

Interim report

January–September 2017

“Swedavia is building for the
future”

Jonas Abrahamsson
President and CEO



Interim report January–September 2017

January–September 2017

- During the first nine months of the year, Swedavia's airports had 31.9 million (29.8)¹ passengers, which is a 7.1 per cent increase compared to last year
- Net revenue totalled SEK 4,279 M (4,134)
- Operating profit totalled SEK 774 M (879). Operating profit for 2016 was affected by a capital gain of SEK 146 M attributable to the sale of S ave Airport. Adjusted for this capital gain, operating profit increased SEK 41 M. Profit for the period totalled SEK 551 M (669).
- The Group's capital spending for the first nine months of the year totalled SEK 2,584 M (1,297), which is an effect of the higher investment pace in its development programmes and Real Estate

KEY FINANCIAL DATA, THE GROUP

	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
SEK M, unless otherwise indicated					
Net revenue	1,452	1,410	4,279	4,134	5,546
Operating profit	355	347	774	879	966
Operating profit, excluding capital gain	355	347	774	733	725
Operating margin, %	24.5	24.6	18.1	21.3	17.4
Operating margin, excluding capital gain, %	24.5	24.6	18.1	17.7	13.1
Profit for the period	267	257	551	669	717
Return on operating capital, %	6.8	8.9	6.8	8.9	8.5 ²
Debt/equity ratio, times	0.8	0.6	0.8	0.6	0.7
Cash flow from operating activities	408	498	1,282	1,197	1,650
Capital spending	991	594	2,584	1,297	2,138
Average number of employees	3,044	2,918	3,044	2,918	2,949
Passengers, million	11.6	10.8	31.9	29.7	39.5
Operating costs per departing passenger, SEK ³	160.8	164.7	185.5	186.6	196.2
Commercial revenues per departing passenger, SEK	72.7	72.1	74.4	74.3	75.5

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

² The basis for calculating the return on operating capital has been adjusted, and the figure was changed from 8.6 per cent to 8.5 per cent.

³ 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"; see page 18 for a definition. Comparable periods have been restated.

Swedavia is building for the future



Air travel to and from Swedavia's airports continues to increase, and traffic growth during the third quarter of the year was strong, with new passenger records set at many of our airports. To ensure access going forward, we are building the airports of the future, and our development programmes are now entering an intensive phase. As a result, the decision was made to establish an umbrella organisation with responsibility for carrying out these development programmes.

Air travel is growing across the world, and there are many indications that this trend will continue. For Sweden to remain competitive, access is needed to, from and within the country. Swedavia has an important role here, given its ability to offer the right conditions to enable more efficient travel with a focus on passengers, airlines and tenants. Swedavia's role is to own, operate and develop ten safe, efficient, climate-smart airports, which are now being developed to handle the travel of the future – work that intensified during the third quarter of the year.

CONTINUED CAPACITY EXPANSION

During the summer, we faced major challenges in terms of capacity. As a result, a number of measures were implemented in order to use the existing infrastructure even better, such as new automated entry gates in Terminal 5 at Stockholm Arlanda Airport. While our airport employees took care of passengers this summer, our development work continued, with the development programmes now entering an intensive phase. Capital spending totalled SEK 2,584 M for the first nine months of the year, which is double the amount compared to last year.

Stockholm Arlanda Airport and Göteborg Landvetter Airport have both taken giant steps forward in their own development programmes. In late August, the new arrival hall at Bromma Stockholm Airport was also inaugurated – an important element in its modernisation, ensuring that it has the operating conditions needed to continue being an efficient, convenient city airport.

One of Swedavia's greatest challenges is to build for the future while focusing on operations and current capacity challenges. As a result, during the quarter, work was initiated to concentrate responsibility for carrying out these major development programmes in a single organisational unit. As a result, we create better conditions for running and developing operations. We gain a greater ability to carry out the programmes, while regular operations can focus on running the airports and addressing the current capacity challenges we face today.

AVIATION TAX TO BE INTRODUCED

During the third quarter, the Swedish government announced that it would introduce an aviation tax within the framework for its 2018 budget proposal after having modified the original proposal somewhat. Swedavia still believes that a national aviation tax has only very small effects on greenhouse gas emissions and risks being a competitive disadvantage for Sweden. Instead, we see global agreements and national efforts to stimulate both supply and demand for renewable fuel as being vital to a sustainable air travel industry going forward. Swedavia is monitoring the market in order to determine what measures, if any, should be taken with the introduction of an aviation tax.

Swedavia has also submitted an opinion to the inquiry into the introduction of US border control at Stockholm Arlanda, known as

US Preclearance. Swedavia still believes the introduction of US Preclearance would benefit Stockholm Arlanda as a hub in Scandinavia and improve access between Sweden and the US. However, it should be noted that economic conditions have impaired, in part with the proposed introduction of an aviation tax.

CHANGE IN FINANCIAL TARGETS

Swedavia's Board of Directors called an Extraordinary General Meeting in September, proposing a revision in two of the company's financial targets. At the EGM, which took place after the end of the third quarter, on October 9, it was decided that the profitability target for return on operating capital would be revised to at least six per cent (from the previous target of at least seven per cent). The EGM also decided that the leverage target would be revised, with a debt-to-equity ratio in the range of 0.7-1.5 times, from the previous range of 1.0-1.5 times. The dividend policy was not subject to revision.

During the period, Swedavia initiated consultations with the airlines concerning updated airport charges starting in 2018.

STRONG GROWTH IN TRAFFIC

Passenger growth was strong throughout the third quarter. A total of 11,579,000 passengers flew to or from Swedavia's airports during the quarter. Passenger volume was up eight per cent at Stockholm Arlanda and nine per cent at Göteborg Landvetter. During the summer months, we set passenger records at a number of our airports, including Åre Östersund Airport and Visby Airport. The increase in passengers helped boost net revenue for Swedavia during the period by 3.5 per cent to SEK 4,279 M (4,134). Adjusted for capital gains last year, operating profit increased SEK 41 M and the operating margin was somewhat higher compared to last year. Return on operating capital was 6.8 per cent (8.9).

A number of new international destinations were announced during the period. At World Routes, the international trade fair for route development in Barcelona, there was great interest in Swedavia's airports and in Sweden as a destination, which bodes well for the future. It is gratifying that existing and new airlines are choosing to fly via Swedavia's airports. At Göteborg Landvetter, two new international routes were established late in the summer, and at Stockholm Arlanda, a new route to New Delhi, India, was launched along with three new seasonal routes. The trend for air cargo has also been strong. During the quarter, the number of tonnes of cargo goods handled at Swedavia's airports increased about six per cent compared to the same period in 2016. Despite the strong passenger growth, two airlines that serve Swedavia's airports filed for bankruptcy during the period.

During the period, Swedavia's airports handled impressive passenger flows, not least thanks to the heavy and focused work of our employees. The challenge going forward is to continue accelerating the pace of our investments to increase capacity while working each to day run airports with high operational excellence that meet the requirements and expectations that our customers place on us.

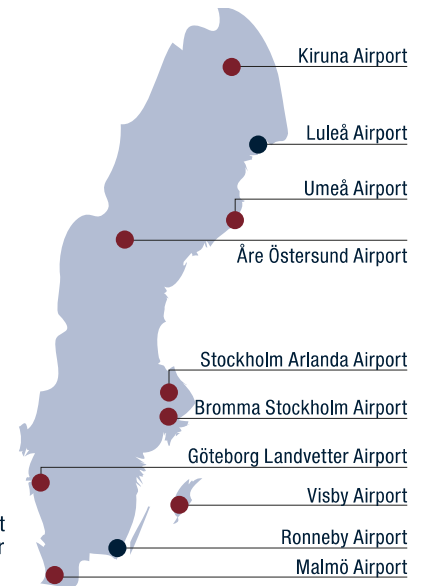
We have a great deal of work ahead of us, and we are well on our way.

Jonas Abrahamsson
President and CEO

About Swedavia

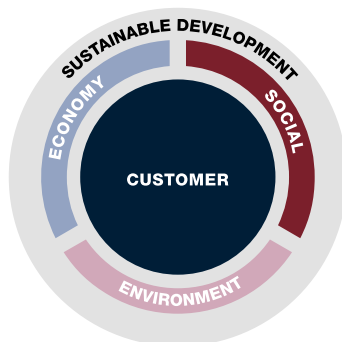
Swedavia owns, operates and develops a network of ten airports in Sweden, from Kiruna in the north to Malmö in the south. The company was formed in 2010 and is wholly owned by the Swedish State.

Swedavia works in a competitive, 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 in the rest of the world. Swedavia's primary customer is the passenger. At the same time, airlines and the tenants who lease retail, office or hotel premises in Swedavia's properties are both customers and important partners of the company. In its work to attract airline investments, Swedavia competes with other airports. Safety, security and sustainable development with a focus on the customer are the foundation of everything Swedavia does, both in its own operations and in society in general. Operations are run based on sound business principles, and the company shall build a business that is sustainable in the long term through development, planning and operational efficiency. Engaged employees and a good working environment are crucial to Swedavia's operations. Swedavia shall continuously reduce its own carbon footprint and help to reduce the climate impact of the entire air travel industry.



SUSTAINABLE DEVELOPMENT AS STRATEGIC FOCUS

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



OUR SUSTAINABILITY TARGETS

	Actual* Sep 30, 2017	Actual* Sep 30, 2016	Targets, 2017	Sustainability targets, 2020
Satisfied passengers, %	76	77	79	85
Engaged leaders and employees, %**	67	64	68	75
Return on operating capital, %	6.8	8.9	6.0	6.0
Carbon dioxide emissions, tonnes***	2,000	2,700	3,200	0

* The actual figure is for 12 rolling months

** Measured once a year. The measurement was published in the third quarter last year

*** The Group's environmental target is 0 tonnes of fossil carbon dioxide emissions from its own operations

**** The target for return on operating capital was changed following a decision at the extraordinary general meeting on October 9, 2017

Mission

Swedavia is a State-owned company that owns, operates and develops Sweden's national basic infrastructure of airports – a network of airports that connects the whole country with the rest of the world. Our role is to create the access Sweden needs to facilitate travel, business and meetings.

Business concept

We at Swedavia create added value for our customers through attractive airports and access. Together with our partners, we continually develop our business.

Vision

Together we bring the world closer. Swedavia's operations give Sweden access and enable people who live in Sweden to experience the world. Together with our partners and employees, we create an experience that makes passengers want to return, time and time again. Swedavia brings the world closer.

Values

- Reliable
- Innovative
- Engaged
- Welcoming

Important events

January–September

CONTINUED WORK FOR RENEWABLE AVIATION FUEL

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

On May 18, aircraft at Göteborg Landvetter Airport refuelled for the first time using a percentage of biofuel. This was the result of Swedavia purchasing another 450 tonnes of biofuel in 2017 to reduce the environmental impact of all the company's air travel for business purposes in 2017. In 2016, Swedavia was the first company in the world to make such an investment, and this effort is now being repeated in 2017. Swedavia is also continuing to work to encourage key players to create conditions for the switch in renewable aviation fuel and takes part in activities to move production closer to the market in Sweden.

AIRPORT CHARGES

Swedavia's pricing decision for 2016 is in effect until further notice as a result of its pricing decision for 2017 being disallowed. The matter of airport charges for 2017 is being appealed in the Administrative Court in Stockholm after both Swedavia and a number of airlines sought to appeal the Swedish Transport Agency's ruling. The Stockholm Court of Appeal has not yet decided on a leave of appeal concerning the Administrative Court's ruling on the matter of airport charges for 2016.

During the period, Swedavia initiated consultations with the airlines concerning updated airport charges starting in 2018.

A SWEDISH AVIATION STRATEGY

On January 26, 2017, the government presented its first Swedish aviation strategy for the role of air travel in the transport system of the future. In the strategy, emphasis is given to the crucial role of air travel and its importance for Sweden's economic growth and development. The government noted in particular the importance of Stockholm Arlanda Airport for the development of and access to international contacts for the entire country. In its aviation strategy, the government announced the formation of the Arlanda Council, a consultative body that will handle broader issues pertaining to the objective of developing Stockholm Arlanda Airport into the leading airport in the Nordic region. On May 18, the government announced the members of the Arlanda Council, and the council has so far held two meetings.

AVIATION TAX

During the third quarter, the Swedish government announced that it would make modifications in its aviation tax proposal within the framework of its budget proposal for 2018. Swedavia still believes that a national aviation tax has only very small effects on greenhouse gas emissions and at the same time risks being a competitive disadvantage for Sweden. Swedavia is monitoring the market in order to determine what measures, if any, should be taken with the introduction of an aviation tax.

ENVIRONMENTAL PERMITS

In a ruling on March 16, 2017, the Land and Environmental Court of Appeal rejected an application from Swedavia to change Condition 5, which regulates so-called low-speed traffic at Stockholm Arlanda Airport. Swedavia has appealed the ruling to the Supreme Court. A ruling on a leave to appeal can be expected in the autumn of 2017 or spring of 2018.

The main hearing took place in the Land and Environmental Court on March 28-29, 2017, on two other issues concerning Stockholm Arlanda Airport, a change in the glideslope angle and the application of other runway use patterns. The Court ruled in Swedavia's favour on these issues on May 17, 2017. Three counterparties appealed the decision to the Land and Environmental Court of Appeal, which decided on September 22, 2017, not to consider the appeal. The decision thus stands.

In late April, the Land and Environmental Court of Appeal ruled to limit Göteborg Landvetter Airport's aircraft movements to 90,000 a year. This consequently lowers the number of movements from the 120,000 specified in the environmental permit issued by the Land and Environmental Court in June 2015. Swedavia appealed the decision to the Supreme Court in the hope of being issued an environmental permit that will enable the long-term development at the airport. The Supreme Court ruled on June 5, 2017, not to grant a leave to appeal. Swedavia has not put the Land and Environmental Court of Appeal's permit into effect. In a decision made on September 14, 2017, the Swedish government finally settled the matter of noise protection measures for Visby Airport. That permit was previously put into effect.

HOTEL OPERATOR CHOSEN

On April 25, it was announced that Scandic Hotels will be the operator of Göteborg Landvetter Airport's new hotel, which is expected to have about 220 rooms. The plans are for a modern mid-range hotel with the feel of affordable everyday luxury. The hotel is an important piece of the puzzle in the airport's expansion and the construction of the new Airport City Göteborg.

US PRECLEARANCE

Swedavia has also submitted an opinion to the inquiry into the introduction of US border control at Stockholm Arlanda, known as US Preclearance. Swedavia still believes the introduction of US Preclearance would benefit Stockholm Arlanda as a hub in Scandinavia and improve access between Sweden and the US. However, it should be noted that the economic conditions have changed, in part with the proposed introduction of an aviation tax.

Events after the end of the period

Swedavia's Board of Directors called an Extraordinary General Meeting in September, proposing a revision in two of the company's financial targets. At the EGM, held on October 9, it was decided that the profitability target for return on operating capital would be revised to at least six per cent (from the previous target of at least seven per cent). The EGM also decided that the leverage target would be revised, with a debt-to-equity ratio in the range of 0.7-1.5 times, from the previous range of 1.0-1.5 times. The dividend policy was not subject to revision.

Passenger trends

January–September

The number of passengers increased 7.1 per cent during the first nine months of the year. International passenger volume increased 9.2 per cent, and domestic passenger volume increased 3.0 per cent. Demand for international travel was strong for all three quarters of the year, and the range of air links on offer has been enhanced, which had a positive effect on passenger volume. Domestic travel also continued to increase, which illustrates the important role aviation plays in providing access in Sweden. Overall the passenger load factor remained at a high level.

Because of the strong demand for flights at Swedish airports, airlines continue to invest in the Swedish market. During the first nine months of the year, a number of airlines decided on new or expanded routes going forward. Economic growth in Europe and large parts of the rest of the world has been strong throughout 2017. This contributes to a continued increase in the number of visitors coming to Sweden. Improved access to Sweden by air is a key factor in this trend.

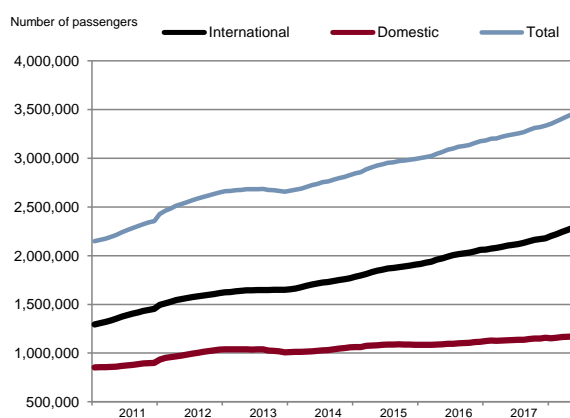
In intercontinental scheduled traffic, passenger volume also continued to rise during the first three quarters. The increase in intercontinental volume for both passengers and cargo is mainly due to new routes and higher frequency at Stockholm Arlanda Airport. Charter traffic at Swedavia's airports also showed a strong trend compared to the same period last year.

The seasonally adjusted passenger trend shows that international travel has continued to reach record volumes in 2017. Domestic travel is also at historically high levels.

July–September

The number of passengers increased 6.9 per cent during the third quarter. International passenger volume increased 9.0 per cent, and domestic passenger volume increased 2.0 per cent. Demand for international travel was very strong throughout the quarter. Domestic traffic also increased during the third quarter but at a somewhat more subdued pace compared to the previous quarter. During the quarter, Air India launched its direct route between Stockholm Arlanda Airport and Delhi.

PASSENGER TRENDS – SWEDAVIA
ROLLING TWELVE-MONTH TREND, APRIL 2010 TO SEPTEMBER 2017



PASSENGER VOLUME

- SWEDAVIA'S THIRD QUARTER AND JAN-SEP 2017

Passengers	Number of passengers Jul-Sep			Number of passengers Jan-Sep		
	2017	2016	Percent change	2017	2016	Percent change
International	8,271,000	7,587,000	9.0%	21,495,000	19,688,000	9.2%
Domestic	3,308,000	3,244,000	2.0%	10,363,000	10,058,000	3.0%
Total	11,579,000	10,831,000	6.9%	31,858,000	29,746,000	7.1%

Economic overview

Net revenue and operating profit

JANUARY-SEPTEMBER

Consolidated revenue for the period totalled SEK 4,279 M (4,134), which was an increase of SEK 145 M or 3.5 per cent compared to the same period last year.

Revenue from Aviation Business totalled SEK 2,656 M (2,579), which is an increase of SEK 77 M. The increase in passenger- and operations-related revenue was lower than the increase in passenger volume. The reason for this is that the pricing model, which was agreed with the airlines, includes a risk sharing component, whereby revenue from passenger volume exceeding forecast levels is given back to the airlines to some extent. The increased share of discounts also had a negative effect. Income from the Swedish Transport Agency for security screening decreased due to a lower cost basis. Higher sales of de-icing, apron and passenger services helped to increase revenue in Aviation Business.

Revenue from Commercial Services totalled SEK 1,598 M (1,525), which is an increase of SEK 73 M. Revenue from car parking and parking facilities increased SEK 43 M compared to last year, which is in line with passenger growth. The increase in revenue for Food & Beverage exceeded passenger growth, which is explained by the higher demand for food and beverages. Retail revenue exceeded last year's level, but growth was lower than for passenger growth. Commercial revenue per passenger was SEK 74.4 (74.3).

External costs were SEK 30 M higher compared to last year. Higher operating costs attributable to increased passenger volumes and expanded security screening are the main explanation for the increase. Continued investments in IT entailed higher costs.

Staff expenses increased SEK 109 M, with increased resources for development projects accounting for SEK 23 M of this. The increase in operational staff at the airports due to the increase in passengers and annual salary revenues are other important factors in the increase.

The financial metric of operating costs per departing passenger was SEK 185.5 (186.6).

Depreciation, amortisation and impairment losses decreased SEK 20 M compared to last year. This decrease is explained by the fact that most facilities, such as runway systems and assets related to Pier F, were fully depreciated last year.

Consolidated operating profit totalled SEK 774 M (879). Last year was positively affected by a capital gain of SEK 146 M attributable to the sale of S ave Airport. Operating profit adjusted for the capital gain was SEK 41 M higher than last year. The operating margin adjusted for the capital gain was 18.1 per cent compared to 17.7 per cent last year.

JULY-SEPTEMBER

Consolidated net revenue for the third quarter was SEK 1,452 M (1,410), which was an increase of SEK 42 M or 3.0 per cent compared to last year.

Aviation revenue totalled SEK 891 M (880), which is an increase of SEK 11 M. The increase does not correspond to the increase in passenger volume for the quarter. The risk sharing component in the pricing model had a negative effect on revenue. In addition, externally regulated income decreased by a corresponding decrease in costs.

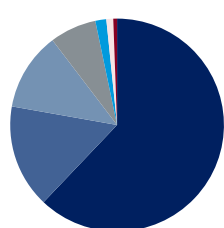
Revenue from Commercial Services in the third quarter was SEK 550 M (519), which was SEK 31 M higher than last year. Passenger growth contributed to higher revenue mostly in car parking and parking facilities as well as Food & Beverage. Revenue from Retail exceeded the level last year, but the increase was lower than the increase in passenger volume.

External costs and staff expenses increased SEK 30 M. Depreciation and amortisation decreased SEK 7 M.

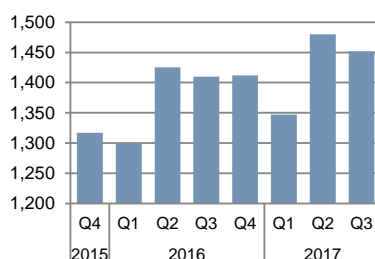
Operating profit was SEK 355 M, which was an increase of SEK 8 M compared to the same period last year. The operating margin was 24.5 per cent (24.6).

BREAKDOWN OF NET REVENUE

Jan-Sep 2017

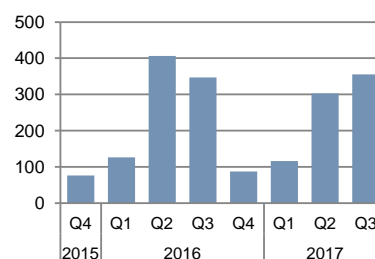


NET REVENUE, SEK M



OPERATING PROFIT, SEK M

(including capital gains)



Net financial items

Net financial items for the period January to September totalled SEK -61 M (-65). The share of profit from joint ventures had a positive effect on net financial items of SEK 30 M (46), with the decrease compared to last year explained by the disposal of assets in a joint venture.

Net financial items for the third quarter totalled SEK -16 M (-22). The share of profit from joint ventures had a positive effect on net financial items of SEK 14 M (15).

Profit for the period

Profit before tax for the period January to September totalled SEK 714 M (815) and profit for this period totalled SEK 551 M (669).

Profit before tax for the third quarter totalled SEK 339 M (325) and profit for this period totalled SEK 267 M (257).

Capital spending

During the period January to September, investments totalled SEK 2,584 M (1,297). Important capital spending during the period was for development programmes to expand capacity at Stockholm Arlanda Airport and Göteborg Landvetter Airport. Investments were also made for the safety classification of the runway system at Bromma Stockholm Airport, the construction of Sky City Office One at Stockholm Arlanda Airport, and maintenance and capacity expansion measures at other airports.

During the third quarter, investments totalled SEK 991 M (594).

Cash flow

Cash flow for the first nine months of the year totalled SEK -137 M (253). Cash flow from operating activities was SEK 1,282 M (1,197), which is SEK 85 M higher compared to the same period last year. During the first quarter, operating capital was positively affected by the earn-out received on the sale of Hotel Clarion.

Cash flow from investing activities was SEK -2,579 M (1,013). Investments in tangible fixed assets more than doubled compared to last year, which largely explains the increase. Cash flow last year was also positively affected by SEK 274 M attributable to liquid assets received from the sale of S ave Airport and a payment settlement attributable to the previous sale of land.

Cash flow from investing activities was SEK 1,160 M (69). The increase since the start of the year is explained by corporate notes issued and an increase in commercial paper issued. Payment of the dividend adopted had a negative effect of SEK 143 M (232).

Cash flow for the third quarter was SEK -227 M (81). The change compared to the previous year is explained by the accelerated investment pace and increased borrowing.

Liquidity and financial position

Consolidated equity at the end of the period was SEK 7,818 M (7,351).

Swedavia's borrowings at the end of the period totalled SEK 5,585 M (4,298), which is an increase of SEK 1,287 M. Swedavia's borrowings are divided into corporate notes of SEK 4,084 M (3,298) and commercial paper of SEK 1,500 M (1,000). At the end of the period, the average loan maturity was 2.0 years (2.0) and the average fixed-rate period was 2.4 years (2.2). The average interest rate as of September 30, 2017, was 1.7 per cent (2.8).

Liquid assets decreased SEK 137 M to SEK 34 M (170). During the period, net liabilities increased SEK 1,438 M, from SEK 4,964 M to SEK 6,402 M, mostly because of higher leverage due to the accelerated pace of investment. The debt-to-equity ratio was 0.8 times, which is an increase compared to the turn of the year, when it was 0.7 times. On the balance sheet date, there were also unused credit facilities totalling SEK 1,200 M.

SWEDAVIA'S FINANCIAL TARGETS

	Actual	Targets
	Sep 30, 2017	
Return on operating capital, %	6.8	6.0
Debt/equity ratio, times*	0.8	0.7-1.5
Dividend, %	n/a	30-50

* The targets for return on operating capital and leverage ratio were changed following a decision at the extraordinary general meeting on October 9, 2017

KEY FINANCIAL DATA

	Actual	Actual	Actual	Policy
	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016	
Average interest rate, %	1.7	3.0	2.8	n/a
Average fixed-rate period, years	2.4	2.2	2.2	1-4
Average loan maturity, years	2.0	2.0	2.0	2-5

Employees

The average number of employees for the period October 1, 2016–September 30, 2017 was 3,044 (2,918). The change is explained by an increase in operational staff at the airports to handle the passenger growth and increased resources in development projects.

Risks and uncertainty factors

Risk is defined here as an event that affects the Group's prospects of achieving its operational goals and implementing its strategies. Swedavia works continuously to map, monitor and manage risks in its operations. Risk analyses are performed and reported to the Board of Directors on a quarterly basis. Swedavia's significant risks are described in the Annual Report 2016 on pages 56-58 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 the conditions of its environmental permits, a disruption in operations and political decisions that could affect operations.

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

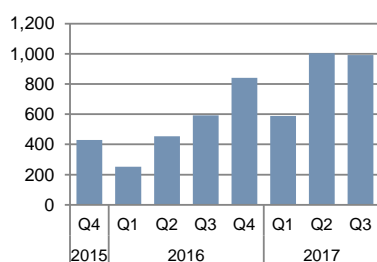
Parent Company

Net revenue and profit

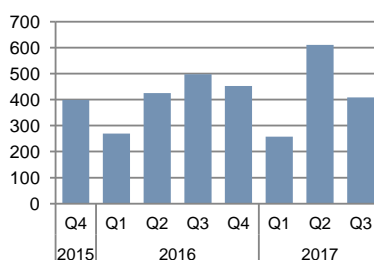
The Parent Company's net revenue for the period totalled SEK 4,260 M (4,095), which was an increase of SEK 165 M. Operating profit totalled SEK 652 M (659) and the operating margin was 15.3 per cent (16.1). Profit before tax was SEK 1,612 M (1,322) and profit for the period was SEK 1,484 M (1,196). Profit for the period was positively affected by dividends from subsidiaries.

During the third quarter, the Parent Company's net revenue totalled SEK 1,454 M (1,401), which was an increase of SEK 53 M. Operating profit totalled SEK 310 M (305) and the operating margin was 21.3 per cent (21.8). Profit before tax was SEK 290 M (274) and profit for the period was SEK 226 M (213).

CAPITAL SPENDING, SEK M



CASH FLOW FROM OPERATING ACTIVITIES, SEK M



Income statement

Amounts in SEK M	Note	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Net revenue	2,7	1,452	1,410	4,279	4,134	5,546
Other operating revenue		5	23	25	179	283
Work performed by the company for its own use and capitalised		33	27	110	87	127
External expenses		-494	-495	-1,580	-1,550	-2,251
Staff expenses		-419	-388	-1,391	-1,282	-1,761
Depreciation/amortisation and impairment losses on tangible fixed assets and intangible non-current assets		-222	-229	-668	-688	-961
Other operating expenses		0	0	-1	-1	-17
Operating profit	2	355	347	774	879	966
Income from financial items						
Income from holdings in associated companies and joint ventures		14	15	30	46	41
Interest income and similar items		-6	1	1	2	6
Interest expenses and similar items		-24	-38	-92	-113	-144
Income after financial items		339	325	714	815	869
Tax		-72	-68	-162	-145	-152
Profit for the period		267	257	551	669	717
Earnings per share						
Earnings per share before and after dilution, SEK		0.19	0.18	0.38	0.46	0.50
The total number of shares was 1,441,403,026 for all periods						

Statement of comprehensive income

Amounts in SEK M	Note	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Profit for the period		267	257	551	669	717
Other comprehensive income:						
Items that can be reclassified to the income statement						
Cash flow hedges						
Items reclassified to the income statement		-	-	0	-	13
Change in fair value for the period		37	34	81	41	57
Tax		-8	-7	-18	-9	-15
Other comprehensive income from joint ventures, net after tax		0	-2	1	-18	-12
Items that cannot be reclassified to the income statement						
Revaluations of defined benefit pensions		6	-70	-7	-92	-51
Tax		-1	15	2	20	11
Total other comprehensive income, net after tax		34	-30	59	-58	3
Comprehensive income for the period		301	227	610	612	720

Balance sheet

Amounts in SEK M	Note	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
ASSETS	2			
NON-CURRENT ASSETS				
Intangible non-current assets		621	602	632
Tangible non-current assets		13,827	11,378	11,897
Non-current financial assets		1,142	1,007	1,091
Total non-current assets		15,591	12,987	13,620
CURRENT ASSETS				
Materials and supplies		44	75	43
Trade receivables		492	426	420
Receivables from associated companies		79	39	58
Other receivables		98	176	178
Prepaid expenses and accrued income		150	117	225
Derivative instruments	4	4	2	2
Liquid assets		34	259	170
Total current assets		900	1,094	1,096
TOTAL ASSETS		16,491	14,081	14,716
EQUITY AND LIABILITIES	2			
EQUITY				
Share capital		1,441	1,441	1,441
Other paid-in capital		2,162	2,162	2,162
Hedge reserve		-56	-143	-119
Retained earnings		4,270	3,782	3,866
Total equity		7,818	7,243	7,351
NON-CURRENT LIABILITIES				
Provisions		1,043	1,004	1,048
Deferred tax liability		467	444	447
Interest-bearing liabilities		2,395	3,071	3,321
Derivative instruments	4	104	184	161
Other non-current liabilities		7	8	8
Total non-current liabilities		4,015	4,711	4,985
CURRENT LIABILITIES				
Provisions		18	33	42
Interest-bearing liabilities		3,241	959	1,010
Derivative instruments	4	-	0	-
Trade payables		537	433	601
Other liabilities		124	87	107
Liabilities to associated companies		0	0	0
Accrued expenses and prepaid income		739	614	621
Total current liabilities		4,659	2,126	2,380
TOTAL EQUITY AND LIABILITIES		16,491	14,081	14,716

Change in equity

Amounts in SEK M	Sep 30, 2017	Sep 30, 2016
GROUP		
Equity, opening balance	7,351	6,863
Comprehensive income for the period	610	612
Dividend	-143	-232
Equity, closing balance	7,818	7,243

Cash flow statement

Amounts in SEK M	Note	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Operating activities						
Profit after financial items		339	325	714	815	869
Adjustments for items not included in cash flow etc.		186	171	583	429	739
Tax paid		-43	-44	-160	-172	-125
Cash flow from operating activities before changes in working capital		483	451	1,137	1,071	1,483
Cash flow from changes in working capital						
Increase(-)/Decrease(+) in materials and supplies		-1	-13	-1	-20	12
Increase(-)/Decrease(+) in operating receivables		40	21	67	-2	-167
Increase(+)/Decrease(-) in operating liabilities		-114	39	79	148	322
Cash flow from operating activities		408	498	1,282	1,197	1,650
Investing activities						
Disposal of subsidiaries		-	45	-	274	274
Acquisitions/disposal of intangible non-current assets		-10	-2	-16	-11	-42
Acquisitions/disposal of tangible fixed assets		-981	-569	-2,560	-1,264	-2,075
Acquisitions/disposal of other financial assets		-	-	-3	-12	-12
Cash flow from investing activities		-991	-526	-2,579	-1,013	-1,855
Financing activities						
Borrowings raised	6	1,853	654	4,558	1,741	2,141
Borrowings repaid	6	-1,500	-553	-3,271	-1,447	-1,548
Increase(+)/Decrease(-) in other financial liabilities		5	9	17	8	9
Dividend paid		-	-	-143	-232	-232
Cash flow from financing activities		357	109	1,160	69	370
Cash flow for the period		-227	81	-137	253	164
Liquid assets at the beginning of the period		260	178	170	6	6
Liquid assets at the end of the period		34	259	34	259	170

Income statement

Amounts in SEK M	Note	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Net revenue		1,454	1,401	4,260	4,095	5,492
Other operating income		5	23	18	31	41
Work performed by the company for its own use and capitalised		33	27	110	87	127
External expenses		-536	-527	-1,665	-1,580	-2,267
Staff expenses		-419	-384	-1,389	-1,271	-1,733
Depreciation/amortisation and impairment losses on tangible fixed assets and intangible non-current assets		-227	-234	-681	-703	-980
Other operating expenses		0	0	-1	-1	-17
Operating profit		310	305	652	659	662
Income from financial items						
Profit on holdings in Group companies		-	-	1,039	757	757
Interest income and similar items		-1	1	8	1	4
Interest expenses and similar items		-19	-32	-88	-95	-128
Income from financial items		290	274	1,612	1,322	1,295
Appropriations		-	-	-	-	-76
Profit before tax		290	274	1,612	1,322	1,219
Tax		-64	-61	-128	-126	-125
Profit for the period		226	213	1,484	1,196	1,095

Balance sheet

Amounts in SEK M	Note	Sep 30, 2017	Sep 30, 2016	Dec 31, 2016
ASSETS				
NON-CURRENT ASSETS				
Intangible non-current assets		578	584	608
Tangible fixed assets		13,112	11,005	11,467
Total financial assets	3	1,070	987	1,070
Non-current assets		14,760	12,576	13,145
CURRENT ASSETS				
Materials and supplies		40	68	40
Current receivables	3	1,898	1,571	1,653
Liquid assets		31	253	165
Total current assets		1,970	1,893	1,859
Total assets		16,730	14,468	15,003
EQUITY AND LIABILITIES				
EQUITY				
Restricted equity				
Share capital (1,441,403,026 shares)		1,441	1,441	1,441
Reserve for development expenditures		22	-	22
Unrestricted equity				
Retained earnings/Share premium reserve		3,324	2,395	2,372
Profit for the period		1,484	1,196	1,095
Total equity		6,271	5,032	4,931
Untaxed reserves		1,943	1,982	1,943
Provisions		1,307	1,266	1,332
Non-current liabilities		2,395	3,072	3,324
Current liabilities	3	4,814	3,118	3,475
TOTAL EQUITY AND LIABILITIES		16,730	14,468	15,003

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).

Swedavia applies the same accounting principles that are described in the Annual and Sustainability Report for 2016. Application of IFRS 9 "Financial instruments", which enters into force on January 1, 2018, is not expected to entail any material effect on items reported. The new standard is expected to entail increased disclosure requirements and changes in presentation. The work of analysing the effects of IFRS 15 "Revenue from contracts with customers," which enters into force on January 1, 2018, is under way. Swedavia has not yet been able to quantify the effect of the new rules on the Group's financial reports but the work to date indicates that the new standard will not have any material effect on the timing of revenue reporting or the amount. In conjunction with implementation of IFRS 15, Swedavia has started a process of introducing IFRS 16 "Leases," to enter into force on January 1, 2019. Work is under way to analyse and assess current leases. The Group cannot yet quantify the effects of the new rules on the Group's financial reports. 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.

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

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

SEGMENT REPORTING, NOTE 2

Income statement Jul-Sep Amounts in SEK M	Airport Operations		Real Estate		Eliminations/adjustments*		Total Swedavia	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenue, external**	1,456	1,425	34	35	-	-	1,490	1,460
Revenue, internal	36	26	86	82	-122	-108	-	-
Total revenue	1,492	1,451	120	116	-122	-108	1,490	1,460
Operating expenses	-955	-915	-80	-76	122	108	-912	-883
Depreciation, amortisation and impairment losses	-220	-228	-2	-1	-	-	-222	-230
Operating profit	317	307	39	39	-	-	355	347

Income statement Jan-Sep Amounts in SEK M	Airport Operations		Real Estate		Eliminations/adjustments*		Total Swedavia	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenue, external**	4,294	4,139	119	261	-	-	4,414	4,400
Revenue, internal	94	81	253	248	-347	-329	-	-
Total revenue	4,388	4,220	372	509	-347	-329	4,414	4,400
Operating expenses	-3,056	-2,873	-262	-289	347	329	-2,971	-2,833
Depreciation, amortisation and impairment losses	-663	-684	-5	-4	-	-	-668	-688
Operating profit	669	662	105	217	-	-	774	879

Balance sheet Amounts in SEK M	Airport Operations		Real Estate		Eliminations/adjustments*		Total Swedavia	
	Sep 30, 2017	Sep 30, 2016	Sep 30, 2017	Sep 30, 2016	Sep 30, 2017	Sep 30, 2016	Sep 30, 2017	Sep 30, 2016
Non-current assets	14,715	12,518	1,543	1,182	-668	-713	15,591	12,987
Current assets	1,972	1,892	330	1,137	-1,402	-1,935	900	1,094
Total assets	16,687	14,410	1,874	2,319	-2,070	-2,648	16,491	14,081
Equity	7,946	6,727	635	1,361	-763	-845	7,818	7,243
Liabilities	8,741	7,683	1,239	958	-1,307	-1,803	8,673	6,838
Total equity and liabilities	16,687	14,410	1,874	2,319	-2,070	-2,648	16,491	14,081

* Eliminations consist of intra-Group transactions, and adjustments consist of consolidating adjustments

** The item consists of net revenue, other operating income and work performed by the company for its own use and capitalised

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 measured through directly or indirectly quoted prices based on observable market data.

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

Amounts in SEK M	Group	
	2017 Sep 30	2016 Dec 31
Loan receivables and trade receivables	657	724
Other financial liabilities	-6,222	-5,018
Derivatives	-72	-153
Total	-5,638	-4,448
Total book value	-5,625	-4,411

Note 5. CONTINGENTS 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 873 M (841).

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.

Swedavia furthermore has obligations related to environmental requirements to run its airport operations.

Note 6. CASH FLOW STATEMENT

Short-term borrowings, with a maturity of 3 months or less, are recognised on a net basis and are repaid the same month.

Note 7. NET REVENUE

Group, amounts in SEK M	2017 Jul-Sep	2016 Jul-Sep	2017 Jan-Sep	2016 Jan-Sep	2016 Jan-Dec
Breakdown of net revenue					
<i>Aviation Business</i>					
Passenger-related revenue	464	453	1,294	1,234	1,638
Aircraft-related revenue	162	156	479	468	625
Externally regulated charges	164	181	530	549	727
Ground handling	51	47	196	182	257
Other additional services	49	43	158	145	198
	891	880	2,656	2,579	3,446
<i>Commercial Services</i>					
Car parking & parking facilities	235	218	673	630	845
Retail, food & beverage	181	169	508	471	645
Real estate revenue	93	89	302	300	401
Advertising	26	27	71	73	99
Other commercial services	14	17	45	52	72
	550	519	1,598	1,525	2,062
Other net revenue	11	10	25	30	38
Total net revenue	1,452	1,410	4,279	4,134	5,546

Note 8. SUPPLEMENTARY INFORMATION FOR KEY FINANCIAL DATA

NET LIABILITIES

The pension liability totalled SEK 800 M as of September 30, 2017, and SEK 834 M as of September 30, 2016. As of December 31, 2016, the pension liability totalled SEK 803 M.

OPERATING PROFIT EXCLUDING CAPITAL GAINS

There was no capital gain reported for the period January-September 2017. Capital gains that are excluded from the period January-September 2016 totalled SEK 146 M. For the period January-December 2016, capital gains totalled SEK 241 M.

Note 9. EVENTS AFTER THE END OF PERIOD

Swedavia's Board of Directors called an Extraordinary General Meeting in September, proposing a revision in two of the company's financial targets. At the EGM, which took place after the end of the third quarter, on October 9, it was decided that the profitability target for return on operating capital would be revised to at least six per cent (from the previous target of at least seven per cent). The EGM also decided that the leverage target would be revised, with a debt-to-equity ratio in the range of 0.7-1.5 times, from the previous range of 1.0-1.5 times. The dividend policy was not subject to revision.

Definitions

AIRPORT OPERATIONS

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

AVERAGE FIXED-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 LOAN MATURITY

Volume-weighted average remaining maturity for interest-bearing liabilities at the end of the period. This metric tracks the Group's financial 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.

EARNINGS PER SHARE

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

INTEREST-BEARING LIABILITIES

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

NET LIABILITIES

Interest-bearing liabilities plus pension liability 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

Swedavia AB's 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.

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

Year-End Report 2017	February 14, 2018
Annual Report 2017	March 29, 2018
Interim report Jan-Mar 2018	April 26, 2018

Swedavia's financial reports are published on Swedavia's website 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 October 30, 2017, 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 reviewed by Swedavia's auditors in accordance with the Review Report on page 20.

Contact persons

JONAS ABRAHAMSSON
President and CEO

MATS PÅHLSON
CFO
Telephone 010-109 00 60

The undersigned hereby submit the interim report for the period January-September 2017.

Stockholm-Arlanda, Sweden, October 30, 2017

Jonas Abrahamsson
President and CEO

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Review Report

Swedavia AB (publ), corporate identity number 556797-0818

INTRODUCTION

We have reviewed the condensed interim report for Swedavia AB (publ) as at September 30, 2017 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, October 30, 2017
Ernst & Young AB

Åsa Lundvall
Authorized Public Accountant