

Annual and Sustainability Report 2019



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This is Swedavia's Annual and Sustainability Report for the financial year 2019. The report is aimed primarily at its owner, customers, credit analysts and partners, but also at other stakeholders, and is focused on the company's strategy, objectives, targets and results for the past year. The report concerns the entire Group unless otherwise indicated. Swedavia prepares its Sustainability Report in accordance with Global Reporting Initiative (GRI) Standards. Reported indicators have been chosen based on Swedavia's and its stakeholders' shared view of material issues and what is important for long-term sustainable operations. For sustainability-related information, see the GRI Index on pages 130–132. The statutory sustainability report in accordance with Sweden's Annual Accounts Act is found on pages 65–71. The report also constitutes Swedavia's report (Communication on Progress, COP) for the UN Global Compact.

This is a translation of the Swedish original. In the event of any discrepancy between the two versions, the Swedish version takes precedence.

► Read more at: www.swedavia.se

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The airports of the future

Swedavia operates and develops the airports of the future. The access they create enables meetings between people and cultures. It makes Sweden competitive, which provides the basis for long-term sustainable growth.

A woman with long brown hair tied back is hugging a man with short dark hair from behind. They are both smiling. The man is wearing a dark jacket and has a bag strap over his shoulder. The background is a blurred building with a sign that says "STATION".

Swedavia's overall targets

85%

satisfied
passengers,
2025

6%

return on
operating
capital,
annually

75%

engage
leaders and
employees,
2025

0 tonnes

of emissions of fossil
carbon dioxide from
own operations,
2020

5%

share of
sustainable
aviation fuel,
2025

The year in brief

Performance in 2019

- For the full year, Swedavia's airports had 40.2 million (42.0) passengers, which is a decrease of four per cent
- Net revenue increased to SEK 6,235 M (5,922)
- The operating cost per departing passenger increased to SEK 212.6 (200.7) due to the lower number of passengers
- Operating profit was SEK 709 M (682). It was negatively affected by SEK 82 M (84) attributable to impairment losses and disposals as well as restructuring costs of SEK 81 M (—). Operating profit in 2019 was positively affected by capital gains of SEK 130 M (55). Excluding these items affecting comparability, operating profit was SEK 742 M (711)
- The Group's investments totalled SEK 3,460 M (3,195). Significant investments were made in the airports' development programmes and in runway maintenance
- The Board of Directors proposes that Swedavia AB brings forward the retained earnings for 2019

The Group in numbers

The Group

SEK M, unless otherwise indicated	2019	2018	2017	2016
Net revenue	6,235	5,922	5,745	5,546
Operating profit	709	682	651	966
Operating margin, % ¹	11.4	11.5	11.3	17.4
Profit for the year	583	517	407	717
Return on operating capital, % ²	4.6	4.6	5.1	8.5
Debt/equity ratio, times ²	1.1	1.1	1.0	0.7
Investments	3,460	3,195	3,866	2,138
Dividend	— ³	—	122	143
Average number of employees	3,050	3,217	3,074	2,949
Number of passengers, million	40.2	42.0	41.9	39.5
Operating costs per departing passenger, SEK ⁴	212.6	200.7	192.9	194.5
Commercial revenue per departing passenger, SEK	81.0	75.2	75.7	75.5
Satisfied passengers, %	76	74	75	77
Engaged leaders and employees, % ⁵	—	65	67	64
Fossil carbon dioxide emissions, tonnes	316	1,305	1,896	2,723

For key metrics and definitions, see pages 134–135 and 137.

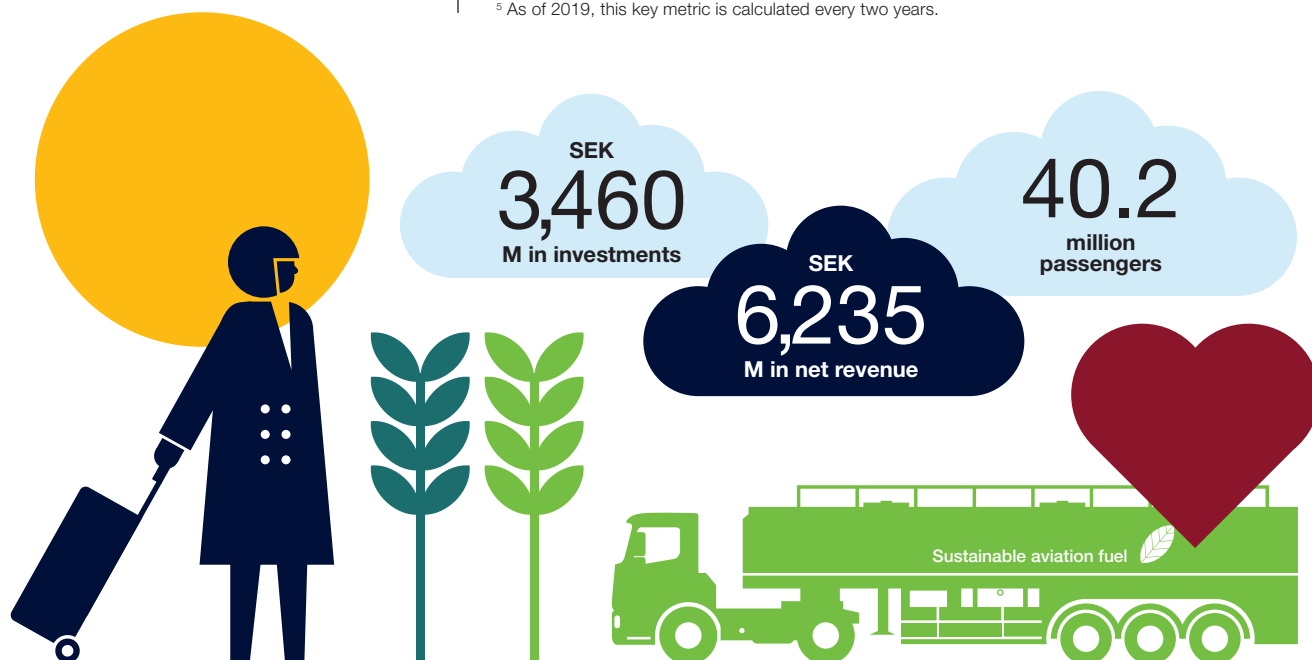
¹ Operating margin excluding extraordinary items was 11.9 per cent in 2019, 12.0 per cent in 2018, 14.1 per cent in 2017 and 13.1 per cent in 2016.

² As of 2017, the company's pension provision and receivable for the related employee pension tax are offset. Comparative years have been restated.

³ Dividend proposed to the Annual General Meeting.

⁴ This key metric is calculated based on the Airport Operations business segment. As of January 1, 2019, the subsidiaries Swedavia Airport Telecom AB and Swedavia Energi AB are included in the Airport Operations business segment. Comparative years have been restated.

⁵ As of 2019, this key metric is calculated every two years.



Swedavia develops the airports of the future and creates sustainable growth for Sweden

Swedavia's mission is to operate and develop the ten airports in Sweden's national basic infrastructure and to contribute to good access for Sweden and for the country's different regions.

Purpose

Together we enable people to meet.

Vision

Swedavia develops the airports of the future and creates sustainable growth for Sweden.

Business concept

Together with its partners, Swedavia creates added value for its customers by offering attractive airports and access that provide smooth and inspiring travel experiences. Swedavia's airports shall be the most important meeting places in Scandinavia, while the company shall be an

international role model in sustainability and a growth engine for all of Sweden.

Sustainable future aviation

Swedavia is a world leader in developing airports with the least possible climate impact. In 2020, Swedavia's objective is to have zero emissions of fossil carbon dioxide. Swedavia also contributes to fossil-free air transport by being a driver in the large-scale switch to sustainable aviation fuel. The goal is to achieve fossil-free Swedish air transport by 2045.



Without aviation Sweden – and the world – would come to a stop

The access that aviation creates is an essential requirement for Sweden's competitiveness, economic growth and prosperity. Aviation links together our long, narrow country and links Sweden to the rest of the world, which enables experiences, meetings, trade and commerce.

No other transport mode can connect distant destinations with the same degree of convenience and speed. Together with ships, trains, lorries and buses, aviation creates a network of transport modes that all serve the same purpose – to create access so that people can meet and Swedish companies can do business in a global marketplace. That is one reason why Swedavia is vital to Sweden, but in order for us to continue to make a contribution, aviation must be transformed.

Given the roadmap that the aviation industry has adopted under the scope of the Swedish Government's Fossil-Free Sweden Initiative, there is a concrete – common – plan for this transformation. We are working intensely here and now, and we are working with great focus within a much longer timeframe. It should be possible for aviation to develop and meet demand while at the same time reducing its climate impact. By 2030, Swedish domestic air travel shall be fossil-free. By 2045, all Swedish air travel, domestic and international, shall be fossil-free.

Swedavia's Board of Directors is entrusted with the task of safeguarding Swedavia's operations in the short and long term. We shall ensure that Swedavia is profitable over time and we shall also have a sharp focus on sustainability that covers all operations – everything from operating and economic to environmental and social factors. Swedavia shall also develop with the times and be prepared to handle future needs for access. I know that I speak for the entire Board when I

say this work for the company is a task that feels engaging and important.

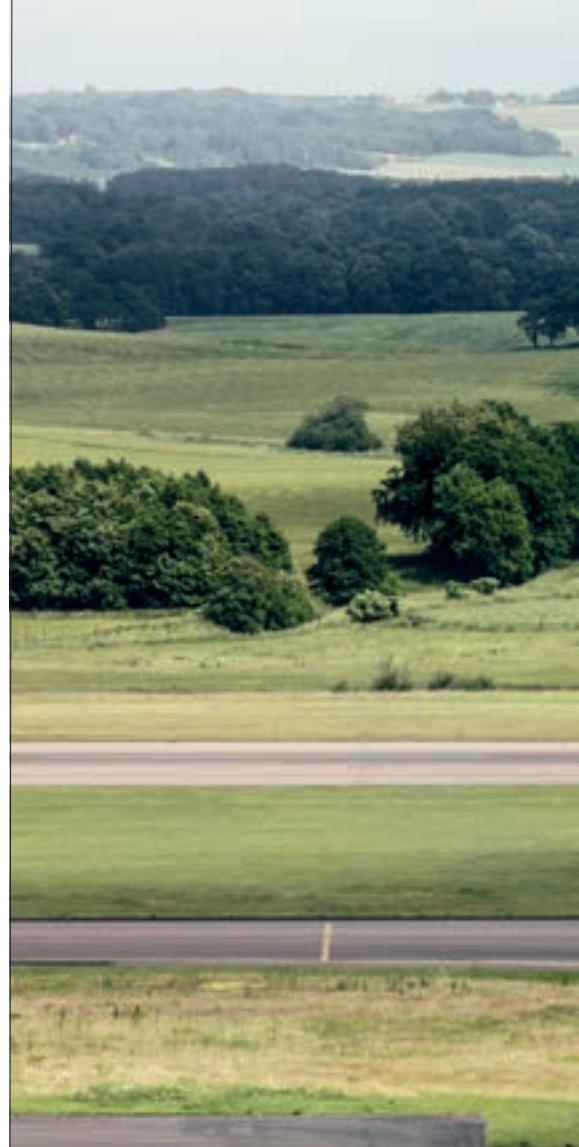
Swedavia was formed in 2010. Up until the autumn of 2018, we had strong passenger growth, 4–5 per cent a year on average. Although we see a declining trend for the past two years, in our view air travel will increase in the long term.

In order to handle the capacity shortage arising from the passenger growth in previous years and based on future needs, Swedavia needs to expand and increase capacity at its airports, a process that is in full swing and which involves major investments.

In 2019, we devoted a great deal of the Board's work to our master plans, in which we plan for the long-term perspective. One such perspective concerns Bromma Stockholm Airport. The Board's assessment is that planning must be based on the assumption that Swedavia's lease with the City of Stockholm will not be extended after 2038. We must therefore focus on ensuring that Stockholm Arlanda Airport will also be able to handle the Bromma traffic after that. This places demands on increased runway and terminal capacity, which, in turn, entails lengthy permit processes that must be initiated now. Meanwhile, we must maintain our flexibility in order to change and adapt these measures depending on the future trend.

It is worth noting that Swedavia's development work is financed by the company's own funds, generated from airport charges, concessions and property development, along with borrowings.

Safety and security are a fundamental matter for Swedavia's operations. All passengers who travel via the airports each day must be able to do so safely and securely, and our airports shall be robust in the event of different kinds of service disruption. It is also a matter of



“Our job is to create access”





5%

of the aviation fuel used for refuelling at Swedavia's airports shall be sustainable by 2025.

being safety- and security-minded, for our own employees as well as for everyone else who works at our facilities.

Safety and security are one of the most important items on every Board meeting agenda. There is thus always a review of any incident and of serious risk observations regarding incidents that could have occurred. There is also a focus on sustainability issues on the Board's agenda. By the end of 2020, Swedavia shall be completely fossil-free in its own airport operations. Our sights are also set on 2025, when 5 per cent of all fuel used for refuelling at Swedish airports shall be renewable.

Swedavia's goals are ambitious, and collaboration with other stakeholders in the industry as well as in other parts of society is crucial. This enables Sweden's different regions to develop

and be successful in creating jobs and prosperity.

We leave a challenging year behind us, one that included an extensive change programme with cost-cutting measures and employee lay-offs, both driven by a changed market situation and as part of our continuous development and improvement work. This has been at a time when we have a great deal of work to do. It is challenging to maintain a balance in retaining the talent and resources needed and at the same time keep costs down in order to maintain competitive airport charges. Swedavia is investing in the future, and it is heart-warming to experience the good spirit found at Swedavia, despite a challenging year.

With the measures that have been taken, the company has good cash flow

and good funding opportunities and is well-equipped to meet the owner's requirements for return, gearing and profit. I look forward to continuing to be involved in and drive this work together with the Board of Directors, the President and CEO, and the management.

On behalf of the Board of Directors, I would like to thank all our leaders, employees and partners for their good work during the year.

I would also like to extend my thanks to everyone who chose to fly to and from our airports. It is because of you that we exist.

Stockholm, March 2020

Åke Svensson
Chairman of the Board

At the forefront in the transformation of aviation

Aviation is a meetings industry. Those of us who work in this industry enable people around the world to meet, exchange ideas and trade with one another. Our operations are vital to a sparsely populated, export-dependent country like Sweden. Meanwhile, the industry faces great challenges, and we at Swedavia are working with great focus and intensity to meet them.

For Swedavia, 2019 was a year in which, for the first time in a decade, we experienced a decrease in passenger volume. Some 40.2 million passengers flew to or from our airports, a decrease of 4 per cent compared to 2018. This primarily concerned domestic traffic, which fell 9 per cent due to a decrease in business travel, but international travel also decreased somewhat. The passenger trend was affected by a greater focus on aviation's climate impact, a weaker Swedish krona and general concerns about and preparations for an expected deceleration in economic growth, among other factors.

The importance of aviation should not be underestimated

Our service delivery is vital to Sweden. The development of the country's different regions depends on good transport links, and 50 per cent of Swedish GDP depends on export industries. Just as the mouths of rivers and railway stations have long been important for trade and meetings, today's modern airports also serve as value-creating hubs for people and different transport modes. The need to exchange services, goods and cultures between countries will not decrease, and virtually every long-term forecast suggests that air travel will continue to increase.

In Sweden, some international travel is driven by the fact that we have many residents with roots in other countries. One fifth of the population was born outside Sweden and has family and friends in other countries that they visit or receive visitors from. One fourth of all air traffic to and from Sweden consists of people who want to meet family and friends.



Transformation requires growth

As early as 2012, Swedavia signed the UN's Global Compact and works with every dimension – social development, economic sustainability and, not least, environmental issues. The climate debate has had a major impact on aviation, and the entire industry is in the midst of a sweeping transformation process. In this context, it is worth noting that sustainability and economic growth are not diametrically opposed. In order to have good growth in the long term, we must manage to transform ourselves into a renewable society. At the same time, we will not be able to achieve such a sweeping transformation without maintaining economic growth since this transformation requires resources, skills and investments. On the other hand, only if growth

is achieved in a sustainable manner will it be possible for this growth to continue and create value over time.

At Swedavia, we work hard to keep our own house in order. In 2019, we continued to reduce our carbon dioxide emissions, and our target is zero emissions of fossil carbon dioxide from our own operations by the end of 2020. At the end of 2019, three of our airports were fossil-free, and by the end of 2020, all ten of our airports will be fossil-free, which will make us the only airport operator in the world to do so. By 2025, planes that land at and take off from our airports will refuel using 5 per cent sustainable aviation fuel, which is in line with the Swedish aviation industry's roadmap to being fossil-free.

To stimulate demand for sustainable aviation fuel and show that it is possible

to fly sustainably even today, in 2019 we purchased 450 tonnes of renewable fuel to cover the amount used for our own air travel for business purposes. In conjunction with last year's joint procurement for 2020 delivery, we also chose to invite other organisations and public authorities to do the same. For the 2020 public tender for fuel, the Swedish emergency assistance services company SOS Alarm, the alcohol retailer Systembolaget and the Swedish coalition for decarbonisation the 2030 Secretariat also took part, which we are pleased about. For the next public tender, our hope is that other organisations will join us.

Collaboration necessary

One dilemma in aviation's drive to reduce its climate impact is limited access to renewable fuel. Sweden is a country rich in forests, and by-products from forestry, saw mills and the paper industry constitute raw materials for domestic production of renewable fuels. However, this requires increased demand in order to bring about large-scale production of sustainable aviation fuel. At Swedavia, we would really like to see more robust financial support to stimulate investments in larger commercial facilities for producing renewable fuel. Our proposal is a reduction quota scheme, also recommended by the Swedish Government's bio jet fuel inquiry, which by creating significant long-term demand would stimulate renewable fuel production. Swedavia has also begun preparations so that the first electric-powered aircraft for commercial use can be placed in service for Swedish domestic air travel, perhaps by as early as 2025 and beyond. The industry's transformation to fossil-free operations is both necessary and possible but will require broad collaboration across industries as well as between business and government. At Swedavia, we look forward to being part of this historic journey.

Access and capacity enhancement investments

Swedavia's task is to create and enable access. The range of direct routes available is a vital competitive advantage for a region or country and is often crucial to where a company chooses to locate its main office, for example. After numerous

years of successfully enhancing international access at Stockholm Arlanda Airport, a number of airlines started to reduce capacity in 2019. The suspension and relocation of several important intercontinental direct routes from Sweden were announced or implemented. However, during the year we also got the go-ahead for a direct route to Tokyo, which will be launched just in time for the 2020 Summer Olympic Games. This route has long been sought by Swedish export companies and will strengthen the Swedish tourism industry.

We are developing our airports in order to meet future needs and to address the capacity shortage after many years of increased passenger volume. At Stockholm Arlanda Airport, a new airport maintenance area, the size of 40 football pitches, was inaugurated during the year. Decisions were also made on building a new pier with additional gates as well as new spaces for a central security checkpoint and a marketplace for shopping and restaurants. Property development has gone as planned, with new tenants moving into the Office One complex and construction of the new Comfort Hotel.

Göteborg Landvetter Airport is one of Swedavia's airports that saw an increase in international passengers in 2019 and a number of additional routes to destinations such as Lyon, Marseille, Budapest and Turin. The airport is also being expanded with the addition of three new gates connected to the southern part of the airport, which will be inaugurated in 2020. In the northern part of the airport, a new hotel and a new baggage sorting facility with upgraded baggage x-ray equipment will be built.

At Bromma Stockholm Airport, we are seeing the completion of modernisation work. During the autumn, the new departure hall was finished, and we have already seen one effect of this, increased passenger satisfaction, which generally holds for a number of Swedavia's airports.

Better efficiency and lower costs

Based on the prevailing market situation with fewer passengers, in 2019 Swedavia carried out a cost reduction and change programme, with necessary measures including the lay-off of 125 employees. We are also working full out with changes

aimed at making operations more efficient and shifting to a more process-oriented way of working with an even clearer focus on customers. We anticipate the effects will be higher customer and passenger satisfaction, quality and efficiency. Even now, we can see daily effects of our change work, which is gratifying.

Aviation and airport safety and security are our highest priority. Incidents in recent years – for example, accidents with a newly developed aircraft type – have a major impact on how people view our industry. It takes a long time to build trust but just moments to destroy it.

The start of 2020 has been dominated by the COVID-19 coronavirus. We are following developments closely – both from an infectious disease control perspective and from the impact of the situation on traffic and travel patterns – and have preparations in place to take necessary measures.

Alongside aviation safety and security, the workplace environment is one of the issues I am most passionate about. It is important that we feel good on the job, which also has a direct impact on how satisfied our customers are with us.

Similarly from a recruitment perspective, job satisfaction, diversity and engagement are crucial. If we are to succeed in attracting the best employees, we must have a good workplace environment, both physically and psychologically. Having a clear goal in what we want to achieve for society is increasingly important when young people today choose where they want to invest their future. At Swedavia, we enable people to meet, and it is a pleasure to work in operations that are so vital to our country and to us as individuals.

Into the future with air travel

Finally, I would like to spotlight the great skills and wonderful engagement we have in our organisation. Together we work every day to give people the opportunity to meet. We help create prosperity and a sustainable aviation industry that is showing the way to the future.

Stockholm, March 2020

Jonas Abrahamsson
President and CEO

A business in continuous change

The aviation industry faces challenges with climate change, the switch to fossil-free jet fuel and economic fluctuations. At the same time, the world's population and the need to travel to different parts of the world are growing. The industry is working tirelessly with these issues to find sustainable solutions for the future.

The earth's population has increased exponentially over the past century, and in a few decades the global population is expected to reach ten billion. Economic prosperity has also grown in step with great technological advances. This has created conditions for many more people to quickly move between continents and see the world. Air travel has changed our view of distances in the world, and there are scarcely any places on the map that can no longer be reached. Today travel is not a matter of class; 25 per cent of our international passengers travel to meet family and friends.

To ensure that there is an opportunity to travel in the longer term, the aviation industry needs to address a number of challenges. The industry's impact on climate change is one of the greatest. Fluctuating oil prices, geopolitical conflicts, terrorism, pandemics and cybercrime are other challenges. Increased protectionism, with more closed borders and import tariffs, is advocated by more and more countries.

Exchange rates have a strong impact on both people's desire to travel and airlines' profitability. Many airlines are exposed to the US dollar so when the Swedish krona, for instance, weakens we travel less, which entails a risk that these companies will invest in other markets.

Increased capacity needed

The aviation industry as such has its own drivers, which are changing the playing field for the industry. For example, the business model of low cost carriers – giving customers the choice of opting in or out on services – has changed the aviation market fundamentally. Network airlines are now starting to follow this practice, charging for baggage and the like.

In 2019, Swedavia saw a decrease in demand for flights, especially in domestic traffic. Globally and in Europe, traffic remained strong, but a slowdown was seen at the end of the year. In Scandinavia, the traffic

trend was somewhat weaker. As for international traffic, foreign visitors continued to show increased interest in travelling to Sweden, thus making a significant contribution to the tourism industry.

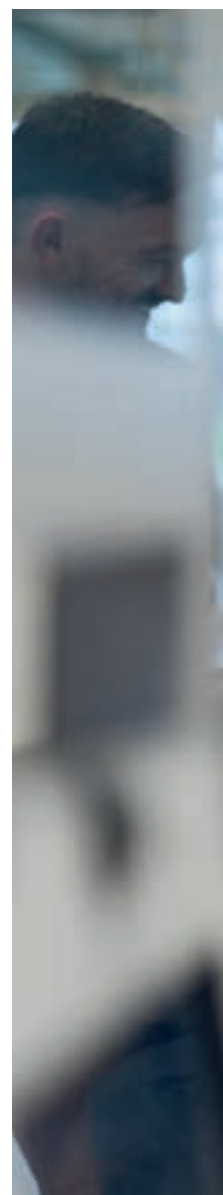
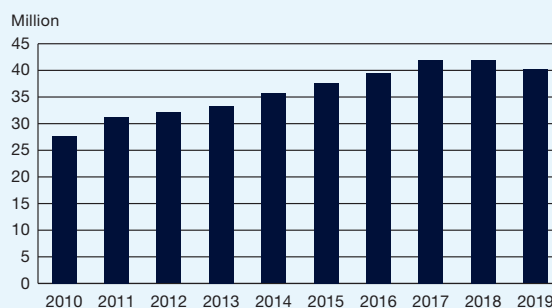
For a number of years, Swedavia has needed to enhance its airport capacity and make major investments to maintain competitiveness and to do this in a sustainable manner. Work is also under way at other large international airports to enhance capacity. Investments in the neighbouring Nordic countries have progressed further, which also means that some international direct routes have been moved there.

According to Swedish Transport Agency forecasts, growth is expected mainly in leisure travel, and destinations in Europe are most attractive to Swedish passengers. Internationally, passenger numbers from emerging markets such as China and India are growing quickly – although this still involves relatively small volumes.

There are a number of reasons for the weaker passenger trend in Sweden compared to other markets in Europe and Scandinavia. The climate debate began earlier in Sweden, and the aviation industry sees a great challenge in both reducing its carbon dioxide emissions and handling the expected increase

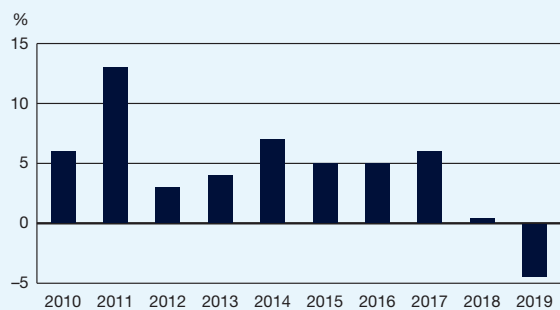
“Domestic air travel shall be fossil-free by 2030 at the latest”

NUMBER OF PASSENGERS AT SWEDAVIA'S AIRPORTS

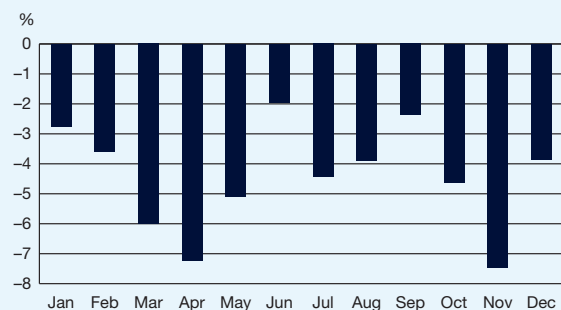




PASSENGER TREND AT SWEDAVIA'S AIRPORTS



PASSENGER TREND BY MONTH, 2019, AT SWEDAVIA'S AIRPORTS



in passenger volume. This has affected demand mainly on shorter domestic routes, with more and more companies and other organisations introducing travel policies that favour other transport modes. In an increasingly digitised world, other forms of meeting are also available and chosen to an increasing extent.

An uncertain economic outlook and a weaker Swedish krona have also affected demand. These factors have contributed to airlines choosing to invest in other markets to a greater extent and to reduced capacity in Sweden. In the long term, there is a risk that this will have consequences for access within Sweden but also to and from the country.

There are calls for an EU-wide aviation tax, like the tax introduced in Sweden in 2018. Aviation taxes are controversial. Some people argue that it is a good way to limit air travel while others believe it has no effect and is counterproductive. In Denmark and Finland, there is no aviation tax, while the tax is far higher in Sweden for some kinds of traffic compared to Norway.

Electric aircraft and biofuel

The aviation industry's own position is that emissions must be reduced, and not air travel, with all of its benefits to society. Person-to-person meetings are still important, while more and more people also live, study and work in places where they were not born. In this context, aviation plays a major role.

The work now continues with the roadmap developed by the Swedish aviation industry under the scope of the Government's Fossil-Free Sweden initiative. Two of the important measures to reduce carbon dioxide emissions are electrified aircraft and a large-scale switch to biofuels. The first target is for Swedish domestic air travel to be fossil-free by 2030 at the latest. The second target is for all Swedish air travel to be fossil-free by 2045 at the latest.

There are also measures in the aviation industry's roadmap for energy efficiency improvements and electrification. Among other moves, the airports must be prepared with the necessary infrastructure to charge aircraft and a power supply sufficient to handle the electric aircraft of the future.

Opportunities and challenges

- In global terms, air travel is on the rise, which in the long term means a growing business.
- The climate change debate has had an impact on travel behaviour, but both electric aircraft and more large-scale production of biofuels are within reach. Older aircraft are also being replaced with new, more energy-efficient models.
- New technology through digitisation and automation is making air travel more fuel-efficient, which reduces emissions.
- Terrorist acts and armed conflicts can affect air travel. Terrorist acts have a devastating effect mainly on loved ones and can also affect airlines. Armed conflicts can have more long-term consequences for destinations.
- Extreme weather is increasingly common and affects airports. It becomes harder to take off and land, and communications systems can be affected.

Digitisation, automation and collaboration

New technology creates many opportunities to make travel more attractive. With digital services, it is possible to acquire detailed knowledge about passengers' travel and spending habits, which means simple methods are needed to get consent to store data.

Digitisation and automation are a priority material issue for Swedavia. The company is working on a number of different initiatives. Rapid advances are being made in artificial intelligence (AI), and in the future robots and biometric-based services will be taken for granted as being part of the airport environment. Among other things, robots will be able to guide passengers to the right gate and take care of baggage. Biometrics will provide new methods, for instance, in order to rapidly identify people.

At the end of 2018, Swedavia launched its AI-based chatbot, Swea, which can be accessed on the company's website, Facebook and Messenger. Swea can answer questions about arrival times, baggage, the range of services available at the airports and more.

Airlines and airport operators need to collaborate in different ways. When travel and cargo patterns change, airlines must be able to adjust quickly. They then depend on the airports being able to contribute, for example, by changing infrastructure and keeping airport changes at competitive levels.



User-friendly. The Swea AI chatbot answers questions around the clock about arrival times, queue times at the security checkpoint, and which restaurants serve vegan food. This is one example of how Swedavia's innovation and digitisation work creates better customer experiences. Swea was launched in late 2018.

Today airports and airlines can share information amongst themselves in real time. That provides benefits such as more efficient approaches and departures and shorter waiting times at the gate. Improved efficiency also helps to reduce fuel use, which in turn reduces aviation's climate impact. Another context in which collaboration is crucial is in airport refurbishment work, so that passengers have as smooth and easy a journey as possible.

Fossil-free air travel within reach

Access to sustainable aviation fuel is a challenge for aviation's transformation, but production is set to accelerate. Swedavia is a driver of this transformation in various ways and in 2019 began to prepare its airports for electric aircraft.

In terms of surface area, Sweden is the third largest country in Europe. Its topography is also special, which makes it difficult to quickly get from the north to the south by any other transport mode than by air.

Sweden is also an export-dependent country that, despite its small population, has had a relatively large impact on the rest of the world. High-quality industrial production along with innovation, design, music and fashion has

put the country on the map. In order to remain innovative and successful, people who live in Sweden need to be close to other countries and cultures. At the same time, it also has to be easy for foreign visitors to get to Sweden. Most foreign visitors who travel to Sweden arrive by air. Aviation plays a critical role in the country's competitiveness and regional development – it is a matter of contributing to employment and economic growth. Each year, foreign visi-

tors generate nearly 150 billion kronor in revenue in Sweden.

Reduced emissions through innovation

Air transport also has a downside. Exhaust gases from fossil fuel account for around 2 per cent of global carbon dioxide emissions.

In Sweden, domestic air transport accounts for 1 per cent of carbon dioxide emissions while international air trans-



port accounts for about 4 per cent¹. The aviation industry is in an intensive, innovative phase in which large sums are being invested to reduce emissions. The work has been successful, reducing emissions per passenger-mile sharply in recent years. The new aircraft placed in service today consume 20 per cent less fuel than those being replaced, which also reduces carbon dioxide to a similar degree². In addition to the climate impact from carbon dioxide, air travel also has an effect from emissions at high altitude. Usually, the total climate impact of air travel is estimated to be twice as large as its carbon dioxide emissions. Work is under way to reduce these effects through flight operating procedures and new engines. Other measures to reduce fuel use involve methods to fly straighter paths and have lighter loads on board.

Fossil fuel is being phased out

The use of non-fossil fuels enables a reduction in carbon dioxide emissions of more than 80 per cent. Renewable fuels are therefore one of the most important keys in reducing the climate impact of aviation. However, there is as yet no large-scale production of biofuel in Sweden. Swedavia believes policy instruments are needed to get production up and running in earnest. One example of a better alternative to the current national aviation tax is a statutory reduction quota scheme, which requires some percentage of fuel to be renewable. According to the proposal put forward by the Swedish Government's inquiry on biofuel, at least 30 per cent of fuel used for domestic air travel shall be renewable by 2030 at the latest. Fossil jet fuel shall be completely phased out in Sweden by 2045.

"In 2019, a number of airlines in the Swedish market rejuvenated their aircraft fleet, which helped reduce both emissions and noise"

Electric-powered aircraft are making considerable advances. Manufacturers in Sweden anticipate that they will be able to sell their first electric aircraft for passenger traffic, with seating capacity of about 20, by as early as 2025.³

Swedavia's contribution

Swedavia has ambitious goals for the company's climate impact. By the end of 2020, its own operations shall have zero fossil carbon dioxide emissions, and by 2025, 5 per cent of the fuel used for refuelling aircraft in Sweden shall be renewable. The next goal for Swedavia is totally fossil-free domestic air travel by 2030.

During the year, Swedavia carried out a joint public tender that will enable the Swedish organisations Systembolaget, SOS Alarm and the 2030 Sekretariat to fly fossil-free by purchasing sustainable aviation fuel, something Swedavia already does to offset the amount of fuel used for its flights for business purposes.

A strategic approach for how the company will contribute to the electrification of Sweden's aircraft fleet was prepared during the year. Concrete measures have been launched, including the mapping of the power supply at its airports to ensure that the electricity needed is available when the aircraft of

the future charge their batteries.

Swedavia is also a partner in the EU Green Flyway project. Under the scope of the project, Åre Östersund Airport will be prepared as a test airport for electrified aircraft. The goal is to create a venue to test-fly electric aircraft and drones in airspace between Östersund and Trondheim, Norway. Testing will be carried out in partnership with a number of stakeholders in Sweden and Norway.

What the industry is doing

Climate impact is an issue at the top of the aviation industry's agenda. In Sweden, stakeholders in the industry are working actively to transform operations, with developments taking place mainly in three areas: energy improvement measures, fossil-free fuel and electrification.

Energy improvement measures are carried out on an ongoing basis through the optimisation and renewal of the aircraft fleet and through more efficient ways of flying to save fuel and reduce emissions. In 2019, a number of airlines in the Swedish market rejuvenated their aircraft fleet, which helped reduce both emissions and noise.

As for fuel, the industry is working to increase the use of sustainable alternatives and to get large-scale Swedish pro-



duction of fossil-free fuel up and running. In Sweden, we have great potential to use by-products from our forest industry. Today sustainable aviation fuel is produced primarily from materials such as used cooking oil and slaughterhouse waste. In Sweden and in other Nordic countries, a number of biofuel refineries are being planned, and the aviation industry is working to ensure that a share of this production goes to air transport.

In electrification, important progress was made during the past year. Among other contributions, Sweden was a driver in forming the Nordic Network for Electric Aviation (NEA) with the aim of coordinating the development of electric aviation in the Nordic countries. In addition, a number of Swedish companies in both the aviation and energy sectors also launched measures to promote electric air transport.

Another development during the year was the move by Swedavia, RISE Research Institutes of Sweden and Scandinavian Airlines (SAS) to establish the innovation cluster Fossil-Free Air Transport 2045. The idea is to carry out joint efforts to achieve the goal of fossil-free air transport in Sweden by 2045. The work will include finding new business models and speeding up the development of electric aviation and the production of biofuel.

For example, Braathens Regional Airlines (BRA) and SAS offer their customers the option of paying an additional cost for biofuel corresponding to the amount of fuel used for their flights.

Political will to change

During the year, the Swedish Government's inquiry on bio jet fuel presented its findings along with a proposed reduction quota scheme for air transport.

2%

aviation's share of global carbon dioxide emissions.

Aviation and carbon dioxide:

- 15.5 million – the number of tonnes of carbon dioxide equivalents that Swedish domestic road traffic emits annually. Maritime transport emits the equivalent of 312,000 tonnes and rail transport emits 40,000 tonnes.
- 0.5 million – the number of tonnes of carbon dioxide equivalents that Swedish domestic air transport emits annually.
- 2.8 million – the number of tonnes of carbon dioxide equivalents that international air transport emits in Sweden annually.
- Air traffic at high altitudes has a greater climate impact than that flying at lower altitudes. This means that a large part of Sweden's domestic air transport does not have any climate impact apart from carbon dioxide emissions⁴.

80%

how much more fuel-efficient air travel has become over the past 50 years.

Another inquiry to examine what the conditions are like for investment and production support for large-scale biofuel production was also proposed. Funds have likewise been allocated for continued research, development and feasibility studies for the production of biofuel. A climate policy action plan was presented by the Government in late December.

One policy proposal during the year was to give priority to the public sector to some extent in purchasing fossil-free fuel. An investigation was also launched to study the structure of charges in aviation linked to emissions.

Sources:

- 1 Swedish Environmental Protection Agency
- 2 Airbus, Boeing and others
- 3 Heart Aerospace
- 4 Swedish Energy Agency

100%

2030

Swedish domestic air travel shall be fossil-free*.

100%

2045

All Swedish air travel, domestic and international, shall be fossil-free*.

* According to the trade association the Swedish Air Transport Society's roadmap.

Access, employment and trade – Swedavia creates benefits on numerous levels

Swedavia's main task is to create access – within Sweden well as to and from the country.

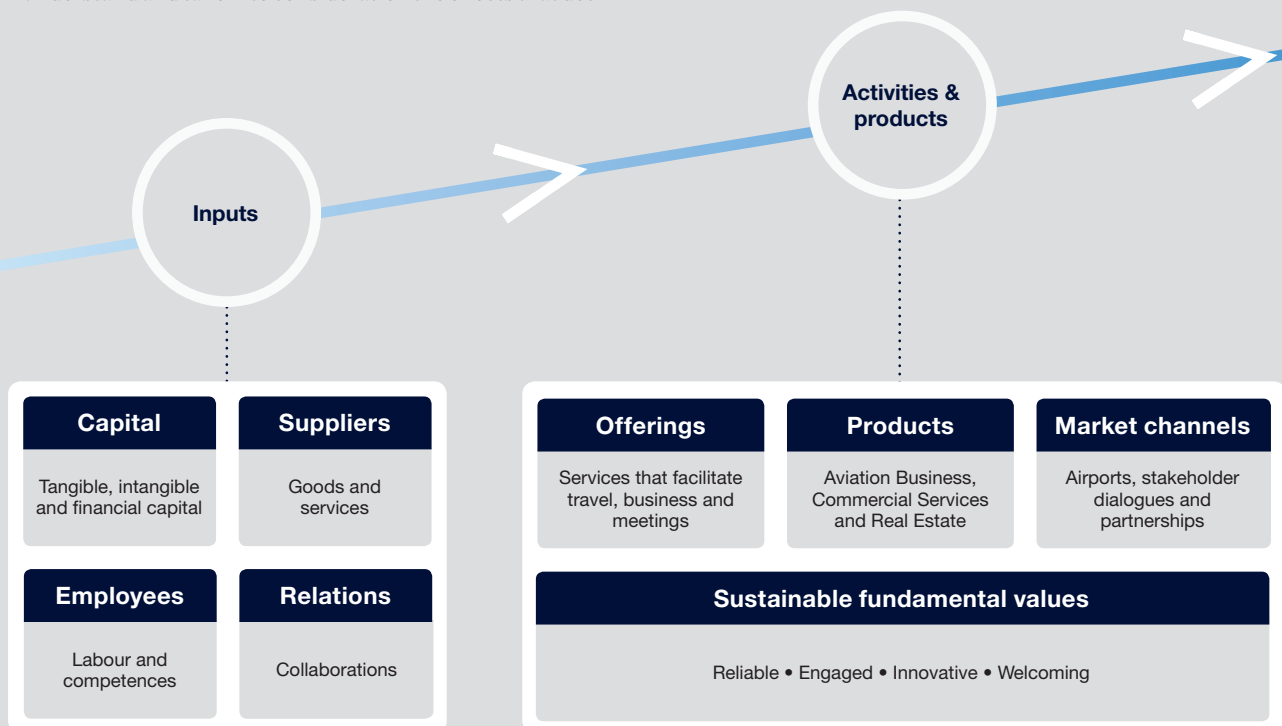
Growth and business opportunities are created through the company's operations. Swedavia contributes to employment, tax revenue, diversity, and the exchange of culture and knowledge for its stakeholders. Furthermore, Swedavia plays an active role in developing the Swedish transport sector and contributes to Sweden achieving its transport policy goals. This produces positive effects for all of Swedish society – locally, regionally and nationally, for companies, other organisations and individuals.

As a State-owned company, Swedavia shall be a role model in sustainable development. That means it is important to understand and take into consideration the effects that deci-

sions and activities have in the company's value chain and on stakeholders.

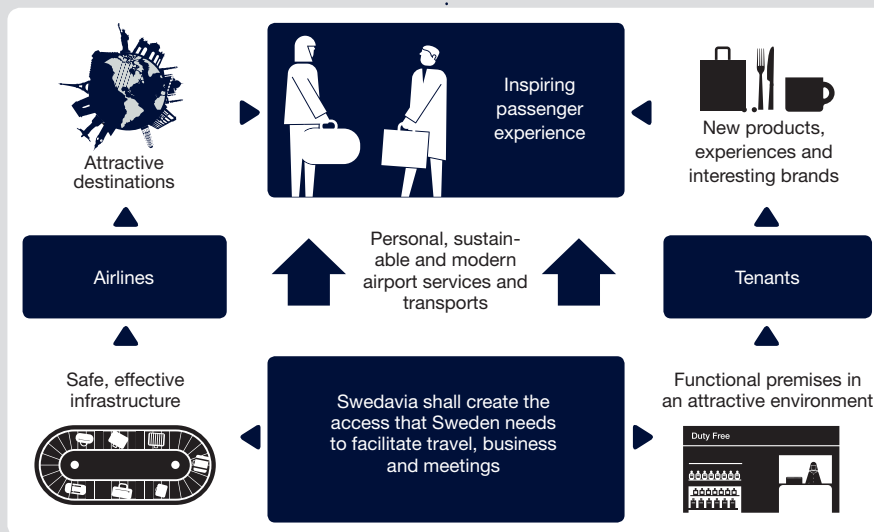
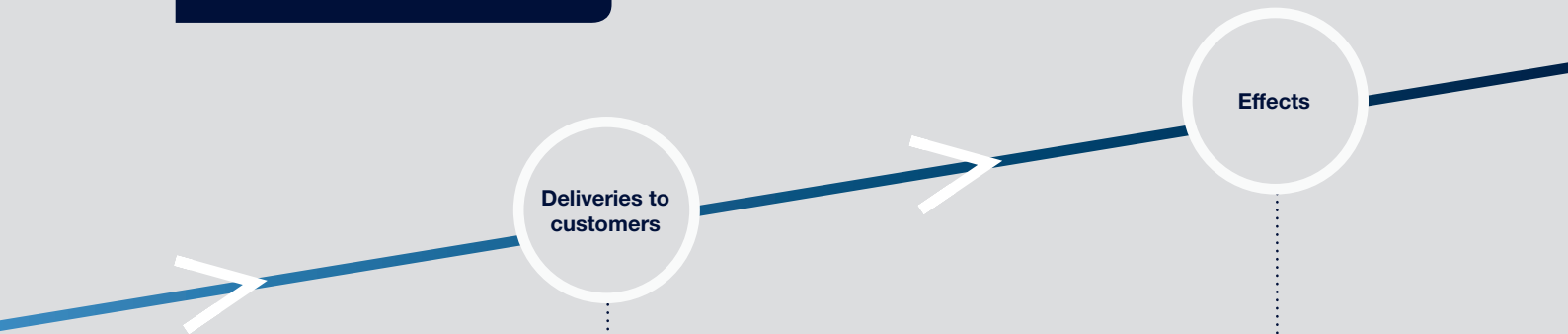
Swedavia's operations give rise to an environmental impact to some extent. For long-term, sustainable profitability, Swedavia invests in measures to reduce its noise impact, improve energy efficiency, reduce fossil carbon dioxide emissions and make other environmental improvements. At the same time, the company supports the industry's climate change adaptation, for example by working to increase the use of biofuels and create opportunities for the electrical air transport of the future.

OPERATIONS



“Aviation is of great importance to Sweden’s economy and competitiveness and plays a vital role in meeting the needs of people and business for long-distance travel and transport, both domestic and international.”

Excerpt from the Swedish Government’s aviation strategy, 2017



Effects

Effects

- + Access
- + Employment
- + Tax revenue
- + Business opportunities
- + Exchange of culture and knowledge
- + Diversity
- Environmental impact

Swedavia's resources

Relational capital

40.2 million passengers and relations with customers, tenants, suppliers, partners and decision-makers. Swedavia has more than 388 million visitors at swedavia.se annually and more than 190,000 followers on social media.

Human capital

Swedavia's engaged, skilled employees help to provide customers with a better experience.



Tangible and intangible capital

Ten airports that are included in Sweden's national basic infrastructure. Buildings and land adjacent to the airports.

Financial capital

Own and borrowed capital.

Operations and business model

Swedavia's vision

Swedavia develops the airports of the future and creates sustainable growth for Sweden.

Swedavia's business model

Swedavia's role is to create the access Sweden needs to facilitate travel, business and meetings – in Sweden as well as elsewhere in Europe and the rest of the world. Safety, security and sustainable development with a focus on customers are the foundation of everything Swedavia does, both in its own operations and in society in general. Operations are run based on sound business principles, and the company shall build a long-term sustainable business through development, planning and operational efficiency.

Swedavia's fundamental values shall be integral to all stakeholder relations. This means Swedavia shall be reliable, engaged, innovative and welcoming. Based on customer needs and working from these fundamental values and its different inputs, Swedavia creates products and offerings in its Aviation Business, Commercial Services and Real Estate business segments.



What Swedavia offers

Together with its partners, Swedavia offers the opportunity to travel to attractive destinations, within Sweden's borders and beyond.

**Increased
access**

**Safe, effective
infrastructure**

**Attractive
environments for
people to meet in**

**Functional
premises**

**Personal,
sustainable
airport services,
experiences
and transport**

Value for stakeholders

Owner

- Profit for the year SEK 583 M
- Return on operating capital 4.6%
- International role model in sustainability
- Contributes to Sweden achieving its transport policy goals

4.6 %
return on
operating capital

Suppliers, partners, financiers

- Long-term mutual partnership
- Jobs

Customers

- Attractive airports
- Access
- Smooth, inspiring travel experiences
- Personal meeting places

76 %
satisfied passengers

Employees

- Jobs
- Personal and professional development
- Salaries, pensions and benefits

65 %
engaged
employees*

* Measurement made in 2018.

Society

- Access within Sweden as well as to and from the country
- Employment and business opportunities
- Tax revenue
- Diversity
- Exchange of culture and knowledge

Environment

- Contributes to fossil-free aviation by driving the large-scale transformation of the industry
- World leader in developing airports with the least possible climate impact

0.3 tonnes
emissions of
fossil carbon dioxide

0.14 %
sustainable aviation fuel

Sustainable growth with a focus on the customer at every level

Swedavia shall be an international role model in sustainability. This will be done by integrating social, economic and environmental aspects in its day-to-day work with a focus on the customer. Swedavia's materiality analysis, together with the company's strategic sustainability plan, constitutes the basis of its sustainability work.

The basis of Swedavia's materiality analysis is continuous business intelligence, stakeholder dialogues and analysis of the impact of its operations on people, the environment and the economy. Swedavia has defined five important areas that affect the industry. We take these five trend themes into consideration, further develop ourselves with them and benefit from them.

In order to develop the airports of the future and create sustainable growth, Swedavia maintains an ongoing dialogue with stakeholders that affect or are affected by the company's operations. The main stakeholders are customers, the owner, Swedavia's own organisation, suppliers, legislators and non-governmental organisations (NGOs) as well as society in general – regionally

and locally in the form of the airports' neighbours. Dialogues are carried out on a continuous basis in order to understand how stakeholders view Swedavia's impact, and what expectations they have of the company's sustainability work. Swedavia's business is developed and improved together with its stakeholders.

Swedavia's strategic sustainability plan

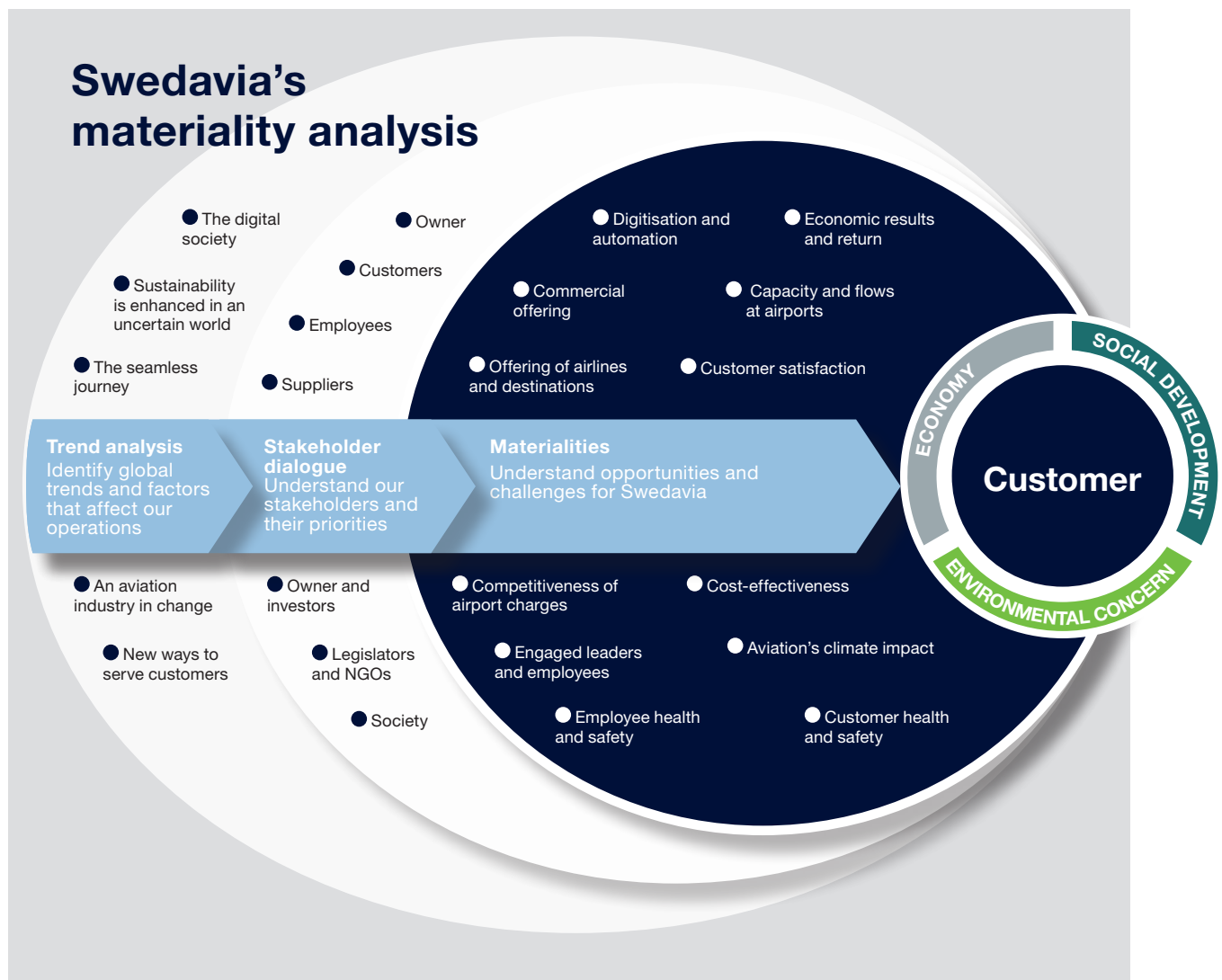
Swedavia's materiality analysis is an important tool and serves as the basis of its strategic sustainability plan. This contains a description of the company's objectives, targets and strategies. The overall objectives in the sustainability plan, which is based on the priority material issues, are broken down each year in the organisation's business and operational plans. This strategic focus is thus integral to governance, all the way from long-term plans to employees' day-to-day work. Results are measured and monitored on a quarterly basis by the executive management and Board of Directors. In 2019, an updated detailed materiality analysis was carried out, which involved in-depth interviews with external and internal stakeholders. This update will be integrated in the strategic sustainability plan and business plans in effect as of 2021. The priority material issues are reviewed annually in order to address any significant changes in stakeholder needs.

Governance and communication

In its Annual and Sustainability Report, Swedavia presents the highest priority



Swedavia's materiality analysis



material issues in four areas – customer, environmental concern, economy and social development. Other material issues are addressed, as needed, through ongoing business planning. Governance of Swedavia's priority material issues is done through fundamental governing documents in the form of policies that lay out Swedavia's approach at an overall level in a given area. Swedavia's management systems support the work in quality, aviation safety and security, the environment, the workplace environment and information security for a number of the company's most important issues.

Swedavia's governance and commu-

“Swedavia's model for sustainable development is the basis of operations for achieving the company's objectives”

nication are based on sustainable development at every level with a focus on the customer. In order to justify Swedavia's growth and development, work is needed in operations close to the customer and in the three sustainability dimensions social development, econ-

omy and environmental concern. Swedavia's model for sustainable development is the basis of operations for achieving the company's objectives. The model shows how the company takes customers and every sustainability dimension into consideration.

Priority material issues

Swedavia has chosen to divide its priority material issues into four areas – customer, environmental concern, sustainable economy and social development.

Customer



Customer satisfaction

Swedavia offers customers a combination of infrastructure and services. To achieve long-term sustainable operations, a clear focus on the customer is required. Customer satisfaction is measured on a continuous basis since the customer is the heart of sustainable development.

For passengers, the most important issues concern atmosphere, customer service, cleanliness and attractive commercial offerings. For airlines, they are competitive airport charges, efficient processes and well-functioning infrastructure. For tenants, premises, service and rents are especially important.

Digitisation and automation

New technology allows potential for increased efficiency and automation of operations and processes, something that customers assume Swedavia is working with. The development of Swedavia's business and business-mindedness is carried out by digitising and automating processes and flows. As a result, operating and commercial capacity is built to meet customer demand.

Capacity and flows at airports

Having sufficient capacity is important to meet the need for flights today and in the future and to contribute to Sweden's development.

Swedavia's stakeholders expect the company to work with punctuality since this is a key aspect in choosing transport modes. Punctuality at the airports is one indicator of capacity. Capacity is determined in part by infrastructure and environmental permits as well as by the airports' operational capability.

Range of routes and destinations

Good access is important to Swedavia's customers and other stakeholders. Airlines are essential to operations. This has an impact on airport operations since Swedavia must provide good services at the right price, develop the market, be attractive and work together with partners to ensure access and the range of destinations available.

Environmental concern



Aviation's climate impact

As an airport operator, Swedavia is responsible for a small share of the aviation industry's overall environmental impact. This is mostly in the form of emissions of fossil carbon dioxide from its own operations.

Swedavia can help reduce this environmental impact by setting requirements in public tenders, for example, for energy, propellants and vehicles as well as for suppliers in construction processes.

By working for a switch to sustainable aviation fuel and contributing to industry-related research and development, for example in electric aviation, the company can also contribute to sustainable development in the aviation industry in general.

“Swedavia contributes to sustainable development in the aviation industry”

Economy



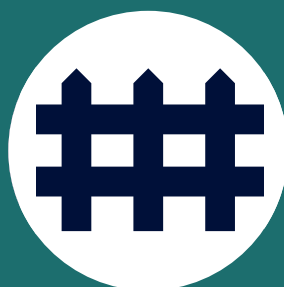
Long-term profitability

In order to fund investments in capacity enhancement measures, maintain competitive airport charges and achieve financial targets, long-term profitability is necessary.

Profits and returns shall be in line with the owner's targets. Sources of income are mainly airport charges, revenue from commercial operations and rental income. Through an attractive range of services, competitive airport charges and cost-effectiveness, conditions are created for Swedavia being a role model in sustainable business operations that our stakeholders expect.

“Long-term profitability enables continued investments”

Social development



Engaged leaders and employees

The aim is an engaging corporate culture based on clear ethical guidelines and where employees are given an opportunity to develop in an inclusive environment. Differences are considered to be an asset, and Swedavia works actively to prevent and fight discrimination. Everyone's equal rights and opportunities are to be promoted in order to achieve an inclusive culture. Gender equality and diversity contribute to increased innovation, customer insight, a stronger brand and enhanced competitiveness. Engaged leaders and employees are the basis of Swedavia's development as a sustainable company.

Employee health and safety

Swedavia shall provide a healthy, safe and secure workplace environment, respect for human rights and good occupational conditions. The company's proactive and systematic work with the workplace environment creates the conditions needed for employees to carry out their tasks and reach their goals in a healthy, safe manner. The impact is from all employees who work at the company, which includes employees of building contractors and other contractors involved in projects.

Customer health and safety

Airport operations have the highest priority and affect all operations and many different stakeholders, not just those who work at and in the vicinity of the airports. A high level of safety and security contributes to safe, secure passengers and a positive travel experience. Swedavia carries out work in both aviation safety and aviation security.

Growth engine and international role model in sustainability

Based on its materiality analysis and business approach, Swedavia has defined a number of sustainability targets. All the target areas ultimately depend on one another.

One essential requirement for high customer satisfaction is engaged leaders and employees. That has a positive effect on Swedavia's income. Income streams, in turn, are vital to Swedavia's return target and its capability to continue investing in measures that produce even more satisfied customers and help to reduce its environmental impact.

Engaged leaders and employees

By having an inclusive corporate culture based on ethical guidelines and values, Swedavia develops the airports of the future and enables people to meet. The metric engaged leaders and employees is measured every two years as of 2018, when the actual figure was 65 per cent. Since 2019, pulse measurements are taken among employees every two months.

Customer satisfaction, passengers

After having previously measured customer satisfaction among different customer groups using different methods, in 2019 the company developed a new way to measure their experience. In 2020, this method will be implemented in all operations.

The target for satisfied passengers in 2025 is 85 per cent. Customer satisfaction in 2019 was 76 per cent (74), with the target being 75 per cent. Better service and experienced waiting time were two factors contributing to the improvement over 2018. The long-term target will be achieved by working with a focus on the customer, which entails a systematic way of working, and with the customer journey, which involves customers in the development of existing and new solutions.

Return on operating capital

In addition to the long-term return target of 6 per cent annually, Swedavia's owner has adopted a debt/equity ratio equal to 0.7–1.5 times as its capital structure target as well as a dividend payout policy. The normal dividend shall be between 10 and 50 per cent of profit after tax. Annual dividend decisions shall take into account the company's operations, implementation of the company's strategy and its financial position. Particular consideration shall be given to the company's assessed ability to achieve its capital structure target.

The owner has also entrusted Swedavia with the task of helping Sweden achieve the transport policy goals set by the Swedish parliament.

Return on operating capital in 2019 was 4.6 per cent.

Own emissions of fossil carbon dioxide





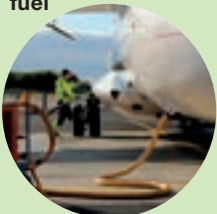
The target is to have no emissions of fossil carbon dioxide from the company's own airport operations after the end of 2020. Fossil carbon dioxide emissions from Swedavia's own operations in 2019 totalled 316 tonnes.

Increased share of sustainable aviation fuel

One of a number of conditions required for aviation to achieve its goal of Swedish fossil-free air transport by 2045 is to replace fossil jet fuel with sustainable fuel. Another is to create the conditions needed for infrastructure to handle electric air aircraft. Swedavia's target is for 5 per cent of all jet fuel for refuelling aircraft in Sweden to be sustainable by 2025. The share of sustainable aviation fuel in 2019 was 0.14 per cent.



Swedavia's sustainability targets

Area	Target	Actual, 2015–2019
Engaged leaders and employees 	75% (2025)	<p>Actual, %</p> <p>* Starting in 2019, pulse measurements are taken every two months. A full-scale survey is carried out every two years, and the next one will be in 2020.</p>
Satisfied passengers 	85% (2025)	<p>Actual, %</p>
Return on operating capital 	6% (annually)	<p>Actual, %</p>
Fossil carbon dioxide emissions 	0 tonnes (2020) The target is zero emissions by the end of 2020.	<p>Actual, kilotonnes</p>
Sustainable aviation fuel 	5% (2025)	<p>Actual, %</p> <p>The target for sustainable aviation fuel was set in 2019, which is why no previous measurements were taken</p>

Indicators for the owner

Mission targets/indicators

- **Satisfied passengers**
76% (74%)
- **Number of passengers domestic/international**
12.4 million/27.8 million
(13.5 million/28.5 million)
- **Number of international destinations**
314 (324)
- **Carbon footprint, tonnes***
506,000 (528,000) **
- **Number of accidents and serious incidents**
Accidents 2 (1)
Serious incidents 1 (2)

* The mission target for carbon footprint. Read more on page 137

** Footprint per airport, which includes ground transport and air traffic; reported on pages 58–59

Economic targets

- **Capital structure**
Debt/equity ratio 0.7–1.5 times
- **Profitability**
6% return on operating capital
- **Dividend payout ratio*****
10–50%

*** Pertains to the dividend payout ratio under the new dividend policy adopted at the Annual General Meeting 2019

Five strategies to achieve its goals

Based on its strategic materiality analysis, Swedavia has formulated five strategies that shall help the company to reach all of its targets.

Commercial excellence

Swedavia's operations enable the establishment of attractive air links and create an innovative customer offering in retail, services and property. This is done by understanding the customer's current and future needs and by safeguarding the ability to offer and deliver competitive products and services that create value for the customer and Swedavia. Continuous assessments are made of the company's core operations and business models. Business is developed through innovation and digitisation.

Swedavia intends to develop new business and revenue models, establish Airport Cities as attractive market-places, adopt methods to enable customer-centred ways of working, strengthen and develop good external relations and communicate Swedavia's performance and success to customers.

Operational excellence

Swedavia's operational strategy is to deliver effective, flexible and automated infrastructure. That means both services and products shall meet customer expectations. This is made possible by optimising the use of available infrastructure and resources, automating processes and flows, and working actively with digitisation and innovative solutions. Swedavia shall work in an efficient, cost-conscious way and continuously improve and develop its delivery and cost-effectiveness. Clearly defined products, services and processes, operationally and commercially, are crucial. Through the process-oriented way of working that has been developed, the focus shall be even more clearly on the customer experience, efficiency, collaboration and a comprehensive approach.



Swedavia is also working to ensure an optimised, clear-cut governance model.

Adjusted capacity

Strategic work for operational excellence is important but also challenging. Some of the airports have capacity limits, but developing the airports of the future enhances both operational and commercial capacity. This enables customer needs of today and tomorrow to be met.

In the company's own operations and through partners and contractors, Swedavia ensures the resources and

skills needed to carry out its development programmes without any workplace accidents, on time and within budget.

Engaging culture

The basis that enables all employees to work together towards and contribute to Swedavia's shared goals is the opportunity to grow and develop in an inclusive environment. Employees shall be offered development opportunities and rights while taking responsibility, fulfilling obligations and acting in accord-



ance with Swedavia's values. Active work with equal treatment and gender equality creates an engaging culture. This ensures inclusiveness and diversity, which contribute to better performance, innovation, a good workplace environment and increased knowledge about customers. An engaging culture also entails building pride in Swedavia and the company's sustainability work.

One condition needed for long-term success is the drive to be an attractive employer that can attract, develop and retain the best employees.

Responsibility for society and people

Swedavia works proactively for safety, security, the environment and the health of customers, employees, contractors and society. Safety and security are fundamental to everything that is done. Resources and energy shall be used responsibly and efficiently, with priority given to the physical and psycho-social workplace.

Swedavia does more than its formal responsibility requires, which serves as

a basis for its ambition to be an international role model in sustainability. This is done through a number of different measures. In 2020, Swedavia shall achieve its zero target for fossil carbon dioxide emissions from its own airport operations and ensure that there is continuous access to sustainable aviation fuel at the airports. Stockholm Arlanda Airport was the first airport in the world to show that it is possible to transport sustainable aviation fuel via regular logistics chains. Swedavia has also identified and implemented initiatives to safeguard and develop the company's business ethics and to further develop risk management and crisis management as well as continuity planning.

In order to assume social and environmental responsibility, Swedavia works, among other things, to heighten the safety and security climate at the airports, enhance its proactive, systematic workplace environment work and switch to climate-smart energy solutions.

Swedavia's supplier work

A well-functioning supply chain is an essential condition in order for Swedavia to carry out and develop operations, which in turn helps the company to reach its goals. It is thus important to understand the supplier's market, the challenges in the areas that Swedavia carries out public tenders in and where the sustainability risks are.

Swedavia works with category-based procurement depending on what the supplier market looks like. The company has 14 main categories with some 90 subcategories and purchasing volume of nearly six billion kronor.

Swedavia has a framework agreement with about 750 of its roughly 4,000 suppliers. The company considers about 75 of them to be strategically important to operations, which is why greater focus is placed on follow-up work for these suppliers.

Following an assessment, 20 were determined to be top risk suppliers from an operational perspective. Swedavia has instituted follow-up work for these, placing great emphasis on sustainability issues with a focus on environmental concern.

In the IT category, Swedavia monitors all strategically important suppliers with specific follow-up meetings on sustainability twice a year. Based on this follow-up, the suppliers work with action plans that Swedavia then monitors. In 2019, Swedavia began to receive support from the Swedish

National Agency for Public Procurement's library of criteria for sustainability requirements in procurement, including regarding social requirements. In the next step, these criteria will be used in the follow-up work.



All business operations are customer-centred

The ultimate focus of Swedavia's business is its customers – passengers, airlines and tenants. Swedavia has two operating segments – **Airport Operations** and **Real Estate**.

In Airport Operations, Swedavia owns, operates and develops its ten airports. In Real Estate, Swedavia owns, develops and administers buildings and land adjacent to its airports.



Swedavia's operating segments



Airport Operations

Owns, operates and develops Sweden's national basic infrastructure of airports across the country

Aviation Business

- Passenger services
- Take-off and landing services
- Security screening
- Terminal and en route services
- Assistance services (PRM)*
- Infrastructure for ground handling services**
- Ground handling services

* People with reduced mobility

** Including baggage handling and refuelling

Commercial Services

- Rental of premises for retail, restaurants, offices, warehousing and logistics
- Car parking & pick up/drop-off facilities
- Advertising, IT and other services

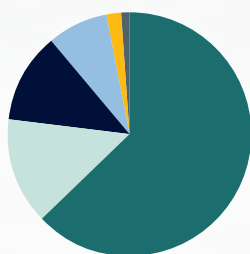
Real Estate

Owns, develops and administers properties

Real Estate

- Owns, develops and administers developable land at and in the vicinity of Swedavia's airports
- Preparations for property development projects for hotels, offices, logistics, retail and more
- Administration and updating of information about properties
- Services in construction project management
- Development of property joint ventures

Revenue,
% of net revenue



- 63% Aviation Business
- 14% Car parking and passenger pick-up/drop-off facilities
- 12% Retail, food & beverage
- 8% Property revenue
- 2% Advertising
- 1% Other commercial services
- 0% Other net revenue

New measurement method provides immediate answers

In 2019, a new way to measure the customer experience started to be rolled out at some airports. Going forward, all customer groups will be measured in the same way, and feedback will be monitored on a continuous basis.

Previously, satisfaction among

Swedavia's different customer groups – passengers, airlines and tenants – was captured using different methods, which made it difficult to compare results. In 2019, a new method started to be used, and going forward the customer experience will be measured in the same way regardless of which group is involved. Specific questions will vary to some extent, but the overall approach will be the same for every group.

During the spring, a pilot test was carried out at Bromma Stockholm Airport, and during the third and fourth quarters

the new measurement method was introduced at Göteborg Landvetter Airport and Bromma Stockholm Airport. In 2020, the method will gradually be used at the other airports as well, and by the end of the year it will be established throughout the company's operations.

With the new tool, it will be possible to see measurement results on a continuous basis. Conclusions can quickly be made about how customers experience the airports, both at an operational and strategic level, and about how this affects their experience. This helps Swedavia to understand its customers' needs and facilitates the development of services and products that enhance the company's offering.

Swedavia has an overall target of 85 per cent customer satisfaction for passengers. With the introduction of the new method, Swedavia will have both an overall target and specific targets for each customer group.

In the air on time

Having flights keep to the schedule is an important goal, and one that is highly valued by passengers. Swedavia has therefore set specific punctuality targets for every airport.

In aviation, punctuality is defined as the aircraft rolling out from the gate – “off block” – within 15 minutes of the scheduled departure time. To achieve this, all of Swedavia's airports have their own targets which are monitored. There is also an overall punctuality target of 85 per cent for all the airports.

In 2019, overall punctuality for domestic and international routes was 80.8 per cent, compared to 76.3 per cent in 2018.

A number of factors affected results during the year. There were never as many weather disruptions in the form of heavy snowfall and thundershowers as in 2019. Reduced traffic volume during the year enabled maintenance of Stockholm

Arlanda's infrastructure, which also contributed to better punctuality.

Eurocontrol has placed great focus on air traffic management over Europe, including by limiting flexibility during the summer months and increasing coordination between different countries to ensure there is shared situation awareness.

For international departures, Swedavia had punctuality of 77 per cent, compared to 72.6 per cent in 2018.

For domestic departures, Swedavia had punctuality of 86.5 per cent, compared to 81.3 per cent in 2018. Domestic traffic is not at all affected by delays due to crowded airspace, which is a common cause in the rest of Europe.

The share of delays that customers consider to be caused by the airports as such decreased in 2019 to 2.8 per cent, compared to 2.9 per cent in 2018. The reason for this is that, during the summer months, Stockholm Arlanda Airport had disruptions with IT equipment at the gates.

Punctuality, %	2019	2018
Domestic	86.5	81.3
International	77.0	72.6
Total	80.8	76.3

Plans in preparation for the future

A long-term perspective is crucial for planning sustainable infrastructure. Swedavia thus works with 50-year master plans. During the year, two of its airports had their plans completed. Swedavia also began to investigate how the airports should prepare for the electrification of aviation.

Along with airport operations as such, the master plans also cover commercial business operations and properties adjacent to the airports. They include no fixed assumptions but should be visionary and make certain that short-term decisions and investments also work from a longer-term perspective.

With a long-term perspective on planning, the airport's different operations can be laid out so that they work both now and in the future. As a result, this

minimises the need to move them, which benefits sustainability.

Long-term forecasts for passenger volumes, among other factors, provide a basis for the plans, and one example of what is taken into consideration is where any expansion should be placed in order to meet future needs. For instance, Swedavia is in the middle of a significant investment phase for a number of its airports, with master plans serving as a basis when preparations for processes were made.

Climate change adaptation and national stakeholders

In 2019, Kiruna Airport and Luleå Airport had their master plans adopted. A decision on the approach for Göteborg Landvetter Airport's master plan was also made, with a recommendation for the development of the terminal to the south and east.

The decision on the approach for Stockholm Arlanda Airport includes terminal expansion at what are now Terminals 2 and 3 as well as a new satellite terminal west of Runway 3 – work that is now being carried out in more detail. To keep up with long-term forecasts, work began on, among other things, an environmental permit in 2021. A new runway is also within the scope of Stockholm Arlanda Airport's master plan.

Swedavia is sometimes asked why London Heathrow can handle nearly



Stockholm Arlanda Airport

500,000 aircraft movements a year on two runways while Stockholm Arlanda Airport, which has about 240,000 movements a year today, is planning for a third parallel runway. There are a number of explanations:

- The number of parallel runways affects capacity, which means that Runway 2 at Stockholm Arlanda Airport does not contribute to the airport's maximum capacity. The new parallel runway planned at Stockholm Arlanda Airport will thus be a third parallel runway. Heathrow, like Stockholm Arlanda Airport, has two parallel runways, and both airports are planning for a future third parallel runway.
- It is not annual volume that limits capacity, but rather the time when the need for capacity is greatest. In a comparison between Heathrow and Stockholm Arlanda Airport, it is clear that Stockholm Arlanda Airport's capacity need is greatest in the morning and afternoon, while Heathrow needs its maximum capacity for a much longer part of the day. London is a destination that passengers choose to fly to regardless of the

time of day. If Stockholm Arlanda Airport reaches its capacity cap and is forced to say no to traffic, most people will choose another airport rather than land at Stockholm Arlanda at another time.

The Swedish Transport Administration is currently involved in identifying areas of national interest for Stockholm Arlanda Airport and Göteborg Landvetter Airport. This entails determining what areas in Sweden should be pro-

tected against operations, which can make it considerably more difficult for the airport to carry out its task.

During the year, work was begun to supplement the master plans with information about how the airports should be modified in the face of climate change. This involves describing what the consequences could be if there is a change in temperatures, wind force and water levels, for example.

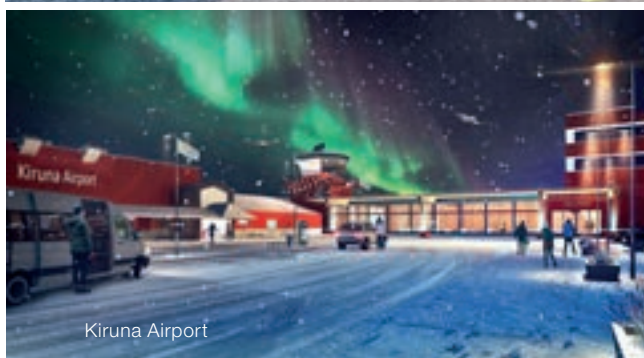
Master plans in brief

- Swedavia has worked with master plans in their present format since 2016. The work is carried out and developed by Swedavia's Master Planning function in close collaboration with Facilities & Systems, the airports and Real Estate.
- Adopted for all of Swedavia's airports except Bromma Stockholm Airport.
- Airports with complete master plans are Malmö Airport, Luleå Airport, Umeå Airport, Visby Airport, Ronneby Airport and Kiruna Airport.
- Åre Östersund Airport's planning work will start in 2020. For Stockholm Arlanda Airport and Göteborg Landvetter Airport, more so-called general plans and decisions on approaches have been completed.
- Swedavia's in-house handling of public consultation procedures for planning and building permits, which are closely linked to the national interest, was transferred during the year to the Master Planning unit.

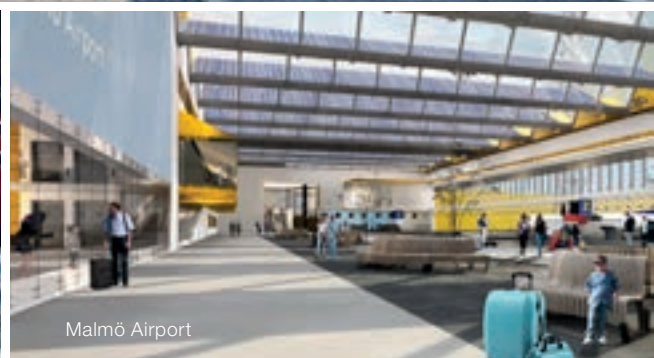
Read more about the airports' master plans on Swedavia's website under "About Swedavia" – "Role and mission".



Göteborg Landvetter Airport



Kiruna Airport



Malmö Airport

Stockholm Arlanda Airport: Multi-billion kronor investments through 2025

Swedavia's objective is to develop Stockholm Arlanda Airport into the leading Nordic airport with smooth flows, inspiring travel experiences and a well-developed network of destinations and thus contribute to Sweden's growth and development.

At the same time, the airport shall continue to be one of the most climate-smart airports in the world while retaining its position as an international role model in sustainability.

Air access is crucial to Sweden's competitiveness, growth and prosperity. While a deceleration in air travel is now seen, passenger volume rose sharply for many years. Development has thus been necessary to meet today's capacity challenge. Swedavia has been carrying out extensive development programmes for a number of years to build sufficient capacity and develop Stockholm Arlanda so that it can handle projected demand for travel of more than 40 million passengers by 2040.

To create more terminal space and increased capacity, Terminal 5 will be expanded with the addition of another pier. Initial work and preparations are under way, and completion of the new pier is planned for 2025. A larger marketplace, a central security checkpoint and an upgraded baggage handling system will provide greater capacity and more flexibility as well as updated environments.

At the end of 2018/beginning of 2019, Stockholm Arlanda's airport maintenance

organisation was able to move into the newly built airport maintenance area, which has been environmentally certified at the highest level. As a result of the move, along with other extensive work in recent years, the refurbishment work and new construction are now

starting to be noted in several parts of the passenger flow.

During the period 2016–2025, Swedavia plans to invest about 27 billion kronor in Stockholm Arlanda Airport. This includes real estate investments such as Office One, inaugurated in 2019, and Comfort Hotel Arlanda Airport, inaugurated in February 2020. A number of buildings close to the terminals are planned.

Customer satisfaction and punctuality

A relevant range of food, beverages and retail, smooth and efficient flows, good service and a welcoming atmosphere are the main factors affecting the travel experience. Transfers should be smooth and waiting times short.

Customer satisfaction at Stockholm Arlanda increased since 2018, from 73 per cent to 75 per cent. Passengers experience better customer service, a cleaner airport and greater efficiency. Waiting time ratings for check-in and security screening also increased.

Although major maintenance work was carried out during the year on Runway 1, adjacent taxiways and some aircraft parking stands at the airport, which occasionally affected air traffic, the airport's punctuality in 2019 increased to 77.4 per cent, compared to 72.4 per cent in 2018.

Swedavia's ambition is for customer satisfaction and punctuality to further improve once the capacity challenges have been addressed and the development programmes are completed.

Collaborations and stakeholder relations

The parts of operations closely related to aircraft, such as the runway system, field service and assistance service, are run under Swedavia's own auspices. In those parts of operations where Swedavia works in partnership with contractors, the need to ensure effective supplier relations is crucial. The airport's security operations employ 1,000 people and are carried out by contractors; air traffic management is also provided by a contractor.

Before the start of 2019, Swedavia, together with the supplier, automated the process for security screening and introduced a digital solution that allows the formation of queues to be monitored in real time. As a result, passengers are given an estimate of how long it is expected to take to get through the security checkpoint. Automation of parts of security screening is a clear example of how Swedavia works with its suppliers to achieve a better customer experience. Swedavia has the target that 95 per cent of passengers at Stockholm Arlanda Airport should not queue for more than five



“A relevant range of food, beverages and retail, smooth and efficient flows, good service and a welcoming atmosphere are the main factors affecting the travel experience”



minutes, which places high demands on both Swedavia and the company's contractor.

Regardless of the number of passengers, it is important that Swedavia is able to provide airlines with well-functioning, efficient and competitive solutions. The development programme under way at the airport plays a major role in enabling the continued delivery of a good product to airline customers.

Continued close collaboration with the Municipalities of Sigtuna, Upplands Väsby, Vallentuna and Knivsta is vital. The airport is an employment engine in the region, and within a few decades joint investments in Airport City Stockholm

are expected to more than double the number of jobs there to about 40,000.

Ambitious infrastructure projects are crucial in order to meet the new needs created in the region and to attract the set-up of companies that can promote development and further bolster growth.

Other important collaborations, for the development of Stockholm Arlanda Airport and of international access in Sweden and the Stockholm region, are the Arlanda Council and Connect Sweden. Both forums bring together a number of key players with the aim of strengthening Stockholm Arlanda Airport.

STOCKHOLM ARLANDA AIRPORT IN BRIEF:

- Stockholm Arlanda Airport is Sweden's gateway to the world and has the ambition to be the world's gateway to the Nordic region.
- Stockholm Arlanda Airport is served by a total of 280 routes, and international access at the airport increased 13 per cent in the period 2016–2018.
- 168 destinations are served, including 23 domestic destinations.
- A total of about 19,000 people work in the day-to-day operations at and around Stockholm Arlanda Airport, with 1,125 of them employees of Swedavia.



Passenger trend in 2019

- In 2019, the airport had 25.6 million passengers compared to 26.8 million in 2018. Domestic traffic decreased eight per cent, but international traffic also decreased in 2019, down four per cent compared to 2018.

New developments in air traffic in 2019

- In 2019, the Japanese carrier All Nippon Airways (ANA) announced that it will offer direct service to Tokyo, the first time in more than 30 years.
- The cancellation of a number of important intercontinental routes was announced or carried out: SAS to Hong Kong and Los Angeles, as well as all of Norwegian's destinations in the US and Thailand from Stockholm Arlanda. The fact that these routes are being moved to large neighbouring airports has a direct impact on passengers and on trade and business in Sweden, in particular through negative effects for air cargo, which affects logistics chains for many companies in the country.

Challenges and opportunities

- International access is being challenged – airlines have reduced capacity and a number of important intercontinental direct routes have been cancelled or moved to other airports.
- Successfully maintain or increase passenger satisfaction despite major refurbishment work and new construction, which are starting to be seen in passenger flows.
- Continue to develop areas close to the terminals as an attractive and expanding place for meetings and work.
- Based on the airport's development programme and the attractiveness of the Stockholm region, be developed into the leading Nordic airport.

Göteborg Landvetter Airport: Expanding airport in a growing region

Its location in a rapidly growing area means Göteborg Landvetter Airport has great potential to continue its development. However, capacity needs to increase, and during the year signs of the airport's terminal expansion to both the north and the south could be seen.

The passenger volume trend was negative, with the number of passengers falling from 6.8 to 6.7 million. This change was in part due to decreased business travel in Sweden. International travel is still on the rise. Overall, international traffic increased 1.2 per cent while domestic traffic decreased 14.3 per cent. In July 2019, Göteborg Landvetter Airport set a new passenger record.

All long-term forecasts indicate future increases, and by 2028 Swedavia expects one million more passengers compared to today. Major investments are being made to expand Göteborg Landvetter Airport in order to meet the current demand for capacity. The investments started in 2016, and a total of 3.4 billion kronor will be spent through 2025. The airport is now in its biggest growth phase since the late 1970s.

In 2020, the terminal will grow by 40 per cent, and three new gates connected to the terminal will be completed in the southern part of the airport. The gates will be flexible and can be used for passengers both within and outside the Schengen area. This will mean an even smoother travel experience. For example, far fewer passengers will need to be bussed to or from aircraft.

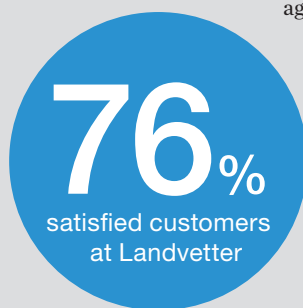
Airport City Göteborg is growing, and another hotel and three new logistics

“Major investments are being made to expand Göteborg Landvetter Airport in order to meet the current demand for capacity”

properties are being built. In all, more than two million square metres of land is under development, and in 15 years the number of people working in the airport area is expected to increase from 4,000 to 10,000. To ensure sufficient public transport to and from Göteborg Landvetter Airport, the Swedish Transport Administration is planning a new railway between Gothenburg and Borås. Construction is expected to begin in around 2026–2027.

Customer satisfaction and punctuality

Some of the most crucial factors for customer satisfaction at the airport are a relevant offering of food, beverages and retail, smooth flows and good service. Carrying out development projects while remaining fully operational is a challenge. In 2019, Swedavia outsourced security screening and security guard services at Göteborg Landvetter Airport. That entailed some staffing challenges during the first five months of the year, which resulted in longer waiting times at the security checkpoint during the summer. Customer satisfaction for Göteborg Land-



vetter Airport decreased from 77 per cent in 2018 to 76 per cent in 2019.

The airport already has self-service check-in and boarding, which makes the processes efficient and reduces the forming of queues. To improve the passenger experience, a new loudspeaker system was placed in service during the year.

In contrast to customer satisfaction, punctuality at the airport showed a positive trend. It rose from 76.5 per cent in 2018 to 80.7 per cent in 2019. There were never so many weather disruptions in the form of heavy snowfall and thunder-



storms as there were during the year. Most of the development projects are starting to finish up, with fewer operational disruptions as a result. Eurocontrol has placed great focus on managing air traffic control over Europe. This has been done in part by limiting flexibility during the summer months and increasing coordination between different countries to ensure there is a shared situation awareness.

Collaborations

The airlines and Swedavia are highly dependent on one another and pursue

both strategic and operational collaborations in order to develop Göteborg Landvetter Airport. Security also requires close collaboration between the different operations on site.

In the important groups the Air Transport Council, Go:Connect and Go:Cargo, the airport works in partnership with the business community, in particular the tourism industry, and the region with the common goal of ensuring access and enhancing business for companies in western Sweden.

GÖTEBORG LANDVETTER AIRPORT IN BRIEF:

- Has a unique position centrally located between Oslo, Copenhagen and Stockholm.
- Served by 189 routes, and international access has increased 5 per cent since 2018.
- Serves 107 destinations, seven of which are domestic.
- Number of employees is about 3,700, 847 of whom are Swedavia employees.
- An airport with a number of expanding low cost carriers, which places high demands on efficiency.



Passenger trend in 2019

- In 2019, the airport had 6.7 million passengers compared to 6.8 million in 2018.

New developments in air traffic, 2019

- Served by a total of 174 routes, compared to 164 routes in 2018.
- 10 new routes to and from the airport were established. Ryanair's subsidiary Laudamotion was among the new airline customers.
- In December, Qatar Airways increased its departures to Doha from five to seven departures a week.
- Ryanair launched seven new routes.
- Aeroflot discontinued its service to Moscow.

Challenges and opportunities

- The climate is affecting business travel. During the year, more people chose the train for their business travel or chose not to travel at all.
- The Gothenburg region is expanding and its tourism industry is growing, which in the long term will have a positive impact on travel.
- Cargo traffic on Qatar Airways' route to Doha has potential to grow.

Bromma Stockholm Airport: International travel on the rise

Customer satisfaction rose at Bromma Stockholm Airport after a number of modernisations were completed. In 2019, international air travel increased, while the number of women surpassed the number of men flying to and from the airport.

Bromma Stockholm Airport is an airport with a long history. It was inaugurated in 1936 and has not been fully renovated since the 1950s. There has thus been a major need for modernisations. Security and noise level measures have also been necessary. For several years now, the airport has been in a development phase. Between 2016 and 2023, Swedavia will invest 1.6 billion kronor. So far, a new arrival hall opened in 2017, and in 2018 a new departure hall was inaugurated. In 2019, the older part of the departure hall was also completed. The number of gates has increased from eight to 13. In order for the airport to remain fully operational, the work has been carried out in phases.

Since parts of Bromma Stockholm Airport are listed for their historical interest, all changes must be carried out with great sensitivity. The airport also has a leasehold contract that expires in 2038, which means that all investments must be given careful consideration.

The growing retail complex Bromma Blocks, located adjacent to the airport, increases traffic in the area. For passengers to reach the airport on time, smooth, reliable transport is needed. Among other measures, the airport will get its own stop on the Kista branch of Stockholm's Crossways light rail line; the new stop will be inaugurated in 2021. In 2019, there was an

overhaul of the airport's parking options, while the new infrastructure in the area for taxis, buses and rental cars was completed.

Customer satisfaction and punctuality

Customer satisfaction at Bromma Stockholm Airport in 2019 was 77 per cent, which is a sharp increase compared to 2018, when the figure was 60 per cent. A number of measures have had a positive effect on customer satisfaction. They include modernisation of the arrival and departure halls, which provides an improved customer experience, and completion of numerous development projects. Among other effects, this has reduced crowding and improved the atmosphere in the terminal. Punctuality at Bromma Stockholm Airport is high; in 2019, it was 91.9 per cent compared to 87.1 per cent in 2018. A close dialogue with airlines, improved internal processes and a number of major modernisation projects completed in 2018 contributed to improved punctuality in 2019.

Collaborations

Because of Bromma Stockholm Airport's proximity to Stockholm and the high population density of the immediate surroundings, environment and safety requirements are extremely stringent. There are specific requirements for aircraft that serve the airport, in particular, requirements for low noise levels. Each year, Swedavia con-

ducts studies to determine whether it is possible to reduce noise levels in nearby properties.

For airline customers, partners and suppliers, it is vital to operations that Swedavia works to reach a consensus on how the customer offering should be developed.



BROMMA STOCKHOLM AIRPORT IN BRIEF:

- Sweden's third largest airport is nearly 10 kilometres from central Stockholm, which makes it the fastest travel option to and from Stockholm.
- Number of employees: About 1,100 people, 210 of whom are Swedavia employees.
- Served by 17 routes.
- Serves 17 destinations, 14 of which are domestic.
- Certified as a Code 3C airport under the Swedish Transport Agency's reference code for aviation safety measures.



Passenger trend in 2019

- In 2019, the airport had 2.4 million passengers compared to 2.5 million in 2018.
- Domestic travel from Bromma Stockholm decreased somewhat during the year.
- International travel saw the opposite trend, with a 16 per cent increase, primarily to the destinations of Brussels and Helsinki.
- Leisure travel is on the rise and now accounts for 43 per cent of travel.

New developments in air traffic, 2019

- Braathens Regional Airlines (BRA) remains the biggest airline serving Bromma Stockholm Airport. In 2019, BRA accounted for 90 per cent of all flights.

Challenges and opportunities

- Its proximity makes travel from Bromma Stockholm Airport smooth, and international travel is on the rise.
- In order to develop travel, continued modernisation of the airport and improved transport to central Stockholm are needed.

Seven regional airports: A network of links across Sweden

For the company's seven regional airports, the year was characterised by a sharp decrease in passenger volume. A stronger focus on the climate has affected the trend for business travel. Leisure travel has also declined, which is clearly reflected in the number of charter passengers.

Swedavia's regional airports form an infrastructure network that covers all of Sweden. Along with their domestic routes, some of the airports also have international direct routes, mostly in the form of charter operations but also scheduled service. The international routes are mainly at Malmö Airport.

A fair number of major investments are being carried out at the regional airports through 2025. These investments are in maintenance of buildings and field structures. One example of a development investment is Åre Östersund Airport, which has upgraded its runway system from Cat III standards in part-

nership with the region and municipalities. As a result, the airport also ensures access in poor weather conditions.

The airports have introduced the process-oriented way of working developed in Swedavia's change work, which is aimed at continuous improvements and with a focus on the customer experience, a comprehensive approach, collaboration and efficiency. The first process analyses were conducted in the autumn, and a new process oriented organisation is now fully operational.

Customer satisfaction and punctuality

The company has a strong focus on the customer, and satisfaction is in many cases above Swedavia's targets. These good results are largely related to the smaller airports' model for integrated services, a way of working that involves employees meeting passengers throughout the flow. It provides welcoming customer service, but also a good understanding of the customer's needs based on their overall experience. The aggrega-

gate figure for customer satisfaction in 2019 was 80 per cent, compared to 79 per cent in 2018. Overall, punctuality at the seven airports was 84.7 per cent in 2019, compared to 81.7 per cent in 2018. Delays are usually due to late-arriving flights, which have a knock-on effect on all traffic. With its process orientation, Swedavia puts a strong focus on its work with punctuality. Collaboration between all the airports and partners is crucial to achieving the punctuality targets set.

Collaborations and stakeholder relations

Among the airlines that serve the seven regional airports are BRA, Norwegian and SAS. At Malmö Airport, where a large share of routes are to destinations outside Sweden, Wizz Air is the biggest airline. To maintain good competition and reduce vulnerability in its offering, Swedavia strives to have at least two airlines at every airport. This is important not least for the regions, which need to secure access for their own residents but also for the important tourism industry.

SEVEN REGIONAL AIRPORTS IN BRIEF:

- Swedavia's regional airports are Kiruna Airport, Luleå Airport, Umeå Airport, Åre Östersund Airport, Visby Airport, Ronneby Airport and Malmö Airport.
- The number of employees is about 2,200, 897 of whom are Swedavia employees.
- Serves 101 destinations, 35 of which are domestic. Malmö Airport and Umeå Airport have the biggest range of destinations on offer.



- In 2017, Ronneby Airport reached Swedavia's target to be fossil-free in its own operations by the end of 2020. Visby Airport and Luleå Airport achieved this in 2018.

Passenger trend in 2019

- In 2019, the regional airports had 5.5 million passengers, compared to 5.9 million in 2018.
- Business travel declined during the year.
- Leisure travel was somewhat better, but all airlines have announced cuts to service in the regions.
- All the airports had negative passenger growth in 2019. The clearest decreases were at Ronneby Airport and Malmö Airport, but charter traffic also declined, except at Luleå Airport.

New developments in air traffic, 2019

- Because of the decreased demand, SAS is reducing capacity at Visby Airport, while BRA is making significant capacity reductions at Östersund.

Challenges and opportunities

- The regions' need for fast transport to Sweden's major cities creates a demand for routes.
- The climate debate is affecting business travel – during the year, more people chose the train for their business trips. As a result, the airlines are cancelling routes, which in turn means poorer access for the regions.
- Business travel declined during the year.

Swedavia's airports in 2019

The company's ten airports form a network that links Sweden together and links Sweden to the rest of the world.



FROM NORTH TO SOUTH:

Kiruna Airport

Length of runway: **2,502 metres**

Take-offs and landings: **2,891**

Number of passengers: **267,941**

Routes: **3 international, 5 domestic**

Most popular destinations: **Stockholm, Umeå, London**

Luleå Airport

Length of runway: **3,350 metres**

Take-offs and landings: **10,856**

Number of passengers: **1.2 million**

Routes: **12 international, 7 domestic**

Most popular destinations: **Stockholm, Gothenburg, Gran Canaria**

Umeå Airport

Length of runway: **2,400 metres**

Take-offs and landings: **12,223**

Number of passengers: **960,351**

Routes: **10 international, 16 domestic**

Most popular destinations: **Stockholm, Helsinki, Gran Canaria**

Åre Östersund Airport

Length of runway: **2,500 metres**

Take-offs and landings: **7,001**

Number of passengers: **473,497**

Routes: **8 international, 8 domestic**

Most popular destinations: **Stockholm, London, Umeå**

Stockholm Arlanda Airport

Length of runways: **3,301, 2,500 and 2,500 metres**

Take-offs and landings: **229,601**

Number of passengers: **25.6 million**

Routes: **280 international, 44 domestic**

Most popular destinations: **London, Copenhagen, Oslo**

Bromma Stockholm Airport

Length of runway: **1,668 metres**

Take-offs and landings: **46,474**

Number of passengers: **2.4 million**

Routes: **3 international, 14 domestic**

Most popular destinations: **Malmö, Gothenburg, Visby**

Göteborg Landvetter Airport

Length of runway: **3,300 metres**

Take-offs and landings: **66,149**

Number of passengers: **6.7 million**

Routes: **174 international, 15 domestic**

Most popular destinations: **Stockholm, London, Frankfurt**

Visby Airport

Length of runways: **2,000 and 1,100 metres**

Take-offs and landings: **9,564**

Number of passengers: **446,764**

Routes: **4 international, 15 domestic**

Most popular destinations: **Stockholm, Göteborg, Malmö**

Ronneby Airport

Length of runway: **2,231 metres**

Take-offs and landings: **4,039**

Number of passengers: **204,678**

Routes: **3 domestic**

Most popular destinations: **Stockholm**

Malmö Airport

Length of runways: **2,800 and 797 metres**

Take-offs and landings: **22,849**

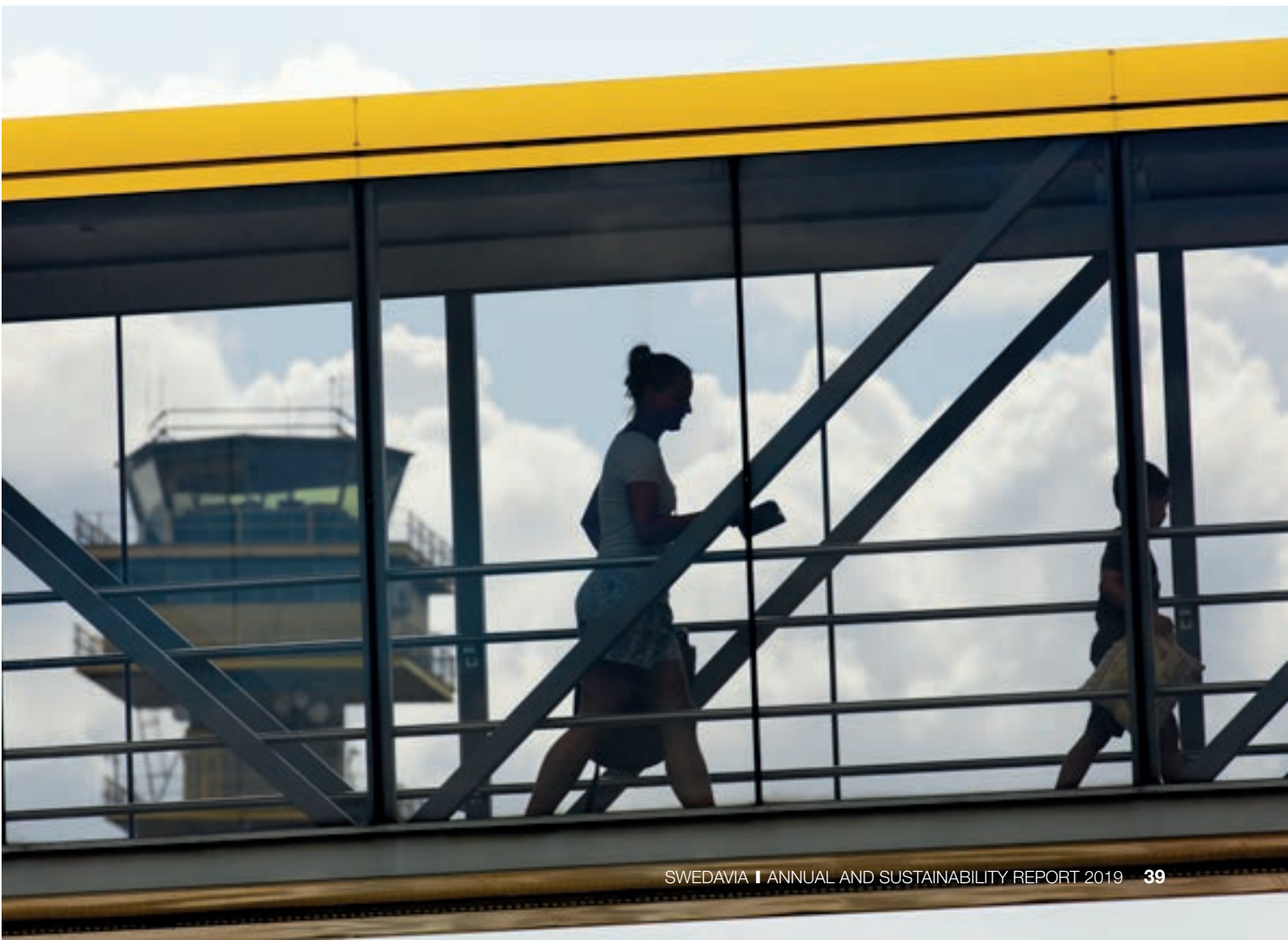
Number of passengers: **2 million**

Routes: **48 international, 12 domestic**

Most popular destinations: **Stockholm, Gdansk, Skopje**



Swedavia's ten airports form a network that links Sweden together, from Kiruna Airport in the north to Malmö Airport in the south.





OPERATIONS



An attractive offering of routes is a growth engine

After a number of years of strong traffic growth, travel at Swedavia's airports declined in 2019. The decrease was primarily in domestic traffic and direct intercontinental travel while traffic to other European countries remained at good levels. Other airports around Europe are also seeing a deceleration in traffic growth.

AVIATION BUSINESS IN BRIEF

- The operational area comprises services focused on air transport operations.
- That includes destination and route development, take-off and landing services, ground handling services, aircraft parking and various kinds of passenger services.
- Despite a decline mostly in domestic travel, a number of airlines continue to expand at Swedavia's airports.
- In 2019, a total of 31 new routes were added, including seasonal routes to a total of 22 new destinations.
- Four new airlines established operations at Swedavia's airports in 2019.
- A good location, an attractive offering and good service are factors that make airlines want to establish operations at Swedavia's airports.

Sweden is an increasingly popular destination for both companies making investments and travellers. Some 60 per cent of commercial guest-nights are for travellers who have arrived by air. Globalisation is an engine for travel, since more people live, work and study in a different place than where they were born. Today around 20 per cent of Sweden's population was born outside the country, and many of them take trips to visit family and friends in other countries.

To increase access to Sweden and passenger streams to the airports, a good offering of routes is needed. Destination and route development is thus a key part of Swedavia's mission.

Over the past eight years, the traffic trend was at an all-time high. Traffic increased by more than 50 per cent at Swedavia's airports between 2010 and 2018, but in 2019 the trend reversed. This is largely explained by the decrease in domestic travel.

Traffic is crucial, and if this trend continues it will affect access and the possibility of living and working all across Sweden.

Charter traffic and intercontinental direct traffic to North America and Asia decreased during the year while scheduled traffic to other European countries was relatively stable.

A number of factors contribute to traffic growth, including economic fluctuations, the climate debate, geopolitical concerns and a weak Swedish krona. The traffic trend affects the willingness and ability of airlines to invest in and develop traffic in Sweden.

Airline customers vary in terms of their business model and target groups. Traditionally, low cost carriers focused on more basic and more automated services while the larger network airlines opted for more personal customer service and services that fit their profile as a premium airline. For Swedavia, it is important that it can meet the shifting needs

of the airlines and their customers. The differences between their business models are narrowing, and over time they have begun to look increasingly similar. This benefits travellers, who get a more flexible offering.

Margins in the industry are small, so good relations are needed for the airlines and Swedavia to understand each another's conditions. Airlines are sensitive to economic fluctuations and cost increases; oil prices are a key parameter. In recent years, more airlines have had profitability problems and exited the market. Meanwhile, the larger players and airline groups in Europe have grown.

When air travel decreases and airlines cut their capacity, that also affects cargo traffic. As a result of the general economic trend and the reduction in routes on offer during the year, cargo volumes also fell at Swedavia's airports. Goods shipped by air account for small volumes, but the value of goods handled is nonetheless great. Although air cargo only constitutes 1 per cent of global transport volumes, it accounts for a full 35 per cent of the value of those goods.

Sweden is a small market that is highly dependent on trade with other countries. Access is important for Swedish manufacturing to ensure the rapid air transport of imports and exports. The bulk of air cargo at Swedavia's airports is transported in the hold (or belly) of passenger aircraft. Fewer intercontinental passenger routes and reduced belly capacity mean poorer access since lead times are longer when goods are transported by lorry to elsewhere in Europe to then be shipped by air. It is also environmentally detrimental since direct flights are not used.

E-commerce and consumer demands for fast transport entail both opportunities and challenges for air cargo. The number of packages shipped is growing while the weight per package is falling.





Commerce and services that develop the airports

In 2019, the sale of food and beverages increased more than passenger volume. One new development during the year was that Swedavia assumed control of taxi management at its airports. Renegotiations also began to convert leases on premises to concession agreements.

COMMERCIAL SERVICES IN BRIEF

- The operational area ensures that Swedavia – in collaboration with its partners, airlines and tenants – has a commercial offering that appeals to their mutual customers.
- Operations comprise the leasing of premises for restaurants, shops, offices, warehousing and logistics as well as car parking and passenger drop-off/pick-up facilities.

Retail and other services in Swedavia's commercial business operations are more than something that passengers want. Shops, restaurants, cafés, hotels, parking, and the leasing and sale of advertising space create economic value that constitutes an important basis for funding Swedavia's investments.

This income contributes to increased capacity, makes the airports more attractive and creates conditions for their sustainable development. So it is essential for Swedavia to enhance its commercial offering. Customer satisfaction and how much time passengers spend at the airport are also affected by how well commercial business operations deliver.

New innovative services

The sale of food and beverages increased more than passenger volume in 2019. Retail did not have the same level of growth, and sales revenue in percentage terms was lower than at many other airports. That is partly because a relatively large share of passengers at Swedavia's airports travel domestically; this group tends to spend less than international passengers, but Swedavia sees potential to increase sales.

As digitisation grows, people's purchasing patterns are changing. To create as good a travel experience as possible, Swedavia is continuously developing new services. New, innovative solutions, such as self-services for check-in, security screening and boarding are tested in collaboration with customers and partners. Other examples are mobile phone solutions for parking fees and the opportunity to purchase goods using Swedavia's shop & collect function. This allows customers to go shopping before they depart and pick up their purchases when

they return or have them delivered straight to their home.

During the year, Swedavia carried out a project to take over taxi management at Stockholm Arlanda Airport and Bromma Stockholm Airport that involved a total of 370 taxi drivers. Operations will continue to be run by an external contractor but will have clearer strategic contact and its own contractual relations with drivers. The new operations went into effect in January 2020.

In 2019, Swedavia launched a process to switch from rental leases to concession agreements for companies at the airports that provide services and goods to passengers.

Active sustainability work

Active sustainability work is carried out in Swedavia's commercial business operations. Swedavia is certified under the Airport Carbon Accreditation (ACA) programme, which is aimed at making airports more efficient from a climate perspective, and a number of requirements are set for concession holders operating at the airports. Among the changes in 2019 were new guidelines for single-use plastics, which will be phased out of operations over time. Requirements are also set for corporate social responsibility, for sorting waste, and for sustainable transport. One clause in the concession agreements requires working in cooperation on sustainable development. This is especially important since many agreements run for a lengthy period, during which time there will be many advances in the sustainability field. This is a partnership that strengthens Swedavia's sustainability work and also provides an opportunity to learn from one another.

Investments that provide growth potential

Swedavia's Airport Cities continue to develop at a rapid pace. In both Stockholm and Gothenburg, major hotels are being built, and during the year Swedavia also began to explore interest in a major congress centre at Airport City Stockholm.

Swedavia's Real Estate business area is responsible for the properties and land adjacent to its airports. These operations are expanding as globalisation increases, with airports becoming an ever more important central location for meetings.

Airport Cities are being built around Stockholm Arlanda Airport and Göteborg Landvetter Airport and include businesses, office buildings, hotels, conference facilities and logistics hubs. Swedavia's strategy is to develop properties, often together with different partners, and then sell them when they are completed. The profits are invested in the company's core operations and help make the airports more attractive. Revenue from Real Estate is very important to Swedavia's operations.

At Airport City Stockholm, the largest airport hotel in the Nordic region, with 503 rooms, is being built under the auspices of Nordic Comfort Hotel – a project that will be completed in 2020. Together with the Office One complex, which was inaugurated in 2019, the hotel signals the start of the 800-hectare district taking shape at Airport City Stockholm. During the year, development of a new logistics area at Stockholm Arlanda began. Swedavia has also begun to explore interest in a congress centre for up to 4,000 visitors in the area. At Airport City Göteborg, a major hotel with capacity of about 220 rooms is also being built, with inauguration planned for 2021. Scandic Hotels is involved in this venture.

Strategic partners

Swedavia has well-developed collaboration with strategic partners that have specific skills that complement its own

operations. One example is Alecta, which together with Swedavia owns Swedish Airport Infrastructure, a company that administers properties around the airports. To develop Airport City Stockholm, Swedavia has a partnership with Arlandastad Holding and the Municipality of Sigtuna.

At Göteborg Landvetter Airport, the property developer Bockasjö has been an important partner in a joint venture that was formed to develop the first phase of a logistics hub immediately adjacent to the airport. In 2019, the first phase – involving three properties – was completed, with Swedavia then selling its holding in the joint venture to Bockasjö.

Own construction organisation

Swedavia has a client and an execution organisation for its construction operations. The Facilities & Systems business unit is the client for buildings and facilities needed for the airports' core operations. There is a Portfolio Management department in Facilities & Systems that investigates potential opportunities and prepares different business cases. Real Estate is responsible for Swedavia's commercial properties and in turn is a business area in Portfolio Management. Real Estate develops properties and developable land at and in the vicinity of the airports.

To plan and deliver major projects, Swedavia has its execution organisation, Major Projects. When a project that affects the airports' core operations is completed, the building is incorporated into Facilities & Systems, which is then responsible for administration. If it involves commercial properties, the buildings are sold when they are com-

REAL ESTATE IN BRIEF

- The business area owns, develops and administers developable land at and in the vicinity of Swedavia's airports.
- Operations prepare development projects for properties such as hotels, offices, logistics and retail.
- Administers and updates information about properties, develops property joint ventures and has services in construction project management.

pleted. Smaller-scale refurbishment projects and maintenance are handled by the airports' own organisations.

Having the right organisation in place for construction is crucial to Swedavia. This is necessary to carry out maintenance operations on an ongoing basis and to manage refurbishment and expansion



223

rooms in the new hotel being built in Airport City Göteborg. Inauguration in 2021.

as well as for major investments when the airports are expanded to provide increased capacity.

Active environmental work

Swedavia's construction operations include a materials-intensive part of operations which have an impact on the

climate and the environment. According to its ownership policy, Swedavia shall be a role model in sustainability. Swedavia is a pioneer in environmentally certifying its construction operations and works continuously to develop the construction methods used with the goal to find materials with less of an impact. This active

environmental work is important both from a sustainability perspective and for Swedavia's credibility as a company.

The situation for those carrying out work on construction projects entails risks, so the workplace environment is a high priority. The well-developed culture of safety-mindedness in aviation in gen-



eral also has an impact on safety-mindedness related to construction operations. These operations also entail the risk of negative effects on human rights in a number of phases. Active work with the workplace environment is therefore key, as is careful scrutiny of the contractors hired on projects.

There is an ongoing partnership with the Swedish Tax Authority to prevent undeclared work, as well as proactive work with the workplace environment in collaboration with contractors, which includes risk analyses and workplace inspections for preventive purposes. Swedavia also takes part in the industry initiative Zero Accidents, whose vision is to have no one injured on construction sites.

In order to work proactively with sustainability in the early phases of projects, Real Estate has started to work in compliance with the Citylab Action Guide. Citylab is a certification system for sustainable urban development and a support tool for everyone who wants to work for sustainable cities. The first area to have a sustainability programme is the southern section of the future Arlanda Logistic City.

In 2019, Swedavia was named Property Owner of the Year by the Sweden

“In 2019, Swedavia was named Property Owner of the Year”

Green Building Council. The buildings for which the honour was bestowed are the southward terminal expansion at Göteborg Landvetter Airport and the Office One complex at Stockholm Arlanda Airport, which were both certified at the highest level of Sweden's BREEAM environmental certification system.

Conscious choice in selecting materials and climate calculations

Construction operations at Swedavia are governed by an environmental and energy management system. A corporate-level environmental department audits projects, and each project has its own environmental coordinator. Swedavia also works with a lessons-learned process, where important lessons are taken into account in order to continuously maintain and share the unique knowledge produced in the

organisation. For all materials selection, careful consideration is given to reducing the climate impact and decreasing the use of toxic substances. Recycled materials are used in construction projects to the greatest extent possible. Renewable energy is used in the buildings when completed. One example is the groundwater reservoir in the aquifer at Stockholm Arlanda Airport, which is used to recycle both heating and cooling.

Swedavia's ongoing construction projects are a crucial part of operations. This entails great focus on sustainable construction processes with priority areas such as a toxin-free environment, resource and energy efficiency, reduced climate impact and ensuring that suppliers and subcontractors comply with laws, regulations and guidelines to achieve a good workplace environment.

In 2020, the work with climate calculations will begin. This will enable projects to be guided towards reducing their climate impact in an early phase, for example, through materials selection and transport. The goal is for all investments over 500 million kronor or initiatives with a high implementation risk, called class 1 investments, to have environmental calculations made during the year.



Sustainable development

Sustainable development is the basis of Swedavia's running and development of operations. Customers are Swedavia's primary focus, and economic, social and environmental sustainability are a fundamental requirement for earning customers' trust and for ensuring long-term sustainable operations.

Operations that contribute to sustainable development

The guiding principle in Swedavia's sustainability work is the United Nations' agenda for sustainable development – Agenda 2030 and its 17 sustainable development goals. Swedavia plays an important role and contributes to sustainable development by taking into consideration environmental, social and economic factors in a responsible way in its operations and development of airports.

Swedavia is also a signatory to the UN's Global Compact for corporate responsi-

bility. These principles are bases in the UN's Declaration of Human Rights, the International Labour Organisation (ILO)'s Conventions on Fundamental Principles and Rights to Work, the Rio Declaration on Environment and Development and the UN Convention against Corruption.

Swedish State-owned companies shall analyse the global goals in Agenda 2030 under the scope of their operations in order to identify the most relevant goals that they affect and contribute to.

Swedavia directly or indirectly affects a number of these global goals through its business partners. The company has identified four goals that are most relevant its operations in the short and long term and to whose progress it can best contribute. Global and local collaborations are an important basis for working towards these goals. Through various forms of collaboration, Swedavia can create the conditions needed and contribute to sustainability where the company has an impact on our world.

The UN's 17 sustainable development goals for Agenda 2030:



Swedavia has identified four goals that are the most relevant to the company and to whose progress the company can best contribute through its operations.

GOALS SELECTED	WHAT SWEDAVIA DOES	READ MORE
 9. Sustainable industry, innovation and infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.	<ul style="list-style-type: none"> • Development and modernisation of the airports. • Works actively for new, more efficient traffic solutions. • Investments in infrastructure, digital technology and better flows. • Investments in sustainable aviation fuel and electric aviation. 	Pages 50–51
 10. Reduced inequalities Work to reduce inequalities within and among countries.	<ul style="list-style-type: none"> • Works actively for an equal, inclusive workplace. • Fights discrimination and promotes equal treatment. • Continuously works with business ethics in terms of anti-corruption, human rights, employees and social relations, and the environment. • Fights the occurrence of human trafficking at the airports. • Works for increased access. 	Pages 52–55
 11. Sustainable cities and communities Work to make cities and human settlements inclusive, safe, resilient and sustainable.	<ul style="list-style-type: none"> • Links together Sweden's regions and links Sweden with the rest of the world. • Works for more efficient transport. • Carries out extensive development programmes to develop the airports of the future. • Works in partnership with companies and other organisations at the airports to develop the airports of the future. 	Pages 50–51
 13. Climate action Take urgent action to combat climate change and its impacts.	<ul style="list-style-type: none"> • No emissions of fossil carbon dioxide from its own operations. • Energy efficiency improvement work in its own facilities. • Works to increase the use of sustainable aviation fuel. • Facilitates the development of electric aviation in Sweden. 	Pages 56–59

How aviation creates growth

Swedavia contributes to Sweden's competitiveness and growth by enhancing national and international access.

By 2050, the share of the population living in urban areas will have increased from around 50 per cent today to 70 per cent. There will be an increased need to move between countries, regions, cities and rural areas. In order for companies to be competitive, well-functioning links will be a key factor. Infrastructure that ensures high-quality reliable and sustainable transport systems that are fit for purpose will be increasingly important. For an export-dependent country like Sweden, which is far from the major markets and has great distances within the country, well-functioning air links are crucial to the country's future growth, competitiveness and prosperity.

Aviation today creates around 200,000 jobs directly and indirectly in Sweden. Half of these are directly related to the aviation industry. All in all, they contribute more than 175 billion kronor annually to Sweden's GDP. Well-functioning, sustainable aviation infrastructure generates a number of positive effects and promotes growth and development economically, socially and environmentally. The development of the airports will also play a vital role in Sweden's national and global transport systems, which shall link Sweden's metropolitan and rural areas together and link the country to the rest of the world.

Swedavia's contributions

- The airport operator, airlines and tenants provide inspiring experiences that produce increased passenger satisfaction and increase the attractiveness of the destination.
- Contributes to access, which provides employment, tax revenue, business opportunities, meetings and diversity, and makes transport accessible to everyone regardless of their gender, age or functional ability.
- Reduces the environmental impact of aviation through efficient ground handling services, fossil-free fuels and new aircraft types.
- Works to create safe, secure environments.
- Develops modern technology to find effective forms of work and collaboration.
- Contributes to job creation as well as national and regional growth.

Swedavia's network of airports shall be growth engines for all of Sweden and contribute to the development of both metropolitan and rural areas. Swedavia has thus taken on the challenge of developing the airports of the future, a network of airports that will help enhance the conditions needed for the entire country to develop. Extensive, long-term development programmes are therefore now



under way at all ten Swedavia airports which include the development of infrastructure, digital technology and creation of better flows. The investments are aimed at increasing both efficiency and capacity, which will give passengers smoother, more inspiring travel experiences. The objective is for Swedavia's airports to be the most important meeting places in the Nordic region.

The different companies and other organisations at the airports must therefore be able to manage and adapt to the major changes taking place in the world, including in the form of new kinds of travellers and new business opportunities but also in the form of capacity requirements and growing climate challenges.

For the aviation industry, the UN's global sustainability target number 11 entails building high-quality reliable, sustainable and resilient infrastructure. New knowledge and technology are continuously being developed, which creates opportunities for increased efficiency and reduced environmental impacts. The main companies and organisations at the airports, which sometimes are partners and sometimes each other's suppliers or customers, must do this together.

As an airport operator, Swedavia is an important facilitator and link between the different companies and other organisations at the airports. In this role, Swedavia can create the conditions needed for the different organisations at the airports and in the industry to use new knowledge and technology to reduce aviation's climate impact and help to facilitate achievement of the UN's sustainability goals.

Sustainable industry, innovation and infrastructure

Swedavia contributes to sustainable industry, innovation and infrastructure – in part by developing infrastructure that contributes to improved national and international access and to people's well-being and by making continuous environmental improvements in existing infrastructure as well as that being developed under the scope of its development programmes.

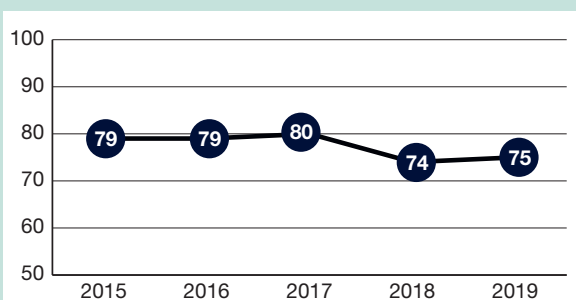


Sustainable cities and communities

Swedavia contributes to sustainability through its mission to link together Sweden's regions and link Sweden to the rest of the world. The company also works to link together different transport modes. Swedavia maintains a continuous dialogue with its stakeholders regarding social, environmental and business issues.



COMPARATIVE INDEX



▲ Competitiveness of airport charges

The airports' charges for airline customers are a crucial means of competition. Swedavia's competitiveness is rated each year based on a weighted average of airport charges for typical flights at the company's airports compared to similar flights at competing and comparable airports. Competitiveness in 2019 was affected by Swedavia's increase in airport charges, which resulted in an index value of 75 for 2019, compared to 74 in 2018. Given that the Swedish krona weakened further and a number of comparable airports implemented major increases in their charges, Swedavia's hike had limited effects on its index value in 2019. Because Swedavia is carrying out major investments in capacity, this index value is expected to increase in the years ahead.

INVESTMENTS 2016–2025

SEK billion	Planned 2016–2025	Of which carried out 2016–2019
Stockholm Arlanda Airport	27.0	5.5
Of which development programme	17.6	3.5
Of which master plan	1.4	0.0
Göteborg Landvetter Airport	3.4	1.9
Bromma Stockholm Airport	1.7	1.6
Regional airports	1.9	0.6
Real Estate	5.0	1.7
Group-wide	3.2	1.3
Total	42.3	12.6

Green bond framework

FINANCING / To fund investments and projects for climate change adaptation and sustainability among other purposes, during the autumn Swedavia launched a framework that allows it to issue green bonds through its existing medium-term note (MTN) programme. This move supports the company in its ambition to be a world leader in developing airports with the least possible

environmental impact.

The money that can be borrowed through green bonds will be used to fund investments and projects that support Swedavia's long-term strategy while contributing to the UN's sustainable development goals and the principles of the Paris Agreement. (Read more on pages 138–139)

Investments to ensure access

Swedavia develops airports for the air transport of the future. To do this, the company plans to invest 42.3 billion kronor during the period 2016–2025. The biggest investments are being made in capacity improvements at Stockholm Arlanda Airport. During the period 2016–2019, 12.6 billion kronor was invested.

Stockholm Arlanda Airport

Stockholm Arlanda Airport shall be developed into the leading Nordic airport and be an international role model in sustainability. During the period 2016–2025, 27 billion kronor is being invested in such areas as the expansion of Terminal 5, a new airport maintenance area, more aircraft parking stands, improved baggage systems and additional security screening flows. The aim is increased capacity for passengers and airlines, more meeting places, better public transport, expanded access to shopping, restaurants and activities, and more opportunities for hotels and conference facilities.

Göteborg Landvetter Airport

Göteborg Landvetter Airport is and shall be western Sweden's gateway to the world. The airport is getting more new gates, expanded terminal capacity, improved baggage handling and new traffic solutions in the vicinity. Hotels, logistics facilities, retail space and workplaces are taking shape in a new airport city. The airport shall thus contribute to the region's development to an even greater extent. Total investments in 2016–2025 are an estimated 3.4 billion kronor.

Bromma Stockholm Airport

Bromma Stockholm Airport shall be a more efficient city airport. The airport is being modernised in several phases. A new arrival hall is in place, and in 2019 the older section of the departure hall was also completed. The airport has a terminal that can handle 1,200 passengers an hour in peak traffic. Preparations for the planned extension of Stockholm's Crossways light rail network are under way, so flows for bus and taxi traffic are being continuously improved. During the period 2016–2025, about 1.7 billion kronor is being invested in the airport, with most of this work already completed.

Regional airports

All seven regional airports shall be accessible to residents in the region, businesses and tourists. The airports are being developed and modernised to increase both efficiency and capacity and to create important meeting places. In many ways, they are vital to the development of the different regions. During the period 2016–2025, about 1.9 billion kronor is being invested at the airports.

Real Estate

Swedavia works with the development of properties close to the airports in Real Estate. The objective is to develop land in order to realise value that can then be used to develop the airports. During the period 2016–2025, 5.0 billion kronor is being invested in the Real Estate segment, including in a new hotel and office complex at Stockholm Arlanda Airport and a new hotel at Göteborg Landvetter Airport.

Safety and security for customers, employees and partners

For Swedavia, social development is a multifaceted concept. The workplace environment at the airports shall be characterised by engagement and accountability, and some of the key aspects that the company continuously works with are occupational health and safety, aviation safety and security, human rights, diversity, equality, inclusiveness and efforts to fight corruption.



Work with aviation safety and security

The work with safety and security is integral to all of Swedavia's operations and the focus of continuous development. Security work is aimed at preventing criminal acts, while safety work is aimed at preventing accidents. All of Swedavia's airports are certified under the European Union Aviation Safety Agency (EASA)'s regulations, with the exception of Ronneby Airport and Luleå Airport, which are both operated in partnership with the Swedish Armed Forces and thus covered by special regulations. All of the airports have been certified for safety and security by the Swedish Transport Agency.

Swedavia works with continuity planning and risk management. In 2019, both Stockholm Arlanda Airport and Göteborg Landvetter Airport carried out full-scale emergency exercises together with companies and other organisations operating at the airport and beyond. The company develops concrete action plans to ensure that aircraft shall be able to cope with disruptions such as a major power outage or water supply problems.

It is important to carry out risk management in order to ensure good access for passengers and customers. Through continuous and systematic risk management, decisions, priorities and change work can be directed with a view to the company's overall objectives. All of the risks and risk categories in Swedavia's operations are assessed and compiled in

risk banks that are continuously updated under the framework for the management review and for the work with sustainability and business planning.

At Stockholm Arlanda Airport and Göteborg Landvetter Airport, there is an airport operations management centre – APOC – that facilitates work with crisis management on a practical level. APOC and the adjacent crisis management room are also available when other airports are affected.

During the year, Swedavia carried out an updated analysis of security protection in accordance with the new requirements laid out in the new Swedish Protective Security Act, which took effect in April 2019. As a result of the analysis, a new security protection plan is now being prepared in operations.

Zero vision

To ensure the health and safety of the company's customers, Swedavia registers incidents at its airports involving the number of accidents, serious incidents and serious deficiencies identified in the Swedish Transport Agency's inspections or the European Commission's inspection of operations. The goal is zero accidents and serious incidents caused by the company. Swedavia reports all incidents that have an impact on aviation identified by the authority to the Swedish Transport Agency and the Swedish Accident Investigation Authority in the event of an accident or serious incident. In 2019, there were two acci-

dents (one in 2018) and one incident (two in 2018).

Structural damage to aircraft was caused in the two accidents. The accidents did not result in any loss of life or serious injury. The two accidents were investigated by the Accident Investigation Authority. Neither Swedavia's infrastructure nor procedures were considered to have any effect in either case.

During the year, the Swedish Transport Agency identified three serious deficiencies in conjunction with its review of the airport's aviation security work. Both deficiencies were addressed immediately following the inspection. The deficiencies concerned part of the monitoring and entry checkpoint for the authorisation area. Swedavia works on a continuous basis to improve its self-inspection of operations in order to detect any deficiencies in good time.

Improved security procedures

The development of new technology contributes to the work to continuously improve security processes at the airports and make them more efficient, while improving the passenger experience. Security scanners and x-ray equipment for cabin baggage are important parts of the passenger process. New technology has now been developed and certified that will allow passengers to keep liquids and electronics in their hand baggage throughout security screening. Screening will thus be easier and faster. The work to introduce a new



standard that puts more stringent restrictions on checked baggage has also begun. The technology will be introduced by 2022 at the latest.

The development work under way at a number of Swedavia's airports is related to more stringent security requirements. The large number of deliveries and construction workers at and around the airports requires reliable, efficient procedures. Security on landside – in other words, before the security checkpoint – is particularly important in this context. Responsibility for security on landside is shared with the police, which means roles and responsibilities must be clearly defined.

During the autumn, it was discovered that a number of people were working at Stockholm Arlanda without the right permit to work in Sweden. In conjunction with this, a collaboration was begun involving Swedavia, other companies and organisations at the airport and the relevant authorities with the aim of ensuring that anyone who has their workplace at the airport has the right to work in Sweden. To achieve this, established procedures are needed for companies that work at the airport, along with changes in the laws and regulations governing how background checks and checks of public records are carried out.

Human rights

Running airports is a complex operation that can affect the human rights of many different stakeholders. It is Swedavia's responsibility to ensure respect for human rights among employees, customers and suppliers to the greatest extent possible.

Swedavia works for closer compliance with UN's Guiding Principles on Business and Human Rights. The commitment to respect human rights is included in the company's Code of Conduct. The Code, adopted by the Board of Directors, lays out clear expectations for how Swedavia's employees and suppliers shall conduct themselves. Leaders at Swedavia have an important role to play as role models. Training material is available as support in the work to continuously maintain a dialogue on business ethics issues, and is used at workplace meetings throughout operations.

In 2019, Swedavia continued the work to further develop and structure its work with human rights. One focus area is issues concerning employees, primarily the workplace environment, gender equality, diversity, discrimination and victimisation. There are clear guidelines and policies on these issues for how Swedavia shall work. Active work is also

Network against trafficking

Stockholm Arlanda against Human Trafficking is comprised of companies and other organisations operating at and around the airport, such as the Swedish Police, the Church of Sweden, Clarion Hotel, the women's shelter Kvinnojouren Sigtuna, Nokas, Securitas, Forex, Swedish Customs, the Swedish Migration Agency, Radisson, SAS and Menzies. In a chain of events, everyone's observations are important. Through collaboration and increased knowledge about human trafficking, the network helps to create a safer Stockholm Arlanda Airport for both customers and employees and provides care for victims caught in our modern-day slave trade.

carried out to ensure good accessibility for people with different functional abilities, equal treatment and good customer service for passengers at the airports.

In 2019, Swedavia continued its work to run a network to prevent the occurrence of human trafficking at Stockholm Arlanda Airport.

Anti-corruption work

Ethical accountability is an essential condition for the sustainability work that constitutes the basis of Swedavia's operations. An important part of the company's strategy is to work both actively and proactively against corruption.

Three main components comprise the basis for this work:

- Clear governing documents.
- Training on a regular basis.

- An open dialogue with employees, suppliers and other stakeholders.

Clear governing documents are crucial to Swedavia in its work to fight corruption. The company's Code of Conduct guides this work, and there are also a special bribery policy and business entertainment guidelines.

Anti-corruption training sessions are arranged on a regular basis for the company's leaders and specialists. In December

2019, 94 per cent of Swedavia's leaders and specialists had completed this training. Every leader is responsible for informing employees and maintaining an open dialogue with them about the company's bribery policy and business entertainment guidelines in an appropriate manner. The aim is for employees to be aware of the risks of corruption and bribery.

Since 2018, Swedavia's online training on Swedavia's bribery policy and business entertainment guidelines is mandatory for all employees at Swedavia. This effort is in order to increase awareness about corruption issues throughout the organisation.

In 2019, material was produced with questions about ethical dilemmas specifically for workplace meetings. The aim is to create a good, robust dialogue on these issues throughout Swedavia. Employees are also trained in business ethics and anti-corruption as part of training on construction law arranged in-house.

Reduced inequalities

Swedavia contributes to reduced inequalities in part by working for a gender-balanced, inclusive workplace and by adapting airports so that they are accessible to everyone. At Swedavia, there is zero tolerance of victimisation and discrimination. Each year, salaries and terms of employment are surveyed to ensure that all employees regardless of their gender are treated in an unprejudiced manner. Swedavia has recruitment guidelines that cover all recruitment and that also apply to external parties and the hiring of consultants. These guidelines shall contribute to increased diversity, promote gender balance and fight discrimination.



Focus areas to make Swedavia an even better workplace

For an inclusive, engaging culture

Swedavia's greatest asset is its employees, and the company works from the understanding that everyone has talents that contribute in different ways to the company's success. In the work to develop Swedavia into an even better workplace, the focus is on three areas: sustainable leadership and employeeship, development and inclusiveness, and the workplace environment.

Swedavia has a well-developed process for setting overall and individual goals, and every leader is responsible for creating the conditions needed for employees to achieve these goals and develop while creating success in operations. Every employee is responsible for their own skills development by pushing their performance, learning and development in their day-to-day work. Swedavia wants to make use of the talent in its operations and develop it in a sustainable direction, and in 2019 bolstered its support for leaders and



employees regarding learning, career and development. The aim is to involve employees to a greater extent in affecting their work situation and development at Swedavia. Clarifying internal career paths and development opportunities as well as focusing on continuous learning in day-to-day operations are examples of areas strengthened during the year. By ensuring sustainable performances and creating participa-

tion, Swedavia makes use of everyone's knowledge and desire to develop. This is a condition needed for a sustainable, attractive Swedavia going forward.

Swedavia as a workplace is characterised by diversity, inclusiveness and respect for individuals at every level. Many different skills work together under the scope of Swedavia's operations in order for the company to achieve its strategic objectives and

Swedavia's employees in figures



Gender breakdown, leaders

38%

(36%)

Women

62%

(64%)

Men

Gender breakdown, all employees *

34%

(36%)

Women

66%

(64%)

Men

Average number of employees

3,050

(3,217)

Employees with a foreign background **

19.3%

(18.2%)

* Based on number of employees, 2019

** Born abroad or both parents born abroad

provide increased passenger satisfaction and improved safety and security. Every leader is responsible for driving focused work for equal treatment and diversity, and it is also important that every employee takes responsibility for contributing to an inclusive culture. Swedavia shall be a workplace with gender balance and other forms of equality and works actively for an inclusive, engaging culture where all employees' specific capabilities are put to use.

In 2019, Swedavia continued to be active in the UUA project for universally designed workplaces. The aim of UUA is to create a workplace with inclusive structures and which works for everyone. This entails a change in perspective and a new approach, which involves taking a comprehensive view of the workplace. During the year, employees at Swedavia attended training arranged by UUA.

The company also has strategic collaborations with the Swedish employment agency Arbetsförmedlingen, the Royal Swedish Academy of Engineering Sciences, Doctors Without Borders, Stockholm Pride and the Red Cross.

Focus on the workplace environment

Work with the workplace environment is a priority area at Swedavia and is carried out as a natural part of day-to-day operations. Through preventive work on the workplace environment for both employees and consultants, people's health, development and job satisfaction are safeguarded from a physical, psychological and social perspective. All leaders undergo compulsory training in the workplace environment, in which everyone's active responsibility in the work on the workplace environment is highlighted. Close collaboration between leaders, employees and occupational health and safety organisations is crucial.

Swedavia's goal is for there to be no serious accidents in the workplace and no victimisation or discrimination. In its proactive work with the workplace environment, Swedavia's reporting culture and willingness to report incidents are measured as an overall strategic goal. This is done by comparing the number of serious accidents in the workplace and the number of risk

observations. The reporting covers both the physical and psycho-social workplace environment and includes accidents, incidents and risk observations. The goal is for all workplace environment incidents and observations to be reported. There is continuous follow-up of the work at the management level.

In 2019, Swedavia further bolstered its proactive work with the workplace environment by implementing a digital reporting system in which employees report workplace incidents easily and securely using an app. The aim is to strengthen engagement regarding the workplace environment, learn from one another and find areas for improvement. In addition, tools to assess and manage the organisational and social workplace environment and expanded support material on risk and consequence assessments were developed.

In 2019, Swedavia's overall rate of absence due to illness fell from 4.94 per cent at the start of the year to 4.42 per cent at the end of the year. The decrease applies to women as well as to long-term absence due to illness.

Zero vision is within reach – so Swedavia is aiming higher

Swedavia is closing in on its ambitious goal of zero emissions of fossil carbon dioxide from its own airport operations by the end of 2020. The work to have 5 per cent of the jet fuel used for refuelling at Swedish airports be renewable by 2025 has also gained significant momentum.



Swedavia's ambitious environmental goal continued to come closer to realisation in 2019, with good progress made. The work to achieve the goal of zero emissions of fossil carbon dioxide from the company's own airport operations by the end of 2020 continues. Among the remaining challenges are ensuring that back-up power sources can run on renewable fuel, securing access to HVO100 renewable diesel and replacing all working tools that run on petrol, diesel or liquefied petroleum gas. One condition needed to achieve this zero target is for Swedavia's fleet of vehicles to switch to using renewable fuels.

97 per cent reduction in fossil carbon dioxide since 2005

Today three of Swedavia's ten airports have reached the goal of zero tonnes of fossil carbon dioxide from their own operations. Ronneby Airport reached the target as early as 2017, and Visby Airport and Luleå Airport did so in 2018.

For Swedavia as a whole, fossil carbon dioxide emissions from its own operations totalled 316 tonnes in 2019, compared to 1,305 tonnes in 2018. That is a reduction of 97 per cent since 2005, when

Swedavia began the work to calculate and reduce emissions.

Collaboration is key to success

Swedavia has a role and a responsibility to contribute to the aviation industry's transformation to fossil-free operations. With its target of having 5 per cent sustainable aviation fuel used for refuelling at Swedish airports by 2025, Swedavia wants to work to accelerate this transformation. Swedavia has purchased sustainable aviation fuel to offset the fuel used for its own flights for business purposes since 2016, and the new goal requires more companies and other organisations to refuel with sustainable aviation fuel in Sweden. One key to success is collaborations between stakeholders in the industry and beyond.

In 2019, Swedavia took delivery of 796 tonnes of sustainable aviation fuel for its flights for business purposes in 2018 and 2019. Most of the fuel was used for refuelling at Stockholm Arlanda Airport, but Göteborg Landvetter Airport, Umeå Airport, Åre Östersund Airport and Malmö Airport were supplied with some of the fuel. During the year, a number of airlines refuelled with sustainable aviation fuel,

"Swedavia wants to work for the Swedish production of sustainable aviation fuel"

while regional and local collaborations have also promoted refuelling with sustainable aviation fuel. One example is local organisations in Östersund that joined together and purchased sustainable aviation fuel during the Alpine World Ski Championships in Åre and the World Biathlon Cup in Östersund. The fuel was used for refuelling at Åre Östersund Airport to show that flights to the events could also be fossil-free.

The challenge for a large-scale switch to biofuels for air transport is that production takes place on a limited basis. As a result, renewable fuel is much more expensive than equivalent fossil fuels. Swedavia wants to work for the Swedish production of sustainable aviation fuel through the different collaborations needed to achieve this goal. There are mainly two producers in Sweden that promise production of sustainable aviation fuel in the near future using Swedish materials.

Initiative for joint public tender

During the autumn of 2019, a joint public tender for sustainable aviation fuel was carried out at Swedavia's initiative in partnership with the Swedish emergency assistance services company SOS Alarm, the alcohol retailer Systembolaget and

Combatting climate change

Swedavia works for the industry's transformation to combat climate change by facilitating infrastructure for electric aviation at Swedavia's airports and working for the increased use of sustainable aviation fuel in Sweden. Swedavia also contributes by working at the company for operations with no fossil carbon dioxide emissions. This is being done through a gradual switch to non-fossil fuels for its own vehicle fleet and continuous efficiency improvement work to reduce the use of energy and materials.





the Swedish coalition for decarbonisation the 2030 Secretariat. The joint procurement is aimed at reducing these organisations' carbon dioxide emissions from air transport while increasing supply and demand for sustainable aviation fuel. Swedavia will carry out a new public tender annually so that more organisations can join.

To monitor progress and ensure that this goal is met, Swedavia follows up with

those organisations that refuel with sustainable aviation fuel in Sweden. In 2019, about 0.14% of the jet fuel used for refueling in Sweden was sustainable. To speed up the pace of this transformation, Swedavia both drives and works in collaboration with other stakeholders in the industry. The company challenges political leaders to develop policy instruments and regulations for this purpose and is involved in a number of close partner-

ships with different organisations, clusters and consortiums.

Energy use

In 2019, energy use was 170,742 MWh, compared to 169,952 MWh in 2018. In 2019, the energy goal was changed, with vehicle fuel now excluded from the goal. The figure for 2018 has thus been restated. The increased energy is due to Swedavia's expansion in square metres.

Swedavia's collaborations:

- Member of the ACI Europe Taskforce on how Airport Carbon Accreditation (ACA) should be developed and Taskforce Climate Change, which is aimed at developing long-term climate goals for EU airports and airlines. These goals support the intentions of the Paris Accord.
- Partner in the Fly Green Fund, an economic association which works to increase demand for sustainable aviation fuel while supporting the production of such fuel in the Nordic countries.
- Member of the Nordic Initiative for Sustainable Aviation (NISA), in which a large number of stakeholders work together to find an efficient supply of renewable fuel for the aviation industry.
- Member of the 2030 Secretariat, which works to ensure Sweden has a vehicle fleet that does not need fossil fuels by 2030.
- Collaboration in the innovation cluster Fossil-Free Air Transport 2045, which RISE Research Institutes of Sweden has been commissioned to run by the Swedish Energy Agency. Together with RISE and SAS, Swedavia shall bring together stakeholders from all across the ecosystem in order to achieve the common goal of fossil-free air transport.
- Partner in the consortium Electric Air Transport in Sweden, which goes under the acronym (ELISE) and whose goal is to develop electric aircraft by 2025. Today's airports play a key role in the electric aviation of the future.
- Co-financier of Green Flyway, whose objective is to prepare Åre Östersund Airport to handle test operations for electric aviation starting in autumn 2020.
- Member of the Nordic Network on Electric Aviation 2019–2022, a platform that brings together Nordic players to accelerate the introduction of electric aviation in the Nordic countries.

In February, the new airport maintenance area at Stockholm Arlanda Airport was placed in service. Thanks to more energy-efficient premises, total energy use per square metre in the facilities decreased. The building was certified with CEEQUAL's Excellent sustainability rating by the Sweden Green Building Council.

Swedavia uses 100 per cent renewable district heating, 100 per cent renewable electricity, 97 per cent renewable propellants and 100 per cent renewable fuel for its own boilers.

Noise

Swedavia's goal for aviation noise is to work actively to reduce the noise load and have exposure considered to be at an acceptable level relative to the social benefits of aviation. Swedavia measures noise using the ACI Noise Rating Index (NRI). The chart to the right shows the modernisation of the aircraft fleet over

time, which produces less noise.

At Stockholm Arlanda Airport and Bromma Stockholm Airport, long-term measurements are taken at fixed points in part to survey the noise characteristics of different aircraft types in conjunction with take-off and landing. There are various tools to reduce noise impact, such as noise insulation of residences, higher take-off charges for noisy aircraft, curved approaches to avoid densely populated areas and work with green approaches in which the aircraft steadily descends from its cruising altitude to the runway. This reduces noise as well as saves fuel and cuts emissions.

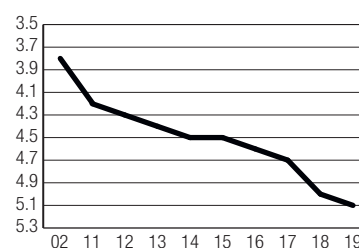
A total of 1,270 curved approaches were carried out at Stockholm Arlanda in 2019, which overall also reduced fossil carbon dioxide emissions by about 263 tonnes. Malmö Airport carried out a modernisation of its airspace, the result of which is shorter approach paths and reduced fuel use. Åre Östersund Airport has developed

a curved approach for Runway 12, which will also help improve the environment.

Water, chemicals and waste

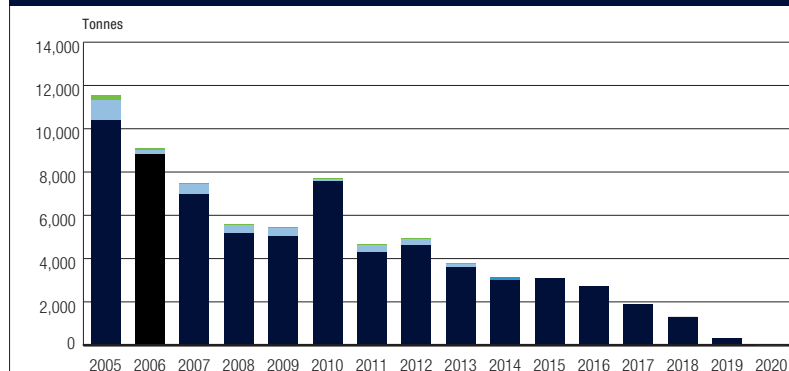
Swedavia conducts active work to reduce its environmental impact. Chemicals are replaced, and their use is assessed and restricted in order to have as little impact

Overall NRI of Swedavia's airports



Progress in NRI class over time overall for Swedavia's ten airports. A higher NRI class entails reduced noise.

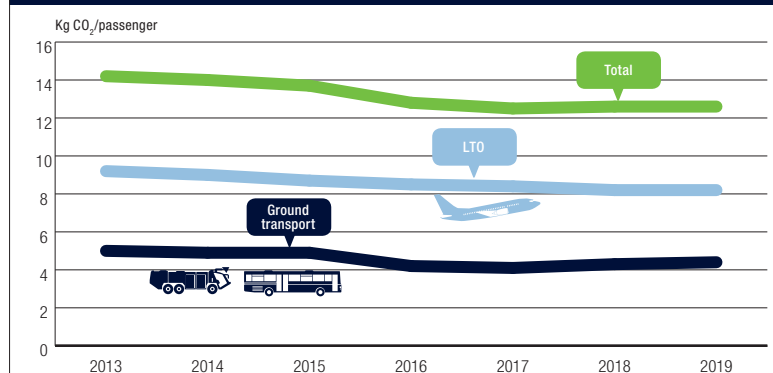
Progress on Swedavia's target of zero emissions of fossil carbon dioxide*



- **Scope 1:** Vehicle propellants, electricity and heat produced by Swedavia (used by Swedavia and sold) and firefighting exercises
- **Scope 2:** Purchased electricity and heat used by Swedavia
- **Scope 3:** Purchased electricity sold to others

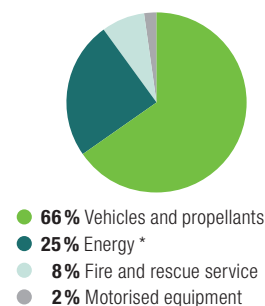
* This target includes Swedavia's emissions in Scope 1 and 2 as well as purchased heat sold to others (Scope 3). Scopes are defined by the Greenhouse Gas Protocol.

Emissions of fossil carbon dioxide in kilograms per passenger for air traffic's LTOs** and passengers' ground transport to/from the airports



** LTO stands for landings and take-offs - in other words, flying below an altitude of 3,000 feet, including taxiing on the ground.

Swedavia's fossil carbon dioxide emissions by area, 2019, %



* Fossil carbon dioxide emissions in Energy stem from back-up power supply operations.

on the environment and people's health as possible. This primarily involves reducing discharges from substances used for de-icing aircraft and anti-skid treatment of runways. A number of facilities at the airports recycle recovered de-icing fluid. Some airports also have their own ponds and water treatment facilities for collecting contaminated water from the airport area. Water from firefighting exercises, workshops, car wash facilities and hangars is also collected and treated.

In terms of waste, the total amount of waste per passenger at Swedavia decreased 5 per cent overall, and a number of airports improved their sorting of food waste. During the year, work was initiated to minimise single-use plastics. Among other measures, guidelines were developed for how this work should be carried out. The area that still presents a challenge is the sorting of waste from terminals and from aircraft.



Swedavia's vehicle fleet

- All diesel-powered vehicles at Swedavia's airports can run on HVO100 renewable diesel.
- The vehicle fleet consists of nearly 30 per cent electric vehicles.
- In 2019, Malmö Airport and Kiruna Airport tested electric-powered vehicles that can replace normal work vehicles.
- Testing of automated buses was carried out in late 2019, with self-driving buses operating on the public road between the company's headquarters, Swedaviahuset, and the new airport maintenance area.
- Robot lawn mowers at Bromma Stockholm Airport.

Top certification ratings

- Swedavia's airports are certified at the highest level under Airport Carbon Accreditation (ACA)'s standards for the climate work of airports.
- Swedavia's operations are certified under the ISO 14001:2015 environmental management systems standard and ISO 50001:2018 energy management systems standard.
- The new airport maintenance area at Stockholm Arlanda Airport and the P1 long-term car park at Stockholm Arlanda Airport are certified as Excellent under CEEQUAL's sustainability standards, which specify how well construction projects address sustainability issues.
- Sky City Office One at Stockholm Arlanda Airport was rated Excellent by BREEAM. The terminal at Göteborg Landvetter Airport is BREEAM In-Use certified for its environmental performance. BREEAM is an environmental certification system for buildings, and Excellent is its second highest rating.

Carbon footprint, kilotonnes CO₂

Airport	Air traffic		Ground transport		Swedavia		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Stockholm Arlanda Airport	222	233	111	112	0.15	0.83	333	346
Göteborg Landvetter Airport	47	47	29	32	0.07	0.09	76	78
Malmö Airport	19	21	17	17	0.03	0.16	36	38
Bromma Stockholm Airport	16	18	3	3	0.01	0.01	19	21
Umeå Airport	7	8	6	6	0.03	0.07	13	14
Luleå Airport	8	9	6	6	0.00	0.00	14	15
Äre Östersund Airport	4	4	2	2	0.02	0.02	6	6
Kiruna Airport	2	2	1	1	0.01	0.12	3	3
Ronneby Airport	2	2	1	1	0.00	0.00	3	3
Visby Airport	3	3	1	1	0.00	0.00	4	4
Total	330	346	176	181	0.3	1.3	506	528
<i>Percentage change, 2018–2019:</i>	–4.6 %		–2.7 %		–75.8 %		–4.1 %	

The carbon footprint for Swedavia's airports in 2019 reported here is broken down into air traffic's emissions in the LTO cycle (landing and take-off cycle, flying below 3,000 feet including taxiing on the ground), passengers' ground transport to and from the airports and Swedavia's own operations.

During the year, the carbon footprint for Swedavia's airports decreased about 4 per cent, from about 528 kilotonnes of CO₂ in 2018 to 506 kilotonnes in 2019. At the same

time, the number of passengers decreased 4 per cent, which means the carbon footprint per passenger was unchanged.

Swedavia's own emissions of fossil carbon dioxide were reduced by over 76 per cent, from 1,305 tonnes in 2018 to 316 tonnes in 2019. Measures contributing to this reduction in Swedavia's own production include an increase in the mixture of renewable fuels for vehicles.

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Report of the Directors

The Board of Directors and the President and CEO of Swedavia AB (publ), Swedish corporate identity number 556797-0818, hereby submit their annual accounts for Swedavia AB and the consolidated annual accounts for the Swedavia Group for the financial year 2019. The Report of the Directors is for the Group and Parent Company unless otherwise indicated.

Swedavia is a State-owned company that owns, operates and develops a network of ten airports in Sweden. Swedavia's operations are divided into two segments, Airport Operations and Real Estate. In 2019, the Airport Operations segment at Swedavia ran operations at ten airports – Bromma Stockholm Airport, Göteborg Landvetter Airport, Kiruna Airport, Luleå Airport, Malmö Airport, Ronneby Airport, Stockholm Arlanda Airport, Umeå Airport, Visby Airport and Åre Östersund Airport – in the national basic infrastructure as determined by the Swedish Government. The airports are managed as and consolidated into an integrated airport system with shared corporate functions. Real Estate owns, develops and manages properties and developable land at and in the vicinity of Swedavia's airports. Swedavia's task from the Swedish State includes working actively based on sound business principles and with long-term profitability to develop the Swedish transport sector and help achieve the Parliament's transport policy objectives. The overall objective of Swedish transport policy is to ensure the socioeconomically efficient, long-term sustainable provision of transport to citizens and businesses throughout the country. As per the instructions of its owner, Swedavia shall measure and report results for five indicators in the areas of access, quality of transport, safety, security, and environment. Swedavia's operations are funded by the revenue generated from operations.

PURPOSE, VISION AND BUSINESS CONCEPT

Swedavia's purpose is "Together we enable people to meet" and its vision is "We develop the airports of the future and create sustainable growth for Sweden". The company's business concept is "Together with our partners, we shall create added value for our customers through attractive airports and access".

IMPORTANT EVENTS DURING THE YEAR

After a number of consecutive years of growth and zero growth in 2018, passenger volume decreased in 2019. During the year, 40.2 million passengers flew to or from Swedavia's airports, a decrease of 4.4 per cent compared to the preceding year.

In December 2018, a new Group organisational structure for Swedavia was decided, which was implemented on January 1, 2019. The new organisation will help ensure that Swedavia has the conditions needed to gradually change its working methods, be more results- and process-oriented and create better potential to realise the company's strategies. In conjunction with the change, the executive management was adjusted, with a smaller number of people reporting directly to the President and CEO.

Swedavia took measures in 2019 to ensure its competitiveness and meet changes in market conditions. The measures are aimed at ensuring efficiency and adjusting cost levels in both the short and long term. As a result of a cost reduction and change programme, on

January 15 Swedavia notified the Swedish public employment agency Arbetsförmedlingen that it would lay off employees. A total of 125 full-year equivalent employees were affected, both in the corporate functions and at Swedavia's airports. The executive management's decision served as a basis for collaborative negotiations with the trade unions. The organisation and these changes were implemented as of July 1, 2019.

In February, after five years of work, the new airport area at Stockholm Arlanda Airport was placed in service. The maintenance area houses many of Stockholm Arlanda's operational and maintenance functions such as the Airside and Landside field unit, surveillance, buses, runway lighting and vehicle workshops. Its mission is to make sure the airport's operations and maintenance work are in compliance with laws and regulations and based on the traffic situation. The new maintenance area was certified as Excellent under Swedish environmental standards, and the change in location is part of the preparations for the new pier at Terminal 5.

In March, Swedavia appointed Caroline Ottoson, formerly CEO of the Swedish transport companies SL and Waxholmsbolaget, to be the new director of its Facilities and Systems unit and a new member of Swedavia's executive management. She assumed the position in August.

In March, Swedavia's Board of Directors made an implementation decision concerning the construction of a new pier and an expanded marketplace as well as a new central security checkpoint for all passengers in Terminal 5 at Stockholm Arlanda. This implementation is part of Stockholm Arlanda's development programme for 2016–2025, which includes total investments of SEK 17.6 billion for the period. The aim of Stockholm Arlanda's development programme is to meet current and future capacity needs and improve the passenger experience at the airport.

In October 2018, Swedavia made a pricing decision for 2019 which entailed an underlying increase in charges to airlines of 7.8 per cent starting January 1, 2019. A number of airlines submitted an appeal to the Swedish Transport Agency concerning Swedavia's decision on airport charges for 2019, and the agency examined the matter. After doing so, the Swedish Transport Agency announced in mid-March that the decision on charges was properly made by Swedavia. The charges were introduced on January 1, 2019.

At the Annual General Meeting 2019, a new dividend policy was adopted. The policy stipulates that the normal dividend shall be between 10 and 50 per cent of profit after tax. Annual dividend decisions shall take into account the company's operations, implementation of the company's strategy and its financial position. In deciding the matter, special consideration shall be given to the company's assessed ability to achieve its capital structure target (a debt/equity ratio of 0.7–1.5 times) going forward. At the AGM, a new composition for the Board of Directors was also adopted. Swedavia's Board consists of chairman

Åke Svensson and members Lars Backemar, Lottie Knutson, Lotta Mellström, Lottie Svedenstedt, Lars Mydland and Mikael Norman.

In late April/early May, pilots at Scandinavian Airlines (SAS) went on strike. The dispute lasted for seven days, from April 26 to May 2, and had an impact on traffic at all of Swedavia's airports.

As of May 1, Securitas is the new security services provider at Göteborg Landvetter Airport. Prior to this, the airport was the only one of Swedavia's big airports at which security operations were carried out under Swedavia's auspices. As a result of the agreement, Securitas has responsibility for security screening operations, airport protection and patrolling at Göteborg Landvetter Airport. The agreement is for three years, with the option of an extension of up to four years.

Office One at Stockholm Arlanda Airport is Swedavia's largest office property venture located near its airports to date, with a total of 15,000 square metres of floor space, and was placed in service in the autumn of 2018. On May 15, United Spaces inaugurated its co-working facilities there. Leases were signed with a number of tenants in 2019.

In early June, biofuel was delivered to and used for refuelling aircraft at Stockholm Arlanda Airport, Göteborg Landvetter Airport, Malmö Airport, Umeå Airport and Åre Östersund Airport. Since 2016, Swedavia has purchased biofuel equivalent to the amount used for the company's flights for business purposes. This investment is part of Swedavia's strategy to be fossil-free in its operations by 2020, to work to transform the aviation industry in the face of climate change and to achieve fossil-free Swedish air transport by 2045.

In June, Swedavia signed a credit facility for two billion Swedish kronor with the German State-owned KfW-IPEX Bank. The loan agreement runs for a maximum of ten years and is intended to finance Swedavia's development programme.

In September, Swedavia sold its 50 per cent holding in Landvetter Logistik Center. The buyer is its partner, Bockasjö, which is now the sole owner of the company. The sale gives Swedavia a capital gain of 102 million Swedish kronor and is in line with Swedavia's strategy to create value by developing properties in the vicinity of its airports in order to reinvest in the airports' competitiveness.

After consulting with airlines and ground handling companies last autumn, in November Swedavia decided to increase airport charges in its network by 5 per cent starting on January 15, 2020. The increase is a result of the long-term infrastructure development Swedavia is carrying out to ensure future capacity and the quality of its airport products.

As of 2019, Swedavia applies the Swedish Concessions Procurement Act (2016:1147), which means that tenants in retail, food & beverage are awarded contracts on tender. The changeover to the new law means that, in 2019, Swedavia began to cancel existing leases in order to carry out public tenders in accordance with the law. In conjunction, some tenants have sued Swedavia for damages. The issue will be decided in a court of law in 2020.

In November, Swedavia issued a perpetual SEK 1 billion kronor hybrid bond with the first call date in November 2024. The bond will be recognised as equity and the proceeds used for working capital, including to refinance existing debt and fund investments.

In October, Swedavia launched a Green Bond Framework. The framework is based on the International Capital Market Association's Green Bond Principles and is subject to an independent external assessment by the Center for International Climate and Environmental Research (CICERO). In December, Swedavia issued a SEK 1 billion kronor green bond with a maturity of five years and three months. Bond proceeds will fund climate change adaptation and sustainability measures and projects based on this framework.

THE GROUP IN BRIEF¹

SEK M, unless otherwise indicated	2019	2018	2017	2016	2015
Net revenue	6,235	5,922	5,745	5,546	5,416
Operating profit	709	682	651	966	1,755
Operating margin, %	11.4	11.5	11.3	17.4	32.4
Profit for the year	583	517	407	717	1,410
Return on operating capital, % ³	4.6	4.6	5.1	8.5	14.6
Debt/equity ratio, times ³	1.1	1.1	1.0	0.7	0.6
Investments	3,460	3,195	3,866	2,138	1,120
Dividend	— ²	—	122	143	232
Average number of employees	3,050	3,217	3,074	2,949	2,787
Number of passengers, million	40.2	42.0	41.9	39.5	37.6
Operating costs per departing passenger, SEK ⁴	212.6	200.7	192.9	194.5	195.2
Commercial revenue per departing passenger, SEK ⁴	81.0	75.2	75.7	75.5	76.1

¹ For key metrics and definitions, see pages 134–135.

² Dividend proposed to the Annual General Meeting.

³ As of 2017, the pension provision and related pension tax receivable are netted; comparative years have been adjusted.

⁴ As of January 1, 2019, the subsidiaries Swedavia Airport Telecom AB and Swedavia Energi AB were moved from the Real Estate segment to the Airport Operations segment; comparative periods for 2017–2018 have been adjusted. As of 2017, the item capitalised work for the own company's account has been taken into consideration; comparative years have been restated. For 2016–2018, the metric is calculated based on Airport Operations and for 2015 on Swedavia AB.

NET REVENUE AND PROFIT

Consolidated net revenue for the year was SEK 6,235 M (5,922), which is an increase of SEK 313 M or 5.3 per cent compared to the preceding year. In the Airport Operations segment, net revenue increased SEK 286 M to SEK 6,222 M (5,936). Net revenue in the Real Estate segment also increased, to SEK 54 M (14 M). Operating profit for the Airport Operations segment was SEK 740 M (659) and for the Real Estate segment SEK –50 M (31). Revenue from Aviation Business totalled SEK 3,914 M (3,696), which is an increase of SEK 218 M. Passenger- and aircraft related revenue increased 10 per cent. The increase in revenue, despite lower passenger volume, is mostly attributable to an increase in airport charges. The change in charges is partly due to the pricing decision for 2019 and partly the effect of retroactive adjustments based on a previous decision.

Revenue from Commercial Services was SEK 2,294 M (2,191), which is an increase of SEK 103 M and is explained by an increase in commercial revenue per departing passenger, to SEK 81.0 (75.2). For Commercial Services, revenue from food & beverage was on a par with the preceding year, while revenue from retail exceeded last year's figure as a result of higher revenue from tax- and duty-free sales. Revenue from car parking and passenger pick-up/drop off facilities was lower compared to the preceding year because of the lower passenger volume.

The key metric operating costs per departing passenger was SEK 212.6 (200.7), with an increase largely due to lower passenger volume. Capitalised work for the company's own account increased SEK 19 M to SEK 189 M (170), which is largely attributable to employees putting more time into ongoing investment projects. External costs and staff expenses together were SEK 55 M higher compared to the preceding year, with restructuring costs of SEK 81 M included in the total. The restructuring programme, launched in early 2019, is proceeding as planned. Winter costs increased compared to the preceding year, while costs for the use of external services decreased. As a result of the transition to IFRS 16, external costs were SEK 106 M lower.

Depreciation and amortisation increased SEK 206 M compared to the preceding year, which is largely explained by the implementation of development programmes at Stockholm Arlanda Airport and Bromma Stockholm Airport and in IT operations during the year. Impairment losses in 2019 totalled SEK 82 M (84). Depreciation and amortisation also increased SEK 90 M because of the transition to IFRS 16.

Consolidated operating profit was SEK 709 M (682). Operating profit in 2018 was positively affected by a SEK 55 M earnout from the sale of S ve Airport.

The operating margin was 11.4 per cent (11.5).

LIQUIDITY AND FINANCIAL POSITION

Consolidated equity at year-end was SEK 9,440 M (8,066). Equity includes a hybrid bond of SEK 1,000 M issued in November 2019. The hybrid bond, which is recognised in equity, totalled SEK 996 M after transaction costs. The hybrid bond has a perpetual maturity and the first call date is November 26, 2024. The hybrid bond has a floating rate up to the first redemption date of 3m STIBOR + 150 basis points.

Swedavia's loan liabilities totalled SEK 8,570 M (8,363) at the end of the period, which is an increase of SEK 203 M. Swedavia's borrowings are broken down into bank loans of SEK 2,700 M (1,700), bond loans of SEK 5,150 M (5,150), commercial paper of SEK 720 M (1,506) and the balance on a line of credit of SEK — M (7). At the end of the period, the average capital tie-up period, which includes the effect of interest rate derivatives, was 5.0 years (4.2) and the average interest rate lock-in period was 3.8 years (2.7). The average interest rate as of December 31 was 1.1 per cent (1.0). On the balance sheet date, the nominal total of interest rate derivatives was SEK 3,500 M (2,500).

Liquid assets increased SEK 67 M and at the end of the period totalled SEK 77 M (10). Net liabilities increased SEK 1,493 M from SEK 9,195 M to SEK 10,688 M, due to the introduction of IFRS 16 and increased loan liabilities as a result of the high investment pace. The debt/equity ratio was 1.1 times (1.1).

At the end of the period, Swedavia had unutilised credit facilities totalling SEK 1,800 M (1,800), which reduces the company's refinancing risk and ensures access to capital.

On the balance sheet date, there was also a framework loan agreement with Nordic Investment Bank of SEK 2,000 M which allows loans with maturities of up to 10 years, with SEK 1,700 M (1,700) of this utilised. During the period, a framework loan agreement was signed with the German State-owned KfW-IPEX Bank for SEK 2,000 M, which allows loans with maturities of up to 10 years, with SEK 1,000 M (—) of this utilised. In October, Swedavia launched a Green Bond Framework based on the Capital Markets Association's Green Bond Principles. A SEK 1,000 M green bond was issued in December with a maturity of five years and three months.

The return on operating capital excluding restructuring costs, capital gains, impairment losses and disposals at the end of the period was 4.8 per cent (4.7). For information about targets and principles applied for financial risk management and about principles applied for hedging and exposure to price risks, credit risks, liquidity risks and cash flow risks for each important type of planned transaction for which hedge accounting is used, see Note 47 "Financial risks".

CASH FLOW

Cash flow for the period totalled SEK 67 M (–48). Cash flow from operating activities was SEK 1,977 M (1,359), which is SEK 618 M higher compared to the same period the preceding year. The difference is largely explained by the trend in operating capital, which had a positive effect on the period compared to last year. Investments for the period entailed payments of SEK 3,460 M.

The sale of tangible assets, SEK 309 M, the sale of an associated company, SEK 50 M, and dividends from associated companies, SEK 67 M, generated positive cash flow.

A shareholder contribution to associated companies had a negative effect of SEK 13 M. Cash flow from financing operations totalled SEK 1,137 M (1,717). Cash flow was generated from a new bank loan, SEK 1,000 M, the issuance of a green bond of SEK 1,000 M, and a hybrid bond that generated SEK 996 M in positive cash flow after issuance costs. In addition, a bond of SEK 1,000 M was repaid.

Commercial paper borrowing decreased SEK 786 M net, and during the year the outstanding balance on a line of credit, SEK 7 M, was repaid. During the period, lease liabilities of SEK 90 M (9) were repaid and other borrowings increased SEK 23 M (23).

The AGM 2019 decided not to pay any dividend to the owner. The dividend paid for the previous year was SEK 122 M.

INVESTMENTS

During the year, investments totalled SEK 3,460 M (3,195), with investments in the Airport Operations segment totalling SEK 2,906 M (2,604). Important capacity spending was used to enhance capacity in Stockholm Arlanda Airport's and Göteborg Landvetter Airport's development programmes. Investments in landing runways also represent a significant share of investments for the year. Investments in Real Estate and property development totalled SEK 554 M (591). Important capital spending was for the construction of a hotel at Stockholm Arlanda Airport and a hotel at Göteborg Landvetter Airport.

ECONOMIC TARGETS

Swedavia's economic targets consist of a profitability target, which is a return on operating capital of at least 6 per cent, and a capital structure or debt/equity ratio of 0.7–1.5 times. These economic targets are long-term, which means that actual results may exceed or fall below the targets as a result of fluctuations in the general economic trend for some years.

DIVIDEND TARGET

The normal dividend shall be between 10 and 50 per cent of the year's profit after tax. Dividend decisions shall take into consideration the company's operations, implementation of the company's strategy and its financial position. Special consideration shall be given in this assessment to the company's estimated ability to achieve its capital structure target (debt/equity ratio 0.7–1.5 times).

SHARES

Swedavia AB (publ) has issued 1,441,403,026 shares, which comprise a single share class, and all shares have equal voting rights in the company. All shares are held by the Swedish State; the State's holdings are administered by the Ministry of Enterprise and Innovation as of December 31, 2019. The par value of a share is one (1) Swedish krona.

ACQUISITIONS AND DISPOSALS

In September, Swedavia sold its 50 per cent holding in the associated company Landvetter Logistik Center AB. The sale resulted in a capital gain of SEK 102 M.

MARKET AND FUTURE DEVELOPMENT

After a number of years of growth and zero growth in 2018, passenger volume decreased in 2019. This reduced demand is considered to be due to a number of factors such as an intensifying climate debate, Sweden's national aviation tax, new travel policies, a weak Swedish krona and increased concerns about weaker Swedish and global economic growth. Airlines have also cut their supply of seats and routes compared to 2018, which has contributed to a subdued traffic trend for traffic to, from and within Sweden. The airlines' supply to the market, measured in the number of seats, decreased 2.8 per cent during the year. Declining demand contributed to the airlines' lower load factor in 2019.

All of Swedavia's airports had a negative traffic trend in 2019, with Stockholm Arlanda Airport showing the biggest decline in absolute terms, followed closely by Malmö Airport, Bromma Stockholm Airport and Göteborg Landvetter Airport. However, half of Swedavia's airports had a positive trend for international traffic, with the greatest increase in international passenger volume at Göteborg Landvetter Airport, followed by Bromma Stockholm Airport. All of the airports had a negative trend for domestic passenger volume, with Stockholm Arlanda Airport posting the biggest decline in absolute terms, followed by Göteborg Landvetter Airport and Bromma Stockholm Airport.

Scheduled traffic to elsewhere in Europe had the smallest decrease in demand, with a decline of 1.2 per cent. Domestic traffic, charter traffic and direct intercontinental traffic decreased more than European traffic. Swedavia's future development depends on passenger growth, and the Group's most recently published long-term forecast shows an estimated annual increase in passenger volume of 1.6 per cent. Based on the estimated passenger volume trend, an assessment is then made of what investments need to be made to ensure the capacity needed to handle the increased demand. Swedavia will invest SEK 42.3 billion on maintenance and capacity enhancement measures during the period 2016–2025. Swedavia's long-term passenger volume forecasts and investment plans are published on its website. The risks and uncertainty factors regarding its future development are described on pages 66–67 in the Report of the Directors.

Sustainability Report

Swedavia's task is to own, operate and develop ten airports included in Sweden's national basic infrastructure. For Swedavia, corporate social responsibility entails incorporating sustainable development in its business operations – with a focus on the customer and by taking responsibility for Social, Environmental and Economic Development. Swedavia shall be an international role model in sustainability, which is in line with the Swedish Government's ownership policy for State-owned companies. Guiding principles in this ownership policy include the Agenda 2030 for sustainable development and its global sustainable development goals. Swedavia shall contribute to Sweden's Generation Goal and its environmental quality objectives as well as help to achieve the climate change goals adopted in the Paris Agreement.

All business operations are associated with risk-taking. Opportunities and risks are assessed and managed to ensure that the owner's objectives and targets are reached. Good risk management can lead to opportunities. Poor management can have major consequences in the form of lower income, higher costs or reduced trust in the company. The work to identify, analyse, manage and monitor risks is thus a priority area at Swedavia.

Swedavia's risk management framework

Swedavia's risks are managed based on the principles of responsibility, equality and proximity. These principles are put into practice through the requirement that risk analyses be carried out prior to changes and projects. Swedavia's airport operations strive for a low level of risk-taking, which safeguards Swedavia's brand and meets the requirements of its owner, oversight authorities, partners and customers in line with Swedavia's business strategy.

Strategic risks

Risk of loss or other adverse consequence that affects Swedavia's sustainable development. In general, this risk concerns risks that have a great impact on the Group as a whole.

Operational risks

Risks as the result of insufficient, inefficient or non-functional internal processes, human error, problems with technical systems or external events.

Financial risks

Currency risks, interest rate risks, credit risks, commodity price risks and liquidity and refinancing risks are included under the framework for financial risk management. Read more on pages 121–122, Note 47 "Financial risks".

Responsibility for risk work

Operations have responsibility to identify risk on a continuous basis. A risk owner is designated for each identified risk and is responsible for managing the risk in the form of measures, escalation and reporting.

The Risk Manager is responsible for developing, coordinating and monitoring the risk management process and for compiling a general risk report on a quarterly basis to the executive management, Audit Committee and Board of Directors. The Board of Directors, Audit Committee and executive management have responsibility for providing feedback if the risk assessment is not considered balanced in terms of measures implemented or planned.

The risk management process



Risk identification and risk change

Risk management is carried out proactively in all parts of the organisation, in all processes and in all projects and portfolio operations. Identified risks are assessed and documented based on strategies, objectives and targets using a Group-wide format. For each identified risk, a risk owner is designated, measures are documented and risk change work is initiated.

Monitoring and inspection

Risk work is monitored on a continuous basis for the management's review and business planning work. The Group's Risk Committee meets on a quarterly basis and prepares the Group's risk report as well as constitutes a cross-functional platform for strategic and Group-wide risk issues. The risk report is approved by Swedavia's executive management and is then prepared by Swedavia's Audit Committee prior to being adopted by the Board of Directors. Internal auditing examines, tests and validates the effectiveness of Swedavia's risk management through audits of the Risk Management function and of ongoing risk work in the company's operations.

Risk management

Swedavia describes its risk work based on its sustainability perspectives – customer, environment, economy and social development.

CUSTOMER

Risk description

- An economic downturn and continued deceleration in passenger growth risk having a negative impact on Swedavia. Swedavia is dependent on a small number of airline customers and operates in a market with competition from other Nordic airports.
- This also has an impact on Swedavia's competitiveness and its ability to attract airlines and customers. Reduced demand and a change in customer behaviour can have a negative impact on commercial business. There are also risks in conjunction with the switch to concession agreements in retail, food & beverage operations regarding the interpretation of leases with tenants.
- Changes in passenger growth forecasts affect the possibilities of taking short-term measures. There is also a challenge in that solutions and development programmes will challenge existing capacity during their different implementation phases. If Swedavia cannot convert insights and customer needs into new efforts and business opportunities, in the long term this can lead to decreased profitability.
- There is a risk that long-term planning and investment needs are not fully analysed since a number of facilities have reached the end of their technical lifetime. This places great demands on maintenance and planning. It may also entail delays and higher costs on investment projects decided. Changes in the form of delays and reprioritising in the company's portfolio affect available capacity both in the long and short term.

Measures

- ✓ Swedavia strives to continuously develop, improve and create flexibility in operations with a focus on customers. Customer-driven development is achieved through great focus on business intelligence, process control and cross-functional work. A new commercial concept for public procurement has been developed for gradual implementation based on new legislation. At Swedavia, focused work is carried out in order to increase access in the form of new routes. Measures to improve the customer experience are carried out on an ongoing basis, for example new self-service solutions.
- ✓ To meet increased demand in the short term, efficient flows are needed in existing infrastructure. In the long term, capacity needs are met through development plans, which then result in investments. In the business plan adopted, there are a number of measures to maintain current capacity and to ensure capacity in the long term.
- ✓ Through the development of systematic requirements for format and content in administration plans, conditions are created in order to carry out asset management in a standardised way.

ENVIRONMENTAL CONCERN

Risk description

- Swedavia's operations, which require environmental permits under the Swedish Environmental Code, together with the company's high level of ambition with respect to climate change, guide environmental work in the Group. Permits and the conditions in these permits define both opportunities and limitations for Swedavia in developing its business and meeting demand.
- Changes in permits and the conditions in these permits can affect operations to a great extent. Environmental permit processes are lengthy and time-consuming, which means environmental issues constitute a crucial aspect of the airport's long-term development plans. In addition, there are local risks, for example, associated with soil contamination, surface water facilities and the new EU environmental quality standards for water. A number of risks identified are associated with Swedavia's ambition for sustainable aviation fuel. The growing climate debate, "flight shaming" and people's views on aviation's emissions affect travel in companies and other organisations and in people's choice of transport mode.

Measures

- ✓ Joint tenders for sustainable aviation fuel and communication to make new stakeholders aware of this work are important in order to create demand for biofuel and the conditions needed for production in Sweden. It is also important to create conditions for a sustainable process and structure with resources.
- ✓ Work with soil contamination is managed using an identified resource that integrates Swedavia's work with one of the most serious toxins, man-made per- and polyfluoralkyl substances (PFAS). Procedures and work methods are in place to ensure that there is no intentional spread of soil contaminants. At each airport that has water as a significant environmental aspect, the performance of surface water ponds is monitored. Measures are taken to ensure appropriate maximum or limit values.
- ✓ To enhance its brand as an attractive employer, Swedavia works with communication material and messages related to the climate debate and showcases the company's proactive environmental work to reduce the climate impact of its airports and of the air transport industry.

ECONOMY

Risk description

- Swedavia carries out work on a continuous basis to make operations more efficient and during the year implemented a cost-efficiency improvement programme. There is a risk that cost savings and efficiency improvement measures will not have a lasting impact. As a consequence of changes in passenger growth and the fast pace of change in the industry, there is a need for highly complex investments in infrastructure. In 2019, passenger volume decreased, which entails challenges in a short-term perspective. At present, the company's long-term plans indicate that demand for capacity over time will be higher than what Swedavia's infrastructure can handle.
- The risks that Swedavia faces because of uncertainty about the economy and airlines in financial imbalance include the risk of lower profitability as a result of lower revenue if costs cannot be reduced to the same extent, and the risk of credit losses as a result of airlines or other customers going bankrupt. Moreover, a challenging market situation for airlines can mean limited potential to redress the cost situation through Swedavia's price model.

Measures

- ✓ To monitor and mitigate the risk, and to control and prioritise the company's investment resources, there is an established investment process through Swedavia's portfolio management and development forum. Swedavia strives to increase cost flexibility, create action plans to handle traffic declines and reinforce monitoring of its customers' economic position in order to minimise credit losses in the event of bankruptcy.
- ✓ The Group's financing activities and management of financial risks are centralised in the corporate finance function and are part of the Group-wide risk method. Operations are carried out based on the Financial Policy, Risk Policy, Credit Policy and Tax Policy adopted by the Board of Directors, which are characterised by a low risk level. The aim is to minimise the Group's capital costs through effective funding solutions and effective management and control of the Group's financial risks. For more information about definitions and the management of financial risks, see Note 47 on pages 121–124.

SOCIAL DEVELOPMENT

Risk description

- The Group carries out a large number of strategic development projects, which places high demands on access to the right skills, leadership, implementation capability and focus on mitigating risks related to the workplace environment. The most serious workplace environment risks from a Group perspective are compliance with the systematic work with the workplace environment, the risk of accidents in Swedavia's construction projects, traffic-related incidents and stress-related health problems. An operations-wide transformation contributes to a high level of change pressure, which affects employees and Swedavia's corporate

Measures

- ✓ Swedavia works together with contractors to reduce occupational health and safety risks. Conditions for well-functioning, preventive work with the workplace environment are provided through procedures, tools and training for leaders, and safety officers. A new system for workplace environment incidents was implemented in 2019, and particular energy was put into promoting people's willingness to report risk observations.
- ✓ Critical recruitments and identification of strategic skills to convert people hired on a consultancy basis into Swedavia employees are carried out on a continuous basis. Continued clear priorities, ongoing dialogue and focus on the psycho-social workplace environment will be critical to ensure everyone's progress in this transformation to meet set goals.
- ✓ Attracting, developing and retaining the right staff is an important part of Swedavia's drive to safeguard its future talent supply. Another key aspect is a continued sharp focus on inclusiveness, diversity and equal treatment.
- ✓ Another measure is to continue developing the work to identify, prioritise and manage human rights risks throughout the value chain based on the UN's Guiding Principles on Business and Human Rights. The priority is the supplier and customer chains, which have potentially the greatest risks. For example, this

culture, with a risk that key talent will choose to leave Swedavia for other employment.

- Running airports is a complex operation, which can affect the human rights of many different stakeholders. Such risks can affect Swedavia's credibility as a sustainable company and have consequences for the brand and the company's ability to generate income.
- Events such as extreme weather conditions, operational downtime, a labour dispute or terrorist act could entail a shutdown or disruption in airport operations and commercial services. There is a growing cyber risk in the world, which could entail disruptions in IT infrastructure and IT services.

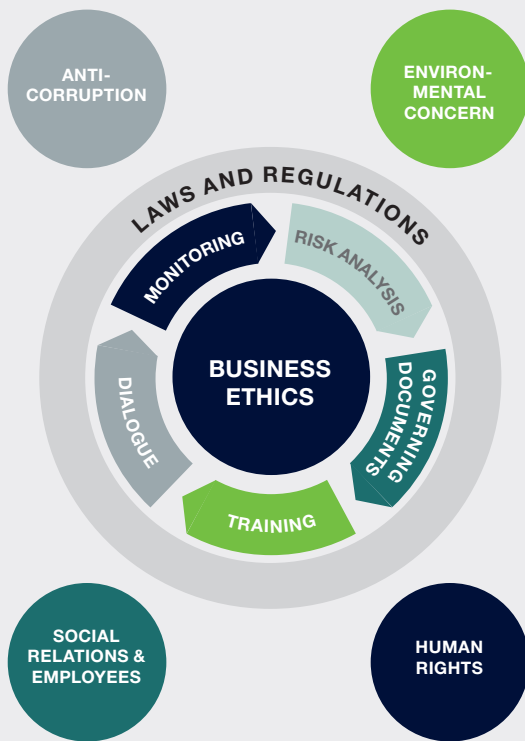
involves fighting the occurrence of trafficking and poor labour conditions in high-risk countries in the procurement of products and services. Read more about risks involving human rights on page 71.

- ✓ Risks with corruption are identified and identified and processed on an ongoing basis in the different operations. Read more on page 68.
- ✓ The airports' aviation safety and security work is aimed at preventing and minimising the effects of any incidents. Through proactive risk work together with efficient safety and security work, the risk that disruptions in airport operations will affect aviation safety and security is minimised.
- ✓ Systems and configurations are being reviewed to safeguard protective measures for devices connected to Swedavia's networks. A review of its information classification is being carried out which will harmonise with the EU General Data Protection Regulation.
- ✓ Swedavia works actively with crisis and continuity plans and carries out exercises on a regular basis in order to increase risk awareness and the competencies of employees, partners and authorities. If an unplanned incident occurs, Swedavia works continuously with crisis communication together with those parties affected, aimed at relevant target groups. The work is focused on quickly providing accurate, fact-based information.

BUSINESS ETHICS AT SWEDAVIA

Within the framework for Swedavia's strategy "Responsibility for society and people," the Legal function is responsible for the initiative "safeguard and develop business ethics at Swedavia." This involves safeguarding in four areas: Anti-corruption, Human rights, Social relations & employees, and Environment. The illustration below depicts the process for how Swedavia works with business ethics.

In each of the four areas, Swedavia works based on this business ethics process wheel. Risks are identified on a continuous basis and analysed in part through workshops and then incorporated for management in relevant parts of operations. Governing documents are prepared, training programmes are held and dialogues are maintained in operations – and opportunities are provided for follow-up.



Whistleblowing

For Swedavia's stakeholders, there are a number of options for contacting Swedavia in the event a stakeholder would need to report an irregularity or make a complaint. Swedavia's whistleblowing function is available to both employees and external stakeholders and is managed by an external party. There is also a well-defined process for handling incoming cases. The function guarantees anonymity.

Complaints

Swedavia enables airport visitors to make a complaint through the customer service counters at its airports or digitally, while nearby residents can make a complaint about noise on its website. For companies and other organisations that work at our airports, there is an online system for incident reporting.

ANTI-CORRUPTION

The occurrence of bribery or suspicion of bribery in a company affects everyone who has a relationship with the company. Swedavia's reputation and brand would be damaged if there was corruption in operations and/or among suppliers or other companies or organisations at one of Swedavia's airports. How the company is viewed – by customers, suppliers and employees – would be adversely affected. So it is part of Swedavia's sustainability work to proactively work to prevent corruption and irregularities in the company.

Swedavia has chosen to be more restrictive in its bribery policy and guidelines than the law explicitly requires. That is because, as a publicly owned company, it has a responsibility to administer society's invested resources in the best way. So as a publicly owned company, it has a lower threshold for what is allowed compared to many other companies. Employees of Swedavia may never, either explicitly or implicitly, for themselves or on someone else's behalf receive, promise to offer or request an unlawful benefit for carrying out their duties, nor give or offer such a benefit. The risk of corruption may be considered to be latent but is not currently addressed at an overall level. Swedavia carries out a number of measures to mitigate this risk, for instance through training programmes, advice, a whistleblower function and an Ethics Committee.

In 2019, material with questions about ethical dilemmas was distributed particularly in workplace meetings. The aim is to create good, robust dialogue on these issues throughout Swedavia. Training on business ethics and anti-corruption takes place on a continuous basis, in part through training on construction law in-house. Read more about anti-corruption on page 54.

ANTI-CORRUPTION

Governance

- Swedavia's Code of Conduct
- Swedavia's bribery policy
- Swedavia complies with the Joint Initiative to Prevent Bribery and Corruption, an agreement between Swedish suppliers and clients in the public-financed construction and property sector

Swedavia's Code of Conduct, together with a special bribery policy and business entertainment guidelines, governs operations. Regular training and dialogue with employees, suppliers and other stakeholders are important in this work.

Target

100 per cent of Swedavia's leaders and specialists shall have completed training on Swedavia's bribery policy and business entertainment guidelines

Actual, 2019

94 per cent

ENVIRONMENTAL CONCERN

Systematic environmental work is an essential requirement for Swedavia to achieve the ambitious environmental goals and targets set. It is also important to show credibility and meet the requirements placed on operations.

Proactive environmental work

Since Swedavia set its goal in 2011 of zero tonnes of fossil carbon dioxide by the end of 2020, the curve has continuously headed downwards. In 2019, emissions were 316 tonnes of carbon dioxide (1,305 tonnes), and in 2020 the focus will be on bringing this down to zero. Electrification and improved efficiency of vehicles, a larger percentage of biofuels used in fuel mixtures and innovation helped improve this trend during the year. Energy use totalled 170,742 MWh in 2019 (169,952 MWh). Since 2019, fuel is excluded from this energy goal, and the figure for 2018 has been restated. Increased energy use is due to the increase in square metres of the company's facilities. Aviation's climate change adaptation is a crucial sustainability issue, and during the year Swedavia took the initiative to arrange a joint public tender for sustainable aviation fuel to offset fuel used on its flights for business purposes, while a number of collaborations in electrified aviation continued. The share of sustainable aviation fuel used for refuelling at Swedish airports was about 0.14 per cent in 2019. The target is 5 per cent by 2025. Read more about this on pages 56–59.

Swedavia takes part in a number of industry collaborations such as Fossil-Free Sweden and the 2030 Secretariat, and on the issue of perfluorinated alkylated substances or PFAS Swedavia is involved in the PFAS network involving the Swedish Chemicals Agency, the Swedish Environmental Protection Agency, the Swedish Fortifications Agency, the Swedish Defence Forces and the Swedish Transport Administration. During the year, Swedavia was an active partner in the Royal Swedish Academy of Engineering Sciences' extensive project "Facing critical decisions on climate change".

Under the scope of Airport Carbon Accreditation (ACA)'s climate programme, there are many collaborations at the airports to reduce fossil carbon dioxide emissions. ACA also provides certification.

During the year, most of Swedavia's airports were recertified under ACA standards. All of Swedavia's airports meet the requirements for the highest level of certification.

Looking ahead

The target of zero tonnes of fossil carbon dioxide emissions will be achieved in 2020. Aviation's transformation in the face of climate change requires that we act now and take a long-term view. One success factor is bringing together the entire value chain, something being done today in the innovation cluster Fossil-Free Air Transport 2045, which Swedavia launched with RISE Research Institutes of Sweden and the airline SAS. There will be a greater need for cooling due to climate change, which can be a challenge to Swedavia's goal of reduced energy use. The aquifer at Stockholm Arlanda Airport may offer potential to meet the growing demand for cooling.

Environmental permits

Swedavia's operations require an environmental permit since they constitute environmentally hazardous operations under Chapter 9 of the Swedish Environmental Code (airport operations) and water operations under Chapter 11 (ponds, water treatment facilities and groundwater run-off). Each airport must therefore have an environmental permit to allow airport operations. At the end of 2019, Swedavia was responsible for eight airports that require an environmental permit under the Swedish Environmental Code. For the other two airports, Luleå Airport and Ronneby Airport, the Swedish Armed Forces was responsible for the environmental permits. Swedavia's primary environmental impact is greenhouse gas emissions, mostly carbon dioxide. The greatest source of the company's emissions is exhaust gases from vehicles and the operation of terminals and other buildings. Another significant environmental impact is the discharge to land and water primarily of oxygen-consuming substances from the anti-skid treatment of runways and de-icing of aircraft. As a result of airport operations, the areas in the vicinity of the airports are also exposed to aviation noise.

Stockholm Arlanda Airport's environmental permit entered into force on May 25, 2015. Stockholm Arlanda Airport placed the permit

ENVIRONMENTAL CONCERN

Governance

- Swedavia's Code of Conduct
- Environmental and energy policy
- Environmental and energy management system
- Airport Carbon Accreditation (ACA)

Swedavia governs its environmental work through an environmental and energy management system and Swedavia's Code of Conduct. Swedavia's environmental and energy policy is adopted by the Board of Directors and used as a comprehensive governing document. Swedavia monitors strategic goals on a quarterly basis which are summarised in a quarterly report that is submitted to the executive management and Board of Directors. Local environmental targets are monitored on a quarterly basis. Internal and external audits for ISO 14001 and ISO 50001 certification and Airport Carbon Accreditation (ACA) are conducted on a regular basis. Compulsory web-based training in environment and energy is provided to Swedavia's employees.

Target

Swedavia's target is to have zero tonnes of fossil carbon dioxide emissions from its own operations by 2020 and reduce energy use by two per cent a year.

The share of sustainable aviation fuel used for refuelling at Swedish airports shall be 5 per cent in 2025.

Actual, 2019

316 tonnes (1,305 tonnes)

170,742 MWh (169,952 MWh)

About 0.14 per cent sustainable aviation fuel

in service on January 1, 2016. Swedavia has identified a deficiency in Condition 5, which means that the airport cannot comply with this condition. In 2019, Swedavia, in partnership with the LFV, the Swedish Civil Aviation Administration, found a way to handle low-speed traffic, which is governed by Condition 5 in the current permit. Stockholm Arlanda Airport's environmental permit includes a condition that requires an action plan to reduce atmospheric emissions of fossil carbon dioxide, nitrogen oxides and particulate matter. The action plan shall include Swedavia's operations and the operations of other companies and organisations at the airport, as well as ground transport and air traffic. As a result of the condition that regulates flights over the densely populated areas of Upplands Väsby, regular straight approaches over these areas may now take place, but the airport must use other approach procedures to avoid them when possible, taking into consideration the airport's capacity, regulations for air traffic service, aviation safety and weather conditions. During the year, Swedavia tested the introduction of three curved procedures on Runway 3 at Stockholm Arlanda which avoid flying over the densely populated areas of Upplands Väsby. This reduces the noise load and shortens the flight path, which also helps reduce greenhouse gas emissions. Stockholm Arlanda Airport has applied for permission to construct a new boiler facility. On June 13, 2018, an application was submitted to the Land and Environmental Court. A ruling was issued on June 13, 2019, giving Swedavia a permit and conditions for a new boiler facility.

On June 17, 2015, the Land and Environmental Court issued a partial ruling on the case concerning Göteborg Landvetter Airport. The ruling was appealed by Swedavia, the Swedish Environmental Protection Agency and the Western Götaland County Administrative Board among others. The Land and Environmental Court of Appeal's ruling on April 28, 2016, included a restriction on production volume of 90,000 aircraft movements compared to the volume applied for, 120,000 movements. Swedavia submitted leave to appeal the ruling to the Supreme Court on May 25, 2016. The Supreme Court rejected the leave to appeal, and Swedavia has decided not to place the new permit in service. The permit does not allow the production volume needed for the region, which means that in a few years, a new environmental permit application procedure must be launched. Placing the new permit in service requires a lot of resources to carry out trial period studies as specified in the permit and is difficult to handle while the airport is putting together material for a new permit application. The airport assesses the need for a new environmental permit annually or whether the new permit should be placed in service.

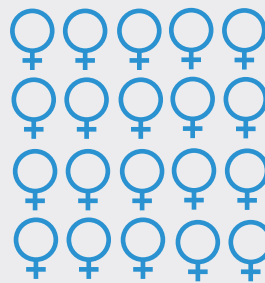
During the year, Visby Airport made a decision on noise insulation. In 2019, Malmö Airport had a ruling in its favour against Svedala regarding damage claims for PFAS-contaminated water. Bromma Stockholm Airport, Kiruna Airport, Umeå Airport and Åre Östersund Airport did not have any issues related to permits during the year. During the year, the Swedish Defence Forces launched a review of environmental permits for Ronneby Airport and Luleå Airport.

SOCIAL DEVELOPMENT

Social relations and employees

The key to running airports successfully is motivated, engaged employees and leaders. For Swedavia, a healthy, safe and secure workplace environment, respect for human rights and good, decent working conditions are a matter of course and an important condition needed for operations to be run efficiently and successfully. This is also an important element in Swedavia's drive to be viewed as an attractive employer and partner. Based on

Women as a percentage of Swedavia's employees



34%

* Based on the number of employees in 2019

Swedavia's values and with a focus on sustainable development, leaders and employees shall together create an engaging, inclusive culture that provides opportunities for higher performance, creativity and innovation. Read more about Swedavia as a workplace on pages 54–55.

Talent management

Swedavia has developed a process for setting overall and individual personal engagement and performance (PEP) objectives and targets. Employees who work in teams and have similar duties shall be able to identify and monitor Group-wide objectives and targets and in that way be more involved. The process is part of the work to achieve the company's overall objectives, targets and strategies and is based on Swedavia's business plan as well as the operational plan of each airport/unit. Read more about Swedavia as a workplace on page 54–55.

The workplace environment

Swedavia's goal is to have no serious accidents in the workplace. For leaders, this involves working practically and visibly for a healthy, safe, secure workplace environment. One requirement is to carry out four safety walks and safety talks a year, in which leaders and employees together take inventory of workplace environment risks in operations. To ensure this is done, the work is followed up on in each leader's annual performance review. Safety walks are also carried out in Swedavia's development programmes. Continuously improving procedures for reporting incidents and deviations is an ongoing process. Reporting includes the physical and psycho-social workplace environment internally and for external contractors. In its proactive work with the workplace environment, Swedavia measures its reporting culture and willingness to report as an overall strategic goal. Each month, statistics on reported workplace environment incidents are compiled and submitted to the executive management, in order to then be distributed in the organisation and to the Board of Directors. More detailed information about more serious accidents and incidents is also compiled. Read more about Swedavia's work with the workplace environment on pages 54–55.

Inclusiveness and equal treatment

Diversity and an inclusive approach are a strategic and priority issue at Swedavia. Swedavia works from the understanding that all employees have equal value and that people's differences are an asset. Swedavia shall be an unprejudiced, attractive workplace where everyone has the right to be themselves and be treated with

respect. The work with equal treatment is based on the Swedish Discrimination Act, and Swedavia has clear guidelines and policies in this area. The work with equal treatment shall be carried out as a natural part of the company's day-to-day operations, and contributing to an inclusive culture is the shared responsibility of employees and leaders.

To increase diversity, Swedavia also works in partnership with the Royal Swedish Academy of Engineering Sciences, among others, in collaborations promoting jobs and technology. It also has a national collaboration with the Swedish public employment agency Arbetsförmedlingen largely involving internships. Another initiative concerns universal design, with a focus on accessible workplaces for everyone. Read more on pages 54–55.

Human rights

With structured, systematic work that leads to continuous improvements, Swedavia works actively with respect for human rights. By supporting operations in transforming the UN's guiding principles into concrete action, Swedavia makes corporate social responsibility part of its core operations. Human rights are integrated in the company's existing processes and procedures, for example, risk management, occupational health and safety, and equal treatment. Swedavia works continuously to enhance methods to identify, prioritise and assess effects on human rights. Particular focus is placed on areas exposed to risk such as the supplier and customer chains.

Swedavia has surveyed and identified risks to human rights through a Group-wide impact assessment and gap analysis based on the UN's Guiding Principles on Business and Human Rights. As

a result, Swedavia has enhanced internal processes in order to systematically identify and prioritise all kinds of human rights throughout the value chain. Airport operations at Stockholm Arlanda Airport work actively to fight the occurrence of trafficking through collaborations with companies and other organisations at the airport. Read more on page 53. In 2019, Swedavia also started to set requirements for public tenders. Read more on page 27.

Looking ahead

Based on the strategies and goals developed, Swedavia shall continue to carry out preventive work aimed at avoiding injuries and accidents, reducing absence due to illness and proactively work for zero tolerance of victimisation and discrimination and to create an inclusive culture. Swedavia will continue to boost engagement on issues regarding the workplace environment and equal treatment among leaders and employees. Everyone shall feel that they participate in the work, and the goal is for all workplace environment incidents to be reported.

Swedavia will continue to work further to develop processes for identifying and prioritising risks to human rights throughout the value chain. One priority is the supplier and customer chains, where there are potentially the greatest risks – for example, building contract work, trafficking, and procurement of goods and services associated with inadequate working conditions. Swedavia takes measures on gender equality and the percentage of people with a foreign background annually, includes questions about equal treatment in employee surveys, and surveys risks in its procurement. Read more on page 53.

SOCIAL DEVELOPMENT

Governance

- Code of Conduct
- Equal treatment and diversity policy
- Workplace environment policy
- Policy for employee planning
- Equal treatment and diversity plan
- Guidelines to fight victimisation
- Guidelines for training
- Guidelines for recruitment
- Guidelines for meetings and business travel
- Safety policy
- Information and communication policy
- Engaged leaders and employees (ELE)

Swedavia's Code of Conduct together with the company's policies and guidelines constitutes the basis of work in social sustainability. Swedavia monitors strategic goals on a quarterly basis which are summarised in a quarterly report that is submitted to the executive management and Board of Directors. Regular training and dialogue with employees, suppliers and other stakeholders are important in this work. Swedavia's leaders and employees are responsible for ensuring compliance with governing and reporting documents.

Target

75 per cent engaged leaders and employees (ELE), 2025

4.50 per cent absence due to illness

Gender equality

Percentage with a foreign background

Actual, 2019

Measurement of engaged leaders and employees is taken every two years. The most recent measurement was taken in 2018.

4.42 per cent absence due to illness (4.94 per cent).

34 per cent women (36 per cent) and 66 per cent men (64 per cent). The share of women at management level is 38 per cent (36 per cent). Under the scope of Swedavia's succession planning, the corresponding figure is 48 per cent women (49 per cent).

Share of employees with a foreign background 19.3 per cent (18.2 per cent).

SENSITIVITY ANALYSIS

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

Parameter	%	Effect on profit SEK M/year
Passenger volume	+1	+40
Salary level	+1	-20
Interest rate level	+1	-19

Passenger volume

The number of passengers who fly to or from one of Swedavia's airports constitutes the basic condition for all revenue the company generates.

About 60 per cent of Swedavia's revenue comes from Aviation Business and consists of infrastructure services aimed at airlines and ground handling companies. This revenue consists of airport charges, including passenger and take-off charges, which are related to the number of passengers, the number of aircraft movements and aircraft take-off weight in tonnes. There is also revenue from ground handling, which includes revenue for de-icing, apron (ramp) and freight forwarding services, and passenger reimbursements for security screening. A change in the number of aircraft movements, tonnage or number of passengers has a direct impact on Swedavia's revenue.

Swedavia's revenue from Commercial Services is revenue from commercial services connected to the airports. This consists of revenue from car parking and the leasing of premises for shops, offices, restaurants and logistics. Rental income is based largely on its tenants' sales, which in turn depend directly on the number of passengers at the airport. An increase in passenger volume means increased revenue for Swedavia while a decrease means decreased revenue. The correlation between percentage change in passenger volume and percentage change in revenue is not linear but is an effect of growth discounts and price differences, partly because rental income is dependent on revenue and is affected by shopping behaviour. A change in passenger growth of 1 per cent is estimated to have a SEK 40 M (40) impact on Swedavia's revenue on an annualised basis.

Salary level

With an average of 3,050 employees (3,217), Swedavia's staff expenses totalled 2,052 M (2,030). A 1 per cent change in staff expenses would have a SEK 20 M (20) impact on an annualised basis.

Interest rate level

As of December 31, 2019, Swedavia had external borrowings of SEK 8,570 M (8,363), which is 37 per cent (42) of the balance sheet. Swedavia is sensitive to changes in interest rates, which affect the company's financial expenses. As of December 31, 2019, 80 per cent (73) of external funding is fixed rate, which consists of borrowings with a fixed interest rate and interest rate hedges. A 1 per cent increase in interest rates would raise Swedavia's interest expense by SEK 19.2 M (22.5), which means that operating profit would decrease by the same amount. However, a 1 per cent decrease in interest rates would reduce Swedavia's interest expense by SEK 12.8 M (1.8) and thus improve operating profit by the same amount. Current lock-in periods and financial instruments are taken into account in calculating the sensitivity analysis.

Other factors affecting performance

There are also other factors that could have an impact on profit in both the short and long term. One critical factor, especially in the long term, is the environmental permits required for Swedavia's operations. A change in these could affect operations on a large scale. In the short term, any extreme weather conditions or natural disasters constitute the main factors that have an immediate impact on air traffic and thus a negative impact on revenue. Interest rate changes also affect Swedavia's pension liability, which means that if the discount rate falls, Swedavia must add funds to the provision for its pension liability. Swedavia is also sensitive to policy decisions that can affect air traffic as well as to changes in the general public's attitudes to air traffic.

ONGOING LITIGATION AND DISPUTES

Swedavia is a party to ongoing litigation and disputes. Legal proceedings and disputes are unpredictable by nature, and the actual outcome may deviate from the assessments Swedavia has made. For more information about ongoing litigation and disputes, see page 62.

REMUNERATION TO EXECUTIVE OFFICERS

The term "executive officers" refers to the people who together constitute the executive management and/or report directly to the President and CEO. The Swedish Government adopted new guidelines for remuneration and other terms of employment for executive officers in companies with State ownership on December 22, 2016. These guidelines for remuneration and other terms of employment for executive officers were then adopted at Swedavia's Annual General Meeting on April 17, 2019. Swedavia follows the State's guidelines for executive officers in companies with State ownership. These principles are presented in the Corporate Governance Statement. Information about those involved and the company's process for handling remuneration to executive officers is presented in Note 8 on pages 103–106. On February 27, 2020, the Swedish Government adopted a new ownership policy for State-owned companies which includes Guidelines for Remuneration and Other Terms of Employment for Executive Officers. The new guidelines will be adopted at Swedavia's Annual General Meeting on April 29, 2020.

EVENTS AFTER THE BALANCE SHEET DATE

Since the end of the year, Swedavia has been closely following events around the new COVID-19 coronavirus and is in continuous contact with the authorities involved, mainly the Public Health Agency of Sweden and infectious disease doctors in the regions affected. The focus is always the safety and health of employees, passengers and stakeholders. Swedavia complies with directives issued by the authorities in charge. In March, developments around the COVID-19 virus accelerated, which has had an enormous impact on society in general, in Sweden and in much of the world. This in turn has had a negative impact on airlines, partly in the form of tight restrictions and in some cases even a ban on air traffic, and partly in the form of plunging demand for flights for both business and leisure travel. For Swedavia, these developments have entailed a sharp fall in the number of aircraft movements and passengers, which means a sharp fall in revenue from airport charges, car parking and passenger drop-off/pick-up facilities, and rental income from retail, food & beverage operations. Given the uncertainty about how this will develop, it is difficult for Swedavia to predict how great an impact this will have on the rest of the year. To reduce the negative economic impact of lower revenue, Swedavia is considering carrying out short-term layoffs, cost-cutting measures and a review of its investment portfolio. It is very difficult at present to predict how the demand for flights will change in the short term and how this could affect Swedavia's long-term forecast.

On January 30, 2020, Airport Hotel 2 AB, which owns the hotel property for the newly opened Comfort Hotel at Stockholm Arlanda Airport, was sold. The buyer is Wenaasgruppen AS. The underlying property value was SEK 1,344 M, and the preliminary capital gain is estimated to be SEK 410 M. The capital gain will be recognised during the first quarter of 2020.

An Extraordinary General Meeting held on February 13, 2020, elected Nina Linander as a new Board member. It also decided that there should be eight Board members voted by the General Meeting and no deputy member.

THE PARENT COMPANY

The Parent Company's net revenue for the year was SEK 6,146 M (5,873), which is an increase of SEK 273 M. Operating profit was SEK 403 M (429) and the operating margin was 6.6 per cent (7.3). Operating profit for the year was negatively affected by restructuring costs of SEK 81 M (—) as well as impairment losses and disposals of SEK 82 M (83) and positively affected by capital gains related to the sale of fixed assets of SEK 28 M (—). Profit before tax was SEK 351 M (390), and profit for the period was SEK 258 M (272).

DISTRIBUTION OF PROFIT

The proposed distribution of profit is based on the Annual Report 2019. The proposed distribution of profit, income statement and balance sheet of the Parent Company, and the statement of comprehensive income and the report on the financial position of the Group will be presented for approval at the Annual General Meeting on April 29, 2020.

In its proposal for the distribution of profit, the Board proposes that the shareholder at the Annual General Meeting 2020 agree to Swedavia bringing forward the profit for the financial year.

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

Share premium account	2,161,354,539
Hybrid bond	1,000,000,000
Retained earnings	2,580,555,650
Profit for the year	258,442,374
	6,000,352,563

The Board of Directors proposes that the profit be allocated as follows:

To be carried forward	6,000,352,563
	6,000,352,563

The owner's financial targets for Swedavia AB are a return on operating capital of at least 6 per cent and a debt/equity ratio of 0.7–1.5 times. Decisions on dividends shall take into consideration the company's operations and capital structure target. Furthermore, in accordance with the company's dividend policy, the dividend shall be between 10 and 50 per cent of the profit for the year.

Return on operating capital for 2019 was 4.6 per cent, which is not in line with Swedavia's profitability target. The debt/equity ratio was 1.1 times, which is within the range of the capital structure target of 0.7–1.5 times.

In view of the period of major capacity investments the Group is currently in and to create increased financial flexibility, the Board proposes that no dividend be paid for 2019. Instead, the Board has decided to propose that Swedavia's shareholder decide at the Annual General Meeting on April 29, 2020, to carry forward the profit for the year.

ANNUAL GENERAL MEETING

Swedavia AB's Annual General Meeting will take place on April 29, 2020, at Stockholm Arlanda Airport. The Annual Report and other financial reports are available on Swedavia's website, www.swedavia.se.

CALENDAR

Annual and Sustainability Report 2019	Mar 27, 2020
Annual General Meeting 2020	Apr 29, 2020
Interim report Jan–Mar 2020	Apr 29, 2020
Six-month report Jan–Jun 2020	Jul 17, 2020
Interim report Jan–Sep 2020	Oct 30, 2020
Year-end report 2020	Feb 10, 2021

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

Corporate Governance Statement

Swedavia AB (publ)

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

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

CORPORATE GOVERNANCE

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

The Board of Directors is responsible under the Swedish Companies Act and the Code for Swedavia's internal control. The Board has decided

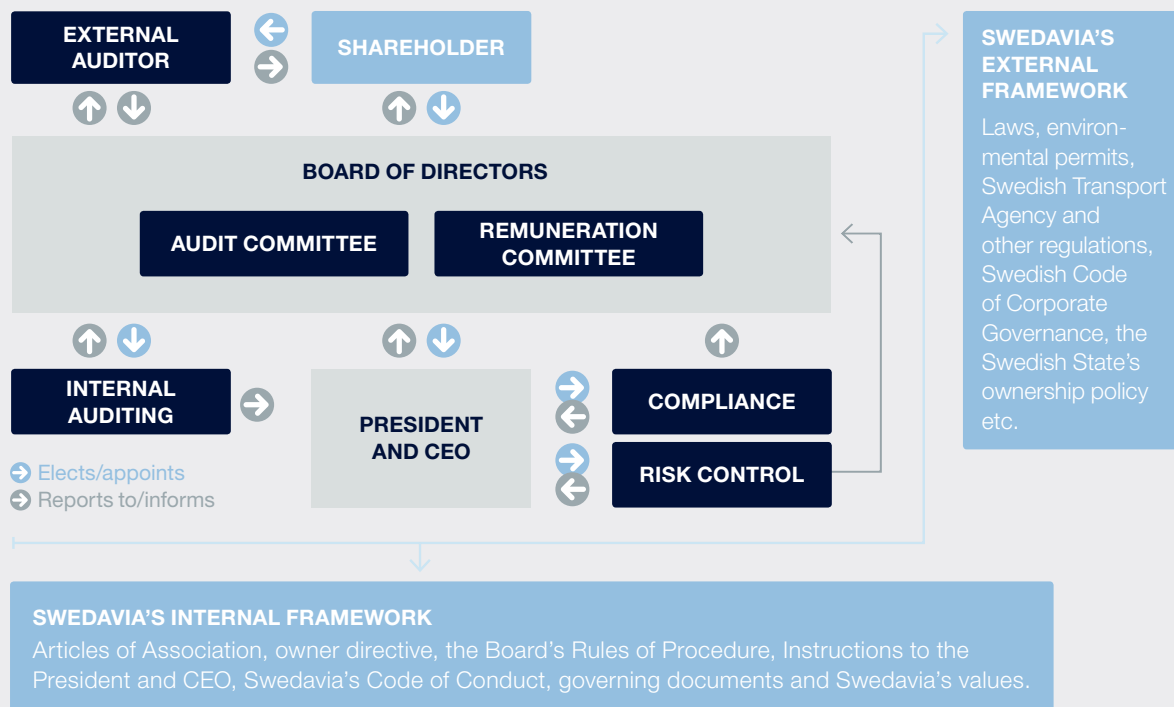
that Swedavia shall apply a framework for documentation and analysis of internal control issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

Swedavia's structure for corporate governance is illustrated in the chart below.

DEVIATIONS FROM THE CODE

Swedavia is wholly owned by the Swedish State, and the principles that the Swedish State applies in its ownership policy are generally in agreement with the rules in the Code. However, under the State's ownership policy and 2017 guidelines for companies with State ownership ("the State's ownership policy"), Code regulations regarding the selection of Board members are replaced by a special nomination process that applies to companies wholly owned by the State. The primary reason for deviations from the Code is that Swedavia has only one owner whereas the Code is aimed at listed companies with dispersed ownership.

The State's ownership policy also deviates in reporting the independence of Board members relative to major shareholders. The State's ownership policy specifies that the relevant provisions in the Code are



Code requirement	Deviation	Explanation/comment
Code rules 1.2–1.3 and 2.1–2.7, 8.1 and 10.2 The company has a Nomination Committee that represents the company's shareholder.	No Nomination Committee has been set up.	The Nomination Committee has been replaced by the owner's nomination process.
Code rules 4.5 and 4.6 The Corporate Governance Statement shall include information about whether Board members are independent of major shareholders.	Dependency relationship with major shareholders is not reported.	The State's ownership policy states that the relevant provision in the Code is mainly aimed at protecting minority owners in companies with dispersed ownership. In State-owned companies, there is no reason to report such independence.

primarily aimed at protecting minority shareholders in companies with dispersed ownership so there is no reason to report such independence.

GENERAL MEETING

The General Meeting (GM) is the company's highest governing body, where shareholders exercise their influence. The matters considered at the GM are regulated by the Swedish Companies Act.

According to the Swedish Companies Act, an Annual General Meeting (AGM) shall be held each year. Under the State's ownership policy, the AGM shall be held no later than April 30. Members of Parliament are entitled to take part in the meeting and ask questions in conjunction with this. The general public shall also be given the opportunity to take part in the meeting. Among other activities, the AGM shall appoint the Board and external auditor, decide on remuneration to them and adopt the income statement and balance sheet. The Board shall also present principles for remuneration to executive officers at the AGM.

Decisions at the GM are adopted by a simple majority of the votes given. However, for decisions concerning a change in the Articles of Association, a qualified majority is required.

ANNUAL GENERAL MEETING

Swedavia's Annual General Meeting 2019 was held on April 17. Outsiders were entitled to attend the AGM. Minutes from the AGM are available on Swedavia's website.

The AGM decided to re-elect Lars Backemar, Lottie Knutson, Lotta Mellström, Lars Mydland, Mikael Norman, Lottie Svedenstedt and Åke Svensson as Board members. Åke Svensson was elected Chairman of the Board by the AGM. In conjunction with the meeting, Adine Grate Axén stepped down from the Board.

The AGM adopted the Annual Report Annual and Sustainability Report for 2018 submitted by the Board of Directors and the President and CEO and discharged the Board members and the President and CEO from liability for the financial year 2018. The AGM also decided to adopt a change in the dividend policy. The AGM also decided, in accordance with the Board's proposed distribution of profit, that no dividend should be paid to the owner. The decision was in accordance with the dividend policy.

The AGM also decided to adopt guidelines for remuneration to executive officers, the Swedish State's ownership policy and guidelines for external reporting in companies with State ownership. At the AGM, the accounting firm KPMG AB was elected to be the company's auditor. The accounting firm has designated Tomas Gerhardsson as principal auditor.

NOMINATION PROCESS FOR THE BOARD OF DIRECTORS

For companies that are wholly owned by the Swedish State, a nomination process that complies with the Swedish State's ownership policy is

applied, replacing the Code's rules for appointing Board members.

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

BOARD OF DIRECTORS

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

The work and responsibilities of the Board

According to the Swedish Companies Act and the Swedish State's ownership policy, Swedavia's Board is responsible for the company's organisation and management of the company's operations. The Board establishes the Rules of Procedure each year for the Board's work, instructions for the division of labour and responsibilities between the Board and the President and CEO, and instructions for economic reporting to the Board. The Board's duties include determining the company's overall strategies, mission objectives and targets as well as ensuring that there are appropriate systems for monitoring and controlling the company's operations and the risks to the company in connection with its operations. The Board governs the company in a sustainable and responsible way to ensure long-term value creation. The Board's Rules of Procedure also regulate the Chairman's duties and information to the Board.

Under the Board's Rules of Procedure, at least eight Board meetings for which preparations are made in advance shall be held per calendar year in addition to the statutory Board meeting. Additional meetings may be held when justified by events of major importance. The Board is responsible for financial reporting and has regular meetings through the Audit Committee with the company's auditor. In addition, the auditor meets the full Board at least once a year, when no member of the executive management is in attendance.

The Board assesses its work and that of the President and CEO on a continuous basis and gives particular consideration to this matter at least once a year.

Composition of the Board

Swedavia's Board of Directors consists of eight members elected by the AGM, two regular employee representatives and their two deputies. An account is given on pages 80-81 of each Board member's age, education, main work experience, other important duties outside the company and number of years as a member of Swedavia's Board. Swedavia's executive management has adopted a Policy on Equal Treatment and Diversity with the aim of being an inclusive employer that sees to people's competences, capabilities and appropriate attitudes. Swedavia shall be a role model in sustainable development by working actively for the equal rights and value of all people and affirming diversity and differences. This policy is applied by the Board of Directors in the recruitment of executive officers and by the entire Group in all other recruitment. The owner follows the Swedish State's ownership policy and applies the ownership policy's Board nomination process and the policy's principles for the composition of the Board, which also takes diversity aspects into consideration.

The AGM 2019 elected seven members, four of whom were men and three women. The employee representatives in 2019 were two men. The average age of Swedavia's Board members, including the employee representatives, was 60.

Chairman of the Board

The Chairman of the Board is elected at the AGM. Under the Rules of Procedure for Swedavia's Board of Directors, the Chairman shall ensure that the Board's work is managed effectively and that the Board fulfils its duties. The Chairman's duties include organising and managing the Board's work, keeping in regular contact with the President and CEO and ensuring that the Board is given sufficient information and material to make decisions in its work. The Chairman is also responsible for coordinating the Board's views in relation to the owner on issues of critical importance to the company, maintaining a dialogue with the owner concerning the monitoring of objectives and economic targets and communicating these to the Board.

The Board's work in 2019

The Board held nine regular Board meeting and one statutory meeting in 2019. Among the matters dealt with were business operations including strategic development, instructions for economic reporting and the Annual and Sustainability Report and reports related to this. The Board also dealt with investments, procurements and Swedavia's pricing model for airlines. During the year, the Board also held theme meetings about the Stockholm Arlanda Airport Master Plan and implementation capability in the development programmes as well as the new Major Projects unit.

Among the main issues dealt with by the Board in 2019 were:

- Strategic development
- Sustainability goals and targets, mission objectives and economic targets
- Access and new routes
- Investment in the development plan for Stockholm Arlanda Airport
- Development plans for Bromma Stockholm Airport and Göteborg Landvetter Airport
- Hybrid financing and green bonds
- Swedavia's "Take Off" transformation and savings programme including organisational adjustments
- Development of Real Estate operations
- New hotel at Göteborg Landvetter Airport
- Major investments and procurements
- Master plans for Luleå Airport and Kiruna Airport
- Governing documents*

- Internal control
- Risk management and risk assessment
- Financial reports
- Reporting from internal and external auditing
- Safety and security
- IT
- Aviation safety and security work
- Tender offer for external auditor
- Swedavia's and the industry's climate adaptation work

* In addition, at the annual statutory meeting the Board adopts a Code of Conduct, a number of Group policies, the Rules of Procedure for the Board and the committees, instructions to the President and CEO, and governing documents adopted by the Board.

The Board's committee work

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

The Audit Committee's tasks include being responsible for preparing the Board's work to quality assure and prepare the company's financial reports and maintain an ongoing dialogue with the company's auditors. Minutes for each committee meeting are attached to the summons for the next Board meeting. In 2019, the Audit Committee held eight meetings for which minutes were kept, one of which was held by correspondence. The company's internal and external auditors attended the meetings. During the year, among the matters dealt with by the Audit Committee were financial reports and up-to-date risk reporting, internal auditing logs and the external auditor's reporting on internal audits. The Audit Committee also dealt with internal auditing's reports and a detailed review of IT issues and external funding in the form of green bonds and hybrid capital. The committee also assessed its internal auditors, examined and monitored the impartiality and independence of its external auditor and examined whether the external auditor did not provide any advisory services that affected its impartiality. The committee took part in a public tender for audit services in accordance with the Swedish Act on Public Procurement and then submitted a recommendation for the election of an external auditor at the AGM. Since the 2019 statutory Board meeting, the Audit Committee includes Board members Mikael Norman, Lotta Mellström and Åke Svensson. The committee appointed Mikael Norman as Chairman. Adine Grate Axén stepped down from the committee in conjunction with her stepping down from the Board of Directors at the AGM on April 17, 2019.

The Remuneration Committee's task is to prepare matters concerning remuneration and other terms of employment for executive officers. The committee shall also assess compliance with decisions regarding remuneration made at the AGM. Minutes for each committee meeting are attached to the summons to attend the next Board meeting. In 2019, the Remuneration Committee held five meetings for which minutes were kept, one of which was an extraordinary meeting. During the year, among the matters dealt with by the Remuneration Committee were overall remuneration and terms of employment for the team of executive officers and head of internal auditing. The committee also prepared matters concerning the transformation and savings programme and the organisational adjustments. The committee furthermore prepared matters for the assessment of the Board of Directors, including an assessment of the work of the President and CEO, which was then carried out under the Board's auspices. The committee likewise reviewed the results and monitoring of Swedavia's continuous pulse measurements

regarding employee feedback on the climate in the workplace. The committee also reviewed the President and CEO's succession planning and leadership development for executive officers. Since the 2019 statutory Board meeting, the Remuneration Committee includes Åke Svensson as Chairman, Lottie Knutson, Lotta Mellström and Lottie Svedenstedt as members and Robert Olsson as employee representative.

Assessment of the Board's work in 2019

During the year, the work of the Board and of the President and CEO was assessed, at the Chairman of the Board's initiative, through a methodical, structured process under the Board's auspices. The assessment is aimed at developing a good basis for the Board's own development work, among other things. The results of the assessment are reported by the Chairman of the Board to the owner. Based on this assessment, the Board adopts measures to develop the Board's working methods and effectiveness. In addition to the annual assessment, the Board conducts an assessment after every Board meeting at which the company's executive management is not in attendance.

Remuneration of the Board

Compensation to the Board is decided by the AGM. The Chairman of the Board is paid a fee of SEK 450,000 and each member is paid SEK 225,000. It was also decided at Swedavia's AGM that no specific remuneration should be paid to the Board's employee representatives or members employed in the Swedish Government Offices. The Chairman of the Audit Committee is paid a fee of SEK 38,500 and the committee members are each paid SEK 22,000. A fee of SEK 25,000 for the Chairman of the Remuneration Committee and SEK 20,000 each for the members was decided.

THE PRESIDENT AND CEO AND THE EXECUTIVE MANAGEMENT

The Board of Directors appoints the company's President and CEO. Jonas Abrahamsson was Swedavia's President and CEO in 2019. Karl Wistrand was appointed deputy CEO until August 2019. The President and CEO is responsible for the day-to-day management of the company

in conformity with the Board's guidelines and instructions. Within the bounds determined by the Board, the President and CEO manages operations and keeps the Chairman of the Board continuously informed about significant business matters. The President and CEO shall organise the company's management to meet the aims set for governance and control of operations. Other executive officers are appointed by the President and CEO. The executive management is a forum for information, discussions and decisions for Group matters. Its meetings are chaired by the President and CEO and are held each month. Swedavia's executive management, including the President and CEO, is presented in more detail on pages 82–83.

Remuneration to executive officers

At Swedavia's AGM on April 17, 2019, the owner decided on the principles for remuneration and other terms of employment for executive officers. For remuneration and other terms of employment, Swedavia shall apply the principles adopted by the Government on December 22, 2016, in the Guidelines for Terms of Employment for Executive Officers in Companies under State Ownership. Similar principles are applied in Swedavia's subsidiaries. Swedavia does not use variable remuneration for executive officers. On February 27, 2020, the Government adopted a new ownership policy for State-owned companies which includes guidelines for remuneration and other terms of employment for executive officers. The new guidelines will be adopted at Swedavia's AGM on April 29, 2020.

Subsidiaries and associated companies

Swedavia had three subsidiaries at year-end 2019 – Swedavia Real Estate AB, which in turn is the parent company of a property group, Swedavia Energi AB and Swedavia Airport Telecom AB. Through Swedavia Real Estate, Swedavia also has one associated company, Swedish Airport Infrastructure. During the year, Swedavia sold its holding in the associated company Landvetter Logistik Center. Joint ventures are strategic partnerships and jointly owned companies in which Swedavia does not have a controlling interest. There is an officer from Swedavia's executive management on the Board of every subsidiary and associated company in the Group.

Facts about the Board of Directors

Members elected at the AGM	Main Board	Attendance, Board meet- ings	Year elected	Attendance, Audit Committee	Attendance, Remuneration Committee
Åke Svensson	Chairman	10/10	2016	4/8	4/4
Lars Backemar	Member	9/10	2010		
Adine Grate Axén ¹	Member	4/10	2010	3/8	
Lottie Knutson	Member	9/10	2015		4/4
Lotta Mellström	Member	10/10	2015	8/8	4/4
Mikael Norman	Member	9/10	2017	7/8	
Lars Mydland	Member	9/10	2014		
Lottie Svedenstedt	Member	9/10	2010		4/4
Employee representatives					
Robert Olsson	Member	10/10	2010		4/4
Agne Lindbom	Member	10/10	2018		
Conny Moholi	Deputy member	0/10	2018		
Mikael Nordenståhl	Deputy member	0/10	2018		

¹ Adine Grate Axén stepped down from the Board of Directors in conjunction with the AGM on April 17, 2019

The Parent Company, Swedavia AB, has adopted an owner directive that is applied to all companies in the Group and is aimed at ensuring consistent management principles.

AUDITORS

External auditing

Under the Swedish State's ownership policy in effect at the AGM 2019, the company's Board of Directors submits proposals for the election of an auditor after a recommendation from the Audit Committee. The final decision on the choice of auditor was made at the AGM. The auditor's duties are to examine the financial reporting of the company and the Group as well as the administration of the company by the Board and the President and CEO. At Swedavia's AGM on April 17, 2019, the accounting firm KPMG was elected as auditor. Auditing duties are to be performed until the end of the AGM held in 2020. KPMG designated authorised public accountant Tomas Gerhardsson as principal auditor. Tomas Gerhardsson had no duties in other companies that affect his independence as an auditor for Swedavia. Remuneration has been paid to the auditor and accounting firm for auditing and audit-related advice. EY AB has been engaged for other accounting and tax advice.

Internal auditing

The Board has a special internal auditing function at Swedavia to support the Board in carrying out its oversight and assessment of the company's operations which reports to the Board. The Board has adopted instructions for internal auditing, which in 2019 consisted of three auditors.

THE BOARD'S REPORTING ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Under the Swedish Companies Act and the Code, the Board is responsible for internal control of financial reporting. Under the Code and the Annual Accounts Act, the Board must submit a description each year of the most important features of the company's system for internal control over and risk management of financial reporting. The Board has a formalised procedure for ensuring that there is compliance with the established method for financial reporting and internal control. The Board receives reports with feedback on monitoring the status of measures taken based on recommendations from internal auditing and external auditing concerning internal control at the company. Internal control over financial reporting is aimed at providing reasonable assurance about the reliability of the external reporting and that it is prepared in compliance with laws, appropriate accounting principles, specific requirements from the owner and other requirements for limited liability companies.

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

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

Governance and control environment

The basis of Swedavia's internal control consists of the control environment, which is comprised mainly of the organisational structure and governing documents such as the Code of Conduct and Group policies. Swedavia's Board has established Rules of Procedure for its work and the work of the committees. Some of the Board's work entails developing, updating and adopting a number of basic Group policies in line

with the Swedish State's ownership policy that govern the company's work. The control environment is aimed at providing operations with the conditions for carrying out their tasks in a clear way in accordance with the Board's objectives, targets and intentions as well as influence control awareness and risk awareness in the organisation. This is done by delegating responsibility and authority to the company's managers and employees. The control environment consists essentially of external documents such as laws, agreements, generally accepted accounting principles, the ownership policy and guidelines as well as other internal governing documents. The control environment also consists of the Board's Rules of Procedure and instructions to the President and CEO. The President and CEO has adopted rules of procedure for Swedavia that among other things delegate responsibility and authority to members of the executive management concerning their mandate to enter agreements, make investment decisions and authorise invoices. There are special rules of procedure for investment decisions. The Code of Conduct and all Group policies are reviewed annually and adopted by the Board or executive management and are then available on the company's intranet, which employees have access to.

The table of Swedavia's governing documents below specifies what policies the Annual General Meeting, the Board of Directors and executive management decided on.

Swedavia's governing documents	Decided by
Guidelines for Remuneration and Other Terms of Employment for Executive Officers	Annual General Meeting
The Board of Directors' Rules of Procedure	Board of Directors
Instructions to the President and CEO	Board of Directors
Rules of Procedure for the Ethics Committee	Board of Directors
Instructions for Economic Reporting	Board of Directors
Code of Conduct	Board of Directors
Financial Policy	Board of Directors
Credit Policy	Board of Directors
Environmental and Energy Policy	Board of Directors
Tax Policy	Board of Directors
Risk Policy	Board of Directors
Safety and Security Policy	Board of Directors
Workplace and Drug Policy	Executive management
Fire Safety Policy	Executive management
Crisis Management Policy	Executive management
Aviation Safety and Security Policy	Executive management
Insurance Policy	Executive management
Information Security Policy	Executive management
Procurement Policy	Executive management
Communication, Information and Insider Policy	Executive management
Competition Policy	Executive management
Quality Policy	Executive management
Policy on Equal Treatment and Diversity	Executive management

Risk management

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

The second line of defence consists of the company's Compliance Officer, who is responsible for the process of developing comprehensive governing documents, and the Risk Manager, who follows the framework adopted for risk management. For a detailed description of Swedavia's risk management, see pages 65–67.

The third line of defence consists of the company's internal auditing function, which examines Swedavia's operations and reports to the Board. Risks are monitored on a continuous basis by the airport units, business units and corporate functions and reported to the Risk Manager, who together with the Risk Committee consolidates them on a quarterly basis. Swedavia's greatest risks are then compiled in a risk report which is approved by the President and CEO and then prepared by the Audit Committee before it is adopted by the Board. Financial risks are handled under the framework for the first line of defence and the risk work in the operations and are monitored through a special report on compliance with the company's financial and credit policies.

Control activities

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

The Chief Financial Officer (CFO) monitors and analyses economic results on a monthly basis and reports this to the President and CEO. In the processes for bookkeeping, financial statements and financial reports, key controls are monitored by operations on an ongoing basis. These operations also study and follow up on audit reports from the external auditor and internal auditing. Swedavia's Board of Directors receives reports on economic results with analysis and comments from the company's President and CEO on a monthly basis. Swedavia's publicly available reports are compiled by the CFO and the President and CEO for preparation in the Audit Committee before they are adopted

by the company's Board of Directors and then published. In addition to the Annual and Sustainability Report, at least one of the interim reports is examined by the company's auditor, who reports on his or her review work to the Audit Committee and the Board of Directors. Swedavia's internal auditing also conducts reviews in different areas in order to ensure quality in financial processes and in the financial reporting. The Audit Committee also has the possibility to conduct in-depth dialogue and follow-up on financial and accounting matters with the company's CFO and auditors taking part in the committee's meetings.

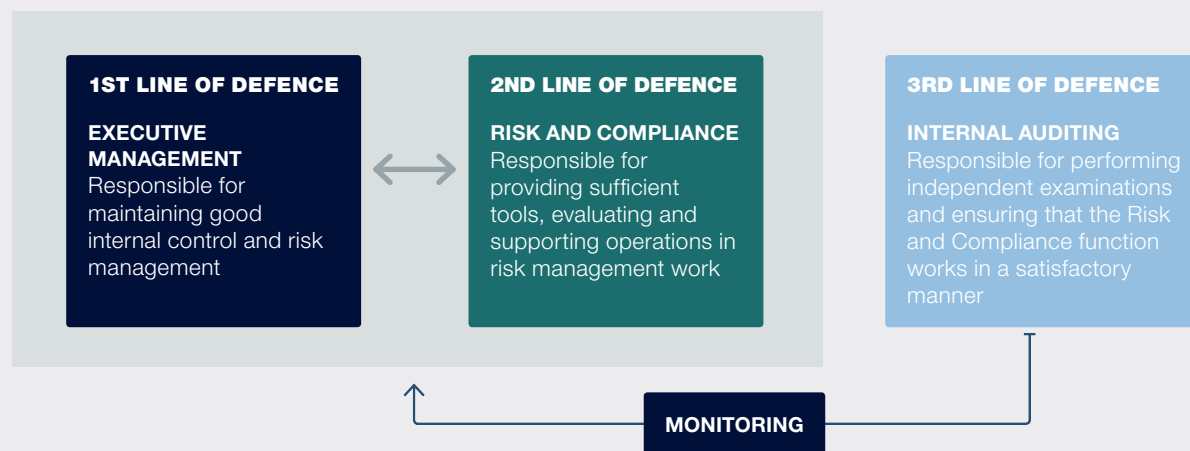
Information and communication

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

Monitoring and assessment

The executive management meet on a monthly basis and review operations and related risks. The Board also evaluates the company's performance and economic results on a monthly basis and furthermore monitors the company's financial position and cash flow, sustainability goals and mission objectives on a quarterly basis. At the Group level, there are corporate functions, including a control and an accounting unit, that analyse and monitor results compared to the budget and forecasts which are reported to the company's President and CEO and to the CFO. All people with responsibility for business units regularly report results and annual forecasts to the CFO. These reports are subsequently consolidated for the company's two operating segments and then submitted to the company's President and CEO. The President and CEO submits financial reports on a monthly basis to the Board of Directors. The Board evaluates the information provided by the President and CEO on a continuous basis. There is also an internal auditing function that serves as an independent examination function.

INCLUDED IN OPERATIONS



Swedavia's Board of Directors



ÅKE SVENSSON

Chairman of the Board (elected 2016), chairman Remuneration Committee, member Audit Committee

Born: 1952.

Other Board duties: Parker Hannifin Corporation (USA), Business Sweden, Confederation of Swedish Enterprise, and Chairman of Association of Swedish Engineering Industries.

Education: MS in Applied Physics and Electrical Engineering, Linköping University.

Work experience: Formerly CEO, Saab AB; CEO, Association of Swedish Engineering Industries.



LARS BACKEMAR

Member (elected 2010)

Born: 1950.

Other Board duties: Backemar Consulting AB (chairman) and City i Samverkan AB (chairman).

Education: Business administration and marketing, Köpmannainstitutet, Stockholm; marketing and consumer policy, Uppsala University.

Work experience: Senior advisor, Backemar Consulting AB. Formerly various executive positions at Hufvudstaden, Jones Lang Lasalle.



MIKAEL NORMAN

Member (elected 2017), chairman Audit Committee.

Born: 1958.

Other Board duties: Bravida Holding AB and Bonava AB (chairman).

Education: Law degree and business administration, Stockholm University.

Work experience: Formerly CFO, Nobia AB; Group controller, AB Electrolux; Senior manager, Price Waterhouse Stockholm and Brussels; and public prosecutor, Stockholm Court of Appeal.



LOTTIE SVEDENSTEDT

Member (elected 2010), member Remuneration Committee

Born: 1957.

Other Board duties: MiL Foundation (chairman), Tillväxt Helsingborg (chairman), MiL Institute AB, Gullberg & Jansson AB, Helsingborg IF, CargoSpace24 AB and Fine Little Day AB.

Education: Law degree, Uppsala University.

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

DEPUTY MEMBERS

CONNY MOHOLI

Born: 1966.

MIKAEL NORDENSTÅHL

Born: 1961.

AUDITOR

TOMAS GERHARDSSON

Principal auditor, KPMG AB.

Born: 1969.



LOTTIE KNUTSON

Member (elected 2015), member Remuneration Committee

Born: 1964.

Other Board duties: Stena Line BV, STS Alpresor AB and Cloetta AB.

Education: Journalisthögskolan i Stockholm, Diplôme de Culture Française, Paris IV.

Work experience: Advisor and journalist. Formerly: Communications Director, TUI Nordic; writer, account manager and project manager, JKL and Bates; information officer, SAS; journalist, Svenska Dagbladet.



LOTTA MELLSTRÖM

Member (elected 2015), member Remuneration Committee, member Audit Committee

Born: 1970.

Other Board duties: Jernhusen AB and LKAB.

Education: MS in Engineering, Lund University.

Work experience: Scientific Council, Division for Companies with State Ownership, Ministry of Enterprise and Innovation. Formerly management consultant, Resco AB, controller for the Sydkraft and ABB groups.



LARS MYDLAND

Member (elected 2014)

Born: 1954.

Other Board duties: mydland ehrling AB (chairman), Special Adviser Board of Directors Veling Ltd.

Education: Fighter pilot training RNAF/USAF, Norwegian Air Force.

Work experience: Chairman, SESAR Performance Partnership; Senior Consultant, IATA. Formerly SVP & Accountable Manager, Scandinavian Airlines; airline captain SAS; CEO, SAS Flight Academy AB; fighter pilot and officer, Norwegian Air Force. Formerly member of SAS Commuter AB, SAS Sverige AB, SAS Norge AS, SAS Danmark AS, SAS Technical Services (STS). Formerly Chair, EAC (Spain) and Norwegian Aviation College.



AGNE LINDBOM

Employee representative (elected 2018)

Born: 1961.

Other Board duties: Swedish Union for Service and Communications Employees (SEKO) negotiation organisation.

Work experience: Formerly apron technician, Swedavia.

Education: Diverse trade union training.



ROBERT OLSSON

Employee representative (elected 2010)

Born: 1966.

Other Board duties: Chair, Swedish Union of Civil Servants.

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



NINA LINANDER

Member (elected 2020), member Audit Committee

Born: 1959.

Other Board duties: Castellum AB, Telia Company AB, AWA Holding AB (chairman), GreenIron H2 AB (chairman), Industrivärden AB.

Education: International Baccalaureate, United World Colleges of the Atlantic, Wales, UK, master's degree in business, Stockholm School of Economics and MBA, IMEDE, Switzerland.

Work experience: Formerly founder and partner, Stanton Chase International AB; head of finance corporate function, AB Electrolux (publ); management positions at Vattenfall AB, work in corporate finance at investment banks in London.

Swedavia's executive management*

*As of December 31, 2019.



ANNA STRÖMWALL

Airport director, Göteborg Landvetter Airport

Born: 1977.

Education: MS in Industrial Economics, Institute of Technology, Linköping University.

Work experience: Head of Swedavia Consultants; head of planning, APM Terminals Gothenburg; head of operations development and head of security screening, Stockholm Arlanda Airport; SCM consultant, Establish.

Board duties: None.



CAROLINE OTTOSON

Director, Facilities and Systems

Born: 1968.

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

Work experience: Head, Stockholm County Public Transport Administration; CEO, public transport companies SL and Waxholmsbolaget; acting director-general, Swedish Transport Administration and director, traffic management and CFO, Swedish Transport Administration; director of roads, Swedish Road Administration; CFO, Swedish Mapping, Cadastral and Land Registration Authority.

Board duties: Board member, Swedish National Road and Transport Research (VTI), Swedish Airport Infrastructure AB; Chairman of the Board, Swedavia Real Estate AB, Swedavia Energi AB, Swedavia Airport Telecom AB.



JONAS ABRAHAMSSON

President and CEO, assumed office January 2017

Born: 1967.

Education: MBA, Lund University.

Work experience: President and CEO, E.ON Sverige AB; CFO, E.ON Energy Trading SE and a number of different leading executive positions and Board duties in the E.ON Group.

Board duties: Board member, ÅF Pöyry AB and Almega Tjänsteförbunden; member, Royal Swedish Academy of Engineering Sciences (IVA). Formerly, Chairman of the Board of Fennovoima Oy and Board member of Enerji A.S., among others.



ANNA BOVALLER

Chief Legal Counsel

Born: 1963.

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

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

Board duties: None.



PEDER GRUNDITZ

Airport director, Stockholm Arlanda Airport

Born: 1963.

Education: Executive MBA, M-gruppen

Work experience: Airport director, Bromma Stockholm Airport; director Regional Airports; various positions at LFV including airport director, Visby Airport and acting division head; director, Passenger Services, Malmö Aviation; director, Ground Operations Braathens Sverige; and traffic manager, Transwede Airways.

Board duties: Airport City Stockholm AB.



JOHAN BILL

Director, Major Projects

Born: 1958

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

Work experience: Regional manager, Uppsala County, Skanska; assistant division head, Stockholm Peab; CEO, Björking; director, Major Projects, Swedish Transport Administration.

Board duties: None.



SUSANNE NORMAN

Airport director, Regional Airports

Born: 1966.

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

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

Board duties: Board member, Svensk Turism AB and Länsförsäkrnorer Jämtland.



MATS PÅLSSON

Chief Financial Officer

Born: 1963.

Education: Economics, Växjö University

Work experience: CFO, Acade-Media; CFO, Poolia; CFO, Lernia; CFO, AGA S/A Brazil; CFO, AGA Gas Sverige.

Board duties: Board member, Criar AB, Swedavia Real Estate AB and BRF Essinge Mälarstrand.



CHARLOTTE LJUNGGREN

Director, Market and Commercial Development

Born: 1967.

Education: Management, Finance & Law, IHM Business School, Gothenburg.

Work experience: Airport director, Göteborg Landvetter Airport; Route Director Stena Line Scandinavia AB, Route Director SeaCat AB, Finance & HR Manager Sea Containers Ltd, Route Director Silja Line Eesti Oy, Route Director, SeaCat AB; Finance & HR Manager Sea Containers Ltd; Route Director, Silja Line Eesti Oy; Route Director, Color SeaCat AS; various positions at B&B Fondkommission AB.

Board duties: Board member, Swedish Exhibition and Congress Centre and Thomas Concrete Group AB; Chairman of the Board, West Sweden Chamber of Commerce.



MONA GLANS

Airport director, Bromma Stockholm Airport

Born: 1966.

Education: Upper secondary school, Management Programme American Express; Novare Executive Women Program, Board training through Styrelseakademien Sydost.

Work experience: Nyman & Schultz Affärsresor; American Express Business Travel; airport director, Swedavia Ronneby Airport; acting airport director, Swedavia Kiruna Airport, marriage officiant.

Board duties: Chairman, Visit Blekinge 2015–2018; Board member, Blekinge Matakademi 2016–2018; ambassador, Eriksberg Vilt & Natur.



MARIE WIKSBORG

Director, Business Support, Safety and Security

Born: 1965.

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

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

Board duties: None.

Consolidated income statement

Amounts in SEK M	Note	2019	2018
Net revenue	3,4,5	6,235	5,922
Other operating profit	6	68	104
Own work capitalised		189	170
External expenses	7	-2,399	-2,366
Staff expenses	8	-2,052	-2,030
Depreciation/amortisation and impairment losses on tangible fixed assets and non-current intangible assets	9	-1,309	-1,103
Other operating costs	10	-23	-16
Operating profit		709	682
Profit from financial items	11		
Profit from holdings in associated companies and joint ventures		147	53
Financial income		6	3
Financial expenses		-127	-96
Profit before tax		736	642
Tax	13	-153	-126
Profit for the year		583	517
Earnings per share			
Earnings per share before and after dilution, SEK		0.40	0.36
Number of shares		1,441,403,026	1,441,403,026

Consolidated statement of comprehensive income

Amounts in SEK M	Note	2019	2018
Profit for the year		583	517
Other comprehensive income:			
Items that can be reclassified to the income statement			
Cash flow hedges:			
Reclassified to the income statement		0	1
Change in value for the year		-72	57
Tax		15	-13
Other comprehensive income joint ventures, net		0	4
Items that cannot be reclassified to the income statement			
Revaluations of defined benefit pensions		-144	-54
Tax		31	12
Total other comprehensive income, net after tax		-170	7
Comprehensive income for the year		412	523

Consolidated balance sheet

Amounts in SEK M	Note	Dec 31, 2019	Dec 31, 2018
ASSETS			
NON-CURRENT ASSETS			
Non-current intangible assets	14	775	777
Other tangible fixed assets	15,16,17,18,19	16,863	15,419
Right-of-use assets	22	1,284	44
Investment properties	20,21	897	713
Biological assets	20,23	82	80
Non-current financial assets	20,24,25,26,28	1,137	1,192
Total non-current assets		21,038	18,225
CURRENT ASSETS			
Materials and supplies	29	54	47
Trade receivables	47	595	575
Receivables from associated companies and joint ventures	32	13	20
Other receivables	33	267	220
Prepaid expenses and accrued income	34	135	154
Derivative instruments	20,28	6	31
Liquid assets	28,43	77	10
Total current assets		1,146	1,057
Assets held for sale	46	768	442
TOTAL ASSETS		22,952	19,725

Consolidated balance sheet (cont.)

Amounts in SEK M	Note	Dec 31, 2019	Dec 31, 2018
EQUITY AND LIABILITIES			
Equity	35		
Share capital		1,441	1,441
Other paid-in capital		2,162	2,162
Hedge reserve	47	-76	-18
Hybrid bond		1,000	—
Retained earnings including profit for the year		4,914	4,480
Total equity attributable to the Parent Company's shareholder		9,440	8,066
Non-current liabilities			
Provisions	36,37,38	1,053	947
Deferred tax liability	39	458	488
Interest-bearing liabilities	40,42	7,550	6,025
Lease liability	22,40	1,187	40
Derivative instruments	20,28	108	76
Other non-current liabilities		150	23
Total non-current liabilities		10,506	7,598
Current liabilities			
Provisions	36,38	150	121
Interest-bearing liabilities	40	1,045	2,363
Derivative instruments	20,28	—	—
Lease liability	22,40	134	13
Trade payables		796	651
Liabilities to associated companies and joint ventures	32	7	0
Other liabilities	44	91	161
Accrued expenses and prepaid income	45	741	750
Total current liabilities		2,963	4,059
Liabilities attributable to assets held for sale	46	43	2
TOTAL EQUITY AND LIABILITIES		22,952	19,725

Consolidated changes in equity

Amounts in SEK M	Share	Other paid-in capital	Hedging reserves	Hybrid bond	Retained earnings including profit for the year	Total capital
2019						
Equity, opening balance	1,441	2,162	-18	—	4,480	8,066
Effect of new accounting principle, IFRS 16	—	—	—	—	-33	-33
Adjusted equity, opening balance, January 1, 2019	1,441	2,162	-18	—	4,447	8,033
Issuance of hybrid bond	—	—	—	1,000	—	1,000
Transaction costs for hybrid bond	—	—	—	—	-4	-4
Profit for the year	—	—	—	—	583	583
Other comprehensive income	—	—	-57	—	-113	-170
Equity, closing balance, December 31, 2019	1,441	2,162	-76	1,000	4,914	9,440

Amounts in SEK M	Share	Other paid-in capital	Hedging reserves	Hybrid bond	Retained earnings including profit for the year	Total capital
2018						
Equity, opening balance	1,441	2,162	-63	—	4,125	7,665
Dividend paid	—	—	—	—	-122	-122
Profit for the year	—	—	—	—	517	517
Other comprehensive income	—	—	45	—	-38	7
Equity, closing balance, December 31, 2018	1,441	2,162	-18	—	4,480	8,066

Consolidated cash flow statement

Amounts in SEK M	Note	2019	2018
Operating activities	49		
Profit after financial items		736	642
Adjustments for items not included in cash flow etc.		1,204	989
Tax paid		-144	-135
Cash flow from operating activities before changes in working capital		1,796	1,496
Cash flow from changes in working capital			
Increase(-)/Decrease(+) in materials and supplies		-7	-2
Increase(-)/Decrease(+) in operating receivables		18	-1
Increase(+)/Decrease(-) in operating liabilities		170	-134
Cash flow from operating activities		1,977	1,359
Investing activities			
Disposal of subsidiaries		—	55
Acquisition of non-current intangible assets		-89	-224
Acquisition of tangible fixed assets		-3,372	-2,971
Sale of tangible fixed assets		309	16
Acquisition of financial assets		-13	—
Sale of financial assets		117	—
Cash flow from investing activities		-3,048	-3,124
Financing activities			
Hybrid bond, net after transaction costs		996	—
Loans issued		3,170	3,805
Repayment of loan liabilities		-2,962	-1,980
Repayment of lease liability		-90	-9
Dividend paid		—	-122
Increase (+)/Decrease (-) in other financial liabilities		23	23
Cash flow from financing activities		1,137	1,717
Cash flow for the year		67	-48
Liquid assets, opening balance		10	58
Liquid assets, closing balance		77	10

Parent Company income statement

Amounts in SEK M	Note	2019	2018
Net revenue	4,5	6,146	5,873
Other operating profit	6	68	49
Own work capitalised		189	170
External expenses	7	–2,591	–2,453
Staff expenses	8	–2,192	–2,083
Depreciation/amortisation and impairment losses on tangible fixed assets and non-current intangible assets	9	–1,196	–1,111
Other operating costs	10	–23	–16
Operating profit		403	429
Profit from financial items	11		
Interest income and similar items		23	15
Interest expenses and similar items		–107	–97
Profit after financial items		318	346
Appropriations	12	33	44
Profit before tax		351	390
Tax	13	–93	–118
Profit for the year		258	272

Parent Company statement of comprehensive income

Amounts in SEK M	Note	2019	2018
Profit for the year		258	272
Other comprehensive income		—	—
Comprehensive income for the year		258	272

Parent Company balance sheet

Amounts in SEK M	Note	Dec 31, 2019	Dec 31, 2018
ASSETS			
NON-CURRENT ASSETS			
Non-current intangible assets	14	676	703
Tangible fixed assets	15,16,17,18,19	16,593	15,249
Non-current financial assets	24,25,26,27,39	1,126	1,132
Total non-current assets		18,395	17,083
CURRENT ASSETS			
Materials and supplies	29	50	44
Current receivables	30,31,32,34	3,042	2,645
Cash and bank balances	43	71	5
Total current assets		3,163	2,694
TOTAL ASSETS		21,558	19,777
EQUITY AND LIABILITIES			
EQUITY	35		
Restricted equity			
Share capital		1,441	1,441
Reserve for development expenses		35	44
Total restricted equity		1,476	1,485
Unreserved equity			
Share premium reserve		2,162	2,162
Hybrid bond		1,000	—
Retained earnings		2,580	2,298
Profit for the year		258	272
Total unrestricted equity		6,000	4,732
Total equity		7,476	6,217
Untaxed reserves	12	2,050	2,035
Provisions	36,37,38	1,524	1,408
Non-current liabilities	40,41	7,678	6,040
Current liabilities	40,41	2,830	4,077
TOTAL EQUITY AND LIABILITIES		21,558	19,777

Parent Company changes in equity

Amounts in SEK M	Restricted equity		Unrestricted equity			
	Share	Reserve for development expenses	Share premium reserve	Hybrid bond	Retained earnings	Total capital
2019						
Equity, opening balance	1,441	43	2,162	—	2,570	6,217
Profit from merger	—	—	—	—	5	5
Issuance of hybrid bond	—	—	—	1,000	—	1,000
Transaction costs	—	—	—	—	–4	–4
Reclassification between restricted and unrestricted equity	—	–8	—	—	8	—
Profit for the year	—	—	—	—	258	258
Other comprehensive income	—	—	—	—	—	—
Equity, closing balance, December 31, 2019	1,441	35	2,162	1,000	2,837	7,476

Amounts in SEK M	Restricted equity		Unrestricted equity			
	Share	Reserve for development expenses	Share premium reserve	Hybrid bond	Retained earnings	Total capital
2018						
Equity, opening balance	1,441	25	2,162	—	2,438	6,067
Dividend paid	—	—	—	—	–122	–122
Reclassification between restricted and unrestricted equity	—	18	—	—	–18	—
Profit for the year	—	—	—	—	272	272
Other comprehensive income	—	—	—	—	—	—
Equity, closing balance, December 31, 2018	1,441	43	2,162	—	2,570	6,217

Parent Company cash flow statement

Amounts in SEK M	Not	2019	2018
Operating activities	49		
Profit after financial items		318	346
Adjustments for items not included in cash flow etc.		1,373	1,162
Tax paid		–119	–110
Cash flow from operating activities before changes in working capital		1,573	1,398
Cash flow from changes in working capital			
Increase(–)/Decrease(+) in materials and supplies		–7	–2
Increase(–)/Decrease(+) in operating receivables		–359	–340
Increase(+)/Decrease(–) in operating liabilities		52	–215
Cash flow from operating activities		1,260	841
Investing activities			
Acquisition of non-current intangible assets		–89	–212
Acquisition of tangible fixed assets		–2,771	–2,453
Sale of tangible fixed assets		309	16
Cash flow from investing activities		–2,551	–2,648
Financing activities			
Hybrid bond, net after transaction costs		996	—
Loans issued		3,170	3,805
Repayment of loan liabilities		–2,962	–1,992
Dividend paid		—	–122
Increase (+)/Decrease (–) in other financial liabilities		73	9
Group contribution received/paid		79	58
Cash flow from financing activities		1,357	1,759
Cash flow for the year		66	–49
Liquid assets, opening balance		5	54
Liquid assets, closing balance		71	5

Notes

NOTE 1 Corporate information and accounting principles

Swedavia AB (publ), Swedish corporate identity number 556797-0818, has its registered officer in the Municipality of Sigtuna, Sweden. The address of the main office is 190 45 Stockholm-Arlanda (Flygvägen 1), Sweden. Swedavia AB is wholly owned by the Swedish State. Swedavia's task is to own, operate and develop the national basic infrastructure of airports decided by the Swedish Government, which consists of ten airports: Bromma Stockholm Airport, Göteborg Landvetter Airport, Kiruna Airport, Luleå Airport, Malmö Airport, Ronneby Airport, Stockholm Arlanda Airport, Umeå Airport, Visby Airport and Åre Östersund Airport.

Regulations governing operations

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

- Swedish Environmental Code (1998:808), with subsequent regulations requiring a permit for airport operations
- Swedish Civil Aviation Act (2010:500), with subsequent regulations governing, among other issues, permission to establish an airport
- Swedish Civil Aviation Security Act (2004:1100) concerning searches of persons and baggage in security screening
- Swedish Aerodrome Ground Services Act (2000:150), which regulates matters concerning ground services at airports and obligations of airport operators to allow the establishment of external ground service provider operations
- Swedish Act on Airport Charges (2011:866) regulating requirements for consultation with the users, airlines, on airport charges

Conditions for preparation of the Parent Company's and consolidated financial reports

The consolidated accounts for Swedavia and its subsidiaries have been prepared in conformity with the International Financial Reporting Standards (IFRS) to the extent these have been adopted by the European Union (EU).

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

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

Reporting for the Group and the Parent Company is in millions of Swedish kronor (SEK M) unless otherwise indicated. Swedish kronor is abbreviated as SEK, and thousands of kronor is abbreviated as SEK T. The amounts recognised have in some cases been rounded off. In cases where the amount is less than SEK 1 M and rounded down, this is presented as a zero (0); if there is no value, a dash () has been used. This means that tables, charts and calculations do not always add up. Figures in parentheses are for the previous year.

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

Assets, provisions and liabilities have been recognised at cost unless otherwise indicated below. Financial assets and liabilities have been recognised at amortised cost, apart from derivative instruments, which are

recognised at fair value. Biological assets are recognised at fair value; see Note 23. For information concerning measurement and information about fair value under IFRS 13, see Note 20.

New accounting principles

The new and reworked standards and interpretations that have been applied since January 1, 2019, are as follows,

- IFRS 16 "Leases" is a new standard that covers the accounting treatment of leases and replaces IAS 17 "Leases" as well as IFRIC 4, SIC-15 and SIC27.

Summary of effects of the transition to IFRS 16 "Leases"

The following paragraph concerns leases in which Swedavia is the lessee. Swedavia has not needed to make any adjustments in contracts in which Swedavia is the lessor.

Swedavia previously determined whether a contract contained a lease in accordance with IFRIC 4 "Determining whether an arrangement contains a lease". As of January, 2019, the Group decides whether a contract contains a lease based on the definition of lease in IFRS 16.

Swedavia previously classified leases as operating or finance leases based on whether the lease transferred significant risks and benefits that ownership of the underlying asset entails to the Group. Under IFRS 16, Swedavia recognises right-of-use assets and lease liabilities for most leases – in other words, leases are included in the balance sheet; exceptions are specified in the text below and in the accounting principles for leases.

To determine opening balances for the leases previously classified as operating leases, Swedavia has chosen to apply a modified retrospective approach, which means that any transition effects are adjusted in the opening balance of equity for 2019 and no restatement has been made for the previous year. Lease charges are discounted using the incremental borrowing rate (IBR) on the initial application date. In accordance with IFRS 16 appendix C p10a, Swedavia has chosen to apply a single discount rate to a portfolio of leases with somewhat similar qualities such as leases with a similar remaining lease term and a similar class of underlying assets. The discount rate is based on Swedavia's IBR. The weighted average IBR used on the application date to discount future lease charges is 2.92 per cent. Swedavia has chosen the option of measuring, for each contract, the right of use for all contracts as though the standard had been applied since the commencement date under IFRS 16 appendix C p8b i.

On the initial application date, initial direct costs have been excluded from the measurement in accordance with IFRS 16 appendix C p10d.

Assessments, for example, to determine the lease term if the contract includes options to extend or cancel the lease were subsequently made in accordance with IFRS 16 C p10e. In accordance with IFRS 16 C p10c, Swedavia has also chosen not to recognise right-of-use assets and lease liabilities for leases whose lease term ends in twelve months or less.

Swedavia has a number of leases that are recognised as finance leases under IAS 17. No adjustments in the values of assets or liabilities for these have been made in the opening balance. However, the assets in question have been reclassified from other tangible fixed assets to right-of-use assets, while the liabilities have been reclassified from interest-bearing liabilities to lease liabilities.

On January 1, 2019, Swedavia recognised additional lease liabilities of SEK 1,114 M, right-of-use assets of SEK 1,095 M and deferred tax assets of SEK 9 M in the Group while prepaid lease expenses were reduced SEK 23 M, for a net reduction in equity of SEK 34 M on January 1, 2019. In the Annual Report 2018, Swedavia recognised operating lease obligations of SEK 1,318 M. The difference between the present value of these lease obligations and the additional lease liability recognised on January 1, 2019, is immaterial.

The income statement for 2019 is shown below using current and previous accounting principles.

Consolidated income statement, 2019	Group		Difference
	IFRS 16	IAS 17	
Net revenue	6,235	6,235	0
Other operating income	68	68	0
Capitalised work for own account	189	189	0
External expenses	-2,399	-2,505	106
Staff expenses	-2,052	-2,052	0
Depreciation, amortisation and impairment losses on fixed assets and non-current intangible assets	-1,309	-1,219	-90
Other operating expenses	-23	-23	0
Operating profit	709	693	16
Profit from financial items			
Profit from holdings in associated companies and joint ventures	147	147	0
Interest income and similar items	6	6	0
Interest expenses and similar items	-127	-91	-36
Profit after financial items	736	755	-19
Tax	-153	-157	4
Profit for the year	583	598	-15

As a result of the transition to IFRS 16, the portion of the lease charges repaid is now recognised as a payment in financing activities instead of being included in operating activities. This means that the cash flow from operating activities for the full year 2019 is SEK 90 M higher while cash flow from financing activities is now SEK 90 M lower, compared to if previous accounting principles had been used for the period.

Apart from the new standard for leases, IFRS 16, only a few other amendments or interpretations from IASB entered into force in 2019:

- Amendment to IFRS 9 "Financial instruments" concerning the right of prepayment with negative compensation.
- Amendment to IAS 28 "Investments in associates and joint ventures", which clarifies that a company shall apply IFRS 9 to long-term holdings in associated companies and joint ventures that form part of the net investment but to which the equity method is not applied.
- Amendments to IAS 19 "Employee benefits", concerning amendment, curtailment or settlement in a defined benefit pension plan that occurs during a pension period.
- IFRIC 23 "Uncertainty over income tax treatments" provides guidance on how companies shall treat a transaction when there is uncertainty over acceptable income tax treatment. A company shall determine whether the taxation authority will accept a particular tax treatment of income tax. The interpretation provides no new disclosure requirements.

None of the above changes has had any material effect on Swedavia's accounts.

New or amended standards and interpretations that enter into force in 2020 or later

- Amendment to IFRS 3 "Business combinations", concerning changes in the definition of a business combination. The classification of an acquisition as either an asset acquisition or a business acquisition gives rise to significant differences in their accounting. The change is expected to entail fewer acquisitions being classified as business acquisitions, with them instead being classified as asset acquisitions. The difference in accounting between business acquisition and asset acquisition may be significant as a result of different standards being applied. The new definition of business acquisition is not expected to have a material effect on Swedavia.

- Amendments to IAS 1 "Presentation of financial statements" and IAS 8 "Accounting policies, changes in accounting estimates and errors", concerning harmonisation of the definition of "material" between different IFRS standards and clarification of the meaning of the term. The amendment clarifies whether information is material depending on the nature or magnitude of information, or both. The definition of material is also changed from information that can have an effect on users of financial statements to information that can reasonably be expected to have an effect on users. The definition of "users of financial statements" has also been clarified as being primary users.
- Amendments to IFRS 9 "Financial instruments: Hedge accounting" in accordance with IAS 39 and IFRS 7 "Financial instruments: Disclosures" concerning reform of the Interbank Offered Rate (IBOR). The reform has been backed by the Financial Stability Board and is a result of work under way in different countries to replace IBOR with new reference rates, risk free rates (RFRs). The change in reference rates could have an effect on the company's hedge accounting, among other things. Amendments to IFRS 9, IAS 39 and IFRS 7 introduce relief from certain requirements for how the hedging relation shall be measured with respect to the IBOR reference rate when hedge accounting is applied. The amendment introduces new disclosure requirements.

Consolidation principles

The consolidated financial accounts include the Parent Company and all the companies over which the Parent Company directly or indirectly has controlling interest. Subsidiaries are companies over which the Parent Company has a controlling interest. A controlling interest exists if the Parent Company has control over the investee, has exposure or is entitled to a variable return from its commitment and can use its control over the investment to influence its return. In determining whether there is a controlling interest, consideration is given to shares with potential voting rights and whether there is de facto control. The Parent Company in all cases owns, directly or indirectly, shares/holdings in the companies included in the consolidated financial accounts. Subsidiaries are included in the consolidated financial accounts starting from the time controlling interest is achieved and are excluded from the consolidated financial accounts from the time controlling interest is no longer exercised. Where necessary, adjustments are made in the subsidiaries' financial statements to adapt their accounting principles to those used by the Group. Transaction costs, with the exception of transaction fees related to the issuance of equity instruments or debt instruments, are recognised directly in profit for the year.

Business combinations

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

Associated companies and joint ventures

Holdings in associated companies and joint ventures are recognised in the consolidated accounts using the equity method. The equity method entails that the carrying amount of shares in the associated company or joint venture is equivalent to the Group's share of the associated company's or joint venture's equity and any residual value of the consolidated premiums or discounts. The Group's share of the associated company's or joint venture's profit after tax adjusted for any amortisation on or liquidation of premiums or discounts on acquisitions is recognised in the consolidated income statement as "Profit from holdings in associated companies and joint ventures" to the extent that the Group owns shares in the company. Unrealised losses are eliminated in the same way as unrealised gains as long as there is no need for impairment.

Elimination of transactions between Group companies

Intra-Group receivables and liabilities and transactions between Group companies as well as unrealised gains in conjunction with these are eliminated in

full. Unrealised gains arising from transactions with associated companies and joint ventures are eliminated against "Holdings in associated companies and joint ventures" to the extent that the Group owns shares in the company. Unrealised losses are eliminated in the same way as unrealised gains as long as there is no need for impairment

Revenue

Revenue is measured based on the payment specified in contracts with customers. The Group recognises revenue when control of a product or service is transferred to the customer. Information about the nature and timing for satisfaction of a performance obligation in contracts with customers and related accounting principles for revenue recognition is given below.

Swedavia's recognised net revenue consists of revenue flows from Aviation Business and Commercial Services and other net revenue.

Aviation Business

Revenue from Aviation Business consists of revenue related to passengers, aircraft, external regulated charges, ground handling and other ancillary services.

Passenger-related revenue consists of revenue from passenger fees, escorting of passengers and ground handling service fees. Swedavia's performance obligation is to give airline customers the opportunity to use Swedavia's infrastructure and services, help passengers with reduced mobility to and from the aircraft and provide infrastructure to airlines and ground handling companies that want to operate at the airports. Revenue for passenger fees and escorting is recognised on departure from one of Swedavia's airports, and ground handling fees are recognised as revenue in conjunction with the airline's or ground handling company's use of Swedavia's infrastructure. Revenue is recognised when control has been transferred to the customer.

The revenue category "aircraft-related revenue" consists of revenue from airlines for services and infrastructure used by the airlines' aircraft or passengers in conjunction with take-off from or landing at Swedavia's airports. Examples of revenue streams are take-off charges, emissions charges, noise charges, aircraft parking fees, air traffic control charges and ground handling fees related to the handling of aircraft. Swedavia's performance obligation is to provide infrastructure to enable take-off and landing. Aircraft-related revenue, with the exception of ground handling fees, is recognised when an aircraft has taken off from one of Swedavia's airports. Ground handling fees are recognised as revenue in conjunction with the airlines' use of Swedavia's infrastructure. In all cases, control is transferred to the customer with the recognition of revenue.

Externally regulated charges consist of four revenue streams – security screening (GAS), slot coordination (SCC), air traffic management Stockholm Arlanda Airport (TNC), and communication, navigation and surveillance (CNS). Swedavia's performance obligation is to provide security screening of passengers and baggage, offer airport coordination services for aircraft in conjunction with take-off and landing, provide infrastructure for air traffic control and assist with CNS infrastructure. Revenue is recognised for all four revenue streams after the performance obligation has been satisfied. Revenue from GAS is accrued on a monthly basis and final settlement is made following a decision by the Swedish Transport Agency. Revenue from SCC, CNS and TNC is recognised when the aircraft has taken off from one of Swedavia's airports. The right of complaint expires once use of the good or service is invoiced.

Revenue from ground handling is related to apron (ramp) services and freight forwarding fees. Swedavia's performance obligation is to provide services and infrastructure needed to receive aircraft and to prepare aircraft in turnaround for departure. Revenue is recognised in this revenue category on departure from one of Swedavia's airports, and it is at that point in time that the performance obligation has been satisfied and control is transferred to the customer.

The revenue category "other ancillary services" consists of ancillary services that customers can use in return for payment, for example glycol handling or security services, which are primarily for fast track service. Swedavia's performance obligation for fast track service is to enable the airlines' passengers to save time by providing special security checkpoints. The obligation begins when the passenger enters the security checkpoint and is satisfied in conjunction with the passenger exiting the security checkpoint. Revenue is recognised when the performance obligation is completed.

Commercial Services

Revenue from Commercial Services consists of revenue from car parking & passenger drop-off/pick-up facilities, retail, food & beverage, property revenue, advertising and other commercial services. Revenue from car parking & passenger drop-off/pick-up facilities, advertising and other commercial services is recognised under IFRS 15. The revenue category retail, food & beverage and revenue from leases in the revenue category "property" are recognised under IFRS 16.

The revenue category car parking & passenger drop-off/pick-up facilities consists of revenue from parking operations. The performance obligation comprises providing space for passengers and other customers to park or be dropped off/picked up at the airports. Revenue for car parking & passenger pick-up/drop-off facilities is recognised on an open account basis as either control or right of use is transferred to the customer. Revenue from the right to carry out car rental operations is also recognised after control has been transferred to the customer.

Revenue from retail, food & beverage consists of revenue from tenants at the airports whose operations offer passengers the possibility to eat, drink or shop for commercial goods. Rental revenue is classified as leases, with Swedavia being the lessor, and all revenue is recognised under IFRS 16. Rental revenue is based on sales, and preliminary revenue is recognised on a monthly basis with final settlement at the end of the year.

Property revenue consists of rental revenue for leasing premises and land during the lease term as well as property services and the sale of energy and telecom services, which are recognised with the provision of the service. Leases of premises and land are classified as leases with Swedavia being the lessor and are recognised under IFRS 16. The Group's performance obligation for providing media and property services is regulated in contracts with external parties. Invoicing and revenue recognition for external customers occur when control is transferred to the customer.

Advertising revenue consists of the sale of advertising space, and revenue is recognised on a monthly basis in conjunction with the use of the advertising space and transfer of control to the customer. Swedavia's obligation is to provide advertising space, which entitles it to receive payment from the customer.

For other services, revenue is recognised when the service is provided. Discounts provided have reduced net revenue.

Government grants

Government grants consist of grants from European Union research and development programmes. Swedavia takes part in one such programme, which is aimed at providing air navigation services (ANS) to support the conduct of business and commissioned traffic within the EU, which means that aircraft shall be unrestricted by airspace configurations and be able to meet the expected increase in volume through 2035. Government grants received in the project related to costs are recognised as a decrease in the corresponding cost in the income statement. Government grants received related to the financing of ongoing projects are recognised as a decrease in the asset's carrying amount.

Financial income and expenses

Financial income consists of interest income on invested funds, dividends, the gain on changes in the value of hedging instruments recognised at fair value through other comprehensive income and such gains on hedging instruments, which are recognised in net financial items. Financial expenses consist of interest expenses on liabilities to credit institutions, bonds, medium-term notes and commercial paper, credit losses on hedging instruments, effects of reversing provisions recognised at their present value, losses on changes in the value of hedging instruments recognised at fair value through other comprehensive income and such losses on hedging instruments as are recognised in net financial items.

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

Tax

The Group's total tax consists of current tax and deferred tax. Tax is recognised in the income statement except when the underlying transaction is recognised in other comprehensive income. Current tax is tax that is to be

paid or received during the current year. Current tax is calculated based on the taxable profit for the year. Taxable profit is distinguished from profit recognised in the income statement. The difference concerns revenue that is subject to tax and expenses that are deductible in other years (temporary differences) as well as items that are not subject to tax or are not tax-deductible (permanent differences). The Group's current tax liability is calculated using the tax rates that are in effect on the balance sheet date. An adjustment in current tax related to earlier periods is also recognised as current tax.

Deferred tax is calculated using the balance sheet method based on the temporary differences between book and tax values of assets and liabilities. Deferred tax is calculated using the tax rates and tax regulations that are decided or advised on the balance sheet date. Temporary differences related to consolidated goodwill and asset acquisitions are not taken into account, and normally nor are differences related to holdings in subsidiaries, associated companies and joint ventures that are not expected to be taxed within the foreseeable future. Untaxed reserves including deferred tax liability are recognised for legal persons. However, in consolidated accounts, untaxed reserves are divided into deferred tax liability and equity. Deferred tax assets for temporary differences and loss carryforwards that are tax-deductible are only recognised to the extent it is likely that a taxable profit occurs against which tax-deductible temporary differences can be used. The carrying amount of deferred tax assets is reviewed on each closing date. Deferred tax liabilities are normally recognised for all temporary differences subject to tax.

Non-current intangible assets

The Group's non-current intangible assets consist of goodwill and other non-current intangible assets. Goodwill arises when the cost of the acquisition of shares in a subsidiary exceeds the fair value of the net assets of the company acquired. Goodwill is recognised at cost less any impairment loss. Goodwill has an indeterminable expected useful life, and an impairment review is carried out at least once a year. Other non-current intangible assets consist mostly of noise insulation for the properties of others. Straight-line amortisation is used for noise insulation measures and is reviewed annually. Useful life shall correspond to the time the environmental permit or conditions contained therein are in effect but never more than 25 years. Other non-current intangible assets also consist of assets developed by the company with a useful life of 5-10 years.

Tangible fixed assets

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

Cost comprises the purchase price and expenditures directly related to the asset in order to convey it to its location and to use it for the purpose for which it was acquired. Borrowing costs directly related to major renovation or new construction projects where the time of completion is longer than twelve months are included in the cost of the fixed asset to the extent they have arisen during the construction period. Interest expenses are calculated based on the Group's average interest rate on all loan liabilities.

Additional expenditures are added to the asset's carrying amount or recognised separately when it is likely that the company will derive future economic benefits related to the asset and the cost of the asset can be calculated in a reliable way. Other expenditures that arise are recognised as a cost in the period in which they arise.

Depreciation is recognised based on the expected and estimated useful life using the straight-line depreciation method. For cases where parts of the Group's assets consist of different components, where each part has an expected useful life that differs significantly from the asset as a whole, depreciation of such components occurs on an individual basis using the estimated useful life of each component.

Depreciation begins when the assets are ready for their intended use. Scheduled depreciation is based on cost less estimated residual value. The residual value and useful life are reviewed on an annual basis and adjusted if necessary. The Group's field structures consist of various assets such as parking facilities, roads, ditches and ponds, where the useful life varies. The Group's buildings consist of different types of property such as terminal buildings and buildings with more basic constructions, which have a different useful life.

Useful life for the Group is:

Buildings	
– Foundations and frame	20 – 60 years
– Roof	20 – 60 years
– Facade	20 – 60 years
– Internal structures and room functions	10 – 25 years
– Electrical installations	7 – 30 years
– District networks	15 – 50 years
Equipment, buildings	5 – 30 years
Equipment, land	10 – 60 years
Field structures, runway systems	
– Load-bearing surfaces	60 years
– Surface sealings	4 years
– Other parts	12 – 40 years
Field structures, other	30 – 30 years
Electrical installations, vehicles and equipment	3 – 10 years
Modifications for tenants	Length of lease

Investment properties

Investment properties are properties held in order to obtain rental revenue, appreciation in value or a combination of the two. Investment properties are recognised at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes the purchase price and fees directly attributable to the asset to convey it to the site and in the state it is to be used in accordance with the reason for the purchase. Borrowing costs directly attributable to significant renovation and new construction projects where the time of completion exceeds twelve months are included in the cost of the fixed asset for the portion of the construction period they arose. Interest expenses are calculated based on the Group's average interest rate for all loan liabilities.

Additional expenditures are added to the asset's carrying amount or recognised separately when it is likely that the company will derive future economic benefits attributable to the asset and the cost of the asset can be calculated in a reliable way. Other expenditures that arise are recognised as a cost in the period in which they arise.

Depreciation is recognised based on the expected and estimated useful life using the straight-line depreciation method. For cases where parts of the Group's assets consist of different components, where each part has an expected useful life that differs significantly from the asset as a whole, depreciation of such components occurs on an individual basis using the estimated useful life of each component.

Depreciation begins when the assets are ready for their intended use. Scheduled depreciation is based on cost less estimated residual value. The residual value and useful life are reviewed on an annual basis and adjusted if necessary. Properties under construction that are intended to be used as investment properties when the work is completed are classified as investment properties. Investment properties are valued annually to determine their fair value, in other words, estimated market value.

Biological assets – standing timber

The Group's forest assets are divided into standing timber, which is recognised as a biological asset, and land. Standing timber is measured and recognised at fair value on each reporting date. Changes in fair value are recognised in the income statement. Fair value has been calculated as the present value of the discounted future return from long-term sustainable forest operations, that is, the expected future cash flow from forest operations. For further information, see Notes 20 and 23.

Leases

Principles applied as of January 1, 2019

When a contract is entered into, Swedavia determines whether the contract is, or contains, a lease. A contract is or contains a lease if the contract transfers the right to decide the use of an identified asset over a given period in exchange for payment.

As a lessee, Swedavia recognises a right-of-use asset and a lease liability on the lease commencement date. The right-of-use asset is valued initially at cost, which consists of the original value of the lease plus lease charges paid on or prior to the lease commencement date plus any initial direct expenditures. The right-of-use asset is depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the underlying asset's

period of use or the end of the lease term, which normally for Swedavia is the end of the lease term. In rarer cases when the cost of the right-of-use reflects that Swedavia will exercise an option to purchase the underlying asset, the asset is written off at the end of the period of use.

The lease liability – which is divided into a non-current and current portion – is initially measured at the present value of remaining lease charges during the expected lease term. The lease term consists of the non-cancellable period with a supplement for additional periods if it is determined on the commencement date that it is reasonably certain the option on these periods will be exercised.

Lease charges are normally discounted using Swedavia's incremental borrowing rate (IBR), which reflects along with Swedavia's credit risk the lease term, currency and quality of the underlying asset intended as security for each lease. However, in cases where the interest rate implicit in the lease can easily be determined, that rate is used, which is the case for some of Swedavia's vehicle leases.

The lease liability includes the present value of the following charges under the expected lease term:

- fixed charges, including in-substance fixed payments,
- variable lease charges linked to an index (such as CPI) or interest rate (such as STIBOR), initially valued using the index or interest rate in effect on the commencement date,
- any residual value guarantees for which payment is expected,
- the exercise price of a purchase option that Swedavia is reasonably certain it will exercise and
- penalties to be paid for termination of the lease if the expected lease term reflects that such a termination will occur.

The value of the liability is increased by the interest expenses and decreased by the lease payments for each period. The interest expense is calculated as the value of the liability multiplied by the discount rate.

The lease liability for Swedavia's premises with index-linked rent is calculated based on the rent in effect at the end of each reporting period. At that time, the liability is adjusted by the same amount as the adjustment in the carrying value of the right-of-use asset. Similarly, the value of the liability and the asset is adjusted in conjunction with reassessment of the lease term. This occurs when the last cancellation date in the previously expected lease term for the lease of premises has passed or when significant events occur or circumstances change significantly in a way that is within Swedavia's control and affects the prevailing expected length of the lease term.

Swedavia presents right-of-use assets and lease liabilities as separate items in the report on its financial position.

For leases that have a lease term of twelve months or less or an underlying asset with a low value, less than SEK 50 T, no right-of-use asset or lease liability is recognised. Lease charges for these leases are recognised as a cost on a straight-line basis over the lease term.

As lessor, Swedavia determines on the commencement date of each lease whether the contract shall be classified as a finance or operating lease. In determining the classification, an overall assessment is made of whether the lease transfers substantially all economic risks and benefits associated with ownership of the underlying asset. If that is the case, the lease is a finance lease; otherwise it is an operating lease. As part of this assessment, Swedavia takes into consideration a number of indicators. Examples of such indicators are whether the lease term constitutes the major part of the remaining economic life of the asset or whether ownership of the underlying asset is transferred to the lessee when the lease expires.

When a leased asset is subleased, the main lease and the sublease are recognised as two separate leases. Swedavia classifies the sublease based on the right of use conveyed by the main lease, not based on the underlying asset.

Swedavia recognises lease charges from operating leases on a straight-line basis over the lease term as part of the item "net revenue".

Principles applied until December 31, 2018

Leases are classified in consolidated accounts and Parent Company accounts either as finance leases or operating leases. Leases in which Swedavia assumes substantially all economic risks and benefits associated with direct ownership of the asset are classified as finance leases. Recognition of finance leases entails entering the fixed asset as an asset in the Group's balance sheet at the lower of the amount of the asset's market value or the estimated present value of the underlying lease payments, and a

corresponding liability is recognised initially. The asset is depreciated according to a set schedule over the asset's useful life while lease payments are recognised as interest and principal payments on the liability. For operating leases, lease payments are carried as an expense over the lease term.

Impairment losses

On each balance sheet date, the Group analyses the carrying amounts of tangible fixed assets and non-current intangible assets to determine whether there is anything to indicate that these assets have decreased in value. If there is an indication of this, the replacement value is calculated in order to determine the value of any impairment loss.

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

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

Materials and supplies

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

Receivables and liabilities in foreign currencies

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

Liquid assets

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

Trade payables

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

Financial instruments

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

Financial instruments that are not derivatives are recognised at fair value plus or minus transaction costs, except for those financial assets belonging to the category of financial asset or liability recognised at fair value through profit or loss. Derivative instruments are recognised at fair value; increases and decreases in value are recognised on a regular basis as revenue or costs in other comprehensive income in cases where hedge accounting is appropriate. Financial assets and liabilities are measured at fair value based on their hierarchy level; see Note 20.

Financial assets and liabilities are offset and recognised as a net amount in the balance sheet when there is a legal right to offset and when the intention is to settle the items with a net amount or to realise the asset and settle the liability simultaneously.

On each balance sheet date, the company assesses whether there are objective indications that an impairment loss needs to be taken on a financial asset or group of financial assets on initial recognition. Impairment losses are calculated and recognised for financial assets that are measured at amortised cost and for financial assets valued at fair value through other

comprehensive income. A provision for credit losses is calculated and recognised initially based on twelve months' expected credit losses. If the credit risk has increased significantly since the financial asset was first recognised, a provision for credit losses is calculated and recognised based on expected credit losses for the entire life of the asset. For trade receivables that do not include a significant financing component, a simplified method is applied and a provision for credit losses is calculated based on expected credit losses for the entire remaining life regardless of whether the credit risk has increased significantly or not. Swedavia bases its calculation of expected credit losses on a combination of historical data, based on customer type and due date, which are considered relative to future economic prospects.

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

Financial assets measured at amortised cost

The Group's financial debt instruments are classified using the business model for collecting contractual cash flows. This category includes loan receivables, trade receivables, receivables from associated companies and joint ventures, other receivables and liquid assets. Since these assets are classified according to its business model for collecting contractual cash flows, it is important for the classification whether the financial asset is complex or not. Classification is determined through a test to decide whether the asset's cash flows consist only of repayment of the capital and interest. All assets except derivative instruments passed the test, which means they are classified as non-complex and are measured at amortised cost. Loan receivables and trade receivables with short maturities are measured at their nominal cost with no discounting. Trade receivables are recognised at the amount expected to be received less any expected credit losses that are assessed in terms of credit exposure based on forward-looking information and historical data; see Note 47.

Financial assets measured at fair value through profit and loss

Derivative instruments with a positive value that are subject to hedge accounting are recognised at fair value through other comprehensive income, with increases in value recognised on an ongoing basis as income through other comprehensive income.

Financial liabilities measured at amortised cost

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

Financial liabilities measured at fair value through profit and loss

In this category are derivatives with a negative value that are not subject to hedge accounting. Financial instruments in this category are measured on an ongoing basis at fair value through profit or loss.

Classification and recognition of hybrid bond

Financial instruments issued by the company are recognised either as a liability or equity, based on whether there is any contractual obligation to settle the contract in cash or another financial asset.

Swedavia AB (publ) has issued a hybrid bond with a perpetual maturity, and the company is entitled to defer interest payments for an indeterminate period insofar as the hybrid bond holders are informed within the agreed period. The hybrid bond is classified at the first call date as equity in accordance with IAS 32 "Financial instruments: Presentation". Transaction costs related to the hybrid bond are recognised in equity. Interest on the hybrid bond is recognised as a liability at the time there is a contractual obligation to

pay interest, decreasing unrestricted equity. If the company calls the hybrid bond for redemption, a liability is recognised at the time there is a contractual obligation to redeem the bond, and there is a decrease in the hybrid bond recognised as unrestricted equity.

Hedge accounting

General

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

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

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

Cash flow hedges

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

Hedge accounting has also been applied for commodity and currency derivatives. Currency derivatives are used mainly to lock in the exchange rate for future flows of foreign currencies, which arise mostly in conjunction with investments and with electricity trading. Commodity derivatives are used to hedge the risk of electricity prices that arises in the Group's business operations. Changes in the fair value of these derivative instruments are recognised in other comprehensive income and are accumulated in the hedge reserve under equity. The accumulated gains or losses in the hedge reserve are reclassified to the income statement in the same period that the hedged item affects profit. When a hedging instrument or hedging relationship is terminated but the hedged transaction is still expected to occur, the accumulated gains and losses in the hedge reserve remain and are recognised in the profit for the year when the contracted or projected transaction is recognised in the income statement. However, if the hedged transaction is no longer expected to occur, the accumulated gains and losses in the hedge reserve are immediately reclassified to profit or loss.

Provisions

A provision is recognised in the balance sheet when the company has a formal or informal obligation as a result of an event occurring, it is likely that an outflow of resources is required to settle the obligation, and a reliable estimate of the amount can be made. A present value calculation is made to take into account significant time effects of future payments. Provisions are divided into non-current and current provisions.

Restoration reserve

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

Restructuring reserve

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

Other provisions

Other provisions consist of provisions related to estimated amounts for disputes, onerous contracts, social security funds and other commitments. A provision for onerous contracts is recognised when the expected economic benefits the Group expects to receive from a contract are lower than the unavoidable costs of fulfilling the terms of the contract.

Contingent liabilities

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

PARENT COMPANY ACCOUNTING PRINCIPLES

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

New accounting principles

The new principles for leases, in accordance with IFRS 16, that began to be applied by the Group are not applied by the Parent Company based on possible exceptions in Sweden's RFR 2 "Accounting for legal entities". The Parent Company accounts have changed in this respect, since IAS 17 was previously applied in its accounts. The comparative year has not been restated, based on materiality considerations.

Group contributions

Group contributions received and paid are recognised as appropriations.

Non-current intangible assets

The Parent Company recognises goodwill from the acquisition of assets that have an expected useful life of 20 years. Useful life reflects the company's estimate of the period under which future economic benefits that goodwill and other non-current intangible assets represent will flow to the company. Straight-line amortisation is applied over the expected useful life of the asset.

Leases

Principles applied as of January 1, 2019

The Parent Company does not apply IFRS 16, in accordance with the exception found in RFR 2. As a lessee, Swedavia recognises lease charges as an expense on a straight-line basis over the lease term, so rights of use and lease liabilities are not recognised in the balance sheet. The contracts in which the Parent Company constitutes the lessor are recognised as operating leases.

Principles applied until December 31, 2018

Until December 31, 2018, Parent Company accounting principles for leases were the same as consolidated accounting principles.

Associated companies and joint ventures

Holdings in associated companies and joint ventures are recognised in the Parent Company using the cost method. Dividends received are recognised in the income statement. In cases where joint ventures are limited partnerships, the value of the holding is adjusted by the value of the Parent Company's share of the limited company's net profit.

Group companies

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

Equity

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

Untaxed reserves

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

Financial instruments

The Parent Company does not apply IFRS 9; instead, financial instruments are recognised based on their cost in conformity with the Annual Accounts Act. This means that non-current financial assets are recognised at cost less any impairment loss, and current financial assets are measured based on the lower of cost or market rule.

Interest rate swaps are recognised at cost and accrued interest.

Pensions

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

Fixed assets held for sale

When a fixed asset, or disposal group, is classified as held for sale, it means its carrying amount will be recovered mainly through selling the asset and not its usage. A fixed asset or disposal group is classified as held for sale if it is available for immediate sale in its present state and based on normal conditions, and the sale must be highly probable. These assets or disposal groups are presented separately as a current asset or current liability in the statement of financial position.

Immediately before an asset is classified as held for sale, the carrying amount of the fixed asset and all assets and liabilities in a disposal group is determined in accordance with applicable standards. On initial classification as held for sale, fixed assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Some assets, individually or as part of a disposal group, are excluded from the measurement requirements described above, namely investment properties, financial assets, deferred tax assets and plan assets attributable to defined-benefit pension plans.

NOTE 2 Significant judgements and estimates

In the preparation of the financial reports in accordance with IFRS, the company's management is required to make judgements and estimates as well as assumptions that affect application of the accounting principles and the carrying amounts of assets, liabilities, revenue and costs. Estimates and assumptions are based on historical experience and a number of other factors that seem reasonable under prevailing conditions. The actual outcome may differ from previous estimates and judgements. Estimates and assumptions are reviewed on a regular basis. Changes in estimates are recognised in the period the change is made if it only affected that period, or in the period the change is made and future periods if the change affects both the current and future periods.

Below is a description of the areas that have a material effect on judgements and estimates.

Measurement of goodwill

Goodwill is allocated to the Airport Operations segment and tested for impairment at least annually. The recoverable amount is based on calculations of its value in use. These calculations are based on estimated cash flows in the business plan adopted and forecasts. Significant assumptions in determining the value in use are passenger volume trends, future interest rates and cost trends. See also Note 14.

Measurement of pension liability

Defined benefit pension obligations were taken over in conjunction with the division of operations at LfV and the formation of Swedavia. The assumption consists of the present value of expected future payments and is determined annually by independent actuaries. The size of the provision is affected by assumptions about the discount rate, which is assigned based on the duration, and inflation, which is assigned based on market expectations. See also Note 37.

Other

The executive management's best judgement is also used in conjunction with recognition of amounts involved in disputes since litigation and disputes are unpredictable in nature.

NOTE 3 Segment reporting

An operating segment is defined as a part of the Group that carries out business operations from which it can generate revenue and costs, whose operating profit is regularly examined by the company's highest executive officer and for which there is independent financial information. At Swedavia, the highest executive officer is identified as the chief executive officer of the Parent Company. Swedavia's operations are organised and run as two business segments, Airport Operations and Real Estate.

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

The basis of segment reporting is internal reporting. Executive management mostly uses operating profit by segment in accordance with Swedish accounting principles for monitoring. The capitalisation of loan fees, financial expenses, financial income and income tax is handled at the Group level.

The accounting principles conform to those applied in the consolidated financial accounts.

Belopp i MSEK	Airport Operations		Real Estate		Eliminations/adjustments		Group	
Income statement Jan – Dec ¹	2019	2018	2019	2018	2019	2018	2019	2018
Net revenue, external	6,197	5,919	39	3	—	—	6,235	5,922
Net revenue, internal	25	17	15	11	-40	-27	—	—
Other operating income	68	49	—	55	—	—	68	104
Capitalised work for own account	189	170	—	—	—	—	189	170
Operating costs	-4,555	-4,400	-83	-31	164	20	-4,474	-4,411
Depreciation, amortisation and impairment losses	-1,184	-1,096	-21	-6	-105	0	-1,309	-1,103
Operating profit	740	659	-50	31	19	-7	709	682

	Airport Operations		Real Estate		Eliminations/adjustments		Group	
Balance sheet, on December 31 ¹	2019	2018	2019	2018	2019	2018	2019	2018
Non-current assets	18,499	17,145	2,593	2,139	-54	-1,060	21,038	18,225
Current assets	3,043	2,611	322	191	-2,219	-1,745	1,146	1,057
Assets held for sale	—	—	—	—	768	442	768	442
Total assets	21,542	19,757	2,915	2,331	-1,505	-2,363	22,952	19,725
Equity	9,475	8,183	727	571	-761	-669	9,440	8,066
Liabilities	12,067	11,573	2,189	1,759	-786	-1,674	13,469	11,657
Liabilities related to assets held for sale	—	—	—	—	43	2	43	2
Total equity and liabilities	21,542	19,757	2,915	2,331	-1,505	-2,363	22,952	19,725

¹ Last year's figures for the segments have been restated because Swedavia Airport Telecom AB and Swedavia Energi AB were moved from the Real Estate segment to the Airport Operations segment as of January 1, 2019.

One customer accounted for 17 per cent (17) of the Group's revenue in 2019, equal to SEK 1,097 M (1,082), allocated to both segments.

Of the Group's total investments in 2019, SEK 3,460 M (3,195), SEK 2,906 M (2,604) is attributable to Airport Operations and SEK 554 M (591) is attributable to Real Estate.

NOTE 4 Net revenue

	Group		Parent Company	
Revenue by source	2019	2018	2019	2018
Aviation Business				
Passenger-related revenue	1,822	1,821	1,822	1,821
Aircraft-related revenue	867	623	867	623
Externally regulated charges	733	748	733	748
Ground handling	286	294	286	294
Other ancillary services	206	210	206	210
Total Aviation Business	3,914	3,696	3,914	3,696
	Group		Parent Company	
Revenue by source	2019	2018	2019	2018
Commercial Services				
Car parking & passenger drop-off/pick-up facilities	889	903	889	903
Retail, food & beverage	735	676	735	676
Property revenue ²	469	421	341	341
Advertising	123	123	123	123
Other commercial products	78	68	105	90
Total Commercial Services	2,294	2,191	2,193	2,133
Other net revenue	28	35	40	44
Total net revenue	6,235	5,922	6,146	5,873
Of which revenue for contracts with customers	5,305	5,039	5,277	5,068
Of which not revenue for contracts with customers	930	883	869	804

¹ Last year's figures for the segments have been restated because Swedavia Airport Telecom AB and Swedavia Energi AB were moved from the Real Estate segment to the Airport Operations segment since January 1, 2019.

² Leases contracts for premises and land are classified as leases under IFRS16

Swedavia's geographic market is Sweden. Swedavia's airports are run, consolidated and reported internally as a cohesive system of airports. Of net revenue for the period, SEK 54 M (14) was related to Real Estate, broken down into Real Estate revenue of SEK 45 M (9), other commercial products of SEK 8 M (4) and other net revenue of SEK M (1). For a breakdown by segment and eliminations/adjustments, see Note 3 "Segment reporting".

Performance obligations

Swedavia's revenue from contracts with customers consists of revenue from Aviation Business, Commercial Services and other net revenue. Independently determined sales prices are used for all performance obligations. Discounts given have reduced net revenue. Trade receivables are non-interest-bearing assets usually with 30-day payment terms. Trade receivables in 2019 were on a par with those the previous year. Information about the Group's performance obligations is summarised below:

Aviation Business

Revenue from Aviation Business consists of passenger-related revenue, aircraft-related revenue, externally regulated charges, ground handling

and other ancillary services. This revenue is related to the provision of infrastructure aimed at airlines and ground handling companies for take-off and landing and is recognised in conjunction with airlines and ground handling companies using Swedavia's range of services on offer – in other words, when there is a departure from one of Swedavia's airports. Discounts given have reduced net revenue in the same period the revenue is generated. Revenue is invoiced after the performance obligation has been completed.

Commercial Services

Revenue from Commercial Services consists of revenue from car parking & passenger drop-off/pick-up facilities, retail, food & beverage, property revenue, advertising and other commercial services. This revenue is related to services associated with the airports such as the leasing of premises, parking operations and the provision of advertising space. Revenue from car parking & parking facilities is recognised in conjunction with the parking customer using the parking space. Advertising revenue consists of the sale of advertising space, and revenue is recognised during the period of use. Real estate revenue and other commercial products consist of the sale of energy and telecom services, which are recognised when the service is provided. Discounts given have reduced net revenue in the same period the revenue is generated.

Other net revenue

Revenue under other net revenue is recognised on delivery and consists of revenue from goods sold and services provided that are included in the company's regular operations but that are not related to revenue from Aviation Business or Commercial Services. Discounts given have reduced net revenue in the same period the revenue is generated. Revenue is invoiced after the performance obligation has been completed.

Contract balances

Contract assets and contract liabilities arise in conjunction with customer invoicing and are reclassified as trade receivables upon invoicing. Contract assets consist of the right to receive payment for performance completed when the service has been transferred to the customer. Contract liabilities consist of the customer's right to be provided with a performance obligation by Swedavia – in other words, if payments are made prior to completion of the performance obligation – as well as the right to receive volume discounts in accordance with the contract.

Breakdown of trade receivables into contract assets and contract liabilities from contracts with customers:

	Group	
	Dec 31, 2019	Dec 31, 2018
Trade receivables related to contracts with customers	108	109
Contract assets	16	21
Contract liabilities	35	48

Impairment losses recognised on any contract assets arising from contracts with customers totalled SEK 0 M (0) during the year.

	Group	
	2019	2018
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	48	78
Revenue recognised during the reporting period from performance obligations satisfied in previous periods	—	—

Breakdown of transaction price of contract assets by remaining performance obligation with a duration of more than one year

	Group		
	2019 Aviation Business	2019 Commercial Services	2019 Other net revenue
Recognised at one point in time	—	—	—
Recognised over time (duration of more than one year)	—	—	—

NOTE 5 Related party transactions

Related party transactions involve transactions with State-owned companies or operations that conduct business in which the State has controlling interest. Related parties also include companies over which Swedavia may exercise controlling interest or a significant influence in terms of operating and finance decisions made; for transactions with them, see the table below. Concerning Swedavia AB's receivables from and liabilities to Group companies, see Note 31 "Receivables from Group companies" and Note 32 "Receivables from and liabilities to associated companies and joint ventures". Shares in Group companies are described in detail in Note 27 "Holdings in Group companies" and in Note 26 "Holdings in associated companies and joint ventures". Transactions are carried out on market terms, and operations are subject to competition.

Physical persons who are related parties are defined as executive officers, Board members and immediate family members of such persons. For information about remuneration to executive officers and Board members, see Note 8 "Employees and staff expenses". There are no securities pledged by or contingent liabilities from Swedavia for executive officers or Board members.

	Group		Parent Company	
	2019	2018	2019	2018
Sale of goods and services				
Subsidiaries	—	—	135	121
Associated companies and joint ventures	44	35	9	10
Total sale of goods and service	44	35	144	131
Sale of immovable property or other assets				
Subsidiaries	—	—	10	1
Associated companies and joint ventures	13	3	13	3
Total sale of immovable property or other assets	13	3	24	4
Purchase of goods and services				
Subsidiaries	—	—	341	333
Associated companies and joint ventures	93	56	93	57
Total purchase of goods and services	93	56	434	390
Interest, net				
Subsidiaries	—	—	17	12
Total interest	—	—	17	12

Transactions with the Swedish State

Swedavia AB is wholly owned by the Swedish State. The Swedavia Group's products and services are provided to the State, government agencies and State-owned companies (hereinafter called other related parties) in competition with other suppliers on commercial terms. Similarly, Swedavia AB and its Group companies purchase products and services from government authorities and State-owned companies at market prices and on commercial terms. Costs for other related parties consist mostly of the purchase of meteorological services, charges to government authorities and air navigation services, which are largely included in the costs covered via remuneration from the Swedish Transport Agency for security screening and parts of air traffic management services. The Group's sale of goods and services to other related parties totalled SEK 276 M (170) and its purchase of goods and services totalled SEK 291 M (266). Transactions with the Swedish State related to taxes and payroll fees have not been included.

NOTE 6 Other operating income

	Group		Parent Company	
	2019	2018	2019	2018
Other operating income				
Capital gains	36	71	36	16
Other	32	33	32	33
Total	68	104	68	49

Capital gains in 2019 are related to the sale of subsidiaries, SEK — M (55), the sale of buildings, SEK 15 M (—), the sale of land, SEK 13 M (3), and other capital gains, SEK 8 M (13).

NOTE 7 Remuneration and reimbursement expenses to auditors

	Group		Parent Company	
	2019	2018	2019	2018
Ernst & Young				
Auditing assignments	—	3	—	3
Other services	0	0	0	0
KPMG				
Auditing assignments	3	—	3	—
Other services	0	0	0	0
Total	3	3	3	3

Auditing assignments refers to the statutory auditing of the annual accounts and the administration of the Board of Directors and the President and CEO as well as auditing and other examination performed in accordance with agreements or contracts. This includes other duties incumbent upon the company's auditors as well as advice or other assistance stemming from observations made during such audits or the performance of other such duties.

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

Audit expense pertains to the accrued cost for the financial year the audit is for. At the Annual General Meeting 2019, KPMG was elected auditor, which means the entire cost of the audit for the financial year 2019 is allocated to KPMG.

NOTE 8 Employees and staff expenses

	2019			2018		
Average number of employees, Sweden	Total	Share of women, %	Share of men, %	Total	Share of women, %	Share of men, %
Parent Company	3,050	35	65	3,217	37	63
Subsidiaries	—	—	—	—	—	—
Group	3,050	35	65	3,217	37	63

	Dec 31, 2019		Dec 31, 2018	
Executive officers	Share of women	Share of men	Share of women	Share of men
Group				
Board members, %	33	67	40	60
Other executive officers, including the President and CEO, %	64	36	44	56

Salaries, other remuneration and employee benefits, SEK M	Group		Parent Company	
	2019	2018	2019	2018
Salaries and remuneration				
Board of Directors	2	2	2	2
President and CEO	27	29	27	29
Other employees	1,364	1,335	1,364	1,335
Total	1,393	1,366	1,393	1,366
Payroll taxes	615	610	755	663
of which pension expenses including employee income tax for CEO and executive officers	9	10	9	10
of which pension expenses including employee income tax for other employees	160	148	300	201
Other staff-related expenses	44	54	44	54
Total employee expenses	2,052	2,030	2,192	2,083

Remuneration to the Board in 2019, SEK T	Board fee	Audit Committee	Remuneration Committee	Other benefits
Chairman of the Board				
Åke Svensson	447	15	25	—
Board members				
Lars Backemar	223	—	—	—
Adine Grate Axén ¹	73	7	—	—
Lottie Knutson	223	—	20	—
Lotta Mellström	—	—	—	—
Lars Mydland	223	—	—	—
Mikael Norman	223	37	—	—
Lottie Svedenstedt	223	—	20	—
Total	1,635	59	65	—

¹ Adine Grate Axén stepped down from the Board in conjunction with the Annual General Meeting 2019.

Remuneration to the Board in 2018, SEK T	Board fee	Audit Committee	Remuneration Committee	Other benefits
Chairman of the Board				
Åke Svensson	440	—	25	—
Board members				
Lars Backemar	220	—	—	—
Adine Grate Axén	220	20	—	—
Lottie Knutson ¹	220	—	13	—
Lotta Mellström	—	—	—	—
Lars Mydland	220	—	—	—
Mikael Norman	220	35	—	—
Lottie Svedenstedt	220	—	20	—
Total	1,760	55	58	—

¹ Lottie Knutson was elected to the Remuneration Committee at the statutory Board meeting on April 26, 2018.

Remuneration to the Board of Directors consists of a fee decided at the Annual General Meeting. Up until the Annual General Meeting 2018, the Board fee was paid either as a salary or on invoice from the Board member's sole proprietorship or company. In cases where the Board fee was invoiced, an amount equivalent to the payroll taxes that Swedavia AB does not have to pay as a result was added. As of the Annual General Meeting 2018, it is no longer possible to invoice the Board fee from one's own company. Instead, the fee is only paid as salary.

Guidelines for remuneration to the Board of Directors

Swedavia follows the State's guidelines for remuneration to the Board. A fee is paid to the Chairman and Board members based on a decision at the Annual General Meeting (AGM) on April 17, 2019. No pension contribution is paid for Board members. No remuneration is paid to Board members who are employed in the Swedish Government Offices. No Board fee is paid to employee representatives or their deputies. As of the Annual General Meeting 2019, Board fees are only paid as salary. No Board fee is paid to Board members in any subsidiary since all members are employees of companies in the Swedavia Group. Remuneration for members of the Audit Committee is based on a decision taken at the AGM held on April 17, 2019. Since the 2019 statutory Board meeting, the Remuneration Committee includes Chairman of the Board Åke Svensson and Board members Lottie Knutson, Lotta Mellström and Lottie Svedenstedt as well as employee representative Robert Olsson.

Remuneration to executive officers ¹ in 2019, SEK T		Base salary	Other benefits ⁵	Pension expenses	Total remu- neration	Employer's period of notice of termination + number of months' severance pay
President and CEO	Jonas Abrahamsson	4,311	18	1,267	5,597	6 + 12
Director of Major Projects	Johan Bill	2,186	14	657	2,857	6 + 6
Director of Governance & Compliance	Anna Bovaller	Starting Jan 1, 2019 1,558	18	440	2,016	6 + –
Airport Director, Bromma Stockholm Airport	Mona Glans	1,498	4	384	1,885	6 + 6
Airport Director, Stockholm Arlanda Airport	Peder Grunditz	1,934	15	581	2,530	6 + 6
Director of Market & Commercial Development	Charlotte Ljunggren ²	Starting Jan 1, 2019 2,078	7	612	2,696	6 + 6
Airport Director, Regional Airports	Susanne Norman	1,536	6	393	1,935	6 + 6
Director, Facilities & Systems	Caroline Ottoson	Starting Aug 12, 2019 825	3	248	1,076	6 + 6
Chief Financial Officer	Mats Pålsson	2,269	24	665	2,958	6 + 6
Airport Director, Göteborg Landvetter Airport	Anna Strömwall ³	Starting Jan 1, 2019 1,416	6	364	1,786	6 + 6
Director of Business Support & Safety	Marie Wiksborg	Starting Jan 1, 2019 1,900	4	524	2,429	6 + 6
Senior Advisor	Karl Wistrand ⁴	Starting Aug 12, 2019 5,876	15	1,106	6,997	6 + 9
Total		27,388	133	7,240	34,760	

¹ Remuneration has been recognised based on the period each executive officer was included in executive management. Recognised base salary is based on a fixed monthly salary, statutory holiday entitlement and any severance pay. Pension expense includes the effect of any exchange of salary increase for benefits and premiums for supplementary health insurance.

² Charlotte Ljunggren stayed on as Airport Director of Göteborg Landvetter Airport until January 31, 2019, while serving in her position as Director of Market & Commercial Development pending the Swedish Transport Agency's approval of Anna Strömwall as the new Airport Director of Göteborg Landvetter Airport.

³ Anna Strömwall assumed the position of Airport Director of Göteborg Landvetter Airport on January 1, 2019, but was in training and therefore formally assumed responsibility for the airport on February 1, 2019 following the Swedish Transport Agency's approval.

⁴ Karl Wistrand assumed the position of Acting Director of Facilities & Systems on January 1, 2019, and stepped down from the position in August 11, 2019. Karl Wistrand then remained as an executive officer in the group of executive officers and reported to the President and CEO until he left Swedavia on December 31, 2019. Recognised remuneration for 2019 also includes base salary expenses of SEK 1,295 T and pension expenses of SEK 327 T during the period of notice until June 30, 2020, as well as severance pay for a period of 9 months of SEK 1,943 T. The total maximum remuneration is SEK 3,565 T.

If that person assumes a new position, is given another salaried assignment or earns income from some business activity, remuneration shall be reduced by an amount equivalent to the new income during the time termination pay and severance pay are given. The entire expense including payroll tax was charged to income in 2019.

⁵ Benefits consist primarily of benefits in the form of parking, public transport allowances and health insurance.

Remuneration to executive officers ¹ in 2018, SEK T		Base salary	Other benefits ⁵	Pension expenses	Total remu- neration	Employer's period of notice of termination + number of months' severance pay
President and CEO	Jonas Abrahamsson	4,231	8	1,242	5,481	6 + 12
Chief Technical Officer	Per Arenhage ²	1,677	7	473	2,157	6 + –
Director of Aviation Business	Elizabeth Axtelius ^{2, 5}	1,067	8	214	1,288	5 + –
Chief Strategy Officer	Lennart Bergbom	1,434	13	360	1,806	6 + 6
Director of Major Projects	Johan Bill	Starting Aug 6, 2018 854	4	256	1,115	6 + 6
Chief Legal Counsel	Anna Bovaller ²	1,523	5	426	1,954	6 + –
Airport Director, Bromma Stockholm Airport	Mona Glans ³	Starting Feb 1, 2018 1,343	1	344	1,688	6 + 6
Airport Director, Stockholm Arlanda Airport	Peder Grunditz ⁴	Starting Mar 1, 2018 1,854	11	546	2,411	6 + 6
Airport Director, Göteborg Landvetter Airport	Charlotte Ljunggren	1,902	2	552	2,456	6 + 6
Airport Director, Regional Airports	Susanne Norman	1,499	2	379	1,880	6 + 6
Director of Security & Safety	Mats Paulsson	1,427	10	371	1,809	6 + 6
Chief Financial Officer	Mats Pålsson	2,206	20	651	2,877	6 + 6
Director of Market and Communication	Linda Sjödin	1,498	12	381	1,891	6 + 6
Director of Operational Excellence	Kjell-Åke Westin ⁶	Starting Mar 1, 2018 1,896	10	495	2,401	6 + 6
Director of Human Resources	Marie Wiksborg	1,764	0	483	2,247	6 + 6
Deputy President and CEO, Commercial & Real Estate	Karl Wistrand	2,538	10	707	3,256	6 + 9
Total		28,713	123	7,881	36,717	

¹ Remuneration has been recognised based on the period that each executive officer has been included in the group of executive officers. Recognised base salary is based on a fixed monthly salary, statutory holiday entitlement and any severance pay. Pension expense includes the effect of any exchange of salary increase for benefits and premiums for supplementary health insurance.

² The employment contracts have no provision for severance pay.

³ Mona Glans assumed the position of Airport Director of Bromma Stockholm Airport on February 1, 2018.

⁴ Peder Grunditz stepped down from his position as Airport Director of Bromma Stockholm Airport during the period February 1-28, 2018, and assumed the position of Airport Director of Stockholm Arlanda Airport on March 1, 2018.

⁵ Elizabeth Axtelius reports to the President and CEO but is not included in Swedavia's executive management.

⁶ Kjell-Åke Westin stepped down from his position as Airport Director of Stockholm Arlanda Airport on February 28, 2018, and assumed the position of Director of Operational Excellence on March 1, 2018.

⁷ Benefits consist primarily of benefits in the form of parking and public transport allowances.

Remuneration to executive officers

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

Remuneration to the CEO and Head of Internal Auditing is decided by Swedavia's Board of Directors, following preparation of the matter in the Remuneration Committee. The CEO determines remuneration for other executive officers following preparation of the matter in the Remuneration Committee.

The Board's proposed principles for remuneration and other terms of employment for the company's executive management stipulate that Swedavia AB (publ) shall strive for remuneration and terms of employment that are competitive and carefully considered.

Remuneration shall be characterised by reasonableness and transparency as well as contribute to good ethics and corporate culture. Remuneration shall not be such that it drives salaries relative to comparable companies but shall instead be characterised by moderation.

For matters concerning remuneration and other terms of employment, Swedavia applies the principles adopted in its Guidelines for Terms of Employment for Executive Officers in Companies. These are based on the Swedish Government's Guidelines for Remuneration and Other Terms of Employment for Executive Officers in Companies under State Ownership adopted on December 22, 2016. These guidelines shall result in remuneration that is competitive, capped, reasonable and appropriate. The principle is a fixed base salary, which means there may not be any incentive programmes or other types of variable pay for executive officers.

Pensions

A pension provision of 30 per cent of fixed salary was made as a premium-based pension to the CEO. A pension provision was made to other executive officers in accordance with the ITP 1 defined contribution plan with the exception of the Director of Market & Commercial Development, who has an agreement for a premium-based pension which includes a provision equivalent to 30 per cent of that person's fixed salary. Executive officers

who were employed in the transition from LFV to Swedavia on April 1, 2010, are also covered by an age-related graduated pension premium for the ITP 1 plan determined through a collective bargaining agreement. An additional pension contribution alongside the defined contribution plan under the ITP 1 plan was agreed for some executive officers not covered by the graduated pension premium for ITP 1. However, these pension benefits shall not exceed the Swedish State's guidelines in effect at any time. The retirement age for the CEO and other executive officers is 65.

Dismissal and severance pay

For notice of termination given by the company, the period of notice of termination and severance pay are specified in the table. Severance pay is equal to a fixed salary. If that person assumes a new position, is given another additional salaried assignment or earns income from some business activity, termination pay and the severance package shall be reduced by the amount equal to the new income during the period in question. Severance pay is not pensionable income and is not subject to statutory holiday pay. The CEO and other executive officers have six months' notice of termination by mutual consent, except for one person who must give four months' notice of termination. All executive officers are entitled to all employment benefits that apply during the period of notice.

Other employees

Employees in the Swedavia Group receive remuneration in the form of a fixed base salary, a fixed hourly wage, benefits and pension provision in accordance with collective bargaining agreements. For some age groups whose positions were transferred from LFV to Swedavia on April 1, 2010, there is also an age-related graduated pension premium for the ITP 1 plan as determined through a collective agreement. As a supplement to their fixed base salary, advertising sales representatives also have a variable portion of their salary which is commission-based and capped.

NOTE 9 Depreciation, amortisation and impairment losses on fixed assets and non-current intangible assets

	Group		Parent Company	
Depreciation/amortisation	2019	2018	2019	2018
Goodwill	—	—	25	25
Other non-current intangible assets	63	52	63	52
Buildings and land	315	308	315	307
Investment properties	19	4	—	—
Field structures	239	217	239	217
Electrical installations, vehicles and equipment	562	450	444	440
New construction in progress	49	—	49	—
Total	1,249	1,031	1,135	1,041
Impairment losses				
Buildings and land	—	—	—	—
Investment properties	—	—	—	—
Electrical installations, vehicles and equipment	—	—	—	—
New construction in progress	61	71	61	70
Total	61	71	61	70
Total	1,309	1,103	1,196	1,111

NOTE 10 Other operating expenses

	Group		Parent Company	
Other operating expenses	2019	2018	2019	2018
Cost to sell non-current assets	21	14	21	14
Other	2	2	2	2
Total	23	16	23	16

NOTE 11 Financial income and expenses

	Group		Parent Company	
Profit from holdings in associated companies and joint ventures	2019	2018	2019	2018
Portion of profit for the year from holdings in associated companies and joint ventures	45	53	—	—
Capital gain from sale of associated company	102	—	—	—
Total	147	53	—	—

	Group		Parent Company	
Financial income	2019	2018	2019	2018
Interest income	4	2	21	13
Net changes in foreign exchange rates	2	2	2	1
Total	6	3	23	15

	Group		Parent Company	
Financial expenses	2019	2018	2019	2018
Interest expenses, financial liabilities	29	12	63	36
Interest rate derivatives	36	54	36	54
Portion of interest in pension expense for the year	21	21	—	—
Interest attributable to lease liabilities	34	1	0	1
Other financial expenses	8	7	9	6
Total	127	96	107	97

Financial income is related to financial instruments recognised at amortised cost. Financial expenses related to interest expenses from financial liabilities and other financial expenses are measured at amortised cost. Derivative instruments are measured at fair value through other total comprehensive income.

Interest expenses from financial liabilities are related to liabilities to credit institutions, bonds, medium-term notes and commercial paper. Borrowing costs related to refurbishment and new construction projects, totalling SEK 37 M (24), were capitalised during the year. The average interest rate for 2019 is 1.1 per cent (1.0). The figure for the previous year has been restated.

NOTE 12 Appropriations and untaxed reserves

	Parent Company	
	2019	2018
Appropriations		
Change in accelerated depreciation/amortisation	-175	-85
Change in tax allocation reserve	160	49
Group contribution paid	-101	-43
Group contribution received	149	123
Total appropriations	33	44
Untaxed reserves		
Accumulated accelerated depreciation/amortisation	2,050	1,875
Tax allocation reserves	—	160
Total untaxed reserves	2,050	2,035

Accumulated accelerated amortisation and depreciation are related to other intangible assets, electrical installations, vehicles and equipment.

NOTE 13 Tax

	Group		Parent Company	
	2019	2018	2019	2018
Current tax expense (-)/tax income (+)				
Tax expense/tax income for the year	-128	-136	-107	-122
	-128	-136	-107	-122
Deferred tax expense (-)/tax income (+)				
Deferred tax for temporary differences	-25	10	13	5
Total tax expense recognised	-153	-126	-93	-118

Group	2019		2018	
	Per cent	Amount	Per cent	Amount
Reconciliation of effective tax				
Profit before tax		736		642
Tax calculated using Swedish tax rate in effect	21.4	-158	22.0	-141
Tax pertaining to taxation for the previous year	-0.1	1	-0.2	1
Tax effect of non-deductible costs	4.5	-33	4.2	-27
Tax effect of non-taxable revenue	-3.1	23	-1.9	12
Other	-1.9	14	-4.7	30
Recognised effective tax	20.8	-153	19.6	-126

Parent Company	2019		2018	
	Per cent	Amount	Per cent	Amount
Reconciliation of effective tax				
Profit before tax		351		390
Tax calculated using Swedish tax rate in effect for the Parent Company	21.4	-75	22.0	-86
Tax related to taxation for the previous year	0.0	0	1.0	-4
Tax effect of non-deductible costs	9.4	-33	6.9	-27
Tax effect of non-taxable revenue	-0.3	1	0.3	-1
Other	-3.7	13	—	—
Recognised effective tax	26.6	-93	30.3	-118

In the consolidated accounts, non-taxable revenue in 2019, SEK 23 M, and in the previous year, SEK 12 M, is mostly capital gains from the sale of shares and holdings. The item "Other" in 2018 for the Group is related mostly to the remeasurement of temporary differences in deferred tax in the Group with the tax rate changed from 22.0 to 20.6 per cent.

NOTE 14 Non-current intangible assets

Non-current intangible assets	Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Goodwill	352	352	253	278
Other non-current intangible assets	423	425	423	425
Total	775	777	676	703

Goodwill	Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Accumulated cost				
Opening balance	352	352	493	493
Closing balance	352	352	493	493
Accumulated scheduled amortisation				
Opening balance	—	—	-216	-191
Scheduled amortisation for the year	—	—	-25	-25
Closing balance	—	—	-241	-216
Carrying amount, closing balance	352	352	253	278

Goodwill

In conjunction with the conversion of airport operations into a limited liability company on April 1, 2010, assets and liabilities from LFV were transferred to Swedavia at an estimated market value. In conjunction with the transaction, goodwill of SEK 493 M arose. In the consolidated accounts, goodwill totalled SEK 377 M, with the difference due to the measurement of defined benefit pension obligations in accordance with IAS 19. In the transition to IFRS, goodwill totalled SEK 352 M.

Goodwill impairment testing

Goodwill is allocated to the cash-generating units that are expected to benefit from the acquisition. Goodwill in the consolidated financial reports is derived from the cash-generating unit Airport Operations (operating segment). The airports included in Sweden's national basic infrastructure of airports are operated as a system which is cohesive and mutually dependent. This notion of system means that it is not possible to isolate cash flows related to individual airports included in the system in a meaningful way so the airports included in the national basic infrastructure are treated as a single cash-generating unit. Goodwill has an indeterminable useful life. Impairment testing is carried out annually or more frequently if there is an indication of a decline in value. The recoverable value is determined based on calculations of value in use. The calculations for the first four-year period are based on estimated cash flows in the business plan adopted. The Swedavia Group works with strategic plans and long-term scenarios, based on industry assessments, which run through 2033. After the end of the business plan, impairment testing is based on the estimated cash flows in the strategic plan adopted. In calculating the value in use, lease payments have been treated as cash flows in the business. That means lease liabilities did not affect the discount rate, in line with previous years. The lease liability is deducted from the unit's carrying amount because the value in use is reduced by future lease payments, in which the right-of-use assets are included in impairment testing. Significant assumptions in determining the value in use are the passenger trend, investment level and cost trend. Cash flows beyond 2033 are assumed to have annual growth equivalent to 2.0 per cent (0.0) per year. The discount rate used before tax is 6.8 per cent (8.3). This testing has not entailed any impairment loss on goodwill, and reasonable changes in assumptions would not lead to any need for impairment.

	Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Other non-current intangible assets				
Accumulated cost				
Opening balance	637	429	637	429
Reclassifications for the year	61	210	61	210
Disposals and divestments for the year	-1	-2	-1	-2
Closing balance	698	637	698	637
Accumulated scheduled amortisation				
Opening balance	-212	-162	-212	-162
Reversal of amortisation on disposals	1	2	1	2
Scheduled amortisation for the year	-63	-52	-63	-52
Closing balance	-275	-212	-275	-212
Carrying amount, closing balance	423	425	423	425

Other non-current intangible pertain to noise insulation on the properties of others, SEK 209 M (225); IT systems, SEK 180 M (156); and the Group's proprietary assets, SEK 35 M (44).

NOTE 15 Tangible fixed assets

	Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Buildings and land (Note 16)	5,343	5,293	5,313	5,285
Field structures (Note 17)	3,399	3,314	3,390	3,304
Electrical installations, vehicles and equipment (Note 18)	3,009	2,774	2,859	2,704
New construction in progress (Note 19)	5,113	4,037	5,031	3,955
Total	16,863	15,419	16,593	15,249

NOTE 16 Buildings and land

	Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Accumulated cost				
Opening balance	7,867	7,299	7,853	7,305
Acquisitions/reclassifications for the year	371	610	346	590
Disposals and divestments for the year	-31	-42	-31	-42
Closing balance	8,206	7,867	8,168	7,853
Accumulated scheduled depreciation				
Opening balance	-2,563	-2,277	-2,557	-2,272
Reversal of depreciation on disposals	28	22	28	22
Scheduled depreciation for the year	-316	-308	-315	-307
Closing balance	-2,851	-2,563	-2,844	-2,557
Accumulated impairment				
Opening balance	-11	-26	-11	-26
Reversal of impairment from previous years	—	15	—	15
Impairment for the year	—	—	—	—
Closing balance	-11	-11	-11	-11
Carrying amount, closing balance	5,343	5,293	5,313	5,285
Of which land				
Opening balance	382	378	359	355
Acquisitions for the year	0	4	0	4
Disposals for the year	—	—	—	—
Carrying amount, closing balance	382	382	359	359

NOTE 17 Field structures

	Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Accumulated cost				
Opening balance	4,699	4,032	4,689	4,032
Reclassifications for the year	329	675	329	665
Disposals and divestments for the year	-18	-8	-18	-8
Closing balance	5,010	4,699	4,999	4,689
Accumulated scheduled depreciation				
Opening balance	-1,381	-1,170	-1,381	-1,170
Reversal of depreciation on disposals	11	6	11	6
Scheduled depreciation for the year	-239	-217	-239	-217
Closing balance	-1,609	-1,381	-1,609	-1,381
Accumulated impairment losses				
Opening balance	-4	-4	-4	-4
Reversal of impairment losses on disposal	3	—	3	—
Impairment losses for the year	—	—	—	—
Closing balance	-1	-4	-1	-4
Carrying amount, closing balance	3,399	3,314	3,390	3,304

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

NOTE 18 Electrical installations, vehicles and equipment

	Group ¹		Parent Company ¹	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Accumulated cost				
Opening balance	5,773	5,222	5,725	5,240
Reclassifications for the year	709	733	570	672
Disposals and divestments for the year	-98	-182	-98	-187
Closing balance	6,384	5,773	6,198	5,725
Accumulated scheduled depreciation				
Opening balance	-2,998	-2,732	-3,022	-2,757
Reversal of depreciation on disposals	83	178	126	175
Scheduled depreciation for the year	-459	-444	-444	-440
Closing balance	-3,374	-2,998	-3,338	-3,022
Accumulated impairment losses				
Opening balance	-1	—	-1	—
Reversal of impairment losses on disposal	0	—	0	—
Impairment losses for the year	—	-1	—	-1
Closing balance	-1	-1	-1	-1
Carrying amount, closing balance	3,009	2,774	2,859	2,704

¹ Figures for the previous year have been restated due to the transition to IFRS 16 "Leases".

NOTE 19 New construction in progress related to tangible fixed assets

	Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Opening balance	4,037	3,589	3,955	3,503
Acquisitions for the year	2,587	2,674	2,554	2,618
Disposals for the year	-2	0	-10	-3
Reclassifications for the year	-1,399	-2,157	-1,358	-2,093
Depreciation for the year	-49	—	-49	—
Impairment losses for the year	-61	-71	-61	-70
Carrying amount, closing balance	5,113	4,037	5,031	3,955

New construction in progress related to tangible fixed assets mostly consists of investments in infrastructure and terminals. Reclassification of the asset class in question occurs when the asset is placed in service. Impairment losses in 2019 and 2018 are primarily attributable to IT and operation development projects. Of the acquisitions for the year, SEK 189 M (170) is capitalised work for the company's own account.

NOTE 20 Fair value

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

Measurement at fair value

Hierarchy levels in measurement at fair value Dec 31, 2019	Level 1	Level 2	Level 3	Total
Derivative instruments (Note 28) ¹	—	96	—	96
Biological assets (Note 23) ²	—	—	82	82
Non-current interest-bearing liabilities (Note 28) ³	—	7,551	—	7,551
Investment properties (Note 21) ³	—	—	3,049	3,049
Total	—	7,647	3,131	10,778

Hierarchy levels in measurement at fair value Dec 31, 2018	Level 1	Level 2	Level 3	Total
Derivative instruments (Note 28) ¹	—	23	—	23
Biological assets (Note 23) ²	—	—	80	80
Non-current interest-bearing liabilities (Note 28) ³	—	6,001	—	6,001
Investment properties (Note 21) ³	—	—	2,233	2,233
Total	—	6,024	2,313	8,337

¹ Recognised at fair value through comprehensive income in the consolidated balance sheet.

² Recognised at fair value in the consolidated balance sheet. The fair value of biological assets is determined based on Level 3; information for the comparative year has been restated.

³ Recognised at cost in the consolidated balance sheet. The amounts above are fair values for information purposes.

Derivative instruments**Interest rate swaps**

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

Electricity derivatives

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

Currency futures

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

Biological assets

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

The holdings are measured on each balance sheet date.

Measurement is made by an external appraiser in conjunction with the year-end closing at least once every two years or at another time if there is any indication of changes in market value. For other balance sheet dates, the stock of standing timber is measured through an internal valuation.

The measurement method used for external valuation is in accordance with the Swedish land registration authority Lantmäteriet's forest valuation method. This method is based on a discounted cash flow valuation of expected future cash flows from long-term sustainable forestry. Important inputs are local pricelists for timber and pulp with average prices for the past ten years, potential harvestable volume in accordance with the Swedish Forestry Act's restrictions on clear-cutting, and discount rates based on the age of the forest. A change in fair value is recognised in the income statement as other profit or other external costs. Fair value is determined based on Hierarchy Level 3, which means that the fair value of the biological assets cannot be directly related to observable market data.

In internal valuations, the stock is compared on the valuation date with the stock on the date of the previous external valuation. After this, an interview is/interviews are carried out with a key person/key people to determine whether any factors have had an effect on the stock and thus the market value. An external valuation was carried out in conjunction with the 2019 annual accounts.

Non-current interest-bearing liabilities

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

Investment properties

Swedavia's investment properties are recognised at cost. The properties are measured to determine their fair value, that is, their estimated market value. The portfolio of investment properties is measured annually in conjunction with the year-end closing. Measurement is made either by external independent appraisers or through internal valuation. An external valuation was carried out in conjunction with the 2019 annual accounts.

The valuation of properties is based on the cash flows the asset is expected to generate, discounting net operating profit. To estimate net operating profit, estimates are made of inflation, rents, vacancies, and operating and maintenance costs. The value of the property is based on the expected cash flows of each property appraised over the next ten years. For properties with a lease on premises or land longer than ten years, the calculations have been extended. For the last year of the calculation period, a residual value is calculated, which shall constitute an estimated market value at that time. The information used to determine the fair value of the investment properties is classified as Level 3, which means that the fair value of the investment properties cannot be directly attributed to observable market data.

NOTE 21 Investment properties

Swedavia recognises properties classified as investment properties at cost. Investment properties are found in the Real Estate operating segment, and the portfolio consists of cargo and office properties as well as land at Göteborg Landvetter Airport, Malmö Airport and Stockholm Arlanda Airport. Revenue from investment properties totalled SEK 37 M (3) and direct costs totalled SEK 65 M (47). For information about the depreciation method and estimated useful life, see Note 1 "Corporate information and accounting principles". For information about valuation assumptions,

see Note 20 "Fair value". Fair value increased from SEK 2,233 M to SEK 3,049 M. The positive change in value is due to investments mostly in Hotell 1 Landvetter AB, TreOffice AB and Airport Hotel AB.

	Group	
	Dec 31, 2019	Dec 31, 2018
Accumulated cost		
Opening balance	730	675
Acquisitions for the year	552	472
Disposals for the year	-32	0
Reclassification for the year	-10	-5
Reclassification of assets held for sale	-308	-413
Closing balance	931	730
Accumulated scheduled depreciation		
Opening balance	-10	-5
Scheduled depreciation for the year	-19	-4
Reclassification of assets held for sale	2	—
Closing balance	-28	-10
Accumulated impairment losses		
Opening balance	-7	-6
Impairment losses for the year	—	-1
Closing balance	-7	-7
Carrying amount, closing balance	897	713
Fair value (Note 20)	3,049	2,233
Reclassification of assets held for sale	-1,200	-832
Fair value (Note 20), after reclassification	1,849	1,401

NOTE 22 Leasing

The effects of the transition to IFRS 16 on the Group's leases are described in Note 1 "Corporate information and accounting principles". As a result of the transition method the Group has chosen to use in the transition to IFRS 16, comparative information has not been restated to reflect the new requirements.

Leases in which Swedavia is lessee Information for 2019

Right-of-use asset	Buildings	Land	Equip- ment	Machinery	Vehicles	Total
Depreciation for the year	-82	-5	-4	0	-13	-104
Closing balance, December 31, 2019	1,200	55	8	0	21	1,284

Additions to right-of-use assets in 2019 totalled SEK 215 M. This amount includes the cost of newly acquired rights of use during the year and additional amounts from the reassessment of lease liabilities due to the change in payments as a result of the change in the lease term.

No leases include covenants or other restrictions apart from the guarantee for the leased asset.

Lease liabilities	2019
Current lease liabilities	134
Non-current lease liabilities	1,187
Lease liabilities included in the statement of financial position	1,321

To see the maturity analysis of Swedavia's lease liabilities, see Note 47 "Financial risks".

Amount recognised through profit and loss	2019
Depreciation on right-of-use assets	-104
Interest on lease liabilities	-34
Variable lease charges not included in the valuation of the lease liability	-10
Costs of short-term leases	-3
Cost of leases of low-value assets, not short-term leases of low-value assets	-2

Amount recognised in the cash flow statement	2019
Total cash flow attributable to leases	-105

The cash outflows above include both the amount paid for leases recognised as lease liabilities and the amount paid for variable lease charges, short-term leases and leases of low-value assets.

	Parent Company
Non-cancellable lease payments amount to:	2019
Within one year	137
Between one and five years	472
More than five years	1,009

	Parent Company
Charges for operating leases recognised as an expense amounted to:	2019
Minimum lease charges	121
Variable charges	16
Total lease expenses	137

Buildings and land

Swedavia leases buildings and land for office and other operations. Leases usually contain extension options that Swedavia can exercise up to one year before the expiration of the non-cancellable lease term. When it is possible in practice, Swedavia tries to include such options in new leases since they contribute to operational flexibility. The options can only be exercised by Swedavia, not by the lessor. Whether it is reasonably certain that an extension option will be exercised or not is determined at the commencement date of the lease. Swedavia reassesses whether it is reasonably certain that an extension option will be exercised or not if there is a significant event or substantial changes in circumstances that are within Swedavia's control.

Leases consist of non-cancellable periods of 2-20 years, with options for Swedavia to extend for additional periods. The leases have no final end date. At the commencement of the contract, Swedavia makes an individual assessment for each contract in order to determine whether Swedavia is reasonably certain to use exercise or more such extension options.

During the year, lease liabilities/assets increased SEK — M as a result of the exercise of options not previously included in the lease liability. Significant changes can occur in the future should there be a reassessment of the lease term for one of Swedavia's key property contracts.

Some leases include lease charges based on changes in the local price index, and Swedavia pays charges related to property taxes that are charged to the lessor. These amounts are determined annually.

Other leases

Swedavia leases vehicles, machinery and equipment with lease terms of two to five years. In some cases, Swedavia has the option to purchase the asset at the end of the lease term. In other cases, Swedavia guarantees the residual value of the leased asset at the end of the lease term. Extension options occur to only a negligible extent.

Swedavia also leases construction equipment, office equipment and IT equipment with lease terms of one to three years. These leases are short-term contracts and/or leases of low-value assets. Swedavia has chosen not to recognise right-of-use assets and lease liabilities for these leases.

Information about the comparative year

Information about the comparative year

Expensed minimum lease charges for 2018 totalled SEK 101 M while variable charges included in the profit for the period for Swedavia in 2018 totalled SEK 7 M.

Future payments for non-cancellable operating leases fall due as follows:

	Group	Parent Company
Due date	2018	2018
Within one year	97	97
Between one and five years	327	327
More than five years	894	894
Total	1,318	1,318

Finance leases

Finance leases pertain to vehicle leases with a lease term of between three and five years. Included in the item "Electrical installations, vehicles and equipment" are lease objects that the Group has leases for with the following amounts.

	Group	Parent Company
Carrying amounts	Dec 31, 2018	Dec 31, 2018
Cost – capitalised finance leases	87	87
Accumulated depreciation	–43	–43
Carrying amount, closing balance	44	44

The lease charges for the year total SEK 12 M in the Group.

Future payments for the use of assets in finance leases fall due as follows:

	Group		Parent Company	
	2018		2018	
	Future min-imum lease charges	Present value of future minimum lease charges	Future min-imum lease charges	Present value of future minimum lease charges
Within one year	14	13	14	13
Between one and five years	21	21	21	21
More than five years	—	—	—	—
Total	35	35	35	35

Leases where Swedavia is lessor

Operating leases – the Group as lessor

The Group's operating leases, which generate rental revenue, pertain to the rental of premises in commercial parts of its owner-occupied properties and to a few contracts for investment properties. Rental revenue is generated from both fixed and sales revenue-based rents. Variable charges included in profit for the period total SEK 677 M (609).

Payments for contractual lease charges on existing contracts fall due as follows:

	Group	Parent Company
Due date	2019	2019
Within one year	799	786
Between one and two years	764	751
Between two and three years	710	699
Between three and four years	476	466
Between four and five years	475	467
More than five years	1,511	1,480
Total	4,736	4,649

	Group	Parent Company
Due date	2018	2018
Within one year	803	800
Between one and five years	2,406	2,400
More than five years	1,458	1,455
Total	4,667	4,655

NOTE 23 Biological assets

	Group	
	Dec 31, 2019	Dec 31, 2018
Accumulated cost		
Opening balance	80	88
Change in fair value	2	–7
Carrying amount, closing balance	82	80

Swedavia's biological assets consist of large forest holdings adjacent to Swedavia's airports, with standing timber assessed at fair value. The stock is measured on each balance sheet date. Measurement is made by an external appraiser in conjunction with the year-end closing at least once every two years or at another time if there are any indication of significant changes in market value. For other balance sheet dates, the stock of standing timber is measured through an internal valuation. An external valuation was carried out in conjunction with the 2019 annual accounts. The change in fair value is recognised in the income statement as other revenue or other external expenses. For information about valuation assumptions, see Note 20 "Fair value".

NOTE 24 Non-current financial assets

	Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Holdings in Group companies	—	—	870	889
Holdings in associated companies and joint ventures	913	953	—	—
Other non-current receivables	217	217	217	217
Derivative receivables	7	22	—	—
Deferred tax assets	—	—	39	25
Total	1,137	1,192	1,127	1,132

NOTE 25 Other non-current receivables

	Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Accumulated cost				
Opening balance ¹	217	181	217	181
New receivables	0	35	0	35
Carrying amount, closing balance	217	217	217	217

¹ The figure for the previous year has been restated

NOTE 26 Holdings in associated companies and joint ventures

	Group	
	Dec 31, 2019	Dec 31, 2018
Accumulated cost		
Opening balance	953	896
Acquisition for the year	13	—
Share of profit	45	57
Dividend	—67	—
Sale	—31	—
Carrying amount, closing balance	913	953

The acquisition for the year pertains to a shareholder contribution to Landvetter Logistik Center AB. The sale pertains to the disposal of holdings in Landvetter Logistik Center AB.

Specification of the Parent Company's and Group's holdings in associated companies and joint ventures on December 31, 2019

Company, corporate identity number, registered office	Profit for the year, Swedavia's share	Number of shares	Ownership in %	Value of holding in the Group	Carrying amount in the Parent Company	Classification
Swedish Airport Infrastructure AB, 559012-5182, Stockholm County, Municipality of Sigtuna	—	25,000	50.0	0	—	Joint venture
Swedish Airport Infrastructure KB, 969775-2609, Stockholm County, Municipality of Stockholm	45	1	49.9	913	—	Joint venture
Airport City Stockholm AB, 556872-9619, Stockholm County, Municipality of Sigtuna	—	495	33.0	0	—	Associated company
Total	45			913	—	

Balance sheet and income statement for Swedish Airport Infrastructure KB based on the Swedavia Group's accounting principles:

	Dec 31, 2019	Dec 31, 2018
SEK M		
Investment properties	4,844	4,636
Liquid assets	140	393
Other assets	409	66
Non-current interest-bearing liabilities ¹	3,040	3,040
Current liabilities ¹	528	185
Equity ¹	1,825	1,870
The Group's carrying amount of the holding ¹	913	935
SEK M	2019	2018
Revenue	396	385
Depreciation and amortisation	—145	—137
Other costs	—114	—87
Net interest	—43	—44
Profit before tax	94	117
Tax ¹	—4	—11
Profit for the year ¹	90	106
Other comprehensive income ¹	1	7
Total comprehensive income ¹	91	113
Group's portion of comprehensive income for the year	45	57

¹ The figure for the previous year has been restated

In 2019, SEK 67 M (—) in dividends was received from Swedish Airport Infrastructure.

NOTE 27 Holdings in Group companies

The Parent Company's holdings in Group companies	Parent Company	
	Dec 31, 2019	Dec 31, 2018
Accumulated cost		
Opening balance	1,035	1,035
Effect of merger ¹	-164	—
Closing balance	870	1,035
Accumulated impairment losses		
Opening balance, attributable to impairment loss and merger	-145	-145
Effect of merger ¹	145	—
Closing balance	—	-145
Carrying amount, closing balance	870	889

¹ On February 12, 2019, Arlanda Development Company AB and Bromma Stockholm Fastigheter AB merged with the Parent Company, Swedavia AB

Specification of the Parent Company's holdings in Group companies

Subsidiary, corporate identity number, registered office	Number of shares	Ownership in %	Carrying amount Dec 31, 2019	Carrying amount Dec 31, 2018
Swedavia Real Estate AB, 556858-9872, Stockholm County, Municipality of Stockholm	500,000	100	870	870
Swedavia Energi AB, 556951-8185, Stockholm County, Municipality of Sigtuna	50,000	100	0	—
Swedavia Airport Telecom AB, 556951-8193, Stockholm County, Municipality of Sigtuna	50,000	100	0	—
Arlanda Development Company AB, 556653-6628, Stockholm County, Municipality of Sigtuna ¹	10,000	100	—	2
Bromma Stockholm Airport fastigheter AB, 556932-3537, Stockholm County, Municipality of Stockholm ¹	50,000	100	—	17
Carrying amount, closing balance			870	889

¹ The merger with the Parent Company, Swedavia AB, took place on February 12, 2019

NOTE 28 Financial assets and liabilities

The Group's financial assets and liabilities, excluding the Group's derivative instruments, are recognised at cost in the balance sheet. The Group's derivative instruments are recognised at fair value in the balance sheet. Other financial assets and liabilities are measured at fair value for information purposes. For information about fair value regarding derivative instruments, see the Group's measurement below as well as Note 20. For current receivables and liabilities, such as trade receivables and trade

payables, with a remaining useful life of less than six months, the carrying amount is considered to reflect fair value.

For derivatives, the Group has ISDA agreements, which allow offset in the event of a bankruptcy. As of December 31, 2019, there were no significant financial liabilities or assets that should be offset in the event of a bankruptcy.

Financial assets		Carrying amount		Fair value	
		Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Group	Measurement under IFRS 9				
Other non-current receivables	Amortised cost	217	217	217	217
Trade receivables	Amortised cost	595	575	595	575
Receivables from associated companies	Amortised cost	13	20	13	20
Other receivables	Amortised cost	190	64	190	64
Derivative instruments ¹	Fair value	12	53	12	53
Liquid assets	Amortised cost	77	10	77	10
Total		1,104	939	1,105	939
Financial liabilities		Carrying amount		Fair value	
		Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Group	Measurement under IFRS 9				
Non-current interest-bearing liabilities	Amortised cost	7,550	6,000	7,550	6,001
Current interest-bearing liabilities	Amortised cost	1,020	2,364	1,020	2,367
Derivative instruments ^{1, 2}	Fair value	108	76	108	76
Other non-current liabilities	Amortised cost	150	23	150	23
Trade payables	Amortised cost	796	651	796	651
Other liabilities	Amortised cost	9	55	9	55
Liabilities to associated companies	Amortised cost	7	—	7	—
Accrued interest expenses	Amortised cost	14	14	14	14
Total		9,655	9,183	9,656	9,188

¹ The figure for the previous year has been restated

² Derivative instruments pertain to derivatives that are hedged.

Measurement fair value

Assets and liabilities measured at fair value are classified in a hierarchy with three different levels based on the information used to determine their fair value. The Group's financial assets and liabilities are measured at fair value based on Level 2. For more information about measurement at fair value, see Note 20.

	Level 1	Level 2	Level 3
Derivative instruments ³	—	96	—
Non-current interest-bearing liabilities ⁴	—	7,551	—
Total	—	7,647	—

³ Recognised at fair value in the consolidated balance sheet.

⁴ Recognised at cost in the consolidated balance sheet. The amounts above are fair values for information purposes.

There was no change in levels in 2019 compared to 2018.

Net gain from items for which hedge accounting is not applied	2019	2018
Financial assets/liabilities measured at fair value ⁵	—	—
Total	—	—

⁵ The subcategory held for sale.

Derivative instruments

Interest rate swaps

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

Electricity derivatives

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

Currency futures

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

Interest-bearing liabilities

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

Other receivables and liabilities

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

NOTE 29 Materials and supplies

	Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Supplies	47	37	44	37
Gravel stocks	2	2	2	2
Supplies, buildings and land	2	3	2	3
Other stocks	3	5	2	2
Total	54	47	50	44

NOTE 30 Current receivables

	Parent Company	
	Dec 31, 2019	Dec 31, 2018
Trade receivables	576	553
Receivables from Group companies	2,154	1,782
Receivables from associated companies ¹	5	11
Other receivables	106	119
Tax assets	54	42
Prepaid expenses and accrued income	147	139
Total	3,042	2,645

¹ The figure for the previous year has been restated

NOTE 31 Receivables from Group companies

	Parent Company	
	Dec 31, 2019	Dec 31, 2018
Swedavia Real Estate AB	604	433
Logistic City 1 AB	34	35
TreDoffice AB	355	448
Airport Hotel 2 AB	551	428
Swedavia Airport Telecom AB	84	76
Swedavia Energi AB	79	62
Cargo City 1 AB	49	51
Sky City Arlanda Holding AB	196	117
Other Group companies	200	132
Carrying amount, closing balance	2,154	1,782

Swedavia's wholly-owned Group companies are funded through a consolidated account structure.

NOTE 32 Receivables from and liabilities to associated companies and joint ventures

In the Group, receivables from associated companies and joint ventures totalled SEK 13 M (20) and pertain mostly to the receivable from Altuna Hangar KB. Liabilities to associated companies and joint ventures totalled SEK 7 M (0). For the Parent Company, receivables from associated companies and joint ventures totalled SEK 5 M (11) and liabilities totalled SEK 7 M (0).

NOTE 33 Other receivables

	Group	
	Dec 31, 2019	Dec 31, 2018
Tax assets	40	61
Other receivables	227	160
Total	267	220

NOTE 34 Prepaid expenses and accrued income

	Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Accrued income, Aviation Business	7	10	7	10
Accrued income retail, food & beverage, car parking & passenger drop-off/pick up facilities	15	54	15	54
Accrued income, energy	9	11	0	—
Prepaid expenses, materials and maintenance	23	15	23	15
Prepaid expenses, operations	34	11	34	11
Prepaid expenses, property and rental	29	7	27	7
Other accrued income and prepaid expenses	18	46	42	41
Total	135	154	147	139

NOTE 35 Equity**The Group**

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

Share capital

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

Other paid-in capital

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

Hedge reserves

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

Hybrid bond

On November 26, 2019, Swedavia issued an unsecured hybrid bond for a total of SEK 1,000 M. The hybrid bond has a perpetual maturity, and thus have no maturity date, but the company is entitled to redeem the hybrid bond at a determined future point in time and then at every subsequent interest payment date, as well as in the event of specific events. The company is entitled to defer interest payments to a determined time as long as holders of the hybrid bond are informed within the contractual period. The hybrid bond is recognised in equity in the Group and in the Parent Company, and it is subordinate to all liabilities.

The hybrid bond is not included in the company's sensitivity analysis for borrowing rates or in the maturity analysis of financial liabilities.

Hybrid bond

Loan framework (SEK M)	1,000
Nominal amount issued (SEK M)	1,000
Currency	SEK
Interest rate ¹	Stibor 3 M + 150 bp
First call date	November 26, 2024

¹ The company has no contractual obligation to pay interest. After the time of the first call date, the interest rate will increase 500 basis points.

Under the terms of the hybrid bond, Swedavia must pay deferred interest on the hybrid bond if Swedavia chooses to pay a dividend to its shareholder. In addition, Swedavia has the option but not the obligation to repurchase the hybrid bond if the Swedish State reduces its ownership of Swedavia. If Swedavia chooses not to buy back the hybrid bond, provided the State reduces its ownership in the company, the interest rate will increase 500 basis points.

Retained earnings

Retained earnings includes profit for the year and the portion of untaxed reserves that constitute equity. This also includes remeasurements of defined benefit pensions in accordance with IAS 19 (net of deferred tax).

	2019		2018	
	Actual	Target	Actual	Target
Group financial targets				
Return on operating capital	4.6 %	6.0 %	4.6 %	6.0 %
Debt/equity ratio	1.1 times	0.7–1.5 times	1.1 times	0.7–1.5 times

The Parent Company**Restricted and unrestricted equity**

Equity is divided between restricted and unrestricted (payable as dividends) capital in accordance with the Annual Accounts Act. A dividend may only be paid if there is full coverage for restricted equity after the payment of dividends. Dividends are also regulated by the precautionary principle, which means that a dividend may only be paid if this is justifiable taking into consideration the risks that the nature and scope of operations place on the size of the Parent Company's and consolidated equity as well as the Group's consolidation requirements, liquidity and financial position in general.

In the Parent Company, restricted capital consists of share capital of SEK 1,441 M (1,441) and a reserve for development expenses of SEK 35 M (44). The unrestricted capital in the Parent Company is SEK 6,000 M (4,732) and consists of a share premium reserve of SEK 2,162 M (2,162), a hybrid bond of SEK 1,000 M (-), retained earnings of SEK 2,580 M (2,298) and profit for the year of SEK 258 M (272).

Proposed distribution of profit

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

Share premium reserve	2,161,354,539
Hybrid bond	1,000,000,000
Retained earnings	2,580,555,650
Profit for the year	258,442,374
	6,000,352,563

The Board proposes that the profit be appropriated as follows:

Brought forward	6,000,352,563
	6,000,352,563

NOTE 36 Provisions

	Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Provisions for pensions	874	765	1,197	1,113
Other provisions	329	302	327	295
Total	1,203	1,067	1,524	1,408

NOTE 37 Provisions for pensions

The Group has both premium and defined benefit pension obligations.

Defined contribution pension obligations

The defined contribution ITP 1 plan was applied with the formation of the company and is secured through payments to insurance companies or trust funds. A defined contribution pension plan is a pension plan in which a company pays fixed contributions to a separate legal entity. The company subsequently has no legal or informal obligations to pay additional contributions related to the pension earned by the employee.

Defined benefit pension obligations

Most of the defined benefit pension obligations pertain to PA91 and PA03 government employee pension agreements that were taken over from LFV in conjunction with the division of operations. No new pension rights accrue for these commitments; instead the commitments are in the form of paid-up pension policies. The actuarial bases for calculating the value of capital are the provisions in FFFS 2007:24 adopted by the Swedish Financial Supervisory Authority, which include interest rate assumptions. The remaining defined contribution plans consist mostly of pension obligations under collective bargaining agreements and pension obligations as specified in transitional provisions adopted in conjunction with the conversion into a limited liability company of operations run previously under LFV. The company's obligations are calculated at least once a year by independent actuaries. This assumption is based on current expectations of future payments. The Group bears the risk of ensuring that the payments determined are effected. A special employee pension tax is recognised as a receivable or liability depending on whether the pension expense is lower or higher than the pension expense determined by a legal entity and the present-day value is not calculated. Unvested pension obligations are entered as a liability at 60 per cent in both the Parent Company and the Group. The unvested pension obligations pertain to a small number of employees who have the option of taking early retirement at the age of 63.

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

Actuarial assumptions

A discount rate curve is used in determining the discount rate used in the Group. The discount rate curve is produced through an analysis of

mortgages of different durations in which an interpolation is made to arrive at an adjusted rate for a duration that corresponds to the length of the commitment. The duration was 14 years (14). The assumption on the discount rate used in 2019 was 1.3 per cent (2.5), with the decrease related to the prevailing interest rate situation.

The assumption for inflation was 1.75 per cent (2.00), with the decrease based on the actual trend and market expectations.

	Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Actuarial assumptions				
The following important actuarial assumptions have been applied in calculating the obligations (weighted average values):				
Discount rate	1.3 %	2.50 %	-1.40 %	-0.80 %
Future changes in price base amount (inflation)	1.75 %	2.00 %	1.75 %	2.00 %
Changes in the present value of defined benefit obligations				
Obligation on January 1	833	802	1,113	1,099
Payments made during the year	-34	-32	-34	-32
Cost of vesting, current period	0	0	0	0
Interest expense	21	21	—	—
Actuarial gains (-)/losses (+)	116	42	119	46
Obligation on December 31	937	833	1,197	1,113
Less employee income tax asset	-63	-68	—	—
Provisions for pensions	874	765	1,197	1,113

	Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Cost recognised in profit for the year				
Defined benefit plans				
Cost of pensions vested during the year	0	0	0	0
Actuarial gains (-)/ losses (+) ¹	—	—	119	45
Cost of defined benefit plans	3	3	5	5
Employee pension tax ¹	13	4	29	9
Interest expense	21	21	—	—
Cost of defined benefit plans	37	28	153	59
Cost of defined contribution plans	120	117	120	117
Employee pension tax	29	28	29	28
Cost of defined contribution plans	149	145	149	145
Total cost of remuneration after termination of employment the profit for the year	186	173	302	204

¹ The figure for the previous year has been restated

Cost recognised in other comprehensive income	Group	
	Dec 31, 2019	Dec 31, 2018
Defined benefit plans		
Remeasurement including employee pension tax		
Actuarial gains (-)/ losses (+) on change in financial assumptions	144	54
Tax	-30	-11
Recognised in other comprehensive income	114	43

Sensitivity analysis	Group			
	2019		2018	
	Increase	Decrease	Increase	Decrease
	0.5 %-percentage points	0.5 %-percentage points	0.5 %-percentage points	0.5 %-percentage points
Change in discount rate				
Effect on obligation	-63	71	-54	61
	0.5 %-percentage points	0.5 %-percentage points	0.5 %-percentage points	0.5 %-percentage points
Change in inflation				
Effect on obligation	70	-63	60	54

The obligation is broken down by members in the plan as follows	Group	
	Dec 31, 2019	Dec 31, 2018
Active members	34	41
Paid-up pension policyholders	2,107	2,169
Pensioners	641	601
Total number of obligations	2,782	2,811

The duration of the pension liability was 14 years (14).

Effect of payments for the pension liability on consolidated cash flow:	Dec 31, 2019	Dec 31, 2018
Within one year	40	36
Between one and five years	157	154
More than five years	939	1 015
Effect of discounting	-195	-366
Total	941	839

Since the defined benefit plans are generally fully vested and the commitment is in the form of a paid-up policy, no payments were made in these pension plans. For plans that are not paid up, no payments are made since they are secured through a provision in the balance sheet.

NOTE 38 Other provisions

	Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Restoration reserve, opening balance	235	201	235	201
Provision for the year	4	36	4	36
Provisions used during the year	-7	-2	-7	-2
Restoration reserve, closing balance	232	235	232	235
of which current portion	75	72	—	—
Restructuring reserve, opening balance	2	5	2	5
Provision for the year	73	7	73	7
Provisions used during the year	-27	-10	-27	-10
Restructuring reserve, closing balance	47	2	47	2
of which current portion	42	2	—	—
Other provisions, opening balance	66	71	58	55
Provision for the year	6	6	6	6
Provisions used during the year	-20	-10	-15	-2
Reversal of unused provisions during the year	—	-1	—	-1
Other provisions, closing balance	50	66	48	58
of which current portion	32	47	—	—
Total provisions	329	302	327	295
of which current portion	150	121	—	—

Current provisions constitute SEK 150 M (121) of provisions. The current portion consists of a restoration reserve of SEK 75 M (72), a restructuring reserve of SEK 42 M (2) and other provisions of SEK 32 M (47). The definition of provisions can be found in the accounting principles on page 98.

NOTE 39 Deferred tax

The Group, Dec 31, 2019	Deferred tax asset	Deferred tax liability
Temporary difference goodwill	—	5
Temporary difference tangible fixed assets	-21	—
Temporary difference right-of-use assets	—	259
Temporary difference biological assets	—	7
Temporary difference financial instruments	-20	—
Temporary difference untaxed reserves	—	436
Temporary difference pensions	—	64
Temporary difference lease liability	-272	—
Offset	313	-313
Total	—	458

The Group, Dec 31, 2018	Deferred tax asset	Deferred tax liability
Temporary difference goodwill	—	—
Temporary difference non-current intangible assets	-8	—
Temporary difference biological assets	—	6
Temporary difference financial instruments	-5	—
Temporary difference untaxed reserves	—	425
Temporary difference pensions	—	70
Offset	13	-13
Total	—	488

Parent Company Dec 31, 2019	Deferred tax asset	Deferred tax liability
Temporary difference tangible fixed assets	37	—
Other temporary differences	2	—
Total	39	—

Parent Company Dec 31, 2018	Deferred tax asset	Deferred tax liability
Temporary difference tangible fixed assets	18	—
Other temporary differences ¹	7	—
Total	25	—

¹ The figure for the previous year has been restated

NOTE 40 Interest-bearing liabilities

	Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Non-current interest-bearing liabilities				
Liabilities to credit institutions	2,700	1,700	2,700	1,700
Bonds and medium-term notes	4,850	4,300	4,850	4,300
Liabilities to leasing companies	1,187	40	—	40
Other interest-bearing liabilities	—	25	—	—
Total	8,737	6,064	7,550	6,040
Current interest-bearing liabilities				
Liabilities to credit institutions	—	7	—	7
Bonds and medium-term notes	300	851	300	851
Commercial paper	720	1,506	720	1,506
Liabilities to leasing companies	134	13	—	13
Other interest-bearing liabilities	25	—	—	—
Total	1,179	2,376	1,020	2,376

	Group			
	Dec 31, 2018	Cash flow	Changes not affecting cash flow	Dec 31, 2019
Changes in liabilities related to financing activities				
Liabilities to credit institutions	1,707	993	—	2,700
Bonds and medium-term notes	5,150	0	—	5,150
Commercial paper	1,506	-786	—	720
Lease liabilities	53	-90	1,358	1,321
Other liabilities	25	—	—	25
Total liabilities related to financing activities	8,440	117	1,358	9,916

	Group			
	Dec 31, 2017	Cash flow	Changes not affecting cash flow	Dec 31, 2018
Changes in liabilities related to financing activities				
Liabilities to credit institutions	—	1,707	—	1,707
Medium-term notes	—	68	—	5,150
Commercial paper	1,451	55	—	1,506
Lease liabilities	61	-9	—	53
Other liabilities	25	0	—	25
Total liabilities related to financing activities	6,619	1,821	—	8,440

Cash flow in the Parent Company was SEK 1,823 M (1,839) and changes not affecting cash flow totalled SEK 1,358 M (—).

NOTE 41 Non-current and current liabilities

	Parent Company	
	Dec 31, 2019	Dec 31, 2018
Non-current liabilities		
Liabilities to credit institutions, bonds and medium-term notes	7,550	6,000
Liabilities to leasing companies	—	40
Other non-current liabilities	128	1
Total	7,678	6,040
	Dec 31, 2019	Dec 31, 2018
Current liabilities		
Liabilities to credit institutions	0	7
Bonds and medium-term notes	300	851
Commercial paper	720	1,506
Liabilities to leasing companies	—	13
Trade payables	732	608
Liabilities to Group companies	309	234
Liabilities to associated companies	7	—
Other liabilities	83	193
Accrued expenses and prepaid income	680	705
Total	2,830	4,117

NOTE 42 Loan liabilities

	Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Liabilities to credit institutions	2,700	1,707	2,700	1,707
Bonds and medium-term notes	5,150	5,150	5,150	5,150
Commercial paper	720	1,506	720	1,506
Total	8,570	8,363	8,570	8,363

Capital market programme

Swedavia has a medium-term note (MTN) programme denominated in SEK for medium-term borrowing in the Swedish capital market. The limit is set at SEK 15,000 M (15,000) and total borrowings in the programme were SEK 4,900 M (4,900). Since December 2019, a green bond of one billion kronor with a maturity of five years and three months is included in the programme. In addition, Swedavia has corporate bonds of SEK 250 M (250) related to a private placement. Swedavia also has a Swedish commercial paper programme with a limit set at SEK 5,000 M (5,000) and total borrowings in the programme of SEK 720 M (1,506). On the balance sheet date, there was also a loan framework with the Nordic Investment Bank of SEK 2,000 M which allows loans with a maturity of up to ten years, with SEK 1,700 M (1,700) of this utilised. During the year, a loan framework agreement was signed with the German State-owned KfW-IPEX Bank for SEK 2,000 M, which allows loans with a maturity of up to ten years, with SEK 1,000 M (—) of this utilised.

NOTE 43 Overdraft facilities

	Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Credit amount approved	300	300	300	300
Unutilised portion	–300	–293	–300	–293
Credit amount utilised	—	7	—	7

On December 31, 2019, Swedavia had an overdraft facility of SEK 300 M, of which SEK – M (7) was utilised on the balance sheet date.

NOTE 44 Other liabilities

	Group	
	Dec 31, 2019	Dec 31, 2018
Current tax liabilities	—	—
Other liabilities	91	161
Total	91	161

NOTE 45 Accrued expenses and prepaid income

	Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Accrued staff-related expenses	210	194	210	194
Accrued interest	14	14	12	13
Accrued construction costs	171	182	140	160
Prepaid aviation income	10	19	10	19
Prepaid property income	58	57	55	57
Prepaid income retail, food & beverage	68	64	68	64
Prepaid parking income	15	15	15	15
Prepaid advertising income	10	14	10	14
Other accrued expenses and prepaid income	183	192	158	170
Total	741	750	680	705

NOTE 46 Assets held for sale

	Group	
	Dec 31, 2019	Dec 31, 2018
Assets held for sale		
Investment properties	719	413
Trade receivables	47	29
Other receivables	2	—
Total	768	442

	Group	
	Dec 31, 2019	Dec 31, 2018
Liabilities related to assets held for sale		
Other non-current loans	—	0
Trade payables	2	1
Other current liabilities	3	—
Accrued expenses and prepaid income	38	0
Total	43	2

In December 2017, Swedavia signed a contract to sell the company Airport Hotel 2 AB, which owns the property at Stockholm Arlanda Airport where the new hotel Comfort Hotel Arlanda Airport has been built. The transaction was completed on January 30, 2020, when the hotel was placed in service. Assets held for sale are not depreciated from the time of reclassification. The assets were funded through Group-internal loans.

NOTE 47 Financial risks

The Group is exposed to a number of different financial risks in its operations, which in turn have an impact on the company's profit, cash flow and valuation. Swedavia's Finance Policy identifies and defines these risks and governs the risk mandate and principles for calculation, reporting, monitoring and control. This policy is characterised by a low risk level, and compliance is ensured through quarterly reports to the Board of Directors. The Board adopts the policy each year, and assessment is on a continuous basis.

The Group's financing operations and financial risk management are centralised in the corporate economy and finance unit and is part of Swedavia's overall risk management methodology. The objective is to minimise the Group's capital costs through effective funding solutions while ensuring efficient management and control of the Group's financial risks.

Swedavia has exposure to changes in exchange rates, commodity prices and interest rates as well as when current market conditions and the Group's capital structure give rise to refinancing and credit risks. To minimise the Group's exposure to fluctuations in interest rates, electricity prices and exchange rates, different kinds of derivatives are used.

Currency risks

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

Transaction exposure

Most revenue is not affected by any foreign exchange fluctuations since invoices are largely denominated in SEK. When invoicing is in a foreign currency, an internal match against supplier invoices is made in the corresponding foreign currency. For other payments in foreign currencies, currency hedges are entered into that match the foreign flow. Currency hedges are entered into in conjunction with the signing of a contract or on receipt of an invoice. According to the company's Finance Policy, net positions above the equivalent value of SEK 1 M per currency are hedged for at least 75% and for a maximum of 100% for those to be paid within two years.

Interest rate risks

Interest rate risk is defined as the risk that changes in market interest rates will have a negative impact on the Group's net interest income/expense.

On December 31, 2019, Swedavia had external funding of SEK 8,570 M (8,363). To reduce the sensitivity to interest rate changes, Swedavia works actively to reduce interest paid through interest rate swaps and borrowing at fixed interest rates. On December 31, 2019, 80 per cent (73) of external funding had fixed interest rates, which consists of loans with fixed interest rates and interest rate derivatives. On the balance sheet date, the nominal amount of interest rate swaps was SEK 3, 500 M (2,500) with a fair value of SEK -109 M (-76). Funding at fixed interest rates totalled SEK 7,650 M. Based on those hedges, an increase in the interest rate of 1 percentage point would increase Swedavia's interest rate expenses by SEK 19.2 M (22.5), which means that profit after financial items would decrease by the equivalent amount. However, a decrease in the interest rate of 1 percentage point would decrease Swedavia's interest rate expenses by SEK 12.8 M (1.8) and thus improve profit after financial items by the equivalent amount. Current lock-in periods and financial instruments have been taken into account in carrying out the sensitivity analysis. According to the company's Finance Policy, interest rates shall be locked in for a period of not less than one year and not more than four years. On the balance sheet date, the interest rate lock-in period was 3.8 years (2.7).

Commodity price risks

Swedavia's commodity price risk is concentrated on the purchase of electricity, and the way this is handled is governed in its Finance Policy. There is continuous hedging of electricity prices in accordance with the policy. Hedging is done through electricity derivatives as well as through bilateral agreements with producers. The hedge ratio is correlated with the time horizon, and the hedging period may not exceed ten years. On the balance sheet date December 31, 2019, the hedge ratio was 78 per cent (88) of projected use. A 1 per cent increase/decrease in the price of electricity for the unhedged volume would not have a material effect on profit, less than SEK 0.1 M (0.1), given the current level of hedging.

Hedge accounting

The Group applies cash flow hedging for its interest rate risk, foreign exchange risk and electricity price risk. Under Swedavia's Finance Policy, the hedge relationship must be in effect the entire time and not be restarted. In order to apply hedge accounting, hedge relationships must satisfy all criteria for hedge accounting. The Group determines the economic relationship between the hedged item and the hedging instrument to assess the effectiveness of the hedge. This is done by assessing the critical conditions between the hedged item and the hedging instrument, which includes assessing the nominal amount, currency and cash flow date. If the critical conditions for the hedged item and the hedging instrument match, the hedge relationship is considered to be effective. The Group uses a one-to-one ratio in the hedge relationship for all current hedges that satisfy the criteria for hedge accounting. The effective portion of the changes in fair value recognised in other comprehensive income during the year was SEK -72 M (57).

Group, Dec 31, 2019

Nominal amounts by risk category of hedging instrument – Maturity structure

	< 1 year	2 years	3 years	4 years	5 years	> 5 years	Total
Currency risk (EUR)	324	70	—	—	—	—	393
Currency risk (USD)	4	—	—	—	—	—	4
Currency risk (NOK)	58	57	—	—	—	—	115
Interest rate risk (interest rate derivatives)	—	—	250	500	250	2,500	3,500
Currency price risk (electricity – MWh)	271,720	70,080	43,800	26,280	—	—	411,880

Group, Dec 31, 2019

Average rate for nominal amounts – Maturity structure

	< 1 year	2 years	3 years	4 years	5 years	> 5 years
Currency risk (EUR)	10.7	10.7	—	—	—	—
Currency risk (USD)	9.8	—	—	—	—	—
Currency risk (NOK)	1.0	1.0	0.0	0.0	0.0	0.0
Interest rate risk (fixed interest rate)	0.0%	0.0%	0.2%	0.8%	1.2%	1.1%
Currency price risk (electricity – SEK/MWh)	294	261	353	355	0	0

On December 31, 2019, Swedavia had a hedge reserve totalling SEK –76 M (–18). The hedge reserve consists solely of current cash flow hedges. The change in the hedge reserve for equity pertaining to currency risk is mostly related to the expiration of hedges and the start of new ones. The change pertaining to interest rate risk is mostly related to an increase in interest rate derivatives since market interest rates have risen, and the change in commodity price risk (electricity) pertains to the fact that electricity futures have a greater value since the price of electricity has gone up. The change in deferred tax is a residual related to all the cash flow hedges and financial risks identified above. No reversals were recorded during the period.

Group

Reconciliation of risk components in equity

	Dec 31, 2019	Dec 31, 2018
Opening balance, hedge reserves	–18	–63
Currency risk	–3	1
Interest rate risk	–33	20
Currency price risk (electricity)	–38	38
Deferred tax	15	–13
Closing balance, hedge reserves	–76	–18

Sources of ineffectiveness in hedging relationships for all cash flow hedges and financial risks are related to the cash flow date, expiration date, credit risk and day count conventions. Ineffectiveness on December 31, 2019, recognised in the income statement, was SEK — M (—).

Group

Effects of hedge accounting on cash flow hedges for the company's financial position and profit

Dec 31, 2019 Dec 31, 2018

Currency risk related to purchases

Hedging instruments		
Nominal amount	512	42
Carrying amount	–2	1
Of which financial assets	0	1
Of which financial liabilities	–3	–0
Change in fair value of hedging in instrument ¹	–3	1

Hedged risk

Change in fair value of hedging in hedged item ²	3	–1
Reserve, cash flow hedges	–2	1

Hedging income in other comprehensive income **–3** **1****Interest rate risk related to loans with variable rates**

Hedging instruments		
Nominal amount	3,500	2,500
Carrying amount	–110	–76
Of which financial assets	0	1
Of which financial liabilities	–110	–77
Change in fair value of hedging instrument ¹	–33	20

Hedged risk

Change in fair value of hedged item ²	32	–25
Reserve, cash flow hedges	–110	–76

Hedging income in other comprehensive income **–33** **20**

	Group	
	Dec 31, 2019	Dec 31, 2018
Commodity price risk related to purchase of electricity		
Hedging instruments		
Nominal amount (MWh)	411 880	302 324
Carrying amount	14	52
Of which financial assets	15	52
Of which financial liabilities	–1	–0
Change in fair value of hedging instrument ¹	–38	38
Hedged risk		
Change in fair value of hedged item ²	40	–39
Reserve, cash flow hedges	14	52
Hedging income in other comprehensive income	–38	38

¹ change in fair value of hedging instrument used to assess hedging effectiveness for the period

² change in fair value of hedged item used to assess hedging effectiveness for the period

Liquidity and refinancing risk

Liquidity and refinancing risk pertains to the risk that funding opportunities will be limited and the cost will be higher when loans are to be re-negotiated. It also includes the risk that payment obligations cannot be met due to insufficient liquidity. The Group's target capital structure is to have the Group's fixed assets funded by equity and have no more than 40 per cent of its loan portfolio mature in the same twelve-month period. According to Swedavia's Finance Policy, its loan portfolio shall have a capital tie-up period of not less than two years and not more than five years. The average interest rate lock-in period on its borrowings on December 31, 2019, was 3.8 years (2.7) with an average interest rate of 1.1 per cent (1.0). The liquidity risk is minimised by Swedavia having a diversified portfolio of loans, which ensures access to capital and flexibility. Under its Finance Policy, the Group shall have back-up facilities of SEK 1,500 M (1,200). On the balance sheet date, there were unutilised bank loan guarantees of SEK 1,800 M (1,800), including overdraft facilities of SEK 300 M (300), of which SEK — M (7) was utilised. The Group believes there are no risks associated with its refinancing potential.

Key metrics, financial risks	Group	
	Dec 31, 2019	Dec 31, 2018
Average interest rate, %	1,1	1,0
Interest rate lock-in period, years	3,8	2,7
Capital tie-up period, years	5,0	4,2

The tables below show the undiscounted cash flows related to financial liabilities and net settled derivatives at the prices on the reporting date. Variable interest rates on borrowings and interest rate swaps in effect on the reporting date are assumed to apply for the remaining maturity of each instrument.

Financial liabilities (including future interest expenses and derivative instruments) – Maturity structure

	Group, Dec 31, 2019						
	< 1 year	2 years	3 years	4 years	5 years	> 5 years	Total
Bonds and medium-term notes	372	1,475	2,057	288	1,143	3,892	9,229
Commercial paper	720	—	—	—	—	—	720
Liabilities to leasing companies	134	125	117	111	111	724	1,321
Trade payables	796	—	—	—	—	—	796
Other liabilities	0	0	—	—	—	—	0
Derivative liabilities	35	35	35	32	29	82	248
Total	2,057	1,635	2,209	432	1,283	4,699	12,314

Financial liabilities (including future interest expenses and derivative instruments) – Maturity structure

	Group, Dec 31, 2018						
	< 1 year	2 years	3 years	4 years	5 years	> 5 years	Total
Bonds and medium-term notes	895	589	1,337	2,032	263	1,950	7,068
Commercial paper	1,505	—	—	—	—	—	1,505
Liabilities to leasing companies	15	38	—	—	—	—	53
Trade payables	651	—	—	—	—	—	651
Other liabilities	—	25	—	—	—	—	25
Derivative liabilities	152	59	40	23	19	46	340
Total	3,218	711	1,377	2,055	283	1,997	9,640

Credit risks and counterparty risks

The Group's commercial and financial transactions give rise to credit risks. Credit risk refers to the risk of loss if the counterparty does not meet its contractual obligations. The credit risk that Swedavia is exposed to consists of financial credit risk and credit risk for trade receivables.

Financial credit risk

The credit risk for financial transactions arises when the Group invests liquid assets and when the Group enters into contracts for financial instruments with banks. The maximum credit risk consists of the carrying amount of financial assets including derivatives with a positive market value. The Group's policy is to work with banks that have a good credit rating, and Swedavia has entered ISDA master agreements with its counterparty banks.

Credit risk in trade receivables

The credit risk for commercial transactions arises when there is a risk that customers will not meet their payment obligations to the Group. For trade receivables, operations are run in accordance with a provision regulating credit terms and working methods. Terms of payment are in most cases net 30 days. Reserves are allocated for expected credit losses on first recognition. Swedavia has chosen to use segmenting by customer type based on forward-looking information and historical data. The method is based on Sweden's forecast GDP trend and the effects of this on credit losses relative to historical credit losses in each customer category and interval. On each balance sheet date, the company assesses whether there are objective indicators of a default of payment and the need for an impairment loss on first recognition. Objective indicators of impairment can be a breach of contract, such as a default or past due payment of interest or principal, significant financial difficulties for the debtor or deterioration in creditworthiness, as well as credit risk exposure.

	Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Age analysis				
Trade receivables not due	515	522	497	500
Trade receivables past due 1–30 days	68	50	67	49
Trade receivables past due 31–90 days	11	4	10	4
Trade receivables >90 days	1	–1	1	–1
Total	595	575	576	553

	Group		Parent Company	
	2019	2018	2019	2018
Expected credit losses				
Expected credit losses, opening balance	6	3	6	2
Reversal of expected credit losses	–3	–3	–3	–2
Credit losses declared	–2	0	–2	0
Provisioning for feared losses	1	6	1	6
Expected credit losses, closing balance	3	6	3	6

	Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Provisioning for expected credit losses				
Trade receivables not due	0	1	0	1
Trade receivables past due 1–30 days	0	0	0	0
Trade receivables past due 31–90 days	0	1	0	1
Trade receivables >90 days	2	3	2	3
Total	3	6	3	6

NOTE 48 Pledged assets and contingent liabilities

	Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Pledged assets	913	935	—	—

	Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Contingent liabilities	10	73	10	73

Swedavia's pledged assets consist of shares and holdings in the joint ventures Swedish Airport Infrastructure KB and Swedish Airport Infrastructure AB. The carrying amount was SEK 913 M (935).

Swedavia's contingent liabilities consist of pension obligations in Company-owned endowment insurance plans of SEK M (6). There is no longer a guarantee recognised for the joint venture Landvetter Logistik Center AB previously owned with Bockasjö since Swedavia's holding in the associated company was sold in the third quarter, SEK — M (67). In addition to the contingent liabilities above, Swedavia has contingent liabilities stemming from environmental requirements for running airport operations. In its operations, Swedavia handles chemical substances and is responsible for waste, emissions, pollution and other effects on the environment at Swedavia's airports. Swedavia's obligations concern events after the company was formed.

Swedavia is a party to ongoing litigation and disputes. Litigation and disputes are unpredictable in nature, and the actual outcome may differ from the assessments that Swedavia has made.

NOTE 49 Cash flow

MSEK	Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Adjustments in items not included in the cash flow				
Profit from holdings in associated companies/Group companies	-45	-53	—	—
Capital gain on sale of non-current assets	-28	-16	—	-16
Depreciation, amortisation and impairment losses	1,227	1,041	1,236	1,050
Change in pension provisions	109	35	84	13
Change in other provisions	26	25	32	33
Other	-85	-43	20	85
Total	1,204	989	1,373	1,162
Interest paid and dividends received				
Dividends received	67	—	—	—
Interest received	6	3	23	15
Interest paid	-127	-120	-107	-97

Short-term borrowings (maturity of three months or less) that are raised and repaid during the same month are offset.

NOTE 50 Supplementary information for key financial metrics

Supplementary information for key financial metrics. For definitions and the reasoning behind them, see pages 134–135, Key metrics and page 137, Definitions.

Debt/equity ratio

The debt/equity ratio is affected by the pension liability trend. The pension liability and pension provision less the employee pension tax receivable, was SEK 874 M on December 31, 2019, and SEK 765 M on December 31, 2018.

Return on operating capital excluding capital gains, impairment losses, disposals and restructuring costs

In calculating this key metric as of December 2019, operating profit for the rolling twelve months was adjusted by restructuring costs of SEK 81 M, impairment losses and disposals of SEK 82 M, and capital gains of SEK 130 M. Operating profit in 2018 for the rolling twelve months was adjusted by impairment losses and disposals of SEK 84 M and an earn-out of SEK 55 M.

NOTE 51 Events after the balance sheet date

CORONAVIRUS OUTBREAK

Since the end of the year, Swedavia has been closely following events around the new Covid-19 coronavirus and is in continuous contact with the authorities involved, mainly the Public Health Agency of Sweden and infectious disease doctors in the regions affected. The focus is always the health and safety of employees, passengers and stakeholders. Swedavia complies with directives issued by the authorities in charge. In March, developments around the Covid-19 virus accelerated, which has had an enormous impact on society in general, in Sweden and in much of the world. This in turn has had a negative impact on airlines, partly in the form of tight restrictions and in some cases even a ban on air traffic, and partly in the form of plunging demand for flights for both business and leisure travel. For Swedavia, these developments have entailed a sharp fall in the number of aircraft movements and passengers, which means a sharp fall in revenue from airport charges and car parking & drop-off/pick-up facilities, and rental revenue from retail, food & beverage operations. Given uncertainty about how this will develop, it is difficult for Swedavia to predict how great an impact this will have on the rest of the year. To reduce the negative economic impact of lower revenue, Swedavia is considering carrying out short-term lay-offs, cost-cutting measures and a review of its investment portfolio. It is very difficult at present to predict how the demand for flights will change in the short term and how this could affect Swedavia's long-term forecast.

SALE OF HOTEL PROPERTY

On January 30, 2020, Airport Hotel 2 AB, which owns the hotel property for the newly opened Comfort Hotel at Stockholm Arlanda Airport, was sold. The buyer is Wenaasgruppen AS. The underlying property value was SEK 1,344 M and the preliminary capital gain is estimated at SEK 410 M. The capital gain will be recognised during the first quarter of 2020.

NEW BOARD MEMBER

An extraordinary General Meeting held on February 13, 2020, elected Nina Linander as a new Board member and decided that there should be eight Board members and no deputy members.

SIGNATORIES TO THE ANNUAL REPORT

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

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

Stockholm-Arlanda March 18, 2020

Åke Svensson
Chairman of the Board

Nina Linander
Board member

Lars Backemar
Board member

Lottie Knutson
Board member

Lotta Mellström
Board member

Lars Mydland
Board member

Mikael Norman
Board member

Lottie Svedenstedt
Board member

Agne Lindbom
Board member
Employee representative

Robert Olsson
Board member
Employee representative

Jonas Abrahamsson
President and CEO

Our Auditor's Report was submitted on March 19, 2020
KPMG AB

Tomas Gerhardsson
Authorised Public Accountant

The income statements and balance sheets of the Group and the Parent Company will be subject to approval at the Annual General on April 29, 2020.

Auditor's report

To the general meeting of the shareholders of Swedavia AB, corp. id 556797-0818

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Swedavia AB for the year 2019, except for the corporate governance statement on pages 74–83 and the sustainability report on pages 65–71. The annual accounts and consolidated accounts of the company are included on pages 61–126 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of December 31, 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 74–83 and sustainability report on pages 65–71. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Other Matter

The audit of the annual accounts for year 2018 was performed by another auditor who submitted an auditor's report dated March 19, 2019, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion

thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Investments in construction in progress

See disclosure note 15, 19 and 9 and accounting principles on page 96 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

Construction in progress related to tangible fixed assets totals MSEK 5,113 in the group and MSEK 5,031 in the parent company as at December 31, 2019. The group and the parent company conduct a large number of investment projects at their ten airports, primarily related to Stockholm Arlanda Airport and Göteborg Landvetter Airport.

The accounting for construction in progress related to tangible fixed assets comprises several judgments, including whether costs incurred such as own time and borrowing costs are capitalizable, completion date, useful lives and future value in use, which means that changed judgments could result in significant effects on the group's and the parent company's result and financial position.

Response in the audit

In our audit, we have built an understanding of processes and internal controls for construction in progress related to tangible fixed assets. Furthermore, we have tested the design and implementation of key controls in connection with these investments.

We have also evaluated the accounting principles applied and, through sampling, substantively tested investment expenditures to assess activability, completion date, useful life and future value in use.

We have also assessed the disclosures for construction in progress related to tangible fixed assets that is included in the annual accounts and the consolidated accounts.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2–60 and 130–139. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other informa-

tion, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Chief Executive Officer are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Chief Executive Officer intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden 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 annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, 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 opinions. 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 the company's internal control relevant to our 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 the Board of Directors and the Chief Executive Officer.
- Conclude on the appropriateness of the Board of Directors' and the Chief Executive Officer's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group'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 annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. 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 a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Chief Executive Officer of Swedavia AB for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 74-83 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the sustainability report on pages 65-71, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

KPMG AB, P.O. Box 382, SE-101 27, Stockholm, was appointed auditor of Swedavia AB by the general meeting of the shareholders on April 17, 2019. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2019.

Stockholm March 19, 2020
KPMG AB

Tomas Gerhardsson
Authorized Public Accountant

GRI – Principles and boundaries

Swedavia has used the Global Reporting Initiative (GRI)'s guidelines since 2010 and reports its sustainability work in 2019 in accordance with GRI's core standards. This report also includes relevant sector specific indicators in accordance with GRI G4 Airport Operator Disclosures. The sustainability information in the combined report for 2019 has been reviewed as per the Board of Directors' wishes by Swedavia's auditors, KPMG. It has also been approved by Swedavia's Board of Directors.

The GRI Index shows where all mandatory information is provided in this report. Reporting is limited to those areas in which the company exercises complete control over the collection of data and the quality of information, which means that the entire Group is included unless otherwise indicated. Data for companies in which it owns a minority interest are excluded. Swedavia publishes a combined Annual and Sustainability Report each year. The reporting cycle is for the full year. Swedavia's Annual and Sustainability Report 2019 was published on March 27, 2020.

GRI Index

Standard disclosures

GRI standard disclosure	Description	Page reference and comments
Organisational profile		
102-1	Name of the organisation	93
102-2	Activities, bands, products and services	16, 17, 61
102-3	Location of headquarters	93
102-4	Location of operations	5, 61
102-5	Ownership and legal form	74
102-6	Markets served	61
102-7	Scale of the organisation	4, 38, 85
102-8	Information on employees and other workers	55, 103. The number of employees regardless of the form of employment is 3,558. 2,538 permanent employees, 2,280 of whom are full-time and 258 part-time. 35 per cent of permanent employees are women. Fixed-term 283, 21 per cent of whom are women. Intermittent 737, 36 per cent of whom are women.
102-9	Supply chain	27
102-10	Significant changes to the organisation and its supply chain	61–64
102-11	Precautionary principle or approach	65–67
102-12	External initiatives	8, 14–15, 35, 37, 39, 47, 50–51, 56
102-13	Membership of associations	53–55, 56
A0:G4-7	Environmental permits and other regulations in effect	59, 69–70, 93
A0:G4-8	Catchment area for cargo and passengers	28, 38, 93
A0:G4:9	Direct destinations and other information about the size of the airports etc.	32–38. The number of employees at the airports is about 26,000. The number of airline customers is 108 including scheduled and charter operations. Minimum transfer time is 15 minutes.

Standard disclosures (cont.)

GRI standard disclosure	Description	Page reference and comments
Strategy		
102-14	Statement from the senior decision-maker	6–9
Ethics and integrity		
102-16	Values, principles, standards and norms of behaviour	5, 65, 68
Governance		
102-18	Governance structure	74–79
Stakeholder engagement		
102-40	List of stakeholder groups	19–21
102-41	Collective bargaining agreements	100 per cent of Swedavia's employees
102-42	Identifying and selecting stakeholders	20–21
102-43	Approach to stakeholder engagement	20–21
102-44	Key topics and concerns raised	20–21
Reporting practice		
102-45	Entities included in the consolidated financial statements	93
102-46	Defining report content and topic boundaries	130
102-47	List of material topics	20–21
102-48	Restatements of information	20–21, 130, 134–135
102-49	Changes in reporting	20, 130, 134–135
102-50	Reporting period	130
102-51	Date of most recent report	130
102-52	Reporting cycle	130
102-53	Contact point for questions regarding the report	2
102-54	Claims of reporting in accordance with the GRI Standards	130
102-55	GRI content index	130–132
102-56	External assurance	130, 136

Topic-specific standard disclosures

GRI number	Description	Page reference and comments
Economic results and return		
103-1 – 103-3	Management approach	20–21, 26, 28
Own indicator	Return on operating capital	4, 24–25, 134
Competitiveness of airport charges		
103-1 – 103-3	Management approach	20–21, 51, 134
Own indicator	Comparative index	51, 134
Attractive offering of retail and services		
103-1 – 103-3	Management approach	20–21, 43
Own indicator	Commercial revenue per departing passenger	4, 62, 134

Topic-specific standard disclosures (cont.)

GRI number	Description	Page reference and comments
Cost-effectiveness		
103-1 – 103-3	Management approach	20–21, 26, 134
Own indicator	Operating cost per departing passenger	4, 62, 134
Attractive offering of routes and international destinations		
103-1 – 103-3	Management approach	20–21, 32–38, 134
Own indicator	Number of passengers	25, 32–38, 134
Own indicator	Number of international destinations	25, 32–38, 134
Own indicator	Number of new routes	32–38, 134
Customer satisfaction		
103-1 – 103-3	Management approach	20–21, 29, 134
Own indicator	Customer satisfaction, passengers	24, 29, 32–38, 134
Capacity and flows at airports		
103-1 – 103-3	Management approach	20–21, 29, 32–38, 134
Own indicator	Punctuality (%)	29, 32–38, 134
Own indicator	Delays caused by the airport	29, 32–38, 134
Digitalisation and automation		
103-1 – 103-3	Management approach	20–21, 134
Own indicator	Number of capabilities established	12, 134
Aviation's climate impact		
103-1 – 103-3	Management approach	20–21, 56–59, 134
305-5	Reduced emissions of greenhouse gases (GHG)	13–15, 25, 56–59, 69, 134 Only fossil carbon dioxide included in key metric, which is in line with Swedavia's zero target and Swedavia's boundary for ACA carbon footprint.
Own indicator	Energy use	58, 69, 134
Own indicator	Share of sustainable aviation fuel used for refuelling at Swedish airports	56–57, 69, 134
Customer health and safety		
103-1 – 103-3	Management approach	20–21, 52, 134
Own indicator	Number of accidents and incidents	25, 52, 134
Own indicator	Number of serious deficiencies in Swedish Transport Agency inspections	52, 134
Engaged leaders and employees		
103-1 – 103-3	Management approach	20–21, 54–55
Own indicator	Engaged leaders and employees	24, 54–55, 70–71, 134
Employee health and safety		
103-1 – 103-3	Management approach	20–21, 55, 70–71
Own indicator	Number of reported workplace incidents	55, 70

Cross-reference table

– UN Global Compact

Since 2012, Swedavia supports the United Nations Global Compact and its ten principles. Swedavia's Sustainability Report 2019 also constitutes Swedavia's Communication on Progress (COP), which is an annual update on how the Group complies with the ten principles. The table shows where each Global Compact principle can be found in Swedavia's Annual and Sustainability Report 2019.

UN Global Compact's ten principles	Page reference and comments
Human rights	
1. Businesses should support and respect the protection of internationally proclaimed human rights in the spheres they can influence	53–54, 70–71
2. Businesses should make sure that they are not complicit in human rights abuses	53–54, 70–71
Labour	
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	54–55, 70–71
4. Businesses should work to eliminate all forms of forced and compulsory labour	54
5. Businesses should work to abolish child labour	Swedavia complies with the regulations in effect in laws and agreements for the protection of underage workers in the labour market. Children under 15 are not employed at Swedavia
6. Businesses should eliminate discrimination in respect of employment and occupation	54–55, 70–71
Environment	
7. Businesses should support a precautionary approach to environmental challenges	56–59, 69
8. Businesses should undertake initiatives to promote greater environmental responsibility	56–59, 69
9. Businesses should encourage the development and diffusion of environmentally friendly technologies	56–59, 69
Corruption	
10. Businesses should work against corruption in all its forms, including extortion and bribery	54, 65–68

Key metrics

ACCIDENTS AND SERIOUS INCIDENTS

The terms are defined by Regulation (EU) no 996/2010. An accident entails that (i) a person has died or been seriously injured in connection with the aircraft during a flight, with the exception of natural causes, (ii) an aircraft has been subject to damage that seriously affects its performance or (iii) an aircraft is completely unreachable. A serious incident entails that circumstances show there was a high probability that an accident with an aircraft could have occurred during the flight.

ATTRACTIVE OFFERING OF ROUTES AND DESTINATIONS

Swedavia also measures the number of passengers, routes and destinations. Threshold values have been defined in the calculation for a twelve-month period in order to filter out flights that take place on an ad hoc-basis and for which the general public cannot buy tickets.

AVERAGE NUMBER OF EMPLOYEES

The average number of employees is calculated based on hours worked. The average number of employees is restated as the total number of hours worked divided by the normal working time as defined by the Swedish Accounting Standards Board. Calculated on a rolling twelve-month basis.

AVERAGE OPERATING CAPITAL

The closing balance of operating capital on the balance sheet date plus the closing balance of operating capital on the balance sheet date for the previous year divided by two.

AVIATION'S CLIMATE IMPACT

Swedavia reports GRI indicator 305-5, "Reduction of greenhouse gas emissions", under the framework for Swedavia's zero target for its own fossil carbon dioxide emissions, under Scope 1, 2 and 3 in accordance with the Greenhouse Gas Protocol. Emissions are reported in tonnes of fossil carbon dioxide. See key metric "Own emissions of fossil carbon dioxide and carbon footprint". Swedavia measures quantities of renewable jet fuel used for refuelling at Swedish airports annually.

CAPABILITY (DIGITISATION)

The degree of digital transformation measured by the number of initiatives carried out linked to selected digitisation capabilities. Each capability requires completion of two initiatives/projects in the area that support the establishment of this capability. In 2019, Swedavia achieved a new capability – Indoor position. In all, Swedavia has achieved two capabilities – Data-driven business development and Indoor position. The target is four capabilities in 2020.

CAPITAL TIE-UP PERIOD

Volume-weighted average remaining maturity at the end of the period for interest-bearing liabilities. The metric clarifies the Group's financing risk.

COMMERCIAL REVENUE PER DEPARTING PASSENGER*

Revenue from retail, food & beverage and from car parking & passenger drop-off/pick-up facilities divided by the number of departing passengers for the same period. The Group considers it a key metric for monitoring changes in commercial revenue.

COMPETITIVENESS OF AIRPORT CHARGES

Swedavia's competitiveness is estimated each year based on a weighted average of airport charges for typical flights for the company's airports compared to equivalent flights at competing and comparable airports. The selection of comparative airports and reference traffic is based on an internal assessment approved by Swedavia's executive management. Comparisons include charges for airport users which finance operations at the airports, including security checkpoints and terminal services. Charges for air traffic management services for flying the route, ground handling services, aviation taxes and government regulatory taxes are not included. This index is not adjusted for currencies, and Swedavia's measured competitiveness is thus affected by changes in exchange rates.

CUSTOMER HEALTH AND SAFETY

To ensure the health and safety of the company's customers, Swedavia registers incidents at the company's airports in terms of the number of accidents, serious incidents and serious deficiencies in Swedish Transport Agency inspections.

CUSTOMER SATISFACTION

Customer satisfaction is measured through Swedavia's participation in the ASQ Programme, an international passenger survey administered by Airport Council International (ACI). The survey measures departing passengers' attitudes to and experience of the airport. Swedavia's annual results are weighted based on the airports' results, weighted by the number of passengers. For Bromma Stockholm Airport, Göteborg Landvetter Airport and Stockholm Arlanda Airport, the period is for the full-year 2019. For the regional airports, the period runs from the fourth quarter of 2018 to the first quarter of 2019.

DEBT/EQUITY RATIO*

Net liabilities divided by equity. This financial ratio is what the owner uses as a capital structure/gearing target for the Group. The metric is considered to be directly linked to the Group's actual funding and financial risk.

DESTINATION/INTERNATIONAL DESTINATIONS

Destination is a city served by one or more airlines in which the total number of departures from each Swedavia airport reaches a given number during a twelve-month period. The number of international destinations is determined by the total of international cities that can be reached by direct flights in scheduled service from Swedavia's airports. Threshold values have been used in the calculation in order to filter out such charter flights that take place on an ad hoc basis and for which the general public cannot buy tickets.

EARNINGS PER SHARE

Profit for the year divided by the average number of shares less costs attributable to hybrid bond.

ENERGY USE

The metric includes purchased electricity, district heating and cooling. Heating has been restated for a normal year.

ENGAGED LEADERS AND EMPLOYEES

Engaged leaders and employees is an index from Swedavia's Employee Survey.

INTEREST-BEARING LIABILITIES

Interest-bearing liabilities on the balance sheet consist of liabilities to credit institutions, bonds, medium-term notes, commercial paper and liabilities to leasing companies as well as other liabilities.

INTEREST RATE LOCK-IN PERIOD

Volume-weighted average interest rate lock-in period for interest-bearing liabilities with regard to interest rate derivatives at the end of the period. The metric clarifies the Group's interest rate risk.

INVESTMENTS*

Swedavia's investments in tangible fixed assets and non-current intangible assets including investment projects in progress. Swedavia is in an intensive development phase and its pace of capital spending is important to Swedavia's management and external stakeholders.

NET LIABILITIES

Interest-bearing liabilities plus pension liability less liquid assets.

NET REVENUE

Swedavia's net revenue comprises revenue from Aviation Business and Commercial Services.

OPERATING CAPITAL

Equity plus net liabilities.

OPERATING COST PER DEPARTING PASSENGER*

Total of Airport Operations' external expenses and staff expenses less the company's own capitalised work divided by the number of departing passengers for the same period. Swedavia considers it a key metric for monitoring improvements in cost-effectiveness.

OPERATING MARGIN*

Operating profit as a percentage of net revenue. For the operating margin excluding capital gains, see the calculation for "Operating margin excluding capital gains".

OPERATING PROFIT EXCLUDING CAPITAL GAINS*

Operating profit excluding capital gains as well as impairment losses and disposals. A key metric since Swedavia's management monitors operating profit excluding capital gains.

OPERATING PROFIT EXCLUDING CAPITAL GAINS, RESTRUCTURING COSTS, IMPAIRMENT LOSSES AND DISPOSALS*

Operating profit excluding restructuring costs (mostly attributable to staffing changes), capital gains, impairment losses and disposals. A key metric since it is considered to provide a better understanding of the operating profit trend.

OWN EMISSIONS OF FOSSIL CARBON DIOXIDE AND CARBON FOOTPRINT

Own emissions of fossil carbon dioxide consist of fossil carbon dioxide emissions divided into Scope 1, 2 and 3 in accordance with the Greenhouse Gas Protocol. Scope 1 includes vehicle propellants, own-produced (own-used and sold) electricity and heating, and firefighting exercises. Scope 2 includes purchased electricity and heating for own use. Scope 3 includes purchased heating that is then sold. The carbon footprint for Swedavia's airports includes emissions from air traffic in the landing and take-off (LTO) cycle (flying below 3,000 feet including taxiing on the ground), passengers' ground transport to and from the airports and Swedavia's own operations, Scope 1, 2 and 3 as defined above. Reporting includes Swedavia AB and Swedavia's ten airports. Carbon dioxide emissions in Scope 1, 2 and 3 with respect to the company's zero target are calculated based on data in Swedavia's MSIL environmental reporting system. Data for subsidiaries or associated companies in which it owns a minority interest and the offices in Norrköping are excluded. Energy purchased for the office in Norrköping is not measured by Swedavia's landlord since it is included in the rent. These emissions are thus calculated under Scope 3 in accordance with boundary principles in Airport Carbon Accreditation Guidance, which is the application of the Greenhouse Gas (GHG) Protocol for carbon dioxide certification specifically for the airport industry.

PASSENGER

Passenger is defined as a statistical event in which a person has departed from or arrived at one of Swedavia's airports by air. A departing passenger is thus a statistical event in which a person has departed from one of Swedavia's airports by air. Departing passengers are approximated based on the number of passengers divided by two.

PUNCTUALITY AND DELAYS CAUSED BY THE AIRPORT

Punctuality is defined as when an aircraft is off block, that is, rolls out from the gate/aircraft parking stand, no later than 15 minutes and 59 seconds after scheduled departure time. "Delays caused by the airport", AF87, is one of the codes airlines can use when reporting a delay.

PROFIT FOR THE YEAR

Profit after tax.

RETURN ON OPERATING CAPITAL*

Operating profit plus profit from holdings in associated companies for a rolling twelve-month period divided by average operating capital. This financial ratio is the owner's metric for profitability at Swedavia and one of the Group's sustainability targets. The metric reflects the Group's cost of capital.

ROUTES

Route is defined as a route served by an airline in which the number of departures reaches a given threshold value in a twelve-month period.

SERIOUS DEFICIENCIES IN SWEDISH TRANSPORT AGENCY INSPECTIONS

For unannounced inspections of operations carried out by the Swedish Transport Agency, assessment levels range from Serious Deficiency to Deficiency to Recommendation to Full Compliance with Regulations. A serious deficiency is defined as deviations judged to be serious and that could lead to consideration of restricting/revoking a security approval. When the inspector in charge considers classification of deviations as serious, consideration shall be given to the conditions viewed as system deficiencies or that affect a number of safety or security measures, so-called safety or security chains, before these can be classified as a "serious deficiency".

* Alternative key metrics according to guidelines from the European Securities and Markets Authority (ESMA) are marked with an asterisk (*).

Auditor's limited assurance report of Swedavia AB's Sustainability Report

To Swedavia AB, corporate identity number 556797-0818

INTRODUCTION

We have been engaged by the Board of Directors of Swedavia AB to undertake a limited assurance engagement of Swedavia AB's Sustainability Report for the year 2019. The company has defined the scope of the Sustainability Report in the areas that are referred to in the GRI Index on pages 130–132 in this document.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report in accordance with applicable criteria and the Annual Accounts Act. The criteria are defined on page 130 in the Sustainability Report and consist of the parts of the framework for sustainability reporting issued by the Global Reporting Initiative (GRI) that are applicable to the Sustainability Report and by the accounting and calculation principles that the company has developed. This responsibility also includes the internal control processes relevant to the preparation of a Sustainability Report that is free from material misstatements or errors.

AUDITOR'S RESPONSIBILITY

Our responsibility is to present a conclusion on the Sustainability Report based on the limited assurance procedures we have performed.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. A limited assurance engagement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Swedavia AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed in a limited assurance engagement do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

CONCLUSIONS

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Stockholm, March 19, 2020

KPMG AB

Tomas Gerhardsson
Authorised Public Accountant

Torbjörn Westman
Expert member of FAR

Definitions

AIRPORT OPERATIONS

Airport Operations is one of Swedavia's two business segments. It owns, operates and develops Swedavia's airports.

AIRSIDE

Airside is the term for the area at the airport that begins at the security checkpoint and extends to the gates, passenger (aircraft) bridges, aprons and aircraft parking stands as well as taxiways and runways. Swedavia is responsible for aviation safety and security on airside.

ASQ

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

AVIATION BUSINESS

Infrastructure services aimed at airlines and ground handling companies, such as take-off and landing services and security screening.

COMMERCIAL SERVICES

Services connected to the airports such as the rental of premises for retail, offices, warehousing and logistics as well as leaseholds, parking operations and rental of advertising space.

FACILITIES AND SYSTEMS

Business unit at Swedavia entrusted with the task of administering and developing the company's facilities and systems in a long-term sustainable manner.

GLOBAL REPORTING INITIATIVE (GRI)

GRI sets guidelines for what a sustainability report should include, how it should be prepared and what indicators should be reported.

ISO 14001 AND ISO 50001

ISO 14000 and 50001 are an umbrella term for the internationally accepted standards for environmental management and energy management.

LANDSIDE

Landside consists of the area including access roads, car parks and entrances adjacent to the airport terminals as well as parts of the airport's terminals. Landside extends up to the security checkpoint, which is where airside begins. Swedavia and the police share responsibility for safety and security on landside.

MISSION OBJECTIVE

Under its Articles of Association, Swedavia shall help to achieve Sweden's transport policy goals. The overall transport policy objective is to ensure socio-economically effective, long-term sustainable transport for citizens and businesses throughout the country.

NATIONAL BASIC INFRASTRUCTURE OF AIRPORTS

Sweden's national basic infrastructure of airports consists of ten airports that the Government decided Swedavia should own. The decision is aimed at securing long-term operations under the auspices of the State and a long-term sustainable air transport system that guarantees basic inter-regional access throughout the country.

REAL ESTATE

Real Estate is the second of Swedavia's two business segments. It owns, develops and manages properties and developable land at and in the vicinity of Swedavia's airports.

REGIONAL AIRPORTS

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

TSFS

The Swedish Transport Agency's regulations.

UN GLOBAL COMPACT

Consists of ten principles based on the UN's Universal Declaration of Human Rights, the International Labour Organization's conventions on human rights in working life, the Rio Declaration and the UN's Convention against Corruption. Under the UN Global Compact, businesses are encouraged to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption.

Green bonds

In December 2019, Swedavia was one of the first airport operators in the world to issue its first green bond in order to fund projects and investments in climate change adaptation and sustainability. Swedavia has been an established player in the capital market since 2013, and with its green bonds an important step is now being taken to integrate the sustainability dimension in its financing operations as well.

Green financing

Swedavia's mission is to secure the access Sweden needs today and in the future. This work shall be done in as sustainable a way as possible. Swedavia shall continuously reduce its own carbon footprint and help reduce the climate impact of the entire aviation industry. All of Swedavia's airports are certified for their environmental performance at the top level of Airport Carbon Accreditation (ACA) and all ten airports shall have zero fossil carbon dioxide emissions from their own operations by the end of 2020. Swedavia also works actively to promote the switch to sustainable aviation fuel and has the target that 5 per cent of all fuel used for refuelling at its airports will be fossil-free by 2025. Since 2016, Swedavia purchases sustainable aviation fuel equivalent to the amount used for the company's flights for business purposes, about 450 tonnes of fuel annually.

Swedavia's sustainability work creates the potential to also introduce the sustainability dimension in its financing operations. As a result, Swedavia can offer the capital market the opportunity to invest in projects while at the same time expanding its funding base.

Swedavia's Green Bond Framework

In October 2019, Swedavia launched a Green Bond Framework linked to the company's medium-term note (MTN) programme to enable financing through green bonds. The Green Bond Framework describes how the proceeds from the bond issue are to be used and how management and feedback are to be carried out. One fundamental condition for a project to be financed by green bonds is that it must meet the requirements specified in Swedavia's Green Bond Framework, which in turn is based on the latest version of the Green Bond Principles (2018). The framework includes the project categories Green buildings and infrastructure, Renewable energy, Clean transportation, Energy efficiency and Pollution prevention and control.

Second opinion on Green Bond Framework

Swedavia's Green Bond Framework has been subject to an independent external review by the Center for International Climate Research (CICERO), which has also issued a second opinion for Swedavia's Green Bond Framework (Swedavia Green Bond Second Opinion, September 26, 2019). Four of the five project categories were given the highest rating, "Dark green". One of the categories, Green buildings and infrastructure, was given the rating "Light green", which is also CICERO's overall rating for the framework.

In its assessment, CICERO emphasises that Swedavia is a role model for airports globally. CICERO has taken into consideration in its assessment the fact that the framework entails investments in infrastructure to enhance airport capacity, which can facilitate an



One of the environmental projects being financed with green bonds is the new BREEAM-certified Sky City Office One complex at Stockholm Arlanda Airport.

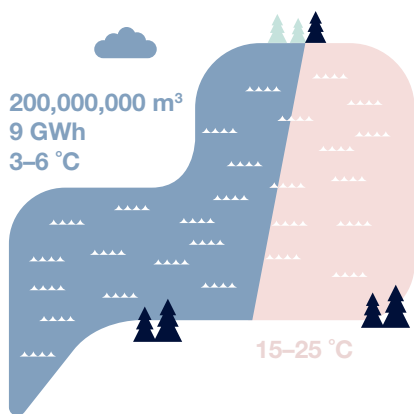
increased environmental impact related to air traffic.

CICERO has given the framework's management and governance structure an "Excellent" rating.

The Green Bond Framework and Second Opinion can be read in their entirety at www.swedavia.com/about-swedavia/financial-information/.

Identified investments under the framework

Swedavia's investments approved for green bond funding at year-end 2019/2020 totalled SEK 2,611 M. Of this amount, SEK 1,024 M was for existing facilities and SEK 1,587 M was for ongoing projects. SEK 1,000 M of its investments in green assets has been placed in



Stockholm Arlanda's aquifer regulates the indoor climate – and saves energy

The aquifer pumps up cold water in the summer, which cools the terminals at Stockholm Arlanda Airport. The heated water is then conveyed back to the aquifer in order to be pumped back up during the winter and heat the terminals.

The system entails a saving of about 19 GWh of energy and about 7,000 tonnes of CO₂.

The only energy required is that used to run the pumps.

7,000

– tonnes of CO₂ a year is saved thanks to the aquifer.

Swedavia's green portfolio. This portfolio consists of investments for which the bond proceeds are allocated.

Swedavia develops airports for the air travel of the future and has an extensive investment programme. Among other objectives,

Stockholm Arlanda Airport shall be developed into the leading airport in the Nordic region and be an international role model in sustainability. Representatives of Swedavia's different business and operational areas are responsible for identifying potential environmental investments, which are then assessed by a committee consisting of the president and CEO, CFO, director of sustainability, the treasurer and Swedavia's investment portfolio manager. The committee is responsible for ensuring that the projects that are classified as green comply with the requirements set in Swedavia's Green Bond Framework.

Bond issued in December 2019

Swedavia's first green bond was for SEK 1,000 M, and the capital is being used to finance the company's green buildings and change work to meet the target of fossil-free operations by the end of 2020. The investments include replacing the company's fleet of vehicles, changing its supply of heating and cooling, and developing properties in the form of Sky City Office One at Stockholm Arlanda and Terminal South at Göteborg Landvetter Airport. Both properties were rated Excellent in a preliminary certification under BREEAM environmental performance standards. The share of proceeds from the bond issue that has gone to refinancing is 45 per cent.

Swedavia has a dedicated account for transactions related to the issuance of green bonds. In cases where the approved investment amount falls below the value of outstanding green bonds, Swedavia is obliged to add the corresponding amount to this account. At year-end, the approved investment amount exceeded the value of outstanding green bonds so the balance of the dedicated account for green bonds was zero.

This does not constitute a report in accordance with the company's Green Bonds Framework. An impact report will be prepared in 2020 in accordance with this framework.

APPROVED INVESTMENTS AND ALLOCATION BY CATEGORY

SEK M	Investments	Amount paid	Allocation (%)
Green buildings	450	450	45%
Hotel Scandic, Göteborg Landvetter	100	100	
Sky City Office One, Stockholm Arlanda	150	150	
Terminal South, Göteborg Landvetter	150	150	
VIP facilities, Stockholm Arlanda	50	50	
Renewable energy	130	130	13%
Aquifer, Stockholm Arlanda	15	15	
Production facility, heating, Stockholm Arlanda	100	100	
Production facility, cooling, Stockholm Arlanda	15	15	
Clean transportation	370	370	37%
Replacement of vehicle fleet	360	360	
Charging stations	10	10	
Energy efficiency	50	50	5%
Pollution prevention and control	—	—	
Total amount	1,000	1,000	100%

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