



2021

Business Review, January–September

FINAVIA

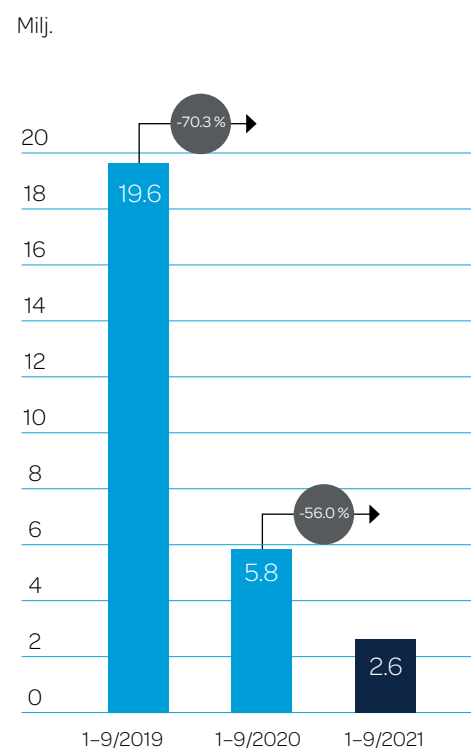
A moderate start to the recovery of business

January–September 2021

- The total number of passengers was 2.6 million (5.8), showing a decrease of 56.0% compared to January–September 2020.
- Revenues totalled EUR 83.1 (125.8) million, a decrease of 33.9%.
- The operating margin²⁾ before extraordinary items¹⁾ was EUR -26.2 (-10.1) million.
- The operating result before extraordinary items¹⁾ was EUR -102.8 (-84.9) million.
- Cash flow from operations amounted to EUR -34.8 (8.9) million.
- Cash flow-based investments totalled EUR 119.0 (203.0) million.
- Interest-bearing liabilities at the end of the review period amounted to EUR 716.2 (702.8) million.
- Finavia did not take out any 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 for commercial traffic at Finavia's airports



The Group's key figures

	01-09/ 2021	01-09/ 2020	01-09/ 2019	Change, % *
Total number of passengers, million	2.6	5.8	19.6	-56.0
Revenues, EUR million	83.1	125.8	288.1	-33.9
Operating margin ²⁾ , EUR million	-27.3	-10.0	107.2	
Operating margin ²⁾ , %	-32.9	-7.9	37.2	
Operating margin ²⁾ before extraordinary items ¹⁾ , EUR million	-26.2	-10.1	110.6	
Operating margin ²⁾ before extraordinary items ¹⁾ , %	-31.6	-8.0	38.4	
Operating result, EUR million	-103.8	-84.8	41.0	-22.4
Operating result, %	-125.0	-67.5	14.2	
Operating result before extraordinary items ¹⁾ , EUR million	-102.8	-84.9	44.4	-22.4
Operating result before extraordinary items ¹⁾ , %	-123.7	-67.5	15.4	
Result for the period, EUR million	-110.9	-93.4	32.5	-18.7
Return on equity, %	-23.1	-19.9	6.5	
Return on investment ³⁾ , %	-9.6	-9.6	5.1	
Equity ratio, %	46.8	41.2	51.9	
Cash flow from business operations, EUR million	-34.8	8.9	101.2	
Cash flow-based investments, EUR million	119.0	203.0	216.9	-41.4
Net debt, EUR million	566.5	683.5	426.9	-23.9
Balance sheet total, EUR million	1,590.5	1,423.4	1,300.3	11.7
Average personnel, person-years	1,270	1,478	2,228	-14.1

* shows the change between 2021 and 2020

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.

²⁾ Operating result before depreciation and amortisation.

³⁾ The formula used to calculate return on investment takes into account interest expenses and other financing costs, whereas financial income and financial expenses were taken into account previously. The return on investment shown for the comparison year has been updated to correspond to the calculation formula used in 2020.

CEO Kimmo Mäki:

Air travel began to recover in July when vaccination coverage in Finland and other parts of the world increased and travel restrictions were eased. Internal border controls concerning Schengen countries were eliminated in July 2021, which was reflected in higher demand for air travel and growth in routes offered by airlines.

The direct impacts of the pandemic on Finavia's business continued in spite of the start of the recovery: in January–September, the passenger volume at Finavia's airports was 56.0 per cent lower than in the corresponding period in the previous year. The total number of passengers was 2.6 (5.8) million. At the beginning of the comparison period, in January and February 2020, air traffic was at the normal pre-pandemic level.

According to the international airport association ACI Europe, passenger volumes at European airports increased in January–September, exceeding the level seen in 2020. The number of passengers was 7 per cent higher than in the corresponding period last year. Among the other major Nordic airports, passenger volumes fell by 23% at Stockholm Arlanda, 22% in Copenhagen and 32% in Oslo compared to the corresponding period last year.

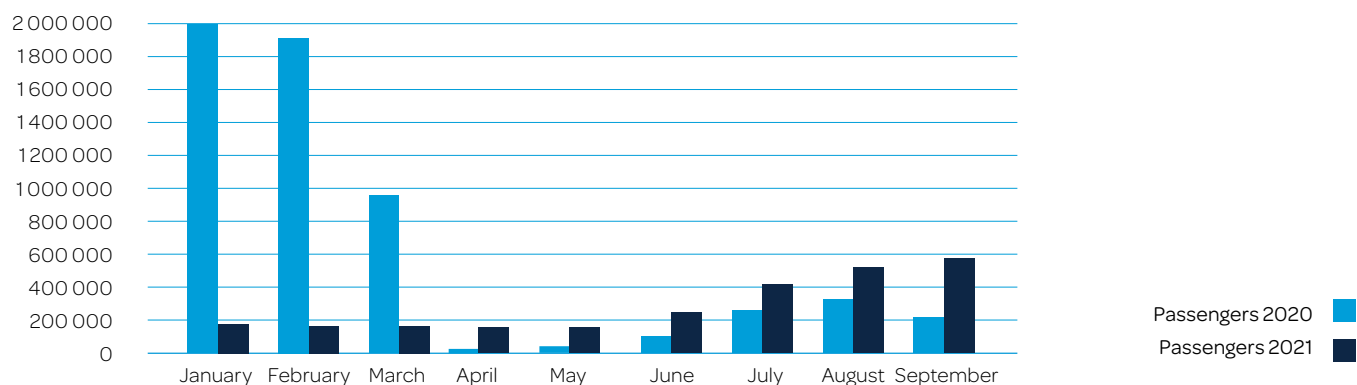
At Helsinki Airport, the passenger volume was 55.3 per cent lower than in January–September 2020. The total number of passengers was 2.1 (4.6) million, with passengers on international flights accounting for 78.2 per cent of this total. Air traffic between Asia and Europe, which is vital for Helsinki Airport, was still low in volume.

A total of 0.5 (1.2) million passengers travelled through the regional network airports in January–September 2021, representing a year-on-year decrease of 58.6 per cent. Following

Quarterly development of passenger volume 2020–2021

	2020	2021	Change, %
January–March	4,864,759	508,486	-89.5
April–June	170,043	553,525	+225.5
July–September	803,705	1,508,233	+87.7
January–September	5,838,507	2,570,244	-56.0

Development of the passenger volume 2020–2021



a tendering process conducted by the Finnish state earlier in 2021, new airlines started operating scheduled domestic flights from Helsinki Airport to Joensuu, Jyväskylä, Kokkola-Pietarsaari, Kemi-Tornio and Kajaani in May. In its September budget workshop, the Government decided to continue the purchased air traffic until August 2022.

Finavia's revenues declined significantly compared to the corresponding period last year. Revenues for January–September 2021 decreased by 33.9% and amounted to EUR 83.1 (125.8) million.

The cost-cutting programme initiated by Finavia in March 2020 is aimed at reducing operating expenses by EUR 200 million by the end of 2021. The cost-cutting programme progressed faster than planned. By the end of the review period, EUR 151.3 million in operating costs had been saved. A total of EUR 49.6 million was saved in investments.

Profitability declined in January–September 2021. The operating margin before extraordinary items declined to EUR -26.2 (-10.1) million. The operating result before extraordinary items was EUR -102.8 (-84.9) million, a decrease of 21.0%. The decline in financial performance was attributable to the low passenger volume caused by the COVID-19 pandemic and travel restrictions. Financial performance in the review period was improved by the reversal of credit losses amounting to EUR 2 million.

At the beginning of the review period, Finavia selected three key focus areas with the aim of accelerating the recovery of business, safeguarding the company's financial position and ensuring the well-being and future of the company's personnel. Progress towards these goals was promoted through, for example, a cost-cutting programme and financing arrangements as well as by implementing measures to improve well-being and coping in cooperation with the company's personnel. Finavia looked after the health security of travel at its airports and participated in the implementation of entry practices in accordance with the guidelines issued by the authorities. In addition, the company continued to invest in the mitigation of climate change and promote Finland's connectivity.

Helsinki Airport development programme and investments in regional airports

Finavia's investments in the development of Helsinki Airport, worth over one billion euros in total, continued in January–June 2021 faster than scheduled in accordance with the decision made by the company. The part of the development programme aimed at increasing the capacity of long-haul traffic was completed when the extension to gate area 37–39 began service at the beginning of September. Implemented in six stages, the new long-haul area increases capacity and flexibility for both non-Schengen and Schengen flights.

Construction work on the extension to Terminal 2 was completed and the deployment stage started at the beginning of September. During the deployment stage, Finavia will familiarise thousands of people with the new premises and equipment, for example. The new premises will be opened in stages. The main entrance, the arrivals hall and the travel centre that connects different forms of transport will be opened on 1 December 2021. The new check-in and security control area will be opened by summer 2022. Alteration work on the old part of Terminal 2 continued as planned. Finavia was able to maintain services and the customer experience at a good level in spite of the construction operations.

Finavia continued renovation work in the air traffic area of Helsinki Airport, which includes the repaving of taxiways and the apron and improvements to aircraft parking stands and the stormwater sewer system. An investment of EUR 7 million in environmental protection and making traffic smoother at the airport will be completed in autumn 2021.

Following the transfer of ownership of Enontekiö Airport to the municipality of Enontekiö in July 2021, Finavia now owns 20 airports throughout Finland.

Finavia's EUR 5 million investment in repaving the runway and the replaced runway lighting system at Mariehamn Airport were completed in July. Also, Joensuu Airport's runway repaving and renovation work was completed.

Progress was made in January–September 2021 with Finavia's climate programme towards net zero emissions. Zero-carbon district heating was deployed at Rovaniemi Airport earlier in the year. Finavia moved forward with the gradual shift of its heavy vehicles from engine fuel oil to renewable fuel oil. In addition, Finavia installed several electric vehicle charging points on the Helsinki Airport apron for use by all operators.

Finavia focuses on increasing the use of renewable energy and improving energy efficiency, as the climate impacts of airports largely arise from the heating of buildings and the energy consumption of vehicles.

Financial position

In the 2021 budget, the Finnish Parliament granted EUR 350 million to be used to ensure Finavia's solvency, and the Extraordinary General Meeting held in March 2021 resolved to strengthen Finavia's equity by EUR 317.15 million. The capital

investment was recognised in its entirety in the company's reserve for invested unrestricted equity. The European Commission approved the capital investment. The Prime Minister's Office also granted a capital loan of EUR 32.85 million to Finavia. The timing of drawing down the loan will be agreed upon later. Cash flow from operations amounted to EUR -34.8 (8.9) million in January–September 2021. Cash flow after investments was EUR -155.7 (-193.7) million. Cash flow-based investments totalled EUR 119.0 (203.0) million.

Finavia's liquidity was sound, with cash and cash equivalents amounting to EUR 149.8 (19.3) million at the end of the period under review. The Group's interest-bearing liabilities totalled EUR 716.2 (702.8) million and interest-bearing net liabilities EUR 566.5 (683.5) million at the end of the period.

Finavia did not take out any new long-term loans in January–September. At the end of September, Finavia had EUR 108 million in unused long-term credit facilities. Of this total, EUR 75 million is allocated to financing the expansion of Helsinki Airport and EUR 33 million is allocated to the company's general financing needs. In addition, Finavia has a EUR 250 million commercial paper programme that was unused at the end of September. Finavia also has a revolving credit facility of EUR 125 million, which was not in use at the end of the review period.

Outlook for 2021

Based on forecasts, recovery is anticipated to continue, but passenger volumes are not expected to reach the level seen in 2020. The recovery to pre-crisis levels is likely to take years.

The company expects its revenues for 2021 to be lower than in 2020. This expectation is based on the current view of the development of air traffic. The operating result excluding extraordinary items is estimated to be at the same level as in 2020, while remaining negative by a very clear margin.

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

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