

A woman with long blonde hair, wearing a light blue surgical face mask and a white textured cardigan over a dark top and blue jeans, stands in profile at an airport. She is holding a white document or tablet. A black suitcase handle is visible in the foreground. In the background, a large white airplane is visible through a glass window, with a person walking in the distance. The scene is brightly lit, suggesting daytime.

2021

Business Review, January-June

*FINAVIA*

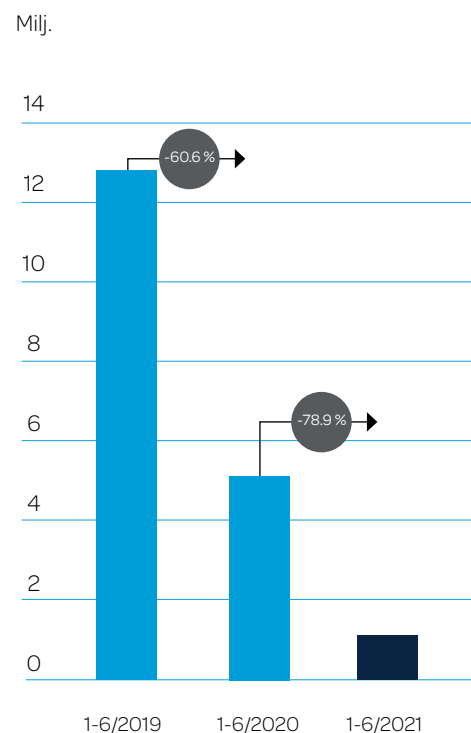
# The COVID-19 pandemic continued to have a significant impact on business

## January–June 2021

- The total number of passengers was 1.1 million (5.0), showing a decrease of 78.9% compared to January–June 2020.
- Revenues totalled EUR 47.6 (102.1) million, a decrease of 53.4%.
- The operating margin<sup>2)</sup> before extraordinary items<sup>1)</sup> was EUR -26.2 (1.4) million.
- The operating result before extraordinary items<sup>1)</sup> was EUR -77.2 (-48.0) million.
- Cash flow from operations amounted to EUR -29.5 million (20.3).
- Cash flow-based investments totalled EUR 78.4 (139.7) million.
- Interest-bearing liabilities at the end of the review period amounted to EUR 725.2 (638.8) million.
- Finavia did not take out any new long-term loans during the review period.

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

**Passenger volumes for commercial traffic at Finavia's airports**



The Group's key figures	01-06/ 2021	01-06/ 2020	01-06/ 2019	Change-% *
Total number of passengers, million	1.1	5.0	12.8	-78.9
Revenues, EUR million	47.6	102.1	195.7	-53.4
Operating margin <sup>2)</sup> , EUR million	-27.2	1.1	66.4	
Operating margin <sup>2)</sup> , %	-57.1	1.1	33.9	
Operating margin <sup>2)</sup> before extraordinary items <sup>1)</sup> , EUR million	-26.2	1.4	68.7	
Operating margin <sup>2)</sup> before extraordinary items <sup>1)</sup> , %	-55.1	1.3	35.1	
Operating result, EUR million	-78.1	-48.2	22.9	-62.0
Operating result, %	-164.1	-47.2	11.7	
Operating result before extraordinary items <sup>1)</sup> , EUR million	-77.2	-48.0	25.3	-60.8
Operating result before extraordinary items <sup>1)</sup> , %	-162.1	-47.0	12.9	
Result for the period, EUR million	-82.6	-53.4	19.1	-54.7
Return on equity, %	-25.3	-16.6	5.7	
Return on investment <sup>3)</sup> , %	-10.7	-8.3	4.4	
Equity ratio, %	47.6	44.2	53.9	
Cash flow from business operations, EUR million	-29.5	20.3	71.1	
Cash flow-based investments, EUR million	78.4	139.7	126.5	-43.9
Net debt, EUR million	521.1	608.8	366.5	-14.4
Balance sheet total, EUR million	1622.2	1413.7	1231.5	14.7
Average personnel, person-years	1209	1533	2294	-21.1

\* shows the change between 2021 and 2020

<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.

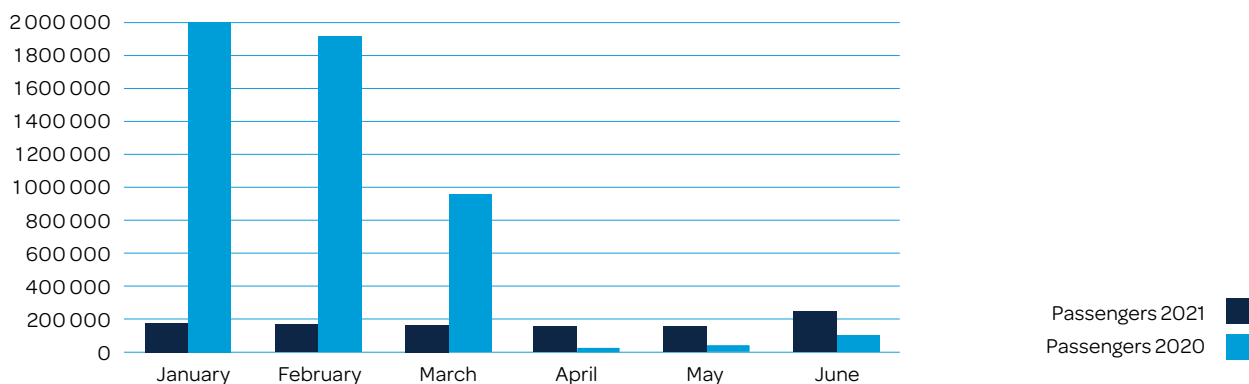
<sup>2)</sup> Operating result before depreciation and amortisation.

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

## CEO Kimmo Mäki:

The COVID-19 pandemic and travel restrictions continued to have a significant impact on Finavia's business in January–June 2021. The number of passengers travelling through Finavia's airports was 78.9% lower than in the corresponding period last year. The total number of passengers was 1.1 (5.0) million. Passenger volume turned to growth (225%) in April–June. At the beginning of the comparison period, in January and February 2020, air traffic was at the normal pre-pandemic level.

### Development of the passenger volume 2020-2021



According to ACI Europe, which is an international body that represents airports, passenger volumes at European airports during the review period were 45% lower than in 2020 and 79% lower than in 2019.

Amongst the other major Nordic airports, passenger volumes in January–June fell by 64.0% at Stockholm Arlanda, 72.5% in Copenhagen and 66.2% in Oslo.

At Helsinki Airport, the number of passengers in January–June decreased by 79.9% compared to 2020. The total number of passengers was 0.8 (4.0) million. Transfer passengers from international flights represented 8.4% of the total number of passengers. Air traffic between Asia and Europe, which is vital for Helsinki Airport, was nearly at a standstill.

A total of 0.3 (1.0) million passengers travelled through the regional network airports in January–June 2021, representing a decrease of 75.1%. The state carried out competitive tendering for scheduled flights to five domestic destinations during the review period. As a result, new airlines started operating scheduled flights from Helsinki Airport to Joensuu, Jyväskylä, Kokkola-Pietarsaari, Kemi-Tornio and Kajaani in May 2021.

Finavia's revenues declined significantly compared to the corresponding period last year. Revenues for January–June 2021

decreased by 53.4% and amounted to EUR 47.6 (102.1) million.

The cost-cutting programme initiated by Finavia in March 2020 is aimed to adjust operating costs by EUR 200 million and investments by EUR 100 million by the end of 2023. The cost-cutting programme progressed ahead of schedule, with a reduction of EUR 136 million in operating costs achieved by the end of the period under review. A total of EUR 35 million was saved from investments.

Profitability declined in January–June 2021. The operating margin before extraordinary items declined to EUR -26.2 (1.4) million. The operating result before extraordinary items was EUR -77.2 (-47.9) million, a decrease of 61.0%. The decline in financial performance was attributable to the low passenger volume

caused by the COVID-19 pandemic and travel restrictions. Financial performance in the review period was improved by the reversal of credit losses amounting to EUR 2 million.

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

The recovery of the aviation sector will require that the pandemic abates, travel restrictions are lifted and the supply and demand for flights recover. Travel restrictions in Finland have been gradually eased in accordance with the pandemic situation and the progress of vaccinations. Internal border controls concerning Schengen countries were eliminated in July 2021. The direct impacts of the pandemic on Finavia's business will continue.

## Helsinki Airport development programme and investments in regional airports

Finavia's investments in Helsinki Airport's development, worth over one billion euros in total, continued faster than scheduled in January–June 2021. Construction was under way on the new main entrance of Terminal 2, the new arrival and departure halls and a travel centre that connects different modes of transport. Construction continued on the extension to gate area 37–39. The extension will increase capacity and flexibility for non-Schengen and Schengen flights. Finavia was able to keep the customer experience at a good level in spite of the construction operations.

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

Finavia invested EUR 5 million in renovating the runway at Mariehamn Airport and started runway resurfacing at Joensuu Airport.

Progress was made in January–June 2021 with Finavia’s climate programme towards net zero emissions. Zero-carbon district heating was deployed at Rovaniemi Airport. Finavia began to gradually shift its heavy vehicles from engine fuel oil to renewable fuel oil.

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

## Financial position

In the 2021 budget, the Finnish Parliament granted EUR 350 million to be used to ensure Finavia’s solvency, and the Extraordinary General Meeting held in March 2021 resolved to strengthen Finavia’s equity by EUR 317.15 million. The capital investment was recognised in its entirety in the company’s reserve for invested unrestricted equity. The European Commission approved the capital investment. The Prime Minister’s Office is additionally making preparations for granting a capital loan of EUR 33 million to Finavia later in 2021.

Cash flow from operations amounted to EUR -29.5 (20.3) million in January–June 2021. Cash flow after investments was EUR -110.3 (-118.9) million. Cash flow-based investments totalled EUR 80.9 (139.3) million.

Finavia’s liquidity was sound, with cash and cash equivalents amounting to EUR 204.0 (30.0) million at the end of the period under review. The Group’s interest-bearing liabilities totalled EUR 725.2 (638.8) million and interest-bearing net liabilities EUR 521.1 (608.8) million at the end of the period.

Finavia did not take out any new long-term loans in January–June. At the end of June, Finavia had EUR 75 million in unused long-term credit facilities to finance the Helsinki Airport expansion project. In addition, Finavia has a EUR 250 million commercial paper programme that was unused at the end of June. Finavia also has a revolving credit facility of EUR 125 million, which was not in use at the end of the review period.

## Outlook for 2021

The outlook for 2021 is uncertain. Based on forecasts, recovery is anticipated to continue, but passenger volumes are not expected to reach the level seen in 2020. The recovery to pre-crisis levels is likely to take years.

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

The business review is unaudited.

Finavia Corporation

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# Calculation of key figures

Return on investment, % 
$$\frac{\text{Profit (loss) before year-end allocations and taxes + interest and other financial expenses}}{\text{Equity + interest-bearing financial liabilities, average of opening and closing balance}}$$

Return on equity, % 
$$\frac{\text{Profit (loss) before year-end allocations and taxes - income taxes from operations}}{\text{Equity + minority interest, average of opening and closing balance}}$$

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

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

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