

Business Review
January–September 2022

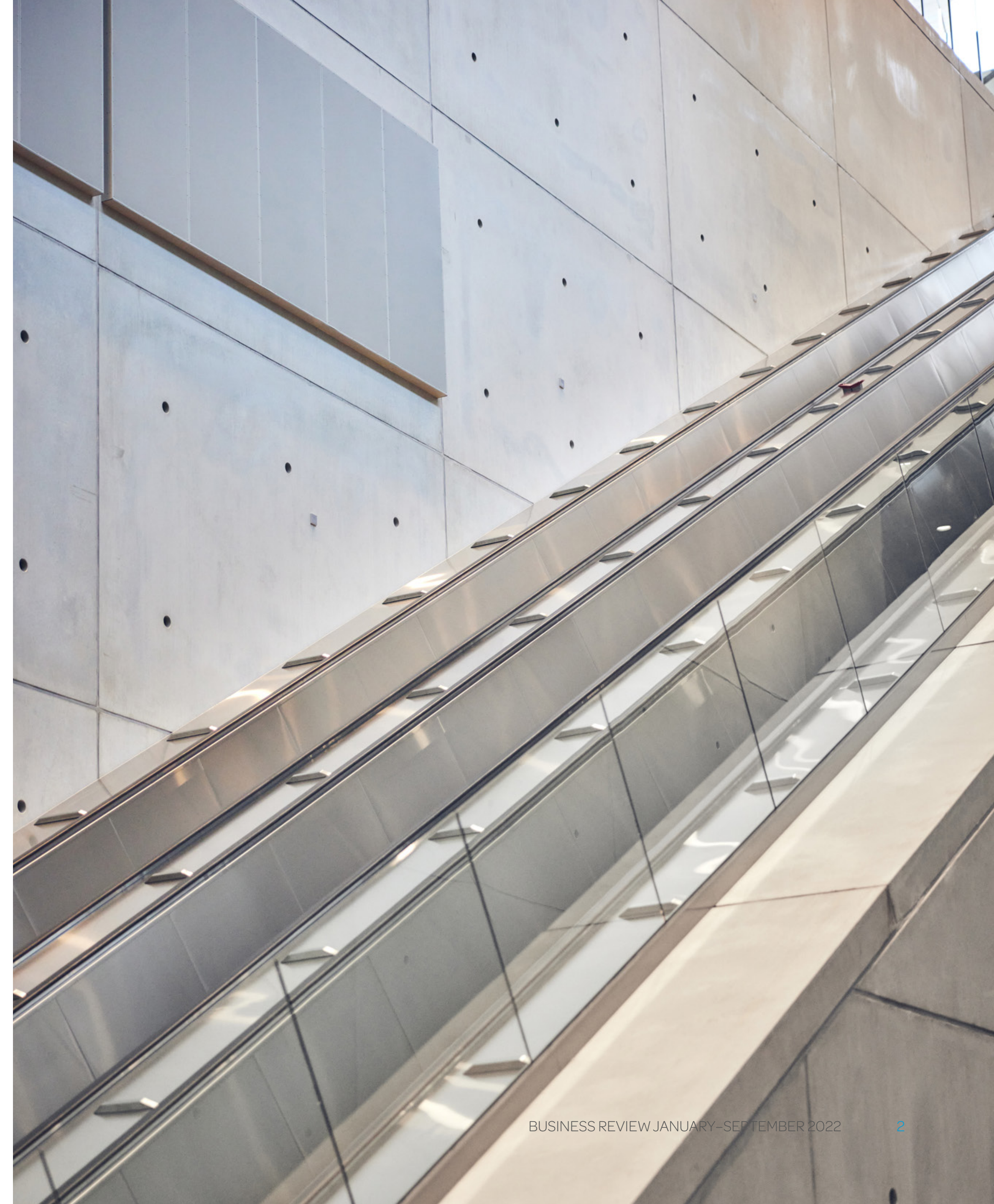
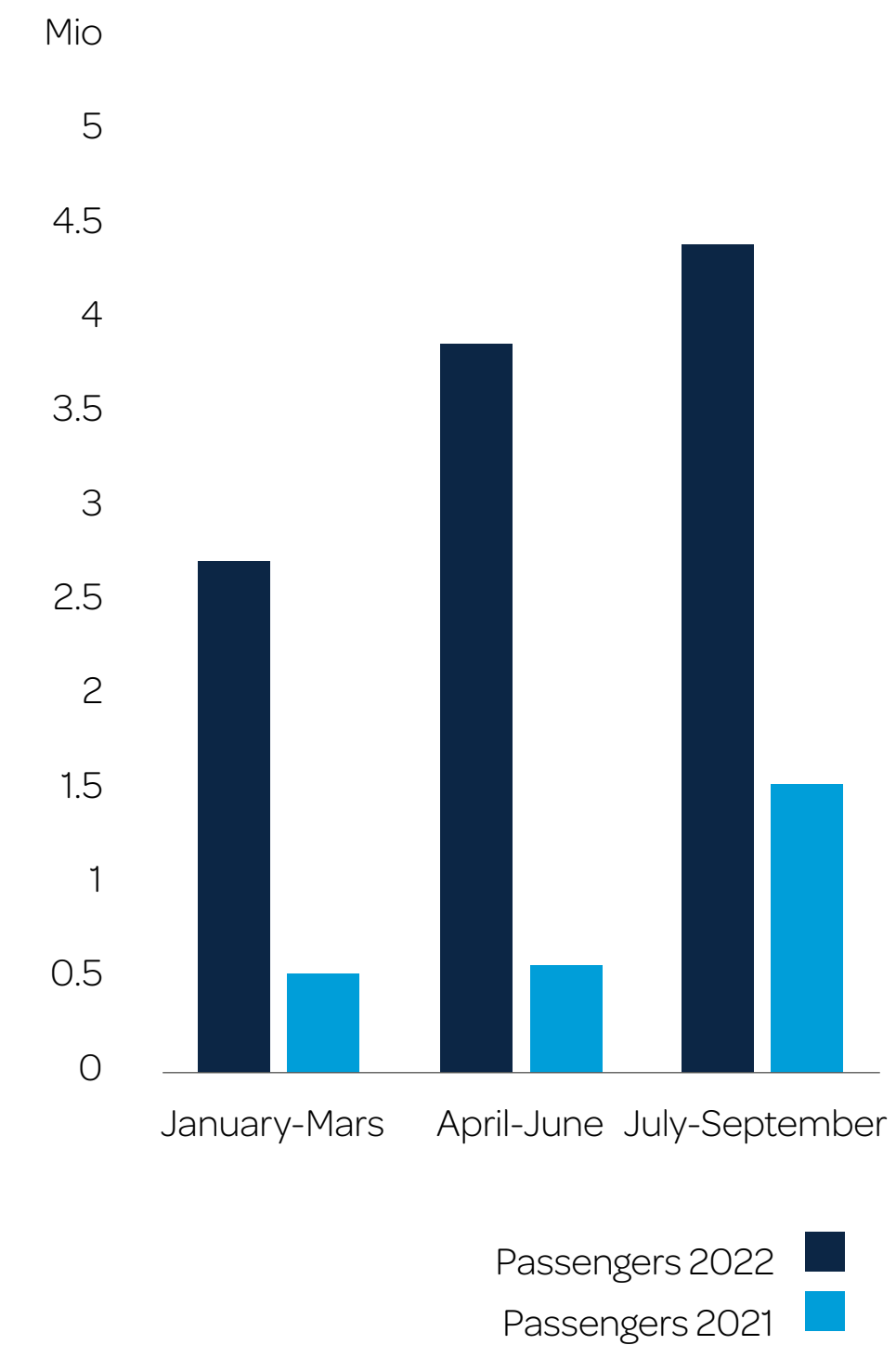
2022

January–September 2022

- The total number of passengers was 11.0 million (2.6), showing an increase of 328.8% compared to January–September 2021.
- Revenues totalled EUR 206.9 million (83.1), an increase of 149.0%.
- The operating margin before extraordinary items¹⁾ was EUR 42.3 million (-26.2), representing growth of 261.3%.
- The operating profit before extraordinary items¹⁾ was EUR -45.1 million (-102.8), an increase of 56.2%.
- Cash flow-based investments totalled EUR 83.5 million (119.0).
- Interest-bearing liabilities at the end of the review period amounted to EUR 818.2 million (716.2).
- Finavia withdrew EUR 100 million in new long-term loans during the review period.

Unless otherwise stated, the figures in brackets are from the reference period, i.e. the same period in the previous year.

Passenger volumes at Finavia's airports



Key figures

The Group's key figures	1-9/2022	1-9/2021	Change, %
Financial information			
Revenues, EUR million	206.9	83.1	149.0
Operating margin, EUR million	43.0	-27.3	257.6
Operating margin, %	20.8	-32.9	
Operating margin before extraordinary items ¹⁾ , EUR million	42.3	-26.2	261.3
Operating margin before extraordinary items, %	20.4	-31.6	
Operating result, EUR million	-44.3	-103.8	57.3
Operating result, %	-21.4	-125.0	
Operating result before extraordinary items ¹⁾ , EUR million	-45.1	-102.8	56.2
Operating result before extraordinary items ¹⁾ , %	-21.8	-123.7	
Profit for the period, EUR million	-48.2	-110.9	56.6
Return on equity, %	-9.3	-23.1	
Return on investment, %	-4.0	-9.6	
Equity ratio, %	41.7	46.8	
Cash flow-based investments, EUR million	83.5	119.0	-29.8
Net debt, EUR million	674.0	566.5	19.0
Cash at bank and in hand, EUR million	46.3	113.8	-59.3
Balance sheet total, EUR million	1,598.2	1,590.5	0.5
Other information			
Total number of passengers, million	11.0	2.6	328.8
Average number of employees (person-years)	1,783	1,270	40.5

¹⁾ Extraordinary items comprise write-downs from the Helsinki Airport development programme, the effects of new and reversed additional environmental provisions, real estate sales, other items not related to the Group's normal business activities, as well as profit and performance bonuses.





CEO Kimmo Mäki:

The growth in the number of passengers and the development of commercial business were better than expected, but the recovery of air travel in Finland was slower than elsewhere in Europe during the period of January–September 2022. Passenger volumes remained high, particularly between Finland and the rest of Europe, following the lifting of travel restrictions. The growth in the number of air passengers was faster in July–September than in the first half of the year thanks to the strong summer holiday season.

Passenger volumes in transfer travel between Europe and Asia – which is important for Finavia’s business – were still low due to Russia’s invasion of Ukraine and the subsequent closure of Russian airspace, which has forced airlines from EU countries to fly around Russian airspace on routes to Asia. The strict travel restrictions still in effect in China were also a factor in the low volumes of transfer travel.

In late September, the Finnish Government implemented a stricter policy concerning Russian citizens’ visas to Finland as part of the EU’s sanctions against Russia.

During the period January–September 2022, several airlines launched routes between Helsinki Airport and new destinations in Europe, the United States and India. New routes to international destinations were also launched at Finavia’s regional airports. At the same time, the number of domestic flights decreased.

In January–September 2022, the total number of passengers in commercial traffic at Finavia’s airports was 11.0 million (2.6), of which 8.6 million flew on international flights. The total number of passengers grew by 328.8% compared to the corresponding period in 2021. Passenger volumes were high particularly during the summer holiday season in July–August. The amount of cargo transported increased by 8% and came to 130,973 tonnes.

In January–September 2022, the total number of passengers in commercial traffic was 11.0 million.

In January–September 2022, the passenger volume at Helsinki Airport increased by 353% year-on-year and was 9.4 million (2.1). Passengers on international flights accounted for 87% of the total.

Among the other major Nordic airports, passenger volumes increased by 214% at Stockholm Arlanda, 216% in Copenhagen and 219% in Oslo compared to the corresponding period last year. The recovery of passenger volumes in January–September 2022 was relatively stronger at Helsinki Airport than at other comparable airports due to Helsinki Airport’s comparison period was weaker than the other airports.

A total of 1.6 million (0.5) passengers travelled through Finavia’s regional airports in January–September 2022. The number of passengers increased by 227.0%. The number of passengers grew on scheduled flights as well as chartered flights.

Following the expiry of state-subsidised regional air service agreements in August 2022, there were no flights from Joensuu, Jyväskylä, Kajaani, Kemi-Tornio and Kokkola-Pietarsaari airports starting from the beginning of September. The Finnish Transport and Communications Agency Traficom put the scheduled flight services up for tender, and traffic will resume in October 2022.

Finavia’s revenues increased by 149.0% during the review period and amounted to EUR 206.9 million (83.1) due to substantial growth in the number of passengers and flights. Revenues from business operations at Helsinki Airport increased by 160.0% and amounted to EUR 142.3 million. Revenues from Finavia’s network airports increased by 72.1% and came to EUR 37.1 million. Airpro’s revenues totalled EUR 45.2 million.

Finavia launched a cost-cutting programme in September 2020 with the aim of reducing operating expenses by a total of

EUR 200 million and investments by EUR 100 million by the end of 2023. By the end of September, savings of EUR 182 million had been achieved in operating expenses and EUR 68 million in investments. The cost-cutting programme progressed on schedule.

Finavia’s profitability improved in January–September 2022. The operating margin before extraordinary items improved by 261.3% and came to EUR 42.3 million (-26.2). The operating result before extraordinary items was EUR -45.1 million (-102.8) due to significant depreciation, representing an improvement of 56.2%. The operating result of the Helsinki Airport business was EUR -22.6 million. The operating result of the network business was EUR -25.2 million. The operating result of the Airpro business was EUR -2.8 million. Profitability improved year-on-year in all business areas.

During the review period, Finavia presented its new strategy for the period 2022–2025. During the next strategy period, Finavia will focus on strengthening the commitment and motivation of its personnel and growing its business in a financially sustainable manner. In the domain of human resources, Finavia will focus on the employee experience, amongst other things. The strategic priority concerning sustainable finances includes ensuring financing, minimising the losses of the regional airports and making better use of technology. Business growth will be sought in all business areas.

Helsinki Airport development programme and investments in regional airports

Finavia’s Helsinki Airport investment programme, which is worth over one billion euros and is implemented over a period of 10

Revenues and operating profit by business area in January–September 2019–2022

Revenues	1-9/2022	1-9/2021	1-9/2020	1-9/2019
Helsinki Airport, EUR million	142.3	54.8	81.9	206.7
Airport network, EUR million	37.1	21.6	30.4	49.8
Airpro, EUR million	45.2	15.8	25.5	53.2
Other/eliminations, EUR million	-17.8	-9.0	-12.0	-21.5
Group total, EUR million	206.9	83.1	125.8	288.1

Operating profit	1-9/2022	1-9/2021	1-9/2020	1-9/2019
Helsinki Airport, EUR million	-22.6	-70.1	-58.8	50.7
Airport network, EUR million	-25.2	-31.0	-25.1	-12.4
Airpro, EUR million	-2.8	-5.4	-5.2	2.3
Other/eliminations, EUR million	5.5	3.7	4.1	3.8
Group total, EUR million	-45.1	-102.8	-84.9	44.4

years, progressed faster than originally scheduled in January–September 2022. In March, Finavia introduced modern security control technology in the new departures hall that significantly improves the smoothness of travel. At the end of June, a single terminal operating model was adopted at Helsinki Airport, with all departure and arrival services located in the same building. New restaurant and retail services were also opened at the same time. Alteration work related to the final stage of the development programme continued in the departure gate area.

Finavia was able to keep the customer experience at a good level in spite of the alteration work. The Helsinki Airport Development Programme will be completed in 2023.

Finavia invested EUR 3 million in the renovation of Savonlinna Airport. The airport’s runway was resurfaced in June and energy efficiency was improved.

Finavia continued to increase the use of renewable energy and improve energy efficiency. The climate impacts of airports are largely attributable to the heating of buildings and the energy consumption of vehicles. In July–September 2022, Finavia worked on the company’s new sustainability programme that aims for broader and more ambitious sustainability efforts. The new sustainability programme will be published before the end of the year.

Financial position

Cash flow from operations amounted to EUR 34.5 million (-34.8) in January–September 2022. Cash flow after investments was EUR -52.7 million (-155.7). Cash flow-based investments totalled EUR 83.5 million (119.0).

Finavia’s liquidity was sound, with cash and cash equivalents amounting to EUR 144.3 million (149.8) at the end of the period

under review. The Group’s interest-bearing liabilities totalled EUR 818.2 million (716.2) and interest-bearing net liabilities EUR 674.0 million (566.5) at the end of the period.

During the review period, Finavia withdrew EUR 100 million in new long-term loans to finance the Helsinki Airport Development Programme. Finavia did not have any unused long-term credit facilities at the end of September. Finavia had a committed revolving credit facility of EUR 125 million, which was unused at the end of the review period. Finavia also had a EUR 250 million short-term commercial paper programme, which was unused.

Outlook for 2022

The company expects its revenues for 2022 to be substantially higher than in 2021. This expectation is based on the current view of the development of air traffic. The operating profit before extraordinary items is expected to be clearly higher than in 2021 but still unprofitable.

Due to the war started by Russia and the related airspace closure, it is likely to take years for traffic to return to the levels seen before the COVID-19 crisis. The rapid rise in interest rates and prices may have an impact on the finances of consumers and businesses, as well as costs in the aviation industry.

The business review is unaudited.

Finavia Corporation

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Calculation of key figures

Return on investment, %	$\frac{\text{Profit (loss) before year-end allocations and taxes + interest and other financial expenses}}{\text{Equity + interest-bearing financial liabilities, average of opening and closing balance}}$
Return on equity, %	$\frac{\text{Profit (loss) before year-end allocations and taxes – income taxes from operations}}{\text{Equity + minority interest, average of opening and closing balance}}$
Equity ratio, %	$\frac{\text{Equity + minority interest}}{\text{Balance sheet total – advance payments received}}$
Interest-bearing net liabilities	Interest-bearing debts – Cash and cash equivalents

The term passenger refers to a commercial aviation passenger in this business review



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