

Interim Report

January – June 2020

“Towards a
new normal”

Jonas Abrahamsson
President and CEO



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2020

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- During the first half of the year, Swedavia's airports had 6.9 million (19.6)¹ passengers, which is a decrease of 64.6 per cent compared to the previous year. During the second quarter, the decrease was 97.0 per cent.
- Net revenue totalled SEK 1,580 M (3,072), a decrease of SEK 1,492 M mainly due to the effects of the Covid-19 pandemic starting in mid-March, which led to a sharp decrease in air traffic and thus considerably lower passenger volume
- Operating profit totalled SEK -376 M (348)
- Operating profit was positively affected by a capital gain of SEK 422 M (-) related to the sale of Airport Hotel 2 AB on January 30, 2020. Lower sales revenue from Aviation Business and Commercial Services as well as higher costs related to a SEK 47 M provision for expected customer credit losses had a negative effect on operating profit
- Restructuring costs totalled SEK 19 M (43)
- Operating profit excluding capital gains and restructuring costs was SEK -779 M (391)
- Profit for the first half of the year totalled SEK -223 M (259)
- Investments for the Group totalled SEK 1,593 M (1,600)
- In late March, around 2,100 of Swedavia's employees were furloughed and another 800 redundancies were announced
- The Swedish parliament has authorised the government to approve a shareholder contribution of up to SEK 3,150 M to Swedavia in 2020. The shareholder contribution requires the European Commission's approval on the measures

KEY FINANCIAL FIGURES, GROUP ³

	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
SEK M, unless otherwise indicated					
Net revenue	335	1,597	1,580	3,072	6,235
Operating profit	-650	278	-376	348	709
Operating profit excluding capital gains, impairment losses and disposals ²	-646	309	-779	391	742
Operating margin, %	-194.4	17.4	-23.8	11.3	11.4
Operating margin excluding capital gains, impairment losses and disposals, % ²	-193.1	19.3	-49.3	12.7	11.9
Profit for the period	-515	212	-223	259	583
Return on operating capital, %	0.6	4.3	0.6	4.3	4.6
Return on operating capital excluding capital gains, impairment losses, and disposals, % ²	-1.5	4.9	-1.5	4.9	4.8
Debt/equity ratio, times	1.2	1.3	1.2	1.3	1.1
Cash flow from operating activities ⁴	-350	501	-150	949	1,977
Capital spending	752	944	1,593	1,600	3,460
Average number of employees	2,462	3,193	2,462	3,193	3,050
Passengers, million	0.3	10.7	6.9	19.6	40.2
Operating costs per departing passenger, SEK	4,485.9	189.7	538.5	219.9	212.6
Commercial revenues per departing passenger, SEK	398.9	79.0	105.5	80.8	81.0

¹ Figures in parentheses in this report 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 This key metric is calculated excluding restructuring costs

³ For definitions of key metrics, see pages 22-23

The aviation market is moving towards a new normal

During the second quarter of the year, air traffic around the world came more or less to a standstill due to the Covid-19 pandemic. Traffic at Swedavia's ten airports decreased 97 per cent, with net revenue down SEK 1,263 M as a result. In June, Swedavia's owner decided on a SEK 3,150 M capital injection, and during the last few weeks of the quarter, the aviation market showed signs of the start of a cautious recovery. Meanwhile, there are many indicators that the market is moving towards a new normal with new conditions following the Covid-19 pandemic.

Swedavia shall enable people to meet. We work with this every day of the year at our airports all across Sweden in order to give people this important possibility. But it is also why this spring has been so unusual – for society in general and for us at Swedavia to a very great extent. We have seen communities and economies hit hard by the fact that something we have long taken for granted – the chance to travel relatively freely within and between countries – has been temporarily and for all intents and purposes taken away from us.

The situation that prevailed at our airports over the past quarter is unprecedented. During the quarter, travel was down about 97 per cent – something we have never seen before.

Above all, the pandemic is a tragedy for everyone directly affected by the ravages of the virus – for all those who were seriously ill or died and for all those who lost a loved one. But the tragedy extends even further. Many people have been unable to meet loved ones for a long time, jobs have been lost and companies have folded. Although the crisis is not yet over, we now see glimmers of hope. Countries are opening up, and we see signs that the aviation industry has gradually begun its journey towards a new normal.

RESTART REQUIRES ACCESS

During the spring, Swedavia took forceful cost-saving measures to counter the dramatic decrease in air travel due to the Covid-19 pandemic. All in all, it is estimated that these measures will cut our costs by about SEK 1 billion and reduce investments by about the same amount in 2020. Swedavia entered the crisis in a very good financial position. However, our operations are entirely dependent on variable revenue from our customers, and the crisis entailed lost revenue for Swedavia of almost 500 million kronor a month during the quarter. The 3.15 billion kronor capital injection decided by Swedavia's owner, the Swedish State, on June 23 has thus been vital to the company's ability to create long-term value and to safeguard critical Swedish infrastructure.

Many factors indicate that we will see an aviation market with a new normal once this acute crisis is over, and right now we are analysing what the market might look like in the long term. In the short term, Swedavia's view is that the aviation market in both 2020 and 2021 will be strongly affected, which will have consequences both for access and for the companies that operate in this market. For Swedavia, it means that short-term cost savings measures now need to be supplemented with further efficiency improvements and long-term sustainable measures.

Unfortunately, among other moves, it means that we need to carry out a major part of the redundancies of 800 full-time positions that we announced in March, during the second half of the year. This is a difficult but necessary decision that no one could have imagined we would need to make when we started the year. The changed market situation also means that we are now giving priority in our investment portfolio to projects and measures that increase efficiency, flexibility and service rather than to capacity. For instance, at Stockholm Arlanda Airport, as announced earlier, we have paused work on a new pier, while work to build a new security checkpoint for all



of Terminal 5 and to integrate Terminals 4 and 5 continues, to enable more efficient use of the airport.

We also need to do all we can to support our partners and customers as they, like us, work to get through the crisis. The aviation industry is an ecosystem in which different stakeholders depend on one another and only together can make it possible for people to travel.

While tomorrow's aviation market will look different than yesterday's, with lower traffic volume and the economic consequences of this, we know that air travel will be critical to the ability of countries and economies to recover.

FIGHTING THE SPREAD OF INFECTION AND ENSURING SAFETY

Those of us who work in the aviation industry now face the important task of also fighting the spread of Covid-19 long-term and ensuring the safety of everyone in our environments. Since airports are very much international environments, as an airport operator we also need to take into account the many international visitors at the airport who are used to and expect different measures than those recommended in Sweden for infection control purposes. It is thus important for us in this respect, in addition to complying with Swedish authorities' instructions, to coordinate actions with the aviation market internationally and to listen to our customers and employees in order to find a good balance in the measures we take.

Swedavia is carrying out a number of measures to enable social distancing in our terminals even when traffic volume increases. We now also recommend the use of face coverings in our terminals, plexiglas screens are being set up where appropriate, and we provide hand sanitisers all around our airports. In some cases, special cleaning procedures have been introduced. These measures are being implemented so that we can best help to ensure people's safety and safe environments as traffic now gradually starts up again.

ADAPTATION TO TACKLE CLIMATE CHANGE CONTINUES

Air travel in Sweden and around the world will now gradually start up again. People will once again meet, and economies will also start to recover. There is also strength to draw on for development and innovation in other areas. The aviation industry's adaptation to tackle climate change is under way, and the Covid-19 pandemic does not change the need for the continued transformation of the industry, with us shifting from fossil alternatives to renewable ones.

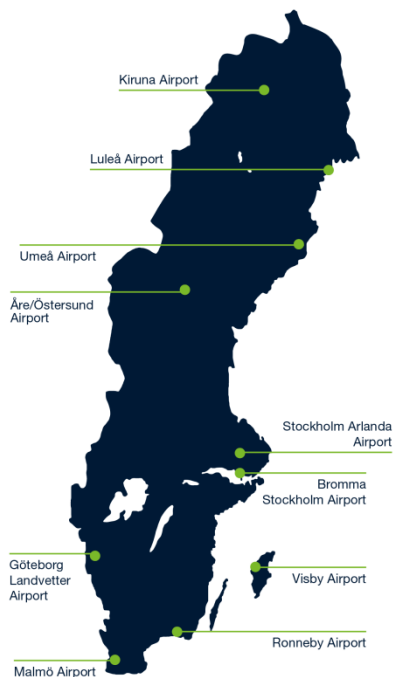
For Swedavia, it means, among other things, that our target of zero emissions of fossil carbon dioxide from our own operations by the end of 2020 remains in place. We are now in a period when we need to focus on what is business-critical, and this is exactly what our journey to become a fossil-free industry is. This is a difficult time for many – including the aviation industry – but we look forward, together with the rest of the industry, to taking air travel into a new era. Air travel is a transport mode of the future, and the transport modes of the future must be fossil-free.

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 aviation 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.



OUR SUSTAINABILITY TARGETS

	Actual ⁴ Jun 30, 2020	Actual ⁴ Jun 30, 2019	Targets, 2020	Targets, 2025
Satisfied passengers, % ⁵	74	74	75	85
Engaged leaders and employees, % ⁶	65	65	67	75
Return on operating capital, %	0.6	4.3	6.0	6.0
Carbon dioxide emissions, tonnes ⁷	100	428	300	0
Mixture of sustainable aviation fuel, % ⁸	0.1	0.1	0.1	5.0

⁴ The actual figure is for 12 rolling months

⁵ The figures are for Stockholm Arlanda Airport, with the first quarter of 2020 compared to the first quarter of 2019. Comparable figures have been adjusted

⁶ Starting in 2019, the key metric is measured every second year. The figures reported are for 2020 and 2019 pertains to the measurement in 2018.

⁷ For the overall target of zero tonnes of fossil carbon dioxide emissions from Swedavia's own operations, the target is to be achieved by the end of 2020

⁸ The target is that air traffic at all Swedish airports shall have a 5 per cent mixture of sustainable aviation fuel by 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 and access.

Values

- Reliable
- Engaged
- Innovative
- Welcoming

Important events

January – June

AIRPORT CHARGES IN 2020

After consulting with airlines and ground handling companies, Swedavia decided in the autumn of 2019 to raise charges in its network by 5 per cent as of January 15, 2020. The increase is a consequence of the long-term infrastructure development that Swedavia is carrying out to ensure future capacity and high-quality airport products. Within the scope of this price decision, a decision was made in late June on a supplementary incentive programme which involves additional discounts to airlines as of July 1, 2020. The measures are being carried out to meet the market's needs as air traffic starts up again after Covid-19.

SALE OF HOTEL PROPERTY

On January 30, 2020, Airport Hotel 2 AB, which owns the hotel property with the newly opened Comfort Hotel at Stockholm Arlanda Airport, was sold. The buyer is Wenaasgruppen AS. The underlying property value was SEK 1,344 M, and Swedavia's capital gain was SEK 422 M. The sale is in line with Swedavia's strategy to create value by developing properties near its airports that can be reinvested in the airports' competitiveness.

NEW BOARD MEMBER

At an extraordinary general meeting held on February 13, 2020, Nina Linander was elected as a new member of the Board of Directors, and it was decided that the number of Board members elected shall be eight, with no deputy members.

THE IMPACT OF THE COVID-19 PANDEMIC ON AIR TRAVEL

After the initial outbreak in China in late 2019, on March 11, the World Health Organization (WHO) categorised Covid-19 as a pandemic. Swedavia's focus is always on the safety, security and health of employees, passengers and stakeholders, and the company is closely monitoring developments and following the instructions of the authorities in charge, mainly the Public Health Agency of Sweden and infectious disease doctors in the regions affected.

Measures taken by countries, airlines and companies to slow the spread of the virus, as well as individual travel decisions, have led to a dramatic fall since March in the demand for both international and domestic flights.

During the second quarter, the pandemic continued to have a major global impact on society, and commercial air traffic around the world virtually came to a standstill. At Swedavia's airports, passenger volume decreased 97 per cent. In addition to the pandemic's direct effects on access by air, market players faced serious economic challenges. As in Sweden, governments across the world launched aid packages to help airlines and other industry players through the crisis.

In the last few weeks of the quarter, there were visible signs that a recovery had begun, as restrictions on travel and social distancing were lifted. However, there is still great uncertainty about what the recovery in the market will look like and what the short- and long-term effects will be.

Airlines, airport companies and other market players have in many cases completed or announced structural and organisational changes to adapt operations to a new and uncertain market situation.

For Swedavia, the sharp decrease in the number of aircraft movements and passengers during the quarter resulted in a sharp

fall in revenue from airport charges and car parking & passenger drop-off/pick up facilities and in rental income from retail, food & beverage.

SWEDAVIA FURLOUGHS STAFF

To adapt operations to the sharp decline in passenger volume and fewer aircraft movements, in March Swedavia furloughed around 2,100 permanent employees both in its corporate units and at the airports. The furloughs were made possible through the aid package put together by the Swedish government to assist businesses affected by the impact of the spread of Covid-19.

SWEDAVIA ANNOUNCES REDUNDANCIES

To create future room for manoeuvre in light of a market trend characterised by considerable uncertainty, on March 20 Swedavia also announced redundancies that affect 800 full-time equivalent positions in addition to the furloughs, which will largely need to be carried out during the second half of the year.

ECONOMIC CHALLENGES FOR MAJOR AIRPORT CUSTOMERS

The spread of Covid-19 has had major consequences for all of Swedavia's airline customers, which suspended virtually all air traffic from late March to the end of the second quarter. As a result, this has had a major negative economic impact on airlines and on Swedavia. During the second quarter, the carrier BRA suspended all flights and applied for a corporate restructuring. The airline Norwegian has also carried out a corporate restructuring, in which equity was increased through external borrowing and lease liabilities were converted into shares in the company. As a result, Norwegian has been issued a loan guarantee by the Norwegian State. During the quarter, SAS announced a need for a capital increase. A plan for recapitalising the company was presented on June 30.

RELIEF FOR TENANTS

The Covid-19 pandemic has had a major economic impact on Swedavia's tenants and other partners. As a result, Swedavia decided to introduce discounts and rent reductions to customers and partners in line with the aid package adopted by the Swedish government on April 16. Swedavia has also offered rent relief to some 50 tenants not included in the government's aid package whose operations have been hit hard by the ongoing crisis.

NEW BOARD MEMBERS ELECTED AT ANNUAL GENERAL MEETING

At Swedavia's Annual General Meeting on April 29, it was decided that the number of members elected to the Board of Directors shall be nine, with no deputy members. Åke Svensson was re-elected as chairman, after which Board members Nina Linander, Lotta Mellström, Lars Mydland and Lottie Svedenstedt were re-elected and Tor Clausen, Eva Nygren, Per Sjödel and Annica Ånäs were elected as new members. Lars Backemar, Lottie Knutsson and Mikael Norman stepped down from the Board in conjunction with the Annual General Meeting.

TWO PROJECTS IN STOCKHOLM ARLANDA DEVELOPMENT PROGRAMME PAUSED

The Covid-19 pandemic and the necessary infection control measures taken have led to a dramatic decrease in air travel. There is still great uncertainty about future market prospects and thus about the need for future capacity at the airports.

One of the measures Swedavia has initiated to adapt operations based on the current situation is a comprehensive review of the company's existing investment portfolio.

The ongoing review has so far resulted in Swedavia's decision on April 29 to pause projects for the construction of Pier G adjacent to Terminal 5 and a new baggage system in Terminal 5 at Stockholm Arlanda Airport.

Completing the projects is still an important part of the Stockholm Arlanda Development Programme, but the point in time at which the higher capacity created through the two projects needs to be placed in service has been delayed until further in the future.

SWEDAVIA'S OWNER PROVIDES CAPITAL INJECTION

In the amending budget adopted by the Swedish parliament on June 23, the parliament authorised the government to approve a capital injection of up to SEK 3,150 M in order for Swedavia to maintain its infrastructure and ensure Swedish access.

The shareholder contribution requires the European Commission's approval of the measures.

GOVERNMENT GRANT TO THE AVIATION MARKET

During the quarter, the Swedish government with the backing of other parliamentary parties presented an aid package for other companies in the Swedish aviation market as well. In the additional amending budget adopted by parliament on June 23, the Swedish Civil Aviation Authority (LFV) was granted a contribution of SEK 900 M, while a temporary increase in operating aid of SEK 100 M is being allocated to regional airports under local authority management in 2020, to mitigate the impact of the ongoing pandemic.

The government has also been authorised by parliament to take part in a recapitalisation of SAS on the State's behalf, for an

amount of up to SEK 5 billion. In the event the Swedish State takes part in a recapitalisation, the government will work to ensure that SAS sets new targets to reduce the airline's climate-changing emissions. A recapitalisation plan was presented on June 30. The participation of the Swedish State requires the European Commission's approval.

INFECTION CONTROL AND SAFETY MEASURES INTRODUCED

To prevent the spread of Covid-19 and to ensure the safety of passengers, employees in the aviation industry and others who work at the airports, a number of measures are now being introduced.

Swedavia follows the recommendations of the Public Health Agency of Sweden and also collaborates at the EU level to make certain that measures are taken to ensure safe, secure travel also across national borders, given that national guidelines may vary.

The European Aviation Safety Agency (EASA) in partnership with the European Centre for Disease Prevention and Control (ECDC) has developed guidelines for a uniform, safe travel experience within the EU. Airports and airlines are encouraged to follow the protocol, and compliance will be monitored on a continuous basis.

Swedavia will sign up Stockholm Arlanda Airport, Göteborg Landvetter Airport, Bromma Stockholm Airport and Malmö Airport to the protocol. However, all of Swedavia's airports will follow protocol standards to ensure uniformity.

Implementation will take place during the third quarter.

Events after the end of the period

There are no important events to report.

Passenger trends

April – June

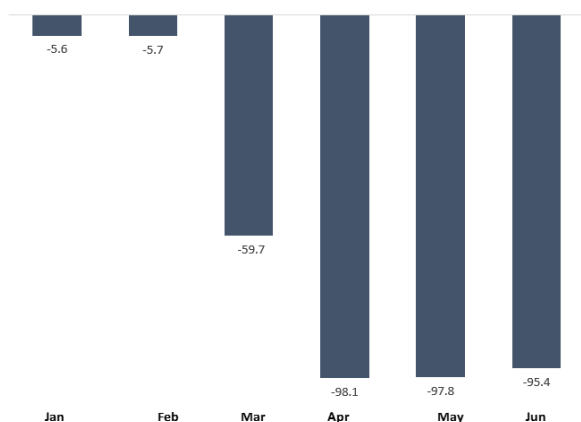
During the second quarter, passenger volume decreased 97.0 per cent compared to the previous year due to the Covid-19 pandemic. The restrictions that started to be introduced during the first quarter to reduce the spread of disease had a full impact on air traffic in the second quarter. During the quarter, only a few routes to/from Swedavia's airports were operating, while some airports had no scheduled air service at all. Only 321,000 passengers flew to or from Swedavia's airports during the second quarter compared to 10.7 million passengers the previous year. At the end of the quarter, a cautious resumption of traffic began, one that is expected to gradually continue during the summer as travel restrictions are eased. However, demand and supply are expected to still be very low compared to the previous year.

The airlines' supply in the market, measured in the number of seats, decreased 94.1 per cent during the second quarter of the year. The downturn in demand also contributed to the significant decrease in the airlines' load factor. During the quarter, domestic travel fared somewhat better, down 96.1 per cent, compared to international travel, which was down 97.4 per cent.

Cargo volume during the quarter also decreased 40 per cent, which mainly affected airlines' profitability.

MONTHLY PASSENGER TREND (%) – SWEDAVIA

JANUARY – JUNE 2020



A 90-95 per cent decrease in passenger volume, implies lower monthly revenue of SEK 400-500 M.

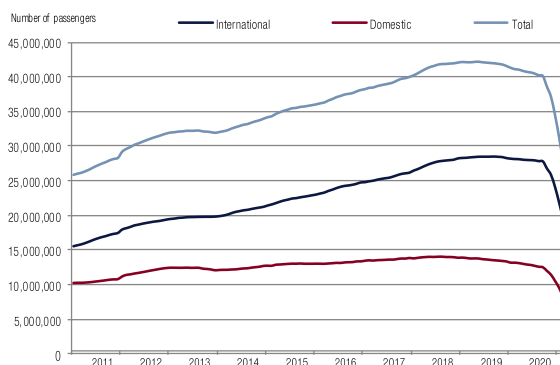
January – June

Covid-19 also had a major impact on the traffic trend during the first half of 2020. In the first two months of the year, the pandemic had a limited impact on the passenger trend. In March, Covid-19 restrictions were gradually introduced, which led to a significant decrease in passenger volume.

During the first half of the year, passenger volume at Swedavia's airports decreased 64.6 per cent or 12.7 million. The supply in air traffic also fell sharply during the first half of the year, 58.1 per cent, with 16.1 million fewer seats. During the first half of the year, domestic traffic was down 62.8 per cent, while international traffic decreased 65.5 per cent.

PASSENGER TREND – SWEDAVIA

ROLLING TWELVE-MONTH TREND, APRIL 2010 – JUNE 2020



PASSENGER VOLUME

SWEDAVIA'S FIRST HALF AND SECOND QUARTER OF 2020

Passengers	Number of passengers Jan-Jun			Number of passengers Apr-Jun		
	2020	2019	Per cent change	2020	2019	Per cent change
International	4,589,000	13,289,000	-65.5%	197,000	7,519,000	-97.4%
Domestic	2,349,000	6,315,000	-62.8%	124,000	3,203,000	-96.1%
Total	6,938,000	19,603,000	-64.6%	321,000	10,722,000	-97.0%

Economic overview

Net revenue and operating profit

APRIL-JUNE

The second quarter was strongly affected by the impact of the Covid-19 pandemic, with a sharp fall in air traffic leading to a 97 per cent decline in passenger volume compared to the previous year. Since Swedavia's business model is primarily based on variable revenue, revenue from Aviation Business and Commercial Services in the Airport Operations segment decreased significantly as a result during the second quarter.

Consolidated net revenue for the second quarter totalled SEK 335 M (1,597), which is a decrease of SEK 1,263 M or 79 per cent compared to the previous year.

In the Airport Operations segment, net revenue decreased SEK 1,269 M to SEK 334 M (1,603). Net revenue in the Real Estate segment totalled SEK 8 M (12).

Aviation Business revenue totalled SEK 163 M (1,007), which is a decrease of SEK 844 M or 84 per cent. Revenue from Commercial Services during the second quarter totalled SEK 164 M (583), which was SEK 419 M or 72 per cent lower than for the previous year. During the second quarter, Swedavia provided rent relief to customers in order to support them given the difficult economic situation. The aim of the relief is to create conditions so that as many customers as possible can survive the crisis and thus also remain at the airport and contribute to Swedavia's profitability when traffic resumes. Rent relief measures led to lower revenue during the second quarter, which was offset to some extent by SEK 12 M in rent relief from the Swedish State, which had a positive effect on revenue. Revenue from ground handling and other ancillary services was SEK 87 M lower, totalling SEK 22 M (109), as a result of the sharp fall in traffic, which led to an almost complete loss of revenue from apron and freight forwarding services.

External costs during the second quarter decreased SEK 151 M to SEK 389 M (540), mainly due to cuts in non-business-critical activities and other cost-cutting measures. A reversal of expected customer credit losses had a positive effect of SEK 7 M.

Work capitalised for the company's own account during the second quarter totalled SEK 43 M (51), a decrease of SEK 8 M due to the slower investment pace during the second quarter.

Staff expenses, excluding restructuring costs, totalled SEK 325 M (512), which was SEK 185 M lower during the second quarter compared to last year and is mainly due to a government grant of SEK 112 M to fund furloughs for 2,100 employees. Cuts in operations and a freeze on recruitment also reduced staff expenses during the second quarter. Restructuring costs totalled SEK 4 M (30) during the second quarter.

Depreciation and amortisation increased SEK 26 M during the second quarter due to key investments being placed in service at Stockholm Arlanda Airport and Göteborg Landvetter Airport.

Operating profit in the Airport Operations segment was SEK -649 M (285), a decrease of SEK 934 M due to the effects of Covid-19 on air traffic and passenger volume. In the Real Estate segment, operating profit improved by SEK 4 M to SEK -8 M (-12).

Consolidated operating profit for the second quarter was SEK -650 M (278), and the operating margin was -194.4 per cent (17.4).

JANUARY-JUNE

The effects of the Covid-19 pandemic had a significant impact on Swedavia's operations and financial position during the first half of the year. The spread of Covid-19 led to lower passenger volume and a sharp reduction in traffic from mid-March and through June.

Consolidated net revenue for the first half of the year was SEK 1,580 M (3,072), which is a decrease of SEK 1,492 M or 49 per cent compared to the previous year.

In the Airport Operations segment, net revenue decreased SEK 1,501 M to SEK 1,580 M (3,081). Net revenue in the Real Estate segment totalled SEK 16 M (15).

Revenue from Aviation Business totalled SEK 948 M (1,946), which is a decrease of SEK 998 M. Passenger- and aircraft-related revenue decreased SEK 786 M or 60 per cent. The decrease in revenue was less than the decrease in passenger volume, which is largely explained by the rise in airport charges for 2020.

Revenue for ground handling and other ancillary services was SEK 124 M lower than for the previous year due to the sharp decrease in the number of aircraft movements from March to June and the mild weather early in the year.

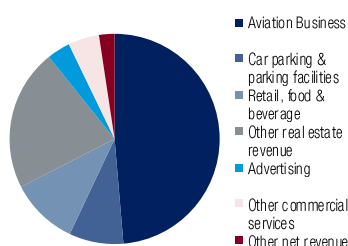
Revenue from Commercial Services totalled SEK 617 M (1,112), down SEK 496 M, with the decrease less than the decline in passenger volume. This is due to fixed agreements and agreements not directly related to the passenger trend. During the first half of the year, revenue from Commercial Services as well as from food & beverage, retail and car parking & passenger pick-up/drop-off facilities, which are all largely related to volume, was lower compared to the previous year. During the first half of the year, government rent relief of SEK 12 M had a positive effect on revenue from Commercial Services.

Other operating revenue increased SEK 425 M due to a capital gain of SEK 422 M from the sale of Airport Hotel 2 AB, which owns the hotel property on which Comfort Hotel Stockholm Arlanda Airport was built.

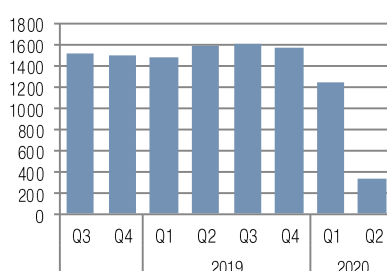
Work performed for the company's own account and capitalised totalled SEK 93 M (100), which was SEK 7 M lower compared to

BREAKDOWN, NET REVENUE

Quarter, Apr-June 2020

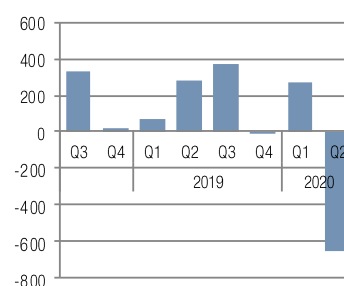


NET REVENUE, SEK M



OPERATING PROFIT, SEK M

(including capital gains)



the previous year. The decrease was largely due to the somewhat slower investment pace.

External costs were SEK 143 M lower compared to the previous year and totalled SEK 997 M (1,140). Costs that were variable relative to passenger volume, savings measures implemented and cuts in non-business-critical functions resulted in lower external costs. A provision for expected credit losses of SEK 47 M had a negative effect on costs.

Staff expenses excluding restructuring costs totalled SEK 832 M (1,055) and were SEK 223 M lower compared to the previous year, mainly due to a government grant of SEK 112 M to fund furloughs for 2,100 employees. Staff expenses were lower compared to the previous year due to cuts in operations and vacancies left unfilled. Restructuring costs of SEK 19 M (43) were charged to staff expenses during the first half of the year.

Depreciation and amortisation increased SEK 41 M compared to the previous year, which is largely explained by the placing in service of new facilities starting in late 2019 and the first half of 2020. Facilities that were placed in service and thus increased depreciation and amortisation compared to the previous year were projects for terminal expansion at Göteborg Landvetter Airport, the apron project at Stockholm Arlanda Airport and asphaltting projects at a number of Swedavia's airports.

Operating profit in the Airport Operations segment was SEK -793 M (362), while operating profit in the Real Estate segment increased SEK 440 M to SEK 417 M (-24), mainly due to a capital gain of SEK 422 M.

Consolidated operating profit was SEK -376 M (348), and the operating margin was -23.8 per cent (11.3).

Financial items

Net financial items for the first half of the year totalled SEK -35 M (-16). This figure is explained by higher interest expenses for borrowing, which totalled SEK -58 M (-47), due to increased market interest rates and increased financial liabilities. Net financial items was also affected by lower profits from holdings in joint ventures of SEK 28 M (33). Other net financial items totalled SEK -5 M (-3) due primarily to interest expenses related to lease liabilities.

Net financial items for the second quarter totalled SEK -14 M (-9), with profits from joint ventures having a positive effect on net financial items of SEK 19 M (16).

Profit for the period

Profit before tax for the first half of the year was SEK -411 M (333), and profit for that period was SEK -223 M (259).

Profit before tax for the second quarter was SEK -664 M (269), and profit for that period was SEK -515 M (212).

Investments

During the first half of the year, investments totalled SEK 1,593 M (1,600), with investments in the Airport Operations segment totalling SEK 1,409 M (1,264). Important investments were carried out in Stockholm Arlanda Airport's and Göteborg Landvetter Airport's development programmes.

Investments in Real Estate and property development totalled SEK 184 M (337). An important investment during the period was for the construction of a hotel at Göteborg Landvetter Airport.

During the second quarter, investments totalled SEK 752 M (944).

Cash flow

Cash flow for the first half of the year totalled SEK 619 M (187).

Cash flow from operating activities for the first half totalled SEK -150 M (949), which was SEK 1,099 M lower compared to the previous year. The lower cash flow is explained by lower cash-generating profits from operating activities before the change in working capital. Compared to last year, cash flow from operating receivables was positive, mainly due to lower net revenue, which means that more trade receivables were paid than generated. Cash flow from operating liabilities was negative during the first half of 2020 due to a sharp decrease in trade payables.

Cash flow from investing activities, SEK -403 M (-1,546), entailed expenditures related to investments of SEK 1,593 M (1,600). The sale of the subsidiary Airport Hotel 2 AB, which owns the hotel property at Stockholm Arlanda Airport where Comfort Stockholm Arlanda was built, gave a positive cash flow of SEK 1,188 M (-).

Cash flow from financing operations totalled SEK 1,173 M (784). This cash flow reflects increased borrowings in the form of medium-term loans, SEK 949 M, and increased bank loans of SEK 500 M. Borrowing through commercial paper decreased SEK 219 M. Payment of interest related to Swedavia's hybrid bond

SWEDAVIA'S FINANCIAL TARGETS

	Actual Jun 30, 2020	Target
Return on operating capital, %	0.6	6.0
Debt/equity ratio, times	1.2	0.7-1.5
Dividend target, % ⁷	-	10-50

FINANCIAL KEY METRICS

	Actual Jun 30, 2020	Actual Jun 30, 2019	Actual Dec 31, 2019	Policy
Average interest rate, %	1.3	1.0	1.1	n/a
Average interest rate lock-in period, year	3.5	3.9	3.8	1-4
Average capital tie-up period, years	4.5	4.5	5.0	2-5

entailed a negative cash flow during the first half of the year of SEK 8 M (-). Lease liabilities totalling SEK 51 M (44) were repaid and other loan liabilities increased SEK 2 M (15).

Cash flow for the second quarter was SEK 338 M (112).

Liquidity and financial position

Consolidated equity at the end of the second quarter was SEK 9,128 M (9,440). Equity includes a hybrid bond of SEK 1,000 M issued in November 2019.

At the end of the period, Swedavia's loan liabilities totalled SEK 9,798 M (8,570), which is an increase of SEK 1,230 M. Swedavia's loan liabilities are broken down into bank loans of SEK 3,200 M (2,700), medium-term notes of SEK 6,098 M (5,150) and commercial paper of SEK 499 M (720). At the end of the period, the average capital tie-up period, which includes the effect of interest rate derivatives, was 4.5 years (5.0) and the average interest rate lock-in period was 3.5 years (3.8). The average interest rate as of June 30 was 1.3 per cent (1.1). On the balance sheet date, the nominal total of interest rate derivatives was SEK 4,000 M (3,500).

Liquid assets increased SEK 619 M to SEK 696 M (77) at the end of the period. Net liabilities increased SEK 525 M, from SEK 10,688 M to SEK 11,212 M.

The debt/equity ratio was 1.2 times (1.1).

At the end of the period, Swedavia had unutilised credit facilities totalling SEK 2,800 M (1,800), which reduces the company's refinancing risk and ensures access to capital.

On the balance sheet date, there was also a framework loan agreement with Nordic Investment Bank of SEK 2,000 M, which allows loans with maturities of up to 10 years, with SEK 1,700 M (1,700) of this utilised. There is also a loan framework with the German State-owned KfW-IPEX Bank for SEK 2,000 M, which allows loans with maturities of up to 10 years, with SEK 1,500 M (1,000) of this utilised.

At the end of the period, return on operating capital, excluding restructuring costs, capital gains, impairment losses and disposals, was -1.5 per cent (4.8).

Employees

The average number of employees for the period July 1, 2019 – June 30, 2020 was 2,462 (3,193). The change is explained by the switch in operations for security screening staff at Göteborg Landvetter Airport, the restructuring programme and a lower number of temporary employees, which resulted in a lower average number of employees. The replacement of consultants with permanent staff, including in IT and Major Projects, led to an increased number of employees. The decisions made in March on furloughs for around 2,100 of Swedavia's employees and redundancies for 800 full-time positions did not have any effect according to the Swedish Accounting Standards Board's definition of this key metric for the first half of the year.

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 2019 on pages 65-67 and in Note 47. During the first half of 2020, the Covid-19 pandemic affected Swedavia to an enormous extent and is expected to affect

Swedavia for a long while. Swedavia's overall top risks involve reduced air traffic, in which a decrease in passengers can have a negative effect on Swedavia in the form of lower revenue. The Covid-19 pandemic has entailed reduced passenger volume, with a 25 per cent decrease during the first quarter and a 97 per cent decrease during the second quarter. During the last few weeks of June, air traffic began to see some recovery. Because of the uncertain situation concerning the spread of the pandemic, travel restrictions and effects on the global economy, it is not possible at present to make any forecast about either a short-term recovery or the future long-term passenger trend, but intensive work with analyses and scenario development is under way. Swedavia has a small number of large customers, which could have a major effect on Swedavia's operations in case one of them has economic problems. The Covid-19 pandemic has had an enormous impact on all of Swedavia's airline customers, which have basically suspended all air traffic since late March 2020. This has a great negative economic impact on the airlines and will probably lead to consolidation and restructuring in the industry but also to a greater risk of closures and bankruptcies. In April, the carrier BRA applied for company restructuring, and during the quarter Norwegian carried out a financial restructuring. SAS has also announced what a recapitalisation of the company will look like, with its owners providing funds. All in all, the economic challenges facing airlines could have a negative effect on Swedavia in the form of immediate customer credit losses and, in the long term, a reduction in the range of routes and capacity available. Due to the decreased volume, Swedavia's commercial business was also negatively affected. Many tenants and partners at the airports are directly affected in the form of a sharp reduction or total halt in revenue, which in turn means lower sales-based rent for Swedavia. The risk of not being able to meet demand for capacity in the long term through investments has decreased as a result of the increased downturn in traffic and uncertainty about the future passenger trend. Another possible effect once restrictions are gradually lifted and traffic returns is that authorities could introduce new regulations in order to improve the future capability to detect and handle the spread of infectious diseases at airports. This could entail changes in working methods, flows and processes for Swedavia. During the second quarter, Swedavia started to introduce some infection control and safety measures at the airports. There is also a risk of disruptions or interruptions in service in the airport's aviation and commercial operations as well as the risk of not being able to convert insights and customer needs quickly enough into new business opportunities.

Swedavia complies with the Swedish Concessions Procurement Act (2016:1147), which means that tenants in retail, food & beverage are awarded contracts on tender. The changeover to the new law means that, in 2019, Swedavia began to cancel existing leases in order to carry out tenders in accordance with the law. In conjunction, some tenants have sued Swedavia for damages. The issue will be decided in a court of law in 2020. Swedavia believes the matter was handled in accordance with the law. Ongoing investigations at the airports could affect tenants, who may have to relocate their premises. During the second quarter, Swedavia was sued by SEB in a court of law over a rent dispute at Stockholm Arlanda Airport. Swedavia vigorously contests the suit, but the amount of the claim is substantial.

Other external factors could also affect Swedavia's performance.

Parent Company

Net revenue and operating profit

The Parent Company's net revenue for the first half of the year totalled SEK 1,540 M (3,040), which was a decrease of SEK 1,500 M. Operating profit totalled SEK -905 M (262), and the operating margin was -58.7 per cent (8.6). For the first half of the year, profit before tax was SEK -957 M (226) and profit was

SEK -925 M (176). Operating profit for the first half of the year was negatively affected mainly by the effects of Covid-19 beginning in the second half of March. A provision for expected credit losses of SEK 47 M and restructuring costs of SEK 19 M (43) had a negative effect on operating profit. Cost savings, cuts in non-business-critical activities and furloughs had a positive effect on operating profit of SEK 319 M.

During the second quarter, the Parent Company's net revenue totalled SEK 322 M (1,588), which was a decrease of SEK 1,266 M. Operating profit totalled SEK -705 M (235), and the operating margin was -218.9 per cent (14.8). For the second quarter, profit before tax was SEK -733 M (214) and profit was SEK -566 M (168).

Consolidated income statement

Amounts in SEK M	Note	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Net revenue	2,6	335	1,597	1,580	3,072	6,235
Other operating revenue	9	13	8	438	13	68
Work performed by the company for its own use and capitalised		43	51	93	100	189
External costs		-389	-540	-997	-1,140	-2,399
Staff expenses		-328	-539	-851	-1,098	-2,052
Depreciation/amortisation and impairment losses on tangible fixed assets and		-324	-298	-637	-596	-1,309
Other operating costs		0	-3	-2	-4	-23
Operating profit		-650	278	-376	348	709
Income from financial items						
Income from holdings in associated companies and joint ventures		19	16	28	33	147
Interest income and similar items		1	2	2	3	6
Interest expenses and similar items		-33	-27	-65	-52	-127
Income after financial items		-664	269	-411	333	736
Tax		150	-58	188	-74	-153
Profit for the period	2	-515	212	-223	259	583
Earnings per share						
Earnings per share before and after dilution, SEK ⁹		-0.36	0.15	-0.16	0.18	0.40
The total number of shares was 1,441,403,026 for all periods						

⁹ Earnings per share is calculated based on the profit for the period less costs related to the hybrid bond divided by the number of shares

Consolidated statement of comprehensive income

Amounts in SEK M	Note	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Profit for the period		-515	212	-223	259	583
Other comprehensive income:						
Items that can be reclassified to the income statement						
Cash flow hedges						
Items reclassified to the income statement		11	1	0	-1	0
Change in fair value for the period		-40	-63	-122	-112	-72
Tax		6	13	25	23	15
Other comprehensive income from joint ventures, net after tax		-3	-5	-10	-8	0
Items that cannot be reclassified to the income statement						
Revaluations of defined benefit pensions		-20	0	31	0	-144
Tax		4	0	-7	0	31
Total other comprehensive income, net after tax		-41	-55	-82	-98	-170
Comprehensive income for the period		-556	157	-304	161	412

Consolidated balance sheet, summary

Amounts in SEK M	Note	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
ASSETS	2			
NON-CURRENT ASSETS				
Intangible non-current assets		755	781	775
Tangible non-current assets		18,526	17,064	17,843
Right-of-use assets		1,235	1,100	1,284
Non-current financial assets		1,152	1,160	1,137
Total non-current assets		21,668	20,106	21,038
CURRENT ASSETS				
Materials and supplies		56	53	54
Trade receivables	7	249	758	595
Receivables from associated companies		5	15	13
Other receivables		305	194	267
Prepaid expenses and accrued income		149	135	135
Derivative instruments	4	3	4	6
Liquid assets		696	197	77
Total current assets		1,463	1,356	1,146
Assets held for sale	10	333	670	768
TOTAL ASSETS		23,464	22,131	22,952
EQUITY AND LIABILITIES	2			
EQUITY				
Share capital		1,441	1,441	1,441
Other paid-in capital		2,162	2,162	2,162
Hedge reserve		-173	71	-77
Hybrid bond		1,000	-	1,000
Retained earnings including profit for the period		4,698	4,519	4,914
Total equity		9,128	8,193	9,440
NON-CURRENT LIABILITIES				
Provisions		1,004	957	1,053
Deferred tax liability		275	458	458
Interest-bearing liabilities		7,897	6,977	7,550
Derivative instruments	4	205	160	108
Lease liability		1,147	1,016	1,187
Other non-current liabilities		235	140	150
Total non-current liabilities		10,763	9,708	10,506
CURRENT LIABILITIES				
Provisions		153	143	150
Interest-bearing liabilities		1,901	2,225	1,045
Derivative instruments	4	19	0	0
Lease liability		132	116	134
Trade payables		577	615	796
Liabilities to associated companies		14	20	7
Other liabilities		66	296	91
Accrued expenses and prepaid income		695	767	741
Total current liabilities		3,558	4,182	2,963
Liabilities attributable to assets held for sale	10	15	49	43
TOTAL EQUITY AND LIABILITIES		23,464	22,131	22,952

Consolidated change in equity

Amounts in SEK M	Note	Jun 30, 2020	Jun 30, 2019
GROUP			
Equity, opening balance		9,440	8,066
Adjustments	1	-	-34
Equity, adjusted opening balance, January 1		9,440	8,032
Hybrid bond interest and transaction costs		-8	-
Comprehensive income for the period		-304	161
Dividend		-	-
Equity, closing balance		9,128	8,193

Consolidated cash flow statement

Amounts in SEK M	Note	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Operating activities						
Profit after financial items		-664	270	-411	333	736
Adjustments for items not included in cash flow etc.		332	291	216	624	1,204
Tax paid		5	-44	-24	-102	-144
Cash flow from operating activities before changes in working capital		-327	516	-219	854	1,796
Cash flow from changes in working capital						
Increase(-)/Decrease(+) in materials and supplies		2	1	-2	-6	-7
Increase(-)/Decrease(+) in operating receivables		156	-125	345	-126	18
Increase(+)/Decrease(-) in operating liabilities		-181	109	-274	227	170
Cash flow from operating activities		-350	501	-150	949	1,977
Investing activities						
Disposal of subsidiaries ¹⁰	9	-	-	1,188	-	-
Acquisitions/disposal of intangible non-current assets		-18	-20	-27	-43	-89
Acquisitions/disposal of tangible fixed assets		-743	-924	-1,566	-1,557	-3,063
Short-term investment		100	-	-	-	-
Acquisitions/disposal of other financial assets		0	67	0	54	104
Cash flow from investing activities		-661	-875	-403	-1,546	-3,048
Financing activities						
Hybrid bond, net after transaction costs		-	-	-	-	996
Hybrid bond, Interest expenses		-4	-	-8	-	-
Borrowings raised		2,250	1,651	2,940	1,970	3,170
Borrowings repaid		-890	-1,150	-1,710	-1,157	-2,962
Repaid lease liabilities		-27	-19	-51	-44	-90
Increase(+)/Decrease(-) in other financial liabilities		17	4	2	15	23
Cash flow from financing activities		1,348	486	1,173	784	1,137
Cash flow for the period		338	112	619	187	67
Liquid assets at the beginning of the period		358	86	77	10	10
Liquid assets at the end of the period		696	197	696	197	77

¹⁰ The figure for Jan-Mar 2020 has been adjusted

Parent Company income statement

Amounts in SEK M	Note	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Net revenue		322	1,588	1,540	3,040	6,146
Other operating income		13	8	16	13	68
Work performed by the company for its own use and capitalised		43	51	93	100	189
External costs		-465	-603	-1,128	-1,244	-2,591
Staff expenses		-327	-535	-849	-1,100	-2,192
Depreciation and amortisation on tangible fixed assets and non-current intangible assets		-292	-271	-574	-543	-1,196
Other operating expenses		0	-3	-2	-4	-23
Operating profit		-705	235	-905	262	403
Income from financial items						
Interest income and similar items		4	6	8	10	23
Interest expenses and similar items		-32	-27	-60	-46	-107
Income from financial items		-733	214	-957	226	318
Appropriations		-	-	-	-	33
Profit before tax		-733	214	-957	226	351
Tax		167	-46	214	-49	-93
Profit for the period		-566	168	-743	176	258

Parent Company statement of comprehensive income

Amount in SEK M	Note	2020 Apr-jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Profit for the period		-566	168	-743	176	258
Other comprehensive income		-	-	-	-	-
Comprehensive income for the period		-566	168	-743	176	258

Parent Company balance sheet, summary

Amounts in SEK M	Note	Jun 30, 2020	Jun 30, 2019	Dec 31, 2019
ASSETS				
NON-CURRENT ASSETS				
Intangible non-current assets		644	695	676
Tangible fixed assets		17,464	15,933	16,593
Total financial assets	3	1,308	1,113	1,126
Non-current assets		19,416	17,740	18,395
CURRENT ASSETS				
Materials and supplies		53	49	50
Current receivables	3	2,274	2,895	3,042
Liquid assets		693	190	71
Total current assets		3,020	3,134	3,163
Total assets		22,436	20,874	21,558
EQUITY AND LIABILITIES				
EQUITY				
Restricted equity				
Share capital (1,441,403,026 shares)		1,441	1,441	1,441
Reserve for development expenditures		36	41	35
Unrestricted equity				
Other paid-in capital		2,162	2,162	2,162
Hybrid bond		1,000	-	1,000
Retained earnings/Share premium reserve		2,829	2,577	2,579
Profit for the period		-743	176	258
Total equity		6,726	6,398	7,476
Untaxed reserves		2,050	2,035	2,050
Provisions		1,502	1,435	1,524
Non-current liabilities		8,111	7,070	7,678
Current liabilities	3	4,047	3,936	2,830
TOTAL EQUITY AND LIABILITIES		22,436	20,874	21,558

Notes

NOTE 1. ACCOUNTING PRINCIPLES

GENERAL

The interim report was prepared in conformity with IAS 34, "Interim Financial Reporting" and applicable standards of Sweden's Annual Accounts Act. Disclosure requirements stipulated in IAS 34 have been applied both in the notes and elsewhere in the interim report. The Parent Company has prepared the interim report in accordance with the Annual Accounts Act Chapter 9, "Interim Reports". The same accounting principles and bases of assessment were applied as in the most recent annual report with the exception of the amendments in accounting principles described below. Disclosures in the financial statements and related notes are in accordance with IAS 34.16A as are other parts of the interim report. The Group's reporting is in millions of Swedish kronor, SEK M, unless otherwise indicated. Rounding differences may occur.

New or amended standards that enter into effect in 2020 or later

- Amendment to IFRS3 "Business combinations", concerning changes in the definition of a business combination. The classification of an acquisition as either an asset acquisition or a business acquisition gives rise to significant differences in their accounting. The change is expected to entail fewer acquisitions being classified as business acquisitions, with them instead being classified as asset acquisitions. The difference in accounting between business acquisition and asset acquisition may be significant as a result of different standards being applied. The new definition of business acquisition is not expected to have a material effect on Swedavia.
- Amendments to IAS 1 "Presentation of financial statements" and IAS 8 "Accounting policies, changes in accounting estimates and errors", concerning harmonisation of the definition of "material" between different IFRS standards and clarification of the meaning of the term. The amendment clarifies whether information is material depending on the nature or magnitude of information, or both. The definition of material is also changed from information that can have an effect on users of financial statements to information that can reasonably be expected to have an effect on users. The definition of "users of financial statements" has also been clarified as being primary users.
- Amendments to IFRS9 "Financial Instruments: Hedge accounting" in accordance with IAS39 and IFRS 7 "Financial Instruments: Disclosures" concerning reform of the Interbank Offered Rate (IBOR). The reform has been backed by the Financial Stability Board and is a result of work under way in different countries to replace IBOR with new reference rates, risk free rates (RFRs). The change in reference rates could have an effect on the company's hedge accounting, among other things. Amendments to IFRS 9, IAS 39 and IFRS 7 introduce relief from certain requirements for how the hedging relation shall be measured with respect to the IBOR reference rate when hedge accounting is applied. The amendment introduces new disclosure requirements.

Government grants

Under IAS 20, "Accounting for Government Grants and Disclosure of Government Assistance", government grants are recognised in the statement of financial position when there is reasonable

assurance that the grant will be received and that the entity will comply with the conditions attached to the grant. Government grants are recognised in profit and loss on a systematic basis in the same way and over the same periods in which the entity recognises as expenses the related costs or lost revenue for which the grants are intended to compensate for. Grants can be recognised either in the income statement as revenue or as a reduction in the corresponding cost. Government grants related to assets are recognised as a reduction in the carrying amount of the asset.

Swedavia receives government grants from both the Swedish State and the EU, mainly concerning the following:

- Grant for furloughs from the Swedish State which was designed to support operations affected by the spread of Covid-19. The grant, provided by the Swedish Agency for Economic and Regional Growth, is recognised as a reduction in staff expenses in the income statement
- Rent relief grant from the Swedish State. As a result of the grant, landlords that reduce the fixed rent of tenants in some vulnerable industries can apply for a grant in order to be paid compensation for some of the reduction. The grant, which is paid by the Swedish National Board of Housing, Building and Planning, is recognised as revenue in Commercial Services in the income statement
- Grant from the EU's research and development operations. Swedavia takes part in such a programme, which is aimed at providing air navigation solutions (ANS) to support the provision of general or operational air traffic within the EU. The government grant awarded in the project, which is related to costs, is recognised as a reduction in the corresponding cost in the income statement. Government grants awarded related to the funding of ongoing projects are recognised as a reduction in the carrying amount of the asset.

Due to Covid-19, the Swedish State has introduced an adaptation grant that will enable companies to weather the acute crisis as well as transform their operations and adapt them to a new normal situation. Swedavia intends to apply for an adaptation grant.

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 has prepared the interim report in accordance with Sweden's Annual Accounts Act Chapter 9, "Interim Reports".

NOTE 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.

The basis of segment reporting is the Group's internal reporting.

- **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.

• **Eliminations and adjustments** – capitalisation of borrowing expenses under IAS 23, IFRS 16 "Leases", remeasurement of biological assets and financial instruments at fair value are handled at the Group level and are included together with intra-Group items in this column.

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

SEGMENT REPORTING, NOTE 2

Income statement Apr-Jun Amounts in SEK M	Airport Operations		Real Estate		Eliminations/adjustments ⁹		Group	
	2020	2019	2020	2019	2020	2019	2020	2019
Net revenue, external	331	1,594	6	4	-	-	335	1,597
Net revenue, internal	3	9	2	7	-5	-16	-	-
Net revenue	334	1,603	8	12	-5	-16	335	1,597
Other operating income, external	13	8	0	0	-	-	13	8
Work performed by the company for its own use and capitalised, external	43	51	-	-	-	-	43	51
Operating expenses	-750	-1,108	-10	-17	43	46	-717	-1,079
Depreciation, amortisation and impairment losses	-289	-267	-6	-5	-29	-25	-324	-298
Other operating costs	0	-3	0	0	-	-	0	-3
Operating profit	-649	285	-8	-12	6	5	-650	278
Financial income	4	6	19	16	-3	-3	20	18
Financial expenses	-35	-32	-3	-4	5	9	-33	-27
Profit before tax	-680	258	8	1	8	10	-664	269
Tax	155	-46	-4	-5	-2	-7	150	-58
Profit for the period	-525	213	4	-3	6	2	-515	212
Other segment information								
Profit from holdings in associated companies and joint ventures	-	-	19	16	-	-	19	16
Investments	706	774	46	170	-	-	752	944
Restructuring costs	4	30	-	-	-	-	4	30

Income statement Jan-Jun Amounts in SEK M	Airport Operations		Real Estate		Eliminations/adjustments ⁹		Group	
	2020	2019	2020	2019	2020	2019	2020	2019
Net revenue, external	1,570	3,067	9	5	-	-	1,580	3,072
Net revenue, internal	10	14	7	10	-17	-24	-	-
Net revenue	1,580	3,081	16	15	-17	-24	1,580	3,072
Other operating income, external	16	13	434	0	-12	-	438	13
Work performed by the company for its own use and capitalised, external	93	100	-	-	-	-	93	100
Operating expenses	-1,912	-2,293	-21	-30	85	85	-1,848	-2,238
Depreciation, amortisation and impairment losses	-568	-536	-12	-9	-56	-51	-637	-596
Other operating costs	-2	-4	0	0	0	0	-2	-4
Operating profit	-793	362	417	-24	1	10	-376	348
Financial income	8	10	29	33	-7	-7	30	37
Financial expenses	-67	-56	-7	-8	9	11	-65	-52
Profit before tax	-852	316	438	-139	3	156	-411	333
Tax	192	-50	-3	-8	-1	-16	188	-74
Profit for the period	-660	266	435	-147	2	140	-223	259
Other segment information								
Profit from holdings in associated companies and joint ventures	-	-	28	33	-	-	28	33
Investments	1,409	1,263	184	337	-	-	1,593	1,600
Profit/loss from sale of shares, holdings and operations	-	-	434	-	-12	-	422	-
Restructuring costs	19	43	-	-	-	-	19	43

Balance sheet Amounts in SEK M	Airport Operations		Real Estate		Eliminations/adjustments ⁹		Group	
	Jun 30, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019
Non-current assets	19,355	17,828	2,025	2,433	288	-156	21,668	20,106
Current assets	2,881	3,158	650	88	-2,067	-1,890	1,463	1,356
Assets held for sale	-	-	-	-	333	670	333	670
Total assets	22,236	20,986	2,675	2,522	-1,447	-1,376	23,464	22,131
Equity	8,832	8,449	1,152	557	-856	-814	9,128	8,193
Liabilities	13,404	12,537	1,523	1,964	-606	-611	14,321	13,889
Liabilities related to assets held for sale	-	-	-	-	15	49	15	49
Total equity and liabilities	22,236	20,986	2,675	2,522	-1,447	-1,376	23,464	22,131

NOTE 3. RECEIVABLES FROM GROUP COMPANIES

Receivables from Group companies pertain mostly to loans funding the Swedavia Real Estate group.

NOTE 4. FINANCIAL INSTRUMENTS, FAIR VALUE

MEASUREMENT 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. The Group's lease liabilities have not been measured at fair value. Lease liabilities at book value have not been included in the aggregated figures below.

Group	Measurement under IFRS 9	Book value		Fair value	
		2020 Jun 30	2019 Dec 31	2020 Jun 30	2019 Dec 31
Amounts in SEK M					
Loan receivables and trade receivables	Amortised cost	1,323	1,092	1,323	1,092
Other financial liabilities	Amortised cost	-10,660	-9,546	-10,686	-9,546
Derivative instruments	Fair value	-217	-96	-217	-96
Total		-9,554	-8,549	-9,580	-8,549

NOTE 5. PLEDGED ASSETS AND CONTINGENT LIABILITIES

Swedavia's pledged assets consist of shares and holdings in the joint ventures Swedish Airport Infrastructure KB and Swedish Airport Infrastructure AB, SEK 931 M (913), and pension obligations in endowment insurance owned by the company, SEK 10 M (10).

Swedavia also 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.

NOTE 6. NET REVENUE

Group, amounts in SEK M	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Breakdown of net revenue					
<i>Aviation Business</i>					
Passenger-related revenue	17	492	323	878	1,822
Aircraft-related revenue	26	222	206	437	867
Externally regulated charges	98	185	280	368	733
Ground handling	5	60	76	155	286
Other additional services	17	49	63	108	206
	163	1,007	948	1,946	3,914
<i>Commercial Services</i>					
Car parking & parking facilities	28	236	194	439	889
Retail, food & beverage	35	192	159	351	735
Real estate revenue	73	108	187	227	469
Advertising	12	29	41	57	123
Other commercial services	16	19	36	38	78
	164	583	617	1,112	2,294
Other net revenue	8	7	15	13	28
Total net revenue	335	1,597	1,580	3,072	6,235

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 first half of the year, SEK 1,580 M (3,072), SEK 16 M (15) pertains to Real Estate, broken down into real estate revenue of SEK 13 M (8), other commercial products of SEK 3 M (6) and other net revenue of SEK 0 M (1).

During the first half of the year, revenue from contracts with customers under IFRS 15 was SEK 1,321 M (2,596) and includes total net revenue except for retail and food & beverage products of SEK 159 M (351) as well as parts of the Real Estate revenue product of SEK 100 M (125).

Aviation Business and Commercial Services, the assessment has been made that many customers – despite the relief measures decided – will still have major economic problems and that many customers run a great risk of closing down operations or filing for bankruptcy. A provision of SEK 47 M was therefore set aside for the cost of expected credit losses during the first half of the year. The provision for expected credit losses is calculated based on historical data and has been supplemented with an assessment of major customers' future ability to pay. The assessment was made based on future economic prospects on the basis of market data, credit ratings and other financial information.

NOTE 7. TRADE RECEIVABLES

In accordance with IFRS 9 "Financial instruments", on each balance sheet date Swedavia assesses whether there are objective indications that an impairment loss needs to be taken on a financial asset or group of financial assets even from the date of initial recognition. Impairment losses are calculated and recognised for financial assets valued at amortised cost and for financial assets valued at fair value through other comprehensive income. A provision for credit losses is calculated and recognised initially based on twelve months' expected credit losses. If the credit risk has increased significantly since initial recognition of the financial asset, a provision for credit losses is calculated and recognised based on expected credit losses. For trade receivables that do not include a significant financing component, a simplified method is applied and a provision for credit losses is calculated and recognised based on expected credit losses for the entire remaining life regardless of whether the credit risk has increased significantly or not. Swedavia applies the simplified method for calculating expected credit losses. The calculation of expected credit losses is based on a combination of historical data, based on customer type and due date, which are considered relative to future economic prospects. As a result of the major negative effects that the Covid-19 pandemic has had and will continue to have on Swedavia's customers in

NOTE 8. SUPPLEMENTARY INFORMATION FOR KEY FINANCIAL FIGURES**DEBT/EQUITY RATIO (LEVERAGE)**

Swedavia's debt/equity ratio is affected by the pension liability trend. The pension liability and pension provision less payroll tax receivable was SEK 832 M on June 30, 2020, and SEK 874 M on December 31, 2019.

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

In calculating the key metric as of June 2020, operating profit for a rolling 12 months was adjusted for restructuring costs of SEK 54 M, impairment losses and disposals of SEK 82 M and capital gains of SEK 552 M. The operating profit as of June 2019 for a rolling 12 months was adjusted for restructuring costs of SEK 43 M and by impairment losses and disposals of SEK 84 M and a capital gain of SEK 3 M. The operating profit for January-December 2019 was adjusted for restructuring costs of SEK 81 M, by impairment losses and disposals of SEK 82 M and a capital gain of SEK 130 M.

NOTE 9. SALE OF SUBSIDIARY**SALE OF AIRPORT HOTEL 2 AB**

On January 30, 2020, Airport Hotel 2 AB, which owns the hotel property with the newly opened Comfort Hotel at Stockholm Arlanda Airport, was sold. The buyer is Wenaasgruppen AS. The underlying property value was SEK 1,344 M, and Swedavia's capital gain was SEK 422 M. The final settlement and determination of the final capital gain will take place in late October, nine months after the transaction date. The transaction generated a positive cash flow of SEK 1,188 M.

NOTE 10. ASSETS HELD FOR SALE

In July 2018, Swedavia signed an agreement to sell the company that owns the property at Göteborg Landvetter Airport where a hotel is under construction. Under the agreement, the transfer will take place in April 2021, when the hotel is placed in service.

On the balance sheet date June 30, 2020, assets classified as assets held for sale consisted of tangible non-current assets with a book value of SEK 318 M and current assets with a book value of SEK 15 M. Assets held for sale are not depreciated from the time they are reclassified. The assets are funded through intra-Group loans. Liabilities related to assets held for sale totalled SEK 15 M and consist primarily of operating liabilities.

On the balance sheet date December 31, 2019, assets held for sale pertain to assets in the company Airport Hotel 2 AB, which was sold on January 30, 2020

NOTE 11. EVENTS AFTER THE END OF THE PERIOD

There were no important events to report after the end of the period.

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 date 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 & passenger drop-off/pick-up services 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 or gearing ratio is what the owner uses as a capital structure target for the Group. The metric is considered to be directly related to the Group's actual funding and financial risk.

DIVIDEND PAY-OUT RATIO

The normal dividend shall be between 10 and 50 per cent of profit after tax. Annual dividend decisions shall take into account the company's operations, implementation of the company's strategy and its financial position. In determining this, special consideration shall be given to the company's assessed ability to achieve its capital structure target (a debt/equity ratio of 0.7-1.5 times) going forward.

EARNINGS PER SHARE

Earnings per share is calculated as profit for the period less costs related to the hybrid bond divided by the total number of shares.

EBITDA

Earnings before interest, tax, depreciation and amortisation – in other words, operating profit excluding depreciation, amortisation and impairment losses.

INTEREST-BEARING LIABILITIES

Interest-bearing liabilities on the balance sheet consist of liabilities to credit institutions, bonds, 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*

Swedavia's investments in fixed assets and long-term intangible 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 LIABILITIES

Interest-bearing liabilities plus pension liability minus liquid assets.

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 plus staff expenses minus restructuring costs (mainly due to staff changes) and 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*

Operating profit excluding capital gains from material transactions. This metric is crucial since Swedavia's management monitors operating profit excluding capital gains.

OPERATING PROFIT EXCLUDING RESTRUCTURING COSTS, CAPITAL GAINS, IMPAIRMENT LOSSES AND DISPOSALS*

Operating profit excluding restructuring costs (mainly due to staff changes), capital gains, impairment losses and disposals. The metric is crucial since it is considered to provide a better understanding of the operating profit 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 developable land at and in the vicinity of 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.

RETURN ON OPERATING CAPITAL EXCLUDING RESTRUCTURING COSTS, CAPITAL GAINS, IMPAIRMENT LOSSES AND DISPOSALS*

Operating profit excluding restructuring costs (mainly due to staff changes), capital gains, impairment losses and disposals plus profit from holdings in associated companies for a rolling twelve-month period divided by average operating capital. This financial ratio for profitability is considered to provide a better understanding of the Group's cost of capital based on operating profit from operations.

SUSTAINABILITY TARGETS

Swedavia's sustainability targets are monitored continuously based on the latest verified data for each target and in accordance with the same accounting principles described in the Annual and Sustainability Report 2019.

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

Calendar

Interim Report Jan-Sep 2020	October 30, 2020
Year-End Report Jan-Dec 2020	February 10, 2021
Annual Report 2020	March 26, 2021

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

Swedavia AB (publ) is required to disclose the information in this interim report under the EU Market Abuse Regulation and the Securities Market Act. The information was provided by the contact persons below for publication on July 17, 2020, at 2:00 p.m. CEST This is an English translation of the original Swedish text, which takes precedence in the event of a discrepancy.

This interim report was not subject to a review by Swedavia's auditors.

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The undersigned attest that the Interim Report provides an accurate overview of the Parent Company's and the Group's operations, position and results and describes important risks and uncertainty factors faced by the Parent Company and the companies in the Group.

Stockholm-Arlanda July 17, 2020

Åke Svensson
Chairman of the Board

Lotta Mellström
Board member

Per Sjödel
Board member

Tor Clausen
Board member

Lars Mydland
Board member

Lottie Svedenstedt
Board member

Nina Linander
Board member

Eva Nygren
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Agne Lindbom
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