Communication on Progress 2019

AVINOR

54 000 000

PASSENGERS

↑ 0.6 PER CENT FROM 2018

677 324

DEPARTURES AND LANDINGS

↓ 1.2 PER CENT FROM 2018

3 012

PERMANENT EMPLOYEES

78 652

OVERFLIGHTS

↓ 3.2 PER CENT FROM 2018

84 PER CENT

PUNCTUALITY

Avinor's target is 88 per cent average punctuality for all its airports. Poor punctuality is largely due to weather conditions, traffic challenges in Europe, and internal challenges among the operators within Avinor's network.

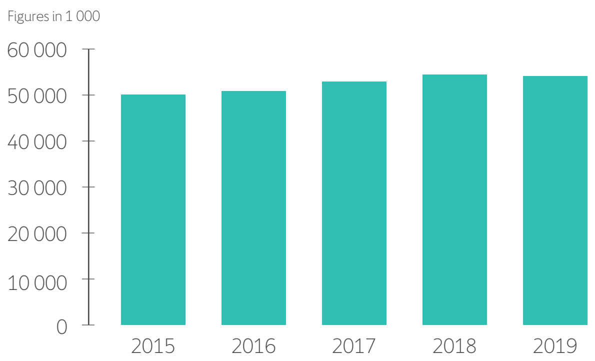
Our performance

Operating income
11 785
NOK MILLION

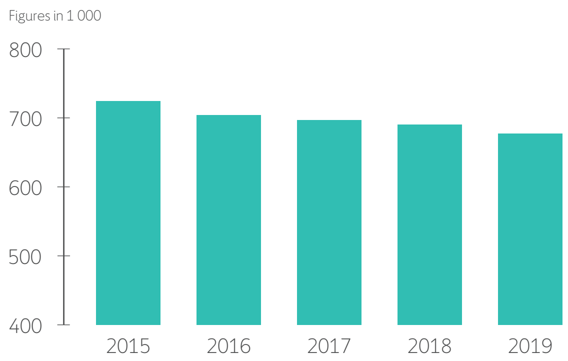
Operating expenses
8 151
NOK MILLION

Profit after tax
702
NOK MILLION

NUMBER OF AIRLINE PASSENGERS



NUMBER OF AIRCRAFT MOVEMENTS



NOK MILLION	2019	2018	2017	2016	2015
Operating income airport operations	10 357	10 303	10 162	9 675	9 424
Operating income air navigation services	2 100	2 107	2 085	1 991	2 088
Total operating income group	11 785	11 724	11 526	10 788	11 989
EBITDA group [1)]	3 634	4 201	3 126	3 521	4 692
Profit after tax	702	1 170	499	1 029	2 449
Number of airline passengers (figures in 1 000)	54 099	54 387	52 885	50 803	50 025
Number of aircraft movements (figures in 1 000)	677	690	697	704	724

1) The Group uses EBITDA as an alternative performance measure (APM). This calculation is directly reconciled in the profit and loss account. EBITDA is used because it is an approximate calculation of free cash flow from operations.

Content

About Avinor

Avinor's social obligations relate to owning, operating, and developing a national network of airports for the civilian aviation sector and a joint air navigation service for the civilian and military sectors. Operations must be carried out in a safe, efficient, and environmentally friendly manner and ensure good accessibility for all groups of travellers.

Avinor owns 45 airports, including the subsidiary Svalbard Lufthavn AS and Værøy Heliport. Haugesund Airport is rented out and Fagernes Airport will be sold in 2020. Avinor is self-funded through traffic revenues from airlines, revenues from commercial tenants, and direct sales to passengers. A smaller component of the Group's revenue stems from assignments for other organisations, such as the Norwegian Armed Forces. The airport operations are run as a single financial unit, whereby the large financially profitable airports finance the rest of the airport network. Commercial revenues account for roughly 54 per cent of operating revenues, while traffic revenues from airlines account for roughly 46 per cent.

Avinor Air Navigation Services is a subsidiary of the Group. Air navigation services are funded through traffic revenues from the airlines for en-route navigation services, as well as revenue from the operation of tower and approach services from Avinor's airport operations. Avinor Air Navigation Services provides services including en-route navigation services, approach control services, and control tower services, as well as flight navigation services and services relating to technical operations. The Norwegian Ministry of Transport and Communications will evaluate a new ownership structure for air navigation operations. Avinor is investigating various alternatives on behalf of the ministry. The work is due for completion in the first quarter of 2020. Regardless of the ownership structure of the air navigation services, airport and air navigation services are closely integrated and mutually dependent on each other in their fulfilment of Avinor's social obligations.

AVINOR'S AIRPORTS

Avinor's airports vary by size and traffic volume. Oslo Airport is by far the largest and accounts for more than half of Norway's air traffic and just over 70 per cent of the country's total international traffic. Bergen, Stavanger, and Trondheim also have a sizeable proportion of direct international traffic. Some other airports also have international traffic: Kristiansand, Ålesund, Tromsø, Bodø, Harstad/Narvik, and Molde, in addition to some international charter traffic at individual airports. Haugesund Airport, which is leased to Lufthavndrift AS as of 2019, has international traffic as well.

Oslo Airport is the only Norwegian airport to have two parallel runways. Stavanger Airport has a secondary runway used during certain wind conditions.

Oslo Airport's runways are 3,600 metres long. At the other large airports, the runways are between 2,600 and 3,000 metres long, which means they can be used by larger jet aircraft. 27 of Avinor's 45 airports have short runways of between 800 and 1,200 metres. These are used by smaller aircraft types such as the Bombardier Dash 8, air ambulances, and private aircraft. These small airports are of huge importance in ensuring settlement in and economic development of remote areas. In addition, a heliport is operated at Værøy.

Avinor co-operates with the Norwegian Armed Forces at eleven airports, nine of which are Avinor airports (Oslo, Stavanger, Bergen, Trondheim, Bodø, Andøya, Harstad/Narvik, Bardufoss, and Lakselv). In addition, Ørland airbase has only military traffic, and Rygge airport has only military activity and some general aviation. Co-operation with the Norwegian Armed Forces is expected to be extended to include several more airports in the future.

A total of 54 million passengers travelled to, from, or via Avinor's airports in 2019, an increase of 0.6 per cent compared to the previous year.

Norway's primary airport, Oslo Airport, had nearly 28.6 million passengers in 2019, an increase of 0.3 per cent compared to 2018. Oslo Airport is the hub of Norwegian aviation and a transit airport for traffic between Norway and the rest of the world. The profit generated by Oslo Airport is crucial for the financing of the network of airports spread across the rest of Norway.

There was a total of 677,324 movements (take-offs and landings) at Avinor's airports in 2019, a slight decline of 1.2 per cent compared to the year before. In 2019, there were 78,652 overflights using Norwegian airspace, a decline of 3.2 per cent compared to 2018.

The shares in Avinor AS are wholly owned by the Norwegian state as represented by the Ministry of Transport and Communications. The Ministry of Transport and Communications manages the corporate governance on behalf of the Norwegian state, determines Avinor's financial framework, and regulates aviation fees. The ministry also sets the Civil Aviation Authority's regulations that have consequences for Avinor's operations. Avinor's head office is located in Oslo.

VISION

We create valuable relationships

MISSION

Avinor will develop and operate a safe, efficient, and sustainable aviation system throughout Norway.

VALUES

- Open
- Accountable
- Dynamic
- Customer-focused

Message from the CEO

Aviation is and will continue to be fundamental to Norway's development

The Avinor group reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. This Communication on Progress describes our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We commit to share this information with our stakeholders using our primary channels of communication.

This report covers Avinor's activities in 2019, before the corona pandemic showed its first signs in China. In the course of the first three months of 2020, the epidemic reached more or less all countries in the world, leading to a more or less complete halt in international passenger air traffic. No-one can tell what the short- or long-term effects on aviation will be.

We have a very good dialogue with all important stakeholders in aviation and with the Ministry of transport. In addition, I would also like to stress the good cooperation we have with our stakeholders within health, defense, finance – and the business community. We are focusing on how we can alleviate the very difficult situation of our stakeholders. In addition, we also have to focus on our own economy, with the prospects of losing billions – similar to businesses all over Norway and in the world at large.

Norway without aviation is unimaginable, also in time of crisis. Value cannot be generated throughout our country without a safe, stable, and sustainable aviation system. Alongside highly competent airlines and helicopter operators, Avinor is central in providing this to Norwegian society. Together with Norsk total Forsvarsforum (Norwegian Total Defence Forum) Avinor has established a robust system of cooperation with important stakeholders. This has proved to be very important during the corona-crisis.

2019 has been a year of growing awareness of the climate crisis, which will only increase further in the coming years, although presently in the shadow of the corona crisis. The European Commission's European Green Deal offers clear political guidance. It represents a shift from an emphasis on the importance of aviation for economic growth and competitiveness in Europe towards an increased emphasis on sustainability and the climate. Avinor's commitment to transforming the aviation industry into one of sustainable solutions is continuing and is now making an impact within the Airport Council International (ACI) with involvement from all corners of the industry. This is essential if aviation is to have a sustainable future.

Avinor is fulfilling its social obligations in a way that customers increasingly appreciate. This winter, ACI named Oslo Airport as Europe's best airport for customer service in the size category 25-40 million passengers. Bergen received the same award in the 5-15 million passengers' category. The survey covers 110 airports in Europe. Several other Avinor airports also did very well, such as Ålesund and Bodø. Moreover, Avinor achieved its best-ever results in two Norwegian reputation surveys in 2019. This is due to the consistently good and systematic efforts of everyone at Avinor, in collaboration with the other participants in the Norwegian aviation sector.

One of the major milestones for Avinor in 2019 has been the successful first flight with information services provided by a remotely operated tower: On 19 October 2019, Røst Airport became the first to have its tower remotely operated from Bodø Remote Tower Center. The rollout will continue in 2020 and 2021 with Vardø, Hasvik, Berlevåg, and Mehamn. I'm both proud and pleased that we have reached this milestone on our journey towards the future of aviation. The introduction of remotely operated towers is expected to improve availability for airspace users, reinforce the expert environment of air traffic services, and avoid costly investments in outdated solutions. This will ensure that we can continue to provide good services at competitive prices.

The Ministry of Transport and Communications and the political environment expect more transport for their money. At Avinor, a programme is already in place to reduce costs by at least NOK 400 million by 2021, as measured against the financial results for 2018. Both the line organisation and workforce will be more efficient. With the measures we are taking to improve efficiency and reduce costs, we are well placed to be the best option for Norwegian aviation also in the future. Cost reductions are achieved through efficiency improvements of the workforce, of support services, and in the line organisation, as well as through increased competition in tower services, for example.

In February last year, the Spanish company SAERCO won the tender to supply tower services to Avinor in Ålesund and Kristiansand. Based on its experience of this tender among other things, Avinor Air Navigation Services is implementing measures to achieve an improved and competitive cost level. In addition, the company has established a subsidiary in Spain together with a local Spanish partner in order to participate in tenders for tower services at Spanish airports and in the rest of Europe.

The Ministry of Transport and Communications has previously decided that the operation of Haugesund Airport should be put out for tender to an operator other than Avinor. This tender is complete and in 2019 operations were handed over to a company that is predominantly owned by local players in the Haugesund area.

As we moved into 2020, we experienced lower passenger growth than previously expected. With the corona crisis we have to expect a much more dramatic change. No one can tell the end result, but the forecasts for international air traffic in 2020 are not very optimistic.

2019 saw modest growth of 0.6 per cent. Meanwhile, the number of aircraft movements at Avinor's airports fell by 1.2 per cent. Airlines are better utilising their capacity with fuller, larger aircraft that can carry more passengers per flight, which is helping to reduce greenhouse gas emissions per passenger kilometre.

Aviation safety is very important. In his speech at the Aviation Conference in January 2020, the Director for Aviation said that the status of commercial aviation in Norway is good, while improvements are needed for helicopters and recreational aviation using light aircraft.

In recent years, Avinor has invested close to NOK 3 billion in improving security areas and lighting facilities around our airports. We have also invested roughly NOK 0.5 billion in new vehicular equipment such as fire and emergency vehicles and ploughing equipment. The quality of the Group's vehicular equipment is considered to now be very good. Within air traffic services, we have established surveillance of traffic to Svalbard, increased surveillance in the North Sea, and are replacing the entire surveillance network on the mainland. Our personnel throughout the Group are very skilled and well equipped to help Avinor fulfil its responsibilities.

I would like to express huge thanks to all our employees, who do an incredibly good and important job in helping us to fulfil our social obligations. Whether you work with the operations of our airports, in air navigation services, in commercial departments, or with HR and support, you all go to tremendous lengths to ensure that Avinor provides good services throughout Norway. And Avinor's infrastructure, quality, reputation, and pace of development have never been better.

Aviation is fundamental to Norway's development, and Avinor has an obligation to society to facilitate further development in air traffic when the present crisis situation is over. Together with the airlines, Avinor is at the forefront of sustainable aviation. Our owner has given us a clear remit to take on this role. Our climate programme, with its emphasis on electrification of aviation and adoption of biofuel, is enabling us to do this. It is vital that we succeed in our efforts so that aviation becomes part of the solution, not part of the problem.

Avinor's infrastructure, quality, reputation, and pace of development have never been better.

Dag Falk-Petersen,
CEO

Corporate Governance

The aim of the Norwegian Code of Practice for Corporate Governance is to ensure that companies that are listed on regulated markets in Norway practise corporate governance that clarifies the role of the shareholders, the board of directors, and the day-to-day management beyond what follows from legislation.

This statement has been prepared in accordance with the framework of the Norwegian Code of Practice for Corporate Governance, last updated on 17 October 2018, and the requirements of Section 3.3.b of the Norwegian Accounting Act on corporate governance, with the adjustments that are required due to the fact that Avinor is a wholly state-owned limited company. In addition to the general provisions of the Limited Liability Companies Act, special provisions apply to state-owned limited companies.

The basic premise for Avinor's operations is that safety is paramount and is prioritised ahead of any other considerations. After this, the greatest emphasis is on providing efficient services to customers and society.

BUSINESS

Avinor is a group of companies that operates in the Norwegian transport sector. The parent company, Avinor AS, is wholly owned by the Norwegian state, represented by the Ministry of Transport and Communications. The Group's head office is in Oslo. The company's operations are described in its Articles of Association.

- The company's social obligations relate to owning, operating, and developing a national network of airports for the civilian aviation sector and a joint air navigation service for the civilian and military sectors.
- The company's operations must be carried out in a safe, efficient, and sustainable manner and ensure good accessibility for all groups of travellers.
- The company must be self-financed to the greatest possible extent through its own revenues from its primary activities and commercial activities in connection with the airports. Financially profitable units shall fund unprofitable units internally within the company.
- Operations may be run by the company itself, by wholly owned subsidiaries, or by other companies that the Group has interests in or co-operates with. The owner determines whether the overall operation of an airport can be outsourced to others on the basis of a contract and whether such an airport is to be exempt from joint financing.
- The company shall carry out the duties imposed by society as stipulated by its owner.

The company's Articles of Association are available at www.avinor.no.

Avinor is responsible for operating a unified system of airports and the joint air navigation service for the Norwegian civilian and military aviation sector. The business is based on fulfilling and building on key social obligations in all parts of the country, and it must be operated with safety as the highest priority and with an emphasis on environmental considerations. To meet the owner's demands, strategic primary objectives have been established within economics and finance, society and the environment, aviation safety and HSE, anti-corruption, customers and partners, and personnel and organisation.

The Group's policy in the field of the environment and corporate social responsibility outlines the overriding principles for the environment and corporate responsibility in Avinor. The OECD's guidelines for responsible business shall serve as the basis for efforts relating to corporate social responsibility. Avinor is affiliated with the Global Compact – the UN's global initiative for corporate social responsibility – and reports on its corporate social responsibility in accordance with the GRI – the Global Reporting Initiative. The purpose is to improve Avinor's own environmental performance, be a driving force in the environmental efforts of the aviation industry and be a leader in corporate social responsibility efforts in Norwegian aviation.

The Group's ethical guidelines were most recently revised in the spring of 2017. Furthermore, the guidelines express the Group's attitudes in its interaction with customers, suppliers, colleagues, and the wider community.

The ethics guidelines are available at www.avinor.no.

Avinor is a member of Transparency International Norway.

EQUITY AND DIVIDENDS

The company's share capital is NOK 5,400,100,000, comprised of 540,010 shares, each with a par value of NOK 10,000. The company's equity must correspond to at least 40 per cent of the sum total of the company's recognised interest-bearing long-term loans and equity at any given time.

Avinor AS is a wholly state-owned limited company. The shareholders' rights are safeguarded by the responsible cabinet minister or their deputy at the General Assembly. The General Assembly is not bound by the distribution of dividends proposed by the Board of Directors. Dividends are declared each year. The Office of the Auditor General monitors the management of the Norwegian state's interests and can carry out any inspections that it deems necessary.

No authority has been granted to the Board to raise capital.

Equal treatment of shareholders and transactions with close associates

Avinor AS has one class of shares. The shares are not listed on a stock exchange and there are no transactions involving the shares.

Intra-group agreements are entered into pursuant to the arm's length principle on ordinary commercial terms and principles. All such agreements are made in writing.

Transactions with close associates

The Board is not aware of any transactions during 2019 between the company and its shareholders, Board members, executive employees, or their close associates that may be characterised as not immaterial transactions.

Board members and senior executives maintain a constant overview of their and close associates' duties and roles outside the Avinor Group. The overview is checked randomly against publicly available information. Furthermore, the overview is subject to checks against the Group's supplier directory.

Guidelines for Board members and executive employees

The Group's ethical guidelines contain a separate point on how to handle conflicts of interest, in which it is stated that an employee shall never participate in or attempt to influence a decision if he/she has a conflict of interest or questions may be raised about the employee's impartiality. Group employees can take on second jobs or directorships in addition to their main employment in Avinor, provided that these do not conflict with the employee's duty of loyalty and impartiality or with the proper performance of their duties. In December 2018, Avinor launched an electronic solution for individuals to register any second jobs. The solution makes it possible for all employees to meet the stated expectations of openness about their own second jobs.

The guidelines also contain provisions on impartiality. If there is doubt whether the person concerned is impartial, the issue must be discussed with the most immediate manager.

The state as shareholder

Avinor is wholly owned by the Norwegian state. The Ministry of Transport and Communications convenes quarterly meetings with the company. During these meetings, the company updates the owners about operations, financial developments, how social responsibility is exercised, and other conditions considered to be relevant to the owner at that time. No decisions are reached at these meetings, and the company does not receive any guidelines for how it must respond to individual issues.

Freely negotiable shares

There are no provisions in the Articles of Association which impose restrictions on the transferability of the company's shares.

GENERAL ASSEMBLY

The Minister of Transport and Communications constitutes the company's General Assembly and is the company's highest authority. In accordance with Section 20-5 of the Limited Liability Companies Act, the Ministry of Transport and Communications convenes both Annual and Extraordinary General Assemblys. The Ministry of Transport and Communications also determines how the meetings will be convened. Notice of the meeting must be issued at least one week prior to the date of the Annual General Assembly; cf. the Limited Liability Companies Act Section 20-5, cf. Section 5-10.

The Annual General Assembly is held each year by the end of the month of June. In accordance with the Articles of Association, the Annual General Assembly must approve the annual report and financial statements, including the distribution of dividends. It also considers approval of the auditor's remuneration, determines the remuneration of the Board for the upcoming period, provides a declaration on the determination of salaries and other remuneration to senior executives, appoints shareholder-elected members of the Board, and considers any other matters that, according to law or the Articles of Association, must be dealt with by the General Assembly.

The members of the Board of Directors, CEO, and auditor who audited the previous year's financial statements are be invited to the Annual General Assembly. The Chair of the Board and the CEO are obligated to attend the General Assembly. The other Board members, as well as the auditor and the Office of the Auditor General, are entitled to attend.

The agenda is set by the Ministry of Transport and Communications.

The minutes of the General Assembly are available to the public.

Nomination Committee

The General Assembly of Avinor AS consists of the Norwegian state represented by the Ministry of Transport and Communications. The General Assembly has not appointed a nomination committee.

CORPORATE ASSEMBLY AND BOARD OF DIRECTORS – COMPOSITION AND INDEPENDENCE

The company does not have a corporate assembly as agreed with the employees.

The corporate democracy committee has approved a corporate scheme whereby employees of Avinor AS and its subsidiaries may be elected to the Board of Directors. Elections by and from among the employees take place every other year.

The Board of Directors consists of eight members. Five Board members are elected by the General Assembly and three are elected by and from among the Group's employees.

The Chair of the Board is elected by the General Assembly. All Board members are elected for a term of two years.

The Ministry of Transport and Communications does not have its own Board members, but in accordance with the Norwegian state's principles of good corporate governance, all Board members are expected to seek to safeguard the common interests of the company and shareholders. The composition of the Board of Directors is such that, in aggregate, it can safeguard the owner's interests and the company's need for skills, capacity, and diversity.

The owner has a meeting with each Board member once a year.

At the turn of the year 2019/2020, the Board of Directors consisted of:

- Chair of the Board since 2018 – Anne Carine Tanum
- Vice-Chair of the Board since 2012 – Ola H. Strand
- Board member since 2011 – Eli Skrøvset
- Board member since 2015 – Herlof Nilssen
- Board member since 2016 – Linda Bernander Silseth
- Employee-elected Board member since 2011 – Heidi A. Sørum
- Employee-elected Board member since 2015 – Bjørn Tore Mikkelsen
- Employee-elected Board member since 2017 – Olav Aadal

Information on the individual Board members is available at www.avinor.no.

Eight Board meetings were held in 2019. The meetings were fully attended, with only a few exceptions.

WORK OF THE BOARD OF DIRECTORS

The Board of Directors follows the requirements stipulated for the management and supervision of the company pursuant to the Norwegian Limited Liability Companies Act. In accordance with the Articles of Association, the Board of Directors must ensure that the company is socially responsible. The Board of Directors' tasks are stipulated in separate directives. These directives are reviewed annually and updated in the event of changes to the relevant regulations or otherwise as required. The Board of Directors sets out an annual agenda for its work, with a special focus on goals, strategies, and their implementation. The Board of Directors assesses its work and competence on an annual basis.

The rules of procedure contain a separate section on impartiality in which it is stated that the individual board member him/herself is responsible for informing the Board as to the circumstances of a conflict of interest, and must refrain from participating in deliberations or decisions where the member has a conflict of interest. In case of doubt the matter must be submitted to the Chair of the Board. The minutes of the Board meetings must reflect when one of the Board members is disqualified due to a conflict of interest in a particular case.

New Board members are sent relevant information about the company and the work of the Board. This information is also available through an electronic board portal.

The CEO's responsibilities and duties are defined in directives laid down by the Board of Directors. These directives are reviewed and updated as required.

The Board has established an audit and risk management committee as a preparatory and advisory body for the Board of Directors with respect to its responsibility for financial reporting, the Report of the Board of Directors and annual report, auditing, internal control, and overall risk management. Five committee meetings were held in 2019.

At the turn of the year 2019/2020, the committee consisted of:

- Eli Skrøvset (Chair)
- Herlof Nilssen
- Heidi Sørum

The Board of Directors has established an HR, remuneration, and HSE committee to act as a preparatory subcommittee in matters relating to remuneration of executive employees of the company and HSE. The committee must prepare guidelines for and cases concerning the remuneration of executive employees, as well as assessing and monitoring the Group's policy in this area on an ongoing basis. The committee will also support the Board of Directors in its responsibility for internal control and the overall HSE risk situation. Three committee meetings were held in 2019.

At the turn of the year 2019/2020, the committee consisted of:

- Anne Carine Tanum (Chair)
- Linda Bernander Silseth
- Bjørn Tore Mikkelsen

RISK MANAGEMENT AND INTERNAL CONTROL

In order to ensure the cohesive management of the company, a separate management system has been established, which consists of management documents, contingency plans, safety procedures, and processes for the management and control of operations.

An annual risk assessment of the Group's activities is conducted, and measures to manage the risk situation are evaluated and implemented. The Board of Directors reviews the company's risk management and internal control on an annual basis.

As part of the Group's internal control system Avinor has established an internal audit function. The Group's internal audit function works in accordance with a mandate adopted by the Board and pursuant to standards laid down by the Institute for Internal Auditors.

The company's appointed auditor must review the management's dispositions annually.

Systems for internal control and risk management related to the financial reporting process

Avinor's ethical guidelines and core values establish the foundation for a good internal control environment with respect to financial reporting together with the company's organisation, management fora, and reporting lines.

Business and support processes that are essential to financial reporting have been identified. These include processes related to investment projects, revenues, financial items, closing of financial statements, and IT systems that support these processes. Overall risk is managed and assessed centrally, while transaction management is subject to both centralised and decentralised controls. Considerable importance is attached to the thorough documentation and assessment of important valuation items.

Control measures are carried out in the ongoing production of financial statements and through continuous financial monitoring. Systems for the evaluation/monitoring of the internal control related to the financial reporting process is under development and assessed on a continuous basis.

REMUNERATION OF THE BOARD OF DIRECTORS

The General Assembly and its subcommittee determine the remuneration of the Board of Directors. Remuneration is not based on performance and no options are issued to board members. Shareholder-elected Board members generally do not perform any special tasks for the company beyond their position on the Board of Directors. Remuneration of the Board members is specified in a note to the annual financial statements.

Remuneration to the Board members amounted to NOK 2,095,000 in 2019. The remuneration is broken down as follows: The Chair of the Board received NOK 456,000, the Vice-Chair NOK 277,000, and other Board members NOK 227,000.

The members of the audit and risk management committee received total remuneration of

NOK 152,000 in 2019, with NOK 70,000 going to the chair of the committee and NOK 41,000 to the other two members.

The members of the HR, remuneration, and HSE committee received total remuneration of

NOK 77,000 in 2019, with NOK 35,000 going to the chair of the committee and NOK 21,000 to the other two members.

REMUNERATION OF EXECUTIVE EMPLOYEES

The Board of Directors appoints the CEO and sets the CEO's salary following preliminary consideration by the HR, remuneration, and HSE committee. The Board of Directors evaluates the CEO's work and salary terms on an annual basis following preliminary consideration by the remuneration committee.

The CEO informs and recommends to the HR, remuneration, and HSE committee the remuneration for executive employees who report to the CEO.

The Board of Directors prepares a statement on the determination of salaries and other remuneration of executive employees. The statement is to be discussed at the Annual General Assembly.

The remuneration of executive employees is specified in note 5 to the annual financial statements.

INFORMATION AND COMMUNICATION

Public information on the Group is provided by the Group's management. Each year the Group prepares a financial calendar indicating the dates for the publication of financial information. This financial calendar is available on the company's website and the Oslo Børs website. Financial information is published in the form of a stock exchange notice before it is made available on www.avinor.no.

The Group presents a complete set of annual financial statements together with the annual report of the Board of Directors and the annual report at the end of the month of March. Accounting figures are reported quarterly.

In accordance with the Articles of Association, the Board of Directors must submit a plan for the business, including subsidiaries, to the Minister of Transport and Communications each year. The contents of the plan must include the following:

- Description of the status of the market and the Group, including the development of the Group since the last plan was published.
- The highlights of the Group's operations for the coming years, including any major restructuring, development, and discontinuation of existing operations, or the development of new operations.
- The Group's investment level, important investments, and financing plans.
- Assessments of the financial development during the plan period.
- Report on measures and results of the company's role in society, social obligations, and corporate social responsibility.

The Board of Directors must submit any major changes to plans that have previously been submitted to the Minister of Transport and Communications.

TAKE-OVERS

Avinor AS is wholly owned by the Norwegian state as represented by the Ministry of Transport and Communications. Accordingly, this point in the Code of Practice is not regarded as relevant to the company.

AUDITOR

Avinor has an independent external auditor appointed by the General Assembly based on a recommendation from the Board of Directors as a whole. The auditor submits a plan for the auditing work to the Board of Directors annually. Each year the auditor prepares a letter to the Board of Directors (Management Letter) summarising the audit of the company and the status of the company's internal control.

The auditor has an annual meeting with the Board of Directors without managerial presence. The auditor also has an annual meeting with the audit and risk management committee without managerial presence. The auditor is entitled to attend the company's General Assembly.

The auditor's remuneration is broken down into auditing and other consulting services, and it is specified in note 7 to the financial statements. The General Assembly must approve the auditor's remuneration.

Report of the Board of Directors 2019

HIGHLIGHTS OF 2019

(Last year's figures in parantheses)

A total of 54 million passengers travelled to, from, or via Avinor's airports in 2019. Air traffic through Avinor's airports in 2019 measured by passenger numbers fell by 0.5 per cent compared to the corresponding period in 2018. Haugesund Airport was transferred to a new operator on 12 May 2019. Excluding Haugesund Airport, traffic increased by 0.6 per cent compared with the corresponding period in 2018.

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

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

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

Avinor's primary focus is to provide continuity and ensure that operations continue throughout the coronavirus pandemic.

Operations and infrastructure are being adjusted according to the reduction in traffic volumes in order to minimise our employees' exposure to the virus as well as to ensure a pool of reserve personnel who can cover for those who fall ill or must enter self-isolation. To facilitate this, Avinor has closed nine airports which have an alternative airport within a reasonable distance of them. Medical air transport aircraft will be catered for.

The company's profits and solvency in 2020 will be greatly affected by this situation. It is unclear when normality will start to return. In light of the current situation, the Board will not recommend the payment of dividend for 2019. Avinor has maintained constant dialogue with its owner during the first quarter of 2020 in respect of measures to bolster the Group's equity and liquidity. Alongside this dialogue with Avinor's owner, discussions are being held with banks and financial institutions to ensure short-term liquidity.

Cost-reduction measures are also being considered alongside the monitoring of the Group's short-term liquidity.

Safe and stable operations were maintained in 2019. Punctuality for the past 12 months averaged 84 per cent, while regularity averaged 98 per cent. The targets are 88 per cent and 98 per cent respectively. There were no aviation accidents in 2019 in which Avinor was a contributing party. There was one serious aviation incident whose cause Avinor Flysikring contributed to: A scheduled flight to Oslo Airport entered Norwegian airspace without the flight being known to air traffic control services. The situation was discovered late and the incident was allowed to develop over time. The incident prompted an extensive investigation which concluded with measures being taken. These are either being followed up or have already been implemented and completed.

The Group's operating income in 2019 was NOK 11,785 million (NOK 11,724 million), and the profit after tax was NOK 702 million (NOK 1,170 million). The change in profits has primarily been due to increased provisions for estimated clean-up costs related to environmental contaminants at Avinor's airports.

Efforts to reduce costs and streamline the business are continuing.

On 12 May 2019, Avinor handed over the operation of Haugesund Airport to the local operator Lufthavndrift AS for a period of 20 years. Avinor still owns the airport property, which it leases to the local company.

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

NOK 871 million has been allocated for accounting purposes in 2019 for estimated future clean-up costs related to environmental pollution at Avinor's firefighting exercise area.

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

The Remote Towers project reached an important milestone on 19 October 2019 when Røst Airport became the first airport approved by the Civil Aviation Authority for remotely operated tower operations. Avinor has a new remotely operated tower centre under construction in Bodø, which will be commissioned in the second half of 2020. The centre will have effective technical solutions and be the largest of its kind. Avinor is planning to provide remote tower services for up to 15 airports from the new centre by the end of 2022.

The Board of Directors participates actively in corporate social responsibility efforts by way of strategic work and the discussion of individual matters. As part of its corporate social responsibility, Avinor is working to reduce Norwegian aviation's greenhouse gas emissions. Avinor is continuing its commitment to phasing in sustainable jet biofuel as well as national production based on Norwegian biomass (residues from timber). To support the development of sustainable jet biofuel based on Norwegian biomass, Avinor has concluded an agreement with Quantafuel AS and undertaken to purchase NOK 8 million worth of fuel. Together with ENOVA, Avinor will facilitate the development of sustainable fuel that can help to reduce greenhouse gas emissions from aviation.

At the same time, the preparation of a "programme for the introduction of electric aircraft in commercial aviation in Norway" has been commissioned by the Ministry of Transport and Communications in co-operation with the Civil Aviation Authority.

ABOUT AVINOR

Avinor AS is a state-owned limited liability company with the job of facilitating safe, sustainable, and efficient aviation across Norway. The business has a network of 45 airports, which includes Værøy Heliport, Haugesund Airport (which is leased), and Fagernes Airport (which will be sold during 2020). The business also provides air navigation services throughout Norway, which are provided through Avinor's wholly owned subsidiary Avinor Flysikring AS.

As at 31 December 2019, the company's balance sheet amounted to around NOK 44.2 billion. Permanent employees totalled 3,012 (3,099).

The shares in Avinor AS are wholly owned by the Norwegian state as represented by the Ministry of Transport and Communications. The Ministry of Transport and Communications manages the ownership of the Norwegian state and determines Avinor's financial framework. The Ministry of Transport and Communications is the highest authority for Norwegian aviation and lays down the Norwegian Civil Aviation Authority's regulations that have consequences for Avinor's operations.

Avinor's head office is located in Oslo.

ECONOMY AND FINANCES – GROUP

The Group's operating income in 2019 was NOK 11,785 million (NOK 11,724 million), and the profit after tax was NOK 702 million (NOK 1,170 million).

Year-on-year operating revenues for airport operations increased by 0.5 per cent in 2019, driven by an increase in sales and rental income. Total operating income from air navigation services fell by 0.4 per cent due to reduced traffic volumes.

Operating expenses totalled NOK 8,151 million in 2019 (NOK 7,523 million), which is a year-on-year increase of 8.3 per cent. This increase has primarily been due to increased provisions for estimated clean-up costs related to environmental contaminants at Avinor's firefighting exercise area. Excluding these provisions, expenses fell by 3.2 per cent.

Total depreciation, amortisation, and write-downs for 2019 amounted to NOK 2,171 million (NOK 2,103 million).

Operating profit (EBIT) for 2019 amounted to NOK 3,634 million (NOK 4,201 million). The reduction in operating profit is primarily due to the above provisions for estimated clean-up costs.

The Group's net financial costs in 2019 amounted to NOK -563 million (NOK -601 million). The change in financial income is due to reduced interest costs as a result of a reduction in interest-bearing liabilities.

The Group's cash flow in 2019 was positive at NOK 292 million (NOK 843 million) before changes for liabilities. Avinor paid NOK 585 million (NOK 250 million) in dividends to the state in 2019.

Interest-bearing liabilities as at 31 December 2019 amounted to NOK 19,544 million, which is a decrease of NOK 691 million since

31 December 2018. The Group's equity as at 31 December 2019 totalled NOK 44.2 billion (NOK 43.7 billion) with an equity ratio of 34.6 (33.3) per cent. Equity as a percentage of the sum of equity and interest-bearing liabilities pursuant to the definition in the Articles of Association was 45.9 (44.0) per cent as at 31 December 2019.

In light of developments in interest rate markets and other factors, equity was credited by NOK 621 million after tax as at 31 December 2019 through expanded profits. Much of this is due to positive estimate deviations in the calculation of pension obligations. In addition, there has been an increase in the value of interest rate derivatives as a result of changes in the interest rate market. As at 31 December 2019, a discount rate of 2.3 per cent and a long-term expected wage growth of 2.3 per cent were applied when calculating the Group's pension obligations.

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

ECONOMY AND FINANCES – AVINOR AS

In 2019, the Parent Company – Avinor AS – had an operating income of NOK 10,481 million (NOK 10,397 million) and the profit after tax was NOK 666 million (NOK 911 million).

The Parent Company's balance sheet as at 31 December 2019 amounted to NOK 42,043 million (NOK 42,035 million) with an equity ratio of 34.5 per cent (33.2 per cent).

In 2019, Avinor AS had a cash flow before the payment of dividends and changes in liabilities of NOK 867 million (NOK 479 million). Dividends paid for the year amounted to NOK 585 million (NOK 250 million). Interest-bearing liabilities as at 31 December 2019 amounted to NOK 19,614 million (NOK 20,234 million).

APPROPRIATION OF PROFIT FOR THE YEAR

The Board proposes the following appropriation of profit for the year:

In Group contributions:	NOK 0.9 million
To other reserves:	NOK 665.2 million

The annual financial statements have been prepared under the assumption that the company will continue as a going concern on the basis of forecasts and the calculated present value of estimated future cash flow. See note 11 to the annual financial statements for further details.

RISKS

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

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

The organisation's capitalised infrastructure is long term, and the management of operations is largely governed by laws and regulations. As a result, Avinor has a high percentage of fixed costs that vary to a limited extent with changes in traffic volumes and capacity utilisation. The Group's earnings and financial value are affected by changes in traffic volume. For risks related to the ongoing coronavirus pandemic, please refer to the other sections of the report that address this, as well as to note 24 in the annual accounts.

There are technical, economic, and regulatory risks associated with development projects pertaining to air navigation services.

Major airports are a key source of funding for the rest of the airport network in Norway. The earnings of major airports are especially vulnerable to economic fluctuations and competition from airports outside of Avinor's network.

Earnings from commercial offerings to passengers at the airports are very important to the Group's funding. Changes to the framework conditions for the duty-free scheme in particular could have a major impact on the Group's earnings and economic value. All of Avinor's income is invested in the development of Norwegian aviation.

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

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

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

The airports have discharge permits that require risk assessments of acute pollution that represents a risk of damage to the external environment. Work is continuing on reducing the risk of incidents that harm the environment occurring, at the same time as existing pollution is being surveyed and cleaned up. Environmentally hazardous additives (PFAS) in fire-extinguishing foam which have dispersed into the environment around the airport have been detected. Future clean-up costs are dependent on regulatory requirements. The Norwegian Environment Agency has ordered the implementation of measures at Harstad/Narvik Airport and Oslo Airport and ordered action plans for Kristiansand and Svalbard airports. For the remaining airports, the Norwegian Environment Agency has issued an overarching order according to which Avinor must compile the results from completed PFAS surveys and draw up a prioritised series of measures. This was submitted to the Norwegian Environment Agency in the fourth quarter of 2019 and will form the basis for its evaluation of what measures to impose on Avinor in relation to the clean-up. Based on the survey, a discretionary assessment of the probable cost of the clean-up has been carried out and an accounting provision of NOK 871 million was made in the second quarter of 2019. A final decision has not been taken by the Norwegian Environment Agency about the extent of the clean-up, which initiatives must be taken, or the deadlines for these. In February 2020, the Norwegian Environment Agency assessed PFAS contamination and provided information on the process for further clean-up measures. On the basis of this, Avinor forecasts clean-up measures of the same magnitude as the basis for the accounting provision.

CORPORATE GOVERNANCE IN AVINOR

Good corporate governance in Avinor aims to ensure that the maximum possible value is created and business risk is curtailed. The company's core values and ethics guidelines are a basic premise for corporate governance in Avinor.

As the owner, the state focuses on ensuring that state-owned companies adhere to the Norwegian Code of Practice for Corporate Governance. The Board attaches importance to following this recommendation regarding the Group's corporate governance wherever relevant. The Norwegian Code of Practice for Corporate Governance is available at www.nues.no.

Avinor has issued bonds that are listed on Oslo Børs and Luxembourg Børs. Oslo Børs has been chosen as the Group's home market. The Group follows the recommendations of Oslo Børs with respect to corporate governance wherever relevant. Section 3-3b of the Norwegian Accounting Act stipulates that companies under a statutory accounting obligation which issue securities in accordance with Section 5-4 of the Securities Trading Act must provide a report on their policies and practices for corporate governance either in their annual report or in a document referred to in their annual report. Point 3.10 in Oslo Børs' document entitled "Bond regulations – entry requirements and ongoing obligations" states that the borrower must provide an account of its policies and practices relating to corporate governance in a similar manner. The Norwegian Accounting Act is available at www.lovdata.no. Oslo Børs' regulations are available at www.oslobors.no.

For more details about corporate governance in Avinor, please refer to the chapter "Corporate governance".

CORPORATE SOCIAL RESPONSIBILITY

Avinor's corporate social responsibility efforts are based on the expectations set forth with regard to corporate social responsibility in Avinor's Articles of Association, the Norwegian Accounting Act, and the state's ownership report (Meld. St. 8 2019-2020). Avinor takes the OECD's guidelines for responsible business as the basis for its corporate social responsibility efforts, and it signed up to the UN Global Compact in 2014. Avinor's efforts cover areas such as human rights, employee rights and social conditions, the external environment, and combatting corruption. Most of the UN's sustainable development goals (SDGs) are in line with Avinor's goals for its sustainability and corporate social responsibility. In particular, this applies to SDG 9 on innovation and infrastructure, and SDG 13 to stop climate change.

For more information about Avinor's work with corporate social responsibility, including climate, environment, flight safety, HSE, impartiality, anti-corruption, and safe notification, please refer to the chapter on corporate social responsibility. Cf. Section 3-3c of the Norwegian Accounting Act.

RESEARCH AND DEVELOPMENT

Avinor is implementing several projects to help optimise the use of Norwegian airspace. This work helps to improve safety, increase capacity, streamline service delivery, and reduce environmental impact.

For more information on Avinor's research and development work, please refer to the chapter on corporate social responsibility.

PERSONNEL AND ORGANISATION

There were 3,012 permanent employees in the Group at the end of the year. The average age of all employee groups in the Group is 46.8. The percentage of women among permanent employees is 22.6 per cent. The proportion of women in executive positions is representative of the proportion of women in the Group. The percentage of women employees is monitored closely. Avinor's recruitment policy contains clear guidelines that promote a gender balance, from the design of recruitment adverts to the interview and selection process.

Emphasis is placed on ensuring that employees have equal opportunities in the Group, irrespective of their gender, age, disability, ethnicity, or cultural background. Avinor conducts systematised performance reviews that ensure neutral salary and career development. Employee surveys confirm that employees enjoy equal opportunities. Commitment within the Group is high.

Avinor is keen to ensure an Inclusive Labour Market and strives to prevent exclusion from the labour market. This is especially relevant for employees who no longer meet physical or medical requirements due to illness or other conditions.

Avinor's strategy for the period 2018 to 2023 accounts for a high turnover rate in connection with the introduction of new technology, innovation, and cost-cutting. An Avinor-wide cost reduction programme was initiated in 2019 in order to ensure future competitiveness. Co-operation with employee representatives is characterised by frequent meetings, large numbers of cases, and demanding restructuring both in terms of ongoing case management and more extensive change processes. The improvement of processes is a focus area for Avinor, the objective being to create a shared culture for improvement throughout the Group. Developments in technology and digitalisation demand an extensive skills boost across the entire Group. In 2019, Avinor began introducing several new systems, collaboration platforms, and various apps for skills development. The leadership development programme and Avinor's management platform are being rolled out throughout the line organisation with an emphasis on the challenges faced by the units as a result of changes.

Absence due to illness in 2019 was 5.3 per cent in Avinor AS and 3.7 per cent in Avinor Flysikring AS. The Group systematically monitors how working hours are planned. Training among managers and shift planners has been implemented in vulnerable units. In the Group overall, there was a fall in the number of breaches of working hours provisions in 2019.

Avinor must be a professional and attractive employer. For more information on Avinor as an employer, please refer to the chapter on corporate social responsibility.

OUTLOOK AND GENERAL CONDITIONS

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

The company's operation of airports for airlines and passengers is subject to economic upswings and downturns and a clear expectation of competitive levels of pricing. Avinor's primary focus is to provide continuity and ensure that operations continue throughout the coronavirus pandemic. Operations and infrastructure are being adjusted according to the reduction in traffic volumes in order to minimise our employees' exposure to the virus as well as to ensure a pool of reserve personnel who can cover for those who fall ill or must enter self-isolation. The company's profits and solvency will be greatly affected by this situation in 2020, and so there will be a need to bolster equity and liquidity during the year. Avinor has maintained constant dialogue with its owner during the first quarter of 2020 in respect of measures to bolster the Group's equity and liquidity. Cost-reduction measures will be considered on an ongoing basis.

The Board would like to thank all the employees and partners for their efforts in 2019.

Oslo, 31 March 2020
The Board of Directors of Avinor AS

Anne Carine Tanum
Chair of the Board

Ola H. Strand
Vice Chair

Eli Skrøvset

Linda Bernander Silseth

Herlof Nilssen

Bjørn Tore Mikkelsen

Heidi Anette Sørum

Olav Aadal

Dag Falk-Petersen
CEO

Sustainable value creation

In accordance with its obligation to society, Avinor will facilitate further development and expected growth in air traffic. This must not conflict with national climate targets and international climate commitments.

Avinor is aware of the challenges facing the Group when sustainability objectives dictate that we must prepare for further development and anticipated growth in air travel while ensuring that this does not conflict with national climate targets and international climate commitments. Aviation will contribute to the growth and transformation of Norwegian society and business as a whole. Furthermore, the industry depends on innovation and technological advances in order to meet its own targets for reduced emissions and expected traffic growth in the foreseeable future.

The European Commission's European Green Deal provides clear political guidance and expects a high level of environmental and climate awareness in the aviation sector. The move from an emphasis on the importance of aviation for economic growth and competitiveness in Europe towards an increased emphasis on sustainability and the climate is a clear shift.

As aviation is fundamental to the development of Norway, Avinor has for several years been an active contributor to international efforts relating to the climate and is at the forefront of paving the way for sustainable aviation in the future, alongside airlines, the Civil Aviation Authority, and other aviation stakeholders. Electrification of aviation and increased use of sustainable jet biofuels are key elements in these efforts. In addition, Avinor has contributed to efforts to draft the Airport Council International's sustainability strategy. Work on this strategy was completed in

2019. It includes specific guidance and recommendations for airports on how they can help achieve the industry's climate targets for carbon-neutral growth.

ASSESSMENT OF KEY FACTORS

The assessment of key factors involves assessing which tasks are important and prioritising them. Taking into consideration Avinor's social obligation, it is essential to prioritise efforts that will have the most impact for society and the company.,.

Avinor primarily assesses key factors in connection with the review of the Group's strategic plans. This work involves the owner, Board, executive management, and employees, as well as Avinor's primary stakeholders. The Group's strategic plan for 2018-2023 is characterised by clear priorities that are assessed more frequently than before in order to ensure necessary adjustments in line with more general developments. The primary objectives of Avinor's corporate strategy for 2018-2023 are:

- Social development: contributing to the sustainable growth of Norway and its regions
- Business development: creating valuable experiences for passengers and visitors
- Airport development: developing a competitive company
- Organisational development: developing a proud and improvement-oriented corporate culture

Avinor's goals and the measures it takes are reflected in the Group's corporate governance, which sets out these goals and measures, and are systematically followed up by the executive management and the Board.

DIALOGUE WITH STAKEHOLDERS

Effective dialogue with those who depend on Avinor's services or who, in various ways, are affected by our operations, is essential for Avinor to be able to prioritise those things that best serve our stakeholders and society.

Dialogue meetings are held regularly in order to understand and identify the value creating factors that are most important to Avinor's stakeholders. In addition, major analyses of stakeholders or key factors are undertaken, most recently in connection with efforts related to the Group's strategic plan for 2018-2023. Furthermore, market and customer analyses are carried out regularly.

Avinor's most important stakeholders are its customers – both airlines and their passengers – politicians, airport partners, local and central businesses, the Norwegian Armed Forces, research environments, and special interest groups.

Dialogue at the political level primarily takes place through Avinor's owner, the Ministry of Transport and Communications, in the Norwegian parliament, and through the Transport and Communications Committee in consultation with the Ministry of Transport and Communications. Stakeholder dialogue at the political and government levels primarily takes place by way of fixed meetings, under the auspices of the Board and executive management. In addition, there is extensive dialogue with the political and administrative management at the local, municipal, and county levels. Avinor is working to strengthen and systematise this dialogue.

Business policy committees have been established in several municipalities and counties where Avinor is represented. Here, local political stakeholders are also represented. The primary focus is capacity and route development, as well as how Avinor can help to support the development of local and regional commerce.

There are several formal and informal fora for dialogue with airlines. A co-operation forum that meets four to six times a year has been established as the highest level. This is where Avinor's executive management meets with management of the airlines. A separate committee – the AOC (Airline Operators Committee) – that also meets regularly, has been established at the biggest airports. Climate and environment issues, fees, traffic development, and airport capacity are all key topics in Avinor's dialogue with airlines.

Dialogue with passengers takes place by way of regular customer surveys and meetings with stakeholder organisations. Passengers are especially concerned about punctuality and regularity, airport services, parking, and ground transport.

Dialogue with suppliers of Avinor's goods and services takes place by way of formal meetings, through negotiations, and through contract follow-up. Focus is particularly on the competitive basis, as well as templates and procedures relating to processes and deliveries. Efforts to combat corruption and ensure that working conditions are in line with universal human rights and current agreements applicable in the workplace are a key element of the dialogue.

Within the Group, the model of co-operation between employee representatives and management is being further developed in order to ensure good working conditions, stable operations, and cost-effectiveness. Three of the eight representatives in Avinor Group's Board of Directors represent Avinor's employees. The Board of Directors of Avinor Air Navigation Services also has employee-elected Board members.

FOUR KEY AREAS IN CORPORATE RESPONSIBILITY EFFORTS

Through its assessment of key factors and stakeholder dialogue, Avinor has identified four priority areas in its corporate responsibility efforts.

- Fulfilment of Avinor's societal obligation: ensure good aviation services for the whole of Norway in a safe, efficient, and sustainable way
- be a driving force behind efforts relating to the challenges faced by aviation in the field of climate and the environment
- be a good and professional employer
- ensure sustainable finances and responsible business conduct

CORPORATE RESPONSIBILITY REPORTING

In its efforts relating to corporate responsibility, Avinor adheres to OECD guidelines for responsible business and the ten principles of the UN Global Compact. These are, in turn, based on the UN Declaration of Human Rights, the ILO's conventions on fundamental principles and rights at work, the Rio Declaration, and the UN Convention against Corruption. This report has been prepared in accordance with the principles of the Global Reporting Initiative (Standards/Core).

UN's sustainable development goals

In 2015, the UN adopted new sustainable development goals (SDGs) up to 2030. The 17 goals and 169 sub-goals, which concern most areas of society, see the environment, economy, and social development as a whole. Most of the SDGs are in line with Avinor's own goals for its corporate responsibility. This applies particularly to SDG 9 on innovation and infrastructure and SDG 13 on stopping climate change. Avinor is focusing on these goals. The overview of goals and results on pages 23 to 25 documents how Avinor's own goals cohere with other SDGs.

The Executive Vice President for Communications and Markets is responsible for monitoring and reporting on Avinor's corporate responsibility efforts. Work relating to the individual topics takes place within the line organisation and in the various professional environments.

Goals and results for corporate social responsibility in 2019

Avinor shall ensure good aviation services for the whole of Norway

SDG	AVINOR'S GOAL	RESULTS IN 2019
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Punctuality: 88 per cent Regularity: 98 per cent	84 per cent 98 per cent
	All airports shall be certified in accordance with the ISO 14001:2015 standard	· Centralised environmental management and airport operations are certified in accordance with the ISO 14001:2015 standard · In 2019, the certification company RISE completed a certification audit, and Avinor was re-certified for a further three-year period
	Air transport must be accessible to everyone	· Survey conducted pursuant to regulations on universal design · Building-related measures implemented · Maintenance programme commenced in 2019 · Analyses exploring which digital solutions may be worth investing in
	Avinor must streamline, modernise, and invest in increased capacity	· Facilitating increased non-Schengen traffic at Avinor Oslo Airport · Outline project for a new airport in Bodø · A new terminal has been approved for Tromsø Airport · Runway extension approved at Kirkenes Airport · Operations at Haugesund Airport tendered out to Lufthavndrift AS · Centre for remotely operated towers established in Bodø Røst Airport remotely operated from 2019 · Tower service at Kristiansand and Ålesund taken over by Spanish operator SAERCO
	Oslo Airport aims to be among the top 10 in Europe for customer satisfaction	· Oslo Airport climbed two places to 20th place for 2019
	Avinor must prevent unwanted incidents and ensure good emergency preparedness	· There were no aviation accidents and one serious aviation incident in Norwegian aviation to which Avinor Air Navigation Services was a contributing party in 2019

Avinor shall be a driving force in the work on climate and environmental challenges within aviation

SDG	AVINOR'S GOAL	RESULTS IN 2019
13 CLIMATE ACTION	By 2022, Avinor must halve its total controllable greenhouse gas emissions as compared with 2012 and help to reduce emissions from ground transport and air traffic	· Avinor's own verifiable greenhouse gas emissions from airport operations totalled 13,530 tons of CO_2 equivalents. · Greenhouse gas emissions from all jet fuels for civilian purposes produced 2.85 million tons of CO_2 equivalents. · Share of public transport 72 per cent at Oslo airport
7 AFFORDABLE AND CLEAN ENERGY	Avinor must reduce purchased energy by 25 per cent by 2020 compared with the energy consumption of its buildings and facilities in 2012	· Avinor's total energy consumption fell by 4 per cent between 2018 and 2019 · Several management measures at Oslo Airport have resulted in a total saving of 1.4 GWh/year · Elnett21 project at Stavanger Airport
14 LIFE BELOW WATER	Activities at Avinor's airports must not result in any new ground contamination or worsening of water quality	· Breaches of aircraft de-icing conditions at eight airports and runway de-icing conditions at two airports · PFAS report completed for 39 airports · PFAS clean-up measures at several airports · New PFAS surveys at several airports · PFOS removed at Oslo Airport
15 LIFE ON LAND	Avinor shall work actively to reduce the impact of noise from aircraft and helicopter traffic on those living in the vicinity of airports	· The proportion of curved approaches was 6.1 per cent in 2019 · Curved approaches were implemented at Trondheim Airport Værnes in 2019

Avinor shall be a professional and attractive employer

SDG	AVINOR'S GOAL	RESULTS IN 2019
8 DECENT WORK AND ECONOMIC GROWTH	Absence due to illness of 4.5 per cent or lower	· 4.8 per cent
	H1 value < 2 H2 value < 10	· H1 value 3.9 · H2 value 8.2
	Reduce breaches of working hours provisions	· In the Group overall, there was a fall in the number of breaches of working hours provisions in 2019
5 GENDER EQUALITY	The percentage of women in the Group shall reach 25 per cent in 2020	· Proportion of women 22.6 per cent
	Prevent HSE non-compliance, personal injuries, and work-related illness	· During the period, there were 11 injuries that resulted in absence from Avinor AS, one of which was serious. Five internal investigations have been carried out following HSE incidents

Avinor shall ensure that it conducts its business responsibly

SDG	AVINOR'S GOAL	RESULTS IN 2019
8 DECENT WORK AND ECONOMIC GROWTH	Employees, suppliers, and partners must be familiar with and comply with Avinor's ethics guidelines	· Expanded anti-corruption programme · Corruption risk monitoring implemented · Risk-and-vulnerability analysis implemented for corruption and fraud
	Avinor shall have effective procedures for the management of reprehensible actions or situations in all parts of the organisation	· Development of electronic courses · Avinor's contracting parties must sign an agreement on responsible business practices
	Avinor will work to combat anti-competitive behaviour	· Committee set up to process reports · In 2019, the committee received just under 130 notifications. All the notifications have been processed. · Compliance function established
	Avinor shall ensure the responsible processing of personal data	· Group-wide GDPR compliance project completed · Avinor did not receive any complaints concerning breaches of its customers' privacy in 2019

Avinor shall ensure good aviation services for the whole of Norway

Safe and stable operations form the basis for Avinor's business. In close co-operation with airlines and other partners, Norwegian aviation will evolve within key areas such as climate, capacity, and competitiveness.

Avinor ensures funding for a network of small and large airports throughout Norway. At the same time, the Group prioritises important initiatives for ensuring the sustainable development of Norwegian aviation. Avinor sees this as an important part of its social obligation.

CONTRIBUTING TO THE SUSTAINABLE GROWTH OF NORWAY AND ITS REGIONS

The flying habits of Norwegians have been relatively stable in recent years, with an average of one domestic and one international return trip per year. The number of foreigners arriving in Norway who go on to travel domestically in Norway has increased. There is huge potential for an increase in inbound aviation tourism. The ripple effect of this is wide, as aviation tourists spend a lot of money in Norway. The majority of aviation tourists arrive in Norway via Oslo Airport. Some also arrive by way of direct international routes to and from other parts of Norway. New routes have helped to increase inbound tourism and are important for the development of regional businesses and industries.

The Group's strategy for northern areas was revised in 2019, and the Group has been in close dialogue with municipalities, county councils, and business and industry. This has provided a good basis for understanding the region's need for capacity expansion and initiatives.

In 2019, in collaboration with the seafood industry and county councils, Avinor examined the conditions for transporting seafood by air directly from airports in Northern Norway.

CREATING VALUABLE EXPERIENCES FOR PASSENGERS AND VISITORS

Commercial income from activities at the airports makes up 54 per cent of the Group's revenue base and is essential to Avinor's effective and predictable fulfilment of its social obligation. The objective is to maintain a level of income growth beyond that resulting from traffic growth and price rises. This requires intervention in existing revenue streams and the development of new products and services. Enhanced skills, chain operations with the efficient sharing of expertise, and digital solutions are all important measures. In the last period, Avinor focused on efforts related to customer insight and customer dialogue and developed digital platforms for communications and sales.

Good passenger experiences at Avinor's airports

With customer orientation as a key value and the travel experiences of passengers as a strategic primary goal, Avinor is working continuously to maintain its place for providing some of the best passenger experiences in Europe.

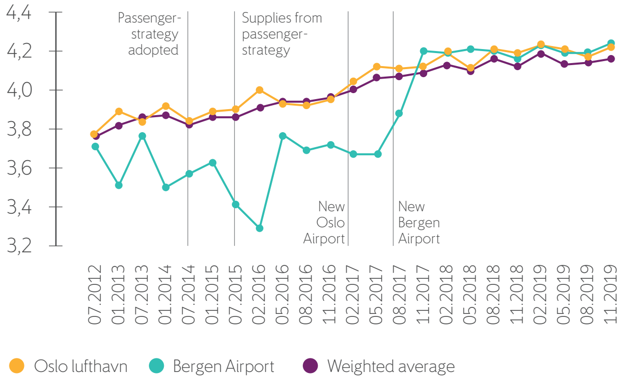
Airport Service Quality (ASQ)

The ASQ survey is the only worldwide survey that provides airports with specific feedback across several categories relating to passenger satisfaction. Around 350 airports from all over the world participate in the survey, making it a valuable tool for measuring Avinor's performance against other airports. Most airports now recognise that passenger satisfaction is key to success in a competitive industry, and the performance of our peers has steadily increased in recent years.

Bergen Airport Flesland and Oslo Airport both scored 4.21 on a scale of 1-5 for overall passenger satisfaction in 2019, which places these airports in the 27th and 28th place respectively out of 115 airports in Europe. Although both these airports improved their customer satisfaction scores compared to the previous year, they are moving down the rankings as other European airports make greater progress. Overall, Avinor's airports as a whole fall roughly within the top third of European airports for passenger satisfaction.

ASQ OVERALL SATISFACTION – AVERAGE 8 LARGEST AIRPORTS

Score for customer satisfaction on a scale 1-5, where the score 4 has the description "very good"



Airport assistant at Oslo airport

Targeted measures and impact measurement

In 2019, a new working methodology was put into use in order to leverage insight into the passenger experience even more thoroughly as part of efforts to prioritise investments and operating activities. Workshops with the largest airports have drafted relevant customer insights, which are then discussed in the light of local experience. Focus areas and priorities for the airports are then jointly prepared for the next period. The impact of measures that have been implemented is measured and experiences are shared between the airports in order to leverage a Group-wide benefit. With this working methodology we want to achieve better accuracy in our passenger experience initiatives, share our experiences more effectively, and accelerate the learning curve.

Good airport hospitality

When creating great travel experiences, the human factor is as important as having a nice terminal and seamless processes. We have worked to develop Avinor's key role as a host at our airports and have invited all our partners to join us in an effort to create great travel experiences. After a pilot period before the summer of 2018 in Oslo and Bergen with a systematic focus on the role of airports as hosts, the experiences gained were used to further develop tools and materials in 2019. Avinor has subsequently expanded the initiative to several of its largest airports.

Service observations and service training

Efforts to support the role as hosts among stores and catering outlets at Avinor's nine largest airports continued unabated in 2019 following the start of the partnership with RetailX in the summer of 2018. Based on frequent observations of the quality of service provided to customers within the airport's range of stores and catering outlets, store managers receive regular and systematic digital feedback on what was perceived as good, as well as input on areas that could be improved to further enhance the customer experience. The service observations are followed up with regular training for operations managers in sales and service management, who together with other service employees use the insights gained in their work to provide good customer experiences as part of day-to-day airport operations.

For Avinor overall, the ambassador score (overall customer experience) increased in 2019 to 63 per cent. This is an improvement of 12 per cent compared to 2018, the first year of the initiative. The ongoing target for the initiative is an ambassador score of 70 per cent.

In September 2019, Avinor conducted a user survey of the programme's 300 participants. The responses of the 129 representatives from store and chain management and from Avinor internally show that the initiative has been very well received. Similarly, the venture with RetailX has improved our partners' performance and the customer experience.

The digital journey

In light of the constant increase in passengers' use and expectations of digital services, Avinor has made it possible to order a growing number of products and services via digital channels. Our joint passenger app for all Avinor's airports has been expanded to include new features such as planning transport to the airport and contact with the assistance service. The app gets great feedback from users, with 4.5 out of 5 stars in the App Store. In our online shop, users can buy parking with additional services and pre-order food and drink, as well as use click-and-collect when pre-ordering duty-free goods and several other products such as electronics and gifts.

More than 160,000 newsletters are sent out each month and adapted based on which airport is located closest to a given customer. The response to the newsletters confirms that our customers are interested in information and offers from Avinor and want a relationship beyond what they experience at the airport itself. All Avinor's digital passenger communications are subject to applicable privacy legislation.

Avinor in social media

The expectations of digital services also apply to Avinor's social media presence. Many passenger enquiries are received through these channels, hence it is important to ensure that their questions are answered. Avinor's objective is to facilitate a pleasant and seamless journey, such as by way of simple procedures, self-service solutions, good accessibility, and relevant information. Activity and customer service on social media help to simplify passenger journeys and create the sense that the passenger is looked after even before they arrive at the airport.

Avinor daily shares travel-related information and tips for passengers on social media. The content is informative and provides entertainment for those who follow Avinor. At the end of 2019, Oslo Airport's Facebook page had more than 181,000 followers and is the largest social channel in the Group.

AVINOR'S SPONSORSHIPS

Avinor's sponsorships are primarily targeted at local recreational activities, social initiatives, and sport for children and young people in the areas surrounding our airports. Many of Avinor's airports contributed to such sponsorships in 2019. In addition, each airport has local agreements with teams and organisations in the local area related to the return of deposit bottles.

At our head office in Oslo, Avinor works with the Church City Mission through the

Neighbour Co-operation in Bjørvika project. There are also separate activities for children and young people under the auspices of the Church City Mission, with which Avinor employees are involved. The 2019 Christmas present also went to the Church City Mission's "Gled en som gruer seg til jul" (Make someone happy who is dreading Christmas) campaign.

Additionally, the Avinor Group also supports the television campaign every year.

The environmental organisations Zero and Bellona receive financial support from Avinor and give Avinor professional assistance in, for example, efforts relating to the development of biofuel. Furthermore, Avinor supports the yearly Sola Conference and Flight Operations Forum events.

DEVELOPING A COMPETITIVE COMPANY

Avinor operates and develops a nationwide network of airports that are subject to challenging weather and topographic conditions. Safe, stable, and efficient operations are always first priority. At the same time, the business must be continuously developed to meet the demands and expectations of its owner, public authorities, airlines, passengers, and the surrounding areas of the airports. An increasingly strong focus on the climate and environment, together with the need for increased efficiency, places great demands on short- and long-term planning.

Developing Oslo Airport

Avinor will continue its efforts to develop Oslo Airport as an important national and international hub. Norway has the strongest domestic market in the Nordic region, and this is a good foundation for several international routes from Oslo Airport. One objective is that as many passengers as possible can reach their final destination as easily and efficiently as possible.

In recent years, traffic to and from countries outside of the Schengen Area at Oslo Airport has grown more than traffic within it. On 1 October 2018, work started on the extension project Expansion Non-Schengen East at Oslo Airport. The project consists of a building of about 30,000 square metres linked to the eastern end of the terminal. Construction work is scheduled for completion in the second quarter of 2022. The expansion will increase capacity to approximately 8 million passengers per year.

Avinor endeavours to improve the attractiveness of air cargo activities. In 2019, 100,000 tonnes of seafood were shipped to global markets directly from the airport. Cargo volumes grew by 2 per cent during the year.

On Sunday 11 August 2019, Oslo Airport's eastern runway reopened to normal traffic after being closed for resurfacing for six weeks. Despite the scale of the project, passengers were largely unaware of the extensive work that was going on. The work required a total of 85,000 tonnes of asphalt and all 950 runway lights were removed. While the work was underway, aircraft could take off in both directions using the temporary runway, Runway Center, 209 metres to the west. The use of the taxiway as a temporary runway proved to be a very successful move, with no impact on the summer traffic.

Work on the zoning plan for a possible third runway east of the current eastern runway has been put on hold pending the clarification of the location by the Ministry of Transport and Communications. As agreed with the ministry, during the autumn of 2019 Avinor updated the knowledge base for eastern and western alternatives. This is included as background material in the ministry's clarification of the location of a possible third runway.

New Bodø Airport

In connection with the closure of Bodø airbase and the Norwegian Armed Forces' subsequent disposal of state property, Bodø Municipality has taken the initiative to relocate Bodø Airport and free up plots of land close to the city centre for development. According to the NTP for 2018 to 2029, the state will contribute NOK 2.4 billion, of which NOK 0.2 billion is allocated for the transfer of the rescue helicopter service. Avinor will provide funding for a share equivalent to the investment needs at the current airport for a twenty-year period. The remainder will be covered by local funding.

The Ministry of Transport and Communications has tasked Avinor with the continued planning of the move with the aim of conducting a concession application. As a result, Avinor has prepared an outline project and started work on a preparatory project. The project will undergo external quality assurance in accordance with the state's quality assurance scheme for major state investment projects. The cost of the project is being explored as part of planning efforts.

A partnership is underway with the municipality of Bodø and the Norwegian Defence Estates Agency to establish a joint financing solution. Assuming the cost of the project is within acceptable limits and that funding can be established in time, the aim is for the new airport to open by 2026, with a capacity of 2.5 million passengers.

Other airports

As a follow-up to Avinor's Northern Area Strategy and the NTP, the decision has been made to build a new terminal at Tromsø Airport. Work will start in the autumn of 2020, with completion scheduled for 2023. An extension of the runway at Kirkenes Airport has also been approved, with completion scheduled for 2021.

Furthermore, the possibility of a new major airport in Lofoten/Vesterålen will be explored. The project's steering group recommends a new major airport at Leknes and a new road solution between Svolvær and Leknes. The report is complete and has been submitted to the Ministry of Transport and Communications for further consideration.

In February 2019, the government gave the green light for a tender process under the auspices of Polarsirkelen lufthavnutvikling AS (PLU) for the construction of the Arctic Circle Airport in the municipality of Rana. The airports Mo i Rana and Mosjøen will enjoy upgrades to the tune of NOK 70 million to ensure their stable and safe operation in anticipation of the new airport.

At Haugesund Airport, the government has decided to hand over all operations to a party other than Avinor by way of competitive tendering, which is known as a service concession model. On 12 May 2019, Avinor handed over the operation of Haugesund Airport to the local operator Lufthavndrift AS. Avinor still owns the airport property, which it leases to the local company.

The Norwegian parliament has decided to establish an advanced base (QRA) for the Norwegian Armed Forces' new F-35 military fighter at Harstad/Narvik Airport, and for the base for surveillance aircraft (MPA) to be moved from Andøya air base to Harstad/Narvik. This means that the Norwegian Armed Forces must make several investments at the airport. The future investment and operational needs of the Norwegian Armed Forces has a major impact on civilian operations at the airport. The establishment of an emergency base at Harstad/Narvik Airport is particularly challenging and requires close co-operation between the parties.

Andøya airbase is owned and run by the Norwegian Armed Forces and, according to the plans of the Norwegian Armed Forces, is scheduled for closure in mid-2022. However, the airport shall continue to operate to facilitate the development of the Andøya Space Center and Andøya Test Center. In addition, the Norwegian Armed Forces have indicated that there is a need for Andøya to serve as a base in the event of an emergency. This means that the size requirements are greater than those of civil aviation. There may be changes in the requirements of civil aviation through the development of Andøya, in particular through the establishment of a drone centre, satellite launch facilities, the expansion of Andenes fishing port, and a possible civil aviation school.

In June 2019, Avinor published a choice-of-concept study (CCS) for airport solutions in Hammerfest. Its conclusion is to not recommend the construction of a new airport. With the measures that are already underway and the planned measures, the current airport will have sufficient capacity for the foreseeable future. The study is included in efforts relating to the NTP for 2022 to 2033.

Operations at Fagernes Airport formally came to an end on 1 July 2018 as no local operators had come forward to take over. In addition, the Norwegian parliament decided that Avinor is to maintain the technical and operational status of Fagernes Airport for up to three years after the closure, so that any takeover and reopening by local stakeholders is as smooth as possible. The state budget for 2020 determined that Avinor can sell Fagernes Airport by way of an open tender. Avinor aims to complete the sale in 2020 so that both Avinor and a new owner can prepare for the acquisition by 30 June 2021.

NATIONAL OBLIGATIONS

Avinor undertakes a number of tasks on behalf of the Norwegian state that do not follow directly from its social obligation and which comparable airport and air navigation operators are not required to do. The tasks include announcement services for airports and airspace, simplified transfers at Oslo Airport (customs), studies for the Ministry of Transport and Communications, emergency preparedness for ambulance aircraft, activities related to defence operations, and various tasks related to air navigation services. These tasks cost the Group in the region of NOK 300 million per year. Avinor currently finances these costs in part through aviation fees and in part through commercial revenues.

AIR NAVIGATION

In 2014 Avinor's air navigation operations were separated into a separate subsidiary, Avinor Air Navigation Services (AFAS), in order to facilitate competition for tower services, establish a clear distinction between supplier and recipient in relation to air navigation services, and adapt the business in relation to pan-European requirements for streamlining the service. AFAS is responsible for air navigation in Norwegian airspace and provides services to both civil and military aviation. The Ministry of Transport and Communications will evaluate an alternative ownership structure for air navigation operations. Avinor is investigating various alternatives on behalf of the ministry. The work is due for completion in the first quarter of 2020.

Postponement of tender for tower services

In an international context, en-route navigation services are largely provided by state service providers within their own national airspace. The market for tower services, on the other hand, has been opened to competition and navigation, surveillance, and communications services are evolving.

So far, Avinor AS has put tower services for Ålesund Airport and Kristiansand Airport up for tender with the aim of continuing this process by putting tower as well as air navigation services up for tender.

The ownership report allows AFAS to participate in tenders for tower and approach services internationally. In line with this, AFAS has established a subsidiary in Spain together with a local Spanish


Innsjekk Check-in
4-10
Sikkerhetskontroll
Security check
Assistansetjeneste

partner in order to participate in tenders for tower services at Spanish airports and in the rest of Europe.

Investment in remotely operated towers and new ATM system

In collaboration with AFAS, Avinor AS has invested in and developed remotely operated towers. On 19 October 2019, Røst Airport became the first to have its tower remotely operated from Bodø Remote Tower Center. Fifteen of Avinor's airports have been selected in the first phase with the aim of introducing the concept at a further ten airports in the next phase. The introduction of remotely operated towers is expected to improve availability for airspace users, improve expertise in air traffic services, and avoid investments in solutions that are due to be phased out. In the long run, remotely operated towers will result in lower operating costs than the use of traditional technology.

AFAS is investing in new technology for en-route navigation services through partnerships with other European air navigation providers. In addition to meeting pan-European requirements, this shift in technology will help to improve security and efficiency and reduce prices for airspace users. Avinor's air navigation services have one of the lowest unit rates in Western Europe. Negative traffic growth in 2019 and expected weak growth over the next five years, combined with high levels of investment as a result of the transition to a new ATM system, will put pressure on the unit rate. This means that gains from the new ATM system will not materialise until the period 2025-2029, once the new system is in place.

ACCESSIBILITY FOR ALL – UNIVERSAL DESIGN

Universal design is an important requirement in Avinor's efforts to enable everyone to travel and participate in everything society has to offer. Avinor's building stock, especially at local and regional airports, was largely built before universal design became a central concept. A substantial step up is needed to meet current requirements.

Avinor has conducted a monitoring process pursuant to the Regulations on the universal design of airports and the rights of disabled people in relation to air transport of 16 July 2013. Based on the deviations found, building-related measures are being implemented as part of Avinor's maintenance programme. The maintenance programme is a multi-year project which started in 2019. For new buildings and major redevelopments, Avinor applies building standards that meet, among other things, the requirements of universal design. Emphasis is placed on co-operation with national and regional user forums such as the Norwegian Federation of Organisations of Disabled People (FFO), the Norwegian Association of the Disabled (NAD), and the Norwegian Association of the Blind.

Through standardised solutions, Avinor wants to help make its airports as predictable and readable as possible for all travellers. Efforts are made to link our standards with international standards so that foreign passengers are also catered for.

Terminal design and boarding solutions are key to getting passengers on board aircraft effectively. There is an emphasis on universal design in connection with the development of new types of technical solutions, commercial requirements, and desired passenger flows. While passenger bridges will be adapted at large and medium-sized airports, ramps and electric stair climbers will work for smaller airports. This will enable everyone to board aircraft in a way that is adapted to them.

Avinor's assistance service, combined with universal design, provides passengers with reduced mobility with a safe and secure environment. This is a comprehensive service from the passenger's arrival at the airport until they are safely on board the aircraft. Co-operation and dialogue take place centrally within the PRM forum, as well as in Flygruppa, which represents organisations, airlines, and Avinor.

The development of information and guidance through various digital channels is helping more and more people to get where they're going of their own accord. Analyses have been conducted in 2019 to look at which solutions may be worth focusing on in the years to come.

IMPACT OF WEATHER ON PUNCTUALITY

Average punctuality for all of Avinor's airports was 84 per cent in 2019. This is the highest in Europe. Avinor's Group-wide targets for punctuality (departure within 15 minutes of scheduled departure) is 88 per cent. Achieving this target depends on the combined efforts of the airports, airlines, and providers of airport-related services. The weather also plays a role. Climate change is presenting ever more challenging weather conditions. Reduced punctuality is also linked to traffic challenges in Europe as well as internal challenges among the operators within Avinor's network.

For regularity – which measures the percentage of scheduled flights that actually operate – Avinor has a target of 98 per cent. In 2019, the rate of regularity for all the airports was 98 per cent. This figure has hardly changed in recent years.

FLIGHT SAFETY

The regulatory requirements in the area of flight safety follow from Norway's international obligations through the EEA and ICAO (the UN's International Civil Aviation Organisation). The Civil Aviation Authority implements provisions that Avinor is required to comply with based on these obligations. Avinor plays an active role in international efforts, such as in the development of new aviation-related regulations in Europe. The term "flight safety" encompasses both safety and security.

Safety is Avinor's top priority and is linked to our strategic area of the safe, efficient, and stable operation at our airports. Flight safety and risk management are constantly being worked with in order to ensure that Avinor's services are carried out and delivered at an acceptable or improved level of flight safety. This helps reduce the likelihood of injury and/or damage to property and critical infrastructure and reduce the impact should an incident occur.

An overview of the operational risks is established at all Avinor's airports in accordance with EU regulations. Proactive and targeted management alongside the overview and control of hazards and the risks they pose will contribute to a sustained and improved level of safety. This overview of risks can be monitored at several levels in the organisation. The framework for managing operational risks is continuously being developed.

Better reports have been developed as information for management within various professions and focus areas, including flight safety. The reports provide a clear picture of the challenges and make follow-ups and monitoring easier. In addition, the flight safety status can be displayed "live" in meetings.

Operational risk management is also proactively integrated into flight safety efforts. This is supported by several new reports (Power BI) for the monitoring and presentation of the airports' operational risks. These are used in local and central safety and quality meetings with the level of detail in the reports adapted accordingly.

The review and ongoing improvement of the safety management system, including the management of flight safety, continued in 2019.

Focus areas in air navigation

With the aim of providing a comprehensive approach to risk management, Avinor has established safety levels and links between proactive and reactive safety activities.

Exceedances of aircraft spacing minimums

There has been special emphasis on the risk of exceeding aircraft spacing minimums – i.e. aircraft getting too close to each other – by way of the close monitoring of late detected conflicts, which have the potential to develop into an exceedance.

Runway incursions

In 2019, Avinor Air Navigation Services implemented a number of measures to reduce the risk of runway incursions with substantial efforts in relevant interfaces. Implementation of the new TRAC communication platform on iPads in the Tower business area has enabled a more varied and dynamic form of communication than before.

Common to the focus areas mentioned above is that the data for 2019 now shows a clear decline in the severity of these types of events. Alongside this, we recorded a significant increase in the number of reported aviation incidents. This shows that Avinor Air Navigation Services has an entrenched reporting culture.

Drones

The unauthorised use of drones poses a potential risk of accidents and serious incidents. Avinor Air Navigation Services is putting substantial effort and resources into minimising this risk by, for example, raising awareness and competence and contributing to the drafting of relevant regulations and procedures, as well as working closely with the user environment, public authorities, and other service providers. Avinor Air Navigation Services has acquired a traffic management system, Unmanned Traffic Management (UTM), for drones that will be implemented in 2020.

The results of safety culture surveys were followed up locally with central support during the year. In addition, safety culture workshops were carried out in the autumn for all operatives of eastern sector group at Norway Control.

Avinor Air Navigation Services has selected a drone system supplier and will be the first flight safety provider in the Nordic countries to use advanced technology to ensure the safer integration of drones within airspace. The use of drones in the airspace around airports is increasing and expected to grow further in the coming years. The operators and users of drones are a mix of professionals and hobbyists. Many are currently unfamiliar with airspace structure or how they should behave in relation to air traffic control. The system that has now been acquired is tailor-made for managing drones and drone users. The system is scheduled to be rolled out to the tower units of Avinor Air Navigation Services during 2020.

Avinor observes and records illegal drone activity and reports all unauthorised incidents involving drones at airports. We participate in national and European efforts to put in place regulations for the safe use of drones. New European regulations for drones come into effect on 1 July 2020 and will be applicable in Norway. Avinor has begun investigating drone use at some airports. This will help to identify the dangers and risks associated with drones. The project seeks to identify effective measures and draws on experience from other airports in Norway and internationally.

ACCIDENTS AND SERIOUS AVIATION INCIDENTS

There were no aviation accidents and one serious aviation incident in Norwegian aviation to which Avinor Air Navigation Services was a contributing party in 2019. A scheduled flight to Oslo Airport entered Norwegian airspace without the flight being known to air traffic control services. The aircraft was not identified on the radar and the symbol observed had no association, meaning that there were no details on the flight that were to be co-ordinated in advance. The situation was discovered late and the incident was allowed to develop over time. The incident prompted an extensive investigation and the management team of Avinor Air Navigation Services presented 11 measures to be taken. These are either in the process of being followed up or have already been implemented and completed.

The reporting rate has been very good and the degree of severity in aviation incidents has never been lower.

PROPORTION OF PUBLIC TRANSPORT AT NORWAY'S FOUR LARGEST AIRPORTS

	SERIOUS AVIATION INCIDENTS	AVIATION ACCIDENTS INVOLVING PERSONAL INJURY	AVIATION ACCIDENTS NOT INVOLVING PERSONAL INJURY
2019	1	0	0
2018	0	0	0
2017	3	0	0

Serious aviation incidents, aviation accidents not involving personal injury, and aviation accidents involving personal injury where Avinor was a contributing party. The terms "serious aviation incident" and "aviation accident" follow the definitions in Regulation (EU) No. 996/2010.

AUDITS

Regular audits are carried out within both units and subject-specific areas as one of several measures to maintain a good safety culture and a high level of flight safety. The purpose of audits is to ensure regulatory and legal compliance, as well as optimal governance in respect of the company's targets. In addition, audits help to bring about improvements within the scope of Avinor's certifications.

An audit programme is established each year in accordance with regulatory provisions and is approved by the CEO. The audit programme incorporates the requirements of the Norwegian Aviation Act, EU/2008/2016, the Norwegian Work Environment Act, the Norwegian Security Act, and the regulations associated with these. This is in addition to relevant ISO standards, as well as regulations and standards within the external environment. Internal audits, audits of operators at Avinor's airports, and audits of suppliers are also carried out.

Any discoveries made during internal and external audits are recorded as non-compliance in Avinor's non-compliance management system and are followed up by the party defined as the risk owner, contractor, or appointed contact person. Serious non-compliance (level 1), recurrent non-compliance, and trends from completed audits are reported directly to the CEO through the Central Safety Review Board (C-SRB).

The 2019 audit programme did not reveal serious non-compliance (level 1) in respect of laws, regulations, or Avinor's governing documents that reduces the level of or poses a risk to safety.

SECURITY

Threats to aviation have changed somewhat from previous years, and there is now greater awareness of inside threats and threats to critical infrastructure. The organisation has conducted internal training on what inside threats are. The foundation course for access cards has also changed, and there is now an increased focus on inside threats and safety analyses of critical infrastructure have been accomplished.

In 2019, Avinor updated the security risk analysis for all our airports. The analysis shows that Avinor must continuing working on the physical security of terminals as there is still a threat from easily accessible objects that can be used as weapons and vehicles. Work on the new management system for preventative security (the Norwegian Security Act) has also been completed and implemented in Avinor's other management systems. This has resulted in good integration with the process areas Emergency Preparedness and Crisis Management, IT, and Procurement.

COMMUNITY SECURITY AND EMERGENCY PREPAREDNESS

Avinor has bolstered its central operational crisis team by way of skills development and increased training in line with the team's key function. Furthermore, the crisis team has involved all airports in exercises to increase understanding and knowledge of Avinor's handling of incidents. The crisis organisation has participated in national exercises.

The decision has been made to establish H capacity (the ability to communicate via encrypted network at level SECRET at the head office). This will enable Avinor to have and maintain an accurate and timely understanding of incidents and thus contribute to good national emergency preparedness.

Over the past year, Avinor's emergency preparedness documentation was revised and adapted to EASA regulations and national threat assessments in order to safeguard the Group's role in the transport sector, general defence, and community emergency preparedness.

General defence and Trident Jupiter

Avinor continues to play an active role in general defence through its ongoing co-operation with, among others, the Norwegian Joint Headquarters, the defence staff, the Royal Norwegian Air Force, the Norwegian Directorate for Civil Protection, and other key civilian stakeholders. The CEO has made an active contribution to the central general defence forum and Avinor has contributed in several academic contexts relating to, among other things, evaluations, exercise planning, the revision of emergency preparedness plans, and Norway's role as host country for allied forces. In the autumn of 2019, Avinor participated in the NATO Trident Jupiter exercise and the national Polaris Gram exercise. We were in liaison with the Norwegian Joint Headquarters throughout the exercise. The operational crisis team at the head office was involved in the first part of the exercise and managed dialogue with the liaisons of the Norwegian Joint Headquarters.

HUMAN TRAFFICKING

Avinor has no proprietary systems for reporting human trafficking. Such incidents are recorded in a crime case management system and are processed by the relevant authorities, such as the police and customs. These are in place at Avinor's largest airports, and the airports are reporting good co-operation. Avinor encourages all employees to report situations which are unclear and in which they suspect that human trafficking is taking place.

PROJECTS, RESEARCH, AND DEVELOPMENT

Avinor has produced a strategy for innovation in future-oriented and sustainable aviation in collaboration with the business and industry sector and national and international research environments.

The Group has focused on five areas where innovation would help to create value:

- environment, climate, and sustainability
- winter operations
- holistic airport operations
- hospitality
- digital work tools

Each area consists of initiatives big and small that will contribute to knowledge, development, and concrete solutions. One example of ongoing innovation projects is Elnett21 – a project funded by ENOVA in which Avinor is working with Lyse, Forus Næringspark, the Port of Stavanger, and Smartly. Another example is the Smarter transport in Bodø project in which the group is working with Nordland county council, the municipality of Bodø, and Telenor. Furthermore, Avinor is participating in several research and development projects relating to the development of sustainable biofuels for aviation, in collaboration with such institutions as SINTEF, BI Norwegian Business School, and the Norwegian University of Life Sciences. Avinor also participates in Klima 2050, a research centre focusing on extreme weather and gradual climate change, as well as the climatic adaptation of buildings and infrastructure.

Avinor has a focus on employee-driven innovation and arenas for collaboration across different disciplines in order to identify good ideas and solutions. Avinor also depends on co-operation with external stakeholders in order to develop insights, knowledge, and innovative solutions. The Group has established good relations with national and international stakeholders from universities and colleges, research institutes, and business and industry. The Group will also strengthen its efforts by involving customers and stakeholders in its innovation work.

Avinor shall be a driving force in the work on climate and environmental challenges within aviationr

Avinor has concrete and long-term goals to address the four largest environmental challenges of operating airports: climate, energy, noise, and emissions into water and ground.

Effective and systematic environmental management is needed to manage these challenges. Centralised environmental management and airport operations are certified in accordance with the ISO 14001:2015 standard. In 2019, the certification company RISE Research Institutes of Sweden conducted a certification audit in which Avinor was re-certified for another three-year period.

GREENHOUSE GAS EMISSIONS

By 2022, Avinor must halve its total controllable greenhouse gas emissions as compared to 2012 and help to reduce emissions from ground transport and air traffic.

The biggest source of greenhouse gas emissions at airports is aircraft landing and taking off, followed by ground transport (greenhouse gas emissions generated by passengers getting to and from the airport) and greenhouse gas emissions related to the running of the airports.

Greenhouse gas emissions from airport operations

Avinor prepares climate accounts in accordance with The Greenhouse Gas Protocol and works on an ongoing basis to reduce greenhouse gas emissions from its own operations. Avinor purchases annual greenhouse gas emissions quotas to offset any remaining greenhouse gas emissions. For 2019, we invested in a project in Malawi: Improved Cookstoves Program for Malawi and cross-border regions of Mozambique.

In 2019, Avinor's own verifiable greenhouse gas emissions from airport operations totalled approximately 13,530 tons of CO_2 equivalents. This indicates a reduction of approximately 14 per cents in 2019, as compared to the level in 2012.

Avinor's biggest source of emissions is the consumption of fuel for its own vehicles, followed by energy consumption and business travel. Svalbard Airport in particular stands out in Avinor's climate accounts as the airport's heating and electricity are both provided by a coal-fired power plant. Other sources of Avinor's own controllable emissions include the discharge of chemicals for runway de-icing and for use in firefighting exercises.

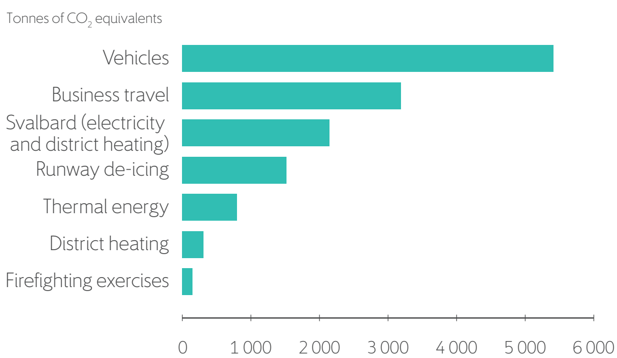
Avinor's climate goal is an absolute goal that does not take into account size increases in the ploughed areas of our airports.

Emissions from Avinor's operations depend heavily on the weather in the winter, which governs the need for snow ploughing, heating, and the use of de-icing chemicals. The use of runway de-icing chemicals is included in Avinor's climate accounts because the chemicals are made from fossil carbon sources and therefore greenhouse gas emissions are calculated based on their degradation.

An important measure in reducing greenhouse gas emissions from Avinor's own operations is the introduction of advanced biodiesel, since almost half of Avinor's greenhouse gas emissions come from its fleet of vehicles. Advanced biodiesel is used in vehicles that cannot be easily electrified, such as snow blowers and sweepers. The biodiesel used by Avinor does not contain palm oil or palm oil derivatives and conforms to EU sustainability criteria. A new framework agreement for the supply of advanced biodiesel was negotiated in 2019.

I line with the normal procedure Avinor does not include emissions from biodiesel or bio heating-oil. In 2019 Avinor stepped up the phasing in of advanced biodiesel. The mixing ratio of biodiesel for Oslo Airport's entire fleet of machinery rose sharply from 20 per cent in 2018 to 81 per cent in 2019. This equates to around one million litres of advanced biodiesel in 2019. Furthermore, our partners at the airport have also refuelled with biodiesel. The mixing ratio of biodiesel at Trondheim Airport and Bergen also increased during

AVINOR'S GREENHOUSE GAS EMISSIONS RELATED TO AIRPORT OPERATIONS FOR EACH EMISSIONS SOURCE



the year to 61 and 38 per cent respectively. Furthermore, biodiesel was used at Ålesund, Molde, and Kristiansand airports during 2019. Overall, Avinor increased its biodiesel mixing ratio in 2019 in line with its target. If Avinor is to achieve its target of halving greenhouse gas emissions by 2022, a further increase in the mixing ratio of advanced biodiesel is needed in the coming years.

When procuring vehicles in Avinor, an assessment must always be made as to whether a vehicle with an internal combustion engine (ICE) can be replaced with an electric vehicle. A project at Oslo Airport saw the replacement of eight airside ICE buses with eight electric ones. The decision was made in June 2019 and the buses are scheduled to be delivered to the airport in the second quarter of 2020. The project is funded by Enova and involves the purchase of eight 18-metre buses from VDL and the associated charging infrastructure (Heliox). The buses will carry passengers between the terminal and aircraft parked at remote stands. It is expected that the transition from ICE buses to electric buses will save Oslo Airport around 170,000 litres of fuel per year. The agreement for electric airside buses, including infrastructure, is a framework agreement. Other Avinor airports with airside bus services may place suborders based on the agreement at a later date.

In 2019, Avinor purchased 21 new administrative vehicles, both large and small, of which 13 were electric and 4 were hybrids. Four ICE vehicles had to be purchased due to the lack of available suitable electric vehicles. Enova's funding of the purchase of electric vans has helped to increase the proportion of electric vehicles within Avinor. However, there needs to be a wider range of electric vans and minibuses (up to 8+1 passengers) if Avinor is to further step up the phasing in of electric vehicles.

To reduce Avinor's greenhouse gas emissions it is also necessary to transition to renewable energy where possible and use bio heating oil at individual airports. Oslo Airport's power plant has a high capacity and falls within the greenhouse gas emissions quota regulations. Consequently, Oslo Airport has permission from the Norwegian Environment Agency for emissions subject to quotas and compensates for its CO_2 emissions in the EU's quota system each year. Nevertheless, the use of the oil boilers is a last resort and they are used only during periods when Statkraft heating and the electrode boiler are unable to supply sufficient energy. The oil boilers were rebuilt in 2019 and adapted to use biofuel oil as of 1 January 2020. Other measures that are essential for reducing energy consumption at Avinor's airports are discussed in the section on energy.

Efforts to increase the number of charging points in Avinor's parking facilities were concluded in 2019. Avinor now has 1,270 charging points across its airport network and is now the world's largest airport operator in terms of electric vehicle charging. Oslo Airport alone has more than 700 charging points for electric cars.

Climate change has resulted in the increased use of runway de-icing chemicals in recent years. In the years to come, it will be important to consider opportunities for obtaining runway de-icing chemicals produced from fossil-free carbon sources. Although this has previously been a product that has not been possible to obtain, in 2019 a producer demonstrated how this product can be made. However, the new product must meet all Avinor's other requirements for runway chemicals and must therefore undergo thorough testing. Avinor wants to help test this new product.

Airport Carbon Accreditation (ACA) is an industry organisation that airport operators can be accredited by. ACA is managed by ACI, of which Avinor is a member. Airports participating in the scheme must set binding targets for reducing greenhouse gas emissions, prepare detailed climate accounts, and adopt action plans. In 2019, around 290 airports were part of the scheme. This means that around 43 per cent of global passenger traffic passes through ACA-accredited airports. Within Avinor, Oslo Airport, Trondheim Airport, and Kristiansand Airport have been accredited in the scheme since its inception in 2009. Bergen Airport and Stavanger Airport have participated since 2014. Our four largest airports are accredited at ACA's highest level – Neutrality.

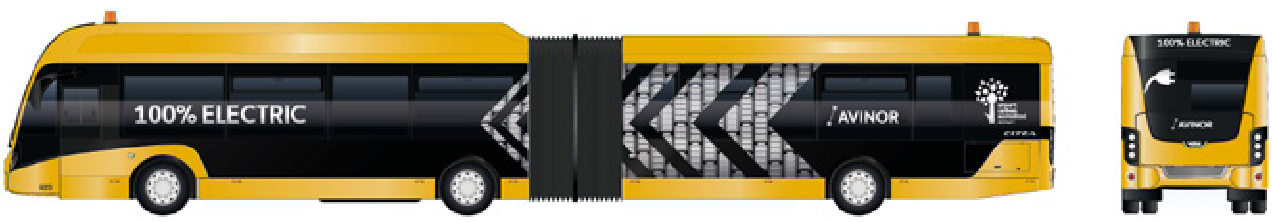
Ground transport

In order to boost the range of services to passengers, reduce greenhouse gas emissions, and improve local air quality, Avinor wants to be a driving force behind enabling as many journeys as possible to and from the airports to be made by public transport. The challenges relating to ground transport have to do with both the transport network and the modes of transport. Settlement patterns in the airports' catchment areas also mean that it is not possible to offer a full range of public transport to everyone. Nevertheless, a generally high proportion of journeys made to and from Avinor's largest airports are made by public transport. For example, Oslo Airport has the highest such proportion in Europe. The proportion of such journeys has increased in recent years, and the goal is further growth.

The increase in the proportion of public transport in ground transport is affected by factors such as the passenger composition of air traffic. The most important distinction is between those who live in the airport's catchment area and who have access to their own car, and inbound passengers who do not have access to their own car. Consequently, when the number of inbound passengers increases, the proportion of journeys made by public transport increases as a result. The proportion of cars increases if locally generated traffic increases more quickly.

For Oslo Airport, the high proportion of public transport has a positive impact on domestic traffic. A greater proportion of international traffic is outbound, hence the higher proportion of car use. Since 2013, the increased proportion of foreigners in international traffic has resulted in an increase in the use of public transport, which is the preferred means of transport for this passenger group.

One group that is particularly challenging is those who are driven to



Oslo Airport's airside buses will appear as shown in the picture above. The buses are yellow due to airside visibility requirements.

or picked up at the airport by a private car. Avinor is working to provide incentives to get these people to use public transport. A vehicle registration recognition solution was introduced at all airports in 2018. Vehicles that stay more than the allotted free time will have to pay a fee. This may help to encourage car users to switch to public transport when being picked up or dropped off at our airports.

Most measures for increasing the use of public transport fall outside of Avinor's areas of responsibility and require co-operation with several other stakeholders. Avinor's most important contribution is to provide infrastructure at its airports and useful information about services to passengers. Oslo Airport improved its public transport information considerably in 2019 with the opening of a new information centre. The information centre features information boards and ticket vending machines and assists passengers with the purchase of tickets and choice of transport.

At the Group level, active efforts are underway with Norway's largest airport bus operators, which have stations at Norway's four largest airports. The aim of this co-operation is to identify strategies for increasing market share for bus companies at the expense of private cars. In its co-operation with airport bus operators, Avinor has developed specific measures to increase market share for bus operators. These efforts will continue in the years to come. Avinor would like to use this knowledge to facilitate the increased investment in public transport at smaller airports.

At Bergen Airport, Flesland, we moved one step closer to a zero-emission taxi industry in 2018 when an agreement was reached between the county council, Avinor, and the energy and infrastructure company BKK. In December 2019, a charging station with six fast chargers and twelve AC chargers was completed in a taxi rank in Bergen. Avinor's four largest airports have seen a positive development in the use of public transport as a means of ground transport since 2009. Depending on how the situation develops, Avinor will set its sights higher heading towards 2030. The target for Oslo Airport has already been set at 75 per cent by 2030.

PROPORTION OF PUBLIC TRANSPORT AT NORWAY'S FOUR LARGEST AIRPORTS

	SHARE OF PUBLIC TRANSPORT				
AIRPORT	2009	2018	2019	TARGET 2020	TAXI 2019
Oslo	64	71	72	70	4
Stavanger	14	22	21	30	24
Bergen	27	46	53	50	12
Trondheim	42	45	48	50	13

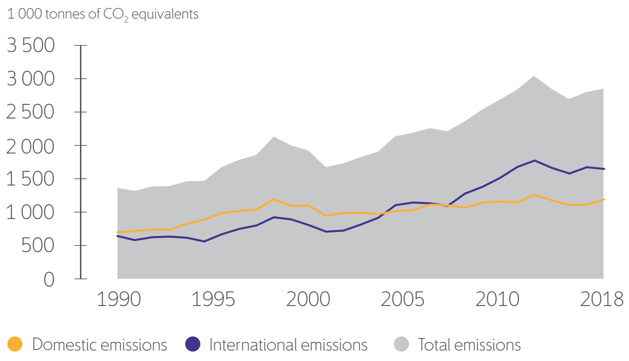
Source: Air passenger surveys (RVU)

Greenhouse gas emissions from air traffic

Since 2007, Avinor has co-operated with airlines and the Federation of Norwegian Aviation Industries (NHO Luftfart) to facilitate a reduction in greenhouse gas emissions from air traffic. Three reports [1)] have been published outlining emissions-reducing measures and comparing the effect of these with expected traffic development. According to projections, greenhouse gas emissions from domestic aviation – taking into account expected energy efficiencies – will be roughly the same in 2030 as in 2016, despite significant traffic growth. Emissions for international aviation may increase as a result of the significant increase in traffic if sustainable biofuels, and subsequently electric and hybrid-electric aircraft, are not introduced.

1) "Sustainable and socially beneficial aviation" Available at avinor.no.

GREENHOUSE EMISSIONS FROM NORWEGIAN AVIATION 1990-2018



The most important emissions-reducing measures for aviation are related to fleet renewal, airspace efficiency improvements, sustainable biofuel, and the introduction of electric and hybrid-electric aircraft.

According to Statistics Norway, greenhouse gas emissions from all domestic civil aviation in 2018 (most recent official figures) corresponded to 2,3 per cent of total domestic emissions (1,2 million tonnes out of a total of 52 million tonnes of CO_2 equivalents). It is these emissions which are covered by the Kyoto Protocol and which are reported in Statistics Norway's statistics on greenhouse gas emissions from Norwegian territory. This principle is used in all countries.

Greenhouse gas emissions from international traffic (i.e. from Norwegian airports to the first overseas destination) equated to 1,65 million tonnes of CO_2 equivalents in 2018. These emissions are reported annually by the Norwegian Environment Agency to the United Nations Framework Convention on Climate Change (UNFCCC).[2)]

Total greenhouse gas emissions from all jet fuel for civil purposes sold at Norwegian airports in 2018 (most recent official figures) equate to just over 5,5 per cent of Norway's total emissions, in the order of 2,85 million tonnes of CO_2 equivalents. According to Statistics Norway there was an increase in the emissions from domestic traffic in 2018, as compared to 2017, while emissions from international traffic was slightly down. All together there was an increase of 1,8 per cent as compared to 2017.

According to IATA [3)], total CO_2 emissions from global aviation amounted to 905 million tonnes, or about 2.5 per cent of total global CO_2 emissions (37 billion tonnes) in 2018.

In addition, the fact that some of the emissions occur at high altitudes increases their climatic impact. CICERO estimates an additional factor of between 0.8 and 2.5, with a model average of 1.8. Only a limited amount of domestic traffic in Norway occurs at these altitudes.[4)]

New energy-efficient aircraft

The airlines continue their efforts to become more energy efficient, with the fleets of SAS and Norwegian undergoing constant renewal. More energy-efficient engines, improved aerodynamics, lower weight, and more seats mean that the Airbus A320 NEO aircraft, for example, which SAS and Norwegian are now phasing in, have around 15 per cent lower emissions per seat-kilometre than the aircraft they replace. Emissions per passenger kilometre have more than halved in the last 20 years.

Airspace efficiency improvements

Airspace efficiency improvements coupled with the optimisation of landings and take-offs are important measures through which Avinor can exercise considerable influence.

Free Route Airspace was implemented in 2016, and improved navigation technology facilitates more accurate and flexible approach and departure procedures. The advantage of these approach procedures is that flights can pass around densely populated areas close to the airport, reducing noise for the airport's neighbours. In addition, aircraft can fly shorter routes, thus reducing their fuel consumption and greenhouse gas emissions. In 2018, Oslo Airport expanded the use of such procedures, enabling them to be used in all weather conditions. Trondheim and Bergen will implement the same in 2020, with Stavanger expected to announce the procedures in 2021.

Jet biofuel

Biofuel was certified for use in civil aviation in 2009. Since then, several thousand scheduled civilian flights have been carried out using blended biofuels, and the development of various technologies for the production of biofuels has picked up pace. A major advantage of biofuels is that they can be blended directly into fossil-based aviation fuel and do not require adaptations to either aircraft engines or distribution systems. According to both the industry and the International Civil Aviation Organization, the introduction of biofuels for aviation is considered a very important measure in reducing greenhouse gas emissions from aviation.

The first flights using blended jet biofuel in Norway were conducted by SAS and Norwegian in November 2014. In January 2016, Oslo Airport – in collaboration with AirBP, Neste, SkyNRG, Lufthansa Group, KLM, and SAS – became the first international airport in the world to mix biofuel in the regular fuel supply system and to offer biofuel to all airlines refuelling there.

From 2020, it is a requirement that 0.5 per cent of all aviation fuel sold in Norway must be biofuel (with the exception of the Norwegian Armed Forces). Norway is the first country in the world to introduce such a requirement. The biofuel must be advanced, i.e. made from waste and residues. The Norwegian parliament has adopted a target that 30 per cent of aviation fuel sold in Norway in 2030 must be advanced biofuel.

Avinor is working with environmental organisations, industry stakeholders, and research institutes to produce jet biofuel for aviation in Norway. In addition, Avinor has set aside up to NOK 100 million for a ten-year period (2013-2022) for measures and projects contributing to the introduction of jet biofuel in Norwegian aviation.

Together with airlines and the Federation of Norwegian Aviation Industries (NHO Luftfart), Avinor has explored the potential for establishing the large-scale production of biofuels for aviation using biomass from the Norwegian forestry industry. The conclusion is that waste products and side-streams from forestry could provide

2) Note that Statistics Norway has adopted a new model for calculating greenhouse gas emissions from aviation, and that the figures stated differ somewhat from previous years.
3) Source: IATA (https://www.iata.org/en/iata-repository/publications/economic-reports/airline-industry-economic-performance---december-2019---report/)
4) Lund, Marianne T, Borgar Aamaas, Terje Berntsen and Jan S. Fuglestvedt (2016): "Luftfart og klima – En oppdatert oversikt over status for forskning på klimaeffekter av utslipp fra fly" [Aviation and the Climate: an updated overview of the status of research into the climate effects of aircraft emissions], CICERO Report 2016:5.

enough biomass for up to 30 per cent of the fuel requirements of Norwegian aviation.

In 2019, Avinor signed an agreement worth NOK 8 million for the advance purchase of fuel from the Norwegian company Quantafuel. The agreement with Avinor and funding from Enova will enable Quantafuel to establish biofuel production using biomass from Norwegian forestry. The company will start with a pilot project.

The large-scale Norwegian production of biofuel for aviation and heavy road transport may be crucial in achieving Norwegian climate targets, but this depends on predictable long-term conditions that do not reduce the competitiveness of Norwegian aviation.

Electrification of aviation

One of the likely measures for reducing greenhouse gas emissions will be the electrification of every aspect of aviation, including the operation of infrastructure such as buildings and facilities, motorised transportation at airports, and air traffic itself. Norway is in a unique position to utilise electrified aircraft, thanks to its established short-leg market using small aircraft, considerable experience, great interest in transport electrification, and almost 100 per cent renewable electricity. Based on the information Avinor has obtained from aircraft manufacturers, a realistic expectation is that the first electric or hybrid-electric aircraft could enter testing and development phase in domestic passenger service in Norway by around 2025. Our vision is to electrify domestic air traffic in Norway by 2040. Furthermore, we have a responsibility to facilitate this development, especially with regards to charging capacity at our airports.

Avinor has started work on mapping current and future capacity with regards to charging electrified aircraft at the company's airports and is participating in, for example, the ENOVA-funded Elnett21 project in Stavanger. Together with the Civil Aviation Authority, Avinor has been tasked by the government to develop a programme for the introduction of electric aircraft in commercial aviation.

Avinor's investment in the electrification of aviation has attracted considerable attention nationally and internationally, and several aircraft manufacturers are looking to Norway as a viable first market for electrified passenger aircraft, which are expected to be small and have a limited range.

CO_2 duty and emissions trading

Norway is one of the few countries in the world to impose a CO_2 duty on domestic aviation. In 2019, this amounted to NOK 1.30 per litre of jet fuel, or around NOK 510 per tonne of CO_2. In accordance with international agreements, a CO_2 duty cannot be imposed on international traffic.

Since 2012, civil aviation has been part of the EU's emission trading system, in line with the energy and industry sectors. Around 75 per cent of flights within and from Norway are covered by the EU's emissions trading system. The EU's goal is that emissions in sectors subject to quotas be 43 per cent lower in 2030 than in 2005. Quota prices have fluctuated considerably in recent years. Prices were consistently high in 2019, reaching a peak of almost EUR 29 per tonne in July. The EU is expected to reduce the scope of available allowances in the lead-up to 2030 to ensure that targets are achieved. This will increase quota prices and, in the longer term, result in higher costs for Norwegian aviation.

A passenger tax was introduced for all departures from Norwegian airports on 1 June 2016. In 2019 this was NOK 200 for journeys outside Europe and NOK 75 for journeys within Europe.

Emergency landing with electric aircraft

In connection with a flight during the Arendal political festival in August 2019, Avinor's electric aircraft had to make an emergency landing. CEO Dag Falk-Petersen himself was in the cockpit, and he felt an emergency landing was necessary as engine power had reduced to such an extent that it was not possible to reach the airfield.

"I found a small place where we could land. Although the landing itself went very well, we ended up being a bit wet, as we landed in a lake. Despite the drama and it being something we could have done without, it was a successful ending to a challenging incident," says Falk-Petersen. He states that this will not affect Avinor's electric aircraft venture going forwards.

The passenger on board, state secretary Aase Marthe J. Horrigmo of the Norwegian Ministry of Local Government and Regional Development, was happy and relieved that everything went as it did.

"It's rare to have been involved in the emergency landing of an aircraft, but fortunately everything went well and we can thank Dag for that. When he had to call the tower and say 'Mayday, mayday', I realised something was wrong. But he remained very calm, which in turn kept me calm," she told TV2 the day after the emergency landing.

The UN's International Civil Aviation Organisation (ICAO) has set a target of carbon-neutral growth in international aviation from 2020. At the ICAO General Assembly in October 2016, it was agreed to introduce a quota system for greenhouse gas emissions from international aviation, which, along with other measures, will help to reach the target. The first six-year phase of the mechanism through to 2021 will be voluntary for participating states. So far, 78 states, including Norway, have voluntarily participated in this phase. Air traffic between these states accounts for around 75 per cent of international air traffic.

CLIMATE ADAPTATION

In Norway, it is expected that climate change will result in a warmer, more volatile, and wetter climate with wide regional and local variations. The inability to make adaptations to infrastructure may have major physical and economic consequences.

Since 2001, Avinor – together with the Norwegian Public Roads Administration, the Norwegian Coastal Administration, and the Norwegian Railway Directorate – has assessed the impact of climate change on its own operations through its efforts relating to the National Transport Plan. Avinor's climate adaptation efforts also extend to co-operation with the ICAO, Airport Council International (ACI), and the directorate group for climate adaptation under the auspices of the Norwegian Environment Agency.

Avinor has also conducted its own risk and vulnerability analyses, which will be updated in 2020.

Avinor is involved in Klima2050, a centre for research-based innovation run by SINTEF, and is contributing with pilot projects in, for example, the improved filtration of run-off from runways and the improved maintenance of existing buildings, including climate adaptation. Through the establishment of standards for buildings in Avinor, new building and infrastructure projects will have a greater emphasis on climate adaptation.

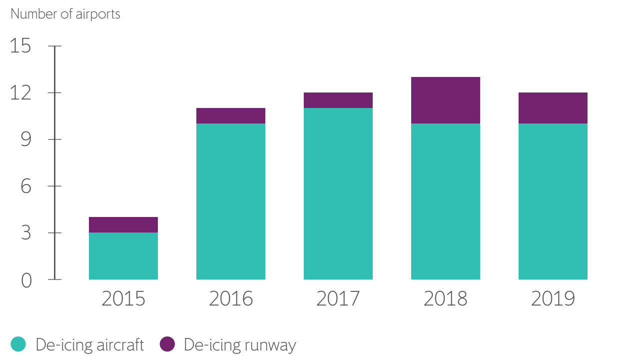
WATER AND GROUND

Avinor's environmental target for water and ground for the period 2016 to 2020 is that no new ground contamination or worsening of water quality may occur at any of its airports.

Airport operations involve the use of various chemicals that may result in discharge. Avinor's corporate responsibility includes constantly seeking to reduce chemical use and discharge, sourcing the most environmentally appropriate alternatives, and monitoring discharge and the impact of airport operations on the surrounding environment.

De-icing chemicals are used to ensure safe flight and landing conditions by preventing ice and snow from settling on aircraft and runways. The discharge of such chemicals may be detrimental if the tolerance levels of the water and ground, and their natural decomposition capacity, are exceeded. A contamination situation or deterioration of water quality may then occur. The use of chemicals also has an impact on costs, which is why Avinor is working actively to reduce the use and discharge of chemicals.

NUMBER OF AIRPORTS WITH OPERATIONAL BREACH OF CONDITIONS FOR AIRCRAFT AND RUNWAY DE-ICING



All Avinor's airports have their own discharge permits, pursuant to the Norwegian Pollution Control Act. These are based on assessments of natural tolerance levels for each airport up to the required level of chemical use in order to operate the airport properly. The discharge permits regulate things such as the amount of de-icing chemicals and chemicals for firefighting exercises that can be used and how much may be discharged. If the consumption is so high that it could affect the environment, the permits may also require additional investigation and the establishment of technical facilities. Its purpose is to safeguard water quality in the recipients and the natural ecological, biological, and chemical conditions.

The County Governor, who is the authority responsible for contamination for all airports apart from Oslo, conducted physical inspections at nine airports in 2019, with particular emphasis on tank facilities. Some minor non-compliance was recorded and rectified.

In recent winters, Avinor's use of de-icing chemicals for both aircraft and runways has generally increased. The primary reason

USE OF CHEMICALS

The risk of contaminating water and ground at airports is mainly linked to deicing, firefighting exercises and the risk of leaking fuel, in addition to unexpected incidents.

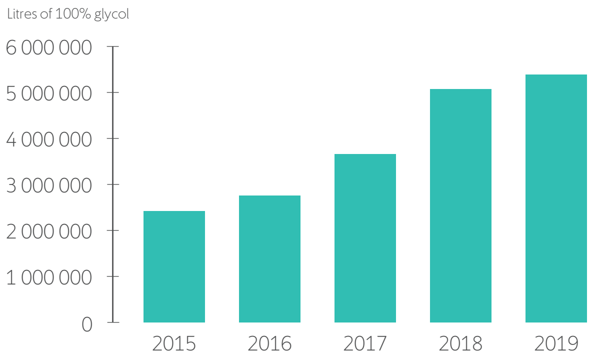
DISCHARGE PERMITS

Pursuant to the Norwegian Pollution Control Act, airports are not allowed to pollute. However, all of Avinor's airports have their own discharge permits. The discharge permits regulate the amount of de-icing chemicals and chemicals for firefighting exercises that can be used, and how much may be discharged.

MONITORING

Avinor's corporate social responsibility includes constantly seeking to reduce chemical use and emissions, sourcing the most environmentally appropriate alternatives. To verify that we comply to this aim, monitoring emissions and the impact of airport operations on the surrounding environment is crucial.

TOTAL USE OF DEICING CHEMICALS



for this is more challenging weather conditions. Increased traffic and changed routes may also require an increased use of chemicals.

In 2019, of Avinor's 44 operational airports, conditions were breached at eight airports for aircraft de-icing and at two airports for runway de-icing. Whenever limits are exceeded, the pollution authorities are informed of the situation. New discharge permits have already been applied for at some non-compliant airports.

Oslo Airport is one of the airports that exceeded its discharge permit for de-icing chemicals in 2019. The discharge permit for this airport is recipient-based. There is no usage limit, provided that this does not result in an unacceptable impact on recipients around the airport. In 2019, there were a total of nine breaches of discharge permit requirements in relation to groundwater. All breaches are reported to the Norwegian Environment Agency, which has asked Oslo Airport for a report on the cause of the breaches and measures to prevent future breaches. Oslo Airport has started a project with the aim of improving the understanding of the long-term effects of de-icing chemicals on the ground and groundwater, and the underlying processes. In addition, the project aims to evaluate and optimise existing measures and explore opportunities for developing new measures.

In 2019, Avinor received new discharge permits for the airports in Harstad/Narvik, Rørvik, Trondheim, and Røros. New discharge permits for Svalbard and Hammerfest airports have been applied for.

The contamination situation at the de-icing platforms at Tromsø Airport remains challenging. Action plans have now been drawn up for the extension of discharge lines and the establishment of a new de-icing platform. These have been sent to the County Governor of Troms and Finnmark. Work on discharge line is scheduled for completion in 2020 and will significantly improve the contamination situation.

Considerable terrain work was conducted at several of Avinor's airports in 2019. There is considerable emphasis on potential ground contamination, and several trials have been conducted to determine the correct processing methods for excavated earth. The handling of PFAS-contaminated earth is a particular cost-driver in projects. The focus on ground contamination is also incorporated into the development of a master plan for each airport, as contaminants can result in the bonding of certain areas. Liability related to old and new contamination is also being addressed in the preparation of new lease contracts. Contaminated ground is also an issue when an airport closes, as the discharge permits dictate that the airports must return the area to an environmentally satisfactory condition.

PFAS

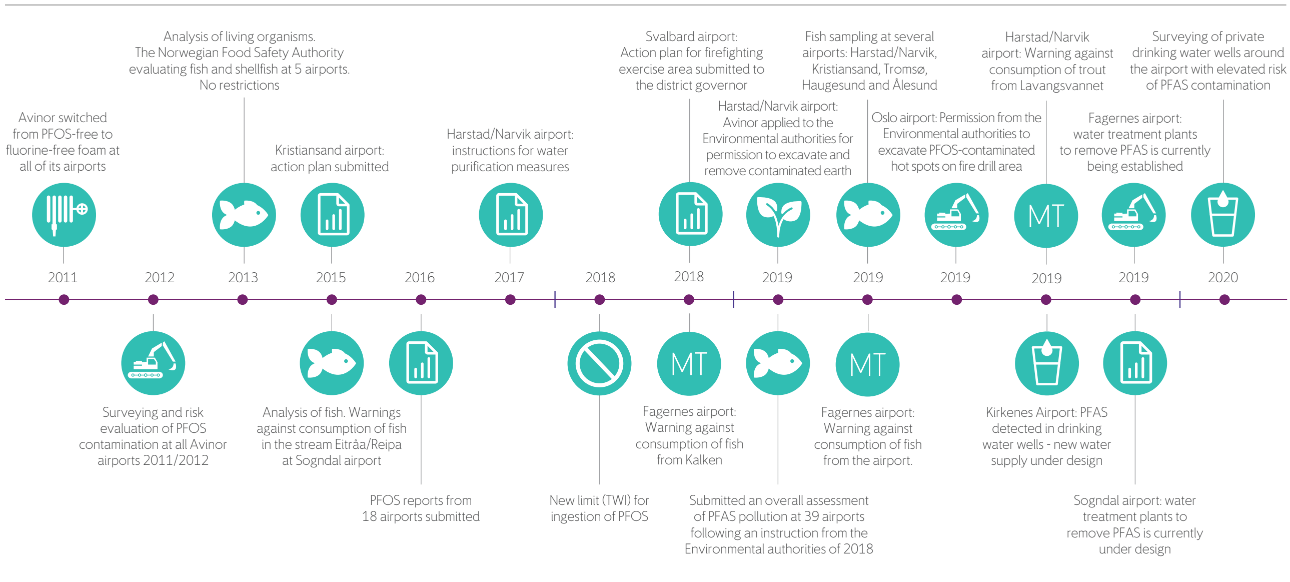
Until 2012, Avinor used various types of per- and polyfluoroalkyl substances (PFAS) in fire-extinguishing foam in its firefighting exercise areas. The most common compound, PFOS, was phased out in 2001. Since it has been documented that several PFAS compounds are toxic and heavily biodegradable, Avinor has switched to fluorine-free fire-extinguishing foam. However, several years of using fluorinated fire-extinguishing foam has led to ground contamination in several of Avinor's active and decommissioned firefighting exercise areas, as well as in other areas used for exercises in the past. This contamination means that some types of PFAS are still leaking out into the natural environments around the airports. Avinor has been working on the problem for several years (see the figure below) and is committed to taking responsibility for the contamination arising from airport operations. However, this falls within the scope of what is justifiable from a socio-economic cost/benefit perspective.

The framework conditions for the human intake of PFOS were amended in December 2018 following the assessments of the European Food Safety Authority (EFSA). This has resulted in a warning against the consumption of freshwater fish at Fagernes and Harstad/Narvik Airport.

The Norwegian Environment Agency has warned that the norm value for PFOS in the soil will be lowered. Consequently, Avinor has a stricter internal limit for when soil is to be classified as contaminated than the limit dictated by national regulations. The processing of earth contaminated with PFAS in connection with major and minor expansion projects poses a challenge for Avinor, as only a small number of waste processing sites can accept soil contaminated with PFAS.

In 2018, the Norwegian Environment Agency required Avinor to carry out an overall assessment of PFAS contamination at 39 of its airports (including risk assessments). The reports were submitted to the Norwegian Environment Agency on 30 August 2019. Avinor expects to receive orders for the targeted mapping and clean-up of several sites contaminated with PFAS. Avinor has a good dialogue with the Norwegian Environment Agency on the issue. Clean-up measures are planned or underway at some airports. In January 2019, Avinor applied to the Norwegian Environment Agency for permission to excavate a PFOS-contaminated area at a decommissioned firefighting exercise area at Harstad/Narvik Airport. Avinor is awaiting permission from the Norwegian Environment Agency and hopes to be able to commence its clean-up efforts in the late autumn of 2020.

In 2011, Avinor carried out an assessment of the risk of PFAS contamination of drinking water downstream of the firefighting exercise areas at all airports. A water supply for private households was established at Oslo, Kirkenes, and Bergen airports during the



Timeline outlining key activities and events related to PFOS between 2011 and 2020. For detailed figures on these events, please see "PFOS in focus" at Avinor.no.

period 2011 to 2014. New risk assessments (2019) have identified the need for further mapping. This is now underway at several airports.

The planning of a treatment plant for PFOS-contaminated water leaking from the decommissioned firefighting exercise area at Fagernes Airport was completed in 2019 and is now under construction. Completion and commissioning is scheduled for the first half of 2020.

It has been calculated that at Oslo airport there was approximately 108 kilos of PFOS in the ground before excavating started. There are ongoing activities to stop the spread of PFOS to the water in the area. On 19 June 2019, Oslo Airport received permission from the Norwegian Environment Agency to excavate PFOS-contaminated hot spots at the firefighting exercise area. The plan is to excavate and dispose of soil in areas where the average concentration of PFOS exceeds 1000 µg/kg. A preparatory project and procurement process for the excavation are now underway at the airport, and work is scheduled to commence in the spring of 2020. After the excavation it is estimated that approximately 70 per cents of the PFOS has be taken care of.

At Kirkenes Airport, a replacement well has previously been established for residents whose drinking water was contaminated by PFOS following a leakage from the firefighting exercise area. Results from follow-up tests conducted in 2019 show that other perfluorinated compounds are now being detected in drinking water at the airport. Affected residents are being given clean drinking water, and a permanent solution for the supply of drinking water is being worked on.

Those wishing to get more information (in Norwegian) can find reports, evaluations, and the orders of the Norwegian Environment Agency on Avinor's website under "PFOS i fokus": https://avinor.no/konsern/miljo-og-samfunn/pfos-i-fokus/pfos-i-fokus

AIRCRAFT NOISE

Avinor shall work actively to reduce the impact of noise from aircraft and helicopter traffic.

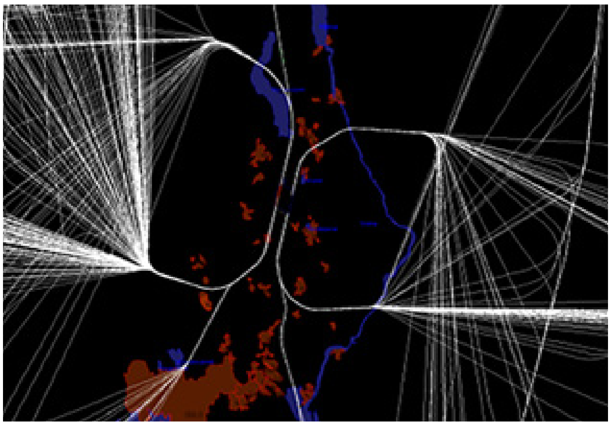
Aircraft noise in brief

Noise from aircraft affects the local areas around our airports. Active efforts are underway at Oslo Airport to make aircraft noise predictable for our neighbours. Consequently, monthly traffic and noise level reports that are submitted to the public authorities are also made available to our neighbours via Avinor's websites. The Noise and Flightpath Monitoring Facility records flight movements and conducts continuous noise readings in the airport's local area. The data is assessed against the current regulations for approaches and departures to identify any non-compliance.

Oslo Airport's neighbour pages online are designed to enable the airport's neighbours to find traffic information, the airport's aircraft noise zone map, or to contact the airport regarding noise from aircraft. Oslo Airport also has a dedicated phone number for aircraft noise enquiries. A summary of the enquiries and how traffic levels are affecting noise at the airport is reported to the Civil Aviation Authority in a monthly report from the Noise and Flightpath Monitoring Facility.

Status of aircraft noise in 2019

Revised noise regulations developed by the Civil Aviation Authority came into force for Oslo Airport on 26 May 2016. The purpose of this regulation is to avoid unnecessary noise loads in areas around the airport, while maintaining safety levels, operational conditions, capacity, and other environmental conditions. The regulations permit the permanent use of curved approaches – as also referred to in the section on greenhouse gas emissions – as the flightpaths are located away from densely populated areas. The regulations also specify an adjusted departure corridor for departures from the airport's north-east corner. Compliance with the new departure corridor exceeds 95 per cent. This adjustment makes it possible to maintain departure capacity at the airport while avoiding flying



Curved approaches from the south and north respectively.

over densely populated areas around the airport. The proportion of curved approaches was 6.1 per cent in 2019.

At Oslo Airport, noise mapping and an operational concept have been carried out for a third runway, the western option.

In 2019, Oslo Airport received aircraft noise reports from 180 people. Residents of Ullensaker, Eidsvoll, and Nannestad account for the largest proportion of the reports. The increase compared with 2018 is probably due to the closure of the eastern runway for resurfacing during the summer.

New approach and departure flightpaths for helicopters have been implemented at Bergen Airport Flesland, which means that there are variations in which areas are flown over. Provided that the concept is implemented in its current form, residents will be able to enjoy periods without noise from helicopters close to their homes. The airport has gone to great lengths to respond to enquiries and compile statistics for helicopter traffic. A more restrictive attitude towards visual approaches from the south has been incorporated with demonstrable positive effects. This should result in less noise for residents living closest to the flightpath. The airport has had close dialogue with Equinor, which is the primary customer of offshore flights.

The curved approach concept was implemented at Trondheim Airport Værnes in 2019. The concept will form the basis for the implementation of procedures to reduce noise and emissions in 2020. In 2019, procedures to reduce noise from helicopters were tested at Stavanger Airport Sola along with preparations for corresponding procedures at Bergen Airport Flesland.

The airports in Bergen, Trondheim, and Stavanger have flightpath monitoring systems that are used to monitor whether the aircraft movements are in accordance with the procedures laid down for these airports. Noise-adaptation procedures are important measures for reducing the impact that noise has on residents at the airports. Consequently, the system is used to document whether these measures are being adhered to. Due to technical problems in the interface between IT systems, the systems have been non-operational for certain periods and so there are no results

for the whole of 2019. As a result, we have been unable to submit a report for Oslo Airport in accordance with the noise regulations for the first quarter of 2019. Although some of the problems have been solved for the other three airports, some software upgrades are required to enable the systems to provide the necessary data for aircraft movements.

In addition, Avinor has carried out noise mapping at Sandane, Båtsfjord, Sogndal, Hasvik, and Kirkenes airports on the basis of the requirements of T-1442 "Guidelines for noise management in land-use planning".

ENERGY

By 2020, Avinor must reduce purchased energy by 25 per cent compared to the energy consumption of its buildings and facilities in 2012. Measures to reach this target include active energy management at airports, energy measures, the phasing-out of fossil-based energy sources, and an increased share of self-produced energy.

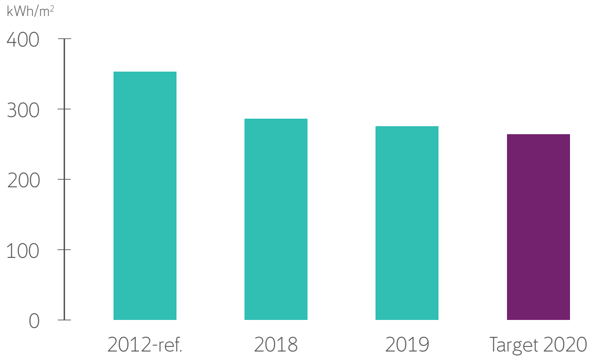
The energy that supplies Avinor's building stock and infrastructure primarily derives from purchased electricity. Some airports are connected to the district heating network. In addition, there are a few airports that produce their own energy from seawater, geothermal energy, and solar power, for example. Energy is primarily used for heating, cooling, lighting, runway facilities, and other technical equipment.

Avinor's goal of reducing energy consumption will be achieved through active energy management, beneficial energy measures, switching from electricity to water-borne heating, and an increased share of self-produced renewable energy. Through its energy efficiency efforts, Avinor is also working towards SDG 7, "Clean energy for everyone". By reducing its own energy consumption and switching to self-generated renewable energy, Avinor can use this energy in other areas in order to cut emissions further, such as by switching from ICE to electric vehicles. By emphasising innovation in its choice of energy solutions, Avinor is helping to develop the energy market in a cleaner and more advanced direction.

Avinor's total energy consumption fell by 4 per cent between 2018 and 2019. The graph shows total energy consumption and specific energy consumption (kWh/m²) in 2012, 2018, and 2019. In relation to the energy target, which is based on specific energy consumption, consumption has fallen by 24 per cent.

In 2019, several management measures were implemented at Oslo Airport, resulting in a total saving of 1.4 GWh/year. These measures include blanking pedestals, motion sensors, the lowering of lighting at night, and better control of background heating systems at all aircraft stands. Several investments were made, including a new heat exchanger that will help to recover an additional 3-4 GWh of heat energy from the water treatment plant in the municipality of Ullensaker. The exchanger is scheduled to be installed and fully operational by early 2020. A contract has also been signed for the replacement of all flood lighting around the terminal with new LED lighting. The measure will improve safety, save electricity, and reduce power consumption. This replacement is scheduled to take place in the first half of 2020.

ENERGY USE 2012-2019



Stavanger Airport has taken the concept report for innovative energy and climate solutions in buildings one step further and received funding under Enova's programme for the large-scale demonstration of future energy systems. The Elnett21 project is well underway and several regional partners are working on how we will meet the increased need for electricity that arises in the transport sector's transition from relying on fossil fuels to being emission-free. The project will help to identify how to maximise energy efficiency, test new business models, optimise the use of the power grid, and find solutions for power generation and charging.

2019 saw a focus on active energy monitoring and the use of the energy-monitoring system to track energy consumption and identify beneficial measures. Energy initiatives are implemented by the airports themselves on an ongoing basis, including switching to LED lighting, adjustments to heating and cooling plants, demand control, some upgrades to heating and ventilation systems, and retrofitting insulation in buildings. Avinor has an extensive list of energy-saving measures, which are prioritised based on needs, reduction potential, and payback time. Measures implemented in 2019 include new heat pump installations, switching to more energy-efficient ventilation systems, and major upgrades to outdoor lighting at several airports. These efforts will continue in 2020.

WASTE

Avinor has an emphasis on the safe handling of hazardous waste and the optimal use of resources. We work with professional partners in order to achieve results. Waste management at the airports was reviewed in 2019 in order to improve waste sorting at source and minimise waste transport. These efforts will continue in 2020.

A total of 9,975 tonnes of waste were produced at the airports, ranging from workshop waste to food waste and waste from public areas. All the airports sort their waste at source. 50 per cent of waste was sorted at source in 2019. Of the waste generated by the airports' ordinary operations in 2019, 40 per cent was recycled into new materials, 54 per cent was recycled into energy, and 6 per cent was sent to landfill.

In order to minimise food waste from catering outlets and kiosks at the airports, several of the outlets embarked on a trial project in 2019 with the app TooGoodToGo whereby food which would

Miljøagenter (organised groups of children and adults) picking rubbish at the beaches near Kristiansand airport

otherwise have been thrown out was sold in goody bags at a considerably reduced price.

Avinor has established an agreement with Xllnc Norway AS on secure deletion, disposal and sale of used ICT-materials

Beach cleaning

Several airports participate in the national environmental week Strandryddeuka, where rubbish is cleared from beaches or other areas at or near the airport.

Plastic carrier bags

An EU directive requires EU and EEA countries to implement measures to reduce the number of plastic carrier bags in circulation. Norway has tackled this by requiring all commercial enterprises to charge for plastic carrier bags, as well as through offering membership in the Norwegian Retailers' Environment Fund.

Avinor introduced a charge for plastic carrier bags in 2019. Some of the proceeds go to the Norwegian Retailers' Environment Fund and the rest go to Avinor's environmental fund and are earmarked for environmental initiatives under the auspices of Avinor and its partners. The fund was created with the aim of reducing the climate and environmental footprints of commercial activities at Avinor's airports. All our airports, as well as Avinor's tenants and partners who conduct commercial activities at Avinor's airports, can apply for funding. Funding allocations occur twice a year. Although initiatives directly related to commercial activities are given priority, other initiatives that pave the way for positive environmental initiatives at and around our airports are also considered.

After the charge was introduced in April 2019, we saw a 20 per cent fall in the number of plastic carrier bags in 2019 compared to 2018.

In addition, new shopping bags have been designed with a lower plastic content and a proportion of recycled plastic. These bags will be phased in during 2020.

Partnership with Miljøagentene

In 2018, Miljøagentene initiated a project to develop a digital toolbox featuring drones, analytical tools, and training in collaboration with UAS Norway, Avinor, the Norwegian Coastal Administration, and several other commercial stakeholders. In 2019, Avinor assisted in the training of young drone pilots at Svolvær Airport, Oslo Airport, and Kristiansand Airport, with a keen focus on safety and the environment.

BIODIVERSITY

Many of Avinor's airports are in, or around, areas rich in biodiversity. These areas include conservation areas with rare species, salmon rivers, and salmon fjords. Avinor also has large areas of meadow or meadow-like vegetation along its runways. Several airports host habitats for endangered species.

In order to maintain an overview of the natural values of Avinor's properties and of areas that can be affected by airport operations, Avinor has conducted biodiversity surveys at all its airports. The results of the surveys are publicly available at Naturbase, and the knowledge from them is used in operations and projects. The management advice from the surveys is followed within the framework of safe and efficient airport operations.

Avinor has implemented procedures to prevent the introduction or spread of alien species, with a specific focus on preventing dispersal through soil handling and operations. Several airports have large populations of harmful alien species. Every year, measures are implemented to limit their proliferation and eradicate these populations. Our emphasis is on avoiding their further spread into valuable natural areas.

In 2019, Avinor participated in efforts pertaining to the National Strategy for Pollinating Insects and the sectors' plans for following up on the strategy. There are opportunities to implement measures at airports in order to better accommodate wild pollinators. Oslo Airport, for instance, has areas that have been specially adapted to accommodate pollinating insects, especially the critically endangered bumblebee species Bombus distinguendus, which is found at the airport.

ENVIRONMENTAL CONSIDERATIONS IN PROCUREMENT AND CONSTRUCTION AND ENGINEERING PROJECTS

Avinor procures products and services worth considerable amounts of money. In 2018, procurements valued at roughly NOK 6 billion were made, of which NOK 2 billion related primarily to major construction projects such as terminal expansions and runway extensions, and NOK 4 billion to operational procurement.

Avinor has an ambitious environmental strategy with Group-wide targets in areas relating to water, ground, climate, and noise. In order to succeed, it is essential that environmental considerations are integrated into day-to-day operations, procurement of products and services, and planning and execution of building and construction projects. Procurement is an important tool for realising the strategy.

Avinor could steer suppliers in several sectors in an eco-friendly direction. Furthermore, environmental requirements in procurement are an important part of Avinor's environmental policy. Standardised requirements for environmental management systems are integrated into the templates used for all Group procurements where relevant. In addition, the environment is weighted heavily in procurement processes that are deemed to be of great importance to the external environment.

The centralised management and operation of the airports is certified in accordance with ISO14001.

Avinor is a participating member of Green Dot Norway, a packaging recycling scheme. We demand that our Norwegian suppliers are members of their packaging recycling scheme.

Avinor has a centralised procurement unit in order to strengthen the professional procurement environment and establish clear interfaces with other professional areas, including the environment. The environment department is working closely with the central procurement departments to assist with specific procurements as well as to provide general advice on environmental conditions relating to procurement.

Avinor sets strict environmental requirements for all its building and construction projects and is continually working to further develop its environmental requirements in line with developments in the industry. Avinor takes a life-cycle approach to the environment in its projects through the early identification of environmental challenges and the potential environmental aims of the project. Avinor sets aims and requirements in areas such as reducing greenhouse gas emissions, waste management and minimisation, soil handling, the use of environmentally friendly products and chemicals, noise, and the conservation of the natural environment.

Key figures climate and environment 2015-2019

GREENHOUSE GAS EMISSIONS [1)]

		2019	2018	2017	2016	2015
Avinor monitors	tonnes CO_2-equiv.	13 530	15 780	16 300	15 100	15 500
Avinor monitors/passenger	g CO_2-equiv./passenger	250	290	308	297	310

ENERGY

		2019	2018	2017	2016	2015
Electric Power	GWh	238	243	245	230	231
District heating	GWh	24	26	25	22	12
Oil heating	GWh	2.6	4.1	6.0	2.8	2.8
Reserve power	GWh	1.0	1.0	0.8	0.9	1.7
Total	GWh	265	274	276	256	248

VEHICLES – FUEL AND OTHER ENERGY

		2019	2018	2017	2016	2015
Diesel	litre	1 966 264	2 555 823	2 598 254	2 464 308	2 669 237
Petrol	litre	60 052	65 261	59 460	60 805	65 619
Biodiesel	litre	1 253 304	320 082	199 730	81 767	9 280
Electric vehicles	km	106 933	80 368	58 595	72 472	85 134
Hydrogen vehicles	km	-	7 848	10 914	21 833	16 773

WASTE

		2019	2018 [2)]	2017 [2)]	2016 [2)]	2015
Sorted waste	tonnes	5 028	5 301	7 542	4 687	7 999
Mixed waste	tonnes	4 947	5 086	5 654	5 058	5 793
Total amount of waste	tonnes	9 975	10 387	13 195	9 745	13 792
Sorting grade	%	50	51	57	48	59
Hazardous waste	tonnes	624	512	381	285	385

FIRE/ACCIDENT CHEMICALS

		2019	2018	2017	2016	2015
Jet fuel- A1 / Paraffin	litre	36 155	55 840	73 852	68 470	72 225
Diesel / Petrol	litre	3 029	5 742	2 560	767	3 333
Propane	kg	1 196	2 271	4 064	2 028	3 837
Fire-fighting foam	litre	13 983	24 398	25 916	23 886	27 356
Training foam	litre	285	187	1 006	1 762	1 610
Fire-fighting extinguishing powder	kg	10 933	18 417	19 563	19 973	23 719
Technical alcohol	litre	1 520	1 502	872	1 545	1 156
Kindling wood	kg	1 925	3 400	3 892	6 744	5 397

DE-ICING CHEMICALS

		2019	2018	2017	2016	2015
Aircraft de-icing chemicals						
100 % ethylene glycol	litre	5 425 837	5 071 245	3 646 921	2 716 432	2 412 346
Runway de-icing chemicals						
Formate (liquid form) [3]	litre	3 238 999	3 549 226	4 313 719	3 622 010	3 552 317
Formate (solid) [3]	kg	600 910	663 503	742 529	477 530	443 850
Environmental impact measured as COD [4]	tonnes O_2	559 279	614 005	731 565	580 693	563 887

NUMBER OF AIRPORTS WITH OPERATIONAL STOPPAGES DUE TO AIRCRAFT AND RUNWAY DE-ICING CONDITIONS

		2019	2018	2017	2016	2015
Aircraft de-icing	number	8 [5]	10 [5]	11 [5]	10 [5]	3
Runway de-icing	number	2 [5]	3 [5]	1 [5]	1 [5]	1

Some of the key figures from previous annual reports may be corrected due to quality assurance of recorded data, as well as the adjustment of annual emission factors.

1) For 2017, a change of data for greenhouse gas emissions has been made since CO_2 emissions from electricity consumption have been deducted for all years and only stated as Gwh.
2) Waste data from 2016, 2017 and 2018 is not comparable with previous years as the sample is different. OSL only has numbers from OSL, not from all other companies operating at LH.
3) Indicated as amount of product, not concentrate.
4) COD = Chemical oxygen demand. This is the amount of oxygen required to break down the chemical that is used.
5) For OSL, the stoppage is due to aircraft and/or runway de-icing (recipient-based permission).

Avinor shall be a professional and attractive employer

Avinor's objective is to create valuable relationships. This is reflected in a value platform which provides clear requirements for employee performance, both internally in the workplace and in dealings with customers, business contacts, and others who are affected by our operations.

Our 2019 employee survey showed that 70 per cent of our employees are highly or very highly committed to their job.

- Avinor has a good working environment
- Job satisfaction is high
- Employees feel they have a high degree of support from their supervisors and colleagues

RESTRUCTURING

Avinor's strategic plan for 2018 to 2023 stresses the capability of change through the use of new technology, innovation, and cost-cutting. An Avinor-wide cost reduction programme was initiated in 2019 in order to ensure future competitiveness. The goal is to reduce operating costs by at least NOK 400 million by the end of 2020 as measured against the actual cost level in 2018. This was unanimously supported by the Group's Board of Directors. This goal means that a significant proportion of the Group's employees are affected by restructuring. The professional, predictable, and legally and contractually compliant preparation and implementation of changes are important to Avinor. Managers, employee representatives, and safety personnel receive the requisite training in the restructuring and communication. Where staffing reductions are required, Avinor has previously used voluntary agreements and scheduled departures to avoid making redundancies.

In 2019, Avinor implemented a change to the Group's pension scheme by closing the defined-benefit pension through the Norwegian Public Service Pension Fund as of 1 January 2019. The purpose of this was to ensure better predictability for future expenses. Anyone employed in Avinor AS before 1 January 2019 could choose whether to transfer to a defined-contribution pension or remain in the Norwegian Public Service Pension Fund. In Avinor

Air Navigation, this choice applied only to employees over the age of 53, with all others transferred to the defined-contribution pension. At the end of 2019, 49 per cent of permanent employees in the Avinor Group were members in a defined-contribution pension. The corresponding figure for Avinor Air Navigation Services was 82 per cent of permanent employees, and for Avinor AS, including Svalbard Lufthavn AS, it was 32 per cent of permanent employees.

CO-OPERATION

Avinor has a high level of trade union membership. Avinor AS and Avinor Air Navigation Services have collective agreements with their respective unions. The employee representatives are key partners in achieving the Group's targets. In 2019, Avinor had frequent meetings with employee representatives, with co-operation characterised by large numbers of cases and demanding restructuring both in terms of ongoing case management and more extensive change processes. One goal is for the model of co-operation between employee representatives and management to ensure good working conditions, stable operations, and cost-effectiveness throughout the Group.

Three of the eight board members on Avinor's Board of Directors represent Avinor's employees. In addition, representatives are elected by and from among employees to the Board of Directors of Avinor Air Navigation Services.

CONTINUOUS IMPROVEMENT

The improvement of processes is a focus area for Avinor, the objective being to create a shared culture for improvement throughout the Group. Avinor's management system – SMART – provides frameworks for process management and process ownership, in which continuous improvement is an approach that ensures stable, cost-effective, and good quality processes. SMART is undergoing further development with an emphasis on simplification and efficient governance.

SKILLS DEVELOPMENT

Employees with the right skills are essential to Avinor's success. In addition to efficiency improvements, developments in technology and digitalisation result in new forms of learning and collaboration. This necessitates a comprehensive boost in skills throughout the Group. In 2019, Avinor began introducing several new systems, collaboration platforms, and various apps for skills development.

Skills stipulated by the authorities constitute a significant portion of Avinor's training activities, with constant updates and new certifications. There are continuous efforts to cost-effectively develop, deliver, and maintain expertise.

Good management with a focus on employee development is a cornerstone of Avinor's work. Consequently, the Group emphasises a holistic approach to leadership and employee development. The leadership development programme and Avinor's management platform build on the Group's earlier investments in leadership development. The programme is continuing within the line organisation in order to support the cost-reduction programme, while its content is aligned with the challenges faced by the units as a result of change.

Avinor has its own summer internship programme, where students help to shed light on specific issues and solve business-critical tasks. The internship programme is of mutual benefit to students and to Avinor.

Avinor established 10 new internship places for vocational training in 2019 (at Oslo, Stavanger, Trondheim, Evenes, Tromsø, and Lakselv) in addition to those begun in 2018. A total of 10 apprentices passed their apprenticeship exams at Avinor during the year.

INCLUSION AND EQUALITY

Avinor is working actively, purposefully, and systematically to promote equal opportunities and diversity and to prevent discrimination. Employees must enjoy equal opportunities in the Group, irrespective of gender, age, disability, ethnicity, or cultural background.

The proportion of permanent employees who are women is 22.6 per cent. Over time the Group has focused on increasing the proportion of women employees. There is a low level of staff turnover in the Group (4.6 per cent in 2019), which makes it a slow process to increase the proportion of women through new recruitment. In addition, few women train in the professions that Avinor recruits for, such as airport operations, firefighting, rescue, and air traffic control.

The proportion of women in managerial positions is approximately equal to the proportion of women in the company, with 21.2 per cent in the Group as a whole. In recent years, there has been a positive change in the proportion of women in the executive management from 25 per cent in 2016 to 41.7 per cent at the end of 2019. The proportion of women on the Board of Directors is 50 per cent.

In 2019, Avinor intensified its efforts to improve gender equality and diversity in the Group. Diversity broadens the Group's perspectives and makes it better equipped to overcome future challenges. Diversity is a broad concept which includes gender, ethnicity, age, skills, disability, sexual preference, culture, and religion. Avinor wants the diversity of its employees to better reflect that of its customers.

An action plan has been drawn up that specifies efforts for promoting equality and diversity. Strengthening the proportion of women in managerial positions is considered a key factor in achieving the overall goal of a better gender balance in the Group. Consequently, a concrete target has been set with a view to increasing the proportion of women managers at the top four management levels to 40 per cent over the coming years.

In recruitment, there is an emphasis on appealing to candidates of all genders. Job postings should be designed so that they reach out to a diverse range of applicants. As part of internal and external profiling, there are active efforts to make role models more visible, while Avinor's recruitment policy contains specific guidelines to ensure the objective assessment of qualifications.

Avinor values its employees' skills and development opportunities. Systematic performance interviews contribute to neutral salary and career development in the Group. A good gender balance is sought in selections for employee programmes and internships.

A gender equality and diversity network has been established at Avinor. The network organises various events and provides advice and input on how Avinor can further develop its gender equality and diversity efforts.

The SHE index (facilitated by EY) measures how well Norwegian companies are working with gender balance. In its first participation in the autumn of 2019, Avinor ranked 17th out of 79 participating companies.

Avinor is keen to ensure an inclusivity and strives to prevent exclusion from the labour market. This is especially relevant for employees who no longer meet physical or medical requirements due to illness or other conditions.

Avinor has a party-composed Inclusive Labour Market committee under the central Work Environment Committee. The role of the Inclusive Labour Market committee is to support the preventative follow-up of absence due to illness in the Group.

Avinor shall be a workplace that accommodates differences and shall contribute to efforts to encourage more people to enter the labour market. Avinor offers relevant schemes to contribute to job training and has set a specific target of at least 12 places per year. In addition, a collaboration has been established with the HELT MED project, which works actively to include those with learning disabilities in the labour market. Avinor also worked with the Church City Mission in 2019.

BREACH OF WORKING HOURS PROVISIONS

It is important that Avinor does not breach the working hours provisions of the Work Environment Act or collective agreements. The Group systematically monitors how working hours are planned. Training among managers and shift planners has been implemented in vulnerable units. In the Group overall, there was a fall in the number of breaches of working hours provisions in 2019.

HEALTH, SAFETY, AND ENVIRONMENT (HSE) EFFORTS

Avinor's HSE efforts are based on the adopted HSE strategy for the period 2018 to 2023. The overall objective of Avinor's HSE efforts is to prevent HSE non-compliance, personal injuries, and work-related illness. Avinor's long-term goal of zero harm should govern how we think and work, with a strong emphasis on continuous improvement. Sub-goals have been defined within five areas: effective strategic anchoring of HSE efforts; systematic efforts to reduce HSE risk; anchoring in leadership for all operational HSE work; clearer HSE requirements and the systematic monitoring of all operators; and providing motivation to over-perform and for job satisfaction.

The elements of the systematic HSE efforts have been further developed throughout 2019 to make HSE a natural part of the company's activities. The most important activities have been:

- implementation of a nationwide HSE campaign with a primary focus on the prevention of personal injuries; increasing the reporting of HSE incidents and near-accidents; and other activities that contribute to a good work environment. The primary objective has been to create local involvement at the airports with regard to measures that improve the safety culture.
- Comprehensive HSE training for managers, safety representatives, Work Environment Committee members, and those handling hazardous chemicals in line with the aims of the company's HSE competence plan.
- The systematic sharing of experience has been improved, such as by way of more internal investigations into incidents involving personal injury and the regular circulation of experience sheets following HSE incidents.
- Co-ordination agreements have been signed with all major stakeholders at the airports.
- Methodology has been prepared and implemented for conducting risk assessments in the work environment during restructuring.
- There have been systematic efforts to reduce absence due to illness.

The H1 value (number of injuries resulting in absence per million hours worked) and H2 value (number of injuries with and without absence per million hours worked) have been made central KPIs in Avinor. The N value (number of near-accidents per million hours worked) has also been recorded as of 2019. In 2019, the H1 value is 3.9 (compared with a target of < 2) and the H2 value is 8.2 (compared with a target of < 10). During the period, there were 11 injuries that resulted in absence from Avinor AS, one of which was serious. Five internal investigations have been carried out following HSE incidents.

SAFETY ORGANISATION

Avinor is divided into specific safety areas, with a safety co-ordinator for each area. Larger airports have several safety co-ordinators. Work environment committees have been established at central and division level, as well as work environment committees and HSE committees locally at unit level. The committees consist of employee and management representatives. The safety co-ordinator and occupational health service also participate.

A chemicals committee, Inclusive Labour Market committee, and AKAN (prevention of alcohol and drug problems in the workplace) committee have been established as sub-committees to the central work environment committee.

SYSTEMATIC EFFORTS TO REDUCE ABSENCE DUE TO ILLNESS

Avinor has good procedures for absence due to illness. Efforts relating to absence due to illness are a priority, with systematic efforts being made throughout the organisation to keep absence as low as possible.

Avinor has a well-functioning and active Inclusive Labour Market committee. The committee reviews and prepares existing procedures for following up absence due to illness. These efforts have been targeted especially at short-term and medium-term absence, aiming at preventing long-term absence. The follow-up and prevention of absence due to illness are fixed points on the agendas of work environment committees and at staff meetings in the organisation. Developing the skills of managers in following up absence due to illness and compliance with the Inclusive Labour Market agreement are priorities for Avinor.

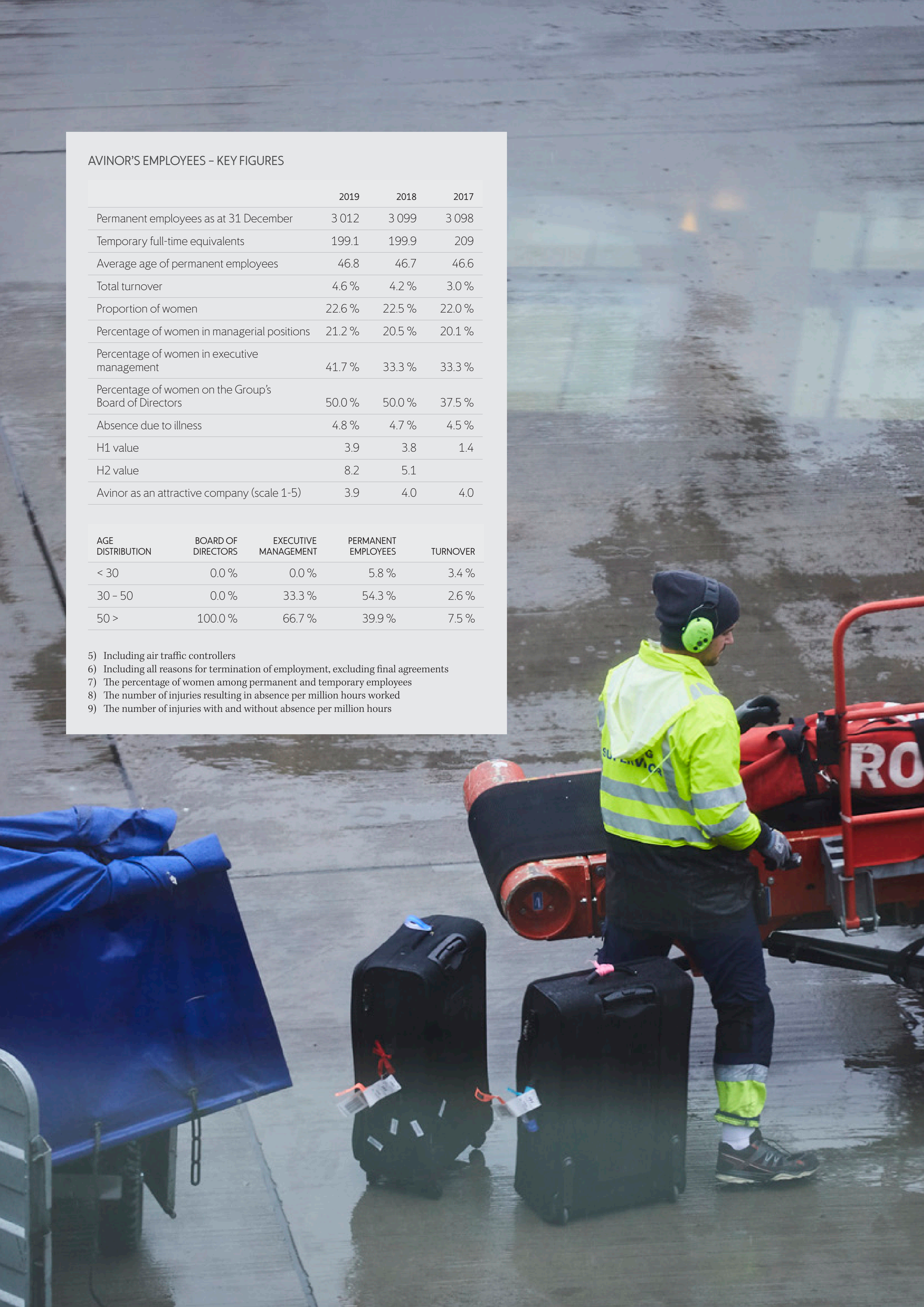
Absence due to illness was 4.8 per cent in 2019. This is above the target of 4.5 per cent or lower for the Group.

AVINOR'S EMPLOYEES – KEY FIGURES

	2019	2018	2017
Permanent employees as at 31 December	3 012	3 099	3 098
Temporary full-time equivalents	199.1	199.9	209
Average age of permanent employees	46.8	46.7	46.6
Total turnover	4.6 %	4.2 %	3.0 %
Proportion of women	22.6 %	22.5 %	22.0 %
Percentage of women in managerial positions	21.2 %	20.5 %	20.1 %
Percentage of women in executive management	41.7 %	33.3 %	33.3 %
Percentage of women on the Group's Board of Directors	50.0 %	50.0 %	37.5 %
Absence due to illness	4.8 %	4.7 %	4.5 %
H1 value	3.9	3.8	1.4
H2 value	8.2	5.1	
Avinor as an attractive company (scale 1-5)	3.9	4.0	4.0

AGE DISTRIBUTION	BOARD OF DIRECTORS	EXECUTIVE MANAGEMENT	PERMANENT EMPLOYEES	TURNOVER
< 30	0.0 %	0.0 %	5.8 %	3.4 %
30 – 50	0.0 %	33.3 %	54.3 %	2.6 %
50 >	100.0 %	66.7 %	39.9 %	7.5 %

5) Including air traffic controllers
6) Including all reasons for termination of employment, excluding final agreements
7) The percentage of women among permanent and temporary employees
8) The number of injuries resulting in absence per million hours worked
9) The number of injuries with and without absence per million hours



Avinor shall ensure that it conducts its business responsibly

Avinor manages significant assets on behalf of Norwegian society and is a major investor in society-critical and business-critical infrastructure. The Group is working systematically to combat all forms of corruption, discrimination, environmental crime, and harassment.

Avinor ensures funding for a network of small and large airports throughout Norway. Airport operations are conducted within a single financial unit, whereby the large financially profitable airports finance the rest of the airport network. At the same time, the Group has the ability and strength to implement important initiatives that ensure the sustainable development of Norwegian aviation. Avinor sees this as an important part of its social obligation and a key contributor to the achievement of sector-policy objectives.

SUSTAINABLE FINANCES

Avinor is self-funded through traffic revenues from airlines, revenues from commercial tenants, and direct sales to passengers. Commercial revenues account for roughly 54 per cent of operating revenues, while traffic revenues from airlines account for roughly 46 per cent. A smaller component of the Group's revenues stems from assignments for other organisations, such as the Norwegian Armed Forces. Air navigation services are funded through traffic revenues from the airlines for en-route navigation services, as well as revenue from the operation of tower and approach services from Avinor's airport operations.

Avinor is well positioned in terms of commercial revenues at its airports and is dependent on their continued stability over time. Duty-free shopping is an important contributor to the Group's financing of a high-quality nationwide aviation network. Avinor is prepared for the scheme to be a continued topic of political discussion in the future. Consequently, Avinor attaches great importance to managing the opportunity to conduct duty-free sales in a way that is balanced, responsible, and accepted. In addition, Avinor owns substantial amounts of land and has been able to realise important values as a result of earlier real estate investments. In the coming years, developments in the airport's neighbouring areas will contribute to the development of the airports' attractiveness as hubs and to local development.

The Group's operating income in 2019 was NOK 11,785 million (NOK 11,724 million), and the profit after tax was NOK 702 million (NOK 1,170 million).

Year-on-year operating revenues for airport operations increased by 0.5 per cent in 2019, driven by an increase in sales and rental income. Total operating income from air navigation services fell by 0.4 per cent due to reduced traffic volumes.

Operating expenses totalled NOK 8,151 million in 2019 (NOK 7,523 million), which is a year-on-year increase of 6.9 per cent. This increase has primarily been due to increased provisions for estimated clean-up costs related to environmental contaminants at Avinor's firefighting exercise area. Excluding these provisions, expenses fell by 3.2 per cent.

Interest-bearing liabilities as at 31 December 2019 amounted to NOK 19,544 million (NOK 20,234 million). Interest-bearing liabilities are expected to increase to around NOK 22 billion in 2024. The equity ratio as defined in Avinor's Articles of Association will exceed the minimum requirement of 40 per cent. Avinor's credit rating is AA (Standard & Poor's) and A1 (Moody's). A more detailed report of the Group's accounts and results is provided in the following chapter.

Avinor follows a tax strategy that is based on established principles, that is transparent and sustainable, and that is in accordance with Avinor's ethical principles. Avinor is committed to ensuring full compliance with all statutory obligations and full disclosure to the tax authorities. Avinor acts in accordance with the arm's length principle, does not engage in artificial tax schemes, and actively assesses all aspects of tax planning. Avinor's operations fall entirely within the sphere of Norwegian taxation.

ZERO-TOLERANCE OF ALL FORMS OF CORRUPTION

The Group has developed an anti-corruption programme focusing on prevention and control activities. Specific measures have also been established based on a risk assessment of the relevant area. Governing documents have been developed relating to these efforts and there is a constant focus on the continued development of the anti-corruption programme.

Avinor has implemented a corruption risk-monitoring element within the Group's system for strategic risk management. Avinor is a major construction developer and has initiated several expansion projects in recent years. The construction sector has been subject of a number of incidents relating to corruption and price fixing in Norway. Consequently, Avinor's risk exposure to corruption and misconduct has increased as a result of this investment programme. Avinor is represented throughout the country and has a broad sphere of influence as a major purchaser and as an administrator of large commercial contracts. This is an additional factor that further increases the risk of corruption and misconduct. Various control and prevention activities have been established which, together, are intended to reduce the Group's risk of being involved in or exposed to corruption and misconduct.

Avinor has conducted a risk-and-vulnerability analysis for corruption and misconduct in project management environments in development and IT. The risks identified are managed by way of relevant measures following discussions with the compliance officer and professionals. The following up of measures and their impact are reported through the Group's corporate governance system.

Avinor is a member of Transparency International Norway. As a member, Avinor contributes to joint efforts relating to transparency, integrity, and responsibility in society to prevent corruption and fraud both nationally and internationally. In addition, we undertake to exercise zero tolerance of all forms of corruption in Avinor and to put in place appropriate anti-corruption measures.

Employees, suppliers, and partners must be familiar with and comply with Avinor's ethical guidelines

The Board has established ethics guidelines that apply to the Board and all members of staff. The ethical guidelines prohibit corruption, bribery, and anticompetitive behaviour in violation of competition rules. E-courses have been developed to address the various areas of the policy. All employees and contracted consultants must sit the course once a year.

Various training activities were conducted in 2019. In addition to a mandatory review of ethical guidelines and associated e-learning courses, the executive management and the Board of Directors conducted joint dilemma training adapted to the risk that this level of the organisation may be exposed to in its day-to-day work.

Avinor has a separate agreement on responsible business and associated principles. The requirements stipulate all Avinor's principles relating to human rights, working standards, HSE, the external environment, and prohibited business practices. Avinor's contract partners must conclude an agreement regarding responsible business practices and associated principles no later than the time at which they enter into a contract with the Group. These contractual terms and conditions ensure that third parties with which Avinor concludes contracts have ethical guidelines and take their corporate responsibility seriously. The requirements also apply to any subcontractors in the execution of a contract. The provisions of the agreements permit audits of each contracting party. A material breach of an agreement regarding responsible business practice entitles Avinor to terminate all applicable agreements with the contracting party if critical conditions are not followed up satisfactorily.

All employees are required to register their own external duties, second jobs, and other roles electronically. This registration will form the basis of assessing the composition of teams in charge of procurement on Avinor's behalf, participation in exploratory assignments, participation in decision-making assignments related to business interests, etc. The members of the Group's Board of Directors and management staff regularly report their duties outside of the Avinor Group. An external auditor conducts reviews of the formal relationships between the executive management, Board of Directors, and suppliers in the Avinor Group. Any relationships are documented and reviewed with the person in question. The latter analysis primarily confirms the information obtained through the self-declarations. This annual survey is in addition to the assessments that are to be made when questions arise about the individual's impartiality.

AVINOR SHALL HAVE EFFECTIVE PROCEDURES FOR THE MANAGEMENT OF REPREHENSIBLE ACTIONS OR SITUATIONS IN ALL PARTS OF THE ORGANISATION

Avinor Notification Institute

The Group has appointed a committee to manage notifications of reprehensible conditions in all parts of the organisation. Notifications can be submitted regarding inadequate safety procedures, bullying and harassment, careless administrative procedures, working conditions that contravene the Work Environment Act, or corruption and other financial misconduct. The person submitting the notification can choose to remain anonymous. The committee has established routines for the proper processing of notifications. Follow-ups take place at the relevant level in the organisation. Responses depend on the incident and its severity. In order to avoid similar incidents elsewhere in the organisation, it is important that the lessons learnt in each incident benefit the business. The committee has also developed procedures and technical solutions that make it possible for external actors to notify Avinor of reprehensible conditions. These notifications must be handled according to the same procedures as notifications from employees of the Group. Avinor complies with the Norwegian Personal Data Act regarding the processing of personal data received by way of its notification scheme.

In 2019, the committee received just under 130 notifications. All the notifications have been processed. There were no grounds to conclude that any of these were critical in nature.

Compliance function

Avinor's compliance function works according to the mandate determined by the Group's Board of Directors and reports directly to the Group's executive management and Board. The function monitors the Group's compliance with external and internal regulations relating to corruption, misconduct, and ethics regulations. The term "corruption" includes bribery, facilitation payments, fraud, deception, extortion, disloyalty, money laundering, and receipt of gifts in a work capacity, as well as acts related to impartiality, abuse of position, and influential trading.

In addition, the function defines the substance of Avinor's responsibility to combat violations of labour market legislation, stipulate requirements, propose relevant measures, monitor how the business follows up on its legal responsibilities, and establish sanctions in the event of non-compliance.

AVINOR WILL WORK TO COMBAT ANTI-COMPETITIVE BEHAVIOUR

Avinor is subject to public procurement regulations. Group-wide guidelines have been established to supplement the regulations to ensure competition in the conclusion of individual contracts.

AVINOR SHALL ENSURE THAT ALL PARTIES TO AGREEMENTS HAVE ETHICS GUIDELINES AND TAKE THEIR CORPORATE SOCIAL RESPONSIBILITY SERIOUSLY

Suppliers who wish to compete for a contract with Avinor must undertake to comply with our principles for responsible supplier behaviour. The principles reflect Avinor's ethical regulations. We require, for example, that international human rights are respected and that our suppliers are not complicit in their violation. Furthermore, the supplier must ensure that its workers' salaries meet minimum wage requirements, that their working hours are in accordance with applicable national legislation, that their workers have the opportunity for adequate rest, and that employment contracts are written in a language that the workers understand.

Avinor is subject to public procurement regulations. The regulations give us the opportunity, subject to certain conditions, to preclude suppliers from competing for assignments for Avinor if the supplier has been legally convicted of or fined for corruption, among other things. The European Single Procurement Document (ESPD) is used in the qualification phase of procurement processes to document on an ongoing basis that the supplier meets all the qualification requirements of the competition. Whether the supplier requires further examination depends on, for example, whether the industry in question is at risk of corruption and misconduct, whether the contract in question is reputation-sensitive for the Group, whether the supplier or subcontractor engages in significant levels of production outside Europe, etc.

Avinor has concluded a co-operation agreement with the Norwegian Tax Administration regarding the intensification of efforts to combat violations of labour market legislation. The purpose of the agreement is to establish ongoing collaboration that reinforces and develops the effect of the parties' action to combat violations of labour market legislation. The agreement must ensure that all Avinor's suppliers and subcontractors in building and construction, as well as in cleaning, fulfil their statutory obligations, including the Work Environment Act, regulations relating to pay and working conditions in public-sector contracts, and tax legislation.

Avinor has contracted audit access in all of its contract templates. All aspects of the contractual provisions may be followed up through the life of the contract. The contracts permit us to penalise the other party in the event of non-compliance with contractual provisions.

AVINOR SHALL ENSURE THE RESPONSIBLE PROCESSING OF PERSONAL DATA

Avinor has appointed a data protection officer tasked with assisting people registered with the business and employees in matters relating to Avinor's processing of personal data. In addition, the data protection officer must notify the management of breaches of the Norwegian Personal Data Act and be the company's contact for enquiries from the Norwegian Data Protection Authority. Avinor maintains a processing list which describes the purposes of data processing. We consider the consequences to privacy when introducing new technical solutions to ensure built-in privacy, and we have established a system for internal control pursuant to the regulations of the GDPR. Avinor's internal and external privacy policies outline its processing of personal data and inform visitors to Avinor's websites of the use of cookies. We have concluded data processing agreements with subcontractors that process personal data on our behalf. We are in continuous dialogue with our airport partners in terms of clarifying roles and responsibilities concerning data flows related to passenger processing and baggage handling.

In 2019, Avinor has completed a Group-wide project aimed at facilitating its compliance with the GDPR, which came into force in May 2018. These efforts are continuing within the day-to-day operations of the units of the line organisation.

Avinor did not receive any complaints concerning breaches of its customers' privacy in 2019.

Overview of GRI indicators

This report has been prepared in line with GRI Standards/Core. Avinor's annual accounts (company accounts and consolidated accounts) for 2019 have been audited by Ernst & Young AS. The auditor's report can be found on pages 128 to 131.

A detailed report on the reporting standard and the various indicators can be found on GRI's website: www.globalreporting.org/standards

About Avinor and Avinor's work regarding corporate social responsibility

STRATEGY AND ANALYSIS

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
102-14	Foreword	p. 8-9

ORGANIZATION

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
102-1	Name	Avinor as
102-2	Product	p. 6-7
102-3	Main offices	Oslo
102-4	Presence	Avinor has only operations in Norway
102-5	Ownership	p. 6-7
102-6	Markets	p. 7
102-7	Size	p. 4
102-8	Employees	p. 50-53
102-48	Collective agreements	p. 51
102-9	Supply chain	p. 54-57
102-10	Changes	p. 15
102-11	Conditions	https://avinor.no/konsern/miljo-og-samfunn/miljomal/
102-12	Support for the CSR Initiative	p. 18, 20, 35
102-13	Interest-org.	Spekter: Transportation Sector Council National Programme of Supplier Development: Partner

PRIORITIZATION

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
102-45	Overview, Company	p. 7 The report concerns activities that the Group manages in airport operations and flight safety, but not activity in other subsidiaries.
102-46	Define report-content	p. 20-21
102-47	Prioritization	p. 21
103-1	Delimitation	All topics that have been considered important are relevant to all Avinor operations.

DIALOGUE WITH PARTNERS

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
102-40	List of partners	p. 20-21
102-42	Selection-basis	p. 20-21
102-43	Description of dialogue	p. 20-21
102-44	Topics	p. 20-21

ABOUT THE REPORT

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
102-50	Applies to	2019
102-51	Previous report	2018
102-52	Interval	Annual
102-53	Contact	post@avinor.no
102-54	Type of GRI-report	GRI Standards/Core
102-55	GRI indicator overview	p. 58-63
102-56	Revision	The annual report has been audited by ERNST & YOUNG AS

CORPORATE GOVERNANCE AND COMPANY MANAGEMENT

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
102-18	Corporate governance and company management	p. 10-13

ETHICAL GUIDELINES

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
102-16	Ethics guidelines	p. 54-57 https://avinor.no/konsern/om-oss/konsernet/visjon-og-verdier

FINANCIAL PERFORMANCE

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 15-19 (The Board of Director's report) p. 10-13 (Corporate governance and company management)
201-1	Financial performance	p. 4, 66-126

INDIRECT ECONOMIC IMPACT

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 26-33
203-1	Infrastructure-investments	p. 28-29
203-2	Indirect economic impact	p. 26-28

ENERGY

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 44-45
302-1	Energy consumption	p. 44-45
302-4	Energy conservation	p. 44-45

BIODIVERSITY

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 46-47
304-1	Property adjoining areas with high biodiversity value	p. 46-47
304-2	Impact of biodiversity	p. 46-47
304-3	Improvement – habitat	p. 46-47

AIR EMISSIONS

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 35-40
AO5	Air quality	p. 35-40
305-1	Direct greenhouse gas emissions	p. 35-40
305-2	Indirect greenhouse gas emissions	p. 35-40
305-5	Reduction of greenhouse gas emissions	p. 35-40

EMISSIONS AND WASTE

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 40-42
306-2	Waste	p. 45-46
306-3	Accidental emissions	p. 40-42
AO6	De-icing fluid	p. 41-42

COMPLIANCE WITH LEGISLATION – ENVIRONMENTAL

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 35-47
307-1	Fines/sanctions	No fines or similar

NOISE

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 42
AO7	Noise	p. 42-43

MONITORING OF SUPPLIERS/ENVIRONMENT

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Monitoring of suppliers/environment	p. 54-57
308-1	Screening suppliers	p. 54-57
308-2	Monitoring existing suppliers	p. 54-57

HSE IN AVINOR

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 52-53
403-1	HSE-organization	p. 52-53
403-2	Sick leave/H-value	p. 52-53

INTERNAL COMPETENCE BUILDING

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 50-51
404-1	Who is offered training?	p. 50-51

EQUAL OPPORTUNITIES IN AVINOR

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 51-52
405-1	Equal opportunity on the Board, in management, among employees	p. 51-52

MONITORING OF SUPPLIERS/WORKING CONDITIONS AND HUMAN RIGHTS

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 56-57

NOTIFICATION CHANNELS

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
103-2	Policy/management system	p. 56

NON-DISCRIMINATION

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 51-52
406-1	Discrimination-cases	No cases

LOCAL COMMUNITY

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 8-9, 26-30

CORRUPTION PREVENTION MEASURES

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 54-57
205-2	Anti-corruption training initiatives	p. 55-57
205-3	Corruption cases	No cases

ANTI-COMPETITIVE BEHAVIOUR PREVENTION MEASURES

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 56
206-1	Cases, violation of regulations	No cases

REGULATORY COMPLIANCE – FINANCES AND SOCIETY

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 54-57
419-1	Fines, sanctions	No cases

PRODUCT LIABILITY – SAFETY

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 31-33
416-1	Product safety survey	p. 31-33
416-2	Violation of regulations	No cases

REGULATORY COMPLIANCE – PRODUCT LIABILITY

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 31-33
419-1	Fines, sanctions	No cases

Executive management

as at 31 March 2020

DAG FALK-PETERSEN
CEO

ANDERS KIRSEBOM
Managing Director
Avinor Flysikring AS

STINE RAMSTAD WESTBY
Airport Director
Oslo airport

HELGE EIDSNES
Airport Director
Bergen airport, Flesland

ANETTE SIGMUNDSTAD
Airport Director
Stavanger airport, Sola

MARIT HELENE STIGEN
Airport Director
Trondheim airport, Værnes

PETTER JOHANNESSEN
Executive Vice President
for Strategy and Corporate
Governance/CFO

EGIL THOMPSON
Executive Vice President
Corporate Communication
and Commercial

MARI HERMANSEN
Executive Vice President for
Organisation and Group support

ØYVIND HASAAS
Executive Vice President for
Operations and Infrastructure

THORGEIR LANDEVAAG
Division Director for national,
regional, and local airports

Board of Directors

as at 31 March 2020

ANNE CARINE TANUM
Chair

OLA HENRIK STRAND
Vice Chair

LINDA BERNANDER SILSETH
Board member

HERLOF NILSSEN
Board member

ELI SKRØVSET
Board member

HEIDI ANETTE SØRUM
Board member, employee representative

BJØRN TORE MIKKELSEN
Board member, employee representative

OLAV AADAL
Board member, employee representative


Check-in areas
Domestic Gates
International Gates
A-C
Gate areas Domestic
D-F
Gate areas International
A

Financial statements and notes

INCOME STATEMENT

All amounts in MNOK

AVINOR AS				AVINOR GROUP	
2018	2019		NOTE	2019	2018
		Operating income			
4 392.0	4 296.3	Traffic income	3, 4	5 378.7	5 513.1
6 004.6	6 184.2	Other operating income	3, 4	6 406.5	6 211.1
10 396.6	10 480.5	Total operating income		11 785.2	11 724.2
		Operating expenses			
207.7	83.9	Raw materials and consumables used	3	138.7	262.0
2 181.7	2 202.9	Employee benefits expense	3, 5	3 708.6	3 665.8
4 368.2	4 055.7	Other operating expenses	3, 7	3 482.6	3 795.4
-66.1	665.9	Other expenses	3, 8	820.8	-199.8
6 691.5	7 008.4	Total operating expenses		8 150.7	7 523.4
3 705.1	3 472.1	EBITDA		3 634.5	4 200.8
1 944.4	2 013.6	Depreciation, amortisation and impairment charges	11, 12	2 171.6	2 103.4
1 760.7	1 458.5	Operating profit/(loss)		1 462.9	2 097.4
39.9	48.6	Finance income	9	39.9	32.8
635.8	650.3	Finance costs	9, 12	603.1	633.7
-595.9	-601.7	Net finance costs		-563.2	-600.9
1 164.8	856.8	Profit before income tax		899.7	1 496.5
254.3	190.7	Income tax expense	10	197.5	326.8
910.5	666.1	Profit for the year		702.2	1 169.7
		Attributable to:			
910.5	666.1	Owners of the parent		702.2	1 169.7

The notes (note 1 to 25) are an intergral part of these consolidated financial statements.

STATEMENT OF OTHER COMPREHENSIVE INCOME

All amounts in MNOK

AVINOR AS				AVINOR GROUP	
2018	2019		NOTE	2019	2018
910.5	666.1	Profit for the year		702.2	1 169.7
		Other comprehensive income			
		Items that will not be reclassified to profit or loss			
-485.6	378.5	Actuarial gains/(losses) on post employment benefit obligations	16	544.6	-666.3
111.7	-83.3	Tax effect	10	-119.8	152.9
-66.6	0.0	Change in tax rate, effect deferred tax assets/-liabilities		0.0	-82.4
-440.5	295.2	Total items that will not be reclassified to profit or loss, net of tax		424.8	-595.8
		Items that may be subsequently reclassified to profit or loss			
186.3	251.3	Cash flow hedges	14	251.3	211.9
-42.9	-55.3	Tax effect	10	-55.3	-48.7
143.4	196.0	Total items that may be subsequently reclassified to profit or loss, net of tax		196.0	163.2
-297.1	491.2	Other comprehensive income for the year, net of tax		620.8	-432.6
613.4	1 157.3	Total comprehensive income for the year		1 323.0	737.1
		Attributable to:			
613.4	1 157.3	Owners of the parent		1 323.0	737.1

The notes (note 1 to 25) are an intergral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

All amounts in MNOK

AVINOR AS				AVINOR GROUP	
31.12.2018	31.12.2019		NOTE	31.12.2019	31.12.2018
		ASSETS			
		Non-current Assets			
		Intangible assets			
1 141.2	1 043.1	Deferred tax assets	10	1 423.4	1 497.4
30.9	77.5	Other intangible assets	11	233.7	103.4
0.0	0.0	Assets under construction, intangible	11	622.4	332.3
1 172.1	1 120.6	Total intangible assets		2 279.5	1 933.1
		Property, plant and equipment			
32 747.3	32 497.3	Property, plant and equipment	11	34 244.6	34 426.4
2 025.6	2 234.5	Assets under construction	11	2 642.4	2 496.1
0.0	553.1	Right-of-use assets	12	485.0	0.0
34 772.9	35 284.9	Total property, plant and equipment		37 372.0	36 922.5
		Financial assets			
1 161.6	1 163.0	Investments in subsidiaries	19	0.0	0.0
190.0	150.0	Loans to group companies	23	0.0	0.0
1 506.2	1 751.1	Derivative financial instruments	14	1 751.1	1 506.2
87.2	97.9	Other financial assets	14	99.0	88.3
2 945.0	3 162.0	Total financial assets		1 850.1	1 594.5
38 890.0	39 567.5	Total non-current assets		41 501.6	40 450.1
		Current Assets			
13.2	9.3	Inventories		24.4	27.6
1 356.6	1 425.7	Trade and other receivables	14	1 572.9	1 418.8
53.5	0.0	Derivative financial instruments	14	4.2	53.5
1 721.6	1 040.0	Cash and cash equivalents	14	1 059.1	1 739.8
3 144.9	2 475.0	Total current assets		2 660.6	3 239.7
42 034.9	42 042.5	Total assets		44 162.2	43 689.8

STATEMENT OF FINANCIAL POSITION

All amounts in MNOK

AVINOR AS				AVINOR GROUP	
31.12.2018	31.12.2019		NOTE	31.12.2019	31.12.2018
		EQUITY AND LIABILITIES			
		Equity			
		Restricted equity			
5 400.1	5 400.1	Share capital	20	5 400.1	5 400.1
5 400.1	5 400.1	Total restricted equity		5 400.1	5 400.1
		Retained earnings			
8 536.9	9 109.3	Other equity	15	9 878.9	9 140.8
8 536.9	9 109.3	Total retained earnings		9 878.9	9 140.8
13 937.0	14 509.4	Total equity		15 279.0	14 540.9
		Provisions and liabilities			
		Provisions			
2 789.4	2 020.7	Pension liabilities	16	3 972.8	4 633.4
167.3	1 041.8	Other provisions	17	1 065.9	174.0
2 956.7	3 062.5	Total provisions		5 038.7	4 807.4
		Non-current liabilities			
1 638.6	1 194.2	State loan	14	1 194.2	1 638.6
18 570.6	17 667.1	Other non-current liabilities	14	17 667.1	18 570.6
0.0	497.9	Lease liabilities	12, 14	435.5	0.0
20 209.2	19 359.2	Total non-current liabilities		19 296.8	20 209.2
		Current liabilities			
0.0	600.0	Commercial papers	14	600.0	0.0
477.4	358.4	Trade payables		579.7	536.1
241.3	230.9	Tax payable	10	298.8	290.9
233.7	230.2	Public duties payable		343.3	361.6
0.0	2.3	Derivative financial instruments	14	2.3	6.2
1 531.5	1 341.5	First annual installment on long-term liabilities	14	1 341.5	1 531.5
0.0	64.3	Lease liabilities	12, 14	56.7	0.0
2 448.1	2 283.8	Other current liabilities	17, 18	1 325.4	1 406.0
4 932.0	5 111.4	Total current liabilities		4 547.7	4 132.3
28 097.9	27 533.1	Total liabilities		28 883.2	29 148.9
42 034.9	42 042.5	Total equity and liabilities		44 162.2	43 689.8

The notes (note 1 to 25) are an intergral part of these consolidated financial statements.

Oslo, 31 March 2020
Board of Directors of Avinor AS

Anne Carine Tanum
Chair of the Board

Ola H. Strand
Vice Chair

Eli Skrøvset

Linda Bernander Silseth

Herlof Nilssen

Bjørn Tore Mikkelsen

Heidi Anette Sørum

Olav Aadal

Dag Falk-Petersen
CEO

STATEMENT OF CHANGES IN EQUITY

All amounts in MNOK

	AVINOR AS			
	SHARE CAPITAL	OTHER RESERVES	OTHER EQUITY	TOTAL EQUITY
Balance at 1 January 2018	5 400.1	-718.1	8 891.3	**13 573.2**
Profit for the year	0.0	0.0	910.5	**910.5**
Actuarial gain/(loss) on pension liabilities - net of tax	0.0	-373.9	0.0	**-373.9**
Cash flow hedge	0.0	143.4	0.0	**143.4**
Change in tax rate, effect deferred tax assets/-liabilities	0.0	-12.3	-54.3	**-66.6**
Total comprehensive income for the year	0.0	-242.8	856.2	**613.4**
Transactions with owners:				
Demerger	-6.5	0.0	6.4	**0.0**
Non-cash share capital contribution	6.5	0.0	-6.4	**0.0**
Dividends relating to 2017	0.0	0.0	-249.7	**-249.7**
Total transactions with owners	0.0	0.0	-249.7	**-249.7**
Balance at 31 December 2018	5 400.1	-960.9	9 497.8	**13 937.0**
Profit for the year	0.0	0.0	666.1	**666.1**
Actuarial gain/(loss) on pension liabilities - net of tax	0.0	295.2	0.0	**295.2**
Cash flow hedge	0.0	196.0	0.0	**196.0**
Total comprehensive income for the year	0.0	491.2	666.1	**1 157.3**
Transactions with owners:				
Dividends relating to 2018	0.0	0.0	-584.9	**-584.9**
Total transactions with owners	0.0	0.0	-584.9	**-584.9**
Balance at 31 December 2019	5 400.1	-469.7	9 579.0	**14 509.4**

STATEMENT OF CHANGES IN EQUITY

All amounts in MNOK

	AVINOR GROUP			
	SHARE CAPITAL	OTHER RESERVES	OTHER EQUITY	TOTAL EQUITY
Balance at 1 January 2018	5 400.1	-1 137.6	9 791.0	**14 053.5**
Profit for the year	0.0	0.0	1 169.7	**1 169.7**
Actuarial gain/(loss) on pension liabilities - net of tax	0.0	-513.4	0.0	**-513.4**
Cash flow hedge	0.0	163.2	0.0	**163.2**
Change in tax rate, effect deferred tax assets/-liabilities	0.0	-19.6	-62.8	**-82.4**
Total comprehensive income for the year	0.0	-369.8	1 106.9	**737.1**
Transactions with owners:				
Dividends relating to 2017	0.0	0.0	-249.7	**-249.7**
Total transactions with owners	0.0	0.0	-249.7	**-249.7**
Balance at 31 December 2018	5 400.1	-1 507.4	10 648.2	**14 540.9**
Profit for the year	0.0	0.0	702.2	**702.2**
Actuarial gain/(loss) on pension liabilities - net of tax	0.0	424.8	0.0	**424.8**
Cash flow hedge	0.0	196.0	0.0	**196.0**
Total comprehensive income for the year	0.0	620.8	702.2	**1 323.0**
Transactions with owners:				
Dividends relating to 2018	0.0	0.0	-584.9	**-584.9**
Total transactions with owners	0.0	0.0	-584.9	**-584.9**
Balance at 31 December 2019	5 400.1	-886.6	10 765.5	**15 279.0**

For specification of other reserves, see note 15.
The notes (note 1 to 25) are an intergral part of these consolidated financial statements.

STATEMENT OF CASH FLOWS

All amounts in MNOK

AVINOR AS				AVINOR GROUP	
2018	2019		NOTE	2019	2018
		Cash flow from operating activities			
3 325.0	3 663.6	Cash generated from operations [1)]		4 204.9	4 202.5
37.0	57.1	Interest received		58.1	37.4
-43.4	-241.3	Income tax paid		-290.7	-115.6
3 318.6	3 479.4	Net cash generated from operating activities		3 972.3	4 124.3
		Cash flow from investing activities			
-2 264.6	-1 993.3	Investments in property, plant and equipment (PPE)		-2 470.7	-2 523.5
21.8	29.2	Proceeds from sale of PPE, including assets under construction		30.4	26.4
-70.0	40.0	Group loans		0.0	0.0
0.0	-16.7	Group repayment of lease liabilities		0.0	0.0
-9.4	-17.2	Group interests		0.0	0.0
0.9	-1.9	Net group contribution/dividend		0.0	0.0
134.6	-22.2	Change in other investments		-21.9	153.8
-2 186.7	-1 982.1	Net cash used in investing activities		-2 462.2	-2 343.3
		Cash flow from financing activities			
-579.0	-1 563.4	Repayment of borrowings	14	-1 572.6	-1 174.7
0.0	600.0	Proceeds from short term borrowings (commercial papers)	14	600.0	0.0
-652.8	-624.6	Interest paid		-627.3	-688.0
-0.6	-6.0	Other borrowing charges		-6.0	-0.6
-249.7	-584.9	Dividends paid to owner		-584.9	-249.7
-1 482.1	-2 178.9	Net cash generated/used in financing activities		-2 190.8	-2 113.0
-350.2	-681.6	Net (decrease)/increase in cash, cash equivalents and bank overdrafts		-680.7	-332.0
2 071.8	1 721.6	Cash, cash equivalents and bank overdrafts at beginning of year	14	1 739.8	2 071.8
1 721.6	1 040.0	Cash, cash equivalents and bank overdrafts at end of year		1 059.1	1 739.8

STATEMENT OF CASH FLOWS

All amounts in MNOK

1) CASH GENERATED FROM OPERATIONS

AVINOR AS			AVINOR GROUP	
2018	2019		2019	2018
1 164.8	856.8	Profit before income tax	899.7	1 496.5
1 944.4	2 013.6	Depreciation	2 171.6	2 103.4
-8.6	-0.2	(Profit)/loss on disposals of non-current assets	0.0	-8.5
-49.4	55.7	Changes in value and other losses/(gains) - net (unrealised)	45.4	-47.9
595.9	601.7	Net finance costs	563.2	600.9
49.5	-176.1	Change in inventories, trade receivables and trade payables	-47.1	15.4
38.5	-390.3	Difference between pension cost and amount paid/received	-115.9	-58.8
56.7	703.7	Change in other working capital items [2]	688.0	101.5
-466.8	-1.3	Change in group receivables and payables	0.0	0.0
3 325.0	3 663.6	Cash generated from operations	4 204.9	4 202.5
		In the cash flow statement, proceeds from sale of property, plant and equipment comprise:		
13.2	29.0	Net book amount	30.4	17.9
8.6	0.2	Profit/(loss) on disposals of property, plant and equipment	0.0	8.5
21.8	29.2	Proceeds from disposal of property, plant and equipment	30.4	26.4

2) Change in other working capital items in 2019 includes provisions for external environment of MNOK 871.2.

The notes (note 1 to 25) are an intergral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 General information

Avinor AS and its subsidiaries (together 'the group') own, manage and develop aviation infrastructure and systems by facilitating safe and efficient aviation. The group also renders services within the same areas together with other activities that add to the group's main business, including commercial development. The Avinor group's headquarters are located in Oslo, Dronning Eufemias gate 6.

NOTE 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below and in each note to the financial statement. These policies have been consistently applied to all the years presented, unless otherwise stated.

The accounting policies set out below do also apply to the preparation of the financial statements of Avinor AS.

BASIS OF PREPERATION

The consolidated financial statements of Avinor AS and Avinor group have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) recognised partly at fair value through profit or loss and partly (cash flow hedges) in other comprehensive income.

The whole of Avinor group's operations are defined as two cash-generating unit (CGU), one air navigation service unit and one airport operation unit including property development and hotels.

For the airport operation unit, the group's economic model is based on the assumption that there is full cross-subsidisation between profitable and unprofitable airports as well as all areas of operations (overall system). The group has a distinct expressed objective to develop, within the overall system, commercial activities in order to provide capital for unprofitable activities (social considerations/responsibilities) and reduce the level of traffic charges. Due to this the group assess that a solution where the group's operations, exclusive of the air navigation services, are evaluated as a whole, presents a true and fair view of the operations.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires managment to exercise its judgement in the process of applying the group's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in particular.

The group's most significant accounting estimates and judgements are related to the following items, specified further in each individual note:

- Valuation of deferred tax assets
- Fair value of property, plant and equipment
- Depreciation of property, plant and equipment
- Net pension obligation
- Other provisions

FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate at the balance sheet date. Non-monetary assets and liabilities measured at historical cost denominated in foreign currencies are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities measured at fair value denominated in foreign currencies are translated using the exchange rate at the balance sheet date.

Foreign exchange gains and losses are recognised in the income statement. The functional currency of the group companies is NOK.

Foreign exchange gains and losses that relate to receivables, liabilities, cash and cash equivalents are considered to be operational and have been classified as changes in value and other losses/(gains) - net, presented within 'other expenses'.

NOTE 3 Segment information

All amounts in MNOK

Operating segments are reported consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group management.

The Avinor group's operations include aviation security services and 45 airports including Oslo Airport. The operating segments are determined based on the reports used by the group management to evaluate presentations and profitability at a strategic level. The segment information shows the operating profit/(loss) distributed according to the internal organising of the group.

For management purpose the group is organised in one air navigation service unit and one airport operation unit according to the group's cash generating units. To better the evaluation of the airport operation unit, the management has choosen to present the airports in Oslo, Bergen, Stavanger, Trondheim and the rest inn addition to property development and hotels separately. Property developments and hotels consists of office buildings and hotels.

The segment information provided to the group management for the reportable segments for the year ended 31 December 2019 is as follows:

AVINOR GROUP AS AT 31 DECEMBER 2019:

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	2 115.9	562.1	413.1	352.3	867.2	4 310.6
Other operating income	3 864.2	624.9	460.1	335.7	689.0	5 973.9
Inter-segment income	1.8	2.5	5.0	2.2	60.5	72.1
Total income	5 981.9	1 189.5	878.3	690.1	1 616.7	10 356.6
Employee benefits expense	496.8	123.0	104.8	93.4	812.8	1 630.7
Other operating expenses	1 155.0	213.3	164.7	126.4	847.3	2 506.7
Inter-segment expenses	399.8	147.1	114.6	95.1	650.5	1 407.0
Total expenses	2 051.5	483.4	384.0	314.9	2 310.6	5 544.5
EBITDA	3 930.4	706.1	494.2	375.2	-693.9	4 812.1
Depreciation and amortisation	940.0	300.2	126.4	105.8	421.1	1 893.5
Operating profit/(loss)	2 990.4	406.0	367.8	269.4	-1 115.0	2 918.6
Assets 1)	17 462.4	5 620.3	1 911.4	1 682.6	5 851.0	32 527.8

AVINOR GROUP AS AT 31 DECEMBER 2019 CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	4 310.6	1 068.1	0.0	0.0		5 378.7
Other operating income	5 973.9	172.3	112.0	148.1		6 406.5
Inter-segment income	72.1	859.2	23.1	651.9	-1 606.2	0.0
Total income	10 356.6	2 099.7	135.1	800.0	-1 606.2	11 785.2
Employee benefits expense	1 630.7	1 476.9	0.0	601.0		3 708.6
Other operating expenses	2 506.7	486.8	5.6	1 442.9		4 442.1
Inter-segment expenses	1 407.0	95.1	2.3	101.8	-1 606.2	0.0
Total expenses	5 544.5	2 058.8	7.9	2 145.7	-1 606.2	8 150.7
EBITDA	4 812.1	40.9	127.2	-1 345.7	0.0	3 634.5
Depreciation and amortisation	1 893.5	142.7	36.0	99.4		2 171.6
Operating profit/(loss)	2 918.6	-101.9	91.2	-1 445.1	0.0	1 462.9
Assets 1)	32 527.8	912.8	760.3	277.4		34 478.3

Other operating expenses in the segment Others includes provisions for external environment of MNOK 871,2 as at 31 December 2019, see note 8 and 21.

The segment information provided to the group management for the reportable segments for the year ended 31 December 2018 is as follows:

AVINOR GROUP AS AT 31 DECEMBER 2018:

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	2 144.2	561.2	411.6	366.1	923.2	4 406.4
Other operating income	3 772.8	609.4	445.2	330.1	663.8	5 821.2
Inter-segment income	1.7	3.9	5.0	2.2	62.1	74.9
Total income	5 918.7	1 174.5	861.8	698.4	1 649.1	10 302.6
Employee benefits expense	505.2	129.5	106.9	92.2	815.0	1 648.7
Other operating expenses	1 467.7	231.6	180.6	136.8	965.2	2 981.9
Inter-segment expenses	369.1	145.7	114.6	93.4	659.5	1 382.3
Total expenses	2 342.0	506.7	402.0	322.4	2 439.7	6 012.9
EBITDA	3 576.8	667.8	459.8	376.0	-790.6	4 289.7
Depreciation and amortisation	942.4	276.6	121.2	101.5	447.2	1 888.9
Operating profit/(loss)	2 634.4	391.1	338.6	274.5	-1 237.8	2 400.8
Assets [1)]	17 537.1	5 697.0	1 893.1	1 739.4	5 869.8	32 736.4

AVINOR GROUP AS AT 31 DECEMBER 2018 CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	4 406.4	1 106.7	0.0	0.0		5 513.1
Other operating income	5 821.2	151.4	108.2	130.2		6 211.1
Inter-segment income	74.9	849.1	21.3	609.5	-1 554.9	0.0
Total income	10 302.6	2 107.2	129.5	739.7	-1 554.9	11 724.1
Employee benefits expense	1 648.7	1 457.6	0.1	559.4		3 665.8
Other operating expenses	2 981.9	222.2	5.8	647.7		3 857.5
Inter-segment expenses	1 382.3	89.6	1.4	81.6	-1 554.9	0.0
Total expenses	6 012.9	1 769.4	7.3	1 288.7	-1 554.9	7 523.4
EBITDA	4 289.7	337.8	122.2	-549.0	0.0	4 200.8
Depreciation and amortisation	1 888.9	104.3	36.0	74.1		2 103.4
Operating profit/(loss)	2 400.8	233.4	86.2	-623.1	0.0	2 097.4
Assets [1)]	32 736.4	760.0	795.8	237.6		34 529.8

1) Inclusive other intangible assets, exclusive assets under contruction.

Sales between segments are according to the arm's length principle. The revenue from external parties reported to group management is measured consistent with that in the income statement.

Revenue of approximately 2.7 billions, 1.7 billions and 1.4 billions, total 5.8 billions (2018: NOK 2.6 billions, 1.7 billions and 1.5 billions, total 5.8 billions) and 49 per cent (2018: 49 per cent) of total operating income are derived from three main customers.

Revenue from the first customer is attributable to Oslo Airport, Bergen Airport, Stavanger Airport and Trondheim Airport. Revenue from the two other customers are attributable to all segments.

NOTE 4 Operating income and other income

All amounts in MNOK

REVENUE FROM CONTRACTS WITH CUSTOMERS

Traffic income, income from sale of goods and services and income from sale of property is recognized to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

RENTAL INCOME

Revenue from property leases with fixed lease payment is recognised in the period the services are provided, using a straight-line basis over the term of the contract. Revenue from property leases with revenue-based lease payments is recognised when it is earned.

Traffic income

Traffic income encompasses all charges related to infrastructure and services necessary to carry out flights to/from Norway as well as domestic flights and is considered as a whole as one delivery obligation. En route charges will in addition also encompass flights across Norwegian air space (separate delivery obligation). The delivery obligations are satisfied when the actual flights are carried out.

Traffic income encompasses airport charges and air navigation charges. Airport charges includes takeoff charges for essential services/infrastructure for operating a departure from one of Avinor's airports, terminal charges for essential infrastructure and provision of services to passengers on arrival, at departure, during transit, or corresponding flight services at Avinor's airports and security charges for essential services/infrastructure for carrying out security checks at Avinor's airports in line with applicable regulations. The take-off charge is calculated based on the weight of the air craft, the terminal charge on the number of passengers departed and the security charge on the number of passenger on the actual flight less passengers in transit. Air navigation charges includes en route charges for services provided during the in-flight/en route stage of the flight in Norwegian air space of which Avinor is responsible, and terminal navigation charges for services related to monoring and control during take-off, landing and movement to/from gate. The en route charge is calculated based on the weight of the air craft in combination with the distance travelled, while the terminal navigation charge is calculated based on the weight of the air craft.

The traffic charges are invoiced when the actual flight is carried out, in accordance with regulations set by the Ministry of Transport and Communication. Normally the charges are invoiced weekly with payment terms of 30 days. The en route charges are collected by Eurocontrol on behalf of the member countries.

Traffic income, with the exception of the en route charges, is distributed to the segments under airport operations. The en route charges is allocated in its entirety to the segment Air Navigation Services. See note 3.

Other operating income

Avinor AS and the group have income from sale of goods and services directly to the customer or through rental income from the same use of the areas. Encompasses duty free, kiosk, parking, shops, services, refreshments, advertising, aviation fuel, handling services, hotels and infrastructure etc.

Revenue from contracts with customers
Includes both cash and credit sale. The credit sale is invoiced consecutivly with payment term 30 days from invoice date.

Rental income
Includes fixed lease paymets and revenue-based lease payments, based on lease agreements entered into, and consecutivly reports of revenue.

Fixed lease payments are invoiced in advance and recognised when earned. Revenue-based lease payments are reported and invoiced weekly. Payment term is normally 30 days from invoice date.

	AVINOR AS		AVINOR GROUP	
	2019	2018	2019	2018
Traffic income				
Takeoff charges	1 155.7	1 158.0	1 160.0	1 162.3
Terminal charges	1 235.8	1 237.0	1 240.3	1 241.4
En route charges	0.0	0.0	1 068.1	1 106.7
Security charges	1 309.7	1 400.8	1 315.2	1 406.5
Terminal navigation charges	595.1	596.2	595.1	596.2
Total traffic income	4 296.3	4 392.0	5 378.7	5 513.1
Other operating income				
Revenue from contracts with customers:				
Duty free	118.5	141.0	118.5	141.0
Parking	0.5	35.6	0.7	35.7
Other	667.7	659.9	790.4	770.2
Total	786.7	836.5	909.6	946.9
Rental income:				
Duty free	2 784.6	2 708.6	2 784.6	2 708.6
Parking	948.4	931.6	948.4	931.6
Other	1 664.5	1 527.9	1 763.9	1 624.0
Total	5 397.5	5 168.1	5 496.9	5 264.2
Total other operating income	6 184.2	6 004.6	6 406.5	6 211.1
Total income from contracts with customers	5 083.0	5 228.5	6 288.3	6 460.0
Total rental income	5 397.5	5 168.1	5 496.9	5 264.2
Total operating income	10 480.5	10 396.6	11 785.2	11 724.2

NOTE 5 Salaries and personnel costs, number of employees, remunerations

All amounts in MNOK

	AVINOR AS		AVINOR GROUP	
	2019	2018	2019	2018
Salaries and personnel costs				
Salaries	1 590.3	1 535.2	2 671.8	2 586.2
Payroll tax	244.4	236.5	405.3	377.3
Pension costs (exclusive plan amendments)	294.1	328.2	513.1	577.6
Other personnel costs	74.1	81.8	118.4	124.7
Total	2 202.9	2 181.7	3 708.6	3 665.8
Reduction of total salaries and personnel costs:				
Salaries and personnel costs recognised in the balance sheet	91.9	70.2	199.1	156.8
Average number of man-years employed	2 113	2 072	3 164	3 179

Group management

The group management consists of the group CEO and the managing director of each division and the largest subsidiary in addition to the managing directors of each corporate staff.

2019

AMOUNT IN MNOK	BOARD FEE	SALARY	OTHER BENEFITS	ESTIMATED PENSION COST	TOTAL
Group management					
Dag Falk-Petersen, Chief Executive Officer	0	3 038 399	22 140	988 558	4 049 097
Øyvind Hasaas, Executive Vice President operations and infrastructure	0	2 231 149	16 760	672 097	2 920 006
Stine Ramstad Westby, Airport Director Oslo airport	0	1 984 318	20 296	423 933	2 428 547
Aslak Sverdrup, Airport Director Bergen airport (until 28.02.2019)	0	622 710	9 821	129 947	762 479
Helge Eidsnes, Airport Director Bergen airport (from 19.08.2019)	0	677 621	3 348	129 516	810 485
Leif Anker Lorentzen, Airport Director Stavanger airport (until 01.03.2019)	0	432 530	2 989	81 762	517 281
Anette Sigmundstad, Airport Director Stavanger airport (from 01.03.2019)	0	1 525 741	8 367	162 759	1 696 866
Marit Helene Stigen, Airport Director Trondheim airport	0	1 841 984	17 235	129 516	1 988 735
Mari Hermansen, Vice President for Organisation and Group support	0	1 840 203	27 561	574 510	2 442 274
Petter Johannessen, Executive Vice President economy and finance	0	1 947 582	33 849	724 615	2 706 046
Anders Kirsebom, Managing Director Avinor Flysikring AS	0	2 249 628	17 080	488 625	2 755 333
Thorgeir Landevaag, Division Director national, regional and local airports	0	1 967 294	10 036	238 022	2 215 351
Margrethe Snekkerbakken, Executive Vice President strategy, safety and environment	0	2 026 765	15 076	610 483	2 652 323
Egil Thompson, Executive Vice President Corporate Communication and Commercial	0	1 828 907	25 569	526 581	2 381 057
Total	0	24 214 830	230 126	5 880 924	30 325 879
Board					
Anne Carine Tanum, Chairman	484 500	0	0	0	484 500
Ola H. Strand, Vice-chairman	273 000	5 804	0	0	278 804
Herlof Nilssen	264 500	0	0	0	264 500
Linda Bernander Silseth	244 500	248	0	0	244 748
Eli Skrøvset	293 000	0	0	0	293 000
Olav Aadal	334 500	1 574 227	5 630	282 543	2 196 900
Heidi Anette Sørum	264 500	826 923	10 036	252 251	1 353 710
Bjørn Tore Mikkelsen	244 500	1 034 811	10 036	397 063	1 686 409
Total	2 403 000	3 442 014	25 701	931 857	6 802 572

2018

AMOUNT IN MNOK	BOARD FEE	SALARY	OTHER BENEFITS	ESTIMATED PENSION COST	TOTAL
Group management					
Dag Falk-Petersen, Chief Executive Officer	0	2 840 958	26 779	853 857	3 721 594
Øyvind Hasaas, Airport Director Oslo airport	0	2 164 490	23 156	778 307	2 965 954
Aslak Sverdrup, Airport Director Bergen airport	0	1 758 589	13 728	322 070	2 094 387
Leif Anker Lorentzen, Airport Director Stavanger airport	0	1 717 919	11 956	431 467	2 161 342
Marit Helene Stigen, Airport Director Trondheim airport (from 01.02.2018)	0	1 517 681	19 039	286 585	1 823 305
Mari Hermansen, Vice President for Organisation and Group support	0	1 771 431	33 507	485 937	2 290 874
Petter Johannessen, Executive Vice President economy and finance	0	1 886 115	34 172	601 899	2 522 185
Anders Kirsebom, Managing Director Avinor Flysikring AS	0	2 122 586	18 610	471 686	2 612 882
Thorgeir Landevaag, Division Director national, regional and local airports (from 01.08.2018)	0	1 723 598	10 012	238 438	1 972 048
Jon Sjølander, Executive Vice President strategy and development (until 01.08.2018)	0	1 915 225	24 306	461 706	2 401 237
Margrethe Snekkerbakken, Executive Vice President strategy, safety and environment	0	2 086 933	15 052	504 826	2 606 812
Egil Thompson, Executive Vice President Corporate Communication and Commercial	0	1 780 232	25 155	463 043	2 268 431
Stine Ramstad Westby, Executive Vice President operations and infrastructure	0	1 769 988	17 696	345 126	2 132 811
Total	0	25 055 746	273 168	6 244 947	31 573 861
Board					
Anne Carine Tanum, Chairman (from 01.07.2018)	239 000	0	0	0	239 000
Ola Mørkved Rinnan, Chairman (until 30.06.2018)	217 250	365	0	0	217 615
Ola H. Strand, Vice-chairman	271 750	3 709	0	0	275 459
Herlof Nilssen	261 000	0	0	0	261 000
Linda Bernander Silseth	234 500	374	0	0	234 874
Eli Skrøvset	285 750	0	0	0	285 750
Olav Aadal	219 000	1 602 019	5 242	281 749	2 108 010
Heidi Anette Sørum	258 500	814 269	10 012	146 468	1 229 249
Bjørn Tore Mikkelsen	231 250	1 005 604	10 012	295 159	1 542 025
Total	2 218 000	3 426 341	25 266	723 376	6 392 983

On termination or changes in conditions of employment or board appointment no obligations exist to give the group management or the board any distinct compensation, beyond what is stated in note 6. Nor are there any arrangements concerning bonuses, profit sharing or share-based payments. No loans or guarantees have been given to the members of the group management or the board. None of the members of the group management have received any remunerations or economic benefits from other companies in the group, other than shown in the table above. There is no additional remuneration to executives for special services other than normal operations, see note 6.

NOTE 6 Declaration on the determination of salaries and other remuneration for the CEO and other executive employees

THE BOARD OF DIRECTORS' DECLARATION ON THE DETERMINATION OF SALARIES AND OTHER REMUNERATION FOR THE CEO AND OTHER EXECUTIVE EMPLOYEES OF THE AVINOR GROUP - 2019

According to article 8 of the company's articles of association, the Board of Directors shall prepare a declaration concerning the determination of salaries and other remuneration for the senior management. This declaration shall be included as a note in the annual accounts. The declaration shall contain the contents specified in section 6-16a of the Public Limited Companies Act, and shall in addition give an account of how the 'Government's policy for the remuneration of leading personnel in state-owned enterprises and companies' is followed up in the company's wholly owned subsidiaries. The declaration shall be handled at the company's ordinary general meeting. Reference is made to section 5-6 third paragraph of the Public Limited Companies Act and the Government's policy for the remuneration of leading personnel in state-owned enterprises and companies, as set out by the Ministry of Industry and Fisheries, effective as from 13.2.2015.

1. Employees covered by the declaration

This declaration covers executive employees of the group; Avinor AS and the wholly owned subsidiaries Avinor Flysikring AS and Svalbard Lufthavn AS. At 1 January 2020 , the group's executive management team comprised the following employees, who are covered by this declaration:

Avinor AS

- Dag Falk-Petersen, CEO
- Petter Johannessen, Executive Vice President economy and finance
- Mari Hermansen, Executive Vice President HR, legal and business support
- Egil Thompson, Executive Vice President communications and marketing
- Margrethe Snekkerbakken, Executive Vice President strategy, safety and environment
- Thorgeir Landevaag, Executive Vice President national, regional and local airports
- Øyvind Hasaas, Executive Vice President operations and infrastructure
- Marit Helene Stigen, Airport Director Trondheim airport
- Anette Sigmundstad, Airport Director Stavanger airport
- Helge Eidsnes, Airport Director Bergen airport
- Stine R. Westby, Airport Director Oslo airport

Avinor Flysikring AS

- Anders Kirsebom, Managing Director
- Jan-Gunnar Pedersen, Director business area en-route
- Snorre Andresen, Director business area tower and approach services
- Ellen Lystad, Director technology services
- Tor-Øivind Skogseth, Assistent Managing Director and Director, safety, customers and public relations
- Marisa Luisa Ruiz Retamar, Director HR and competence
- Kresten Lyngstad, CFO

Svalbard Lufthavn AS

- Carl Einar Ianssen, Managing Director

2. Declaration's validity

The declaration applies for the coming financial year, ref. article 8 of the articles of association and section 6-16a (2) of the Public Limited Companies Act. The group's Board of Directors will use the principles described in this declaration as the basis for determining the remuneration of the CEO and in its assessment and monitoring of the CEO's determination of remuneration of executive employees.

3. The main principles of the group's executive employee remuneration policy

Avinor's executive remuneration policy has to comply with the Government's policy for the remuneration of leading personnel in state-owned enterprises and companies (as set out by the Ministry of Industry and Fisheries, effective as from 13.2.2015). Executive remuneration in the group should comprise a competitive but not leading salary when compared to similar companies.

3.1 Salary

The main element of the group's remuneration packages must be a fixed basic salary.

3.2 Directors' remuneration

No remuneration is paid to executive employees for board appointments in other companies in the Avinor group.

3.3 Benefits in kind

Executive employees shall receive the benefits in kind that are common for comparable positions. These may include a car allowance, free newspapers/magazines, free phone, laptop, printer and free broadband service.

In the CEO's agreement, a car allowance may be replaced with a company car within the framework set by the Board.

3.4 Performance pay

A performance pay scheme may be established for executive employees based on individual targets. There must be a clear correlation between performance pay targets and the group's targets.

Any scheme will be structured in accordance with the guidelines specified in the owner's statement.

3.5 Extraordinary lump sum payment for exceptional performance

A lump sum payment may be awarded to executive employees following exceptional performance beyond what may be expected in the relevant position, in connection with defined activities of major strategic importance. The criteria for an extraordinary lump sum payment should normally be agreed in advance, and always submitted to the group Board for approval. The payment shall be approved by the group Board following the recommendation of the CEO. General guidelines for the scheme will be drawn up.

4. Options and share programmes

No options or similar schemes will be established in the company. No share programme involving share-based remuneration will be established in the company.

5. Pension plans

Executive employees shall participate in the group's general pension plan, a defined benefit plan in Statens Pensjonskasse (the Norwegian Public Service Pension Fund) or the new defined contribution pension scheme. The basis for calculating pension entitlements shall not exceed 12G (where G = National Insurance Scheme's basic amount). The terms shall be similar to the terms that apply for other company employees. The age limit is 70 years. For most of the executive employees; members of the group's executive management and Managing Director of Avinor Flysikring AS the age limit is 67 years. For newer members of the executive management the age limit is 70 years.

In the Agreement with the group's executive management and Managing Director of Avinor Flysikring AS concluded before the guidelines from 15.2.2015, a defined contribution retirement pension scheme for salaries exceeding 12G have been established, inclusive a disability pension scheme.

For this group the retirement pension is contribution based for salaries exeeding 12G with different rates dependent on age and are administered through the company's operating budget until further notice. Current personnel are divided into four age groups. The pension basis for contributions is the agreed fixed salary, and payment will commence once the retirement age has been reached in accordance with the individual agreement. Payment of the supplementary pension is executed by Avinor's payroll department monthly once the age limit of 67 is reached. A condition of payment is that the employee has resigned from their position in the company. If the employee retires from the group before reaching their pensionable age, the severance agreement is to include a date for when payment of the pension is to start.

The following contribution plan applies:

For senior executives aged 60 and over:
- 30 per cent of av pensionable income from 12G to 18G and
- 25 per cent of av pensionable income over 18G

For senior executives aged 55 to 60:
- 25 per cent of av pensionable income from 12G to 18G and
- 20 per cent of av pensionable income over 18G

For senior executives aged 50 to 55:
- 20 per cent of av pensionable income from 12G to 18G and
- 15 per cent of av pensionable income over 18G

For senior executives aged up to 50:
- 15 per cent of av pensionable income from 12G to 18G and
- 10 per cent of av pensionable income over 18G

When moving up to a new rate following a birthday, this takes effect from the first date of the month following the birthday.

The employer has the full right to manage their pension scheme for salaries exceeding 12G.

Executive employees appointed after 13.2.2015 are only entitled to be a member of the group's general pension plan. As at 31.12.2019 this applies to five members of the group executive management.

Annual disability pension amounts to (100 per cent disability) 38.4 per cent of salaries between 12G and 27G. The full annual disability pension presupposes that insured at retirement will get a service period of at least 20 years. If the length of services is less, the disability pension will be reduced proportionally.

6. Termination and severance pay

There is a three-month notice period applicable to both parties calculated from the first day of the month after notice is given. Notice shall be given in writing.

The CEO and Managing Directors of subsidiaries have waived their employment protection under the Norwegian Working Environment Act. For these people severance pay equivalent to 12 months' fixed salary may be agreed, including the salary of any notice period. Severance pay is calculated on the basis of the employee's regular monthly salary at the time of termination. No holiday pay is accrued on the basis of the severance pay beyond the salary during the notice period.

The severance package, for those employed after 01.01.2015, will be reduced by a proportional amount calculated on the basis of the new annual income in the event of appointment to a new position or if an income is received from an enterprise of which the employee concerned is an active owner.

The employee is only entitled to severance pay in excess of their salary during the notice period if they accept the termination, leave at the request of the employer, and do not submit any claim in relation to the rules of the Norwegian Working Environment Act with regard to protection against dismissal, etc.

Severance pay may be withheld if there are ground for dismissal, or if irregularities or omissions are found during the period in which severance pay is to be given, which may result in liability for damages or the employees being prosecuted for violation of the law.

The CEO has concluded such an agreement dated 14 January 2011. A notice period of three months and a severance payment of 12 months have been agreed, which become payable upon termination by the Company. The agreement contains provisions for the deduction of income from a new employer, and ceases if the employee is entitled to a disability benefit or retirement pension under the agreement. The CEO is not entitled to pay after termination of employment if the employment is terminated due to circumstances which may result in grounds for dismissal.

Members of the group's executive management have agreed final remuneration figures in their contracts of employment should their employment be terminated by the employer. For those members of the of the group's executive management employed before the scheme was established in 2015, this has been defined as 12 months of their regular fixed salary. For five members of the group's executive management, remuneration has been defined as "reasonable final remuneration determined at the time of termination" based on their regular monthly salary. Final remuneration will only be paid if the director accepts the termination and does not commence proceedings under the termination regulations of the Norwegian Working Environment Act, etc.

For other executive employees, an advanced agreement for severance pay with finally determined compensation at retirement, can not be entered into. Instead, an advance agreement with a reasonable severance pay may be agreed on, effective only if the employee is not contesting dismissal. These agreements apply correspondingly to the agreements applicable to the CEO and Managing Directors of subsidiaries. The Managing Director of Svalbard Lufthavn AS has ordinary protection against dismissal and no clause regarding severance pay.

7. Executive remuneration policy and implementation of the guidelines in the preceding year

The salary policy for executive employees in 2019 has been conducted in accordance with the above guidelines and the guidelines discussed at the Annual General Meeting on 11 June 2019. This applies both to Avinor AS, Avinor Flysikring AS and Svalbard Lufthavn AS.

In connection with the wage settlement, the CEO's fixed salary was adjusted by 2.9 per cent.

The basic salary of other executive employees in Avinor AS was adjusted in average by 4.7 per cent.

The base salary of the Managing Director of Avinor Flysikring AS was adjusted by 2.9 per cent. Other executive employees in Avinor Flysikring AS was adjusted in average 3.8 per cent. The wage settlement is based on evaluation of performance.

The fixed salary of the managing director of Svalbard Lufthavn AS was adjusted by 0.0 per cent.

The total cost of the contribution based pension scheme for salary exceeding 12G for executive employees before 13 February 2015 was NOK 2,184,258 in 2019. The scheme is administered by Avinor through day-to-day operations. The premium is not taxable and dutiable. The scheme is closed for new executive employees after 13 February 2015.

The individual's total pension cost is stated in the notes to the financial statements.

Lump sum payments of NOK 340,940 has been paid in 2019.

The Board's declaration concerning the determination of salaries and other remuneration was published for the first time in the 2011 financial year. Executive remuneration packages are reviewed by the Board on an annual basis. Executive remuneration agreements entered into before this point in time shall not be negatively affected by this declaration.

The remuneration and other benefits received by executive employees in 2019 are provided in note 5 of the annual financial statement for 2019.

NOTE 7 Other operating expenses

All amounts in MNOK

	AVINOR AS		AVINOR GROUP	
	2019	2018	2019	2018
Other operating expenses				
Rent - buildings/land	0.0	55.2	0.0	44.9
Management/maintenance - buildings	688.5	749.2	741.9	786.1
Repairs, maintenance operational materials	398.7	390.7	440.9	434.8
Control/security/guard services	830.2	902.5	837.1	909.0
Meteorological services	3.0	3.5	43.8	43.7
Consulting services	341.3	273.2	350.1	289.1
Other external services	580.9	662.1	607.4	692.0
Other operating expenses	1 213.1	1 331.8	461.4	595.8
Total	4 055.7	4 368.2	3 482.6	3 795.4

	AVINOR AS		AVINOR GROUP	
	2019	2018	2019	2018
Auditor's fees				
Auditor's fee - fixed charge (VAT not included):				
Statutory audit fee	2.1	1.7	2.7	2.2
Other auditors's fees charged to profit and loss (VAT not included):				
Other attestation services	0.3	0.4	0.4	0.6
Other services	0.2	0.7	0.2	0.7
Total	0.5	1.1	0.6	1.3

NOTE 8 Other expenses

All amounts in MNOK

The group uses derivative financial instruments related to the purchase of energy and foreign currency. For energy, forward energy contracts are purchased at Nasdaq OMX. None of these derivatives qualify for hedge accounting.

Changes in the fair value of derivatives that do not qualify for hedge accounting are, depending on whether the derivative is related to operating or financing activities, recognised in the income statement within 'changes in value and other losses/gains - net' or within 'finance cost'.

	AVINOR AS		AVINOR GROUP	
SPECIFICATION	2019	2018	2019	2018
Other expenses				
Pension - see note 16	-244.6	0.0	-86.6	-128.8
External environment - see note 21	871.2	0.0	871.2	0.0
Changes in value and other losses/gains - net	39.3	-66.1	36.2	-71.0
Total	665.9	-66.1	820.8	-199.8
Changes in value and other losses/gains - net:				
Changes in value - unrealised (note 14)	55.7	-49.4	45.4	-47.9
Changes in value - realised energy contracts	-15.8	-20.9	-16.7	-22.7
Foreign currency translation gains/losses	-0.6	4.2	7.5	-0.4
Total	39.3	-66.1	36.2	-71.0

NOTE 9 Finance income and costs

All amounts in MNOK

Dividend income

Dividend income is recognised when the right to receive payment is established.
Accounting principles regarding finance items are described in note 14.

	AVINOR AS		AVINOR GROUP	
SPECIFICATION	2019	2018	2019	2018
Finance income				
Interest income (excluding group receivables)	35.2	28.4	39.6	31.6
Interest income on loans to group companies	13.4	10.6	0.0	0.0
Group contributions and dividends received	0.0	0.9	0.3	1.2
Gains on financial instruments	0.0	0.0	0.0	0.0
Total	48.6	39.9	39.9	32.8
Finance costs				
Interest expense on bank borrowings	620.4	630.0	620.4	640.0
Interest expense on loans from group companies	25.8	19.9	0.0	0.0
Interest expense on lease liabilities	17.2	0.0	14.4	0.0
Interest expense on others	0.0	1.3	0.3	1.4
Other borrowing expenses	12.1	9.7	12.4	10.0
Borrowing costs capitalised (note 11)	-25.3	-24.8	-44.5	-37.8
Foreign currency translation gains/losses	0.1	-0.3	0.1	-0.3
Net fair value gains/losses on bank borrowings including derivatives	35.3	22.5	35.3	22.5
Fair value loss on financial instruments (note 14)				
- interest rate swaps: cash flow hedges, transfer from equity	0.0	0.0	0.0	20.4
- interest rate swaps: fair value hedges	-35.3	-22.5	-35.3	-22.5
Total	650.3	635.8	603.1	633.7
Finance income/(costs) - net	-601.7	-595.9	-563.2	-600.9

NOTE 10 Income tax expense and deferred income tax

All amounts in MNOK

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. Deferred income tax assets are assessed against future taxable income and are evaluated separately.

Recognition of deferred tax assets and deferred tax liabilities upon transition to IFRS 16 is calculated and recognized separately for use-of-rights assets and lease obligations. Offsetting is allowed, and the net effect on deferred tax is therefore zero.

Net deferred tax asset

The group has significant temporary differences between the carrying amounts of assets and liabilities and its tax base. This has resulted in a significant deferred tax asset. An analysis made of the group's tax position shows that it is probable that this asset may be utilised by the group.

Loss carried forward

Svalbard Lufthavn AS have a loss carried forward of MNOK 107.8. The tax effect of the loss is not included due to the uncertainty regarding the utilization of the loss.

Change in tax rate

There is no change in tax rate with effect from 1.1.2020. The tax rate was, with effect from 1.1.2019, changed from 23 per cent to 22 per cent.

	AVINOR AS		AVINOR GROUP	
SPECIFICATION	2019	2018	2019	2018
Income tax expense				
Current tax on profit for the year	230.7	241.3	298.6	290.9
Current tax on adjustments in respect of prior years	0.0	0.2	0.1	0.3
Current tax on group contributions	0.2	0.4	0.0	0.0
Deferred tax on origination and reversal of temporary differences	-40.2	27.0	-101.2	50.2
Change in tax rate, effect deferred tax assets/-liabilities	0.0	-14.6	0.0	-14.6
Total	190.7	254.3	197.5	326.8
Effective tax rate reconciliation				
22 (23) % of profit before tax	188.5	267.9	197.2	343.3
Effect of adjustments prior years	0.0	0.2	-2.0	-2.9
Change in tax rate, effect deferred tax assets/-liabilities	0.0	-14.6	0.0	-14.6
Dividends received	0.0	0.8	0.0	1.0
Permanent differences 22 (23) %	2.2	0.0	2.4	0.0
Income tax expense	190.7	254.3	197.5	326.8
Effective tax rate	22.3 %	21.8 %	22.0 %	21.9 %

AVINOR AS:
DEFERRED TAX ASSETS AND LIABILITIES

	ADAPTED TO NEW ANNUAL TAX RATE AT 31 DECEMBER 2018	AT 1 JANUARY 2019	RECOGNIZED IN THE INCOME STATEMENT	RECOGNIZED IN OTHER COMPREHENSIVE INCOME	AT 31 DECEMBER 2019
Receivables	-2.3	-2.3	2.5	0.0	0.2
Non-current assets	-470.7	-470.7	57.3	0.0	-413.4
Right-of-use assets	0.0	131.2	-9.5	0.0	121.7
Lease liabilities	0.0	-131.2	7.5	0.0	-123.7
Borrowings	-317.0	-317.0	1.4	0.0	-315.6
Provisions	-70.9	-70.9	-172.9	0.0	-243.8
Pension benefits	-613.7	-613.7	85.9	83.3	-444.5
Group contributions (payables)	0.4	0.4	0.0	-0.2	0.2
Profit and loss account	-10.2	-10.2	1.4	0.0	-8.8
Derivative financial instruments	343.1	343.1	-13.7	55.3	384.7
Deferred tax asset(-)/liability (net)	-1 141.2	-1 141.2	-40.2	138.3	-1 043.1

Change in tax rate, deferred tax asset reduction	52.0
Presented as:	
Other comprehensive income expense	66.6
Profit and loss expense	-14.6

	AT 1 JANUARY 2018	RECOGNIZED IN THE INCOME STATEMENT	RECOGNIZED IN OTHER COMPREHENSIVE INCOME	AT 31 DECEMBER 2018
Receivables	-1.7	-0.7	0.0	-2.4
Non-current assets	-540.3	48.2	0.0	-492.1
Borrowings	-307.5	-23.9	0.0	-331.4
Provisions	-47.8	-26.4	0.0	-74.1
Pension benefits	-521.0	-8.9	-111.7	-641.6
Group contributions (payables)	0.0	0.0	0.4	0.4
Profit and loss account	-13.8	3.2	0.0	-10.6
Derivative financial instruments	280.6	35.3	42.9	358.7
Deferred tax asset(-)/liability (net)	-1 151.7	27.0	-68.4	-1 193.1

	2019	2018
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	-1 306.1	-1 411.6
Deferred tax asset to be recovered within 12 months	-243.8	-73.2
	-1 549.9	-1 484.8
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	506.4	343.1
Deferred tax liability to be recovered within 12 months	0.4	0.4
	506.9	343.5
Deferred tax asset(-)/liability (net)	-1 043.1	-1 141.2

AVINOR GROUP:
DEFERRED TAX ASSETS AND LIABILITIES

	ADAPTED TO NEW ANNUAL TAX RATE AT 31 DECEMBER 2018	AT 1 JANUARY 2019	RECOGNIZED IN THE INCOME STATEMENT	RECOGNIZED IN OTHER COM-PREHENSIVE INCOME	AT 31 DECEMBER 2019
Receivables	-3.8	-3.8	2.5	0.0	-1.3
Non-current assets	-414.5	-414.5	61.1	0.0	-353.4
Right-of-use assets	0.0	190.8	-6.3	0.0	184.5
Lease liabilities	0.0	-190.8	4.7	0.0	-186.1
Borrowings	-317.0	-317.0	1.4	0.0	-315.6
Provisions	-74.6	-74.6	-180.0	0.0	-254.5
Pension benefits	-1 018.2	-1 018.2	25.3	119.8	-873.1
Profit and loss account	-10.8	-10.8	1.5	0.0	-9.3
Derivative financial instruments	341.7	341.7	-11.4	55.3	385.6
Deferred tax asset(-)/liability (net)	-1 497.4	-1 497.4	-101.2	175.1	-1 423.4
Change in tax rate, deferred tax asset reduction	67.8				
Presented as:					
Other comprehensive income expense	82.4				
Profit and loss expense	-14.6				

	CHARGED/ AT 1 JANUARY 2018	RECOGNIZED IN THE INCOME STATEMENT	RECOGNIZED IN OTHER COM-PREHENSIVE INCOME	AT 31 DECEMBER 2018
Receivables	-2.0	-2.0	0.0	-4.0
Non-current assets	-484.7	51.5	0.0	-433.3
Borrowings	-307.5	-23.9	0.0	-331.4
Provisions	-51.0	-27.0	0.0	-78.0
Pension benefits	-925.1	13.7	-152.9	-1 064.5
Profit and loss account	-14.3	3.0	0.0	-11.3
Derivative financial instruments	273.5	35.0	48.7	357.3
Deferred tax asset(-)/liability (net)	-1 511.2	50.2	-104.2	-1 565.2

	2019	2018
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	-1 778.6	-1 819.4
Deferred tax asset to be recovered within 12 months	-255.9	-78.5
	-2 034.6	-1 897.9
Deferred tax liability		
Deferred tax liability to be recovered after more than 12 months	611.2	400.5
Deferred tax liability to be recovered within 12 months	0.0	0.0
	611.2	400.5
Deferred tax asset(-)/liability (net)	-1 423.4	-1 497.4

NOTE 11 Intangible assets, property, plant and equipment

All amounts in MNOK

INTANGIBLE ASSETS

Separately acquired intangible assets are shown at historical cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Intangible assets are carried at cost less accumulated depreciation and amortisation.

Internally generated intangible assets, with the exception of development costs that are recognised as intangible assets, are recogised as an expense as incurred. Development costs are recognised as an intangible asset when all the criterias in IAS 38 are met.

The useful life of an intangible asset is either finite or indefinite. Intangible assets with finite useful life are amortised using the straight-line method to allocate the cost over their estimated useful lives. Method of amortisation and estimated useful life is reviewed at least at the end of each reporting period. Changes in method and/or estimated useful life is accounted for as changes in estimates.

Computer software

Costs associated with purchasing new computer software are recognised as an intangible asset, unless it is a part of the acquisition of hardware. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful life, normally 5 years. Cost associated with maintaining computer software programs or maintaining future usage of computer software programs are expensed unless the changes enchance the future usage of the program.

AIR TRAFFIC MANAGEMENT SYSTEMS, AIRSPACE ORGANIZATION

	AVINOR AS	AVINOR GROUP
At 1 January 2018		
Cost	80.5	321.0
Accumulated amortisation and impairment	-45.0	-208.1
Net book amount	35.4	112.8
Year ended 31 December 2018		
Opening net book amount	35.4	112.8
Additions	0.0	6.9
Amortisation charge	-4.5	-16.3
Closing net book amount	30.9	103.4
At 31 December 2018		
Cost	80.5	327.9
Accumulated amortisation and impairment	-49.5	-224.4
Net book amount	30.9	103.4
Year ended 31 December 2019		
Opening net book amount	30.9	103.4
Additions	52.0	149.8
Amortisation charge	-5.5	-19.5
Closing net book amount	77.5	233.7
At 31 December 2019		
Cost	132.5	477.6
Accumulated amortisation and impairment	-55.0	-243.9
Net book amount	77.5	233.7
Estimated useful life	10 years	10 years
Method of depreciation	Straight-line	Straight-line

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Each material component of an asset is evaluated separately for the object of depreciation. The materiality is assessed from the cost of a component in relation to the cost of the whole asset. Land and housing are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	10 - 50 years
Infrastructure	5 - 40 years
Runways and other related assets	15 - 50 years
Vehicles	10 - 20 years
Other non-current assets	5 - 15 years

The assets' residual values and useful lives are estimated based on experience, history and judgements, and adjusted if appropriate. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

GOVERNMENT GRANTS

A government grant is recognised at fair value when there is reasonable assurance that the group will comply with the conditions attached to it, and that the grant will be received. Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants related to assets are presented in the statement of financial position by deducting the grant to arrive at the carrying amount of the asset.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the income statement. The recoverable amount is the highest of the cash-generating unit's fair value less cost to sell and its value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

For the purpose of assessing impairment the whole group is defined as two cash generating units (CGU's), see note 2. The assessment requires a great degree of professional judgement. Among other things, an assessment has to be made of how long a period of time the impairment may last and the difference between the fair value and the carrying amount, in addition to the financial position and expected development in the market, including operating and financing cash flows.

AVINOR AS

	LAND	BUILDINGS	RUNWAYS AND OTHER RELATED ASSETS	VEHICLES	FURNITURE, FITTINGS AND EQUIPMENT	INFRA-STRUCTURE	TOTAL
At 1 January 2018							
Cost	1 202.5	23 089.6	12 988.7	1 389.1	7 163.8	3 332.0	49 165.7
Accumulated depreciation	-1.8	-6 485.4	-4 021.2	-614.7	-4 222.5	-1 338.5	-16 684.0
Net book amount	1 200.7	16 604.2	8 967.6	774.4	2 941.4	1 993.5	32 481.8
Year ended 31 December 2018							
Opening net book amount	1 200.7	16 604.2	8 967.6	774.4	2 941.4	1 993.5	32 481.8
Additions	119.4	655.5	841.5	87.7	435.2	105.5	2 244.6
Reclassification	-222.8	0.0	222.8	0.0	0.0	0.0	0.0
Disposals	-1.5	-1.2	0.0	-4.3	-31.5	-0.4	-39.0
Depreciation charge	0.0	-784.0	-461.7	-69.8	-515.6	-108.8	-1 939.9
Closing net book amount	1 095.7	16 474.4	9 570.1	788.0	2 829.4	1 989.7	32 747.4
At 31 December 2018							
Cost	1 097.5	23 669.2	14 053.0	1 401.8	7 381.8	3 394.5	50 997.8
Accumulated depreciation	-1.8	-7 194.8	-4 482.9	-613.8	-4 552.4	-1 404.8	-18 250.3
Net book amount	1 095.7	16 474.4	9 570.1	788.0	2 829.4	1 989.7	32 747.4
Year ended 31 December 2019							
Opening net book amount	1 095.7	16 474.4	9 570.1	788.0	2 829.4	1 989.7	32 747.4
Additions	36.4	542.5	522.0	161.3	373.1	90.2	1 725.5
Disposals	0.0	-5.4	-0.2	-18.1	-4.5	0.0	-28.2
Depreciation charge	0.0	-748.3	-467.1	-81.9	-537.3	-112.7	-1 947.3
Closing net book amount	1 132.2	16 263.2	9 624.8	849.3	2 660.7	1 967.2	32 497.3
At 31 December 2019							
Cost	1 133.9	24 202.5	14 561.4	1 505.8	7 707.0	3 443.4	52 554.0
Accumulated depreciation	-1.8	-7 939.3	-4 936.6	-656.5	-5 046.3	-1 476.2	-20 056.6
Net book amount	1 132.2	16 263.2	9 624.8	849.3	2 660.7	1 967.2	32 497.3

AVINOR GROUP

	LAND	BUILDINGS	RUNWAYS AND OTHER RELATED ASSETS	VEHICLES	FURNITURE, FITTINGS AND EQUIPMENT	INFRA-STRUCTURE	TOTAL
At 1 January 2018							
Cost	1 866.0	23 604.2	12 494.7	1 473.3	8 466.7	2 973.2	**50 878.0**
Accumulated depreciation	-2.4	-6 369.1	-3 567.0	-665.9	-5 043.4	-1 087.4	**-16 735.2**
Net book amount	1 863.7	17 235.1	8 927.7	807.4	3 423.3	1 885.7	**34 142.8**
Year ended 31 December 2018							
Opening net book amount	1 863.7	17 235.1	8 927.7	807.4	3 423.3	1 885.7	**34 142.8**
Additions	123.5	703.9	844.5	97.8	536.0	108.5	**2 414.2**
Reclassification	-222.8	0.0	222.8	0.0	0.0	0.0	**0.0**
Disposals	-5.3	-1.6	0.0	-4.5	-31.8	-0.4	**-43.6**
Depreciation charge	0.0	-828.6	-467.0	-74.9	-606.6	-109.9	**-2 087.0**
Closing net book amount	1 759.1	17 108.8	9 528.0	825.7	3 320.9	1 883.9	**34 426.4**
At 31 December 2018							
Cost	1 761.4	24 231.6	13 562.0	1 491.1	8 778.6	3 038.7	**52 863.5**
Accumulated depreciation	-2.4	-7 122.8	-4 034.0	-665.4	-5 457.7	-1 154.8	**-18 437.1**
Net book amount	1 759.1	17 108.8	9 528.0	825.7	3 320.9	1 883.9	**34 426.4**
Year ended 31 December 2019							
Opening net book amount	1 759.1	17 108.8	9 528.0	825.7	3 320.9	1 883.9	**34 426.4**
Additions	43.2	604.5	559.2	163.5	488.0	90.2	**1 948.5**
Disposals	0.0	-5.4	-0.2	-18.2	-5.9	0.0	**-29.6**
Depreciation charge	0.0	-798.7	-472.9	-86.8	-628.5	-113.8	**-2 100.7**
Closing net book amount	1 802.2	16 909.2	9 614.1	884.3	3 174.5	1 860.3	**34 244.6**
At 31 December 2019							
Cost	1 804.6	24 826.9	14 098.3	1 595.0	9 188.8	3 087.6	**54 601.2**
Accumulated depreciation	-2.4	-7 917.7	-4 484.2	-710.7	-6 014.3	-1 227.3	**-20 356.7**
Net book amount	1 802.2	16 909.2	9 614.1	884.3	3 174.5	1 860.3	**34 244.6**
Estimated useful life		10 - 50 years	15 - 50 years	10 - 20 years	5 - 15 years	5 - 40 years	
Method of depreciation	NA	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line	

ASSETS UNDER CONSTRUCTION

	AVINOR AS	AVINOR GROUP
At 1 January 2018		
Cost	2 473.2	3 193.1
Accumulated depreciation	0.0	0.0
Net book amount	2 473.2	3 193.1
Year ended 31 December 2018		
Opening net book amount	2 473.2	3 193.1
Additions	1 797.0	2 049.5
Reclassification	-2 244.6	-2 414.2
Closing net book amount	2 025.6	2 828.4
At 31 December 2018		
Cost	2 025.6	2 828.4
Accumulated depreciation	0.0	0.0
Net book amount	2 025.6	2 828.4
Year ended 31 December 2019		
Opening net book amount	2 025.6	2 828.4
Additions	1 934.4	2 384.9
Reclassification	-1 725.5	-1 948.5
Closing net book amount	2 234.5	3 264.8
At 31 December 2019		
Cost	2 234.5	3 264.8
Accumulated depreciation	0.0	0.0
Net book amount	2 234.5	3 264.8
Classified as intangible	0.0	622.4

Borrowing costs

Property plant and equipment includes borrowing costs when the construction period of major asset is longer than one year.

Capitalised borrowing costs amounted to MNOK 44.5 in 2019 and MNOK 37.8 in 2018.

The average capitalisation rate for 2019 was 3.05 per cent (2018: 2.96 per cent).

Security

Under Avinor AS's Articles of Association, assets from basic operations cannot be pledged as security.

Basis for the measurement of recoverable amount – impairment evaluation

Due to the materiality of the group's assets and a future high investment level, impairment tests are carried out regularly.

The whole of Avinor group's operations have been defined as two cash-generating units (CGU's), see basic principles note 2.

An impairment loss is recognised if the recoverable amount of the group's assets is less than its carrying amount. The recoverable amount is the highest of the cash-generating unit's fair value less cost to sell and its value in use. The group estimates both fair value and value in use based on the present value of future cash flows. Value in use is the present value of future cash flows derived from existing assets.

The group operates in its entirety in Norway and the present value of future cash flow is therefore estimated in NOK. The future cash flow is then discounted based on an weighted average discount rate relevant for the group's type of operations. The rate of return is based on 10-year Norwegian government securities adjusted for the group's business risk. The expense related to the debt ratio part of the weighted average rate of return is based on the average market rate for the group. In the present value estimate for 2019 the discount rate is 6.6 per cent before tax.

As at 31 December 2019 the measurement of recoverable amount for the two CGU's of the group is estimated based on fair value less cost to sell. Fair value is estimated based on future cash flows from operations, including future capacity increasing activities.

The valuation is based on assumptions about future development in a number of parameters, the most important being passenger growth and the consumer price index. For the next 15 years, passenger growth of 1.5 to 1.9 per cent and a consumer price index of 1.5 to 2.0 per cent have been assumed.

There is a close correlation between mainland GDP and passenger growth. The calculations assume a real increase in costs. The calculations include estimated investments based on the group's investment plan, including current regulatory requirements. The expected value of operations beyond fifteen years is determined as a terminal value. No growth beyond inflation is assumed in the valuation of the terminal value. Investments in terminal value are estimated on the basis of a normalized investment level.

A pandemic like the covid-19 outbreak will affect the number of passengers and the group's revenue in the near future. The group is a long-term infrastructure business and a short-term decline in traffic will not have a significant impact on the group's value. Various sensitivity analyzes have been performed to confirm this. Any consequences of the corona pandemic will be followed up continuously in 2020.

As at 31 December 2019 there are no indications that the recoverable amount is less than the carrying amount.

NOTE 12 Leases – right-of-use assets and lease liabilities

All amounts in MNOK

LEASES

The group as lessee - capitalized leases

The group recognizes a lease as a right of use with an associated lease obligation, when the asset becomes available for the group. Each rental payment is allocated between financial cost and lease liabilities. The finance cost is recognized in the income statement over the lease period based on an interest rate which results in a constant periodic interest on the remaining capitalized lease liability for each period. Right-of-use assets are amortised over the shortest of the contract period and the useful life of the asset using a linear method.

Estimated rental liability is calculated as the present value of the expected rental payments over the rental period. The lease liability include the net fair value of fixed lease payments in the agreed period as well as the probable exercise of renewal options. Rental payments are indexed where applicable. A discount rate equal to the group's incremental borrowing rate is used. Right-of-use assets are measured at cost and equal to the amount at initial recognition of the lease liability. Lease payments for short-term leases and low value leases are expensed as incurred. The group has used the option in IFRS 16.4 and does not apply IFRS 16 for intangible assets.

The group as lessor

Operating leases

A significant portion of Avinor's commercial income consists of rental income that is recognized in accordance with IFRS 16. The rental income consists of fixed rental amounts as well as turnover-based rent that is recognized as income over the lease period in line with the delivery. The group presents assets that are leased as fixed assets in the balance sheet.

Capitalized leases

Due to the implementation of IFRS 16 as of January 1, 2019, there is a significant increase in capitalized leases from this date. A more detailed description of the implementation and transition effects are included in note 25.

The group's assets under capitalized leases mainly include buildings and other real estate, runways and land. The group's total lease obligation of MNOK 492.2, includes the rent of office premises in Bjørvika, Oslo (head office) amounting to MNOK 305.0 and the rental of Bodø Airport from Forsvarsbygg amounting to MNOK 107.2. In addition to the rental payments, the group has obligations due to operation/maintenance and insurance of the assets, which are considered as service contracts and not recognized in the lease obligation. The lease agreements do not contain restrictions on the company's dividend policy or financing options. The group does not have any substantial residual value guarantees attached to its leases.

The group's incremental borrowing rate at 31 December 2019 is estimated at 3.05 per cent.

Right-of-use assets

Right-of-use assets are categorized and presented in the tables below:

AVINOR AS

	LAND	BUILDINGS	RUNWAYS AND OTHER RELATED ASSETS	FURNITURE, FITTINGS AND EQUIPMENT	INFRA-STRUCTURE	TOTAL
At 1 January 2019						
Cost	26.1	465.0	102.2	2.2	0.8	**596.2**
Accumulated depreciation	0.0	0.0	0.0	0.0	0.0	**0.0**
Net book amount	26.1	465.0	102.2	2.2	0.8	**596.2**
Year ended 31 December 2019						
Opening net book amount	26.1	465.0	102.2	2.2	0.8	**596.2**
Additions	0.0	16.7	0.0	2.6	0.0	**19.3**
Reclassification	-0.1	-1.4	0.0	0.0	0.0	**-1.5**
Depreciation charge	-2.4	-41.8	-15.6	-1.1	-0.1	**-60.9**
Closing net book amount	23.6	438.6	86.6	3.7	0.6	**553.1**
At 31 December 2019						
Cost	26.0	480.4	102.2	4.8	0.8	**614.0**
Accumulated depreciation	-2.4	-41.8	-15.6	-1.1	-0.1	**-60.9**
Net book amount	23.6	438.6	86.6	3.7	0.6	**553.1**
Lower of remaining lease						
period and useful life	3 - 30 years	3 - 20 years	6 years	1 - 4 years	6 years	
Method of depreciation	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line	

AVINOR GROUP

	LAND	BUILDINGS	RUNWAYS AND OTHER RELATED ASSETS	FURNITURE, FITTINGS AND EQUIPMENT	INFRA-STRUCTURE	TOTAL
At 1 January 2019						
Cost	23.5	368.1	102.2	2.2	0.8	**496.7**
Accumulated depreciation	0.0	0.0	0.0	0.0	0.0	**0.0**
Net book amount	23.5	368.1	102.2	2.2	0.8	**496.7**
Year ended 31 December 2019						
Opening net book amount	23.5	368.1	102.2	2.2	0.8	**496.7**
Additions	0.0	38.5	0.0	2.6	0.0	**41.1**
Reclassification	-0.1	-1.2	0.0	0.0	0.0	**-1.2**
Depreciation charge	-1.0	-33.7	-15.6	-1.1	-0.1	**-51.4**
Closing net book amount	22.4	371.7	86.6	3.7	0.6	**485.0**
At 31 December 2019						
Cost	23.4	405.4	102.2	4.8	0.8	**536.5**
Accumulated depreciation	-1.0	-33.7	-15.6	-1.1	-0.1	**-51.4**
Net book amount	22.4	371.7	86.6	3.7	0.6	**485.0**
Lower of remaining lease						
period and useful life	3 - 30 years	3 - 20 years	6 years	1 - 4 years	6 years	
Method of depreciation	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line	

Lease liabilities

Specification of remaining estimated rental payments for capitalized leases and present value:

AVINOR AS

	LESS THAN 1 YEAR	BETWEEN 1-5 YEARS	OVER 5 YEARS	TOTAL	INTRA-GROUP INCLUDED IN TOTAL
At 31 December 2019					
Rental agreement HQ Oslo (Oslo Atrium AS)	21.4	89.8	202.5	313.7	0.0
Rental agreement Bodø Airport (Forvarsbygg)	18.4	77.2	20.3	115.8	0.0
Rental agreements other premises	23.0	94.5	79.7	197.2	175.2
Other rental agreements	2.6	7.1	9.4	19.1	3.0
Total - rental payments at nominal value	65.3	268.6	311.9	645.7	178.2
Total - rental payments at present value	64.3	249.9	248.0	562.2	158.8

AVINOR GROUP

	LESS THAN 1 YEAR	BETWEEN 1-5 YEARS	OVER 5 YEARS	TOTAL
At 31 December 2019				
Rental agreement HQ Oslo (Oslo Atrium AS)	27.9	117.5	220.9	366.4
Rental agreement Bodø Airport (Forvarsbygg)	18.4	77.2	20.3	115.8
Rental agreements other premises	8.6	28.1	30.3	67.0
Other rental agreements	2.7	7.3	8.5	18.5
Total - rental payments at nominal value	57.6	230.1	280.0	567.7
Total - rental payments at present value	56.7	214.3	221.2	492.2

	AVINOR AS	AVINOR GROUP
Changes in lease liabilities		
Balance at 1 January 2019 (first time adoption, IFRS 16)	596.2	496.7
Additions/changes in the period	16.2	37.9
Repayments	-48.7	-41.1
Interest payments	-17.2	-14.7
Finance cost on lease liabilities	17.2	14.7
Reclassifications	-1.5	-1.2
Total lease liabilities at 31 December 2019	562.2	492.2
Short-term lease liabilities (note 14)	64.3	56.7
Long-term lease liabilities (note 14)	497.9	435.5
Net cash-flow from lease liabilities	-65.8	-55.8

The group as a lessee - non-capitalized lease agreements

	AVINOR AS 2019	AVINOR GROUP 2019
Specification of current year's rental cost:		
Operating expenses in the period related to short-term leases (including short-term low value leases)	0.9	0.9
Operating expenses in the period related to low value assets (excluding short-term leases above)	2.4	3.2
Operating expenses in the period related to intangible assets (not applying IFRS 16)	177.4	198.9
Total lease cost presented as other operating expenses	180.7	203.0

Leases related to intangible assets are mainly licenses and maintenance agreements related to software. The group has used the option in IFRS 16.4 and does not apply IFRS 16 for intangible assets.

Practical solutions used

The Group also rents office machines/IT equipment and other machines and equipment with lease terms from 1 to 3 years. The group has decided not to recognize leases where the underlying asset has low value, and thus does not recognize lease obligations and right-of-use assets for any of these leases. Instead, the rental payments are expensed when they occur. The group also does not recognize lease obligations and rights-of-use assets for short-term leases, as presented in the table above.

Options to extend a lease and purchase options

As of 31 December 2019, there are no significant future potential lease payments that are not included in the lease obligations as a result of extension or purchase options.

NOTE 13 Financial risk factors

All amounts in MNOK

The group's activities exposes it to a variety of financial risks: Market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme seeks to minimise the volatility of the group's financial performance. The group uses derivative financial instruments in addition to borrowings with fixed interest rates to hedge certain risk exposures.

Financial risk management is carried out by a central treasury department under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. Guidelines have been established that regulate the overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments, and investment of excess liquidity.

For details about financial assets and liabilities including hedging, see note 14.

MARKET RISK

(i) Foreign exchange risk

The group and Avinor AS are exposed to foreign exchange risk with respect to the value of NOK against currencies caused by income and expenses in foreign currency. The group uses forward contracts to reduce the foreign exchange risk in cash flow nominated in foreign currency. The group and Avinor AS are exposed to EUR, USD, GBP, SEK and DKK.

The group's income from en route charges is exposed to foreign exchange risk. For Avinor Flysikring AS the risk is connected to the transfer of the revenue to Norway. The period from the determination of the exchange rate to the actual payment is about three months. Revenue in foreign currency is sold forward to the extent that it is not hedged by cash outflow in the same currency. The group also has foreign exchange risk connected to contractual payments in foreign currency

Avinor AS has as part of the hedging of larger aquisitions, entered into forward foreign exchange contracts in connection with the development of the airport terminals. These are contracts in EUR for the payment of luggage handling systems, navigation equipment, vehicles and others. Foreign exchange rate derivatives do not normally qualify for hedge accounting.

The group has issued bond loans denominated in EUR. The loans is hedged by a combined interest rate and forward foreign exchange contract in which Avinor receives coupon payment and principle amount in EUR and pay a predetermined amount in NOK at the same point in time.

As the foreign exchange risk in overall is assessed to be limited, the group has not estimated any sensitivities. For the notional principal amount of the outstanding foreign exchange contracts, see note 14.

(ii) Interest rate risk

The group are exposed to interest rate risk through its financial activities (see note 14). Parts of the borrowings are issued at variable rates, which means that the group is influenced by the changes in the interest rates.

The objective of the group's interest rate management is to keep the volatility of future interest costs within acceptable limits. Group policy is to interest rate hedge all long-term loans till at least 60 per cent of total debt at all time is hedged for at least 12 months. The group manages its effective interest exposure risk by using various interest rate swaps.

At 31 December 2019 approximately all interest rate swaps are adopted to the terms of specific loans and other conditions. When the interest rate swaps are taken into consideration, the group has 85 per cent of its long-term borrowings at a fixed rate of interest for at least 12 months.

At 31 December 2019 the group had interest rate swaps at a face value of MNOK 8,194.3 (2018: MNOK 8,194.3), where the group receives a variable rate and pays a fixed average rate of 3.15 per cent of face value. The group also have interest rate swaps at face value of MNOK 1,264.9 (2018: MNOK 1,264.9) where the group pays a variable interest rate of NIBOR and fixed Euro interest rate. The interest rate swaps are used to hedge against volatility in the P&L reportings as a result of changes in the interest levels. All interest rate swaps are financial hedges for a cash flow. All interest swaps are carried at their fair value in the balance sheet.

The company and the group are exposed to EURIBOR and NIBOR as follows: MNOK 8,194.3 against EURIBOR, MNOK 1,264.9 against EURIBOR and NIBOR and MNOK 1,000 against NIBOR.

The group's central finance department is, in collaboration with the banks, in the initial phase of the process of the transition to alternative interest rates. The transition is not expected to have a material effect on the company and the group's accounts.

The interest rate swaps of the company and the group are presented below:

AVINOR AS AND AVINOR GROUP

	NOMINAL AMOUNT	DUE DATE	REFERENCE INTEREST RATE
31 December 2019			
Cash flow hedge	2 490.0	20.03.2021	EURIBOR
Cash flow hedge	1 264.9	29.04.2025	EURIBOR
Fair value hedge	1 264.9	29.04.2025	EURIBOR and NIBOR
Cash flow hedge	4 439.5	09.02.2027	EURIBOR
Total	9 459.3		

The following table presents the group's sensitivity to a defined interest rate shift as at 31 December. The simulation take into consideration all interest rate derivatives.

AVINOR AS AND AVINOR GROUP

	CHANGES IN INTEREST LEVELS IN BASIS POINTS	IMPACT ON PRE-TAX PROFIT (MNOK)	IMPACT ON EQUITY (MNOK)
2019	+50	-6.2	-45.6
	-50	6.2	45.6
2018	+50	-8.0	-48.3
	-50	8.0	48.3

Based on the financial instruments at 31 December 2019, the simulation shows that if the interest rate had been 0.5 per cent higher, pretax profit for the group for the year would have been MNOK 6.2 lower (2018: MNOK 8.0).

The average yield on financial instruments were as follows:

	2019 (%)	2018 (%)
Overdraft	NA	NA
State Loan	1.43	1.61
Bonds	3.31	3.22
Bank Loan	3.35	3.21

The figures include interest hedging derivatives.

At 31 December 2019 Avinor AS had total borrowings amounting to MNOK 20,802.8 (2018: MNOK 21,740.7) in addition to a overdraft of MNOK 0.0 (2018: MNOK 0.0).

(iii) Power price risk

The group is a consumer of electrical power. Avinor AS has entered into financial power contracts via Nasdaq OMX to hedge parts of it's power consumption.

At 31 December 2019 approximately 100 per cent of 2020's estimated consumption is covered by such contracts. The group does not apply hedge accounting to these contracts. Power purchases are made in EUR.

The fair value of power contracts is estimated at MNOK -2.3 (2018: MNOK 53.4) based on the exchange rate at year-end.

Sensitivity analysis of electrical power contracts at 31 December (impact on pre-tax profit (MNOK) as a consequense of a 20 per cent increase in power price):

AVINOR AS AND AVINOR GROUP

	MARKET VALUE 31 DECEMBER	IMPACT ON PRE-TAX PROFIT
2019	-2.3	21.1
2018	53.4	43.1

CREDIT RISK

The group's credit risks are mainly connected to airlines and air aviation-related industries.

The group has credit risks attached to three main customers. The group considers that in a normal situation there is a medium risk that the customers will not be able to fulfill their obligations. Reference is made to note 24 and the report of the Board of Directors regarding the corona pandemic.

The group has guidelines to limit exposure to possible losses.

The group has not made any third-party guarantees.

Maximum risk exposure is illustrated by the carried amount of the financial assets, including derivatives in the balance sheet. Since the opposite party in derivatives trading is normally banks and the power trade exchange, the credit risk connected to derivatives is assessed as small. The group's assessment is that the group's maximum credit exposure is illustrated by the carried amounts of trade receivables and other short-term assets (see note 14). The group does not have any material overdue trade receivables (see note 14).

The group's main bank has external credit rating of A1 and AA- (Moody's and Standard & Poors).

Creditworthiness in trade receivables and intra-group accounts in detail

Credit risk in non-due financial instruments which have not been written down, may be evaluated by external sources (if available) or based on previous negative credit records.

Classification of historical information (unimpaired trade receivables):

- Group 1 – new customers/related parties (in the last six months)
- Group 2 – existing customers/related parties (for more than six months) with no history of default
- Group 3 – existing customers/related parties (for more than six months) with a history of default. All amounts have been paid in full after the default.

All intra-groups accounts and the major part part of customer receivables are classified in group 2. No financial assets have been renegotiated during the last financial year. No part of the loans to related parties is overdue or impaired.

LIQUIDITY RISK

Liquidity risk is the risk that the group will not be able to meet its financial obligations when they are due. The group strategy is to meet the risk by having sufficient funds available at anytime to be able to fulfil the financial obligations when they are due, both under normal and extraordinary circumstances, without risking unacceptable losses. The group shall have a liquidity reserve sufficient, at anytime, to maintain business for at least twelve months without raising new loans. Unused credit facilities are described in note 14.

The table below analyses the maturity structure of the group's financial obligations, based on contracual undisconted cash-flow. In the case where the opposite party may demand an earlier payment, the amount is presented in the earliest period the payment may be demanded. If payment may be demanded on request, the obligations are included in the first column (less than 1 month):

AVINOR AS

	REMAINING PERIOD					
	LESS THAN 1 MONTH	BETWEEN 1 - 3 MONTHS	BETWEEN 3 - 12 MONTHS	BETWEEN 1 - 5 YEARS	OVER 5 YEARS	TOTAL
31 December 2019						
State, bond and bank borrowings [1]	8.3	823.6	1 703.9	7 456.3	12 944.1	**22 936.2**
Lease liabilities (see note 12)	5.4	10.9	48.9	268.6	311.9	**645.7**
Other commitments	1.3	2.2	15.0	314.1	722.3	**1 054.9**
Trade payables	240.1	118.3	0.0	0.0	0.0	**358.4**
Other current liabilities	246.5	121.4	0.0	0.0	0.0	**367.9**
Total	501.7	1 076.3	1 767.8	8 039.0	13 978.3	**25 363.1**
31 December 2018						
State, bond and bank borrowings [1]	9.4	221.2	1 919.0	8 349.9	13 887.6	**24 387.1**
Other commitments	0.1	0.1	0.5	167.4	0.0	**168.1**
Trade payables	319.9	157.5	0.0	0.0	0.0	**477.4**
Other current liabilities	277.0	136.5	0.0	0.0	0.0	**413.5**
Total	606.4	515.3	1 919.5	8 517.3	13 887.6	**25 446.1**

1) Commercial papers and derivatives included

AVINOR GROUP

	REMAINING PERIOD					
	LESS THAN 1 MONTH	BETWEEN 1 - 3 MONTHS	BETWEEN 3 - 12 MONTHS	BETWEEN 1 - 5 YEARS	OVER 5 YEARS	TOTAL
31 December 2019						
State, bond and bank borrowings [1]	8.3	823.6	1 703.9	7 456.3	12 944.1	**22 936.2**
Lease liabilities (see note 12)	4.8	9.6	43.2	230.1	280.0	**567.7**
Other commitments	3.4	6.4	34.0	336.1	724.4	**1 104.3**
Trade payables	388.4	191.3	0.0	0.0	0.0	**579.7**
Other current liabilities	248.3	122.3	0.0	0.0	0.0	**370.6**
Total	653.2	1 153.2	1 781.1	8 022.5	13 948.5	**25 558.5**
31 December 2018						
State, bond and bank borrowings [1]	9.4	221.2	1 919.0	8 349.9	13 887.6	**24 387.1**
Other commitments	0.8	1.7	7.6	174.0	0.0	**184.1**
Trade payables	359.2	176.9	0.0	0.0	0.0	**536.1**
Other current liabilities	279.1	137.4	0.0	0.0	0.0	**416.5**
Total	648.4	537.3	1 926.6	8 523.9	13 887.6	**25 523.8**

1) Commercial papers and derivatives included

See note 14 for information about long - term loans and credit facilities.

In addition to refinancing of the borrowings described above, the group will, the next few years, require financing of new infrastructure in the form of capacity expansion measures. The gross financing requirement includes refinancing of existing borrowings as described above and other planned investment activities.

CAPITAL STRUCTURE AND EQUITY

The main objective of the group's management of capital structure is to ensure that the group's main business objectives are reached within sound financial limits.

The overall financial objectives (sound financial limits) are the following:

1. Equity ratio: 40 per cent (according to article 5 of the company's Articles of Association)
2. Net asset value shall minimum be equal to the carried value of equity

The group manages its capital structure and makes necessary adjustments based on a continuing evaluation of the existing economic business climate and the outlook in the short- and medium-term.

Article 5 of the company's Articles of Association lays down the following financial limitation: Long-term borrowings for the funding of long-term assets may only be raised within a limit which ensures that the group's equity does not fall at any time below 40 per cent of the carrying amount of the group's net long-term interest-bearing debt plus equity.

Existing borrowings have covenants regarding amount of equity.

There are no equity requirement for the bonds. The loan agreements with EIB and NIB requires equity of minimum 30 per cent of equity pluss net interest-bearing debt.

AVINOR AS

	2019	2018
Interest-bearing debt including interest rate swaps	19 613.9	20 234.5
Lease liabilities	562.2	0.0
Cash and cash equivalents	1 040.0	1 721.6
Net interest-bearing debt	18 011.7	18 512.9
Equity	14 509.4	13 937.0
Total equity and net interest-bearing debt	32 521.1	32 449.9
Net debt to equity ratio [1)]	44.6 %	42.9 %

AVINOR GROUP

	2019	2018
Interest-bearing debt including interest rate swaps	19 543.9	20 234.5
Lease liabilities	492.2	0.0
Cash and cash equivalents	1 059.1	1 739.8
Net interest-bearing debt	17 992.6	18 494.7
Equity	15 279.0	14 540.9
Total equity and net interest-bearing debt	33 271.6	33 035.6
Net debt to equity ratio [1)]	45.9 %	44.0 %

1) Equity as a percentage of total equity and net interest-bearing debt. According to article 5 of the company's Article of Association.

FAIR VALUE ESTIMATION

The fair value of foreign exchange forward contracts and financial power forward contracts is based on market value at the balance sheet date. The fair value of all interest rate swaps is obtained from the group's treasury system and checked against market valuations made by the group's relationship bank.

The carrying amount of cash and bank overdrafts is approximately equal to the fair value of these instruments as they fall due in a short period of time. Similarly, the carrying amount of receivables and payables is approximately equal to fair value as they are entered into under "normal" conditions.

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

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

AVINOR AS

	2019		2018	
SPECIFICATION	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Interest-bearing debt				
State loan	1 638.6	1 631.2	2 083.0	2 090.5
Bonds	13 344.0	14 318.6	14 050.3	14 690.8
Bank borrowings	5 220.3	5 602.1	5 607.4	6 041.7
Commercial papers	600.0	600.0	0.0	0.0
Lease liabilities	562.2	562.2	0.0	0.0

AVINOR GROUP

	2019		2018	
SPECIFICATION	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Interest-bearing debt				
State loan	1 638.6	1 631.2	2 083.0	2 090.5
Bonds	13 344.0	14 318.6	14 050.3	14 690.8
Bank borrowings	5 220.3	5 602.1	5 607.4	6 041.7
Commercial papers	600.0	600.0	0.0	0.0
Lease liabilities	492.2	492.2	0.0	0.0

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

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

The following table presents the group's, and also in all essentials the company's, assets and liabilities that are measured at fair value, and assets and liabilities for which fair values are disclosed at 31 December 2019:

AVINOR GROUP

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss				
Foreign exchange contracts	0.0	4.2	0.0	4.2
Derivatives used for hedging				
Interest rate contracts	0.0	1 751.1	0.0	1 751.1
Total assets	0.0	1 755.3	0.0	1 755.3
Liabilities				
Financial liabilities at fair value through profit or loss				
Energy contracts	2.3	0.0	0.0	2.3
Bonds	0.0	1 523.5	0.0	1 523.5
Total liabilities	2.3	1 523.5	0.0	1 525.8
Liabilities for which fair values are disclosed				
Interest-bearing debt				
State loan	0.0	1 631.2	0.0	1 631.2
Bonds	0.0	14 318.6	0.0	14 318.6
Bank borrowings	0.0	5 602.1	0.0	5 602.1
Commercial papers	0.0	600.0	0.0	600.0
Lease liabilities	0.0	492.2	0.0	492.2
Total	0.0	22 644.0	0.0	22 644.0

There were no transfers between levels during the year.

The following table presents the group's, and also in all essentials the company's, assets and liabilities that are measured at fair value, and assets and liabilities for which fair values are disclosed at 31 December 2018:

AVINOR GROUP

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss				
Foreign exchange contracts	0.0	0.1	0.0	0.1
Energy contracts	53.4	0.0	0.0	53.4
Derivatives used for hedging				
Interest rate contracts	0.0	1 506.2	0.0	1 506.2
Total assets	53.4	1 506.3	0.0	1 559.7
Liabilities				
Financial liabilities at fair value through profit or loss				
Foreign exchange contracts	0.0	6.2	0.0	6.2
Bonds	0.0	1 493.9	0.0	1 493.9
Total liabilities	0.0	1 500.1	0.0	1 500.1
Liabilities for which fair values are disclosed				
Interest-bearing debt				
State loan	0.0	2 090.5	0.0	2 090.5
Bonds	0.0	14 690.8	0.0	14 690.8
Bank borrowings	0.0	6 041.7	0.0	6 041.7
Total	0.0	22 823.0	0.0	22 823.0

There were no transfers between levels during the year.

Interest-bearing debt and derivatives in level 2
The fair value estimation of derivatives is collected from the groups treasury system and checked against fair value estimates from the relationship bank. The fair value estimation of interest-bearing debt is collected from the groups treasury system and is estimated based on the difference between the coupon/fixed rate of interest on the interest-bearing debt compared with relevant NIBOR interest rate swaps and and implicit funding spread from the market.

NOTE 14 Financial assets and liabilities

All amounts in MNOK

FINANCIAL ASSETS

Classification
The group classifies its financial assets in the following categories: At fair value through profit or loss and amortised cost. The classification is determined based on the contractual cash flow characteristic of the instrument and the business model the instrument is held within. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are derivatives with a positive fair value. Assets in this category are classified as current if expected realisation is within 12 months after the end of the reporting period.

Amortised cost
Financial assets at amortised cost are assets where both the following conditions are met: The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

The group's financial assets at amortised cost comprise 'trade and other receivables' in the balance sheet.

Other receivables consists of accruals of rental income.

Recognition and measurement
Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the group commits to purchase or sell the assets. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss, with the exception of trade receivables which are initially recognised at transaction price in accordance with IFRS 15. Thereafter they are carried at amortised cost.

Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Impairment of financial assets
With the exception of trade receivables, the group do not have any financial assets covered by the impairment rules. For trade receivables without a significant financing component, the group has applied the standard's simplified approach and measure the loss allowance at an amount equal to lifetime expected credit loss for the asset from initial recognition.

The group has established a provision model that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The group has historical had minor losses on trade receivables.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The group designates hedging derivatives as either:

(a) Hedges of the fair value of recognised assets, liabilities or a firm commitment (fair value hedge)

(b) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge)

The assesment of the hedge effectiveness is based on the economic relationship between the hedging instrument and the hedged item, and that the credit risk is not dominant in the change in fair value of the hedging instrument. The hedge effectiveness is assessed prospectively.

The full fair value of hedging derivatives is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

The group normally defines derivatives related to borrowings as hedging derivatives and as designated and qualified for hedge accounting.

The group uses derivative financial instruments related to the purchase of energy and foreign currency. For energy, forward energy contracts are purchased at Nasdaq OMX. None of these derivatives qualify for hedge accounting.

Changes in the fair value of derivatives that do not qualify for hedge accounting are, depending on whether the derivative is related to operating or financing activities, recognised in the income statement within 'changes in value and other losses/gains - net' or within 'finance cost'.

Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The group only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the income statement within 'changes in value and other losses/(gains) - net'.

Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in the income statement within 'finance costs'.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in the income statement within 'net finance costs'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

FINANCIAL LIABILITIES

The group classifies its financial liabilities in the following categories: At fair value through profit or loss and amortised cost. The classification is determined based on the contractual cash flow characteristic of the instrument and the business model the instrument is held within. Management determines the classification of its financial liabilities at initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are derivatives with a negative fair value. Derivatives are initially recognised at fair value. Subsequent changes in fair value are recorded in the income statement. Liabilities in this category are classified as current if expected realisation is within 12 months after the end of the reporting period.

Amortised cost

Financial liabilities at amortised cost are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Financial liabilities at amortised cost are recognised intially at fair value and subsequently measured at amortised cost using the effective interest method. They are included in current liabilities, unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. These are classified as non-current liabilities.

Categories of financial instruments in the balance sheet:

AVINOR AS

	ASSETS AT AMORTISED COST	ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	DERIVATIVES USED FOR HEDGING	TOTAL
31 December 2019				
Assets as per balance sheet				
Loans and receivables to group companies	254.9	0.0	0.0	**254.9**
Derivative financial instruments	0.0	0.0	1 751.1	**1 751.1**
Other financial assets	97.9	0.0	0.0	**97.9**
Trade receivables	1 003.2	0.0	0.0	**1 003.2**
Other receivables	257.2	0.0	0.0	**257.2**
Cash and cash equivalents	1 040.0	0.0	0.0	**1 040.0**
Total	2 653.2	0.0	1 751.1	**4 404.3**

	LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	DERIVATIVES USED FOR HEDGING	LIABILITIES AT AMORTISED COST	TOTAL
Liabilities as per balance sheet				
State loan	0.0	0.0	1 194.2	**1 194.2**
Loans and payables to group companies	0.0	0.0	1 198.0	**1 198.0**
Derivative financial instruments	2.3	0.0	0.0	**2.3**
Other long-term liabilities	0.0	0.0	17 667.1	**17 667.1**
Lease liabilities	562.2	0.0	0.0	**562.2**
Trade payables and other liabilities	0.0	0.0	2 067.8	**2 067.8**
Total	564.5	0.0	22 127.1	**22 691.6**

	ASSETS AT AMORTISED COST	ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	DERIVATIVES USED FOR HEDGING	TOTAL
31 December 2018				
Assets as per balance sheet				
Loans and receivables to group companies	376.6	0.0	0.0	**376.6**
Derivative financial instruments	0.0	53.5	1 506.2	**1 559.7**
Other financial assets	87.2	0.0	0.0	**87.2**
Trade receivables	899.2	0.0	0.0	**899.2**
Other receivables	230.3	0.0	0.0	**230.3**
Cash and cash equivalents	1 721.6	0.0	0.0	**1 721.6**
Total	3 314.9	53.5	1 506.2	**4 874.6**

	LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	DERIVATIVES USED FOR HEDGING	LIABILITES AT AMORTISED COST	TOTAL
Liabilities as per balance sheet				
State loan	0.0	0.0	1 638.6	**1 638.6**
Loans and payables to group companies	0.0	0.0	1 280.9	**1 280.9**
Other long-term liabilities	0.0	0.0	18 570.6	**18 570.6**
Trade payables and other liabilities	0.0	0.0	2 422.4	**2 422.4**
Total	0.0	0.0	23 912.5	**23 912.5**

AVINOR GROUP

	ASSETS AT AMORTISED COST	ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	DERIVATIVES USED FOR HEDGING	TOTAL
31 December 2019				
Assets as per balance sheet				
Derivative financial instruments	0.0	4.2	1 751.1	**1 755.3**
Other financial assets	99.0	0.0	0.0	**99.0**
Trade receivables	1 215.7	0.0	0.0	**1 215.7**
Other receivables	276.9	0.0	0.0	**276.9**
Cash and cash equivalents	1 059.1	0.0	0.0	**1 059.1**
Total	2 650.7	4.2	1 751.1	**4 406.0**

	LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	DERIVATIVES USED FOR HEDGING	LIABILITES AT AMORTISED COST	TOTAL
Liabilities as per balance sheet				
State loan	0.0	0.0	1 194.2	**1 194.2**
Derivative financial instruments	2.3	0.0	0.0	**2.3**
Other long-term liabilities	0.0	0.0	17 667.1	**17 667.1**
Lease liabilities	492.2	0.0	0.0	**492.2**
Trade payables and other liabilities	0.0	0.0	2 291.8	**2 291.8**
Total	494.5	0.0	21 153.1	**21 647.6**

	ASSETS AT AMORTISED COST	ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	DERIVATIVES USED FOR HEDGING	TOTAL
31 December 2018				
Assets as per balance sheet				
Derivative financial instruments	0.0	53.5	1 506.2	1 559.7
Other financial assets	88.3	0.0	0.0	88.3
Trade receivables	1 130.7	0.0	0.0	1 130.7
Other receivables	245.6	0.0	0.0	245.6
Cash and cash equivalents	1 739.8	0.0	0.0	1 739.8
Total	3 204.4	53.5	1 506.2	4 764.1

	LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	DERIVATIVES USED FOR HEDGING	LIABILITES AT AMORTISED COST	TOTAL
Liabilities as per balance sheet				
State loan	0.0	0.0	1 638.6	1 638.6
Derivative financial instruments	6.2	0.0	0.0	6.2
Other long-term liabilities	0.0	0.0	18 570.6	18 570.6
Trade payables and other liabilities	0.0	0.0	2 484.1	2 484.1
Total	6.2	0.0	22 693.3	22 699.5

For information about the credit quality of financial assets - see note 13.

DERIVATIVE FINANCIAL INSTRUMENTS

	AVINOR AS			AVINOR GROUP		
	2019	2018	CHANGE	2019	2018	CHANGE
Assets						
Interest rate swaps - cash flow hedges	1 498.0	1 283.3	214.7	1 498.0	1 283.3	214.7
Interest rate swaps - fair value hedges	253.1	222.9	30.2	253.1	222.9	30.2
Forward foreign exchange contracts	0.0	0.1	-0.1	4.2	0.1	4.1
Forward energy contracts	0.0	53.4	-53.4	0.0	53.4	-53.4
Total	1 751.1	1 559.7	191.4	1 755.3	1 559.7	195.6
Liabilities						
Interest rate swaps - cash flow hedges	0.0	0.0	0.0	0.0	0.0	0.0
Forward foreign exchange contracts	0.0	0.0	0.0	0.0	6.2	-6.2
Forward energy contracts	2.3	0.0	2.3	2.3	0.0	2.3
Total	2.3	0.0	2.3	2.3	6.2	-3.9
Net change			189.1			199.5
Details of net change:						
Changes in value and other losses/(gains) - net (note 8)			-55.7			-45.4
Interest rate swaps - recognised in other comprehensive income			251.3			251.3
Interests rate swaps - changes in value			-6.4			-6.4

AVINOR AS AND AVINOR GROUP

	CARRYING AMOUNT	CHANGE IN CARRYING AMOUNT 2019	RECOGNISED IN OCI 2019	TOTAL HEDGING GAIN/LOSS(-) RECOGNISED IN OCI
31 December 2019				
Derivative financial instruments 1)				
Interest rate swaps - cash flow hedges	1 498.0	214.7	250.8	247.7
Interest rate swaps - fair value hedges	253.1	30.2	0.5	-3.6
Total	1 751.1	244.9	251.3	244.1

	CARRYING AMOUNT	CHANGE IN CARRYING AMOUNT 2018	RECOGNISED IN OCI 2018	TOTAL HEDGING GAIN/LOSS(-) RECOGNISED IN OCI
31 December 2018				
Derivative financial instruments 1)				
Interest rate swaps - cash flow hedges	1 283.3	256.6	186.1	52.1
Interest rate swaps - fair value hedges	222.9	33.9	0.2	-4.1
Total	1 506.2	290.5	186.3	48.0

1) Line item in the statement of financial position

These derivative financial instruments are also cash flow hedges of foreign exchange loans in EUR to fixed NOK. There has been no ineffectivity in these hedging instruments.

All interest rate swaps, with the exception of one fair value hedge, are designated as cash flow hedges.

Forward foreign exchange and energy contracts are not defined as hedge accounting and are classified as a current asset and/or liability.

Interest rate swaps are defined as hedge accounting instruments and the fair value of the hedging instrument is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. The ineffective portion of the hedge is recognised in the income statement. The interest rate swaps have a maturity of between 1.2 and 7.1 years as at 31 December 2019 (2.2 and 8.1 years at 31 December 2018).

The notional principal amount of the outstanding forward foreign exchange contracts at 31 December 2019 was MNOK 151 (2018: MNOK 203).

The notional principal amount of the outstanding forward energy contracts at 31 December 2019 was MNOK 107 (2018: MNOK 162).

The notional principal amount of the outstanding interest rate swaps contracts at 31 December 2019 were MNOK 9,459 (2018: MNOK 9,459). At 31 December 2019, the fixed interest rates vary from 1.11 per cent to 4.62 per cent (2018: 1.11 per cent to 4.58 per cent). The main floating rate is NIBOR and fixed Euro interest rate.

Gains and losses recognised in the hedging reserve in other comprehensive income (note 15) on interest rate swap contracts as of 31 December 2019 will be continuously released to the income statement until the repayment of the bank borrowings.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the balance sheet.

	AVINOR AS		AVINOR GROUP	
	2019	2018	2019	2018
Other financial assets				
Other non-current receivables	97.9	87.2	99.0	88.3
Total	97.9	87.2	99.0	88.3

Other non-current receivables are non-derivative financial assets with fixed payments that are not quoted in an active market. Fair value of other financial assets are substantially identical with book value.

TRADE RECEIVABLES, OTHER SHORT TERM RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

	AVINOR AS		AVINOR GROUP	
	2019	2018	2019	2018
Trade receivables				
Trade receivables	1 004.0	911.3	1 223.7	1 149.7
Less: Provision for impairment of trade receivables	-0.8	-12.1	-7.9	-19.1
Trade receivables - net	1 003.2	899.2	1 215.8	1 130.6
Receivables written off during the year	1.4	7.9	1.4	7.9

The fair value of trade receivables is approximately equal to the carrying amount.
Loss on trade receivables is classified as other operating expense in the income statement.

CHANGES IN THE PROVISION FOR IMPAIRMENT OF TRADE RECEIVABLES

	AVINOR AS		AVINOR GROUP	
	2019	2018	2019	2018
At 1 January	12.1	8.3	19.1	9.4
This years provisions for receivables impairment	0.8	12.1	7.9	19.1
Receivables written off during the year as uncollectible	-1.4	-7.9	-1.4	-7.9
Unused amounts reversed	-10.7	-0.4	-17.7	-1.5
At 31 December	0.8	12.1	7.9	19.1

Credit risk and foreign exchange risk are described in note 13.

AT 31 DECEMBER THE AGING OF THE COMPANY'S RECEIVABLES WAS AS FOLLOWS

	TOTAL	NOT DUE	<30 D	30-60D	60-90D	>90D
2019	1 004.0	969.1	30.9	2.1	0.4	1.5
2018	911.3	753.5	121.5	5.4	10.5	20.4

AT 31 DECEMBER THE AGING OF THE GROUP'S RECEIVABLES WAS AS FOLLOWS

	TOTAL	NOT DUE	<30 D	30-60D	60-90D	>90D
2019	1 223.7	1 180.9	31.2	2.4	0.5	8.7
2018	1 149.7	991.7	121.6	5.4	10.6	20.4

SPECIFICATION OF TRADE AND OTHER RECEIVABLES

	AVINOR AS		AVINOR GROUP	
	2019	2018	2019	2018
Specification of trade and other receivables				
Trade receivables	1 003.2	899.2	1 215.8	1 130.6
Intra-group accounts	104.9	186.6	0.0	0.0
Accrued income	199.4	199.0	209.5	199.7
Prepaid expenses	60.4	40.5	80.2	42.5
Other short-term receivables	57.8	31.3	67.4	45.9
Total	1 425.7	1 356.6	1 572.9	1 418.7

Fair value of trade and other receivables is approximately equal to the carrying amount.

THE CARRYING AMOUNT OF TRADE AND OTHER RECEIVABLES IN FOREIGN CURRENCY IS

	AVINOR AS		AVINOR GROUP	
	2019	2018	2019	2018
Euro	0.0	0.0	92.1	98.9
Total	0.0	0.0	92.1	98.9

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and bank overdrafts.

	AVINOR AS		AVINOR GROUP	
	2019	2018	2019	2018
Cash and bank at hand	1 040.0	1 721.6	1 059.1	1 739.8
Short-term bank deposits	0.0	0.0	0.0	0.0
Total	1 040.0	1 721.6	1 059.1	1 739.8

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

Cash and cash equivalents	1 040.0	1 721.6	1 059.1	1 739.8
Bank overdrafts	0.0	0.0	0.0	0.0
Total	1 040.0	1 721.6	1 059.1	1 739.8

Avinor AS has a credit facility of MNOK 4,000 and a bank overdraft limit of MNOK 600.

Group bank account system

The Avinor bank accounts are organised as a group bank account system. Avinor AS is the formal holder of the bank account. The bank accounts of all subsidiaries are therefore formally receivables from Avinor AS, and these companies are jointly responsible for the withdrawals that the Avinor group has made.

BORROWINGS

Borrowings are recognised initially at fair value. Borrowings are subsequently carried at amortised cost using the effective interest method, except for borrowings hedged with a derivative fair value hedge, which is also carried at fair value in subsequent periods. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

	AVINOR AS		AVINOR GROUP	
	2019	2018	2019	2018
Non-current borrowings				
State loan	1 194.2	1 638.6	1 194.2	1 638.6
Bonds	12 893.9	13 350.3	12 893.9	13 350.3
Bank borrowings	4 773.2	5 220.3	4 773.2	5 220.3
Lease liabilities	497.9	0.0	435.5	0.0
Total long-term	19 359.2	20 209.2	19 296.8	20 209.2
Current borrowings				
Commercial papers	600.0	0.0	600.0	0.0
First year instalment on long-term debt	1 341.5	1 531.5	1 341.5	1 531.5
Lease liabilities	64.3	0.0	56.7	0.0
Total current	2 005.8	1 531.5	1 998.2	1 531.5
Total current and long-term borrowings and lease liabilities	21 365.0	21 740.7	21 295.0	21 740.7

	AVINOR AS		AVINOR GROUP	
	2019	2018	2019	2018
Changes in borrowings				
Opening net book amount at 1 January	21 740.7	22 215.7	21 740.7	22 811.4
Opening net book amount at 1 January - lease liabilities (first time adoption IFRS 16, see note 12)	596.2	0.0	496.7	0.0
Repayment of borrowings	-1 531.5	-579.0	-1 531.5	-1 174.7
Repayment of lease liabilities	-48.7	0.0	-41.1	0.0
Other changes in lease liabilities	14.7	0.0	36.6	0.0
Net proceeds/repayment of short term borrowings (commercial papers)	600.0	0.0	600.0	0.0
Changes in value	-6.5	103.9	-6.5	103.9
Closing net book amount at 31 December	21 365.0	21 740.7	21 295.0	21 740.7

INFORMATION ABOUT STATE LOAN AND BANK BORROWINGS	CURRENCY	EFFECTIVE INTEREST RATE (%)
State loan	NOK	1.43 %
Bonds, inclusive commercial papers	NOK/EUR	3.31 %
Bank borrowings	NOK	3.35 %

The figures include interest hedging derivatives.

The effective interest rate is calculated as a weighted average depending the relative size of the borrowings. See note 13 for a description of interest risk.

REPAYMENT PROFILE	2021	2022	2023	2024	2025	THEREAFTER	TOTAL
State loan	444.4	444.4	249.6	55.9	0.0	0.0	**1 194.2**
Bonds	2 958.9	0.0	0.0	0.0	3 003.2	6 931.8	**12 893.9**
Bank borrowings	447.1	447.1	527.1	527.1	527.1	2 297.7	**4 773.2**

State loan

The loan is divided into six equal debentures with different interest terms. Debentures one to five have interest rates equal to the interest rate used by the State when lending to public sector enterprises (average interest rate on five-year government bonds in the period October-September) plus 30 basis points. The interest on one of the debentures is renewed each year. The interest is payable in arrears at 31 December. The loan had originally a payment period of 20 years starting 2002. The term of the loan has subsequently been extended so that the final maturity date is in 2024. The first instalment was paid 30 June 2002.

Bonds

The loans, as at 31 December 2019, are as follows:

- Face value MNOK 450, maturity date 8 May 2020, interest rate 3.75 per cent
- Face value MNOK 2,000, maturity date 8 May 2028, interest rate 4.45 per cent
- Face value MEUR 300, maturity date 20 March 2021, interest rate 1.75 per cent
- Face value MEUR 300, maturity date 29 April 2025, interest rate 1.00 per cent
- Face value MEUR 500, maturity date 9 February 2027, interest rate 1.25 per cent

Bank borrowings

Bank borrowings in Avinor AS, as at 31 December 2019, are as follows:

- Loan of NOK 1.5 billion from the Nordic Investment Bank (NIB). The loan, disbursed in December 2011, has a term of 20 years and is irredeemable for 8 years.
- Loan of MNOK 1525.3 from the European Investment Bank (EIB). The loan, disbursed in June 2012, has a term of 16 years and is irredeemable for 4.5 years.
- Loan of NOK 1.0 billion from the Nordic Investment Bank (NIB). The loan, disbursed in November 2015, has a term of 20 years and is irredeemable for 8 years.
- Loan of MNOK 1899.9 from the European Investment Bank (EIB). The loan, disbursed in April 2016, has a term of 12 years and is irredeemable for 3 years.

According to its Articles of Association the company is not allowed to pledge assets connected to the core business of the group as security.

Commercial papers

In 2019, Avinor AS entered into a new certificate loan agreement of MNOK 600.0 with maturity on 20 March 2020.

Drawing facilities

The group has an unused bank credit facility of MNOK 4,000 at a floating interest rate, expiring in 2024.

As a part of the current main bank agreement, the group also has an unutilized overdraft limit of MNOK 600 at a floating interest rate.

NOTE 15 Other reserves

All amounts in MNOK

AVINOR AS

	PENSIONS	HEDGES	TOTAL
At 1 January 2018	-622.2	-96.0	**-718.1**
Actuarial gains/(losses) on post employment benefit obligations	-485.6	0.0	**-485.6**
Tax effect	111.7	0.0	**111.7**
Fair value change cash flow hedge	0.0	186.3	**186.3**
Tax effect	0.0	-42.9	**-42.9**
Change in tax rate, effect deferred tax assets/-liabilities	-12.9	0.6	**-12.3**
At 31 December 2018	-1 009.0	48.0	**-960.9**
Actuarial gains/(losses) on post employment benefit obligations	378.5	0.0	**378.5**
Tax effect	-83.3	0.0	**-83.3**
Fair value change cash flow hedge	0.0	251.3	**251.3**
Tax effect	0.0	-55.3	**-55.3**
At 31 December 2019	-713.8	244.0	**-469.7**

AVINOR GROUP

	PENSIONS	HEDGES	TOTAL
At 1 January 2018	-1 021.6	-115.8	**-1 137.6**
Actuarial gains/(losses) on post employment benefit obligations	-666.3	0.0	**-666.3**
Tax effect	152.9	0.0	**152.9**
Fair value change cash flow hedge	0.0	211.9	**211.9**
Tax effect	0.0	-48.7	**-48.7**
Change in tax rate, effect deferred tax assets/-liabilities	-20.2	0.6	**-19.6**
At 31 December 2018	-1 555.2	48.0	**-1 507.4**
Actuarial gains/(losses) on post employment benefit obligations	544.6	0.0	**544.6**
Tax effect	-119.8	0.0	**-119.8**
Fair value change cash flow hedge	0.0	251.3	**251.3**
Tax effect	0.0	-55.3	**-55.3**
At 31 December 2019	-1 130.4	244.0	**-886.6**

NOTE 16 Pension obligation

All amounts in MNOK

The company and the group is required by law to have a pension plan. The pension plan of the company and the group satisfies these requirements. The company and the group have generally been covered by a defined benefit pension scheme in the Norwegian Public Service Pension Fund (SPK), but with effect from 1 January 2019 this scheme is closed. As of the same date, a defined contribution pension scheme has been introduced in accordance with the Act on Defined Contribution Occupational Pensions with voluntary/forced transfers for different groups of empoyees. As a result, the company and the group have two main pension schemes from 2019.

DEFINED BENEFIT PLAN IN STATENS PENSJONSKASSE (SPK)

The defined benefit pension schemes of the group are generally funded through payments to Statens Pensjonskasse (the Norwegian Public Service Pension Fund, SPK), determined by periodic actuarial calculations. A defined benefit pension plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, dependent on one or more factors such as years of service and salary level.

The pension liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries based on a principle of linear benefit earning. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflow using interest rates of high-quality corporate bonds (or long-term treasury bonds) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Changes in assumptions, basis data and the benefits of the pension plan which have as an effect an accounting loss or gain will be recognized in equity through other comprehensive income in the period they occur. A change in the benefits which refers to previous periods of earning implies a change in the pension plan which is a cost related to previous periods of earning. A negative cost occurs when the benefits are changed and the present value of the projected benefits are reduced. Changes in the pension plans are recognized in the income statement as the changes are implemented.

Pension fund

The pension scheme is not directly funded. The pension payments are guaranteed by the Norwegian government (Section 1 of the Pensions Act). Management of the allocated fund (fictitious fund) is simulated as if the funds were invested in long - term government bonds. Approx. 15 per cent of the fund related to Avinor Flysikring AS and approx. 10 per cent of the fund related to Avinor AS is simulated as invested in the Government Pension Fund Global. The pension scheme is not movable in the same way as private pensions schemes and it is assumed that the pension scheme will be continued in SPK. In the simulation it is assumed that the bonds are held to maturity. The pension fund is therefore estimated at nominal value plus the return on the fund.

Net pension obligation

The value of net pension obligations is determined on an actuarial basis using a number of assumptions. These include, among others, the discount rate, future salary increases, regulation of pensions and demographic assumptions about disability and mortality experience. The assumptions are based on verifiable market prices and the historical development in the company and the society in large. Changes in the assumptions will have material effect on the estimated pension obligation-/cost.

DEFINED CONTRIBUTION PENSION

A defined contribution pension scheme is a scheme where the employer commits to pay an agreed premium to the scheme and where the premium payments are recognized in profit and loss as incurred. The contribution represents a percentage of salary up to 12 G. The employer has no obligations beyond the contributions.

Defined benefit plan

The pension scheme comprises benefits in accordance with the act relating to the Norwegian Public Service Fund (SPK). The benefits are retirement pension, disability pension and dependent pension. The retirement pension includes a special-age retirement pension for certain groups. In addition, the calculations include a contractual pension right, which is a tariff - regulated early retirement scheme from 62 years of age (the public AFP scheme). The benefits under the regulations applicable up to 1 January 2020 were coordinated with the National Insurance Scheme and any previously earned right from public pension schemes. Gross pensions earned under old regulations have been guaranteed regardless of the National Insurance Scheme (the "gross guarantee").

The new Act on public occupational pension schemes, effective 1 January 2020, was adopted by the Storting in June 2019. The benefits earned in the new scheme represents a percentage of the salary up to 12 G. This means that the "gross guarantee" is no longer present in the new regulations and that the pension is calculated regardless of the National Insurance Scheme. New regulations for coordination between public occupational pensions schemes and the National Insurance Scheme have been adopted and implemented in the accounts for 2019. The changes are reflected as a plan change in the accounts for 2019 and had a positive effect on earnings of MNOK 33.0 in the group and MNOK 181.4 in the company.

The new law does not contain provisions on a new public AFP scheme or complete rules for special-age retirement pension. As a resultat, the accounting effects cannot be calculated until final rules have been adopted.

With effect from 1 January 2018, new rules were introduced that transferred the obligation to pay for the adjustment premium on pension liabilities related to former employees from the state to the individual company.

Acuarial gains in 2019 (MNOK 544.6 in the group and MNOK 378.5 in the company) is due to changes in the economic and actuarial assumptions.

Transition to a defined contribution pension scheme, including other benefits to employees included in the scheme

As a result of the closure of the public occupational pension scheme and the transition to a private pension scheme, a new scheme related to special-age retirement pensions has been established. In addition, from 1 January 2019, the group will be a part of the private AFP scheme when it comes to employees in the new private pension scheme. The changes related to special-age retirement pension and AFP are reflected as a plan change in the accounts for 2019 and have had a positive effect on earnings of MNOK 53.6 in the group and MNOK 63.2 in the company.

Details on the private AFP scheme

From 1 January 2019, the group will be a part of the private AFP scheme, which is a collective pension scheme for the tariff-based sector in Norway. The private AFP scheme is based on a tripartite collaboration between employer organizations, employee organizations and the state. The state covers one third of the expenses in the scheme, while two thirds are covered by the member companies.

For accounting purposes, the scheme is regarded as a defined benefit multi-enterprise scheme. At present, it is not possible, with sufficient degree of reliability, to calculate the group's share of the liabilities in the scheme. The scheme is therefore accounted for as a defined contribution scheme with ongoing expense recognition of premium payments.

The scheme is significantly underfunded. In addition, companies participating in the AFP scheme are jointly and severally responsible for two-thirds of future pension payments. As a consequence, an increase in the premiums for the scheme is expected in the future. The 2020 premium will be 2.5 per cent of a salary basis, which is further defined in the scheme's articles of association.

Pension cost

The amounts recognised in the income statement are as follows:

	AVINOR AS		AVINOR GROUP	
	2019	2018	2019	2018
Defined contribution pension and private AFP scheme	49.3	0.0	138.4	0.0
Current service cost	181.9	265.3	241.8	449.7
Plan amendment inclusive curtailment/settlement	-214.4	0.0	-75.9	-113.0
Interest cost	145.5	136.9	247.5	229.3
Return on plan assets	-97.3	-93.5	-154.4	-151.4
Contribution from the employees	-19.3	-28.4	-22.3	-47.3
Administration fee	4.4	4.0	5.3	6.7
Payroll tax, employers contribution	-0.6	43.9	45.9	74.8
Total pension cost (Note 5, 8)	49.5	328.2	426.4	448.8

Net pension obligations – defined benefit plan

The tariff K2013 have been used for calculating life and mortality expectancy, while the tariff K1963 multiplied by 200 per cent have been used for determination of disability risk.

	LIFE EXPECTANCY		MORTALITY EXPECTANCY		DISABILITY EXPECTANCY	
AGE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
20	81	85	0.023 %	0.009 %	0.115 %	0.172 %
40	82	86	0.058 %	0.034 %	0.264 %	0.524 %
60	84	87	0.428 %	0.288 %	1.406 %	2.404 %
80	89	91	4.304 %	2.947 %	NA	NA

Pension obligation and plan assets:

AVINOR AS

	FUNDED	UNFUNDED	2019 TOTAL	FUNDED	UNFUNDED	2018 TOTAL
Change in gross pension obligation:						
Obligation at 1 January	6 431.7	28.7	6 460.4	5 817.8	27.6	5 845.4
Current service cost	178.0	8.4	186.3	268.2	1.1	269.3
Plan amendment incl. curtailment/settlement	-214.4	0.0	-214.4	0.0	0.0	0.0
Interest cost	145.2	0.3	145.5	136.9	0.0	136.9
Actuarial losses/(gains)	-336.7	-6.0	-342.7	371.5	0.0	371.5
Benefits paid	-185.5	-2.3	-187.8	-162.7	0.0	-162.7
Gross pension obligation at 31 December	6 018.2	29.2	6 047.4	6 431.7	28.7	6 460.4
Change in pension funds:						
Fair value at 1 January	4 012.1	0.0	4 012.1	3 853.0	0.0	3 853.0
Expected return on plan assets	97.3	0.0	97.3	93.5	0.0	93.5
Employer contributions	358.9	0.0	358.9	282.4	0.0	282.4
Actuarial (losses)/gains	-11.0	0.0	-11.0	-54.1	0.0	-54.1
Benefits paid	-185.5	0.0	-185.5	-162.7	0.0	-162.7
Fair value of plan assets at 31 December	4 271.8	0.0	4 271.8	4 012.1	0.0	4 012.1
Net pension obligation	1 746.4	29.2	1 775.5	2 419.6	28.7	2 448.3
Payroll tax, employers contribution	235.3	9.8	245.2	341.1	0.0	341.1
Net pension obligation recognised in the balance sheet at 31 December	1 981.7	39.0	2 020.7	2 760.7	28.7	2 789.4
Actual return on plan assets last year	72.9	0.0	72.9	69.6	0.0	69.6
Expected employer/employee contribution next year	306.2	0.0	306.2	245.4	0.0	245.4
Expected payment of benefits next year	-186.8	0.0	-186.8	-175.0	0.0	-175.0

AVINOR GROUP

	FUNDED	UNFUNDED	2019 TOTAL	FUNDED	UNFUNDED	2018 TOTAL
Change in gross pension obligation:						
Obligation at 1 January	10 358.2	286.8	10 645.0	9 706.7	28.1	9 734.8
Current service cost	221.8	25.4	247.1	455.1	1.3	456.4
Plan amendment incl. curtailment/settlement	-171.8	95.9	-75.9	-370.4	257.4	-113.0
Interest cost	240.7	6.8	247.5	229.3	0.0	229.3
Actuarial losses/(gains)	-527.9	-6.6	-534.4	542.3	0.0	542.3
Benefits paid	-240.6	-2.3	-242.9	-204.8	0.0	-204.8
Gross pension obligation at 31 December	9 880.3	406.2	10 286.4	10 358.2	286.8	10 645.0
Change in pension funds:						
Fair value at 1 January	6 578.3	0.0	6 578.3	6 195.4	0.0	6 195.4
Expected return on plan assets	154.4	0.0	154.4	151.4	0.0	151.4
Employer contributions	358.1	0.0	358.1	478.7	0.0	478.7
Actuarial (losses)/gains	-52.3	0.0	-52.3	-42.4	0.0	-42.4
Benefits paid	-240.6	0.0	-240.6	-204.8	0.0	-204.8
Fair value of plan assets at 31 December	6 797.8	0.0	6 797.8	6 578.3	0.0	6 578.3
Net pension obligation	3 082.5	406.2	3 488.7	3 779.9	286.8	4 066.7
Payroll tax, employers contribution	431.6	52.5	484.1	530.3	36.3	566.6
Net pension obligation recognised in the balance sheet at 31 December	3 514.1	458.7	3 972.8	4 310.2	323.1	4 633.4
Actual return on plan assets last year	108.9	0.0	108.9	121.6	0.0	121.6
Expected employer/employee contribution next year	423.2	0.0	423.2	251.5	0.0	251.5
Expected payment of benefits next year	-247.3	0.0	-247.3	-217.9	0.0	-217.9

Change in the defined benefit obligation over the year:

	AVINOR AS		AVINOR GROUP	
	2019	2018	2019	2018
Obligation at 1 January	2 448.3	1 992.4	4 066.7	3 539.4
Pension cost charged to the income statement	20.1	312.7	264.4	421.3
Employer/employee contribution	-363.3	-286.4	-363.3	-485.4
Administration fee	4.4	4.0	5.3	6.7
Benefits paid - unfunded schemes	-2.3	0.0	-2.3	0.0
Actuarial (gains)/losses recognised in other comprehensive income	-331.7	425.6	-482.1	584.7
Liability in the balance sheet at 31 December	1 775.5	2 448.3	3 488.7	4 066.7
Actuarial (gains)/losses on pension liabilities				
Actuarial (gains)/losses	-331.7	425.6	-482.1	584.7
Effect change in payroll tax rate	-46.8	60.0	-62.5	81.6
Total actuarial (gains)/losses on pension liabilities	-378.5	485.6	-544.6	666.3

The calculation of pension cost and net pension obligation are made based on a set of assumptions. The discount rate is based on Norwegian covered bond interest rates. The pension obligation's weighted average duration is 24 years for the group and 21 years for the company. Assumptions regarding future salary and pension increases in addition to official pension benefit adjustments are based on updated recommendations from the The Norwegian Accounting Standards Board (NASB).

	2019	2018
Discount rate	2.30 %	2.60 %
Future salary increases	2.25 %	2.75 %
Future pension increases	1.25 %	1.75 %
Early retirement scheme	15.00 %	15.00 %
Average turnover rate (under 50 years of age)	3.00 %	3.00 %
Average turnover rate (over 50 years of age)	0.20 %	0.20 %

The probability of retiring by use of special age pensions in Avinor AS and Svalbard Lufthavn AS is estimated at 50 per cent if >50 years, 35 per cent if 55-40 years and 10 per cent if <40 years. For Avinor Flysikring AS, corresponding estimates are 90 per cent if >55 years, 40 per cent if 55-40 years and 10 per cent if <40 years.

Determination of premium levels

The determination of premium levels and the calculation of provisions for pension obligations are based on ordinary actuarial principles.

Pension obligation - sensitivities

	2019		2018	
CHANGE IN PENSION OBLIGATION AS A RESULT OF ONE PERCENTAGE POINT CHANGES IN FINANCIAL ASSUMPTIONS:	+ 1	- 1	+ 1	- 1
Discount rate	-1 737	2 318	-1 879	2 535
Future salary increase	401	-367	970	-1 125
Pension regulation	1 863	-1 445	1 001	-1 167

NOTE 17 Provisions for other liabilities and charges

All amounts in MNOK

PROVISIONS

Provisions are recognised when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. When the effect is material, provisions are determined by discounting expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

AVINOR AS

	RETIREMENT PAY	ENVIRON-MENTAL POLLUTION	OTHER	TOTAL
At 1 January 2018	3.3	182.3	1.8	**187.3**
Additional provision	0.0	0.0	0.1	**0.1**
Reversed	-2.1	0.0	0.0	**-2.1**
Used	-1.2	-15.5	-0.7	**-17.4**
At 1 January 2019	0.0	166.8	1.2	**168.1**
Additional provision	27.0	871.2	0.0	**898.2**
Reversed	0.0	0.0	0.0	**0.0**
Used	0.0	-10.7	-0.5	**-11.2**
At 31 December 2019	27.0	1 027.3	0.7	**1 054.9**

AVINOR GROUP

	RETIREMENT PAY	ENVIRON-MENTAL POLLUTION	OTHER	TOTAL
At 1 January 2018	15.1	184.4	1.8	**201.3**
Additional provision	10.4	0.0	0.1	**10.5**
Reversed	-2.1	0.0	0.0	**-2.1**
Used	-9.5	-15.5	-0.7	**-25.7**
At 1 January 2019	13.9	168.9	1.2	**184.1**
Additional provision	69.1	871.2	0.0	**940.3**
Reversed	0.0	0.0	0.0	**0.0**
Used	-8.8	-10.7	-0.5	**-20.0**
At 31 December 2019	74.2	1 029.4	0.7	**1 104.3**

The short-term part of provisions for other liabilities and charges are included in other short term liability. See note 13.

Retirement pay air navigation management

The group has entered into individual early retirement pay agreements covering 72 per cent of normal wages in the period 60-62 years. After this period the individuals will be covered by ordinary pension plans.

Early retirement pay others

This include optional retirement pay in accordance with the group's policy related to restructuring.

Environmental pollution

A provision is made for cost related to surveys and mapping, as well as handling of contamined land (see note 21).

NOTE 18 Other short-term liabilities

All amounts in MNOK

	AVINOR AS		AVINOR GROUP	
	2019	2018	2019	2018
Holiday allowance	184.5	180.3	311.5	307.2
Advance from customers	164.1	135.4	183.0	161.4
Wages and social security	53.7	57.9	98.0	92.0
Accruals	315.8	380.0	362.4	428.9
Intra-group liability	1 198.0	1 280.9	0.0	0.0
Other short-term liability	367.7	413.5	370.5	416.5
Total	2 283.8	2 448.1	1 325.4	1 406.0

NOTE 19 Subsidiaries

All amounts in MNOK

AVINOR GROUP

The consolidated financial statements encompasses Avinor AS and all entities over which Avinor AS has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

As at 31 December 2019 all subsidiaries are wholly owned.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

AVINOR AS

Shares in subsidiaries are recognised at cost at the acquisition date and are classified as a long-term investment. The shares are assessed whether there is any indication that their carrying amount exceeds the amount to be recovered through use or sale.

The consolidated financial statement of the group includes the following subsidiaries as at 31 December 2019:

DIRECTLY OWNED SUBSIDIARIES	HOME COUNTRY	BUSINESS OFFICE	MAIN BUSINESS	OWNERSHIP/ VOTING SHARES	BOOK VALUE	TOTAL EQUITY 31.12.2019	PROFIT/ LOSS 2019
Svalbard Lufthavn AS	Norway	Longyearbyen	Airport operations	100 %	104.3	154.5	13.3
Avinor Flysikring AS	Norway	Oslo	Air navigation services	100 %	367.2	357.5	-77.3
Avinor Utvikling AS	Norway	Oslo	Real estate	100 %	670.0	1 113.2	7.4
Sjømatterminalen AS	Norway	Oslo	Real estate	100 %	21.5	20.0	-0.7
Total					1 163.0	1 645.2	-57.3

INDIRECTLY OWNED SUBSIDIARIES	HOME COUNTRY	BUSINESS OFFICE	MAIN BUSINESS	OWNERSHIP/ VOTING SHARES	BOOK VALUE	TOTAL EQUITY 31.12.2019	PROFIT/ LOSS 2019
Flesland Eiendom AS	Norway	Oslo	Real estate	100 %	108.0	156.4	8.6
Værnes Eiendom AS	Norway	Oslo	Real estate	100 %	132.8	115.5	6.4
Sola Hotel Eiendom AS	Norway	Oslo	Real estate	100 %	86.7	129.2	10.5
Hell Eiendom AS	Norway	Oslo	Real estate	100 %	24.6	19.1	0.3
Hotell Østre AS	Norway	Oslo	Real estate	100 %	171.2	299.1	34.1
Flyporten AS	Norway	Oslo	Real estate	100 %	61.7	108.2	12.5
Total					585.1	827.5	72.4

The consolidated financial statement of the group includes the following subsidiaries as at 31 December 2018:

DIRECTLY OWNED SUBSIDIARIES	HOME COUNTRY	BUSINESS OFFICE	MAIN BUSINESS	OWNERSHIP/ VOTING SHARES	BOOK VALUE	TOTAL EQUITY 31.12.2018	PROFIT/ LOSS 2018
Svalbard Lufthavn AS	Norway	Longyearbyen	Airport operations	100 %	104.3	142.2	13.9
Avinor Flysikring AS	Norway	Oslo	Air navigation services	100 %	367.2	304.2	184.4
Avinor Utvikling AS	Norway	Oslo	Real estate	100 %	670.0	1 105.8	4.9
Sjømatterminalen AS	Norway	Oslo	Real estate	100 %	20.0	20.0	-1.4
Total					1 161.6	1 572.2	201.8

INDIRECTLY OWNED SUBSIDIARIES	HOME COUNTRY	BUSINESS OFFICE	MAIN BUSINESS	OWNERSHIP/ VOTING SHARES	BOOK VALUE	TOTAL EQUITY 31.12.2018	PROFIT/ LOSS 2018
Flesland Eiendom AS	Norway	Oslo	Real estate	100 %	108.0	147.8	6.9
Værnes Eiendom AS	Norway	Oslo	Real estate	100 %	132.8	109.1	-0.2
Sola Hotel Eiendom AS	Norway	Oslo	Real estate	100 %	86.7	118.6	3.9
Hell Eiendom AS	Norway	Oslo	Real estate	100 %	24.6	18.8	0.3
Hotell Østre AS	Norway	Oslo	Real estate	100 %	171.2	265.0	26.4
Flyporten AS	Norway	Oslo	Real estate	100 %	61.7	95.7	9.9
Total					585.1	755.0	47.2

NOTE 20 Share capital, shareholder information, dividend and results

All amounts in MNOK

SHARE CAPITAL AND PREMIUM RESERVE

Ordinary shares are classified as equity.

DIVIDEND DISTRUBUTION

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

	NUMBER OF SHARES	FACE VALUE	SHARE CAPITAL
Ordinary shares	540 010	0.01	5 400.1
Total	540 010	0.01	5 400.1

The company has paid the following dividend on ordinary shares:

	2019	2018
NOK 462.3 per share in 2017	0.0	249.7
NOK 1083.1 per share in 2018	584.9	0.0
Total	584.9	249.7

Proposed dividend for approval in the general assembly (Not presented as a liability at 31 December):

	2019	2018
NOK 1083.1 per share in 2018	0.0	584.9
Total	0.0	584.9

All shares are owned by the Norwegian State, represented by the Ministry of Transport and Communication.

NOTE 21 Contingencies and uncertainties

Air stations owned by the Defence

The Storting decided, in 2012, that Bodø's main air station, will be closed down, while Evenes will be the advanced base for fighter planes in the north. Bodø airport shall function as an advanced base after the close-down of Bodø main air station. This will be an intermediate solution until the new fighter planes are operational and have replaced the existing planes. This is expected to take place in 2022. The cost picture may also be affected by the construction of a new airport in Bodø which is included in the National Transport Plan 2018-2029 during the first six-year period.

The Storting decided on 15 November 2016 that Andøya military air station will be shut down when today's P-3 Orion surveillance aircrafts are phased out and that a main base for surveillance/ advanced base for fighter aircraft at Harstad/Narvik airport/ Evenes will be established expected to take place in 2022. This will lead to changes in the operational responsibility at Andøya airport. Changes in the operational responsibility mean that the Norwegian Defence are no longer the airport manager and airport operator. The airport operation must be taken care of by another party, and then a party in civil aviation. The consequence is that the company that receives the operational responsibility also receives responsibility for all revenues and costs. This entails a risk of increased deficits, and an increased cost burden on the parties in civil aviation. There is a high probability that Avinor will receive the operational responsibility including accompanying consequences.

The external environment

In accordance with requirements from the Norwegian Environment Agency, a preliminary survey of possible environmental obligations related to PFAS pollution (fire foam) has been carried out at Avinor airports (except for Evenes airport, Kristiansand airport, Oslo airport and Svalbard airport where there are already ongoing cases).

PFAS are fluorine organic compounds that were previously added to fire foam and which have spread to the ground at the airports where they are now leaking out to the surrounding natural environment. These pollutants pose a risk of damage to the local natural environment and human health. Norway has committed internationally to reducing emissions and leakage of these compounds. Clean-up responsibility has been identified at 24 locations at 22 airports. The provision (see note 17) is based on the excavation of contaminated land, transport and depositing at an approved landfill. In addition, an uncertainty margin has been added to the provision due to lack of delimitation of the pollutants, and a mark-up for further surveys, planning and rigging. Provisions are calculated based on an assessment of each airport including scope, cost related to clean-up, environmental impact and operation and rig. The calculations also consider the cost of similar, comparable cleanups that have been carried out, and the uncertainty in the calculations. In February 2020, Avinor received a follow-up letter from the Norwegian Environment Agency. The letter supported the assessments used by Avinor when calculating the provision. The Norwegian Environment Agency has signaled that they will begin to impose cleanup on 14 sites within 7 years in the period 2022-2030.

Pensions

A new act on public sector occupational pension schemes, with effect from 1 January 2020, was adopted by the Storting in June 2019. The accounting consequences of the new law are, to the extent that there is sufficient basis for this, been accounted for in the fourth quarter of 2019. The new law does not contain provisions for a new AFP scheme (early retirement) or complete rules on special age pensions. The full accounting effects of the new law cannot be calculated until final rules have been adopted. See note 16 for further information on accounting treatment of pensions.

The entire group will be a member of the private AFP scheme (early retirement) from 1 January 2019 and it will apply to all employees who have transitioned from defined benefit pensions in the Norwegian Public Service Pension Fund (SPK) to defined contribution pensions. The scheme is based on a tripartite collaboration between employers' organizations, employee organizations and the state and is regarded as a defined benefit multi-enterprise scheme. At present, it is not possible, with a sufficient degree of reliability, to calculate the group's share of the obligations in the scheme. The scheme is therefore accounted for as a defined contribution scheme with ongoing expense recognition of premium payments.

NOTE 22 Commitments

All amounts in MNOK

The parent company and the group have contracted for capital expenditure not yet incurred at the end of the reporting period as follows:

	AVINOR AS		AVINOR GROUP	
	2019	2018	2019	2018
Property, plant and equipment	1 361.7	716.6	1 719.4	729.1
Total	1 361.7	716.6	1 719.4	729.1

NOTE 23 Related-party transactions

All amounts in MNOK

The Ministry of Transport and Communication

As the sole owner of Avinor AS the Norwegian State represented by the Ministry of Transport and Communication (SD) is a related party. SD has the principal authority regarding the structure of the airport network and the traffic charges. Any closing down of an airport or other material changes in the airport structure shall be presented to SD. The final decision is made by the Storting. The charges regulation which decides the setting of air traffic charges shall be sanctioned by SD.

Group companies

Outstanding accounts between companies in the group:

AVINOR AS AT 31 DECEMBER 2019

	SVALBARD LUFTHAVN AS	AVINOR FLYSIKRING AS	SJØMAT-TERMINALEN AS	AVINOR UTVIKLING AS	FLESLAND EIENDOM AS	VÆRNES EIENDOM AS
Loans to group companies	100.0	0.0	0.0	0.0	0.0	35.0
Intra-group receivables	16.7	86.2	0.0	0.0	0.0	0.2
Total	116.7	86.2	0.0	0.0	0.0	35.2
Other short-term intra-group liability	25.5	480.7	0.0	530.2	37.4	3.5
Total	25.5	480.7	0.0	530.2	37.4	3.5

AVINOR AS AT 31 DECEMBER 2019 CONT.

	SOLA HOTEL EIENDOM AS	HELL EIENDOM AS	HOTELL ØSTRE AS	FLYPORTEN AS	TOTAL
Loans to group companies	15.0	0.0	0.0	0.0	150.0
Intra-group receivables	0.1	0.0	1.6	0.0	104.9
Total	15.1	0.0	1.6	0.0	254.9
Other short-term intra-group liability	9.9	17.7	56.5	36.6	1 198.0
Total	9.9	17.7	56.5	36.6	1 198.0

AVINOR AS AT 31 DECEMBER 2018

	SVALBARD LUFTHAVN AS	AVINOR FLYSIKRING AS	SJØMAT-TERMINALEN AS	AVINOR UTVIKLING AS	FLESLAND EIENDOM AS	VÆRNES EIENDOM AS
Loans to group companies	120.0	0.0	0.0	0.0	0.0	45.0
Intra-group receivables	2.5	161.7	0.0	0.0	0.0	0.3
Total	122.5	161.7	0.0	0.0	0.0	45.3
Other short-term intra-group liability	65.7	601.5	0.0	522.5	21.7	-2.1
Total	65.7	601.5	0.0	522.5	21.7	-2.1

AVINOR AS AT 31 DECEMBER 2018 CONT.

	SOLA HOTEL EIENDOM AS	HELL EIENDOM AS	HOTELL ØSTRE AS	FLYPORTEN AS	TOTAL
Loans to group companies	25.0	0.0	0.0	0.0	**190.0**
Intra-group receivables	0.2	0.0	17.6	4.3	**186.6**
Total	25.2	0.0	17.6	4.3	**376.6**
Other short-term intra-group liability	1.9	17.3	29.0	23.5	**1 280.9**
Total	1.9	17.3	29.0	23.5	**1 280.9**

NOTE 24 Events after the reporting period

New information after the reporting period about conditions that existed at the end of the reporting period is recognised in the financial statement. Events after the reporting period affecting the group's future financial position are disclosed if material.

Covid 19 virus

Norway got its first registered coronavirus infection on 26 February 2020. On 12 March 2020 the Norwegian government introduced several measures to limit the virus spread among the population, including travel restrictions. In a meeting on 24 March 2020, the measures were extended to 13 April 2020. The measures mean, among other things, that the Norwegian border is closed to foreigners without a residence permit.

Due to a reduced demand for national and international flights the airlines have reduced the route production and have initiated layoffs. In order to help the airlines financially, the government suspended on 13 March 2020 Avinor's airport charges from 13 March to 30 June 2020. The air navigation charges are not covered by the suspension.

The group's earnings and financial position will be strongly influenced by this in 2020. It is unclear when we are back in an almost normal situation. The group has at the end of Q1 2020 an ongoing dialogue with the shareholder about measures to strengthen the group's equity and liquidity. In parallel with the shareholder dialogue, work is being done with banks and financial institutions to ensure the short-term liquidity.

In parallel with the follow-up of the group's short-term liquidity situation cost-reducing measures are considered.

Fire at Stavanger Airport

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

NOTE 25 New and future accounting standards

All amounts in MNOK

New and amended standards adopted by the group

There are several changes that came into force for the financial year 2019 that are relevant to the group.

IFRS 16 Leases were implemented on 1 January 2019 using the modified retrospective method where the right of use assets are set equal to the lease obligations (no restatement of comparative figures). The incremental borrowing rate used was 3.05 per cent.

The table below specifies the effect of the new principle on the balance sheet:

	AVINOR AS	AVINOR GROUP
Operating lease liabilities at 31 december 2018	703.8	588.8
Discounted using the group's incremental borrowing rate	-107.6	92.1
Present value of lease liabilities recognized at 1 January 2019	596.2	496.7

The table below specifies the effect of the new principle on the income statement:

	AVINOR AS 2019	AVINOR GROUP 2019
Other operating expenses (decrease)	-69.0	-59.0
EBITDA	69.0	59.0
Depreciation (increase)	60.9	51.4
Finance costs (increase)	17.2	14.7
Profit/(loss) before income tax	-9.1	-7.1

Right-of-use assets and lease liabilities are further described in note 12.

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

Amendments to IFRS 9, IAS 39 and IFRS 7 as a result of the IBOR reform provide temporary relief for specific requirements related to hedge accounting in the period where there is uncertainty before the current interest reference rates are replaced with alternative approximate risk-free interest rates (RFR). The exceptions mean that for hedging purposes it can be assumed that the reference rate on which the hedged cash flows or hedging instrument is based is not changed as a result of the reform. The changes apply to accounting periods beginning on or after 1 January 2020, with the possibility of early adoption. The group has chosen early adoption of the changes. The changes must be applied retrospectively. The changes have not had a significant impact on the group's financial statement. See note 13 for further comments on the accounting implications of the IBOR reform.

New standards, amendments and interpretations not yet adopted

There are no IFRSs or IFRIC interpretation that are not yet effective that would be expected to have a material impact on the group's financial statement.

RESPONSIBILITY STATEMENT FROM THE BOARD OF DIRECTORS AND THE CEO

We confirm, to the best of our knowledge that the financial statements for the period 1 January to 31 December 2019 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair view of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Oslo, 31 March 2020
The Board of Directors of Avinor AS

Anne Carine Tanum
Chair of the Board

Ola H. Strand
Vice Chair

Eli Skrøvset

Linda Bernander Silseth

Herlof Nilssen

Bjørn Tore Mikkelsen

Heidi Anette Sørum

Olav Aadal

Dag Falk-Petersen
CEO

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Avinor AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Avinor AS, which comprise the financial statements for the parent company and the Group. The financial statements for the parent company and the Group comprise the balance sheets as at 31 December 2019, income statement, statements of comprehensive income, the statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Effect of Covid 19

We draw attention to note 24 of the financial statements, which describes the expected effects of Covid-19 on the Group's and company's operations, liquidity and capital adequacy. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Pensions

At the end of the accounting year, the parent company and the Group had gross pension obligations amounting to NOK 6 047 millions and NOK 10 286 millions, respectively. The valuation of the pension obligations requires a considerable degree of judgment and technical competence, including the use of an external actuary to calculate the obligations. Even small changes in the most important assumptions applied in the valuation of the Group's pension obligations including salary growth, inflation, discount rate, mortality and withdrawals from the early retirement scheme (AFP) and special-age pension can significantly impact the calculation of the obligations. Overall, these matters are of significant importance for the financial statements and therefore constitute a key audit matter.

Our audit of the parent company's and Group's treatment of pensions has included assessments of assumptions used as a basis in the calculation of the pension obligations, control procedures of input data, effects of plan changes and evaluation of external expertise used in the estimation of the obligations.

We have, in particular:

- verified that assumptions related to inflation, discount interest and mortality are based on external and publicly available data from acknowledged organisations
- compared assumptions related to salary growth with the Group's historical and expected future development
- assessed changes in assumptions for withdrawals of the early retirement scheme (AFP) and special age arrangements against historical information and expected future development
- considered the basis for increase in pension obligations related to future pensions regulations and the accounting treatment of these changes
- reviewed the data components used as a basis in the calculation of the pension obligations
- assessed the basis and estimates for coordinating public occupational pension and the Norwegian national social insurance scheme
- evaluated the competence and objectivity of the Group's external actuary
- considered whether the recognition of pensions complies with the relevant framework for financial reporting (IAS 19)

Note 16 to the financial statements has additional information.

Environmental obligations

At the end of the accounting year, the parent company and the Group had made provisions for future environmental obligations amounting to NOK 1 027.3 millions and NOK 1 029.4 millions, respectively.

Provisions for environmental obligations are based on concrete assessments of each airport performed by external experts. The expected costs are uncertain and require considerable judgment by management, as they depend on actual amounts of environmentally damaging substances, demarcation of polluted areas, actual cleanup expenses and effects of the fact that requirements from the authorities can change over time.

Due to high estimation uncertainty and the size of the environmental obligations, this has been a key audit matter.

Our audit of the parent company's and the Group's accounting of the environmental obligations has included considerations of the assumptions for the calculation of the obligations, control procedures of input data in the calculations and evaluation of external expertise applied to estimate the obligations.

We have read and assessed reports from the company's external experts comprising analyses and considerations of the extent of pollution and estimated future cleanup costs. Input data applied in the valuation has been assessed by comparing with the most recent updated external report and correspondence between the company and the Norwegian Environment Agency. We have also evaluated the reasonableness of management's input for calculating additional provisions for uncertainty in the calculations by comparing costs related to rig and overhead costs with completed historical projects. In addition, we have discussed with management and those responsible for the calculation of the environmental obligations.

Note 17 and 21 to the financial statements have additional information.

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Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

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- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on the Board of Directors’ report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors’ report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than* Audits *or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 1 April 2020
ERNST & YOUNG AS

The auditor's report is signed electronically

Jan Wellum Svensen
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

MORE ABOUT AVINOR

Interim reports and annual reports

Avinor publishes reports about its operations annually and quarterly. The interim reports present key figures and the financial statements, as well as a brief report on financial conditions. Avinor's interim reports and annual reports are available on Avinor's website.

The Section 10 plan

Section 10 of Avinor's Articles of Association states that the board of directors must prepare a report to the Ministry of Transport and Communications about the company's overall operations, including its plans for the future. The document is publicly available and is known as the Section 10 plan. At least once per parliamentary term (usually four years) Avinor's Section 10 plan serves as the basis for a report to the Norwegian parliament on Avinor's operations. The last report to the Norwegian parliament about Avinor was submitted in April 2017.

Avinor's contribution to the National Transport Plan

The National Transport Plan (NTP) presents the Norwegian government's transport policy. It lays the foundation for comprehensive political assessments, the efficient use of tools, and improved interaction between the different modes of transport. Aviation infrastructure forms part of the report. The NTP is discussed by the Committee for Transport and Communications, which presents its opinion to the Norwegian parliament. The NTP for the period 2018 to 2029 was discussed in the Norwegian parliament in the spring of 2017 and can be found at www.ntp.dep.no.

Photo: Anders Martinsen, Catchlight, Avinor

Avinor owns 45 airports, including the subsidiary Svalbard Lufthavn AS and Værøy Heliport. Haugesund Airport is rented out and Fagernes Airport will be sold in 2020. This network links Norway together – and links Norway to the world.

Avinor is a driving force in environmental work in aviation and a driving force to reduce the combined greenhouse gas emissions from Norwegian aviation. The company has a leading role in the work on developing and delivering biofuel for aircraft and the electrification of aviation.

A total of 54 million passengers travelled to, from, or via Avinor's airports in 2019. About one half travel to and from Oslo airport. Avinor contributes to conducting the air traffic in a safe, efficient and as environmentally friendly way as possible.

More than 3,000 employees are responsible for planning, developing and operating airports and air navigation services. Avinor is funded by aviation fees and commercial sales at the airports.

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AVINOR

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