

Together

we bring the world closer

SWEDAVIA | ANNUAL AND SUSTAINABILITY REPORT 2014

THE AVIATION MARKET

A business that spans
the globe

STATEMENT OF THE PRESIDENT AND CEO

“Increased access
and the airports of
the future”

SWEDAVIA RAISES ITS TARGETS

Target-driven work
has produced results

ZERO EMISSIONS

Our way forward

SWEDAVIA'S OFFERING

Airports and properties



7%

PASSENGER
GROWTH
2014

Contents



24



9



24



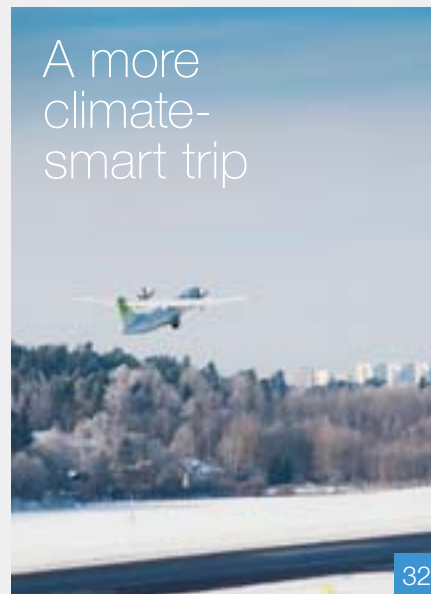
20



12



35



32

A more
climate-
smart trip

The year in brief
Performance in 2014 **3**

The aviation market
A business that spans
the globe **4**

This is Swedavia
Airports with a focus on
sustainable development **6**

**Statement of the
President and CEO**
Torborg Chetkovich:
"Increased access and
the airports of the future" **9**

Strategy
Strategies for sustainable
development **12**

The market
Increased demand for air
travel drives Swedavia's
revenue **20**

Group operations
Swedavia's offering –
airports and properties **24**

Employees
Competencies and
development **35**

**Table of contents,
financial reports** **39**

**Report of the
Directors** **40**

**Consolidated
financial reports** **47**

**Parent Company
financial reports** **52**

Notes **57**

**Signatories to the
Annual Report** **83**

Audit Report **84**

**Statement of
Compliance** **85**

**Corporate
Governance Report** **86**

GRI Index **96**

**UN Global
Compact** **101**

Definitions **102**

ABOUT SWEDAVIA'S REPORTING

This is Swedavia's Annual and Sustainability Report for the financial year 2014. 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. Swedavia reports results using the most recent version of the Global Reporting Initiative (GRI) guidelines (G4). Reported indicators have been chosen based on Swedavia's and our stakeholders' shared view of material factors and what is important for developing long-term sustainable operations. The last publication date for the Annual and Sustainability Report was March 31, 2014.

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

CONTACT PERSON:

Klas Nilsson
Head of External Communication
Tel. +46 (0) 10 109 00 00
klas.nilsson@swedavia.se

PERFORMANCE IN 2014

- During the year, Swedavia's airports had 35.7 million (33.5) passengers, which corresponds to a seven per cent increase
- Net revenue increased to SEK 5,538 M (5,233)
- Operating profit increased to SEK 1,405 M (946)
- The hotel property at Stockholm Arlanda Airport was sold. The sale had a positive effect on consolidated operating profit of 347 M
- The Land and Environmental Court issued a ruling on Stockholm Arlanda Airport's new environmental permit which allows the continued development of the airport

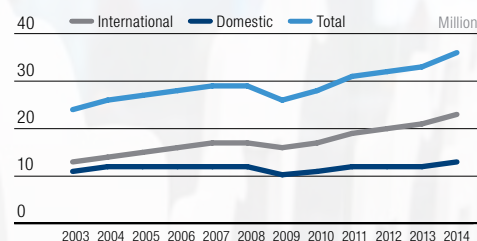
KEY FIGURES FOR THE GROUP

Consolidated

SEK M, unless otherwise indicated	2014	2013	2012	2011
Net revenue	5,538	5,233	4,965	4,693
Operating profit	1,405	946	831	781
Operating margin, %	25.4*	18.1	16.7	16.6
Profit before tax	1,162	686	554	556
Profit for the period	926	501	447	438
Earnings per share, SEK	0.64	0.35	0.31	0.30
Return on equity, %	17.7	10.9	10.8	11.2
Return on operating capital, %	10.3	7.1	7.4	7.6
Debt/equity ratio, times	1.4	1.9	1.9	1.6
Equity/assets ratio, %	36.5	30.5	29.1	32.7
Cash flow from operating activities	2,109	1,339	1,493	1,178
Capital spending	924	2,413	3,418	1,057
Satisfied passengers (ASQ), %	75	73	68	68
Satisfied employees (ESI), %	84	80	76	64
Average number of employees	2,460	2,369	2,380	2,265
Carbon dioxide emissions, tonnes	3,108	3,800	5,400	4,600

*The operating margin excluding capital gains was 19.1 per cent

PASSENGER VOLUMES

NEW
TARGETS
2015–2020ACTUAL
2014

Satisfied passengers

85% 75%



Satisfied employees

85% 84%



Return on operating capital

7% 10.3%



Fossil carbon dioxide emissions

0 tonnes 3,108 tonnes

A business that spans the globe

The global air travel industry functions as a system in which airlines, airports and cities together create conditions for economic growth, sustainable travel and cargo transport.

As demand for travel grows, the air travel industry develops. At the same time, the global access that air travel creates is an increasingly essential requirement for economic growth. Meanwhile, international society is setting higher demands for the services that airlines and airports together provide. However, conditions differ for airlines and airports. Airlines must be able to quickly adapt their offering based on how global travel patterns and cargo flows change. Airports, for their part, can work to ensure capacity and offer solutions that are as flexible as possible, in part by providing quick turnaround for aircraft on the ground. The basic driver in attracting air traffic to an airport is still the attractiveness of destinations for tourism and business.

By far the greatest challenge for the air travel industry is its environmental impact and the requirements for lower greenhouse gas emissions that this challenge entails. The industry has taken up this challenge by setting long-term global targets for emission reductions. Today there is already technology that enables the use of renewable fuel. Large-scale development of this requires serious commitment from all of society. Swedavia has active climate work in every phase of travel, from increased mass transit at its airports to renewable aviation fuel. Today Swedavia is classified as a world leader among airports with the least possible environmental impact.

Attractive airports

The basic driver for attracting air traffic to an airport is still the attractiveness of destinations for both the export and hospitality sectors.

THE GLOBAL AIR TRAVEL INDUSTRY

THE AIR TRAVEL INDUSTRY IS EXPERIENCING STEADY GROWTH

Global demand for air transport has increased far faster than the demand for most other products and services. Since 1970, demand for air travel has increased tenfold, whereas total world GDP has grown just 3–4 times.

→ The industry is cyclical – travel and transport increase in economic upswings and decrease in economic downturns.



20,000 AIRCRAFT

20,000 aircraft from thousands of airlines large and small fly in scheduled, charter or cargo traffic. According to the US Central Intelligence Agency, there are more than 40,000 airfields, from simple grass runways to full-scale airports. About 1,000 airports have international traffic.

→ Direct routes to attractive destinations are a competitive advantage, since that drives traffic and thus revenue for airlines and airports, which benefits society and business.

JOBS

The air travel industry directly and indirectly creates millions of jobs around the world. About 180,000 of them are in Sweden. There are some 80,000 jobs in the aviation sector, while the access that air travel creates provides about 100,000 jobs.

180,000
Swedish
jobs



ENVIRONMENTAL REQUIREMENTS

The air travel industry was the first global industry to agree on long-term global environmental objectives: fossil carbon dioxide emissions from aviation shall be cut by 1.5 per cent per passenger kilometre by 2020. Beginning in 2020, growth shall be climate-neutral, and actual fossil carbon dioxide emissions in 2050 shall be reduced to half the level in 2005.

The United Nations Intergovernmental Panel on Climate Change (IPCC) indicates that air travel today accounts for about two per cent of global fossil carbon dioxide emissions.



INTELLIGENT AIRPORT

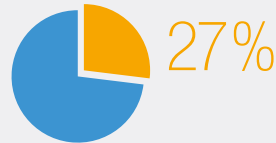
The intelligent airport, which uses modern technology, is one key to capacity. With tablets and smartphones, the potential is created to give each passenger unique information. NFC technology* enables automated check-in and baggage handling. Passengers and baggage can be monitored in real time, which makes it possible to direct flows and prevent queues.

*Near Field Communication (NFC) is a transmission standard for the wireless exchange of data over short distances.

CONTINUED CONSOLIDATION

Low-fare airlines are seeing sharp growth. Established players are reducing fares, and the price gap is narrowing. The competitive situation between carriers along with generally low profitability has led to continued consolidation.

EUROPE'S SHARE OF INTERNATIONAL FLIGHTS



REST OF THE WORLD

The US is biggest in international flights. Countries not included among the advanced economies of the OECD account for 41 per cent of global air traffic. In 2017, China is expected to overtake the US as the largest market.



Leaders in international air travel

Swedavia 2014

35.7 million
passengers

232,000
tonnes of cargo

INCREASED DEMAND

A rapidly growing middle class in Asia, Latin America and southern Africa means that the air travel industry needs to quadruple its capacity to meet the increased demand.

According to the industry trade association IATA, capital spending of USD 4–5 billion is needed to replace ageing aircraft and double the world's aircraft fleet by 2031.

CAPACITY LIMIT ALMOST REACHED

The world's airports need to be expanded in order to handle heavier traffic with larger aircraft and more passengers. According to IATA and ACI forecasts, 20 of the largest airports in Europe will be operating at or near capacity by 2030.

DIVERSITY

Air travel creates opportunities for exchanges and meetings between cultures and people.

AVIATION AS A MODE OF TRANSPORT

More than three billion passengers and 30 million tonnes of cargo travel by air each year. In a longer-term perspective, the price of flights since 1971 has fallen 60 per cent.



Low air fares and increased globalisation are driving travel and cargo.

Source: IATA or ACI unless otherwise indicated

Airports with a focus on sustainable development

Swedavia owns, operates and develops a network of ten Swedish airports. Stockholm Arlanda Airport and Göteborg Landvetter Airport have the most passengers. The company, which is wholly owned by the Swedish State, was formed in 2010 when airport operations that previously belonged to Luftfartsverket (LFV) were converted into a limited liability company.

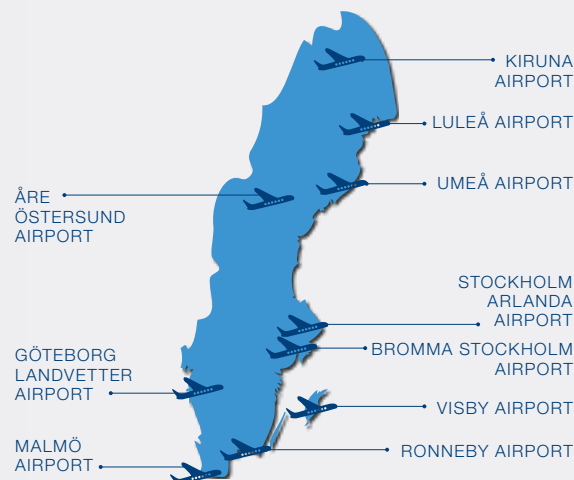
Swedavia works in an international market that is subject to competition. The company's role is to create the access Sweden needs to facilitate travel, business and meetings – in Sweden, elsewhere in Europe and around the world. Our customers are passengers, airlines and tenants that lease retail, office or hotel space in Swedavia's properties. Sweden competes with other airports in its work to attract investments by airlines.

Safety, security, a focus on customers and sustainable development are the basis of everything Swedavia does, both in its own operations and in society in general. Operations are run along solid business principles, and the company shall build a business that is sustainable over the long term through development, planning and operational efficiency. Satisfied employees and a good workplace are crucial to Swedavia's operations. At the same time, the company shall continually reduce its carbon footprint and help reduce the environmental impact of the entire air travel industry. All of Swedavia's airports are environmentally certified at the highest level of the Airport Carbon Accreditation (ACA) programme.

Together we bring the world closer

SWEDAVIA'S TASK IS TO OWN, OPERATE AND DEVELOP AIRPORTS

Together, the airports build a network that links Sweden's regions together, while also serving as a bridge to and from the world beyond. Swedavia's vision is "Together we bring the world closer". That means Swedavia shall help to make air travel and cargo transport – regionally, but also to and from Sweden – as accessible, efficient and attractive as possible.



Swedavia acquired all outstanding shares in the company Göteborg City Airport AB, which operates Sæve Airport, on January 13, 2015.



35.7 million passengers

Swedavia's airports enable air travel within the country and are a gateway to and from Sweden. They are also modern marketplaces that offer services and other concepts.

Swedavia is a world leader

in developing airports with the least possible environmental impact.

➔ Read more about our environmental responsibility on page 32

Swedavia's business

STRONG ACCESS WITH A FOCUS ON CUSTOMERS

Swedavia's customers are passengers, airlines and tenants. Passengers are offered inspiring environments and destinations, airlines get reliable and efficient infrastructure, and tenants get functional premises in an attractive setting. High access increases air travel and enables personal encounters and increased business dealings.



THE ROLE OF THE AIR TRAVEL INDUSTRY

The air travel industry and the access

that air travel creates today contribute more than 130 billion Swedish kronor annually to Swedish GDP, according to Oxford Economics. Air travel also generates direct tax revenue of more than nine billion kronor annually.

Air travel also contributes significantly to employment throughout Sweden. The air travel industry and the passengers who land at Swedish airports create over 180,000 jobs in Sweden. Over the next five years, it is estimated that the expected development of Swedish access will create an additional 20,000 jobs.

That means air travel within as well as to and from Sweden is a crucial factor contributing to increased GDP and employment in the years ahead.

The air travel industry also has considerable responsibility in the environmental field. Over the past few decades, major technological advances have brought a reduction in the environmental impact of air travel. This trend is expected to continue, with investments in modern aircraft fleets and gradual phase-in of renewable fuels being important milestones.

80 billion
kronor a year

How much is spent by
passengers who land by
plane in Sweden.

Source: Oxford Economics 2014

25,000

jobs at
Swedavia's
airports

3,200

employees at
Swedavia

Sights set on the future

Swedavia began its journey as a company almost five years ago. Through target-driven work, with sustainability as our guiding principle, we can carry out our task today and tomorrow.

AREAS	WHAT WE HAVE DONE	GOING FORWARD
Customers 	<ul style="list-style-type: none"> • Passenger satisfaction (ASQ) since 2010 has increased from 69 per cent to 75 per cent • The number of passengers increased from 28.4 million in 2010 to 35.7 million in 2014, a gain of almost 30 per cent • A large number of new shops, cafés and restaurants and a new commercial organisation • Refurbishments to improve the atmosphere, increased capacity and more efficient flows at most airports • Developed self-service solutions 	<ul style="list-style-type: none"> • Continued passenger volume records, with strong drivers being urbanisation, globalisation and consumer behaviour • The capacity of airports is enhanced, as is the commercial offering, combined with an inspiring atmosphere • Digital technology and self-service solutions are used increasingly to make travel easier • Stockholm Arlanda Airport is Scandinavia's leading airport • Punctuality and passenger satisfaction have been further improved
Social development 	<ul style="list-style-type: none"> • Increased employee satisfaction (ESI) from 64 per cent in 2010 to 84 per cent in 2014 • Partnership programmes launched with the Swedish employment service Arbetsförmedlingen and the intern programme Tekniksprånget • Increased Swedish access, with more international direct connections and at least two airlines established at each airport • Developed safety climate at the company • Group-wide platform for competency development and training as well as Group-wide health care and occupational rehabilitation insurance for all employees introduced 	<ul style="list-style-type: none"> • Employee satisfaction is further strengthened, as is employee engagement • Swedavia is an attractive employer for different groups in Swedish society, which enhances our ability to handle a diverse passenger base • Additional direct links have been developed with trade partners that are important to Sweden, which strengthens Sweden's export and hospitality industries • Safety and security remain our highest priority, and there are zero serious incidents • Absence due to illness has decreased, and the workplace is better adapted to prevent injuries
Economy 	<ul style="list-style-type: none"> • Return requirements have been met every year since 2011 • Formation of Swedavia Real Estate as well as the acquisition, restructuring and sale of properties • Sales of Karlstad Airport, Örnköldsvik Airport, Ängelholm Helsingborg Airport and Sundsvall Härnösand Airport completed • Extensive investment programmes carried out and launched at most airports. Among other things, approach to Stockholm Arlanda Airport adopted • New price model for airport users implemented, along with a more cost-effective organisation 	<ul style="list-style-type: none"> • Long-term investment programmes carried out while Group financial targets are met • The areas around airports are developed increasingly into commercial and office areas, which strengthens the airports as hubs in modern society • Commercial opportunities have increased, and the airports offer products and services that inspire passengers and make their everyday lives easier • Continued efficiency improvements carried out in order to enhance the airports' competitiveness and growth potential • To ensure Swedish access, charges for airport users are kept at a competitive level
Environmental concern 	<ul style="list-style-type: none"> • Fossil carbon dioxide emissions from Swedavia's own operations have fallen by about 60 per cent since 2010 and the phasing in of a fossil-free vehicle fleet has begun • All airports certified at the Airport Carbon Accreditation's highest level, Neutrality • New environmental permits for Stockholm Arlanda Airport and Malmö Airport. The process was initiated for Göteborg Landvetter Airport • Investments in noise insulation of properties around Stockholm Arlanda Airport, Bromma Stockholm Airport and Umeå Airport have been made • Inventories of natural areas completed at most airports, documenting rich biodiversity 	<ul style="list-style-type: none"> • Swedavia has zero fossil carbon dioxide emissions, and we are an international leader in environmental work • Production of renewable aviation fuel takes off, which dramatically reduces the environmental impact of air travel • Swedavia remains an active player in increasing the percentage of travellers who take mass transit to and from the airport • Technological advances help to reduce noise over nearby communities • Swedavia's energy use continues to decline despite an expansion in operations



“Increased access and the foundation laid for the airports of the future

Torborg Chetkovich
President and CEO



Long-term investments in increased access

I feel proud when I look back on Swedavia's first five years. We are a young company, but we have also succeeded in laying the foundation for the airports of the future. Already today, Swedavia contributes to Sweden's growth and development. That does not mean we are leaning back – on the contrary, we have clear visions for the future.

WE EXIST FOR PASSENGERS

Our intention is for Swedavia to be a natural part of the travel experience. Our airports should be ones that travellers look forward to visiting. We want to provide architecture, brands, design and activities that make passengers feel a sense of inspiration and anticipation before their trip. That means we must understand what attracts passenger flows from all the corners of the world and predict what kind of experience will be profitable tomorrow. To achieve this, we must be quick on our feet and courageous enough to try new concepts.

WE SHALL PROVIDE SCANDINAVIA'S MOST IMPORTANT MEETING PLACES

In ten years, 40 million passengers, over 100,000 a day, will flow through our airports. We link Sweden together as a country and connect it to the rest of the world. We create encounters between regions, countries and cultures, but most of all encounters between people. That drives growth, understanding and well-being.

DIRECT AIR LINKS DRIVE DEVELOPMENT

Swedavia shall continue to enhance our collaboration with airlines. By focusing on competitive levels of airport charges, efficient infrastructure and modern technology, we can be involved and enable a broader offering of direct routes. By continuing to attract these critical investments from airlines, benefits are produced for Sweden's export and tourism sectors as well as for the country's increasingly multicultural population.

Swedavia shall be Sweden's main growth engine. By working together with businesses, with our owner, with the country's regions and with researchers, we create the airport cities of the future. They are already taking shape around Stockholm Arlanda Airport and Göteborg Landvetter Airport. Our aim is for them to create thousands of jobs that generate billions of Swedish kronor for Sweden.

LONG-TERM INVESTMENT IN THE ENVIRONMENT

Swedavia shall continue to address environmental issues, one of the greatest challenges in the air travel industry. Today we are already a leading player internationally in our environmental work, and we are developing into a role model for the entire sustainability field. Swedavia shall achieve its target of zero fossil carbon

dioxide emissions, continue to link together various modes of transport and contribute to greater use of mass transit to and from its airports. We shall support airlines in the transition to biofuels so that our passengers can be provided with a fossil fuel-free journey.

CAREFULLY CHOSEN AND AMBITIOUS TARGETS

Our targets for passenger satisfaction, employee satisfaction, financial return and zero fossil carbon dioxide emissions are based on our ambition to be a sustainable company. By achieving these targets, we also increase our stakeholders' potential to develop their own operations. In five years, we have grown into a company run on solid business principles that has exceeded a number of the targets we set ahead of schedule. That is a result of teamwork, with employees in all areas making enormous contributions. Another success factor is that, from the very beginning, we chose a few but clear targets.

The environmental target is our greatest challenge. We do not have total control over all aspects, and technological leaps are also required. In 2014, we took one such leap through our investment in new biofuel-propelled vehicles for snow removal and other purposes. These are vehicles that did not even exist and which many

people thought would not be possible to develop. The equipment is now gradually being placed in service in our operations, and as a result we have demonstrated that our ambitious targets are something that can drive development forward. Consequently, our journey toward our target of zero fossil carbon dioxide emissions continues to follow the milestones we have set along the way.

Already in 2013, we reached the target of 80 per cent satisfied employees. In 2014, we achieved our return target, seven per cent of operating capital, and for the first time Swedavia's Board of Directors can propose paying a dividend to our owner. There have also been clear improvements in passenger satisfaction, although that target has not yet been met in full. We are on the right track, and our findings indicate that satisfied passengers result from satisfied employees but that there is some time lag. Our efforts to incorporate the commercial side of airports in our daily operations will also be a key tool going forward.

We see that our strategy for sustainable development has been profitable. We are convinced that our corporate social responsibility has encouraged increasing numbers of people to apply for jobs with us. Our diversity efforts give us a breadth of experience that enables us to deal with customers and create an inclusive environment for employees from many different cultures in a way that works well. We also observe the principles for responsible management under the United Nations Global Compact. Our healthy economic growth allows us to continue developing our operations, increase access and drive innovations, particularly in the environmental field.

“ We are developing into a role model for the entire sustainability field

“The sale of our hotel property at Stockholm Arlanda Airport shows that our property development operations can contribute to a higher degree of self-financing

Net revenue increased in 2014 to

SEK 5,538 M

(SEK 5,233 M in 2013)

Operating profit increased in 2014 to

SEK 1,405 M

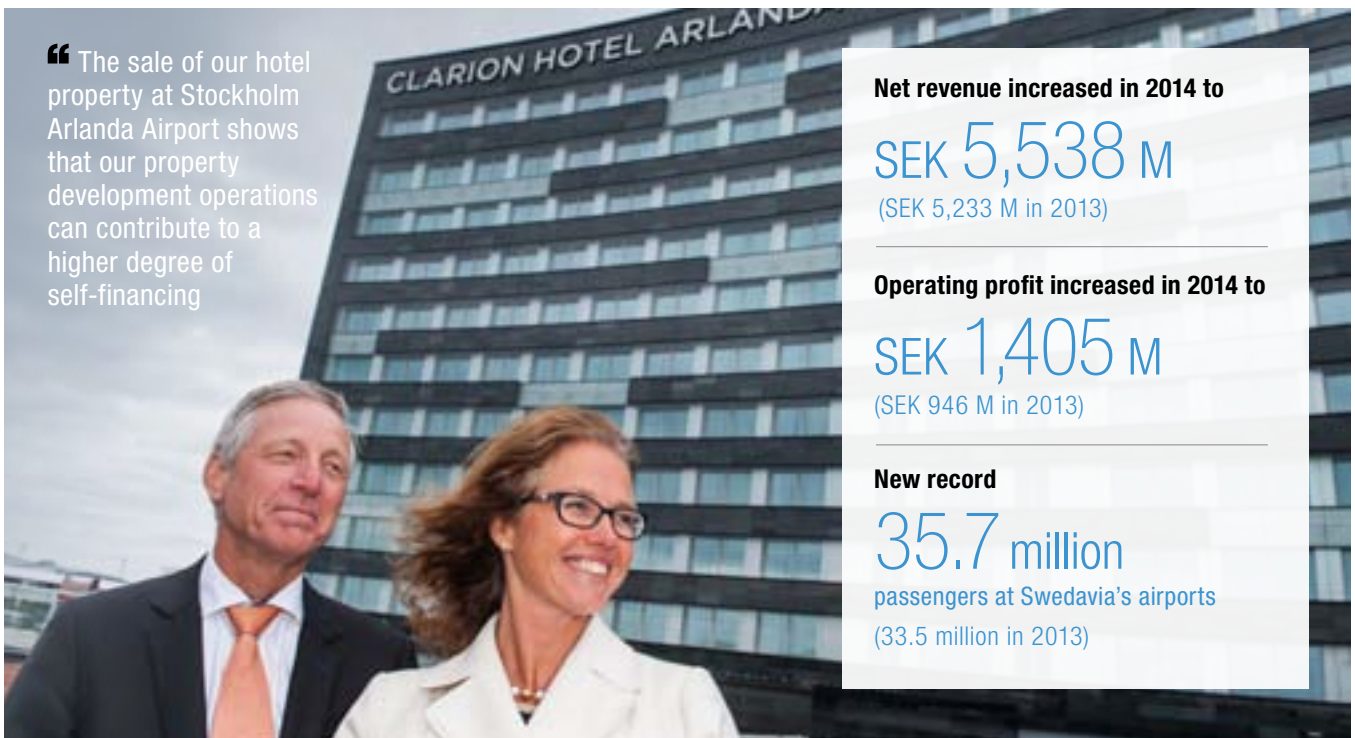
(SEK 946 M in 2013)

New record

35.7 million

passengers at Swedavia's airports

(33.5 million in 2013)



Torborg Chetkovich, President and CEO, and Karl Wistrand, Deputy CEO and Director of Commercial & Real Estate

2014 WAS AN EXCITING YEAR WITH IMPORTANT SUCCESSES

Growth in air traffic continued, and we set new records at many airports. Our growth was significantly higher than that of our colleagues elsewhere in Europe. That is due to increased travel globally and to Sweden's strong economy, but also to our airline customers deciding to launch additional international direct routes. From 2013 until now, ten new routes to destinations, mostly in the US and Asia were added.

The single most important event in 2014 was that, ten years after completion of Runway 3, an environmental permit for Stockholm Arlanda Airport was finally issued that enables the continued development of the airport. An environmental permit is an essential requirement for operations at every airport, but Stockholm Arlanda Airport is critical to Sweden's continued development, so the permit was especially gratifying. It is also confirmation that we, together with our partners, have created an understanding of the importance of air travel for Sweden.

Meanwhile, discussions are under way about the future of Bromma Stockholm Airport. Our view is clear. The airport is needed. Swedavia has a contract until 2038 and will continue our development work in line with our task of contributing to Sweden's access. The immediate concern is the airport's security category, which allows the possibility of aircraft today as well as aircraft of the future serving the airport after 2016.

During the year, we completed the sale of a hotel property at Stockholm Arlanda Airport. This generated a capital gain of almost 350 million Swedish kronor and shows that our efforts in

“Our growth was significantly higher than that of our colleagues elsewhere in Europe

real estate operations can help increase our degree of self-financing. Our net revenue increased 5.8 per cent to SEK 5,538 million in 2014, and profit rose to SEK 926 million, a performance that confirms that our strategies are successful.

In 2014, Swedavia's Group targets were revised upward. By 2020, we shall have customer and employee satisfaction levels of 85 per cent each, while maintaining our target of zero fossil carbon

dioxide emissions.

Our owner also decided to revise our financial targets, which led to the setting of one overall target as a seven per cent return on operating capital. The targets are stringent, but I see them as a natural extension and an essential requirement of the work we have so far carried out. This also means that we are now sharpening our strategies to ensure that we achieve our targets.

We have every reason to be optimistic about the years ahead. We have clear strategies and targets. We are focused on our customers and we are building our operations for sustainability and profitability. We want to develop as a meeting place and a growth engine in society, thus creating better conditions, in part, for continued investments by airlines and even greater access. To achieve this, it also requires that we are an innovative partner that takes responsibility.

My fellow employees and I look forward to continuing this work in 2015.

Torborg Chetkovich
President and CEO

Strategies for sustainable development

Sustainability is an integral part of our operations and strategies. At the same time, sustainability is a guiding principle in all of Swedavia's functions and is embedded throughout our value chain. Our ability to think and act sustainably is fundamental to our future as a company and so that we can continue to create value for our stakeholders and for society in general.

SUSTAINABLE DEVELOPMENT A STRATEGIC FOCUS

Swedavia's strategic focus is based on three dimensions of sustainability – social development, economy and environmental concern – combined with our putting a focus on customers. Together, these four perspectives form Swedavia's sustainability wheel, which in turn constitutes the basis of Swedavia's management and communication at all levels. Our choice of strategic focus accords well with our materiality analysis, which indicates that issues concerning access, financial performance, the environment, employees and safety/product responsibility are most important today to our stakeholders.



Our sustainability wheel illustrates our management model, under which we work with all three sustainability dimensions – social development, economy and environmental concern – together with our putting the focus on customers. This is sustainable development for Swedavia. In each sustainability perspective, we have concrete strategies and measurable targets that set the course for both management and communication. The targets are then broken down in operations and made concrete through activities. The targets and activities are monitored on a continuous basis in terms of achievement of those targets and changes in the world. Targets and activities are reviewed on a quarterly basis through function controls.

STRATEGIC PRIORITIES

➔ Customer

Swedavia's most important customers are passengers, airlines and tenants, with passengers being our 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.

Business development with a focus on customers

Passengers are our most important customer group, and satisfied customers are our priority. We develop the commercial space in our terminals, based on demand, in order to offer an attractive selection of goods and services that enhance the travel experience. To meet the growing demand for both air travel and cargo, major investments are needed in buildings and other infrastructure. This is especially true for the information technology required to link different operations and the conditions necessary for good punctuality, increased access and economic efficiency.

Future demand

One strategic challenge is to understand what air travel will look like in the future and what travellers will want. That governs the configuration of our terminals. We must therefore create flexible environments than can be continually adapted to new needs.

➔ Economy

Swedavia shall develop airports in a sustainable way based on sound business principles. This means that we shall develop operations through good investment planning and operational efficiency that are profitable in the long term while creating value for our customers.

Broader funding

Our operations are long-term, capital-intensive and run based on sound business principles. Access to capital is an important strategic issue for Swedavia, in order to ensure the company's continued favourable performance. We have strong cash flow today, which funds most of our investment needs. The company's own real estate operations can also contribute to increased investment.

Today Swedavia owns properties in attractive locations at and around the airports. These properties will be developed in different ways and then sold or leased, depending on their location and use. Together, they provide financial strength which enables funding of other priority projects that help increase the attractiveness and access of the airports.

Coordination and efficiency

Swedavia shall achieve long-term stable profitability. Because operations are capital-intensive, cost structures must be as flexible as possible, while we continuously try to improve operational efficiency by identifying opportunities for coordination and economies of scale.

Continued capital spending

Over the next decade, Swedavia will be making significant investments to increase capacity and customer value.

Environmental awareness

Swedavia works to reduce its own environmental impact with a focus on fossil carbon dioxide and is a driver in reducing the environmental impact of a passenger's entire journey. To be successful, significant technological advances and collaboration between businesses, researchers and political leaders are needed. One of the most critical issues is access to renewable fuel.

Zero emissions

One of Swedavia's sustainability targets is to have zero fossil carbon dioxide emissions in its own operations by 2020.

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 comply with the social responsibility requirements specified in the Swedish State's ownership policy.

Access is a social benefit

Our objective is for Swedavia to always take an active role in

society. Creating access through good air links, especially direct routes, is one of our most important tasks. We therefore work in different ways with our partners to facilitate travel, meetings and business. In collaboration with other transport modes, we also work to increase the proportion of people who take mass transit to and from our airports. In that way, we help create workplaces as well as economic and social development, for the various regions of Sweden and for the country as a whole.

Plans for increased access

Increased access, both in the offering of destinations and through better solutions for mass transit to and from the airports, is a strategic challenge.

Satisfied employees mean satisfied customers

Employee satisfaction shall continue to develop in a positive direction. This shall be done through continued work to create employee engagement and participation in operations and to develop the corporate culture that we want to be integral to operations. We also work for an inclusive organisation with increased diversity and, through training and monitoring, to prevent harassment and discrimination in all areas.

High level of safety and security

Swedavia's airports are characterised by a high awareness of safety and security, with aviation safety and security being the highest priority. Swedavia takes part nationally and internationally in the work to develop regulations that can be effectively implemented in operations and ensure or increase the level of safety. Systematic work with methods and customer care shall help make people feel safe at Swedavia's airports while at the same time improving both efficiency and customer satisfaction.

Task

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

Vision

Together we bring the world closer. Swedavia's operations give Sweden access 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.

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

Reliability



Engagement



Innovativeness



A warm welcome

Swedavia has raised its level of ambition

Swedavia's operations are managed with the help of sustainability targets. In Swedavia's four general sustainability targets, one from each strategic focus area, the company has decided on desired levels for satisfied passengers, satisfied employees, return on operating capital and fossil carbon dioxide emissions.

Swedavia's Board of Directors decided this year on new targets through 2020. Based on these, a level of 85 per cent is to be achieved for satisfied passengers (ASQ)* and for satisfied employees (ESI)**. One of the company's new financial targets is a seven per cent return on operating capital. The previous target of zero fossil carbon dioxide emissions by 2020 remains in place. The clear focus in these four general sustainability targets has led to the company making considerable progress in each area in a short period

of time. Three of the four targets set for 2014 were already achieved in 2013. Actual outcomes for these targets in 2014 are presented in the table to the right.

According to its Articles of Association, Swedavia shall help to achieve Sweden's transport policy goals. To make these goals concrete, the Annual General Meeting 2014 adopted targets/indicators for the tasks which will be reported annually. These indicators are shown in the table to the right and measure access (through passenger volume and the number of international direct routes), customer satisfaction, safety, security, and carbon footprint.

The financial targets are long-term. The return target was changed in 2014 to one based on operating capital rather than equity. Swedavia has also established targets for its debt/equity ratio and dividend.

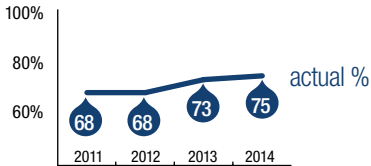

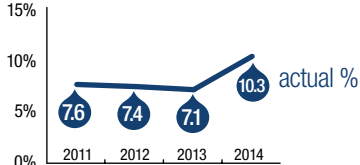
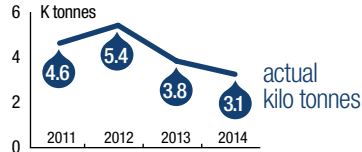
Passenger satisfaction by airport, 2014

Bromma Stockholm Airport	68%
Göteborg Landvetter Airport	80%
Kiruna Airport	76%
Luleå Airport	85%
Malmö Airport	71%
Ronneby Airport	82%
Stockholm Arlanda Airport	75%
Umeå Airport	78%
Visby Airport	86%
Åre Östersund Airport	89%



* Airport Survey Quality (ASQ): a passenger survey that some 150 airports around the world take part in.
** Employee Satisfaction Index (ESI): a measurement of the work environment in the working group.

Swedavia's targets

SUSTAINABILITY TARGETS 2020	ACTUAL 2011–2014	TASK TARGETS/INDICATORS ACTUAL 2014 (2013)
85% satisfied passengers		75% (73%) satisfied passengers
85% satisfied employees		13.1 million/22.6 million (12.6 million/20.9 million) Number of passengers domestic/international
7% return on operating capital		320 (300) Number of international destinations
0 tonnes carbon dioxide emissions*		446,200 tonnes (426,000 tonnes) Carbon footprint**
		5 (2) Accidents and serious incidents
		FINANCIAL TARGET
		1.0–1.5 times debt/equity ratio Capital structure target
		7% return on operating capital Profitability target
		30–50% of profit for the year as dividend Dividend target

* The general environmental target of 0 tonnes of fossil carbon dioxide emissions applies to Swedavia's own operations.

** Footprint by airport is reported on page 34.



Swedavia creates value

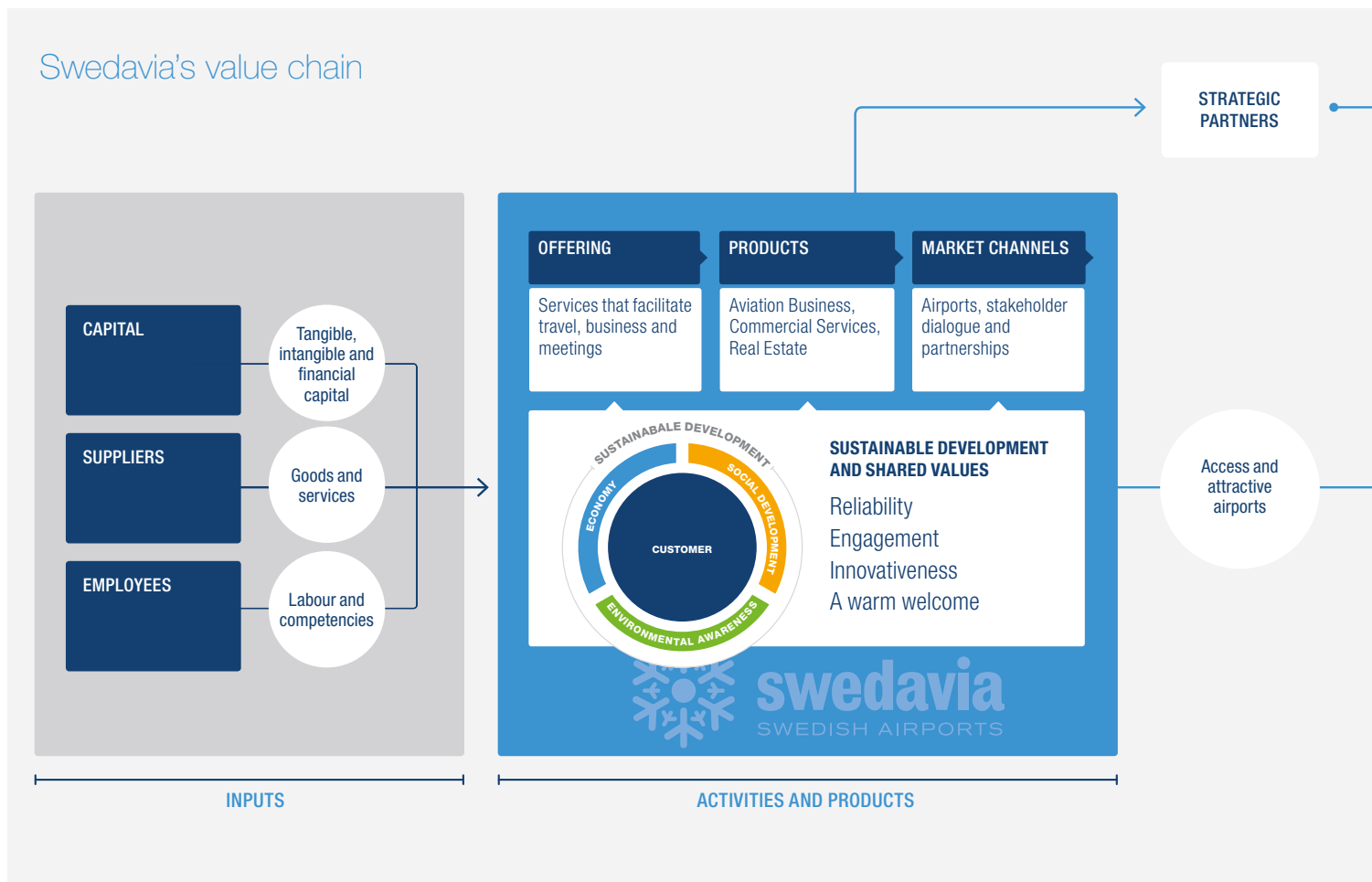
Swedavia creates value for its customers, that is, passengers, airlines and tenants, by combining access to infrastructure with direct services provided by the company itself as well as indirect services through strategic partnerships with tenants, partners and customers. Swedavia invests in necessary aviation infrastructure, commercial properties, its own employees and environmental measures.

The inputs Swedavia needs to create value are found in three areas. One area is capital, tangible and intangible, which makes it possible to develop and fund operations. Next are the suppliers that contribute services and goods which supplement and strengthen the value chain. The third resource is employees, who

contribute physical inputs and competencies. Swedavia's integral sustainability perspective is the basis of its value chain.

Through economies of scale, developed competencies in both customer behaviour and airport operations in general, and strategic partnerships, Swedavia can provide value to all of its customer groups. Real estate operations create value by generating some of the investment capital needed to ensure Swedish airport capacity and further develop business. Swedavia's combined business is based on competitive charges for those that use the infrastructure. This makes airports more attractive to airlines and in that way helps to drive increased travel, which, in the next step, generates higher revenue in other operational areas.

Swedavia's value chain



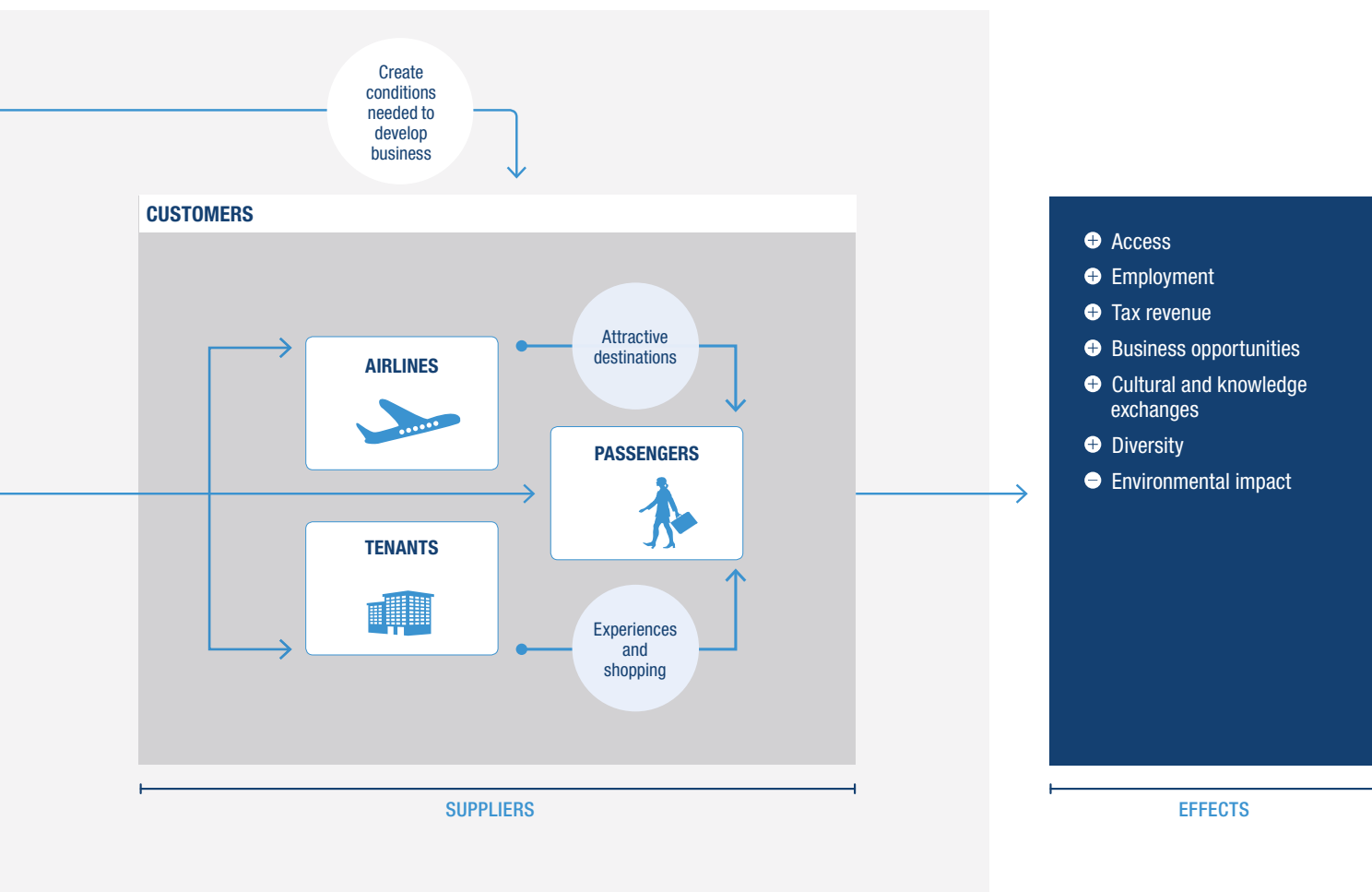
Swedavia creates value for:

Passengers – through access to a modern airport that is tailored to its customers, with attractive destinations and a large commercial offering. This is based on close cooperation with companies and organisations that serve and operate at the airports.

Airlines – through access to modern, smoothly functioning airports with competitive charges, located in attractive destinations. This drives increased passenger flows for airlines and thus profitability.

Tenants – through access to functional and attractive premises for retail, food & beverage, offices, warehouses and logistics.

If Swedavia runs operations successfully and profitably, this creates value at the national level. The company's owner, the Swedish State, gets a good return on the capital invested. Swedavia also links regions together and connects Sweden to the rest of the world. As a result, space is created for meetings and business opportunities, which leads to social development, new jobs and increased tax revenue.



We meet our stakeholders' expectations

It is important for Swedavia to listen to our stakeholders and understand their expectations. In our stakeholder dialogue, we can identify the issues that are critical to Swedavia's economic, environmental and social value creation.

STAKEHOLDER DIALOGUE

By keeping track of the social groups throughout the company's value chain that are affected by or affect operations, Swedavia has identified a total of seven stakeholder groups, which are presented on the right. We maintain a continuous dialogue with all stakeholder groups in order to ensure that we understand how our stakeholders view our operations and our offering. Issues that are important to our stakeholders are monitored through annual reports, surveys and measurements, such as employee, sustainability and attitude surveys.

MATERIALITY ANALYSIS

Swedavia's materiality analysis is based on our stakeholder dialogue and has been designed to identify the issues that are most critical to Swedavia's economic, environmental and social value creation.

Based on relevant global trends and drivers, GRI aspects and Swedavia's targets and priorities, 47 issues have been outlined in order to identify the most important areas for creating value in the short and long term.

The issues were assigned a weight based on two perspectives – how they affect Swedavia's potential to create value and to what degree each issue affects stakeholder views of Swedavia's value creation. Of the seven main stakeholder groups, customers were assigned the greatest weight. In the first phase, the different stakeholder groups were represented by key people at Swedavia with good knowledge and understanding of the stakeholders' priorities. Qualitative interviews were then conducted with representatives of the most important stakeholders. For Swedavia's owner, customers and strategic partners, economic aspects such as financial strength, capacity and socioeconomic value creation are important issues. Similarly, environmental issues were ranked high by these groups. Issues that affect working conditions and the work environment were ranked highest by employees and government authorities. An active stakeholder dialogue, transparency, safety and security were important for all groups. The findings from the materiality analysis are integrated into Swedavia's vision and targets as strategies and practical operations.

Identified material aspects

The issues considered by internal and external stakeholders to be most material to Swedavia's value creation are:

High level of safety and security

Safety and security are given the highest priority by both stakeholders and Swedavia. A high level of safety and security contributes to passengers feeling safe and having a positive experience.

Satisfied customers

A clear focus on customers, which contributes to satisfied customers, is an essential requirement for Swedavia to be able to successfully develop operations and create value at the national level.

Satisfied employees

A corporate culture founded on ethical guidelines is a basis for satisfied employees.

Capacity

Swedavia shall have sufficient capacity to meet future demand for air travel and thus contribute to Sweden's economic development through increased access. Punctuality at the airports is one indicator of our capacity.

Reduced environmental impact

A clear focus in operations on targets to reduce the environmental impact from Swedavia's own organisation and along the value chain.

Socioeconomic development and international exchanges

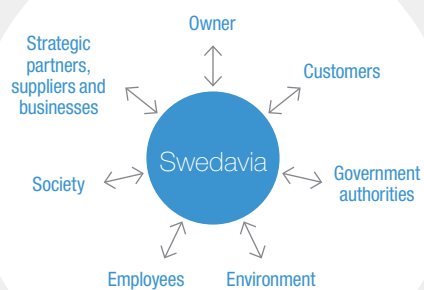
Swedavia shall contribute to increased access to and from Sweden while supporting international exchanges in an ever more globalised world. One measure of access is the number of international direct destinations from Swedavia's airports.

Attractive brand

An attractive brand is considered by both internal and external stakeholders to be one of the most important issues for Swedavia. Through an active stakeholder dialogue and strategic partnerships, conditions are created for, among other things, environmental permits that fit the purpose of the company's operations and opportunities to increase value creation.

🔗 **All aspects ranked by external and internal stakeholders can be found on page 97 of this report**

Swedavia's stakeholders



Increased demand for travel drives Swedavia's revenue

Global air travel continued to expand in 2014, despite it being another year of modest growth for both the European and global economy. For the full-year 2014, travel at Swedavia's airports was up seven per cent. A total of 116 airlines serve our airports. More than 400,000 take-offs and landings were performed.

For Swedavia, the greatest increase in absolute numbers was on European routes. That was an effect of airlines such as SAS and Norwegian increasing the number of destinations and adding capacity on new and existing routes. The most popular destinations once again included London, as well as Mallorca, the Canary Islands, Paris and Rome. These destinations change little over time and are also relatively insensitive to disturbances such as political or economic developments.

In percentage terms, intercontinental scheduled traffic accounted for by far the largest increase, albeit from low absolute numbers. A large share of the increase here is attributable to the nine direct routes to Bangkok, Dubai, Los Angeles, New York, San Francisco, Fort Lauderdale, Tel Aviv, Casablanca and Teheran launched in 2013 and 2014. Essentially all routes, which represent major investments by the airlines flying them, showed good growth. Also domestically, there was good growth in passenger volume, and Swedish domestic volume is now on the same level as in the early 2000s. All of Swedavia's airports have at least two carriers operating there, which helps increase competition and provide more options.

A CHANGING CUSTOMER BASE

There is generally intense competition between airlines. This is most apparent between larger and often national airlines, or legacy carriers, and low cost carriers (LCCs). Legacy carriers are responding with their own LCCs, such as Lufthansa's Germanwings and Iberia's Iberia Express. LCCs, which operate mostly in Europe, have begun to fly to the major airports instead of more peripheral ones and have also announced that they will have a greater presence on intercontinental routes. There are also new players, such as Qatar Airways, Air Emirates and Etihad (United Arab Emirates), which fly to hubs such as Doha, Dubai and Abu Dhabi, which attract traffic to Asia and Africa in particular. Swedavia's largest airline customers today are SAS, Norwegian and Braathens Regional. Turkish Airlines, which uses Istanbul as its hub for flights eastwards, has experienced sharp growth recently.

There is also competition between airports. This varies depending on the type of traffic and the airlines operating there. If an international airline wants to launch service to Europe, the first question is not which of the Nordic airports is most attractive to operate from. Instead, northern and central regions of continental Europe compete for their attention. But when it comes to flights to and from the Nordic market, the four major airports continuously compete with one another. Major investment programmes are currently being carried out at these airports. Total capacity is being built to handle an additional 20 million passengers by 2025, a figure equivalent to a brand-new Stockholm Arlanda Airport. In this climate, it is important that Swedavia offers competitive prices to maintain and increase its market share. Sweden is the largest market in the Nordic countries.

FOCUS AREAS

In market terms, Swedavia sees challenges in a number of areas in the years ahead. It is a matter of getting airlines to continue establishing new routes to and from Swedavia's airports and working to increase frequency on existing routes. Meanwhile Stockholm Arlanda Airport and Bromma Stockholm Airport are very close to capacity in peak traffic. This means that Swedavia must work continuously to maintain customer satisfaction among passengers and airlines, even though the system is already operating with very high loads. That also means it is crucial to implement planned measures to increase capacity.

The issue of Bromma Stockholm Airport's future is thus also crucial to Swedavia's potential to offer the access to and from Stockholm that is demanded. This is especially important since Bromma Stockholm Airport and Stockholm Arlanda Airport see the greatest use during the same times of the day.



Read more about Bromma Stockholm Airport at www.swedavia.com/bromma/

New destinations

➔ International leisure travel is seeing the greatest growth. Examples of destinations that have increased traffic are the West Indies, with Jamaica being a best-seller, West Africa and Zimbabwe, and the islands of Bali and Mauritius in the Indian Ocean. In the Middle East, Jordan has grown into a new and exciting destination. Long-haul flights to the US west coast to places such as Los Angeles and San Francisco are another growing trend.

Jamaica

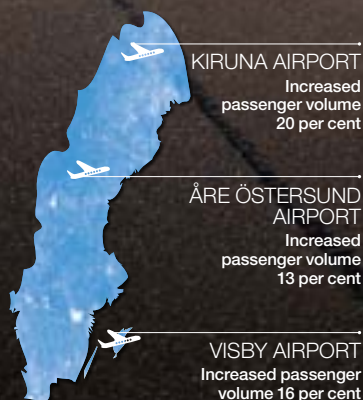
Jordan

Zimbabwe

Mauritius

Bali

Airports with the largest growth in percent



15%
passenger growth
outside Europe

➔ Passenger growth in intercontinental scheduled traffic was 15 per cent in 2014. Much of this increase consisted of the nine direct routes launched in 2013 and 2014.

35.7
million
passengers

➔ passed through Swedavia's ten airports – a new record for the Group.

Trends and drivers in air travel

Swedavia and the air travel industry live in a world of constant change and are affected by trends on a number of different levels. They include ups and downs in the global economy, demographic changes, changing values in society, and especially access to new technology.

The three most important trends from a longer-term perspective are increased globalisation, continued urbanisation and increased environmental awareness. Because these trends affect how customers and society in general view this industry, they also ultimately affect business conditions for Swedavia and other players.

INCREASED GLOBALISATION

Increased globalisation – politically, economically, culturally and socially – means that the world has become smaller, figuratively speaking. Organisations as well as individuals are affected by and increasingly dependent on one another. Organisations with operations and production in a number of countries are expected to have broad insight and take responsibility for the entire value chain. Freer movement, with people able to travel where they want, when they want, leads to growing demand for air travel. Increased exchanges in terms of trade, tourism and opportunities to work and study abroad also contribute to increased travel. Surveys indicate that international contacts created through modern communication technology increase curiosity about the world and drive demand for air travel. For airlines in Europe, globalisation will mean increased competition for transit traffic to Asia and for access to new destinations in the world's emerging markets.

Globalisation and modern communication technology have helped the global economic system today to transcend borders. Economic cycles have become ever shorter, and changes in one country or in a single market may quickly have major consequences elsewhere.

From the perspective of security, increased globalisation can also be considered a challenge, since there is great political turmoil in some parts of the world. Sudden changes may mean that airlines quickly redirect their capacity to other destinations. Today, there are not just purely physical threats in the form of terrorist threats, civil unrest and civil war, but also different kinds of "cyber conflicts", which requires increased preparedness and higher awareness of safety and security among industry players.

CONTINUED URBANISATION

Urbanisation is a global phenomenon. Today half of the world's population lives in cities; in fifteen years, two thirds will live in cities. Ever more densely populated urban areas increase the demand and need for effective logistics solutions for both travel and cargo

transport. As a result, there are continuously growing challenges to the capacity of airports in these areas. Sweden today is the EU country with the fastest rate of urbanisation, which is also reflected in the growth of passenger volume especially at Stockholm Arlanda Airport.

INCREASED AWARENESS OF SUSTAINABILITY ISSUES

The third dominant trend is increased environmental awareness. Climate changes now under way may cause economic, human and environmental disasters. Demands thus continue to grow for more sustainable social development and a broader understanding of what growth is. This means that not just financial ratios but also corporate social responsibility and environmental concern are increasingly important. For the aviation industry, this means a continued focus on practical steps in the form of environmental measures to reduce emissions of chemicals, carbon dioxide and noise, both for airlines, which have to invest in new aircraft, and airports, which need to invest in new facilities. This is being done in the wake of increased international harmonisation and increasingly stringent regulations, especially in the environmental field, but also on issues concerning anticorruption and labour laws.

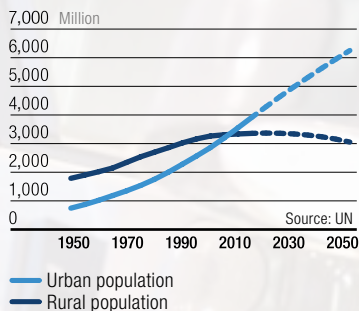
At the same time, there has been a dramatic increase in the potential to scrutinise organisations and their operations in online communities. This places great demands on companies and organisations in the industry, both in terms of sensitivity to new consumer demands and transparency in day-to-day operations to maintain and develop trust in the industry.

CHANGING CONSUMER BEHAVIOUR

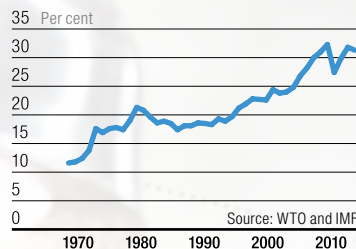
The behaviour and values of consumers and travellers have changed over time, which is explained by both demographic and economic factors. Increased prosperity in developing countries, an older and healthier population who are seasoned travellers, a more flexible work life and more single-person households increase demand for travel. There are growing demands for collaboration between different modes of transport, and passengers increasingly want more flexible, individualised and accessible traffic systems.

There has also been a shift in values. Travel and experiences have become increasingly important as status markers. Holiday travel and restaurant visits are to an increasing extent replacing purchases of durable goods such as televisions. The power of customers is on the rise today since customers are ever more aware, have greater options and are harder to engage. The situation is critical – purchasing decisions are based on feelings and service, rather than on the brand. That makes it more difficult and at the same time creates new business opportunities in the form of services.

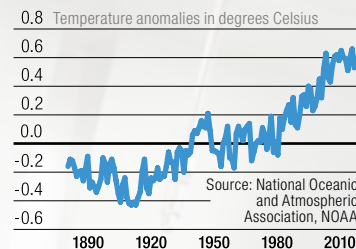
Urban and rural population



The world's exports, % of global GDP



Climate change



Like in society in general, e-commerce and bricks-and-mortar retail are merging. This new digital lifestyle means that the physical space at an airport has to be adapted to the digital space, not just in terms of the breadth of brands, but also design. Access to lounges, “workpods” and “thinkpods” for working and relaxing is increasingly important.

For airlines, the greater share of leisure travel means that there are fewer passengers in more expensive ticket classes. To maintain revenue, airlines are investing in additional services and on-board sales. In the same way, airports are adjusting signage, products and services for the increase in international leisure travellers, especially from the emerging economies.

COST-CUTTING DRIVE CONTINUES

Airlines are seeing profits squeezed and are increasingly short-term and flexible in their operations. They are looking for attractive destinations that generate the best return. The consolidation that has taken place in small steps over the past decade will continue. The drive by airlines to cut costs is also seen at airports, where low charges even today are a competitive advantage. Major investments are being made in new technology to increase automation and self-service, in part through positioning and push services to better control flows of passengers and cargo. “The Internet of everything”, where both people and machinery are continually connected to high-speed Internet, will be a driver for cost-effective operations and increased customer satisfaction.

Swedavia offers attractive airports and properties

Swedavia is entrusted with the task of operating and developing the airports that are included in Sweden's national basic infrastructure and contribute to increased access for Sweden and for the country's regions. Based on four strategically selected focuses and on the stakeholder dialogues and materiality analyses that have been carried out, Swedavia has organised its operations so that they are run sustainably and according to solid business principles with a focus on customers and achieving the company's targets. This work shall also be characterised by an environment where aviation safety and security are guiding principles.

There are two operational areas, airport and real estate operations. Together, they provide a comprehensive offering that helps the company to fulfil its task by generating solid financial returns for the owner and value for customers, that is, passengers, airlines and tenants. During the year, Swedavia continued its capital spending to increase efficiency, capacity and attractiveness, thereby increasing customer value for both passengers and airlines. These and previous measures, combined with sustained strong growth in air travel and a successful property sale, helped the Group achieve its financial targets for 2014.

AIRPORT OPERATIONS ARE STRENGTHENED

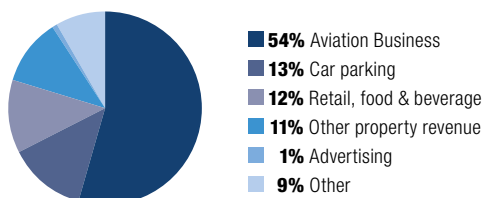
Swedavia's airport operations, which constitute the bulk of Swedavia's business, both in terms of employees and revenue, consist of the two areas Aviation Business and Commercial Services.

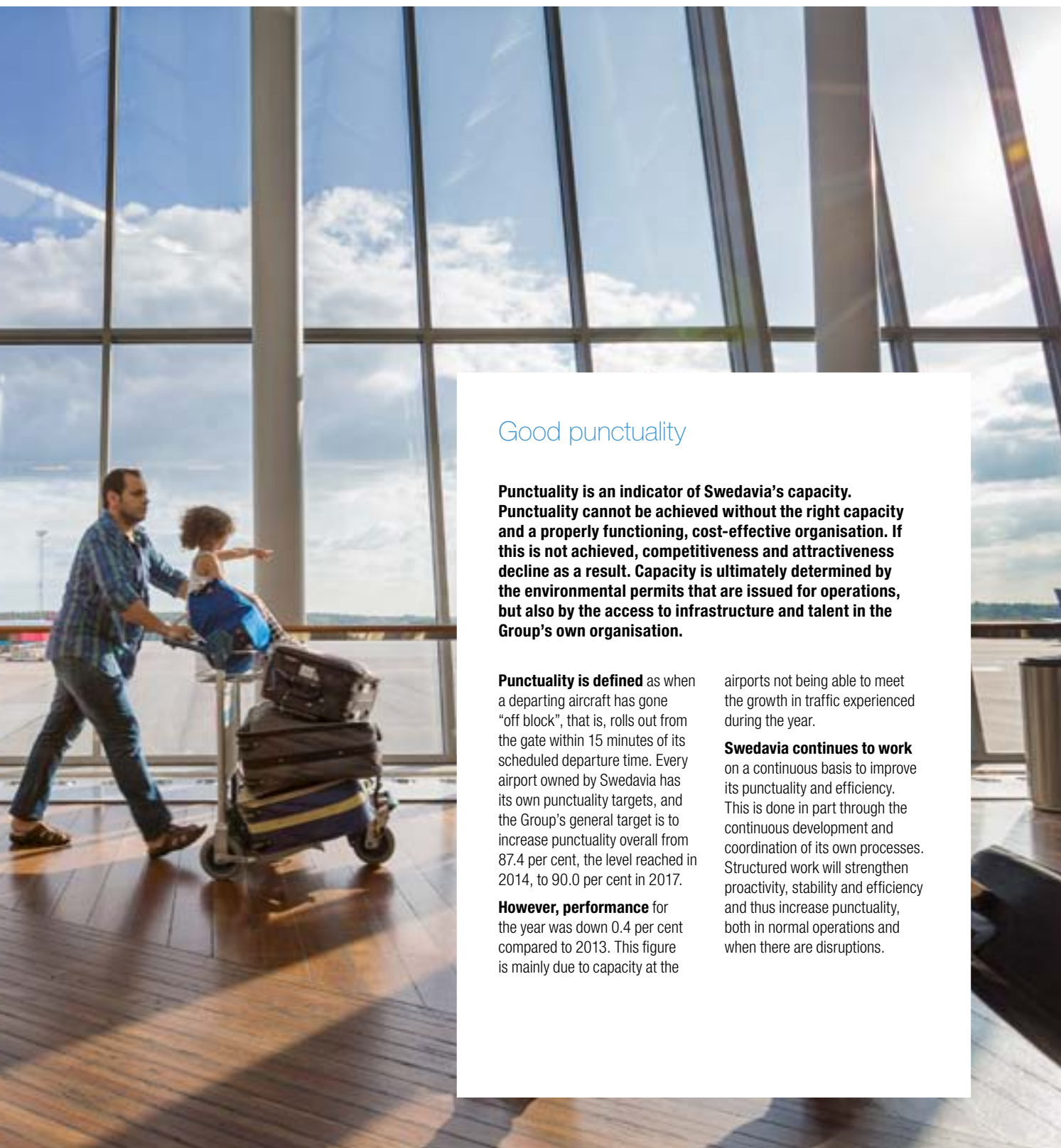
Aviation Business

Aviation Business offers services focused on aviation operations, in the form of take-off and landing services, ground handling services and aircraft parking for airlines. Different kinds of passenger services are also provided, such as baggage handling. Airport Operations are also responsible for infrastructure in the form of



Service portfolio, % of net revenue





Good punctuality

Punctuality is an indicator of Swedavia's capacity. Punctuality cannot be achieved without the right capacity and a properly functioning, cost-effective organisation. If this is not achieved, competitiveness and attractiveness decline as a result. Capacity is ultimately determined by the environmental permits that are issued for operations, but also by the access to infrastructure and talent in the Group's own organisation.

Punctuality is defined as when a departing aircraft has gone "off block", that is, rolls out from the gate within 15 minutes of its scheduled departure time. Every airport owned by Swedavia has its own punctuality targets, and the Group's general target is to increase punctuality overall from 87.4 per cent, the level reached in 2014, to 90.0 per cent in 2017.

However, performance for the year was down 0.4 per cent compared to 2013. This figure is mainly due to capacity at the

airports not being able to meet the growth in traffic experienced during the year.

Swedavia continues to work on a continuous basis to improve its punctuality and efficiency. This is done in part through the continuous development and coordination of its own processes. Structured work will strengthen proactivity, stability and efficiency and thus increase punctuality, both in normal operations and when there are disruptions.

terminals and appurtenant systems as well as the aviation safety and security needed for stable and safe operations.

A well-functioning airport with a broad offering of attractive destinations brings in passenger flows. There is also a symbiosis since the attractiveness of an airport and destination are crucial to the airlines' choice of destinations and their desire to establish direct routes. The more passengers that fly to and from an airport, the more tempting it is for airlines to offer new destinations, which in turn leads to increased travel and increased attractiveness.

Along with passenger volume, there are other factors that affect airlines' interest in serving a given airport. Well-functioning infrastructure, in which everything from refuelling and catering to baggage handling, aircraft parking, terminal services and security work together as a whole, is an essential requirement. Airlines have high fixed costs, which is why efficient use of their aircraft fleet is very important. As part of Swedavia's drive to offer more competitive prices, Swedavia has decided to lower airline charges by 3.7 per cent beginning April 1, 2015.

Traffic trends, 2014

Passenger growth at Swedavia's airports continued during the year. At Stockholm Arlanda Airport, travel was up nine per cent to 22.4 million, with 80 per cent flying internationally. At Göteborg Landvetter Airport, passenger volume was up four per cent to 5.2 million. Swedavia's smaller airports also saw good growth. At Åre Östersund Airport, the number of passengers increased 13 per cent, Kiruna Airport saw a rise of 20 per cent, and Visby Airport grew by 16 per cent. This growth was partly the result of new direct routes, both domestic and international. Air cargo, which is more sensitive to economic conditions, grew a total of two per cent for the full year.

Commercial Services

Commercial Services is responsible for developing retail and service-based operations in conjunction with airport operations. The aim is to create an offering that makes Swedavia's airports attractive to passengers.



Supply chain

Swedavia has a large number of suppliers that account for different types of services or goods, from aviation fuel and catering to building contracts, cleaning services, IT and air traffic management. The security check-points at Malmö Airport and the two Stockholm airports are also handled by one of Swedavia's partners.

For a State-owned company like Swedavia, it is important to take

responsibility and carefully monitor the entire supply chain, including subcontractors, with respect to sustainability issues. Monitoring is regulated by Swedavia's own Code of Conduct for suppliers, a code that all suppliers must ensure compliance with in order to work with Swedavia.

Under the code suppliers must run their operations in accordance with the United Nations Global Compact, which is based on the UN's Universal Declaration

of Human Rights, the International Labour Organisation's Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the UN Convention against Corruption. Like Swedavia, Swedavia's suppliers are also expected to act ethically, morally and socially responsibly, comply with laws, and work for increased diversity. Swedavia also has fundamental requirements for quality, safety, security and environmental work.

Airports with an attractive offering and good infrastructure for travel and retail activities encourage passengers to get to the airport earlier and stay longer – and come back when it is time for their next trip. This drives traffic and thus revenue for both Swedavia and the airlines.

Today Swedavia's revenue from retail sales at the airports represents a lower share of total revenue compared to many other airports. This can be explained in part by the fact that passengers behave differently depending on what destination and airline are involved. Swedavia also has a large proportion of domestic traffic, and domestic passengers tend to spend less at airports on average than international passengers.

The ability to understand and monitor customers' needs, interests and purchasing patterns is increasingly important. To meet this demand more effectively, during the year Swedavia acquired the outstanding shares in Arlanda Schiphol Development Company (ASDC) AB. ASDC was formed in 2005 as a joint venture

between Swedavia and Schiphol International BV. Since its formation, the company has worked to develop operations in retail, food & beverage at Stockholm Arlanda Airport. Starting in 2010, the company has had the same task at Göteborg Landvetter Airport. As a result of the acquisition, Swedavia has its own organisation with overall responsibility for continued development.

Gym facilities, massage therapists, hairdressers and other supplemental services are examples of ways to develop operations and find new revenue streams. These services are used by passengers as well as by the often tens of thousands of people who work at or in the vicinity of the airport. Collaborations with retail chains or with institutions and organisations such as Liseberg Amusement Park and Nationalmuseum are another way to increase the airports' attractiveness. Airports can also provide a showroom for companies and products, offer shopping opportunities for arriving passengers and develop new business models for well-functioning e-commerce connected with the airports.



EXPANDING REAL ESTATE OPERATIONS

Swedavia Real Estate consists of properties, both buildings and land, that are considered to be developable. The properties used for actual airport operations, such as terminals, and which make up most of Swedavia's property portfolio are therefore not included in Swedavia Real Estate. Operations that are responsible for the Group's energy supply and telecommunications have been converted into companies and included in Real Estate operations.

Swedavia Real Estate's task is to own, manage and develop selected properties in order to enhance the attractiveness and competitiveness of the airport and the region. Real Estate operations constitute part of Swedavia's comprehensive customer offering but are also an essential requirement for the Group's funding of continued expansion and renewal. According to Swedavia's strategy, income from developed properties that are then sold reduces the need for external funding.

An important part of the property portfolio consists of office and logistics buildings at Stockholm Arlanda Airport, Göteborg Landvetter Airport and Malmö Airport. Some of these were formerly owned by the company Nordic Airport Properties, all outstanding shares of which were acquired by Swedavia in 2013. These properties, together with the buildings that Swedavia

acquired from Scandinavian Airlines System (SAS) in 2012, were restructured as registered properties with a book value of about three billion Swedish kronor.

After an analysis of which properties were considered essential for Swedavia's own operations, in the spring of 2014 a sales process was initiated involving more than 200,000 square metres of space. The sale entails the formation of a joint venture, with the goal being to have 50 per cent of the shares held by an external investor.

The single most important activity in Real Estate operations in 2014 was the sale of the hotel property adjacent to Stockholm Arlanda Airport. The purchaser was SPP Fastigheter, and the deal gave Swedavia a capital gain of almost 350 million kronor. The sale was confirmation that facilities close to infrastructure hubs are increasingly attractive investment properties and that Swedavia's real estate strategy is creating value. Next on the list is construction of the SkyCity Office One complex at Stockholm Arlanda Airport. The property has more than 20,000 square metres of planned space. At Göteborg Landvetter Airport, work to develop logistics and commercial areas is under way.

Capacity is ensured through an accelerated investment rate

In order to ensure the airports' long-term capacity and attractiveness, during the year Sweden prepared for an accelerated rate of investment. A number of refurbishment and expansion projects were carried out at the regional airports. At the airports in Kiruna, Luleå and Umeå, this was done through joint funding with the regions affected. Now resources are being concentrated mainly on Stockholm Arlanda Airport, Göteborg Landvetter Airport and Bromma Stockholm Airport.

The number of passengers at Swedavia's airports is expected to increase over time. The increase will mostly take place at airports with many international connections. Swedavia therefore needs to ensure sufficient terminal, gate and runway capacity to meet this growth. Alongside measures to increase capacity, Swedavia is also increasing opportunities to develop the atmosphere at the airports and enhance the commercial offering in the form of more shops, cafés and restaurants.

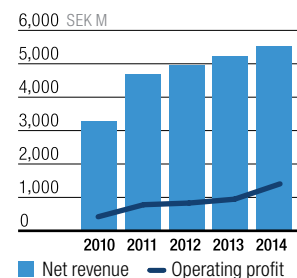
In December 2013, Swedavia decided on its approach to the long-term development of Stockholm Arlanda Airport. A total of 13 billion kronor will be invested through

2043, with seven billion of this being invested through 2023. In the first phase, resources will be concentrated on meeting the increased demand for international connections with a new pier in Terminal 5. During the year, an investment was made in a new baggage facility in Terminal 2, and a new multi-storey parking facility was completed. Swedavia also intends to invest three to four billion kronor in developing properties adjacent to the airport. Such capital spending can generate a return through the sale of properties and be reinvested in the development of the airports.

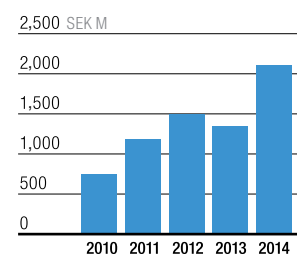
Göteborg Landvetter Airport recently completed a major refurbishment, but here

too, investment in increased capacity is necessary in the long term. Measures completed during the year include the opening of the terminal area between domestic and Schengen traffic, thus improving use of the building. Going forward, new logistics properties will be developed adjacent to the airport, and commercial space will be expanded in the long term. The investments that Swedavia is making at Bromma Stockholm Airport are being carried out in compliance with the requirements that the Swedish Transport Agency has placed on operations. In addition, investments to improve the atmosphere at the airport are also being carried out.

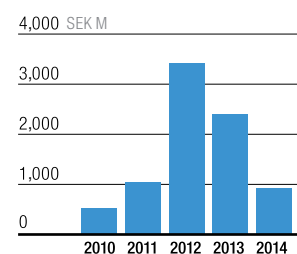
Net revenue and operating profit



Cash flow from operating activities



Capital spending



10.3%

return on operating capital 2014

1.4 times

debt/equity ratio as of December 31, 2014

A GOOD CLIMATE FOR SAFETY AND SECURITY

Work with safety and security has the highest priority at Swedavia and is integrated in operations and Group targets. This work is focused on aviation safety to prevent accidents and on aviation security to proactively prevent criminal activity.

In aviation security, which passengers encounter physically, in part via security checkpoints, the focus in 2014 was on standardised procedures, cost-effectiveness and quality, and improved customer care.

Together with trade organisations, government authorities and companies, Swedavia is involved in the future project "Smart Security" for more effective security screening. Swedavia works nationally in close cooperation with the Swedish Transport Agency and internationally with the trade organisations ACI and IATA to ensure that new regulations and demands for change

function in operational terms. For instance, new regulations will be introduced in March and September 2015. All European airports must then check hand baggage and passengers using special equipment to detect any explosive materials. Swedavia already has such equipment in service at some airports.

In aviation safety, the focus was on preparing Swedavia's airports for conversion of their national airport certificates to certificates compliant with EU standards. This is being done by developing and certifying safety processes in accordance with European Aviation Safety Agency regulations. An important part of this aviation safety work consisted of the reclassification needed to enable Bromma Stockholm Airport's continued handling of aircraft today and in the future.

Satisfied customers

Satisfied customers are the foundation of our business and thus the basis of everything we do.

Passenger satisfaction continued to improve, increasing two per cent to a total of 75 per cent. The target of 80 per cent satisfied passengers was not reached in 2014, but the trend over the past few years has been very favourable.

To achieve the target of increased passenger satisfaction, the airports' basic functions such as convenience and cleanliness are given priority and are the focus of operations, along with customer care and atmosphere. The work to further develop services and attractive offerings for passengers continues. With the acquisition of the outstanding shares in Arlanda Schiphol Development Company AB, commercial development has also been integrated in Swedavia's operations.

Swedavia monitors how satisfied tenants and airlines are with Swedavia's offering on a regular basis. During the year, the level for tenants improved three per cent to 65 per cent. Airline satisfaction with the airports is measured every two years. Between 2011 and 2013, that figure increased from 57 to 60 per cent.

Satisfied and motivated employees are an essential requirement for increased customer satisfaction. We therefore work on a continuous basis to train airport employees to best be able to handle customer care at their airport.



RISK MITIGATION MANAGEMENT AND EMERGENCY PREPAREDNESS

Risk management at Swedavia is aimed at ensuring the Group's ability to achieve its business targets and confront changes both internally and externally. Swedavia shall be prepared if an emergency arises. During the year, the development and implementation of standard risk management methods continued. The aim is to create an overall view of how risks are to be managed and mitigated. Continued efforts are also being carried out in the area of continuity planning, that is, how the Group's airports are to handle major disruptions, for instance in their power or water supply.

During the year, work continued to develop a Group-wide structure for a function-based emergency preparedness organisation and an emergency preparedness manual. In 2015, training will be conducted for the airports' emergency preparedness organisations for command and staff levels.

ACCIDENT/SERIOUS INCIDENT TRENDS

Swedavia has a vision of zero accidents and serious incident trends. The definitions for these are based on a standard EU regulation and are evaluated in Sweden by the Swedish Accident Investigation Authority. Swedavia reports all incidents with an assessment of their impact on aviation safety to the Swedish Transport Agency. All accidents and serious incidents are reported directly to the Swedish Accident Investigation Authority. In 2014, there were five such incidents – one accident and four serious incidents, none involving personal injury. In comparison, there was one accident and one serious incident in 2013 and one serious incident in 2012. At present, there is nothing to indicate that Swedavia's infrastructure or operational procedures contributed to any of these incidents.



MORE CLIMATE-SMART AIR TRAVEL

The aviation industry's objective is to cut total emissions of fossil carbon dioxide in half by 2050 compared to 2005 and to have growth be CO₂-neutral beginning in 2020. Swedavia is involved in local, regional and international collaborations to help reduce the environmental impact of a passenger's entire trip. These collaborations involve mass transit solutions as well as the development of renewable fuels and more efficient flight paths.

Swedavia is a world leader in reducing the environmental impact associated with airports. All ten Swedavia airports are certified at the highest level of the Airport Carbon Accreditation (ACA) programme, which is an international standard for airports' climate work. Among other things, certification entails Swedavia setting targets and continuously reducing carbon dioxide emissions from its own operations while also creating opportunities for other operations at the airports to reduce their emissions.

Renewable fuels and lower energy use are two key factors in Swedavia's climate work. To achieve the zero emissions target by 2020, Swedavia's vehicle fleet plays a critical role since today it accounts for 92 per cent of the Group's remaining emissions of fossil carbon dioxide. Swedavia therefore continuously strives to reduce the number of vehicles and replace today's fossil fuels in operations. As part of these efforts, Swedavia is replacing all of its snow removal equipment, known as plough, sweep and blow or PSB machines, with biogas-propelled versions. The first one was introduced at Åre Östersund Airport in the autumn of 2014. This venture is both economically and environmentally sustainable. Along with reduced carbon dioxide emissions, the switchover also means reduced fuel costs and a standardised vehicle fleet with lower maintenance costs. The rest of the vehicle fleet at the airports today already consists to a large extent of electrically powered vehicles. One challenge in achieving the zero emissions target is to develop renewable propellants, in particular biodiesel, that withstand winter temperatures. The aim is for biofuels to completely replace fossil fuels in Swedavia's vehicles by 2020.

Through 2020 Swedavia will invest about SEK 1.2 billion kronor in new vehicles, both snow removal equipment and lighter vehicles, for which the additional cost for environmentally adapted vehicles is about SEK 100 million. In 2014, fossil carbon dioxide emissions for the Group totalled 3,108 tonnes, 17 per cent less than in 2013 and a 73 per cent reduction since 2005. The main measures that helped cut emissions in 2014 were agreements for green district heating at Åre Östersund Airport which went into effect in 2014 and a higher blend of renewable fuel used in vehicles. Mild winters with limited snowfall have so far helped Swedavia to achieve emissions reductions faster than expected. Alongside reduced fossil carbon dioxide emissions, Swedavia carries out extensive efforts to reduce energy use in operations and its impact on waterways while also helping to preserve biological diversity at the airports. Another of Swedavia's objectives is for residents in the vicinity of its airports to consider the noise level from air traffic to be acceptable. In 2014, some 15,000 residents were exposed to aviation noise exceeding the national aircraft noise level standard (ANL) of 55 dB(A) at Swedavia's airports. This is on the same level as for the two previous years, despite an increase in air traffic in 2014.

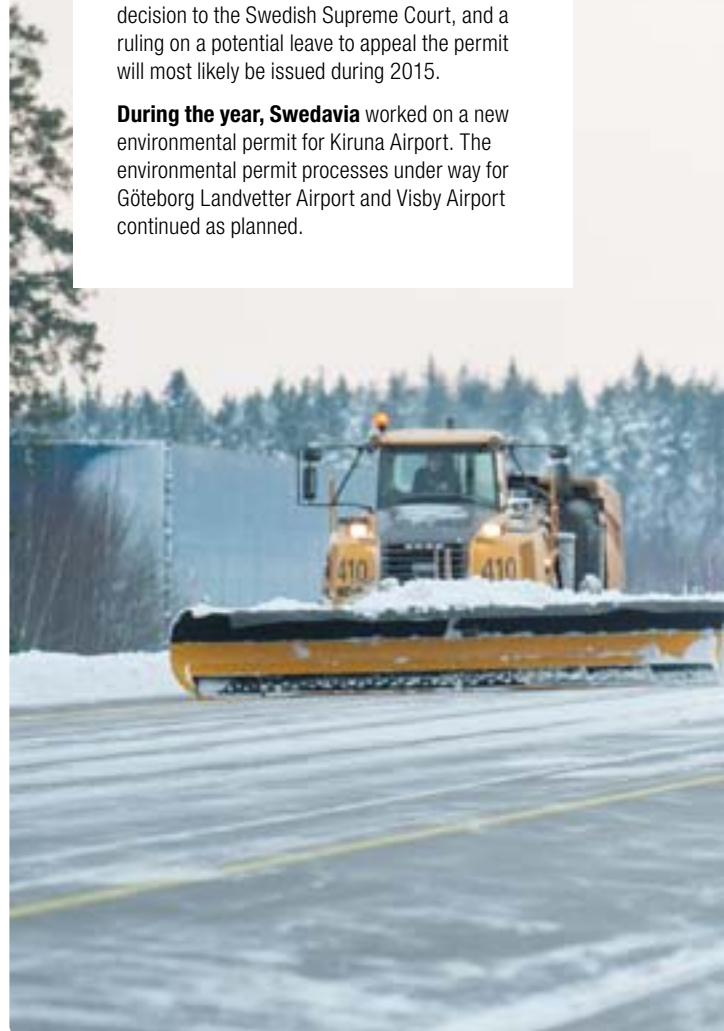
 **Read more about Swedavia's environmental work at www.swedavia.se**

Environmental permit

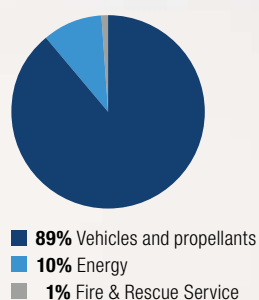
All airport operations require a permit under the Swedish Environmental Code and therefore have an environmental permit. The permits regulate how operations may be run and can affect airport capacity.

In November 2014 the Land and Environmental Court of Appeals issued a new environmental permit to Stockholm Arlanda Airport. The new permit, in contrast to the previous one, allows today's approaches in peak traffic to Runway 3 to continue even after January 1, 2018. The ruling thus means that the airport's continued capacity and future development potential are ensured. However, three different parties have appealed the decision to the Swedish Supreme Court, and a ruling on a potential leave to appeal the permit will most likely be issued during 2015.

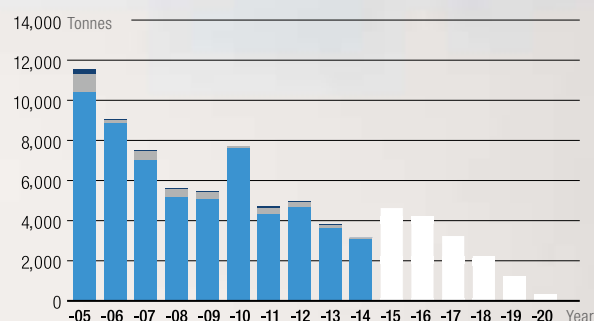
During the year, Swedavia worked on a new environmental permit for Kiruna Airport. The environmental permit processes under way for Göteborg Landvetter Airport and Visby Airport continued as planned.



Swedavia's fossil carbon dioxide emissions by area, %, 2014



Trend for Swedavia's target of zero fossil carbon dioxide emissions*



Scope 1: Vehicle propellants, electricity and heat produced by Swedavia (for own use and sold), firefighting exercises

Scope 2: Electricity and heat purchased for own use

Scope 3: Heat purchased and then sold

Sub-targets 2015-2020

* The target includes Swedavia's emissions in Scope 1 and 2 as well as heat purchased and then sold (Scope 3). Scopes as per the GHG Protocol.



Carbon footprint, tonnes CO2

for Swedavia's airports 2014, broken down by LTOs in air traffic, passengers' ground transport and Swedavia's own operations.

The carbon footprint of Swedavia's airports is reported broken down by the landing and take-off (LTO) cycle in air traffic, flights below an altitude of 915 metres, passengers' ground transport to and from the airports, and Swedavia's own operations. During the year, the total carbon footprint increased by about five per cent, while the number of passengers increased seven per cent, which means that the carbon footprint per passenger decreased about two per cent. Since 2011, the carbon footprint per passenger has decreased about nine per cent.

Airport	Air traffic	Ground transport	Swedavia	Total
Bromma Stockholm Airport	19,831	3,190	311	23,332
Göteborg Landvetter Airport	42,107	27,596	459	70,162
Kiruna Airport	2,341	1,196	221	3,758
Luleå Airport	8,785	5,933	80	14,798
Malmö Airport	21,715	17,340	340	39,395
Ronneby Airport	1,899	882	2	2,783
Stockholm Arlanda Airport	156,424	109,688	999	267,111
Umeå Airport	9,175	6,132	263	15,570
Visby Airport	2,412	780	70	3,262
Åre Östersund Airport	3,945	1,711	266	5,922
Swedavia Real Estate			97	97
Total	268,634	174,448	3,108	446,190



Competencies and development

Being able to recruit and retain engaged employees with the right competencies and interest in growing is crucial to Swedavia's success. Our objective is to provide a workplace where all employees have good conditions for successfully carrying out their duties, further developing their competencies and advancing in their career. Employee satisfaction at Swedavia continues to progress in the right direction. During the year, the level improved from 80 to 84 per cent. Efforts continue in selected areas to further enhance Swedavia's potential to attract and retain employees.

MORE SATISFIED EMPLOYEES AND INCREASED ENGAGEMENT

Employeehip at Swedavia is characterised by participation and engagement. In the 2014 employee survey, a level of 84 per cent employee satisfaction (ESI) was achieved, which indicates that the work environment continues to improve. The response rate was high, and survey results are monitored on a continuous basis in all working groups. Action plans for improvement are developed together with employees. Continuous improvement work in collaboration with employees creates conditions for increasing and maintaining a good work environment and a high level of engagement.

LEADERSHIP IN DEVELOPMENT

Swedavia wants courageous, clear leaders at every level. So work is continuously carried out, based on Swedavia's values, to further develop leadership. During the year, new training courses in Swedavia's leadership programme were implemented. A shorter programme was also introduced aimed at employees with a leader role in operations. Swedavia's leadership is characterised by a communicative approach. Therefore, during the year, a special dialogue tool for effective communication was developed. The results from the year's employee survey showed progress, with increased trust in leaders at all levels, from first line managers to the executive management.

EFFECTIVE PROVISION OF COMPETENCIES

During the year, Swedavia implemented a new model for roles and positions as well as its Competency Terminal for system support. The model ensures relevant and transparent requirements for what competencies are needed for the different roles in the company. Each role is associated with compulsory training and qualifications, which help make the provision of competencies in the company more effective. In 2015, Swedavia will launch a trainee programme and continue the development work with a focus on increased engagement and thus higher performance.

Swedavia's leadership and employeehip principles

- ➔ Focus on customers and the business
- ➔ One Swedavia
- ➔ A good role model
- ➔ The courage to be better
- ➔ Clear communication

IMPROVED HEALTH AND WORK ENVIRONMENT

Work goes on at all hours of the day at an airport, and many environments are physically or mentally demanding for employees. In 2014, Swedavia continued its systematic work with the work environment with a focus on ensuring a safe, secure workplace with a high level of well-being. One way is to work actively with occupational rehabilitation. Great emphasis is placed on measures in conjunction with repeated absence due to illness.

It is also a matter of preventing employees as far as is possible from having to take an extended leave of absence. If an employee goes on sick leave, the objective is to have the employee return to work as quickly as possible, so each employee has health care and rehabilitation insurance.

ACTIVE AND INCLUSIVE DIVERSITY WORK

People of different ages and different genders from many different cultures and religions and with different sexual orientations work at Swedavia's airports. Swedavia's view is that differences between people add value and open up new opportunities. The Group therefore carries out active diversity work with an inclusive approach, which is also an investment in a business advantage. Swedavia has zero tolerance for bullying, harassment and discrimination and has developed procedures for countering such behaviour. To increase awareness of ethical issues, these are addressed in training programmes for new employees and managers.

The Group also takes a diversity perspective in its selection of suppliers and in the procurement of staffing services. Specific requirements ensure that Swedavia and its suppliers share a perspective on these issues.

Code of Conduct

A corporate culture that is founded on ethical guidelines is the basis for satisfied employees.

To support the direction of day-to-day operations and as support for our employees, there is also a Code of Conduct, which compiles Swedavia's Group-wide ethical guidelines. The training programme "Welcome to Swedavia", which all employees complete, includes an introduction on this. In 2014, a whistleblower function was also introduced, where employees at Swedavia's airports can report irregularities. To handle any such cases, an Ethics Committee was set up, which consists of a chief legal officer, an internal audit manager and a chief negotiator. The committee convenes as needed and at least twice a year. In addition, a compulsory online training programme for all managers, "Swedavia's bribery policy and guidelines for external business entertainment", was launched during the year.

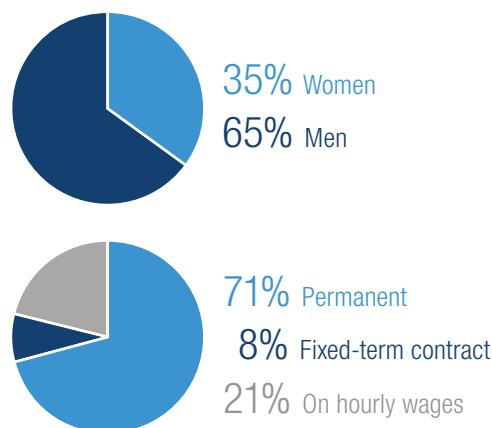
Employee table*

	Number of employees	Permanent	Fixed-term contract	On hourly wages	Full-time	Part-time
2014						
Women	1,148	829	54	265	727	103
Men	2,100	1,464	208	428	1,377	86
Total	3,248	2,293	262	693	2,104	189
2013						
Women	975	696	60	219	646	50
Men	1,907	1,323	195	389	1,279	46
Total	2,882	2,019	255	608	1,925	96
2012						
Women	982	700	33	249	658	43
Men	1,981	1,340	204	437	1,292	48
Total	2,963	2,040	237	686	1,950	91

* Information pertains to the number of employee contracts as of December 31.

Number of employees 2014

3,248





Red Cross pop-up
shop at Stockholm
Arlanda Airport

Collaboration to increase social well-being

Swedavia's operations have a broad impact on society in general, which is why the company has decided to work with different parties in order to contribute to increased social well-being. As a result, Swedavia's brand as a company that takes responsibility and drives business opportunities is also strengthened, which enables the continued development of operations in line with society's needs.

Swedavia collaborates with businesses and non-profit organisations based on solid business principles with the aim of creating favourable conditions for the development of air travel. This is done, for instance, in trade organisations such as Airports Council International and the Swedish trade association Svenskt Flyg, as well as through the initiatives Connect Sweden and Go:Connect i Göteborg, which both work for increased access. Another example is the Nordic Initiative for Sustainable Aviation, in

which airlines, airports, government authorities and aircraft manufacturers collaborate to identify opportunities for an effective supply of renewable aviation fuel.

In order to facilitate job creation in every region of Sweden, Swedavia takes part in the Royal Swedish Academy of Engineering Sciences initiative Tekniskprången and works actively together with the Swedish employment agency Arbetsförmedlingen to provide internships to unemployed youths. There

are also established partnerships with Doctors Without Borders and the Red Cross. All of these collaborations also help to develop Swedavia's airports. For instance, in 2014, new bottle recycling machines were installed in terminals, with Doctors Without Borders receiving all proceeds. This initiative, carried out in partnership with the recycling company Returpack, helped to recycle 1.9 tonnes of plastic containers in the final months of 2014 and donate 70,000 kronor to Doctors Without Borders operations.



Annual Report 2014

Financial reports

Contents

Report of the Directors	40
Consolidated accounts	47
Consolidated income statement	47
Consolidated balance sheet	48
Changes in equity	50
Consolidated cash flow statement	51
Parent Company accounts	52
Parent Company income statement	52
Parent Company balance sheet	53
Changes in equity	55
Parent Company cash flow statement	56
Notes	57
Note 1 Corporate information	57
Note 2 Accounting principles	57
Note 3 Segment reporting	62
Note 4 Net revenue	63
Note 5 Transactions with related parties	64
Note 6 Remuneration and compensation for auditors	64
Note 7 Employees and staff expenses	64
Note 8 Depreciation, amortisation and impairment losses on tangible fixed assets/intangible non-current assets	68
Note 9 Financial income and expenses	68
Note 10 Allocations and untaxed reserves	68
Note 11 Tax	69
Note 12 Intangible non-current assets	69
Note 13 Other fixed assets	70
Note 14 Buildings and land	70
Note 15 Field structures	71
Note 16 Electrical installations, vehicles and equipment	71
Note 17 New construction in progress related to tangible fixed assets	71
Note 18 Fair value	72

Note 19 Investment properties	73
Note 20 Biological assets	73
Note 21 Non-current financial assets	73
Note 22 Other long-term receivables	74
Note 23 Holdings in associated companies	74
Note 24 Holdings in Group companies	74
Note 25 Financial assets and liabilities	75
Note 26 Materials and supplies	76
Note 27 Receivables from Group companies	76
Note 28 Other receivables	76
Note 29 Receivables from associated companies	76
Note 30 Prepaid expenses and accrued income	76
Note 31 Assets held for sale	77
Note 32 Equity	77
Note 33 Provisions	77
Note 34 Provisions for pensions	77
Note 35 Other provisions	79
Note 36 Deferred tax	79
Note 37 Interest-bearing liabilities	79
Note 38 Borrowings	80
Note 39 Bank credit facilities	80
Note 40 Other liabilities	80
Note 41 Accrued liabilities and prepaid income	80
Note 42 Financial risks	80
Note 43 Pledged assets and contingent liabilities	82
Note 44 Cash flow	82
Signatories to the Annual Report	83
Audit Report	84
Statement of Compliance	85
Corporate Government Report	86

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 2014. The Report of the Directors is for the Group and Parent Company, unless otherwise indicated.

OPERATIONS

Swedavia is a State-owned company that owns, operates and develops the State-owned airports in Sweden. Swedavia's operations are divided into two segments, Airport Operations and Real Estate. At year-end 2014, the Airport Operations segment at Swedavia ran operations at ten airports in the national basic infrastructure of airports as determined by the Swedish government, which consist of Bromma Stockholm Airport, Göteborg Landvetter Airport, Kiruna Airport, Luleå Airport, Malmö Airport, Ronneby Airport, Stockholm Arlanda Airport, Umeå Airport, Visby Airport and Åre Östersund Airport. The airports are managed as and consolidated into an integrated airport system with shared corporate functions. In addition, up until December, Swedavia was a minority shareholder in the company Cityflygplatsen i Göteborg AB, which operates Sæve Airport. In December, Swedavia exercised its option to acquire the outstanding shares and as a result gained controlling interest in the company, which was consolidated as of December 18, 2014. Real Estate owns, develops and manages properties and developable land at and in the vicinity of Swedavia's airports.

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. As per the instructions of its owner, beginning in 2014, under the scope of Swedish transport policy objectives concerning access and other factors for consideration, Swedavia will measure and report results for five indicators in the areas of access, quality of transport, safety, security, and environment.

Swedavia's operations are funded by the revenue generated from operations. This past year was dominated by good passenger growth and continued property development.

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 good passenger growth, with an increase of 6.4 per cent compared to last year, which means a new passenger record for Swedavia.

On November 21, the Land and Environmental Court ruled on Swedavia's appeal for a new environmental permit for Stockholm

Arlanda Airport. The most important part of the ruling was a lifting of the ban on straight approaches to Runway 3, which was a condition in the previous permit. Instead a condition was imposed on Swedavia which states that the airport shall use other approach methods to avoid the built-up portion of Upplands Väsby when possible, taking into consideration the airport's capacity, air traffic management regulations, aviation safety and weather conditions. However, three parties have appealed the ruling. In Swedavia's view, the Swedish Supreme Court will rule in 2015 whether the parties will be granted leave to appeal or not.

In June, SPP Fastigheter acquired all shares in the company TreDhotell AB, which owns the hotel property adjacent to Stockholm Arlanda Airport and took possession on June 18, 2014. The transaction was carried out at an underlying property value of SEK 1,100 M with potential for a supplemental purchase price. As a result of the sale, Swedavia recorded a capital gain of SEK 347 M. The sale is in line with the strategy Swedavia adopted to generate and realise value to reinvest in the competitiveness and attractiveness of the airports. In June, Swedavia also acquired the outstanding 40 per cent of shares in its subsidiary ASDC AB (Arlanda Schiphol Development Company AB) for SEK 54 M from Schiphol International BV. The acquisition is a natural consequence of the change phase that Swedavia is in, where a greater focus on commercial activities is a priority. The acquisition is also expected to generate synergy effects with the rest of operations.

In November 2014, deficiencies were identified in the runway system at Sæve Airport, which is why heavy passenger traffic has been redirected to Göteborg Landvetter Airport since then. In detailed analyses of the runway system, it was noted that very extensive measures are needed to enable heavy passenger traffic to return to the airport. As a result, an impairment loss was recognised on the fixed assets in the company that operates the airport, and the company received a conditional shareholder contribution from Swedavia AB.

All of Swedavia's airports were recertified at the highest level of the Airport Carbon Accreditation (ACA) programme. ACA is a global standard for the climate work of airports.

THE GROUP IN BRIEF¹

SEK M, unless otherwise indicated	2014	2013	2012	2011
Net revenue	5,538	5,233	4,965	4,693
Operating profit	1,405	946	831	781
Operating margin, %	25.4	18.1	16.7	16.6
Profit before tax	1,162	686	554	556
Profit for the year	926	501	447	438
Earnings per share, SEK	0.64	0.35	0.31	0.30
Return on equity, %	17.7	10.9	10.8	11.2
Return on operating capital, %	10.3	7.1	7.4	7.6
Debt/equity ratio, times	1.4	1.9	1.9	1.6
Equity/assets ratio, %	36.5	30.5	29.1	32.7
Cash flow from operating activities	2,109	1,339	1,493	1,178
Capital spending	924	2,413	3,418	1,057
Average number of employees	2,460	2,369	2,380	2,265

¹ For definitions of terms, see page 102.

NET REVENUE AND PROFIT

Consolidated net revenue for the year totalled SEK 5,538 M (5,233), an increase of 5.8 per cent. Operating profit was SEK 1,405 M (946), an increase of 48.5 per cent. The operating margin was 25.4 per cent (18.1). Profit for the year totalled SEK 926 M (501). Net revenue increased SEK 305 M compared to last year. Higher passenger volume meant that aviation revenue increased SEK 164 M, car parking increased SEK 76 M and rental income from retail, food & beverage increased SEK 14 M. Real Estate operations also recorded non-recurring income of SEK 36 M for the early termination of leases. Other revenue totalled SEK 347 M (0) and pertains to a capital gain from the sale of the hotel property at Stockholm Arlanda Airport.

External costs increased SEK 33 M compared to last year. During the year, income was affected by net non-recurring charges of SEK 128 M (108), which is mostly explained by the expensing of previously capitalised costs and the setting aside of provisions for the company's environmental liability.

Staff expenses increased SEK 106 M, with SEK 34 M of this attributable to annual salary reviews. The remaining change is due to more employees being hired to replace consultants previously engaged and to more employees at the airports to handle the increased passenger volume and future investment plans.

Depreciation, amortisation and loss impairments increased by SEK 6 M. This change had a positive effect of SEK 55 M since no depreciation was taken on assets held for sale and depreciation was lower due to the sale of the hotel property. Furthermore, non-recurring effects in the form of impairment losses on fixed assets had a negative impact of SEK 57 M (24).

Operating profit was SEK 1,405 M (946), which is an improvement of SEK 459 M compared to last year. This increase is explained mostly by the SEK 347 M capital gain from the sale of the hotel property.

Net financial items totalled SEK -242 M (-260). A reduction in external borrowings meant that interest expenses for the year were lower compared to last year.

LIQUIDITY AND FINANCIAL POSITION

Equity in the Group at year-end totalled SEK 5,571 M (4,915), and the equity/assets ratio was 36.5 per cent (30.5). Swedavia's external borrowings at year-end totalled SEK 6,889 M, which is a decrease of SEK 1,615 M compared to last year. The reduction is largely explained by the paying down of bank loans in conjunction with the sale of the hotel property. External borrowings consist of notes issued of SEK 4,096 M, commercial paper issued of SEK 2,446 M and bank borrowings of SEK 347 M. At year-end, Swedavia had unused credit facilities totalling SEK 710 M divided between credit lines of SEK 500 M and unused overdraft facilities of SEK 210 M.

CASH FLOW

Cash flow from operating activities was SEK 2,109 M (1,339). Investing activities used cash flow of SEK -378 M (-2,258). The sale of shares in the subsidiary that owns the hotel property at Stockholm Arlanda Airport had a positive effect on cash flow of SEK 617 M. Important assets in the subsidiary that was sold are investment properties, and important liabilities are operating liabilities.

Last year's investing activities were affected by the acquisition of the assets of NAP, SEK 1,284 M. Financing activities reduced cash flow by SEK -1,671 M (842), which is largely explained by the paying down of bank loans, which was made possible by the hotel sale and the positive cash flow from operating activities.

CAPITAL SPENDING

During the year, capital spending totalled SEK 924 M (2,413). The change compared to last year is largely explained by the acquisition of assets in NAP, SEK 1,284 M, as of June 2013 and by a slower investment rate. Major capital expenditures in 2014 include investments in noise insulation measures, a new multi-storey parking structure at Stockholm Arlanda Airport, plough, sweep and blow machines and investments to maintain and increase capacity at the airports.

FINANCIAL TARGETS

Swedavia's new financial targets were adopted at its Annual General Meeting on April 29, 2014, and are in effect until further notice. They consist of a profitability target, which requires a 7 per cent return on operating capital, and a capital structure target, which specifies a debt/equity ratio of 1.0–1.5 times.

These financial targets are long-term, which means that performance may exceed or fall below the targets as a result, for instance, of fluctuations in the economy. The values are based on a combination of historical performance and the company's expected ability to achieve the targets over the next few years.

DIVIDEND POLICY

The normal dividend shall be between 30 and 50 per cent of the year's profit excluding capital gains on the sale of properties and excluding changes in value and related tax. Dividend decisions shall take into consideration the company's operations and the capital structure target (a debt/equity ratio of 1.0–1.5 times).

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 were administered by the Ministry of Finance as of December 31, 2014, and will be administered by the Ministry of Enterprise and Innovation starting in 2015. The par value of a share is one Swedish krona.

ACQUISITIONS AND DISPOSALS

In June, Swedavia acquired the outstanding 40 per cent of shares in its subsidiary Arlanda Schiphol Development Company (ASDC) AB for SEK 54 M from Schiphol International BV. The acquisition is a natural consequence of the change phase that Swedavia is in, where a greater focus on commercial activities is a priority. The acquisition is also expected to generate synergy effects with the rest of operations. In June, SPP Fastigheter acquired all shares in the company TreDhotell AB, which owns the hotel property adjacent to Stockholm Arlanda Airport, and took possession on June 18, 2014. The transaction was carried out at an underlying property value of SEK 1,100 M with potential for a supplemental purchase price. As a result of the sale, Swedavia recorded a capital gain of SEK 347 M. The sale is in line with the strategy Swedavia adopted

to generate and realise value to reinvest in the competitiveness and attractiveness of the airports.

In June, Swedavia also acquired the company Tsiaras Fastigheter AB, now Bromma Stockholm Airport Fastigheter AB. The company owns a workshop building at Bromma Stockholm Airport. In December, Swedavia exercised its option to buy the outstanding shares in Cityflygplatsen i Göteborg AB, which operates Säve Airport, thus gaining controlling interest in the company. Cityflygplatsen i Göteborg AB was consolidated as of December 18, 2014.

THE MARKET

Swedavia runs airport operations under Airport Operations and property development under Real Estate. Both types of operations are sensitive to the business cycle and are affected by the trend in the number of passengers and aircraft movements. Airport Operations is directly affected by changes, whereas Real Estate is indirectly affected. The number of passengers who flew to or from one of Swedavia's airports was 35.7 million (33.5). Compared to last year, that was an increase of 6.4 per cent, which means a new record for Swedavia. The number of international passengers was up a full 7.9 per cent, while the number of domestic passengers was up 3.8 per cent. There was a sharp increase in traffic for much of the year, and a number of Swedavia's bigger airline customers increased their capacity in 2014, with more departures, larger aircraft and new destinations. Demand has responded quite well to the greater supply. The cabin factor was higher in 2014 than the year before despite already elevated levels in 2013. The passenger trend in 2014 meant new records for many of Swedavia's airports. In absolute numbers, Stockholm Arlanda Airport had the greatest increase, with total passenger volume of 22.4 million and a number of new intercontinental routes. While the macroeconomic situation in Sweden and the rest of the world was uncertain in 2014, both Sweden and the rest of Europe experienced economic growth. Increased employment, continued low inflation and a favourable interest rate environment meant that household disposable income rose, enabling increased capacity to consume.

This continued increased consumption capacity and a somewhat more stable economic trend in Sweden and internationally were probably strong contributing factors behind the increased demand for air travel from both individuals and companies during 2014. The fact that domestic air travel saw such strong growth is an indication of the large and growing need for rapid, safe and punctual transport that exists in the country. Sweden is the longest country from end to end in the European Union, and air travel is to a great extent the only realistic mode of transport. Competition in the market is crucial in order to ensure attractive timetables and attractive air fares. In 2014, competition in the air travel market was high, which entailed intense marketing and contributed to increased travel. In Aviation Business, increased passenger volume meant higher revenue from charges related to passengers and aircraft movements. In Commercial Services, increased passenger volume generated higher revenue from car parking as well as rental income from leases in retail, food & beverage, which is revenue-based. Real Estate is affected by the occupancy rate of properties leased. In 2014, the portfolio of properties in Real Estate was reduced as a result of the sale of the hotel property at

Stockholm Arlanda Airport. The trend in the market for properties near airports has been stable, with good demand for premises.

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 analyses and measures for a number of risks related to our sustainability objectives – customers, social development, environmental concern and economy.

Customers

Swedavia strives to continuously develop, improve and create flexibility in operations in order to have a focus on customers. To meet increased demand in the short term, efficient flows in the existing infrastructure are needed. In the long term, the demand for more capacity is met through development plans that then result in investment plans. There is a risk in terms of the ability to make accurate assessments of the demand for capacity and in the ability to implement development plans at a fast enough pace. There is also a risk that Swedavia will not be able to translate insights and customer needs into new ventures and business opportunities quickly enough, which could lead to declining profitability. To ensure increased growth and the potential to take advantage of business opportunities, extensive business intelligence is carried out.

Social development

Events such as extreme weather conditions, operational downtime, a terrorist act or labour dispute could entail a shutdown or disruption in airport operations and commercial services. The airports' aviation safety and security work is aimed at preventing and minimising the effects of any incidents in Swedavia's operations. With effective safety and security work combined with effective risk work, disruptions in airport operations should never affect aviation safety and security. Swedavia works actively with crisis management and continuity plans and carries out exercises to increase risk awareness and the competency levels of our employees, partners and government authorities. Being an attractive employer that attracts and keeps the right employees is an important part of Swedavia's drive to secure the supply of future talent and thus 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 employee satisfaction index (ESI).

Environmental concern

One essential requirement to carry out airport operations is that the operations have an environmental permit that complies with the Swedish Environmental Code. On November 21, the Land and Environmental Court ruled on Stockholm Arlanda Airport's appeal for a new environmental permit. The most important part of the ruling was a lifting of the ban on straight approaches to Runway 3,

which was a condition in the previous permit. Instead a condition was imposed on Swedavia whereby the airport shall use other approach methods to avoid the built-up portion of Upplands Väsby when possible, in consideration of the airport's capacity, air traffic management regulations, aviation safety and weather conditions. The so-called emissions cap was also removed and replaced with an action plan aimed at reducing atmospheric emissions and which includes both air traffic and ground transport to and from the airport. This is Swedavia's most important strategic issue, and the risk associated with Stockholm Arlanda Airport's environmental permit is managed with the highest priority. Further environmental information can be found on pages 32–34.

Economy

Swedavia carries out work on a continuous basis to make operations more efficient, which is required to meet performance targets and over time achieve a high equity/assets ratio to withstand periods of decelerating growth in traffic and passengers. Very complex infrastructure investments are needed as a result of increased demand and a fast pace of change. That constitutes a challenge in terms of priorities, funding and resource use. There is a risk of insufficient quality in the planning process and in the assessment of long-term future development and capacity needs, which could produce inaccurate data for decision-making. In order to counter and control this risk and to manage and give priority to the company's investment funds, the investment process has been developed and a forum for capital spending and contracts has been established. Swedavia's customers operate in a market subject to intense competition, where there are a small number of major airline customers and changes occur rapidly. The risks that Swedavia faces because of uncertainty about the economy and airlines in financial imbalance include the risk of lower revenue as a result of lower profitability if costs cannot be reduced to the same extent and the risk of credit losses as a result of airlines or other customers going bankrupt. Swedavia strives to increase flexibility in costs, create action plans to handle a decline in traffic and bolster its business intelligence about customers' economic situation in order to minimise credit losses in conjunction with any bankruptcy. The Group's and the Parent Company's financing activities and management of financial risks are centralised in the Group Finance function. 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 42 on pages 80–82.

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, staff expenses and interest rates. Swedavia's situation can generally be described as one where revenue essentially is variable while costs are relatively fixed. That means flexibility is limited in terms of the ability to adjust costs in case revenue should fall.

Parameter	Impact on profit	
	%	SEK M/year
Passenger volume	+1	+33
Salary level	+1	-15
Interest rates	+1	-13

Passenger volume

The number of passengers who fly to or from one of Swedavia's airports constitutes the basic condition for all revenue the company generates. About half of Swedavia's revenue comes from Aviation Business and consists of infrastructure services aimed at airlines and ground handling companies. Revenue from Aviation Business consists of airport charges, including passenger and take-off charges, which are related to the number of passengers, the number of aircraft movements and aircraft take-off weight in tonnes. A change in the number of aircraft movements, aircraft tonnage and the number of passengers directly affects Swedavia's revenue. Swedavia's other revenue comes from Commercial Services, which is revenue from commercial services connected with the airport. This consists of revenue from car parking and 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 in turn depend directly on the number of passengers at the airport.

An increase in passenger numbers means a direct increase in Swedavia's revenue while a decrease means a direct decrease in revenue. 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 33 M (31) on an annualised basis.

Salary level

With an average of 2,460 (2,369) employees, Swedavia's staff expenses totalled about SEK 1,476 M (1,370). A 1 per cent change in staff expenses would have a SEK 15 M (14) impact on costs on an annual basis.

Interest rates

As of December 31, 2014, Swedavia had external borrowings of SEK 6,889 M (8,504), which is 44 per cent (53) of 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, 2014, 82 per cent of its borrowings were hedged via financial instruments and the remaining 18 per cent were exposed to interest rate changes. A 1 per cent change in interest rates would have a SEK 13 M (29) effect on Swedavia's interest rate expense. Current lock-in periods and financial instruments are taken into account in calculating the sensitivity analysis. The analysis thus reflects the actual risk on the balance sheet date.

Other factors affecting performance

There are also other factors that could have an impact on profits 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 affect operations on a large scale. In the short term, any extreme weather conditions or natural disasters 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 discount rate 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 to 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 day-to-day 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. None of the Board members is part of the executive management.

During the financial year 2014, 16 meetings were held. Particular attention was paid during the year to strategic development, Stockholm Arlanda Airport's environmental permit, sustainability objectives and targets, access and new routes for Stockholm Arlanda Airport and Bromma Stockholm Airport, and the development plan for Real Estate operations. The Board also focused on internal control, the development of S ve Airport, and risk management and assessment.

The Board has two committees set up, the Audit Committee and the Remuneration Committee. The Audit Committee's 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. The Remuneration Committee has the task of preparing matters pertaining to remuneration and other employment terms for senior executive officers.

Further information about corporate governance, the composition of the Board and internal control can be found in the Corporate Governance Report.

EMPLOYEES AND SWEDAVIA

Swedavia's values, leadership and sustainability work constitute the foundation of the corporate culture. Swedavia should be an attractive employer, with airports that people look forward to visiting. Engaged employees with the right competencies and a desire to develop are critical to Swedavia's future. The work is carried out with a focus on sustainability and ambitious objectives in the areas of employeeship, leadership, talent management, occupational health and safety, and diversity. Each year, Swedavia conducts an employee survey to measure employee satisfaction. The employee satisfaction index (ESI) has gradually increased each year, and the result in 2014 was 84 per cent satisfied employees, which exceeds Swedavia's target of 80 per cent. The work to increase employee satisfaction is ongoing and Swedavia has set a new target of 85 per cent by 2020. At year-end 2014, the number of employees, regardless of the form of employment, was 3,248 (2,882). Restated as average number of employees during the financial year (see definition on page 102), the number was 2,460 (2,369). The breakdown by gender is 65 (66) per cent men and 35 (34) per cent women. Further information about employees can be found in Note 7 on pages 64–68.

Talent management

In 2013-2014, Swedavia implemented a new model for roles and positions as well as its Competency Terminal to provide system support. The model ensures that Swedavia sets relevant and transparent requirements concerning what competencies are required for the different roles in the company. Compulsory training and qualifications are associated with each role. The model is the basis for all Swedavia's talent management work, and the Competency Terminal creates the conditions needed to ensure that employees meet all competency requirements for their various duties and roles.

Leadership

A crucial role for the leaders at Swedavia is to motivate all employees to take responsibility for the company achieving its objectives and targets. These leaders are the key to Swedavia's vision and values extending into the company's operations. Swedavia works continuously to strengthen its leaders. This is done in part by developing communication tools used in the dialogue with employees, as well as by carrying out compulsory leadership training to create a common platform for the company's leadership but also potential for individual development.

Occupational health and safety

Occupational health and safety have high priority at Swedavia. The employees shall have a physical and psychosocial work environment that enables them to be healthy and thus work and perform to their best potential. Swedavia works actively with occupational rehabilitation in case of repeated short-term absences due to illness as well as longer such absences. The company also works to develop measures and tools to prevent injury. This is important since many of the employees have physically demanding tasks. Swedavia provides occupational health care service and crisis management. The company also supports and encourages employees to take responsibility for their health by subsidising

fitness activities. All employees have an employee insurance programme for illness and occupational rehabilitation via Swedavia aimed at quickly providing the help needed. Swedavia has a zero tolerance policy on bullying and harassment.

Diversity and gender quality

At Swedavia, diversity and an inclusive approach is a strategic issue and a priority. Having carefully prepared and inclusive diversity work is critical to the business, as Swedavia operates from the assumption that people's differences are enriching. Having a diversity perspective in the choice of suppliers is also an increasingly important issue in enhancing Swedavia's benefits to society. In 2014, the target was clarified. By 2018, Swedavia shall be a gender-balanced company, with a gender breakdown of 40–60 per cent. By 2018, 20 per cent of Swedavia's employees shall have a foreign background.

Leadership and employeeship principles and ethical guidelines

Swedavia's vision of leadership is specified in five leadership principles that are aimed at providing a common platform to work from in the day-to-day operations. These principles are a focus on employees and business, one Swedavia, a good role model, courage to be better, and clear communication. The principles are based on Swedavia's vision, values and Code of Conduct. To ensure that everyone at Swedavia is familiar with the employee principles and the Code of Conduct, these concepts and guidelines and what they entail are included in the introductory training for all new employees, while all new leaders are trained in Swedavia's bribery policy and guidelines for business entertainment involving external contacts through a web-based programme. Leaders' and employees' compliance with these principles and guidelines in their day-to-day work is monitored through a performance review process, in which behaviour is assessed and strengths and areas for development are identified in order for them to continuously develop in line with these principles.

REMUNERATION TO EXECUTIVE OFFICERS

The term executive officers refers to the people who, together with the President and CEO, constitute the executive management and/or report directly to the President and CEO. The Swedish 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 29, 2014. Swedavia follows the Government's guidelines for terms of employment for executive officers in State-owned companies. For 2015, 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 64–68.

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 must therefore have an environmental permit for each airport in order for the company to be allowed to operate the airports. At year-end 2014, Swedavia was responsible for eight airports subject to conditions in 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 the operation of 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, Kiruna Airport, Stockholm Arlanda Airport and Visby Airport each worked on applications for a brand-new environmental permit. On November 21, the Land and Environmental Court issued a ruling on Stockholm Arlanda Airport's application for a new environmental permit. Three parties have appealed the decision – the Municipality of Vällentuna, the Association of Väsby Residents against Aviation Noise, and a private individual living in Sollentuna. The appeals mean that the ruling has not entered into force. The amount of time an appeal takes varies, but the estimate is that this will take from three months to a year. Swedavia will monitor the three appeals during this time. The old permit contained two restrictive conditions that meant it was not possible to fully take advantage of the actual production permitted of 372,100 movements. The conditions limiting operations are the so-called 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. In the new permit, the emissions cap has been eliminated and replaced with an action plan for atmospheric emissions of fossil carbon dioxide, nitrogen oxides and particles.

The action plan shall include Swedavia's operations and the operations of other companies and organisations at the airport as well as ground transport and air traffic. The condition regulating overflights of Upplands Väsby means that regular straight approaches over the built-up portion of Upplands Väsby may now be made, but the airport is to use other approach methods to avoid that area when possible, taking into consideration the airport's capacity, air traffic management regulations, aviation safety and weather conditions. Göteborg Landvetter Airport, Kiruna Airport and Visby Airport have old permits under the Swedish Environmental Protection Act, and operations at these airports have changed over the years. The airports have therefore decided to apply for new environmental permits. Göteborg Landvetter Airport submitted its application in April 2013, and Visby Airport submitted its application in July 2013. Kiruna Airport plans to submit its application during the spring of 2015.

EVENTS AFTER THE BALANCE SHEET DATE

The policy regarding Sæve Airport was announced on January 13, 2015, after Swedavia acquired all shares in the company that

operates the airport. This policy entails the gradual phase-out of the airport, and all employees at the airport were given notice.

On February 3, Swedavia signed an agreement via its subsidiary Swedavia Real Estate AB with Bockasjö AB concerning the continued development of logistics properties at Göteborg Landvetter Airport. The agreement entails the parties forming a joint venture to develop the area around the airport for setting up logistics operations. In the first phase, land will be prepared for the construction of logistics properties with about 100,000 square metres of space.

On February 3, the Swedish government announced its intention to explore the possibility of introducing US preclearance at Stockholm Arlanda Airport. US preclearance means that US immigration and border control are carried out on departure from Stockholm instead of on arrival in the US. Benefits include a better passenger experience, a smoother arrival in the US and the potential to attract new direct routes to Stockholm Arlanda Airport. Introduction requires the approval of Swedish and US authorities.

PARENT COMPANY

The Parent Company's net revenue for the year totalled SEK 5,194 M (4,932).

Operating profit totalled SEK 828 M (713). The operating margin was 15.9 per cent (14.5). Profit before tax was SEK 327 M (398), and profit for the year was SEK 178 M (284).

Allocations to untaxed reserves consist of depreciation in excess of plan of SEK -400 M (205) and Group contributions paid in of SEK 256 M (193). The Parent Company's equity at year-end was SEK 3,775 M (3,598) with an equity/assets ratio of 33.6 per cent (29.3).

The Parent Company had positive cash flow of SEK 97 M (-88). Cash flow from operating activities totalled SEK 2,529 M (-2,080), investing activities used cash flow of SEK -964 M (1,157), and financing activities used cash flow of SEK -1,468 M (835) as a result of the paying down of bank loans.

PROPOSED DISTRIBUTION OF PROFIT

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

Share premium account	2,161,354,539
Retained earnings	-4,979,966
Profit for the year	177,840,242
	2,334,214,815

The Board proposes that the profit be appropriated as follows:

Paid to shareholders SEK 0.16 per share	230,624,484
Brought forward	2,103,590,331
	2,334,214,815

ANNUAL GENERAL MEETING

Swedavia AB's Annual General Meeting takes place on April 29, 2015, at Stockholm Arlanda Airport. The Annual Report and other financial reports are available on Swedavia's website www.swedavia.com/about-swedavia/this-is-swedavia/.

CALENDAR

Annual Report 2014	March 31, 2015
Annual General Meeting 2015	April 29, 2015
Quarterly report Q1 2015	April 30, 2015
Quarterly report Q2 2015	August 14, 2015
Quarterly report Q3 2015	October 30, 2015
Year-end report 2015	February 15, 2016

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

Consolidated income statement

Amounts in SEK M	Note	2014	2013
Net revenue	3,4,5	5,538	5,233
Other operating revenue		347	–
Total revenue		5,885	5,233
Operating expenses			
External expenses	6	-2,009	-1,976
Staff expenses	7	-1,476	-1,370
Depreciation/amortisation and impairment losses on tangible fixed assets and intangible non-current assets	8	-946	-940
Other operating expenses		-49	–
Operating profit	3	1,405	946
Income from financial items			
Income from holdings in associated companies		0	8
Interest income and similar items	9	6	4
Interest expenses and similar items	9	-248	-272
Profit after financial items		1,162	686
Tax	11	-236	-185
Profit for the year		926	501
Attributable to holdings with non-controlling interest		–	10
Earnings per share			
Earnings per share before and after dilution, SEK		0.64	0.35
Number of shares		1,441,403,026	1,441,403,026

Consolidated statement of comprehensive income

Amounts in SEK M	Note	2014	2013
Profit for the year		926	501
Other comprehensive income:			
Items that can be reclassified to the income statement			
Cash flow hedges			
Change in fair value for the year		-186	112
Tax		41	-25
Items that cannot be reclassified to the income statement			
Revaluations of defined benefit pensions		-71	47
Tax		16	-10
Total other comprehensive income, net after tax		-201	124
Comprehensive income for the year		725	625
Attributable to holdings with non-controlling interest		–	10

Consolidated balance sheet

Amounts in SEK M	Note	2014-12-31	2013-12-31
ASSETS			
NON-CURRENT ASSETS			
Intangible non-current assets	12	621	452
Other tangible non-current assets	13,14,15,16,17	10,389	10,591
Investment properties	18,19	150	3 847
Biological assets	18,20	86	87
Non-current financial assets	21,22,23	108	147
Total non-current assets		11,353	15,122
CURRENT ASSETS			
Materials and supplies	26	42	46
Trade receivables	42	424	492
Other receivables	28,29	93	198
Prepaid expenses and accrued income	30	211	222
Derivative instruments	18,25	3	–
Liquid assets	25,39	112	52
Total current assets		885	1,011
Assets held for sale	31	3,027	–
TOTAL ASSETS		15,265	16,133

Consolidated balance sheet (cont.)

Amounts in SEK M	Note	2014-12-31	2013-12-31
EQUITY AND LIABILITIES			
Equity	32		
Share capital		1,441	1,441
Other paid-in capital		2,162	2,162
Hedge reserve		-237	-93
Retained earnings		2,205	1,395
Total equity attributable to the Parent Company's shareholders		5,571	4,904
Holdings with non-controlling interest		–	11
Total equity		5,571	4,915
Non-current liabilities	42		
Provisions	33,34,35	983	882
Deferred tax liability	36	363	332
Interest-bearing liabilities	16,37,38	3,107	6,308
Derivative instruments	18,25	375	186
Other non-current liabilities		15	16
Total non-current liabilities		4,843	7,724
Current liabilities	42		
Provisions	35	4	20
Interest-bearing liabilities	16,37,38	3,800	2,217
Derivative instruments	18,25	14	13
Trade payables		333	490
Other liabilities	40	156	107
Accrued expenses and prepaid income	41	460	646
Total current liabilities		4,767	3,492
Liabilities attributable to assets held for sale	31	83	–
TOTAL EQUITY AND LIABILITIES		15,265	16,133

Pledged assets and contingent liabilities

Amounts in SEK M	Note	2014-12-31	2013-12-31
Pledged assets	43	–	–
Contingent liabilities	43	6	6

Changes in equity

Amounts in SEK M	Share capital	Other paid-in capital	Hedge reserves	Retained earnings	Holdings with non-controlling interest	Total capital
2013						
Equity, opening balance	1,441	2,162	-170	857	10	4,300
Dividend paid	–	–	–	–	-9	-9
Transfer	–	–	-9	9	–	–
Comprehensive income for the year	–	–	86	529	10	625
Equity, closing balance 2013-12-31	1,441	2,162	-93	1,395	11	4,915
2014						
Equity, opening balance	1,441	2,162	-93	1,395	11	4,915
Dividend paid	–	–	–	–	-11	-11
Acquisition of minority interest	–	–	–	-54	–	-54
Adjustment attributable to the previous year	–	–	–	-4	–	-4
Comprehensive income for the year	–	–	-145	869	–	725
Equity, closing balance 2014-12-31	1,441	2,162	-237	2,205	–	5,571

Consolidated cash flow statement

Amounts in SEK M	Note	2014	2013
Operating activities	44		
Profit after financial items		1,162	686
Adjustments for items not included in cash flow etc.		718	857
Tax paid		-115	-45
Cash flow from operating activities before changes in working capital		1,765	1,498
Cash flow from changes in working capital			
Increase(-)/Decrease(+) in materials and supplies		5	-8
Increase(-)/Decrease(+) in operating receivables		141	-55
Increase(+)/Decrease(-) in operating liabilities		198	-95
Cash flow from operating activities		2,109	1,339
Investing activities			
Acquisition/disposal of intangible non-current assets		-187	-11
Acquisition of tangible fixed assets		-754	-2,333
Acquisition of minority interest		-54	-
Disposal of subsidiaries/other financial assets		617	86
Cash flow from investing activities		-378	-2,258
Financing activities			
Borrowings raised		5,001	12,493
Borrowings repaid		-6,663	-11,642
Dividend paid		-10	-9
Increase (+)/Decrease (-) in other financial liabilities		1	-
Cash flow from financing activities		-1,671	842
Cash flow for the year		60	-77
Liquid assets at the beginning of the period		52	129
Liquid assets at the end of the period		112	52

Parent Company income statement

Amounts in SEK M	Note	2014	2013
Net revenue	4,5	5,194	4,932
Operating expenses			
External expenses	6	-2,097	-1,976
Staff expenses	7	-1,357	-1,355
Depreciation/amortisation and impairment losses on tangible fixed assets and intangible non-current assets	8	-912	-888
Operating profit		828	713
Income from financial investments			
Income from holdings in Group companies	9	-202	14
Income from holdings in associated companies		-1	9
Interest income and similar items	9	71	81
Interest expenses and similar items	9	-225	-245
Profit after financial items		471	571
Appropriations	10	-144	-172
Profit before tax		327	399
Tax	11	-149	-115
Profit for the year		178	284

Parent Company statement of comprehensive income

Amounts in SEK M	Note	2014-12-31	2013-12-31
Profit for the year		178	284
Other comprehensive income		–	–
Comprehensive income for the year		178	284

Parent Company balance sheet

Amounts in SEK M	Note	2014-12-31	2013-12-31
ASSETS			
NON-CURRENT ASSETS			
Intangible non-current assets	12	644	501
Tangible fixed assets			
Buildings and land	14	5,083	5,018
Field structures	15	2,226	2,249
Electrical installations, vehicles and equipment	16	2,108	2,158
New construction in progress related to tangible fixed assets	17	902	1,043
Total tangible fixed assets		10,320	10,468
Financial non-current assets			
Holdings in Group companies	24	913	963
Holdings in associated companies	23	–	1
Other long-term receivables	22	68	68
Deferred tax assets	36	31	25
Total financial assets		1,012	1,058
Total non-current assets		11,976	12,026
CURRENT ASSETS			
Materials and supplies	26	38	41
Current receivables			
Trade receivables		406	454
Receivables from Group companies	27	2,977	3,529
Receivables from associated companies	29	–	6
Other receivables		76	178
Prepaid expenses and accrued income	30	203	221
Total current receivables		3,662	4,388
Liquid assets	25,39	111	14
Total current assets		3,811	4,444
TOTAL ASSETS		15,787	16,470

Parent Company balance sheet (cont.)

Amounts in SEK M	Note	2014-12-31	2013-12-31
EQUITY AND LIABILITIES			
EQUITY	32		
Restricted equity			
Share capital (1,441,403,026 shares)		1,441	1,441
Unrestricted equity			
Share premium		2,162	2,162
Retained earnings		-5	-289
Profit for the year		178	284
Total equity		3,775	3,598
Untaxed reserves	10	1,967	1,567
Provisions			
Provisions for pensions and similar obligations	34	971	1,069
Other provisions	35	140	133
Total provisions		1,111	1,202
Non-current liabilities			
Interest-bearing liabilities	16,37,38	3,108	6,308
Other non-current liabilities		6	12
Total non-current liabilities		3,114	6,320
Current liabilities			
Interest-bearing liabilities	16,37,38	3,753	2,217
Trade payables		318	480
Liabilities to Group companies		1,168	447
Other liabilities		147	80
Accrued expenses and prepaid income	41	434	559
Total current liabilities		5,820	3,783
TOTAL EQUITY AND LIABILITIES		15,787	16,470

Pledged assets and contingent liabilities

Amounts in SEK M	Note	2014-12-31	2013-12-31
Pledged assets	43	–	0
Contingent liabilities	43	6	6

Changes in equity

PARENT COMPANY Amounts in SEK M	Restricted equity	Unrestricted equity		
	Share capital	Share premium	Retained earnings	Total capital
2013				
Equity, opening balance	1,441	2,162	-289	3,314
Profit for the year	–	–	284	284
Equity, closing balance 2013-12-31	1,441	2,162	-5	3,598
2014				
Equity, opening balance	1,441	2,162	-5	3,598
Profit for the year	–	–	178	178
Equity, closing balance 2014-12-31	1,441	2,162	173	3,775

Parent Company cash flow statement

Amounts in SEK M	Note	2014	2013
Operating activities	44		
Profit after financial items		471	571
Adjustments for items not included in cash flow etc.		1,052	766
Tax paid		-93	-40
Cash flow from operating activities before changes in working capital		1,430	1,297
Cash flow from changes in working capital			
Increase(-)/Decrease(+) in materials and supplies		3	-6
Increase(-)/Decrease(+) in operating receivables		779	-2,692
Increase(+)/Decrease(-) in operating liabilities		316	-679
Cash flow from operating activities		2,529	-2,080
Investing activities			
Acquisition of intangible non-current assets		-187	-11
Acquisition of fixed assets		-709	-1,202
Disposal of fixed assets		3	418
Acquisition/disposal of financial assets		-71	86
Paid-in shareholder contribution		–	-81
Long-term receivables, subsidiaries		–	1,947
Cash flow from investing activities		-964	1,157
Financing activities			
Borrowings raised		5,001	11,579
Borrowings repaid		-6,663	-10,728
Increase (+)/Decrease (-) in other financial liabilities		1	–
Group contribution received/paid in		193	-16
Cash flow from financing activities		-1,468	835
Cash flow for the year		97	-88
Liquid assets at the beginning of the period		14	102
Liquid assets at the end of the period		111	14

Notes

NOTE 1. CORPORATE INFORMATION

Swedavia AB (publ), Swedish corporate identity number 556797-0818, has its registered officer in the Municipality of Sigtuna, Sweden. Swedavia AB is wholly owned by the Swedish State. Swedavia's task is to own, operate and develop the national basic infrastructure of airports decided by the Swedish government. That consists of ten airports: Bromma 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 since December 18, 2014, has controlling interest in the company Cityflygplatsen i Göteborg AB, which operates Sæve Airport.

Regulations governing operations

Swedavia's operations are mostly regulated by Swedish and European regulations, with the most important regulations for running specific airport operations consisting of, among others:

- Swedish Environmental Code (1998:808), with subsequent regulations requiring a permit for airport operations
- Swedish Civil Aviation Act (2010:500), with subsequent regulations governing, among other issues, permission to establish an airport
- Swedish Civil Aviation Security Act (2004:1100) concerning searches of persons and baggage in security screening
- Swedish Aerodrome Ground Services Act (2000:150) concerning the responsibilities of the airport operator in opening up airports with more than 2,000,000 passengers/year to external ground services providers
- Swedish Act on Airport Charges (2011:866) regulating requirements for consultation on airport charges with the users, airlines

NOTE 2. ACCOUNTING PRINCIPLES

Conditions for preparation of the Parent Company and consolidated financial reports

The consolidated accounts for Swedavia and its subsidiaries 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 European Union (EU), as well as with interpretations given by the EU of current standards issued by the IFRS Interpretations Committee (IFRIC).

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 the Parent Company and consolidated accounting principles are due to restrictions on 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.

In this report, the Swedavia Group is called "Swedavia" or "the Group", and Swedavia AB is called either by its full name or "the Parent Company".

Reporting for the Group and the Parent Company is in millions of Swedish kronor (SEK M) unless otherwise indicated. The amounts reported have in some cases been rounded off. In cases where amounts are less than SEK 1 M and rounded down, this is presented as a zero (0); if no figure is given, a figure dash (–) is used. This means that tables, charts and calculations do not always add up.

Non-current assets, non-current liabilities and non-current 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.

Assets, provisions and liabilities have been recognised at cost unless

otherwise indicated below. Financial assets and liabilities have been recognised at amortised cost, apart from derivative instruments, which are recognised at fair value. Biological assets are recognised at fair value; see Note 20. For information concerning valuation and information about fair value under IFRS 13, see Note 18.

New accounting principles

- The following are new and amended standards and interpretations that entered into force on January 1, 2014:
- IFRS 10 Consolidated financial statements. The standard contains 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 concerns the reporting of so-called 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 disclosed in Swedavia's Annual Report

New and amended standards and interpretations that enter into force in 2015 or later:

IFRS 9 Financial instruments. The standard concerns the classification and valuation of financial instruments, impairment and hedge accounting. The standard replaces IAS 39 Financial instruments: Recognition and measurement. The date for compulsory application is January 1, 2018. The EU has not yet approved the standard. Swedavia has not analysed all of the effects of the new standard, which however is expected to affect accounting and

financial reports.

IFRS 15 Revenue from contracts with customers. The standard concerns recognition of revenue from contracts and from the sale of some non-financial assets, and includes expanded disclosure requirements. The standard replaces IAS 11 and 18, IFRIC 13, 15 and 18, and SIC-31. Swedavia has not analysed all of the effects of the new standard, which has led to an increase in information disclosed in Swedavia's Annual Report. The date for application is January 1, 2017; application before that date is allowed when the EU has given its approval.

IFRIC 21 Levies. The interpretation clarifies when a liability is recognised for levies/taxes that a government or similar body imposes in accordance with laws/regulations, with the exception of income taxes, penalties and fines. The interpretation specifies that a liability shall be recognised when the company has an obligation to pay the levy as a result of an event that has occurred.

A liability is recognised progressively if the obligating event occurs over a period of time. If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached. Since the owner of a property is liable to pay real estate tax on January 1, the interpretation means that Swedavia will recognise a liability for total real estate taxes on January 1. The standard is applied for financial years that begin June 17, 2014, or later.

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 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 affected that period, or in the period the change is made and future periods if the change affects both the current and future periods.

The most significant judgements and assumptions for Swedavia have been made in the following areas: valuation of goodwill through impairment testing (see Note 12), and assumptions in conjunction with provisions for pensions and other provisions (see Note 33 and 34). The executive management's best judgement has also been taken into consideration in the recognition of disputed amounts (see Note 35).

Consolidation principles

The consolidated financial accounts include the Parent Company and all the companies over which the Parent Company directly or indirectly has controlling interest. Controlling interest is assumed to exist 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.

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 controlling interest over the acquired entity. 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.

Elimination of transactions between Group companies

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.

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. Swedavia's operations are organised and run, based on two business segments, Airport Operations, which owns, operates and develops Swedavia's airports, and Real Estate, which owns, develops and manages properties and developable land at and around Swedavia's airports.

The basis of segment reporting is internal reporting. The Board of Directors and executive management mostly use operating profit by segment for their monitoring. Financial expenses, financial income and income tax are handled at the Group level.

Revenue

Swedavia's recognised net revenue is revenue from Aviation Business and Commercial Services. Revenue from Aviation Business consists of revenue related to passengers, aircraft movements, ground handling & aircraft parking, and revenue from other aviation. Revenue from Commercial Services consists of revenue from car parking, retail, food & beverage, other property revenue and other commercial services.

Revenue from Aviation Business is recognised in conjunction with the airlines' and ground handling companies' use of Swedavia's ranges of services on offer, that is, when there is a departure from one of Swedavia's airports. Revenue from car parking is recognised in conjunction with a parking customer using a parking space. Revenue from retail, food & beverage is sales-based, and preliminary revenue is recognised on a monthly basis, and there is final settlement at year-end. Other property revenue consists of fixed lease charges, which are recognised during the period of the lease, and sales of energy and telecom services, which are recognised when the service is

provided. Advertising revenue consists of the sale of advertising space, and revenue is recognised during the period the space is used. For other services, revenue is recognised when such a service is provided. Discounts provided have reduced net revenue.

Revenue is recognised as the fair value of what has been received or will be received. Revenue is only recognised if it is likely that economic benefits will flow 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 value, 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 offset.

Tax

The Group's total tax consists of current tax and deferred tax. Tax is recognised in the income statement except when the underlying transaction is recognised in other comprehensive income. Current tax is tax that is to be paid or received for the year in question. 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 not subject to tax or are not tax-deductible (permanent differences). The Group's current tax liability is calculated using the tax rates that are in effect on the balance sheet date. An adjustment in current tax attributable to earlier periods is also recognised as current tax.

Deferred tax is calculated using the balance sheet method based on the temporary differences between book and tax values of assets and liabilities. Deferred tax is calculated using the tax rates and tax regulations that are decided or advised on the balance sheet date. Temporary differences attributable to consolidated goodwill and asset acquisitions are not taken into account, 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 liability are recognised for legal persons. However, in consolidated accounts, untaxed reserves are divided into deferred tax liability and equity. Deferred tax assets for temporary differences and loss carryforwards that are tax-deductible are only recognised to the extent it is likely that a taxable profit occurs against which tax-deductible temporary differences can be used. The book value of deferred tax assets is reviewed on each closing date. Deferred tax liabilities are normally recognised for all temporary differences subject to tax.

Intangible non-current assets

The Group has goodwill and other intangible non-current assets. Goodwill arises when the cost for 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; useful life is reviewed annually.

Tangible fixed assets

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

Cost comprises the purchase price and expenditures directly attributable to the asset in order to convey it to its location and to use it for the purpose for which it was acquired. Borrowing costs are capitalised for large-scale construction and refurbishment projects to the extent they have arisen during the construction period and the interest expense constitutes a significant amount. Interest expenses are calculated based on the Group's average interest rate on all borrowings. Additional expenses are added to the asset's book value or recognised separately when it is likely that the company will derive future economic benefits attributable to the asset and the cost of the asset can be calculated in a reliable way.

Depreciation is recognised based on the expected and estimated useful life using the straight-line depreciation method. For cases where parts of the Group's assets 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 residual value and useful life are reviewed on an annual basis and adjusted if necessary.

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. 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 or component. Useful life for the Group is:

Buildings and investment properties	
- Foundation and frame	20–60 years
- Roof	20–60 years
- Facade	20–60 years
- Interior walls	20–30 years
- Electrical installations	10–30 years
Equipment, buildings	5–30 years
Equipment, land	10–60 years
Field structures	10–60 years
Electrical installation, vehicles and equipment	3–10 years

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 fixed 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. For further information, see Note 18 and 20.

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 that is not the case, then it is a question 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 non-current liability. The leased assets are depreciated according to a set schedule while lease payments are recognised as interest and principal payments on the liabilities.

Impairment losses

On each balance sheet date, the Group analyses the book values of tangible fixed assets and intangible non-current 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 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.

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

Inventories

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

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 exchange rate differences for financial receivables and liabilities are recognised in financial items.

Liquid assets

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

Trade payables

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

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. Financial instruments that are not derivatives are 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. Derivative instruments are recognised at fair value; increases and decreases in value are recognised on a regular basis as revenue or costs in other comprehensive income in cases where hedge accounting is appropriate. Financial assets and liabilities are offset and recognised as a net amount in the balance sheet when there is a legal right to offset and when the intention is to settle the items with a net amount or to realise the asset and settle the liability simultaneously.

On each balance sheet date, the company 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 such as a default or delay of payment of interest or capital, significant financial difficulties for debtors or deterioration in the creditworthiness of customers.

The book value after impairment losses on assets is calculated as the present value of 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 includes derivatives with a positive value that 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. 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. In the valuation of financial assets at fair value, Swedavia uses Hierarchy Level 2 (Note 25).

Loans receivable and trade receivables

This category includes loan receivables, trade receivables, receivables from associated companies and other receivables as well as liquid assets. These assets are valued at accumulated cost. Loan receivables and trade receivables with short maturities are valued at their nominal cost with no discounting. Trade receivables are recognised at the amount that is expected to be received minus any bad debts, which are judged on an individual basis.

Financial liabilities recognised at fair value through profit or loss

This category includes derivatives with a negative value that 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 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.

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 to limit exposure to the negative effect of financial fluctuations on the Group's income statement, balance sheet and cash flow.

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.

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 affects 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 profit for the year.

Hedge accounting has also been applied for commodity and currency derivatives. Currency derivatives are used mainly to lock in the exchange rate for future flows of foreign currencies, which arise mostly in conjunction with investments and with electricity trading. Commodity derivatives are used to hedge the risk of electricity prices that arises in the Group's business operations. Changes in the fair value of these derivative instruments are recognised in other comprehensive income and are accumulated in the hedge reserve under equity. The accumulated gains or losses in the hedge reserve are reclassified to the income statement in the same period that the hedged item affects 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 to profit for the year.

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, 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 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 shall be 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 been publicly announced.

Pensions

The Group has commitments to both defined benefit and defined contribution pension plans.

Defined benefit pension obligations

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 expected present value of the defined contribution obligations is recognised in the balance sheet as a provision. The company's obligations are calculated at least once a year by independent actuaries. An 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 made on a quarterly basis. The Group bears the risk of ensuring that the payments determined are effected.

A receivable/liability that is part of the pension obligation 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.

Defined contribution pension obligations

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.

Contingent liabilities

A contingent liability 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.

Assets held for sale

Assets and liabilities that are classified for sale are recognised separately in the balance sheet. These assets and liabilities are not offset.

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.

Group contributions

Group contributions received and paid are recognised as appropriations.

Intangible non-current assets

The Parent Company recognises 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.

Group companies

Holdings in Group companies are recognised in the Parent Company using the cost method. The recognised value of holdings in a limited partnership changes annually by Swedavia's share of the limited partnership's net profit and any withdrawals or contributions made during the year.

Equity

Equity is divided between unrestricted and restricted reserves in accordance with Sweden's Annual Accounts Act. Group contributions paid are recognised by the donor as an increase in holdings in Group companies. The recipient recognises the contribution as unrestricted equity.

Untaxed reserves

In the Parent Company, untaxed reserves are recognised in their entirety without being divided between equity and deferred taxes.

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.

Pensions

The Parent Company complies with the statutes in the Swedish Pension Obligations Vesting Act and the instructions of the Swedish Financial Supervisory Authority since that is a requirement for making tax deductions. The most significant differences compared to reporting in the consolidated financial accounts and in that case with the regulations in IAS 19 are the way the discount rate is determined. Calculation of the defined benefit obligation is based on the current salary level without any assumption of future salary increases, and actuarial gains and losses are recognised in the income statement. The Parent Company's total commitments for defined benefit pensions are covered by credit insurance with FPG/PRI.

NOTE 3. SEGMENT REPORTING

Swedavia's operations are organised and run as two business segments, Airport Operations and Real Estate.

- **Airport Operations** owns, operates and develops Swedavia's airports. Most revenue consists of passenger-related revenue
- **Real Estate** owns, develops and manages properties and developable land at and in the vicinity of Swedavia's airports. Most revenue consists of revenue from properties

The basis of segment reporting is internal reporting. The Board of Directors and executive management mostly use operating profit by segment in accordance with Swedish accounting principles for monitoring. Financial expenses, financial income and income tax are handled at the Group level. The accounting principles conform with those applied in the consolidated financial accounts, with the exception of the IFRS adjustments made concerning amortisation on goodwill, unrealised value changes that are not covered by hedge accounting, actuarial gains and losses on pensions and valuation changes for standing timber. The division of assets and liabilities follows the legal structure. On April 1, 2014, Energy and Airport Telecom operations at Swedavia were converted into limited liability companies, and the companies are included in the Real Estate segment as of that date.

	Airport Operations		Real Estate		Eliminations/adjustments		Total Swedavia	
	2014	2013	2014	2013	2014	2013	2014	2013
Income statement Jan–Dec								
Revenue from external customers	5,086	4,927	799	306	–	–	5,885	5,233
Revenue from other segments	117	30	230	6	-347	-36	–	–
Total revenue	5,203	4,957	1,029	312	-347	-36	5,885	5,233
Operating expenses	-3,637	-3,256	-265	-76	367	-15	-3,535	-3,347
Depreciation, amortisation and impairment losses	-920	-896	-111	-75	85	31	-946	-940
Operating profit	646	805	653	161	105	-20	1,405	946

	Airport Operations		Real Estate		Eliminations/adjustments		Total Swedavia	
	2014	2013	2014	2013	2014	2013	2014	2013
Balance sheet								
Non-current assets	11,830	11,858	168	3,983	-645	-719	11,353	15,122
Current assets	3,843	4,252	1,048	508	-4,006	-3,749	885	1,011
Assets held for sale	–	–	3,027	–	–	–	3,027	–
Total assets	15,673	16,110	4,243	4,491	-4,651	-4,468	15,265	16,133
Equity	5,318	4,912	1,151	821	-898	-818	5,571	4,915
Liabilities	10,355	11,198	3,009	3,670	-3,754	-3,651	9,610	11,218
Liabilities attributable to assets held for sale	–	–	83	–	–	–	83	–
Total equity and liabilities	15,673	16,110	4,243	4,491	-4,651	-4,468	15,265	16,133

One customer accounted for 14 per cent (15) of total revenue in 2014, equal to SEK 841 M, allocated to both segments.

NOTE 4. NET REVENUE

	Group		Parent Company	
	2014	2013	2014	2013
Revenue by source				
Aviation Business				
Passenger-related revenue	2,058	1,930	2,058	1,930
Aircraft movement-related revenue	609	596	607	596
Ground handling & aircraft parking	296	271	296	271
Other aviation	10	12	10	12
Total Aviation Business	2,973	2,809	2,971	2,809

	Group		Parent Company	
	2014	2013	2014	2013
Commercial Services				
Car parking	741	665	741	665
Retail, food & beverage	660	645	659	645
Other real estate revenue	620	731	392	423
Advertising	82	73	82	73
Other commercial services	345	215	230	214
Total Commercial Services	2,447	2,329	2,104	2,020
Other revenue	118	96	118	104
Total net revenue	5,538	5,233	5,194	4,932

NOTE 5. RELATED PARTY TRANSACTIONS

Related party transactions involve transactions with State-owned companies or operations that conduct business in which the State has controlling interest. Related parties also include companies over which Swedavia may exercise controlling interest or a significant influence in terms of operational and financial decisions made. Concerning Swedavia AB's receivables from and liabilities to Group companies, see Note 27 "Receivables from Group companies" and Note 29 "Receivables from associated companies". Shares in Group companies are described in detail in Note 23 "Holdings in Group companies" and in Note 24 "Holdings in associated companies". Transactions are carried out on market terms, and operations are subject to competition.

Physical persons who are related parties are defined as executive officers, Board members and immediate family members of such persons. For information about remuneration to executive officers and Board members, see Note 7 "Employees and staff expenses". There are no securities pledged by or contingent assets from Swedavia for executive officers or Board members.

Transactions with the Swedish State

Swedavia AB is wholly owned by the Swedish State. 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 Group companies purchase products and services from government authorities and State-owned companies at market prices and on commercial terms. Transactions with the Swedish State concerning taxes and payroll fees have not been included. Costs for related parties consist mostly of the purchase of meteorological services, fees to government authorities and air navigation services, which are largely included in the costs covered via remuneration from the Swedish Transport Agency for security screening and parts of air traffic management services.

	Group		Parent Company	
	2014	2013	2014	2013
Sales of goods and services				
Subsidiaries	127	–	115	32
Associated parties	6	6	6	6
Other related parties	155	585	155	585
Total sales of goods and services	288	591	276	623
Sales of immovable property or other assets				
Subsidiaries	8	–	4	422
Total purchases of goods and services	8	–	4	422
Purchases of goods and services				
Subsidiaries	401	–	275	68
Other related parties	181	7	181	7
Total purchases of goods and services	582	7	456	75
Interest, net				
Subsidiaries	0	–	65	75
Total interest	0	–	65	75

NOTE 6. REMUNERATION AND COMPENSATION FOR AUDITORS

	Group		Parent Company	
	2014	2013	2014	2013
EY				
Auditing assignments	3	3	3	3
Tax consultancy	0	0	0	0
Other services	1	1	1	1
Total	4	4	4	4

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 other such 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

	Of which		Of which	
Average number of employees	2014	women	2013	women
PARENT COMPANY				
Sweden	2,449	35%	2,355	34%
Total in the Parent Company	2,449	35%	2,355	34%
SUBSIDIARIES				
Sweden	11	27%	14	50%
Total in subsidiaries	11	27%	14	50%
Group total	2,460	35%	2,369	34%
Gender breakdown of executive management	2014-12-31		2013-12-31	
	Share of women		Share of women	
PARENT COMPANY				
Board of Directors		56%		63%
Other executive officers		43%		38%
GROUP TOTAL				
Board of Directors		33%		47%
Other executive officers		35%		33%

Salaries, other remuneration, and payroll fees	2014		2013	
	Salaries and remuneration	Payroll fees	Salaries and remuneration	Payroll fees
PARENT COMPANY	963	351	904	402
(of which pension expenses)		(13)		(110)
SUBSIDIARIES	12	6	9	5
(of which pension expenses)		(2)		(2)
Group-related adjustments	–	100	–	1
GROUP TOTAL	975	457	913	408
(of which pension expenses)		(15)		(112)

Remuneration to the Board Parent Company 2014 SEK T				
	Board fee	Audit Committee	Remu- neration Committee	Other benefits
Chairman				
Ingemar Skogö	440	–	25	–
Board members				
Karin Apelman	220	35	–	–
Adine Grate Axén	220	–	–	–
Lars Backemar	220	–	–	–
Anna Elgh	220	20	–	–
Hans Jeppsson	220	–	–	–
Jenny Lahrin	–	–	–	–
Lars Mydland ¹	147	–	–	–
Lottie Svedenstedt	220	–	20	–
Total	1,907	55	45	–

¹ Lars Mydland was elected as a member of Swedavia's Board of Directors at the Annual General Meeting on April 29, 2014.

Remuneration to the Board Parent Company 2013 SEK T

	Board fee	Audit Committee	Remu- neration Committee	Other benefits
Chairman				
Ingemar Skogö	440	–	25	–
Board members				
Karin Apelman	220	35	–	–
Adine Grate Axén	220	–	–	–
Lars Backemar	220	–	–	–
Anders Ehrling ¹	183	–	–	5
Anna Elgh	220	20	–	–
Hans Jeppsson	220	–	–	–
Jenny Lahrin	–	–	–	–
Lottie Svedenstedt	220	–	20	–
Total	1,943	55	45	5

¹ Anders Ehrling resigned from his duties as a Board member of Swedavia in October 2013 after he was appointed the new CEO of Braathens Aviation.

Remuneration to the Board of Directors consists of a fee decided at the Annual General Meeting. The Board fee is paid as a salary or as an invoice from the Board member's sole proprietorship or company. In cases where the Board fee is invoiced, an amount equivalent to the payroll fees that Swedavia AB does not have to pay as a result is added.

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 29, 2014. 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 29, 2014. Since the 2013 AGM, the Audit Committee includes the Board members Karin Apelman as Chair and Anna Elgh and Jenny Lahrin as members.

Remuneration to the Remuneration Committee is based on a decision taken at the AGM held on April 29, 2014. Since the 2014 AGM, the Remuneration Committee includes Ingemar Skogö as Chair, Board members Jenny Lahrin and Lottie Svedenstedt as members, and Robert Olsson as employee representative.

Remuneration to executive officers Parent Company ¹ , 2014 SEK T				Base salary	Variable remuneration	Other benefits	Pension expenses	Employer's period of notice of termination + number of months' severance pay
Chief executive officer								
President and CEO	Torborg Chetkovich			3,283	–	13	967	6+ 15
Total				3,283	–	13	967	
Other executive officers								
Deputy CEO								
CEO Swedavia Real Estate								
Director Commercial & Real Estate	Karl Wistrand			2,378	–	0	702	6+ 9
Acting Chief Financial Officer	Mats Pålsson ²	starting Aug 11, 2014		1,618	–	–	–	–
Chief Financial Officer	Lars Johansson	until Jul 24, 2014		1,180	–	–	337	6+ 3
Director Aviation, Customer & Marketing	Michael Persson Gripkow			1,515	–	0	413	6+ 6
Chief Human Resources Officer	Marie Wiksborg			1,591	–	0	437	6+ 6
Chief Legal Counsel	Anna Bovaller ³			1,352	–	0	361	6+ –
Chief Information Officer	Linda Sjödin			1,174	–	7	303	6+ 6
Director of Security and Safety	Anders Lennerman			1,372	–	11	411	6+ 6
Strategy Director	Lennart Bergbom			1,152	–	0	248	6+ 6
Chief Technical Officer	Per Arenhage ³			1,562	–	7	469	6+ –
Airport Director, Bromma Stockholm Airport	Peder Grunditz			1,525	–	3	399	6+ 6
Director, Regional Airports	Susanne Norman			1,289	–	2	336	6+ 6
Airport Director, Göteborg Landvetter Airport	Charlotte Ljunggren			1,718	–	2	506	6+ 6
Airport Director, Stockholm Arlanda Airport	Kjell-Åke Westin			1,790	–	7	537	6+ 6
Chief Procurement Officer ⁴	Athanassios Boukas	until Feb 17, 2014		170	–	–	44	6+ 3
Chief Information Officer ⁴	Fredrik Frimodig	until Jul 24, 2014		521	–	–	102	6+ –
Total				21,907	–	40	5,603	

¹ Base salary reported is based on a fixed monthly salary, statutory holiday entitlement, any salary increase and severance pay. Base pay does not take into account any exchange of salary for benefits.

² For Mats Pålsson, Chief Financial Officer, remuneration is via a consultancy fee.

³ Chose to waive severance pay.

⁴ On February 17, an organisational change and review of Swedavia's management structure were carried out which entails new reporting channels for IT and the elimination of the procurement and quality functions from the executive management.

Remuneration to executive officers Parent Company, 2013 SEK T			Base salary	Variable remuneration	Other benefits	Pension expenses	Employer's period of notice of termination + number of months' severance pay
Chief executive officer							
President and CEO	Torborg Chetkovich		3,169	–	27	936	6+ 12
Total			3,169	–	27	936	
Other executive officers							
Deputy CEO							
CEO Swedavia		starting Jan 25, 2013					
Swedavia Real Estate		until Feb 3, 2013					
CFO	Karl Wistrand		2,200	–	13	650	6+ 6
Chief Financial Officer	Lars Johansson	starting Mar 18, 2013	1,640	–	8	469	6+ 3
CEO Swedavia Real Estate	Jan Egenäs	until Jan 25, 2013	1,291	–	1	226	6+ 4
Chief Marketing Officer	Michael Persson Gripkow		1,517	–	9	422	6+ -
Chief Human Resources Officer	Marie Wiksborg	starting Oct 14, 2013	338	–	1	79	6+ -
Acting Chief Human Resources Officer	Anders Hjertman	June 12–Oct 13, 2013	446	–	5	119	6+ -
Chief Human Resources Officer	Charlotta Hyldal	until Jun 11, 2013	1,997	–	4	452	6+ 3
Chief Legal Counsel	Anna Bovaller		1,327	–	12	358	6+ -
Communications Director	Linda Sjödin		1,217	–	9	323	6+ -
Director of Security and Safety	Anders Lennerman		1,255	–	13	378	6+ -
Strategy Director	Lennart Bergbom		1,076	–	11	229	6+ -
Chief Technical Officer	Per Arenhage		1,520	–	19	452	6+ -
Airport Director, Bromma Stockholm Airport	Olle Sundin	until Dec 15, 2013	1,457	–	4	817	6+ 6
Director, Regional Airports							
Airport Director, Bromma Stockholm Airport	Peder Grunditz	until Dec 15, 2013	1,359	–	17	367	6+ -
Director, Regional Airports	Susanne Norman	starting Dec 16, 2013	55	–	0	12	6+ -
Airport Director, Göteborg Landvetter Airport	Charlotte Ljunggren		1,678	–	2	457	6+ -
Airport Director, Stockholm Arlanda Airport	Kjell-Åke Westin		1,617	–	32	488	6+ -
Director of Procurement	Athanassios Boukas	starting Jan 1, 2013	1,170	–	10	328	6+ 3
Chief Procurement Officer	Fredrik Frimodig	starting Jun 12, 2013	512	–	0	96	6+ -
Director of Quality	Bodil Garneij	Feb 1, 2013–Nov 20, 2013	776	–	5	169	6+ -
Total			24,448	–	175	6,891	

Remuneration to executive officers

Executive officer 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 determines remuneration to other executive officers, following preparation in the Remuneration Committee and a decision in the Board at an aggregate level.

The Board's proposed principles for remuneration and other terms of employment for the company's executive management entail that Swedavia AB (publ)

shall strive for remuneration and terms of employment that are competitive and well informed. Remuneration shall be characterised by 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 matters concerning 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.

Pensions

A provision for the President and CEO's pension is made via a premium-based pension plan, which corresponds to 30 per cent of fixed salary. The Airport Director of Göteborg Landvetter Airport also has an agreement for a premium-based pension, the provision for which corresponds to 30 per cent of fixed salary. Provisions for pensions for other executive officers are included under the ITP 1 defined contribution plan. Executive officers who were employed in the transition from LfV to Swedavia on April 1, 2010, are also covered by an age-related graduated pension premium for the ITP 1 plan as determined through a collective agreement. An extra pension contribution in addition to the defined contribution plan under the ITP 1 plan was agreed for some executive officers not covered by the graduated pension premium for ITP 1. The retirement age for the CEO and other executive officers is 65.

Severance pay

For notice of termination given by the company, the period of notice of termination and severance pay are specified in the table. Severance pay is equal to fixed salary. If a new position or income from another economic activity is found, severance pay shall be reduced by the amount equal to the new income during the period in question. Severance pay is not pensionable income and is not subject to statutory holiday pay.

The CEO and other executive officers have six months' notice of termination by mutual consent, except for one person who must give four months' notice of termination. All executive officers are entitled to all employment benefits that apply during the notification period.

NOTE 8. DEPRECIATION/AMORTISATION AND IMPAIRMENT LOSSES ON TANGIBLE FIXED ASSETS AND INTANGIBLE NON-CURRENT ASSETS

	Group		Parent Company	
	2014	2013	2014	2013
Depreciation and amortisation				
Goodwill	–	–	25	24
Other intangible non-current assets	18	16	18	16
Buildings and land	311	321	308	316
Investment properties	31	73	–	–
Field structures	155	153	155	153
Electrical installations, vehicles and equipment	381	371	378	371
Impairment losses, new construction in progress related to tangible fixed assets	-6	6	-6	6
Total	890	940	878	888
Depreciation and amortisation				
Buildings and land	28	–	18	–
Investment properties	12	–	–	–
Field structures	12	–	12	–
Electrical installations, vehicles and equipment	4	–	4	–
Total	56	–	34	–
Total	946	940	912	888

NOTE 9. FINANCIAL INCOME AND EXPENSES

	Parent Company	
	2014	2013
Income from holdings in Group companies		
Impairment loss on holdings in Group companies ¹	-217	–
Dividend	15	14
Total	-202	14

¹ See Note 24 for information about impairment losses on holdings in Group companies.

	Group		Parent Company	
	2014	2013	2014	2013
Financial income				
Interest income	2	3	67	80
Net changes in foreign exchange rates	4	1	4	1
Total	6	4	71	81

	Group		Parent Company	
	2014	2013	2014	2013
Financial expenses				
Interest expenses, financial liabilities	-190	-209	-121	-190
Derivative instruments	-99	-34	-99	-49
Portion of interest on pension expenses for the year	45	-27	-4	-4
Other financial expenses	-5	-2	-1	-2
Net changes in foreign exchange rates	–	–	–	–
Total	-248	-272	-225	-245

The interest expense on financial liabilities is attributable to bank borrowings, medium-term notes and commercial paper.

NOTE 10. APPROPRIATIONS AND UNTAXED RESERVES

	Parent Company	
	2014	2013
Appropriations		
Change in accelerated depreciation	-400	-205
Change in tax allocation reserves	–	-160
Group contribution paid	-20	-20
Group contribution received	276	213
Total appropriations	-144	-172
Untaxed reserves		
Accumulated accelerated depreciation	1,757	1,357
Tax allocation reserves	210	210
Total untaxed reserves	1,967	1,567

Accumulated amortisation and depreciation pertain to other intangible assets, electrical installations, vehicles and equipment.

NOTE 11. TAX

	Group		Parent Company	
	2014	2013	2014	2013
Current tax expense (-)/ tax income (+)				
Tax expense/tax income for the year	-162	-112	-155	-106
	-162	-112	-155	-106
Deferred tax expense (-)/ tax income (+)				
Deferred tax for temporary differences	-74	-73	5	-9
Total tax expense recognised	-236	-185	-149	-115

	2014		2013	
Group	Per cent	Amount	Per cent	Amount
Reconciliation of effective tax				
Profit before tax		1,162		686
Tax calculated using Swedish tax rate in effect	22.0	-256	22.0	-151
Tax pertaining to taxation for the previous year		3		2
Tax effect of amortisation of Group goodwill		-2		2
Tax effect of non-deductible costs		-61		-34
Tax effect of non-taxable revenue		80		4
Other		—		-8
Recognised effective tax	20.3	-236	27.0	-185

	2014		2013	
Parent Company	Per cent	Amount	Per cent	Amount
Reconciliation of effective tax				
Profit before tax		327		398
Tax calculated using Swedish rate for the Parent Company	22.0	-73	22.0	-88
Tax pertaining to taxation for the previous year		—		-1
Tax effect of non-deductible costs		-81		-32
Tax effect of non-taxable revenue		4		6
Recognised effective tax	45.6	-149	28.9	-115

NOTE 12. INTANGIBLE NON-CURRENT ASSETS

	Group		Parent Company	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Intangible non-current assets				
Goodwill	352	352	376	401
Other intangible non-current assets	268	100	268	100
Total	621	452	644	501

	Group		Parent Company	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Goodwill				
Accumulated cost				
Opening balance	377	377	493	493
Closing balance	377	377	493	493
Accumulated scheduled amortisation				
Opening balance	-25	-25	-92	-68
Scheduled amortisation for the period	—	—	-25	-24
Closing balance	-25	-25	-117	-92
Book value, closing balance	352	352	376	401

Goodwill

In conjunction with the conversion of airport operations into a limited liability company on April 1, 2010, assets and liabilities from LfV were transferred to Swedavia at an estimated market value. In conjunction with the transaction, goodwill of SEK 493 M arose in the Parent Company.

In the consolidated accounts, defined benefit pension commitments are recognised in accordance with IAS 19, and the difference in accounting principles means that goodwill in the consolidated accounts totalled SEK 377 M.

Goodwill impairment testing

Goodwill is allocated to the cash-generating units that are expected to benefit from the acquisition. Goodwill has an indeterminable expected useful life. An impairment review is carried out at least once a year or more frequently if there is any indication of a decrease in value. Goodwill has been tested for impairment based on the cash-generating unit, Airport Operations, from which the goodwill is derived. The recovery value is based on calculations of the value in use. Calculations are based on estimated cash flows in the business plan for the first four-year period. After that, estimated cash flows are based on the executive management's forecasts through 2035. Revenue and expenses are based on previous profit, experience and expectations of the market trend. It has been assumed that cash flows beyond 2035 have annual growth equivalent to 2 per cent (2) annually. The discount rate before tax used was 7.8 (7.5) per cent.

The impairment review has not entailed any impairment loss on goodwill, and reasonable changes in the assumptions would not lead to any need for impairment.

Other intangible non-current assets	Group		Parent Company	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Accumulated cost				
Opening balance	154	143	154	143
Reclassifications for the year	187	11	187	11
Closing balance	341	154	341	154
Accumulated scheduled amortisation				
Opening balance	-54	-38	-54	-38
Scheduled amortisation for the year	-18	-16	-18	-16
Closing balance	-73	-54	-73	-54
Book value, closing balance	268	100	268	100

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

NOTE 13. OTHER TANGIBLE FIXED ASSETS

	Group	
	2014-12-31	2013-12-31
Buildings and land (Note 14)	5,113	5,110
Field structures (Note 15)	2,232	2,249
Electrical installations, vehicles and equipment (Note 16)	2,112	2,158
New construction in progress related to tangible fixed assets (Note 17)	932	1,074
Total	10,389	10,591

NOTE 14. BUILDINGS AND LAND

	Group		Parent Company	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Accumulated cost				
Opening balance	6,178	5,910	6,084	5,956
Acquisitions/reclassifications for the year	339	486	390	405
Reclassification to investment properties	–	-177	–	–
Disposals/divestments for the year	-4	-41	-4	-277
	6,513	6,178	6,470	6,084
Accumulated scheduled depreciation				
Opening balance	-1,068	-799	-1,066	-794
Reversal of depreciation on disposals	6	40	5	44
Scheduled depreciation for the year	-311	-321	-308	-316
Closing balance	-1,373	-1,068	-1,369	-1,066
Accumulated depreciation				
Opening balance	–	–	–	–
Scheduled depreciation for the year	-28	–	-18	–
Closing balance	-28	–	-18	–
Book value, closing balance	5,113	5,110	5,083	5,018
Of which land				
Opening balance	359	426	282	426
Acquisitions for the year	20	79	15	79
Disposals for the year	–	–	–	-223
Reclassification from field structures and new construction in progress related to tangible fixed assets	18	31	18	–
Reclassification between investment properties/operating properties	–	-177	–	–
Book value, closing balance	397	359	315	282

A property reallocation is under way and the application for a title is being processed by the Swedish land registration authority, Lantmäteriet. The cost of the buildings includes SEK 7 M (7) for acquisitions of another party's property at Ronneby Airport.

NOTE 15. FIELD STRUCTURES

	Group		Parent Company	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Accumulated cost				
Opening balance	2,796	2,819	2,796	2,819
Reclassifications for the year	166	-21	145	74
Disposals/divestments for the year	-25	-2	-10	-97
	2,937	2,796	2,931	2,796
Accumulated scheduled depreciation				
Opening balance	-547	-407	-547	-407
Reversal of depreciation on disposals	9	13	9	13
Scheduled depreciation for the year	-155	-153	-155	-153
	-693	-547	-693	-547
Accumulated depreciation				
Opening balance	-	-	-	-
Depreciation for the year	-12	-	-12	-
Closing balance	-12	-	-12	-
Book value, closing balance	2,232	2,249	2,226	2,249

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

NOTE 16. ELECTRICAL INSTALLATIONS, VEHICLES AND EQUIPMENT

	Group		Parent Company	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Accumulated cost				
Opening balance	3,458	2,960	3,458	2,960
Reclassifications for the year	337	534	333	545
Disposals/divestments for the year	-21	-36	-21	-47
	3,774	3,458	3,770	3,458
Accumulated scheduled depreciation				
Opening balance	-1,300	-962	-1,300	-962
Reversal of depreciation on disposals	23	33	20	33
Scheduled depreciation for the year	-382	-371	-378	-371
	-1,659	-1,300	-1,658	-1,300

Accumulated depreciation				
Opening balance	-	-	-	-
Depreciation for the year	-4	-	-4	-
Closing balance	-4	-	-4	-
Book value, closing balance	2,112	2,158	2,108	2,158

Leases

Swedavia's leases pertain to the financial leasing of vehicles. Leased items 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 7 M (6) in the Group.

	Group	
	2014-12-31	2013-12-31
Book value		
Cost – capitalised financial leases	38	35
Accumulated depreciation	-25	-20
Book value	13	15

The Group leases a number of vehicles under leasing agreements; the leasing periods run between 2 and 9 years.

	2014		2013	
	Future minimum leasing fees	Present value of future minimum leasing fees	Future minimum leasing fees	Present value of future minimum leasing fees
Future leasing fees				
Within 1 year	5	5	6	6
Between 2 and 5 years	11	10	11	11
More than 5 years	-	-	0	0
Total	16	15	17	17

NOTE 17. NEW CONSTRUCTION IN PROGRESS RELATED TO TANGIBLE FIXED ASSETS

	Group		Parent Company	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Opening balance	1,074	953	1 043	953
Acquisitions for the year	903	1 121	892	1,114
Disposals for the year	-	-	-5	-89
Reclassifications for the year	-1,036	-1,000	-1,028	-935
Less assets held for sale	-9	-	-	-
Book value, closing balance	932	1,074	902	1,043

New construction in progress related to tangible fixed assets mostly consists of investments in infrastructure and terminals as well as landing runways and baggage handling systems. A reclassification of the asset is made when the asset is placed in service. The asset is reclassified as the type of asset it constitutes.

NOTE 18. FAIR VALUE

The table below presents the assets and liabilities that are valued at fair value or for which fair values are given for information purposes. Fair value is defined as the price at the time of valuation that would be received in the sale of the asset or charged in the transfer of a liability in an orderly transaction between market participants. Assets and liabilities that are valued at fair value are classified in a hierarchy with three different levels based on the information used to determine their fair value. Level 1 applies when fair value is determined based on listed prices (unadjusted) in active markets for identical assets and liabilities. Level 2 applies when fair value is determined based on observable data for the asset or liability other than listed prices included in Level 1. Level 3 applies when fair value is determined based on inputs for the asset or liability that are not based on observable market data.

Valuation at fair value

Hierarchy levels in valuation of fair value Dec 31, 2014	Level 1	Level 2	Level 3	Total
Derivative instruments (Note 20) ¹	–	386	–	386
Biological assets (Note 20) ¹	–	86	–	86
Long-term interest-bearing liabilities (Note 20) ²	–	3,164	–	3,164
Investment properties (Note 20) ²	–	–	396	396
Total	–	3,636	396	4,032

Hierarchy levels in valuation of fair value Dec 31, 2013	Level 1	Level 2	Level 3	Total
Derivative instruments (Note 20) ¹	–	199	–	199
Biological assets (Note 20) ¹	–	87	–	87
Long-term interest-bearing liabilities (Note 20) ²	–	6,300	–	6,300
Investment properties (Note 20) ²	–	–	4,736	4,736
Total	–	6,585	4,736	11,321

¹ Recognised at fair value in the consolidated balance sheet.

² Recognised at cost in the consolidated balance sheet. The amounts above are fair values for information purposes.

There were no changes in the levels for 2014 compared to 2013. No change in valuation methods has occurred compared to previous years.

Derivative instruments**Interest rate swaps**

For interest rate swaps, fair value is calculated as the present value of expected future cash flows based on current market interest rates.

Electricity derivatives

For electricity derivatives, fair value is calculated based on listed rates. If there are no listed rates, 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 period.

Currency futures

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

Biological assets

Swedavia's biological assets consist of large forest holdings adjacent to Swedavia's airports, with standing timber assessed at fair value.

The holdings are valued each year by an external appraiser. The valuation method used is in accordance with the Swedish land registration authority Lantmäteriet's forest valuation method. This method is based on a discounted cash flow valuation of expected future cash flows from long-term sustainable forestry. Important inputs are local pricelists for timber and pulp with average prices for the past ten years, potential harvestable volume in accordance with the Swedish Forestry Act's restrictions on clear-cutting, and discount rates based on the age of the forest. A change in fair value is recognised in the income statement as other external costs. The information used to determine the fair value of biological assets on the balance sheet date is classified as Level 2, which means that inputs in the valuation are based on observable market data. There has been no change in valuation methods compared to previous years.

Long-term interest-bearing liabilities

For information purposes, fair value is calculated for interest-bearing liabilities. The fair value of a loan is calculated by discounting future cash flows. The calculation also takes into account any change in Swedavia's credit risk since the loan was taken out. For some borrowings, the book value is considered to reflect the fair value, given the short remaining maturity of the liabilities.

Investment properties

Swedavia's investment properties are recognised at accumulated cost. The properties are valued to determine their fair value, that is, their estimated market value. The portfolio of investment properties is valued annually by external independent, qualified appraisers. External valuations in 2014 were performed by DTZ.

The valuation of properties is based on the cash flows the asset is expected to generate, discounting net operating income. To estimate net operating income, estimates are made of inflation, rents, vacancies, and operating and maintenance costs. The value of the property is based on the expected cash flows of each property appraised over the next ten years. For properties with rental contracts or leaseholds longer than ten years, the calculations have been extended. For the last year of the calculation period, a residual value is calculated, which shall constitute an estimated market value at that time.

Valuation assumptions for the calculations include an assumed inflation rate of 1 per cent for 2015 and 2 per cent for the remainder of the calculation period.

The discount rate for the cash flow is estimated based mainly on the certainty of the leases in the income stream, but also the complexity and condition of the properties. The risk entailed by the property portfolio is reflected in the required rate of return and depends in part on the contract length and stability of the tenant. The capitalisation rate for the different properties valued varies between 5.75 and 10.65 per cent. For the required rate of return on total capital, the capitalisation rate is a nominal required rate of return for total capital before tax. The required rate of return is based on empirical estimates of the market's required return for similar properties and has been set between 7.50 and 10.65 per cent to estimate the residual value.

The information used to determine the fair value of the investment properties on the balance sheet date is classified as Level 3, which means the fair value of the investment properties cannot be directly attributed to observable market data.

NOTE 19. INVESTMENT PROPERTIES

Swedavia recognises the properties classified as investment properties at cost. Investment properties are found in the Real Estate operating segment, and the portfolio consists of hangar, cargo, hotel and office properties as well as land at Göteborg Landvetter Airport, Malmö Airport and Stockholm Arlanda Airport. Revenue from investment properties including properties held for sale was SEK 335 M (306) and direct costs totalled SEK 53 M (76). For information about the depreciation method and estimated useful life, see Note 2 "Accounting principles".

The portfolio of investment properties is valued annually by external independent, qualified appraisers. The properties are valued to determine their fair value, that is, their estimated market value, for information purposes. The external appraisals for 2014 were carried out by DTZ. For more information about valuation assumption, see Note 18.

	Group	
	2014-12-31	2013-12-31
Accumulated cost		
Opening balance	3,938	2,492
Acquisitions for the year	10	1,446
Disposals for the year	-758	–
Reclassifications for the year	257	–
Reclassification of assets held for sale	-3,283	–
	164	3,938
Accumulated scheduled depreciation		
Opening balance	-91	-18
Scheduled depreciation for the year	-31	-73
Reversal of depreciation on disposals	19	–
Reclassifications for the year	-250	–
Reclassifications of assets held for sale	351	–
Closing balance	-2	-91
Accumulated depreciation		
Opening balance	–	–
Depreciation for the year	-12	–
Closing balance	-12	–
Book value, closing balance	150	3,847
Fair value (Note 18)	396	4,736

Operational leases – the Group as lessor

The Group's investment properties and properties that are held for sale are leased through operational lease agreements and generate rental revenue. Future rental revenue attributed to non-cancellable operational leases is broken down as follows.

	Group	
	2014	2013
Expiry		
Within 1 year	282	377
Between 1 and 5 years	1,017	1,324
More than 5 years	1,741	2,501
Total	3,040	4,202

NOTE 20. BIOLOGICAL ASSETS

	Group	
	2014-12-31	2013-12-31
Accumulated cost		
Opening balance	87	91
Change in fair value	-1	-4
Book value, closing balance	86	87

Swedavia's biological assets consist of large forest holdings adjacent to Swedavia's airports, with standing timber assessed at fair value. Measurements of fair value are made by an external appraiser. The valuation method used is in accordance with the Swedish land registration authority Lantmäteriet's forest valuation method. This method is based on a discounted cash flow valuation of expected future cash flows from long-term sustainable forestry. Important inputs are local pricelists for timber and pulp with average prices for the past ten years, potential harvestable volume in accordance with the Swedish Forestry Act's restrictions on clear-cutting, and discount rates based on the age of the forest. A change in fair value is recognised in the income statement as other external costs. The fair value of biological assets has been determined based on hierarchy Level 2, which means that important inputs in the valuation are based on observable market data. There has been no change in valuation methods compared to previous years. See also Note 18.

NOTE 21. NON-CURRENT FINANCIAL ASSETS

	Group	
	2014-12-31	2013-12-31
Holdings in associated companies	0	1
Other long-term receivables	108	146
Total	108	147

NOTE 22. OTHER LONG-TERM RECEIVABLES

	Group		Parent Company	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Accumulated cost				
Opening balance	146	132	68	65
New receivables	0	10	–	5
Receivables settled	-38	-1	–	-1
Reclassifications	0	5	0	-1
Book value, closing balance	108	146	68	68

NOTE 23. HOLDINGS IN ASSOCIATED COMPANIES

	Group		Parent Company	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Accumulated cost				
Opening balance	1	79	1	87
Disposals for the year	-1	–	-1	–
Share of profit for the year from holdings in associated companies	–	0	–	–
Reclassifications	–	-78	–	-86
Book value, closing balance	0	1	–	1

Specification of the Parent Company's and Group's holdings in associated companies 2014-12-31

Subsidiary/Corporate identity number/Registered office	Adjusted equity, Swedavia's share	Profit for the year, Swdavia's share	Number of shares	Ownership in %	Value of holding in Group	Book value in the Parent Company
Airport City Stockholm AB, 556872-9619, Stockholm County, Municipality of Stockholm	0	–	495	33	0	0
					0	0

In 2014, Swedavia sold all shares in the associated company Svensk Destinationsutveckling AB. As of December 18, Cityflygplatsen i Göteborg AB is classified as a subsidiary; see Note 24.

NOTE 24. HOLDINGS IN GROUP COMPANIES

Parent Company's holdings in Group companies	Parent Company	
	2014-12-31	2013-12-31
Accumulated cost		
Opening balance	963	882
Acquisitions	71	81
Shareholder contribution for the year	116	–
Closing balance	1,150	963
Accumulated depreciation and amortisation		
Opening balance	–	–
Depreciation and amortisation for the year	-237	–
Closing balance	-237	–
Book value, closing balance	913	963

In 2014, an impairment loss of SEK 121 M was taken on the holding in ASC AB. The value after impairment was SEK 26 M and is considered to correspond to the net asset value. An impairment loss of SEK 116 M was also taken on the holding in Cityflygplatsen i Göteborg AB, which corresponds to the shareholder contribution paid.

Specification of the Parent Company's holdings in Group companies

Subsidiary/Corporate identity number/Registered office	Number of shares	Ownership in % ¹	Book value 2014-12-31	Book value 2013-12-31
Swedavia Real Estate AB, 556858-9872, Stockholm County, Municipality of Sigtuna	500,000	100	870	870
Arlanda Development Company AB, 556653-6628, Stockholm County, Municipality of Sigtuna	10,000	100	26	93
Bromma Stockholm Airport fastigheter AB, 556932-3537, Stockholm County, Municipality of Stockholm	50,000	100	17	–
Cityflygplatsen i Göteborg AB, 556195-5823, West Götaland County, Municipality of Gothenburg	5,244	40	0	–
Book value, closing balance			913	963

¹ The share of ownership of the capital corresponds to the share of votes for the total number of shares. Cityflygplatsen i Göteborg AB is consolidated as of December 18, when Swedavia AB exercised its option to acquire the outstanding shares. As a result, Swedavia AB is considered to have controlling interest.

Other important Group companies wholly owned by Swedavia Real Estate AB

Group company/Corporate identity number/Registered office

Altuna Hangar KB, 969655-5706, Stockholm County, Municipality of Stockholm
Landvetter Hangar KB, 969655-7322, Stockholm County, Municipality of Stockholm
Landvetter Cargo Terminal KB, 969655-6605, Stockholm County, Municipality of Stockholm
Nordic Airport Properties KB, 969673-0143, Stockholm County, Municipality of Stockholm
Tor Viking Sverigehuset AB, 556891-5523, Stockholm County, Municipality of Stockholm
Tor Viking Flygfastighet AB, 556891-5556, Stockholm County, Municipality of Stockholm
Swedavia Energi AB, 556951-8185, Stockholm County, Municipality of Stockholm
Swedavia Airport Telecom AB, 556951-8193, Stockholm County, Municipality of Stockholm

NOTE 25. FINANCIAL ASSETS AND LIABILITIES

The Group's financial assets and liabilities, excluding the Group's derivative instruments, are recognised at cost in the balance sheet. The Group's derivative instruments are recognised at fair value in the balance sheet. Other financial assets and liabilities are valued at fair value for information purposes. For information about fair value regarding derivative instruments, see the Group's valuation below as well as Note 18. For current receivables and liabilities, such as trade receivables and trade payables, with a remaining useful life of less than six months, the book value is considered to reflect fair value.

The Parent Company recognises its financial instruments at amortised cost.

No financial assets and liabilities are offset in the balance sheet in accordance with IAS 32. For derivatives, the Group has ISDA agreements, which allow offset in the event of a bankruptcy. As of December 31, 2014, there were no significant financial liabilities or assets that should be offset in the event of a bankruptcy.

Group	Book value		Fair value	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Financial assets				
Other long-term receivables	108	146	108	146
Trade receivables	424	492	424	492
Receivables from associated companies	0	6	0	6
Other receivables	58	137	58	137
Derivative instruments	3	–	3	–
Liquid assets	112	52	112	52
Total	705	833	705	833

Group	Book value		Fair value	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Financial liabilities				
Long-term interest-bearing liabilities	3,096	6,295	3,164	6,300
Current interest-bearing liabilities	3,793	2,209	3,793	2,209
Derivative instruments ¹	389	199	389	199
Liabilities to leasing companies	19	20	19	20
Other long-term liabilities	6	16	6	16
Trade payables	333	490	333	490
Other liabilities	9	8	9	8
Accrued interest expenses	45	47	45	47
Total	7,690	9,284	7,758	9,289

¹ Derivative instruments pertain to derivatives for hedge accounting.

Valuation at fair value

Assets and liabilities that are valued at fair value are classified in a hierarchy with three different levels based on the information used to determine their fair value. Level 1 applies when fair value is determined based on listed prices (unadjusted) in active markets for identical assets and liabilities. Level 2 applies when fair value is determined based on observable data for the asset or liability other than listed prices included in Level 1. Level 3 applies when fair value is determined based on inputs for the asset or liability that are not based on observable market data. The Group's financial assets and liabilities are valued at fair value based on Level 2. For more information about valuation at fair value, see Note 18.

Net income from items for which hedge accounting is not applied	2014	2013
Financial assets/liabilities that are valued at fair value*	0	15
Total	0	15

* The subcategory held for sale

	Level 1	Level 2	Level 3
Derivative instruments ²	–	386	–
Long-term interest-bearing liabilities ³	–	3,164	–
Total	–	3,550	–

² Recognised at fair value in the Group's balance sheet

³ Recognised at cost in the Group's balance sheet. The amounts above are fair value for information purposes

No change in levels in 2014 compared to 2013.

Other long-term receivables

For information purposes, fair value for long-term receivables is calculated by discounting future cash flows based on current market interest rates.

Derivative instruments

Interest rate swaps

Fair value for interest rate swaps is calculated as the present value of expected future cash flows based on current market interest rates.

Electricity derivatives

For electricity derivatives, fair value is calculated based on listed rates. If there are no listed rates, 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 period.

Currency futures

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

Interest-bearing liabilities

For information purposes, fair value is calculated for interest-bearing liabilities. The fair value of a loan is calculated by discounting future cash flows. The calculation also takes into account any change in Swedavia's credit risk since the loan was taken out. For some borrowings, the book value is considered to reflect the fair value, given the short remaining maturity of the liabilities.

Other 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 book value is considered to reflect the fair value.

NOTE 26. MATERIALS AND SUPPLIES

	Group		Parent Company	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Supplies	29	31	29	31
Gravel stocks	7	7	4	4
Supplies, buildings and land	2	2	2	2
Other stocks	4	6	3	3
Total	42	46	38	41

NOTE 27. RECEIVABLES FROM GROUP COMPANIES

	Parent Company	
	2014-12-31	2013-12-31
Tor Viking Komplementären AB	836	822
Altuna Hangar KB	703	714
Nordic Airport Properties KB	703	764
Tor Viking Real Estate Holding AB	105	106
Tor Viking Sverigehuset AB	74	70
Tor Viking Flygfastigheter AB	44	25
Office Arlanda AB	66	72
Swedavia Airport Telecom AB	56	–
Swedavia Energi AB	71	–
Cargo City 1 AB	59	60
Other Group companies	261	896
Book value, closing balance	2,977	3,529

Swedavia's wholly owned Group companies have been funded since 2013 through a Group account structure.

NOTE 28. OTHER RECEIVABLES

	Group	
	2014-12-31	2013-12-31
Receivables from associated companies	0	6
Other receivables	93	192
Total	93	198

NOTE 29. RECEIVABLES FROM ASSOCIATED COMPANIES

	Group		Parent Company	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Cityflygplatsen i Göteborg AB	–	6	–	6
Book value, closing balance	–	6	–	6

NOTE 30. PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Accrued income, ground handling	6	1	6	1
Accrued income, retail, food & beverage	157	139	157	139
Accrued income, energy	11	13	2	13
Accrued income, parking	6	8	6	8
Prepaid material and maintenance costs	10	8	10	8
Prepaid operational services	5	6	5	6
Other accrued income and prepaid expenses	17	48	17	47
Total	211	222	203	221

NOTE 31. ASSETS HELD FOR SALE

	Group	
	2014-12-31	2013-12-31
Assets held for sale		
Investment properties	3,002	–
New construction in progress	9	–
Customer receivables	11	–
Other receivables	4	–
Prepaid expenses and accrued income	1	–
Total	3,027	–
Liabilities attributable to assets held for sale		
Other long-term borrowings	7	–
Trade payables	6	–
Tax liabilities	1	–
Other liabilities	10	–
Accrued income and other	59	–
Total	83	–

A sales process is under way concerning holdings in a property portfolio in the Real Estate segment. Assets held for sale consist of investment properties at a book value of SEK 3,002 M, other tangible fixed assets of SEK 9 M and operating assets of SEK 16 M. Depreciation and amortisation are not taken on assets held for sale from the time of reclassification. The properties are funded through intra-Group loans. Liabilities attributable to assets held for sale consist mostly of operating liabilities.

NOTE 32. EQUITY**The Group**

Equity attributable to the Parent Company consists of share capital, other paid in-capital, hedge reserves and retained earnings.

Share capital

Share capital is divided into 1,441,403,026 shares with a stated value of SEK 1.

Other paid-in capital

Other paid-in capital pertains to the premium in connection with new share issues.

Hedge reserves

The reserve for cash flow hedging consists of unrealised changes in the value of interest rate, electricity and currency derivatives (net of deferred tax). Hedge accounting entails that the change in value has been charged to equity in the balance sheet via other comprehensive income.

Retained earnings

Retained earnings includes profit for the year and the portion of untaxed reserves that constitutes equity. This also includes revaluations of defined benefit pensions in accordance with IAS 19 (net of deferred tax). The transfer pertains to an adjustment in deferred tax due to a change in the tax rate.

Capital management	Actual	Target	Actual	Target
<i>Group financial targets</i>	2014	2014	2013	2013
Return on operating capital	10.3%	7.0%	7.1%	–
Net debt/equity	1.4 times	1–1.5 times	1.9 times	–
Return on equity	17.7%	–	10.9%	9.0%
Equity/assets	36.5%	–	30.5%	35.0%

Parent Company**Restricted and non-restricted equity**

Equity is divided between restricted and unrestricted (payable as dividends) capital in accordance with the Annual Accounts Act. A dividend may only be paid if there is full coverage for restricted equity after the payment of dividends. Dividends are also regulated by the precautionary principle, which means that a dividend may only be paid if this is justifiable taking into consideration the risks that the nature and scope of operations place on the size of the Parent Company's and consolidated equity as well as the Group's consolidation requirements, liquidity and financial position in general. In the Parent Company, restricted capital consists of share capital of SEK 1,441 M. The unrestricted capital in the Parent Company is SEK 2,334 M and consists of a share premium fund of SEK 2,162 M, retained earnings of SEK –5 M and profit for the year of SEK 178 M.

NOTE 33. PROVISIONS

	Group	
	2014-12-31	2013-12-31
Provisions for pensions	807	749
Other provisions	176	134
Total	983	882

NOTE 34. PROVISIONS FOR PENSIONS

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

Defined benefit pension commitments

Most of the defined benefit pension commitments pertain to PA91 and PA03 government employee pension agreements that were taken over from LfV in conjunction with the division of operations. No new pension rights accrue for these commitments; instead the commitments are in the form of paid-up 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. Unvested pension commitments are entered as a liability at 60 per cent in both the Parent Company and the Group. The unvested pension commitments pertain to a small number of employees who have the option of taking early retirement at the age of 63.

The Parent Company complies with the statutes in the Swedish Pension Obligations Vesting Act and the instructions of the Swedish Financial Supervisory Authority since that is a requirement for making tax deductions.

The most significant differences compared to the regulations in IAS 19 are the way the discount rate is determined, the fact that the calculation of the defined benefit obligation is calculated based on the current salary level without any assumption of future salary increases, and the fact that actuarial gains and losses are recognised in the income statement. The Parent Company's total commitments for defined benefit pensions are covered by credit insurance with FPG/PRI.

Actuarial assumptions

In the Group, the liability is calculated using a discount rate that follows the interest rate on mortgages with a maturity corresponding to the duration of the pension liability. The assumed interest rate for 2014 is 2.75% (3.75%), a reduction attributable to the current interest rate situation. The assumption about future inflation has also been lowered compared to previous years, a reduction from 2.00% to 1.50%. The assumed interest rate has been lowered based on current expectations of future inflation and on the fact that the interest rate ceiling over the past ten years has been significantly lower than Sweden's Riksbank's 2% inflation target.

	Group		Parent Company	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Actuarial assumptions				
The following important actuarial assumptions have been applied in calculating the obligations: (weighted average values)				
Discount rate	2.75%	3.75%	0.80%	0.40%
Future changes in price base amount (inflation)	1.50%	2.00%	2.00%	2.00%
Changes in the present value of defined benefit obligations				
Obligations as of January 1	749	784	1,069	1,085
Payments made during the year	-28	-26	-28	-26
Cost of vesting, current period	1	1	1	1
Interest expense	28	27	4	4
Actuarial gains (-)/losses (+)	57	-37	-75	5
Obligation as of December 31	807	749	971	1,069

	Group		Parent Company	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Cost recognised in profit for the year				
Defined benefit plans				
Cost of pensions vested during the year	1	1	1	1
Actuarial gains (-)/losses (+)	-	-	-75	5
Payroll fee	-	7	-20	3
Interest expense	28	27	4	4
Cost of defined benefit plans	29	35	-90	13

Cost of defined contribution plans	85	80	83	78
Payroll fee	21	19	20	19
Cost of defined contribution plans	106	99	103	97
Total cost of remuneration after termination of employment in the profit for the year	135	134	13	110

	Group	
	2014-12-31	2013-12-31
Cost recognised in other comprehensive income		
Defined benefit plans		
Revaluation including payroll fee		
Actuarial gains (-)/losses (+) on change in financial obligations	71	-47
Tax	-16	10
Recognised in other comprehensive income	55	-37

	Group			
	2014		2013	
Sensitivity analysis	Increase	Decrease	Increase	Decrease
	0.5 per- centage points	0.5 per- centage points	0.5 per- centage points	0.5 per- centage points
Change in discount rate				
Effect on obligation	-66	57	-53	59

	Group	
	2014-12-31	2013-12-31
Obligation broken down by members in the plans as follows		
Active members	82	195
Paid-up pension policyholders	2,861	2,856
Pensioners	442	422
Total number of obligations	3,385	3,473

The remaining vesting period for active members is 6.8 years (6.9 years).

Effect of payments for the pension liability on the Group's cash flow:	2014-12-31
Within 1 year	30
Between 1 and 5 years	124
More than 5 years	1,114
Effect of discounting	-461
Total	807

NOTE 35. OTHER PROVISIONS

	Group		Parent Company	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Restructuring costs, opening balance	20	80	20	80
Provisions for the year	8	3	8	3
Reversal of restructuring costs	-21	-63	-21	-63
Restructuring costs, closing balance	7	20	7	20
Social security fund, opening balance	17	17	17	17
Social security fund, closing balance	17	17	17	17
Other provisions, opening balance	117	116	95	92
Provisions for the year	66	5	26	5
Reversal of other provisions	-27	-4	-6	-1
Other provisions, closing balance	156	117	115	96
Of which current portion	-4	-20	–	–
Total other provisions	176	134	140	133

SEK 7 M (20) of provisions pertains to restructuring costs, some of which are considered to be current; the remaining provisions are considered to be non-current.

Other provisions consists mostly of costs for any restoration of land.

NOTE 36. DEFERRED TAX

Group 2014-12-31	Deferred tax asset	Deferred tax liability
Temporary difference goodwill	-15	
Temporary difference tangible fixed assets	-22	
Temporary difference biological assets		8
Temporary difference financial instruments	-85	
Temporary difference untaxed reserves		433
Temporary difference pensions		46
Other temporary differences	-3	
Offset	124	-124
Total	–	363

Group 2013-12-31	Deferred tax asset	Deferred tax liability
Temporary difference goodwill	-22	–
Temporary difference tangible fixed assets	-41	–
Temporary difference biological assets	–	8
Temporary difference financial instruments	-44	–
Temporary difference untaxed reserves	–	345
Temporary difference pensions	–	86
Offset	107	-107
Total	–	332

Parent Company 2014-12-31	Deferred tax asset	Deferred tax liability
Temporary difference tangible fixed assets	28	–
Other temporary differences	3	–
Total	31	–

Parent Company 2013-12-31	Deferred tax asset	Deferred tax liability
Temporary difference tangible fixed assets	25	–
Total	25	–

NOTE 37. INTEREST-BEARING LIABILITIES

Non-current interest-bearing liabilities	Group		Parent Company	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Liabilities to credit institutions	–	2,400	–	2,400
Medium-term notes issued	3,096	3,895	3,096	3,895
Liabilities to leasing companies	12	13	12	13
Total	3,107	6,308	3,108	6,308

Current interest-bearing liabilities	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Liabilities to credit institutions	347	518	300	518
Medium-term notes and commercial paper	3,446	1,691	3,446	1,691
Liabilities to leasing companies	7	7	7	7
Total	3,800	2,217	3,753	2,217

NOTE 38. BORROWINGS

	Group		Parent Company	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Bank borrowings	347	2,918	300	2,918
Medium-term notes	4,096	3,895	4,096	3,895
Commercial paper	2,446	1,691	2,446	1,691
Total	6,889	8,504	6,842	8,504

Capital market programme

Swedavia has a medium-term note (MTN) programme denominated in SEK for medium-term borrowing in the Swedish capital market. The limit is set at SEK 5,000 M, and borrowings via notes issued totalled SEK 4,096 SEK. In addition, Swedavia has a Swedish commercial paper programme. The limit is set at SEK 5,000 M and borrowings under this programme totalled SEK 2,446 M.

The average maturity on borrowings as of December 31, 2014, was 1.7 years with an average interest rate of 2.7 per cent. As of December 31, 2014, the share of borrowings at a fixed rate was 82 per cent and the average lock-in period was 2.8 years.

NOTE 39. OVERDRAFT FACILITIES

	Group		Parent Company	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Overdraft facilities approved	210	200	200	200
Unutilised portion	210	182	200	182
Credit amount used	0	18	0	18

As of December 31, 2014, Swedavia had overdraft facilities at SEB of SEK 210 M, SEK 0 M of which was utilised on the balance sheet date.

NOTE 40. OTHER LIABILITIES

	Group	
	2014-12-31	2013-12-31
Current tax liabilities	47	9
Other liabilities	109	98
Total	156	107

NOTE 41. ACCRUED EXPENSES AND PREPAID INCOME

	Group		Parent Company	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Accrued expenses, construction projects	20	50	20	50
Accrued staff-related expenses	116	155	115	153
Accrued interest	45	47	45	47
Accrued property costs	17	71	2	49
Prepaid aviation income	56	37	56	37
Prepaid property income	61	141	60	60
Prepaid income retail, food & beverage	44	39	44	39
Prepaid parking revenue	13	13	13	13
Prepaid advertising revenue	14	10	14	10
Other accrued expenses and prepaid income	74	83	66	101
Total	460	646	434	559

NOTE 42. 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, and 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

Exchange rate risk is defined as the risk that movements in currency prices will have a negative impact on the Group's profit, financial position and/or cash flow. Since all subsidiaries are Swedish and use the Swedish krona (SEK) as their currency, there is no translation exposure.

Transaction exposure

Most revenue is not affected by any foreign exchange fluctuations since invoices are largely denominated in SEK. When invoicing is in a foreign currency, 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 is defined as the risk that changes in market interest rates will have a negative impact on the Group's net interest income/expense.

As of December 31, 2014, Swedavia had external borrowings of SEK 6,889 M (8,504), which is almost half of the balance sheet. This means the company is sensitive to changes in interest rates. To reduce the sensitivity to interest rate changes, Swedavia works actively to hedge the risk exposure on some of its borrowings through interest rate swaps. On the balance sheet date, the nominal amount of interest rate swaps was SEK 4,382 M (4,403) with a fair value of SEK -373 M (-178).

Based on those hedges, a 1 per cent increase/decrease in the interest rate would have a SEK 13 M (29) effect on income.

Under Swedavia's financial policy, interest rates shall be fixed for a period of 3 years \pm 1 year. On the balance sheet date, the fixed rate period was 2.8 years (2.9).

Commodity price risks

Swedavia's commodity price risk is concentrated on the purchase of electricity, and the way this is handled is governed in its financial policy. There is continuous hedging of electricity prices in accordance with the financial policy. Hedging is done through electricity derivatives as well as through bilateral agreements with producers. The hedge ratio was 78 per cent (74) of predicted use.

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 186 M (112). The ineffectiveness recognised in the income statement during the year was SEK 0.3 M (0.2).

A 1 per cent increase/decrease in the price of the unhedged volume of electricity would not have a material effect on profit, less than SEK 0.2 M, given the current level of hedging.

Liquidity and refinancing risk

Liquidity and refinancing risk refers to the risk that financing opportunities will be limited and the cost will be higher 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 an unutilised bank loan guarantee of SEK 500 M (500) and overdraft facilities of SEK 210 M (200), SEK 0 M (18) of which was used. The Group believes there are no risks associated with its refinancing potential.

The following tables show the discounted cash flows 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.

Group		2014-12-31						
Financial liabilities (including future interest expenses and derivative instruments) – Maturity structure		< 1 year	2 years	3 years	4 years	5 years	> 5 years	Total
Interest-bearing liabilities		3,806	745	42	2,037	209	217	7,055
Liabilities to leasing companies		7	12	–	–	–	–	19
Trade payables		339	–	–	–	–	–	339
Other liabilities		9	–	–	–	–	–	9
Derivative liabilities		113	101	83	64	47	34	442
Total		4,274	857	125	2,101	256	251	7,864

Group		2013-12-31						
Financial liabilities (including future interest expenses and derivative instruments) – Maturity structure		< 1 year	2 years	3 years	4 years	5 years	> 5 years	Total
Interest-bearing liabilities		2,312	3,494	753	48	2,038	206	8,852
Liabilities to leasing companies		7	14	–	–	–	–	21
Trade payables		490	–	–	–	–	–	490
Other liabilities		8	–	–	–	–	–	8
Derivative liabilities		86	85	76	62	48	62	420
Total		2,903	3,593	830	111	2,086	269	9,791

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 and credit risk for customer receivables.

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 maximum credit risk consists of the book value of financial assets including derivatives with a positive market value. The Group's policy is to work with banks with a good credit rating, and Swedavia has entered ISDA master agreements with its counterparty banks.

Credit risk in customer receivables

The credit risk for commercial transactions arises when there is a risk that customers will not meet their payment commitments 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, 2014, there was no significant credit risk. The quality of credits appears to be good based on credit assessments carried out in accordance with the Group's credit policy.

	Group		Parent Company	
Age analysis, receivables past due, not written off	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Trade receivables not due	390	462	337	441
Trade receivables past due 1–30 days	117	26	106	15
Trade receivables past due 31–90 days	4	6	2	3
Trade receivables past due >90 days	40	9	15	6
Total	551	503	459	465
Doubtful receivables	2014	2013	2014	2013
Doubtful receivables, opening balance	11	10	11	10
Provision for bad debts	5	1	5	1
Doubtful receivables, closing balance	16	11	16	11

NOTE 43. PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent Company	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Pledged assets	–	0	–	0

	Group		Parent Company	
Contingent liabilities	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Company-owned endowment insurance	6	6	6	6

Swedavia has contingent liabilities (contractual liabilities in the Parent Company) in the form of pension commitments in company-owned endowment insurance plans. The Parent Company, Swedavia AB, 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 contingent liabilities stemming from environmental requirements for running airport operations.

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.

NOTE 44. CASH FLOW

	Group		Parent Company	
SEK M	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Adjustments for items not included in the cash flow				
Profit from holdings in associated/Group companies	-349	-8	237	–
Depreciation, amortisation and impairment losses	946	940	912	888
Change in pension provisions	58	-35	-98	-16
Change in other provisions	42	-57	7	-57
Change in value of financial instruments	-4	-32	–	–
Other	25	49	-6	-49
Total	718	857	1,052	766
Interest paid and dividend received				
Dividend received	–	–	16	14
Interest received	6	4	5	3
Interest paid	-221	-259	-220	-240

Beginning in 2014, short-term borrowings (maturity of 3 months or less) that are raised and repaid during the same month are offset. Comparative periods have not been restated.

Profit from holdings in associated/Group companies pertains to capital gains in the Group from the sale of the company that owns the hotel property at Stockholm Arlanda Airport. In the Parent Company, for the item impairment loss on shares in subsidiaries, see the information in Note 24 "Holdings in Group companies".

SIGNATORIES 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 gives a true and fair picture of the performance of the Group's and the 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 March 20, 2015

Ingemar Skogö

Chairman of the Board

Karin Apelman

Board member

Adine Grate Axén

Board member

Lars Backemar

Board member

Anna Elgh

Board member

Hans Jeppsson

Board member

Jenny Lahrin

Board member

Lars Mydland

Board member

Lottie Svedenstedt

Board member

Lars Andersson

Board member
Employee representative

Robert Olsson

Board member
Employee representative

Torborg Chetkovich

CEO

Our Audit Report was submitted on March 20, 2015

Ernst & Young

Magnus Fagerstedt

Authorised Public Accountant

The income statements and balance sheets of the Group and the Parent Company will be subject to approval at the Annual General on April 29, 2015.

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 2014. The annual accounts and the consolidated accounts are included in the printed version of this document on pages 40–83.

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 European Union 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, 2014, and of its financial performance and cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have also 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, 2014, and

of its financial performance and cash flows for the year 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 2014.

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 as described above 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 20, 2015
Ernst & Young AB

Magnus Fagerstedt
Authorised public accountant

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

To Swedavia AB

INTRODUCTION

We have been engaged by the Board of Directors of Swedavia AB to review Swedavia's Sustainability Report for the year 2014. Swedavia AB has defined the scope of the Sustainability Report as those areas referred to in the GRI index on pages 96-100.

THE BOARD OF DIRECTORS' AND EXECUTIVE MANAGEMENT'S RESPONSIBILITY FOR THE SUSTAINABILITY REPORT

The Board of Directors and the executive management are responsible for preparing the Sustainability Report in accordance with the applicable criteria, which are presented on page 96 in the Sustainability Report, and consists of those parts of the Sustainability Reporting Guidelines (issued by the Global Reporting Initiative (GRI)) that are applicable to the Sustainability Report, and by the accounting and valuation principles produced by Swedavia AB. This responsibility also includes the internal control considered necessary to enable the preparation of a Sustainability Report that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on the Sustainability Report based on our review.

We have performed 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 another aim 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 in Sweden. The procedures performed in a review consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion expressed based on an examination thus does not have the assurance of a conclusion based on an audit.

Our review is based on the criteria selected by the Board of Directors and executive management, which are defined above. We consider these criteria suitable for the preparation of the Sustainability Report. We believe that the evidence we obtained during our review is sufficient and appropriate to provide a basis for our conclusion below.

OPINION

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 20, 2015
Ernst & Young AB

Magnus Fagerstedt
Authorised public accountant

Charlotte Söderlund
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, managing, 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.

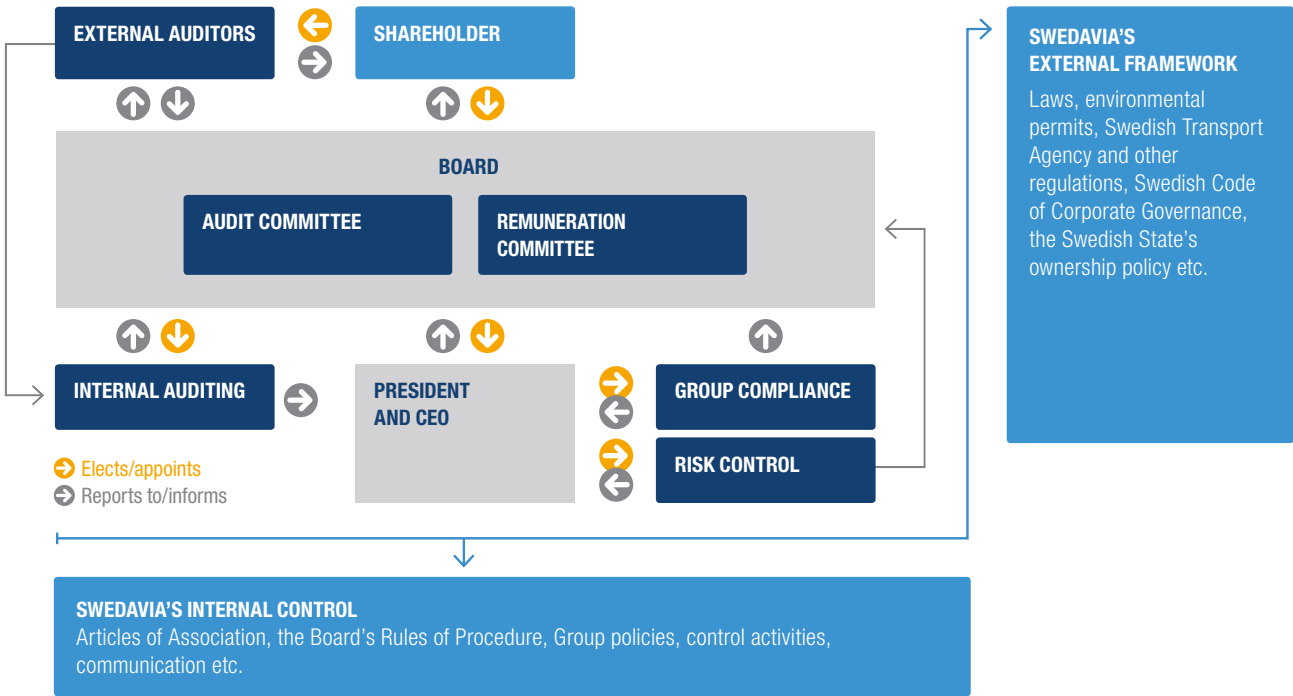
All shares in Swedavia AB are owned by the Swedish State. The Ministry of Finance represents the Swedish State’s shares at Swedavia’s Annual General Meeting and thereby nominates Board members in Swedavia.

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 Code of Corporate Governance (the Code). The Government conveys 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 Code of Corporate 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 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’s structure for corporate governance is illustrated in the picture below.



Code requirement	Deviation	Explanation/comment
Code rules 1.3-1.4, 2.1-2.7, 8.1 and 10.2 The company has a Nomination Committee that represents the company's shareholder.	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.

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.

ANNUAL GENERAL MEETING

Swedavia's Annual General Meeting 2014 will be held April 29 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 Annual General Meeting 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.

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 deputy members. 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.

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 operations. The Board establishes the Rules of Procedure each year for the Board's work, instructions for the division of labour and responsibilities between the Board and the President and CEO, and instructions for economic reporting to the Board. The Board's Rules of Procedure also regulate the Chairman's duties and information to 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 2014 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 92–93 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. The AGM elected nine Board members, of which four are men and five are women. The employee representatives in 2014 were two men. The average was 56 years.

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 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 in relation to 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 2014

In 2014, the Board held 16 meetings, one of which was statutory.

The main issues in 2014 were:

- Strategic development
- Stockholm Arlanda Airport's environmental permit
- Sustainability targets
- Access and new routes
- Sale and development plan for Real Estate operations
- Development plan for Stockholm Arlanda Airport
- Development plan for Bromma Stockholm Airport
- Internal control
- Development of Söve Airport
- Risk management and risk assessment

The Board's committee work

Swedavia's Board of Directors has two established committees – an Audit Committee and a Remuneration Committee. The committees prepare matters for the Board meetings. Guidelines for the committees' work are found in the Rules of Procedures for each committee.

The Audit Committee's tasks include being responsible for preparing the Board's work to quality assure and prepare the company's financial reports 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 2014, the Audit Committee held seven 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 and Jenny Lahrin as members.

The Remuneration Committee's task is to prepare 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 2014, the Remuneration Committee held five meetings for which minutes were kept. The members of the Remuneration Committee since the AGM include Ingemar Skogö as Chair, Jenny Lahrin and Lottie Svedenstedt as members, and Robert Olsson as employee representative.

Evaluation of the Board's work, 2014

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.

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 each paid SEK 20,000. A fee of SEK 25,000 was decided for the Chair of the Remuneration Committee and SEK 20,000 each 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 each month. Swedavia's executive management, including the President and CEO, is presented in more detail on pages 94–95.

Remuneration to executive officers

At Swedavia's AGM on April 29, 2014, 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

Swedavia had four subsidiaries at year-end 2014 – Swedavia Real Estate AB, Arlanda Development Company AB, Bromma Stockholm Airport Fastigheter AB and Cityflygplatsen i Göteborg AB. There is an officer from Swedavia's executive management represented on the Board of every subsidiary and associated company in the Group.

Swedavia's owner directive is applied for all subsidiaries in order to have uniform management principles in the Group.

AUDITORS

External auditing

Under the Swedish 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 29, 2014, the auditing firm Ernst & Young was elected as auditors. Auditing duties are to be performed until the end of the AGM being held in 2015. Authorised public accountant Magnus Fagerstedt

was elected as the principal auditor. Magnus Fagerstedt has no duties at the company that affect his independence as an auditor for Swedavia. Remuneration has been paid to the auditors and auditing firm for auditing and advice.

Internal auditing

The Board has a special internal auditing function at Swedavia to support the Board in carrying out its oversight and assessment of the company's operations which reports to the Board. The Board has adopted instructions for internal auditing, which in 2014 consisted of three auditors.

THE BOARD'S REPORTING ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Under the Swedish Companies Act and the Code, the Board is responsible for internal control of financial reporting. Under the Code and the Swedish 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, specific requirements from the owner and other requirements for limited liability companies.

This Corporate Governance Report has been prepared in accordance with the Swedish Annual Accounts Act and the Code of Corporate Governance and is restricted to internal control over financial reporting.

The Board has decided that Swedavia shall follow the established COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework for internal control. The COSO framework 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, which consists mainly of the organisational structure and governing documents. The control environment is aimed at providing operations with the conditions for carrying out their tasks in a clear way in accordance with the Board's objectives, targets and intentions as well as influence control and risk awareness in the organisation. This is done by delegating responsibility and authority to the managers and employees of the company. The control environment consists essentially of external documents such as laws, agreements, generally accepted accounting principles, the ownership policy and guidelines as well as other internal governing documents. The control environment also consists of the Board's Rules of Procedure and instructions to the President and CEO. In addition, the Board has adopted two policies that have an effect on financial reporting, a financial policy and a credit policy. The company's President and CEO has delegated responsibility and authority to members of the executive management team in specific rules of procedure concerning their mandate to enter agreements, make decisions on investments and authorise invoices. The executive management has also adopted additional governing documents in the form of policies and guidelines aimed at the company's employees. All governing documents are available on the company's intranet, which employees have access to.

Risk management

The Board has ultimate responsibility for the company's risk management and has assigned the President and CEO the task of managing this operationally. Swedavia's risk management is aimed at identifying potential events that can affect the organisation's ability to achieve the objectives and targets set. The method used by the company for risk management is based on a model with three lines of defence. The first line of defence consists of the company's operations, in the form of airports and Group-level functions that have responsibility for identifying, assessing and reporting risks on a continuous basis.

Facts about the Board

Members elected at the AGM	Main Board	Attendance, Board meetings	Year elected	Attendance, Audit Committee	Attendance, Remuner- ation Committee
Ingemar Skogö	Chair	16/16	2010		5/5
Karin Apelman	Member	13/16	2010	6/7	
Lars Backemar	Member	13/16	2010		
Anna Elgh	Member	16/16	2010	6/7	
Adine Grate Axén	Member	11/16	2010		
Hans Jeppsson	Member	16/16	2010		
Jenny Lahrin	Member	16/16	2012	7/7	5/5
Lars Mydland ¹	Member	12/16	2014		
Lottie Svedenstedt	Member	16/16	2010		5/5
Employee representatives					
Lars Andersson	Member	15/16	2010		
Robert Olsson	Member	16/16	2010		
Mats Abrahamsson	Deputy member	0/16	2010		
Agne Lindbom	Deputy member	0/16	2010		

¹ Lars Mydland was elected as a member of Swedavia's Board at the Annual General Meeting 2014.

The second line of defence consists of the company's Risk Manager, whose task is to facilitate and develop support for the risk management processes and methods used in operations as well as consolidate and report on the company's risks.

The third line of defence consists of the company's internal auditing, which examines Swedavia's operations and reports to the Board. Risks are monitored on a continuous basis by the airports and corporate functions and are reported to the Risk Manager, who together with the Risk Committee consolidates them on a quarterly basis. Swedavia's greatest risks are then compiled in a risk report which is approved by the President and CEO and then prepared by the Audit Committee before it is adopted by the Board. Financial risks are always reported as part of the risk report. A more detailed description of Swedavia's risk management process can be found in the Annual Report for 2014 on pages 42–43.

Control activities and monitoring

Swedavia's control activities for financial reporting consist of three parts – monitoring and analysis of economic results, the risk report and monitoring of key controls in the process.

The Chief Financial Officer (CFO) monitors and analyses economic results on a monthly basis and reports this to the President and CEO. The CFO also monitors and analyses processes for bookkeeping, financial statements and financial reports on a quarterly basis through a special monitoring programme in which key controls are self-assessed and reported.

Swedavia's Board of Directors receives reports of economic results with analysis and comments from the company's President and CEO on a monthly basis. Swedavia's public reports are compiled by the CFO and the President and CEO for preparation in the Audit Committee before they are adopted by the company's Board of Directors and then published. In addition to the Annual Report, at least one of the interim reports is examined by the company's auditors, who report on their review work to the Audit Committee and the Board of Directors. Swedavia's internal audit function also conducts reviews in different areas in order to ensure quality

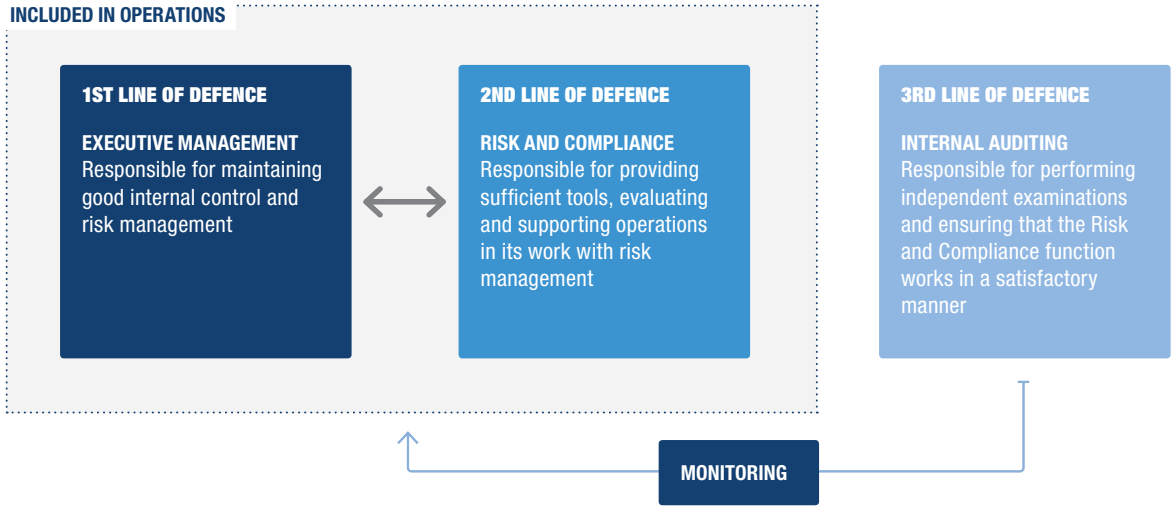
in financial processes and in the financial reporting. The Audit Committee also has the possibility to conduct in-depth dialogue and follow-up on accounting matters with the company's CFO and auditors taking part in the committee's meetings.

Information and communication

Swedavia is a State-owned company and under the Swedish State's guidelines shall follow the same regulations for accounting and reported as publicly listed companies. Swedavia has issued financial instruments listed on the Nasdaq OMX exchange, which means the company is obliged to apply Nasdaq OMX's regulations for issuers as well as other regulations that arise regarding this. Swedavia has therefore developed a Communication, Information and Insider Policy that regulates the spread of information internally and the disclosure of information to the market. Swedavia's public financial reports consist of four interim reports and Swedavia's Annual and Sustainability Report. External financial reporting shall be characterised by openness and transparency and is aimed at giving the company's different stakeholders a relevant picture of operations.

Monitoring and assessment

The executive management team meets on a monthly basis 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 Group level, there are corporate 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, Sweden March 20, 2015

Ingemar Skogö
Chairman of the Board

Karin Apelman
Board member

Adine Grate Axén
Board member

Lars Backemar
Board member

Anna Elgh
Board member

Hans Jeppsson
Board member

Jenny Lahrin
Board member

Lars Mydland
Board member

Lottie Svedenstedt
Board member

Lars Andersson
Board member
Employee representative

Robert Olsson
Board member
Employee representative

AUDITOR'S OPINION 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 2014 on pages 86-91 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

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 focus and 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 is in accordance with the annual accounts and consolidated accounts.

Stockholm March 20, 2015

Ernst & Young AB
Magnus Fagerstedt
Authorised public accountant

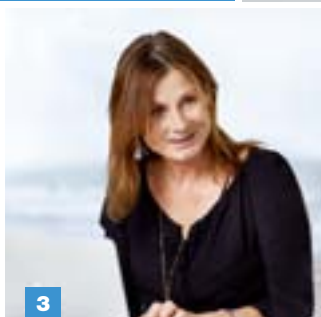
Swedavia's Board of Directors



1



2



3



4



5

1 INGEMAR SKOGÖ

*Chairman of the Board (elected 2010),
Chair Remuneration Committee*

Born: 1949

Other Board duties: Fordonsstrategisk Forskning and Innovation (Chair) and Sensys Traffic AB. Teologiska Högskolan i Stockholm AB (Chair).

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.

2 KARIN APELMAN

Member (elected 2010), Chair Audit Committee

Born: 1961

Other Board duties: EKN (Swedish export promotion agency), Swedish Credit Insurance Association (KFF), financing delegation for Swedish Radiation Safety Authority; advisory council for Swedish Legal, Financial and Administrative Services Agency (Kammarkollegiet), Kåpan Pensioner (deputy member).

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.

3 ADINE GRATE AXÉN

Member (elected 2010)

Born: 1961

Other Board duties: Sky Ltd, Sampo OY, 3 (HI3G Scandinavia), SOBI AB, Seventh Swedish National Pension Fund (Deputy Chair), Madrague AB, Dansmuseet (Chair), Base23 and Formmuseets Vänner.

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

Work experience: Own company; Chair, NASDAQ Stockholm Listing Committee. Formerly Executive Vice President and Managing Director, Investor AB; Vice President Corporate Finance, Gota Group and Häggglöf & 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.

4 LARS BACKEMAR

Member (elected 2010)

Born: 1950

Other Board duties: Backemar Consulting AB (Chair), City i Samverkan AB (Chair), Retailmentorerna (Chair), Arosgruppen Fastigheter Fjärdingen AB, Arosgruppen Holding AB, Fastighets AB Velocipeden.

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 Hufvudstaden, Jones Lang LaSalle.

5 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: CEO Svenska Retursystem AB. Formerly Business Area Manager, Elder Care Private Management Vardaga, Vice President Supply Chain and Group Logistics Director, Lantmännen; Supply Chain Director, SAS Component; various executive positions at Svenska Statoil AB.



6

HANS JEPPSSON*Member (elected 2010)***Born:** 1956**Other Board duties:** Jeppsson Business & Government Consulting AB and Stockholm Business Region AB (deputy member).**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.

9

LARS MYDLAND*Member (elected 2014)***Born:** 1954**Other Board duties:** mydland ehrling AB (Chair), SESAR Performance Partnership (Chair).**Education:** Fighter pilot training RNAS/USAF, Norwegian Air Force.**Work experience:** Consultant, mydland ehrling AB; Senior Consultant, IATA; Special Adviser to Managing Director, Veling Ltd., Formerly SVP & Accountable Manager Scandinavian Airlines, airline captain, SAS; CEO, SAS Flight Academy AB; fighter pilot and officer, Norwegian Air Force. Formerly member SAS Commuter AB, SAS Sverige AB, SAS Norge AS, SAS Danmark AS, TFHS, IATA OPC, SAS Technical Services (STS). Formerly Chair EAC (Spain), Norwegian Aviation Collage AB.

7

LARS ANDERSSON*Employee representative (elected 2010)***Born:** 1953**Other Board duties:** Chair, SEKO Swedavia Group trade union.**Education:** First repairman.

8

LOTTIE SVEDENSTEDT*Member (elected 2010), member Remuneration Committee***Born:** 1957**Other Board duties:** MiL Institute (Chair), Uppstart Helsingborg (Chair), K-Utveckling Engineering AB (Chair), Byggmax AB, ITAB Shop Concept AB, Vanna AB, Åhus Studiodata AB and Decidokompentors 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.

11

10

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.**JENNY LAHRIN***Member (elected 2012), member Remuneration Committee, member Audit Committee***Born:** 1971**Other Board duties:** Vattenfall AB and AB Göta kanalbolag.**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.

Deputy members

AGNE LINDBOM**Born:** 1961**MATS ABRAHAMSSON****Born:** 1958

Auditors

MAGNUS FAGERSTEDT

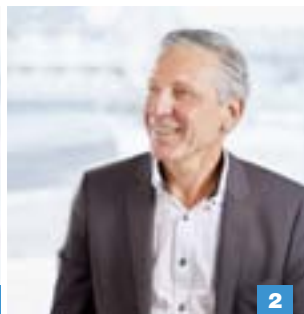
Principal auditor Ernst & Young AB

Born: 1957

Swedavia's executive management



1



2



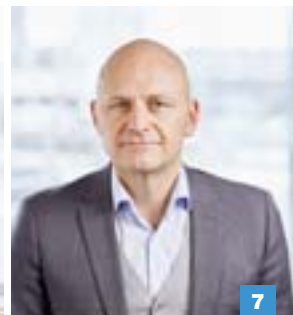
3



4



5



7

1 TORBORG CHETKOVICH

President and CEO since August 2010

Born: 1967

Education: BS in Economics, Uppsala University; MBA, IMD 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: Chair, Swedavia Real Estate AB; Board member, Almega and ACI Europe.

2 KARL WISTRAND

Deputy CEO of Swedavia since July 2012, Director of Commercial and Real Estate since February 2014, and CEO of Swedavia Real Estate AB since January 2013

Born: 1957

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: Board member of Cityflygplatsen i Göteborg AB and Airport City i Stockholm AB.

3 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 and Chief Technical Officer, Stockholm Arlanda Airport; CEO, Uppsala Stadsnät Song; Head of Business Area, City Systems Vattenfall Connection; Chief Technical Officer, Uppsala Energi.

Board duties: None.

4 LENNART BERGBOM

Strategic Director since December 2010

Born: 1969

Education: BS in Economics, Uppsala University.

Work experience: Head of Strategic Development, Stockholm Arlanda Airport; investigator and market analyst, Luftfartsverket; Desk Officer, Ministry of Finance.

Board duties: None.

5 ANNA BOVALLER

Chief Legal Counsel since April 2010

Born: 1963

Education: Law degree, Lund University; IHM Master in Leadership and Executive Management Program, IFL at Stockholm School of Economics.

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.

6 MICHAEL PERSSON GRIPKOW

Director of Aviation, Customer & Marketing 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: None.

7 PEDER GRUNDITZ

Airport Director, Bromma Stockholm Airport since December 2013

Born: 1963

Education: Executive MBA, M-gruppen.

Work experience: Director of Regional Airports; various duties at LFV including Airport Director, Visby Airport and acting Division Head; Director of Passenger Services Malmö Aviation; Director of Ground Operations, Braathens Sverige; Head of Traffic, Transwede Airways.

Board duties: Board member of Cityflygplatsen i Göteborg AB.



8



9



10



11



12



14

8 ANDERS LENNERMAN

Director of Security and Safety 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; various positions with the Swedish Police in Stockholm County.

Board duties: Board member of ACI Europe Aviation Security Committee, Swedavia Airport Telecom AB and mp3Consulting AB.

9 CHARLOTTE LJUNGGREN

Airport Director Göteborg Landvetter Airport since August 2012

Born: 1967

Education: Controls & Law, IHM Business School, Gothenburg.

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.

Board duties: Board member, Swedish Exhibition and Congress Centre, Börssällskapet i Göteborg and Thomas Concrete Group AB.

10 SUSANNE NORMAN

Airport Director, Regional Airports since December 2013 and Airport Director, Åre Östersund Airport since November 2008

Born: 1966

Education: BS in Information Systems, Mid Sweden University, Östersund.

Work experience: CEO, Recall AS Oslo; Head of Production/Site Manager, Recall AB Sverige; Head of Sales, Central Region, Cap Gemini AB; operations developer, Jämtkraft AB.

Board duties: Chair of Destination Östersund AB, Board member of Peak Business & sports AB, Mid Sweden Science Park AB and Visit Östersund.

11 MATS PÅHLSON

Chief Financial Officer since August 2014

Born: 1963

Education: Economics, Växjö University.

Work experience: CFO AcadeMedia, CFO Poolia, CFO Lernia, CFO AGA S/A Brazil, CFO AGA Gas Sverige.

Board duties: Board member of BMP Ledning & Utveckling AB.

12 LINDA SJÖDIN

Chief Communication Officer since January 2012

Born: 1976

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: Board member, Svenskt flyg Intresseaktiebolag.

13 KJELL-ÅKE WESTIN

Airport Director, Stockholm Arlanda Airport since September 2011

Born: 1957

Education: Aviation College of Sweden, FTS Swedish Air Force, War College F20.

Work experience: Swedish Air Force; SAS Flight Academy; CEO, Skyways Express AB; CEO, Direktflyg AB, President, Aviation College of Sweden; CEO, Örebro Airport AB; Airport Director, Bromma Stockholm Airport.

Board duties: Board member of Destination Sigtuna AB and deputy member of Airport City Stockholm AB.

14 MARIE WIKSBORG

Chief Human Resources Officer, Swedavia since October 2013 and HR Director, Stockholm Arlanda Airport since August 2013

Born: 1965

Education: BS in Economics, School of Business, Economics and Law, Gothenburg University.

Work experience: HR Director, Stockholm Arlanda Airport; Director of HR and Employees, KF Group, including Coop; Business Support Director, KF Fastigheter AB; HR Director, Sheraton Stockholm Hotel & Towers; Training Director, Sheraton Stockholm Hotel & Towers.

Board duties: None.

GRI – Content and indicators

Swedavia's Annual and Sustainability Report focuses on our strategy, objectives, targets and results for the past year. Swedavia's general objective is for the report to be transparent, relevant and comparable.

Swedavia has used the Global Reporting Initiative (GRI)'s guidelines since 2010. For 2014, Swedavia has decided to report its sustainability work in accordance with GRI's updated guidelines, G4, at the Core level. Reported indicators have been chosen based on our stakeholders' perspective and reflect our shared view of what is material and what is important for developing long-term sustainable operations. GRI G4 enables Swedavia to focus its report on the sustainability areas that are relevant to the company and its stakeholders. That means the report contains fewer indicators than in previous years, but those that are reported are more material to Swedavia.

PROCESS FOR IDENTIFYING THE CONTENT OF THE REPORT

Swedavia's materiality analysis was developed to identify and understand issues that are critical to Swedavia's economic, environmental and social value creation. The process is based on:

- Studies of megatrends/drivers that affect Swedavia's offering, operations, products, services, market and customers.
- Industry insight and analysis of impacts and competitors' priorities.
- Internal expertise on sustainability, brand, customer insights and business strategy.
- Interviews with selected stakeholder groups.

Swedavia's material issues are those ranked highest by both internal and external stakeholders. GRI aspects and indicators have been chosen for some of these topics. For other material issues, Swedavia has chosen to report its own indicators, which reflect how Swedavia integrates its stakeholders' expectations for its goals and strategies in a more relevant way.

On the opposite page, results from a materiality analysis are presented. The y axis indicates how each issue affects the stakeholders' view of Swedavia, and the x axis indicates how the issue affects Swedavia's value creation.

REPORT BOUNDARIES

Swedavia has limited the report to areas in which the company has total control over data collection and information quality, which means the entire group is included unless otherwise indicated.

REPORTING PRINCIPLES

Indicator EN 19 reports emissions reductions under the framework for Swedavia's target of zero fossil carbon dioxide emissions, broken down in accordance with the Greenhouse Gas Protocol into Scope 1, 2 and 3. The year 2005 was chosen as the base year for reporting because since 2006 there have been resources with the dedicated task of working strategically with climate and energy issues in Swedavia's operations.

Emissions are reported in tonnes of fossil carbon dioxide. Emissions for 2014 calculated in carbon dioxide equivalents were about 3,140 tonnes, about one per cent higher than the emissions of carbon

dioxide gas. Emissions of fossil carbon dioxide are calculated based on fuel consumption and energy use reported in the Group's environmental reporting system, SMIL. Reporting includes Swedavia AB (10 airports) and Swedavia Real Estate AB. Data for minority-owned subsidiaries or associated companies, the office in Norrköping and Göteborg City Airport are excluded. Energy purchased for the office in Norrköping is not measured by Swedavia's landlord since it is included in the rent. Emissions are thus calculated under Scope 3 in accordance with principles of scope in Airport Carbon Accreditation Guidance, which applies the Greenhouse Gas Protocol for carbon dioxide certification to airport operations. As of December 18, 2014, Göteborg City Airport is wholly owned by Swedavia, which is why emissions were considered to be negligible for the period December 18-31, 2014, relative to total emissions.

PR 5-Swedavia continuously measures customer satisfaction among passengers, airlines and tenants at its larger airports. Swedavia is part of the ASQ Programme of passenger surveys administered by Airport Council International (ACI). The survey measures departing passengers' attitudes to and experiences at the airport. For Stockholm Arlanda Airport, Göteborg Landvetter Airport and Bromma Stockholm Airport, reporting is on a quarterly basis. Reporting for other Swedavia airports is done every six months. The airline survey is carried out once every two years and measures the airline customers' satisfaction with the airports. The most recent survey was carried out in the autumn of 2013. The tenant survey is carried out at Stockholm Arlanda Airport, Göteborg Landvetter Airport, Bromma Stockholm Airport and Malmö Airport. The survey is carried out once a year and uses an established method of measurement in the real estate industry, with ten questions and an overall customer satisfaction index (CSI).

Employee satisfaction is measured as an employee satisfaction index (ESI), which assesses the work climate in the working group. ESI is measured in conjunction with Swedavia's employee survey, which is carried out once a year in February. The survey also measures the ability of leadership to lead, communicate, manage and develop operations (communicative leadership index or CLI), the likelihood that our employees would recommend Swedavia as a workplace to a friend (net promoter score or NPS), and what percentage of our groups are efficient and profitable (engagement index or EI).

The number of international destinations is determined by the total number of cities outside Sweden that can be reached by direct flights in scheduled or charter operations from Swedavia's airports. Threshold values have been used in the calculation in order to filter out such charter flights that take place on an ad hoc basis and for which the general public cannot purchase tickets.

See page 102 for definitions.

EXTERNAL ASSURANCE

The sustainability information in the integrated report for 2014 was subject to a general review by Swedavia's auditors, Ernst & Young. It was subsequently approved by Swedavia's Board of Directors.

Swedavia's materiality matrix

Brand, corporate governance and relations

- 1 ● **Attractive brand**
- 2 Customer engagement
- 3 Relations with residents in the vicinity
- 4 Transparency
- 5 Position in sustainable business
- 6 ● **Corporate culture based on ethical guidelines**
- 7 ● **Stakeholder dialogue**
- 8 Sustainability requirements for suppliers and outsourcing
- 9 Responsible investments
- 10 ● **Strategic partnerships**
- 11 Refurbishment and change
- 12 Experience of sustainability engagement
- 13 Corporate governance
- 14 Risk and compliance
- 15 Corruption
- 16 ● **Keep environmental permits**

Brand, corporate governance and relations

- 17 Financial strength and resilience
- 18 ● **Sufficient capacity**
- 19 ● **Socioeconomic value creation**
- 20 Many direct routes
- 21 Contribute to Swedish tourism industry
- 22 Increased productivity
- 23 Pricing

Human rights

- 24 Discrimination
- 25 Diversity in the workplace

Labour practices and decent work

- 26 Health and safety
- 27 Reasonable remuneration and working conditions
- 28 Competency development
- 29 Work-life balance

Environmental aspects

- 30 ● **Climate**
- 31 Intermodality
- 32 Atmospheric emissions
- 33 Waste, recycling and material use
- 34 Water
- 35 Energy
- 36 Chemical handling

Product responsibility

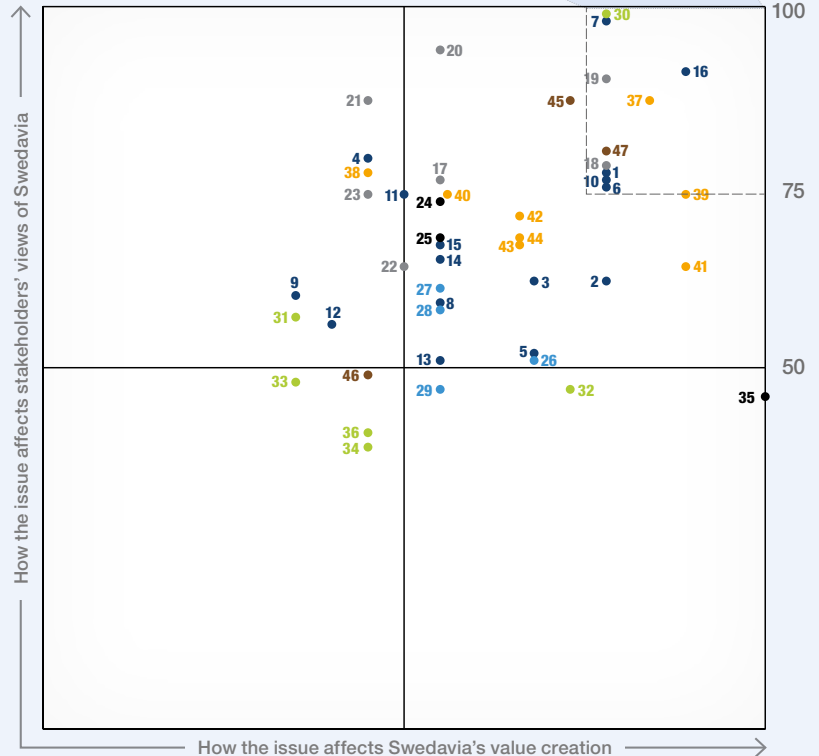
- 37 ● **Safety**
- 38 Emergency preparedness
- 39 ● **Focus on customers**
- 40 Commercial product development
- 41 Friction-free travel
- 42 Innovation
- 43 Experiences at the airport
- 44 Meeting place

Social

- 45 Development of destinations and regions
- 46 Social value creation
- 47 ● **Support international exchanges**

Swedavia's material aspects

- Ethics
- Strategic partnerships
- Capacity
- Climate
- International exchanges
- Safety and security
- Environmental permits
- Socioeconomic value creation
- Brand
- Stakeholder dialogue
- Focus on customers



Cross-reference table

Standard information

G4 information	Description	Page
Strategy and analysis		
G4-1	Statement from most senior decisionmaker	10–11
Organisational profile		
G4-3	Name of the organisation	40
G4-4	Primary brands, products and/or services	40
G4-5	Location of organisation's headquarters	57
G4-6	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	6
G4-7	Nature of ownership and legal form	6, 57
G4-8	Markets served	57
G4-9	Scale of the reporting organization, including number of employees, number of operations, net revenue, total capitalisation (broken down in terms of debt/equity)	3
G4-10	Number of employees broken down by employment contract, gender, region, permanent and seasonal	36
G4-11	Percentage of employees covered by collective bargaining agreements	100% of Swedavia's employees are covered by collective bargaining agreements
G4-12	The company's supply chain	26
G4-13	Significant changes during the reporting period regarding size, structure, ownership and the value chain	40
G4-14	How the precautionary principle is applied by the company	42
G4-15	External sustainability principles and initiatives that the organisation supports	37
G4-16	Membership in associations such as industry associations	37
A0:G4-7	Environmental permits and other regulations in effect	42, Note 1 page 57
A0:G4-8	Catchment areas for cargo and passengers	Note 1 page 57
A0:G4-9	Direct destinations and other information about airports' size etc.	15 At Swedavia's airports there are a total of 14 runways ranging in length from 800 to 3,350 m. The total number of employees is 25,000. Transit times at the airports vary between 15 and 55 min. 116 airlines performed 411,000 take-offs/landings.

G4 information	Description	Page
Identified material aspects and boundaries		
G4-17	Business units included and not included in the report	Note 2, 23, 24
G4-18	Process for defining report content	18, 97
G4-19	Identified material aspects	18
G4-20	Boundaries of each aspect within the organisation	18, 97
G4-21	Boundaries of each aspect outside the organisation	18, 97
G4-22	Effect of change in information from previous reports	Effect of any change is noted for the indicator concerned
G4-23	Changes from previous reporting periods concerning scope and boundaries	Any changes are noted for each indicator
Stakeholder engagement		
G4-24	List of stakeholder groups	19
G4-25	Basis for identification and selection of stakeholders	18
G4-26	Organisation's approach to stakeholder engagement, including frequency of engagement, specifically for preparing the report	18, 97
G4-27	Key topics and concerns and the organisation's response to those key topics and concerns, including through its reporting	18, 97
Report profile		
G4-28	Reporting period for the information provided	2
G4-29	Date of the most recent previous report	2
G4-30	Reporting cycle	2
G4-31	Contact point for questions regarding the report and its contents	2
G4-32	GRI content and scope	96
G4-33	Policy for external assurance	88, 96
Governance		
G4-34	Governance structure of the organisation, including committees and Board responsibility for economic, environmental and social impact	86–91
Ethics and integrity		
G4-56	Values, principles and codes of conduct	26, 36

Specific standard information

Product and service labelling	
G4 PR5	15, 30
G4-DMA	12, 30
Emissions	
G4-EN19	15, 33
G4-DMA	12–13, 32
Sufficient capacity	
Punctuality	25
DMA	12, 25
Satisfied employees	
ESI	15
DMA	12–13, 35–36
Aviation safety	
Accidents and serious incidents	31
DMA	12–13, 30–31

UN Global Compact cross-reference table

Starting in 2012, Swedavia supports the United Nations Global Compact and its ten principles. Swedavia's Annual and Sustainability Report 2014 also constitutes Swedavia's 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 and Sustainability Report 2014.

UN Global Compact: Ten principles

Page and comments

Human rights

1. Businesses should support and respect the protection of internationally proclaimed human rights in the spheres they can influence	26, 36
2. Businesses should make sure that they are not complicit in human rights abuses	26, 36

Labour

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	26, 36
4. Businesses should work to eliminate all forms of forced and compulsory labour	26, 36
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 15 are not employed at Swedavia.
6. Businesses should eliminate discrimination in respect of employment and occupation	26, 36

Environment

7. Businesses should support a precautionary approach to environmental challenges	32–33
8. Businesses should undertake initiatives to promote greater environmental responsibility	32–33
9. Businesses should encourage the development and diffusion of environmentally friendly technologies	32–33

Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery	26, 36
---	--------

Definitions

ACCIDENTS AND SERIOUS INCIDENTS

The terms are defined by Regulation (EU) no 996/2010. In simple terms, an accident means (i) the death or serious injury of a person in conjunction with an aircraft during the flight, except from natural causes, (ii) damage to an aircraft that seriously affects its performance or (iii) an aircraft that is completely inaccessible. A serious incident means an incident involving circumstances indicating that there was a high probability that an accident with an aircraft could have occurred during the flight.

AIRPORT OPERATIONS

Airport operations is one of Swedavia's two business segments. Owns, operates and develops Swedavia's airports.

ANL

Aircraft noise level, a weighted equivalent noise level in which noise events in the evening and at night are assigned a heavier weight in the calculation.

ASQ

Airport Survey Quality, a passenger survey administered by ACI in which some 150 airports around the world take part.

AVERAGE NUMBER OF EMPLOYEES

The average number of employees is calculated based on hours worked, restated as total number of hours worked divided by normal annual working hours as defined by the Swedish Accounting Standards Board.

AVIATION BUSINESS

Services and infrastructure 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.

DEBT/EQUITY RATIO

Net liabilities divided by equity.

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.

ESI

Employee satisfaction index.

GRI

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.

IFRS

Beginning January 1, 2012, Swedavia prepares its consolidated financial reports in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

INTERNATIONAL DIRECT DESTINATIONS

The number of international destinations is determined by the total number of cities outside Sweden that can be reached by direct flights in scheduled or charter operations from Swedavia's airports. Threshold values have been used in the calculation in order to filter out such charter flights that take place on an ad hoc basis and for which the general public cannot purchase tickets.

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 long-term 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 CAPITAL

Equity including interest-bearing liabilities minus liquid assets.

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.

PROFIT FOR THE YEAR

Profit after tax.

REGIONAL AIRPORTS

Swedavia's regional airports consist of Kiruna Airport, Luleå Airport, Malmö Airport, Ronneby Airport, Umeå Airport, Visby Airport and Åre Östersund Airport.

RETURN ON CAPITAL EMPLOYED

Operating profit for the period plus financial income as a percentage of average capital employed for a rolling 12-month period.

RETURN ON EQUITY

Profit for the period as a percentage of average equity for a rolling 12-month period.

RETURN ON OPERATING CAPITAL

Operating profit plus income from holdings in associated companies for a rolling 12-month period divided by average operating capital.

SCI

Satisfied customer index.

TSFS

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 working life, 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 anti-corruption.

PRODUCTION

Swedavia in partnership with

Concept and management: Christa Antas

Form: Eva-Stina Bolin Kind

Text: Eric Österberg

Translation: Susan Long

Photos: Daniel Asplund, Jonas Herjeby,
Jörgen Hildebrandt, Peter Phillips,
Magnus Sandberg

Printing: Arkitektkopia





swedavia
SWEDISH AIRPORTS

SWEDAVIA AB
190 45 Stockholm-Arlanda
Visiting address: Tornvägen 1
Tel: +46 10 109 00 00
Fax: +46 10 109 05 00
E-mail: info@swedavia.se
Coordinates: 59°39'14.06"N 17°56'21.51"O
www.swedavia.se