish law.

### STOCKHOLM'S AIRPORT CAPACITY

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

### UN ACCORD ON AVIATION EMISSIONS

The International Civil Aviation Organisation (ICAO), a UN agency, reached an agreement in early October on a global scheme to reduce greenhouse gases from international air travel. The decision means that carbon dioxide emissions from international air travel will be benchmarked at the 2020 level, in line with UN climate targets. Swedavia views the ICAO's decision very favourably. The global air travel industry, including Swedavia, has long emphasised that aviation is a global transport mode.

### HOTEL OPERATOR NAMED

Nordic Choice Hotels will be the operator of the large hotel to be built at Stockholm Arlanda Airport. The hotel is expected to have about 460 rooms and will be a modern alternative to business hotels at the airport that provides everyday luxury. The hotel is an important piece of the puzzle in what will be the construction of the new Airport City.

## Events after the end of the period

### **NEW PRESIDENT AND CEO**

Jonas Abrahamsson assumed his duties as President and CEO of Swedavia on January 2, 2017. In conjunction, Karl Wistrand resumed his previous role as Deputy CEO and Director of Commercial and Real Estate.

### **MAIDEN FLIGHTS USING SWEDAVIA'S BIOFUEL**

On January 3, the first official refuelling using biofuel purchased by Swedavia took place at Stockholm Arlanda Airport. The first flight running on biofuel flew between Stockholm and Copenhagen. On January 9, the first official refuelling using biofuel at Åre Östersund Airport took place. Bromma Stockholm Airport was also supplied with some of the 450 tonnes of biofuel purchased to offset the environmental impact of Swedavia's own flights on official business in 2016.

### **REDUCTION IN AIRPORT CHARGES**

On January 11, 2017, Swedavia announced its decision to reduce charges for airlines and ground handling companies by an average 1.0 per cent starting April 1, 2017. This reduction in charges is for the third straight year, further enhancing Swedavia's competitiveness.

### **ENVIRONMENTAL PERMIT**

The main hearing was held on January 24, 2017 in the Land and Environmental Court of Appeal concerning Swedavia's application to change Condition 5 at Stockholm Arlanda Airport. A ruling on the case will be issued on March 16, 2017.

### **A SWEDISH AVIATION STRATEGY**

On January 26, 2017, the Swedish government announced Sweden's first strategy for the role of aviation in the country's future transport system. In the strategy, emphasis is placed on the vital importance of air travel for Sweden's economic growth and development. The government noted in particular the importance of Stockholm Arlanda Airport in Sweden's development and access to international contacts. The strategy also includes the proposal previously put forth by the government to introduce an aviation tax. An aviation tax, which the air travel industry believes will have a minor impact on greenhouse gas emissions, risks constituting a competitive disadvantage for Sweden, especially for international airlines.

# Passenger trends

## January-December

The number of passengers increased 5.2 per cent during the full year 2016 compared to 2015. International passenger volume increased 6.1 per cent, and domestic passenger volume increased 3.5 per cent. Demand for international travel was strong throughout the year, and the range of air links on offer was enhanced, which had a positive effect on passenger volume. Domestic travel also increased during the year, which illustrates the important role that aviation plays in a geographically large country like Sweden. Overall the passenger load factor remained at a high level throughout the year.

In volume terms, European traffic grew most, with a continued increase in service available and very strong demand. Intercontinental scheduled traffic has the strongest growth rate. Increased capacity on existing routes and new non-stop service from Stockholm Arlanda Airport to destinations such as Hong Kong and Los Angeles contributed to the sharp increase. Charter traffic overall continued to decline somewhat at Swedavia's airports. One explanation for this is decreased demand for summer trips to Turkey, which was not fully offset by increases to other countries. A trend of a shift from travel via charter to scheduled service was also noted.

The seasonally adjusted passenger trend shows that international travel achieved record volumes in 2016 and that domestic travel is at historically high levels. Seven of Swedavia's ten airports had their highest passenger volumes ever during the year.

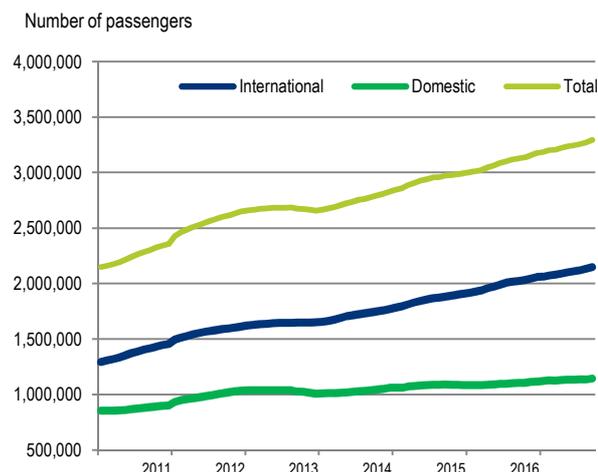
## October-December

The fourth quarter saw sharp passenger growth, 6.1 per cent compared to the same period last year, at Swedavia's airports. Travel increased to all major countries except Turkey. Germany and Spain saw especially large increases.

There was a stronger trend in the demand for air travel during the quarter than in previous quarters. This growth means that, going forward, airlines will continue to invest in the Swedish market. During the fourth quarter, more airlines announced new or expanded service in the next few years.

### PASSENGER TRENDS – SWEDAVIA

ROLLING TWELVE-MONTH TREND APRIL 2010 TO DECEMBER 2016



### PASSENGER VOLUMES

- SWEDAVIA'S FOURTH QUARTER AND JANUARY-DECEMBER 2016

Passengers	Number of passengers Oct-Dec			Number of passengers Jan-Dec		
	2016	2015	Percent change	2016	2015	Percent change
International	6,099,000	5,654,000	7.9%	25,787,000	24,312,000	6.1%
Domestic	3,667,000	3,547,000	3.4%	13,725,000	13,262,000	3.5%
<b>Total</b>	<b>9,766,000</b>	<b>9,201,000</b>	<b>6.1%</b>	<b>39,512,000</b>	<b>37,574,000</b>	<b>5.2%</b>

# Economic overview

## The Group – Net revenue and operating profit

### JANUARY-DECEMBER

Consolidated revenue for the full year totalled SEK 5,546 M (5,416), which is an increase of SEK 130 M or 2.4 per cent compared to last year.

Revenue from Aviation Business totalled SEK 3,446 M (3,258), which is an increase of SEK 188 M. However, 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. Revenue as 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 2,062 M (2,130), which is a decrease of SEK 68 M. The property portfolio sold in June last year led to a SEK 143 M reduction in rental income during the first half of the year.

Revenue from car parking and parking facilities increased SEK 48 M and revenue from retail, food & beverage increased SEK 11 M. Revenue from retail fell despite the increase in passenger volume. 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. Total commercial revenue per departing passenger was SEK 75.5 (76.1).

Other operating revenue totalled SEK 283 M (965) and consists mostly of a capital gain attributable to the sale of Göteborg City (Säve) Airport totalling SEK 146 M. There was also the item of a SEK 95 M supplemental purchase price attributable to the previous sale of TreDhotel, the company that owns the Clarion Hotel property. Last year was affected by the sale of a property portfolio, with a capital gain of SEK 820 M, and the sale of land, with a capital gain of SEK 98 M.

External costs were SEK 130 M higher compared to last year. Higher costs attributable to higher passenger volumes, expanded security checkpoints and strategic investments especially in IT had an impact on this figure. In the Real Estate segment, the figure was affected by higher costs attributable to the sale of services, while the sale of the property portfolio last year meant lower external costs. The sale of Göteborg City (Säve) Airport had a positive effect on costs attributable to a reversal of an environmental provision of SEK 25 M and smaller operations.

Staff expenses increased SEK 86 M. The change is explained by an increase in operational staff at the airports to comply with changes in security regulations, increased 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 (Säve) Airport were lower compared to last year.

The financial metric of operating costs per departing passenger was SEK 203 (203).

Depreciation, amortisation and impairment losses increased SEK 46 M compared to last year. The figure for the year was affected by impairment losses of SEK 31 M in conjunction with new investments while the remaining increase is explained by an increase in fixed assets.

Consolidated operating profit totalled SEK 966 M (1,755). Operating profit in 2016 was affected by capital gains totalling SEK 241 M attributable to the sale of Göteborg City (Säve) Airport and the supplementary purchase price from TreDhotel. The operating margin was 17.4 per cent (32.4). The operating profit in 2015 was affected by capital gains totalling SEK 918 M. Operating profit excluding capital gains totalled SEK 725 M (837). Last year includes operating profit from operations sold totalling SEK 117 M.

### OCTOBER-DECEMBER

Consolidated net revenue for the fourth quarter totalled SEK 1,412 M (1,317), which is an increase of SEK 95 M or 7.2 per cent compared to last year.

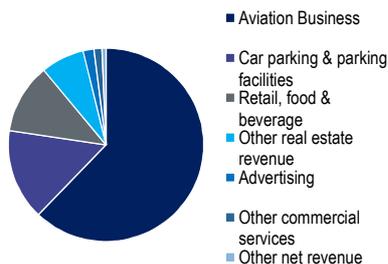
Operating profit totalled SEK 87 M (76). The operating margin was 6.2 per cent (5.8).

Aviation revenue totalled SEK 867 M (784), which is an increase of SEK 83 M. The higher revenue is explained by the increase in passenger volume.

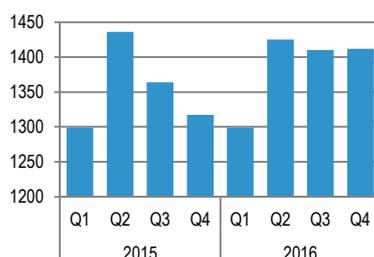
Revenue from Commercial Services during the fourth quarter totalled SEK 536 M (524), which was SEK 12 M higher than last year. The increase in passenger volume led to higher revenue in Commercial Services. The average sale per passenger decreased, which is why the rate of increase did not correspond to the increase in passenger volume.

#### BREAKDOWN OF NET REVENUE

Jan-Dec 2016

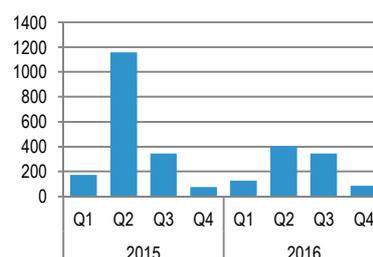


#### NET REVENUE, SEK M



#### OPERATING INCOME, SEK M

((including capital gains))



## Net financial items

Net financial items for the year totalled SEK -97 M (-208). The share of profit from joint ventures had a positive effect on net financial items of SEK 41 M (22). 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 fourth quarter, net financial items totalled SEK -34 M (50). The share of profit from joint ventures had a negative effect on net financial items of SEK -5 M (21). The fourth quarter last year was positively affected by a gain realised from an interest rate derivative acquired.

## Profit for the period

Profit before tax for the year totalled SEK 869 M (1,547) and profit for the year totalled SEK 717 M (1,410).

Profit before tax for the fourth quarter totalled SEK 54 M (126) and profit for the period totalled SEK 47 M (145).

## Capital spending

During the year, capital spending totalled SEK 2,138 M (1,120). 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.

Capital spending during the fourth quarter totalled SEK 841 M (430).

## Cash flow

Cash flow for the year totalled SEK 164 M (-107). Cash flow from operating activities was SEK 1,650 M (1,374), which is SEK 276 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 -1,855 M (1,943). Capital spending for the year of SEK 2,138 M had an adverse effect on cash flow. 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 for the year from financing activities totalled SEK 370 M (-3,424). The difference is explained by a loan in conjunction with the sale of the property portfolio in 2015. The payment of a dividend decided had an adverse effect on cash flow of SEK 232 M, and the increase in new debt had a positive effect.

Cash flow for the fourth quarter totalled SEK -88 M (-77).

## Liquidity and financial position

Consolidated equity at the end of the year was SEK 7,351 M (6,863).

Swedavia's borrowings at the end of the period totalled SEK 4,298 M, which is an increase of SEK 594 M. Swedavia's borrowings are divided into corporate notes of SEK 3,298 M and commercial paper of SEK 1,000 M. Liquid assets increased SEK 164 M and totalled SEK 170 M. The increase in liquid assets is explained by temporary fluctuations in payment flows. The debt/equity ratio was 0.7, which was the same level as last year.

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.

### SWEDAVIA'S FINANCIAL TARGETS

December 31, 2016

	Actual	Target
Return on operating capital, %	8.6	7.0
Debt/equity ratio, times	0.7	1-1.5
Dividend, %	30	30-50

### CAPITAL SPENDING, SEK M



### CASH FLOW FROM OPERATING ACTIVITIES, SEK M



## Employees

The average number of employees for the year was 2,949 (2,787). 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.

## Dividend

The Board of Directors has decided to propose a dividend of 0.09921 kronor per share to shareholders at the Annual General Meeting on April 27, 2017, for a total amount of SEK 143 M. This is in accordance with the company's dividend policy.

# Parent Company

## Net revenue and profit

### Performance and financial position

The Parent Company's net revenue for the full year totalled SEK 5,492 M (5,259), which is an increase of SEK 233 M. Operating profit totalled SEK 662 M (436) and the operating margin was 12.1 per cent (8.3). Operating profit was positively affected by a capital gain attributable to the sale of land of SEK 19 M. Profit before tax was SEK 1,219 M (594) and profit for the period was SEK 1,095 M (523). Dividends from subsidiaries had a positive effect of SEK 757 M (483).

During the fourth quarter, the Parent Company's net revenue was SEK 1,396 M (1,315), which is an increase of SEK 81 M. Operating profit totalled SEK 3 M (-229) and the operating margin was 0.2 per cent (-17.4). Profit before tax was SEK -102 M (-272) and profit for the period was SEK -101 M (-271). Last year's profit was adversely affected by staff expenses of SEK 203 M attributable to a change in interest rate assumptions in calculating the pension liability.

## Income statement

Amounts in SEK M	Note	2016	2015	2016	2015
		Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net revenue	2, 7	1,412	1,317	5,546	5,416
Other operating revenue		104	110	283	965
Work performed by the company for its own use and capitalised		40	25	127	94
External expenses		-701	-678	-2,251	-2,121
Staff expenses		-479	-443	-1,761	-1,675
Depreciation/amortisation and impairment losses on tangible fixed assets and intangible non-current assets		-273	-248	-961	-915
Other operating expenses		-16	-8	-17	-9
<b>Operating profit</b>	2	<b>87</b>	<b>76</b>	<b>966</b>	<b>1,755</b>
<b>Income from financial items</b>					
Income from holdings in associated companies and joint ventures		-5	21	41	22
Interest income and similar items		3	0	6	4
Interest expenses and similar items		-32	29	-144	-234
<b>Income after financial items</b>		<b>54</b>	<b>126</b>	<b>869</b>	<b>1,547</b>
Tax		-7	20	-152	-136
<b>Profit for the period</b>		<b>47</b>	<b>145</b>	<b>717</b>	<b>1,410</b>
Earnings per share					
Earnings per share before and after dilution, SEK		0.03	0.10	0.50	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	2015	2016	2015
		Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
<b>Profit for the period</b>		<b>47</b>	<b>145</b>	<b>717</b>	<b>1,410</b>
<b>Other comprehensive income:</b>					
<b>Items that can be reclassified to the income statement</b>					
Cash flow hedges					
Items reclassified to the income statement		13	-53	13	81
Change in fair value for the period		16	10	57	18
Tax		-7	-5	-15	-36
Other comprehensive income from joint ventures, net after tax		6	-	-12	-
<b>Items that cannot be reclassified to the income statement</b>					
Revaluations of defined benefit pensions		41	42	-51	42
Tax		-9	-9	11	-9
<b>Total other comprehensive income, net after tax</b>		<b>60</b>	<b>-15</b>	<b>3</b>	<b>96</b>
<b>Comprehensive income for the period</b>		<b>108</b>	<b>130</b>	<b>720</b>	<b>1,506</b>

## Balance sheet

Amounts in SEK M	Note	2016-12-31	2015-12-31
<b>ASSETS</b>	<b>2</b>		
<b>NON-CURRENT ASSETS</b>			
Intangible non-current assets		632	615
Tangible non-current assets		11,897	10,781
Non-current financial assets		1,091	988
<b>Total non-current assets</b>		<b>13,620</b>	<b>12,385</b>
<b>CURRENT ASSETS</b>			
Materials and supplies		43	45
Trade receivables		420	451
Receivables from associated companies		58	113
Other receivables		178	141
Prepaid expenses and accrued income		225	118
Derivative instruments	4	2	-
Liquid assets		170	6
<b>Total current assets</b>		<b>1,096</b>	<b>874</b>
<b>TOTAL ASSETS</b>		<b>14,716</b>	<b>13,259</b>
<b>EQUITY AND LIABILITIES</b>	<b>2</b>		
<b>EQUITY</b>			
Share capital		1,441	1,441
Other paid-in capital		2,162	2,162
Hedge reserve		-119	-175
Retained earnings		3,866	3,435
<b>Total equity</b>		<b>7,351</b>	<b>6,863</b>
<b>Non-current liabilities</b>			
Provisions		1,048	945
Deferred tax liability		447	447
Interest-bearing liabilities		3,321	2,412
Derivative instruments	4	161	209
Other non-current liabilities		8	9
<b>Total non-current liabilities</b>		<b>4,985</b>	<b>4,022</b>
<b>Current liabilities</b>			
Provisions		42	49
Interest-bearing liabilities		1,010	1,315
Derivative instruments	4	-	15
Trade payables		601	372
Other liabilities		107	82
Liabilities to associated companies		0	18
Accrued expenses and prepaid income		621	521
<b>Total current liabilities</b>		<b>2,380</b>	<b>2,373</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>14,716</b>	<b>13,259</b>

## Change in equity

Amounts in SEK M	2016-12-31	2015-12-31
<b>GROUP</b>		
Equity, opening balance	6,863	5,571
Comprehensive income for the period	720	1,506
Dividend	-232	-230
Adjustments	-	16
<b>Equity, closing balance</b>	<b>7,351</b>	<b>6,863</b>

## Cash flow statement

Amounts in SEK M	Note	2016 Oct-Dec	2015 Oct-Dec	2016 Jan-Dec	2015 Jan-Dec
<b>Operating activities</b>					
Profit after financial items		49	126	864	1,547
Adjustments for items not included in cash flow etc.		315	167	744	-13
Tax paid		47	-13	-125	-137
<b>Cash flow from operating activities before changes in working capital</b>		<b>412</b>	<b>280</b>	<b>1,483</b>	<b>1,397</b>
<b>Cash flow from changes in working capital</b>					
Increase(-)/Decrease(+) in materials and supplies		32	0	12	-4
Increase(-)/Decrease(+) in operating receivables		-165	-17	-167	-73
Increase(+)/Decrease(-) in operating liabilities		174	137	322	53
<b>Cash flow from operating activities</b>		<b>453</b>	<b>399</b>	<b>1,650</b>	<b>1,374</b>
<b>Investing activities</b>					
Disposal of subsidiaries		-	0	274	3,854
Acquisitions/disposal of intangible non-current assets		-31	-3	-42	-22
Acquisitions/disposal of tangible fixed assets		-811	-426	-2,075	-1,096
Acquisitions/disposal of other financial assets		-	-3	-12	-793
<b>Cash flow from investing activities</b>		<b>-842</b>	<b>-431</b>	<b>-1,855</b>	<b>1,943</b>
<b>Financing activities</b>					
Borrowings raised	6	400	608	2,141	4,563
Borrowings repaid	6	-101	-650	-1,548	-7,748
Increase(+)/Decrease(-) in other financial liabilities		1	-4	9	-8
Dividend paid		-	-	-232	-231
<b>Cash flow from financing activities</b>		<b>301</b>	<b>-45</b>	<b>370</b>	<b>-3,424</b>
<b>Cash flow for the period</b>		<b>-88</b>	<b>-77</b>	<b>164</b>	<b>-107</b>
<b>Liquid assets at the beginning of the period</b>		<b>259</b>	<b>83</b>	<b>6</b>	<b>112</b>
<b>Liquid assets at the end of the period</b>		<b>170</b>	<b>6</b>	<b>170</b>	<b>6</b>

## Income statement

Amounts in SEK M	Note	2016	2015	2016	2015
		Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net revenue		1,396	1,315	5,492	5,259
Other operating income		10	12	41	54
Work performed by the company for its own use and capitalised		40	25	127	94
External expenses		-687	-674	-2,267	-2,167
Staff expenses		-462	-647	-1,733	-1,858
Depreciation/amortisation and impairment losses on tangible fixed assets and intangible non-current assets		-277	-253	-980	-936
Other operating expenses		-16	-8	-17	-9
<b>Operating profit</b>		<b>3</b>	<b>-229</b>	<b>662</b>	<b>436</b>
<b>Income from financial items</b>					
Profit on holdings in Group companies		-	-22	757	398
Interest income and similar items		3	0	4	33
Interest expenses and similar items		-33	-25	-128	-277
<b>Income from financial items</b>		<b>-26</b>	<b>-276</b>	<b>1,295</b>	<b>590</b>
Appropriations		-76	4	-76	4
<b>Profit before tax</b>		<b>-102</b>	<b>-272</b>	<b>1,219</b>	<b>594</b>
Tax		1	1	-125	-70
<b>Profit for the period</b>		<b>-101</b>	<b>-271</b>	<b>1,095</b>	<b>523</b>

## Balance sheet

Amounts in SEK M	Note	2016-12-31	2015-12-31
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible non-current assets		608	615
Tangible fixed assets		11,467	10,411
Total financial assets	3	1,070	986
<b>Non-current assets</b>		<b>13,145</b>	<b>12,012</b>
<b>CURRENT ASSETS</b>			
Materials and supplies		40	41
Current receivables	3	1,653	1,424
Liquid assets		165	2
<b>Total current assets</b>		<b>1,859</b>	<b>1,467</b>
<b>Total assets</b>		<b>15,003</b>	<b>13,479</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Restricted equity</b>			
Share capital (1,441,403,026 shares)		1,441	1,441
Reserve for development expenditures		22	-
<b>Unrestricted equity</b>			
Retained earnings/Share premium reserve		2,372	2,104
Profit for the period		1,095	523
<b>Total equity</b>		<b>4,931</b>	<b>4,068</b>
Untaxed reserves		1,943	1,982
Provisions		1,332	1,312
Non-current liabilities		3,324	2,413
Current liabilities	3	3,475	3,705
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>15,003</b>	<b>13,479</b>

# Notes

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## Note 1. ACCOUNTING PRINCIPLES

### GENERAL

This year-end 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.

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## 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 Oct-Dec Amounts in SEK M	Airport Operations		Real Estate		Eliminations/adjustments		Total Swedavia	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from external customers	1,416	1,313	140	139	-	-	1,556	1,452
Revenue from other segments	32	43	88	80	-121	-123	-	-
<b>Total revenue</b>	<b>1,448</b>	<b>1,355</b>	<b>228</b>	<b>219</b>	<b>-121</b>	<b>-123</b>	<b>1,556</b>	<b>1,452</b>
Operating expenses	-1,194	-1,133	-122	-118	121	123	-1,195	-1,129
Depreciation, amortisation and impairment losses	-272	-247	-2	-1	-	-	-273	-248
<b>Operating profit</b>	<b>-16</b>	<b>-24</b>	<b>104</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>87</b>	<b>76</b>

Income statement Jan-Dec Amounts in SEK M	Airport Operations		Real Estate		Eliminations/adjustments		Total Swedavia	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from external customers	5,555	5,291	401	1,302	-	-117	5,956	6,476
Revenue from other segments	114	141	336	311	-450	-452	-	-
<b>Total revenue</b>	<b>5,669</b>	<b>5,432</b>	<b>737</b>	<b>1,613</b>	<b>-450</b>	<b>-569</b>	<b>5,956</b>	<b>6,476</b>
Operating expenses	-4,067	-3,888	-411	-369	450	452	-4,028	-3,806
Depreciation, amortisation and impairment losses	-956	-912	-5	-3	-	-1	-961	-915
<b>Operating profit</b>	<b>646</b>	<b>632</b>	<b>321</b>	<b>1,241</b>	<b>-</b>	<b>-118</b>	<b>966</b>	<b>1,755</b>

Balance sheet Amounts in SEK M	Airport Operations		Real Estate		Eliminations/adjustments		Total Swedavia	
	2016-12-31	2015-12-31	2016-12-31	2015-12-31	2016-12-31	2015-12-31	2016-12-31	2015-12-31
Non-current assets	13,086	11,960	1,235	1,137	-700	-713	13,620	12,385
Current assets	1,859	1,437	1,263	1,555	-2,025	-2,119	1,096	874
<b>Total assets</b>	<b>14,944</b>	<b>13,398</b>	<b>2,497</b>	<b>2,693</b>	<b>-2,725</b>	<b>-2,832</b>	<b>14,716</b>	<b>13,259</b>
Equity	6,749	5,858	1,421	1,882	-819	-877	7,351	6,863
Liabilities	8,194	7,539	1,076	810	-1,906	-1,954	7,366	6,395
<b>Total equity and liabilities</b>	<b>14,944</b>	<b>13,398</b>	<b>2,497</b>	<b>2,693</b>	<b>-2,725</b>	<b>-2,832</b>	<b>14,716</b>	<b>13,259</b>

<sup>3</sup> Eliminations consist of intra-Group transactions, and adjustments consist of consolidating adjustments.

<sup>4</sup> On April 1, 2014, energy and airport telecom operations at Swedavia AB were converted into a company and as of that date are part of the Real Estate segment.

**Note 3. RECEIVABLES FROM GROUP COMPANIES**

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

Amounts in SEK M	Group	
	2016 Dec 31	2015 Dec 31
Loan receivables and trade receivables	724	528
Other financial liabilities	-5,018	-4,226
Derivatives	-153	-224
<b>Total</b>	<b>-4,448</b>	<b>-3,921</b>
Total book value	-4,418	-3,864

**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.

**Note 5. CONTINGENT LIABILITIES AND PLEDGED ASSETS**

Swedavia's pledged assets of shares and holdings in the joint ventures Swedish Airport Infrastructure KB and Swedish Airport Infrastructure AB. The carrying amount is SEK 841 M (812).

Swedavia's contingent liabilities consist of pension obligations in endowment insurance owned by the company, totalling SEK 8 M (5), and a guarantee for SEK 81 M (81) to the joint venture Landvetter Logistik Center AB, which it owns together with Bockasjö AB.

Swedavia furthermore has obligations 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 REVENUE<sup>4</sup>

Group, amounts in SEK M	2016	2015	2016	2015
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
<b>Breakdown of net revenue</b>				
<i>Aviation Business</i>				
Passenger-related revenue	404	381	1,638	1,576
Aircraft-related revenue	157	155	625	647
Externally regulated charges	178	137	727	650
Ground handling	75	65	257	240
Other additional services	53	45	198	145
	<b>867</b>	<b>784</b>	<b>3,446</b>	<b>3,258</b>
<i>Commercial Services</i>				
Car parking & parking facilities	215	202	845	796
Retail, food & beverage	174	163	645	634
Real estate revenue	101	107	401	525
Advertising	26	26	99	90
Other commercial services	20	27	72	84
	<b>536</b>	<b>524</b>	<b>2,062</b>	<b>2,130</b>
Other net revenue	8	9	38	27
<b>Total net revenue</b>	<b>1,412</b>	<b>1,317</b>	<b>5,546</b>	<b>5,416</b>

<sup>4</sup> As of January 1, 2016, Swedavia made minor changes in the definition of net revenue. Comparative periods have been restated.

## Note 8. SUPPLEMENTARY INFORMATION FOR KEY FINANCIAL DATA

### Net liabilities

The pension liability totalled SEK 803 M (765) as of December 31, 2016.

### Operating profit excluding capital gains

Capital gains that are excluded from calculations for the full year 2016 totalled SEK 241 M (918). Capital gains that are excluded from calculations for the fourth quarter totalled SEK 95 M (98).

### Operating costs per departing passenger

Operating costs for 2016 were reduced by staff expenses of SEK 203 M attributable to a change in interest rate assumptions in calculating the pension liability.

## Note 9. EVENTS AFTER THE END OF THE PERIOD

### NEW PRESIDENT AND CEO

Jonas Abrahamsson assumed his duties as President and CEO of Swedavia on January 2, 2017. In conjunction, Karl Wistrand resumed his previous role as Deputy CEO and Director of Commercial and Real Estate.

### MAIDEN FLIGHTS USING SWEDAVIA'S BIOFUEL

On January 3, the first official refuelling using biofuel purchased by Swedavia took place at Stockholm Arlanda

Airport. The first flight running on biofuel travelled between Stockholm and Copenhagen. On January 9, the first official refuelling using biofuel at Åre Östersund Airport took place. Bromma Stockholm Airport was also supplied with some of the 450 tonnes of biofuel purchased to offset the environmental impact of Swedavia's own flights on official business in 2016.

### REDUCTION IN AIRPORT CHARGES

On January 11, 2017, Swedavia announced its decision to reduce charges for airlines and ground handling companies by an average 1.0 per cent starting on April 1, 2017. The charges were reduced for the third straight year, further enhancing Swedavia's competitiveness.

### ENVIRONMENTAL PERMIT

The main hearing was held in the Land and Environmental Court of Appeal concerning Swedavia's application to change Condition 5 at Stockholm Arlanda Airport on January 24, 2017. A ruling on the case will be issued on March 16, 2017.

### A SWEDISH AVIATION STRATEGY

On January 26, 2017, the Swedish government announced the first Swedish strategy for the role of aviation in the country's future transport system. In the strategy, emphasis is placed on the critical importance of air travel for Sweden's economic growth and development. The government noted in particular the importance of Stockholm Arlanda Airport in Sweden's development and access to international contacts. The strategy also includes the proposal previously put forth by the government to introduce an aviation tax. An aviation tax, which the air travel industry believes will have a minor impact on greenhouse gas emissions, risks constituting a competitive disadvantage for Sweden, especially for international airlines.

# 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 land leases, parking operations and the leasing of advertising space.

## **DEBT/EQUITY RATIO**

Net liabilities divided by equity. This financial ratio is what Swedavia's 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

Annual Report 2016	March 31, 2017
Annual General Meeting 2017	April 27, 2017
Three-Month Report, Jan-Mar 2017	April 27, 2017
Six-Month Report, Jan-Jun 2017	July 18, 2017
Nine-Month Report, Jan-Sep 2017	October 31, 2017
Year-End Report 2017	February 15, 2018

Swedavia's financial reports are published on Swedavia's website [www.swedavia.se](http://www.swedavia.se).

This Year-End Report has not been reviewed by Swedavia's auditors.

## Contact people

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On behalf of the Board of Directors, the president and CEO hereby submits the Year-End Report 2016.

Stockholm-Arlanda February 13, 2017

**Jonas Abrahamsson**  
President and CEO

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