

# Presentation to underwriters

March 2021



# Agenda

- Social mission
- Traffic and Covid-19 impact
- Financials and owner support
- Key projects
- Safety



# Key highlights

- Our continuing mission is to provide the safest, most efficient aerospace system in the world.
  - Operation on all Avinor airports and ANS
  - Focus on preparedness for increased air traffic
- 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 financial support
  - Goal to be self-financed without state-support or subsidies



# 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

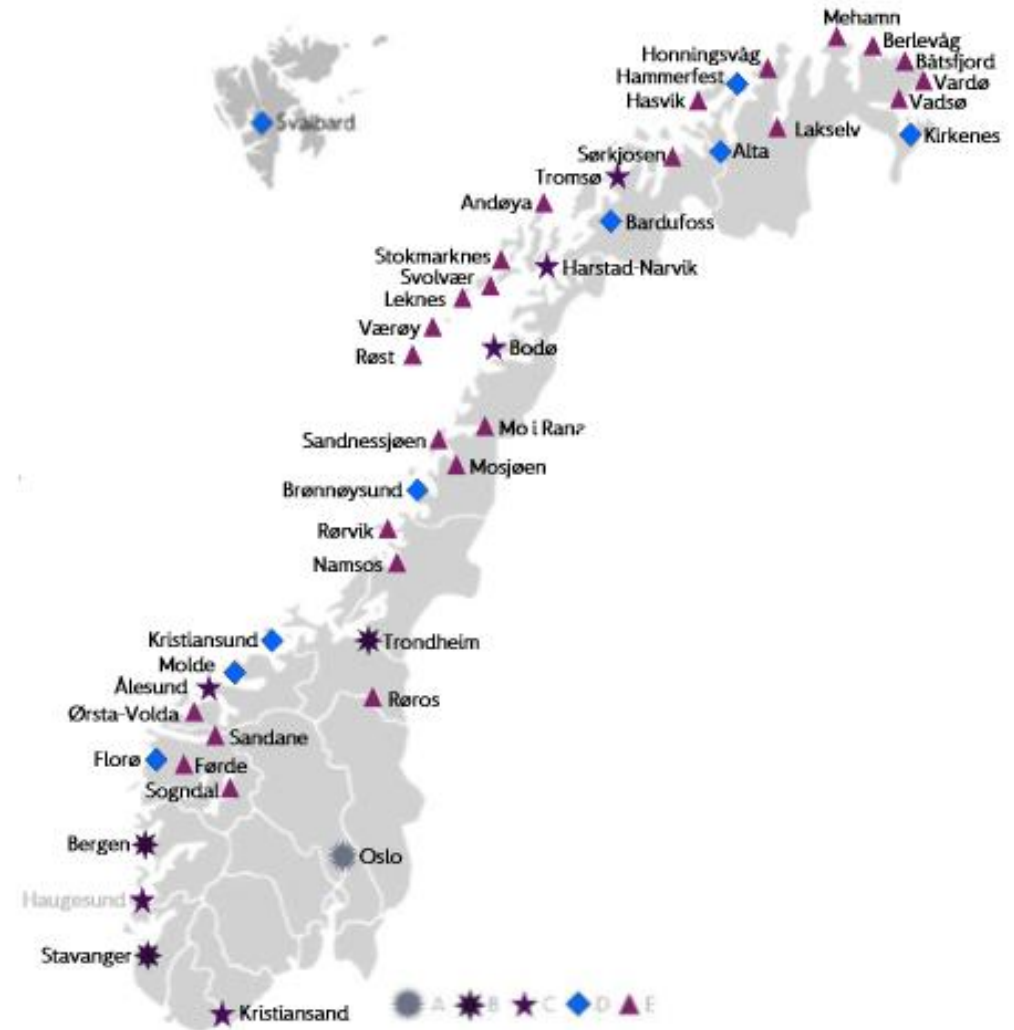
- The most effective achievement of regulatory and political objectives

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

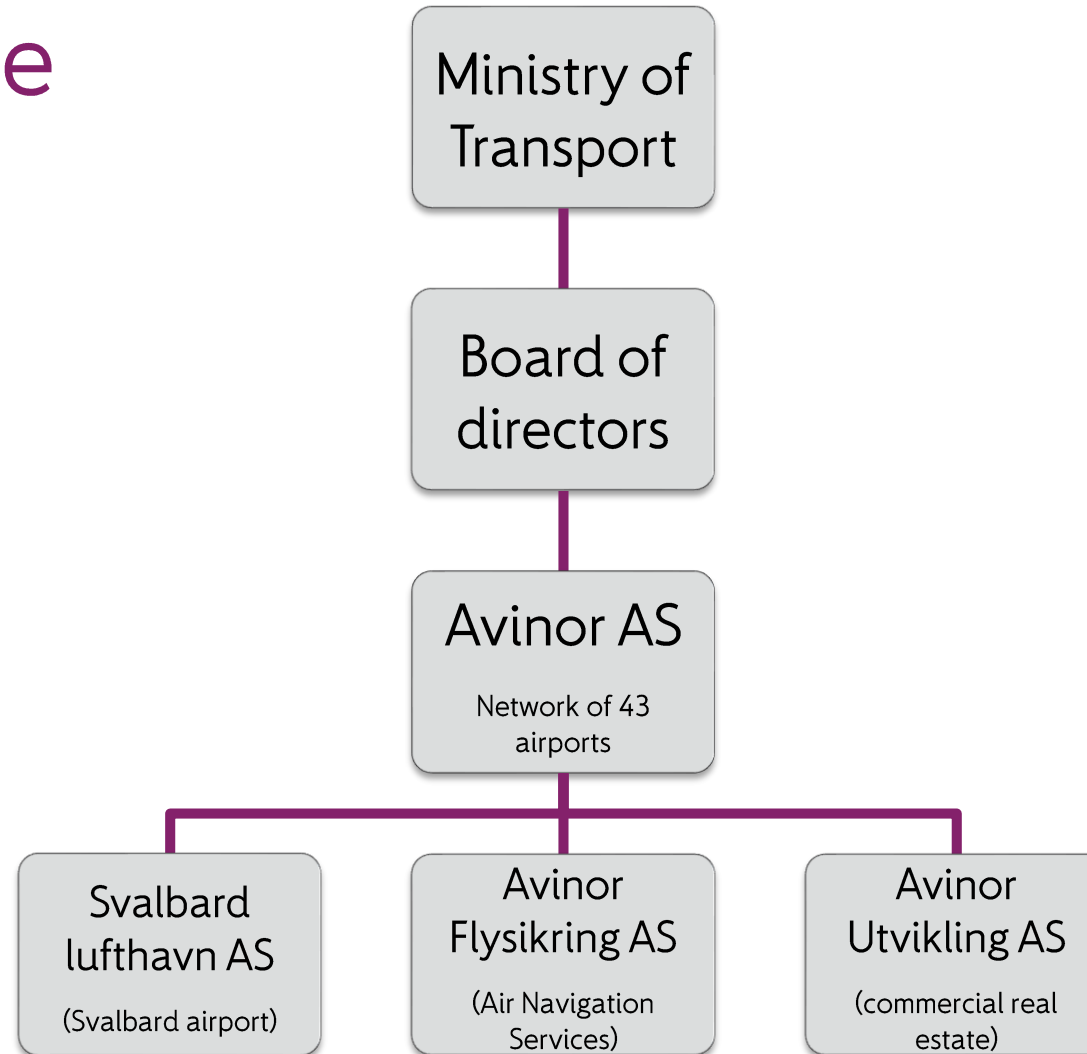
# Aviation in Norway

Airports and air navigation services are key national infrastructure

- Population: 5.37 million (2020)
- 2 700 km coast line
- 43 Avinor airports
- 54.3 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)**

# Air Navigation Services

## Tower operations



Air Traffic Control is provided at all large and regional airports except for Kristiansand and Ålesund where Saerco is delivering the service.

Services provided are either Tower or combined Tower/Approach control. AFIS at Remote Tower Centre.

## Area Control

Norway ACC, one unit, three locations, four sector groups

North, West, East and TMA

- Bodø
- Stavanger
- Oslo (Røyken)

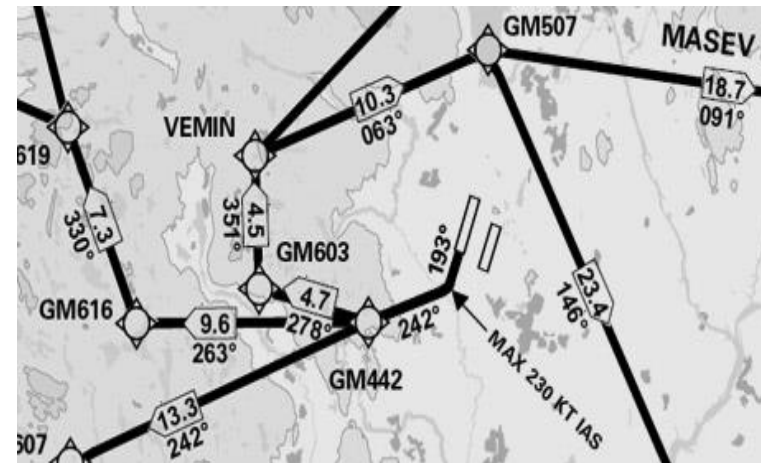
Certified in accordance with (EU) 2017/373, valid from 17 December 2020. (This certificate is valid whilst the certified service provider remains in compliance with Implementing Regulation (EU) 2017/ 373 and other applicable regulations and, when relevant, with the procedures in the service provider's documentation).

Certificate number NO.ATM/ANS.0002 – Issue 2



# Avinor Group - Consulting services

- Various types of consultancy services to other Norwegian non-Avinor airports including Military airports. Typical consultancy areas are Safety Assessments, Airspace design and Engineering (equipment) solutions.
- Information Management – operational procedures e.g., landing/take-off procedures, including relevant publication of these.
- Other type of consultancy services – e.g., ATM security, Cyber security, Staffing solutions, Incident analysis.
- Consultancy services are also offered internationally.



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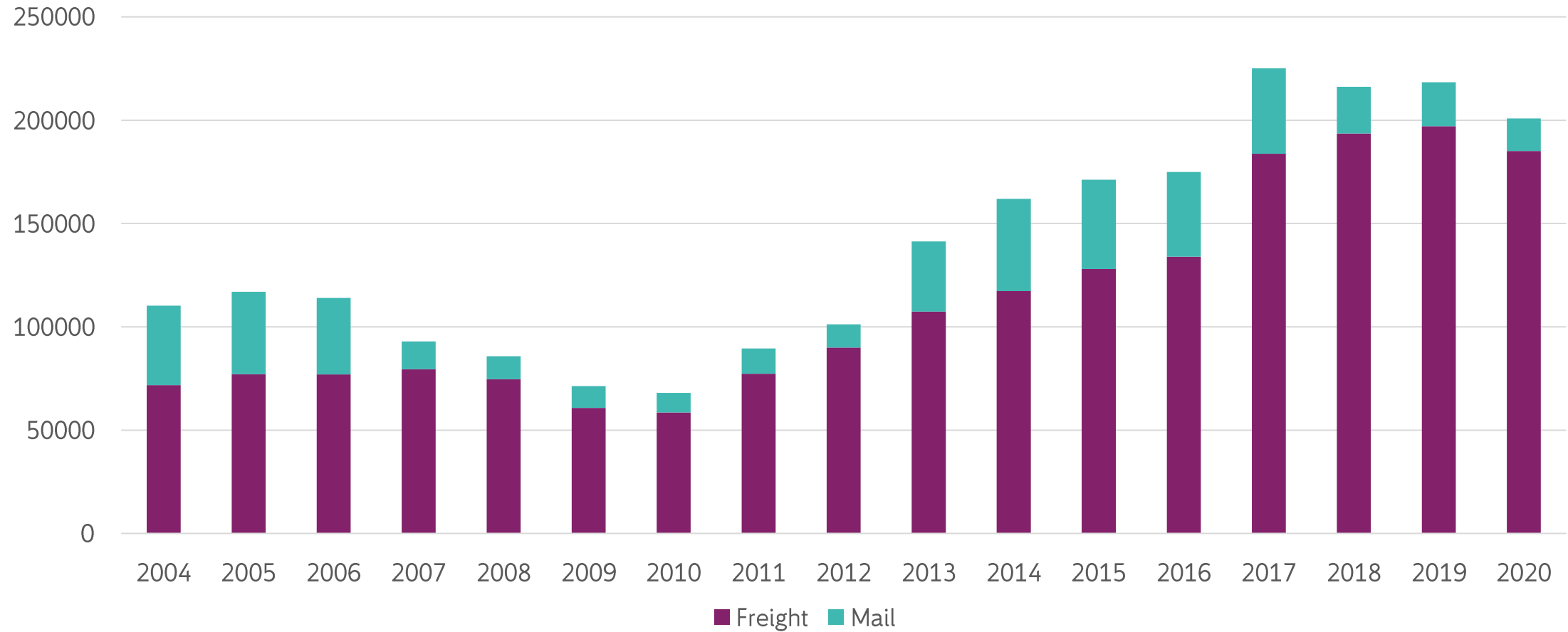
# Traffic volume 2018 - 2020

Traffic volume	2018	2019	2020	% change 19 - 20
Passengers (in millions)				
Total	54.4	54.3	20.4	- 63%
Domestic	31.3	30.9	14.8	- 52%
International	22.5	22.8	5.0	- 78%
Offshore	0.53	0.59	0.51	- 14%
Movements (in thousands)				
Total	690	679	428	- 37%
Domestic	458	444	322	- 28%
International	194	193	66	- 66%
Offshore	39	42	41	- 3%
Freight and mail (in thousand tons)	216	218	201	- 8%
Overflights	81 300	78 700	36 400	- 54%

- Large decline in air traffic
  - Less effect of travel restrictions on domestic travels compared to international travels
- Larger reduction in passengers than movements
  - Government has bought seats at domestic routes to support airlines
  - Offshore traffic has largely operated as normal

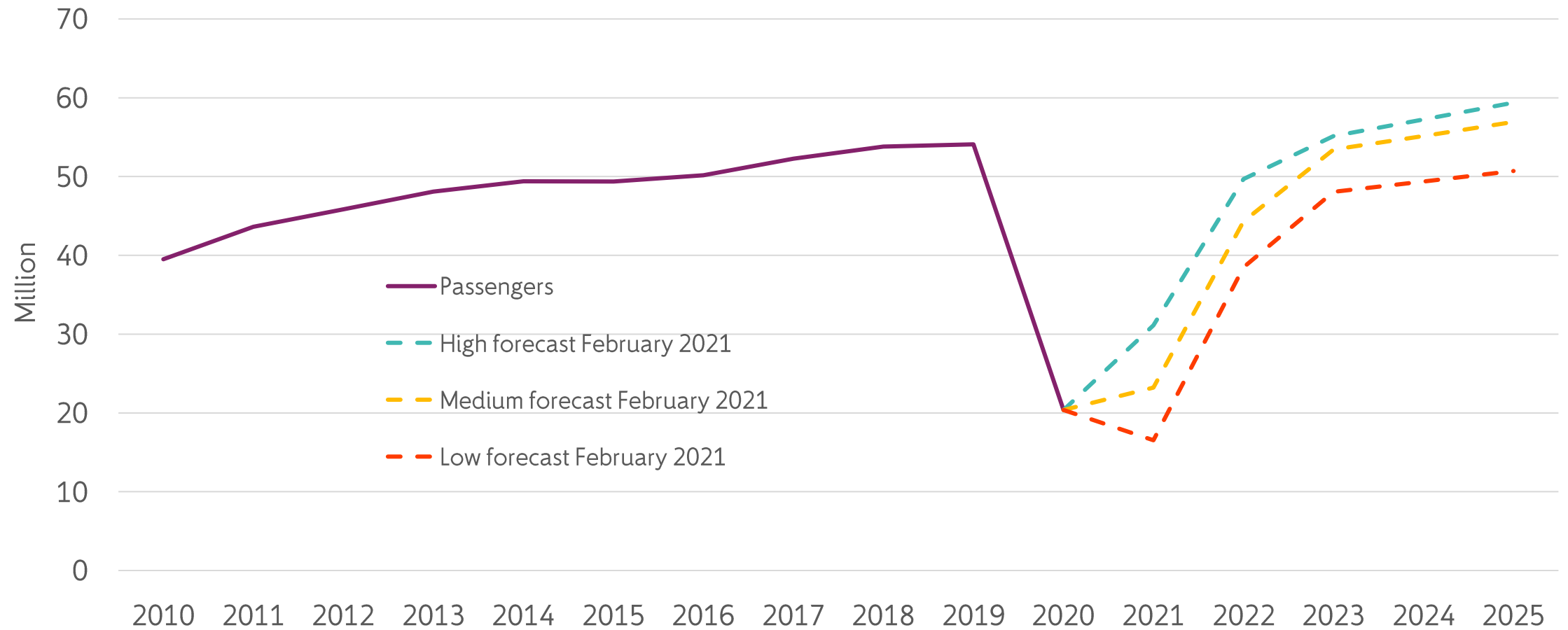
# Freight and mail

(2004 - 2020 Freight and mail in tons)



# Traffic volume 2010 - 2025

(2010 - 2025 Passengers in millions)



# Aircraft parking at Avinor airports

- Agreement in place with airlines
  - Avinor has conducted risk assessments prior to this agreement
- Currently around 60 aircrafts (as of ultimo February 2021), down from a high of about 100 aircrafts
  - Parked at Oslo, Bergen, Stavanger and Trondheim airports
  - Expect a further decrease in airplanes parked in coming months





# 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 2020 / 2021

## Ministry of Transport

- 3.6 bn NOK in operating contribution 2020
- Expect up to 2.75 bn NOK in new operating contribution first half year 2021
- No dividend payment 2020 / 2021
- No instalments on state loan in 2020 (444 m NOK)
- Total of approximately 7 bn NOK

## Avinor

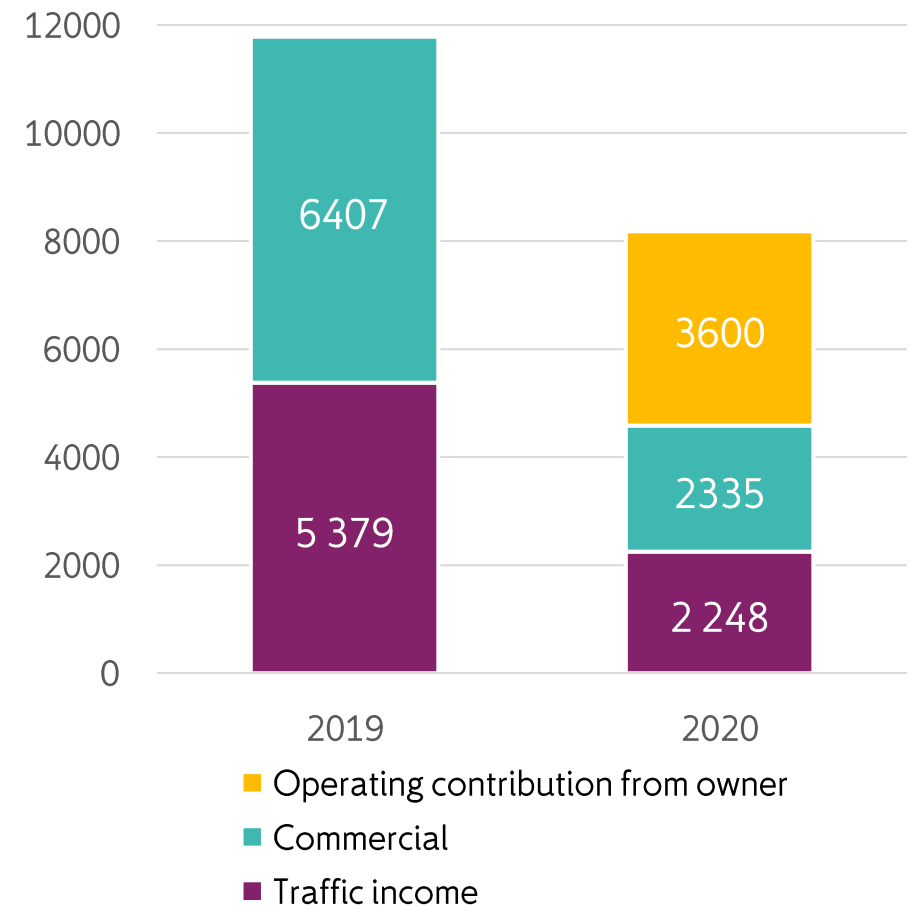
- Reduction of Capex by 1 bn NOK
  - Owner has made demands in relation to Capex
- New cost cut programme “Profitable Avinor”
  - Reduction of operating cost by 1 bn NOK in 2022
- Issued 2 bn NOK in bonds
- Issued 500 m EUR in bonds
- No drawdown on the 4.6 bn NOK in available credit lines
- Full or partial layoff of 450 employees

# Group revenues

(Million NOK)

	2019	2020
Traffic income	5 379	2 248
Other operating income	6 407	5 935
Total group income	11 785	8 183
Total group expenses	8 151	6 346
EBITDA group	3 635	1 837
Depreciation / amortization	2 172	2 200
Net finance income/(expenses)	(563)	(576)
Profit/(loss) before tax	900	(939)
Income tax expense	198	207
Profit/(loss) after tax	702	(732)
Extraordinary income/expense	(871)	3 600
Normalized EBITDA	4 506	(1 763)

Revenue distribution 2019 - 2020



# Key projects

# Oslo airport – Non-Schengen expansion

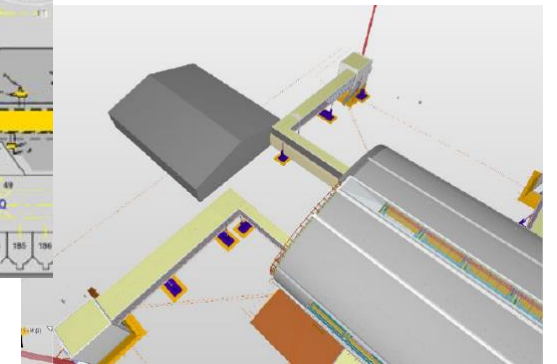
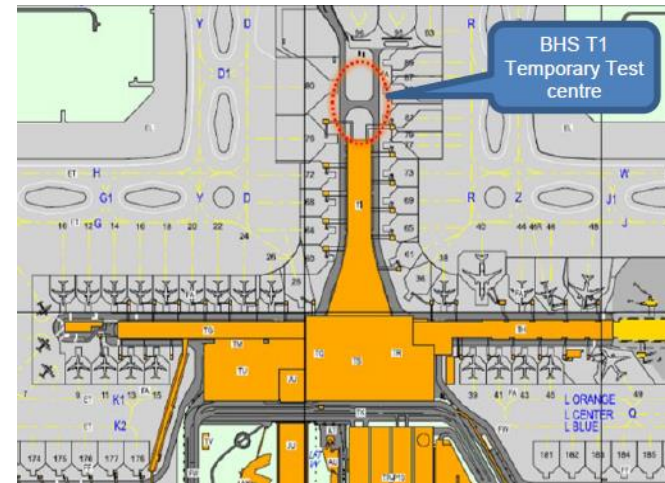
- Extension of Non-Schengen part of terminal started in January 2019
- 30.000 sq meters terminal extension
- Planned completion by summer 2022 (originally 2024).





# Oslo airport – baggage handling system

- Replacement of existing baggage handling system (BHS) in Terminal 1
- Start up autumn 2022 and completion autumn 2025
- Total cost ~ 2 bn NOK
- Most works are conducted inside existing terminal building.
  - Temporary test centre north of pier North (completion Q4 2021)
- Aims at creating a BHS of the future with focus on flexible solutions and with a high degree of automation
  - Driverless luggage trucks will be tested over a period of 3 year, commencing autumn 2021





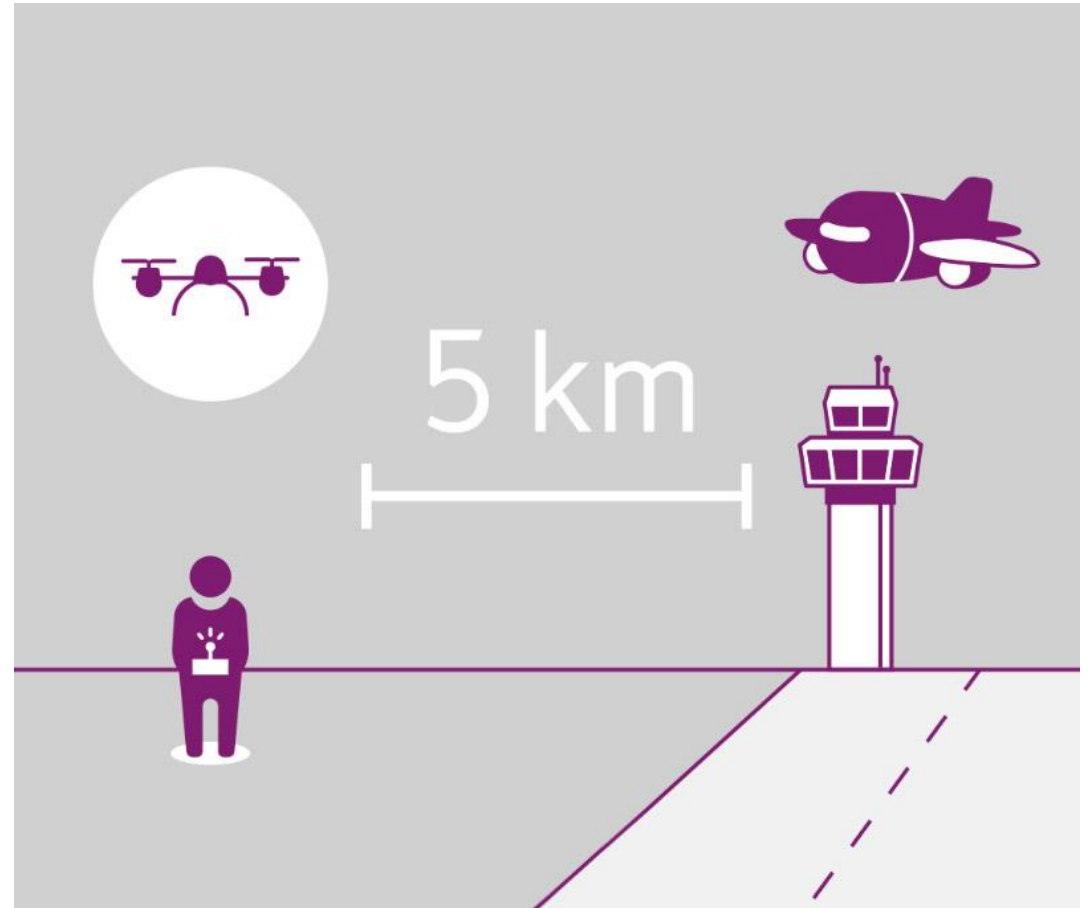
# Tromsø – new terminal

- Terminal Tromsø started February 2021
- 10 000 sq meters
- Expected completion in January 2024
- Total cost 971 m NOK

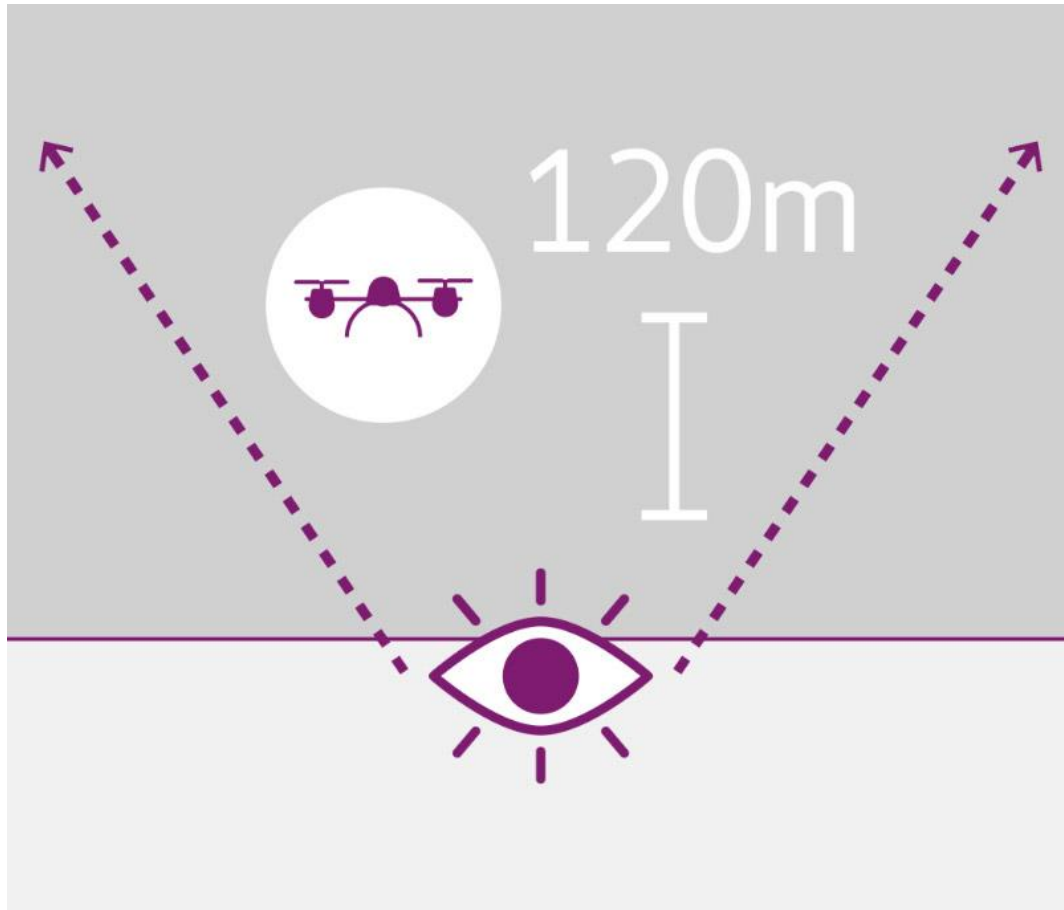


# Drones

- The Aviation Act in Norway are adapted to Regulations concerning aircraft without a pilot on board
- The Regulations cover the use of drones RO1, RO2 and RO3
- Avinor will press charges against any drone operator that are within the 5 km radius of the airport (without permission)



# Drones, continued



- Commercial drone operator has to complete drone courses, and buy a mandatory drone insurance for passenger and third party liability.
- Avinor Flysikring AS has purchased an Unmanned Traffic Management system to provide drone operators with easy access to information about no-fly zones and other relevant information. The UTM system will be introduced to Avinor airports in 2020-2021.
- Avinor Flysikring AS and Frequentis won the 2020 ATM Award (ATM Magazine) in the category “ATM/UTM integration”



# Remote Tower Center



# Remote Towers (RT)

- Avinor Flysikring AS signed a contract with Kongsberg Defence & Aerospace in 2015
- Contingency Remote Tower Center (CRTC) was established at Bodø in June 2017
- The contract has a scale of implementing RT at 15 airports, with an option of another 21 airports
- The Remote Tower Center (RTC) – a new building at Bodø airport – was completed 2020 Q2

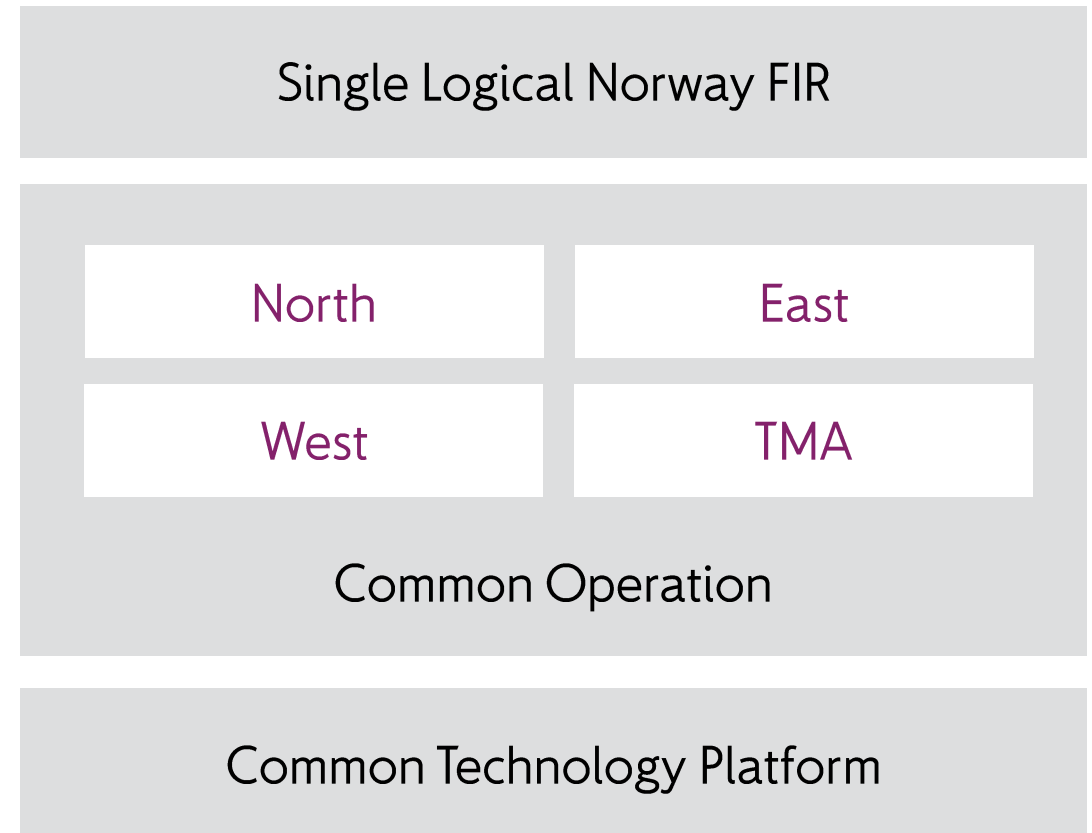


# Actual and planned operationalization Remote Towers – phase 1



# FAS – Future ATM System - Project

- Avinor ANS is investing in an effective and future orientated ATM system for Norway ACC
- Contract signed June 2016; iTEC alliance, Indra; Planned operational (Southern Norway) 2023/24 - Northern Norway tbd
- Also included is a cost effective tower solution for smaller airports
- Baseline platform will be devolped with our partners in the iTEC alliance
  - mutual contingency between production sites
  - new "conflict detection tools"
  - new "tactical tools"
  - dynamic sectorization
  - greater degree of automation
  - lay the foundation for considerable efficiency at European level!



# NORWAM – Norwegian Radar, Wam and ADS-B Implementation Program

## AIM

- End of life for a number of conventional radars, which will not meet new operational requirements for surveillance
- Reduce costs related to implementation and maintenance on surveillance equipment

## HOW:

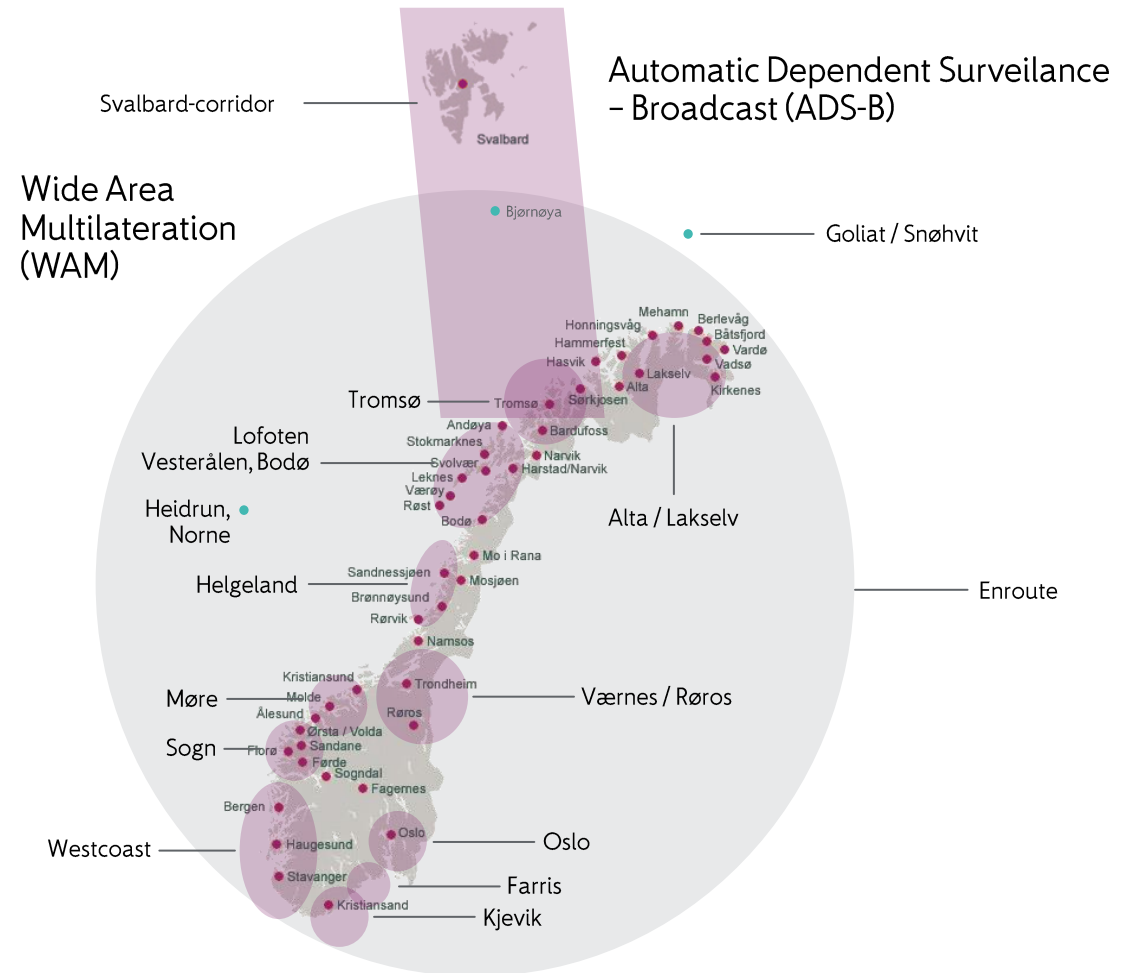
- Safety analysis conducted
  - defining sensor types

- OPS requirement, Business case.  
Technical analysis, overall plan defined
- Implementation of new technology including:
  - Appx 150 new sensors
  - Centralized processing with backup of systems and technology
  - Integration – existing systems
  - Safety approval of new systems
  - Training and operationalization

# NORWAM – Norwegian Radar, Wam and ADS-B Implementation Program

## Benefits:

- Avoiding investments in replacement of traditional radars.  
New technology = lower cost
- Meeting operational and legal requirements



# Safety (SMS), Quality(QMS), and Risk Management System

“ The Avinor group has developed and implemented an integrated Safety, Security and Quality Management System to ensure that all activities and developments are performed in a planned and controlled manner

“ Authority requirement that all airports and ANS shall have established a QMS based upon ISO 9001 Standard and SMS based upon ICAO Safety Management Manual and security standards.



# Cyber Security

- As required by EU 2017/373 ATM/ANS.OR.B.005, Avinor has established a security management system ensuring the security of operational data we receive, produce, or otherwise employ, to prevent unauthorized access and unlawful disruption of service.
- Avinor have implemented a risk-based approach to cyber security
- Internal procedure describes the formal process of implementing cyber security risk analyses
- The change management procedure ensures that any changes in Avinor are assessed to identify possible cyber security risks
- Subject matter experts are used to control initial assessments from change responsible and projects, and to conduct cyber security risk assessments

# Accidents and Incidents Avinor

## Avinor AS

Year	Reports	Incidents/ accident
2016	5 106	1
2017	4 168	1
2018	4 406	1
2019	5 149	0
2020	3 160	1

## ANS

Year	Reports	Incident/ accident*
2016	2 480	0
2017	2 441	0
2018	2 989	0
2019	3 325	1
2020	1 839	0

\*Directly or indirectly contribution by Avinor Flysikring AS (according to EU Regulation 996/2010): One serious Incident in 2019.

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