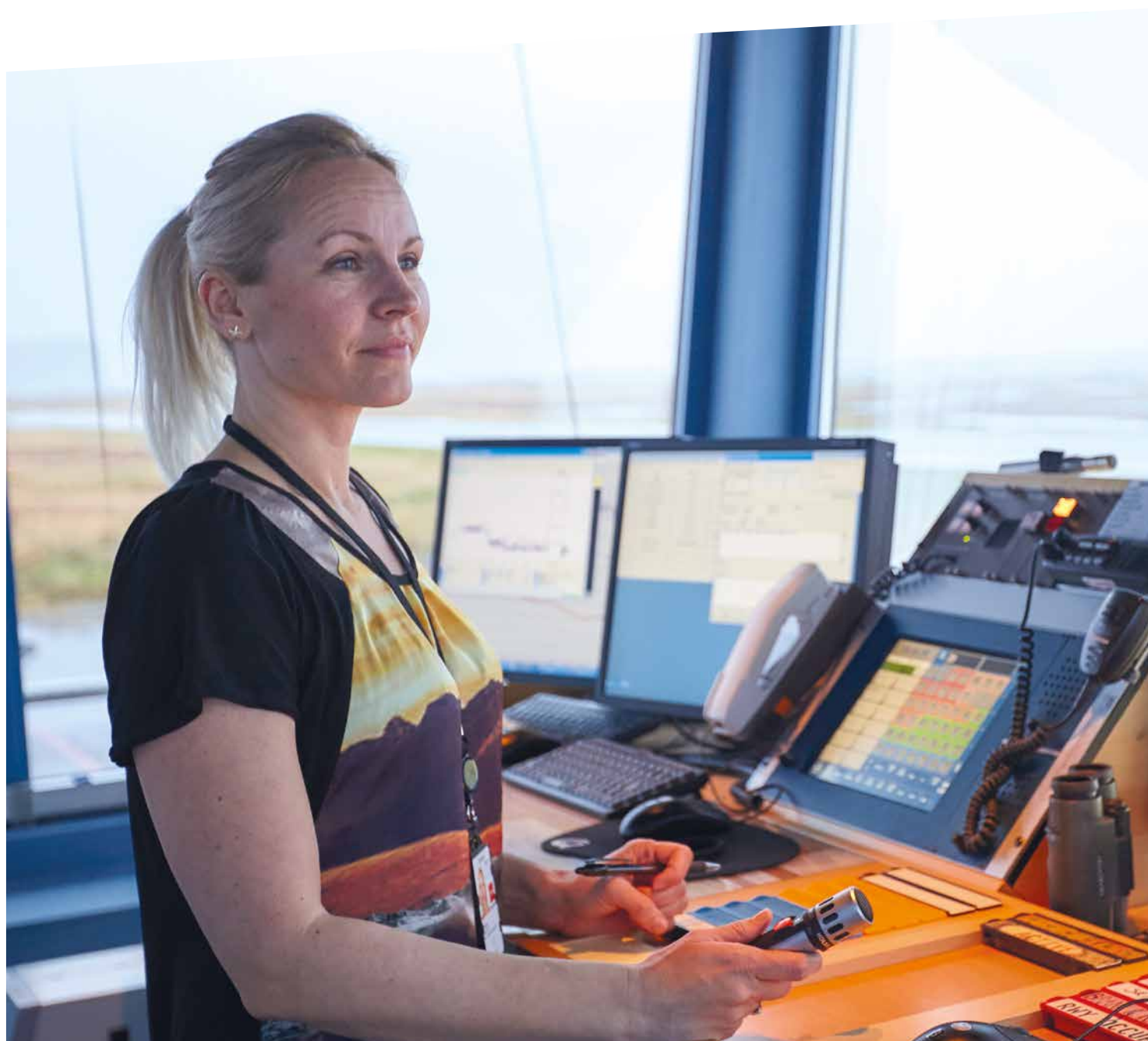


INTERIM FINANCIAL REPORT

1st quarter 2019



Content

Group main figures	3
Board of directors report	4
Income statement	8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	12
Statement of cash flows	13
Notes	14

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 44 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
	2019	2018	2018
Traffic income	701.2	654.5	2 999.8
Security (cost based)	295.1	307.2	1 406.6
Sales- and rental income - duty free	556.8	542.1	2 849.6
Sales- and rental income - parking	215.0	200.8	967.2
Sales- and rental income - other	478.6	459.0	2 004.4
Inter - group income	17.6	18.3	74.9
Total income airport operations	2 264.2	2 181.7	10 302.6
En route charges	247.0	254.6	1 106.7
Inter-group income approach and control tower services	213.8	203.8	849.1
Other income	36.7	33.6	151.4
Total income air navigation services	497.5	492.1	2 107.2
Other group income	221.5	214.4	869.2
Elimination of inter - group income	-395.4	-379.3	-1 554.9
Total group income	2 587.8	2 509.0	11 724.2
Operating expenses airport operations	-1 548.5	-1 547.2	-6 012.9
Operating expenses air navigation services	-476.9	-469.1	-1 769.4
Other operating expenses	-335.8	-265.2	-1 296.0
Elimination of inter-group expenses	395.4	379.3	1 554.9
Total group expenses	-1 965.8	-1 902.3	-7 523.4
EBITDA airport operations	715.7	634.5	4 289.7
EBITDA air navigation services	20.6	23.0	337.8
EBITDA others	-114.3	-50.9	-426.8
EBITDA group	621.9	606.7	4 200.8
Depreciation, amortisation and impairment charges	-538.2	-501.7	-2 103.4
Operating profit/(loss)	83.7	105.0	2 097.4
Net finance income/(costs)	-145.5	-152.0	-600.9
Profit/(loss) before income tax	-61.8	-47.0	1 496.5
Income tax expense	13.7	11.0	-326.8
Profit/(loss) after tax	-48.1	-36.0	1 169.7
EBITDA-margin airport operations	31.6 %	29.1 %	41.6 %
EBITDA-margin air navigation services	4.1 %	4.7 %	16.0 %
EBITDA-margin others	24.0 %	24.2 %	35.8 %
Investments airport operations	257.0	288.4	1 617.8
Investments air navigation services	64.5	47.6	221.7
Investments others	82.0	28.0	217.0
Total investments	403.5	364.0	2 056.5
Distributed dividends	-	-	-249.7
Cash flow before borrowings	-307.5	-164.7	842.7
Interest - bearing debts	20 126.6	21 475.0	20 234.5
Total assets	43 772.4	43 663.3	43 689.8
Net debt to equity ratio (b)	43.8 %	41.9 %	44.0 %
Number of passengers (in 1000)	12 208.4	11 808.2	54 387.2
Number of aircraft departures (in 1000)	163.0	160.1	690.5
Number of service units (in 1000)	562.0	577.7	2 522.1
Punctuality (a)	84%	84%	83%
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

Air traffic through Avinor's airports in the period 1 January to 31 March 2019 increased by 3.4 per cent compared to the corresponding period in 2018. Air traffic at Oslo Airport increased by 2.6 per cent, while the total increase at other airports amounted to 3.9 per cent. Bergen Airport stood out with an increase of 6.3 per cent.

From 26 April to 2 May 2019, SAS's Nordic pilots walked out on strike. This will have an impact on air traffic in the second quarter.

Average regularity for the past 12 months was 98 per cent, and the average figure for punctuality was 84 per cent. Sick leave amounted to 4.7 per cent over the last 12 months with an accident frequency rate (LTIF) of 3.8.

In the the Report (White paper) to the Storting on the operations of Avinor that was adopted by the Storting in 2017, it was brought forward that Avinor had to put control tower services out to tender. The goal is less expensive and/or better services. As a result of this, air navigation service contracts were put out to tender last year for Ålesund and Kristiansand. In February, Avinor's board of directors agreed to award a five-year contract to the Spanish firm Saerco, starting on 1 March 2020.

In keeping with the owner's expectations of "more transport for every penny", Avinor initiated a cost-reduction programme. The programme includes initiatives to reduce both operational and administrative costs. Safe and stable operations are a prerequisite of this.

In March, the international industry organisation for airports, ACI, named Oslo Airport and Bergen Airport as the best in Europe for customer service in their respective categories. Bergen also won the award for the airport with the best progress in customer service in 2018.

Sesam Parkering AS, which had parking contracts in Stavanger, Bergen, and Trondheim airports petitioned for bankruptcy on 2 May 2019. Efforts are ongoing to put a replacement in place as quickly as possible. Operations are continuing as normal until further notice. As at 31 March 2019, the bankruptcy is not deemed to result in a substantial accounting loss.

In the autumn of 2018, Avinor and Worldwide Flight Services (WFS) signed a letter of intent concerning the construction and operation of a new seafood centre for airfreight at Oslo Airport. WFS has after the end of Q1 announced that it wants to withdraw from this agreement. Avinor has taken note of this and will make use of the experience in the future handling of this matter.

Avinor continues to attract considerable interest in its electric aircraft. Last year Avinor was tasked by the government to cooperate with the Norwegian Civil Aviation Authority to develop a programme for the introduction of electric aircraft in commercial aviation.

01.01 - 31 MARCH 2019

TABLE 1: KEY FINANCIAL FIGURES

MNOK	01.01 - 31.03.19	01.01 - 31.03.18	CHANGE
Operating income	2 587.7	2 509.0	3.1 %
EBITDA	621.9	606.7	2.5 %
EBIT	83.7	105.0	-20.3 %
Profit/loss for the period	-48.1	-36.0	33.6 %
Investments	403.5	364.0	10.9 %

In the period from 1 January to 31 March 2019, the Group had a loss after tax of NOK 46 million, compared to a loss of NOK 36 million for the corresponding period in 2018.

The Group's balance sheet totalled NOK 43.8 billion as at 31 March 2019.

Operating income

Operating income in the period 1 January to 31 March 2019 amounted to NOK 2,587 million, compared with NOK 2,509 for the corresponding period in 2018.

Within airport operations, operating income increased by 3.8 per cent in the period 1 January to 31 March 2019.

Total year-on-year operating income within the air navigation service increased by 1.1 per cent in the period 1 January to 31 March 2019.

TABLE 2: OPERATING AND OTHER INCOME

MNOK	01.01 - 31.03.19	01.01 - 31.03.18	CHANGE
Airports operations	2 264.2	2 181.7	3.8 %
Air traffic services	497.5	492.1	1.1 %
Property development and hotels	33.3	32.1	3.7 %
Group services	188.3	182.2	3.3 %
Consolidated items	-395.4	-379.3	4.2 %
Avinor group	2 587.7	2 509.0	3.1 %

Operating expenses, depreciation and other items
Operating expenses in the period 1 January to 31 March 2019 amounted to NOK 1,966 million, compared with NOK 1,902 million for the corresponding period in 2018. This increase is attributed primarily to a fall in value of forward energy contracts.

Total depreciation and write-downs in the period 1 January to 31 March 2019 totalled NOK 538 million, compared with NOK 502 million for the corresponding period in 2018. This increase is due to the completion and commissioning of several facilities that were under construction, as well as the transition to the new accounting standard IFRS 16.

EBITDA and EBIT

EBITDA (profit before depreciation/amortisation, interest, and tax) in the period 1 January to 31 March 2019 amounted to NOK 622 million. EBITDA for the corresponding period in 2018 amounted to NOK 607 million. EBIT for the period 1 January to 31 March 2019 amounted to NOK 84 million. EBIT for the corresponding period in 2018 amounted to NOK 105 million.

Financial items and tax

The Group's net financial income for the period 1 January to 31 March 2019 amounted to NOK -146 million, compared with NOK -152 million for the corresponding period in 2018. A reduction in interest-bearing liabilities has resulted in a positive change in net financial income for 2018.

Investments

Recognised additions to tangible fixed assets in the period 1 January to 31 March 2019 amounted to NOK 403 million, compared with NOK 364 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 - 31.03.19	01.01 - 31.03.18	CHANGE
Airports operations	257.0	288.4	-31.4
Air traffic services	64.5	47.6	16.9
Property development and hotels	1.6	-0.9	2.5
Joint items, group	62.7	19.0	43.6
Consolidated items	17.8	9.9	7.9
Group	403.5	364.0	39.5

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 307 million for the period 1 January to 31 March 2019.

Interest-bearing liabilities (taking into account the value of derivatives used for hedging) as at 31 March 2019 amounted to NOK 20,613 million, of which NOK 1,585 million were short-term liabilities. As at 31 March 2019, the Group's total assets amounted to NOK 43.8 billion and its equity ratio was 33.3 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 43.8 per cent as at 31 March 2019.

As at 31 March 2019, the Group's cash reserves amounted to NOK 6,032 million, distributed between NOK 1,432 million in bank deposits and NOK 4,600 million in unutilised drawing rights.

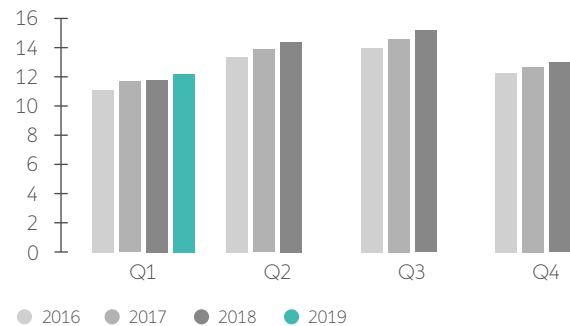
Traffic development and service goals

A total of 12.2 million passengers travelled via Avinor's airports in the period 1 January to 31 March 2019, which represents an increase of 3.4 per cent compared with the corresponding period in 2018.

The figure below shows the trend in traffic on a quarterly basis for the period 2015 to 2019:

PASSENGERS

Numbers in millions



In comparison with the corresponding period last year, domestic traffic was 4.0 per cent higher, while international traffic increased by 2.0 per cent. Offshore helicopter traffic increased by 21.4 per cent. 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 (1 000)	01.01 - 31.03.19	01.01 - 31.03.18	CHANGE
Gardermoen	6 282	6 122	2.6 %
Flesland	1 374	1 294	6.2 %
Sola	968	924	4.8 %
Værnes	1 016	981	3.6 %
Others	2 568	2 487	3.3 %
Avinor group	12 208	11 808	3.4 %

The number of commercial air transport movements increased by 1.8 per cent in comparison with the corresponding period in 2018. The traffic volume for en-route navigation services measured in terms of the number of service units fell by 2.6 per cent.

Over the past 12 months, average regularity was recorded at 98 per cent, and an average punctuality of 84 per cent, throughout Avinor's network of airports. The targets are 98 per cent and 88 per cent respectively.

AIR SAFETY AND HSE

In the first quarter of 2019 there have been 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 3.8 in Avinor AS and 0.0 in Avinor Flysikring AS, while the H2 value (frequency of injuries) was 5.4 in Avinor AS and 0.0 in Avinor Flysikring AS.

Absence due to illness over the last 12 months amounted to 4.7 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

The Group's operations are focused on safe air traffic management and include procedures and measures for reducing the risk and consequences of accidents and serious incidents. Developments with regard to national and international regulatory issues 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 social duties. 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, financial, and regulatory risks associated with development projects in Avinor Flysikring AS. This includes the development of remotely operated tower services.

Major airports are a key source of funding for the rest of the airport network in Norway. Airports' revenues are vulnerable to economic cycles and competition from airports outside Avinor's network.

Earnings from commercial offerings to passengers at the airports are very important to the Group's funding. In particular, changes to the general conditions for the duty-free system could impact 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 the market and changes can affect financial performance. When investing the Group's surplus cash, emphasis is placed on the issuer's solidity and the liquidity of the investment. The Group's liquid assets are deposited in a bank on negotiated terms.

In connection with the National Transport Plan (NTP) for 2018-2029, the Storting approved the construction of a new airport in Bodø in the first part of the NTP period (2018-2023). The state will allocate NOK 2.2 billion to the project plus NOK 0.2 billion to the public search and rescue helicopter service. The government assumes that Avinor will contribute NOK 1.4 billion, which corresponds to the estimated investment the current airport will need over the next few years in 2017 money, plus the value of buildings and property in today's airport. Other expenses must be covered by local contributions. It remains to be clarified how the local share of the financing will be implemented.

A new public service occupational pension schemes Act is scheduled to take effect from 2020. On 11 April 2019 a Royal Proposition was submitted to the Storting for discussion. The proposition contains proposals for new rules on the accrual and withdrawal of old-age pensions with public occupational pension schemes for those born in or after 1963. According to the plan, the Storting will finally adopt new pension rules for civil servants before the summer. New regulations for coordinating public service occupational pensions and the National Insurance Fund have also been adopted. The proposition does not contain any legislative proposals for a new early retirement (AFP) scheme or special rules for people at particular ages. The coordination rules have not been implemented and therefore have not been taken account of in the financial statements.

Avinor's public service occupational pension scheme with Norwegian Public Service Pension Fund will be closed with effect from 1 January 2019. A contribution-based retirement pension pursuant to the Defined-Contribution Pensions Act will be introduced on the same date. Employees of Avinor AS and Svalbard Lufthavn AS can choose whether they want to transition to the defined-contribution pension. In Avinor Flysikring AS, all employees under the age of 53 transitioned to a defined-contribution plan. Employees over 53 may choose to remain in the public service pension scheme or transition to the defined-contribution pension scheme. Seen in isolation, the coordination changes and the transition to a defined-contribution retirement pension scheme are expected to reduce Avinor's pensions liabilities, while the new public service occupational pension scheme is expected to increase its liabilities. Overall, the assessment is that the three factors will not have significant accounting consequences for the Group's pension liabilities.

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 (PFAS) in fire-extinguishing foam which have dispersed into the environment around the airport have been detected. Work on clarifying the scope of the measures that will need to be implemented is ongoing. Risk assessments have been conducted for possible damage to health and the environment. The financial consequences depend on the extent of the measures that will need to be implemented and the authorities' requirements and the measures available. The Norwegian Environment Agency has ordered the implementation of measures at Evenes and Oslo airports, and instructed Kristiansand and Svalbard airports to draw

up action plans. The Norwegian Environment Agency has issued an overarching order according to which Avinor must compile the data and results from completed PFAS surveys and draw up a prioritised series of measures for the remaining airports. The list is intended to illustrate how one should prioritise measures at the various airports, as well as how much PFAS can be removed in total from Avinor's airports at various levels of cost. This will provide the basis for assessing the cleanup. The deadline for reporting is 1 September 2019. The Norwegian Environment Agency and the Norwegian Food Safety Authority have informed Avinor that new, stricter limit values will soon be proposed in relation to managing PFAS pollution. A proposal for regulatory changes will be made at the hearing in 2019. This involves a risk of increased costs.

OUTLOOK

Mobility and efficient air transport are essential for social development, as well as for the growth of the Norwegian travel industry and businesses. Air travel is expected to increase in excess of expected GDP growth in the next few years. Avinor is upgrading and developing its airport network to facilitate good regional, national and international air services.

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

The company's operation of airports for airlines and passengers is subjected to economic upswings and downturns and a distinct expectation that a competitive level of costs will be achieved. Part of the operations are starting to become subjected to competition. The company wants to be a competitive and preferred provider in a competitive market and wants to continue its efforts in implementing the adaptations necessary to achieve this goal. It will focus on safe and efficient operations and continuing its work on cost-cutting measures. One objective is that Avinor should maintain competitive fees compared to other airports in Europe. At the same time, it is imperative that the company's framework conditions are not weakened. Corporate social responsibility, sectoral policy conditions, and the required rate of return are key areas for Avinor. In line with this, the board of directors will work to ensure that the general conditions for these areas are not weakened.

Oslo, 13 May 2019
Board of Directors of Avinor AS

CONDENSED INCOME STATEMENT

All amounts in MNOK

		FIRST QUARTER		YEAR
	NOTES	2019	2018	2018
Operating income				
Traffic income	4	1 243.2	1 216.3	5 513.1
Other operating income	4	1 344.5	1 292.7	6 211.1
Total operating income		2 587.7	2 509.0	11 724.2
Operating expenses				
Raw materials and consumables used		36.6	53.8	262.0
Employee benefits expenses		960.6	939.3	3 665.8
Other operating expenses		935.1	916.6	3 795.4
Other expenses	5	33.5	-7.4	-199.8
Total operating expenses		1 965.8	1 902.3	7 523.4
EBITDA		621.9	606.7	4 200.8
Depreciation, amortisation and impairment charges	7	538.2	501.7	2 103.4
Operating profit/(loss)		83.7	105.0	2 097.4
Finance income		6.9	8.3	32.8
Finance costs		152.4	160.3	633.7
Net finance income/(costs)		-145.5	-152.0	-600.9
Profit/(loss) before income tax		-61.8	-47.0	1 496.5
Income tax expense	6	-13.7	-11.0	326.8
Profit/(loss) after tax		-48.1	-36.0	1 169.7

STATEMENT OF COMPREHENSIVE INCOME

All amounts in MNOK

	FIRST QUARTER		YEAR
	2019	2018	2018
Profit/(loss) for the period	-48.1	-36.0	1 169.7
Other comprehensive income:			
Items that will not be reclassified to profit or loss in subsequent periods:			
Actuarial gains/(losses) on post employment benefit obligations	-	-	-666.3
Tax effect	-	-	152.9
Change in tax rate, effect deferred tax assets/-liabilities	-	-	-82.4
Items that may be subsequently reclassified to profit or loss:			
Cash flow hedges	108.7	136.5	211.9
Tax effect	-23.9	-31.4	-48.7
Other comprehensive income, net of tax	84.8	105.1	-432.6
Total comprehensive income	36.7	69.1	737.1
Attributable to:			
Owner of parent	36.7	69.1	737.1

CONDENSED BALANCE SHEET

All amounts in MNOK

		31 MARCH		YEAR
	NOTES	2019	2018	2018
ASSETS				
Non - current assets				
Intangible assets				
Deferred tax assets	6	1 487.2	1 490.9	1 497.4
Other intangible assets	7	99.5	109.7	103.4
Intangible assets under construction	7	516.8	268.9	332.3
Total intangible assets		2 103.5	1 869.5	1 933.1
Property, plant and equipment				
Property, plant and equipment	7	34 326.3	33 974.0	34 426.4
Assets under construction	7	2 284.2	2 955.7	2 496.1
Right of use assets	7	484.1	-	-
Total property, plant and equipment		37 094.6	36 929.7	36 922.5
Financial assets				
Derivative financial instruments	11	1 386.4	1 156.1	1 506.2
Other financial assets		78.9	268.9	88.3
Total financial assets		1 465.3	1 425.0	1 594.5
Total non-current assets		40 663.4	40 224.2	40 450.1
Current assets				
Inventories		24.6	20.9	27.6
Trade and other receivables		1 634.5	1 511.3	1 418.8
Derivative financial instruments	11	17.6	10.1	53.5
Cash and cash equivalents		1 432.3	1 896.8	1 739.8
Total current assets		3 109.0	3 439.1	3 239.7
TOTAL ASSETS		43 772.4	43 663.3	43 689.8

CONDENSED BALANCE SHEET

All amounts in MNOK

		31 MARCH		YEAR
	NOTES	2019	2018	2018
EQUITY AND LIABILITIES				
Equity				
Share capital		5 400.1	5 400.1	5 400.1
Other equity		9 177.5	8 722.5	9 140.8
Total equity		14 577.6	14 122.6	14 540.9
Provisions				
Retirement benefit obligations	9, 12	4 504.9	4 059.2	4 633.4
Other provisions	12	177.3	186.2	174.0
Total provisions		4 682.2	4 245.4	4 807.4
Non-current liabilities				
State loan	10, 11	1 638.6	2 083.0	1 638.6
Derivative financial instruments	11	-	20.8	-
Other non-current loans	10, 11	18 342.9	19 899.0	18 570.6
Lease liabilities	10, 11	432.7	-	-
Total non-current liabilities		20 414.2	22 002.8	20 209.2
Current liabilities				
Trade payables		382.9	445.2	536.1
Tax payable		220.1	-	290.9
Public duties payable		411.7	351.9	361.6
Derivative financial instruments	11	-	0.7	6.2
First annual instalment on long-term liabilities	10, 11	1 531.5	628.3	1 531.5
Lease liabilities	10, 11	53.8	-	-
Other current liabilities		1 498.4	1 866.4	1 406.0
Total current liabilities		4 098.4	3 292.5	4 132.3
Total liabilities		29 194.8	29 540.7	29 148.9
TOTAL EQUITY AND LIABILITIES		43 772.4	43 663.3	43 689.8

STATEMENT OF CHANGES IN EQUITY

All amounts in MNOK

	SHARE CAPITAL	OTHER RESERVES	OTHER EQUITY	TOTAL EQUITY
Balance at 1 January 2018	5 400.1	-1 137.6	9 791.0	14 053.5
Total comprehensive income		105.1	-36.0	69.1
Balance at 31 March 2018	5 400.1	-1 032.5	9 755.0	14 122.6
Balance at 1 January 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

STATEMENT OF CASH FLOWS

All amounts in MNOK

	PER FIRST QUARTER		YEAR
	2019	2018	2018
Cash flow from operating activities			
Profit/(loss) before income tax including discontinued operations	-61.8	-47.0	1 496.5
Depreciation	538.2	501.7	2 103.4
(Profit)/loss on disposals of non-current assets	-1.0	0.6	-8.5
Changes in value and other losses/(gains) - net (unrealised)	29.7	-10.1	-47.9
Net finance (income)/costs	145.5	152.0	600.9
Change in inventories, trade receivables and trade payables	-320.6	-106.5	15.4
Difference between post employment benefit expense and amount paid/received	-122.4	33.3	-58.8
Change in other working capital items	241.9	114.6	101.5
Interest received	21.6	8.7	37.4
Income tax paid	-37.2	-70.9	-115.6
Net cash generated from operating activities	433.9	576.4	4 124.3
Cash flow from investing activities			
Investments in property, plant and equipment (PPE)	-510.5	-494.8	-2 523.5
Proceeds from sale of PPE, incl assets under construction	1.5	2.1	26.4
Change in other investments	12.8	-10.0	153.8
Net cash used in investing activities	-496.2	-502.7	-2 343.3
Cash flow from financing activities			
Repayment of borrowings	-	-10.3	-1 174.7
Interest paid	-245.2	-237.8	-688.0
Other borrowing charges	-	-0.6	-0.6
Dividends paid to owner	-	-	-249.7
Net cash generated/used in financing activities	-245.2	-248.7	-2 113.0
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	-307.5	-175.0	-332.0
Cash, cash equivalents and bank overdrafts at the beginning of the period	1 739.8	2 071.8	2 071.8
Cash, cash equivalents and bank overdrafts at the end of the period	1 432.3	1 896.8	1 739.8

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 13 May 2019. The interim financial information has not been audited.

NOTE 2 Basis of preparation and accounting policies

The interim financial statement for Avinor Group for the first quarter, ended 31 March 2019, 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 2018. The accounting policies are consistent with those of the annual financial statement for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019.

The Group applies, from 1 January 2019, IFRS 16 Leases using the modified retrospective method where the right to use assets equals the obligations (no restatement of earlier comparative periods). A condensed presentation of the new accounting policies and the adjustments recognised on adoption of IFRS 16 are described in note 13.

NOTE 3 Segment information*All amounts in MNOK*

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 and amortisation	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	2 587.8
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 and amortisation	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

FIRST QUARTER 2018

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	456.7	118.6	91.2	82.2	212.9	961.7
Other income	789.7	112.0	91.4	68.5	140.2	1 201.8
Inter-segment income	0.3	0.8	1.3	0.6	15.4	18.3
Total income	1 246.7	231.4	183.9	151.2	368.5	2 181.7
Employee benefits expenses	140.6	34.9	28.2	24.5	204.4	432.5
Other operating expenses	409.1	56.7	45.0	31.6	230.8	773.2
Inter-segment expenses	90.5	36.1	28.7	23.8	162.4	341.5
Total expenses	640.2	127.8	101.8	79.9	597.6	1 547.2
EBITDA	606.5	103.6	82.1	71.3	-229.0	634.5
Depreciation and amortisation	230.5	67.6	29.9	25.7	104.1	457.8
Operating profit/(loss)	376.0	36.0	52.2	45.6	-333.1	176.7
Assets ¹⁾	17 668.0	5 202.8	1 768.3	1 763.9	6 028.4	32 431.4

FIRST QUARTER 2018 CONTINUED

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	961.7	254.6	-	-		1 216.3
Other income	1 201.8	33.6	26.7	30.5		1 292.7
Inter-segment income	18.3	203.8	5.5	151.7	-379.3	-
Total income	2 181.7	492.1	32.1	182.2	-379.3	2 509.0
Employee benefits expenses	432.5	367.7	0.1	139.0		939.3
Other operating expenses	773.2	79.4	0.6	109.8		963.0
Inter-segment expenses	341.5	22.0	0.4	15.4	-379.3	-
Total expenses	1 547.2	469.1	1.0	264.2	-379.3	1 902.3
EBITDA	634.5	23.0	31.1	-82.0	-	606.7
Depreciation and amortisation	457.8	23.5	9.0	11.3		501.7
Operating profit/(loss)	176.7	-0.5	22.1	-93.3	-	105.0
Assets ¹⁾	32 431.4	685.8	821.1	145.4		34 083.7

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 spesification below.

SPESIFICATION	FIRST QUARTER		YEAR
	2019	2018	2018
Traffic income			
Takeoff charges	278.3	262.8	1 162.3
Terminal charges	279.5	255.5	1 241.4
En route charges	247.0	254.6	1 106.7
Security charges	295.1	307.2	1 406.5
Terminal navigation charges	143.4	136.2	596.2
Total traffic income	1 243.2	1 216.3	5 513.1
Other operating income			
Revenue from contracts with customers:			
Duty free	22.1	22.4	141.0
Parking	0.4	20.5	35.7
Other	168.9	198.1	770.2
Total other operating income from contracts with customers	191.5	241.0	946.9
Rental income:			
Duty free	534.6	519.7	2 708.6
Parking	214.6	180.4	931.6
Other	403.8	351.6	1 624.0
Total rental income	1 153.0	1 051.7	5 264.2
Total other operating income	1 344.5	1 292.7	6 211.1
Total income from contracts with customers	1 434.7	1 457.3	6 460.0
Total rental income	1 153.0	1 051.7	5 264.2
Total operating income	2 587.7	2 509.0	11 724.2

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

SPESIFICATION	FIRST QUARTER		YEAR
	2019	2018	2018
Other expenses			
Pension - see note 9	-	-	-128.8
Changes in value and other (losses)/gains, net	33.5	-7.4	-71.0
Total	33.5	-7.4	-199.8

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 booked against deferred tax asset. The distribution between tax payable and deferred tax is calculated at year end and presented in the annual financial statement.

NOTE 7 Property, plant and equipment, other intangible assets

All amounts in MNOK

	OTHER INTANGIBLE ASSETS	PROPERTY, PLANT AND EQUIPMENT	ASSETS UNDER CONSTRUCTION	RIGHT OF USE ASSETS	TOTAL
At 31 March 2018					
Opening net book amount	112.8	34 142.9	3 193.1	-	37 448.8
Additions	1.0	331.5	364.0	-	696.5
Reclassification	-	-	332.5	-	332.5
Disposals	-	2.8	-	-	2.8
Depreciation charge	4.1	497.6	-	-	501.7
Closing net book amount	109.7	33 974.0	3 224.5	-	37 308.2
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	-	-	430.8	-	430.8
Disposals	-	9.2	-	-	9.2
Depreciation charge	4.4	521.2	-	12.6	538.2
Closing net book amount	99.5	34 326.3	2 801.1	484.1	37 711.0

MNOK 516.8 of assets under construction is classified as intangible as at 31 March 2019.

Measurement of recoverable amount

There are no significant changes affecting the recoverable amount of the Group's assets in 2019.

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

	31 MARCH		YEAR
	2019	2018	2018
Interest bearing debt - including interest rate swaps	20 613.1	21 475.0	20 234.5
Lease liabilities	486.5	-	-
Cash and cash equivalents	1 432.3	1 896.8	1 739.8
Net interest bearing debt - exclusive lease liabilities	18 694.3	19 578.2	18 494.7
Equity	14 577.6	14 122.6	14 540.9
Total equity and net interest bearing debt	33 271.9	33 700.8	33 035.6
Net debt to equity ratio ¹⁾	43.8 %	41.9 %	44.0 %

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 2,6% and a future salary increase of 2,75% are used in the calculation of net pension obligation as at 31 March 2019.

PENSION OBLIGATION

	31 MARCH		YEAR
	2018	2017	2018
Net pension obligation at 1 January	4 633.4	4 025.9	4 025.9
Pension cost - plan amendment	-	-	-128.8
Pension cost - other (exclusive employee contribution)	104.9	137.4	621.0
Employer/employee contribution	-233.4	-104.1	-551.0
Actuarial losses	-	-	666.3
Net pension obligation at 31 March	4 504.9	4 059.2	4 633.4

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

	31 MARCH		YEAR
	2019	2018	2018
Non-current	20 414.2	21 982.0	20 209.2
Current	1 585.3	628.3	1 531.5
Total	21 999.5	22 610.3	21 740.7
Movement in borrowings			
Opening net book amount	21 740.7	22 811.4	22 811.4
Opening net book amount - lease liabilities (new accounting policy)	496.7	-	-
Repayment of borrowings	-	-10.3	-1 174.7
Net change lease liabilities	-10.2	-	-
Changes in value	-227.7	-190.8	103.9
Closing net book amount	21 999.5	22 610.3	21 740.7

LIQUIDITY RESERVES

	31 MARCH		YEAR
	2019	2018	2018
Cash and cash equivalents	1 432.3	1 896.8	1 739.8
Unused bank overdraft	600.0	600.0	600.0
Unused credit facility	4 000.0	4 000.0	4 000.0
Total	6 032.3	6 496.8	6 339.8

The Group has, at the end of first quarter 2019, 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 MARCH 2019		31 MARCH 2018	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Interest-bearing debt				
State loan	2 083.0	2 096.7	2 527.4	2 554.3
Bonds	13 822.6	14 697.8	13 755.7	14 282.6
Bank borrowings	5 607.4	6 108.1	6 322.6	6 859.1

DERIVATIVE FINANCIAL INSTRUMENTS

	31 MARCH		YEAR
	2019	2018	2018
Assets			
Interest rate swaps	1 386.4	1 156.1	1 506.2
Forward foreign exchange contracts	1.6	0.7	0.1
Forward energy contracts	16.0	9.4	53.4
Total assets	1 404.0	1 166.2	1 559.7
Liabilities			
Interest rate swaps	-	20.8	-
Forward foreign exchange contracts	-	0.7	6.2
Forward energy contracts	-	-	-
Total liabilities	-	21.5	6.2

DERIVATIVES DESIGNATED FOR HEDGE ACCOUNTING

	CARRYING AMOUNT	MOVEMENT IN CARRYING AMOUNT	RECOGNISED IN OCI	TOTAL HEDGING GAIN/LOSS(-) RECOGNISED IN OCI
First quarter 2019				
Interest rate swaps	1 386.4	-119.8	84.8	132.8
Total	1 386.4	-119.8	84.8	132.8

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 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

The following table presents the Group's assets and liabilities that are measured at fair value at 31 March 2018:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss	9.4	0.7	-	10.1
Derivatives used for hedging	-	1 156.1	-	1 156.1
Total assets	9.4	1 156.8	-	1 166.2
Liabilities				
Financial liabilities at fair value through profit or loss	-	1 430.9	-	1 430.9
Derivatives used for hedging	-	20.8	-	20.8
Total liabilities	-	1 451.7	-	1 451.7

NOTE 12 Contingencies

There are no significant changes to the information given in the financial statement for the year ended 31 December 2018.

NOTE 13 New accounting standards

IFRS 16 Leases

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases were charged to profit or loss on a straight line basis over the period of the lease. From 1 January 2019, leases are recognised as a right of use asset and a corresponding liability at the date of which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments over the lease term including the most likely to be used extension options. The estimated lease liability is calculated as the present value of expected rental payments over the lease term. Expected rental payments are index adjusted where applicable. A discount rate similar to the group's incremental borrowing rate is used. Right of use assets are measured at cost and equals the amount of the initial measurement of the lease liability. Payments associated with short term leases and low value leases are recognised on a straight line basis as an expense in profit or loss.

Right of use assets are specified in note 7 and lease liabilities in note 10.

Adjustments recognised on adoption of IFRS 16:

Operating lease commitments at 31 December 2018	588.8
Discounted using the group's incremental borrowing rate	92.1
Present value of lease liabilities recognised at 1 January 2019	496.7

In the first quarter of 2019, the change in accounting policy affected the group's rental costs with a decrease of MNOK 13.8 and the depreciation charges and the finance costs with an increase of MNOK 12.6 and MNOK 3.6 respectively. The net effect on profit/(loss) before income tax was a loss of MNOK 2.5, while the EBITDA was improved by MNOK 13.8.



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