Financial Statements 2018

FINAVIA

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Report of the Board of Directors

Operating environment

Air traffic trends

Rapid growth in air traffic continued in 2018. The most impressive growth figures were posted in air traffic markets in Asia and Europe.

According to ACI Europe, air traffic in Europe continued to grow at a steady rate in 2018. Passenger air traffic in the EU area grew by 5.4% and in Europe as a whole by 6.1%. The growth was slightly slower than in 2017, a reflection of the overall economic situation and geopolitical tensions. The growth in airline capacity was reflected in the number of operations, which increased by 4.0%.

According to IATA, the volume of freight tonne kilometres available in European air freight traffic grew by 4.3%. The volume of freight tonne kilometres sold increased by 3.2%.

Copenhagen, Oslo and Stockholm, the Nordic rivals of Helsinki Airport, were striving to achieve a larger share of the market. The number of transfer passengers at Helsinki Airport grew by 21.0% in 2018, while the increase in the number of international passengers was 10.7%. At Copenhagen and Stockholm, the number of passengers in international traffic grew by 4.2% and 1.9%, respectively. At Heathrow, passenger numbers increased by 2.9% and at Amsterdam by 3.7%.

Air traffic in Europe as a whole has increased by 36% over the past five years. A rapid growth in passenger volumes requires additional capacity so that smooth travel can be ensured. As in previous years, major investment programmes were underway at a number of European airports in 2018.

Finavia's development programme, totalling more than one billion euros, will make Helsinki Airport better placed to respond to international competition and to handle large passenger volumes. When the development programme is complete, the airport will have capacity for 30 million passengers each year. In addition to smooth travel, passengers also expect airports to stand out with their services and experiences. An exceptional customer experience is a key factor steering Finavia's business development and investments.

Regulation

Regulation on airports and air traffic has an impact on the development of Finavia's operating environment and competition in the sector. Regulations concern, for example, aviation safety, environmental matters and the pricing of services. Stricter regulations demand that airport operators make investments in new technological systems and changes in processes and operating methods.

The aim of the European Commission is to harmonise the air traffic charges collected by airports so that the same charges would be paid for domestic and international flights. Finavia harmonised the passenger charges payable for domestic and international traffic in 2017 and 2018. Finavia raised air traffic charges by 1.5% (1.2) during 2018.

In 2018, the air traffic charges at Helsinki Airport were low compared to other main airports in Europe.

At the start of 2019, Finavia raised the air traffic charges by 2.1% from 2018 levels. The higher service levels resulting from the airport investment programmes prompted Finavia to take this step.

At the end of 2017, European airports started observing the aviation regulations issued by the European Aviation Safety Agency (EASA). This means that the year 2018 was the first year when the new regulations were in effect. The aim of the comprehensive aviation regulations of the EU is to standardise the level of safety at all European airports.

Implementing the strategy

Finavia updated its strategy during spring 2018. Finavia has set itself three strategic goals for the strategy period extending to 2020: The best flight connections in Northern Europe, an exceptionally positive customer experience and responsible growth and profitability as enablers for further development.

Finavia has launched the following key projects as tools supporting the achievement of these goals: expanding and developing the domestic market, developing cooperation with airlines, customer-oriented services for passengers, expanding the capacity in a growth-oriented manner, and using customer experience as a competitive advantage.

Continuing the Helsinki Airport development programme as planned, on schedule and on budget, as well as investments in the airport network, 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 expansion, were also priority areas during the year.

Traffic development

A total of almost 25.0 million passengers (22.7) travelled through Finavia's airports in 2018, an increase of 10.1% compared to the previous year. The number of passengers in international traffic grew by 10.7% to 19.1 million (17.2). The growth in this area was boosted by a global economic upswing, new routes, more frequent services and an increase in the average aircraft size. Finland and especially Lapland have become more attractive as tourist destinations, which also contributed to the growth in passenger volumes.

An increasing proportion of passengers coming from Asia chose Finland as their travel destination last year. The largest groups came from China and Japan. The number of Japanese passengers grew by 10.9% and the number of passengers from China by 12.5%.

The number of passengers using Helsinki Airport also hit a new record in 2018, totalling 20.8 million (18.9). This was 10.4% more than in 2017. International traffic accounted for 85.8% of the passengers, showing an increase of 10.7%. The number of domestic passengers grew by 8.2% from the previous year. Strong development in international transfer travel continued, with a growth rate of 22.3%. The number of departing transfer passengers reached 3.7 million (3.1).

Passenger volumes at Finavia's regional airports totalled 4.1 million, which was 8.7% more than in 2017. Growth in domestic traffic was 8.1% and in international traffic 10.1%. The number of international passengers at airports in Lapland continued to increase. At Rovaniemi, passenger volumes totalled 644,100, at Kittilä 354,600 and at Ivalo 242,500. Oulu Airport posted strong growth figures after the renovation of the traffic areas in 2017. Passenger volumes increased by 18.9%. At Tampere-Pirkkala Airport, passenger numbers remained at 2017 levels due to the extensive development and renovation project completed in August 2018.

Demand for domestic air traffic continued to decline at a number of airports during 2018. This was due to migration to large cities and improved competitiveness of long-distance coach and rail services. Good flight connections are based on sufficient demand, which arises from the needs of tourism and business activities.

Finavia invested heavily in route development and marketing. In 2018, a total of 14 new routes were opened to destinations in Europe, the United States and Asia. New flights were also added to a large number of existing routes. At the end of 2018, there were direct flights from Helsinki Airport to 162 (145) destinations. Of this total, 22 (20) were nonstop flights to Asia and 8 (7) nonstop services to America.

The number of landings at Finavia's airports increased by 7.5% from 2017. The amount of mail and cargo increased by 1.2%.

Revenue and results

Finavia Group's revenue in 2018 came to EUR 377.3 million (373.6). Compared to 2017, the revenue increased by 1.0% despite the incorporation of the air navigation services and the change of LAK Real Estate Oy into an associated company. Comparable revenue increased by 9.7% to EUR 377.3 million (344.0), a result of steady growth in air traffic.

For the same reason, the revenue from air traffic grew by 1.8% to EUR 198.5 million (195.1). Comparable air traffic revenue increased by 10.0%.

The Group's non-aeronautical revenue remained at the previous year's levels, totalling EUR 178.8 million (178.5). They accounted for 47.4% (47.8) of Finavia's total revenue. Non-aeronautical revenue includes the income from commercial services at terminals; parking services; ground handling, security control, cabin crew and customer services produced by Airpro; and rental income from real estate.

The Group's operating result excluding extraordinary items was EUR 61.4 million (60.0), or 16.3% of revenue (16.1%). Depreciation excluding extraordinary items increased to EUR 75.4 million (67.6) due to the Helsinki Airport investment programme.

The profit for the period amounted to EUR 45.3 million (37.7 million). The result included extraordinary income from real estate sales, totalling EUR 10.7 million (4.9). Extraordinary expense items totalled EUR 5.3 million (10.6). This included the write-downs from the Helsinki Airport development programme, the impacts from environmental provisions and bonuses. Financial expenses amounted to EUR 8.4 (6.8) million.

Group's key figures	2018	2017	2016
Total passenger volume, million passengers	25.0	22.7	20.8
Revenue, EUR million	377.3	373.6	380.9
Comparable revenue, EUR million	377.3	344.0	380.9[3]
Operating profit without extraordinary items[1], EUR million	61.4	60.0	55.1
Operating profit without extraordinary items[1], % of revenue	16.3	16.1	14.5
Profit for the period, EUR million[2]	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[2], %	7.0	6.2	4.8
Return on investment[2], %	6.9	6.1	5.0
Equity ratio[2], %	58.7	58.4	58.9
Net gearing ratio[2], %	45.3	47.2	38.8
Personnel average (full-time equivalent)	2,186	2,172	2,394
Salaries and fees, EUR million	96.9	99.9	122.2

1) Extraordinary items include the write-downs from the Helsinki Airport development programme, the impacts of new and cancelled environmental provisions and bonus and profit provisions.
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.
3) Not comparable

Development of business operations and changes in group structure

Finavia Group provides air traffic services for airlines and passengers. The Group has two business areas: Helsinki Airport and the Airport Network. Finavia's air traffic services are supplemented by the subsidiary Airpro Oy, its subsidiary RTG Ground Handling Oy and Lentoasemakiinteistöt Oy, which is engaged in the real estate business.

The ownership base of the real estate company LAK Real Estate Oy was expanded and as a result, it was changed into an associated company on 1 February 2018. Finavia now owns 49% of LAK Real Estate's shares. Air navigation services were corporatised into Air Navigation Services Finland Oy on 1 April 2017 (ANS Finland). Finavia purchases its air navigation services from ANS Finland.

The Group did not have any research or development costs.

EUR million	2018	2017	Change, %
Helsinki Airport	259.1	236.6	9.5%
Airport Network	66.6	57.2	16.3%
Airpro	75.5	68.9	9.5%
Real estate operations	3.9	23.6	- 83.6%
Air navigation services	0.0	17.3	-100%
Eliminations	-27.7	-30.1	-7.9%
Group total	**377.3**	**373.6**	**1.0%**

The Helsinki Airport business area is responsible for providing services for airlines and passengers at Helsinki Airport. The revenue of the business area grew by 9.5% in 2018 compared to the previous year due to steady growth in passenger volumes and in sales of commercial services.

The Helsinki Airport development programme of more than one billion euros, which will extend to the early 2020s, continued as planned. Completed sections were made operational and new construction projects were started during the year. In addition to the expansions aimed at increasing long-haul traffic capacity, work also continued on the Terminal 1 expansion. These expansions as well as the Aukio plaza, intended for long-haul passengers, and the new security control area for transfer passengers, which is among the most modern in the world, were made operational in early 2019.

The preparatory work for the expansion of Terminal 2 departure and arrival halls was started. The new building will be ready in 2021.

According to a survey conducted by the international Airport Quality Service, which measures customer satisfaction at airports, customer satisfaction at Helsinki Airport continued to improve and now stood at 4.17/5. Improvements in nearly all sectors included in the survey were recorded during the year. The result of the November 2018 customer satisfaction survey was an all-time record. In 2017, the score was 4.13/5.

The Airport Network business area is responsible for providing services for airlines and passengers on Finavia airports other than Helsinki Airport. The network comprised 18 airports used by commercial air traffic and two airports that are only used by general and military aviation.

Revenue of the Airport Network increased by 16.3%. Because of air traffic trends, there were still substantial differences in growth figures between regional airports. The performance of the Airport Network was better than expected, a result of higher revenue and successful cost control.

Overall customer satisfaction at regional airports remained at previous year's levels, at 4.26/5. One in four respondents gave excellent marks in the survey. At a network level, security checks and ease of movement at the airport remained the strongest areas. In 2017, the overall score was 4.29/5.

Airpro, a subsidiary of the Finavia Group, produces ground and passenger services for airlines and airports. Its revenue increased by 9.5% from 2017. Ground handling operations accounted for most of the growth.

Balance sheet

The consolidated balance sheet total was EUR 1,133.3 million (1,074.5). The equity ratio stood at 58.7 per cent (58.4%). Because of the ongoing development and investment programme, there was an increase in fixed assets from EUR 995.8 million in 2017 to EUR 1,030.9 million.

Interest-bearing loans totalled EUR 323.1 million (310.3) at the end of the year. Liabilities increased to EUR 452.7 million during the period (428.0). Net gearing ratio stood at 45.3% (47.2%). Statutory provisions amounted to EUR 17.2 million (20.2). They were related to the implementation of projects required by environmental requirements for airports.

Cash flow and financial position

The cash flow from operations was EUR 99.3 million (105.7). Cash flow from investments stood at EUR 198.9 million (173.2). Repayments of long-term loans amounted to EUR 17.4 million (25.2).

Finavia's financial position is strong, which supports the future development investments in its business. On 31 December 2018, the Group had cash and cash equivalents amounting to EUR 22.8 million (14.6).

At the end of 2018, Finavia had EUR 180 million in unused long-term credit facilities taken out to fund the Helsinki Airport expansion. The loan arrangements include covenants related to indebtedness and permanence of ownership. Finavia also has a EUR 250 million short-term commercial paper programme, which had not been used by the end of 2018.

At the end of 2018, the Group had hedged 48% of the interest rate risk for interest-bearing liabilities with variable interest rates. The average rate of interest on the Group's interest-bearing loans was 1.4% in 2018, and the interest rate tying period for debt and leasing portfolio and hedgings was seven years (excluding the fixed-interest loans taken out for the Helsinki Airport development programme). The impact of interest rate swaps has been taken into account in calculating the average rate of interest for the loans. Some of the parent company's long-term loans have State guarantees, and the company paid a guarantee commission for them.

The Group's leasing liabilities decreased, totalling EUR 21.3 million at the end of the year (27.0).

Investments

In 2018, the Group's investments totalled EUR 239.5 million (181.8). The most important projects at Helsinki Airport were part of the airport expansion programme. The main focus was on the construction projects aimed at increasing transfer traffic capacity and on broadening the range of services offered to passengers.

During the year, the focus in the construction work was on the west pier, border control facilities, air traffic infrastructure and Terminal 1 expansion. The Aukio plaza was opened to passengers in early 2019. Terminal 2 expansion was started in the third quarter with the preparations for the expansion of the departure and arrival halls.

Renovation at regional airports continued during 2018. An investment programme for Lapland airports totalling EUR 55 million was launched at the start of the year. It will enable growth of tourism in Lapland and make improve Finland's connectivity and competitiveness. Part of the funding allocated to the programme will be spent on environmental investments. The development programme progressed as planned and the first stage was completed in December 2018. The programme is expected to be completed by the end of 2019.

Most of the investment funding allocated to other regional airports was also spent on replacement investments and service level improvements. The largest ever development and renovation programme at Tampere-Pirkkala Airport was completed in August 2018. In the project, totalling EUR 15 million, the air traffic infrastructure at the airport was modernised and expanded.

Over the past few years, Finavia has spent substantial sums on improvements at its airports. In its 2017–2018 competitiveness report, the World Economic Forum (WEF) ranked Finland's airport network as the fifth best in the world and by far the best in the Nordic region. In its study, WEF examined the state and extent of the air traffic infrastructure at the airports. Finland's score in the airport survey was 6.3 (on a scale of 1 to 7).

Shares and share capital

Finavia Corporation is a company wholly owned by the State of Finland. Ownership steering is the responsibility of the Ownership Steering Department in the Prime Minister's Office.

The company's share capital consists of 7,400,000 shares of equal value. The share capital totals EUR 185.0 million. The company does not have any treasury shares. The company has not had any share issues, option issues, or other issues of rights entitling to shares. The company's Board of Directors does not have any authorisations to issue shares or option rights.

Ordinary General Meeting 2018

The Ordinary General Meeting of Shareholders of Finavia Corporation was held on 19 March 2018. The GM adopted the 2017 financial statements and discharged the Board and the CEO from liability.

The GM resolved, in accordance with the Board's proposal, that EUR 1.08 per share be distributed in dividends (totalling EUR 7,992,000.00).

Personnel

At the end of the year, the Group had 2,852 employees (2,696). The number of permanent employees was 2,132 (1,962). In terms of full-time equivalent, the average number of employees during the financial period was 2,186 (2,172). The Group did not have any employees abroad.

At the end of the year, the parent company employed 1,240 persons (1,176). In terms of full-time equivalent, the average number of parent company employees during the year was 1,045 (1,107).

A personnel survey was conducted in the Group in January 2018. The results showed improvement from the previous survey. Satisfaction among Finavia employees is on the same level as in Finnish companies on average.

Based on the results of the personnel survey, supporting the ability of Finavia's employees to cope with their work and recover from work-related stress were selected as priority areas for 2018. This was enhanced by providing fitness and lifestyle coaching, and work capacity was supported with a new personnel benefit programme and a care money scheme. The updated Finavia strategy and its practical implementation were the key themes in personnel development during 2018.

According to the personnel survey conducted in January 2019, wellbeing at work had improved again and reached a good level. The People Power index measuring wellbeing at work stood at 69.5, which is significantly above the average for Finnish organisations. This has been achieved with long-term development of supervisory work, open and consistent communications and involving the personnel in strategy work and value discussions. In early 2019, Finavia was selected as one of the most motivating workplaces in Finland.

You can read more about Finavia's personnel in the company's 2018 Responsibility Report.

Business-related risks

Finavia takes a proactive approach to risk management in its operations. The aim of the company is to identify the risk factors that may have a negative impact on its business operations or financial position. Risks at Finavia are classified into strategic, operative, compliance and financial risks.

There were no substantial changes in the Group's risk scenario in 2018.

Strategic risks

The main strategic risks concern the general developments in the air traffic industry. The predictability of the industry is weakened by its strong dependence on fluctuations in the world economy, the changing internal structure of air traffic, and statutory regulation of the industry.

The most significant of the risks affecting Finavia's business operations are those involving a sudden decline in passenger volumes. The fluctuations in the demand for air traffic and the changing service requirements of airline customers mean that the Group has to be flexible in its capacity management and service production. The cost structure is mostly of a fixed nature because the operations are capital-intensive and local.

The effects of the Helsinki Airport development programme on the infrastructure and processes have been classified as a significant strategic risk.

Other risks in the operating environment are those involving environmental regulation and the regulation of air traffic charges.

Operative risks

In the management of operative risks, priority is on ensuring the smoothness of the air traffic service chain. The service chain is created as a result of the cooperation of numerous organisations and operators. Finavia's role is to ensure that each operator is optimally placed to fulfil its responsibilities in the service chain.

Smoothness of the service chain is becoming particularly important as air traffic is growing and the Helsinki Airport development programme is still underway. In the Helsinki Airport development programme, safety and smoothness of the air traffic are considered from the risk management perspective, both in the infrastructure planning process and during construction.

Service production risks are increasingly dependent on the functioning of IT systems and their compatibility with the Group's own IT systems, as well as with those of its partners. Risks were managed by considering such issues as the information system architecture, data security, documentation and interfaces. A comprehensive assessment of Finavia's data security level was also carried out in cooperation with Traficom.

The General Data Protection Regulation of the EU (GDPR) entered into force in May 2018. Finavia continued its preparations to ensure that its operations are in compliance with the new requirements. Finavia's Internal Audit Unit audited the company's data protection organisation before the GDPR became effective.

Compliance risks

The EU certificate granting a licence for operating an airport provides the basis for Finavia's business operations. The implementation of the operational and structural requirements related to the licence is supervised by both national and EU authorities. The regulation related to the licences is continuously increasing and changing. Finavia reacts to these changes by developing its competence, by ensuring that the physical structures at its airports are up to date and by training its personnel.

The operating of airports is subject to a licence and requires an environmental permit granted by a Regional State Administrative Agency. An environmental permit decision failing to give consideration to the special characteristics of air traffic is seen as a risk if it causes unreasonable costs to the airport operator. The risks also include decisions resulting in the loss of revenue due to strict noise control or traffic restrictions. From the point of view of securing the operating prerequisites of airports, it is important that functions sensitive to noise are not planned in aircraft noise areas or in their immediate vicinity.

The operations at Finavia's airports complied with the EASA requirements and the requirements contained in the Environmental Protection Act.

Financial risks

The Group produces services for air traffic, and its cash flow is entirely dependent on one field of business. Disruptions affecting the sector and service interruptions may rapidly drain the cash flow. Risks related to cash flow were managed by ensuring sufficient liquidity and a liquidity reserve.

The landing and passenger charges collected from airlines are regulated and the pricing processes are fairly long, which means that Finavia may incur front-end costs already before the fees charged from the airlines are approved. The risk was managed by means of regular consultations with customers and by developing a long-term pricing strategy.

The key financial risks are generated by interest expenses. Other financial risks include fluctuations in the price of electricity and bitumen, changes in exchange rates, liquidity and refinancing risks and credit risks.

Environmental impacts

The maintenance of airports is an activity subject to a permit in accordance with the Environmental Protection Act (527/2014). Environmental impacts are caused by anti-skid treatments of runways, de-icing and anti-icing treatments of aircraft, and from the movements of aircraft on the ground and in the air. Environmental permits have been granted to 18 of Finavia's airports.

Finavia's environmental management system, which is in compliance with the ISO 14001 standard, was certified in 2018. The most significant environmental investments were directed towards reducing the load on the aquatic environment from the de-icing and anti-icing treatments at Helsinki, Tampere-Pirkkala and Ivalo Airports.

In its Helsinki Airport development programme, Finavia has given special consideration to environmental impacts and for this reason, the South Pier was awarded the international BREEAM environmental certificate with 'Excellent' rating.

Finavia continued its work to reduce atmospheric emissions by expanding the use of renewable diesel fuel. Last year, Finavia's vehicles at airports in Lapland also started using it. All other airports will introduce renewable diesel fuel during 2019.

A code of conduct for suppliers of goods and services was published in 2018 to support corporate responsibility communications.

Outlook for 2019

Growth in air traffic is expected to continue in 2019. The company anticipates that the strongest increases in passenger volumes will be posted in international traffic. Changes in overall economic trends, decisions by airlines to close down routes and increases in oil prices may slow down traffic growth.

The demand for and supply of air traffic at Finavia's airports will continue to fluctuate in 2019. Airlines react to fluctuations in demand by rapidly adjusting their capacity.

The Helsinki Airport expansion programme will continue in accordance with the general plan. In 2019, the focus in the work will be on providing passengers with new services. The renovation of the airport network will continue during 2019.

The company estimates that its revenue will grow substantially from 2018, mainly because of steady traffic growth. The operating result, excluding extraordinary items, is estimated to fall well below the 2018 level. This is mainly due to increased depreciation resulting from investments.

Events after the financial period

There have been no major events after the financial period.

The Board's proposal regarding the application of profits

The parent company's distributable funds on the balance sheet date of 31 December 2018 stood at EUR 413,144,932.04, of which profit for the period was EUR 59,314,734.50. The Board of Directors proposes to the Ordinary General Meeting of Shareholders that EUR 1.5 per share be distributed in dividends (totalling EUR 11,100,000.00).

The governance and remuneration report, as well as the salary and compensation report, will be published separately on the company's website at www.finavia.fi.

Vantaa 5 March 2019

Finavia Corporation
Board of Directors

Financial statements

Group income statement

EUR 1,000	Group 2018	Group 2017
Revenue	377,277	373,586
Other operating income	13,806	8,082
Materials and services		
Materials and supplies		
Purchases during the financial period	29,616	29,808
Changes in inventories: increase (-)/ decrease (+)	-954	-312
External services	58,803	57,748
Total	**87,466**	**87,244**
Staff expenses		
Salaries and fees	96,946	99,858
Indirect staff expenses		
Pension expenses	16,764	17,245
Other indirect staff expenses	3,869	4,639
Total	**117,579**	**121,743**
Depreciation, amortisation and impairment		
According to plan		
Buildings and structures	25,105	26,305
Machinery and equipment	20,870	20,115
Other tangible assets	27,698	20,359
Intellectual property rights	2,227	1,434
Other non-current expenditure	385	591
Total	**76,284**	**68,804**
Impairment of non-current assets	0	0
Total	76,284	68,804

EUR 1,000	Group 2018	Group 2017
Other operating expenses	42,945	49,474
Operating profit	66,809	54,403
Financial income and expenses		
Income (loss) from holdings in associated companies	-5 360	0
Income from other non-current investments	63	50
Other interest and financial income	889	133
Change in market value of derivatives	2,088	-1,012
Interest expenses and other financial expenses	-6,121	-5,972
Total	**-8,440**	**-6,801**
Profit before appropriations and taxes	58 370	47 602
Taxes for the financial period and previous financial periods	-11,849	-6,131
Deferred taxes	-1,240	-3,776
Total	**-13,089**	**-9,907**
Profit for the financial period	**45,281**	**37,695**

Finavia Corporation income statement

EUR 1,000	Finavia Corporation 2018		Finavia Corporation 2017	
Revenue		330,408		315,792
Other operating income		26,438		3,661
Materials and services				
Materials and supplies				
Purchases during the financial period	27,320		26,495	
Changes in inventories; increase (-)/ decrease (+)	-677		145	
External services	81,595		75,982	
Total		**108,238**		**102,622**
Staff expenses				
Salaries and fees	53,332		59,600	
Indirect staff expenses				
Pension expenses	8,994		10,036	
Other indirect staff expenses	2,056	64,382	2,677	72,314
Total		**64,382**		**72,314**
Depreciation,amortisation and impairment				
According to plan				
Buildings and structures	24,448		21,032	
Machinery and equipment	19,659		18,555	
Other tangible assets	27,695		20,332	
Intellectual property rights	2,081		1,330	
Other non-current expenditure	11		166	
Total	**73,893**		**61,414**	
Impairment of non-current assets	0		0	
Total		**73,893**		**61,414**

EUR 1,000	Finavia Corporation 2018		Finavia Corporation 2017	
Other operating expenses		36,488		44,238
Operating profit		73,845		38,865
Financial income and expenses				
Financial income	874		26,248	
Changes in market value of derivatives	2,088		-1,216	
Interest expenses and other financial expenses	-5,954		-5,617	
Total		**-2,992**		**19,414**
Profit before appropriations and taxes		70,852		58,280
Year-end allocations				
Change in depreciation difference		-520		-9,077
Income taxes				
Taxes for the financial period	-11,018		-3,587	
Taxes for previous financial periods	0		-6	
Total		**-11,018**		**-3,593**
Profit for the financial period		**59,315**		**45,609**

Group balance sheet

Assets

EUR 1,000	Group 2018	Group 2017
Non-current assets		
Intangible assets		
Intellectual property rights	7,153	4,369
Other non-current expenditure	1,515	3,293
Total	**8,668**	**7,662**
Tangible assets		
Land and water areas	45,019	53,987
Buildings and structures	274,804	412,241
Machinery and equipment	132,400	123,378
Other tangible assets	322,836	286,181
Advance payments and work in progress	236,256	111,970
Total	**1,011,315**	**987,757**
Investments		
Holdings in associated companies	8	8
Receivables from associated companies	10,604	-
Other investments	336	341
Total	**10,949**	**349**
Total non-current assets	**1,030,932**	**995,768**

EUR 1,000	Group 2018	Group 2017
Current assets		
Inventories		
Materials and supplies	2,651	2,262
Finished goods	687	123
Total	**3,338**	**2,385**
Receivables		
Non-current receivables		
Accrued income	199	105
Deferred tax assets	8,491	9,371
Total	**8,690**	**9,476**
Current receivables		
Accounts receivable	41,608	37,098
Other receivables	15,044	10,621
Accrued income	10,920	4,556
Total	**67,572**	**52,275**
Cash and cash equivalents	22,807	14,592
Total current assets	**102,408**	**78,727**
Total assets	**1,133,340**	**1,074,495**

Equity and liabilities

EUR 1,000	Group 2018	Group 2017
Equity		
Share capital	185,000	185,000
Other reserves		
Invested unrestricted equity reserve	286,635	286,635
Fair value reserve	-21,406	-21,224
Retained earnings	167,900	138,197
Profit for the period	45,281	37,695
Total	**663,410**	**626,303**
Statutory provisions		
Other statutory provisions	17,199	20,236

EUR 1,000	Group 2018	Group 2017
Liabilities		
Non-current		
Loans from financial institutions	307,387	183,118
Accrued liabilities	34,273	28,437
Deferred tax liability	12,748	15,501
Total	**354,408**	**227,056**
Current		
Loans from financial institutions	15,731	127,214
Advance payments received	2,417	1,228
Accounts payable	51,705	42,617
Other liabilities	4,919	5,663
Accrued liabilities	23,551	24,178
Total	**98,323**	**200,900**
Total liabilities	**1,133,340**	**1,074,495**

Finavia Corporation balance sheet

Assets

EUR 1,000	Finavia Corporation 2018	Finavia Corporation 2017
Non-current assets		
Intangible assets		
Intellectual property rights	6,766	3,993
Other non-current expenditure	154	165
Total	**6,920**	**4,158**
Tangible assets		
Land and water areas	43,463	43,152
Buildings and structures	267,533	281,343
Machinery and equipment	122,417	113,747
Other tangible assets	322,836	285,481
Advanced payments and work in progress	235,534	102,163
Total	**991,783**	**825,886**
Investments		
Holdings in Group companies	2,796	9,320
Holdings in associated companies	2,200	0
Receivables from associated companies	10,604	0
Other shares and holdings	332	332
Total	**15,933**	**9,653**
Total non-current assets	**1,014,636**	**839,696**

EUR 1,000	Finavia Corporation 2018	Finavia Corporation 2017
Current assets		
Inventories		
Materials and supplies	2,014	1,676
Finished goods	339	0
Total	**2,353**	**1,676**
Non-current receivables		
Receivables from Group companies	4,200	4,200
Accrued income	199	105
Total	**4,399**	**4,305**
Current receivables		
Accounts receivable	32,401	28,940
Receivables from Group companies	3,000	75,551
Other receivables	14,374	10,309
Accrued income	10,396	3,803
Total	**60,172**	**118,603**
Cash and cash equivalents	12,419	4,109
Total current assets	79,342	128,692
Total assets	**1,093,978**	**968,388**

Equity and liabilities

EUR 1,000	Finavia Corporation 2018	Finavia Corporation 2017
Equity		
Share capital	185,000	185,000
Other reserves		
Invested unrestricted equity reserve	286,635	286,635
Fair value reserve	-21,406	-21,224
Retained earnings	88,601	50,984
Profit for the period	59,315	45,609
Total	**598,145**	**547,004**
Cumulative appropriations		
Depreciation difference	58,917	58,397
Statutory provisions		
Other statutory provisions	17,199	20,236

EUR 1,000	Finavia Corporation 2018	Finavia Corporation 2017
Liabilities		
Non-current		
Loans from financial institutions	307,387	183,118
Accrued liabilities	25,256	25,237
Total	**332,643**	**208,355**
Current		
Loans from financial institutions	15,731	71,403
Advance payments received	924	291
Accounts payable	49,433	38,881
Liabilities to Group companies	3,358	3,300
Other liabilities	3,758	4,362
Accrued liabilities	13,872	16,160
Total	**87,075**	**134,397**
Total liabilities	**1,093,978**	**968,388**

Cash flow statement

EUR 1,000	Group 2018	Group 2017	Finavia Corporation 2018	Finavia Corporation 2017
Cash flow from business operations				
Payments received from sales	374,396	374,399	327,807	316,394
Payments from operating costs	-254,668	-255,509	-218,070	-216,893
Cash flow from business operations before financial items and taxes	**119,728**	**118,891**	**109,737**	**99,500**
Interest and financial expenses paid	-5,457	-5,201	-5,334	-4,569
Interest received from business operations	811	137	819	277
Dividends received	63	50	0	1,567
Other financial items from business operations	-1,448	-979	-651	-974
Direct taxes paid	-14,386	-7,180	-13,334	-4,406
Cash flow from business operations	**99,311**	**105,716**	**91,236**	**91,396**
Cash flow from investments				
Investments in tangible and intangible assets	-239,486	-181,812	-235,176	-167,881
Income from disposal of tangible and intangible assets	1,951	8,586	1,774	4,636
Subsidiary shares acquired	0	-3	0	-3
Subsidiary shares sold	27,634	0	27,634	0
Repayments of loan receivables	10,957	0	60,688	0
Cash flow from investments	**-198,944**	**-173,230**	**-145,079**	**-163,248**

EUR 1,000	Group 2018	Group 2017	Finavia Corporation 2018	Finavia Corporation 2017
Financing cash flow				
Loans granted to subsidiaries	0	0	0	-3,850
Repayments of loan receivables	0	0	1,550	770
Withdrawals of short-term loans	0	19,990	0	19,990
Repayments of short-term loans	-109,801	-3,850	-53,992	0
Withdrawals of long-term loans	245,000	50,000	140,000	50,000
Repayments of long-term loans	-17,413	-21,344	-17,413	-17,413
Profit crediting / return of capital paid	-7,992	0	-7,992	0
Financing cash flow	**109,794**	**44,797**	**62,153**	**49,498**
Change in cash and cash equivalents	**10,161**	**-22,717**	**8,310**	**-22,355**
Cash and cash equivalents 1 January	14,592	37,309	4,109	26,464
Cash and cash equivalents of sold subsidiaries	1,946	0	0	0
Cash and cash equivalents 31 December	22,807	14,592	12,419	4,109

Notes to the financial statement

1. Consolidated accounting principles

Finavia Corporation is a Finnish public limited liability company whose registered office is located in Vantaa. The State of Finland owns the entire capital stock. In addition to Vantaa, there are business operations in 20 airports around Finland.

Finavia Group delivers air traffic services and its Business Areas include: Helsinki Airport, Airport Network, affiliated group Airpro and subsidiaries engaged in real estate business.

The air navigation services department was corporatised into a separate company, Air Navigation Services Finland Oy, (ANS Finland Oy in short), as of 1 April 2017. The State of Finland owns the entire capital stock. The new company sells air navigation services to Finavia Corporation, among others. Due to the corporatisation, Finavia Corporation's revenue decreased by approx. EUR 50 million.

The financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS).

All Group companies are included in the consolidated financial statements. Associate company Taxi Point Oy was disregarded due to its negligible impact on Group equity. More detailed information on Group companies is available in Notes 12 to the balance sheet.

The Group's internal business transactions, receivables, liabilities and unrealised margins, as well as internal distribution of profit have been eliminated. Cross-ownership of shares has been eliminated using the acquisition cost method. Subsidiaries acquired during the financial period are included in the consolidated financial statements from the time when the Group gained control.

Changes to group structure

In January 2018, Finavia sold 31% of LAK Real Estate Oy to a fund managed by NREP Oy and 20% to Pontos Aero Oy. LAK Real Estate Oy owns 95% of another group company, Koy Lentäjäntie 1.

At the same time, changes were also made to the financing of subsidiaries, resulting in the external loans of subgroup LAK being recorded as short-term liabilities in the financial statements of 2017. The new financing arrangement no longer includes a security from Finavia Corporation.

In February 2018, Koy Aviatontti IV was sold to LAK Real Estate Oy. The merger plan for Lentoasemakiinteistöt Oy was registered on 7 September 2018, and the company will be merged with parent company Finavia Corporation on 1 January 2019. The merger plan for Skyhow Oy was registered on 18 December 2018 and the company shall be merged with the parent company during 2019.

Income recognition principles

The revenue of the Finavia Group mainly made up of services sold to air traffic, rental income from real estate, and parking income. Income arisen from services is allocated to the month when the service was rendered and rental income is allocated over the rental period. Services sold are also invoiced at least on a monthly basis. There is no customer financing.

Transactions denominated in foreign currencies

The invoicing of Finavia Group is always conducted denominated in euros. Purchases denominated in foreign currencies are recorded at the exchange rate of the transaction date (entry of the purchase invoice in the system) and the exchange rate gain or loss arisen in connection with the payment is treated as an adjustment item of purchases.

Larger currency purchases have been hedged by forward exchange contracts. The exchange rate gains or losses from currency hedging have been recorded in the same way as the underlying purchase.

Valuation principles used in preparing the financial statements

Non-current assets have been capitalised at direct acquisition cost. Subsidies received are recorded as a deduction of the acquisition cost. Planned depreciations are calculated within the Group according to a uniform set of principles on the basis of the economic life of each asset. Depreciation is started from the month the asset was taken into use.

The acquisition cost of inventories is determined using the weighted average cost method.

The securities included in the financial assets are recognised at acquisition cost or market price, if it is lower.

The Finnish Accounting Board issued a new requirement relating to accounting for financial derivatives in December 2016 (1963/2016). Finavia Corporation adheres to the fair value model (5:2a§) in the accounting of hedging derivatives. The group's derivatives include forward exchanges, electricity forward contracts and interest rate swap contracts. More detailed information on the Group's financial derivatives is available in Notes 27.

Provisions

The airport business is associated with authority regulations of which especially regulations related to safety and the environmental permits of airports require measures by the company. Mandatory provisions have been recorded for these measures.

Costs of liabilities

Costs arising from liabilities are expensed in the period in which they arise. The interest rate expenses and income of interest rate derivatives are allocated to the interest rate expenses of loans.

Income taxes

Finavia's share (EUR 67.5 million) of the construction costs of the Ring Rail Line may be deducted in income taxation as straight-line depreciation over a 10-year period effective from the payment year. The payment shares of the Ring Rail Line have been paid in the years 2010–2016. The payment shares have been recognised as costs in the income statement in 2009 and 2011.

The deferred tax liability calculated on appropriations (depreciation difference) has been shown as a separate item. A deferred tax receivable or liability has been calculated on the statutory provisions and the recognised market value of derivatives in hedge accounting. The deferred taxes are only presented on the Group's balance sheet and the income statement.

The Group companies have no business operations or payable taxes in locations other than Finland.

The figures in the notes are in thousands of euros, unless otherwise stated.

Notes to the income statement

2. Revenue by business area

EUR million	Group 2018	Group 2017	change,%
Helsinki Airport	259.1	236.6	9.5
Air Navigation Services	0.0	17.3	-100.0
Airport Network	66.6	57.2	16.3
Airpro	75.5	68.9	9.5
Real estate operations	3.9	23.6	-83.6
Eliminations	-27.7	-30.1	-7.9
Group total	**377.3**	**373.6**	**1.0**

Air Navigation Services is only included in Q1 figures of 2017.

3. Other operating income

EUR million	Group 2018	Group 2017	Finavia Corporation 2018	Finavia Corporation 2017
Profit from the sale of land areas and properties	57	4,939	57	603
Profits from the sale of other capital assets	274	14	215	14
Profits from the sale of subsidiary shares	10,522	0	23,310	0
Income from forests and land areas	423	834	423	834
Other earnings	2,530	2,295	2,433	2,210
Total	**13,806**	**8,082**	**26,438**	**3,661**

Growth in profits from other operating income is based on the support services sold to ANS Finland. ANS Finland will outsource the purchasing of support services outside Finavia Group gradually during 2018–2019.

4. Salaries and fees of the management

EUR million	Group 2018	Group 2017	Finavia Corporation 2018	Finavia Corporation 2017
CEO and deputy CEO	1,109	770	866	436
Members of the Board of Directors	145	164	145	164

5. Personnel employed by Finavia Group

EUR million	Group 2018	Group 2017	Finavia Corporation 2018	Finavia Corporation 2017
Personnel average (full-time equivalent)	2,186	2,172	1,045	1,107
Employees at the end of the year	2,852	2,696	1,240	1,176
permanent	2,132	1,962	926	910
temporary	720	734	314	266

Temporary personnel also includes individuals asked to work when needed, both in the parent company and the Group.

6. Auditor's fees

EUR million	Group 2018	Group 2017	Finavia Corporation 2018	Finavia Corporation 2017
Ernst & Young Oy				
Audit fees	92	99	64	78
Certificates and statements of opinion	6	1	5	1
Tax advice	41	26	39	26
Other services	30	41	29	40

7. Change of statutory provisions in the income statement

EUR million	Group 2018	Group 2017	Finavia Corporation 2018	Finavia Corporation 2017
Other operating expenses	-1,591	-3,760	-1,591	-3,760

The largest items included in the statutory provisions consist of the provisions related to the airports' environmental permits. In 2018, the change in the provision amounted to EUR -1.5 million (EUR -3.8 million in 2017). The work input in statutory provisions during the year amounts to EUR 4.6 million. The expenses have been entered directly (against a reservation) on the balance account, which means that the change in the reservation in this respect does not show in the balance sheet.

8. Financial income and expenses

EUR million	Group 2018	Group 2017	Finavia Corporation 2018	Finavia Corporation 2017
Share of associated companies' profit (loss)	-5,360	0		
Dividend income				
Dividend income from Group companies			0	25,963
Dividend income from associated companies	63	50		
Other interest and financial income				
From Group companies			26	178
From associated companies	748		748	
From others	141	133	100	107
Change in market value of derivatives	2,088	-1,012	2,088	-1,216
To others	-6,121	-5,972	-5,954	-5,618
Financial income and expenses, total	**-8,440**	**-6,801**	**-2,992**	**19,414**

9. Income taxes

EUR million	Group 2018	Group 2017	Finavia Corporation 2018	Finavia Corporation 2017
Income tax on business activities	-11,848	-6,208	-11,018	-3,587
Income tax from previous financial periods	-1	77	0	-6
Change in the deferred tax receivable	-880	-1,614		
Change in the deferred tax liability	-360	-2,162		
Total income tax	**-13,089**	**-9,907**	**-11,018**	**-3,593**

A deferred tax receivable or liability has been recorded for the statutory provisions and the market valuations of interest rate derivatives in hedge accounting. A deferred tax liability has arisen from appropriations.

Notes to the balance sheet

10. Intangible and tangible assets, and depreciation and amortisation expense

The economic lifetimes are as follows:

	Years	
Intangible assets		
Intellectual property rights	5	Straight-line depreciation
Other non-current expenditure	5 - 20	Straight-line depreciation
Tangible assets		
Buildings	20 - 40	Straight-line depreciation
Short-term structures and constructions	5 - 20	Straight-line depreciation
Machinery and equipment	3 - 20	Straight-line depreciation
Ground structures	10 - 40	Straight-line depreciation
Land and water areas are not depreciated.		

An additional depreciation of EUR 862,780.60 has been made in 2018. EUR 320,835.28 was allocated to intellectual property rights, EUR 238,495.00 to buildings and EUR 303,450.32 on machinery and equipment. A total of EUR 1,193,178 in additional depreciation was made in 2017, with additional depreciation related to the development programme of Helsinki Airport totalling EUR 616,434.87.

Subsidies received for investments

Energy subsidies totalling EUR 8,702.75 were received during 2018 (EUR 13,896.05 in 2017). These investements have been used to build electric car charging points at different airports. EU subsidies totalling EUR 43,770.94 were received for planning the Helsinki Airport multimodal travel centre.

Changes in balance sheet items:

Intellectual property rights	**Group 2018**	**Group 2017**	**Finavia Corporation 2018**	**Finavia Corporation 2017**
Acquisition cost 1 January	14,469	15,686	13,821	15,162
+ Increases	0	0	0	0
+ Transfers between items	5,010	1,387	4,854	1,263
- Deductions during the financial period	-278	-2,605	-273	-2,605
Acquisition cost 31 December	**19,202**	**14,469**	**18,402**	**13,821**
Accumulated depreciation and amortisation according to plan 1 January	-10,099	-11,270	-9,828	-11,103
Accrued depreciation and amortisation for deductions	278	2,605	273	2,605
Depreciation and amortisation for the financial period	-2,227	-1,434	-2,081	-1,330
- Accrued depreciation and amortisation according to plan 31 December	-12,048	-10,099	-11,635	-9,828
Book value 31 December	**7,153**	**4,369**	**6,766**	**3,993**
Other non-current expenditure				
Acquisition cost 1 January	5,100	3,889	216	216
+ Transfers between items	0	1,488	0	155
- Deductions during the financial period	-1,530	-277	0	-155
Acquisition cost 31 December	**3,570**	**5,100**	**216**	**216**
Accrued depreciation and amortisation 1 January	-1,808	-1,372	-51	-41
Accrued depreciation and amortisation for deductions	138	155	0	155
Depreciation and amortisation for the financial period	-385	-591	-11	-166
- Accrued depreciation and amortisation according to plan 31 December	-2,055	-1,808	-62	-51
Book value 31 December	**1,515**	**3,293**	**154**	**165**
Land and water areas				
Acquisition cost 1 January	50,065	46,605	42,391	42,388
+ Increases during the financial period	435	3,536	435	15
+ Transfers between items	2,529	0		
- Deductions during the financial period	-9,016	-76	-124	-12
Acquisition cost 31 December	**44,012**	**50,065**	**42,701**	**42,391**
Utility charges for real estates				
Acquisition cost 1 January	3,922	3,922	762	762
+ Increases during the financial period	0	0	0	0
- Deductions during the financial period	-2,916	0	0	0
Acquisition cost 31 December	**1,006**	**3,922**	**762**	**762**
Land and water areas (total)	**45,019**	**53,987**	**43,463**	**43,152**

Buildings and structures	Group 2018	Group 2017	Finavia Corporation 2018	Finavia Corporation 2017
Acquisition cost 1 January	823,860	785,737	655,674	616,360
+ Increases during the financial period	0	0	0	0
+ Transfers between items	12,773	45,218	12,015	45,218
- Deductions during the financial period	-163,440	-7,095	-6,665	-5,904
Acquisition cost 31 December	**673,193**	**823,860**	**661,024**	**655,674**
Accumulated depreciation and amortisation according to plan 1 January	-411,619	-390,143	-374,331	-356,938
Accrued depreciation and amortisation for deductions	38,335	4,829	5,288	3,638
Depreciation and amortisation for the financial period	-25,105	-26,305	-24,448	-21,032
- Accrued depreciation and amortisation according to plan 31 December	-398,389	-411,619	-393,491	-374,331
Book value 31 December	**274,804**	**412,241**	**267,533**	**281,343**
Machinery and equipment				
Acquisition cost 1 January	397,796	445,764	378,915	427,762
+ Increases during the financial period	0	4	0	0
+ Transfers between items	31,596	39,436	28,329	37,925
- Deductions during the financial period	-12,013	-87,408	-5,588	-86,771
Acquisition cost 31 December	**417,379**	**397,796**	**401,655**	**378,915**
Accrued depreciation and amortisation 1 January	-274,418	-326,505	-265,168	-318,189
Accrued depreciation and amortisation for deductions	10,309	72,201	5,588	71,576
Depreciation and amortisation for the financial period	-20,870	-20,115	-19,659	-18,555
- Accrued depreciation and amortisation according to plan 31 December	-284,979	-274,418	-279,239	-265,168
Book value 31 December	**132,400**	**123,378**	**122,417**	**113,747**
Ground structures				
Acquisition cost 1 January	604,954	551,457	604,113	550,616
+ Increases during the financial period	0	0	0	0
+ Transfers between items	65,050	80,671	65,050	80,671
- Deductions during the financial period	-972	-27,174	-131	-27,174
Acquisition cost 31 December	**669,032**	**604,954**	**669,032**	**604,113**
Accrued depreciation and amortisation 1 January	-318,773	-325,542	-318,632	-325,429
Accrued depreciation and amortisation for deductions	274	27,129	131	27,129
Depreciation and amortisation for the financial period	-27,698	-20,359	-27,695	-20,332
- Accrued depreciation and amortisation according to plan 31 December	-346,196	-318,773	-346,196	-318,632
Book value 31 December	**322,836**	**286,181**	**322,836**	**285,481**

Advance payments and incomplete acquisitions	Group 2018	Group 2017	Finavia Corporation 2018	Finavia Corporation 2017
Acquisition cost 1 January	111,970	95,255	102,163	93,363
+ Increases during the financial period	247,973	186,519	243,619	175,316
- Deductions	-10,030	-1,373	0	-1,283
- Transfers between items	-113,657	-168,432	-110,248	-165,232
Acquisition cost 31 December	**236,256**	**111,970**	**235,534**	**102,163**
Shares and holdings (subsidiaries and other shares)	-411 619	-390 143	-374 331	-356 938
Acquisition cost 1 January	349	349	9,653	9,655
+ Increases during the financial period	8,575	3	0	3
+ Transfers between items	-3,287		0	
- Deductions during the financial period	-5,292	-3	-4,324	-6
Acquisition cost 31 December	**345**	**349**	**5,329**	**9,653**
Receivables from associated companies				
Acquisition cost 1 January				
+ Increases during the financial period	10,604		10,604	
Acquisition cost 31 December	**10,604**	**0**	**10,604**	**0**
Total				
Acquisition cost 1 January	2,012,485	1,948,666	1,807,706	1,756,283
+ Increases during the financial period	267,588	190,062	254,659	175,489
Transfers between items	14	-231	0	-155
- Deductions during the financial period	-205,487	-126,012	-17,106	-123,911
Acquisition cost 31 December	**2,074,600**	**2,012,485**	**2,045,259**	**1,807,706**
Accrued depreciation and amortisation 1 January	-1,016,717	-1,054,831	-968,010	-1,011,699
Accrued depreciation and amortisation for deductions	49,333	106,918	11,280	105,102
Depreciation and amortisation for the financial period	-76,284	-68,804	-73,893	-61,414
- Accumulated depreciation and amortisation according to plan 31 December	-1,043,668	-1,016,717	-1,030,623	-968,010
Book value 31 December	**1,030,932**	**995,768**	**1,014,636**	**839,696**

11. Other shares and holdings

	Shares/ Group companies	Shares/ Associated companies	Other shares and holdings	Other investments
Group				
Acquisition cost 1 January		8	341	0
+ Increases during the financial period		0	0	0
+ Transfers between items		5,292		
- Deductions during the financial period		-5,292	-4	0
Acquisition cost 31 December	**0**	**8**	**336**	**0**
Parent company				
Acquisition cost 1 January	9,320		332	0
+ Increases during the financial period	0		0	0
- Transfers between items	-2,200	2,200		
- Deductions during the financial period	-4,324		0	0
Acquisition cost 31 December	**2,796**	**2,200**	**332**	**0**

12. Group companies

	Group's holding (%)	Parent company's holding (%)
Airpro Oy, Vantaa	100.0	100.0
RTG Ground Handling Oy, Vantaa	100.0	0.0
Lentoasemakiinteistöt Oy, Vantaa	100.0	100.0
Skyhow Oy, Vantaa	100.0	100.0
Koy Aviatontti I	100.0	100.0
Koy Aviatontti II	100.0	100.0
Koy Aviatontti III	100.0	100.0

	Balance sheet total in euros	Equity 31 Dec 2018 in euros	Revenue in euros	Financial period profit/loss in euros
Airpro Oy, Vantaa	32,201,971.31	15,708,512.70	64,907,698.50	3,173,777.53
RTG Ground Handling Oy	6,619,714.26	-3,650,767.82	23,184,643.86	145,036.23
Skyhow Oy, Vantaa	47,201.87	47,201.87	0.00	-1,472.36
Lentoasemakiinteistöt Oy, Vantaa	11,902,534.64	8,469,525.49	2,182,031.02	142,317.63
Koy Aviatontti I	521,267.92	487,053.50	0.00	-59,445.32
Koy Aviatontti II	1,437,330.54	1,435,886.89	0.00	-1,443.65
Koy Aviatontti III	1,334,018.31	1,332,814.62	0.00	-1,203.69

Holdings in associated companies	Group's holding (%)	Parent company's holding (%)	Equity 31 Dec 2018 in euros	Financial period profit/loss in euros
LAK Real Estate Oy, Vantaa	49.00	49.00	-3,468,912.00	-2,702,701.00
Taxi Point Oy, Vantaa	25.00	0.00	1,218,341.09	233,895.97

13. Receivables from associated companies

	Group 2018	Group 2017	Finavia Corporation 2018	Finavia Corporation 2017
Loan receivables from associated companies	9,450	0	9,450	0
Subordinated loan receivables from associated companies	1,078	0	1,078	0
Interest receivables from associated companies	76	0	76	0
	10,604	0	10,604	0

EUR 1,078,000 of the shareholder loan issued to LAK Real Estate Oy (EUR 10.5 million) has been transformed into a subordinated loan as defined in section 12 in the Limited Liability Companies Act. This share of the loan will remain a subordinated loan until the debtor's equity excluding the subordinated loan sum equals half of the share capital.

14. Accrued income

	Group 2018	Group 2017	Finavia Corporation 2018	Finavia Corporation 2017
Fair value of hedging electricity derivatives	199	105	199	105
Contracts maturing in 2019 or later				

15. Deferred tax assets

	Group 2018	Group 2017	Finavia Corporation 2018	Finavia Corporation 2017
Non-current				
For accrual differences and temporary differences	8,491	9,371	0	0

A deferred tax asset has been recorded for the statutory provisions and the market valuation of electricity and interest rate derivatives.

16. Receivables from group subsidiaries

	Finavia Corporation 2018	Finavia Corporation 2017
Accounts receivable	625	431
Loan receivables		
Non-current	4,200	4,200
Current	2,300	75,066
Prepaid expenses and accrued income	75	54
At the end of the financial period	**7,200**	**79,751**

The loan receivables include a subordinated loan of EUR 4.2 million to the Group's subsidiary RTG Ground Handling Oy.Interest for the loan is charged at the 10-year euro swap rate, which is revised on the day preceding the loan capital repayment. No margin is charged. The loan capital will not accrue interest for the financial periods for which the adopted financial statements do not show any distributable funds. In case of liquidation or bankruptcy of the company, the loan capital and interest may only be paid at a lower priority than that of other creditors. The loan capital may only be returned and interest paid to the extent that the sum total of the company's unrestricted equity and sum total of subordinated loans exceeds the loss shown on the balance sheet included in the company's financial statements adopted for the financial period, or in more recent financial statements. Neither Finavia nor the subsidiary issue any collateral guarantee for the loan capital or interest.

17. Material items contained in accrued income

	Group 2018	Group 2017	Finavia Corporation 2018	Finavia Corporation 2017
Rent receivables	4,356	2,160	4,340	1,838
Receivables from occupational health care (KELA)	487	485	231	247
Insurance payment receivables	2,126	0	2,126	0
Tax receivable	1,395	0	1,336	0
Other	2,556	1,911	2,363	1,718
At the end of the financial period	**10,920**	**4,556**	**10,396**	**3,803**

18. Additions and deductions from equity items

	Group 2018	Group 2017	Finavia Corporation 2018	Finavia Corporation 2017
Share capital				
At the beginning of the financial period	185,000	185,000	185,000	185,000
At the end of the financial period	**185,000**	**185,000**	**185,000**	**185,000**
Other reserves				
Invested unrestricted equity reserve	286,635	286,635	286,635	286,635
- Deductions	0	0	0	0
At the end of the financial period	**286,635**	**286,635**	**286,635**	**286,635**
Fair value reserve	-21,224	-29,443	-21,224	-29,375
- Changes	-182	8,218	-182	8,150
At the end of the financial period	**-21,406**	**-21,224**	**-21,406**	**-21,224**
Retained earnings	175,892	146,501	96,593	59,287
Distribution of dividend	-7,992	-8,303	-7,992	-8,303
	167,900	**138,198**	**88,601**	**50,984**
Profit (+)/Loss (-) for the financial period	45,281	37,695	59,315	45,609
Total equity	**663,410**	**626,303**	**598,145**	**547,004**

In 2018, Finavia distributed dividends totalling EUR 7,992,000 (EUR 8,303,352.80 in 2017). In 2017, the dividends were paid as distribution in kind by turning over the entire capital stock of ANS Finland Oy to the State of Finland.

Based on the decision of the Finnish Accounting Board (1963/2016), also the market valuation of hedging derivatives has been recorded in the accrued income or expenses and the fair value reserve in equity since 2016. Some of the derivatives obtained for hedging purposes have been excluded from hedge accounting. Changes in the market value of these derivatives have been recorded directly in the income statement under financial items.

EUR 50,991,953.34 of the depreciation difference has been recognised in the Group's equity (EUR 61,896,489.48 in 2017).

	Finavia Corporation 2018	Finavia Corporation 2017
Distributable unrestricted equity:		
Invested unrestricted equity reserve	286,635	286,635
Fair value reserve	-21,406	-21,224
Retained earnings	147,916	96,593
	413,145	362,004

19. Provisions

	Group 2018	Group 2017	Finavia Corporation 2018	Finavia Corporation 2017
Statutory provisions	17,199	20,236	17,199	20,236

The major items in statutory provisions on 31 December 2018:

An environmental provision of EUR 14.5 million (EUR 17.2 million in 2017) is associated with the pending environmental permit processes at different airports. A provision of EUR 2.7 million has been made for expanding the safety zones of runways in compliance with EASA's new aviation regulations.

20. Non-current liabilities

Loans maturing after five years or more.

	Group 2018	Group 2017	Finavia Corporation 2018	Finavia Corporation 2017
Loans from financial institutions	228,341	109,332	228,341	109,332

21. Material items included in accrued expenses

Non-current	Group 2018	Group 2017	Finavia Corporation 2018	Finavia Corporation 2017
Negative market value of hedging derivatives	25,256	25,237	25,256	25,237
Share of sales profit of subsidiary sold to associated company not entered as income	8,950	0		
Other	67	3,200	0	0
At the end of the financial period	**34,273**	**28,437**	**25,256**	**25,237**

The Finnish Accounting Board issued a new decision relating to accounting for financial derivatives in December 2016 (1963/2016). Consequently, also hedging derivatives have been recognised at fair value in the balance sheet. The derivatives are described in more detail in Note 27. Real estate companies at the Aviapolis area have transferred the obligation of arranging and constructing parking space by agreements to LAK Real Estate Oyj. The paid compensation fees totalling EUR 3.2 million were entered as accrued liabilities in 2017.

22. Deferred tax liability

	Group 2018	Group 2017
For appropriations	12,748	15,474
For accrual differences and temporary differences	0	27
At the end of the financial period	**12,748**	**15,501**

23. Advance payments received

	Group 2018	Group 2017	Finavia Corporation 2018	Finavia Corporation 2017
Advance payments received	2,417	1,228	924	291

24. Debt to group subsidiaries

	Finavia Corporation 2018	Finavia Corporation 2017
Accounts payable	3,286	3,140
Loans	46	48
Accrued expenses	25	112
At the end of the financial period	**3,358**	**3,300**

25. Material items included in accrued expenses

Current	Group 2018	Group 2017	Finavia Corporation 2018	Finavia Corporation 2017
Holiday bonuses with social security contributions	15,245	14,632	9,748	9,527
Periodic salaries with social security contributions	5,173	4,728	2,720	2,473
Interest payable	471	585	470	497
Negative market value of derivatives	6	1,383	6	1,383
Tax liabilities	0	1,169	0	980
Other	2,656	1,681	928	1,300
At the end of the financial period	**23,551**	**24,178**	**13,872**	**16,160**

26. Guarantees, pledges and liabilities

	Group 2018	Group 2017	Finavia Corporation 2018	Finavia Corporation 2017
Loans of subsidiaries for which a pledge was given:				
Loans from financial institutions	0	54,175	0	54,175
Total guarantees given	0	54,175	0	54,175
Other guarantees given for subsidiaries				
Special guarantee given for leasing liabilities	147	134	147	134
Other guarantee liabilities	139	123	89	73
Leasing liabilities				
To be paid during the 2019 financial period	5,439	5,977	5,218	5,733
To be paid later	15,856	21,049	15,272	20,227

Year	Real estate investments	VAT of the real estate investment	Revision liability 31 Dec 2018	Annual amount subject to revision
2010	40,008	9,202	920	920
2011	28,628	6,584	1,317	658
2012	23,658	5,441	1,632	544
2013	16,353	3,925	1,570	392
2014	37,361	8,967	4,483	897
2015	50,285	12,069	7,241	1,207
2016	119,608	28,706	20,094	2,871
2017	122,724	29,454	23,554	2,945
2018	77,046	18,491	16,642	1,849
Total		122,838	77,454	12,284

Other liabilities

Investment-related purchase commitments totalled EUR 112.6 million on 31 December 2018. The biggest item is the Helsinki Airport development programme associated with purchase commitments totalling EUR 95.6 million.

Finavia Corporation has made an option contract with LAK Real Estate Corporation on the resale of shares. Finavia Corporation is obligated to buy or determine a buyer for the shares in LAK Real Estate Corporation held by a fund managed by NREP Oy or Pontos Aero Oy. NREP and Pontos Aero Oy have an option, but no obligation, to sell all the shares in their control. Finavia's responsibility to buy the shares will be realised no earlier than five years from the moment of sale.

Finavia Corporation is obligated to revise the VAT deductions it has made for the real estate investments completed during 2008–2016 if the taxable use of the buildings decreases during the revision period of 10 years. The maximum amount of this liability is EUR 77,453,957.20 and the last revision will be conducted in 2027.

27. Hedge instruments and hedge accounting

Interest rate risks

The objective of interest rate risk management is to minimise the impact of changes in interest rates on Finavia's value and financial result. Finavia uses both fixed and variable rate loans to finance its operations, and the changes in the interest rates of these loans create an interest rate risk affecting the financial result and cash flow. To manage the interest rate risk, Finavia uses interest rate derivatives and decentralises a part of its loan porftolio into fixed rate loans. Variable rate loans totalled EUR 143 million and fixed rate loans totalled EUR 179 million on 31 December 2018.

Finavia carries out selected sensitivity analyses to evaluate and measure interest risk, which mainly consists of interest-bearing debt and related derivatives. A sensitivity analysis forms an estimate on the potential changes in the fair value of instruments sensitive to market fluctuations, based on varying the interest rate level and keeping other factors stable.

Interest derivatives 31 December 2018:

EUR million	Effect on fair value
Interest - increase of 100 basis points	12
Interest - decrease of 50 basis points	-7

Interest-bearing debts of the Group and related interest derivatives:

EUR million	Effect on profit/loss per year
Interest - increase of 100 basis points	-0.63
Interest - decrease of 50 basis points	0.03

Currency risks

The objective of Finavia's currency risk management is to keep the level of currency risk as low as possible. The most significant principles of currency risk management include ensuring that the business operations are aware of currency risks, ensuring that the initial positions are recognised and managing the open position with financial instruments, as needed. The payment transactions of Finavia Group are mainly conducted in euros and the accounts of the companies are euro-denominated. In some situations, the prices or price components in procurement contracts may be denominated in currencies or tied to exchange rates other than euro. Currency forward contracts have been used to hedge against procurement contracts in foreign currencies. At the end of 2018, there were no open currency forward contracts.

Electricity price risk

The objective of Finavia's electricity procurement is predictable price of electric energy and hedging against strong changes in prices. The predicted consumption of approximately the following three years is hedged against the electricity price risk at annually decreasing hedging level. The electricity contracts are denominated in euros and will mature in 2019–2021.

Bitumen price risk

Finavia estimates the need to hedge against the price of bitumen, taking into consideration the need for bitumen during the year in question, the available hedging instruments and the costs of hedging. The price of bitumen may be hedged against using fixed-price purchase agreements or raw material derivatives. In 2018, Finavia did not have any derivatives related to the hedging of bitumen.

Within Finavia Group, only Finavia Corporation had derivative contracts in the financial statement on 31 December 2018.

Derivative contracts	Nominal value €	Fair value €	Fair value €
Interest rate swaps		(contracts maturing within 5 years)	(contracts maturing after 5 years)
Hedge accounting	67,000,000	0	-23,167,593
Other hedges	22,000,000	-5,626	-2,088,395
Electricity forward contracts			
Other hedges	859,922	680,504	0
Currency forward contracts			

Equity/Fair value reserve on 31 December 2018

Fair value of derivatives included in hedge accounting	-23,167,593
Market value of the sold interest rate swap matured in 2016, amortised over the existing life of the resulting interest rate swap	1,761,476
	-21,406,117

Derivative instruments and hedge accounting

All derivative contracts have been made according to the Finavia financing policy for hedging purposes to hedge against the interest risk related to variable-interest loans or electricity price risk. Derivatives in hedge accounting are interest rate swap contracts where the effective portion of the fair value change is recorded in the fair value reserve in equity when hedge accounting is applied. In case of ineffective hedging, the ineffective portion is recorded in the income statement under financial items. For non-hedging derivatives, fair value changes are recorded in the income statement under financial items. The fair values of derivative contracts are based on the market valuations generated by Finavia's treasury system, verified against the market valuations reported by the contractual parties.

Hedge accounting

Hedge type

Cash flow hedging. The risk and hedging ratio have been documented and authenticated according to hedge accounting principles. Interest flows of interest rate swap contracts are recognised in profit or loss under the same principles as the interest rate swaps of hedged loans.

Hedged item

At the time of the financial statement on 31 December 2018, the share of Finavia's entire loan capital included in hedge accounting amounted to EUR 67 million, corresponding to the nominal value of interest rate swap agreements. The interest rates of variable rate loans are 3 and 6 month Euribor rates.

Hedging instruments

Interest rate swap contracts with a combined nominal value of EUR 67 million and fair value of EUR -23,167,593 at the time of the financial statement on 31 December 2017. With the interest rate swap contracts Finavia is entitled to 3 and 6 month Euribor rates and pays fixed interests.

Signatures for the board of directors' report and financial statements

Vantaa, 5 March 2019

Harri Sailas
Chairman of the Board of Directors

Esko Pyykkönen

Katja Keitaanniemi

Erkka Valkila

Annaleena Kiikonen

Stefan Wentjärvi

Nina Kiviranta

Kimmo Mäki
CEO

An auditor's report on the accounts has been issued today.

Vantaa, 8 March 2019

Ernst & Young Oy
Authorised Public Accountant Firm

Mikko Rytilahti
APA, CPFA

Calculation of key figures

Return on investment, %

$$\frac{\text{Profit or loss before extraordinary items + financing income and expenses}}{\text{Equity + interest-bearing financial liabilities, average of opening and closing balance}}$$

Return on equity, %

$$\frac{\text{Profit or loss before extraordinary items - income taxes}}{\text{Equity + minority interest, average of opening and closing balance}}$$

Equity ratio, %

$$\frac{\text{Equity + minority interest}}{\text{Balance sheet total - advance payments received}}$$

Auditor's report

Audit of the financial statements

Opinion

We have audited the financial statements of Finavia Corporation (Business ID 2302570-2) for the financial period of 1 January – 31 December 2018. The financial statements include the consolidated balance sheet, parent company's balance sheet, consolidated income statement, parent company's income statement, consolidated cash flow statement, parent company's cash flow statement and notes.

In our opinion, the financial statements give a true and fair view of the financial performance and financial position of the group and the parent company in compliance with the regulations valid in Finland governing the preparation of financial statements, and meet the statutory requirements.

Basis for the opinion

We conducted our audit in accordance with Finnish good auditing practice. Our responsibilities under good auditing practice are further described in the section entitled The auditor's responsibilities when auditing financial statements. We are independent of the parent company and group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for the audit opinion.

Obligations of the Board of Directors and the CEO regarding financial statements

The Board of Directors and the CEO are responsible for the preparation of financial statements so that they give a fair and sufficient presentation in compliance with the regulations valid in Finland governing the preparation of financial statements and meet the statutory requirements. The Board of Directors and the CEO are also responsible for such internal control they deem necessary for being able to prepare financial statements free of material misstatements due to fraud or error.

When preparing the financial statements, the Board of Directors and the CEO are obliged to assess the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to the going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

The auditor's responsibilities when auditing financial statements

Our objective is to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and are considered material if, whether individually or collectively, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of conducting an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness

of the parent company's or the group's internal controls.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, conclude whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the management, control and performance of the group's audit. We are solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other reporting requirements

Other information

The Board of Directors and the CEO are responsible for other information. Other information, which we have obtained prior to the date of the auditor's report, includes the Board of Directors' Report.

Our opinion on the financial statements does not cover other information.

Our responsibility is to read the other information in connection with the audit and, in doing so, consider whether this other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the Board of Directors' Report has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the Board of Directors' Report is consistent with the information in the financial statements and the Board of Directors' Report has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed concerning the other information we have obtained prior to the date of the auditor's report, we conclude that there is a material misstatement in the other information in question, we are required to report this fact. We have nothing to report in this regard.

Other opinions

We are in favour of adopting the financial statements. The proposal of the Board of Directors regarding the application of profits shown on the balance sheet is compliant with the Finnish Limited Liability Companies Act (624/2006). We are in favour of discharging the members of the parent company's board and the CEO from liability for the financial period we have audited.

Vantaa, 8 March 2019

Ernst & Young Oy
Firm of APA Auditors

Mikko Rytilahti
APA, CPFA