

BUSINESS REVIEW
January–September

FINAVIA

2023

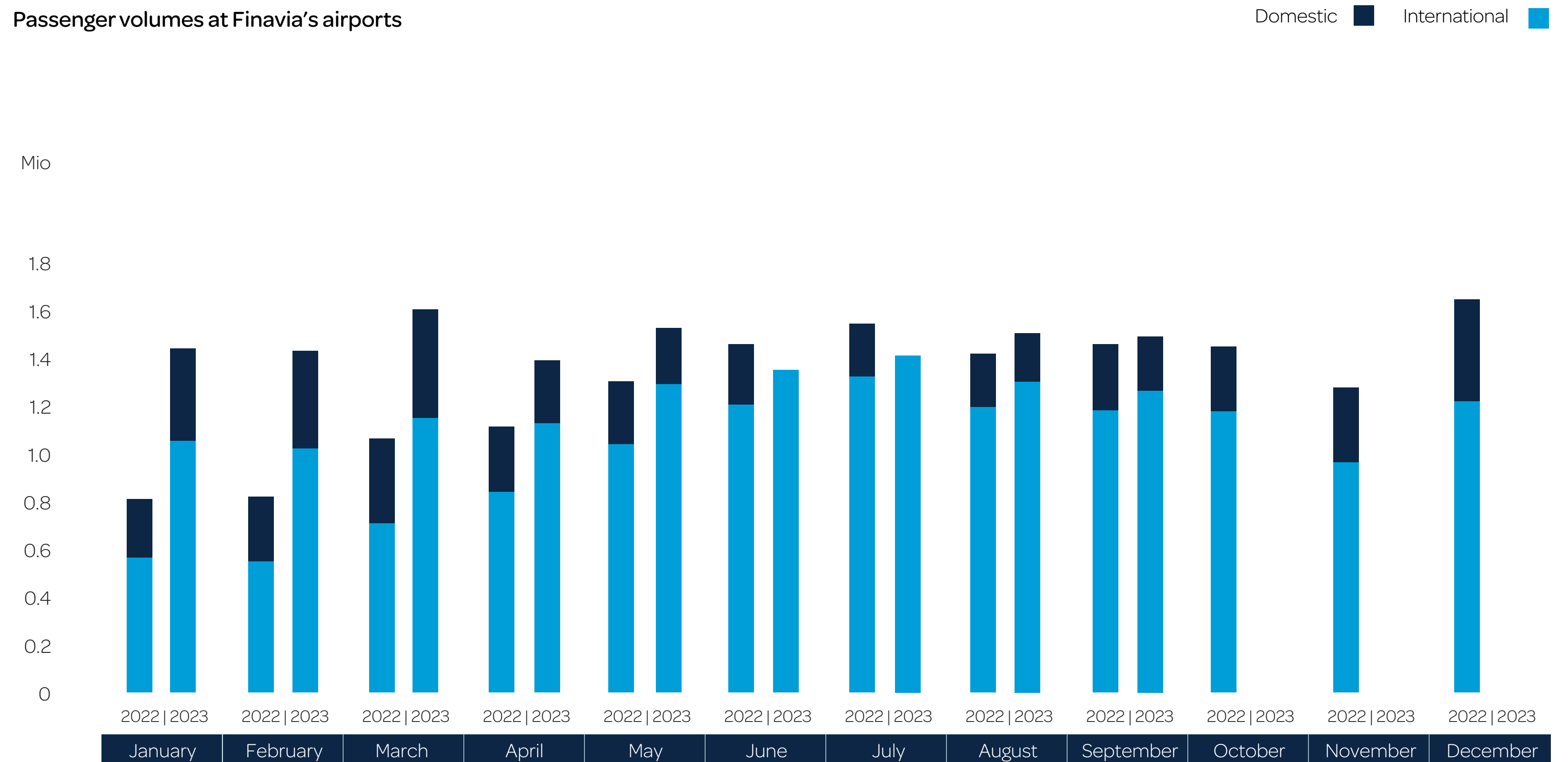


January–September 2023

- The total number of passengers was 13.6 million (11.0), showing an increase of 23.4% when compared to January–September 2022.
- Revenue totalled EUR 255.6 million (206.9), an increase of 23.5%.
- The operating margin before extraordinary items¹⁾ was EUR 70.8 million (42.3), representing an increase of 67.4%.
- The operating profit before extraordinary items¹⁾ was EUR -16.1 million (-45.1), an increase of 64.3%.
- Cash flow-based investments totalled EUR 36.6 million (83.5).
- Interest-bearing liabilities at the end of the review period amounted to EUR 780.9 million (818.2).

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

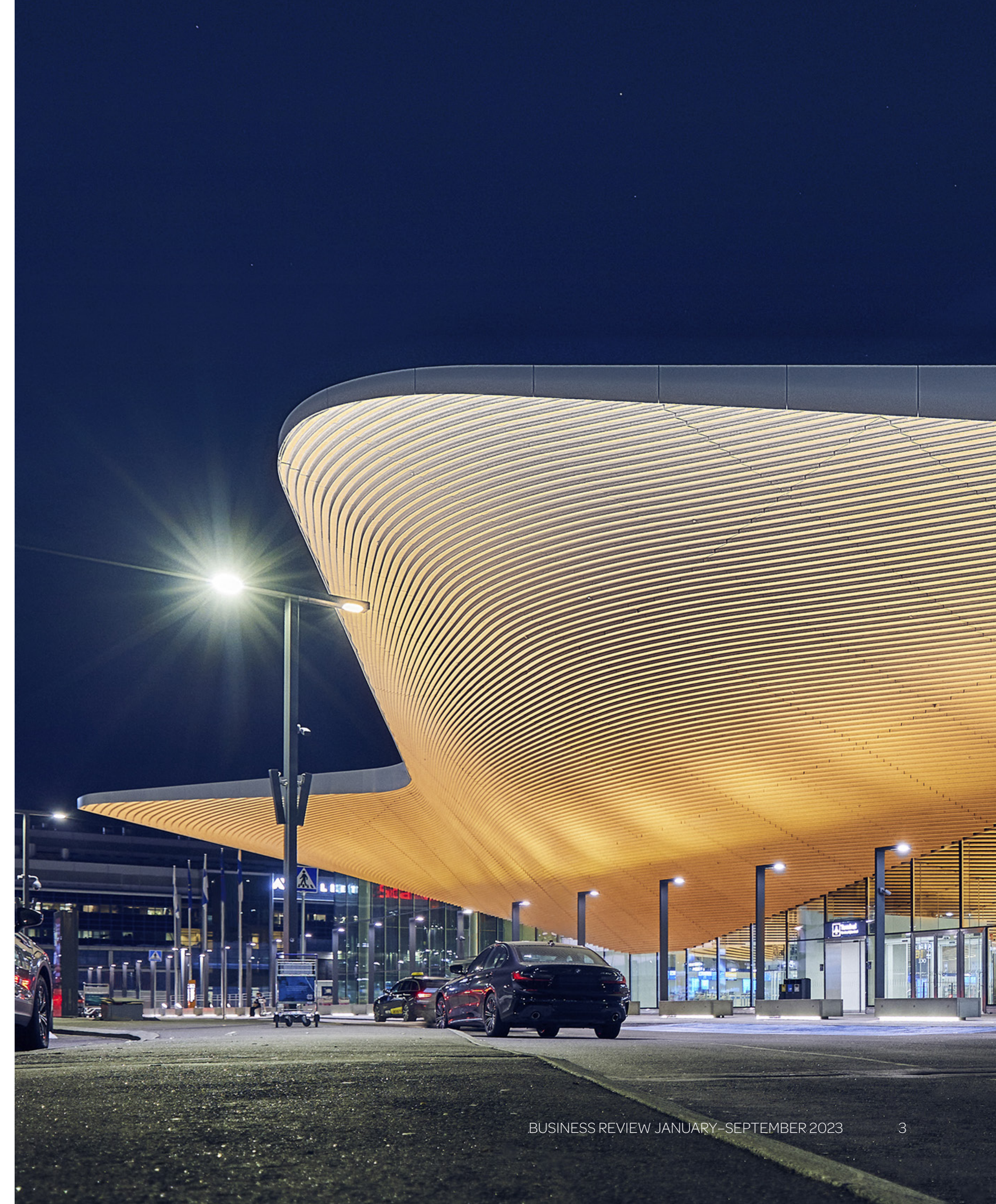
Passenger volumes at Finavia's airports



Key figures

The Group's key figures	1-9/2023	1-9/2022	Muutos-%
Financial information			
Revenue, EUR million	255.6	206.9	23.5
Operating margin, EUR million	68.6	43.0	59.5
Operating margin, %	26.8	20.8	
Operating margin before extraordinary items ¹⁾ , EUR million	70.8	42.3	67.4
Operating margin before extraordinary items ¹⁾ , %	27.7	20.4	
Operating result, EUR million	-18.3	-44.3	58.8
Operating result, %	-7.1	-21.4	
Operating result before extraordinary items ¹⁾ , EUR million	-16.1	-45.1	64.4
Operating result before extraordinary items ¹⁾ , %	-6.3	-21.8	
Result for the period, EUR million	-36.0	-48.2	25.3
Return on equity, %	-7.5	-9.3	
Return on investment, %	-1.6	-4.0	
Equity ratio, %	41.2	41.7	
Cash flow-based investments, EUR million	36.6	83.5	-56.2
Net debt, EUR million	662.0	674.0	-1.8
Cash at bank and in hand, EUR million	68.8	46.3	48.8
Balance sheet total, EUR million	1.519,2	1.598,2	-4.9
Other information			
Total number of passengers, million	13.6	11.0	23.4
Average number of employees (person-years)	1 951	1 783	9.4

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 international travel continued in spite of global uncertainty and high inflation in January–September 2023. During the review period, several airlines announced new direct international flight connections between Finland and Europe. Due to the newly launched routes, the number of international scheduled flights at Lapland’s airports will rise to a record-high in the 2023–2024 winter season. Together with tourism operators in Lapland, we managed to strengthen the attractiveness of the Lapland region and improve connectivity for Finland as a whole.

Finavia’s ten-year development programme at Helsinki Airport was completed on schedule and on budget, which was a significant success that was accomplished in collaboration with the company’s personnel and stakeholders. The billion-euro investment in the expansion of Helsinki Airport and its services and processes will enable the future growth of air traffic, and it represents an investment in the prosperity of Finland as a whole.

The number of passengers using Finavia’s airports increased by 23.4% in January–September 2023. The total number of passengers on scheduled and chartered flights was 13.6 million (11.0), of whom 11.0 million flew on international routes. The total volume of domestic and international freight decreased by 1.5% to 129 tonnes (131.0).

In January–September, the number of passengers at Helsinki Airport increased by 23.4% year-on-year and was 11.6 million (9.4). Passengers on international flights accounted for 88.8%

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of the total. The number of passengers at Helsinki Airport was approximately 70% of the number of passengers in January–September 2019, which is lower than the average for other key European airports. The share of Asian traffic has remained low due to the war in Ukraine leading to the closure of Russian airspace and the flight routes being longer than before.

Among the other major Nordic airports, passenger volumes increased by 24% at Stockholm Arlanda, 24% in Copenhagen and 14 % in Oslo when compared to the corresponding period last year.

A total of 2.0 million (1.6) passengers travelled through Finavia's regional airports in January–September 2023. The number of passengers increased by 23.0%. 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.

Due to rising passenger volumes and the company's cost-cutting measures, Finavia's revenue has increased substantially after the COVID-19 crisis, and the operating margin has turned positive. Nevertheless, Finavia's result has remained negative due to the low passenger volumes at the regional airports and the low level of transfer travel at Helsinki Airport. With regard to the network of regional airports, it should be noted that it is mentioned in the Government Programme that Finavia's current airport network will be maintained.

In January–September 2023, Finavia's revenue increased by 23.5% and amounted to EUR 255.6 million (206.9). Most of Finavia's revenue was derived from air traffic, including passenger charges and landing charges paid by airlines. Commercial revenue developed favourably during the review period due to new services and the growth of parking volumes. 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 airport operations.

Revenue from business operations at Helsinki Airport increased by 25.9% and amounted to EUR 179.1 million (142.3). Revenue from Finavia's network airports increased by 18.1% and came to EUR 43.9 million (37.1). Airpro's revenue totalled EUR 52.2 million (45.2), driven by the growth of ground handling and cabin services.

Finavia's profitability improved in January–September 2023. The operating margin before extraordinary items improved to EUR 70.8 million (42.3). The operating result before extraordinary items was EUR -16.1 million (-45.1), representing an increase of 64.4%. The operating result of airport operations at Helsinki Airport was EUR 8.2 million (-22.6). The operating result of the network business was EUR -23.1 million (-25.2). The operating result of the Airpro business was EUR 1.9 million (-2.8). Profitability improved year-on-year in all business areas.

Investments at Helsinki Airport and the network airports

During the review period, Finavia completed its investment programme at Helsinki Airport, which was valued at over one billion euros. In the final stage of the development programme, a new service area was commissioned in the old departures hall.

The development programme progressed on budget and on schedule, and Finavia was even able to shorten the schedule. The employment effect during construction was 17,000 person-years, and the project had a degree of domestic content of 90%. Service quality, the fluidity of operations and the customer experience remained excellent throughout the development programme, which was reflected in improved customer satisfaction and international awards. In September 2023, Helsinki Airport received both national and international recognition for

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

Revenue	1-9/2023	1-9/2022	1-9/2021	1-9/2020
Helsinki Airport, EUR million	179.1	142.3	54.8	81.9
Airport network, EUR million	43.9	37.1	21.6	30.4
Airpro, EUR million	52.2	45.2	15.8	25.5
Other/eliminations, EUR million	19.6	-17.8	-9.0	-12.0
Group total, EUR million	255.6	206.9	83.1	125.8

Operating profit	1-9/2023	1-9/2022	1-9/2021	1-9/2020
Helsinki Airport, EUR million	8.2	-22.6	-70.1	-58.8
Airport network, EUR million	-23.1	-25.2	-31.0	-25.1
Airpro, EUR million	-1.9	-2.8	-5.4	-5.2
Other/eliminations, EUR million	0.7	5.5	3.7	4.1
Group total, EUR million	-16.1	-45.1	-102.8	-84.9

steel construction, data modelling and the Food Hall area.

During the review period, Finavia continued to invest in airport infrastructure at Helsinki Airport as well as Kuopio and Kuusamo. Total investments in 2023 exceed EUR 15 million.

The first stage of the renovation of Helsinki Airport's runway 2 was completed in September. The renovation work included improvements to runway surfacing, stormwater drainage and electrical systems. At Kuopio Airport, the renovation of taxiways E and F was completed in September, which also included the renovation of stormwater drainage systems. The renovation of the runway at Kuusamo Airport was also completed in September. The airport's runway lighting system was replaced and the airport and taxiway were repaved.

Finavia's sustainability programme guides the Group's investment decisions and operations towards sustainable air travel. In 2023, 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. One of the key environmental objectives of Finavia's sustainability programme is to reduce the carbon emissions of airports to net zero by the end of 2025.

In recognition of Finavia's sustainable airport infrastructure solutions, the new terminal at Helsinki Airport was awarded a BREEAM sustainability certificate with a rating of Excellent in September 2023, and Ivalo Airport was awarded the Sustainable Travel Finland label.

Financial position

Cash flow from operations amounted to EUR 58.5 (34.5) million in January–September 2023. Cash flow after investments was EUR 20.4 million (-52.7). Cash flow-based investments totalled EUR 36.6 million (83.5).

Finavia's liquidity was sound, with cash and cash equivalents amounting to EUR 118.8 million (160.7) at the end of the period under review. The Group's interest-bearing liabilities totalled EUR 780.9 million (818.2) and interest-bearing net liabilities EUR 662.0 million (674.0) 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 airport operations. 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, %	$\frac{\text{Profit (loss) before year-end allocations and taxes + interest and other financial expenses}}{\text{Equity + interest-bearing financial liabilities, average of opening and closing balance}}$
Return on equity, %	$\frac{\text{Profit (loss) before year-end allocations and taxes - income taxes from operations}}{\text{Equity + minority interest, average of opening and closing balance}}$
Equity ratio, %	$\frac{\text{Equity + minority interest}}{\text{Balance sheet total - advance payments received}}$
Interest-bearing net liabilities	Interest-bearing debts - Cash and cash equivalents

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



FINAVIA