

# Six-month report

January – June 2019



”Sustainable air transport is necessary  
for both individuals and society”

Jonas Abrahamsson  
President and CEO



# Six-month report

## January – June 2019

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- During the first six months of the year, Swedavia's airports had 19.6 million (20.5)<sup>1</sup> passengers, which is a 4.5 per cent decrease compared to last year
- Net revenue totalled SEK 3,072 M (2,913)
- Operating profit was SEK 348 M (331). Restructuring costs of SEK 43 M were charged to operating profit due to the cost reduction and change programme that was decided in December 2018
- Operating profit excluding restructuring costs, capital gains, impairment losses and disposals was SEK 391 M (276). Last year, operating profit was positively affected by an earnout of SEK 55 M related to the sale of Säve Airport
- Profit for the period was SEK 259 M (294)
- Investments for the Group during the first six months totalled SEK 1,600 M (1,515). The pace of investment remains high, in line with the Group's investment programme
- As a result of the transition to IFRS 16, operating profit increased SEK 11 M during the first six months of the year. Due to the introduction of the new standard, the debt/equity ratio increased by 0.1 times. Last year, accounts were measured in accordance with IAS 17

### KEY FINANCIAL FIGURES, GROUP<sup>5</sup>

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
SEK M, unless otherwise indicated					
Net revenue	1,597	1,511	3,072	2,913	5,922
Operating profit	278	274	348	331	682
Operating profit excluding capital gains, impairment losses and disposals <sup>2</sup>	309	219	391	276	711
Operating margin, %	17.4	18.1	11.3	11.4	11.5
Operating margin excluding capital gains, impairment losses and disposals, % <sup>2</sup>	19.3	14.5	12.7	9.5	12.0
Profit for the period	212	258	259	294	517
Return on operating capital, %	4.3	4.2	4.3	4.2	4.6
Return on operating capital excluding capital gains, impairment losses, and disposals, % <sup>2</sup>	4.9	4.9	4.9	4.9	4.7
Debt/equity ratio, times	1.3	1.1	1.3	1.1	1.1
Cash flow from operating activities	504	348	952	535	1,359
Capital spending	944	828	160	1,515	3,195
Average number of employees	2,964	3,154	2,964	3,154	3,217
Passengers, million	10.7	11.2	19.6	20.5	42.0
Operating costs per departing passenger, SEK <sup>3 4</sup>	184.2	190.3	219.9	209.9	205.4
Commercial revenues per departing passenger, SEK	79.0	73.4	80.8	74.9	75.2

<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 March 31, 2019, restructuring costs are excluded in the calculation of this key metric

<sup>3</sup> The key metric operating costs per departing passenger is calculated excluding restructuring costs as of March 31, 2019

<sup>4</sup> Comparative periods have been adjusted as a result of Swedavia Airport Telecom AB and Swedavia Energi AB being moved from the Real Estate segment to the Airport Operations segment

<sup>5</sup> For a definition of key metrics, see pages 21-22

## Sustainable air transport is necessary for both individuals and society

**During the past quarter, the debate on the climate impact of air travel continued. There is no doubt that air travel needs to be transformed and become sustainable.**

**Meanwhile, it is equally obvious that air travel will be an important transport mode of the future.**

Air travel is a transport mode that enables people to meet despite great distances. It could be to meet customers or suppliers on the job. It could be for research or education purposes, to visit friends and family or simply to have a holiday. Each year, the tourism and hospitality industry generates about 130 billion kronor for Swedish GDP according to Statistics Sweden, thus making a significant contribution to Swedish employment and prosperity. For other countries and regions around the world, the tourism and hospitality industry is the key industry behind the rise from poverty that has taken place in many areas. Furthermore, an increased understanding of other cultures and religions is created through travel to other places.

Swedish international air travel is also far more multifaceted than the "trip to Thailand" that is often given as an example in the public debate. For instance, 45 per cent of all international flights at our airports are made by people who live outside Sweden, which thus contributes to the expanding and increasingly important hospitality industry. Along with the one quarter of all international flights at Swedavia's airports that are for business purposes, one quarter are to meet friends and family. Today nearly two million Swedes or almost 20 per cent of the Swedish population was born abroad according to Statistics Sweden's definition, twice the figure in 2000. It goes without saying that everyone should have the opportunity to visit and be visited by friends and family.

### CLIMATE EFFICIENCY AND FOSSIL-FREE OPERATIONS

Already today, Swedavia is a world leader in operating climate-smart airports. Ten of the forty-three airports in Europe that are certified at the trade association ACI Europe's highest level of carbon accreditation are Swedavia airports. Already today, three of our airports are completely fossil-free in their own operations – which we were the first in the world to achieve. At Swedavia, we continue to work for a switch to sustainable fuels and the transition to fossil-free air travel. In June, we refuelled aircraft with our annual delivery of renewable jet fuel, which was distributed among four of our airports. For several years now, Swedavia purchases 450 tonnes of renewable jet fuel each year, which is equivalent to the amount used in all the company's air travel for business purposes by our employees. Now we are taking the next step and have taken the initiative for joint tenders so that more organisations will be able to fly using bio jet fuel. Over time, better conditions can be created for large-scale production, which in turn can contribute to greater access to and lower prices for renewable jet fuel.

During the quarter, we were involved in launching the innovation cluster Fossil-Free Aviation 2045 together with other stakeholders, including the research institute RISE, for fossil-free air transport. With this innovation cluster, the potential is created for bringing together all the parts of the value chain. On that basis, a joint needs analysis can be carried out in order to accelerate the transformation to fossil-free operations in line with the industry's road map.

Intensive research and development in electric and hybrid aviation is also under way. Swedavia participates in organisations such as the consortium ELISE, whose mission is to develop electric air transport in Sweden.

### PERFORMANCE AND RESULTS

During the period January to June, 19.6 million passengers flew to or from one of Swedavia's airports, a decrease of 4.5 per cent compared to the same period last year.

Net revenue for the period totalled SEK 3,072 M (2,913), and operating profit was SEK 348 M (331). Airport charges were raised at the turn of the year as an effect of the investments to expand capacity that are now being carried out, and during the first half of the year, investments totalling SEK 1,600 M (1,515) were carried out. As a result of the restructuring work now under way to increase cost-effectiveness in the short and long term at Swedavia, restructuring costs of SEK 43 M were charged during the first half of the year.

Swedavia shall safeguard and develop the access Sweden needs, through the country's national basic infrastructure of airports, in a sustainable manner. Key data used in this planning is our long-term traffic forecast, which is updated every two years. Demand for flights is expected to continue growing, though at a slower pace than previously forecast. The main scenario in this forecast indicates an average annual increase in passenger volume at Swedavia's airports of 1.6 per cent through 2050. This main scenario is our best assessment of the future trend and does not reflect any target for Swedavia. One essential condition needed to realise the growth forecast is the transformation of aviation in line with the industry's road map.

### CUSTOMER FOCUS, EFFICIENCY AND BUSINESS PROCESS ORIENTATION

Swedavia's operations are ultimately focused on our customers – our airlines, passengers and tenants. So it was very gratifying to see that 2019 started off with 76 per cent satisfied customers at Swedavia's three largest airports, while four of the company's seven regional airports posted record satisfaction levels this past winter. In order to take the next step in our customer satisfaction work, we are now introducing a more agile method of measuring and understanding our customers' experience. We will be able to get more frequent and dynamic feedback from all customer groups.

The change programme we presented last autumn was gradually implemented during the first half of the year in Swedavia's organisation as planned. This autumn, we will continue the work to make operations more process-oriented, with the aim being to produce greater customer satisfaction, better quality and higher efficiency.

I would like to take this opportunity here to extend my warm thanks to all of the wonderful employees at Swedavia, who with their engagement and skills continue to enable people to meet.

### THE LEADING AIRPORTS IN THE NORDIC REGION

At Swedavia, we shall be a leader in developing and operating sustainable airports. A sustainable Sweden is an essential requirement for long-term development and sustained competitiveness. But growth and competitiveness are also necessary to ensure that there is potential in the long term to successfully tackle the challenge of climate change. For us, being a leader means that we can offer a competitive product to our airline customers, that our passengers have a smooth and pleasant experience at our airports on their journey, and in particular that we drive sustainability work for our own operations and for the industry in general. This is a challenging task, but also incredibly stimulating for all of us who work at Swedavia. For us, it goes without saying that future generations shall also be able to benefit from the opportunities that air travel provides in terms of meetings between people.



Jonas Abrahamsson  
President and CEO

# About Swedavia

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

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



## SUSTAINABLE DEVELOPMENT AS A STRATEGIC FOCUS

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



## OUR SUSTAINABILITY TARGETS

	Actual <sup>6</sup> Jun 30, 2019	Actual <sup>6</sup> Jun 30, 2018	Targets 2019	Targets, 2025
Satisfied passengers, %	79	74	75	85
Engaged leaders and employees, % <sup>7</sup>	65	65	70	75
Return on operating capital, %	4,3	4,2	6,0	6,0
Carbon dioxide emissions tonnes <sup>8</sup>	428	2 140	1 200	0
Mixture of renewable jet fuel, % <sup>9</sup>	0	-	0	5

<sup>6</sup> The actual figure is for 12 rolling months

<sup>7</sup> Starting in 2019, the key metric is measured every other year. The book value for 2019 pertains to the measurement in 2018.

<sup>8</sup> Measured once a year

<sup>9</sup> Starting in 2019, the key metric is measured every other year. The book value for 2019 pertains to the measurement in 2018.

### 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

### NEW GROUP ORGANISATION INTRODUCED

In December 2018, a new Group organisational structure for Swedavia was decided, which was implemented on January 1, 2019. The new organisation will help ensure that Swedavia has the conditions needed to gradually change its working methods, be more results- and process-oriented and create better potential to realise the company's strategies. As a result of the organisational change, Swedavia has to some extent a new executive management team, with a reduced number of people who report directly to the President and CEO, Jonas Abrahamsson.

### SWEDAVIA ANNOUNCES LAYOFFS

Swedavia has taken measures to ensure its competitiveness and meet changes in market conditions. The measures are aimed at ensuring efficiency and adjusting cost levels in both the short and long term. As a result of a cost reduction and change programme, on January 15 Swedavia notified the Swedish public employment agency Arbetsförmedlingen that it would lay off employees. A total of 125 full-year equivalent employees were affected, both in the corporate units and at Swedavia's airports. The executive management's decision served as a basis for collaborative negotiations with the trade unions. The organisation and these changes will be implemented as of July 1, 2019.

### NEW AIRPORT MAINTENANCE AREA AT STOCKHOLM ARLANDA AIRPORT

After five years of work, the new airport maintenance area at Stockholm Arlanda Airport was completed in February. The maintenance area houses many of Stockholm Arlanda's operational and maintenance functions such as the Airside and Landside field unit, surveillance, buses, runway lighting and vehicle workshops. Its mission is to make sure the airport's operations and maintenance work are in compliance with laws and regulations and based on the traffic situation. The new maintenance area was certified as "excellent" under Swedish environmental standards, and the change in location is part of the preparations for the new pier at Terminal 5.

### NEW DIRECTOR OF FACILITIES AND SYSTEMS UNIT

In March, Swedavia appointed Caroline Ottosson, CEO of the Swedish transport companies SL and Waxholmsbolaget, to be the new director of its Facilities and Systems unit and a new member of Swedavia's Group management. She will assume the position in August.

### INVESTMENT DECISION ON STOCKHOLM ARLANDA AIRPORT

In March, Swedavia's Board of Directors made an implementation decision concerning the construction of a new pier and an expanded marketplace as well as a new central security checkpoint for all passengers in Terminal 5 at Stockholm Arlanda. This implementation is part of Stockholm Arlanda's development programme which includes total investments of SEK 17.3 billion in the period 2016–2025. The aim of Stockholm Arlanda's development programme is to meet current and future capacity needs and improve the passenger experience at the airport.

### APPEAL ON AIRPORT CHARGES CONCLUDED

In October 2018, Swedavia made a pricing decision for 2019 which entails an underlying increase in charges to airlines of 7.8 per cent

starting January 1, 2019. A number of airlines submitted an appeal to the Swedish Transport Agency concerning Swedavia's decision on airport charges for 2019, and the agency examined the matter. After its examination, the Swedish Transport Agency announced in mid-March that the decision on charges was properly made by Swedavia. The charges were introduced on January 1, 2019.

### ANNUAL GENERAL MEETING

At the Annual General Meeting 2019, a new dividend policy was adopted. The policy stipulates that 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 deciding the matter, 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. At the AGM, a new composition for the Board of Directors was also adopted. Swedavia's Board consists of chairman Åke Svensson and members Lars Backemar, Lottie Knutson, Lotta Mellström, Lottie Svedenstedt, Lars Mydland and Mikael Norman.

### SAS STRIKE

In late April/early May, pilots at Scandinavian Airlines System (SAS) went on strike. The dispute lasted for seven days, from April 26 to May 2, and had an impact on traffic at all of Swedavia's airports.

### SECURITAS NEW SECURITY SERVICES PROVIDER AT GÖTEBORG LANDVETTER AIRPORT

As of May 1, Securitas is the new security services provider at Göteborg Landvetter Airport. Prior to this, the airport was the only one of Swedavia's big airports at which security operations were carried out under Swedavia's auspices. As a result of the agreement, Securitas has responsibility for security screening operations, airport protection and patrolling at Göteborg Landvetter Airport. The agreement is for three years, with the option of an extension of up to four years.

### INAUGURATION AND NEW TENANTS FOR OFFICE ONE AT STOCKHOLM ARLANDA AIRPORT

Office One, which has 15,000 square metres of floor space, is Swedavia's largest office property venture located near its airports to date and was placed in service in the autumn of 2018. On May 15, United Spaces inaugurated its co-working arena in Office One at Stockholm Arlanda Airport. During the second quarter of the year, another two new tenants signed leases – the express delivery company Jetpak and the carrier Norwegian Air Shuttle (Norwegian).

### DELIVERY OF BIO FUEL TO SWEDAVIA'S AIRPORTS

In early June, bio fuel was delivered to and used for refuelling aircraft at Stockholm Arlanda Airport, Göteborg Landvetter Airport, Malmö Airport, Umeå Airport and Åre Östersund Airport. Since 2016, Swedavia has purchased bio fuel equivalent to the amount used for the company's flights for business purposes. This investment is part of Swedavia's strategy to be fossil-free in its operations by 2020, to work to transform the aviation industry in the face of climate change and to achieve fossil-free Swedish air transport by 2045.

### SWEDAVIA SIGNS TWO BILLION KRONOR CREDIT FACILITY

In June, Swedavia signed a credit facility for two billion Swedish kronor with the German state-owned bank KfW-IPEX Bank. The loan agreement runs for a maximum of ten years and is intended to finance Swedavia's development programme.

### **Events after the end of the period**

There are no important events to report.

# Passenger trends

## January – June

During the first six months of 2019, the number of passengers at Swedavia's airports decreased 4.5 per cent. Demand for domestic flights saw the sharpest fall, 8 per cent, and demand for international flights decreased 2.8 per cent. The airlines' capacity in the market, measured in the number of seats, decreased 1.4 per cent. The fall in demand contributed to the somewhat lower load factor for airlines during the first half of the year.

All of Swedavia's airports had a negative traffic trend during the first six months of 2019. So far this year, scheduled European traffic, which follows supply in the market fairly closely, was down slightly while all other segments – domestic traffic, charter traffic and direct intercontinental traffic – showed a more significant negative trend.

After a lengthy period of sharp passenger growth, there has now been a decline in passenger volume. Subdued demand is considered to be the result of a number of factors – concerns about weaker Swedish and global economic growth, a weak Swedish krona and increased debate about climate change. Combined with a national aviation tax and generally higher costs for airlines, this has had an impact on demand and market prices.

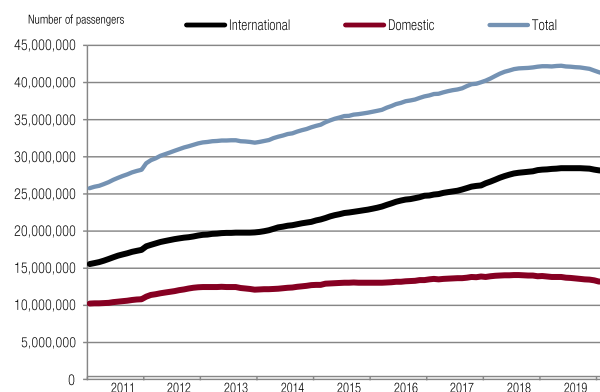
## April – June

During the second quarter of 2019, traffic continued to trend negatively, as demand primarily for domestic flights continued to fall. International passenger volume decreased 2.0 per cent, while domestic passenger volume decreased 10.5 per cent. The airlines' capacity, measured in the number of seats in the market, showed a larger decline during the second quarter than during the first six months overall. The decline in passenger volume generally followed the decrease in capacity during the quarter, which means the load factor on aircraft during the quarter was on a par with that during the second quarter of 2018.

In addition to the general factors that have had an impact on performance for the year, the second quarter was also affected by a pilot strike at SAS.

### PASSENGER TREND – SWEDAVIA

ROLLING TWELVE-MONTH TREND, APRIL 2010 TO JUNE 2019



### PASSENGER VOLUMES

- SWEDAVIA'S FIRST SIX MONTHS AND SECOND QUARTER 2019

Passengers	Number of passengers Jan-jun			Number of passengers Apr-jun		
	2019	2018	Per cent change	2019	2018	Per cent change
International	13,307,000	13,683,000	-2.8%	7,521,000	7,676,000	-2.0%
Domestic	6,288,000	6,832,000	-8.0%	3,194,000	3,567,000	-10.5%
<b>Total</b>	<b>19,596,000</b>	<b>20,515,000</b>	<b>-4.5%</b>	<b>10,715,000</b>	<b>11,244,000</b>	<b>-4.7%</b>

# Economic overview

## Net revenue and operating profit

### JANUARY-JUNE

Consolidated revenue for the period totalled SEK 3,072 M (2,913), which is an increase of SEK 158 M or 5.4 per cent compared to the same period the previous year.

Revenue from aviation business totalled SEK 1,946 M (1,836), which is an increase of SEK 110 M. Passenger- and aircraft-related revenue increased 9.7 per cent. The increase in revenue despite lower passenger volume is mainly due to the increase in airport charges in effect as of January 1, 2019. The change in airport charges is due in part to the pricing decision for 2019, an 8 per cent increase, and to the effect of retroactive adjustments based on previous decisions of 4 per cent. Revenue from ground handling and other ancillary services was lower than last year, which is explained by lower sales of de-icing and glycol handling.

Revenue from commercial services totalled SEK 1,112 M (1,063), which is an increase of SEK 49 M. Commercial revenue per departing passenger was SEK 80.8 SEK (74.9).

Revenue from food & beverage was in line compared to last year while revenue from retail exceeded the figure last year as a result of increased tax- and duty-free sales. Revenue from car parking & parking facilities was in line with the figure last year.

The key metric operating costs per departing passenger was SEK 219.9 (209.9), an increase that is largely due to lower passenger volume. External costs were SEK 54 M lower compared to last year, with increased winter costs and decreased costs for the use of external services. The transition to IFRS 16 resulted in lower operating costs.

Staff expenses, less time charged to income and restructuring costs, was on a par with last year.

The restructuring programme launched early in the year continues as planned.

Depreciation and amortisation increased SEK 96 M compared to the previous year, which is largely explained by the placing in service of projects in the development programmes at Stockholm Arlanda and Bromma Stockholm as well as in IT during the first quarter of 2019 and the latter part of 2018. Depreciation and amortisation also increased as a result of the transition to IFRS 16. Consolidated operating profit was SEK 348 M (331). The operating margin was 11.3 per cent (11.4).

### APRIL-JUNE

Consolidated revenue for the second quarter was SEK 1,597 M (1,511), which is an increase of SEK 86 M or 5.7 per cent compared to last year.

Revenue from aviation business totalled SEK 1,007 M (944), which is an increase of SEK 63 M. Revenue from commercial services during the second quarter totalled SEK 583 M (559), which was SEK 24 M higher than last year. The increase is explained by the continued positive trend in retail revenue and higher real estate revenue during the second quarter. Revenue from food & beverage and from car parking & parking facilities was in line with the figure last year.

External costs were SEK 22 M lower. Decreased use of external services, a resetting of priorities in the organisation and the transition to IFRS 16 resulted in reduced costs.

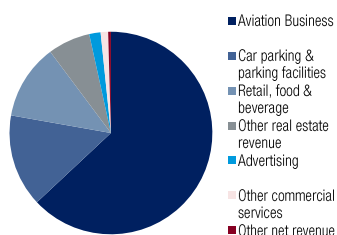
Staff expenses, less time charged to income and restructuring costs, decreased SEK 17 M compared to last year. Restructuring costs totalled SEK 30 M during the second quarter.

Depreciation and amortisation increased SEK 36 M, which is explained by important investments being placed in service at Bromma Stockholm and Stockholm Arlanda as well as in IT during the first half of the year and by the transition to IFRS 16.

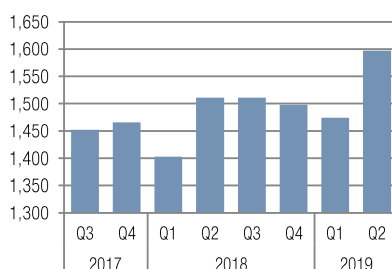
Consolidated operating profit was SEK 278 M (274). Last year, operating profit was positively affected by an earnout of SEK 55 M related to the sale of S ve Airport. The operating margin was 17.4 per cent (18.1).

### BREAKDOWN, NET REVENUE

Jan-Jun 2019

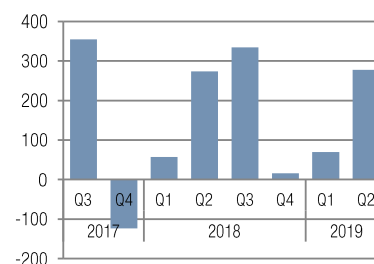


### NET REVENUE, SEK M



### OPERATING PROFIT, SEK M

(including capital gains)





## Financial items

Net financial items for the period totalled SEK -16 M (-5). Compared to the previous year, interest-bearing liabilities increased, but net interest on borrowings decreased SEK -47 (-50) due to a lower average interest rate. Other net interest was negatively affected by SEK -2 M (10) mostly due to IFRS 16. The share of profit from joint ventures had a positive effect on net financial items of SEK 33 M (34).

Net financial items for the second quarter totalled SEK -9 M (2), with the share of profit from joint ventures having a positive effect on net financial items of SEK 16 M (19).

## Profit for the period

Profit before tax for the period totalled SEK 333 M (326) and profit for the period was SEK 259 M (294).

Profit before tax for the period for the second quarter was SEK 269 M (275), and profit for the period was SEK 212 M (258).

## Investments

During the period, investments totalled SEK 1,600 M (1,515). Investments in the airport segment totalled SEK 1,264 M (1,242). Important capital spending during the period was used to enhance capacity in Stockholm Arlanda Airport's and Göteborg Landvetter Airport's development programmes, but maintenance of the landing runways also represents a significant share of investments for the year.

Investments in Real Estate and property development totalled SEK 336 M (273). During the first half of the year, investments were made in construction of the Forrest Hotel at Stockholm Arlanda Airport, Hotel Winger at Göteborg Landvetter Airport and Office One at Sky City.

During the second quarter, investments totalled SEK 944 M (828).

## Cash flow

Cash flow for the period totalled SEK 187 M (122). Cash flow from operating activities was SEK 949 M (535), which is SEK 414 M higher compared to the same period last year. The difference is largely explained by the trend in operating capital, which had a positive effect during the first quarter compared to the same period last year. Investments for the period entailed payments of SEK 1,600 M, while cash flow from financial assets had a positive effect of SEK 54 M. Cash flow from financing operations totalled SEK 784 M (1,094). Bank loans increased SEK 1,000 M, commercial paper borrowings increased SEK 219 M, medium-term notes decreased

SEK 398 M, and the balance on a line of credit decreased SEK 7 M and other loan liabilities decreased SEK 37 M. The Annual General Meeting 2019 decided not to pay any dividend to the owner. Last year, the dividend paid was SEK 122 M.

Cash flow for the second quarter was SEK 112 M (59).

## Liquidity and financial position

Consolidated equity at the end of the period was SEK 8,193 M (8,066).

Swedavia's loan liabilities at the end of the period totalled SEK 9,176 M (8,363), which is an increase of SEK 813 M. Swedavia's loan liabilities are broken down into bank loans of SEK 2,700 M (1,700), medium-term notes of SEK 4,752 M (5,150), commercial paper of SEK 1,725 M (1,506) and the balance on a line of credit of SEK 0 M (7). At the end of the period, the average capital tie-up period was 4.5 years (4.2) and the average interest rate lock-in period was 3.9 years (2.7). The average interest rate as of June 30, 2019, was 1.0 per cent (1.0). On the balance sheet date, the nominal total of interest rate derivatives was SEK 3,500 M (2,500).

Liquid assets increased SEK 187 M during the first half of the year and at the end of the period totalled SEK 197 M (10). Net liabilities during the quarter increased SEK 1,707 M, from SEK 9,195 M to SEK 10,902 M, due to the introduction of IFRS 16 and to increased borrowings as a result of the high investment pace. The debt/equity ratio was 1.3 times (1.1).

At the end of the period, Swedavia had unutilised credit facilities totalling SEK 1,800 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. During the period, a framework loan agreement was signed with the German State-owned bank KfW-IPEX Bank for SEK 2,000 M, which allows loans with maturities of up to 10 years, with SEK 1,000 M (-) of this utilised.

The key metric net liabilities/EBITDA increased from 5.1 on December 31, 2018, to 5.7 on June 30, 2019. The key metric increased 0.5 due to the transition to IFRS 16.

The return on operating capital excluding restructuring costs, capital gains, impairment losses and disposals at the end of the period was 4.9 per cent (4.7).

### SWEDAVIA'S FINANCIAL TARGETS

	Actual Jun 30, 2019	Target
Return on operating capital, %	4.3	6.0
Debt/equity ratio, times	1.3	0.7-1.5
Dividend target, % <sup>10</sup>	-	10-50

<sup>10</sup> Pertains to the dividend pay-out ratio in accordance with the new dividend pay-out ratio policy adopted by the AGM 2019

### FINANCIAL METRICS

	Actual Jun 30, 2019	Actual Jun 30, 2018	Actual Dec 31, 2018	Policy
Average interest rate, %	1.0	1.1	1.0	n/a
Average interest rate lock-in period, year	3.9	3.3	2.7	1-4
Average capital tie-up period, years	4.5	4.7	4.2	2-5

## Employees

The average number of employees for the period July 1, 2018 – June 30, 2019 was 3,193 (3,154). The change is explained by an increase in operational staff and the replacement of consultants with permanent staff, including in IT and Major Projects. Ongoing restructuring work so far has had a marginal effect on the key metric average number of employees for a rolling 12 months.

## 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 2018 on pages 65-71 and in Note 46. Swedavia's overall top risks consist of a reduction in air traffic, in which a decrease in passengers can have a negative effect on Swedavia in the form of lower revenue. A decrease can occur as an effect of aviation taxes introduced, the debate on climate change or the general economic trend. There are also risks in the ability to meet the need for investments in capacity in the long term and carry them out in a sustainable and cost-effective way. 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. In conjunction from the shift from rental leases to concession agreements in retail, food & beverage, there are risks associated with the utilisation of space, the ability to satisfy customer wishes and the possibility to maintain good relations with tenants. There is likewise the risk of not being able to attract and retain employees, which could lead to insufficient resources and competences, but Swedavia carries out proactive work on the workplace environment here. Swedavia has a few major airline customers, which could have a large effect on Swedavia's operations in the event one of these were to have economic problems. Furthermore, other external factors could affect Swedavia's performance.

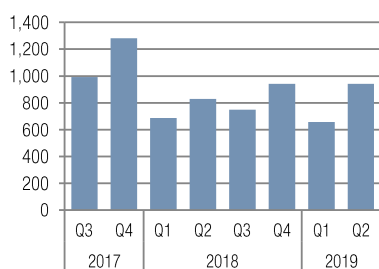
## Parent Company

### Net revenue and operating profit

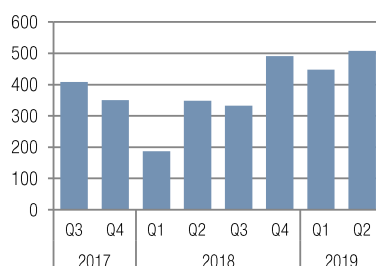
The Parent Company's net revenue for the first six months of the year totalled SEK 3,040 M (2,889), which is an increase of SEK 151 M. Operating profit totalled SEK 262 M (189) and the operating margin was 8.6 per cent (6.5). Profit before tax was SEK 226 M (145) and profit for the period was SEK 176 M (109).

During the second quarter, the Parent Company's net revenue totalled SEK 1,588 M (1,505), which is an increase of SEK 83 M. Operating profit totalled SEK 235 M (171) and the operating margin was 14.8 per cent (11.4). Profit before tax was SEK 214 M (152) and profit for the period was SEK 168 M (116). Dividends from subsidiaries had a positive effect on profit in 2018 of SEK 67 M (-).

**INVESTMENTS, SEK M**



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



## Consolidated income statement

Amounts in SEK M	Note	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Net revenue	2.6	1,597	1,511	3,072	2,913	5,922
Other operating revenue		8	63	13	69	104
Work performed by the company for its own use and capitalised		51	43	100	83	170
External expenses		-540	-562	-1,140	-1,193	-2,366
Staff expenses		-539	-518	-1,098	-1,040	-2,030
Depreciation, amortisation and impairment losses on tangible fixed assets and intangible non-current assets		-298	-262	-596	-499	-1,103
Other operating expenses		-3	-1	-4	-2	-16
<b>Operating profit</b>	<b>2</b>	<b>278</b>	<b>274</b>	<b>348</b>	<b>331</b>	<b>682</b>
<b>Income from financial items</b>						
Income from holdings in associated companies and joint ventures		16	19	33	34	53
Interest income and similar items		2	1	3	1	3
Interest expenses and similar items		-27	-18	-52	-41	-96
<b>Income after financial items</b>		<b>269</b>	<b>275</b>	<b>333</b>	<b>326</b>	<b>642</b>
Tax		-58	-18	-74	-32	-126
<b>Profit for the period</b>		<b>212</b>	<b>258</b>	<b>259</b>	<b>294</b>	<b>517</b>
<b>Earnings per share</b>						
Earnings per share before and after dilution, SEK		0.15	0.18	0.18	0.20	0.36
The total number of shares was 1,441,403,026 for all periods						

## Consolidated statement of comprehensive income

Amounts in SEK M	Note	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
<b>Profit for the period</b>		<b>212</b>	<b>258</b>	<b>259</b>	<b>294</b>	<b>517</b>
<b>Other comprehensive income:</b>						
<b>Items that can be reclassified to the income statement</b>						
<b>Cash flow hedges</b>						
Items reclassified to the income statement		1	1	-1	0	1
Change in fair value for the period		-63	27	-112	43	57
Tax		13	-7	23	-10	-13
Other comprehensive income from joint ventures, net after tax		-5	0	-8	2	4
<b>Items that cannot be reclassified to the income statement</b>						
Revaluations of defined benefit pensions		0	-16	0	-16	-54
Tax		0	4	0	4	12
<b>Total other comprehensive income, net after tax</b>		<b>-55</b>	<b>9</b>	<b>-98</b>	<b>22</b>	<b>7</b>
<b>Comprehensive income for the period</b>		<b>157</b>	<b>266</b>	<b>161</b>	<b>316</b>	<b>523</b>

# Consolidated balance sheet

Amounts in SEK M	Note	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
<b>ASSETS</b>	<b>2</b>			
<b>NON-CURRENT ASSETS</b>				
Intangible non-current assets		781	645	777
Tangible non-current assets		17,064	15,685	16,213
Right-of-use assets		1,100	49	44
Non-current financial assets		1,160	1,146	1,192
<b>Total non-current assets</b>		<b>20,106</b>	<b>17,524</b>	<b>18,225</b>
<b>CURRENT ASSETS</b>				
Materials and supplies		53	45	47
Trade receivables		758	575	575
Receivables from associated companies		15	31	20
Other receivables		194	144	220
Prepaid expenses and accrued income		135	230	154
Derivative instruments	4	4	22	31
Liquid assets		197	181	10
<b>Total current assets</b>		<b>1,356</b>	<b>1,229</b>	<b>1,057</b>
Assets held for sale	7	670	0	442
<b>TOTAL ASSETS</b>		<b>22,131</b>	<b>18,753</b>	<b>19,725</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital		1,441	1,441	1,441
Other paid-in capital		2,162	2,162	2,162
Hedge reserve		71	-30	-18
Retained earnings		4,519	4,286	4,480
<b>Total equity</b>		<b>8,193</b>	<b>7,859</b>	<b>8,066</b>
<b>NON-CURRENT LIABILITIES</b>				
Provisions <sup>11</sup>		957	1,000	947
Deferred tax liability		458	479	488
Interest-bearing liabilities		6,977	6,476	6,025
Lease liability		1,016	43	38
Derivative instruments	4	160	92	76
Other non-current liabilities		140	11	23
<b>Total non-current liabilities</b>		<b>9,708</b>	<b>8,100</b>	<b>7,597</b>
<b>CURRENT LIABILITIES</b>				
Provisions		143	8	121
Interest-bearing liabilities		2,225	1,301	2,364
Lease liability		116	12	13
Trade payables		615	618	651
Other liabilities		296	177	161
Liabilities to associated companies		20	0	0
Accrued expenses and prepaid income		767	677	750
<b>Total current liabilities</b>		<b>4,182</b>	<b>2,794</b>	<b>4,059</b>
Liabilities attributable to assets held for sale	7	49	0	2
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>22,131</b>	<b>18,753</b>	<b>19,725</b>

<sup>11</sup> Pension provision and related tax receivable are netted. The comparative period has been adjusted

## Consolidated change in equity

Amounts in SEK M	Note	Jun 30, 2019	Jun 30, 2018
<b>GROUP</b>			
Equity, opening balance		8,066	7,665
Comprehensive income for the period		161	316
Dividend		-	-122
Adjustments	1	-34	-
<b>Equity, closing balance</b>		<b>8,193</b>	<b>7,859</b>

## Consolidated cash flow statement

Amounts in SEK M	Note	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
<b>Operating activities</b>						
Profit after financial items		270	275	333	326	642
Adjustments for items not included in cash flow etc.		291	232	624	437	989
Tax paid		-44	21	-102	-48	-135
<b>Cash flow from operating activities before changes in working capital</b>		<b>516</b>	<b>529</b>	<b>854</b>	<b>715</b>	<b>1,496</b>
<b>Cash flow from changes in working capital</b>						
Increase(-)/Decrease(+) in materials and supplies		1	-1	-6	-1	-2
Increase(-)/Decrease(+) in operating receivables		-125	-113	-126	44	-1
Increase(+)/Decrease(-) in operating liabilities		109	-68	227	-224	-134
<b>Cash flow from operating activities</b>		<b>501</b>	<b>348</b>	<b>949</b>	<b>535</b>	<b>1,359</b>
<b>Investing activities</b>						
Disposal of subsidiaries		-	-	-	-	55
Acquisitions/disposal of intangible non-current assets		-20	-36	-43	-39	-224
Acquisitions/disposal of tangible fixed assets		-924	-787	-1,557	-1,468	-2,955
Acquisitions/disposal of other financial assets		67	-	54	-	-
<b>Cash flow from investing activities</b>		<b>-875</b>	<b>-823</b>	<b>-1,546</b>	<b>-1,507</b>	<b>-3,124</b>
<b>Financing activities</b>						
Borrowings raised		1,651	1,300	1,970	3,100	3,805
Borrowings repaid		-1,150	-640	-1,157	-1,880	-1,980
Repaid lease liabilities		-19	-3	-44	-4	-9
Increase(+)/Decrease(-) in other financial liabilities		4	-	15	-	23
Dividend paid		-	-122	-	-122	-122
<b>Cash flow from financing activities</b>		<b>486</b>	<b>535</b>	<b>784</b>	<b>1,094</b>	<b>1,717</b>
<b>Cash flow for the period</b>		<b>112</b>	<b>59</b>	<b>187</b>	<b>122</b>	<b>-48</b>
<b>Liquid assets at the beginning of the period</b>		<b>86</b>	<b>121</b>	<b>10</b>	<b>58</b>	<b>58</b>
<b>Liquid assets at the end of the period</b>		<b>197</b>	<b>181</b>	<b>197</b>	<b>181</b>	<b>10</b>



## Parent Company income statement

Amounts in SEK M	Note	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Net revenue		1,588	1,505	3,040	2,889	5,873
Other operating income		8	8	13	14	49
Work performed by the company for its own use and capitalised		51	43	100	83	170
External expenses		-603	-599	-1,244	-1,243	-2,453
Staff expenses		-535	-521	-1,100	-1,046	-2,083
Depreciation, amortisation and impairment losses on tangible fixed assets and intangible non-current assets		-271	-265	-543	-507	-1,111
Other operating expenses		-3	-1	-4	-2	-16
<b>Operating profit</b>		<b>235</b>	<b>171</b>	<b>262</b>	<b>189</b>	<b>429</b>
<b>Income from financial items</b>						
Profit on holdings in Group companies		-	-	-	0	0
Interest income and similar items		6	6	10	7	15
Interest expenses and similar items		-27	-25	-46	-50	-97
<b>Income from financial items</b>		<b>214</b>	<b>152</b>	<b>226</b>	<b>145</b>	<b>346</b>
Appropriations		0	0	0	0	44
<b>Profit before tax</b>		<b>214</b>	<b>152</b>	<b>226</b>	<b>145</b>	<b>390</b>
Tax		-46	-37	-49	-37	-118
<b>Profit for the period</b>		<b>168</b>	<b>116</b>	<b>176</b>	<b>109</b>	<b>272</b>

## Parent Company statement of comprehensive income

Amounts in SEK M	Note	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
<b>Profit for the year</b>		<b>168</b>	<b>116</b>	<b>176</b>	<b>109</b>	<b>272</b>
Other comprehensive income		-	-	-	-	-
<b>Comprehensive income for the year</b>		<b>168</b>	<b>116</b>	<b>176</b>	<b>109</b>	<b>272</b>

## Parent company balance sheet

Amounts in SEK M	Note	Jun 30, 2019	Jun 30, 2018	Dec 31, 2018
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Intangible non-current assets		695	583	703
Tangible fixed assets		15,933	14,529	15,249
Total financial assets	3	1,113	1,090	1,132
<b>Non-current assets</b>		<b>17,740</b>	<b>16,202</b>	<b>17,083</b>
<b>CURRENT ASSETS</b>				
Materials and supplies		49	42	44
Current receivables	3	2,895	2,247	2,645
Liquid assets		190	176	5
<b>Total current assets</b>		<b>3,134</b>	<b>2,464</b>	<b>2,694</b>
<b>Total assets</b>		<b>20,874</b>	<b>18,666</b>	<b>19,777</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
<b>Restricted equity</b>				
Share capital (1,441,403,026 shares)		1,441	1,441	1,441
Reserve for development expenditures		41	48	44
<b>Unrestricted equity</b>				
Retained earnings/Share premium reserve		4,739	4,455	4,460
Profit for the period		176	109	272
<b>Total equity</b>		<b>6,398</b>	<b>6,053</b>	<b>6,217</b>
Untaxed reserves		2,035	2,000	2,035
Provisions		1,435	1,352	1,367
Non-current liabilities		7,070	6,495	6,040
Current liabilities	3	3,936	2,766	4,117
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>20,874</b>	<b>18,666</b>	<b>19,777</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).

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

### New accounting principles

As of January 1, 2019, Swedavia applies IFRS 16 "Leases". When a contract is entered into, Swedavia assesses whether the contract is, or includes, a lease. A contract is, or includes, a lease if the contract transfers the right to control the use of an identified asset during a given period in exchange for payment.

As a lessee, Swedavia recognises a right-of-use asset and a lease liability on the lease commencement date. The right-of-use asset is measured initially at cost, which consists of the original value of the lease plus lease charges paid on or prior to the lease commencement date plus any initial direct costs. The right-of-use asset is then depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the underlying asset's period of use or the end of the lease term.

The lease liability is initially measured at the present value of future lease charges that have not been paid by the lease commencement date. The lease charges are discounted using the rate implicit in the lease. If this rate cannot easily be determined, the Group's incremental borrowing rate is used.

The lease liability is measured at amortised cost using the effective interest method. The lease liability is remeasured if the future lease charges change, including as a result of changes in an index or a rate. When the lease liability is remeasured in this way, a corresponding adjustment is made in the book value of the right-of-use asset.

In accordance with IFRS 16 5a and 5b, Swedavia has chosen to apply a simplified approach to short-term leases and contracts with a low value of the underlying asset, which means that the cost is recognised on a straight-line basis over the lease term, while no right-of-use asset or lease liability is recognised. Swedavia has chosen not to distinguish lease components from non-lease components for each class of underlying assets under IFRS 16 p15.

### Summary of effects of the transition to IFRS 16 "Leases"

The following paragraph concerns leases in which Swedavia is the lessor. Swedavia has not needed to make any adjustments in contracts in which Swedavia is the lessor.

Swedavia previously classified leases as operational or finance leases based on whether the lease transferred significant risks and benefits that ownership of the underlying asset entails to the Group. Under IFRS 16, Swedavia recognises right-of-use assets and lease liabilities for most leases – in other words, leases are included in the balance sheet. Exceptions are specified in the text below and in the accounting principles for leases.

To determine opening balances for the leases previously classified as operational, Swedavia has chosen to apply a modified retrospective approach, which means that any transition effects

are adjusted in the opening balance of equity for 2019 and no restatement was made for the previous year. Lease charges are discounted using the incremental borrowing rate (IBR) on the initial application date. In accordance with IFRS 16 appendix C p10a, Swedavia has chosen to apply a single discount rate on a portfolio of leases with somewhat similar qualities such as leases with a similar remaining lease term and a similar class of underlying assets. The discount rate is based on Swedavia's IBR. The weighted average IBR used on the application date to discount future lease charges is 2.92 per cent. Swedavia has chosen the option of measuring, for each contract, the right-of-use of all contracts as though the standard had been applied since the initial date under IFRS 16 appendix C p8b i.

On the initial application date, initial direct costs were excluded from the measurement in accordance with IFRS 16 appendix C p10d. Assessments, for example, to determine the lease term if the contract includes options to extend or cancel the lease were subsequently made in accordance with IFRS 16 C p10e. In accordance with IFRS 16 C p10c, Swedavia has also chosen not to recognise right-of-use assets and lease liabilities for leases whose lease terms end in 12 months or less.

Swedavia has a number of leases that are recognised as finance leases under IAS 17. No adjustments in the values of assets or liabilities for these were made in the opening balance. However, the assets in question have been reclassified from other tangible fixed assets to right-of-use assets, while the liabilities have been reclassified from interest-bearing liabilities to lease liabilities.

On January 1, 2019, Swedavia recognised additional lease liabilities of SEK 1,117 M, right-of-use assets of SEK 1,096 M and deferred tax receivables of SEK 9 M in the Group while prepaid lease costs were reduced SEK 22 M, for a net reduction in equity of SEK 34 M on January 1, 2019. In the Annual Report 2018, Swedavia recognised operational lease obligations of SEK 1,318 M. The difference between the present value of these lease obligations and the additional lease liability recognised on January 1, 2019, is immaterial.

The income statement for the first six months of 2019 with current and previous accounting principles is shown below.

Income Statement Jan-jun 2019	Group			
	jan-jun		jan-jun	
Amounts in SEK M	IFRS 16	IAS 17	IFRS 16	IAS 17
<b>Total revenue</b>	<b>1,657</b>	<b>1,657</b>	<b>3,185</b>	<b>3,185</b>
Operating expenses	-1,082	-1,108	-2,241	-2,294
Depreciation, amortisation and impairment	-298	-276	-596	-553
<b>Operating profit</b>	<b>278</b>	<b>273</b>	<b>348</b>	<b>338</b>
Income from financial items	-9	0	-16	1
<b>Income after financial items</b>	<b>270</b>	<b>272</b>	<b>333</b>	<b>338</b>
Tax	-58	-58	-74	-75
<b>Profit for the period</b>	<b>212</b>	<b>214</b>	<b>259</b>	<b>263</b>

As a result of the transition to IFRS 16, the portion of the lease charges paid down is now recognised as a payment in financing activities instead of being included in operating activities. This means that the cash flow from operating activities for the first six months of 2019 is SEK 44 M higher while cash flow from financing activities is now SEK 44 M lower compared to if previous accounting principles had been used for the period.

**RELATED PARTY TRANSACTIONS**

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

**PARENT COMPANY**

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

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**NOTE 2. SEGMENT REPORTING**

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

Income statement Apr-Jun Amounts in SEK M	Airport Operations		Real Estate		Eliminations/adjustments <sup>12</sup>		Group	
	2019	2018	2019	2018	2019	2018	2019	2018
Net revenue, external	1,594	1,510	4	1	-	-	1,597	1,511
Net revenue, internal	9	6	7	6	-16	-12	-	-
Other operating income, external	8	8	0	55	-	-	8	63
Work performed by the company for its own use and capitalised, external	51	43	-	-	-	-	51	43
<b>Total revenue</b>	<b>1,662</b>	<b>1,567</b>	<b>11</b>	<b>62</b>	<b>-16</b>	<b>-12</b>	<b>1,657</b>	<b>1,617</b>
Operating expenses	-1,110	-1,084	-17	-10	46	12	-1,082	-1,082
Depreciation, amortisation and impairment losses	-267	-261	-5	0	-25	-	-298	-262
<b>Operating profit</b>	<b>285</b>	<b>222</b>	<b>-12</b>	<b>51</b>	<b>5</b>	<b>-</b>	<b>278</b>	<b>274</b>

Income statement Jan-Jun Amounts in SEK M	Airport Operations		Real Estate		Eliminations/adjustments <sup>11</sup>		Group	
	2019	2018	2019	2018	2019	2018	2019	2018
Net revenue, external	3,067	2,912	5	1	-	-	3,072	2,913
Net revenue, internal	14	8	10	7	-25	-15	-	-
Other operating income, external	13	14	0	55	-	-	13	69
Work performed by the company for its own use and capitalised, external	100	83	-	-	-	-	100	83
Revenue, internal	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>3,194</b>	<b>3,018</b>	<b>15</b>	<b>63</b>	<b>-25</b>	<b>-15</b>	<b>3,185</b>	<b>3,066</b>
Operating expenses	-2,296	-2,238	-30	-12	85	15	-2,241	-2,235
Depreciation, amortisation and impairment losses	-536	-498	-9	-1	-51	-	-596	-499
<b>Operating profit</b>	<b>362</b>	<b>281</b>	<b>-24</b>	<b>50</b>	<b>10</b>	<b>-</b>	<b>348</b>	<b>331</b>

Balance sheet Amounts in SEK M	Airport Operations		Real Estate		Eliminations/adjustments <sup>11</sup>		Group	
	Jun 30, 2019	Jun 30, 2018	Jun 30, 2019	Jun 30, 2018	Jun 30, 2019	Jun 30, 2018	Jun 30, 2019	Jun 30, 2018
Non-current assets	17,828	16,237	2,433	1,915	-156	-627	20,106	17,524
Current assets	3,158	2,483	88	118	-1,890	-1,373	1,356	1,229
Assets held for sale	-	-	-	-	670	-	670	-
<b>Total assets</b>	<b>20,986</b>	<b>18,720</b>	<b>2,522</b>	<b>2,033</b>	<b>-1,376</b>	<b>-2,000</b>	<b>22,131</b>	<b>18,753</b>
Equity	8,449	8,024	557	541	-814	-706	8,193	7,859
Liabilities	12,537	10,696	1,964	1,492	-611	-1,294	13,890	10,894
Liabilities related to assets held for sale	-	-	-	-	49	-	49	-
<b>Total equity and liabilities</b>	<b>20,986</b>	<b>18,720</b>	<b>2,522</b>	<b>2,033</b>	<b>-1,376</b>	<b>-2,000</b>	<b>22,131</b>	<b>18,753</b>

<sup>12</sup> Eliminations consist of intra-Group transactions, and adjustments consist of consolidating adjustments.

<sup>11</sup> Comparative periods have been adjusted as a result of Swedavia Airport Telecom AB and Swedavia Energi AB being moved from the Real Estate segment to the Airport Operations segment



**NOTE 3. RECEIVABLES FROM GROUP COMPANIES**

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

Amounts in SEK M	Group	
	2019 Jun 30	2018 Dec 31
Loan receivables and trade receivables	1,300	886
Other financial liabilities	-11,197	-9,175
Derivatives	-136	-23
<b>Total</b>	<b>-10,033</b>	<b>-8,314</b>
Total book value	-10,012	-8,312

**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.

**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. The carrying amount is SEK 893 M (935).

Swedavia's contingent liabilities consist of pension obligations in endowment insurance owned by the company, totalling 10 M (6), and a guarantee of SEK 91 M (67) for the joint venture owned together with Bockasjö, Landvetter Logistik Center AB.

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

**NOTE 6. NET REVENUE**

Group, amounts in SEK M	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
<b>Breakdown of net revenue</b>					
<i>Aviation Business</i>					
Passenger-related revenue	492	495	878	887	1,821
Aircraft-related revenue	222	161	437	312	623
Externally regulated charges	185	181	368	369	748
Ground handling	60	62	155	158	294
Other additional services	49	45	108	110	210
	<b>1,007</b>	<b>944</b>	<b>1,946</b>	<b>1,836</b>	<b>3,696</b>
<i>Commercial Services</i>					
Car parking & parking facilities	236	237	439	439	903
Retail, food & beverage	192	177	351	329	676
Real estate revenue	108	98	227	209	421
Advertising	29	30	57	52	123
Other commercial services	19	17	38	33	68
	<b>583</b>	<b>559</b>	<b>1,112</b>	<b>1,063</b>	<b>2,191</b>
Other net revenue	7	7	13	14	35
<b>Total net revenue</b>	<b>1,597</b>	<b>1,511</b>	<b>3,072</b>	<b>2,913</b>	<b>5,922</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 3,072 M, SEK 15 M (8) pertains to Real Estate, broken down into real estate revenue of SEK 8 M (4), other commercial products of SEK 6 M (4) and other net revenue of SEK 1 M (0). For the full year 2018, the figure was SEK 14 M, broken down into real estate revenue of SEK 9 M, other commercial products of SEK 4 M and other net revenue of SEK 1 M.

Revenue from contracts with customers under IFRS 15 was SEK 2,596 M (2,464) and includes total net revenue except for retail, food and beverage products of SEK 351 M (329) as well as parts of the real estate revenue product of SEK 125 M (121). For the full-year 2018, the corresponding figures were SEK 676 M and SEK 245 M. Last year's figures for the segments were restated since Swedavia Airport Telecom AB and Swedavia Energi AB belong to the Airport Operations segment and not the Real Estate segment as of the turn of the year.

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**NOTE 7. ASSETS HELD FOR SALE**

In December 2017, Swedavia signed an agreement to sell the company that owns the property at Stockholm Arlanda Airport on which a future major hotel is now under construction. Under the agreement, the transfer will take place in November 2019 when the hotel is operational.

Assets classified as “held for sale” consist of investment properties with a book value of SEK 633 M and operating assets of SEK 37 M. Assets held for sale are not depreciated from the time of their reclassification. The assets are financed through intra-Group loans. Liabilities related to assets held for sale totalled SEK 49 M and consist mostly of operating liabilities.

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**NOTE 8. SUPPLEMENTARY INFORMATION FOR KEY FINANCIAL DATA****DEBT-TO-EQUITY RATIO (LEVERAGE)**

Swedavia’s debt-to-equity ratio is affected by the pension liability trend. The pension liability and pension provision less payroll tax receivable totalled SEK 769 M on June 30, 2019, and SEK 741 M on June 30, 2018. On December 31, 2018, the figure was SEK 765 M.

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

In calculating this financial ratio as of June 2019, operating profit for the rolling 12-month period was adjusted by restructuring costs of SEK 43 M. As of June 2018, operating profit for the rolling 12-month period was adjusted by impairment losses and disposals of SEK 160 M as well as an earnout of SEK 55 M. Operating profit for January-December 2018 was adjusted for impairment losses and disposals of SEK 84 M as well as a capital gain, an earnout of SEK 55 M.

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**NOTE 9. EVENTS AFTER THE END OF THE PERIOD**

There are no events to report.

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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 NUMBER OF EMPLOYEES**

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

## **AVERAGE OPERATING CAPITAL**

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

## **AVIATION BUSINESS**

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

## **CAPITAL TIE-UP PERIOD**

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

## **COMMERCIAL REVENUE PER DEPARTING PASSENGER**

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

## **COMMERCIAL SERVICES**

Services connected to the airports such as leasing of premises for retail operations, offices, warehousing and logistics as well as land leases, parking operations and the leasing of advertising space.

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

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

## **DIVIDEND PAY-OUT RATIO**

The normal dividend shall be between 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**

Profit for the period divided by the average 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, corporate notes, commercial paper, liabilities to leasing companies and other liabilities.

## **INTEREST RATE LOCK-IN PERIOD**

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

## **INVESTMENTS\***

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

## **NET LIABILITIES**

Interest-bearing liabilities plus pension liability minus liquid assets.

## **NET LIABILITIES/EBITDA**

Interest-bearing liabilities plus pension liability minus liquid assets divided by EBITDA.

## **NET REVENUE**

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

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# Definitions (cont.)

## **OPERATING CAPITAL**

Equity plus net liabilities.

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

Airport Operations' total external costs and 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

## **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 2018.

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 2019	October 25, 2019
Year-end report 2019	February 13, 2020
Annual report 2019	March 27, 2020

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

Swedavia AB (publ) is required to disclose the information in this six-month 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 16, 2019, at 3:00 p.m. CEST. This is an English translation of the original Swedish text, which takes precedence in the event of a discrepancy.

This six-month report was not subject to a review by Swedavia's auditors.

## Contact people

### JONAS ABRAHAMSSON

President and CEO  
Tel. +46 (0)10-109 01 00

### MATS PÅHLSON

CFO  
Tel. +46 (0)10-109 01 00

The undersigned attest that the six-month 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 16, 2019

Åke Svensson  
Chairman of the Board

Lars Mydland  
Board member

Lars Backemar  
Board member

Lottie Knutson  
Board member

Lotta Mellström  
Board member

Lottie Svedenstedt  
Board member

Ange Lindbom  
Board member  
Employee representative

Mikael Norman  
Board member

Robert Olsson  
Board member  
Employee representative

Jonas Abrahamsson  
President and CEO

Swedavia AB (publ)  
190 45 Stockholm-Arlanda Sweden  
Visiting address: Flygvägen 1  
Corporate identity no. 556797-0818  
Headquarters Municipality of Sigtuna [www.swedavia.se](http://www.swedavia.se)

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"O