WEST ATLANTIC

INTERIM REPORT
January 1 – September 30, 2018

Published November 30, 2018

"Continued strong revenue growth and the delivery of the second B737-800 Next Generation Freighter highlighted the third quarter, profitability is still not satisfying"

July - September

- Revenue amounted to MSEK 457.0 (380.3) corresponding to a growth of 20.2 % year-on-year. Continued strong growth for the Group's B737 fleet, partly offset by reduction in the Norwegian postal network.
- EBITDA amounted to MSEK 12.2 (27.8) corresponding to a margin of 2.7 % (7.3).
- Earnings per share of SEK -0.55. (-0.95).
- The Group has signed a new overdraft facility up to MSEK 75.0 with a Swedish bank.
- The second B737-800BCF Next Generation Freighter, has been delivered to the Group.
- Due to a growing market interest for ATP aircraft outside Europe the Group has defined a large number of parked ATP aircraft where the decision is to sell them.

January - September

- Revenue amounted to MSEK 1,279.9 (1,148.8) corresponding to a growth of 11.4 % year-on-year. Continued strong growth for the Group's B737 fleet, partly offset by reduction in the Norwegian postal network.
- EBITDA amounted to MSEK 87.6 (59.9) corresponding to a margin of 6.8 % (5.2).
- Earnings per share of SEK -1.22 (-2.93).
- Capital contribution of additional MSEK 6.7 made by certain shareholders, in addition to the contributed MSEK 25.0 made during 2017. New share issue decided and registered in April.
- Long term contract in place with one customer for operations of the four committed B737-800 aircraft, of which two were delivered during the period.
- The Group sold four ATP aircraft including two aircraft managed through the collaboration agreement, in March. The sales contributed a significant income.

Key performance indicators for the Group

All figures in MSEK unless stated otherwise	Jul - Sep 2018	Jul - Sep 2017	Jan - Sep 2018	Jan - Sep 2017	Jan – Dec 2017
Financial metrics*					
Revenue	457.0	380.3	1,279.9	1,148.8	1,589.3
Revenue growth	20.2%	17.5%	11.4%	18.8%	20.4%
EBITDA	12.2	27.8	87.6	59.9	126.3
EBITDA margin (%)	2.7%	7.3%	6.8%	5.2%	7.9%
Net income	-23.6	-25.8	-52.4	-79.0	-61.6
Cash and cash equivalents incl unused overdraft facility	152.9	111.7	152.9	111.7	173.4
Cash flow from operating activities	38.7	43.0	129.8	155.7	233.7
Earnings per share before dilution (SEK)	-0.55	-0.95	-1.22	-2.93	-2.28
Net interest bearing debt / EBITDA**	4.9	6.2	4.9	6.2	5.0
Interest coverage ratio**	2.2	1.7	2.2	1.7	2.0
Equity / Asset ratio	1.7%	2.0%	1.7%	2.0%	5.3%
Total assets	1,267.7	1,252.7	1,267.7	1,252.7	1,270.8
Operating metrics*					
Fleet dispatch regularity	99.5%	99.5%	99.2%	99.5%	99.4%
Performed flights	5,732	6,020	16,438	17,534	23,862
Aircraft in service (incl. wet leases)	43	44	43	44	42
Average employees	460	457	460	461	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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WEST ATLANTIC

CEO's comments

Strong revenue growth for the third quarter

The third quarter showed a strong revenue growth of over 20 % year-on-year. This is a result of additional Boeing 737-400/ 800 commencing progressively through this quarter on our long term contract announced earlier in the year. Four aircraft (2 B737-800 and 2 B737-400) came fully in operation by the end of August. Two additional B737-800 dedicated to this contract will replace the B737-400 in November 2018 and January 2019 respectively. Customers remained steady, but one ATP customer terminated its contract and the aircraft was parked.

Quarterly income

The record high quarterly revenues did not lead to an increase in EBITDA, which decreased significantly year-on-year. The growth of the B737 fleet, including the introduction of the 800 version continued to incur higher start-up costs than expected. The increased number of B737 contracts had to be supplemented by subchartering of third party aircraft. This was exacerbated by delays in aircraft undergoing heavy maintenance. Continued lower utilization of the ATP fleet also leads to a higher per unit cost. Our growth continues to generate increase in initial costs, while the cost of the parked fleet of ATP aircraft is affecting negatively. However, the biggest reason for the decrease in EBITDA year-on-year is the reduced network with Norwegian Mail.

EBIT was positively affected by a new depreciation policy for parked ATP aircraft which now has being assigned for sale to external parties.

Operational update

Focus on operational excellence has given positive results, as our fleet dispatch regularity is now back to 99.5%. Our network has expanded and we have added both new countries and cities throughout Europe. The performance of our new aircraft type, the Boeing 737-800 is proving to live up to our expectations with very high reliability, lower fuel consumption and overall better performance.

Commercial update

Demand for our services continues to be steady, although the earlier seen trend towards larger capacity aircraft continues. The global trend to ship more packages has a direct effect of volumes carried by air freight, and we do not see this trend changing in the foreseeable future. Effect for the company is expected to be more demand for aircraft of 20-40 tonnes (Boeing 737 / 767), while the smaller aircraft will continue to serve in diminishing niche markets. At the end of the period, the company has 15 ATP aircraft parked, and we see limited prospect to find European customers for this aircraft size. Therfore, following successful sale of four ATP earlier in the year to Kenya, we are focusing our efforts to sell additional ATP aircraft to markets around the world where this aircraft size still has a high demand.

Fleet update

During the third quarter, we received the second of the four B737-800 on order, besides, we had to take in two subchartered aircraft, while we await delivery of the two remaining aircraft. All Boeing 737, 767 and CRJ aircraft are in commercial operation, while on the ATP, 15 aircraft are active and 15 are parked.

Outlook

We envision a period of consolidation and focus on profitability. In addition to the remaining two 737-800 coming on line between November and January, and the additional B767 coming on line in December, we are not planning for any additional fleet increase in 2019. The Group is fully focused on financial sustainability and continues to explore opportunities to strengthen the balance sheet. Sale of excess ATP aircraft is very important as this will strengthen our cash position and reduce costs. There is a solid demand for the ATP aircraft, but timing of the sales remains a risk. The Group is also closely monitoring ongoing Brexit negotiations. While the Group is well positioned by having an UK airline and an EU airline, thus being able to maintain operation in both territories, the specific short and long term effects of Brexit on the Group remain undefined at this time.

Fredrik Groth
CEO & President

Financial comments

Group and parent company information

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

GROUP

About the West Atlantic Group

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

Financial report

This interim report covers the period January 1 to September 30, 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

July – September

Revenue for the period amounted to MSEK 457.0 (380.3), an increase by 20.2 % year-on-year. Revenue year-on-year increased despite the reduced operation for Norwegian Mail, with effects from 1 January 2018, mentioned in the previous interim reports for 2018. 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 Fedex, DHL and BAe Systems. For a detailed breakdown of revenue, see note 2.

EBITDA amounted to MSEK 12.2 (27.8). The reasons for the decrease compared to the previous year is attributable to several factors. First, there is a higher proportion of parked ATP aircraft with no attached revenue as a direct effect of the reduced network with Norwegian Mail as from 1 January 2018. Second, increased operational leasing costs for aircraft in relation to airfreight revenues. Third, the mentioned reduced network has also meant significant costs following reorganisation, and fourth, unfavourable operating foreign exchange currency rates.

The EBITDA margin amounted to 2.7 % (7.3%). For a breakdown of EBITDA, please see note 3.

EBIT amounted to MSEK -3.3 (-4.0) including depreciation of MSEK 15.5 (31.9). Depreciations have decreased by MSEK 16.4 compared to previous year. This is due to a revised assessment and estimation of the remaining residual values connected to ATP-aircraft, and to that these aircraft have been reclassified as assets held for sale. For more details about the revision, see note 1, accounting principles.

The net of financial income and costs amounted to MSEK -19.2 (-18.4). The financial net included foreign exchange currency changes of MSEK 0.5 (1.8), mainly on loans and financial leasing, and interest costs of MSEK 20.0 (20.4), mostly attributable to the corporate bond loan. For a detailed breakdown of financial income and cost, please see note 5.

Net income amounted to MSEK -23.6 (-25.8) for the period and was affected by income taxes of MSEK -1.1 (-3.4).

January – September

Revenue for the period amounted to MSEK 1,279.9 (1,148.8), an increase by 11.4 % year-on-year. The growth mainly comes from the fully implemented contract with Royal Mail, and by increased and new revenues from Fedex, DHL and BAe Systems. The growth more than completely compensates the loss of the reduced operation for Norwegian Mail, which was effective as of 1 January 2018. For a detailed breakdown of revenue, see note 2.

EBITDA amounted to MSEK 87.6 (59.9). The increase compared to the previous year is mainly attributable to aircraft sales and management fees that were received from the collaboration agreement during the first quarter, but also negatively affected by the reduced operation for Norwegian Mail. In addition, previous year was being affected by significant subcharter costs due to aircraft delivery delays, and start-up-cost for the Royal Mail contract.

The EBITDA margin amounted to 6.8 % (5.2 %). For a breakdown of EBITDA, please see note 3.

EBIT amounted to MSEK 6.5 (-37.9) including depreciation of MSEK 81.1 (97.8).

The net of financial income and costs amounted to MSEK -62.7 (-54.3). The financial net included foreign exchange currency changes of MSEK -3.3 (7.1), mainly on loans and financial leasing, and interest costs of MSEK 61.3 (61.7), mostly attributable to the corporate bond loan. However, MSEK 2.6 of the interest costs this year was attributable to the early redemption of the finance leasing liabilities connected to the sale of two aircraft. For a detailed breakdown of financial income and cost, please see note 5.

Net income amounted to MSEK -52.4 (-79.0) for the period and was affected by income taxes of MSEK 3.8 (13.2).

Summary of items affecting comparability

MSEK	Jul - Sep 2018	Jul - Sep 2017	Jan - Sep 2018	Jan - Sep 2017	Jan - Dec 2017
Income before tax	**-22.5**	**-22.4**	**-56.2**	**-92.2**	**-76.7**
Type introduction and start-up costs	5.8	9.2	5.8	27.6	27.6
Sale of aircraft*	-	-	-25.6	-	-
CRJ200PF accident	-	0.1	-	-0.9	-0.7
Income from collaboration agreement	-	-	-8.9	-	-21.4
Restructuring costs, ATP	-	-	1.4	0.5	0.5
Interest, early redemption finance leasing	-	-	2.6	-	-
Provision for bad debts, due to bankruptcy	-	-	3.5	-	-
Financial FX gains/losses	-0.3	-1.8	3.3	-7.1	-6.3
Sum after items affecting comparability	**-17.0**	**-14.9**	**-74.1**	**-72.1**	**-77.0**

**Income from sale of four aircraft*

Note that in addition to the stated items in the table above affecting comparability with the previous year, we also have the mentioned cost impact of a higher proportion of parked ATP aircraft with no attached revenue as a direct effect of the reduced network with Norwegian Mail. The reduced network has also meant significant costs following reorganization. On the other hand, the mentioned decreased depreciation affect positively. These factors have significantly affected the accumulated adjusted income before tax compared to previous year.

Cash flow

July - September

Cash flow from operating activities amounted to MSEK 38.7 (43.0). Cash flow from investing activities amounted to MSEK -

40.3 (-35.9). The change is mainly due to higher heavy maintenance events this year, connected to the B737-fleet. Cash flow from financing activities amounted to MSEK -3.1 (-5.7). Cash flow for the period amounted to MSEK -4.7 (1.4).

January – September

Cash flow from operating activities amounted to MSEK 129.8 (155.7). The change compared to last year is attributable to the changes in cash flow from operating activities before changes in working capital, which amounted to 85.8 MSEK (105.3). This year's operating activities has been adjusted by a significant book gain connected to sale of aircraft. On the other hand, the significant cash flow from aircraft sales, is included in cash flow from investing activities. Cash flow from investing activities amounted to MSEK -93.8 (-119.3). The change is mainly due to received remuneration from the mentioned aircraft sales. Cash flow from financing activities amounted to MSEK -56.3 (-51.3). Included in this period is an one time amortisation of finance leasing liabilities connected to sold aircraft. Cash flow for the period amounted to MSEK -20.4 (-14.9).

Investments

July - September

Total investments in tangible assets amounted to MSEK -38.1 (-27.0), mainly from investments in periodical heavy maintenance activities and purchase of aircraft components, for both years and mainly connected to the increasing B737-fleet. Payments from other investing activities amounted to MSEK -2.2 (-8.9) including investments in financial assets, MSEK -2.4 (-9.0) and payments received from financial assets, MSEK 0.2 (0.1).

January - September

Total investments in tangible assets amounted to MSEK -124.6 (-107.7), mainly from investments in periodic heavy maintenance activities and the purchase of aircraft components, for both years. Payments from other investing activities amounted to MSEK -11.2 (-11.6) including investments in financial assets, MSEK -11.7 (-11.9) and payments received from financial assets, MSEK 0.5 (0.3).

Operational leasing costs

July - September

The aircraft operating leasing costs amounted to MSEK 60.5 (36.4).

January - September

The aircraft operating leasing costs amounted to MSEK 150.1 (103.6).

Leasing engagements

July – September

During the period the Group has entered into a new aircraft leasing contract for one B737-800 (which was already committed during the previous year). The aircraft has been delivered.

Sales of assets

During the period four ATP aircraft were 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 – September

During the period an impairment has been made by MSEK 5.1 (4.9) for slow moving stock.

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

July – September

- In August, the Group signed a new overdraft facility up to an amount of MSEK 75.0, with a Swedish bank.
- The Group has scrapped five ATP aircraft, of a total of six ATP aircraft officially approved by the bondholders to scrap.
- The Group has been informed that no dividend is expected to be received from the receivables owed by Nextjet, the customer in technical services that filed for bankruptcy earlier during the year. This has already been provisioned for, see below.
- In August, the Group took delivery of the second B737-800BCF Next Generation Freighter. The Group has two more units on order with delivery in 2018 and early 2019.
- The Group has defined a significant number of ATP aircraft where the decision is to sell them. The aircraft which are now parked, are subject to an increased demand and discussions are ongoing with several stakeholders. The book value amounts to MSEK 137.8.

January – September

- The Group made a written request ("Notice") to the bondholders together with the required amendments and waivers. The bondholders voted in favour of the request. 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, was made 15 January 2018, and the results from the written procedure can be found at the company's website. www.westatlantic.eu.
- The Group has filed a lawsuit against Norwegian Mail in the district court in Oslo seeking compensation arising from Norwegian Mail's reduction of the network that the Group operates for them. The Group believes Norwegian Mail's actions were contrary to the terms of the commercial arrangements between the parties. Expected start of the court proceedings is early 2019.
- The sale of four ATP aircraft including two aircraft managed through the collaboration agreement, was completed in late March 2018. The sale contributed a significant 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, an USD amount corresponding to MSEK 16.0 was pledged for the buyer's liability to the financers of the business, see below the section on financial position.
- A long term contract that includes the operations of four B737-800 aircraft (of which two are not yet delivered) was agreed upon with one customer.
- An extraordinary general meeting was held in January 2018, at which the shareholders 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 25.0 was contributed during 2017.
- The Group was informed that one of its customers in technical services, Nextjet AB, had filed for bankruptcy. The financial effects for Group was being investigated and contact was made with the bankruptcy lawyer, since the Group had receivables that are owed by the customer. The Group made a provision of MSEK 3.5 for bad debt losses.
- The Group received the official approval from bondholders to scrap six BAe ATP aircraft. This was one of the points included in the written request made to the bondholders in January.
- In April, West Atlantic took delivery of the world's first B737-800BCF Next Generation Freighter.
- The Group took delivery of another two B737-400 aircraft.

- At the annual general meeting held in June, the Board of directors were expanded by two persons, Mr Lars Jordahn and Mr Anders Ehrling.

ORGANISATION

The average number of employees for the period January - September amounted to 460 (461).

FINANCIAL POSITION, PLEDGED FUNDS AND FINANCING

Cash and cash equivalents at the end of the period amounted to MSEK 107.9 (94.3). Including the non-utilised overdraft facility, available cash and cash equivalents amounted to MSEK 152.9 (111.7). 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 16.0, held on an account, is 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 was scheduled to begin in September 2018. Of the mention amount, MSEK 1.6 has been accounted for as cash and cash equivalents, and the rest, MSEK 14.4 as current or long-term receivables. For definitions of cash and cash equivalents, see definitions at the end of this report.

Equity amounted to MSEK 22.2 (25.6) and the equity ratio amounted to 1.7 % (2.0). During the period, a capital contribution of MSEK 6.7 was received 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 is 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
- Effects from Brexit. While the Group is well positioned by having an UK airline and an EU airline, thus being able to maintain operation in both territories, the specific short and long term effects of the Group remain undefined at this time.

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 the Group being in breach of one financial covenant in the bond terms during the previous year.

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 January – September.

TRANSACTIONS WITH RELATED PARTIES

For transactions with related parties, please see note 8.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Delivery of the third B737-800

Late October, the Group took delivery of the third B737-800BCF Next Generation Freighter.

OUTLOOK

A period of consolidation with focus on profitability is now envisioned. In addition to the remaining two 737-800 coming on line between November and January, and the additional B767 coming on line in December, there are no plans for any additional fleet increase in 2019. The Group is fully focused on financial sustainability and continues to explore opportunities to strengthen the balance sheet. Sale of excess ATP aircraft is very important, as this will strengthen the cash position and reduce costs. There is a solid demand for the ATP aircraft, but timing of the sales remains a risk. The Group is also closely monitoring onging Brexit negotiations. While the Group is well positioned by having an UK airline and an EU airline, thus being able to maintain operation in both territories, the specific short and long term effects of Brexit on the Group remain undefined at this time.

SEASONAL EFFECTS

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

PARENT COMPANY

About the parent company

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

Revenue and income

July – September

Revenue for the period amounted to MSEK 80.6 (171.4), a decrease by 53.0 % 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 that resulted in a mail customer being handled by another company in the Group. EBIT amounted to MSEK -0.7 (-5.3). The increase is mainly attributable to positive exchange rate currency differences, MSEK 0.9 (-3.3). Net income amounted to MSEK -8.7 (-13.2).

January - September

Revenue for the period amounted to MSEK 271.6 (523.5), a decrease by 48.1 % year-on-year. The reason for the decrease year-on-year is mainly the same as for the interim period above. EBIT amounted to MSEK 6.2 (-15.6). The reason for the increase is mainly the same as for the period above table, and also that there were higher costs for subcharter of aircraft in relation to revenue during previous year. Net income amounted to MSEK -16.3 (-38.7).

Financial position and financing

Cash and cash equivalents at the end of the period amounted to MSEK 41.2 (32.7). Including a non-utilised overdraft facility, available cash and cash equivalents amounted to MSEK 86.2 (50.1). 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 74.5 (21.0). During the period, a capital contribution of MSEK 6.7 was made by certain shareholders, in addition to the MSEK 25.0 that was contributed by certain shareholder during the previous year. Following the new share issue, which was registered in April, the share capital increased by MSEK 15.9 to MSEK 42.9 and MSEK 15.8 was transferred to unrestricted equity as share premium. 15,864,205 preferred shares were issued at a subscription price of SEK 2 per share.

In 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 914.3 (462.3). The increase is mainly attributable to increased guarantees for subsidiaries engagements with aircraft lessors, in particular the guarantee for the lease engagements of the two new B737-800 aircraft.

Group report

Consolidated statement of income and other comprehensive income

MSEK	Jul - Sep 2018	Jul - Sep 2017	Jan - Sep 2018	Jan - Sep 2017	Jan - Dec 2017
Revenue	457.0	380.3	1,279.9	1,148.8	1,589.3
Cost of services provided	-444.0	-376.3	-1,265.7	-1,157.5	-1,562.7
Gross income:	**13.0**	**4.0**	**14.2**	**-8.7**	**26.6**
Selling costs	-1.4	-1.6	-7.8	-5.0	-7.8
Administrative costs	-13.3	-10.9	-37.9	-34.0	-48.2
Other operating income & costs	-1.6	4.5	38.0	9.8	27.3
Operating income:	**-3.3**	**-4.0**	**6.5**	**-37.9**	**-2.1**
Financial income & costs	-19.2	-18.4	-62.7	-54.3	-74.6
Income before tax:	**-22.5**	**-22.4**	**-56.2**	**-92.2**	**-76.7**
Income tax	-1.1	-3.4	3.8	13.2	15.1
Net Income:	**-23.6**	**-25.8**	**-52.4**	**-79.0**	**-61.6**
Attributable to:					
- Shareholders of the Parent Company	**-23.6**	**-25.8**	**-52.4**	**-79.0**	**-61.6**
Earnings per share, before and after dilution (SEK)	-0.55	-0.95	-1.22	-2.93	-2.28
Average number of outstanding shares (Thousands)	42 869	27 005	42 869	27 005	27 005
Statement of other comprehensive income					
Net income:	**-23.6**	**-25.8**	**-52.4**	**-79.0**	**-61.6**
Other comprehensive income:					
Items that may or has been classified as net income:					
Exchange-rate differences in translation of foreign operations	0.3	0.2	-0.2	-0.7	-0.7
Total comprehensive income for the period:	**-23.3**	**-25.6**	**-52.6**	**-79.7**	**-62.3**
Attributable to:					
- Shareholders of the Parent Company	**-23.3**	**-25.6**	**-52.6**	**-79.7**	**-62.3**

Condensed statement of financial position

MSEK	Sep 30 2018	Sep 30 2017	Dec 31 2017
Intangible assets	0.1	0.2	0.1
Tangible assets	658.1	818.6	796.4
Financial assets	56.5	29.3	29.8
Total non-current assets	**714.7**	**848.0**	**826.3**
Inventories	101.2	112.8	116.7
Other current assets	68.2	197.6	183.1
Assets held for sale*	137.8	-	21.3
Cash and cash equivalents	107.9	94.3	123.4
Total current assets	**415.2**	**404.8**	**444.4**
Total assets	**1,267.7**	**1,252.7**	**1,270.8**
Shareholders' equity	22.2	25.6	68.0
Non-current liabilities	917.1	964.3	920.7
Current liabilities	328.4	262.8	282.0
Total shareholders' equity and liabilities	**1,267.7**	**1,252.7**	**1,270.8**

**A number of defined ATP aircraft*

Condensed changes in shareholders' equity

MSEK	Share capital	Other contributed capital*	Translation reserves	Profit brought forward including net income	Total shareholders' equity
Opening shareholders' equity, Jan 1, 2018	**27.0**	25.0	**4.9**	**11.1**	**68.0**
New share issue	15.9	-9.2	-	-	**6.7**
Total comprehensive income for the period Jan - Sep	-	-	-0.2	-52.4	**-52.6**
Closing balance sep 30, 2018	**42.9**	**15.8**	**4.7**	**-41.2**	**22.2**
Opening shareholders' equity, Jan 1, 2017	**27.0**	**-**	**5.6**	**72.7**	**105.3**
Total comprehensive income for the period Jan - Sep	-	-	-0.7	-79.0	**-79.7**
Closing balance Sep 30, 2017	**27.0**		**4.9**	**-6.3**	**25.6**
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**

**Sep 30, 2018: share premium from the new share issue amounts to MSEK 15.8.*

Condensed statement of cash flows

MSEK	Jul - Sep 2018	Jul - Sep 2017	Jan - Sep 2018	Jan - Sep 2017	Jan - Dec 2017
Operating income	**-3.3**	**-4.0**	**6.5**	**-37.9**	**-2.1**
Adjustments for non-cash items					
Depreciation	15.5	31.8	81.1	97.8	128.4
Other non-cash items	7.8	18.3	0.7	54.4	65.6
Income tax paid	-1.0	-2.5	-2.5	-9.0	-2.4
Cash flow from operating activities before changes in working capital	**19.0**	**43.6**	**85.8**	**105.3**	**189.5**
Change in working capital	19.7	-0.6	44.0	50.4	44.2
Cash flow from operating activities	**38.7**	**43.0**	**129.8**	**155.7**	**233.7**
Investments in tangible assets	-38.1	-27.0	-124.6	-107.7	-143.2
Sales of tangible assets	-	-	42.0	-	-
Payments from other investing activities	-2.2	-8.9	-11.2	-11.6	-11.8
Cash flow from investing activities	**-40.3**	**-35.9**	**-93.8**	**-119.3**	**-155.0**
New share issue/contributed capital	-	-	6.7	-	25.0
Amortisation of interest bearing liabilities	-0.8	-1.7	-24.1	-8.3	-12.3
Repaid/received funds from deposits/receivables	0.9	0.1	3.2	0.1	0.1
Interest paid	-3.2	-4.1	-42.2	-43.1	-76.9
Cash flow from financing activities	**-3.1**	**-5.7**	**-56.3**	**-51.3**	**-64.1**
Cash flow for the period	**-4.7**	**1.4**	**-20.4**	**-14.9**	**14.6**
Cash and cash equivalents at the beginning of the period	113.1	93.1	123.4	110.2	110.2
Translation difference in cash and cash equivalents	-0.6	-0.2	4.9	-1.0	-1.4
Cash and cash equivalents at the end of the period	**107.9**	**94.3**	**107.9**	**94.3**	**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, and revised assessment and estimation of residual values for aircraft, see the section below.

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.

Revised assessment and estimation of residual values for aircraft

The intention for the Group has always been to try dispose aircraft after the end of the utilisation period, either through future sales or scrapping. Due to this, residual value has been applied for each individual asset. However, because of uncertainty about the future values, the applied estimated residual values have been relatively low. The normal routine for the Group is to overview the residual values at the beginning of every year. A distinctly increased interest in the market outside Europe for the ATP aircraft has been noted, not least demonstrated by the sales initiated already during 2017 and completed during the first quarter this year. The picture has been the same throughout this year, confirmed by several interest requests and discussions with stakeholders. This increased interest has made the Group aware of that the applied residual values for excess ATP aircraft, that will not be operated in the future, have been too low for the whole year. Following this revised assessment, the Group has decided to adjust the residual values for a number of ATP aircraft as from 1st of January 2018. The adjusted residual values has led to lower depreciation compared to if the depreciation should have been made using the lower, previous residual values. The lower depreciation which all has affected the period Jul – Sep, amounts to MSEK 19.2 and affects the items costs of service provided (a decrease) in the consolidated statement of income and other comprehensive income, and the item tangible assets (an increase) in the consolidated statement of financial position. The Group has also defined a number of parked ATP where a decision has been taken to sell them.

Alternative key performance indicators

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

Note 2 – Breakdown of revenues

MSEK	Jul - Sep 2018	Jul - Sep 2017	Jan - Sep 2018	Jan - Sep 2017	Jan - Dec 2017
Air freight services	452.8	370.9	1,260.9	1,107.4	1,539.1
Technical services	3.3	8.7	17.1	33.7	42.2
Aircraft leasing	-	-	-	5.1	5.1
Other revenue	0.9	0.7	1.9	2.6	2.9
Sum	**457.0**	**380.3**	**1,279.9**	**1,148.8**	**1,589.3**

Note 3 – EBITDA

MSEK	Jul - Sep 2018	Jul - Sep 2017	Jan - Sep 2018	Jan - Sep 2017	Jan - Dec 2017
Operating income	**-3.3**	**-4.0**	**6.5**	**-37.9**	**-2.1**
Depreciation & Impairment	15.5	31.8	81.1	97.8	128.4
EBITDA	**12.2**	**27.8**	**87.6**	**59.9**	**126.3**

Note 4 – Other operating income & costs

MSEK	Jul - Sep 2018	Jul - Sep 2017	Jan - Sep 2018	Jan - Sep 2017	Jan - Dec 2017
Income from collaboration agreement	-	0.5	8.9	5.3	21.4
CRJ200PF accident	-	-0.1	-	0.9	0.7
Sale of aircraft	0.5	1.2	29.5	3.6	4.6
Operating foreign exchange currency gains/losses	-2.1	2.9	-0.4	-	0.6
Sum	**-1.6**	**4.5**	**38.0**	**9.8**	**27.3**

Note 5 – Financial income & costs

MSEK	Jul - Sep 2018	Jul - Sep 2017	Jan - Sep 2018	Jan - Sep 2017	Jan - Dec 2017
Interest costs*	-20.0	-20.4	-61,3	-61.7	-82.1
Financial exchange currency gains/losses**	0.5	1.8	-3.3	7.1	6.3
Other financial income & costs	0.3	0.2	1.9	0.3	1.2
Sum	**-19.2**	**-18.4**	**-62.7**	**-54.3**	**-74.6**

**As a part of interest costs, there are interest on finance leasing liabilities. As from April 2018 these includes five aircraft. Previous periods included seven aircraft.*

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

Note 6 – Income per quarter and key performance indicators

Income per quarter

MSEK	Jul - Sep 2018	Apr - Jun 2018	Jan - Mar 2018	Oct - Dec 2017	Jul - Sep 2017	Apr - Jun 2017	Jan - Mar 2017	Oct -Dec 2016
Revenue	457.0	426.8	396.1	440.5	380.3	376.5	392.0	353.5
Cost of services provided	-444.0	-429.2	-392.6	-405.2	-376.3	-396.3	-385.0	-342.5
Gross income:	**13.0**	**-2.3**	**3.5**	**35.3**	**4.0**	**-19.8**	**7.0**	**11.0**
Selling costs	-1.4	-5.0	-1.4	-2.8	-1,6	-1.9	-1.5	-5.2
Administrative costs	-13.3	-12.4	-12.2	-14.2	-10,9	-12.5	-10.6	-18.4
Other operating income & costs	-1.6	-0.6	40.1	17.5	4.5	2.0	3.3	12.2
Operating income:	**-3.3**	**-20.3**	**30.1**	**35.8**	**-4.0**	**-32.2**	**-1.8**	**-0.4**
Financial income & costs	-19.2	-20.5	-23.1	-20.3	-18.4	-17.3	-18.5	-24.5
Income before tax:	**-22.5**	**-40.7**	**7.0**	**15.5**	**-22.4**	**-49.5**	**-20.3**	**-24.9**
Income tax	-1.1	4.4	0.5	1.9	-3.4	10.7	5.9	1.6
Net Income:	**-23.6**	**-36.4**	**7.5**	**17.4**	**-25.8**	**-38.8**	**-14.4**	**-23.3**

Key performance indicators

MSEK	Jul - Sep 2018	Apr - Jun 2018	Jan - Mar 2018	Oct - Dec 2017	Jul - Sep 2017	Apr - Jun 2017	Jan - Mar 2017	Oct -Dec 2016
Operating income	-3.3	-20.3	30.1	35.8	-4.0	-32.2	-1.8	-0.4
Depreciation & Impairment	15.5	33.4	32.2	30.6	31.8	33.5	32.5	38.6
EBITDA	**12.2**	**13.1**	**62.3**	**66.4**	**27.8**	**1.3**	**30.7**	**38.2**
EBITDA - margin (%)	2.7%	3.1%	15.7%	15.1%	7.3%	0.4%	7.8%	10.8%
Cash and cash equivalents including unused overdraft facility	152.9	113.1	151.9	173.4	111.7	139.4	114.2	160.2
Cash flow from operating activities	38.7	39.2	51.8	78.0	43.0	105.1	7.6	68.9
Net interest bearing debt/EBITDA*	4.9	4.2	4.1	5.0	6.2	5.4	4.6	5.1
Interest coverage ratio*	2.2	2.4	2.3	2.0	1.7	1.9	2.4	2.1
Equity / Asset ratio (%)	1.7%	3.7%	6.4%	5.3%	2.0%	4.1%	7.1%	8.3%
Average employees	460	456	456	466	457	460	466	465

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

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

	Sep 2018		Dec 2017	
MSEK	**Booked value**	**Fair value**	**Booked value**	**Fair value**
Financial assets				
Non-current financial receivables	50.1	50.1	28.9	28.9
Other receivables incl accounts receivables	147.9	147.9	140.4	140.4
Cash and cash equivalents	107.9	107.9	123.4	123.4
Sum	**305.9**	**305.9**	**292.7**	**292.7**
Financial liabilities				
Loans incl bank overdraft	919.8	907.0	888.3	876.4
Other liabilities incl accounts payables	189.0	189.0	219.1	219.1
Sum	**1,108.8**	**1,096.0**	**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 - Sep 2018**	**30 Sep 2018**	
Party	Transaction(s)			
Horizon Objectives Ltd	Purchase of commercial services	2.2	1.2	L
Air Transport Services Group (ATSG)	Lease of B737 and B767 aircraft and maintenance support	112.6	32.6	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 two leasing agreements, entered with ATSG in late December 2017 and April 2018. The remaining lease periods are 4.3 and 4.6 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 Sep 30, 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*	2018-09-30	2017-09-30	2017-12-31
Interest bearing debt	940.7	959.0	956.7
Overdraft	30.0	32.6	-
Less financial leasing	-50.9	-69.5	-68.3
Less cash & cash equivalents	-107.9	-94.3	-123.4
Net interest bearing debt*	**811.9**	**827.8**	**765.0**

Calculation of net finance charges***	Oct 2017 - Sep 2018	Oct 2016 – Sep 2017	Jan 2017 - Dec 2017
Financial income	-2.6	-9.4	-8.7
Financial costs	85.7	88.2	83.4
Bond transaction costs (WEST001 and WEST002)	-4.6	-4.5	-4.6
Net foreign currency exchange differences	-4.3	3.3	6.3
Net finance charges* **	**74.2**	**77.6**	**76.4**

Calculation of bond defined EBITDA**	Oct 2017 - Sep 2018	Oct 2016 – Sep 2017	Jan 2017 - Dec 2017
Operating income	42.3	-38.3	-2.1
Depreciation & Impairment	111.7	136.5	128.4
EBITDA	**154.0**	**98.2**	**126.3**
Adjustment for non-recurring items			
Provision for bad debt losses, Nextjet	3.5	-	-
CRJ200PF accident	0.2	-8.8	-0.7
Restructuring costs, ATP	1.4	0.8	0.5
Type introduction and start-up costs	5.8	32.4	27.6
Legal costs related to France	-	2.8	-
IPO costs	-	7.3	-
Bond defined EBITDA **	**164.9**	**132.7**	**153.7**

Covenants test per closing date	2018-09-30	2017-09-30	2017-12-31
Net interest bearing debt	811.9	827.8	765.0
Bond defined EBITDA	164.9	132.7	153.7
Net interest bearing debt to R12M EBITDA	**4.9**	**6.2**	**5.0**

	2018-09-30	2017-09-30	2017-12-31
Net finance charges	74.2	77.6	76.4
Bond defined EBITDA	164.9	132.7	153.7
Interest coverage ratio	**2.2**	**1.7**	**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	Jul - Sep 2018	Jul - Sep 2017	Jan - Sep 2018	Jan - sep 2017	Jan - Dec 2017
Net sales	80.6	171.4	271.6	523.5	704.0
Cost of services provided	-76.8	-168.3	-253.8	-525.1	-712.5
Gross income:	**3.8**	**3.1**	**17.8**	**-1.6**	**-8.5**
Selling costs	-0.3	-0.6	-0.8	-1.5	-3.0
Administrative costs	-5.1	-4.6	-14.2	-13.7	-19.7
Other operating income & costs	0.9	-3.3	3.4	1.2	7.2
Operating income:	**-0.7**	**-5.3**	**6.2**	**-15.6**	**-24.0**
Profit from shareholdings in group companies	-	-	-	-	54.1
Interest & similar income	9.1	9.1	26.9	26.6	35.7
Interest & similar costs	-17.1	-16.9	-49.4	-49.7	-66.5
Income after financial items:	**-8.7**	**-13.2**	**-16.3**	**-38.7**	**-0.7**
Tax on income for the period	-	-	-	-	-
Net income:	**-8.7**	**-13.2**	**-16.3**	**-38.7**	**-0.7**
Statement of other comprehensive income					
Net income:	-8.7	-13.2	-16.3	-38.7	-0.7
Other comprehensive income:	-	-	-	-	-
Total comprehensive income for the period	**-8.7**	**-13.2**	**-16.3**	**-38.7**	**-0.7**

Condensed statement of financial position

MSEK	Sep 30 2018	Sep 30 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	506.5	631.1	418.3
Cash and cash equivalents	41.2	32.7	65.3
Total current assets	**547.8**	**663.8**	**483.6**
Total assets	**1,082.6**	**1,198.8**	**1,018.6**
Shareholders' equity	74.5	21.0	84.0
Non-current liabilities	857.6	851.2	853.0
Current liabilities	150.6	326.6	81.6
Total shareholders' equity and liabilities	**1,082.6**	**1,198.8**	**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, November 22, 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

Lars Jordahn
Member of the Board

Fredrik Groth
CEO & President

Anders Ehrling
Member of the Board

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

West Atlantic Aircraft fleet & flight traffic statistic

Aircraft fleet as per 30 September, 2018:

	Owned	Drylea-sed	Wet leased	Total	In Service	Dryleased out	Parked*
BAe ATP-F	25	5	-	**30**	15	-	15
Boeing 737-300SF	2	4	1	**7**	7	-	-
Boeing 737-400SF	3	10	1	**14**	14	-	-
Boeing 737-800BCF	-	2	-	**2**	2	-	-
Boeing 767-200SF	-	3	-	**3**	3	-	-
CRJ200PF	2	-	-	**2**	2	-	-
	32	**24**	**2**	**58**	**43**	**-**	**15**

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

West Atlantic traffic statistics January – September, 2018:

	2018		**2017**	
	Q3	**YTD**	**Q3**	**YTD**
	Jul - Sep	**Jan - Sep**	**Jul – Sep**	**Jan - Sep**
Performed flights	5,732	16,438	6,020	17,534
Regularity (target >99%)	99.5%	99.2 %	99.5%	99.5 %
Number of hours flown	6,344	18,082	6,058	17,527

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

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

Financial Calendar

Interim report October – December 2018	February 28, 2019
Annual report 2018	April 30, 2019
Interim report January – March 2019	May 29, 2019
Annual general meeting 2019	June 4, 2019

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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, B737-800BCF 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 39 % 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).
OTP	On Time Performance. Defined as % of flights departing and arriving according to times schedule.
Overdraft facility	The total overdraft facility of the Group amounts to MSEK 75.0
Wet-lease	Airline providing aircraft capacity to another airline