

Business Review
January–March 2022

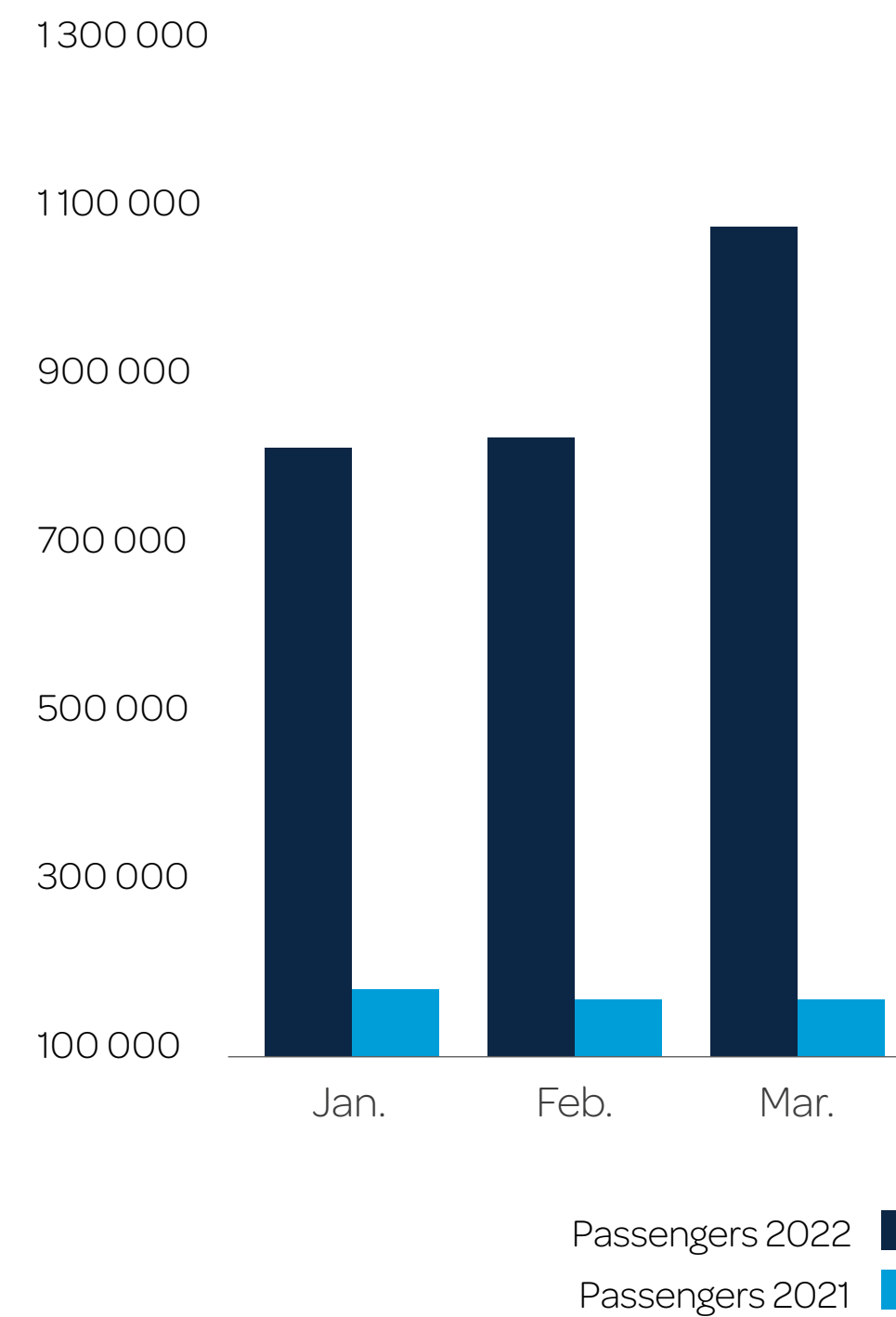
2022

January–March 2022

- The total number of passengers was 2.7 million (0.5), showing an increase of 431% compared to January–March 2021.
- Revenues totalled EUR 64.7 million (25.5), an increase of 153.4%.
- The operating margin before extraordinary items¹⁾ was EUR 0.5 million (-14.8), representing growth of 103.4%.
- The operating profit before extraordinary items¹⁾ was EUR -28.2 million (-40.9), an increase of 31.1%.
- Cash flow-based investments totalled EUR 25.9 million (44.3).
- Interest-bearing liabilities at the end of the review period amounted to EUR 838.1 million (732.0).
- Finavia took out EUR 100 million in 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



Key figures

The Group's key figures	Q1/2022	Q1/2021	Change, %
Total number of passengers, million	2.7	0.5	431.2
Revenues, EUR million	64.7	25.5	153.4
Operating margin, EUR million	1.4	-15.7	109.0
Operating margin, %	2.2	-61.6	
Operating margin before extraordinary items ¹⁾ , EUR million	0.5	-14.8	103.4
Operating margin before extraordinary items, %	0.8	-58.0	
Operating profit, EUR million	-27.3	-41.8	34.8
Operating profit, %	-42.2	-164.0	
Operating profit before extraordinary items ¹⁾ , EUR million	-28.2	-40.9	31.1
Operating profit before extraordinary items ¹⁾ , %	-43.6	-160.5	
Profit for the period, EUR million	-29.9	-43.3	30.8
Return on equity, %	-17.2	-23.2	
Return on investment, %	-7.3	-11.8	
Equity ratio, %	41.3	48.8	
Cash flow-based investments, EUR million	25.9	44.3	-41.5
Net debt, EUR million	644.6	469.1	37.4
Cash and cash equivalents, EUR million	144.6	262.9	-45.0
Balance sheet total, EUR million	1,653.8	1,660.6	-0.4
Average number of employees (person-years)	1,949	1,202	61.9

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 COVID-19 pandemic cast a shadow over the first months of 2022 and slowed down the recovery of air traffic. Pandemic-related travel restrictions concerning travel between Finland and EU Member States were lifted on 14 February. This saw international travel, in particular, turn to growth. Airlines increased flights and reinstated routes. New routes were also opened in January–March from Helsinki Airport as well as Finavia’s network airports. Finavia worked actively to improve Finland’s connectivity and promote the recovery of air traffic.

At the end of February, Russia started a war against Ukraine which resulted in the EU countries and the United States to impose sanctions against Russia. As a counter-sanction, Russia closed its airspace to airlines from EU Member States, including Finland, on 28 February. If prolonged, the closure of Russia’s airspace may have a significant impact on Asian transfer travel and Finavia’s business.

In January–March, the total number of passengers in commercial traffic at Finavia’s airports was 2.7 million (0.5), of whom 1.8 million flew on international routes. The total number of passengers increased fivefold compared to the corresponding period in 2021. The amount of cargo transported increased by 16 per cent and came to 45,019 tonnes.

In January–March 2022, the passenger volume at Helsinki Airport increased by 465 per cent year-on-year and was 2.0 million (0.4). Passengers on international flights accounted for nearly 80 per cent of the total.

The total number of passengers increased fivefold compared to the corresponding period in 2021.

Air traffic between Asia and Europe, which is vital for Helsinki Airport, remained low due to the COVID-19 pandemic and the travel restrictions in force in Asia. The closure of Russia's airspace also had a negative impact on the recovery of air traffic between Europe and Asia.

Among the other major Nordic airports, passenger volumes increased by 327 per cent at Stockholm Arlanda, 660 per cent in Copenhagen and 337 per cent in Oslo compared to the corresponding period last year.

A total of 0.6 million (0.1) passengers travelled through Finavia's regional network airports in January–March 2022. The number of passengers increased due to the strong winter holiday season especially at Finavia's airports in Lapland, where the number of passengers was 0.4 million.

Finavia's revenues increased by 153.4 per cent during the review period and amounted to EUR 64.7 million (25.5). Most of Finavia's revenues are derived from passenger charges and landing charges paid by airlines. The increase in revenues was attributable to the significant growth of passenger and flight volumes. Revenues from business operations at Helsinki Airport increased by 124.0 per cent and amounted to EUR 37.7 million. Revenues from Finavia's network airports increased by 94.3 per cent and came to EUR 14.4 million. Airpro's revenues totalled EUR 19.4 million.

Finavia launched a cost-cutting programme in March 2020 with the aim of reducing operating expenses by EUR 200 million by the end of 2023. By the end of the review period, savings of EUR 174 million had been achieved in operating expenses and EUR 48 million in investments. The cost-cutting programme progresses faster than planned.

Finavia's profitability improved in January–March 2022. The

operating margin before extraordinary items improved by 103.4 per cent and was EUR 0.5 (-14.8) million. The operating profit before extraordinary items was EUR -28.2 million (-40.9), an increase of 31.1 per cent. The operating profit of Helsinki Airport was EUR -21.6 million. The operating profit of the airport network was EUR -9.6 million. The operating profit of Airpro was EUR 0.7 million. Profitability improved year-on-year in all business areas as the recovery of air traffic business began.

Finavia continued the measures initiated in 2021 to promote the recovery of the company's business. The objectives were to safeguard the company's financial position, enable the resumption of air traffic and build the well-being and future of the company's personnel. Health security measures continued at airports as part of passenger processes.

Global economic development and the general recovery of society will affect how long the recovery of travel will ultimately take. The war between Russia and Ukraine has led to increased uncertainty and it may have an impact on the demand for flights and Finavia's business in the long term.

Helsinki Airport development programme and investments in regional airports

Finavia's Helsinki Airport investment programme, which is worth over one billion euros and is implemented over a period of 10 years, progressed faster than originally scheduled in January–March 2022. Starting from March, check-in and security control services began to be relocated to the new departure hall. Finavia introduced modern security control

Revenues and operating profit by business area

Revenues	Q1/2022	Q1/2021	Q1/2020	Q1/2019
Helsinki Airport, EUR million	37.7	16.9	57.0	65.9
Airport network, EUR million	14.4	7.4	18.1	20.2
Airpro, EUR million	19.4	4.0	19.3	24.0
Other/Eliminations, EUR million	-6.8	-2.7	-7.7	-7.9
Group total, EUR million	64.7	25.5	86.7	102.3

Operating profit	Q1/2022	Q1/2021	Q1/2020	Q1/2019
Helsinki Airport, EUR million	-21.6	-28.1	1.7	8.5
Airport network, EUR million	-9.6	-12.0	-6.5	-3.2
Airpro, EUR million	0.7	-2.3	0.6	3.4
Other/Eliminations, EUR million	3.2	0.5	0.8	-0.3
Group total, EUR million	-27.3	-41.8	-3.5	8.3

equipment that significantly improves the smoothness of travel. Alteration work continued in the old part of Terminal 2. Finavia was able to keep the customer experience at a good level in spite of the alteration work. Helsinki Airport development programme will be completed in 2023.

Finavia decided to invest EUR 3 million in the renovation of Savonlinna Airport. Renovation work and upgrades will be carried out at the airport in summer 2022 with the aim of extending the life of the runway and improving the airport's energy efficiency.

To promote the progress of the company's climate programme, Finavia continued to increase the use of renewable energy and improve energy efficiency. The climate impacts of airports are largely attributable to the heating of buildings and the energy consumption of vehicles.

Financial position

Cash flow from operations came to EUR 3.6 million (-12.6) in January–March 2022. Cash flow after investments was EUR -23.3 million (-58.3). Cash flow-based investments totalled EUR 25.9 million (44.3).

Finavia's liquidity was sound, with cash and cash equivalents amounting to EUR 193.6 million (262.9) at the end of the period under review. The Group's interest-bearing liabilities totalled EUR 838.1 million (732.0) and interest-bearing net liabilities EUR 644.6 million (469.1) at the end of the period.

During the review period, Finavia took out EUR 100 million in new long-term loans to finance the expansion of Helsinki Airport. Finavia did not have any unused long-term credit facilities at the end of March. Finavia had a committed revolving

credit facility of EUR 125 million, which was not in use at the end of the review period. Finavia also had a EUR 250 million short-term commercial paper programme, which was unused.

Outlook for 2022

Based on forecasts, the recovery from the COVID-19 crisis is anticipated to continue. The outlook for 2022 is uncertain due to the airspace bans caused by the war. The outlook will be specified further in the business review for April–June 2022.

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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