

INTERIM FINANCIAL REPORT

2nd quarter 2020



Content

Avinor Group – Main Figures	3
Board of Directors Report	4
Condensed income statement	9
Condensed statement of comprehensive income	10
Condensed balance sheet	11
Condensed statement of changes in equity	13
Condensed statement of cash flows	14
Notes to the interim financial statements	15
Responsibility statement	26

About Avinor

Avinor has two primary business areas, operation of a nationwide network of airports, and the national air navigation services for civil and military aviation. In total, this includes 43 airports as well as control towers, control centres and other technical infrastructure for safe air navigation. In addition to the aviation-operative activities, commercial earnings are facilitated through airport hotels, parking facilities, tax-free stores, restaurants and other services for air passengers.

Avinor is a group where the operational activities are partly organised in divisions and in partly in legal entities (subsidiaries). Financially, the overall operations are run as a single aviation system. The air navigation services finance themselves by pricing the services in accordance with international provisions. The Group has approximately 3,300 employees and annual operating revenues of NOK 11 billion.

The shares in Avinor AS are wholly owned by the Norwegian state as represented by the Ministry of Transport and Communications.

The Ministry of Transport and Communications manages the Norwegian state's ownership of Avinor, and stipulates e.g. the tasks imposed on the Group to safeguard the general interests of Norwegian society, the required rate of return and dividends. In addition, the Ministry of Transport and Communications regulates the aviation fees. The Ministry of Transport and Communications is the highest authority for Norwegian aviation and also stipulates the Civil Aviation Authority's regulations, which have consequences for Avinor's operations.

Avinor has issued bonds that are listed on the Oslo and Luxembourg Stock Exchange. The Group's corporate governance must adhere to the Oslo Stock Exchange's recommendations for corporate governance to the extent applicable. The principles complement the government's focus on corporate governance in the management of the Norwegian state's shareholdings.

Avinor's head office is located in Oslo.

Avinor Group – Main Figures

All amounts in MNOK

	SECOND QUARTER		SIX MONTHS ENDED JUNE		YEAR
	2020	2019	2020	2019	2019
Traffic income	89,2	766,8	647,4	1 468,0	2 995,4
Security (cost based)	0,4	346,1	228,3	641,2	1 315,2
Sales- and rental income - duty free	39,4	752,3	485,3	1 309,0	2 903,1
Sales- and rental income - parking	41,4	241,3	199,6	456,3	949,1
Sales- and rental income - other	183,2	527,7	570,5	1 006,3	2 121,7
Inter-group income	24,1	17,8	43,0	35,4	72,1
Total income airport operations	377,8	2 651,9	2 174,2	4 916,1	10 356,6
En route charges	91,3	265,9	349,3	512,9	1 068,1
Inter-group income approach and control tower services	162,0	211,6	324,0	425,4	859,2
Other income	34,7	39,4	78,6	76,1	172,3
Total income air navigation services	288,0	516,9	752,0	1 014,3	2 099,7
Other group income	2 292,3	233,2	2 509,0	454,7	935,1
Elimination of inter-group income	-346,6	-392,1	-696,9	-787,5	-1 606,2
Total group income	2 611,5	3 010,0	4 738,3	5 597,7	11 785,2
Operating expenses airport operations	-1 115,1	-1 476,2	-2 485,4	-3 024,6	-5 544,5
Operating expenses air navigation services	-431,9	-474,2	-883,1	-951,1	-2 058,8
Other operating expenses	-240,6	-1 234,5	-834,2	-1 570,3	-2 153,5
Elimination of inter-group expenses	346,6	392,1	696,9	787,5	1 606,2
Total group expenses	-1 441,0	-2 792,8	-3 505,7	-4 758,6	-8 150,7
EBITDA airport operations	-737,3	1 175,7	-311,1	1 891,5	4 812,1
EBITDA air navigation services	-143,9	42,6	-131,1	63,2	40,9
EBITDA others	2 051,7	-1 001,3	1 674,8	-1 115,6	-1 218,5
EBITDA group	1 170,5	217,2	1 232,6	839,1	3 634,5
Depreciation, amortisation and impairment charges	-546,4	-535,3	-1 090,5	-1 073,5	-2 171,6
Operating profit/(loss)	624,1	-318,1	142,1	-234,4	1 462,9
Net finance income/(costs)	-150,8	-140,0	-279,6	-285,5	-563,2
Profit/(loss) before income tax	473,3	-458,1	-137,5	-519,9	899,7
Income tax expense	-104,0	100,4	30,4	114,1	-197,5
Profit/(loss) after tax	369,3	-357,7	-107,1	-405,8	702,2
EBITDA-margin airport operations	-195,1 %	44,3 %	-14,3 %	38,5 %	46,5 %
EBITDA-margin air navigation services	-50,0 %	8,2 %	-17,4 %	6,2 %	1,9 %
EBITDA-margin others	44,8 %	7,2 %	26,0 %	15,0 %	30,8 %
Investments airport operations	440,3	537,9	756,9	794,9	1 687,1
Investments air navigation services	118,8	152,8	207,7	217,3	498,9
Investments others	111,3	42,9	177,4	124,9	348,7
Total investments	670,3	733,6	1 141,9	1 137,1	2 534,7
Distributed dividends	-	-	-	-	-584,9
Cash flow before borrowings/repayments	318,1	232,6	21,4	-74,9	291,9
Interest - bearing debts			22 096,3	19 637,9	19 051,7
Total assets			47 311,8	44 157,5	44 162,2
Net debt to equity ratio (b)			42,9 %	42,8 %	45,9 %
Number of passengers (in 1000)	2 028,1	13 893,4	11 699,4	26 101,9	54 099,0
Number of aircraft departures (in 1000)	67,2	168,0	213,2	331,0	677,3
Number of service units (in 1000)	143,7	607,0	657,4	1 169,0	2 437,2
Punctuality (a)			85 %	84 %	84 %
Regularity (a)			98 %	97 %	98 %

(a) Past 12 months

(b) Equity as a percentage of total equity and net interest-bearing debt (including interest rate swaps). According to article 5 of the company's Article of Association

Board of Directors Report

IMPORTANT EVENTS

Air traffic through Avinor's airports in the period 1 January to 30 June 2020 measured by passenger numbers fell by 55.2 per cent compared to the corresponding period in 2019. Looking just at the second quarter, the downturn was 85.4 per cent.

Over the last 12 months, average regularity and punctuality were 98 per cent and 85 per cent, respectively.

The first case of the coronavirus in Norway was recorded on 26 February 2020. On 12 March 2020 the Norwegian government implemented a raft of measures to limit the spread of the virus within the population. These measures include restrictions on travel. This has resulted in substantially lower demand for domestic and international air travel. The airlines have adjusted their route networks and furloughed staff. The government has suspended some of Avinor's airport fees from 13 March to 31 October 2020 in order to alleviate the financial pressure on the airlines. Based on available information and updated forecasts, a loss of income is in the region of NOK 7 to 8 billion for the financial year 2020 is estimated.

The group's profits and solvency in 2020 are and will be greatly affected by the pandemic. Avinor has maintained constant dialogue with its owner in respect of measures to bolster the Group's equity and liquidity. On 19 June 2020, the Norwegian parliament decided to give Avinor a grant of up to NOK 4,270 million and a one-year postponement of the instalments on the company's government debt. NOK 2,170 million was paid on 30 June 2020. Of this, NOK 2,100 million was destined for operating activities and NOK 70 million for the operation of Haugesund Airport. The Norwegian Ministry of Transport and Communications will monitor the situation at Avinor closely and review the size and timings of further financial support for Avinor.

Government grant from the owner is an important contribution to making Avinor more financially robust, but the ripple effects of the virus in the longer term is considered an impairment indicator for the group's cash-generating units, airport operations and air navigation services. At the same time, credit risk increases significantly. Reference is made to note 13 and 7 in the accounts, which deal with provisions for losses on accounts receivable and measurement of recoverable amount.

Cost-saving measures and measures to safeguard the Group's long-term financial solvency are being implemented. As at 30 June 2020, 509 employees have been furloughed in full or in part. Investments for the year have been scaled back with NOK 1 billion compared to the original plan.

Avinor will continue with the expansion of the airport terminal in Tromsø and the helicopter terminals in Kristiansund and Hammerfest, the lengthening of the runway in Kirkenes, and the pre-project phase of the Bodø airport project. In addition, Avinor will complete the expansion of the non-Schengen zone at Oslo Airport, but following a reduced model.

On 27 May 2020, Avinor received a letter of assignment from the Norwegian Ministry of Transport and Communications

requesting that Avinor take over the ongoing process of constructing a new airport in Mo i Rana. In accordance with this letter, Avinor has put forward a work schedule for the new airport in Mo i Rana.

Q2 2020

TABLE 1: KEY FINANCIAL FIGURES

MNOK	Q2 2020	Q2 2019	CHANGE
Operating income	2 611,5	3 010,0	-13,2 %
EBITDA	1 170,5	217,2	438,9 %
EBIT	624,1	(318,1)	296,2 %
Profit (loss) for the period	369,3	(357,7)	203,2 %
Investments	670,3	733,6	-8,6 %

The Group's operating income totalled NOK 2,611 million in the second quarter of 2020, which was a fall of 13.2 per cent compared with the corresponding reporting period in 2019. Excluding state operating subsidies, this fall was 83.0 per cent.

Total operating expenses including the cost of sales, depreciation and amortisation amounted to NOK 1,987 million, compared with NOK 3,328 million for the corresponding reporting period in 2019. This reduction was due to a provision for environmental obligations totalling NOK 871 million made in 2019. However, in 2020 there has also been a reduction in volume-dependent costs as well as cost-reduction measures.

Depreciation and write-downs on the Group's property, plant, and equipment totalled NOK 546 million compared with NOK 535 million for the second quarter of 2019.

The Group's net finance results were NOK -151 million, compared with NOK -140 million for the second quarter of 2019.

The Group's profit after tax was NOK 369 million, compared with NOK -358 million for the second quarter of 2019.

1 JANUARY TO 30 JUNE 2020

TABLE 2: KEY FINANCIAL FIGURES 01.01 - 30.06

MNOK	01.01 - 30.06.20	01.01 - 30.06.19	CHANGE
Operating income	4 738,3	5 597,7	-15,4 %
EBITDA	1 232,6	839,1	46,9 %
EBIT	142,1	(234,4)	160,6 %
Profit (loss) for the period	(107,1)	(405,8)	73,6 %
Investments	1 141,9	1 137,1	0,4 %

In the period from 1 January to 30 June 2020, the Group had a loss after tax of NOK 107 million, compared to a loss of NOK 406 million for the corresponding period in 2019.

The Group's balance sheet increased by NOK 3,150 million in the first half of the year to total NOK 47.3 billion as at 30 June 2020.

Operating income

Operating income in the period 1 January to 30 June 2020 amounted to NOK 4,738 million, compared to NOK 5,598 million in the corresponding period in 2019.

TABLE 3: OPERATING AND OTHER INCOME

MNOK	01.01 - 30.06.20	01.01 - 30.06.19	CHANGE
Airports operations	2 174,2	4 916,1	-55,8 %
Air traffic services	752,0	1 014,3	-25,9 %
Property development and hotels	51,0	67,1	-24,0 %
Group services/joint items group	2 457,9	387,6	534,1 %
Consolidated items	(696,9)	(787,5)	11,5 %
Avinor group	4 738,3	5 597,7	-15,4 %

Within airport operations, passenger numbers fell by 55.2 per cent in the first half of the year. Overall operating income for the first half of the year fell by 55.8 per cent to NOK 2,174 million compared with the corresponding reporting period in 2019.

In air navigation services, the volume of traffic in terms of service units for en-route navigation services fell by 43.8 per cent and the number of aircraft movements at airports fell by 35.6 per cent. Traffic income within en-route navigation services fell by 31.9 per cent. Income from tower services fell by 23.8 per cent. Overall, operating income from air navigation services fell by 25.9 per cent to NOK 752 million in the first half of the year compared with the corresponding reporting period in 2019.

As a result of the pandemic, on 30 June 2020 Avinor received a taxable government grant of NOK 2,100 million.

Operating expenses, depreciation and amortisation, and other items

Total operating expenses including the cost of sales, depreciation and amortisation for the period 1 January to 30 June 2020 amounted to NOK 4,596 million, compared with NOK 5,832 million for the corresponding reporting period in 2019.

Within airport operations, total operating expenses in the first half of the year fell by 17.8 per cent to NOK 2,485 million compared with the corresponding reporting period in 2019. Total operating expenses for air navigation services in the first half of the year fell by 7.2 per cent to NOK 883 million.

Joint Group costs and unshared costs in the first half of the year amounted to NOK 829 million, compared with NOK 1,568 million for the corresponding period last year. The decrease of NOK 739 million was primarily due to increased provisions for estimated cleanup costs related to environmental contaminants at Avinor's fire training sites in 2019.

Total depreciation and impairment totalled NOK 1,090 million for the period 1 January to 30 June 2020, compared with NOK 1,074 million for the corresponding period in 2019.

EBITDA and EBIT

EBITDA totalled NOK 1,233 million in the period 1 January to 30 June 2020 with an EBITDA margin of 26.0 per cent. EBITDA totalled NOK 839 million in the corresponding period in 2019 with an EBITDA margin of 15.0 per cent. EBIT for the period 1 January to 30 June 2020 amounted to NOK 142 million, compared with NOK -234 million for the corresponding period in 2019.

Financial items and tax

The Group's net financial income for the period 1 January to 30 June 2020 amounted to NOK -280 million, at the same level with the corresponding period in 2019.

Investments

Capitalised additions to property, plant, and equipment in the period 1 January to 30 June 2020 amounted to NOK 1,142 million, compared with NOK 1,137 million for the corresponding period last year.

The investments can be broken down into business areas as follows:

TABLE 4: ADDITION TO PPE RECOGNISED IN THE BALANCE SHEET

MNOK	01.01 - 30.06.20	01.01 - 30.06.19	CHANGE
Airport operations	756,9	794,9	-38,0
Air traffic services	207,7	217,3	-9,6
Property development and hotels	37,2	2,3	34,9
Joint items, group	112,6	94,9	17,7
Consolidated items	27,6	27,7	-0,1
Group	1 141,9	1 137,1	4,8

Cash flow, financing, and commitments

In the period 1 January to 30 June 2020, the Group's cash flow before changes in liabilities was NOK 21 million, including the state operating subsidy of NOK 2,100 million recognized as income.

Interest-bearing liabilities (not taking into account the value of derivatives related to interest rate hedging) and capitalised lease commitments as at 30 June 2020 amounted to NOK 25,075 million, of which NOK 5,216 million were current interest-bearing liabilities.

As at 30 June 2020, the Group's total assets amounted to NOK 47.3 billion and its equity ratio was 29.0 per cent. Equity as a percentage of the sum of equity and net interest-bearing liabilities (cf. paragraph 5 of the articles of incorporation) amounted to 42.9 per cent as at 30 June 2020. The calculation takes into account the Group's cash balance as well as the value of derivatives related to interest rate assurance, but the value of capitalised lease obligations is not included. In the first half of the year the Group's recognised equity was reduced by NOK 1,549 million as a result of deviations in the estimates of pension commitments and changes in value of financial hedging instruments.

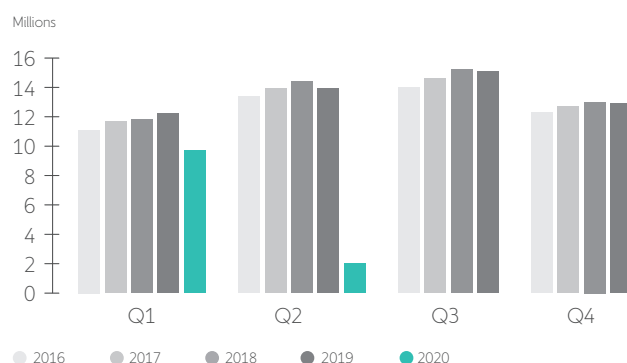
As at 30 June 2020, the Group's cash reserves amounted to NOK 8,385 million, distributed between NOK 3,785 million in bank deposits and NOK 4,600 million in unutilised drawing rights.

Traffic development and service goals

A total of 11.7 million passengers travelled via Avinor's airports in the first half of the year, which is a decrease of 55.2 per cent compared with the corresponding period in 2019.

The figure below shows the trend in traffic on a quarterly basis for the period 2016 to 2020:

PASSENGERS



Passenger volume was distributed between the airports as follows:

TABLE 5: NO. OF AIR PASSENGERS

PASSENGERS (1000)	01.01 - 30.06.20	01.01 - 31.06.19	CHANGE
Gardermoen	5 656	13 720	-58,8 %
Flesland	1 457	3 072	-52,6 %
Sola	955	2 092	-54,4 %
Værnes	988	2 147	-54,0 %
Others	2 643	5 071	-47,9 %
Avinor group	11 699	26 102	-55,2 %

The number of commercial air transport movements in the first half of the year fell by 35.6 per cent compared with the corresponding period in 2019. The traffic volume for en-route navigation services measured in terms of the number of service units fell by 43.8 per cent. Looking just at the second quarter, the number of commercial air transport movements fell by 60.0 per cent compared with the corresponding period in 2019. In the second quarter, the traffic volume for en-route navigation services measured in terms of the number of service units fell by 76.3 per cent.

Over the past 12 months, average regularity was recorded at 98 per cent and average punctuality at 85 per cent throughout Avinor's network of airports. The internal targets for regularity and punctuality are 98 per cent and 88 per cent respectively.

AIR SAFETY AND HSE

Subject to investigations that are yet to be completed, in the first half of 2020 there were no aviation accidents or serious aviation incidents in which Avinor was instrumental.

The H1 value (frequency of lost-time injuries) for the last 12 months was 2.9 in Avinor AS and 0.6 in Avinor Flysikring AS, while the H2 value (frequency of injuries) was 5.1 in Avinor AS and 1.8 in Avinor Flysikring AS.

Group-wide absence due to illness over the last 12 months was 4.8 per cent.

Within HSE, the first half-year have been heavily influenced by pandemic related issues. This comprises, among other factors, infection control on the airports, increased use of office at home and temporary layoffs. Efforts to prevent work-related injuries and illness in the organization continues, such as by way of simpler reporting procedures, the mapping and monitoring of HSE risks, the implementation of HSE campaigns, improvements in HSE training, and an increased emphasis on preventative HSE work.

RISK

Risks pertaining to air traffic volumes

Avinor's traffic income is affected by changes to route networks, passenger numbers, and other factors outside of the Group's control. No special contracts have been established with the airlines that use Avinor's airports, and so airlines have no obligation to maintain set traffic volume levels. The coronavirus pandemic will affect route networks going forwards.

Three airlines account for a substantial proportion of traffic volumes at Avinor's airports. Significant decisions, financial difficulties, bankruptcies, or the loss of landing rights in relation to these airlines could have a significant financial impact on Avinor.

Avinor has a high proportion of fixed costs that vary to a limited extent with changes in traffic volumes and capacity utilisation. Consequently, the Group's earnings and financial value are affected by changes in traffic volume.

Earnings from commercial offerings to passengers at the airports are very important to the Group's funding. Changes in traffic volumes will have an impact on the size of these revenues.

The coronavirus pandemic and the uncertainty surrounding its duration and long-term impact will affect the group's income and the value of its assets.

Risks pertaining to investment activities

The Group has an ongoing investment programme for infrastructure maintenance and adaptation. The inherent project risk, changes in the economic situation, and political guidelines may affect the financial basis for these investments and subsequently the Group's financial position.

There are technical, economic, and regulatory risks associated with development projects.

Credit risk

The Group is exposed to credit risk in relation to airlines and related activities. The Group deems that the risk of these parties being unable to meet their obligations is increasing. If airlines are unable to meet their obligations, this could have a significant impact on the Group's business, financial position, and operating profit.

The Group has guidelines for minimising losses. The Group has not furnished any third-party obligations.

*Financial risk**Foreign exchange risk*

The Group is exposed to risk with respect to the value of the Norwegian krone against other currencies through income, expenses, and financing in foreign currencies. Revenues from en-route navigation services are in euros, while some purchasing contracts are concluded in foreign currencies. The Group has loans in euros.

Interest rate risk

The Group is exposed to interest rate risk through its financing activities.

Liquidity and financing risk

Avinor is dependent on the external financing of development plans and projects in order to meet its financial obligations by their due date as well as to refinance existing debt. There is no guarantee that capital markets will be available and able to provide debt financing at the desired terms at the right time.

Hedging

Financial hedging instruments are used to curtail risk related to changes in interest, exchange rates, and energy prices. The value of hedging instruments changes in line with prices in the market and may affect profits. When investing the Group's surplus cash, emphasis is given to the issuer's solidity and the liquidity of the investment. The Group's liquid assets are deposited in a bank on negotiated terms.

Regulatory risks

The Group's operations are focused on safe air traffic management, with procedures and measures to minimise the risks and consequences of accidents and serious incidents. Developments with regard to national and international regulatory issues may have financial consequences for the Group.

Avinor safeguards national sectoral policy objectives. The Norwegian state sets guidelines for a number of conditions, including airport structure, emergency preparedness, aviation fees, and corporate social responsibility. The scope and organisation of sectoral policy guidelines may change over time.

New airport in Bodø

Avinor is currently studying the construction of a new airport in Bodø on behalf of the Ministry of Transport and Communications with the aim of providing more space for urban development. The design work is ongoing and aims to establish the scope and costs. Its implementation is dependent on the funding being put in place. The National Transport Plan for 2018 to 2029 proposes financing the development based on the state, Avinor, and the local authorities sharing the costs.

Pensions

Historically, Avinor's employees have been members in the public-sector pension scheme, which is a defined-benefit scheme. The scheme was finally closed on 1 January 2019 and around

45 per cent of employees were transferred to a new private defined-contribution scheme on this date. New employees are enrolled in the new private scheme.

The public-sector pension scheme changed on 1 January 2020 for those born after 1962. The new scheme bears more resemblance to a private defined-contribution scheme. The transition to the new schemes means that those who have been transferred to the new scheme and those who are still members of the public-sector scheme and who were born after 1962 have been granted a set entitlement based on the rules of the old scheme. There is a financial and regulatory risk associated with the size of the defined-benefit pension obligations.

It is assumed that Avinor's employees follow public-sector rules in terms of special age limits and pensions. The Norwegian parliament passed a new law on public-sector occupational pension schemes on 21 June 2019. The law does not contain provisions for special rules for those born from 1963 onwards with a special age limit. It is intended that the accrual rules that apply from 2020 shall apply to those with a special age limit who were born in 1963 or later. This means that accruals in the current scheme relating to the special age limit were closed at the end of 2019 without any new rules being put in place. Consequently, there is a risk associated with the calculation of special age obligations.

Environmental conditions

Aviation affects the environment both locally and globally. The local environmental impact from aviation is primarily related to aircraft noise, local air quality, and water and ground contamination. The global impact is primarily related to greenhouse gas emissions from aviation, primarily from aircraft.

Greenhouse gas emissions from aviation could affect the reputation of the industry as well as general conditions and fees for the industry both nationally and internationally. This could impact air travel in the future. Reduced traffic volumes, increased costs, and a deterioration in the industry's profitability could in turn have a negative impact on Avinor's financial performance.

The airports have discharge permits that require risk assessments of acute pollution that represents a risk of damage to the external environment. Work is continuing on reducing the risk of incidents that harm the environment occurring, at the same time as existing pollution is being surveyed and cleaned up. Environmentally hazardous additives (PFAS) in fire-extinguishing foam which have dispersed into the environment around the airport have been detected. Future clean-up costs are dependent on regulatory requirements. The Norwegian Environment Agency has issued an order for measures at some airports and an overall order for the remaining airports. Accordingly, Avinor has compiled the results from completed PFAS surveys and drawn up a series of prioritised measures. In February 2020, the Norwegian Environment Agency assessed PFAS contamination and provided information on the process for making further progress.

OUTLOOK

Mobility and efficient air transport are essential for social development, as well as for the growth of the Norwegian travel industry and businesses. Avinor is upgrading and developing its airport network to facilitate good regional, national, and international air services. Furthermore, aviation depends on innovation and technological advances in order to reduce harmful greenhouse gas emissions. Alongside the airlines, the Civil Aviation Authority, and other stakeholders in Norwegian aviation, Avinor has been an active contributor for several years in international efforts relating to the climate and is at the forefront of paving the way for sustainable aviation in the future.

The company's operation of airports for airlines and passengers is subject to economic upswings and downturns, and a clear expectation of competitive levels of pricing. Avinor's primary focus now is to provide continuity and ensure that operations continue throughout the coronavirus pandemic. Operations and infrastructure are being adjusted according to the reduction in traffic volumes in order to minimise our employees' exposure to

the virus as well as to ensure a pool of reserve personnel who can cover for those who fall ill or must enter self-isolation.

The company's profits and solvency are greatly affected by the coronavirus pandemic in 2020. Consequently, there will be a need to bolster equity and liquidity beyond what has already been done. Avinor maintains constant dialogue with its owner in respect of measures to bolster the Group's equity and liquidity.

Avinor has launched a program that will ensure Norwegian aviation good solutions for the future. The program will safeguard the social obligation and the airport structure and seek to find more effective solutions. The program will be an umbrella for a number of change and restructuring measures in the coming years. The goal is a profitable Avinor after the effects of the corona pandemic are over, and continue to deliver safe and stable operations.

These measures are designed to ensure the continued operation of the Group and the implementation of current and planned investment projects.

Oslo, 26 august 2020
Board of Directors of Avinor AS

CONDENSED INCOME STATEMENT

All amounts in MNOK

		SECOND QUARTER		SIX MONTHS ENDED JUNE		YEAR
	NOTES	2020	2019	2020	2019	2019
Operating income						
Traffic income	4	181,0	1 378,8	1 225,1	2 622,0	5 378,7
Other operating income	4	2 430,5	1 631,2	3 513,2	2 975,7	6 406,5
Total operating income		2 611,5	3 010,0	4 738,3	5 597,7	11 785,2
Operating expenses						
Raw materials and consumables used		21,6	43,0	48,9	79,6	138,7
Employee benefits expenses		893,1	965,2	1 857,6	1 925,8	3 708,6
Other operating expenses		529,3	912,3	1 571,8	1 847,4	3 482,6
Other expenses	5	(3,0)	872,3	27,4	905,8	820,8
Total operating expenses		1 441,0	2 792,8	3 505,7	4 758,6	8 150,7
EBITDA		1 170,5	217,2	1 232,6	839,1	3 634,5
Depreciation, amortisation and impairment charges	7	546,4	535,3	1 090,5	1 073,5	2 171,6
Operating profit/(loss)		624,1	(318,1)	142,1	(234,4)	1 462,9
Finance income		2,7	9,6	18,6	16,5	39,9
Finance expenses		153,5	149,6	298,2	302,0	603,1
Net finance income/(expenses)		(150,8)	(140,0)	(279,6)	(285,5)	(563,2)
Profit/(loss) before income tax		473,3	(458,1)	(137,5)	(519,9)	899,7
Income tax expense	6	104,0	(100,4)	(30,4)	(114,1)	197,5
Profit/(loss) after tax		369,3	(357,7)	(107,1)	(405,8)	702,2

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

All amounts in MNOK

	SECOND QUARTER		SIX MONTHS ENDED JUNE		YEAR
	2020	2019	2020	2019	2019
Profit/(loss) for the period	369,3	(357,7)	(107,1)	(405,8)	702,2
Other comprehensive income:					
Items that will not be reclassified to profit or loss in subsequent periods:					
Actuarial gains/(losses) on post employment benefit obligations	-	-	(1 525,8)	-	544,6
Tax effect	(0,5)	-	335,2	-	(119,8)
Items that may be subsequently reclassified to profit or loss:					
Cash flow hedges	(20,2)	102,9	(321,9)	211,6	251,3
Tax effect	4,4	(22,6)	70,8	(46,5)	(55,3)
Other comprehensive income, net of tax	(16,3)	80,3	(1 441,7)	165,1	620,8
Total comprehensive income	353,0	(277,4)	(1 548,8)	(240,7)	1 323,0
Attributable to:					
Owner of parent	353,0	(277,4)	(1 548,8)	(240,7)	1 323,0

CONDENSED BALANCE SHEET

All amounts in MNOK

		30 JUNE		YEAR
	NOTES	2020	2019	2019
ASSETS				
Non-current assets				
Intangible assets				
Deferred tax assets	6	1 859,8	1 564,9	1 423,4
Other intangible assets	7	333,8	95,0	233,7
Intangible assets under construction	7	636,0	566,9	622,4
Total intangible assets		2 829,6	2 226,8	2 279,5
Property, plant and equipment				
Property, plant and equipment	7	33 399,5	34 164,3	34 244,6
Assets under construction	7	3 270,2	2 597,0	2 642,4
Right of use assets	7	458,3	492,0	485,0
Total property, plant and equipment		37 128,0	37 253,3	37 372,0
Financial assets				
Derivative financial instruments	11	1 751,4	1 534,5	1 751,1
Other financial assets		151,5	85,0	99,0
Total financial assets		1 902,9	1 619,5	1 850,1
Total non-current assets		41 860,5	41 099,6	41 501,6
Current assets				
Inventories		40,1	18,0	24,4
Trade and other receivables		867,1	1 748,7	1 572,9
Derivative financial instruments	11	759,0	12,0	4,2
Cash and cash equivalents	10	3 785,1	1 279,2	1 059,1
Total current assets		5 451,3	3 057,9	2 660,6
TOTAL ASSETS		47 311,8	44 157,5	44 162,2

CONDENSED BALANCE SHEET

All amounts in MNOK

		30 JUNE		YEAR
	NOTES	2020	2019	2019
EQUITY AND LIABILITIES				
Equity				
Share capital		5 400,1	5 400,1	5 400,1
Other equity		8 330,0	8 315,1	9 878,9
Total equity		13 730,1	13 715,2	15 279,0
Provisions				
Retirement benefit obligations	9,13	5 505,3	4 578,0	3 972,8
Other provisions	5,13	1 098,3	1 046,9	1 065,9
Total provisions		6 603,6	5 624,9	5 038,7
Non-current liabilities				
State loan	10,11	1 416,4	1 416,4	1 194,2
Other non-current loans	10,11	18 029,0	18 164,5	17 667,1
Lease liabilities	10,11	414,1	443,0	435,5
Total non-current liabilities		19 859,5	20 023,9	19 296,8
Current liabilities				
Commercial papers	10,11	1 999,8	-	600,0
Trade payables		428,2	416,6	579,7
Tax payable		21,6	199,3	298,8
Public duties payable		147,7	404,9	343,3
Dividends	12	-	584,9	-
Derivative financial instruments	11	26,0	0,3	2,3
First annual installment on long-term liabilities	10,11	3 159,3	1 591,5	1 341,5
Lease liabilities	10,11	56,5	53,8	56,7
Other current liabilities		1 279,6	1 542,2	1 325,4
Total current liabilities		7 118,7	4 793,5	4 547,7
Total liabilities		33 581,8	30 442,3	28 883,2
TOTAL EQUITY AND LIABILITIES		47 311,8	44 157,5	44 162,2

CONDENSED STATEMENT OF CHANGES IN EQUITY

All amounts in MNOK

	SHARE CAPITAL	OTHER RESERVES	OTHER EQUITY	TOTAL EQUITY
Balance at 1 Januar 2019	5 400,1	(1 507,4)	10 648,2	14 540,9
Total comprehensive income		165,1	(405,8)	(240,7)
Dividends provided for or paid			(584,9)	(584,9)
Balance at 30 June 2019	5 400,1	(1 342,3)	9 657,5	13 715,2
Balance at 1 Januar 2020	5 400,1	(886,6)	10 765,5	15 279,0
Total comprehensive income		(1 441,7)	(107,1)	(1 548,8)
Balance at 30 June 2020	5 400,1	(2 328,3)	10 658,4	13 730,1

CONDENSED STATEMENT OF CASH FLOWS

All amounts in MNOK

		SIX MONTHS ENDED JUNE		YEAR
	NOTES	2020	2019	2019
Cash flow from operating activities				
Profit/(loss) before income tax ¹⁾		(137,5)	(519,9)	899,7
Depreciation, amortisation and impairment charges		1 090,5	1 073,5	2 171,6
(Profit)/loss on disposals of non-current assets		(10,8)	(2,6)	-
Changes in value and other losses/(gains) - net (unrealised)		28,5	35,6	45,4
Net finance (income)/costs		279,6	285,5	563,2
Change in inventories, trade receivables and trade payables ²⁾		381,4	(344,8)	(47,1)
Difference between post employment benefit expense and amount paid/received	9	6,8	(44,6)	(115,9)
Change in other working capital items ³⁾		32,8	1 105,7	688,0
Interest received		11,1	34,1	58,1
Income tax paid		(145,5)	(91,5)	(290,7)
Net cash generated from operating activities		1 537,0	1 531,0	3 972,3
Cash flow from investing activities				
Investments in property, plant and equipment (PPE)		(1 005,3)	(1 113,4)	(2 470,7)
Proceeds from sale of PPE, incl assets under construction		18,8	18,7	30,4
Change in other investments		(31,7)	8,9	(21,9)
Net cash used in investing activities		(1 018,2)	(1 085,8)	(2 462,2)
Cash flow from financing activities				
Proceeds from borrowings		2 000,0	-	-
Repayment of borrowings	10	(695,1)	(406,0)	(1 572,6)
Net proceeds/repayment of short term borrowings (commercial papers)	10	1 399,8	-	600,0
Interest paid		(491,3)	(493,8)	(627,3)
Other borrowing charges		(6,1)	(6,0)	(6,0)
Dividends paid to owner	12	-	-	(584,9)
Net cash generated/used in financing activities		2 207,3	(905,8)	(2 190,8)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		2 726,1	(460,6)	(680,8)
Cash, cash equivalents and bank overdrafts at the beginning of the period		1 059,1	1 739,8	1 739,8
Cash, cash equivalents and bank overdrafts at the end of the period	10	3 785,1	1 279,2	1 059,1

1) Loss before income tax as of the second quarter of 2020 includes revenue recognized concerning government grant of MNOK 2,100.2 (received in June 2020) as a result of the financial consequences of the coronavirus.

2) Changes in inventories, accounts receivable and accounts payable as of the second quarter of 2020 include provisions for losses on receivables of MNOK 217.2.

3) Change in other working capital items in 2019 (Year) includes provisions for cleanup costs related to environment pollution of MNOK 871.2 (recognised in the second quarter of 2019)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

NOTE 1 General information

Avinor AS and its subsidiaries (together 'the group') own, manage and develop aviation infrastructure and systems by facilitating safe and efficient aviation. The group also renders services within the same areas together with other activities to support the group's main business, including commercial development. The Avinor group's headquarters are located in Oslo.

The interim financial statements for the second quarter of 2020 were approved by the Board of Directors on 26 August 2020. The interim financial information has not been audited.

NOTE 2 Basis of preparation and accounting policies

The interim financial statement for the Avinor group for the second quarter, ended 30 June 2020, has been prepared in accordance with International Financial Reporting Standards (IFRS) and encompass Avinor AS and all its subsidiaries. The interim financial information has been prepared in accordance with IAS 34 Interim financial reporting. The interim financial information should be read in conjunction with the annual financial statement for the year ended 31 December 2019. The accounting policies are consistent with those of the annual financial statement for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020.

As a result of a change in IAS 19 in 2019, an entity shall determine current service cost for the remainder of the annual reporting period after a plan amendment using updated actuarial assumptions (IAS 19.122A). In connection with plan changes with an accounting effect from 1 July 2019, the actuarial assumptions used to calculate the service cost were updated accordingly.

NOTE 3 Segment information*All amounts in MNOK*

SIX MONTHS ENDED JUNE 2020

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	391,3	128,6	98,8	69,1	188,0	875,7
Other income	773,8	122,5	93,7	75,5	190,0	1 255,5
Inter-segment income	1,0	0,3	5,6	1,7	34,4	43,0
Total income	1 166,1	251,3	198,1	146,3	412,5	2 174,2
Employee benefits expenses	248,7	61,7	54,1	49,3	401,9	815,6
Other operating expenses	418,6	80,1	87,9	56,8	413,7	1 057,1
Inter-segment expenses	185,3	61,5	51,0	38,1	276,8	612,7
Total expenses	852,6	203,3	192,9	144,2	1 092,4	2 485,4
EBITDA	313,5	48,1	5,2	2,1	(679,9)	(311,1)
Depreciation, amortisation and impairment charges	470,2	154,9	60,0	53,6	211,5	950,1
Operating profit/(loss)	(156,7)	(106,8)	(54,8)	(51,5)	(891,4)	(1 261,2)
Assets *	17 055,8	5 491,7	1 723,9	1 675,8	5 792,4	31 739,6

SIX MONTHS ENDED JUNE 2020 CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	875,7	349,3	-	-	-	1 225,1
Other income	1 255,5	78,6	40,1	2 138,9	-	3 513,2
Inter-segment income	43,0	324,0	10,9	319,0	(696,9)	-
Total income	2 174,2	752,0	51,0	2 457,9	(696,9)	4 738,3
Employee benefits expenses	815,6	706,9	0,0	335,1	-	1 857,6
Other operating expenses	1 057,1	129,4	4,5	457,1	-	1 648,1
Inter-segment expenses	612,7	46,7	0,4	37,0	(696,9)	-
Total expenses	2 485,4	883,1	4,9	829,2	(696,9)	3 505,7
EBITDA	(311,1)	(131,1)	46,0	1 628,6	-	1 232,6
Depreciation, amortisation and impairment charges	950,1	69,9	17,9	52,6	-	1 090,5
Operating profit/(loss)	(1 261,2)	(201,0)	28,1	1 576,0	-	142,1
Assets *	31 739,6	884,2	742,4	367,1	-	33 733,3

* Inclusive other intangible assets, exclusive assets under construction

During the period, MNOK 2,100.2 was recognized as income concerning government grants as a result of the financial consequences of the coronavirus. The income is presented as other operating income in the segment others. See comments in note 13.

The Stavanger Airport segment for the period includes a provision of MNOK 20.0 for expected demolition costs as a result of a fire in the parking garage (included in other operating expenses). In addition, fixed assets that were damaged in the fire were impaired by MNOK 176.1 (included in depreciation, amortisation and impairment charges). At the same time, a receivable of MNOK 196.1 has been recognized to reflect the insurance settlement related to the accrued costs as a result of the fire. Accrued costs and expected insurance

settlement related to these costs are presented net in the table above and in the income statement, of which MNOK 20.0 is presented as a reduction of other operating expenses and MNOK 176.1 is presented as a reduction of depreciation, amortisation and impairment charges.

Other operating expenses includes a provision of MNOK 217.2 for estimated losses on accounts receivable as of 30 June 2020. The provision is distributed with MNOK 207.5 in the segment "Other" and MNOK 9.7 in the segment "Air Navigation Services".

SIX MONTHS ENDED JUNE 2019

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	1 027,5	270,9	203,4	174,3	433,1	2 109,2
Other income	1 801,0	277,0	216,3	158,4	318,8	2 771,6
Inter-segment income	1,0	1,3	2,5	1,1	29,5	35,4
Total income	2 829,5	549,2	422,2	333,8	781,5	4 916,1
Employee benefits expenses	276,3	68,5	57,5	51,1	426,9	880,2
Other operating expenses	667,1	115,1	99,4	70,0	490,0	1 441,6
Inter-segment expenses	195,5	72,7	57,5	47,7	329,4	702,8
Total expenses	1 138,8	256,4	214,5	168,8	1 246,2	3 024,6
EBITDA	1 690,6	292,8	207,7	165,0	(464,7)	1 891,5
Depreciation, amortisation and impairment charges	467,3	148,5	62,4	52,5	207,4	938,0
Operating profit/(loss)	1 223,3	144,3	145,4	112,5	(672,1)	953,5
Assets *	17 498,2	5 650,9	1 871,3	1 716,1	5 761,0	32 497,5

SIX MONTHS ENDED JUNE 2019 CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	2 109,2	512,9	-	-		2 622,0
Other income	2 771,6	76,1	56,7	71,2		2 975,7
Inter-segment income	35,4	425,4	10,3	316,4	(787,5)	-
Total income	4 916,1	1 014,3	67,1	387,6	(787,5)	5 597,7
Employee benefits expenses	880,2	749,2	-	296,3		1 925,8
Other operating expenses	1 441,6	157,5	2,4	1 231,3		2 832,8
Inter-segment expenses	702,8	44,4	0,1	40,2	(787,5)	-
Total expenses	3 024,6	951,1	2,5	1 567,8	(787,5)	4 758,6
EBITDA	1 891,5	63,2	64,6	(1 180,2)	(0,0)	839,1
Depreciation, amortisation and impairment charges	938,0	70,4	18,0	47,1		1 073,5
Operating profit/(loss)	953,5	(7,2)	46,5	(1 227,2)	(0,0)	(234,4)
Assets *	32 497,5	756,7	777,7	227,4		34 259,3

* Inclusive other intangible assets, exclusive assets under construction

NOTE 4 Operating income*All amounts in MNOK*

Revenue from contract with customers (IFRS 15) include all traffic income and part of other operating income, see specification below.

Government grants are recognised in accordance with IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance). Grants that are considered receivable and given for the purpose of providing immediate financial support without future associated expenses, are recognized as income and are included in other operating income. See comments in note 13.

Traffic income, with the exception of the en route charges, is distributed to the segments under airport operations. The en route charges is allocated in its entirety to the segment Air Navigation Services. See note 3.

SPECIFICATION	SECOND QUARTER		SIX MONTHS ENDED JUNE		YEAR
	2020	2019	2020	2019	2019
Traffic income					
Takeoff charges	46,7	291,6	270,4	569,9	1 160,0
Terminal charges	0,4	326,2	218,4	605,7	1 240,3
En route charges	91,3	265,9	349,3	512,9	1 068,1
Security charges	0,4	346,1	228,3	641,2	1 315,2
Terminal navigation charges	42,1	149,0	158,7	292,4	595,1
Total traffic income	181,0	1 378,8	1 225,1	2 622,0	5 378,7
Other operating income					
Revenue from contracts with customers:					
Duty free	0,7	31,6	16,9	53,8	118,5
Parking	0,0	0,0	0,1	0,5	0,7
Other	99,0	199,5	259,7	368,4	790,4
Total other operating income from contracts with customers	99,7	231,2	276,7	422,7	909,6
Rental income:					
Duty free	38,7	720,6	468,5	1 255,3	2 784,6
Parking	41,4	241,2	199,6	455,8	948,4
Other	150,5	438,2	468,3	842,0	1 763,9
Total rental income	230,7	1 400,0	1 136,3	2 553,1	5 496,9
Government grants	2 100,2	-	2 100,2	-	-
Total other operating income	2 430,5	1 631,2	3 513,2	2 975,7	6 406,5
Total income from contracts with customers	280,7	1 610,0	1 501,7	3 044,7	6 288,3
Total rental income	230,7	1 400,0	1 136,3	2 553,1	5 496,9
Government grants	2 100,2		2 100,2		
Total operating income	2 611,5	3 010,0	4 738,3	5 597,7	11 785,2

NOTE 5 Other income and expenses*All amounts in MNOK*

SPECIFICATION	SECOND QUARTER		SIX MONTHS ENDED JUNE		YEAR
	2020	2019	2020	2019	2019
Other expenses					
Pensions - see note 9 and 13	-	-	-	-	(86,6)
External environment - see note 13	-	871,2	-	871,2	871,2
Changes in value and other (losses)/gains, net	(3,0)	1,1	27,4	34,6	36,2
Total	(3,0)	872,3	27,4	905,8	820,8

NOTE 6 Income tax expense

The income tax expense is calculated using the expected annual effective tax rate. Expected annual effective tax rate is 22 % and is in the interim financial statements as a whole recognised against deferred tax asset. The distribution between tax payable and deferred tax is calculated at year end and presented in the annual financial statement.

NOTE 7 Property, plant and equipment and other intangible assets

All amounts in MNOK

	OTHER INTANGIBLE ASSETS	PROPERTY, PLANT AND EQUIPMENT	ASSETS UNDER CONSTRUCTION	RIGHT OF USE ASSETS	TOTAL
At 30 June 2019					
Opening net book amount	103,4	34 426,4	2 828,4	-	37 358,2
Opening net book amount - new accounting policy	-	-	-	496,7	496,7
Additions	0,5	801,0	1 137,1	21,7	1 960,3
Reclassification	-	-	801,6	1,2	802,8
Disposals	-	23,7	-	-	23,7
Depreciation charge	8,9	1 039,4	-	25,2	1 073,5
Closing net book amount	95,0	34 164,3	3 163,9	492,0	37 915,2
At 30 June 2020					
Opening net book amount	233,7	34 244,6	3 264,8	485,0	38 228,1
Additions	115,7	384,8	1 141,9	-	1 642,4
Reclassification	-	-	500,5	-	500,5
Disposals	-	5,6	-	-	5,6
Depreciation charge	15,6	1 224,3	-	26,8	1 266,7
Closing net book amount	333,8	33 399,5	3 906,2	458,3	38 097,8

MNOK 636.0 of assets under construction is classified as intangible as at 30 June 2020 (MNOK 566.9 as at 30 June 2019).

Fixed assets that were damaged as a result of a fire in the parking garage at Stavanger Airport were impaired by MNOK 176.1 in the first quarter of 2020. At the same time, a corresponding receivable of MNOK 176.1 related to the insurance settlement is recognised. The expected insurance settlement is presented as a reduction of depreciation, amortisation and impairment charges for the period in the income statement (net presentation).

Measurement of recoverable amount

The corona pandemic will significantly affect the number of air passengers and the group's revenues in 2020 and is also expected to affect 2021 and 2022. The pandemic is considered an impairment indicator for the group's cash-generating units (airport operations and air navigation services), and hence management has made impairment assessments as of 30 June 2020. Uncertainty of the duration of the pandemic, the extent of financial support and the regulation of Avinor's revenues, increase the sensitivity to the assumptions used in the impairment assessments, and result in less room between the recoverable amount and the carrying amount of the group's assets for the cash-generating units.

The group, and the two cash-generating units (airport operations and air navigation services), are long-term and regulated infrastructure business where a decrease in traffic in the short / medium term will not entail a need for impairments. However, the current situation and the uncertainty associated with both duration and more long-term consequences are very unusual, and could affect the value of the group's assets in the future.

Management has based its estimates for future cash flows on the expectation that traffic in the airport operations and air navigation services will be back at the 2019 level from 2023/24. However, the management believes that it is still too early to predict the full impact the pandemic will have on the operations as the situation is still developing, and there is therefore a high degree of uncertainty associated with these assumptions. Should management's current expectations not be met, it could lead to impairment losses.

The consequences of the corona pandemic will be followed up continuously in the time ahead and necessary measures taken. In this context, the group will update its analyses related to probable, and possible, outcomes in traffic and consequences for valuations of recoverable amount. The valuations will be based on a long-time horizon.

The group's two cash-generating units (CGUs) are the airport operations (Avinor AS) and air navigation services (Avinor Flysikring AS).

Assessment of the CGUs:

Airport operations:

Fees for airport operations are regulated through a "single till" model which over time will ensure Avinor a reasonable return on invested capital, which in isolation reduces the risk of impairments. Based on management's future forecasts, including negative effects of the pandemic, the assumption that the current regulation will be continued in the long term and the expected effect of initiated cost-reducing measures, no impairment needs related to airport operations as a cash-generating unit have been identified.

Air navigation services:

Air navigation services has two main sources of income: en route charges and services to the airport operations.

Over time, air navigation services through regulation of the en route fee will have a profit that defends the book value of associated assets, which in isolation reduces the risk of impairments. Regulated returns presume that the air navigation services achieve relevant performance targets for service delivery. For air navigation services' sales of services to the airport business, there is also an expectation of efficiency and lower prices. Based on management's future forecasts, including negative effects of the pandemic, the assumption that the current regulation will be continued in the long term and the expected effect of initiated efficiencies and cost-reducing measures, no impairment needs related to air navigation services as a cash-generating unit is identified.

NOTE 8 Capital structure and equity

All amounts in MNOK

SPECIFICATION	30 JUNE		YEAR
	2020	2019	2019
Interest bearing debt (see note 10)	25 075,1	21 669,2	21 295,0
Interest rate swaps (see note 11)	2 508,1	1 534,5	1 751,1
Lease liabilities	470,6	496,8	492,2
Cash and cash equivalents	3 785,1	1 279,2	1 059,1
Net interest bearing debt - exclusive lease liabilities	18 311,3	18 358,7	17 992,6
Equity	13 729,9	13 715,2	15 279,0
Total equity and net interest bearing debt	32 041,2	32 073,9	33 271,6
Net debt to equity ratio *	42,9 %	42,8 %	45,9 %

* Equity as a percentage of total equity and net interest bearing debt (according to article 5 of the company's Article of Association)

NOTE 9 Pensions*All amounts in MNOK*

The following assumptions have been used to calculate the group's pension liabilities:

	30 JUNE		YEAR
	2020	2019	2019
Discount rate	1,70 %	2,60 %	2,30 %
Future return on plan assets	2,30 %	2,60 %	2,30 %
Future salary increases	2,25 %	2,75 %	2,25 %
Future pension increases	1,25 %	1,75 %	1,25 %
Future increases in the social security base rate (G)	2,00 %	2,50 %	2,00 %

PENSION OBLIGATION

	30 JUNE		YEAR
	2020	2019	2019
Net pension obligation at 1 January	3 972,8	4 633,4	4 633,4
Pension cost - plan amendment inclusive curtailment/settlement	-	-	(86,6)
Pension cost - other (exclusive employee contribution)	138,6	207,2	359,0
Employer/employee contribution	(131,9)	(262,6)	(388,3)
Actuarial gains/losses	1 525,8	-	(544,6)
Net pension obligation at 30 June	5 505,3	4 578,0	3 972,8

In addition to the pension cost in the table above there is a cost of MNOK 74.1 as at 30 June 2020 related to employees that have transitioned to a defined contribution pension scheme (MNOK 47.0 as at 30 June 2019) and MNOK 12.2 related to the private AFP scheme (early retirement) (MNOK 0.0 as at 30 June 2019).

The actuarial losses recognised as other comprehensive income in 2020 are due to reduced discount rate.

The new act on public sector occupational pension does not contain regulations related to a new AFP scheme (early retirement) or rules for special retirement pension. As a result, the accounting effect of this is not fully reflected in the accounts as of 30 June 2020.

NOTE 10 Borrowings and lease liabilities*All amounts in MNOK*

	30 JUNE		YEAR
	2020	2019	2019
Long term borrowings and lease liabilities	19 859,5	20 023,9	19 296,8
Short term borrowings and lease liabilities	5 215,6	1 645,3	1 998,2
Total	25 075,1	21 669,2	21 295,0
Movement in borrowings and lease liabilities			
Opening net book amount	21 295,0	21 740,7	21 740,7
Opening net book amount - lease liabilities - new accounting policy	-	496,7	496,7
Proceeds of long term borrowings	2 000,0	-	-
Repayment of borrowings	(673,5)	(385,7)	(1 531,5)
Repayment of lease liabilities	(21,6)	(20,3)	(41,1)
Additions and other changes in lease liabilities	-	20,4	36,5
Net proceeds/repayment of short term borrowings (commercial papers)	1 399,8	-	600,0
Changes in value	1 075,5	(182,6)	(6,3)
Closing net book amount	25 075,1	21 669,2	21 295,0

When calculating the lease obligations of the group according to IFRS 16 at 30 June 2020 a discount rate of 3.05 % has been used. This is the same interest rate used in the calculations as at 31 December 2019 and is determined based on the incremental borrowing rate of the group at the time of entering into the lease.

LIQUIDITY RESERVES

	30 JUNE		YEAR
	2020	2019	2019
Cash and cash equivalents	3 785,1	1 279,2	1 059,1
Unused bank overdraft	600,0	600,0	600,0
Unused credit facility	4 000,0	4 000,0	4 000,0
Total	8 385,1	5 879,2	5 659,1

The group has, at the end of the second quarter of 2020, sufficient headroom in respect of compliance with covenants. Necessary measures have been implemented to ensure that the group fulfills its internal objective of having a liquidity reserve, including drawing facilities, corresponding to at least 12 months' forecasted liquidity requirements, including repayment of borrowings. The measures have included borrowing of new long-term and short-term debt and contribution from the owner. Additional measures to ensure the necessary liquidity are assessed and implemented on an ongoing basis. See further comments in note 13.

NOTE 11 Financial instruments*All amounts in MNOK*

Fair value estimation

The fair value of foreign exchange forward contracts and financial power forward contracts is based on market value at the balance sheet date. The fair value estimation of all interest rate swaps is collected from the groups treasury system and checked against fair value estimates from the main bank connection.

The carrying amount of cash and bank overdrafts is approximately equal to the fair value due to the short maturity of these instruments. Similarly, the carrying amount of trade payables is approximately equal to fair value as they are entered into under "normal" conditions. This also applies to accounts receivables with the exception of customer relationships where there are significant overdue, unpaid outstanding and where outstanding receivables are valued at fair value. The fair value of long-term debt is based on quoted market prices or on the interest rates for debt with corresponding terms and similar credit risk. The fair value of commercial papers equals principal amount.

Below is a comparison of the carrying amounts and fair values of the group's interest-bearing debt.

	30 JUNE 2020		30 JUNE 2019	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Interest-bearing debt				
State loan	1 638,6	1 666,1	1 860,8	1 882,2
Bonds	15 969,3	16 651,2	13 867,7	14 738,2
Bank borrowings	4 996,8	5 594,1	5 443,9	5 906,8
Commercial papers	1 999,8	1 999,8	-	-
Lease liabilities	470,6	470,6	496,8	496,8
Total	25 075,1	26 381,8	21 669,2	23 024,0

DERIVATIVE FINANCIAL INSTRUMENTS

	30 JUNE 2020		YEAR
	2020	2019	2019
Assets			
Interest rate swaps	2 508,1	1 534,5	1 751,1
Forward foreign exchange contracts	2,3	1,0	4,2
Forward energy contracts	-	11,0	-
Total assets	2 510,4	1 546,5	1 755,3
Liabilities			
Interest rate swaps	-	-	-
Forward foreign exchange contracts	0,8	0,3	-
Forward energy contracts	25,2	-	2,3
Total liabilities	26,0	0,3	2,3

The table below shows financial instruments at fair value by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the group's assets and liabilities that are measured at fair value at 30 June 2020:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss		1,5		1,5
Derivatives used for hedging		2 508,1		2 508,1
Total assets	-	2 509,6	-	2 509,6
Liabilities				
Financial liabilities at fair value through profit or loss	25,3	1 689,4		1 714,7
Derivatives used for hedging		-		-
Total liabilities	25,3	1 689,4	-	1 714,7

The following table presents the group's assets and liabilities that are measured at fair value at 30 June 2019:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss	11,0	1,0	-	12,0
Derivatives used for hedging	-	1 534,5	-	1 534,5
Total assets	11,0	1 535,5	-	1 546,5
Liabilities				
Financial liabilities at fair value through profit or loss	-	1 508,2	-	1 508,2
Derivatives used for hedging	-	-	-	-
Total liabilities	-	1 508,2	-	1 508,2

NOTE 12 Dividends

It was decided not to pay dividends related to the 2019 financial statements (2018: MNOK 584.9 paid in July 2019).

NOTE 13 Contingencies and estimates

With reference to information in the annual financial statement for the year ended 31 December 2019.

Corona virus

Norway got its first registered corona virus infection on 26 February 2020. On 12 March 2020 the Norwegian government introduced several measures to limit the virus spread among the population, including travel restrictions. The measures included, among other things, that the Norwegian border was closed to foreigners without a residence permit. From 15 July 2020, the government reopened, with some exceptions, for travel without quarantine to and from all countries in the EEA and Schengen area. At the same time, the authorities assess the corona situation on an ongoing basis, which may lead to new/changed travel restrictions and travel advice in the time ahead.

Due to reduced demand for national and international flights, the airlines have reduced the route production and initiated layoffs/terminations of employees. The financial situation in the industry is very demanding and considerable restructuring is expected in the future. This also significantly affects Avinor. Due to uncertainty related to airlines and other customers' ability to pay, the estimate of expected losses on accounts receivable has been updated. This has resulted in an increase in provisions for losses on accounts receivables of MNOK 217.2 in 2020. The estimate is based on past historical loss experiences and specific assessments of individual debtors and the corona pandemic.

The group's profit and financial position is and will be strongly negatively affected by this in 2020. It is unclear when we are back in an almost normal situation. The pandemic is also expected to have an impact on air traffic in 2021 and 2022. Airlines do not expect the situation to normalize until 2022 at the earliest. In order to help the airlines financially, the government suspended 13 March 2020 Avinor's airport charges from 13 March to 30 June 2020 (with the exception the air navigation charges). The period is later extended to 31 October 2020 (with the exception of the air navigation charges, terminal charges and security charges).

The group has implemented several measures to secure the financial situation. This includes borrowings and new short-term and long-term debt, contributions from the owner and cost-cutting measures including employee layoffs. Furthermore, a critical review of ongoing and planned investment projects is undertaken. Further cost-cutting measures are being worked on on an ongoing basis.

Government grants

On 12 May 2020, the Government presented its proposal for a revised national budget in which it was proposed a government grant to Avinor of up to MNOK 4,270.0. The first part of the grant was paid in June and amounted to MNOK 2,170.0, of which MNOK 69.8 applies to Haugesund airport operated by an external party. Avinor's share of the grant received amounting to MNOK 2,100.2 is recognised as other operating income in the period. The Ministry of Transport will follow the development in Avinor closely in the time to come and will get back to the size and time of the remaining payment.

External environment

According to assignment from the Norwegian Environment Agency a preliminary survey of possible external environment obligation attached to PFOS pollution on all of Avinor's airports (with the exception of Evenes airport, Kristiansand airport, Oslo airport and Svalbard airport where there are already ongoing cases) have been carried out. There is established responsibility for cleanup of pollution on 32 localities.

Based on action plans approved by the Norwegian Environment Agency for comparable locations, the cleanup cost is estimated to MNOK 920.0 on the 32 locations in question in addition to responsibilities on other locations. Based on this, a provision of MNOK 871.2 was made in the second quarter of 2019. The total provision related to external environment cleanup costs as of 30 June 2020 amounts to MNOK 1,023.4.

Fire at Stavanger Airport

The parking garage at Stavanger Airport was damaged in a fire on 7 January 2020. The damage is covered by Avinor's insurance schemes and the parking garage was insured by its full value ("fullverdifsikret"). A survey of the extent of the damage and the dialogue with the insurance company is ongoing. The final financial and accounting consequences of the fire will not be known until the survey of the damage and the insurance settlement is fully completed.

In the accounts as of 30 June 2020, assets which are considered lost as a result of the fire based on the survey that has been performed are fully impaired. The impairment as at 30 June 2020 amounts to NOK 176.1. Furthermore, a provision for expected demolition expenses of MNOK 20,0 has been made. At the same time, a receivable related to the insurance settlement of MNOK 196,1 was recognized during the period. The receivable is related to accrued costs as of 30 June 2020, of which MNOK 20,0 relates to demolition expenses and MNOK 176.1 to impairment of lost assets.

Pensions

The new Act on public occupational pension scheme, with effect from 1 January 2020, was adopted by the Norwegian Parliament (Stortinget) in June 2019. The accounting consequences of the new law are, to the extent there are sufficient basis, recorded as of 30 June 2020. See note 9. Regulation related to a new AFP scheme and special retirement pension are not included in the new law. Therefore, the full accounting consequences of the new law cannot be calculated until the final regulation have been adopted.

Responsibility statement by the Board of Directors

To the best of our judgement, we declare that the interim financial report for the period from 1 January to 30 June 2020 has been prepared in accordance with IAS 34 Interim Reporting and that the information in the report fairly reflects the Group's assets, liabilities, financial position and result.

We also declare that the interim financial report provides a fair summary of important events during the accounting period and their influence on the half - year accounts, as well as the most important risk and uncertainty factors the organisation will be facing in the coming accounting period.

Oslo, 26 August 2020
Board of Directors of Avinor AS

Anne Carine Tanum
Chairman

Ola H. Strand
Vise Chairman

Herlof Nilssen

Eli Skrøvset

Linda B. Silseth

Bjørn Tore Mikkelsen

Heidi Anette Sørum

Olav Aadal

Dag Falk-Petersen
CEO



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