

Press release 6, 2017
Gothenburg December 8, 2017

West Atlantic AB (publ) initiates a written procedure

Reference is made to West Atlantic AB (publ) (the “**Issuer**”) press releases dated 2 November 2017, 7 November 2017 and 10 November 2017 (the “**Press Releases**”).

All capitalised terms used herein and not otherwise defined shall have the meanings assigned to them in the terms and conditions for the bonds issued by the Issuer (the “**Terms and Conditions**”).

Due to a breach of the Maintenance Test under the Terms and Conditions and as further communicated in the Press Releases, the Issuer has initiated discussions with a group of larger holders of Bonds (the “**Holders Committee**”). The Holders Committee has provided an extensive list of questions to the Issuer around topics such as the Issuer’s liquidity position, contract situation, management of idle aircraft, etc., to which the Issuer has provided answers. On the basis of the answers provided by the Issuer, the Holders Committee deems that (i) the issues relating to the start-up of the Royal Mail contract, as described in previous press releases, are largely resolved, (ii) the upcoming aircraft sales, as elaborated on in the attached appendix, will improve the Issuer’s liquidity position and allow it to meet its debt service obligations and comply with the Maintenance Test again at the latest as at 31 March 2018, and (iii) going forward, the Issuer’s financial position is expected to improve as efforts to normalise the cost base and adapt it to the new contract situation begin to show results. As a consequence, the Holders Committee has elected to approve to waive temporarily the fulfilment of the Maintenance Test. Based on the outcome of the discussions with the Holders Committee, the Issuer has subsequently decided to proceed with a Written Procedure in order to formally request Holders’ approval to, for a certain time period, waive the requirement to comply with the Maintenance Test.

More information about the material information disclosed to the Holders Committee is found in the appendix attached to this press release.

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This information is information that West Atlantic AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 2017-12-08, 17.30 CET.

About West Atlantic

The West Atlantic Group is one of the market leading providers of dedicated airfreight services to European NMO's and airfreight capacity to Global Integrators and Freight Forwarders. The Group has a well-established geographic network and operates an all-cargo fleet of more than 50 aircraft comprised of B767, B737, BAE ATP and CRJ-200. West Atlantic was founded in 1962, employs 477 staff is headquartered in Gothenburg, Sweden and has two operating airlines, with one AOC in the UK and one in Sweden. For FY 2016, West Atlantic reported revenues of MSEK 1,320 and EBITDA of MSEK 128.

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Appendix

As communicated to the Holders Committee, the Issuer will during December 2017 and/or during Q1 2018 dispose of several ATP aircraft which are not required for the Group's daily operations. The sale of such aircraft as well as of further aircraft from the collaboration agreement portfolio is expected to improve the Group's cash position by approximately SEK 70 million. The Issuer deems that this cash injection will suffice to bridge the Group's liquidity gap until profitability returns to healthier levels, and as such does not deem that it will require any additional external capital for the purpose of supporting ongoing liquidity requirements.

Nonetheless, the Issuer is of the opinion that underlying market conditions are favourable to an extent not seen for several years and management has identified a number of immediate and longer-term tangible opportunities to secure new contracts. However, in order to be able to act upon the opportunities available to it, the Issuer will actively be pursuing the contribution of additional equity capital. Certain stakeholders have expressed an interest in contributing financing to the Group and the Issuer is actively exploring all potential avenues in order to, over the medium to long term, enable the Group to reach its full potential.

In the discussions with the Holders Committee, the Issuer has provided a cash-flow forecast for the two last quarters of 2017 and all four quarters of 2018. Please note that the numbers below have not been audited and are subject to potential changes.

MSEK	2017		2018			
	Q3	Q4	Q1	Q2	Q3	Q4
Opening cash balance		94.3	86.2	62.7	57.9	82.1
EBITDA		84.6	24.9	28.0	52.5	49.5
Working capital		-24.3	-12.0	40.0	-2.0	-2.0
Capex		-30.5	-33.0	-37.0	-23.0	-13.0
Interest & amortisations		-37.9	-3.4	-35.8	-3.4	-75.8
Closing cash balance	94.3	86.2	62.7	57.9	82.1	40.8

Explanations to the forecast

In the forecast above, the following has been taken into consideration: In the last quarter of 2017, two aircraft disposals are completed (there is a possibility that one or both transactions will not be completed until Q1 2018). Five of the present routes in Norway will be closed down in January 2018 without any compensation from the customer. Four additional aircraft are put into service during 2018. In the last quarter of 2018, a bank loan in an amount of SEK 40 million expires and is repaid with cash. It will be important to continue finding new ways to dispose excess of ATP aircraft to reduce associated costs.

The EBITDA impact from the sale of aircraft in Q4 2017 (could move to Q1 2018) is estimated at SEK 43 million. In 2018, capex relating to expansion is estimated at to SEK 19 million, with the remainder relating to maintenance costs. The lower capex in the latter quarters of 2018 is explained by fewer scheduled heavy maintenance events in relation to the Group's aircraft. As regards working capital, the usage of the working capital facility fluctuates mainly with the timing of customer payments and the payment of interest under the Bonds. The Issuer does not foresee any changes to the terms of the working capital facility during 2018.

As regards top-line, the Issuer expects revenues of SEK 1,580 million for the financial year ending 31 December 2017, representing growth of more than 20 per cent compared to the previous year. For the financial year ending 31 December 2018, revenues are estimated at SEK 1,750 million, representing growth of more than 11 per cent compared to 2017. The Issuer furthermore expects EBITDA including sales of aircraft to reach SEK 145 million for the financial year ending 31 December 2017, a figure that is expected to grow to approximately SEK 150 million for the financial year ending 31 December 2018 (excluding any one-time customer payments as compensation for the route closures in Norway).

On 30 November 2017, the Issuer published its quarterly report for the third quarter. The Group delivered strong revenue growth compared to the previous year but delayed aircraft deliveries, increased maintenance costs and idle ATP aircraft in none revenue service contributed to unsatisfactory financial results. While the Issuer works on delivering on the outlined in this section, Holders are requested to waive the fulfilment of the Maintenance Test as further described in the notice to Written Procedure sent to the Holders.