AVINOR

INTERIM FINANCIAL REPORT

1st quarter 2020

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

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

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

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

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

Avinor's head office is located in Oslo

Avinor Group - Main Figures

All amounts in MNOK	FIRST QUARTER		YEAR
	2020	2019	2019
Traffic income	558,3	701,2	2 995,4
Security (cost based)	227,8	295,1	1 315,2
Sales- and rental income - duty free	445,9	556,8	2 903,1
Sales- and rental income - parking	158,2	215,0	949,1
Sales- and rental income - other	387,3	478,6	2 121,7
Inter-group income	18,9	17,6	72,1
Total income airport operations	1 796,4	2 264,2	10 356,6
En route charges	258,0	247,0	1 068,1
Inter-group income approach and control tower services	162,1	213,8	859,2
Other income	43,9	36,7	172,3
Total income air navigation services	464,0	497,5	2 099,7
Other group income	216,6	221,5	935,1
Elimination of inter-group income	-350,3	-395,4	-1 606,2
Total group income	2 126,8	2 587,7	11 785,2
Operating expenses airport operations	-1 370,3	-1 548,5	-5 544,5
Operating expenses air navigation services	-451,2	-476,9	-2 058,8
Other operating expenses	-593,5	-335,8	-2 153,5
Elimination of inter-group expenses	350,3	395,4	1 606,2
Total group expenses	-2 064,7	-1 965,8	-8 150,7
EBITDA airport operations	426,2	715,7	4 812,1
EBITDA air navigation services	12,8	20,6	40,9
EBITDA others	-376,9	-114,3	-1 218,5
EBITDA group	62,1	621,9	3 634,5
Depreciation, amortisation and impairment charges	-544,1	-538,2	-2 171,6
Operating profit/(loss)	-482,0	83,7	1 462,9
Net finance income/(costs)	-128,8	-145,5	-563,2
Profit/(loss) before income tax	-610,8	-61,8	899,7
Income tax expense	134,4	13,7	-197,5
Profit/(loss) after tax	-476,4	-48,1	702,2
EBITDA-margin airport operations	23,7 %	31,6 %	46,5 %
EBITDA-margin air navigation services	2,8 %	4,1 %	1,9 %
EBITDA-margin others	2,9 %	24,0 %	30,8 %
Investments airport operations	316,6	257,0	1 687,1
Investments air navigation services	88,9	64,5	498,9
Investments others	66,1	82,0	348,7
Total investments	471,6	403,5	2 534,7
Distributed dividends	-	-	-584,9
Cash flow before borrowings/repayments	-296,7	-307,5	291,9
Interest - bearing debts	19 347,8	20 126,6	19 051,7
Total assets	45 383,1	43 772,4	44 162,2
Net debt to equity ratio (b)	41,8 %	43,8 %	45,9 %
Number of passengers (in 1000)	9 671,3	12 208,4	54 099,0
Number of aircraft departures (in 1000)	146,0	163,0	677,3
Number of service units (in 1000)	513,7	562,0	2 437,2
Punctuality (a)	84 %	84 %	84 %
Regularity (a)	98 %	98 %	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

A total of 9,7 million passengers travelled through Avinor's airports in the first quarter of 2019, which is a fall of 21 per cent compared with the same reporting period in 2019. Haugesund Airport was transferred to an external operator on 12 May 2019, since which time it has no longer been included in Avinor's traffic statistics. Excluding Haugesund Airport, the fall in traffic was 20 per cent.

Over the last 12 months, average regularity and punctuality were 98.4 per cent and 84.3 per cent respectively.

The first case of the coronavirus in Norway was recorded on 26 February 2020. On 12 March 2020 the Norwegian government implemented a raft of measures to limit the spread of the virus within the population. These measures include restrictions on travel. An agreement was made on 24 March 2020 to extend the restrictions until 13 April 2020. The restrictions include the closure of Norway's borders to foreigners without a residence permit.

Due to the reduction in demand for both domestic and international flights, the airlines have reduced their networks and laid off staff. On 13 March 2020, the government suspended Avinor's airport fees from 13 March to 30 June 2020 in order to alleviate the financial pressure on the airlines. Air navigation charges are not included in this suspension.

Avinor's primary focus is to provide continuity and ensure that operations continue throughout the coronavirus pandemic. Operations and infrastructure are being adjusted according to the reduction in traffic volumes in order to minimise our employees' exposure to the virus as well as to ensure a pool of reserve personnel who can cover for those who fall ill or must enter self-isolation. To facilitate this, on 18 March Avinor closed nine airports which have an alternative airport within a reasonable distance of them. A decision has been made to reopen these airports on 1 June 2020. Avinor has good control of its own infection situation, operations, and ongoing emergency preparedness.

The company's profits and solvency in 2020 will be greatly affected by this situation. It is unclear when normality will start to return. Avinor has had and is in an ongoing dialogue with its owner in respect of measures to bolster the Group's equity and liquidity. On 12 May 2020, the Government presented its proposal for a revised national budget, where it is proposed a grant to Avinor of up to NOK 4 270 million in addition to one-year deferral of the repayments on the company's state loan. Cost-reduction measures are also being implemented alongside the monitoring of the Group's short-term liquidity.

1 JANUARY TO 31 MARCH 2020

TABLE 1: KEY FINANCIAL FIGURES 01.01 - 31.03.20

MNOK	01.01 - 31.03.20	01.01 - 31.03.19	CHANGE
Operating income	2 126,8	2 587,7	-17,8 %
EBITDA	62,1	621,9	-90,0 %
EBIT	(482,0)	83,7	-675,9 %
Profit (loss) for the period	(476,4)	(48,1)	890,3 %
Investments	458,6	403,5	13,7 %

In the period from 1 January to 31 March 2020, the Group had a loss after tax of NOK 476 million, compared to a loss of NOK 48 million for the corresponding period in 2019. This negative financial performance compared with the corresponding period last year is due to travel restrictions and suspended airport fees in March 2020.

The Group's balance sheet totalled NOK 45.4 billion as at 31 March 2020.

Operating income

Operating income in the period 1 January to 31 March 2020 amounted to NOK 2,127 million, compared with NOK 2,588 million in the corresponding period in 2019.

Operating income within airport operations fell by 20.7 per cent, while operating income within air navigation services fell by 6.7 per cent.

TABLE 2: OPERATING AND OTHER INCOME

MNOK	01.01 - 31.03.20	01.01 - 31.03.19	CHANGE
Airports operations	1 796,4	2 264,2	-20,7 %
Air traffic services	464,0	497,5	-6,7 %
Property development and hotels	30,0	33,3	-9,9 %
Group services	186,7	188,1	-0,7 %
Consolidated items	(350,3)	(395,4)	-11,4 %
Avinor group	2 126,8	2 587,7	-17,8 %

Operating expenses, depreciation and other items

Operating expenses in the period 1 January to 31 March 2020 amounted to NOK 2,065 million, compared with NOK 1,966 million for the corresponding period in 2019. This increase is primarily due to a provision for losses on receivables of NOK 236 million.

Total depreciation and impairment totalled NOK 544 million for the period 1 January to 31 March 2020, compared with NOK 538 million for the corresponding period in 2019. The car park at Stavanger Airport has been impaired by NOK 176 million following the fire. The impairment amount has been reduced in line with the expected insurance compensation.

EBITDA and EBIT

EBITDA for the period 1 January to 31 March 2020 amounted to NOK 62 million. EBITDA for the corresponding period in 2019 amounted to NOK 622 million. EBIT for the period 1 January to 31 March 2020 amounted to NOK -482 million. EBIT for the corresponding period in 2019 amounted to NOK 84 million.

This change in profit is primarily due to a loss of operating income combined with an increase in provisions for losses on trade receivables.

Financial items and tax

The Group's net financial income for the period 1 January to 31 March 2020 amounted to NOK -129 million, compared with NOK -146 million for the corresponding period in 2019. The change relates to a higher proportion of project-related capitalised interest costs and an unrealised gain on currency hedges.

Investments

Recognised additions to tangible fixed assets in the period 1 January to 31 March 2020 amounted to NOK 472 million, compared with NOK 403 million for the corresponding period in the previous 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 - 31.03.20	01.01 - 31.03.19	CHANGE
Airports operations	316,6	257,0	59,6
Air traffic services	88,9	64,5	24,3
Property development and hotels	7,7	1,6	6,1
Joint items, group	45,5	62,7	-17,2
Consolidated items	13,0	17,8	-4,8
Group	471,6	403,5	68,1

Cash flow, financing and liabilities

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 297 million for the period 1 January to 31 March 2020.

Interest-bearing liabilities (taking into account the value of derivatives used for hedging) as at 31 March 2020 amounted to NOK 23,073 million, of which NOK 4,488 million were short-term liabilities. As at 31 March 2020, the Group's total assets amounted to NOK 45.4 billion and its equity ratio was 29.5 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 41.8 per cent as at 31 March 2020.

The Group has a fixed-rate loan in EUR with a corresponding hedge in NOK. Changes in the value of interest rate-hedging instruments have had a negative effect on equity to the tune of NOK 235 million (net). The change is positive due to the fall in Euro interest rates. The positive effect is offset by the negative effect of interest rate hedging in Norwegian krone as a result of falling Norwegian krone interest rates.

Changes in the economic parameters that form the basis for calculating pension liabilities have resulted in a reduction in equity through other comprehensive income of NOK 1,190 million.

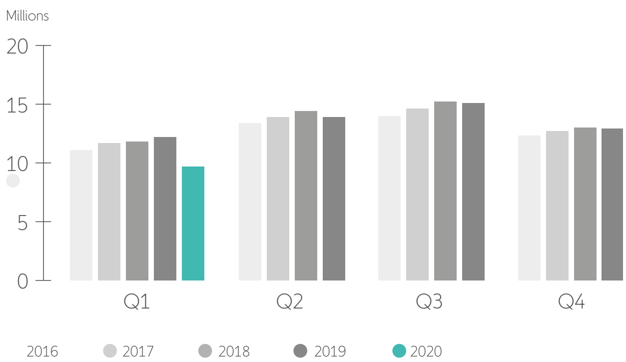
As at 31 March 2020, the Group's cash reserves amounted to NOK 5,352 million, distributed between NOK 752 million in bank deposits and NOK 4,600 million in unutilised drawing rights.

Traffic development and service goals

A total of 9.7 million passengers travelled via Avinor's airports in the period 1 January to 31 March 2020, which is a fall of 20.8 per cent (-56.1 per cent in March) compared with the corresponding period in 2019.

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

PASSENGERS



In comparison with the corresponding period in the previous year, domestic traffic fell by 21.3 per cent (-55.4 per cent in March), while international traffic fell by 20.8 per cent (-58.3 per cent in March). Offshore helicopter traffic fell by 0.5 per cent (-14.7 per cent in March). Domestic traffic totalled 61 per cent of the total traffic volume.

Passenger volume was distributed between the airports as follows:

TABLE 4: NO. OF AIR PASSENGERS

PASSENGERS (1000)	01.01 - 31.03.20	01.01 - 31.03.19	CHANGE
Gardermoen	4 940	6 282	-21,4 %
Flesland	1 141	1 374	-17,0 %
Sola	766	968	-20,9 %
Værnes	807	1 016	-20,6 %
Others	2 018	2 568	-21,4 %
Avinor group	9 671	12 208	-20,8 %

The number of commercial air transport movements fell by 10.7 per cent (-29.5 per cent in March) compared with the corresponding period in 2019. The traffic volume for en-route navigation services measured in terms of the number of service units fell by 8.6 per cent.

Over the past 12 months, average regularity was recorded at 98.4 per cent and average punctuality at 84.3 per cent throughout Avinor's network of airports. The targets are 98 per cent and 88 per cent respectively.

FLIGHT SAFETY AND HSE

In the first quarter of 2020 there were no aviation accidents or serious aviation incidents in which Avinor was instrumental, subject to investigations that have yet to be completed.

The H1 value (frequency of lost-time injuries) for the last 12 months was 3.2 in Avinor AS and 0.6 in Avinor Flysikring AS, while the H2 value (frequency of injuries) was 8.1 in Avinor AS and 1.8 in Avinor Flysikring AS.

Absence due to illness over the last 12 months amounted to 4.9 per cent.

Efforts are being made to prevent work-related injuries and illness in the organisation, such as by way of simpler reporting procedures, the mapping and monitoring of HSE risks, HSE campaigns, experience transfer, 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.

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 air navigation projects.

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

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

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

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

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

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

Changes to the framework conditions for the duty-free scheme in particular could have a major impact on the Group's earnings and economic value.

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

Pensions
Historically, Avinor's employees have been members in the public-sector pension scheme, which is a defined-benefit scheme. The scheme was finally closed on 1 January 2019 and around 45 per cent of employees were transferred to a new private defined-contribution scheme on this date. New employees are enrolled in the new private scheme.

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

There is a financial and regulatory risk associated with the size of the defined-benefit pension obligations.

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

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

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

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

OUTLOOK

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

The company's operation of airports for airlines and passengers is subject to economic upswings and downturns and a clear expectation of competitive levels of pricing. Avinor's primary focus is to provide continuity and ensure that operations continue throughout the coronavirus pandemic. Operations and infrastructure are being adjusted according to the reduction in traffic volumes in order to minimise our employees' exposure to the virus as well as to ensure a pool of reserve personnel who can cover for those who fall ill or must enter self-isolation.

The company's profits and solvency will be greatly affected by the coronavirus pandemic in 2020. Consequently, there will be a need to bolster equity and liquidity during the year. Avinor has had and is in an ongoing dialogue with its owner in respect of measures to bolster the Group's equity and liquidity. On 12 May 2020, the Government presented its proposal for a revised national budget, where it is proposed to grant Avinor up to MNOK 4 270 and to provide a one-year deferral of the repayments on the company's state loan. The amount is according to requirements based on the analyses and forecasts that currently apply. Together with a continuous focus on cost reduction and measures to strengthen the Group's liquidity, this will ensure that Avinor is able to fulfill its delivery obligations and the tasks imposed to the Group to safeguard the general interests of Norwegian society.

Cost-reduction measures will be implemented on an ongoing basis. In light of the company's general financial conditions, Avinor's overall portfolio of investment projects will need to be assessed.

Oslo, 13 May 2020
Board of Directors of Avinor AS

CONDENSED INCOME STATEMENT

All amounts in MNOK

	NOTES	FIRST QUARTER 2020	FIRST QUARTER 2019	YEAR 2019
Operating income				
Traffic income	4	1 044,1	1 243,2	5 378,7
Other operating income	4	1 082,7	1 344,5	6 406,5
Total operating income		2 126,8	2 587,7	11 785,2
Operating expenses				
Raw materials and consumables used		27,3	36,6	138,7
Employee benefits expenses		964,5	960,6	3 708,6
Other operating expenses		1 042,5	935,1	3 482,6
Other expenses	5	30,4	33,5	820,8
Total operating expenses		2 064,7	1 965,8	8 150,7
EBITDA		62,1	621,9	3 634,5
Depreciation, amortisation and impairment charges	7	544,1	538,2	2 171,6
Operating profit/(loss)		(482,0)	83,7	1 462,9
Finance income		19,7	6,9	39,9
Finance costs		148,5	152,4	603,1
Net finance income/(costs)		(128,8)	(145,5)	(563,2)
Profit/(loss) before income tax		(610,8)	(61,8)	899,7
Income tax expense	6	(134,4)	(13,7)	197,5
Profit/(loss) after tax		(476,4)	(48,1)	702,2

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

All amounts in MNOK

	FIRST QUARTER 2020	FIRST QUARTER 2019	YEAR 2019
Profit/(loss) for the period	(476,4)	(48,1)	702,2
Other comprehensive income:			
Items that will not be reclassified to profit or loss in subsequent periods:			
Actuarial gains/(losses) on post employment benefit obligations	(1 525,8)		544,6
Tax effect	335,7		(119,8)
Items that may be subsequently reclassified to profit or loss:			
Cash flow hedges	(301,7)	108,7	251,3
Tax effect	66,4	(23,9)	(55,3)
Other comprehensive income, net of tax	(1 425,4)	84,8	620,8
Total comprehensive income	(1 901,8)	36,7	1 323,0
Attributable to:			
Owner of parent	(1 901,8)	36,7	1 323,0

CONDENSED BALANCE SHEET

All amounts in MNOK

	NOTES	31 MARCH 2020	31 MARCH 2019	YEAR 2019
ASSETS				
Non-current assets				
Intangible assets				
Deferred tax assets	6	1 959,9	1 487,2	1 423,4
Other intangible assets	7	227,7	99,5	233,7
Intangible assets under construction	7	672,6	516,8	622,4
Total intangible assets		2 860,2	2 103,5	2 279,5
Property, plant and equipment				
Property, plant and equipment	7	33 771,4	34 326,3	34 244,6
Assets under construction	7	2 837,5	2 284,2	2 642,4
Right of use assets	7	471,7	484,1	485,0
Total property, plant and equipment		37 080,6	37 094,6	37 372,0
Financial assets				
Derivative financial instruments	11	2 280,7	1 386,4	1 751,1
Other financial assets		159,1	78,9	99,0
Total financial assets		2 439,8	1 465,3	1 850,1
Total non-current assets		42 380,6	40 663,4	41 501,6
Current assets				
Inventories		29,2	24,6	24,4
Trade and other receivables		1 251,5	1 634,5	1 572,9
Derivative financial instruments	11	970,2	17,6	4,2
Cash and cash equivalents	10	751,6	1 432,3	1 059,1
Total current assets		3 002,5	3 109,0	2 660,6
TOTAL ASSETS		45 383,1	43 772,4	44 162,2

CONDENSED BALANCE SHEET

All amounts in MNOK

		31 MARCH		YEAR
	NOTES	2020	2019	2019
EQUITY AND LIABILITIES				
Equity				
Share capital		5 400,1	5 400,1	5 400,1
Other equity		7 977,1	9 177,5	9 878,9
Total equity		13 377,2	14 577,6	15 279,0
Provisions				
Retirement benefit obligations	9,13	5 495,1	4 504,9	3 972,8
Other provisions	5,13	1 078,9	177,3	1 065,9
Total provisions		6 574,0	4 682,2	5 038,7
Non-current liabilities				
State loan	10,11	1 194,2	1 638,6	1 194,2
Other non-current loans	10,11	16 966,2	18 342,9	17 667,1
Lease liabilities	10,11	424,8	432,7	435,5
Total non-current liabilities		18 585,2	20 414,2	19 296,8
Current liabilities				
Commercial papers	10,11	600,0	-	600,0
Trade payables		505,5	382,9	579,7
Tax payable		27,9	220,1	298,8
Public duties payable		346,4	411,7	343,3
Derivative financial instruments	11	63,4	-	2,3
First annual installment on long-term liabilities	10,11	3 831,5	1 531,5	1 341,5
Lease liabilities	10,11	56,6	53,8	56,7
Other current liabilities		1 415,4	1 498,4	1 325,4
Total current liabilities		6 846,7	4 098,4	4 547,7
Total liabilities		32 005,9	29 194,8	28 883,2
TOTAL EQUITY AND LIABILITIES		45 383,1	43 772,4	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		84,8	(48,1)	**36,7**
Balance at 31 March 2019	5 400,1	(1 422,6)	10 600,1	**14 577,6**
Balance at 1 Januar 2020	5 400,1	(886,6)	10 765,5	**15 279,0**
Total comprehensive income		(1 425,4)	(476,4)	**(1 901,8)**
Balance at 31 March 2020	5 400,1	(2 312,0)	10 289,1	**13 377,2**

CONDENSED STATEMENT OF CASH FLOWS

All amounts in MNOK

	NOTES	PER FIRST QUARTER 2020	PER FIRST QUARTER 2019	YEAR 2019
Cash flow from operating activities				
Profit/(loss) before income tax		**(610,8)**	(61,8)	899,7
Depreciation, amortisation and impairment charges [1]	7	**720,2**	538,2	2 171,6
(Profit)/loss on disposals of non-current assets		**(1,7)**	(1,0)	-
Changes in value and other losses/(gains) - net (unrealised)		**61,2**	29,7	45,4
Net finance (income)/costs		**128,8**	145,5	563,2
Change in inventories, trade receivables and trade payables		**342,9**	(320,6)	(47,1)
Difference between post employment benefit expense and amount paid/received	9	**(3,5)**	(128,5)	(115,9)
Change in other working capital items [2]		**83,3**	261,8	688,0
Interest received		**9,4**	21,6	58,1
Income tax paid		**(139,1)**	(37,2)	(290,7)
Net cash generated from operating activities		**590,6**	447,7	3 972,3
Cash flow from investing activities				
Investments in property, plant and equipment (PPE)		**(594,0)**	(510,5)	(2 470,7)
Proceeds from sale of PPE, incl assets under construction		**2,4**	1,5	30,4
Endring i andre investeringer		**(57,0)**	12,8	(21,9)
Netto kontantstrøm fra investeringsaktiviteter		**(648,6)**	(496,2)	(2 462,2)
Cash flow from financing activities				
Repayment of borrowings	10	**(10,8)**	(10,2)	(1 572,6)
Net proceeds/repayment of short term borrowings (commercial papers)	10	**-**	-	600,0
Interest paid		**(238,7)**	(248,8)	(627,3)
Other borrowing charges		**-**	-	(6,0)
Dividends paid to owner	12	**-**	-	(584,9)
Net cash generated/used in financing activities		**(249,4)**	(259,0)	(2 190,8)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		**(307,4)**	(307,5)	(680,8)
Cash, cash equivalents and bank overdrafts at the beginning of the period		**1 059,1**	1 739,8	1 739,8
Cash, cash equivalents and bank overdrafts at the end of the period		**751,6**	1 432,3	1 059,1

1) Depreciation, amortisation and impairment charges includes an impairment of assets that were damaged as a result of a fire in the parking garage at Stavanger Airport amounting to MNOK 176.1. At the same time an expected insurance settlement of MNOK 176.1 related to the impairment is presented as a reduction of the period's depreciation, amortisation and impairment charges in the income statement (net presentation).
2) Change in other working capital items in 2019 (Year) includes provisions for cleanup costs related to environment pollution of MNOK 871.2

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 first quarter of 2020 were approved by the Board of Directors on 13 May 2020. The interim financial information has not been audited.

NOTE 2 Basis of preparation and accounting policies

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

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

NOTE 3 Segment information

All amounts in MNOK

FIRST QUARTER 2020

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	REGIONALE AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	372,7	104,9	78,6	65,3	164,6	786,1
Other income	633,7	101,7	73,7	57,7	124,5	991,4
Inter-segment income	0,6	0,0	2,0	0,8	15,4	18,9
Total income	1 007,1	206,6	154,4	123,8	304,6	1 796,4
Employee benefits expenses	128,7	31,0	26,3	24,5	200,5	411,0
Other operating expenses	250,5	48,0	87,6	33,2	231,2	650,6
Inter-segment expenses	93,0	30,6	25,6	19,8	139,8	308,8
Total expenses	472,2	109,7	139,4	77,5	571,5	1 370,3
EBITDA	534,9	97,0	14,9	46,3	(266,9)	426,2
Depreciation, amortisation and impairment charges	235,5	77,2	30,7	26,6	105,0	474,9
Operating profit/(loss)	299,4	19,8	(15,8)	19,7	(371,9)	(48,8)
Assets [1]	17 268,4	5 550,7	1 719,7	1 691,6	5 842,3	32 072,6

FIRST QUARTER 2020 CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	786,1	258,0	-	-	-	1 044,1
Other income	991,4	43,9	24,3	23,0	-	1 082,7
Inter-segment income	18,9	162,1	5,7	163,7	(350,3)	-
Total income	1 796,4	464,0	30,0	186,7	(350,3)	2 126,8
Employee benefits expenses	411,0	374,4	-	179,1	-	964,5
Other operating expenses	650,6	54,2	0,9	394,6	-	1 100,2
Inter-segment expenses	308,8	22,5	0,1	19,0	(350,3)	-
Total expenses	1 370,3	451,2	0,9	592,6	(350,3)	2 064,7
EBITDA	426,2	12,8	29,0	(405,9)	-	62,1
Depreciation, amortisation and impairment charges	474,9	30,2	9,0	30,0		544,1
Operating profit/(loss)	(48,8)	(17,4)	20,0	(435,9)	-	(482,0)
Assets [1]	32 072,6	910,4	751,4	264,8	-	33 999,1

The Stavanger Airport segment for the period includes a provision of MNOK 81.1 for expected demolition costs as a result of a fire in the parking garage (included in other operating expenses). In addition, fixed assets that were damaged in the fire were impaired by MNOK 176.1 (included in depreciation, amortisation and impairment charges). At the same time, a receivable of MNOK 221.8 has been recognized to reflect the insurance settlement related to the accrued costs as a result of the fire. Accrued costs and expected insurance settlement related to these costs are presented net in the table above and in the income statement, of which MNOK 45.7 is presented as a reduction of other operating expenses and MNOK 176.1 is presented as a reduction of depreciation, amortisation and impairment charges.

Other operating expenses includes a provision of MNOK 236.1 for estimated losses on accounts receivable as of 31 March 2020. The provision is distributed between MNOK 229.3 in the segment "Other" and MNOK 6.8 in the segment "Air Navigation Services".

FIRST QUARTER 2019

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	477,8	124,4	96,0	83,5	214,7	996,2
Other income	809,2	124,0	101,1	71,1	145,0	1 250,4
Inter-segment income	0,4	0,6	1,3	0,6	14,7	17,6
Total income	1 287,4	249,0	198,3	155,1	374,4	2 264,2
Employee benefits expenses	140,0	34,3	28,3	24,7	211,6	439,0
Other operating expenses	369,4	59,9	43,1	32,4	250,2	755,0
Inter-segment expenses	97,8	36,1	28,2	24,5	167,9	354,5
Total expenses	607,2	130,3	99,6	81,6	629,8	1 548,5
EBITDA	680,2	118,7	98,7	73,5	(255,4)	715,7
Depreciation, amortisation and impairment charges	234,3	74,1	31,6	26,2	103,9	470,0
Operating profit/(loss)	445,9	44,6	67,1	47,4	(359,3)	245,7
Assets [1]	17 496,5	5 688,7	1 895,7	1 735,0	5 821,9	32 637,8

FIRST QUARTER 2019 CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	996,2	247,0	-	-		1 243,2
Other income	1 250,4	36,7	28,0	29,4		1 344,5
Inter-segment income	17,6	213,8	5,3	158,8	(395,4)	-
Total income	2 264,2	497,5	33,3	188,3	(395,4)	2 587,7
Employee benefits expenses	439,0	372,7	-	148,9		960,6
Other operating expenses	755,0	82,1	1,2	166,8		1 005,2
Inter-segment expenses	354,5	22,0	0,0	18,8	(395,4)	-
Total expenses	1 548,5	476,9	1,3	334,6	(395,4)	1 965,8
EBITDA	715,7	20,6	32,0	(146,3)	-	621,9
Depreciation, amortisation and impairment charges	470,0	30,9	9,0	28,2		538,2
Operating profit/(loss)	245,7	(10,3)	23,0	(174,5)	-	83,7
Assets [1]	32 637,8	763,9	786,8	237,3		34 425,8

[1] Inclusive other intangible assets, exclusive assets under construction.

NOTE 4 Operating income

All amounts in MNOK

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

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.

	FIRST QUARTER		YEAR
SPECIFICATION	2020	2019	2019
Traffic income			
Takeoff charges	223,7	278,3	1 160,0
Terminal charges	217,9	279,5	1 240,3
En route charges	258,0	247,0	1 068,1
Security charges	227,8	295,1	1 315,2
Terminal navigation charges	116,6	143,4	595,1
Total traffic income	1 044,1	1 243,2	5 378,7
Other operating income			
Revenue from contracts with customers:			
Duty free	16,2	22,1	118,5
Parking	0,0	0,4	0,7
Other	160,7	168,9	790,4
Total other operating income from contracts with customers	177,0	191,5	909,6
Rental income:			
Duty free	429,7	534,6	2 784,6
Parking	158,2	214,6	948,4
Other	317,8	403,8	1 763,9
Total rental income	905,7	1 153,0	5 496,9
Total other operating income	1 082,7	1 344,5	6 406,5
Total income from contracts with customers	1 221,1	1 434,7	6 288,3
Total rental income	905,7	1 153,0	5 496,9
Total operating income	2 126,8	2 587,7	11 785,2

NOTE 5 Other income and expenses

All amounts in MNOK

	FIRST QUARTER		YEAR
SPESIFICATION	2020	2019	2019
Other expenses			
Pensions - see note 9 and 13	-	-	(86,6)
External environment - see note 13	-	-	871,2
Changes in value and other (losses)/gains, net	30,4	33,5	36,2
Total	30,4	33,5	820,8

NOTE 6 Income tax expense

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

NOTE 7 Property, plant and equipment and other intangible assets

All amounts in MNOK

	OTHER INTANGIBLE ASSETS	PROPERTY, PLANT AND EQUIPMENT	ASSETS UNDER CONSTRUCTION	RIGHT OF USE ASSETS	TOTAL
At 31 March 2019					
Opening net book amount	103,4	34 426,4	2 828,4	-	**37 358,2**
Opening net book amount - new accounting policy	-	-	-	496,7	**496,7**
Additions	0,5	430,3	403,5	-	**834,3**
Reclassification	-	-	430,9	-	**430,9**
Disposals	-	9,2	-	-	**9,2**
Depreciation and impairment charges	4,4	521,2	-	12,6	**538,2**
Closing net book amount	99,5	34 326,3	2 801,0	484,1	**37 710,9**
At 31 March 2020					
Opening net book amount	233,7	34 244,6	3 264,8	485,0	**38 228,1**
Additions	-	226,0	471,6	-	**697,6**
Reclassification	-	-	224,0	-	**224,0**
Disposals	-	0,7		-	**0,7**
Depreciation and impairment charges	6,0	698,5	2,3	13,3	**720,2**
Closing net book amount	227,7	33 771,4	3 510,1	471,7	**37 980,9**

MNOK 672.6 of assets under construction is classified as intangible as at 31 March 2020.

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

Measurement of recoverable amount

Reference is made to the 2019 annual financial statements. The corona pandemic will significantly affect the number of air passengers and the group's revenues in 2020. The situation is also expected to affect 2021 and 2022. The group is a long-term infrastructure business and a decline in traffic in the short/medium term will in a normal situation not have a significant impact on the value of the group. However, the current situation and the uncertainty associated with both duration and longer-term consequences are very unusual and could affect the value of the company's and the group's assets. Any consequences of the corona pandemic will be continuously monitored in the future and necessary measures taken. In this context, the group will continuously update its analysis related to probable, and possible, outcomes in the traffic. Impairment tests were conducted as of 31 December 2019, which were updated at the time of presentation of the annual accounts. These tests defended the book value. In future, these tests will be updated based on a new and better basis for assessing future revenues, costs and investments.

NOTE 8 Capital structure and equity

All amounts in MNOK

SPESIFIKASJON	31 MARCH 2020	31 MARCH 2019	YEAR 2019
Interest bearing debt (see note 10)	**23 073,3**	21 999,5	21 295,0
Interest rate swaps (see note 11)	**3 244,1**	1 386,4	1 751,1
Lease liabilities	**481,4**	486,5	492,2
Cash and cash equivalents	**751,6**	1 432,3	1 059,1
Net interest bearing debt - exclusive lease liabilities	**18 596,2**	18 694,3	17 992,6
Equity	**13 377,2**	14 577,6	15 279,0
Total equity and net interest bearing debt	**31 973,4**	33 271,9	33 271,6
Net debt to equity ratio [1]	**41,8 %**	43,8 %	45,9 %

[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 Pensions

All amounts in MNOK

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

	31 MARCH 2020	31 MARCH 2019	YEAR 2019
Discount rate	**1,70 %**	2,60 %	2,30 %
Future return on plan assets	**2,30 %**	2,60 %	2,30 %
Future salary increases	**2,25 %**	2,75 %	2,25 %
Future pension increases	**1,25 %**	1,75 %	1,25 %
Future increases in the social security base rate (G)	**2,00 %**	2,50 %	2,00 %

PENSION OBLIGATION

	31 MARCH 2020	31 MARCH 2019	YEAR 2019
Net pension obligation at 1 January	**3 972,8**	4 633,4	4 633,4
Pension cost - plan amendment inclusive curtailment/settlement	**-**	-	(86,6)
Pension cost - other (exclusive employee contribution)	**75,6**	104,9	359,0
Employer/employee contribution	**(79,1)**	(233,4)	(388,3)
Actuarial gains/losses	**1 525,8**	-	(544,6)
Net pension obligation at 31 March	**5 495,1**	4 504,9	3 972,8

In addition to the pension cost in the table above there is a cost of MNOK 38,9 as at 31 March 2020 related to employees that have transitioned to a defined contribution pension scheme (MNOK 23,2 as at 31 March 2019) and MNOK 6,2 related to the private AFP scheme (early retirement) (MNOK 0,0 as at 31 March 2019).

The actuarial loss recognised as other comprehensive income in the first quarter of 2020 are due to reduced discount rate.

The new act on public sector occupational pension does not contain regulations related to a new AFP scheme (early retirement) or rules for special retirement pension. As a result, the accounting effect of this is not fully reflected in the accounts as of 31 March 2020.

NOTE 10 Borrowings and lease liabilities

All amounts in MNOK

	31 MARCH		YEAR
	2020	2019	2019
Long term borrowings and lease liabilities	18 585,2	20 414,2	19 296,8
Short term borrowings and lease liabilities	4 488,1	1 585,3	1 998,2
Sum	23 073,3	21 999,5	21 295,0
Movement in borrowings and lease liabilities			
Opening net book amount	21 295,0	21 740,7	21 740,7
Opening net book amount - lease liabilities - new accounting policy	-	496,7	496,7
Repayment of borrowings	-	-	(1 531,5)
Repayment of lease liabilities	(10,8)	(10,2)	(41,1)
Additions and other changes in lease liabilities	-	-	36,5
Net proceeds/repayment of short term borrowings (commercial papers)	-	-	600,0
Changes in value	1 789,1	(227,7)	(6,3)
Closing net book amount	23 073,3	21 999,5	21 295,0

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

LIQUIDITY RESERVES

	31 MARCH		YEAR
	2020	2019	2019
Cash and cash equivalents	751,6	1 432,3	1 059,1
Unused bank overdraft	600,0	600,0	600,0
Unused credit facility	4 000,0	4 000,0	4 000,0
Total	5 351,6	6 032,3	5 659,1

The group has, at the end of the first quarter of 2020, sufficient headroom in respect of compliance with covenants. Necessary measures have been implemented to ensure that the group fulfills its internal objective of having a liquidity reserve, including drawing facilities, corresponding to at least 12 months' forecasted liquidity requirements, including repayment of borrowings. The measures include borrowing of new long-term debt, further planned borrowing and contribution from the owner. See further comments in note 14.

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 s short period of time. 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 relationsships 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 MARCH 2020		31 MARCH 2019	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Interest-bearing debt				
State loan	**1 638,6**	1 652,5	2 083,0	2 096,7
Bonds	**15 133,0**	15 528,5	13 822,6	14 697,8
Bank borrowings	**5 220,3**	5 855,8	5 607,4	6 108,1
Commercial papers	**600,0**	600,0	-	
Lease liabilities	**481,4**	481,4	486,5	486,5
Total	**23 073,3**	24 118,3	21 999,5	23 389,1

DERIVATIVE FINANCIAL INSTRUMENTS

	31 MARCH		YEAR
	2020	2019	2019
Assets			
Interest rate swaps	**3 244,1**	1 386,4	1 751,1
Forward foreign exchange contracts	**6,8**	1,6	4,2
Forward energy contracs	**-**	16,0	-
Total assets	**3 250,9**	1 404,0	1 755,3
Liabilities			
Interest rate swaps	**-**	-	-
Forward foreign exchange contracts	**7,4**	-	-
Forward energy contracs	**56,0**	-	2,3
Total liabilities	**63,4**	-	2,3

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

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

The following table presents the group's assets and liabilities that are measured at fair value at 31 March 2020:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss		6,8		6,8
Derivatives used for hedging		3 244,1		3 244,1
Total assets	-	3 250,9	-	3 250,9
Liabilities				
Financial liabilities at fair value through profit or loss	56,0	1 783,5		1 839,6
Derivatives used for hedging		7,4		7,4
Total liabilities	56,0	1 790,9	-	1 847,0

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

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss	16,0	1,6	-	17,6
Derivatives used for hedging	-	1 386,4	-	1 386,4
Total assets	16,0	1 388,0	-	1 404,0
Liabilities				
Financial liabilities at fair value through profit or loss	-	1 482,5	-	1 482,5
Derivatives used for hedging	-	-	-	-
Total liabilities	-	1 482,5	-	1 482,5

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

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

Corona virus

Norway got its first registered corona virus infection on 26 February 2020. On 12 March 2020 the Norwegian government introduced several measures to limit the virus spread among the population, including travel restrictions. The measures mean, among other things, that the Norwegian border is 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 236.1. The estimate is based on past historical loss experiences and specific assessments of individual debtors and the corona pandemic.

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

The group has implemented several measures to secure the financial situation. This includes borrowings of new short-term and long-term debt as well as contribution from the owner. Furthermore, a critical review of ongoing and planned investment projects is undertaken and other cost-cutting measures are implemented, including employee layoffs.

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 (except Evenes airport, Kristiansand airport, Oslo airport and Svalbard airport where there already are ongoing cases) have been carried out. There is established responsibility for cleanup of pollution on 32 localities.

Based on action plans approved by the Norwegian Environment Agency for comparable locations, the cleanup cost is estimated to MNOK 920.0 on the 32 locations in question in addition to responsibilities on other locations. Based on this, a provision of MNOK 871.2 was made in the second quarter of 2019. The total provision related to external environment cleanup costs as of 31 December 2019 amounts to MNOK 1,025.4.

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 are ongoing. The final financial and accounting consequences of the fire will not be known until the survey of the damage and the insurance settlement are fully completed.

In the accounts as of 31 March 2020, based on the survey that has been performed, assets which are considered lost as a result of the fire are fully impaired. The impairment as at 31 March 2020 amounts to NOK 176.1. Furthermore, a provision for expected demolition expenses of MNOK 81.1 has been made. At the same time, a reveivable related to the insurance settlement of MNOK 221.8 was recognized during the period. The receivable is related to accrued costs as of 31 March 2020, of which MNOK 45.7 relates to demolition expenses and MNOK 176.1 to impairment of lost assets.

Pensions

The new Act on public occupational pension scheme, with effect from 1 January 2020, was adopted by the Storting (the Norwegian Parliament) in June 2019. The accounting consequences of the new law are, to the extent there are sufficient basis, recorded as of 31 March 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

On 22 April 2020, Avinor AS issued new bonds totaling MNOK 2,000 under the company's EMTN program. Borrowing is part of the measures taken to secure the financial situation of the group. In addition, further borrowing is planned to secure the financial situation in the longer term.

On 12 May 2020, the Government presented its proposal for a revised national budget, where it is proposed a grant to Avinor of up to NOK 4 270 million. As of the first quarter of 2020, Avinor does not have full knowledge of all the details related to the grant. In addition, the government proposes one-year deferral of the repayments on the company's state loan, which is equivalent to MNOK 444.4 in 2020.

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