

# Interim report

January – March 2018

“Together for a  
sustainable future”

Jonas Abrahamsson  
President and CEO



# Interim report

## January – March

## 2018

### January – March 2018

- During the first quarter, Swedavia's airports had 9.3 million (9.1)<sup>1</sup> passengers, which is a 2.2 per cent increase compared to last year
- Net revenue totalled SEK 1,403 M (1,347)
- Operating profit totalled SEK 58 M (116), and profit for the period totalled SEK 36 M (80). Higher costs attributable to the effects of winter, IT, rents, airport protection and security as well as depreciation and amortisation affected operating profit compared to last year
- The Group's investments for the first quarter totalled SEK 687 M (589), which is an effect of the accelerated investment pace in the Group's development programmes and in Real Estate

### KEY FINANCIAL DATA, GROUP

	2018 Jan-Mar	2017 Jan-Mar	2017 Jan-Dec
SEK M, unless otherwise indicated			
Net revenue	1,403	1,347	5,745
Operating profit	58	116	651
Operating margin, %	4.1	8.6	11.3
Profit for the period	36	80	407
Return on operating capital, %	4.5	8.3	5.1
Return on operating capital, excluding capital gains, impairment losses and disposals, %	5.6	6.9	6.2
Debt/equity ratio, times	1.0	0.7	1.0
Cash flow from operating activities	187	162	1,573
Capital spending	687	589	3,866
Average number of employees	3,111	2,973	3,074
Passengers, million	9.3	9.1	41.9
Operating costs per departing passenger, SEK <sup>2</sup>	244.1	229.8	197.3
Commercial revenues per departing passenger, SEK	76.8	77.5	75.7

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

<sup>2</sup> As of June 30, 2017, the item "Work performed by the company for its own use and capitalised" has been taken into account in calculating the metric "Operating costs per departing passenger". As of December 31, 2017, the metric is calculated based on Airport Operations. Comparable periods have been restated. See pages 18-19 for a definition

# Together for a sustainable future

During the quarter, the discussion about the climate impact of air travel intensified. This debate is a necessary and important part of the work to make the air travel of the future sustainable.

Swedavia's task is to own, operate and develop a network of airports that link Sweden's regions together and are the gateway to and from the world. We have an exciting and important task and are proud that we contribute to sustainable development. Few people no doubt question the vital role that air travel plays in our lives, for Sweden's growth and competitiveness as well as for our potential to build relations across continents and learn about our world. However, air travel is part of the climate challenge and must therefore be part of the solution going forward. Today, air travel accounts for 5 per cent of fossil emissions in Sweden, and it goes without saying that air travel must make the shift to being fossil fuel-free.

Swedavia enables people to meet, and we think it is positive that a discussion is being carried out focused on the future and the climate impact of aviation. Through this kind of discussion, we can hopefully find good solutions to the climate challenges of air travel while safeguarding the values that travel contributes to. The aim must be primarily to reduce the climate impact and not travel itself.

At Swedavia, we continue our work to shift to increasingly more sustainable operations and continue operating the most climate-smart airports in the world. Our sustainability work begins at our own airports; at the same time, we want to contribute by encouraging other companies and organisations in the industry to take a step forward in their drive to reduce their impact.

In March, we had a visit from representatives at Changi Airport and Singapore's air traffic management who wanted to see how we at Swedavia work with sustainability and climate issues at Stockholm Arlanda Airport. It is gratifying to see that our work in this area also attracted attention internationally during the first quarter of the year. We furthermore took advantage of the opportunity to talk about our innovative, prize-winning sustainability work at the major airport conference Passenger Terminal Expo, which was held in Stockholm this year. At the conference, most parts of our operations were represented and shared what we do at Swedavia under the theme of innovation.

There are incredible strengths in learning from each other and sharing our know-how, in the same way that our combined strengths are required in order to gain better access to alternative aviation fuels such as bio fuel and to invest in new, more climate-smart technology.

## SLIGHT DECELERATION IN PASSENGER GROWTH AND A TOUGH WINTER

The year got off to a cold start with a lot of snow in large parts of Sweden. This at times presented challenges to our operations but at the same time we demonstrated what a good product we can deliver to our customers even under difficult weather conditions.

Consolidated net revenue increased SEK 56 M during the period to SEK 1,403 M (1,347), with the increase largely the effect of passenger growth. Operating profit for the period totalled SEK 58 M (116). Operating profit was negatively affected by increased costs attributable to the effects of winter, IT, rents, airport protection and security. The pace of investment continues to be high, which is an effect of the development programmes at our major airports. For the first quarter, investments totalled SEK 687 M (589).



Overall, 9,273,684 passengers flew via Swedavia's airports from January to March, which is a two per cent increase compared to the same period last year. This is a slower rate of growth compared to the same period in 2017. Passenger increases were seen at three of Swedavia's airports during the quarter. At Åre Österund, passenger volume was up six per cent, while at Stockholm Arlanda Airport and Göteborg Landvetter Airport, passenger volume was up three per cent.

We still believe traffic will grow, but it does not look like it will equal the high levels we saw earlier. Along with signs of slower passenger growth that we see, we can also note that our operating costs per departing passenger have increased over the past two quarters, with the cold winter being one contributing factor. We are therefore now taking measures to counter this cost trend in both the short and long term in order to continue to ensure our competitiveness.

## DEVELOPMENT AND INCREASED ACCESS

Digitisation and automation are an increasingly important part of the development of the airports of the future. With more automated entry gates, new stations for measuring hand baggage, an improved system for measuring queues and future automated document control, we can both improve the customer experience and make our processes more efficient. Meanwhile, we can offer airports that can adapt to the future and continue to ensure the safety and security that are essential to our operations.

At Bromma Stockholm Airport, we have implemented a new function to further simplify the snow removal process. Using sensors on the landing runway and a digital message system, the new Runway Weather Information System (RWIS) entails major gains, including a reduced environmental impact. We have also continued to take important steps forward in the airports' development programmes since we began Göteborg Landvetter Airport's north terminal expansion and implemented measures to enhance capacity in the short term at Stockholm Arlanda Airport.

During the quarter, we launched or announced a number of new routes and new destinations. In March, we were pleased to announce that we will offer long-haul service to Shanghai from Stockholm Arlanda Airport starting in June. This new direct route is vital to Swedish business since China is an important trade partner for Sweden. Improved access and the establishment of new routes help to make Sweden more attractive to foreign visitors and strengthen our airports as hubs for air traffic.

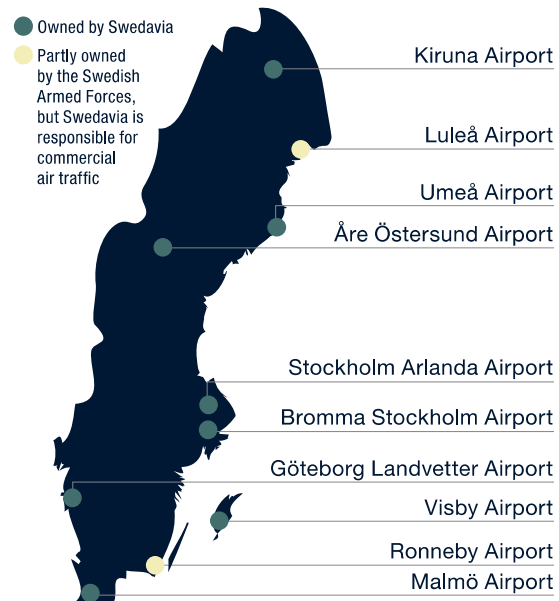
At Swedavia, we will continue the work for a shift to climate-smart operations and a sustainable future. It is important that we continue this climate debate as well as draw attention to and discuss the role of air travel so that, thanks to good access to and from Sweden, we will also be able to travel, experience and meet people around the world in the future.

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 <sup>3</sup> Mar 31, 2018	Actual <sup>3</sup> Mar 31, 2017	Targets 2018	Targets 2020*
Satisfied passengers, %	76	77	75	85
Engaged leaders and employees, % <sup>5</sup>	65	67	70	75
Return on operating capital, %	4.5	8.3	6.0	6.0
Carbon dioxide emissions, tonnes <sup>6</sup>	1,980	2,180	2,200	0

<sup>3</sup> The actual figure is for 12 rolling months

<sup>4</sup> For satisfied customers, the sustainability target is for 2025

<sup>5</sup> Measured once a year

<sup>6</sup> The Group's environmental target is 0 tonnes of fossil carbon dioxide emissions from its own operations

## 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 create added value for our customers through attractive airports.

## Values

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

# Important events

## January – March

### EXPANDED FRAMEWORK FOR BORROWING

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

### NEW HEAD OF IMPLEMENTATION ORGANISATION

On February 7, Johan Bill was appointed the new head of Swedavia's implementation organisation, the name of which has also been changed to the unit for Major Projects. Johan Bill has worked most recently at the Swedish Transport Administration and will assume his new duties by August 2018 at the latest. He will report to the CEO and be a member of the Group management team. Until he assumes his duties, Joakim Kedbrant will be acting head of the unit.

### TERMINAL EXPANSION, GOTHENBURG

In the years ahead, Swedavia will carry out a major expansion of Göteborg Landvetter Airport to meet the region's need for increased access. The signing of the agreement for the project, Terminal Expansion North, took place on February 23, 2018, and includes the construction of a new hotel connected to the terminal, a single security checkpoint for domestic and international passengers, and a new baggage storage facility. The building contractor is Peab, and the hotel operator will be Scandic.

### ENVIRONMENTAL PERMITS

In a ruling issued on March 16, 2017, the Land and Environmental Court of Appeal rejected a petition by Swedavia to change Condition 5, which governs so-called low-speed air traffic at Stockholm Arlanda Airport. Swedavia appealed the decision to the Supreme Court, which rejected the leave to appeal in the case of Condition 5.

Condition 5 limits the potential to separate slower low-speed traffic from faster jet traffic, primarily for take-offs on Runway 19R, since the most common type of low-speed air traffic does not have sufficient climb ability to allow it to be directed towards the west

over the built-up area of Märsta at a sufficient altitude. Low-speed air traffic is currently directed from Runway 19R despite the condition concerning the built-up area of Märsta, with reference to aviation safety in accordance with a special exemption from required departure procedures. (Condition 14).

Swedavia and LFV are working together to find a solution to this low-speed traffic.

## Events after the end of the period

### NATIONAL AVIATION TAX

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



# Passenger trends

## January – March

The number of passengers increased 2.2 per cent during the first quarter of 2018. International passenger volume increased 5.4 per cent while domestic passenger volume decreased 3.2 per cent. Demand for international travel was thus strong during the quarter, and the range of air links on offer has been enhanced, which had a positive effect on passenger growth. However, during the first quarter, some deceleration in the rate of growth was apparent. Domestic travel fell somewhat during the first quarter but is still at relatively high levels. Some of this decline is an effect of when Easter falls on the calendar this year compared to last year. Overall, the passenger load factor remained at a high level during the quarter.

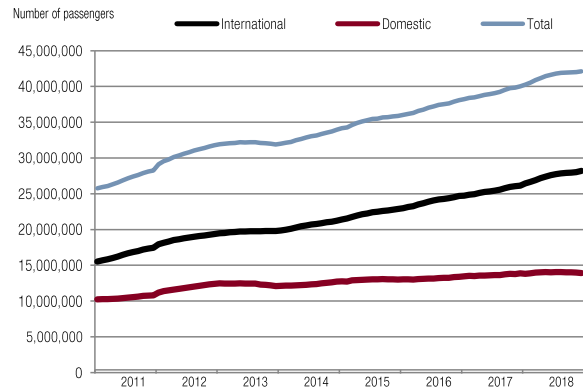
There continued to be strong economic growth in Europe and large parts of the rest of the world during the first quarter of 2018. This has contributed to a continued increase in the number of visitors coming to Sweden. Improved and attractive access to Sweden by air is a key factor in this trend.

In intercontinental scheduled traffic, passenger volume also continued to rise during the first quarter of the year. The combination of new routes and increased frequencies from Stockholm Arlanda Airport led to higher intercontinental volumes both for passengers and cargo. Charter traffic at Swedavia's airports fell somewhat compared to last year.

The seasonally adjusted passenger trend shows that the average number of passengers per month in the latest twelve-month period exceeded 3.5 million.

### PASSENGER TRENDS - SWEDAVIA

ROLLING TWELVE-MONTH TREND, APRIL 2010 TO MARCH 2018



### PASSENGER VOLUMES -

SWEDAVIA'S FIRST QUARTER, 2018

Passengers	Number of passengers Jan-Mar		
	2018	2017	Per cent change
International	6,003,000	5,697,000	5.4%
Domestic	3,270,000	3,377,000	-3.2%
Total	9,273,000	9,074,000	2.2%

# Economic overview

## Net revenue and operating profit

### JANUARY-MARCH

Consolidated revenue for the period totalled SEK 1,403 M (1,347), which is an increase of SEK 56 M or 4.2 per cent compared to the same period last year.

Revenue from Aviation Business totalled SEK 892 M (846), which is an increase of SEK 46 M. Passenger- and operations-related revenue increased 4.2 per cent, which was somewhat higher than the increase in passengers. Revenue from the Swedish Transport Agency for security screening was lower due to a reduced cost base. Ground handling and other related services exceeded the total last year, due to the effects of winter, which entailed higher sales for de-icing and glycol handling.

Revenue from Commercial Services totalled SEK 504 M (493), which is an increase of SEK 11 M. Commercial revenue per passenger was SEK 76.8 (77.5).

Revenue from food & beverage continued to increase faster than passenger growth while revenue from retail increased on a par with last year, but the increase was less than passenger growth. Revenue from car parking & parking facilities did not increase in line with passenger growth. The outcome for the period was adversely affected by calendar effects from Easter. The trend is a continued decrease in the percentage of passengers who park at the airport.

The key metric "operating costs per departing passenger" was SEK 244.1 (229.8).

External costs were SEK 67 M higher compared to last year, with winter-related costs, IT costs, rents, airport protection and security having a negative effect.

Staff expenses increased SEK 34 M. Important explanations for this were increased resources in development projects, an increase in operational staff at the airports due to higher passenger volume and annual salary revenues.

Depreciation and amortisation increased SEK 16 M compared to last year, which is explained largely by the launch of projects in the Future Bromma development programme during the first quarter of 2018 and latter part of 2017. Consolidated operating profit totalled SEK 58 M (116). The operating margin was 4.1 per cent (8.6).

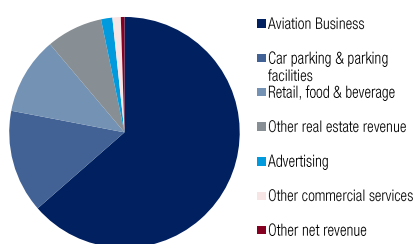
## Financial items

Financial items for the period totalled SEK -7 M (-16). Interest-bearing liabilities increased compared to last year, but net interest decreased due to the lower average interest rate. The share of profit from joint ventures had a positive effect on net financial items of SEK 15 M (14).

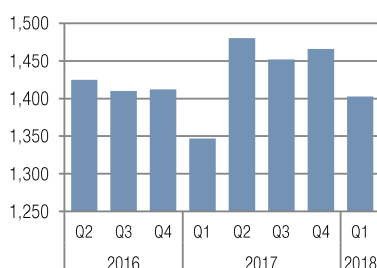
## Profit for the period

Profit before tax for the period totalled SEK 50 M (100), and profit for the period totalled SEK 36 M (80).

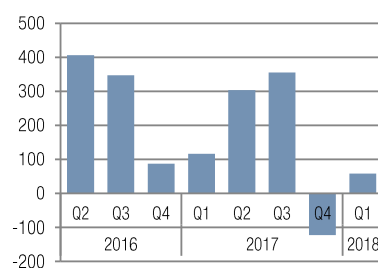
**BREAKDOWN OF NET REVENUE**  
Jan-Mar 2018



**NET REVENUE, SEK M**



**OPERATING PROFIT, SEK M**  
(including capital gains)



## Investments

During the period, investments totalled SEK 687 M (589). Important capital spending included investments to enhance capacity in Stockholm Arlanda Airport's and Göteborg Landvetter Airport's development programmes as well as a new airport maintenance area and terminal development. Investments were also made in the construction of the office complex Sky City Office One and a hotel at Stockholm Arlanda Airport.

## Cash flow

Cash flow from operating activities was SEK 187 M (162), which is SEK 25 M higher compared to the same period last year.

Investments for the period entailed expenditures of SEK 687 M, while the disposal of fixed assets had a positive effect on cash flow of SEK 3 M. The comparable period was positively affected by a SEK 95 M earnout on the sale of Clarion Hotel.

Cash flow from financing activities was SEK 559 M (363). Due to the borrowing of SEK 1,200 M in bank loans, medium-term note borrowings decreased SEK 90 M and commercial paper borrowings decreased SEK 550 M.

## Liquidity and financial position

Consolidated equity at the end of the period was SEK 7,715 M (7,665).

Swedavia's borrowings at the end of the period totalled SEK 7,092 M (6,533), which is an increase of SEK 559 M. Swedavia's borrowings are divided into bank loans of SEK 1,200 M (-), medium-term notes of SEK 4,992 M (5,082) and commercial paper of SEK 901 M (1,451). At the end of the period, the average capital tie-up period was 4.5 years (3.4) and the average interest rate lock-in period was 3.0 years (3.4). The average interest rate as of March 31, 2018, was 1.3 per cent (1.4).

Liquid assets increased SEK 63 M to SEK 121 M (58). During the quarter, net liabilities increased SEK 492 M, from SEK 7,290 M to SEK 7,782 M, mostly because of higher borrowing due to the accelerated pace of investment. Leverage, measured by the debt-to-equity ratio, was 1.0 times, which was the same figure at the beginning of the year.

On the balance sheet date, there were also unused credit facilities totalling SEK 1,800 M (2,200) and a loan agreement with Nordic Investment Bank of SEK 2,000 M with maturities of up to ten years, SEK 1,200 M of which has been used.

### SWEDAVIA'S FINANCIAL TARGETS

	Actual Mar 31, 2018	Target
Return on operating capital, %	4.5	6.0
Debt/equity ratio, times	1.0	0.7-1.5
Dividend target, %	n/a	30-50

### KEY FINANCIAL DATA

	Actual Mar 31, 2018	Actual Mar 31, 2017	Actual Dec 31, 2017	Policy
Average interest rate, %	1.3	2.6	1.4	n/a
Average interest rate lock-in period, year	3.0	1.8	3.4	1-4
Average capital tie-up period, years	4.5	2.0	3.4	2-5



## Employees

The average number of employees for the period April 1, 2017 – March 31, 2018, was 3,111 (2,973). The change is explained by an increase in operational staff to handle the passenger growth, increased resources in development projects, and the replacement of consultants with permanent staff, including in IT.

## Risks and uncertainty factors

Risk is defined here as an event that affects the Group's prospects of achieving its operational goals and implementing its strategies. Swedavia works continuously to map, monitor and manage risks in its operations. Risk analyses are performed and reported to the Board of Directors on a quarterly basis. Swedavia's significant risks are described in the Annual Report 2017 on pages 73-77 and in Note 45. Swedavia's top overall risks consist of its capability to meet the need for capital spending and to carry out investments in a sustainable and cost-effective way, compliance with environmental permits, a disruption in operations and political decisions such as the national aviation tax that could affect operations.

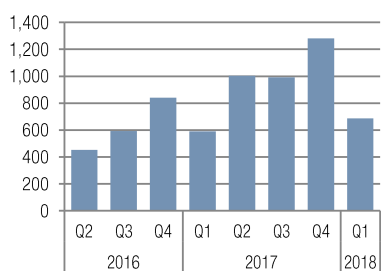
Swedavia's operations are also affected by the general economic trend, and a downturn could have an adverse effect on Swedavia in the form of lower demand for air travel and thus lower revenue. Moreover, other external factors could affect Swedavia's performance.

## Parent Company

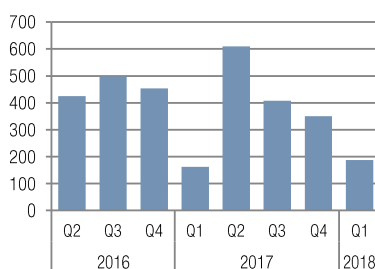
### Net revenue and profit

The Parent Company's net revenue for the first quarter totalled SEK 1,383 M (1,330), which was an increase of SEK 53 M. Operating profit totalled SEK 17 M (79) and the profit margin was 1.2 per cent (5.9). Profit before tax was SEK -7 M (186) and profit for the period was SEK -7 M (175).

**INVESTMENTS, SEK M**



**CASH FLOW FROM OPERATING ACTIVITIES, SEK M**



## Income statement

Amounts in SEK M	Note	2018 Jan-Mar	2017 Jan-Mar	2017 Jan-Dec
Net revenue	2,7	1,403	1,347	5,745
Other operating revenue		6	5	36
Work performed by the company for its own use and capitalised		40	38	145
External expenses		-631	-565	-2,270
Staff expenses		-522	-487	-1,911
Depreciation/amortisation and impairment losses on tangible fixed assets and intangible non-current assets		-237	-221	-1,052
Other operating expenses		-1	0	-42
<b>Operating profit</b>	<b>2</b>	<b>58</b>	<b>116</b>	<b>651</b>
<b>Income from financial items</b>				
Income from holdings in associated companies and joint ventures		15	14	37
Interest income and similar items		1	0	5
Interest expenses and similar items		-23	-31	-118
<b>Income after financial items</b>		<b>50</b>	<b>100</b>	<b>575</b>
Tax		-14	-20	-167
<b>Profit for the period</b>		<b>36</b>	<b>80</b>	<b>407</b>
Earnings per share				
Earnings per share before and after dilution, SEK		0.03	0.06	0.28
The total number of shares was 1,441,403,026 for all periods				

## Statement of comprehensive income

Amounts in SEK M	Note	2018 Jan-Mar	2017 Jan-Mar	2017 Jan-Dec
<b>Profit for the period</b>		<b>36</b>	<b>80</b>	<b>407</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		-1	0	2
Change in fair value for the period		15	12	70
Tax		-3	-3	-16
Other comprehensive income from joint ventures, net after tax		2	-	0
<b>Items that cannot be reclassified to the income statement</b>				
Revaluations of defined benefit pensions		-	-	-8
Tax		-	-	2
<b>Total other comprehensive income, net after tax</b>		<b>13</b>	<b>9</b>	<b>50</b>
<b>Comprehensive income for the period</b>		<b>50</b>	<b>89</b>	<b>457</b>

# Balance sheet

Amounts in SEK M	Note	Mar 31, 2018	Mar 31, 2017	Dec 31, 2017
<b>ASSETS</b>	<b>2</b>			
NON-CURRENT ASSETS				
Intangible non-current assets		623	624	618
Tangible non-current assets		15,192	12,279	14,741
Non-current financial assets <sup>7</sup>		1,111	1,031	1,089
<b>Total non-current assets</b>		<b>16,925</b>	<b>13,934</b>	<b>16,447</b>
CURRENT ASSETS				
Materials and supplies		44	45	44
Trade receivables		488	357	571
Receivables from associated companies		93	107	129
Other receivables		173	197	140
Prepaid expenses and accrued income		180	128	194
Derivative instruments	4	9	-	4
Liquid assets		121	203	58
<b>Total current assets</b>		<b>1,108</b>	<b>1,038</b>	<b>1,140</b>
<b>TOTAL ASSETS</b>		<b>18,033</b>	<b>14,972</b>	<b>17,587</b>
<b>EQUITY AND LIABILITIES</b>	<b>2</b>			
EQUITY				
Share capital		1,441	1,441	1,441
Other paid-in capital		2,162	2,162	2,162
Hedge reserve		-51	-110	-63
Retained earnings		4,163	3,946	4,125
<b>Total equity</b>		<b>7,715</b>	<b>7,439</b>	<b>7,665</b>
NON-CURRENT LIABILITIES				
Provisions <sup>7</sup>		990	979	993
Deferred tax liability		502	452	496
Interest-bearing liabilities		5,921	2,086	4,426
Derivative instruments	4	91	140	97
Other non-current liabilities		10	6	7
<b>Total non-current liabilities</b>		<b>7,514</b>	<b>3,663</b>	<b>6,019</b>
CURRENT LIABILITIES				
Provisions		9	40	14
Interest-bearing liabilities		1,254	2,609	2,192
Derivative instruments	4	-	2	0
Trade payables		596	393	854
Other liabilities		136	122	105
Liabilities to associated companies		0	4	0
Accrued expenses and prepaid income		808	699	738
<b>Total current liabilities</b>		<b>2,804</b>	<b>3,869</b>	<b>3,903</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18,033</b>	<b>14,972</b>	<b>17,587</b>

<sup>7</sup> Pension provision and related pension tax receivable are offset. The comparable period has been adjusted

## Change in equity

Amounts in SEK M	Mar 31, 2018	Mar 31, 2017
<b>GROUP</b>		
Equity, opening balance	7,665	7,351
Comprehensive income for the period	50	89
<b>Equity, closing balance</b>	<b>7,715</b>	<b>7,439</b>

## Cash flow statement

Amounts in SEK M	Note	2018 Jan-Mar	2017 Jan-Mar	2017 Jan-Dec
<b>Operating activities</b>				
Profit after financial items		50	100	575
Adjustments for items not included in cash flow etc.		205	196	922
Tax paid		-69	-73	-167
<b>Cash flow from operating activities before changes in working capital</b>		<b>186</b>	<b>223</b>	<b>1,330</b>
<b>Cash flow from changes in working capital</b>				
Increase(-)/Decrease(+) in materials and supplies		0	-2	-1
Increase(-)/Decrease(+) in operating receivables		157	29	-189
Increase(+)/Decrease(-) in operating liabilities		-156	-88	397
<b>Cash flow from operating activities</b>		<b>187</b>	<b>162</b>	<b>1,537</b>
<b>Investing activities</b>				
Disposal of subsidiaries		-	95	95
Acquisitions/disposal of intangible non-current assets		-3	-1	-22
Acquisitions/disposal of tangible fixed assets		-681	-587	-3,835
Acquisitions/disposal of other financial assets		-	-	-3
<b>Cash flow from investing activities</b>		<b>-684</b>	<b>-493</b>	<b>-3,765</b>
<b>Financing activities</b>				
Borrowings raised	6	1,800	350	4,359
Borrowings repaid	6	-1,240	-	-2,124
Increase(+)/Decrease(-) in other financial liabilities		-1	13	25
Dividend paid		-	-	-143
<b>Cash flow from financing activities</b>		<b>559</b>	<b>363</b>	<b>2,117</b>
<b>Cash flow for the period</b>		<b>63</b>	<b>33</b>	<b>-112</b>
<b>Liquid assets at the beginning of the period</b>		<b>58</b>	<b>170</b>	<b>170</b>
<b>Liquid assets at the end of the period</b>		<b>121</b>	<b>203</b>	<b>58</b>

# Income statement

Amounts in SEK M	Note	2018 Jan-Mar	2017 Jan-Mar	2017 Jan-Dec
Net revenue		1,383	1,330	5,713
Other operating income		6	5	29
Work performed by the company for its own use and capitalised		40	38	145
External expenses		-644	-582	-2,367
Staff expenses		-526	-486	-1,959
Depreciation/amortisation and impairment losses on tangible fixed assets and intangible non-current assets		-241	-226	-1,068
Other operating expenses		-1	0	-42
<b>Operating profit</b>		<b>17</b>	<b>79</b>	<b>450</b>
<b>Income from financial items</b>				
Profit on holdings in Group companies		-	139	1,039
Interest income and similar items		1	0	17
Interest expenses and similar items		-25	-33	-120
<b>Income from financial items</b>		<b>-7</b>	<b>186</b>	<b>1,387</b>
Appropriations		-	-	2
<b>Profit before tax</b>		<b>-7</b>	<b>186</b>	<b>1,388</b>
Tax		0	-11	-109
<b>Profit for the period</b>		<b>-7</b>	<b>175</b>	<b>1,279</b>

# Balance sheet

Amounts in SEK M	Note	Mar 31, 2018	Mar 31, 2017	Dec 31, 2017
<b>ASSETS</b>				
NON-CURRENT ASSETS				
Intangible non-current assets		568	594	568
Tangible fixed assets		14,149	11,766	13,851
Total financial assets	3	1,091	1,070	1,091
<b>Non-current assets</b>		<b>15,808</b>	<b>13,430</b>	<b>15,510</b>
CURRENT ASSETS				
Materials and supplies		41	42	42
Current receivables	3	2,154	1,621	2,344
Liquid assets		113	200	54
<b>Total current assets</b>		<b>2,307</b>	<b>1,863</b>	<b>2,440</b>
<b>Total assets</b>		<b>18,115</b>	<b>15,292</b>	<b>17,950</b>
<b>EQUITY AND LIABILITIES</b>				
EQUITY				
<b>Restricted equity</b>				
Share capital (1,441,403,026 shares)		1,441	1,441	1,441
Reserve for development expenditures		38	22	25
<b>Unrestricted equity</b>				
Retained earnings/Share premium reserve		4,588	3,467	3,321
Profit for the period		-7	175	1,279
<b>Total equity</b>		<b>6,060</b>	<b>5,105</b>	<b>6,067</b>
Untaxed reserves		2,000	1,943	2,000
Provisions		1,357	1,327	1,361
Non-current liabilities		5,896	2,086	4,402
Current liabilities	3	2,802	4,831	4,120
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18,115</b>	<b>15,292</b>	<b>17,950</b>



# Notes

## NOTE 1. ACCOUNTING PRINCIPLES

### GENERAL

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

As of January 1, 2018, Swedavia applies IFRS 15 *Revenue from contracts with customers* and IFRS 9 *Financial instruments*. Implementation of IFRS 15 did not entail any change in the timing for the recognition of revenue or in terms of what amounts of revenue were recognised, and no transition effects were identified. Implementation of IFRS 9 did not identify any material changes in terms of items recognised. Application of IFRS 9 entailed a new procedure for Swedavia in the assessment and recognition of credit losses. The new procedure did not have any material effect on the opening balance, and no restatement was made. For hedge accounting, Sweden has decided to continue applying IAS 39. IFRS 15 and IFRS 9 have entailed increased disclosure requirements in the Company's interim reports and Annual Report 2018.

The accounting principles applied are described in the Annual and Sustainability Report 2017.

Swedavia is carrying out an analysis of the effects of IFRS 16 *Leases*, to enter into force on January 1, 2019. Swedavia has identified rental leases, which will affect its financial position and key financial data. After analysis and identification, the work will continue with the adoption of assumptions and quantification.

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

### RELATED PARTY TRANSACTIONS

Related party transactions involve transactions with State-owned companies and enterprises as well as government agencies. Related parties also include companies over which Swedavia can exercise a controlling interest. Costs arise mostly from

meteorological services, fees to government authorities and air traffic management services, which are largely included in the costs reimbursed by the Swedish Transport Agency. The transactions are carried out at market prices and on standard commercial terms.

### PARENT COMPANY

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

## 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.

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

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

**SEGMENT REPORTING, NOTE 2**

	Airport Operations		Real Estate		Eliminations/adjustments <sup>8</sup>		Group	
Income statement Jan-Mar								
<b>Amounts in SEK M</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Net revenue, external	1,356	1,303	47	44	-	-	1,403	1,347
Net revenue, internal	28	28	86	83	-114	-112	-	-
Other operating income, external	6	5	0	0	0	0	6	5
Work performed by the company for its own use and capitalised, external	40	38	0	0	0	0	40	38
<b>Total revenue</b>	<b>1,429</b>	<b>1,374</b>	<b>133</b>	<b>127</b>	<b>-114</b>	<b>-112</b>	<b>1,449</b>	<b>1,389</b>
Operating expenses	-1,167	-1,069	-101	-94	114	112	-1,154	-1,052
Depreciation, amortisation and impairment losses	-235	-220	-2	-2	0	-	-237	-221
<b>Operating profit</b>	<b>27</b>	<b>85</b>	<b>30</b>	<b>32</b>	<b>0</b>	<b>-</b>	<b>58</b>	<b>116</b>

	Airport Operations		Real Estate		Eliminations/adjustments <sup>8</sup>		Group	
Balance sheet								
<b>Amounts in SEK M</b>	<b>Mar 31, 2018</b>	<b>Mar 31, 2017</b>	<b>Mar 31, 2018</b>	<b>Mar 31, 2017</b>	<b>Mar 31, 2018</b>	<b>Mar 31, 2017</b>	<b>Mar 31, 2018</b>	<b>Mar 31, 2017</b>
Non-current assets	15,711	13,308	1,871	1,325	-656	-699	16,925	13,934
Current assets	2,307	1,865	173	1,131	-1,372	-1,958	1,108	1,038
<b>Total assets</b>	<b>18,018</b>	<b>15,173</b>	<b>2,044</b>	<b>2,456</b>	<b>-2,029</b>	<b>-2,658</b>	<b>18,033</b>	<b>14,972</b>
Equity	7,822	6,785	625	1,464	-732	-810	7,715	7,439
Liabilities	10,196	8,388	1,419	991	-1,297	-1,848	10,318	7,532
<b>Total equity and liabilities</b>	<b>18,018</b>	<b>15,173</b>	<b>2,044</b>	<b>2,456</b>	<b>-2,029</b>	<b>-2,658</b>	<b>18,033</b>	<b>14,972</b>

<sup>8</sup> Eliminations consist of intra-Group transactions, and adjustments consist of consolidating adjustments.

**NOTE 3. RECEIVABLES FROM GROUP COMPANIES**

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

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

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

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

	Group	
	<b>2018</b>	<b>2017</b>
<b>Amounts in SEK M</b>	<b>Mar 31</b>	<b>Dec 31</b>
Loan receivables and trade receivables	932	999
Other financial liabilities	-7,830	-7,513
Derivatives	-66	-81
<b>Total</b>	<b>-6,964</b>	<b>-6,595</b>
Total book value	-6,959	-6,596

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

Swedavia's pledged assets consist of shares and holdings in the joint ventures Swedish Airport Infrastructure KB and Swedish Airport Infrastructure AB. The carrying amount is SEK 896 M (878).

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

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

**NOTE 6. CASH FLOW STATEMENT**

Commercial paper issued and commercial paper repaid with the same transaction date are classified as refinancing and are offset.

**NOTE 7. NET REVENUE**

Group, amounts in SEK M	2018 Jan-Mar	2017 Jan-Mar	2017 Jan-Dec
<b>Breakdown of net revenue</b>			
<i>Aviation Business</i>			
Passenger-related revenue	392	368	1,714
Aircraft-related revenue	150	152	642
Externally regulated charges	188	184	699
Ground handling	97	83	278
Other additional services	64	58	219
	<b>892</b>	<b>846</b>	<b>3,552</b>
<i>Commercial Services</i>			
Car parking & parking facilities	202	202	894
Retail, food & beverage	152	146	691
Real estate revenue	111	109	405
Advertising	22	20	101
Other commercial services	16	16	61
	<b>504</b>	<b>493</b>	<b>2,152</b>
Other net revenue	7	8	41
<b>Total net revenue</b>	<b>1,403</b>	<b>1,347</b>	<b>5,745</b>

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 period, SEK 133 M (127) was attributable to Real Estate, broken down into real estate revenue of SEK 97 M (93), other commercial products of SEK 36 M (34) and other net revenue of SEK 1 M (0). For the full-year 2017, the corresponding figure was SEK 497 M, broken down into real estate revenue of SEK 341 M, other commercial products of SEK 154 M and other revenue of SEK 2 M.

Revenue from contracts with customers under IFRS 15 pertains to total net revenue except for revenue from the retail, food & beverage product of SEK 152 M (146) and parts of the real estate revenue product of SEK 62 M (63). For the full-year 2017, the corresponding figures were SEK 691 M and SEK 243 M.

**NOTE 8. SUPPLEMENTARY INFORMATION FOR KEY FINANCIAL DATA****NET LIABILITIES**

The pension liability, the provision for pensions less payroll tax receivable, on March 31, 2018, totalled SEK 727 M and on March 31, 2017, totalled SEK 735 M. On December 31, 2017, the total was SEK 730 M.

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

In calculating this financial ratio as of March 2018, operating profit for the rolling 12-month period was adjusted by impairment losses and disposals of SEK 160 M. As of March 2017, operating profit for the rolling 12-month period was adjusted by impairment losses and disposals of SEK 74 M and capital gains of SEK 241 M. Operating profit for January-December 2017 has been adjusted downwards by impairment losses and disposals of SEK 160 M.

**NOTE 9. EVENTS AFTER THE END OF THE PERIOD****NATIONAL AVIATION TAX**

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

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# Definitions

## **AIRPORT OPERATIONS**

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

## **AVERAGE CAPITAL TIE-UP**

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.

## **AVERAGE INTEREST-RATE PERIOD**

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

## **AVERAGE NUMBER OF EMPLOYEES**

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

## **AVERAGE OPERATING CAPITAL**

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

## **AVIATION BUSINESS**

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

## **CAPITAL SPENDING\***

Swedavia's investments in tangible fixed assets and intangible assets including investment projects in progress. Swedavia is in an intensive development phase, and this investment pace is important to Swedavia's management and external stakeholders.

## **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 retail operations, offices, warehousing and logistics as well as land leases, parking operations and the leasing of advertising space.

## **DEBT-TO-EQUITY RATIO\***

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

## **DIVIDEND**

The dividend target is between 30 and 50 per cent of profit for the year, excluding capital gains as well as changes in valuation changes and tax attributable to this.

## **EARNINGS PER SHARE**

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

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# Definitions (cont.)

## **INTEREST-BEARING LIABILITIES**

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

## **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.

## **OPERATING CAPITAL**

Equity plus net liabilities.

## **OPERATING COSTS PER DEPARTING PASSENGER\***

Airport Operations' total external costs and staff expenses minus own work capitalised divided by the number of departing passengers for the same period. A metric that Swedavia considers crucial for monitoring improvements in cost-effectiveness.

## **OPERATING MARGIN\***

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

## **OPERATING PROFIT EXCLUDING CAPITAL GAINS\***

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

## **OPERATING PROFIT EXCLUDING CAPITAL GAINS, IMPAIRMENT LOSSES AND DISPOSALS\***

Operating profit excluding capital gains, impairment losses and disposals plus profit from holdings in associated companies for a rolling 12-month period divided by average operating capital. This profitability metric is considered to give a better understanding of the Group's cost of capital based on operating profit from operations.

## **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 twelve-month period divided by average operating capital. This financial ratio is the owner's metric for profitability at Swedavia and one of the Group's sustainability targets. This metric reflects the Group's cost of capital.

## **SUSTAINABILITY TARGETS**

Swedavia's sustainability targets are monitored on a continuous basis based on the latest verified data for each target and in accordance with the same accounting principles described in the Annual and Sustainability Report 2016.

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-Jun 2018	July 17, 2018
Interim report Jan-Sep 2018	October 26, 2018
Year-end report 2018	February 15, 2019

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

This is information that Swedavia AB (publ) is required to disclose under the EU Market Abuse Regulation and the Securities Market Act. The information was provided by the contact persons below for publication on April 26, 2018, at 5:00 p.m. CET. This is an English translation of the original Swedish text, which takes precedence in the event of a discrepancy.

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

## Contact people

**JONAS ABRAHAMSSON**  
President and CEO

**MATS PÅHLSON**  
CFO  
Telephone +46 10109 00 60

The CEO hereby submits the interim report for the period January-March 2018 on behalf of the Board of Directors.

Stockholm-Arlanda, Sweden April 26, 2018

**Jonas Abrahamsson**  
President and CEO

Swedavia AB (publ)  
190 45 Stockholm-Arlanda  
Visiting address: Flygvägen 1  
Corporate identity no 556797-0818  
Headquarters Municipality of Sigtuna

Tel: +46 10 109 00 00  
Fax: +46 10 109 05 00  
E-mail: [info@swedavia.se](mailto:info@swedavia.se)  
Coordinates: 59°39'14.06"N 17°56'21.51"E  
[www.swedavia.se](http://www.swedavia.se)