

A photograph of a modern airport lounge. The room features large, floor-to-ceiling windows on the left side, providing a view of an airport tarmac. A person is walking across the lounge, and another person is sitting on a dark, curved bench. The right wall is covered in a textured, light-colored material. The year '2020' is displayed in the top right corner.

2020

Business review, January–March

*FINAVIA*

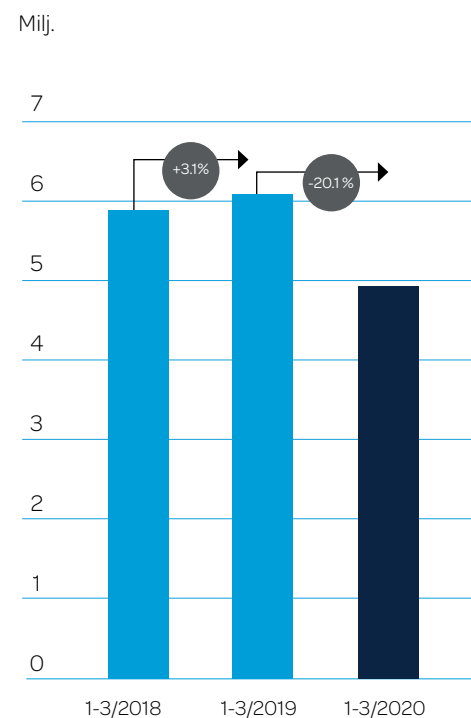
# The global coronavirus crisis had a significant impact on Finavia's operations

## January–March 2020

- The total number of passengers was 4.9 (6.1) million, showing a decrease of 20.1% from January–March 2019.
- Revenues totalled EUR 86.7 (102.3) million, a decrease of 15.2%.
- Operating margin before extraordinary items was EUR 21.1 (31.2) million, a decrease of 32.3%.
- Operating profit before extraordinary items<sup>1)</sup> stood at EUR -3.5 (9.5) million, down by 136.8%.
- Cash flow-based investments totalled EUR 64.8 (58.8) million.
- Interest-bearing liabilities at the end of the review period were EUR 564.0 (369.7) million.
- During the review period, Finavia took out EUR 30 million in new long-term loans and EUR 20 million in short-term loans.

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



### Group's key figures

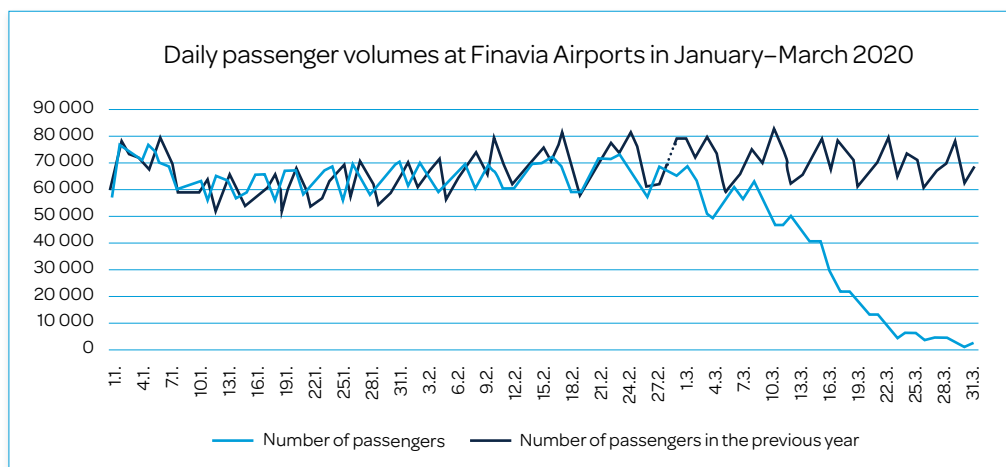
	Q1/2020	Q1/2019	Change, %
Total number of passengers, million	4.9	6.1	-20.1
Revenues, EUR million	86.7	102.3	-15.2
Operating margin, EUR million	21.1	30.1	-29.9
Operating margin, %	24.3	29.4	-20.1
Operating margin before extraordinary items <sup>1)</sup> , EUR million	21.1	31.2	-32.3
Operating margin before extraordinary items <sup>1)</sup> , %	24.3	30.5	-20.1
Operating profit, EUR million	-3.5	8.3	-142.0
Operating profit, %	-4.0	9.5	-136.8
Operating profit without extraordinary items <sup>1)</sup> , EUR million	-3.5	9.5	-136.8
Operating profit without extraordinary items <sup>1)</sup> , %	-4.0	9.2	-136.8
Profit for the period, EUR million	-6.1	6.7	-190.9
Return on equity, %	-3.6	4.1	-190.9
Return on investment, %	-1.1	3.3	-190.9
Equity ratio, %	48.8	56.4	-13.6
Cash flow-based investments, EUR million	64.8	58.8	10.3
Net debt	518.2	331.9	56.1
Balance sheet total, EUR million	1380.7	1162.3	18.8
Average number of employees (person-years)	2298	2375	-3.2

<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.

## CEO Kimmo Mäki:

The coronavirus (COVID-19) that spread from Asia at the turn of the year was declared a global pandemic on 11 March 2020. Many countries set passenger restrictions which resulted in a deep decline in global air traffic and stopped parts of it altogether. According to the International Air Transport Association (IATA), the passenger volumes had by the end of March decreased by 95% from the previous year.

The coronavirus crisis also resulted in a considerable decrease of passenger volumes at Finavia's airports. In January–March 2020, the passenger volumes decreased by 20.1%. The total number of passengers was 4.9 (6.1) million.



The graph describes the development of daily passenger volumes at Finavia's airports in January–March 2020.

The impacts of the coronavirus started to show in February at Finavia's airports. However, the steep decline in passenger volumes only started after the beginning of March, and decreased further from 19 March 2020 when internal border controls were resumed and strict restrictions were imposed on travelling in Finland.

In January–March, the passenger volume at Helsinki Airport decreased by 20.4%. The total number of passengers was 3.9 million. Of the comparable airports in other Nordic countries,

the passenger volume decreased by 25% in Stockholm, by 24% in Copenhagen and by 21% in Oslo,

In January–March 2020, a total of 1.0 million passengers travelled via Finavia's regional airports, a decrease of 18.7%. The number of passengers at Lapland Airports decreased by 12.9% to 0.5 million.

The marked decrease in flights and passenger volumes also affected Finavia's financial results. In January–March 2020, revenues decreased by 15.2% to EUR 86.7 million (102.3 million). Operating result excluding non-recurring items fell by 32.3% to EUR 21.1 million (31.2). Operating profit excluding non-recurring items was EUR -3.5

million (9.5 million).

To strengthen its financial position, Finavia started the most extensive adaptation programme in its history. It included a temporary layoff of the permanent personnel at all company's passenger airports. The company also sought significant savings in operating activities.

To prevent the virus from spreading, Finavia took up emergency management and made major changes in the passenger and airport processes for the duration of the coronavirus

crisis, ensures that cleaning and hygiene are enhanced and assisted the passengers in ensuring their safe and smooth air travel. The actions were based on orders issued by health authorities and other authorities, as well as on Finavia's own active approach.

Finavia suspended the work initiated in autumn 2019 for updating its strategy and started the planning work for seeing it through the exceptionally difficult situation. The decision was taken to continue the strategic investment programmes at Helsinki Airport and Lapland Airports as planned. The work for updating the strategy will re-start as soon as possible.

Recovery of the aviation sector will require that the pandemic alleviates, passenger restrictions are lifted and the supply and demand for flights are restored. In Finland, the travel restrictions will be in force at least until 13 May 2020, which means that the impacts at Finavia's airports will be felt long into the autumn and next year. It is too early to have an accurate forecast of how the recovery from the crisis will unfold. The development of global economy and general recovery of society will affect the timetable of restoring travel volumes.

## Helsinki Airport development programme and investments in regional airports

In January–March 2020, Finavia's investment programme for the Helsinki Airport progressed as planned. The construction work was in progress for the new main entrance, new arrival and department halls of Terminal 2 and the new P1/P2 parking hall. The goal is to open the parking hall in autumn 2020 and the new part of the terminal in early 2022.

The expansion of gates 37–39 was also under construction. It will bring more capacity and flexibility to non-Schengen and Schengen flights in 2021.

Finavia continued the development of Lapland Airports and decided on a further investment

to improve the baggage handling and check-in services at Kittilä Airport. In addition, Finavia decided to invest in the basic reconditioning of the runway at Jyväskylä Airport. The work will be carried out in summer 2020. However, the decision was to postpone the paving of runway at Joensuu Airport to a later time as part of Finavia's adaptation programme.

## Financial position

Cash flow from operations in January–March 2020 stood at EUR 36.0 (38.2) million. Cash flow after investments was EUR -28.4 (-20.5) million. Cash flow-based investments totalled EUR 64.8 (58.8) million.

Finavia's liquidity was good, with cash at bank and in hand being EUR 45.7 (37.8) million at the end of the review period. Finavia Group's interest-bearing liabilities were EUR 564.0 (369.7) million and interest-bearing net liabilities EUR 518.2 (331.9) million at the end of the review period.

In January–March 2020, EUR 30 million in new long-term loans was taken out. At the end of March, Finavia had EUR 185 million in unused long-term credit facilities to finance the Helsinki Airport expansion. In addition, Finavia has a EUR 250 million commercial paper programme, of which EUR 230 million remained unused at the end of March.

## Outlook for 2020

Finavia expects its revenues for 2020 to decrease considerably from 2019 on the basis of its current view of the development of traffic. The operating result excluding extraordinary items is estimated to fall clearly short of the 2019 level and turn negative.

The business review is unaudited.

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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