

A photograph of a family walking through a modern airport terminal. A woman in a tan trench coat is pushing a stroller with a child inside. A man in a blue shirt and dark pants is walking alongside them. The terminal has large glass windows and a polished floor. The year '2018' is written in white on a dark grey background in the top right corner.

2018

Business review January–September

*FINAVIA*

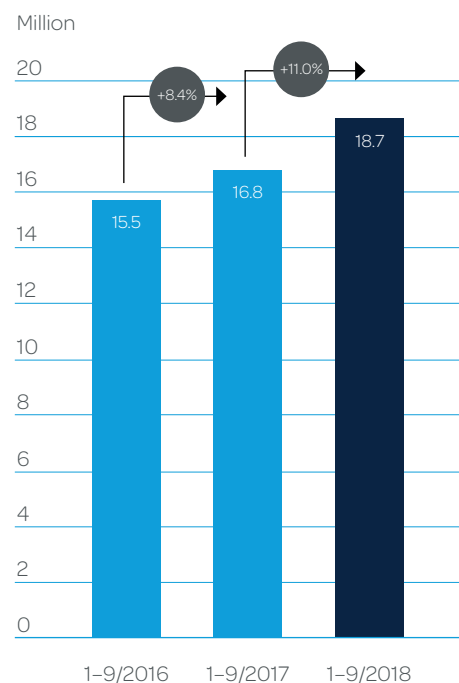
# Strong growth of passenger volumes continued during the third quarter

## January–September 2018

- Total passenger volume was 18.7 million (16.8), representing an increase of 11.0 per cent compared to the corresponding period in 2017.
- Comparable revenues amounted to EUR 275.9 million (250.0), showing a 10.4 per cent increase due to good traffic development
- Revenues stood at EUR 275.9 million (275.2), showing an increase of 0.3 per cent despite the exit of air navigation operations from the Group and change of LAK Real Estate Oy into an associated company.
- EBITDA without extraordinary<sup>1</sup> items was EUR 106.0 million (98.3). EBITDA improved due to good traffic development.
- Operating profit without extraordinary<sup>1</sup> items was EUR 51.8 million (48.9).
- Cash flow-based investments amounted to EUR 148.9 million (135.4).
- Interest-bearing debts totalled EUR 327.2 million (280.0). 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 same time period in the previous year, unless otherwise indicated.*

## Commercial aviation passengers at Finavia's airports



## Group's key figures

	1-9/2018	1-9/2017	Change, %	2017
Total passenger volume, million passengers	18.7	16.8	11.0%	22.7
Revenues, EUR million	275.9	275.2	0.3%	373.6
Comparable revenues, EUR million	275.9	250.0	10.4%	344.0
Operating profit without extraordinary <sup>1</sup> items, EUR million	51.8	48.9	5.9%	60.0
Operating profit without extraordinary <sup>1</sup> items, %	18.8	17.8		16.1
Result for the review period, EUR million	38.4	34.8	10.2%	37.7
Return on equity, %	10.1	7.7		6.2
Return on investments, %	9.2	7.2		6.1
Equity ratio, %	59.3	60.5		58.4
Investments, EUR million	148.9	135.4	10.0%	181.8
Net debt, EUR million	237.6	262.6	-9.5%	295.7
Balance sheet total, EUR million	1,110.8	993.2	11.8%	1,074.5
Personnel average, full time equivalent	2,100	2,169	-3.2%	2,172

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



## CEO Kimmo Mäki:

The year 2018 continued strong for Finavia in the third quarter. Passenger volumes at Finavia's airports increased by 11.0%, or 1.9 million passengers, compared to the corresponding period last year. The strong global economic situation and trends continued to support the growth of passenger volumes and revenues. Passenger volume growth was also boosted by the increased capacity of airlines. The increase of the average plane size and new flight routes in Europe were positively reflected in the passenger flow. However, the warm period at the end of the summer in Finland and the entire Northern Europe showed in the third quarter as somewhat slower passenger volume growth compared to the first half of the year.

International traffic continued to increase faster at Helsinki Airport than at other main airports in the Nordic countries and at Heathrow and Amsterdam airports. The number of international passengers at Helsinki Airport during the review period increased by 11.6%. Correspondingly, for example Copenhagen reached a growth of 3.9% and Stockholm 2.4%. The number of transit passengers at Helsinki Airport increased by 23.9%.

Comparable revenues increased in January–September by 10.4%, amounting to EUR 275.9 million due to good traffic development. Profitability remained on a good level during the review period: resources were increased at airports in relation to the growth of passenger volume while maintaining cost-efficiency. Operating profit without extraordinary items increased by 5.9% to EUR 51.8 million.

During the review period, the updated strategy of Finavia was approved. It continues the development of operations in a responsible manner. Finavia's strategic goals are to have the best air traffic connections in the Nordic countries, sustainable growth, exceptional customer experience and growth and profitability as enablers of further development. Key projects for reaching these goals are growing the home market, development of airline cooperation, commercial development of airports and customer-oriented services as well as capacity increase to support growth.

As for the remainder of the year, the operating environment seems to remain stable and the passenger volumes of Finavia's airports for the whole year are expected to increase. As development projects proceed and traffic volumes grow, Finavia continues to focus particularly on first-rate customer experience and on upholding its record-breaking customer satisfaction level.

## Helsinki Airport development programme and other investments

The ongoing projects related to the development programme proceeded well during the third quarter.

At Finavia's airports, new construction projects have begun and completed projects implemented during the year, in accordance with the development programme. At Helsinki Airport, the preparatory works for the expansion of the departure and arrival halls of Terminal 2 began in the third quarter. In other respects, the project planning for the expansion of Terminal 2 proceeded as expected. The new building is scheduled to be completed in 2022.

Investments in the rest of Finavia's airport network also continued as planned. The first phase of the EUR 55 million investment programme concerning Lapland's airports will be completed by Christmas this year, and the entire investment programme is expected to be completed by the end of 2019.

The largest development and renovation programme in the history of the Tampere-Pirkkala airport was completed in August. In July–August, air traffic at Tampere was halted for less than a month as the runway was closed down for construction work. In the EUR 15 million project, infrastructure needed by air traffic was renovated and expanded.

## Financial position

In January–September, cash flow from business operations was EUR 84.0 million (92.5). Cash flow after investments amounted to EUR -37.0 million (-34.4). Cash flow-based investments totalled EUR 148.9 million (135.4).

Finavia's liquidity was good with cash and cash equivalents amounting to EUR 89.7 million (17.4) at the end of the review period. The Group's interest-bearing debts amounted to EUR 327.2 million (280.0) at the end of the review period and interest-bearing net liabilities stood at EUR 237.6 million (262.6). During the review period, EUR 140.0 million of new long-term debt was drawn.

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

## Outlook for the rest of the year

Finavia estimates that traffic will develop positively during the remainder of 2018 and total passenger volume will increase from the previous year. The company estimates that revenues and operating profit for 2018 will remain at the same level as in 2017.

The business review is unaudited.

Finavia Corporation

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# Calculation of key figures

Return on investment, %

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

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.