INTERIM REPORT

January 1 – March 31, 2019

Published May 29 2019

"Announcement of a new majority shareholder secures a financial stable platform while EBIT was negatively affected by an unproductive period for the B767 fleet"

January – March

- Revenue amounted to MSEK 506.6 (396.1) corresponding to a growth of 27.9 % year-on-year. Continued strong growth for the Group's B737 fleet.
- The first quarter with the new standard, IFRS16 leases, which has affected operating income, net income and the balance sheet significantly.
- EBITDA amounted to MSEK 101.8 (62.3) corresponding to a margin of 20.1 % (15.7). EBITDA positively affected by reversed leasing costs but also negatively affected by long heavy maintenance overruns for the B767 fleet.
- Earnings per share of SEK -1.42 (0.28).
- The fourth B737-800BCF Next Generation Freighter, has been delivered to the Group.
- Discussion about principal terms for a refinancing of the Group continued to progress among an external investor, the shareholders of the Group and the bondholders as regards the repayment of the Bonds. After the reporting period shareholders and bondholders have accepted an offer from the external investor.

Key performance indicators for the Group

All figures in MSEK unless stated otherwise	Jan - Mar 2019	Jan - Mar 2018	Jan - Dec 2018
Financial metrics*			
Revenue	506.6	396.1	1,813.1
Revenue growth	27.9%	1.0%	14.1%
EBITDA	101.8	62.3	156.1
EBITDA margin (%)	20.1%	15.7%	8.6%
Net income	-61.0	7.5	-35.2
Cash and cash equivalents incl unused overdraft facility	104.0	151.9	144.4
Cash flow from operating activities	71.9	51.8	304.6
Earnings per share before dilution (SEK)	-1.42	0.28	-0.82
Net interest bearing debt / EBITDA**	5.7	4.1	4.4
Interest coverage ratio**	2.0	2.3	2.4
Equity / Asset ratio	-0.8%	6.4%	3.0%
Total assets	2,566.1	1,266.9	1,360.5
Operating metrics*			
Fleet dispatch regularity	99.2%	98.8%	99.2%
Performed flights	5,700	5,378	22,535
Aircraft in service (incl. wet leases)	43	39	42
Average employees	472	456	461

**Definitions of selected 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. These have not been affected by the application of the new standard IFRS16.*

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CEO's comments

Refinancing of the Group
The group announced a MOU (Memorandum Of Understanding) with LUSAT early 2019 with the aim to refinance the Group.

First quarter revenue and income
The high revenue growth of 27.9% year-on-year is somewhat below expectations despite the positive growth, partly offset by high overrun of maintenance requirement on our B767 fleet during the 1st quarter 2019. The EBIT, MSEK 8.3, compared to the previous year, MSEK 30.1 falls below previous year driven by the unproductive period of the B767 fleet caused by maintenance this year, but also the high profits from aircraft sales previous year.

In addition, specific notice is also given to significant effects from the new IFRS16.

Operational update
The Group remains on target to improve its aircraft maintenance process. The project to insource both our line and base maintenance activity at East Midlands airport is progressing as planned with completion scheduled in 2nd quarter 2019. This will lead to an improved service reliability and reduced maintenance costs. The B737 fleet performed well and, with the delivery of the 4th B737-800 NG, we have reached completion of the fleet expansion. Operational excellence will continue to drive our performance and margin. Fleet reliability improved year-on-year from 98.8% to 99.2%.

Commercial update
Our customer base remains stable and with minor route alterations due to network changes from our customers. Two customers signed long term contract extensions during the 1st quarter which will continue to provide a stable customer base going forward. As reported previously, our focus remains on operational excellence, enabling a strong customer loyalty in 2019. A few short and medium term ATP pipeline projects may become reality during 2019 based on current aircraft availability.

Fleet update
With the delivery of the 4th B737-800 in January 2019, we completed the NG entry program and the aircraft has entered into operation with FedEx further to our contract signed in 2018. Certain maintenance overruns on c-checks for the B767 fleet has caused difficulties in this quarter, partly offset by the 4th 767 aircraft which we took delivery of during the 4th quarter 2018.

Outlook
With the recent announcement and the transaction completed with LUSAT as the new majority shareholder, the Group's outlook is stronger and a financially stable platform has been secured. We will remain focused on our plans to deliver the highest standards of operational excellence towards our customers.

Lars Jordahn
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, 2019. Comparative figures in this report cover the corresponding period in 2018, unless otherwise stated. The period is significant affected by the transition to IFRS16,Leases, according to the simplified rules, which has affected EBITDA, net income and the balance sheet. The comparative period in 2018 has not been translated to IFRS16. More information about this follows in the comments below and also in note 1, Accounting principles. 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 506.6 (396.1), an increase of 27.9 % year-on-year, mainly attributable to increased revenues from FedEx and DHL. Another contributing factor are gains from foreign exchange rates. For a detailed breakdown of revenue, see note 2.

EBITDA amounted to MSEK 101.8 (62.3). Compared to the previous year, EBITDA has been positively affected by reversed leasing costs of MSEK 73.8 following the transition to IFRS16. The items that have affected the income before tax due to IFRS16 are shown in the table of items affecting comparability below. During the same period last year, EBITDA was positively affected by aircraft sales and received management income from the collaboration agreement, in total MSEK 34.5 as can be seen in the table mentioned below. Finally, this period, EBITDA was negatively affected by cost overruns for aircraft heavy maintenance on part of the B767 fleet. The EBITDA margin amounted to 20.1 % (15.7%). For a breakdown of EBITDA, please see note 3.

EBIT amounted to 8.3 (30.1) including depreciation of MSEK 93.5 (32.2). MSEK 58.4 of the depreciation is attributable to IFRS16.

The net of financial income and costs amounted to MSEK -78.5 (-23.1). The financial net included foreign exchange currency changes of MSEK -40.5 (-1.5), mainly on loans and financial leasing, and interest costs of MSEK 38.3 (22.7), attributable to the corporate bond loan and finance leasing liabilities. Of the total net of financial income and costs, MSEK -78.5, MSEK -56.3 is attributable to IFRS16. For a detailed breakdown of financial income and cost, please see note 5.

Net income amounted to MSEK -61.0 (7.5) for the period and was affected by income taxes of MSEK 9.2 (0.5), of which MSEK 8.4 (0) was attributable to IFRS16. In summary, of the net income after tax, MSEK -32.5 was attributable to IFRS16.

Summary of items affecting comparability

MSEK	Jan - Mar 2019	Jan - Mar 2018	Jan - Dec 2018
Income before tax	**-70.2**	**7.0**	**-42.0**
Items due to IFRS16:			
Leasing costs	-73.8	-	-
Depreciation	58.4	-	-
Interest	17.9	-	-
Financial FX losses	38.4	-	-
Income before tax after adjustments for IFRS16 items	**-29.3**	**7.0**	**-42.0**
Type introduction and start-up costs	-	-	19.6
Sale of aircraft	-	-25.6	-34.9
CRJ200PF accident	-	-	0.1
Income from collaboration agreement	-	-8.9	-34.6
Restructuring costs, ATP	-	-	1.4
Interest, early redemption finance leasing	-	2.6	2.6
Provision for bad debts, due to bankruptcy	-	-	1.6
Financial FX gains/losses	2.1	1.5	3.3
Sum after items affecting comparability	**-27.2**	**-23.4**	**-82.9**

Note that in addition to the mentioned items affecting comparability with the previous year we also have a negative effect from the part of the B767 fleet that was undergoing maintenance with no attached revenue.

Cash flow

January - March

Cash flow from operating activities amounted to MSEK 71.9 (51.8). The improvement compared to the previous year is attributable to operating income due to that leasing costs according to IFRS16 has been reversed and transferred to amortisations and interest costs included in cash flow from financing activities (see below). Cash flow from investing activities amounted to MSEK -39.7 (-7.2). The change is mainly due to the prior year including remunerations from aircraft sales. Cash flow from financing activities amounted to MSEK -75.1 (-18.0). Included in this amount are amortisations of MSEK -54.8 and interests of MSEK -17.9 due to IFRS16 from transferred leasing costs. Cash flow for the period amounted to MSEK -42.9 (26.6).

Investments

January - March

Total investments in tangible assets amounted to MSEK -35.7 (-42.2), mainly from investments in periodical heavy maintenance activities and purchase of aircraft components for both years. Payments from other investing activities amounted to MSEK -3.6 (-7.0) including increasing financial assets, MSEK -3.8 (-7.1) and payments received from financial assets, MSEK 0.2 (0.1).

Operational leasing costs

January - March

The aircraft operating leasing costs amounted to MSEK 5.1 (40.1), the difference due to IFRS16.

Leasing engagements

January - March

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

Sales of assets

During the period no significant sales were made.

Impairment of stock

January – March

During the period an impairment was made in the amount by MSEK 1.8 (1.9) for slow moving stock.

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

January - March

- In January, the Group took delivery of the fourth B737-800BCF Next Generation Freighter.
- In January, the Board of West Atlantic decided to make a change to the top position of the company. Mr Fredrik Groth stepped down and was replaced by Mr Lars Jordahn. Since 2018 Jordahn has been involved in the company as a consultant and Board member.
- A contract extension has been agreed with one of the three biggest mail customers. The contract length is three years with a potential extension for another year. The new contract starts on 1st of April 2019.
- The process of reaching an agreement with Norwegian Mail has been closed and a settlement has been reached between the parties outside court. Norwegian Mail has also exercised the option to extend the contract with the three option years until year 2023.
- The Group, an external investor and certain major bondholders holding bonds in the Group's outstanding bond loan were discussing principal terms for a refinancing of the Group. The external investor made an offer to the shareholders of the Group and the bondholders as regards the repayment of the Bonds. More information about this can be found at the website of West Atlantic, www.westatlantic.eu/investors. After the reporting period, the shareholders and bondholders has accepted the offer, see significant events after reporting period.
- The company does not meet its financial covenant according to the maintenance test set out in the bond terms and conditions. However, the bondholders have, in the written procedure for approval of the transaction mentioned under significant events after the reporting period, agreed to waive such breach. See note 10.

ORGANISATION

The average number of employees for the period January – March amounted to 472 (456).

FINANCIAL POSITION, PLEDGED FUNDS AND FINANCING

Cash and cash equivalents at the end of the period amounted to MSEK 104.0 (151.9). At the period-end the overdraft facility of MSEK 75.0 was fully utilised. Available cash and cash equivalents including the overdraft facility amounted to MSEK 104.0 (151.9). Proceeds from the sale of four aircraft made during the previous year in the amount of MSEK 14.9, are being held on an account, pledged as security for the buyer's liability to its financers. For the Group, the funds will be available during the term of the byer's amortisation to the financers. Of the mentioned amount, MSEK 1.7 has been accounted for as cash and cash equivalents, and the rest, MSEK 13.2 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 -21.3 (81.7) and the equity ratio amounted to -0.8 % (6.4). In year 2015, the Company issued the corporate bond loan which was listed on the NASDAQ, Stockholm on January 26, 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 the corporate bond loan of MSEK 850 matures at December 21, 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 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, with special attention to the maturity of the corporate bond on December 21, 2019.
- Fluctuations in foreign exchange rates and fuel prices
- Contract risks
- Legal risks
- Credit risks
- Taxation and charges
- Effects from Brexit. Brexit could affect the operations in the EU performed by the subsidiary in the UK. While the Group is well positioned by having an UK airline and an EU airline, thus being able to maintain operations in both territories, the specific short and long term effects on the Group remain uncertain 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 2018. The assessment is that this description is still accurate.

LEGAL PROCEEDINGS

At the moment, the Group is not involved in any material legal proceedings.

TRANSACTIONS WITH RELATED PARTIES

For transactions with related parties, please see note 8.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

New majority shareholder and approval from bondholders to restructure the bond loan

As mentioned under significant events during the reporting period, an external investor made an offer to the shareholders of the Group and the bondholders as regards the repayment of the Bonds. After the reporting period, the external investor, LUSAT AIR S.L has become the new majority shareholders of the Group through an equity contribution and the bondholders have approved new terms and conditions as regards the repayment of the bond loan. More information can be found at the company's website, www.westatlantic.eu/investors.

OUTLOOK

With the recent announcement concerning the completion of the transaction with LUSAT as the new majority shareholder, the Group's outlook is stronger and a financially stable platform has been secured. Focus will still be on delivering the highest standard of operational excellence towards the customers.

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 102.3 (92.2), an increase by 10.8 % year-on-year. The increase is mainly attributable to positive foreign exchange rates. EBIT amounted to MSEK -7.2 (-4.3). The decrease is mainly attributable to increased management fees connected to airfreight services. Net income amounted to MSEK -15.3 (-11.7).

Financial position and financing

Cash and cash equivalents at the end of the period amounted to MSEK 62.7 (90.8). Including a non-utilised overdraft facility, available cash and cash equivalents amounted to MSEK 62.7 (90.8). Equity amounted to MSEK 48.2 (78.5).
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.
The bond loan of MSEK 850 matures December 21, 2019.

Contingent liabilities

Contingent liabilities amounted to MSEK 1,400.5 (1,166.9). The increase is mainly attributable to increased guarantees for commercial arrangements between our subsidiaries with aircraft lessors, in particular the guarantee for lease engagement for the new B737-800 aircraft.

Group report

Consolidated statement of income and other comprehensive income

MSEK	Jan - Mar 2019	Jan - Mar 2018	Jan - Dec 2018
Revenue	506.6	396.1	1,813.1
Cost of services provided	-485.9	-392.6	-1,774.7
Gross income:	**20.7**	**3.5**	**38.4**
Selling costs	-7.3	-1.4	-12.9
Administrative costs	-7.1	-12.2	-54.5
Other operating income & costs	2.0	40.1	69.4
Operating income:	**8.3**	**30.1**	**40.4**
Financial income & costs	-78.5	-23.1	-82.4
Income before tax:	**-70.2**	**7.0**	**-42.0**
Income tax	9.2	0.5	6.8
Net Income:	**-61.0**	**7.5**	**-35.2**
Attributable to:			
- Shareholders of the Parent Company	**-61.0**	**7.5**	**-35.2**
Earnings per share, before and after dilution (SEK)	-1.42	0.28	-0.82
Average number of outstanding shares (Thousands)	42 869	27 005	42 869
Statement of other comprehensive income			
Net income:	**-61.0**	**7.5**	**-35.2**
Other comprehensive income:			
Items that may or has been classified as net income:			
Exchange-rate differences in translation of foreign operations	-0.5	-	0.7
Total comprehensive income for the period:	**-61.5**	**7.5**	**-34.5**
Attributable to:			
- Shareholders of the Parent Company	**-61.5**	**7.5**	**-34.5**

Condensed statement of financial position

MSEK	Mar 31 2019	Mar 31 2018	Dec 31 2018
Intangible assets	2.3	0.1	2.0
Tangible assets, rights of use	1,276.6	26.8	94.8
Tangible assets	624.7	746.6	626.8
Financial assets	63.0	39.9	57.6
Deferred tax assets	18.6	1.9	9.4
Total non-current assets	**1,985.2**	**815.4**	**790.5**
Inventories	118.6	106.0	100.7
Other current assets	211.0	193.6	177.5
Assets held for sale*	147.3	-	147.3
Cash and cash equivalents	104.0	151.9	144.4
Total current assets	**580.9**	**451.5**	**569.9**
Total assets	**2,566.1**	**1,266.9**	**1,360.5**
Shareholders' equity	-21.3	81.7	40.2
Non-current liabilities, fin leasing	1,113.8	47.2	99.2
Non-current liabilities	38.0	866.2	16.1
Current liabilities, fin leasing	222.0	1.8	11.1
Current liabilities	1,213.5	269.9	1,193.8
Total shareholders' equity and liabilities	**2,566.1**	**1,266.9**	**1,360.5**

**A number of defined ATP aircraft*

Condensed changes in shareholders' equity

MSEK	Share capital	Other contri-buted capital	Translation reserves	Profit brought for-ward including net income	Total share-holders' equity
Opening shareholders' equity, Jan 1, 2019	**42.9**	15.8	**5.6**	**-24.1**	**40.2**
Total comprehensive income for the period Jan - Mar	-	-	-0.5	-61.0	**-61.5**
Closing balance Mar 31, 2019	**42.9**	**15.8**	**5.1**	**-85.1**	**-21.3**
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, 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 year	-	-	0.7	-35.2	**-34.5**
Closing balance Dec 31, 2018	**42.9**	**15.8**	**5,6**	**-24.1**	**40.2**

Condensed statement of cash flows

MSEK	Jan - Mar 2019	Jan - Mar 2018	Jan - Dec 2018
Operating income	**8.3**	**30.1**	**40.4**
Adjustments for non-cash items			
Depreciation	93.5	32.2	115.7
Other non-cash items	8.1	-9.5	-3.5
Income tax paid	-0.8	-1.0	5.0
Cash flow from operating activities before changes in working capital	**109.1**	**51,8**	**157.6**
Change in working capital	-37.2	-	147.0
Cash flow from operating activities	**71.9**	**51.8**	**304.6**
Investments in intangible assets	-0.4	-	-2.1
Investments in tangible assets	-35.7	-42.2	-236.9
Sales of tangible assets	-	42.0	56.1
Payments from other investing activities	-3.6	-7.0	-23.4
Cash flow from investing activities	**-39,7**	**-7.2**	**-206.3**
Contributed capital/New share issue	-	6.2	6.7
Amortisation of interest bearing liabilities	-57.8	-20.2	-67.5
Repaid/received funds from deposits	5.3	2.3	2.4
Other changes in non-current liabilities	-	-	52.1
Interest paid	-22.6	-6.3	-76.2
Cash flow from financing activities	**-75.1**	**-18.0**	**-82.5**
Cash flow for the period	**-42.9**	**26.6**	**15.8**
Cash and cash equivalents at the beginning of the period	144.4	123.4	123.4
Translation difference in cash and cash equivalents	2.5	1.9	5.2
Cash and cash equivalents at the end of the period	**104.0**	**151.9**	**144.4**

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 2018 with the exception of new and revised standards and interpretations that have come into effect as from January 1st 2019. As from January 1st 2019 the Group applies the new standard IFRS16, Leases. The standard has affected the operating lease agreements in the Group significantly. The standard has replaced the previous standard, IAS 17, Leases. The transition at 1 January was made according to the simplified rules with no retroactively calculation. The Group has made a review of the Group's leasing agreement, of which the aircraft leasing agreements and the offices/hangar leasing agreements have been identified as the most significant. In addition a portion of smaller leasing agreements have been identified, as IT and other office equipment, and cars. The leasing liability, calculated according to present value, as per 1 January 2019 for aircraft and offices/hangar amounted to MSEK 1,089.7 and where corresponding assets for rights of use has been accounted for in the balance sheet. For a reconciliation between total leasing commitments at 2018-12-31 and the total accounted finance leasing liability at 2019-01-01, please see note 8 in the annual report for 2018.

Following the standard as from 1 January 2019 the leasing costs has been transferred to financial costs and amortisation of the leasing liability, in contrary to previous principles, where these costs were accounted for as operating costs, included in the operating income. In addition, depreciation has increased due to the increased assets for rights of use. In this first quarter the income before tax has been affected negatively by MSEK 40.9 due to the transition to IFRS16, which can be seen in the table "summary of items affecting comparability" during the section Financial comments at page 3 in this report. The financial covenant has not been affected by the standard since it follows those original IFRS standards at the time the Bond loan was issued. For more information about the effects of the standard, see note 1 in the annual report for 2018.

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 2018. The parent company does not apply the standard IFRS16, Leases due to an exception between accounting and taxation.

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 2018 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 2019	Jan - Mar 2018	Jan - Dec 2018
Air freight services	498.4	386.7	1,785.7
Technical services	4.3	9.2	20.9
Other revenue	3.9	0.2	6.5
Sum	**506.6**	**396.1**	**1,813.1**

Note 3 – EBITDA

MSEK	Jan - Mar 2019	Jan - Mar 2018	Jan - Dec 2018
Operating income	8.3	30.1	40.4
Depreciation & Impairment	93.5	32.2	115.7
EBITDA	**101.8**	**62.3**	**156.1**

Note 4 – Other operating income & costs

MSEK	Jan - Mar 2019	Jan - Mar 2018	Jan - Dec 2018
Income from collaboration agreement	-	8.9	34.6
CRJ200PF accident	-	-	-0.1
Sale of aircraft and aircraft components	-	28.3	39.6
Operating foreign exchange currency gains/losses	2.0	2.9	-4.7
Sum	**2.0**	**40.1**	**69.4**

Note 5 – Financial income & costs

MSEK	Jan - Mar 2019	Jan - Mar 2018	Jan - Dec 2018
Interest costs*	-38.3	-22.7	-81,8
Financial exchange currency gains/losses*	-40.5	-1.5	-3,3
Other financial income & costs	0.3	1.1	2,7
Sum	**-78.5**	**-23.1**	**-82.4**

**Includes loans, financial leasing (including transferred operating leasing due to IFRS16) and other financial assets and liabilities.*

Note 6 – Income per quarter and key performance indicators

Income per quarter

MSEK	Jan - Mar 2019*	Oct - Dec 2018	Jul - Sep 2018	Apr - Jun 2018	Jan - Mar 2018	Oct - Dec 2017	Jul - Sep 2017	Apr - Jun 2017
Revenue	506.6	533.2	457.0	426.8	396.1	440.5	380.3	376.5
Cost of services provided	-485.9	-509.1	-444.0	-429.2	-392.6	-405.2	-376.3	-396.3
Gross income:	**20.7**	**24.1**	**13.0**	**-2.3**	**3.5**	**35.3**	**4.0**	**-19.8**
Selling costs	-7.3	-5.0	-1.4	-5.0	-1.4	-2.8	-1.6	-1.9
Administrative costs	-7.1	-16.6	-13.3	-12.4	-12.2	-14.2	-10.9	-12.5
Other operating income & costs	2.0	31.5	-1.6	-0.6	40.1	17.5	4.5	2.0
Operating income:	**8.3**	**34.0**	**-3.3**	**-20.3**	**30.1**	**35.8**	**-4.0**	**-32.2**
Financial income & costs	-78.5	-19.7	-19.2	-20.5	-23.1	-20.3	-18.4	-17.3
Income before tax:	**-70.2**	**14.3**	**-22.5**	**-40.7**	**7.0**	**15.5**	**-22.4**	**-49.5**
Income tax	9.2	3.0	-1.1	4.4	0.5	1.9	-3.4	10.7
Net Income:	**-61.0**	**17.3**	**-23.6**	**-36.4**	**7.5**	**17.4**	**-25.8**	**-38.8**

Key performance indicators

MSEK	Jan - Mar 2019*	Oct - Dec 2018	Jul - Sep 2018	Apr - Jun 2018	Jan - Mar 2018	Oct - Dec 2017	Jul - Sep 2017	Apr - Jun 2017
Operating income	8.3	34.0	-3.3	-20.3	30,1	35.8	-4.0	-32,2
Depreciation & Impairment	93.5	34.5	15.5	33.4	32.2	30.6	31.8	33.5
EBITDA	**101.8**	**68.5**	**12.2**	**13.1**	**62.3**	**66.4**	**27.8**	**1.3**
EBITDA - margin (%)	20.1%	12.8%	2.7%	3.1%	15.7%	15.1%	7.3%	0.4%
Cash and cash equivalents including unused overdraft facility	104.0	144.4	152.9	113.1	151.9	173.4	111.7	139.4
Cash flow from operating activities	71.9	174.9	38.7	39.2	51.8	78.0	43.0	105.1
Net interest bearing debt/EBITDA**	5.7	4.4	4.9	4.2	4.1	5.0	6.2	5.4
Interest coverage ratio**	2.0	2.4	2.2	2.4	2.3	2.0	1.7	1.9
Equity / Asset ratio (%)	-0.8%	3.0%	1.7%	3.7%	6.4%	5.3%	2.0%	4.1%
Average employees	472	460	460	456	456	466	457	460

**IFRS16 applied, which affects the items operating income, financial income & costs, EBITDA, depreciation, cash flow from operating activities and Equity / Asset ratio*

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

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

	Mar 2019		Dec 2018	
MSEK	**Booked value**	**Fair value**	**Booked value**	**Fair value**
Financial assets				
Non-current financial receivables	63.0	63.0	57.6	57.6
Other receivables incl accounts receivables	122.9	122.9	115.9	115.9
Cash and cash equivalents	104.0	104.0	144.4	144.4
Sum	**289.9**	**289.9**	**317.9**	**317.9**
Financial liabilities				
Loans incl bank overdraft	924.7	928.1	923.5	928.0
Other liabilities incl accounts payables	1,536.8	1,536.8	298.2	298.2
Sum	**2,461.5**	**2,464.9**	**1,221.7**	**1,226.2**

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 2019**	**31 Mar 2019**	
Party	**Transaction(s)**			
Horizon Objectives Ltd	Purchase of commercial services	1.0	1.0	L
Air Transport Services Group (ATSG)	Lease of B737 and B767 aircraft	47.9	49.1	L
Jordahn Management Service IVS	Purchase of consulting services	0.2	-	L

The relationships between the related parties, including the content of the leasing agreement above, are described in the annual report for 2018, note 31.

Note 9 – Business segment

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

During the interim period, there has been no changes in the business segment and the structure of reporting. For more information, please see the annual report for 2018 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 14 definitions, and also the West Atlantic webpage (www.westatlantic.eu) where the full terms and conditions can be found.

As per Mar 31, 2019 the company does not meet its financial covenant according to the maintenance test set out in the bond terms and conditions. However, the bondholders have, in the written procedure for approval of the transaction mentioned under significant events after the reporting period, agreed to waive such breach. 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*	**2019-03-31**	**2018-03-31**	**2018-12-31**
Interest bearing debt	2,185.5	938.6	967.9
Overdraft	75.0	-	75.0
Less financial leasing	-1,335.8	-49.0	-119.4
Less cash & cash equivalents	-104.0	-151.9	-144.4
Net interest bearing debt*	**820.7**	**737.7**	**779.1**

Calculation of net finance charges***	**Apr 2018 - Mar 2019**	**Apr 2017 - Mar 2018**	**Jan 2018 - Dec 2018**
Financial income	-4.8	-8.0	-3.9
Financial costs	86.3	87.2	86.3
Bond transaction costs (WEST001 and WEST002)	-4.6	-4.6	-4.7
Net foreign currency exchange differences	-4.1	3.3	-3.1
Net finance charges***	**72.8**	**77.9**	**74.6**

Calculation of bond defined EBITDA**	**Apr 2018 - Mar 2019**	**Apr 2017 - Mar 2018**	**Jan 2018 - Dec 2018**
Operating income	3.3	29.8	40.4
Depreciation & Impairment	118.4	128.1	115.7
R12M EBITDA	**121.7**	**157.9**	**156.1**
Adjustment for non-recurring items			
Provision for bad debt losses, Nextjet	1.6	-	1.6
CRJ200PF accident	-	-0.7	-
Restructuring costs, ATP	1.4	-	1.4
Type introduction and start-up costs	19.7	22.2	19.7
Bond defined EBITDA**	**144.4**	**179.5**	**178.7**

Covenants test per closing date	**2019-03-31**	**2018-03-31**	**2018-12-31**
Net interest bearing debt	820.7	737.7	779.1
Bond defined EBITDA	144.4	179.5	178.7
Net interest bearing debt to R12M EBITDA	**5.7**	**4.1**	**4.4**

	2019-03-31	**2018-03-31**	**2018-12-31**
Net finance charges	72.8	77.9	74.6
Bond defined EBITDA	144.4	179.5	178.7
Interest coverage ratio	**2.0**	**2.3**	**2.4**

**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 2019	Jan - Mar 2018	Jan - Dec 2018
Net sales	102.3	92.2	382.2
Cost of services provided	-86.7	-91.2	-352.2
Gross income:	**15.7**	**1.0**	**30,0**
Selling costs	-0.3	-0,2	-1.0
Administrative costs	-23.8	-5,1	-20.5
Other operating income & costs	1.2	-	5.0
Operating income:	**-7.2**	**-4,3**	**13.5**
Profit from shareholdings in group companies	-	-	-18.4
Profit from shareholdings in associated companies	-	-	-0.1
Interest & similar income	8.8	8.8	35.9
Interest & similar costs	-16.9	-16.2	-66.3
Income after financial items:	**-15.3**	**-11.7**	**-35.4**
Tax on income for the period	-	-	8.1
Net income:	**-15.3**	**-11.7**	**-27.3**
Statement of other comprehensive income			
Net income:	-15.3	-11.7	-27.3
Other comprehensive income:	-	-	-
Total comprehensive income for the period	**-15.3**	**-11.7**	**-27.3**

Condensed statement of financial position

MSEK	Mar 31 2019	Mar 31 2018	Dec 31 2018
Financial assets	534.8	534.9	534.8
Deferred tax receivable	8.1	-	8.1
Total non-current assets	**542.9**	**534.9**	**542.9**
Other current assets	488.4	412.3	537.1
Cash and cash equivalents	62.7	90.8	52.3
Total current assets	**551.1**	**503.1**	**589.3**
Total assets	**1,094.0**	**1,038.0**	**1,132.2**
Shareholders' equity	48.2	78.5	63.4
Non-current liabilities	35.3	854,9	13.4
Current liabilities	1,010.6	104.6	1,055.3
Total shareholders' equity and liabilities	**1,094.0**	**1,038.0**	**1,132.2**

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 23, 2019

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, 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, 2019:

	Owned	Dryleased	Wet leased	Total	In Service	Dryleased out	Parked*
BAe ATP-F	26	5	-	**31**	12	1	18
Boeing 737-300SF	2	4	-	**6**	6	-	-
Boeing 737-400SF	3	11	1	**15**	15	-	-
Boeing 737-800BCF	-	4	-	**4**	4	-	-
Boeing 767-200SF	-	4	-	**4**	4	-	-
CRJ200PF	2	-	-	**2**	2	-	-
	33	**28**	**1**	**62**	**43**	**1**	**18**

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

West Atlantic traffic statistics January – March, 2019:

	2019		2018	
	Q1	YTD	Q1	YTD
	Jan - Mar	Jan - Mar	Jan - Mar	Jan - Mar
Performed flights	5,700	5,700	5,378	5,378
Regularity (target >99%)	99.2%	99.2 %	98.8%	98.8 %
Number of hours flown	6,337	6,337	5,920	5,920

Annual report
The annual report for 2018 was published April 30, 2019.

Annual Shareholders' meeting
The West Atlantic Group's AGM was held on May 27 , 2019 at the Group's head office located Gothenburg (Prästgårdsgatan 1, SE-412 71 Gothenburg).

Financial Calendar
Annual general meeting 2019	May 27, 2019
Interim report April - June 2019	August 30, 2019

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, 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)
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
MOU	Memorandum of understanding
NMO	National mail organisation such as 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