



AVINOR

Debt investor presentation
November 2017

Agenda

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

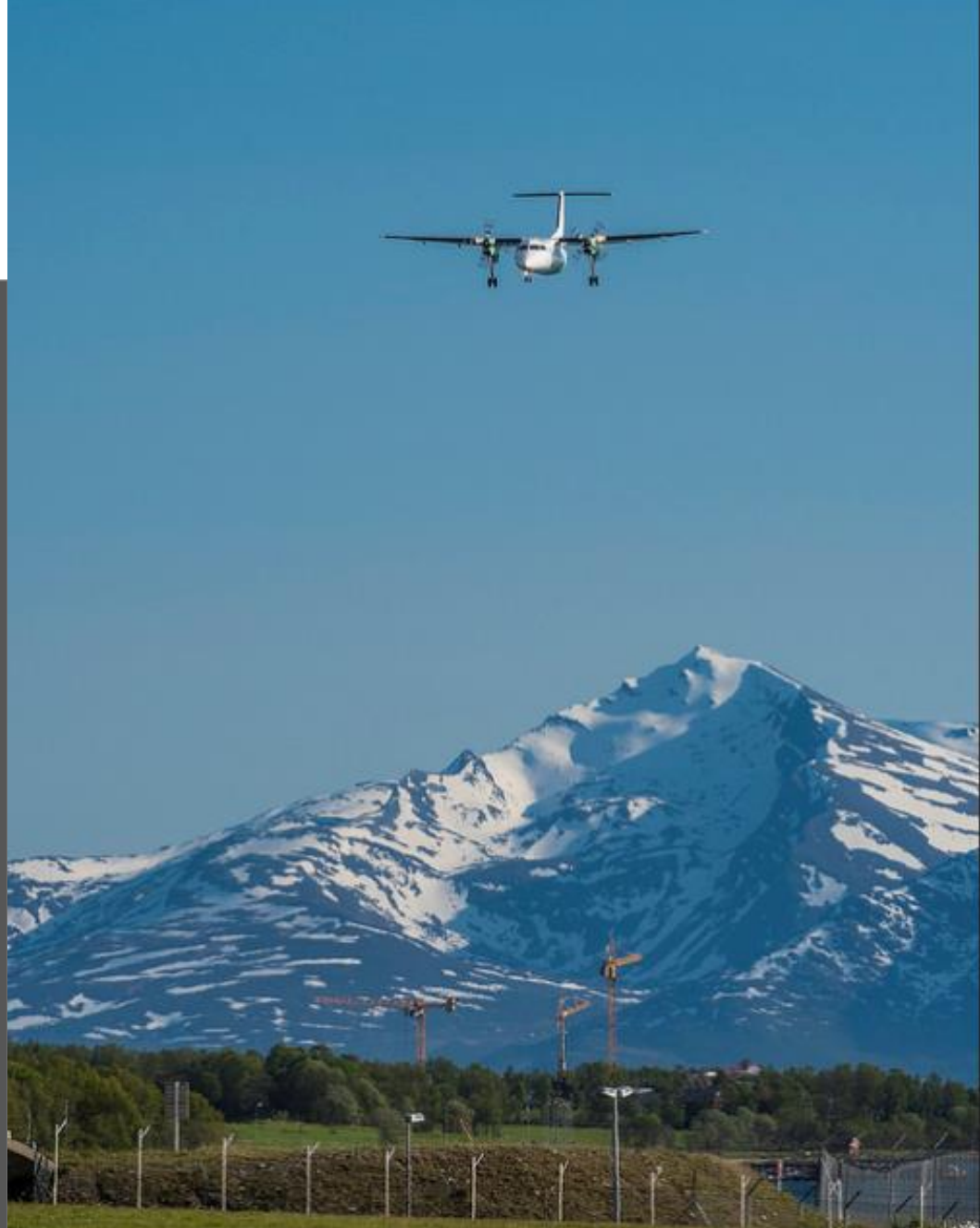
In brief

100% state owned
limited company

Approx. 3000 FTEs

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

Operating revenues:
NOK 10,8 bn (2016)



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 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)

Mission

Ensure safe, efficient and sustainable operation of national aviation infrastructure

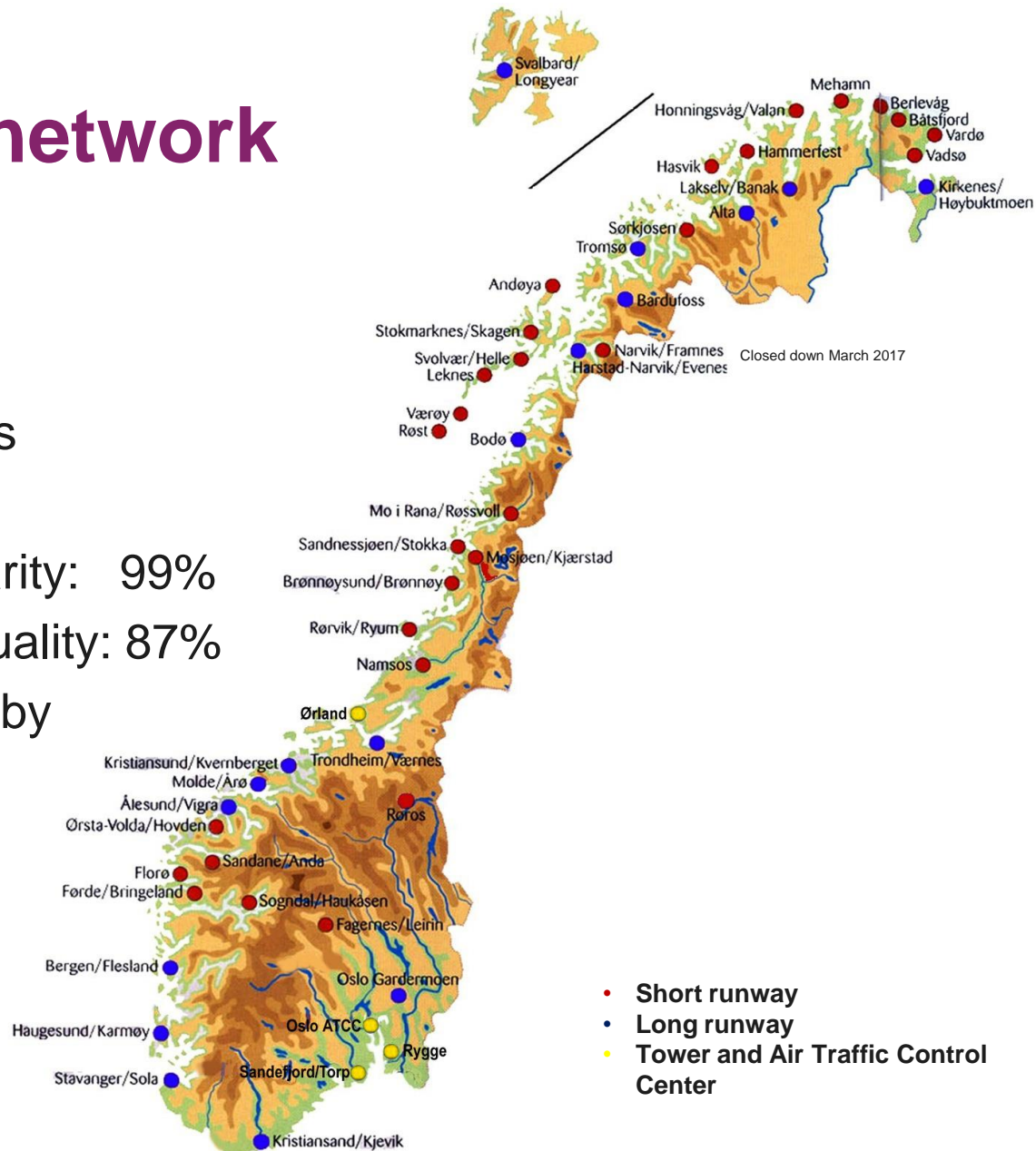
Objectives

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

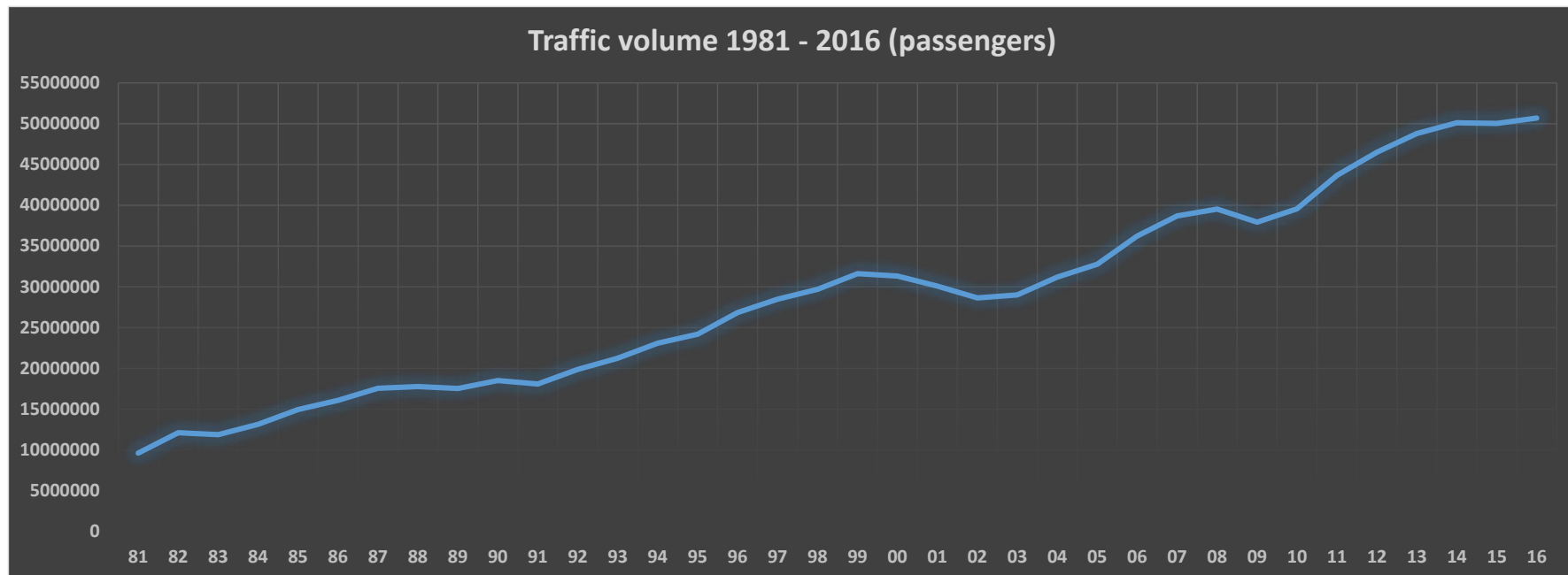


The Norwegian network

- 45 airports,
- 3 air traffic control centers
- 51 million pax per year
- 12-month average regularity: 99%
- 12-month average punctuality: 87%
- Infrastructure ranked # 6 by World Economic Forum

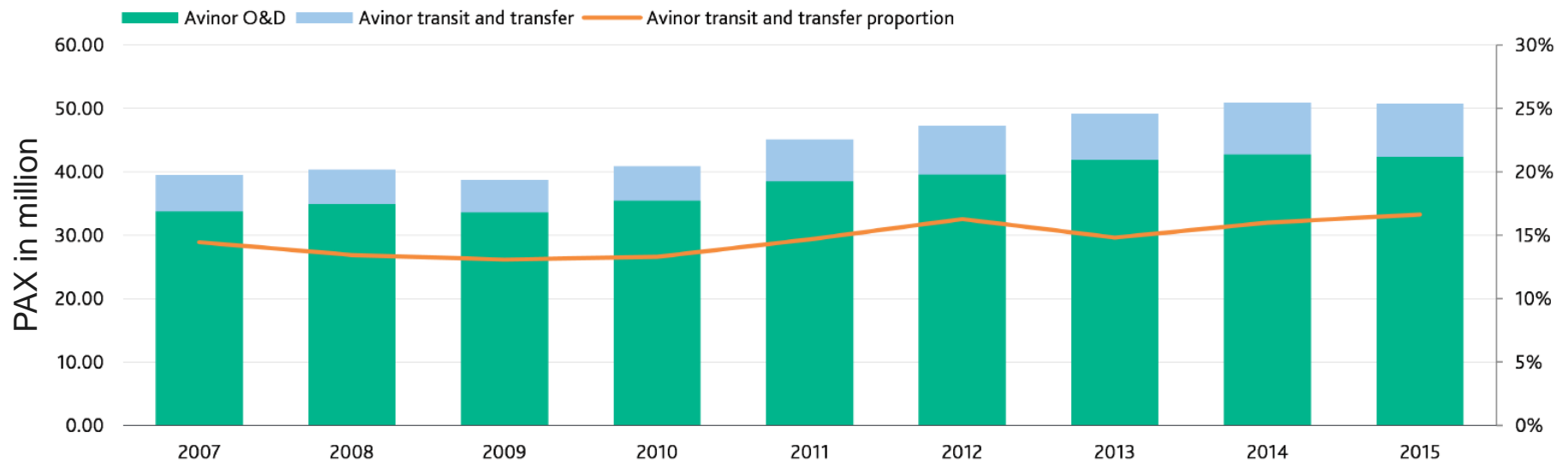


High traffic volume growth 1981 - 2016

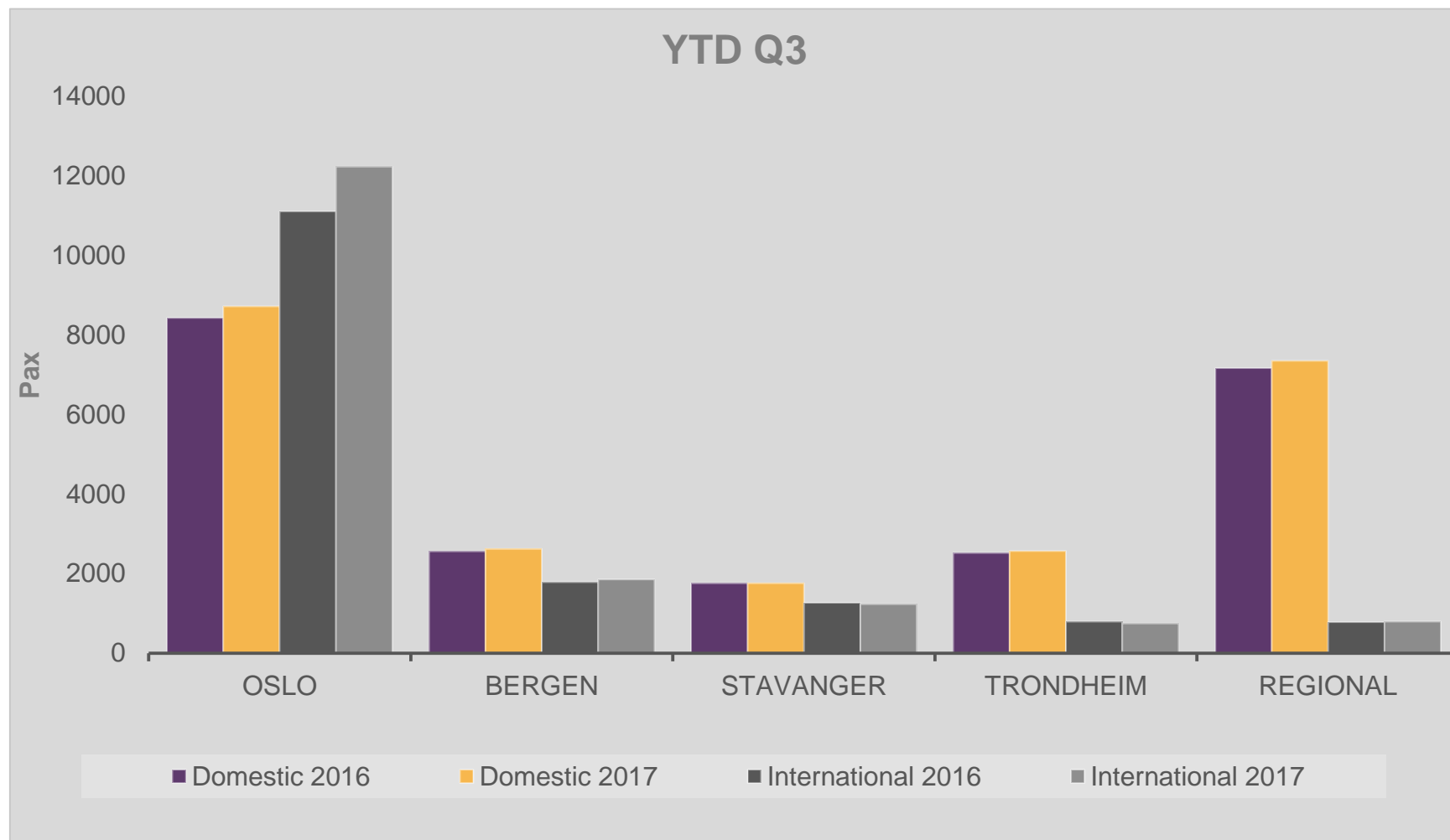


Average annual growth (CAGR) 1981 - 2016: 4,9%

Avinor is less dependent on carrier transfer traffic

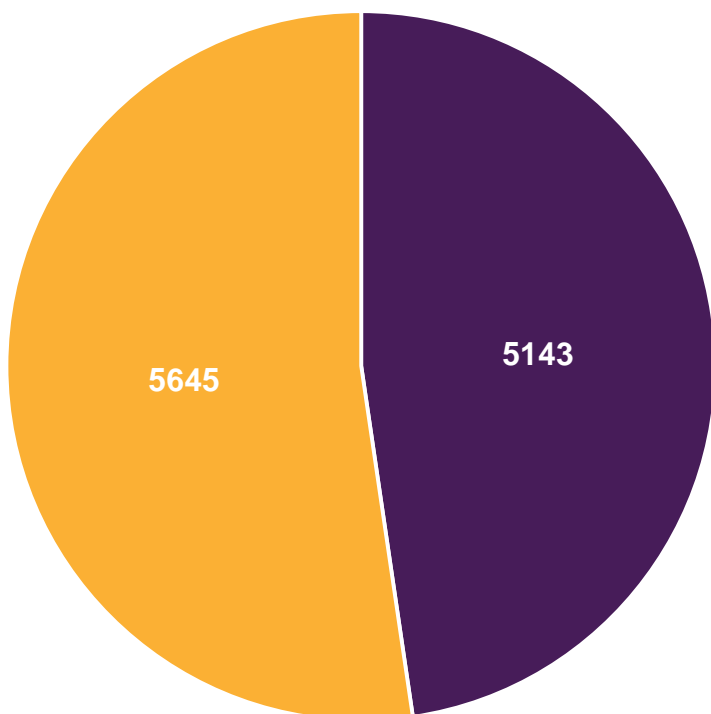


Traffic volume by airport

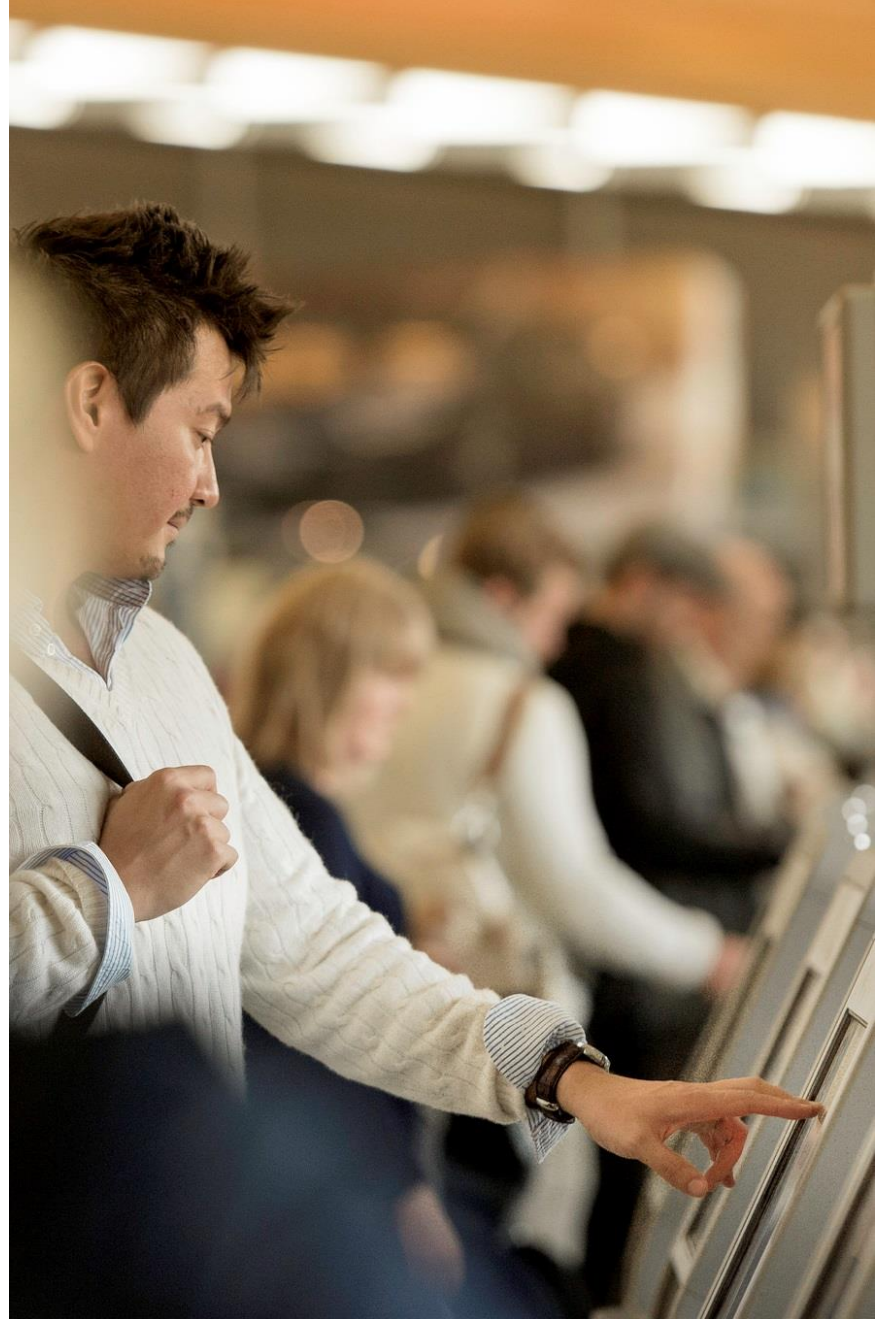


Revenue distribution

Revenue distribution 2016
MNOK



■ Aeronautical revenues ■ Commercial revenues



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 AS	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

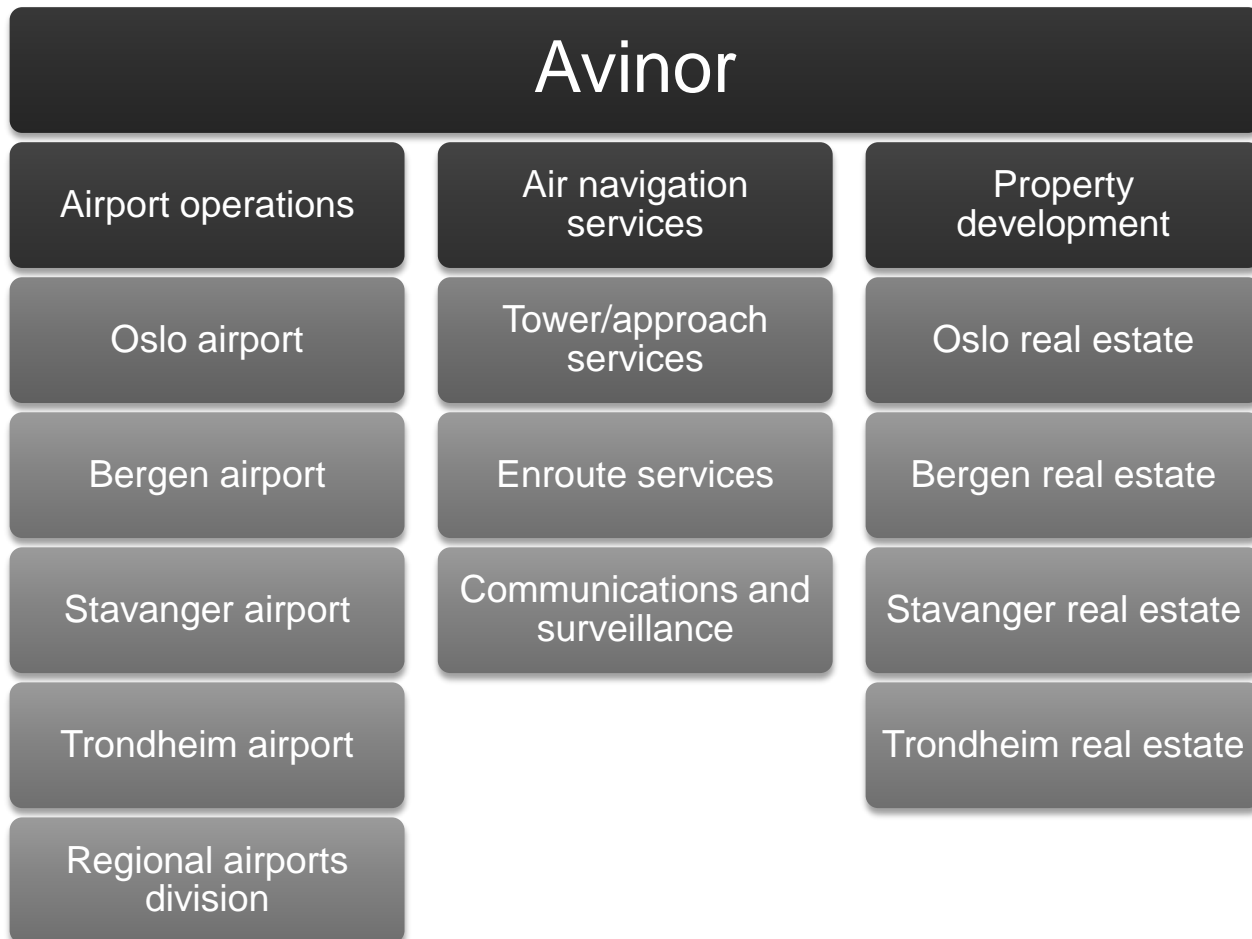


Financial policies and objectives

- 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

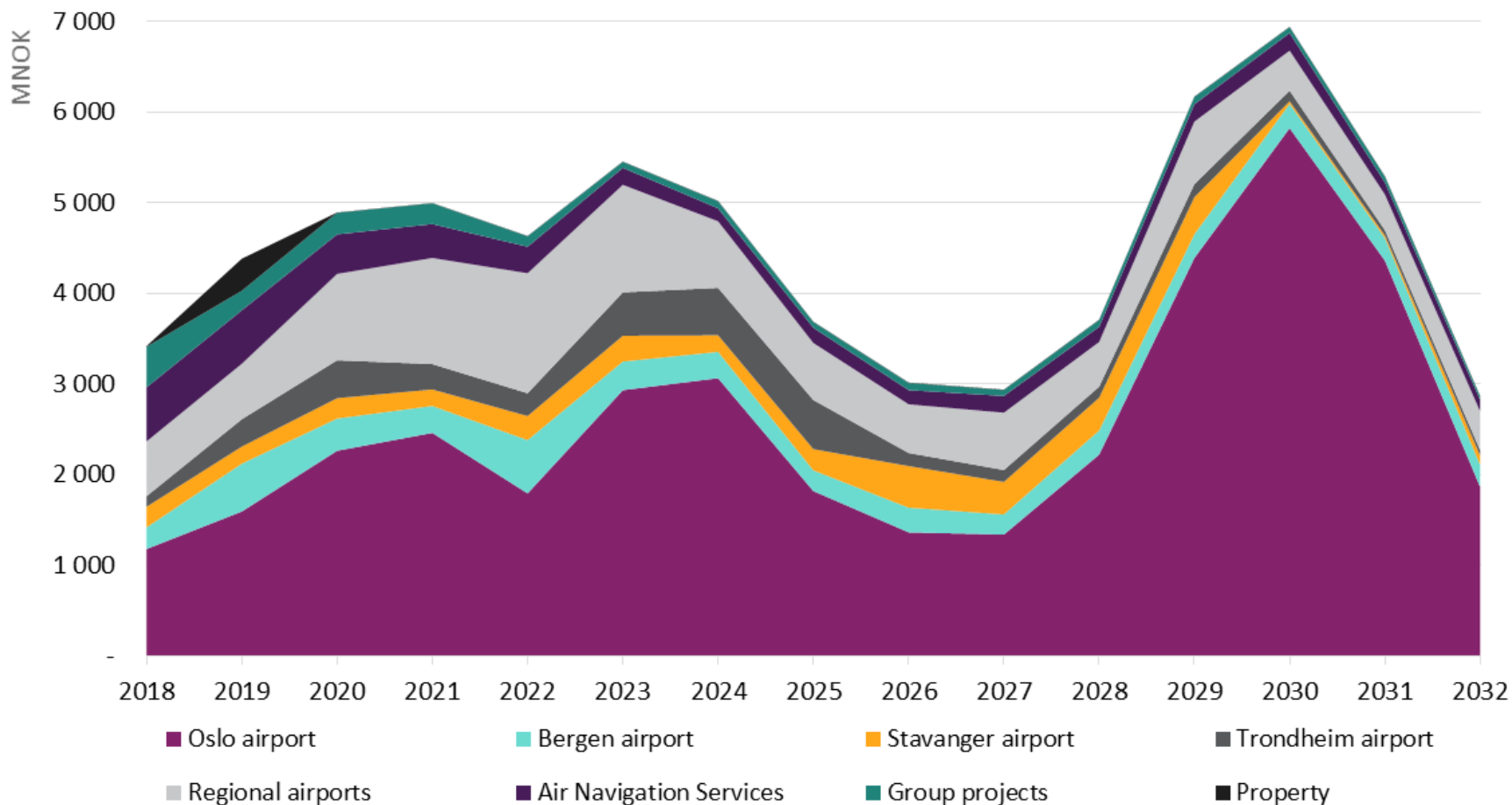
Safe, stable and cost efficient operations	Customer focus	Sustainable aviation
Maintain safety and security Emergency readiness	Competitive aviation charges	Sustainable aviation infrastructure and route development
Competitive provider of airport and air navigation services	Enhance passenger satisfaction	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

	2018 - 2022	2023 - 2027	2028 – 2032
Oslo airport	Expansion Non-Schengen capacity Rebuild existing Terminal 1 Baggage handling existing terminal 1 Parking facilities Oslo	Terminal capacity Airside capacity projects	Third runway New terminal 3
Bergen airport	Rebuild terminal 1 Fire station Parking facilities Bergen	Airside capacity	
Stavanger airport	Terminal capacity	Airside capacity	Terminal capacity
Trondheim airport	Terminal capacity Airside projects	Terminal capacity, phase 2 Airside capacity projects	
Regional airports	Tromsø, Førde, Alta, Evenes, Kirkenes, Kristiansund, Florø	Ålesund, Kirkenes, Kristiansand, Lakseelv	Ålesund, Svalbard
Air navigation services	Remote towers Air traffic management system Surveillance technology (Norwam)	Remote towers phase 2	Enhancement surveillance
Other	Expansion Park Inn Hotel	Bodø	

The planned project portfolio is continuously assessed in regards to financial capacity.

Project forecast 2018-2032



Oslo airport, Gardermoen

New pier opened 27 April 2017



Bergen airport, Flesland

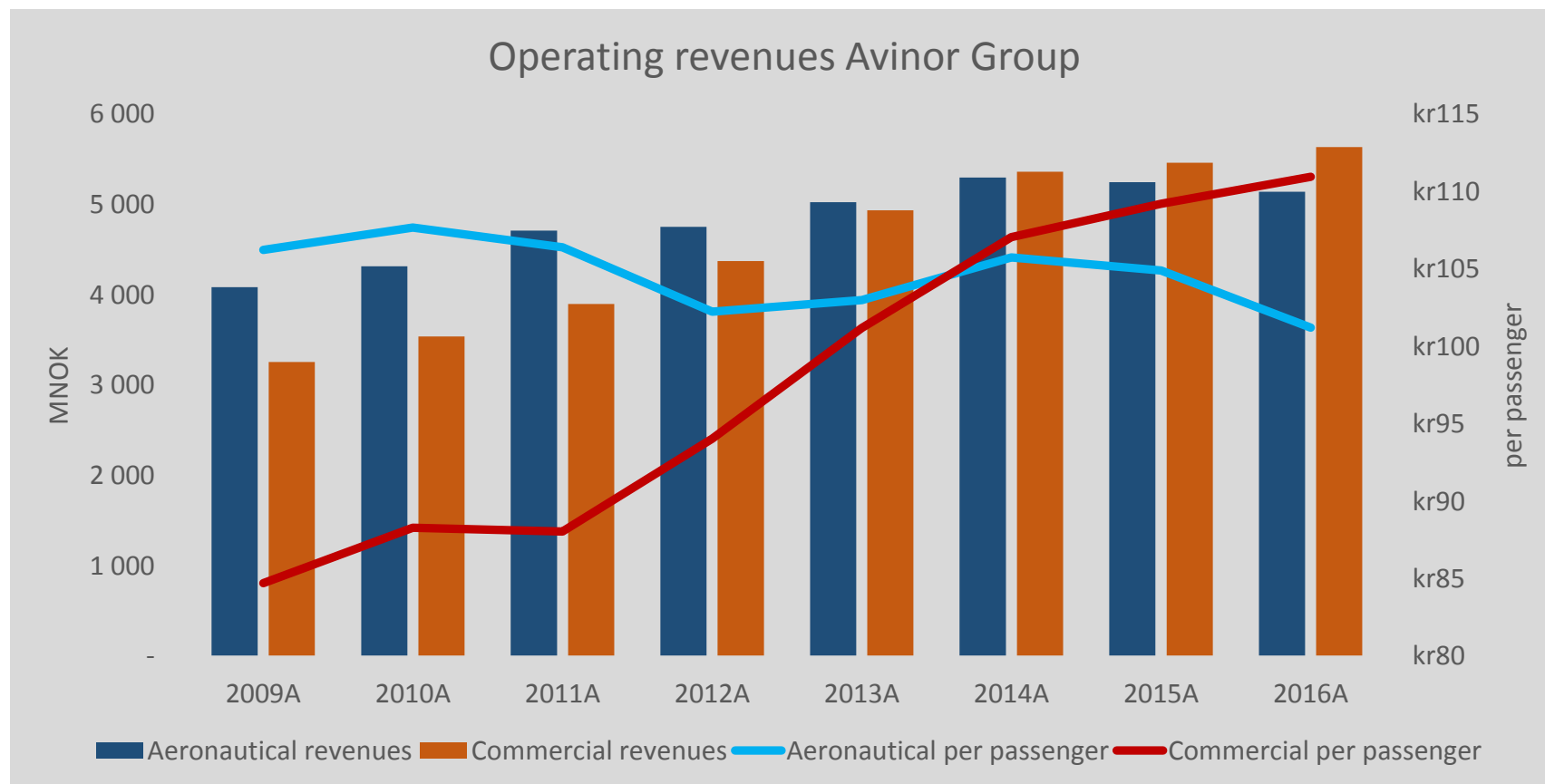
New terminal opened 17 August 2017



Remote tower center, Bodø Completion 2018



Revenue distribution 2009 - 2016

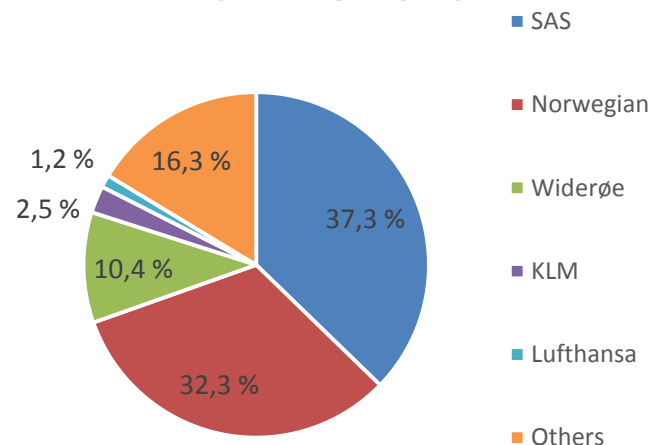


Commercial revenues exceed aeronautical revenues

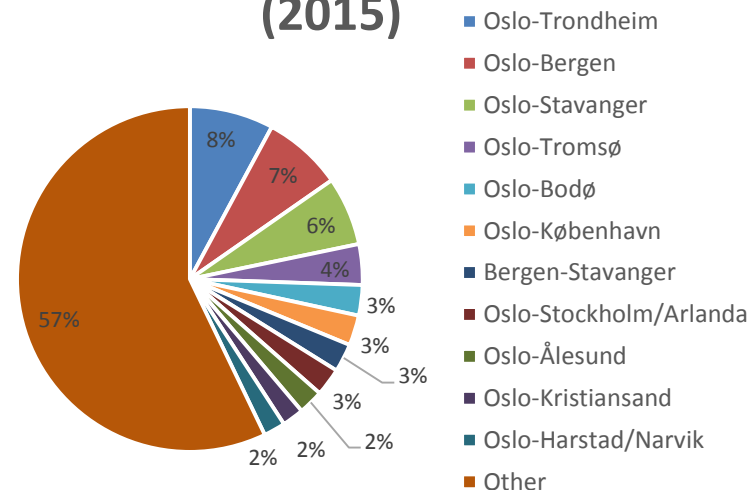
Diversified revenue base

- SAS represents approx. 37% of 2016 traffic income (37% in 2015) and Norwegian approx. 32 % (31% in 2014).
- Commercially, all airlines are treated equally when considering the charges and incentives program.
- 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%

Split of traffic income by airline 2016

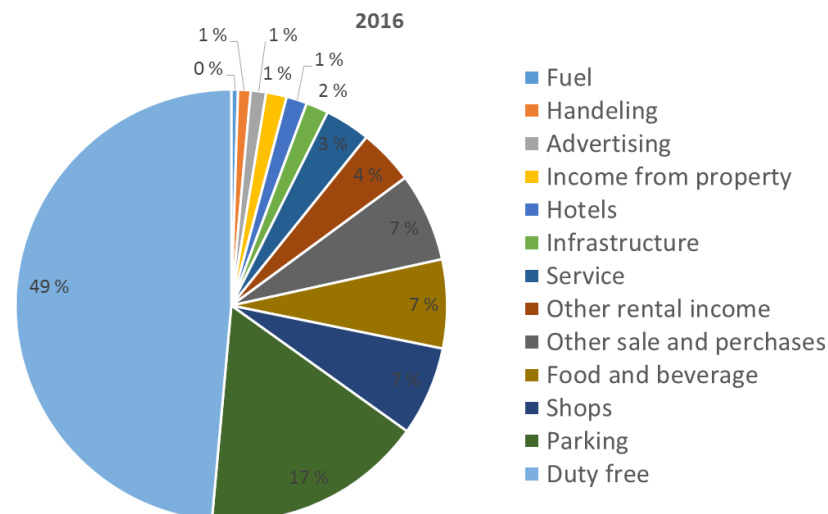


Split of traffic income by route (2015)



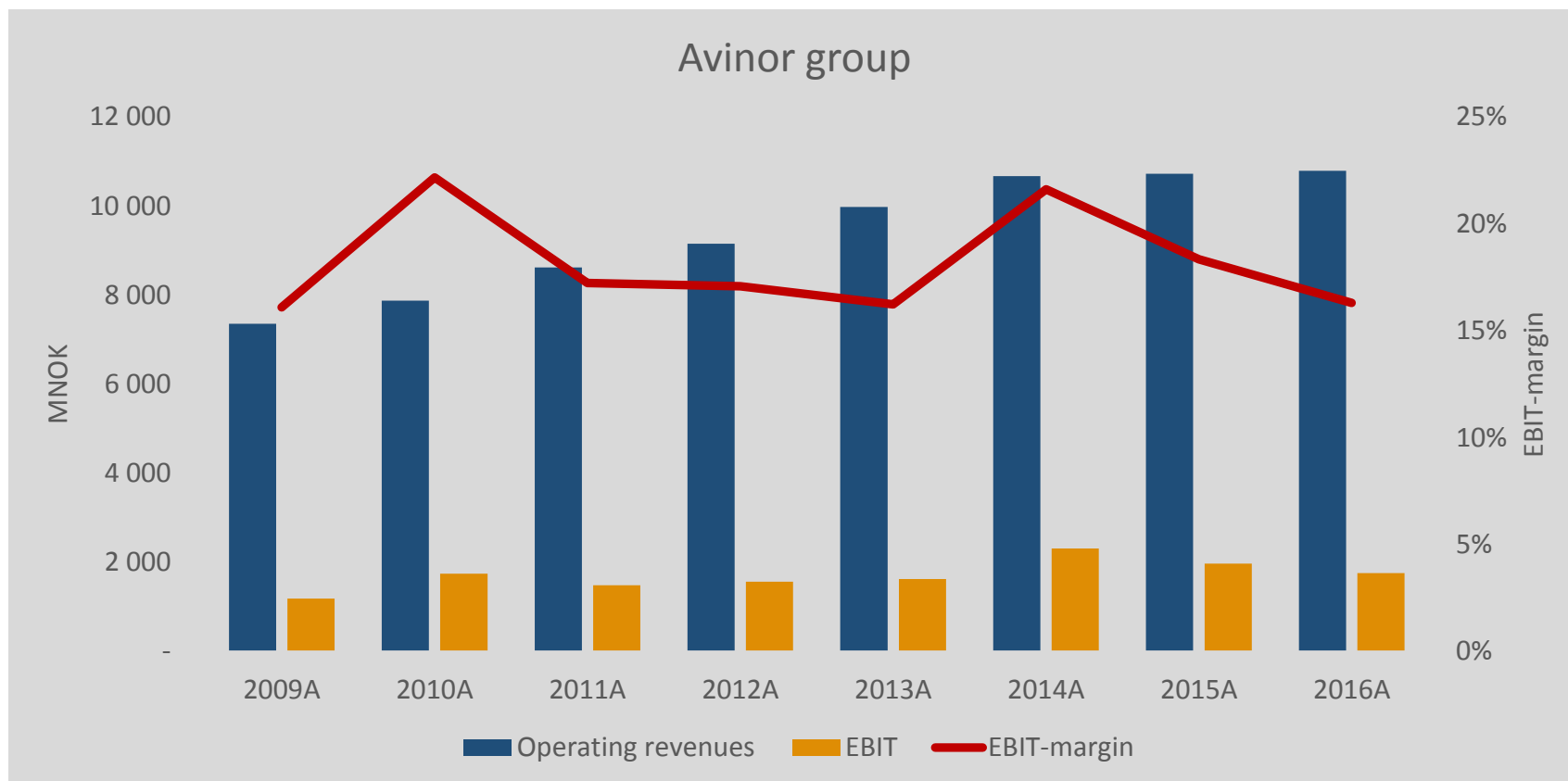
Commercial revenues

Commercial Revenues (mNOK)	2014	2015	2016
Fuel	25 568	26 462	26 382
Handeling	25 074	41 888	49 315
Advertising	66 268	61 719	60 268
Income from property	69 658	80 158	81 387
Hotels	87 394	92 608	81 712
Infrastructure	169 965	156 470	88 218
Service	159 441	181 770	179 036
Other rental income	215 891	230 944	217 881
Other sale and purchases	215 382	299 162	348 731
Food and beverage	331 142	337 812	349 003
Shops	302 902	341 466	351 056
Parking	884 013	868 416	870 944
Duty free	2 526 111	2 511 966	2 552 033
Total	5 078 809	5 230 841	5 255 966



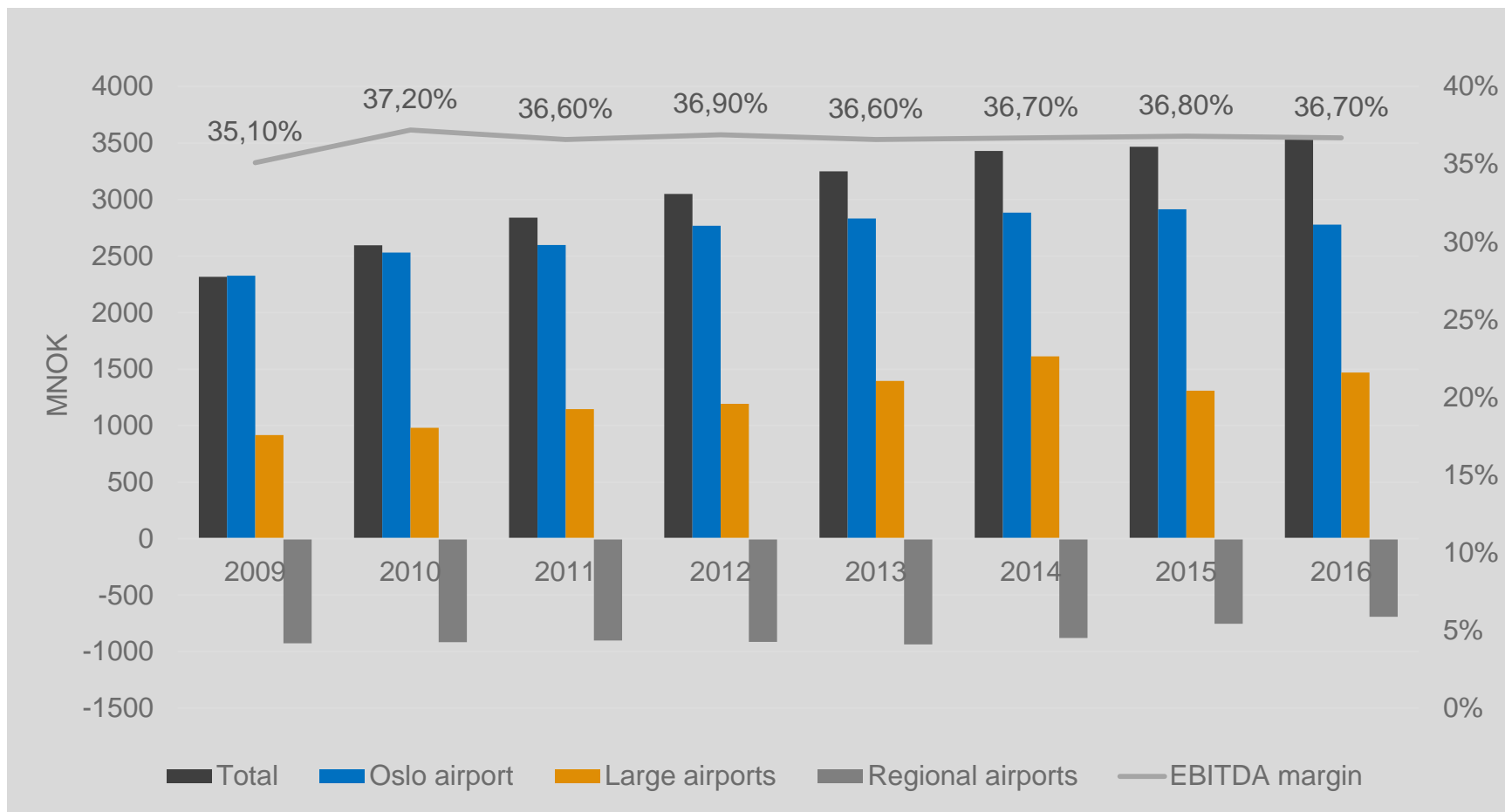
- Commercial revenues offer the highest potential growth rates for Avinor
- Due to high duties on items such as cigarettes and alcohol in Norway, there is a strong incentive to purchase duty free goods upon leaving and arriving in the country via Avinor airports

Group Income 2009 - 2016



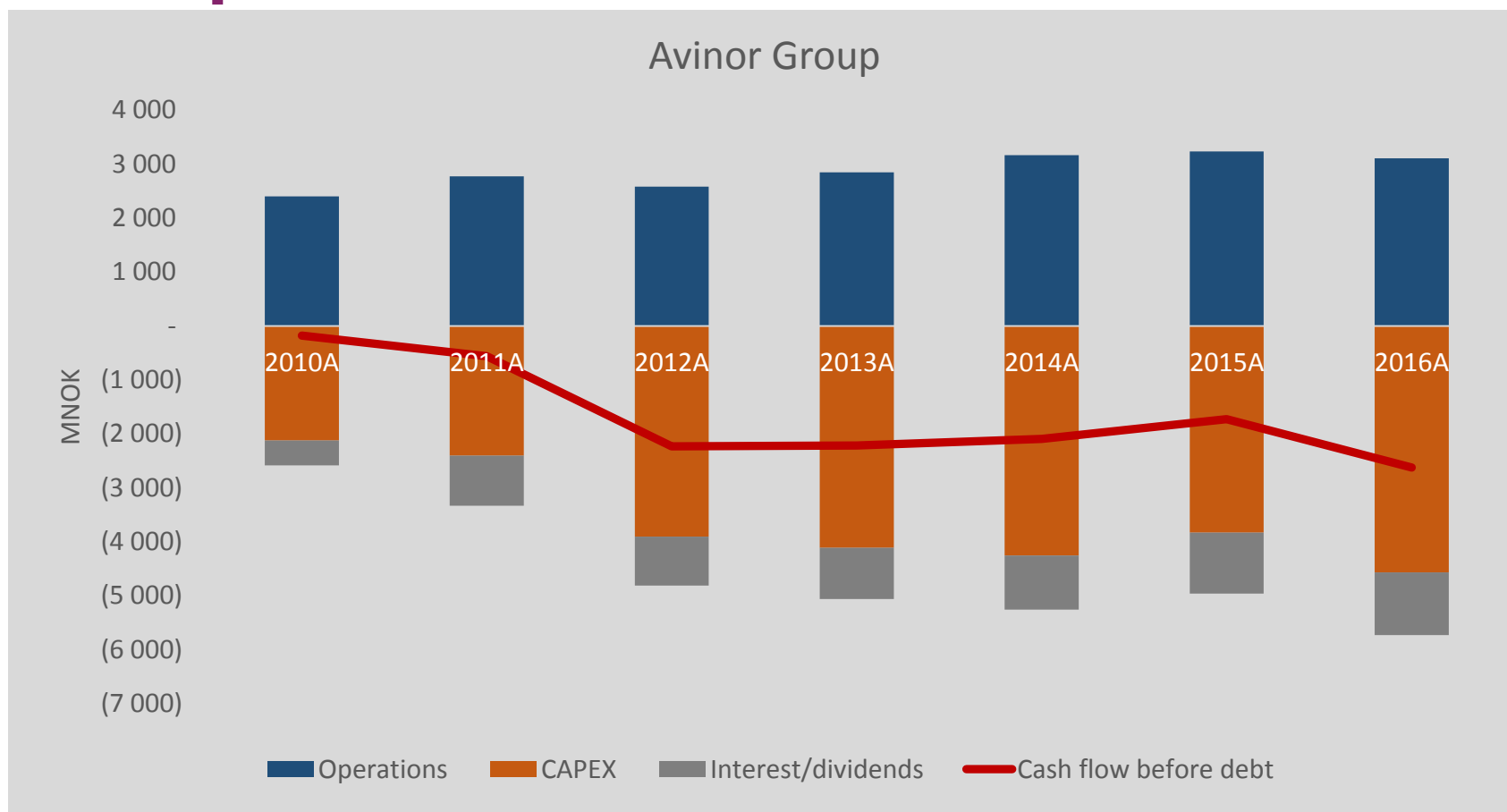
2015: Sale of Radisson BLU, Gardermoen (1 266 MNOK) not included

EBITDA airports 2009 - 2016



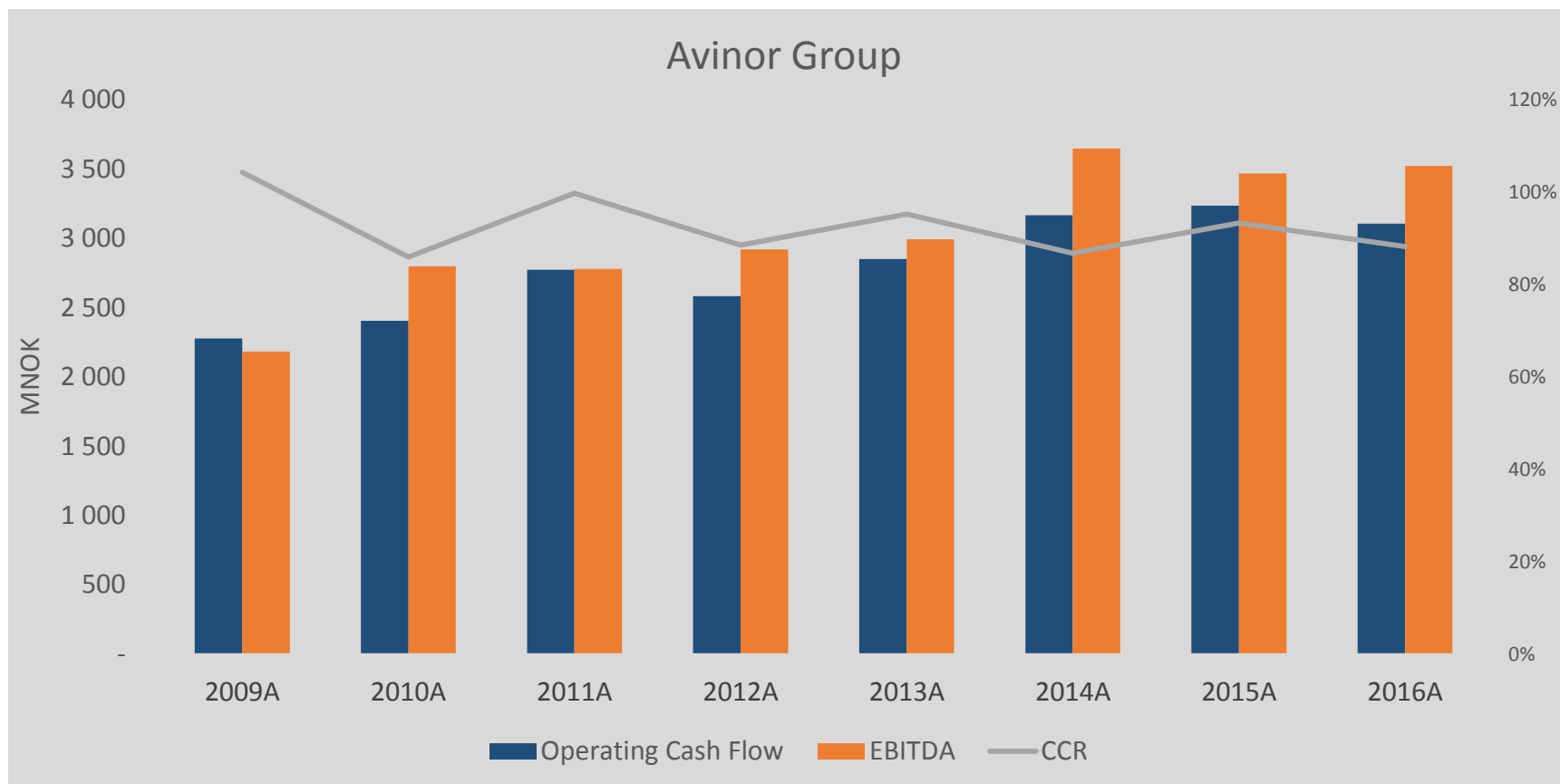
Including project costs

Group cash flow 2009 – 2016



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

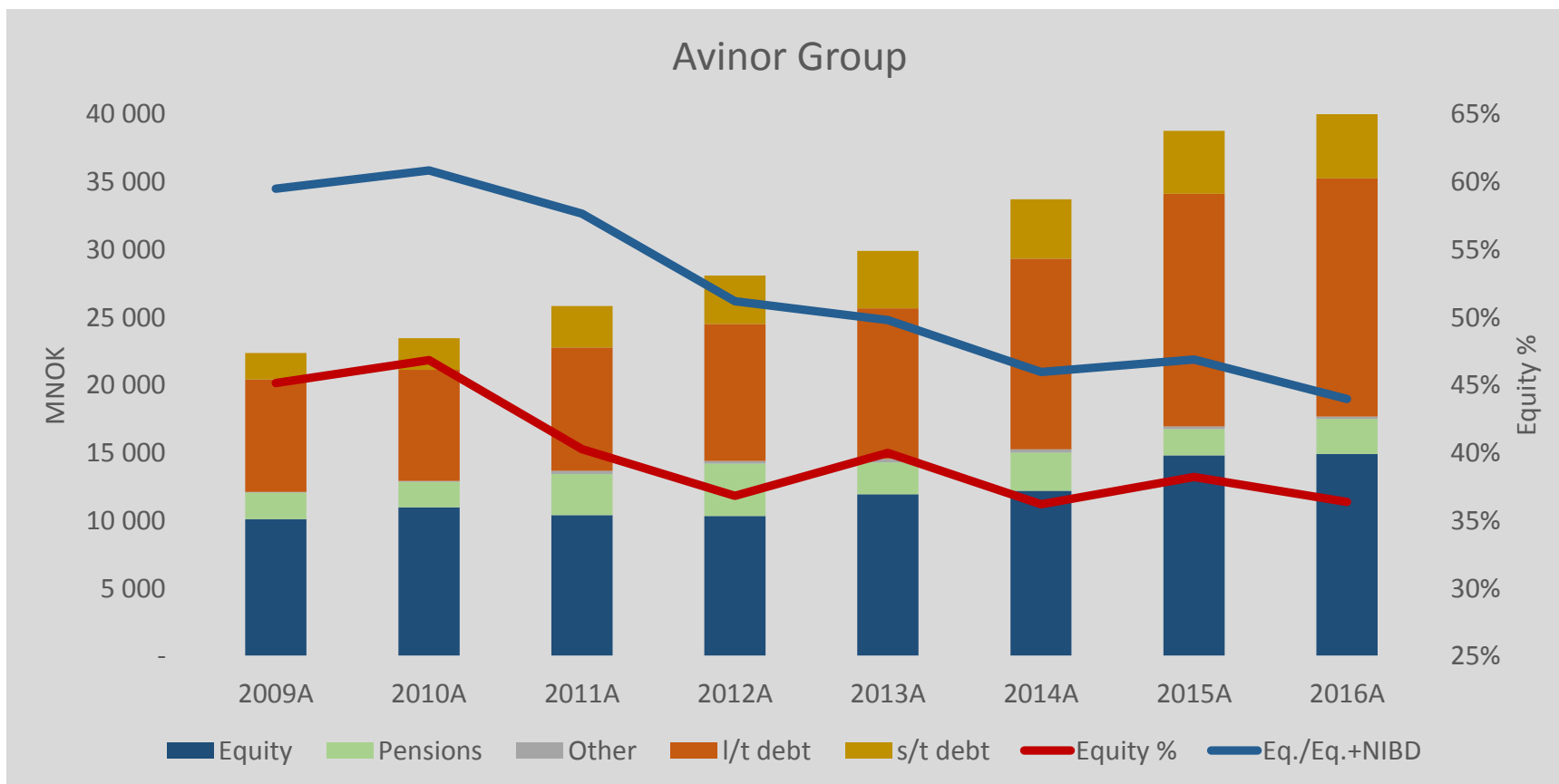
Cash conversion rate 2009 – 2016



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

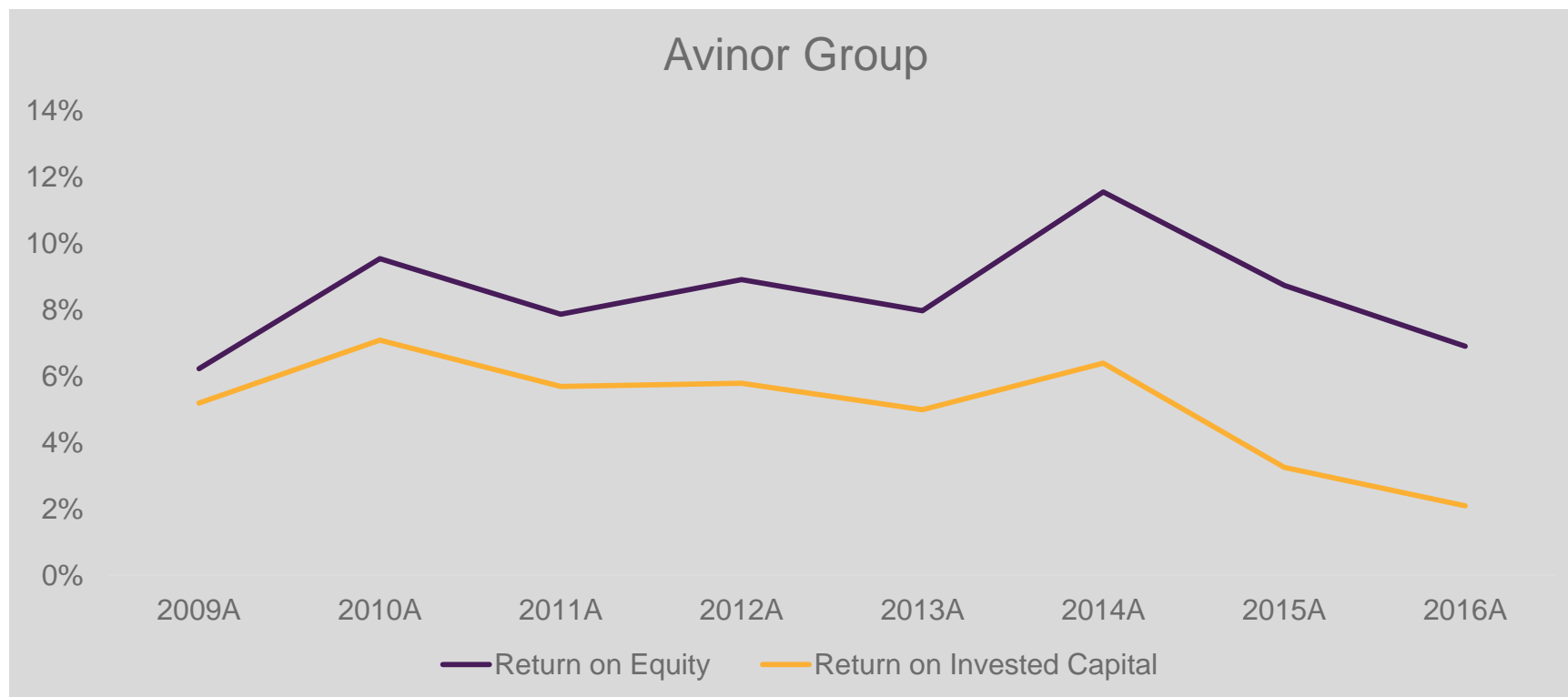
Historically very high cash conversion rate at an average of 93% over the last 8 years

Balance sheet 2009 – 2016



Average annual increase in balance sheet: 9.0 %

Return on investment

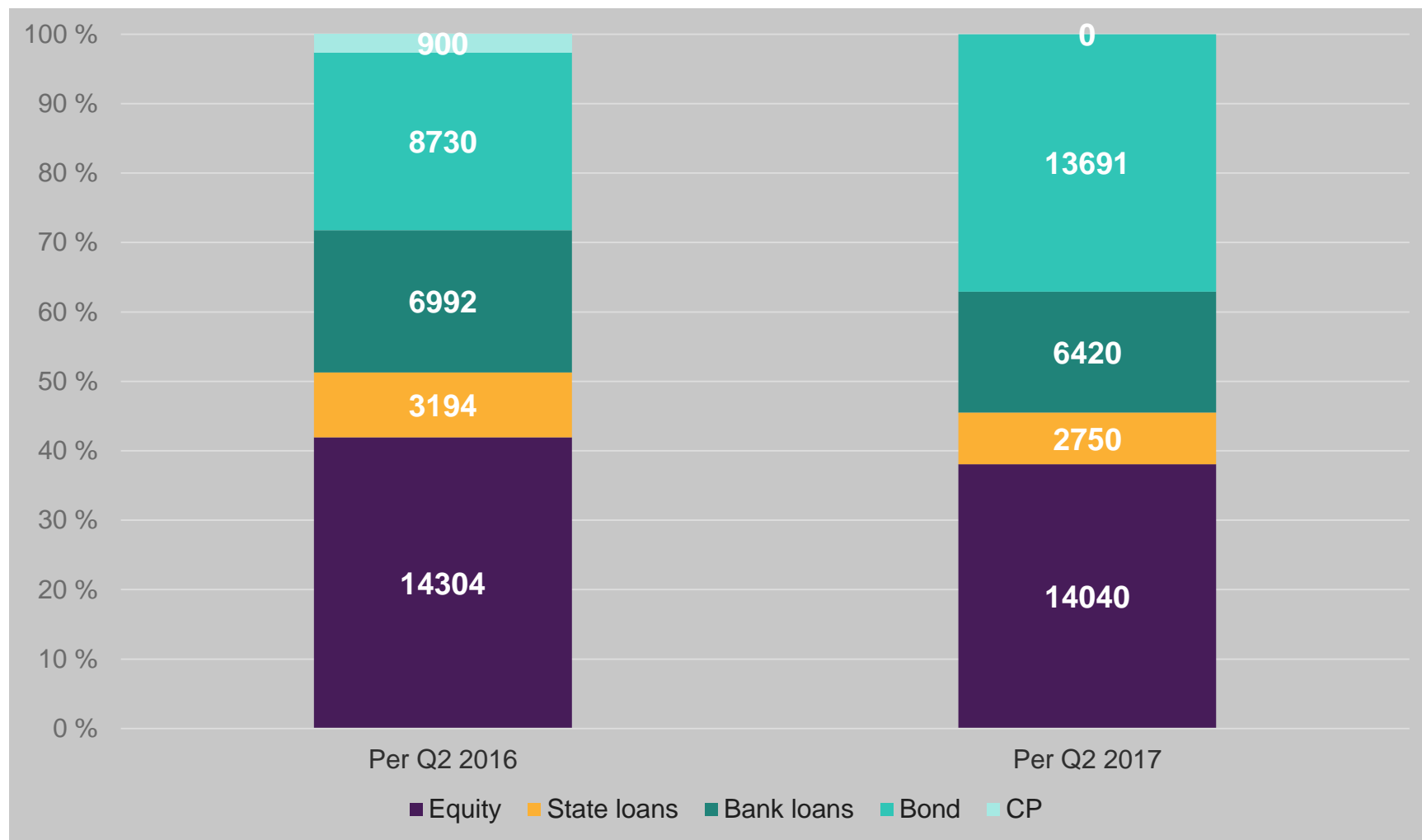


2015: Sale of Radisson BLU, Gardermoen (1 266 MNOK) not included

Year-to-date Q2 2017

MNOK	2017	2016	Full year 2016
Total operating income	5,594.7	5,042.9	10,788.0
Operating expense	-4,712.1	-3,599.8	-7,267.3
EBITDA	882.6	1,443.1	3,520.7
EBITDA margin	15.8%	28.6%	32.6%
Depreciation	-899.0	-827.8	-1,762.9
EBIT	-16.4	615.3	1,757.8
Net finance costs	-293.8	-151.7	-383.6
Profit before income tax	-310.2	463.6	1,374.2
Income tax expense	80.2	-117.3	-345.6
Net income	-230.0	346.3	1,028.6

Current capital structure Avinor Group in MNOK

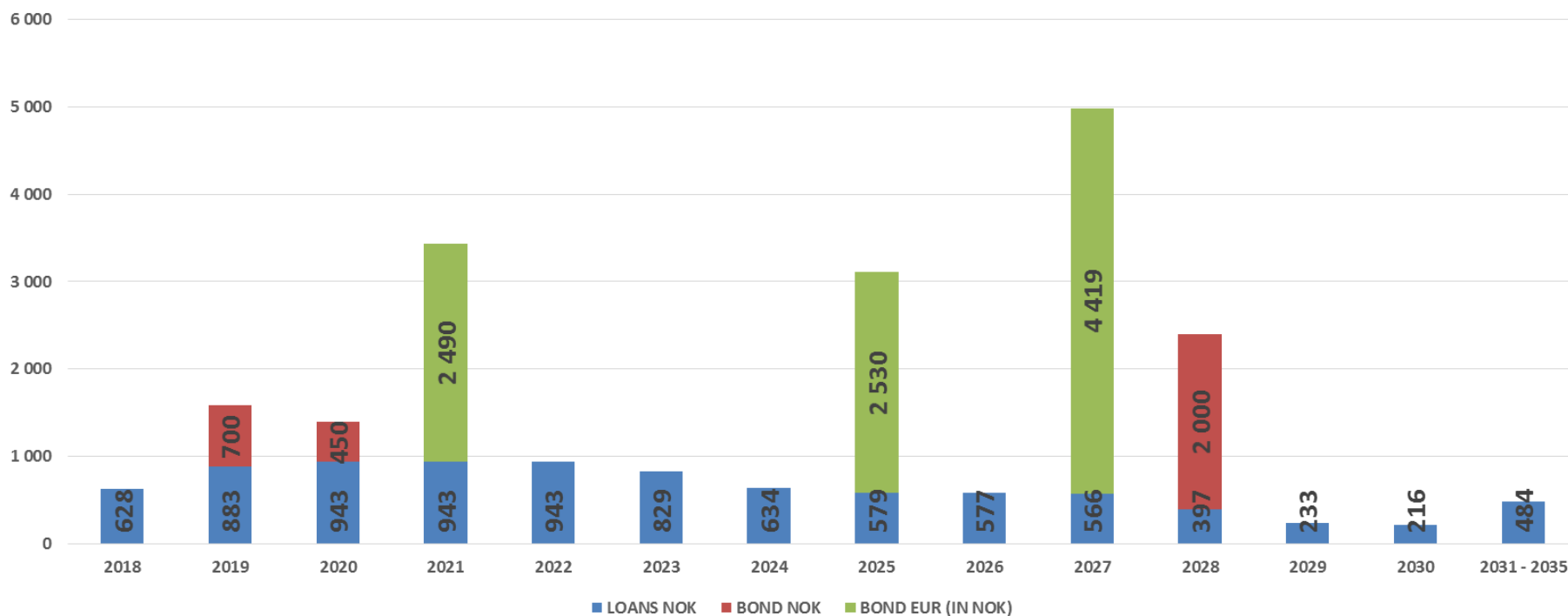


Funding strategy

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



Debt maturity profile



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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