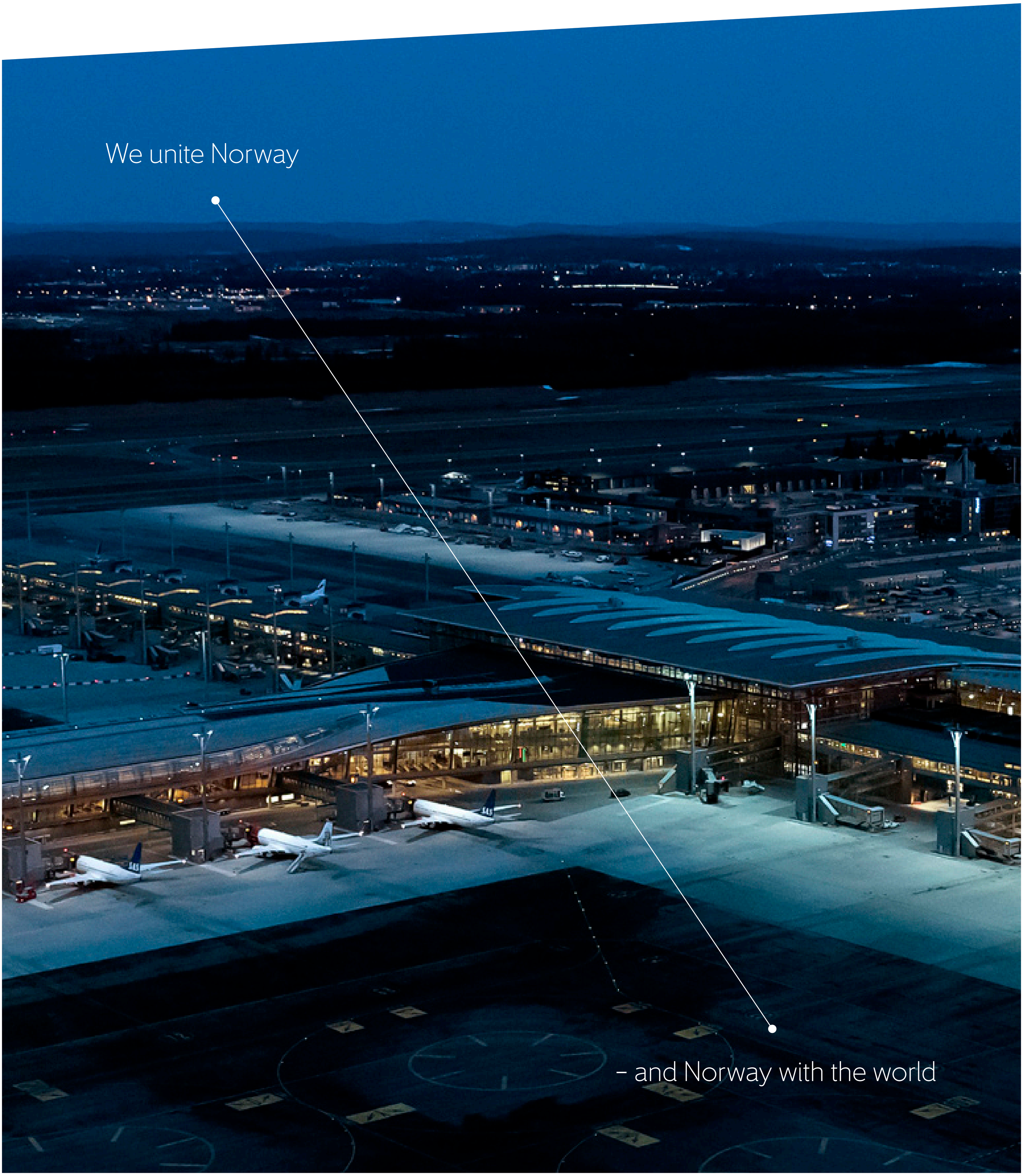
Annual and CSR report 2017

AVINOR



THE YEAR 2017

52 885 200
PASSENGERS

696 700
DEPARTURES AND LANDINGS

3 098
PERMANENT EMPLOYEES

98 PER CENT
REGULARITY

85 PER CENT
PUNCTUALITY

Avinor's target is a punctuality rate of 88 per cent. The lower rate of punctuality in 2017 is primarily due to adverse weather conditions in January and December.

Our performance

Operating income airport operations

10 162

NOK MILLION

Operating income air navigation services

2 085

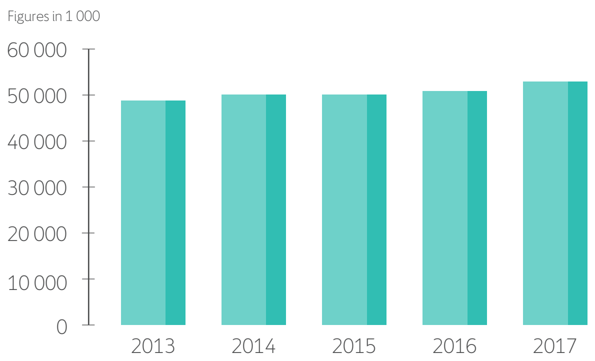
NOK MILLION

Profit after tax

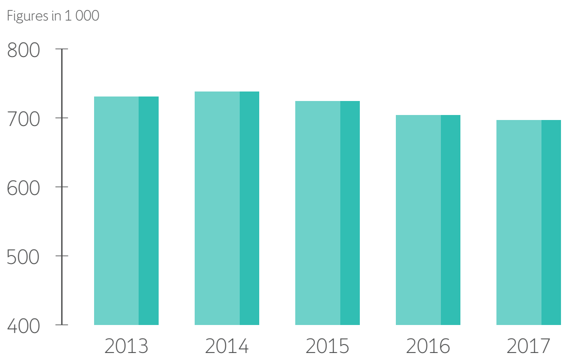
499

NOK MILLION

NUMBER OF AIRLINE PASSENGERS



NUMBER OF AIRCRAFT MOVEMENTS



NOK MILLION	2017	2016	2015	2014	2013
Operating income airport operations	10 162.1	9 674.9	9 424.1	9 561.5	9 001.1
Operating income air navigation services	2 085.2	1 990.8	2 087.6	2 014.8	1 897.3
Total operating income group	11 526.0	10 788.1	11 989.4	10 671.0	9 977.6
EBITDA group	3 126.4	3 520.7	4 691.8	3 648.3	2 993.0
Profit after tax	499.3	1 028.6	2 449.0	1 398.7	890.9
Number of airline passengers (figures in 1 000)	52 885	50 803	50 025	50 107	48 799
Number of aircraft movements (figures in 1 000)	697	704	724	738	731

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

Content

Avinor's Annual and CSR Report 2017 is the Group's joint report on its operations, finances, and corporate social responsibility. This is the third time that the Group is presenting a joint report. Corporate social responsibility is an integral element in Avinor's strategic planning and in the management of the Group. Avinor's corporate social responsibility efforts are based on the expectations set forth in Avinor's Articles of Association and in the Norwegian Accounting Act. Avinor takes the OECD's guidelines for responsible business as the basis for its corporate social responsibility efforts, and it signed up to the UN Global Compact in 2014. Avinor's efforts cover areas such as human rights, employee rights and social conditions, the external environment, and combatting corruption. Avinor reports on its corporate social responsibility in accordance with the principles of the Global Reporting Initiative (Standards/Core).

About Avinor

Avinor is a wholly state-owned limited liability company under the authority of the Norwegian Ministry of Transport and Communications and is responsible for the 45 state-owned airports and air navigation services for civilian and military aviation in Norway.

VISION

We create valuable relationships.

MISSION

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

VALUES

- Open
- Accountable
- Dynamic
- Customer-focused

Avinor is a self-funding business and its airport operations arerun as a single unit, in which the financially profitable airports finance the financially unprofitable airports. Avinor's primary sources of income are fees from airlines and passengers and income from the rental of space to retail operators, tax-free sales, food and drink, and other passenger services. In addition, Avinor has income from the rental of space to airport hotels and parking facilities.

Air navigation services are provided by way of a separate company – Avinor Flysikring AS – which is wholly owned by Avinor. Avinor Flysikring AS provides services including en-route navigation services, approach control services, and control tower services, as well as maintenance and operation of the technical infrastructure for air navigation. Avinor Flysikring AS is responsible for air navigation in Norwegian airspace and provides services to both civil and military aviation. This report also includes air navigation services. A process commenced in 2017 to explore the possible separation of air navigation services from Avinor. This process will continue in 2018. It is uncertain if or when any such separation will take place.

Avinor co-operates with the Norwegian Armed Forces at eleven airports, nine of which are Avinor airports (Oslo, Stavanger, Bergen, Trondheim, Bodø, Andøya, Harstad/Narvik, Bardufoss, Lakselv). Ørland airbase has only military traffic, and Rygge airfield has only military activity and some general aviation.

53 million passengers travelled to or from Avinor's airports (scheduled, charter, and offshore) in 2017 – an increase of 4.1 per cent compared with 2016. International traffic increased by 6.3 per cent, while domestic traffic increased by 2.8 per cent compared with the previous year. The main reason for international traffic growth at Avinor's airports is the decommissioning of Rygge airfield. Looking at the last four years as a whole, one can see that visitors from overseas have driven the growth of Norwegian aviation, with 10 per cent annual growth in overseas visitors to Norway and 18 per cent growth in overseas visitors using Oslo airport as a hub.

Oslo airport is the hub of Norwegian aviation and a transit airport for traffic between Norway and the rest of the world. The profit generated by Oslo airport is crucial for the financing of the network of airports spread across the rest of Norway. 27.5 million passengers used Oslo airport in 2017, which is an increase of 6.6 per cent compared with 2016.

There was a total of 697,000 movements (take-offs and landings) at Avinor's airports in 2017, which is a slight decline of just over 1 per cent compared with the year before. The increase in passenger numbers is therefore linked to the number of passengers per flight (load factor) and not to the number of movements.
We saw a similar trend in 2016.

In 2017, there were 82,357 overflights using Norwegian airspace, which is an increase of 2.7 per cent compared with 2016.

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

OUR AIRPORTS

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

Oslo is the only Norwegian airport to have two parallel runways. Stavanger airport has a secondary runway used during certain wind conditions. Traffic forecasts indicate the need for a third runway at Oslo airport by 2030. The consideration of Norway's National Transport Plan and the Avinor ownership report by the Norwegian parliament in the spring of 2017 concluded that Avinor should prepare plans for a third runway to the east of the airport. The importance of developing Oslo airport as a national and international transit hub was emphasised. Bergen airport will probably require a second runway by around 2040.

Oslo airport's runways are 3,600 metres long. At the other large airports, the runways are between 2,600 and 3,000 metres long, which means they can be used by larger jet aircraft. 27 of Avinor's 45 airports have short runways of between 800 and 1,200 metres. These are used by smaller aircraft types such as the Bombardier Dash 8, air ambulances, and private aircraft. These small airports are of huge importance in ensuring the habitation and economies of remote areas.

Message from the CEO

A responsible and growing aviation sector

Our primary focus at Avinor is our operations. By this we mean the basic airport and air traffic services that are essential for our customers. In spite of extensive construction activities and sometimes difficult weather conditions in 2017, our punctuality and regularity were high. There were no aviation accidents in which Avinor was a contributing party. The opening of new Oslo airport and the new terminal at Bergen airport, Flesland, were two highlights of Avinor's operations in 2017.

Both of these major projects were delivered on time, within budget, and with the right level of quality, and they represent key milestones in Avinor's forward-looking approach to fulfilling its social obligations. We will ensure that the whole of Norway benefits from good aviation services in a way that is safe, efficient, and environmentally friendly. We have now laid the foundations for ensuring that our biggest transit hubs serve the nation well for many years to come. This is essential for ensuring funding for Norway's airport network so that it can deliver its services and create value at a local and a national level. In addition, this supports the ninth UN sustainable development goal in relation to inclusive and sustainable infrastructure.

2017 was a year of new growth in air traffic. The improved performance of the Norwegian economy is the primary reason for passenger growth. Looking further afield, the international economy is recovering and Norway is perceived as a safe country to invest in and to visit.

Through the efforts of Avinor's strategy plan for 2018 to 2023, the Group's executive management team and Board of Directors have been keen to ensure that facilitating growth in air traffic is a central element in Avinor's social obligations. A good range of aviation services is crucial for Norwegian commerce and travel, for air ambulance services, for culture and sport, for a decentralised education system, and for the country's armed forces. In general, there is considerable understanding of the importance of aviation in Norwegian society, as well as concern about its impact on the environment and climate. Efforts relating to effective climate and environmental measures must be reinforced. Avinor's goal is to be a leader in the aviation sector with regard to climate and the environment.

Avinor has taken a number of important initiatives with regard to the introduction of jet biofuel, which is a decisive measure for achieving a reduction in greenhouse gas emissions from aviation. In 2016, Oslo airport became the first major airport in the world to offer jet biofuel to all airlines. This was expanded to Bergen airport, Flesland, in 2017, with plans to extend this further to several more airports in the near future. In 2017, Avinor conducted analyses that document the potential for catering for a large proportion of Norwegian aviation's jet biofuel requirements from Norwegian forestry waste. However, this will require substantial investments and incentives in order to establish production that is both economically and environmentally sustainable. Players in Norway's aviation sector believe that an earmarking of state climate-based fees from aviation for the development of new technologies and the production of climate-neutral solutions could help aviation to become a climate-efficient means of transport.

The second road towards sustainable aviation is electrification. In recent years, there have been rapid and promising developments in this area. All major manufacturers of aircraft, engines, and batteries have set themselves ambitious goals. Over the course of the next few years, the first electric-powered passenger aircraft will be tested and put in production. Avinor has assumed a pioneering position in efforts to promote electric-powered aircraft. In co-operation with the Norwegian Association of Air Sports (Norsk luftsportforbund), in the summer of 2018 we will receive an electric-powered light aircraft that we will use in our project efforts relating to the electrification of aviation. Producers of electric-powered aircrafts view the Norwegian network of local airports as an especially interesting market. Our aim is that Norwegian aviation will be electrified by 2040. By this point, aviation will no longer be a contributor to climate problems but rather a contributor to solutions to climatic challenges. This is in line with the thirteenth UN sustainable development goal, which is about acting immediately to combat climate change and its consequences.

Our aim is that Norwegian aviation will be electrified by 2040. By this point, aviation will no longer be a contributor to climate problems but rather a contributor to solutions to climatic challenges.

Dag Falk-Petersen,
CEO

UN GLOBAL COMPACT
WE SUPPORT

Report of the Board of Directors 2017

- New Oslo airport and the new terminal at Bergen airport opened on time and within budget
- Stable and safe operations – there were no aviation accidents in 2017 in which Avinor was a contributing party
- Avinor is to plan a third runway at Oslo airport to the east of the existing runways
- Avinor has been commissioned to build a new airport in Bodø
- Efforts to separate air navigation services from Avinor must continue
- A remote-controlled tower centre is under construction in Bodø with the goal of operating 15 towers from the facility by the end of 2020
- The savings forecast of the Group's modernisation programme is in excess of targets
- Operating profit (EBIT) for 2017 amounted to NOK 1,237 million
- Sickness absence in Avinor in 2017 was 4.5 per cent

HIGHLIGHTS OF 2017

(Last year's figures in parantheses)

Air traffic through Avinor's airports in 2017 increased by 4.4 per cent. Traffic through Oslo airport increased by 6.6 per cent. Overall, traffic at other airports was at the same level as in 2016, but traffic at Bergen airport increased by 4.7 per cent in the second half of the year, coinciding with the opening of the new terminal. Traffic is expected to grow in 2018, although this outlook may change based on uncertainties regarding socio-economic development.

Safe and stable operations were maintained in 2017 despite the high level of construction activity. The punctuality rate for the past 12 months averaged 85 per cent, while the regularity rate averaged 98 per cent. No aviation accidents were registered in 2017 in which Avinor was a contributing party.

The Group's operating income in 2017 was NOK 11,526 million (NOK 10,788 million), and the profit after tax was NOK 499 million (NOK 1,029 million). Avinor's profit was adversely affected by a total of NOK 415 million due to changes in the rules of regulation liability for pension rights.

The newly extended terminal at Oslo airport was opened on 27 April 2017. The development project was completed and the facility put into operation within the target timeframe and budget of NOK 14,050 million.

The new terminal at Bergen airport was opened on 17 August 2017 as scheduled. The development project was completed within the agreed budget of NOK 4,700 million.

The ownership report was adopted by the Norwegian parliament in June 2017. It was, for example, clarified that Avinor is to plan a third runway at Oslo airport to the east of the existing runways.

In 2017 Avinor was tasked by the Ministry of Transport and Communications to continue planning the move of the airport in Bodø, with the aim of conducting a concession application. The new airport is scheduled to be ready between 2024 and 2026. The Norwegian Defence Estates Agency has submitted a report by way of an overall state-owned property strategy for the areas in Bodø.

The report presents a possible model for the sharing of funding between Avinor, property values, and an external source of funding. On behalf of the Ministry of Transport and Communications, Avinor has conducted a new review of the conditions for the establishment of a new airport. The cost of a new airport is estimated to total NOK 6 billion at current prices.

In the ownership report adopted by the Norwegian parliament in June 2017, the government states that efforts to separate air navigation services from Avinor must continue: "The government will set in motion a process through to the next ownership report that seeks to separate Avinor Flysikring as a separate company." The reason for this is to distinguish between the buyers and sellers of air navigation services. On 1 March, Avinor submitted a schedule outlining the processes for how to transfer ownership of Avinor Flysikring AS from the Avinor Group.

With regard to Haugesund airport, the government asked Avinor to explore the possibility of establishing a service concession so that operations can be handed down to a party other than Avinor by way of competitive tendering, known as a service concession model. Avinor itself will not tender but will own and rent out the airport.

Remote Services has been established as a unit in Avinor Flysikring AS to develop, implement, and commercialise remote-controlled tower services. Kongsberg Defence & Aerospace is a partner and systems supplier for the development project. A remote-controlled tower centre is under construction in Bodø with the goal of operating 15 towers from the facility by the end of 2020.

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

The Board of Directors participates actively in corporate social responsibility efforts by way of strategic work and the discussion of individual matters. As part of its corporate social responsibility to facilitate climate-friendly and sustainable aviation for the future, Avinor is continuing its involvement in assessing the possibility of the increased production and use of jet biofuel in Norway. This coincides with the start of a study into the future use of electric aircraft in the Norwegian domestic market. This is supported by a declaration made in January 2018 by three parties that form the Norwegian government – the Conservative Party, the Progress Party, and the Liberal Party – emphasising the exciting phase of development that the aviation sector is currently in: Jet biofuel and electric aircraft are opening up completely new opportunities for a smaller environmental footprint and an increased range of transport options. Consequently the government will facilitate the use of biofuel for aircraft and is tasking Avinor with developing a programme for the introduction of electric aircraft in commercial aviation.

In its statement, the government also makes clear the importance of aviation to the Norwegian transport network, in particular for large areas of many districts, as well as for economic growth throughout the country. The government emphasises that it will "implement a competition-oriented aviation policy that contributes to the development of a competitive Norwegian aviation industry". The government will:

- Provide effective and fair operating conditions for non-state airports;
- Enable municipalities and private entities to participate in the development of airports and the surrounding area;
- Develop regional airports to bolster seafood exports; and
- Look at how aviation fees can be restructured to increase the competitiveness of Norwegian aviation.

FACTS ABOUT AVINOR

Avinor AS is a state-owned limited liability company tasked with facilitating safe, environmentally friendly, and efficient aviation across Norway. Operations encompass a network of 45 airports and air navigation services throughout Norway. As at 31 December 2017, the company's balance sheet amounted to around NOK 43.8 billion. At the same date, the company employed 3,098 (3,074) people.

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

Avinor's head office is located in Oslo.

ECONOMY AND FINANCES – GROUP

The Group's operating income in 2017 was NOK 11,526 million (NOK 10,788 million), and the profit after tax was NOK 499 million (NOK 1,029 million).

Year-on-year operating revenues for airport operations increased by 5.0 per cent in 2017, driven by an increase in traffic volumes and an increase in sales and rental income at Oslo airport. Total operating income within air navigation services increased by 4.7 per cent.

Operating expenses totalled NOK 8,400 million in 2017 (NOK 7,267 million), which is a year-on-year increase of 15.5 per cent. This was an increase of 4.7 per cent, excluding costs relating to the regulation of established pension rights, a settlement with the Norwegian Armed Forces, increase in cost related to tenant operations and increased provisions for possible pollution responsibility. The increase is partly related to cost increases at Oslo Airport following the opening of the new terminal.

Effective from 1 January 2018, the state through the Ministry of Labour and Social Affairs has introduced amended provisions for the regulation of deferred pension rights in so-called independent state operations . The financing of deferred pension rights rights for employees who leave the company is transferred from the Norwegian Public Service Pension Fund to the individual company. For the Avinor Group, this change results in increased pension obligations in the sum of NOK 415 million. This amount was charged to the Group's income statement in the second quarter.

On 26 June 2017, Avinor concluded an agreement with the Norwegian Armed Forces regarding financial settlement for the period 2010-2016 pursuant to the Co-operation Agreement. The agreement entails an additional payment to the Norwegian Armed Forces in addition to the NOK 135 million previously set aside in the financial statements. This amount was charged to the income statement in the second quarter.

Total depreciation, amortisation, and write-downs for 2017 amounted to NOK 1,889 million (NOK 1,763 million). The increase compared to the previous year is due to the completion and commissioning of several facilities that were under construction.

The Group's modernisation programmes reached their target of NOK 300 million in efficiency and cost savings in 2017 by a good margin. The overall cost-savings target amounts to NOK 600 million per year from 2018 and to an accumulated total of NOK 1,500 million for the period 2016 to 2018.

EBITDA totalled NOK 3,126 million in 2017 (NOK 3,521 million), with an EBITDA margin of 27.2 per cent (32.6 per cent).

Operating profit (EBIT) for 2017 amounted to NOK 1,237 million (NOK 1,758 million). This reduction in operating profit is primarily due to increased pension and environmental obligations, as well as the agreement on the financial settlement with the Norwegian Armed Forces for the period 2010 to 2016.

The Group's net financial costs in 2017 amounted to NOK 598 million (NOK 348 million). The change in net financial costs was due to interest costs related to the increased drawdown of loans and to a reduction in the extent of project-related interest costs recorded on the balance sheet. Tax expenses are calculated at 24 per cent to NOK 141 million.

As a result of investment payments exceeding the contribution from current operations, the Group had a negative cash flow before changes in liabilities of NOK 900 million (negative NOK 2,622 million) in 2017. Avinor paid NOK 550 million (NOK 500 million) in dividends to the state in 2017.

Interest-bearing liabilities as at 31 December 2017 amounted to NOK 21,622 million, which is an increase of NOK 2,117 million since 31 December 2016. On 2 February 2017 Avinor AS issued EUR 500 million under the company's EMTN programme. The loan is secured in Norwegian kroner with a fixed interest rate for a term of 10 years. Short-term certificate loans fell by NOK 1,400 million in the first half of 2017. NOK 1,017 million in other liabilities was repaid in 2017.

The Group's equity totalled NOK 43.9 billion as at 31 December 2017 (NOK 41.0 billion) with an equity ratio of 32.1 (36.5) per cent. Equity as a percentage of the sum of equity and interest-bearing liabilities pursuant to the definition in the Articles of Association was 41.8 (42.8) per cent as at 31 December 2017.

In light of developments in interest rate markets and other factors, equity was charged by NOK 832 million after tax as at 31 December 2017. Much of this is due to negative estimate deviations in the calculation of pension obligations. As at 31 December 2017, a discount rate of 2.4 per cent and a long-term expected wage increase of 2.5 per cent were applied when calculating the Group's pension obligations.

As at 31 December 2017, the Group's cash reserves amounted to NOK 6,672 million, distributed between NOK 2,072 million in bank deposits and NOK 4,600 million in unutilised bank overdrafts.

ECONOMY AND FINANCES – AVINOR AS

In 2017 the Parent Company, Avinor AS, had an operating income of NOK 10,219 million (NOK 9,565 million) with a profit after tax of NOK 1,436 million (NOK 905 million).

The Parent Company's balance sheet as at 31 December 2017 amounted to NOK 42,182 million (NOK 39,832 million) with an equity ratio of 32,1 per cent (41.1 per cent).

In 2017 Avinor AS had a cash flow before the payment of dividends and changes in liabilities of negative NOK 941 million (negative NOK 2,148 million). Dividends paid for the year amounted to NOK 550 million (NOK 500 million). Interest-bearing liabilities as at 31 December 2017 amounted to NOK 21,000 million (NOK 19,309 million).

APPROPRIATION OF PROFIT FOR THE YEAR

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

In dividend:	NOK 249.7 million
To other equity:	NOK 1,185.8 million

The annual financial statements have been prepared under the assumption that the company will continue as a going concern on the basis of forecasts and the calculated present value of estimated future cash flow. See note 13 to the annual financial statements for further details.

RISK

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

Avinor safeguards national sectoral policy objectives. The Norwegian state sets guidelines for a number of conditions, including airport structure, emergency preparedness, aviation fees, and 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, economical, and regulatory risks associated with air navigation development projects. This encompasses the development of remote-controlled tower services.

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

Revenues from services and offers to passengers at the airports are very important to the Group's funding. Changes in the framework conditions for the duty-free scheme in particular may have a major 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 prices in the market and may affect profits. When investing the Group's surplus cash, emphasis is given to the issuer's solidity and the liquidity of the investment. The Group's liquid assets are deposited in a bank on negotiated terms.

In connection with the National Transport Plan for 2018 to 2029, the Norwegian parliament approved the construction of a new airport in Bodø and stressed that this must take place as quickly as possible – in the first part of the NTP period. NOK 2.2 billion in additional funding will be granted to the project in the first half of the NTP period, in addition to NOK 0.2 billion for the public rescue helicopter service. There continue to be unresolved issues related to the future needs of the Norwegian Armed Forces at Bodø airport. This entails financial uncertainty related to investments in buildings and facilities as well as to future operations in Bodø.

In connection with the pension settlement in 2005, although 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, there were no provisions for the co-ordination of public service pension performance and the new rules on Norwegian National Insurance. The rules for co-ordination have therefore not been clarified and so have not been taken into consideration in the financial statements.

The labour market parties have agreed a new occupational pension scheme for public sector employees. The agreement will be sent for approval by the various associations, which will have four months to make their decision. If all associations approve, the Norwegian government will present a new bill before the Norwegian parliament as quickly as is practicable. If the agreement is adopted, it will be due to take effect from 2020. This will have consequences for how Avinor's pension expenses and obligations are calculated in its accounts. However, at this moment in time there is an insufficient basis for calculating the impact. The impact on the accounts will have to be taken into account from when the new scheme is adopted.

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 in fire-extinguishing foam which have spread to the environment have been detected at airports. Work is currently being conducted to clarify the scope of the measures that will need to be implemented. Risk assessments have been conducted for possible damage to health and the environment. The economic consequences depend on the extent of the measures that need to be implemented, as well as the authorities' requirements and the measures available. The Norwegian Environment Agency has issued an order for measures at Evenes airport, an order for measures at Oslo airport, and an order to prepare action plans at Kristiansand airport and Svalbard airport, and it is likely to issue an overall order for the preparation of action plans for the remaining airports.

CORPORATE GOVERNANCE IN AVINOR

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

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

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

For more details about corporate governance in Avinor, please refer to the separate document Corporate governance in the Avinor Group.

CORPORATE SOCIAL RESPONSIBILITY

Avinor's corporate social responsibility efforts are based on the expectations set forth with regard to corporate social responsibility in Avinor's Articles of Association and in the Norwegian Accounting Act. Avinor takes the OECD's guidelines for responsible business as the basis for its corporate social responsibility efforts, and it signed up to the UN Global Compact in 2014. Avinor's efforts cover areas such as human rights, employee rights and social conditions, the external environment, and combatting corruption.

For more information about Avinor's work with corporate social responsibility, including climate, environment, flight safety, HSE, impartiality, anti-corruption, and safe notification, please refer to the separate document "Corporate Social Responsibility Report 2017".

RESEARCH AND DEVELOPMENT

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

For more information on Avinor research and development work, please refer to the separate document Corporate Social Responsibility Report 2017.

PERSONNEL AND ORGANISATION

There were 3,098 permanent employees in the Group at the end of the year. Permanent and temporary employees performed work corresponding to 3,175 full-time equivalents. The average age of all employee groups in the Group is 46.6. The percentage of women among permanent employees is 22 per cent. The number of women in executive positions is representative of the total number of women. The Group aims to increase its percentage of women to 25 per cent in 2020, and this is being monitored closely. Avinor's recruitment policy contains clear guidelines that promote a gender balance, from the design of the recruitment adverts to the interview process and the selection process.

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

As an Inclusive Working Life company, Avinor emphasises the prevention of exclusion from work and has schemes in place especially for employees who no longer meet physical and medical requirements due to illness or other circumstances. In 2017 several schemes were implemented for the employment of people with disabilities and reduced occupational opportunities.

Avinor's strategy plan for 2014-2020 entails considerable restructuring. Co-operation between the Group's management and the employee representatives is considered to be constructive. Continuous improvement is a strategic focus area for Avinor, and 2017 saw systematic efforts to design Group-wide training programmes. Avinor continued its investment in management development throughout the year, with special emphasis on training managers in how to communicate change.

Sickness absence in 2017 was 4.5 per cent. The Group has worked actively to reduce breaches of the working time regulations in the Working Environment Act, which resulted in a total reduction in the number of breaches by 27 per cent compared with 2016.

Avinor must be a professional and attractive employer. For more information on Avinor as an employer, please refer to the separate document Corporate Social Responsibility Report 2017.

OUTLOOK

Mobility and efficient air transport are essential for social development, as well as for the growth of the Norwegian travel industry and businesses.

Traffic growth is expected in the coming years. Avinor is continuing to pursue activities and investments that develop our extensive network of airports, thus facilitating a good range of regional, national, and international aviation services.

Avinor's initiatives to ensure the sustainable development of aviation are continuing. Key measures in 2018 and the years to come include environmental measures at the company's airports and facilitating the development of electric aircraft and of jet biofuels for use in aviation.

The company will be a competitive and preferred supplier in a future competitive market, and it will make the necessary adjustments to achieve this goal. It is an objective for Avinor to maintain competitive fees compared to other airports in Europe.

The Board would like to thank all the employees and partners for their efforts in 2017.

Oslo, 4 April 2018
The Board of Directors of Avinor AS

Ola Mørkved Rinnan
Chairman of the Board

Ola H. Strand
Vice Chairman

Eli Skrøvset

Linda Bernander Silseth

Herlof Nilssen

Bjørn Tore Mikkelsen

Heidi Anette Sørum

Olav Aadal

Dag Falk-Petersen
CEO

Corporate Governance

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

This statement has been prepared in accordance with the framework of the Norwegian Code of Practice for Corporate Governance dated 30 October 2014, with the adjustments that are required due to the fact that Avinor is a wholly state-owned limited company. In addition to the general provisions of the Limited Liability Companies Act, special provisions apply to state-owned limited companies.

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

Avinor Group's vision is that we must create valuable relationships. Individuals, companies, and society must receive clear advantages from what the business delivers. Our values include our behaving in a way that is open, responsible, dynamic, and customer-oriented.

The Group's ethics guidelines were most recently revised in the spring of 2017. The ethics guidelines apply to Board members, employees, contracted personnel, and others who work for the Group. The guidelines provide basic rules for personal behaviour and business practices, and will help us to make the right choices in the face of ethical dilemmas, whether faced by an individual member of staff or faced by the company as a whole. Furthermore the guidelines express the Group's attitudes in its interaction with customers, suppliers, colleagues, and the wider community.

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

Avinor has signed up to the UN Global Compact. The Group's reports are prepared in accordance with the principles of the Global Reporting Initiative (Standards/Core).

Avinor is a member of Transparency International Norway.

BUSINESS

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

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

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

Avinor is responsible for operating a unified system of 46 airports and the joint air navigation service in Norway. The business is based on fulfilling and building on key social obligations in all parts of the country, and it must be operated with safety as a high priority and with an emphasis on environmental considerations. To meet the owner's demands, strategic primary objectives have been established within economics and finance, society and the environment, aviation safety and HSE, customers and partners, and personnel and organisation.

EQUITY AND DIVIDENDS

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

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

The Board of Directors does not have the authority to increase the share capital.

Equal treatment of shareholders and transactions with close associates

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

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

Transactions with close associates

The Board is not aware of any transactions during 2017 between the company and its shareholders, Board members, executive employees, or their close associates that may be characterised as not immaterial transactions.

Board members and executive employees are required to submit an annual statement concerning close associates.

Guidelines for Board members and executive employees

The Group's ethics guidelines contain a separate point on how to handle conflicts of interest. This point states that an employee must never participate in or attempt to influence a decision if they have a conflict of interest or if questions may be raised about the employee's impartiality. Group employees can take on second jobs or directorships in addition to their main employment in Avinor provided that these do not conflict with the employee's duty of loyalty and impartiality or with the proper performance of their duties.

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

The state as shareholder

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

Freely negotiable shares

There are no provisions in the Articles of Association that entail any limitations on the negotiability of the company's shares..

GENERAL MEETING

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

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

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

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

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

Nomination Committee

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

Corporate assembly and Board of Directors – composition and independence

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

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

At the Annual General Meeting for 2017, the number of Board members was reduced from ten to eight. Subsequently, five Board members are elected by the general meeting and three are elected by and from among the Group's employees.

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

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

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

At the turn of the year 2017/2018, the Board of Directors consisted of:

- Chair since 2010, Ola Mørkved Rinnan, 68 years old
- Vice Chair since 2012, Ola H. Strand, 60 years old
- Board member since 2011, Eli Skrøvset, 52 years old, CFO Eksportkreditt Norge
- Board member since 2015, Herlof Nilssen, 59 years old, CEO Helse Vest
- Board member since 2016, Linda Bernander Silseth, 55 years old
- Employee-elected Board member since 2011, Heidi A. Sørum, 50 years old
- Employee-elected Board member since 2015, Bjørn Tore Mikkelsen, 58 years old
- Employee-elected Board member since 2017, Olav Aadal, 50 years old

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

Nine Board meetings were held in 2017. The meetings were fully attended, with only very few exceptions.

WORK OF THE BOARD OF DIRECTORS

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

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

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

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

The Board has established an audit committee as a preparatory and advisory body for the Board of Directors with respect to its responsibility for financial reporting, auditing, internal control, and overall risk management. The Board has jointly established a set of directives for the committee's work. These directives are reviewed annually and updated as required. The committee met on five occasions in 2017.

At the turn of the year 2017/2018 the committee consisted of:

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

The Board of Directors has also established a remuneration committee to act as a preparatory subcommittee in matters relating to remuneration of executive employees of the company. The committee must prepare guidelines for and cases concerning the remuneration of executive employees, as well as assessing and monitoring the Group's policy in this area on an ongoing basis. The Board has jointly established a set of directives for the committee's work. These directives are reviewed annually and updated as required. The committee met on three occasions in 2017.

At the turn of the year 2017/2018 the committee consisted of:

- Ola H. Strand (Chair)
- Herlof Nilssen
- Olav Aadal

The Board of Directors has also established an HSE committee to act as a preparatory subcommittee in matters relating to health, safety, and the environment. The committee is responsible for evaluating relevant conditions in the Group's operations related to HSE at a general level. The committee will support the Board of Directors in its responsibility for internal control, the Report of the Board of Directors and Annual Report, and the overall HSE risk situation. The Board has jointly established a set of directives for the committee's work. These directives are reviewed annually and updated as required. The committee met on three occasions in 2017.

At the turn of the year 2017/2018 the committee consisted of:

- Linda B. Silseth (Chair)
- Bjørn Tore Mikkelsen
- Risk management and internal control

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

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

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

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

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

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

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

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

REMUNERATION OF THE BOARD OF DIRECTORS

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

Remuneration of the Board members amounted to NOK 2,156,916 in 2017. The remuneration is broken down as follows: The Chair of the Board received NOK 434,500, the Vice Chair received NOK 263,000, and other Board members received NOK 216,500. Alternates receive NOK 11,000 for each meeting they attend.

Members of the audit committee received remuneration totalling NOK 150,833 in 2017, comprising

NOK 66,000 to the Chair and NOK 39,500 to the other two members.

Members of the remuneration committee received remuneration totalling NOK 21,500 in 2017, comprising NOK 11,500 to the Chair and NOK 5,000 to the other two members.

Members of the HSE committee received remuneration totalling NOK 21,500 in 2017, comprising NOK 11,500 to the Chair and NOK 5,000 to the other two members.

REMUNERATION OF EXECUTIVE EMPLOYEES

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

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

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

The remuneration of executive employees is specified in note 6 to the annual financial statements.

INFORMATION AND COMMUNICATION

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

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

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

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

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

TAKE-OVERS

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

AUDITOR

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

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

The auditor's remuneration is broken down into statutory auditing and other consulting services, and it is specified in note 8 to the financial statements. The General Meeting must approve the auditor's remuneration.

Corporate social responsibility

Avinor's corporate social responsibility has four primary areas: ensuring good aviation services for the whole of Norway; being a driving force in climate and environmental efforts; being a professional and good employer; and ensuring that we run our business responsibly.

The Group's strategy for its efforts relating to corporate social responsibility is established by way of close dialogue with the Group's key stakeholders and is an integral part of Avinor's overall strategic planning. The Group's Board of Directors plays an active role in the development of the strategy and ensures that corporate social responsibility is safeguarded in the Group's assessment of individual matters.

DIALOGUE WITH AVINOR'S STAKEHOLDERS

Dialogue with those who depend on Avinor's services or who, in various ways, are affected by our operations is essential for Avinor to fulfil its social obligations in a sustainable and responsible way and to prioritise those things that best serve our stakeholders and the country.

Avinor's stakeholders and the areas that are most important to them are relatively stable over time. The most important stakeholders are Avinor's customers – both airlines and their passengers – politicians, airport partners, local and central businesses, the Norwegian Armed Forces, research environments, and special interest groups. Regular stakeholder analyses and systematic dialogue are conducted to ensure that we have a current picture of our stakeholders' expectations and priorities in respect of Avinor. Safety, finances, capacity, reliability, service at the airports, accessibility and universal design, and how the Group deals with the challenges faced by aviation in relation to the climate and environment are important topics for all of Avinor's stakeholders.

STAKEHOLDER ANALYSES

Avinor conducts regular stakeholder analyses, both at a general level and in relation to large projects and specific areas. In the spring of 2017 an extensive stakeholder analysis was conducted in relation to efforts pertaining to the Group's strategy plan for the period 2018 to 2023. The purpose was to gain insight into stakeholders' experiences, opinions, and expectations of developments in Avinor. A key impression from this analysis is that Avinor is perceived as an energetic group that has developed in a positive direction in recent years. Although there is a full endorsement of the Avinor model, which involves the transfer of funds from profitable airports to those that are not profitable, there is some concern regarding costs in the Group. Stakeholders commend Avinor's effective handling of capacity challenges during the major and successful terminal projects at Oslo airport and in Bergen.

All stakeholders agree that dialogue with Avinor is good, but that local stakeholders should be given more priority.

Several stakeholders point out the conflict between traffic growth and environmental and climate considerations, and that Avinor's social obligations emphasise traffic growth, which may conflict with national climate goals and international climate obligations. There is concern regarding the unavailability of technological improvements to enable targets to be met for reduced emissions and expected traffic growth in the foreseeable future. This dilemma is emphasised as a major challenge to Avinor's role as a socially responsible player in the years to come.

ARENAS FOR DIALOGUE

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

Dialogue with passengers takes place primarily through regular customer surveys. Passengers are especially concerned about punctuality and regularity, airport services, parking, and ground transport.

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

Business policy committees have been established in a number of municipalities and counties where Avinor is represented. Local political stakeholders are also represented here. Once a year, a joint meeting is arranged between the county councils and Avinor's management. The primary focus is capacity and route development, as

well as how Avinor can help to support the development of local commerce.

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

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

FOUR KEY THEMES IN CORPORATE SOCIAL RESPONSIBILITY EFFORTS

Through stakeholder dialogue and systematic stakeholder analyses, Avinor has identified four key themes for its efforts relating to corporate social responsibility:

- Avinor shall ensure good aviation services for the whole of Norway, and perform our role in society in a safe, efficient and environmentally-friendly manner
- Avinor shall be a driving force in the work on climate and environmental challenges within aviation
- Avinor shall be a good and professional employer
- Avinor shall ensure that it conducts its business responsibly.

Avinor's corporate social responsibility efforts are based on the expectations set forth for corporate social responsibility in Avinor's Articles of Association and in the Norwegian Accounting Act and are based on the OECD's guidelines for responsible business. Avinor signed up to the UN Global Compact in 2014. This report has been prepared in accordance with the principles of the Global Reporting Initiative (Standards/Core).

The Executive Vice President for Communications and Markets is responsible for monitoring and reporting on Avinor's corporate social responsibility efforts and for ensuring that efforts relating to individual themes are in line with this. Avinor has no own staff for corporate social responsibility.

Goals and results for corporate social responsibility in 2017

Avinor shall ensure good aviation services for the whole of Norway

GOAL	RESULTS
Punctuality: 88 per cent within 15 minutes	85 per cent
Regularity: 98 per cent	98 per cent
All airports must be certified in accordance with the ISO 14001:2015 standard	In 2017, Avinor's environmental management and operations were certified in accordance with the ISO 14001:2015 standard. Fourteen airports are now covered by Avinor's joint certification. An additional 18 airports underwent their first certification audit at the end of 2017, and the remaining airports will be phased into the certification in 2018.
Air transport must be accessible by everyone	The survey under the supervisory authority of the Norwegian Civil Aviation Authority is due for completion in the summer of 2018. All of Avinor's airports will be universally designed during their planning in accordance with technical regulations.
Avinor must streamline, modernise, and invest in increased capacity	· The modernisation programme is on track. · Oslo and Bergen airports were opened as planned. · The development of technology for remote-controlled control towers is on track. · A prototype driverless snow plough will be tested in 2018. · A new airport in Bodø is being planned. · Narvik airport has been decommissioned.
Avinor must to work to improve the customer experience	· The ASQ (Airport Service Quality) survey shows that satisfaction among our passengers has never been higher. · The customer centre in Bodø has been expanded. · A new version of our digital travel buddy has been launched.
Avinor must prevent undesired incidents and ensure good emergency preparedness	No aviation accidents in which Avinor was a contributing party. Three serious incidents without injuries in which Avinor was a contributing party.

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

GOAL	RESULTS
Avinor's must halve its own total verifiable greenhouse gas emissions by 2020 compared with 2012 levels	· Avinor's own verifiable greenhouse gas emissions from airport operations increased f in 2017, approximately 600 tonnes compared with 2012. · Biodiesel used for Avinor's own vehicles in Trondheim, Bergen, and Oslo. · Ten new vehicles, of which six are electric and three are hybrid. · Oslo, Trondheim, Bergen, Kristiansand, and Stavanger airports accredited by the Airport Carbon Accreditation (ACA) programme.
Avinor must help to reduce emissions from ground transport and air traffic	· All airlines that refuel at Oslo and Bergen airport can buy jet biofuel. In 2017 125,000 litres of jet biofuel was mixed in. · For the second year in a row, there was a reduction in greenhouse gas emissions from both international and domestic traffic. · Oslo airport has the highest proportion of public-transport-based ground transport in Europe at 70 per cent. · Together with NLF, in 2017 Avinor ordered Norway's first battery-powered electric aircraft.
Avinor must reduce purchased energy by 25 per cent by 2020 compared with the energy consumption of its buildings and facilities in 2012	· Avinor's energy consumption increased from 2016 to 2017. · Origin-guaranteed electricity has been purchased for all of Avinor's airports. · All carpark lighting is being changed to controlled LED lighting. This is due for completion in 2018. · A solar power facility is being developed in Svalbard.
Avinor must sort at least 60 per cent of its waste	· Avinor currently sorts 57 per cent of its waste.
Activities at Avinor's airports must not result in any new ground contamination or worsening of water quality	· More de-icing chemicals than permitted at 11 airports. · Measures implemented to remove PFOS from both the ground and the water.
Avinor will work actively to reduce the impact of noise from aircraft and helicopter traffic for residents at 10 (Oslo, Stavanger, Bergen, Trondheim, Tromsø, Kristiansand, Ålesund, Brønnøysund, Kirkenes, Florø) of Avinor's noisiest airports by 2020	· 5,350 curved approaches at Oslo airport in 2017. · Compliance with the new departure corridor at Oslo airport exceeded 95 per cent in 2017. · Altered approach and departure procedures at Bergen and Stavanger airports reduced the impact of noise from helicopters.

Avinor shall be a professional and attractive employer

GOAL	RESULTS
Create a Group-wide culture of improvement	· Established training framework. · Efforts to ensure that all airport managers are approved pursuant to the new requirements of the Norwegian Civil Aviation Authority, including a new programme for Operational Maintenance Managers (airport managers). · 12 new internship places in 2017, making a total of 24.
Sickness absence of 4.5 per cent or lower	4.5 per cent
LTI rate 3.0	1.4
Reduce breaches of working hours provisions	· 27 per cent reduction in the number of breaches of working hours provisions. · 0.5 per cent reduction in the use of overtime.
Avinor aims to increase its percentage of women employees to 25 per cent in 2020	· In 2017 the percentage of women among permanent employees has been 22 per cent
As an Inclusive Working Life company, Avinor emphasises the prevention of exclusion from work	· In 2017, Avinor had adapted work agreements in place with approximately 30 employees to enable them to maintain their employment with the company
Avinor shall contribute to higher employment of people with disabilities and reduced occupational opportunities	· In 2017 several schemes were implemented for the employment of people with disabilities and reduced occupational opportunities. The experience from this has been positive

Avinor shall ensure that it conducts its business responsibly

GOAL	RESULTS
Employees, suppliers, and partners must be familiar with and comply with Avinor's ethics guidelines	· 90 per cent of all employees have completed the course on Avinor's ethics guidelines. · Established anti-corruption programme with focus on prevention and control activities. · Co-operation initiated with Skatt Øst to strengthen efforts to combat crime in the workplace. · Avinor's notification committee received 200 notifications, all of which were addressed.

Avinor shall ensure good aviation services for the whole of Norway

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

Avinor's social obligations are important, and Avinor is in a good position to address it. The company has limited competition and is in a growing industry. Through our systematic customer surveys and stakeholder analyses, Avinor receives positive feedback from the wider community. The government's ownership report to the Norwegian parliament in 2017 clearly states the following:

Avinor is a recognised and respected company perceived as being modern, energetic, and proactive, and where safety and stable operations always have the highest priority. The company ensures the financing of a network of small and large airports throughout the country and has the authority to take important initiatives to ensure the sustainable development of Norwegian aviation. The

Avinor model is often cited as an example to be followed in the transport sector.

Over a long period, Avinor has built world-leading expertise in its development and operation of a network of many small and large airports in a challenging climate and topography. This specialist expertise provides a competitive advantage and serves as a good basis for a more robust Avinor.

The basic operational business is the most important foundation for the company's activities and is being continually developed. In order to meet the requirements and expectations of customers and society, as well as new challenges in the wider community, four primary objectives have been prioritised:

- contributing to the sustainable growth of Norway and its regions
- creating valuable experiences for passengers and visitors
- developing competitive airports
- maintaining a proud and improvement-oriented corporate culture

MAJOR MILESTONES IN OSLO AND BERGEN

The opening of the new Oslo airport in April and the new terminal at Bergen airport, Flesland, in August 2017 were two major milestones in efforts to modernise and improve the efficiency of Norwegian aviation and to pave the way for the future. Both projects were delivered on time and under budget.

Challenging work has been underway at our two largest airports for several years, without any notable impact on the public. High rates of punctuality and regularity were maintained throughout the construction period. The feedback on the new terminals from both airlines and passengers is very positive.

OWNERSHIP REPORT AND NATIONAL TRANSPORT PLAN WITH KEY CLARIFICATIONS

The government's ownership report regarding Avinor and the National Transport Plan (NTP) for 2018 to 2029 were adopted by the Norwegian parliament in June 2017.

Plan for a third runway at Oslo airport

The ownership report clarified that Avinor must continue to plan a third runway east of Oslo airport in the municipality of Ullensaker. Work is underway on zoning plans, new noise measurements, and dialogue with relevant stakeholders. The Ministry of Transport and Communications will take a position on the matter of the construction of a third runway at Oslo airport once Avinor has submitted a licence application pursuant to the Aviation Act.

New Bodø airport

The Norwegian parliament has approved the construction of a new airport in Bodø and stressed that this must take place as quickly

MANY AWARDS TO AVINOR OSLO AIRPORT

At the travel industry's annual awards ceremony, Grand Travel Award, in January 2018, New Oslo airport was named Newcomer of the Year. This is the tenth prize that Norway's primary airport has won since it officially opened in April 2017:

- Prosjekt Norge's Project of the Year prize was awarded to Avinor Oslo airport for the new terminal
- Norsk Bergindustri's natural stone prize was awarded to Avinor Oslo airport for the floor of the new terminal
- The prize for best airport terminal design was awarded to New Oslo airport in conjunction with the Future Travel Experience Global Congress in the US
- It was named Best International Project by the UK's leading professional magazine for the construction industry at the 2017 Building Awards in London
- The DOGA label for design and architecture was awarded to Avinor Oslo airport for the "learning journey" training programme, which was conducted at Oslo airport for 22,000 employees in 2016/2017
- The HSMAI prize Internal Event of the Year was awarded to Avinor Oslo airport for the new terminal experience event
- Avinor Oslo airport won bronze at the Best Event Awards 2017 in the Education category for the new terminal experience event
- Avinor Oslo airport was nominated in the Les Trophées de l'Evénement awards in the Exceptional Event category for the new terminal experience event and the new terminal service test
- Avinor Oslo airport was also nominated in the SABRE Awards in the Employee Communications category for the communication and training concept related to the commissioning of the new terminal

l skannes
boarding
rds must be
nned

as possible – in the first part of the NTP period. NOK 2.2 billion in additional funding will be granted to the project in the first half of the NTP period, in addition to NOK 0.2 billion for the public rescue helicopter service.

New airport in Mo i Rana

The majority of the Norwegian parliament was also in favour of the construction of a new airport in Mo i Rana, and the current airport structure must be retained. This means that neither Mosjøen airport airport, nor Sandnessjøen airport will be decommissioned. Financing is not yet fully clarified. In order to get started quickly, the government aims to start work by way of local funding during the first part of the plan period. The government's contribution to the project of NOK 1.47 billion (at 2017 prices) must be appropriated by parliament.

Separate air navigation services from Avinor and subject control tower services to competition

In the ownership report, the government clearly states its intention to separate air navigation services from Avinor, and it aims to complete the process in the course of 2018.

The ownership report also clearly signals the introduction of competition in relation to control tower and approach control services at Avinor's airports. Furthermore, the government is paving the way for Avinor to be able to compete for control tower and approach control services internationally.

The government gave Avinor its support to further develop and include additional airports in the remote tower concept where this will result in greater savings than a competitive tendering.

Subject the operation of Haugesund airport to competition

At Haugesund airport, the government will hand over all operations to a party other than Avinor by way of competitive tendering, which is known as a service concession model. This means that Avinor cannot submit a tender but will still own the airport.

Decommissioning of Narvik airport

Narvik airport was decommissioned on Friday, 1 April 2017. This was adopted in the National Transport Plan for 2014 to 2023.

ACCESSIBILITY FOR ALL – UNIVERSAL DESIGN

Everyone must be able to plan and carry out their journey in a way that suits their needs. Air transport must, therefore, be universally designed, and Avinor must ensure that travelling by plane is predictable and seamless. Consequently, Avinor works to comply with universal design requirements in close co-operation with organisations for those with disabilities. Emphasis is placed on close co-operation with national and regional user fora, which has had positive results. Co-operation takes place through the Flygruppa forum, which represents organisations in major construction projects, as well as through other fora.

Pursuant to the Regulations on the universal design of airports and the rights of disabled people in relation to air transport of 16 July 2013, Avinor will soon complete a monitoring process with the Norwegian Civil Aviation Authority as the supervisory authority. The process will be completed during the summer of 2018. Universal design mapping has demonstrated a need for planned and co-ordinated measures so that all of Avinor's airports

On 1 April Narvik airport closed, after 42 years.

are universally designed in accordance with technical regulations. These measures are currently in the planning stage.

Efforts to establish Avinor's standards for terminal and operations buildings, which also cover universal design, are now well underway. These standards will set guidelines for how Avinor's construction projects are to take universal design into account. The universal design requirements of both technical regulations and Standards Norway are to be incorporated, and a consultation has taken place with the Norwegian Federation of Organisations of Disabled People (FFO), the Norwegian Association of Disabled (NAD), and the Norwegian Association of the Blind.

Furthermore, universal design guidelines will be implemented at airports in connection with new construction or major reconstruction projects. This will primarily cover terminal buildings, as well as other buildings taking into account Avinor's employees. This is conducted by way of specific project principles that describe universal design and that are followed up by the project manager. Avinor's project implementation system, AviPro, ensures this.

In the future, Avinor's airports will nevertheless have different standards with regard to universal design. For example, universal design has been taken into account in all aspects of the construction and fitting-out of the new terminals at Oslo and Bergen airports. For some older terminal buildings built in another time under other regulations, it will take time before universal design is implemented in accordance with current standards.

Boarding solutions will also differ. At Avinor's smaller airports, there are no airbridges between the terminal and the aircraft. At these airports electric stair climbers adapted to the aircraft type will be provided. For medium-sized and large airports, priority will be given to airbridges.

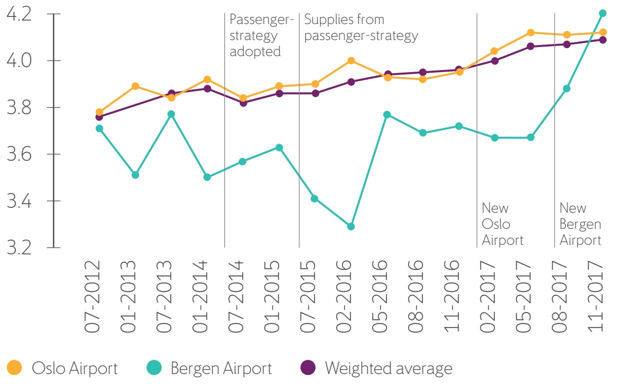
A service that coincides with universal design is Avinor's assistance service. This covers passengers with reduced mobility. Avinor carries out around 150,000 assistance assignments each year, covering passengers from their arrival at the airport until their safe embarkation.

EFFORTS TO IMPROVE THE CUSTOMER EXPERIENCE

Avinor's passenger strategy has a clear objective of ensuring passengers have a simple journey, regardless of any situation that may occur at our airports.

ASQ OVERALL SATISFACTION – AVERAGE 8 LARGEST AIRPORTS

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



Airport Service Quality (ASQ)

We regularly measure passenger satisfaction and take part in the global ASQ (Airport Service Quality) survey which belongs to and is implemented by Airport Council International. According to this survey, Avinor's passenger satisfaction has never been higher (see graphic). There has been a steady increase over the last ten quarters.

2017 saw the opening of the new Oslo airport and a new passenger terminal at Bergen airport, Flesland. The feedback from airlines, passengers, and employees at the airports has generally been very positive. Both airports have seen significantly increased customer satisfaction. After the opening of its new terminal, Bergen airport jumped from having the lowest level of customer satisfaction among Avinor's airports in the ASQ survey to the airport with the most satisfied customers.

Customer service centre in Bodø

Our hospitality role has been in the spotlight over the past year. Our customer centre in Bodø now has longer opening hours in order to help customers when they need assistance. We handle enquiries by phone and on social media and try to help customers even if their enquiry relates to one of our airport partners. New tools and procedures on Facebook have resulted in faster response times and no enquiry going unanswered.

Digital travel companion

In 2017 Avinor launched a new and improved version of its digital travel companion, "Avinor" which not only makes passengers' journeys easier but also provides simpler access to personalised and relevant services and offers. The app is one of the most important channels for customer communication. Half a million customers have registered a profile with Avinor in order to gain access to digital services and personalised and relevant customer communications.

AVINOR'S SPONSORSHIPS

Avinor's sponsorships are primarily targeted at local measures and activities for children and young people in the areas surrounding our airports, many of which made contributions in 2017.

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

Environmental organisations Zero and Bellona receive financial support from Avinor and give Avinor professional assistance in, for example, efforts relating to the development of biofuel.

PUNCTUALITY AFFECTED BY ADVERSE WEATHER CONDITIONS

The rate of punctuality at Avinor's airports as a whole averaged 85 per cent in 2017. This is down 2 per cent on 2016. Avinor's Group-wide targets for punctuality (departure within 15 minutes of scheduled departure) is 88 per cent. Achieving this target depends on the concerted efforts of the airports, airlines, and providers of airport-related services. The weather also plays a role. The lower rate of punctuality in 2017 is primarily due to adverse weather conditions in January and December.

For regularity – which measures the percentage of scheduled flights that actually operate – Avinor has a target of 98 per cent. In 2017 the rate of regularity for all the airports exceeded 98 per cent. This figure has hardly changed in recent years.

Airline data regarding cancellations and diversions provided through the traffic information system ALTi serves as the basis for Avinor's official punctuality and regularity statistics.

AVIATION SAFETY AND SECURITY

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

Flight Safety is Avinor's highest priority and the primary objective is to prevent undesired events and ensure good emergency preparedness. Efforts are underway to identify additional measures to support this objective. Avinor's flight safety efforts are an integral part of quality management at Avinor and are adapted to the management structure established in the management system.

In connection with the requirements of new EU regulations, Avinor must have an overview of hazards and risks. Following the completion of the description of the process for operational risk management, the development of methodology and procurement, as well as the adaptation of tools for recording operational risks, 2017 saw the establishment of operational risk analyses at airports. The safety and environment of the Group's staff has been bolstered by the airports through the implementation of operational risk management pursuant to the applicable regulations. As at the end of the year, nineteen airports had implemented operational risk management. Efforts will continue in 2018.

Dashboards enabled simpler, more efficient, and more cohesive management information in 2017. New monthly reports were established by way of automated dashboards and are used in local and central safety meetings. These include the airports' operational risk analyses which are submitted as each analysis is completed. This gives us a more accurate and more standardised overall picture, from airport level to Group level.

A new reporting regulation (376/2014) came into effect in Norwegian law in 2016 and was fully implemented during the course of 2017. In January 2017 a non-compliance reporting portal (avvik.avinor.no) was established for our suppliers and partners. The reports we receive help us to form a better overview of the overall risk and flight safety picture.

All undesirable incidents of a certain severity are followed up. Based on the aviation incidents reported using the non-compliance tool, in 2017 Avinor Flysikring AS focused in particular on runway incursions and the late detection of conflicts. A number of measures have been implemented.

Safety management is now risk-based, which has seen the establishment of proactive safety indicators and the use of reactive methods as a basis for proactive efforts. The reporting culture in the Group is good, with a result of 4.96 per full-time equivalent. The target was 4.5. The reports submitted deal with potential or minor situations that facilitate learning and improvement. The follow-up of nonconformities is a high priority in all parts of the Group. This includes the closure of non-compliance incidents by a deadline, which can be a challenge with respect to high levels of production and day-to-day operations.

The management system, including safety management, was expanded and improved in 2017 and this will continue in 2018. The Central Safety Review Board has approved the establishment of an investigative and risk analysis pool, which will be established in 2018.

Accidents and serious aviation incidents

There were no aviation accidents with or without personal injury in Norwegian aviation in which Avinor was a contributing party in 2017. There were three serious aviation incidents in which Avinor was a contributing party. The Group-wide target is two or fewer. Two events concerned the non-observance of minimum airspace distances at Kjevik and Bodø, while the third concerned a car on the runway during the departure of an aircraft at Bodø.

ACCIDENTS AND SERIOUS AVIATION INCIDENTS 2015-2017

	SERIOUS AVIATION INCIDENTS	AVIATION ACCIDENTS INVOLVING PERSONAL INJURY	AVIATION ACCIDENTS NOT INVOLVING PERSONAL INJURY
2017	3	0	0
2016	0	1	0
2015	2	0	0

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

Drones

The level of drone activity increased in 2017. The quality of the dataset is, however, still too uncertain for being able to determine whether and, if so, to what extent this activity has had an impact on safety levels.

During the year Avinor's RPAS (Remotely Piloted Aircraft System) team has participated in the Ministry of Transport and Communications' working group in the preparation of a national drone strategy. This will be published in the first quarter of 2018. In addition, there is close co-operation with the Norwegian Civil Aviation Authority on the implementation of new European regulations on the use of drones. Furthermore there is co-operation with the industry's own interest group, UAS Norway, to help ensure the safe use of drones. Directives on the processing of applications to fly drones at airports are being harmonised. The objective is to ensure that the operation of pilotless aircraft is safe and consistent at both controlled and non-controlled airports.

There is considerable demand from various stakeholders regarding the tools and equipment that can be used both by airports and by the air navigation service in this field.

Audits

The Group works systematically to maintain a good safety culture and a high level of flight safety. One of several measures is the regular audit of units and specific areas to verify the Group's compliance with relevant laws and regulations.

In addition, suppliers are regularly audited to ensure the proper quality of their deliveries in relation to the applicable agreements. Audit frequency is governed by the criticality of the deliveries. Suppliers providing services that Avinor is certified for are closely monitored by way of audits. This ensures that these services are provided within the framework of Avinor's certificates.

Audit findings help to verify that Avinor is maintaining an overview of the requirements applicable to the company and that our governance ensures compliance with these requirements. Avinor's audit programme incorporates the requirements of the Aviation Act, EU/2008/2016, the Working Environment Act, the Security Act, and the regulations associated with these. This is in addition to relevant ISO standards, as well as regulations and standards within the external environment.

Audit programmes are in place for one year at a time and are approved by the CEO. The findings of the audits are recorded as non-compliance in our non-compliance management tool and followed up by the entity defined as the risk owner. Findings recorded at external parties are followed up by the contract manager or named contact through Avinor's non-compliance management tool.

14 Avinor airports are certified in accordance with ISO 14001 (environmental certification requirements). Efforts are ongoing to get all airports certified.

Certification audits were conducted by an external certification company in November 2017. An additional 18 airports were covered by the certification audit.

In connection with the implementation of environmental management for these additional airports and in preparation for the


SECURITAS

external certification audit, 33 internal implementation audits/document reviews were conducted. These audits were carried out as both remote audits and on-site internal audits.

In addition to external environment implementation audits, 28 internal audits were conducted under the direction of Avinor AS in 2017. These audits were conducted as systems audits of process areas (top-down) or as traditional airport audits. The findings of the audits are recorded as non-compliance in our non-compliance management tool. These are followed up by the defined risk owner. Findings recorded at external parties are followed up by the contract manager or Avinor's named contact. Avinor's non-compliance management tool manages these as well.

Supplier monitoring

Stakeholders that work at or supply products and services to Avinor's airports are also monitored by way of audits. Audit frequency is governed by the criticality of the deliveries. Avinor conducted 15 audits of external parties in 2017.

So-called "prior audits" are conducted for some new deliveries before an agreement is concluded to ensure that there are no instances of serious non-compliance/defects at the supplier. EU and Norwegian authorities stipulate this type of monitoring and auditing.

The increased use of suppliers and the outsourcing of services set high standards for Avinor's compliance-monitoring system. Consequently there are ongoing efforts to improve the process, develop methods, and educate and maintain resources to ensure that these deliveries are always provided within the scope of the laws and requirements that Avinor is obliged to comply with.

SECURITY CONTROL

Threat levels are the same as in previous years. As previously, the use of readily available weapons and cars remains a challenge. In 2017, Avinor conducted analyses to identify security-related vulnerabilities at all its airports and is now implementing tailored security measures. This work will continue in the years to come so that security measures reduce the adverse impact of incidents and make it more difficult to carry out actions that can inflict major damage at our airports.

In 2017, Avinor embarked on new projects to update its security control equipment. In addition to investments in security scanners and new security control areas at Oslo and Bergen airports, screening equipment for checked-in baggage was upgraded at 19 airports. Avinor is working to deliver cost-effective services that ensure good security, low costs, and good experiences.

HUMAN TRAFFICKING

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

COMMUNITY SECURITY AND EMERGENCY PREPAREDNESS

In 2017 Avinor worked closely with the Norwegian Armed Forces in preparation for the NATO Trident Juncture exercise in 2018 and took part in several introductory exercises and briefings. Emphasis was placed on the establishment of secure communication channels and management tools for use in crises and emergency situations. Avinor maintained a high level of internal exercises and implemented internal training to ensure a high level of capability during crisis events.

CERTIFICATION OF AVINOR'S AIRPORTS

In May 2016 Avinor was certified as an airport operator for civil aviation in accordance with pan-European legislation prepared by the European Aviation Safety Agency (EASA). The CEO is Avinor AS's Accountable Manager.

During the course of 2016 and 2017, all the airports were included in Avinor AS's operator certificate and each received a certificate stating that the airport complies with European regulations.

PROJECTS, RESEARCH, AND DEVELOPMENT

In 2017 Avinor Flysikring AS continued its co-operation in the functional NEFAB airspace block (Norway, Estonia, Latvia, and Finland) through the Borealis Alliance (which, in addition to NEFAB, includes the airspace blocks of UK/Ireland and Denmark/Sweden). Efforts are underway to develop Free Route so that it applies to all areas in the Borealis Alliance.

Work relating to remote towers is continuing at full pace. As part of a project in partnership with Kongsberg and Indra, Avinor is planning to control 15 towers remotely from Bodø by the end of 2020. Avinor AS is also playing an active role in SESAR 2020 (a major EU research and development programme in aviation and part of Horizon 2020) together with other partners and stakeholders in the sector. Avinor's expertise helps to increase security, capacity, and predictability, as well as to reduce the environmental footprint of Europe's aviation network.

Innovative projects are being implemented at the airports, such as robotic mowers along the runways, which benefit both the environment and flight safety. Driverless plough vehicles were tested at Fagernes airport in 2017 and a full-scale prototype test will be conducted at Bodø airport in the first quarter of 2018.

Avinor is participating in several research and development projects relating to the development of sustainable biofuels for aviation, including in collaboration with SINTEF, BI Norwegian Business School, and the Norwegian University of Life Sciences. The development of electric aircraft has picked up pace, and Avinor is playing a very active role in these efforts. Avinor also participates in Klima 2050, a research centre focusing on extreme weather and gradual climate change, as well as the climatic adaptation of buildings and infrastructure.

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

Avinor shall focus on long-term goals with regard to the four main environmental challenges of operating airports: climate, energy, noise, and emissions into water and ground.

Effective and systematic environmental management is needed to manage these challenges. Consequently, environmental management efforts have seen a boost in recent years. Centralised environmental management has now been implemented locally at all of Avinor's airports. In 2017, Avinor's environmental management and operations were certified in accordance with the ISO 14001:2015 standard. Fourteen airports are now covered by Avinor's joint certification. An additional 18 airports underwent their first certification audit at the end of 2017, and the remaining airports will be phased into the certification in 2018.

GREENHOUSE GAS EMISSIONS

Avinor's Group-wide climate targets: By 2020, Avinor must halve its total controllable greenhouse gas emissions as compared with 2012 and help to reduce emissions from ground transport and air traffic.

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

Greenhouse gas emissions from airport operations

Avinor's own greenhouse gas emissions relate to the operation of the airports and are relatively small compared with the greenhouse gas emissions produced by aircraft and ground transport. Avinor's biggest source of emissions is the consumption of fuel for its own vehicles, followed by energy consumption and business travel. Svalbard airport stands out in particular in Avinor's climate accounts since the airport's heating and electricity are both provided by a coal-fired power plant. A gradual transition to solar power is underway. Other sources of Avinor's own controllable emissions include the discharge of chemicals for runway de-icing and firefighting exercises.

Avinor produces climate accounts in accordance with the Greenhouse Gas Protocol and purchases climate quotas in order to offset its own emissions. In 2017 Avinor's own verifiable greenhouse gas emissions from airport operations totalled approximately 16,300 tonnes of CO_2 equivalents, which is an increase of approximately 600 tonnes compared with 2012. The primary reason for this is the increased use of runway de-icing chemicals and the increased use of heating oil in 2017 due to a technical error at Oslo airport's energy centre. We saw a slight increase in emissions in 2017, despite the introduction of approximately

200,000 litres of biodiesel to our vehicles and the use of 60,000 litres of bio heating oil. Emissions from Avinor's operations depend heavily on the weather in the winter due to the need for snow ploughing, heating, and the use of de-icing chemicals.

In 2017 Avinor chose to buy origin-guaranteed electricity for the first time. Consequently emissions relating to electricity are nil. In addition, in 2017 the decision was made to deduct electricity consumption from climate targets and instead add this to Avinor's energy targets, since it is better to measure reductions in kWh than CO_2 when it comes to electricity consumption in Norway. To enable the comparison of greenhouse gas emissions year to year, we have therefore decided to deduct electricity consumption from our 2012 target figure. This has also been done for all years displayed in the table of key figures so that the same sources of emissions are compared in the emissions total. Electricity consumption is presented in GWh under "Key figures", page 46.

In Stavanger 16 electric robotic mowers charged by solar panels helped to keep the grass cut in the summer. The solar panels and batteries help to ensure that the mowers always have power. They have a capacity of 20 square kilometres, which is necessary along the 2.5-kilometre-long main runway.

Avinor's goal is to halve its own emissions by 2020. An important measure in reducing greenhouse gas emissions from Avinor's own operations is the introduction of advanced biodiesel, since around half of Avinor's greenhouse gas emissions come from its fleet of vehicles. Advanced biodiesel was used at Trondheim, Bergen, and Oslo airports in 2017. The mixture ratio of advanced biodiesel (HVO) at Oslo airport was over 20 per cent. The objective is to introduce biodiesel at a further four airports in 2018. Advanced biodiesel is used in vehicles that cannot be easily electrified, such as snow blowers and sweepers. The biodiesel used by Avinor does not contain palm oil or palm oil derivatives and conforms to EU sustainability criteria.

When procuring vehicles, an assessment must always be made as to whether a vehicle powered by fossil fuel can be replaced with an electric vehicle. In 2017 Avinor purchased ten new administrative vehicles, of which six were electric and three were hybrids. In addition, efforts are underway to increase the number of charging points in Avinor's parking facilities. The charging infrastructure will be further improved in 2018 and a project has been set in motion to roll out an additional 800 charging points within Avinor, which will be completed in 2018.

To reduce Avinor's greenhouse gas emissions it is also necessary to ramp up the introduction of bio heating oil where possible at individual airports and to switch to renewable energy. Other measures that are essential for reducing energy consumption at Avinor's airports are discussed in the section on energy.

The use of runway de-icing chemicals has increased considerably in recent years due to climatic changes. Consequently, in the years to come it will be important to consider opportunities for obtaining runway de-icing chemicals produced from fossil-free carbon sources. This is not a product that is currently available on the market.

Airport Carbon Accreditation (ACA) is an industry organisation that airport operators can accredit themselves within. The purpose of the scheme is to reduce greenhouse gas emissions from airports worldwide. In 2017 more than 200 airports were part of the scheme. This means that around 40 per cent of global passenger traffic passes through ACA-accredited airports. Within Avinor, Oslo airport, Trondheim airport, and Kristiansand airport have been accredited in the scheme since its inception in 2009. Bergen airport and Stavanger airport have participated since 2014. Airports participating in the scheme must set binding targets for emission reductions, prepare detailed climate accounts, and adopt action plans.

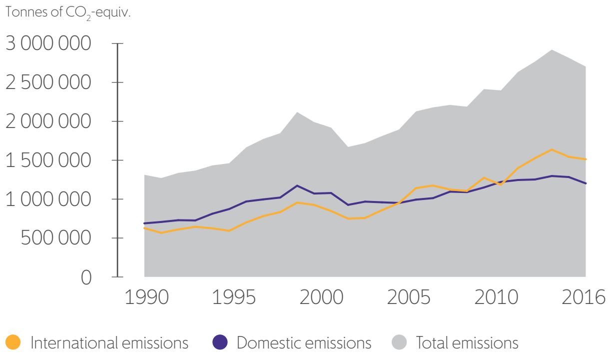
Greenhouse gas emissions from air traffic

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

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

1) Sustainable and socially beneficial aviation – Report, 3 August 2017.

GREENHOUSE EMISSIONS FROM NORWEGIAN AVIATION 1990-2016



According to Statistics Norway, greenhouse gas emissions from all domestic civil aviation in 2016 (most recent official figures) corresponded to 2.25 per cent of total domestic emissions (1.2 million tonnes out of a total of 53.3 million). It is these emissions which are covered by the Kyoto Protocol and which are reported in Statistics Norway's statistics on greenhouse gas emissions from Norwegian territory. This principle is used in all countries.

Greenhouse gas emissions from international traffic (i.e. from Norwegian airports to the first overseas destination) equated to 1.5 million tonnes of CO_2 equivalents in 2016. These emissions are reported annually by the Norwegian Environment Agency to the United Nations Framework Convention on Climate Change (UNFCCC).

Total greenhouse gas emissions from all jet fuel for civil purposes sold at Norwegian airports in 2016 (most recent official figures) is equivalent to around 5 per cent of Norway's total emissions, in the order of 2.7 million tonnes of CO_2 equivalents. For the second year in a row, there was a reduction in greenhouse gas emissions from both international and domestic traffic. Between 2015 and 2016 the reduction was roughly 4 per cent. This reduction in greenhouse gas emissions is primarily due to the use of aircraft that are more energy efficient and fewer aircraft movements.

According to IATA,[2] total CO_2 emissions from global aviation were 811 million tonnes, or about 2 per cent of total global CO_2 emissions (36 billion tonnes) in 2016. In addition, the fact that some of the emissions occur at high altitudes increases their climatic impact. CICERO estimates an additional factor of between 0.8 and 2.5, with a model average of 1.8. Only a limited amount of domestic traffic in Norway occurs at these altitudes[3].

Greenhouse gas emissions from Norwegian aviation

Airlines are continuing their energy efficiency and fleet renewal efforts. SAS's and Norwegian's fleet renewal is ongoing, and both operate only the latest generation aircraft. More energy-efficient engines, improved aerodynamics, lower weight, and more seats mean that the new Boeing 737 aircraft use around 30 per cent less fuel and have lower greenhouse gas emissions per seat-kilometre than previous generation aircraft. The introduction of the Airbus A320 NEO and Boeing 737 Max began in 2016. Both provide a further reduction of around 15 per cent per seat-kilometre.

Airspace efficiency improvements

Airspace efficiency improvements coupled with the optimisation of landings and take-offs are important measures through which Avinor can exercise considerable influence. Free Route Airspace was implemented in 2016, and improved navigation technology facilitates more accurate and flexible approach and departure procedures. Since Avinor commenced a project for satellite-based approaches at Oslo airport, several thousand curved approaches have been carried out. The advantage of these approach procedures is that flights can pass around densely populated areas close to the airport, reducing noise for the airport's neighbours. In addition, aircraft can fly shorter routes thus reducing their fuel consumption and greenhouse gas emissions. In 2017 the pilot project was completed and the procedures were approved by the Norwegian Civil Aviation Authority, so they are available to anyone who would like to apply for approval. The procedures for curved approaches have been implemented at several Avinor airports, and several more airports will implement them in the years to come.

Jet biofuel

Biofuel was certified for use in civil aviation in 2009. Since then, several thousand scheduled civilian flights have been carried out using biofuels, and the development of various technologies for the production of biofuels has picked up pace. According to both the industry and the International Civil Aviation Organization, the introduction of biofuels for aviation is considered to be a very important measure in reducing greenhouse gas emissions from aviation.

The first flights using jet biofuel in Norway were conducted by SAS and Norwegian in November 2014. In January 2016, Oslo airport – in collaboration with AirBP, Neste, SkyNRG, Lufthansa Group, KLM, and SAS – became the first international airport in the world to supply biofuel for all airlines refuelling there. 1.25 million litres of sustainable jet biofuel were used in Norway in 2016. This corresponded to 0.1 per cent of all jet fuel sold in Norway. This scheme was expanded in August 2017 to include Bergen airport, Flesland. There was very limited availability of jet biofuel in the market in 2017, resulting in the mixture of only 125,000 litres of jet biofuel during the year. The biofuels sold to airlines in Norway are produced without palm oil or palm oil products.

Avinor has set aside up to NOK 100 million for a ten-year period (2013-2022) for measures and projects contributing to the introduction of jet biofuel in Norwegian aviation. Together with airlines and the Federation of Norwegian Aviation Industries (NHO Luftfart), Avinor has explored the potential for establishing the large-scale production of biofuels for aviation using biomass from the Norwegian forestry industry. The conclusion is that this can be realised between 2020 and 2025. Jet biofuel can also be imported from abroad. Avinor has worked with a number of stakeholders on the production of jet biofuel for aviation in Norway. In addition, Avinor supports several research projects related to this, including in collaboration with SINTEF, BI Norwegian Business School, and the Norwegian University of Life Sciences.

In June 2017 the Norwegian parliament stipulated that from 2019, 1 per cent of jet fuel in Norway must be biofuel, increasing to 30 per cent by 2030 if such fuel is available. The Norwegian Ministry of Transport and Communications and the Norwegian Ministry of Climate and Environment are now considering how this transition can be implemented in practice.

2) http://www.iata.org/publications/economics/Reports/Industry-Econ-Performance/Central-forecast-end-year-2017-tables.pdf
3) Lund, Marianne T, Borgar Aamaas, Terje Berntsen and Jan S. Fuglestvedt (2016): "Luftfart og klima - En oppdatert oversikt over status for forskning på klimaeffekter av utslipp fra fly" [Aviation and the Climate: an updated overview of the status of research into the climate effects of aircraft emissions], CICERO Report 2016:5.

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

Electrification of aviation

There is considerable interest in and a good deal of activity surrounding the development of electric aircraft. A number of stakeholders, including Boeing, Airbus, Siemens, Rolls Royce, and NASA, are working with and can see the commercial potential of electric and hybrid-electric aircraft. In Norway, Avinor is playing an active role in these efforts. Together with the Norwegian Association of Air Sports (NLF), Avinor has established a long-term project for the introduction of electric aircraft in Norwegian aviation. The project is supported by the government, and the project partners are Widerøe, SAS, and the climate foundation ZERO.

Together with NLF, in 2017 Avinor ordered Norway's first battery-powered electric aircraft. The aircraft, which will be used for demonstration and training purposes, is produced by Pipistrel of Slovenia and is due to be delivered before the summer of 2018.

Norway is in a unique position to utilise electric aircraft thanks to its established local network using small aircraft, great interest in transport electrification and almost 100 per cent renewable electricity. Based on the information Avinor has obtained, a realistic expectation is that the first electric or hybrid-electric aircraft will enter passenger service in Norway by around 2025. Avinor has commenced work to map current and future capacity with a view to charging electric aircraft at the company's airports. Avinor has been commissioned by the government to develop a programme that paves the way for the introduction of electric aircraft in commercial aviation.

Avinor's investment in the electrification of aviation has attracted considerable attention nationally and internationally, and aircraft manufacturers are looking at Norway as a viable first market for such aircraft. Avinor will strengthen its electrification efforts in 2018.

Ground transport

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

The increase in the proportion of public transport in ground transport is affected by the range of parking facilities and public transport services, as well as the composition of air traffic. The most important distinction for public transport is between those who live in the airport's catchment area and who have access to their own car, and inbound passengers who do not have access to their own car. When inbound traffic increases more quickly, so does the proportion of public transport. The proportion of cars increases if locally generated traffic increases more quickly.

For Oslo airport, the high proportion of public transport among domestic travellers has a positive impact. A greater proportion of international traffic is outbound, hence the higher proportion of

Electric or hybrid electric aircraft in passenger traffic in 2025?

car use. Since 2013, however, the increased proportion of foreigners in international traffic has resulted in an increase in the use of public transport, which is the preferred means of transport for this passenger group.

One passenger group that poses a particular environmental challenge for society are those known as "Kiss & Fly", who drive to the airport to drop off or pick up passengers, then drive back home. Avinor wants to encourage this group to use public transport. Number-plate recognition being introduced at all airports in 2018 will charge vehicles that wait for longer than a very limited permitted time, which will help to encourage passengers to take public transport instead of being dropped off and picked up at the airport.

Most measures for increasing the use of public transport fall outside of Avinor's areas of responsibility and require co-operation with a number of other stakeholders. Avinor's most important contribution will be to provide infrastructure at the airports and information about services to passengers. At Bergen airport, bus service information is now displayed on digital displays. In 2018, Oslo airport will work to provide better information regarding bus transport. At the Group level, active efforts are underway with Norway's largest airport bus operators at the four largest airports. The aim of this co-operation is to identify strategies for increasing market share for bus companies at the expense of private cars. In its co-operation with airport bus operators, Avinor has developed specific measures to increase market share for bus operators. These efforts will continue in the years to come. Avinor would like to use this knowledge to facilitate the increased investment in public transport at smaller airports.

Avinor is collaborating with Hordaland County Council to introduce rapid charging points at Bergen airport. Funding has been applied for in Stavanger for charging electric taxis at three locations, one of which is Stavanger airport. The provision of three charging points at Oslo airport's taxi rank was approved in 2017.

Oslo, Bergen, and Trondheim have seen a positive development in the use of public transport as a means of ground transport since 2009. Depending on how the situation develops, Avinor will set its sights higher heading towards 2030. The target for Oslo airport has already been set at 75 per cent by 2030. The Bergen light railway started serving Bergen airport in April 2017 and has reduced the number of people parking their cars there.

SHARE OF PUBLIC TRANSPORT AT AVINOR'S FOUR LARGEST AIRPORTS

	SHARE OF PUBLIC TRANSPORT				
AIRPORT	2009	2015	2017	TARGET 2020	TAXI 2017
Oslo	64	71	70	70	4
Stavanger	14	18	21	30	20
Bergen	27	42	43	50	16
Trondheim	42	52	49	50	10

Source: Air passenger surveys (RVU)

CO_2 tax and emissions trading

Norway is one of the few countries in the world to impose a CO_2 tax on domestic aviation. In 2017 this amounted to NOK 1.10 per litre of jet fuel, or NOK 431 per tonne of CO_2 (+ 10 per cent VAT). In accordance with international agreements, a CO_2 tax cannot be imposed on international traffic.

Since 2012 civil aviation has been part of the EU's emission trading system, in line with the energy and industry sectors. Around 75 per cent of flights within and from Norway are covered by the EU's emission trading system. The EU's goal is that emissions in sectors subject to quotas be 43 per cent lower in 2030 than in 2005. Airlines must apply for and are allocated a certain number of free quotas based on their production in 2010. They must then either reduce their emissions or buy quotas for excess emissions. The quota price[4)] has varied between NOK 235 per tonne of CO_2 in July 2008 and NOK 21 per tonne of CO_2 in April 2013. As at February 2018, the quota price was roughly NOK 90 per tonne. The EU is expected to reduce the scope of available allowances in the lead up to 2030 to ensure that targets are achieved. This will increase quota prices and, in the longer term, result in higher costs for Norwegian aviation.

A passenger tax was introduced for all departures from Norwegian airports on 1 June 2016. In 2017 this was NOK 82 per passenger.

The UN's International Civil Aviation Organisation (ICAO) has set a target of carbon-neutral growth in international aviation from 2020. At the ICAO general meeting in October 2016, it was agreed to introduce a quota system for greenhouse gas emissions from international aviation, which, along with other measures, will help to reach the target. The first six-year phase of the mechanism through to 2021 will be voluntary for the states. So far, 73 states, including Norway, have voluntarily participated in this phase. Air traffic between these states accounts for almost 90 per cent of international air traffic.

Climate adaptation

In Norway, it is expected that climate change will result in a warmer, more volatile, and wetter climate with wide regional and local variations. Extreme weather events and natural disasters will be more frequent, and if we cannot adapt our infrastructure to cope with these, there will be serious material and economic consequences.

Since 2001, Avinor – together with the Norwegian Public Roads Administration, the Norwegian Coastal Administration, and the Norwegian Railway Directorate – has assessed the impact of climate change on Norwegian transport infrastructure through its efforts relating to the National Transport Plan. In addition, Avinor has conducted its own risk and vulnerability analyses and implemented a number of measures relating to its own infrastructure. Avinor's climate adaptation efforts also extend to co-operation with the ICAO and Airport Council International (ACI).

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

An example of this is project planning work for the new airport in Bodø, which started in 2017. To ensure high levels of regularity and punctuality throughout the airport's life, climate adaptation is a key element of detailed planning and must be taken into account when selecting materials and conducting assessments in relation to drainage capacity.

EMISSIONS TO WATER AND GROUND

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

In recent winters, Avinor's use of de-icing chemicals has generally increased. This is primarily with regard to aircraft de-icing chemicals due to more inclement weather. Aircraft de-icing chemicals are used more particularly when there is precipitation in the winter, in order to prevent the formation of ice on aircraft. During the course of 2017, 11 of Avinor's 45 airports used more de-icing chemicals than permitted.

Oslo airport is one of the airports that exceeded its discharge permit for de-icing chemicals in 2017. Discharge permits are recipient based, which means that there is no specific limit to the amount of chemicals we can use in our de-icing activities. However, the condition is that the recipient – a water source or the ground – must not be damaged as a result of discharge. In the winter of 2016/17, four discharge permit breaches occurred in relation to a watercourse by the airport. In 2017 there were a total of nine discharge permit breaches in relation to groundwater. Consequently, efforts are underway to assess the long-term effects on the ground and groundwater as a result of de-icing chemicals spread along the runways and taxiways. Insufficient oxygen has limited the breakdown of the chemicals in the most critical areas. In light of this, 65 wells have been drilled to supply the ground and groundwater with air. The project was launched in 2016 and has had a positive effect through the increased breakdown of the chemicals.

In 2017 Avinor received new discharge permits for Kirkenes, and a permission to use the firefighting exercise areas at Alta airport for an extended time. For Røst, Rørvik, Førde, Sogndal, Svalbard, Bodø, Trondheim, and Tromsø airports new discharge permits were applied for.

Avinor's environmental target for the period 2016 to 2020 is that no new ground contamination or worsening of water quality may occur at any of its airports. Although neither occurred in 2017, two incidents were recorded that posed a risk of permanent contamination of the water and/or ground. At Bodø airport, leaks occurred in two large tanks containing formatebased de-icing chemicals. In both cases, the leaks were caused by manufacturing faults in the welds, which are the supplier's responsibility. At Sogndal airport, water containing glycol leaked from a glycol holding tank in the de-icing area when a discharge valve on the tank was not put in the winter position. This resulted in water containing glycol being discharged into marshland north of the operations building. This is being monitored closely.

A lot of terrain work was conducted at several of Avinor's airports in 2017. There is considerable emphasis on potential ground contamination, and many trials have been conducted to determine the correct processing methods for excavated earth. The focus on ground contamination is also incorporated into the development of a master plan for each airport. Liability related to old/new contamination is also being addressed in the preparation of templates for new lease contracts.

4) Page 46 of Prop 1 LS 2015-2016: Tax, duties, and customs 2016.

At Førde airport, in the autumn of 2017 the decision was made to construct a new operations building and an ancilliary snow facility, as well as to improve and increase the capacity for holding water containing glycol from the de-icing platform and snow depot/facility. In addition to the improved management of glycol run-off from de-icing operations, it will be necessary to process earth containing PFAS in connection with excavations for the new buildings. The outcome is expected to be an airport with cleaner ground and a smaller impact on the surrounding environment.

PFAS

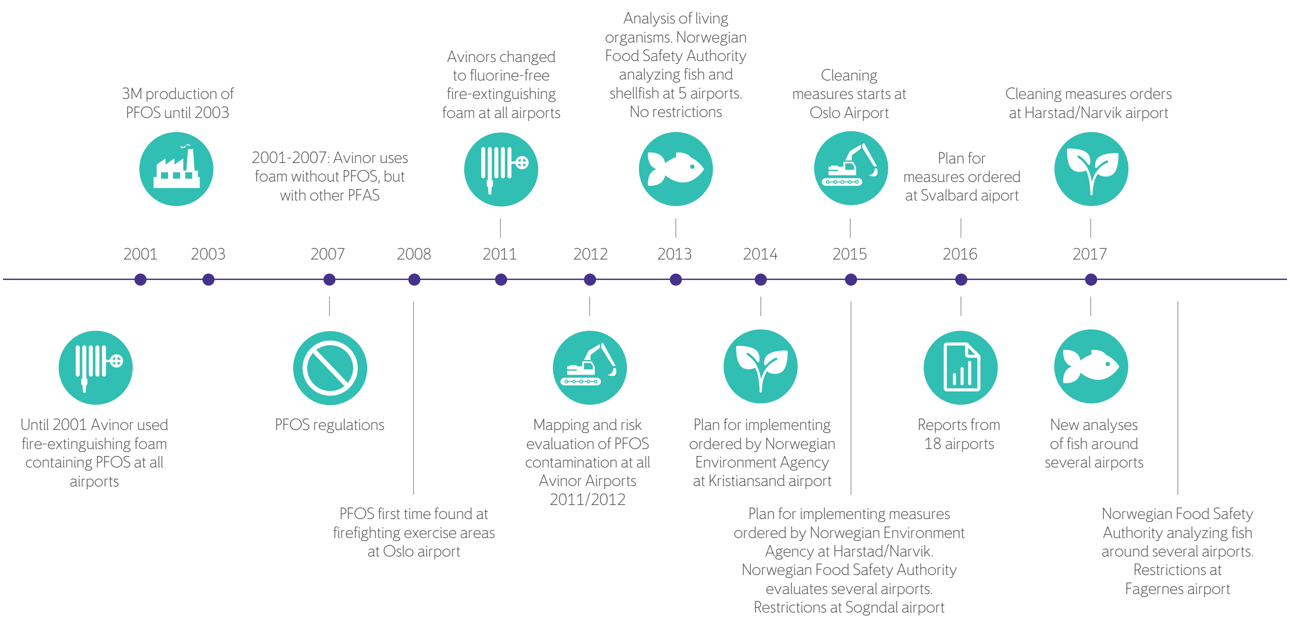
Until 2011, Avinor used various types of per- and polyfluoroalkyl substances (PFAS) in fire-extinguishing foam in its firefighting exercise areas. The most common compound, PFOS, was phased out in 2001. Since it has been documented that several PFAS compounds are toxic and heavily biodegradable, Avinor has switched to fluorine-free fire-extinguishing foam. However, several years of using fluorinated fire-extinguishing foam has led to ground contamination in several of Avinor's firefighting exercise areas, as well as in other areas used for exercises in the past. This contamination means that some types of PFAS are still leaking out into the natural environments around the airports. Avinor has been working on this issue for several years (figure A) and is keen to take responsibility for the contamination caused by airport operations, although this must be proportionate from a socio-economic cost/benefit perspective.

Earth contaminated with PFAS poses a challenge to Avinor in its development projects, be they big or small. Avinor has established an internal limit (concentration) for when special consideration must be given to excavation works involving earth contaminated with PFAS. This limit is stricter than the authorities' requirements (applicable standard value). The processing of earth contaminated with PFAS is a challenge that Avinor is working to overcome, as only a small number of processing centres can take soil contaminated with PFAS.

Avinor is continually monitoring PFAS contamination at its airports, and sampling for PFAS analysis has been incorporated into the annual environmental monitoring programmes. In 2017, in addition to the regular monitoring of water at outflow points and recipients, fish sampling in recipients was conducted at several airports (Svalbard, Narvik, Harstad/Narvik, Fagernes, and Bergen). Some of the sampling is related to orders by environmental authorities, while other sampling has been carried out on Avinor's own initiative. A purification facility for groundwater containing PFAS is in operation at Oslo airport, and measures are being evaluated at other airports. At Harstad/Narvik airport the Norwegian Environment Agency has ordered Avinor to implement measures to clean contaminated water from a stream from a decommissioned firefighting exercise area. Avinor is maintaining positive dialogue with the Norwegian Environment Agency regarding the PFAS issue.

At Oslo airport, efforts are underway to reduce the discharge of PFAS from contaminated ground in the firefighting exercise area. Before this began, the quantity of PFOS remaining in the ground and groundwater was estimated to total 80 kilograms. In 2017, measures were implemented to remove PFOS from both the ground and the water. Groundwater, drainage water, and waste water are cleaned continuously by way of three carbon filter purification facilities that were commissioned in 2015 and 2016. In 2017, earth contaminated with PFOS (2275 tonnes) was excavated and disposed of, in addition to on-site efforts to decontaminate the earth. This decontamination process works by passing a steady amount of clean water through the earth contaminated with PFOS so that the PFOS are released from the surface of the soil particles and transferred into the water. This water is then collected and purified in the carbon filter facilities.

It was estimated that between the implementation of the measures and the end of 2017 a total of 16.2 kilograms of PFOS would be removed from the firefighting exercise area. This corresponds to around 20 per cent of the total volume of PFOS. Of these 16.2 kilograms, 7.5 kilograms were removed by way of the excavation



The timeline shows important events in connection with the PFAS case.

and disposal of earth. The remaining 8.7 kilograms were removed through the purification of groundwater and drainage water containing PFOS.

AIR QUALITY

The air quality in and around airport areas is determined by local and regional emissions, weather conditions, and topography.

Locally at airports, emissions from airport operations have the biggest bearing on air quality, with aircraft and vehicles as the primary sources of emissions. Outside of the airport areas, emissions from road traffic have the biggest bearing.

In 2001, NILU was commissioned by Oslo airport to conduct a large-scale survey of local air quality. Calculations and measurements were made at various locations around the airport.

NILU's report concluded that air quality in and around the airport is much better than in urban areas. In 2015 it was decided that this report should be updated. The results are now available.

The report looks at four areas: an air quality survey of the area around Oslo airport; odour problems that sometimes occur; whether homes around Oslo airport have been discoloured by aircraft emissions; and whether surface tension in reservoirs and tarns has been reduced due to aircraft emissions. The report shows that the concentration of nitrogen oxides is well under current threshold values and that there is no reason to believe that this results in health problems.

Even if jet fuel can be smelt, this is caused by a very small amount that is well under the concentrations that would pose a risk to health.

In addition, there is no indication that the discolouration of homes around Oslo airport has been caused by emissions from aircraft. The surveys were conducted at Avinor's busiest airport. There are no indications that results would be hugely different at any of the other airports operated by Avinor.

NOISE FROM AIRCRAFT AND HELICOPTERS

Avinor's Group-wide noise targets: Avinor will work actively to reduce the impact of noise from aircraft and helicopter traffic for residents at 10[5)] of Avinor's noisiest airports by 2020.

Around 2 per cent of Norway's population lives in an area where there is outdoor noise from aircraft that exceeds Lden 50 dBA.[6)]

This mainly includes people exposed to noise from military jets, as well as those living close to the largest civilian airports and airports with considerable volumes of helicopter traffic. Since 1999, the number of people exposed to aircraft noise has remained relatively constant, in spite of the sharp increase in traffic. This is because newer aircraft engines are quieter.

One of Avinor's key areas of intervention in the external environment is noise from aircraft and helicopters on account of its importance to the local environment around airports. Avinor is working actively to limit the impact of noise from civilian aircraft and helicopter traffic on those living in the vicinity of airports. Regular noise surveys have been conducted at all airports, and flightpaths at the major airports have been monitored.

The most important tool for mitigating increased exposure to aircraft noise in residential areas is aircraft noise maps that provide long-term predictability by visualising noise footprints. Municipalities are required to use these maps in their area planning. Aircraft noise exposure depends on aircraft types, traffic volume, runway use, choice of flight path, and traffic distribution throughout the day.

Apart from noise maps, Avinor's most important tool is traffic management and the adjustment of approach and departure procedures.

In May 2016 revised noise regulations developed by the Norwegian Civil Aviation Authority came into force for Oslo airport. These regulate things like runway use and which local areas around the airport can be flown over. The regulations permit the permanent use of curved approaches as the flightpaths are located away from densely populated areas. More than 5,350 curved approaches took place in 2017.

The regulations also specify an adjusted departure corridor for departures from the airport's north-east corner. Compliance with the new departure corridor exceeds 95 per cent for the whole of 2017. This adjustment makes it possible to maintain departure capacity at the airport while avoiding flying over densely populated areas around the airport.

The introduction of the Sikorsky S92-type helicopter for offshore transport has resulted in a significant increase in the impact of aircraft noise at some airports. Newer aircraft noise maps show that helicopter traffic is increasing the size of the red aircraft noise zone where, in practice, it is forbidden to build schools, preschools, homes, and cabins. Helicopter traffic also has a considerable impact on the size of the yellow aircraft noise zone under which development can take place but only if such development involves noise-mitigation measures. In 2012, Avinor took the initiative to establish a national helicopter noise committee consisting of representatives from Avinor, oil companies, helicopter operators, and the administrative management of the affected municipalities. The committee co-ordinates measures that seek to reduce the impact of noise.

At Bergen and Stavanger airports a system for monitoring radar data from air traffic was implemented in 2014. This was followed in 2015 by partnerships with affected municipalities to establish amended approach and departure procedures to reduce the number of people exposed to noise from offshore helicopter traffic. Preliminary adjustments supported by the flightpath registration system have been well received by neighbours and are now in the process of being implemented permanently.

5) Oslo, Stavanger, Bergen, Trondheim, Tromsø, Kristiansand, Ålesund, Brønnøysund, Kirkenes, Florø.
6) Lden = an A-weighted equivalent noise level for the day-evening-night with a 5dB/10 dB addition for the evening/night. The Lden level is calculated as the average noise impact over one year. Lnight = an A-weighted equivalent level for an eight-hour night-time period from 23:00 to 07:00.

ENERGY

Avinor's environmental strategy 2016-2020: Avinor must reduce purchased energy by 25 per cent by 2020 compared with the energy consumption of its buildings and facilities in 2012.

Measures to reach this target include active energy management at airports, energy measures, the phasing-out of fossil-based energy sources, and an increased share of self-produced energy.

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

A decision has been made to establish separate targets within Avinor's environmental strategy with regard to the reduction of energy consumption. This will be achieved through active energy management, beneficial energy measures, switching from electricity to water-borne heating, and an increased share of self-produced renewable energy. In 2017, origin-guaranteed electricity was purchased for all of Avinor's airports, which covers Avinor's total electricity consumption.

Total energy consumption at Avinor increased somewhat in 2017 compared with 2016, but less than expected considering the completion of the major construction projects and the increase of floor space, particularly in the new terminal buildings at Bergen and Oslo airports.

Several energy-saving measures covering things like runway lighting, indoor lighting, and heat recovery were implemented at Oslo airport in 2017. A major project involving changing all carpark lighting to controlled LED lighting was initiated in 2017. The project is due for completion in 2018 and is expected to result in major reductions in power and electricity consumption. Oslo airport is also investing in self-produced energy. In 2017/18 a pilot project is being carried out involving drilling for geothermal energy at depths of up to 1,500 metres. This is twice as deep as previous drilling operations into Norwegian bedrock. If successful, this will help to supply Oslo airport with heat in the years to come.

In 2017, all airports started to introduce energy management and energy monitoring systems. In addition, comprehensive evaluations of energy measures have been conducted at all airports. There is still some work to do before work is complete in 2018. Energy-saving measures have been implemented at the airports, including switching to LED lighting, upgrading heating and ventilation equipment, retrofit insulation, and improved demand management. A plan has been developed for the phasing-out of fossil-based heating oil at all airports, and efforts are due to commence with the largest consumers in 2018.

The solar panel system at Svalbard airport was further expanded in 2017. A further expansion is planned for 2018, as is a study into the potential for using wind turbines. Stavanger airport started work on a concept study for innovative energy and environmental solutions in buildings, areas, and energy systems, supported by Enova. Twenty autonomous mowers have also been installed to cut the grass along Stavanger's runway. These are charged using solar panels.

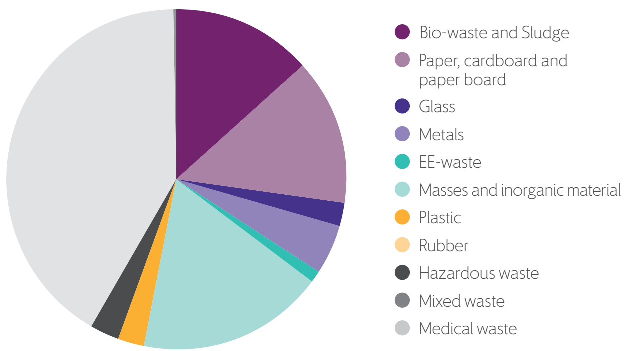
WASTE

Airport operations generate waste from public areas such as security control, food outlets, shops, and waiting areas, as well as from workshops, garages, offices, the cleaning of aircraft, and, not least, construction projects.

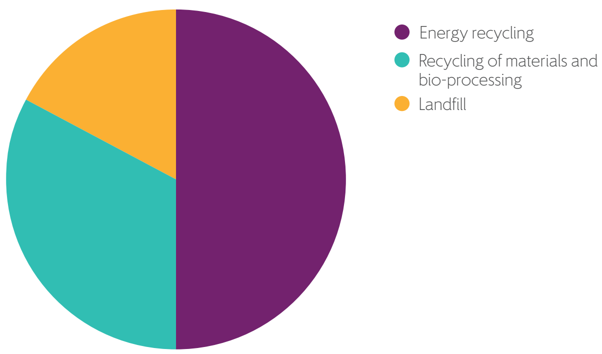
Avinor and Oslo airport have implemented systematic efforts with regard to waste sorting and the proper handling of hazardous waste. Avinor produced a total of 13,195 tonnes of waste in 2017. This is a 35 per cent increase on 2016. This increase is due to the disposal of large amounts of earth contaminated with PFOS, and to some extent to increased activity at Oslo airport following the opening of the new terminal, which has resulted in increased cardboard and food waste. Avinor's recycling rate was 57 per cent. A total of 381 tonnes of hazardous waste was disposed of in 2017.

As of 2016, waste figures have been adjusted in accordance with the definitions of NS9431 Classification of Waste. The figures for Oslo airport for 2016 and 2017 cover Avinor Oslo airport but no other stakeholders at the airport. Consequently the figures for the last two years cannot be easily compared with figures for earlier years.

WASTE SORTED BY MAIN TYPES (NS9431)



WASTE SORTED BY FINAL TREATMENT



Avinor is in the process of ISO14001-certifying the operations of all airports. In 2017, central environmental management and 14 airports will be part of Avinor's common ISO 14001 certificate. The remaining airports will be included in the certificate in the course of 2018.

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

Going forwards, Avinor will continue to optimise the sorting of waste pursuant to the opportunities available to each airport. Avinor is continuing its co-operation with professional partners to ensure the optimal and safe handling of waste. This includes assistance in developing local waste management plans adapted to the airports' needs and the recipients' opportunities, as well as in order to minimise the number of journeys for transporting waste and their distance. Avinor is focusing on the safe and proper handling of hazardous waste.

BIODIVERSITY

Many of Avinor's airports are located in or around areas rich in biodiversity. These areas include conservation areas with rare or endangered species, salmon rivers, and salmon fjords.

In order to maintain a good overview of the natural values of Avinor's properties and of areas that can be affected by airport operations, Avinor has conducted biodiversity surveys at its airports. For each airport a survey report has been prepared that contains descriptions and management advice. The results of the reports are followed up and incorporated into both operations and projects. In addition, the results are used in things like environmental risk analyses, environmental monitoring programmes, and the planning of development and construction activities.

Management plans for the hayfields at Kristiansand airport, Kjevik were revised in 2017 pursuant to new information about managing hayfields. The management plans will be amended to prevent overgrowth in the fields and to ensure good conditions for insects and flowering plants.

The surveys are updated or supplemented as required. In 2017 a supplementary survey of insects with a special emphasis on bumblebees was conducted at Oslo airport.

The great yellow bumblebee (listed as seriously endangered) was found both within and outside the airport boundary. The red-shanked bumblebee (listed as almost endangered) was found within the airport boundary. There were 12 species of bumblebee within the boundary and 11 species outside. This is in addition to a number of other species. There is a wealth of flowers both within and outside the boundary that are well suited to a wide range of insects.

PROCUREMENT AND THE ENVIRONMENT

Avinor procures products and services worth considerable amounts of money. Procurement totalled NOK 7,164 million in 2017, of which NOK 4,130 million relates to investments in major construction projects such as terminal expansions and runway extensions. NOK 3,033 million relates to operating purchases.

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

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

Avinor has a centralised procurement unit in order to strengthen the professional procurement environment and establish clear interfaces with other professional areas, including the environment. The environment department is working closely with the central procurement departments to assist with specific procurements as well as to provide general advice on environmental conditions relating to procurement. Avinor's project management system must cater for the external environment in building and construction projects. Environmental monitoring plans are drawn up for the execution of major building and construction projects to cater for the external environment in the planning and construction phases, as well as to ensure that the environment is taken into account when choosing solutions.

Key figures climate and environment 2012-2017

GREENHOUSE GAS EMISSIONS [1)]

		2017	2016	2015	2014	BASELINE 2012
Avinor monitors	tonnes CO_2-equiv.	16 300	15 100	15 500	15 120	15 700
Avinor monitors/passenger	g CO_2-equiv./passenger	308	297	310	302	338

ENERGY

		2017	2016	2015	2014	BASELINE 2012
Electric Power	GWh	245	230	231	223	216
District heating	GWh	25	22	12	15	27
Oil heating	GWh	6.0	2.8	2.8	1.7	3.3
Reserve power	GWh	0.8	0.9	1.7	2.3	1.8
Total	GWh	276	256	248	242	248

VEHICLES – FUEL AND OTHER ENERGY

		2017	2016	2015	2014	BASELINE 2012
Diesel	litre	2 598 254	2 464 308	2 669 237	2 625 548	2 647 035
Petrol	litre	59 460	60 805	65 619	76 255	104 608
Biodiesel	litre	199 730	81 767	9 280	-	-
Electric vehicles	km	58 595	72 472	85 134	-	-
Hydrogen vehicles	km	10 914	21 833	16 773	-	-

WASTE

		2017 [2)]	2016 [2)]	2015	2014	BASELINE 2012
Sorted waste	tonnes	7 542	4 687	7 999	8 407	7 370
Mixed waste	tonnes	5 654	5 058	5 793	6 087	5 560
Total amount of waste	tonnes	13 195	9 745	13 792	14 494	12 930
Sorting grade	%	57	48	59	58	57
Hazardous waste	tonnes	381	285	385	515	-

FIRE/ACCIDENT CHEMICALS

		2017	2016	2015	2014	BASELINE 2012
Jet fuel- A1 / Paraffin	litre	73 852	68 470	72 225	72 965	100 952
Diesel / Petrol	litre	2 560	767	3 333	5 656	2 478
Propane	kg	4 064	2 028	3 837	2 662	3 324
Fire-fighting foam	litre	25 916	23 886	27 356	20 785	36 209
Training foam	litre	1 006	1 762	1 610	-	-
Fire-fighting extinguishing powder	kg	19 563	19 973	23 719	17 247	19 274
Technical alcohol	litre	872	1 545	1 156	721	869
Kindling wood	kg	3 892	6 744	5 397	2 427	1 272

DE-ICING CHEMICALS

		2017	2016	2015	2014	BASELINE 2012
Aircraft de-icing chemicals						
100 % ethylene glycol	litre	3 646 921	2 716 432	2 412 346	2 287 775	2 353 921
Runway de-icing chemicals						
Formate (liquid form) 3)	litre	4 313 719	3 622 010	3 552 317	2 591 111	2 470 872
Formate (solid) 3)	kg	742 529	477 530	443 850	210 275	264 303
Environmental impact measured as COD 4)	tonnes O_2	731 565	580 693	563 887	385 208	382 003

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

		2017	2016	2015	2014	BASELINE 2012
Aircraft de-icing	number	11 5)	10 5)	3	4	8
Runway de-icing	number	1 5)	1 5)	1	1	0

NUMBER OF EMISSIONS WITH DANGER OF WATER AND LAND POLLUTION

		2017	2016	2015	2014	BASELINE 2012
New incidents of water and land pollution	number	2	2	-	-	-

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

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

Avinor shall be a professional and attractive employer

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

Our 2017 employee survey showed that 70 per cent of our employees are highly or very highly committed to their job.

- Avinor has a good working environment
- Job satisfaction is high
- 80 per cent perceive Avinor to be an attractive workplace

RESTRUCTURING

Avinor implemented a restructuring process in 2016 as a result of the Group's modernisation programme. Some restructuring efforts continued into 2017. A significant proportion of the Group's employees are affected by the restructuring, as well as by other changes. Avinor stresses the importance of implementing changes in a professional and orderly manner, with employee representatives and safety co-ordinators as important partners. The Group must take good care of its employees in all change processes, be they major or minor. Consequently, managers, employee representatives, and safety personnel have been given the requisite training in the restructuring and communication, and this will continue going forwards. Avinor has used voluntary agreements and scheduled departures to avoid making redundancies.

CO-OPERATION

Avinor has a high level of trade union membership. Avinor AS and Avinor Flysikring AS have collective agreements with their respective unions. The employee representatives are instrumental in achieving the Group's targets. In 2017 Avinor maintained close and constructive co-operation with employee representatives, with respect to ongoing administrative procedures as well as to more extensive change processes. One goal is to further develop this model of co-operation between employee representatives and management to ensure good working conditions, stable operations, and cost-effectiveness throughout the Group.

Three of the eight representatives on Avinor's Board of Directors represent Avinor's employees. In addition, representatives are elected by and from among employees to the Board of Directors of Avinor Flysikring AS.

CONTINUOUS IMPROVEMENT

Continuous improvement is a strategic focus area for Avinor, the aim being to create a shared culture for improvement throughout the Group. In 2017 Avinor commenced efforts to establish a Group-wide framework for training for use throughout the organisation. A comprehensive range of courses has been developed offering a broad spectrum of training tailored to various target groups. The foundation primary course for all employees can be supplemented with more specialised training. Tailored training for managers and close interaction with other management development measures ensure a broad anchoring in improvement efforts. Oslo airport has worked systematically with continuous improvement for several years, with very good results. Elements of continuous improvement are used at other Avinor airports as part of improvement efforts. Tailored assistance is provided in order to implement improvement efforts within individual units as required. Improvement activities and processes are incorporated in Avinor's SMART management system.

SKILLS DEVELOPMENT

Employees with the right skills are essential to Avinor's success. In addition to efficiency improvements, developments in technology and digitalisation result in new forms of learning and collaboration. This necessitates a comprehensive boost in skills throughout the Group. Skills stipulated by the authorities constitute a significant portion of Avinor's training activities, with constant updates and new certifications. A major project commenced in 2018 to design and implement a modern and future-oriented training organisation. Avinor worked intensively in 2017 to ensure that all airport managers are approved pursuant to the new requirements of the Norwegian Civil Aviation Authority. In connection with this, a new programme for Operational Maintenance Managers (airport managers) has been developed, which will also form the basis for future skills development for this group.

Effective management is fundamental to Avinor's business and employee relationships, and the Group is investing widely in management development. Digitalisation skills, commercialisation, and continuous improvement will be vital for meeting future challenges. The development of part two of Avinor's management platform commenced in 2017, which managers are due to start using in 2018. This is a continuation of Avinor's management platform which was used by 450 managers, key personnel, safety co-ordinators, and employee representatives between 2013 and 2017. In part two of the platform, Avinor will supplement traditional management development with digital communication and interaction tools. This is cost-effective and develops managers' digital skills. Efforts are being strengthened and supplemented through the development of an effective management team. In addition, a number of courses are being implemented in practical operational leadership, both systematically and as required.

The focus on projects as a means of working in Avinor is supported by Avinor's project school. The project school enables employees to undertake formal further education in the field of project management and methodology.

Avinor has its own internship programme that runs during the summer and allows students to write their bachelor's or master's theses in co-operation with the Group. In addition, Avinor arranges workshops with students where together we solve specific challenges that Avinor faces in its project portfolio.

Avinor established 12 new internship places in 2017 (at Oslo, Stavanger, Trondheim, Ålesund, Tromsø, and Lakselv airports) in addition to those begun in 2015 and 2016. Avinor had 24 interns in 2017, compared with its target of 33. The reason for this was the limited number of candidates, as well as the limited number of challenges that met varied practice requirements and enabled us to offer internship places. Through co-operation with other stakeholders at the airports and other businesses in the local area, Avinor is working concertedly to offer more internship and work experience places. Avinor's own resources have been set aside centrally to strengthen our internship scheme efforts.

INCLUSION AND EQUALITY

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

Avinor has systematized and formal conversations with the employees that ensure neutral salary and career development. The Group's recruitment policy contains specific guidelines that ensure the objective measurement of qualifications in interview situations. Many positions in Avinor have statutory non-negotiable requirements with regard to health, physical condition, conduct, and security clearance. This may limit Avinor's adaptation opportunities.

Avinor is a male-dominated business. Over time the Group has focused on increasing the proportion of women employees. The percentage of women among permanent employees is 22 per cent. The proportion of women in managerial positions is approximately equal to the proportion of women in the company, with 20 per cent in the Group as a whole, 33 per cent in the executive management, and 37.5 per cent on the Board of Directors.

The Group had a low staff turnover rate of 3 per cent in 2017. Consequently, increasing the proportion of women through new employees is protracted. In addition, few women train in the professions that Avinor recruits for, such as airport operations, firefighting, rescue, and air traffic control. The Group aims to increase its percentage of women employees to 25 per cent in 2020, and this is being monitored closely. Avinor's recruitment policy contains clear guidelines that promote a gender balance, from the design of recruitment adverts to the interview and selection process. Equal opportunities for men and women in management are a focus area in all of Avinor's management and employee development programmes. Employee surveys to confirm that employees feel that they have equal opportunities regardless of their gender, and there is a high level of commitment in the Group.

As an Inclusive Working Life company, Avinor emphasises the prevention of exclusion from work and has schemes in place especially for employees who no longer meet physical and medical requirements due to illness or other circumstances. In 2017 Avinor had adapted work agreements in place with approximately 30 employees to enable them to maintain their employment with the company.

In 2017 several schemes were implemented for the employment of people with disabilities and reduced occupational opportunities. Partners in these efforts include NAV, Helt Med, Church City Mission, and social enterprises. Experiences have been positive overall. The plan going forwards is to allocate resources centrally to implement 10 to 12 adapted measures per year. This makes it easier for the units to include people with special challenges.

BREACH OF WORKING HOURS PROVISIONS

It is important that Avinor does not breach the working hours provisions of the Working Environment Act. The Group systematically monitors how working hours are used. Training among managers and shift planners has been implemented..

After many years of significant reductions in breaches of the working hours provisions of the Working Environment Act, this trend stagnated in 2016. Efforts were intensified in 2017, which has yielded good results. The total reduction in the number of breaches of working hours provisions for the Group was 27 per cent from 2016 to 2017. The use of overtime in the Group fell by a total of 0.5 per cent in 2017.

HEALTH, SAFETY, AND ENVIRONMENT (HSE) EFFORTS

Avinor's overall objective in the field of HSE is to ensure that the Group's strategies and overall plans are in accordance with laws and agreements, and that these are complied with and followed up. The long-term goal is to avoid personal injury and HSE non-compliance by bolstering health, safety, and environment efforts, as well as to ensure that HSE is clearly integrated into the day-to-day work of the entire line organisation.

Responsibility for HSE efforts is shared between the Group Team for Safety and Quality and the Group Team for HR. Primary responsibility lies with the former. The HSE group has been reorganised during the course of the year, and new employees have been recruited.

An action plan for HSE efforts has been drawn up with the following core areas:

- Improvement of reporting chain for HSE non-compliance and personal injury, including a regime for internal investigations following personal injury.
- Systematic development of HSE skills among management, contract managers, and safety personnel.
- Mapping of Avinor's HSE risk outlook.
- Co-ordination of HSE work with other airport stakeholders, both in operations and development projects.
- Systematic efforts to reduce sickness absence.

Seven injuries were suffered by Avinor Group employees that resulted in absence in 2017, six of which occurred in Avinor AS and one in Avinor Flysikring AS. The Group's LTI rate (the number of injuries resulting in lost time per million hours worked) as at 31 December 2017 was 1.4, which is a reduction from 4.0 recorded at the end of 2016. The target of 3 or lower was thus achieved.

Avinor also receives reports of personal injuries among passengers and employees of other stakeholders. A total of 76 personal injuries were reported among these groups in 2017.

Safety organisation

Avinor is divided up into specific safety areas, with a safety co-ordinator responsible for each area. Although all airports must have at least one safety co-ordinator, many airports have several. Working environment committees have been established at the central, division, and local levels. The committees consist of safety co-ordinators and representatives from among employees and management. Avinor's occupational health service, chemicals committee, and the cooperation with AKAN (advisory centre for issues relating to alcohol, drugs and addictive gambling and gaming) also form part of Avinor's safety organisation.

Systematic efforts to reduce sickness absence

Avinor has good sickness absence procedures. Efforts relating to sickness absence are in the spotlight, with effective, systematic efforts being made throughout the organisation to maintain a low level of sickness absence. A final report from a sickness absence project was submitted in the spring of 2017. The report outlined findings and proposed measures that are being followed up on for efforts to further improve sickness absence.

An Inclusive Working Life committee was established in Avinor on 1 January 2018. The committee is representative and seeks to facilitate inclusion and support the objectives of the "Memorandum of Understanding concerning more Inclusive Working Conditions" in Avinor. This enables the establishment of preventative measures throughout the organisation. This means that the management, employee representatives, and safety co-ordinators convene to discuss fundamental issues relating to the primary and secondary objectives of the Inclusive Working Life agreement.

Avinor's partnership with Norges Bedriftsidrettsforbund - Aktiv Bedrift (Norwegian Association of Corporate Sport - Active Business) continued in 2017. The objective is to motivate employees to engage in physical activity. Attendance has been very good, with 1,380 employees getting active during the year. Avinor is working systematically, by way of internal regulations, skills development, and awareness, to mitigate the harmful effects of drugs.

Sickness absence was 4.5 per cent in 2017. This matches Avinor's target.

AVINOR'S EMPLOYEES – KEY FIGURES

	2017	2016	2015
Permanent employees as at 31 December	3 098	3 074	3 157
Temporary full-time equivalents [7]	209	200	153
Average age of permanent employees	46.6	46.0	44.4
Total turnover [8]	3.0 %	4.9 %	2.2 %
Percentage of women [9]	22.0 %	22.1 %	24.1 %
Percentage of women in managerial positions	20.1 %	17.9 %	21.5 %
Percentage of women in executive management	33.3 %	25.0 %	18.0 %
Percentage of women on the Group's Board of Directors	37.5 %	50.0 %	50.0 %
Absence due to illness	4.5 %	4.7 %	4.6 %
LTI rate [10]	1.4	4.0	3.3
Avinor as an attractive company (scale 1-5)	4.0	4.0	4.1

AGE DISTRIBUTION	BOARD OF DIRECTORS	EXECUTIVE MANAGEMENT	PERMANENT EMPLOYEES	TURNOVER
<30	0.0 %	0.0 %	6.3 %	0.5 %
30-50	20.0 %	33.3 %	51.9 %	2.4 %
50<	80.0 %	66.6 %	41.8 %	4.2 %

7) Including air traffic controllers.
8) Including all reasons for termination of employment, excluding final agreements.
9) The percentage of women among permanent and temporary employees.
10) Number of work-related accidents resulting in absence per 1,000,000 working hours.

Avinor shall ensure that it conducts its business responsibly

Avinor is working systematically to combat all forms of corruption, discrimination, environmental crime, and harassment. The Group's ethics guidelines are compulsory for management, employees, suppliers and partners.

ETHICS GUIDELINES

The Group´s Board has established ethics guidelines that apply to the Board and all members of staff. More than 90 per cent of employees have completed Avinor's ethics guidelines course, which covers the prohibition of corruption, bribery, and anti-competitive behaviour in violation of competition rules. In 2017 Avinor developed additional ethical dilemmas and concluded an agreement with an external supplier for training all management groups and other personnel exposed to risk. A scaled-down version of the training is being rolled out to other employees. The course is mandatory for all employees and hired personnel.

ANTI-CORRUPTION

Avinor has a zero-tolerance policy in relation to corruption. An anti-corruption programme has been developed with a focus on prevention and control activities. Measures are established based on a risk assessment of the relevant area. Governing documents have been developed relating to these efforts and there is a constant focus on the continued development of the anti-corruption programme. Avinor is a member of Transparency International Norway. As a member, Avinor contributes to joint efforts relating to transparency, integrity, and responsibility in society to prevent corruption and fraud both nationally and internationally. In addition, we undertake to exercise zero tolerance of all forms of corruption in Avinor and to put in place appropriate anti-corruption measures.

IMPARTIALITY

The Group's Board members and executive personnel submit an annual self-declaration of close associates, with information regarding any transactions between the parties. An external auditor conducts annual reviews of the formal relationships between the executive management, Board of Directors, and suppliers in the Avinor Group. Any relationships are documented and reviewed with the relevant parties primarily in order to confirm the information provided in the self-declarations. This annual review is in addition to the assessments that must be made when issues arise over an employee's impartiality in relation to various procurements, tenders, enquiries, participation in decision-making processes related to commercial interests, etc.

COMBATTING ANTI-COMPETITIVE BEHAVIOUR

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

SUPPLIER MONITORING

Avinor's supply chain

A set of contractual terms and conditions was introduced in 2015 that ensures that suppliers with which Avinor concludes contracts have ethics guidelines and take their corporate social responsibility seriously. These requirements stipulate all of Avinor's principles relating to human rights, working standards, HSE, and forbidden business practices. The claims are aimed at suppliers, and an overview is maintained of all the Group's suppliers that have signed agreements regarding responsible business practices. The provisions of the agreements allow for audits of each supplier to be conducted. A material breach of an agreement regarding responsible business practice entitles Avinor to terminate all applicable agreements with the supplier if critical conditions are not followed up satisfactorily.

Screening of new suppliers

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

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

Monitoring of existing suppliers

Avinor's agreement on responsible supplier behaviour entitles it to review a contractual party's follow-up and compliance with all of the points in the contract. Avinor's co-operation agreement with Skatt Øst enables Avinor to gather information from the tax authorities during the term of each contract in order to verify that the supplier and any subcontractors are still registered in the proper registries and are adhering to their obligations in relation to the Norwegian tax authorities.

RESPONSIBLE PROCESSING OF PERSONAL DATA

Avinor has appointed a data protection officer tasked with assisting people registered with the business (such as in customer databases) and employees in matters relating to Avinor's processing of personal data. In addition, the data protection officer must notify the management of breaches of the Norwegian Personal Data Act and be the company's contact for enquiries from the Norwegian Data Protection Authority. Avinor has established a system for internal control pursuant to the regulations of the Norwegian Personal Data Act. In addition, Avinor has established a privacy policy and drawn up a privacy declaration to inform users about the use of information on our website. We have concluded data processing agreements with subcontractors that process personal data on our behalf.

In 2017 Avinor established a Group-wide project to enable the business to comply with new privacy regulations that come into effect in May 2018.

Avinor has not received any complaints concerning breaches of its customers' privacy.

NOTIFICATIONS AND OTHER MEASURES TO ENSURE COMPLIANCE WITH LEGISLATION AND GUIDELINES

Compliance function

Avinor's compliance function monitors the Group's compliance with external and internal regulations relating to corruption, misconduct, and ethics rules. In addition, the function defines the substance of Avinor's responsibility to combat violations of labour market legislation, stipulate requirements, propose relevant measures, monitor how Avinor follows up on its responsibilities, and establish sanctions in the event of non-compliance.

Avinor has initiated several expansion projects in recent years. The building and construction sector has been the subject of a number of incidents relating to corruption and price fixing in Norway. Consequently Avinor's risk exposure to corruption and misconduct has increased as a result of these investment programmes. Avinor is represented throughout the country and has a broad sphere of control. This is a factor that further increases the risk of corruption and misconduct. Various control and prevention activities have been established, which together are intended to reduce the Group's risk of being involved in or exposed to corruption and misconduct.

Avinor notification institute

Avinor has appointed a committee to handle notifications of reprehensible conditions in all parts of the organisation. Notifications can be submitted regarding inadequate safety procedures, bullying and harassment, careless administrative procedures, working conditions that contravene the Working Environment Act, or corruption and other financial misconduct. The person submitting the notification can choose to remain anonymous. The committee has established routines for the proper processing of notifications. The committee has also developed procedures and technical solutions that make it possible for external actors to notify Avinor of reprehensible conditions. These notifications must be handled according to the same procedures as notifications from employees of the Group. Avinor has received a dispensation from the Norwegian Data Protection Authority to process personal data received by way of its notification scheme.

The committee received around 200 notifications in 2017, all of which were fully addressed. In some cases there were grounds to conclude that the matter was critical in nature. Follow-ups take place at the relevant level in the organisation. Responses and sanctions (where appropriate) depend on the incident and its severity. It is important that the lessons learnt in each incident benefit the business as a whole so as to avoid similar incidents elsewhere in the organisation.

Overview of GRI indicators

This report has been prepared in accordance with GRI Standards/Core. Avinor's annual accounts (company accounts and consolidated accounts) for 2017 have been audited by Ernst & Young AS. The auditor's report is reproduced on pages 121-124.

A detailed account of the reporting standard and the various indicators can be found on GRI's web pages: www.globalreporting/standards

About Avinor and Avinor's work regarding corporate social responsibility

STRATEGY AND ANALYSIS

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

ORGANIZATION

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
102-1	Name	Avinor as
102-2	Product	p. 6-7
102-3	Main offices	Oslo
102-4	Presence	Avinor has only operations in Norway
102-5	Ownership	p. 6-7
102-6	Markets	p. 7
102-7	Size	p. 4
102-8	Employees	p. 51
102-48	Collective agreements	p. 48
102-9	Supply chain	p. 45
102-10	Changes	No significant changes
102-11	Conditions	p. 34
102-12	Support for the CSR Initiative	p. 5, 30, 45, 52
102-13	Interest-org.	Spekter: Transportation Sector Council National Programme of Supplier Development: Partner

PRIORITIZATION

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
102-45	Overview, Company	p. 12 The report concerns activities that the Group manages in airport operations and flight safety, but not activity in other subsidiaries.
102-46	Define report-content	p. 20-21
102-47	Prioritization	p. 21
103-1	Delimitation	All topics that have been considered important are relevant to all Avinor operations.
102-48	Modified reporting	p. 34
102-49	Modified measurement methods	-

DIALOGUE WITH PARTNERS

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

ABOUT THE REPORT

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
102-50	Applies to	2017
102-51	Previous report	2016
102-52	Interval	Annual
102-53	Contact	post@avinor.no
102-54	Type of GRI-report	GRI Standards/Core
102-55	GRI indicator overview	p. 54-59
102-56	Revision	The annual report has been audited by ERNST & YOUNG AS

CORPORATE GOVERNANCE AND COMPANY MANAGEMENT

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
102-18	Corporate governance and company management	p. 16-19

ETHICAL GUIDELINES

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
102-16	Ethics guidelines	p. 52 https://avinor.no/konsern/om-oss/konsernet/visjon-og-verdier

Corporate social responsibility – performance

FINANCIAL PERFORMANCE

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 11-15 (The Board of Director's report) p. 16-19 (Corporate governance and company management)
201-1	Financial performance	p. 72-120

INDIRECT ECONOMIC IMPACT

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

ENERGY

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 34, 41-42
302-1	Energy consumption	p. 46
302-4	Energy conservation	p. 41-42

BIODIVERSITY

GRI-INDIKATOR	INDIKATORSTIKKORD	SIDENUMMER ELLER NETTADRESSE
103-1 103-2 103-3	Policy/management system	p. 34, 42-43
304-1	Property adjoining areas with high biodiversity value	p. 42-43
304-2	Impact of biodiversity	p. 42-43
304-3	Improvement – habitat	p. 42-43

AIR EMISSIONS

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 34-39
AO5	Air quality	p. 40-41
305-1	Direct greenhouse gas emissions	p. 46
305-2	Indirect greenhouse gas emissions	p. 46
305-5	Reduction of greenhouse gas emissions	p. 46

EMISSIONS AND WASTE

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 34-42
306-2	Waste	p. 42
306-3	Accidental emissions	p. 47
AO6	De-icing fluid	p. 47

COMPLIANCE WITH LEGISLATION – ENVIRONMENTAL

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 34
307-1	Fines/sanctions	No fines or similar

NOISE

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 34, 41
AO7	Noise	p. 41

MONITORING OF SUPPLIERS/ENVIRONMENT

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Monitoring of suppliers/environment	p. 45
308-1	Screening leverandører	p. 45
308-2	Oppfølging eksisterende leverandører	p. 45

HSE IN AVINOR

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 50
403-1	HSE-organization	p. 50
403-2	Sick leave/H-value	p. 51
403-3	Particularly vulnerable employees-groups	p. 50

INTERNAL COMPETENCE BUILDING

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 49, 52
404-1	Who is offered training?	p. 49

EQUAL OPPORTUNITIES IN AVINOR

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 49
405-1	Equal opportunity on the Board, in management, among employees	p. 49-50

MONITORING OF SUPPLIERS/WORKING CONDITIONS AND HUMAN RIGHTS

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 48

NOTIFICATION CHANNELS

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-2	Policy/management system	p. 53

NON-DISCRIMINATION

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 49
406-1	Discrimination-cases	No cases

LOCAL COMMUNITY

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 20-21, 26-30

CORRUPTION PREVENTION MEASURES

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 52-53
205-2	Anti-corruption training initiatives	p. 52
205-3	Corruption cases	No cases

ANTI-COMPETITIVE BEHAVIOUR PREVENTION MEASURES

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 52-53
206-1	Cases, violation of regulations	No cases

REGULATORY COMPLIANCE – FINANCES AND SOCIETY

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 52-53
419-1	Fines, sanctions	No cases

PRODUCT LIABILITY – SAFETY

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 30-33
416-1	Product safety survey	p. 30-33
416-2	Violation of regulations	p. 31

REGULATORY COMPLIANCE – PRODUCT LIABILITY

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 30-33
419-1	Fines, sanctions	No cases

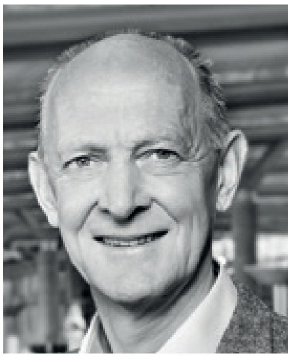
Executive management

DAG FALK-PETERSEN
CEO

ANDERS KIRSEBOM
Managing Director
Avinor Flysikring AS

ØYVIND HASAAS
Airport Director
Oslo airport

ASLAK SVERDRUP
Airport Director
Bergen airport, Flesland



LEIF ANKER LORENTZEN
Airport Director
Stavanger airport, Sola

MARIT HELENE STIGEN
Airport Director
Trondheim airport, Værnes

MARGRETHE SNEKKERBAKKEN
Division Director Regional Airports

PETTER JOHANNESSEN
Executive Vice President
economy, finance and IT

JON SJØLANDER
Executive Vice President
strategy and development

EGIL THOMPSON
Executive Vice President
communication and marketing

MARI HERMANSEN
Executive Vice President
HR, legal and business support

STINE RAMSTAD WESTBY
Executive Vice President
operations and infrastructure

Board of Directors

OLA MØRKVED RINNAN
Chairman
Consultant

OLA HENRIK STRAND
Vice Chairman
CEO, BluWrap

LINDA BERNANDER SILSETH
Board member

HERLOF NILSSEN
Board member
Managing Director,
Helse Vest RHF

ELI SKRØVSET
Board member
CFO, Eksportkreditt, Norge

BJØRN TORE MIKKELSEN
Board member,
employee representative
Team leader, Kirkenes airport

HEIDI ANETTE SØRUM
Board member,
employee representative
Head safety deputy

OLAV AADAL
Board member,
employee representative
Supervisor, Værnes TWR/APP
Avinor Flysikring AS


C5-C9
C6

Financial statements and notes

INCOME STATEMENT

All amounts in MNOK

AVINOR AS				AVINOR GROUP	
2016	2017		NOTE	2017	2016
		Operating income			
4 150.2	4 337.3	Traffic income	4, 5	5 472.8	5 143.0
5 257.4	5 712.2	Sales and rental income	4, 5	6 038.5	5 636.8
157.6	169.8	Other operating income	4, 5	14.7	8.2
9 565.2	10 219.3	Total operating income		11 526.0	10 788.0
		Operating expenses			
350.3	450.5	Raw materials and consumables used	4	497.6	394.3
1 990.8	2 085.7	Employee benefits expense	4, 6, 9	3 483.1	3 326.1
4 082.4	4 570.4	Other operating expenses	4, 8, 9	4 016.7	3 565.8
-19.7	170.1	Other expenses	4, 10	402.2	-18.9
6 403.8	7 276.7	Total operating expenses		8 399.6	7 267.3
3 161.4	2 942.6	EBITDA		3 126.4	3 520.7
1 633.7	1 744.6	Depreciation, amortisation and impairment charges	9, 13	1 889.1	1 762.9
1 527.7	1 198.0	Operating profit/(loss)		1 237.3	1 757.8
114.0	1 068.6	Finance income	11	88.1	36.2
425.3	692.3	Finance costs	11	685.6	419.8
-311.3	376.3	Net finance costs		-597.5	-383.6
1 216.4	1 574.3	Profit before income tax		639.8	1 374.2
311.1	138.8	Income tax expense	12	140.5	345.6
905.3	1 435.5	Profit for the year		499.3	1 028.6
		Attributable to			
905.3	1 435.5	Owners of the parent		499.3	1 028.6

The notes (note 1 to 24) are an intergral part of these consolidated financial statements.

OTHER COMPREHENSIVE INCOME

All amounts in MNOK

AVINOR AS				AVINOR GROUP	
2016	2017		NOTE	2017	2016
905.3	1 435.5	Profit for the year		499.3	1 028.6
		Other comprehensive income			
		Items that will not be reclassified to profit or loss			
-324.5	-385.9	Actuarial gains/(losses) on post employment benefit obligations	16	-901.8	-548.5
81.1	92.6	Tax effect	12	216.3	137.1
-51.2	-58.6	Change in tax rate, effect deferred tax assets/-liabilities		-72.9	-62.7
-294.6	-351.9	Total items that will not be reclassified to profit or loss, net of tax		-758.4	-474.1
		Items that may be subsequently reclassified to profit or loss			
38.3	-109.4	Cash flow hedges	14	-97.3	66.9
-9.6	26.3	Tax effect	12	23.4	-16.9
28.7	-83.1	Total items that may be subsequently reclassified to profit or loss, net of tax		-73.9	50.0
-265.9	-435.0	Other comprehensive income for the year, net of tax		-832.3	-424.1
639.4	1 000.5	Total comprehensive income for the year		-333.0	604.5
		Attributable to			
639.4	1 000.5	Owners of the parent		-333.0	604.5

The notes (note 1 to 24) are an intergral part of these consolidated financial statements.

BALANCE SHEET

All amounts in MNOK

AVINOR AS				AVINOR GROUP	
31.12.2016	31.12.2017		NOTE	31.12.2017	31.12.2016
		ASSETS			
		Non-current Assets			
		Intangible assets:			
1 172.2	1 151.7	Deferred tax assets	12	1 511.2	1 358.7
39.9	35.4	Other intangible assets	13	112.8	108.8
0.0	0.0	Assets under construction, intangible	13	245.1	122.0
1 212.1	1 187.1	Total intangible assets		1 869.1	1 589.5
		Property, plant and equipment:			
27 827.7	32 481.6	Property, plant and equipment	13	34 142.9	29 501.8
6 250.9	2 473.2	Assets under construction	13	2 948.0	6 595.1
34 078.6	34 954.8	Total property, plant and equipment		37 090.9	36 096.9
		Financial assets:			
1 086.9	1 141.5	Investments in subsidiaries	19	0.0	0.0
140.0	120.0	Loans to group companies	23	0.0	0.0
504.0	1 215.7	Derivative financial instruments	14	1 215.7	504.0
390.6	260.1	Other financial assets	14	260.1	390.7
2 121.5	2 737.3	Total financial assets		1 475.8	894.7
37 412.2	38 879.2	Total non-current assets		40 435.8	38 581.1
		Current Assets			
12.6	12.9	Inventories		23.6	22.6
1 468.4	1 214.5	Trade and other receivables	14	1 400.1	1 483.4
1.0	4.1	Derivative financial instruments	14	4.2	1.0
938.1	2 071.8	Cash and cash equivalents	14	2 071.8	949.1
2 420.1	3 303.3	Total current assets		3 499.7	2 456.1
39 832.3	42 182.5	Total assets		43 935.5	41 037.2

BALANCE SHEET

All amounts in MNOK

AVINOR AS				AVINOR GROUP	
31.12.2016	31.12.2017		NOTE	31.12.2017	31.12.2016
		EQUITY AND LIABILITIES			
		Equity			
		Restricted equity:			
5 400.1	5 400.1	Share capital	20	5 400.1	5 400.1
5 400.1	5 400.1	Total restricted equity		5 400.1	5 400.1
		Retained earnings:			
7 717.7	8 173.1	Other equity	15	8 653.4	9 536.5
7 717.7	8 173.1	Total retained earnings		8 653.4	9 536.5
13 117.8	13 573.2	Total equity		14 053.5	14 936.6
		Provisions and liabilities			
		Provisions:			
1 651.7	2 265.3	Retirement benefit obligations	16	4 025.9	2 588.2
158.4	183.5	Other provisions	17	189.1	167.4
1 810.1	2 448.8	Total provisions		4 215.0	2 755.6
		Non-current liabilities:			
2 527.3	2 083.0	State loan	14	2 083.0	2 527.3
14.7	0.0	Derivative financial instruments	14	25.6	50.7
14 413.8	19 553.7	Other non-current liabilities	14	20 097.1	15 009.5
16 955.8	21 636.7	Total non-current liabilities		22 205.7	17 587.5
		Current liabilities:			
1 400.0	0.0	Commercial papers	14	0.0	1 400.0
620.5	439.6	Trade payables		521.3	685.4
65.5	43.2	Tax payable	12	115.4	136.6
102.4	208.1	Public duties payable		313.3	211.0
0.9	0.0	Derivative financial instruments	14	4.9	2.8
967.6	579.0	First annual instalment on long-term liabilities	14	631.3	1 019.8
4 791.7	3 253.9	Other current liabilities	17, 18	1 875.1	2 301.9
7 948.6	4 523.8	Total current liabilities		3 461.3	5 757.5
26 714.5	28 609.3	Total liabilities		29 882.0	26 100.6
39 832.3	42 182.5	Total equity and liabilities		43 935.5	41 037.2

The notes (note 1 to 24) are an intergral part of these consolidated financial statements.

Oslo, 4 April 2018
Board of Directors of Avinor AS

Ola Mørkved Rinnan
Chairman

Ola H. Strand
Vice-chairman

Eli Skrøvset

Linda Bernander Silseth

Herlof Nilssen

Bjørn Tore Mikkelsen

Heidi Anette Sørum

Olav Aadal

Dag Falk-Petersen
CEO

STATEMENTS OF CHANGES IN EQUITY

All amounts in MNOK

	AVINOR AS			
	SHARE CAPITAL	OTHER RESERVES	OTHER EQUITY	TOTAL EQUITY
Balance at 1 January 2016	5 400.1	-140.6	3 312.3	**8 571.8**
Profit for the year			905.3	**905.3**
Actuarial gain/(loss) on post employment benefit obligation - net of tax		-243.4		**-243.4**
Cash flow hedge		28.7		**28.7**
Change in tax rate, effect deferred tax assets/-liabilities		-1.7	-49.5	**-51.2**
Total comprehensive income for the year	0.0	-216.4	855.8	**639.4**
Transactions with owners:				
Merger		25.2	4 381.4	**4 406.6**
Demerger	-45.8		-58.5	**-104.3**
Non-cash share capital contribution	45.8		58.5	**104.3**
Dividends relating to 2015			-500.0	**-500.0**
Total transactions with owners	0.0	25.2	3 881.4	**3 906.6**
Balance at 1 January 2017	5 400.1	-331.8	8 049.5	**13 117.8**
Profit for the year			1 435.5	**1 435.5**
Actuarial gain/(loss) on post employment benefit obligation - net of tax		-293.3		**-293.3**
Cash flow hedge		-83.1		**-83.1**
Change in tax rate, effect deferred tax assets/-liabilities		-9.9	-48.7	**-58.6**
Total comprehensive income for the year	0.0	-386.3	1 386.8	**1 000.5**
Transactions with owners:				
Merger			5.1	**5.1**
Demerger	-6.0		-55.5	**-61.5**
Non-cash share capital contribution	6.0		55.5	**61.5**
Dividends relating to 2016			-550.0	**-550.0**
Total transactions with owners	0.0	0.0	-544.9	**-545.0**
Balance at 31 December 2017	5 400.1	-718.1	8 891.3	**13 573.2**

STATEMENTS OF CHANGES IN EQUITY

All amounts in MNOK

	AVINOR GROUP			
	SHARE CAPITAL	OTHER RESERVES	OTHER EQUITY	TOTAL EQUITY
Balance at 1 January 2016	5 400.1	3.6	9 428.3	14 832.1
Profit for the year			1 028.6	1 028.6
Actuarial gain/(loss) on post employment benefit obligation - net of tax		-411.4		-411.4
Cash flow hedge		50.0		50.0
Change in tax rate, effect deferred tax assets/-liabilities		-4.6	-58.1	-62.7
Total comprehensive income for the year	0.0	-366.0	970.5	604.5
Transactions with owners:				
Dividends relating to 2015			-500.0	-500.0
Total transactions with owners	0.0	0.0	-500.0	-500.0
Balance at 1 January 2017	5 400.1	-362.4	9 898.8	14 936.6
Profit for the year			499.3	499.3
Actuarial gain/(loss) on post employment benefit obligation - net of tax		-685.5		-685.5
Cash flow hedge		-73.9		-73.9
Change in tax rate, effect deferred tax assets/-liabilities		-15.8	-57.1	-72.9
Total comprehensive income for the year	0.0	-775.2	442.2	-333.0
Transactions with owners:				
Dividends relating to 2016			-550.0	-550.0
Total transactions with owners	0.0	0.0	-550.0	-550.0
Balance at 31 December 2017	5 400.1	-1 137.6	9 791.0	14 053.5

For specification of other reserves, see note 15.
The notes (note 1 to 24) are an intergral part of these consolidated financial statements.

STATEMENT OF CASH FLOWS

All amounts in MNOK

AVINOR AS				AVINOR GROUP	
2016	2017		NOTE	2017	2016
		Cash flow from operating activities			
3 012.7	2 318.2	Cash generated from operations [1)]		3 740.6	3 401.4
35.9	58.2	Interest received		59.4	36.2
-276.5	-82.3	Income tax paid		-147.5	-337.2
2 772.1	2 294.1	Net cash generated from operating activities		3 652.5	3 100.4
		Cash flow from investing activities			
-4 267.4	-3 045.6	Investments in property, plant and equipment (PPE)	13	-3 414.0	-4 497.3
16.0	15.9	Proceeds from sale of PPE, including assets under construction		16.3	20.1
0.0	20.0	Group loans		0.0	0.0
-37.3	-26.3	Group interests		0.0	0.0
50.7	1 000.0	Net group contribution/dividend		0.0	0.0
-57.0	-57.3	Change in other investments		19.9	-83.5
-4 295.0	-2 093.3	Net cash used in investing activities		-3 377.8	-4 560.7
		Cash flow from financing activities			
1 899.9	4 439.5	Proceeds from borrowings	14	4 439.5	1 899.9
-943.3	-964.7	Repayment of borrowings	14	-1 016.9	-995.5
1 000.0	-1 400.0	Net proceeds/repayment of short term borrowings (commercial papers)	14	-1 400.0	1 000.0
-619.4	-543.2	Interest paid		-575.9	-655.2
-6.5	-48.7	Other borrowing charges		-48.7	-6.5
-500.0	-550.0	Dividends paid to owner		-550.0	-500.0
830.7	932.9	Net cash generated/used in financing activities		848.0	742.7
-692.2	1 133.7	Net (decrease)/increase in cash, cash equivalents and bank overdrafts		1 122.7	-717.6
1 630.3	938.1	Cash, cash equivalents and bank overdrafts at beginning of year	14	949.1	1 666.7
938.1	2 071.8	Cash, cash equivalents and bank overdrafts at end of year		2 071.8	949.1

STATEMENT OF CASH FLOWS

All amounts in MNOK

1) CASH GENERATED FROM OPERATIONS

AVINOR AS			AVINOR GROUP	
2016	2017		2017	2016
1 216.4	1 574.3	Profit before income tax	639.8	1 374.2
1 633.7	1 744.6	Depreciation	1 889.1	1 762.9
-12.7	-0.3	(Profit)/loss on disposals of non-current assets	-0.5	-12.6
-28.0	-4.4	Changes in value and other losses/(gains) - net (unrealised)	0.2	-34.9
311.3	-376.3	Net finance costs	597.5	383.6
83.1	-158.7	Change in inventories, trade receivables and trade payables	-161.2	123.9
-51.3	228.0	Difference between post employment benefit expense and amount paid/received	536.6	92.4
-259.0	267.5	Change in other working capital items	239.1	-288.1
119.2	-956.5	Change in group receivables and payables	0.0	0.0
3 012.7	2 318.2	Cash generated from operations	3 740.6	3 401.4
		In the cash flow statement, proceeds from sale of PPE comprise:		
3.3	15.6	Net book amount	15.8	7.5
12.7	0.3	Profit/(loss) on disposals of PPE	0.5	12.6
16.0	15.9	Proceeds from disposal of PPE	16.3	20.1

The notes (note 1 to 24) are an intergral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 General information

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

NOTE 2 Summary of significant accounting policies

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

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

BASIS OF PREPERATION

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

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

The consolidated financial statements encompasses Avinor AS and all entities over which Avinor AS has control.

The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

As at 31 December 2017 all subsidiaries are wholly owned.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Shares in subsidiaries are recognised at cost at the acquisition date and are classified as a long-term investment. The shares are assessed whether there is any indication that their carrying amount exceeds the amount to be recovered through use or sale.

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

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

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

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

- Deferred taxes
- Estimated impairment of property, plant and equipment
- Depreciation of property, plant and equipment
- Net pension obligation

Changes in accounting policy and disclosure

New and amended standards adopted by the group

There are no relevant amendments or new standards adopted by the group for the first time for the financial year beginning on or after 1 January 2017.

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, and have not been applied in preparing these consolidated financial statement.

Avinor has chosen not to early implement any of these standards.

IFRS 9 'Financial instruments' replaces IAS 39 and addresses the classification, measurement and recognition of financial assets and financial liabilities and introduces new rules for hedge accounting.

IFRS 9 require financial assets to be classified into three measurement categories: amortised cost, fair value through other comprehensive income and fair value through profit and loss. The determination is made at initial recognition.The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The new hedging rules align hedge accounting more closely with the group's risk management practice. As a general rule it will be easier to apply hedge accounting going forward as the standard introduces a more principles - based approach. The new standard also introduces expanded disclosure requirements and changes in presentation.

The new standard have no practical consequences for the group beyond the new rules for hedge accounting which are assessed to have little effect on the group's own hedging arrangements.

The standard will be effective from 1 January 2018, and will be adopted by the group at the same time.

IFRS 15 'Revenue from Contracts with Customers' deals with revenue recognition and replaces all existing IFRS revenue requirements. The core principle of IFRS 15 is that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard applies with a few exceptions to all revenue contracts with customers and provides a model for the recognition and measurement of sales of some non-financial assets (e.g., disposals of property, plant and equipment). The group also assess the clarifications to IFRS15 issued by IASB in April 2016.

IFRS 15 will have an effect on the accounts from the 1st of January 2018, and will be implemented retrospectively. IFRS 15 will not have any material effect on the accounting treatment of revenue on the effective date, and it is not expected to have any impact on the future accounting treatment.

A description of the accounting treatment of the principal types of income, which are affected by IFRS 15, is listed in a table in note 5.

IFRS 16 'Leases' replaces IAS 17.
IFRS 16 addresses the principles of recognition, measurement, presentation and disclosure of lease agreements for both parties in the agreement, the customer (lessee) and the offerer (lessor). The new standard demands that the lessee recognise assets and obligations for the majority of lease agreements, which is a material change from today's rules.

For the lessor the accounting treatment will mainly remain unchanged, which implies that the asset is derecognized in the case of financial lease and a profit or loss is recognized. The classification of operational and financial leases are described in note 13 (Intangible assets, property, plant and equipment).

The standard is effective from 1 January 2019. The plan is to implement it according to a modified retrospective method (No restatement of earlier comparative periods in the year-end accounts of 2019).

The group's preliminary assessment is that IFRS 16 will mainly have an impact on rental agreements. This includes HQ Oslo, Bodø airport and miscellaneous agreements connected to machines, equipment etc.

The total obligation as at 1 January 2019 is estimated to about MNOK 500 for the group (MNOK 450 for Avinor AS).

The estimated rental obligation is calculated based on the net present value of expected rental payments over the rental period. The expected rental payments are index adjusted where it is relevant. The discount rate used is equal to the group's marginal debt interest rate. The estimated rental obligation is based on preliminary estimates. Final figures at the time of recognition at the 1st of January 2019 may deviate from this.

There are no other IFRSs or IFRIC interpretation that are not yet effective that would be expected to have a material impact on the group.

FOREIGN CURRENCY TRANSLATION

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

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

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

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

NOTE 3 Financial risk factors

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

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

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

MARKET RISK

(i) Foreign exchange risk

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

The group's income from en route charges is exposed to foreign exchange risk. For Avinor Flysikring AS the risk is connected to the transfer of the revenue to Norway. The period from the determination of the exchange rate to the actual payment is about three months.

Revenue in foreign currency is sold forward to the extent that it is not hedged by cash outflow in the same currency. The group also has foreign exchange risk connected to contractual payments in foreign currency

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

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

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

(ii) Interest rate risk

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

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

The group manages its effective interest exposure risk by using various interest rate swaps.

At 31 December 2017 approximately all interest rate swaps are adopted to the terms of specific loans and other conditions. When the interest rate swaps are taken into consideration, the group has 85 per cent of its long-term borrowings at a fixed rate of interest for at least 12 months.

At 31 December 2017 the group had interest rate swaps at a face value of MNOK 9,459 (2016: MNOK 5,680), where the group receives a variable rate and pays a fixed average rate of 3.20 per cent of face value. The interest rate swaps are used to hedge against volatility in the P&L reportings as a result of changes in the interest levels.

All interest swaps are made as a hedge against financial risk caused by cash flow interest rate risk. All interest swaps are carried at their fair value in the balance sheet.

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

AVINOR AS	CHANGES IN INTEREST LEVELS IN BASIS POINTS	IMPACT ON PRE-TAX PROFIT (MNOK)	IMPACT ON EQUITY (MNOK)
2017	+50	-8.0	-48.3
	-50	8.0	48.3
2016	+50	-7.9	-16.5
	-50	7.9	16.5

AVINOR GROUP	CHANGES IN INTEREST LEVELS IN BASIS POINTS	IMPACT ON PRE-TAX PROFIT (MNOK)	IMPACT ON EQUITY (MNOK)
2017	+50	-8.7	-45.1
	-50	8.7	45.1
2016	+50	-8.7	-7.7
	-50	8.7	7.7

Based on the financial instruments at 31 December 2017, the simulation shows that if the interest rate had been 0.5 per cent higher, pretax profit for the group for the year would have been MNOK 8.7 lower (2016: MNOK 8.7).

The average yield on financial instruments were as follows:

	2017 (%)	2016 (%)
Overdraft	NA	NA
State Loan	1.64	1.79
Debenture Loan	3.13	3.52
Bank Loan	3.30	3.62

The figures include interest hedging derivatives.

At 31 December 2017 Avinor AS had total borrowings amounting to MNOK 22,208.1(2016: MNOK 19,288.2) in addition to a overdraft of MNOK 0.0 (2016: MNOK 0.0).

(iii) Power price risk

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

At 31 December 2017 approximately 71 per cent of 2018's estimated consumption is covered by such contracts. The group does not apply hedge accounting to these contracts. Power purchases are made in EUR.

The fair value of power contracts is estimated at MNOK -3.8 (2016: MNOK – 0.7) based on the exchange rate at year-end.

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

AVINOR AS AND AVINOR GROUP	MARKET VALUE 31 DECEMBER	IMPACT ON PRE-TAX PROFIT
2017	3.8	21.2
2016	-0.7	21.2

CREDIT RISK

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

The grouphas credit risks attached to three main customers. The group assesses the risk that customers cannot fulfil their obligations as moderate.

The group has guidelines to limit exposure to possible losses.

The group has not made any third-party guarantees.

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

The group's main bank connexion has external credit rating A-1 (short term) and A+ (long term) (Standard & Poors).

Creditworthiness in trade receivables and intra-group accounts in detail

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

Classification of historical information (unimpaired trade receivables):

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

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

LIQUIDITY RISK

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

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

	REMAINING PERIOD 1)					
AVINOR AS	LESS THAN 1 MONTH	BETWEEN 1 - 3 MONTHS	BETWEEN 3 - 12 MONTHS	BETWEEN 1 - 5 YEARS	OVER 5 YEARS	TOTAL
31 December 2017						
State, bond and bank borrowings 1)	5.7	221.3	963.3	9 277.3	15 032.8	**25 500.4**
Other commitments	0.6	1.2	2.2	183.5	0.0	**187.5**
Trade payables	294.5	145.1	0.0	0.0	0.0	**439.6**
Other current liabilities	212.5	104.6	0.0	0.0	0.0	**317.1**
Total	513.3	472.2	965.5	9 460.8	15 032.8	**26 444.6**
31 December 2016						
State, bond and bank borrowings 1)	9.1	106.9	865.4	10 165.6	10 060.0	**21 207.0**
Other commitments	1.7	3.3	14.9	158.6	0.0	**178.5**
Trade payables	415.7	204.8	0.0	0.0	0.0	**620.5**
Other current liabilities	311.9	153.6	0.0	0.0	0.0	**465.5**
Total	738.4	468.6	880.3	10 324.2	10 060.0	**22 471.5**

1) Derivatives included

	REMAINING PERIOD 1)					
AVINOR GROUP	LESS THAN 1 MONTH	BETWEEN 1 - 3 MONTHS	BETWEEN 3 - 12 MONTHS	BETWEEN 1 - 5 YEARS	OVER 5 YEARS	TOTAL
31 December 2017						
State, bond and bank borrowings 1)	14.8	225.3	1 030.3	9 550.4	15 399.1	**26 219.9**
Other commitments	1.0	2.0	9.3	189.1	0.0	**201.4**
Trade payables	349.3	172.0	0.0	0.0	0.0	**521.3**
Other current liabilities	221.4	109.0	0.0	0.0	0.0	**330.4**
Total	586.4	508.4	1 039.6	9 739.5	15 399.1	**27 273.0**
31 December 2016						
State, bond and bank borrowings 1)	46.3	208.9	959.8	10 590.7	10 588.2	**22 393.9**
Other commitments	2.7	5.5	24.7	167.3	0.0	**200.2**
Trade payables	459.2	226.2	0.0	0.0	0.0	**685.4**
Other current liabilities	320.6	157.9	0.0	0.0	0.0	**478.5**
Total	828.8	598.5	984.5	10 758.0	10 588.2	**23 758.0**

1) Derivatives included

See note 14 for information about long - term loans.

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

OTHER INFORMATION

The fair value of derivatives designated as hedging instruments is presented as a current asset/short-term debt or financial asset/long-term debt depending upon the maturity date of the corresponding hedged item.

The interest swaps have terms between 0.2 and 9.1 years.

CAPITAL STRUCTURE AND EQUITY

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

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

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

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

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

Existing borrowings have covenants regarding amount of equity.

There are no equity requirement for the bonds.

The loan agreements with EIB and NIB requires equity of minimum 30 per cent of equity pluss net interest-bearing debt.

AVINOR AS	2017	2016
Interest-bearing debt including interest rate swaps	20 999.9	18 819.0
Cash and cash equivalents	2 071.8	938.1
Net interest-bearing debt	18 928.1	17 880.9
Equity	13 573.2	13 117.8
Total equity and net interest-bearing debt	32 501.3	30 998.7
Net debt to equity ratio [1)]	41.8 %	42.3 %

AVINOR GROUP	2017	2016
Interest-bearing debt including interest rate swaps	21 621.3	19 504.6
Cash and cash equivalents	2 071.8	949.1
Net interest-bearing debt	19 549.5	18 555.5
Equity	14 053.5	14 936.6
Total equity and net interest-bearing debt	33 603.0	33 492.1
Net debt to equity ratio [1)]	41.8 %	44.6 %

1) Equity as a percentage of total equity and net interest-bearing debt.

According to article 5 of the company's Article of Association.

FAIR VALUE ESTIMATION

The fair value of foreign exchange forward contracts and financial power forward contracts is based on market value at the balance sheet date. The fair value of all interest rate swaps is confirmed by the financial institutions which are the company's opposite party in the financial contracts entered into.

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

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

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

	2017		2016	
AVINOR AS	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Interest-bearing debt				
State loan	2 527.3	2 551.5	2 971.7	2 999.6
Bonds	13 946.3	14 560.5	8 674.7	9 214.1
Bank borrowings	5 734.5	6 267.2	6 241.8	6 879.2
Commercial papers	0.0	0.0	1 400.0	1 400.0

	2017		2016	
AVINOR GROUP	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Interest-bearing debt				
State loan	2 527.3	2 551.5	2 971.7	2 999.6
Bonds	13 946.3	14 560.5	8 674.7	9 214.1
Bank borrowings	6 330.2	6 949.0	6 889.7	7 579.0
Commercial papers	0.0	0.0	1 400.0	1 400.0

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, and assets and liabilities for which fair values are disclosed at 31 December 2017:

AVINOR GROUP	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss				
Foreign exchange contracts	0.0	0.4	0.0	0.4
Power contracts	3.8	0.0	0.0	3.8
Derivatives used for hedging				
Interest rate contracts	0.0	1 215.7	0.0	1 215.7
Total assets	3.8	1 216.1	0.0	1 219.9
Liabilities				
Financial liabilities at fair value through profit or loss				
Foreign exchange contracts	0.0	4.9	0.0	4.9
Bonds	0.0	1 460.2	0.0	1 460.2
Derivatives used for hedging				
Interest rate contracts	0.0	25.6	0.0	25.6
Total liabilities	0.0	1 490.7	0.0	1 490.7
Liabilities for which fair values are disclosed				
Interest-bearing debt				
State loan	0.0	2 551.5	0.0	2 551.5
Bonds	0.0	14 560.5	0.0	14 560.5
Bank borrowings	0.0	6 949.1	0.0	6 949.1
Total	0.0	24 061.1	0.0	24 061.1

There were no transfers between levels during the year.

The following table presents the group's assets and liabilities that are measured at fair value, and assets and liabilities for which fair values are disclosed at 31 December 2016:

AVINOR GROUP	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss				
Foreign exchange contracts	0.0	1.0	0.0	1.0
Derivatives used for hedging				
Interest rate contracts	0.0	504.0	0.0	504.0
Total assets	0.0	505.0	0.0	505.0
Liabilities				
Financial liabilities at fair value through profit or loss				
Foreign exchange contracts	0.0	0.8	0.0	0.8
Power contracts	0.7	0.0	0.0	0.7
Bonds	0.0	1 436.8	0.0	1 436.8
Derivatives used for hedging				
Interest rate contracts	0.0	52.0	0.0	52.0
Total liabilities	0.7	1 489.6	0.0	1 490.3
Liabilities for which fair values are disclosed				
Interest-bearing debt				
State loan	0.0	2 999.6	0.0	2 999.6
Bonds	0.0	9 214.2	0.0	9 214.2
Bank borrowings	0.0	7 579.0	0.0	7 579.0
Commercial papers	0.0	1 400.0	0.0	1 400.0
Total	0.0	21 192.8	0.0	21 192.8

There were no transfers between levels during the year.

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

NOTE 4 Segment information

All amounts in MNOK

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

The Avinor group operates 45 airports in Norway including Oslo airport. Operations also include air traffic control towers, control centres and technical infrastructure for aircraft navigation. The operating segments are determined based on the reports used by the group management to evaluate presentations and profitability at a strategic level. The segment information shows the operating profit/(loss) distributed according to the internal organising of the group.

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

The segment information provided to the group management for the reportable segments for the year ended 31 December 2017 is as follows:

AVINOR GROUP AS AT 31.12.2017

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORTOPERATIONS
Traffic income	2 100.7	548.7	408.8	368.3	924.0	4 350.5
Sales and rental income	3 730.1	558.8	439.7	324.4	645.2	5 698.2
Inter-segment income	17.0	2.8	5.3	2.7	85.6	113.4
Total income	5 847.7	1 110.3	853.8	695.4	1 654.9	10 162.1
Employee benefits expense	534.9	137.9	100.7	88.0	784.4	1 645.9
Depreciation and amortisation	862.1	238.8	116.7	96.2	402.5	1 716.4
Other operating expenses	1 938.2	312.5	175.3	136.3	1 021.3	3 583.5
Inter-segment expenses	339.4	137.9	115.9	89.2	682.0	1 364.4
Total expenses	3 674.7	827.1	508.6	409.7	2 890.2	8 310.3
Operating profit/(loss)	2 173.0	283.1	345.2	285.7	-1 235.3	1 851.9
Assets	17 753.6	5 190.6	1 798.3	1 773.4	6 052.0	32 567.9

AVINOR GROUP AS AT 31 DECEMBER 2017 CONTINUED

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	4 350.5	1 122.3	0.0	0.0		5 472.8
Sales and rental income	5 698.2	148.8	109.2	97.0		6 053.2
Inter-segment income	113.4	814.2	21.0	600.5	-1 549.1	0.0
Total income	10 162.1	2 085.2	130.2	697.5	-1 549.1	11 526.0
Employee benefits expense	1 645.9	1 368.6	0.0	468.6		3 483.1
Depreciation and amortisation	1 716.4	90.3	36.4	46.1		1 889.1
Other operating expenses	3 583.5	593.2	10.4	729.4		4 916.6
Inter-segment expenses	1 364.4	105.0	-1.0	80.6	-1 549.1	0.0
Total expenses	8 310.3	2 157.1	45.8	1 324.7	-1 549.1	10 288.8
Operating profit/(loss)	1 851.9	-71.9	84.4	-627.2	0.0	1 237.3
Assets	32 567.9	705.0	830.1	152.7		34 255.7

The segment information provided to the group management for the reportable segments for the year ended 31 December 2016 is as follows:

AVINOR GROUP AS AT 31.12.2016

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	1 955.1	537.2	413.3	361.6	892.0	4 159.2
Sales and rental income	3 364.0	541.2	450.9	320.0	620.6	5 296.7
Inter-segment income	67.2	16.1	47.0	31.3	57.4	219.0
Total income	5 386.3	1 094.5	911.1	712.8	1 570.0	9 674.8
Employee benefits expense	519.6	121.6	100.5	87.5	784.3	1 613.6
Depreciation and amortisation	864.1	125.2	104.7	93.5	393.0	1 580.5
Other operating expenses	1 736.1	247.2	165.9	129.0	911.7	3 189.9
Inter-segment expenses	352.1	140.7	145.4	112.5	565.5	1 316.3
Total expenses	3 472.0	634.8	516.5	422.5	2 654.5	7 700.2
Operating profit/(loss)	1 914.3	459.7	394.7	290.4	-1 084.5	1 974.6
Assets	16 487.6	2 017.6	1 616.4	1 775.2	6 021.9	27 918.7

AVINOR GROUP AS AT 31.12.2016 CONTINUED

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	4 159.2	984.7	0.0	-0.8		5 143.0
Sales and rental income	5 296.7	201.5	106.0	40.9		5 645.0
Inter-segment income	219.0	804.6	40.5	641.5	-1 705.7	0.0
Total income	9 674.8	1 990.8	146.5	681.6	-1 705.7	10 788.0
Employee benefits expense	1 613.6	1 319.7	0.0	392.8		3 326.1
Depreciation and amortisation	1 580.5	81.8	37.0	63.6		1 762.9
Other operating expenses	3 189.9	355.7	5.6	390.0		3 941.2
Inter-segment expenses	1 316.3	103.7	22.8	263.0	-1 705.7	0.0
Total expenses	7 700.2	1 861.0	65.5	1 109.3	-1 705.7	9 030.2
Operating profit/(loss)	1 974.6	129.9	81.0	-427.7	0.0	1 757.8
Assets	27 918.7	673.8	863.0	155.1		29 610.6

Sales between segments are carried out at arm's length. The revenue from external parties reported to group management is measured in a manner consistent with that in the income statement.

Revenue of approximately 2.5 billions, 1.6 billions and 1.4 billions, total 5.6 billions (2016: NOK 2.4 billions, 1.6 billions and 1.4 billions, total 5.4 billions) and 49 per cent (2016: 50 per cent) of total operating income are derived from three main customers. Revenue from the first customer is attributable to Oslo airport, Bergen airport, Stavanger airport and Trondheim airport. Revenue from the two other customers are attributable to all segments.

NOTE 5 Operating income and other income

All amounts in MNOK

Revenue comprises the fair value of the consideration received or receivables for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group. Revenue is recognised as follows (most of the group's revenues consist of civil aviation fees and rent from property leases):

Sale of traffic and real estate services

Revenue from traffic services is recognised in the period the services are provided.
Revenue from property leases with fixed lease payment is recognised in the period the services are provided, using a straight-line basis over the term of the contract. Revenue from property leases with revenue-based lease payments is recognised when it is earned.
Revenue from sale of real estate property is recognised when the risk and control of the object is transferred to the buyer, normally at the time of disposal.

Sale of goods

Revenue from sale of goods are recognised in the period the goods is delivered.

	AVINOR AS		AVINOR GROUP	
	2017	2016	2017	2016
Traffic income				
Takeoff charges	1 120.0	1 147.3	1 123.7	1 149.7
Terminal charges	1 238.5	1 301.3	1 242.6	1 304.2
En route charges	0.0	0.0	1 122.3	984.7
Security charges	1 390.2	1 154.0	1 395.6	1 156.8
Terminal navigation charges	588.6	547.6	588.6	547.6
Total	4 337.3	4 150.2	5 472.8	5 143.0
Sales and rental income				
Duty free	2 663.2	2 552.0	2 663.2	2 552.0
Parking	938.6	868.8	938.7	868.8
Other	2 110.4	1 836.6	2 436.6	2 216.0
Total	5 712.2	5 257.4	6 038.5	5 636.8
Other operating income				
Intercompany services	156.3	150.4	0.0	0.0
Other	13.5	7.2	14.7	8.2
Total	169.8	157.6	14.7	8.2
Total operating income	10 219.3	9 565.2	11 526.0	10 788.0

Sales and rental income from duty free and parking are mainly rental income.

Recognition and measurement of income

A substantial part of Avinor's commercial income consists of sales and rental income. Rental income is covered by IAS 17 and so is thus not covered by IFRS 15.

The table below outlines Avinor Group's primary income types that are considered to fall under IFRS 15.

When analysing IFRS 15, significant delivery obligations for each income type are identified, and the basis for the measuring and accrual of income in the Group's accounts is assessed. No significant changes were identified in the implementation of IFRS 15 for any income types of either the Parent Company or the Group.

TYPE OF INCOME (PERCENTAGE OF THE GROUP'S TOTAL INCOME)	SIGNIFICANT DELIVERY OBLIGATIONS
Terminal charges (11 %)	Essential infrastructure and provision of services to passengers on arrival, at departure, during transit, or corresponding flight services at Avinor's airports, including document control and baggage handling.
Security charges (12 %)	Essential services/infrastructure for carrying out security checks at Avinor's airports in line with applicable regulations.
Takeoff charges (10 %)	Essential services/infrastructure for operating a departure from one of Avinor's airports.
En-route charges (10 %)	Essential services provided during the in-flight/en-route stage of the flight (between take-off and landing) including communications, navigation, and monitoring services.
Terminal navigation charges (5 %)	Essential services/infrastructure relating to monitoring and control during take-off, landing, and movements to/from the gate (before and after the en-route stage), including information and alarm services.

NOTE 6 Salaries and personnel costs, number of employees, remunerations

All amounts in MNOK

	AVINOR AS		AVINOR GROUP	
	2017	2016	2017	2016
Salaries and personnel costs				
Salaries	1 507.2	1 468.5	2 521.0	2 456.6
Payroll tax	230.2	213.4	377.5	363.5
Pension costs	271.8	239.5	460.0	387.3
Other personnel costs	76.5	69.4	124.6	118.7
Total	2 085.7	1 990.8	3 483.1	3 326.1
Reduction of total salaries and personnel costs:				
Salaries and personnel costs recognised in the balance sheet	50.3	78.2	128.6	138.4
Average number of man-years employed	2 128	2 012	3 185	3 115

Group management:

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

2017

AMOUNT IN NOK	BOARD FEE	SALARY	OTHER BENEFITS	ESTIMATED PENSION COST	TOTAL
Group management					
Dag Falk-Petersen	0	2 764 454	26 551	752 481	3 543 487
Øyvind Hasaas	0	2 216 518	29 234	669 043	2 914 795
Aslak Sverdrup	0	1 807 918	16 202	265 140	2 089 259
Leif Anker Lorentzen	0	1 708 024	22 364	345 686	2 076 073
Lasse Bardal (until 11.08.2017)	0	1 716 722	23 534	390 697	2 130 953
Thomas Wintervold (from 11.08.2017)	0	1 211 550	10 160	226 278	1 447 987
Mari Hermansen	0	1 709 300	27 369	428 943	2 165 612
Petter Johannessen (leave of absence from 20.08.2017)	0	1 828 981	33 490	480 666	2 343 137
Thomas Rønning Øyn (acting CFO from 20.08.2017)	0	1 221 851	10 160	221 758	1 453 770
Anders Kirsebom	0	2 047 973	20 458	405 654	2 474 085
Jon Sjølander	0	1 872 016	14 634	436 582	2 323 232
Margrethe Snekkerbakken	0	1 884 101	16 446	458 075	2 358 622
Egil Thompson	0	1 717 910	27 234	429 159	2 174 303
Stine Ramstad Westby	0	1 698 541	19 832	291 659	2 010 032
Total	0	25 405 858	297 670	5 801 820	31 505 348
Board					
Ola Mørkved Rinnan	430 750	0	0	0	430 750
Ola H. Strand	278 000	0	0	0	278 000
Tone Merethe Lindberg (until 29.05.2017)	112 250	0	0	0	112 250
Herlof Nilssen	261 500	0	0	0	261 500
Linda Bernander Silseth	223 000	0	0	0	223 000
Eli Skrøvset	280 500	0	0	0	280 500
Per Erik Nordsveen (until 26.09.2017)	147 583	751 373	5 768	88 602	993 326
Grete Ovnerud (until 26.09.2017)	168 666	979 045	5 417	251 437	1 404 566
Olav Aadal (from 26.09.2017)	2 500	1 530 170	5 417	181 691	1 719 778
Heidi Anette Sørum	237 000	745 047	10 160	127 844	1 120 050
Bjørn Tore Mikkelsen	219 750	962 332	10 160	234 444	1 426 686
Total	2 361 499	4 967 968	36 922	884 018	8 250 406

2016

AMOUNT IN NOK	BOARD FEE	SALARY	OTHER BENEFITS	ESTIMATED PENSION COST	TOTAL
Group management					
Dag Falk-Petersen	0	2 661 688	25 029	721 816	**3 408 533**
Øyvind Hasaas	0	2 026 203	18 223	623 381	**2 667 808**
Aslak Sverdrup	0	1 619 179	26 244	243 446	**1 888 870**
Leif Anker Lorentzen	0	1 619 129	13 923	284 640	**1 917 692**
Lasse Bardal	0	1 676 121	14 199	319 115	**2 009 435**
Mari Hermansen	0	1 667 835	26 508	414 218	**2 108 561**
Petter Johannessen	0	1 778 461	8 686	450 384	**2 237 531**
Anders Kirsebom	0	1 998 914	22 589	366 216	**2 387 719**
Jon Sjølander	0	1 805 188	17 002	373 450	**2 195 640**
Margrethe Snekkerbakken	0	1 841 481	17 007	436 001	**2 294 489**
Egil Thompson	0	1 685 238	27 106	405 696	**2 118 040**
Stine Ramstad Westby (from 15.03.2016)	0	1 518 042	18 992	285 276	**1 822 310**
Total	0	21 897 480	235 509	4 923 641	**27 056 629**
Board					
Ola Mørkved Rinnan	421 500	0	0	0	**421 500**
Ola H. Strand	260 500	0	0	0	**260 500**
Mari Thjømøe (until 29.06.2016)	122 500	0	0	0	**122 500**
Tone Merethe Lindberg	221 250	0	0	0	**221 250**
Herlof Nilssen	234 500	0	0	0	**234 500**
Linda Bernander Silseth (from 29.06.2016)	109 000	0	0	0	**109 000**
Eli Skrøvset	274 500	0	0	0	**274 500**
Per Erik Nordsveen	212 500	772 703	5 967	98 166	**1 089 336**
Grete Ovnerud	248 500	923 463	5 516	276 506	**1 453 985**
Heidi Anette Sørum	215 000	864 731	10 359	142 521	**1 232 611**
Bjørn Tore Mikkelsen	215 000	939 823	10 359	273 785	**1 438 967**
Total	2 534 750	3 500 719	32 201	790 978	**6 858 648**

On termination or changes in conditions of employment or board appointment no obligations exist to give the group management or the board any distinct compensation, beyond what is stated in note 7. Nor are there any arrangements concerning bonuses, profit sharing or share-based payments. No loans or guarantees have been given to the members of the group management or the board. None of the members of the group management have received any remunerations or economic benefits from other companies in the group, other than shown in the table above. There is no additional remuneration to executives for special services other than normal operations, see note 7.

NOTE 7 Declaration on the determination of salaries and other remuneration for the CEO and other executive employees

THE BOARD OF DIRECTORS' DECLARATION ON THE DETERMINATION OF SALARIES AND OTHER REMUNERATION FOR THE CEO AND OTHER EXECUTIVE EMPLOYEES OF THE AVINOR GROUP – 2017

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

1. Employees covered by the declaration

This declaration covers executive employees of the Group; Avinor AS and the wholly owned subsidiaries Avinor Flysikring AS and Svalbard Lufthavn AS. At 1 January 2018 , the Group's executive management team comprised the following employees, who are covered by this declaration:

Avinor AS:

- Dag Falk-Petersen, CEO
- Thomas Øyn, acting CFO
- Petter Johannessen, CFO
- Mari Hermansen, Executive Vice President HR, Legal and Business support
- Egil Thompson, Executive Vice President Communications, Brand and Public Relations
- Jon Sjølander, Executive Vice President Strategy
- Tarald Johansen, Executive Vice President Safety and Environment
- Margrethe Snekkerbakken, Executive Vice President Regional and Local Airports Division
- Øyvind Hasaas, Airport Director Oslo airport
- Thomas Wintervold, acting Airport Director Trondheim airport Værnes
- Leif A. Lorentzen, Airport Director Stavanger airport Sola
- Aslak Sverdrup, Airport Director Bergen airport Flesland
- Stine R. Westby, Executive Vice President Operations and Infrastructure

Avinor Flysikring AS:

- Anders Kirsebom, Managing Director
- Jan-Gunnar Pedersen, Director Business Area En-Route
- Snorre Andresen, Director Business Area Tower and Approach Services
- Ellen Lystad, Acting Director System Operations
- Håkan Olsson, Acting Director Development and Projects
- Tor-Øivind Skogseth, Assistent Managing Director and Director Customers and Public Relations
- Jan Østby, Director Remote Services
- Marisa Luisa Ruiz Retamar, Director HR and Competence
- Kresten Lyngstad, CFO
- Anne-Kr. Aagaard Chavez, Director Safety and Quality
- Geir Ove Heir, Director Remote Tower Center

Svalbard Lufthavn AS:

- Morten Ulsnes, Managing Director

2. Declaration's validity

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

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

Avinor's executive remuneration policy has to comply with the Government's policy for the remuneration of leading personnel in state-owned enterprises and companies (as set out by the Ministry of Industry and Fisheries, effective as from 13.2.2016). Executive remuneration in the Group should comprise a competitive but not leading salary when compared to similar companies.

3.1 Salary

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

3.2 Directors' remuneration

No remuneration is paid for board appointments in other companies in the Avinor Group.

3.3 Benefits in kind

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

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

3.4 Performance pay

A performance pay scheme may be established for executive employees based on individual targets. There must be a clear correlation between performance pay targets and the Group's targets. Any scheme will be structured in accordance with the guidelines specified in the owner's statement.

3.5 Extraordinary lump sum payment for exceptional performance

A lump sum payment may be awarded to executive employees following exceptional performance beyond what may be expected in the relevant position, in connection with defined activities of major strategic importance. The criteria for a lump sum payment shall ordinarily be agreed in advance, and always be presented to the Board of Directors for approval. The lump sum payment must be approved by the group's Board of Directors following nomination by the CEO. General guidelines must be established for the scheme.

4. Options and share programmes

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

5. Pension plans

Executive employees shall participate in the Group's general pension plan. The basis for calculating pension entitlements shall not exceed 12G (where G = National Insurance Scheme's basic amount). The terms shall be similar to the terms that apply for other company employees. The age limit is 70 years. For executive employees, members of the Group's executive management and Managing Director of Avinor Flysikring AS the age limit is 67 years. In the Agreement with the Group,s executive management and Managing Director of Avinor Flysikring AS concluded before the guidelines from 15.2.2015, a defined-contribution retirement pension scheme for salaries exceeding 12G have been established, inclusive a disability pension scheme.

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

The following contribution plan applies:

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

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

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

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

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

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

Executive employees appointed after 13.2.2015 are only entitled to be a member of the Group's general pension plan. As at 31.12.2017 this apply to only one member of the Group executive management.

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

6. Termination and severance pay

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

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

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

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

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

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

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

Act, etc. For other executive employees, an advanced agreement for severance pay with finally determined compensation at retirement, can not be entered into. Instead, an advance agreement with a reasonable severance pay may be agreed on, effective only if the employee is not contesting dismissal. These agreements apply correspondingly to the agreements applicable to the CEO and Managing Directors of subsidiaries.

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

The salary policy for executive employees in 2017 has been conducted in accordance with the above guidelines and the guidelines discussed at the Annual General Meeting on 29 May 2017. This applies both to Avinor AS, Avinor Flysikring AS and Svalbard Lufthavn AS.

In connection with the wage settlement, the CEO's fixed salary was adjusted by 2.4 per cent. The basic salary of other senior personnel in Avinor AS was adjusted in average by 2.4 per cent. The base salary of the Managing Director of Avinor Flysikring AS was adjusted by 2.4 per cent. Other senior personnel in Avinor Flysikring AS was adjusted in average 4.5 per cent. The wage settlement is based on evaluation of performance. The fixed salary of the managing director of Svalbard Lufthavn AS was adjusted by 2.4 per cent.

The total cost of the contribution-based pension scheme for salary exceeding 12G for senior personnel before 13 February 2015 was NOK 2,429,093 in 2017.

The scheme is administered by Avinor through day-to-day operations. The premium is not taxable and dutiable. The scheme is closed for new senior personnel after 13 February 2015.

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

Lump sum payments of NOK 150,000 have been awarded for exceptional performance and results in connection with the T2 and T3 projects. These concern Øyvind Hasaas and Aslak Sverdrup.

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

The remuneration and other benefits received by executive employees in 2017 are provided in note 6 of the annual financial statement for 2017.

NOTE 8 Other operating expenses

All amounts in MNOK

	AVINOR AS		AVINOR GROUP	
	2017	2016	2017	2016
Other operating expenses				
Rent - buildings/land	72.2	73.5	58.4	57.8
Management/maintenance - buildings	745.5	600.1	791.9	642.6
Repairs, maintenance operational materials	400.2	373.6	450.6	413.1
Control/security/guard services	939.1	971.6	945.5	975.0
Meteorological services	3.2	3.1	43.3	41.9
Consulting services	310.9	235.2	345.5	261.8
Other external services	695.9	565.9	724.2	591.8
Other operating expenses	1 403.4	1 259.4	657.3	581.8
Total	4 570.4	4 082.4	4 016.7	3 565.8

For accounting policies concerning operating leases, see note 13.

	AVINOR AS		AVINOR GROUP	
	2017	2016	2017	2016
Auditor's fees				
Auditor's fee - fixed charge (VAT not included):				
Statutory audit fee	1.4	0.9	1.8	1.3
Other auditors's fees charged to profit and loss (VAT not included)				
Other attestation services	0.5	0.6	0.7	0.9
Tax advisory services	0.0	0.0	0.0	0.0
Other services	0.7	0.0	0.7	0.0
Total	1.2	0.6	1.3	0.9

NOTE 9 Impact on earnings – Terminal 2 project

All amounts in MNOK

As a result of the development of Oslo airport (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 a re-assessed economic life. Part of the charges for extra costs is based on estimates.

SPECIFICATION	2017	2016
Employee benefits expense		
Payroll and other personnel expenses for operating personnel	20.6	40.1
Total	20.6	40.1
Depreciation, amortisation and impairment charges		
Higher depreciation as the result of scrapping portions of the terminal	4.5	80.6
Total	4.5	80.6
Other operating expenses		
Operational coordination	35.9	86.6
Security	5.4	38.2
More bussing	0.8	15.2
Consulting services	1.2	2.0
Staff/support	27.5	44.6
Demolishing expenses existing plant	35.3	53.7
Additional contract costs related to maintenance of normal operations during the construction period	29.2	67.6
Other	0.4	7.9
Total	135.7	315.8
Total	160.8	436.5

NOTE 10 Other expenses

All amounts in MNOK

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

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

	AVINOR AS		AVINOR GROUP	
SPECIFICATION	2017	2016	2017	2016
Other expenses				
Pension - see note 16	170.0	0.0	415.0	0.0
Changes in value and other losses/gains - net	0.1	-19.7	-12.8	-18.9
Total	170.1	-19.7	402.2	-18.9
Changes in value and other losses/gains - net				
Changes in value - unrealised (note 14)	-4.4	-28.0	0.2	-34.9
Changes in value - realised energy contracts	2.8	7.6	2.9	8.0
Foreign currency translation gains/losses	1.7	0.7	-15.9	8.0
Total	0.1	-19.7	-12.8	-18.9

From the 1 January 2018 the financing of deferred pension rights for employees who leave these organisations will be transferred from the Norwegian Public Service Pension Fund to the organisation in question. The change extends the groups basis of liability as an employer and the increase in pension obligation is therefore charged to the income statement.

NOTE 11 Finance income and costs

All amounts in MNOK

Dividend income

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

	AVINOR AS		AVINOR GROUP	
SPECIFICATION	2017	2016	2017	2016
Finance income				
Interest income on short-term bank deposits	58.3	35.4	59.7	35.8
Interest income on loans to group companies	6.2	3.0	0.0	0.0
Group contributions and dividends received	1 000.0	75.2	6.0	0.0
Gains on financial instruments	4.1	0.4	22.4	0.4
Total	1 068.6	114.0	88.1	36.2
Finance costs				
Interest expense on bank borrowings	650.1	567.2	680.4	601.0
Interest expense on loans from group companies	28.0	40.6	0.0	0.0
Interest expense on others	3.8	34.5	4.2	34.7
Other borrowing expenses	37.2	26.7	37.3	27.8
Borrowing costs capitalised (note 13)	-38.2	-235.3	-47.7	-235.3
Foreign currency translation gains/losses	-3.2	-1.0	-3.2	-1.0
Net fair value gains/losses on bank borrowings including derivatives	-14.5	59.8	-14.5	59.8
Fair value loss on financial instruments (note 14)				
- interest rate swaps: cash flow hedges, transfer from equity	14.6	-7.4	14.6	-7.4
- interest rate swaps: fair value hedges	14.5	-59.8	14.5	-59.8
Total	692.3	425.3	685.6	419.8
Finance income/(costs) - net	376.3	-311.3	-597.5	-383.6

NOTE 12 Income tax expense and deferred income tax

All amounts in MNOK

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

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

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

Net deferred tax asset

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

Loss carried forward

Svalbard Lufthavn AS have a loss carried forward of MNOK 140,0. The tax effect of the loss is not included owing to the uncertainty regarding the utilization of the loss.

Change in tax rate

The tax rate was changed from the 1st of January 2018 from 24 per cent to 23 per cent. Correspondingly, the change from 2016 to 2017 was from 25 per cent to 24 %.

	AVINOR AS		AVINOR GROUP	
SPECIFICATION	2017	2016	2017	2016
Income tax expense				
Current tax on profit for the year	42.7	65.5	115.4	136.6
Current tax on adjustments in respect of prior years	10.8	0.0	10.8	-0.2
Current tax on group contributions	4.6	0.0	0.0	0.0
Deferred tax, adjustments prior years	0.0	2.1	0.0	3.5
Deferred tax on origination and reversal of temporary differences	89.2	245.9	21.7	212.2
Change in tax rate, effect deferred tax assets/-liabilities	-8.5	-2.4	-7.4	-6.5
Total	138.8	311.1	140.5	345.6
Effective tax rate reconciliation				
24 (25)% of profit before tax	377.8	304.1	152.1	342.5
Effect of adjustments prior years	-4.2	2.1	-7.7	1.7
Change in tax rate, effect deferred tax assets/-liabilities	-8.5	-2.4	-7.4	-6.5
Group contribution received (not subject to tax)	-235.4	0.0	0.0	0.0
Dividends received	0.0	0.0	-1.4	0.0
Permanent differences 24 (25)%	9.0	7.3	4.9	7.9
Income tax expense	138.8	311.0	140.5	345.6
Effective tax rate	8.8	25.6	22.2	25.2

AVINOR AS:
SPECIFICATION DEFERRED TAX ASSETS AND LIABILITIES

	ADAPTED TO NEW ANNUAL TAX RATE AT 31 DECEMBER 2016	MERGER/ DEMERGER	CHARGED/ CREDITED TO THE INCOME STATEMENT	CHARGED/ CREDITED TO OTHER COM-PREHENSIVE INCOME	AT 31 DECEMBER 2017	ADAPTED TO NEW ANNUAL TAX RATE AT 31 DECEMBER 2017
Receivables	0.0	0.0	-1.8	0.0	-1.8	-1.7
Non-current assets	-689.4	0.3	125.3	0.0	-563.8	-540.3
Borrowings	-121.2	0.0	-199.7	0.0	-320.9	-307.5
Provisions	-74.3	0.0	24.4	0.0	-49.9	-47.8
Pension benefits	-396.4	-0.1	-54.6	-92.7	-543.8	-521.1
Profit and loss account	-8.5	0.0	-6.0	0.0	-14.5	-13.9
Derivative financial instruments	117.4	0.0	201.6	-26.2	292.8	280.6
Deferred tax asset(-)/liability (net)	-1 172.2	0.2	89.2	-118.9	-1 201.7	-1 151.7
Change in tax rate, deferred tax asset reduction	48.8					50.1
Presented as:						
Equity reduction	0					0.0
Other comprehensive income expense	51.2					58.6
Profit and loss expense	-2.4					-8.5

	AT 1 JANUARY 2016	MERGER/ DEMERGER	CHARGED/ CREDITED TO THE INCOME STATEMENT	CHARGED/ CREDITED TO OTHER COM-PREHENSIVE INCOME	AT 31 DECEMBER 2016
Receivables	0.2	0.0	-0.2	0.0	0.0
Group contributions (receivables)	-98.8	80.0	18.8	0.0	0.0
Non-current assets	-692.4	-168.6	142.9	0.0	-718.1
Borrowings	-171.6	0.0	45.4	0.0	-126.2
Provisions	-120.8	-17.8	61.3	0.0	-77.3
Pension benefits	-271.3	-73.3	12.8	-81.1	-412.9
Group contributions (payables)	1.5	0.0	0.0	-1.5	0.0
Profit and loss account	-3.8	-6.3	1.3	0.0	-8.8
Derivative financial instruments	152.2	-5.1	-36.4	11.6	122.3
Deferred tax asset(-)/liability (net)	-1 204.7	-191.1	245.9	-71.0	-1 221.0

	2017	2016
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	-1 382.8	-1 215.4
Deferred tax asset to be recovered within 12 months	-49.5	-74.3
	-1 432.3	-1 289.6
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	280.6	117.4
Deferred tax liability to be recovered within 12 months	0.0	0.0
	280.6	117.4
Deferred tax asset(-)/liability (net)	-1 151.7	-1 172.2

AVINOR GROUP:
SPECIFICATION DEFERRED TAX ASSETS AND LIABILITIES

	ADAPTED TO NEW ANNUAL TAX RATE AT 31 DECEMBER 2016	CHARGED/ CREDITED TO THE INCOME STATEMENT	CHARGED/ CREDITED TO OTHER COM-PREHENSIVE INCOME	AT 31 DECEMBER 2017	ADAPTED TO NEW ANNUAL TAX RATE AT 31 DECEMBER 2017
Receivables	-0.1	-2.0	0.0	-2.1	-2.0
Non-current assets	-635.8	130.0	0.0	-505.8	-484.7
Borrowings	-121.2	-199.7	0.0	-320.9	-307.5
Provisions	-80.9	27.7	0.0	-53.2	-51.0
Pension benefits	-620.5	-128.4	-216.4	-965.3	-925.1
Profit and loss account	-8.6	-6.3	0.0	-14.9	-14.3
Derivative financial instruments	108.3	200.4	-23.3	285.4	273.5
Deferred tax asset(-)/liability (net)	-1 358.7	21.7	-239.7	-1 576.8	-1 511.2
Change in tax rate, deferred tax asset reduction	56.3				65.5
Presented as:					
Equity reduction	0.0				0.0
Other comprehensive income expense	62.7				72.9
Profit and loss expense	-6.5				-7.4

	AT 1 JANUARY 2016	CHARGED/ CREDITED TO THE INCOME STATEMENT	CHARGED/ CREDITED TO OTHER COM-PREHENSIVE INCOME	AT 31 DECEMBER 2016
Receivables	0.1	-0.2	0.0	-0.1
Non-current assets	-817.8	154.1	0.0	-663.7
Borrowings	-171.6	45.4	0.0	-126.2
Provisions	-153.4	69.1	0.0	-84.3
Pension benefits	-486.2	-23.0	-137.1	-646.3
Profit and loss account	-10.5	1.5	0.0	-9.0
Derivative financial instruments	130.6	-34.7	16.9	112.8
Deferred tax asset(-)/liability (net)	-1 508.9	212.2	-120.2	-1 416.9

	2017	2016
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	-1 797.5	-1 453.2
Deferred tax asset to be recovered within 12 months	-53.0	-81.1
	-1 850.5	-1 534.3
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	339.3	175.6
Deferred tax liability to be recovered within 12 months	0.0	0.0
	339.3	175.6
Deferred tax asset(-)/liability (net)	-1 511.2	-1 358.7

NOTE 13 Intangible assets, property, plant and equipment

All amounts in MNOK

INTANGIBLE ASSETS

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

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

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

Computer software

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

AIR TRAFFIC MANAGEMENT SYSTEMS, AIRSPACE ORGANIZATION

	AVINOR AS	AVINOR GROUP
At 1 January 2016		
Cost	77.8	299.6
Accumulated amortisation and impairment	-36.1	-182.4
Net book amount	41.7	117.2
Year ended 31 December 2016		
Opening net book amount	41.7	117.2
Additions	2.7	4.1
Disposals	0.0	0.0
Amortisation charge	-4.4	-12.5
Closing net book amount	39.9	108.8
At 31 December 2016		
Cost	80.5	303.8
Accumulated amortisation and impairment	-40.5	-194.9
Net book amount	39.9	108.8
Year ended 31 December 2017		
Opening net book amount	39.9	108.8
Additions	0.0	17.2
Disposals	0.0	0.0
Amortisation charge	-4.5	-13.2
Closing net book amount	35.4	112.8
At 31 December 2017		
Cost	80.5	321.0
Accumulated amortisation and impairment	-45.0	-208.1
Net book value	35.4	112.8
Estimated useful life	10 years	10 years
Method of depreciation	Straight-line	Straight-line

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

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

LEASES

The group as a lessee

Finance leases:
Leases where the group has substantially all the risks and rewards of ownership are classified as finance leases. The group have no Finance leases.

Operating leases:
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

The group as a lessor

Operating leases:
A substantial part of Avinor's commercial income consists of rental income , which are accounted for according to IAS 17. The rental income consists of fixed amounts as well as revenue based parts, which are recognized based on the time of delivery during the period of the lease. The group presents rental assets as non-current assets in the balance sheet.

GOVERNMENT GRANTS

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

AVINOR AS

	LAND	BUILDINGS	RUNWAYS AND OTHER RELATED ASSETS	VEHICLES	FURNITURE, FITTINGS AND EQUIPMENT	INFRA-STRUCTURE	TOTAL
At 1 January 2016							
Cost	1 099.0	5 183.3	6 041.3	855.0	2 278.6	727.9	**16 185.1**
Accumulated depreciation	-1.7	-1 582.2	-1 276.4	-349.7	-1 422.1	-315.7	**-4 947.8**
Net book amount	1 097.3	3 601.1	4 764.9	505.3	856.5	412.2	**11 237.4**
Year ended 31 December 2016							
Opening net book amount	1 097.3	3 601.1	4 764.9	505.3	856.5	412.2	**11 237.3**
Additions	77.2	10 419.4	4 231.3	289.1	1 721.2	1 484.8	**18 223.0**
Disposals	0.0	-1.4	0.0	-1.1	-0.8	0.0	**-3.3**
Depreciation charge	0.0	-684.4	-378.8	-59.4	-356.0	-150.7	**-1 629.3**
Closing net book amount	1 174.5	13 334.7	8 617.4	733.9	2 220.9	1 746.3	**27 827.7**
At 31 December 2016							
Cost	1 176.2	19 141.0	12 246.7	1 319.3	6 065.7	3 017.1	**42 966.0**
Accumulated depreciation	-1.7	-5 806.3	-3 629.3	-585.4	-3 844.8	-1 270.8	**-15 138.3**
Net book amount	1 174.5	13 334.7	8 617.4	733.9	2 220.9	1 746.3	**27 827.7**
Year ended 31 December 2017							
Opening net book amount	1 174.5	13 334.7	8 617.4	733.9	2 220.9	1 746.3	**27 827.7**
Additions	26.7	3 979.8	754.6	108.5	1 166.4	373.9	**6 409.9**
Disposals	-0.4	-4.6	-0.3	-2.3	-8.3	0.0	**-15.9**
Depreciation charge	0.0	-681.2	-404.3	-65.5	-464.2	-124.9	**-1 740.1**
Closing net book amount	1 200.8	16 628.7	8 967.4	774.6	2 914.8	1 995.3	**32 481.6**
At 31 December 2017							
Cost	1 202.5	23 114.2	12 988.7	1 389.1	7 137.2	3 334.0	**49 165.7**
Accumulated depreciation	-1.7	-6 485.5	-4 021.3	-614.5	-4 222.4	-1 338.7	**-16 684.1**
Net book amount	1 200.8	16 628.7	8 967.4	774.6	2 914.8	1 995.3	**32 481.6**

AVINOR GROUP

	LAND	BUILDINGS	RUNWAYS AND OTHER RELATED ASSETS	VEHICLES	FURNITURE, FITTINGS AND EQUIPMENT	INFRA-STRUCTURE	TOTAL
At 1 January 2016							
Cost	1 735.5	13 708.9	11 090.9	1 283.9	5 949.7	2 177.4	**35 946.3**
Accumulated depreciation	-1.2	-4 975.3	-2 788.1	-588.4	-4 218.9	-867.3	**-13 439.2**
Net book amount	1 734.3	8 733.6	8 302.8	695.5	1 730.8	1 310.1	**22 507.1**
Year ended 31 December 2016							
Opening net book amount	1 734.3	8 733.6	8 302.8	695.5	1 730.8	1 310.1	**22 507.1**
Additions	102.9	5 980.8	662.2	136.4	1 390.9	479.4	**8 752.6**
Disposals	0.0	-2.1	-0.1	-1.1	-4.2	0.0	**-7.5**
Depreciation charge	0.0	-725.6	-381.9	-63.2	-428.2	-151.5	**-1 750.4**
Closing net book amount	1 837.2	13 986.7	8 583.0	767.6	2 689.3	1 638.0	**29 501.8**
At 31 December 2016							
Cost	1 838.4	19 633.8	11 752.6	1 401.6	7 283.5	2 656.9	**44 566.8**
Accumulated depreciation	-1.2	-5 647.1	-3 169.6	-634.0	-4 594.2	-1 018.9	**-15 065.0**
Net book amount	1 837.2	13 986.7	8 583.0	767.6	2 689.3	1 638.0	**29 501.8**
Year ended 31 December 2017							
Opening net book amount	1 837.2	13 986.7	8 583.0	767.6	2 689.3	1 638.0	**29 501.8**
Additions	26.7	4 001.6	754.6	112.6	1 262.1	375.3	**6 532.9**
Disposals	0.0	-4.6	-0.3	-2.7	-8.3	0.0	**-15.9**
Depreciation charge	0.0	-724.0	-409.5	-70.2	-546.4	-125.8	**-1 875.9**
Closing net book amount	1 863.9	17 259.7	8 927.8	807.3	3 396.7	1 887.5	**34 142.9**
At 31 December 2017							
Cost	1 865.1	23 628.8	12 494.7	1 473.3	8 440.1	2 975.2	**50 877.2**
Accumulated depreciation	-1.2	-6 369.1	-3 566.9	-666.0	-5 043.4	-1 087.7	**-16 734.3**
Net book amount	1 863.9	17 259.7	8 927.8	807.3	3 396.7	1 887.5	**34 142.9**
Estimated useful life		10 - 50 years	15 - 50 years	10 - 20 years	5 - 15 years	5 - 40 years	
Method of depreciation	NA	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line	

ASSETS UNDER CONSTRUCTION

	AVINOR AS	AVINOR GROUP
At 1 January 2016		
Cost	3 343.0	10 615.2
Accumulated depreciation	0.0	0.0
Net book amount	3 343.0	10 615.2
Year ended 31 December 2016		
Opening net book amount	3 343.0	10 615.2
Merger/demerger	6 915.4	0.0
Additions	4 610.1	4 854.7
Reclassification	-8 617.6	-8 752.8
Closing net book amount	6 250.9	6 717.1
At 31 December 2016		
Cost	6 250.9	6 717.1
Accumulated depreciation	0.0	0.0
Net book amount	6 250.9	6 717.1
Year ended 31 December 2017		
Opening net book amount	6 250.9	6 717.1
Additions	2 632.2	3 008.9
Reclassification	-6 409.9	-6 532.9
Closing net book amount	2 473.2	3 193.1
At 31 December 2017		
Cost	2 473.2	3 193.1
Accumulated depreciation	0.0	0.0
Net book amount	2 473.2	3 193.1
Classified as intangible	0.0	245.1

Borrowing costs

Property plant and equipment includes borrowing costs when the construction period of major asset is longer than one year. Capitalised borrowing costs amounted to MNOK 47.7 in 2017 and MNOK 235.3 in 2016.

The average capitalisation rate for 2017 was 2.69 per cent (2016: 3.49 per cent).

Security

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

Basis for the measurement of recoverable amount

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

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

An impairment loss is recognised if the recoverable amount of the group's assets is less than its carrying amount. The recoverable amount is the highest of the cash-generating unit's fair value less cost to sell and its value in use. The group estimates both fair value and value in use based on the present value of future cash flows. Value in use is the present value of future cash flows derived from existing assets (without improving or enhancing the performance of these assets).

The group operates in its entirety in Norway and the present value of future cash flow is therefore estimated in NOK. The future cash flow is then discounted based on an weighted average discount rate relevant for the group's type of operations. The rate of return is based on 10-year Norwegian government securities adjusted for the group's business risk. The expense related to the debt ratio part of the weighted average rate of return is based on the average market rate for the group. In the present value estimate for 2017 the discount rate is 6.7 per cent before tax.

As at 31 December 2017 the measurement of recoverable amount for the whole group is estimated based on fair value less cost to sell. Fair value is estimated based on future cash flows from operations, including future capacity increasing activities such as OSL Terminal 2 and expansion of the terminals at Flesland, Sola and Værnes.

The valuation is based on several assumptions. The main assumptions used in the estimation of recoverable amount are (2016 figures in brackets):

ALL FIGURES IN PER CENT	2018	2019	2020	2021	2022	2023
Passenger growth (%)	3.8 (3.1)	3.9 (3.3)	3.5 (3.2)	4.0 (2.2)	2.4 (2.4)	2.4 (2.1)
Consumer price index (%)	2.0 (2.1)	2.0 (2.0)	2.0 (1.5)	1.5 (1.5)	1.5 (1.5)	1.5 (1.5)

	2024	2025	2026	2027	2028	2029 - 2033
Passenger growth (%)	2.3 (2.1)	2.3 (2.1)	2.2 (2.0)	2.2 (2.0)	2.2 (2.0)	2.0-2.2 (1.7-2.0)
Consumer price index (%)	1.5 (1.5)	1.5 (1.5)	1.5 (1.5)	1.5 (1.5)	1.5 (1.5)	1.5 (1.5)

There is close correlation between GDP (Norwegian mainland) and passenger growth.
The estimates are based on real growth in expenses.

The estimates include expected investments based on the group's long-term investment plan, including existing public regulations.

The expected value of operations past fifteen years is determined as a terminal value. The terminal value is based on the assumption of a constant growth of 0.0 per cent and an estimated normalised investment level.

As at 31 December 2017 there are no indications that the recoverable amount is less than the carrying amount.

NOTE 14 Financial assets and liabilities

All amounts in MNOK

FINANCIAL ASSETS

Classification
The group classifies its financial assets in the following categories: At fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, excepts for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' in the balance sheet.

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

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

Impairment of financial assets
The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment loss is recognised when the loss is material and assumed to last for a longer period of time. Do not apply to financial assets at fair value through profit and loss.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVIES

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

The group designates certain derivatives as either:

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

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

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

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

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

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

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

Fair value hedge

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

Cash flow hedge

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

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

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

FINANCIAL LIABILITIES

The group classifies its financial liabilities in the following categories: At fair value through profit or loss and other financial liabilities. The classification depends on the purpose for which the financial liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition.

Financial liabilities at fair value through profit or loss

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

Other financial liabilities

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

Categories of financial instruments in the balance sheet:

AVINOR AS

	LOANS AND RECEIVABLES	ASSETS AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	TOTAL
31 December 2017				
Assets as per balance sheet				
Loans and receivables to group companies	172.1			172.1
Derivative financial instruments		4.1	1 215.7	1 219.8
Other financial assets	260.1			260.1
Trade receivables	942.1			942.1
Other receivables	176.8			176.8
Cash and cash equivalents	2 071.8			2 071.8
Total	3 622.9	4.1	1 215.7	4 842.7

	LIABILITIES AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	OTHER FINANCIAL LIABILITIES	TOTAL
Liabilities as per balance sheet				
State loan			2 083.0	2 083.0
Loans and payables to group companies			1 613.2	1 613.2
Other long-term liabilities			19 553.7	19 553.7
Trade payables and other liabilities			1 335.7	1 335.7
Total	0.0	0.0	24 585.6	24 585.6

	LOANS AND RECEIVABLES	ASSETS AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	TOTAL
31 December 2016				
Assets as per balance sheet				
Loans and receivables to group companies	371.5			371.5
Derivative financial instruments		1.0	504.0	505.0
Other financial assets	390.6			390.6
Trade receivables	798.0			798.0
Other receivables	409.4			409.4
Cash and cash equivalents	938.1			938.1
Total	2 907.6	1.0	504.0	3 412.6

	LIABILITIES AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	OTHER FINANCIAL LIABILITIES	TOTAL
Liabilities as per balance sheet				
State loan			2 527.3	2 527.3
Loans and payables to group companies			2 753.3	2 753.3
Derivative financial instruments	1.3	14.3		15.6
Other long-term liabilities			14 413.8	14 413.8
Trade payables and other liabilities			3 453.6	3 453.6
Total	1.3	14.3	23 148.0	23 163.6

AVINOR GROUP

	LOANS AND RECEIVABLES	ASSETS AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	TOTAL
31 December 2017				
Assets as per balance sheet				
Derivative financial instruments		4.2	1 215.7	**1 219.9**
Other financial assets	260.1			**260.1**
Trade receivables	1 153.7			**1 153.7**
Other receivables	193.5			**193.5**
Cash and cash equivalents	2 071.8			**2 071.8**
Total	3 679.1	4.2	1 215.7	**4 899.0**

	LIABILITIES AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	OTHER FINANCIAL LIABILITIES	TOTAL
Liabilities as per balance sheet				
State loan			2 083.0	**2 083.0**
Derivative financial instruments	4.9	25.6		**30.5**
Other long-term liabilities			20 097.1	**20 097.1**
Trade payables and other liabilities			1 483.0	**1 483.0**
Total	4.9	25.6	23 663.1	**23 693.6**

	LOANS AND RECEIVABLES	ASSETS AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	TOTAL
31 December 2016				
Assets as per balance sheet				
Derivative financial instruments		1.0	504.0	**505.0**
Other financial assets	390.7			**390.7**
Trade receivables	1 009.5			**1 009.5**
Other receivables	420.7			**420.7**
Cash and cash equivalents	949.1			**949.1**
Total	2 770.0	1.0	504.0	**3 275.0**

	LIABILITIES AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	OTHER FINANCIAL LIABILITIES	TOTAL
Liabilities as per balance sheet				
State loan			2 527.3	**2 527.3**
Derivative financial instruments	1.5	52.0		**53.5**
Other long-term liabilities			15 009.5	**15 009.5**
Trade payables and other liabilities			3 583.7	**3 583.7**
Total	1.5	52.0	21 120.5	**21 174.0**

For information about the credit quality of financial assets - see note 3.

DERIVATIVE FINANCIAL INSTRUMENTS

	AVINOR AS			AVINOR GROUP		
	2017	2016	MOVEMENT	2017	2016	MOVEMENT
Assets						
Interest rate swaps	1 215.7	504.0	711.7	1 215.7	504.0	711.7
Forward foreign exchange contracts	0.3	1.0	-0.7	0.4	1.0	-0.6
Forward energy contracts	3.8	0.0	3.8	3.8	0.0	3.8
	1 219.8	505.0	714.8	1 219.9	505.0	714.9
Liabilities						
Interest rate swaps	0.0	14.3	-14.3	25.6	52.0	-26.4
Forward foreign exchange contracts	0.0	0.6	-0.6	4.9	0.8	4.1
Forward energy contracts	0.0	0.7	-0.7	0.0	0.7	-0.7
	0.0	15.6	-15.6	30.5	53.5	-23.0
Net movement			730.4			737.9
Details of net movement:						
Changes in value and other losses/(gains) - net (note 10)			4.4			-0.2
Interest rate swaps - recognised in other comprehensive income			-109.4			-97.3
Interests rate swaps - changes in value			835.5			835.5

All interest rate swaps, with the exception of one fair value hedge, are designated as cash flow hedges.

Forward foreign exchange and energy contracts are not defined as hedge accounting and are classified as a current asset and/or liability.

Interest rate swaps are defined as hedge accounting instruments and the fair value of the hedging instrument is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. The ineffective portion of the hedge is recognised in the income statement.

The notional principal amount of the outstanding forward foreign exchange contracts at 31 December 2017 was MNOK 200 (2016: MNOK 198).

The notional principal amount of the outstanding forward energy contracts at 31 December 2017 was MNOK 102 (2016: MNOK 107).

The notional principal amount of the outstanding interest rate swaps contracts at 31 December 2017 were MNOK 9,459 (2016: MNOK 5,680). At 31 December 2017, the fixed interest rates vary from 1.11 per cent to 5.56 per cent (2016: 1.69 per cent to 5.96 per cent). The main floating rate was NIBOR and fixed Euro interest rate.

Gains and losses recognised in the hedging reserve in other comprehensive income (note 15) on interest rate swap contracts as of 31 December 2017 will be continuously released to the income statement until the repayment of the bank borrowings.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the balance sheet.

	AVINOR AS		AVINOR GROUP	
	2017	2016	2017	2016
Other financial assets				
Other non-current receivables	260.1	390.6	260.1	390.7
Total	260.1	390.6	260.1	390.7

Other non-current receivables are non-derivative financial assets with fixed payments that are not quoted in an active market. Fair value of other financial assets are substantially identical with book value.

TRADE RECEIVABLES, OTHER SHORT TERM RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

	AVINOR AS		AVINOR GROUP	
	2017	2016	2017	2016
Trade receivables	950.4	799.7	1 163.1	1 011.6
Less: Provision for impairment of trade receivables	-8.3	-1.7	-9.4	-2.1
Trade receivables - net	942.1	798.0	1 153.7	1 009.5
Receivables written off during the year	0.4	0.3	0.4	0.3

The fair value of trade receivables is approximately equal to the carrying amount.
Loss on trade receivables is classified as other operating expense in the income statement.

MOVEMENT IN THE PROVISION FOR IMPAIRMENT OF TRADE RECEIVABLES

	AVINOR AS		AVINOR GROUP	
	2017	2016	2017	2016
At 1 January	1.7	0.6	2.1	1.0
This years provisions for receivables impairment	8.3	1.7	9.4	2.1
Receivables written off during the year as uncollectible	-0.4	-0.3	-0.4	-0.3
Unused amounts reversed	-1.3	-0.3	-1.7	-0.7
At 31 December	8.3	1.7	9.4	2.1

Credit risk and foreign exchange risk are described in note 3.

AT 31 DECEMBER THE AGING OF THE COMPANY'S RECEIVABLES WAS AS FOLLOWS

	TOTAL	NOT DUE	<30 D	30-60D	60-90D	>90D
2017	950.4	734.2	133.0	7.8	2.7	72.7
2016	799.7	641.5	129.0	6.8	7.4	15.0

AT 31 DECEMBER THE AGING OF THE GROUP'S RECEIVABLES WAS AS FOLLOWS

	TOTAL	NOT DUE	<30 D	30-60D	60-90D	>90D
2017	1 163.1	942.7	136.0	7.9	2.7	73.8
2016	1 011.5	847.1	130.9	6.8	7.4	19.3

SPECIFICATION OF TRADE AND OTHER RECEIVABLES

	AVINOR AS		AVINOR GROUP	
	2017	2016	2017	2016
Trade receivables	942.1	798.0	1 153.7	1 009.5
Intra-group accounts	52.1	231.5	0.0	0.0
Accrued income	148.4	235.2	149.3	235.5
Prepaid expenses	43.4	29.7	52.9	53.2
Other short-term assets	28.5	174.0	44.2	185.2
Total	1 214.5	1 468.4	1 400.1	1 483.4

Fair value of trade and other receivables is approximately equal to the carrying amount.

THE CARRYING AMOUNT OF TRADE AND OTHER RECEIVABLES IN FOREIGN CURRENCY IS

	AVINOR AS		AVINOR GROUP	
	2017	2016	2017	2016
Euro	0.0	0.0	104.8	86.3
Total	0.0	0.0	104.8	86.3

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and bank overdrafts.

CASH AND CASH EQUIVALENTS

	AVINOR AS		AVINOR GROUP	
	2017	2016	2017	2016
Cash and bank at hand	2 071.8	938.1	2 071.8	949.1
Short-term bank deposits	0.0	0.0	0.0	0.0
Total	2 071.8	938.1	2 071.8	949.1

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

Cash and cash equivalents	2 071.8	938.1	2 071.8	949.1
Bank overdrafts	0.0	0.0	0.0	0.0
Total	2 071.8	938.1	2 071.8	949.1

Avinor AS has a credit facility of MNOK 4,000 and a overdraft limit of MNOK 600 in a bank.

Group bank account system

The Avinor bank accounts are organised as a group bank account system. Avinor AS is the formal holder of the bank account. The bank accounts of all subsidiaries are therefore formally receivables from Avinor AS, and these companies are jointly responsible for the withdrawals that the Avinor group has made.

BORROWINGS

Borrowings are recognised initially at fair value. Borrowings are subsequently carried at amortised cost using the effective interest method, except for borrowings hedged with a derivative fair value hedge, which is also carried at fair value in subsequent periods. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

	AVINOR AS		AVINOR GROUP	
	2017	2016	2017	2016
Non-current borrowings				
State loan	2 083.0	2 527.3	2 083.0	2 527.3
Bonds	13 946.3	8 674.6	13 946.3	8 674.6
Bank borrowings	5 607.4	5 734.5	6 150.8	6 330.3
Others	0.0	4.6	0.0	4.6
Total long-term	21 636.7	16 941.0	22 180.1	17 536.8
Current borrowings				
Commercial papers	0.0	1 400.0	0.0	1 400.0
First year instalment on long-term debt	579.0	967.6	631.3	1 019.8
Total current	579.0	2 367.6	631.3	2 419.8
Total current and long-term borrowings	22 215.7	19 308.6	22 811.4	19 956.6

	AVINOR AS		AVINOR GROUP	
	2017	2016	2017	2016
Movement in borrowings				
Opening net book amount at 1 January	19 308.7	13 968.7	19 956.6	18 489.7
Merger	0.0	3 820.9	0.0	0.0
Proceeds from borrowings	4 439.5	1 899.9	4 439.5	1 899.9
Repayment of borrowings	-964.7	-943.3	-1 016.9	-995.5
Net change financial lease obligation	0.0	-256.0	0.0	-256.0
Net proceeds/repayment of short term borrowings (commercial papers)	-1 400.0	1 000.0	-1 400.0	1 000.0
Changes in value	832.2	-181.5	832.2	-181.5
Closing net book amount at 31 December	22 215.7	19 308.7	22 811.4	19 956.6

INFORMATION ABOUT STATE LOAN AND BANK BORROWINGS	CURRENCY	EFFECTIVE INTEREST RATE
State loan	NOK	1.64 %
Bonds, inclusive commercial papers	NOK/EUR	3.13 %
Bank borrowings	NOK	3.30 %

The figures include interest hedging derivatives.
The effective interest rate is calculated as a weighted average depending the relative size of the borrowings.
See note 3 for a description of interest risk.

INSTALMENT PROFILE	2019	2020	2021	2022	2023	THEREAFTER	TOTAL
State loan	444.4	444.4	444.4	444.4	249.6	55.9	2 083.0
Bonds	700.0	450.0	2 948.0	0.0	0.0	9 848.3	13 946.3
Bank borrowings	439.3	499.3	499.3	499.3	579.3	3 634.2	6 150.8
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0

State loan

The loan is divided into six equal debentures with different interest terms. Debentures one to five have interest rates equal to the interest rate used by the State when lending to public sector enterprises (average interest rate on five-year government bonds in the period October-September) plus 30 basis points. The interest on one of the debentures is renewed each year. The interest on the last debenture is set at three, six or twelve months NIBOR plus 20 basis points. The interest is payable in arrears at 31 December. The loan had originally a payment period of 20 years starting 2002. The term of the loan has subsequently been extended so that the final maturity date is in 2024. The first instalment was paid 30 June 2002.

Bonds

The loans, as at 31 December 2017, are as follows:

- Face value MNOK 450, maturity date 8 May 2020, interest rate 3.75 per cent
- Face value MNOK 2,000, maturity date 8 May 2028, interest rate 4.45 per cent
- Face value MEUR 300, maturity date 20 March 2021, interest rate 1.75 per cent
- Face value MNOK 700, maturity date 30 October 2019, interest rate 3 months NIBOR pluss 0.37 per cent
- Face value MEUR 300, maturity date 29 April 2025, interest rate 1.00 per cent
- Face value MEUR 500, maturity date 9 February 2027, interest rate 1.25 per cent

Bank borrowings

Bank borrowings in Avinor AS, as at 31 December 2017, are as follows:

- Loan of NOK 1.5 billion from the Nordic Investment Bank (NIB). The loan, disbursed in December 2011, has a term of 20 years and is irredeemable for 8 years.
- Loan of MNOK 1,525.3 from the European Investment Bank (EIB). The loan, disbursed in June 2012, has a term of 16 years and is irredeemable for 4.5 years.
- Loan of NOK 1.0 billion from the Nordic Investment Bank (NIB). The loan, disbursed in November 2016, has a term of 20 years and is irredeemable for 8 years.
- Loan of MNOK 1,899.9 from the European Investment Bank (EIB). The loan, disbursed in April 2017, has a term of 12 years and is irredeemable for 3 years.

In addition there are bank borrowings in the subsidiaries operating within real estate.
Flesland Eiendom AS, Værnes Eiendom AS, Sola Hotel Eiendom AS, Hotell Østre AS and Flyporten AS have issued a negative pledge clause. According to its Articles of Association the company is not allowed to pledge assets connected to the core business of the group as security.

Drawing rights

The group has an unused bank credit facility of MNOK 4,000 at a floating interest rate, expiring in 2020. The group can request a prolonged term, this require acceptance from all participating banks.

The group also has an unused bank overdraft limit of MNOK 600 at a floating interest rate. This overdraft facility is part of the group's cash management agreement.

NOTE 15 Other reserves

All amounts in MNOK

AVINOR AS

	PENSIONS	HEDGES	TOTAL
At 1 January 2016	-102.2	-38.5	-140.6
Merger/demerger	27.0	-1.8	25.2
Actuarial gains/(losses) on pensions	-324.5		-324.5
Tax effect	81.1		81.1
Fair value change cash flow hedge		38.3	38.3
Tax effect		-9.6	-9.6
Change in tax rate, effect deferred tax assets/-liabilities	-1.6	-0.1	-1.7
At 31 December 2016	-320.2	-11.7	-331.8
Actuarial gains/(losses) on pensions	-385.9		-385.9
Tax effect	92.6		92.6
Fair value change cash flow hedge		-109.4	-109.4
Tax effect		26.3	26.3
Change in tax rate, effect deferred tax assets/-liabilities	-8.7	-1.2	-9.9
At 31 December 2017	-622.2	-96.0	-718.1

AVINOR GROUP

	PENSIONS	HEDGES	TOTAL
At 1 January 2016	92.0	-88.2	3.6
Actuarial gains/(losses) on pensions	-548.5		-548.5
Tax effect	137.1		137.1
Fair value change cash flow hedge		66.9	66.9
Tax effect		-16.9	-16.9
Change in tax rate, effect deferred tax assets/-liabilities	-4.4	-0.2	-4.6
At 31 December 2016	-323.8	-38.4	-362.4
Actuarial gains/(losses) on pensions	-901.8		-901.8
Tax effect	216.3		216.3
Fair value change cash flow hedge		-97.3	-97.3
Tax effect		23.4	23.4
Change in tax rate, effect deferred tax assets/-liabilities	-14.2	-1.6	-15.8
At 31 December 2017	-1 023.5	-113.9	-1 137.6

NOTE 16 Pension obligation

All amounts in MNOK

The pension schemes are generally funded through payments to Statens Pensjonskasse (the Norwegian Public Service Pension Fund, SPK), determined by periodic actuarial calculations. The group has a defined benefit plan. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, dependent on one or more factors such as years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflow using interest rates of high-quality corporate bonds (or long-term treasury bonds) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Changes in assumptions, basic data and the benefits of the pension plan which have as an effect an accounting loss or gain will be set off against equity through other comprehensive income in the period they occur.

A change in the benefits which refers to previous periods of earning implies a change in the pension plan which is a cost related to previous periods of earning. A negative cost occurs when the benefits are changed in such a way that the present value of the projected benefits are reduced.

The pension scheme is not directly funded. The pension payments are guaranteed by the Norwegian government (Section 1 of the Pensions Act). Administration of the allocated fund (fictitious fund) is simulated as if the funds were placed in long-term government bonds. Five per cent of the fund related to Avinor Flysikring AS is simulated as placed in the Government Pension Fund Global. The pension scheme is not movable in the same way as private pensions schemes and it is assumed that the pension scheme will be continued in SPK. In the simulation it is assumed that the bonds are held to maturity. The pension fund is therefore estimated at nominal value plus the return on the fund.

Net pension obligation

The value of net pension obligations is determined on an actuarial basis using a number of assumptions. These include, among others, the discount rate, future salary increases, regulation of pensions and demographic assumptions about disability and mortality experience. The assumptions are based on verifiable market prices and the historical development in the company and in the rest of society. Changes in the assumptions will have material effect on the estimated pension obligation-/cost.

Changes in the the National Insurance Scheme are implemented from 1 January 2011. A new proposal concerning the National Insurance Scheme have been presented, see note 24 Events after the reporting period.

Defined benefit plan

The group is required by law to have a pension plan. The pension plan of the group satisfies these requirements.
The pension plan encompasses pension benefits in accordance with the act relating to the Norwegian Public Service Fund (SPK). The benefits are retirement pension, disability pension and dependent pension. In addition, the calculations do include a contractual pension right, which is a tariff-regulated early retirement scheme from 62 years of age.
The benefits are coordinated with the National Insurance Scheme and any previous membership periods with service pensions fund within the public sector. The pensions have a guaranteed level of gross payment independent of the National Insurance Scheme. About 52 per cent of the employees have an ordinary retirement age of 62 or 65 years.
From the 1 January 2018 the financing of deferred pension rights for employees who leave these organisations will be transferred from the Norwegian Public Service Pension Fund to the organisation in question. The increase in the pension liablity in the scond quarter was as a consequence charged to the Group's profit and loss account in 2017 (MNOK 415 for the group, MNOK 170 for the parent).

Actuarial loss in 2017 (MNOK 901.8 for the group and MNOK 385.9 for the parent) were mainly caused by changes in financial assumptions and changes regarding assumptions connected to the actuarial conditions for the early retirement pensions. Changes in the assumptions for early retirement have by itself resulted in an increase in the pension obligation of the group of NOK 385.5.

The tariff K2013 have been used for calculating life and mortality expectancy, while the tariff K1963 multiplied by 200 per cent have been used for determination of disability risk.

AGE	LIFE EXPECTANCY MALE	LIFE EXPECTANCY FEMALE	MORTALITY EXPECTANCY MALE	MORTALITY EXPECTANCY FEMALE	DISABILITY EXPECTANCY MALE	DISABILITY EXPECTANCY FEMALE
20	81	85	0.023 %	0.009 %	0.115 %	0.172 %
40	82	86	0.058 %	0.034 %	0.264 %	0.524 %
60	84	87	0.428 %	0.288 %	1.406 %	2.404 %
80	89	91	4.304 %	2.947 %	NA	NA

The amounts recognised in the income statement are as follows:

	AVINOR AS 2017	AVINOR AS 2016	AVINOR GROUP 2017	AVINOR GROUP 2016
Current service cost	**369.7**	199.0	**737.9**	328.0
Interest cost	**135.1**	129.1	**218.4**	198.7
Return on plan assets	**-98.0**	-99.2	**-156.5**	-155.9
Contribution from the employees	**-27.6**	-27.4	**-45.8**	-44.9
Administration fee	**4.8**	4.7	**7.9**	7.8
Payroll tax, employers contribution	**57.7**	33.3	**113.0**	53.6
Total pension cost (Note 6, 10)	**441.8**	239.5	**874.9**	387.3

Pension obligation and plan assets:

AVINOR AS

	FUNDED	UNFUNDED	2017 TOTAL	FUNDED	UNFUNDED	2016 TOTAL
Change in gross pension obligation						
Obligation at 1 January	5 158.3	24.2	**5 182.5**	3 806.9	14.1	3 821.0
Current service cost	372.2	2.3	**374.5**	201.4	2.4	203.8
Interest cost	135.1	0.0	**135.1**	129.1	0.0	129.1
Merger/demerger	8.7	0.0	**8.7**	936.4	7.7	944.1
Actuarial losses/(gains)	306.2	0.0	**306.2**	245.0	0.0	245.0
Benefits paid	-162.7	0.0	**-162.7**	-160.5	0.0	-160.5
Gross pension obligation at 31 December	5 817.8	26.5	**5 844.3**	5 158.3	24.2	5 182.5
Change in pension funds						
Fair value at 1 January	3 727.9	0.0	**3 727.9**	2 865.7	0.0	2 865.7
Expected return on plan assets	98.0	0.0	**98.0**	99.2	0.0	99.2
Merger/demerger	8.2	0.0	**8.2**	698.1	0.0	698.1
Employer contributions	213.6	0.0	**213.6**	257.1	0.0	257.1
Actuarial (losses)/gains	-32.1	0.0	**-32.1**	-87.7	0.0	-87.7
Gains on realisation of assets	0.0	0.0	**0.0**	56.0	0.0	56.0
Benefits paid	-162.7	0.0	**-162.7**	-160.5	0.0	-160.5
Fair value of plan assets at 31 December	3 853.0	0.0	**3 853.0**	3 727.9	0.0	3 727.9
Net pension obligation	1 964.9	26.5	**1 991.3**	1 430.4	24.2	1 454.5
Payroll tax, employers contribution	272.9	1.1	**274.0**	196.2	1.1	197.3
Net pension obligation recognised in the balance sheet at 31 December	2 237.7	27.6	**2 265.3**	1 626.6	25.3	1 651.8
Actual return on plan assets last year	65.5		**65.5**	72.2		72.2
Expected employer contribution next year	202.6		**202.6**	263.3		263.3
Expected payment of benefits next year	-165.1		**-165.1**	-162.9		-162.9

AVINOR GROUP

	FUNDED	UNFUNDED	2017 TOTAL	FUNDED	UNFUNDED	2016 TOTAL
Change in gross pension obligation						
Obligation at 1 January	8 195.5	25.6	**8 221.1**	7 368.2	23.1	7 391.3
Current service cost	743.3	2.5	**745.8**	333.7	2.5	336.2
Interest cost	218.4	0.0	**218.4**	198.9	0.0	198.9
Aquisition	0.0	0.0	**0.0**	8.4	0.0	8.4
Actuarial losses/(gains)	743.4	0.0	**743.4**	468.4	0.0	468.4
Benefits paid	-193.9	0.0	**-193.9**	-182.1	0.0	-182.1
Gross pension obligation at 31 December	9 706.7	28.1	**9 734.8**	8 195.5	25.6	8 221.1
Change in pension funds						
Fair value at 1 January	5 943.5	0.0	5 943.5	5 675.8	0.0	5 675.8
Expected return on plan assets	156.5	0.0	**156.5**	155.9	0.0	155.9
Employer contributions	336.5	0.0	**336.5**	291.4	0.0	291.4
Aquisition	0.0	0.0	**0.0**	8.1	0.0	8.1
Actuarial (losses)/gains	-47.3	0.0	**-47.3**	-61.6	0.0	-61.6
Gains on realisation of assets	0.0	0.0	**0.0**	56.0	0.0	56.0
Benefits paid	-193.9	0.0	**-193.9**	-182.1	0.0	-182.1
Fair value of plan assets at 31 December	6 195.4	0.0	**6 195.4**	5 943.5	0.0	5 943.5
Net pension obligation	3 511.4	28.1	**3 539.5**	2 251.9	25.6	2 277.5
Payroll tax, employers contribution.	486.4	0.0	**486.4**	310.7	0.0	310.7
Net pension obligation recognised in the balance sheet at 31 December	3 997.8	28.1	**4 025.9**	2 562.6	25.6	2 588.2
Actual return on plan assets last year	102.3		**102.3**	106.4		106.4
Expected employer/employee contribution next year	340.1		**340.1**	384.2		384.2
Expected payment of benefits next year	-196.8		**-196.8**	-184.4		-184.4

Movement in the defined benefit obligation over the year:

	AVINOR AS		AVINOR GROUP	
	2017	2016	2017	2016
Obligation at 1 January	**1 454.5**	955.3	**2 277.5**	1 715.5
Pension cost charged to the income statement	**411.6**	233.4	**807.9**	379.0
Employer/employee contribution	**-218.4**	-261.7	**-344.4**	-299.2
Administration fee	**4.8**	4.7	**7.9**	7.8
Merger/demerger	**0.5**	246.1	**0.0**	0.0
Actuarial (gains)/losses recognised in other comprehensive income	**338.3**	332.7	**790.7**	530.4
Gains on realisation of assets	**0.0**	-56.0	**0.0**	-56.0
Liability in the balance sheet at 31 December	**1 991.3**	1 454.5	**3 539.5**	2 277.5
Actuarial (gains)/losses on post-employment benefit obligations				
Actuarial (gains)/losses	**338.3**	332.7	**790.7**	530.4
Payroll tax on actuarial (gains)/losses	**0.0**	-56.0	**0.0**	-56.0
Effect change in payroll tax rate	**47.7**	47.8	**111.2**	74.1
Total actuarial (gains)/losses on post-employment benefit obligations	**386.0**	324.5	**901.8**	548.5

The calculation of pension cost and net pension obligation are made on the basis of a set of assumptions.

The determination of the discount rate to be used is made on the basis of Norwegian covered bond interest rates. The pension obligation's weighted average duration is 24 years. Assumptions regarding future salary and pension increases in addition to official pension benefit adjustments are made on the basis of updated recommendations from the The Norwegian Accounting Standards Board (NASB).

	2017	2016
Discount rate	2.40 %	2.60 %
Future salary increases	2.50 %	2.50 %
Future pension increases	1.50 %	1.50 %
Early retirement scheme	15.00 %	15.00 %
Average turnover rate (under 50 years of age)	3.00 %	3.00 %
Average turnover rate (over 50 years of age)	0.20 %	0.20 %

Determination of premium levels

The determination of premium levels and the calculation of provisions for pension obligations are based on ordinary actuarial principles.

PENSION OBLIGATION - SENSITIVITIES:

	2017		2016	
CHANGE IN PENSION OBLIGATION AS A RESULT OF ONE PERCENTAGE POINT CHANGES IN WEIGHTED FINANCIAL ASSUMPTIONS	+ 1	- 1	+ 1	- 1
Discount rate	-1 541	2 055	-1 361	1 814
Future salary increase	744	-853	702	-802
Pension regulation	905	-984	750	-843

NOTE 17 Provisions for other liabilities and charges

All amounts in MNOK

PROVISIONS

Provisions are recognised when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.
When the effect is material, provisions are determined by discounting expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

AVINOR AS

	SEVERANCE PAY	EARLY RETIREMENT PAY	ENVIRON-MENTAL POLLUTION	OTHER	TOTAL
At 1 January 2016	5.3	16.6	96.6	0.0	**118.5**
Merger/demerger	0.0	1.4	68.2	0.0	**69.6**
Additional provision 2016	0.4	30.0	0.0	0.0	**30.4**
Reversed 2016	0.0	-1.4	0.0	0.0	**-1.4**
Used in 2016	-1.8	-28.4	-8.5	0.0	**-38.7**
At 1 January 2017	3.9	18.2	156.3	0.0	**178.5**
Additional provision 2017	0.0	1.1	40.0	0.0	**41.1**
Reversed 2017	-0.9	0.0	0.0	0.0	**-0.9**
Used in 2017	-1.2	-16.0	-14.0	0.0	**-31.2**
At 31 December 2017	1.8	3.3	182.3	0.0	**187.5**

AVINOR GROUP

	SEVERANCE PAY	EARLY RETIREMENT PAY	ENVIRON-MENTAL POLLUTION	OTHER	TOTAL
At 1 January 2016	5.3	44.4	166.9	0.0	**216.6**
Additional provision 2016	0.4	38.5	0.0	1.2	**40.1**
Reversed 2016	0.0	-1.4	0.0	0.0	**-1.4**
Used in 2016	-1.8	-43.8	-8.5	-1.0	**-55.1**
At 1 January 2017	3.9	37.7	158.4	0.2	**200.2**
Additional provision 2017	0.0	6.3	40.0	0.0	**46.3**
Reversed 2017	-0.9	0.0	0.0	0.0	**-0.9**
Used in 2017	-1.2	-28.9	-14.0	-0.2	**-44.3**
At 31 December 2017	1.8	15.1	184.4	0.0	**201.4**

The short-term part of provisions for other liabilities and charges are included in other short term liability. See note 3.

Severance pay

On 4 December 2003, the board of directors approved a substantial restructuring of the group, called Take-off-05.

One of the consequences of this decision was a substantial cut in the workforce. Part of the cut was carried out by use of redundancy pay.

According to the terms laid down for the establishment of the company, the employees of Avinor AS were entitled to redundancy pay until 31 December 2005. Redundancy pay is covered by the company. The period of time for the right to redundancy pay depends on age and seniority at time of resignation. The provision for redundancy pay is based on expectations about the redundancy pay period based on the above-mentioned rules.

Early retirement pay air navigation management

The group has entered into individual early retirement pay agreements covering 72 per cent of normal wages in the period 60-62 years. After this period the individuals will be covered by ordinary pension plans.

Early retirement pay others

This include optional retirement pay in accordance with the group's adjustmentpolicy.

Environmental pollution

A provison is made for surveys and identification, in addition to costs related to the clean-up of polluted ground (see note 21).

NOTE 18 Other short-term liabilities

All amounts in MNOK

	AVINOR AS		AVINOR GROUP	
	2017	2016	2017	2016
Holiday allowance	**176.2**	170.4	**299.7**	291.7
Advance from customers	**126.1**	113.7	**130.7**	136.4
Wages and social security	**58.5**	55.7	**95.9**	101.6
Accruals	**962.8**	1 233.1	**1 018.5**	1 293.7
Intra-group liability	**1 613.2**	2 753.3	**0.0**	0.0
Other short-term liability	**317.1**	465.5	**330.4**	478.5
Total	**3 253.9**	4 791.7	**1 875.2**	2 301.9

NOTE 19 Subsidiaries

All amounts in MNOK

The consolidated financial statement of the group includes the following subsidiaries:

DIRECTLY OWNED SUBSIDIARIES	HOME COUNTRY	BUSINESS OFFICE	MAIN BUSINESS	OWNERSHIP/ VOTING SHARES	BOOK VALUE	TOTAL EQUITY 31.12.17	PROFIT/ LOSS 2017
Svalbard Lufthavn AS	Norway	Longyearbyen	Airport operations	100 %	104.3	132.3	18.4
Avinor Flysikring AS	Norway	Oslo	Air navigation services	100 %	367.2	271.1	-26.6
Avinor Utvikling AS	Norway	Oslo	Real estate	100 %	670.0	1 100.9	8.3
Total					1 141.5	1 504.3	0.1

INDIRECTLY OWNED SUBSIDIARIES:	HOME COUNTRY	BUSINESS OFFICE	MAIN BUSINESS	OWNERSHIP/ VOTING SHARES	BOOK VALUE	TOTAL EQUITY 31.12.17	PROFIT/ LOSS 2017
Flesland Eiendom AS	Norway	Oslo	Real estate	100 %	108.0	140.9	7.2
Værnes Eiendom AS	Norway	Oslo	Real estate	100 %	132.5	102.7	1.2
Sola Hotel Eiendom AS	Norway	Oslo	Real estate	100 %	86.7	110.0	5.2
Hell Eiendom AS	Norway	Oslo	Real estate	100 %	24.6	18.6	0.3
Hotell Østre AS	Norway	Oslo	Real estate	100 %	171.2	231.5	24.9
Flyporten AS	Norway	Oslo	Real estate	100 %	61.7	84.3	11.2
Total					584.7	688.0	50.0

Oslo Lufthavn Tele & Data merged with Avinor AS, as from 1 July 2017. At the same time, land was demerged from Avinor AS to Flesland Eiendom Tomteselskap AS, Sola Hotel Tomteselskap AS and Værnes Eiendom Tomteselskap AS. The above mentioned companies was later merged with recepetively with Flesland Eiendom AS, Værnes Eiendom AS,and Sola Hotel Eiendom AS.

NOTE 20 Share capital, shareholder information, dividend and results

All amounts in MNOK

SHARE CAPITAL AND PREMIUM RESERVE

Ordinary shares are classified as equity.

DIVIDEND DISTRUBUTION

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

	NUMBER OF SHARES	FACE VALUE	SHARE-CAPITAL
Ordinary shares	540 010	0.01	5 400.1
Total	540 010	0.01	5 400.1

The company has paid the following dividend on ordinary shares:

	2017	2016
NOK 925.9 per share in 2015		500.0
NOK 1018.5 per share in 2016	550.0	
Total	550.0	500.0

Proposed dividend for approval in the general assembly (Not presented as a liability at 31 December):

	2017	2016
NOK 1018.5 per share		550.0
NOK 462.3 per share	249.7	
Total	249.7	550.0

All shares are owned by the Norwegian State, represented by the Ministry of Transport and Communication.

NOTE 21 Contingencies

Norwegian Defence

A cooperation agreement exists between Norwegian Defence and Avinor with corresponding local agreements concerning sharing responsibilities and expenses for airports where both parties have activities.

Based on a mandate from the Ministry of Transportation and the Ministry of Defence a new agreement has been entered into. The agreement was approved by the government in February 2011, with effect from 1 January 2010. The agreement establishes principles for the basis of allocation of investment- and operational expenses between the parties. The practical implementation of the agreement has not been completed. A settlement have been reached for the period 2010-16 for Avinor's use of the airports owned by the Norwegian Defence.The involved parties have been in contact regarding the local agreements, without reaching an understanding.

There is still no agreement regarding the form of or payment level regarding the use of the airports owned by Avinor by the Norwegian Defence. This has as a consequence that there is uncertainty regarding the payment from the Norwegian Defence to Avinor from 2010 and onwards.

The external environment

Environmentally hazardous additives in fire extinguishing foam which have spread to the natural environment have been detected at several airports. Risk assessments have been conducted into the potential harm to persons and the external environment from these pollutants. Work is currently being conducted to clarify the scope of the measures that will need to be implemented. The economic consequences of this depend on the extent of the localities that require measures to be implemented, as well as the authorities' requirements and the measures available. The Norwegian Environment Agency has issued an order for measures at Evenes and Oslo airport, as well as ordering to prepare action plans at Kristiansand and Svalbard airports. It is likely that there will be issued an overall order for the preparation of action plans for the remaining airports.

Air stations owned by the Defence

The Storting has resolved that Bodø's main air station, shall be closed down, while Evenes will be the advanced base for fighter planes in the north. . Bodø airport shall function as an advanced base after the close-down of Bodø main air station. This will be an intermediate solution until the new fighter planes are operational and have replaced the existing planes.This is estimated to come into effect in 2022.

Avinor have taken over the responsibility of the operation of Bodø airport from 1 August 2016. The takeover will have financial consequences for Avinor with regard to future investments in property, plant and equipment and running operating expenses. The cost picture could also be influenced by a prospective construction of a new airport in Bodø, which is included in the new National Transport Plan 2018-2029 in the first six year period.

The Storting has resolved on 15 November 2016 that the military activities on Andøya air station shall be closed down of when the P-3 Orion surveillance planes have been phased out and a new main air base for surveillance/advanced base for fighter planes shall be established at Harstad/Narvik airport, Evenes. This is estimated to come into effect in 2022.

This will involve changes in the operational responsibilities at Andøya and at Bardufoss.

The change in operational responsibilities implies that the Norwegian Defence will not any longer be accountable manager and airport operator. This implies that the running of the airport must be handled by another party. This must be an civilian party. The consequence is that the party, which get the responsibility for the running of the airport, also get the economic responsibility. This implies a risk of an increased economic loss in the airports in question, and as such increased costs for the operators in civilian aviation. It is probable that Avinor will be charged with the responsibility.

NOTE 22 Commitments

All amounts in MNOK

The parent company and the group have contracted for capital expenditure not yet incurred at the end of the reporting period as follows:

	AVINOR AS		AVINOR GROUP	
	2017	2016	2017	2016
Property, plant and equipment	564.7	522.5	611.0	672.4
Total	564.7	522.5	611.0	672.4

NOTE 23 Related-party transactions

All amounts in MNOK

The Ministry of Transport and Communication

As the sole owner of Avinor AS the Norwegian State represented by the Ministry of Transport and Communication (SD) is a related party.

SD has the principal authority regarding the structure of the airport network and the traffic charges. Any closing down of an airport or other material changes in the airport structure shall be presented to SD. The final decision is made by the Storting. The charges regulation which decides the setting of air traffic charges shall be sanctioned by SD.

Group companies

Outstanding accounts between companies in the group:

AVINOR AS AT 31 DECEMBER 2017

	SVALBARD LUFTHAVN AS	AVINOR FLYSIKRING AS	AVINOR UTVIKLING AS	FLESLAND EIENDOM AS	VÆRNES EIENDOM AS
Loans to group companies	120.0	0.0	0.0	0.0	0.0
Intra-group receivables	6.1	24.4	0.0	0.0	0.0
Total	126.1	24.4	0.0	0.0	0.0
Other short-term intra-group liability	24.1	526.4	519.1	113.2	62.6
Total	24.1	526.4	519.1	113.2	62.6

AVINOR AS AT 31 DECEMBER 2017 CONT.

	SOLA HOTEL EIENDOM AS	HELL EIENDOM AS	HOTELL ØSTRE AS	FLYPORTEN AS	TOTAL
Loans to group companies	0.0	0.0	0.0	0.0	**120.0**
Intra-group receivables	0.0	0.0	17.6	4.0	**52.1**
Total	0.0	0.0	17.6	4.0	**172.1**
Other short-term intra-group liability	94.4	17.0	177.8	78.6	**1 613.2**
Total	94.4	17.0	177.8	78.6	**1 613.2**

AVINOR AS AT 31 DECEMBER 2016

	SVALBARD LUFTHAVN AS	AVINOR FLYSIKRING AS	AVINOR UTVIKLING AS	OSLO LUFTHAVN TELE & DATA AS	FLESLAND EIENDOM AS	VÆRNES EIENDOM AS
Loans to group companies	140.0	0.0	0.0	0.0	0.0	0.0
Intra-group receivables	6.5	196.1	0.0	4.3	0.3	0.3
Total	146.5	196.1	0.0	4.3	0.3	0.3
Other short-term intra-group liability	30.9	755.2	1 510.7	0.0	74.4	55.4
Total	30.9	755.2	1 510.7	0.0	74.4	55.4

AVINOR AS AT 31 DECEMBER 2016 CONT.

	SOLA HOTEL EIENDOM AS	HELL EIENDOM AS	HOTELL ØSTRE AS	FLYPORTEN AS	TOTAL
Loans to group companies	0.0	0.0	0.0	0.0	**140.0**
Intra-group receivables	0.2	0.0	17.5	6.3	**231.5**
Total	0.2	0.0	17.5	6.3	**371.5**
Other short-term intra-group liability	76.0	16.7	183.7	50.3	**2 753.3**
Total	76.0	16.7	183.7	50.3	**2 753.3**

NOTE 24 Events after the reporting period

New information after the reporting period about conditions that existed at the end of the reporting period is recognised in the financial statement. Events after the reporting period affecting the group's future financial position are disclosed if material.

On 2 March 2018, labour market parties agreed a new occupational pension scheme for public sector employees. The agreement will be sent for approval by the various associations, which will have four months to make their decision. If all associations approve, the Norwegian government will present a new bill before the Norwegian parliament as quickly as is practicable. If the agreement is adopted, it will be due to take effect from 2020.

The agreement involves a gradual transition from a performance-based pension scheme whereby the pension is based on the employee's final salary at the point of retirement, to a scheme based on the approximate accrued pension pot. This will have consequences for how Avinor's pension expenses and obligations are calculated in its accounts. However, at this moment in time there is an insufficient basis for calculating the impact. The impact on the accounts will have to be taken into account from when the new scheme is adopted.

RESPONSIBILITY STATEMENT FROM THE BOARD OF DIRECTORS AND THE CEO

We confirm, to the best of our knowledge that the financial statements for the period 1 January to 31 December 2017 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair view of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Oslo, 4 April 2018
Board of Directors of Avinor AS

Ola Mørkved Rinnan
Chairman

Ola H. Strand
Vice Chairman

Eli Skrøvset

Linda Bernander Silseth

Herlof Nilssen

Bjørn Tore Mikkelsen

Heidi Anette Sørum

Olav Aadal

Dag Falk-Petersen
CEO

Building a better working world

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6, NO-0191 Oslo
Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00
Fax: +47 24 00 24 01
www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Avinor AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Avinor AS, which comprise the financial statements for the parent company and the Group. The financial statements for the parent company and the Group comprise the balance sheet as at 31 December 2017, income statement, statements of comprehensive income, the statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2017 and their financial performance for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Pensions

The parent company and the Group have significant pension obligations recognized in the balance sheet. At the end of the accounting year, gross pension obligations amounted to MNOK 2 265.3 and MNOK 4 025.9, respectively, for the parent company and the Group. The valuation of the pension obligations requires a considerable degree of judgment and technical competence, including the use of an external actuary to calculate the obligations. Even small changes in the most important assumptions applied in the valuation of the Group's pension obligations including salary growth, inflation, discount interest, mortality and withdrawals from the early retirement scheme (AFP) and special age arrangement can significantly impact the calculation of the obligation. Hence, this issue has been a key audit matter.

Our audit of the parent company and Group's treatment of pensions has included assessments of assumptions used as a basis in the calculation of the pension obligations, control procedures of input data and an evaluation of external expertise used in the estimation of the obligations.

We have, in particular:

- verified that assumptions related to inflation, discount interest and mortality are based on external and publicly available data from acknowledged organizations
- compared assumptions related to salary growth against the Group's historical and expected future development
- assessed changes in assumptions for withdrawals of the early retirement scheme (AFP) and special age arrangement against historical information and expected future development
- considered the basis for increase in pension obligations related to future pension regulations and the accounting treatment of this change
- reviewed the data components used as a basis in the calculation of the pension obligations
- evaluated the competence and objectivity of the Group's external actuary
- considered whether the recognition of pensions complies with the relevant framework for financial reporting (IAS 19).

Note 16 to the financial statements has additional information.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Building a better working world

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, and the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than* Audits *or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 4 April 2018
ERNST & YOUNG AS

Jan Wellum Svensen
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

MORE ABOUT AVINOR

Interim reports and annual reports

Avinor publishes reports about its operations annually and quarterly. The interim reports present key figures and the financial statements, as well as a brief report on financial conditions. Avinor's interim reports and annual reports are available on Avinor's website.

The Section 10 plan

Section 10 of Avinor's Articles of Association states that each year the board of directors must prepare a report to the Norwegian Ministry of Transport and Communications about the company's overall operations, which include its plans for the future. The document is publicly available and is known as the Section 10 plan. At least once per parliamentary term (usually four years) Avinor's Section 10 plan serves as the basis for a report to the Norwegian parliament on Avinor's operations. The last report to parliament about Avinor was submitted in April 2017.

Avinor's contribution to the National Transport Plan

The National Transport Plan (NTP) presents the Norwegian government's transport policy. It lays the foundation for comprehensive political assessments, the efficient use of tools, and improved interaction between the different modes of transport. Aviation infrastructure forms part of the report. Around one year before the NTP is presented to the Norwegian parliament, Avinor and the transport agencies submit their joint foundation document to the Norwegian government. The NTP is discussed by the Committee for Transport and Communications, which presents its opinion to parliament. The NTP for the period 2018 to 2029 was discussed in parliament in the spring of 2017 and can be found at www.ntp.dep.no.

Photo:
Margrethe Myhrer, Nils Olav Mevatne, Catchlight Fotostudio, Varde media, Eivind Krey Nitter, Avinor

Avinor is responsible for the 45 state-owned airports and air navigation services for civilian and military aviation in Norway. This network links Norway together – and links Norway to the world.

Avinor is a driving force in environmental work in aviation and a driving force to reduce the combined greenhouse gas emissions from Norwegian aviation. The company has a leading role in the work on developing and delivering biofuel for aircraft and the electrification of aviation.

Every year, Avinor contributes to conducting safely and efficiently more than 50 million flights. About one half travel to and from Oslo airport

More than 3,000 employees are responsible for planning, developing and operating airports and air navigation services. Avinor is funded by aviation fees and commercial sales at the airports.

Design and production: Artbox AS

AVINOR

AVINOR AS
Org.nr. 985 198 292
Dronning Eufemias gate 6
0191 Oslo

Postboks 150
2061 Gardermoen

avinor.no

MILJØMERKET
241 Trykksak 681