

BUSINESS REVIEW  
January–March

2023

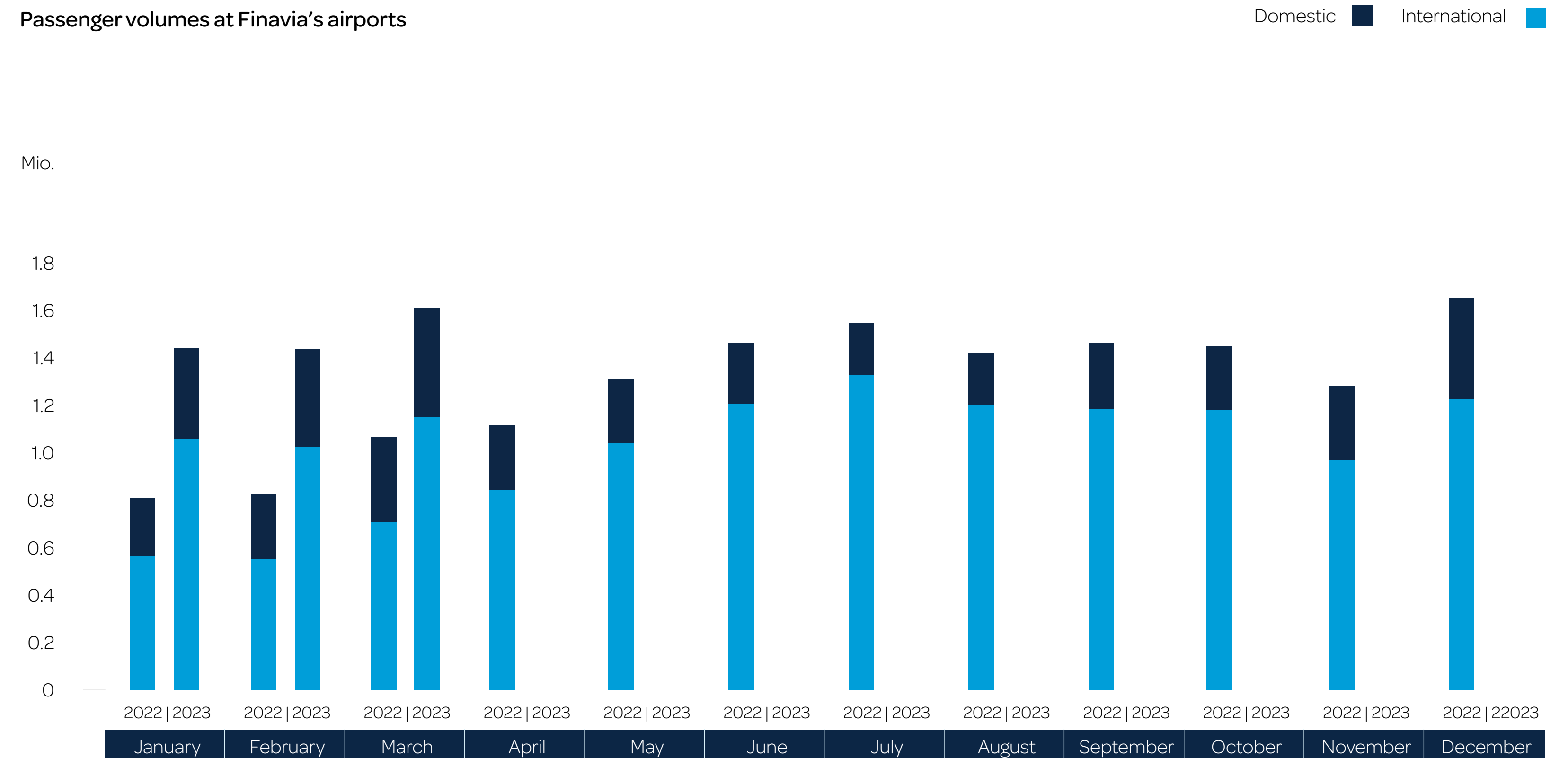


## January–March 2023

- The total number of passengers was 4.5 million (2.7), showing an increase of 66% compared to January–March 2022.
- Revenues totalled EUR 92.0 million (64.7), an increase of 42.3%.
- The operating margin before extraordinary items<sup>1)</sup> was EUR 19.1 million (0.5).
- The operating profit before extraordinary items<sup>1)</sup> was EUR -9.8 million (-28.2), an increase of 65.1%.
- Cash flow-based investments totalled EUR 12.4 million (25.9).
- Interest-bearing liabilities at the end of the review period amounted to EUR 804.3 million (838.1).

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	1-3/2023	1-3/2022	Change, %
<b>Financial information</b>			
Revenues, EUR million	92.0	64.7	42.3
Operating margin, EUR million	18.7	1.4	1,223.1
Operating margin, %	20.3	2.2	
Operating margin before extraordinary items <sup>1)</sup> , EUR million	19.1	0.5	3,517.1
Operating margin before extraordinary items <sup>1)</sup> , %	20.7	0.8	
Operating result, EUR million	-10.2	-27.3	62.7
Operating result, %	-11.1	-42.2	
Operating result before extraordinary items <sup>1)</sup> , EUR million	-9.8	-28.2	65.1
Operating result before extraordinary items <sup>1)</sup> , %	-10.7	-43.6	
Result for the period, EUR million	-17.3	-29.9	42.3
Return on equity, %	-10.7	-17.2	
Return on investment, %	-2.8	-7.3	
Equity ratio, %	41.0	41.3	
Cash flow-based investments, EUR million	12.4	25.9	-52.1
Net debt, EUR million	678.3	644.6	5.2
Cash and cash equivalents, EUR million	57.0	144.6	-60.6
Balance sheet total, EUR million	1,564.6	1,653.8	-5.4
<b>Other information</b>			
Total number of passengers, million	4.5	2.7	66.3
Average number of employees (person-years)	1,984	1,949	1.9

<sup>1)</sup> 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:

We had a busy start to 2023 at our airports, with passenger volumes increasing faster than anticipated, driven particularly by the growth of European traffic. The completed investments in the expansion of Helsinki Airport and the airport's services and processes further enhanced the travel experience, which was reflected in improved customer satisfaction. As the number of passengers grew, Finavia achieved good development in both air traffic revenues and commercial revenues in January–March.

Transfer travel volumes from Asia to Europe via Helsinki Airport remained low due to Russia's war of aggression and the subsequent airspace closures. The number of passengers was approximately one-third lower than in 2019. China became the last country of significance to Finavia's business operations to lift travel restrictions related to the COVID-19 pandemic.

In January–March 2023, the total number of passengers on scheduled and chartered flights at Finavia's airports was 4.5 million (2.7), of whom 3.2 million flew on international routes. The total volume of domestic and international freight declined by 15 per cent to 41.1 tonnes (48.3).

In January–March 2023, the passenger volume at Helsinki Airport increased by 70 per cent year-on-year and was 3.5 million (2.0). Passengers on international flights accounted for over 80 per cent of the total.

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In January–March the passenger volume at Helsinki Airport increased by 70% year-on-year and was 3.5 million.

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Among the other major Nordic airports, passenger volumes increased by 70% at Stockholm Arlanda, 60% in Copenhagen and 51% in Oslo when compared to the corresponding period last year.

A total of 1.0 million passengers (0.6) travelled through Finavia's regional airports in January–March 2023. The number of passengers increased by 54.4 per cent. The number of passengers at airports in Lapland, which play a central role in the Finnish travel, grew considerably after the excellent Christmas season and amounted to 0.6 million (0.4) in January–March.

Finavia's revenues increased by 42.3 per cent during the review period and amounted to EUR 92.0 million (64.7). Most of Finavia's revenues were derived from passenger charges and landing charges paid by airlines. Commercial revenues also increased to a good extent in January–March 2023. Revenues from business operations at Helsinki Airport increased by 52.8 per cent and amounted to EUR 57.7 million (37.7). Revenues from Finavia's network airports increased by 37.4 per cent and came to EUR 19.7 million (14.4). Airpro's revenues totalled EUR 22.8 million (19.4), driven by the growth of ground handling services.

Finavia's profitability improved in January–March 2023. The operating margin before extraordinary items improved to EUR 19.1 million (0.5). The operating result before extraordinary items was EUR -9.8 million (-28.2), an increase of 65.1 per cent. The operating result of airport operations at Helsinki Airport was EUR -5.5 million (-21.6). The operating result of the network business was EUR -6.7 million (-9.6). The operating result of the Airpro business was EUR 2.8 million (0.7). Profitability improved year-on-year in all business areas.

The cost-cutting programme that Finavia Group began in March 2020 continued during the period under review. The cost-cutting programme is aimed at reducing operating expenses and reducing investments by a total of EUR 300 million by the end of 2023. The programme includes the prioritisation and reduction of investments as well as reductions in operating expenses. The progress of the cost-cutting programme has been faster than expected. By the end of the review period, EUR 185.1 million in operating costs had been saved. A total of EUR 101.5 million was saved in investments. A total of EUR 286.6 million in cost savings has been achieved to date.

The uncertainty caused by Russia's war of aggression, raw material shortages, higher interest rates and rising energy costs were reflected in costs in the aviation sector. The war of aggression affected the supply of flights and, in the long term, it may also affect the demand for flights and 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, progressed further in January–March. The final projects under the development programme, which will support and enhance the airport's operations far into the future, progressed according to plan. The new centralised baggage claim hall will be completed in June. The new service area in the vicinity of the gates will be commissioned in autumn 2023, which will mark the end of the 10-year development programme. Service quality, the fluidity of opera-

## Revenues and operating profit by business area in January–March 2020–2023

Revenues	1-3/2023	1-3/2022	1-3/2021	1-3/2020
Helsinki Airport, EUR million	57.7	37.7	16.9	57.0
Airport network, EUR million	19.7	14.4	7.4	18.1
Airpro, EUR million	22.8	19.4	4.0	19.3
Other/eliminations, EUR million	-8.1	-6.8	-2.7	-7.7
<b>Group total, EUR million</b>	<b>92.0</b>	<b>64.7</b>	<b>25.5</b>	<b>86.7</b>

Operating profit	1-3/2023	1-3/2022	1-3/2021	1-3/2020
Helsinki Airport, EUR million	-5.5	-21.6	-28.1	1.7
Airport network, EUR million	-6.7	-9.6	-12.0	-6.5
Airpro, EUR million	2.8	0.7	-2.3	0.6
Other/eliminations, EUR million	-0.7	3.2	0.5	0.8
<b>Group total, EUR million</b>	<b>-10.2</b>	<b>-27.3</b>	<b>-41.8</b>	<b>-3.5</b>

tions and the customer experience remained excellent in spite of the construction work, which was reflected in improved customer satisfaction. Passengers ranked Helsinki Airport as the best airport in Europe in the 15 to 25 million passengers size category. The ranking is based on ACI's (Airport Council International) 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 new sustainability programme guides the Group's investment decisions and operations towards sustainable air travel. In 2023, Finavia will invest over EUR 15 million in airport infrastructure at the Helsinki, Kuopio and Kuusamo airports. Finavia will invest over EUR 5 million on sustainable development projects. The main focus is promoting water protection at Helsinki Airport, Turku Airport and Pori Airport. Finavia will also reduce carbon emissions at all of its airports. Finavia has also launched a forest protection programme to support biodiversity in the areas around its airports.

## Financial position

Cash flow from operations came to EUR 18.1 million (3.6) in January–March 2023. Cash flow after investments was EUR 4.1 million (-23.3). Cash flow-based investments totalled EUR 12.4 million (25.9).

Finavia's liquidity was sound, with cash and cash equivalents amounting to EUR 126.0 million (193.6) at the end of the period under review. The Group's interest-bearing liabilities totalled EUR 804.3 million (838.1) and interest-bearing net liabilities EUR 678.3 million (644.6) at the end of the period.

Finavia has a 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 company expects its revenues 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 is likely to take years for traffic to return to the levels seen before the COVID-19 crisis. 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, %	$\frac{\text{Profit (loss) before year-end allocations and taxes + interest and other financial expenses}}{\text{Equity + interest-bearing financial liabilities, average of opening and closing balance}}$
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

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