

#### The year in brief p. 3 Swedavia in brief p. 4 Statement of the President and CEO p. 6 Strategy, objectives and targets Our strategy p. 8 Strategic priorities p. 9 p. 12 Objectives and targets Customer The market and external driving forces p. 13 p. 16 Our offering Focus: Göteborg Landvetter Airport p. 21 Economy Our economic responsibility p. 22 Focus: Property development p. 25 **Environmental concern** Our environmental responsibility p. 26 Focus: Airport Carbon Accreditation (ACA) p. 31 Social development Our role in society p. 33 Our employees p. 36 p. 40 Safety and security Focus: Destination development p. 41 Report of the Directors p. 44 Group financial reports p. 51 Parent Company financial reports p. 57 Notes p. 63 Signatures to the Annual Report p. 92 Audit Report p. 93 Statement of Compliance p. 94 Corporate Governance Report p. 95 **GRI** index p. 106 **UN Global Compact** p. 109 Definitions p. 110 Contact information p. 111

This is Swedavia



Swedavia has taken a number of steps to develop as a long-term sustainable airport group in a challenging economy. Read more on p. 6-7.





Swedavia develops efficient, attractive airports for everyone. Read more about market trends and our customer offering on p. 13-21.





# About Swedavia's reporting

This is Swedavia's Annual Report and Sustainability Report for the financial year 2012. Information about sustainability is integrated in the Annual Report. The report is aimed primarily at Swedavia's owner, credit analysts and partners but also at other stakeholders, and is focused on our strategy as well as our objectives, targets and results for the past year. It covers the entire Group, unless otherwise indicated. Key financial data and financial reports for comparative periods for the previous year have been restated to comply with IFRS.

We also report sustainability results in compliance with Global Reporting Initiative (GRI) standards in a separate Statement of Results, which is available on our website. Reported indicators have been chosen based on our stakeholders and reflect our shared view of what is crucial for developing long-term sustainable operations.

This is a translation of the Swedish language original. In event of any differences between this translation and the original, the Swedish version shall prevail.

>> Read more at www.swedavia.com/about-swedavia/this-is-swedavia/



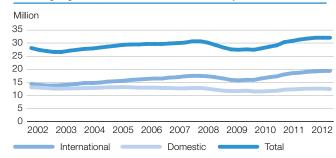


# Performance in 2012

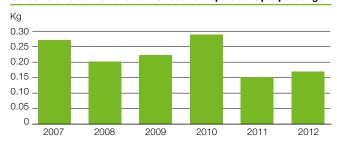
- Swedavia's airports had 32.4 million passengers for the full year, which is an increase of 2.7 per cent compared to the same period in 2011
- Net revenue increased to SEK 4,965 M (4,693)
- Operating profit was SEK 831 M (781)

- On June 29, Swedavia acquired buildings from SAS for SEK 1,775 M
- All ten airports in Sweden's national basic infrastructure are certified by Airport Carbon Accreditation at the highest level for climate work. Of the total fourteen airports in Europe certified at the highest level, ten are operated by Swedavia

# Passenger growth, to and from Swedavia's airports1



# Carbon dioxide emissions from Swedavia's operations per passenger<sup>1</sup>



<sup>&</sup>lt;sup>1</sup> Comparative figures for the period before April 2010 are pro forma, based on operations previously run under LFV.

# Consolidated

SEK M, unless otherwise indicated	2012	2011 <sup>2</sup>	2010 <sup>3</sup>
Net revenue	4,965	4,693	3,277
Operating profit	831	781	420
Operating margin, %	16.7	16.6	12.8
Profit before tax	554	556	192
Profit for the period	447	438	15
Earnings per share, SEK	0.31	0.30	0.01
Return on equity, %	10.3	11.0	0.4
Return on capital employed, %	6.4	7.4	3.9
Equity/assets ratio, %	29.1	32.7	30.4
Cash flow from operating activities	1,493	1,178	746
Capital spending	3,418	1,057	520
Satisfied passengers (ASQ), %	68	68	68
Satisfied employees (ESI), %	76	64	NA
Average number of employees	2,624	2,516	2,496
Carbon dioxide emissions, tonnes	5,400	4,600	8,200 <sup>4</sup>

<sup>&</sup>lt;sup>2</sup> Key financial data for the comparative period last year have been restated to comply with IFRS.

<sup>3</sup> The Swedavia Group's first financial year runs from April 1 to December 31, 2010. The comparative period 2010 has not been restated to comply with IFRS.

<sup>&</sup>lt;sup>4</sup>Refers to full-year 2010; comparative figures for the January-March period are pro forma and based on operations previously run under LFV.

# Swedavia in brief

# Our offering

Swedavia's services are aimed at meeting the needs of our customers and partners for efficient, long-term sustainable travel. Sweden is a country dependent on exports, with more than 50 per cent of GDP coming from the export of goods and services. In an increasingly globalised society, there is growing demand for fast, efficient travel in, to and from the country.

>> Read more about Our offering on p. 16



Swedavia owns, operates and develops 11 airports across Sweden. We also own the property Göteborg City Airport and are a minority shareholder in the company that runs the airport. Swedavia's operations consist of Airport Operations, which include Aviation Business and Commercial Services, and Real Estate. Swedavia AB is wholly owned by the Swedish State. Our role is to create the access Sweden needs to facilitate travel, business and meetings - in Sweden, in Europe and around the world. Customer focus and sustainable development are the basis of everything Sweden does, both in our own operations and in society in general. Swedavia is a leader in developing airports with the least possible environmental impact. In 2012, Swedavia had revenue of about SEK 5.0 billion and some 2,600 employees. In all, 32.4 million passengers flew via our airports in 2012.

# Strategy, objectives and targets

Customer focus and sustainable development are the basis of Swedavia's strategic development. In 2012 we further developed our strategic priorities in the four perspectives customer, economy, environmental concern and social development. We drive operations in this direction by using a number of concrete targets. The perspectives and related targets are illustrated in our sustainability wheel.

>> Read more about Our strategy on p. 8



Kiruna Airport		
	2011	2012
Take-offs and landings	2,094	2,478
Passengers	164,103	198,022

Luleå Airport <sup>1</sup>		
	2011	2012
Take-offs and landings	13,585	12,848
Passengers	1,066,839	1,089,538

Åre Östersund Airport		
	2011	2012
Take-offs and landings	5,590	5,475
Passengers	377,868	383,086

Bromma Stockholm Airport		
	2011	2012
Take-offs and landings	45,366	47,340
Passengers	2,184,216	2,295,254

# Göteborg City Airport<sup>2</sup>

Göteborg Landvetter Airport		
	2011	2012
Take-offs and landings	68,747	60,250
Passengers	4,906,302	4,853,827

Malmö Airport		
	2011	2012
Take-offs and landings	27,649	27,656
Passengers	1,945,910	2,104,101

Umeă Airport		
	2011	2012
Take-offs and landings	15,010	14,652
Passengers	955,132	983,644

Sundsvall Härnösand Airport <sup>3</sup>			
	2011	2012	
Take-offs and landings	7,509	7,641	
Passengers	282,047	281,136	

Stockholm Arlanda Airport		
	2011	2012
Take-offs and landings	210,788	207,467
Passengers	19,072,719	19,643,256

Visby Airport		
	2011	2012
Take-offs and landings	11,923	9,545
Passengers	340,393	327,336

Ronneby Airport <sup>1</sup>			
	2011	2012	
Take-offs and landings	4,015	3,885	
Passengers	226,995	218,965	

- <sup>1</sup> Luleå Airport and Ronneby Airport are owned by the Swedish Armed Forces but are operated by Swedavia.
- $^2$  Swedavia owns the property Göteborg City Airport and is a minority shareholder (40 per cent) in the company that operates the airport.
- <sup>3</sup> Sundsvall Härnösand Airport was operated by Swedavia in 2012; the intention is to sell the airport in 2013.

# Successful development with the focus on passengers

As we put 2012 behind us, it can be noted that we took a number of steps in a challenging economy to develop Swedavia into a long-term sustainable airport group. During the year, focus was placed on enhancing our customer offering and our attractiveness. This was done through a number of proactive moves, including in collaboration with our airlines. We also adapted operations to the challenging global economic situation. As a result of measures previously implemented, we managed to achieve good economic results for the year.

Swedavia's revenue increased 10.9 per cent to SEK 1,333 M for the fourth quarter. Operating profit was SEK 168 M. For the financial year 2012, revenue increased 5.8 per cent to SEK 4,965 M and operating profit was SEK 831 M.

# Employees are the foundation of success

Our employees were behind much of our success during the year. Employees are the face of our brand that passengers see and are crucial to Swedavia in increasing passenger satisfaction. During the year, we saw good progress in employee satisfaction, and it is very satisfying to know that we achieved our target for 2012. Our work to be an attractive employer continues so that we can increase employee satisfaction.



# Sustainability as a basis of operations

We have intensified our sustainability work and taken the next step in our development. Customer focus and sustainability are the basis of our operations and strategy, since we are convinced that this enhances our long-term competitiveness. During the year, we also joined the UN Global Compact.

We have set four sustainability objectives related to the Group's economy, environmental concern, social development and customers. The customer objective ensures there is a strong customer focus in everything we do. During the year, we achieved three of the four targets for 2012. We did not meet the desired levels for passenger satisfaction. I am convinced that we will succeed with this in part because our employees are increasingly satisfied and because we now have a clear organisation with clear roles and targets in place. We also set a challenging environmental target. To achieve our goal of zero carbon dioxide emissions by 2020, we need above all to continue transforming our vehicle fleet but also keep cutting our energy consumption.

# A world leader in operating climate-smart airports

As a result of dedicated, long-term efforts, all ten airports in Sweden's national basic infrastructure were certified at the highest level of Airport Carbon Accreditation. This certification highlights Swedavia's leading role in developing climate-smart airports. We are convinced that the conditions needed for access to Sweden in the long term are strengthened as a result.

# Stockholm Arlanda's environmental permit is critical for growth

Stockholm Arlanda Airport's current environmental permit is based on old laws and conditions, which in a few years could lead to major restrictions on access to, from and within Sweden.

» Swedavia is a world leader in operating climatesmart airports «

Swedavia's objective is to have Stockholm Arlanda Airport's environmental permit formulated based entirely on current laws in the Swedish Environmental Code.

In May 2011, we submitted a permit application to the Land and Environment Court for Stockholm Arlanda Airport. During the year, other material and opinions from consultative bodies were added to the application. Securing a modern environmental permit for Stockholm Arlanda Airport is our most important strategic issue.

# All time high despite decelerating passenger growth

In 2012 we set a record in passenger numbers for the entire Group. At the same time, five of our airports - Bromma Stockholm Airport, Luleå Airport, Malmö Airport, Stockholm Arlanda Airport and Umeå Airport - could take pride in new passenger records. A total of 32.4 million passengers flew to and from Swedavia's airports. As a result, we achieved passenger growth of three per cent compared to 2011, despite a turbulent year with a number of airline bankruptcies. However, during the second half of the year, we could see the effect of economic uncertainty in decelerating passenger growth.

We are convinced that air travel will grow in the long term. To meet the long-term need for increased capacity, we are in the midst of an intensive investment phase. The aim is to make our airports simpler, more efficient and more attractive for passengers. In conjunction with this work, we are taking the opportunity to enhance our commercial offering with more shops and restaurants. Bromma Stockholm Airport is undergoing a modernisation that will develop it into a highly efficient hub linking air travel with local and regional transport services. Important components of this modernisation are a complete makeover for the terminal and increased public transport service with the expansion of the Tvärbana light rail system.

During the year, we established a programme for bonds and a programme for commercial paper, each capped at SEK 5 billion, to ensure a long-term stable financial footing and good balance in our financial structure.

# Real estate operations bolster core business

During the year, real estate operations developed further in order to strengthen our core business. A large number of properties were brought together in the company Swedavia Real Estate with the purpose of developing the land around the terminals. In June some buildings were acquired from SAS, allowing Swedavia to shape the airport areas to meet our partners' needs more effectively. The property Clarion Hotel Arlanda was completed in late October and highlights a clear ambition to continue developing the airport area as a central location for business and meetings.

# Good foundation for long-term growth

In order to realise Swedavia's full potential over the long term and generate long-term sustainable growth and good profitability, we worked with an extensive project during the year to improve Swedavia's organisation and efficiency. The aim of the project is to make operations more efficient, create a single organisation for the Group and a function-based business model. This gives us greater flexibility and leaves us well prepared to handle future economic downturns.

Swedavia enters the new year as a strong company with potential. We continue to work proactively and effectively to ensure that high access remains available to our passengers.

Torborg Chetkovich President and CEO



# Our strategy

#### Task

Swedavia is a State-owned company that owns, operates and develops Sweden's national basic infrastructure of airports - a system of airports that links Sweden with the rest of the world. Our role is to create the access Sweden needs to facilitate travel, business and meetings.

# Mission

We at Swedavia create added value for our customers through attractive airports and access. Together with our partners, we continuously develop our business.

### **Values**

Swedavia's values are:

- Reliability
- Commitment
- Innovativeness
- A warm welcome

# Vision

Together we bring the world closer Swedavia's operations make Sweden accessible and enable people who live in Sweden to experience the world. Together with our partners and employees, we create an experience that makes passengers want to return time and time again. Swedavia's development brings the world closer.

# Swedavia's sustainability targets

- 80% satisfied passengers, 2014
- 80% satisfied employees, 2014
- 9% return on equity
- 0 carbon dioxide emissions, 2020

# STRATEGIC FOCUS

Customer focus and sustainable development are the basis of Swedavia's strategic development.

# Customer

Swedavia's most important customers are passengers, airlines and tenants, with passengers being the primary customer group.

With a focus on customers, we create the right business controls to bring about satisfied customers as well as profitable business development in our operations.

# **Economy**

Swedavia shall develop airports in a sustainable way based on sound business principles.

This means that we shall develop operations through business development, investment planning and operational efficiency that are profitable in both the short and long term while creating value for our customers

# **Environmental concern**

Swedavia shall work continuously to reduce its own environmental impact, with a focus on carbon dioxide, and be a driver in reducing the overall environmental impact of air travel. To achieve this, we are dependent on significant technological advances which require the collaboration of business, research and politics at an international level. One of several key issues for the aviation industry is access to renewable fuels both for ground transport and aircraft.

# Social development

Swedavia's work in social development is aimed mainly at creating the access Sweden needs. Swedavia gives priority to passenger safety and security and to developing a sustainable work environment and satisfied employees. We work in collaboration with our stakeholders and, with the help of our Code of Conduct, can set the same high requirements for our suppliers and partners as we do for ourselves. We comply with the social responsibility requirements set in the Swedish State's Ownership Policy.

# Strategic priorities for 2016

Our vision is to be, together with our stakeholders, an essential requirement for Sweden's prosperity and growth. As an infrastructure operator, Swedavia has a particular responsibility to develop operations in the long term and also contribute to sustainable development. To achieve this, we have adopted a number of strategic priorities for 2016. They are based on our strategic focus and make our work concrete.



# Customer

# Business development tailored to target group

Satisfied customers are the basis of everything we do and an essential requirement for developing better business.

Swedavia's main customer is our passengers. With work focused on the key products retail, food & beverage, car parking and advertising, we ensure continued growth in Commercial Services. During the year, we decided to run advertising operations under Swedavia's own management and create a new business model for advertising. We are transforming our commercial space in the terminals through refurbishment projects that are tailored to passengers and reflect their views. To make the travel process more efficient for passengers, we are developing automated services, including self-service bag drops and automated check-in machines.

We prioritise high quality in the service we provide our airline customers. To ensure continued volume growth at our airports, we work in collaboration with our partners. Together with them, we want to increase the offering of non-stop routes and, as a result, increase the economic value of Sweden's access. We continue to work with intercontinental airlines for new or expanded traffic to our biggest airports. At the same time, we are intensifying our work with low-fare carriers to set up economically sustainable operations at a number of our airports.

To strengthen our core business, we are developing properties mainly in logistics, commerce, office premises and hotels. Through the newly formed property company Swedavia Real Estate AB. Swedavia shall capitalise on value growth starting in the initial phase, that is, from zoning plans to the leasing and construction of buildings. Swedavia ensures good day-to-day administration in order to build long-term value.





# Economy

# Cost-effective airport group

Swedavia shall achieve long-term, stable profitability. Going forward, we will continue to prioritise work to improve efficiency in order to reduce cost levels in the Group. Measures shall be implemented to meet targets for passenger satisfaction, employee satisfaction and environmental performance.

With the introduction of clearer Group-wide business control methods and a more flexible cost structure, we are instituting efficient operations throughout the Group. We increase our efficiency on a continuous basis by exploiting economies of scale and identifying opportunities for coordination between the airports and corporate functions.

We are also working to reduce our purchasing costs by developing the tender process while standardising and simplifying the work with procurement. To reduce our IT costs and ensure operational benefits, we are implementing a change programme to raise operational efficiency. IT is also a key component in developing modern solutions for new business that generates further commercial revenue.

Swedavia's operations are long-term and capital-intensive. Therefore access to capital is an essential requirement for ensuring the Group's development. Capital is raised in part through traditional bank borrowing but also through Swedavia issuing its own commercial paper and bonds, providing the Group with competitive interest rates.

# Environmental concern

# Reduced environmental impact

Swedavia shall reduce the environmental impact of its operations through sustainable resource use, with priority areas being lower carbon dioxide emissions and reduced energy use.

Over the long term, we are converting the entire vehicle fleet to fossil-free fuels. We are reducing the use of fuels, electricity and heating in existing facilities and vehicles in a costeffective way. For new builds, we set more stringent requirements than current standards. We also continue to create solutions that meet societal demands to reduce noise and the environmental impact on waterways.

Swedavia also gives priority to being a strong driver in the work to develop new methods and control mechanisms that will lead to reduced noise exposure and lower greenhouse gas emissions from aviation. To bring about change, we take part in environmental development projects with a focus on curved approaches and work within the framework for international cooperation. We also continue to support the development of public ground transport and work together with other companies and organisations at the airports to provide a positive passenger experience.

# Social development

# **Dedicated employees**

Satisfied employees are an essential requirement for satisfied customers. They are more dedicated and provide good service to passengers. To increase employee satisfaction, we create participation in the corporate culture that we want Swedavia to reflect. We have focused efforts on communicating Swedavia's vision and values so that all employees will be able to proactively take responsibility for moving towards the Group's overall objectives. We work preventively with the physical and mental health of employees to ensure their good health. We take responsibility in our workplaces for creating diversity that reflects society in general. Through training and monitoring, we continue to prevent and deal with sexual harassment and discrimination.

# Contributing to social well-being

Swedavia takes an active role in society, thereby creating value in the short and long term. We help to bolster Sweden's economic and social development through increased access. Our airports are hubs for growth, meetings and cultures. As an infrastructure operator, we promote the development of mass transport to and

from the airports. Our social responsibility in collaboration with selected partners and suppliers is rooted in our values, our brand and our Code of Conduct. They shall provide the basis for our view of sustainable development. By developing relations with priority stakeholders, we create potential for our business. Our stakeholders consist of those who influence or are influenced by Swedavia's operations.

# High level of safety and security

Swedavia's airports are characterised by a high level of safety and security. With shared methods, similar processes and professional service from our employees and partners, we maintain a high level of safety and security while at the same time increasing customer value. We shall have a proactive influence at the national and international level in establishing appropriate regulations that can be implemented in a cost-effective way in our operations. An important part of this work is our participation in relevant forums. We continue to focus our efforts on achieving good balance between safety and security, customer satisfaction and costs.



satisfied passengers, 2014

satisfied employees, 2014

return on equity

carbon dioxide emissions. 2020

# Objectives and targets

Swedavia shall be a driver in sustainable social development and run operations towards this goal with the help of a number of concrete targets. Using sustainable development as our starting point, the company is attractive to our owner, customers, employees and other stakeholders. In 2012 three of the four targets were attained.

Swedavia's financial targets were adopted at the Annual General Meeting 2011. The overall financial target is a required return on equity of 9 per cent over a business cycle. Furthermore, Swedavia shall have an equity/assets ratio of at least 35 per cent. When the equity/assets ratio target is achieved, an annual dividend of 30-50 per cent of the year's profit is to be paid, after a reversal of fair value changes not affecting cash flow and their related tax.

Passengers' views of our operations are monitored through regularly scheduled surveys. Our overall target for 2014 is to increase passenger satisfaction, our Airport Service Quality (ASQ) rating, from 68 per cent to 80 per cent.

Satisfied employees are an essential requirement for satisfied passengers. Our overall employee target for 2014 is to increase the Employee Satisfaction Index (ESI) from 76 per cent to 80 per cent.

Swedavia shall reduce the environmental impact of operations through sustainable resource use. Our overall environmental objective is to reduce carbon dioxide emissions into the atmosphere from the Group's own operations. The increase in 2012 was due mainly to the large amount of snow that fell in December. Nonetheless, we achieved our target for 2012. Our objective is to have zero carbon dioxide emissions by 2020, which requires technological advances in collaboration with our partners.

	Target 2012	Actual 2012	Actual 2011	Actual 2010
Satisfied passengers (ASQ), %	75	68	68	68
Satisfied employees (ESI), %	70	76	64	NA
Return on equity, %	9	10.3	11.0	0.4
Carbon dioxide emissions, tonnes	5,600	5,400	4,600	8,200



# The market and external driving forces

2012 was a challenging year for the aviation industry. Nevertheless, Swedavia saw record passenger numbers. In an increasingly globalised society, there is a growing need for fast, efficient travel in, to and from Sweden.

# The market situation and outlook

Uncertainty in the global economy affected the air travel industry to a broad extent in 2012. A number of airlines in Sweden and internationally have financial difficulties, and some filed for bankruptcy during the past year. The airline market is furthermore dominated by consolidation. This had a negative impact on routes in Sweden during the year, but in most cases the lost service to and from Swedavia's airports was picked up by the expansion of other carriers. From a regional perspective, we had increased dependence on a single carrier at several of our airports.

The number of passengers who flew via Swedavia's airports rose three per cent in 2012. During the final quarter of the year, we saw a deceleration in growth. Growth has been good in a European comparison, which indicates that Sweden is considered an attractive destination. The total number of passengers at our airports was 32.4 million, which is the highest figure ever.

The number of international passengers flying to or from Swedavia's airports in 2012 was up almost four per cent. The number of domestic passengers was up about one per cent, for a total of just under 13 million, which is the highest level in years.

During the first six months of 2012, travel to and from other European countries drove the continued passenger growth increase in international traffic. After that, we saw a shift in international traffic, with more people from Sweden flying out than international visitors flying in. Volume growth is achieved mainly through good traffic growth for established airlines on existing routes but also through new routes being served by both new and existing carriers. Intercontinental traffic fell slightly, mostly to countries like Iraq, Morocco and Syria. Long-haul traffic to and from countries such as China and Thailand also fell last year.

Sweden is the largest air cargo market in Scandinavia. During the year, the total air cargo market turned in a relatively stable performance overall. Long-term growth in international trade means good opportunities for Swedavia to develop air cargo at our airports, thus ensuring good infrastructure.

A number of factors such as a weak global economy and financial concerns in Europe indicate a still challenging market. There is high underlying demand from Swedish leisure travellers, bolstered by the relatively favourable trend for Swedish household finances and the increased offering of airlines with good access to tickets as a result. One trend going forward is ever larger aircraft with greater seating capacity. That means passenger volume will continue to grow despite fewer take-offs and landings.

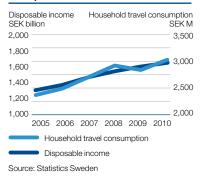


# Air cargo

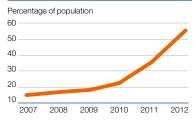
For countries like Sweden with extensive international trade, expanded infrastructure for air cargo is an essential requirement. Air cargo is the only option available for goods that need to be transported quickly and reliably over long distances. In 2012 almost 210,000 tonnes of air cargo were transported to and from Swedavia's airports. This corresponds to roughly half the total Swedish market for air cargo.



# Travel budget as a share of disposable income

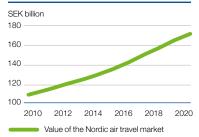


#### Use of mobile Internet



Source: Svenskarna och Internet 2012 Internetstatistik

# Nordic travel trend



Source: IATA

# Driving forces and trends in the aviation market

# Customer behaviour changing

Passenger preferences change quickly. It is a matter of understanding our customer groups and meeting their specific needs with services and products tailored to them. In that way, Swedavia can contribute to the positive feeling that people have about travel and meet passenger needs.

# Passenger trends

More passengers demand non-stop routes and travel to more distant and exotic destinations. There is also a clear trend of leisure and weekend travel, with this type of travel increasing sharply in recent years. Meanwhile, there is strong demand for low-fare travel from a large share of passengers. An important factor for Swedavia's success in the future continues to be developing non-stop service to the world's growth regions together with the airlines.

# Digital development

Our customers use digital communication devices to an ever growing extent. This trend entails commercial opportunities for Swedavia before the start of a journey in the form of online booking of parking spaces, prebooking tax-free purchases etc. Digital channels also mean opportunities for better information to customers about their flight, check-in and security screening at the airport.

# Destination and route development

Destination and route development is crucial for Swedavia to be an attractive partner for airlines. Sweden is what is known as an underserved market, which means there is more desire to fly than there are flights on offer. To provide all of Sweden with continued high access, existing airlines need to be secured while new ones need to set up operations. The growing number of international passengers indicates that Sweden is an attractive destination for tourism and business.

# Expanding the service offering

Developing new products and services based on passenger needs throughout the travel process - from the moment the idea of a trip is conceived to the time the passenger returns home – is becoming increasingly important for Swedavia. This requires that we quickly react to trends and launch new solutions in the market in order to continuously meet our promise to passengers of modern, attractive travel.

# Competitive situation

In Sweden there are some 40 airports with scheduled and/ or charter operations. A number of these are run by municipal authorities. In 2012, Swedavia owned and operated 11 airports. Swedavia also owns the property Göteborg City Airport and is a minority shareholder in the company that operates the airport. Swedavia is entrusted with the task of operating ten airports included in Sweden's national basic infrastructure. Sundsvall Härnösand Airport was operated by Swedavia in 2012, but the aim is to sell that airport.

Since travel habits have changed in recent years, domestic air travel has been concentrated in fewer and fewer airlines. For shorter distances, passengers are choosing alternative modes of travel. Air, rail, bus and other travel modes need to complement one another in order for the entire country to have good access.

From this perspective, Swedavia's airports can serve as effective hubs, where people can transfer between different transport modes. Meanwhile, air traffic between Stockholm and cities such as Gothenburg, Luleå, Malmö and Umeå has increased. Stockholm Arlanda Airport is the travel hub for all of Sweden, for both domestic and international trips, and is likewise a vital component in connecting the Nordic countries to the rest of the world.

To meet the long-term increased demand for long-haul travel and non-stop routes, the offering from international airlines has continued to grow at a number of Swedavia's airports. The majority of European and intercontinental routes available are to and from Göteborg Landvetter Airport and Stockholm Arlanda Airport. These are the two main airports competing with other major airports in northern Europe.

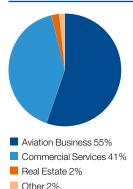


# Digital travel

Easy access to information in mobile phones and online is something today's travellers demand. Swedavia has developed mobile phone applications and airport websites to meet passengers' digital demands. Göteborg Landvetter Airport and Stockholm Arlanda Airport offer mobile applications with functions that make travel simpler for passengers, with easy access to information about the airport and their journey. The application shows arrival and departure information for the next 48 hours. Passengers can also create their own travel profile so that it is easy to follow their flight departure and any changes. Every airport has its own website so that passengers can quickly and easily get information about flights, destinations, parking and shopping.



# Revenue by source, %





# Our offering

Swedavia's business is based on long-term growing demand for efficient, sustainable travel in Sweden as well as to and from Europe and the rest of the world. We develop efficient, attractive airports for everyone.

Our offering includes services related to airport operations at 11 airports across Sweden as well as property development and the exploitation of land at and in the vicinity of the airports. Swedavia's operations consist of Airport Operations, which include Aviation Business and Commercial Services, and Real Estate.

>> Read more about Property development on p. 25

In 2012 we took a number of steps to develop our services and thus be better able to satisfy our customers' needs. This involves everything from the refurbishment of our terminals to the launch of services for more efficient travel. We also initiated a digital project that will eventually give passengers the opportunity to follow their entire journey via their mobile phone or tablet - from the time they set off for the airport, through parking, security screening and passport control and shopping all the way to the gate. The intention is to create satisfied, secure passengers by pooling information and providing an overview, for instance, of how much time it takes at different checkpoints and what special offers are available in the shops.

#### **Aviation Business**

In Aviation Business, Swedavia provides take-off, landing and passenger services as well as ground handling and aircraft parking. This also includes airport infrastructure for ground handling services and aviation security for airlines. Examples of services are the on- and offloading of goods, security screening of passengers and goods before aircraft are boarded, surveillance of the airport area, baggage sorting facilities and power supply to aircraft.

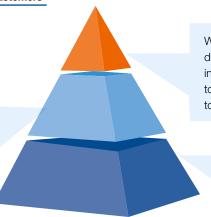
Air cargo is an important business for Swedavia. Air cargo volume is often a critical factor in the profitability of a passenger route and thus key to where our airline customers establish new routes. A number of our airports such as Stockholm Arlanda Airport, Göteborg Landvetter Airport, Malmö Airport and Luleå Airport are important hubs for the air cargo market in Sweden.

Some 150 airlines serve Swedavia's airports. Our four largest airline customers are Braathens Aviation, Lufthansa, Norwegian Air Shuttle (Norwegian) and Scandinavian Airlines System (SAS). In 2012 Aviation Business accounted for about 55 per cent of Swedavia's total revenue in 2012.

Revenue breakdown, SEK M	2012	2011	2010 pro forma
Aviation Business	2,749	2,650	2,196
Commercial Services	2,031	1,970	2,064
Real Estate	103	NA	NA
Other operating income	81	72	52
Total	4,965	4,693	4,312

# Swedavia's customer promise for satisfied, safe customers

Our airports offer uniform basic functions such as clean, updated airports with smooth, efficient passenger flows and welcoming customer service.



We develop attractive airports and exciting destinations, shops and restaurants in an inspiring setting in the terminals. The aim is to attract our customers and thus help add to that delightful feeling that travel entails.

> Our airports comply with all safety, security and environmental regulations and requirements.

# Performance in 2012

During the year, the Swedish air travel market changed. Airline bankruptcies and discontinued service to regional and national destinations reduced access to parts of Sweden. To ensure wellfunctioning competition in the traffic between our regional airports and Stockholm Arlanda Airport, we maintain a regular dialogue with the airlines in order to develop an attractive offering. During the year, this led to a number of the routes lost being replaced by service from other carriers.

The regional airports maintain a mutual dialogue with different airlines in order to develop air traffic together. This mainly pertains to the airports that are bona fide tourist destinations such as Kiruna, Visby and Åre. This dialogue resulted in the launch of a number of new routes in 2012. Destination development was largely in European destinations. Meanwhile the traffic trend for established airlines on existing routes is good.

>> Read more about Destination development on p. 41



# **Commercial Services**

In Commercial Services, we have a broad range of premises for lease for shops, restaurants, office space, warehousing and logistics. All airports offer car parking facilities. Our range of services also includes fibre optics, telecommunications, computers and advertising. In order to offer an attractive range of restaurants and shops, it is increasingly important to provide a nice atmosphere and services for smooth flows, based on what passengers desire.

The conditions for Commercial Services vary among the airports. All airports work to develop this business based on local conditions. The greatest development potential is at Stockholm Arlanda Airport, but extensive development is also underway at Göteborg Landvetter Airport.

There are some 200 tenants in the terminals and at the airports. The three largest tenants at our airports are Scandinavian Airlines System (SAS), Rezidor Blu, which runs hotel operations, and the apron and cargo handling company Menzies. Commercial Services are also intended for private individuals, who account for about 24 per cent of Swedavia's revenue. Overall, Commercial Services accounted for about 41 per cent of Swedavia's total revenue in 2012.

# Performance in 2012

During the year, intensive work was underway to adapt operations to our target groups. Our passengers and their aspirations and needs constitute the basis of new shops being set up and other changes. Terminal refurbishments at a number of our airports give us the opportunity to enhance our commercial offering by developing new shops and restaurants.

By extending and expanding our collaboration with The Nuance Group, which operates tax-free shops, passengers will have an improved shopping experience. During 2012 and 2013, ten taxfree and other shops at Swedavia's airports will get a make-over and upgraded offering, adapted to the Scandinavian market. This involves retail space totalling 3,000 square metres, beginning with a brand-new walk-through tax-free shop in the international terminal at Göteborg Landvetter Airport. Major improvements are also planned at several of Stockholm Arlanda Airport's terminals.

The development of infrastructure for transport to and from our airports is critical to our continued development. With better transport, it will be easier and more environmentally friendly to get to the airport. That benefits our passengers and is an essential requirement for us to reduce our environmental impact. In December 2012, new commuter rail service at Stockholm Arlanda Airport was launched, which means that all commuter rail stations between Älvsjö and Uppsala now have direct service to and from the airport. One of the most important changes at Bromma Stockholm Airport is the extension of the Tvärbana light rail system's Kista line now underway. In the government infrastructure bill presented in the autumn of 2012, a major investment will be made in existing rail service to Göteborg Landvetter Airport.

Developing car parking facilities and adapting them to local conditions at the different airports is essential in providing an attractive offering During the year, the airports in northern Sweden worked to develop parking facilities and further adapt them to the cold weather conditions. This includes providing engine heaters and roofs over the parking spaces. Charging points for electric cars were also introduced at a number of airports in 2012.





# Passenger satisfaction

Satisfied customers are the foundation of our business and thus the basis of everything we do. We work diligently to have more satisfied customers. During the year, our passenger satisfaction rating was 68 (68) per cent. Two important reasons why the figure did not improve are the sharp growth in passenger volume and the refurbishment projects underway at many of Swedavia's airports in 2012. While the overall level did not improve, a number of airports managed to maintain and even improve passenger satisfaction despite the refurbishment work.

To achieve our objective of more satisfied passengers, we have focused on developing the terminals at a number of airports while

also meeting passenger demands for basic functions, such as cleanliness and smooth flows. We introduced various initiatives like new cleaning service contracts and a renewed agreement with Securitas at Stockholm Arlanda Airport. We also work continuously to train our employees so they provide a welcome atmosphere at our airports.

In 2013, the focus will continue to be on the basic functions at our airports, adapting spaces to passenger needs and providing welcoming service.



### Free WiFi at the airports

Ensuring safe, easy Internet access at the airports is something our passengers want. So since August 2012 we offer free WiFi at all of Swedavia's airports.

# Investments for attractive terminals

There is a great need for capital spending at our airports to meet the long-term need for increased capacity and for terminals that are better adapted to our customers and partners. We initiated investments at a number of our airports starting in 2011 in order to revamp areas that were not previously optimised. This includes creating more welcoming settings, improving passenger flows and increasing efficiency at security checkpoints. Our passengers should look forward to visiting our airports. Refurbishments were underway at Göteborg Landvetter Airport, Kiruna Airport, Luleå Airport and Stockholm Arlanda Airport during the year. For the development of Luleå Airport, Swedavia succeeded in getting cofinancing from the EU through its successful partnership with municipal authorities and county councils. During the year, we also invested in refurbishment projects to increase efficiency at Umeå Airport.

As these projects reach completion, the airports have the opportunity to enhance their commercial offering and improve the atmosphere for passengers. Our airports should be welcoming and inviting and make passengers want to arrive early so they have time to make purchases in the shops and eat in the restaurants. For instance, the restaurant sections at Luleå Airport and Kiruna Airport are being refurbished. Our partners also have opportunities to improve and develop their operations in different areas.



# **FOCUS** » GÖTEBORG LANDVETTER AIRPORT

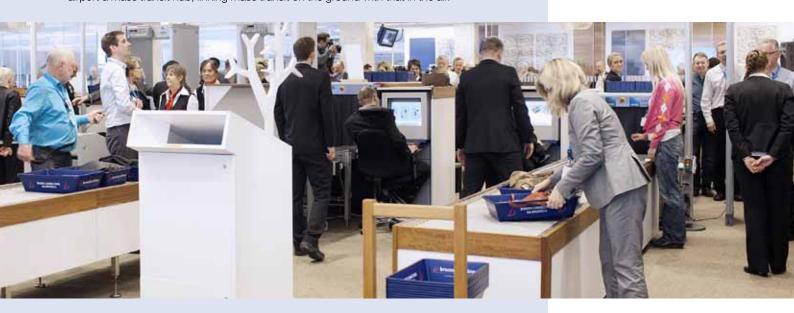
Göteborg Landvetter Airport is undergoing its biggest change since it opened in 1977. This investment is needed in order to provide the growing number of passengers in the future with a continued high level of service and quality. The airport works following the "all in one" concept, which entails investing in a number of measures that will benefit passengers so there is a natural flow in the terminal. The refurbishment work is based on passengers' views. Surveys conducted by Swedavia indicate that what is considered most important at an airport is the sense of safety and security. Göteborg Landvetter Airport has kept this in mind. With our all in one concept, we create a more accessible terminal where security screening and retail space are more open-plan. The security checkpoint for international passengers has been refurbished to convey a sense of security, safety and simplicity while at the same time providing a more welcoming environment. With more space before the security checkpoint and an improved workplace environment, we are creating security screening of the highest international standards.

We have also developed modern, well-lit shopping and restaurant areas with an open plan solution. During the year, parts of the new shopping thoroughfare in the international departure hall were inaugurated. With a focus on strong brands, Göteborg Landvetter Airport offers a shopping experience with a touch of innovative technology and over 1,000 square metres of floor space. The refurbishment work has also entailed investing in our employees to ensure that passengers feel welcome. Our focus is on the needs and aspirations of passengers, which means we work continuously to be dedicated and innovative in dealing with passengers and adapt to an ever-changing world.

An important next step in providing increased access for passengers is to improve public transport in the region to and from Göteborg Landvetter Airport. In the government infrastructure bill presented in 2012, a major investment will be made in expanding rail service to the airport for the period 2014-2025. Rail service, in the first phase from Gothenburg, will allow increased, faster and more punctual transport of both passengers and goods while providing better conditions for jobs and growth in the region. A railway station is planned under the terminal, with the entrance between the domestic and check-in hall. Our aim is to make the airport a mass transit hub, linking mass transit on the ground with that in the air.

#### The "all in one" concept

The catchphrases in all our refurbishment work at Göteborg Landvetter Airport are the sea, the seasons and a good friend. This is reflected in the "all in one" concept at the airport. An associative platform has been developed based on these phrases to enhance the passenger experience and the positive feelings associated with travel. The platform is used as a guide and inspiration in the refurbishment work as well. as in marketing and other activities taking place at Göteborg Landvetter Airport.

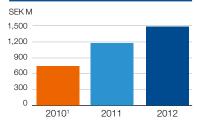




Return on equity, 2012

Equity/assets ratio, 2012

# Cash flow from operating activities



<sup>1</sup>The Swedavia Group's first financial year runs from April 1 to December 31, 2010.

# Our economic responsibility

2012 was a successful year for Swedavia. Our business was developed, especially through extensive capital spending, and one of our economic targets was achieved. In order to accomplish our task in the long term and achieve our targets, we need to make operations more efficient as well as develop them. It is particularly important to create flexibility so that we can face the increases and decreases in air traffic.

With long-term sustainable and profitable operations, we create the conditions needed to meet increasing passenger demand for domestic and international service. We improve our competitiveness through initiatives that reduce our environmental impact and enhance the social values that Swedavia creates. Swedavia shall develop airports with long-term profitability through active business development and operational efficiency.

# Financial performance

In 2012, Swedavia saw decelerating growth in passenger numbers, which is a result of the general economic trend in Sweden and the rest of the world. In all, 32.4 million passengers flew via Swedavia's airports, an increase of almost three per cent. Consolidated net revenue increased almost six per cent to SEK 4,965 M (4,693) compared to 2011. The increase in revenue was SEK 272 M, with SEK 98 M of this consisting of rental revenue from the buildings acquired from SAS in June 2012. The remaining increase in revenue was generated from Commercial Services. Operating profit totalled SEK 831 M (781).

# Cost effectiveness and operational development

Swedavia is entrusted with the task of safeguarding and developing Sweden's access. We do this by providing our customers with welcoming, efficient and climate-smart airports. Operations shall be run with both short- and long-term profitability, which requires efficient processes and a well-adapted organisation. During the year, operations were reorganised and a new business control model was introduced. The aim is to create economies of scale and make it easier for Swedavia's airports to make use of each other's competencies and benefit from each other's experiences.

The new model also creates conditions for more effective business development. The work to implement these changes will continue in 2013, all in order to achieve our long-term objective of sustainable operations with a focus on customer satisfaction and business development; satisfied, dedicated employees with good conditions for contributing to the development of operations; and increased environmental concern in the form of reduced emissions.

# Capital spending

To meet the long-term need for increased capacity while providing better adapted terminals for our passengers and partners, there continues to be a great need for capital spending at our airports. To mitigate risks, create value and achieve our long-term sustainability objective, we also make investments in the day-to-day maintenance of buildings and infrastructure. Airport operations require extensive investments in order to ensure compliance with regulations and government requirements for environmental performance and safety. Substantial environmental investments are also needed to meet our environmental targets.

To increase capacity and quality at our airports, in 2011 we initiated essential capital

expenditures, which intensified during the year. These extensive investments are the basis for enhancing Swedavia's competitiveness and growth in the long term as well. Such investments increase the attractiveness of our airports and are a prerequisite in order to continue attracting airlines and tenants and to meet passengers' needs and aspirations.

In conjunction with this capacity expansion, we are also investing to enhance the commercial offering at our airports. This entails a broader offering of shops and restaurants as well as new services that will benefit customers.

The refurbishment work at Göteborg Landvetter Airport, Kiruna Airport, Luleå Airport and Stockholm Arlanda Airport continues as planned. During the third quarter of 2012, refurbishment work also began at Umeå Airport. The investment programme is expected to be completed in 2014.

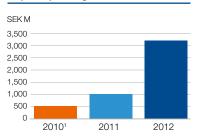
The single largest investment during the year, SEK 1,775 M, was the acquisition of buildings from SAS. The acquisition, made through the subsidiary Swedavia Real Estate AB, consists of buildings at Göteborg Landvetter Airport, Malmö Airport and Stockholm Arlanda Airport. This property deal is part of the strategy to develop the airports' attractiveness for the set-up of commercial operations.

In 2012, capital spending totalled SEK 3,418 M.

# **Funding**

Swedavia's operations, infrastructure and capital spending are funded by revenue that comes directly or indirectly from air traffic and passengers. That means operations are not funded by taxes. Instead, Swedavia shall pay a dividend to its shareholder, the Swedish State. However, in some cases, there is public sector co-financing of investments through collaborative projects on a regional basis.

# Capital spending



<sup>1</sup> The Swedavia Group's first financial year runs from April 1 to December 31, 2010.





Swedavia's ambition is to meet long-term investment needs with the Group's own cash flow while meeting the owner's return targets. In a shorter-term perspective, we need to secure our funding needs through different sources of finance with the best possible terms.

During the fourth quarter of 2012, Swedavia set up a commercial paper and bond programme, with each instrument capped at SEK 5 billion. In December, Swedavia issued commercial paper for total borrowings of SEK 750 M. These forms of financing will be used in part to refinance maturing loans.

At year-end, Swedavia had SEK 761 M in funding available, divided between liquid assets of SEK 129 M and unused credit facilities of SEK 632 M.

# Socio-economic contribution

Our greatest contribution to sustainable development is mainly in the social and economic spheres, by contributing to access as well as to regional and national growth. Our success in bolstering access to and from Sweden as well as within Sweden is critical to the country's export and tourism industries.

Tourism is sharply on the rise and is considered a new basic industry for the country. In all, 64 per cent of foreign visitors arrive in Sweden by air. More than 100,000 jobs are created in the Swedish tourism industry thanks to the aviation sector, which contributes a total of some SEK 67 billion in benefits through tourism. (Oxford Economics, 2009)

# Economic value generated and distributed

Swedavia has a significant economic impact on society. In 2012 Swedavia AB generated total economic value of SEK 4,935 M (4,729). After dividing this economic value among different stakeholders, total value distributed was SEK 1,206 M (1,297).

Of the investments made by Swedavia in 2012, 11 per cent (24) are considered to be for the benefit of the general public. Excluding the acquisition of buildings from SAS, which was the single largest investment in 2012, the share was 23 per cent. These investments can be seen as an increase since they are the result of new laws and regulations for maintaining and increasing our capacity. They extend beyond our own operations and thus generate value for the society we work in.

# Economic value generated and distributed by Swedavia AB according to the GRI definition

SEK M	Comment	2012	2011	2010*
Direct economic value generated				
	Net sales plus income from financial investments			
Revenue	and asset sales	4,935	4,729	3,333
Economic value distributed				
	Payments to suppliers, non-strategic investments,			
Operating costs	royalties etc.	-1,909	-1,857	-1,466
	Total payments to employees (current payments,			
Salaries and remuneration to employees	no future commitments)	-1,514	-1,277	-938
	All financial payments made to those providing capital			
Payments to capital providers	to the organisation	-265	-255	-192
Payments to the public sector	Taxes - gross	-41	-43	0
Economic value distributed	Investments, repayment of capital etc.	1,206	1,297	737

<sup>\*</sup> Pertains to the period April 1 to December 31, 2010.

# **FOCUS** » PROPERTY DEVELOPMENT

In 2011 Swedavia decided to form a property company, Swedavia Real Estate AB. The company's task is to own, develop and manage properties and exploitable land at or in the vicinity of our airports. Real Estate has been a business segment in the Swedavia Group since July 1, 2012.

The formation of the property company is part of Swedavia's ambition to develop the areas around the airports in order to enhance the competitiveness of the airports and the regions. Through the clear ownership of properties at and in the vicinity of the airports, Swedavia has increased opportunities to improve our property holdings as the demand for air travel rises. As a result, this creates opportunities for Swedavia Real Estate AB to offer operational and administrative premises that are better adapted to tenants.

The focus during the year was on further developing operations in conjunction with the construction and inauguration of Clarion Hotel Arlanda Airport. The hotel is the first step in continued construction at the airport. A conference centre and three restaurants are located there along with the hotel with roughly 400 rooms. The hotel was built to provide opportunities for meetings and experiences. The aim is to create the best airport hotel in Europe as part of our customer offering.

During the year, we acquired six separate buildings at Göteborg Landvetter Airport, Malmö Airport and Stockholm Arlanda Airport from SAS. Swedavia already owns the land on which they were built. The acquisition creates a good opportunity to continue developing our airports for both passengers and tenants. We also enhance our long-term competitiveness, which benefits travel in, to and from Sweden.

All our current and future properties share the characteristic of being built with a clear environmental focus. New buildings will be environmentally certified, based on their function and purpose. As part of our environmental work in property development, Clarion Hotel Arlanda Airport has applied to be certified as a Green Building. By making energy use more efficient, we thereby comply with the requirement to use 25 per cent less energy compared to the standards for new builds in the Swedish National Board of Housing, Building and Planning's regulations.

Key financial data, Real Estate:

capitalisation rate

175,500 sq m leasable space

occupancy rate



» The airport has developed into the new hub of the 21st century in the same way harbours and crossroads historically constituted natural meeting places «



# Charging posts at Göteborg Landvetter Airport and Stockholm **Arlanda Airport**

During the year, new charging posts for electric cars were introduced at Göteborg Landvetter Airport and Stockholm Arlanda Airport. The charging posts at Göteborg Landvetter Airport are part of the Ecoast project, which is aimed at driving the expansion of the charging infrastructure in Västra Götaland County. The charging posts at both airports are part of the work to limit carbon dioxide emissions.

### Fast-charging electric buses in Umeå

During the year, the charging station for fast-charging electric buses at Umeå Airport was inaugurated. The station is the result of a collaboration between Hybricon, Swedavia and Umeå Airport and allows Umeå's airport coach service to operate using clean, quiet buses.



# Our environmental responsibility

Environmental issues are of utmost importance to Swedavia and something we have worked on diligently for many years. Today Swedavia is an international role model for developing climate-smart airports. Reducing the environmental impact of aviation is an essential requirement for ensuring the continued existence and development of the aviation industry and thus of our operations.

The focus of our environmental work is to reduce greenhouse gas emissions, minimise energy use and reduce emissions into the atmosphere and discharges into water from our own operations. We are also working methodically on noise issues.

In addition to concrete measures to reduce the impact of our operations, we take a broader perspective on environmental issues. We consider the overall environmental impact of air travel and are a driving force in the work focused on aviation emissions and noise exposure.

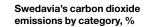
# Climate work at the highest level

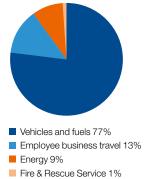
In 2006, Swedavia was one of the first major Swedish companies that chose to become climate-neutral. That means operations today are carried out without having any negative impact on climate change.

During the year, we took a number of steps to take responsibility for our environmental impact. All ten Swedavia airports included in Sweden's national basic infrastructure were certified at the highest level of Airport Carbon Accreditation (ACA). Swedavia is thus the airport group that has come the furthest, according to this international standard, in the work to develop climate-smart airports.

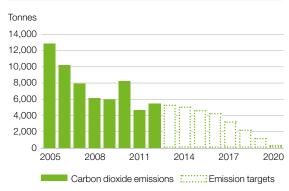
In 2012 Swedavia (excluding Swedavia Real Estate) was ISO 14001 environmentally certified, which is crucial support in our environmental work. A number of airports were already separately environmentally certified to the same standard.

>> Read more about The airports' climate certification (ACA) on p. 31





# Carbon dioxide emissions from Swedavia's operations, excluding employee business travel



# Towards zero carbon dioxide emissions by 2020

Our Group-wide objective is to have zero carbon dioxide emissions from our own operations by 2020, which requires technological advances in collaboration with our partners. This goal is in line with the aims of the aviation industry to cut its global carbon dioxide emissions in half by 2050 compared to 2005 and to have carbon-neutral growth for the industry by 2020.

Swedavia has a number of targets linked to our long-term goal of zero emissions by 2020, for instance regarding the use of renewable energy and fuel. To achieve this long-term objective, substantial conversions and investments in the Group's vehicle fleet as well as extensive energy conservation measures will be implemented.

In 2012 carbon dioxide emissions totalled about 5,400 tonnes, which is a 17 per cent increase compared to 2011. The increase is mainly due to the heavy snowfall in December. Nevertheless, we achieved our target for 2012. Since 2005, Swedavia has lowered its carbon dioxide emissions 56 per cent. We continue to invest in reducing carbon dioxide emissions at our larger airports. We give this priority since we have the highest carbon dioxide emissions there, which means they have the greatest impact on our total carbon dioxide emissions.

Our overall carbon dioxide emission target guided our environmental work during the year. One important measure was to develop a strategy for a carbon-free vehicle fleet. It is critical to solve the question of renewable fuel in order to achieve our objective. This strategy will be implemented over the course of the next few years.

Another key measure is our structured work to ensure we do not exceed the emissions cap at Stockholm Arlanda Airport. Despite higher passenger volumes, we still have some margin before we reach this cap.

To offset the carbon dioxide emissions we have been unable to eliminate with our own measures, Swedavia buys certificates from projects in developing countries. The certificates guarantee that similar emissions are offset through projects and within the framework of the UN's climate work. In that way, we achieve climate neutrality. The projects, which meet the Gold Standard requirements of the World Wildlife Fund and Greenpeace, will also result in social and economic development in the developing countries.

# Lower energy use

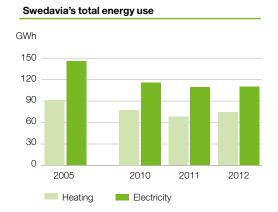
Swedavia works continuously to improve its resource and energy efficiency, while promoting recycling and renewable energy. Our target is to reduce total energy use at least 30 per cent by 2020, compared to 2005. At year-end, energy use had been cut 22 per cent since 2005. In 2012 energy use increased 4 per cent, compared to 2011, which is explained by December being colder than normal. Nevertheless, the target for total energy use was achieved

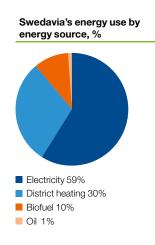
During the year the focus was on making Göteborg Landvetter Airport climate-neutral in heating. A district heating system heats buildings with over 100,000 square metres of space at the airport.

Kiruna Airport has worked extensively with its electricity and heating consumption, which was reduced almost 10 per cent during the same period. There are numerous examples of measures, such as monitoring and replacing lighting, ventilation, radiators and control systems and replacing windows and doors.

# Tekniska Verken's Environmental and Energy Prize

Kiruna Airport was awarded Tekniska Verken's Environmental and Energy Prize at Kiruna Day 2012, in recognition of our focused work on environmental and energy issues.



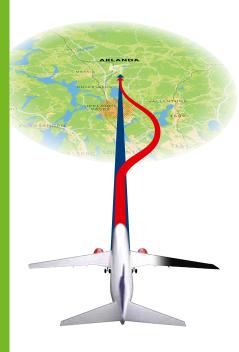




residences in the vicinity of Bromma Stockholm Airport, Göteborg Landvetter Airport, Stockholm Arlanda Airport and Umeå Airport were soundproofed during the year.

# Curved and green approaches

Curved approaches entail avoiding densely populated areas, thus reducing noise exposure in communities in the vicinity of the airports. Curved approaches may also mean shorter flight paths, which produce lower emissions. Green approaches entail aircraft descending continuously from their cruising altitude to the landing runway. With continuous descent, almost no engine thrust is needed, which saves on both fuel and emissions while reducing the amount of noise.



#### Noise

Swedavia has worked for a number of years to limit the impact of aircraft noise, which is always a germane issue for the industry as well as for a number of our stakeholders. Most of this work is carried out at our larger airports, where the issue is most relevant. We carry out noise assessments on a regular basis to ensure that we are within the limits of the airports' environmental permits.

Collaboration with neighbours and municipal authorities for the airports with the highest noise levels is crucial and has resulted in building planning and permits being issued based on forecast noise curves, called noise exposure contours. We maintain a regular dialogue with our neighbours, and surveys show that the environmental issues they give the highest priority to are the climate, followed by noise. Our objective in our collaboration with neighbours is to increase understanding about the airport's role in creating access in the region and about how approaches must be made in a certain way. To reduce noise for buildings with the greatest exposure, we soundproofed the residences. However, during the year Bromma Stockholm Airport applied for an extension for soundproofing homes in the vicinity of the airport. Some 15,000 residents are exposed to aircraft noise above the standard level (ANL) of 55 dB(A) from Swedavia's airports. About 90 per cent of those exposed live near Bromma Stockholm Airport and Stockholm Arlanda Airport.

An important measure to reduce aviation noise and emissions into the atmosphere is the continued work to develop the potential for curved and green approaches at our airports. As part of the work with green approaches, we took part in the project Green Connection. Led by LFV, it was carried out in partnership with GE, Rockwell Collins, SAS and Swedavia and cofinanced by an EU programme that develops technical and operational conditions for a single European sky (SESAR), Green Connection was also part of the trans-Atlantic joint initiative Atlantic Interoperability Initiative to Reduce Emissions (AIRE). When the project was completed in May 2012, it was estimated that a total of 100 green approaches had been carried out at Stockholm Arlanda Airport. The flights in the project show a savings of at least 130 kilos of carbon dioxide per flight. Swedavia continues to work to increase the number of curved and green approaches at our airports.

#### Water

Swedavia works to achieve and ensure a good ecological and chemical status for the waterways, ground water and lakes affected by our operations. The waste water from our airports contains oil and some heavy metals. Polluted water from our workshops, firefighting exercise sites and vehicle washing facilities and aircraft lavatory water are conveyed through sewage pipes to water treatment facilities. By carrying out checks of chemical management procedures and oil separators at the airport, we also reduce the environmental impact of emissions into the waste water system.

Our objective is to have all of Swedavia's airports comply with the criteria in the EU Water Framework Directive. As a result, during the year a number of our airports updated their control programmes for the airport's impact on waterways ahead of schedule.

At Göteborg Landvetter Airport extensive work is underway to maintain good quality in surface water from the airport and not have a negative impact on the surroundings. According to a 2008 environmental court decision, the airport must have a surface water treatment facility. Another requirement is that at least 70 per cent of the glycol used in de-icing must be collected. Water from the airport is conveyed to three ponds for treatment with the help of sedimentation and decomposition. Once the water is clean, it meets the EU Water Framework Directive. Malmö Airport and Stockholm Arlanda Airport also focused on developing their surface water treatment facilities during the year.

Göteborg Landvetter Airport was one of three airports in Europe taking part in a pilot project led by European Water Stewardship. They have developed an EU standard that provides guidance and tools for measuring, certifying and communicating sustainable use of water in operations.

# Historical environmental liability

A research project on perfluorooctane sulfonate (PFOS) in the environment has been under way for several years, launched at the initiative of Swedavia and others. We take social responsibility for investigating and mapping the presence and spread of the compound and the risks to humans and the environment and for exploring possible measures to treat perfluorated compounds. The likely source of the chemical, which is present in waterways adjacent to the airports, is the previous use of fire extinguishing foam containing PFOS, so our own operations did not have a direct impact. Swedavia has carried out water sampling and chemical analyses at our airports. The results of 2012 samples show the presence of PFOS in some cases. Swedavia will repeat the testing in 2013.

# Swedavia's environmental targets

Area	Objective	Target	Actual 2012
Emissions to the atmosphere –carbon dioxide	Swedavia shall reduce its own carbon dioxide emissions, with the ultimate target being zero by 2020.	By 2012 emissions shall be at most 5,600 tonnes (excluding our employee business travel)     Every airport shall reduce carbon dioxide emissions by ten per cent a year	0
Energy	Swedavia shall improve its resource and energy efficiency, while promoting recycling and renewable energy.	<ul> <li>For 2005-2020 Swedavia's total energy use including expansion shall be reduced by at least 30 per cent</li> <li>For 2011-2015 Swedavia's total energy use excluding expansion shall be reduced by two per cent a year</li> <li>By 2012 at least 20 per cent of Swedavia's fuel for vehicles shall be renewable fuel</li> </ul>	• •
Emissions into waterways	Swedavia shall contribute to achieving and ensuring good ecological and chemical status in the recipient waterways affected by the company.	<ul> <li>The oxygen content in the water measured at the airport's water release point shall be at least 5 mg/l by 2013</li> <li>The metal content of the water measured at the airport's water release point measured as a five-year rolling average shall be at most within the environmental quality standards set by the Swedish Water Authority by 2013 at the latest</li> </ul>	
Aviation noise	<ul> <li>Swedavia shall work actively to achieve acceptable noise exposure relative to the social benefits of aviation.</li> <li>Every airport that has aviation noise as a significant environmental aspect shall be categorised as proactive in the noise classification system by 2015 at the latest</li> </ul>		•
Customer experience	Swedavia shall measure how our customers view the airports as taking environmental responsibility and acting in a way that is environmentally aware.	<ul> <li>By 2012 taxis shall be 100 per cent ecotaxis* at Bromma Stockholm Airport and Stockholm Arlanda Airport</li> <li>By 2012 taxis shall be 100 per cent ecotaxis* at Göteborg Landvetter Airport and Malmö Airport</li> <li>The share of passengers who use mass transport to get to Stockholm Arlanda Airport shall be at least 50 per cent by 2012</li> </ul>	



<sup>\*</sup> The requirement for environmental taxis does not include vehicles that take more than four passengers.



# **Environmental permits**

In order to operate an airport, an environmental permit is needed for basic operations. The oversight authority for most of Swedavia's airports is the Swedish Environmental Court. Various conditions are also attached to the permit. There is a change in conditions when there is a change in operations, for instance, when approach and take-off routes are to be modified. An application is submitted for minor changes in operations, for example, when an airport places a parking area in service or changes de-icing agents.

Stockholm Arlanda Airport's current environmental permit is based on laws and conditions that are twenty years old, and which could in a few years lead to major restrictions on access in, to and from Sweden. Swedavia's objective is to have Stockholm Arlanda Airport's environmental permit drawn up based entirely on the laws in Sweden's Environmental Code. In May 2011, we submitted an application to the Environmental Court for a new environmental permit for Stockholm Arlanda Airport. During the year, other material and opinions from consultative bodies were added to the application. Negotiations are expected to take place in the autumn of 2013. Swedavia also applied for a new environmental permit for Malmö Airport during the year.

>> Go to www.swedavia.com for more information about Environmental permits

# Projected demand for access, 2038, number of aircraft movements per hour - scheduled and charter operations



■ Bromma Stockholm Airport ■ Stockholm Arlanda Airport Projected peak traffic, 2038 (straight upscaling of traffic patterns, with no adjustment for peak traffic)

Today Stockholm Arlanda Airport and Bromma Stockholm Airport meet the access needs of Sweden's capital. Projections through 2038, when the agreement with Bromma Stockholm expires, show that there is insufficient capacity, even if both airports are in operation. Estimated capacity of 90 aircraft movements per hours assumes that Runway 3 can be used for landings from the south.

# Ecotaxis at our airports

Beginning in September 2012, only taxis that are ecotaxis may pick up passengers at Bromma Stockholm Airport. This measure is a step in the work to reduce the environmental impact of trips to and from the airport. In July 2011, Swedavia introduced the requirement that taxi traffic from Stockholm must be via "green" vehicles. Swedavia wants to further reduce emissions by supporting the use of environmentally efficient fuel.



# FOCUS » AIRPORTS' CLIMATE CERTIFICATION (ACA)

Seven years ago, Swedavia (then LFV) was the first major company in Sweden that decided to be entirely climate-neutral. This commitment includes mapping and investigating whether it is possible to eliminate our remaining carbon dioxide emissions. During this period, Swedavia reduced the emissions from our airports by almost 60 per cent or about 7,000 tonnes. The Group's successful environmental efforts and world-leading climate work have been honoured with Swedish and international awards.

By sharing our extensive knowledge about environmentally efficient airport operations in the Group over the past few years, all ten of Swedavia's airports in Sweden's national basic infrastructure were certified at the highest level of Airport Carbon Accreditation (ACA) in 2012. That means ten of the fourteen airports in the world that have attained the highest level are Swedish and operated by Swedavia.

Swedavia's objective is to completely eliminate carbon dioxide emissions from its own operations by 2020. There are still important issues to be resolved. For instance, we need to introduce renewable fuels for our heavy vehicles. In conjunction with the certification, Swedavia brought together decision-makers and experts such as Sweden's Minister for the Environment, Lena Ek, and representatives from ACA to discuss their views on how to achieve concrete results in the field of climate change.

For the third year in a row, Stockholm Arlanda Airport was certified at the highest level. That means certification for the airport is valid for the next three years. Stockholm Arlanda Airport has demonstrated that it carries out proactive environmental work, and ACA feels confident that the work will continue at the same high level going forward.

# About ACA certification

ACI Europe and WSP Environmental & Energy are the organisations behind ACA certification. ACI Europe is a consortium of 440 airports in Europe that works to disseminate knowledge and methods, among other things, to make airports more efficient from a climate change standpoint. Certification was launched in 2009 in conjunction with a decision by the European airports to be climate-neutral regarding their own operations. During the first two years, the carbon dioxide emissions of affiliated airports were reduced more than 1.1 million tonnes (ACI Europe). The European certification is the only programme of its kind in the world.



# Swedavia given Aviation Award 2013

Swedavia received the Sigma Aviation Award 2013 for our dedicated environmental work to achieve and maintain climate-neutral airports with good profitability. The award was given to the most forward-thinking project/initiative carried out in 2012 in the aviation industry.





# Our role in society

As an infrastructure operator, Swedavia has a particular responsibility in society. Our most important task is to support Sweden's economic and social development through increased access - in, to and from Sweden. We also contribute many jobs, directly and indirectly. In dialogue with partners at the local, regional and national level, we develop our operations and collaborate on improved mass transit.

Access is an essential requirement for well functioning international trade and for international competitiveness. With Stockholm Arlanda Airport as the hub of Sweden's domestic traffic, we create a broader base for direct service to destinations outside the country while opening up the international market to regional business operations. The access we provide contributes to the valuable sharing of knowledge and cultures, which enhances international understanding and cooperation.

With airport operations in many parts of the country, we play a crucial regional role. We take our responsibility by contributing to the development of the regions in a number of ways, including through measures to maintain and increase the number of national routes.

Through close collaboration with organisations in the regions, together we develop tourism and other business operations. We are a key component in infrastructure that makes Sweden and the rest of the world accessible to everyone.

A report published by the Stockholm County Council indicates that ten new international non-stop routes to Stockholm Arlanda Airport would generate about SEK 500 M in benefits to the region through increased production. The routes would also provide benefits to passengers of between SEK 420 and 840 M in the form of shorter travel times and more destination options. Collaboration on together creating incentives for new routes is essential for success. (Stockholms Internationala Tillgänglighet, 2012)

# The role of the aviation industry

The aviation industry has a significant responsibility in society in addition to providing the access that society needs. Aviation is often identified as an environmental villain, but this one-sided picture needs to be more balanced. Instead, the social benefits that aviation contributes need to be weighed against the environmental impact of aviation.

Society faces major environmental challenges, and the aviation industry has an important role to play in reducing the environmental impact of air travel. The solution is not to fly less, because that has other negative consequences for society, but rather to fly smarter. In the past few decades, technological development has been vital in reducing the environmental impact of aviation. The industry can do a great deal, but a large share of the responsibility also falls to others. Cooperation and dialogue are essential requirements to ensure this development. A major environmental issue is to increase mass transit to the airports in order to reduce emissions from car traffic.

As part of its social responsibility, the aviation industry also provides many jobs around the country. In all, the industry directly and indirectly employees about 80,000 people in Sweden.





# Umeå Airport awarded Lead Partner of the Year Prize

At last year's Umeå Gala, Umeå Airport was awarded the Lead Partner of the Year Prize for the airport's importance for continued growth in the region and for its environmental work. The prize is awarded to the business or operation that excels during the year in creating opportunities for growth and development in Umeå through its dedication and innovative thinking. This demonstrates that we contribute to the well-being of the region and to important issues for the future with innovative ideas and commitment.

# **Examples of partnerships**

- With the Green Connection project, which was completed in spring 2012. the aviation industry took a major step to make the entire flight from Göteborg Landvetter Airport to Stockholm Arlanda Airport more resource-efficient, using a new method and better planning
- Swedavia works to increase tourism together with local destination and marketing companies to create the basis for new routes
- Swedavia works together with ECPAT, the World Childhood Foundation, Doctors Without Borders, the Red Cross and the Swedish Childhood Cancer Foundation to help promote their operations. We have chosen these five organisations because it seems natural to have a meaningful partnership with them and because we have a mutual exchange that enriches the everyday lives of our employees
- Business Region Göteborg collaborates with Göteborg Landvetter Airport with the aim of strengthening transport, travel and logistics, thereby developing business in the Gothenburg region
- Swedavia sees biogas and the development of new biofuels as crucial in meeting our overall objective of zero carbon dioxide emissions from our own operations by 2020. During the year, Volvo received an award for its petrol engines for heavy vehicles, which Swedavia helped to design and test
- Arlanda Forum brings together local and regional decision-makers, both in the private and public sector, to discuss how access to Stockholm Arlanda Airport can be improved while at the same time reducing the environmental impact, for instance, of traffic to and from the airport. The work in Arlanda Forum is crucial to the development of Stockholm Arlanda Airport
- Swedavia is a member of the trade association Svenskt Flyg. The objective of the association's operations is to enhance trust in commercial aviation and the aviation industry so that they have the potential to work and develop in Sweden

# Increased mass transit

All modes of transport have their strengths and weaknesses. When this understanding is taken into account in traffic planning, it will bring the greatest benefits and there will be good coordination between transport modes. Air, rail, bus and other modes of travel complement one another, and each is needed to make all of Sweden accessible.

Air travel is part of mass transit, and we work together with bus and rail traffic services. We support the development of mass transit solutions to our airports and strive to increase the number of travellers who take mass transit to and from the airports. For instance, commuter rail traffic to Stockholm Arlanda Airport was expanded in December. The government infrastructure bill presented during the autumn includes a major investment in rail service to Göteborg Landvetter Airport. One of the most significant changes taking place at Bromma Stockholm Airport will be the extension of the Tvärbana's new Kista line to the airport. All these efforts enhance the long-term competitiveness of the airports and the region.

By expanding transport options for our passengers and employees, we contribute to increased customer value and make transport easier. Increased travel by mass transit is an environmentally friendly alternative, which means that total emissions are reduced.

### Collaboration

Through select partnerships, we contribute benefits to society and enhance Swedavia's brand. We set the same requirements for social responsibility for our partners as we do for ourselves. The objective is to develop trust and as a result be seen as a natural choice for our partners.

Based on our core business, we develop long-term partnerships with companies and non-profit organisations. We set requirements for ethical guidelines for both suppliers and partners. Under the scope of this work, we are also further developing our Code of Conduct for suppliers as well as for companies and other organisations at our airports.



# Stakeholder dialogue and materiality analysis

Each year, Swedavia holds a dialogue with a number of relevant stakeholder groups that influence or are influenced by our operations. This dialogue is important for our continued development and profitability, since it contributes to increasing our understanding of how our stakeholders perceive our operations and sustainability work. We analyse our stakeholders' questions and views on a continuous basis.

Our materiality analysis is based on the stakeholder dialogues we conducted during the year and includes a number of surveys we carried out. The issues that are taken up in our Annual Report and Sustainability Report are based on these dialogues.

Our most important stakeholders are our owner, passengers, employees, society and our partners. In conjunction with this year's dialogue with them, a number of important questions were raised, which are presented in the table below.

# Dialogue with stakeholders in 2012, a selection

Stakeholder	Dialogue	Monitoring activities	Important issues
Owner	During the autumn of 2012, the first survey of attitudes among political decision-makers on Swedavia, aviation and relevant issues was carried out. The survey will be conducted annually.	Of the members of Parliament asked, 94 per cent are familiar with Swedavia and 65 per cent associate the company with airports. 61 per cent were in contact with Swedavia in the past year.	The attitude survey constitutes the basis of how we develop the dialogue with our owner and political decision-makers.
Passengers	Passengers are Swedavia's primary customer group. As a result, passenger attitudes to the airport are measured on a regular basis.	Swedavia is part of the Airport Service Quality (ASQ) programme, which measures passenger satisfaction and is administered by Airport Council International. The rating for 2012 was 68 (68) per cent. The 2015 ASQ target is 80 per cent.	The survey provides continuous information about customer satisfaction and what areas the airports should give priority to in order to increase customer satisfaction.
Employees	Satisfied employees are an essential require- ment for satisfied customers. Each year an employee survey is conducted to identify strengths and areas for improvement.	The 2012 survey was carried out in March with a response rate of 88 per cent and an employee satisfaction index (ESI) of 76 (64) per cent. The target for 2014 is 80 per cent.	The survey results constitute one of four overall sustainability targets for Swedavia. The results are used to assess the impact of measures implemented.
Society	A sustainability survey of members of the general public in the vicinity of our airports as well as passengers is carried out each year.	In 2012 88 (89) per cent of respondents thought that Swedavia was transparent and trustworthy; 91 (92) per cent considered that the airport was important to development in the region.	The aim of the survey is to obtain knowledge about the views of passengers and the general public about the airports Swedavia operates.
Partners	Surveys of airline and tenant satisfaction with the airports are carried out on a regular basis.	In 2012 Swedavia did not conduct any survey of airline attitudes. The next survey will be conducted in 2013. The rating for tenants was 63 (66), with the target for 2015 being 75.	The results indicate what priority areas Swedavia should invest in to develop our customer relations and achieve our long- term objective of increased customer value experienced.

# Our employees

Dedicated employees with the right competencies and the desire to develop are critical for our future. We work to be an attractive employer that promotes development in order to recruit competent employees. Our work is carried out with a focus on sustainability and based on ambitious objectives in the priority areas of employeeship, leadership, health and diversity.

# Leadership and employeeship principles

Swedavia's vision of leadership is divided into five leadership principles which spell out our expectations for leaders. Our five employeeship principles are aimed at giving us a common platform to work from in our day-to-day operations. The principles are based on Swedavia's vision, values and Code of Conduct and are focused on the following

- Focus on customers and business
- One Swedavia
- A good role model
- Courage to be better
- Clear communication

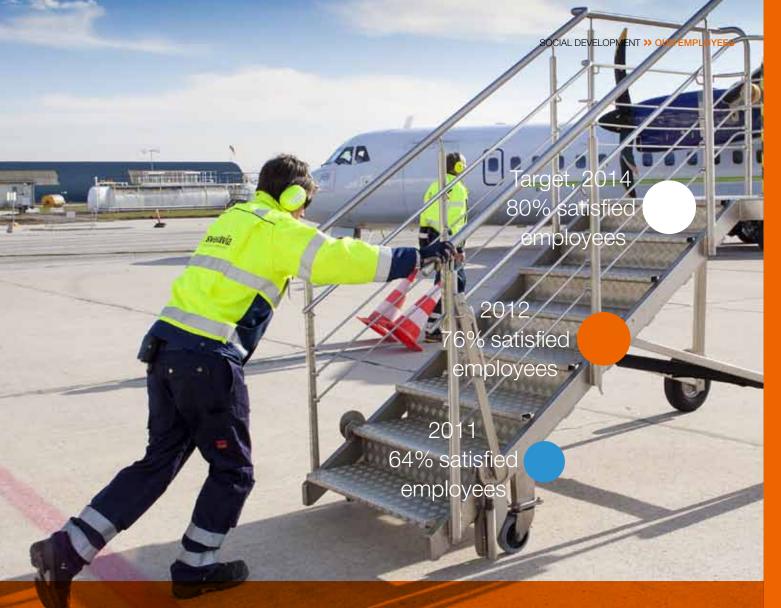
# Communicative leadership

Leaders at Swedavia have a vital role in working to ensure that everyone takes responsibility for the company achieving its objectives and targets. Leaders are the key to our vision and values being carried out into operations. Together with employees, our leaders are responsible for connecting Group objectives and targets to individual objectives and targets. Leaders are to be role models that create conditions that enable employees to develop.

During the year, we focused on strengthening our leaders. Among other moves, we developed a number of communication goals that will help leaders in the important dialogue with employees. We have two Group-wide Leadership Days a year. Our investment in leaders is connected to the leadership principles we developed in 2011.

We have a leadership programme at Swedavia. To highlight the importance of leadership, we handed out the Small and Big Leadership Prize at our Leadership Day last April in order to encourage talented leaders and role models.





### More satisfied employees

Our employees are the key to satisfied customers. Our employees also represent our brand. So we work continuously to enhance their competencies and customer service. We have launched an online introductory programme that new employees need to complete in order to quickly become part of Swedavia, with the help of their leader.

In 2012 all new recruits completed employeeship training. The aim was to understand employeeship at Swedavia, what we stand for and what values and attitudes we want to develop.

Each year we conduct an employee survey. Results improved considerably in 2012, with an employee satisfaction index (ESI) of 76 per cent compared to 64 per cent for 2011. Basically every airport saw an improvement. The year's communicative leadership index (CLI) was 66 (61).

The ESI results are the basis of many of the issues we focus on. To achieve our target for satisfied employees and communicative leadership, we invest considerable resources in areas that had survey low results. We support our leaders with information that they then use in their dialogue with employees.

#### Efficiency improvements

As part of our work to improve efficiency, in 2012 Swedavia gave notice affecting 116 positions in Stockholm, Gothenburg, Malmö and Norrköping regions. The cuts were made mainly in redundant administration staff, but operational employees were also affected. The measures were taken to increase our preparedness in order to better handle economic fluctuations.

Swedavia provides support to those employees affected. Through our collaboration with TRR, we offer various outplacement services such as training in looking for a job and individual action plans.

#### Health

The workplace environment and employee health are high priorities at Swedavia, because sustainable employees mean quality of life for individuals and productivity for operations. We take responsibility for our employees' physical and psychosocial development in the workplace.

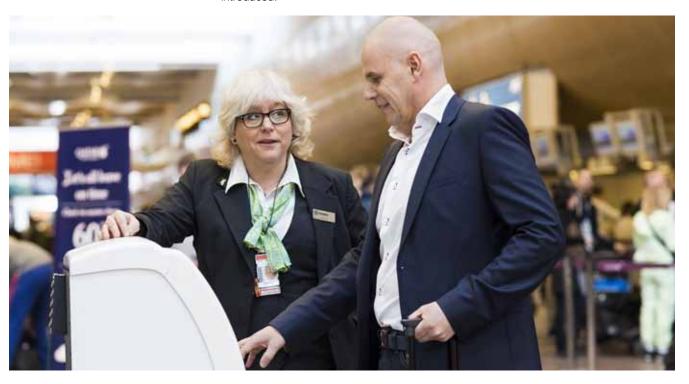
Our efforts include work-related rehabilitation for employees with repeated short-term absences due to illness as well as longer such absences. In 2012 the rate of absence due to illness was 4.8 (4.1) per cent.

We are working to develop measures to prevent injuries. This is important since many of our employees have physically demanding duties. We will also test the physical health of employees in selected risk groups on a regular basis.

Since 2011 we offer occupational health service for the entire company. All employees have access to crisis management support through this service, day or night. We support and encourage employees to take responsibility for their health by subsidising fitness activities. In January 2012 an employee insurance programme for illness and rehabilitation was introduced.

#### Sustainable employees as defined by Swedavia

Our employees shall have a healthy physical and psychosocial workplace environment that enables them to work and perform at their best. That requires advanced leadership which takes responsibility for the workplace and develops working aids and tools. Swedavia shall take proactive responsibility by conducting relevant physical tests, developing individual action plans as necessary and encouraging and supporting preventive fitness activities.



#### Diversity

Diversity is a strategic issue for Swedavia. Having carefully prepared, inclusive diversity work is critical to our business because we operate from the assumption that people's differences enrich us. In 2012 we continued to work based on the framework established in Swedavia's diversity and gender equality plan, which was introduced in 2011.

Under the scope of this plan, we implemented a zero tolerance policy for bullying and harassment. Swedavia has a number of procedures already in place to deal with discrimination. One example is the employee survey, which includes questions about bullying and sexual harassment.

In 2012 we formed a diversity group, which consists of employees at Swedavia. The idea is that it will drive issues, serve as a knowledge bank and represent Swedavia externally. The employees in the group were trained in basic discrimination laws and general diversity work. We also developed guidelines on diversity in the recruitment process.

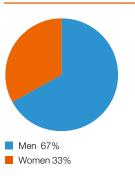
As part of our diversity work, Swedavia started a pilot project with Samhall, the leading company in Sweden that provides opportunities through employment for people with disabilities. For twelve months, people from Samhall worked in Swedavia's operations. The idea is that both companies will gain knowledge about the practical details of how best to expand this collaboration and offer work at Swedavia to more people with disabilities.

#### Code of Conduct

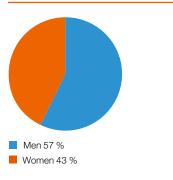
Swedavia has a Group-wide Code of Conduct. The Code of Conduct constitutes our ethical guidelines and develops common values and ethical attitudes. This provides a clear foundation of our vision - Together we bring the world closer - and sets out how we should conduct ourselves in fulfilling the requirements placed on our operations with an attitude we are proud of. Our Code of Conduct includes the areas of human rights, methods for corporate responsible behaviour, the workplace environment and our role in society. It states that all of Swedavia's employees are free to join any association or organisation of their choice.

We state in our Code of Conduct that Swedavia supports the UN's Universal Declaration of Human Rights and related conventions. That means we respect personal dignity, integrity and the rights of every human we come in contact with in our work. No one shall take part in violating or circumventing human rights.

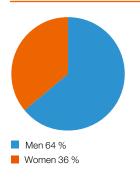
#### Total number of Swedavia employees, breakdown men/women, %



Managers, breakdown men/women, %



**Executive management,** breakdown men/women, %





### High level of safety and security

Aviation safety and security, security screening and surveillance at our airports are characterised by the highest quality conceivable so that passengers always feel safe and secure. Our passengers demand smooth, efficient flows without compromising safety or security. This is something Swedavia always has in mind when we develop our airports.

Aviation safety and security are a foundation of all our operations, and security work is an important factor in creating trust. Our airports shall guarantee a high level of safety and security which helps passengers feel secure and enjoy a positive experience. How our employees and partners treat passengers in this work also plays a critical role.

#### Methodical security work

When we develop our Group-wide security, consideration is also given to cost-effective solutions. One essential component is the use of effective IT support. We are working to develop Group-wide methods with similar processes so that long-term, systematic thinking is integral to all our security work. Our structured work shall result in our fulfilling the requirements set by authorities on every occasion.

One of our partners is responsible for security screening at Bromma Stockholm Airport and Stockholm Arlanda Airport. We therefore maintain an ongoing dialogue to ensure there is a shared approach to security work. We have also developed a Group-wide assessment system to continuously monitor and further develop this work.

During the year development work that began in 2006 on technology and staffing at Bromma Stockholm Airport and Stockholm Arlanda Airport was completed. Technology and staffing have been combined in a way that creates the best possible solutions for measuring and monitoring this work. Security work has become more proactive and passenger-focused.

Our aviation safety work is on par with that of leading airports in Europe. During the year we developed a Group-wide management system for aviation safety at the airports that was completed by year-end. The system has an effective monitoring system to ensure continuous development and improvement work. In 2013 the work will continue to implement this and connect all the airports together.

We have a zero target for the number of accidents and serious incidents. In 2012 there were no accidents but one serious incident at Swedavia's airports.

#### Regulated safety work

Swedavia's safety work is largely regulated by EU laws interpreted by the Swedish Transport Agency in the form of regulations (TSFS). The Swedish Transport Agency also carries out oversight of the airports' safety work. In addition, Swedavia carries out regular self-inspections and quality controls at the airports.

Our aim is to influence national and international laws to establish appropriate safety regulations. In 2014 the European Air Safety Administration (EASA) will introduce new regulations that Sweden is already well prepared to implement as a result of our proactive work.

#### **FOCUS** » DESTINATION DEVELOPMENT

Since Swedavia's role is to help make Sweden more accessible, we give destination development a high priority. A lot of this work is based on working in partnership to develop regions and destinations to promote the entire country as a tourist destination for international passengers. The fact that access via airports is critical to the development of business means that we also take part in developing new destinations abroad through different partnerships.

In the tourism industry, we take part in a number of partnerships at the local, regional and national level aimed at developing destinations and generating growth in the form of more international passengers. Swedavia works above all to create increased access with the help of air travel to these tourist destinations. We pursue the focus noted in the Swedish Tourism Trade Association's National Strategy for the Swedish Tourism Industry, which specifies that revenue in the Swedish tourism industry should double by 2020 while employment in the industry should grow. Consumption by tourists, especially by international tourists, has been on the rise for a number of years. Meanwhile Sweden has climbed the rankings in revenue generated by international tourism, placing 21st in the world in 2011, which was the highest ranking among the Nordic countries according to the World Tourism Organization (UNWTO).

We also work actively to create local collaborative models involving the tourism industry, business and authorities. There are a number of good examples of how cooperation led to new routes and development in the region during the year.

One is the seasonal service starting in the winter of 2012 between Copenhagen and Kiruna. As a result of SAS rerouting its regular service between Copenhagen and Tokyo, Danish and Japanese tourists have the opportunity to fly to Sweden to experience the northern lights, Sami culture and the Icehotell in Jukkasjärvi, which is the main aim. With this venture, the number of visitors will increase sharply, which plays an important role in the region's development and growth.

To ensure Sweden's access to the rest of the world and contribute to the competitiveness of Swedish business internationally, our larger airports in particular play a critical role. We work continuously to increase the number of intercontinental routes that could lead to new or increased traffic to Stockholm Arlanda Airport and Göteborg Landvetter Airport but also international traffic to and from the regional airports around the country. This work enhances our attractiveness for trade partners and business travellers but also for air cargo.

One example of new intercontinental routes in line with this work is Air China once again increasing the frequency of service between Beijing and Stockholm to daily departures. This increase in departures is based on expectations that China will continue to be an important market for Swedish companies. Meanwhile interest is growing among Chinese companies to set up operations in Sweden.

Today there are some 650 Swedish companies with over 75,000 employees in China, excluding Hong Kong. Swedish interest in ventures there is expected to grow based on the prospects of continued strong economic growth in China. Today China is Sweden's most important trade partner in Asia and plays an increasingly significant role as a base for Swedish companies for production and purchasing, but also research and development. (Embassy of Sweden, Swedish Chamber of Commerce and Business Sweden in Beijing)

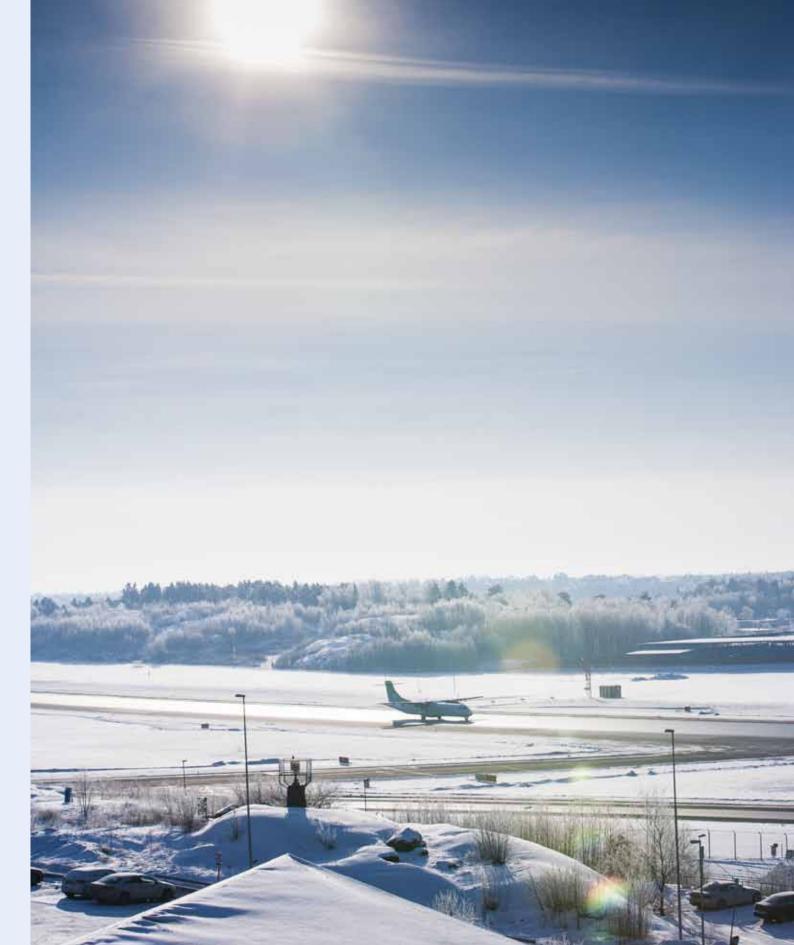
Swedish exports to China total almost SEK 40 billion, equivalent to 3.3 per cent of total Swedish exports. At the same time, Sweden imports goods from China valued at about SEK 44 billion. (Business Sweden in China, Statistics Sweden)

#### Svensk Destinationsutveckling AB

In 2011 Swedavia acquired 20 per cent of the shares in the newly formed company Svensk Destinationsutveckling AB, whose mission is to increase revenue in Swedish tourism.

The company is entrusted with the task of developing Swedish destinations and making them attractive to international visitors. It also works to follow the focus adopted by the National Strategy for the Swedish Tourism Industry in 2010. Other owners are Svensk Turism (40 per cent) and Visit Sweden (40 per cent).





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### Report of the Directors

The Board of Directors and the President and CEO of Swedavia AB (publ), Swedish corporate identity number 556797-0818, hereby submit their annual accounts for Swedavia AB and the consolidated financial accounts for the Swedavia Group for the year of operations 2012. The Report of the Directors is for the Group and Parent Company, unless otherwise indicated.

All amounts are in million Swedish kronor, SEK M, unless otherwise indicated. Rounding differences may occur.

#### Operations

Swedavia AB is submitting this Report of the Directors for its third year of operations, which is identical to the 2012 calendar year. Operations in the Swedavia Group began on April 1, 2010, when the Swedish State converted its airport operations, which were carried out under the Swedish State-owned enterprise LFV, into a limited liability company. This was accomplished through Swedavia's acquisition of 14 airports, corporate functions and subsidiaries from LFV. During the first three years of operations, three airports were sold and the others consolidated into an integrated airport system with shared corporate functions.

The past year was characterised by continued passenger growth despite a challenging year in general for the aviation industry.

#### Task

Swedavia is a State-owned company that owns, operates and develops the State-owned airports in Sweden. Swedavia currently runs operations at eleven airports, but in the long term the number of airports in the national basic infrastructure as determined by the Swedish Government will be reduced to ten, consisting of Stockholm Airport, Göteborg Landvetter Airport, Kiruna Airport, Luleå Airport, Malmö Airport, Ronneby Airport, Stockholm Arlanda Airport, Umeå Airport, Visby Airport and Åre Östersund Airport. Swedavia also owns the property Göteborg City Airport and is a minority shareholder in the company that operates the airport.

Swedavia's task from the Swedish State includes working actively based on sound business principles and with long-term profitability to develop the transport sector and help achieve the Parliament's transport policy objectives. The overall objective of Swedish transport policy is to ensure the socioeconomically efficient, long-term sustainable provision of transport to citizens and businesses throughout the country. Operations are funded by the revenue generated from operations.

#### Vision and Mission

Swedavia's vision is "Together we bring the world closer", and its mission statement is "We at Swedavia create added value for our customers through attractive airports and access. We continually develop our business together with our partners".

#### Important events during the year

The year was dominated by continued passenger growth of 2.7 per cent, which meant another passenger volume record for Swedavia in 2012. Five of Swedavia's airports – Bromma Stockholm Airport, Luleå Airport, Malmö Airport, Stockholm Arlanda Airport and Umeå Airport – also broke passenger records in 2012.

During the first six months of the year, a number of airlines filed for bankruptcy, which had a negative impact on routes at most of Swedavia's airports. In most cases, the routes lost were picked up by other carriers choosing to expand their operations. This thus had a fairly limited impact on Swedavia overall although some routes were discontinued.

On June 29, Swedavia acquired a corporate entity consisting of six separate buildings from SAS through its subsidiary Swedavia Real Estate AB. The acquisition involved a large hangar facility and two office buildings at Stockholm Arlanda Airport, a hangar building and a cargo terminal at Göteborg Landvetter Airport and a cargo building at Malmö Airport. The investment totalled SEK 1,775 M. This is in line with Swedavia's ambition to develop the areas around its airports in order to enhance its competitiveness. Swedavia already owns the land the buildings are on.

All of Swedavia's airports in Sweden's national basic infrastructure were certified by ACA at the highest European standard for climate work.

#### The Group in brief

SEK M	2012	2011	20101)
Net revenue	4,965	4,693	3,277
Operating profit	831	781	420
Operating margin, %	16.7	16.6	12.8
Profit before tax	554	556	192
Profit for the year	447	438	15
Earnings per share, SEK	0.31	0.30	0.01
Return on equity, %	10.3	11.0	0.4
Return on capital employed, %	6.4	7.4	3.9
Equity/assets ratio, %	29.1	32.7	30.4
Cash flow from operating activities	1,493	1,178	746
Capital spending	3 4 1 8	1057	520
Average number of employees	2,624	2,516	2,496

<sup>&</sup>lt;sup>1)</sup> The Swedavia Group's first financial year ran from April 1 to December 31, 2010. The financial year 2010 has not been restated to comply with IFRS.

Clarion Hotel Arlanda Airport was completed and inaugurated on November 1. Swedavia owns the property.

To ensure a stable financial footing and to fund the operations' long-term business objectives. Swedavia set up a commercial paper and a bond programme at the end of the year, with each instrument capped at SEK 5 billion.

Beginning on January 1, 2012, Swedavia applies IFRS. Reports published in 2012 were prepared in conformity with IFRS, and key financial data and financial reports for the comparative period have been restated to comply with IFRS; information about this can be found in Note 36 on pages 89-91.

#### Net revenue and income

Consolidated net revenue for the year totalled SEK 4,965 M (4,693), which is 5.8 per cent higher than in 2011. Operating profit was SEK 831 M (781). The operating margin was 16.7 per cent (16.6). Profit before tax was SEK 554 M (556). Profit for the year totalled SEK 447 M (438).

Revenue increased by SEK 272 M compared to the preceding year. Adjusted for non-recurring items of SEK 56 M in 2011 and SEK 48 M in 2012, the underlying increase was SEK 280 M. Of this increase, SEK 98 M consists of rental revenue from the new buildings acquired from SAS.

That means an increase in revenue of SEK 182 M compared to the preceding year, which consists of increased revenue of SEK 99 M from Aviation Business and SEK 82 M from Commercial Services, both driven by passenger growth and weather effects, which entailed the increased sale of de-icing services.

Operating costs increased SEK 223 M compared to the preceding year, with the acquisition of buildings from SAS accounting for SEK 50 M of this. Non-recurring costs totalling SEK 64 M were also charged to operating costs for efficiency improvement measures and expenses for pension liability provisions. The increase in operating costs for the year for comparable operations was SEK 110 M and consists of increased external costs driven by higher passenger volume and higher employee expenses as a result of an increase in the number of employees by an average of 108.

Operating profit was SEK 50 M higher than in 2011. Adjusted for non-recurring items and pension liability adjustments, the underlying profit from comparable operations was SEK 72 M higher than in 2011. Interest expenses increased during the year by SEK 52 M. Adjusted for effects of pension liability adjustments, which totalled SEK 29 M, the underlying increase was SEK 23 M. The acquisition of buildings from SAS accounts for SEK 26 M of this increase. That means the interest expense for comparable operations fell by SEK 3 M, which is due to lower interest rates for external capital borrowings.

Comprehensive income for the year was affected by a reduction in the Swedish tax rate to 22 per cent on deferred tax and totalled about SFK 47 M.

Beginning July 1, 2012, the Swedavia Group reports two business segments, Airport Operations and Real Estate. Segment reporting can be found in Note 3 on page 66.

#### Liquidity and financial position

Equity in the Group at year-end totalled SEK 4,300 M (3,989) and the equity/assets ratio was 29.1 per cent (32.7). The consolidated equity/assets ratio fell by 3.6 percentage points compared to 2011 because the acquisition of buildings from SAS was funded largely by external borrowings. At year-end, Swedavia had unused credit facilities totalling SEK 632 M divided between credit lines of SEK 500 M and unused overdraft facilities of SEK 132 M. The current portion of external borrowings increased because large loans from the Swedish National Debt Office, among others, will mature within a year.

At the end of the year, Swedavia issued commercial paper with borrowings totalling SEK 750 M.

#### Cash flow

Cash flow for the year was negative, totalling SEK –12 M (–155). Cash flow from operating activities was SEK 1,493 M (1,178). Investing activities used cash flow of SEK –3,341 M (–1,018). Financing activities generated cash flow of SEK 1,836 M (-314).

#### Capital spending

During the year capital spending totalled SEK 3,418 M (1,057). Of this amount, SEK 629 M (359) was allocated to investments in electrical installations, vehicles and equipment and SEK 2,789 M (698) to buildings and land. Disposals totalled SEK 31 M (28). The single largest investment during the year, SEK 1,775 M, was the acquisition of six separate buildings from SAS completed on June 29.

Apart from the acquisition from SAS, the single largest investment for the year was SEK 335 M (370) for the construction of Clarion Hotel Arlanda Airport at Stockholm Arlanda Airport.

#### Financial targets

Swedavia's financial targets through 2014 were adopted at its Annual General Meeting on April 28, 2011. The requirements are a 9 per cent return on equity over a business cycle and an equity/ assets ratio target of 35 per cent.

#### Dividend policy

When the equity/assets ratio is achieved, an annual dividend of 30-50 per cent of net profit after adding back fair value changes for the year that do not affect cash flow and related tax shall be paid out.

#### **Shares**

Swedavia AB (publ) has issued 1,441,403,026 shares, which comprise a single share class, and all shares have equal voting rights in the company. All shares are held by the Swedish State; the State's holdings in Swedavia are administered by the Ministry of Finance. The par value of a share is one Swedish krona.

#### Acquisitions and disposals

Swedavia acquired the right to land adjacent to Bromma Stockholm Airport during the first quarter. The acquisition cost was SEK 26 M.

On June 29, Swedavia acquired a corporate entity consisting of six separate buildings from SAS Scandinavian Airlines through its subsidiary Swedavia Real Estate AB. This is in line with Swedavia's ambition to develop the areas around its airports in order to enhance its competitiveness. The acquisition consists of a large hangar facility and two office buildings at Stockholm Arlanda Airport, a hangar building and a cargo terminal at Göteborg Landvetter Airport and a cargo building at Malmö Airport. The buildings are all fully leased. Possession was taken on June 29, and the economic settlement date was June 30. The acquisition cost was SEK 1,775 M. Swedavia already owns the land the buildings are on.

A proposed agreement was negotiated between Swedavia and the municipalities of Sundsvall, Timrå and Härnösand for the takeover of Sundsvall Härnösand Airport starting June 17, 2013. Before a binding agreement can be entered into, the proposed agreement must be approved by the local councils in the three municipalities.

Through its subsidiary Swedavia Real Estate AB, Swedavia acquired 33 per cent of the shares in the newly formed company Airport City Stockholm AB, whose mission is to develop Sweden's first airport city, Airport City Stockholm.

During the fourth quarter, conference operations at Stockholm Arlanda Airport were sold to Radisson Blu SkyCity Hotel and Clarion Hotel Arlanda Airport. The sale of the conference facilities generated non-recurring revenue of SEK 48 M.

#### The market

2012 was a challenging year for the aviation industry, which was affected to a large extent by the economic slowdown and uncertainty in the global economy. Nonetheless, the strong performance in 2011 was followed by another year of increased passenger volumes at Swedavia's airports, as a result of continued expansion among airlines and good access to low fares. Demand for travel and experiences remained high.

A total of 32.4 million passengers flew to or from one of Swedavia's airports, which is the highest figure ever recorded. The total increase in passenger volume at Swedavia's airports was 2.7 per cent. The number of international passengers increased 3.6 per cent while the number of domestic passengers increased 1.4 per cent. Five airports also broke passenger records - Bromma Stockholm Airport, Luleå Airport, Malmö Airport, Stockholm Arlanda Airport and Umeå Airport. However, the trend in passenger growth showed a marked deceleration, and during the final

quarter of the year the number of passengers was down compared to the same quarter in 2011.

Great caution currently dominates the aviation market as a result of the prevailing financial uncertainty in Europe as well as weak profitability and consolidation among airlines. A number of airlines in Sweden and Europe had financial difficulties during the year, and some filed for bankruptcy. This had a negative impact on routes, but in most cases routes lost were picked up by other carriers. The largest airline customers all increased their share of passengers during the year.

A relatively favourable economic trend for Swedish households and the strong krona contribute to the continued increased in Swedish leisure travel internationally, whereas the increase in visiting tourists and international business travellers has come to a standstill. Malmö Airport showed sharp growth in international traffic in percentage terms as a result of new routes at the airport. Bromma Stockholm Airport also showed good growth, in part following the expansion of routes to other Nordic countries and the Baltic countries. In contrast, Göteborg Landvetter Airport saw declines in international traffic during the year, largely due to lost non-stop capacity following the bankruptcies of several airlines.

Intercontinental traffic was down during the year, mainly due to a decline in travel to countries such as Iraq, Morocco and Syria. Long-haul non-stop travel to and from countries such as China, Thailand and the US also decreased during the year.

The good growth in domestic traffic early in the year turned into decreases in the final quarter of the year.

One trend going forwards is ever larger aircraft with a higher cabin factor. That means passenger volumes will continue to grow despite fewer take-offs and landings. The average cabin factor for international traffic during the year was 74 per cent, an increase of two per cent compared to 2011, and Swedavia's airports reported their highest cabin factor. For domestic traffic, the average cabin factor during the year was 69 per cent, a two per cent increase compared to 2011, but on par with domestic traffic levels over the past ten years. The average number of seats per aircraft movement was also the highest figure on record at Swedavia's airports – 142 seats for international traffic and 102 seats for domestic traffic. The trend in international traffic is especially pronounced, with an increase in average cabin size of over 20 per cent in the past ten years.

The air cargo market continues to be squeezed by declining volumes and strong competition.

#### Significant risks and uncertainty factors

Risk management at Swedavia is aimed at ensuring the Group's ability to achieve its business objectives and be well prepared to meet change both internally and externally. Carrying out proactive risk management is an important tool in our drive to provide

greater access for our customers. Through continuous, systematic risk management, we direct decisions, priorities and change work toward our overall objectives. During the year, the risk work at Swedavia resulted in an analysis and measures for a number of risks related to our sustainability objectives - customer, economy, environmental concern and social development.

#### Customer

With the focus on customers, there is a continuous need for development, adaptability and flexibility. There is a risk that Swedavia will not be able to translate customer needs into new ventures and business opportunities quickly enough, which could lead to declining profitability. A function-based organisation has been introduced to ensure that customer needs are met.

#### Economy

One result of the high frequency of change and new activities is the need for investments in infrastructure that involve great complexity and could entail a heightened risk from a project and priority standpoint. To mitigate and control this risk, a project office has been set up which is entrusted with the task of monitoring, assigning priorities and quality-assuring our project portfolio and business investments.

Swedavia and the airlines operate in a market subject to intense competition, with a small number of major airline customers and where changes occur rapidly. Swedavia carries out work on a continuous basis to make operations more efficient and thus make the cost savings necessary to meet performance targets and over time build a high equity/assets ratio to withstand periods of decelerating growth in traffic and passengers. Acquisitions, the formation of alliances and bankruptcies are examples of events that can have a significant impact on Swedavia's business conditions.

Through heightened monitoring of the economic position of customers, credit losses in the event of a bankruptcy can be reduced. The financial operations of the Group and the Parent Company and the management of financial risks are centralised in the Corporate Finance unit. Operations are carried out based on a financial policy adopted by the Board of Directors which is characterised by a low risk level. The aim is to minimise the Group's capital costs through effective financial solutions and effective management and control of the Group's financial risks. For more information about definitions and the management of financial risks, see Note 33 on pages 87-88.

#### Environmental concern

One cornerstone in running airport operations is an environmental permit. In the current permit for Stockholm Arlanda Airport, there is an emissions cap which includes both air traffic and ground transport to and from the airport as well as a condition that prohibits

straight approaches to Runway 3 from the south over the densely populated part of Upplands Väsby after January 1, 2018. This is a restriction on further expansion and could in the long term have a detrimental impact on Swedavia and on Swedish businesses. This risk is mitigated by giving high priority to the work on the application for a new environmental permit for Stockholm Arlanda Airport. This is Swedavia's most important strategic issue. Additional information about Swedavia's environmental concern can be found in the environmental information on pages 49-50.

#### Social development

Changes in international regulations, for instance concerning the handling of liquids in security screening beginning in 2014, could lead to increased investment needs and higher operating costs. Other events such as terrorist acts, air traffic control strikes, extreme weather conditions and volcanic ash clouds could entail a shutdown or disruption in airport operations and commercial services. Aviation safety and security work is aimed at preventing and minimising the effect of any incidents at our airports. Swedavia works actively with crisis management and continuity plans combined with realistic exercises to increase our employees' risk awareness and competency levels.

Being an attractive employer that keeps and attracts the right employees is an important part of Swedavia's drive to minimise dependence on key people at all levels of the Group.

With a precise breakdown of targets and clear leadership, we motivate and engage our employees and work to improve our employer satisfaction index (ESI).

#### Sensitivity analysis

A sensitivity analysis shows how a change in different parameters, both internal and external, affects the company's performance or financial position. The three parameters that have the greatest impact on performance are passenger volume, salary costs and interest rates. Swedavia's overall situation can generally be described as one where revenue essentially is variable while costs are relatively fixed. That means flexibility is low in terms of the ability to adjust costs in case revenue should fall.

Parameter	<del>-</del> /+ %	Impact on profit, SEK M/year
Passenger volume	-1	-29
Salary level	+1	-14
Interest rates	-1	+23
interest rates	-1	

#### Passenger volume

The number of passengers travelling to or from one of Swedavia's airports constitutes the basic condition for all revenue the company generates. Half of Swedavia's revenue comes from Aviation Business, which involves infrastructure services aimed at airlines and ground handling companies. Revenue from these operations

includes take-off and landing charges, which are related to the number of aircraft movements and passengers. A change in these has an immediate impact on Swedavia's revenue. Other revenue comes from Commercial Services, which are services associated with the airports such as the leasing of premises for shops, offices, restaurants and logistics. Rental revenue is based largely on its customers' revenue, which means Swedavia's revenue depends on its tenants' sales, which depend directly on the number of passengers at the airport. Swedavia also has revenue from car parking, which also depends directly on the number of passengers.

An increase in passenger numbers means that Swedavia's revenue immediately rises while a decrease means revenue immediately falls. The correlation between percentage change in passenger volume and percentage change in revenue is not linear; instead there is some difference due to route development discounts, differentiated charges for domestic and international traffic and rental revenue, which depends partly on customer revenue.

A negative change in passenger growth of 1 per cent has a negative impact on Swedavia's revenue of SEK 29 M on an annual basis.

#### Staff expenses

With some 2,600 employees (2,500), Swedavia's staff expenses total about SEK 1,394 M (1,259) a year. A 1 per cent change in staff expenses would have a SEK 14 M impact on costs on an annual basis.

#### Interest expenses

As of December 31, 2012, Swedavia had external borrowings of SEK 7,656 M (5,808), which is more than half the balance sheet. This means the company is sensitive to changes in interest rates, which affect the company's financial expenses. Through long-term borrowings and the use of financial instruments, Swedavia works actively to achieve a balance between fixed and floating interest rates. As of December 31, 2012, 69 per cent of its borrowings were hedged via financial instruments and the remaining 31 per cent were exposed to interest rate changes. A 1 per cent change in interest rates would have a SEK 23 M (44) impact on Swedavia's interest rate expenses.

#### Other factors affecting performance

In addition to the three largest parameters that impact Swedavia's performance, there are a number of others that could have an impact in both the short and long term.

One critical factor, especially in the long term, is the environmental permits required for Swedavia's operations. A change in these could impact operations on a large scale. In the short term, any extreme weather conditions or natural disasters like a volcanic eruption constitute the main factors that have an immediate impact on air traffic and thus a negative impact on revenue.

Interest rate changes also affect Swedavia's pension liability,

which means that if the rate of return falls, Swedavia must add funds to the provision for its pension liability

Swedavia is also sensitive to policy decisions that can affect air traffic as well as changes in the general public's attitudes to air traffic.

#### Ongoing litigation and disputes

Swedavia is a party to ongoing litigation and disputes. The disputes have arisen as part of the business operations carried out by Swedavia.

Legal proceedings and disputes are unpredictable by nature, and the actual outcome may deviate from the assessments Swedavia has made.

#### Corporate Governance Report

The Corporate Governance Report is a separate document from the Annual Report and is released in conjunction with the publication of the Annual Report.

#### Work of the Board of Directors

Under the Articles of Association, Swedavia AB's Board of Directors shall consist of at least six and at most nine regular Board members. In addition, there are two regular employee representatives plus their two deputies. Swedavia's Chief Legal Counsel is the Board secretary. The CEO is not included on the Board but presents reports at the Board meetings. The Board is responsible for the organisation of the company and the Group and for the administration of the company's affairs. During the financial year 2012, 15 meetings were held. Particular attention was paid during the year to strategic development, business planning, measures for internal governance and control, and investment strategy. In 2012 a Remuneration Committee was set up and given the task of preparing matters pertaining to remuneration and employment terms for senior executives. An Audit Committee was set up previously; its tasks include taking responsibility for preparing the Board's work to quality-assure the company's financial reporting and maintaining an ongoing dialogue with the company's auditors. Further information about corporate governance, the composition of the Board and internal control can be found in the Corporate Governance Report.

#### **Employees and Swedavia**

Through our corporate culture, we create conditions to achieve our objectives. Our values define our corporate culture, which is the cement binding the organisation together and enables the sustainable development of our operations with the focus on customers. Our values are our internal compass and constitute the foundation of our company.

Our values, our leadership and our sustainability work constitute the foundation of our culture. They provide us with a clear compass, so that Swedavia will be the attractive employer we want it to be seen as and so that our airports will be "airports people look forward to visiting".

As an employer, we work with talent management plans broken down to the individual level. These are part of the target and development planning for every employee. All training for specific positions such as in the areas of safety, security, fire and rescue, field service and airport station service, are carried out under the scope of the Airport Academy. At year-end 2012, there were 2,712 (2,622) employees. Calculated as the average number of employees during the financial year, the number is 2,624 (2,516). Employment broken down by gender is 67 (66) per cent men and 33 (34) per cent women. Swedavia works actively to provide work-related rehabilitation in case of repeated short-term absences due to illness as well as longer such absences. We are also carrying out a project aimed at having a workplace environment, both physical and psychosocial, that promotes good performance. Swedavia provides occupational health service for the entire company. Additional information about employees can be found in Note 7 on pages 69-73.

#### Leadership training

To support and develop leaders at Swedavia, leadership training is provided on a continuous basis. The objective is to create a common platform for our leadership but also an opportunity for individual development. During the year we held two Group-wide Leadership Days aimed at creating a shared understanding of Swedavia's challenges going forward and providing development and support in leadership. Sharing experiences is also an important ingredient. The Leadership Days are intended to develop a culture with confident, bold leaders.

#### Employee training

An employee training programme was started in the winter of 2011/2012. This training is now included in the introduction for new employees. The objective of the training is to understand "Employeeship at Swedavia", what we stand for and what values and attitudes we want to develop together. Everyone should have the same basic knowledge about Swedavia as a company, that is, our task, objectives, targets, vision and understanding of our different customers' needs. Employeeship entails that we create conditions for a sustainable company.

#### Swedavia's employeeship and leadership principles

In 2012 we continued to make our five employeeship and leadership principles concrete. These principles support our vision and long-term objectives. They are based on our values and our Code of Conduct.

The aim of the employeeship and leadership principles, as in

our training programme, is to provide a common platform that spells out how we should act and work.

#### Remuneration to executive officers

The term executive officers refers to the people who, together with the CEO and Deputy CEO, constitute the executive management or report directly to the CEO. The Government has established guidelines for remuneration to executive officers. Guidelines for remuneration to executive officers were adopted at the Annual General Meeting (AGM) held on April 26, 2012. Swedavia follows the Government's guidelines for terms of employment for executive officers in State-owned companies. There is an individual agreement for one executive officer that deviates from the State's guidelines and from those adopted at the AGM with respect to pension provisions, which is attributable to the transition from operations at LFV. For 2012 the Board proposes that the guidelines for remuneration to executive officers remain unchanged. The principles are presented in the Corporate Governance Report. Information about those involved and the Company's process for handling remuneration to executive officers is presented in Note 7 on pages 69-73.

#### **Environmental information**

Swedavia carries out operations in Sweden subject to the conditions of its environmental permits under the Swedish Environmental Code. These consist primarily of operations that are hazardous to the environment under Chapter 9 (airport operations) and water operations under Chapter 11 (ponds, treatment facilities and groundwater redirection). Swedavia was responsible for nine airports in 2012 subject to conditions of its environmental permits under the Swedish Environmental Code. The Swedish Armed Forces was responsible for the environmental permits for the remaining two, Luleå Airport and Ronneby Airport.

Swedavia's primary environmental impact is atmospheric greenhouse gas emissions, mainly carbon dioxide. The largest source of the company's emissions is exhaust from vehicles and operations of the terminals and other buildings. Another significant environmental impact is discharges into the ground and water, mainly of oxygen-depleting substances from the de-icing of runways and aircraft. The vicinity of the airports is also affected by aviation noise as a result of airport operations.

During the year, Göteborg Landvetter Airport, Malmö Airport, Stockholm Arlanda Airport and Visby Airport worked on applications for entirely new environmental permits for their own airport.

Stockholm Arlanda Airport's current permit contains two restrictive clauses that make it impossible to fully achieve the actual production permitted. The conditions limiting operations are the "emissions cap", conditions from the Government's decision to grant approval in 1991, and special condition 6 from the National

Licensing Board for Environmental Protection's decision in 1993 concerning overflights of Upplands Väsby.

The emissions cap entails that emissions of carbon dioxide and nitrogen oxide may not exceed 1990 levels. All operations at the airport, all traffic to and from the airport and emissions from air traffic in the landing and take-off (LTO) cycle are included in the emissions cap. The conditions go beyond what Swedavia has control over.

The condition regulating overflights of Upplands Väsby entails a ban on straight approaches over the built-up portions of Upplands Väsby on a regular basis after January 1, 2018. In practice, this means that landings on the third runway from the south will not be allowed, which will result in a serious restriction on the airport's capacity. Preliminary assessments indicate that the highest possible production will be about 200,000 movements, that is, on the same order of magnitude as 2010. On May 2, 2011, Stockholm Arlanda Airport submitted an application for a completely new environmental permit in accordance with the Swedish Environmental Code to the Land and Environment Court in Nacka. The case is now being considered by the court.

Göteborg Landvetter Airport, Malmö Airport and Visby Airport have old permits in accordance with the Swedish Environmental Protection Act, and operations at the airports have changed over the years. The airports have therefore decided to apply for new environmental permits. The application for Malmö Airport was submitted to the court on April 10, 2012. Göteborg Landvetter Airport and Visby Airport plan to submit their applications in the spring of 2013. In 2010, legal proceedings were brought against Sundsvall Härnösand Airport for violating environmental conditions for a water treatment facility in 2009. The case has not yet been decided

Swedavia is entirely dependent on environmental permits for the company to be able to operate the airports. Aviation Business today constitutes more than 50 per cent of the company's revenue, but operating the airports is also a prerequisite for the company's other revenue.

#### Events after the balance sheet date

Karl Wistrand, Deputy CEO and CFO of Swedavia, assumed the position of CEO of Swedavia Real Estate on February 4, 2013. In conjunction, he stepped down from his position as CFO. Mr Wistrand retains his position as Deputy CEO and is in charge of the Group's general business development. Jan Egenäs left Swedavia and his position as CEO of Swedavia Real Estate. The new CFO after Karl Wistrand is Lars Johansson, who worked most recently at TV4 AB; he assumed the position on March 18, 2013.

On January 29, 2013, Swedavia issued a five-year bond for SEK 1,500 M under its Swedish medium-term note programme. The total issue amount is divided into one tranche of SEK 1,000 M with a fixed coupon of 2.5 per cent and one tranche of SEK 500 M with a variable coupon equal to 3-month STIBOR + 0.7 per cent.

The bond is listed on the NASDAQ OMX Stockholm exchange. The proceeds will be used to repay outstanding loans.

Beginning in 2013, Swedavia will report properties that are classified as investment property at fair value.

There are no other important events taking place after the end of the reporting period to report.

#### The Parent Company

The Parent Company's net revenue for the year totalled SEK 4,868 M (4,687). Operating profit totalled SEK 685 M (714). The operating margin was 14.1 per cent (15.2). Profit before tax was SEK 108 M (191). Profit for the year was SEK 44 M (178). Allocations to untaxed reserves consist of the maximum tax-exempt amount allowed of SEK 212 M (280), and the tax allocation reserve was SEK 49 M (0). The Parent Company's equity at year-end was SEK 3,314 M (3,267) with an equity/assets ratio of 27 per cent (32.2). The Parent Company had negative cash flow of SEK 14 M (-160). Cash flow from operating activities totalled SEK 1,772 M (1,274). Investing activities used SEK 3,364 M (-1,129). Financing activities generated SEK 1,848 M (-305) through increased borrowings.

#### Proposed distribution of profit

The following unrestricted equity is at the disposal of the Annual General Meeting:

	1.872.869.681
Profit for the year	44,241,388
Retained earnings	-332,726,246
Share premium account	2,161,354,539

The Board proposes that the profit and share premium of the Parent Company, totalling SEK 1,872,869,681, be brought forward.

#### **Annual General Meeting**

Swedavia AB's Annual General Meeting takes place on April 26, 2013, at Stockholm Arlanda Airport. The Annual Report and other financial reports are available on Swedavia's website, www.swedavia.se/about-swedavia/this-is-swedavia.

#### Calendar

Annual report	March 28, 2013
Annual General Meeting	April 26, 2013
Quarterly report Q1 2013	April 29, 2013
Quarterly report Q2 2013	August 15, 2013
Quarterly report Q3 2013	October 28, 2013
Year-end report 2013	February 14, 2014

For other matters concerning the company's results and position, consult the income statements and balance sheets below.

### Consolidated income statement

Amounts in SEK M	Note	2012-01-01 2012-12-31	2011-01-01 2011-12-31
Net revenue	3,4,5	4,965	4,693
Operating expenses			
Other external expenses	6	-1,890	-1,821
Staff expenses	7	-1,394	-1, 259
Depreciation/amortisation and impairment losses on tangible fixed			
assets and intangible non-current assets	8	-850	-831
Operating profit		831	781
Income from financial investments	9		
Profit on holdings in associated companies		19	14
Interest income and similar items		3	8
Interest expenses and similar items		-299	-247
Profit after financial items		554	556
Tax	11	-108	-118
Profit for the year		447	438
Attributable to non-controlling interests		10	9
Earnings per share			
Earnings per share before and after dilution, SEK		0.31	0.30
Number of shares		1,441,403,026	1,441,403,026

### Consolidated statement of comprehensive income

Amounts in SEK M	Note	2012-01-01 2012-12-31	2011-01-01 2011-12-31
Profit for the year		447	438
Other comprehensive income:			
Change in cash flow hedges		-62	-332
Actuarial losses		-81	-25
Tax		17	94
Total other comprehensive income, net after tax		-126	-263
Comprehensive income for the year		320	175
Attributable to non-controlling interests	-	10	9

### Consolidated balance sheet

Amounts in SEK M	Note	2012-12-31	2011-12-31	2011-01-01
ACCETO				
ASSETS NON-CURRENT ASSETS				
	12			
Intangible non-current assets	12	352	050	050
Goodwill			352	352
Other intangible non-current assets  Total intangible non-current assets		105 <b>457</b>	87 <b>439</b>	79 <b>431</b>
Tangible fixed assets				
Buildings and land	13	7,585	4,972	5,157
Field structures	14	2,412	2,437	2,473
Biological assets, standing timber	15	91	88	85
Electrical installations, vehicles and equipment	16	1,999	2,009	2,163
New construction in progress related to tangible fixed assets	17	953	981	381
Total tangible fixed assets		13,040	10,487	10,259
Non-current financial assets	33			
Holdings in associated companies	19	79	121	106
Other long-term receivables	21	132	94	76
Derivative instruments	20	_	_	143
Deferred tax assets	28	0	57	28
Total non-current financial assets		211	272	353
Total non-current assets		13,708	11,198	11,043
CURRENT ASSETS				
Materials and stocks	22	38	36	34
Current receivables				
Trade receivables		555	424	461
Receivables from associated companies	24	10	10	7
Tax assets		56	63	0
Other receivables		40	141	106
Prepaid expenses and accrued income	25	252	201	142
Derivative instruments	20	_		19
Cash and bank holdings	20, 31	129	141	295
Total current assets	,	1,080	1,014	1,066
TOTAL ASSETS		14,788	12,212	12,109
TOTALAGOLIO		14,700	12,212	12,109

## Consolidated balance sheet, cont'd

Amounts in SEK M	Note	2012-12-31	2011-12-31	2011-01-01
EQUITY AND LIABILITIES				
Equity	26			
Share capital (1,441,403,026 shares)		1,441	1,441	1,441
Other paid-in capital		2,162	2,162	2,162
Hedge reserve		-170	-115	119
Retained earnings		857	492	92
Total equity attributable to the Parent Company's sharehold	ers	4,290	3,980	3,815
Non-controlling interest		10	9	9
Total equity		4,300	3,989	3,824
Non-current liabilities				
Provisions for pensions and similar obligations	27	784	734	706
Provisions for deferred tax	28	242	271	270
Other provisions	29	133	198	200
Liabilities to credit institutions	30	3,000	3,518	4,023
Derivative instruments	20	218	134	-
Liabilities to leasing companies	16	13	14	6
Other non-current liabilities		22	22	0
Total long-term liabilities		4,413	4,891	5,205
Current liabilities				
Interest-bearing liabilities				
Liabilities to credit institutions	30, 31	4,653	2,290	2,105
Liabilities to leasing companies	16	8	8	23
Non-interest-bearing liabilities				
Derivative instruments	20	13	22	_
Trade payables		606	368	327
Liabilities to associated companies		4	3	2
Current tax liabilities		0	2	1
Other liabilities	29	157	78	145
Accrued expenses and prepaid income	32	634	561	478
Total current liabilities		6,075	3,332	3,080
TOTAL EQUITY AND LIABILITIES		14,788	12,212	12,109

### Pledged assets and contingent liabilities

Amounts in SEK M	Note	2012-12-31	2011-12-31	2011-01-01
Pledged assets	34	0	0	-
Contingent liabilities	34	6	5	1

# Equity

### GROUP

Amounts in SEK M	Share capital	Other paid-in capital	Hedge reserves	Retained earnings	Non-controlling interest	Total capital
2012						
Equity, opening balance	1,441	2,162	-115	492	9	3,989
Dividend paid	_	_	_	_	-9	-9
Comprehensive income for the year	-	_	-55	365	10	320
Equity, closing balance 2012-12-31	1,441	2,162	-170	857	10	4,300
2011						
Equity, opening balance	1,441	2,162	119	92	9	3,824
Dividend paid	-	_	-	_	_	_
Comprehensive income for the year	-	-	-234	400	_	166
Equity, closing balance 2011-12-31	1,441	2,162	-115	492	9	3,989

### Consolidated cash flow statement

Amounts in SEK M	Note	2012-01-01 2012-12-31	2011-01-01 2011-12-31
	05		
Operating activities	35	55.4	
Profit after financial items		554	556
Adjustments for items not included in cash flow etc.		634	552
Cash flow from operating activities before changes in working capital		1,188	1,108
Cash flow from changes in working capital			
Increase(-)/Decrease(+) in materials and stocks		-2	-2
Increase(-)/Decrease(+) in operating receivables		-83	11
Increase(+)/Decrease(-) in operating liabilities		390	61
Cash flow from operating activities		1,493	1,178
Investing activities			
Acquisition/disposal of intangible non-current assets		-38	-21
Acquisition/disposal of tangible fixed assets		-3,383	-1,042
Acquisition/disposal of financial assets		80	45
Cash flow from investing activities		-3,341	-1,018
Financing activities			
Borrowings raised		4,135	1,800
Borrowings repaid		-2,290	-2,105
Dividend paid		-9	-9
Cash flow from financing activities		1,836	-314
Cash flow for the year		-12	-155
Liquid assets at the beginning of the period		141	295
Liquid assets at the end of the period		129	141

## Parent Company income statement

Amounts in SEK M	Note	2012-01-01 2012-12-31	2011-01-01 2011-12-31
Net revenue	4	4,868	4,687
Operating expenses			
Other external expenses	6	-1,909	-1,857
Staff expenses	7	-1,418	-1,264
Depreciation/amortisation and impairment losses on tangible fixed assets			
and intangible non-current assets	8	-856	-852
Operating profit		685	714
Income from financial investments	9		
Income from holdings in Group companies		13	13
Income from holdings in associated companies		20	17
Interest income and similar items		34	12
Interest expenses and similar items		-366	-285
Profit after financial items		385	471
Appropriations	10	010	000
Accelerated depreciation		-212	-280
Change in tax allocation reserve		-49	
Group contribution		-16	
Profit before tax		108	191
Tax	11	-63	-14
Profit for the year		44	178

### Parent Company statement of comprehensive income

Amounts in SEK M	2012-01-01 2012-12-31	2011-01-01 2011-12-31
Profit for the year	44	178
Other comprehensive income	-	<u>-</u>
Comprehensive income for the year	44	178

## Parent Company balance sheet

Amounts in SEK M	Note	2012-12-31	2011-12-31
ASSETS			
NON-CURRENT ASSETS			
Intangible non-current assets	12		
Goodwill	12	426	450
Other intangible non-current assets		105	87
Total intangible non-current assets		531	537
Tangible fixed assets			
Buildings and land	13	5,162	4,903
Field structures	14	2,412	2,437
Electrical installations, vehicles and equipment	16	1,999	2,009
New construction in progress related to tangible fixed assets	17	953	981
Total tangible fixed assets		10,526	10,330
Financial non-current assets			
Holdings in Group companies	18	882	161
Receivables from Group companies	23	1,947	50
Holdings in associated companies	19	87	127
Other long-term receivables	21	65	30
Deferred tax assets	28	34	57
Total financial assets		3,015	425
Total non-current assets		14,072	11,293
CURRENT ASSETS			
Materials and stocks	22	35	36
Current receivables			
Trade receivables		470	421
Receivables from Group companies	23	705	29
Receivables from associated companies	24	10	10
Tax assets		68	62
Other receivables		36	139
Prepaid expenses and accrued income	25	241	195
Cash and bank holdings	20, 31	102	117
Total current assets		1,667	1,008
TOTAL ASSETS		15,739	12,301

## Parent Company balance sheet, cont'd

Amounts in SEK M	Note	2012-12-31	2011-12-31
EQUITY AND LIABILITIES			
Equity	26		
Share capital (1,441,403,026 shares)		1,441	1,441
Share premium account		2,162	2,162
Retained earnings		-333	
Profit for the year		44	178
Total equity		3,314	3,267
Untaxed reserves	10		
Accumulated accelerated depreciation		1,152	940
Tax allocation reserve		49	C
Total untaxed reserves		1,201	940
Provisions			
Provisions for pensions and similar obligations	27	1,085	1,021
Other provisions	29	191	182
Total provisions		1,276	1,204
Non-current liabilities			
Interest-bearing liabilities			
Liabilities to credit institutions	30	3,000	3,518
Liabilities to leasing companies		13	14
Other non-current liabilities		22	21
Total long-term liabilities		3,035	3,554
Current liabilities			
Interest-bearing liabilities			
Liabilities to credit institutions	31	4,653	2,290
Liabilities to leasing companies		8	8
Non-interest-bearing liabilities			
Trade payables		596	366
Liabilities to Group companies		1,011	39
Liabilities to associated companies		4	3
Current tax liabilities		0	
Other liabilities		60	69
Accrued expenses and prepaid income	32	581	563
Total current liabilities		6,913	3,337
TOTAL EQUITY AND LIABILITIES		15,739	12,301

### Pledged assets and contingent liabilities

Amounts in SEK M	Note	2012-12-31	2011-12-31
Pledged assets	34	0	0
Contingent liabilities	34	6	5

# Changes in equity

#### PARENT COMPANY

	Restricted reserves		Unrestricted reserves				
Amounts in SEK M	Share capital	Share premium	Retained earnings	Total capital			
2012							
Equity, opening balance	1,441	2,162	-336	3,267			
Profit on merger	-	-	3	3			
Profit for the year	-	-	44	44			
Equity, closing balance 2012-12-31	1,441	2,162	-289	3,314			
2011							
Equity, opening balance	1,441	2,162	-514	3,089			
Dividend paid	-	-	-	-			
Comprehensive income for the year	-	-	178	178			
Equity, closing balance 2011-12-31	1,441	2,162	-336	3,267			

## Parent Company cash flow statement

Amounts in SEK M	Note	2012-01-01 2012-12-31	2011-01-01 2011-12-31
	05		
Operating activities	35	205	47.
Profit after financial items		385	471
Adjustments for items not included in cash flow, etc.		882	728
Cash flow from operating activities before		1,267	1,199
Cash flow from changes in working capital			
Increase(-)/Decrease(+) in inventories		0	-1
Increase(-)/Decrease(+) in operating receivables		-692	-55
Increase(+)/Decrease(-) in operating liabilities		1,197	132
Cash flow from operating activities		1,772	1,274
Investing activities			
Paid-in shareholder contribution		-785	-
Non-current receivables, subsidiaries		-1,897	_
Acquisition of intangible non-current assets		-38	-21
Acquisition of tangible fixed assets		-1,006	-1,041
Acquisition of financial assets		93	-67
Cash flow from investing activities		-3,634	-1,129
Financing activities			
Profit from merger		3	-
Borrowings raised		4,135	-1,800
Borrowings repaid		-2,290	-2,105
Cash flow from financing activities		1,848	-305
Cash flow for the year		-14	-160
Liquid assets at the beginning of the period		117	277
Liquid assets at the end of the period		102	117

### Notes

(Amounts in SEK M unless otherwise indicated)

#### ■ Note 1 Corporate information

Swedavia AB (publ), Swedish corporate identity number 556797-0818, has its registered officer in the Municipality of Sigtuna, Sweden. The address of the company's head office is: 190 45 Stockholm-Arlanda, Sweden. The company is wholly owned by the Swedish State. The company's operations entail directly or indirectly funding, owning, managing and developing airports with their associated buildings and facilities.

On December 3, 2009, the Swedish Parliament agreed to split LFV and convert its airport operations into a limited liability company as of April 1, 2010. For this reason, the company Swedavia was formed on November 30, 2009. On April 1, 2010, the company acquired all shares in the companies Flygplatsfastigheter i Landvetter AB, corporate identity number 556142-8334, and LFV Airport Center AB, corporate identity number 556381-1057, as well as 60 per

cent of the shares in Arlanda Schiphol Development Company AB, corporate identity number 556653-6628, thus becoming the parent company of this group.

Also included in the acquisition were the associated companies Nordic Airport Properties AB, 50 per cent, corporate identity number 556598-5941, Nordic Airport Properties KB, 50 per cent, corporate identity number 969673-0143, and Cityflygplatsen i Göteborg AB, 40 per cent, corporate identity number 556195-5823.

In this report, Swedavia AB is referred to either by its full name or as the Parent Company, and the Swedavia Group is referred to as Swedavia or the Group.

Reporting for the Group and the Parent Company is in millions of Swedish kronor, SEK M, unless otherwise indicated.

#### ■ Note 2 Accounting principles 2012

#### General

The consolidated accounts have been prepared in conformity with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB), to the extent these have been adopted by the EU, as well as with interpretations given by the EU of current standards issued by the IFRS Interpretations Committee

This financial report is the first complete financial report prepared in conformity with IFRS, which is applied as of January 1, 2012. The date of transition to IFRS has been established as January 1, 2011. Accounting principles in conformity with IFRS are given below. The Group previously applied the Swedish Financial Accounting Standards Council's recommendations and statements. The transition to IFRS has proceeded in conformity with IFRS 1 First-time adoption of international financial reporting standards.

The Parent Company applies Sweden's Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for legal entities. The differences arising between Parent Company and consolidated accounting principles are due to restrictions in the possibility of applying IFRS in the Parent Company as a result of Sweden's Annual Accounts Act and Pension Obligations Vesting Act as well as, in some cases, the connection between accounting and taxation.

#### New accounting principles

New and reworked standards and interpretation statements from the IASB to be applied beginning January 1, 2012, have not had any material impact on Swedavia's financial reports.

As a result of the EU's adoption of the revised IAS 19, Swedavia has chosen to apply this standard in advance in its annual accounts, which entails a change in accounting principles compared to reports published earlier in 2012. The changes pertain mainly to recognition of and information about defined benefit pension plans. Items attributable to pension rights accruing from defined benefit pension plans, gains and losses arising in the settlement of a pension liability and net financial income are recognised in the income statement. Actuarial gains and losses are recognised in other comprehensive income. The bulk of Swedavia's defined benefit pension commitments are in the form of paid-up pension policies and no new pension rights accrue to these.

#### New and changed standards and interpretations that have not yet entered into force

The International Accounting Standards Board (IASB) has issued the following new and changed standards which have not yet entered into force.

#### Standards that Swedavia will apply beginning January 1, 2013

- Change in IFRS 7 Financial instruments. The changes pertain to information about net reporting of financial assets and liabilities in the balance sheet
- . IFRS 13 Fair value measurement. The standard contains uniform rules for calculation of and information about fair values. The new standard is not expected to impact balance sheet items but requires additional information.
- · Change in IAS 1 Presentation of financial statements. Requirement to breakdown items in Other comprehensive income

#### Standards that Swedavia will apply beginning January 1, 2014, or later

• IFRS 10 Consolidated financial statements. The standard outlines uniform rules for which entities are to be consolidated and will replace IAS 27 Consolidated and separate financial statements and SIC 12, which addresses Special Purpose Entities.

The standard is not expected to have any material impact on the financial statements

- IFRS 11 Joint arrangements. The standard addresses the reporting of what are known as joint arrangements and will replace IAS 31 Interests in joint ventures. At present Swedavia has no entities included under the new standard
- IFRS 12 Disclosure of interests in other entities. Increased requirements for information about subsidiaries, joint arrangements and associated companies have been gathered in one standard and are expected to lead to some increase in information contained in Swedavia's annual report

• IFRS 9 Financial instruments. The standard is being issued in phases and will replace IAS 39 Financial instruments: Recognition and measurement. It has not net been possible to assess the effects of the new IFRS 9 standard, which will be applied in 2015. The EU has not yet adopted any part of the new standard

#### Consolidated financial accounts

The consolidated financial accounts include the Parent Company and all the companies over which the Parent Company directly or indirectly has a controlling interest. Controlling interest is assumed to arise when ownership entails at least 50 per cent of the votes in the subsidiary, but can also be achieved if controlling interest can be exercised over the operational and financial management. The Parent Company in all cases owns, directly or indirectly, shares/holdings in the companies included in the consolidated financial accounts. Subsidiaries are included in the consolidated financial accounts starting from the time controlling interest is achieved and are excluded from the consolidated financial accounts from the time controlling interest is no longer exercised. Where necessary, adjustments are made in the subsidiaries' financial statements to adapt their accounting principles to those used by the Group. All intra-Group transactions, dealings, income and expenditures are eliminated in consolidation.

#### Classification

Non-current assets, long-term liabilities and provisions consist in all essential respects only of amounts that are expected to be recovered or paid after more than twelve months calculated from the balance sheet date.

Current assets and current liabilities consist in all essential respects only of amounts that are expected to be recovered or paid within twelve months calculated from the balance sheet date.

#### Valuation principles

Assets, provisions and liabilities have been recognised at cost unless otherwise indicated below. Financial assets and liabilities have been recognised at accrued cost, apart from certain financial assets and liabilities which are recognised at fair value. Financial assets and liabilities that are recognised at fair value consist entirely of derivative instruments.

#### Intangible non-current assets

The Group has goodwill and other intangible non-current assets. Goodwill arises when the cost in the acquisition of shares in a subsidiary exceeds the fair value of the identifiable net assets of the company acquired. Goodwill is recognised at cost less any impairment loss. Goodwill has an indeterminable expected useful life, and an impairment review is carried out at least once a year.

Other intangible non-current assets consist of noise insulation for the properties of others. Straight-line amortisation is used over an expected useful life of 10 years.

#### Tangible fixed assets

Tangible fixed assets are recognised at cost minus accumulated depreciation and any accumulated impairment losses.

Cost comprises the purchase price, costs directly attributable to the acquisition and expenditures for arranging the transfer of the asset until the time it is ready to be placed in service. Subsequent costs are only included under electrical installations, vehicles and equipment or recognised as a separate asset when it is likely that future economic benefits attributable to the item will benefit the Group and the cost of this can be reliably estimated. All other costs for repair and maintenance as well as future expenditures are recognised in the income statement for the period in which they occur.

Depreciation is recognised based on the expected and estimated useful life using the straight-line depreciation method. For cases where parts of electrical

installations, vehicles and equipment consist of different components where each part has an expected useful life that differs significantly from the asset as a whole, depreciation of such components occurs on an individual basis using the estimated useful life of each component.

Depreciation begins when the assets are ready for their intended use. The useful life and residual value are revised on an annual basis.

#### New construction in progress related to tangible assets

Cost includes expenditures directly attributable to the asset in order to convey it to the site and in the condition it is to be used according to the purpose for which it was acquired.

New expenditures are added to the cost for the share of improvement in the asset's performance compared to the level that applied when it was originally acquired. All other new expenditures are recognised as a cost in the period they occur.

#### Depreciation principles for tangible fixed assets

Scheduled depreciation is based on cost minus estimated residual value. Depreciation is on a straight-line basis over the expected useful life of the asset. Useful life is estimated as:

Buildings	10 - 60 years
Field structures	10 - 60 years
Electrical installations, vehicles and equipment	3 – 10 years
Equipment, land	10 - 60 years
Equipment, buildings	10 - 60 years

#### Impairment losses

On each recording date, the Group analyses the recognised values of tangible assets to determine whether there is anything to indicate that these assets have decreased in value. If there is an indication of this, the replacement value is calculated in order to determine the value of any impairment loss.

In valuation of the airports, a systems approach is applied. Since the airports included in the national basic airport infrastructure are operated as a system, integrated and mutually dependent, the individual airports have been valued according to their systemic useful life rather than based on recognised profit. Operating the airports as a system means that it is not possible to isolate cash flow attributable to the individual airports included in the system on a meaningful basis. Therefore the system of airports that are included in Sweden's national basic infrastructure is treated as a single cash-generating unit. The other airports not included in the national basic infrastructure are valued separately as cashgenerating units.

Impairment losses are recognised immediately in the income statement. If an impairment loss is reversed, it is done so only to the extent that the carrying amount of the asset does not exceed the carrying amount, minus depreciation, if no impairment loss had been made. A reversal of an impairment loss is recognised immediately in the income statement. A reversal of an impairment loss is never recognised for goodwill.

#### Biological assets - standing timber

In conformity with IFRS, forest assets are to be divided into standing timber, which is recognised as a biological asset, and land, which is recognised as a tangible asset. This means that standing timber is to be valued and recognised at fair value on each reporting date. Changes in fair value are recognised in the income statement. Fair value has been calculated as the present value of the discounted future return from long-term sustainable forest operations, that is, the expected future cash flow from forest operations.

#### Stocks

Stocks are recognised at the lower of cost using the first-in first-out method or fair value. As a result, obsolescence risks are mitigated.

#### Financial instruments

A financial asset or financial liability is recognised in the balance sheet when an asset or liability arises under the terms of the instrument stipulated in the contract. A financial asset is derecognised from the balance sheet when the contractual rights are realised, expire or when the company loses control over it. A financial liability is derecognised from the balance sheet when the contractual obligation has been fulfilled or in any other way eliminated.

All financial instruments are initially recognised at fair value plus or minus transaction costs, except for those financial assets belonging to the category of financial asset or liability recognised at fair value through profit or loss and all derivatives. Financial assets and liabilities are offset and recognised as a net amount in the balance sheet when there is a legal right of offset and when there is the intention to settle the items with a net amount or to realise the asset and settle the liability simultaneously.

On each recording date, the Group evaluates whether there are objective indications that an impairment loss needs to be taken on a financial asset or group of financial assets as a result of events that have occurred. Objective indications could be a breach of contract as well as default or delay of payment of interest or capital, significant financial difficulties for debtors or deterioration in the creditworthiness of customers

The recognised value after impairment losses on assets is calculated as the future cash flow discounted by the effective interest rate that applied when the asset was recognised for the first time. Assets with a short maturity are not discounted. An impairment loss is charged to the income statement. The asset is eliminated from the balance sheet in the event of bankruptcy.

#### Financial assets recognised at fair value through profit or loss

This category consist of two sub-groups, and only the sub-category "held for trading" applies to the Group. This sub-category includes derivatives with a positive fair value if they are not intended for hedge accounting. Financial instruments in this category are measured at fair value with value changes recognised in the profit for the year.

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, independent parties who have an interest in carrying out the transaction.

In determining fair value, the official price listing in an active market or other observable market data are preferably used. If these do not exist, fair value is calculated with the aid of the methods that can be considered on each occasion to give the best estimate of fair value.

#### Loans receivable and trade receivables

Loans receivable and trade receivables are financial assets that are not derivatives, are specified or determinable amounts and are not listed on an active market. These assets are recognised at amortised cost. Amortised cost is determined based on the effective interest rate calculated at the time of purchase. Trade receivables are recognised at the amount that is expected to be received, that is, minus bad debts, which are judged on an individual basis.

#### Financial liabilities recognised at fair value through profit or loss

This category consists of two sub-groups, and only the sub-category "held for trading" applies to the Group. This sub-category includes derivatives with a negative fair value if they are not intended for hedge accounting. Financial instruments in this category are measured at fair value with value changes recognised in the profit for the year.

#### Other financial liabilities

Borrowings and other financial liabilities, apart from derivatives, are recognised at amortised cost. Amortised cost is determined based on the effective interest rate calculated at the time the amount was borrowed. This means that discounts/ premiums and the direct costs of share issues are allocated over the maturity of the loan. Trade payables have short expected maturities and are recognised without discounting on their nominal amount.

Non-current liabilities have an expected maturity of more than one year whereas current liabilities have a maturity less than one year.

#### **Business combinations**

Acquisitions of businesses are recognised using the acquisition method. Cost is calculated as the total fair value of assets purchased, liabilities that have arisen or are assumed and equity instruments issued as payment in exchange for a controlling interest over the acquired entity on the transaction date. Identifiable assets, liabilities and contingent liabilities acquired are recognised at fair value on the acquisition date. The premium that consists of the difference between the cost of the acquired holdings and the total fair value of the identifiable net assets acquired is recognised as goodwill. A discount is charged to the income statement.

#### Associated companies

Shareholdings in associated companies are recognised in the consolidated accounts using the equity method. The equity method entails that the carried amount of shares in the associated company is equivalent to the Group's share of the associated company's equity and any residual value of the consolidated premiums or discounts. The Group's share of the associated company's profit adjusted for any amortisation on or liquidation of premiums or discounts on acquisitions is recognised in the consolidated income statement as holdings in associated companies.

#### Transactions eliminated on consolidation

Intra-Group receivables and liabilities and transactions between Group companies as well as unrealised gains in conjunction with these are eliminated in full. Unrealised gains arising from transactions with associated companies and joint ventures are eliminated to the extent that the Group owns shares in the company. Unrealised gains arising as a result of transactions with associated companies are eliminated against holdings in associated companies. Unrealised losses are eliminated in the same way as unrealised gains as long as there is no need for impairment losses.

#### Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies have been translated at the exchange rate on the balance sheet date. Exchange rate differences for operating receivables and operating liabilities are included in the operating profit, while such differences for financial receivables and liabilities are recognised in financial items.

#### Liquid assets

Liquid assets comprise cash and banking holdings that are immediately available.

#### Trade payables

Trade payables have a short expected maturity and are valued without discounting their nominal amount.

#### Hedge accounting

#### General

Derivative instruments are recognised in the balance sheet on the contract date at fair value, both initially and in subsequent revaluations. The method for recognising profit or loss arising from revaluation depends on whether the derivative has been identified as a hedging instrument and, if so, the nature of the item hedged. The Group identifies some derivatives as a hedge of a given risk which is connected to a recognised liability or a very likely forecast transaction (cash flow hedge).

The Group uses derivative instruments, interest rate and commodity swaps or currency futures, mainly to limit exposure to fluctuations in interest rates, commodity (electricity) prices and foreign exchange rates that qualify for hedge accounting

When the transaction is entered into, the relationship between the hedging instrument and the item hedged is analysed and assessed against the Group's risk management objectives for hedging. The analysis is documented at the inception of the hedge and on a continuous basis, to ensure that the derivative instruments used in hedging transactions are effective in evening out changes in fair value or changes in cash flow for hedged items. Gains and losses on hedges are recognised in the profit for the year at the same time the gains and losses on the items hedged are recognised.

Changes in fair value for derivative instruments that do not meet the criteria for hedge accounting are recognised directly in the income statement (see description above under "Financial instruments").

#### Cash flow hedges

To hedge uncertainty in highly likely forecast interest cash flows related to borrowings at floating interest rates, interest rate swaps - in which the company receives a floating rate and pays a fixed rate - are used. Interest rate swaps are recognised at fair value on the balance sheet. The interest coupon portion is recognised directly in the profit for the year as part of interest expenses. Unrealised changes in fair value on the interest rate swaps are recognised in other comprehensive income and are included in the hedge reserve until the hedged item impacts the profit for the year and as long as the criteria for hedge accounting and effectiveness are fulfilled. The gain or loss attributable to the non-effective portion of unrealised value changes on the interest rate swaps is recognised in the profit for the year.

Hedge accounting has also been applied to derivative instruments that effectively offset fluctuations in cash flow from projected sales and electricity use. Currency futures have been used as hedging instruments for projected sales and electricity derivatives that are identified as hedging instruments and fulfil the criteria for hedging the future cash flow recognised in other comprehensive income and accumulated in the hedge reserve under equity. The accumulated gains or losses in the hedge reserve are reclassified to the income statement and recognised under sales or costs for goods sold in the same period that the projected sale or consumption of electricity impacts profit.

When a hedging instrument or hedging relationship is terminated but the hedged transaction is still expected to occur, the accumulated gains and losses in the hedge reserve remain and are recognised in the profit for the year when the contracted or projected transaction is recognised in the income statement. However, if the hedged transaction is no longer expected to occur, the accumulated gains and losses in the hedge reserve are immediately reclassified in profit for the year.

#### Pensions

The Group has both defined contribution and defined benefit pension plans. The transfer of agreed assets and liabilities for airport operations in LFV included the assumption of a defined benefit pension liability. Most of the defined benefit pension obligations after the transfer are in the form of paid-up pension policies. and no new pension rights accrue for these. The remaining defined contribution plans consist mostly of pension obligations under collective agreements and pension obligations as specified in transitional provisions adopted in conjunction

with the conversion into a limited liability company of operations run previously under LFV. The estimated present value of the defined contribution obligations is recognised in the balance sheet as a provision. The company's obligation is calculated annually by independent actuaries. The obligation consists of the present value of expected future payments. The discount rate used corresponds to the interest rate on government bonds with a maturity that corresponds to the average maturity of the obligation. The assumption on the discount rate is updated annually, which affects the recognised pension obligation. The Group bears the risk of ensuring that the payments determined are effected.

The accounting principles described are applied only in the consolidated financial accounts (see below, Parent Company accounting principles). A receivable/liability is recognised for the special payroll tax if the pension expense is lower/higher than the pension expense stipulated for a legal entity. The receivable or liability is based on the difference between these amounts and the present value is not calculated.

The defined contribution plan applies as of the date of the Group's formation and is secured through payments to insurance companies or managed funds. A defined contribution pension plan is a pension plan for which a company pays fixed contributions to a separate legal entity. The company subsequently has no legal or informal obligations to pay additional contributions to the employee's accrued pensions.

#### Tax

The Group's total tax consists of current tax and deferred tax. Taxes are recognised in the income statement except when the underlying transaction is recognised immediately in other comprehensive income. Current tax is tax that is to be paid or received for the period in question. This also includes adjustments in current tax attributable to previous periods. Deferred tax is calculated using the balance sheet method based on the temporary differences between reported and tax values on assets and liabilities. The amounts are calculated based on how the temporary differences are expected to even out and by applying tax rates and tax regulations that are decided or advised on the balance sheet date. Temporary differences are not taken into consideration in consolidated goodwill and normally nor are differences attributable to holdings in subsidiaries and associated companies that are not expected to be taxed within the foreseeable future. Untaxed reserves including deferred tax liabilities are recognised for legal entities. However, in the consolidated financial accounts, untaxed reserves are divided between deferred tax liability and equity. Deferred tax credits for taxdeductible temporary differences and deductions for deficits are recognised only to the extent it is likely these will entail lower tax payments in the future.

Reported income tax is the total of current and deferred tax. Current tax is calculated based on the taxable profit for the year. Taxable profit is distinguished from profit recognised in the income statement. The difference concerns revenue that is subject to tax and expenses that are deductible in other years (temporary differences) as well as items that are never subject to tax or are taxdeductible (permanent differences). The Group's current tax liability is calculated using the tax rates that have been decided or are in practice decided on the balance sheet date. Deferred tax liabilities are normally recognised for all temporary differences subject to tax, and deferred tax liabilities are recognised to the extent it is likely that a taxable profit occurs against which tax-deductible temporary differences can be used.

#### **Provisions**

A provision is recognised in the balance sheet when the company has a formal or informal obligation as a result of an event occurring and it is likely that an outflow of resources is required to settle the obligation and a reliable estimate of the amount can be made.

A present value calculation is made to take into account significant time effects of future payments. Provisions are further divided into non-current and current provisions.

#### Restoration reserve

In conformity with the Group's published environmental principles and applicable legal requirements, a reserve to restore contaminated assets is recognised when the asset is contaminated.

#### Reserve for onerous contracts

A provision for onerous contracts is recognised when the expected economic benefits the Group expects to receive from a contract are lower than the unavoidable costs of fulfilling the terms of the contract.

#### Restructuring reserve

A provision is recognised when a detailed restructuring plan has been adopted and the restructuring has either begun or has been publicly announced.

#### Contingent liabilities

A contingent liability is recognised off the balance sheet when there is a possible obligation resulting from past events and whose occurrence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events, which are not entirely in the company's control, or there is an obligation resulting from past events but which is not recognised as a liability or provision since it is not likely that an outflow of resources will be required to settle the obligation, or the size of the obligation cannot be estimated with sufficient accuracy. No accounting is necessary when the likelihood of an outflow of resources is extremely limited.

#### Revenue

Revenue is recognised as the fair value of what has been received or will be received. Deductions are made for discounts provided. Rental revenue entails that the revenue is divided evenly over the rental period. The total cost of benefits provided is recognised as a straight-line reduction in rental revenue over the rental period. Deliveries of goods are recognised as revenue when significant risks and benefits associated with ownership of the goods have been transferred to the buyer. Revenue is only recognised if it is likely that economic benefits will accrue to the Group and these benefits can be reliably estimated. If there is later uncertainty as to the likelihood of receiving payment for amounts already recognised as revenue, the amount for which payment is no longer likely is recognised as a cost instead of as an adjustment in the amount of revenue originally recognised.

#### Financial income and expenses

Financial income consists of income on invested funds, dividends, the gain on a change in value in financial assets recognised at fair value through profit or loss and such gains on hedging instruments as are recognised in net financial items.

Financial expenses consist of interest expenses on borrowings, effects of reversing provisions calculated at their present vale, the loss on a change in value in financial assets recognised at fair value via profits and losses and such losses on hedging instruments as are recognised in net financial items.

Interest income and interest expenses on financial instruments are recognised using the effective interest method. Dividend income is recognised when the right to receive a dividend is established. Foreign exchange gains and losses are recognised in net financial items.

#### Segment reporting

A business segment is defined as a part of a company that carries out opera-

tions from which it can generate revenue and incur costs, whose operating profit is examined on a regular basis by the company's highest executive officer and for which there is independent financial information. The Swedavia Group is organised and is run as of July 1, 2012, based on two business segments, Airport Operations and Real Estate. Until July 1, 2012, Swedavia's operations consisted solely of Airport Operations, which then constituted the Group's only business segment.

The basis of segment reporting is internal reporting. The Board of Directors and executive team mainly use operating profit by segment to monitor operations. Financial expenses, financial income and income tax are handled at the Group level.

The Swedavia Group is managed and reported based on the following two business segments: Airport Operations, which owns, operates and develops Swedavia's airports, and Real Estate, which owns, develops and administers properties and exploitable land at and in the vicinity of Swedavia's airports.

#### Leases

Leases are classified in the consolidated financial accounts as either financial leases or operating leases. Financial leases arise when the economic risks and benefits associated with ownership in all essential aspects are transferred to the lessees; if not, then it is the case of an operating lease. The Group's contracts are classified as financial leases and have been recognised as assets in the consolidated balance sheet. The obligation to pay future leasing fees has been recognised as a current or long-term liability. The leased assets are depreciated according to a set schedule while lease payments are recognised as interest and principal payments on the liabilities.

#### Discontinuing operations

In the accounting of discontinuing operations, discontinuing operations are considered to be a clearly delimited part of the Group's operations which have been discontinued or shut down or are being discontinued according to a single coherent plan.

#### Other

The figures reported have in some cases been rounded off, which means that tables, charts and calculations do not always add up. In texts and tables, figures between 0 and 0.5 are reported as 0. If there is no value, a dash is used.

#### Significant judgements and assumptions

In the preparation of financial reports in conformity with IFRS, the executive management is required to make judgements and assumption that affect the application of the accounting principles and the amounts recognised for assets, liabilities, revenue and costs. These judgements and assumptions are based on historical experience and a number of other factors that seem reasonable under prevailing conditions. The results of these judgements and assumptions are then used to assess the recognised values of assets and liabilities that are not otherwise clear from other sources. The actual outcome may differ from these assumptions and judgements.

Judgements and assumptions are reviewed on a regular basis. Changes in assumptions are recognised in the period the change is made if it only impacted this period, or in the period the change is made and future periods if the change impacts both the current period and future periods.

#### Disputes

Executive management's best judgement has been used in the accounts of disputed amounts, but the actual future outcome may differ from the amounts assessed.

#### Parent Company accounting principles

The Parent Company prepares its financial reports in conformity with Sweden's Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for legal entities. The differences between the consolidated and Parent Company accounting principles are presented below. The accounting principles specified for the Parent Company have been applied consistently in all the periods presented in the Parent Company's financial reports.

#### Financial instruments

The Parent Company does not apply IAS 39; instead, financial instruments are recognised based on their cost in conformity with Sweden's Annual Accounts Act. This means that non-current financial assets are recognised at cost minus any impairment loss and current financial assets are valued based on the lower of cost or market rule

Interest rate swaps that effectively hedge cash flow risk for interest payments on liabilities are recognised at the net of the accrued asset on floating interest and accrued liability on fixed interest, and the difference is recognised as an interest expense or interest income.

#### Taxes

The amount set aside for untaxed reserves consists of taxable temporary differences. In the Parent Company, because of the relationship between accounting and taxation, the deferred tax liability is recognised as part of the untaxed reserves. However, in the consolidated accounts, untaxed reserves are divided between deferred tax liability and equity.

#### Pensions

Pension commitments are recognised in the Parent Company in conformity with the provisions in the Swedish Pension Obligations Vesting Act and the Swedish Financial Supervisory Authority's regulations.

#### Intangible non-current assets

Intangible non-current assets with an indeterminable useful life are not amortised in the consolidated accounts. There is amortisation in the Parent Company. The Parent Company has goodwill from the acquisition of assets that have an expected useful life of 20 years. Useful life reflects the company's estimation of the period under which future economic benefits that goodwill and other intangible non-current assets represent will flow to the company. Straight-line amortisation is applied over the expected useful life of the asset.

#### Associated companies

Holdings in associated companies are recognised in the Parent Company using the cost method. Dividends received are recognised in the income statement provided that they arise from a share of the profit earned after the acquisition.

Holdings in limited partnerships are recognised at cost. The carrying amount for the holdings changes annually with Swedavia's share of the limited partnership's net profit as well as any withdrawals or contributions during the year.

#### ■ Note 3 Segment reporting

A business segment is defined as a part of a company that carries out operations from which it can generate revenue and incur costs, whose operating profit is examined on a regular basis by the company's highest executive officer and for which there is independent financial information. The Swedavia Group is organised and is run as of July 1, 2012, based on two business segments, Airport Operations and Real Estate. Until July 1, 2012, Swedavia's operations consisted solely of Airport Operations, which then constituted the Group's only business segment. The acquisition of buildings from SAS has entailed a change in the management of the Group.

The basis of segment reporting is internal reporting. The Board of Directors and executive team mainly use operating profit by segment for monitoring operations.

Financial expenses, financial income and income tax are handled at the Group level. The accounting principles conform with those applied in the consolidated financial reports, with the exception of amortisation on goodwill, unrealised value changes that are not covered by hedge accounting, actuarial gain and losses on pensions and value changes in standing timber.

The Swedavia Group is managed and reported based on the following two

- Airport Operations owns, operates and develops Swedavia's airports
- Real Estate owns, develops and administers properties and exploitable land at and in the vicinity of Swedavia's airports

	Airport O	perations	Real E	Estate	Elimin	ations	Total Sv	wedavia
Income statement Jul-Dec	2012	2011 <sup>*)</sup>	2012	2011"	2012	2011 <sup>")</sup>	2012	2011 <sup>*)</sup>
Revenue from external customers	2,452	2,346	103	_	0	_	2,555	2,346
Revenue from other segments	9	_	0	_	-9	_	0	_
Total revenue	2,461	2,346	103	-	-9	-	2 ,555	2,346
Operating expenses	-1,655	-1,564	-27	-	42	13	-1,640	-1,551
Depreciation, amortisation and	440	400				_		405
impairment losses	-446	-432	-19		16	7	-449	-425
Operating profit	360	351	57	-	49	20	467	371
Income from holdings in associated								
companies	9	6	0	<u> </u>	0		9	6
Net financial items	-172	-127	-28	_	34	20	-166	-107
Profit before tax for the period	197	229	29	_	83	40	310	269

	Airport O	perations	Real E	Estate	Elimin	ations	Total Sv	wedavia
Balance sheet	2012	2011 <sup>ŋ</sup>	2012	2011 <sup>*)</sup>	2012	2011 *)	2012	2011 ")
Non-current assets	13,867	_	2,474	-	-2,632	_	13,709	-
Current assets	1,707	_	1,099		-1,726		1,080	-
Total assets	15,574	_	573, 3	-	-4,358	-	14,788	_
Equity	4,330	_	815	-	-846	-	4,300	_
Liabilities	11, 244	_	2,757	-	-3,513		10,487	-
Total equity and liabilities	15,574	-	3,573	-	-4,358	-	14 ,788	=

<sup>&</sup>lt;sup>1</sup> The Swedavia Group is organised and is run as of July 1, 2012, based on two business segments, Airport Operations and Real Estate. Prior to that, Swedavia's operations consisted solely of Airport Operations, which then constituted the Group's only business segment.

#### Note 4 Net revenue

	Gro	pup	Parent C	ompany
	2012-01-01 2012-12-31	2011-01-01 2011-12-31	2012-01-01 2012-12-31	2011-01-01 2011-12-31
Revenue by source				
Aviation Business				_
Passenger-related revenue	1,849	1,778	1,849	1,778
Business-related revenue	593	591	593	591
Ground handling and aircraft parking	296	274	296	274
Other Aviation Business	11	8	11	8
	2,749	2,650	2,749	2,650
Commercial Services				
Car parking	621	604	621	604
Retail, food and beverage	601	585	601	585
Other real estate revenue	535	399	432	389
Advertising	69	69	69	69
Other Commercial Services	307	313	320	332
	2,134	1,970	2,045	2,253
Other revenue	81	72	74	58
	81	72	74	58
Total	4,965	4,693	4,868	4,687

One customer accounted for 14 per cent (12) of consolidated net revenue in 2012.

#### ■ Note 5 Related party transactions

Related party transactions involve State-owned companies or operations that conduct business subject to market terms in which the State has a controlling interest. Transactions are carried out on market terms, and operations are subject to competition. Related parties also include companies over which Swedavia may exercise a controlling interest or significant influence in terms of operational and financial decisions made.

#### Transactions with the Swedish State

Swedavia AB is wholly owned by the Swedish State. Transactions with the State such as taxes, payroll fees etc. have not been included. The Swedavia Group's products and services are provided to the State, government agencies and State-owned companies in competition with other suppliers on commercial terms. Similarly, Swedavia AB and its subsidiaries purchase products and services from government authorities and State-owned companies at market prices and on commercial terms. Individually, neither the State, government authorities nor

State-owned companies account for a significant share of the Swedavia Group's net revenue or profit. Costs consist mostly of meteorological services, fees to government authorities and air navigation services.

#### Transactions with other related parties

Swedavia has no pledged assets for or contingent liabilities to executive officers or the Board of Directors. For information about remuneration to executive officers and Board members, see Note 7.

The table below shows significant transactions with related parties. For information about Swedavia AB's receivables from and liabilities to Group companies, see Note 23 "Receivables from Group companies" and Note 24 "Receivables from associated companies". Shares in Group companies are specified in Note 18 "Holdings in Group companies" and in Note 19 "Holdings in associated companies".

	Gro	up	Parent Company		
	2012-12-31	2011-12-31	2012-12-31	2011-12-31	
Sale of goods and services					
Subsidiaries	-	-	7	1	
Associated parties	1	-	26	31	
Other related parties	_	-	620	610	
Total sale of goods and services	1	-	653	642	
Sale of immovable property or other assets					
Subsidiaries	_	-	658	-	
Associated companies	_	-	_	-	
Other related parties	_	-	-	-	
Total sale of immovable property or other assets	-	-	658	-	
Purchase of goods and services					
Subsidiaries	_	-	59	55	
Associated companies	_	-	1	4	
Other related parties	-	-	5	5	
Total purchases of goods and services	-	-	65	64	
Interest, net					
Subsidiaries	_	-	31	-	
Associated companies	_	-	_	-	
Other related parties	_	-	_	-	
Total interest	_	-	31	_	

#### ■ Note 6 Remuneration and compensation for auditors

	Group		Parent C	Parent Company		
	2012-01-01 2012-12-31	2011-01-01 2011-12-31	2012-01-01 2012-12-31	2011-01-01 2011-12-31		
Ernst & Young						
Auditing assignments	3	3	3	3		
Tax consultancy	0	-	0	-		
Other services	2	1	2	1		
	5	4	5	4		
KPMG						
Auditing assignments	-	1	-	1		
Tax consultancy	0	1	0	1		
Other services	1	0	1	0		
	1	2	1	2		
Total	6	6	6	6		

Auditing assignments refers to the statutory auditing of the annual accounts and the administration of the Board of Directors and the President and CEO as well as auditing and other examination performed in accordance with agreements or contracts.

This includes other duties incumbent upon the company's auditors as well

as advice or other assistance stemming from observations made during such audits or the performance of such other duties. Tax consultancy refers to all consultancy pertaining to taxes.

Other services refers to advice on accounting issues as well as advice on processes and internal auditing.

#### ■ Note 7 Employees and staff expenses

Average number of employees	2012-01-01 2012-12-31	Of which women	2011-01-01 2011-12-30	Of which women
PARENT COMPANY				
Sweden	2,612	33%	2,505	33%
Total in the Parent Company	2,612	33%	2,505	33%
SUBSIDIARIES				
Sweden	12	34%	11	82%
Total in subsidiaries	12	34%	11	82%
Group total	2,624	33%	2,516	34%

Gender distribution in executive management	2012-12-31 Share of women	2012-01-01 Share of women	2011-12-31 Share of women	2011-01-01 Share of women
PARENT COMPANY				
Board of Directors	56%	44%	44%	44%
Other executive officers	36%	36%	36%	42%
GROUP TOTAL				
Board of Directors	38%	23%	23%	27%
Other executive officers	31%	28%	28%	50%

#### Payroll fees Salaries and Salaries and Payroll Salaries, other remuneration and payroll fees remuneration remuneration fees PARENT COMPANY 927 451 833 387 (251) (125) (of which pension expenses) **SUBSIDIARIES** 6 3 5 2 (of which pension expenses) (1) (1) -3 -2 Adjustment of payroll tax on pension liability, Group Group-related adjustments -30 -10

2012-01-01-2012-12-31

2011-01-01-2011-12-31

**GROUP TOTAL** 933 421 838 377 (252)(of which pension expenses) (126)

Remuneration to the Board of Directors Parent Company 2012 SEK T	Base salary, Board fee	Audit Committee	Remuneration Committee	Other benefits
Chairman of the Board				
Ingemar Skogö	440	-	25	-
Board members				
Karin Apelman	220	35	-	_
Adine Grate Axén	220	-	-	4
Lars Backemar	220	_	-	-
Anders Ehrling	220	-	-	4
Anna Elgh	220	20	-	-
Hans Jeppsson	220	-	_	-
Jenny Lahrin 1)	-	-	_	-
Christopher Onajin 2)	_	_	-	-
Magnus Skåninger 3)	-	-	_	-
Lottie Svedenstedt	220	-	20	-
Total	1,980	55	45	8

<sup>&</sup>lt;sup>1)</sup> Jenny Lahrin was elected as a Board member on December 20, 2012.

<sup>21</sup> When Christoffer Onajin decided to step down from his position at the Ministry of Finance, he also terminated his duties at Swedavia in conjunction with the Board meeting held on February 13, 2012.

<sup>&</sup>lt;sup>9</sup> Magnus Skåninger decided to step down from his position at Swedavia at the Extraordinary General Meeting held on December 20, 2012.

2011 SEK T	Base salary, Board fee	Audit Committee	Remuneration Committee	Other benefits
Chairman of the Board				
Ingemar Skogö	440	-	-	-
Board members				
Karin Apelman	220	-	-	_
Adine Grate Axén	220	-	_	4
Lars Backemar	220	-	-	_
Anders Ehrling	220	-	-	4
Anna Elgh	220	-	_	
Hans Jeppsson	220	-	_	_
Christopher Onajin	-	-	-	
Lottie Svedenstedt	220	-	-	-
Total	1,980	_	_	8

#### Guidelines for remuneration to the Board of Directors

Swedavia follows the State's guidelines for remuneration to the Board. A fee is paid to the Chairman and Board members based on a decision at the Annual General Meeting (AGM) on April 26, 2012. No pension contribution is paid for Board members. No remuneration is paid to Board members who are employed in the Swedish Government Offices. No Board fee is paid to employee representatives or their deputies. Board fees are paid as salary or are paid to the Board member's company. No Board fee is paid to Board members in any subsidiary since all members are employees of companies in the Swedavia Group.

Remuneration for the Audit Committee is based on a decision taken at the AGM held on April 26, 2012. No special remuneration was paid in 2011 to rep-

resentatives on the Audit Committee. Since the AGM, the Audit Committee includes the Board members Karin Apelman as Chair and Anna Elgh as a member. Jenny Lahrin was elected as a member of the Audit Committee in conjunction with the Extraordinary General Meeting held on December 20, 2012.

In 2012, a Remuneration Committee was set up. Remuneration to the Remuneration Committee is based on a decision taken at the AGM on April 26, 2012. The Remuneration Committee includes Ingemar Skogö as Chair, Lottie Svedenstedt as a member and Robert Olsson as an employee representative. Jenny Lahrin was elected to the Remuneration Committee as a member in conjunction with the EGM held on December 20, 2012.

Remuneration to executive Parent Company 2012 SEK T	officers		Base salary	Variable remuneration	Other benefits	Pension expenses
Chief executive officer						
Torborg Chetkovich	CEO		3,005	-	31	886
Total			3,005	=	31	886
Other executive officers						
Karl Wistrand	CEO and CFO		2,124	_	17	679
Per Arenhage	СТО		1,438	-	44	414
Lennart Bergbom	Director of Strategy	starting Jan 1, 2012	1,026	-	0	223
Anna Bovaller	Chief Legal Counsel		1,291	_	0	352
Jan Egenäs	CEO Swedavia Real Estate		1,357	_	22	374
Bodil Garneij	CIO	through Jan 31, 2012	82	-	0	13
Peder Grunditz	Director of Regional Airports		1,221	_	17	312
Charlotta Hyldal	HR Director		1,531	_	7	436
Anders Lennerman	Director of Security and Safety		1,214	-	7	342
Charlotte Ljunggren	Airport Director, Göteborg Landvetter Airport	starting Aug 13, 2012	675	_	1	180
Linda Sjödin	Communications Director	starting Jan 16, 2012	1,163	-	7	310
Michael Persson Gripkow	CMO		1,468	-	0	405
Olle Sundin	Airport Director, Göteborg Landvetter Airport Airport Director, Bromma Stockholm Airport	through Aug 12, 2012 starting Jan 1, 2012	1,593	_	25	888
Peter Weinhandl	Airport Director, Malmö Airport		1,024	-	0	272
Kjell-Åke Westin	Airport Director, Stockholm Arlanda Airport		1,615	-	48	486
Total			18,822	_	196	5,685

2011 SEK T			Base salary	Variable remuneration	Other benefits	Pension expenses
Chief executive officer						
Torborg Chetkovich	CEO		2 ,880	-	35	864
Total			2 ,880	-	35	864
Other executive officers						
Karl Wistrand	Deputy CEO and CFO		1,920	-	8	506
Per Arenhage	СТО	starting Jul 1, 2011	801	-	20	241
Anna Bovaller	Chief Legal Counsel		1,207	-	28	268
Jan Egenäs	CEO Swedavia Real Estate	starting Aug 1, 2011	575	-	17	150
Bodil Garneij	CIO		888	-	-	168
Peder Grunditz	Director of Regional Airports		1,183	-	31	247
Charlotta Hyldal	HR Director and Sustainability and Environmental Director		1,440	_	7	358
Anders Lennerman	Director Security and Safety		1,152	_	_	345
Michael Persson Gripkow	Marketing Director	starting Aug 1, 2011	600	_	_	145
Olle Sundin	Airport Director, Göteborg Landvetter Airport		1,457	-	174	1,023
Peter Weinhandl	Airport Director, Malmö Airport		974	_	0	256
Kjell-Åke Westin	Airport Director, Bromma Stockholm Airport Airport Director, Stockholm Arlanda Airport	through Sep 8, 2011 starting Sep 9, 2011	1,302	_	51	379
Agnetha Marcks von Würtemberg	Acting Airport Director, Bromma Stockholm Airport	starting Sep 9, 2011	266	_	_	66
Katarina Adriansson Sturén	Communications Director	through Oct 25, 2011	1,603	-	_	_
Kerstin Lindberg Göransson	Airport Director, Stockholm Arlanda Airport	through Sep 8, 2011	1,175	-	34	210
Mats Sigurdson	Market Director	through May 10	370	-	16	99
Summa			16,914	-	387	4,460

#### Remuneration to executive officers

Executive officers refers to the people who together with the CEO constitute the company's executive management or report directly to CEO. The executive management is appointed by the CEO.

Remuneration to the CEO and Deputy CEO is determined by Swedavia's Board of Directors after the matter has been prepared in the Remuneration Committee. The CEO proposes remuneration to other executive officers, which is decided in the Remuneration Committee based on decision rights delegated by Swedavia's Board.

The Board's proposed principles for remuneration and other terms of employment for the company's executive management entail that Swedayia AB (publ) shall strive for remuneration and terms of employment that are reasonable and well informed. Remuneration shall be characterised by moderation, reasonableness and transparency as well as contribute to good ethics and corporate culture. Remuneration shall not be such that it drives salaries relative to comparable companies but shall instead be characterised by moderation.

For remuneration and other terms of employment, Swedavia applies the principles decided in the Guidelines for Terms of Employment for Executive Officers in Companies under State Ownership adopted by the Government on April 20, 2009. These guidelines shall result in remuneration that is competitive, capped, reasonable and appropriate. The principle is a fixed base salary, which means that there is no incentive programme or other variable salary component for executive officers.

#### Pensions

The President and CEO's pension is paid via a premium-based pension plan, the provision for which corresponds to 30 per cent of fixed salary. Pensions for other executive officers are included under the ITP 1 defined contribution plan. Executive officers born between 1945 and 1962 and employed in the transition from LFV to Swedavia on April 1, 2010, are also covered by a graduated pension premium for ITP 1 as determined through a collective agreement. In 2012, it was decided that an extra pension contribution in addition to the defined contribution plan under the ITP 1 plan would be made for executive officers not covered by the graduated pension premium for ITP. The Airport Director of Bromma Stockholm Airport is also covered by a defined contribution direct pension agreed in conjunction with negotiations to arrange the transition of operations from LFV to Swedavia AB as of April 1, 2010. Pension expenses for 2011 also include premiums for 2010 totalling SEK 244 T. Pension expenses for pension premiums paid in during the year to the Deputy CEO/CFO also include an extra payment in excess of the defined contribution plan in conformity with the ITP 1 plan which totals SEK 47 T for 2011. The retirement age for the CEO and other executive officers is 65.

#### Severance pay

The President and CEO has six months' notice of termination by mutual consent and is entitled to all employment benefits during that period. For the President and CEO, an agreement on severance pay has been signed in the event the company gives notice of termination. Severance pay is equivalent to the officer's fixed salary for twelve months beyond the notification period and is not pensionable income.

Executive officers have six months' notice of termination by mutual consent, with the exception of one person, who must give four months' notice of termination. All executive officers are entitled to all employment benefits during the notification period.

For the Deputy CEO/CFO and Airport Director, Bromma Stockholm Airport, severance pay agreements have been signed in the event the company gives notice of termination equivalent to the officer's fixed salary for a maximum of six months beyond the notification period.

For the CEO of Swedavia Real Estate AB, an agreement on severance pay has been signed in the event the company gives notice of termination equivalent to the officer's fixed salary for a maximum of four months beyond the notification period. For the HR Director, an agreement on severance pay has been signed in the event the company gives notice of termination equivalent to the officer's fixed salary for a maximum of three months beyond the notification period.

Severance pay is not pensionable income.

#### Changes in team of executive officers

Lennart Bergbom, Director of Strategy, who reports directly to the CEO, joined the team of executive officers as of January 1, 2012. Olle Sundin assumed the

position of Airport Director, Bromma Stockholm Airport on January 1, 2012, and terminated his position as Acting Airport Director, Göteborg Landvetter Airport on August 12, 2012. Linda Sjödin assumed the position of Communications Director on January 16, 2012. Charlotte Ljunggren assumed the position of Airport Director, Göteborg Landvetter Airport on August 13, 2012. Agneta Marcks von Würtemberg terminated her position as Acting Airport Director, Bromma Stockholm Airport on December 31, 2011. Bodil Garneij, CIO, went on maternity leave January 31, 2012 and was not replaced by an Acting CIO on the team of executive officers.

### ■ Note 8 Depreciation/amortisation and impairment losses on tangible fixed assets and intangible non-current assets

	Group		Parent C	ompany
	2012-01-01 2012-12-30	2011-01-01 2011-12-30	2012-01-01 2012-12-30	2011-01-01 2011-12-30
Depreciation and amortisation				
Goodwill	-	-	25	24
Other intangible non-current assets	16	13	16	13
Building and land	311	292	292	290
Field structures	153	148	153	148
Electrical installations, vehicles and equipment	349	362	349	362
Total	829	815	835	837
Impairment losses				
Buildings and land	6	6	6	6
Field structures	0	1	0	1_
Electrical installations, vehicles and equipment	12	5	12	5
New construction in progress related to tangible fixed assets	3	3	3	3
Total	850	831	856	852

### Note 9 Financial income and expenses

	Group		Parent 0	Company
Financial income	2012-01-01 2012-12-30	2011-01-01 2011-12-30	2012-01-01 2012-12-30	2011-01-01 2011-12-30
Income from holdings in Group companies	-	_	13	13
Income from holdings in associated companies	19	14	20	17
Interest income	3	7	34	11
Net changes in foreign exchange rates	0	1	0	1
Total	22	22	67	42

	Gro	up	Pare	nt Company
Financial expenses	2012-01-01 2012-12-30	2011-01-01 2011-12-30	2012-01- 2012-12-	
Interest expenses, financial liabilities	-237	-220	-2	37 –246
Interest expenses, interest rate swaps	-34	-27	-	-9
Portion of interest on pension expenses for the year	-18	-8	-	96 –13
Other financial expenses	-5	8		<del>-7</del> <del>-17</del>
Net changes in foreign exchange rates	-4	0		-4 0
Total	-299	-247	-3	66 –285

# ■ Note 10 Appropriations and untaxed reserves

	Parent Company		
Appropriations	2012-12-31	2011-12-31	
Change in accelerated depreciation	-212	-280	
Change in tax allocation reserves	-49	_	
Group contribution paid in	-16	-	
Total appropriations	-277	-280	
Untaxed reserves			
Accumulated accelerated depreciation and amortisation	1,152	940	
Tax allocation reserves	49	-	
Total untaxed reserves	1,201	940	

In calculating excess depreciation, the maximum amount of allocations allowed under Swedish tax law was taken in the Parent Company for 2011 and 2012. Accumulated depreciation and amortisation pertains to other intangible assets, electrical installations, vehicles and equipment.

# ■ Note 11 Tax on the profit for the year

	Group		Parent C	Parent Company	
	2012-01-01 2012-12-31	2011-01-01 2011-12-31	2012-01-01 2012-12-31	2011-01-01 2011-12-31	
Current tax expense (-)[/tax income (+)]					
Tax expense [/tax income] for the year	-58	-52	-40	-43	
	-58	-52	-40	-43	
Deferred tax expense (-) [/tax income (+)]					
Deferred tax for temporary differences	-50	-66	-23	29	
Total tax expense recognised	-108	-118	-63	-14	

	2012-01-01-2012	2-12-31	2011-01-01-201	1-12-31
Group	Per cent	Amount	Per cent	Amount
Reconciliation of effective tax				
Profit before tax		554		556
Tax calculated using Swedish tax rate in effect	26.3	-146	26.3	-146
Tax pertaining to taxation for the previous year		-1		_
Tax effect of amortisation of Group goodwill		-5		-6
Tax effect of non-deductible costs		-31		-38
Tax effect of non-taxable revenue		_		8
Tax effect of loss carryforward		1		63
Other		8		_
Effect of new tax rate		66		
Recognised effective tax	19.5	-108	21.2	-118

	2012-01-01 – 2012-12-31		2011-01-01-2011-12-31	
Parent Company	Per cent	Amount	Per cent	Amount
Reconciliation of effective tax				
Profit before tax		108		191
Tax calculated using Swedish rate for the Parent Company	26.3	-28	26.3	-50
Tax pertaining to taxation for the previous year		-1		-
Tax effect of non-deductible costs		-31		-38
Tax effect of on-taxable revenue		3		11
Tax effect of loss carryforward		-		63
Effect of new tax rate		-7		-
Recognised effective tax	58.3	-63	7.3	-14

# ■ Note 12 Intangible non-current assets

	Gre	oup	Parent C	ompany
Goodwill	2012-12-31	2011-12-31	2012-12-31	2011-12-31
Acquired				
Accumulated cost				
Opening balance	377	377	493	493
Closing balance	377	377	493	493
Accumulated scheduled amortisation				
Opening balance	-25	-25	-43	-19
Scheduled amortisation for the period	-	-	-25	-24
Closing balance	-25	-25	-68	-43
Carrying amount, closing balance	352	352	426	450
	Group		Parent Company	
Other intangible non-current assets	2012-12-31	2011-12-31	2012-12-31	2011-12-31
Acquired				
Accumulated cost				
Opening balance	109	88	109	88
Acquisitions for the year	35	21	35	21
Closing balance	143	109	143	109
Accumulated scheduled amortisation				
Opening balance	-22	-9	-22	-9
Reversal of amortisation on disposals	_	-	-	-
Scheduled amortisation for the year	-16	-13	-16	-13
Closing balance	-38	-22	-38	-22
Carrying amount, closing balance	105	87	105	87

Other intangible non-current assets pertains to noise insulation on the properties of others.

### ■ Note 13 Buildings and land

	Group		Parent C	ompany
	2012-12-31	2011-12-31	2012-12-31	2011-12-31
Accumulated cost				
Opening balance	5,478	5,423	5,406	5,302
Acquisitions/reclassifications for the year	2,931	62	557	111
Disposals/divestments for the year	-7	-7	-7	-7
	8,402	5,478	5,956	5,406
Accumulated depreciation				
Opening balance	-507	-216	-503	-214
Reversal of depreciation on disposals	1	1	1	1
Depreciation for the year	-311	-292	-292	-290
	-817	-507	-794	-503
Carrying amount, closing balance	7,585	4,972	5,162	4,903
Of which land				
Accumulated cost	428	421	426	390
Carrying amount at the end of the year	428	421	426	390

A property reallotment is underway, and the application is being processed by Lantmäteriet, the Swedish land registration authority. SEK 2 M (4) in the acquisition cost is for buildings pertaining to acquisitions of another party's property at Ronneby Airport.

#### Market value and investment properties

Following the acquisition of buildings from SAS and the completion of a hotel building, Swedavia Group has investment properties which are recognised on the balance sheet at book value, which consists of cost minus depreciation. Of the total book value of SEK 7,585 M for buildings and land as of December 31, 2012, investment properties represent SEK 2,474 M. The investment properties are found in the Real Estate business segment.

Fair value on the investment properties as of December 31, 2012, was SEK 2,576 M. Beginning January 1, 2013, Swedavia will recognise the investment properties at fair value on the balance sheet. In 2011 there were no investment properties in the Group.

#### ■ Note 14 Field structures

	Gro	up	Parent Cor	Parent Company	
	2012-12-31	2011-12-31	2012-12-31	2011-12-31	
Accumulated cost					
Opening balance	2,692	2,580	2,692	2,580	
Acquisitions/reclassifications for the year	128	113	128	113	
Disposals/divestments for the year	-1	-2	-1	-2	
	2,819	2,692	2,819	2,692	
Accumulated depreciation					
Opening balance	-255	-107	-255	-107	
Reversal of depreciation on disposals	1	0	1	0	
Scheduled depreciation for the year on cost	-153	-148	-153	-148	
	-407	-255	-407	-255	
Carrying amount, closing balance	2,412	2,437	2,412	2,437	

Net field structures acquired have been treated for tax purposes as land. Field structures consist mostly of take-off and landing runways.

### ■ Note 15 Biological assets

	Group		
	2012-12-31	2011-12-31	
Accumulated cost			
Opening balance	88	85	
Change in fair value	3	3	
Other changes	-	-	
Carrying amount, closing balance	91	88	

A valuation of forest properties is carried out each year by an external party and includes the airports owned and administered by Swedavia AB that have significant forest holdings - Göteborg Landvetter Airport, Stockholm Arlanda Airport and Åre Östersund Airport. The valuation is based on the present value of the discounted future return from long-term sustainable forest operations.

#### ■ Note 16 Electrical installations, vehicles and equipment

	Group		Parent C	Company
	2012-12-31	2011-12-31	2012-12-31	2011-12-31
Accumulated cost				
Opening balance	2,632	2,431	2,632	2,431
Reclassifications for the year	351	220	351	220
Disposals/divestments for the year	-23	-19	-23	-19
	2,960	2,632	2,960	2,632
Accumulated depreciation				
Opening balance	-623	-268	-623	-268
Reversal of depreciation on disposals	11	3	11	3
Scheduled depreciation for the year on cost	-349	-362	-349	-357
	-962	-623	-962	-623
Carrying amount, closing balance	1,999	2,009	1,999	2,009

#### Leases

Swedavia's leases pertain to the leasing of vehicles. Leased objects that the Group has under leasing agreements are recognised under the item "Electrical installations, vehicles and equipment" for the following amounts. Consolidated leasing fees for the year totalled SEK 8 M (8).

	Gloup		
Carrying amount	2012-12-31	2011-12-31	
Cost - capitalised financial leasing	31	28	
Accumulated depreciation	-16	-13	
Carrying amoun	15	15	

The Group leases a number of vehicles under leasing agreements; the leasing periods run between 5 and 10 years.

	2012	2	201	2011		
Future leasing fees	Future minimum leasing fees	Present value of future minimum leasing fees	Future minimum leasing fees	Present value of future minimum leasing fees		
Within a year	7	6	7	6		
Between 2 years and 5 years	13	12	13	12		
More than 5 years	1	1	2	2		
Total	21	19	22	20		

# ■ Note 17 New construction in progress related to tangible fixed assets

	Gro	oup	Parent C	Company
	2012-12-31	2011-12-31	2012-12-31	2011-12-31
Opening balance	981	387	981	387
Capital spending	1,629	1,057	1,629	1,057
Disposals	_	-	-658	-
Reclassifications	-1,658	-463	-999	-463
Carrying amount, closing balance	953	981	953	981

Reclassifications of assets are made when the asset is placed in service in the ongoing new facility. The asset is reclassified as the type of asset it constitutes.

### ■ Note 18 Holdings in Group companies

	Parent Company		
Parent Company holdings in Group companies	2012-12-31	2011-12-31	
Accumulated cost			
Opening balance	161	157	
Acquisitions	785	5	
Sale	-64	-	
Accumulated cost, closing balance	882	161	

# Specification of the Parent Company holdings of shares in Group companies 2012-12-31

Subsidiary/Corporate identity number/Registered office	Number of shares	Ownership in % <sup>1)</sup>	Carrying amount 2012-12-31	Carrying amount 2011-12-31
LFV Airport Center AB, 556381-1057, Stockholm County, Municipality of Sigtuna	2)	-	_	0
Flygplatsfastigheter i Landvetter AB, 556142-8334, Västra Götaland County, Municipality of Gothenburg	3)	-	_	64
Arlanda Schiphol Development Company AB, 556653-6628, Stockholm County, Municipality of Sigtuna	10,000	60	93	93
TreDoffice AB, 556844-2932, Stockholm County, Municipality of Sigtuna	4)	-	_	0
Swedavia Real Estate AB, 556858-9872, Stockholm County, Municipality of Sigtuna	500,000	100	790	5
			882	161

<sup>1)</sup> Pertains to ownership of the capital, which also corresponds to the ownership of voting rights for the total number of shares.

<sup>&</sup>lt;sup>2)</sup> A merger took place with the Parent Company, Swedavia AB, as of October 19, 2012.

 $<sup>^{\</sup>mbox{\tiny 3)}}\,\mbox{A}$  merger took place with the Parent Company, Swedavia AB, as of November 12, 2012.

<sup>&</sup>lt;sup>4)</sup> In 2012, TreDoffice AB was acquired by the Swedavia Real Estate Group.

During the year, two subsidiaries merged with the Parent Company. LFV Airport Center AB, corporate identity number 556381-1057, was merged as of October 19, 2012. The subsidiary Flygplats fastigheter i Landvetter AB, corporate identity number 556142-8334, was merged as of November 12, 2012.

The income statements and balance sheets of the subsidiaries on their respective merger dates are presented in the tables below.

	LFV Airport Center AB, 556381-1057	Flygplatsfastigheter i Landvetter AB, 556142-8334
Mergers 2012	2012-10-19	2012-11-12
Net revenue before merger	9	
Operating profit	3	0
Non-current assets	52	0
Current assets	20	3
Provisions	_	2
Liabilities	72	1

# ■ Note 19 Holdings in associated companies

	Gro	oup	Parent C	Company
	2012-12-31	2011-12-31	2012-12-31	2011-12-31
Accumulated cost				
Opening balance	121	106	127	110
Acquisitions	0	1	0	1
Share of profit in the associated companies for the year	19	14	20	17
Dividend for the year	-60	-	-60	-
Carrying amount, closing balance	79	121	87	127

Specification of the Parent Company's and Group's holdings in associated companies 2012-12-31 Subsidiary/Corporate identity number/ Registered office	Adjusted equity, Swedavia's share	Profit for the year, Swedavia's share	Number of shares	Ownership in %	Value of holding in the Group	Carrying amount in the Parent Company
Directly owned						
Nordic Airport Properties AB, 556598-5941, Stockholm County, Municipality of Stockholm	1	1	1,000	50	0	1
Nordic Airport Properties KB, 969673-0143, Stockholm County, Municipality of Stockholm	9	20	1	50	78	85
Cityflygplatsen i Göteborg AB, 556195-5823, Västra Götaland County, Municipality of Gothenburg	2	1	5,244	40	-1	_
Svensk Destinationsutveckling AB, 556318-2574, Stockholm County, Municipality of Stockholm	0	0	400	20	79	87

# ■ Note 20 Financial assets and liabilities

Financial assets 2012	hedge accounting is applied	recognised at fair value through profit or loss*	and trade receivables	Total carrying amount	Fair value
Trade receivables	-	-	555	555	555
Receivables from associated companies	-	-	10	10	10
Other receivables	-	-	24	24	24
Liquid assets	-	-	129	129	129
Total	-	-	718	718	718
Financial assets 2011					
Trade receivables	_		424	424	424
Receivables from associated companies	_	_	10	10	10
Other receivables	-	-	61	61	61
Liquid assets	-	-	141	141	141
Total	-	-	635	635	635
* The sub-category "held for trading".					
Financial liabilities 2012	Derivatives for which hedge accounting is applied	Financial liabilities recognised at fair value through profit or loss*	Other financial liabilities	Total carrying amount	Fair value
Non-current liabilities to credit institutions	_		3,000	3,000	3,014
Current liabilities to credit institutions	_		4,653	4,653	4,676
Derivative instruments	218	13	_	231	231
Liabilities to leasing companies	-	_	21	21	19
Other non-current liabilities	-	-	22	22	22
Trade payables	-	-	606	606	606
Liabilities to associated companies	-	-	4	4	4
Other liabilities	-	-	59	59	59
Accrued interest expenses	_	_	39	39	39

Financial assets

Loans receivable

Derivatives for which

Financial liabilities 2011	Derivatives for which hedge accounting is applied	Financial liabilities recognised at fair value through profit or loss*	Other financial liabilities	Total carrying amount	Fair value
Non-current liabilities to credit institutions	-	-	3,518	3,518	3,562
Current liabilities to credit institutions	-	-	2,290	2,290	2,315
Derivative instruments	144	12	-	156	156
Liabilities to leasing companies	-	-	22	22	22
Other non-current liabilities	-	-	21	21	20
Trade payables	-	-	368	368	368
Liabilities to associated companies	-	-	3	3	3
Other liabilities	-	-	66	66	66
Accrued interest expenses	-	=	55	55	55
Total	144	12	6,343	6,499	6,567

13

8,404

8,635

8,670

218

The Parent Company recognises its financial instruments at accrued cost. For information about fair value pertaining to derivative instruments, see the Group's valuation.

Total

 $<sup>^{\</sup>star}$  The sub-category "held for trading".

Net financial items	2012	2011
Financial assets/liabilities recognised at fair value*	1	-10
Total	1	-10

<sup>\*</sup> The sub-category "held for trading".

#### Measurement at fair value

All derivatives on the balance sheet date are classified under Level 2, which means the derivatives can be measured through directly or indirectly quoted prices based on observable market data.

#### Holdings quoted in an active market

Fair value of financial instruments traded in an active market is based on the quoted market prices on the balance sheet date. A market is considered active if there is easy, regular access to prices quoted by a stock market, broker, industrial group, price setting service or oversight authority and these prices represent actual and regularly occurring market transactions carried out on an arm's length basis.

#### Interest rate swaps

Fair value for interest rate swaps is calculated as the present value of expected future cash flow based on observable yield curves.

#### Electricity derivatives

For electricity derivatives, fair value is determined based on prices quoted. If there are no prices quoted, fair value is calculated by discounting the difference between the contracted forward rate and the forward rate available on the balance sheet date for the remainder of the contract.

#### **Currency futures**

Fair value of currency futures is calculated by discounting the difference between the contract price and the price available on the balance sheet date for the remainder of the contract. Discounting is done at a risk-free interest rate based on Swedish sovereign bonds.

#### Long-term receivables

For information purposes, fair value of long-term receivables is calculated by discounting future cash flow by the current interest rate.

#### Interest-bearing liabilities

For information purposes, fair value of interest-bearing liabilities is calculated by discounting the future cash flow of the amount of capital and interest discounted at the current market interest rate.

#### Current receivables and liabilities

For current receivables and liabilities such as trade receivables and trade payables, with a remaining useful life of less than six months, the recognised value is considered to reflect the fair value.

#### ■ Note 21 Other long-term receivables

	Gro	oup	Parent C	Company
	2012-12-31	2011-12-31	2012-12-31	2011-12-31
Accumulated cost				
Opening balance	94	76	30	14
New receivables	41	38	38	36
Receivables settled	0	-17	0	-17
Reclassifications	-3	-3	-3	-3
Carrying amount, closing balance	132	94	65	30

#### Note 22 Materials and stocks

	Group		Parent 0	Company
	2012-12-31	2011-12-31	2012-12-31	2011-12-31
Supplies	26	26	26	26
Gravel stocks	8	6	5	6
Supplies, building and land	2	2	2	2
Other stocks	2	2	2	2
Total	38	36	35	36

# ■ Note 23 Receivables from Group companies

	Parent Company	
	2012-12-31	2011-12-31
Flygplatsfastigheter i Landvetter AB <sup>1)</sup>	-	12
Arlanda Schiphol Development Company AB	1	1
Swedavia Real Estate AB	2,651	65
Carrying amount, closing balance	2,652	79

<sup>&</sup>lt;sup>1)</sup> A merger took place with the Parent Company, Swedavia AB, as of November 12, 2012.

# ■ Note 24 Receivables from associated companies

	Group		Parent C	Company
	2012-12-31	2011-12-31	2012-12-31	2011-12-31
Nordic Airport Properties KB	6	4	6	4
Nordic Airport Properties AB	-	0	_	0
Cityflygplatsen i Göteborg AB	4	5	4	5
Carrying amount, closing balance	10	10	10	10

# ■ Not 25 Prepaid expenses and accrued income

	Group		Parent C	Company
	2012-12-31	2011-12-31	2012-12-31	2011-12-31
Accrued income Ground handling	8	5	8	5
Accrued income Retail, food and beverage	96	97	96	97
Accrued income Advertising	13	3	13	3
Accrued income Energy	16	13	16	13
Accrued income Parking/Taxis	45	19	47	19
Prepaid insurance premiums	2	2	2	2
Other accrued income and prepaid expenses	74	61	60	55
Total	252	201	241	195

#### ■ Note 26 Equity

Transfers between restricted and unrestricted reserves refers to untaxed reserve minus deferred tax.

#### ■ Note 27 Provisions for pensions and similar obligations

The Group has both defined benefit and defined contribution pension obligations.

#### Defined benefit

Most of the defined benefit pension commitments pertain to PA91 and PA03 government employee pension agreements and were taken over from Luftfartsverket (LFV) in conjunction with the division of operations. No new pension rights accrue for these commitments; instead the commitments are in the form of paidup pension policies. The actuarial bases for calculating the value of capital are the provisions in FFFS 2007:24 adopted by the Swedish Financial Supervisory

Authority, which include interest rate assumptions. The Parent Company has chosen to calculate pension commitments in advance, starting in 2012 using the required rate of return of 0.4 per cent (1.1) per year. Beginning in 2011, unvested pension obligations are entered as a liability at 60 per cent in both the Parent Company and the Group.

Pension commitments are recognised as a provision on the balance sheet, to the extent the Swedish Pension Obligations Vesting Act allows this, under the item "Provisions for pensions and similar obligations".

	Group		Parent C	Parent Company	
The Group has both defined benefit and defined contribution pension obligation commitments	2012-12-31	2011-12-31	2012-12-31	2011-12-31	
Actuarial assumptions					
The following important actuarial assumptions have been applied in calculating the obligations: (weighted average values)					
Discount rate	3.5%	4.0%	0.4%	1.1%	
Future changes in price base amount (inflation)	2.0%	2.0%	2.0%	2.0%	
Remaining vesting period	9 years	10 years			
Changes in the present value of defined benefit obligations					
Obligations as of January 1	734	706	1,021	965	
Change in liability due to merger with LAC	7.04	700	3	900	
Payments made for the year	-26	-24	-26	-24	
Cost of vesting, current period	1	1	1	2	
Interest expense	28	30	11	13	
Actuarial gains (–)/losses (+)	65	20	108	45	
Benefits taken over	6	-	-	-	
Reversal of vesting pensions	0	-13	-	-13	
Other changes	-24	14	-33	33	
Obligation as of December 31	784	734	1,085	1,021	

The carrying amount, closing balance for 2011 includes the Parent Company's payroll fee.

The Parent Company's total obligations for defined benefit pensions are covered by credit insurance with FPG/PRI.

	Group		Parent C	Company
The cost is recognised in the profit for the year	2012-12-31	2011-12-31	2012-12-31	2011-12-31
Defined benefit plans				
Cost of pensions vested during the year	1	4	1	4
Interest expense	28	30	11	13
Actuarial cost	-	-	108	45
Payroll fee	10	5	29	11
Effect of change in liability, unvested pensions	-	-11	_	-13
Cost of defined benefit plans	39	28	149	60
Cost of defined contribution plans	80	72	80	72
Payroll fee	22	17	22	17
Cost of defined contribution plans	102	89	102	89
Total cost of remuneration after termination of employment in the profit for the year	141	117	251	149

	Group		
The cost is recognised in other comprehensive income	2012-12-31	2011-12-31	
Defined benefit plans			
Actuarial losses including special payroll fee	81	25	
Tax	-18	-6	
Recognised in other comprehensive income	63	19	
Of which experience-based adjustment	7	4	

	Group		
Actuarial gains and losses recognised in other comprehensive income	2012-12-31	2011-12-31	
Defined benefit plans			
Accumulated as of January 1	39	19	
Recognised during the period	65	20	
Accumulated as of December 31	104	39	

	Group		
Sensitivity analysis	Increase	Decrease	
Change in discount rate	0.1 percentage point	0.1 percentage point	
Effect on obligation	-12	13	

# ■ Note 28 Provisions for deferred tax

Group 2012-12-31	Deferred tax asset	Deferred tax liability
Temporary difference goodwill	-	-29
Temporary difference tangible fixed assets	-	-34
Temporary difference biological fixed assets	_	9
Temporary difference non-current financial assets	_	<b>–</b> 51
Temporary difference untaxed reserves	_	264
Temporary difference pensions	-	83
Total	-	242
Group 2011-12-31		
Temporary difference untaxed reserves	-	176
Temporary difference pensions	-	95
Temporary difference tangible fixed assets	57	-
Total	57	271

Parent Company 2012-12-31	Deferred tax asset	Deferred tax liability
Temporary difference tangible fixed assets	34	-
Total	34	_
Parent Company 2011-12-31		
Temporary difference tangible fixed assets	57	<u> </u>
Total	57	

### ■ Note 29 Other provisions

	Group		Parent C	ompany
	2012-12-31	2011-12-31	2012-12-31	2011-12-31
Restructuring costs, opening balance	46	128	54	128
Provisions for restructuring costs	44	12	44	12
Reversal of restructuring costs	-18	-86	-18	-86
Of which current portion	-72	-8		
Restructuring costs, closing balance	0	46	80	54
Social security fund, opening balance	17	17	17	17
Provisions for social security fund	_	-	_	-
Reversal of social security fund	-	-	-	-
Social security fund, closing balance	17	17	17	17
Other provisions, opening balance	135	117	111	92
Other provisions	46	26	46	26
Reversal of other provisions	-65	-8	-65	-8
Other provisions, closing balance	116	135	92	111
Total	133	198	191	182

### ■ Note 30 Liabilities to credit institutions

	Gro	oup	Parent Company		
	2012-12-31	2011-12-31	2012-12-31	2011-12-31	
Bank borrowings	5,920	4,200	5,920	4,200	
Loans from Swedish National Debt Office	918	1,608	918	1,608	
Commercial paper	750	-	750	-	
Total	7,588	5,808	7,588	5,808	
Breakdown of non-current and current portion					
of interest-bearing liabilities	2012-12-31	2011-12-31	2012-12-31	2011-12-31	
Current portion of liabilities to credit institutions	4,588	2,290	4,588	2,290	
Non-current interest-bearing liabilities	3,000	3,518	3,000	3,518	
Total	7 ,588	5,808	7,588	5,808	

The average maturity on borrowings as of December 31, 2012, was 1.1 years with an average interest rate of 3.14 per cent. As of December 31, the share of borrowings at a fixed rate was 69 per cent and the lock-in period was 2.5 years.

#### ■ Note 31 Overdraft facilities

	Gro	oup		Parent C	Company
	2012-12-31				2011-12-31
Overdraft facilities approved	200	100		200	100
Unutilised portion	132	-100		132	-100
Credit amount used	68	-		68	_

Swedavia has credit facilities available as of December 31, 2012. Swedavia has an overdraft facility with SEB of SEK 200 M, of which SEK 68 M is unutilised.

### ■ Note 32 Accrued expenses and prepaid income

	Gr	oup	Parent C	Parent Company		
	2012-12-31	2011-12-31	2012-12-31	2011-12-31		
Incentive provisions to airlines	59	72	59	72		
Property tax	6	3	6	3		
Accrued expenses, construction projects	72	34	72	34		
Energy tax	4	6	4	6		
Accrued staff-related expenses	169	142	168	142		
Accrued interest	39	55	39	55		
IT	4	18	4	18		
Parking	6	-	6	-		
Property costs	16	5	8	5		
Prepaid income	178	124	133	122		
Other accrued expenses and prepaid income	81	102	81	106		
Total	634	561	580	563		

#### ■ Note 33 Financial risks

The Group is exposed to a number of different financial risks in its operations, which in turn have an impact on the company's profit, cash flow and valuation. Financial risks arise when there is a change in foreign exchange rates, commodity prices and interest rates or when prevailing market conditions and capital structures give rise to refinancing and credit risks. The Group's financial operations and risk management are centralised in the Corporate Finance unit, where operations are carried out following a financial policy adopted by the Board of Directors and characterised by a low risk level. The aim is to minimise the Group's capital cost through effective financial solutions and the effective management and control of the Group's financial risks. To reduce the Group's exposure to fluctuations in interest rates, electricity prices and exchange rates, various types of derivatives are used.

#### Exchange rate risks

The exchange rate risk is the risk that movements in currency prices will have a negative impact on the consolidated income statement, balance sheet and/or cash flow. All subsidiaries are Swedish and use the Swedish krona as their currency, so there is no translation exposure. Swedavia's funding in Swedish kronor means that there is no economic exposure.

#### Transaction exposure

Most revenue is not affected by any foreign exchange risk since more than 99 per cent is invoiced in SEK. When invoicing is in foreign currencies, an internal match against supplier invoices is made in the corresponding foreign currency. For other payments in foreign currencies, currency hedges are entered into that match the foreign flow. Currency hedges are entered into in conjunction with the signing of a contract or upon receipt of an invoice.

#### Interest rate risks

Interest rate risk refers to the risk of changes in market interest rates affecting the net interest income/expense of the Group. Interest rate risk arises in two different ways

- investments in interest-bearing assets whose value changes when the interest rate changes
- a change in borrowing costs

The interest rate risk for the Group and the Parent Company arises mostly through borrowing. To achieve the financial targets determined in the financial policy, interest rate derivatives are used. On the balance sheet date, the fair value of these totalled about SEK -210 M (-133) and the nominal amount was SEK 4,325 M (4,325).

In accordance with the financial policy, interest rates shall be locked in for 3.5 years +/- 1 year. On the balance sheet date, the lock-in period was 2.5 years (4.2). All excess liquidity was placed in bank accounts in Swedish commercial banks.

As of December 31, 2012, Swedavia had external borrowings of SEK 7,588 M (5,808), which is almost half the balance sheet. This means the company is sensitive to changes in interest rates, which affects the company's financial expenses. To reduce the sensitivity to interest rate changes, Swedavia works actively to hedge the risk exposure on most of its borrowings through interest rate swaps. Based on those hedges, a 1 per cent increase/decrease in the interest rate would have a SEK 24 M (1) on profit. This sensitivity analysis assumes all other factors remain unchanged.

#### Commodity price risks

Swedavia's commodity price risk is concentrated on electricity and is regulated in the financial policy. There is continuous hedging of electricity prices in accordance with the financial policy. Hedging is done through electricity derivatives on the Nordpool electricity market as well as through bilateral agreements with producers. The hedge ratio for 2013 is 86 per cent (87) of predicted use.

A 1 per cent increase/decrease in the price of electricity would not have a material impact on profit, less than SEK 0.1 M, given the current hedge level. This sensitivity analysis assumes all other factors remain unchanged.

#### Hedge accounting

The Group applies cash flow hedging for its interest rate risk, foreign exchange risk and electricity price risk. The effective portion of the changes in fair value recognised in other comprehensive income during the year was SEK -62 M (-332). The ineffectiveness recognised in the income statement during the year was SEK 2 M (-1).

#### Liquidity and refinancing risk

Liquidity and refinancing risk refers to the risk that the cost of financing opportunities will increase or that such opportunities will be limited when loans are to be re-negotiated. It also comprises payment obligations that cannot be met due to insufficient liquidity.

The Group's target capital structure is to have the Group's fixed assets funded by equity and have no more than 40 per cent of borrowings maturing in the same twelve-month period. The liquidity risk is minimised by Swedavia having a diversified loan portfolio, which ensures access to capital and flexibility.

In accordance with the financial policy, the Group has overdraft facilities of SEK 500 M (500).

On the balance sheet date, there was a bank loan guarantee of SEK 500 M (500) and overdraft facilities of SEK 200 M (100), SEK 632 M (600) of which was unutilised. The tables below show the discounted cash flow for financial liabilities as well as net settled derivatives at the prices on the reporting date. Floating interest rates on borrowings and interest rate swaps in effect on the reporting date are assumed to apply for the remaining maturity of the respective instruments.

#### Maturity analysis, Group

#### 2012-12-31

Financial liabilities (including future interest expenses and derivative instruments) – Maturity structure	< 1 year	2 years	3 years	4 years	5 years	> 5 years	Total
Liabilities to credit institutions	4,707	967	1,536	604	_	_	7,814
Liabilities to leasing companies	8	13	-	-	-	-	21
Liabilities to associated companies	4	-	-	-	-	_	4
Trade payables	597	-	-	-	-	_	597
Other liabilities	59	-	-	-	-	_	59
Derivative liabilities	54	54	51	44	37	51	291
	5,429	1,034	1,587	648	37	51	8,786

#### 2011-12-31

Financial liabilities (including future interest expenses and							
derivative instruments) - Maturity structure	< 1 year	2 years	3 years	4years	5 years	> 5 years	Total
Liabilities to credit institutions	2,467	2,193	929	714	-	-	6,303
Liabilities to leasing companies	8	14	-	-	-	-	22
Liabilities to associated companies	3	-	-	-	-	-	3
Trade payables	366	-	-	-	-	-	366
Other liabilities	69	-	-	-	-	-	69
Derivative liabilities	18	52	51	51	45	90	307

2,931

#### Credit risks and counterparty risks

The Group's commercial and financial transactions give rise to credit risks against its counterparties. Credit risk or counterparty risk refers to the risk of loss if the counterparty does not meet its obligations agreed. The credit risk that Swedavia is exposed to consists of:

#### Financial credit risk

The credit risk for financial transactions arises when the Group invests liquid assets as well as in the form of counterparty risks when the Group enters into an agreement on financial instruments with banks. The Group's policy is to work with banks that have a good credit rating. The maximum credit risk consists of the recognised value of financial assets including derivatives with a positive market value. Swedavia has entered into ISDA agreements with its counterparties.

#### Credit risk in trade receivables

980

2,259

The credit risk for commercial transactions arises when there is a risk that customers will not meet their payment obligations to the Group. This risk is managed by the Group assessing customers' creditworthiness on a frequent basis. For trade receivables, operations are run in accordance with a provision regulating credit terms and working methods. Terms of payment are in most cases net 30 days. As of December 31, 2012, there was no significant credit risk.

45

90

7,070

765

The quality of credits appears to be good based on credit assessments made in accordance with the Group's credit policy.

D 10		
Parent Company		
Age analysis, receivables past due, not written off	2012-12-31	2011-12-31
Trade receivables not due	423	323
Trade receivables past due 1–30 days	38	85
Trade receivables past due 31–90 days	8	6
Trade receivables past due >90 days	2	7
	471	421
Provisions account	2012	2011
Opening balance	7	8
Provisions for expected losses	3	-1
Closing balance	10	7

■ Note 34 Pledged assets and contingent liabilities

	Gro	oup	Parent	Company
Pledged assets	2012-12-31	2011-12-31	2012-12-31	2011-12-31
SEB bank guarantees	0	0	0	0
Utilised credit amounts	0 0		0	0
	Gro	oup	Parent	Company
Contingent liabilities	2012-12-31	2011-12-31	2012-12-31	2011-12-31
Company-owned endowment insurance	6	5	6	5

Swedavia has contingent liabilities (in the Parent Company) in the form of pension commitments in company-owned endowment insurance plans. Swedavia also has a guarantee to cover losses in the associated company Cityflygplatsen i Göteborg AB, for which it is not possible to measure the value of the commitment.

Swedavia also has obligations stemming from environmental requirements for running airport operations.

#### Note 35 Cash flow

	Gre	oup	Parent C	Company
SEKM	2012-01-01 2012-12-31	2011-01-01 2011-12-31	2012-01-01 2012-12-31	2011-01-01 2011-12-31
Adjustments for items not included in the cash flow				
Less share of profit from holdings in associated companies	-19	-14	-	-
Depreciation/amortisation	850	827	856	852
Provisions, pensions	50	28	64	36
Change in other provisions	-64	-2	8	-56
Change in value of financial instruments	75	156	-	-
Other	-258	-443	-46	-104
Total	634	552	882	728
Interest paid and dividend received				
Dividend received	60	-	60	-
Interest received	5	5	5	5
Interest paid	-254	-242	-254	-242

### ■ Note 36 Transition to financial reporting in conformity with IFRS

Swedavia previously applied Sweden's Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendations and Emergency Group's statements. The Swedish Accounting Standards Board's recommendation BFN R 7 was used for currency hedging.

Beginning January 1, 2012, Swedavia prepares its financial reports in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretation statements of the IFRS Interpretations Committee (IFRIC) that have been adopted by the EU for application in the EU. The transition date to IFRS was fixed at January 1, 2011. The transition to IFRS was recognised in conformity with IFRS 1 Firsttime adoption of international financial reporting standards. The principle rule in IFRS 1 requires that companies apply all IFRS standards retroactively in fixing the opening balance in conformity with IFRS.

However, some exceptions from retroactive application are allowed. Swedavia has chosen to apply the following:

- Acquisition of airport operations from LFV as of April 1, 2010, and acquisition of subsidiaries in 2010 have not been restated

Below is a review of the most significant effects that the transition to IFRS gives rise to.

In a number of cases, the changes below have consequences for deferred tax; this is described in the IFRS bridges below.

#### IAS 1 Presentation of financial statements

Some financial instruments are recognised at fair value; see IAS 39 below. Unrealised value changes are reported in the statement of comprehensive income after the income statement. Unrealised value changes, which are not covered under hedge accounting, are recognised in net financial items.

Swedavia recognises changes in fair value for cash flow hedges in the statement of comprehensive income. In the statement of changes in equity, items in comprehensive income are presented separately from transactions with the owners. Under IFRS, profit for the period and equity also include the minority shareholders' share of these. Provisions are further divided into non-current and current portions.

#### IAS 12 Income taxes

The Parent Company's goodwill is tax-deductible and gives rise to a temporary difference that was not reported under principles applied previously but is to be recorded under IFRS. Because the Parent Company's goodwill exceeds the Group's, a deferred tax credit was entered in the adjusted opening balance for the Group as of January 1, 2011. The deferred tax credit will decrease as the Parent Company amortises the goodwill.

#### IAS 19 Employee benefits

As a result of the EU's adoption of the revised IAS 19, Swedavia has chosen to apply the standard in advance in its year-end accounts, which means a change in accounting principles compared to those in reported published earlier in 2012.

Actuarial gains and losses as a result of changes in actuarial assumptions are now recognised in other comprehensive income during the period in which they arise.

Actuarial gains and losses have been broken down on a quarterly basis based on the interest rate trend over the years.

#### Breakdown 2012

SEK M	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Dec
Actuarial change	-10	-11	-28	-32	-81

#### IAS 38 Intangible assets

Under accounting principles previously applied, goodwill is to be amortised over the expected useful life. Under IFRS goodwill is not amortised but is instead tested for impairment in the transition to IFRS as well as annually or when there are indications that an impairment loss is needed. Amortisation of SEK 31 M recognised in 2011 was reversed in the transition to IFRS.

#### IAS 39 Financial instruments

The general principles for measuring financial instruments under IAS 39 are that some financial assets and all derivative instruments are recognised at fair value while other financial assets and liabilities are recognised at accrued cost. Accounting for the value changes in the financial instruments is determined by the initial classification of each financial instrument. Under Swedavia's previously applied accounting principles, all financial instruments were recognised at cost. After the transition to IFRS, all financial instruments, including derivative instruments, are recognised on the balance sheet.

#### IAS 41 Agriculture

Under IAS 41 standing timber is measured and recognised at fair value. In cases where there are no market prices, the value can instead by calculated at the present value of the expected future cash flow from the standing timber. The calculation of Swedavia's fair value of standing timber and forests was made by the Swedish Forest Society.

For forest holdings and the value of biological assets, that is, existing trees but not the land the trees grow on, forest assets are to be valued using IAS 41. The land the trees grow on is valued at cost under IAS 16 Property, plant and equipment.

#### Statement of financial position for the Group 2011-01-01

	Under previous			adjustm	ents		Opening balance	
Amounts in SEK M	accounting principles 2010-12-31	IAS 12	IAS 19	IAS 38	IAS 39	IAS 41	Net change deferred tax	under IFRS 2011-01-01
ASSETS								
Intangible non-current assets – Goodwill	352							352
Other intangible assets	79							79
Tangible fixed assets	10,224					-50		10,174
Biological assets	-					85		85
Non-current financial assets	182				143			325
Deferred tax assets	28	52					-52	28
Current assets	1,047				19			1,066
Total assets	11,912	52	-	-	162	35	-52	12,109
EQUITY AND LIABILITIES								
Equity	3,627	52			119	26		3,824
Deferred tax liabilities	270				43	9	-52	270
Other non-current liabilities	4,935							4,935
Current liabilities	3,080							3,080
Total equity and liabilities	11,912	52	_	-	165	35	-52	12,109

# Statement of financial position for the Group 2011-12-31

	Under previous		IFRS	adjustm	ents			
Amounts in SEK M	accounting principles 2011-12-31	IAS 12	IAS 19	IAS 38	IAS 39	IAS 41	Net change deferred tax	Balance under IFRS 2011-12-31
ASSETS								
Intangible non-current assets – Goodwill	321			31				352
Other intangible assets	87							87
Tangible fixed assets	10,449					-50		10,399
Biological assets	0					88		88
Non-current financial assets	215							215
Deferred tax assets	57	52		-8	41		-85	57
Current assets	1,014							1,014
Total assets	12,143	52	-	23	41	38	-85	12,212
EQUITY AND LIABILITIES								
Equity	4,001	52		23	-115	28		3,989
Deferred tax liabilities	346					10	-85	271
Other non-current liabilities	4,486				134			4,620
Current liabilities	3,310				22			3,332
Total equity and liabilities	12,143	52	_	23	41	38	-85	12,212

# Statement of comprehensive income for the Group 2011, January-December

	Under previous	ious IFRS adjustments						
Amounts in SEK M	accounting principles 2011 Jan-Dec	IAS 12	IAS 19	IAS 38	IAS 39	IAS 41	Net change deferred tax	Income under IFRS 2011 Jan-Dec
Net revenue	4,693							4,693
Other external expenses	-1,824					3		-1,821
Staff expenses	-1,269		10					-1,259
Depreciation/amortisation and impairment losses on tangible fixed assets and intangible non-current assets	-862			31				-831
Operating profit	737	-	10	31	_	3	-	781
Net financial items	-255		15		15			-225
Profit before tax	482	-	25	31	15	3	-	556
Tax	-99		-7	-8	-4	-1		-118
Profit for the period	384	_	18	23	11	2	_	438

# Consolidated statement of comprehensive income

	Under previous		IFRS adjustments					
Amounts in SEK M	accounting principles 2011 Jan-Dec	IAS 12	IAS 19	IAS 38	IAS 39	IAS 41	Net change deferred tax	Income under IFRS 2011 Jan-Dec
Profit for the period	384	-	18	23	11	2	-	438
Other comprehensive income:								
Change, cash flow hedge	0				-332			-332
Actuarial losses	0		-25					-25
Tax	0		7		87			94
Total other comprehensive income, net after tax	0	_	-18	_	-245	_	_	-263
Comprehensive income for the period	384	-	-	23	-234	2	-	175

## Signatures to the Annual Report

The undersigned certify that the consolidated accounts and Annual Report have been prepared in conformity with international financial reporting accounting standards (IFRS) such as have been adopted by the EU in line with generally accepted accounting principles and give a true and fair picture of the financial position and results of the Group and the Parent Company.

The Report of the Directors for the Group and the Parent Company gives a true and fair picture of the performance of the Group's and Parent Company's operations, financial position and results and describes significant risks and uncertainty factors faced by the companies included in the Group.

Stockholm-Arlanda, Sweden March 18, 2013

Ingemar Skogö	Karin Apelman	Lars Backemar
Chairman of the Board	Board member	Board member
Anders Ehrling	Anna Elgh	Adine Grate Axén
Board member	Board member	Board member
Hans Jeppsson	Jenny Lahrin	Lottie Svedenstedt
Board member	Board member	Board member
Lars Andersson Board member, Employee representative	Robert Olsson Board member, Employee representative	Torborg Chetkovich CEO

Our Audit Report was submitted on March 18, 2013

Ernst & Young Magnus Fagerstedt Authorised Pubic Accountant

The income statements and balance sheets of the Group and the Parent Company will be subject to approval at the Annual General Meeting on April 26, 2013.

# **Audit Report**

To the Annual General Meeting of Swedavia AB (publ), Swedish corporate identity number 556797-0818

#### Report on the annual accounts and consolidated accounts

We have audited the annual accounts and the consolidated accounts of Swedavia AB (publ) for the year 2012. The annual accounts and the consolidated accounts are included in the printed version of this document on pages 43-92.

### Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts

The Board of Directors and the President are responsible for the preparation of annual accounts that give a true and fair picture in accordance with the Annual Accounts Act, for the preparation of consolidated accounts that give a true and fair picture in accordance with International Financial Reporting Standards such as have been adopted by the EU and the Annual Accounts Act, and for the internal control the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts to give a true and fair picture in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# **Opinions**

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, a true and fair picture of the financial position of the Parent Company as of December 31, 2012, and of its financial performance and cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly. in all material respects, a true and fair picture of the Group's financial position as of December 31, 2012, and of its financial performance and cash flows for the

year then ended in accordance with International Financial Reporting Standards such as have been adopted by the EU and the Annual Accounts Act. The Report of the Directors is consistent with the other parts of the annual accounts and the consolidated accounts.

We therefore recommend that the Annual General Meeting adopt the Income Statement and Balance Sheet for the Parent Company and the Group.

#### Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of Swedavia AB (publ) for the year 2012.

#### Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for proposing appropriations of the company's profit or loss, and the Board of Directors and President are responsible for administration under Sweden's Annual Accounts Act.

#### Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether their proposal is in accordance with the Swedish Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Swedish Companies Act, the Annual Accounts Act or the Articles of Association

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Opinions**

We recommend to the Annual General Meeting that the profit be appropriated in accordance with the proposal in the Report of the Directors and that the members of the Board of Directors and the President are discharged from liability for the financial year.

Stockholm March 18, 2013 Ernst & Young AB

Magnus Fagerstedt Authorised Pubic Accountant

# Auditor's Review Report on Swedavia AB's Sustainability Report 2012

To the readers of Swedavia AB's Sustainability Report 2012

#### Introduction

We have been engaged by the Board of Directors of Swedavia AB to review Swedavia's Sustainability Report for the year 2012. The Board of Directors and the executive management are responsible for ongoing activities regarding the environment, health and safety, quality, social responsibility and sustainable development, and for the preparation and presentation of the Sustainability Report in accordance with the applicable criteria. Our responsibility is to express a conclusion on the Sustainability Report based on our review.

#### The scope of the review

We conducted our review in accordance with RevR 6, Assurance of Sustainability Reports, issued by FAR. A review consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with IAASB's Standards on Auditing and Quality Control and other generally accepted auditing standards. The procedures performed consequently do not enable us to obtain an assurance that would make us aware of all significant matters that might be identified in an audit. The stated conclusion based on a review therefore does not have the same level of certainty as a conclusion based on an audit.

The criteria on which our review is based are the applicable parts of the Sustainability Reporting Guidelines G3, published by the Global Reporting Initiative (GRI), which are relevant to the Sustainability Report as well as the accounting and calculation principles that the company has developed and disclosed. We believe that these criteria are suitable for the preparation of the Sustainability Report.

Our review encompasses the indicators presented in the GRI Cross-Reference Table, which can be found on pages 106-108, and in the pages of the Annual Report as indicated in the table of contents as well as in the document Sustainability Report 2012 - Statement of Results which can be found at www.swedavia.com. The main procedures of our review, based on our assessment of relevance and risk, have included the following:

- a. update of our knowledge and understanding for Swedavia AB's organisation and activities,
- b. assessment of suitability and application of criteria in respect to stakeholders' need of information,
- c. assessment of the results of the company's stakeholder dia-
- d. interviews with responsible management at selected units with the aim to assess whether the qualitative and quantitative information stated in the Sustainability Report is complete, accurate and adequate,
- e. obtaining of internal and external documents to assess whether the information stated is complete, accurate and adequate,
- f. evaluation of the systems and processes used to obtain, manage and validate sustainability information,
- a. evaluation of the model used to calculate carbon dioxide emissions.
- h. analytical review of reported information for 2012,
- i. reconciliation of financial information against the company's 2012 Annual Report,
- j. assessment of the company's declared application level according to GRI guidelines,
- k. assessment of the overall impression of the Sustainability Report and format, taking consideration of the internal consistency of information with relevant criteria
- I. reconciliation of the reviewed information against the sustainability information in the company's 2012 Annual Report.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the information in the Sustainability Report has not, in all material respects, been prepared in accordance with the above-stated criteria.

Stockholm March 18, 2013 Ernst & Young AB

Magnus Fagerstedt Authorised Public Accountant Curt Öberg Authorised Public Accountant

# Corporate Governance Report

# Swedavia AB (publ)

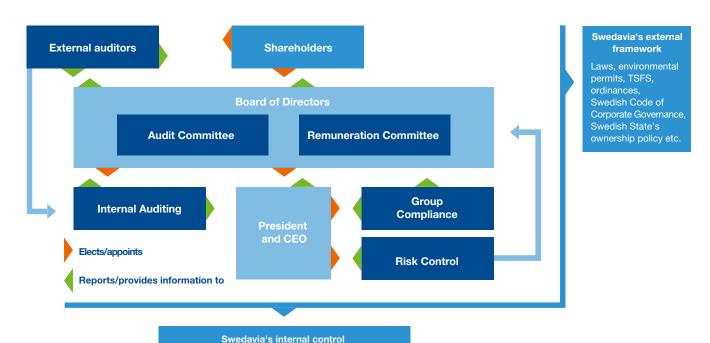
Swedavia AB is a Swedish limited liability company with its registered office in the Municipality of Sigtuna. Swedavia's operations are described in the company's Articles of Association as financing, owning, administering, operating and developing airports with their appurtenant buildings and facilities. Swedavia shall also take an active part in the development of the Swedish transport sector and help achieve the transport policy goals set by Parliament based on sound business principles.

Airport operations were previously part of the State-owned enterprise LFV, and the operations were acquired on April 1, 2010. All shares in Swedavia AB are owned by the Swedish State. The Ministry of Finance represents the Swedish State's shares at Swedavia's Annual General Meeting and thereby nominates Board members in Swedavia.

#### Corporate governance

Swedavia's corporate governance is regulated by external legal frameworks such as the Swedish Companies Act and other applicable Swedish laws, the State's ownership policy and the Swedish Corporate Code of Governance (the Code). The Government describes its position on important matters of principles concerning corporate governance of all State-owned companies in its ownership policy. Among other things, the decision has been made that all companies in which the State owns a majority shall apply the Swedish Corporate Code of Governance. The overall objective of the Code is to contribute to the improved governance of Swedish limited liability companies. The Code is applied based on the "comply or explain" principle, which means that deviations from the Code are allowed but must be explained.

The Board of Directors is responsible under the Swedish Companies Act and the Swedish Code of Corporate Governance (the Code) for Swedavia's internal control. The Board has decided that Swedavia shall apply a framework for documentation and analysis of internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Swedavia has continued the work to implement this framework in the company's operations. Swedavia's structure for corporate governance is illustrated in the drawing below.



Articles of Association, Board's Rules of Procedure, Group policies, control activities, communication etc.

#### Deviations from the Code

Swedavia is wholly owned by the Swedish State, and the principles that the Swedish State applies in its ownership policy are generally in agreement with the rules in the Code. However, under the State's ownership policy, Code regulations regarding the selection of Board members and auditors are replaced by a special nomination process that applies to companies wholly owned by the State. The primary reason for deviations from the Code is that Swedavia has

only one owner whereas the Code is aimed at listed companies with dispersed ownership.

The State's ownership policy also deviates in reporting the independence of Board members relative to major shareholders. The State's ownership policy specifies that the relevant provisions in the Code are primarily aimed at protecting minority shareholders in companies with dispersed ownership so there is no reason to report such independence.

Code requirement	Deviation	Explanation/comment
Code rules 1.3-1.4 and 2.1-2.7 The company has a Nomination Committee that represents the company's shareholders.	No Nomination Committee has been set up.	The Nomination Committee has been replaced by the owner's nomination process.
Code rules 4.5 and 4.6 The Corporate Governance Report shall include information about whether Board members are independent of major shareholders.	Dependency relationship with major shareholders is not reported.	The State's ownership policy states that the relevant provision in the Code is mainly aimed at protecting minority owners in companies with dispersed ownership. In State-owned companies, there is no reason to report such independence.

#### **Annual General Meeting**

Swedavia's Annual General Meeting 2012 will be held on April 26 at Stockholm Arlanda Airport. The Annual General Meeting (AGM) is the company's highest governing body, where shareholders exercise their influence. The matters considered at the AGM are regulated by the Swedish Companies Act.

According to the Swedish Companies Act, the AGM shall be held annually no later than April 30. Members of Parliament are entitled to take part in the meeting and ask questions in conjunction with this. The general public shall also be given the opportunity to take part in the meeting. The AGM shall, among other activities, appoint the Board and auditors, decide on remuneration to them and adopt the income statement and balance sheet. The Board shall also present principles for the remuneration to executive officers at the AGM.

The decisions of the AGM are made through a simple majority vote. However, for any change in the Articles of Association, a qualified majority is needed.

### Extraordinary General Meetings in 2012

In 2012 two Extraordinary General Meetings (EGM) were held. At the EGM held on September 13, the decision was made to elect Magnus Skåninger as a Board member. At the EGM held on December 20, the decision was made to elect Jenny Lahrin as a Board member, after Magnus Skåninger resigned as a Board member.

#### The nomination process for the Board of Directors

For companies that are wholly owned by the Swedish State, a nomination process that complies with the Swedish State's ownership policy is applied, replacing the Code's rules for appointing Board members and auditors.

The nomination process for Board members is managed and coordinated by the State ownership unit at the Ministry of Finance. A working group analyses the need for talent based on the composition of the Board and the company's operations and situation. After this, it is determined whether there are any recruitment needs and recruitment work is initiated. Members are selected from a broad recruitment base. Once the process has ended, the nominations are announced in accordance with the provisions of the Code.

#### **Board of Directors**

According to the Articles of Association, the Board of Directors shall consist of at least six and no more than nine members, excluding deputies. Under Swedish law, employee organisations are also entitled to appoint regular members and their deputies. Swedavia's Chief Legal Counsel is the Board secretary. The President and CEO is not included on the Board but makes presentations at the Board meetings. None of the Board members is on the executive management team. For information about the appointment and removal of Board members, reference is made to the Swedish State's ownership policy. This is not found in Swedavia's Articles of Association.

#### The work and responsibilities of the Board

According to the Swedish Companies Act and the Swedish State's ownership policy, Swedavia's Board is responsible for the company's organisation and management of the company's affairs. The Board establishes the Rules of Procedure each year for the Board's work and instructions on the division of labour between the Board and the President and CEO with instructions for economic reporting to the Board.

The Board's Rules of Procedure regulate, among other matters, the Chairman's duties, information to the Board and the division of responsibility between the President and CEO and the Board. Under the Board's Rules of Procedure, at least eight statutory Board meetings apart from the statutory Board meeting shall be held per calendar year. Additional meetings may be held when justified by events of major importance. The Board is responsible for financial reporting and has regular meetings through the Audit Committee with the company's auditors. In addition, the auditors meet the full Board at least once a year.

The Board assesses the President and CEO's work on a continuous basis and gives particular consideration to this matter at least once a year, when no one from the executive management team may be present.

#### Composition of the Board

In 2012 Swedavia's Board consisted of nine members elected at the AGM, including the Chairman. In addition, the Board had two regular employee representatives and their two deputies. An account is given on pages 102-103 of each Board member's age, education, main work experience, other important duties outside the company and number of years as a member of Swedavia's Board. Of the Board members elected by the AGM, four are men and five are women. The average age is 52. The employee representatives in 2012 were two men with an average age of 53.

#### Chairman of the Board

The Chairman of the Board is elected at the AGM. Under the Rules of Procedure for Swedavia's Board of Directors, the Chairman shall ensure that the Board's work is managed effectively and that the Board fulfils its duties. The Chairman's duties include organising

Facts about the Board					Attendance,
		Attendance	Year	Attendance,	Remuneration
Members elected at the AGM	Main Board	Board meeting	elected	Audit Committee	Committee
Ingemar Skogö	Chairman of the Board	15/15	2010		9/9
Karin Apelman	Member	11/15	2010	10/10	
Lars Backemar	Member	13/15	2010		
Anders Ehrling	Member	10/15	2010		
Anna Elgh	Member	12/15	2010	10/10	
Adine Grate Axén	Member	11/15	2010		
Hans Jeppsson	Member	14/15	2010		
Christopher Onajin 1) through 2012-02-13	Member	1/1	2010	1/1	
Magnus Skåninger 2) from 2012-09-13 to 2012-12-20	Member	6/6	2012	2/3	2/2
Jenny Lahrin 3, starting 2012-12-20	Member	1/1	2012		
Lottie Svedenstedt	Member	15/15	2010		9/9
Employee representatives					
Lars Andersson	Member	15/15	2010		
Robert Olsson	Member	14/15	2010		
Mats Abrahamsson	Deputy	1/15	2010		
Agne Lindbom	Deputy	0/15	2010		

<sup>1)</sup> When Christoffer Onajin, Board member, decided to step down from his position at the Ministry of Finance; he also terminated his duties at Swedavia in conjunction with the Board meeting held on February 13, 2012.

<sup>2)</sup> Magnus Skåninger was elected as a Board member at the EGM held on September 13, 2012. He decided to leave his position at Swedavia at the EGM held on December 20, 2012. At the Board meeting held on August 30, 2012, Magnus Skåninger served as a co-opted member.

<sup>&</sup>lt;sup>31</sup> Jenny Lahrin was elected as a Board member at the EGM held on December 20, 2012. At the Board meeting held on December 17, 2012 Jenny Lahrin served as a co-opted member.

and managing the Board's work, keeping in regular contact with the President and CEO and ensuring that the Board is given sufficient information and material to make decisions in its work. The Chairman is also responsible for coordinating the Board's views for the owner on issues of critical importance to the company, and for receiving the owner's views and conveying them to the Board.

#### The Board's work in 2012

In 2012, the Board held 15 meetings, three of them statutory.

#### The main issues in 2012 were:

- Strategic development for Swedavia
- Business plan, 2013-2016
- Internal governance and control
- Capital spending

#### The Board's committee work

Swedavia's Board of Directors has two committees - an Audit Committee and a Remuneration Committee, which was set up during the year. The committees prepare matters for the Board meetings, and guidelines for the committees' work are found in the Board's Rules of Procedures.

The Remuneration Committee is entrusted with the task of preparing matters concerning remuneration and other terms of employment for executive officers. Minutes for each committee meeting are attached to the minutes for the following Board meeting. In 2012, the Remuneration Committee held 9 meetings for which minutes were kept. The members of the Remuneration Committee since the AGM include Ingemar Skogö as Chair, Lottie Svedenstedt as a member and Robert Olsson as an employee representative. Jenny Lahrin was elected to the Remuneration Committee as a member in conjunction with the AGM held on December 20, 2012.

The Audit Committee's tasks include being responsible for preparing the Board's work to quality-assure the company's financial reporting and maintain an ongoing dialogue with the company's auditors. Minutes for each committee meeting are attached to the minutes for the following Board meeting. In 2012, the Audit Committee held 10 meetings for which minutes were kept, which were all attended by the company's auditors. The members of the Audit Committee since the AGM include the Board members Karin Apelman as Chair and Anna Elgh as a member. Jenny Lahrin was elected to the Audit Committee as a member in conjunction with the EGM held on December 20, 2012.

#### Evaluation of the work of the Board of Directors, 2012

During the year, the Board's work was evaluated through a methodical, structured process which among other things is aimed

at developing a good basis for the Board's own development work. The first evaluation took place during the second quarter of 2012.

#### Remuneration to the Board

Compensation to the Board is decided by the AGM. The Chairman of the Board is paid a fee of SEK 440,000, and each member is paid SEK 220,000. It was also decided at Swedavia's AGM that no specific remuneration should be paid to the Board's employee representatives or members employed in the Swedish Government Offices. It was decided at Swedavia's AGM that remuneration should be paid to committee chairs and members. The Chair of the Audit Committee is paid a fee of SEK 35,000 and the committee members are paid SEK 20,000. A fee of SEK 25,000 was decided for the Chair of the Remuneration Committee and SEK 20,000 for the members.

#### The President and CEO and the executive management

The Board of Directors appoints the company's President and CEO.

The President and CEO is responsible for the day-to-day management of the company in conformity with the Board's guidelines and instructions. Within the bounds determined by the Board, the President and CEO manages operations and keeps the Chairman of the Board continuously informed about significant business matters. The President and CEO shall organise the company's management to meet the aims set for governance and control of operations. Other executive officers are appointed by the President and CEO. The executive management team is a forum for information, discussions and decisions for Group matters. The team's meetings are chaired by the President and CEO and are held every two weeks. Swedavia's executive management, including the President and CEO, is presented in more detail on pages 104-105.

#### Remuneration to executive officers

At Swedavia's AGM on April 26, 2012, the owner decided on the principles for remuneration and other terms of employment for executive officers. For remuneration and other terms of employment, Swedavia shall apply the principles decided in the "Guidelines for Terms of Employment for Executive Officers in Companies under State Ownership" adopted by the Government. Similar principles are applied in Swedavia's subsidiaries. Swedavia does not use variable remuneration for executive officers.

#### Subsidiaries and associated companies

Swedavia had two subsidiaries at the end of 2012 - Swedavia Real Estate AB and Arlanda Schiphol Development Company AB (60 per cent ownership). Swedavia also has four associated companies - Cityflygplatsen i Göteborg AB, Nordic Airport Properties

AB, Nordic Properties KB and Svensk Destinationsutveckling AB. There is an officer from Swedavia's executive management represented in every subsidiary and associated company in the Group.

In 2011, Swedavia developed an owner directive for its subsidiaries in order to have standard principles of governance throughout the Group, which was implemented in every subsidiary in 2012.

#### **Auditors**

#### External auditing

Under the State's ownership policy, responsibility for electing auditors in companies owned by the State always lies with the owner. The final decision on the choice of auditors is made by the owner at the AGM. The auditor's duties are to examine the financial reporting of the company and the Group as well as the administration of the company by the Board and the President and CEO. At Swedavia's AGM on April 26, 2012, the auditing firm Ernst & Young was elected; the auditing duties are to be performed until the end of the AGM being held in 2013. The principal auditor is the Authorised Public Accountant Magnus Fagerstedt. Magnus Fagerstedt has no duties at the company that affect his independence as an auditor for Swedavia. Remuneration has been paid to the auditor and auditing firm for auditing and other statutory examination as well as for advice and other assistance resulting from observations in the examination.

#### Internal auditing

The Board has an internal auditing function established at Swedavia as support for its responsibility, oversight duties and assessment.

The Board has adopted instructions for internal auditing, which in 2012 consisted of three auditors.

# The Board's reporting on internal control over financial reporting

Under the Swedish Companies Act, the Board is responsible for internal control. Under the Code and the Annual Accounts Act, the Board must submit a description each year of the most important features of the company's system for internal control and risk management over financial reporting. Internal control over financial reporting is aimed at providing reasonable assurance as to the reliability in the external reporting in the form of financial statements, quarterly reports and annual reports and that the external financial reporting is prepared in compliance with laws, appropriate accounting principles and other requirements for limited liability companies. This report has been prepared in accordance with the Code of Corporate Governance and is restricted to internal control over financial reporting.

The Board has decided that Swedavia shall follow an established framework for internal control based on the COSO (the Committee of Sponsoring Organizations of the Treadway Commission) model. The COSO model consists of five interdependent components: control environment; risk assessment; control activities; information and communication; and monitoring and assessment.

#### Control environment

The basis of Swedavia's internal control consists of the control environment and organisational structure, decision paths and responsibilities found in governing documents such as the Rules of Procedure, policies, guidelines and other governing documents.

## Included in risk management



Important policies in the control environment connected with financial reporting are Swedavia's financial policy and credit policy, which are adopted each year by the Board. The President and CEO also drew up and adopted a number of governing documents. including Swedavia's Rules of Order with a list of authorised signatories, in which the areas of responsibility for the executive officers are clearly defined and monitored. Instructions and rules for the continuous work with financial processes is published on Swedavia's intranet.

### Risk management

Risk management for the entire Group is a process carried out by Swedavia's Board, executive management and other staff, and is carried out in a strategic context and throughout the company.

Risk management is designed to identify potential events that can impact the organisation and to provide reasonable assurance that the organisation's objectives are achieved.

At Swedavia it is the responsibility of operations to identify, manage and control risks on a continuous basis (1st line of defence). Each quarter, operations report risks which are consolidated and reported to the President and CEO and the Board of Directors. In 2012, Swedavia appointed a Risk Manager (2nd line of defence), who is responsible for administering and developing risk management in the Group. Duties consist of supporting operations in the administration and development of risk policy, providing sufficient tools and methods for risk management, and reporting and assessing the risk management capability of operations. Internal auditing assesses Swedavia's risk management work on a continuous basis (3rd line of defence).

## Control activities

The company's President and CEO and CFO conduct monthly reviews of economic results with executive officers at Swedavia. They in turn are responsible for analysing and quality-assuring the economic results, together with controllers and those responsible for economic performance, while making comparisons with business plans, budgets and previous results. The accounting process is evaluated on a continuous basis and adjusted so that it complies with appropriate regulations in the form of generally accepted accounting standards as well as other requirements for the Group's financial reporting.

The company's business processes include financial controls for approval and accounting of transactions. As part of Swedavia's ongoing work with risk management and internal control, work processes, policies and work instructions are evaluated on a continuous basis. Key controls are identified, and systematic monitoring of the effectiveness of these controls is developed.

#### Information and communication

Swedavia has information and communication channels aimed at promoting thoroughness and accuracy in financial reporting. Swedavia's public financial reporting consists of four interim reports and an annual report which includes a sustainability report. For external communication, there are guidelines ensuring that the company meets high standards for accurate information to the market.

#### Monitoring and assessment

The executive management team meets every two weeks and reviews operations and related risks. The Board also evaluates the development, economic results, financial position and cash flow of operations on a monthly basis. At the corporate level, there are functions, including a control and accounting unit, that analyse and monitor results compared to the budget and forecasts which are reported to the company's President and CEO and to the CFO. All people with responsibility for business units regularly report results and annual forecasts to the company's President and CEO and to the CFO. The Board evaluates the information provided by the President and CEO on a continuous basis. There is also an internal auditing function that serves as an independent examination function.

#### Stockholm-Arlanda March 18, 2013

Ingemar Skogö Karin Apelman Lars Backemar Chairman of the Board Board member Board member Anders Ehrling Anna Elgh Adine Grate Axén Board member Board member Board member Hans Jeppsson Jenny Lahrin Lottie Svedenstedt Board member Board member Board member Lars Andersson Robert Olsson Board member, Board member, Employee representative Employee representative

## Auditor's Report on the Corporate Governance Report

To the Annual General Meeting of Swedavia AB (publ), corporate identity number 556797-0818

The Board of Directors is responsible for the Corporate Governance Report for 2012 and for ensuring that it is prepared in conformity with the Swedish State's "Ownership Policy and Guidelines for Companies with State Ownership" and thus in accordance with the Swedish Code of Corporate Governance and the Annual Accounts Act in applicable parts.

We have read the Corporate Governance Report and based on that reading and our knowledge of the company and the Group, we believe that we have a sufficient basis for our opinions. This

means that our statutory examination of the Corporate Governance Report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the Corporate Governance Report has been prepared and its statutory content in accordance with the ownership policy is consistent with the annual accounts and consolidated accounts.

Stockholm March 18, 2013

Ernst & Young AB Magnus Fagerstedt Authorised Public Accountant

# **Board of Directors**



Born: 1949

INGEMAR SKOGÖ Chairman of the Board (elected 2010); Chair, Remuneration Committee

Other Board duties: Fordonsstrategisk Forskning och Innovation (Chair) and Sensys Traffic AB.

Education: BS in Economics, Lund University.

Work experience: Governor, Västmanland County Board. Formerly Director-General, Vägverket; Director-General, Luftfartsverket; Undersecretary of State, Ministry of Communications; Mayor, Municipality of Södertälje; department advisor, energy, Ministry of Industry; administrator, Budget Department, Ministry of Finance; Swedish National Audit Office.



KARIN APELMAN Member (elected 2010), Chair, Audit Committee

Born: 1961

Other Board duties: EKN (Swedish export promotion agency); financing delegation for Swedish Radiation Safety Authority; advisory council for Swedish Legal, Financial and Administrative Services Agency (Kammarkollegiet).

Education: BS in Economics, Stockholm School of Economics.

Work experience: Director-General, EKN. Formerly CFO, Luftfartsverket; Deputy CEO, Saab Aircraft Leasing; Manager Leasing and Project Financing, Scandinavian Airlines.



ADINE GRATE AXÉN Member (elected 2010)

Born:1961

Other Board duties: 3 (HI3G Scandinavia), AP7, Swedish Orphan Biovitrum AB and Sampo Oy.

Education: BS in Economics, Stockholm School of Economics; Executive MBA (AMP), Harvard University.

Work experience: Chair, NASDAQ OMX Listing Committee. Formerly Executive Vice President and Managing Director, Investor AB; Vice President Corporate Finance, Gota Group and Hägglöf & Ponsbach. Formerly member of Swedish Securities Council, Carnegie Investment Bank AB, Gambro AB, Grand Hotel Holdings, Ericsson Project Finance AB, EDB ErgoGroup A/S, Spray Ventures BV, Swedish Industry and Commerce Stock Exchange Committee and Government Council for Reduced State Ownership.



LARS BACKEMAR Member (elected 2010)

Born: 1950

Other Board duties: Backemar Consulting AB (Chair), City i Samverkan AB (Chair), Villa Azur AB, Arosgruppen Fastigheter Fjärdingen AB, Arosgruppen Holding AB, Fastighets AB Velocipeden and Fresh Food Support Sweden AB (deputy).

Education: Business administration and marketing, Köpmannainstitutet, Stockholm; marketing and consumer policy, Uppsala University. Work experience: Senior Advisor, Backemar Consulting AB. Formerly various executive positions at Jones Lang LaSalle.



ANDERS EHRLING Member (elected 2010)

Other Board duties: Trygg Hansa AB, Destination Åre AB, Scandic Hotels AS (Chair), Scandic Hotels Holding A/S (Chair), Scandic Hotels Eesti AS (Chair), AS Finest Palace (Chair), Scandic Polen SP.z o. o. (Chair), Scandic Hotels OY (Chair).

Education: BS in Economics, Stockholm School of Economics.

Work experience: President and CEO, Scandic Hotels AB. Formerly CEO, SAS Sweden.



ANNA ELGH Member (elected 2010); member, Audit Committee

Born: 1963

Other Board duties: None.

Education: Master's of Engineering, KTH Royal Institute of Technology, Stockholm; Executive MBA, Instituto de Empresa Madrid.

Work experience: Business Area Manager, Elder Care Private Management and Day Care Services, Carema Care. Formerly Vice President, Supply Chain and Group Logistics Director, Lantmännen; Supply Chain Director, SAS Component; various executive positions at Svenska Statoil AB.











Born: 1956

Other Board duties: Jeppsson Business & Government Consulting AB and Stockholm Business Region AB (deputy).

Education: BS in Economics, Lund University; MA in Economics, UCLA.

Work experience: Senior Advisor, Vinnova; consultant, Jeppsson Business & Government Consulting AB. Formerly special investigator, Innovation Procurement, Government Official Report, Ministry of Health and Social Affairs and Innovation Procurement, Ministry of Enterprise, Energy and Communications (international trade), Undersecretary of State, Ministry for Foreign Affairs; Director, Stockholm Chamber of Commerce.

JENNY LAHRIN Member (elected 2012); member, Remuneration Committee; member, Audit Committee

Born: 1971

Other Board duties: RISE Research Institutes of Sweden Holding AB.

Education: Bachelor of Laws, Uppsala University; Master of Laws in European Business Law, Amsterdam School of International Relations; Executive MBA, IFL, Stockholm School of Economics.

Work experience: Deputy Director, Division for State-Owned Enterprises, Ministry of Finance. Formerly commercial lawyer, Division for State-Owned Enterprises, Ministry of Finance; Chief Legal Counsel, Veolia Transport Northern Europe AB and a lawyer.

LOTTIE SVEDENSTEDT Member (elected 2010); member, Remuneration Committee

Born: 1957

Other Board duties: MiL Institute (Chair), Clas Ohlson AB, Stampen AB, Global Health Partner AB, Byggmax AB, ITA B Shop Concept AB, Liberala Tidningar i Mellansverige AB, Mediabolaget Promedia i Mellansverige AB and Vanna AB.

Education: Law degree, Uppsala University.

Work experience: Formerly CEO, Kid Interiör A/S; Business Area Manager, IKEA of Sweden; Deputy General Manager, IKEA Systems BV; CEO, Inter IKEA Systems A/S; Regional Director, H&M AB.

LARS ANDERSSON Employee representative (elected 2010)

Other Board duties: Chair, SEKO Group trade union, Swedavia. Education: First repairman.

ROBERT OLSSON Employee representative (elected 2010)

Born: 1966

Other Board duties: Section Chair ST.

Education: High school, trade union training etc. Safety officer/security guard, Swedavia.

Deputies (not shown): **AGNE LINDBOM** Deputy

Born: 1961

MATS ABRAHAMSSON Deputy

Born: 1958

Auditor (not shown):

MAGNUS FAGERSTEDT Principal auditor Ernst & Young AB

Born: 1957

# **Executive management**



TORBORG CHETKOVICH President and CEO since August 2010

Born: 1967

Education: BS in Economics, Uppsala University; MBA, Lausanne, Switzerland.

Work experience: Formerly CEO, MTR Norden; Deputy CEO, Veolia Transport Sweden AB; Division Director, Veolia Transport Sweden AB;

Marketing Director, ConnexTunnelbanan AB; various executive positions, SJ.

Board duties: Swedavia Real Estate AB (Chair), Almega, Svensk Destinationsutveckling AB (deputy) and Svenskt Flyg Intresseaktiebolag.



KARL WISTRAND Deputy CEO and Chief Financial Officer since November 2010

Karl Wistrand assumed the position of CEO, Swedavia Real Estate AB on February 4, 2012. He continues as Deputy CEO but has stepped down from his role as Chief Financial Officer.

Education: Degree in corporate and business management law, School of Business, Economics and Law, University of Gothenburg.

Work experience: Formerly CEO, Coop Sverige AB; Deputy CEO and CFO ICA AB; various positions at ICA.

Board duties: Arlanda Schiphol Development Company AB, Cityflygplatsen i Göteborg AB, Swedavia Real Estate AB and Nordic Airport Properties AB.

PER ARENHAGE Chief Technical Officer since July 2011

Born: 1956

Education: MS in Engineering, KTH Royal Institute of Technology, Stockholm.

Work experience: Chief Operating Officer, Swedavia; Chief Technical Officer and Chief Operating Officer, LFV; CEO, Uppsala Stadsnät Song; Head of Business Area, City Systems Vattenfall; Chief Technical Officer, Uppsala Energi.

Board duties: None.



ANNA BOVALLER Chief Legal Counsel since April 2010

Education: Law degree, Lund University; IHM Master in Leadership.

Work experience: Chief Legal Counsel, LFV; Assistant Chief Legal Counsel, Posten AB; commercial lawyer, Posten AB; lawyer, Dahlman Magnusson Advokatbyrå; law clerk, Nacka District Court; legal assistant, Michelsons Advokatbyrå.

**Board duties:** None



JAN EGENÄS CEO Swedavia Real Estate AB since August 2011

Jan Egenäs stepped down from his position as CEO, Swedavia Real Estate AB on January 25, 2013.

Born: 1962

Education: BS in Economics, Umeå University.

Work experience: CFO, Stockholm Arlanda Airport; Senior Project Manager, Business Acquisitions, Telia Overseas AB; Treasury Manager Pleiad

Board duties: Nordic Airport Properties AB, Nordic Airport Properties KB and Airport City Stockholm AB.



MICHAEL PERSSON GRIPKOW Chief Commercial and Marketing Officer since August 2011

Born: 1961

Education: BS in Economics, Uppsala University; Advanced Management Program, Stockholm School of Economics; Executive Program, EMI, Stockholm; Brand Strategy RMI-Berghs School of Commerce, Stockholm.

Work experience: Director of Marketing, VisitSweden AB; Director of Global Marketing Communications, Volvo Cars Corp; Senior Director Marketing, The Absolut Company; Brand Manager SAS and Product Manager, SAS Flight Shop, Scandinavian Airlines; Service Manager, Vingresor AB.

Board duties: Svensk Destinationsutveckling AB and Arlanda Schiphol Development Company AB (Chair).



PEDER GRUNDITZ Director of Regional Airports since April 2010

Born: 1963

Education: Executive MBA, M-gruppen.

Work experience: LFV since 2002, including Airport Director, Visby Airport; interim Head of Division, Director of Passenger Services,

Malmö Aviation; Director of Ground Operations, Braathens Sverige; Head of Traffic, Transwede Airways.

Board duties: None.





CHARLOTTA HYLDAL HR Director since September 2010

Education: Behavioural science and criminology, Stockholm University.

Work experience: Various HR positions including HR partner and Head of HR for smaller companies in the Ericsson Group; Nordic HR Partner IBM; HR Director, Apoteket AB; HR Director, Telenor Sverige AB.

**Board duties:** None



ANDERS LENNERMAN Director of Security since October 2010

Born: 1953

Education: Swedish National Police Academy; Criminology, Stockholm University.

Work experience: Head of Security, Stockholm Arlanda Airport; Management consultant, Mercuri Urval International, various positions with the Swedish Security Service, particularly in counterespionage; the Swedish Police in Stockholm County.

Board duties: mp3Consulting AB; Chair of ACI Europe Aviation Security Committee.



CHARLOTTE LJUNGGREN Airport Director, Göteborg Landvetter Airport since August 2012

Born: 1967

Education: Controls & Law, IHM Business School, Gothenburg.

Board duties: Göteborg & Co and Thomas Concrete Group AB.

Work experience: Route Director and Onboard Manager, Stena Line Scandinavia AB; Route Director, SeaCat AB; Finance & HR Manager, Sea Containers LTD, various positions at B&B Fondkommission AB.



LINDA SJÖDIN Chief Communication Officer since January 2012

Education: Communication Executives Program, Stockholm School of Economics; Masters of Media in IT, Stockholm; BS in Media and Communication, University of Gävle; political science and sociology, Örebro University.

Work experience: Head of Communication Services at Vattenfall; various positions in the SAS Group, including Head of Information, SAS Sverige AB; journalist on the news and sports desks, TV4.

Board duties: Svenskt Flyg Intresseaktiebolag.



Born: 1951

Education: Natural sciences, upper secondary school; air traffic control training, university studies.

Work experience: Airport Director, Göteborg Landvetter Airport; Division Head, Airport Group (LFV), Chief Operating Officer Stockholm Arlanda Airport (LFV); Head of Air Traffic Management, Stockholm Arlanda (LFV); Head of HR, Air Traffic Management, Stockholm Arlanda (LFV).

Board duties: Cityflygplatsen i Göteborg AB (Chair), Bromma Ulvsunda Företagarförening, Svenskt Flyg (deputy).



#### PETER WEINHANDL Airport Director, Malmö Airport since September 2009

Born: 1957

Education: 3-year economics program, public administration; Executive administration program for Hotels & Restaurants, IFL Executive Education; General Managers Program, Cornell University, US.

Work experience: CEO, Vildmarkshotellet Kolmården; CEO, Ekerum Golf & Resort; Hotel Director, Frimurarehotellet Linköping; Hotel Director, Umeå Plaza; Hotel Director, Ystads Saltsjöbad.

Board duties: Weinhandl & Weinhandl AB, Stångs Magasin AB and Tourism in Skåne AB.



KJELL-ÅKE WESTIN Airport Director, Stockholm Arlanda Airport since September 2011

Born: 1957

Education: Swedish Air Force, FTS; War College F20.

Work experience: Swedish Air Force; SAS Flight Academy; CEO, Skyways Express AB; CEO, Direktflyg AB; CEO, Örebro Airport AB; Airport Director, Bromma Stockholm Airport.

Board duties: Airport City Stockholm AB (deputy), Arlanda Schiphol Development Company AB and Destination Sigtuna AB.

# Cross-reference table

Swedavia's Sustainability Report for 2012 is prepared in accordance with the Global Reporting Initiative's (GRI) guidelines for sustainability reporting, G3. The indicators that Swedavia has chosen to report in 2012 and where the information can be found are shown in the crossreference table: Swedavia's Annual Report and Sustainability Report 2012 as well as a separate Statement of Results. The Sustainability Report applies GRI's C+ level and was examined by Ernst & Young AB.

- Reported
- Reported in part

### 1. Strategy and analysis

G3 information	Description	Page	Scope of report	Comment
1.1	Statement from the most senior decision-maker about the relevance of sustainability to the organisation and its strategy.	6–7	•	

### 2. Organisational profile

G3 information	Description	Page	Scope of report	Comment
2.1	Name of the organisation.	61	•	
2.2	Primary brands, products and/or services.	16–18	•	
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures.	61, 67, 78–79	•	
2.4	Location of organisation's headquarters.	61	•	
2.5	Number of countries where the organisation operates, and the names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	4	•	
2.6	Nature of ownership and legal form.	4, 61	•	
2.7	Markets served.	4	•	
2.8	Scale of the reporting organisation.	3–4	•	
2.9	Significant changes during the reporting period regarding size, structure or ownership.	44, 61, 78–79	•	
2.10	Awards received in the reporting period.	27, 31, 33	•	

## 3. Information about the report

G3 information	Description	Page	Scope of report	Comment
3.1	Reporting period for the information provided.	RR2, RR6-8	•	
3.2	Date of most recent previous report.	RR2	•	

G3 information	Description	Page	Scope of report	Comment
3.3	Reporting cycle.	RR2	•	
3.4	Contact point for questions regarding the report or its content.	111	•	
3.5	Processes for defining report content.	35	•	
3.6	Boundary of the report.	2, RR6-8	•	
3.7	State any specific limitations on the scope or boundary of the report.	2	•	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organisations.	61–65, RR6-8	•	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports and the reasons for such re-statements.	RR6-8	•	Explanation given for indicators where a change has occurred.
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.	RR6-8	•	
3.12	Table identifying the location of the Standard Disclosures in the report.	106–108	•	
3.13	Policy and current practice with regard to seeking external assurance for the report.	106	•	

# 4. Governance, commitments and engagement

G3 information	Description	Page	Scope of report	Comment
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	95–100	•	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	96–97	•	
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	96	•	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	37, 96	•	The Swedish State owns all shares in the company. Employees are represented by employee representatives in the company's Board of Directors.
4.14	List of stakeholder groups engaged by the organisation.	35	•	
4.15	Basis for identification and selection of stakeholders with whom to engage.	35	•	

### 5. Performance indicators: economic impact

Indicator	Description	Page	Scope of report	Comment
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained profit and payments to capital providers and governments.	24, RR9	•	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	22-24, RR9	•	

# Environmental impact

IIndicator	Description	Page	Scope of report	Comment
EN3	Direct energy consumption by primary energy source.	RR12	•	
EN4	Indirect energy consumption by primary energy source.	RR12	•	Quantity of primary fuel and primary energy used to produce converted energy that Swedavia purchases is not reported.
EN5	Energy saved due to conservation and efficiency improvements.	27, RR10	•	
EN16	Total direct and indirect greenhouse gas emissions by weight.	RR12	•	
EN17	Other relevant indirect greenhouse gas emissions by weight.	RR12	•	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	26–27, RR11	•	
EN21	Total water discharge by quality and destination.	28, RR13	•	Not all recipients or parameters reported.
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations and transporting members of the workforce, including employee business travel.	RR14	•	Emissions from all transport or emissions from employee business travel not reported.
AO7	Number and percentage change of people residing in areas affected by noise.	28, RR14	•	

# Social impact

# Labour practices and decent work

Indicator	Description	Page	Scope of report	Comment
LA1	Total workforce by employment type, employment contract and region.	3, 39, 69, RR15	•	
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and the number of work-related fatalities by region.	38, RR16	•	
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity.	39, 69-70, RR15	•	Minority groups not reported.

# Human rights

Indicator	Description	Page	Scope of report	Comment	
HR4	Total number of incidents of discrimination and corrective actions taken.	RR16	•		

# Product responsibility

Indicator	Description	Page	Scope of report	Comment
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	40, RR17	0	Health aspects and life cycle perspective not reported.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	12, 19, 35, RR17	•	

# Cross-reference table: UN Global Compact

Beginning in 2012, Swedavia supports the United Nations Global Compact and its ten principles. Swedavia's Annual Report and Sustainability Report 2012 also includes Swedavia's first Communication on Progress (COP), which is an annual update on how the Group complies with the ten principles. The table shows where each Global Compact principle can be found in Swedavia's Annual Report and Sustainability Report 2012.

UN Global Compact: Ten principles	Page/Comment		
Human rights			
Businesses should support and respect the protection of internationally proclaimed human rights in the spheres they can influence	39		
2. Businesses should make sure that they are not complicit in human rights abuses	39		
Labour			
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	39		
Businesses should work to eliminate all forms of forced and compulsory labour	39		
5. Businesses should work to abolish child labour	Swedavia complies with the regulations in effect in laws and agreements for the protection of underage workers in the labour market. Children under the age of 15 are not employed at Swedavia.		
6. Businesses should eliminate discrimination in respect of employment and occupation	39		
Environment			
7. Businesses should support a precautionary approach to environmental challenges	26–31		
Businesses should undertake initiatives to promote greater environmental responsibility	26–31		
Businesses should encourage the development and diffusion of environmentally friendly technologies	26–31		
Corruption			
Businesses should work against corruption in all its forms, including extortion and bribery	39		

# **Definitions**

#### ANL

Aircraft noise level, a weighted equivalent noise level in which day-time and nighttime noise events are assigned different weights in the calculation.

Airport Survey Quality, a passenger survey administered by ACI in which some 150 airports around the world take part.

#### **Aviation Business**

Infrastructure services aimed at airlines and ground handling companies, such as take-off and landing services and security screening.

#### Cabin factor

Cabin factor is a measure of the aircraft's utilisation rate and is calculated by dividing the number of passengers by the number of aircraft seats available.

#### Capital employed

Total assets minus non-interest-bearing liabilities (including deferred tax liability).

#### Commercial Services

Services connected to the airports such as rental of premises for commercial activities, offices, hotels, storage and logistics as well as leaseholds, parking operations and rental of advertising space.

#### Comparative data

In contexts where Swedavia is mentioned before the Group was formed on April 1, 2010, refers to airport operations under LFV. This has been done to obtain comparative data.

#### Earnings per share

Profit after tax divided by the average number of shares.

#### Equity/assets ratio

Adjusted equity as a percentage of total assets on the balance sheet date.

The Global Reporting Initiative (GRI) sets guidelines for what a sustainability report should include and how it should be prepared as well as what indicators should be reported.

Beginning January 1, 2012, Swedavia prepares its financial reports in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). Comparative years have been restated to comply with IFRS.

#### ISO 14001

ISO 14000 is an umbrella term for the internationally accepted standards for environmental management.

#### National basic infrastructure

Sweden's national basic infrastructure consists of the ten airports the Government has determined Swedavia should own. The decision is aimed at securing longterm operations under the auspices of the State and a long-term sustainable air transport system that guarantees basic inter-regional access throughout the country.

#### Operating margin

Operating profit as a percentage of net revenue.

#### Passenger

A passenger is defined as a statistical event, in which a person has departed from or arrived at an airport by air. A traveller is defined as an individual who departs from or arrives at an airport. Example: An individual flies from Luleå via Stockholm to Malmö. This journey is carried out by one (1) traveller, but is equivalent to four (4) passengers: one departing passenger at Luleå Airport, one arriving passenger at Stockholm Arlanda Airport, one departing passenger at Stockholm Arlanda Airport and one arriving passenger at Malmö Airport.

#### Profit for the period

Profit after tax.

#### Regional airports

Swedavia's regional airports consist of Kiruna Airport, Luleå Airport, Ronneby Airport, Umeå Airport, Visby Airport and Åre Östersund Airport.

#### Return on capital employed

Operating profit plus financial income on the basis of a rolling 12-month period as a percentage of capital employed.

#### Return on equity

Profit for the period on the basis of a rolling 12-month period as a percentage of the closing balance for equity.

Satisfied customer index.

#### Swedavia Real Estate

Owns, develops and administers properties and exploitable land at and in the vicinity of Swedavia's airports.

#### Traveller

See definition of "Passenger".

The Swedish Transport Agency's regulations.

#### **UN Global Compact**

The UN Global Compact consists of ten principles based on the UN's Universal Declaration of Human Rights, the International Labour Organization's conventions on human rights in the world of work, the Rio Declaration and the UN's Convention against Corruption. Under the UN Global Compact, businesses are encouraged to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anticorruption.

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