



# ANNUAL REPORT 2014



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### LFV 2014

LFV's mission is to provide safe, efficient and environmentally adapted air traffic services for civil and military aviation. LFV also has to work to ensure that the transport policy objectives are achieved. LFV had a turnover of SEK 2.6 billion and 1,064 full-time equivalent employees.

The public enterprise LFV provides services in the field of air traffic management in Sweden and around the world.

LFV is located at 23 airports in Sweden and also has international operations.





## Significant Events

In 2014 there were around 705,000 movements in Swedish airspace. This is an increase in air traffic of 1.5%.

### Positive results

The year's profit amounted to SEK 82 million (95). This is better than the budget and we have exceeded the proprietor's target. LFV's efficiency programme has led to a reduction in costs and lower fees.

### Aviation safety

The EU's target for Danish-Swedish airspace is that it must have a maximum of 1.42 en-route separation minima infringements of severity A or B per 100,000 flying hours. The total number of flying hours amounted to just over 566,000, with 0.18 events per 100,000 flying hours in the DK/SE functional airspace block (FAB).

### Remotely operated towers

It was a great moment in Swedish industrial history on 31 October 2014 when LFV was granted operational approval to remotely operate air traffic at Örnköldsvik Airport from the Remote Tower Centre in Sundsvall. The plan is for operations to commence in spring 2015.

### Local air traffic services

On 17 June, the Riksdag voted to partly re-regulate the Swedish market for local air traffic services. For LFV, this means that LFV will be responsible for air traffic services at the state-owned airports and air bases. Competition continues in all other respects. A five-year contract for air traffic services was signed with Saab Airport in Linköping in November.

### LFV's change programme

LFV's change programme Position 2019 was launched in May. The aim is to improve LFV's competitiveness, as well as its customer and business orientation. We are using the

change programme to modernise, develop and improve the efficiency of LFV as a business.

### Air traffic controller training

LFV has had very low recruitment requirements with respect to air traffic controllers over the course of this business plan period. Consequently, LFV has discontinued its partnership with Linköping University.

### International

In order to develop European airspace and improve the efficiency of air traffic services, LFV is an active member of three organisations:

Borealis, for developing more efficient routes over national boundaries.

COOPANS, for the joint development of systems and technical equipment.

SESAR, for the research, development and implementation of new technologies for air traffic services.

### Environment

The ban on straight approaches to runway 3 at Arlanda due to be implemented on 1 January 2018 has been rescinded. The Swedish Land and Environment Court of Appeal delivered this news in its judgement in November. LFV supported the airport as an expert on route constructions and airspace issued ahead of and during the court proceedings.

### Culture and values

LFV has begun working on developing a business culture and values. We will create ONE LFV in which communication and well-developed internal and external communication channels are at the heart of this work.





## LFV will Come up Against New Challenges

Olle Sundin has now been Director General of LFV for just over a year. In this interview, he describes a year with an active agenda for change to make LFV more competitive and customer-focused.

“Travellers that are the engine of our industry and it is the speed of air travel and the low ticket prices that make flying so attractive. The airlines have been quick to respond to new circumstances and to refine and improve their offerings.

They will continue to do so. Air navigation service providers around Europe are at the beginning of the journey that airlines and airports began some time ago. We therefore have to develop along with the changing industry,” he says.

### ***How would you like to sum up 2014, for aviation and LFV?***

“The passenger figures reported for the year clearly indicate that aviation is an attractive means of transport for many people. It creates accessibility. For LFV, the operational approval of the remotely operated tower in Örnköldsvik was a milestone. With that, LFV made Swedish industrial history. In terms of contracts, we began the year by losing a few contracts for local air traffic services. In autumn we signed a contract with Saab Airport. An airport that will be operated remotely in future. We have had great success in our continued work in the United Arab Emirates.

Over the course of the year, I have met with many of my LFV colleagues in Sweden and abroad. I am happy and proud of their professionalism, commitment and drive as we implement our change programme.”

### ***LFV's profit for 2014 was SEK 82 million***

“This result means that we have achieved our financial target. Our international commitments is a large contributing factor. We have also secured efficiency savings and cost reductions in order to enable the delivery of efficient services. This also means that we have the opportunity to invest in

developing services and products that make us attractive to our customers.”

### ***Does LFV have a good safety culture?***

“Yes, I believe we do. Our safety culture is audited and analysed by both external bodies and by ourselves. The safety culture is a key aspect of what we offer and the foundation of all our activities. Over the course of the year, an extensive effort concerning safety culture and safety issues has taken place, involving many of our employees. This work is not yet complete, but the analyses have provided us with a number of recommendations for us to take in and develop. I also see an opportunity to improve aviation safety by working less reactively and more proactively. We gain experience from all the good examples of successful aviation safety initiatives we have undertaken at LFV.”

### ***What does the partial re-regulation of local air traffic services decreed by the Riksdag last summer involve?***

“For LFV, this involves developing our business collaboration with Swedavia and ensuring transparency and clarity with respect to needs, quality-assured delivery and good cooperation.”



***The Land and Environment Court of Appeal gave Arlanda the right to continue with approaches to runway 3 from the south. What do you think of this judgement?***

"It's an environmental permit that a modern nation needs and which ensures accessibility and growth. The airport is working actively with the environment and sustainability and has a development plan for Arlanda. We will continue to assist in the work to develop Arlanda into a modern and sustainable airport."

***What is LFV's relationship with the Swedish Armed Forces like?***

"We have an open and good dialogue with the Swedish Armed Forces. LFV performs an important aspect of the Armed Forces activities, air traffic control. It is important for us to be an organisation that effectively combines civil and military aviation."

***What are the greatest challenges facing LFV in 2015?***

"We will be working on the aviation safety culture based on the analyses that have been conducted and we are doing this by incorporating aviation safety activities into the business plan. In addition, we are working on LFV's business culture and the conditions that exist in the deregulated market. On the technology side, this generally involves driving our development using new technology, primarily the development of remotely operated towers."

***What challenges is the aviation industry faced with?***

"Travellers are the engine of our industry and it is the speed of air travel and the low ticket prices that make flying so attractive. The airlines have been quick to respond to new circumstances and to refine and improve their offerings. They will continue to do so. Air navigation service providers around Europe are at the beginning of the journey that airlines and airports began some time ago. We therefore have to develop along with the changing industry."

***LFV will begin operating the remotely operated tower in Örnköldsvik in spring 2015. What happens then?***

"There is a great deal of interest from the market, both in Sweden and abroad. We hope to be able to continue developing the Remote Tower Centre in Sundsvall. We will also be building a position for remotely operating the current tower in Sundsvall."

***Why is research and innovation an important part of the work of LFV?***

"R&I is closely linked to our work and is one of our missions as set out in the letter of appropriations from the Swedish Government. We allocate resources to R&I at the national level, but we are also very active in the European develop-

ment programme SESAR and in our cooperation project COOPANS, together with four other air navigation service providers in Denmark, Ireland, Croatia and Austria."

***You want to develop LFV's business logic. How?***

"We have identified five different customer groups, namely Swedavia, the competitive market for towers, the Swedish Armed Forces, en-route operations and the international market. Each customer group has its own business logic and we have to be able to meet them and their needs in the best possible way."

***What does the future hold for LFV's commitments in Europe?***

"We are actively committed to those areas that are important to our customers. Our European commitments have to provide the greatest possible benefit. In order to achieve this, we will be investing in European cooperation through COOPANS."

***How can Swedish-Danish cooperation be developed?***

"Our cooperation with Navair in Denmark is an important aspect of our European commitments. When we began joint air traffic services with Navair in 2012, we were the first in Europe and we will gain even more from this good cooperation in future."

Finally, a big thank you to all my colleagues at LFV, our customers and partners for last year.



**Olle Sundin,  
Director General**





## Air Traffic Increased in 2014

The number of movements in Swedish airspace increased in 2014 to about 705,000 (694,000), an increase of 1.5% compared with 2013. This increase, and the fact that the number of passengers rose, demonstrates that aviation is important to Sweden and the Swedish population.

All three categories of traffic – domestic, overflights and international – developed positively in 2014. The most positive development was seen in domestic traffic. The increase was 2%, amounting to 152,000 movements (149,000).

Overflights increased by about 2% to 295,000 movements (290,000). Overflights are movements that do not take off or land in Sweden, with the volume being dependent on the traffic between Asia and Europe. Overflights comprised 42% of the total number of movements in Swedish airspace.

International traffic had the lowest increase rate. The increase was 1%, amounting to 258,000 movements (255,000). Demand for international travel has remained high in Sweden, despite the rate of increase subsiding.

Higher passenger load factors and larger aircraft explain why the number of movements increased less than the number of passengers. The number of passengers at Swedavia's ten airports increased by 7% in 2014, to 35.6 million. The number of international passengers increased by 5%, while the number of domestic passengers increase by 15%.

Air traffic in Europe as a whole increased by about 2% in 2014. Air traffic is increasing in the majority of European countries. There have been positive developments in traffic figures in all of our neighbouring countries. The greatest increases in traffic have been seen in Finland and the Baltic states. Reductions in traffic figures have primarily occurred in countries such as Ukraine and neighbouring countries.

Globally, IATA reports an increase of 6% in 2014.

Traffic is increasing in Asia, South America, the Middle East and Africa. Countries continuing to show strong growth in

traffic include China, India and Brazil. A growing middle class wants to fly. It is positive that the price of aviation fuel has decreased and is not expected to increase in the short term.

Economic developments in Europe make it hard to predict the conditions affecting air traffic in Swedish airspace. The most likely scenario is that traffic continues to increase, but with a relatively weak growth rate in the future. LfV anticipates growth of 2.0% in 2015 and an average annual increase in movements of 1.1% up to and including 2019.

### Local air traffic services

The market for local air traffic services, the services run from the airport towers, was completely deregulated in 2010. Last year, the Riksdag decided to partly re-regulate this market, which means that LfV is solely responsible for air traffic services at Swedavia's airports and the Swedish Armed Forces air bases.

In addition to air traffic control, LfV also provides technical services and information services.

Since deregulation began in 2010, the long-standing co-operation and partnership between LfV and the Swedish Armed Forces has been deepened and clarified in order to meet market expectations. One example of this is that LfV and the Swedish Armed Forces have provided free training to air traffic controllers from ACR in accordance with the military requirements for Sweden and Swedish airports.

Alongside the Swedish Armed Forces, Swedavia continues to be LfV's biggest customer on the airport side and this cooperation has been expanded and reinforced in 2014, for example within the scope of SESAR.



## Traffic and business in 2014

- There were around 705,000 movements in Swedish airspace.
- All three categories of traffic increased.
- Overflights made up 42% of all movements.
- LfV is one of two operators in the competitive Swedish market for local air traffic services.
- LfV has a long-standing cooperation and partnership with the Swedish Armed Forces.
- Swedavia remains LfV's biggest customer on the airport side.
- In October, LfV received operational approval from the Swedish Transport Agency for a remotely operated tower at Örnköldsvik Airport.
- Sweden's route charge was just under EUR 74.
- IATA International Air Transport Organisation. Cooperation organisation for airlines.
- SESAR Single European Sky ATM Research. EU initiative to improve the efficiency of air traffic services.

## Remotely operated towers

What started almost ten years ago as an idea and a vision of a paradigm shift in air traffic control, became a reality through close cooperation between LfV and Saab. LfV drew up and developed the operational concepts, while Saab developed the technical solutions.

LfV received operational approval for remotely operated towers from the Swedish Transport Agency on 31 October. Örnköldsvik Airport will become the first airport in the world where traffic is managed remotely. With that, LfV is writing Swedish industrial history.

The operational approval means that we have passed a decisive milestone on the road towards commissioning. The goal is for this to take place in spring 2015.

Remotely operated towers are a technical and operational breakthrough for LfV. We maintain the high level of safety and airports will be able to offer more efficient services and avoid future costly investments.

The national approval provided by the Swedish Transport Agency may also become internationally accepted. This means that the time it takes to go through the validation process in each country where remotely operated towers are set up can be decreased.

## Remotely operated towers – how do they work?

Cameras and sensors are placed at the airport and everything they register is linked in real time to the air traffic control centre and projected in a 360 degree view. Air traf-

fic management takes place via the air traffic control centre where controllers control and manage traffic.

The benefits of remotely operated towers:

- Cost-efficient air traffic control.
- Opportunity for airports with low traffic intensities.
- An alternative to building new towers or renovating existing towers.
- Flexible opening hours that meet the needs of customers.
- Easy to upgrade the operational level from AFIS to ATC.
- New technology increased the level of safety.
- Backup solutions and the opportunity for redundancy.

## Route charges

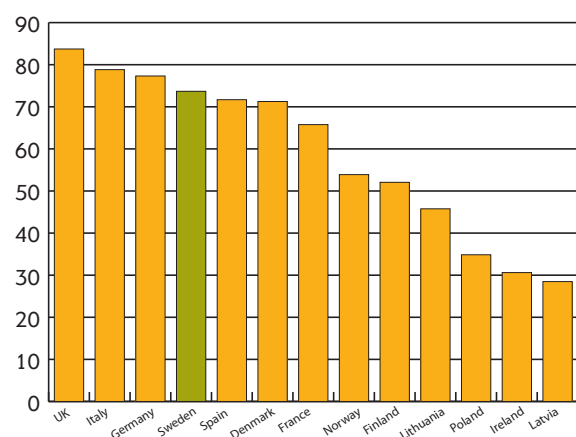
There are only minor differences in route charges in the central bloc of countries. France, Germany and Spain, Denmark and Sweden; all now charge between EUR 65.77 (France) and EUR 77.32 (Germany). The average charge among these is EUR 71.94.

The charge in Sweden is EUR 73.68, which is slightly above the average of these countries and higher than both Norway and Denmark. One of our neighbours, Poland, charges EUR 34.85. These charges are not entirely comparable as there are differences in where the line is drawn between route charges and local air traffic services.

2014 was the final year of the first period of using performance management in Europe. In 2015, Europe enters a new five-year period with requirements for further reductions in charges.

In 2015, Sweden is reducing the route charge by 4.6%. LfV's proportion of the charge is about 80%, the rest goes to the Swedish Transport Agency, ACR, the Swedish Maritime Administration and SMHI.

## Route charges in Europe – 2014 (euro/service unit)



The route charge per service unit in several European countries in 2014. The charge in Sweden was EUR 73.68, of which EUR 59.32 reflect LfV's costs. The average charge in Eurocontrol's countries was EUR 58.42. The cost of a flight is based on the distance flown in the country's airspace and the plane's weight



# High Standards of Punctuality and Safety

LFV runs local air traffic services at 23 airports in Sweden, from Kiruna in the North to Malmö in the south, and en-route air traffic management from three control centres: Stockholm, Malmö and Norrköping.

## Punctuality

99.7% of all flights in Swedish airspace in 2014 proceeded without being affected by en-route restrictions. The average delay is 2.1 seconds per flight. The EU has set a capacity target of an average delay of 4.8 seconds per flight for Swedish-Danish airspace (DK/SE FAB).

## LFV achieves aviation safety targets

LFV's aviation safety targets were achieved and the number of serious events to which the air traffic service contributed is very low.

The EU has stipulated that there may be a maximum of 1.42 en-route separation minima infringements of severity A or B per 100,000 flying hours in Swedish-Danish airspace (DK/SE FAB). The total number of flying hours amounted to just over 566,000, with 0.18 events per 100,000 flying hours in the DK/SE FAB.

LFV also has a target that there may only be a maximum of seven events classified as severity A or B to which the ATM contributed, a maximum of two of which may be A events. Over the course of the year, there were no events that have yet to be definitively classified as severity A or B. However, one event remains to be classed and this has been classified preliminarily as B.

## Safety culture

The aviation industry's high regard for safety and the systematic efforts constantly being made to exclude all conceivable risks have created a safety culture that permeates the everyday work. The safety culture, combined with stringent international regulations, has made aviation the safest form of transport. The ambition to ensure and constantly improve aviation safety is fundamental to LFV's activities.

## Separation minima infringements

There were 17 reported separation minima infringements in airspace other than en-route airspace in 2014, with LFV being considered to have contributed to 13 of these.

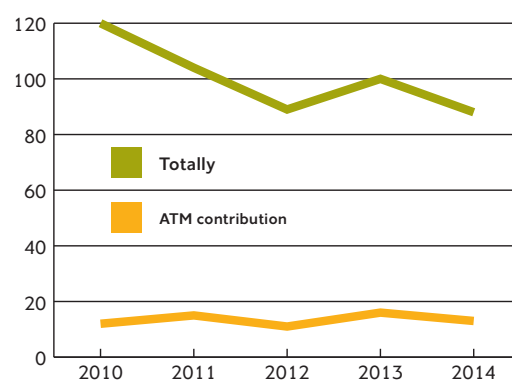
### Incidents on the runway

Measures to reduce the number of incidents on the runway continues to a priority area for LFV.

There were 88 reported incidents on the runway in 2014. In 13 cases, LFV is considered to have contributed to the event.

Over the course of the year, LFV has invited the Swedish Armed Forces, Swedavia and ACR to cooperate on starting a project that aims to reduce the risk of incidents. The intention is to spread the results of this work to other interested parties in the field of aviation.

## Reported runway incidents 2010–2014





## Reporting events

It is of the utmost importance that aviation safety events are reported in order to create the best possible conditions for improving aviation safety. All those who work in the aviation sector are obligated to report events that have affected or could have affected aviation safety, and a great range of events are reported: everything from incidents to operational disruptions. LfV has been actively working on developing its safety culture for many years. This encourages every employee to report events and weaknesses. At LfV, the willingness to report events continues to be high, which is a prerequisite for working proactively on aviation safety.

Over the course of the year, LfV, including the control centres within NUAC that work within Swedish airspace, has reported just over 3,800 events, which is about 8% fewer than the previous year. LfV's reporting encompasses both events in which we were involved and those where the cause lies outside our area of responsibility. In this way, LfV contributes to providing the Swedish Transport Agency with a reasonable image of the level of safety in the aviation system.

Serious incidents to which LfV has contributed always result in an internal investigation focusing on our role in the course of events. In addition, an investigation also takes place into other events judged to involve opportunities to develop knowledge and experience that improves the safety of the services we provide. Six investigations have taken place in 2014, compared to 12 in 2013.

In 2014, the last of the measures LfV decided to implement following the investigations into the accident on Kebnekaise in 2012 were completed. These measures included an investigation of LfV's safety culture conducted by an independent body, a review of operating handbooks and LfV's management of changes to regulations and ordinances.

## Civil/military integration

Since 1 January 2008, LfV has had complete responsibility for air traffic services for both civil and military aviation at all stages of preparedness. The air traffic service in Sweden has been integrated since the 1970s and LfV is the air traffic service provider for both civil and military aviation. Air traffic management services are provided for military aviation both at military air bases and other parts of the airspace, as the Swedish Armed Forces does not have its own air traffic service in Sweden.

- **DK/SE FAB FAB** – functional airspace block. DK/SE FAB covers Swedish and Danish airspace.
- **En route** – the part of the flight during which the aircraft is between the airports' terminal areas and is controlled from a control centre.
- **Separation minima infringement** – two aircraft are closer to one another than permitted by the regulations.

LfV has a well-developed collaboration with the Swedish Armed Forces at both the strategic and tactical levels, as well as in the operational production of air traffic services. The collaboration with the Swedish Armed Forces encompasses overall defence collaboration in the planning and implementation of preparations to deal with situations in peacetime and exercises, as well as during states of heightened preparedness and war.

## Far-reaching collaboration

Consultation encompasses practically all aspects of the air traffic service and aims to create a robust air traffic service at all stages of preparedness for both civil and military aviation. This collaboration also covers the training of LfV's air traffic controllers to ensure they have the expertise to handle military traffic and the training of the Swedish Armed Forces reserve officers in air traffic services.

There is far-reaching, complex collaboration concerning technology and systems as the common systems and technologies are cornerstones of the integrated civil-military air traffic service. Systems and technologies are largely utilised jointly and we have systems located at each other's facilities.

When it comes to civil aviation, LfV has since 2012 been a government authority with specific responsibility for emergency preparedness and states of heightened preparedness. LfV is also responsible for the role of Duty Officer and has developed contacts with the Swedish Civil Contingency Agency.

## International

LfV's international operations are based on selling our unique expertise, primarily in air traffic services and related services such as obstacle analysis, procedure construction, flight calibration and technical development.

LfV is a subcontractor of GAL (Global Aerospace Logistics) at five airports in the United Arab Emirates. In 2014, we undertook a successful project to increase capacity at Abu Dhabi International Airport. LfV enjoys a very high level of trust in terms of delivery, management and employees. The contract with GAL runs for five years and has also resulted in further work in the region.

Over the course of the year, our services were sold to the United Arab Emirates, Indonesia and Norway.

In Indonesia, LfV concluded a two-year project that aimed to support the Indonesian Ministry of Environment in planning the sustainable development of aviation in the country.

In the Norwegian market, LfV undertakes flight calibration, rents out air traffic controllers and provides technology consultants for airport development.

International operations are developing positively. There is a great deal of interest in LfV and LfV has a good reputation. Ahead of 2015, we are reviewing interesting markets for our services and building up our sales team.



## R&I and International Cooperation

The EU is driving the development of the Single European Sky (SES) in order to reform and harmonise European air traffic services. This is primarily taking place legislatively and has created a regulatory framework that affects LFV in several ways. The regulations place demands on the quality that has to be delivered by LFV. Through its involvement in COOPANS, LFV can have an impact on the development of future systems while also reducing costs, increasing the efficiency and raising the quality of air traffic services.

COOPANS is a cooperation initiative between air navigation service providers that aims to coordinate the development and implementation of a common air traffic management system and to reduce the costs of providing air traffic services. Thanks to this coordination, the collective resources of the partners can be used for all the complex activities required for the production and commissioning of new software in an air traffic management system.

The participants in COOPANS are LFV, Navair (Denmark), the Irish Aviation Authority, Austro Control (Austria) and Croatia Control. All have the same supplier of air traffic management systems. In 2014, all members of COOPANS have begun using the same version of the system, which means they are now harmonised. This is completely in line with the desire within the EU for this to take place among suppliers of air traffic management services.

A common maintenance contract for correcting the errors detected in conjunction with test prior to commissioning has been signed for 2014–2016. A study involving the French air navigation service provider DSN has been started, the aim being to work out the conditions for future cooperation and a common new version of the air traffic management system. Furthermore, a study involving the other partners in the A6 alliance is taking place in order to draw up a plan for the implementation of advanced interoperability that will replace the current coordination between air traffic control centres.

### SESAR Deployment Alliance

The modernisation of European airspace has taken a big step forwards since December when the European Commission

appointed the industry group the SESAR Deployment Alliance to reform European aviation. LFV is part of this group. For airlines and their passengers, the job given to the SESAR Deployment Alliance is a tangible and welcome step on the road towards a more efficient airspace. The overall goals are to double capacity, cut the cost of air traffic management in half and reduce the environmental impact by ten per cent.

For the airlines, a more efficient airspace means straighter routes and thus lower fuel costs, while passengers will have to spend less time in the air.

LFV is already at the forefront of increasing airspace efficiency. The airlines have been offered the use of straight routes in Swedish airspace since 2010. As of 2013, this is also possible in joint Swedish/Danish airspace, where LFV provide air traffic services together with Denmark's Navair.

### National grants for research and innovation within aviation

In 2014, the Swedish Government, via the Swedish Transport Administration's letter of appropriations, allocated about SEK 50 million for research and innovation within the field of aviation. The R&I cooperation between LFV, the Swedish Transport Administration and the Swedish Transport Agency has also intensified over the course of 2014. A national R&I steering group for aviation has been established; its role is to consult with the Swedish Transport Administration concerning decisions linked to the funding of R&I activities. LFV has a very important role in this steering group as a strategic expert in the field of aviation generally and as a specialist in the ATM domain specifically. In addition to the advisory role, LFV is also



an designated research body. Over the course of 2014, LFV conducted R&I activities with national funding worth SEK 43 million.

## International cooperation

SESAR is part of the Single European Sky (SES) project, which is a large-scale development project led by the SESAR Joint Undertaking (SJU), which is now starting deliveries (see above). These deliveries must be implemented in order to contribute to realising the benefits that are expected to result from the SES legislation. SJU's role does not cover industrialisation and implementation.

The European Commission is currently setting up a deployment manager (DM) that will be given the responsibility for taking over SESAR's deliveries and ensuring that these are implemented in Europe's air traffic management systems. The DM is being given responsibility for those elements that require a synchronised and harmonised implementation in the whole or large parts of Europe, which will ensure that the benefits are as expected.

The intention is for the DM to be financed entirely by the EU. The structure, based on existing financial instruments within the EU, is required to make the EU funds available to support the investments. The EU budget allocates EUR 3 billion as support for modernising Europe's ATM system in the period 2014–2020 (applies retroactively from 1 January 2014).

## Performance management

Over the course of 2014, the EU has been working to draw up new targets for RP 2 (Reference Period 2), covering the period 2014–2019. The EU targets have to be broken down for the functional airspace blocks with respect to capacity, aviation safety and the environment. Cost-efficiency targets will also be set for each member state. The environmental targets are concerned with the monitoring of deviations relative to the flight plan and closest route. The capacity target is expanded with a requirement for terminal monitoring at airports with over 70,000 movements per year, i.e. in Sweden, Stockholm Arlanda Airport. This is one of the factors that has led to LFV drawing up Position 2019.

### Research and innovation

- LFV cooperates with ANSPs in four other countries in order to reduce the cost of developing new systems.
- LFV is part of the industry group the SESAR Deployment Alliance, which has been assigned the role of reforming European aviation by the EU.
- Beginning in 2014, LFV is winding up its involvement in the consortium NORACON in order to coordinate European activities via COOPANS.
- LFV is a consulting partner of the Swedish Transport Administration with reference to the funding of research and innovation.
- Over the course of 2014, the EU has drawn up new targets with regard to capacity, aviation safety and the environment.

## SES II+

The EU's work to develop SES (Single European Sky) continued during 2014. However, the groundwork on what is known as SES II+ has encountered obstacles in the majority of member states.

The aim of SES II+ is to improve the competitiveness of European aviation and continue the development of the SES initiative. In concrete terms, this involves merging the four EU regulations into one and developing the EASA into the EAA (European Aviation Authority), which will reinforce the EASA's role in Europe.

## Seven policy areas within SES II+

- A requirement for institutional separation between the regulatory authority and the ANSP (air navigation service provider).
- Open up the market to competition and partnership between ANSPs with respect to support services, i.e. allowing companies other than
- ANSPs to supply these services. Member states must monitor and ensure that the most cost-efficient support provider is chosen when an ANSP draws up a business plan. When possible, FABs must also be based on partnerships between ANSPs, particularly with respect to support services and, if possible, handling several FAB support services.
- Improve the customer focus of ANSPs.
- Updating the performance scheme, in principle RP 3, from 2019 and onwards.
- The network manager is given a stronger position.
- Supervision by the EASA, Eurocontrol and other institutional bodies.
- The aim is for the SES II+ regulation to be implemented by 1 July 2017.

## ATM Master Plan/SESAR

The EU, Eurocontrol and the aviation industry cooperate under the name Single European Sky ATM Research (SESAR). Systems and components for the air traffic management system of the future are developed together with a consortium of interested parties. The EU wants to implement the results of SESAR in the period up to 2020. LFV's current involvement in ATM development comes to a close in 2016 and a new phase begins, SESAR 2020, in which LFV is participating with the partners in COOPANS. This cooperation will encompass development of Top Sky (LFV's ATM system) and development cooperation.

## Expanded straight routes

NEFRA is the name of the project that builds on a ministerial declaration and demands from the EU concerning cooperation between the ANSPs in the DK/SE FAB and NEFAB. A contract covering the joint implementation of FRA (free route airspace) over flight level 285 between the two FABs. The project has begun and it is expected that commissioning will take place in November 2015. The countries covered are Norway, Finland, Estonia, Latvia, Sweden and Denmark.



## LFV's Strategy for the Future – Position 2019

LFV has laid down strategies and goals for 2019 – Position 2019. This is a strategic direction that has been drawn up by LFV's senior management and board of directors with the input of managers and staff organisations.

Over the course of the year, an extensive effort has been undertaken and the whole organisation has been examined to see how LFV can become more efficient, reduce its costs and have an organisational structure that copes with the challenges LFV is facing. Both the organisation and the organisational structure have been carefully tested to determine the benefit to our assignment and targets. A initiative involving the exchange of expertise and adaptation has been started as a natural continuation.

By 2019, LFV will be perceived as an effective and reliable supplier, characterised by aviation safety, professionalism and proactive work on innovative solutions. The change programme will have been implemented by then and LFV will have achieved its economic targets, while a cultural change process has transformed the culture in terms of how we take responsibility for, operate and develop LFV. Aviation safety is the basis of the organisation.

Position 2019 – LFV is professional and competitive in all areas and drives the market forward with new technology.

### Basic and supplemental services

We have built up a product management structure focused on profitability, which drives the sales and development of products and services. A basic service for air traffic management is offered with a portfolio of supplemental services and tower services based largely on remotely operated towers.

In the regulated market, the basis service has to be transparent and the supplemental services clearly packaged. The relationship with our customers has to be professional in both the regulated and competitive markets. Partners and other channels are utilised to introduce new products with

the aim of achieving a wider range. By 2019, our international cooperation on development projects our R&I activities contribute to the development of the Swedish transport system and LFV's international competitiveness.

### Cultural change

Culture, values and employeeship have been identified as success factors in the ambition to equip LFV for the future. A long-range and goal-oriented cultural change process is being initiated in 2015.

### LFV's organisational structure

- Position 2019 – LFV is professional and competitive in all areas and drives the market forward with new technology.
- LFV provides air traffic services at Swedavia's airports and the Swedish Armed Forces' air bases; there is competition at other airports.
- LFV offers its customers a basic service for air traffic management with a portfolio of supplemental services.
- The number of full-time equivalent employees is 1,064.
- LFV's requirement for air traffic controllers is estimated to decrease over the course of the business plan period.
- In 2014, LFV concluded its cooperation with Linköping University concerning the training of air traffic controllers on the undergraduate programme.



LFV's organisational structure has been changed as one aspect of creating a more customer and business-oriented organisation. There is now a sales department, where we focus on sales, and another department for business development and international relations.

The ongoing streamlining continues and its results include a reduction in the number of full-time equivalent employees to 1,064 (1,084). The number of employees is 1,233m, 44% of whom are women. About half of our employees are operational air traffic controllers, with other employees representing 80 or so different posts, everything from aviation safety assessors to procedure designers and systems technicians.

The governance of NUAC has been changed and is now target-based. A special project has been implemented with the aim of realising structural changes.

The annual employee survey resulted in action plans for clarifying targets and LFV's direction, internal information and decision-making processes.

## Leaders' forum

A leaders' forum has been established, and has met twice over the course of the year, with the aim to strengthen and clarify LFV's leadership. About 100 people have participated on each occasion and these forums were used to launch Position 2019 and the change process and developing the role of leadership in the change process have been important elements.

A new channel for leadership information in the form of a digital newsletter for leaders will be sent routinely to all leaders in LFV. This year, LFV will introduce individual target contracts at relevant levels in the organisation.

## Contract negotiations

Salaries have been revised as of 1 October in accordance with the three-year contract signed for the state-owned area applying to the period 2013–2016.

## The market for air traffic controllers

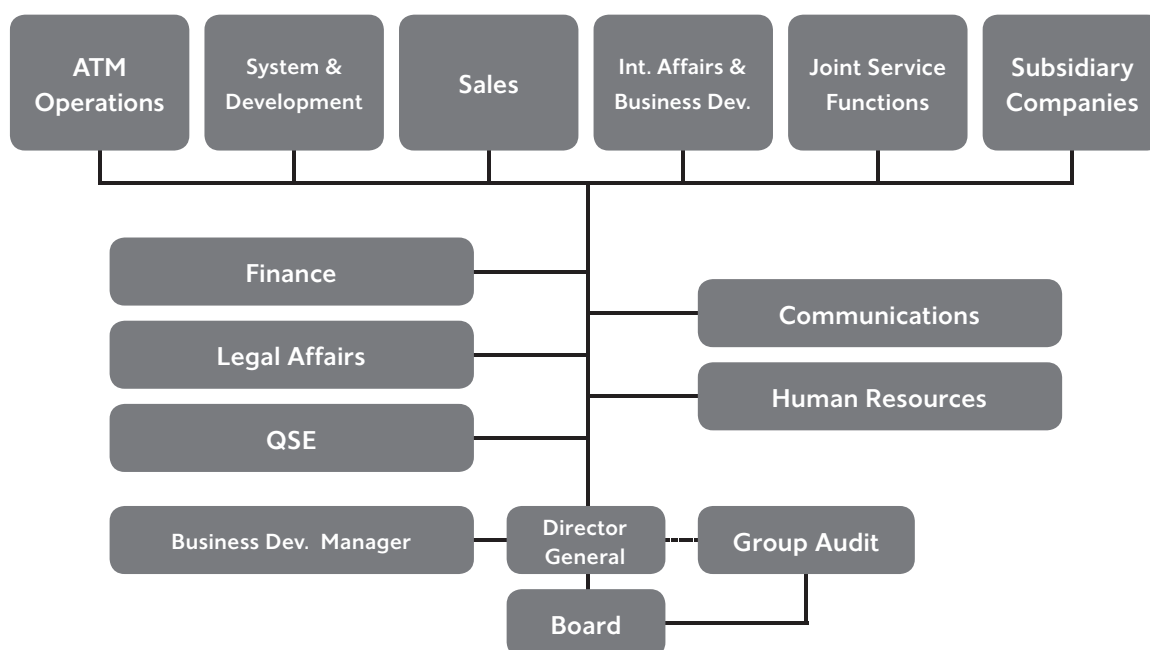
The market for air traffic services is undergoing significant change, and this has an effect on LFV's requirement for new air traffic controllers for air traffic management services in the Swedish market. Over the course of 2013 and 2014, several airports have put tower services out to tender and LFV has lost towers to competitors. At the same time, a major change process is being implemented in LFV with the aim of reducing costs, working more efficiently and adapting our organisation to the market and current conditions.

Consequently, LFV has a very low requirement with respect to the recruitment of new air traffic controllers over the course of this business plan period.

In March, LFV concluded its cooperation with Linköping University regarding the training of air traffic controllers. This decision means that, beginning in the autumn semester of 2014, it is no longer possible to begin air traffic controller training via this programme.

## The Swedish Aviation Act

When the new Aviation Act came into force in 2010, the market for local air traffic services was deregulated. In August 2014, the Act was changed so that competition would no longer cover airports owned or run by the state or by a legal entity in which the state has a decisive influence. This means that LFV alone supplied air traffic management services at the Swedish Armed Forces' air bases and Swedavia AB's airports.





# Active Environmental Management

LFV undertakes active environmental management, both in its own activities and by creating good conditions for its customers to reduce their own environmental impact. Working to reduce energy use and carbon dioxide emissions and increase the use of renewable energy is now a necessity from both social and economic angles and in order to be an attractive partner, supplier and employer.

LFV has chosen to certify its management system in accordance with ISO 14001. The environmental management system encompasses the public enterprise LFV and LFV Aviation Consulting.

## LFV's environmental areas

LFV has three areas with an environmental impact:

- emissions resulting from the delivery of operational air traffic services,
- emission from business travel,
- emissions from energy use.

CANSO, an international cooperative organisation for air traffic management issues, has calculated that the impact of air traffic services is about 6% of total emissions from aviation. LFV's method of operational air traffic management can reduce its use of fossil fuels with a resulting reduction in emissions of greenhouse gases into the atmosphere.

LFV's goal is to contribute changes that reduce its emissions by 1,000 tonnes of carbon dioxide each year. In 2014, what

is known as harmonised descent speed was implemented for the airports in western Sweden, reducing annual emissions of carbon dioxide by 800 tonnes. Harmonised descent speed means that the speed of the aircraft is reduced and more consistent during the final phase prior to landing. In 2014, LFV's activities contributed to emissions reductions of 1,185 tonnes of carbon dioxide in this area.

## Activities to reduce emissions from operational activities

LFV is working to develop airspaces, procedures and systems support that create better conditions for reducing emissions from aviation in Sweden. In 2014, advanced approach techniques have been permanently implemented for Gothenburg Landvetter Airport, where approaches using these techniques save 250 kg of carbon dioxide, compared with a normal approach. This type of approach has also been implemented for one of three runways at Stockholm Arlanda Airport.

LFV and Swedavia are working together at Arlanda to develop a system and working practices that will reduce the queues on the taxiways. By allowing departing aircraft to taxi out to the runway at exactly the right time for their take-off, idling can be minimised and large quantities of fuel can be saved.

LFV is training its air traffic controllers in fuel management, or eco-driving in the air. This involves learning about how this relates to reduced fuel consumption. The training is focused on tangible models and tangible examples. In 2014, LFV has achieved the target of training 100 air traffic controllers in fuel management.

EMISSION FACTS			
Type of journey	Emissions in kg CO <sub>2</sub> 2013	Emissions in kg CO <sub>2</sub> 2014	Increase/Decrease
Flights less than 500 km	26 296	22 680	- 13,75 %
Flights more than 500 km	635 117	596 403	- 6.1 %
Car journeys	178 678	126 624	- 29 %
Train journeys	1,67	2,84	+ 70 %
<b>Total</b>	<b>840 093</b>	<b>745 709</b>	<b>-11,2 %</b>



For many years, LfV has supported airports as an expert witness in their environmental cases on issues concerning air traffic services. This has involved such things as working together with airports to find air traffic solutions that may create the conditions for reducing emissions without increasing the number of residents exposed to noise levels that exceed guidelines. The judgement in the Land and Environment Court of Appeal in favour of Stockholm Arlanda Airport may mean that new solutions can be implemented to provide the conditions under which emissions can be reduced.

## Activities for reducing emissions from travel

What has made the greatest contribution to reducing emissions domestically is an explicit focus on reducing travel and using interactive meeting formats instead.

LfV's policy is to choose eco-cars when hiring cars. In 2014, about 75% of the cars we hired have been eco-cars. The goal of 100% has not been achieved, mainly because the definition of eco-cars was changed, but also because the car hire firms have not renewed their fleets and, in some cases, because there have not been any eco-cars.

## Energy use

LfV uses energy for operating and heating premises that it owns or rents. In addition, a large proportion of the energy used is utilised in operating the operational systems we use for air traffic management.

LfV's target was to reduce energy use by 2% in 2014. This target was not achieved, as energy use increased by 5%. Premises in the buildings that LfV rents, where we are not in charge of the energy use ourselves, were entirely responsible for this increase.

LfV used 100% green electricity in 2014.

## Activities for reducing energy use

Over the course of the year, LfV has undertaken a number of activities aimed at reducing its energy use, for example:

- Installation of more efficient boilers that use less energy at Arlanda ATCC.
- Energy analysis of the buildings at Sturup in order to identify possible future reductions in energy use.
- Closure of the ventilation in buildings that are oversized for the activities currently taking place there.

We have also signed a contract for a new head office in order to get a more appropriate amount of space. The procurement process included requirements relating to the energy use of the premises. This will reduce our energy use next year.

## Environmental organisation

The Director General is ultimately responsible for LfV's environmental management. Under the Director General there is an environmental manager who is responsible for design-



ing the group's environmental management system that is certified in accordance with ISO 14001, and a Manager Green ATM who is working on improvements concerning indirect emissions from air traffic.

## Training and knowledge

LFV's activities consist of providing air traffic management services and it is through the decisions and mental activities of individuals in the organisation that progress is made on environmental issues. LFV has a four-stage environmental training programme for all employees.

### 1. LFV Introduction Management System

Basic information about LFV's quality and environmental management system. The target group is all members of staff in LFV and those who are working at LFV as part of projects. Undertaken when staff are employed.

### 2. The environmental impact of aviation

Basic information about the environmental impact of aviation and LFV's environmental management programme. Is obligatory for all employees and repeated every other year with a test that has to be passed. New employees take the course when first joining the organisation.

### 3. LFV environmental management system supplemental

Provides information/knowledge about relevant environmental legislation, the environmental impact of aviation, significant environmental aspects and what the concept environmental management system means to them in their role as (operational) manager. The target group is LFV managers.

### 4. Fuel Management or Eco-driving in the Air

See page 12 under Activities to reduce emissions from operational activities.

## LFV's climate compensation

When the measures implemented to minimise LFV's emissions from its own activities are not sufficient to achieve climate neutrality, LFV buys certificates from projects that aim to create emissions reductions in developing countries. These projects also contribute to social and economic development. Certificates are purchased in amounts equivalent to emissions generated by LFV's activities. This takes place through a collaboration with Tricorona Climate Partner. The reduction units are of the CER (certified emission reduction) type from CDM (Clean Development Mechanism) projects.

## Environment

- LFV's environmental impact is direct (its own emissions) and indirect (air traffic services).
- Air traffic services' impact on the total emissions of aviation is estimated at 6%.
- LFV has certified its environmental management system in accordance with ISO 14001.
- LFV's goal is to reduce its emissions by 1,000 tonnes of carbon dioxide each year.
- New approach procedures for Gothenburg Landvetter Airport save 250 kg of carbon dioxide per approach.
- LFV will train 100 air traffic controllers in fuel management each year.
- LFV used 100% green electricity in 2014.









# Finances

## Income Statement with Comments

Profit after financial revenue and expenses amounts to SEK 82 million (95). Both revenue and expenses are significantly lower than the previous year as the year includes extensive changes linked to LFV's pension liability and associated fee changes. There has also been a negative impact on the year's profit caused by a SEK 78 million write-down of fixed assets.

The profit is in line with that of the previous year, at the same time as the EU targets concerning cost reductions in en-route activities have been achieved.

### Operating revenue

Operating revenue amounts to SEK 2,580 million (3,093), a decrease of SEK 513 million.

The revenue mainly comprises remuneration for en-route air traffic services, route charges. Beginning in 2012, the EU mandated, performance-based pricing has been in place, which means that route charges are set in advance for a reference period (the first covering the years 2012–2014). The ANSP carries the risk of discrepancies in terms of costs, traffic volumes, etc. However, compensation is payable for so-called uncontrollable costs (changes in the calculation basis for pension liabilities) and partly for large changes in traffic volume. Revenues for both this year and the previous year include large changes relating to provisions for uncontrollable costs. In the previous year, there was an increase in revenues relating to increased pension costs, while the year's revenues included a large reduction due to a reduction in pension costs because of the positive effects of interest. The net effect of this was a book reduction in revenue of just over SEK 350 million. In addition, the route charge was reduced by 3.6% on 1 January 2014. Because inflation has been lower than was originally assumed, there is also a lower index-linked rise in the charge and a further reduction

in revenue. Despite an increase in traffic in 2014, what this means is a total reduction in route charges of SEK 480 million between 2013 and 2014.

Revenue from tower services at the airports where LFV operates has also decreased compared with the previous year. To a certain extent, this is due to lower revenues from the cost-based terminal charges applied at Stockholm Arlanda and Gothenburg Landvetter airports, but it is also due to LFV running tower activities at fewer airports than in 2013. On 1 January 2014, operations at five towers was transferred to another operator.

Commercial export activities have developed well. LFV's contract with GAL in the United Arab Emirates has contributed to increase turnover and improved profit.

Operating revenue also includes the increased grant LFV obtained in 2014 for continued and improved work on research and innovation.

### Operating expenses

Operating expenses amount to SEK 2,862 million (3,016), i.e. a reduction of SEK 154 million. The previous year included a reserved doubtful debt of SEK 89 million towards Eurocontrol (the doubt concerning the financing of uncon-



trollable costs). A lower volume of staff (mainly due to the five towers transferred to ACR) and lower pension costs are the other main causes of the reduction in expenses.

Work on LFV's long-term direction "Position 2019" and the change programme to permanently reduce LFV's costs by SEK 350 million has continued and been intensified. Over the course of the year, a thorough review of activities within LFV has been undertaken with the aim of streamlining the organisation, reducing costs and strengthening LFV's competitiveness. This work has been undertaken using LFV's own resources as well as the support of external consultants. Savings have been identified in several areas and, in some cases, also involved provisions for staff reductions and other long-term cost-saving measures. However, measures have already had an impact and costs have been successfully reduced in several areas, for example systems maintenance and travel costs.

Items that had temporarily had a negative impact on costs consist of the review and adjustment of the value of certain fixed assets, resulting in shortened depreciation periods and write-downs totalling SEK 78 million.

### Financial revenue and expenses

The sum of financial revenue and expenses amounted to SEK 359 million (16). LFV's financial income and expenses essentially consist of pension liability effects and earnings from LFV's liquid assets.

In autumn, the National Government Employee Pensions Board (SPV) set the interest rate level for the real interest rate that affects the size of the pension liability at 0.8%, an increase of 0.3 per centage points. At the same time, the deduction for yield tax was reduced by 0.1 per centage points. Even without changes to the effects of interest, the year's pension costs are lower than the previous year due to changes to the volume and composition of staff. These changes combined reduce LFV's pension costs by about SEK 436 million, divided into financial income and expenses of SEK 353 million and staff costs reduced by SEK 83 million.

As a result of the low interest rates, interest income from LFV's liquid assets, despite increased assets, decreased by about SEK 10 million, compared with the previous year.

### LFV Holding AB

Group profits include profits from subsidiaries and associated companies collected into the holding company LFV Holding AB. LFV Holding was formed in 1995 to coordinate and administer LFV's commercial activities. LFV Holding consists of the parent company, the wholly owned subsidiary LFV Aviation Consulting AB and LFV's holdings in the associated companies Entry Point North AB (25%) and NUAC HB (50%).

The holding unit turned over SEK 70 million and the profit after financial income and expenses was SEK 24 million (0).



INCOME STATEMENT (SEK MILLIONS)	NOTE	GROUP		PUBL. ENTERPRISE	
		2014	2013	2014	2013
<b>Operating revenue</b>					
Aviation revenue	1	1 627	2 170	1 627	2 170
Other operating revenue		953	922	916	902
<b>Total operating revenue</b>		<b>2 580</b>	<b>3 093</b>	<b>2 543</b>	<b>3 072</b>
<b>Operating expenses</b>					
Staff costs	3	-1 399	-1 519	-1 389	-1 504
Various external costs	4	-1 249	-1 320	-1 239	-1 311
Depreciation and write-downs of tangible and intangible fixed assets	5	-214	-177	-214	-177
<b>Total operating expenses</b>		<b>-2 862</b>	<b>-3 016</b>	<b>-2 842</b>	<b>-2 992</b>
Income from holdings in associated companies	6	5	2	–	–
<b>Operating profit</b>		<b>-277</b>	<b>79</b>	<b>-299</b>	<b>80</b>
<b>Income from financial investments</b>					
Dividends from subsidiaries		–	–	76	–
Interest income	7	361	50	360	47
Interest expenses and similar items	8	-2	-33	-2	-33
<b>Total financial revenue and expenses</b>		<b>359</b>	<b>16</b>	<b>434</b>	<b>14</b>
Profit after financial revenue and expenses		82	95	135	94
Tax/tax equivalent on income for the period	9	-18	-21	-22	–
<b>Income for the year</b>		<b>65</b>	<b>74</b>	<b>113</b>	<b>94</b>



# Balance Sheets and Funds Statements with Comments

LFV's investments amounted to SEK 119 million (90) for the year. The largest investment, SEK 31 million, concerns a new radar facility in Stockholm TMA.

Other large investments include the continued development of COOPANS and LFV-ATN, a new network for administrative and operational systems.

## Other long-term receivables

Beginning in 2012, LFV's revenue arising from en-route activities follows a new charging model within the EU, which means that the principle of full cost recovery is replaced by a new model that distributes the risk between the air navigation service provider (ANSP) and the airlines. The conditions are set out in a national performance plan. Risk is distributed with respect to variations in the traffic forecast, with the ANSP carrying the entire risk up to a 2% variation from the forecast in the performance plan, with the ANSP carrying 30% of the risk for variations of between 2% and 10%. Exceptions are also made for uncontrollable cost increases. In the case of Sweden, changes to pension cost fall into this category.

LFV has periodised the recoverable deficits of previous years and this year; they are reported under Other long-term receivables. This year, these have decreased from SEK 588 million to SEK 52 million. Of this change, SEK 476 million concerns the allocation of risk between the ANSP and the airlines in line with the national performance plan and SEK 112 million concerns a reduction in previous years' receivables.

## Pension provisions

In October 2014, the National Government Employee Pensions Board (SPV) decided to change the calculation basis for public enterprises' obligations regarding pension provisions. The new calculation basis has a higher gross interest rate, 0.8% (0.5%), with a net interest rate of 0.3% (-0.1%). The net interest rate is the interest rate affecting the size of

the calculated liability. The new calculation basis applies from 01/01/2015, but may be applied earlier. LFV has applied this in the annual accounts for 2014.

Pension provisions for the year including payroll tax amounts to SEK 4,334 million (SEK 4,411 million), a reduction of SEK 77 million. This change corresponds to indexing and interest SEK -14 million, pension disbursements SEK -63 million, reversal of tax allocation reserve due to transfer of business SEK -13 million, changed calculation basis SEK -361 million and accrued pension benefits and other changes SEK 374 million. All amounts include payroll tax.

## Liquidity

The liquidity of the LFV group is good and amounts to SEK 3,942 million (SEK 3,325 million), incl. short-term investments, an increase of SEK 617 million. In addition, SEK 100 million (-) is invested in long-term bonds that mature in 2016.

## Dividend and tax

The year's tax equivalent amounts to SEK 18 million (SEK 21 million), of which SEK 2 million (0) concerns tax in subsidiaries. The tax equivalent is calculated in accordance with the Government's guidelines.

LFV will issue a dividend for financial year 2014 equivalent to 15% of income after tax equivalent.

## Return on equity and solidity

The Government's financial targets for LFV are that the return on equity employed amount to 4% and that the solidity equal 15% in the long-term. The return on equity after tax equivalent amounts to 8% (10%).

The solidity as of 31/12/2014 is 14% (13%).

BALANCE SHEET (SEK MILLIONS)	NOTE	GROUP		PUBL. ENTERPRISE	
		2014 31 Dec	2013 31 Dec	2014 31 Dec	2013 31 Dec
<b>ASSETS</b>					
<b>Fixed assets</b>					
Intangible fixed assets					
Licenses	10	–	–	–	–
Total intangible fixed assets		–	–	–	–
Tangible fixed assets					
Buildings	11	195	205	195	205
Electrical installations	11	24	26	24	26
Telecommunications equipment	11	726	871	726	871
Vehicles	11	12	21	12	21
Leased fixed assets	11	5	4	5	4
Fixed assets under construction	11	221	170	221	170
Total tangible fixed assets		1 183	1 298	1 183	1 298
Financial fixed assets					
Holdings in subsidiaries	12	–	–	75	75
Holdings in associated company	13	12	6	–	–
Other long-term securities	16	101	–	101	–
Other long-term receivables	14	52	588	52	588
		165	595	228	663
Total financial fixed assets					
		1 348	1 893	1 411	1 961
Total fixed assets					
<b>Current assets</b>					
Stock etc.		1	1	1	1
- Stock					
Current receivables					
Accounts receivable		85	87	74	81
Receivables from subsidiaries		–	–	15	11
Receivables from associated companies		150	154	150	154
Prepaid tax		–	0	–	–
Other receivables		88	87	86	84
Prepaid expenses and accrued income	15	257	252	238	235
Total current receivables		580	581	563	566
Short-term investments	16	543	–	543	–
Cash and bank balances		3399	3325	3312	3178
Total current assets		4523	3907	4419	3744
<b>TOTAL ASSETS</b>		<b>5 871</b>	<b>5 800</b>	<b>5 830</b>	<b>5 706</b>



BALANCE SHEET (SEK MILLIONS)	NOTE	GROUP		PUBL. ENTERPRISE	
		2014 31 Dec	2013 31 Dec	2014 31 Dec	2013 31 Dec
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Restricted equity	17				
Government equity		202	202	202	202
Restricted reserves		271	266	252	252
Total restricted capital		472	467	453	453
Unrestricted equity	17				
Profit/loss brought forward		291	221	225	131
Income for the year		65	74	113	94
Total unrestricted equity		355	296	338	225
<b>Total equity</b>		<b>827</b>	<b>763</b>	<b>791</b>	<b>678</b>
<b>Provisions</b>					
Interest-bearing provisions					
Pension provisions	18	4 334	4 411	4 334	4 411
Deferred tax liabilities	9	–	6	–	–
Non-interest-bearing provisions					
Other provisions	19	141	144	140	143
<b>Total</b>		<b>4476</b>	<b>4562</b>	<b>4475</b>	<b>4555</b>
<b>Long-term liabilities</b>					
Interest-bearing liabilities					
Liabilities to leasing companies	20	5	4	5	4
Non-interest-bearing liabilities					
Other non-interest-bearing liabilities	21	25	23	25	23
<b>Total long-term liabilities</b>		<b>30</b>	<b>27</b>	<b>30</b>	<b>27</b>
<b>Current liabilities</b>					
Non-interest-bearing liabilities					
Accounts payable		56	63	56	62
Liabilities with subsidiaries		–	–	0	2
Liabilities with associated companies		142	148	142	148
Tax liabilities		24	–	22	–
Other non-interest-bearing liabilities		128	75	128	75
Accrued costs and deferred income	22	188	163	187	159
<b>Total short-term liabilities</b>		<b>538</b>	<b>448</b>	<b>535</b>	<b>446</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5 871</b>	<b>5 800</b>	<b>5 830</b>	<b>5 706</b>
<b>Memorandum items</b>					
Contingent liabilities	23	2	3	17	18
Pledged collateral		Inga	Inga	Inga	Inga

FUNDS STATEMENTS (SEK MILLIONS)	GROUP		PUBL. ENTERPRISE	
	2014	2013	2014	2013
<b>Operations</b>				
Profit after financial revenue and expenses	82	95	135	94
Adjustments for items not included in the cash flow	219	177	214	177
	301	272	349	271
Tax equivalent	-18	-21	-22	0
<b>Cash flow from current activities before changes to working capital</b>	<b>283</b>	<b>251</b>	<b>327</b>	<b>271</b>
<b>Cash flow from changes to working capital</b>				
Change in current receivables	0	102	3	117
Change in current liabilities	2	390	9	385
<b>Cash flow from current activities</b>	<b>2</b>	<b>492</b>	<b>12</b>	<b>502</b>
<b>Investment activities</b>				
Change in tangible fixed assets	-99	-90	-99	-90
Change in financial assets	-101	-	-101	-
Change group and associated companies	-6	4	0	0
<b>Cash flow from investment activities</b>	<b>-206</b>	<b>-86</b>	<b>-200</b>	<b>-90</b>
<b>Financing activities</b>				
Change in long-term receivables	535	74	535	60
Change in long-term liabilities	3	2	3	2
<b>Cash flow from financing activities</b>	<b>538</b>	<b>76</b>	<b>538</b>	<b>62</b>
<b>CASH FLOW FOR THE YEAR</b>	<b>617</b>	<b>733</b>	<b>677</b>	<b>745</b>
Liquid assets brought forward	3 325	2 592	3 178	2 433
<b>Liquid assets carried forward</b>	<b>3 942</b>	<b>3 325</b>	<b>3 855</b>	<b>3 178</b>



# Notes

Amounts listed in SEK millions unless otherwise stated.

## NOTE 1

### Aviation revenue

	Group		Publ. Enterprise	
	2014	2013	2014	2013
Route charges	1 228	1 708	1 228	1 708
Terminal charges	97	129	97	129
Remuneration for air traffic services	303	334	303	334
	<b>1 627</b>	<b>2 170</b>	<b>1 627</b>	<b>2 170</b>

## NOTE 2

### Other operating revenue

	Group		Publ. Enterprise	
	2014	2013	2014	2013
Rent and leaseholds	15	17	15	17
Commercial services	795	826	828	850
Grants obtained	64	23	64	23
Export of services <sup>1</sup>	70	45	–	–
Other	9	11	9	11
	<b>953</b>	<b>922</b>	<b>916</b>	<b>902</b>

<sup>1</sup> LFV Aviation Consulting AB

The group companies' proportion of the public enterprise's other operating revenue, 3,4 % (2,5)

## NOTE 3

### Staff costs and information about staff, Director General, board of directors and auditors

	Group		Publ. Enterprise	
	2014	2013	2014	2013
Salaries	774	775	768	765
Social security charges	620	702	618	698
Other staff costs	5	42	4	41
	<b>1 399</b>	<b>1 519</b>	<b>1 389</b>	<b>1 504</b>
Social security costs include pension costs, including Payroll tax	373	456	372	455

### Auditor fees

	Group		Publ. Enterprise	
	2014	2013	2014	2013
Swedish National Audit Office				
– Audit	1	1	1	1
KPMG				
– Audit	1	0	–	–
– Other work	0	0	–	0
Transcendent Group	1	2	1	2
	<b>2</b>	<b>3</b>	<b>2</b>	<b>3</b>

## Salaries and remuneration (SEK millions)

	Boards of directors, Director General and managing directors		Other employees	
	2014	2013	2014	2013
Public Enterprise	2	2	766	763
Subsidiaries	0	1	6	9
Total for the group	<b>2</b>	<b>3</b>	<b>772</b>	<b>772</b>

## Salaries/fees for the Board of Directors and Director General in SEK

	Salary/fees	
	2014	2013
Sundin Olle, DG	140101-141231	1 601 615
Olson Jan, Chair	140101-141231	70 000
Hafström Marie, Director	140101-141231	45 000
Andrén Eva, Director	140101-141231	30 000
Bydén Micael, Director	140101-141231	30 000
Davidsson Johan, Director	140101-141231	30 000
Sylvander Marcela, Director	140101-141231	30 000
Nilsson, Per, Director	140701-141231	15 000
Lennartsson Peter, staff representative	140101-141231	30 530
Bredberg Anne-Marie, staff representative	140101-141231	30 000

## Absence due to illness

	Group	
	2014	2013
Total absence due to illness as a proportion of total working hours	3,01 %	2,42 %
Proportion of total absence due to illness representing continuous absence of 60 days or more	59,01 %	52,98 %
Absence due to illness distributed by gender:		
Men	1,27 %	1,37 %
Women	5,20 %	3,78 %
Absence due to illness distributed by age group:		
29 or younger	1,39 %	1,19 %
30–49	2,90 %	2,03 %
50 or over	3,54 %	3,40 %

## NOTE 4

### Various external costs

	Group		Publ. Enterprise	
	2014	2013	2014	2013
Cost of resale	46	42	8	14
Cost of property and rent	86	72	86	72
Materials, maintenance, transport	112	142	112	142
Travel costs	20	23	19	20
Outside services	917	889	948	915
Admin. costs	68	151	66	148
	<b>1 249</b>	<b>1 320</b>	<b>1 239</b>	<b>1 311</b>

The group companies' proportion of the public enterprise's diverse external costs, 0,2% (0,4)

NOTE 5				
Depreciation and write-downs				
	Group		Publ. Enterprise	
	2014	2013	2014	2013
<b>Depreciation:</b>				
Intangible assets	–	1	–	1
Buildings	13	12	13	12
Electrical installations	3	3	3	3
Telecom equipment	184	145	184	145
Vehicles, machinery, etc	10	9	10	9
Leased facilities	1	1	1	1
<b>Write-downs:</b>				
Buildings	0	–	0	–
Electrical installations	0	–	0	–
Telecom equipment	4	6	4	6
Vehicles, machinery, etc	0	–	0	–
Leased facilities	–	0	–	0
	<b>214</b>	<b>177</b>	<b>214</b>	<b>177</b>

NOTE 6				
Income from holdings in associated companies				
	Group		Publ. Enterprise	
	2014	2013	2014	2013
<b>Associated companies:</b>				
Entry Point North AB				
Holding in associated company	5	2	–	–
NUAC HB				
Holding in associated company	0	0	–	–
	<b>5</b>	<b>2</b>	<b>–</b>	<b>–</b>

NOTE 7				
Interest income				
	Group		Publ. Enterprise	
	2014	2013	2014	2013
Interest income from bank	3	5	2	3
Interest income from short-term investments	33	41	33	41
Interest income from current receivables	0	1	0	1
Interest portion of pension costs	320	–	320	–
Other	5	2	5	2
	<b>361</b>	<b>50</b>	<b>360</b>	<b>47</b>

NOTE 8				
Interest expenses and similar items				
	Group		Publ. Enterprise	
	2014	2013	2014	2013
Bank	–	0	–	–
Interest portion of pension costs	–	33	–	33
Financial leasing	0	0	0	0
Other	2	0	2	0
	<b>2</b>	<b>33</b>	<b>2</b>	<b>33</b>

NOTE 9		
Tax/tax equivalent on income for the period		
	Group	
	2014	2013
Tax equivalent for the year		
Group pre-tax profit	82	95
Deduct associated companies' contribution	-5	-2
Profit after associated companies' contribution	77	94
Reported tax for the year	-18	-21
Of which tax in subsidiaries	-2	–
Profit after tax	<b>65</b>	<b>74</b>
<b>Deferred tax claim/liability</b>		
Value brought forward	-6	14
Utilised deficit allowance; 65x22%	–	-14
Accelerated depreciation; 28x22%	6	-6
Value carried forward	<b>0</b>	<b>-6</b>

NOTE 10				
Intangible assets				
	Group		Publ. Enterprise	
	2014	2013	2014	2013
Acquisition value brought forward	17	17	17	17
Acquisitions for the year	–	–	–	–
<b>Acquisition value carried forward</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>
Depreciation and write-downs brought forward	-17	-16	-17	-16
Write-downs for the year	–	-1	–	-1
<b>Accumulated depreciation and write-downs carried forward</b>	<b>-17</b>	<b>-17</b>	<b>-17</b>	<b>-17</b>
Planned residual value carried forward	–	–	–	–

NOTE 11				
Tangible fixed assets				
Buildings				
	Group		Publ. Enterprise	
	2014	2013	2014	2013
Acquisition value brought forward	443	434	443	434
Acquisitions for the year	3	8	3	8
Sales/Disposals	-1	–	-1	–
<b>Acquisition value carried forward</b>	<b>444</b>	<b>443</b>	<b>444</b>	<b>443</b>
Depreciation and write-downs brought forward	-238	-226	-238	-226
Write-downs for the year	-13	-12	-13	-12
Depreciation for the year	0	–	0	–
Sales/Disposals	1	–	1	–
<b>Depreciation and write-downs carried forward</b>	<b>-249</b>	<b>-238</b>	<b>-249</b>	<b>-238</b>
Planned residual value carried forward	195	205	195	205

**Vehicles, machinery, etc. (Note 11)**

	Group		Publ. Enterprise	
	2014	2013	2014	2013
Acquisition value brought forward	98	97	98	97
Acquisitions for the year	0	1	0	1
Sales/disposals/transfers	-15	-	-15	-
<b>Acquisition value carried forward</b>	<b>84</b>	<b>98</b>	<b>84</b>	<b>98</b>
Depreciation and write-downs brought forward	-77	-68	-77	-68
Write-downs for the year	-10	-9	-10	-9
Depreciation for the year	0	-	0	-
Sales/disposals/transfers	15	-	15	-
<b>Accumulated depreciation and write-downs carried forward</b>	<b>-72</b>	<b>-77</b>	<b>-72</b>	<b>-77</b>
Planned residual value carried forward	12	21	12	21

**Electrical installations (Note 11)**

	Group		Publ. Enterprise	
	2014	2013	2014	2013
Acquisition value brought forward	71	70	71	70
Acquisitions for the year	1	2	1	2
Sales/disposals	-1	-	-1	-
<b>Acquisition value carried forward</b>	<b>72</b>	<b>71</b>	<b>72</b>	<b>71</b>
Depreciation and write-downs brought forward	-45	-43	-45	-43
Write-downs for the year	-3	-3	-3	-3
Depreciation for the year	0	-	0	-
Sales/disposals	1	-	1	-
<b>Accumulated depreciation and write-downs carried forward</b>	<b>-48</b>	<b>-45</b>	<b>-48</b>	<b>-45</b>
Acquisition value carried forward	24	26	24	26

**Leased fixed assets (Note 11)**

	Group		Publ. Enterprise	
	2014	2013	2014	2013
Acquisition value brought forward	7	8	7	8
Acquisitions for the year	3	2	3	2
Sales/disposals	-3	-2	-3	-2
<b>Acquisition value carried forward</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
Depreciation and write-downs brought forward	-3	-3	-3	-3
Write-downs for the year	-1	-1	-1	-1
Depreciation for the year	0	0	0	0
Sales/disposals	3	1	3	1
Other adjustments	-1	0	-1	0
<b>Accumulated depreciation and write-downs carried forward</b>	<b>-3</b>	<b>-3</b>	<b>-3</b>	<b>-3</b>
Planned residual value carried forward	5	4	5	4

**Telecommunications equipment (Note 11)**

	Group		Publ. Enterprise	
	2014	2013	2014	2013
Acquisition value brought forward	2 359	2 112	2 359	2 112
Acquisitions for the year	42	281	42	281
Sales/disposals	-346	-34	-346	-34
<b>Acquisition value carried forward</b>	<b>2 055</b>	<b>2 359</b>	<b>2 055</b>	<b>2 359</b>
Depreciation and write-downs brought forward	-1 487	-1 370	-1 487	-1 370
Write-downs for the year	-184	-145	-184	-145
Depreciation for the year	-3	-6	-3	-6
Sales/disposals	346	34	346	34
<b>Accumulated depreciation and write-downs carried forward</b>	<b>-1 328</b>	<b>-1 487</b>	<b>-1 328</b>	<b>-1 487</b>
Planned residual value carried forward	726	871	726	871

**Fixed assets under construction (Note 11)**

	Group		Publ. Enterprise	
	2014	2013	2014	2013
Acquisition value brought forward	170	374	170	374
Acquisitions for the year	132	88	132	88
Completed new assets	-46	-292	-46	-292
Depreciation	-35	0	-35	0
<b>Acquisition value carried forward</b>	<b>221</b>	<b>170</b>	<b>221</b>	<b>170</b>



## NOTE 12

### Holdings in subsidiaries

	Organisation registration number	Number of shares	percentage of share capital	Nominal value	Book value
<b>Direct holdings</b>					
Shares in group companies, public enterprise, LFV Holding AB	556374-8432	75 000	100	75	75
<b>Indirect holdings (via LFV Holding AB)</b>					
Shares in group companies, LFV Holding AB	556193-1469	3 000	100	3	–

## NOTE 13

### Holdings in associated company Specification of the public enterprise's and the group's holdings in associated companies

	Organisation registration number	Number of shares	percentage of share ca- pital	Nominal value	Share of adjusted equity	Book value	
							Group
<b>Indirect holdings (via LFV Holding AB)</b>							
– NUAC HB	969745-6433	–	50	0	0	0	–
– Entry Point North AB	556682-8272	100 000	25	25	0	11	
<b>Indirect holdings (via EPN AB)</b>							
– Entry Point Central Kft	23399583		51	118	0	0	–
				<b>143</b>		<b>12</b>	<b>–</b>

Share of profits from associated companies are reported in two items in the group's income statement. Partly pre-tax profit, partly share of the associated company's tax paid, which it reported together with the group's taxes (see Note 9).

### Holdings in associated companies

	Group		Publ. Enterprise	
	2014	2013	2014	2013
Accumulated shares of profits etc.				
At the beginning of the year	6	10	–	–
Share of associated companies' net profits for the year	5	2	–	–
Change in associated companies equity etc.	0	-6	–	–
Book value	<b>12</b>	<b>6</b>	<b>–</b>	<b>–</b>

## NOTE 14

### Other long-term receivables

	Group		Publ. Enterprise	
	2014	2013	2014	2013
At the beginning of the year	588	648	588	648
Additional items				
Settlement terminal charges	-55	12	-55	12
Settlement Eurocontrol	-481	-72	-481	-72
	<b>52</b>	<b>588</b>	<b>52</b>	<b>588</b>

## NOTE 16

### Long-term and short-term investments

	Group		Publ. Enterprise	
	2014	2013	2014	2013
<b>Short-term</b>				
Commercial paper	543	–	543	–
At year end	<b>543</b>	<b>–</b>	<b>543</b>	<b>–</b>
<b>Long-term</b>				
corporate bonds	101	–	101	–
At year end	<b>101</b>	<b>–</b>	<b>101</b>	<b>–</b>

## NOTE 15

### Prepaid expenses and accrued income

	Group		Publ. Enterprise	
	2014	2013	2014	2013
Prepaid costs	21	27	20	27
Accrued income	236	225	218	208
	<b>257</b>	<b>252</b>	<b>238</b>	<b>235</b>

## NOTE 17

### Restricted reserves and unrestricted equity

	Group		Publ. Enterprise	
	Restricted reserves	Unrestricted equity	Restricted reserves	Unrestricted equity
Sum at the beginning of the year	266	296	252	225
Changes attributable to the group's associated companies	5	–	–	–
Shift between unrestricted and restricted equity	–	-6	–	–
Profit for the year	–	65	–	113
Sum at year end	<b>271</b>	<b>355</b>	<b>252</b>	<b>338</b>

NOTE 18				
Pension provisions				
	Group		Publ. Enterprise	
	2014	2013	2014	2013
At the beginning of the year	4411	4027	4411	4027
Pension provisions for the year	361	390	361	390
Pension payments for the year	-63	-47	-63	-47
Indexing and interest	-14	41	-14	41
Change to calculation basis	-361	-	-361	-
	<b>4334</b>	<b>4411</b>	<b>4334</b>	<b>4411</b>

NOTE 19				
Other provisions				
	Group		Publ. Enterprise	
	2014	2013	2014	2013
Restructuring costs	108	108	107	108
Other provisions	34	36	33	35
	<b>141</b>	<b>144</b>	<b>140</b>	<b>143</b>

NOTE 20				
Liabilities to leasing companies				
	Group		Publ. Enterprise	
	2014	2013	2014	2013
Leasing companies	5	4	5	4

NOTE 21				
Other non-interest-bearing liabilities				
	Group		Publ. Enterprise	
	2014	2013	2014	2013
Security	25	23	25	23
	<b>25</b>	<b>23</b>	<b>25</b>	<b>23</b>

NOTE 22				
Accrued costs and deferred income				
	Group		Publ. Enterprise	
	2014	2013	2014	2013
Salaries and remuneration	-	6	-	6
Holiday pay liability	64	64	63	63
Social security contributions	44	48	44	47
Other accrued costs	69	40	68	39
Deferred income	12	4	12	4
	<b>188</b>	<b>163</b>	<b>187</b>	<b>159</b>

NOTE 23				
Contingent liabilities				
	Group		Publ. Enterprise	
	2014	2013	2014	2013
Security on pension obligations in LFV AirportCenter AB	2	3	2	3
Security for subsidiary (LFV Aviation Consulting)	0	0	15	15
	<b>2</b>	<b>3</b>	<b>17</b>	<b>18</b>

# Reporting in Accordance with the Performance Plan

In accordance with the Single European Sky (SES) legislation, performance targets have been set by the EU with respect to air traffic services for the first reference period (RP1), 2012–2014. In accordance with LfV's SES certificate,

the targets for the Danish-Swedish airspace block and LfV's results are reported in the following section.

Targets for the Danish-Swedish airspace block and LfV's results

TARGETS FOR THE DANISH-SWEDISH AIRSPACE BLOCK AND LfV'S RESULTS					
Area	KPI		2012	2013	2014
Aviation safety	Separation minima infringements <sup>1</sup>	Target	1,49	1,45	1,42
		Result LfV	0,36	0,18	0
Kapacitet	En route ATFM delay (min/flygning) <sup>2</sup>	Target	0,2	0,15	0,08
		Result LfV	0,06	0,03	0,04
Cost efficiency (Sweden)	Set charge per unit en route (price level for 2009)	Target Sweden	591,77	570,85	546,91
		Target LfV	497,59	466,62	437,78
		Result LfV	589,00 (473,04)	453,13	332,79 (403,67)

<sup>1</sup> 1 A or B events/100,000 flying hours in the ATCC-controlled airspace "Copenhagen and Sweden FIR and Malmö, Stockholm and Copenhagen TMAs".

<sup>2</sup> The number of minutes' delay caused by ATFM restriction with an en-route section of Sweden FIR, divided by the number of en-route movements, which means delays caused by the air traffic service.

**Aviation safety:** The result for 2014 is preliminary, but indicates that LfV contributed to achieving the target at the FAB level by a comfortable margin.

**Capacity:** The result for 2014 is preliminary, but indicates that LfV contributed to achieving the target at the FAB level by a comfortable margin.

**Cost efficiency:** A high result was reported for 2012 as the costs contained an "uncontrollable cost" for extra pension provisions due to a reduction in interest rates that took place in 2012. The lower result excludes uncontrollable costs. The uncontrollable costs are settled at the end of

RP1 and means that final reconciliation will only take place in 2015 at the earliest. The result for 2013 has been corrected following reconciliation with the Swedish Transport Agency. The result for 2014 is reported in the same way as in 2012. The first amount includes uncontrollable pension effects, which are positive for 2014. The amount in parentheses is clear of uncontrollable items. The result for 2014 is preliminary, but does indicate that the target has been achieved.

Over the course of 2014, LfV has participated in the Swedish Transport Agency's consultations on charges.

# Reporting in Accordance with the Letter of Appropriations

The following is a summary report of what LfV has done to ensure transport policy objectives are achieved, and of the assignments and targets in the letter of appropriations. There is also feedback in other parts of the annual report.

## Transport policy objectives

As per the Ordinance (2010:184) with instructions for LfV, we are to work to ensure that the transport policy objectives are achieved. Aviation plays an important role in making it possible for businesses and citizens in the whole country to transport passengers and cargo, both within the country and around the world. Particularly for small towns, there is

no realistic alternative to flying that can ensure quick and efficient communications.

LfV has an important role in the aviation sector. A safe, efficient and environmentally adapted air traffic service is essential to well-functioning air transport.

LfV contributes to the functional objective – which is about creating accessibility for travel and transport – by providing



safe, efficient and environmentally adapted air traffic services throughout the entire country, which is essential to the accessibility aviation provides.

LFV contributes to the consideration objective – which deals with safety, the environment and health – by offering safe air traffic services that take the environment into consideration to the greatest possible extent. The system is built to prevent LFV contributing to anyone being killed or seriously injured. By optimising routes and traffic flow, LFV contributes to reducing the environmental impact of aviation.

LFV plays an active role in the current effort to develop the European air traffic services system in a way that allows the long-range growth in air traffic to be managed while achieving the targets of improved aviation safety, reduced costs and minimised environmental impact. In 2014, LFV has achieved the EU targets set with respect to the safety, capacity and cost efficiency of air traffic services and has thus contributed to the transport policy objectives.

LFV has continued to run an active research and innovation programme that aims to develop new technologies of significance to the organisation and thus contribute to achieving long-term targets with respect to safety, efficiency and environmental adaptation. LFV is pursuing a change programme in order to improve efficiency, ensure competitiveness and reduce the unit cost of air traffic services. A more detailed account of the results of LFV's activities in 2014 can be found in other parts of the annual report.

## **Assignment in accordance with the letter of appropriations**

According to the letter of appropriations for 2014, LFV is to collaborate with and report to Vinnova within the scope of LFV's operational field concerning LFV's contribution to achieving the targets for implementation of the National Innovation Strategy. On the 27 May, LFV submitted a report concerning the monitoring of LFV's research and innovation activities in relation to the National Innovation Strategy to Vinnova. The report describes LFV's contribution to the implementation of the National Innovation Strategy. The R&I activities conducted by LFV aim to reinforce and develop structures for cooperation between educational establishments, government agencies, society as a whole, industry and research institutes in order to provide solutions for urgent global, national and local societal challenges. Concrete examples are "Green innovation in the field of aviation", "Remotely operated air traffic control towers" and sector-wide transport collaboration with other government agencies in the field of transport that aim to result in synergies and harmonisation within the area of infrastructure.

On 22 October 2013, the Swedish Accident Investigation Board (SHK) presented its report into the accident involving a Norwegian Hercules aircraft on Kebnekaise. The SHK makes some observations concerning LFV in this report.

By 2 June 2014, LFV was to have provided the Government Offices of Sweden with an account of its analysis of the

event and the action it planned to take as a result of the observations and recommendations of the SHK. In conjunction with the tertiary dialogue in May, the actions taken were reported to the Government Offices.

In parallel with the SHK investigation, which began immediately following the accident, LFV undertook an internal investigation of the event. LFV's analysis of the course of events, their cause and observations are essentially no different from those later presented by the SHK in its final report. Based on the analysis, LFV created a list of measures that was updated, while the work was ongoing, with new activities and actions and then transferred for follow-up to LFV's Aviation Safety Committee. All measures have now been implemented.

In order to obtain an independent review of the safety culture in the organisation, LFV commissioned a study by Eurocontrol to be conducted in parallel with the above activities. This was carried out in 2013 and actions based on the study's findings were introduced into LFV's Aviation Safety Plan for 2014.

In order to highlight certain areas, LFV commissioned a further independent investigation from an independent body in 2014. Results and recommendations were reported during the fourth quarter of 2014. In parallel with this, the Swedish Transport Agency conducted an investigation of the safety culture at LFV. A report will be published in the first quarter of 2015.

LFV is to provide an account of the actions it has taken or plans to take in order to introduce electronic ordering in accordance with the Government's decision in the form of the Ordinance (2003:770) concerning electronic information exchange by central government authorities. This report was to have been presented to the Government Offices by 15 June 2014. LFV submitted a report to the Government on 28 May. LFV intends to implement e-commerce in conjunction with stage 2 of the upgrade to LFV's financial system. However, work on stage 1 has been delayed due to problems arising from the system upgrade. E-commerce is expected to be implemented in the first half of 2015.

## **Targets pursuant to letter of appropriation**

LFV's financial target with respect to return on equity is that the profit after tax equivalent amount to 4% of equity. The return on equity for 2014 was 8%. LFV's profits have developed positively in 2014 as a result of some growth in traffic and a continued active effort to reduce costs. In addition, international exports have made a positive contribution.

LFV's long-range financial target with respect to solidity is that it amount to at least 15%. Solidity amounted to 14% on 31 December 2014. The reason why the target was not achieved is the large and growing pension liability. In the long-term, LFV is striving to lock in the entire pension liability, or parts of it, and pay premiums instead. It is not yet clear when or if this pension liability lock-in can be realised.

# Accounts

The Government's instructions for LFV (SFS 2010:184) state that LFV and the companies in which the state has a direct or indirect decisive influence together form a public enterprise group.

The group consists of the public enterprise, the wholly owned holding company LFV Holding AB, its wholly owned subsidiary LFV Aviation Consulting AB and the associated companies Entry Point North AB and NUAC HB, 25% and 50% of which are owned, respectively. The associated company Entry Point North AB owns 51% of Entry Point Central Kft, based in Budapest, Hungary. The remaining 49% is owned by Hungaro Control Plc, which is owned by the Hungarian State. Entry Point North also has a wholly owned subsidiary, Entry Point North Ireland Ltd.

The instructions state that LFV's primary role is to provide safe, efficient and environmentally adapted air traffic services for civil and military aviation.

Local air traffic services have been provided at 27 airports in 2014. Two control centres in Malmö and Stockholm have been responsible for air traffic management in airspace outside of the airport areas.

## Accounting principles

LFV's accounts for the public enterprise and the group are in line with the Ordinance (SFS 2000:605) concerning Annual Reports and Budget Documentation, the Swedish National Financial Management Authority's regulations and general advice and the requirement for generally accepted accounting principles as per the Bookkeeping Ordinance (2000:606). As there is no standard directly aimed at government agencies and public enterprises, LFV applies valuation rules, in the ways reported in each of the sections below, in accordance with the Swedish Accounting Standards Board's general advice concerning annual reports with accompanying guidance (K3).

LFV's subsidiaries draw up annual reports in accordance with the Annual Reports Act and generally accepted accounting principles as per K3 for limited companies.

## Format and supplementary information

Income statements, balance sheets and funds statements have been formatted in accordance with the rules that apply to public enterprises and public enterprise groups.

## Changes to accounting principles etc.

Some marginal corrections and movements have been made to the figures for 2013 in the income statements, balance sheets and funds statements.

## Group accounts

The group accounts include the public enterprise and the group companies in which the public enterprise directly or indirectly has more than half of all the votes for all of the shares or otherwise exercises a decisive influence, as well as the other companies (associated companies) in which the public enterprise has a significant influence as a result of shareholdings.

## Subsidiaries

The group accounts are drawn up in accordance with the acquisition method. The principles used for the group's reporting of deferred tax effects are described under the heading Taxes and tax equivalent.

## Associated companies

For the purposes of accounting, associated companies are those in which the public enterprise of LFV Holding AB can exercise significant influence due to holding between 20% and 50% of the votes.

Associated companies are reported in accordance with the equity method in the group accounts.

The group and the public enterprise's income statement includes sales to NUAC of SEK 705 million (SEK 711 million) and purchases from NUAC of SEK 724 million (SEK 728 million).

## General balance sheet valuation principle

If nothing else is stated below, assets, liabilities and provisions have been valued at their acquisition value.

## Fixed assets

### Tangible fixed assets

Tangible fixed assets have been valued at their acquisition value with deductions for planned depreciation. Where appropriate, write-downs are performed in the way indicated below.

Planned depreciation is calculated by periodising an asset's acquisition value in a linear fashion over the course of its assessed useful life. Depreciation begins when an asset is ready to be used for its intended purpose. When an asset includes components with different useful lives, the rules regarding what is known as component depreciation are applied. The depreciation periods are continuously reassessed in accordance with the Swedish National Financial Management Authority's (ESV) general advice.

Current investment projects are reported under the heading Fixed assets under construction. Any write-down requirements are assessed by applying the ESV's general advice, Chapter 5, Section 5, Write-downs.

### Intangible fixed assets

LFV applies the ESV's regulations and general advice concerning reporting of expenditure on development. According to these regulations, expenditure on development that meets specified requirements is set up as an intangible fixed asset. Expenditure on research may not be set up as an asset. Purchased software that has an estimated economic lifespan of more than three years is set up as an asset and reported under intangible assets with respect to administrative systems, while software in our production systems is reported under telecommunications equipment.

## Planned depreciation

Field installations	15–30 years
Buildings	15–30 years
Electrical installations	5–20 years
Telecommunications equipment	5–15 years
FMU	3–15 years
Intangible assets	3–7 years
Leased assets	3–5 years

## Leasing

Leasing is classified as either financial or operational leasing. Classification is performed by applying the ESV's general advice concerning financial leasing.

Contacts classified as financial leasing, primarily vehicles, are reported as assets and liabilities in the group balance sheet and as appropriate in the public enterprise's balance sheet with nominal acquisition value with deductions for planned depreciation.

## Stock

Stock is valued according to the principle of lowest value.

## Revenue recognition

The public enterprise applies general principles for periodised reporting. The principles applied are consistent with the Swedish Accounting Standards Board's general advice, Chapter 23 (K3), Revenue.

Subsidiaries apply the Swedish Accounting Standards Board's general advice, Chapter 23 (K3), Revenue in their revenue recognition. Consequently, the subsidiary LfV Aviation Consulting recognises revenue as a result of current consultation projects with the recommendation's rules on official assignments being applied.

## Accounts receivable

Provisions for the possible risk of losses in terms of outstanding accounts receivable have taken place following individual assessment.

## Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies have been converted using the exchange rate on the date of the balance sheet in accordance with the Swedish Financial Accounting Standards Board's general advice, Chapter 30 (K3), Exchange rates. Reporting the effects of changes to exchange rates. Where receivables and liabilities have been forward covered, they are recalculated at the forward rate.

## Provisions and contingent liabilities

LfV applies the Swedish Financial Accounting Standards Board's general advice, Chapter 21 (K3) applicable to provisions and contingent liabilities, which is consistent with Chapter 4, Section 2 of the ESV's financial administration guidelines.

Future commitments concerning employees who have obtained contracts concerning occupational pensions or partial pensions, leave of absence with salary and those who have been given notice of redundancy where a future commitment through the Swedish Job Security Foundation may be invoked are also reported under provisions. The provision contains calculated costs for salaries, social security contributions and pension obligations, including separate payroll tax.

## Pensions

As of 2003, the pension agreement PA 03 applies to government employees born in 1943 or later. Defined-benefit pensions in accordance with PA 03 apply to employees born from 1943 to 1973 or employees with an annual income of at least 7.5 times the income base amount (SEK 426,750 in 2014). The pension liability includes defined-benefit pension, survivor's pension, disability pension and temporary retirement pension for air traffic controllers aged 60–65. The defined-benefit part is adjusted upward annually with the change in the price base amount. The pension liability is calculated by the Swedish National Government Employee Pensions Board (SPV) and is based on the current interest rate in accordance with a decision by the SPV's board of directors concerning the technical grounds for calculating the pension liability. The current value of the pension liability as of 31/12/2014 has been calculated based on an interest rate of 0.8% with deductions for estimated yield tax 0.3% and overheads of 0.2% (previous year 0.50% with deductions of 0.60%). The interest rate of 0.80% is calculated by the Swedish Financial Supervisory Authority as an average of the interest rate for long-term inflation-indexed bond 1034, which matures in 2028, for the period September to September the year before and applies for the year 2015. State-owned companies may apply the new calculation basis as of 31/12/2014.

## These commitments are reported under provisions

The year's provisions for the pension liability has been written off together with the premiums paid. The interest portion of the year's

pension costs are reported under financial revenue and expenses. The interest portion includes the index-linking of pension benefits and a change to the calculation basis as a result of changed interest rate assumptions.

The pension liability includes commitments with respect to both active staff and pensioners. One hundred per cent of conditional commitments with respect to staff who have a retirement age prior to 65 are included in the liability as these pension provisions are judged to become fully utilised.

The public enterprise pays special payroll tax on pension payments. Consequently, provisions for special payroll tax have been made on the entire size of the pension liability at the end of the financial year in accordance with the ESV's general advice.

## Taxes, tax equivalent and dividend

LfV's subsidiaries pay corporation tax. LfV has no tax liability with respect to income tax, but has to hand over a sum, called tax equivalent, to the state which is equivalent to the income tax that would have been paid had the organisation been run in the form of a limited company.

The current tax equivalent for the year is calculated on the basis of the profit reported in the group accounts with deductions for fiscal arrangements equivalent to the balance sheet allocations a limited company can utilise with supplements for non-deductible items. Deductions are also made for the corporation tax that subsidiaries are paying.

The state-owned company reports liabilities regarding the calculated tax equivalent for the financial year. The final amount of tax equivalent for the year that is to be paid will be confirmed by the Government in conjunction with the ratification of LfV's annual report for 2014.

In accordance with the Swedish Financial Accounting Standards Board's general advice, Chapter 29.11–13 (K3), deferred tax on all differences between reported and fiscal value.

The equity part of the partly subsidiaries' untaxed reserves, partly the utilised part of the state-owned company's opportunity to over-depreciate facilities is included in the restricted reserves that are reported partly in the state-owned company's accounts, partly in the group accounts.

LfV pays special payroll tax on pension costs and is liable for value added tax in accordance with the Value Added Tax Act. Since 2009, LfV has not had the right to deduct VAT attributable to exercising its official authority, which refers to LfV's imposition of air traffic charges. However, LfV receives compensation for input VAT as per the Ordinance (2002:831) concerning Authorities' Rights to Compensation for Input VAT.

For 2014, LfV has to pay a dividend equivalent to 15% of its profit after tax. The final amount of the dividend will be confirmed by the Government in conjunction with the ratification of LfV's annual report for 2014.

## Other

In some cases the reported figures have been rounded off, which means that tables, graphs and calculations do not always add up.

Figures between 0 and 0.5 are reported in tables as 0. A dash indicates that there is no value.

## Profit for the year

Profit for the year after financial revenue and expenses amounts to SEK 82 million (SEK 95 million), which is SEK 13 million less than the previous year.



# Risks

The development of the aviation market affects LFV's finances. There is extensive demand for greater efficiency in order to deal with governance by performance in the charges system and competition in the market for towers. The current system for securing pension commitments in the balance sheet results in large fluctuations over time in the level of costs and profits.

## Performance plan and cost development

Beginning in 2012, a new model for route charges within the EU was introduced. This means that the principle of full cost recovery has been replaced with a model that distributes the risk between the air navigation service provider and the airlines. The conditions are set out in a performance plan. In the case of Sweden and LFV's, this involves a requirement to reduce the unit costs in real terms by just over 10% in the period 2012–2014. Consequently, route charges are reduced by the equivalent amount. A new plan has been drawn up for the period 2015–2019. This states that the costs of en-route activities in fixed prices are to be reduced by an average of 2.4% per year. Beginning in 2015, terminal charges at Stockholm Arlanda are included in the system of governance by performance.

Exceptions are made for certain cost increased due to factors that are outside the service provider's control. In the case of Sweden, changes to pension cost fall into this category. The European Commission has not yet stipulated how the uncontrollable pension costs are to be calculated.

LFV began a streamlining programme in 2009. There are extensive requirements for greater efficiency in order to deal with the new governance by performance of en-route activities and competition in the market for towers. The target for the ongoing change programme is resulting efficiency savings of an additional SEK 350 million in the period 2013–2019.

### Measures

A programme office has been set up in order to coordinate and monitor necessary efficiency measures. Responsibility for budgets and activities is delegated and the results will be monitored carefully. If the current change programme is not judged to provide the intended result, corrective measures must be taken.

## Development of the aviation market

LFV's finances are dependent on the development of the aviation market. In 2014, there has been a weakly positive development in air traffic in Sweden. In total, the number of movements in Swedish airspace increased by 1.5% in 2014, compared with 2013. In its budget for 2015, LFV has estimated that there will be a continued discreet growth in traffic. However, there is always the risk that traffic will decline.

### Measures

Track changes in traffic in the aviation market and be prepared to take action if there are negative changes.

## Opening up local air traffic services to competition

As of 1 January 2015, LFV operates local air traffic services at 23 airports. Air traffic services at airports was opened up to competition in 2010. In August 2014, a change to the Aviation Act came in to force, which means only LFV will supply air traffic control services for the airspace associated with airports that are owned or run by the State (the Swedish Armed Forces' airbases) or by a legal entity in which the State has a decisive influence (Sweden's airports). Other airports continue to be open to competition.

LFV has lost a number of procurement opportunities in the market for local air traffic services.

### Measures

The ongoing change programme has aims that include LFV becoming competitive in the markets in which it is active.

LFV can strengthen its competitiveness through the development of remotely operated towers.

## The pension liability

As a state-owned company, LFV secures the pension commitments on its balance sheet. The pension liability is recalculated annually using an interest rate that is calculated by the Swedish Financial Supervisory Authority and agreed on by the board of the SPV. This results in large variations in the cost of pensions from year to year. Taking into account current interest rates, there is a significant risk of a sharp increase in costs in 2015.

With the current system of charges, it is expected that 80% of the cost could be recovered through increased revenue from charges, while the remainder will have a direct impact on profits.

### Measures

LFV is working towards locking in the pension liability and transitioning to premium payments of pension commitments. Locking in the pension liability would alleviate the effects of the variations in interest rates caused by the current method of reporting the liability. LFV is also working to ensure that the regulations and principles concerning how

"uncontrollable pension costs" are dealt with in the system of charges are clarified. The issue of locking in the pension liability is being looked into by the Government Offices of Sweden.

## Financial risks

LFV's financial activities and financial risks are managed on the basis of a financial policy approved by the board of directors. This policy sets out the framework for the financial risk LFV may be exposed to within the area of financing, financial and operational leasing, investments and currency trading.

Interest rate risk is defined as the risk that changes to the general interest rate situation result in a negative effect on profits. Currency risk is defined as the effect on profits of a change in exchange rates. Credit risk is defined as the risk of the opposite party in a transaction not being able to fulfil their commitment.

The risk value of the financial risks are low, taking into consideration the activities being conducted and the framework set out in the financial policy.

## LFV's protection against fraud etc.

All in all, LFV is judged to be well protected against fraud, corruption, bribery and other irregularities. LFV's primary activity is regulated and monitored by the Swedish Transport Agency. LFV's organisational structure, procedural rules and delegation, regulations, instructions, processes, etc. are defined and documented. In addition, there are further documents and a digital staff handbook that contribute to clearly setting out the regulations and approach with regard to these matters. All instructions and documents are published on the intranet, which every employee has access to.

### Measures

Current information about corruption, fraud, bribery and other irregularities is published via the intranet and communicated when new employees are taken on and when managers are trained.

## Continuity risks

A project is underway to strengthen LFV's capabilities with respect to risk and continuity planning.

# Dividend Proposal

LFV has to yield a dividend of 15% of the year's profit. Profit for 2014 was SEK 65 million. It is therefore proposed that a dividend of SEK 10 million be paid. Tax for the year amounts to SEK 18 million. Tax payable amounts to SEK 21 million.

We certify that this annual report provides a true and fair picture of the organisation's profits and of its expenses, revenue and LFV's financial position.

We furthermore deem the internal control at LFV to be satisfactory.

Norrköping, 13 February 2015

**JAN OLSON**, Chair

**ANN-MARIE BREDBERG**

**EVA ANDRÉN**

**PETER LENNARTSSON**

**MARCELA SYLVANDER**

**OLLE SUNDIN**, Director General

**MICAEL BYDÉN**

**MARIE HAFSTRÖM**

**JOHAN DAVIDSON**

**PER NILSSON**

The Swedish National Audit Office's audit report concerning this annual report has been submitted in February 2015.

**STEFAN ANDERSSON**

**ANDERS TORMOD**

# Audit Report

## Report on the annual report and group accounts

In accordance with Section 5 of the Auditing of State Activities, etc. Act (2002:1022), the Swedish National Audit Office (SNAO) has audited the annual report and group accounts for LFV for 2014, dated 13/02/2015.

LFV belongs to Auditor General Claes Norgren's audit area. The audit has been carried out under the supervision of chief auditor Stefan Andersson with Anders Tormod as assignment leader.

## The senior management's responsibility for the annual report

LFV's senior management is responsible for drawing up an annual report that provides a true and fair picture in accordance with the Ordinance (2000:605) concerning Annual Reports and Budget Documentation and in accordance with instructions, letters of appropriation and other decisions concerning LFV. LFV's senior management are also responsible for ensuring there is the internal control that they deem necessary in order to draw up an annual report which does not contain material inaccuracies, regardless of whether these are due to impropriety or error.

## Auditor's responsibility

The SNAO's responsibility is to express an opinion concerning the annual report on the basis of its audit. The SNAO has carried out the audit in accordance with the International Standards of Supreme Audit Institutions (ISSAI) for financial auditing and the SNAO's instructions for auditing profit and loss accounting and other information in the annual report (RRI). The SNAO uses this when auditing the directors' report and other information in the annual report. Our responsibility pursuant to these standards involves the SNAO adhering to the requirements of professional ethics and planning and carrying out the audit in order to achieve reasonable certainty that the annual report does not contain material inaccuracies. We are independent of the LFV in accordance with the ISSAI 30 Code of Ethics and have fulfilled our commitments pursuant to these ethical rules.

The goal of our audit is to achieve reasonable certainty that the annual report in its entirety is free from material inaccuracies and to draw up an audit report that contains the SNAO's opinion. Reasonable certainty is a high level of certainty, but is no guarantee that the audit in accordance with the ISSAI and the RRI will always detect the presence of a material inaccuracy. Inaccuracies may arise due to impropriety or other errors and are considered material if they, individually or together, can reasonably be expected to

impact on the financial decision the user makes on the basis of the annual report.

As one aspect of the audit in accordance with the ISSAI, we have used professional judgement and maintained an attitude of professional scepticism when planning and implementing the audit. We have also:

- identified and assessed the risks of material inaccuracies in the annual report, regardless of whether they are due to impropriety or error, structured and conducted our audit procedures in order to manage these risks and thus obtained evidence that is sufficient and appropriate grounds for our opinion. The risk of material inaccuracies resulting from impropriety not being detected is greater than for other inaccuracies, as impropriety can involve concerted action, falsification, intentional negligence, deception or the misleading presentation of information or the evasion of internal controls.
- obtained an understanding of the internal control that is relevant for the audit in order to structure audit procedures that are appropriate in the context, but not for expressing an opinion about the effectiveness of LFV's internal controls.
- evaluated the appropriateness of the accounting principles employed and the reasonableness of estimates and assessments and related information presented by senior management in the annual report.
- evaluated the overall presentation, structure and content of the annual report, including information, and whether the annual report contains a reasonable representation of the underlying transactions and events in a way that provides a true and fair picture.
- obtained sufficient and appropriate audit evidence in terms of the financial information for LFV.

As per the RRI, we have also planned and implemented the audit in order to:

- collect sufficient and appropriate audit evidence that the material information of a financial or non-financial nature submitted in the directors' report has been drawn up with the aim of conveying, together with the other parts of the annual report, a true and fair picture of the organisation based on the regulations.
- implement procedures to ascertain that other information, which is not directly linked to the financial parts, is consistent with the other parts of the annual report and free from material errors, based on our knowledge of LFV.

Our communication with senior management has involved matters such as the planned scope and focus of the audit and significant results of the audit, including any significant



deficiencies in the internal controls identified during the audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for the SNAO's opinion below.

#### **Opinion**

In all material respects, according to the SNAO's interpretation, LFV has:

- drawn up the annual report and group accounts in accordance with the Ordinance (2000:605) concerning Annual Reports and Budget Documentation, instructions, letter of appropriation and government decrees specific to LFV.
- provided a true and fair picture of LFV and the group's financial results, financing and financial position as of 31 December 2014.
- submitted a directors' report and other information that is consistent with and supports a true and fair picture in the annual report as a whole.

### **Report concerning other legal and statutory requirements**

#### **The senior management's compliance with applicable regulation concerning the use of appropriations and revenue**

##### **The senior management's responsibility for adhering to applicable regulations concerning the use of appropriations and revenue**

LFV's senior management have to ensure that the use of and accounts concerning appropriated funds and revenue takes place in accordance with the applicable regulations and the financial terms stated in the letter of appropriation and government decisions specific to LFV.

##### **Auditor's responsibility**

Our responsibility is to audit LFV's annual report in accordance with the ISSAI and the RRI. As per our auditing standards, we have to take into account legal and regulatory compliance and any effects of material digressions from applicable regulations on the financial parts of the annual report. Our responsibility also includes reviewing whether the senior management's administration complies with the applicable regulations and specific decisions. In addition to the regulations and specific decisions that have a direct impact on the accounts, this also encompasses regulations pertaining directly to the use of funds determined by the Riksdag and the Government<sup>1</sup>. On the basis of the audit performed on the annual report, we submit an opinion concerning LFV's compliance with these regulations.

#### **Opinion**

According to the SNAO's interpretation, based on our audit of the annual report, LFV has in all material respects used appropriations and revenue in accordance with the purposes determined by the Riksdag and in compliance with the applicable regulations.

### **The senior management's assessment of internal controls**

#### **The senior management's responsibility for internal controls**

In accordance with the requirements in the Ordinance (2000:605) concerning Annual Reports and Budget Documentation, instructions, letter of appropriation and government decisions specific to LFV, LFV's senior management has provided an opinion concerning the internal controls at LFV.

#### **Auditor's responsibility**

Our responsibility is to express an opinion regarding the annual report, based on our audit. We have carried out the audit in accordance with the ISSAI and the RRI. During the planning and implementation of the audit we took into account those aspects of internal control that are relevant to how LFV draws up its annual report in order to provide a true and fair picture. Our responsibility includes conducting a review of the effectiveness of LFV's internal control. Our opinion regarding the senior management's assessment of the internal control is therefore based on the procedures we have used in order to audit the annual report and, consequently, they do not have the same certainty as an opinion based on an audit.

#### **Opinion**

Our audit of the annual report has not detected anything that would indicate that the senior management have not complied with the Internal Control Ordinance (2007:603) in their assessment of the internal control.

Chief auditor Stefan Andersson made the decision in this case. Assignment leader Anders Tormod submitted a report.

Stefan Andersson

Anders Tormod

*The Appropriations Ordinance (2011:223), the Fees Ordinance (1992:191), the Lending and Security Ordinance (2011:211), the Supply of Capital Ordinance (2011:210), the Transfer of State Real Estate Ordinance (1996:1190), the Transfer of State Movable Assets Ordinance (1996:1191).*

# Board of Directors



## JAN OLSSON

Chair

Director since: 2013.

**Directorships:** Director of Svedab AB and Öresundsbrosortiet AS.

**Previous positions:** Senior management positions at SAS and SJ. Head of business development at SJ 2003–2012, CEO 2012.

**Education:** Economics, Stockholm University



## JOHAN DAVIDSSON

Director.

Director since: 2013.

**Current position:** Chief economist, the Swedish Pharmacy Association

**Previous positions:** Include political advisor and assistant head of coordination in the Swedish Prime Minister's Office.

**Education:** Economics, Stockholm University.



## MARIE HAFSTRÖM

Deputy chair.

Director since: 2010.

**Directorships:** Director of the Swedish Institute for the Study of Legal History. Positions on several public-sector boards and commissions of inquiry.

**Previous positions:** Several senior positions in the public sector. DG of the Swedish Coast Guard 1996–2005. DG and deputy head of the Swedish Armed Forces 2005–2008.

**Education:** LLB



## PER NILSSON

Director.

Director since: 2013.

**Current position:** Deputy Director General of Swedish Customs.

**Previous positions:** Chief of Staff at Swedish Customs, Deputy Director of the Tax and Customs Department of the Ministry of Finance.

**Education:** Economics, Linköping University.



## OLLE SUNDIN

Director General of LfV.

**Directorships:** Chair of LfV Consulting AB and LfV Holding AB. Director of LfV, Entry Point North AB, NUAC HB and the Advisory Council of SMHI.

**Previous positions:** Several senior positions at Swedavia and LfV, including Airport Director and Division Chief at Swedavia, Head of Operations at Arlanda.

**Education:** Air traffic controller, studies at Stockholm University.



## MARCELA SYLVANDER

Director.

Director since: 2013.

**Current position:** Director Group Communications, Boliden.

**Previous positions:** Ethical analyst at Robur AB, Manager Environmental Affairs at Scania AB, Desk Officer at the Ministry of the Environment.

**Education:** MSc., University of Gothenburg, EMBA, Stockholm School of Economics.



## EVA ANDRÉÉN

Director.

Director since: 2013.

**Current position:** Vice President of Procurement at Ericsson, in the senior management group of the business area Networks.

**Previous positions:** Several senior positions at Ericsson since 1995.

**Education:** Economics, Umeå University MBA, Uppsala University.



## ANN-MARIE BREDBERG

Director, staff representative.

Director since: 2010.

**Current position:** Chair of the ST union within Air Traffic Control at LfV/NUAC.

**Directorships:** Director of Entry Point North AB and NUAC HB (employees' representative).

**Education:** Air traffic controller.



## MICAEL BYDÉN

Director.

Director since: 2013.

**Current position:** Head of the Swedish Air Force.

**Previous positions:** Inspector of the Swedish Air Force/Chief of Air Force Tactics, Head of the Swedish Armed Forces Helicopter Wing, Head of the Swedish Air Force Flying School, Air Attaché in Washington, DC.

**Education:** Training programmes in the Swedish Armed Forces.



## PETER LENNARTSSON

Director, staff representative.

Director since: 2010.

**Current position:** Air traffic controller and 1st Deputy Chair of the ST union.

**Education:** Air traffic controller.

# Group Management



## **OLLE SUNDIN**

Director General of LFV.

**Directorships:** Chair of LFV Consulting AB and LFV Holding AB. Director of LFV, Entry Point North AB, NUAC HB and the Advisory Council of SMHI.

**Previous positions:** Several senior positions at Swedavia and LFV, including Airport Director and Division Chief at Swedavia, Head of Operations at Arlanda.

**Education:** Air traffic controller, studies at Stockholm University.



## **ELISABETH LINDGREN**

Director of Communications.

**Directorships:** Director of Svenskt Flyg, Magelungen AB, Svenska Cykelförbundet, Saltsjöbadens Teater.

**Previous positions:** Director of Sales and Marketing at SJ, Director of Communications at SJ and Lernia, senior positions at Swedbank.

**Education:** Market economist, IHM, Bachelor of Philosophy, Linköping University, EMBA, Stockholm School of Economics.



## **MIKAEL LARSSON**

Deputy Director General and Finance Director.

**Employed by LFV since:** 1991.

**Directorships:** Director of LFV Holding AB, LFV Aviation AB and NUAC HB.

**Previous positions:** Economist at LFV.

**Education:** Economics, Örebro University



## **MARIA WALL PETRINI**

Sales Director and CEO of LFV Aviation Consulting.

**Employed by LFV since:** 2012.

**Directorships:** Chair of Swedish Aviation Group.

**Previous positions:** Head of Production at Nordwaggon AB, LFV's Head of Business Development and several senior positions at airports owned by Swedavia.

**Education:** The international economics programme at Linköping University.



## **ANNA FALCK**

Director of HR.

**Employed by LFV since:** 2012.

**Directorships:** LFV Holding AB, LFV Aviation Consulting AB and EPN AB.

**Previous positions:** Head of Administration at the Swedish National Police Board, Head of Negotiations at SAS, Head of Negotiations and Deputy CEO of Grafiska Företagens Förbund.

**Education:** LLB, Uppsala University.



## **ULF THIBBLIN**

Technical Director.

**Employed by LFV since:** 2013.

**Previous positions:** Several senior positions at Saab and Ericsson, including Director International Business Development, VP Business Development Region Europe and VP and Head of Business Development.

**Education:** Civil engineering, theoretical physics and doctor of technology at Linköping University.



## **NICLAS GUSTAVSSON**

Director of Business Development and International Relations.

**Employed by LFV since:** 1988.

**Directorships:** Director of Svenskt Flyg.

**Previous positions:** Several senior positions at LFV. Developed LFV's research and development unit and international involvement.

**Education:** Systems engineer and commercial pilot.



## **ANNA HELENA WÅHLIN**

Head of Production.

**Employed by LFV since:** 1982.

**Directorships:** Director of LFV Aviation Consulting.

**Previous positions:** Air traffic controller and supervisor at ATS Arlanda. Several senior positions at LFV.

**Education:** Air traffic controller.



## **MATHS GÖRANSSON**

Chief Legal Counsel

**Employed by LFV since:** 1994.

**Previous positions:** Associate Judge, the Scania and Blekinge Court of Appeal. Legal Counsel at LFV

**Education:** LLB, Lund University.



# Four Years at a Glance

	2014	2013	2012	2011
<b>Air traffic (thousands)</b>				
Number of movements in Swedish airspace:				
Internal	152	149	148	155
International	258	255	250	256
Overflights	295	290	291	295
Total	<b>705</b>	<b>694</b>	<b>689</b>	<b>706</b>
Number of service units (thousands)	<b>3 270</b>	<b>3 195</b>	<b>3 113</b>	<b>3 175</b>
<b>Finances (SEK millions unless otherwise stated)</b>				
Operating revenue	2 580	3 093	3 076	2 489
Profit after financial revenue and expenses	82	95	9	85
Investments	119	90	100	84
Return on equity (%)	8	10	1	14
Solidity (%)	14	13	13	15
Liquid assets	3 942	3 325	2 592	1 912
Equity	827	763	688	665
Pension liability	4 334	4 411	4 027	3 205
<b>Staff</b>				
Number of full-time equivalent employees	1 064	1 084	1 118	1 138
of which operational air traffic controllers	582	605	611	624
of which other staff	482	479	507	514
Number of employees	1 233	1 280	1 314	1 320
of which are women	543	576	578	568
of which are men	690	704	736	752
Absence due to illness (%)	3,01	2,42	2,16	2,16

## Abbreviations and Explanations

**A6.** Alliance in SESAR focusing on technological development.

**A and B events.** An international system of categorisation that is based on the event's impact on aviation safety.

**ANS.** Air navigation services.

**ANSP.** Air navigation service provider.

**ATCC.** Air traffic control centre.

**ATM.** Air traffic management.

**BOREALIS.** The Borealis Alliance is an association consisting of air navigation service providers in nine European countries: Ireland, the United Kingdom, Iceland, Denmark, Norway, Sweden, Finland, Estonia and Latvia. Operational concepts for cooperation.

**CANSO.** International cooperative organisation for air traffic management.

**COOPANS.** Cooperation between ANS. Consists of the ANSPs in Sweden, Denmark, Ireland, Austria and Croatia. Joint technological development.

**DK/SE FAB.** Common Danish-Swedish airspace. LFV and Denmark's Navair run common air traffic services in this airspace through the jointly owned company NUAC. FAB stands for functional airspace block.

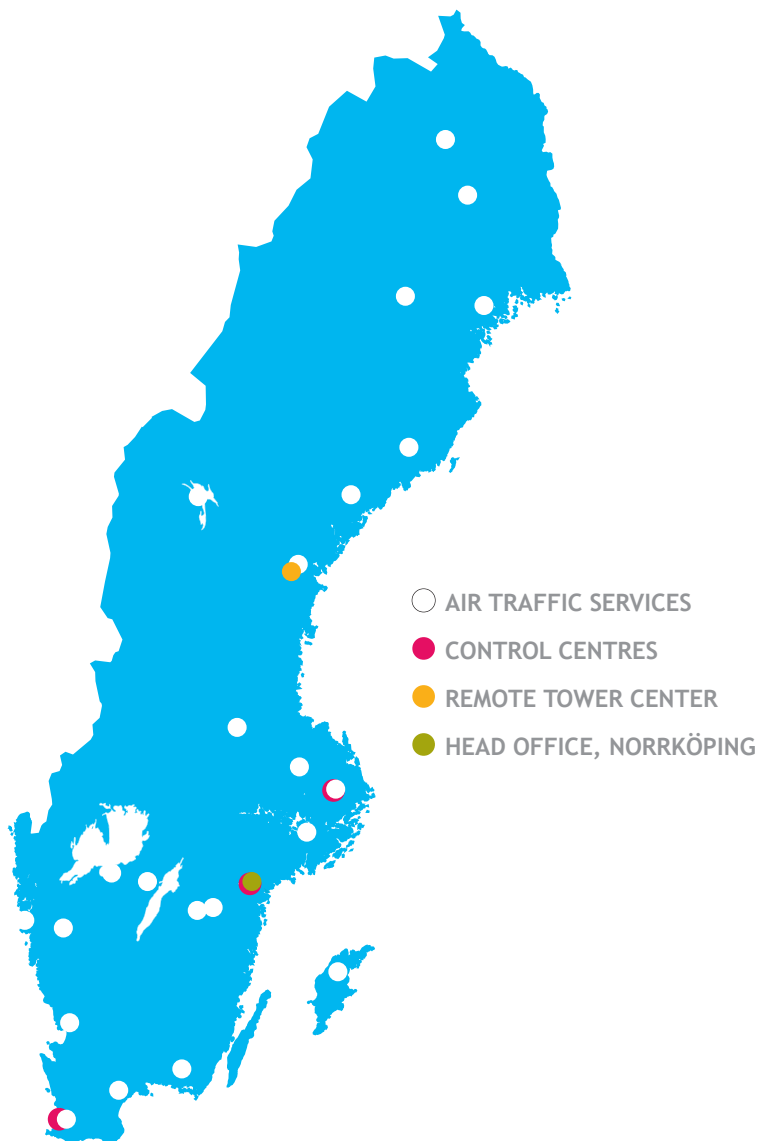
**EN ROUTE.** Flying on a section between airports. Traffic controlled from a control centre.

**SES.** Single European Sky. The EU's aspiration to reduce the number of airspaces in Europe that, with a few exceptions, are national.

**SESAR.** Single European Sky ATM Research. Joint European programme to increase the capacity of airspace while maintaining safety, reducing the environmental impact of aviation and halving the cost of air traffic services.

**RTS.** Remote tower services, remote air traffic management or remotely operated towers.

# LFV in Sweden



## AIR TRAFFIC SERVICES

Borlänge  
Gällivare  
Gothenburg City  
Gothenburg Landvetter  
Halmstad  
Karlsborg  
Kiruna  
Kristianstad  
Linköping–Malmen  
Linköping–Saab  
Luleå  
Malmö  
Ronneby  
Stockholm Arlanda  
Stockholm Bromma  
Sundsvall Timrå  
Såtenäs  
Umeå  
Uppsala  
Vidsel  
Visby  
Åre Östersund  
Örnsköldsvik

## CONTROL CENTRES

Malmö  
Stockholm  
Norrköping

Control centres are responsible for air traffic management in the airspace outside of the airport area.

## REMOTE TOWER CENTER

Sundsvall

## LFV international

**BOREALIS.** The Borealis Alliance is an association consisting of air navigation service providers in nine European countries: Ireland, the United Kingdom, Iceland, Denmark, Norway, Sweden, Finland, Estonia and Latvia. Operational concepts for cooperation.

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**DK/SE FAB.** Common Danish-Swedish airspace. LFV and Denmark's Navair run common air traffic services in this

airspace through the jointly owned company NUAC. FAB stands for functional airspace block.

**UNITED ARAB EMIRATES.** LFV provides local air traffic services at five airports in the Emirates.

**INDONESIA.** LFV has supported the Indonesian Ministry of the Environment in planning the sustainable development of aviation in the country. This work was completed in 2014.

**NORWAY.** Flight calibration, renting out air traffic controllers, technology consultants for airport development.

**SESAR.** Single European Sky ATM Research. Joint European programme to increase the capacity of airspace while maintaining safety, reducing the environmental impact of aviation and halving the cost of air traffic services.



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**[www.lfv.se](http://www.lfv.se)**

Thanks to all employees and customers who have contributed to LFV's annual report.  
Photos: Lasse Modin cover and pages 2, 3, 6, 13 and 16. Bosse Håkansson pages 1, 4 and 15, LFV pages 8, 10, 12 and 17. The pictures have been taken at Stockholm Arlanda Airport, Gothenburg Landvetter Airport, Umeå Airport, Norrköping Airport, LFV's Remote Tower Centre in Sundsvall and LFV's control centre ATCC Stockholm.  
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