

Finavia's Business Review January–June 2024: Finnish air traffic is growing slower than the rest of Europe — growth is focused on tourism-driven airports

In January–June 2024, the total number of passengers on scheduled and chartered flights at Finavia's airports was 9.4 million (9.0). The growth of air traffic was particularly focused on tourism-driven airports, as the share of business travel remained low. The slow development of passenger volumes at Helsinki Airport due to the effects of the closure of Russian airspace is having a significant impact on the company's financial position and, consequently, the upkeep of Finland's regional airport network.

January–June 2024 in brief

- Finavia's revenue increased to EUR 192.4 million (172.6) in the first half of the year, driven by the growth of international air travel. The company improved its operating result in all of its business areas.
- Operating result remained negative at EUR -5.1 million (-15.1). The loss was particularly attributable to heavily loss-making small regional airports, where passenger volumes are low.
- The total number of passengers on scheduled and chartered flights at Finavia's airports was 9.4 million (9.0), of whom 7.4 million (7.0) flew on international routes. The number of passengers on domestic flights remained unchanged at 2.0 million (2.0).
- The divergence between the different segments of air travel was highly evident during the review period: passenger volumes vary substantially between different months and airports. The growth of air traffic is driven particularly by tourism, while the share of business travel has decreased when compared to the period preceding the COVID-19 pandemic.
- The total volume of domestic and international freight increased by 6.7% to 91,944 tonnes (86,194).

The figures in brackets refer to the corresponding quarter in the previous year.

Finavia Group's key figures

	1-6/2024	1-6/2023	Change-%	1-12/2023
Revenue, EUR million	192,4	173,6	10,8 %	359,8
Helsinki Airport	128,9	117,4	9,7 %	247,0
Network airports	36,5	32,4	12,6 %	62,6
Airpro	42,1	37,7	11,6 %	78,3
Other/eliminations	-15,1	-13,9	-8,2 %	-28,1
Operating result, EUR million	-5,1	-15,1	65,1 %	-23,8
Helsinki Airport	7,1	0,2	2 816,0 %	12,7
Network airports	-12,5	-14,8	15,6 %	-31,1
Airpro	1,0	0,2	375,6 %	1,7
Other/eliminations	-0,6	-0,7	19,4 %	-7,1
Result for the period, EUR million	-15,0	-27,2	44,8 %	-53,8
Equity ratio, %	42,2	41,3		42,0
Cash flow-based investments, EUR million	18,5	20,7	-10,3 %	52,0
Balance sheet total, EUR million	1 468,8	1 532,8	-4,2 %	1 513,0
Average number of employees	2 005	1 937	3,5 %	1 967

Key figures related to air traffic

	1-6/2024	1-6/2023
Total number of passengers, million	9,4	9,0
Domestic flights	2,0	2,0
International flights	7,4	7,0
Passenger load factor, %	72,1	74,6
Freight, tonnes	91 944	86 194
Number of commercial flights	94 649	88 848
Punctuality of airport operations, %		
Helsinki Airport	98,7	98,9
Network airports	98,7	98,8

*The punctuality of airport operations describes the punctuality of Finavia's operations, such as parking and security control. The overall punctuality of air traffic is also affected by the operations of airlines and ground handling companies, as well as the weather conditions.

Finavia publishes monthly statistics on passengers, landings, freight and mail on its website.

Kimmo Mäki, CEO:

"Our revenue in the first half of the year grew in line with our expectations, driven by the growth of passenger volumes, the positive development of commercial operations at airports, and good cost control. In the first half of 2024, a total of 9.4 million passengers passed through Finavia's airports, which represents a year-on-year increase of 4.2%. Of these, 7.7 million passengers passed through Helsinki Airport, representing growth of 3.6%. However, Finnish air traffic is growing at a more moderate speed than the rest of Europe. The underlying factors include the closure of Russian airspace as well as changes in travel habits.

In spite of the growth in revenue, the company's operating result again showed a loss. The loss is attributable particularly to heavily loss-making small regional airports, where passenger volumes are low. In the period preceding the COVID-19 pandemic, the passenger-based revenue of Helsinki Airport was sufficient to fund the operations of 19 regional airports. This is not possible with the current passenger volumes.

The losses of the network airports are deepened by the government's January 2024 decision to continue the subsidisation of scheduled flights to the airports of Joensuu, Jyväskylä, Kajaani, Kemi-Tornio and Kokkola-Pietarsaari until March 2026, and Pori Airport until 2025. The state subsidises regional flights by EUR 38 million, which covers the procurement of the aforementioned regional flights. The state subsidies for purchased traffic are allocated in full to the airline that operates the flights. Airport operations are not covered by the subsidies in spite of the fact that Finavia operates the airports at a loss due to the low number of regional flights and their low passenger load factors.

A clear change in passenger patterns was also evident in Finavia's airport network during the period under review. Air travel is increasingly motivated by tourism, while the share of business travel is declining. As a result, there are substantial differences in passenger volumes between different months and airports. The growth of passenger volumes was focused on tourism-driven airports: in particular, international air traffic in Lapland to the airports of Rovaniemi, Kittilä, Ivalo and Kuusamo continued to grow after the record-breaking winter season.

At the same time, business travel in Finland has decreased significantly when compared to the period preceding the COVID-19 pandemic. This is in line with the broader European trend. For example, domestic air travel has decreased by 52% in Germany and by 38% in Sweden since 2019*. Our assessment is that the decrease in business travel has been significantly influenced by the growth of remote work and meetings, as well as the economic situation and the stricter travel policies implemented by various organisations.

In Finland, this trend is particularly evident at the five regional airports where scheduled flights are subsidised by the Finnish state. The number of passengers at the airports of Joensuu,

Jyväskylä, Kajaani, Kemi-Tornio and Kokkola-Pietarsaari has declined by -62% when compared to the first half of 2019, to 80,237 (210,692). At the same time, nearly 900,000 passengers (+16%) passed through the tourism-driven airports of Rovaniemi, Ivalo, Kittilä and Kuusamo, representing 55% of the total passenger volume of Finavia's 19 regional airports.

Our long-term climate programme is progressing according to plan. At our airports in Lapland, we achieved zero carbon emissions in Rovaniemi, Ivalo, Kittilä and Kuusamo. Net zero means that we reduce the carbon emissions caused by our operations as much as technically and economically feasible. In practice, this means that the emissions are very close to zero. At the net zero level, a couple of per cent of emissions still remain. To offset these remaining emissions, we participate in projects that capture carbon from the atmosphere. Our goal is to achieve net zero carbon emissions at all of our airports by 2025. In the long term, we aim for carbon negativity.

The company is continuing the active development of its airports, taking their holistic value increase and the customer experience into consideration. During the review period, the extensive hotel project at Helsinki Airport was completed as Finland's largest hotel complex, including conference and meeting facilities, was opened in June in the immediate vicinity of the terminal building.

We are delighted to note that passengers selected Helsinki Airport as the best airport in Northern Europe in a global airport customer satisfaction survey by Skytrax. Helsinki Airport was also ranked as the fifth best airport in the world for business travellers based on Skytrax's research. In addition, Airports Council International (ACI) ranked Rovaniemi Airport among the top three airports in Europe in its size category of less than five million passengers. These international awards provide evidence that our strategy and actions to develop the travel experience are bearing fruit.

Finavia's Board of Directors approved the company's strategy update in May 2024. Our main objective is to ensure our ability to provide services in a safe, sustainable and high-quality manner. We will achieve this objective by continuing our long-term efforts to develop Finavia as a workplace, grow our business and ensure financially sustainable operations. This way, we ensure the conditions for safe and punctual airport operations and maintain a high standard of service today and in the future.

*Airports Council International, ACI