

# WEST ATLANTIC

## INTERIM REPORT

1<sup>st</sup> January – 31<sup>st</sup> March 2015

Published 27 May, 2015



**“Continued B737 expansion and increased ATP utilisation combined with strengthening of USD and GBP against SEK were the main drivers of the 9 % year-on-year increase in revenue during Q1, 2015”**

– Gustaf Thureborn, CEO & President

### First quarter summary

- Revenue increased to TSEK 332,002 (305,030), an increase of 9 % driven by increased operations and foreign exchange currency effects.
- Long term agreement signed with Norwegian Mail
- Two BAe ATP aircraft was deployed in operations
- Performed flights 6,592 (6,294) with a fleet dispatch regularity of 98.9 % (99.1)
- Adj. EBITDA TSEK 50,878 (55,463) decreased primarily following income from aircraft sales in 2014.
- Earnings per share SEK -0.46 (0.56)

### Key performance indicators for the Group

	Jan - Mar 2015	Jan - Mar 2014	Jan - Dec 2014
<b>Financial metrics</b>			
Revenue	332,002	305,030	1,244,278
Adj. EBITDA	50,878	55,463	224,412
EBITDA	37,894	52,993	183,865
Net income	-12,375	15,203	10,584
Cash flow from operating activities	29,494	32,717	200,292
Cash flow from investing activities	-60,361	-84,053	-190,650
Earnings per share	-0.46	0.56	0.39
Net interest bearing debt / EBITDA	3.68	3.07	3.13
Interest coverage ratio*	3.24	3.10	3.58
Equity / Asset ratio	19.9%	22.2%	21.5%
<b>Operating metrics</b>			
Fleet dispatch regularity	98.9%	99.1%	99.3%
Performed flights	6,592	6,294	27,241
Scheduled destinations	49	49	48
Aircraft in services (incl. wet leases)	44	42	44
Average employees	499	454	472

\* Defined as the ratio between EBITDA and Net finance costs.

Following a restatement reported revenues and cash flow from operating activities are adjusted in comparison with the interim report January – March, 2014. For a more detailed description of the restatement, please find the comments in connection with consolidated income statement and consolidated statement of cash flows.

## CEO and President's comments

### Revenue, income and operating performance

Continued B737 expansion and increased ATP utilisation combined with strengthening of USD and GBP against SEK were the main drivers of the 9 % year-on-year increase in revenue during Q1, 2015.

West Atlantic performed 6,592 flights (6,294) an increase of 4.7 % year-on-year. The fleet dispatch regularity amounted to 98.9 % (99.1) which was positive considering route network changes and winter operations.

Adjusted EBITDA amounted to TSEK 50,878 (55,463) which corresponded to a margin of 15.3 % (18.2). The primary driver of the lower adj. EBITDA was lower income from aircraft sales. Adj. EBITDA margin excluding income from aircraft sales amounted 14.8 % (15.2). The reduced margin is primarily attributable to start-up costs of new operations combined with increased maintenance and leasing costs from non-favourable movements of the USD and GBP against SEK.

The cash flow from operating activities amounted to TSEK 29,494 (32,717) with the primary differences being changes in working capital.

### Market & Customers

West Atlantic has signed an agreement with the Norwegian Postal Service to continue to serve the full domestic mail network. The new contract comes into effect in August, 2015.

The Group placed two additional BAe ATP aircraft in express operations during the quarter. One agreement is for temporary coverage while the other is a long term operating agreement. Both actions are expected to increase utilisation and operating efficiency throughout the network.

The B767 project was completed at the end of Q1, and commercial start was scheduled for early April. The project of adding this capability to the Group's service offering has been an extended process. Coming to the end of the start-up phase the Group is now ready to capitalise on the investment while continuing to be active in the market for additional B767 demand going forward.

The development of the European freight market remains strong as reported in the end of 2014, with regards to both temporary cover and long term additions to the networks. With Q4 peak season volumes of West

Atlantic at historically high levels the outlook for 2015 holds opportunities to increase operations, especially in the express market with spare and new capacity.

### Restructuring the operating platform

The Group is currently undergoing an organisational consolidation process following the strategic decision to restructure the Group into one airline under 2015/2016. The process started back in 2013 when the Group took the first step with the sale of its third airline, based out of Luxembourg. The process continued during 2014 when all in-house base maintenance activities was consolidated and a Group-wide H24 logistics centre was established.

The restructuring is expected to lead to a more integrated organisation while further providing long-term improvements in efficiency. The "one certificate" project is scheduled to be implemented continuously during 2015 and 2016 and marks the Group's commitment in sharing best practises amongst the Group while further streamlining processes and increasing long-term operating efficiency.

### Outlook

The market outlook for the full year 2015 remains stable and the additions of the two express contracts reported above will further improve utilisation of the existing aircraft fleet.

West Atlantic will in 2015 increase the efforts to rationalise and streamline the organisation on the technical side and in flight operations. The Group expects an increase in efficiency from these actions in 2016 and with full effect in 2017 following the mentioned "one certificate" project.

In addition to optimising the operating platform focus will be to increase the presence in the B737 and B767 market where the Group has identified several promising opportunities during 2015 and the start of 2016.

**Gustaf Thureborn**  
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 a European based dedicated cargo airline group specialised in mail and express airfreight solutions. Drawing from its many years of experience, the Group can offer its customers customised and efficient solutions for airfreight services, aircraft maintenance, airworthiness services and aircraft leasing.

#### Financial report

This interim report covers the period 2015-01-01 to 2015-03-31. Comparative figures in this report covers the corresponding period for 2014 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

Revenue for the period amounted to TSEK 332,002 (305,030) an increase by 9 % year-on-year. Continued B737 expansion and increased ATP utilisation combined with favourable movements in FX rates for USD and GBP against SEK were the main drivers of the increased revenues.

Adjusted EBITDA decreased to TSEK 50,878 (55,463). The primary driver of the reduced adj. EBITDA was lower income from aircraft sales. In addition, start-up costs of new operations combined with increased maintenance and leasing costs from non-favourable movements of the USD and GBP against SEK also contributed. For a reconciliation of adj. EBITDA, please find note 3.

EBITDA amounted to TSEK 37,894 (52,993) and was impacted by non-recurring items of TSEK -4,653 (-667) which mainly was attributable to B767 start-up costs. For more information on non-recurring items please see note 3.

EBIT amounted to TSEK 7,695 (33,678), but was further negatively impacted by an aircraft component impairment of TSEK 3,722. Increased depreciation of periodical maintenance further reduced EBIT following increased maintenance activities.

EBT amounted to TSEK -15,070 (19,573) and was affected by non-realised foreign exchange currency losses on financial leasing agreements in USD amounting to TSEK -8,406.

Net income amounted to TSEK -12,375 (15,203). Income taxes mainly consisted of deferred taxes.

#### Cash flow

Cash flow from operating activities amounted to TSEK 29,494 (32,717). The decrease compared to last year is attributable to the change in net working capital which amounted to TSEK -39,712 (-32,815). The improved cash flow from investing activities TSEK -60,361 (-84,053) is mainly attributable to the purchase of the B737-400 in the same period last year, which amounted to TSEK 51,500. The improved cash flow is offset by investments made in heavy maintenance activities, structural aircraft inspections and components. The improved cash flow

from financing activities, TSEK 34,212 (-6,581) is attributable to the increased bank credit facility, TSEK 40,000 see above significant events. Cash flow for the period amounted to TSEK 3,345 (-57,917).

#### Investments

Total investments in tangible assets amounted to TSEK 57,037 (82,497). Please note the investments mentioned above. Investments in intangible assets amounted to TSEK 0 (0). Investment in financial assets amounted to TSEK 3,354 (1,623), included in other investing activities. Other investing activities amounted to TSEK 3,324 (1,556) including received interests.

#### Sales of non-current assets

During the period no sales of non-current tangible assets have been made. During the same period last year, one aircraft was sold and the remuneration amounted to TSEK 15,000.

#### Impairment of tangible assets

During the period an impairment of aircraft components has been made which amounted to TSEK 3,722 (0).

### SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

#### Norwegian Mail contract signed

As described in the annual report for 2014, Posten Norge A/S – the Norwegian Postal Service – and West Atlantic AB (publ) agreed to a new contract for domestic air transportation of mail in Norway. The new agreement begins in August 2015 and expires in July 2020 with an option of an additional three more years. The agreement consist of an unchanged operating network compared to current agreement.

#### Other new contracts

The Group has been awarded two new BAe ATP express contracts which both started in January. One agreement is for temporary cover while the other is a long term operating agreement. Both actions are expected to increase utilisation and operating efficiency throughout the network.

#### Increased bank credit facility

In January West Atlantic increased its bank engagements by a credit facility of TSEK 40,000. The funding is primarily earmarked for operational investments for B767 operations.

#### Listing on NASDAQ Stockholm

The Board of West Atlantic AB (publ) has decided to explore the possibility of listing the shares in the company on Nasdaq Stockholm. Carnegie Investment Bank has been appointed as financial advisor and Gernandt & Danielsson as legal advisor.

### ORGANISATION

The average number of employees for the period amounted to 499 (454).

### FINANCIAL POSITION AND FINANCING

Cash and cash equivalents at the end of the period amounted to TSEK 21,628 (16,399), including non-utilised revolving credit facilities, available cash and cash equivalents amounted to TSEK 71,628 (66,399). Equity amounted to TSEK 221,570 (235,874) and the equity to asset ratio amounted to 19.92 (22.22) per cent. Net interest bearing liabilities amounted to TSEK 621,569 (582,351), see note 8, Corporate bond.

## 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 5.

## REMUNERATION POLICY

West Atlantic shall offer its management and key employees a remuneration reflecting market terms, company performance and individual performance. The remuneration shall ensure that management and shareholder goals are aligned.

## RISKS AND UNCERTAINTIES

West Atlantic is exposed to a number of risks which potentially could have a material adverse effect on the Group's future, income and/or financial position. West Atlantic actively strives to identify and reduce risk. Below is a non-exhaustive list of risks, without regards to the level of significance, which the Group considers to be most material:

- Financial market instability
- Fluctuations in foreign exchange rates and fuel prices
- Market and political risks
- Operating risks

A more detailed description of the risk factors that the Group consider to be material, can be found in the annual report for 2014, published on April 29, 2015. The Group consider there are not any significant changes in the risk assessment made in the annual report.

## LEGAL PROCEEDINGS

Concerning the legal process in France, mentioned in the interim report for Q4 and the annual report for 2014, the provision at March 31, 2015 has decreased by TSEK 4,400 compared to December 31, 2014. This is attributable to that two parts of the claims have been settled during the period. In connection with these settlements, further TSEK 1,985 had to be paid in addition to the provisioned amount. The remaining provision concern unpaid social security charges and the case is expected to be settled within the year. West Atlantic is not a part of any other legal proceedings having material effect on the Group's financial position or income.

## ENVIRONMENTAL INFORMATION

The Group's subsidiary West Air Sweden AB has a reporting obligation in accordance with the Swedish Environmental Code, which concerns limited handling of oils that do not require special permission. The aircraft fleet consists mainly of second generation turboprop aircraft, which are substantially more environmentally friendly from a noise, fuel consumption and CO<sub>2</sub> perspective compared to the first generation. During 2012 the trading of emissions allowances within the European Union started.

## TRANSACTIONS WITH RELATED PARTIES

Transactions between the Parent company and its subsidiaries, which are related parties, have been eliminated in the Group consolidation. These transactions including any transactions with affiliated companies are made on current market terms. The Group also made transactions with other related parties during the period January – March on current market terms. For these transactions, please see note 6.

## SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

### First commercial flight for the Group's B767

The first B767 aircraft arrived at Birmingham Airport in February to undergo the final inspections prior to entering service. The aircraft entered into service with its first commercial flight taking place on April 7. The aircraft is being held under an operating leasing agreement.

### West Atlantic awarded contract for four B737-400 aircraft

DHL has announced that West Atlantic has been awarded four new long-term B737-400 operations during 2015. The Group is currently sourcing capacity to be able to efficiently phase in the requirement, the estimated phase in period is set to six months. Two of the awarded operations are upgrades to existing routes already operated by the Group with BAe ATP aircraft that will now be deployed elsewhere in commercial operations.

## OUTLOOK

The market outlook for the full year 2015 remains stable and the additions of the two express contracts reported above will further improve utilisation of the existing aircraft fleet.

## SEASONAL EFFECTS

As part of the air cargo market West Atlantic is exposed to seasonal effects. The main driver of the effect is the operating calendar. Other factors include holiday season and winter operations. Seasonal effects impact the Group's financial position and income during the course of a calendar year.

## 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 any 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

Revenue for the period amounted to TSEK 147,156 (140,306), an increase by 5 per cent year-on-year. Operating income amounted to TSEK 5,681 (4,887). The increase in operating income is mainly attributable to other income which mainly consists of foreign currency exchange gains. Net income amounted to TSEK 1,991 (1,844).

### Financial position and financing

Cash and cash equivalents at the end of the period amounted to TSEK 8,708 (9,275), including non-utilised bank overdraft, the available cash and cash equivalents amounted to TSEK 58,708 (59,275). Equity amounted to TSEK 62,106 (50,371) and interest bearing liabilities amounted to TSEK 491,862 (489,222).

### Corporate bond

The Company has issued a corporate bond loan subject to trade on the NASDAQ in Stockholm, listing date was the 11<sup>th</sup> of April, 2014. The instrument is listed as WEST001 and the number of instruments issued is 500 with a nominal value of TSEK 1 000 each. For terms conditions of the corporate bond loan, please see the website of West Atlantic AB (publ) available at [www.westatlantic.eu](http://www.westatlantic.eu)

## Consolidated statement of income and other comprehensive income

TSEK	Jan - Mar 2015	Jan - Mar 2014	Jan - Dec 2014
Revenue*	332,002	305,030	1,244,278
Cost of services provided*	-310,640	-257,034	-1,124,472
<b>Gross income:</b>	<b>21,362</b>	<b>47,996</b>	<b>119,806</b>
Cost of sales	-1,386	-1,957	-8,601
Administrative costs	-11,151	-11,735	-43,736
Other operating income & costs*	-1,130	-626	22,740
<b>Operating income:</b>	<b>7,695</b>	<b>33,678</b>	<b>90,209</b>
Financial income	1,790	1,080	8,605
Financial costs	-24,555	-15,185	-77,213
<b>Income before tax:</b>	<b>-15,070</b>	<b>19,573</b>	<b>21,601</b>
Income tax	2,695	-4,370	-11,017
<b>Net Income:</b>	<b>-12,375</b>	<b>15,203</b>	<b>10,584</b>
Attributable to:			
- Shareholders of the Parent Company	-12,375	15,203	10,584
Earnings per share, before and after dilution (SEK):	-0.46	0.56	0.39
<b>Statement of other comprehensive income</b>			
Net income:	-12,375	15,203	10,584
Other comprehensive income:			
Items that may be classified as net income:			
Exchange-rate differences in translation of foreign operations	648	328	2,300
<b>Total comprehensive income for the period:</b>	<b>-11,727</b>	<b>15,531</b>	<b>12,884</b>
Attributable to:			
- Shareholders of the Parent Company	-11,727	15,531	12,884

\*Compared to the previous reported interim report for Q1 2014, revenue, cost of services provided and other operating income have been restated due to reclassifications. One reclassification concern sale of aircraft. The whole remuneration is now included in revenue, not only the net profit. Another item is a reclassification from revenue to other operating income and concern an adjustment of profit of aircraft-sales due to a previous sale and lease-back transaction, made in connection to the transition to IFRS. More details of both these adjustments can be found in the annual report for 2014, note 34, reference g). The effects on the interim period for Q1 2014 are increased revenue by, in total TSEK 6,046. Further, increased costs of services provided by TSEK 7,220 and increased other operating income by TSEK 1,174.

## Condensed statement of financial position

TSEK	Mar 31 2015	Mar 31 2014	Dec 31 2014
Intangible assets	906	2,098	1,165
Tangible assets	718,247	667,666	720,858
Financial assets	20,446	29,091	15,373
<b>Total non-current assets</b>	<b>739,599</b>	<b>698,855</b>	<b>737,396</b>
Inventories	130,301	123,899	120,718
Other current assets	204,305	206,136	192,737
Cash and cash equivalents	21,628	16,399	17,627
<b>Total current assets</b>	<b>356,234</b>	<b>346,434</b>	<b>331,082</b>
Assets held for sale	16,275	16,275	16,275
<b>Total assets</b>	<b>1,112,108</b>	<b>1,061,564</b>	<b>1,084,753</b>
Shareholders' equity	221,570	235,874	233,297
Non-current liabilities	675,861	628,455	642,375
Current liabilities	214,677	197,235	209,081
<b>Total shareholders' equity and liabilities</b>	<b>1,112,108</b>	<b>1,061,564</b>	<b>1,084,753</b>

## Condensed changes in shareholders' equity

TSEK	Share capital	Translation reserves	Profit brought for- ward including net income	Total share- holders' eq- uity
<b>Opening shareholders' equity, Jan 1, 2015</b>	<b>27,005</b>	<b>2,203</b>	<b>204,089</b>	<b>233,297</b>
Total comprehensive income for the period Jan - Mar	-	648	-12,375	-11,727
<b>Closing balance Mar 31, 2015</b>	<b>27,005</b>	<b>2,851</b>	<b>191,714</b>	<b>221,570</b>
<b>Opening shareholders' equity, Jan 1, 2014</b>	<b>27,005</b>	<b>-97</b>	<b>193,435</b>	<b>220,343</b>
Total comprehensive income for the period Jan - Mar	-	328	15,203	15,531
<b>Closing balance Mar 31, 2014</b>	<b>27,005</b>	<b>231</b>	<b>208,638</b>	<b>235,874</b>
<b>Opening shareholders' equity, Jan 1, 2014</b>	<b>27,005</b>	<b>-97</b>	<b>193,435</b>	<b>220,343</b>
Group adjustments	-	-	70	70
Total comprehensive income for the year	-	2,300	10,584	12,884
<b>Closing balance Dec 31, 2014</b>	<b>27,005</b>	<b>2,203</b>	<b>204,089</b>	<b>233,297</b>

## Condensed statement of cash flows

TSEK	Jan - Mar 2015	Jan - Mar 2014	Jan - Dec 2014
<b>Operating income</b>	<b>7,695</b>	<b>33,678</b>	<b>90,209</b>
<b>Adjustments for non-cash items</b>			
Depreciation	30,199	19,315	93,656
Other non-cash items	33,852	18,529	28,122
Income tax paid	-2,540	-5,990	-5,828
<b>Cash flow from operating activities before changes in working capital</b>	<b>69,206</b>	<b>65,532</b>	<b>206,159</b>
Change in working capital	-39,712	-32,815	-5,867
<b>Cash flow from operating activities*</b>	<b>29,494</b>	<b>32,717</b>	<b>200,292</b>
Investments in intangible assets	-	-	-
Investments in tangible assets	-57,037	-82,497	-207,549
Sales of tangible assets	-	-	2,176
Other investing activities	-3,324	-1,556	14,723
<b>Cash flow from investing activities*</b>	<b>-60,361</b>	<b>-84,053</b>	<b>-190,650</b>
<b>Cash flow from financing activities*</b>	<b>34,212</b>	<b>-6,581</b>	<b>-65,267</b>
<b>Cash flow for the period</b>	<b>3,345</b>	<b>-57,917</b>	<b>-55,625</b>
Cash and cash equivalents at the beginning of the period	17,627	74,562	74,562
Translation difference in cash and cash equivalents*	656	-246	-1,310
<b>Cash and cash equivalents at the end of the period</b>	<b>21,628</b>	<b>16,399</b>	<b>17,627</b>

\*Compared to the previous reported interim report for Q1 2014 and also the annual report for 2014, the statement of cash flows have been restated due to reclassifications. For Q1 2014 cash flow from operating activities has increased by TSEK 6,902, cash flow from investing activities has decreased by TSEK 15,812, cash flow from financing activities has increased by TSEK 8,748 and translation difference in cash has decreased by TSEK 162. The main reason for the cash flow increase in financing activities is the move of bank overdraft from financing activities to operating which then has decreased. The decrease is however countered by the move of sales of tangible assets to operating activities, from investing activities. Compared to the annual report for 2014, cash flow from operating activities has decreased by TSEK 26,776. Cash flow from financing activities has increased by the same amount and it is attributable to the move of bank overdraft.

## Notes

### Note 1 – Accounting principles

The consolidated financial statement has been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations as adopted and approved by the EU and as presented in the annual report 2014 for the Group. The minor revised IFRS that have come into effect 2015 has not affected The Group's financial statements significant. Further, 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 thousands (TSEK).

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 evaluations during the interim period, compared to the annual report for 2014, except for the provision for the Group's legal proceedings which now is classified as a short term item instead of a long term item. Further, some reclassifications have been made in the statement of cash flows, please see comments in connection to the statement. For a complete summary of the Group's accounting principles, please see note 1, significant accounting principles in the annual report for 2014 available on the website of West Atlantic AB (publ), [www.westatlantic.eu](http://www.westatlantic.eu).

### Note 2 – Break-down of revenues

TSEK	Jan - Mar	Jan - Mar	Jan - Dec
	2015	2014	2014
Airfreight services	306,964	268,018	1,145,282
Technical services	21,038	15,339	59,372
Sale of aircraft and spare parts	-	15,056	15,350
Aircraft leasing	3,638	3,215	14,491
Other revenue	362	3,402	9,783
<b>Sum</b>	<b>332,002</b>	<b>305,030</b>	<b>1,244,278</b>

### Note 3 – Adjusted EBITDA

TSEK	Jan - Mar	Jan - Mar	Jan - Dec
	2015	2014	2014
<b>EBITDA</b>	37,894	52,993	183,865
Aircraft operating lease costs*	8,421	1,803	21,286
Introduction costs of B767/B737-400	2,623	667	3,481
Legal proceeding costs, France	1,940	-	15,780
<b>Adj. EBITDA</b>	<b>50,878</b>	<b>55,463</b>	<b>224,412</b>

\*As a portion of the Group's financing arrangements consist of aircraft leasing agreements, the Group reverses operating lease costs on Adj. EBITDA to reflect the operational performance independent of whether the agreements are construed as finance or operating leases.



#### Note 4 – Other operating income & costs

TSEK	Jan - Mar	Jan - Mar	Jan - Dec
	2015	2014	2014
Operating foreign exchange currency gains	751	758	3,392
Income from collaboration agreement	789	-	16,574
Allocated profit sale of aircraft	1,174	1,174	4,696
Operating foreign exchange currency losses	-3,844	-2,558	-1,922
<b>Sum</b>	<b>-1,130</b>	<b>-626</b>	<b>22,740</b>

#### Note 5 – Fair value and booked value on financial assets and liabilities

TSEK	Mar 2015		Dec 2014	
	Booked value	Fair value	Booked value	Fair value
<b>Financial assets</b>				
Non-current financial receivables	19 379	19 379	14 306	14 306
Other receivables incl accounts receivables	116 100	116 100	146 753	146 753
Financial assets at fair value	-	-	-	-
Cash and cash equivalents	21 628	21 628	17 627	17 627
<b>Sum</b>	<b>157 107</b>	<b>157 107</b>	<b>178 686</b>	<b>178 686</b>
<b>Financial liabilities</b>				
Loans incl bank overdraft	554 714	594 152	512 263	545 701
Other liabilities incl accounts payables	186 827	186 827	198 162	198 162
Financial liabilities at fair value	-	-	-	-
<b>Sum</b>	<b>741 541</b>	<b>780 979</b>	<b>710 425</b>	<b>743 863</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 Group's financial assets and liabilities are valued at fair value 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. At the moment, the Group has no assets and liabilities valued according to this level.

At 2015-03-31, the Group has no financial assets or liabilities, valued at fair value in the income statement.

In level 1, the following items are classified: the corporate bond loan, subject to trade on the NASDAQ OMX in Stockholm

In level 2, the following items are classified: Non-interestbearing 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. Further: Derivatives where valuation is made at fair value for foreign currency exchange agreement, which are based on exchange rates published on an active market.

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 6 – Transactions with related parties

### *Medicinkonsulterna Göran Berglund AB*

This company is owned by Göran Berglund (chairman of the board and shareholder). The Group has invoiced this company for aircraft maintenance and fuel at an amount of TSEK 143. As per March 31, 2015 the Group had a claim of TSEK 143 on this company.

### *Förvaltningbolaget Örgryte KB*

This company is indirectly substantially owned by Gustaf Thureborn (CEO & President and shareholder of West Atlantic AB (publ)). The Group has been charged for office rent for the building owned by this company at an amount of TSEK 386, following a long-term agreement since 1997. As per March 31, 2015 the group had no outstanding claims or liabilities on this company.

### *Erik Thun AB*

This company is represented by its chairman of the board, Staffan Carlsson, which also is a board member of West Atlantic AB (publ) since May 27, 2014. The related party transaction concern a received remunerations from the collaboration arrangement, amounted to TSEK 789. For more details about the content of this arrangement, please see the annual report for 2014, note 1, significant accounting principles p 1.10, collaboration arrangement. As per March 31, 2015 the group had no outstanding claims or liabilities on this company.

### *Horizon Ltd*

This company is represented by Russell Ladkin which is a shareholder of West Atlantic AB (publ) and a member of Group management. Horizon Ltd invoiced the Group for commercial consulting services performed by Horizon Ltd. The services including expenses amounted to TSEK 59. As per March 31, 2015 the group had no outstanding claims or liabilities on this company.

### *All Konsult Langhard KB*

This company is owned by Claudia Ladkin, member of Group management. The company invoices the Group for HR consulting services performed by All Konsult Langhard KB. The services including expenses amounted to TSEK 249. As per March 31, 2015 the group had no outstanding claims or liabilities on this company.

### *Air Transport Service Group*

During the period the Group has entered into an operating lease agreement with a wholly-owned subsidiary of ATSG (represented in the board of directors and among the shareholders). The lease concern one B767 aircraft. The duration of the agreement is 4,5 years, however with an option for the Group to terminate the agreement anytime if being without a commercial contract for the aircraft. The lease has not yet had an impact on net income for the Group during the period, but started to take effect in April when the aircraft entered into service, see below, significant events after the reporting period. The Group has also wet-leased one B767 aircraft from ATSG during the period. The wet-lease has not had a significant impact on the Group's income or financial position.

## Note 7 – Business segment

In the annual report for 2014, note 1, essential accounting principles p 1.19 Business segments, the internal reporting and the business segment in which the Group is operating, is presented. During the interim period, there has been no changes in the business segment and the way of reporting. For more information, please see annual report 2014.

## Note 8 – Corporate bond – financial standing & Covenants

As part of the corporate bond loan the Parent Company are obliged to report its financial position as described in the terms and conditions of the bond. These can be found on the West Atlantic webpage and includes all relevant definitions to the measurements of the financial covenants of the corporate bond loan.

Financial covenants as per corporate bond terms and conditions:

**Maintenance Test:** The Issuer shall ensure that:

- (a) the ratio of Net Interest Bearing Debt to EBITDA is not greater than:
  - (i) 5.00 during the year 2013;
  - (ii) 4.50 during the year 2014; and
  - (iii) 4.00 during the years 2015-2018; and
- (b) the Interest Coverage Ratio exceeds:
  - (i) 2.00 during the year 2013;
  - (ii) 2.25 during the year 2014; and
  - (iii) 2.50 during the years 2015-2018.

**Incurrence Test:** The Incurrence Test is met if:

- (a) the ratio of Net Interest Bearing Debt to EBITDA is not greater than 4.00; and
- (b) the Interest Coverage Ratio exceeds 2.50.

The calculation of the ratio of Net Interest Bearing Debt to EBITDA in relation to the Incurrence Test shall be made as per a testing date determined by the Issuer, falling no more than one month prior to the incurrence of the new Financial Indebtedness (or payment of the Restricted Payment (as applicable)). The Net Interest Bearing Debt shall be measured on the relevant testing date so determined, but include the new Financial Indebtedness, provided it is an interest bearing obligation (however, any cash balance resulting from the incurrence of the new Financial Indebtedness shall not reduce the Net Interest Bearing Debt).

The calculation of the Interest Coverage Ratio shall be made for the Relevant Period ending on the last day of the period covered by the most recent Financial Report.

The figures for EBITDA, Finance Charges and Net Finance Charges for the Relevant Period ending on the last day of the period covered by the most recent Financial Report shall be used when calculating the Incurrence Test (and, as regards item (i) below, also when calculating the Maintenance Test), but adjusted so that:

- (i) any Aircraft-owning Company acquired or disposed of by the Group during the Relevant Period, or after the end of the Relevant Period but before the relevant testing date, shall be included or excluded (as applicable), pro forma, for the entire Relevant Period; and
- (ii) any Aircraft-owning Company to be acquired with the proceeds from new Financial Indebtedness shall be included, pro forma, for the entire Relevant Period;

Provided that the pro forma adjustments for EBITDA, Finance Charges and Net Finance Charges have been confirmed by a reputable accounting firm and the Issuer has provided evidence thereof to the Bond Trustee.

### West Atlantic Group reported numbers based on the period Jan 2015 - Mar 2015:

Rolling 12 months EBITDA:	TSEK 168,766
Net interest bearing debt per 2015-03-31:	TSEK 621,569
Rolling 12 months net finance charges:	TSEK 52,046

- **Ratio of Net Interest Bearing Debt to EBITDA:** 3.68 x < 4.00
- **Interest Coverage Ratio:** 3.24 x > 2.50

## Parent company report

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

TSEK	Jan - Mar 2015	Jan - Mar 2014	Jan - Dec 2014
Net sales	147,156	140,306	581,170
Cost of services provided	-138,761	-127,171	-561,704
<b>Gross income:</b>	<b>8,395</b>	<b>13,135</b>	<b>19,466</b>
Cost of sales	102	-493	-1,837
Administrative costs	-3,565	-5,411	-22,161
Other operating income & costs	749	-2,344	9,912
<b>Operating income:</b>	<b>5,681</b>	<b>4,887</b>	<b>5,380</b>
Profit from shareholdings	-	-	16,821
Interest & similar income	7,060	7,992	33,504
Interest & similar costs	-10,896	-11,080	-44,170
<b>Income after financial items:</b>	<b>1,845</b>	<b>1,799</b>	<b>11,535</b>
Tax on income for the period	146	45	53
<b>Net income:</b>	<b>1,991</b>	<b>1,844</b>	<b>11,588</b>
<b>Statement of other comprehensive income</b>			
Net income:	1,991	1,844	11,588
Other comprehensive income:	-	-	-
<b>Total comprehensive income for the period</b>	<b>1,991</b>	<b>1,844</b>	<b>11,588</b>

### Condensed statement of financial position

TSEK	Mar 31 2015	Mar 31 2014	Dec 31 2014
Intangible assets	153	241	175
Financial assets	386 696	81 899	386 705
<b>Total non-current assets</b>	<b>386 849</b>	<b>82 140</b>	<b>386 880</b>
Other current assets	225 220	581 036	191 389
Cash and cash equivalents	8 708	9 275	964
<b>Total current assets</b>	<b>233 928</b>	<b>590 311</b>	<b>192 353</b>
<b>Total assets</b>	<b>620 777</b>	<b>672 451</b>	<b>579 233</b>
Shareholders' equity	62 106	50 371	60 115
Untaxed reserves	1 460	1 460	1 460
Non-current liabilities	494 568	492 363	494 092
Current liabilities	62 643	128 257	23 566
<b>Total shareholders' equity and liabilities</b>	<b>620 777</b>	<b>672 451</b>	<b>579 233</b>
Pledged collaterals	398 327	405 223	398 327
Contingent liabilities	201 976	156 273	187 857

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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, May 26, 2015

Göran Berglund  
*Chairman of the Board*

Gustaf Thureborn  
*CEO, Member of the Board*

Staffan Carlson  
*Member of the Board*

Joseph Payne  
*Member of the Board*

Fredrik Lindgren  
*Member of the Board*

*This interim report has not been audited.*

## West Atlantic Aircraft fleet & flight traffic statistic

### Aircraft fleet as of 2015-03-31

	Owned	Dry- Leased	Wet- leased	Total	In Service	Dry leased out	Parked
BAe ATP-F	31	8	-	39	33	-	6
BAe ATP	2	-	-	2	-	1	1
Boeing 737-300	2	4	-	6	6	-	-
Boeing 737-400	1	1	-	2	1	1	-
CRJ200PF	3	-	-	3	3	-	-
	<b>39</b>	<b>13</b>	<b>-</b>	<b>52</b>	<b>44</b>	<b>2</b>	<b>7</b>



BAe ATP/F



CRJ200PF



Boeing 737-300/400

### West Atlantic traffic statistics January – March

	2015		2014	
	Q1	YTD	Q1	YTD
	Jan - Mar	Jan - Mar	Jan - Mar	Jan - Mar
Performed flights	6,592	6,592	6,294	6,294
Regularity (target >99%)	98.9%	98.9 %	99.1%	99.1%
Number of hours flown	6,916	6,916	6,645	6,645
Scheduled destinations	49	49	49	49

### Annual report

The annual report for 2014 was published 29<sup>th</sup> April, 2015.

### Annual Shareholders' meeting

The West Atlantic Group's AGM will be held on May 26, 2015 at the Group's head office located Gothenburg (Prästgårdsgatan 1, 412 71 Gothenburg).

### Financial Calendar

Interim report Q2 (April - June) August 13<sup>th</sup>, 2015  
 Interim report Q3 (July - September) November 25<sup>th</sup>, 2015  
 Interim report Q4 (October - December) February 26<sup>th</sup>, 2016  
 Annual report 2015, April 27<sup>th</sup>, 2016

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.