



2020

Business Review, January–June

FINAVIA

The coronavirus crisis had a significant negative impact on Finavia's business

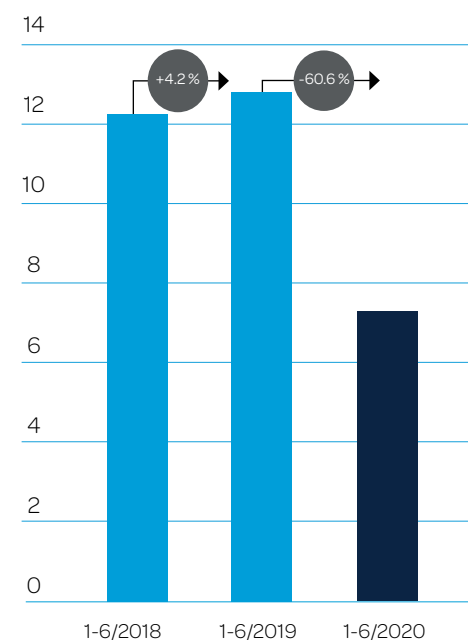
January–June 2020

- The total number of passengers was 5.0 million (12.8), showing a decrease of -60.6% from January–June 2019.
- Revenues totalled EUR 102.1 (195.7) million, a decrease of -47.8%
- The operating margin before extraordinary items¹⁾ was EUR 1.4 (68.7) million, a decline of -98.0%.
- The operating profit before extraordinary items¹⁾ was EUR -48.0 (25.3) million, a decrease of -289.7%.
- Cash flow-based investments totalled EUR 139.7 (126.5) million.
- Interest-bearing liabilities at the end of the review period amounted to EUR 638.8 (427.5) million.
- During the review period, Finavia took out EUR 85 million in new long-term loans, and EUR 40 million of the commercial paper programme was in use.

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

Passenger volumes for commercial traffic at Finavia's airports

Milj.



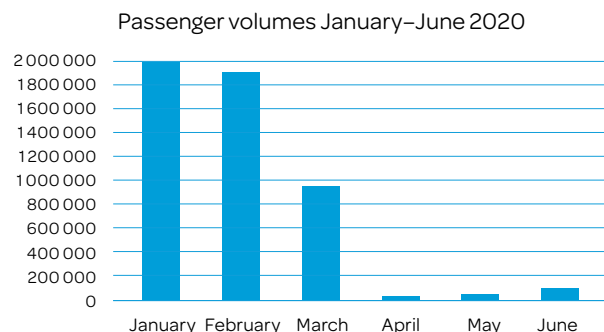
The Group's key figures

	1-6/2020	1-6/2019	Change, %
Total number of passengers, million	5.0	12.8	-60.6 %
Revenues, EUR million	102.1	195.7	-47.8 %
Operating margin, EUR million	1.1	66.4	-98.3 %
Operating margin, %	1.1	33.9	
Operating margin before extraordinary items ¹⁾ , EUR million	1.4	68.7	-98.0 %
Operating margin before extraordinary items ¹⁾ , %	1.3	35.1	
Operating profit, EUR million	-48.2	22.9	-310.8 %
Operating profit, %	-47.2	11.7	
Operating profit without extraordinary items ¹⁾ , EUR million	-48.0	25.3	-289.7 %
Operating profit without extraordinary items ¹⁾ , %	-47.0	12.9	
Profit for the period, EUR million	-53.4	19.1	-380.3 %
Return on equity, %	-16.6	5.7	
Return on investment, %	-8.3	4.4	
Equity ratio, %	44.2	53.9	
Cash flow-based investments, EUR million	139.7	126.5	10.4 %
Net debt	608.8	366.5	66.1 %
Balance sheet total, EUR million	1413.7	1231.5	14.8 %
Average personnel, person-years	1533	2294	-33.2 %

¹⁾ Extraordinary items comprise write-downs from the Helsinki Airport development programme, the effects of new and reversed additional environmental provisions as well as profit and performance bonuses.

CEO Kimmo Mäki:

Finavia's January–June period was overshadowed by the coronavirus crisis, which dramatically reduced travel and air traffic. The coronavirus (COVID-19) spread from Asia starting from the turn of the year and was declared a global pandemic in March. Many countries set travel restrictions, resulting in a rapid decline and partial stoppage of global air traffic. According to the International Air Transport Association IATA, passenger volumes declined by -57.6% year-on-year during the period under review.



At Finavia's airports, the coronavirus crisis caused a steep decline in passenger volumes starting from March. Passenger volumes were further reduced by the introduction of internal border controls in Finland in March. Most airlines cancelled flights due to the coronavirus and Finavia has closed some of its airports until flights resume. Finavia also made operational changes at Helsinki Airport, including the closure of certain terminal areas, services and one of the three runways. Travel restrictions were relaxed in Finland starting from 13 May 2020 to allow travel to a small number of European countries.

Passenger volumes decreased by -60.6% in January–June. The total number of passengers was 5.0 (12.8) million. The coronavirus crisis caused passenger numbers at Helsinki Airport to plummet starting from the beginning of April. The airport's passenger volume in April–June was 139,000, which was only 2.4% of the corresponding figure in the previous year. The passenger volume of Helsinki Airport declined by -62.4% during the period. The total number of passengers was 4.0 million. Amongst the other major Nordic airports, passenger volumes fell during the same period by -64.5% in Stockholm, -65.1% in Copenhagen and -58.8% in Oslo.

Altogether 1.0 million passengers travelled through Finavia's regional airports, representing a decrease of -51.6%. The number of passengers at Lapland Airports decreased by -31.2% and amounted to 0.5 million.

The sharp decline in flights and passenger volumes had a significant negative impact on Finavia's financial performance. Revenues for January–June 2020 decreased by -47.8% and amounted to EUR 102.1 (195.7) million. The operating margin before extraordinary items declined by 98.0% to EUR 1.4 (68.7) million. The operating profit before extraordinary items was EUR -48.0 (25.3) million.

To strengthen its financial position, Finavia started the most extensive adaptation programme in its history in March to implement cost cuts in operational activities and reduce investments. The company also temporarily laid off all of its personnel. In June, Finavia decided on new temporary layoffs that will begin in the autumn. Finavia continued to implement cost savings in personnel expenses as well as operational expenses.

To prevent the spread of the virus, Finavia took up emergency management and made major changes in passenger and airport processes. Finavia ensured that cleaning and hygiene were enhanced and assisted passengers to ensure safe and smooth travel. The actions were based on orders issued by the health authorities and other authorities as well as Finavia's own active approach.

Finavia suspended the work initiated in the autumn 2019 to update its strategy and started the planning work to see the company through the exceptionally difficult situation. The decision was made to continue the strategic investment programmes at Helsinki Airport and the airports in Lapland, which are in their final stages, as the extension projects geared towards the needs of the coming decades will be necessary in the future.

The recovery of the aviation sector will require that the pandemic abates, travel restrictions are lifted and the supply and demand for flights recover. It is too early to issue an accurate estimate of the recovery from the crisis. In addition to travel restrictions and the supply and demand for air traffic, global economic development and the general recovery of society will also affect how long the recovery of travel will take.

Helsinki Airport development programme and investments in regional airports

Finavia's investment programme at Helsinki Airport progressed as planned in January–June 2020. Construction work was under way for the new main entrance, the new arrival and departure halls and the new parking hall P1/P2. The new parking hall will be finished in September 2020 and the new terminal extension in early 2022.

Construction was also under way on the extension of the area of gates 37–39, which will increase capacity and flexibility for non-Schengen and Schengen flights in 2021. Renovation work on the apron area of Helsinki Airport also began in March.

Finavia continued the development of its airports in Lapland and decided on an additional investment to improve the baggage handling and check-in services at Kittilä Airport. Finavia also decided to invest in renovating the runway at Jyväskylä Airport. The work began in June. As part of Finavia's adaptation programme, the decision was made to postpone the repaving of the runway at Joensuu Airport.

Financial position

Cash flow from operations amounted to EUR 20.3 (71.1) million in January–June 2020. Cash flow after investments was EUR -118.9 (-55.1) million. Cash flow-based investments totalled EUR 139.7 (126.5) million.

At the end of the review period, Finavia's liquidity stood at EUR 30.0 (61.0) million. Finavia Group's interest-bearing liabilities were EUR 638.8 (427.5) million and interest-bearing net liabilities EUR 608.8 (366.5) million at the end of the period.

Finavia took out EUR 85 million in new long-term loans in January–June 2020. At the end of June, Finavia had EUR 150 million in unused long-term credit facilities to finance the Helsinki Airport Development Programme. In addition, Finavia has a EUR 250 million commercial paper programme, of which EUR 210 million remained unused at the end of June, and a revolving credit facility of EUR 125 million. The revolving credit facility was not used during the review period.

Outlook for 2020

Based on the current view of the development of traffic, Finavia estimates that the second half of 2020 will be much weaker than the first half. Finavia expects its revenues for 2020 to decrease considerably from 2019 and the operating profit without extraordinary items to show a substantial loss.

The business review is unaudited.

Finavia Corporation

For further information, please contact CEO Kimmo Mäki, tel. +358 20 708 2000 or CFO Niclas Köhler, tel. +358 40 342 4420.

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
$$\text{Interest-bearing debts – Cash and cash equivalents}$$

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