

# WEST ATLANTIC

## INTERIM REPORT

January 1 – September 30,

2017

Published November 30, 2017



**“The third quarter showed continued revenue growth, operational stability, and delivery of the last three B737 required for the UK Royal Mail services. Results affected negatively by specific, non-continuing events”**

### July - September

- Strong revenue growth due to additional B737 revenues generated from the contract with Royal Mail. Revenue growth amounted to 17.5 % year-on-year.
- EBITDA amounted to MSEK 27.8 (49.0) corresponding to a margin of 7.3 % (15.1).
- Earnings per share of SEK -0.95 (-0.27).
- Maintenance overrun and long downtime for one B767-aircraft, significant effects from aircraft delivery delays and parked ATPs.
- Financial covenant for the corporate bond loan not met according to the Maintenance Test.
- Three B737-400 were delivered on long term operating lease agreements.

### January – September

- Strong revenue growth due to additional B737 revenues generated from the contract with Royal Mail. Revenue growth amounted to 18.8 % year-on-year.
- EBITDA amounted to MSEK 59.9 (89.3) corresponding to a margin of 5.2 % (9.2).
- Earnings per share of SEK -2.93 (-2.17).
- Significant subcharter costs, caused by aircraft delivery delays, disruptions for the B767-fleet and effects of parked ATPs.
- Financial covenant for the corporate bond loan not met according to the Maintenance Test.
- Four B737-400 were delivered and one B737-400 redelivered from a customer, all aircraft on long term operating lease agreements.

### Key performance indicators for the Group

All figures in MSEK unless stated otherwise

	Jul - Sep 2017	Jul - Sep 2016	Jan - Sep 2017	Jan - Sep 2016	Jan - Dec 2016
<b>Financial metrics*</b>					
Revenue	380.3	323.7	1,148.8	966.9	1,320.4
Revenue growth	17.5%	-13.8%	18.8%	-7.5%	-6.3%
EBITDA	27.8	49.0	59.9	89.3	127.5
EBITDA margin (%)	7.3%	15.1%	5.2%	9.2%	9.7%
Net income	-25.8	-7.3	-79.0	-58.5	-81.8
Cash and cash equivalents incl unused overdraft facility	111.7	171.3	111.7	171.3	160.2
Cash flow from operating activities	43.0	55.1	155.7	171.2	240.1
Earnings per share before dilution (SEK)	-0.95	-0.27	-2.93	-2.17	-3.03
Net interest bearing debt / EBITDA**	6.2	5.2	6.2	5.2	5.1
Interest coverage ratio**	1.7	2.1	1.7	2.1	2.1
Equity / Asset ratio	2.0%	9.7%	2.0%	9.7%	8.3%
Total assets	1,252.7	1,335.8	1,252.7	1,335.8	1,276.8
<b>Operating metrics*</b>					
Fleet dispatch regularity	99.5%	99.2%	99.5%	98.9%	99.0%
Performed flights	6,020	5,814	17,534	17,531	23,200
Aircraft in service (incl. wet leases)	44	39	44	39	40
Average employees	457	466	461	481	477

\*Definitions of key performance indicators and other measures can be found at note 3 and at the end of this report.

\*\*Defined by the corporate bond loan WEST002 terms and conditions. See note 10 for more information. The loan was issued December 2015.

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## CEO's comments

### Continued strong growth year-on-year

The company delivered continued strong growth year-on-year but delayed aircraft deliveries and maintenance cost overruns lead to unsatisfactory financial results for the quarter.

Cost overruns were primarily due to:

- Aircraft subcharter costs for Royal Mail, as our three B737 leased aircraft experienced significant delivery delays from our lessors. In addition to the subcharters, we had to simultaneously support costs related to our delayed aircraft, such as compensation for pilots and engineers.
- Extended downtime for heavy maintenance on our B767 fleet, leading to higher costs of maintenance and loss of revenues due to delay of aircraft being available back into service.
- Long term parked ATPs, with no attached revenue.

### Operational update

Our flight regularity and on-time performance measures were above targets, and we were able to deliver continued high standards from our Operation.

In mid-September we finally took delivery, and put into operation, the last scheduled B737-400 for the Royal Mail Contract. Our third B767, following completion of extended maintenance, went straight into revenue service with DHL (our first B767 service for this customer). An additional ATP-aircraft was also placed in service with UPS on a new route.

### Continued cost reductions and consolidation of the organisation

In parallel with record high revenues, our number of employees continues to reduce year-on-year. We monitor our headcount and personnel cost vs industry standards and outsource services when effective. The planned consolidation of the maintenance locations took longer than expected, due to the airport authority in East Midlands not being ready to hand over our hangar as planned. We are on track to move out of our Malmö hangar by year-end (and stop performing base maintenance there), as well as leaving our Coventry facility. This will all be completed by year-end.

Looking into 2018, we will have to reduce our costs further as an effect of the cancellation of five of our present routes in Norway. This will lead to an approximated loss of annual revenues of 100 MNOK. Focus going forward is on smarter sourcing and purchasing and also on a more sophisticated buy vs do decision process.

### Commercial update

Demand for our services continue to be strong, and most of our clients are seeing growth, thus tendering for additional capacity. We have placed our first widebody B767 aircraft with DHL, and most global integrators are expecting to increase their insourced fleets in the years to come. There is also expected new demand coming from the large Ecommerce companies. However, some of the national mail organisation have decided to downsize their air network due to changes in their respective countries Universal Service Obligations, this so far seems to only have affected Norway, and possibly Sweden soon.

Large focus is on identifying new opportunities for the ATP aircraft that are parked. In this quarter we placed an additional aircraft in revenue service, and we are now starting to see

some positive effect from our efforts to sell / dry lease out ATP with large cargo doors. We expect to conclude a first firm sale in the near future. In January 2018, five additional ATP's will be parked as an effect of the routes cancellations in Norway. These aircraft will be more difficult to place elsewhere as they lack the large cargo door.

### Fleet update

We took delivery of and placed three additional B737-400 in operation in the third quarter, which completes the ramp-up for Royal Mail. All our B737-, and CRJ aircraft were fully engaged in the quarter, as was the B767's when not in maintenance. GECAS / Boeing has advised that they are on track to deliver the first B737-800 BCF to us at the end of January 2018 as per the original plan. West Atlantic will be the first operator of the type.

### Bond covenant breach and effects thereof

On November 2<sup>nd</sup> we advised that we expected not to fulfil one of our financial test in our Bond Covenant, the Maintenance Test. This test is related to the ratio between EBITDA (running 12 months) and Net interest bearing debt. While this does not impact our ability to continue operations as normal and service our obligations as always, it has highlighted the need for the company to strengthen its balance sheet if continued growth is to be possible at historical and recent rates. While we work directly with the Bondholders on the resolution on the Covenant Breach, the company is in advanced discussions with a few relevant parties who have shown serious interest in taking on a significant shareholding in the company, adding capital and other tangible values. For the company to be able to take full advantage of the expected growth and opportunities in the years to come, a strong balance sheet and committed long term shareholders will be crucial.

### Outlook

Although a disappointing full financial third quarter, we did see a clear improvement in September, and we expect that the remainder of the year will stabilize and show better results. We still have a large number of non utilized ATP aircraft, and the costs associated with these will take time to reduce. All other fleets are fully deployed, and thus the issues experienced earlier in the year are behind us. We expect to close one or more turboprop aircraft sales in the near future which will contribute positively.

While we continue to adapt our organization, cost structure, and fleet sizes to market requirements, we forecast that we are past the worst of our transition period, and will be able to produce better results in the quarter and year to come. The impact of the reduction from the Norwegian mail will be significant. There are more positives than negatives looking forward, but we need to ensure we are able to capitalize on the long term opportunities for the company through strengthening of the balance sheet

**Fredrik Groth**  
CEO & President



## Financial comments

### Group and parent company information

West Atlantic AB (publ), incorporation number 556503-6083, a Swedish registered public company headquartered in Gothenburg, is the parent company of the West Atlantic Group. Address is Box 5433, SE 402 29, Gothenburg, Sweden.

### GROUP

#### About the West Atlantic Group

The West Atlantic Group is one of the market leading providers of dedicated air freight services to NMO's and Global Integrators in the European market. Drawing from many years of experience, the Group offers its customers customised and efficient solutions for airfreight services, aircraft maintenance, airworthiness services and aircraft leasing.

#### Financial report

This interim report covers the period January 1 to September 30, 2017. Comparative figures in this report cover the corresponding period in 2016, unless otherwise stated. All financial information contained in this report refers to the West Atlantic Group unless stated that the information refers to the parent company West Atlantic AB (publ).

### GROUP FINANCIAL PERFORMANCE

#### Revenue and income

##### July - September

Revenue for the period amounted to MSEK 380.3 (323.7), an increase by 17.5 % year-on-year. The growth mainly comes from the awarded five-year contract with Royal Mail, which commenced in January and reflects the growth for the B737 fleet that has been ongoing for a long time. For a detailed breakdown of revenue, see note 2.

EBITDA amounted to MSEK 27.8 (49.0). The decrease compared to last year is explained by several reasons, but is mainly attributable to the continued costly effects of parked ATPs with no attached revenue, a temporary parked B767 aircraft due to a maintenance period and the effects from delayed aircraft deliveries of additional B737-400 for the new Royal Mail contract. To be able to continue the operation for our customers despite of the mentioned delays, aircraft had to be sub-chartered from other airlines on some routes, which increased the costs during the quarter. Besides, there were also start-up costs for the new Royal Mail contract, that started in the first quarter.

The EBITDA margin amounted to 7.3 % (15.1 %). For a breakdown of EBITDA, please see note 3.

EBIT amounted to MSEK -4.0 (16.2) including depreciation of MSEK 31.8 (32.8).

The net of financial income and costs amounted to MSEK -18.4 (-21.4). The financial net included foreign exchange currency changes of MSEK 1.8 (-1.3), mainly on loans and financial leasing, and interest costs of MSEK 20.4 (23.3), mostly attributable to the corporate bond loan. For a detailed breakdown of financial income and cost, please see note 5.

Net income amounted to MSEK -25.8 (-7.3) for the period and was affected by income taxes of MSEK -3.4 (-2.1). The high effective tax rate is due to a non-capitalised loss carry forward in a foreign subsidiary.

##### January - September

Revenue for the period amounted to MSEK 1,148.8 (966.9), an increase by 18.8 % year-on-year. The growth mainly comes from the awarded five-year contract with Royal Mail, which commenced in January and reflects the growth for the B737 fleet that has been ongoing for a long time. For a detailed breakdown of revenue, see note 2.

EBITDA amounted to MSEK 59.9 (89.3). The decrease compared to last year is mainly attributable to the mentioned costly effects of parked ATPs, delayed aircraft deliveries of additional B737-400, and disruptions connected to the B767-fleet, which led to significant costs due to subchartered aircraft on several routes. In addition, there were start-up costs for the new Royal Mail contract.

The EBITDA margin amounted to 5.2 % (9.2 %). For a breakdown of EBITDA, please see note 3.

EBIT amounted to MSEK -37.9 (-10.1) including depreciation of MSEK 97.8 (99.4).

The net of financial income and costs amounted to MSEK -54.3 (-60.0). The financial net included foreign exchange currency changes of MSEK 7.1 (-2.3), mainly on loans and financial leasing, and interest costs of MSEK 61.7 (59.9), mostly attributable to the corporate bond loan. For a detailed breakdown of financial income and cost, please see note 5.

Net income amounted to MSEK -79.0 (-58.5) for the period and was affected by income taxes of MSEK 13.2 (11.6).

#### Summary of items affecting comparability

	Jul - Sep 2017	Jul - Sep 2016	Jan - Sep 2017	Jan - Sep 2016	Jan - Dec 2016
<b>MSEK</b>					
Income before tax	-22.4	-5.2	-92.2	-70.1	-95.0
Type introduction and start-up costs	9.2	-	27.6	7.2	12.0
CRJ200PF accident	0.1	1.5	-0.9	-1.6	-9.6
Restructuring costs, ATP	-	3.2	0.5	12.9	13.2
Other items*	-	-	-	-	10.1
Financial FX gains/losses	-1.8	1.5	-7.1	2.5	7.7
<b>Sum</b>	<b>-14.9</b>	<b>1.0</b>	<b>-72.1</b>	<b>-49.1</b>	<b>-61.6</b>

\*See definitions at the end of this report.

Note that the adjustment for start-up costs refers to the Royal Mail contract, the largest single contract awarded in the company's history.

#### Cash flow

##### July - September

Cash flow from operating activities amounted to MSEK 43.0 (55.1). The decrease compared to last year is attributable to the operating activities before change in working capital, which amounted to 43.6 (57.3). Cash flow from investing activities amounted to MSEK -35.9 (-40.1). The change is due to higher heavy maintenance events, during last year. Cash flow from financing activities amounted to MSEK -5.7 (-5.0). Cash flow for the period amounted to MSEK 1.4 (10.1).

##### January - September

Cash flow from operating activities amounted to MSEK 155.7 (171.2). The change in working capital during the period, which amounted to MSEK 50.4 (3.1), mainly consisted of a decrease in trade receivables. Cash flow from investing activities amounted to MSEK -119.3 (-282.1). The change is due to the purchase of two B737-400 aircraft and higher heavy maintenance events during previous year. Cash flow from financing activities amounted to MSEK -51.3 (-35.9). Cash flow for the period amounted to MSEK -14.9 (-146.8).

## Investments

### July - September

Total investments in tangible assets amounted to MSEK -27.0 (-40.2), mainly from investments in periodical heavy maintenance activities and purchase of aircraft components, for both years.

Payments from other investing activities amounted to MSEK -8,9 (-) including investments in financial assets, MSEK -9.0 (-) and received payments from financial assets, MSEK 0.1 (-).

### January - September

Total investments in tangible assets amounted to MSEK -107.7 (-279.5), mainly from investments in periodical heavy maintenance activities and purchase of aircraft components, and two B737 aircraft in 2016.

Payments from other investing activities amounted to MSEK -11.6 (-2.8) including investments in financial assets, MSEK -11.9 (-3.0) and received payments from financial assets, MSEK 0.3 (0.2).

## Operational leasing costs

### July - September

The aircraft operating leasing costs amounted to MSEK 36.4 (27.5)

### January - September

The aircraft operating leasing costs amounted to MSEK 103.6 (84.8)

## Leasing engagements

### January - September

In addition to investments in tangible assets the Group has entered into long term operating lease agreements for four B737-400 aircraft.

## Sales of assets

During the period no material sales of non-current tangible assets have been made.

## Impairment of stock

### January - September

During the period an impairment has been made by MSEK 4.9 (4.8) for slow moving stock.

## SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

### July - September

- A reduced network will be operated for Norwegian Mail pursuant to a renegotiated agreement, beginning in January 2018. The new network will reduce the operations from eight to three aircraft. While the revenue arising from the reduced network will be decreased, the new agreement is anticipated to be more profitable for the remaining aircraft. A termination compensation will be claimed from the Norwegian mail, which is an effect of the change in Norway's service obligations.
- For the first time since the corporate bond loan was issued, the company did not meet a financial covenant, according to the Maintenance Test as per 30 September 2017. According to the terms and conditions of the bond, the Company is obliged to immediately inform the Bond Trustee of the circumstances, which has been done. The information is provided on the website of West Atlantic AB (publ), available at [www.westatlantic.eu](http://www.westatlantic.eu). For the financial covenants, please see note 10.
- The Group has entered into long term operating lease agreements for three B737-400 aircraft.

- An agreement has been signed to sell two own operated BAe-ATP aircraft and another two BAe ATP aircraft. The latter through the collaboration agreement (see definitions at the end of this report), and for which management fees are expected to be received. The sales are expected to contribute to a significant profit. However at this reporting date, the aircraft are not immediately ready for sale.

### January - September

- As an effect of the change in Norway's service obligations, a reduced network will be operated for Norwegian Mail pursuant to a renegotiated agreement, beginning in January 2018. The new network will reduce the operations from eight to three aircraft. While the revenue arising from the reduced network will be reduced, the new agreement is anticipated to be more profitable for the remaining aircraft. A termination compensation will be claimed from the Norwegian mail.
- The company did not meet its financial covenants as per 30 September 2017 according to the Maintenance Test. According to the terms and conditions of the bond, the Company is obliged to immediately inform the Bond Trustee of the circumstances. This has been done and information is also available on the website of West Atlantic AB (publ). For the financial covenants, please see note 10.
- In line with the project to dismantle long time parked BAe-ATP aircraft, which started last year, the Group scrapped four aircraft during the period. To maintain the pledge collaterals in favour of the bondholders, an amount was transferred to a deposit account, in accordance with the terms and conditions of the corporate bond loan.
- A commitment has been made to lease four 737-800 Boeing Converted Freighters. West Atlantic will be the first operator worldwide to take delivery of this Boeing converted freighter for the aircraft type. The aircraft will be delivered during 2018 and 2019.
- The Group has entered into long term operating lease agreements for four B737-400 aircraft.
- One B737-400 aircraft, previously on an operating lease agreement with a customer was redelivered.
- An agreement with a party has been signed to sell two own operated BAe-ATP aircraft, along with another two BAe-aircraft through the collaboration agreement (see definitions at the end of this report), for which a management fee is expected to be received. The sales are expected to contribute to a significant profit. However, at this reporting date, the aircraft are not immediately ready for sale.

## ORGANISATION

The average number of employees for the period January - September amounted to 461 (481).

## FINANCIAL POSITION AND FINANCING

Cash and cash equivalents at the end of the period amounted to MSEK 94.3 (121.3). Including non-utilised overdraft facility, available cash and cash equivalents amounted to MSEK 111.7 (171.3). During the period, funds of MSEK 3.0 were released from a joint account. The funds were originally held on a joint account in connection with the sale of the subsidiary West Air Luxembourg S.A in 2013, reported in the annual report for 2016. Additional funds have been released in October by MSEK 1.9. The remaining part, MSEK 2.9 is expected to be released in January 2018. Equity amounted to MSEK 25.6 (129.1) and the equity ratio amounted to 2.0 % (9.7).

The Company has issued a corporate bond loan which was listed on the NASDAQ, Stockholm on January 26<sup>th</sup> 2016. The instrument is listed as WEST002 with 850 units holding a nominal value of MSEK 1.0 each. The bonds carry a fixed coupon of 7 %, payable semi-annually in arrears and matures in December 2019. The Group are obliged to report its financial position as described in the terms and conditions of the bond. For the financial covenants, please see note 10. For terms and conditions of the corporate bond loan, please see the website of West Atlantic AB (publ) available at [www.westatatlantic.eu](http://www.westatatlantic.eu)

#### FINANCIAL INSTRUMENTS

The Group has no financial assets or financial liabilities which are valued at fair value in the valuation hierarchy. A summary of the recorded values for the Group's financial assets and liabilities are shown in note 7.

#### RISKS AND UNCERTAINTIES

West Atlantic is exposed to a number of global and Group specific risks that can impact operations and the financial performance as well as the financial position of the Group. The foreseeable risks are identified and monitored centrally through policies. Risk management in the Group is about positioning the Group properly in response to possible events. Below is a non-exhaustive list of risks, without regards to the level of significance, which the Group considers to be material.

- Operating risks – safety always comes first
- Market, commercial & political risks
- Financial risks
- Fluctuations in foreign exchange rates and fuel prices
- Contract risks
- Legal risks
- Credit risks
- Taxation and charges

A more detailed description of the risk factors, which the Group considers to be material, can be found in the annual report for 2016. The assessment is that this description is still accurate. In relation to the annual report, the financial risk is considered to be higher, due to that the corporate bond loan can be terminated to immediate payment, because the company is in breach with the financial covenant according to the Maintenance Test.

#### LEGAL PROCEEDINGS

During 2016, the Group's subsidiary West Atlantic Sweden AB was lawsued by French pilots. Last year the Group provisioned MSEK 2.9, corresponding to the claim. During this period the claim has been settled and MSEK 2.8 has been paid.

#### TRANSACTIONS WITH RELATED PARTIES

For transactions with related parties, please see note 8.

#### SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

##### Waiver request from Bondholders

The company is preparing for a waiver request from the Bondholders for not being in compliance with the Maintenance Test as per 30 September 2017. Although the company foresees to be in compliance with the covenant again as per fourth quarter 2017, the request will also include 31<sup>st</sup> December 2017 as a precautionary measure. Discussions are ongoing with the largest bondholders regarding which information needs to be included in the waiver request.

##### Additional fees through the collaboration agreement

A Letter of intent has been prepared with an external party to sell two ATR aircraft. The sales, which are foreseen to be concluded in the fourth quarter 2017, are expected to generate a significant management fee through the collaboration agreement.

#### Sales of four BAe-ATP ready be completed

The mentioned sales of four BAe-ATP, see significant events during the reporting period, are now ready to be completed. The aircraft are in the final maintenance stages and the financing for the buyer is now secured. The sales are expected to be finalised before year-end.

#### OUTLOOK

Our outlook for the business is favourable and we expect that the rest of the year will give improved income. Cost reductions continue and there are a number of initiatives in place to expand business opportunities with existing customers. However, to be able to capitalize on the long term opportunities, the balance sheet has to be strengthened. The change in the Norwegian network mentioned above will mean a more cost efficient operation once in place, but will also increase the need to find new business for the aircraft coming out of the contract. The transformation from the current operation in Norway into the new operation, will also include significant restructuring costs.

#### SEASONAL EFFECTS

As part of the air freight market, West Atlantic is exposed to seasonal effects. The main drivers are the operating calendar and additional expenses relating to winter operations. Seasonal effects impact the Group's financial position and income during the course of a calendar year where the first half generally is weaker than the second half.

#### PARENT COMPANY

##### About the parent company

The parent company is the contracting party for a significant part of the Group's operations but does not perform airfreight services. The Company subcontracts subsidiaries to perform the respective services. A major part of the Group's aircraft fleet is financed through the corporate bond loan, issued by the parent company.

#### Revenue and income

##### July - September

Revenue for the period amounted to MSEK 171.4 (186.5), a decrease by 8.1 % year-on-year. The decrease is mainly attributable to that one B767 aircraft were temporary parked due to technical maintenance. EBIT amounted to MSEK -5.3 (5.8). The decrease is mainly attributable to the mentioned grounded aircraft and negative foreign exchange currency effects. Net income amounted to MSEK -13.2 (-1.7).

##### January - September

Revenue for the period amounted to MSEK 523.5 (531.9), a decrease by 1.6 % year-on-year. The decrease is mainly due to the B767 aircraft on maintenance, mentioned above. EBIT amounted to MSEK -15.6 (3.4). The decrease is mainly attributable to operational disruptions and extended maintenance periods for the B767-fleet. This also caused that aircraft had to be subchartered, which increased the costs. Net income amounted to MSEK -38.7 (-16.3).

#### Financial position and financing

Cash and cash equivalents at the end of the period amounted to MSEK 32.7 (98.1). Including the non-utilised overdraft facility, available cash and cash equivalents amounted to MSEK 50.1 (148.1). Equity amounted to MSEK 21.0 (46.3). The Company has issued a corporate bond loan subject to trade on the NASDAQ in Stockholm. For more information see financial position and financing for the Group.

#### Contingent liabilities

Contingent liabilities amounted to MSEK 462.3 (287.7). The increase is mainly attributable to increased guarantees for subsidiaries engagements with aircraft lessors.

## Group report

### Consolidated statement of income and other comprehensive income

MSEK	Jul - Sep 2017	Jul - Sep 2016	Jan - Sep 2017	Jan - Sep 2016	Jan - Dec 2016
Revenue	380.3	323.7	1,148.8	966.9	1,320.4
Cost of services provided	-376.3	-295.3	-1,157.5	-949.2	-1,291.8
<b>Gross income:</b>	<b>4.0</b>	<b>28.5</b>	<b>-8.7</b>	<b>17.7</b>	<b>28.6</b>
Selling costs	-1.6	-4.3	-5.0	-10.9	-16.1
Administrative costs	-10.9	-9.8	-34.0	-29.6	-47.9
Other operating income & costs	4.5	1.8	9.8	12.7	24.9
<b>Operating income:</b>	<b>-4.0</b>	<b>16.2</b>	<b>-37.9</b>	<b>-10.1</b>	<b>-10.5</b>
Financial income & costs	-18.4	-21.4	-54.3	-60.0	-84.5
<b>Income before tax:</b>	<b>-22.4</b>	<b>-5.2</b>	<b>-92.2</b>	<b>-70.1</b>	<b>-95.0</b>
Income tax	-3.4	-2.1	13.2	11.6	13.2
<b>Net Income:</b>	<b>-25.8</b>	<b>-7.3</b>	<b>-79.0</b>	<b>-58.5</b>	<b>-81.8</b>
Attributable to:					
- Shareholders of the Parent Company	-25.8	-7.3	-79.0	-58.5	-81.8
Earnings per share, before and after dilution (SEK)	-0.95	-0.27	-2.93	-2.17	-3.03
Average number of outstanding shares (Thousands)	27,005	27,005	27,005	27,005	27,005
<b>Statement of other comprehensive income</b>					
Net income:	-25.8	-7.3	-79.0	-58.5	-81.8
Other comprehensive income:					
Items that may or has been classified as net income:					
Exchange-rate differences in translation of foreign operations	0.2	1.0	-0.7	-0.7	-1.3
<b>Total comprehensive income for the period:</b>	<b>-25.6</b>	<b>-6.3</b>	<b>-79.7</b>	<b>-59.2</b>	<b>-83.1</b>
Attributable to:					
- Shareholders of the Parent Company	-25.6	-6.3	-79.7	-59.2	-83.1

## Condensed statement of financial position

MSEK	Sep 30 2017	Sep 30 2016	Dec 31 2016
Intangible assets	0.2	-	0.2
Tangible assets	818.6	878.0	856.3
Financial assets	29.3	18.7	22.2
<b>Total non-current assets</b>	<b>848.0</b>	<b>896.7</b>	<b>878.6</b>
Inventories	112.8	118.9	116.6
Other current assets	197.6	199.0	171.5
Cash and cash equivalents	94.3	121.3	110.2
<b>Total current assets</b>	<b>404.8</b>	<b>439.1</b>	<b>398.2</b>
<b>Total assets</b>	<b>1,252.7</b>	<b>1,335.8</b>	<b>1,276.8</b>
Shareholders' equity	25.6	129.1	105.3
Non-current liabilities	964.3	993.0	991.2
Current liabilities	262.8	213.7	180.3
<b>Total shareholders' equity and liabilities</b>	<b>1,252.7</b>	<b>1,335.8</b>	<b>1,276.8</b>

## Condensed changes in shareholders' equity

MSEK	Share capital	Translation reserves	Profit brought for- ward including net income	Total share- holders' equity
Opening shareholders' equity, Jan 1, 2017	27.0	5.6	72.7	105.3
Total comprehensive income for the period Jan - Sep	-	-0.7	-79.0	-79.7
<b>Closing balance Sep 30, 2017</b>	<b>27.0</b>	<b>4.9</b>	<b>-6.3</b>	<b>25.6</b>
Opening shareholders' equity, Jan 1, 2016	27.0	6.9	154.5	188.4
Total comprehensive income for the period Jan - Sep	-	-0.8	-58.5	-59.2
<b>Closing balance Sep 30, 2016</b>	<b>27.0</b>	<b>6.1</b>	<b>96.0</b>	<b>129.1</b>
Opening shareholders' equity, Jan 1, 2016	27.0	6.9	154.5	188.4
Total comprehensive income for the year	-	-1.3	-81.8	-83.1
<b>Closing balance Dec 31, 2016</b>	<b>27.0</b>	<b>5.6</b>	<b>72.7</b>	<b>105.3</b>

## Condensed statement of cash flows

MSEK	Jul - Sep 2017	Jul - Sep 2016	Jan - Sep 2017	Jan - Sep 2016	Jan - Dec 2016
<b>Operating income</b>	<b>-4.0</b>	<b>16.2</b>	<b>-37.9</b>	<b>-10.1</b>	<b>-10.5</b>
<b>Adjustments for non-cash items</b>					
Depreciation	31.8	32.8	97.8	99.4	138.0
Other non-cash items	18.3	10.3	54.4	85.7	111.5
Income tax paid	-2.5	-2.0	-9.0	-6.9	-1.3
<b>Cash flow from operating activities before changes in working capital</b>	<b>43.6</b>	<b>57.3</b>	<b>105.3</b>	<b>168.1</b>	<b>237.8</b>
Change in working capital	-0.6	-2.1	50.4	3.1	2.3
<b>Cash flow from operating activities</b>	<b>43.0</b>	<b>55.1</b>	<b>155.7</b>	<b>171.2</b>	<b>240.1</b>
Investments in intangible assets	-	-	-	-	-0.2
Investments in tangible assets	-27.0	-40.2	-107.7	-279.5	-321.7
Sales of tangible assets	-	0.1	-	0.2	0.2
Payments from other investing activities	-8.9	-	-11.6	-2.8	-5.5
<b>Cash flow from investing activities</b>	<b>-35.9</b>	<b>-40.1</b>	<b>-119.3</b>	<b>-282.1</b>	<b>-327.2</b>
Amortisation of interest bearing liabilities	-1.7	-1.5	-8.3	-6.7	-10.5
Repaid/received deposits	0.1	0.8	0.1	13.8	13.8
Interest paid	-4.1	-4.2	-43.1	-43.0	-77.2
<b>Cash flow from financing activities</b>	<b>-5.7</b>	<b>-5.0</b>	<b>-51.3</b>	<b>-35.9</b>	<b>-74.0</b>
<b>Cash flow for the period</b>	<b>1.4</b>	<b>10.1</b>	<b>-14.9</b>	<b>-146.8</b>	<b>-161.0</b>
Cash and cash equivalents at the beginning of the period	93.1	111.2	110.2	266.8	266.8
Translation difference in cash and cash equivalents	-0.2	-	-1.0	1.3	4.4
<b>Cash and cash equivalents at the end of the period</b>	<b>94.3</b>	<b>121.3</b>	<b>94.3</b>	<b>121.3</b>	<b>110.2</b>



## Notes

### Note 1 – Accounting principles, definitions and key performance indicators

#### Applied accounting principles

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations as adopted and approved by the EU. The Group has applied the same accounting policies and methods of computation as in the annual report 2016. The minor revised IFRS that have come into effect in 2017 have not had any significant effect on the Group's financial statements. For a description of new IFRS standards that have not yet come into effect in 2017, please see the annual report for 2016, accounting principles, p 1.1. The Group has been evaluating the effects of the accounting standards that come into effect as from 1 January, 2018, IFRS9, Financial instruments, and IFRS15 Revenue from contract with customers. For IFRS9, the biggest effect is expected to occur from the transition to the model for expected credit losses. However, the effect is not assessed to be significant. For IFRS15, the effect from the standard is not assessed to be significant, except for that the standard demands increased information.

The Group also applies the recommendation from the Swedish Financial Reporting Board, RFR 1, supplementary accounting rules for groups. The Group's consolidated accounts are prepared and reported in Swedish Krona (SEK), which is the functional currency of the parent company. All figures in this report is rounded to Swedish Krona Millions (MSEK).

The interim report for the Group has been prepared in accordance with IAS34 Financial Interim Reporting. The interim report for the parent company has been prepared in accordance with RFR2, financial reporting for legal entities and the Swedish Annual Accounts Act (SAAA). There has been no changes in the accounting principles, essential assessments and estimates during the interim period, compared to the annual report for 2016.

Information according to IAS34 Financial Interim Reporting are submitted in notes and elsewhere in this report.

For a complete summary of the Group's accounting principles, please see note 1, significant accounting principles in the annual report for 2016 available on the website of West Atlantic AB (publ), [www.westatlantic.eu](http://www.westatlantic.eu).

#### Alternative key performance indicators

Alternative key performance indicators means financial metrics that are used by the management, investors and lenders to evaluate the Group's net income and financial position which cannot be read from the financial reports, directly. These financial metrics are intended to facilitate analysis of the Group's development. The alternative key performance indicators shall not be considered as a substitute but rather as a complement to the financial reporting prepared according to IFRS. The financial metrics that are used in this report can differ from similar metrics used by other companies. Alternative key performance indicators and reconciliations are shown on the front of this report, and in note 3 and 6.

### Note 2 – Breakdown of revenues

MSEK	Jul - Sep 2017	Jul - Sep 2016	Jan - Sep 2017	Jan - Sep 2016	Jan - Dec 2016
Air freight services	370.9	309.9	1,107.4	923.8	1,258.0
Technical services	8.7	8.5	33.7	29.2	44.8
Aircraft leasing	-	3.2	5.1	9.6	13.0
Other revenue	0.7	2.1	2.6	4.3	4.6
<b>Sum</b>	<b>380.3</b>	<b>323.7</b>	<b>1,148.8</b>	<b>966.9</b>	<b>1,320.4</b>

### Note 3 – EBITDA

MSEK	Jul - Sep 2017	Jul - Sep 2016	Jan - Sep 2017	Jan - Sep 2016	Jan - Dec 2016
<b>Operating income</b>	<b>-4.0</b>	<b>16.2</b>	<b>-37.9</b>	<b>-10.1</b>	<b>-10.5</b>
Depreciation & Impairment	31.8	32.8	97.8	99.4	138.0
<b>EBITDA</b>	<b>27.8</b>	<b>49.0</b>	<b>59.9</b>	<b>89.3</b>	<b>127.5</b>

### Note 4 – Other operating income & costs

MSEK	Jul - Sep 2017	Jul - Sep 2016	Jan - Sep 2017	Jan - Sep 2016	Jan - Dec 2016
Income from collaboration agreement	0.5	-	5.3	-	-
CRJ200PF accident	-0.1	-1.5	0.9	5.9	13.9
Sale of aircraft	1.2	1.2	3.6	3.5	4.6
Operating foreign exchange currency gains/losses	2.9	2.1	-	3.3	6.4
<b>Sum</b>	<b>4.5</b>	<b>1.8</b>	<b>9.8</b>	<b>12.7</b>	<b>24.9</b>

### Note 5 – Financial income & costs

MSEK	Jul - Sep 2017	Jul - Sep 2016	Jan - Sep 2017	Jan - Sep 2016	Jan - Dec 2016
Interest costs	-20.4	-23.3	-61.7	-59.9	-81.3
Financial exchange currency gains/losses*	1.8	-1.3	7.1	-2.3	-6.0
Other financial income & costs	0.2	3.2	0.3	2.2	2.8
<b>Sum</b>	<b>-18.4</b>	<b>-21.4</b>	<b>-54.3</b>	<b>-60.0</b>	<b>-84.5</b>

\*Includes loans, financial leasing and other financial assets and liabilities

## Note 6 – Income per quarter and key performance indicators

Income per quarter								
MSEK	Jul - Sep 2017	Apr - Jun 2017	Jan - Mar 2017	Oct-Dec 2016	Jul - Sep 2016	Apr - Jun 2016	Jan - Mar 2016	Oct - Dec 2015
Revenue	380.3	376.5	392.0	353.5	323.7	319.3	323.9	364.6
Cost of services provided	-376.3	-396.3	-385.0	-342.5	-295.3	-308.4	-345.5	-346.7
<b>Gross income:</b>	<b>4.0</b>	<b>-19.8</b>	<b>7.0</b>	<b>11.0</b>	<b>28.5</b>	<b>10.8</b>	<b>-21.6</b>	<b>18.0</b>
Selling costs	-1.6	-1.9	-1.5	-5.2	-4.3	-2.9	-3.8	-4.0
Administrative costs	-10.9	-12.5	-10.6	-18.4	-9.8	-9.2	-10.5	-12.5
Other operating income & costs	4.5	2.0	3.3	12.2	1.8	3.8	7.1	3.4
<b>Operating income:</b>	<b>-4.0</b>	<b>-32.2</b>	<b>-1.8</b>	<b>-0.4</b>	<b>16.2</b>	<b>2.5</b>	<b>-28.8</b>	<b>4.8</b>
Financial income & costs	-18.4	-17.3	-18.5	-24.5	-21.4	-22.6	-16.0	-62.3
<b>Income before tax:</b>	<b>-22.4</b>	<b>-49.5</b>	<b>-20.3</b>	<b>-24.9</b>	<b>-5.2</b>	<b>-20.1</b>	<b>-44.8</b>	<b>-57.5</b>
Income tax	-3.4	10.7	5.9	1.6	-2.1	5.0	8.7	11.5
<b>Net Income:</b>	<b>-25.8</b>	<b>-38.8</b>	<b>-14.4</b>	<b>-23.3</b>	<b>-7.3</b>	<b>-15.2</b>	<b>-36.1</b>	<b>-45.9</b>

Key performance indicators								
MSEK	Jul - Sep 2017	Apr - Jun 2017	Jan - Mar 2017	Oct-Dec 2016	Jul - Sep 2016	Apr - Jun 2016	Jan - Mar 2016	Oct - Dec 2015
Operating income	-4.0	-32.2	-1.8	-0.4	16.2	2.5	-28.8	4.8
Depreciation & Impairment	31.8	33.5	32.5	38.6	32.8	33.7	32.9	33.7
<b>EBITDA</b>	<b>27.8</b>	<b>1.3</b>	<b>30.7</b>	<b>38.2</b>	<b>49.0</b>	<b>36.2</b>	<b>4.1</b>	<b>38.5</b>
EBITDA - margin (%)	7.3%	0.4%	7.8%	10.8%	15.1%	11.3%	1.3%	10.6%
Cash and cash equivalents including non-utilised overdraft facility	111.7	139.4	114.2	160.2	171.3	161.2	188.0	316.8
Cash flow from operating activities	43.0	105.1	7.6	68.9	55.1	130.0	-13.9	40.6
Net interest bearing debt/EBITDA**	6.2	5.4	4.6	5.1	5.2	5.2	5.3	3.4
Interest coverage ratio**	1.7	1.9	2.4	2.1	2.1	2.3	2.2	2.9
Equity / Asset ratio (%)	2.0%	4.1%	7.1%	8.3%	9.7%	9.9%	11.0%	13.3%
Average employees	457	460	466	465	466	478	499	509

\*\*Defined by the corporate bond loan WEST 002 terms and conditions.

## Note 7 – Fair value and booked value on financial assets and liabilities

MSEK	Sep 2017		Dec 2016	
	Booked value	Fair value	Booked value	Fair value
<b>Financial assets</b>				
Non-current financial receivables	28.1	28.1	20.4	20.4
Other receivables incl accounts receivables	132.3	132.3	129.9	129.9
Cash and cash equivalents	94.3	94.3	110.2	110.2
<b>Sum</b>	<b>254.8</b>	<b>254.8</b>	<b>260.4</b>	<b>260.4</b>
<b>Financial liabilities</b>				
Loans incl bank overdraft	922.1	927.5	889.8	903.7
Other liabilities incl accounts payables	182.0	182.0	180.4	180.4
<b>Sum</b>	<b>1,104.1</b>	<b>1,109.5</b>	<b>1,070.2</b>	<b>1,084.1</b>

Fair value is normally determined by official market prices. When market prices are missing, fair value normally is determined by generally accepted valuation methods, such as discounted future cash flows based on available market information.

The fair value of the Group's financial assets and liabilities has been determined according to below:

- **Level 1:** Market prices (unadjusted) listed on an active market for identical assets or liabilities
- **Level 2:** Other observed data for the asset or the liability than noted prices included in level 1, either direct (as price adjustments) or indirect (derived from noted prices).
- **Level 3:** Fair value determined out of valuation models, where significant data is based on unobservable data.

Items classified in level 1: the corporate bond loan, subject to trade on the NASDAQ OMX in Stockholm. The booked value is made at deferred acquisition value with regard to transaction costs.

Items classified in level 2: Non-interest-bearing long term financial receivables valued at deferred acquisition value and where the interest that is used to discount the amount to the acquisition value, is derived from a notation and an assessment is performed by the Group.

For other receivables including accounts receivables, cash and cash equivalents, other loans, other liabilities including accounts payables the booked values are considered to be a reasonable approximation of the fair values. Valuation is made at deferred acquisition value, which corresponds to nominal values adjusted with additional or deductible valuation items.

## Note 8 – Transactions with related parties

Transactions between the parent company and its subsidiaries and between subsidiaries within the Group have been eliminated in the Group consolidation. These transactions, including any transactions with affiliated companies, are made on current market terms based on the "arm's length" principle, which means between independent parties, well informed and with an own interest in the transactions. Transactions with key persons in leading positions and its related parties are made on current market terms based on the "arm's length principle". Below are shown the value of transactions made during the interim period and the outstanding balances (C=Claim, L=Liability) at reporting date.

MSEK	Jan - Sep 2017	30 Sep 2017
<b>Party</b>	<b>Transaction(s)</b>	
Horizon Objectives Ltd	Purchase of commercial services	1.7 L
Air Transport Services Group	Lease of B767 aircraft and maintenance support	88.4 L

The relationships between the related parties, including the content of the leasing agreement above, are described in the annual report for 2016, note 31.

## Note 9 – Business segment

West Atlantic operates a functional organisation independent of geographical concentration of management. The Group performs services all over the European area and only reports one operating segment “airfreight services”, which is consistent with the internal reporting to the highest executive management, the board of West Atlantic AB (publ).

During the interim period, there has been no changes in the business segment and the structure of reporting. For more information, please see the annual report for 2016 note 1, essential accounting principles p 1.1.

## Note 10 – Corporate bond – financial standing & Covenants

The Group is obliged to report its financial position as described in the terms and conditions of the bond. Below is a summary of the most important terms and conditions which applies to the loan. For more detail and definitions please see page 15 definitions, and also the West Atlantic webpage ([www.westatlantic.eu](http://www.westatlantic.eu)) where the full terms and conditions can be found.

As per Sep 30, 2017 the Group does not meet its financial covenant. The covenant according to the maintenance test is not met. Financial covenants as per corporate bond terms and conditions:

### Maintenance test:

The ratio of Net Interest Bearing Debt\* to EBITDA\*\* shall not exceed:

- (i) 6.00 during the year 2015 and 2016;
- (ii) 5.75 during the year 2017;
- (iii) 5.50 during the years 2018-2019.

### Incurrence test (this test is only applicable if new loans are raised):

(a) the ratio of Net Interest Bearing Debt to EBITDA\*\* is not greater than:

- (i) 4.25 during the year 2015 and 2016;
- (ii) 4.00 during the year 2017;
- (iii) 3.75 during the years 2018-2019;

(b) the Interest Coverage Ratio (ratio of Net Finance Charges\*\*\* to EBITDA\*\*) shall exceed 2.50; and

(c) no Event of Default is continuing or would occur upon the incurrence

Calculation of bond defined Net Interest bearing debt*	2017-09-30	2016-09-30	2016-12-31
Interest bearing debt	959.0	970.7	973.0
Overdraft	32.6	-	-
Less financial leasing	-69.5	-80.2	-83.1
Less cash & cash equivalents	-94.3	-121.3	-110.2
<b>Net interest bearing debt*</b>	<b>827.8</b>	<b>769.2</b>	<b>779.7</b>

Calculation of net finance charges***	Oct 2016 – Sep 2017	Oct 2015 - Sep 2016	Jan 2016 – Dec 2016
Financial income	-9.4	-1.7	-1.9
Financial costs	88.2	124.0	86.3
Bond transaction costs (WEST001 and WEST002)	-4.5	-45.8	-4.6
Net foreign currency exchange differences	3.3	-5.8	-6.0
<b>Net finance charges***</b>	<b>77.6</b>	<b>70.7</b>	<b>73.8</b>

Calculation of bond defined EBITDA**	Oct 2016 – Sep 2017	Oct 2015 - Sep 2016	Jan 2016 – Dec 2016
Operating income	-38.3	-5.2	-10.5
Depreciation & Impairment	136.5	133.0	138.0
<b>EBITDA</b>	<b>98.2</b>	<b>127.8</b>	<b>127.5</b>
<b>Adjustment for non-recurring items</b>			
CRJ200PF accident	-8.8	-1.6	-9.6
Restructuring costs, ATP	0.8	15.3	13.2
Type introduction and start-up costs	32.4	7.2	12.0
Legal costs related to France	2.8	-	2.8
IPO costs	7.3	-	7.3
<b>Bond defined EBITDA**</b>	<b>132.7</b>	<b>148.7</b>	<b>153.2</b>

Covenants test per closing date	2017-09-30	2016-09-30	2016-12-31
Net interest bearing debt	827.8	769.2	779.7
Bond defined EBITDA	132.7	148.7	153.2
<b>Net interest bearing debt to R12M EBITDA</b>	<b>6.2</b>	<b>5.2</b>	<b>5.1</b>

	2017-09-30	2016-09-30	2016-12-31
Net finance charges	77.6	70.7	73.8
Bond defined EBITDA	132.7	148.7	153.2
<b>Interest coverage ratio</b>	<b>1.7</b>	<b>2.1</b>	<b>2.1</b>

\*Net Interest Debt: means the aggregate interest bearing debt less cash and cash equivalents of the Group in accordance with the applicable accounting principles of the Group from time to time (for the avoidance of doubt, excluding guarantees, leases related to Leased Aircraft, bank guarantees, Subordinated Loans and interest bearing debt borrowed from any Group Company).

\*\*EBITDA: means, in respect of the Reference Period, the consolidated profit of the Group from ordinary activities according to the latest Financial Report(s): (a) before deducting any amount of tax on profits, gains or income paid or payable by any member of the Group; (b) before deducting any Net Finance Charges; (c) before taking into account any extraordinary items which are not in line with the ordinary course of business, and non-recurring items; (d) before taking into account any Transaction Costs for the corporate bond loan and any transaction costs relating to any acquisition of any target company; (e) not including any accrued interest owing to any member of the Group; (f) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instruments which is accounted for on a hedge account basis); (g) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course of trading) and any loss or gain arising from an upward or downward revaluation of any asset; (h) after deducting the amount of any profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests; (i) plus or minus the Group's share of the profits or losses of entities which are not part of the Group; and (j) after adding back any amount attributable to the amortisation, depreciation or depletion of assets of members of the Group.

\*\*\* Net finance charges means, for the Reference Period, the Finance Charges according to the latest Financial Report(s), after deducting any interest payable for that Reference Period to any member of the Group and any interest income relating to cash or cash equivalent investment (and excluding any interest capitalised on Subordinated Loans).

## Parent company report

### Statement of income including statement of other comprehensive income

MSEK	Jul - Sep 2017	Jul - Sep 2016	Jan - Sep 2017	Jan - Sep 2016	Jan - Dec 2016
Net sales	171.4	186.5	523.5	531.9	726.8
Cost of services provided	-168.3	-173.5	-525.1	-512.1	-692.9
<b>Gross income:</b>	<b>3.1</b>	<b>13.1</b>	<b>-1.6</b>	<b>19.8</b>	<b>33.9</b>
Selling costs	-0.6	-3.5	-1.5	-8.6	-10.8
Administrative costs	-4.6	-3.0	-13.7	-7.3	-16.8
Other operating income & costs	-3.3	-0.9	1.2	-0.5	2.5
<b>Operating income:</b>	<b>-5.3</b>	<b>5.8</b>	<b>-15.6</b>	<b>3.4</b>	<b>8.8</b>
Profit from shareholdings in group companies	-	-	-	-	15.3
Interest & similar income	9.1	8.9	26.6	25.4	34.4
Interest & similar costs	-16.9	-16.4	-49.7	-45.1	-61.4
<b>Income after financial items:</b>	<b>-13.2</b>	<b>-1.7</b>	<b>-38.7</b>	<b>-16.3</b>	<b>-2.9</b>
Tax on income for the period	-	-	-	-	-
<b>Net income:</b>	<b>-13.2</b>	<b>-1.7</b>	<b>-38.7</b>	<b>-16.3</b>	<b>-2.9</b>
<b>Statement of other comprehensive income</b>					
Net income:	-13.2	-1.7	-38.7	-16.3	-2.9
Other comprehensive income:	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-13.2</b>	<b>-1.7</b>	<b>-38.7</b>	<b>-16.3</b>	<b>-2.9</b>

### Condensed statement of financial position

MSEK	Sep 30 2017	Sep 30 2016	Dec 31 2016
Financial assets	535.0	535.0	535.0
<b>Total non-current assets</b>	<b>535.0</b>	<b>535.0</b>	<b>535.0</b>
Other current assets	631.1	377.0	467.0
Cash and cash equivalents	32.7	98.1	72.3
<b>Total current assets</b>	<b>663.8</b>	<b>475.1</b>	<b>539.3</b>
<b>Total assets</b>	<b>1,198.8</b>	<b>1,010.1</b>	<b>1,074.3</b>
Shareholders' equity	21.0	46.3	59.7
Non-current liabilities	851.2	845.8	847.4
Current liabilities	326.6	118.0	167.2
<b>Total shareholders' equity and liabilities</b>	<b>1,198.8</b>	<b>1,010.1</b>	<b>1,074.3</b>

## Assurance

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The Board of Directors and President hereby assure that this interim report provides a true and fair overview of the performance of the parent company's and the Group's operations, financial position and earnings, and describes the significant risks and uncertainty factors to which the parent company and the companies included in the Group are exposed.

Gothenburg, November 30, 2017

Göran Berglund  
*Chairman of the Board*

Tony Auld  
*Member of the Board*

Joseph Payne  
*Member of the Board*

Russell Ladkin  
*Member of the Board*

Fredrik Groth  
*CEO & President*

*This interim report has not been audited by the Company auditors.*

## West Atlantic Aircraft fleet & flight traffic statistic

### Aircraft fleet as per 30 September, 2017:

	Owned	Dry-Leased	Wet-leased	Total	In Service	Dry leased out	Parked*
BAe ATP-F	30	7	-	37	22	-	15
Boeing 737-300/400	5	11	1	17	17	-	-
B767-200	-	3	-	3	3	-	-
CRJ200PF	2	-	-	2	2	-	-
	<b>37</b>	<b>21</b>	<b>1</b>	<b>59</b>	<b>44</b>	<b>-</b>	<b>15</b>

\*Long term parked aircraft or aircraft not in daily operation

### West Atlantic traffic statistics January – September, 2017:

	2017		2016	
	Q3	YTD	Q3	YTD
	Jul - Sep	Jan - Sep	Jul - Sep	Jan - Sep
Performed flights	6,020	17,534	5,814	17,531
Regularity (target >99%)	99.5%	99.5 %	99.2%	98.9 %
Number of hours flown	6,058	17,527	6,180	18,831

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### Annual report

The annual report for 2016 was published April 28, 2017.

### Annual Shareholders' meeting

The West Atlantic Group's AGM was held on May 23, 2017 at the Group's head office located Gothenburg (Prästgårdsgatan 1, SE-412 71 Gothenburg).

### Financial Calendar

Interim report October - December                      February 28, 2018

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All reports are available in Swedish and English and can be found on the West Atlantic webpage. The reports can also be ordered electronically via [investor.relations@westatlantic.eu](mailto:investor.relations@westatlantic.eu)

**West Atlantic discloses the information contained in this interim report pursuant to the Swedish Securities Market Act and/or the Swedish Financial Instrument Trading Act.**

## Definitions

### Corporate Bond definitions

Bond transaction costs	All direct costs in connection with the issue of bond loan such as consultant costs and fees.
Escrow account	Means a bank account of the Issuer, into which the Net Proceeds from the Bond issue will be transferred and which has been pledged in favour of The Trustee and the Holders (represented by the Trustee) under the Escrow Account Pledge Agreement.
Finance charges	The aggregate amount of the accrued interest, commission, fees, discounts, payment fees, premium or charges and other Finance payments in respect of financial Indebtedness whether paid, payable or capitalised by any member of the Group according to the latest Financial Report(s) (calculated on a consolidated basis) other than Transaction costs, capitalised interest in respect of any loan owing to any member of the Group or any Subordinated Loan, lease expenses related to Leased Aircraft, and taking no account of any unrealised gains or losses on any derivative instruments other than any derivative instrument which are accounted for on a hedge accounting basis.
Financial costs	Includes costs from: a) interest on loans at deferred acquisition value b) interest on financial loan receivables at deferred acquisition value c) any losses from sale of financial loan receivables d) losses from sale of any company which are not part of the Group e) any losses from market valuation of foreign exchange derivatives (hedging instruments) f) redemption costs for loans g) foreign exchange currency losses from revaluation of financial loan receivables, loans and finance leasing.
Financial income	Includes income from: a) interest on cash & cash equivalents b) interest on financial loan receivables at deferred acquisition value c) any sale of financial loan receivables d) dividend from any company which are not part of the Group e) gain from sale of any company which are not part of the Group f) any gains from market valuation of foreign exchange derivatives (hedging instruments) g) foreign exchange currency gains from revaluation of financial loan receivables, loans and finance leasing.
Financial Indebtedness	Means any indebtedness in respect of; a) monies borrowed or raised, including Market Loans; b) the amount of any liability in respect of any finance leases, to the extent the arrangements is treated as a finance lease in accordance with the accounting principles applicable on the First Issue Date (a lease which in the accounts of the Group is treated as an asset and a corresponding liability); c) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis); d) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and when calculating the value of any derivative transaction, only the mark to market value shall be taken into account, provided that if any actual amount is due as a result of termination or a close-out, such amount shall be used instead); f) Any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and g) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a)-(f).
Interest coverage ratio	The ratio between EBITDA and Net finance costs
Subordinated Loan	Means any loan of the Issuer or any of its Subsidiaries, where the Issuer or the relevant Subsidiary is the debtor, if such loan (a) according to its terms and pursuant to a subordination agreement on terms and conditions satisfactory to the Trustee, is subordinated to the obligations of the Issuer under the Terms and Conditions, (b) according to its terms have a final redemption date or, when applicable, early redemption dates or instalment dates or instalment dates which occur after the Final, Redemption date, (c) according to its terms yield only payment-in-kind interest.
<b>Other definitions</b>	
ACMI	Aircraft, Crew, Maintenance, Insurance. A type of Wet-lease agreement where the airline offers the mentioned services in the contract with the customer.
Administration costs	Indirect cost demanded to create revenue connected to administration including part of salaries & other remuneration and depreciation, travel, IT and other administration costs.
Aircraft fleet	The aircraft types BAe ATP, CRJ200PF, B737-300SF/400SF and B767-200. The aircraft the Group currently operates.
AOC	Aircraft operating certificate. Approval granted by a national aviation authority to an operator to allow to use aircraft for commercial purposes.
ATSG	Air Transport Services Group Inc. US based partner which owns 25 % of the shares of West Atlantic AB (publ)
Cost of services provided	All direct operating cost demanded to create the revenue including aircraft maintenance, fuel, aircraft leasing, part of salaries & other remuneration and depreciation, hangar rents and other direct operating expenses
Collaboration agreement	The Group is a part of an agreement for aircraft management and leasing activities with an external party
EBITDA	Income before interest, tax, depreciation (including impairment) and amortisation. Operating income adjusted for depreciation.
EBITDA margin (%)	The percentage ratio between EBITDA and revenue
EBIT	Operating income according to statement of income and other comprehensive income
EBT	Income before tax
Equity ratio	Ratio between equity and total assets
Fleet Dispatch Regularity	Defined as % of flights departing according to plan, i.e. flights that are not cancelled.
Global Integrator	Referring to the three major global express providers (FedEx/TNT, DHL, UPS)
IPO costs	Costs in direct connection with a preparatory equity transaction (share issue) such as fees to lawyers, auditors and other advisors, prospectus and registration costs. The costs which were balanced previous periods, amounted to MSEK 7.3 and the Group expensed these during Oct – Dec 2016, due to that the equity transaction did not occur.
Items affecting comparability/ non-recurring items	Items that occur infrequently or are unusual in the ordinary business activities, such as type introduction and start-up costs, redemption cost of loans, restructuring costs, other items and also financial FX gains or losses from loans and finance leasing
NMO	National mail organisation such as PostNord (Sweden), Royal Mail (UK), Norwegian Mail (Norway), La Poste (France).
Other items	Items affecting comparability included in non-recurring items. This includes disputes and legal processes in France, IPO costs and impairment of aircraft components.
Overdraft facility	The total overdraft facility of the Group amounts to MSEK 50
Wet-lease	Airline providing aircraft capacity to another airline