INTERIM FINANCIAL REPORT

1st quarter 2017

Content

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 46 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 annual operating revenues of NOK 10 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

	FIRST QUARTER		YEAR
	2017	2016	2016
Traffic income	680.5	685.5	3 002.3
Security (cost based)	307.6	254.3	1 156.9
Sales- and rental income - duty free	500.0	491.7	2 552.0
Sales- and rental income - parking	208.8	184.3	868.6
Sales- and rental income - other	621.1	381.4	1 876.1
Inter - group income	28.1	40.8	219.0
Total income airport operations	2 346.2	2 038.0	9 674.9
En route charges	249.6	218.6	984.7
Inter-group income approach and control tower services	197.4	187.2	804.6
Other income	36.1	43.5	201.5
Total income air navigation services	483.1	449.3	1 990.8
Other group income	196.9	199.4	827.9
Elimination of inter - group income	-381.8	-398.8	-1 705.6
Total group income	2 644.5	2 287.9	10 788.0
Operating expenses airport operations	-1 762.4	-1 500.2	-6 119.6
Operating expenses air navigation services	-456.5	-453.7	-1 779.1
Other operating expenses	-257.8	-249.0	-1 074.2
Elimination of inter-group expenses	381.8	398.8	1 705.6
Total group expenses	-2 094.8	-1 804.1	-7 267.3
EBITDA airport operations	583.9	537.8	3 555.3
EBITDA air navigation services	26.6	-4.4	211.7
EBITDA others	-60.9	-49.6	-246.3
EBITDA group	549.6	483.8	3 520.7
Depreciation, amortisation and impairment charges	-438.8	-412.9	-1 762.9
Operating profit/(loss)	110.8	70.9	1 757.8
Net finance income/(costs)	-170.6	-71.9	-383.6
Profit/(loss) before income tax	-59.8	-1.0	1 374.2
Income tax expense	14.4	-1.1	-345.6
Profit/(loss) after tax	-45.4	-2.1	1 028.6
EBITDA-margin airport operations	24.9 %	26.4 %	36.7 %
EBITDA-margin air navigation services	5.5 %	-1.0 %	10.6 %
EBITDA-margin others	20.8 %	21.1 %	32.6 %
Investments airport operations	571.0	1 031.4	4 554.6
Investments air navigation services	94.4	41.1	238.1
Investments others	34.3	85.5	321.8
Total investments	699.7	1 158.0	5 114.5
Distributed dividends	-	-	-500.0
Cash flow before borrowings	-681.6	-860.1	-2 622.0
Interest - bearing debts	23 005.5	17 896.9	19 504.6
Total assets	44 339.4	38 583.8	41 037.2
Equity ratio	33.7 %	38.6 %	36.4 %
Number of passengers (in 1000)	11 678.5	11 149.0	50 802.8
Number of aircraft departures (in 1000)	167.6	165.9	704.4
Number of service units (in 1000)	568.0	549.8	2 492.9
Punctuality (a)	87 %	89 %	87 %
Regularity (a)	99 %	99 %	99 %

(a) Past 12 months

Board of Directors Report

IMPORTANT EVENTS

Air traffic measured in the number of passengers travelling through Avinor's airports in the period 01/01 – 31/03/2017 increased by 4.7 per cent compared with the corresponding period in 2016. Traffic through Oslo Airport increased by 7.8 per cent, but Sola and Flesland saw a combined reduction of 1.2 per cent. Overall, traffic at other airports increased by 3.6 per cent. Traffic in Western Norway is still affected by the downturn in the oil and gas industry.

Over the past 12 months, average regularity has been recorded at 99 per cent and average punctuality has been recorded at 87.4 per cent. Sick leave amounted to 4.8 per cent over the last 12 months with an LTI rate of 3.0.

The Remote Towers is a ground-breaking and innovative air navigation service project that involves technical, economical and regulatory risk when it comes to progress.The project is on schedule with regards to the milestone plan and construction of the first five towers that will be remotely controlled from a centre in Bodø will be completed during the second quarter of 2017. The market possibilities for remote towers appears to be larger than previously assumed.

The savings forecast for the group's modernization program is above target. The programme's targeted cost savings of NOK 600 million annually from 2018 compared to the Group's prior long term plan (baseline) remains the same.

The new terminal at Flesland will open on 17/08/2017 as planned. The project forecast shows that this objective is expected to be reached within budget. The Bergen Light Rail link to and from Flesland opened as planned on 21/04/2017.

Narvik Airport was closed on 31/03/2017 in accordance with previous Storting resolution.

As part of our social mission Avinor actively promote climate friendly and sustainable future air transport by continuing our engagement in pursuing possibilities for increased production and use of jet biofuel in Norway. In addition, a new study on future use of electric aircraft in the Norwegian market is launched.

Of events after the reporting period it is worth mentioning that the new terminal areas at Oslo Airport were officially opened on 27/04/2017. The project organisation is now being phased out. The project was completed and the facility was in operation on schedule and will be finalized within the agreed budget of MNOK 14 050.

05/04/2017, the Government submitted Report No. 30 to the Storting (2016 - 2017) on Avinor's operations (Ownership Report). At the same time, the National Transport Plan for 2018 - 2029 was presented. The Ownership Report and the National Transport Plan provide important guidelines for Avinor's operations in the coming years.

The Norwegian Ministry of Transport and Communications will initiate a process lasting until the next Ownership Report with a view to moving the ownership of Avinor Flysikring AS out of the group. At the same time, the ambition to introduce competition on tower and approach services continues where there is no more cost-effective remote monitoring technology (remote towers).

In the National Transport Plan, Avinor is requested to submit a license application for a new airport in Bodø with construction to begin during the first six-year period (2018 - 2023). Government investment support is stipulated at NOK 2.4 billion. The rest of the construction project will be financed through commercial property development. In addition, a new airport in Mo i Rana is being planned with government investment support in the second six-year period (2024 - 2029).

01.01 - 31.03.2017

TABLE 1: KEY FINANCIAL FIGURES 01.01 - 31.03

MNOK	01.01 - 31.03.17	01.01 - 31.03.16	CHANGE
Operating income	2 644.5	2 287.9	15.6 %
EBITDA	549.6	483.8	13.6 %
EBIT	110.8	70.9	-56.3 %
Profit for the period	-45.4	-2.1	
Investments	699.7	1 158.0	-39.6 %

During the period 01/01 - 31/03/2017, the group experienced a loss after tax of NOK 45 million compared with a loss after tax of 2 million during the same period in 2016. The change in loss after tax was mainly due to reduced capitalisation of interest expenses as a result of completed development projects. In addition, there were realized losses related to currency and interest rate hedging of the Group's bond loans in euro, as well as realized losses related to completed interest rate hedging contracts in connection with the merger of Avinor AS and Avinor Parkeringsanlegg AS.

The Group's balance sheet has increased by NOK 3.3 billion in the first quarter of 2017, totalling NOK 44.3 billion at 31/03/2017. The increase was mainly related to new loans raised with a corresponding increase in bank deposits.

Operating income

Operating income during the period 01/01 – 31/03/2017 amounted to NOK 2,645 million, compared with NOK 2,288 million for the corresponding period in 2016.

With the exception of the above-mentioned non-recurring income in invoiced interior work, operating income in airport operations increased by 5.3 per cent in the first quarter of 2017. The growth in income was mainly driven by increased traffic volume.

Within air navigation services, operating income grew by 7.5 per cent year-on-year in the first quarter. The growth in income reflects increased traffic volume and a higher unit price for en route service.

Rental income from property was reduced due to a decline in intra-group services as a consequence of mergers.

TABLE 2: OPERATING AND OTHER INCOME

MNOK	01.01 - 31.03.17	01.01 - 31.03.16	CHANGE
Airports operations	2 346.2	2 038.0	15.1 %
Air traffic services	483.1	449.3	7.5 %
Property development and hotels	33.1	38.6	-14.2 %
Group services	163.8	160.8	1.9 %
Consolidated items	-381.8	-398.8	-4.3 %
Avinor group	2 644.5	2 287.9	15.6 %

Operating expenses, depreciation and other items

Operating expenses during the period 01/01 – 31/03/2017 amounted to NOK 2,095 million, compared with NOK 1,804 million in 2016. Included in operating expenses for the first quarter is approx. NOK 200 million in through-invoiced interior work in connection with the completion of the expanded terminal at Oslo Airport.

In the first quarter of 2017, NOK 42 million was charged as an additional expense (excluding depreciation and write-downs) related to maintaining effective operations and traffic control during the expansion of Oslo Airport. The corresponding figure for last year was NOK 67 million, cf. Note 5 in the consolidated accounts.

Depreciation and write-downs totalled NOK 439 million in the period 01/01 – 31/03/2017, compared with NOK 413 million for the corresponding period in 2016. The increase was due to the completion and commissioning of several facilities previously under construction.

EBITDA and EBIT

EBITDA during the period 01/01 – 31/03/2017 amounted to NOK 550 million. EBITDA for the corresponding period in 2016 amounted to NOK 484 million. Excluding non-recurring income and non-recurring expenses related to interior work performed on behalf of tenants and Bane Nor at Oslo Airport, the underlying EBITDA margin in the first quarter of 2017 was strengthened compared to the corresponding period in 2016.

EBIT during the period 01/01 – 31/03/2017 amounted to NOK 111 million compared with NOK 71 million during the corresponding period in 2016.

Financial items and tax

The group's net financial result for the period 01/01 – 31/03/2017 amounted to a loss of NOK 171 million, compared with a loss of NOK 72 million in the corresponding period in 2016. In addition to increased interest expenses due to increased net interest-bearing debt, the change in the net financial result was due to a reduced capitalisation of interest expenses as a result of completed development projects. In addition, there were realized losses related to currency and interest rate hedging of the Group's bond loans in euro, as well as realized losses related to completed interest rate hedging contracts in connection with the merger of Avinor AS and Avinor Parkeringsanlegg AS.

Tax expenses are estimated at 24 per cent of the consolidated profit before tax.

Investments

Recognised additions to property, plant and equipment in the period 01/01 – 31/03/2017 amounted to NOK 700 million compared with NOK 1,158 million for the corresponding period last year.

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

TABLE 3: ADDITION TO PPE RECOGNISED IN THE BALANCE SHEET

MNOK	01.01 - 31.03.17	01.01 - 31.03.16	CHANGE
Airports operations	571.0	1 031.4	-460.4
Air traffic services	94.4	41.1	53.3
Property development and hotels	-	0.1	-0.1
Joint items, group	15.4	21.6	-6.2
Consolidated items	18.9	63.7	-44.8
Group	699.7	1 158.0	-458.3

The new terminal areas at Oslo Airport were officially opened on 27/04/2017. The project organisation is now in a demobilisation phase. The project was completed and the facility was in operation on schedule and will be finalized within the agreed budget.

The new terminal at Flesland will open on 17/08/2017 as planned. The project's milestone plan shows that this objective is expected to be reached within budget.

In order to streamline the air navigation service, Remote Services was established as a unit in Avinor Flysikring AS to develop, implement and commercialize remote-controlled tower services. Kongsberg Defence & Aerospace is a partner and system supplier for the development project. A remotely operated tower centre is under construction in Bodø, with a targeted 15 towers in operation by the end of 2020. There is technical, economical and regulatory risk related to the progress of the project, but the project is on schedule with regards to the milestone plan and the first remote tower will be in operation in the first six months of 2018.

Cash flow, financing and commitments

As a result of investment payments exceeding the contribution from current operations, the group had a negative cash flow of NOK 682 million during the period 01/01 – 31/03/2017 before changes in liabilities.

Interest-bearing liabilities (taking into account the value of derivatives used for hedging) as of 31/03/2017 amounted to NOK 23,005 million, of which NOK 1,532 million was short-term. Interest-bearing liabilities increased by NOK 3,501 million since 31/12/2016. Avinor AS issued new bonds on 02/02/2017 under the company's EMTN program, totalling EUR 500 million with 10 years' maturity. The loan is secured in Norwegian kroner with a fixed interest rate for 10 years. Short-term certificate loans were reduced by NOK 500 million in the first quarter of 2017. Other liabilities were reduced by NOK 388 million in the first quarter.

The group's total capital amounted to NOK 44.3 billion as of 31/03/2017, with an equity ratio of 33.7 per cent. Equity as a percentage of the sum of equity and net interest-bearing liabilities totalled 39.4 per cent. Taking into account cash and cash equivalents, the ratio amounted to 43.8 per cent.

As at 31/03/2017, the group's cash reserves amounted to NOK 8,619 million, split between NOK 3,819 million in bank deposits and NOK 4,800 million in unused bank overdrafts.

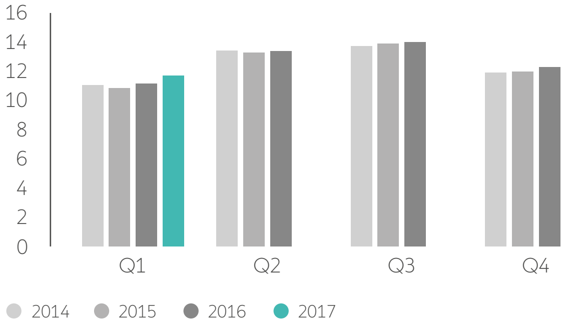
Traffic development and service goals

A total of 11.7 million passengers travelled through Avinor's airports in the period 01/01 – 31/03/2017, an increase of 4.7 per cent compared with the corresponding period in 2016.

The figure below shows the trend in traffic on a quarterly basis for the period 2014–2017:

PASSENGERS

Numbers in millions



Compared with the first quarter of 2016, domestic and international traffic rose by 4.3 per cent and 5.6 per cent respectively, while offshore helicopter traffic fell by around 9.0 per cent. Domestic traffic accounted for 62 per cent of the total traffic volume.

Passenger volume distributed among the airports is as follows:

TABLE 4: NO. OF AIR PASSENGERS

PASSASJERER (1 000)	01.01 - 31.03.17	01.01 - 31.03.16	CHANGE
Gardermoen	5 953	5 522	7.8 %
Flesland	1 267	1 276	-0.7 %
Sola	918	935	-1.8 %
Værnes	1 025	1 005	2.0 %
Others	2 515	2 411	4.3 %
Avinor group	11 678	11 149	4.7 %

The number of commercial aircraft movements in the first quarter increased by 1.1 per cent compared with the corresponding period in 2016. Traffic volume for the en route service measured as the number of service units rose by 3.3 per cent. The lower rate of growth in the number of aircraft movements seen in relation to the number of passengers reflects larger aircraft and a higher cabin factor.

Over the past 12 months, average regularity has been recorded at 99 per cent, and average punctuality has been recorded at 87 per cent in Avinor's network of airports.

AVIATION SAFETY AND HSE

There have been no aviation accidents or serious aviation incidents in the first quarter of 2017 where Avinor has been a contributing party, subject to investigations that have not yet been completed.

As mentioned in the previous report, there is a requirement in the new EU regulations that airport operators should have oversight over operational risks and control risk mitigation measures against identified hazards. Work on establishing the operational risk profile and classification of risks for each airport has started.

In the last 12 months, the Group counted 15 injuries to its own employees which resulted in absence. The group's LTI rate (number of injuries resulting in absence per million hours worked) for the period was 3.0. The F-value for the same period (number of days absence following injury, per million hours worked) amounted to 60.83.

Sick leave over the last 12 months amounted to 4.8 per cent.

RISK FACTORS

The group's activities focus on safe air traffic management using procedures and measures to minimise the probability 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 sector-policy objectives. The Norwegian state lays down guidelines for a number of factors including airport structure, emergency preparedness, aviation fees and public service obligations. The scope and organisation of sectoral policy guidelines can change over time.

The enterprise's recognised business assets are long-term in nature, and operations are largely governed by regulations and statutory provisions. Consequently, Avinor has a high share of fixed costs which vary only slightly according to traffic volume and capacity utilisation. The group's earnings and financial value are affected by changes in traffic volume.

The major airports are a central source of funding for the rest of the airport network in Norway. The airports' earnings are vulnerable to economic cycles and competition from airports outside Avinor's network.

Revenues from services and facilities for passengers are key to the group's financing. Changes in the framework conditions for the duty-free scheme in particular would have a major impact on the group's earnings and financial value.

Financial hedging instruments are used to mitigate risk linked to fluctuation of foreign interest rates, exchange rates and energy prices. The value of the hedging instruments changes according to prices in the market and might impact the annual results. When investing the group's surplus cash, emphasis is given to the issuer's solidity and the liquidity of the investment. The group's cash reserves are deposited in banks on negotiated terms.

There is disagreement between the Norwegian Armed Forces and Avinor with respect to allocation of costs at airports with joint operations. Avinor has reflected this in the accounts through provisions based on the best discretionary estimate.

As a result of the establishment of a new fighter plane base for the Norwegian Armed Forces at Ørland, Avinor was asked in 2014 to assume responsibility for airport operations at Bodø Airport by 01/08/2016. The takeover of operations was carried out according to plan. However, ownership of real property and facilities was not transferred, and Avinor is awaiting clarification of terms from the Ministry of Defence and the Ministry of Transport and Communications. There is uncertainty regarding some issues related to the phasing out of the Armed Forces' requirements in Bodø, and that Avinor is also requested to plan in detail with a view to promoting a license application for a new airport. The above mentioned circumstances give rise to financial uncertainty related to investments in buildings and facilities as well as future operations in Bodø.

In connection with the pension settlement in 2005, it was determined that public service pensions should be adjusted for an increase in life expectancy and be made subject to the new pension adjustment rules. However, there were no provisions for the coordination of public service pension benefits and new social security rules. Regulations for such coordination have therefore not been clarified and are thus not considered in the accounts. A new public occupational pension solution is being considered, but it has not been clarified what this solution would entail, when it would enter into force or what the transitional rules would be. A committee consisting of representatives of the administration and the employee organisations has been appointed to evaluate alternative pension schemes.

The airports have discharge permits which require risk assessments to identify possible sources of acute pollution which represent a risk of damage to the external environment. Avinor works continuously to reduce the risk of environmentally hazardous incidents, while past contamination is being mapped and cleaned up. Environmentally hazardous additives have been detected in fire extinguishing foam which have spread to the environment at the airports, and work is currently being conducted to clarify the scope of required measures. Risk assessments have been carried out on the potential harm to persons and the environment. The financial consequences depend on the scope of the required measures, as well as regulatory requirements and measures available. The Norwegian Environment Agency will require measures to be carried out at Evenes Airport, and they will probably issue a joint order for the preparation of action plans for the other airports. The order is likely to be issued in 2017.

OUTLOOK

Mobility and efficient air transport are essential for social development, and contribute to strengthening economic growth in rural areas and regions. Avinor's high level of activity and investment will be continued to ensure we fulfil our social mission of providing good regional, national, European and intercontinental air services. Avinor will be a driving force in the work on climate and environmental challenges within aviation.

Growth in air traffic and growth in the Group's operating profit are expected in 2017, but uncertainty in socio-economic developments and traffic volume can affect the forecast. Due to major development projects that are being completed and implemented, depreciation for the year will increase in addition to the fact that recognised interest expenses are reduced.

Oslo, 11 May 2017
The Board of Directors of Avinor AS

CONDENSED INCOME STATEMENT

All amounts in MNOK

		FIRST QUARTER		YEAR
	NOTES	2017	2016	2016
Operating income				
Traffic income		1 237.8	1 155.5	5 143.0
Other operating income		1 406.7	1 132.4	5 645.0
Total operating income		2 644.5	2 287.9	10 788.0
Operating expenses				
Raw materials and consumables used		254.7	36.4	394.3
Employee benefits expenses	5	892.9	874.6	3 326.1
Other operating expenses	5	935.9	885.3	3 565.8
Other expenses	4	11.4	7.8	(18.9)
Total operating expenses		2 094.9	1 804.1	7 267.3
EBITDA		549.6	483.8	3 520.7
Depreciation, amortisation and impairment charges	5,7	438.8	412.9	1 762.9
Operating profit/(loss)		110.8	70.9	1 757.8
Finance income		18.5	8.5	36.2
Finance costs		189.1	80.4	419.8
Net finance income/(costs)		-170.6	-71.9	-383.6
Profit/(loss) before income tax		-59.8	-1.0	1 374.2
Income tax expense	6	-14.4	1.1	345.6
Profit/(loss) after tax		-45.4	-2.1	1 028.6

STATEMENT OF COMPREHENSIVE INCOME

All amounts in MNOK

	FIRST QUARTER		YEAR
	2017	2016	2016
Profit/(loss) for the period	-45.4	-2.1	1 028.6
Other comprehensive income:			
Items that will not be reclassified to profit or loss in subsequent periods:			
Actuarial gains/(losses) on post employment benefit obligations	-	56.0	-548.5
Tax effect	-	-14.0	137.1
Change in tax rate, effect deferred tax assets/-liabilities	-	-	-62.7
Items that may be subsequently reclassified to profit or loss:			
Cash flow hedges	49.2	24.7	66.9
Tax effect	-12.6	-8.2	-16.9
Other comprehensive income, net of tax	36.6	58.5	-424.1
Total comprehensive income	-8.8	56.4	604.5
Attributable to:			
Owner of parent	-8.8	56.4	604.5

CONDENSED BALANCE SHEET

All amounts in MNOK

		31 MARCH		YEAR
	NOTES	2017	2016	2016
ASSETS				
Non - current assets				
Intangible assets				
Deferred tax assets	6	1 364.0	1 486.9	1 358.7
Other intangible assets	7	105.6	114.1	108.8
Intangible assets under construction	7	159.2	-	122.0
Total intangible assets		1 628.8	1 601.0	1 589.5
Property, plant and equipment				
Property, plant and equipment	7	29 906.1	23 641.0	29 501.8
Assets under construction	7	6 417.3	10 228.5	6 595.1
Total property, plant and equipment		36 323.4	33 869.5	36 096.9
Financial assets				
Derivative financial instruments	10	670.9	620.0	504.0
Other financial assets		338.4	357.5	390.7
Total financial assets		1 009.3	977.5	894.7
Total non-current assets		38 961.5	36 448.0	38 581.1
Curent assets				
Inventories		20.5	21.2	22.6
Trade and other receivables		1 537.3	1 310.1	1 483.4
Derivative financial instruments	10	0.7	9.7	1.0
Cash and cash equivalents	-	3 819.4	794.8	949.1
Total current assets		5 377.9	2 135.8	2 456.1
TOTAL ASSETS		44 339.4	38 583.8	41 037.2

CONDENSED BALANCE SHEET

All amounts in MNOK

		31 MARCH		YEAR
	NOTES	2017	2016	2016
EQUITY AND LIABILITIES				
Equity				
Share capital		5 400.1	5 400.1	5 400.1
Other equity		9 532.2	9 488.3	9 536.5
Total equity		14 932.3	14 888.4	14 936.6
Provisions				
Retirement benefit obligations	8	2 623.9	1 896.4	2 588.2
Other provisions		166.2	180.8	167.4
Total provisions		2 790.1	2 077.2	2 755.6
Non-current liabilities				
State loan	9,10	2 527.3	2 971.7	2 527.3
Derivative financial instruments	10	33.8	88.0	50.7
Other non-current liabilities	9,10	19 582.6	14 059.6	15 009.5
Total non-current liabilities		22 143.7	17 119.3	17 587.5
Current liabilities				
Commercial papers	9,10	900.0	400.0	1 400.0
Trade payables		331.9	356.9	685.4
Tax payable		107.2	196.0	136.6
Public duties payable		157.3	282.6	211.0
Derivative financial instruments	10	13.0	42.2	2.8
First annual instalment on long-term liabilitirs	9,10	631.8	996.9	1 019.8
Other current liabilities		2 332.1	2 224.3	2 301.9
Total current liabilities		4 473.3	4 498.9	5 757.5
Total liabilities		29 407.1	23 695.4	26 100.6
TOTAL EQUITY AND LIABILITIES		44 339.4	38 583.8	41 037.2

STATEMENT OF CHANGES IN EQUITY

All amounts in MNOK

	SHARE CAPITAL	OTHER RESERVES	OTHER EQUITY	TOTAL EQUITY
Balance at 1 Januar 2016	5 400.1	3.6	9 428.3	**14 832.0**
Total comprehensive income		58.5	-2.1	**56.4**
Balance at 31 March 2016	5 400.1	62.1	9 426.2	**14 888.4**
Balance at 1 Januar 2017	5 400.1	-362.4	9 898.8	**14 936.6**
Total comprehensive income		36.6	-45.4	**-8.8**
Change in group contribution previous year			4.6	**4.6**
Balance at 31 March 2017	5 400.1	-325.8	9 858.0	**14 932.3**

STATEMENT OF CASH FLOWS

All amounts in MNOK

	FIRST QUARTER		YEAR
	2017	2016	2016
Cash flow from operating activities			
Profit/(loss) before income tax including discontinued operations	-59.8	-1.0	1 374.2
Depreciation	438.8	412.9	1 762.9
(Profit)/loss on disposals of non-current assets	-1.1	0.4	-12.6
Changes in value and other losses/(gains) - net (unrealised)	10.9	-	-34.9
Net finance (income)/costs	170.6	71.9	383.6
Change in inventories, trade receivables and trade payables	-345.8	45.0	123.9
Difference between post employment benefit expense and amount paid/received	35.7	5.0	92.4
Change in other working capital items	156.2	16.1	-288.1
Interest received	19.7	1.3	36.2
Income tax paid	-29.6	-141.1	-337.2
Net cash generated from operating activities	395.6	410.5	3 100.4
Cash flow from investing activities			
Investments in property, plant and equipment (PPE)	-871.6	-1 111.9	-4 497.3
Proceeds from sale of PPE, incl assets under construction	1.3	0.6	20.1
Change in other investments	-10.1	-40.0	-83.5
Net cash used in investing activities	-880.4	-1 151.3	-4 560.7
Cash flow from financing activities			
Proceeds from borrowings	4 439.5	-	1 899.9
Repayment of borrowings	-387.6	-11.8	-995.5
Net proceeds/repayment of short term borrowings (commercial papers)	-500.0	-	1 000.0
Interest paid	-162.8	-119.3	-655.2
Other borrowing charges	-34.0	-	-6.5
Dividends paid to owner	-	-	-500.0
Net cash generated/used in financing activities	3 355.1	-131.1	742.7
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	2 870.3	-871.9	-717.6
Cash, cash equivalents and bank overdrafts at the beginning of the period	949.1	1 666.7	1 666.7
Cash, cash equivalents and bank overdrafts at the end of the period	3 819.4	794.8	949.1

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 that add to the group's main business, including commercial development.

The Avinor group's headquarters are located in Oslo.

The interim financial information was approved for issue on 11 May 2017. The interim financial information has not been audited.

NOTE 2 Basis of preparation and accounting policies

The interim financial statement for Avinor Group for the first quarter, ended 31 March 2017, has been prepared in accordance with International Financial Reporting Standards (IFRS) and encompasss 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 2016.

The accounting policies are consistent with those of the annual financial statement for the year ended 31 December 2016.

NOTE 3 Segment information

All amounts in MNOK

FIRST QUARTER 2017

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	467.8	119.8	94.9	86.7	218.9	988.1
Other income	910.9	121.4	91.9	66.0	139.9	1 330.0
Inter-segment income	8.2	0.9	1.4	0.7	16.9	28.1
Total income	1 386.8	242.1	188.2	153.4	375.7	2 346.2
Employee benefits expenses	145.6	34.7	25.4	24.0	201.1	430.7
Depreciation and amortisation	203.8	45.2	27.7	23.3	97.3	397.3
Other operating expenses	624.9	56.7	37.6	31.8	235.8	986.8
Inter-segment expenses	92.5	33.8	29.0	23.2	166.4	344.9
Total expenses	1 066.8	170.4	119.8	102.3	700.5	2 159.7
Operating profit/(loss)	320.1	71.8	68.4	51.1	-324.8	186.5
Assets [1]	16 767.2	2 264.1	1 602.0	1 753.4	5 963.1	28 349.8

FIRST QUARTER 2017 CONTINUED

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATIONS	TOTAL
Traffic income	988.1	249.6	-	-		1 237.8
Other income	1 330.0	36.1	27.8	12.8		1 406.7
Inter-segment income	28.1	197.4	5.3	151.0	-381.8	-
Total income	2 346.2	483.1	33.1	163.8	-381.8	2 644.5
Employee benefits expenses	430.7	348.9	0.0	113.2		892.9
Depreciation and amortisation	397.3	21.3	9.5	10.7		438.8
Other operating expenses	986.8	83.5	1.2	130.5		1 202.0
Inter-segment expenses	344.9	24.1	0.3	12.5	-381.8	-
Total expenses	2 159.7	477.8	11.0	266.9	-381.8	2 533.7
Operating profit/(loss)	186.5	5.3	22.1	-103.1	-	110.8
Assets [1]	28 349.8	663.9	853.5	144.5		30 011.7

FIRST QUARTER 2016

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	432.4	120.7	96.0	82.7	208.0	939.7
Other income	661.5	104.5	101.0	62.3	128.1	1 057.5
Inter-segment income	13.0	3.7	12.0	7.0	5.1	40.7
Total income	1 106.9	228.9	209.1	152.0	341.1	2 037.9
Employee benefits expenses	145.8	32.7	27.5	24.4	210.2	440.6
Depreciation and amortisation	189.5	28.7	26.2	23.4	96.8	364.5
Other operating expenses	394.8	58.0	35.5	29.9	227.4	745.6
Inter-segment expenses	84.8	34.5	35.9	28.4	130.4	314.0
Total expenses	814.8	153.9	125.0	106.1	664.9	1 864.7
Operating profit/(loss)	292.0	74.9	84.0	45.9	-323.7	173.2
Assets [1]	10 909.7	1 661.1	1 656.1	1 826.6	6 035.3	22 088.8

FIRST QUARTER 2016 CONTINUED

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATIONS	TOTAL
Traffic income	939.7	218.6	-	-2.8		1 155.5
Other income	1 057.5	43.5	25.5	5.9		1 132.4
Inter-segment income	40.7	187.2	13.1	157.7	-398.8	-
Total income	2 037.9	449.3	38.6	160.8	-398.8	2 287.9
Employee benefits expenses	440.6	342.0	0.0	91.9		874.6
Depreciation and amortisation	364.5	19.5	9.3	19.6		412.9
Other operating expenses	745.6	85.9	-0.4	98.5		929.5
Inter-segment expenses	314.0	25.8	5.7	53.2	-398.8	-
Total expenses	1 864.7	473.1	14.5	263.3	-398.8	2 216.9
Operating profit/(loss)	173.2	-23.8	24.1	-102.5	-	70.9
Assets [1]	22 088.8	606.9	890.0	169.4		23 755.1

1) Inclusive other intangible assets, exclusive assets under construction.

NOTE 4 Other income and expenses

All amounts in MNOK

	FIRST QUARTER		YEAR
SPESIFICATION	2017	2016	2016
Other expenses			
Changes in value and other (losses)/gains, net	**11.4**	7.8	**-18.9**
Total	**11.4**	7.8	**-18.9**

NOTE 5 Impact on earnings - Terminal 2 project

All amounts in MNOK

As a result of the development of Gardermoen (Terminal 2 project) the income statement includes charges for extra costs related to the maintenance of normal operations during the construction period, as well as costs related to the scrapping of assets, including higher depreciation as a result of re-assessed economic life.

	FIRST QUARTER		YEAR
SPESIFICATION	2017	2016	2016
Employee benefits expense	**4.2**	9.9	**40.1**
Depreciation, amortisation and impairment charges	**4.5**	30.2	**80.6**
Other operating expenses	**37.8**	57.5	**315.8**
Total	**46.5**	97.6	**436.5**

NOTE 6 Income tax expense

The income tax expense is calculated using the expected annual effective tax rate.

Expected annual effective tax rate is 24% and is in the interim financial statements as a whole booked 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, other intangible assets

All amounts in MNOK

	OTHER INTANGIBLE ASSETS	PROPERTY, PLANT AND EQUIPMENT	ASSETS UNDER CONSTRUCTION	TOTAL
At 31 March 2016				
Opening net book amount	117.2	22 507.1	10 615.2	33 239.5
Additions	-	1 544.7	1 158.0	2 702.7
Reclassification	-	-	1 544.7	1 544.7
Disposals	-	1.0	-	1.0
Depreciation charge	3.1	409.8	-	412.9
Closing net book amount	114.1	23 641.0	10 228.5	33 983.6
At 31 March 2017				
Opening net book amount	108.8	29 501.8	6 717.1	36 327.7
Additions	-	840.2	699.7	1 539.9
Reclassification	-	-	840.2	840.2
Disposals	-	0.3	-	0.3
Depreciation charge	3.2	435.6	-	438.8
Closing net book amount	105.6	29 906.1	6 576.6	36 588.3

MNOK 159.2 of assets under construction is classified as intangible as at 31 March 2017.

Measurement of recoverable amount

There are no significant changes affecting the recoverable amount of the group's assets in 2017.

NOTE 8 Pension obligation

A discount rate of 2,6% and a future salary increase of 2,5% are used in the calculation af net pension obligation as at 31 March 2017.

NOTE 9 Borrowings and financial lease obligations

All amounts in MNOK

	31 MARCH		YEAR
	2017	2016	2016
Non-current	**22 109.9**	17 031.3	17 536.8
Current	**1 531.8**	1 396.9	2 419.8
Total	**23 641.7**	18 428.2	19 956.6
Opening net book amount			
Proceeds from borrowings	**19 956.6**	18 489.7	18 489.7
Repayment of borrowings	**4 439.5**	-	1 899.9
Net change financial lease obligation	**-387.6**	-11.8	-995.5
Change finansielle leieforpliktelser	**-**	-	-256.0
Net proceeds/repayment of short term borrowings (commercial papers)	**-500.0**	-	1 000.0
Changes in value	**133.2**	-49.8	-181.5
Closing net book amount	**23 641.7**	18 428.2	19 956.6

LIQUIDITY RESERVES

	31 MARCH		YEAR
	2017	2016	2016
Cash and cash equivalents	**3 819.4**	794.8	949.1
Unused bank overdraft	**800.0**	800.0	800.0
Unused credit facility	**4 000.0**	4 000.0	4 000.0
Total	**8 619.4**	5 594.8	5 749.1

The group has, at the end of first quarter 2017, sufficient headroom to enable it to conform to covenants on existing borrowings. The groups liquidity reserves equals at least 12 months prognosticated liquidity requirement including repayment of borrowings, as set out in internal policies.

NOTE 10 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 of all interest rate swaps is confirmed by the financial institutions which are the company's opposite party in the financial contracts entered into.

The carrying amount of cash and bank overdrafts is approximately equal to the fair value of these instruments as they fall due in a short period of time. Similarly, the carrying amount of receivables and payables is approximately equal to fair value as they are entered into under "normal" conditions.

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 as at 31 March 2017.

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

	31 MARCH 2017		31 MARCH 2016	
	CARRYING AMOUNT	FAIR AMOUNT	CARRYING AMOUNT	FAIR AMOUNT
Interest-bearing debt				
State loan	2 971.7	3 015.2	3 416.1	3 482.2
Bonds	13 247.3	13 400.9	9 206.3	10 000.8
Bank borrowings	6 502.1	7 184.8	5 120.6	6 073.1
Commercial papers	900.0	900.0	400.0	400.0

DERIVATIVE FINANCIAL INSTRUMENTS

	31 MARCH		YEAR
	2017	2016	2016
Assets			
Interest rate swaps	670.9	619.3	504.0
Forward foreign exchange contracts	0.7	11.4	1.0
Forward energy contracs	-	-	-
Total	671.6	630.7	505.0
Liabilities			
Interest rate swaps	34.7	88.0	52.0
Forward foreign exchange contracts	3.0	-	0.8
Forward energy contracs	9.1	43.2	0.7
Total	46.8	131.2	53.5

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 March 2017:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss	-	0.7	-	**0.7**
Derivatives used for hedging	-	670.9	-	**670.9**
Total assets	-	671.6	-	**671.6**
Liabilities				
Financial liabilities at fair value through profit or loss	9.1	1 392.2	-	**1 401.3**
Derivatives used for hedging	-	34.7	-	**34.7**
Total liabilities	9.1	1 426.9	-	**1 436.0**

The following table presents the group's assets and liabilities that are measured at fair value at 31 March 2016:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss	-	7.5	-	**7.5**
Derivatives used for hedging	-	623.2	-	**623.2**
Total assets	-	630.7	-	**630.7**
Liabilities				
Financial liabilities at fair value through profit or loss	43.2	1 417.6	-	**1 460.8**
Derivatives used for hedging	-	82.7	-	**82.7**
Total liabilities	43.2	1 500.3	-	**1 543.5**

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