INTERIM REPORT
January 1 – March 31, 2018
Published May 31, 2018

"Despite a commercially challenging first quarter with network reductions of five aircraft in Norway we delivered a revenue growth year-on-year with continuing income improvement."

January - March

- Revenue amounted to MSEK 396.1 (392.0) corresponding to a growth of 1 % year-on-year. Revenue growth continued to be strong for the Group's B737 fleet, offset by the reduction of five ATP aircraft in the Norwegian postal network.
- EBITDA amounted to MSEK 62.3 (30.7) corresponding to a margin of 15.7 % (7.8). Increase attributable to aircraft sale transactions but also affected by lost operations and reorganization costs.
- Earnings per share of SEK 0.28 (-0.54).
- Capital contribution of additional MSEK 6.2 made by certain shareholders, following a decided new share issue, in addition to the contributed MSEK 25.0 made during the fourth quarter 2017.
- Long term contract in place with one customer for operations of the four committed B737-800 aircraft.

Key performance indicators for the Group

All figures in MSEK unless stated otherwise	Jan - Mar 2018	Jan - Mar 2017	Jan - Dec 2017
Financial metrics*			
Revenue	396.1	392.0	1,589.3
Revenue growth	1.0%	21.0%	20.4%
EBITDA	62.3	30.7	126.3
EBITDA margin (%)	15.7%	7.8%	7.9%
Net income	7.5	-14.4	-61.6
Cash and cash equivalents incl unused overdraft facility	151.9	114.2	173.4
Cash flow from operating activities	51.8	7.6	233.7
Earnings per share before dilution (SEK)	0.28	-0.54	-2.28
Net interest bearing debt / EBITDA**	4.1	4.6	5.0
Interest coverage ratio**	2.3	2.4	2.0
Equity / Asset ratio	6.4%	7.1%	5.3%
Total assets	1,266.9	1,291.5	1,270.8
Operating metrics*			
Fleet dispatch regularity	98.8%	99.3%	99.4%
Performed flights	5,378	5,981	23,862
Aircraft in service (incl. wet leases)	39	44	42
Average employees	456	466	459

**Definitions of key performance indicators and other measures can be found 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

A challenging but rewarding start of the year

As a consequence of Norwegian Mail's decision in 2017 to terminate five routes mid contract we started 2018 with five less ATPs in operation than we ended 2017. The significant costs associated with this termination have affected the first quarter and will continue to affect income until the surplus aircraft are sold or placed under new contracts. Despite the above, the Group revenues for the quarter year-on-year grew. This as a result of the fully implemented contract with Royal Mail , additional B737 aircraft operating under new contracts for DHL and BAe Aerospace, as well as additional short term contracts for the ATP.

Completion of the sale of four ATPs to Kenya was a very important accomplishment. The sale included two own operated aircraft and two aircraft managed through the collaboration agreement. We plan to continue to dispose of our surplus ATPs and seek to support the aircraft and their new owners / operators for years to come. Values in this transaction have been favourable and shows that the ATP has a very positive and unique value proposition with its large cargo door, versatility, and low operating costs.

Quarterly income

In view of the challenge presented during the first quarter, we are pleased with our income. Compared to the previous year, the Group was able to replace the lost Norwegian Mail revenue and benefit from profitable aircraft sales. The quarter has seen continued reorganisation costs as we aim to become more efficient and streamlined in our operation. Affecting us positively is the strong demand for larger capacity aircraft which has made our ability to adjust pricing accordingly going forward. Affecting us negatively is the continued price pressure on the smaller aircraft, the need to continue to be more efficient, and still, the large number of parked ATPs.

Operational update

The first quarter presented operational challenges. Affected by harsh winter weather throughout Europe, and internal maintenance issues as we moved our maintenance base to East Midlands at year end 2017, our dispatch and on time reliability fell short of expectations. The addition of a new B737 customer and the parallel delay in delivery of our 6th B737 to DHL increased our exposure during the quarter. Much focus is now on ensuring rapid return to normal level of high operational reliability.

Commercial update

Demand for our services continue to be strong, and most of our customers are seeing growth, although less than in 2017. Customers are forecasting the need for additional capacity in 2018 and onwards, with most of the growth coming from the larger aircraft sectors. The company is now one of the largest B737 freighter operators in Europe as well as a growing provider of 40 ton + capacity with our B767s. The demand for the smaller aircraft (CRJ and ATP) is more stable.

During the quarter, the Group concluded a five year contract to operate the four B737-800 freighter aircraft with one of the prime integrators, operating for them in Europe. The first aircraft commences in early July and the following three will go straight into traffic as they get delivered from GECAS/Boeing during third/fourth quarter 2018 and the first quarter 2019.

A contract has been awarded to us by BAe Systems to operate a B737-300 on a weekly service between the UK and Saudi Arabia. We are also finalizing extension contracts for our B767 fleet.

In addition, the Group operated a three month contract for Amapola in their Swedish Postal network with an ATP.

Fleet update

The 6th B737 for DHL was delayed from the lessor and arrived almost two months later than expected. With the arrival of this aircraft, we now operate a total of 18 B737 aircraft.

GECAS/Boeing delivered the world's first B737-800 Boeing converted freighter to us after the close of the quarter. It is now in revenue operation and we are very excited about this game changing aircraft, with better performance, lower operating cost, lower emissions and better environmental impact.

We continue to work towards increasing the B767 fleet by one aircraft during 2018.

Bond covenant

As a part of the agreement with the Bondholders, we are in the process of disposing of six ATPs, which will be used as part supply for the remainder of the fleet. This will have a double positive effect as we reduce costs for parked aircraft and reduce cost of certain spare parts. Equity and balance sheet has been strengthened through additional capital contribution from certain shareholders and the income from the sale of four ATPs to Kenya.

Outlook

We remain optmistic about the second half of 2018 and onwards. Focus remains on finding solution for our excess ATP aircraft, fine tuning the B737 operation, and growing profitably. The Group still needs to reach acceptable long term levels of cash flow generation and profitability from operations. The successful introduction of the 737-800 is a very important step for the Group, and we expect this fleet to have positive effects on the income for the second half of 2018 and onwards. To be able to capitalize fully on the market growth opportunities, the Group's balance sheet must be strengthened further.

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 March 31, 2018. Comparative figures in this report cover the corresponding period in 2017, 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

January - March

Revenue for the period amounted to MSEK 396.1 (392.0), an increase by 1 % year-on-year. Revenue year-on year increased despite the reduced operation for Norwegian Mail, with effects from 1 January 2018 which was mentioned in the interim report for October – December 2017. However the loss of revenue from the reduced operation have been more than compensated, mainly by revenue from the fully implemented contract with Royal Mail, and by increased and new revenues from DHL and BAe Systems. For a detailed breakdown of revenue, see note 2.

EBITDA amounted to MSEK 62.3 (30.7). The reasons for the increase compared to previous year is attributable to aircraft sales, MSEK 25.6 and received management fee of MSEK 8.9 from the collaboration agreement. The Group sold in total four aircraft of which two own operated aircraft and two managed through the collaboration agreement. For more information, see significant events during the reporting period, below.

The EBITDA margin amounted to 15.7 % (7.8 %). For a breakdown of EBITDA, please see note 3.

EBIT amounted to MSEK 30.1 (-1.8) including depreciation of MSEK 32.2 (32.5).

The net of financial income and costs amounted to MSEK -23.1 (-18.5). The financial net included foreign exchange currency changes of MSEK -1.5 (1.4), mainly on loans and financial leasing, and interest costs of MSEK 22.7 (20.4), mostly attributable to the corporate bond loan. However, MSEK 2.6 of the interest costs were attributable to the early redemption of the finance leasing liabilities connected to two sold aircraft. For a detailed breakdown of financial income and cost, please see note 5.

Net income amounted to MSEK 7.5 (-14.4) for the period and was affected by income taxes of MSEK 0.5 (5.9).

Summary of items affecting comparability

MSEK	Jan - Mar 2018	Jan - Mar 2017	Jan - Dec 2017
Income before tax	**7.0**	**-20.3**	**-76.7**
Type introduction and start-up costs	-	5.4	27.6
Sale of aircraft	-25.6	-	-
CRJ200PF accident	-	-	-0.7
Income from collaboration agreement	-8.9	-	-21.4
Restructuring costs, ATP	-	0.5	0.5
Interest, early redemption finance leasing	2.6		
Financial FX gains/losses	1.5	-1.4	-6.3
Sum after items affecting comparability	**-23.4**	**-15.8**	**-77.0**

Note that in addition to the mentioned items affecting comparability with the previous year, we also have the costly effects of more parked ATP aircraft with no attached revenue, and of which five aircraft were parked as from 1 January 2018, as a direct effect of the reduced network with Norwegian Mail. Besides, the reduced network has also meant significant costs following reorganisation. These two factors have significantly affected the adjusted income before tax negatively compared to previous year.

Cash flow

January - March

Cash flow from operating activities amounted to MSEK 51.8 (7.6). The increase compared to last year is attributable to change in working capital, which amounted to 0 MSEK (-44.5) Cash flow from investing activities amounted to MSEK -7.2 (-46.0). The change is mainly due to the net effects from sale of aircraft. Cash flow from financing activities amounted to MSEK -18.0 (-7.4). The change is mainly due to the amortisation of finance leasing liabilities connected to sold aircraft. During the period, an amount of MSEK 6.2 has been contributed, following the new share issue which was resolved in January 2018. Cash flow for the period amounted to MSEK 26.6 (-45.8).

Investments

January - March

Total investments in tangible assets amounted to MSEK -42.2 (-43.2), mainly from investments in periodical heavy maintenance activities and purchase of aircraft components, for both years.

Payments from other investing activities amounted to MSEK -7.0 (-2.8) including investments in financial assets, MSEK -7.1 (-2.8) and received payments from financial assets, MSEK 0.1 (-).

Operational leasing costs

January - March

The aircraft operating leasing costs amounted to MSEK 40.1 (33.6).

Leasing engagements

January - March

During the period no new aircraft leasing agreements have been entered into and no aircraft have been delivered.

Sales of assets

During the period the four aircraft, described above was sold following an agreement that was signed during the previous year. The net remuneration after costs following the sale, but before amortisation of the finance leasing liabilities, amounted to MSEK 42.0.

Impairment of stock

January – March

During the period an impairment has been made by MSEK 1.9 (1.7) for slow moving stock.

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

January – March

- The Group has worked with initiatives to improve the Group's financial position. Some of these initiatives also concern the conditions for fulfilment of the financial covenant. At the same time, to prolong the overdraft facility, that expired 1st of January 2018, the Group's bank demanded sharing the transaction security provided for the bond loan. In view of this, the Group made a further written request ("Notice") to the bondholders for approval of these initiatives, together with the required amendments and waivers. The bondholders voted in favour of the request. At the moment, a new overdraft facility has not been signed but through the accepted request, the company can negotiate for an overdraft facility up to a sum of maximum MSEK 75. The notice of the written procedure, made 15 January 2018, and the results from the written procedure can be found at the company's website. www.westatlantic.eu.
- As an effect of the forced reduced network in contrary to the contract with Norwegian Mail, a lawsuit against Norwegian Mail was submitted to the district court in Oslo. The Group believes it is entitled compensation. Expected start of the court proceedings is autumn 2018.
- Following the capital contribution of MSEK 25.0 made during previous year, an extraordinary general meeting was held in January 2018 and it was resolved on a new share issue. The subscription period and the registration of the new shares were finalised in April 2018. Through the new share issue, in total MSEK 31.7 has been contributed, of which MSEK 6.2 were contributed during 2018, until March 31st.
- Following the agreement made in 2017, the sale of four ATP aircraft including two aircraft managed through the collaboration agreement, were completed in late March 2018. The sale contributed a significantly income, see note 4 for more information. As a part of the conditions for the financing of the transactions, some of the remuneration from the sale, MSEK 15, are subject to pledging for the byer's liability to the financers of the business, see below the section on financial position.
- A long term contract that includes operations of four B737-800 aircraft (not yet delivered) has been agreed with one customer.

ORGANISATION

The average number of employees for the period January – March amounted to 456 (466).

FINANCIAL POSITION, PLEDGED FUNDS AND FINANCING

Cash and cash equivalents at the end of the period amounted to MSEK 151.9 (64.2). Including non-utilised overdraft facility, available cash and cash equivalents amounted to MSEK 151.9 (114.2). At March, 31st the Group has not signed a new overdraft facility. During the interim period, funds of MSEK 16.5, previously held on an escrow account, were released and no longer earmarked for investments in additional aircraft. As mentioned above, following the sale of four aircraft, an amount of MSEK 15, held on an account, has been pledged as security for the buyer's liability to its financers. For the Group, the funds will be available at the rate of the byer's amortisation to the financers, which is expected to begin in September 2018. Due to this, no part of the funds has been accounted for as cash and cash equivalents, but receivables. For definitions of cash and cash equivalents, see definitions at the end of this report.

Equity amounted to MSEK 81.7 (91.1) and the equity ratio amounted to 6.4 % (7.1). During the period, a capital contribution of MSEK 6.2 has been made from certain shareholders.

In year 2015, the Company issued the corporate bond loan which was listed on the NASDAQ, Stockholm on January 26th 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.westatlantic.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 2017. The assessment is that this description is still accurate. Following the financial risk, the development of the Group is closely followed due to the low equity ratio and due to that the Group the previous year was in breach of one financial covenant in the bond terms.

LEGAL PROCEEDINGS

At the moment the Group is not involved in any material legal proceedings. However, a legal process may be upcoming following the submitted lawsuit against Norwegian Mail, see above at significant events during the reporting period.

TRANSACTIONS WITH RELATED PARTIES

For transactions with related parties, please see note 8.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

New share issue registered

Following the total capital contribution of MSEK 31.2 made until March 31st 2018 the subscription period and the registration of the new shares were finalised in April 2018. After another contribution of MSEK 0.5 in April, the share capital increases by MSEK 15.9 to MSEK 42.9 and 15,864,205 preferred shares were issued at a subscription price of SEK 2 per share.

Delivery of the first B737-800BCF

In April, West Atlantic took delivery of the world's first B737-800BCF Next Generation Freighter. The Group has three more units on order with delivery in 2018 and early 2019.

Delivery of a B737-400 aircraft

In April the Group took delivery of a B737-400 aircraft, which was placed in traffic for DHL.

Bankruptcy for a technical service customer

In May, the Group was informed that one of the customers in technical services, Nextjet AB, has filed for bankruptcy. The financial effects for Group are now being investigated, since the Group has both receivables and liabilities in relation to the customer. No financial impact has been included in figures for the first quarter, 2018.

OUTLOOK

The outlook for the second half of 2018 and onwards are optimistic. Focus remains on finding solution for the excess ATP aircraft, fine tuning the B737 operation, and growing profitably. The Group still needs to reach acceptable long term levels of cash flow generation and profitability from operations. The successful introduction of the 737-800 is a very important step for the Group, and this fleet are expected to have positive effects on the income for the second half of 2018 and onwards. To be able to capitalize fully on the market growth opportunities, the Group's balance sheet must be strengthened further.

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

January – March

Revenue for the period amounted to MSEK 92.2 (187.6), a decrease by 50.8 % year-on-year. The decrease year-on-year is mainly attributable to the loss of operations for Norwegian Mail, including revenues corresponding to five ATP aircraft, beginning as from January 1st 2018. There is also another significant effect which comes from an internal reorganisation meaning that another mail customer now is handled by another company in the Group. EBIT amounted to MSEK -11.7 (-3.3). The decrease is mainly attributable to higher costs for subcharter of aircraft in relation to revenue. Net income amounted to MSEK -11.7 (-3.3).

Financial position and financing

Cash and cash equivalents at the end of the period amounted to MSEK 90.8 (54.6). Including the non-utilised overdraft facility, available cash and cash equivalents amounted to MSEK 90.8 (104.6). At March, 31st the company has not signed for a new overdraft facility. During the interim period, funds of MSEK 16.5, previously held on an escrow account, were released and no longer earmarked for investments in additional aircraft.

Equity amounted to MSEK 78.5 (56.4). During the period, a capital contribution of MSEK 6.2 has been made from certain shareholders, in addition to the already contributed MSEK 25.0 previous year. At March 31st 2018, the company had an ongoing new share issue finalised in April and as a result of this, another MSEK 0.5 was contributed, the share capital increased by MSEK 15.9 to MSEK 42.9 and MSEK 15.8 will be transferred to unrestricted equity, in April. 15,864,205 preferred shares were issued at a subscription price of SEK 2 per share.

Year 2015, the Company 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 423.3 (419.8). 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	Jan - Mar 2018	Jan - Mar 2017	Jan - Dec 2017
Revenue	396.1	392.0	1,589.3
Cost of services provided	-392.6	-385.0	-1,562.7
Gross income:	**3.5**	**7.0**	**26.6**
Selling costs	-1.3	-1.5	-7.8
Administrative costs	-12.2	-10.6	-48.2
Other operating income & costs	40.1	3.3	27.3
Operating income:	**30.1**	**-1.8**	**-2.1**
Financial income & costs	-23.1	-18.5	-74.6
Income before tax:	**7.0**	**-20.3**	**-76.7**
Income tax	0.5	5.9	15.1
Net Income:	**7.5**	**-14.4**	**-61.6**
Attributable to:			
- Shareholders of the Parent Company	**7.5**	**-14,4**	**-61.6**
Earnings per share, before and after dilution (SEK)	0.28	-0.54	-2.28
Average number of outstanding shares (Thousands)	27 005	27 005	27 005
Statement of other comprehensive income			
Net income:	**7.5**	**-14.4**	**-61.6**
Other comprehensive income:			
Items that may or has been classified as net income:			
Exchange-rate differences in translation of foreign operations	-	0.2	-0.7
Total comprehensive income for the period:	**7.5**	**-14.2**	**-62.3**
Attributable to:			
- Shareholders of the Parent Company	**7.5**	**-14.2**	**-62.3**

Condensed statement of financial position

MSEK	Mar 31 2018	Mar 31 2017	Dec 31 2017
Intangible assets	0.1	0.2	0.1
Tangible assets	773.5	843.0	796.4
Financial assets	41.8	24.7	29.8
Total non-current assets	**815.4**	**867.9**	**826.3**
Inventories	106.0	117.4	116.7
Other current assets	193.6	242.0	183.1
Assets held for sale	-	-	21.3
Cash and cash equivalents	151.9	64.2	123.4
Total current assets	**451.5**	**423.6**	**444.4**
Total assets	**1,266.9**	**1.291,5**	**1,270.8**
Shareholders' equity	81.7	91,1	68.0
Non-current liabilities	913.5	981,9	920.7
Current liabilities	271.7	218.5	282.0
Total shareholders' equity and liabilities	**1,266.9**	**1,291.5**	**1,270.8**

Condensed changes in shareholders' equity

MSEK	Share capi-tal	Other con-tributed ca-pital	Trans-lation re-serves	Profit brought forward including net income	Total share-holders' equity
Opening shareholders' equity, Jan 1, 2018	**27.0**	25.0	**4.9**	**11.1**	**68.0**
Other contributed capital	-	6.2	-	-	**6.2**
Total comprehensive income for the period Jan - Mar	-	-	-	7.5	**7.5**
Closing balance Mar 31, 2018	**27.0**	**31.2**	**4.9**	**18.6**	**81.7**
Opening shareholders' equity, Jan 1, 2017	**27.0**	**-**	**5.6**	**72.7**	**105.3**
Total comprehensive income for the period Jan - Mar	-	-	0.2	-14.4	**-14.2**
Closing balance Mar 31, 2017	**27.0**		**5.8**	**58.3**	**91.1**
Opening shareholders' equity, Jan 1, 2017	**27.0**	-	**5.6**	**72.7**	**105.3**
Other contributed capital	-	25.0	-	-	**25.0**
Total comprehensive income for the year	-	-	-0.7	-61.6	**-62.3**
Closing balance Dec 31, 2017	**27.0**	**25.0**	**4.9**	**11.1**	**68.0**

Condensed statement of cash flows

MSEK	Jan - Mar 2018	Jan - Mar 2017	Jan - Dec 2017
Operating income	**30.1**	**-1.8**	**-2.1**
Adjustments for non-cash items			
Depreciation	32.2	32.5	128.4
Other non-cash items	-9.5	24.2	65.6
Income tax paid	-1.0	-2.9	-2.4
Cash flow from operating activities before changes in working capital	**51.8**	**52.0**	**189.5**
Change in working capital	-	-44.5	44.2
Cash flow from operating activities	**51.8**	**7.6**	**233.7**
Investments in tangible assets	-42.2	-43.2	-143.2
Sales of tangible assets	42.0	-	-
Payments from other investing activities	-7.0	-2.8	-11.8
Cash flow from investing activities	**-7.2**	**-46.0**	**-155.0**
New share issue/contributed capital	6.2	-	25.0
Amortisation of interest bearing liabilities	-20.2	-2.3	-12.3
Repaid/received deposits	2.3	-	0.1
Interest paid	-6.3	-5.1	-76.9
Cash flow from financing activities	**-18.0**	**-7.4**	**-64.1**
Cash flow for the period	**26.6**	**-45.8**	**14.6**
Cash and cash equivalents at the beginning of the period	123.4	110.2	110.2
Translation difference in cash and cash equivalents	1.9	-0.2	-1.4
Cash and cash equivalents at the end of the period	**151.9**	**64.2**	**123.4**

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 Financing 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 2017 with the exception of new and revised standards and interpretations that have come into effect as from January 1st 2018. As from 2018 the Group and the parent company applies the new standards IFRS15, Revenue from contract with customers and IFRS9, Financial instruments. For IFRS15, the transition to the standard was decided to be based on a prospective translation method. However the effect from the standard was not assessed to be significant why there were no adjustments in the opening balance. For IFRS9, the effect has been considered to be none or limited. For the new IFRS standard that will come into effect in 2019, IFRS16, Leases, the standard will affect the operating lease agreements in the Group significantly. Please see the annual report for 2017, accounting principles, p 1.1 for more 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 2017 except for new IFRS standards that have come into effect 2018, see above.

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 2017 available on the website of West Atlantic AB (publ), 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	Jan - Mar 2018	Jan - Mar 2017	Jan - Dec 2017
Air freight services	386.7	377.1	1,539.1
Technical services	9.2	11.2	42.2
Aircraft leasing	-	3.5	5.1
Other revenue	0.2	0.2	2.9
Sum	**396.1**	**392.0**	**1,589.3**

Note 3 – EBITDA

MSEK	Jan - Mar 2018	Jan - Mar 2017	Jan - Dec 2017
Operating income	**30.1**	**-1.8**	**-2.1**
Depreciation & Impairment	32.2	32.5	128.4
EBITDA	**62.3**	**30.7**	**126.3**

Note 4 – Other operating income & costs

MSEK	Jan - Mar 2018	Jan - Mar 2017	Jan - Dec 2017
Income from collaboration agreement*	8.9	3.9	21.4
CRJ200PF accident	-	-	0.7
Sale of aircraft*	28.3	1.2	4.6
Operating foreign exchange currency gains/losses	2.9	-1.8	0.6
Sum	**40.1**	**3.3**	**27.3**

**Sale of aircraft includes income of MSEK 25.6 from the sale of four aircraft. Received management fee from the collaboration agreement for two of the sold aircraft, MSEK 8.6.*

Note 5 – Financial income & costs

MSEK	Jan - Mar 2018	Jan - Mar 2017	Jan - Dec 2017
Interest costs	-22.7	-20.4	-82.1
Financial exchange currency gains/losses*	-1.5	1.4	6.3
Other financial income & costs	1.1	0.5	1.2
Sum	**-23.1**	**-18.5**	**-74.6**

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

Note 6 – Income per quarter and key performance indicators

Income per quarter

MSEK	Jan - Mar 2018	Oct - Dec 2017	Jul - Sep 2017	Apr - Jun 2017	Jan - Mar 2017	Oct -Dec 2016	Jul - Sep 2016	Apr - Jun 2016
Revenue	396.1	440.5	380.3	376.5	392.0	353.5	323.7	319.3
Cost of services provided	-392.6	-405.2	-376.3	-396.3	-385.0	-342.5	-295.2	-308.4
Gross income:	**3.5**	**35.3**	**4.0**	**-19.8**	**7.0**	**11.0**	**28.5**	**10.8**
Selling costs	-1.3	-2.8	-1.6	-1.9	-1.5	-5.2	-4.3	-2.9
Administrative costs	-12.2	-14.2	-10.9	-12.5	-10.6	-18.4	-9.8	-9.2
Other operating income & costs	40.1	17.5	4.5	2.0	3.3	12.2	1.8	3.8
Operating income:	**30.1**	**35.8**	**-4.0**	**-32.2**	**-1.8**	**-0.4**	**16.2**	**2.5**
Financial income & costs	-23.1	-20.3	-18.4	-17.3	-18.5	-24.5	-21.4	-22.6
Income before tax:	**7.0**	**15.5**	**-22.4**	**-49.5**	**-20.3**	**-24.9**	**-5.2**	**-20.1**
Income tax	0.5	1.9	-3.4	10.7	5.9	1.6	-2.1	5.0
Net Income:	**7.5**	**17.4**	**-25.8**	**-38.8**	**-14.4**	**-23.3**	**-7.3**	**-15.2**

Key performance indicators

MSEK	Jan - Mar 2018	Oct - Dec 2017	Jul - Sep 2017	Apr - Jun 2017	Jan - Mar 2017	Oct -Dec 2016	Jul - Sep 2016	Apr - Jun 2016
Operating income	30.1	35.8	-4.0	-32.2	-1.8	-0.4	16.2	2.5
Depreciation & Impairment	32.2	30.6	31.8	33.5	32.5	38.6	32.8	33.7
EBITDA	**62.3**	**66.4**	**27.8**	**1.3**	**30.7**	**38.2**	**49.0**	**36.2**
EBITDA - margin (%)	15.7%	15.1%	7.3%	0.4%	7.8%	10.8%	15.1%	11.3%
Cash and cash equivalents including unused overdraft facility	151.9	173.4	111.7	139.4	114.2	160.2	171.3	161.2
Cash flow from operating activities	51.8	78.0	43.0	105.1	7.6	68.9	55.1	130.0
Net interest bearing debt/EBITDA**	4.1	5.0	6.2	5.4	4.6	5.1	5.2	5.2
Interest coverage ratio**	2.3	2.0	1.7	1.9	2,4	2.1	2.1	2.3
Equity / Asset ratio (%)	6.4%	5.3%	2.0%	4.1%	7.1%	8.3%	9,7%	9.9%
Average employees	456	466	457	460	466	465	466	478

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

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

	Mar 2018		Dec 2017	
MSEK	**Booked value**	**Fair value**	**Booked value**	**Fair value**
Financial assets				
Non-current financial receivables	39.9	39.9	28.9	28.9
Other receivables incl accounts receivables	121.3	121.3	140.4	140.4
Cash and cash equivalents	151.9	151.9	123.4	123.4
Sum	**313.1**	**313.1**	**292.7**	**292.7**
Financial liabilities				
Loans incl bank overdraft	892.4	897.6	888.3	876.4
Other liabilities incl accounts payables	165.8	165.8	219.1	219.1
Sum	**1,058.2**	**1,063.5**	**1,170.4**	**1,095.5**

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 - Mar 2018	31 Mar 2018	
Party	Transaction(s)			
Horizon Objectives Ltd	Purchase of commercial services	0.6	1.9	L
Air Transport Services Group (ATSG)	Lease of B737 and B767 aircraft and maintenance support	34.1	24.7	L

The relationships between the related parties, including the content of the leasing agreement above, are described in the annual report for 2017, note 32. Compared to 2017-12-31, costs for leasing and maintenance support have been added due to a leasing agreement, entered with ATSG in late December 2017. The remaining lease period is 4.8 years and also concern maintenance support.

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 2017 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) where the full terms and conditions can be found.

As per Mar 31, 2018 the Group meets its financial covenant. 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*	**2018-03-31**	**2017-03-31**	**2017-12-31**
Interest bearing debt	938.6	970.2	956.7
Overdraft	-	-	-
Less financial leasing	-49.0	-79.5	-68.3
Less cash & cash equivalents	-151.9	-64.2	-123.4
Net interest bearing debt*	**737.7**	**826.5**	**765.0**

Calculation of net finance charges***	**Apr 2017 – Mar 2018**	**Apr 2016 - Mar 2017**	**Jan 2017 – Dec 2017**
Financial income	-8.0	-	-8.7
Financial costs	87.2	87.0	83.4
Bond transaction costs (WEST001 and WEST002)	-4.6	-44.9	-4.6
Net foreign currency exchange differences	3.3	-7.4	6.3
Net finance charges***	**77.9**	**75.0**	**76.4**

Calculation of bond defined EBITDA**	**Apr 2017 - Mar 2018**	**Apr 2016 - Mar 2017**	**Jan 2017 – Dec 2017**
Operating income	29.8	16.5	-2.1
Depreciation & Impairment	128.1	137.6	128.4
EBITDA	**157.9**	**154.1**	**126.3**
Adjustment for non-recurring items			
CRJ200PF accident	-0.7	-3.3	-0.7
Restructuring costs, ATP	-	9.5	0.5
Type introduction and start-up costs	22.2	10.6	27.6
Legal costs related to France	-	2.8	-
IPO costs	-	7.3	-
Bond defined EBITDA**	**179.5**	**181.0**	**153.7**

Covenants test per closing date	**2018-03-31**	**2017-03-31**	**2017-12-31**
Net interest bearing debt	737.7	826.5	765.0
Bond defined EBITDA	179.5	181.0	153.7
Net interest bearing debt to R12M EBITDA	**4.1**	**4.6**	**5.0**

	2018-03-31	**2017-03-31**	**2017-12-31**
Net finance charges	77.9	75.0	76.4
Bond defined EBITDA	179.5	181.0	153.7
Interest coverage ratio	**2.3**	**2.4**	**2.0**

**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	Jan - Mar 2018	Jan - Mar 2017	Jan - Dec 2017
Net sales	92.2	187.6	704.0
Cost of services provided	-91.2	-180.0	-712.5
Gross income:	**1.0**	**7.6**	**-8.5**
Selling costs	-0.2	-0.4	-3.0
Administrative costs	-5.1	-4.4	-19.7
Other operating income & costs	-	1.4	7.2
Operating income:	**-4.3**	**4.2**	**-24.0**
Profit from shareholdings in group companies	-	-	54.1
Interest & similar income	8.8	8.7	35.7
Interest & similar costs	-16.2	-16.2	-66.5
Income after financial items:	**-11.7**	**-3.3**	**-0.7**
Tax on income for the period	-	-	-
Net income:	**-11.7**	**-3.3**	**-0.7**
Statement of other comprehensive income			
Net income:	-11.7	-3.3	-0.7
Other comprehensive income:	-	-	-
Total comprehensive income for the period	**-11.7**	**-3.3**	**-0.7**

Condensed statement of financial position

MSEK	Mar 31 2018	Mar 31 2017	Dec 31 2017
Financial assets	534.9	535.0	535.0
Total non-current assets	**534.9**	**535.0**	**535.0**
Other current assets	412.3	525.8	418.3
Cash and cash equivalents	90.8	54.6	65.3
Total current assets	**503.1**	**580.4**	**483.6**
Total assets	**1,038.0**	**1,115.4**	**1,018.6**
Shareholders' equity	78.5	56.4	84.0
Non-current liabilities	854.9	848.6	853.0
Current liabilities	104.6	210.4	81.6
Total shareholders' equity and liabilities	**1,038.0**	**1,115.4**	**1,018.6**

Assurance

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 28, 2018

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 31 March, 2018:

	Owned	Dry- Leased	Wet- leased	Total	In Service	Dry leased out	Parked*
BAe ATP-F	30	5	-	**35**	16	-	19
Boeing 737-300/400	5	12	1	**18**	18	-	-
Boeing 767-200	-	3	-	**3**	3	-	-
CRJ200PF	2	-	-	**2**	2	-	-
	37	**20**	**1**	**58**	**39**	**-**	**19**

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

West Atlantic traffic statistics January – March, 2018:

	2018		2017	
	Q1	**YTD**	**Q1**	**YTD**
	Jan - Mar	**Jan - Mar**	**Jan - Mar**	**Jan - Mar**
Performed flights	5,378	5,378	5,981	5,981
Regularity (target >99%)	98.8%	98.8 %	99.3%	99.3 %
Number of hours flown	5,920	5,920	6,058	6,058

Annual report
The annual report for 2017 was published April 27, 2018.

Annual Shareholders' meeting
The West Atlantic Group's AGM will be held on June 26, 2018 at the Group's head office located Gothenburg (Prästgårdsgatan 1, SE-412 71 Gothenburg).

Financial Calendar
Interim report April - June 2018	August 30, 2018

Contact information

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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

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.

Other definitions

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. Both owned and leased
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)
Cash and cash equivalents	Cash in hand, cash in banks and other liquid investments which can be transferred into cash within a period of maximum 3 months.
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 at first, amounted to MSEK 7.3 and the Group expensed these during 2016, due to that the equity transaction did not occur.
Items affecting comparability	Items that occur infrequently are extraordinary or unusual in the ordinary business activities, such as type introduction and start-up costs, redemption cost of loans, income from collaboration agreement, restructuring, 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).
Overdraft facility	The total overdraft facility of the Group amounts to MSEK 0.
Wet-lease	Airline providing aircraft capacity to another airline