

Annual Report 2018



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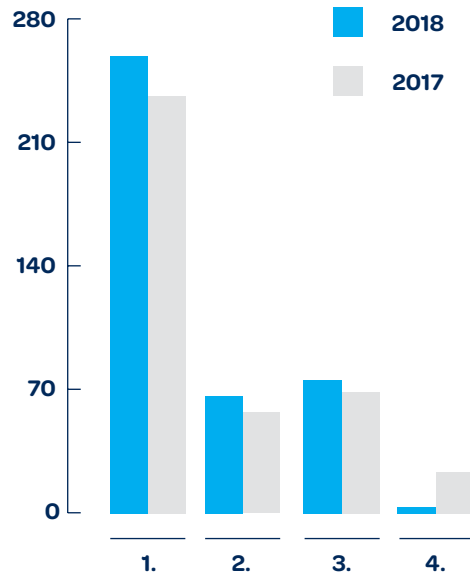


23 VALUE CREATION

Key figures



Revenue by business area 2017–2018 (MEUR)



1.
Helsinki
Airport
259.1 MEUR
Change +9.50%

2.
Airport
Network
66.6 MEUR
Change +16.30%

3.
Airpro
business*
75.5 MEUR
Change +9.50%

4.
Real estate
operations**
3.9 MEUR
Change -83.60%

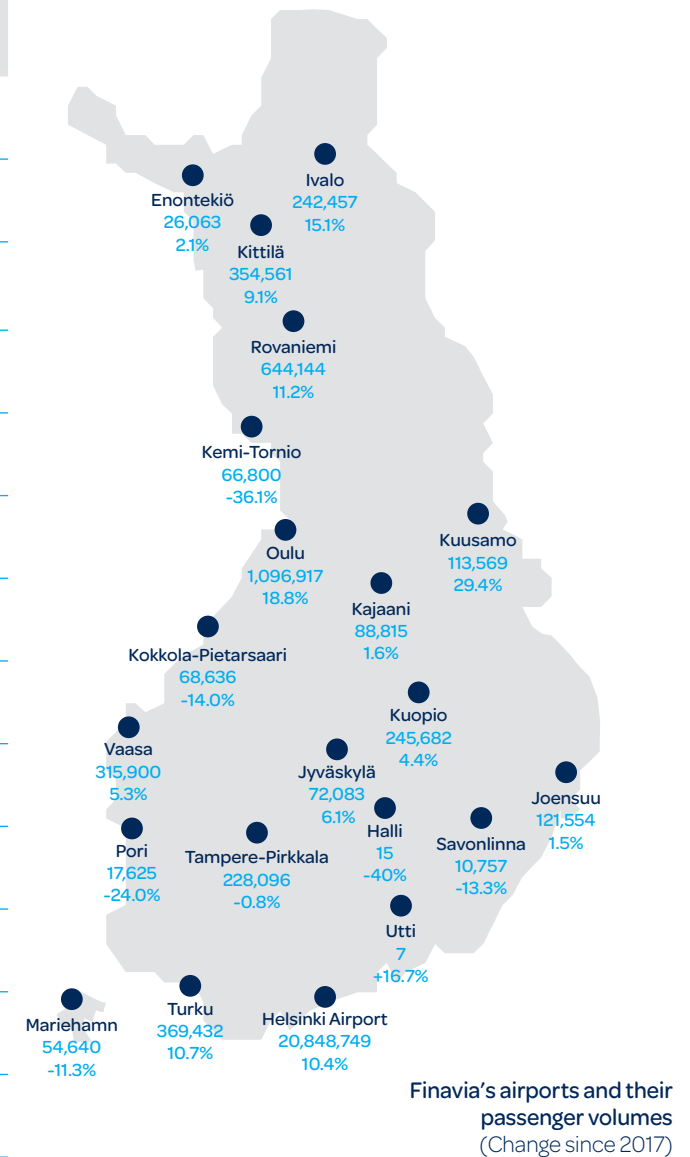
* Finavia's subsidiary

** Lentoasemakiinteistöt (subsidiary)
and LAK Real Estate Oy (associated company)

Group's key indicators

	2018	2017	2016
Revenue, EUR million	377.3	373.6	380.9
Operating profit without extraordinary items, EUR million	61.4	60.0	55.7
Operating profit without extraordinary items, %	16.3	16.1	14.5
Profit for the period, EUR million***	45.3	37.7	28.3
Cash flow from operations, EUR million	99.3	105.7	97.7
Cash flow-based investments, EUR million	239.5	181.8	182.8
Return on equity, %***	7.0	6.2	4.8
Return on investment, %***	6.9	6.1	5.0
Equity ratio, %***	58.7	58.4	58.9
Net debt, EUR million, %***	300.3	295.7	228.2
Total passenger volume, million	25.0	22.7	20.8
Personnel average (full-time equivalent)	2,186	2,172	2,394
Salaries and fees, EUR million	96.9	99.9	122.2

*** The comparison information for 2016 is in accordance with the opinion on the recording of derivatives issued by the Accounting Board in December 2016 to companies compiling their reports on the basis of Finnish accounting practices.

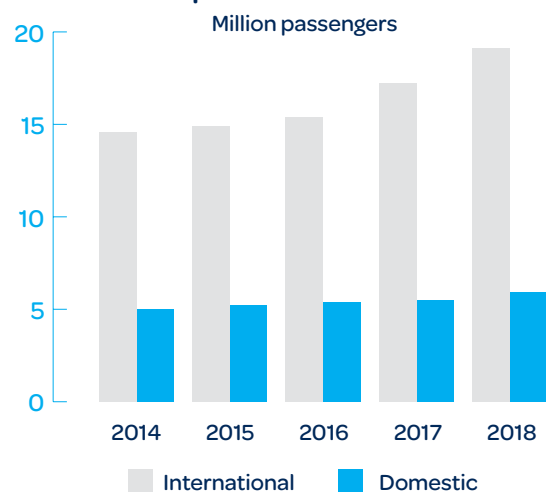


Finavia's airports and their
passenger volumes
(Change since 2017)

Total passenger volumes
at Finavia's airports in 2018

25 million
+10.1%

Passenger volumes at Finavia's
airports 2014-2018



Customer satisfaction was an
excellent level in an international survey

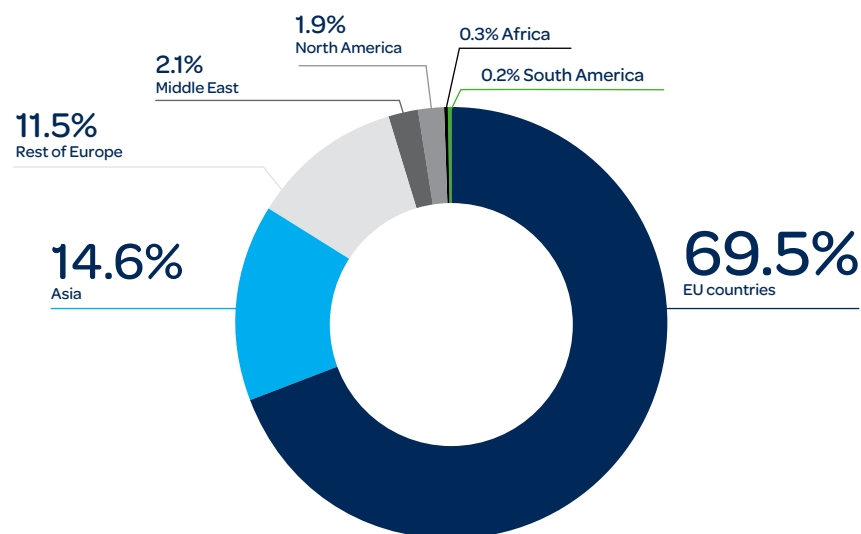
4.17 (4.13)

Customer satisfaction at network
airports was at an excellent level

4.26 (4.29)

Scale 1-5. Customer satisfaction at Helsinki Airport and the network airports is measured with different methods.

International
traffic at
Helsinki Airport,
% of all passengers



From Helsinki Airport

162
direct international destinations

22
direct flights to Asia

TOTAL INVESTMENTS

239.5

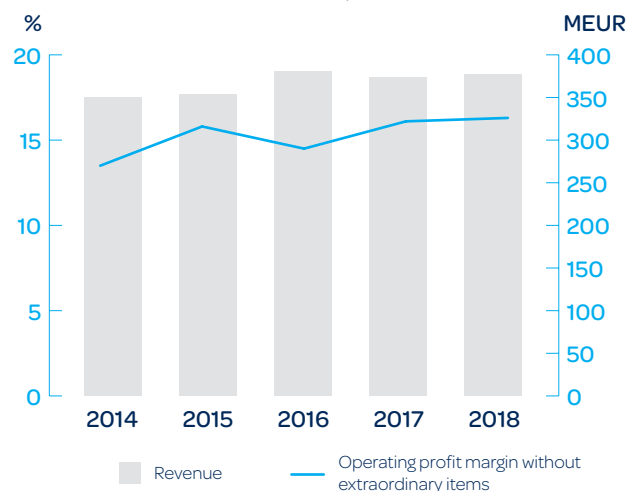
MEUR

Finavia's investments accounted for

5.9%

of all fixed investments in Finland's manufacturing industries.

Revenue and operating profit without extraordinary items, %



Investments at Helsinki and Lapland airports 2013-2022

EUR 1.2

billion

16,600

person-years

5,500

permanent jobs

The Helsinki Airport development programme has already created employment amounting to

6,600

person-years.

At the end of 2018, Finavia Corporation had

1,240

employees (1,176).

Environmental investments

10

MEUR

Our employees are even happier at their work.

The People Power job satisfaction index for Finavia was at

AA+

level, a new record, which also put us on the list of Finland's Most Inspiring Workplaces 2019.

69.5

index (67.5)

CEO's review



Record high customer and personnel satisfaction

For Finavia, the year 2018 was another successful year. Helsinki Airport's customer satisfaction rate reached a record high level and the satisfaction rate of our personnel continued to grow. Finavia became one of the most inspiring places to work in Finland. A global economic upswing and other favourable trends helped to boost our revenue and passenger numbers at our airports.

Almost 25 million passengers passed through our airports, which was a new record. The figure for Helsinki Airport was nearly 21 million, which means that we achieved the 20 million passenger mark two years earlier than predicted. Finavia's investment programme at Helsinki Airport, totalling one billion euros, proceeded as planned.

Lapland remained an attractive tourist destination in 2018. Passenger volumes at airports in Lapland increased by nearly nine per cent. By launching a EUR 55 million airport development programme for Lapland in 2018, Finavia demonstrated its commitment to supporting tourism growth in northern parts of Finland.

Another year of strong financial performance

Growth in air traffic boosted Finavia's financial performance. Our revenue increased, totalling EUR 377.3 million. The year of strong growth was also one of strong operational performance: Finavia has systematically

worked to improve its operational efficiency and to keep costs under control. The efforts have produced results: our adjusted operating profit increased by 2.3%, totalling EUR 61.4 million.

As the volume of Finavia's operations is expanding, we must also maintain the capacity to react quickly to future changes. In 2018 we managed this successfully.

Customer satisfaction was on an excellent level throughout 2018, and every Finavia employee can be proud of this. The extensive Helsinki Airport development programme is constantly bringing something new and attractive for passengers and airlines alike, but the construction sites also present practical challenges. Our customer experience will be put to the test in 2019 as the work to expand Terminal 2 kicks off at the beginning of the year.

A new strategy

We updated our strategy in a situation where air traffic is growing and Finavia is building new airport capacity. In the strategy work, we identified a number of key issues to which Finavia must give high priority in the next few years. The strategy takes a long-term view as it extends to the 2030s. This is because today's choices will shape developments in the coming decades.

Best flight connections in the Nordic area, unique customer experience and profitable and responsible growth as a basis for further development are our key goals. We will also complete our billion-scale Helsinki Airport investment programme efficiently and as planned. The first results of these strategic priorities are expected in 2019.

Finland needs good flight connections

For all practical purposes, Finland is an island, and air traffic is important to the functioning and competitiveness of Finnish society every day of the year. From the perspective of connectivity, tourism and Finnish industries, it is essential that Finland remains an attractive flight destination in the future, as well.

The service sector is important for the Finnish economy. For this reason, the competitiveness of the Finnish service sector should be ensured, now and in the future. For example, Asian air passengers and tourists are essential to ensuring that Helsinki Airport remains a key air transport hub and that domestic air services and flight connections between Finland and the rest of the world can be maintained.

In 2018, Finavia took further measures to enhance its competitiveness. The Helsinki Airport development programme is at the core of this work. The fact that two Chinese airlines launching services to Finland in 2019 have selected Helsinki Airport as their first European destination serves as an example.

Climate change is a challenge to air traffic operators

Air traffic accounts for two to three per cent of the world's greenhouse gas emissions. The debate on the relationship between aviation and climate change heated up during 2018.

The fact is that in the future, the environmental responsibility of aviation must be examined from a wider perspective. This means that every air traffic operator must be prepared to cooperate more extensively in environmental matters. This allows us to find ways to encourage all actors in the sector to take a responsible approach to the issue.

Priority should be given to international solutions that have a major impact on the emissions generated by the sector as a whole. The challenges posed by climate change should be tackled as a joint effort, without resorting to taxation or other national-level solutions that may interfere with the sensitive dynamics of the sector. If steering mechanisms are introduced, they should provide encouragement for operators that act in a responsible and environmentally efficient manner.

Finavia is at the forefront of promoting environmental responsibility

Finavia gave a high priority to responsibility and environmental themes in 2018, and we are constantly working to improve in these areas. The aim is for all Finavia airports to be carbon neutral already by the end of 2019, one year ahead of schedule. At Helsinki Airport, this goal has already been achieved. Finavia is one of the global forerunners of reducing emissions.

By using solar energy, waste-based renewable diesel oil, wind power, geothermal heat and LED lighting at its airports, Finavia is demonstrating its commitment to environmental responsibility. Our construction projects are carried out in an environmentally efficient

and responsible manner. Cooperating with our airline customers, we are promoting more environmentally friendly aviation fuels and electrically powered aviation.

Towards another year of development

This has been my first year as Finavia's CEO. I have been highly impressed by the commitment shown by Finavia employees as they are working to ensure positive travel experiences and smooth air traffic. There is clearly a strong culture of cooperation between Finavia, the airlines, and the other companies and authorities operating at the airports. Commitment and motivation will also be the guarantee for our success in the future.

Finavia has many years of good financial performance behind it. The company has successfully expanded its operations and we are determined to continue on this path in 2019. Completing our development programmes as planned will be our priority while at the same time, we will also work to improve the already high level of customer satisfaction.

"Finavia is one of the global forerunners of reducing emissions."

Operating environment and megatrends



Air traffic is guided by several global trends

A strong global economy and long-term megatrends again helped to boost the airports' passenger numbers and traffic volumes in 2018. Climate change became an increasingly hot topic in the aviation debate during the year.

Several significant factors in the air traffic and airport operating environment are impacting the long-term development of Finavia's business operations.

Global competition for air passengers means increased competition between airports. It manifests itself in new airport investment projects, active route development and efficiency improvement measures. Providing a unique customer experience is also an increasingly important factor in the competition between airports: airports around the world are investing in services and individual experiences. At the same time, the services must be of high quality and air travel must be smooth in all situations.

A growing middle class in emerging economies, especially in Asia, urbanisation and the ageing of the population are boosting the demand for air travel. Global economic cycles also have an impact on the demand: as the economy grows, disposable income also grows, which increases the demand for air travel. According to the Air Passengers Forecast, Global Report published by IATA in

October 2018, global passenger air traffic is expected to grow by an average of 3.5% each year between 2017 and 2037. This means that the volume of global air travel in 2037 would be twice as high as in 2017.

Digitalisation and new technologies shape consumers' needs and expectations concerning travel services. Automatisation can improve the efficiency of airport processes, which will make air traffic even smoother.

Climate change has a wide impact on air traffic

Climate change is a global factor that has wide implications for air traffic. Air traffic operators are expected to act more forcefully to reduce the carbon dioxide emissions generated by aviation and to mitigate their climate impacts. Climate change may also start to shape the consumption behaviour of passengers as the climate debate heats up.

Air traffic is a heavily regulated field

In addition to megatrends, airport operations are also impacted by international regulation of air traffic and legislative changes. Airport operations are already strictly regulated and new requirements may necessitate large-scale investments.

Domestic air traffic competes with other modes of transport. Traffic volumes at a number of airports have decreased as a result of the better competitiveness of bus and rail traffic and internal migration. Finavia plays an active role in the discussion on the development of travel chains combining different modes of transport and is working to promote the creation of travel chains.

Megatrend	Impact on airport operations	Finavia's response
Global competition for passengers	Competition between airports intensifies as air traffic grows.	<ul style="list-style-type: none"> • Excellent customer experience and efficient service processes • Large and diverse route network • Efficient and punctual operations
Growing middle class in Asia and growth of emerging economies in other parts of the world	As living standards are rising, more and more people want to travel to other countries and have the means to do it.	<ul style="list-style-type: none"> • Chinese-speaking customer service staff, mobile interpretation services, payment platforms used by Asian passengers and international restaurants and shops
Climate change	The aviation industry is strongly committed to reducing carbon dioxide emissions.	<ul style="list-style-type: none"> • Helsinki Airport became carbon-neutral in 2017 • All Finavia's airports will be carbon-neutral by 2019 • Finavia is a part of advancing and supporting the decrease of air traffic's carbon emissions
Digitalisation	Passengers expect more services that make travel smoother. The increase in passenger numbers speeds up process automation.	<ul style="list-style-type: none"> • Improving services with new technologies • Developing automation and utilising data • Utilising AI and biometrics in cooperation with airport operators
Ageing population	Higher life expectancy means a higher number of people that remain active despite their advanced age. More leisure time means more opportunities for travel.	<ul style="list-style-type: none"> • Accessible and smooth services
Urbanisation	Population is concentrating in large cities. In some parts of Finland, the demand for domestic air services will decrease further.	<ul style="list-style-type: none"> • Developing travel chains together with different traffic operators

“Finavia’s airports will account for about 20% of carbon neutral airports in Europe in 2030, the target year set by ACI Europe.”

Air traffic was on a positive path in 2018

In Europe, air traffic increased by 6.1% , while in the EU area, the increase was 5.4%, a result of a favourable economic situation and higher demand for transfer travel. The growth is expected to continue also in 2019.

A total of 24,986,502 passengers passed through Finavia’s airports, which was 10.1% more than during the previous year. The number of passengers using Helsinki Airport totalled 20,848,749, which was a new record. There was also a strong increase in traffic and passenger volumes at airports in Lapland. Finland in general and Lapland in particular have become attractive destinations for foreign tourists.

Global economic growth, other favourable trends and higher airline capacity boosted Finavia’s revenue and passenger volumes at its airports. An increase in the average aircraft size and new flight routes in Europe helped to boost passenger flows, as well. The growth is expected to continue also in 2019.

Finavia’s over EUR 1 billion development programme at Helsinki Airport strengthens our competitiveness in the international operating environment of air traffic. Major investment programmes are also underway at many other European airports.

The number of international passengers at Helsinki Airport grew 10.7% compared to 2017. Other Nordic airports, such as Copenhagen and Stockholm, were also

seeking a higher market share, even though they saw much slower growth. At Copenhagen, the increase was 4.2% and at Stockholm 1.9%. At Heathrow, the increase was 2.9% and at Amsterdam 3.7%.

Regulation has a significant impact on air traffic

Regulations on airports and air traffic have an impact on the development of the operating environment and competition. Regulations concern, for example, aviation safety, environmental matters and the pricing of services. Stricter regulations demand that airport operators invest in new technological systems and change their processes and operating methods.

No significant regulatory changes affecting airports were introduced during 2018. At the end of 2017, European airports started observing the aviation regulations issued by the European Aviation Safety Agency (EASA). The aim of the comprehensive aviation regulations of the EU is to standardise the level of safety at all European airports. All Finavia’s airports were certified to comply with EASA regulations between 2012 and 2017.

Responsible growth will continue

The entire aviation industry is strongly committed to reducing carbon dioxide emissions over the long term. The aim of the global aviation industry is to halve the

emissions generated by international air traffic by the year 2050, using the CORSIA system, jointly established by countries and airlines.

The Airports Council International Europe (ACI EUROPE) has set a goal of having one hundred carbon-neutral airports in Europe by 2030. Environmental issues play an increasingly important role in consumers’ choices and Finavia wants to be a pioneer in reducing air traffic emissions.

Finavia was granted the international ACA certificate when Helsinki Airport achieved carbon-neutrality in 2017. With the granting of the certificate, Helsinki Airport became the 34th fully carbon-neutral airport in the world. The aim is for all of Finavia’s airports to become carbon neutral in 2019. This means that Finavia is making a significant contribution to achieving the targets set by ACI EUROPE. Its airports will account for about 20% of carbon neutral airports in Europe in 2030, the target year set by ACI EUROPE.

Responsibility work at Finavia and its impacts are discussed in more detail in the 2018 Responsibility Report.

Strategy



Our new strategy will run until 2020

In spring 2018, Finavia updated its strategy. By implementing the strategy, Finavia can continue to develop its operations in a responsible way.

Finavia's vision is to offer the best connections in Northern Europe and promote Finland as a globally attractive and easy-to-reach destination.

This can only be achieved if we grow in a sustainable and profitable manner. A highly positive customer experience gives us a strategic competitive edge.

Growth in air traffic, increasing emphasis on environmental issues, digitalisation, tougher competition, changing consumer behaviour, and growing economic and political uncertainty are some of the factors shaping Finavia's operating environment. However, changes in the operating environment provide Finavia with opportunities for growth. To be able to capitalise on these opportunities, Finavia adopted a new strategy in spring 2018. Under the document, which will guide us until 2020, Finavia will continue to develop its operations in a responsible way.

In the next few years, the strategy work will focus on the successful completion of the airport investment programmes and enhancing the customer experience while ensuring steady growth and maintaining a good financial standing. At the same time, it is important that during the strategy period, Finavia can manage its core

task even better in an increasingly competitive operating environment.

In the long term, strengthening Helsinki Airport's position as the northern hub in air traffic between Europe and Asia will be at the core of Finavia's strategy. The competitive edge provided by Finland's geographic location serves as a basis for this. Finavia's strengths also include top operational capability, effective use of growing airport capacity, unique customer experience and the use of digitalisation.

Finavia has three strategic goals

Finavia has set three strategic goals for the strategy period extending to 2020: best flight connections in the Nordic area, unique customer experience and responsible growth as a basis for further expansion.

Finavia has launched the following key projects as tools supporting the achievement of these goals: expanding the home markets, developing commercial services and cooperation with airlines, ensuring sufficient capacity as well as offering excellent customer experience as a competitive advantage.

More development investments in 2018

Continuing the Helsinki Airport development programme as planned, on schedule and on budget, as well as investments in the regional airports in Lapland and at Tampere-Pirkkala were at the centre of Finavia's strategy in 2018.

Enhancing the customer experience at a time when passenger numbers are growing and the airports, especially Helsinki Airport, are undergoing rapid expansion and development were also priority areas during the year. Excellent results were achieved: in November 2018, passenger satisfaction at Helsinki Airport was at its highest monthly level ever.

A total of almost 25 million passengers went through Finavia's airports in 2018, an increase of 10.1% from the previous year. Finavia's revenue grew by 1.0%, to EUR 377.3 million. Profit for the period came to EUR 45.3 million, or 12% of revenue. Profit for the period increased by 20.1%, which means that Finavia continued to grow on a profitable basis in 2018.

Finavia personnel are key to achieving strategic goals

Committed and motivated personnel are key to ensuring that Finavia can achieve the goals set out in its strategy. Accordingly, continuous development of skills and management practices, enhancing wellbeing at work and building a better-functioning work community are high priorities at Finavia. Every employee is crucial for achieving the goals set in the strategy.

Operational efficiency enhances the international competitiveness of airports. Finavia is working to achieve improvements in this field in cooperation with airlines and other airport operators.

Responsible operations are a prerequisite for growth. This means that Finavia is working hard to reduce the environmental impacts of its airports. For example, carbon dioxide emissions will be kept in check even if passenger numbers increase.

It is also essential that Finavia identifies the opportunities provided by new technologies and uses them in a manner that supports the growth of its business operations.

Day-to-day work is guided by shared values

As part of the strategy work, Finavia also updated its values. They were formulated on the basis of extensive discussions with all employees. Safety, customer orientation, renewal and responsibility were highlighted as the key values.

During the autumn, every Finavia staff member had a chance to take part in strategy meetings and discuss the new values. This approach ensured that all Finavia employees understand the importance of their work to the achievement of the strategic goals. Practical implementation of the strategy will continue in 2019.

Strategic goals

Best flight connections in the Nordic area

Finavia serves Finnish and international consumers and businesses by developing connections in cooperation with airlines and other modes of transport.

During the strategy period, Finavia's goal is to ensure even better connections so that Helsinki Airport will strengthen its position as a transfer hub. In addition to diversifying the range of routes, Finavia also works to attract new airlines to Helsinki Airport, especially from Asia and North America.

The growth will be on a sustainable basis so that Finns can still fly 100 years from now.

Unique customer experience at the core of our competitive edge

Finavia aims for a unique customer experience to make its airports stand out from other international airports.

In the strategy period, we will focus more strongly on specific key sectors and work to ensure that the excellent customer experience is not affected during the development programme at Helsinki Airport.

Responsible and profitable growth as a basis for further expansion

Responsible and profitable growth is a key principle guiding Finavia's operations. Finavia also works actively to reduce the environmental impact of its operations and to ensure competitive return on its investments. These actions will help to ensure that Finavia can carry out its core task also in the future.

During this strategy period, Finavia will seek profitable and responsible growth.

Airports



Helsinki Airport

As the main airport in Finland and a significant European air traffic hub, Helsinki Airport holds a key position in Finavia's strategy. The number of passengers continued to increase and the airport development programme proceeded as planned. The year 2018 was a time of massive construction work. During 2019, many of the expansions will be opened as the renovation aiming to develop transfer traffic is completed.

Helsinki Airport is constantly strengthening its position in passenger traffic between Europe and Asia. In December 2018, the airport crossed the milestone of 20 million passengers. International transfer traffic increased by more than 23 per cent. In particular, the Americas, Middle East and India increased their popularity.

Passenger volumes at Helsinki Airport grew faster than at other main airports in the Nordic countries and the rest of Europe. Measured by absolute figures, international passenger volumes only increased more at Heathrow Airport.

The increase in the passenger volumes resulted from the favourable economic situation and the success of airlines operating at Finavia's airports. In 2018, the customer volumes of major airlines developed positively, which was also reflected in passenger volumes at airports.

Selected as the best Nordic airport in the global Skytrax airport survey in spring 2018, Helsinki Airport has invested in transfer traffic in various ways in recent years. As a

result of hard work, Helsinki Airport offers the smoothest connection between Europe and Asia. This position is based on the airport's excellent geographic location and the high level of customer experience, efficiency and punctuality. Finavia continuously develops the airport's service range and level. For example, signs in seven languages help transfer passengers, and multilingual employees cater to their needs. Cooperation with commercial operators has continued its positive development at the airport.

Development programme making progress

Launched in 2014, the Helsinki Airport development programme is the most extensive expansion project in the airport's history. As a result, Helsinki Airport is ready to serve 30 million passengers and able to strengthen its position as the leading long-distance airport in the Nordic countries and as a popular hub between the East and West.

The development programme proceeded as planned in 2018. In addition to the expansions of the West Pier, border

controls and air traffic infrastructure, aimed to develop long-distance traffic, the expansion of Terminal 1 was underway. All of these will open in 2019, as will Aukio, a plaza serving long-distance passengers and an intersection between the South and West Piers, and the new security checkpoint for transfer passengers, which is among the most modern checkpoints in the world.

Finavia also started a planning process to renovate the gate area for Non-Schengen flights and to streamline passenger routes. The so-called northern expansion is expected to be completed in 2021.

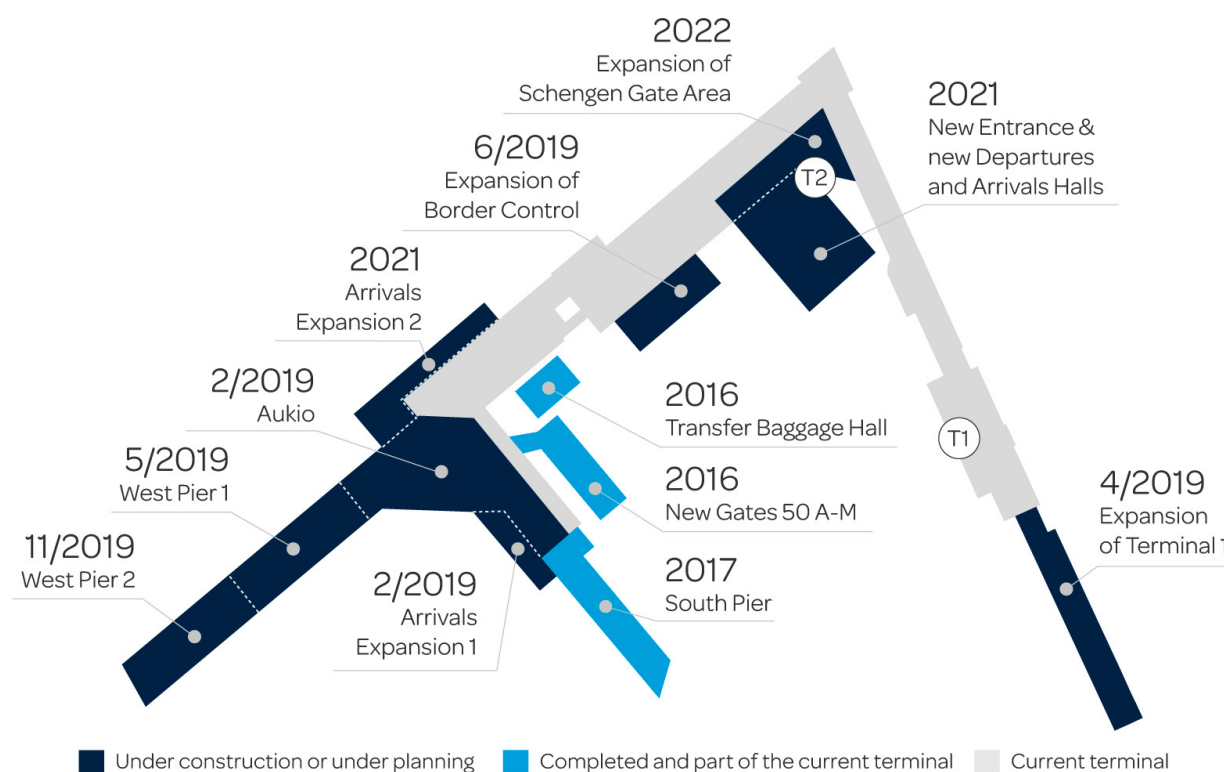
At the beginning of 2019, the construction of the new magnificent entrance and departure and arrival halls of Terminal 2 will start. This will have an impact on passengers during the next three years. Parking facility P2/P1 will be dismantled and a large worksite of 4.5 hectares will be set up in front of the terminal for the construction of a new terminal section of 40,000 m² and a new parking facility. The parking facility will be completed in 2020 and the new

entrance will open in 2021. In addition, the project includes the modification of the current departure and arrival halls spanning 35,000 m² into a gate area. The entire project will be completed in 2022.

The aim is to maintain customer experience at a high level, despite all the worksites. Temporary arrangements have been planned to involve as few changes in passenger routes as possible. Specific focus is placed on signs, information and communication. Millions of euros have been invested in temporary solutions in order to minimise the impact of construction work on the excellent passenger development and customer experience at the airport. Different materials will be selected in harmony with the design of the airport and the enjoyment of passengers: for example, glazed wall structures will be favoured.

Finavia is working closely with airlines in terms of route development, operations and any changes brought by the development programme. In this way, it can ensure that Helsinki Airport is known for its smooth and efficient operations also during the construction projects. Finavia is regularly monitoring customer satisfaction among airlines, striving to maintain it at a high level.

The terminal expands in several directions



"The aim is to maintain the high quality of customer experience despite the construction sites."

Digitalisation supports passenger experiences

The expansions completed during the development programme have already produced a number of benefits: the South Pier and the new waiting area, consisting of 12 bus gates, have increased clarity and passenger capacity as well as improved the service level and customer experience. However, the grandest openings lie ahead as passengers gain access not only to new facilities, but also to modern digital solutions.

Aukio, completed at the beginning of 2019, features a whole new digital world where modern technologies offer new experiences and a unique atmosphere. At the same time, Finavia can use digital solutions to build its brand and the image of Finland. The technologies used in Aukio enable various events and diverse advertising solutions.

Responsibly towards the future

As in all of Finavia's operations, responsibility is a key factor at Helsinki Airport. Helsinki Airport is one of the first carbon neutral airports in Europe, and environmental aspects are addressed in day-to-day activities and in construction projects related to the development programme. Finavia is investing, for example, in hybrid and electric technologies and the use of renewable diesel to reduce emissions. The company is developing ways to use renewable natural resources and to improve recycling opportunities together with its airport partners.

More information about the environmental impact of Finavia's airports and its management is available in Finavia's 2018 Responsibility Report.

Airport network

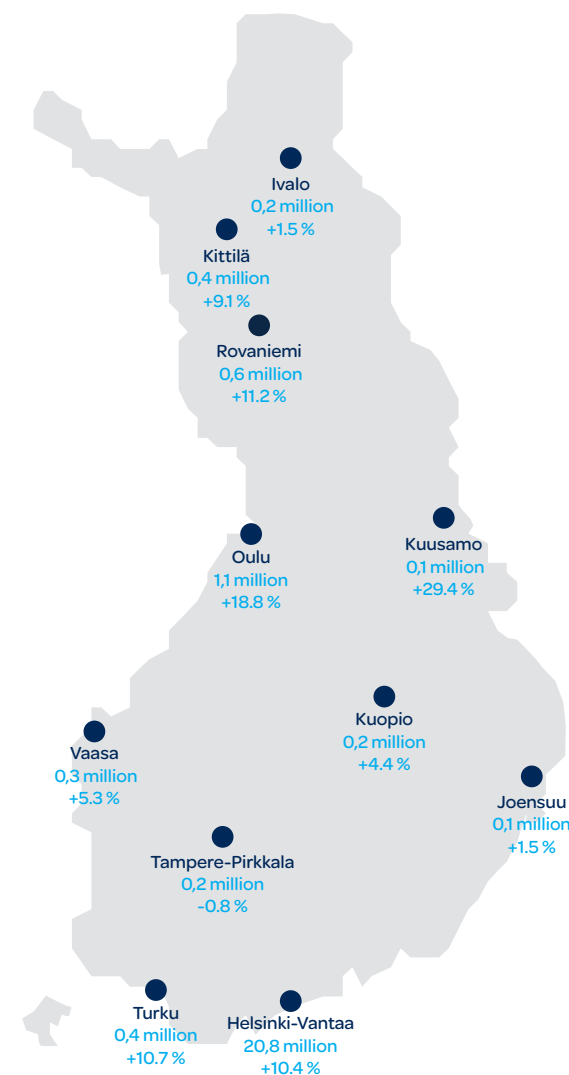
Finavia's nationwide airport network serves both holiday and business travellers. By providing national air traffic services, Finavia promotes mobility and supports regional development in all parts of Finland.

Finavia's regional airport network consists of 20 airports in all parts of Finland, from Ivalo to Mariehamn and from Pori to Joensuu. The airports have different profiles. The airports in Lapland mainly serve tourists and strengthen tourism in the region, whereas the airports in and south of Oulu focus on business travel. These profiles are addressed when developing the service structure of different airports so that the company can cater to the needs of different passenger groups.

The year 2018 was excellent for the airport network. The passenger volume increased by 8.7 per cent and the network performed better than expected as a result of growth and successful cost control. Positive financial results create opportunities for investments. Customer satisfaction also remained high.

The increase in passenger volumes varies from one airport to the next. Finland's attractiveness as a travel destination and the favourable general economic situation materialised in the form of strong growth at

Airports with over 100,000 passengers (change-% compared to 2017)



"The number of passengers at airports in Lapland went up by 8.6%."

airports in Lapland. This development also supports most of the airports located in southern Finland. Finavia's route development team, airports and their key employees are working closely together with local municipalities and towns, travel businesses and regional organisations in order to increase the attractiveness of each region as a travel destination.

Not all airports experienced positive development in passenger volumes. However, Finavia's airport network plays a significant societal part by providing access to different parts of Finland. The company is constantly investing in the development and maintenance of its smaller airports. At its every airport, Finavia aims to offer smooth customer experiences to all passengers.

In 2018, Wizz Air opened new routes from Turku to London, the UK, and Kaunas, Lithuania. In addition, a new route from Oulu to Arlanda Airport in Stockholm, Sweden was established.

Services make up a smaller part of revenue at network airports than at Helsinki Airport. Therefore, Finavia is developing the service range to cater to the needs of

passengers. For example, in 2018, café services were modernised at Joensuu Airport and the airport's general appearance was modified, which showed as improved customer satisfaction.

Significant investments in airports in Lapland

Significant investments are made in the airport network to increase its capacity and to improve the service level.

The largest investment of the airport network is the two-year development programme at Lapland airports between 2018 and 2019, totalling EUR 55 million. These investments cover three airports: Rovaniemi Airport accounts for EUR 25 million, Kittilä Airport for EUR 10 million and Ivalo Airport for EUR 10 million. New passenger facilities at Kittilä Airport were opened at the end of 2018. The terminal expansion to be completed at Rovaniemi Airport in late 2019 is the largest single investment in the development programme. The terminal expansion at Ivalo Airport will also be completed in 2019. In addition, the aprons and taxiways of these airports will be expanded.

The long-term passenger development at airports in

Lapland has been very positive, and these investments aim to strengthen this development even further. Winter 2018–2019 exceeded the previous year. When these investments are completed in full by Christmas 2019, Finavia can offer even better services to passengers travelling to Lapland.

In addition to the development programme for the airports in Lapland, Finavia invests in the renovations and improvements of runways and terminals of its regional airports. The value of a profound runway renovation is EUR 10–15 million. In 2018, Finavia invested EUR 15 million in the improvement of runways, taxiways and turnaround areas at Tampere-Pirkkala Airport. The aim of this investment was to boost and improve the increasing flight operations at the airport.

No similar runway renovations are planned for 2019. However, smaller projects to renovate traffic areas will be carried out. All in all, Finavia invests tens of millions of euros every year in the development and maintenance of its airports.

Value creation



We create value for society

Finavia's key role in Finnish society includes the development and maintenance of a countrywide network of airports. The purpose of Finavia is to promote the mobility of people and goods and to support international connections by providing safe, high-quality and cost-effective services for air passengers and air traffic.

All our operations are guided by a vision under which we offer air passengers the best connections between Northern Europe and the rest of the world while promoting Finland as an attractive and easy-to-reach destination. All this can only be achieved if we grow in a responsible and profitable manner. A highly positive customer experience gives us a strategic competitive edge.

In order to maintain this advantage, we use Finavia's key resources in accordance with our values. These resources are airports, skilled personnel, customers and partners, financial capital, investments, energy and natural resources.

We create value for our owner, the State of Finland, and society at large by providing efficient and reliable connections with the rest of the world as well as by investing in the development of our airports and the surrounding areas. Ensuring that Helsinki Airport remains a major international transport hub contributes to the success of Finland as a whole. We are a major taxpayer and

employer. In 2018, Finavia airports employed over 20,000 people in approximately 1,500 companies.

We create value for our customers. The services of our airports are based on smooth and efficient operations on the one hand, and on comfort and experiences on the other. Short transfer times, quick security checks and internationally acclaimed services are highly valued by airlines and passengers using Helsinki Airport. In 2018, we had 50 airlines and approximately 25 million passengers as our customers. An exceptional customer experience keeps the cash flow generated by our airline customers and passengers at a high level, which allows us to continue the development of our airport network.

In 2018, Finavia's profitability and customer satisfaction remained high. This shows that our investments have paid off and that we are also in a good position to create value for our stakeholders in the future.

Our operations also impact the environment. Procurement and supply chain management are central

to our operations. In 2018, our aim was to consider the life-cycle costs of every purchase that we make. We are constantly working to mitigate the environmental impacts of our operations and to develop stakeholder cooperation and environmental communications. Finavia aims for its entire airport network to be carbon neutral by the year 2019. Helsinki Airport has already achieved this goal.

"By successfully managing our core task, we can create value for all our stakeholders: the state owner, passenger and airline customers, our partners, the Finnish economy and Finland as a whole."

There are over 1,500 companies and other organisations at Finavia's airports in charge of ensuring air traffic's smooth and safe operations.



Assets

Airports

- 21 airports
- Capital assets EUR 1,031 million
- Business premises and advertising space
- Buildings, machinery and equipment
- Ground structures

Human resources and skills

- Personnel 1,240, of whom 70% were men and 30% women
- Training 2.5 days/person
- Statutory qualifications and standards
- Ability to understand the customer experience
- Project and logistics expertise
- Process expertise (passenger flows, aircraft turnaround times, snowhow, etc.)
- Managing and developing the ecosystem

Customers and partners

- More than 50 airlines as customers
- 25 million passengers
- 3,917 suppliers of goods and services
- 1,500 companies operating at the airports

Economic capital and investments

- Balance sheet EUR 1,133.3 million
- Total investments EUR 239.5 million
- Environmental investments EUR 10 million

Energy and natural resources

- Water consumption 188,600 m³
- Consumption of heating energy 56 GWh
- Consumption of electric energy 79 GWh
- Fuel consumption of ground equipment 2,110 tonnes
- Total land area 9,856 m²

Business model

For smooth travelling

Vision

Finavia's vision is to offer passengers the best connections from Northern Europe to the world and to promote Finland's accessibility as an attractive destination.

Values

- Safely
- For customers
- By developing
- Responsibly

Passenger services

Unique customer experience

Air traffic services

Efficient and reliable services for airlines

Service providers and partners at airports

Customer experience & development

Operating environment

Megatrends: Urbanisation, digitalisation, climate change, growth of the middle class (especially in Asia), ageing population, growth in tourism, competition for passengers at global level

Extensive regulation of the sector

Finland's reputation and geographical location

Impacts

Extensive and reliable global connections

- About 35.5% of all passengers at Helsinki Airport are transfer passengers
- Landings totalled 125,652
- Direct destinations from all airports: 179
- 13 new routes from all airports
- Competitive landing and passenger charges
- Reliable operations irrespective of weather

Unique customer experience

- Short transfer times
- Customer satisfaction at Helsinki Airport: 4.17
- Customer satisfaction at network airports: 4.26
- Average waiting time at security check at Helsinki Airport: 2 min 26 s
- World-class services at Helsinki Airport
- Customer satisfaction among airlines: 4.16

Competitiveness and economic impact

- Total revenue EUR 377.6 million
- Salaries and fees EUR 96.9 million
- Purchases from service and goods suppliers EUR 499 million
- Taxes and tax-like levies EUR 39.1 million
- Air traffic accounts for about 3.2% of Finland's GDP
- Air traffic provides employment for 100,000 people in Finland
- The Helsinki Airport development programme has already created 6,600 person-years
- Development of Lapland as a tourist destination: 1,328 charter flights

Environmental impacts

- Helsinki Airport carbon neutral in 2017, regional airports in 2019
- Introduction of renewable fuels
- Ground equipment CO₂ emissions 6,000 tonnes
- Monitoring of air quality
- Promotion of the noise control plan
- Monitoring of surface water quality at all 21 airports
- Monitoring of groundwater quality at 14 airports
- Biological oxygen demand (BOD) of runoff water 125 tonnes
- Continuous energy-efficiency improvements
- Amount of waste 4,470 tonnes, of which 77% was recyclable waste