

INTERIM FINANCIAL REPORT

4th quarter 2019



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About Avinor

Avinor has two primary business areas, operation of a nationwide network of airports, and the national air navigation services for civil and military aviation. In total, this includes 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

	FOURTH QUARTER		TWELVE MONTHS ENDED DECEMBER	
	2019	2018	2019	2018
Traffic income	725.8	731.6	2,995.4	2,999.8
Security (cost based)	312.6	337.9	1,315.2	1,406.6
Sales- and rental income - duty free	720.8	715.1	2,903.1	2,849.6
Sales- and rental income - parking	239.0	247.0	949.1	967.2
Sales- and rental income - other	558.0	505.9	2,121.7	2,004.4
Inter-group income	19.2	18.7	72.1	74.9
Total income airport operations	2,575.4	2,556.1	10,356.6	10,302.6
En route charges	267.4	272.7	1,068.1	1,106.7
Inter-group income approach and control tower services	224.3	223.6	859.2	849.1
Other income	51.3	44.3	172.3	151.4
Total income air navigation services	543.0	540.6	2,099.7	2,107.2
Other group income	242.9	220.3	935.1	869.2
Elimination of inter-group income	-417.4	-402.0	-1,606.2	-1,554.9
Total group income	2,943.9	2,915.2	11,785.2	11,724.2
Operating expenses airport operations	-1,463.9	-1,567.0	-5,592.4	-6,012.9
Operating expenses air navigation services	-535.9	-362.9	-2,058.8	-1,769.4
Other operating expenses	-288.9	-353.8	-2,153.6	-1,296.0
Elimination of inter-group expenses	417.3	402.0	1,606.2	1,554.9
Total group expenses	-1,871.5	-1,881.6	-8,198.5	-7,523.4
EBITDA airport operations	1,111.4	989.2	4,764.3	4,289.7
EBITDA air navigation services	7.1	177.8	40.9	337.8
EBITDA others	-46.0	-133.5	-1,218.6	-426.8
EBITDA group	1,072.4	1,033.6	3,586.7	4,200.8
Depreciation, amortisation and impairment charges	-552.0	-550.4	-2,171.6	-2,103.4
Operating profit/(loss)	520.4	483.2	1,415.1	2,097.4
Net finance income/(costs)	-134.4	-137.2	-563.2	-600.9
Profit/(loss) before income tax	386.0	346.0	851.9	1,496.5
Income tax expense	-84.6	-63.1	-186.8	-326.8
Profit/(loss) after tax	301.5	282.9	665.1	1,169.7
EBITDA-margin airport operations	43.2 %	38.7 %	46.0 %	41.6 %
EBITDA-margin air navigation services	1.3 %	32.9 %	1.9 %	16.0 %
EBITDA-margin others	36.4 %	35.5 %	30.4 %	35.8 %
Investments airport operations	455.9	437.5	1,687.1	1,617.8
Investments air navigation services	137.8	74.3	498.9	221.7
Investments others	163.7	104.3	348.7	217.0
Total investments	757.4	616.1	2,534.7	2,056.5
Distributed dividends	-	-	-584.9	-249.7
Cash flow before borrowings/repayments	300.6	177.1	291.9	842.7
Interest - bearing debts			19,051.7	20,234.5
Total assets			43,874.2	43,689.8
Net debt to equity ratio (b)			45.9 %	44.0 %
Number of passengers (in 1000)	12,944.2	13,044.3	54,099.0	54,387.2
Number of aircraft departures (in 1000)	168.7	173.1	677.3	690.5
Number of service units (in 1000)	609.0	622.2	2,437.2	2,522.1
Punctuality (a)			84 %	83 %
Regularity (a)			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 2019 measured by passenger numbers fell by 0.5 per cent compared to the corresponding period in 2018. Traffic increased by 0.6 per cent when Haugesund Airport is excluded.

Over the last 12 months, average regularity and punctuality were 98 per cent and 84 per cent, respectively.

On 7 January 2020 there was a fire in a car park at Stavanger Airport Sola. The fire is believed to have started in an older diesel vehicle and quickly spread, becoming a very challenging fire resulting in considerable material damage. Parts of the car park have collapsed. No serious injuries occurred as a result of the incident. Passengers were evacuated from the terminal and hotel to Stavanger city centre. The extent of the damage is currently being assessed. The building was insured to its full value.

In partnership with Nord University and the Nord University Business School, Avinor has helped to establish a new course in aviation management. The course is designed for people working in or who have an interest in working in aviation organisations.

One project under the auspices of Avinor and the Norwegian Public Roads Administration has looked at a future transport solution for Lofoten, Ofoten, and Vesterålen. The project's steering group recommends a new major airport at Leknes and a new road solution between Svolvær and Leknes. The report has been submitted to the Norwegian Ministry of Transport and Communications, which will respond to the issue of future transport solutions in a Report to the Storting on the National Transport Plan for 2022 to 2033. The Report to the Storting is scheduled for the spring of 2021.

Avinor has concluded a partnership agreement with SINTEF with the aim of providing future low- and zero-emission solutions for airports and aircraft. In addition, co-operation is continuing with a view to becoming an international leader in the digitalisation of airport management.

FOURTH QUARTER OF 2019

TABLE 1: KEY FINANCIAL FIGURES Q4 2019

MNOK	Q4 2019	Q4 2018	CHANGE
Operating income	2 943.9	2 915.2	1.0 %
EBITDA	1 072.4	1 033.6	3.8 %
EBIT	520.4	483.2	7.7 %
Profit/loss for the period	301.5	282.9	6.6 %
Investments	757.4	616.1	22.9 %

The Group's operating income in the fourth quarter amounted to NOK 2,944 million, compared with NOK 2,915 million for the corresponding period in 2018. Adjusted for Haugesund Airport which was transferred to an external operator in May 2019, traffic fell by 2.2 per cent measured by passenger numbers. The fall in traffic income (fees) was offset by an increase in sales and rental income in the fourth quarter.

Total operating expenses including the cost of sales amounted to NOK 1,872 million, compared with NOK 1,882 million for the corresponding period in 2018. The quarter-on-quarter comparison of costs is impacted by the positive effect of pension scheme changes and a change in value of power derivatives in 2018 (cf. note 5 to the consolidated financial statements). Underlying operating expenses adjusted for the cost of sales, losses on receivables, and changes as described in note 5 fell by 4.4 per cent.

Total depreciation, amortisation, and impairment totalled NOK 552 million in the fourth quarter, compared with NOK 550 million for the corresponding period in 2018.

The Group's net finance costs in the fourth quarter were NOK -134 million, compared with NOK -137 million for the fourth quarter of 2018.

With an annual income tax rate of 22 per cent, the Group's profit after tax in the fourth quarter was NOK 301 million, compared with NOK 283 million in the corresponding reporting period in 2018.

1 JANUARY TO 31 DECEMBER 2019

TABLE 2: KEY FINANCIAL FIGURES 01.01 - 31.12.19

MNOK	01.01 - 31.12.19	01.01 - 31.12.18	CHANGE
Operating income	11 785.2	11 724.2	0.5 %
EBITDA	3 586.7	4 200.8	-14.6 %
EBIT	1 415.1	2 097.4	-32.5 %
Profit/loss for the period	665.1	1 169.7	-43.1 %
Investments	2 534.7	2 056.5	23.3 %

In the period 1 January to 31 December 2019, the Group had a profit after tax of NOK 665 million, against NOK 1,169 million for the corresponding period in 2018. The change in profits was primarily due to increased provisions for estimated cleanup costs related to environmental contaminants at Avinor's fire training sites. See the interim report for Q2 2019.

The Group's balance sheet increased by NOK 184 million between 1 January and 31 December 2019 to total NOK 43.9 billion as at 31 December 2019.

Operating income

Operating income in the period 1 January to 31 December 2019 amounted to NOK 11,785 million, compared with NOK 11,724 for the corresponding period in 2018.

Within airport operations operating income increased by 0.5 per cent in 2019 to NOK 10,357 million. Although operating income at Oslo, Bergen, and Stavanger airports grew by 1.2 per cent, it fell by 1.7 per cent in the rest of the airport network. This growth in income at the largest airports is primarily due to increased traffic volumes combined with increased sales and rental income. Reduced traffic volume and traffic income affected the results for the rest of the airport network in 2019.

Total operating income within air navigation services fell by 0.4 per cent to NOK 2,100 million in 2019. The decrease was due to a reduction in traffic volume for en-route navigation services.

TABLE 3: OPERATING AND OTHER INCOME

MNOK	01.01 - 31.12.19	01.01 - 31.12.18	CHANGE
Airports operations	10 356.6	10 302.6	0.5 %
Air traffic services	2 099.7	2 107.2	-0.4 %
Property development and hotels	135.1	129.5	4.3 %
Group services	800.0	739.7	8.2 %
Consolidated items	(1 606.2)	(1 554.9)	3.3 %
Avinor group	11 785.2	11 724.2	0.5 %

Operating expenses, depreciation and other items

Operating expenses in the period 1 January to 31 December 2019 amounted to NOK 8,199 million, compared with NOK 7,523 million for the corresponding period in 2018. A comparison of year-on-year reported operating expenses is impacted by changes in the cost of sales, pension plan changes, environmental cleanup provisions, and changes in the value of financial hedging instruments. Adjusted for the above, underlying operating expenses fell by 3.6 per cent compared with 2018.

Within airport operations, total operating expenses fell by 7.0 per cent to NOK 5,592 million compared with the corresponding reporting period in 2018. Excluding the reduction in costs resulting from pension plan changes, the reduction was 3.1 per cent.

Total operating expenses for air navigation services during the period grew by 16.4 per cent to NOK 2,059 million. The year-on-year comparison is impacted by pension plan changes recognised in the income statement (gain in 2018 and loss in 2019). Adjusted for the effect of pension plan changes, air navigation services had the same cost level in 2019 and 2018.

Joint Group costs and unshared costs amounted to NOK 2,146 million, compared with NOK 1,289 million for the corresponding period last year. The increase of NOK 857 million was primarily due to the aforementioned allocations for estimated cleanup costs related to environmental contaminants at Avinor's fire training sites.

Total depreciation, amortisation, and write-downs for the period amounted to NOK 2,172 million against NOK 2,103 million in 2018. Depreciation has been impacted by the introduction of new accounting standards for carrying lease agreements, cf. note 15 to the consolidated financial statements.

EBITDA and EBIT

EBITDA for the period 1 January to 31 December 2019 amounted to NOK 3,587 million. EBITDA for the corresponding period in 2018 amounted to NOK 4,201 million.

EBIT for the period 1 January to 31 December 2019 amounted to NOK 1,415 million, compared with NOK 2,097 million for the corresponding period in 2018.

This decrease was primarily due to the aforementioned allocations for estimated cleanup costs related to environmental contaminants. Adjusted for environmental cleanup provisions, the Group's operating margin was strengthened by 1.5 per cent in 2019.

Financial items and tax

The Group's net financial income for the period 1 January to 31 December 2019 amounted to NOK -563 million, compared with NOK -601 million for the corresponding period in 2018. The change in financial income is due to reduced interest costs as a result of a reduction in interest-bearing liabilities. This was partly offset by increased interest costs as a result of the introduction of a new accounting standard for leases (IFRS 16).

Investments

Capitalised additions to property, plant, and equipment in the period 1 January to 31 December 2019 amounted to NOK 2,535 million, compared with NOK 2,057 million for the corresponding period last year.

The investments can be broken down into the following business areas:

TABLE 4: ADDITION TO PPE RECOGNISED IN THE BALANCE SHEET

MNOK	01.01 - 31.12.19	01.01 - 31.12.18	CHANGE
Airports operations	1 687.1	1 617.8	69.4
Air traffic services	498.9	221.7	277.2
Property development and hotels	4.3	0.7	3.6
Joint items, group	300.1	151.8	148.4
Consolidated items	44.2	64.6	-20.3
Group	2 534.7	2 056.5	478.2

Cash flow, financing and liabilities

In the period 1 January to 31 December 2019, the Group's cash flow was positive before changes for liabilities of NOK 292 million.

Interest-bearing liabilities (not taking into account the value of derivatives related to interest rate hedging) and capitalised lease commitments as at 31 December 2019 amounted to NOK 21,295 million, of which NOK 1,548 million were current interest-bearing liabilities.

Changes in the economic parameters that form the basis for calculating pension liabilities have resulted in an increase in equity through other comprehensive income of NOK 425 million.

The Group has a fixed-rate loan in EUR with a corresponding hedge in NOK. Changes in the value of interest hedging instruments have had a positive effect on equity to the tune of NOK 196 million (net). The change is positive due to the fall in Euro interest rates. This positive effect is partly offset through losses on the corresponding interest-rate hedges in NOK.

As at 31 December 2019, the Group's total assets amounted to NOK 43.9 billion and its equity ratio was 34.7 per cent. Equity as a percentage of the total of equity and net interest-bearing liabilities (cf. paragraph 5 of the articles of incorporation) amounted to 45.9 per cent.

As at 31 December 2019, the Group's cash reserves amounted to NOK 5,659 million, distributed between NOK 1,059 million in bank deposits and NOK 4,600 million in unutilised drawing rights.

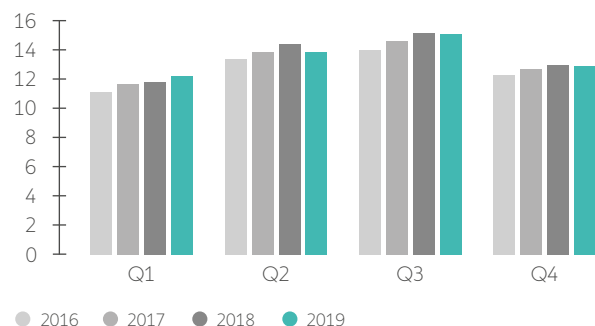
Traffic development and service goals

A total of 54.1 million passengers travelled via Avinor's airports in the period 1 January to 31 December 2019, which is a fall of 0.5 per cent compared with the corresponding period in 2018. Excluding Haugesund Airport, traffic increased by 0.6 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



Compared with the same period in 2018, domestic traffic fell by 0.4 per cent while international traffic increased by 1.8 per cent. Offshore helicopter traffic increased by 12.2 per cent. Domestic traffic accounted for 56 per cent of the total traffic volume.

Passenger volume was distributed between the airports as follows (Haugesund included in the figures for 2018):

TABLE 5: NO. OF AIR PASSENGERS

PASSENGERS (1 000)	01.01 - 31.12.19	01.01 - 31.12.18	CHANGE
Gardermoen	28 572	28 496	0.3 %
Flesland	6 436	6 232	3.3 %
Sola	4 302	4 250	1.2 %
Værnes	4 374	4 428	-1.2 %
Others	10 415	10 981	-5.2 %
Avinor group	54 099	54 387	-0.5 %

The number of commercial air transport movements in the period fell by 1.9 per cent compared with the corresponding period in 2018. Domestic air transport movements fell by 3.1 per cent, while international air transport movements fell by 0.2 per cent. Offshore aircraft movements increased by 8.9 per cent. The change in the number of air transport movements in relation to the number of passengers reflects the use of larger aircraft and higher load factors.

The traffic volume for en-route navigation services measured in terms of the number of service units fell by 3.4 per cent.

Over the past 12 months, average regularity was recorded at 98 per cent and average punctuality at 84 per cent throughout Avinor's network of airports. The internal target for punctuality is 88 per cent.

FLIGHT SAFETY AND HSE

There were no aviation accidents and one serious aviation incident in Norwegian aviation to which Avinor was a contributing party in 2019. A scheduled flight to Oslo Airport entered Norwegian airspace without the flight being known to air traffic control services. The aircraft was not identified on the radar and the symbol observed had no association, meaning that there were no details on the flight that were to be co-ordinated in advance. The situation was discovered late and the incident was allowed to develop over time. The incident prompted an extensive investigation that resulted in measures being taken. These are either being followed up, or have already been implemented and completed.

The H1 value (frequency of lost-time injuries) for the last 12 months was 3.9 in Avinor AS and 0.0 in Avinor Flysikring AS, while the H2 value (frequency of injuries) was 8.1 in Avinor AS and 0.0 in Avinor Flysikring AS.

Absence due to illness over the last 12 months amounted to 5.3 per cent. In Avinor AS and 3.5 per cent in Avinor Flysikring AS.

Efforts are being made to prevent work-related injuries and illness in the company, such as by way of extensive HSE training, simpler reporting solutions, improved sharing of experiences

following incidents, the mapping and monitoring of HSE risks, better enforcement following a breach of HSE procedures, and an increased emphasis on preventative HSE efforts.

RISK

The Group's operations are focused on safe air traffic management, with procedures and measures to reduce the risks 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 corporate social responsibility. The scope and organisation of sectoral policy guidelines may change over time.

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

There are technical, 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. The earnings of major airports are especially vulnerable to economic fluctuations and competition from airports outside of 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 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.

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). According to the plan, 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 has assumed that Avinor will contribute NOK 1.4 billion, which corresponds to the estimated investment the current airport will need over the next few years at 2017 prices, plus the value of buildings and property in the current airport. Discussions are underway with the municipality of Bodø regarding local contributions for the project. It remains to be

clarified how the local share of the financing will be implemented.

The Norwegian parliament passed a new law on public-sector occupational pension schemes on 21 June 2019. The law does not contain provisions for a new AFP scheme or special rules for people with a special age limit for those born from 1963 onwards. Labour market parties have commenced negotiations for a solution to the special age limit with a view to reaching a solution by the winter of 2020. It is intended that the accrual rules that apply from 2020 shall apply to those with a special age limit, and who were born in 1963 or after. This means that accruals to the current scheme ended at the end of 2019. The contractual pension (AFP) for public-sector employees shall be in addition to the National Insurance Fund pension, occupational pension, and any employment income. Although the new public-sector AFP is yet to be adopted, the labour market parties agree that the public-sector AFP should be designed according to patterns in the private sector.

The airports have discharge permits that require risk assessments 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. Future cleanup costs are dependent on regulatory requirements. The Norwegian Environment Agency has ordered the implementation of measures at Evenes Airport and at Oslo Airport, and instructed Kristiansand Airport and Svalbard Airport to draw up action plans. For the remaining airports, the Norwegian Environment Agency has issued an overarching order according to which Avinor must compile the results from completed PFAS surveys and draw up a prioritised series of measures. This will be submitted to the Norwegian Environment Agency in the fourth quarter and will form the basis for its evaluation of what measures to impose on Avinor in relation to the cleanup. Based on the survey, a discretionary assessment of the probable cost of the cleanup has been carried out and an accounting provision of NOK 871 million was made in the second quarter of 2019. A final decision has not been taken by the Norwegian Environment Agency about the extent of the cleanup, which initiatives must be taken, or the deadlines for these.

OUTLOOK

Mobility and efficient air transport are essential for social development, as well as for the growth of the Norwegian travel industry and businesses. Continued strong traffic growth is expected in the coming years. Avinor is upgrading and developing its airport network to facilitate good regional, national, and international air services.

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. The company will continue its efforts to ensure safe and stable operations within a cost-effective framework.

CONDENSED INCOME STATEMENT

All amounts in MNOK

		FOURTH QUARTER		TWELVE MONTHS ENDED DECEMBER	
	NOTES	2019	2018	2019	2018
Operating income					
Traffic income	4	1 305.7	1 342.2	5 378.7	5 513.1
Other operating income	4	1 638.2	1 573.0	6 406.5	6 211.1
Total operating income		2 943.9	2 915.2	11 785.2	11 724.2
Operating expenses					
Raw materials and consumables used		61.9	67.4	186.5	262.0
Employee benefits expenses		984.3	970.9	3 708.6	3 665.8
Other operating expenses		816.5	1 004.4	3 482.6	3 795.4
Other expenses	5	8.8	-161.1	820.8	-199.8
Total operating expenses		1 871.5	1 881.6	8 198.5	7 523.4
EBITDA		1 072.4	1 033.6	3 586.7	4 200.8
Depreciation, amortisation and impairment charges	7	552.0	550.4	2 171.6	2 103.4
Operating profit/(loss)		520.4	483.2	1 415.1	2 097.4
Finance income		11.7	3.8	36.5	32.8
Finance costs		146.1	141.0	599.7	633.7
Net finance income/(costs)		-134.4	-137.2	-563.2	-600.9
Profit/(loss) before income tax		386.0	346.0	851.9	1 496.5
Income tax expense	6	84.6	63.1	186.8	326.8
Profit/(loss) after tax		301.5	282.9	665.1	1 169.7

STATEMENT OF COMPREHENSIVE INCOME

All amounts in MNOK

	FOURTH QUARTER		TWELVE MONTHS ENDED DECEMBER	
	2019	2018	2019	2018
Profit/(loss) for the period	301.5	282.9	665.1	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	1 447.3	-666.3	544.6	-666.3
Tax effect	-318.4	152.9	-119.8	152.9
Change in tax rate, effect deferred tax assets/-liabilities		-82.4		-82.4
Items that may be subsequently reclassified to profit or loss:				
Cash flow hedges	-46.1	28.0	251.3	211.9
Tax effect	10.1	-6.4	-55.3	-48.7
Other comprehensive income, net of tax	1 092.9	-574.2	620.8	-432.6
Total comprehensive income	1 394.4	-291.3	1 285.9	737.1
Attributable to:				
Owner of parent	1 394.4	-291.3	1 285.9	737.1

CONDENSED BALANCE SHEET

All amounts in MNOK

		31 DECEMBER	
	NOTES	2019	2018
ASSETS			
Non - current assets			
Intangible assets			
Deferred tax assets	6	1 135.4	1 497.4
Other intangible assets	7	233.7	103.4
Intangible assets under construction	7	622.4	332.3
Total intangible assets		1 991.5	1 933.1
Property, plant and equipment			
Property, plant and equipment	7	34 244.6	34 426.4
Assets under construction	7	2 642.4	2 496.1
Right of use assets	7	485.0	-
Total property, plant and equipment		37 372.0	36 922.5
Financial assets			
Derivative financial instruments	11	1 751.1	1 506.2
Other financial assets		99.0	88.3
Total financial assets		1 850.1	1 594.5
Total non-current assets		41 213.6	40 450.1
Current assets			
Inventories		24.4	27.6
Trade and other receivables		1 572.9	1 418.8
Derivative financial instruments	11	4.2	53.5
Cash and cash equivalents	10	1 059.1	1 739.8
Total current assets		2 660.6	3 239.7
TOTAL ASSETS		43 874.2	43 689.8

CONDENSED BALANCE SHEET

All amounts in MNOK

		31 DECEMBER	
	NOTES	2019	2018
EQUITY AND LIABILITIES			
Equity			
Share capital		5 400.1	5 400.1
Other equity		9 841.9	9 140.8
Total equity		15 242.0	14 540.9
Provisions			
Retirement benefit obligations	9, 13	3 972.8	4 633.4
Other provisions	5, 13	1 065.9	174.0
Total provisions		5 038.7	4 807.4
Non-current liabilities			
State loan	10, 11	1 194.2	1 638.6
Other non-current loans	10, 11	18 117.1	18 570.6
Lease liabilities	10, 11	435.5	-
Total non-current liabilities		19 746.8	20 209.2
Current liabilities			
Commercial papers	10, 11	600.0	-
Trade payables		579.7	536.1
Tax payable		-	290.9
Public duties payable		343.3	361.6
Derivative financial instruments	11	2.3	6.2
First annual installment on long-term liabilities	10, 11	891.5	1 531.5
Lease liabilities	10, 11	56.7	-
Other current liabilities		1 373.2	1 406.0
Total current liabilities		3 846.7	4 132.3
Total liabilities		28 632.2	29 148.9
TOTAL EQUITY AND LIABILITIES		43 874.2	43 689.8

STATEMENT OF CHANGES IN EQUITY

All amounts in MNOK

	SHARE CAPITAL	OTHER RESERVES	OTHER EQUITY	TOTAL EQUITY
Balance at 1 Januar 2018	5 400.1	-1 137.6	9 791.0	14 053.5
Total comprehensive income		-432.6	1 169.7	737.1
Dividends provided for or paid			-249.7	-249.7
Balance at 31 December 2018	5 400.1	-1 570.2	10 711.0	14 540.9
Balance at 1 Januar 2019	5 400.1	-1 507.4	10 648.2	14 540.9
Total comprehensive income			1 285.9	1 285.9
Dividends provided for or paid			-584.9	-584.9
Balance at 31 December 2019	5 400.1	-1 507.4	11 349.1	15 242.0

STATEMENT OF CASH FLOWS

All amounts in MNOK

		TWELVE MONTHS ENDED DECEMBER	
	NOTES	2019	2018
Cash flow from operating activities			
Profit/(loss) before income tax		851.9	1 496.5
Depreciation	7	2 171.6	2 103.4
(Profit)/loss on disposals of non-current assets		-	-8.5
Changes in value and other losses/(gains) - net (unrealised)		49.4	-47.9
Net finance (income)/costs		563.2	600.9
Change in inventories, trade receivables and trade payables		-47.3	15.4
Difference between post employment benefit expense and amount paid/received	9	-115.9	-58.8
Change in other working capital items ¹⁾		731.8	101.5
Interest received		58.1	37.4
Income tax paid		-290.6	-115.6
Net cash generated from operating activities		3 972.2	4 124.3
Cash flow from investing activities			
Investments in property, plant and equipment (PPE)		-2 470.7	-2 523.5
Proceeds from sale of PPE, incl assets under construction		30.4	26.4
Change in other investments		-21.8	153.8
Net cash used in investing activities		-2 462.1	-2 343.3
Cash flow from financing activities			
Repayment of borrowings	10	-1 572.6	-1 174.7
Net proceeds/repayment of short term borrowings (commercial papers)	10	600.0	-
Interest paid		-627.3	-688.0
Other borrowing charges		-6.0	-0.6
Dividends paid to owner	12	-584.9	-249.7
Net cash generated/used in financing activities		-2 190.8	-2 113.0
Net (decrease)/increase in cash, cash equivalents and bank overdrafts			
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		-680.7	-332.0
Cash, cash equivalents and bank overdrafts at the beginning of the period		1 739.8	2 071.8
Cash, cash equivalents and bank overdrafts at the end of the period	10	1 059.1	1 739.8

1) Change in other working capital items in 2019 includes provisions for external environment 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 fourth quarter of 2019 were approved by the Board of Directors on February 14, 2020.

The interim financial information has not been audited.

NOTE 2 Basis of preparation and accounting policies

The interim financial statement for Avinor Group for the fourth quarter, ended 31 December 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 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 15.

As a result of a change in IAS 19 in 2019, an entity shall determine current service cost for the remainder 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 have been updated.

NOTE 3 Segment information*All amounts in MNOK*

TWELVE MONTHS ENDED DECEMBER 2019

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	2 115.9	562.1	413.1	352.3	867.2	4 310.6
Other income	3 864.2	624.9	460.1	335.7	689.0	5 973.9
Inter-segment income	1.8	2.5	5.0	2.2	60.5	72.1
Total income	5 981.9	1 189.5	878.3	690.1	1 616.7	10 356.6
Employee benefits expenses	496.7	123.0	104.8	93.4	812.8	1 630.7
Other operating expenses	1 202.8	213.3	164.7	126.4	847.3	2 554.5
Inter-segment expenses	399.8	147.1	114.6	95.1	650.5	1 407.0
Total expenses	2 099.3	483.4	384.0	314.9	2 310.6	5 592.3
EBITDA	3 882.6	706.1	494.2	375.2	-693.9	4 764.3
Depreciation and amortisation	940.0	300.2	126.4	105.8	421.1	1 893.5
Operating profit/(loss)	2 942.6	406.0	367.8	269.4	-1 115.0	2 870.8
Assets ¹⁾	17 462.4	5 620.3	1 911.4	1 682.6	5 851.0	32 527.8

TWELVE MONTHS ENDED DECEMBER 2019 CONTINUED

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	4 310.6	1 068.1	-	-	-	5 378.7
Other income	5 973.9	172.3	112.0	148.1	-	6 406.5
Inter-segment income	72.1	859.2	23.1	651.9	-1 606.2	-
Total income	10 356.6	2 099.7	135.1	800.0	-1 606.2	11 785.2
Employee benefits expenses	1 630.7	1 476.9	-	601.0	-	3 708.6
Other operating expenses	2 554.5	486.8	5.6	1 442.9	-	4 489.9
Inter-segment expenses	1 407.0	95.1	2.3	101.8	-1 606.2	0.0
Total expenses	5 592.3	2 058.8	7.9	2 145.7	-1 606.2	8 198.5
EBITDA	4 764.3	40.9	127.2	-1 345.7	-	3 586.7
Depreciation and amortisation	1 893.5	142.7	36.0	99.4	-	2 171.6
Operating profit/(loss)	2 870.8	-101.9	91.2	-1 445.2	-	1 415.1
Assets ¹⁾	32 527.8	912.8	760.3	277.4	-	34 478.3

Other operating expenses in the segment Others includes provisions for external environment of MNOK 871,2 as at 31 December 2019, see note 5 and 13.

TWELVE MONTHS ENDED DECEMBER 2018

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	2 144.2	561.2	411.6	366.1	923.2	4 406.4
Other income	3 772.8	609.4	445.2	330.1	663.8	5 821.3
Inter-segment income	1.7	3.9	5.0	2.2	62.1	74.9
Total income	5 918.7	1 174.5	861.8	698.4	1 649.1	10 302.6
Employee benefits expenses	505.2	129.5	106.9	92.2	815.0	1 648.7
Other operating expenses	1 467.7	231.6	180.6	136.8	965.2	2 981.9
Inter-segment expenses	369.1	145.7	114.6	93.4	659.5	1 382.3
Total expenses	2 342.0	506.7	402.0	322.4	2 439.7	6 012.9
EBITDA	3 576.8	667.8	459.8	376.0	-790.6	4 289.7
Depreciation and amortisation	942.4	276.6	121.2	101.5	447.2	1 888.9
Operating profit/(loss)	2 634.4	391.1	338.6	274.5	-1 237.8	2 400.8
Assets ¹⁾	17 537.1	5 697.0	1 893.1	1 739.4	5 869.8	32 736.4

TWELVE MONTHS ENDED DECEMBER 2018 CONTINUED

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	4 406.4	1 106.7	-	-		5 513.1
Other income	5 821.2	151.4	108.2	130.2		6 211.1
Inter-segment income	74.9	849.1	21.3	609.5	-1 554.9	-
Total income	10 302.6	2 107.2	129.5	739.7	-1 554.9	11 724.2
Employee benefits expenses	1 648.7	1 457.6	0.1	559.4		3 665.8
Other operating expenses	2 981.9	222.2	5.8	647.7		3 857.6
Inter-segment expenses	1 382.3	89.6	1.4	81.6	-1 554.9	-
Total expenses	6 012.9	1 769.4	7.3	1 288.7	-1 554.9	7 523.5
EBITDA	4 289.7	337.8	122.2	-549.0	-	4 200.8
Depreciation and amortisation	1 888.9	104.3	36.0	74.1		2 103.4
Operating profit/(loss)	2 400.8	233.4	86.2	-623.1	-	2 097.4
Assets ¹⁾	32 736.4	760.0	795.8	237.6		34 529.8

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 spesification 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.

SPESIFICATION	FOURTH QUARTER		TWELVE MONTHS ENDED DECEMBER	
	2019	2018	2019	2018
Traffic income				
Takeoff charges	286.7	294.5	1 160.0	1 162.3
Terminal charges	291.4	286.1	1 240.3	1 241.4
En route charges	267.4	272.7	1 068.1	1 106.7
Security charges	312.6	337.9	1 315.2	1 406.5
Terminal navigation charges	147.7	151.0	595.1	596.2
Total traffic income	1 305.7	1 342.2	5 378.7	5 513.1
Other operating income				
Revenue from contracts with customers:				
Duty free	25.9	30.1	118.5	141.0
Parking	0.2	0.1	0.7	35.7
Other	238.1	209.5	790.4	770.2
Total other operating income from contracts with customers	264.2	239.7	909.6	946.9
Rental income:				
Duty free	694.9	685.0	2 784.6	2 708.6
Parking	238.8	246.9	948.4	931.6
Other	440.3	401.4	1 763.9	1 624.0
Total rental income	1 374.0	1 333.3	5 496.9	5 264.2
Total other operating income	1 638.2	1 573.0	6 406.5	6 211.1
Total income from contracts with customers	1 569.9	1 581.9	6 288.3	6 460.0
Total rental income	1 374.0	1 333.3	5 496.9	5 264.2
Total operating income	2 943.9	2 915.2	11 785.2	11 724.2

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

SPESIFICATION	FOURTH QUARTER		TWELVE MONTHS ENDED DECEMBER	
	2019	2018	2019	2018
Other expenses				
Pensions - see note 9 and 13	-	-128.8	-86.6	-128.8
External environment - see note 13	-	-	871.2	-
Changes in value and other (losses)/gains, net	8.8	-32.3	36.2	-71.0
Total	8.8	-161.1	820.8	-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 December 2018					
Opening net book amount	112.8	34 142.9	3 193.1	-	37 448.8
Additions	6.9	2 414.2	2 049.5	-	4 470.6
Reclassification	-	-	2 414.2	-	2 414.2
Disposals	-	43.6	-	-	43.6
Depreciation charge	16.3	2 087.1	-	-	2 103.4
Closing net book amount	103.4	34 426.4	2 828.4	-	37 358.2
At 31 December 2019					
Opening net book amount	103.4	34 426.4	2 828.4	-	37 358.2
Opening net book amount - new accounting policy, see note 15	-	-	-	496.7	496.7
Additions	149.8	1 948.5	2 534.7	41.1	4 674.1
Reclassification	-	-	2 098.3	1.4	2 099.7
Disposals	-	29.6	-	-	29.6
Depreciation charge	19.5	2 100.7	-	51.4	2 171.6
Closing net book amount	233.7	34 244.6	3 264.8	485.0	38 228.1

MNOK 622,4 of assets under construction is classified as intangible as at 31 Desember 2019.

Measurement of recoverable amount

Reference is made to the financial statements for 2018. 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 DECEMBER	
	2019	2018
Interest bearing debt - including interest rate swaps (see note 10 and 11)	19 543.9	20 234.5
Lease liabilities	492.2	-
Cash and cash equivalents	1 059.1	1 739.8
Net interest bearing debt - exclusive lease liabilities	17 992.6	18 494.7
Equity	15 242.0	14 540.9
Total equity and net interest bearing debt	33 234.6	33 035.6
Net debt to equity ratio ¹⁾	45.9 %	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 Pensions*All amounts in MNOK*

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

	31 DECEMBER	
	2019	2018
Discount rate	2.30 %	2.60 %
Future return on plan assets	2.30 %	2.60 %
Future salary increases	2.25 %	2.75 %
Future pension increases	1.25 %	1.75 %
Future increases in the social security base rate (G)	2.00 %	2.50 %

PENSION OBLIGATION

	31 DECEMBER	
	2019	2018
Net pension obligation at 1 January	4 633.4	4 025.9
Pension cost - plan amendment inclusive curtailment/settlement	-86.6	-128.8
Pension cost - other (exclusive employee contribution)	359.0	621.0
Employer/employee contribution	-388.3	-551.0
Actuarial gains/losses	-544.6	666.3
Net pension obligation at 31 December	3 972.8	4 633.4

In addition to the pension cost in the table above there is a cost of MNOK 131,7 as at 31 December 2019 related to employees that have transitioned to a defined contribution pension scheme (MNOK 0.0 as at 31 December 2018) and MNOK 25,9 related to the private AFP scheme (early retirement) (MNOK 0,0 as at 31 December 2018).

During the period, NOK 86.6 million was recognized in the income statement related to plan changes and curtailment/settlement. The recognized plan changes for the period amount to MNOK 33.0 and relates to changes as a result of the new act on public sector occupational pension, including new rules for coordination between public sector occupational pensions and social security pensions. The recognized curtailment/settlement amounts to MNOK 53,6 and is due to the fact that some of the employees have switched from defined benefit pension to defined contribution pension, including the establishment of a new scheme related to special retirement pension. Actuarial gains and losses recognized in other comprehensive income are related to changes in economic assumptions.

The new act on public sector occupational pension does not contain regulations related to a new AFP scheme (early retirement) or complete rules for special retirement pension. As a result, the accounting effect of this is not reflected in the accounts as of 31 December 2019.

NOTE 10 Borrowings and lease liabilities*All amounts in MNOK*

	31 DECEMBER	
	2019	2018
Non-current	19 746.8	20 209.2
Current	1 548.2	1 531.5
Total	21 295.0	21 740.7
Movement in borrowings and lease liabilities		
Opening net book amount	21 740.7	22 811.4
Opening net book amount - lease liabilities - new accounting policy, see note 14	496.7	-
Repayment of borrowings	-1 531.5	-1 174.7
Repayment of lease liabilities	-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	-6.3	103.9
Closing net book amount	21 295.0	21 740.7

LIQUIDITY RESERVES

	31 DECEMBER	
	2019	2018
Cash and cash equivalents	1 059.1	1 739.8
Unused bank overdraft	600.0	600.0
Unused credit facility	4 000.0	4 000.0
Total	5 659.1	6 339.8

The Group has, at the end of fourth quarter 2019, sufficient headroom in respect of compliance with covenants. The groups liquidity reserves equals at least 12 months forecasted 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 trade payables is approximately equal to fair value as they are entered into under "normal" conditions. This also applies to accounts receivables with the exception of customer relationships where there are significant overdue, unpaid outstanding and where outstanding receivables are valued at fair value.

The fair value of long-term debt is based on quoted market prices or on the interest rates for debt with corresponding terms and similar credit risk. The fair value of commercial papers equals principal amount.

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

	31 DECEMBER 2019		31 DECEMBER 2018	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Interest-bearing debt				
State loan	1 638.6	1 631.2	2 083.0	2 090.5
Bonds	13 344.0	14 318.6	14 050.3	14 690.8
Bank borrowings	5 220.3	5 602.1	5 607.4	6 041.7
Commercial papers	600.0	600.0	-	-
Lease liabilities	492.2	492.2	-	-

DERIVATIVE FINANCIAL INSTRUMENTS

	31 DECEMBER	
	2019	2018
Assets		
Interest rate swaps	1 751.1	1 506.2
Forward foreign exchange contracts	4.2	0.1
Forward energy contracts	-	53.4
Total assets	1 755.3	1 559.7
Liabilities		
Interest rate swaps	-	-
Forward foreign exchange contracts	-	6.2
Forward energy contracts	2.3	-
Total liabilities	2.3	6.2

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

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

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

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss		4.2		4.2
Derivatives used for hedging		1 751.1		1 751.1
Trade receivables at amortised cost	-	-	1 215.7	1 215.7
Total assets	-	1 755.3	1 215.7	2 971.0
Liabilities				
Financial liabilities at fair value through profit or loss	2.3	1 523.5		1 525.8
Derivatives used for hedging				-
Total liabilities	2.3	1 523.5	-	1 525.8

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

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss	53.4	0.1	-	53.5
Derivatives used for hedging	-	1 506.2	-	1 506.2
Total assets	53.4	1 506.3	-	1 559.7
Liabilities				
Financial liabilities at fair value through profit or loss	-	1 446.1	-	1 446.1
Derivatives used for hedging	-	-	-	-
Total liabilities	-	1 446.1	-	1 446.1

NOTE 12 Dividends

Dividends to the owner, for the year 2018 of MNOK 584.9 was paid in July 2019 (2017: MNOK 249.7 paid in July 2018).

NOTE 13 Contingencies

With reference to information in the annual financial statement for the year ended 31 December 2018.

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 as of 31 December 2019 amounts to MNOK 1,029.4.

Pensions

The new Act on public occupational pension scheme, with anticipated entry into force on 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 in the fourth quarter of 2019. 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

The parking garage at Stavanger Airport was damaged due to a fire on 7 January 2020. An examination of the extent of damage is ongoing. The damage is covered by Avinor's insurance schemes.

NOTE 15 New accounting standards

All amounts in MNOK

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

The Group's incremental borrowing rate is estimated to 3,05 % as at 31 December 2019.

The effect of change in accounting policy is specified below:

SPECIFICATION	FOURTH QUARTER		TWELVE MONTHS ENDED DECEMBER	
	2019	2018	2019	2018
Other operating expenses (decrease)	-17.2	-	-59.0	-
EBITDA	17.2	-	59.0	-
Depreciation (increase)	13.3	-	51.4	-
Finance costs (increase)	3.7	-	14.7	-
Profit/(loss) before income tax	0.2	-	-7.1	-



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