



AVINOR

Debt investor presentation
February 2017

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Agenda

- Key credit highlights
- Aviation in Norway and Avinor mission
- Ownership and regulatory structure
- Business areas
- Strategy
- Key projects
- Financial performance
- Funding strategy

In brief

100% state owned
limited company

Approx. 3000 FTEs

Standard & Poor's: AA-
Moody's: A1

Operating revenues:
NOK 10,7 bn



Key credit highlights

- More than 90 % market share within airport operations
- Sole air traffic controller in Norwegian airspace
- Geographic and economic diversification
- Resilient in the event of main carrier failing
- Good growth prospects
- Predictable and solid operating cash flows
- Strategic importance to national infrastructure
- Strong ratings

Key initiatives

- Capacity expansion at Oslo, Bergen and Stavanger
- Efficient transfer solution at Oslo airport
- Remote tower development with Kongsberg and Indra
- Prototyping autonomous snow removal equipment
- Aviation biofuel introduced at Oslo airport
- Organizational capabilities strengthened
- Cost reductions
- Efficient security
- Quality of airport services (ASQ)
- Radisson BLU Airport Hotel Oslo divested in Q4 2015

Mission

Ensure safe, efficient and sustainable operation of national aviation infrastructure

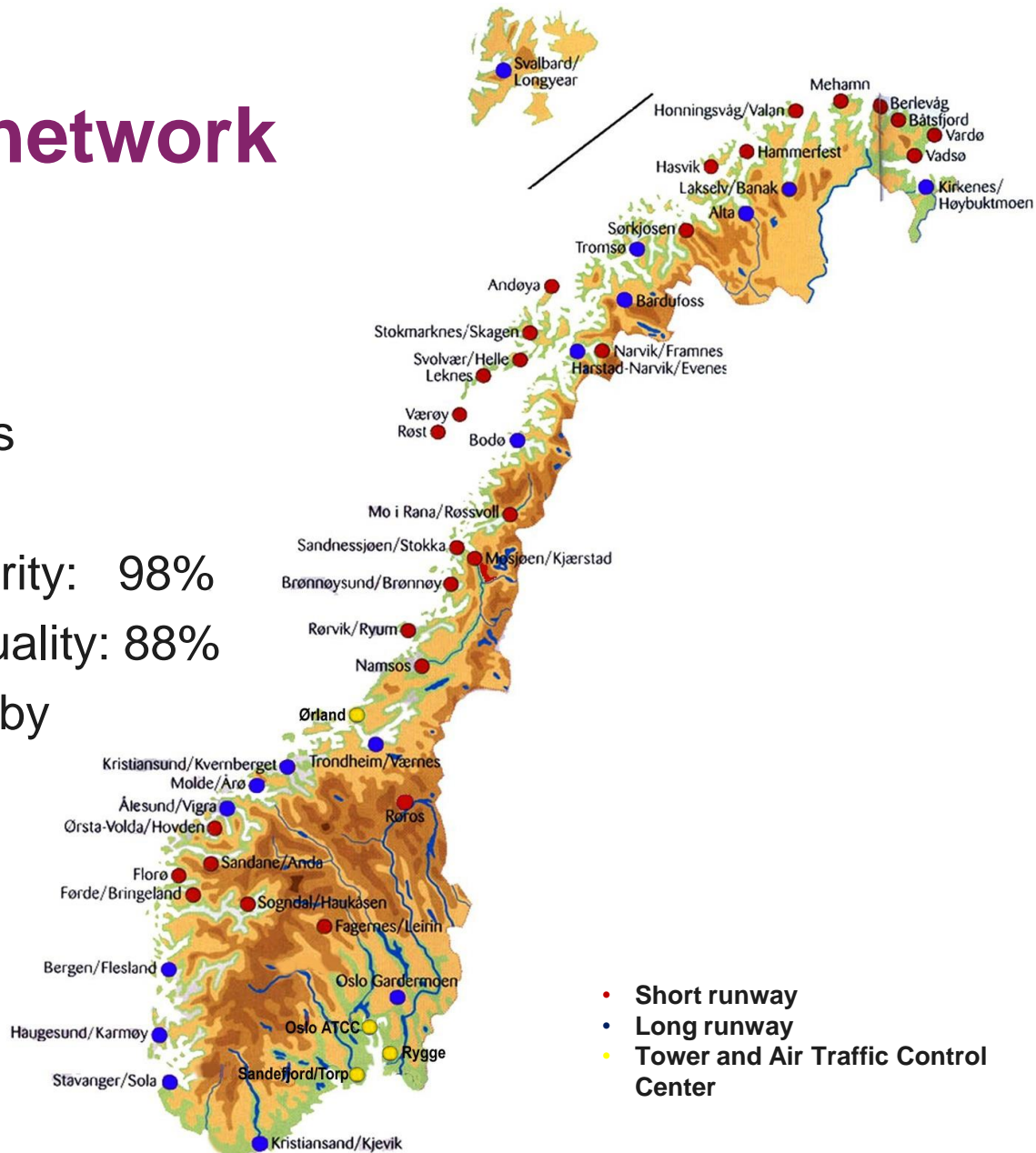
Objectives

- Excellent operations
- Adequate ground and air capacity
- Financially sound operations
- Facilitate national and regional value creation and business development
- Reduce environmental impact

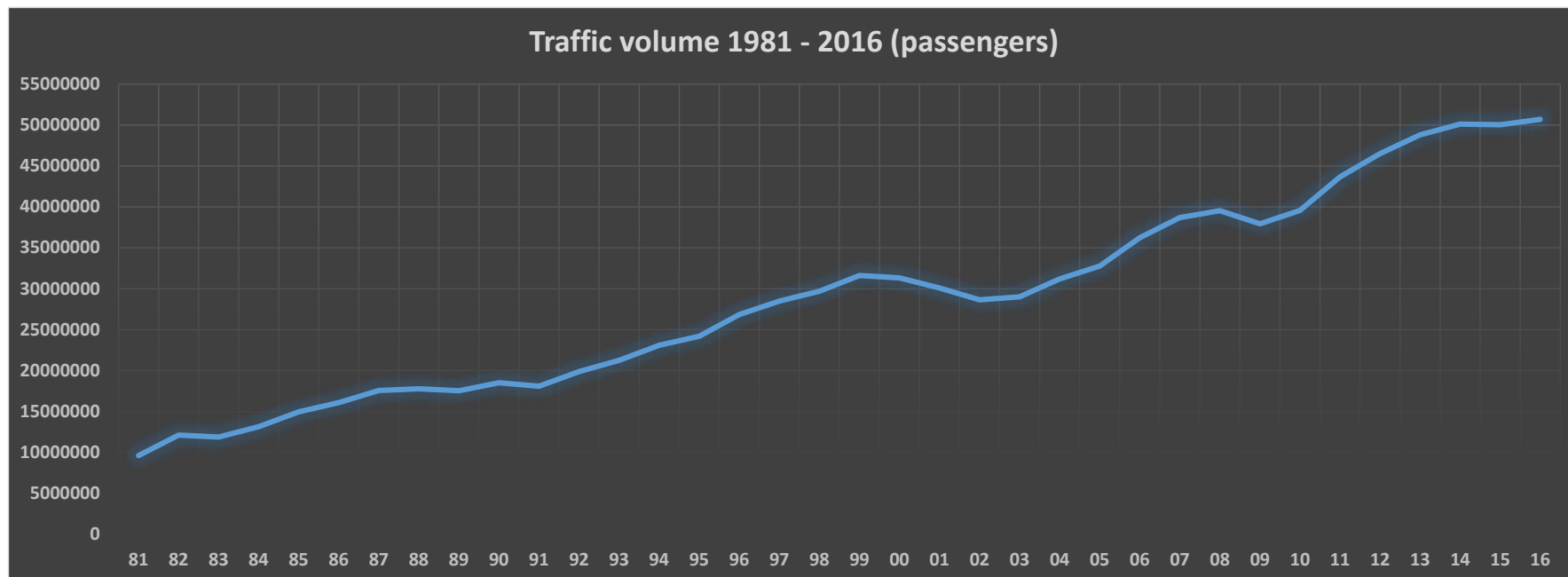


The Norwegian network

- 46 airports,
- 3 air traffic control centers
- 51 million pax per year
- 12-month average regularity: 98%
- 12-month average punctuality: 88%
- Infrastructure ranked # 6 by World Economic Forum

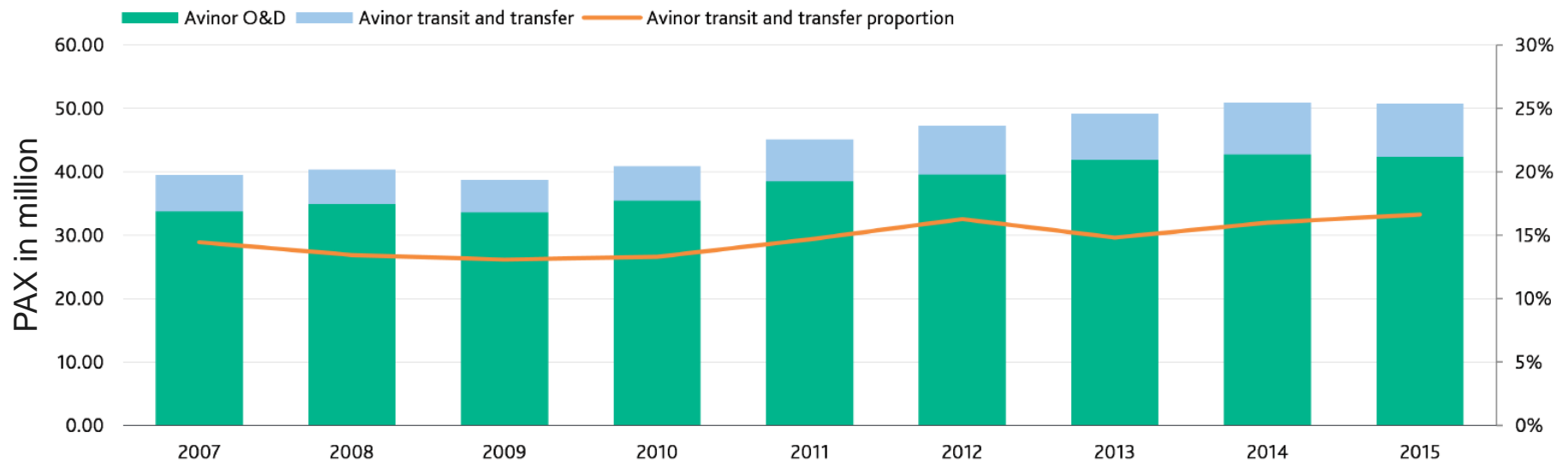


High traffic volume growth 1981 - 2016

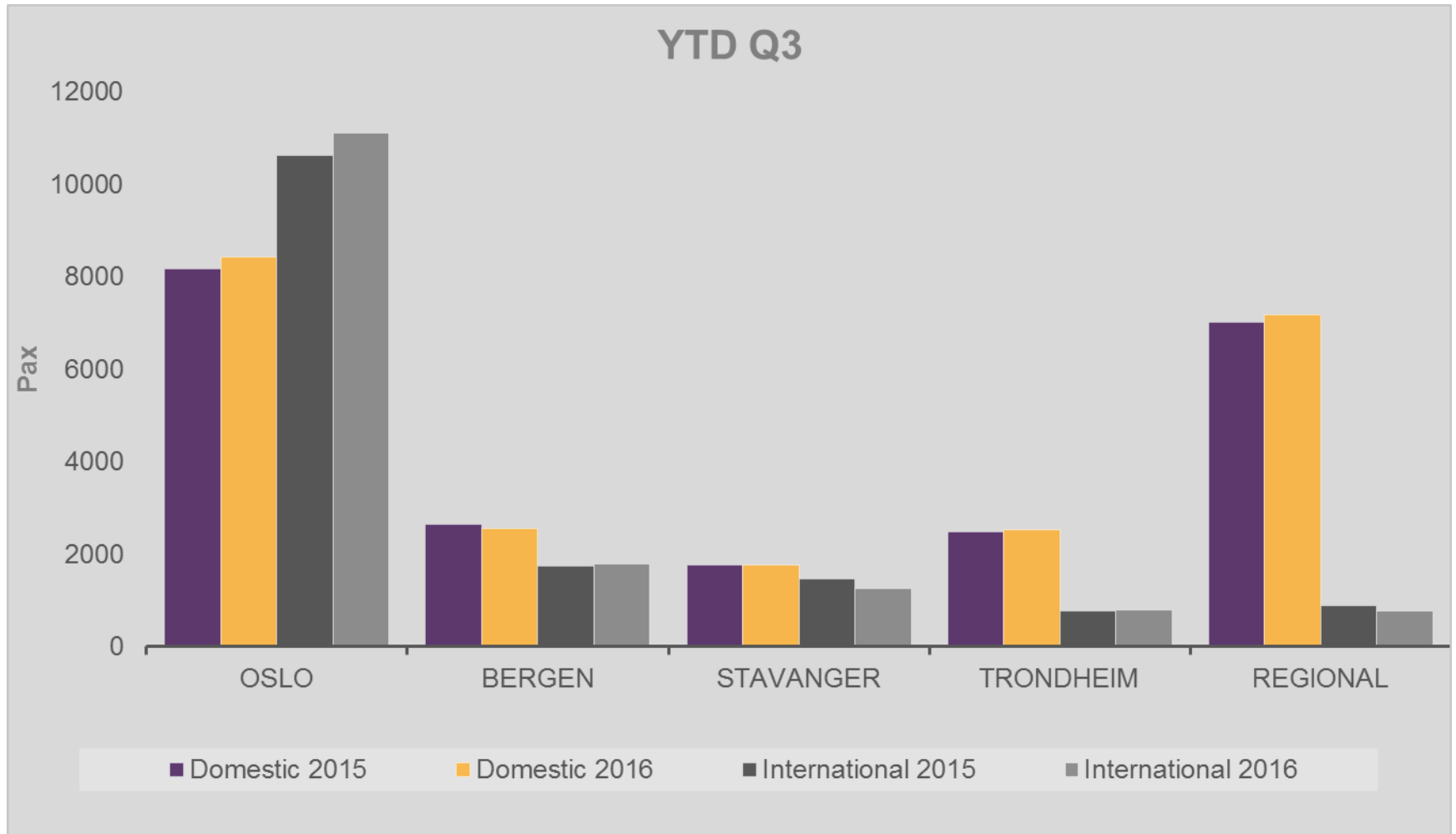


Average annual growth (CAGR) 1981 - 2016: 4,9%

Avinor is less dependent on carrier transfer traffic



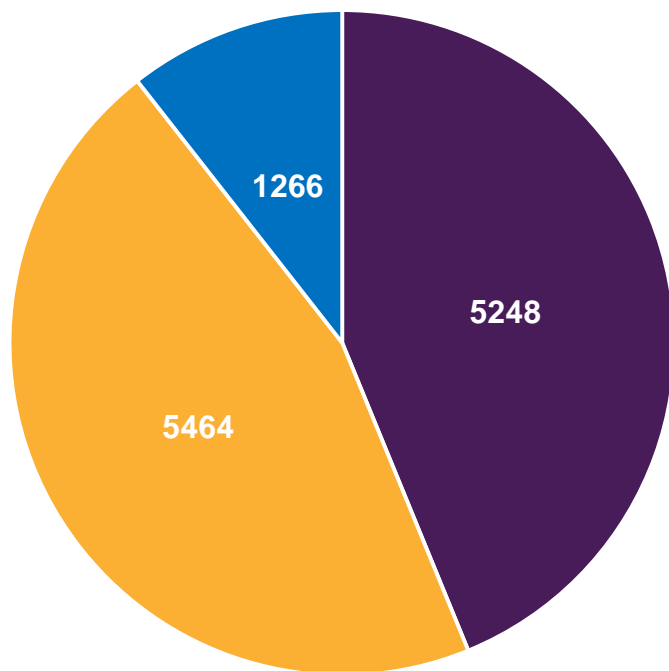
Traffic volume by airport



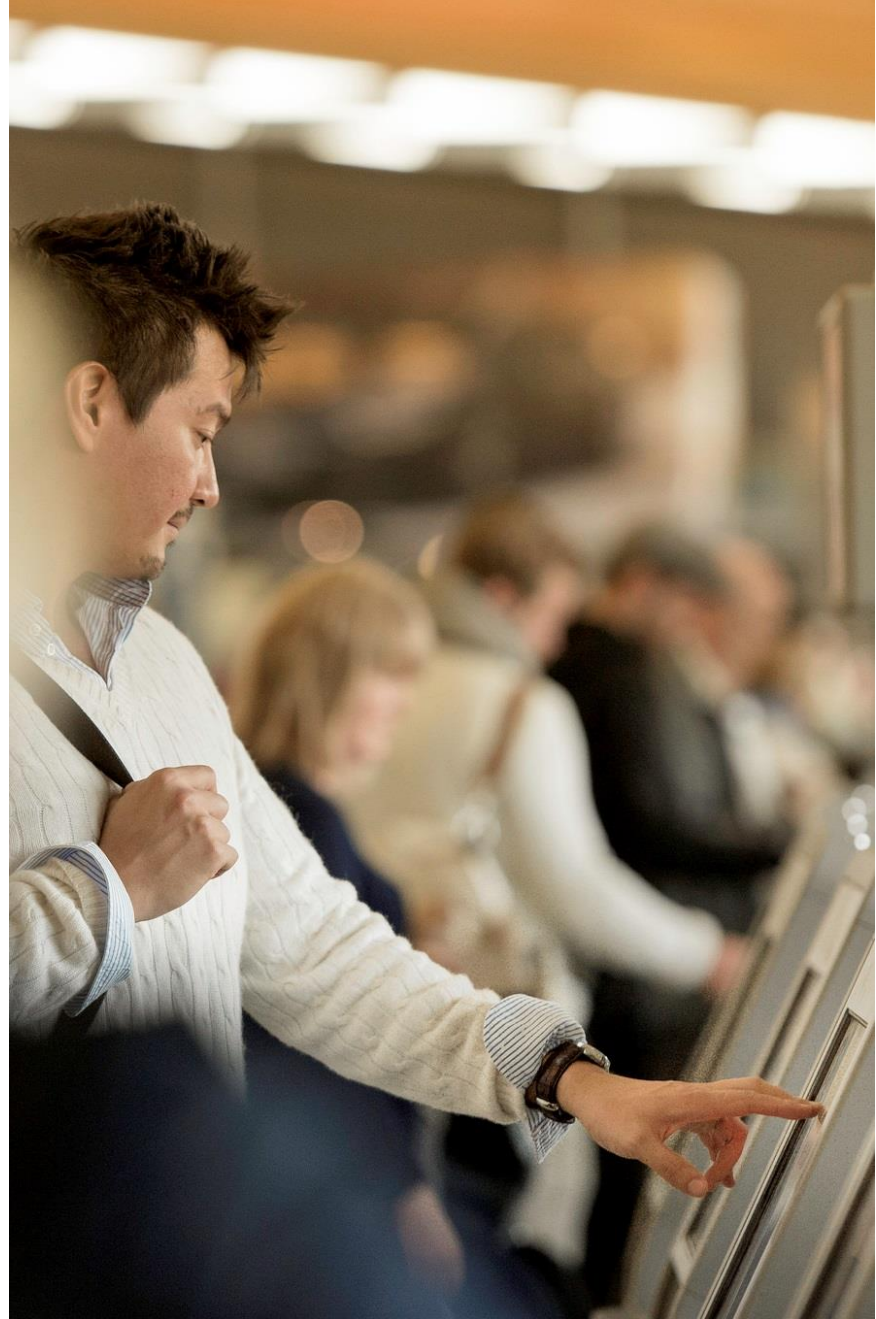
Revenue distribution

Revenue distribution 2015

MNOK



- Aeronautical revenues
- Commercial revenues
- Sale of property



Regulatory environment

Regulatory requirements



Shareholder policies and objectives



Alignment of shareholder
objectives and regulatory
requirements



State ownership in Norway

Some examples

Category 1: Commercial objectives	Category 2: Commercial objectives /domestic headquarter	Category 3: Commercial and other defined objectives	Category 4: Regulatory and political objectives
SAS AB	Aker Kværner Holding	Eksportfinans ASA	Avinor AS
Entra ASA	DNB ASA	Statkraft SF	NRK AS
Flytoget AS	Kongsberg Gruppen	NSB AS	Norsk Tipping AS
Mesta AS	Norsk Hydro ASA	Posten Norge AS	Statskog SF
Baneservice AS	Telenor ASA	Kommunalbanken AS	Store Norske
	Yara International ASA	Argentum	Statnett SF
	Statoil ASA	GIEK kredittforsikring	Petoro AS
	Nammo AS	Togvedlikehold AS	Bane NOR SF
			Innovasjon Norge

Importance of government related entity

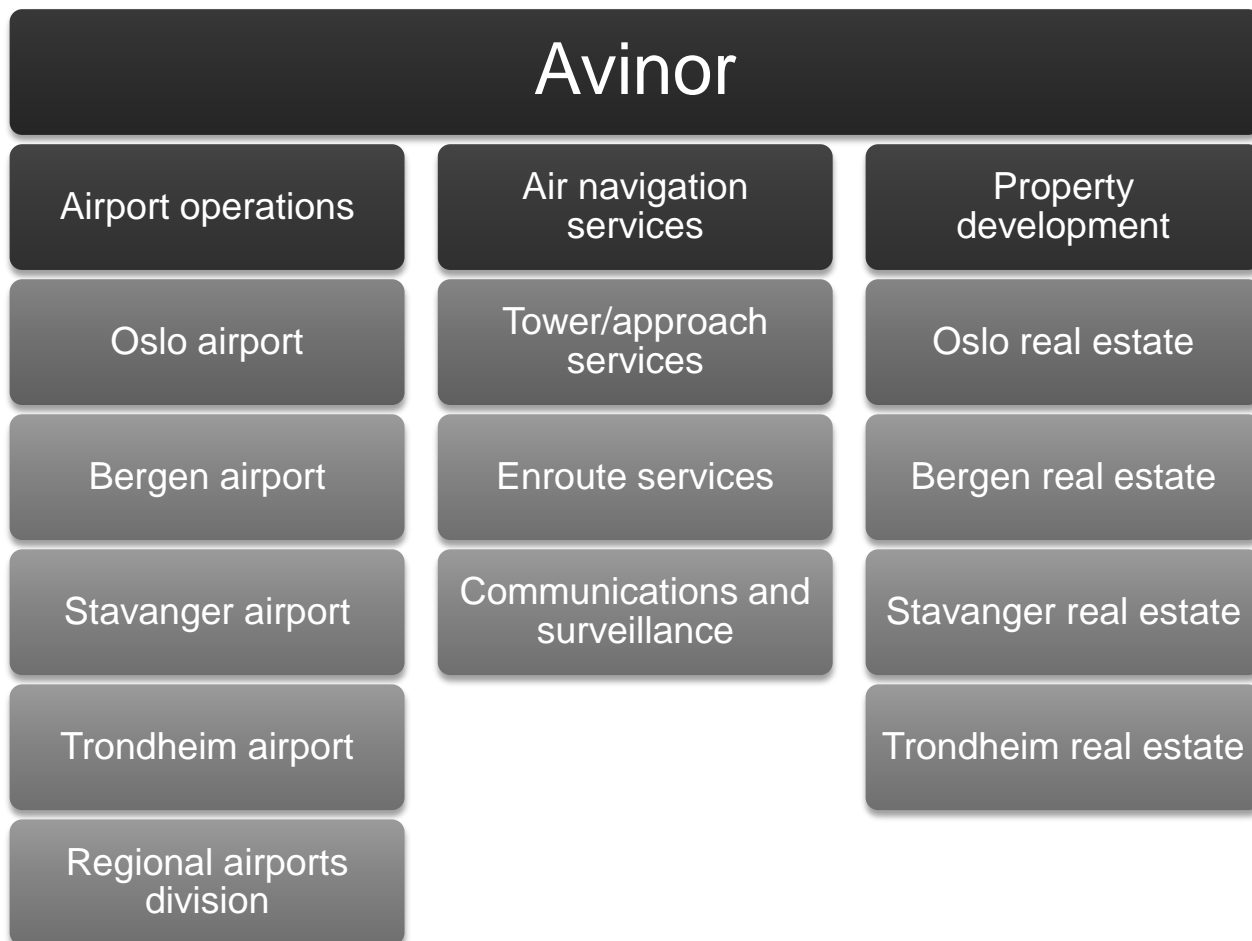


Financial policies and objectives

- Return on investment:
 - ROIC: 5,1% (after tax)
 - Equity: 9,0%
- Dividend policy:
 - 50% of group net income
 - Cap at MNOK 500 for fiscal years 2014 - 2017
- Equity ratio:
 - Minimum 40% equity / equity + net interest bearing debt

Business areas

Areas with group mandate:



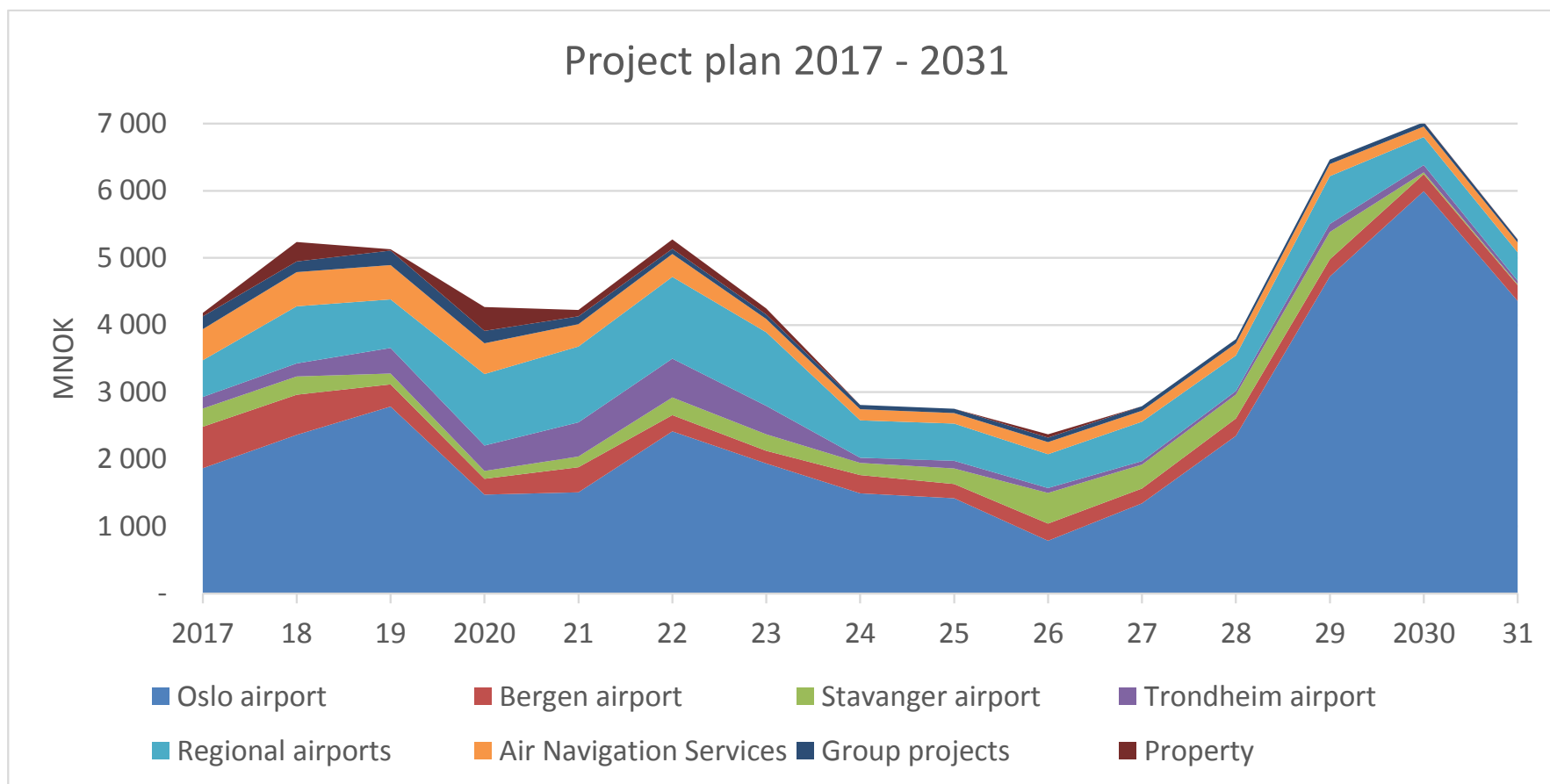
Strategy

Safe, stable and cost efficient operations	Customer focus	Sustainable aviation
Maintain safety and security Emergency readiness	Competitive aviation charges	Sustainable aviation infrastructure and route development
Competitive provider of airport and air navigation services	Enhance passenger satisfaction	Strengthen Oslo Airport as international hub
		Improve environmental performance
Meet maximum cost per passenger targets		Meet minimum revenue per passenger targets
Meet cost reduction targets in group modernization program	Maintain excellent relationships with airlines	Real estate development
	Develop passenger travel experience	Maintain commercial and financial framework
Employee health and safety Work environment	Maintain excellent cooperation with union representatives	Employee and management development

Project portfolio

	2012 - 2016	2017 - 2021	2022 - 2026	2027 - 2030
Oslo airport	New terminal 2 Improved transfer facility Airside capacity Security facilities	Expansion Non-Schengen capacity Airside capacity Rebuild existing Terminal 1	Terminal capacity T1 baggage handling Airside projects	Third runway New terminal 3
Bergen airport	New Terminal 3 Airside capacity	Rebuild terminal 1 Fire station Airside capacity		
Stavanger airport	Terminal capacity	Terminal capacity	Airside capacity	Terminal capacity
Trondheim airport	Terminal capacity	Terminal capacity	Terminal capacity Airside projects	
Regional airports	Sandnessjøen, Ålesund Kristiansand Kristiansund	Tromsø, Kristiansund Florø, Lakseelv Sandnessjøen, Evenes	Bodø Ålesund	Kirkenes Ålesund Tromsø
Air navigation services	Single European Sky Free Route Airspace, SNAP Natcon	Remote towers Air traffic management system Surveillance technology (Norwam)	Remote towers phase 2	Enhancement surveillance
Other	Security	Parking facilities Oslo and Bergen Expansion Park Inn Hotel	Parking facilities Stavanger	

Project forecast



Oslo airport, Gardermoen Completion Q2 2017



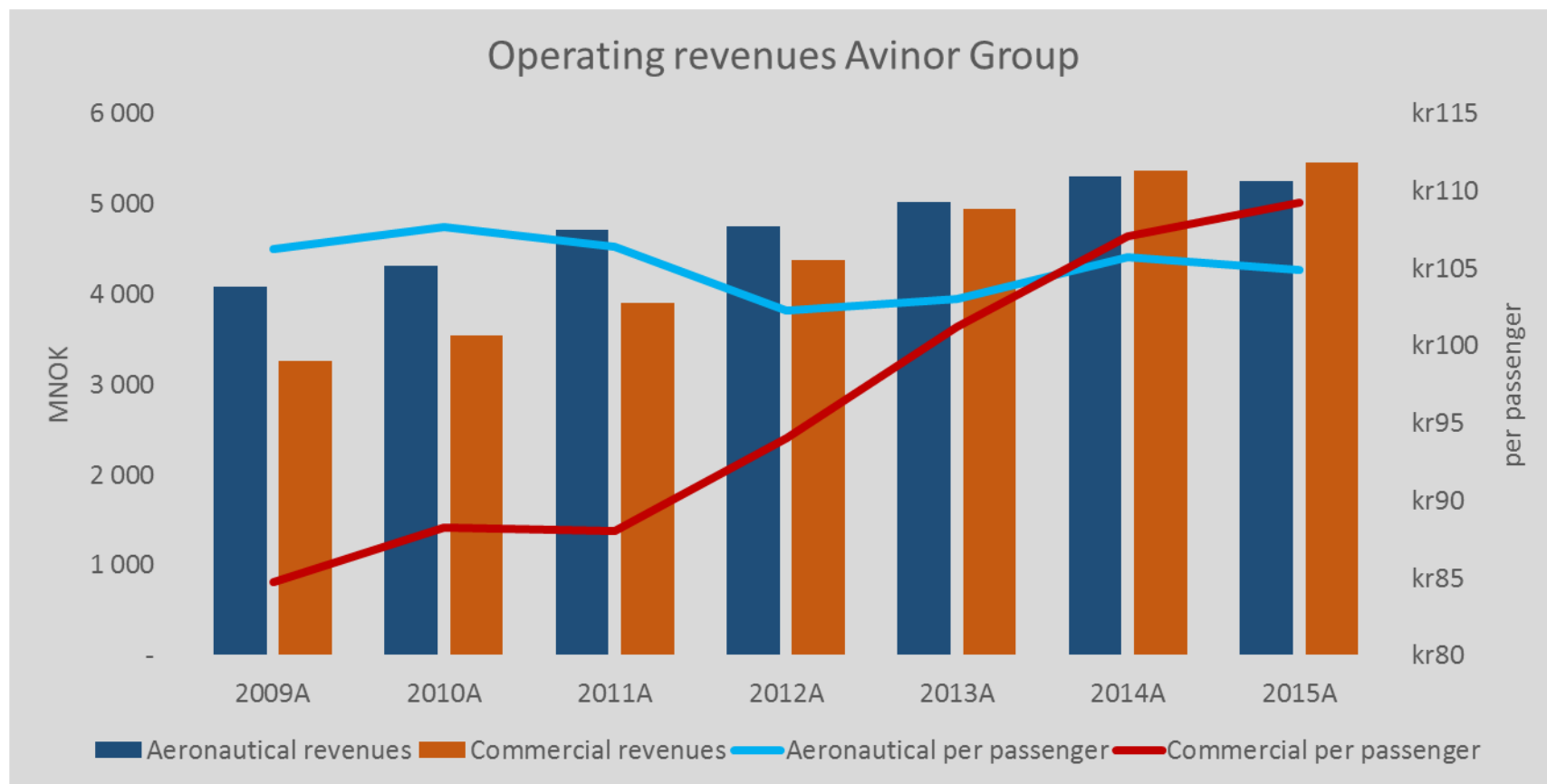
Bergen airport, Flesland Completion Q3 2017



Remote tower center, Bodø Completion 2018



Revenue distribution 2009 - 2015

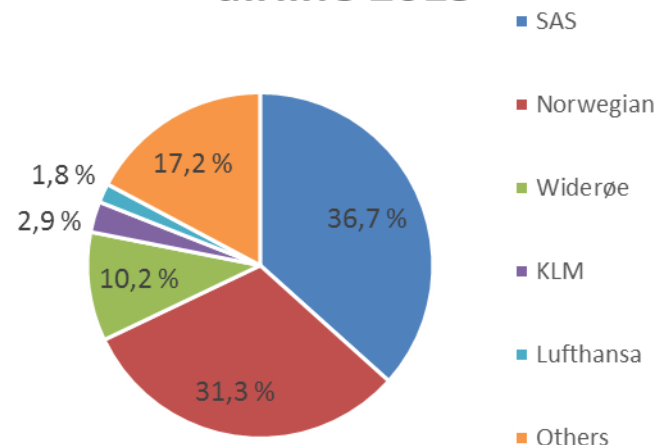


Commercial revenues exceed aeronautical revenues

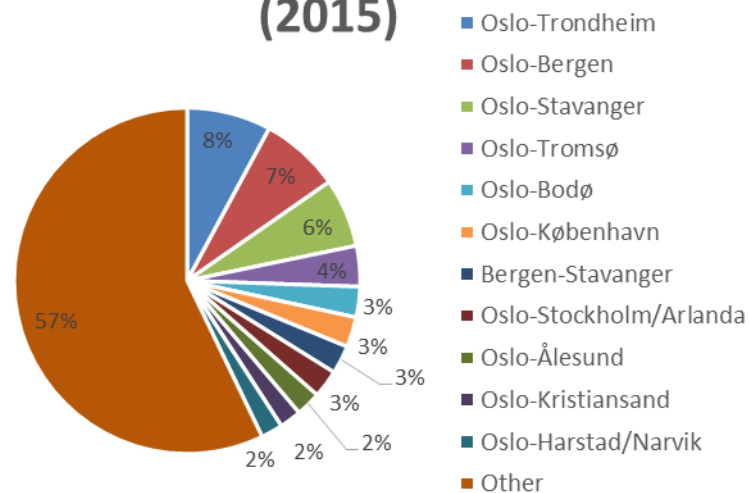
Diversified revenue base

- SAS represents approx. 37% of 2015 traffic income (40% in 2014) and Norwegian approx. 31% (35% in 2014).
- Commercially, all airlines are treated equally when considering the charges and incentives program.

Split of traffic income by airline 2015



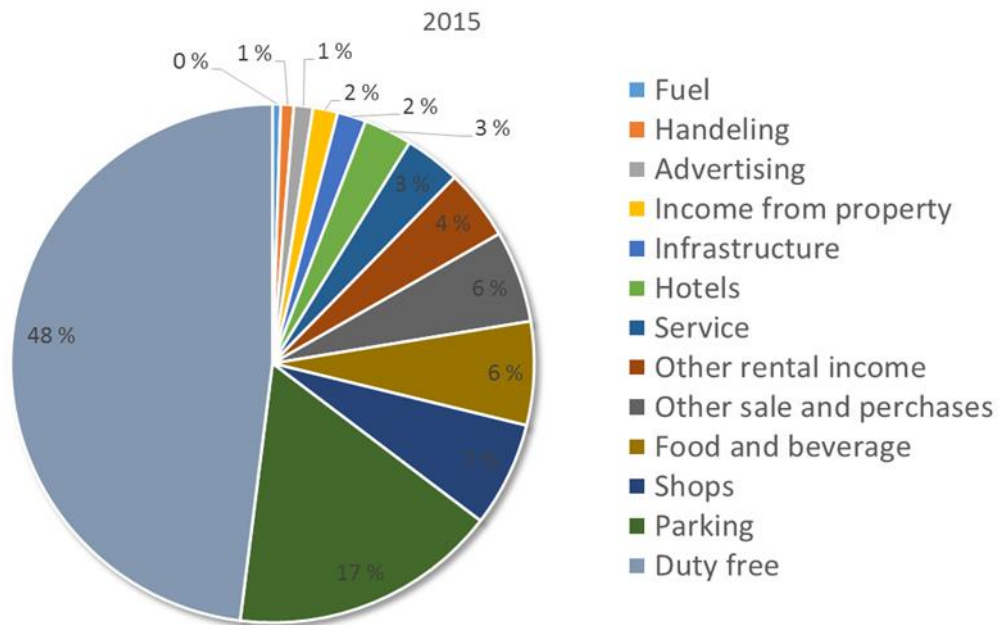
Split of traffic income by route (2015)



- The key catchment area of Avinor's network of airports is the entire Norwegian territory, although Oslo region represents the most important catchment area.
- Our main route accounted for only 8% of our traffic income for passenger flights in 2015 and top 10 routes accounted for 41%

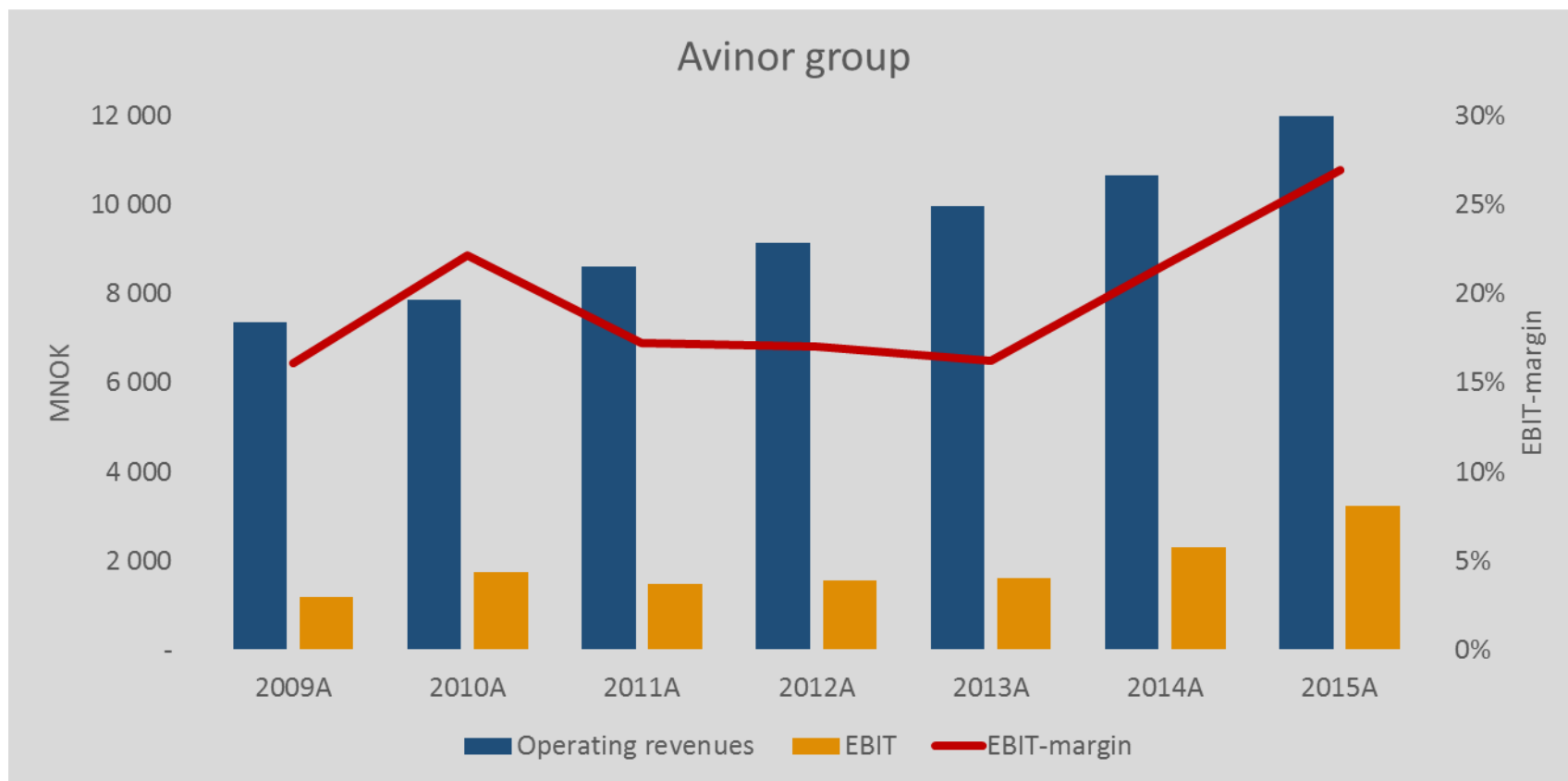
Commercial revenues

Commercial Revenues (MNOK)	2014	2015
Fuel	25 568	26 462
Handeling	25 074	41 888
Advertising	66 268	61 719
Income from property	69 658	80 158
Infrastructure	87 394	92 608
Hotels	169 965	156 470
Service	159 441	181 770
Other rental income	215 891	230 944
Other sales and purchases	215 382	299 162
Food and beverage	331 142	337 812
Shops	302 902	341 466
Parking	884 013	868 416
Duty free	2 526 111	2 511 966
Total	5 078 809	5 230 841



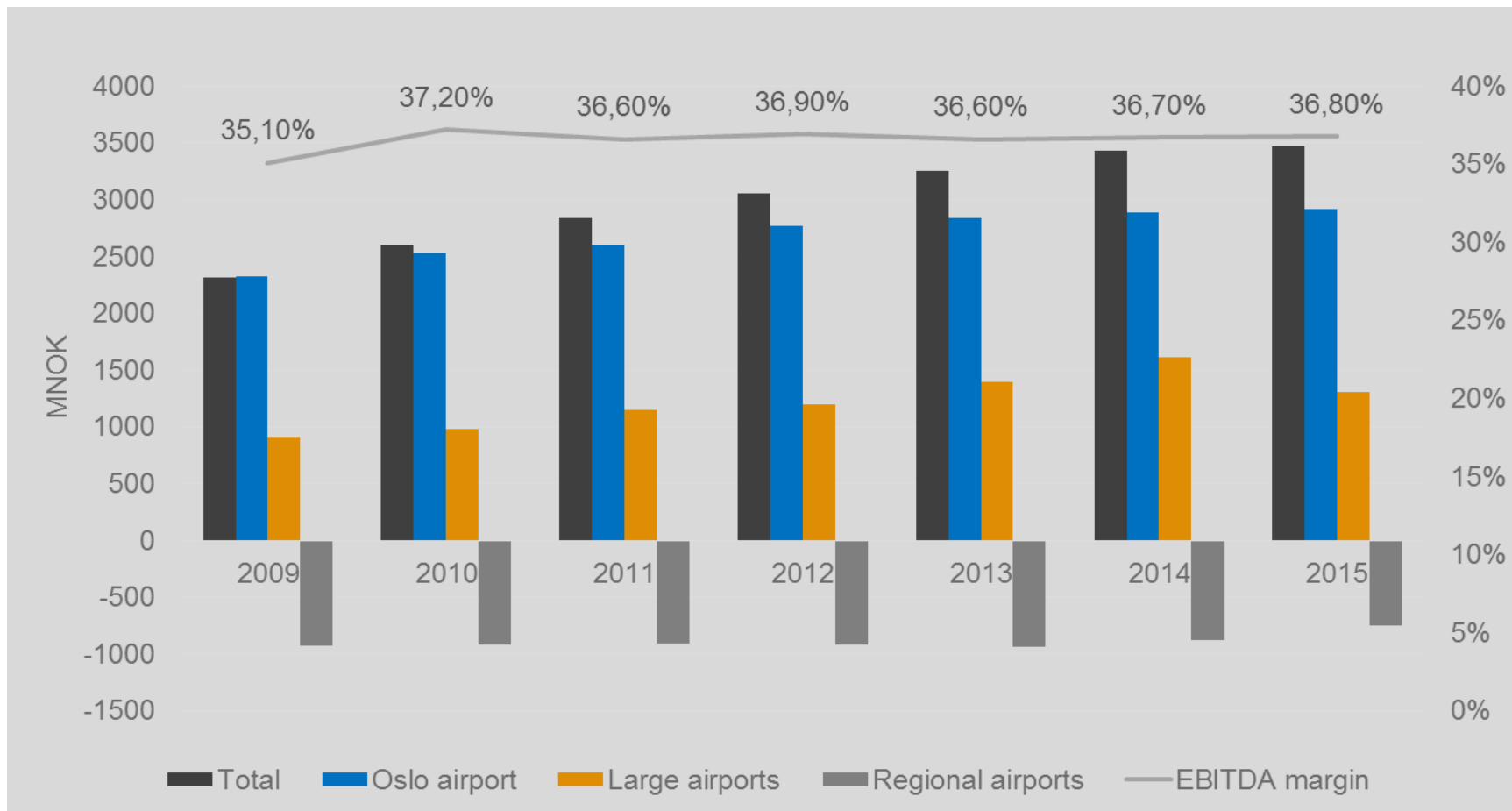
- Commercial revenues offer the highest potential growth rates for Avinor
- Due to high duties on items such as cigarettes and alcohol in Norway, there is a strong incentive to purchase duty free goods upon leaving and arriving in the country via Avinor airports

Group Income 2009 - 2015



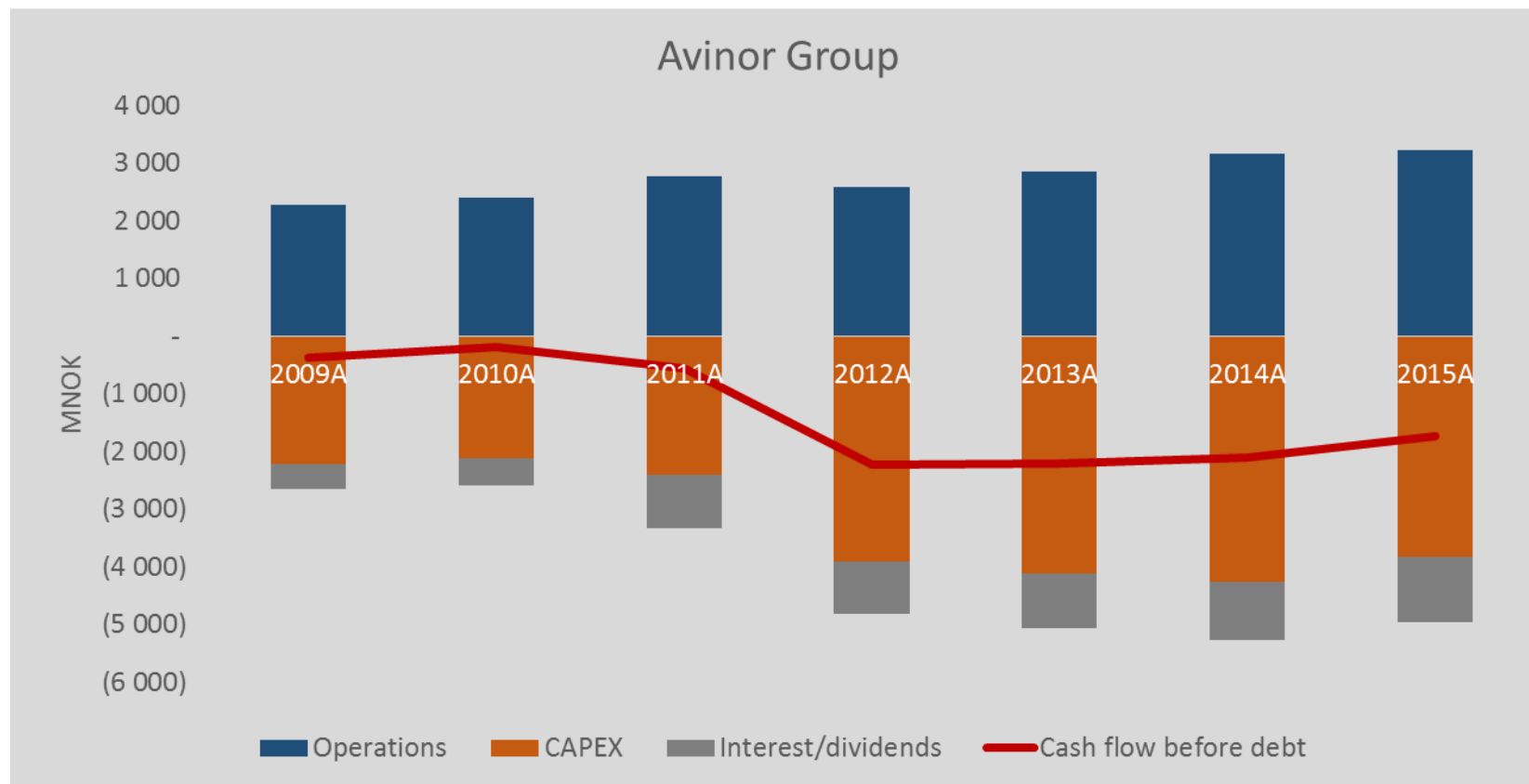
2015: Sale of Radisson BLU, Gardermoen (1 266 MNOK)

EBITDA airports 2009 - 2015



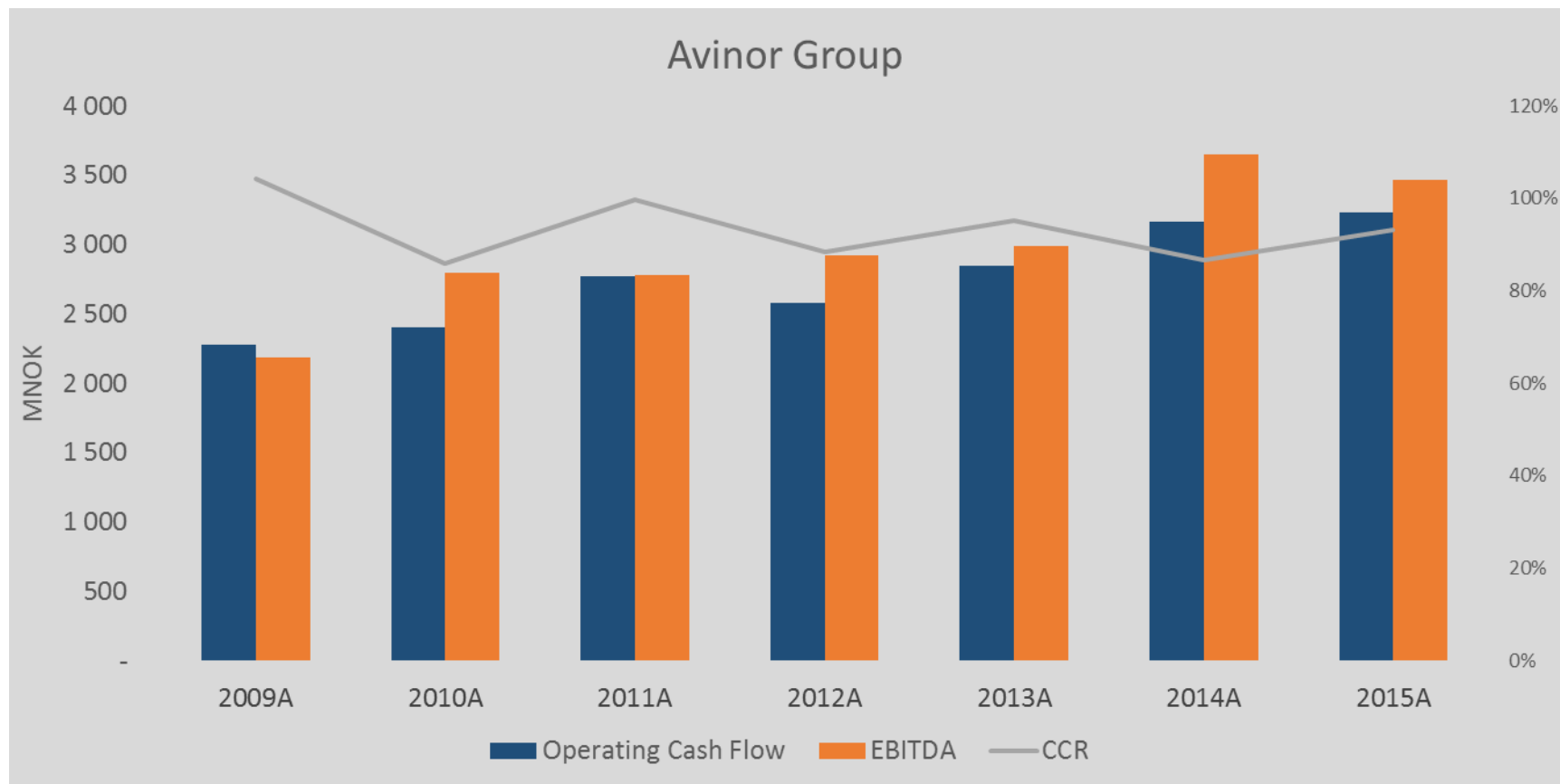
Including project costs

Group cash flow 2009 – 2015



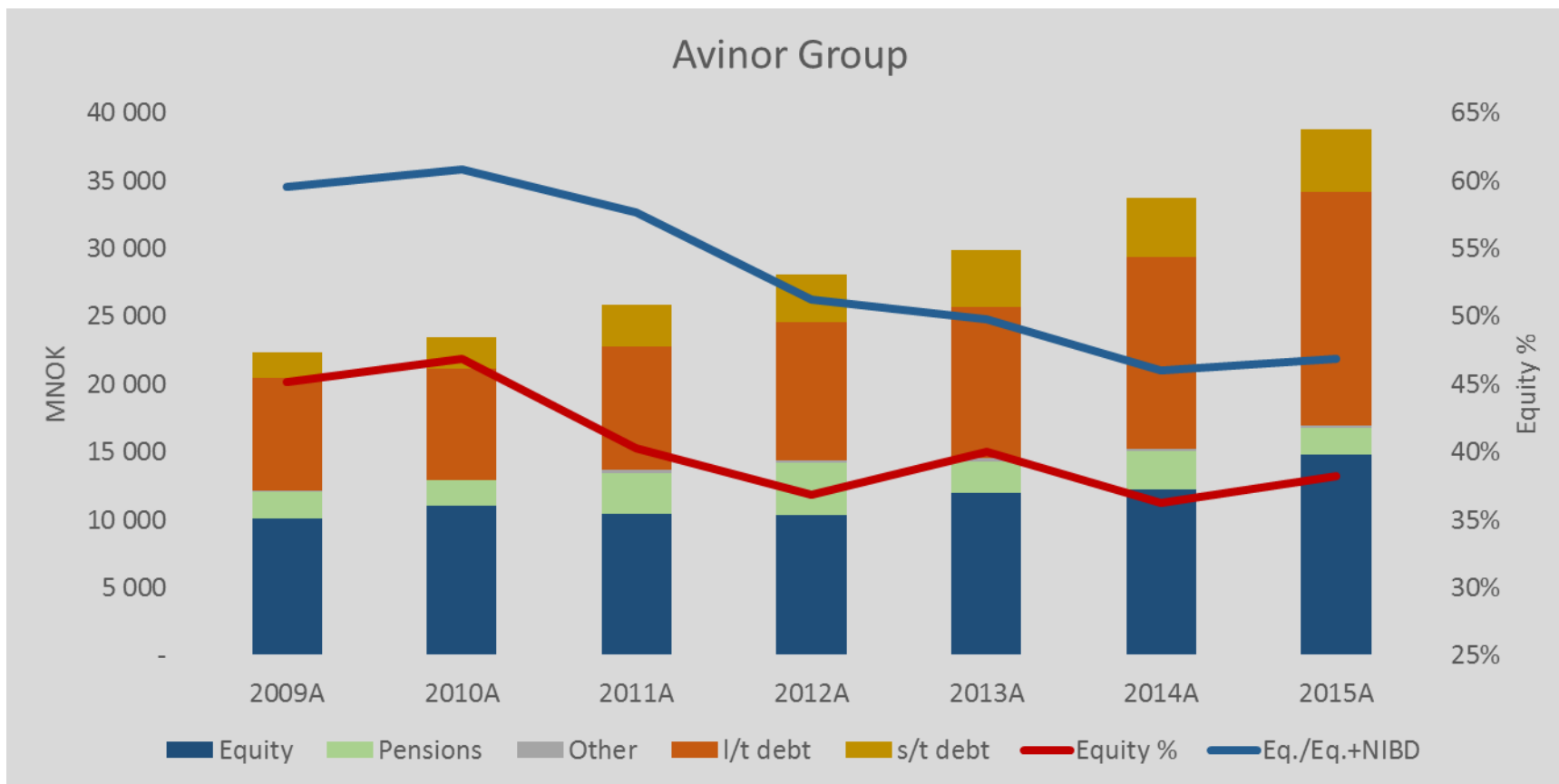
The group is cash negative due to capacity expansion and high CAPEX levels

Cash conversion rate 2009 – 2015



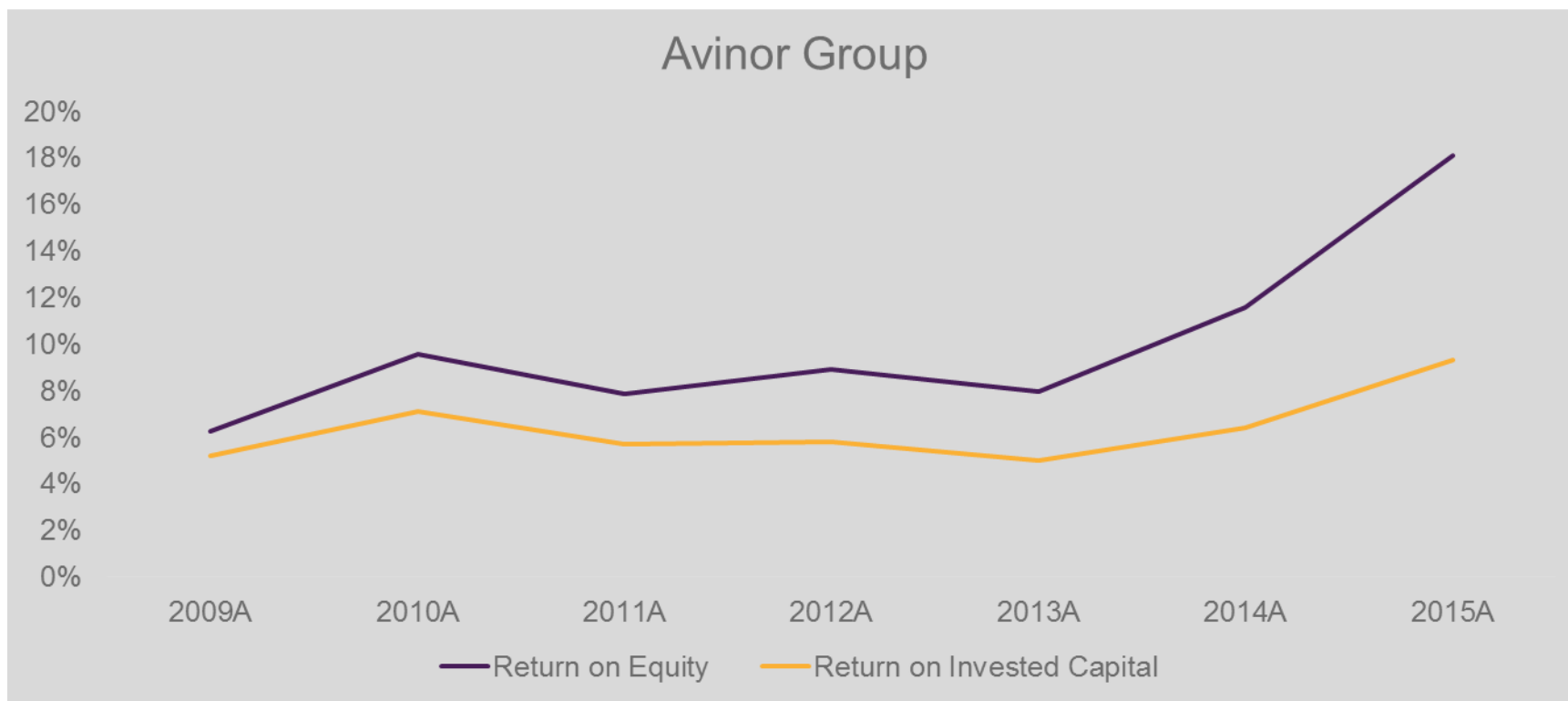
Historically very high cash conversion rate at an average of 93% over the last 7 years

Balance sheet 2009 – 2015



Average annual increase in balance sheet: 9.6 %

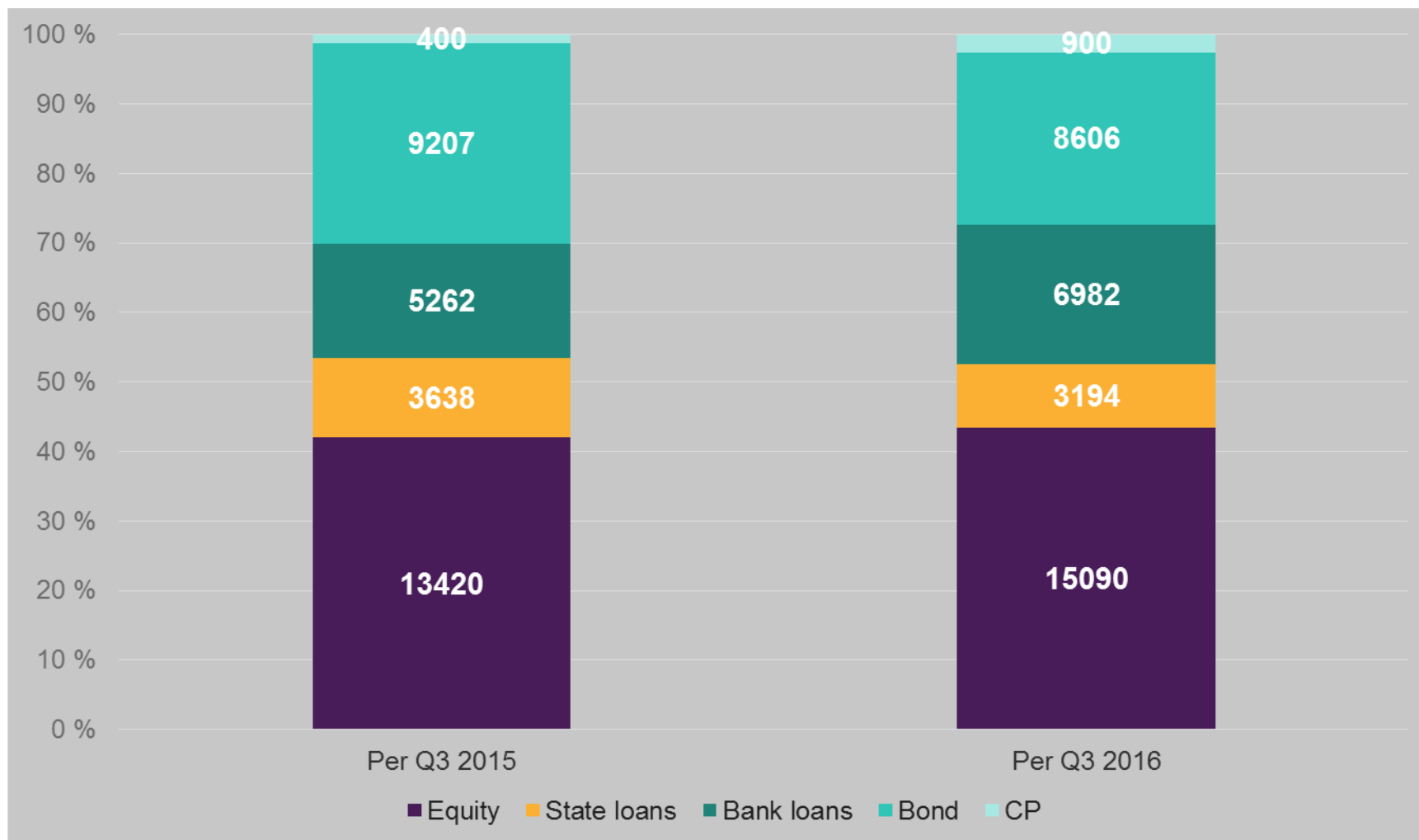
Return on investment



Year-to-date Q3 2016

MNOK	2016	2015	Full year 2015
Total operating income	8,003.0	8,096.6	11,989.4
Operating expense	-5,290.8	-5,344.5	-7,297.6
EBITDA	2,712.2	2,752.1	4,691.8
EBITDA margin	33.7%	34.3%	39,5%
Depreciation	-1,271.9	-1,022.0	-1,459.3
EBIT	1,440.3	1,730.1	3,232.5
Net finance costs	-258.4	-240.2	-328.6
Profit before income tax	1,181.9	1,489.9	2,903.9
Income tax expense	-296.9	-402.8	-454.9
Net income	885.0	1,087.1	2,449.0

Current capital structure Avinor Group in MNOK

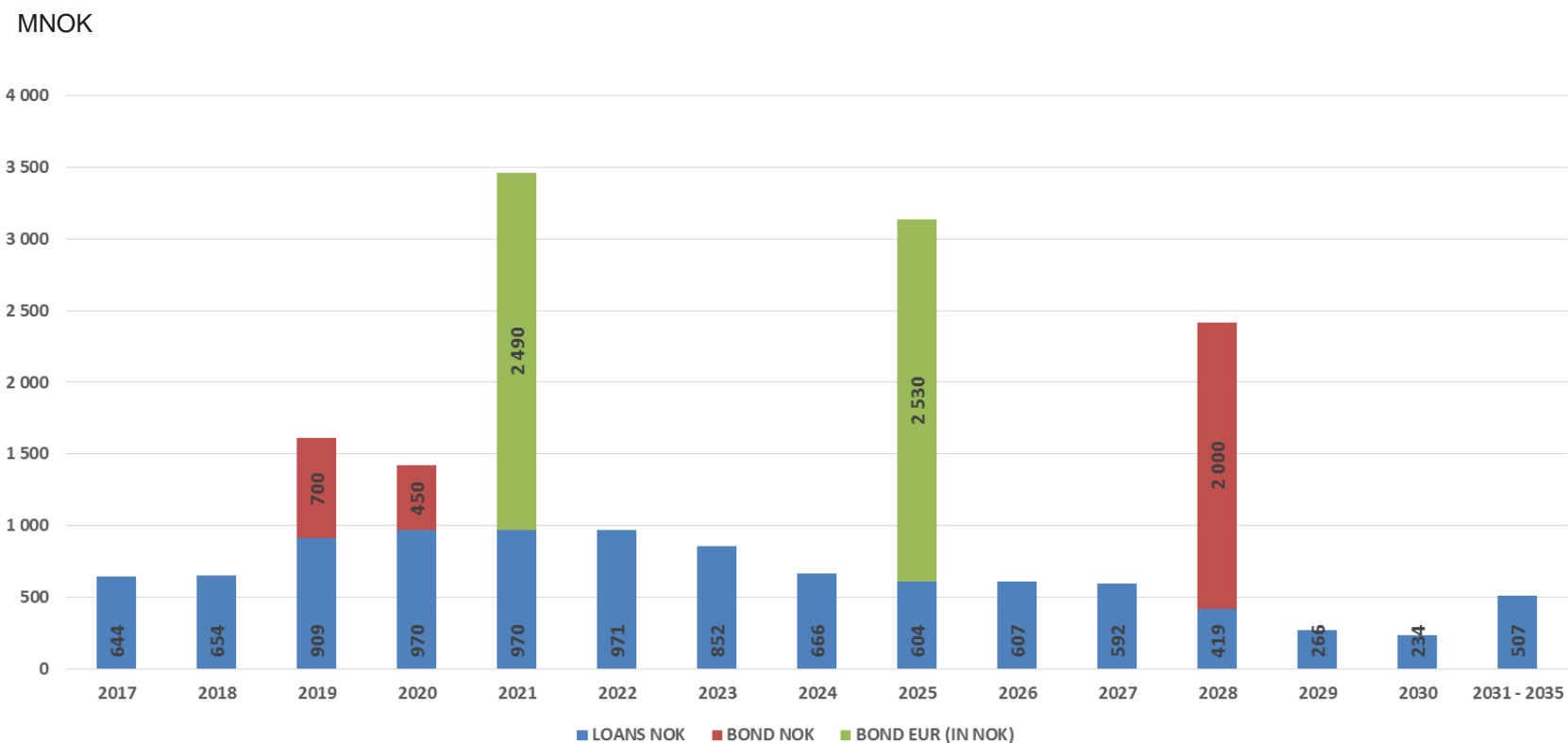


Funding strategy

- EMTN-programme
 - Eurobonds
 - Norwegian bonds
- Commercial paper
- Projects
 - Nordic Investment Bank
 - European Investment Bank
- Bank loans



Debt maturity profile



Contemplated transaction

Issuer	Avinor AS
Rating	A1 Stable outlook by Moody's / AA- Negative outlook by S&P
Targeted Amount	EUR [500,000,000]
Targeted Maturity	10 Years
Use of Proceeds	General corporate purposes
Documentation	€1,500,000,000 EMTN programme dated 14 December 2016
Governing Law	English Law
Clearing	Euroclear and Clearstream
Listing/Trading	Luxembourg Stock Exchange
Status of Notes	Senior Unsecured
Optional Repayment	Make-Whole Provision 3m Par Call
Change of Control	Put option at par
Joint Active Bookrunners	BNP Paribas, Danske Bank, Nordea Bank

Summary

- Leading airport operator in Norway
- Sole provider of air traffic control in Norwegian airspace
- Government ownership
- Strategic importance to national infrastructure
- Diversified revenue base, resilience in event of carrier failing
- Diverse network of airports mitigates risk of exposure to the oil and gas industry
- Substantial passenger growth opportunity
- Strong and predictable cash flow generation
- Conservative financial and dividend policy to mitigate traffic volume risk

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