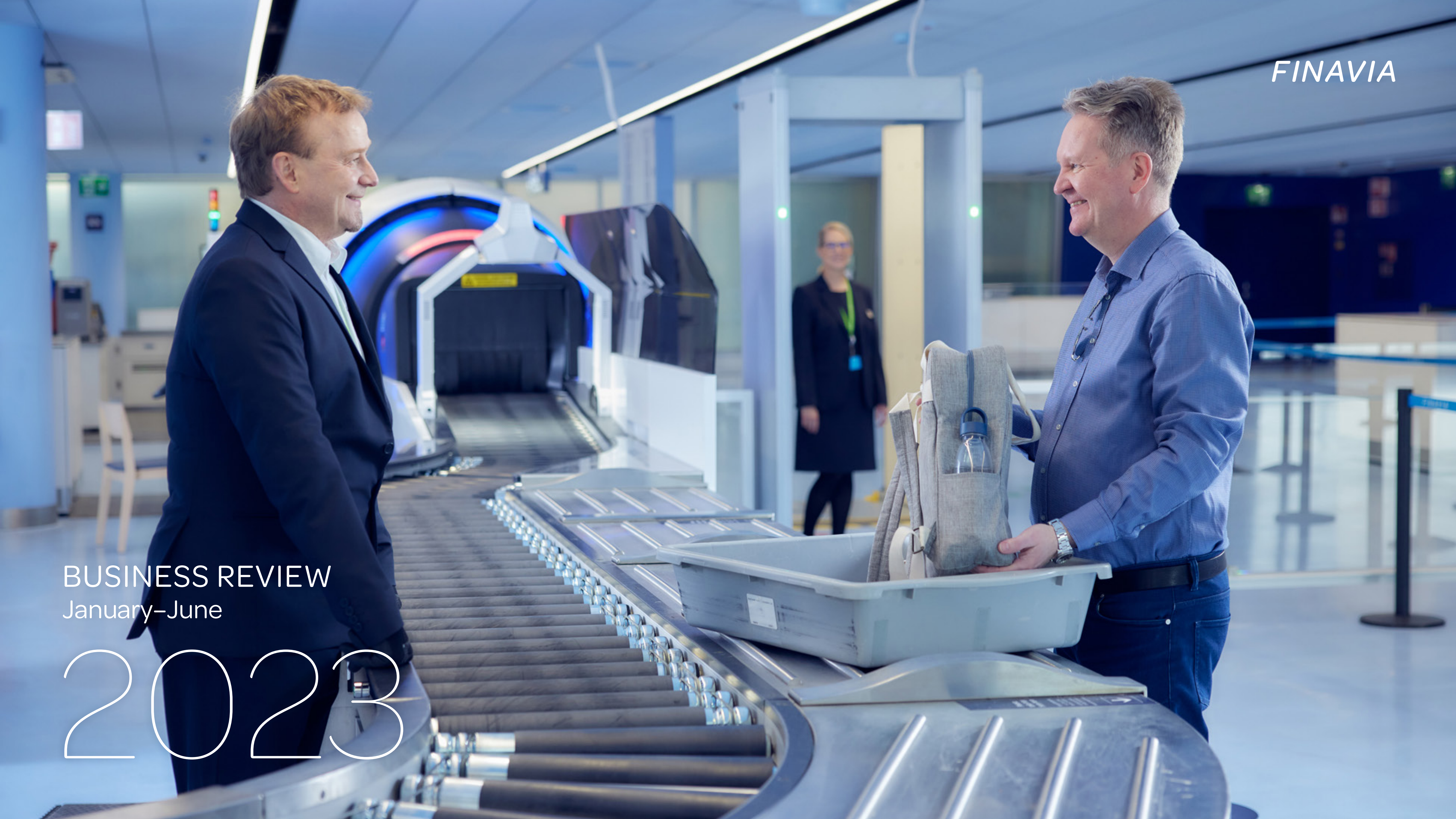


BUSINESS REVIEW
January–June

2023

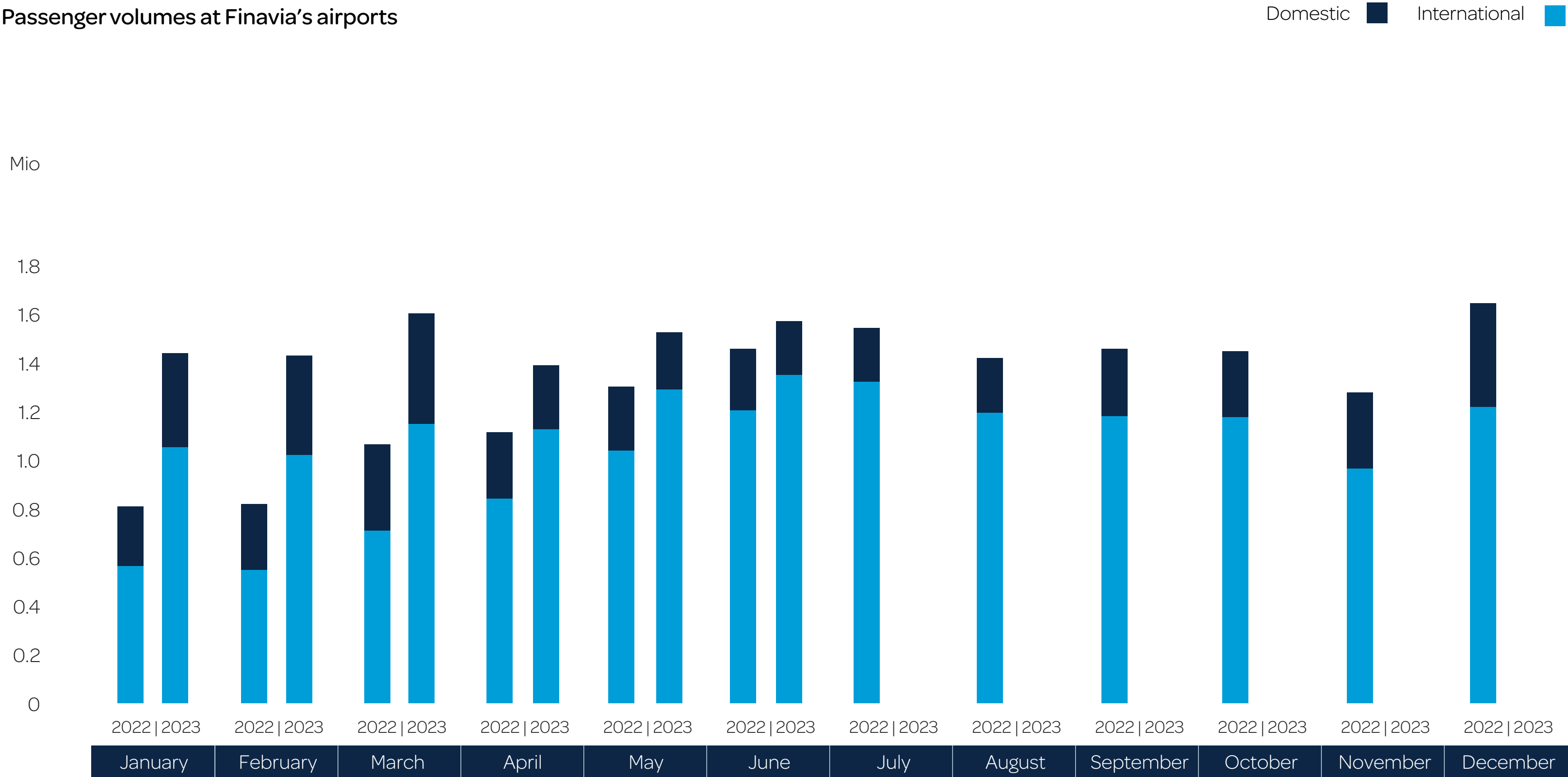


January–June 2023

- The total number of passengers was 9.0 million (6.6), showing an increase of 36.5% compared to January–June 2022.
- Revenue totalled EUR 173.6 million (134.2), an increase of 29.3%.
- The operating margin before extraordinary items¹⁾ was EUR 43.2 million (18.7), representing growth of 130.6%.
- The operating profit before extraordinary items¹⁾ was EUR -14.5 million (-39.4), an increase of 63.2%.
- Cash flow-based investments totalled EUR 20.7 million (62.2).
- Interest-bearing liabilities at the end of the review period amounted to EUR 789.8 million (827.2).

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

Passenger volumes at Finavia’s airports



Key figures

The Group's key figures	1-6/2023	1-6/2022	Change, %
Financial information			
Revenue, EUR million	173.6	134.2	29.3
Operating margin, EUR million	42.6	19.5	118.0
Operating margin, %	24.5	14.5	
Operating margin before extraordinary items ¹⁾ , EUR million	43.2	18.7	130.6
Operating margin before extraordinary items ¹⁾ , %	24.9	13.9	
Operating result, EUR million	-15.1	-38.6	60.8
Operating result, %	-8.7	-28.7	
Operating result before extraordinary items ¹⁾ , EUR million	-14.5	-39.4	63.2
Operating result before extraordinary items ¹⁾ , %	-8.3	-29.4	
Result for the period, EUR million	-27.2	-41.1	33.8
Return on equity, %	-8.5	-11.9	
Return on investment, %	-2.1	-5.1	
Equity ratio, %	41.3	41.4	
Cash flow-based investments, EUR million	20.7	62.2	
Net debt, EUR million	671.8	666.4	0.8
Cash at bank and in hand, EUR million	41.0	42.7	-4.0
Balance sheet total, EUR million	1,532.8	1,629.3	-5.9
Other information			
Total number of passengers, million	9.0	6.6	36.5
Average number of employees (person-years)	1,937	1,831	5.8

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





CEO Kimmo Mäki:

The growth of air traffic continued in January–June 2023. Interest in international travel remained very strong in spite of global uncertainty and high inflation. The growth in the number of passengers drove Finavia’s revenue from air traffic higher, which improved our profitability.

Our active efforts to open new flight connections in our airport network improved connectivity for Finland as a whole. Several direct flights to European destinations were launched at Finavia’s airports during the period under review. The number of international connections increased at Helsinki Airport, Tampere-Pirkkala Airport and Vaasa Airport. Airlines also announced several new routes to airports in Lapland for the winter season 2023–2024.

In January–June 2023, the total number of passengers on scheduled and chartered flights at Finavia’s airports was 9.0 million (6.6), of whom 7.0 million flew on international routes. The total volume of domestic and international freight declined by 5.1% to 86.6 tonnes (91.3).

In January–June, the number of passengers at Helsinki Airport increased by 36.9% year-on-year and was 7.5 million (5.5). Passengers on international flights accounted for 86.6% of the total. The number of passengers at Helsinki Airport was approximately 70% of the number of passengers in January–June 2019. The share of Asian traffic has remained low due to the closure of Russian airspace and the travel restrictions in effect in China.

The investments made at Helsinki Airport to expand the airport and improve its services and processes have created an even smoother travel experience and increased customer satisfaction at the airport. Customer satisfaction developed favourably in January–June as the new security control and baggage claim facilities were opened along with new retail and restaurant services.

In January–June, the number of passengers at Helsinki Airport increased by 36.9% year-on-year and was 7.5 million.

Among the other major Nordic airports, passenger volumes increased by 34% at Stockholm Arlanda, 31% in Copenhagen and 21% in Oslo when compared to the corresponding period last year.

A total of 1.5 million (1.1) passengers travelled through Finavia’s regional airports in January–June 2023. The number of passengers increased by 34.3%. The development of passenger volumes was particularly positive at Tampere-Pirkkala, Rovaniemi and Turku Airports due to the opening of new direct international flight connections.

The recovery to pre-pandemic passenger volumes has been slow, especially at Finavia’s five regional airports, where the state subsidises scheduled flights as purchased traffic. In the first half of 2019, a total of 210,692 passengers travelled through the airports of Joensuu, Jyväskylä, Kajaani, Kemi-Tornio and Kokkola-Pietarsaari. In January–June 2023, the total number of passengers was 85,497.

In January–June 2023, Finavia’s revenue increased by 29.3% and amounted to EUR 173.6 million (134.2). Most of Finavia’s revenue were derived from air traffic, including passenger charges and landing charges paid by airlines. Commercial revenue also developed favourably during the review period due to new services and the growth of parking volumes. Revenue from business operations at Helsinki Airport increased by 34.2% and amounted to EUR 117.4 million (87.5). Revenue from Finavia’s network airports increased by 24.3% and came to EUR 32.4 million (26.1). Airpro’s revenue totalled EUR 37.7 million (33.4), driven by the growth of ground handling and cabin services.

Finavia’s profitability improved in January–June 2023. The operating margin before extraordinary items improved to EUR 43.2 million (18.7). The operating result before extraordinary items was EUR -14.5 million (-39.4), representing an increase of 63.2%. The operating result of airport operations at Helsinki Airport was EUR 0.3 million (-24.8). The operating result of the

network business was EUR -14.8 million (-17.6). The operating result of the Airpro business was EUR 0.2 million (-1.0). Profitability improved year-on-year in all business areas.

During the review period, Finavia achieved the targets set for the EUR 300 million cost-cutting programme that was launched in March 2020 due to COVID-19 pandemic. The cost-cutting programme was aimed at adapting Finavia’s operations to the financial impacts of the COVID-19 pandemic and the slow recovery of Asian traffic. The cost-cutting programme, which was focused on operating expenses and investments, progressed faster than planned. By the end of the review period, EUR 185 million in operating costs had been saved. A total of EUR 122 million had been saved in investments. The total cost savings amounted to EUR 307 million. Finavia is continuing to take measures to ensure the financial sustainability of its operations.

The uncertainty caused by Russia’s war of aggression, rising raw material prices, higher interest rates and rising energy costs were reflected in costs in the aviation sector. The war of aggression affected the demand and supply of flights and, in the long term, the situation may also have an impact on Finavia’s business operations, particularly with regard to flight connections to Asia.

Investments at Helsinki Airport and regional airports

Finavia’s investment programme to develop Helsinki Airport, which is valued at over one billion euros, is nearing its completion. The new centralised baggage claim hall was deployed in June. The security control area, which was implemented in two stages, was also completed in June. It features 10 state-of-the-art security control machines. The 10-year development programme will end with the completion of new service facilities in the gate area in autumn 2023.

Revenue and operating profit by business area in January–June 2020-2023

Revenue	1-6/2023	1-6/2022	1-6/2021	1-6/2020
Helsinki Airport, EUR million	117.4	87.5	30.6	65.8
Airport network, EUR million	32.4	26.1	13.9	23.7
Airpro, EUR million	37.7	33.4	8.4	21.4
Other/eliminations, EUR million	-13.9	-12.8	-5.3	-8.8
Group total, EUR million	173.6	134.2	47.6	102.1

Operating profit	1-6/2023	1-62022	1-6/2021	1-6/2020
Helsinki Airport, EUR million	0.3	-24.8	-53.6	-31.5
Airport network, EUR million	-14.8	-17.6	-21.6	-15.8
Airpro, EUR million	0.2	-1.0	-4.1	-2.7
Other/eliminations, EUR million	-0.1	4.0	2.0	2.0
Group total, EUR million	-14.5	-39.4	-77.2	-48.0

Service quality, the fluidity of operations and the customer experience remained excellent in spite of the construction work, which was reflected in improved customer satisfaction and international awards. In June, Airports Council International (ACI) recognised Helsinki Airport as the best airport in the size category of 15–25 million passengers. The ranking was based on ACI’s international comparative survey on service quality. Helsinki Airport was also rated as the best airport in Northern Europe in an international service survey conducted by Skytrax.

Finavia’s sustainability programme guides the Group’s investment decisions and operations towards sustainable air travel. In 2023, Finavia will invest a total of over EUR 15 million in airport infrastructure at the Helsinki, Kuopio and Kuusamo airports. We are investing over EUR 5 million in sustainable development projects whose main focus is on promoting water protection at Helsinki Airport, Turku Airport and Pori Airport.

In April 2023, a wetland built underground at Helsinki Airport was implemented to protect nearby waterways by diverting runway and apron stormwater to the wetland. It is the first of its kind in the Nordic region. In May 2023, Finavia began the renovation of runway 2 at Helsinki Airport, which will include upgrades to the runway’s stormwater drainage, among other developments. In addition, a forest protection programme was launched during the review period to support biodiversity in the areas around airports. At Finavia’s airports in Lapland, progress was made towards the goal of net zero emissions.

Financial position

Cash flow from operations amounted to EUR 36.0 million (21.2) in January–June 2023. Cash flow after investments was EUR 13.6 million (-42.2). Cash flow-based investments totalled EUR 20.7 million (62.2).

Finavia’s liquidity was sound, with cash and cash equivalents amounting to EUR 118.0 million (160.7) at the end of the period

under review. The Group’s interest-bearing liabilities totalled EUR 789.8 million (827.2) and interest-bearing net liabilities EUR 671.8 million (666.4) at the end of the period.

Finavia has a committed revolving credit facility of EUR 125 million, which was unused at the end of the review period. Finavia also had a EUR 250 million short-term commercial paper programme, which is unused.

Outlook for 2023

The outlook remains unchanged: The company expects its revenue for 2023 to be higher than in 2022. This expectation is based on the current view of the development of air traffic. The operating profit is expected to be clearly higher than in 2022 but still unprofitable.

Due to Russia’s war of aggression against Ukraine and the subsequent closure of Russian airspace, it will take years for traffic to return to the levels seen before the COVID-19 pandemic. The rapid rise in prices has an impact on the finances of consumers and businesses, as well as costs in the aviation industry. This may slow down the development of air transport in the long term.

The business review is unaudited.

Finavia Corporation

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Calculation of key figures

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

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



FINAVIA