

INTERIM FINANCIAL REPORT

4th quarter 2017



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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 45 airports as well as control towers, control centres and other technical infrastructure for safe air navigation. In addition to the aviation-operative activities, commercial earnings are facilitated through airport hotels, parking facilities, tax-free stores, restaurants and other services for air passengers.

Avinor is a group where the operational activities are partly organised in divisions and in partly in legal entities (subsidiaries). Financially, the overall operations are run as a single aviation system. The air navigation services finance themselves by pricing the services in accordance with international provisions.

The Group has approximately 3,300 employees and annual operating revenues of NOK 11 billion. The shares in Avinor AS are wholly owned by the Norwegian state as represented by the Ministry of Transport and Communications.

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

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

Avinor's head office is located in Oslo.

Avinor Group - Main Figures

All amounts in MNOK

	FOURTH QUARTER		TWELVE MONTHS ENDED DECEMBER	
	2017	2016	2017	2016
Traffic income	720.9	727.3	2 954.9	3 002.3
Security (cost based)	334.4	279.5	1 395.6	1 156.9
Sales- and rental income - duty free	640.8	623.4	2 663.2	2 552.0
Sales- and rental income - parking	237.2	226.7	938.0	868.6
Sales- and rental income - other	499.2	575.9	2 097.0	1 876.1
Inter - group income	34.9	68.6	113.4	218.9
Total income airport operations	2 467.4	2 501.4	10 162.1	9 674.8
En route charges	277.1	244.4	1 122.3	984.7
Inter-group income approach and control tower services	209.6	225.2	814.2	804.6
Other income	38.4	61.7	148.8	201.5
Total income air navigation services	525.1	531.3	2 085.2	1 990.8
Other group income	228.1	220.2	827.7	828.1
Elimination of inter - group income	-406.3	-467.9	-1 549.1	-1 705.7
Total group income	2 814.4	2 785.0	11 526.0	10 788.0
Operating expenses airport operations	-1 650.8	-1 703.6	-6 593.9	-6 119.6
Operating expenses air navigation services	-470.0	-469.6	-2 061.9	-1 779.1
Other operating expenses	-296.4	-271.0	-1 288.0	-1 074.2
Elimination of inter-group expenses	406.3	467.9	1 549.1	1 705.6
Total group expenses	-2 010.8	-1 976.4	-8 394.8	-7 267.3
EBITDA airport operations	816.7	797.8	3 568.2	3 555.2
EBITDA air navigation services	55.1	61.7	23.3	211.7
EBITDA others	-68.3	-50.8	-460.4	-246.2
EBITDA group	803.5	808.5	3 131.2	3 520.7
Depreciation, amortisation and impairment charges	-509.2	-491.0	-1 889.1	-1 762.9
Operating profit/(loss)	294.3	317.5	1 242.1	1 757.8
Net finance income/(costs)	-155.2	-125.2	-597.4	-383.6
Profit/(loss) before income tax	139.1	192.3	644.7	1 374.2
Income tax expense	-44.2	-48.7	-165.0	-345.6
Profit/(loss) after tax	94.9	143.6	479.7	1 028.6
EBITDA-margin airport operations	33.1 %	31.9 %	35.1 %	36.7 %
EBITDA-margin air navigation services	10.5 %	11.6 %	1.1 %	10.6 %
EBITDA-margin others	28.5 %	29.0 %	27.2 %	32.6 %
Investments airport operations	530.1	1 552.9	2 498.8	4 554.6
Investments air navigation services	123.2	78.1	361.3	238.1
Investments others	72.3	53.1	166.1	321.8
Total investments	725.6	1 684.1	3 026.2	5 114.5
Distributed dividends	-	-	-550.0	-500.0
Cash flow before borrowings	-21.6	-734.2	-900.2	-2 622.0
Interest - bearing debts			21 621.6	19 504.6
Total assets			43 808.6	41 037.2
Net debt to equity ratio (b)			41.8 %	44.6 %
Number of passengers (in 1000)	12 679.7	12 282.2	52 885.2	50 802.8
Number of aircraft departures (in 1000)	172.7	172.9	696.7	704.4
Number of service units (in 1000)	637.4	618.7	2 527.4	2 492.9
Punctuality (a)			85 %	87 %
Regularity (a)			98 %	99 %

(a) Past 12 months

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

Board of Directors Report

IMPORTANT EVENTS

Air traffic through Avinor's airports in the period 1 January to 31 December 2017 increased by 4.1 per cent compared to the corresponding period in 2016. Air traffic at Oslo airport increased by 6.6 per cent, while total growth at other airports amount to 1.6 per cent.

Punctuality for the past 12 months is 98 per cent, and the corresponding figure for regularity is 85 per cent. Sick leave amounts to 4.5 per cent over the last 12 months with an LTI rate of 1.4.

A declaration made in January 2018 by three parties that form the Norwegian government - the Conservative Party, the Progress Party, and the Liberal Party - emphasises the exciting phase of development that the aviation sector is currently in: Biofuels and electric aircraft are opening up completely new opportunities for a smaller environmental footprint and an increased range of transport options. It states that aviation is key to the Norwegian transport network; it is especially important to large areas of many districts, as well as for economic growth throughout the country. The government emphasises that it will "implement a competition-oriented aviation policy that contributes to the development of a competitive Norwegian aviation industry". The government will:

- Facilitate the use of biofuels in aircraft;
- Task Avinor with developing a programme for the introduction of electric aircraft in commercial aviation;
- Provide effective and fair operating conditions for non-state airports;
- Enable municipalities and private entities to participate in the development of airports and the surrounding area;
- Develop regional airports to bolster seafood exports; and
- Evaluate how aviation fees can be restructured to increase the competitiveness of Norwegian aviation.

The domestic transfer trial project has not resulted in the expected simplification and customer experience for passengers and airlines.

In order for the trial project to continue, it is the opinion of Avinor and the airlines that the regulations of the customs service must be changed to ensure quicker and simpler transfers from foreign to domestic flights.

With regard to Haugesund airport, the government asked Avinor to facilitate the establishing of a service concession so that operations can be handed down to a party other than Avinor by way of competitive tendering, known as a service concession model. Avinor will not tender itself but will own and rent out the airport. The competitive tender is complete and a decision is scheduled for March.

On 29 November a judgement was made in the dispute between Avinor and the Norwegian Armed Forces regarding the purchase/rental price of Trondheim Airport. The dispute relates to the RPI-regulation of the rent and purchase price, as well as rent interest. The judgement was in favour of Avinor, resulting in a payment of about NOK 50 million by the Norwegian Armed Forces to Avinor.

The savings forecast of the Group's modernisation programme is in excess of targets. The programme set a cost savings target of NOK 600 million per year from 2018 in relation to the Group's previous financial long-term plan from 2013 (baseline). This is expected to be achieved by a good margin.

FOURTH QUARTER 2017

TABLE 1: KEY FINANCIAL FIGURES

MNOK	Q4 2017	Q4 2016	CHANGE
Operating income	2 814.4	2 785.0	1.1 %
EBITDA	803.5	808.5	-0.6 %
EBIT	294.3	317.5	-7.3 %
Profit (loss) for the period	94.9	143.6	-33.9 %
Investments	725.6	1 684.1	-56.9 %

Oslo airport had 7.1 per cent more passengers compared to the fourth quarter of 2016. Other airports had total growth of 3.2 per cent.

The Group's operating income in the fourth quarter of 2017 amounted to NOK 2,814 million, compared with NOK 2,785 million for the corresponding period last year, which is an increase of 1.1 per cent. The increase in operating income is lower than the increase in traffic volume owing to the fact that the income in Q4 2016 was influenced by through-invoicing of costs related to the construction of new terminals at Oslo and Bergen airports.

The Group's operating expenses in the fourth quarter amounted to NOK 2,011 million, compared with NOK 1,976 million for the fourth quarter of 2016, an increase of 1.8 per cent.

Depreciation and write-downs on the Group's property, plant and equipment totalled NOK 509 million in the fourth quarter, compared with NOK 491 million for the fourth quarter of 2016.

The Group's net finance costs in the fourth quarter were NOK -155 million, compared with NOK -125 million for the fourth quarter of 2016. This change is mainly due to increased financial debt and lower capitalised interest expenses as a result of a reduction in plant under construction.

With an annual income tax rate of 24 per cent, the Group's profit after tax in the fourth quarter was NOK 95 million, compared with NOK 144 million in the corresponding reporting period in 2016.

1 JANUARY – 31 DECEMBER 2017

TABLE 2: KEY FINANCIAL FIGURES

MNOK	01.01-31.12.17	01.01-31.12.16	CHANGE
Operating income	11 526.0	10 788.0	6.8 %
EBITDA	3 131.2	3 520.7	-11.1 %
EBIT	1 242.1	1 757.8	-29.3 %
Profit (loss) for the period	479.7	1 028.6	-53.4 %
Investments	3 026.2	5 114.5	-40.8 %

In the period 1 January to 31 December 2017, the Group had a profit after tax of NOK 480 million, against NOK 1,028 million for the corresponding period in 2016. The change in profit after tax is primarily due to increased pension and environmental obligations, the agreement on the financial settlement with the Norwegian Armed Forces for the period 2010-2016 pursuant to the Co-operation Agreement, and a reduction in capitalised interest costs as a result of completed development projects.

The Group's balance sheet has increased by NOK 2.8 billion since 31 December 2016, totalling NOK 43.8 billion as at 31 December 2017. This increase is primarily related to an increase in non-current assets, as well as increased bank deposits resulting from proceeds from borrowings.

Operating income

Operating income during the period 1 January to 31 December 2017 amounted to NOK 11,526 million, compared to NOK 10,788 million for the same period in 2016.

Within airport operations, operating income increased by 5.0 per cent in the period 1 January to 31 December 2017. Revenue growth was primarily driven by increased traffic volume and increased sale and rental income.

Total year-on-year operating income within the air navigation service increased by 4.7 per cent in the period 1 January to 31 December 2017. This revenue growth reflects increased traffic volume and an increased unit price for en-route navigation services.

Rental income from property, which includes intra group income fell, as a result of mergers.

TABLE 3: OPERATING AND OTHER INCOME

MNOK	01.01-31.12.17	01.01-31.12.16	CHANGE
Airports operations	10 162.2	9 674.8	5.0 %
Air traffic services	2 085.2	1 990.8	4.7 %
Property development and hotels	130.2	146.5	-11.1 %
Group services	697.5	681.6	2.3 %
Consolidated items	-1 549.1	-1 705.7	-9.2 %
Avinor group	11 526.0	10 788.0	6.8 %

Operating expenses, depreciation, and other items

The Group's operating expenses for the period 1 January to 31 December 2017 totalled NOK 8,395 million, compared with NOK 7,267 million for the corresponding period in 2016. Operating expenses include increased provisions for pension and environmental obligations, the agreement on financial settlement with the Norwegian Armed Forces for the period 2010-2016 pursuant to the Co-operation Agreement, cost increases at Oslo airport following the opening of the new terminal, and an increase in costs associated with tenant adaptations.

Effective from 1 January 2018, the state through the Ministry of Labour and Social Affairs has made clear that state-owned enterprises that pay an employers' premium to the State Pension Fund will be invoiced the full cost arising from the annual regulation of deferred pension rights. For the Avinor group, this change results in increased pension obligations in the sum of NOK 415 million. This amount was charged to the Group's income statement in the second quarter 2017.

On 26 June 2017, Avinor concluded an agreement with the Norwegian Armed Forces regarding financial settlement for the period 2010-2016 pursuant to the Co-operation Agreement. The agreement entails an additional payment to the Norwegian Armed Forces in addition to the NOK 135 million previously set aside in the accounts. This amount was charged to the income statement in the second quarter 2017.

In the period 1 January to 31 December 2017, NOK 156 million (excluding depreciation and write-downs) was charged as an expense related to additional expenses for maintaining effective operations and traffic control alongside the expansion of Oslo airport. The corresponding figure for the previous year was NOK 356 million (cf. note 5 in the consolidated accounts).

Total depreciation and write-downs in the period 1 January to 31 December 2017 totalled NOK 1,889 million, compared with NOK 1,763 million for the corresponding period in 2016. This increase is due to the completion and commissioning of several facilities that were under construction.

EBITDA and EBIT

EBITDA during the period 1 January to 31 December 2017 amounted to NOK 3,131 million. EBITDA during the corresponding period in 2016 amounted to NOK 3,521 million. EBIT during the period 1 January to 31 December 2017 totalled NOK 1,242 million, compared with NOK 1,758 million for the corresponding period in 2016. EBITDA and EBIT have decreased compared with same period in the previous year as a result of the aforementioned additional costs.

Financial items and tax

The Group's net financial income for the period 1 January to 31 December 2017 amounted to NOK -597 million, compared with NOK -384 million for the corresponding period in 2016. In addition to increased interest costs due to increased net interest-bearing liabilities, the change in net financial income resulted from a reduction in capitalised interest costs as a result of completed development projects. In addition, losses were realised relating to currency and interest hedges of the Group's debenture bonds in EUR, as well as relating to terminated interest-hedging contracts in connection with the merger of Avinor AS and Avinor Parkeringsanlegg AS.

Investments

Recognised additions to property, plant, and equipment in the period 1 January to 31 December 2017 amounted to NOK 3,026 million, compared with NOK 5,114 million for the corresponding period in the previous year.

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

TABLE 4: ADDITION TO PPE RECOGNISED IN THE BALANCE SHEET

MNOK	01.01-31.12.17	01.01-31.12.16	CHANGE
Airports operations	2 498.8	4 554.6	-2 055.9
Air traffic services	361.3	238.1	123.3
Property development and hotels	4.5	0.3	4.1
Joint items, group	106.7	97.9	8.8
Consolidated items	54.9	223.6	-168.7
Group	3 026.2	5 114.5	-2 088.3

To streamline the air navigation service, Remote Services has been established as a unit in Avinor Flysikring AS to develop, implement, and commercialise remote-controlled tower services. Kongsberg Defence & Aerospace (KDA) is a partner and systems supplier for the development project. A remote-controlled tower centre is under construction in Bodø with the goal of operating 15 towers from the facility by the end of 2020. Investment in remote-controlled towers involves the development of new technologies and the implementation of new systems, as well as a comprehensive restructuring process. This is a high-risk investment, as it encompasses the development of new technology, implementation of new systems and an extensive reorganization process. The first remote-controlled tower should be operational in the first six months of 2019.

Cash flow, financing, and commitments

As a result of investment payments exceeding the contribution from current operations, the Group had a negative cash flow before changes in liabilities of NOK 900 million in the period 1 January to 31 December 2017.

Interest-bearing liabilities (taking into account value derivatives used for hedging) as at 31 December 2017 amounted to NOK 21,622 million, of which NOK 631 million relates to current liabilities. Interest-bearing liabilities have increased by NOK 2,117 million since 31 December 2016. On 2 February 2017 Avinor AS issued new bonds under the company's EMTN programme, totalling EUR 500 million with a term of 10 years. The loan is secured in Norwegian kroner with a fixed interest rate for 10 years. Short-term certificate loans fell by NOK 1,400 million in 2017. NOK 1,017 of other liabilities were paid off during the period 1 January to 31 December 2017.

In light of developments in interest rate markets and other factors, equity was charged by NOK 820 million after tax as at 31 December 2017 through expanded profits. Much of this is due to negative effects of change in actuarial assumptions used in estimating pension obligations. As at 31 December 2017, a discount rate of 2.4 per cent and a long-term expected wage increase of 2.5 per cent were applied when calculating the Group's pension obligations. In addition, the actuarial conditions for the early retirement pensions have changed.

The Group's equity totalled NOK 43.8 billion as at 31 December 2017, with an equity ratio of 32.1 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 41.8 per cent as at 31 December 2017.

As at 31 December 2017, the Group's cash reserves amounted to NOK 6,672 million, distributed between NOK 2,072 million in bank deposits and NOK 4,600 million in unutilised bank overdrafts.

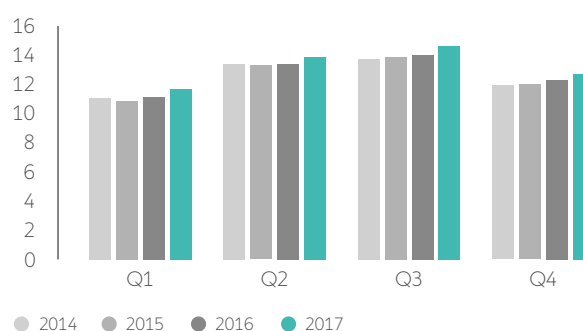
Traffic development and service goals

A total of 52.9 million passengers travelled via Avinor's airports in the period 1 January to 31 December 2017, which is an increase of 4.1 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



In comparison with the corresponding period in the previous year, domestic traffic increased by 2.8 per cent, while international traffic increased by 6.3 per cent. Offshore helicopter traffic fell by 7.0 per cent. Domestic traffic totalled 59 per cent of the total traffic volume.

Passenger volume was distributed between the airports as follows:

TABLE 5: NO. OF AIR PASSENGERS

PASSASJERER (MILLIONER)	01.01-31.12.17	01.01-31.12.16	CHANGE
Gardermoen	27 456	25 764	6.6 %
Flesland	6 033	5 872	2.7 %
Sola	4 160	4 183	-0.6 %
Værnes	4 410	4 410	0.0 %
Others	10 827	10 574	2.4 %
Avinor group	52 885	50 803	4.1 %

The number of commercial air transport movements decreased by 1.1 per cent in comparison with the corresponding period in 2016. The traffic volume for en-route navigation services measured by the number of service units increased by 1.4 per cent. The lower growth rate in the number of flight movements in relation to the number of passengers reflects the use of larger aircraft and higher load factors.

Over the past 12 months, average regularity was recorded at 98 per cent, and average punctuality was recorded at 85 per cent throughout Avinor's network of airports.

AIR SAFETY AND HSE

In the fourth quarter of 2017 there were no aviation accidents or serious aviation incidents in which Avinor was instrumental, subject to investigations that have yet to be completed.

Over the last 12 months, the Group had seven injuries to its own employees that resulted in absence. The group's LTI rate (number of injuries resulting in absence per million working hours) for the period is 1.4. The absence rate for the same period (number of days of absence following injury per million working hours) amounted to 54.0.

Sickness absence over the last 12 months amounted to 4.5 per cent.

RISK

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.

The organisation's capitalised infrastructure is long term, and the management of operations is largely governed by laws and regulations. As a result, Avinor has a high percentage of fixed costs that vary to a limited extent with changes in traffic volumes and capacity utilisation. The Group's earnings and financial value are affected by changes in traffic volume.

There are technical, economical, and regulatory risks associated with air navigation development projects within Avinor Flysikring AS.

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

Revenues from services and offers to passengers at the airports are very important to the Group's funding. 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 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.

As a consequence of the Norwegian Parliament's resolution on the establishment of a new fighter jet base for the Norwegian Armed Forces in Ørland, in 2014 Avinor was tasked with preparing to take over responsibility for airport operations at Bodø Airport by 1 August 2016. The takeover took place as intended. Ownership of basic property and facilities has not been transferred, however, pending the premise clarifications from the Ministry of Defence and the Ministry of Transport and Communications. There are unresolved issues related to the future needs of the Norwegian Armed Forces at Bodø airport. Moreover, Avinor has been tasked by the Ministry of Transport and Communications to continue planning a new airport with the aim of conducting a concession application. The conditions stated above entail 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 expected life expectancy and be made subject to the new pension adjustment rules, but there were no provisions for the co-ordination of public service pension performance and the new rules on Norwegian National Insurance. Therefore the rules for co-ordination have not been clarified and so have not been taken into consideration in the accounts. The Ministry of Labour and Social Affairs have agreed with the employers' and employees' organizations to start of a concluding process with a view to establishing a pension solution for public-sector employees. The structure of the new scheme is not yet known, nor is its effective date or transition rules.

The airports have discharge permits that require risk assessments to identify potential sources of acute pollution that represent a risk of damage to the external environment. Work is continuing on reducing the risk of incidents occurring that harm the environment, while at the same time existing pollution is being surveyed and cleaned up. Environmentally hazardous additives in fire-extinguishing foam which have spread to the environment have been detected at airports. Work is currently being conducted to clarify the scope of the measures that will need to be implemented. Risk assessments have been conducted for possible damage to health and the environment. The economic consequences depend on the extent of the measures that need to be implemented, as well as the authorities' requirements and the measures available. The Norwegian Environment Agency has issued an order for measures at Evenes and Oslo airport, as well as ordering to prepare action plans at Kristiansand and Svalbard airport. It is likely that there will be issued an overall order for the preparation of action plans for the remaining airports.

OUTLOOK

Mobility and efficient air transport are essential for social development, as well as for the growth of the Norwegian travel industry and businesses.

Strong traffic growth is expected in the coming years. Avinor is continuing to pursue activities and investments that develop our extensive network of airports, thus facilitating a good range of regional, national, and international aviation services.

Avinor's initiatives to ensure the sustainable development of aviation are continuing. Key measures in 2018 and the years to come include environmental measures at the company's airports, facilitating the development of electric aircraft and of biofuels for use in aviation.

The company will be a competitive and preferred supplier in a future competitive market, and it will make the necessary adjustments to achieve this goal. It is an objective for Avinor to maintain competitive fees compared to other airports in Europe.

Oslo, 28 February 2018
Board of Directors of Avinor AS

CONDENSED INCOME STATEMENT

All amounts in MNOK

		FOURTH QUARTER		TWELVE MONTHS ENDED DECEMBER	
	NOTES	2017	2016	2017	2016
Operating income					
Traffic income		1 332.6	1 253.0	5 472.8	5 143.0
Other operating income		1 481.8	1 532.0	6 053.2	5 645.0
Total operating income		2 814.4	2 785.0	11 526.0	10 788.0
Operating expenses					
Raw materials and consumables used		88.1	196.6	492.8	394.3
Employee benefits expenses	5	908.6	828.9	3 483.1	3 326.1
Other operating expenses	5	1 018.5	957.3	4 016.7	3 565.8
Other expenses	4	-4.3	-6.3	402.2	-18.9
Total operating expenses		2 010.9	1 976.5	8 394.8	7 267.3
EBITDA		803.5	808.5	3 131.2	3 520.7
Depreciation, amortisation and impairment charges	5,7	509.2	491.0	1 889.1	1 762.9
Operating profit/(loss)		294.3	317.5	1 242.1	1 757.8
Finance income		11.7	10.5	88.1	36.2
Finance costs		166.9	135.7	685.5	419.8
Net finance income/(costs)		-155.2	-125.2	-597.4	-383.6
Profit/(loss) before income tax		139.1	192.3	644.7	1 374.2
Income tax expense	6	44.2	48.7	165.0	345.6
Profit/(loss) after tax		94.9	143.6	479.7	1 028.6

STATEMENT OF COMPREHENSIVE INCOME

All amounts in MNOK

	FOURTH QUARTER		TWELVE MONTHS ENDED DECEMBER	
	2017	2016	2017	2016
Profit/(loss) for the period	94.9	143.6	479.7	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	-901.8	-277.6	-901.8	-548.5
Tax effect	216.3	69.5	216.3	137.1
Change in tax rate, effect deferred tax assets/-liabilities	-60.2	-62.7	-60.2	-62.7
Items that may be subsequently reclassified to profit or loss:				
Cash flow hedges	23.1	-38.2	-97.3	66.9
Tax effect	-5.5	11.8	23.4	-16.9
Other comprehensive income, net of tax	-728.1	-297.2	-819.6	-424.1
Total comprehensive income	-633.2	-153.6	-339.9	604.5
Attributable to:				
Owner of parent	-633.2	-153.6	-339.9	604.5

CONDENSED BALANCE SHEET

All amounts in MNOK

		31 DECEMBER	
	NOTES	2017	2016
ASSETS			
Non - current assets			
Intangible assets			
Deferred tax assets	6	1 384.0	1 358.7
Other intangible assets	7	112.8	108.8
Intangible assets under construction	7	245.1	122.0
Total intangible assets		1 741.9	1 589.5
Property, plant and equipment			
Property, plant and equipment	7	34 142.9	29 501.8
Assets under construction	7	2 948.0	6 595.1
Total property, plant and equipment		37 090.9	36 096.9
Financial assets			
Derivative financial instruments	11	1 215.7	504.0
Other financial assets		260.4	390.7
Total financial assets		1 476.1	894.7
Total non-current assets		40 308.9	38 581.1
Current assets			
Inventories		23.6	22.6
Trade and other receivables		1 400.1	1 483.4
Derivative financial instruments	11	4.2	1.0
Cash and cash equivalents		2 071.8	949.1
Total current assets		3 499.7	2 456.1
TOTAL ASSETS		43 808.6	41 037.2

CONDENSED BALANCE SHEET

All amounts in MNOK

		31 DECEMBER	
	NOTES	2017	2016
EQUITY AND LIABILITIES			
Equity			
Share capital		5 400.1	5 400.1
Other equity		8 646.5	9 536.5
Total equity		14 046.6	14 936.6
Provisions			
Retirement benefit obligations	9	4 025.9	2 588.2
Other provisions		189.1	167.4
Total provisions		4 215.0	2 755.6
Non-current liabilities			
State loan	10,11	2 083.0	2 527.3
Derivative financial instruments	11	25.6	50.7
Other non-current liabilities	10,11	20 097.4	15 009.5
Total non-current liabilities		22 206.0	17 587.5
Current liabilities			
Commercial papers	10,11	-	1 400.0
Trade payables		521.3	685.4
Tax payable		-	136.6
Public duties payable		313.3	211.0
Derivative financial instruments	10	4.9	2.8
First annual instalment on long-term liabilities	10,11	631.3	1 019.8
Other current liabilities		1 870.2	2 301.9
Total current liabilities		3 341.0	5 757.5
Total liabilities		29 762.0	26 100.6
TOTAL EQUITY AND LIABILITIES		43 808.6	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	14 832.1
Total comprehensive income		-366.0	970.5	604.5
Dividends provided for or paid			-500.0	-500.0
Balance at 31 December 2016	5 400.1	-362.4	9 898.8	14 936.6
Balance at 1 Januar 2017	5 400.1	-362.4	9 898.8	14 936.6
Total comprehensive income		-819.6	479.7	-339.9
Dividends provided for or paid			-550.0	-550.0
Balance at 31 December 2017	5 400.1	-1 182.0	9 828.5	14 046.6

STATEMENT OF CASH FLOWS

All amounts in MNOK

	TWELVE MONTHS ENDED DECEMBER	
	2017	2016
Cash flow from operating activities		
Profit/(loss) before income tax including discontinued operations	644.7	1 374.2
Depreciation	1 889.1	1 762.9
(Profit)/loss on disposals of non-current assets	-0.5	-12.6
Changes in value and other losses/(gains) - net (unrealised)	0.2	-34.9
Net finance (income)/costs	597.4	383.6
Change in inventories, trade receivables and trade payables	-161.2	123.9
Difference between post employment benefit expense and amount paid/received	536.6	92.4
Change in other working capital items	269.7	-288.1
Interest received	23.2	36.2
Income tax paid	-147.5	-337.2
Net cash generated from operating activities	3 651.7	3 100.4
Cash flow from investing activities		
Investments in property, plant and equipment (PPE)	-3 414.0	-4 497.3
Proceeds from sale of PPE, incl assets under construction	16.3	20.1
Change in other investments	19.8	-83.5
Net cash used in investing activities	-3 377.9	-4 560.7
Cash flow from financing activities		
Proceeds from borrowings	4 439.5	1 899.9
Repayment of borrowings	-1 016.6	-995.5
Net proceeds/repayment of short term borrowings (commercial papers)	-1 400.0	1 000.0
Interest paid	-575.3	-655.2
Other borrowing charges	-48.7	-6.5
Dividends paid to owner	-550.0	-500.0
Net cash generated/used in financing activities	848.9	742.7
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	1 122.7	-717.6
Cash, cash equivalents and bank overdrafts at the beginning of the period	949.1	1 666.7
Cash, cash equivalents and bank overdrafts at the end of the period	2 071.8	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 28 February 2018. 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 fourth quarter, ended 31 December 2017, 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 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

TWELVE MONTHS ENDED DECEMBER 2017

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	2 100.7	548.7	408.8	368.3	924.0	4 350.5
Other income	3 730.1	558.8	439.7	324.4	645.2	5 698.2
Inter-segment income	17.0	2.8	5.3	2.7	85.6	113.4
Total income	5 847.7	1 110.3	853.8	695.4	1 654.9	10 162.1
Employee benefits expenses	534.9	137.9	100.7	88.0	784.4	1 645.9
Depreciation and amortisation	862.1	238.8	116.7	96.2	402.5	1 716.4
Other operating expenses	1 938.2	312.5	175.3	136.3	1 021.3	3 583.5
Inter-segment expenses	339.4	137.9	115.9	89.2	682.0	1 364.4
Total expenses	3 674.7	827.1	508.6	409.7	2 890.2	8 310.3
Operating profit/(loss)	2 173.0	283.1	345.2	285.7	-1 235.3	1 851.9
Assets ¹⁾	17 753.6	5 190.6	1 798.3	1 773.4	6 052.0	32 567.9

TWELVE MONTHS ENDED DECEMBER 2017 CONTINUED

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	4 350.5	1 122.3	-	-		5 472.8
Other income	5 698.2	148.8	109.2	97.0		6 053.2
Inter-segment income	113.4	814.2	21.0	600.5	-1 549.1	-
Total income	10 162.1	2 085.2	130.2	697.5	-1 549.1	11 526.0
Employee benefits expenses	1 645.9	1 368.6	0.0	468.6		3 483.1
Depreciation and amortisation	1 716.4	90.3	36.4	46.1		1 889.1
Other operating expenses	3 583.5	588.3	10.4	729.4		4 911.7
Inter-segment expenses	1 364.4	105.0	-1.0	80.6	-1 549.1	-
Total expenses	8 310.3	2 152.2	45.8	1 324.7	-1 549.1	10 283.9
Operating profit/(loss)	1 851.9	-67.0	84.4	-627.2	-	1 242.1
Assets ¹⁾	32 567.9	705.0	830.1	152.7		34 255.7

TWELVE MONTHS ENDED DECEMBER 2016

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	1 955.1	537.2	413.3	361.6	892.0	4 159.2
Other income	3 364.0	541.2	450.9	320.0	620.6	5 296.7
Inter-segment income	67.2	16.1	47.0	31.3	57.4	219.0
Total income	5 386.3	1 094.5	911.1	712.8	1 570.0	9 674.8
Employee benefits expenses	519.6	121.6	100.5	87.5	784.3	1 613.6
Depreciation and amortisation	864.1	125.2	104.7	93.5	393.0	1 580.5
Other operating expenses	1 736.1	247.2	165.9	129.0	911.7	3 189.9
Inter-segment expenses	352.1	140.7	145.4	112.5	565.5	1 316.3
Total expenses	3 472.0	634.8	516.5	422.5	2 654.5	7 700.2
Operating profit/(loss)	1 914.3	459.7	394.7	290.4	-1 084.5	1 974.6
Assets ¹⁾	16 487.6	2 017.6	1 616.4	1 775.2	6 021.9	27 918.7

TWELVE MONTHS ENDED DECEMBER 2016 CONTINUED

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	4 159.2	984.7	-	-0.8		5 143.0
Other income	5 296.7	201.5	106.0	40.9		5 645.0
Inter-segment income	219.0	804.6	40.5	641.5	-1 705.7	-
Total income	9 674.8	1 990.8	146.5	681.6	-1 705.7	10 788.0
Employee benefits expenses	1 613.6	1 319.7	0.0	392.8		3 326.1
Depreciation and amortisation	1 580.5	81.8	37.0	63.6		1 762.9
Other operating expenses	3 189.9	355.7	5.6	390.0		3 941.2
Inter-segment expenses	1 316.3	103.7	22.8	263.0	-1 705.7	-
Total expenses	7 700.2	1 861.0	65.5	1 109.3	-1 705.7	9 030.2
Operating profit/(loss)	1 974.6	129.9	81.0	-427.7	-	1 757.8
Assets ¹⁾	27 918.7	673.8	863.0	155.1		29 610.6

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

NOTE 4 Other income and expenses

All amounts in MNOK

SPESIFICATION	FOURTH QUARTER		TWELVE MONTHS ENDED DECEMBER	
	2017	2016	2017	2016
Other expenses				
Pension - see note 9	-	-	415.0	-
Changes in value and other (losses)/gains, net	-4.3	-6.3	-12.8	-18.9
Total	-4.3	-6.3	402.2	-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.

SPESIFICATION	FOURTH QUARTER		TWELVE MONTHS ENDED DECEMBER	
	2017	2016	2017	2016
Employee benefits expense	1.2	11.5	20.6	40.1
Depreciation, amortisation and impairment charges	-	6.4	4.5	80.6
Other operating expenses	12.0	101.0	135.7	315.8
Total	13.2	118.9	160.8	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.

The annual tax rate is reduced from 24% to 23% effective as from 2018. This results in a reduction of deferred tax asset amounting to 60,2 MNOK for the group. The reduction is, in all material aspects, related to items previously charged/credited to comprehensive income, and the effect is therefore presented in the statement of comprehensive income.

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 December 2016				
Opening net book amount	117.2	22 507.1	10 615.2	33 239.5
Additions	4.1	8 752.6	4 854.7	13 611.4
Reclassification	-	-	8 752.8	8 752.8
Disposals	-	7.5	-	7.5
Depreciation charge	12.5	1 750.4	-	1 762.9
Closing net book amount	108.8	29 501.8	6 717.1	36 327.7
At 31 December 2017				
Opening net book amount	108.8	29 501.8	6 717.1	36 327.7
Additions	17.2	6 532.9	3 026.2	9 576.3
Reclassification	-	-	6 550.1	6 550.1
Disposals	-	15.9	-	15.9
Depreciation charge	13.2	1 875.9	-	1 889.1
Closing net book amount	112.8	34 142.9	3 193.1	37 448.8

MNOK 245.1 of assets under construction is classified as intangible as at 31 December 2017.

Measurement of recoverable amount

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

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

	31 DECEMBER	
	2017	2016
Interest-bearing debt including interest rate swaps	21 621.6	19 504.6
Cash and cash equivalents	2 071.8	949.1
Net interest-bearing debt	19 549.8	18 555.5
Equity	14 046.6	14 936.6
Total equity and net interest-bearing debt	33 596.4	33 492.1
Net debt to equity ratio ¹⁾	41.8 %	44.6 %

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

NOTE 9 Pension obligation*All amounts in MNOK*

A discount rate of 2,4% and a future salary increase of 2,5% are used in the calculation of net pension obligation as at 31 December 2017.

As from 1 January 2018 new rules transfer the obligation to pay for adjustment premiums for deferred pension privileges from the Government to the enterprise.

The change extends the groups basis of liability as an employer and the increase in pension obligation is therefore charged to the income statement - see note 4.

The group has, in the fourth quarter, reviewed the assumptions regarding early retirement scheme from 62 years of age. This has resulted in an increase of MNOK 385.5 in the groups pension obligation. The remaining increase of MNOK 516.3 is due to changes in the financial assumptions.

Both these increases in the groups pension obligation are charged to comprehensive income as actuarial losses on post employment benefit obligations.

PENSION OBLIGATION

	31 DECEMBER	
	2017	2016
Net pension obligation at 1 January	2 588.2	1 947.4
Total pension cost (exclusive employee contribution)	920.9	425.9
Employer/employee contribution	-385.0	-333.6
Actuarial losses	901.8	548.5
Net pension obligation at 31 December	4 025.9	2 588.2

NOTE 10 Borrowings and financial lease obligations*All amounts in MNOK*

	31 DECEMBER	
	2017	2016
Non-current	22 180.4	17 536.8
Current	631.3	2 419.8
Total	22 811.7	19 956.6
Movement in borrowings		
Opening net book amount	19 956.6	18 489.7
Proceeds from borrowings	4 439.5	1 899.9
Repayment of borrowings	-1 016.6	-995.5
Net change financial lease obligation	-	-256.0
Net proceeds/repayment of short term borrowings	-1 400.0	1 000.0
Changes in value	832.2	-181.5
Closing net book amount	22 811.7	19 956.6

LIQUIDITY RESERVES

	31 DECEMBER	
	2017	2016
Cash and cash equivalents	2 071.8	949.1
Unused bank overdraft	600.0	800.0
Unused credit facility	4 000.0	4 000.0
Total	6 671.8	5 749.1

The group has, at the end of fourth 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 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 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.

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

	31 DECEMBER 2017		31 DECEMBER 2016	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Interest-bearing debt				
State loan	2 527.4	2 551.5	2 971.7	2 999.6
Bonds	13 946.4	14 560.5	8 674.7	9 214.2
Bank borrowings	6 330.3	6 949.1	6 889.7	7 579.0
Commercial papers	-	-	1 400.0	1 400.0

DERIVATIVE FINANCIAL INSTRUMENTS

	31 DECEMBER 2017	
	2017	2016
Assets		
Interest rate swaps	1 215.7	504.0
Forward foreign exchange contracts	0.3	1.0
Forward energy contracts	3.8	-
Total	1 219.8	505.0
Liabilities		
Interest rate swaps	25.6	52.0
Forward foreign exchange contracts	4.8	0.8
Forward energy contracts	-	0.7
Total	30.4	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 December 2017:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss	3.8	0.3	-	4.1
Derivatives used for hedging	-	1 215.7	-	1 215.7
Total assets	3.8	1 216.0	-	1 219.8
Liabilities				
Financial liabilities at fair value through profit or loss	-	1 465.0	-	1 465.0
Derivatives used for hedging	-	25.6	-	25.6
Total liabilities	-	1 490.6	-	1 490.6

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

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss	-	1.0	-	1.0
Derivatives used for hedging	-	504.0	-	504.0
Total assets	-	505.0	-	505.0
Liabilities				
Financial liabilities at fair value through profit or loss	0.7	1 437.6	-	1 438.3
Derivatives used for hedging	-	52.0	-	52.0
Total liabilities	0.7	1 489.6	-	1 490.3

NOTE 12 Dividends

Dividends to the owner, for the year 2016 of MNOK 550.0, was paid in June 2017.

NOTE 13 New standards

The group is working on an assessment of the effects of the implementation of IFRS 9, 15 and 16.

The group's preliminary assessment is that IFRS 9 and 15 will have no material effect for the group. IFRS 16 will result in an increase of the groups total assets and liabilities, but the effect in numbers will not be available before the closing of the annual accounts.



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