

INTERIM FINANCIAL REPORT

4th quarter 2020



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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 3,000 employees and usually 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

	FOURTH QUARTER		TWELVE MONTHS ENDED DECEMBER	
	2020	2019	2020	2019
Traffic income	267,3	725,8	1 149,2	2 995,4
Security (cost based)	90,6	312,6	443,8	1 315,2
Sales- and rental income - duty free	69,0	720,8	659,5	2 903,1
Sales- and rental income - parking	59,5	239,0	327,9	949,1
Sales- and rental income - other	199,4	558,0	991,6	2 121,7
Inter-group income	22,9	19,2	86,3	72,1
Total income airport operations	708,7	2 575,4	3 658,3	10 356,6
En route charges	148,0	267,4	654,5	1 068,1
Inter-group income approach and control tower services	150,4	224,3	627,4	859,2
Other income	52,7	51,3	178,0	172,3
Total income air navigation services	351,2	543,0	1 459,9	2 099,7
Other group income	1 308,6	242,9	4 434,0	935,1
Elimination of inter-group income	-336,8	-417,4	-1 368,9	-1 606,2
Total group income	2 031,6	2 944,0	8 183,3	11 785,2
Operating expenses airport operations	-1 198,2	-1 416,2	-4 688,1	-5 544,5
Operating expenses air navigation services	-485,4	-535,9	-1 724,0	-2 058,8
Other operating expenses	-298,1	-288,9	-1 303,2	-2 153,6
Elimination of inter-group expenses	336,8	417,3	1 368,9	1 606,3
Total group expenses	-1 645,0	-1 823,7	-6 346,4	-8 150,7
EBITDA airport operations	-489,6	1 159,2	-1 029,7	4 812,1
EBITDA air navigation services	-134,2	7,1	-264,1	40,9
EBITDA others	1 010,5	-46,0	3 130,8	-1 218,5
EBITDA group	386,6	1 120,2	1 836,9	3 634,5
Depreciation, amortisation and impairment charges	-561,9	-552,0	-2 199,5	-2 171,6
Operating profit/(loss)	-175,3	568,2	-362,6	1 462,9
Net finance income/(costs)	-170,3	-134,4	-576,3	-563,2
Profit/(loss) before income tax	-345,4	433,8	-938,9	899,7
Income tax expense	76,1	-95,2	206,7	-197,5
Profit/(loss) after tax	-269,3	338,6	-732,2	702,2
EBITDA-margin airport operations	-69,1 %	45,0 %	-28,1 %	46,5 %
EBITDA-margin air navigation services	-38,2 %	1,3 %	-18,1 %	1,9 %
EBITDA-margin others	19,0 %	38,0 %	22,4 %	30,8 %
Investments airport operations	707,0	455,9	1 848,8	1 687,1
Investments air navigation services	101,7	137,8	413,1	498,9
Investments others	62,0	163,7	427,1	348,7
Total investments	870,7	757,4	2 689,0	2 534,7
Distributed dividends	-	-	-	-584,9
Cash flow before borrowings/repayments	-312,8	300,6	-1 027,6	291,9
Interest - bearing debts			25 285,0	19 051,7
Total assets			49 653,5	44 162,2
Net debt to equity ratio (b)			40,6 %	45,9 %
Number of passengers (in 1000)	3 632,4	12 944,2	20 362,6	54 099,0
Number of aircraft departures (in 1000)	104,8	168,7	428,3	677,3
Number of service units (in 1000)	282,9	609,0	1 229,8	2 437,2
Punctuality (a)			91 %	84 %
Regularity (a)			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 2020 measured by passenger numbers fell by 62.4 per cent compared to the corresponding period in 2019. Looking just at the fourth quarter, the downturn was 71.9 per cent. The number of air transport movements in 2020 fell by 36.4 per cent compared with 2019. Looking just at the fourth quarter, the downturn was 37.9 per cent.

Over the last 12 months, average regularity and punctuality were 97 per cent and 91 per cent, respectively.

The corona pandemic is an international crisis that has placed the entire aviation industry into an unprecedented situation. Through 2020, a raft of measures have been implemented to limit the spread of the coronavirus within the population. These measures include restrictions on travel. The measures resulted in strict quarantine rules and Norway's borders are now essentially shut to foreigners without a residence permit. It is expected to take four to five years for traffic to return to 2019 levels. International traffic in particular is expected to be worst affected. Throughout the pandemic, the airlines have adjusted their route networks and furloughed staff.

The government suspended some of Avinor's airport fees from 13 March to 31 October 2020 in order to alleviate the financial pressure on the airlines. The loss of revenue is in the region of NOK 7 billion for the 2020 financial year. The government has announced that it will extend the opportunity to publicly purchase routes and will maintain the financial support measures for airlines launched during 2020 in relation to the coronavirus. Despite this, stakeholders in the Norwegian aviation market are in a very precarious financial situation. If these stakeholders are forced to shut down or substantially reduce their activities, this will result in a change to the composition of players in the Norwegian market going forward.

The Group's profits and solvency in 2020 have been 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. During 2020, Avinor received grants of NOK 3,600 million, which has been recognised as government grants. For the first six months of 2021, the Norwegian government has proposed a further grant to Avinor of up to NOK 2,750 million. The Norwegian Ministry of Transport and Communications is monitoring the situation at Avinor closely in order to review the size and timings of further financial support for Avinor even beyond the first six months of 2021. Avinor continues its work to streamline operations to ensure the Group's long-term financial solvency. A programme has been launched that is looking at the possibility of standardisation, rationalisation, remote operations, automation, and alternative operating models.

Government grants are key to making Avinor more financially robust. However the long-term ripple effect of the virus outbreak means that the pandemic is considered an impairment indicator for the Group's cash-generating units, airport operations and air navigation services. At the same time, credit risk is increasing

markedly among several of Avinor's customers. Reference is made to notes 7 and 13 in the financial statements that address the calculation of the recoverable amount and provision for losses on receivables.

At the end of 2020, a total of 128 employees had been fully or partly furloughed in the Group. Investments for the year have been scaled back to NOK 1 billion compared to the original plan.

Avinor will continue to assess its investment portfolio based on its current financial situation.

Abraham Foss took on the role of CEO on 15 February 2021. He replaces Dag Falk-Petersen who is retiring.

Q4 2020

TABLE 1: KEY FINANCIAL FIGURES

MNOK	Q4 2020	Q4 2019	CHANGE
Operating income	2 031,6	2 943,9	-31,0 %
EBITDA	386,7	1 120,2	-65,5 %
EBIT	-175,2	568,2	-130,8 %
Profit (loss) for the period	-269,3	338,6	-179,5 %
Investments	870,7	757,4	15,0 %

The Group's operating income totalled NOK 2,032 million in the fourth quarter of 2020, which was a fall of 31 per cent compared with the corresponding reporting period in 2019. Excluding the government grant of NOK 1,100 million in the fourth quarter that has been recognised in the income statement, the reduction was 68.4 per cent.

Total operating expenses including the cost of sales, depreciation and amortisation amounted to NOK 2,207 million, compared with NOK 2,376 million for the corresponding reporting period in 2019. This reduction relates to a reduction in volume-dependent costs as well as cost-cutting measures.

Depreciation and write-downs on the Group's property, plant, and equipment totalled NOK 562 million, which is the NOK 10 million higher than the corresponding period in 2019.

The Group's net finance costs were NOK -170 million, compared with NOK -134 million for the fourth quarter of 2019. In the fourth quarter of 2020, the group issued new bonds of EUR 500 million which, despite lower interest rates in 2020, resulted in increased financial costs in the fourth quarter of 2020 compared with the corresponding period in 2019.

The Group's profit after tax was NOK -269 million, compared with NOK 339 million for the fourth quarter of 2019.

1 JANUARY TO 31 DECEMBER 2020

TABLE 2: KEY FINANCIAL FIGURES 01.01 - 31.12.20

MNOK	01.01 - 31.12.20	01.01 - 31.12.19	CHANGE
Operating income	8 183,3	11 785,2	-30,6 %
EBITDA	1 836,9	3 634,5	-49,5 %
EBIT	-362,6	1 462,9	-124,8 %
Profit (loss) for the period	-732,2	702,2	-204,3 %
Investments	2 689,0	2 534,7	6,1 %

In 2020, the Group had a profit after tax of NOK -732 million against NOK 702 million in 2019.

The Group's balance sheet has increased by NOK 5,491 million during 2020, ending at NOK 49.7 billion as at 31 December 2020.

Operating income

Operating income in 2020 amounted to NOK 8,183 million, a fall of 30.6 per cent from NOK 11,785 million in 2019. Excluding the government grants of NOK 3,600 million that has been recognised in the income statement, the reduction was 61.1 per cent.

TABLE 3: OPERATING AND OTHER INCOME

MNOK	01.01 - 30.12.20	01.01 - 31.12.19	CHANGE
Airports operations	3 658,3	10 356,6	-64,7 %
Air traffic services	1 459,9	2 099,7	-30,5 %
Property development and hotels	94,2	135,1	-30,3 %
Group services/joint items group (excluded government grants)	739,6	800,0	-7,6 %
Government grants	3 600,2	0,0	N/A
Consolidated items	-1 368,9	-1 606,2	14,8 %
Avinor group	8 183,3	11 785,2	-30,6 %

Within airport operations, passenger numbers fell by 62.4 per cent in 2020 compared with 2019. Revenues for airport operations in 2020 amounted to NOK 3,658 million, which is a fall of 64.7 per cent compared with 2019.

In terms of air navigation services, the volume of traffic in terms of service units for en-route navigation services fell by 49.5 per cent and the number of aircraft movements at airports fell by 36.8 per cent in 2020 compared with 2019. Traffic income from en-route navigation services fell by 38.7 per cent and income from tower services fell by 27.0 per cent. Overall, operating income for air navigation services fell by 30.5 per cent to NOK 1,460 million in 2020 compared with 2019.

As a result of the corona pandemic, at the end of the fourth quarter Avinor received in total NOK 3,600 million as a taxable government grant from the state.

Operating expenses, depreciation and amortisation, and other items

Total operating expenses including the cost of sales, depreciation and amortisation in 2020 amounted to NOK 8,546 million, compared with NOK 10,322 million for the corresponding period in 2019. This decrease relates to lower volume-dependent costs as well as cost-cutting measures, including the furloughing of staff.

Within airport operations, total operating expenses in 2020 fell by 15.4 per cent to NOK 4,688 million compared with 2019. Total operating expenses for air navigation services fell by 16.3 per cent to NOK 1,724 million.

Joint Group and unshared costs in 2020 amounted to NOK 1,299 million, compared with NOK 2,146 million in 2019. The decrease of NOK 847 million was primarily because of the expensing of increased provisions in 2019 for estimated cleanup costs related to environmental contaminants at Avinor's fire training sites.

Total depreciation, amortisation, and write-downs for 2020 amounted to NOK 2,200 million against NOK 2,172 million in 2019.

EBITDA and EBIT

EBITDA totalled NOK 1,837 million in 2020 with an EBITDA margin of 22.4 per cent. Excluding government grants of NOK 3,600 million, this margin was -38.5 per cent. EBITDA totalled NOK 3,635 million in 2019 with an margin of 30.8 per cent.

EBIT for 2020 was NOK -363 million, resulting in an EBIT margin of -4.4 per cent compared with NOK 1,463 million and an EBIT margin of 12.4 per cent in 2019. Excluding government grants of NOK 3,600 million, the EBIT margin in 2020 was -86.5 per cent.

Investments

Recognised additions to tangible fixed assets in 2020 amounted to NOK 2,689 million, which is an increase of 6.1 per cent compared with 2019.

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

TABLE 4: ADDITION TO PPE RECOGNISED IN THE BALANCE SHEET

MNOK	01.01 - 31.12.20	01.01 - 31.12.19	CHANGE
Airports operations	1 848,8	1 687,1	161,6
Air traffic services	413,1	498,9	-85,8
Property development and hotels	122,3	4,3	118,0
Joint items, group	298,8	300,1	-1,3
Consolidated items	6,0	44,2	-38,2
Group	2 689,0	2 534,7	154,3

Cash flow, financing, and commitments

In 2020, the Group's cash flow before changes for liabilities was NOK -1,027 million. With a net increase in debt of NOK 5,986 million, the Group's cash reserves increased by NOK 4,959 million during 2020. This includes the received and recognised government grants of NOK 3,600 million.

Interest-bearing liabilities (not taking into account the value of derivatives related to interest rate hedging) and lease commitments as at 31 December 2020 amounted to NOK 27,599 million, of which NOK 3,439 million were current interest-bearing liabilities.

The Group's total assets amounted to NOK 49.7 billion at the end of 2020. Equity was at NOK 13.2 billion, which gives an equity ratio of 26.5 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 40.6 per cent. The calculation of equity as stipulated in the articles of association takes into account the Group's bank balances as well as the value of derivatives related to interest rate assurance, but the value of capitalised lease obligations is not included as an interest-bearing liability.

In 2020, the Group's book equity reduced by NOK 2,100 million. Loss after tax contributed with NOK 732 million, estimate deviations on pension liabilities reduced equity by NOK 1,204 million, while changes in value of financial hedging instruments accounted for a negative effect of NOK 164 million.

As at the end 2020, the Group's cash reserves amounted to NOK 10,618 million, distributed between NOK 6,018 million in bank deposits and NOK 4,600 million in unutilised drawing rights.

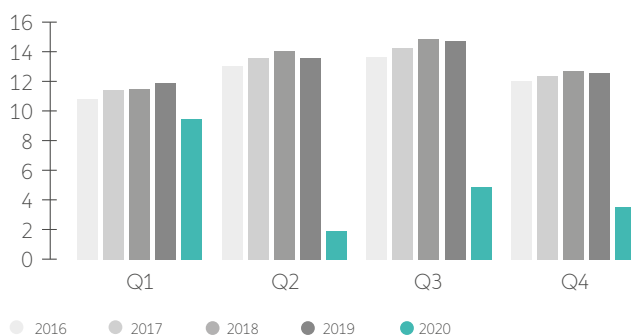
Traffic development and service targets

A total of 20.4 million passengers travelled through Avinor's airports in 2020. This is a decrease of 62.4 per cent compared 2019.

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

PASSENGERS

Millions



In comparison with 2019, domestic traffic was 52.1 per cent lower, while international traffic fell by 77.9 per cent. Offshore helicopter traffic fell by 14.2 per cent.

Passenger volume was distributed between the airports as follows:

TABLE 5: NO. OF AIR PASSENGERS

PASSENGERS (1000)	01.01 - 31.12.20	01.01 - 31.12.19	CHANGE
Gardermoen	9 015	28 572	-68,4 %
Flesland	2 659	6 436	-58,7 %
Sola	1 668	4 302	-61,2 %
Værnes	1 794	4 374	-59,0 %
Others	5 227	10 415	-49,8 %
Avinor group	20 363	54 099	-62,4 %

The number of commercial air transport movements in 2020 fell by 36.4 per cent compared with 2019. Domestic aircraft movements fell by 28.6 per cent, while international aircraft movements fell by 62.3 per cent.

Over the past 12 months, average regularity was recorded at 97 per cent and average punctuality at 91 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 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 5.8 in Avinor AS and 1.2 in Avinor Flysikring AS, while the H2 value (frequency of injuries) was 9.2 in Avinor AS and 1.8 in Avinor Flysikring AS.

Group-wide absence due to illness over the last 12 months amounted to 4.7 per cent.

Within HSE, the year has been characterised by coronavirus-related issues, including infection control at airports, increased home working, and the furloughing of Avinor's own staff.

H values increased in the last period. Consequently, new measures are being sought in efforts to prevent work-related injuries and illness in the organisation, such as by way of the clearer enforcement of violations, simpler reporting procedures, better procedures for the distribution of work, the mapping and monitoring of HSE risks, and improved HSE training. As a result the "Show you care and say something!" campaign was adopted in December 2020. The campaign introduces new tools for injury prevention, including the introduction of safety inspections at the airports, the implementation of simplified internal investigations following personal injuries resulting in absence, the digitalisation of day-to-day HSE tasks, clearer enforcement of violations, and improved HSE training.

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. Currency risk is partly hedged through the group's revenues in euros, and partly through financial hedging instruments.

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 uncertainty regarding the availability and pricing of capital markets. There have been no challenges in this regard as yet.

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 Norwegian 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.

EFSA, the European Food Safety Authority, has issued new stricter limits on PFAS related to human health. The Norwegian authorities (the Norwegian Food Safety Authority and the Norwegian Environment Agency) and the Norwegian Institute of Public Health are now considering the impact of this on the ongoing management of PFAS contaminants in Norway. There is a risk that the Norwegian Environment Agency will impose stricter clean-up requirements at Avinor's airports and that more pollution will need to be addressed than has previously been indicated.

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 coronavirus pandemic is an international crisis that has placed the entire aviation industry into an unprecedented situation. The primary focus at Avinor has been to provide continuity and ensuring that operations continue throughout the coronavirus pandemic. Operations 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. At the same time, Avinor initiated a programme to safeguard good solutions for the future of Norwegian aviation. The programme will safeguard Avinor's social obligation and the airport structure, as well as seek to find more effective solutions. The programme will be an umbrella for a number of changes and restructuring measures over the coming years. The objective is a profitable Avinor once the effects of the coronavirus pandemic have passed, and to continue to deliver safe and stable operations. These measures are designed to ensure financially sound operation of the Group and ensure the implementation of current and planned high-priority investment projects.

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

Oslo, 16 February 2021
Board of Directors of Avinor AS

CONDENSED INCOME STATEMENT

All amounts in MNOK

		FOURTH QUARTER		TWELVE MONTHS ENDED DECEMBER	
	NOTE	2020	2019	2020	2019
Operating income					
Traffic income	4	506,0	1 305,7	2 247,4	5 378,7
Other operating income	4	1 525,6	1 638,2	5 935,9	6 406,5
Total operating income		2 031,6	2 943,9	8 183,3	11 785,2
Operating expenses					
Raw materials and consumables used		36,7	14,1	110,6	138,7
Employee benefits expenses		867,8	984,3	3 405,6	3 708,6
Other operating expenses		707,4	816,5	2 781,3	3 482,6
Other expenses	5	33,0	8,8	48,9	820,8
Total operating expenses		1 644,9	1 823,7	6 346,4	8 150,7
EBITDA		386,7	1 120,2	1 836,9	3 634,5
Depreciation, amortisation and impairment charges	7	561,9	552,0	2 199,5	2 171,6
Operating profit/(loss)		-175,2	568,2	-362,6	1 462,9
Finance income		8,3	15,1	35,4	39,9
Finance expenses		178,6	149,5	611,8	603,1
Net finance income/(expenses)		-170,3	-134,4	-576,3	-563,2
Profit/(loss) before income tax		-345,5	433,8	-938,9	899,7
Income tax expense	6	-76,1	95,2	-206,7	197,5
Profit/(loss) after tax		-269,3	338,6	-732,2	702,2

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

All amounts in MNOK

	FOURTH QUARTER		TWELVE MONTHS ENDED DECEMBER	
	2020	2019	2020	2019
Profit/(loss) for the period	-269,3	338,6	-732,2	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	-214,0	1 447,3	-1 542,4	544,6
Tax effect	47,0	-318,4	338,3	-119,8
Items that may be subsequently reclassified to profit or loss:				
Cash flow hedges	91,3	-46,1	-210,5	251,3
Tax effect	-20,1	10,1	46,3	-55,3
Other comprehensive income, net of tax	-95,8	1 092,9	-1 368,3	620,8
Total comprehensive income	-365,1	1 431,5	-2 100,5	1 323,0
Attributable to:				
Owner	-365,1	1 431,5	-2 100,5	1 323,0

CONDENSED BALANCE SHEET

All amounts in MNOK

		31 DECEMBER	
	NOTE	2020	2019
ASSETS			
Non-current assets			
Intangible assets			
Deferred tax assets	6	2 014,6	1 423,4
Other intangible assets	7	407,5	233,7
Intangible assets under construction	7	565,6	622,4
Total intangible assets		2 987,6	2 279,5
Property, plant and equipment			
Property, plant and equipment	7	33 321,1	34 244,6
Assets under construction	7	3 606,1	2 642,4
Right of use assets	7	431,5	485,0
Total property, plant and equipment		37 358,7	37 372,0
Financial assets			
Derivative financial instruments	11	1 638,4	1 751,1
Other financial assets		169,6	99,0
Total financial assets		1 808,0	1 850,1
Total non-current assets		42 154,3	41 501,6
Current assets			
Inventories		38,7	24,4
Trade and other receivables		794,3	1 572,9
Derivative financial instruments	11	648,2	4,2
Cash and cash equivalents	10	6 017,9	1 059,1
Total current assets		7 499,2	2 660,6
TOTAL ASSETS		49 653,5	44 162,2

CONDENSED BALANCE SHEET

All amounts in MNOK

		31 DECEMBER	
	NOTE	2020	2019
EQUITY AND LIABILITIES			
Equity			
Share capital		5 400,1	5 400,1
Other equity		7 778,4	9 878,9
Total equity		13 178,5	15 279,0
Liabilities			
Provisions:			
Retirement benefit obligations	9,13	5 621,0	3 972,8
Other provisions	5,13	1 021,3	1 065,9
Total provisions		6 642,3	5 038,7
Non-current liabilities:			
State loan	10,11	1 194,2	1 194,2
Other non-current loans	10,11	22 574,5	17 667,1
Derivative financial instruments	10,11	420,7	0,0
Lease liabilities	10,11	390,9	435,5
Total non-current liabilities		24 580,2	19 296,8
Current liabilities:			
Commercial papers	10,11	0,0	600,0
Trade payables		408,5	579,7
Tax payable		0,0	298,8
Public duties payable		178,5	343,3
Derivative financial instruments	11	5,0	2,3
First annual installment on long-term liabilities	10,11	3 381,5	1 341,5
Lease liabilities	10,11	57,8	56,7
Other current liabilities		1 221,2	1 325,4
Total current liabilities		5 252,4	4 547,7
Total liabilities		36 475,0	28 883,2
TOTAL EQUITY AND LIABILITIES		49 653,5	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		620,8	702,2	1 323,0
Dividends provided for or paid			-584,9	-584,9
Balance at 31 December 2019	5 400,1	-886,6	10 765,5	15 279,0
Balance at 1 Januar 2020	5 400,1	-886,6	10 765,5	15 279,0
Total comprehensive income		-1 368,3	-732,2	-2 100,5
Balance at 31 December 2020	5 400,1	-2 254,9	10 033,3	13 178,5

CONDENSED STATEMENT OF CASH FLOWS

All amounts in MNOK

			TWELVE MONTHS ENDED DECEMBER	
	FOOTNOTE	NOTE	2020	2019
Cash flow from operating activities				
Profit/(loss) before income tax	1)		-938,9	899,7
Depreciation, amortisation and impairment charges			2 199,5	2 171,6
(Profit)/loss on disposals of non-current assets			-1,3	0,0
Changes in value and other losses/(gains) - net (unrealised)			11,3	45,4
Net finance (income)/costs			576,3	563,2
Change in inventories, trade receivables and trade payables	2)		423,2	-47,1
Difference between post employment benefit expense and amount paid/received		9	105,8	-115,9
Change in other working capital items	3)		-113,6	688,0
Interest received			27,8	58,1
Income tax paid			-298,8	-290,7
Net cash generated from operating activities			1 991,3	3 972,3
Cash flow from investing activities				
Investments in property, plant and equipment (PPE)			-2 379,5	-2 470,7
Proceeds from sale of PPE, incl assets under construction			26,2	30,4
Change in other investments			-29,4	-21,9
Net cash used in investing activities			-2 382,8	-2 462,2
Cash flow from financing activities				
Proceeds from borrowings		10	7 526,6	0,0
Repayment of borrowings		10	-940,6	-1 572,6
Net proceeds/repayment of short term borrowings (commercial papers)		10	-600,0	600,0
Interest paid			-629,8	-627,3
Other borrowing charges			-5,9	-6,0
Dividends paid to owner			0,0	-584,9
Net cash generated/used in financing activities			5 350,2	-2 190,8
Net (decrease)/increase in cash, cash equivalents and bank overdrafts				
			4 958,8	-680,7
Cash, cash equivalents and bank overdrafts at the beginning of the period			1 059,1	1 739,8
Cash, cash equivalents and bank overdrafts at the end of the period		10	6 017,9	1 059,1

1) Loss before income tax in 2020 includes revenue recognized concerning government grant of MNOK 3,600.2 as a result of the financial consequences of the coronavirus.

2) Changes in inventories, accounts receivable and accounts payable include provisions for losses on receivables of MNOK 207.0.

3) Change in other working capital items in 2019 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 fourth quarter of 2020 were approved by the Board of Directors on 16 February 2021. 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 fourth quarter, ended 31 December 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.

NOTE 3 Segment information*All amounts in MNOK*

TWELVE MONTHS ENDED DECEMBER 2020

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT ²⁾	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	645,7	242,0	180,6	131,2	393,4	1 593,0
Other income	1 178,8	181,8	148,9	122,9	346,7	1 979,0
Inter-segment income	3,2	0,6	10,7	3,5	68,4	86,3
Total income	1 827,7	424,3	340,3	257,6	808,4	3 658,3
Employee benefits expenses	428,0	105,0	95,2	83,8	742,9	1 455,0
Other operating expenses	764,6	148,4	147,3	107,6	856,0	2 024,0
Inter-segment expenses	366,5	124,1	100,8	75,5	542,1	1 209,0
Total expenses	1 559,2	377,6	343,3	266,9	2 141,0	4 688,1
EBITDA	268,5	46,7	-3,1	-9,3	-1 332,6	-1 029,8
Depreciation, amortisation and impairment charges	947,4	310,3	120,9	108,3	428,8	1 915,6
Operating profit/(loss)	-678,8	-263,6	-123,9	-117,6	-1 761,4	-2 945,4
Assets *	16 887,0	5 395,8	1 732,0	1 670,6	6 153,8	31 839,2

TWELVE MONTHS ENDED DECEMBER 2020 CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	1 593,0	654,5	0,0	0,0	0,0	2 247,4
Other income ¹⁾	1 979,0	178,0	72,6	3 706,2	0,0	5 935,8
Inter-segment income	86,3	627,4	21,5	633,6	-1 368,9	0,0
Total income	3 658,3	1 459,9	94,2	4 339,8	-1 368,9	8 183,3
Employee benefits expenses	1 455,0	1 297,6	0,0	653,0	0,0	3 405,6
Other operating expenses ³⁾	2 024,0	333,9	3,4	579,5	0,0	2 940,8
Inter-segment expenses	1 209,0	92,5	1,0	66,3	-1 368,9	0,0
Total expenses	4 688,1	1 724,0	4,4	1 298,8	-1 368,9	6 346,4
EBITDA	-1 029,8	-264,1	89,7	3 041,0		1 836,9
Depreciation, amortisation and impairment charges	1 915,6	139,4	35,2	109,2		2 199,5
Operating profit/(loss)	-2 945,4	-403,5	54,5	2 931,7		-362,6
Assets *	31 839,2	773,9	725,1	390,5		33 728,6

* Inclusive other intangible assets, exclusive assets under construction.

1) In 2020, MNOK 3,600.2 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 further comments in note 13.

2) The Stavanger Airport segment for 2020 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). Avinor has received a preliminary insurance settlement that fully covers these costs. Demolition costs and impairment charges are netted against the preliminary insurance settlement in the table above and in the income statement.

3) Other operating expenses includes a provision of MNOK 207.0 for estimated losses on accounts receivable as of 31 December 2020. The provision is distributed with MNOK 147.9 in the segment Others and MNOK 59.1 in the segment Air Navigation Services.

TWELVE MONTHS ENDED DECEMBER 2019

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	2 115,9	562,1	413,1	352,3	867,2	4 310,6
Other income	3 864,2	624,9	460,1	335,7	689,0	5 973,9
Inter-segment income	1,8	2,5	5,0	2,2	60,5	72,1
Total income	5 981,9	1 189,5	878,3	690,1	1 616,7	10 356,6
Employee benefits expenses	496,8	123,0	104,8	93,4	812,8	1 630,7
Other operating expenses	1 155,0	213,3	164,7	126,4	847,3	2 506,7
Inter-segment expenses	399,8	147,1	114,6	95,1	650,5	1 407,0
Total expenses	2 051,5	483,4	384,0	314,9	2 310,6	5 544,5
EBITDA	3 930,4	706,1	494,2	375,2	-693,9	4 812,1
Depreciation, amortisation and impairment charges	940,0	300,2	126,4	105,8	421,1	1 893,5
Operating profit/(loss)	2 990,4	406,0	367,8	269,4	-1 115,0	2 918,6
Assets *	17 462,4	5 620,3	1 911,4	1 682,6	5 851,0	32 527,8

TWELVE MONTHS ENDED DECEMBER 2019 CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	4 310,6	1 068,1	0,0	0,0		5 378,7
Other income	5 973,9	172,3	112,0	148,1		6 406,4
Inter-segment income	72,1	859,2	23,1	651,9	-1 606,2	0,0
Total income	10 356,6	2 099,7	135,1	800,0	-1 606,2	11 785,1
Employee benefits expenses	1 630,7	1 476,9	0,0	601,0		3 708,6
Other operating expenses ⁴⁾	2 506,7	486,8	5,6	1 442,9		4 442,0
Inter-segment expenses	1 407,0	95,1	2,3	101,8	-1 606,2	0,0
Total expenses	5 544,5	2 058,8	7,9	2 145,7	-1 606,2	8 150,6
EBITDA	4 812,1	40,9	127,2	-1 345,7		3 634,5
Depreciation, amortisation and impairment charges	1 893,5	142,7	36,0	99,4		2 171,6
Operating profit/(loss)	2 918,6	-101,9	91,2	-1 445,1		1 462,9
Assets *	32 527,8	912,8	760,3	277,4		34 478,3

* Inclusive other intangible assets, exclusive assets under construction.

4) At the end of third quarter 2019, increased provisions for external environment of MNOK 871.1 has been booked. The provision is presented as other operating expenses in the segment Others. See further comments in note 13.

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.

Avinor AS has received and recognized government grants of MNOK 3,600.2 in 2020. The government grants have been paid in three tranches, and are recognized as other operating income in the quarter they were received:

- MNOK 2,100.2 recognized in second quarter
- MNOK 400 in third quarter
- MNOK 1,000 in fourth quarter

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	FOURTH QUARTER		TWELVE MONTHS ENDED DECEMBER	
	2020	2019	2020	2019
Traffic income				
Takeoff charges	111,6	286,7	423,7	1 160,0
Terminal charges	84,9	291,4	420,5	1 240,3
En route charges	148,0	267,4	654,5	1 068,1
Security charges	90,6	312,6	443,8	1 315,2
Terminal navigation charges	70,8	147,7	305,0	595,1
Total traffic income	506,0	1 305,7	2 247,4	5 378,7
Other operating income				
Revenue from contracts with customers:				
Duty free	1,6	25,9	21,4	118,5
Parking	0,0	0,2	0,1	0,7
Other	147,9	238,1	539,9	790,4
Total other operating income from contracts with customers	149,6	264,2	561,4	909,6
Rental income:				
Duty free	67,4	694,9	638,1	2 784,6
Parking	59,5	238,8	327,8	948,4
Other	149,2	440,3	808,3	1 763,9
Total rental income	276,1	1 374,0	1 774,3	5 496,9
Government grants	1 100,0	0,0	3 600,2	0,0
Total other operating income	1 525,6	1 638,2	5 935,9	6 406,5
Total income from contracts with customers	655,5	1 569,9	2 808,8	6 288,3
Total rental income	276,1	1 374,0	1 774,3	5 496,9
Government grants	1 100,0	0,0	3 600,2	0,0
Total operating income	2 031,6	2 943,9	8 183,3	11 785,2

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

	FOURTH QUARTER		TWELVE MONTHS ENDED DECEMBER	
	2020	2019	2020	2019
Other expenses				
Pensions - see note 9 and 13	0,0	0,0	0,0	-86,6
External environment - see note 13	0,0	0,0	0,0	871,2
Changes in value and other (losses)/gains, net	33,0	8,8	48,9	36,2
Total	33,0	8,8	48,9	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 %. Since the results for 2020 are negative, the income tax expense is booked against deferred tax assets in the balance sheet.

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 31 December 2019					
Opening net book amount	103,4	34 426,4	2 828,4	0,0	37 358,2
Opening net book amount - new accounting policy	0,0	0,0	0,0	496,7	496,7
Additions	149,8	1 948,5	2 534,7	41,1	4 674,1
Reclassification	0,0	0,0	-2 098,3	-1,4	-2 099,7
Disposals	0,0	-29,6	0,0	0,0	-29,6
Depreciation charge	-19,5	-2 100,7	0,0	-51,4	-2 171,6
Closing net book amount	233,7	34 244,6	3 264,8	485,0	38 228,1
At 31 December 2020					
Opening net book amount	233,7	34 244,6	3 264,8	485,0	38 228,1
Additions	333,6	1 448,6	2 689,0	0,0	4 471,1
Reclassification	0,0	0,0	-1 782,1	0,0	-1 782,1
Disposals	-119,8	-89,9	0,0	0,0	-209,7
Depreciation charge	-39,9	-2 282,1	0,0	-53,6	-2 375,6
Closing net book amount	407,5	33 321,1	4 171,7	431,5	38 331,8

MNOK 565.6 of assets under construction is classified as intangible as at 31 December 2020 (MNOK 622.4 as at 31 December 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. Avinor has received a preliminary insurance settlement that fully covers the impairment charge. The preliminary insurance settlement is presented as a reduction of depreciation, amortisation and impairment charges for the period in the income statement (net presentation).

Impairment tests - measurement of recoverable amount

The corona pandemic has had major negative effects on Avinor and significantly affected the number of air passengers and the group's revenues in 2020. It is also expected to have a negative impact in the following years.

The pandemic is already considered an impairment indicator for the group's cash-generating units (airport operations and air navigation services), and consequently management has performed updated impairment tests as at 31 December 2020 that take into account new information and updated forecasts.

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 headroom 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 and lead to impairment of assets in the future.

The impairment tests as at 31 December 2020 were carried out by estimating the value in use of capital employed in airport operations and air navigation services, by discounting future cash flows (DCF-model).

The most important assumptions used in the impairment tests are described below, and represent updated forecasts, including the managements assumptions of most probable outcome:

- The first year in the measurement period is based on management's best estimate, including levels of government grants.
- Years 2-6 are calculated based on management approved forecasts, which are based on current regulations and updated forecasts for air traffic volume, related commercial revenues and cost level. Key assumptions:
 - Revenues 2021: approximately 60 % lower compared to 2019, follows the same level as loss in traffic
 - Operating expenses 2021: approximately 30 % lower compared to 2019
 - Revenues 2025: approximately 8 % lower compared to 2019
 - Operating expenses 2025: approximately 24 % lower compared to 2019
- Government grants. MNOK 4,500 in 2021 and MNOK 1,000 in 2022.
- Cash flow from year 6 onwards is extrapolated with an eternal growth of 1.5 % based on expectations in future travel activity and inflation. The expectations are based on Avinor's own assessments as well as analyzes from reputable industry- and analysis organizations. In Norway, aviation is in a strong position, with long distances and population structure and topography that indicate long-term growth. At the same time, aviation fees will be regulated based on level of costs.
- Airport charges based on current regulations
- Discount rate based on post-tax rate of return requirement
 - Airport operations: 4.7 %
 - Air navigation services: 4.1 %

Impairment tests – results

The results of the impairment tests show that the value in use exceeds the book value of assets by MNOK 300 for airport operations and MNOK 1,100 for air navigation services. Consequently, no impairment loss has been recognized at the end of 2020.

As the pandemic is still evolving and at the time of approval of the fourth quarter statements there are still uncertainty about the time/ effect of large scales of vaccines and how the pandemic will affect future travel activity, it is still too early to predict the full impact the pandemic may have on the group. Should managements current estimates and assumptions not be met, it could lead to significant impairment losses.

Management has carried out sensitivity analyses that represent different scenarios based on changes in the assumptions to which the impairment tests are most sensitive. The analyses have been prepared to illustrate management's assessments of the uncertainty in the assessments.

The sensitivity to changes in operating margin, income and terminal growth is summarized in the table below:

IMPAIRMENT TESTS - RESULTS	AIRPORT OPERATIONS		AIR NAVIGATION SERVICES	
	VALUE IN USE	IMPAIRMENT	VALUE IN USE	IMPAIRMENT
Change in assumption				
Operating margin: -1.0 %	34 500	1 800	2 100	0
Operating margin: -2.0 %	32 500	3 800	1 500	0
Income: -1.0 %	34 500	1 800	2 000	0
Income: -2.0 %	32 500	3 800	1 400	100
Terminal growth: -0.5 %	32 000	4 300	2 100	0
Terminal growth: -1.0 %	29 000	7 300	1 700	0

NOTE 8 Capital structure and equity*All amounts in MNOK*

	31 DECEMBER	
	2020	2019
Interest bearing debt (see note 10)	27 598,8	21 295,0
Interest rate swaps debt (see note 11)	420,7	0,0
Interest rate swaps assets (see note 11)	-2 285,9	-1 751,1
Lease liabilities	-448,7	-492,2
Cash and cash equivalents	-6 017,9	-1 059,1
Net interest bearing debt - exclusive lease liabilities	19 267,0	17 992,6
Equity	13 178,5	15 279,0
Total equity and net interest bearing debt	32 445,5	33 271,6
Net debt to equity ratio *	40,6 %	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).

According to article 5 of the company's Article of Association, the net debt to equity ratio should be at least 40 %. In addition, there are covenants on some of the debt issued by Avinor. The covenant is an net debt to equity ratio of at least 30 %, and Avinor complies with all debt covenants at the end of 2020.

NOTE 9 Pensions*All amounts in MNOK*

Avinor uses updated assumptions for pension obligations published by the Norwegian Accounting Standards Board when calculation pension liabilities. The latest update of assumptions for pension obligation were as of 31.12.2020.

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

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

PENSION OBLIGATION

	31 DECEMBER	
	2020	2019
Net pension obligation at 1 January	3 972,8	4 633,4
Opening net book amount, reclassification Gift pension	18,8	0,0
Pension cost - plan amendment inclusive curtailment/settlement	0,0	-86,6
Pension cost - other (exclusive employee contribution)	411,5	359,0
Employer/employee contribution	-324,5	-388,3
Actuarial gains/losses	1 542,4	-544,6
Net pension obligation at 31 December	5 621,0	3 972,8

In addition to the pension cost in the table above there is a cost of MNOK 139.6 as at 31 December 2020 related to employees that have transitioned to a defined contribution pension scheme (MNOK 131.7 as at 31 December 2019) and MNOK 28.7 related to the private AFP scheme (early retirement) (MNOK 25.9 as at 31 December 2019).

Actuarial losses of MNOK 214 were booked in the fourth quarter of 2020 as a result of updated assumptions for pension obligations as of 31.12.2020 published by the Norwegian Accounting Standards Board. During 2020, actuarial losses of in total MNOK 1,542 has been booked. This is mainly related to a change in the calculation parameters 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 31 December 2020.

NOTE 10 Borrowings and lease liabilities

All amounts in MNOK

	FOOTNOTE	31 DECEMBER	
		2020	2019
Long term borrowings and lease liabilities		24 159,6	19 296,8
Short term borrowings and lease liabilities		3 439,3	1 998,2
Total		27 598,8	21 295,0
Movement in borrowings and lease liabilities			
Opening net book amount		21 295,0	21 740,7
Opening net book amount - lease liabilities - new accounting policy		0,0	496,7
Proceeds of long term borrowings		7 526,6	0,0
Repayment of borrowings		-896,7	-1 531,5
Repayment of lease liabilities		-43,5	-41,1
Additions and other changes in lease liabilities		0,0	36,5
Net proceeds/repayment of short term borrowings (commercial papers)		-600,0	600,0
Changes in value	1)	317,4	-6,3
Closing net book amount		27 598,8	21 295,0

1) Parts of the loan portfolio is in euros. The weakening of the Norwegian krone in 2020 results in increased debt in Norwegian kroner during the period. The main part of the change in value related to the weakened currency arose in the first quarter of 2020 (accumulated change in the value of loans at the end of the first, second and third quarters of 2020 were MNOK 1,789.1, 1,075.5 and 1,239.7, respectively). The increase in debt is offset, Avinor has purchased currency hedging instruments for the entire debt in foreign currency.

LIQUIDITY RESERVES

	31 DECEMBER	
	2020	2019
Cash and cash equivalents	6 017,9	1 059,1
Unused bank overdraft	600,0	600,0
Unused credit facility	4 000,0	4 000,0
Total	10 617,9	5 659,1

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.

	31 DECEMBER 2020		31 DECEMBER 2019	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Interest-bearing debt				
State loan	1 638,6	1 652,4	1 638,6	1 631,2
Bonds	20 738,3	22 278,5	13 344,0	14 318,6
Bank borrowings	4 773,2	5 244,9	5 220,3	5 602,1
Commercial papers	0,0	0,0	600,0	600,0
Lease liabilities	448,7	448,7	492,2	492,2
Total	27 598,8	29 624,5	21 295,1	22 644,0

DERIVATIVE FINANCIAL INSTRUMENTS

	31 DECEMBER	
	2020	2019
Assets		
Interest rate swaps	2 285,9	1 751,1
Forward foreign exchange contracts	0,8	4,2
Forward energy contracts	0,0	0,0
Total assets	2 286,7	1 755,3
Liabilities		
Interest rate swaps	420,7	0,0
Forward foreign exchange contracts	1,0	0,0
Forward energy contracts	4,0	2,3
Total liabilities	425,7	2,3

Fair value hierarchy

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 31 December 2020:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Liabilities				
Financial liabilities at fair value through profit or loss				0,0
Derivatives used for hedging		1 865,2		1 865,2
Total liabilities	0,0	1 865,2	0,0	1 865,2
Liabilities				
Financial liabilities at fair value through profit or loss	4,0	4 954,7		4 958,7
Derivatives used for hedging				0,0
Total liabilities	4,0	4 954,7	0,0	4 958,7

The following table presents the group's assets and liabilities that are measured at fair value at 31 December 2019:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss		4,2		4,2
Derivatives used for hedging		1 751,1		1 751,1
Total assets	0,0	1 755,3	0,0	1 755,3
Liabilities				
Financial liabilities at fair value through profit or loss	2,3	1 523,5		1 525,8
Derivatives used for hedging				0,0
Total liabilities	2,3	1 523,5	0,0	1 525,8

NOTE 12 Dividends

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

NOTE 13 Contingencies and estimates

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.

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 207.0 during 2020. At the end of 2020, total provisions for expected losses on accounts receivables amounts to MNOK 215.5. The estimate is based on specific assessments of individual debtors and risk of bankruptcy. At the end of the year increased attention is set on specific individual debtors as a consequence of the corona pandemic.

The group's profit and financial position is strongly negatively affected by the corona pandemic in 2020. It is unclear when we are back in an almost normal situation. According to the latest traffic scenarios developed by the groups traffic development department, it is not expected that the traffic will be back at 2019-levels before 2025. 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.

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 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 31 December 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 ("fullverdiforsikret"). 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 31 December 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 31 December 2020 amounts to NOK 176.1. Furthermore, a provision for expected demolition expenses of MNOK 20 has been made. Avinor has received a preliminary insurance settlement that fully covers the costs mentioned. The preliminary insurance settlement is presented as a reduction of the impairment charge of MNOK 176.1 and demolition expenses of MNOK 20 in the income statement.

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 31 December 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.

NOTE 14 Subsequent events

Government grants

On 29 January 2021, the Norwegian Government submitted a proposal to give Avinor Government grants of up to MNOK 2,750 for the first six months of 2021.

The Norwegian Ministry of Transportation and Communications and Avinor are in close dialog regarding the size, format and timing of further government grants for the coming years. Avinor has, based on the expected effects of the corona pandemic, indicated a need for support of around MNOK 5,500 for 2021 and 2022. Further information is also presented in note 7 regarding impairment tests.



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