

# Debt Investor Presentation

September 2020

Petter Johannessen, CFO

Hilde Vedum, Finance Director



# Agenda

- Mandate and regulatory framework
- Covid-19 impact
- Financial highlights
- Funding





# Norwegian State ownership – goals

(List of companies is not complete)

## Category 1

- Maximizing return on invested capital

- Flytoget AS (100 %)
- GIEK Kredittforsikring AS (100 %)
- Mesta AS (100 %)
- Entra ASA (8.24 %)
- Baneservice AS (100 %)
- Ambita AS (100 %)

## Category 2

- Maximizing return on invested capital combined with other defined objectives

- Statkraft SF (100 %)
- Norsk Hydro ASA (34.26 %)
- Nammo AS (50 %)
- Kongsberg Gruppen ASA (50 %)
- Equinor ASA (67 %)
- Telenor ASA (53.97 %)

## Category 3

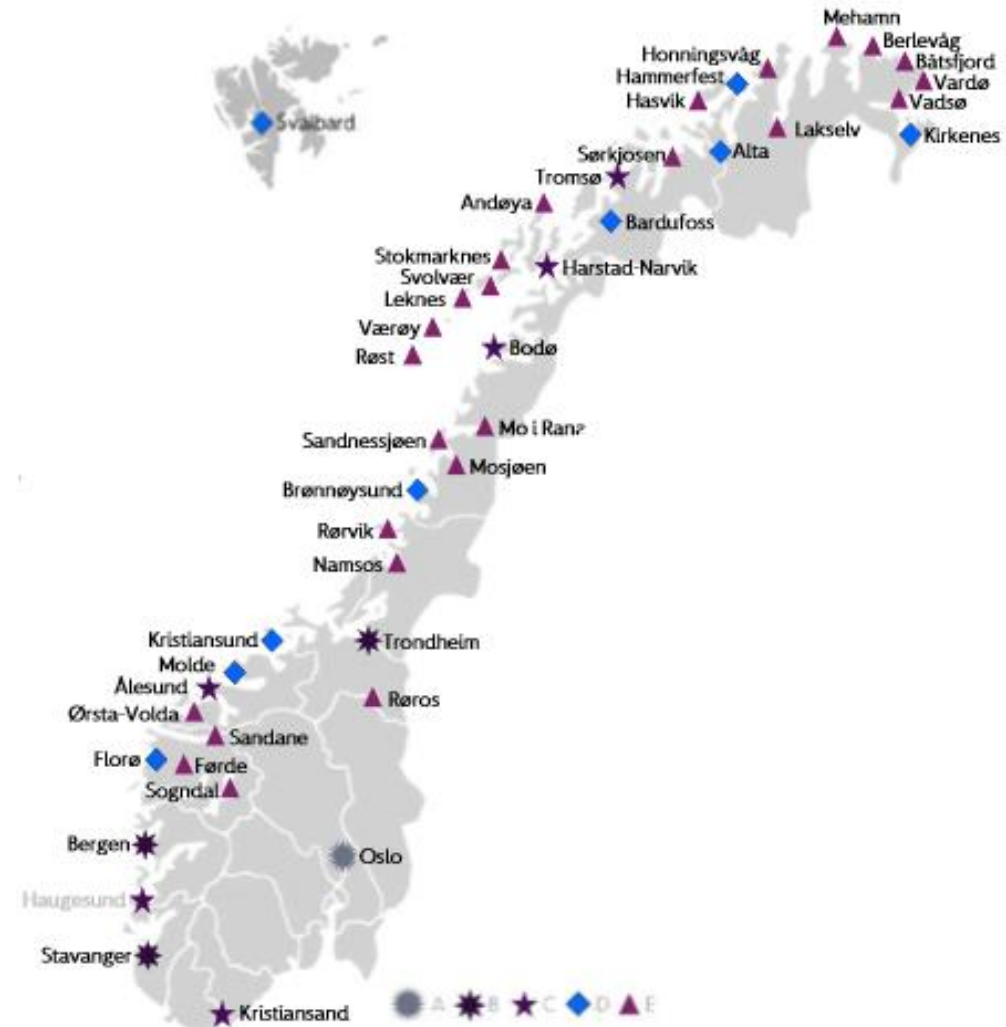
- The most effective achievement of regulatory and political objectives

- **Avinor AS** (100 %)
- Nye Veier AS (100 %)
- Bane NOR SF (100 %)
- AS Vinmonopolet (100 %)
- Norsk Helsenett SF (100 %)
- Statskog SF (100 %)

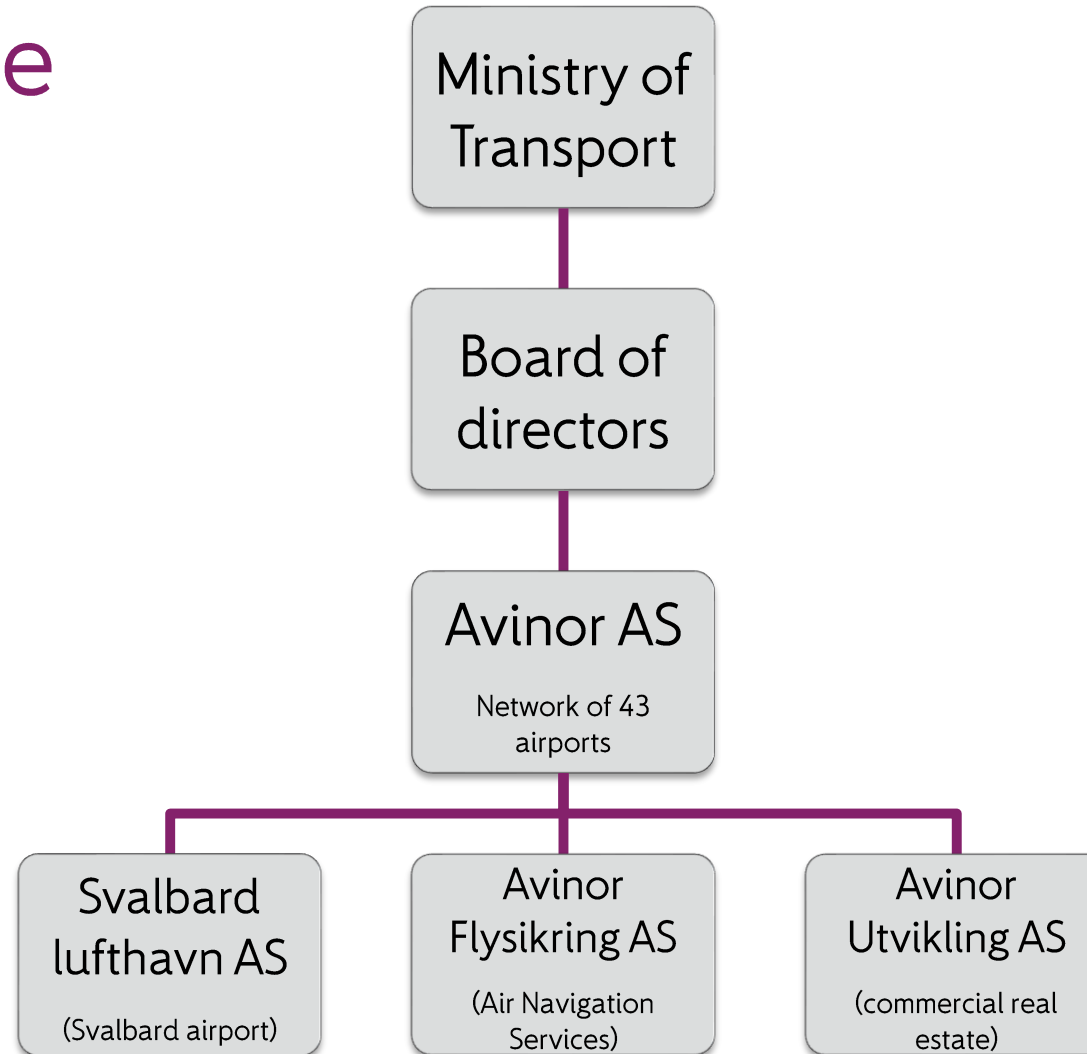
# Aviation in Norway

Airports and air navigation services are key national infrastructure

- Population: 5.4 million
- 2 700 km coast line
- 43 Avinor airports
- 54 million passengers per year (2019)
- Cost and time-efficient transportation with challenging topography



# Legal structure



# The Norwegian Ministry of Transport

- both regulator of and sole 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 operational 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
- **Goal to be self-financed without state-support or subsidies**
- Defined financial targets with respect to profitability, capital structure and dividends
- **Min. 40 % Equity/Equity + Net Interest Bearing Debt (company by-laws)**

# Four strategic focus areas

## Community

- Facilitate lower carbon emissions in aviation
- Facilitate local business development
- Maintain route network to meet community demand

## Commercial revenues

- Offer excellent products and services to passengers and visitors
- Make the airport experience as hassle free and enjoyable as possible

## Organization

- Improve cost-effectiveness through use of technology and digitalization
- Develop a change-oriented corporate culture

## Operations

- Ensure safe, reliable and cost-effective operations with adequate capacity
- Manage projects and project portfolio within defined objectives

# Rating from S&P and Moody's

S&P: long term rating A (negative outlook) (14.07.2020)

Moody's: long term rating A1 (negative outlook) (29.07.2020)

## Credit strengths

- Monopolistic position and modest transmodal competition
- Supportive strategic framework underpinned by government policy
- 100 % ownership by the Government of Norway and high likelihood of government support (100 % Change of control clause)

## Credit challenges

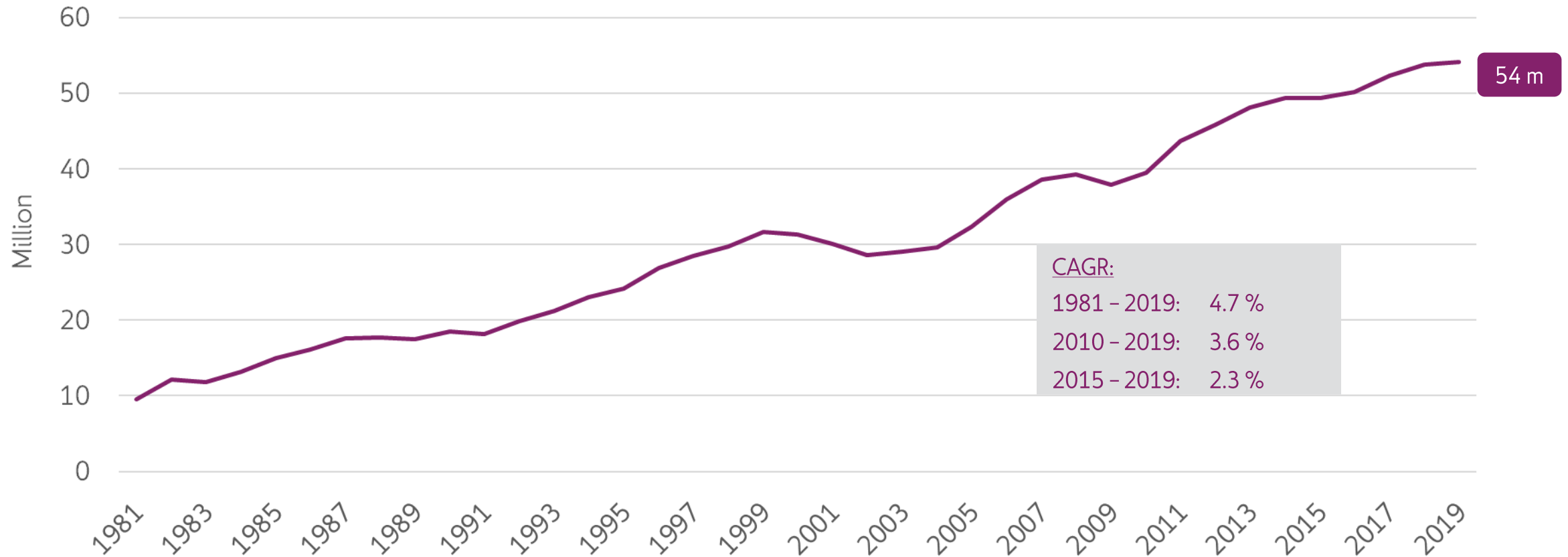
- Expectation of material loss of cash flow due to the coronavirus outbreak and travel restrictions
- Uncertain pace of traffic recovery, further challenged by a very weak and highly concentrated carrier base
- Exposure to Norway's economic environment dependent on commodity market





# Passenger numbers

(1981 - 2019)



# Passengers top 10 airports - total

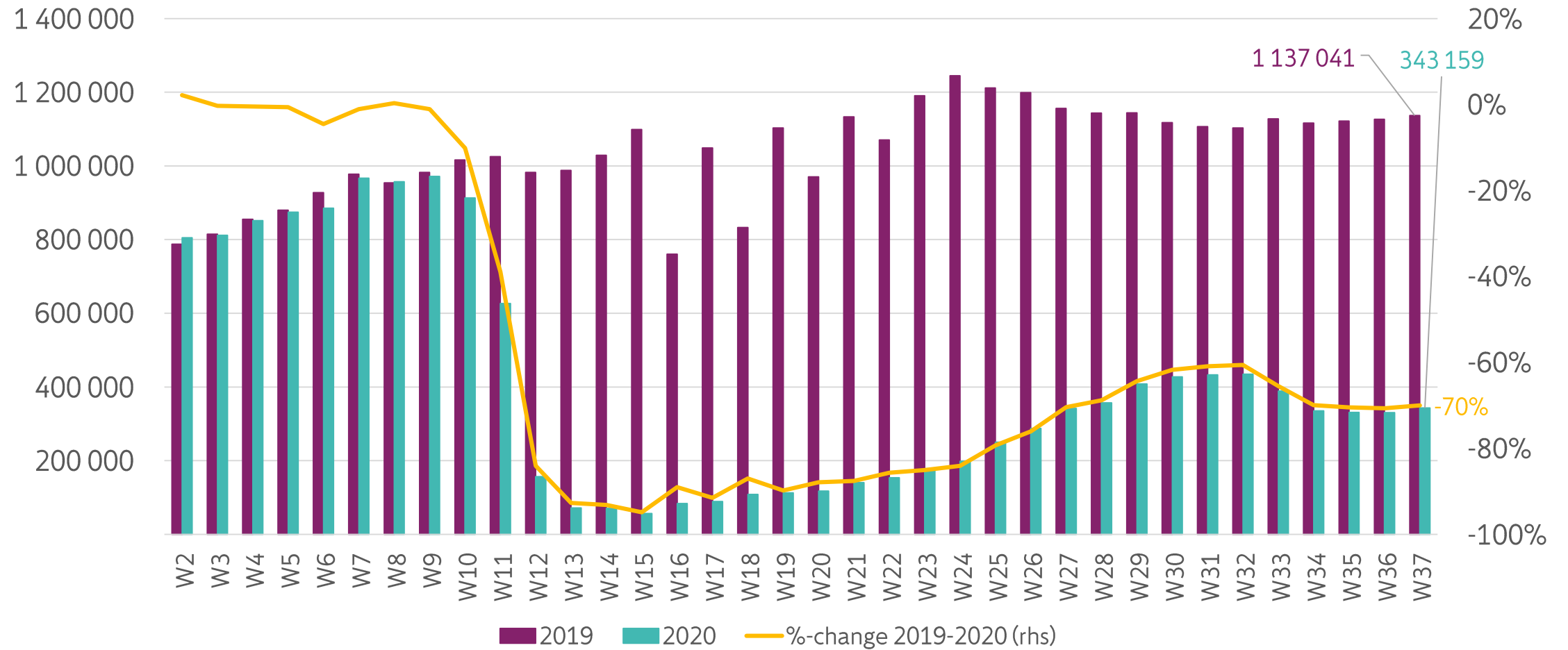
(Week 37 2020)

Airport	2019	2020	Change	Change %
Oslo/Gardermoen	608 976	133 853	-475 123	-78 %
Bergen/Flesland	141 559	45 629	-95 930	-68 %
Trondheim/Værnes	94 942	35 731	-59 211	-62 %
Stavanger/Sola	90 968	26 922	-64 046	-70 %
Tromsø/Langnes	42 350	22 235	-20 115	-47 %
Bodø	36 798	18 007	-18 791	-51 %
Ålesund/Vigra	24 612	9 067	-15 545	-63 %
Harstad/Narvik/Evenes	14 650	7 634	-7 016	-48 %
Kristiansand/Kjevik	24 242	7 172	-17 070	-70 %
Bardufoss	4 833	2 695	-2 138	-44 %

- Strong negative correlation between travel restrictions and demand for air travel
- The turnaround and recovery in air traffic is believed to be linked to the development of an effective vaccine.

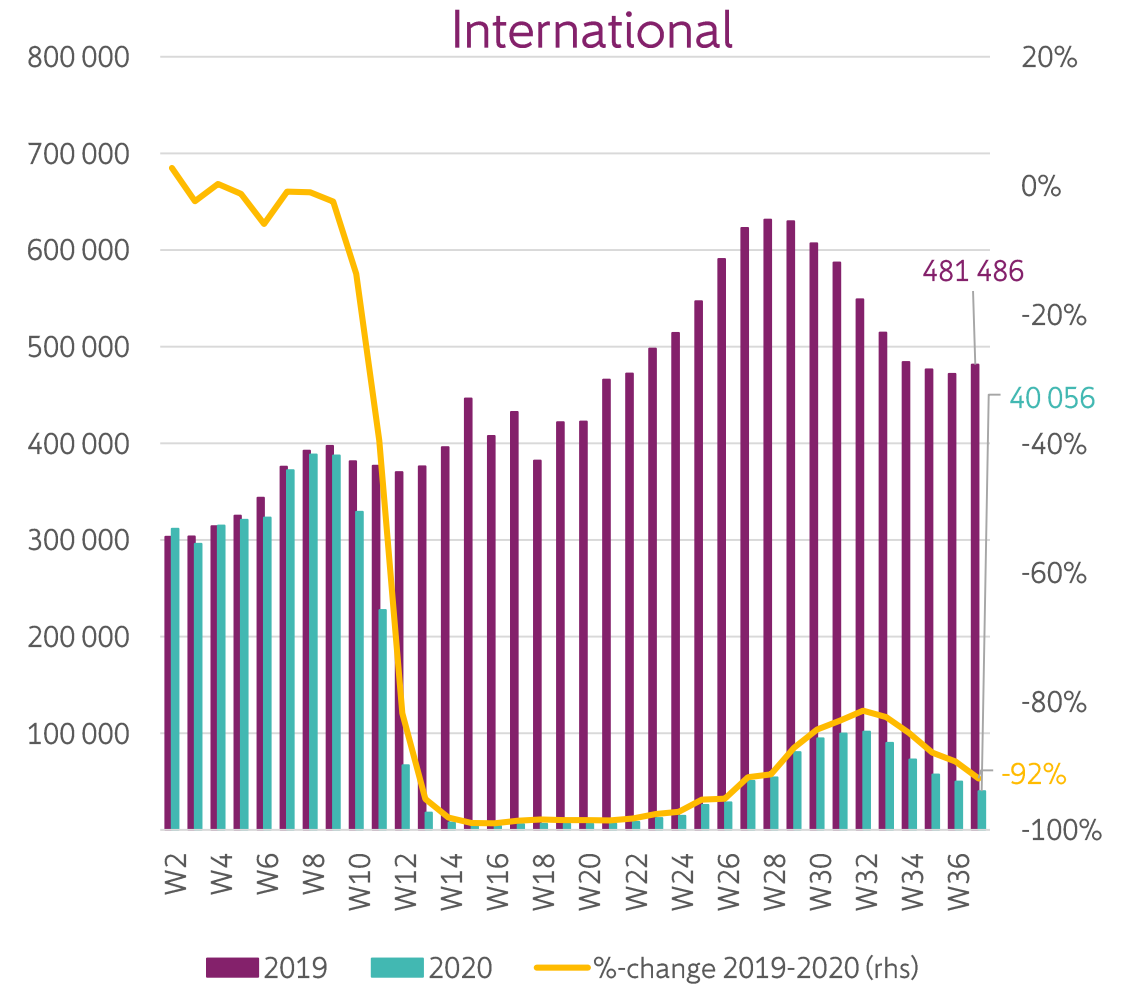
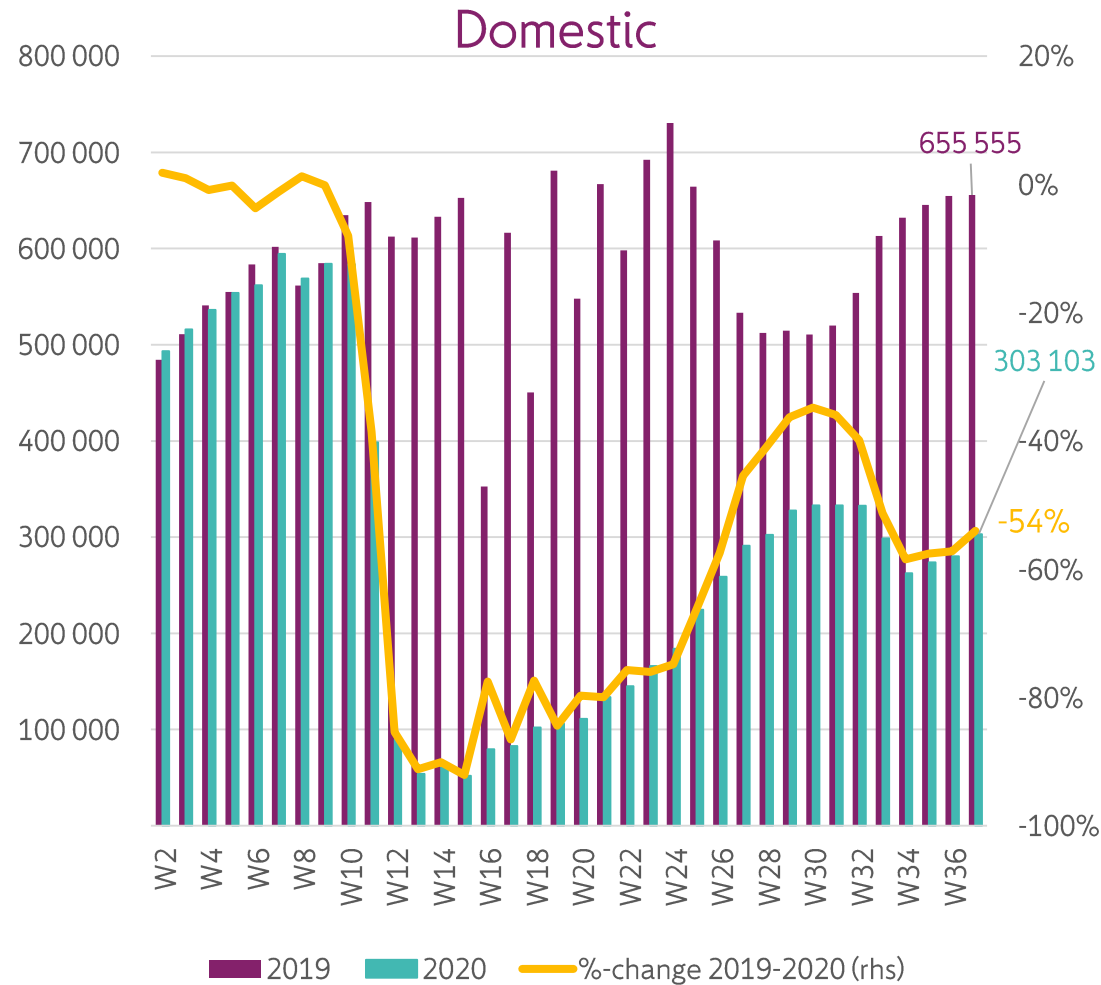
# Avinor passengers - total

(Per week to week 37)



# Avinor passengers

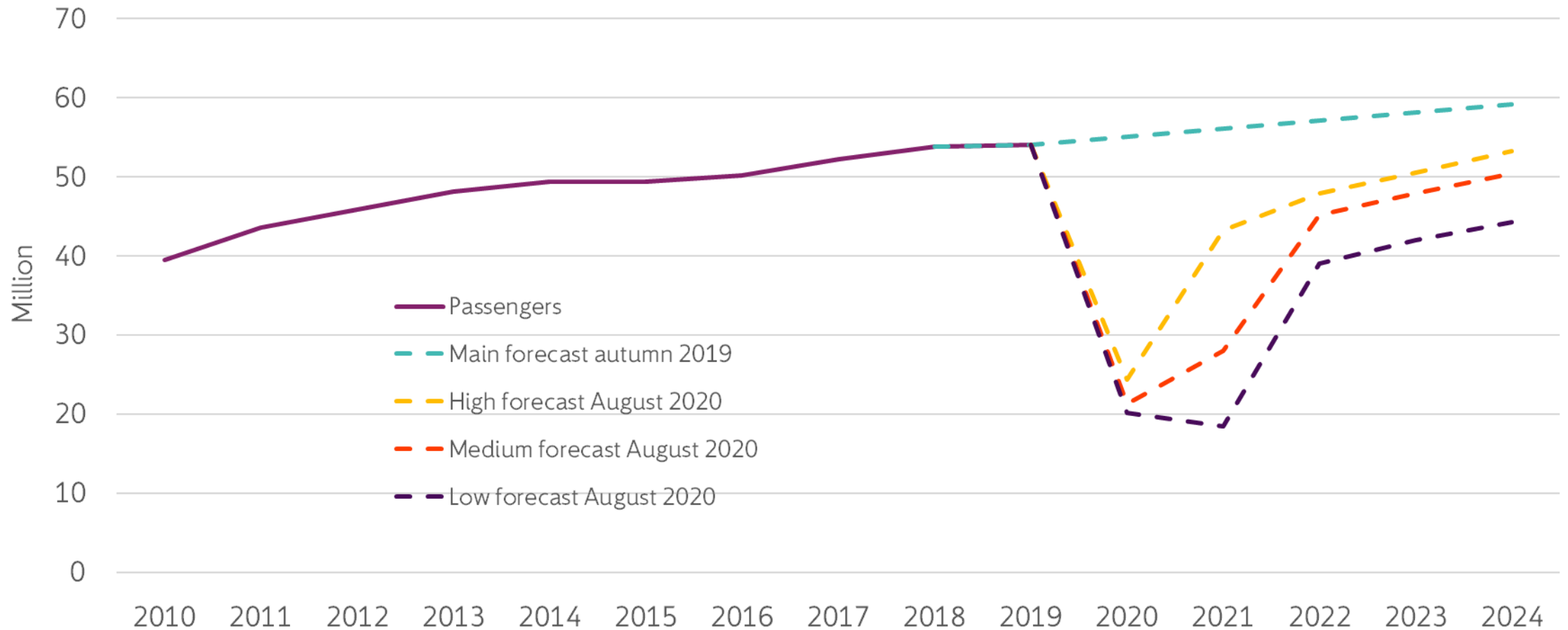
(Per week to week 37)





# Passenger numbers

(2010 - 2024)



# Covid-19 - package of measures

## Norwegian state

- Reduced charges for the airlines
  - Take-off charges waived 13.03 to 31.10.2020
  - Passenger charges, security charges and transfer charges waived 13.03 to 30.06.2020
- Eurocontrol – postponed payment of en-route charges
- Extended the layoff period from 26 - 52 weeks (from 01.11.2020)
- Loan facility from GIEK with state guarantee to SAS, Norwegian and Widerøe
- The Norwegian state has purchased some domestic routes to secure a minimum of scheduled traffic

## Ministry of Transport

- 2.1 bn NOK in operating contribution June 2020
- Expect 2.1 bn NOK in new operating contribution autumn 2020
- No dividend payment June 2020 (351 m NOK)
- No instalments on state loan in 2020 (444 m NOK)
- Total of approximately 5 bn NOK

## Avinor

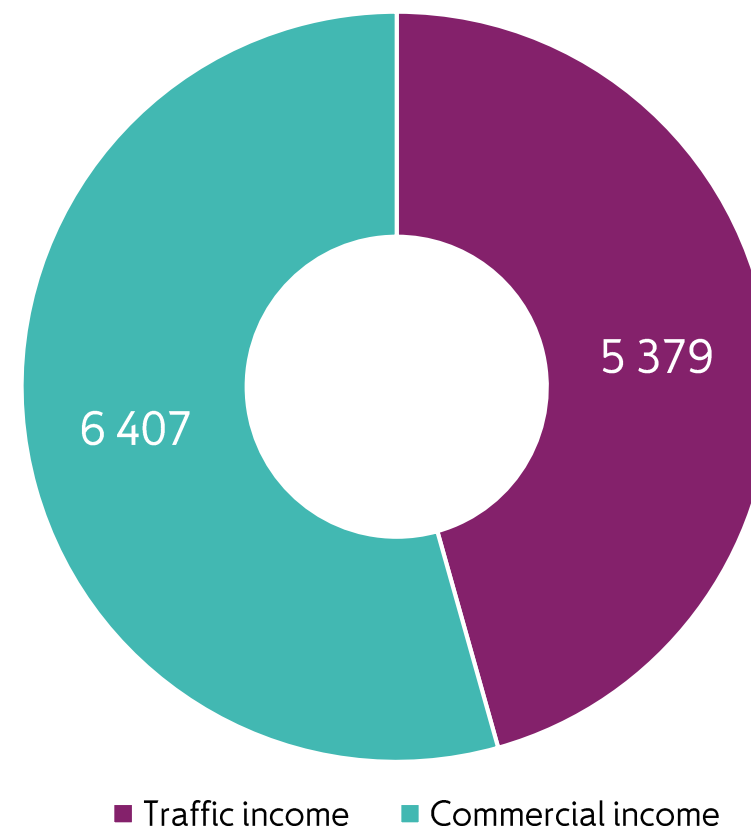
- Reduction of Capex by 1 bn NOK
  - Owner has made demands in relation to Capex
- New cost cut programme “Profitable Avinor”
  - Reduction of operating cost by 1 bn NOK in 2022
- Issued 2 bn NOK in local bond market
  - 6 year floating and 11 year fixed bonds
- Issued new commercial papers 2 bn NOK June 2020
- No drawdown on the 4.6 bn NOK in available credit lines
- Full or partial layoff of 509 employees

# Group revenues per Q2 2020

(Million NOK)

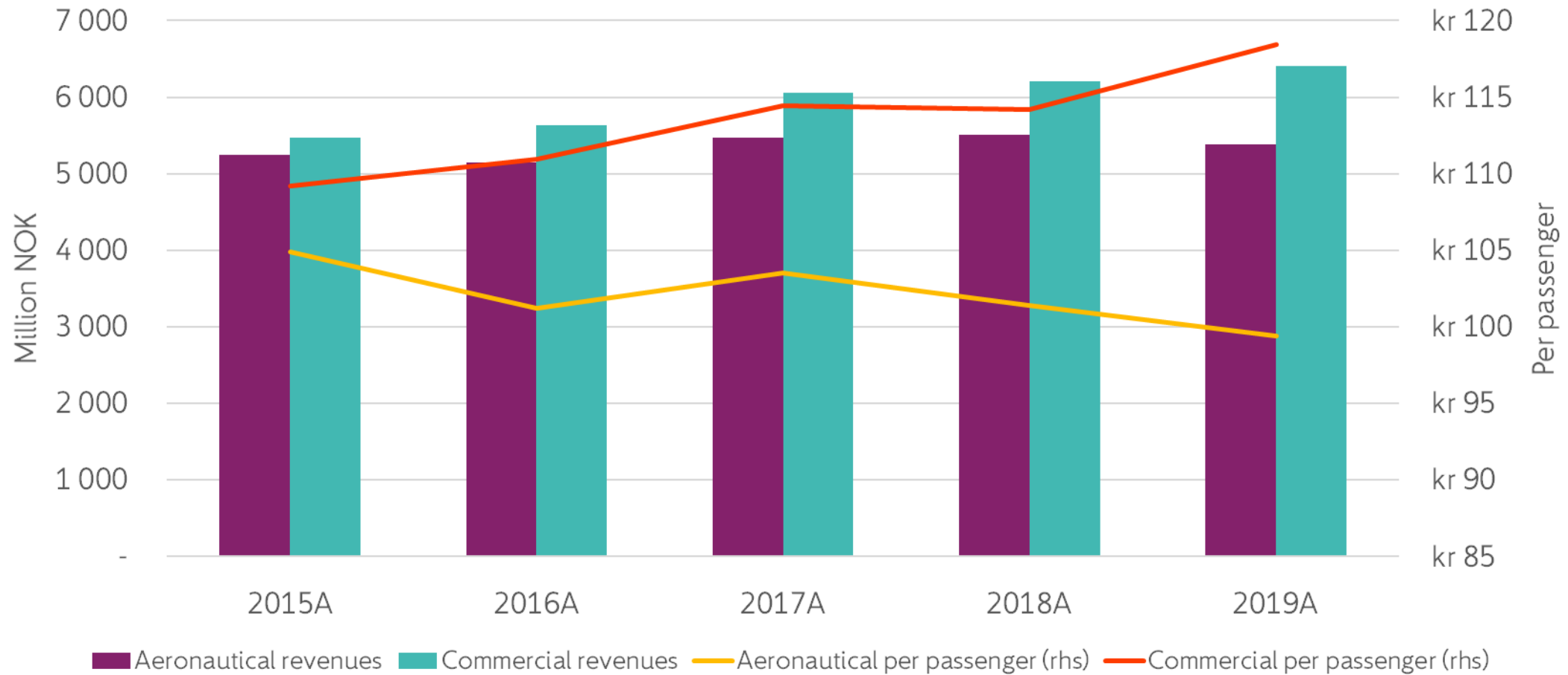
	Per Q2 2020	Per Q2 2019	2019
Traffic income	1 225	2 622	5 379
Other operating income	3 513	2 976	6 407
Total group income	4 738	5 598	11 785
Total group expenses	3 506	4 759	8 151
EBITDA group	1 233	839	3 635
Depreciation / amortization	1 091	1 074	2 172
Net finance income/(expenses)	(280)	(286)	(563)
Profit/(loss) before tax	(138)	(520)	900
Income tax expense	30	114	198
Profit/(loss) after tax	(107)	(406)	702
Extraordinary income/expense	2 100	(871)	(871)
Normalized EBITDA	(867)	1 710	4 506

Revenue distribution 2019



# Operating revenues

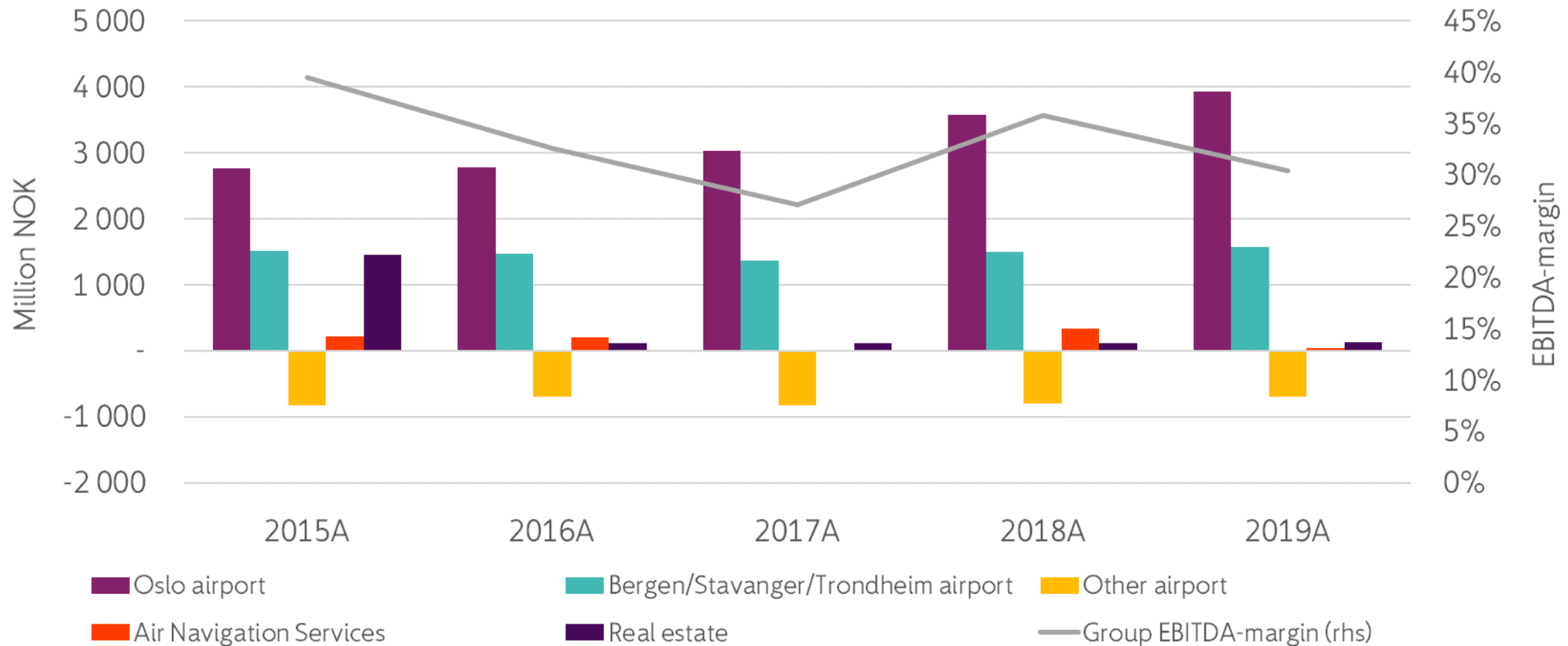
(2015 - 2019)





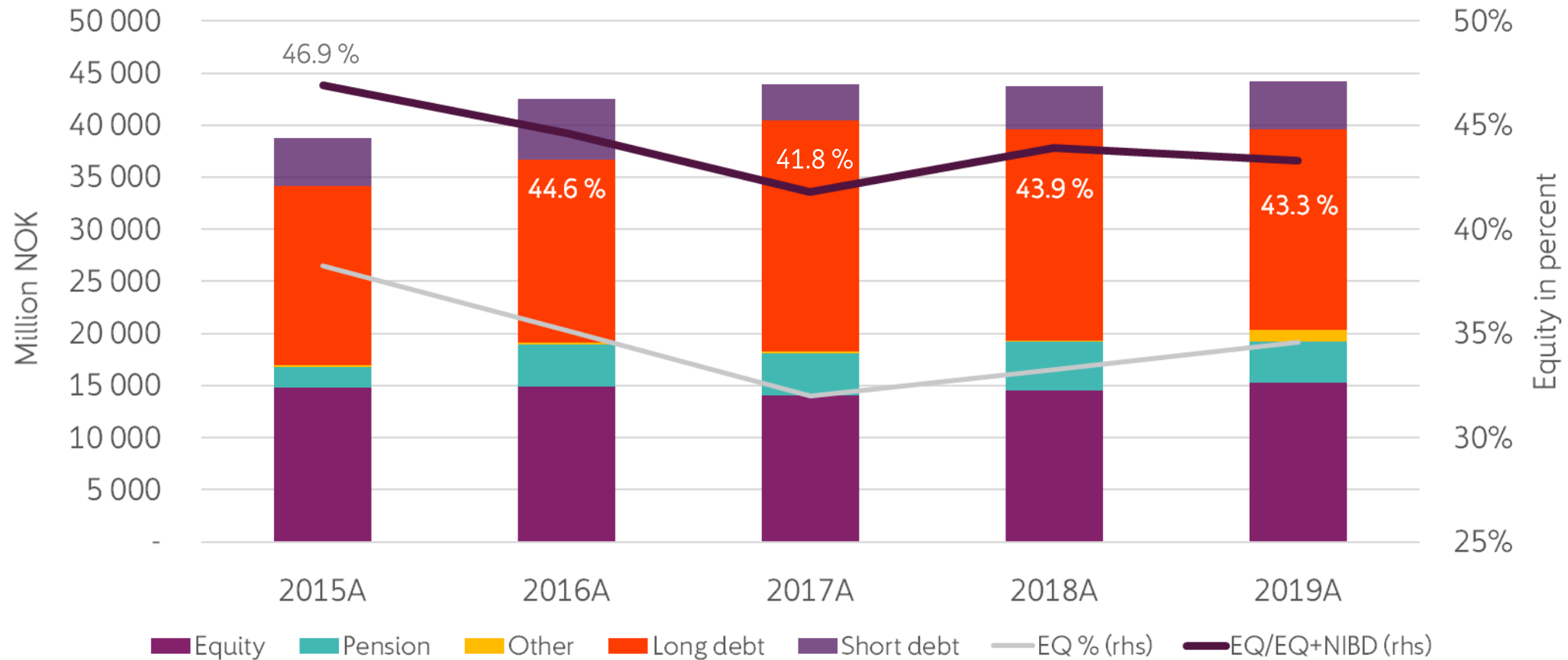
# EBITDA per business segment

(2015 – 2019)



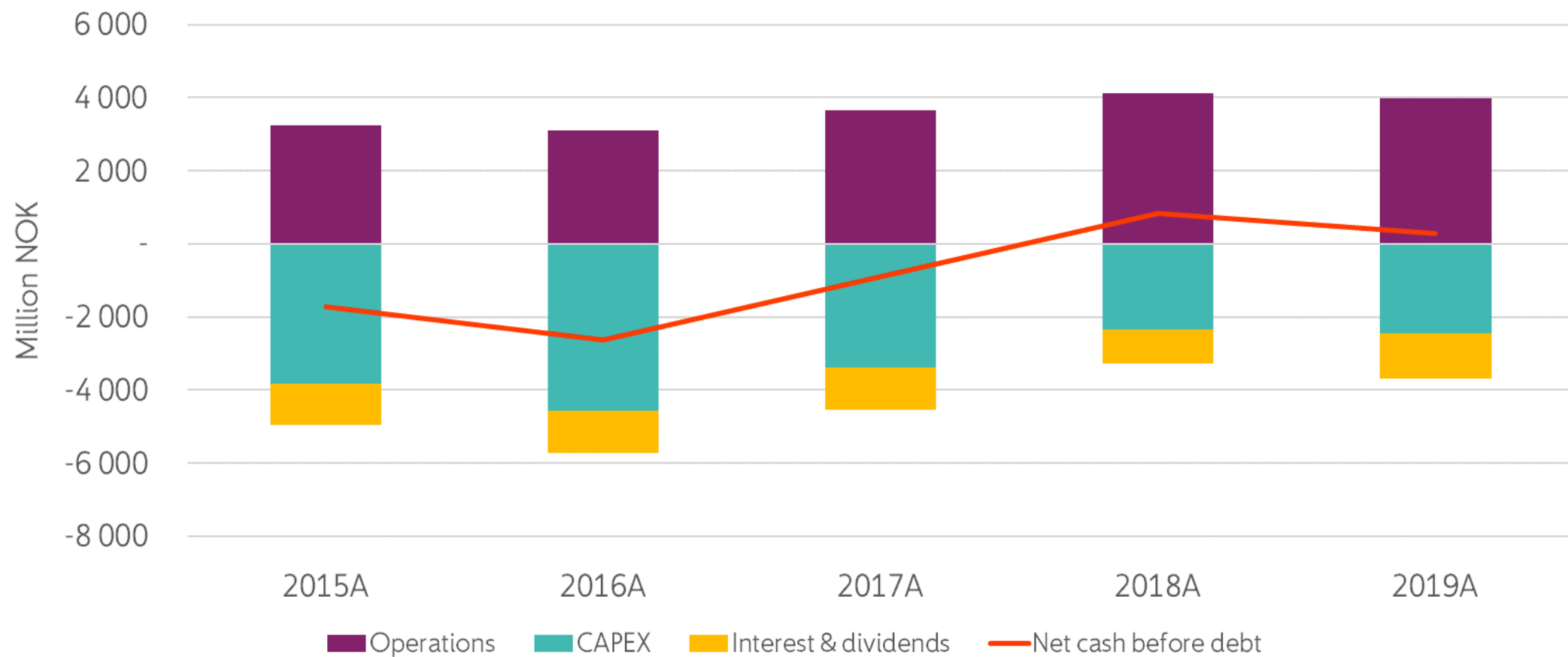
# Balance sheet

(2015 - 2019)



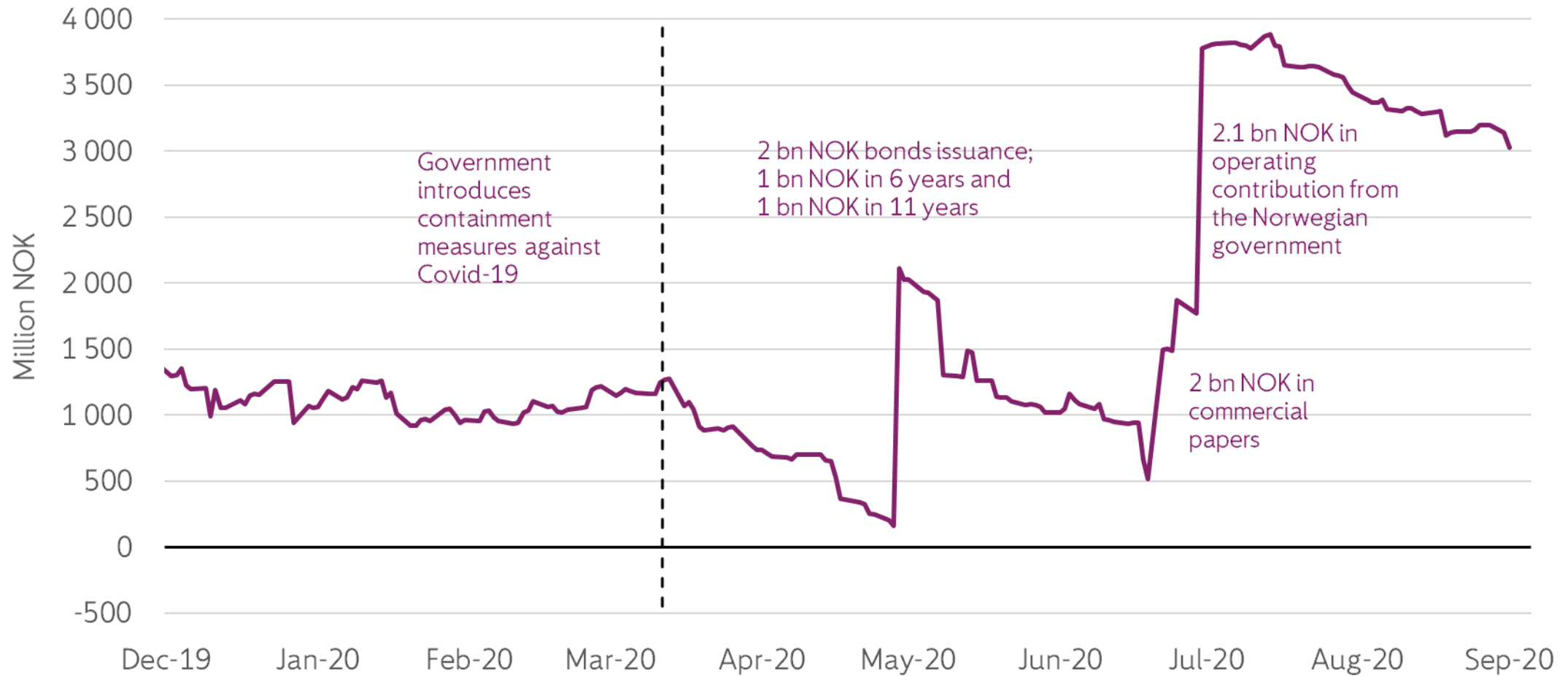
# Cash flow

(2015 - 2019)



# Cash balance

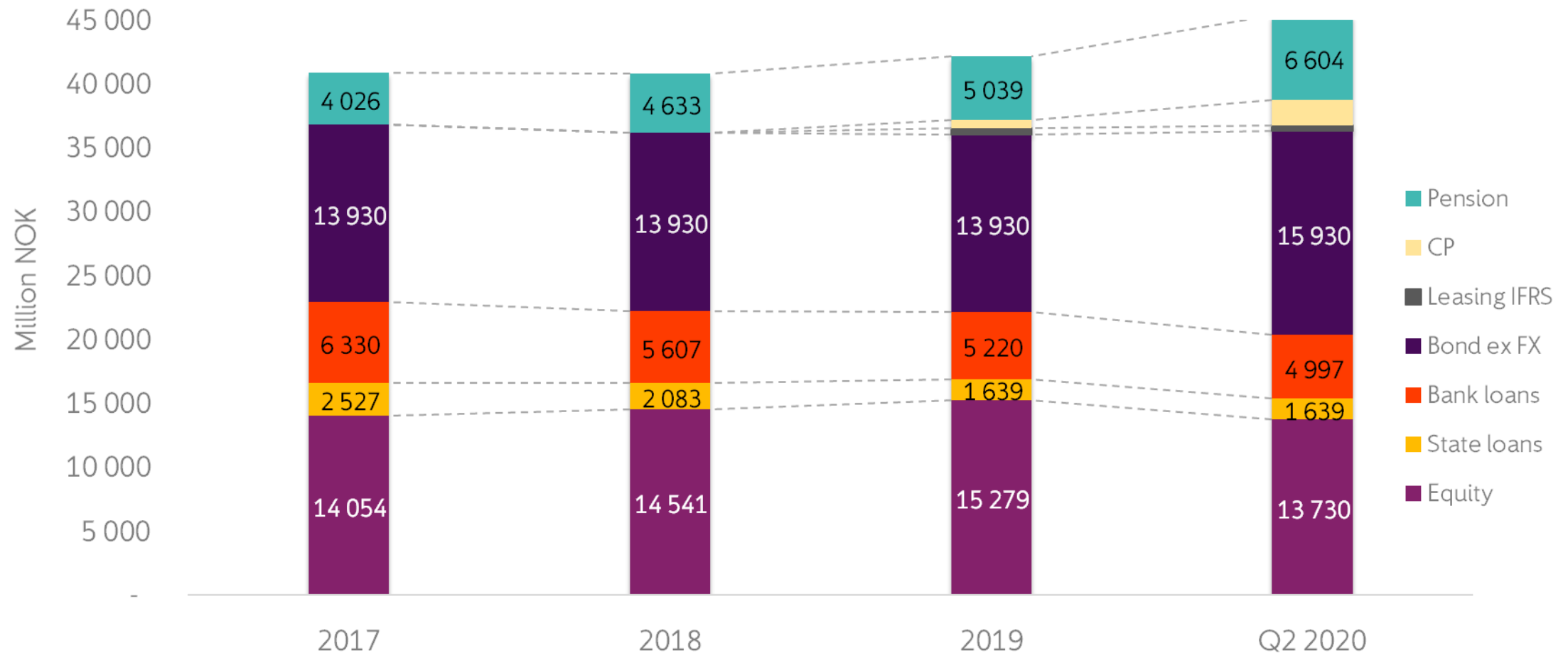
(01.12.2019 - 01.09.2020)





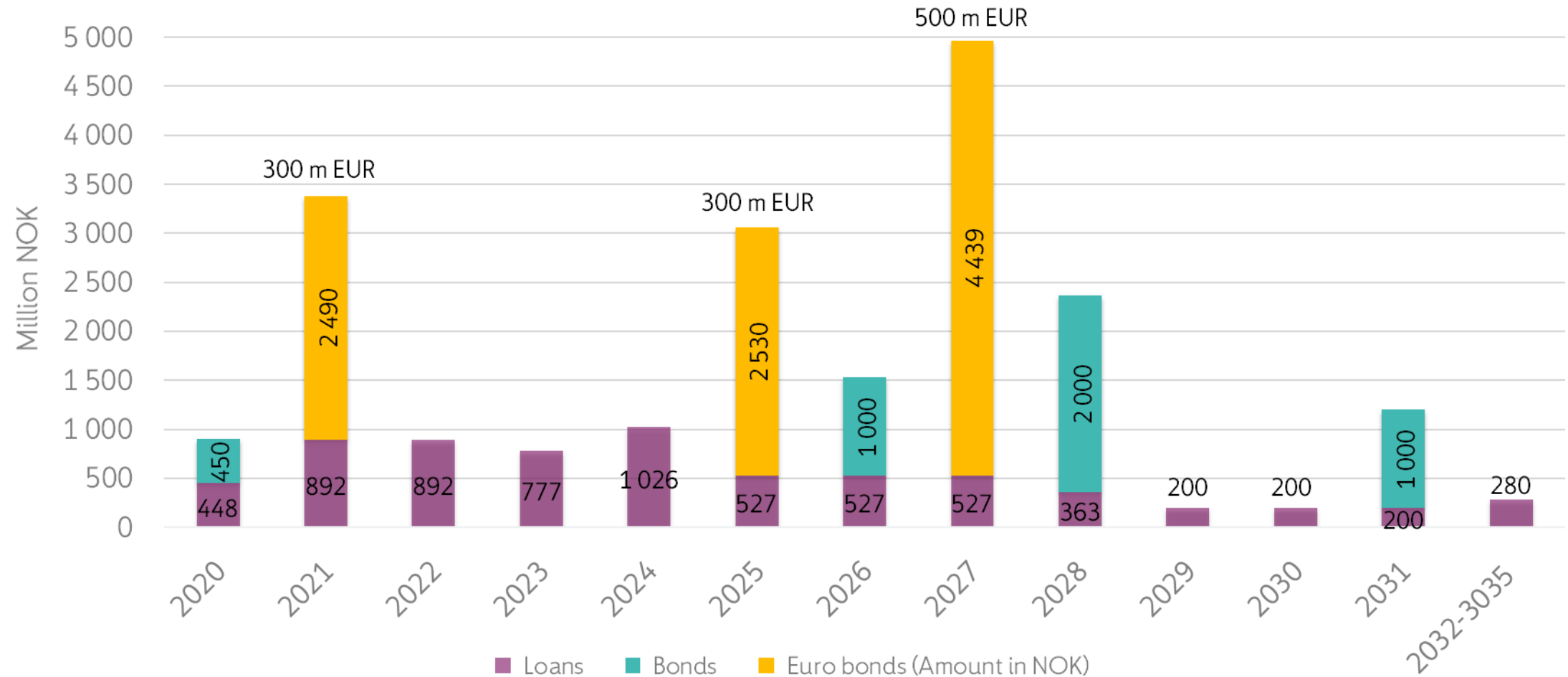
# Current capital structure Avinor Group

(2017 - Q2 2020)



# Debt maturity profile

(2020 – 2035)



# 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**

# Summary

- Covid-19
  - Strong negative correlation between travel restrictions and demand for air travel
  - The turnaround and recovery in air traffic is believed to be linked to the development of an effective vaccine.
- Strong support from the Norwegian government with approximately 5 billion NOK in financial support
- Goal to be self-financed without state-support or subsidies
  - Re-establish route network based on changed demand
  - Secure income within existing business areas
  - Adjust costs to revenues to ensure profitability
  - Reduction of Capex

# Transaction overview\*

Issuer	Avinor AS
Issuer Rating	A1 (negative) by Moody's / A (negative) S&P
Security rating (expected)	[A1 by Moody's / A S&P] <b>SUBJECT TO CONFIRMATION ON RATING</b>
Maturity	10 year
Size	EUR 500 million
Issuer calls	3m Par Call, Make-whole Call, Residual Call at Par (20%)
Investor put	Change of Control (if Kingdom of Norway ceases to own 100% or control the issuer)
Documentation	EMTN / Luxembourg Stock Exchange (Regulated) / English Law
Denominations	EUR 100,000 + 1,000
Use of Proceeds	General Corporate Purposes

\*Please see Avinor.no containing complete terms and conditions: <https://avinor.no/en/corporate/about-us/financial-information/emtn-programme>

# 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](http://www.avinor.no)

