

West Atlantic - Report to bondholders Q4, 2013

The purpose of this report is to provide the West Atlantic AB (publ) bondholders with its financial position as stipulated by the bond term sheet.

All financial data is compiled from the official financial interim report Q4 2013, published 2014-02-28 on the West Atlantic Group homepage.

Definitions:

- EBITDA (adjusted): *means, in respect of the Relevant Period, the consolidated profit of the Group from ordinary activities according to the latest Financial Report(s):*
- (a) before deducting any amount of tax on profits, gains or income paid or payable by any member of the Group;*
 - (b) before deducting any Net Finance Charges;*
 - (c) not including any accrued interest owing to any member of the Group;*
 - (d) before taking into account any exceptional or extraordinary items in accordance with IFRS or GAAP, as applicable, and before taking into account any Transaction Costs;*
 - (e) not including any costs in relation to aircraft leases attributable to the time prior to the Group account financials is in accordance with IFRS;*
 - (f) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instruments which is accounted for on a hedge account basis);*
 - (g) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course of trading) and any loss or gain arising from an upward or downward revaluation of any asset;*
 - (h) after deducting the amount of any profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests;*
 - (i) plus or minus the Group's share of the profits or losses of entities which are not part of the Group; and*
 - (j) after adding back any amount attributable to the amortisation, depreciation or depletion of assets of members of the Group.*
- Financial Indebtedness: *(a) monies borrowed or raised, including Market Loans;*
- (b) the amount of any liability which would constitute a finance lease according to IFRS (a lease which in the accounts of the Group is treated as an asset and a corresponding liability), regardless if the Group account its financials in accordance with IFRS or GAAP;*
 - (c) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);*
 - (d) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;*
 - (e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account);*
 - (f) any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and*
 - (g) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a)-(f).*
- Financial Report *means the annual audited consolidated financial statements of the Group, the annual audited unconsolidated financial statements of the Issuer, the quarterly interim unaudited consolidated reports of the Group or the quarterly interim unaudited unconsolidated reports of the Issuer.*

Finance Charges:	<i>means, for the Relevant Period, the aggregate amount of the accrued interest, commission, fees, discounts, payment fees, premiums or charges and other finance payments in respect of Financial Indebtedness whether paid, payable or capitalised by any member of the Group according to the latest Financial Report(s) (calculated on a consolidated basis) without taking into account any Transaction Costs.</i>
Interest Coverage Ratio:	<i>means the ratio of EBITDA to Net Finance Charges.</i>
Net Finance Charges:	<i>means, for the Relevant Period, the Finance Charges according to the latest Financial Report(s), after deducting any interest payable for that Relevant Period to any member of the Group and any interest income relating to cash or cash equivalent investment.</i>
Net Interest Bearing Debt:	<i>means the aggregate interest bearing debt less cash and cash equivalents, including funds held on the Deposit Account and the Escrow Account, of the Group according to the latest Financial Report(s) (excluding interest bearing debt borrowed from any Group Company) in accordance with the applicable accounting principles of the Group from time to time.</i>
Relevant Period:	<i>means each period of 12 consecutive calendar months.</i>
Transaction Costs:	<i>means all fees, costs and expenses, stamp, registration and other taxes incurred by a Group Company in connection with the (i) Bond Issue and (ii) the repayment of the Corporate Loans and the loans relating to the Financed Aircraft.</i>

Financial covenants:

Maintenance Test: The Issuer shall ensure that:

- (a) the ratio of Net Interest Bearing Debt to EBITDA is not greater than:
 - (i) 5.00 during the year 2013;
 - (ii) 4.50 during the year 2014; and
 - (iii) 4.00 during the years 2015-2018; and
- (b) the Interest Coverage Ratio exceeds:
 - (i) 2.00 during the year 2013;
 - (ii) 2.25 during the year 2014; and
 - (iii) 2.50 during the years 2015-2018.

Incurrence Test: The Incurrence Test is met if:

- (a) the ratio of Net Interest Bearing Debt to EBITDA is not greater than 4.00; and
- (b) the Interest Coverage Ratio exceeds 2.50.

Calculations of Financial Covenants: The calculation of the ratio of Net Interest Bearing Debt to EBITDA in relation to the Incurrence Test shall be made as per a testing date determined by the Issuer, falling no more than one month prior to the incurrence of the new Financial Indebtedness (or payment of the Restricted Payment (as applicable)). The Net Interest Bearing Debt shall be measured on the relevant testing date so determined, but include the new Financial Indebtedness, provided it is an interest bearing obligation (however, any cash balance resulting from the incurrence of the new Financial Indebtedness shall not reduce the Net Interest Bearing Debt).

The calculation of the Interest Coverage Ratio shall be made for the Relevant Period ending on the last day of the period covered by the most recent Financial Report.

The figures for EBITDA, Finance Charges and Net Finance Charges for the Relevant Period ending on the last day of the period covered by the most recent Financial Report shall be used when calculating the Incurrence Test (and, as regards item (i) below, also when calculating the Maintenance Test), but adjusted so that:

- (i) any Aircraft-owning Company acquired or disposed of by the Group during the Relevant Period, or after the end of the Relevant Period but before the relevant testing date, shall be included or excluded (as applicable), pro forma, for the entire Relevant Period; and
- (ii) any Aircraft-owning Company to be acquired with the proceeds from new Financial Indebtedness shall be included, pro forma, for the entire Relevant Period;

provided that the pro forma adjustments for EBITDA, Finance Charges and Net Finance Charges have been confirmed by a reputable accounting firm and the Issuer has provided evidence thereof to the Bond Trustee.

West Atlantic AB (publ) Financial covenants:

All figures in SEK, thousands

EBITDA Adjusted:

	<u>FY 2013</u>
EBITDA:	107 882
Aircraft leasing costs:	39 222
Transaction costs:	13 791
EBITDA Adjusted:	160 895

Net interest bearing debt

	<u>2013-12-31</u>
Interest bearing debt:	552 922
Cash and cash eq. :	74 562
Net interest bearing debt:	478 360

Net finance charges:

	<u>FY 2013</u>
Net charges:	36 230
Net finance charges:	36 230

West Atlantic AB (publ) Q4, maintenance tests:

(a) ratio of Net Interest Bearing Debt to EBITDA (adj) = 2,973

(b) Interest Coverage Ratio = 4,441

As above West Atlantic AB (publ) fulfills the financial covenants governed by the maintenance tests as per 2013-12-31.

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Gustaf Thureborn
 President & CEO
 West Atlantic AB (publ)