

Business Review
January–June 2022

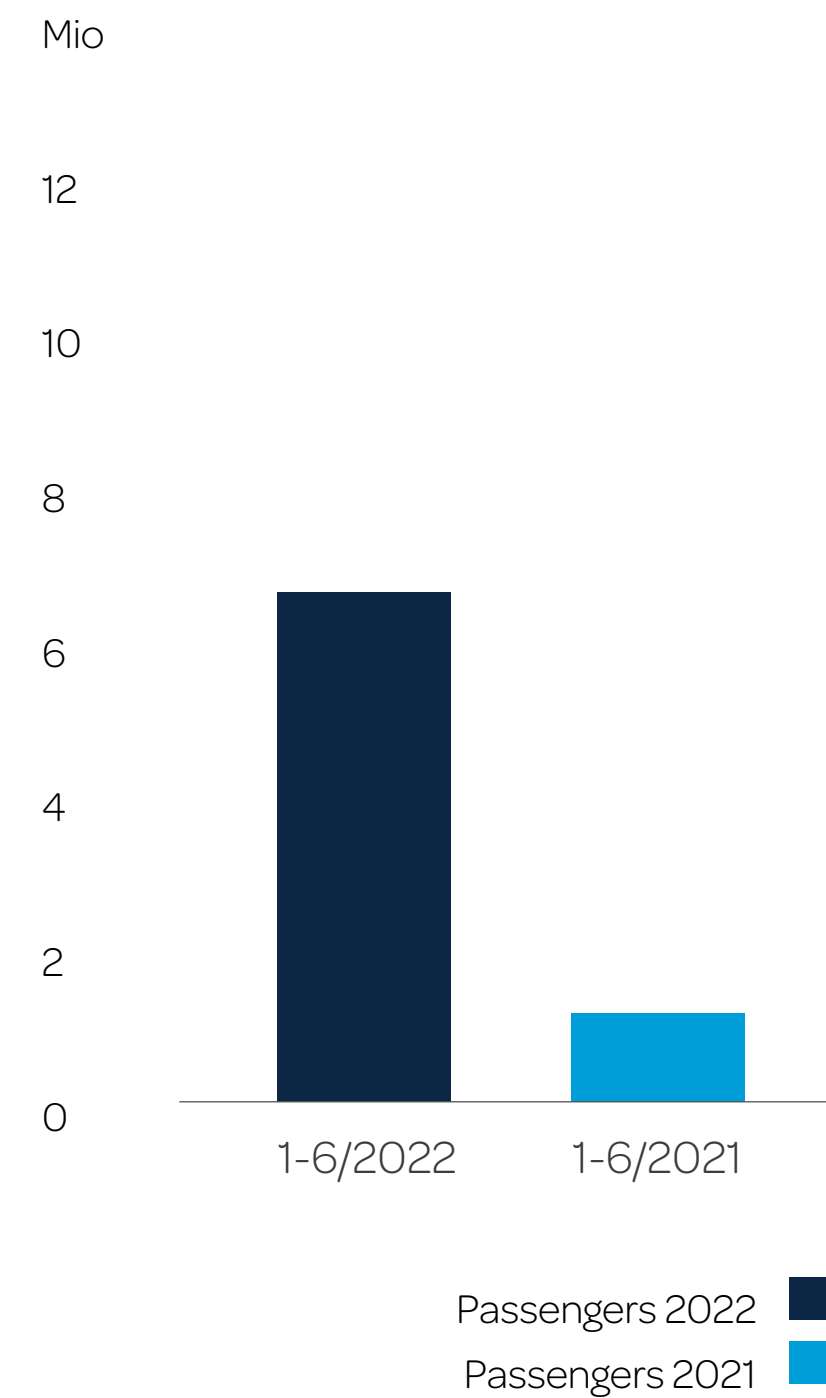
2022

January–June 2022

- The total number of passengers was 6.6 million (1.1), showing an increase of 520.3% compared to January–June 2021.
- Revenues totalled EUR 134.2 million (47.6), an increase of 181.8%.
- The operating margin before extraordinary items¹⁾ was EUR 18.7 million (-26.2), representing growth of 171.3%.
- The operating profit before extraordinary items¹⁾ was EUR -39.4 million (-77.2), an increase of 48.9%.
- Cash flow-based investments totalled EUR 62.2 million (78.4).
- Interest-bearing liabilities at the end of the review period amounted to EUR 827.2 million (725.2).
- 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 at Finavia's airports



Key figures

The Group's key figures	Q1-Q2/2022	Q1-Q2/2021	Change, %
Financial information			
Revenues, EUR million	134.2	47.6	181.8
Operating margin, EUR million	19.5	-27.2	171.8
Operating margin, %	14.5	-57.1	
Operating margin before extraordinary items ¹⁾ , EUR million	18.7	-26.2	171.3
Operating margin before extraordinary items ¹⁾ , %	13.9	-55.1	
Operating profit, EUR million	-38.6	-78.1	50.6
Operating result, %	-28.7	-164.1	
Operating result before extraordinary items ¹⁾ , EUR million	-39.4	-77.2	48.9
Operating result before extraordinary items ¹⁾ , %	-29.4	-162.1	
Profit for the period, EUR million	-41.1	-82.6	50.2
Return on equity, %	-11.9	-25.3	
Return on investment, %	-5.1	-10.7	
Equity ratio, %	41.4	47.6	
Cash flow-based investments, EUR million	62.2	78.4	-20.6
Net debt, EUR million	666.4	521.1	27.9
Cash at bank and in hand, EUR million	42.7	188.0	-79.3
Balance sheet total, EUR million	1,629.3	1,622.2	0.4
Other information			
Total number of passengers, million	6.6	1.1	520.3
Average number of employees (person-years)	1,771	1,209	46.5

¹⁾ Extraordinary items comprise write-downs from the Helsinki Airport development programme, the effects of new and reversed additional environmental provisions, real estate sales, other items not related to the Group's normal business activities, as well as profit and performance bonuses.





Ceo Kimmo Mäki:

The recovery of air traffic continued in January–June 2022. The demand for air travel grew significantly in June as Finland lifted the COVID-19 travel restrictions that had been in effect for approximately two years. Travel between Finland and the rest of Europe recovered quickly. Airlines resumed flight operations on their previous routes and also launched entirely new routes.

At the same time, however, passenger volumes in transfer travel between Asia and Europe – which is of strategic importance to Finavia – remained low due to Russia’s attack on Ukraine and the continued strict COVID-19 restrictions that were in place in China. Due to the war between Russia and Ukraine and the related sanctions, airlines from EU countries are forced to fly around Russian airspace on routes to Asia.

The quick global recovery of air traffic caused tremendous congestion at major European airports in the late spring and early summer, mainly due to personnel shortages. Finavia had prepared for the recovery of air traffic by recruiting and training new airport personnel, which meant that the occasional congestion did not complicate airport operations to a significant extent. The new security control technology introduced at Helsinki Airport also helped make travel smoother and reduce queueing.

In January–June 2022, the total number of passengers in commercial traffic at Finavia’s airports was 6.6 million (1.1), of whom 4.9 million flew on international flights. The total number of passengers grew by 520% compared to the corresponding period in 2021. The amount of cargo transported increased by 5% and came to 85,006 tonnes.

In January–June 2022, the passenger volume at Helsinki Airport increased by 579% year-on-year and was 5.5 million

In January–June 2022,
the total number of
passengers at Finavia’s
airports was 6.6 million.

(0.8). Passengers on international flights accounted for nearly 80% of the total.

Among the other major Nordic airports, passenger volumes increased by 390% at Stockholm Arlanda, 580% in Copenhagen and 412% in Oslo compared to the corresponding period last year. Passenger volumes at major European airports increased more steeply than at the Nordic airports. Transfer travel at Helsinki Airport was minimal due to the closure of Russian airspace and the travel restrictions that were in place until the end of June.

A total of 1.1 million (0.3) passengers travelled through Finavia's regional airports in January–June 2022. The number of passengers increased by 337.6%. Activity at the largest regional airports increased for both scheduled and chartered flights.

Air traffic service purchase agreements at the Joensuu, Jyväskylä, Kajaani, Kemi-Tornio and Kokkola-Pietarsaari airports will expire in August 2022. In June, the Finnish Transport and Communications Agency Traficom launched a tender procedure for the continued state-subsidised procurement of scheduled air services at the regional airports in question. In June, Finavia held negotiations with airport personnel concerning changes necessary for adapting operations in response to the reduced volume of air traffic.

Finavia's revenues increased by 181.8% during the review period and amounted to EUR 134.2 million (47.6) due to substantial growth in the number of passengers and flights. Revenues from business operations at Helsinki Airport increased by 186.4% and amounted to EUR 87.5 million. Revenues from Finavia's network airports increased by 86.9% and came to EUR 26.1 million. Airpro's revenues totalled EUR 33.4 million.

Finavia launched a cost-cutting programme in June 2020 with the aim of reducing operating expenses by a total of EUR 200 million and investments by EUR 100 million by the end of 2023. By the end of June, savings of EUR 179 million had been achieved in operating expenses and EUR 51 million in investments. The cost-cutting programme progressed on schedule.

Finavia's profitability improved in January–June 2022. The operating margin before extraordinary items improved by 171.3% and came to EUR 18.7 million (-26.2). The operating profit before extraordinary items was EUR -39.4 million (-77.2), representing an increase of 48.9%. The operating profit of the Helsinki Airport business was EUR -24.8 million. The operating profit of the network business was EUR -17.6 million. The operating profit of the Airpro business was EUR -1.0 million. Profitability improved year-on-year in all business areas.

Finavia started preparing its new strategy during the review period. The measures that were initiated in 2021 to promote business operations, financial operating conditions and the well-being of the personnel were continued alongside the development of the new strategy. Health security measures continued at airports as part of passenger processes.

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–

Revenues and operating profit by business area in January–June 2019–2022

Revenues	Q1–Q2/2022	Q1–Q2/2021	Q1–Q2/2020	Q1–Q2/2019
Helsinki Airport, EUR million	87.5	30.6	65.8	135.2
Airport network, EUR million	26.1	13.9	23.7	36.0
Airpro, EUR million	33.4	8.4	21.4	39.4
Other/eliminations, EUR million	-12.8	-5.3	-8.8	-14.9
Group total, EUR million	134.2	47.6	102.1	195.7

Operating profit	Q1–Q2/2022	Q1–Q2/2021	Q1–Q2/2020	Q1–Q2/2019
Helsinki Airport, EUR million	-24.8	-53.6	-31.5	29.0
Airport network, EUR million	-17.6	-21.6	-15.8	-7.5
Airpro, EUR million	-1.0	-4.1	-2.7	2.8
Other/eliminations, EUR million	4.0	2.0	2.0	1.0
Group total, EUR million	-39.4	-77.2	-48.0	25.3

June 2022. In March, Finavia introduced modern security control technology that significantly improves the smoothness of travel and the penetration capability of the equipment. Check-in and security control services were moved to the new departure hall at the end of June, and a single terminal operating model was adopted at the airport. Alteration work continued in the terminal's departure gate area, and the first new retail and commercial premises opened in June.

Finavia was able to keep the customer experience at a good level in spite of the alteration work. The Helsinki Airport Development Programme will be completed in 2023.

Finavia invested EUR 3 million in the renovation of Savonlinna Airport. Renovation work and upgrades were carried out at the airport in June 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 amounted to EUR 21.2 (-29.5) million in January–June 2022. Cash flow after investments was EUR -42.2 (-110.3) million. Cash flow-based investments totalled EUR 62.2 million (78.4).

Finavia's liquidity was sound, with cash and cash equivalents amounting to EUR 160.7 million (204.0) at the end of the period under review. The Group's interest-bearing liabilities totalled EUR 827.2 million (725.2) and interest-bearing net liabilities EUR 666.4 million (521.1) at the end of the period.

During the review period, Finavia took out EUR 100 million in new long-term loans to finance the Helsinki Airport Development Programme. Finavia did not have any unused long-term credit facilities at the end of June. Finavia had 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 was unused.

Outlook for 2022

The company expects its revenues for 2022 to be substantially higher than in 2021. This expectation is based on the current view of the development of air traffic. The operating profit before extraordinary items is expected to be clearly higher than in 2021 but still unprofitable.

Due to the war started by Russia and the related airspace closure, it is likely to take years for traffic to return to the levels seen before the COVID-19 crisis. The rapid rise in interest rates and prices may have an impact on consumers' finances and 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

The image shows a modern architectural interior. A large window with a grid of vertical frames is the central focus, looking out onto a clear blue sky. The window is flanked by two large, curved walls made of dark, vertically-slatted panels. The lighting is warm and directional, coming from the left, which creates strong shadows and highlights the texture of the slatted walls. In the lower right foreground, a dark, rectangular panel is partially visible, tilted at an angle. The overall composition is clean and minimalist, emphasizing geometric forms and light play.

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