

A photograph of a modern airport terminal interior. The space features large glass windows on the left, a mezzanine level with a glass railing, and a ground floor with people walking. The year '2018' is displayed in the top right corner.

2018

Business review January–December

FINAVIA

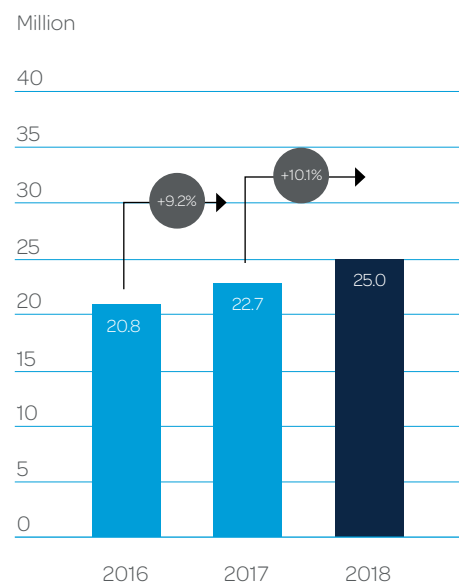
In 2018, the passenger volume at Finavia's airports increased by 10.1%.

January–December 2018

- Total passenger volume in 2018 was 25.0 million (22.7), representing an increase of 10.1 per cent from 2017.
- Revenues stood at EUR 377.3 million (373.6). Revenues grew despite the exit of air navigation services from the Group and the change of LAK Real Estate Oy into an associated company.
- Comparable revenues amounted to EUR 377.3 million (344.0), showing an increase of 9.7 per cent due to good traffic development.
- EBITDA without extraordinary¹ items was EUR 136.9 million (127.6). EBITDA also improved due to good traffic development.
- Operating profit without extraordinary¹ items amounted to EUR 61.4 million (60.0).
- Cash flow-based investments were EUR 239.5 million (181.8).
- Interest-bearing debts totalled EUR 323.12 million (310.3). During the review period, EUR 140.0 million of new long-term debt was drawn.

The figures in parenthesis refer to the corresponding period, i.e. the year 2017, unless otherwise indicated.

Commercial aviation passengers at Finavia's airports



Group's key figures

	2018	2017	Change %
Total passenger volume, million passengers	25.0	22.7	10.1%
Revenues, EUR million	377.3	373.6	1.0%
Comparable revenues, EUR million	377.3	344.0	9.7%
Operating profit without extraordinary ¹ items, EUR million	61.4	60.0	2.3%
Operating profit without extraordinary ¹ items, %	16.3	16.1	
Result for the financial period, EUR million	45.3	37.7	20.1%
Return on equity, %	7.0	6.2	
Return on investments, %	6.9	6.1	
Equity ratio, %	58.7	58.4	
Cash flow-based investments, EUR million	239.5	181.8	31.7%
Net debt, EUR million	300.3	295.7	1.5%
Balance sheet total, EUR million	1,133.3	1,074.5	5.5%
Personnel average, full time equivalent	2,186	2,172	0.6%

¹) Extraordinary items include write-downs related to the Helsinki Airport development programme, the impacts of new and cancelled environmental provisions and bonus and profit provisions.

CEO Kimmo Mäki:

Finavia's operational year 2018 ended with a strong quarter. All in all, the year was a time of strong growth for Finavia.

The continuing strong economic situation around the world and global trends supported passenger volume growth. In the fourth quarter, passenger volumes at Finavia's airports continued to grow. In 2018, passenger volumes at Finavia's airports increased by 10.1%, which topped the figure for 2017 by 2.3 million passengers.

Towards the end of the year, airlines increased their capacity, and occupancy rates remained high. During the year, new routes continued to be introduced and for example Flydubai initiated in October a daily direct connection from Helsinki Airport to Dubai. During the fourth quarter, Lapland continued to increase its attractiveness as a travel destination, with passenger volumes at Lapland's airports growing by nearly nine per cent in 2018.

International traffic increased at Helsinki Airport more strongly than at other Nordic main airports and, for instance, Heathrow and Amsterdam airports. In 2018, the passenger volume in international traffic at Helsinki Airport grew by 10.7%. The number of international transit passengers at Helsinki Airport increased by 22.3%. Total passenger volumes at Finavia's airports continued to grow at a better pace than those in other Nordic countries. Copenhagen saw an increase of 4.2% and Stockholm of 1.9%.

Comparable revenues increased in January–December by 9.7% to EUR 377.3 million due to the growth in passenger volumes and efficient operations. Revenues without extraordinary items increased by 2.3% to EUR 61.4 million.

Implementation of the renewed strategy continued in the fourth quarter. Value discussions with the personnel were carried out to examine how Finavia's values are reflected in daily work. Finavia's strategic focus areas are the best flight connections in the Nordics, responsible growth, exceptional customer experience and growth and profitability as enablers of further development. The first signs of successful strategy implementation were seen in November, when

Finavia reached its all-time highest customer satisfaction ratings.

In 2019, Finavia will focus on carrying out development programmes as planned. During the expansion projects, the company will strive to maintain an exceptional customer experience in accordance with its strategy. Passenger volumes are expected to increase in 2019, but not as strongly as in 2018.

Helsinki Airport development programme and other investments

The Helsinki Airport development programme continued in the fourth quarter in schedule and according to plan. The central plaza of the expansion of Terminal 2 was completed at the end of 2018. In addition, preparations for the expansion were continued and project planning proceeded as expected.

Investment programmes at Finavia's other airports proceeded as planned. In the EUR 55 million investment programme of the Lapland airports, the expansions of the terminal and apron at Kittilä airport as well as the expansion of the apron at Ivalo were completed in the targeted schedule before the Christmas season. Other work pertaining to the investment programme continues and is expected to be completed by the end of 2019.

Financial position

In January–December, cash flow from operations was EUR 99.3 million (105.7). Cash flow after investments amounted to EUR -99.6 million (-67.5).

Cash flow-based investments totalled EUR 239.5 million (181.8). Finavia's liquidity was good with cash and cash equivalents amounting to EUR 22.8 million (14.6) at the end of the review period. The Group's interest-bearing debts amounted to EUR 323.1 million (310.3) at the end of the review period and interest-bearing net liabilities stood at EUR 300.3 million (395.7). During the review period, EUR 140 million of new long-term debt was drawn. At the end of the review period, Finavia had a total of

EUR 180 million in unused long-term credit arrangements for funding the expansion of the Helsinki Airport. In addition, Finavia has an EUR 250 million short-term commercial paper programme, which was unutilised at the end of the review period.

Outlook for 2019

Good traffic development is estimated to continue in 2019. The company predicts that the growth of passenger volumes will continue particularly in international traffic. Factors slowing down traffic development may include changes in the general economic development, decisions of airlines to reduce routes and potential increase in oil price.

The fluctuations in air traffic supply and demand at Finavia's airports will continue in 2019. Airlines react to changes in demand by quickly adapting their capacity.

The Helsinki Airport development programme is proceeding according to the general plan. In 2019, the focus of the development is in renewing the service offering for passengers. The modernisation investments in the airport network will continue in 2019.

The company estimates that the revenues for 2019 will clearly exceed the revenues for 2018, mainly due to good traffic development. The operating result without extraordinary items is expected to remain clearly below the 2018 level mainly due to increased depreciations stemming from investments.

The business review is unaudited.

Finavia Corporation

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Calculation of key figures

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

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

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

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

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