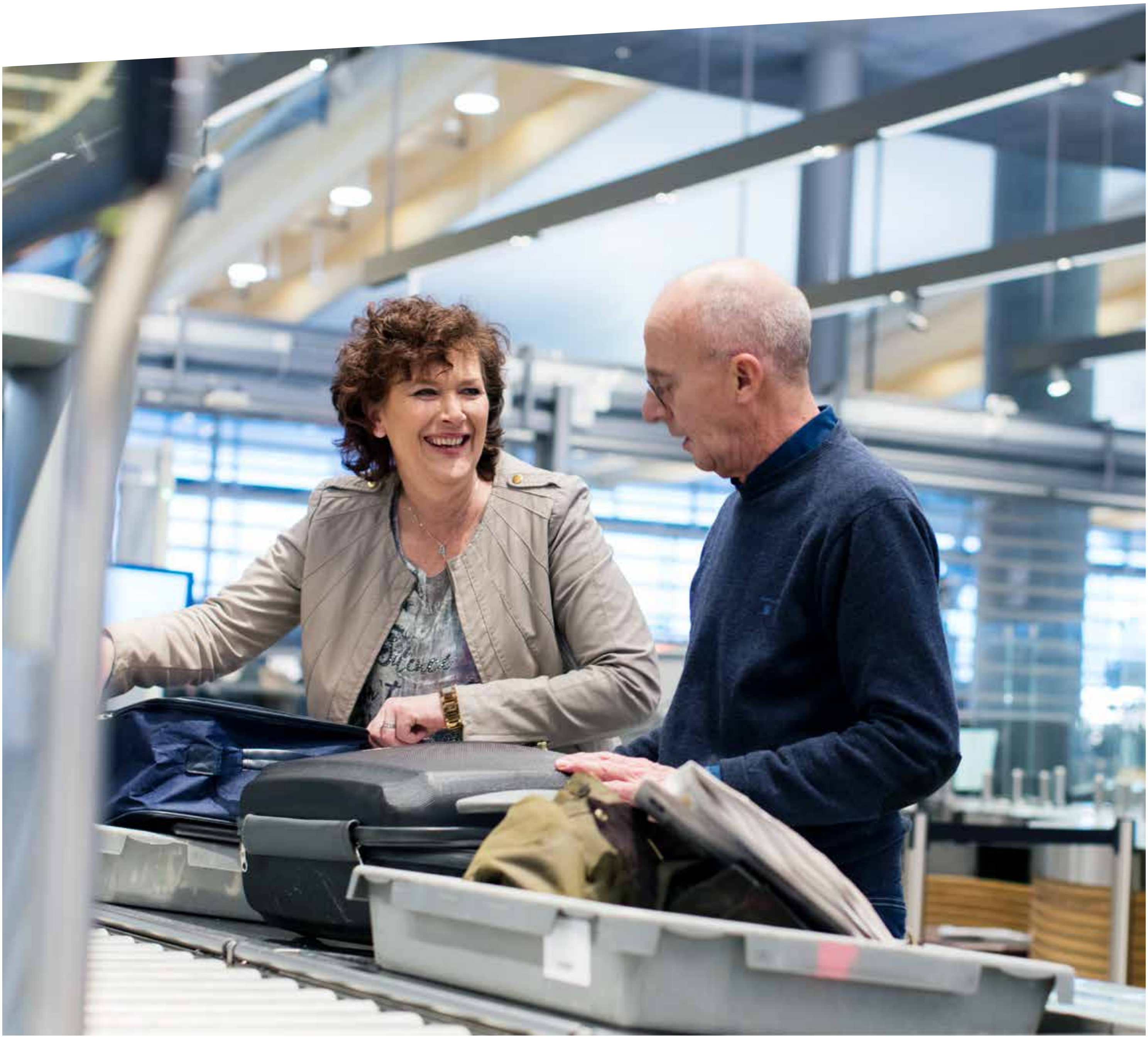
AVINOR

INTERIM FINANCIAL REPORT

2nd quarter 2018



Content

About Avinor

Avinor has two primary business areas, operation of a nationwide network of airports, and the national air navigation services for civil and military aviation. In total, this includes 45 airports as well as control towers, control centres and other technical infrastructure for safe air navigation. In addition to the aviation-operative activities, commercial earnings are facilitated through airport hotels, parking facilities, tax-free stores, restaurants and other services for air passengers.

Avinor is a group where the operational activities are partly organised in divisions and in partly in legal entities (subsidiaries). Financially, the overall operations are run as a single aviation system. The air navigation services finance themselves by pricing the services in accordance with international provisions.

The Group has approximately 3,300 employees and annual operating revenues of NOK 11 billion. The shares in Avinor AS are wholly owned by the Norwegian state as represented by the Ministry of Transport and Communications.

The Ministry of Transport and Communications manages the Norwegian state's ownership of Avinor, and stipulates e.g. the tasks imposed on the Group to safeguard the general interests of Norwegian society, the required rate of return and dividends. In addition, the Ministry of Transport and Communications regulates the aviation fees. The Ministry of Transport and Communications is the highest authority for Norwegian aviation and also stipulates the Civil Aviation Authority's regulations, which have consequences for Avinor's operations.

Avinor has issued bonds that are listed on the Oslo and Luxembourg Stock Exchange. The Group's corporate governance must adhere to the Oslo Stock Exchange's recommendations for corporate governance to the extent applicable. The principles complement the government's focus on corporate governance in the management of the Norwegian state's shareholdings.

Avinor's head office is located in Oslo.

Avinor Group - Main Figures

All amounts in MNOK

	SECOND QUARTER		SIX MONTHS ENDED JUNE		YEAR
	2018	2017	2018	2017	2017
Traffic income	810.1	769.3	1 464.6	1 449.9	2 954.9
Security (cost based)	372.4	369.4	679.6	677.0	1 395.6
Sales- and rental income - duty free	737.4	699.0	1 279.5	1 199.0	2 663.2
Sales- and rental income - parking	247.7	236.4	448.5	445.2	938.0
Sales- and rental income - other	506.7	517.6	965.7	1 138.8	2 097.0
Inter - group income	18.2	29.8	36.5	58.0	113.4
Total income airport operations	2 692.7	2 621.6	4 874.4	4 967.8	10 162.1
En route charges	280.5	281.3	535.1	530.9	1 122.3
Inter-group income approach and control tower services	212.2	205.4	416.0	402.9	814.2
Other income	36.2	35.5	69.9	71.6	148.8
Total income air navigation services	528.9	522.3	1 021.0	1 005.4	2 085.2
Other group income	217.5	208.2	431.8	405.1	827.7
Elimination of inter - group income	-387.7	-401.7	-767.0	-783.6	-1 549.1
Total group income	3 051.2	2 950.2	5 560.2	5 594.7	11 526.0
Operating expenses airport operations	-1 537.5	-1 802.7	-3 084.7	-3 565.0	-6 593.9
Operating expenses air navigation services	-505.0	-724.3	-974.1	-1 180.8	-2 066.8
Other operating expenses	-405.6	-492.1	-670.9	-749.9	-1 288.0
Elimination of inter-group expenses	387.7	401.7	767.0	783.6	1 549.1
Total group expenses	-2 060.4	-2 617.2	-3 962.7	-4 712.1	-8 399.7
EBITDA airport operations	1 155.2	818.9	1 789.7	1 402.8	3 568.2
EBITDA air navigation services	23.9	-202.0	46.9	-175.4	18.4
EBITDA others	-188.2	-283.9	-239.0	-344.8	-460.4
EBITDA group	990.8	333.0	1 597.5	882.6	3 126.4
Depreciation, amortisation and impairment charges	-541.9	-460.2	-1 043.6	-899.0	-1 889.1
Operating profit/(loss)	448.9	-127.2	553.9	-16.4	1 237.3
Net finance income/(costs)	-165.0	-123.2	-317.0	-293.8	-597.5
Profit/(loss) before income tax	283.9	-250.4	236.9	-310.2	639.8
Income tax expense	-64.9	65.8	-53.9	80.2	-140.5
Profit/(loss) after tax	219.0	-184.6	183.0	-230.0	499.3
EBITDA-margin airport operations	42.9 %	31.2 %	36.7 %	28.2 %	35.1 %
EBITDA-margin air navigation services	4.5 %	-38.7 %	4.6 %	-17.4 %	0.9 %
EBITDA-margin others	32.5 %	11.3 %	28.7 %	15.8 %	27.1 %
Investments airport operations	401.9	695.0	690.3	1 266.0	2 498.8
Investments air navigation services	56.0	75.0	103.6	169.4	361.3
Investments others	62.1	33.5	90.1	67.8	166.1
Total investments	520.0	803.5	884.0	1 503.2	3 026.2
Distributed dividends	-	-550.0	-	-550.0	-550.0
Cash flow before borrowings	538.4	-782.5	373.7	-1 464.1	-899.9
Interest - bearing debts			20 560.6	21 994.6	21 621.3
Total assets			46 063.8	43 286.7	43 935.5
Net debt to equity ratio (b)			42.6 %	41.0 %	41.8 %
Number of passengers (in 1000)	14 368.9	13 898.3	26 177.1	25 576.9	52 885.2
Number of aircraft departures (in 1000)	178.7	177.2	338.8	344.9	696.7
Number of service units (in 1000)	639.0	625.2	1 216.7	1 193.2	2 527.4
Punctuality (a)			83 %	87 %	85 %
Regularity (a)			98 %	99 %	98 %

(a) Past 12 months
(b) Equity as a percentage of total equity and net interest-bearing debt (including interest rate swaps). According to article 5 of the company's Article of Association.

Board of Directors Report

IMPORTANT EVENTS

Air traffic measured in terms of passenger numbers increased by 2.3 per cent in the first half of the year. Oslo Airport accounted for the majority of the increase with growth of 3.6 per cent, although the airports in Bergen and Stavanger also saw good growth figures. The traffic at other airports was stable.

As at 30 June 2018, average punctuality and regularity for the past 12 months were 98 per cent and 83 per cent, respectively. These are good figures in an international context, although Avinor has set a higher target for punctuality. Principal causes and improvement measures are being reviewed together with the airlines and other stakeholders at the airports in order to improve punctuality. Some airlines experienced poor punctuality in the second quarter. At the same time, there were serious operational disruptions to air navigation services in Europe that consequently had effects in Norway.

Avinor and its partners in the aviation industry are striving to ensure Norway takes a leading global role in electric aircraft. The objectives are for Norway to be the first country where electric aircraft account for a significant share of the market. The first flight with an electric aeroplane was conducted on 18 June 2018. Work on surveying opportunities for increasing the use of biojetfuel continues. Studies show that 30 per cent of all aviation fuel provided at Avinor's airports could be sustainable by 2030.

Anne Carine Tanum was elected the new chair of the board of Avinor AS at its annual general meeting on 13 June 2018.

In December 2016, the Ministry of Transport and Communications decided to start work on outsourcing the operation of Haugesund Airport on a service concession. Avinor was tasked with conducting the process and on 18 May 2018 it presented a plan for the tender process and takeover. Following negotiations, it has been decided that Lufthavnutbygging AS and Widerøe Ground Handling AS will be responsible for the operation of the airport for 20 years from March 2019 via a newly established company.

Operations at Fagernes Airport ceased on 1 July 2018. No local actors who want to take over operations have been put in place. Avinor has been asked to ensure that the airport can be operated commercially by potential actors in the next 3 years. Sporting aviation and possibly other activities must also be facilitated in the region.

On 14 June 2018, as a result of the increased volume of traffic to and from non-Schengen destinations, the Board decided to expand terminal capacity at Oslo Airport. The project entails a 28,000 sq. m. extension of the east pier and new aeroplane stands. The target completion date is the first half of 2022.

On 14 August 2018, Avinor and Worldwide Flight Services signed a letter of intent concerning the operation of a new seafood centre for airfreight at Oslo Airport. The plan is for the new seafood centre to be able to handle up to 250,000 tonnes of seafood as airfreight per year and to offer future-oriented, industrial chilled logistics solutions for the Norwegian seafood industry. It will also strengthen Oslo Airport's competitive edge as the preferred airfreight hub in Northern Europe. Construction of the seafood centre is expected to start in the second quarter of 2019 with completion scheduled for 2021.

The forecast savings due to the Group's modernisation programme exceed the targets. The programme's cost savings target is NOK 600 million per year from 2018 in relation to the Group's previous financial long-term plan from 2013 (baseline). This is expected to be achieved by a good margin.

SECOND QUARTER OF 2018

TABLE 1: KEY FINANCIAL FIGURES

MNOK	Q2 2018	Q2 2017	CHANGE
Operating income	3 051.2	2 950.2	3.4 %
EBITDA	990.8	333.0	197.5 %
EBIT	448.9	-127.2	
Profit/loss for the period	219.0	-184.6	
Investments	520.0	803.5	-35.3 %

Compared with the same periods last year, Avinor's airports saw passenger growth of 1.0 per cent in the first quarter and 3.4 per cent in the second quarter. The traffic figures were affected to some extent by the Easter holidays falling in the second quarter in 2017 and in the first quarter in 2018. Oslo Airport accounted for the majority of the Group's traffic growth, although the airports in Bergen, Stavanger and Trondheim also saw good passenger growth in the second quarter.

The Group's operating income in the second quarter amounted to NOK 3,051 million, compared with NOK 2,950 million for the corresponding period in 2017, which represents an increase of 3.4 per cent. Traffic growth combined with increased commercial revenues per passenger contributed to the growth in income. Traffic revenues per passenger fell slightly.

Total operating expenses in the second quarter amounted to NOK 2,060 million, compared with NOK 2,617 million for the corresponding period in 2017. The reduction in operating expenses was due to one-time costs in the second quarter of 2017 related to increased pension liabilities, a settlement with the Norwegian Armed Forces, environmental provisions, and costs related to maintaining safe and stable operations in parallel with the expansion of Oslo Airport. These items were described in detail in Avinor's Interim Financial Report Q2 2017.

The Government has decided that the Norwegian Armed Forces will pay for their use of Avinor's airports in the same way as civilian airlines. Civilian airlines' payments are reduced by commercial revenues and do not cover the airports' underlying costs. In its financial statements up to and including the first quarter of 2018, Avinor had, based on the current agreement with the Norwegian Armed Forces, assumed that the Norwegian Armed Forces would continue to pay based on underlying costs. The change in the Norwegian Armed Forces' payment obligation that is now in effect has had a negative effect on the accounts for the second quarter of 2018.

Depreciation and write-downs on the Group's property, plant and equipment totalled NOK 542 million in the second quarter, compared with NOK 460 million for the second quarter of 2017. The increase is due to the completion and commissioning of several facilities that were under construction.

The Group's net financial result in the second quarter was NOK -165 million, compared with NOK -123 million for the second quarter of 2017. The change was largely due to lower interest income, gains from sales of shares last year, and losses from the realisation of financial instruments.

With an annual income tax rate of 23 per cent, the Group's profit after tax in the second quarter was NOK 219 million, compared with NOK -185 million in the corresponding reporting period in 2017.

FIRST-HALF OF 2018

TABLE 2: KEY FINANCIAL FIGURES

MNOK	01.01 - 30.06.18	01.01 - 30.06.17	CHANGE
Operating income	5 560.2	5 594.7	-0.6 %
EBITDA	1 597.5	882.6	81.0 %
EBIT	553.9	-16.4	
Profit/loss for the period	183.0	-230.0	
Investments	884.0	1 503.2	-41.2 %

The Group's profit after tax for the first half of 2018 was NOK 183 million, compared with minus NOK 230 million for the corresponding period in 2017. The change was mainly due to high one-time costs in 2017, ref. the comments above.

The Group's balance sheet decreased by NOK 0.9 billion in the first half of 2018 and totalled NOK 43.1 billion as at 30 June 2018.

Operating income

Operating income in the first half of 2018 amounted to NOK 5,560 million, compared with NOK 5,595 for the corresponding period in 2017. Operating income in 2017 included NOK 266 million in reinvoiced refurbishment works in connection with the completion of the expanded terminal at Oslo Airport.

Year-on-year operating income within airport operations fell by 1.9 per cent. The fall in income was due to the above-mentioned reinvoiced refurbishment works in 2017. Airport operations saw underlying growth in operating income due to passenger growth.

Total year-on-year operating income from air navigation services increased by 1.6 per cent. The growth in income was largely due to tower and approach services invoiced to the airports.

TABLE 3: OPERATING AND OTHER INCOME

MNOK	01.01 - 30.06.18	01.01 - 30.06.17	CHANGE
Airports operations	4 874.4	4 967.8	-1.9 %
Air traffic services	1 021.0	1 005.4	1.6 %
Property development and hotels	65.5	66.0	-0.8 %
Group services	366.3	339.1	8.0 %
Consolidated items	-767.0	-783.6	-2.1 %
Avinor group	5 560.2	5 594.7	-0.6 %

Operating expenses, depreciation and other items

Operating expenses in the first half of 2018 amounted to NOK 3,963 million, compared with NOK 4,712 million for the corresponding period in 2017. The reduction in operating expenses was due to the above-mentioned one-time costs in the second quarter of 2017 related to increased pension liabilities, a settlement with the Norwegian Armed Forces, environmental provisions, and costs related to maintaining safe and stable operations in parallel with the expansion of Oslo Airport. In addition to this, the above-mentioned reinvoiced refurbishment works were reflected in "Cost of sales" in 2017.

Total depreciation and write-downs in the first half of 2018 totalled NOK 1,044 million, compared with NOK 899 million for the corresponding period in 2017. The increase was due to the completion and commissioning of several facilities that were under construction.

EBITDA and EBIT

EBITDA for the first half of 2018 amounted to NOK 1,598 million. EBITDA for the corresponding period in 2017 amounted to NOK 883 million. EBIT for the first half of 2018 totalled NOK 554 million, compared with minus NOK 16 million for the corresponding period in 2017. EBITDA and EBIT improved compared with the same period last year due to the above-mentioned one-time items in 2017.

Financial items and tax

The Group's net financial income for the first half of 2018 amounted to minus NOK 317 million, compared with minus NOK 294 million for the corresponding period in 2017. The change in the financial result was due to lower interest income and a reduction in capitalised interest costs due to completed construction projects. This was only partly countered by lower interest expenses due to reduced interest-bearing liabilities, and the fact that the financial result for 2017 was affected by losses from the realisation of currency and interest hedging contracts.

Investments

Capitalised additions to property, plant, and equipment in the first half of 2018 amounted to NOK 884 million, compared with NOK 1,503 million for the corresponding period last year.

The investments can be broken down into business areas as follows:

TABLE 4: ADDITION TO PPE RECOGNISED IN THE BALANCE SHEET

MNOK	01.01 - 30.06.18	01.01 - 30.06.17	CHANGE
Airports operations	690.3	1 266.0	-575.7
Air traffic services	103.6	169.4	-65.8
Property development and hotels	-	0.4	-0.4
Joint items, group	70.1	33.9	36.2
Consolidated items	20.0	33.6	-13.6
Group	884.0	1 503.2	-619.2

Major development projects in Oslo and Bergen were completed in 2017 and the scope of investments was therefore substantially lower compared with 2017.

Cash flow, financing and liabilities

In the first half of 2018, the Group's cash flow was positive before changes for liabilities of NOK 374 million.

Interest-bearing liabilities (taking into account the value of derivatives used for hedging) as at 30 June 2018 amounted to NOK 21,590 million, of which NOK 672 million were short-term liabilities. Interest-bearing liabilities fell by NOK 1,221 million in the first half of the year.

As at 30 June 2018, the Group's total assets amounted to NOK 43.1 billion and its equity ratio was 32.8 per cent. Equity as a percentage of the sum of equity and net interest-bearing liabilities (ref. paragraph 5 of the articles of incorporation) amounted to 42.6 per cent.

As at 30 June 2018, the Group's cash reserves amounted to NOK 6,157 million, distributed between NOK 1,557 million in bank deposits and NOK 4,600 million in unutilised drawing rights.

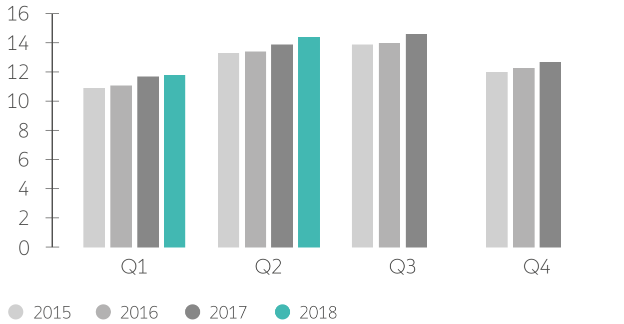
Traffic development and service goals

A total of 26.2 million passengers travelled via Avinor's airports in the first half of the year, which is an increase of 2.3 per cent compared with the corresponding period in 2017.

The figure below shows the trend in traffic on a quarterly basis in the period 2014-2018:

PASSENGERS

Numbers in millions



Compared with the first half of 2017, domestic traffic increased by 1.3 per cent and international traffic increased by 3.7 per cent. Offshore helicopter traffic increased by 4.8 per cent. Domestic traffic totalled 59 per cent of the total traffic volume.

Passenger volume was distributed between the airports as follows:

TABLE 5: NO. OF AIR PASSENGERS

PASSENGERS (1 000)	01.01 - 30.06.18	01.01 - 30.06.17	CHANGE
Gardermoen	13 668	13 190	3.6 %
Flesland	2 951	2 870	2.8 %
Sola	2 050	2 014	1.8 %
Værnes	2 159	2 177	-0.8 %
Others	5 349	5 326	0.4 %
Avinor group	26 177	25 577	2.3 %

The number of commercial air transport movements in the first half of the year decreased by 1.7 per cent compared with the corresponding period in 2017. The traffic volume for en-route navigation services measured in terms of the number of service units increased by 2.0 per cent. The lower growth rate in the number of flight movements in relation to the number of passengers reflects the use of larger aircraft and higher cabin factors.

Over the past 12 months, average regularity was recorded at 98 per cent and average punctuality at 83 per cent, throughout Avinor's network of airports. The internal target for punctuality is 88 per cent.

AIR SAFETY AND HSE

There have been no aviation accidents or serious aviation incidents to date in 2018 in which Avinor was instrumental, subject to investigations that have not been completed.

The H1 value (frequency of lost time injuries) for the last 12 months was 2.5 in Avinor AS and 0.6 in Avinor Flysikring AS, while the H2 value (frequency of injuries) was 5.1 in Avinor AS and 0.6 in Avinor Flysikring AS.

Absence due to illness over the last 12 months amounted to 4.6 per cent.

The organisation is systematically working to prevent injuries and illness. The objective is to reduce the scope further, including through simpler reporting routines, HSE campaigns and better HSE training.

RISK

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

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

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

There are technical, financial, and regulatory risks associated with development projects in Avinor Flysikring AS. This includes the development of remote-controlled tower services.

Major airports are a key source of funding for the rest of the airport network in Norway. Airports' revenues are vulnerable to economic cycles and competition from airports outside Avinor's network.

Earnings from commercial offerings to passengers at the airports are very important to the Group's funding. In particular could changes to the framework conditions for the duty-free system have an impact on the Group's earnings and financial value.

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

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

In connection with the pension settlement in 2005, it was determined that public service pensions should be adjusted for an increase in life expectancy and be made subject to the new pension adjustment rules, but there were no provisions for the coordination of public service pension performance and the new rules on Norwegian National Insurance. The rules for coordination have now been adopted but not implemented, and therefore have not been taken account of in the financial statements. The employers' and employees' organizations agreed on a new occupational pension scheme for public sector employees. All of the trade unions have said yes to the agreement. The Ministry of Labour and Social Affairs will now prepare a consultation paper, which will be sent out in autumn 2018, containing proposals concerning necessary legislative changes. According to the plan, the scheme will come into force from 2020. On its own, it is believed that the change in coordination will reduce Avinor's pension liabilities, while the new occupational pension will increase the pension liabilities. Overall, the assessment is that the two factors will increase the Group's future pension liabilities.

The airports have discharge permits that require risk assessments to identify potential sources of acute pollution that represent a risk of damage to the external environment. Work is continuing on reducing the risk of incidents occurring that harm the environment, while at the same time existing pollution is being surveyed and cleaned up. Environmentally hazardous additives (PFAS) in fire-extinguishing foam which have dispersed into the environment around the airport have been detected. Work on clarifying the scope of the measures that will need to be implemented is ongoing. Risk assessments have been conducted for possible damage to health and the environment. The financial consequences depend on the extent of the measures that will need to be implemented and the authorities' requirements and the measures available. The Norwegian Environment Agency has ordered the implementation of measures at Evenes and Oslo airports, and instructed Kristiansand and Svalbard airports to draw up action plans. The Norwegian Environment Agency has issued an overarching order according to which Avinor must compile the data and results from completed PFAS surveys and draw up a prioritised series of measures for the remaining airports. The list is intended to illustrate how one should prioritise measures at the various airports, as well as how much PFAS can be removed in total from Avinor's airports at various levels of cost. This will provide the basis for assessing the cleanup. The deadline for reporting is 1 September 2019.

OUTLOOK

Mobility and efficient air transport are essential for social development, as well as for the growth of the Norwegian travel industry and businesses. Air travel is expected to increase in excess of expected GDP growth in the next few years. Avinor is upgrading and developing its airport network to facilitate good regional, national and international air services.

Avinor's initiatives to ensure the sustainable development of aviation are continuing. Key measures in the years to come include environmental measures at the company's airports and facilitating the use of electric aircraft and biofuels.

The company wants to be a competitive and preferred provider in a future competitive market and will continue its work on implementing the adaptations necessary to achieve this goal. There will be focus on cost-effective operations including a continued focus on cost-cutting initiatives. One objective is that Avinor should maintain competitive fees compared to other airports in Europe.

Oslo, 30 August 2018
Board of Directors of Avinor AS

CONDENSED INCOME STATEMENT

All amounts in MNOK

		SECOND QUARTER		SIX MONTHS ENDED JUNE		YEAR
	NOTES	2018	2017	2018	2017	2017
Operating income						
Traffic income	4	1 463.0	1 420.0	2 679.3	2 657.8	5 472.8
Other operating income	4	1 588.2	1 530.2	2 880.9	2 936.9	6 053.2
Total operating income		3 051.2	2 950.2	5 560.2	5 594.7	11 526.0
Operating expenses						
Raw materials and consumables used		85.7	125.7	139.5	380.4	497.6
Employee benefits expenses	6	981.0	944.2	1 920.3	1 837.1	3 483.1
Other operating expenses	6	1 025.5	1 141.6	1 942.1	2 077.5	4 016.7
Other expenses	5	-31.8	405.7	-39.2	417.1	402.2
Total operating expenses		2 060.4	2 617.2	3 962.7	4 712.1	8 399.6
EBITDA		990.8	333.0	1 597.5	882.6	3 126.4
Depreciation, amortisation and impairment charges	6,8	541.9	460.2	1 043.6	899.0	1 889.1
Operating profit/(loss)		448.9	-127.2	553.9	-16.4	1 237.3
Finance income		9.9	46.0	18.2	64.5	88.1
Finance costs		174.9	169.2	335.2	358.3	685.6
Net finance income/(costs)		-165.0	-123.2	-317.0	-293.8	-597.5
Profit/(loss) before income tax		283.9	-250.4	236.9	-310.2	639.8
Income tax expense	7	64.9	-65.8	53.9	-80.2	140.5
Profit/(loss) after tax		219.0	-184.6	183.0	-230.0	499.3

STATEMENT OF COMPREHENSIVE INCOME

All amounts in MNOK

	SECOND QUARTER		SIX MONTHS ENDED JUNE		YEAR
	2018	2017	2018	2017	2017
Profit/(loss) for the period	219.0	-184.6	183.0	-230.0	499.3
Other comprehensive income					
Items that will not be reclassified to profit or loss in subsequent periods:					
Actuarial gains/(losses) on post employment benefit obligations	-	-	-	-	-901.8
Tax effect	-	-	-	-	216.3
Change in tax rate, effect deferred tax assets/-liabilities	-	-	-	-	-72.9
Items that may be subsequently reclassified to profit or loss:					
Cash flow hedges	36.4	-201.8	172.9	-152.6	-97.3
Tax effect	-8.4	48.4	-39.8	35.8	23.4
Other comprehensive income, net of tax	28.0	-153.4	133.1	-116.8	-832.3
Total comprehensive income	247.0	-338.0	316.1	-346.8	-333.0
Attributable to:					
Owner of parent	247.0	-338.0	316.1	-346.8	-333.0

CONDENSED BALANCE SHEET

All amounts in MNOK

		30 JUNE		YEAR
	NOTES	2018	2017	2017
ASSETS				
Non - current assets				
Intangible assets				
Deferred tax assets	7	1 417.6	1 473.6	1 511.2
Other intangible assets	8	105.7	102.4	112.8
Intangible assets under construction	8	291.0	193.2	245.1
Total intangible assets		1 814.3	1 769.2	1 869.1
Property, plant and equipment				
Property, plant and equipment	8	33 990.9	33 004.4	34 142.9
Assets under construction	8	2 896.9	3 629.2	2 948.0
Total property, plant and equipment		36 887.8	36 633.6	37 090.9
Financial assets				
Derivative financial instruments	12	1 029.4	886.2	1 215.7
Other financial assets		99.9	293.6	260.1
Total financial assets		1 129.3	1 179.8	1 475.8
Total non-current assets		39 831.4	39 582.6	40 435.8
Current assets				
Inventories		14.7	19.8	23.6
Trade and other receivables		1 621.5	1 858.5	1 400.1
Derivative financial instruments	12	39.7	-	4.2
Cash and cash equivalents		1 556.5	1 825.8	2 071.8
Total current assets		3 232.4	3 704.1	3 499.7
TOTAL ASSETS		43 063.8	43 286.7	43 935.5

CONDENSED BALANCE SHEET

All amounts in MNOK

		30 JUNE		YEAR
	NOTES	2018	2017	2017
EQUITY AND LIABILITIES				
Equity				
Share capital		5 400.1	5 400.1	5 400.1
Other equity		8 719.8	8 639.7	8 653.4
Total equity		14 119.9	14 039.8	14 053.5
Provisions				
Retirement benefit obligations	10	4 144.5	3 084.4	4 025.9
Other provisions		185.4	206.2	189.1
Total provisions		4 329.9	3 290.6	4 215.0
Non-current liabilities				
State loan	11,12	1 860.8	2 305.1	2 083.0
Derivative financial instruments	12	-	31.3	25.6
Other non-current liabilities	11,12	19 057.7	19 906.7	20 097.1
Total non-current liabilities		20 918.5	22 243.1	22 205.7
Current liabilities				
Trade payables		479.2	668.0	521.3
Tax payable		-	79.8	115.4
Public duties payable		402.3	221.6	313.3
Dividends	13	249.7	-	-
Derivative financial instruments	12	0.2	9.1	4.9
First annual instalment on long-term liabilities	11,12	671.5	637.7	631.3
Other current liabilities		1 892.6	2 097.0	1 875.1
Total current liabilities		3 695.5	3 713.2	3 461.3
Total liabilities		28 943.9	29 246.9	29 882.0
TOTAL EQUITY AND LIABILITIES		43 063.8	43 286.7	43 935.5

STATEMENT OF CHANGES IN EQUITY

All amounts in MNOK

	SHARE CAPITAL	OTHER RESERVES	OTHER EQUITY	TOTAL EQUITY
Balance at 1 Januar 2017	5 400.1	-362.4	9 898.8	**14 936.6**
Total comprehensive income		-116.8	-230.0	**-346.8**
Dividends provided for or paid			-550.0	**-550.0**
Balance at 30 June 2017	5 400.1	-479.2	9 118.8	**14 039.8**
Balance at 1 Januar 2018	5 400.1	-1 137.6	9 791.0	**14 053.5**
Total comprehensive income		133.1	183.0	**316.1**
Dividends provided for or paid			-249.7	**-249.7**
Balance at 30 June 2018	5 400.1	-1 004.5	9 724.3	**14 119.9**

STATEMENT OF CASH FLOWS

All amounts in MNOK

	SIX MONTHS ENDED JUNE		YEAR
	2018	2017	2017
Cash flow from operating activities			
Profit/(loss) before income tax including discontinued operations	236.9	-310.2	639.8
Depreciation	1 043.6	899.0	1 889.1
(Profit)/loss on disposals of non-current assets	-4.1	-0.6	-0.5
Changes in value and other losses/(gains) - net (unrealised)	-40.1	8.5	0.2
Net finance (income)/costs	317.0	293.8	597.5
Change in inventories, trade receivables and trade payables	-98.3	-272.3	-161.2
Difference between post employment benefit expense and amount paid/received	118.6	496.2	536.6
Change in other working capital items	299.6	133.5	239.1
Interest received	17.3	18.4	59.4
Income tax paid	-140.5	-57.0	-147.5
Net cash generated from operating activities	1 750.0	1 209.3	3 652.5
Cash flow from investing activities			
Investments in property, plant and equipment (PPE)	-1 024.3	-1 755.0	-3 414.0
Proceeds from sale of PPE, incl assets under construction	8.2	4.3	16.3
Change in other investments	154.4	63.6	19.9
Net cash used in investing activities	-861.7	-1 687.1	-3 377.8
Cash flow from financing activities			
Proceeds from borrowings	-	4 439.5	4 439.5
Repayment of borrowings	-889.0	-698.7	-1 016.9
Net proceeds/repayment of short term borrowings (commercial papers)	-	-1 400.0	-1 400.0
Interest paid	-514.0	-387.6	-575.9
Other borrowing charges	-0.6	-48.7	-48.7
Dividends paid to owner	-	-550.0	-550.0
Net cash generated/used in financing activities	-1 403.6	1 354.5	848.0
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	-515.3	876.7	1 122.7
Cash, cash equivalents and bank overdrafts at the beginning of the period	2 071.8	949.1	949.1
Cash, cash equivalents and bank overdrafts at the end of the period	1 556.5	1 825.8	2 071.8

NOTES TO THE INTERIM FINANCIAL STATEMENTS

NOTE 1 General information

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

The Avinor Group's headquarters are located in Oslo.

The interim financial information was approved for issue on 30 August 2018. The interim financial information has not been audited.

NOTE 2 Basis of preparation and accounting policies

The interim financial statement for Avinor Group for the second quarter, ended 30 June 2018, has been prepared in accordance with International Financial Reporting Standards (IFRS) and encompass Avinor AS and all its subsidiaries. The interim financial information has been prepared in accordance with IAS 34 Interim financial reporting. The interim financial information should be read in conjunction with the annual financial statement for the year ended 31 December 2017. The accounting policies are consistent with those of the annual financial statement for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018.

The Group applies, from 1 January 2018, IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The adoption of these new standards have not had any material effect on the Groups interim financial reporting. The new accounting polices in IFRS 15 are described in the annual financial statement for the year ended 31 December 2017. A condensed presentation of the new accounting policies in IFRS 9 are described below.

Classification and measurement

Financial asstes are classified into one of three measurement categories: fair value through profit or loss, fair value through other comprehensive income and amortised cost. The classification is determined based on the contractual cash flow chracteristics of the instrument and the business model the instrument is held within.

Impairment

With the exception of trade receivables, the Group do not have any financial assets covered by IFRS 9. For trade receivables without a significant financing component, the Group has applied the standard's simplified approach and measure the loss allowance at an amount equal to lifetime expected credit loss for the asset from intial recognition.

Hedge accounting

IFRS 9 has simplified the criteria for hedge accounting as it align the hedge effectiveness more closely with the Group's risk management. The assessment of the hedge effectiveness is based on the economic relationship between the hedging instrument and the hedged item, and that the credit risk is not dominant in the change in fair value of the hedging instrument. The hedge effectiveness is assesed prospectively.

NOTE 3 Segment information

All amounts in MNOK

SIX MONTHS ENDED JUNE 2018

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	1 044.0	267.7	199.7	179.1	453.8	2 144.2
Other income	1 768.5	257.2	210.8	155.0	302.2	2 693.7
Inter-segment income	0.6	1.3	2.5	1.1	30.9	36.5
Total income	2 813.2	526.2	413.0	335.2	786.9	4 874.4
Employee benefits expenses	273.8	71.8	57.5	51.1	424.4	878.8
Depreciation and amortisation	460.0	134.7	59.4	50.3	238.7	943.2
Other operating expenses	773.9	115.5	89.8	64.9	476.4	1 520.6
Inter-segment expenses	182.4	72.2	57.3	45.0	328.5	685.3
Total expenses	1 690.2	394.3	264.1	211.3	1 468.0	4 027.9
Operating profit/(loss)	1 122.9	131.9	148.8	123.9	-681.1	846.5
Assets [1]	17 641.4	5 200.5	1 847.8	1 734.7	5 907.7	32 332.1

SIX MONTHS ENDED JUNE 2018 CONTINUED

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	2 144.2	535.1	-	-		2 679.3
Other income	2 693.7	69.9	54.8	62.6		2 880.9
Inter-segment income	36.5	416.0	10.7	303.7	-767.0	-
Total income	4 874.4	1 021.0	65.5	366.3	-767.0	5 560.2
Employee benefits expenses	878.8	762.8	0.1	278.7		1 920.3
Depreciation and amortisation	943.2	50.3	18.0	32.1		1 043.6
Other operating expenses	1 520.6	167.3	1.8	352.7		2 042.4
Inter-segment expenses	685.3	44.1	0.6	36.9	-767.0	-
Total expenses	4 027.9	1 024.4	20.5	700.5	-767.0	5 006.3
Operating profit/(loss)	846.5	-3.4	45.1	-334.2	-	553.9
Assets [1]	32 332.1	726.7	812.1	225.7		34 096.6

SIX MONTHS ENDED JUNE 2017

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	1 019.9	266.2	201.6	183.0	456.1	2 126.9
Other income	1 886.3	234.0	202.7	149.3	310.6	2 782.9
Inter-segment income	15.5	1.6	2.8	1.5	36.6	58.0
Total income	2 921.7	501.9	407.1	333.8	803.3	4 967.8
Employee benefits expenses	291.9	72.8	53.0	47.9	415.5	881.1
Depreciation and amortisation	417.8	101.3	54.2	47.3	195.8	816.3
Other operating expenses	1 159.8	144.7	93.4	70.0	524.7	1 992.6
Inter-segment expenses	183.9	69.2	57.9	45.3	335.1	691.3
Total expenses	2 053.3	387.9	258.5	210.5	1 471.1	4 381.3
Operating profit/(loss)	868.4	114.0	148.6	123.3	-667.9	586.4
Assets [1]	17 092.4	5 100.2	1 593.2	1 753.4	5 924.2	31 463.4

SIX MONTHS ENDED JUNE 2017 CONTINUED

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	2 126.9	530.9	-	-		2 657.8
Other income	2 782.9	71.6	55.5	26.8		2 936.9
Inter-segment income	58.0	402.9	10.4	312.3	-783.6	-
Total income	4 967.8	1 005.4	66.0	339.1	-783.6	5 594.7
Employee benefits expenses	881.1	719.8	0.0	236.1		1 837.1
Depreciation and amortisation	816.3	42.8	18.5	21.4		899.0
Other operating expenses	1 992.6	407.6	5.2	469.6		2 875.0
Inter-segment expenses	691.3	53.4	0.6	38.3	-783.6	-
Total expenses	4 381.3	1 223.6	24.3	765.5	-783.6	5 611.2
Operating profit/(loss)	586.4	-218.2	41.7	-426.3	-	-16.4
Assets [1]	31 463.4	651.0	844.5	147.9		33 106.8

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

NOTE 4 Operating income

All amounts in MNOK

Revenue from contract with customers (IFRS 15) include all traffic income and part of other operating income, see spesification of other operating income below.

	SECOND QUARTER		SIX MONTHS ENDED JUNE		YEAR
SPESIFICATION	2018	2017	2018	2017	2017
Other operating income					
Revenue from contracts with customers	**239.1**	299.2	480.1	725.2	1 224.0
Rental income	**1 349.1**	1 231.0	2 400.8	2 211.7	4 829.2
Total	**1 588.2**	1 530.2	2 880.9	2 936.9	6 053.2

NOTE 5 Other income and expenses

All amounts in MNOK

	SECOND QUARTER		SIX MONTHS ENDED JUNE		YEAR
SPESIFICATION	2018	2017	2018	2017	2017
Other expenses					
Pension - see note 10	**-**	415.0	-	415.0	415.0
Changes in value and other (losses)/gains, net	**-31.8**	-9.3	-39.2	2.1	-12.8
Total	**-31.8**	405.7	-39.2	417.1	402.2

NOTE 6 Impact on earnings - Terminal 2 project

All amounts in MNOK

As a result of the development of Gardermoen (Terminal 2 project) the income statement includes charges for extra costs related to the maintenance of normal operations during the construction period, as well as costs related to the scrapping of assets, including higher depreciation as a result of re-assessed economic life. The new terminal areas were fully operational as from April 2017.

	SECOND QUARTER		SIX MONTHS ENDED JUNE		YEAR
SPESIFICATION	2018	2017	2018	2017	2017
Employee benefits expense	-	10.7	-	14.9	20.6
Depreciation, amortisation and impairment charges	-	-	-	4.5	4.5
Other operating expenses	-	73.5	-	111.3	135.7
Total	-	84.2	-	130.7	160.8

NOTE 7 Income tax expense

The income tax expense is calculated using the expected annual effective tax rate. Expected annual effective tax rate is 23% and is in the interim financial statements as a whole booked against deferred tax asset. The distribution between tax payable and deferred tax is calculated at year end and presented in the annual financial statement.

NOTE 8 Property, plant and equipment, other intangible assets

All amounts in MNOK

	OTHER INTANGIBLE ASSETS	PROPERTY, PLANT AND EQUIPMENT	ASSETS UNDER CONSTRUCTION	TOTAL
At 30 June 2017				
Opening net book amount	108.8	29 501.8	6 717.1	**36 327.7**
Additions	-	4 397.9	1 503.2	**5 901.1**
Reclassification	-	-	4 397.9	**4 397.9**
Disposals	-	2.7	-	**2.7**
Depreciation charge	6.4	892.6	-	**899.0**
Closing net book amount	102.4	33 004.4	3 822.4	**36 929.2**
At 30 June 2018				
Opening net book amount	112.8	34 142.9	3 193.1	**37 448.8**
Additions	1.0	888.2	884.0	**1 773.2**
Reclassification	-	-	889.2	**889.2**
Disposals	-	4.7	-	**4.7**
Depreciation charge	8.1	1 035.5	-	**1 043.6**
Closing net book amount	105.7	33 990.9	3 187.9	**37 284.4**

MNOK 291.0 of assets under construction is classified as intangible as at 30 June 2018.

Measurement of recoverable amount

There are no significant changes affecting the recoverable amount of the Group's assets in 2018.

NOTE 9 Capital structure and equity

All amounts in MNOK

	30 JUNE 2018	30 JUNE 2017	YEAR 2017
Interest-bearing debt including interest rate swaps	**20 560.6**	21 994.6	21 621.3
Cash and cash equivalents	**1 556.5**	1 825.8	2 071.8
Net interest-bearing debt	**19 004.1**	20 168.8	19 549.5
Equity	**14 119.9**	14 039.8	14 053.5
Total equity and net interest-bearing debt	**33 124.0**	34 208.6	33 603.0
Net debt to equity ratio [1)]	**42.6 %**	41.0 %	41.8 %

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

NOTE 10 Pension obligation

All amounts in MNOK

A discount rate of 2,4% and a future salary increase of 2,5% are used in the calculation af net pension obligation as at 30 June 2018.

PENSION OBLIGATION

	30 JUNE 2018	30 JUNE 2017	YEAR 2017
Net pension obligation at 1 January	**4 025.9**	2 588.2	2 588.2
Pension cost - adjustment premiums obligation (exclusive employee contribution)	**-**	415.0	415.0
Pension cost - other (exclusive employee contribution)	**276.4**	210.0	505.9
Employer/employee contribution	**-157.8**	-128.8	-385.0
Actuarial losses	**-**	-	901.8
Net pension obligation at 30 June	**4 144.5**	3 084.4	4 025.9

NOTE 11 Borrowings and financial lease obligations

All amounts in MNOK

	30 JUNE 2018	30 JUNE 2017	YEAR 2017
Non-current	**20 918.5**	22 211.8	22 180.1
Current	**671.5**	637.7	631.3
Total	**21 590.0**	22 849.5	22 811.4
Movement in borrowings			
Opening net book amount	**22 811.4**	19 956.6	19 956.6
Proceeds from borrowings	**-**	4 439.5	4 439.5
Repayment of borrowings	**-889.0**	-698.7	-1 016.9
Net change financial lease obligation	**-**	-	-
Net proceeds/repayment of short term borrowings (commercial papers)	**-**	-1 400.0	-1 400.0
Changes in value	**-332.5**	552.0	832.2
Closing net book amount	**21 590.0**	22 849.5	22 811.4

LIQUIDITY RESERVES

	30 JUNE		YEAR
	2018	2017	2017
Cash and cash equivalents	1 556.5	1 825.8	2 071.8
Unused bank overdraft	600.0	800.0	600.0
Unused credit facility	4 000.0	4 000.0	4 000.0
Total	6 156.5	6 625.8	6 671.8

The Group has, at the end of second quarter 2018, sufficient headroom to enable it to conform to covenants on existing borrowings. The groups liquidity reserves equals at least 12 months prognosticated liquidity requirement including repayment of borrowings, as set out in internal policies.

NOTE 12 Financial instruments

All amounts in MNOK

Fair value estimation

The fair value of foreign exchange forward contracts and financial power forward contracts is based on market value at the balance sheet date. The fair value estimation of all interest rate swaps is collected from the Groups treasury system and checked against fair value estimates from the main bank connection. The carrying amount of cash and bank overdrafts is approximately equal to the fair value of these instruments as they fall due in a short period of time. Similarly, the carrying amount of receivables and payables is approximately equal to fair value as they are entered into under "normal" conditions. The fair value of long-term debt is based on quoted market prices or on the interest rates for debt with corresponding terms and similar credit risk. The fair value of commercial papers equals principal amount.

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

	30 JUNE 2018		30 JUNE 2017	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Interest-bearing debt				
State loan	2 305.1	2 343.4	2 749.5	2 805.8
Bonds	13 613.9	14 158.9	13 666.2	14 243.6
Bank borrowings	5 671.0	6 119.0	6 419.9	7 080.1

DERIVATIVE FINANCIAL INSTRUMENTS

	30 JUNE		YEAR
	2018	2017	2017
Assets			
Interest rate swaps	1 029.4	886.2	1 215.7
Forward foreign exchange contracts	1.8	-	0.3
Forward energy contracs	37.9	-	3.8
Total assets	1 069.1	886.2	1 219.8
Liabilities			
Interest rate swaps	-	31.3	25.6
Forward foreign exchange contracts	0.2	3.4	4.8
Forward energy contracs	-	5.7	-
Total liabilities	0.2	40.4	30.4

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

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

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2018:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss	37.9	1.8	-	**39.7**
Derivatives used for hedging	-	1 029.4	-	**1 029.4**
Total assets	37.9	1 031.2	-	**1 069.1**
Liabilities				
Financial liabilities at fair value through profit or loss	-	1 423.5	-	**1 423.5**
Derivatives used for hedging	-	-	-	**-**
Total liabilities	-	1 423.5	-	**1 423.5**

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2017:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss	-	-	-	**-**
Derivatives used for hedging	-	886.2	-	**886.2**
Total assets	-	886.2	-	**886.2**
Liabilities				
Financial liabilities at fair value through profit or loss	5.7	1 420.4	-	**1 426.1**
Derivatives used for hedging	-	31.3	-	**31.3**
Total liabilities	5.7	1 451.7	-	**1 457.4**

NOTE 13 Dividends

Didvidens to the owner, for the year 2017 of MNOK 249,7 was paid in July 2018.

Responsibility statement by the board of directors

To the best of our judgement, we declare that the interim financial report for the period from 1 January to 30 June 2018 has been prepared in accordance with IAS 34 Interim Reporting and that the information in the report fairly reflects the Group's assets, liabilities, financial position and result.

We also declare that the interim financial report provides a fair summary of important events during the accounting period and their influence on the half - year accounts, as well as the most important risk and uncertainty factors the organisation will be facing in the coming accounting period.

Oslo, 30 August 2018
Board of Directors of Avinor AS

Anne Carine Tanum *Chairman*	Ola H. Strand *Vise Chairman*	Herlof Nilssen
Eli Skrøvset	Linda B. Silseth	Bjørn Tore Mikkelsen
Heidi Anette Sørum	Olav Aadal	Dag Falk-Petersen *Managing Director*

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