

Debt Investor Presentation

November / December 2019

Petter Johannessen, CFO

Hilde Vedum, Finance Director



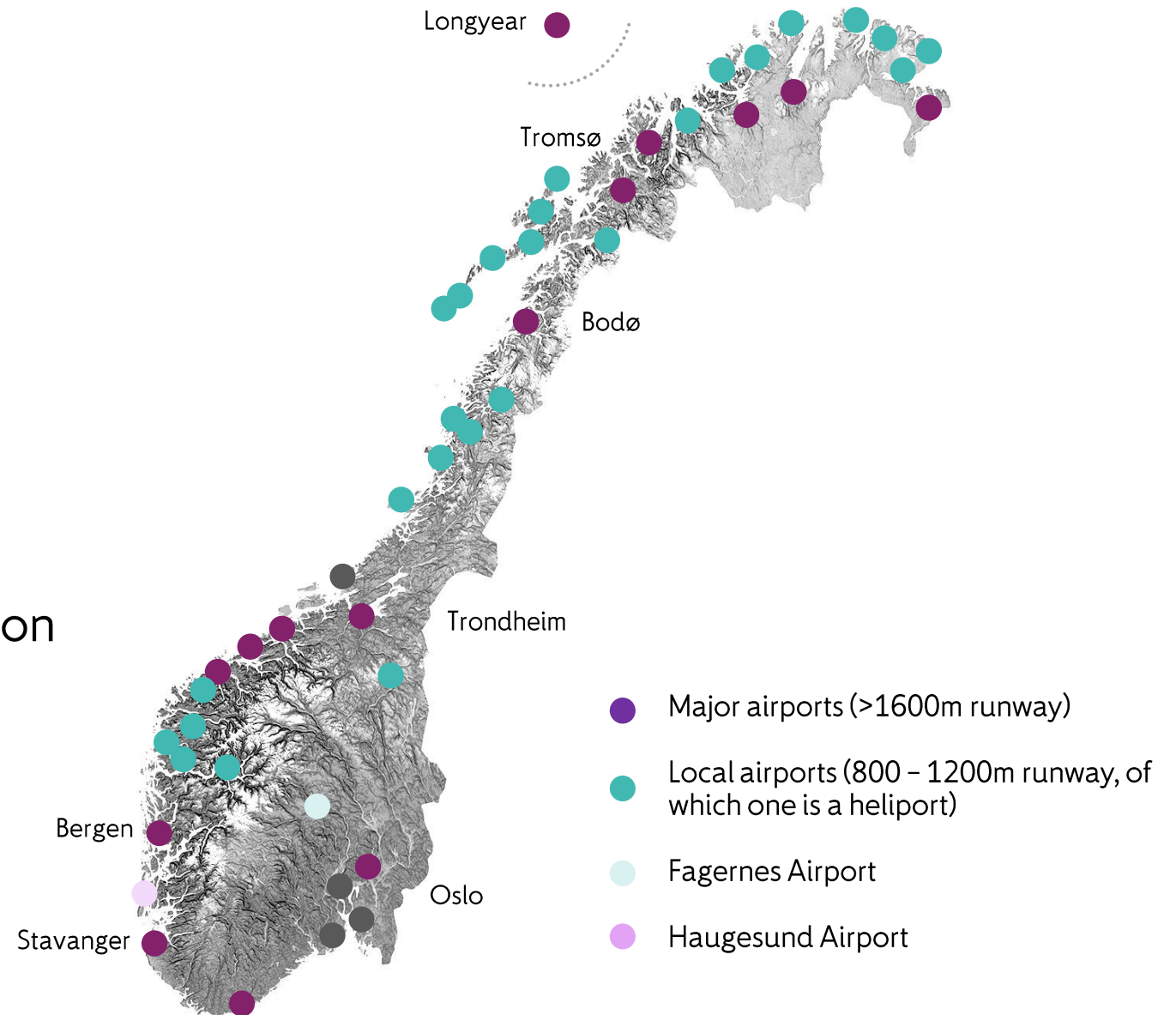
Agenda

- Aviation in Norway
- Mandate and regulatory framework
- Strategy and key projects
- Financial highlights
- Funding



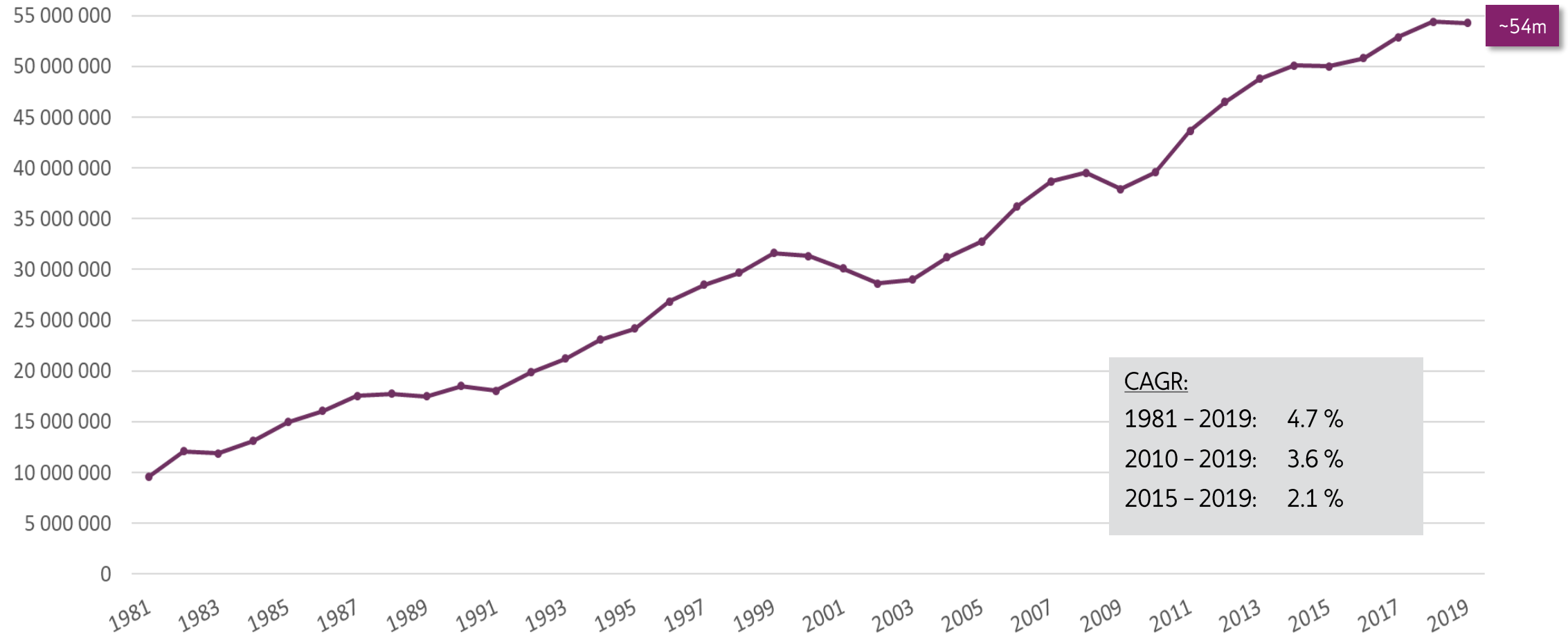
Aviation in Norway

- Population: 5.3 million
- 2 700 km coast line
- 43 Avinor airports
- 54 million passenger per year
- Cost and time-efficient transportation with challenging topography



Traffic volume 1981 – 2019

(Passengers. 2019 numbers are estimated)





Brief history

1947

Luftfartsdirektoratet was established as a government agency

1978

Changed name to Luftfartsverket (still a government agency)

1993

Established as a state company (legally part of the state)

2000

The Civil Aviation Authority was established as a government agency under the Ministry of Transport and Communications

2003

Avinor AS established as limited company wholly-owned by the Ministry of Transport and Communications



The Norwegian Ministry of Transport and Communications is both regulator of and 100 % shareholder in Avinor AS

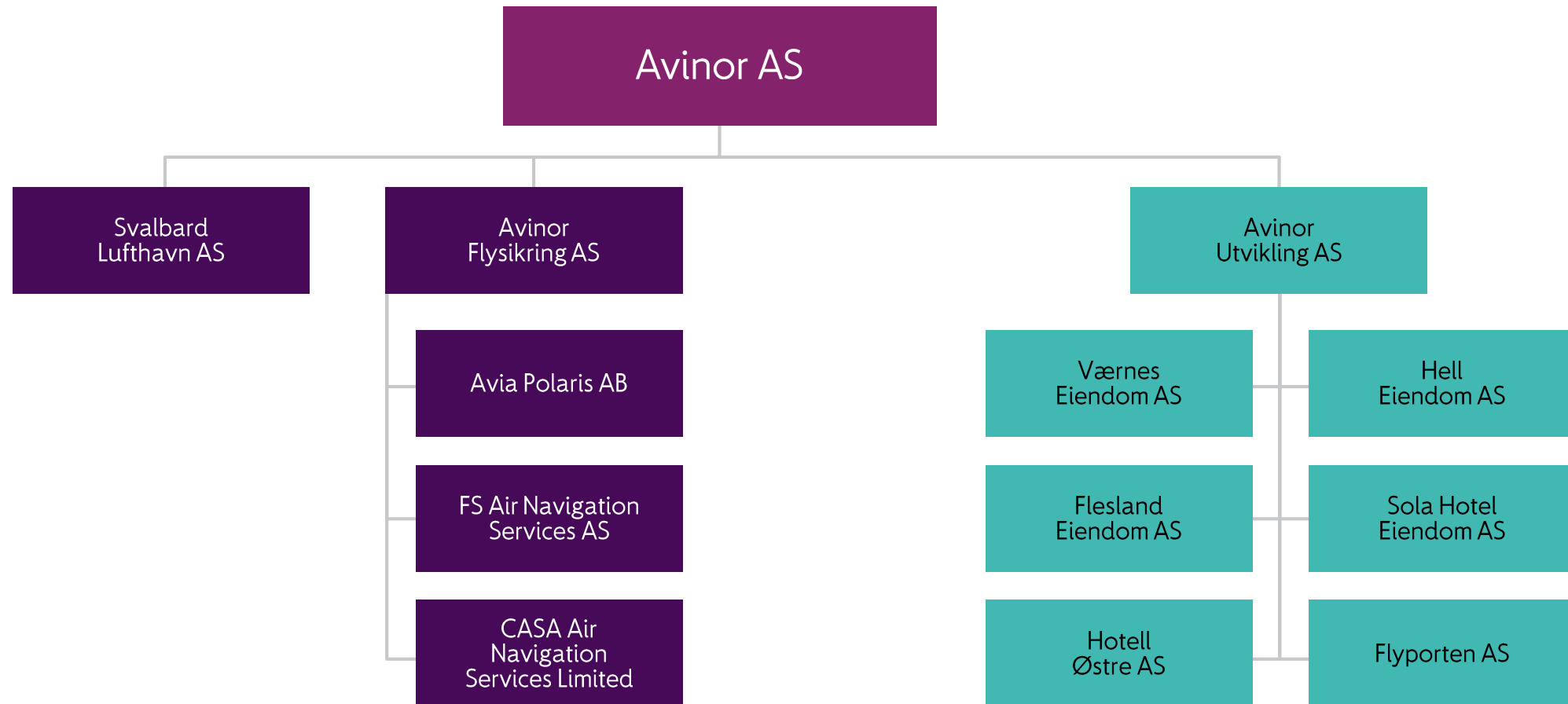
Regulatory requirements

- ✓ Airport charges regulated using single-till principle
- ✓ Air navigation charges as defined by Single European Sky performance scheme
- ✓ Other operations regulations, e.g. safety, security, environmental
- ✓ Regulatory bodies:
 - ✓ ICAO
 - ✓ EASA
 - ✓ Eurocontrol
 - ✓ CAA Norway

Shareholder objectives

- ✓ Safe, reliable, cost-efficient and environmentally friendly operations
- ✓ Network of airports and air navigation services serving both civil and military operations
- ✓ Safeguard adequate capacity and service standards
- ✓ Perform industry-related tasks as defined by owner
- ✓ Self-financed without state-support or subsidies
- ✓ Defined financial targets with respect to profitability, capital structure and dividends

Legal structure



Four strategic focus areas

Community

- Contribute to climate change actions within the aviation industry
- Facilitate route development throughout Norway

Commercial

- Service quality - meet passenger expectations
- Increase commercial revenues

Organization

- Create teamwork and motivation
- Develop digital work processes

Operations

- Maintain safe, reliable and cost-effective operations
- Manage projects and project portfolio

Avinor's corporate social responsibility

- divided into four primary areas:

- Ensuring good aviation services for the whole of Norway (9)
- Being a driving force in climate and environmental efforts (7, 13, 14, 15)
- Being a professional and attractive employer (5, 8, 17)
- Ensuring that we conduct our business responsibly (8, 12)



Corporate social responsibility - climate

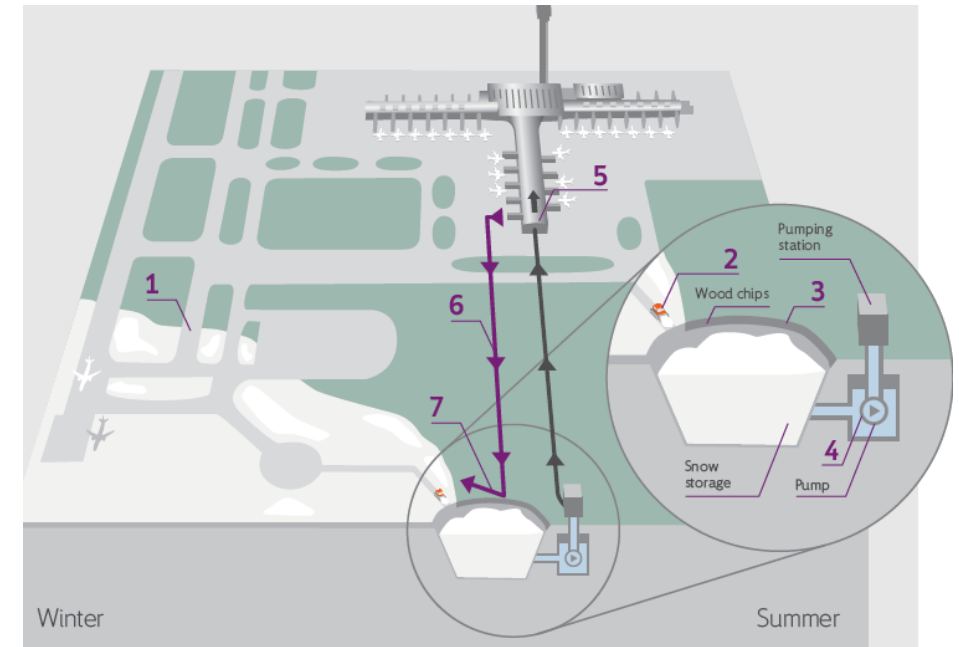


UN's sustainability goal no. 7
(clean energy for all)

Energy goal:

Avinor shall by 2020, reduce energy purchases by 25 % compared to energy usage in 2012

- Develop new energy solutions:
 - Drill a 1 500m borehole to extract geothermal energy at OSL
 - Store and use snow to cool the terminal at OSL
- Implement an energy leadership system at all airports



Corporate social responsibility - climate



UN's sustainability goal no. 13
(stop climate change)

Climate goal:

Avinor will reduce its total controllable greenhouse gas emissions by 50 % in 2022 compared with 2012 and contribute to reductions in greenhouse gas emissions from transport to and from the airport, as well as air traffic

- Climate programme focused on the following areas:
 - Electrification and biofuel
 - Increase use of public transport and reduce greenhouse gas emissions from the public transport system
 - Reduce emissions from own operations

Corporate social responsibility - environment



UN's sustainability goal no. 14
(life underwater)

Water quality and run off goal:

Activities at Avinor's airports shall not lead to new incidents of ground pollution or reductions in the quality of the aquatic environment

- Large improvements have been implemented to technical installations such as tank farms, de-icing platforms and fire fighting practice areas
- Preventative maintenance systems are in place for all systems with critical emission potentials
- Environmental requirements are applied to all purchases to ensure the use of the most environmentally friendly chemicals at the airports
- Pollution from previous activities is being treated

Corporate social responsibility - environment



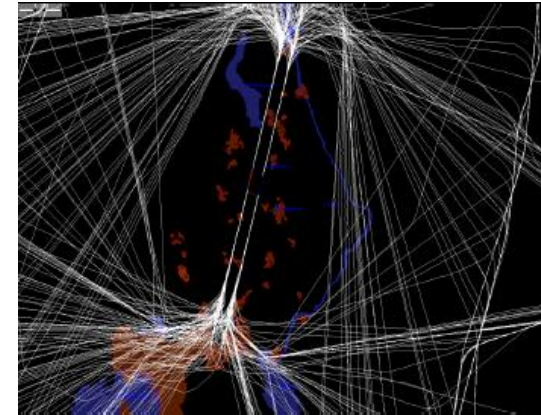
UN's sustainability goal no. 15
(life on the land)

Noise goal:

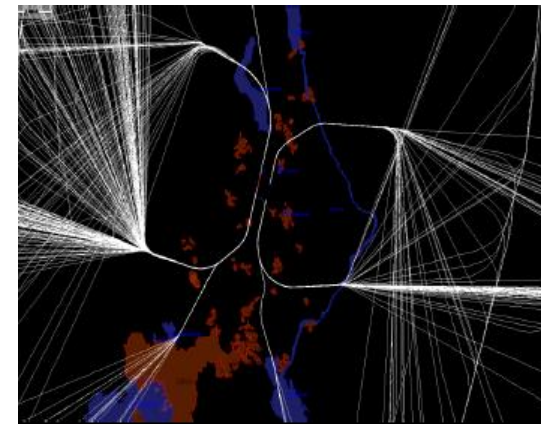
Avinor shall work constructively to reduce the noise burden from aircraft and helicopter traffic for the population around Avinor's most noise exposed airports by 2020

- Avinor is the international leader for establishing curved procedures to guide air traffic outside populated areas. This requires new equipment on aircraft and crew training.

Traditional approach

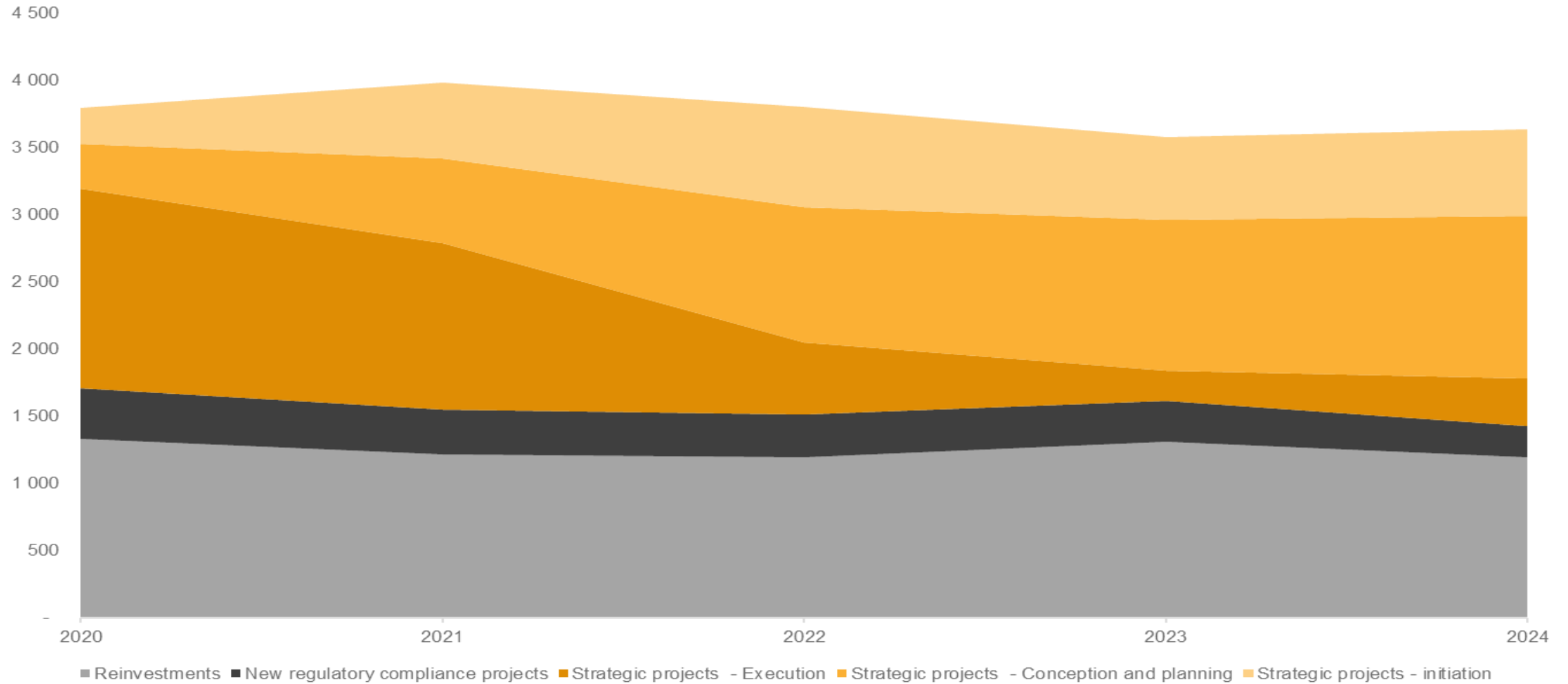


Curved approach



Capex programme 2020 – 2024

(MNOK)



Oslo Airport

Non-Schengen

- Extension of Non-Schengen part of terminal started in January 2019, planned completion by summer 2022
- Total cost estimate of NOK 3.2 billion

New Baggage Handling System (BHS)

- Tender to be published spring 2020, planned completion by 2025
- Preliminary cost estimate of NOK 2.3 billion



Tromsø airport

Tromsø airport 2019



New Tromsø airport

Total cost estimate NOK 960 million



Bodø airport

Today's airport - Fire and rescue operation and runway maintenance

- New contract with Falck Brann og Redningstjeneste AS for these two services started May/July 2018

New airport in Bodø

- A new airport (terminal and runway) further away from the city center
- Planning phase ongoing until 2020 when decision will be made by the Parliament
- Construction phase 2021-2026



Remote Towers



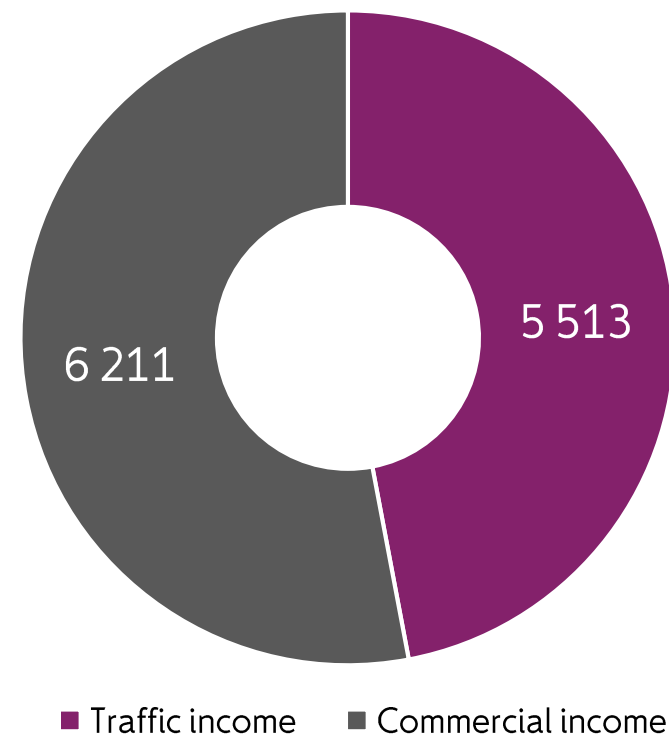
- 19 October 2019 – Røst airport became remote from Bodø
- Total of 15 airports to be remote by end of 2022
- Project together with Kongsberg Gruppen AS

Group revenues Q1 – Q3 2019

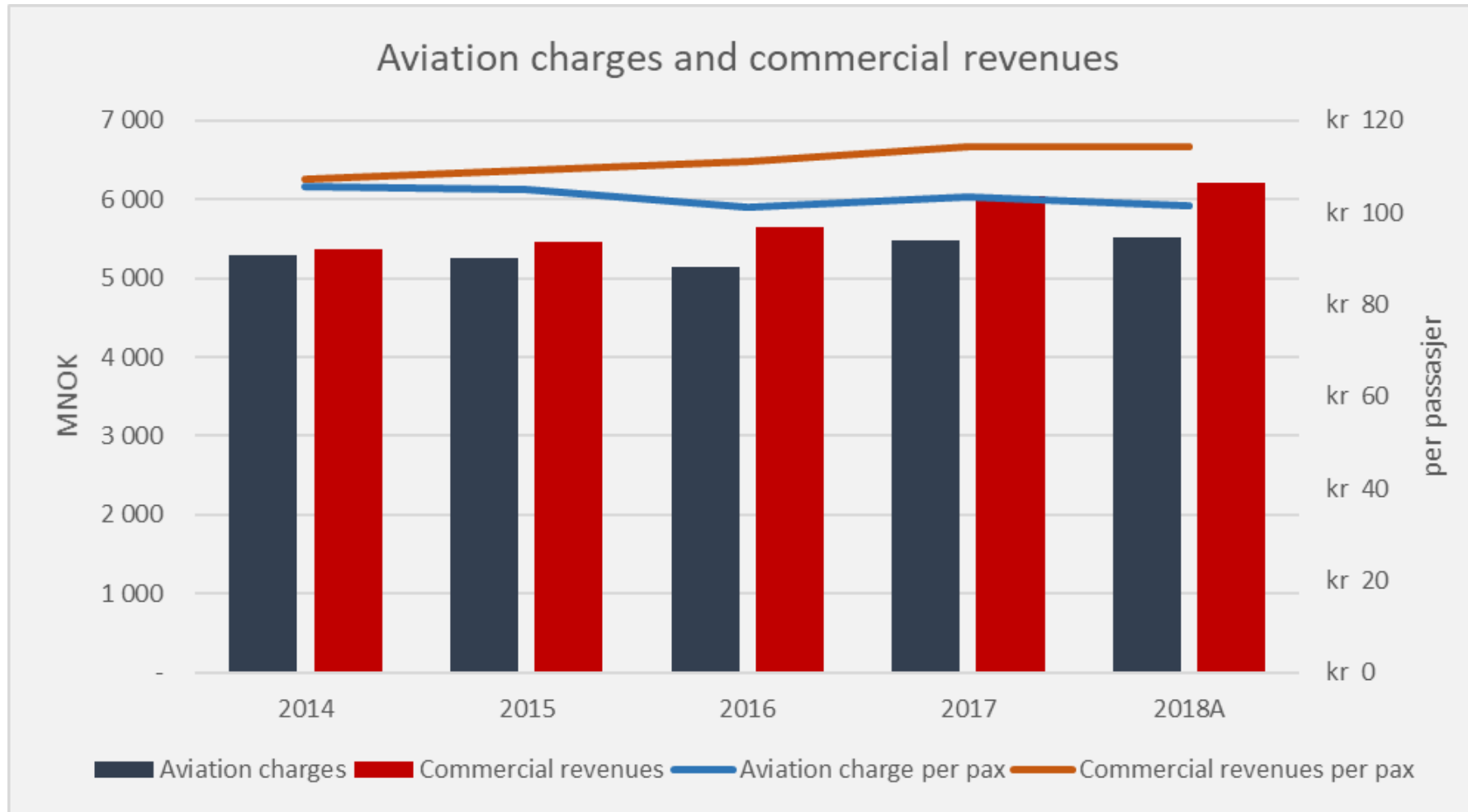
(MNOK)

	Q1 – Q3 2019	Q1 – Q3 2018	2018
Traffic income	4 073	4 171	5 513
Commercial income	4 768	4 638	6 211
Total group income	8 841	8 809	11 724
Total group expenses	6 327	5 642	7 523
EBITDA group	2 514	3 167	4 201
Depreciation / amortization	1 619	1 553	2 103
Net finance income/cost	429	464	601
Profit/loss before tax	466	1 150	1 497
Income tax expense	102	264	327
Profit/loss after tax	364	887	1 170

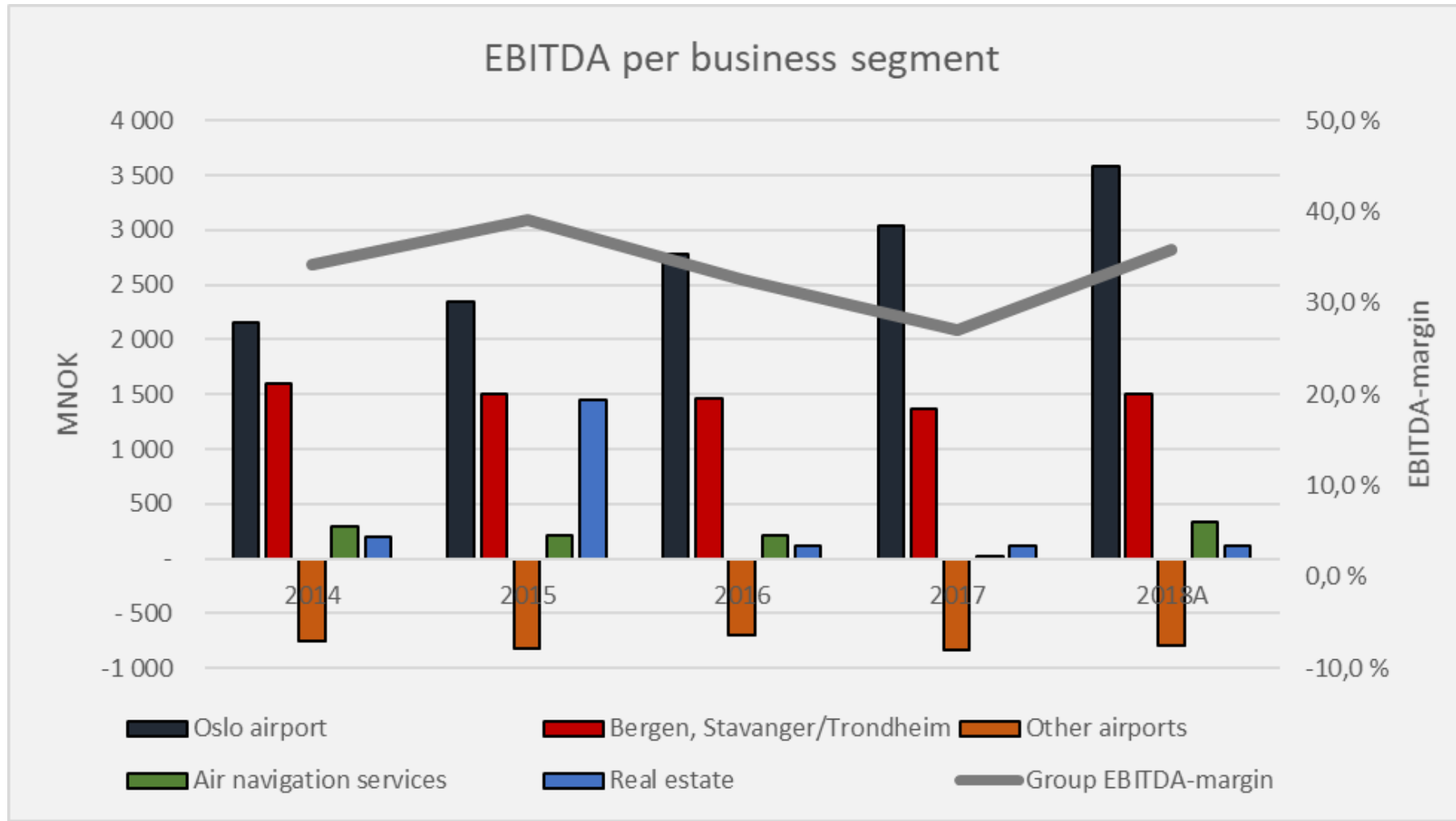
Revenue distribution 2018 MNOK



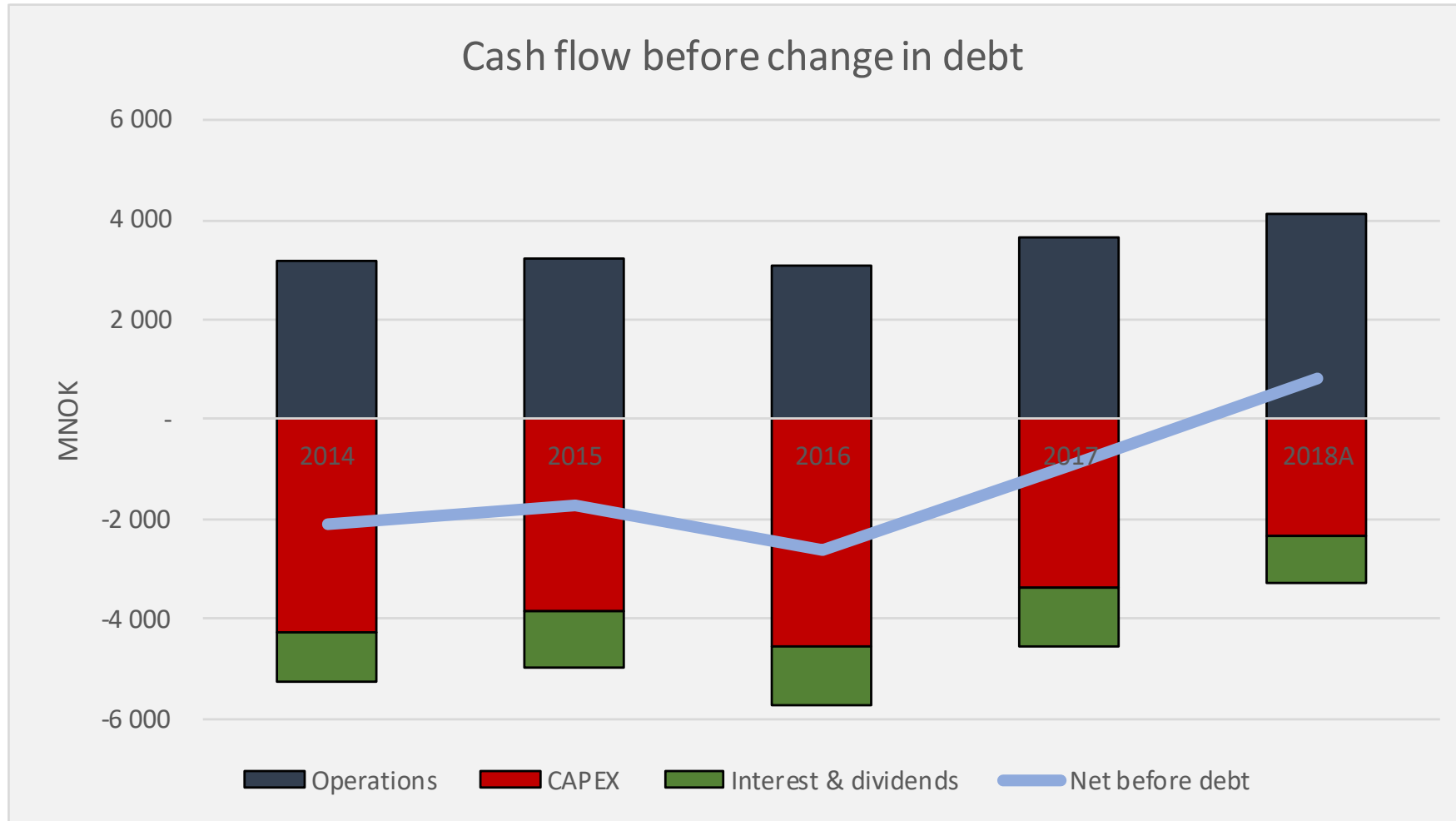
Operating revenues



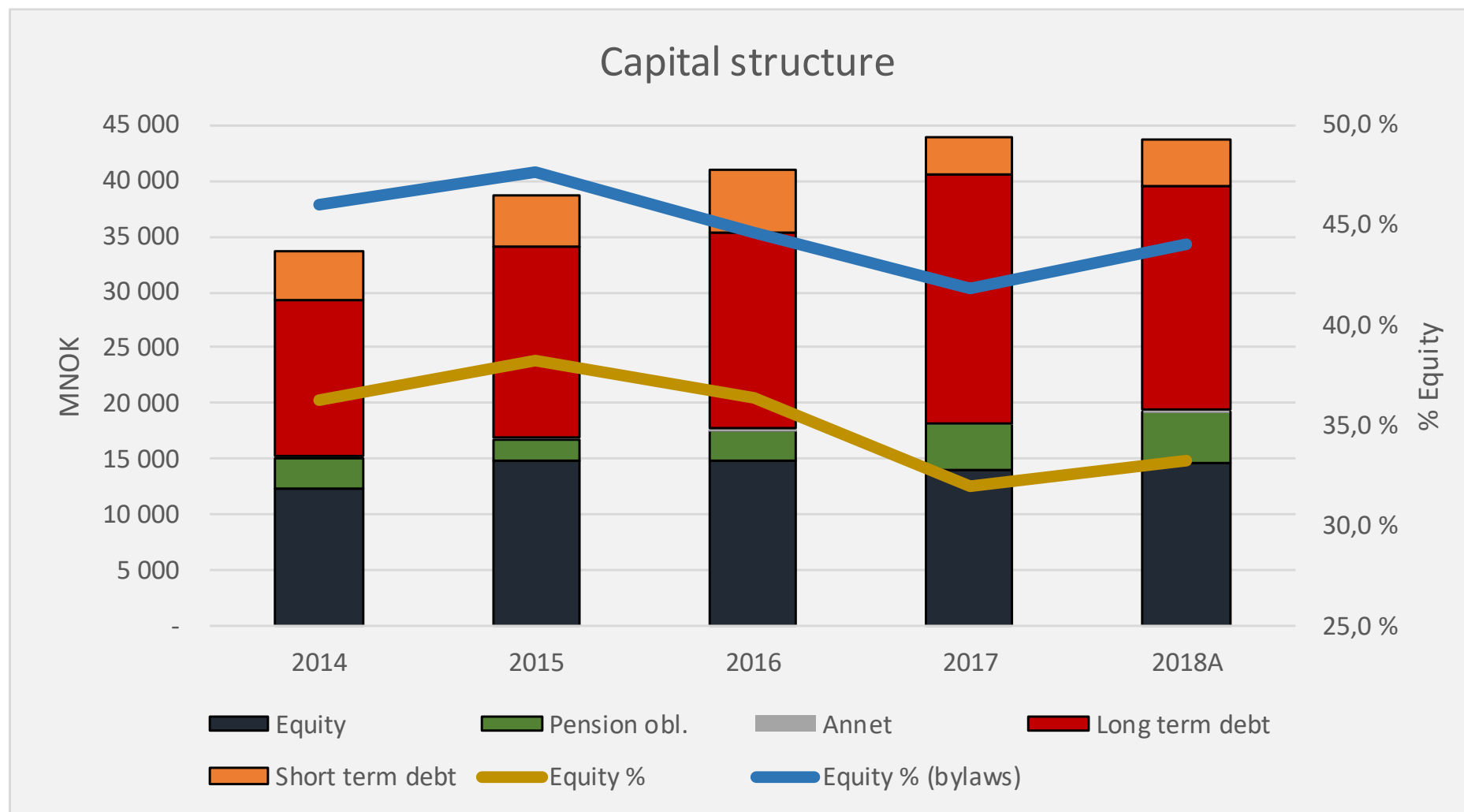
EBITDA per business segment



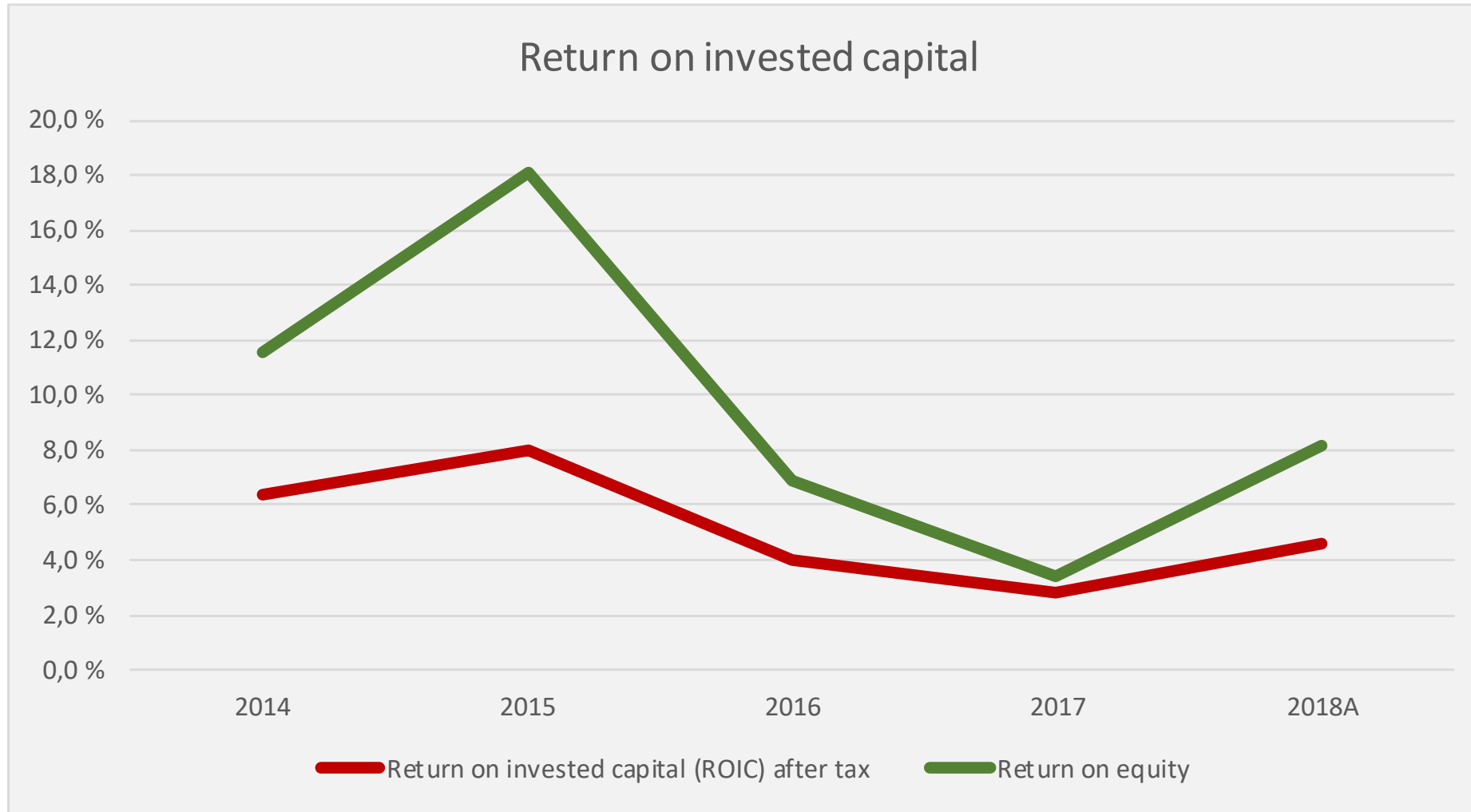
Cash flow



Balance sheet



Return on invested capital



Rating from S&P and Moodys

S&P: long term rating AA- (stable) (22.11.2019)

Moodys: long term rating A1 (stable) (04.07.2019)

Credit Highlights

- ✓ Strong business profile
- ✓ Supportive strategic framework by the state
- ✓ High share of origin and destination traffic
- ✓ Conservative financial policy
- ✓ Likelihood of extraordinary support by the state

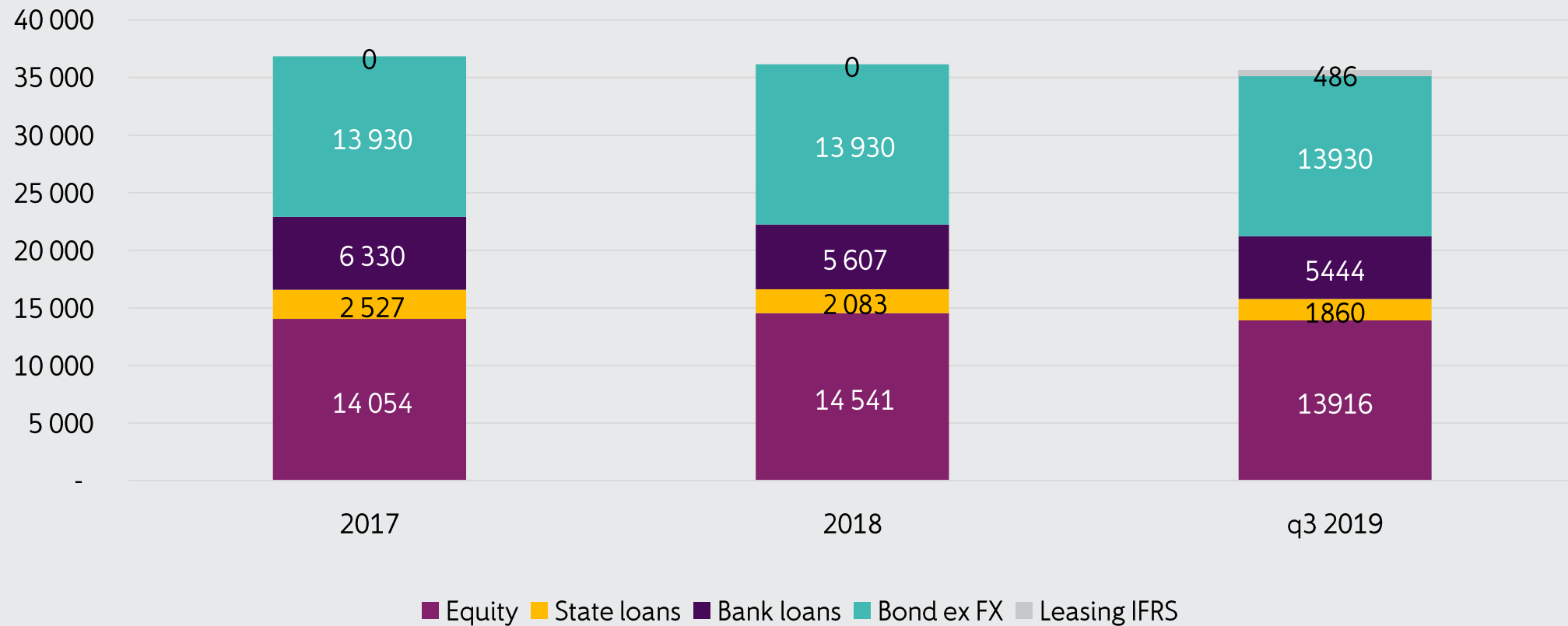
Credit Challenges

- ✓ Exposure to Norway's economic environment
- ✓ Some airline concentration
- ✓ Weak credit profile of the main carriers operating at Avinor airports
- ✓ Significant capital expenditure programme



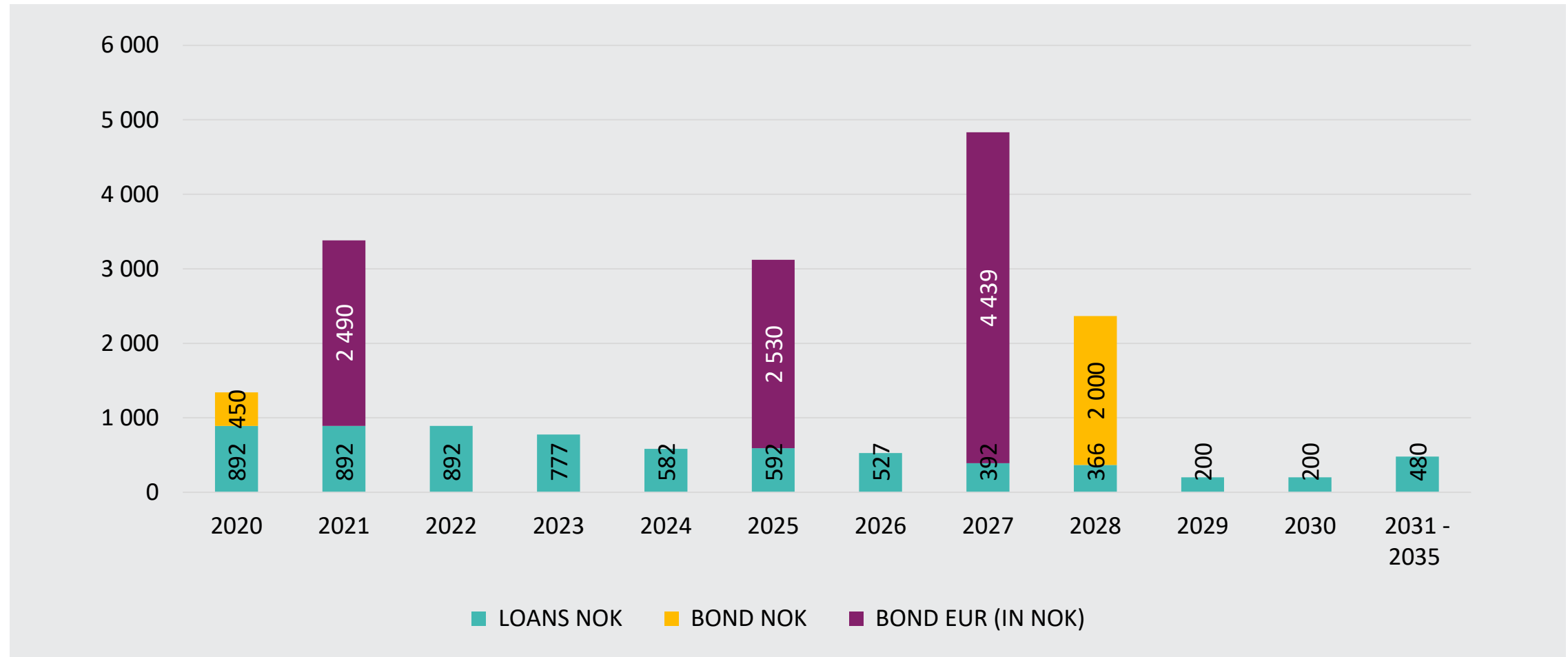
Current capital structure Avinor Group

(MNOK)



Debt maturity profile

(MNOK)



Funding strategy

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

All new debt to be issued by Avinor AS and new debt in wholly-owned subsidiaries covered by internal loans from Avinor AS

Disclaimer

Avinor AS has exercised utmost care in compiling and editing the contents of this document. Nevertheless it is possible that some information is incorrect or incomplete.

Avinor AS accepts no responsibility for any consequences including interpretation and/or use of the provided information.

Avinor AS gives no guarantee regarding the contents of this document.

Avinor AS

Dronning Eufemias gate 6, 0191 Oslo
P.O. Box 150, 2061 Gardermoen
Norway
www.avinor.no

