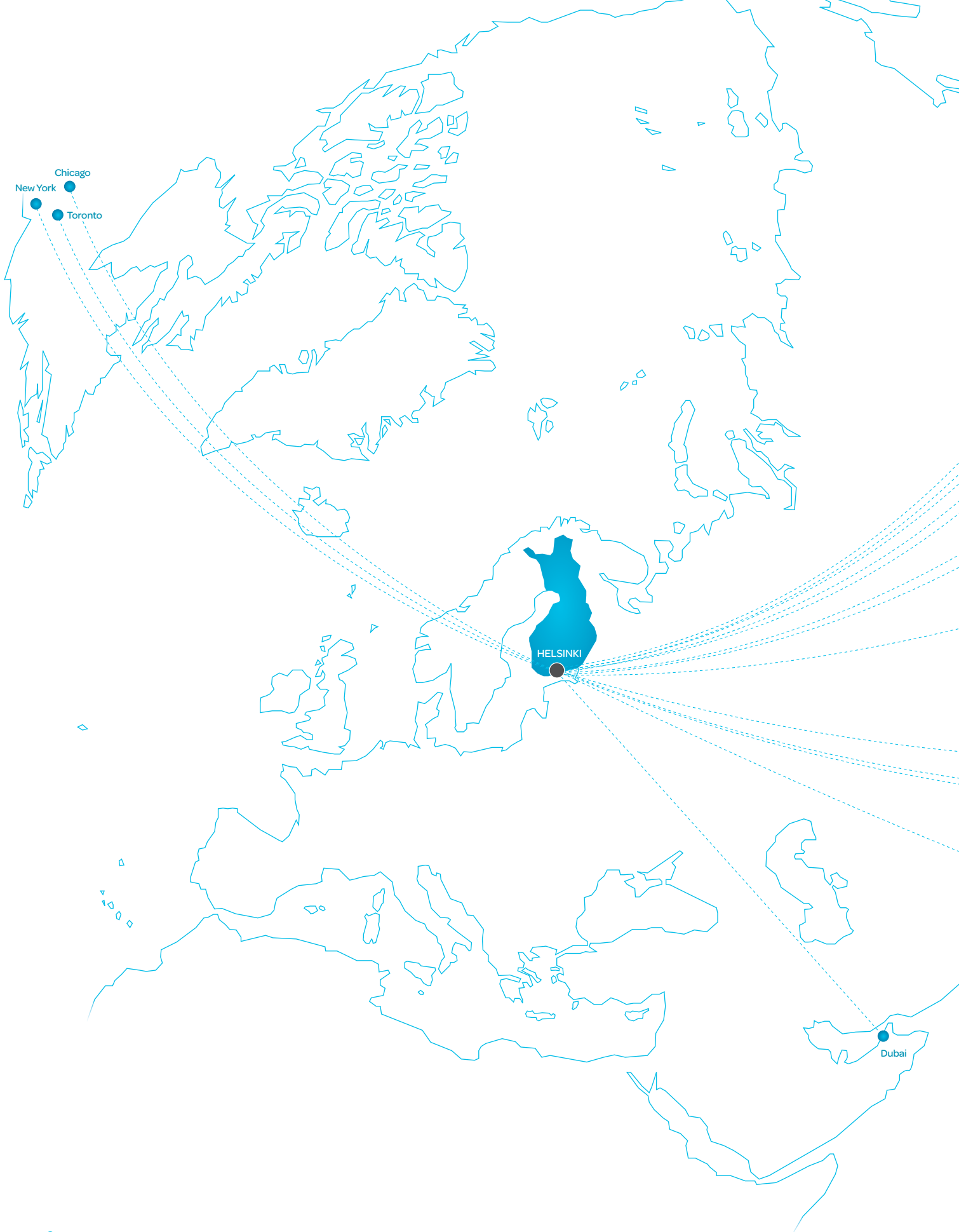
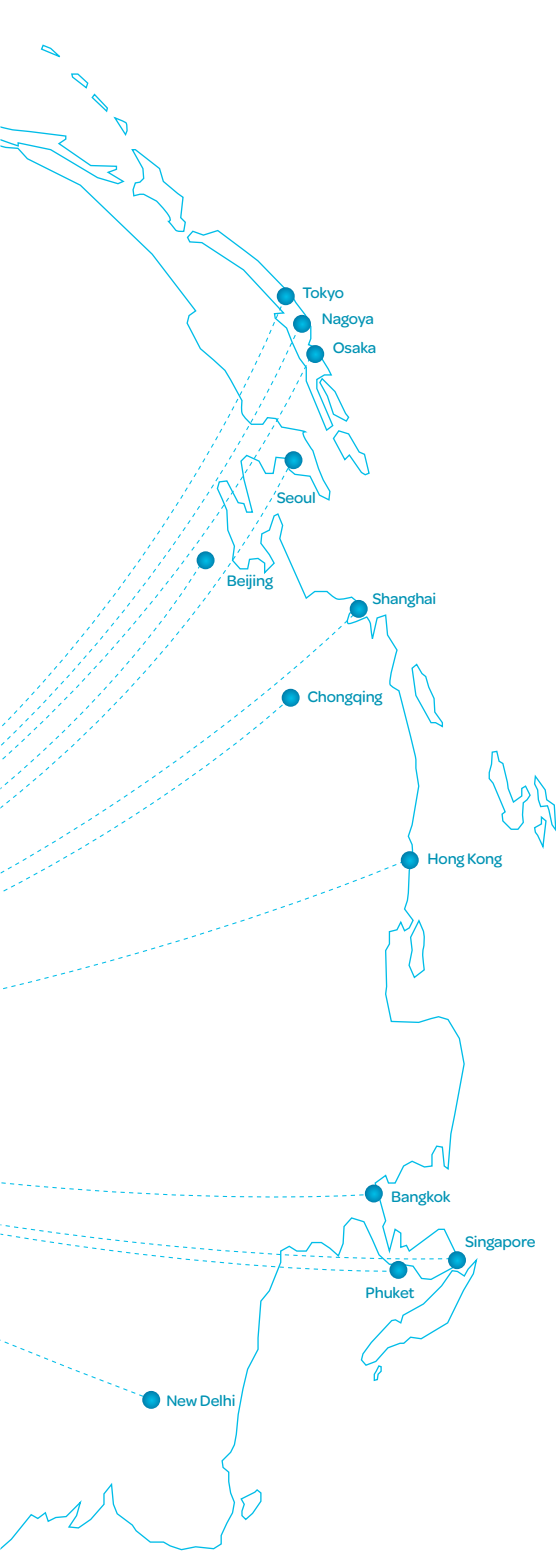


FINAVIA CORPORATION  
ANNUAL REPORT  
2011





## Finland's global presence

Helsinki Airport connects Europe and Asia along the shortest route, and it is one of the most important transit hubs in Northern Europe. Helsinki Airport's leading position as a transit airport considerably strengthens Finland's direct connections to the world.

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Finavia creates connections to the world through its network of 25 airports. The picture shows examples of the services Finavia provides for air traffic and passengers.

- ① PASSENGER GUIDANCE AND INFORMATION SERVICES
- ② SECURITY CHECK
- ③ COMMERCIAL SERVICES
- ④ BAGGAGE HANDLING PLANT AT HELSINKI AIRPORT
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# FINAVIA CREATES CONNECTIONS TO THE WORLD

Finavia is a service company that provides all the requirements for air traffic. We enable comprehensive connections to the world via Finland's 25 airports and thus also create the prerequisites for Finland's success in international competition. We provide airport and air navigation services with safety, customer-orientation and cost efficiency as their cornerstones.

The basis of our operations is our geographical competitive edge, with Finland's favourable location for traffic between

Europe and Asia. No wonder, then, that Helsinki Airport is the leading North European transit airport for many Asian routes. We aim to develop Helsinki Airport as a top-class North European transit airport, which means that we have to distinguish ourselves with outstanding new passenger services and customer experience. Our service promise is For Smooth Travelling.

Finavia is a company fully owned by the Finnish State. In 2011, the revenues of Finavia Group amounted to EUR 364.0

million, and we employ a total of 3,000 professionals. Last year, over 19 million passengers flew via the 25 airports we operate. Of this, Helsinki Airport accounted for 14.9 million.

Our business consists of the airport sector responsible for Finavia's airport network and commercial services, the air navigation business, real estate business and Airpro business.

# STRONG GROWTH IN 2011

IN 2011, DEMAND FOR AIR TRAFFIC GREW STRONGLY, WHICH WAS DEMONSTRATED BY A CLEAR INCREASE IN THE PASSENGER VOLUMES AT FINAVIA'S AIRPORTS. DURING THE YEAR, FINAVIA COMPLETED SEVERAL MAJOR INVESTMENTS AND CONCENTRATED IN MANY WAYS ON DEVELOPING THE CUSTOMER EXPERIENCE AND ENSURING THE SMOOTH FLOW OF AIR TRAFFIC.

In 2011, the number of passengers using Finavia's airports increased significantly, to 19.1 million. The growth amounted to 16.0 per cent. The number of passengers in international traffic increased by 13.7 per cent to a total of 13.6 million. Domestic traffic in Finland also increased strongly;

the growth was as much as 22.4 per cent. In terms of passenger numbers, the increase was from 4.5 to 5.5 million. The growth of Helsinki Airport in 2011 was the strongest when compared to other transit airports in Northern Europe.

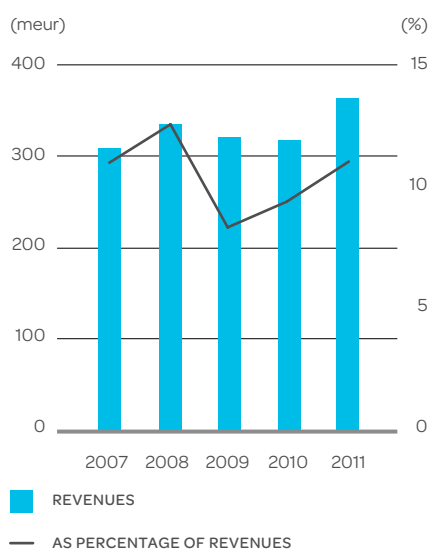
The strong growth in passenger numbers at Finavia's airports was enabled by the substantially increased range of routes: a direct route was opened to Singapore in Asia and to Chicago in North America. The range of routes within Finland also increased, and new airlines entered the Finnish market.

Finavia Group's revenues increased by 14.5 per cent, and stood at EUR 364.0 million (318.0 in 2010). The highest ever passenger numbers increased the earnings

of both traffic and commercial operations. The operating result excluding non-recurring items strengthened from the previous year and stood at EUR 39.4 million (30.1), 10.8 per cent of revenues (9.5%). However, the exceptionally large non-recurring items meant that the result was modest and after appropriations and taxes stood at EUR 3.2 million (36.4).

In 2011, Finavia completed significant investments, the largest ones being the refurbishment of the Helsinki Airport terminal, and the extension of the Oulu Airport terminal. The company concentrated in many ways on developing the customer experience, providing smooth travel and positive impressions.

## REVENUES AND OPERATING PROFIT BEFORE EXTRAORDINARY ITEMS



## KEY FINANCIAL INDICATORS OF FINAVIA GROUP

	2011	2010
Revenues (EUR millions)	364.0	318.0
Operating profit without extraordinary items (EUR millions)	39.4	30.1
- as percentage of revenues	10.8%	9.5%
Result for the period (EUR millions)	3.2	36.4
- as percentage of revenues	0.9%	11.4%
Investments (EUR millions)	43.2	55.3
Return on capital invested (%)	1.7%	6.8%
Return on equity (%)	8.0%	11.1%
Equity ratio (%)	44.4%	44.3%
Net gearing ratio (%)	62.6%	74.1%
Personnel 31 December	3,001	2,938

## REVENUES BY BUSINESS AREA, EUR MILLIONS

	2011	2010
Airport	253.1	224.0
Air Navigation Services	60.8	54.6
Real estate operations	16.8	14.0
Airpro Sub-Group	53.6	42.4
Other operations	4.0	3.9
Eliminations	-24.3	-20.8
<b>TOTAL FOR THE GROUP</b>	<b>364.0</b>	<b>318.0</b>

## OPERATING PROFIT BY BUSINESS AREA, EUR MILLIONS

	2011	2010
Airport	62.3	62.1
Air Navigation Services	-4.6	-8.6
Real estate operations	12.4	6.6
Airpro Sub-Group	-0.5	3.5
Other operations	-35.1	-24.4
Eliminations	-1.7	2.5
<b>TOTAL FOR THE GROUP</b>	<b>32.8</b>	<b>41.7</b>

## OTHER OPERATIONAL INDICATORS

	2011	2010	CHANGE
Total passenger numbers, commercial aviation, millions	19.1	16.5	16.1%
Total passenger numbers, Helsinki-Vantaa	14.9	12.9	15.5%
Number of flights	539,345	523,706	3.0%
Number of flights, Helsinki-Vantaa	194,246	174,346	11.4%
Number of scheduled flight destinations at the end of the year, Helsinki-Vantaa	29	30	-3.3%
Number of airlines operating scheduled flights at the end of the year, Helsinki-Vantaa	86	90	-4.4%
Amount of freight, tonnes	166,979	156,403	6.8%
Amount of mail transported, tonnes	15,107	11,766	28.4%
Delays caused by air traffic control, as percentage of flights	3.4%	0.7%	
Sales premises available for lease at Helsinki Airport, m <sup>2</sup>	14,342	12,442	15.3%
LAK's real estate portfolio, m <sup>2</sup>	116,000	77,000	50.6%

# NEW DEVELOPMENTS DURING THE YEAR

In 2011, the successful completion of several improvement projects at Helsinki Airport was the focus for Finavia's development operations. The objective was to further improve the smooth flow and safety of travelling besides providing memorable experiences at the airport. There was a significant increase in passenger numbers at Finavia's airports during the year.

1.

## BEST IN THE WORLD

In January, the British **Monocle** magazine named Helsinki Airport the best airport for connections.

## SNOW-HOW FOR THE WORLD

After the severe winter of 2010–2011, Finavia was widely acclaimed in the international media for its snow-related know-how and winter maintenance. The Finavia people kept the runways in tip-top condition throughout the winter.

## SECURITY CHECK LINE FOR SPECIAL GROUPS

The travelling of families with children and special groups was made easier at Helsinki Airport when a new security checking line was opened especially for them.

## EXTENDED HILTON

The extension of the Hilton Hotel located at the immediate vicinity of Helsinki Airport was opened in May.

## REAL-TIME INFORMATION ON SECURITY CHECK QUEUING TIMES

A system based on Bluetooth technology was commissioned at Helsinki Airport in August for measuring the queuing times for security checks.

## RUNWAYS RECONDITIONED

Runway 1 of Helsinki Airport underwent thorough reconditioning during the summer which improved the operational reliability of our main airport.

## NEW AIR TRAFFIC CONTROL SYSTEM COMMISSIONED

Helsinki Airport began using an electronic air traffic control system that allows smooth flowing and safe service as traffic volumes grow.



#### SMART CARD WITH A DISPLAY FOR PASSENGER GUIDANCE

In September, Finavia was the first company in the world to put smart cards with e-paper display to pilot operation in passenger guidance.

#### IMPROVED PASSENGER SERVICES IN OULU

The extension of Oulu Airport was completed in September, allowing the services provided for air passengers to be revised in many ways.

#### COMPLETION OF THE RENOVATION PROJECT AT HELSINKI-VANTAA

Since 2003, Finavia has invested about EUR 600 million in Helsinki Airport as part of the Via Helsinki investment programme. The projects were completed in 2011, and the new facilities serving airlines and passengers were put to use.

#### NEW QUALITY HUNTERS

Finnair and Finavia elected new Quality Hunters in October. Their job is to observe air travel and create development ideas for improving the travelling experience. This new, open-minded way to develop operations gained plenty of international media attention.

#### TURKU, AIRPORT OF THE YEAR

In October 2011, Turku Airport was elected Finnish Airport of the Year, in particular for its achievements in taking the airlines' and passengers' needs into account and for its good customer service.

#### EXCEPTIONALLY HIGH DEMAND

The demand for international traffic was exceptionally strong during 2011, and the number of passengers increased from 16 to over 19 million during the year.

#### KARI SAVOLAINEN IS THE NEW CEO

In November, Finavia's Board of Directors appointed Kari Savolainen as the new CEO of Finavia. He started in his new position in January 2012.

#### ENVIRONMENTAL PERMIT FOR HELSINKI AIRPORT

Airport maintenance requires an environmental permit. A new environmental permit was granted for Helsinki Airport in August 2011. The appeals related to the permit are being processed at the Vaasa Administrative Court. The permit will create the framework for the future development of Helsinki Airport.

# CEO'S REVIEW



## PASSENGER VOLUME ROSE TO RECORD HIGH

The most noteworthy phenomenon in 2011 was the marked increase in passenger volumes. More than 19 million passengers travelled via our airports, an all-time record. The volumes of long-haul traffic started increasing in late 2010 when it was still impossible to predict what kind of a year of growth would lie ahead – least of all in the middle of European economic turmoil.

The increase in the passenger volume of Helsinki Airport in 2011 was the strongest in comparison to other transit airports in North Europe, and there were as many as two million passengers more than in the previous year. The number of passengers in domestic traffic also increased significantly, by more than one-fifth. The strong growth in domestic traffic was in particular due to the expanded selection of routes serviced by low-cost airlines in Finland and the resulting price competition.

## WE GUARANTEE TOP-CLASS SAFETY

The safety of air traffic is the cornerstone of all of our operations. As the traffic and passenger volumes grow, first-class safety must be maintained. This requires particular attention to safety-related trends and adherence to safety processes. At the

same time, seamless cooperation between different actors, companies and public authorities alike, is required. Finavia has and will have in the future an important role in bearing its responsibility for the safety of air traffic together with the Police, Customs, Border Guard and the Finnish Safety Agency TRAFI.

## DEVELOPMENT OF MANAGEMENT SYSTEMS INITIATED

Year 2011 meant many internal changes for Finavia. This was the second year as a limited company, and we continued to develop our operations. Several changes took place in Finavia's management in the autumn, and we initiated a profound revision of our management system. The objective is to streamline management and speed up our company's implementation capability in order to achieve the strategic goals.

The self-initiative and flexibility of our personnel in a turbulent operating environment, particularly towards the end of the year, were well noted. Without these qualities, we could not have provided our customers with good service in all situations.

Good planning, agility to change and adherence to a strict regime of cost control were evidenced by a reasonably good operating profit, although the result for the whole year was modest due to certain non-recurring items. The growth in traffic and passenger volumes produced a clear increase in net sales. In spite of the growth in performance, the expenses did not increase at the same rate, which meant an improvement in the cost efficiency of Finavia.

## AIRPORT NETWORK KEEPS FINLAND AS PART OF THE GLOBAL SCENE

At the core of our strategy lies development of the Helsinki Airport into the best transfer airport in Northern Europe. This, together with the comprehensive airport network in Finland and air connections from its

provinces allows Finland to stay very much on the world map.

Finavia wants to participate in the development of the entire traffic system and does its best to promote air traffic. During the past year, we developed air traffic services in cooperation with the airlines so that Finavia could maintain competitive prices. However, the current pricing regime means that apart from Helsinki Airport, part of the airport network and air navigation services are loss-making. The success of our commercial operations is the key for maintaining the current airport network in accordance with the special mission vested in us.

During the past year, several economic regions joined the active debate on the role of different regions in implementing air traffic. The economic regions have an important role in creating the demand for travel. Only with this can the airlines develop their route offering, and only with this can Finavia maintain its airport operations.

## CLOSER INTERNATIONAL COOPERATION IN AIR NAVIGATION

The Single European Sky project progressed in 2011.

EU requires the countries to establish Functional Airspace Blocks that serve the needs of airspace users and where the air navigation services are organised in as uniform a manner as possible, irrespective of national borders or service providers. Thanks to the single airspace, flight routes can be as efficient and fluent as possible and the users will not see any difference when the plane crosses the border between different countries. The environmental efficiency of airspace will improve and the emissions from air traffic decrease. The goal is to carry out flights without delays, reaching the destination on schedule.

We had considerable international cooperation in air navigation to ensure that the

integration of the North European airspace block (NEFAB), together with Estonia, Latvia and Norway, is implemented in the next few years in such a manner that our navigation services can continue to safeguard safe air traffic without delays. The profitability estimates and functional descriptions of the NEFAB project were completed in 2011. In autumn 2011, the national safety and performance authorities announced that they meet the requirements for Functional Airspace Blocks, and the work for drafting NEFAB cooperation agreements between service providers could commence during the last quarter of 2011.

We seek to be an internationally oriented company, which means that Finavia is well represented in forums relevant to air

navigation and our other operations. These include NORACON and CANSON.

### THE PREREQUISITES FOR GROWTH ARE CREATED IN COOPERATION WITH CUSTOMERS

Our operations must be flexible to allow us to react to the changing operating environment and demand. In 2011, we succeeded very well in this. We invested a lot of efforts at Helsinki Airport, in particular in cooperation with airlines that consider it their home airport, to make transit travel easier. We also developed flexible operational models in cooperation with our customers for provincial airports where the agility of our operations is particularly highlighted. The basis of incurring costs varies more rapidly

at the provincial airports than at the main airport, posing an additional challenge.

Open cooperation with airlines will continue to provide the basis for Finavia's competitive business and allow the development of air traffic in our airport network. In order to provide air passengers with first-class service, we continue our strong focus on improving the passenger experience and customer encounters.

Our satisfied customers and the well-being of our personnel are the keys to Finavia's success in the coming years.

I wish to extend my warm thanks to all our personnel for the past year.

**Juha-Pekka Pystynen**

Acting CEO (22 August 2011 – 16 January 2012)

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## Looking forward to a year of internal growth

Well-functioning flight connections are very important to Finnish companies and households. This is why Finavia's mission as an enabler of air traffic is of special importance to Finnish society and business life. At the same time, we face considerable responsibilities and expectations.

The operating environment of the air traffic sector is in transition. From Finavia, this requires an even better ability to listen to airlines, passengers and all others using our airport services. We will pay particular attention to this.

Because of our significant role in society, we are expected to behave responsibly in all our activities, and we are committed to this. To us, responsibility means above all that we seek to fulfil our mission in an

economically efficient, customer-oriented manner with a minimum impact on the environment. Safety is the basis of all of our operations.

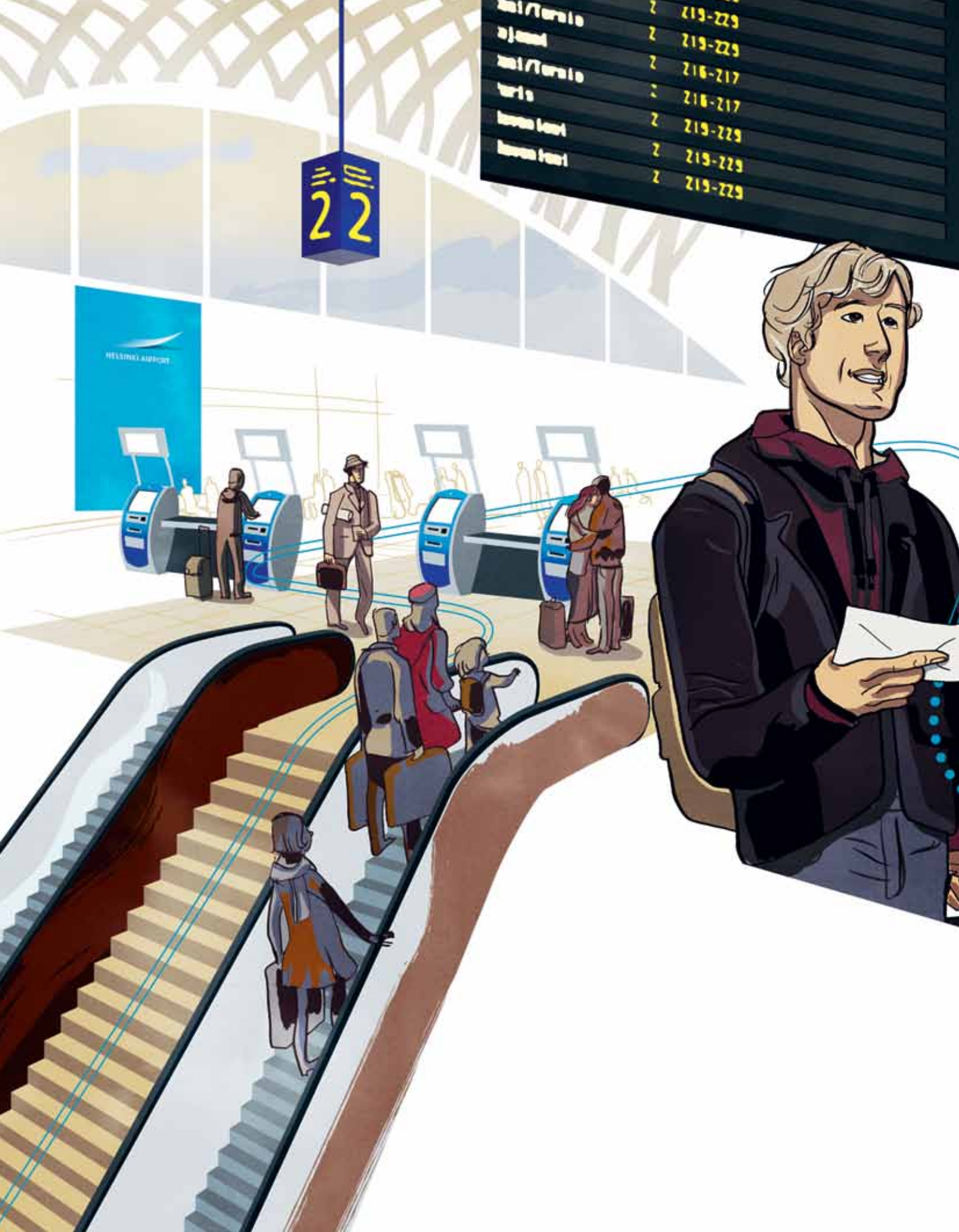
Finavia is a service company, and the contribution of each and every member of our personnel is essential for our success. Motivating leadership and the creation of a good working environment are areas that we will be allocating more resources to, so that every Finavia employee can have good working conditions.

We are facing a year of internal growth and closer customer cooperation.

**Kari Savolainen**

President and CEO (from 16 January 2012)





Hel/Torino	Z	Z19-Z29
to Jeddah	Z	Z19-Z29
Hel/Torino	Z	Z16-Z17
Torino	Z	Z16-Z17
to Jeddah	Z	Z19-Z29
to Jeddah	Z	Z19-Z29
to Jeddah	Z	Z19-Z29

HELINKO AIRPORT



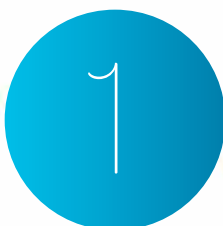
The illustration shows an airport terminal. In the background, a flight information board displays the following data:

Time	Flight	Destination	Status	Gate
14:00	AY 3955	Helsinki	On time	219-229
14:00	AY 839	London	On time	218-217
14:00	AY 3955	Helsinki	On time	219-229
14:10	AY 005	Turku	On time	249-251
14:20	AY 371	Helsinki	On time	218-217
14:30	AY 371	Helsinki	On time	219-229
14:35	AY 371	Helsinki	On time	219-229
14:40	AY 371	Helsinki	On time	218-217
15:30	AY 371	Helsinki	On time	218-217
15:30	AY 371	Helsinki	On time	218-217

Turvatarika  
Säkerhets  
Security Co

#### PASSENGER GUIDANCE AND INFORMATION SERVICES

A record number of 19.1 million passengers passed through Finavia's airports in 2011. This meant a year of strong growth for Finavia. We completed several large investments aimed at improving the customer experience and ensuring smooth air traffic.



# THE SUCCESS OF HELSINKI AIRPORT IS AT THE CORE OF OUR STRATEGY

**FINAVIA'S VISION IS TO BE A PROFITABLY GROWING, INTERNATIONALLY ORIENTED AND WELL-MANAGED SERVICE COMPANY. AT THE CORE OF OUR STRATEGY LIES HELSINKI AIRPORT, THE LEADING TRANSIT AIRPORT IN NORTHERN EUROPE.**

The operating environment for Finavia's strategy period lasting until 2014 is characterised by a profound change in the cost structures of the air traffic industry, the growing share of low-cost carriers, particularly in European traffic, possible mergers of airlines, as well as environmental and energy issues. The unstable economic situation has a direct impact on airport business which further emphasises the need for financial and operational efficiency. On the other hand, Finavia must be able to adapt its operations to significant and even unexpected changes in passenger volumes, which means that both management and the agility of the organisation's working methods play a key role.

Ensuring the safety of air traffic forms the basis for all Finavia's operations. The company aims at profitable growth; this will ensure the prerequisites for Finavia's development and thus also the maintenance of Finland's network of airports.

**VIA HELSINKI – HELSINKI AIRPORT TO BECOME A TOP-RANKING TRANSIT HUB IN NORTHERN EUROPE**

At the core of Finavia's implementation of its strategy is the development of Helsinki

Airport into a top-class transport hub.

Helsinki Airport connects Europe and Asia along the shortest route, and it is one of the most important transit hubs in Northern Europe. Top-class means that Helsinki Airport provides more direct connections to Asia than anyone else in Northern Europe, and that the airport's customer satisfaction ranks among the top four European transit hubs according to international surveys.

The leading position of Helsinki Airport in transit travel considerably strengthens direct connections from Finland to the rest of Europe and the world, which creates economic competitiveness and welfare for the whole country. The success of Helsinki Airport is also vitally important for the maintenance of the entire Finnish airport network.

In order to succeed and distinguish itself in competition, Finavia must outperform its European competitors regarding service content, efficiency and value for money. The company aims to reach the position of top transit hub by investing resources in a high standard of service in all the airport's operations: new passenger services and a focus on creating a unique customer experience are the ways of standing out from other international airports. Helsinki Airport will also be developed so that air traffic can be handled smoothly and punctually in all circumstances including during peak hours, even with the larger volumes of the future. Finavia carries out its development work in close cooperation with airline customers

and other players operating at the airport.

This forwards Finavia's competitiveness in the best possible manner, serving all interest groups.

One important factor in improving the customer experience is the development of commercial services, such as shopping facilities and café and restaurant services, to meet the customers' increasingly diverse expectations. A top-class transit hub also needs top-class services. The development of profitable commercial services is very important for making Finavia's airports more attractive: successful commercial services increase revenues which for its part helps keep the air traffic charges at a competitive level in European comparison.

**AIRPORT NETWORK MAINTAINS FINLAND'S GLOBAL PRESENCE**

Commercial revenues are also used in part to finance the maintenance of Finland's comprehensive network of airports. As a hub for air traffic, Helsinki Airport is essential to Finland's competitiveness. In order to improve the functionality and efficiency of the network, Finavia is developing airport concepts and the multi-disciplinary skills of its personnel. This allows creating services so that they match the demand and needs of travellers at each airport, thus optimising the competitiveness of the airport network.

Finavia is actively involved in work on route development with airlines and economic regions in order to secure the operational prerequisites for scheduled

Our mission is to create the main prerequisites for the competitiveness, mobility and international reach of the Finnish people, Finnish society and regions of Finland. We will achieve this by ensuring safe, high-quality and cost effective air traffic services.

#### FINAVIA'S VALUES:

Safety  
Customer orientation  
Efficiency and the ability to innovate  
Cooperation  
Environmental and social responsibility

traffic and in order to increase traffic volumes at all the network's airports. In 2011 new airlines and routes were added to the network's airports which set the traffic volumes on an upward trend for the first time since the beginning of the decline in 2006. During recent years, several economic regions have become more active in ensuring that their airports stay in operation and are developed. Forms of cooperation between economic regions and Finavia have included joint financing of expansion investments, as well as the route development work referred to above and marketing cooperation.

In order to develop the tourism business in Northern Finland, Finavia works in cooperation with airlines and other players in the travel industry in order to promote the visibility of the Lapland Airports concept and the region's services. Efforts are being invested in international air passengers and in extending the tourist season in order to build up air traffic volumes.

#### FINAVIA RESPONDS TO THE CHANGING OPERATING ENVIRONMENT IN AIR NAVIGATION

During the current strategy period, there was a profound change in the basic conditions of the air navigation services business as a result of development work on the common European airspace. With the Single European Sky (SES) legislation, Finland will be part of NEFAB, the North European Functional Airspace Block from the end of 2012, and from 2015, the airspaces of Finland, Norway, Estonia and Latvia will operate as a single entity.

The SES development sets challenging targets, in particular with regard to the accuracy and cost efficiency of air navigation, and Finavia is continuing the development work on its operational models in order to achieve these targets.

#### SERVICE-ORIENTED PERSONNEL IS THE KEY

Personnel has a major role when developing Finavia as a service company: we are professional providers of airport services and possess top-class expertise that ensures safe, punctual and smoothly flowing air traffic.

However, this alone is not enough: Finavia also places a major emphasis on the friendly, customer service-oriented attitude of its personnel in order to guarantee the comfort of passengers at the airports. The particular focal point in 2011 was the development of service capabilities among security check personnel, and the training of different personnel categories will continue in 2012. At the same time, Finavia will concentrate, as part of the development work on its management systems, on making Finavia a good place to work for every employee.

# TRANSITION OF AIR TRAFFIC BUSINESS CONTINUES – ASIA MORE IMPORTANT THAN EVER

YEAR 2011 SAW STRONG GROWTH IN AIR TRAFFIC, AND THE INTERNATIONAL GROWTH IS EXPECTED TO CONTINUE IN THE LONG RUN. IN PARTICULAR THE TRAFFIC BETWEEN EUROPE AND ASIA IS GROWING FASTER THAN AVERAGE. FINAVIA HAS A PIVOTAL ROLE IN THE AIR TRAFFIC VALUE CHAIN, AND THAT IS WHY ANY CHANGES IN THE DEMAND FOR AIR TRAFFIC AFFECT FINAVIA'S OPERATING ENVIRONMENT.

The world's air traffic is growing with increasing prosperity and significant reductions in air fares. The movement of people and goods is becoming ever more important in spite of the strong development of communications technology.

Developments in the general economic situation are the most important factor determining the development of the air traffic industry. Demand is also affected by the availability of cost-efficient services for both passenger and freight traffic as well as, globally speaking, the liberation of route planning and the development of legislation regulating the industry.

## AIR TRAFFIC BECOMING MORE WIDESPREAD IN ASIA

Air traffic grows at a different rate in different continents and countries, and the growth is presently fastest in Asia, in particular in China and India. Growth in Europe and North America is clearly slower than in Asia. The passenger traffic between Europe and China is expected to grow annually by

more than 7 per cent by 2030 (Boeing: Current Market Outlook 2011–2030), whereas the traffic in Europe is only expected to grow by 4 per cent per annum during the same period.

The average annual growth globally is expected to be about 5 per cent over the next 20 years. However, the growth rate of air traffic may vary considerably during the long forecast period. The increasing prosperity of China and its citizens is a particular factor leading to increased air travel, which is why Asia and Helsinki Airport as the leading transit hub are at the core of Finavia's strategy.

Freight volumes are also expected to grow significantly over the next few decades. The growth will be primarily generated on routes between Europe and Asia, and freight traffic is expected to triple within the next 20 years.

## PARTICULARLY CLEAR GROWTH IN PASSENGER TRAFFIC IN 2011

In 2011, there was considerable growth in air traffic internationally. According to Airports Council International (ACI), passenger volumes increased globally by about 5 per cent and the number of operations by about 2 per cent. In Europe, passenger volumes grew by 7 per cent, and freight traffic by about 1 per cent. In the Nordic countries, growth was faster than in Europe on average, with the exception of Copenhagen.

The operating environment was strongly impacted, in particular towards the end of the year, by the European debt crisis

and the growing uncertainty in the world economy which was evidenced by slowing down of growth late in the year. Furthermore, the price of oil and hence also that of aviation fuel increased throughout the year in spite of the economic downturn which hit the profitability of airlines.

## LOW-COST AIRLINES CHANGE THE INDUSTRY IN EUROPE

During the past few years, the European air traffic market has in particular been affected by the strong growth in low-cost airlines. The importance of low-cost carriers operating without a heavy cost structure has clearly increased, in particular on internal European routes, because their lightweight cost structure gives them a significant competitive edge on short routes. In long-haul traffic, personnel costs are the most important cost factor, which is why concentrating on long-haul traffic is a natural choice for traditional network carriers as their cost structure is not as critical as on short domestic or European routes.

With the growing availability of low-cost carriers' flights, Finavia has developed its operational models and service concepts so that it can provide cost-efficient services for the needs of low-cost carriers and guarantee a smooth and punctual turnaround process for their aircraft at the airports. In 2011, the growing offering of low-cost airlines was evidenced by several new routes for Finnish air traffic.



## MAINTAINING THE COMPETITIVE EDGE

The competition between airlines in the air traffic market has intensified. The unit revenues for air travel are decreasing and air travellers are expecting lower and lower air fares. The party maintaining airports must ensure for its part that the entire service chain of air traffic has been built to be cost-efficient. For Finavia, this means reducing its unit costs and increasing its commercial revenues.

## GROWING SERVICE EXPECTATIONS

In addition to factors like macroeconomic developments or legislative changes, the operating environment is also strongly affected by the increasing expectations and service needs of passengers. Individuality, responsibility, smooth travel and health are some of the trends that guide the development of services at Finavia: the service offering is developed to meet the needs and expectations of different customer categories. A noteworthy element of this development work is Helsinki Airport and its Via Helsinki concept that is helping develop the airport into a top-class transit hub in keeping with the company's strategy.

The provincial airports provide international connections for people living in different parts of Finland. In order to maintain comprehensive connections, it is important that the economic regions are also committed to their airports and to using the connections they provide.

The air traffic service chain is made up

of close cooperation between different players. The service chain may be disrupted if even one player's standard of service is compromised, for example, due to various forms of industrial action.



Aviation is  
a growth business.  
The fastest growth  
comes from Asia.

## THE OPERATING ENVIRONMENT IS HEAVILY REGULATED

Finavia's operations are regulated and bound by both Finnish and international norms and regulations. International and national aviation legislation form the basis for the safety thinking of the company working in the field of aviation, and it is this safety thinking that primarily guides the company's operations.

The pricing of the company's services is regulated in Community legislation and in national legislation. The EU Commission guidelines regarding state subsidies to air traffic and the national competition legislation ensure that Finavia operates in a competition neutral manner taking into account its market position. Due to its posi-

tion as a company operating the Finnish airports, Finavia observes the regulations on environmental legislation, environmental permits and environmental authorities. According to the Articles of Association of the Finavia Corporation, the company may be prescribed public service duties by legislation.

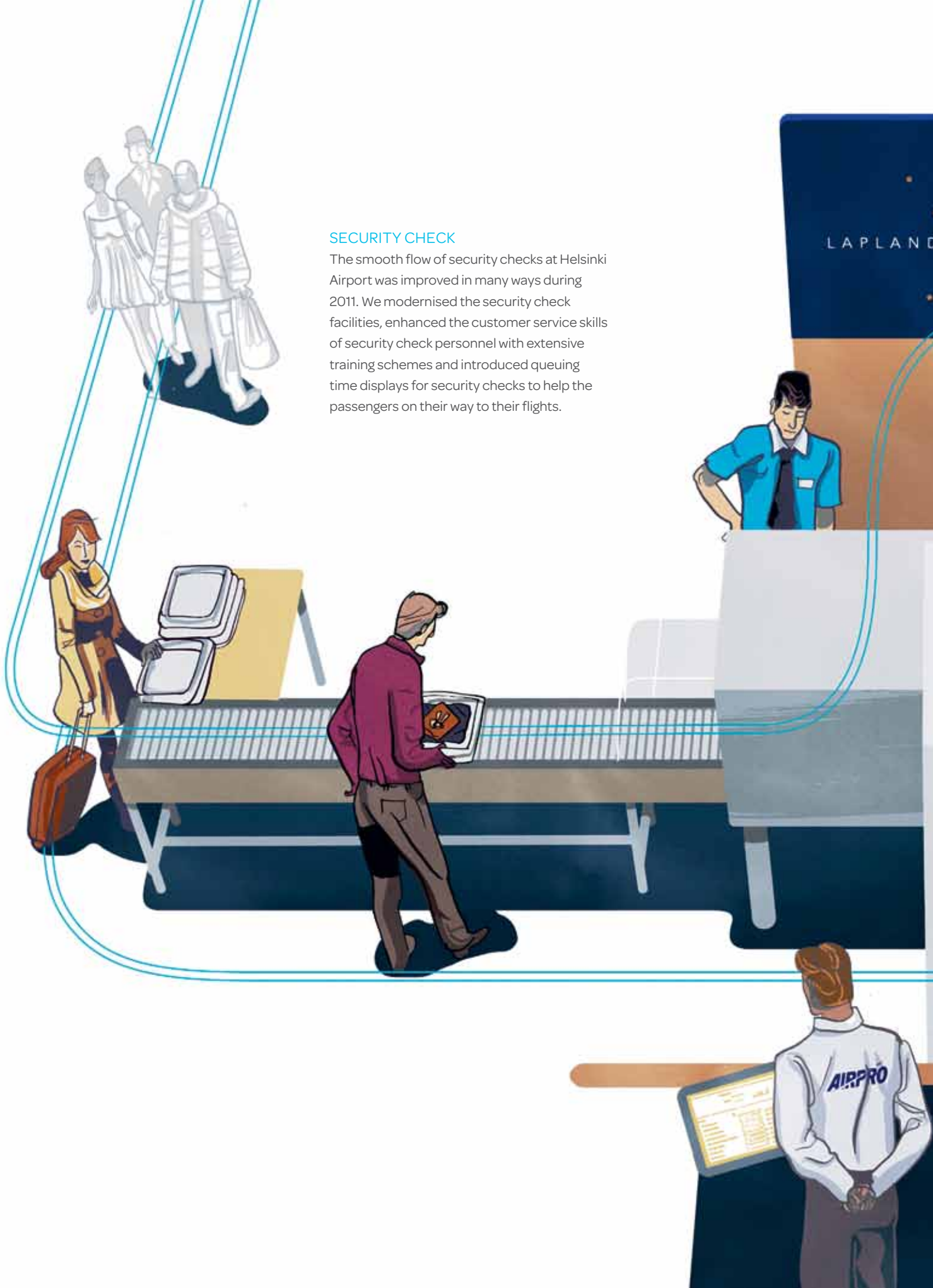
## FINAVIA PREPARES FOR GROWING TRAFFIC AT HELSINKI AIRPORT

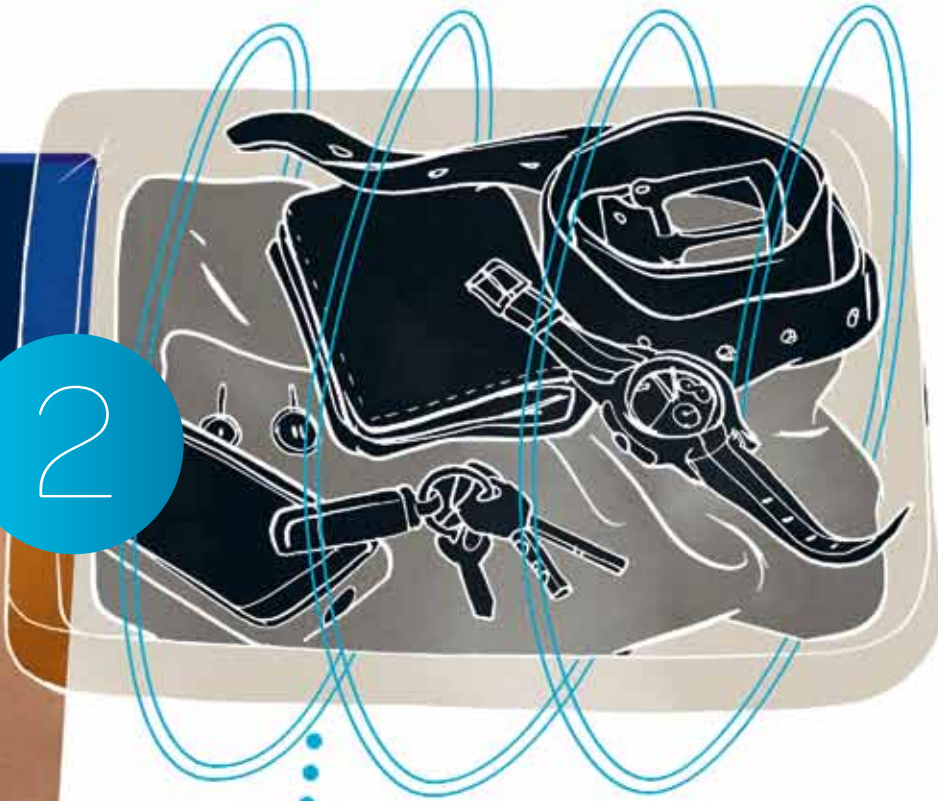
In 2011, the total number of passengers using Helsinki Airport was 14.9 million. In the future, passenger volumes are expected to grow by about 2–3 per cent per year which means that the forecast annual passenger volume for Helsinki Airport would be about 23 million in 2030. The airport has a growing role in transit traffic between Europe and Asia which also allows maintaining flight connections that are exceptionally comprehensive, given the population of Finland.

Finavia has initiated preparations for the long-term development of Helsinki Airport, aimed at ensuring sufficient capacity for future passenger flows. The airport may be developed in many different ways, and Finavia is engaged in close dialogue with many parties including public authorities, municipalities and customers regarding the long-term development of the airport area.

### SECURITY CHECK

The smooth flow of security checks at Helsinki Airport was improved in many ways during 2011. We modernised the security check facilities, enhanced the customer service skills of security check personnel with extensive training schemes and introduced queuing time displays for security checks to help the passengers on their way to their flights.





# SMOOTH SERVICE, FRIENDLINESS, COMFORT – THE KEYS TO GOOD CUSTOMER EXPERIENCE

**FINAVIA IS A CONNECTING PARTNER FOR AIR TRAFFIC: WE LOOK AFTER THE PASSENGER'S SERVICE EXPERIENCE IN COOPERATION WITH AIRLINES AND OTHER PARTNERS. SAFE, HIGH-QUALITY AND COST EFFECTIVE AIR TRAFFIC SERVICES ARE THE KEYS TO FINAVIA'S SUCCESS.**

A customer-orientated approach, both with regard to airline customers and passengers, forms the basis of Finavia's operations. The provision of services that meet the passengers' needs and a first-class service experience are the key now and in the future – hence Finavia's service promise is For Smooth Travelling. The operations and services of airports are developed so that the passengers' service experience improves while business is expanded in a profitable manner.

## **FOR SMOOTH TRAVELLING**

The work for defining Finavia's service identity was at the heart of implementing the service promise in 2011. Efforts were strongly concentrated on that aspect

as part of the For Smooth Travelling programme initiated in 2010. Under the programme, the operations and services of Finavia and the airports where it operates will be developed so that air travel is smooth, service is friendly and the passenger feels at home at the airport. The programme will continue until 2014.

Finavia seeks to identify the needs of both airline customers and passengers even more closely and use this knowledge to develop its range of services on offer. Therefore, passenger experience guides Finavia's choices and investments, and the objective of service development is to create added value for our airline customers and their customer processes, improve the competitiveness of Finavia's airports and make Finavia distinguishable from competing companies providing airport services.

The international competition for passenger customers between airports is extremely intense, making it even more important to be distinguishable. Furthermore, there must be sufficient capacity at all times, and even peak hour operations must

be punctual, both from the point of turning round the aircraft and from the point of passenger services.

## **CUSTOMERS HAVE A MULTITUDE OF EXPECTATIONS AND NEEDS**

The diversity of customer categories poses a challenge to the development of airports and services: Finavia targets its services towards each customer category taking into account any special needs due to cultural differences, business travellers' working needs, increasing leisure travel and the expectations of the growing category of elderly passengers.

Not all passengers are frequent travellers – every day, Helsinki Airport has some 6,500 passengers who are either travelling for the first time or have not visited an airport during the last 12 months. This further emphasises the importance of ease and smooth travelling. The increasing technological complexity and degree of automation at airports brings yet another dimension to developing the services: Finavia wants to provide its passengers with



For airlines, Finavia is a partner that facilitates smooth flowing, punctual and environmentally friendly air traffic

- **Demand for air travel:**

Finavia creates business potential for airlines  
Inexpensive air traffic charges and discounts for new routes

- **Via Helsinki is the shortest route between Europe and Asia:**

Cost efficient and fast  
The minimum transit time of 35 minutes is among the shortest in Europe

- **Smooth and reliable:**

Sufficient runway capacity and runways in use throughout the year, the terminals allow a punctual turnaround process for planes at the airport  
Smooth flowing passenger services providing memorable experiences  
High-quality air navigation services provide the foundation for safe traffic



customer-oriented, personal service while also catering for those who want to use advanced self-service facilities.

## CUSTOMER EXPERIENCE AND FINNISH APPROACH DISTINGUISH THE SERVICES

Customer-oriented service development means that the customers' needs and the services for meeting them are preferably taken into account in a proactive manner early on when designing the layout of terminals. The goal is to have the right services meet the customers at the right place.

The businesses Finavia selects for its premises offer services that meet the customers' needs and are committed to further developing their services and customer experience together with Finavia. In addition to well-established players, Finavia also seeks to have players responding to new trends at the airports.

Helsinki Airport aims to clearly stand out from competing international airports with its Finnish approach, while not forgetting

international players and brands. The Finnish approach is evidenced by the choice of businesses which ensures that the product range includes well-known Finnish brands. Furthermore, the internal decoration and atmosphere of the airport seeks to emphasise its Finnish origin and display Finnish design and art. Helsinki Airport will be the main partner of the World Design Capital 2012 which will be evidenced by a distinct design theme at the airport throughout the year.

## NUMEROUS MEASURES TAKEN FOR IMPROVING THE CUSTOMER EXPERIENCE IN 2011

Several practical measures were carried out under the For Smooth Travelling programme in 2011 for improving the smooth flow of travelling, friendly service and the positive sensations it offers. The most significant investments were related to improving the customer-focus of the personnel at Helsinki Airport, making security checks smoother and border control automatic, to baggage handling, less am-

biguous signs and ensuring the appropriate standard of maintenance.

The commercial offering was extensively revised, in particular at Helsinki Airport, where a grocery store and a smoothie bar were opened at the arrival hall and the pharmacy was expanded. Duty Free shops were revised at the gate area, and new service points were opened for passengers.

## NO MAJOR CHANGES IN CUSTOMER SATISFACTION

The results of customer satisfaction surveys play a vital role in developing Finavia's operations.

Customer satisfaction at all the airports except the Helsinki Airport is monitored through the passenger satisfaction survey carried out by the airport network. The overall score of the network decreased slightly from the previous year to 3.26. The overall score is the average of seven different areas. They include parking arrangements, signposting, fluency and service attitude of security checks, cafe and restaurant services,

In 2011, 19,089,089 passengers travelled through Finavia's airports. We strive to serve all our passengers in the best possible way.

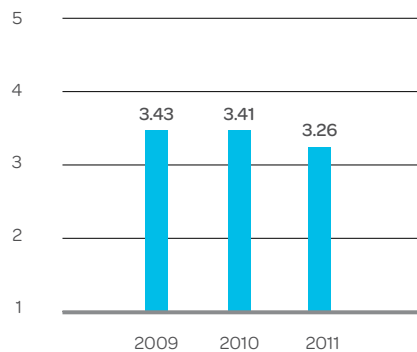
passenger comfort and WC facilities.

Satisfaction with cafe and restaurant services developed positively from the previous year. This was due to, among other things, the expansion of the Hello Cafe chain during 2011. The customer experience regarding parking arrangements was slightly less positive than in the previous year. This was affected by the fact that payment with credit cards at the exit barriers was no longer possible due to the introduction of the Single European Payment Area, intended for improving the safety of transactions.

Customer satisfaction at the Helsinki Airport is monitored through an international Airport Service Quality Survey. The many reforms and the implementation of the For Smooth Travelling programme in 2011 were also seen in the results of the customer satisfaction survey: customer satisfaction improved slightly, back to the 2009 level.

In the 2011 survey, the areas where satisfaction had improved included the polite and helpful attitude of airport staff, shopping possibilities as well as cafe and restau-

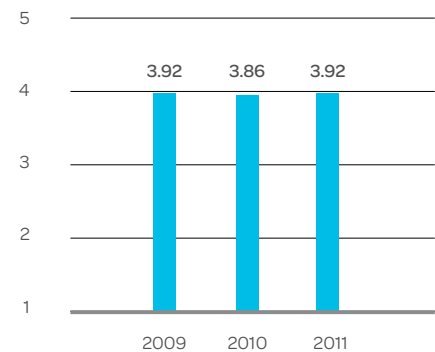
#### PASSENGER SATISFACTION AT THE NETWORK'S OTHER AIRPORTS 2009-2011



AVERAGE ON A SCALE OF 1-5  
 CONVERTED SCALE 5=5, 4=4, 3=1, 2=-1, 1=-5  
 SOURCE: 2011 INNOLINK. THE INFORMATION WAS GATHERED THROUGH PERSONAL INTERVIEWS AT AIRPORTS. 2009-2010 QUALITEMS. THE INFORMATION WAS GATHERED IN COOPERATION WITH FINNCOMM AND FINNAIR ON DOMESTIC FLIGHTS.

rant services. The passengers' opinion on the WLAN also improved due to the addition of new base stations. Satisfaction with the queuing times in security checks and check-ins developed positively as the times

#### CUSTOMER SATISFACTION AT HELSINKI AIRPORT 2009-2011



AVERAGE ON A SCALE OF 1-5  
 SOURCE: AIRPORT SERVICE QUALITY SURVEY

were shortened during 2011. The areas with slightly poorer results were the comfort of waiting and gate areas, availability of baggage trolleys and parking services.







### PASSENGER SERVICES

The range of passenger services was expanded during 2011 at many airports including Helsinki and Oulu. We expanded the Hello Cafe chain and opened five new cafes. At Helsinki Airport, the area of Gates 22–27 was modified in order to improve customer comfort and the provision of services.



# YEAR OF GROWTH AND REFORM AT HELSINKI AIRPORT

The service package for airports consists of Finavia's airport services and commercial operations.

This means looking after Finavia's network of airports and the services produced at the airports for air carriers, such as the maintenance of runways and terminals, ramp handling services, security checks and passenger services. Planning and development of the commercial services of Finavia's airports is the key element of this service package.

Most of the commercial services are produced by companies operating at the airport. The business includes the leasing of shop, restaurant and cafeteria premises, the leasing of other premises such as lounge and hotel premises, parking services at the terminals, rental of advertising space and Finavia's own shops.

**IN 2011, THE NUMBER OF PASSENGERS USING FINAVIA'S AIRPORTS INCREASED BY 16 PER CENT TO AN ALL-TIME HIGH. THE EXTENSIVE INVESTMENT PROGRAMME AT HELSINKI AIRPORT WAS COMPLETED, AND THE WORK FOR DEVELOPING THE CUSTOMER EXPERIENCE AND SERVICES CONTINUED AT FULL STEAM.**

## **STRONG INCREASE IN 2011 PASSENGER TRAFFIC**

In 2011, the number of passengers using Finavia's airports reached a new record of over 19 million (16.5). Of this, Helsinki Airport accounted for 14.9 million (12.9), and the number of transit passengers increased to an all-time record. International transit travel already makes up around 25 per cent of international passenger numbers at Helsinki Airport. In 2011, the airport segment

produced revenues amounting to EUR 253.1 million (224.0) and a net operating profit of EUR 62.3 million (62.1).

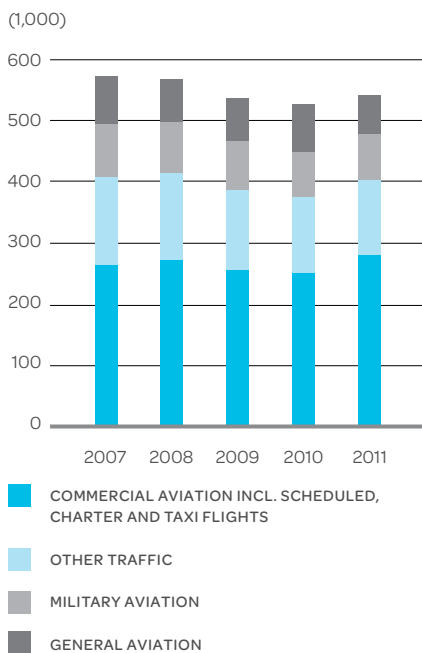
The increase in the passenger volume at Helsinki Airport was the strongest of all Nordic countries, amounting to as much as 15.5 per cent in 2011. Stockholm experienced a growth of 12.4 per cent, Oslo 10.5 per cent and Copenhagen 5.7 per cent. In 2011, Helsinki Airport also grew faster than other European airports on average. The extremely good growth figures for Helsinki Airport were due to the growth in volume of existing airline customers as well as the introduction of new routes and airlines to the Finnish market.

The passenger numbers in domestic traffic also increased significantly in 2011, and the growth amounted to 22.4 per cent, in particular this was due to the increased number of routes available and the resulting price competition. Before 2011, the

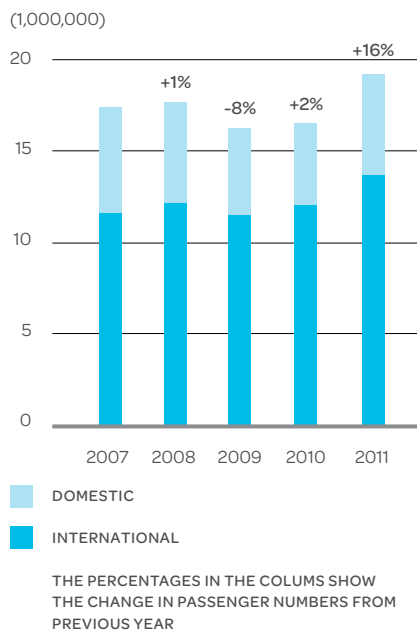
numbers of domestic passengers had been declining each year since 2006. In 2011, there were a total of 5.5 million domestic air passengers (4.5). The growth was strongest at the Lappeenranta, Oulu, Pori and Rovaniemi Airports. A total of one million passengers passed through Lapland Airports last year, an increase of 16.4 per cent on the previous year.

In international traffic, the passenger volumes increased by 14.1 per cent during the year. Traffic to countries outside Europe increased by 11.8 per cent. The passenger numbers in Asian traffic increased by 15.4 per cent, with the routes to Hong Kong (24.4%), Seoul in South Korea (25.1%) and the new route to Singapore showing the biggest increases. Traffic to North America grew by 44.5 per cent driven by the new route to Chicago.

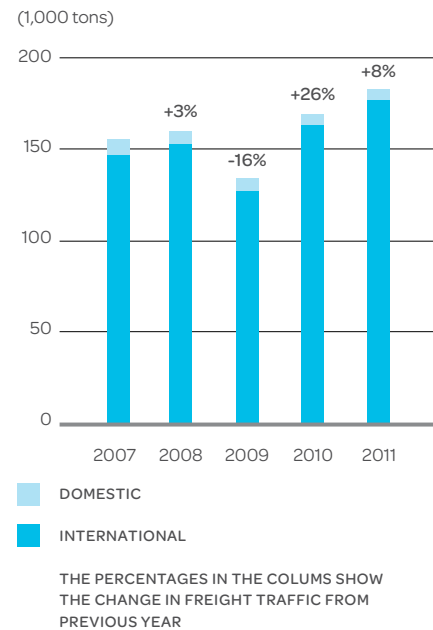
## FLIGHTS



## PASSENGER TRAFFIC AT FINAVIA'S AIRPORTS



## FREIGHT TRAFFIC AT FINAVIA'S AIRPORTS



### STRONG YEAR FOR COMMERCIAL OPERATIONS

Finavia's commercial operations developed strongly in 2011, helped by the record-high passenger numbers and the new and reformed restaurants and shops. On the other hand, the reconditioning work at Helsinki Airport and the occasional long queues at the border controls for long-haul flights posed challenges to passengers and services.

Helsinki Airport has the most significant role in raising commercial revenues. During

the last two years, there has been a major increase in the number of cafeterias, restaurants, shops and other service points at the airport. In March 2012, there were a total of 40 shops and kiosks and 18 cafeterias and restaurants serving passengers at Helsinki Airport. There were four lounges in the terminal and two hotels in the airport area. Finavia operates its own shops at Helsinki, Maarianhamina and Oulu Airports.

The continuous development of commercial services to better meet the customers' needs is a key factor for the

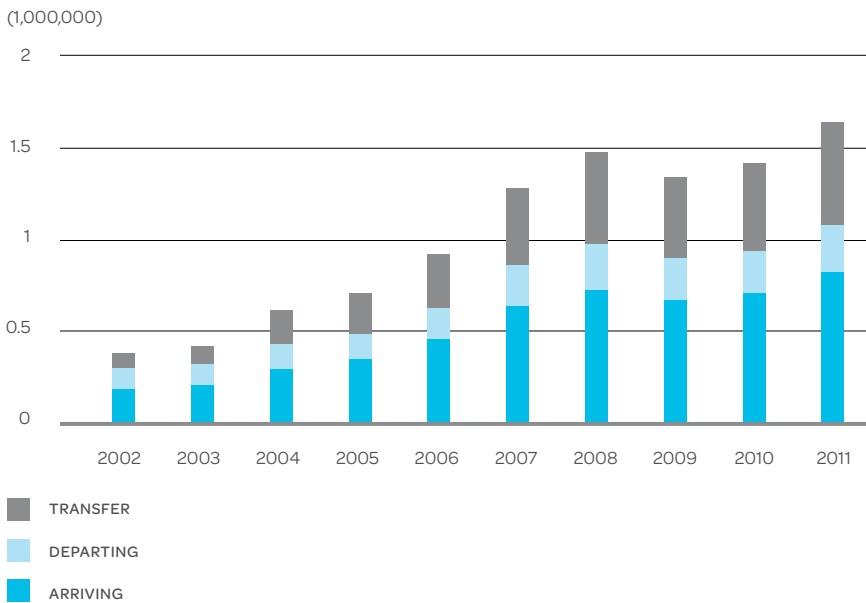
maintenance and development of the entire airport network. Profitable growth also ensures keeping the air traffic charges at a level which is low by European standards. This improves the competitiveness of Finavia from the point of view of airline customers.

### NEW ROUTES AND AIRLINES ARE GROWTH DRIVERS

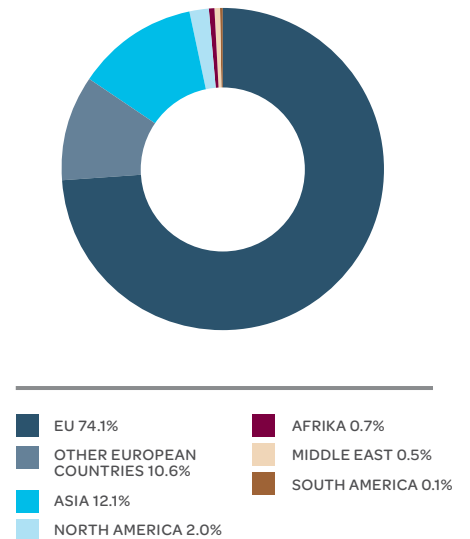
The strong growth of air traffic in 2011 was a result of the increased volumes of Finavia's airline customers, introduction of several

The total number of passengers using our airport network grew by more than 16% in 2011.

PASSENGER TRAFFIC TO ASIA AT HELSINKI AIRPORT



INTERNATIONAL PASSENGER TRAFFIC



new routes and the entry of new airlines to the Finnish market.

Finnair continued to execute its Asian strategy, and the company opened a new direct route to Singapore in May 2011. The daily flight is the fastest connection between Northern Europe and Singapore. In addition to Singapore, Finnair announced that it would start direct scheduled flights to Chongqing, one of the largest cities in China. The route will open in May 2012.

In April, a new operator, American Airlines, started direct daily flights to Chicago from Helsinki Airport. The route was oper-

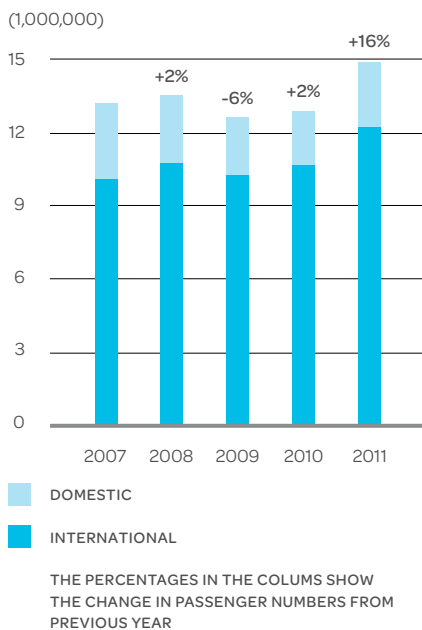
ated throughout the summer season of 2011, and the flights will again continue from April 2012. A significant number of passengers on this flight are transit passengers, which means that the route was yet another factor strengthening the position of Helsinki Airport as the leading transit airport in Northern Europe.

In March 2011, Norwegian expanded its selection of routes in Finland's domestic flight market by introducing connections from Helsinki to Oulu and Rovaniemi. At the same time, Helsinki Airport became a new Nordic hub for Norwegian. In April-May, the

company expanded its route selection to include several European destinations and launched new services from Helsinki to Kittilä and Ivalo in late 2011. In winter and spring 2012, the company has further expanded its route selection to European destinations. Norwegian now flies to 21 destinations from Helsinki.

Flybe began operations in Finland in October 2011, opening four totally new routes from Helsinki while continuing the Helsinki-Jyväskylä service earlier operated by Finnair. In addition, Flybe opened new routes to Tallinn from Tampere, Turku, Vaasa and

## PASSENGERS AT HELSINKI AIRPORT



Oulu. The growing selection of routes supports the international accessibility of provincial airports in particular. Flybe entered the Finnish market by acquiring the Finnish Commuter Airlines (Finncomm).

During the year, Ryanair continued its growth in Lappeenranta and Tampere. The number of passengers using the Lappeenranta Airport grew dramatically in 2011 to 116,000. Ryanair started direct flights from Lappeenranta to Milan and opened new routes from Tampere to Rome and Trapani in Sicily. In addition, the company announced that it would start flying to four

European destinations from Turku in spring 2012.

The selection of destinations available from provincial airports further increased when Blue1 announced that it would open several new routes in March 2012 from provincial airports to Copenhagen and Stockholm.

### THE INVESTMENT PROGRAMME OF HELSINKI AIRPORT COMPLETED

The extensive refurbishment projects and reconditioning of Terminal 2 at Helsinki Airport were completed in the new year of

2012. The modification and basic reconditioning project is to achieve several results affecting the passenger experience and practical aspects of the terminal: the key factors are enhancements to baggage handling, refurbishment of security check facilities and the new look of the departure lounges. At the same time, some shops in the gate area have been relocated and the range of available services is now more diverse.

The baggage handling centre refurbishment project was totally completed at the end of 2011. All check-in areas are now con-

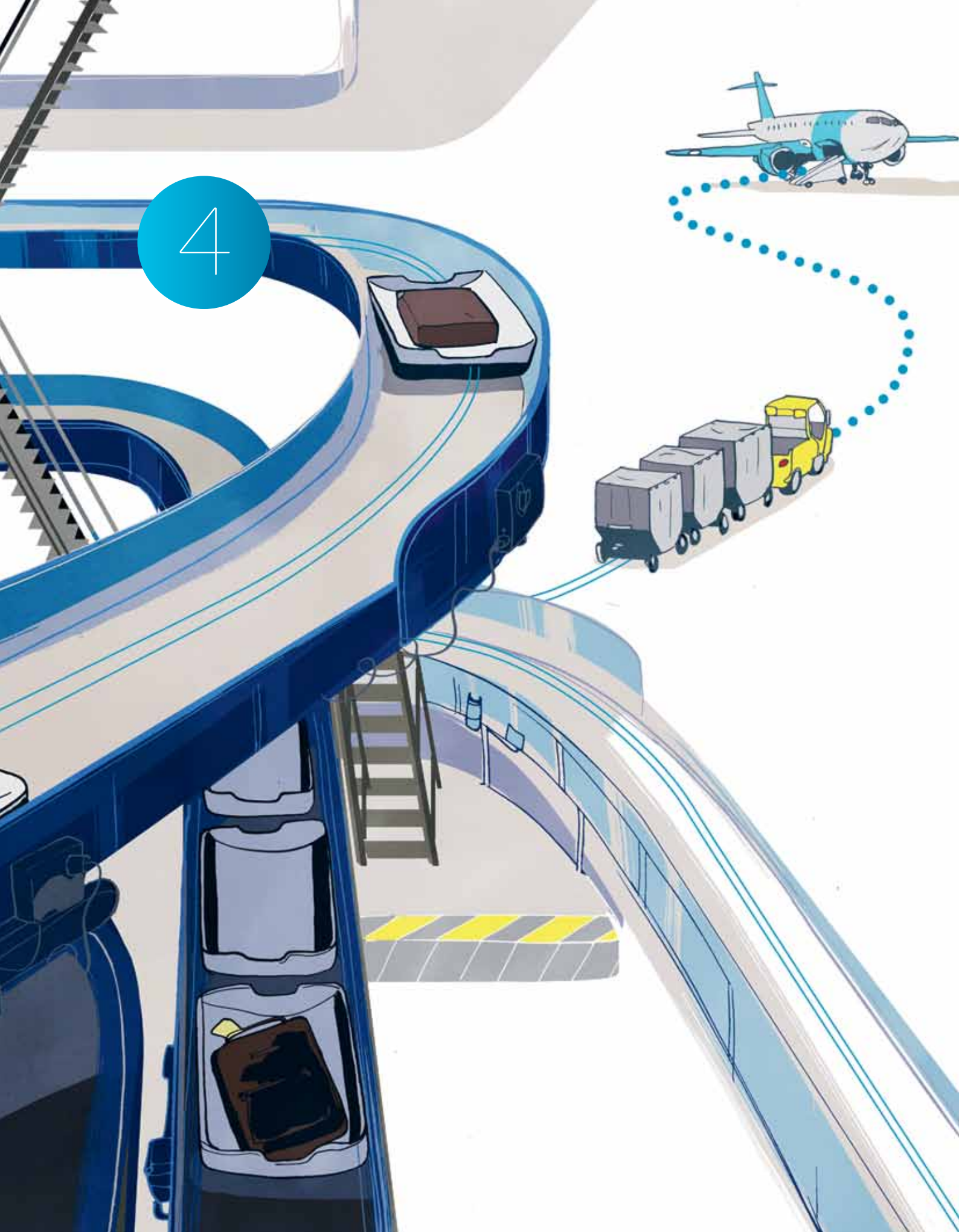
## BAGGAGE HANDLING CENTRE

The new automatic baggage centre at Helsinki Airport is capable of handling up to 7,000 pieces of luggage per hour. The total length of the handling system is over 10 kilometres.

The baggage handling system provides excellent facilities for the safe and efficient operation of the ground handling companies that handle the baggage on behalf of airlines. At Helsinki Airport, the passengers' waiting times at the baggage claim belts are short by international comparison.



4





nected to the centre, and the 10-km long system, capable of handling up to 7,000 bags an hour, has considerably speeded up the baggage handling process. This is critically important for Finavia’s target of maintaining a minimum transit time of 35 minutes.

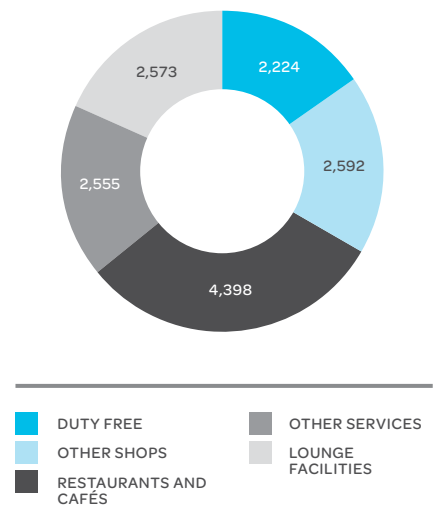
The smooth flow of security checks was improved in many ways during 2011: the queuing system was changed, a dedicated security check line was opened for special groups, and a queuing time measurement system based on Bluetooth technology was introduced together with real-time displays. As a result, the queuing time through the security checks has been halved to about 5–7 minutes on average. The shorter queuing time has improved customer satisfaction while also allowing the passengers more time to utilise the services available at the airport. The security check reform in

Terminal 2 was completed in the new year of 2012, and it was Finavia’s most important project supporting the goals of the For Smooth Travelling concept.

The project for improving the smooth flow of long-haul traffic at Helsinki Airport was initiated in late 2011. The project involves investments amounting to almost a million euros. Two new bus gates will be completed in the long-haul flights area in 2012. They will make things easier in particular for wide-body plane passengers during peak hours. Furthermore, the border control capacity will be increased by adding new service tills and by rearranging the passenger routes to allow a smoother passage. The passengers arriving from countries outside the Schengen area will have automatic machines for checking biometric passports which is expected to considerably expedite up the border control process. Helsinki

**SALES PREMISES AT HELSINKI AIRPORT**

(m<sup>2</sup>)







Airport has the world's largest line of automatic border control machines serving both arriving and departing passengers.

### A MORE EXTENSIVE AND DIVERSE SELECTION OF SERVICES

The refurbishment work of gate areas 22–27 in Terminal 2 was one of the largest investments made by commercial operations. The objective was to provide more diverse services, relocate some services to better coincide with the passenger flows and to improve customer comfort.

Finavia opened a new Duty Free shop in March. Cafe Tori was opened in June, and it has been well received: the cafe is located closer to the gates, which means that passengers can more easily enjoy its services while waiting to board. In addition, a new Finnair Lounge was built in the area. A lounge operating under the new

Almost@Home concept was opened in the long-haul flights area (see picture).

The facades of shops in the area were given a uniform visual appearance using Finnish wood and illuminated texts to make the area better reflect the Finnish approach. The uniform facades will also be extended to other commercial premises during 2012.

Regarding Finavia's own shops, the Best of Finland farm produce shop was opened in the company's Via Helsinki shop, utilising the shop-in-shop principle. Other new shop services introduced during the year were, for example, the grocery store Alepa which is open 24/7 throughout the year. In addition, pop up shops were opened at Helsinki Airport both in the gate area and on the public side. The service provided by the shops varies with the seasons and trends.

In 2012, the development of services

for arriving passengers will be a focal area at Helsinki Airport: among other things, a Starbucks Cafe will be opened in 2012. Another focal area will be the development of fast food offerings in both the public and gate areas. Furthermore, new premises for pop up shops will be opened in 2012. Finavia will also concentrate on the training of sales personnel and begin utilising mystery shopping as part of its customer service development initiative.

### IMPROVED PASSENGER SERVICES AT OULU AIRPORT

The expansion of Oulu Airport was completed in September 2011. Oulu is Finland's second-busiest airport, and its passenger numbers increased by as much as 39 per cent during the year. The new terminal section provides passengers with fully updated facilities and more diverse services.

Expansion of the airport will also further the development of business life in Northern Finland. The refurbishment of the old section of the terminal continue, and will be completed in spring 2012.

#### THE HELLO CAFE CHAIN EXPANDED AT PROVINCIAL AIRPORTS

During the year, Finavia expanded the Hello Cafe chain. This chain of cafes, devised by Finavia, operates using the franchising principle. The purpose of the chain is to establish more uniform cafe services at different airports and to provide passengers with high-quality services in keeping with Finavia's customer promise.

During 2011, new cafes were opened at Malmi in Helsinki, Kuopio, Kittilä and Oulu (where two cafes were opened). At the end of the year, there were in all seven cafes, and in 2012 the chain will expand to Helsinki Airport and other locations. A second cafe for Kuopio Airport will be opened in the gate area during 2012. Finavia aims to expand the chain to cover all major airports in Finland.

#### SENSATIONAL ADVERTISING

Advertising sales developed favourably during 2011, thanks to the active sales efforts of business partners and the utilisation of Finavia's advertising space concept.

Advertising was implemented in a manner providing customers with new sensations as the terminal premises and surfaces were utilised in a totally new fashion. At Oulu Airport, for example, presentation premises were placed at the disposal of local entrepreneurs for their customers to try out and test their products. At Helsinki airport, customers will have in 2012 places of work which also serve as advertising spaces for companies.

#### SMOOTHER PARKING

During 2011, customer parking was also developed to make it more customer-friendly: the objective is to make parking straightforward and easy for customers. In June 2011, a more uniform pricing regime was introduced to customer car parks on all airports. The provision of information on pricing and different alternatives for customer parking was improved e.g. with the revised Internet-pages of Helsinki Airport.

The ground traffic arrangements outside the terminal in Oulu were made less ambiguous and parking services were improved by introducing new entry ramps to the parking area as well as displays showing the number of free parking spaces. The plans include introducing similar guidance systems to Tampere and Turku during 2012.

#### UPGRADE OF TRAFFIC AREAS

At Finavia's airports, the runways are in top condition throughout the year, in all weather conditions. Investments were also made in 2011 in the condition and maintenance facilities for the runways. Runway 1 at Helsinki Airport underwent basic reconditioning, and runway repairs will continue in early summer 2012 with the basic reconditioning of Runway 3. No reconditioning of traffic areas was done at other airports during the year.

In addition to the basic reconditioning of Runway 1, the first phase of the new de-icing area and the storage area for glucose-containing snow were completed at Helsinki Airport during the autumn. An automatic system for conveying and reporting runway condition information was adopted extensively at Finavia airports during winter 2012.

#### PRICING TAKES INTO ACCOUNT THE CHALLENGES FACED BY AIRLINES

Finavia works in close cooperation with airlines to improve the smooth flow of air traffic and to develop the operational prerequisites for the airlines. Competitive air traffic charges are an important element in taking the needs of airlines into account, but they also represent a significant share of Finavia's revenues.

About 30% of passengers at Helsinki Airport were transit passengers.

The traffic charges discount period initiated in 2009 due to the difficult financial situation for the airlines continued until the end of 2011. The air traffic charges for 2012 were increased by 1.6 per cent. Initially, the increase foreseen for 2012 was confirmed at 6.2 per cent, but the market situation in air traffic changed rapidly towards the end of 2011 which is why the increase was only implemented in part.

Finavia's air traffic charges are inexpensive for Europe, and Helsinki Airport is the fifth cheapest of all major European airports. In order to be able to maintain the low level of air traffic charges in the future, Finavia takes a long-term approach towards improving its cost efficiency and profitability.

In addition to the inexpensive air traffic charges, Finavia supports the growth of air traffic by offering discounts on the charges for new routes.

#### PASSENGER TRAFFIC BY AIRPORT

AIRPORT	2011	2010	CHANGE (%)
Helsinki-Vantaa	14,866,071	12,872,622	15.5
Oulu	973,924	700,078	39.1
Tampere-Pirkkala	657,630	617,397	6.5
Rovaniemi	396,825	309,708	28.1
Turku	377,554	357,263	5.7
Vaasa	338,499	286,767	18.0
Kuopio	284,405	253,612	12.1
Kittilä	238,538	214,376	11.3
Ivalo	125,535	111,940	12.1
Joensuu	117,731	118,761	-0.9
Lappeenranta	116,267	61,100	90.3
Kokkola-Pietarsaari	94,684	80,181	18.1
Kemi-Tornio	93,757	96,562	-2.9
Kuusamo	91,759	82,497	11.2
Jyväskylä	88,850	88,608	0.3
Kajaani	78,095	66,013	18.3
Pori	54,056	43,185	25.2
Maarianhamina	53,568	48,672	10.1
Enontekiö	18,238	16,023	13.8
Savonlinna	14,175	15,899	-10.8
Varkaus	8,735	8,057	8.4

# THE OPERATING ENVIRONMENT FOR AIR NAVIGATION SERVICES IS CHANGING

The Air Navigation Services Business is responsible for controlling the use of Finnish airspace and for providing the related en-route services and air navigation services at Finavia's airports. Air navigation services guarantee safe air traffic with minimal delays in Finland. The customers of air navigation

services include commercial aviation, the governmental and military aviation of the Finnish State as well as general aviation and aviation schools. The provision of air navigation services requires a licence, and Finavia holds an EU legislation-compliant licence to provide air navigation services.

## THE WORK FOR DEVELOPING A UNIFORM EUROPEAN AIRSPACE PROGRESSED, AND THE FIRST PERFORMANCE PLAN WAS PRODUCED FOR FINLAND IN 2011. IN ADDITION, WORK AT HELSINKI AIRPORT CONCENTRATED ON AIR NAVIGATION SYSTEM REFORMS.

The safety of air traffic is always the primary objective of air navigation services. The smooth flow and punctuality of air traffic is another key objective. The work of air navigation services is also guided by environmental aspects: the flight routes are designed so that the noise pollution, fuel consumption and the resulting emissions of aircraft are minimised.

## AN INCREASE IN THE VOLUME OF AIR NAVIGATION SERVICES RENDERED

Due to the strong growth of air traffic volumes in 2011, the computational volume of commercial aviation services rendered (in terms of TN units, units of air navigation services) increased by 11.3 per cent from the previous year. Measured in service units, the area control centre services ren-

dered increased by 12.6 per cent. The total number of overflights in Finnish airspace was 43,800 (40,700 in 2010).

Revenues from Air Navigation Services increased by 11.3 per cent to EUR 60.8 million (54.6). The operating result was EUR -4.6 million (-8.6).

## THE DEVELOPMENT WORK FOR FUNCTIONAL AIRSPACE BLOCKS PROGRESSED

The Single European Sky (SES) programme is in progress in the EU for developing the use of airspace in Member States. An airspace with uniform air navigation services is to be created in Europe, consisting of nine Functional Airspace Blocks, (FABs). Each state must belong to one of the FABs by December 2012.

The Functional Airspace Blocks allow air navigation services to be provided that better take into account the needs of air traffic. The flight routes are optimised within each block which saves fuel and thus reduces emissions. Currently, the airspace borders follow national borders, which has prevented the use of air space and air navi-

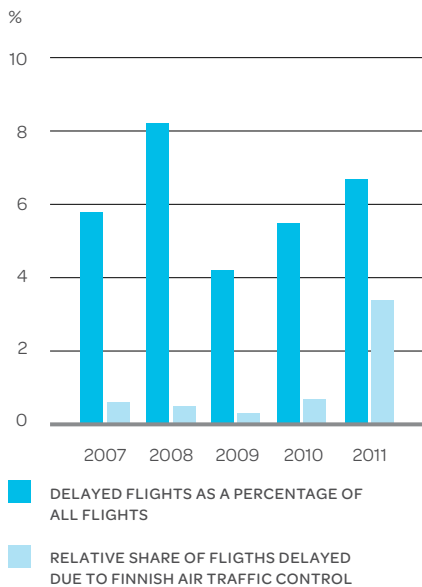
gation services from being implemented in an optimal manner. Another objective is to enhance the operations of air navigation services which would reduce the costs incurred by airlines for these services.

The EU also aims to have the number of parties providing air navigation services in Europe reduced and their operating methods harmonised. In the long term, it is likely that air navigation services will be opened for competition.

Together with Norway, Estonia and Latvia, Finland will establish a functional airspace block called NEFAB (North European Functional Airspace Block). The air navigation service providers completed their assessment on establishing the NEFAB in summer 2011. The traffic safety authorities of each of the countries involved approved the plan, after which the work for establishing the airspace block has moved on to implementing more detailed development plans. Negotiations on these are currently in progress both between the countries and between service providers.

From December 2012, the NEFAB will operate as one administrative entity, after

## DELAYS CAUSED BY AIR TRAFFIC CONTROL



SOURCE: EUROCONTROL, CFMU

which the work for developing the practical operation of the airspace block begins. From the viewpoint of air navigation services, there would be a common airspace within the airspace block in 2015. The work for developing the operating environment, methods and technical systems for air navigation services takes place through the SESAR development programme, which Finavia actively participates in.

## TOUGH TARGETS FOR THE 2012–2014 PERFORMANCE PLAN

European-wide performance targets will be set for air navigation service providers as part of SES regulation: On the basis of these targets, the first air navigation performance plan for 2012–2014 was drawn up for Finland in 2011. It is binding to Finavia's air navigation business and guides its development.

Safety forms the basis for all of Finavia's operations. The performance plan sets for Finavia the target of decreasing the number of runway violations and cases understaggering of flights as a result of actions taken by air navigation services. Furthermore, Fi-

navia has specified that its actions must not cause a single serious incident or accident.

The target set for Finavia regarding delays caused by flight regulation of en-route services was 1.2 seconds per flight for 2014. The 2012 target is 3 seconds per flight. These targets are the toughest in Europe, far more stringent than the European targets set by the EU Commission. The Finnish target is based on Finavia's historically good capacity standard. In 2011, considerable delays were caused by air traffic control regulation in April–July, but otherwise there was little regulation during the year. The reasons for the delays in April–July were the strongly increased traffic and regulatory delays caused by reconditioning work on the traffic areas of Helsinki Airport. The average delay of flights caused by Finavia's air traffic control was about 50 seconds in 2011.

Attainment of the cost-saving target set by the EU Commission by 2020 requires that the unit price in Europe is reduced by an average of 3.5 per cent per year. In Finland, the unit price must be reduced by 1.7 per cent per year during the period 2012–2014. However, Finavia seeks to improve the cost efficiency of the entire air navigation business, not only that of en-route services. Finavia's air navigation services are already rather efficient compared to the European average: efficiency can be mainly improved through an increase in traffic volumes, and the importance of this is highlighted in small airports. Helsinki Airport is capable of handling larger traffic volumes than the present ones, particularly outside peak hours.

Finavia increased its air traffic charges by 1.6 per cent from the beginning of 2012. There were also changes in the charge structure so that air navigation charges were increased more than other charges. The change in charge structure will bring the pricing regime in line with that applied by other EU Member States.

## CONTINUOUS DESCENT LANDINGS REDUCE EMISSIONS

Finavia's air navigation services support environmentally efficient and emission-reducing aviation by providing aircraft with the possibility to land using the continuous descent method. In 2011, such landings accounted for 55 per cent of all landings to Helsinki Airport, a good result in international comparison.

According to a study carried out by Finavia's Environmental Unit in 2011, the flight routes in Finland were on average only 2.2 per cent longer than the optimal routes while the corresponding figure in Europe was 5.4 per cent on average.

## FOCUS ON SYSTEMS DEVELOPMENT IN 2011

In 2011, Finavia concentrated on developing its air navigation systems. An electronic air traffic control system, used to control air traffic in the airport area, aircraft taxi clearances and vehicle traffic at the airport, was introduced at Helsinki Airport at year-end 2010. The new system further improves the safety of the service provided and will allow the capacity of Helsinki Airport to be increased.

Furthermore, preparations were made during the year for updating the radar display system covering the whole of Finland in 2012, after which all Finavia's air traffic service units will be using a uniform radar control system. The new radar display system provides more efficient flight planning and warns of any problems and hazardous situations more comprehensively than before.

In 2012, Finavia's air navigation business will in particular concentrate on meeting the safety and punctuality targets, on implementing NEFAB cooperation and on participation in SESAR projects. Furthermore, the flight weather observation services will be transferred to the Finnish Meteorological Institute in June 2012.

## AIR NAVIGATION SERVICES

The goal of air navigation services is the safety of air passengers: aircraft must not get too close to each other in the air or on the ground, or to vehicles operating in the airport movement area. Another goal is ensure the smooth flow of flights so that they are able to take-off and land on time, and fly using as straight routes as possible. About 500 Finavia employees work in air navigation services.

5

The background of the page is a stylized illustration. In the foreground, there is a brown and orange air traffic control tower with a glass-enclosed observation deck. To the right, a portion of a cockpit is visible, showing a control yoke and instrument panels. The sky is light blue with several dotted lines representing flight paths. A white airplane is shown in flight, with two blue lines extending from it towards the cockpit, suggesting communication or tracking. In the distance, there are blue, snow-capped mountains. A large blue circle containing the white number '5' is positioned in the middle-right area of the page.



# NEW FACILITIES FOR THE AIR TRAFFIC SERVICE CHAIN

THE EXTENSION OF THE HILTON HOTEL AT HELSINKI AIRPORT WAS COMPLETED IN 2011. THE WTC HELSINKI AIRPORT OFFICE COMPLEX WAS OPENED, AND ITS OCCUPANCY RATE DEVELOPED FAVOURABLY. THE DEVELOPMENT OF SURROUNDINGS NEAR THE AVIAPOLIS STATION OF THE RING RAIL LINE CONTINUED.

Finavia's Real Estate Operations are handled by its real estate investment company Lentoasemakiinteistöt Oyj (LAK). LAK leases business premises in the buildings located at the airports or their immediate vicinity to companies in the service chain and to companies benefiting from the vicinity of

the airport. The buildings related to Finavia's operative business, such as parking houses or terminals, are owned by Finavia Corporation. LAK currently operates at Helsinki and Turku Airports. Its real estate stock is some 116,000 m<sup>2</sup> altogether.

The revenues of Real Estate Operations increased by 20.2 per cent in 2011 and stood at EUR 16.8 million (14.0). The operating result improved to EUR 12.4 million from last year's EUR 6.6 million. An extraordinary item of EUR 7.0 is included in the result as a result of the sales profit from a real estate transaction concluded by LAK Oyj. The occupancy rate of premises was higher than the average for business premises markets.

## COMPETENCE IN AIRPORT OPERATIONS PROVIDES A COMPETITIVE EDGE

LAK supports the customers' businesses, the service offering of the airport and the implementation of Finavia's strategy by providing the best business premise solutions in the airport environment. At the airport area, LAK's role is that of a long-term owner of real estate properties developing

new buildings, products and services for the needs of the airport complex.

In addition to the unique location of its buildings, the strengths of LAK include an understanding of customer needs in the air traffic service chain and competence in airport operations. LAK's customer base mainly consists of air traffic-related customers, airlines, logistics operators and other parties providing services to the airlines. In the future, the company intends to seek growth by winning new customer accounts that are not directly related to air traffic.

## NEW CONCEPTS FOR HELSINKI AIRPORT

Examples of services supporting the airport complex include the Hilton Helsinki Airport and the WTC office complex at Helsinki Airport. The objective was to introduce to the airport brands and concepts that

optimally agree with the airport environment. The extension of the Hilton Hotel was completed in May 2011. It increased the hotel capacity by approximately 80 rooms and the conferencing and restaurant facilities by some 400 square metres. Following the extension, the Hilton is now the largest hotel in the City of Vantaa. The extension has a higher-than-expected occupancy rate during the year, which has a positive impact on the revenues and financial result of the real estate business.

At the beginning of the year, LAK opened the new World Trade Center office complex at Helsinki Airport. It is located in the immediate vicinity of Terminal 2 and the Hilton Hotel. Earlier, there were very few office premises available for lease so close to the terminals. Premises compliant with the WTC concept are available, ranging from individual office hotel rooms to extensive





premises allowing flexible office arrangements. Leasing out the WTC premises progressed very well during the year, which will boost the turnover of Real Estate Operations in the future.

### REAL ESTATE DEVELOPMENT FOCUSED ON THE AVIAPOLIS AREA

In addition to the leasing business, LAK also acts as a property developer for land areas owned by the Finavia Group that are not required for airport use. The most important of its development sites is the Aviapolis area near Helsinki Airport, a very extensive area and development project for the Metropolitan Area.

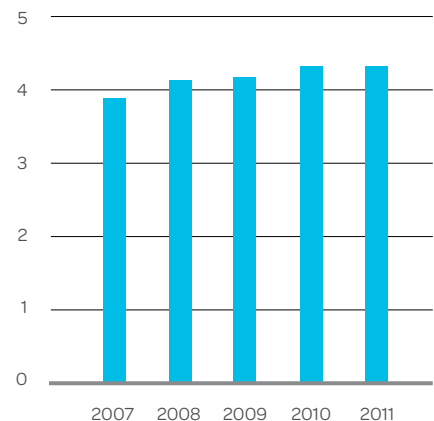
LAK owns a land area of some 15 hectares around the Aviapolis station on the future Ring Rail Line, and development of the area continued under LAK's leadership throughout the year. The goal is to have the

first buildings near the exits of the Aviapolis station ready by the time the Ring Rail Line is completed, in about 2014.

### HIGH DEGREE OF CUSTOMER SATISFACTION

LAK is an active owner working in close cooperation with its customers which is also reflected by a high degree of customer satisfaction. In the 2011 customer satisfaction survey carried out by KTI Kiinteistötieto Oy, LAK maintained its number one position in the overall satisfaction of customers with regard to their landlords among 17 real estate businesses.

### LAK'S CUSTOMER SATISFACTION



SOURCE: KTI KIINTEISTÖTIETO OY'S CUSTOMER SATISFACTION SURVEY 2011 (SCALE OF 0-5)

# SERVICES FOR THE ENTIRE AIRPORT NETWORK

AIRPRO OY IS A WHOLLY-OWNED SUBSIDIARY OF FINAVIA PROVIDING AIR TRAFFIC SERVICES IN ALL FINAVIA'S AIRPORTS TOGETHER WITH ITS OWN SUBSIDIARY RTG GROUND HANDLING OY. TOGETHER, AIRPRO OY AND RTG GROUND HANDLING OY CONSTITUTE THE AIRPRO GROUP. THE YEAR 2011 WAS A FINANCIAL SUCCESS FOR AIRPRO DUE TO THE GROWTH OF ITS BUSINESS.

The Airpro Group has three business areas: Handling providing air traffic ground services, Security providing security checking services and Airport Services providing various services at the airport. Airpro's main customers are airlines, air passengers and Finavia's airports.

In 2011, the revenues of the Airpro Group were EUR 53.6 million (42.4), an increase of 26.4 per cent. The increase in revenues is explained, in addition to the 2011 acquisition of RTG Ground Handling, by the increase in flights handled by Airpro. Net operating profit developed unfavourably to EUR -0.5 million (3.5). The business employed a total of 960 airport service professionals.

## WIDE-RANGING SERVICES FOR AIR TRAFFIC

Airpro provides the ground services required by airlines in nearly all Finnish airports, thus ensuring for its part the service capabilities of the nationwide airport network. As part of this mission, Airpro provides ground services during the winter season for airports in Lapland. Furthermore, Airpro provides services for the scheduled flights of low-cost carriers operating from the number two terminals of Tampere-Pirkkala and Turku Airports.

Airpro works in close cooperation with other Finavia units in developing security checks. In particular the security check services for transit passengers at Helsinki Airport are strategically important for Finavia: the importance of the customer experience and the smooth flow of the security checks have been emphasised, and the company invested significant resources in this area in 2011.

Airport services cover an extensive palette of services: Airpro takes care of transportation of left luggage to customers on behalf of the airlines and bus transportation in the ramp area. Airpro also provides

cabin crew personnel for airlines. The wide coverage of services is largely based on the ability of personnel to carry out many different jobs at the airport.

## AIRPRO PRODUCES SERVICES THROUGHOUT THE ENTIRE AIRPORT NETWORK

Airpro aims to become Finland's leading service company in its line of business. It is essentially important for Finavia to have its own company that produces ground services and is capable of providing services throughout the entire airport network. Of all players in this line of business, Airpro is the one with the best geographical coverage, thus contributing to the maintenance of air scheduled traffic services in as many airports as possible.

The organisation of Airpro airport operations was reformed in 2011. In addition, the operating model based on multiple competencies was further developed.





### SMOOTH FLOW IN TRAFFIC AREAS

At Finavia's airports, the runways are maintained in summer condition whatever the weather. Even during winters with a lot of snow, the runways are kept in tip-top condition with the snowhow of Finavia's professionals. Most airplanes are parked at Helsinki Airport at the air bridges, but passengers are also served by runway buses.



# RESPONSIBLE BUSINESS OPERATIONS

Finavia strives to take a responsible approach in all its activities. Our mission is the basis for our operations: we create and maintain the prerequisites for the mobility of Finnish people as well as for the competitiveness and international reach of Finnish regions and Finnish society. We seek to fulfil our mission in an economically efficient, customer-oriented manner with a minimum impact on the environment. Safety is at the heart of all this, because it is the lifeline for both air traffic and Finavia's business.

Finavia is a limited company owned by the Finnish State, and its operations have extensive effects on Finnish society. Air traffic is an important part of the country's traffic system, and our comprehensive airport network allows quick connections around Finland and to foreign destinations. We make sure that our operations are economically sustainable and profitable. We seek to minimise the environmental impacts of our operations and communicate these impacts openly to all our interest groups. We also want to be a good employer to our personnel and a reliable partner to our interest groups.

Finavia seeks to be a responsible and reliable company that promotes the function-

ality of Finnish society. All this is subject to our operations being sufficiently profitable to ensure the continuity and development of our business.

## MANAGEMENT, COMMUNICATION AND REPORTING OF CORPORATE RESPONSIBILITY

The CEO, supported by the Executive Group, is answerable for Finavia's responsible operations. Responsibilities for the different areas of reporting corporate responsibility lie with Finavia's Environmental, Financial and HR Units. The Communications Unit coordinates corporate responsibility reporting and its associated communications. The practical issues related to responsibility concern every Finavia employee.

The applicable parts of Global Reporting Initiative (GRI) guidelines, i.e. recommendations for corporate responsibility reporting, were used for assistance in the corporate responsibility section of this Annual Report. Furthermore, the Finnish Government's decision-in-principle regarding the owner policy of the Finnish State and its requirements for corporate responsibility reporting were taken into account in this Annual Report. The information in the Respon-

sibility section covers the entire Group. However, some information only applies to Finavia Corporation. These cases are separately indicated.

Corporate responsibility is usually seen from the perspectives of economic responsibility, environmental responsibility and social responsibility, and Finavia's Annual Report covers all these three aspects.

Finavia has a very important role in society: the company maintains a network of airports that covers the whole of Finland. Flight connections are vitally important for the functioning of Finnish society and business life. That is why social responsibility warrants its own section.

Tofuture Oy, a specialist in corporate responsibility, has ascertained that reporting in Finavia's Annual Report 2011 together with the separate Environmental Report 2011 follows the GRI Guidelines, and confirms Finavia's self-declaration that the reporting meets the requirements of Application Level C of the GRI G3.1 Guidelines. The GRI content index 2011 is presented on pages 60–62 in the Annual Report.



# PROVIDER OF EXTENSIVE CONNECTIONS

FINAVIA'S PRIMARY ROLE IN FINNISH SOCIETY IS TO MAINTAIN THE NETWORK OF 25 AIRPORTS COVERING THE WHOLE COUNTRY AND THUS FACILITATE FUNCTIONAL AIR TRAFFIC CONNECTIONS. IN ADDITION, THE COMPANY HAS AN IMPORTANT ROLE AS AN EMPLOYER, TAX PAYER AND BUYER OF SERVICES.

As the owner, the Finnish State has vested Finavia with social objectives associated with the special duties assigned to the company. These include the maintenance of a country-wide airport network, facilitation of safe air traffic as well as duties associated with state aviation and search and rescue services. Finavia's operations are guided on financial grounds, but the owner policy objectives are based on optimising the overall socio-economic results. Achievement of the result is primarily assessed on the basis of how the company fulfils its social service mission.

## THE AIRPORT NETWORK IS MAINTAINED WITH THE REVENUES FROM THE MAIN AIRPORT

Maintenance of good connections around Finland is vital for the general functioning of society. Finnish business life also needs fast and safe traffic connections. An essential part of this is well-functioning air traffic. Besides good connections around Finland, the comprehensive airport network also ensures fast connections abroad. As a world-class transit hub, Helsinki Airport is





# CASE: AVIAPOLIS

## AVIAPOLIS IS OF KEY IMPORTANCE TO THE CAPITAL REGION

Aviapolis is Finland's fastest-growing business conglomeration, located around Helsinki Airport. It is also a major district of the City of Vantaa, covering 42 square kilometres and including six city districts.

Aviapolis represents the so-called Aerotropolis development trend that is gaining popularity around the world. It means that whole modern-day cities with diverse functions and structures rise adjacent to airports, and these cities drive the economies of much wider areas than just the actual city.

The joint project between the City of Vantaa, Finavia, other companies and land owners as well as investors was initiated at the beginning of the

2000s. The development of Aviapolis benefits many different parties. At the heart of its success lie Finland's only international airport, Ring Road III, the Ring Rail Line to be opened in 2014 and the rail connection to St. Petersburg.

In ten years, the number of jobs in the area has increased from 25,000 to about 37,000. The number of jobs is also expected to keep on growing at a fast rate during the decades to come. For example, 62 per cent of the jobs created in Vantaa during 2000–2010 were created in areas surrounding the airport. The population of the area has also doubled during the last ten years, and now some 16,000 people live there. The

population is expected to reach 30,000 by about 2030.

There are many building projects in progress in the Aviapolis area. In 2000, there were a total of 1.5 million square metres of buildings in the area, but now that figure is 3.3 million square metres. The figure is expected to be 7 million square metres in 2030.

The constantly growing air passenger volumes also speak for the development of the area. In 2000, there were 10 million air passengers, 13 million in 2010 and almost 15 million in 2011. A total of 23 million passengers are expected to pass through Helsinki Airport in 2030.

increasingly important in particular for traffic between Europe and Asia.

In Finland, the maintenance of the nationwide airport network is partially financed from the revenues of Helsinki Airport. In keeping with the special mission of Finavia, every airport with regular scheduled traffic is kept in operation irrespective of the profitability.

### WELFARE FOR INTEREST GROUPS

Finavia's operations produce direct or indirect welfare for numerous interest groups. Our main customers are the airlines whose operating environment is currently undergoing a rapid change due to, among other things, the price competition between airlines and the rapid escalation of costs. For its part, Finavia also strives to keep the operating potential for airlines good in the future.

Other key interest groups of ours include air travellers, companies providing services to airlines, municipal and state authorities, people living near the airports and our sources of funding. In addition to the fact that our operations and network of airports affect the entire society and its functioning, individual airports make a significant impact on the welfare of their respective regions. Airports provide jobs, accrue tax revenues for the municipalities, support an active tourism business and promote the development of economic regions.

### COOPERATION WITH THE DEFENCE FORCES

The airborne operations of the Defence Forces cover the whole country and airspace. Finavia provides the Defence Forces with services related to airport mainte-

nance and airspace control.

Finavia cooperates with the Defence Forces by supporting it in preparedness for exceptional military situations and produces services for the special needs of the Air Force at three military airports and at four airports which have both military and civilian aviation activities.

The services are provided in compliance with Finavia's general terms and conditions for services.

# PROFITABILITY IS THE PREREQUISITE FOR OPERATIONS

**FINAVIA MAINTAINS AND LOOKS AFTER THE FINNISH AIRPORT NETWORK SO THAT ITS OPERATIONS ARE ECONOMICALLY RESPONSIBLE AND MAKE THE COMPANY'S CONTINUED OPERATIONS POSSIBLE. FINAVIA'S SUBSIDIARIES PRODUCE SUPPLEMENTARY SERVICES FOR THE AIRLINES AND THEIR CUSTOMERS.**

Being a state-owned company, the profitable growth of operations and looking after special duties are highlighted in Finavia in an open and transparent manner. We aim at long-term cost efficiency and improved profitability of operations in order to maintain our position in price competition. We openly describe what we do, because our customers are entitled to know what they pay for, and it is important that our interest groups understand the nature of our operations.

## **OPERATIONS FINANCED BY SELLING SERVICES**

Finavia finances its operations with the revenues from the services it produces

for airlines, passengers and other players in the airline industry. Finavia levies air traffic charges for the services provided for airlines, such as airport and air navigation services which are both subject to their respective charges. In European comparison, the prices for services produced by Finavia are very much on the inexpensive side.

Helsinki Airport is the most essential part of Finland's network of airports. Part of the revenues it produces, such as those from commercial operations, are used to finance Finavia's 24 other airports. In 2011, Finavia's traffic charge revenues totalled EUR 211.5 million. In addition, we generate revenues from the real estate properties we lease out and from other services.

Finavia does not receive any subsidies from the Finnish State or municipalities as support for the operation of loss-making airports. However, the State and municipalities do participate in some airport expansion projects by financing part of the investments.

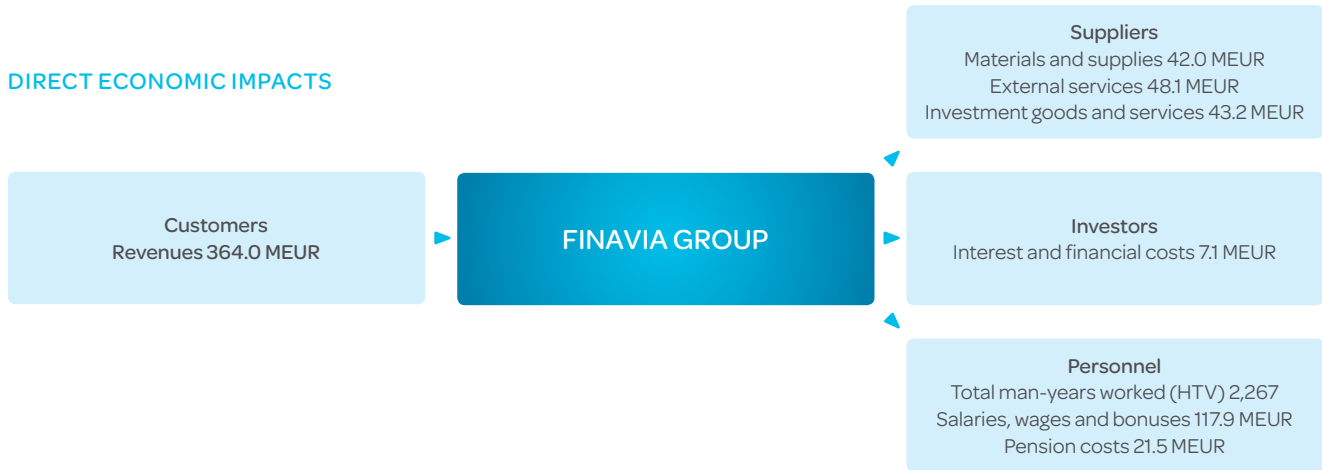
## **GROWTH IN PASSENGER VOLUMES INCREASED FINAVIA'S REVENUES**

As a whole, 2011 was successful from the view point of air traffic. The passenger volumes grew by 16.1 per cent from the previous year to a total of 19.1 million passengers when the figure for the previous year was 16.5 million. The growth in domestic traffic was 22.4 per cent, and there were 5.5 million passengers in all.

In 2011, the revenues of Finavia Group amounted to EUR 364.0 million and the result after appropriations and taxes stood at EUR 3.2 million.

The result is used for servicing loans and for strengthening the balance sheet. During the financial year 2011, Finavia paid its financiers a total of EUR 7.1 million in interest and financing costs. Finavia did not pay any cash dividends to the Finnish State for its 2010 financial results, but it did assign its shares in IP-Kiinteistö Oy, valued at EUR 11.2 million. For 2011, the Board of Directors of Finavia has proposed that Finavia assigns, as a return of capital, to the Ministry of Transport and Communications for forwarding to the

## DIRECT ECONOMIC IMPACTS



Finnish Meteorological Institute a weather observation system valued at about EUR 6 million.

### AIRPORT CHARGE DIRECTIVE HARMONISES PRACTICES

The new Airport Charge Directive entered into force in 2011, and it applies to pricing in 2012. It is meant to harmonise the pricing principles applied to airport services and make the pricing of airport companies more transparent. The directive will in this way promote competition between airport companies.

Finavia decided in November 2011 to increase the air traffic charges levied to airlines by 1.6 per cent from the beginning of 2012. The increase was kept moderate due to the deterioration of the general economic situation and the sensitivity of the aviation business to economic cycles. Being a service organisation, Finavia needs to react to the changing market situation and changes in demand from customers. The company has managed to keep its air traffic charges low in comparison to other European and Northern European airports.

### EXTENSIVE PROJECTS COMPLETED

Finavia has a controlled investment programme. It means that the company develops and expands its operations in line with the expected passenger volumes and demand for air traffic, taking into account its financing possibilities. In 2003, the company initiated the so-called Via Helsinki investment programme that was completed in 2011. The expansion programme included the construction of a new runway, non-Schengen-terminal, baggage plant, parking house and a hotel. The total investment was almost EUR 600 million, and it made possible the current growth in Helsinki Airport passenger volumes.

In recent years, the level of investments has been lower than in the early 2000s, concentrating mainly on maintenance. Maintenance of the network's service and safety level and increasing environmental requirements dictate that the company has to invest some EUR 40 million each year.

The Terminal T2 reconditioning project at Helsinki Airport began in 2008 and was completed in 2011. New commercial

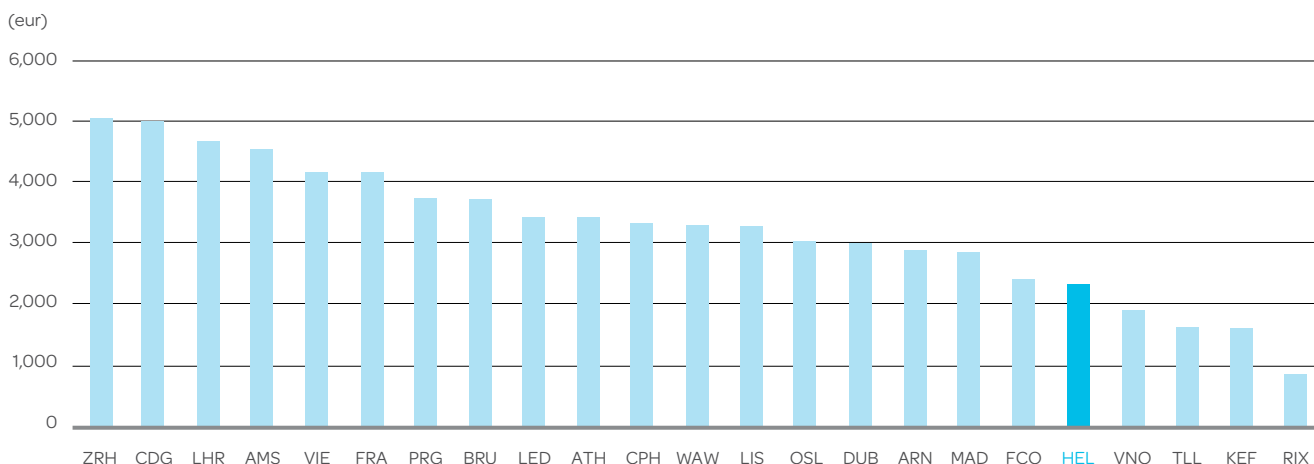
premises were also built at Helsinki Airport, and an extension was completed for the hotel which opened in 2008. The terminal extension completed at Oulu Airport made it possible for the airport to handle almost one million passengers in 2011.

Finavia has initiated the planning work for a terminal extension at the Tampere-Pirkkala Airport in cooperation with the economic region. If State or Municipal subsidies are granted for the airport infrastructure construction project, the project can only be started if approved by the EU Commission. The notification procedure for submitting the matter for processing by the Commission was initiated in 2011.

Finavia participates in the financing of Ring Rail Line by a total of EUR 67.5 million during 2010–2014. The project began in 2010, and the line will travel via Helsinki Airport. By the end of 2011, Finavia has financed the construction work by EUR 10 million. The line is expected to be completed in 2014.

In 2011, Finavia's investments totalled EUR 43.2 million (55.3). The level of invest-

**HELSINKI AIRPORT'S INTERNATIONAL COMPETITIVENESS**  
**AIR TRAFFIC CHARGES FOR 2011 – AIRBUS A320**



ments in 2012 will be moderate. No major extensions are being planned.

**VARIOUS FINANCIAL TARGETS**

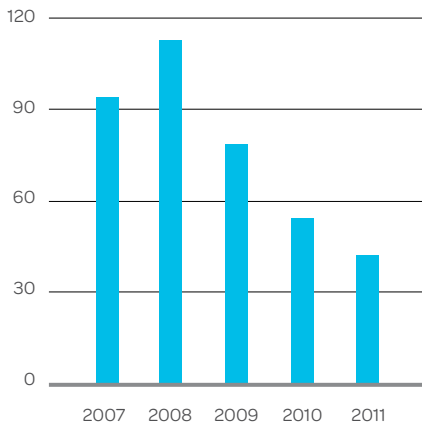
Finavia sets its earnings, balance sheet and financing targets so that it is capable of ensuring the continuity and development of its operations in the manner required by aviation safety and the passengers' expectations. The company seeks to finance its operations through cash flow financing. Expansion investments required for growth may be financed through long-term borrowing. In order to obtain financing at reasonable terms, the equity ratio is maintained at 40 per cent. Finavia obtains its financing from the financial markets. The European Investment Bank is currently its biggest financier.

**FINANCIAL TARGETS OF FINAVIA GROUP**

Target	In 2011
Efficiency: competitive prices in European comparison	Europe's fifth-least expensive airport company of 23 main airport companies
Earnings level: sufficient cash flow financing for securing operational development and financing	The result was EUR 3.2 million. This was well short of the target.
Equity ratio: at the 40 per cent level	44.4%
Cost-efficient handling of special missions for the society	The airport network reduced its deficit by just under 1 million euro.

## INVESTMENTS

(meur)



# ENVIRONMENTAL WORK COVERS ALL ASPECTS

FINAVIA AIMS AT HANDLING AIR TRAFFIC IN FINLAND WITH MINIMAL ENVIRONMENTAL IMPACTS. HERE, THE MATERIAL ISSUES ARE THE ANTI-SKID TREATMENT FOR RUNWAYS, DE-ICING AND ANTI-ICING TREATMENTS FOR AIRCRAFT, EFFICIENT NOISE MANAGEMENT IN THE VICINITY OF AIRPORTS AS WELL AS THE ENERGY EFFICIENCY OF AIR TRAFFIC AND AIRPORTS.

Finavia's environmental responsibility primarily covers the environmental impacts of airports. In addition, we assist airlines and other aviation operators to reduce their environmental impacts by providing efficient air navigation services, such as non-crowded airspace and flexible approach methods, and by establishing centralised de-icing stations for aircraft.

Each year, Finavia produces an environmental report as well as a local environmental report for each individual airport. The reports include, among other things, detailed traffic statistics, details of substances used for anti-skid treatments and de-icing of aircraft as well as the results of environmental observation work.

The environmental permits are more specific than before and require an increasing number of actions at the airports. The goal of Finavia's environmental work is to implement the development actions required in the environmental permit regulations within the specified time for the entire airport network. Another goal for 2012 is to update Finavia's environmental system to correspond to the company's changing organisation.

THE ENVIRONMENTAL PERMIT OF HELSINKI AIRPORT CREATES THE FRAMEWORK FOR FUTURE DEVELOPMENT

Running an airport requires an environmental permit. The environmental permit regulates the activities impacting the environment. At airports, these activities are also governed by many international and national aviation regulations. The environmental permit contains extensive regulations on the activities of each airport and their environmental impacts. This detailed regulation makes aviation distinctively different from other forms of traffic.

The Regional State Administrative Agency of Southern Finland granted Helsinki Airport an environmental permit in August 2011. The permit process took almost four years and was open, allowing the participation of local inhabitants. Finavia published the permit application and its responses to the statements of opinion issued for it on its website. However, the environmental permit decision has been appealed, and the process continues in the Vaasa Administrative Court. According to the decision, Finavia must apply for its revision by the end of 2017.

The new environmental permit requires that Helsinki Airport shall restrict its night-time traffic, noise and emissions to water. Implementation of the orders requires Finavia to carry out several actions and investments, but it will not significantly compromise the service capabilities or future development of Helsinki Airport. All in all, fulfilling the requirements of the environmental permit will require Finavia

to make investments totalling about EUR 23–28 million during 2010–2015.

In order to restrict noise, the decision prescribes that from April 2013 onwards, the noisiest aircraft are not allowed to fly at night between 12:30 a.m. and 5:30 a.m. The environmental permit also sets out objectives for improving the use of continuous descent approaches and requires the noise metering system to be expanded in Nurmijärvi and Espoo. The most significant requirement of the environmental permit regarding the reduction of aquatic emissions is that of constructing another centralised de-icing station at Helsinki Airport. The de-icing station was commissioned during 2011.

Enontekiö, Rovaniemi and Kemi-Tornio Airports also obtained their environmental permits in 2011. At the end of 2011, 15 of Finavia's 25 airports held an environmental permit. The permit referred to in the Environmental Protection Act is not required for some airports, as they have been established in their respective locations a long time ago, their environmental impacts are under control and the permits prescribed in earlier legislation have been deemed sufficient. Some airports are still waiting for the decisions of the respective Centres for Economic Development, Transport and the Environment regarding the need to have a permit.

The most important environmental investment in 2011 was the second remote de-icing station at Helsinki Airport.

### LAPLAND AIRPORTS AND HELSINKI AIRPORT JOIN THE INTERNATIONAL PROGRAMME FOR REDUCING CARBON DIOXIDE EMISSIONS

Finavia's Energy and Climate Programme was launched in 2007, and it is aimed at improving all aspects of energy efficiency. In 2011, Finavia continued the airport energy reviews under the programme and developed the monitoring of energy consumption data. Furthermore, in the framework of the Energy and Climate Programme, Finavia calculated the detailed carbon footprint of seven airports: Helsinki Airport and the airports of Lapland Airports in Enontekiö, Kittilä, Ivalo, Rovaniemi, Kemi-Tornio and Kuusamo.

Following the calculations, Airport Carbon Accreditation awarded Helsinki Airport and Lapland Airports the "Mapping" and "Reduction" levels of accreditation. The goals of this programme coincide with Finavia's own environmental goals. By the end of 2011, a total of 47 European airports had been admitted to the Airport Carbon Accreditation launched by ACI EUROPE.

Airport Carbon Accreditation level "Mapping" requires that the carbon footprint of the airport is calculated annually by an external verification body, while the extended levels of the programme also require the carbon dioxide emissions to be reduced every year. Finavia has been working on the

reduction of carbon dioxide emissions for a long time, and the company is currently investigating the possibilities of becoming totally carbon neutral in 2014.

### HELSINKI AIRPORT INTRODUCES A NEW REMOTE DE-ICING STATION

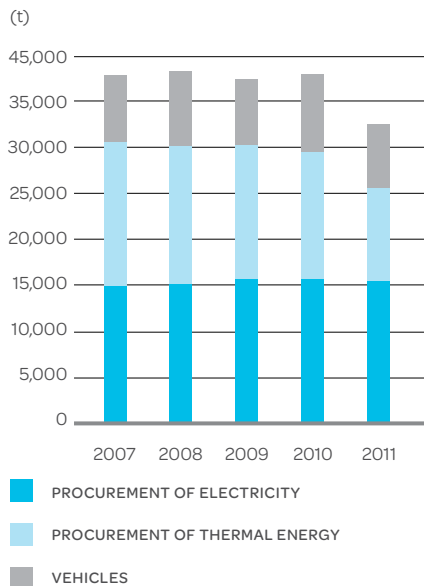
Finavia performs runway anti-skid treatments on all its airports and seeks to minimise the resulting environmental impacts. The substances used for the treatment are not classified as harmful, but they cause loading on waterways by increasing oxygen demand. Surface waters and groundwaters are monitored on almost all Finavia's airports.

Mechanical methods, sweeping and ploughing, are the main skid-prevention methods used. In addition, chemical de-icing agents are utilised for removing frost and ice from the runway surface and for proactive skid prevention. The substances used at the airports are based on formic or acetic acid and do not contain nitrogen or other nutrients. They are readily biodegradable and consume little oxygen in the waterways.

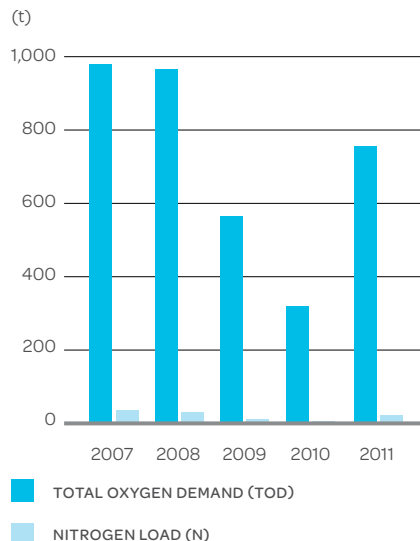
The airlines organise the de-icing and anti-icing treatments on their planes. The agent used for the treatment is propylene glycol. It is not classified as harmful but it does demand more oxygen in the waterways than the anti-skid agents. As a keeper of airports, Finavia seeks to guide the treating companies to reduce their environmentally harmful impacts. Among other things the companies are encouraged to use new mechanical methods, such as pressurized air blowers, to remove loose snow instead

### CO<sub>2</sub> EMISSIONS FROM FINAVIA'S OWN OPERATIONS

EMISSIONS FROM ELECTRICITY GENERATION 194 KG/MWH



### TOTAL OXYGEN DEMAND AND NITROGEN LOAD CAUSED BY DE-ICING CHEMICALS



of the glycol-containing liquid.

At Helsinki Airport, the de-icing and anti-icing treatments of planes are increasingly carried out in remote de-icing stations. The station areas are designed to make it easier to recover the de-icing and anti-icing agents; Finavia is responsible for this recovery. Helsinki Airport has a total of four designated places for piling glycol-containing snow. The latest such place was built as part of the second remote de-icing station opened on Runway 1 in December 2011. During 2010–2014, Finavia will invest a total of EUR 14 million in this second remote de-icing station.

**THE RECOVERY OF DE-ICING AND ANTI-ICING AGENTS IS BEING CONSTANTLY ENHANCED**

When airplanes are treated with glycol for de-icing or anti-icing purposes, liquid

containing propylene glycol accumulates on the ramp under the plane. At many of Finavia’s airports, this liquid is collected from the ramp using vehicles with brushes and suction, and the liquid is sent to waste water treatment plants. At small airports where collection is not viable, the glycol ends up on the snow piling areas or is carried to surface waters with runoff waters.

Finavia seeks to continuously improve its glycol recovery methods, and the planning work for controlling the glycol emissions created in de-icing and anti-icing treatments of planes still continues. Finavia has a de-icing strategy aimed at minimising the quantity of aircraft de-icing and anti-icing agents escaping to the environment. The work for putting the strategy into practice (including small airports) will continue in 2012. The objectives include reducing the size of treatment stations and piling the



snow in such a manner that the melting waters are not directly drained into surface waters. Furthermore, Finavia aims to recondition the fire-fighting exercise areas at three airports.

In 2010, the Finnish Transport Agency found bacterial growth in the Ring Rail Line tunnel construction site; this growth may be

**AREA SUBJECT TO NOISE POLLUTION FROM HELSINKI AIRPORT L<sub>den</sub> > 55 dB\***

YEAR	AREA km <sup>2</sup>	INHABITANTS
1990	165	97,000
1998	135	45,000
2009	56	12,000
2010	58	13,000
2011	64	14,000

\* THE INDICATOR USED TO DESCRIBE NOISE CAUSED BY AIRPLANES, L<sub>den</sub>, IS EXPLAINED IN CLOSER DETAIL ON PAGE 25 OF FINAVIA'S ENVIRONMENTAL REPORT.

**MAJOR ENVIRONMENTAL INVESTMENTS IN 2011, MEUR**

Remote de-icing station R8, Helsinki Airport	9.3
Other development of protection of the aquatic environment, Helsinki Airport	0.3
Noise monitoring system, Helsinki Airport	0.2
Storage of anti-skid agents, several airports	0.1
Refuelling areas, Kuopio and Kemi-Tornio	0.3
<b>TOTAL</b>	<b>10.2</b>
Improvement of energy efficiency	0.1
<b>TOTAL</b>	<b>0.1</b>



related to the airport's long-term activities. Finavia has made all relevant information in its possession available to the construction project for further investigations.

### THE CONTINUOUS DESCENT METHOD REDUCES AIRCRAFT NOISE

Safety is always the first priority in aviation, but aircraft noise can also be addressed. Finavia may affect the noise through planning the runway usage and flight routes to bypass areas of dense population. Take-offs and landings are directed to the runways that are optimal for noise control, always taking safety into account. However, the increasingly dense population in the areas surrounding Helsinki Airport reduces the number of mitigation measures available to Finavia for noise control.

Aircraft noise can also be reduced by using the continuous descent method

for landings that also reduces the carbon dioxide emissions of the approach phase by 10–30 per cent. In 2011, these so-called green landings accounted for 55 per cent of all landings to Helsinki Airport, a good result in international comparison. In the free airspace of small airports, the pilots can usually use the continuous descent method. One of the objectives of the Air Navigation Business is to increase the percentage of continuous descent approaches, in particular at Helsinki Airport.

Finavia will introduce a revised noise and route monitoring system at Helsinki Airport in spring 2012. In keeping with the environmental permit decision, the network of measuring stations will be expanded by two new stations to be built in Espoo and Nurmijärvi. The revised system also allows monitoring the routes of planes and the noise measurement results on the Internet.

Further, an extensive planning project will be established in 2012 regarding approach noise control at Helsinki Airport in compliance with its fresh environmental permit.

### HALF OF THE WASTE IS RECYCLED

The goal is to reduce the quantity of mixed waste created at the airports, among other things by providing the passengers with a possibility to sort their waste. In 2011, there was 77 tonnes of hazardous waste, 1,521 tonnes of recoverable waste and 1,573 tonnes of mixed waste. The amount of waste remained by and large at the previous year's level in spite of the considerable increase in passenger numbers.



# WE LOOK AFTER PEOPLE

**FINAVIA'S SOCIAL RESPONSIBILITY CONCERNS ALL INTEREST GROUPS THAT WE WORK WITH. WE WANT TO BE A STABLE AND SECURE EMPLOYER AS WELL AS A RELIABLE SERVICE PROVIDER AND PARTNER.**

Finavia Group employs 3,000 people around Finland, in addition to which we cooperate with about 4,000 partner companies. A total of about 20,000 employees work full-time or part-time for different companies at Finavia's airports. We provide our customers with a comprehensive, functional and safe network of airports with the associated services.

## GETTING TO KNOW THE HR OBJECTIVES

The objective of Finavia's HR strategy (approved in late 2010) is that the company is a good place to work and every Finavia employee knows his or her responsibilities and objectives. The practical implementation of

the strategy is monitored using a variety of benchmarks.

In 2011, the HR strategy was largely implemented through the Henkilöstötavoitteet tutuiksi (Get to know the HR objectives) trade fair events organised at all airports during the spring and autumn. The objective was to have all Finavia employees acquaint themselves with the objectives of the HR strategy.

At the trade fairs, the employees had an opportunity to talk face to face with various people including the HR development manager, HR director and the manager responsible for well-being at work. The trade fair also provided an opportunity to familiarise oneself with Finavia's ethical principles that were revised in 2010.

Issues related to leadership, managerial work and competence will be the focal points when putting the HR strategy into practice in 2012.

## AN EVENTFUL YEAR HAS PASSED

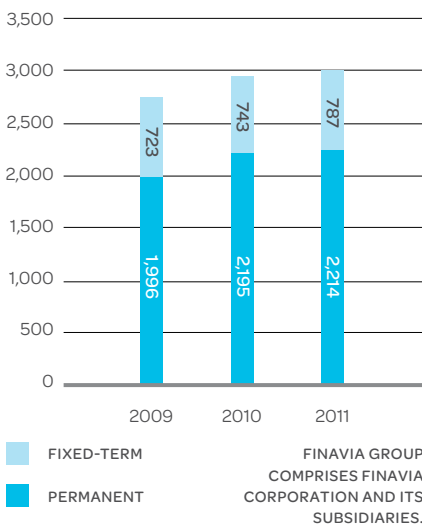
The year 2011 was a year of recovery from recession for Finavia employees. We invested a lot of resources in developing well-being at work, and this work will continue in 2012. The economic upturn, evidenced by increasing passenger volumes and several new flight routes, had a positive impact on the personnel.

However, there were also winds of uncertainty during the year. These included the changes in Finavia's management in the summer and autumn, as well as the weakening economic outlook at the end of the year.

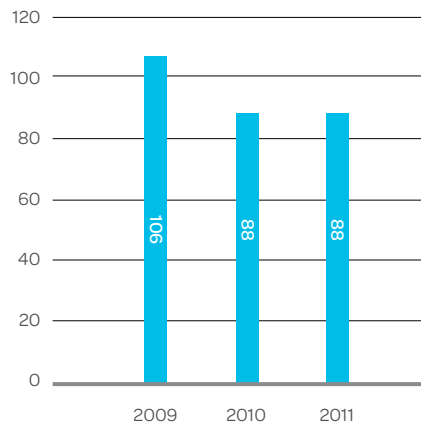
## CLEAR REDUCTION IN ABSENCES DUE TO ILLNESS

Finavia has worked systematically to reduce the employees' absences due to illness. In 2011, the percentage of absences was 3.7%, 0.3 percentage points lower than in the pre-

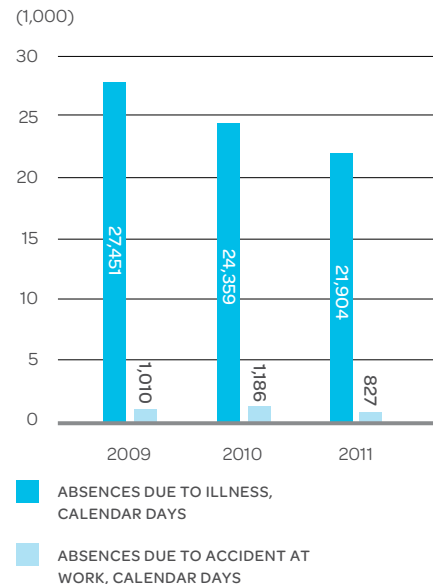
## EMPLOYEES OF FINAVIA GROUP



## ACCIDENTS AT FINAVIA CORPORATION



## DAYS OF ABSENCE AT FINAVIA CORPORATION



vious year and 1.0 percentage points better than the service sector average. Managers have been trained to have discussions with employees who are frequently ill and thus monitor their well-being.

No fatalities occurred at Finavia during 2009–2011.

In 2011, Finavia people had a total of 5,976 training days. Of these, 1,278 were attended by women and 4,698 by men. The relative shares are in line with the gender distribution of Finavia’s personnel. During the period 2009–2011, the average number of training days attended by men has slightly decreased while the number of training days attended by women has increased.

Personal development reviews are regularly undertaken in Finavia; in 2011, 86 per cent of our personnel had a review discussion. Finavia employees have plenty of opportunities for personal development and varying tasks. When required, an employee is offered a chance to move to a different type of job within the organisation. In 2011, 22 Finavia employees used this possibility.

Our employees at the airports are multi-skilled. At airports, one person has several different duties during a day. The multi-competence concept is utilised in particular at provincial airports.

## DIVERSE PROJECTS FOR WELL-BEING AT WORK

Several projects were initiated in 2011 for improving and maintaining well-being at work. They included the *Kunto Nousuun* well-being training programme, initiated in the spring and aimed at all Finavia employees, and the nutritional training programme that began in the autumn.

The focus on fitness and well-being was also evident on the intranet where a virtual fitness journal was established for Finavia employees. In November, Finavia donated one euro to the Mannerheim League for Child Welfare for each 35 minutes’ fitness training session entered in the journal. The final donation amounted to EUR 5,091.

The *Kunnon blogi* fitness blog, initiated in November, also encourages people to look after their physical condition. Six Finavia employees write in the blog about their attitude towards health and well-being.

## EQUALITY IS THE GOAL

Finavia’s equality plan was updated in spring 2011. It helps us look after and monitor the materialisation of equality between genders in the company. Many jobs in Finavia are traditionally male-dominated, and most of the applicants for them are men. This explains the

relatively large proportion of male employees.

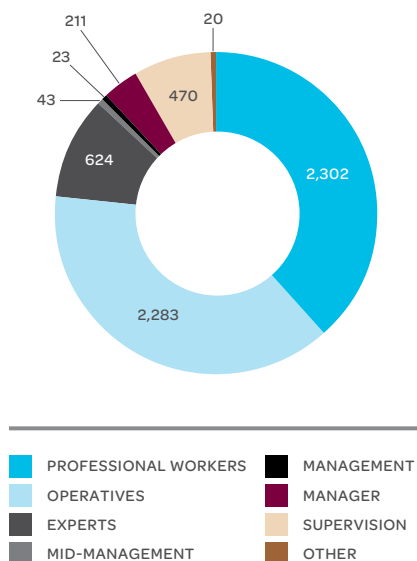
Pursuant to the equality plan, Finavia seeks to have equal pay for men and women. Progress has been made in this area in recent years, and now the salary differences between men and women are clearly smaller in Finavia than in Finnish companies on average.

## WE INVEST IN MANAGERIAL SKILLS

In Finavia, managers have an important role with regard to daily work, well-being of employees and the whole company’s operations. The company actively invests resources in their competence, for example in the form of various training programmes and sessions.

A three-year development project regarding the work of intermediate-level managers in air navigation services starts in 2012. The management of air navigation services, heads of air traffic controls and shift managers will participate in the project.

## TRAINING DAYS AT FINAVIA CORPORATION



## EMPLOYEES AT FINAVIA CORPORATION

	2011		2010	
	EMPLOYEES	NEW EMPLOYEES	EMPLOYEES	NEW EMPLOYEES
Men	1,290	223	1,308	146
Women	518	103	519	28
<b>Total</b>	<b>1,808</b>	<b>326</b>	<b>1,827</b>	<b>174</b>

# GRI CONTENT INDEX 2011

DATA REPORTED IN THE ANNUAL REPORT AND IN THE SEPARATE ENVIRONMENTAL REPORT	STATUS	ANNUAL REPORT	ENVIRONMENTAL REPORT	NOTES/COMMENTS
<b>1. Strategy ja analysis</b>				
1.1 CEO Statement	Reported	10-11	2	
1.2 Description of key impacts, risks, and opportunities	Reported	14-15	4-5	
<b>2. Organisational profile</b>				
2.1-2.9 Organisational profile	Reported	4-7; 64	4; 28	
2.10 Awards received in the reporting period	Reported	8		Monocle magazine: the best airport for connections
<b>3. Report parameters</b>				
3.1-3.8; 3.10-3.11 Report profile and boundary	Reported	46	4; 27	
3.12 GRI content index	Reported	60-62		www.finavia.fi
<b>4. Governance, Commitments &amp; Engagement</b>				
4.1-4.4 Governance	Reported	64-71; 74		
4.14-4.15 Stakeholder engagement	Reported	49	4; 24	

## Performance indicators

ECONOMIC RESPONSIBILITY	STATUS	ANNUAL REPORT	ENVIRONMENTAL REPORT	NOTES/COMMENTS
<b>Disclosure on management approach</b>				
EC1 Direct economic value generated and distributed	Reported	14-15; 50-52		
EC3 Coverage of the organization's defined benefit plan obligations	Reported	50-51		
EC4 Significant financial assistance received from government	Reported	94		
AO1 Total number of passengers annually, broken down by international and domestic flights	Reported	50		
AO2 Annual total number of aircraft movements	Reported	7; 27-29	4; 22	
AO3 Total amount of cargo tonnage	Reported	7; 27	14; 22	
EC8 Development and impact of infrastructure investments and services	Reported	7; 27		
EC9 Understanding and describing significant indirect economic impacts	Partially reported	51-53		
		48-49	5	Local welfare

ENVIRONMENTAL RESPONSIBILITY	STATUS	ANNUAL REPORT	ENVIRONMENTAL REPORT	NOTES/COMMENTS
Disclosure on management approach	Reported	54	3-5; 9	
EN1 Materials used	Reported		4; 15; 17; 26	
EN3 Direct energy consumption	Reported		16	
EN4 Indirect energy consumption	Reported		4; 15-16	
EN5 Energy saved due to conservation and efficiency improvements	Partially reported		13	Energy saving measures
EN6 Initiatives to provide energy-efficient products and services	Partially reported	56-57	21	Continuous descent method
EN7 Initiatives to reduce indirect energy consumption	Partially reported		13	Energy saving measures
EN8 Total water withdrawal	Reported		15-16	
AO4 Quality of storm water, by regulatory regime	Reported	55-56	8-9; 17; 21; 26	
EN16 Total direct and indirect greenhouse gas emissions	Reported	55	4; 16	
EN18 Initiatives to reduce greenhouse gas emissions	Reported	54-55	2; 8; 12	Airport Carbon Accreditation
EN20 NOx, SOx and other significant emissions to air	Reported		16	
EN21 Total water discharge by quality and destination	Reported	55-56	17; 19; 21; 26	
EN22 Total weight of waste by type	Reported	57	17; 19	
AO5 Ambient air quality levels	Reported		19; 27	
AO6 Aircraft and pavement de-icing/anti-icing fluid used and treated	Reported	55-56	19; 26	
EN26 Initiatives to mitigate environmental impacts of services, incl. noise	Reported	54-57	2; 8-9; 18-21	
EN28 Compliance with environmental laws and regulations	Reported	54; 79-80	6; 20	
EN30 Total environmental protection expenditures and investments	Reported	56; 88; 94	9; 21	
AO7 Number of people residing in areas affected by noise	Reported	56-57	8; 18; 24-25	

SOCIAL RESPONSIBILITY	STATUS	ANNUAL REPORT	ENVIRONMENTAL REPORT	NOTES/COMMENTS
Disclosure on management approach	Reported	58		
<b>Labour practices and decent work</b>				
LA1 Total workforce by employment type, contract and region	Reported	58-59		
LA7 Rates of injury, occupational diseases, lost days and absenteeism, total number of work-related fatalities	Reported	58-59	5	
LA8 Education, training and prevention programs to assist employees regarding serious diseases	Reported	58-59		Well-being at work
LA10 Average training hours per employee	Reported	59		
LA11 Programs for skills management and learning that support employability of employees	Reported	59		
LA12 Percentage of employees receiving regular performance and career development reviews	Reported	59		
LA13 Composition of governance bodies and breakdown of employees per indicators of diversity	Reported	59; 72-74		
LA14 Ratio of basic salary and remuneration of women to men	Partially reported	59		Equality plan
<b>Society</b>				
SO1 Percentage of operations with implemented local community engagement and development programs	Partially reported	14-15		Route development; Developing tourism business in Northern Finland / Lapland Airports -concept"
<b>Product responsibility</b>				
PR1 Life cycle stages in which health and safety impacts of services are assessed	Reported	18-19; 36-37; 42; 70		
PR5 Practices related to customer satisfaction	Reported	22-23; 41		

The reporting uses indicators in the Airport Operators Sector Supplement (AOSS) of GRI intended for airport operators. A draft version of the AOSS was used for reporting in 2010. Therefore, some changes have taken place in the indicators compared to the 2010 report.



# GOVERNANCE AND MANAGEMENT OF FINAVIA

FINAVIA IS COMMITTED TO GOOD GOVERNANCE IN ALL ITS OPERATIONS. IN ADDITION TO COMPLIANCE WITH LAWS AND REGULATIONS, OUR OPERATIONS ARE GUIDED BY FINAVIA'S VALUES, OUR COMMON PRINCIPLES OF OPERATION AND OUR ETHICAL CODE OF CONDUCT. DURING THE YEAR, WE CONCENTRATED ON ESTABLISHING FINAVIA'S OPERATIONS AS A LIMITED COMPANY.

The decision-making and administration of Finavia Corporation (also "Finavia" or the "company") and Finavia Group is governed by the Limited Liability Companies Act, the company's Articles of Association, as well as the Guide of Governance for Limited Companies and State Enterprises under the ownership steering of the Ministry of Transport and Communications. In addition, Finavia seeks to comply as extensively as possible with the Corporate Governance Code of Finnish listed companies approved by the Finnish Securities Market Association in June 2010 ("Corporate Governance Code"). Finavia's governance principles were last confirmed in a meeting of Finavia's Board of Directors on 21 October 2011.

Topical information on the governance of Finavia is available on the company's website.

## OWNERSHIP

Finavia is a public limited company fully owned by the Finnish State. Finavia has been given the position of a company attending to special tasks in its Articles of Association and in the Government's decision-in-principle dated 3 November 2011. The particular purpose of Finavia's operations is to "maintain and develop, for the purpose of promoting aviation, a uniform and integrated state network of airports; and the Finnish air navigation system for the needs of commercial air traffic and other civil aviation, military aviation and governmental aviation and to provide air navigation services in the airspace under Finland's responsibility in the manner to be separately regulated or provided. The company's public service duties will be prescribed separately".

The Finnish State has social objectives regarding companies carrying out special duties, but their operations are based on economic grounds. The Government's owner policy objectives are based on optimising the overall socio-economic results which are primarily assessed on the basis of how well the company fulfils its social service task. The Ministry of Transport and Communications is responsible for Finavia's ownership steering.

## ORGANISATION AND BODIES

The parent company of Finavia Group is Finavia Corporation, whose administrative and executive bodies are its General Meet-

ing of shareholders, Board of Directors, the Board's Audit Committee and Nomination and Compensation Committee, the CEO and the Executive Group.

Finavia's operations are divided into the airport segment including airport operations and commercial operations plus three more business areas and other operations supporting them. The other business areas are the air navigation business, real estate business and Airpro business.

The company has three business subsidiaries: Lentoasemakiinteistöt Oyj, Airpro Oy and RTG Ground Handling Oy. Finavia Corporation has its registered office in Vantaa, Finland.

## GENERAL MEETING OF SHAREHOLDERS

The GM is the company's supreme decision-making body. The Ordinary Meeting of Shareholders is held annually on a day determined by the Board of Directors, before the end of June and within six months from the end of the financial period. The Board of Directors convenes an extraordinary GM when required or when prescribed by the Limited Liability Companies Act.

The GM decides on issues within its powers under the Limited Liability Companies Act, including:

- adoption of financial statements
- deciding on the distribution of dividends
- deciding on releasing the Board and CEO from liability
- election of Board members





Finavia observes the principles of good corporate governance in its operations.

- election of auditors
- determination of the fees payable to Board members and auditors
- amendments to the Articles of Association
- deciding on legal acts that are particularly far-reaching and important for the airport network and the provision of air traffic services
- surrender of airport areas or real estate holdings of importance to national defence
- other duties prescribed for the GM in the Limited Liability Companies Act.

The Chairman of the Board, a sufficient number of Board members, the CEO and auditor shall attend the GM. The person who is a candidate for Board membership for the first time shall attend the GM deciding on his/her election unless there are serious grounds for his/her absence.

According to the Articles of Association, the notice of a General Meeting of shareholders shall be delivered to the shareholders no earlier than four weeks and no later than one week prior to the meeting.

The Ordinary GM of 2011 was held on 29 June 2011.

## BOARD OF DIRECTORS

Finavia's Board of Directors is responsible for the company's governance and the appropriate organisation of its operations as well as for ensuring that the company's accounting and financial management are

appropriately supervised. The Board of Directors deals with matters that are far-reaching and important for the operations of the company and its subsidiaries.

The Board of Directors and the CEO shall manage the company and its subsidiaries professionally and in keeping with sound and cautious business principles. The Board is responsible for promoting the interests of the company and all its shareholders.

The Board of Directors of Finavia has a minimum of three and a maximum of seven members, and the GM decides on the number of Board members and their election for one year at a time. The GM also elects the Chairman of the Board. The Board may elect a Deputy Chairman from among its members.

The Board members shall have sufficient general knowledge of financial matters and the field of business of the company and its subsidiaries as well as other competencies required by their post, and the possibility of allocating sufficient time for attending to their duties as a Board member. An acceptable account of the Board member candidate's interests and a security clearance are required for their appointment. The Board members shall be independent of the company, as required by the competitive environment. Furthermore, at least two of the members shall be independent of major shareholders. Both genders shall be represented on the Board.

The Board of Directors shall convene on

the date determined by the Board, on average once a month. The Board has quorum when more than half of its members, including the Chairman or Deputy Chairman, are present in the meeting. The decisions of the Board require a simple majority. In the event of a tie, the Chairman shall cast the deciding vote. The CEO is entitled to attend Board meetings and be heard in them, unless otherwise decided by the Board in a certain case. The Board meetings may also be attended by other persons whose presence is necessary, taking into account the matter to be discussed. The General Counsel of Finavia Group acts as the secretary of the Board.

Preparation of the issues to be discussed by the Board is primarily the CEO's responsibility. The CEO is also responsible for ensuring that the Board receives sufficient information to assess the operation and financial position of the company and its subsidiaries as well as any other issues to be discussed. The matters to be discussed by the Board shall be presented by the CEO. In individual cases the CEO may delegate this task to a member of the Executive Group, the CEO of a subsidiary or another person familiar with the matter.

In its decision-making, the Board of Directors shall adhere to Finnish Law as well as regulations and orders issued pursuant to it. The Board of Directors has confirmed a working order for itself, containing a more detailed account of the duties and procedures of the Board. The Board of Directors

carries out annual assessments of its own work and efficiency, and the results of the assessments are taken into account in the working of the board.

In order to carry out its duties, the Board of Directors:

- decides on the Group strategy and confirms the business strategy and ensures their functionality;
- confirms the values to be observed in the operations of the company and its subsidiaries;
- approves the annual business plans and investment plans and monitors their implementation;
- decides on the main details of the company's organisational structure and management systems and confirms the function of the management system;
- approves the company's major policies and monitors their implementation;
- confirms the company's financing policy and decides, in line with this policy, on taking out loans and other financing decisions;
- discusses and approves the financial statements and makes any associated proposals regarding the actions to be taken on the basis of the company's profit or loss;
- defines the company's dividends policy and makes a proposal to the GM regarding the amount of dividends to be paid;
- appoints the company's CEO and Deputy CEO and decides on their remuneration and terms and conditions of employment; confirms the appointments of the members of the company's Executive Group and other persons reporting to the CEO as well as their terms and conditions of employment and possible incentive schemes;
- decides on the compensation system of the company's senior management and on the principles of the compensation

system of other employees;

- decides on the initiation and discontinuation of significant business ventures;
- decides, unless otherwise prescribed in the Articles of Association, on strategically or financially significant investments as well as on corporate acquisitions, divestments or restructuring;
- confirms the company's internal control and risk management principles and considers the most significant risks and uncertainty factors relating to the company's operations;
- decides on the company's capital structure and approves its annual borrowing plan;
- approves the guidelines for the company's internal audit, its annual action and audit plans and any amendments thereto;
- confirms the annual continuity and preparedness plans regarding key areas of operation;
- decides, unless otherwise prescribed in the Articles of Association, on the pricing and general terms and conditions of service for airport and air navigation services;
- decides, unless otherwise prescribed in the Articles of Association, on the use of decision-making powers regarding the leasing, acquisition and surrender of real estate assets; and;
- attends to all other duties prescribed for the Board of Directors in the Limited Liability Companies Act or other regulations.

## 2011

The Board of Directors of Finavia during the period 1 January – 29 June 2011 comprised Seppo Paatelainen as Chairman, Antti Vehviläinen as Deputy Chairman and Pirkko Juntti, Rita Linna, Pauli Manninen and Erja Takala as ordinary members. The GM held

on 29 June 2011 elected Soili Suonoja as Chairperson of the Board, and also elected five Board members. Antti Vehviläinen continued as Deputy Chairman of the Board. Harri Pynnä was elected as a new Board member, while Pirkko Juntti, Rita Linna and Pauli Manninen continued their Board membership. All members of the Board are independent of Finavia with the exception of personnel representative Pauli Manninen who has a contract of employment with Finavia. The members of the Board of Directors are independent of the Finnish State, with the exception of Special Advisor Rita Linna who works in the Business Unit of the Ministry of Transport and Communications. All Board members are independent of the company, as required by the competitive environment.

In 2011, the Board convened 19 times, and the attendance rate of its members was 97.6%. The focus areas of the work of the Board work in 2011 included the developments in the European air navigation scene, the Airport Charge Directive as well as changes in Finavia's operating environment and adaptation to them. The Board carried out a self-assessment study of its work during the year.

## COMMITTEES OF THE BOARD OF DIRECTORS

The Board has an Audit Committee and a Nomination and Compensation Committee. The Board of Directors decides on establishing new committees as required and elects their members annually after the Ordinary General Meeting. The Board has confirmed the committees' working orders. The committees draw up minutes of their meetings, and they are discussed in Board meetings. The committees also regularly report their activities to the Board of Directors.

### *Audit Committee*

The role of the committee is to assist the Board in ensuring that the company's accounting and financial management are appropriately supervised and that the company has an appropriate system of internal control that covers its entire operations. The committee supports the organisation and monitoring of the company's internal audit activities and sees to it that the company's operations and internal control are organised in the manner required by law, regulations and good corporate governance.

In order to meet its obligations, the committee prepares, guides and assists the Board in assessing issues relating to risk management, internal monitoring systems, financial reporting processes, audits and internal auditing.

The Audit Committee convenes at the invitation of its chairperson at least four times a year. At least three members shall be elected to the committee, and the Board elects a chairperson from among its members for the committee. The committee members shall be independent of the company, and at least two members shall be independent of major shareholders. The secretary of the Board acts as the secretary of the committee.

### 2011

The Audit Committee of Finavia during the period 1 January – 29 June 2011 comprised Pirkko Juntti as the Chairperson and Rita Linna and Seppo Paatelainen as members. During 29 June – 31 December 2011, the Audit Committee was chaired by Pirkko Juntti with Rita Linna and Soili Suonoja as members.

During the year, the Audit Committee analysed the company's financial reports, consolidated financial statements and interim reports as well as the reports by the

auditor, internal audit and risk management and assessed the auditor's independence. The Audit Committee also processed the offers received for the company's audit and gave the Board its proposal regarding the auditor to be selected.

The Audit Committee convened six times in 2011. The average attendance rate of its members was 100%.

### *Nomination and Compensation Committee*

The Nomination and Compensation Committee assists the Board in attending to matters pertaining to the terms and conditions of employment and remuneration of senior management and to the compensation and incentive schemes of senior management and personnel.

The duties of the Nomination and Compensation Committee include:

- assessment of the amounts of salary and compensation payable to the CEO and Deputy CEO;
- preparation of matters related to the remuneration and other financial benefits of the CEO and Deputy CEO;
- preparation of matters related to the compensation of the company's Executive Group members and other management reporting to the CEO;
- preparation of matters related to the company's compensation systems; and
- preparation of the appointments of employees reporting to the CEO.

The Nomination and Compensation Committee convenes at the invitation of its chairperson at least twice per year. It is chaired by the Chairman of the Board, and it has two annually appointed Board members as its members. The majority of the committee members shall be independent of the company. The CEO or other members of the company's management may

not be members of the Nomination and Compensation Committee. The secretary of the Board acts as the secretary of the committee.

### 2011

The Nomination and Compensation Committee Finavia during the period 1 January – 29 June 2011 comprised Seppo Paatelainen as Chairman and Erja Takala and Antti Vehviläinen as members. During 29 June – 31 December 2011, the Nomination and Compensation Committee was chaired by Soli Suonoja with Harri Pynnä and Antti Vehviläinen as members.

During 2011, the Nomination and Compensation Committee handled the issues set out in its working order. The principal task of the committee appointed in the summer was the election of the new CEO.

The Nomination and Compensation Committee convened 11 times in 2011. The average attendance rate of its members was 97%.

### **PRESIDENT AND CHIEF EXECUTIVE OFFICER**

The CEO's primary duties include the planning, management and monitoring of the company's business activities, recruitment of the company's personnel and conclusion of ordinary procurement and customer agreements, as well as preparation of matters for the Board and implementation of the Board's decisions. The CEO has the general competence to attend to and control the company's day-to-day administration in compliance with the instructions and orders issued by the Board of Directors. In addition, the CEO is responsible for ensuring that the company's accounting is in accordance with the law and financial administration has been organised in a reliable manner.

The CEO is appointed by the Board of Directors. The terms and conditions for the post of the CEO are defined in a written contract confirmed by the Board. The Board may appoint a Deputy CEO as required. The Deputy CEO attends to the CEO's duties when the CEO is temporarily unavailable.

The CEO chairs the Executive Group and the Boards of Directors of Finavia's major subsidiaries.

## 2011

Samuli Haapasalo was Finavia's CEO 1 January–22 August 2011, after which Juha-Pekka Pystynen, Director of Helsinki Airport, was the acting CEO until 15 January 2012. Kari Savolainen started as the new CEO of Finavia on 16 January 2012.

## EXECUTIVE GROUP

The Executive Group comprises Finavia's CEO and the members proposed by the CEO and confirmed by the Board. The Executive group is chaired by the CEO, or by the Deputy CEO if the CEO is not available. The chairman of the Executive Group appoints the secretary for the group. The Executive Group convenes once a week at the CEO's invitation in keeping with a schedule agreed in advance.

The role of the Executive Group is to assist the CEO in preparing strategic issues for the company and Group, in coordinating the company's operations, in preparing and implementing operative matters that are significant in nature, as well as in ensuring internal cooperation and the flow of information. The Executive Group prepares the issues to be considered and decided by the Board. The Executive Group has a working order confirmed by the Board.

## 2011

Samuli Haapasalo was Finavia's CEO and Chairman of the Executive Group until 22 August 2011. Juha-Pekka Pystynen, SVP, Director of Helsinki Airport, was the acting CEO and Chairman of the Executive Group until 15 January 2012.

The following persons have been members of the Executive Group of Finavia in 2011: Executive Vice President and COO Ari Haapanen (1 January–31 December 2011), CFO Kirsti Lehtovaara-Kolu (1 January–31 December 2011), SVP, Marketing Kimmo Ruotsalainen (1 January–31 December 2011), SVP, Commercial Business Sari Saari (1 January–31 December 2011), SVP, Airport Director Juha-Pekka Pystynen (1 January–31 December 2011), SVP, Air Navigation Anne Ilola (1 January–7 September 2011), SVP, Air Navigation Raine Luojus (8 September–31 December 2011), SVP, Airport Business Reijo Tasanen (1 January–30 September 2011), SVP, Airport Business Henri Hansson (1 October–31 December 2011), SVP, Communications Irmeli Paavola (1 January–31 July 2011), SVP, Communications Mikko Saariaho (1 August–31 December 2011) and Director Pekka Hurtola (1 January–26 October 2011).

The Executive Group convened 38 times during the year. The focus areas in the work of the Executive Group in 2011 included the performance and service level determinations required by the SES Regulation, revision of air traffic charges, putting into practice the customer-oriented model of operations as well as solutions and actions related to improving the company's cost efficiency. The major HR issues were well-being at work, competence surveys and managerial work as well as clarification of the management model at all levels.

## CONTROL SYSTEMS

The Board of Finavia has confirmed the principles of risk management and internal audits to be observed in the Group. In addition, the company has a separate safety management system associated with its line of business. It constitutes an essential part of the company's risk management.

## INTERNAL CONTROL

Internal control at Finavia refers to measures and procedures intended for ensuring that Finavia's goals and objectives are achieved, its resources are used appropriately and efficiently, the operational risks are appropriately managed and that financial and other information is reliable and correct. Furthermore, internal control seeks to ensure the continuity of operations, to safeguard the company's assets and to ensure that laws, regulations and Finavia's internal standing orders are complied with.

As part of the internal control, Finavia has produced operational manuals compliant with EU requirements and aviation regulations. They describe the organisations, management systems, principles of operation, responsibilities and authorisations as well as the production and monitoring of services. The manuals also include regulations and instructions concerning airports and service units necessary for service production. The company has also defined other internal standing orders that every employee is obliged to observe.

The company's Board and CEO are responsible for the organisation of internal control. The internal audit function and auditors assess the effectiveness of control measures and the sufficiency of internal controls.

## RISK MANAGEMENT

The purpose of Finavia's risk management is to guarantee that the goals of the Group and businesses are achieved, to ensure the safety and quality of services and to promote the competitiveness of air transport. Risk management is an essential element of Finavia's management and other operations and enables decision-making and operations where people are aware of risks and manage them. Risk management ensures that laws and regulations are observed, supports the achievement of goals and ensures the continuity of business operations.

Finavia's risk management is proactive and comprehensive, and it covers all operations and risk areas of the Group. The risks threatening the attainment of goals are identified and analysed in connection of the operations planning and strategy process, and measures for managing the risks are determined at the same time.

### *Organisation*

The Board of Directors monitors risk management, approves the risk management policy and considers periodically the most significant risks and uncertainties relating to the company's operations and the ways of managing them. The Board of Directors' report includes an account of the major risks and any changes in them.

The CEO, assisted by the Executive Group, is responsible for producing and updating the risk management policy and for ensuring the sufficient coverage of the risk management model. The CEO also determines the focus points of risk management, assesses the result of risk management and reports risk management issues to the Board. Furthermore, the Executive Group regularly identifies and assesses the risks threatening the results of the company's

strategy and decides on the measures for their management.

Finavia's business operations, airports, Group functions and subsidiaries are responsible for the risk management of their respective areas as well as for the regular identification of risks in these areas. The most significant risks and their respective management measures, as well as any significant changes in the risk picture are reported to the company's management.

Finavia's Legal Services supports and coordinates the implementation of the risk management model and process. As part of the risk management process, the unit also reports to the Executive Group and is responsible for most of the Group's insurance agreements. The Safety Unit is responsible for Finavia's air traffic-related safety management system. It produces information on the safety level of operations. The unit analyses any irregularities in operations and conveys information on any safety-related flaws and carries out the internal and external audits compliant with the safety management system. This also allows ensuring the functionality of the safety management system and internal reporting system.

### *Process*

A comprehensive risk management model was introduced to the company during 2011. One of the elements of the model is a risk management process that is used to regularly identify any business-related risks and their management measures and to report them to the management. For the purpose of implementing the process, a risk management contact person has been appointed to each business and to part of Group functions. These contact persons are responsible for the coordination and implementation of the risk management

process in their respective organisations. The work for putting the model into practice will continue in 2012.

### *Major risks*

Finavia's risks are classified into strategic, operative, compliance and financial risks. The company's most significant risks identified in 2011 include those related to the general development of the industry, flight safety, and retention of personnel.

The major risks are discussed in closer detail on pages 76–81 of the Board of Directors' report.

## INTERNAL AUDITS

Finavia's Board of Directors has confirmed the principles of internal audits to be observed in the Group. The company has an Internal Audit Unit reporting to the CEO and the Audit Committee of the Board. Internal Audit assesses, in compliance with the annual audit plan approved by the Board of Directors, the functionality of the company's control and risk management systems and makes development proposals for them. Internal Audit is committed to observing international professional standards on internal auditing.

The internal audits carried out in 2011 focused on the functioning, processes and internal control of the company's business activities, Group activities, airports and activities of subsidiaries. The issues assessed in the audits included the functioning of processes related to procurement, payroll, recruitment and leasing business as well as the adequacy of control measures. The audit observations have been discussed with the directors in charge of the respective functions and reported to the Board's Audit Committee during the year. Internal Audit has also monitored the implementation of the agreed measures during the year

and reported their status to the Executive Group and the Board's Audit Committee.

## AUDIT

According to Finavia's Articles of Association, the company has one auditor who must represent a firm of auditors approved by the Central Chamber of Commerce. The Ordinary GM selects the company's auditor on the basis of a proposal prepared by the Board's Audit Committee.

The auditor is responsible for inspecting the company's accounts, the Board of Directors' report, financial statements for and administration during the financial period. A regular audit is carried out every year in the Group companies, including fully-owned subsidiaries and associates. Each Group company has an auditor selected by its GM. The parent company's auditor prepares, jointly with the company's management, an annual audit plan for Group companies.

The auditor reports to the CEO and the Board of Directors at least twice per year. The auditor participates in the work of the Board's Audit Committee. The auditor meets the Board, with all its members present, at least once per year.

The Ordinary GM decides on the auditor's fees.

## 2011

The Ordinary GM of 2011 selected Ernst & Young, a firm of auditors, as the company's auditor with APA Tiina Lind as the auditor in charge. She was the company's auditor in charge for the financial period of 2011. In 2011, the auditor was paid a fee of EUR 48,000. In 2011, the auditor was paid a fee of EUR 9,000 for services not connected with the audit.

## MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATED TO THE FINANCIAL REPORTING PROCESS

The financial reports issued by the company are produced by the Group's Financial Unit. The information is collected from the accounting and reporting systems. The accuracy of information to be reported is verified by system controls and manual control measures. The duties related to financial reporting, including their deputy arrangements, have been organised in compliance with the requirements of internal control. The Group's financial reports are processed at the Audit Committee and Board before they are published. The auditors and the Group's Internal Audit assess the appropriateness of controls associated with the financial reporting process.

## SAFETY MANAGEMENT SYSTEM

Finavia's primary goal in its operations is good aviation safety. The safety management system is an essential part of Finavia's operations management system. A good safety culture and a comprehensive safety management system are based on seven main principles:

1. Compliance with official standards
2. Commitment of the management
3. Proactive approach on safety
4. Comprehensive reporting of deviations / investigation without apportioning blame
5. Efficient self-control
6. Competent staff
7. Dissemination of useful information.

## 2011

Safety work is characterised by systematic development and training spanning many years. Development work on the safety management system continued during the year.

At the same time, the methods of proactive safety analyses were improved and the tools for analysing deviations were developed. The managers' safety thinking was improved by comprehensive training sessions.

## SALARY AND COMPENSATION REPORT

Finavia's Ordinary GM decides on the remuneration of the company's Board of Directors. The Nomination and Compensation Committee annually reviews the remuneration of the members of the Board of Directors and makes proposals for submission to the Ordinary GM. The committee also assesses the amounts of salary and compensation payable to the CEO and Deputy CEO as well as that of other managers reporting to the CEO, including the incentive and bonus systems, and makes proposals regarding these amounts of compensation to the Board of Directors.

## THE FEES AND OTHER BENEFITS OF BOARD MEMBERS

The fees payable to the members of Finavia's Board of Directors in compliance with the resolution of the Ordinary GM of 2011 were as follows:

- Chairman: EUR 1,400/month 1 January–30 June 2011 and EUR 1,700/month 1 July–31 December 2011
- Deputy Chairman: EUR 1,000/month 1 January–30 June 2011 and EUR 1,200/month 1 July–31 December 2011
- Member: EUR 1,000/month throughout the financial period
- The fee payable for each Board and committee meeting was EUR 300 1 January–30 June 2011 and EUR 500 1 July–31 December 2011.

The Board members did not receive other fees or benefits.

## REMUNERATION OF THE BOARD OF DIRECTORS IN 2011

The total amounts paid to the members of the Board of Directors for Board and committee meetings were as follows:

### Board of Directors

1.1.–30.6.2011	Salaries	Fees
Seppo Paatelainen	8,400	4,200
Antti Vehviläinen	6,000	2,700
Pirkko Juntti	6,000	2,700
Rita Linna	6,000	2,700
Erja Takala	6,000	3,300
Pauli Manninen	6,000	1,200

### Board of Directors

1.7.–31.12.2011	Salaries	Fees
Soili Suonoja	10,200	8,000
Antti Vehviläinen	7,200	6,600
Pirkko Juntti	6,000	6,800
Rita Linna	6,000	7,300
Harri Pynnä	6,000	6,500
Pauli Manninen	6,000	4,800

## SALARIES AND BENEFITS OF THE CEO AND OTHER MEMBERS OF THE MANAGEMENT

The remuneration of Finavia's management is based on a fixed monthly salary and a performance bonus. The company's management does not have any other compensation systems or supplementary pension plans. The performance bonuses are based on achieving the targets set by the company's Board of Directors. The financial and safety-related targets serve as threshold benchmarks for bonuses. In addition, targets related to service level, customer satisfaction and managerial work are set. The achievement of performance targets is monitored and measured using a scorecard. The Board of Directors approves the amount of performance bonuses on the

basis of targets achieved.

The maximum amount of performance bonus is determined as follows: the maximum amount of performance bonus payable to the CEO is equivalent to the CEO's four months' salary whereas the maximum amount of performance bonus payable to the members of the Executive Group and CEOs of major subsidiaries is equivalent to their three months' salaries.

In addition to the salary, the CEO has a company car and telephone.

The retirement age of the CEO is 63 years, and the pension is determined on the basis of the Employees Pensions Act. The CEO does not have a supplementary pension plan. The CEO's period of notice is 6 months; when the employment is terminated by the employer, severance pay equivalent to 6 months' basic salary is payable on top of the salary for the notice period.

### Salaries and bonuses in 2011

Samuli Haapasalo, President and CEO	EUR
Salary 1 January–22 August 2011:	135,000
Salary for the notice period 23 August 2011–22 February 2012:	93,000
Compensation for the notice period 22 February 2012– 22 February 2013:	279,000
Performance bonus as per actual performance goals 1 January– 22 August 2011:	32,000
In total	EUR 539,000
Total for the Deputy CEO and acting CEO:	EUR 344,000
Total for the Executive Group:	EUR 989,000

The Executive Group of Finavia were paid 60 per cent of the maximum amount of performance bonus on the basis of the



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governance is our goal.

financial result for 2011 and the scorecard targets achieved.

### BONUSES PAYABLE FOR OTHER MEMBERS OF STAFF

In addition to senior management, about 40 other persons are included in the scope of the performance bonus scheme; the maximum bonus payable to them is equivalent to their two months' pay.

In addition, the Group's parent company has a personnel fund. All employees apart from the top management and those covered by the performance bonus scheme are its members. The personnel fund is supplemented annually with a sum whose maximum is equivalent to four per cent of the company's total payroll. The amount payable to the fund is determined on the basis of performance targets achieved. The Board of Directors sets the targets for the personnel's performance-based pay and confirms the result achieved. The targets for the personnel's performance-related pay are identical to those applicable to the management's performance bonus benchmarks.

In 2011, the targets set for the performance-related pay were achieved in full with respect to the financial result, and in part for customer satisfaction. A total of EUR 2.7 million was transferred to the personnel fund.

The company does not have any other personnel compensation schemes.

# EXECUTIVE GROUP

Finavia Corporation has operated as a limited company since 1 January 2010; before that it was a state-owned enterprise operating under the name Civil Aviation Administration. In the following text, all references to Finavia before 1 January 2010 refer to Civil Aviation Administration.



## JUHA-PEKKA PYSTYNYN

President and CEO of Finavia Corporation until 15 January 2012  
Senior Vice President, Director Helsinki-Vantaa Airport  
B. 1960, Flight Officer, General Staff Colonel  
Employed by Finavia since 2007

**Main work experience:**

SVP, Director Helsinki-Vantaa Airport 2007–, Finnish Air Force, Chief of Operations 2006–2007, Satakunta Air Command, Chief of Staff 2003–2006, European Union's Single European Sky (SES) concept, Finnish military member 2000–2003, Eurocontrol and Nato Air Traffic Management Committee (NATMC), Finnish military member 1998–2003, Finnish Air Force, Planning Chief 2000–2003, Sector Operation Centre no. 3, Chief 1997–2000 (responsible for area surveillance and air space control), Fighter Squadron 21, Chief of Flight, Squadron Officer 1987–1997

**Positions of trust:**

Air Transport Pool, Chairman 2007–, Member: Transport and Logistics Sector 2007–, Military Flight Accident Investigation Board 2006–



## ARI HAAPANEN

Executive Vice President and COO CEO of Airpro Oy (temp.)  
15 September 2011–  
B. 1955, M.Sc. (Econ.)  
Employed by Finavia since 1990

**Main work experience:**

Finavia, Executive Vice President and COO 2008–, Finnish Civil Aviation Administration Finavia, CFO 1998–2007, Finance Manager 1990–1998, Kanta-Häme Regional Savings Bank, Head of Credit, Finance and Investment, 1986–1990 Sampo Group, Credit Manager 1980–1986

**Positions of trust:**

Mutual Insurance Company Ilmarinen, member of client consultancy board 2011–



## HENRI HANSSON

Senior Vice President, Airports Operations  
B. 1972, Construction Engineer, M.Sc. (Tech.)  
Employed by Finavia since 2000

**Main work experience:**

Finavia: SVP, Airport Operations 2011–, Director of Airport Services 2009–2011, Head of Airport Technical Services 2006–2009, Project Manager 2004–2006, Project Engineer 2000–2004, Pohjolan Voima Oy, Project Engineer 1997–2000

**Positions of trust:**

Avia College, Chairman of the Board 2011–, ACI Europe's Regional Airports' Forum Working Group, member 2009–, Property Development and Procurement Committee at RAKLI, member 2009–



## RAINE LUOJUS

Senior Vice President, Air Navigation Services  
B. 1966, Air Traffic Controller  
Employed by Finavia since 1991

**Main work experience:**

Finavia, SVP, Air Navigation Services 2011–, Director of Air Navigation Operations 2008–2011, Air Traffic Control at Helsinki Airport, Deputy Manager and Manager of Operations 2002–2008, Air Traffic Control of Helsinki Airport, managerial positions 1999–2002, Different airports (e.g. Helsinki, Kuopio, Oulu), Air Traffic Controller 1991–1999

**Positions of trust:**

Avia College, Board member 2011–, NEFAB CEO Group, member 2011–, NORACON Consortium, member of the Governing Board 2011–, CANSON EC3, member 2011–





### SARI SAARI

Senior Vice President,  
Commercial Operations  
B. 1967, eMBA, B.Sc.  
(Hospitality Management)  
Employed by Finavia since 2007

**Main work experience:**  
Finavia, SVP, Commercial  
Operations 2010–, Deputy Director  
2007–2009,  
Tallink Sijja Oy, Line Director  
2006–2007,  
Oy Silja Line Ab, Director of Ser-  
vices 2004–2006,  
Intendant 2000–2004,  
HR Manager 1999–2000,  
Restaurant Manager 1995–1999



### KIMMO RUOTSALAINEN

Senior Vice President,  
Marketing  
B. 1963, M.Sc. (Econ.)  
Employed by Finavia since 2008

**Main work experience:**  
Finavia, SVP, Marketing 2008–,  
Nokia Corporation, Senior Manager  
2003–2008,  
Sonera Oyj, Sales and Marketing  
Director 2000–2002,  
Blue1, Marketing Director  
1998–2000,  
UPS, Sales and Marketing Director  
1997–1998,  
Finpro Houston, Commercial  
Assistant 1995,  
Swissair, Sales Manager 1990–1994



### MIKKO SAARIAHO

Senior Vice President,  
Corporate Communications  
B. 1977, M.Sc.  
Employed by Finavia since 2011

**Main work experience:**  
Finavia, SVP, Corporate Communi-  
cations 2011–,  
Lassila & Tikanoja Oyj,  
Communications Manager  
2007–2011,  
Finnish Broadcasting Company,  
Deputy Head of Financial Editorial  
Staff 2005–2007, Financial Editor  
2000–2005



### KIRSTI LEHTOVAARA-KOLU

Senior Vice President, CFO  
B. 1957, M.Sc. (Econ.)  
Employed by Finavia since 2007

**Main work experience:**  
Finavia, SVP, CFO 2008–,  
Entrepreneur, Business Consultant  
2006–2007,  
Hansel Oy, CEO 2003–2006,  
Sonera Oyj, Group CFO  
1996–2003,  
Telecom Finland Oy, Accounting  
and Financial Manager 1989–1995



### KARI SAVOLAINEN

President and CEO 16 January  
2012–  
B. 1954, M.Sc.  
Employed by Finavia since 2012

**Main work experience:**  
Steveco Oy, CEO 2005–2011,  
Finland Post Corporation (Itella),  
Senior Vice President, Logistics  
Services 2001–2005,  
Finnlines Oyj, Senior Vice President,  
Business Development and IT  
1995–2001,  
Kymmene Oy, IT- and business-  
related expert and managerial  
positions 1986–1995

**Positions of trust:**  
Service Sector Employees PALTA,  
Board member 2012–,  
Confederation of Finnish Industries  
EK, Board member 2011,  
Kymenlaakso Chamber of  
Commerce, Board member 2009–,  
Pension Insurance Company Etera,  
Board member 2007–,  
Finnish Lifeboat Institution,  
Committee member 2005–,  
Oy Saimaa Terminals Ab,  
Chairman of the Board 2005–

# BOARD OF DIRECTORS

Finavia Corporation has operated as a limited company since 1 January 2010; before that it was a state-owned enterprise operating under the name Civil Aviation Administration. In the following text, all references to Finavia before 1 January 2010 refer to Civil Aviation Administration.

## SOILI SUONOJA



Chairman of the Board, 29 June 2011–  
Member of the Board 2011–  
Chairman of the Nomination and Remuneration Committee 2011–  
Member of the Audit Committee 2011–  
B. 1944, Commercial Counsellor, Home Economics Teacher, MBA  
**Main work experience:**  
Fazer Amica Oy, CEO 1989–2001, Fazer Group, various positions 1973–1989

**Positions of trust:**  
Chairman of the Board: Leijona Catering Oy 2012–, Finnpiilot Pilotage Oy 2010–, Alko Oy 2008– and its Board member 2004–2008, Fairtrade Finland 2009–, Huoltoliitto ry 2009–;  
Board member: VR Group 2008–, Hoiva Oy 2008–, Eilakaisla Oy 2004–, Nurmijärven Linja Oy 2001–, Lännen Tehtaat Oyj 2003–2011, Outokumpu Oy 2003–2005, Lassila & Tikanoja Oy 2001–2008, Itella Oyj 1998–2008

## ANTTI VEHVILÄINEN

Deputy Chairman of the Board 2010–  
Member of the Board 1 January 2011–  
Member of the Nomination and Remuneration Committee 2010–  
B. 1955, M.Sc. (Econ.), MBA

**Main work experience:**  
Stora Enso and its predecessors, managerial positions in logistics operations 1987–,  
Shipping industry in Finland, Germany and Brazil, directorships and managerial positions 1979–1986

**Positions of trust:**  
Finnish Transport Agency, Committee Chairman 2010–,  
European Freight and Logistics Leaders Club, Vice Chairman 2008–,  
Joensuun Laivaus Oy, Chairman of the Board 1999–,  
Herman Andersson Oy, Chairman of the Board 1997–,  
Finstaship, Chairman of the Board 2004–2010,  
Steveco Oy, Chairman of the Board 1994–2004

## PIRKKO JUNTTI

Member of the Board 1 November 2007–  
Chairman of the Audit Committee 2011–  
B. 1945, Master of Laws  
**Main work experience:**  
PCA Corporate Finance Oy, Senior Advisor 1998–2003, JPMorgan (London), Director, expert and managerial positions in international finance 1983–1998

**Positions of trust:**  
Financial Supervisory Authority, Board member 2009–  
Rautaruukki Oyj, Board member 2003–2010,  
AB Svensk Eksportkredit (Stockholm), Board member 2005–2009



## RITA LINNA

Member of the Board 1 November 2007–  
Member of the Audit Committee 2007–  
s. 1966, OTM, MBA

**Main work experience:**  
Ministry of Transport and Communications, Ownership Steering, Senior Government Adviser 2007–, Transport Policy Department, Senior Government Adviser and Senior Adviser 2001–2007,  
Ministry of Agriculture and Forestry, Department of Agriculture, Senior Officer 1998–2000



## HARRI PYNNÄ

Member of the Board 29 June 2011–  
Member of the Nomination and Remuneration Committee 2011–  
B. 1956, Master of Laws

**Main work experience:**  
Fortum Oyj, General Counsel 1998–,  
Ministry of Trade and Industry, Industrial Counsellor 1994–1998,  
Suomen Yhdyspankki Oy and Union Bank of Finland SA, Luxemburg, Legal Counsel, Bank Manager, 1982–1994

**Positions of trust:**  
Several companies within the Fortum Group, Board member Teollisuuden Voima Oyj, Board member 2010–,  
Governia Oy, Chairman of the Board 2009–,  
Sponda Oyj, Board Member 1999–2008,  
Suomen Teollisuussijoitus Oy, Board member and Chairman 1995–2006,  
Outokumpu Plc, Board member 1996–1998



## PAULI MANNINEN

Member of the Board 1 January 2009–  
B. 1950, M.Soc.Sc.

**Main work experience:**  
Finavia Oyj, Service Supervisor, planner, Chief Shop Steward, 1990–,  
Academy of Finland, University of Helsinki and Finnish Broadcasting Company, Research Assistant, Researcher, Editor 1972–1990

**Positions of trust:**  
Personnel Fund of the Aviation Authority, Chairman of the Board 2009–,  
Trade Union for the Public and Welfare Sectors, Member of the Union Council 2006–,  
VAL ry (the Trade Union of Government and Special Service Sector Employees), Council member 2002–2005





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# BOARD OF DIRECTORS' REPORT 2011

## FINANCIAL RESULT 2011

Finavia Group's revenues in 2011 increased by 14.5 per cent and stood at EUR 364.0 million (318.0 in 2010). The operating income excluding extraordinary items strengthened on the previous year and stood at EUR 39.4 million (30.1), 10.8% of revenues (9.5%).

The result for the period was burdened by major extraordinary items, and the result was modest at EUR 3.2 million (36.4).

The result includes a total of EUR 11.0 million of non-recurring profits from sale of assets and cancellation of pension liability provisions.

The extraordinary expenses include statutory provisions totalling EUR 10.6 million, related to environmental construction and the construction of runway safety zones, as well as a EUR 3.3 million write-down of subsidiary goodwill. The extraordinary expenses also include an expenditure of EUR 22.5 million due to the fact that the budgeted cost of Ring Rail Line construction in the airport area was exceeded.

Cash flow from operations was EUR 68.4 million (60.5). The equity ratio was 44.4% (44.3).

The modest result decreased the return on capital invested to 1.7 per cent (6.8) and the return on equity to 8.0 per cent (11.1)

## OPERATING ENVIRONMENT

The operations of Finavia Group are strongly linked to changes in the demand for air traffic. In 2011, the demand for air traffic grew strongly, which was reflected in the passenger volumes using Finavia's airports.

The number of passengers grew by 16% to a total of over 19 million. The number of passengers in international traffic increased by 13.7% to a total of 13.6 million. Internal traffic in Finland increased in 2011 by 22.4%, from 4.5 million to 5.5 million passengers.

The growth was made possible by a significantly increased demand: New direct

## SUMMARY OF THE KEY FIGURES FOR 2011

KEY FIGURES (EUR MILLION)	2011	2010
Growth in passenger numbers	16.1%	1.6%
Revenues	364.0	318.0
Operating income without extraordinary items	39.4	30.1
- as percentage of revenues	10.8%	9.5%
Profit	3.2	36.4
- as percentage of revenues	0.9%	11.4%
Investments	43.2	55.3
- as percentage of revenues	11.9%	17.4%
Cash flow from business operations	68.4	60.5
Return on equity (%)	8.0%	11.1%
Return on capital invested (%)	1.7%	6.8%
Equity ratio (%)	44.4%	44.3%
Net gearing ratio (%)	62.6%	74.1%
Balance sheet total	713.6	733.5
Man-years	2,267	2,407

routes were introduced to Asia (Singapore) and North America (Chicago). The selection of routes in Finland also increased, and new airlines entered the Finnish market.

The number of passengers using Helsinki Airport increased by 15.5% to a total of 14.9 million. Of this, 12.2 million were international traffic passengers and 2.7 million were domestic traffic passengers. Last year, the number of transit passengers at Helsinki Airport and the number of passengers from Finland to Asia were the highest ever. International transit travel already makes up around 25% of international passenger numbers at Helsinki Airport. The increase in the passenger volume at Helsinki Airport was stronger than in any other transit airport in northern Europe. Helsinki Airport is the leading transit airport in northern Europe for travel between Europe and Asia. The number of passengers travelling to North America increased by 45% compared to the previous year. This was affected by the new direct connection from Helsinki to Chicago.

In 2011, Oulu Airport served almost one million passengers, an increase of 39% and

the most ever. Turku and Lappeenranta also experienced a record-breaking year. The increase in Turku was 5.7%, while the number of passengers almost doubled in Lappeenranta. The increase in Tampere was 6.5% and in Vaasa 18%. In contrast, the airports of Joensuu, Kemi-Tornio, and Savonlinna did not achieve any growth, and their passenger numbers continued to decrease in 2011.

A total of 1.0 million passengers (an increase of 16.4% from the previous year) passed through the Lapland airports (Enontekiö, Ivalo, Kemi-Tornio, Kittilä, Kuusamo, and Rovaniemi). There were more charter flights from Great Britain than from other countries, with France in second place.

The most important international destinations from Finland were Germany, Sweden, and the UK. Japan, China, and Thailand were the most important long-haul destinations. The demand for holiday flights to long-haul destinations increased; the most popular destinations were Thailand, Egypt, and the United Arab Emirates. Greece and Spain were the most popular holiday flight destinations in Europe.

## DEVELOPMENT OF THE BUSINESS AREAS

REVENUES MEUR	2011	2010	CHANGE %
Airport	253.1	224.0	13
Air Navigation Services	60.8	54.6	11
Real estate operations	16.8	14.0	20
Airpro Sub-Group	53.6	42.4	26
Other operations	4.0	3.9	5
Eliminations	-24.3	-20.8	
<b>TOTAL FOR THE GROUP</b>	<b>364.0</b>	<b>318.0</b>	<b>14</b>
OPERATING PROFIT	2011	2010	
Airport	62.3	62.1	
Air Navigation Services	-4.6	-8.6	
Real estate operations	12.4	6.6	
Airpro Sub-Group	-0.5	3.5	
Other operations	-35.1	-24.4	
Eliminations	-1.7	2.5	
<b>TOTAL FOR THE GROUP</b>	<b>32.8</b>	<b>41.7</b>	

The strong growth in air traffic also reflected on the air navigation business. The air navigation performance of airports (tn units) grew by 11.3% from the previous year, while the performance of Finland's area control (service units) increased by 12.6%. In domestic traffic, the growth was 15.2%, and overflight traffic increased by 9.7%.

## DEVELOPMENT OF THE BUSINESS AREAS

Finavia Group's operations are divided into four business areas and other operations supporting them. The model follows the practice adopted by European airport operators. The costs of the Group's common services and support functions as well as the non-allocated costs of the parent company, including statutory provisions, are shown under Other operations.

### Airport

In 2011, business revenue was EUR 253.1 million, (224.0), an increase of 13.0 per cent on the previous year. The operating result was EUR 62.3 million (62.1).

The all-time record in passenger

volumes increased revenues more than expected in both traffic and commercial operations. The growth in commercial operations was accelerated by many actions, and with revenue growing faster than volume. The strongest growth in traffic took place in domestic routes, and consequently the revenues from domestic traffic also grew faster than those from international traffic. In spite of this, international traffic still accounts for more than three-quarters of all traffic revenues.

### Air Navigation Services

Revenues from Air Navigation Services increased by 11.3 per cent to EUR 60.8 million (54.6). The operating result was EUR -4.6 million (-8.6).

The air navigation performance of airports (tn units) grew by 11.3% from the previous year, while the performance of Finland's area control (service units) increased by 12.6%. The growth was fastest in domestic traffic (+15.2%) and slowest in overflight traffic (+9.7%). The delays in Finnish air traffic increased in April–July. This was due to a large increase in traffic and

regulatory delays caused by reconditioning work on the traffic areas of Helsinki Airport. The relative share of flights delayed due to reasons attributable to Finavia's air navigation services was 3.4% for the whole year, compared to 0.7% in the previous year.

### Real estate operations

Year 2011 revenues from real estate operations increased by 20.2 per cent from the previous year, totalling EUR 16.8 million (14.0). The operating result improved to EUR 12.4 million (6.6). An extraordinary item of EUR 7.0 was recorded in the result as a result of the sales profit from a real estate transaction concluded by LAK Oyj.

At the beginning of the year, LAK Oyj opened an office complex under the WTC concept at Helsinki Airport. Completed at the beginning of the year, the renovation of WTC weighed on the result of the real estate operations segment for the first part of the year, while good progress late in the year in leasing the premises increased the company's revenues. The expansion of the Hilton Helsinki Airport Hotel by some 80 rooms, completed in May, was a welcome addition to the hotel accommodation capacity of the airport. The better-than-expected occupancy rate of the expansion improved the company's revenues and operating profit for the second part of the year.

IP-Kiinteistöt Oy, a company included in the real estate business, was transferred to the ownership of the Finnish State on 1 September 2011.

### Airpro

The Airpro business area includes the businesses of Airpro Oy and RTG Ground Handling Oy, its subsidiary acquired in June 2010. The figures are reported as a sub-group. The revenues in 2011 were EUR 53.6 million (42.4), an increase of 26.4% from 2010. The operating result decreased to EUR -0.5 million from last year's EUR 3.5

million. The impact of the acquisition in 2010 is seen in the comparison figures for the six-month period.

The flights managed by Airpro increased, which explains (in addition to the acquisition) the strong increase in revenues. The result of the Airpro Sub-Group includes an extraordinary item of EUR 3.3 million due to a write-down of goodwill related to the acquisition cost of RTG.

## INVESTMENTS

The Group's investments in 2011 totalled EUR 43.2 million (55.3). The largest investment projects of 2011 were the terminal refurbishment at Helsinki Airport at a total cost of EUR 18 million and the Oulu Airport terminal extension project at EUR 21 million. The projects span several years. The extension part of the Oulu terminal was opened in September 2011. The alteration work in the old section continues and will be completed in spring 2012. The total cost of the Oulu Airport extension project was EUR 21 million, of which Finavia financed EUR 9 million.

## BUSINESS RISKS

A holistic risk management model was introduced to the Group during the reported period. According to the model, Finavia's risk management is proactive and covers all operations and risk areas of the Group. The risks are identified and analysed in connection of the operations planning and strategy process, and also whenever significant risks are identified or changes take place in them. The actions for controlling the risk are determined at the same time. The most significant risks and their associated control measures as well as any significant changes in the risk picture are reported to the company's Board of Directors.

Finavia's risks are classified into strategic, operative, compliance and financial risks.

The company's most significant risks identified in 2011 include those related to the general development of the industry, flight safety, and retention of personnel.

### Strategic risks

The predictability of the Group's operations are weakened by the general development of the air traffic industry, its strong dependence on fluctuations in the world economy, the changing internal structure of air traffic, and statutory regulation of the industry. The forecast cycles have become shorter. The fluctuations in the demand for air traffic and the changing service requirements of airline customers dictate that the Group has to be flexible in its capacity management and service production. The operations are capital-intensive and localised, while the cost structure is fixed by nature. Regulation requires the airports to base their pricing on actual costs. This sets demands on the capacity and service-level management of airports. In order to predict the development, the Group has revised its operating model with a view to improving customer relationship management and increasing its understanding of the changing needs and operating environment of airlines.

The Single European Sky (SES) programme is in progress in the EU for developing the use of airspace in the member states. The structure and management of European airspace is harmonised into supranational entities. The offering of air navigation services is enhanced by various means including obligatory performance targets and the harmonisation of technical systems. The long-term perspective of European development involves the development of the internal market and opening of the services to competition. As a provider of air navigation services, Finavia is committed to cooperation with Latvian, Norwegian, and Estonian service providers in the North European Functional Airspace Block (NEFAB) that starts in December 2012. Finavia's major risks are related to the restructuring of air navigation markets, changes taking place in the production of services, and decreasing possibilities to influence the determination of terms and conditions of services. The risk is managed by active participation in NEFAB coopera-

tion and other European development work and by ensuring that Finavia's services remain cost-effective and competitive.

The risks related to business development are increasingly dependent on the functionality of IT systems and their compatibility with the Group's own operating models and IT systems as well as with those of its partners. The risk is managed by paying attention to the IT system architecture, documentation and interfaces and by ensuring that operating models are also functional.

Finavia wants to develop as a service company. This requires that the company's personnel and management have the competence to achieve this target. A training programme covering the entire personnel was implemented in the company during 2011 with a view to supporting customer-oriented operations and service management.

### Operative risks

Securing the flight safety-related operations in compliance with industry requirements is at the core of the Group's risk management. Functions critical to aviation safety are managed through the flight safety management system, and the company aims to ensure that a good and reliable level of safety is achieved in its services and products. The system is based on the careful planning of operations, the systematic collection of data, analyses of events, deciding on actions, and evaluation of the effectiveness and impact of the measures.

The level of safety is analysed comprehensively, and corrective and preventive measures are carried out according to the urgency and extent required by the matter. Safety findings are reported regularly to the Board of Directors. No changes took place in the company's safety level during the reported period.

The cash flow of Finavia Group depends in all respects on the fluency of air traffic.

When managing the operative business risks, the focus is on measures related to

ensuring the fluency of the air traffic service chain. The air traffic service chain is created as a result of the cooperation of many organisations and actors. As an airport operator, Finavia's role is to ensure that each actor has optimal possibilities for fulfilling its respective responsibilities in the service chain. The actors operating at the airport have regular meetings aimed at improving processes and their interfaces. In order to ensure the smooth flow of operations, Finavia introduced a CDM information system that allows the companies operating at the airport to share airport-related real-time event information. The matters secured in Finavia's own operations include deputy arrangements and fault repairs of IT systems and equipment.

### Compliance risks

As a whole, the operations at Finavia's airports comply rather well with the requirements of the Environmental Protection Act. However, the Act requires an environmental permit retroactively, even if the activities have been in the same place for a long time and are well-established. Some of Finavia's airports have already gotten a permit decision; for others, the permit is still pending. Finavia cannot know with certainty what requirements will be included in a particular airport's environmental permit. Based on permit decisions made already, the company has made preparations to clean fire-fighting exercise areas of airports, secure fuel tanks, and enhance the efficiency of rain and meltwater systems. In 2010 and 2011, the company made statutory provisions totalling EUR 15.9 million for these environmental projects. The work will be carried out in the next few years.

The situations seen as a risk include those where a permit decision fails to take into account the particular characteristics of air traffic and imposes unreasonable costs on the airport operator. The risks also include permit processes resulting in loss of revenues due to unnecessarily strict noise control and traffic restrictions.

### Financial risks

The company's financing-related risks are shown in the notes to the financial statements.

In this field of business, pricing is heavily regulated and rigidly structured. The pricing compliant with the new Directive will be first applied in 2012. So far, there is no experience on how the operations under the new directive become established. The timelines related to the pricing process are rather long from the airport's perspective. Therefore, the risk is that airports incur front-end costs long before the new prices are confirmed. The risk is managed by having regular consultations with customers and by developing the company's long-term pricing strategy.

The Group is responsible for the operation of the airport network. However, with the exception of Helsinki Airport, part of the airport network and air navigation services are making a loss with the current pricing policy. The operations are financed with the earnings from the commercial services produced for the passengers. Should the deficit of the network increase in an uncontrolled manner, the development of Helsinki Airport may be jeopardised. The risk is managed by developing new production models for an airport with infrequent traffic. In order to safeguard its existence, an airport needs above all the economic region's commitment to maintain air traffic demand.

When Finavia was incorporated, it was vested with the obligation to contribute a total of EUR 45 million towards the construction of the Ring Rail Line that will travel via Helsinki Airport. The cost of constructing the Ring Rail Line has increased from earlier estimates. Finavia's share of the increased construction cost is EUR 22.5 million on top of the earlier agreed EUR 45 million. This means that Finavia's share of Ring Rail Line's construction costs will amount to a total of EUR 67.5 million during 2010–2014. So far, EUR 10 million of this commitment has been paid. Finavia's total financing share is significant, and it will af-

fect the company's own business development. Nevertheless, a well-functioning railway connection is important for the development of the airport and the entire Aviapolis area.

### CHANGES IN THE GROUP STRUCTURE

IP-Kiinteistöt Oyj, the subsidiary in charge of ownership and maintenance of real estate premises associated with military aviation, was transferred to the ownership of the Finnish state on 1 September 2011. The company will continue its operations as a subsidiary of Senaatti-kiinteistöt.

Turun Lentoaseman kunnossapitokeskus Oy was merged with the parent company in June.

During the financial period, the Ministry of Transport and Communications decided on concentrating weather service functions in the Finnish Meteorological Institute. Finavia has been making preparations for the transfer of its weather observation system during the reported period, and the transfer will be implemented in stages during 2012.

### ENVIRONMENTAL IMPACTS

The operation of airports is strictly regulated by environmental permits. Airports have been receiving their permits retroactively as so-called existing operations in compliance with the current Environmental Protection Act since 2004.

The environmental impacts at the airports and their vicinity are primarily caused by Finavia's anti-skid treatments, de-icing and anti-icing treatments of aircraft by ground forwarding companies, and by the movements of aircraft on the ground and in the air.

For the anti-skid treatment of runways, Finavia uses readily biodegradable formate- or acetate-based agents. The ground-forwarding companies use mixtures of propylene glycol and water for the de-icing and anti-icing treatments of airplanes. Propylene glycol is biodegradable and has not been classified as harmful, but it consumes oxygen in waterways and emits an odour.

Airplanes cause emissions and noise during take-offs and landings and when taxiing on the ground.

The environmental permit granted to Rovaniemi Airport in December was the fifteenth permit granted to Finavia for airport operations. The permit procedure for the Lapland Airports (Ivalo, Enontekiö, Kittilä, Rovaniemi, Kuusamo, and Kemi-Tornio) was also completed at that time. The provisions of the Rovaniemi permit allow the development of air traffic in support of tourism and other businesses in the area long into the future.

The environmental permit decision received by Helsinki Airport in August constitutes a policy decision regarding the development possibilities for the whole country's air traffic. According to the permit, Helsinki Airport and the air traffic in the whole of Finland can develop as part of the growth of the Helsinki region, the only restriction concerning the hours near midnight. The permit process continues in the Vaasa Administrative Court because an appeal has been filed by 39 interested parties including Finavia. Most of the appeals by municipalities and private persons were related to noise caused by air traffic. A legally valid permit is likely to be available following the process in the Supreme Administrative Court in 2014–2015.

Finavia's long-term efforts for the efficient use of energy in its operations were recognised when the Lapland airports and Helsinki Airport were admitted to the Airport Carbon Accreditation programme of ACI (Airports Council International). The carbon dioxide emissions calculated in compliance with the programme were 4,422 tonnes at the Lapland airports and 19,562 tonnes at Helsinki Airport.

The soil in fire-fighting exercise areas was investigated in Ivalo, Rovaniemi, and Turku. The results show that the areas need reconditioning, which will take place during 2012.

Finavia decided to issue more stringent operational requirements for the companies carrying out de-icing treatments to airplanes in order to improve the protection of

the aquatic environment. The companies are required to improve the methods and equipment used for de-icing at the airports in order to reduce the environmental loading caused by de-icing agents. In the course of its own operations, Finavia regularly checks the water drainage systems and investigates, in conjunction with renovation projects, the possibilities for the separate collection of water from the ramps.

A Ring Rail Line is being built under Helsinki Airport. It will connect the Martinlaakso line to the main line. In 2010, the Finnish Transport Agency – the organisation responsible for developing the Ring Rail Line – found bacterial growth in the tunnel construction site. This growth may be the result of decades of de-icing aircraft. In late 2011, the Transport Agency announced that it had found the technical solutions for eliminating the problem. For its part, Finavia has followed the advice of environmental authorities and investigated the presence of de-icing agents in the airport area. The investigations are still continuing.

The events related to environmental protection are discussed in more detail in the annual Environmental Report, which also shows the environmental indicators by airport.

## FINANCING AND CASH FLOW

During the period being reported, cash flow from operations was also sufficient to cover investment costs. Liquidity remained good. The net gearing ratio decreased and was 62.6 per cent (74.1).

No new loans were taken out during the year. The positive development of cash flow from operations allowed an additional repayment of loan capital to be made. The amount of loans was also reduced by the divestment of IP-Kiinteistöt Oy and its liabilities. The amount of interest-bearing loans decreased during the year, totalling EUR 248.5 million (295.2) at the end of the year. The hedge ratio of the loan portfolio was increased with the favourable trend in interest rates, which helped further stabilise the Group's financing costs for

liabilities. At the end of 2011, the hedge ratio of the Group's loans was 89.6 per cent.

The impact of hedging interest swaps has been taken into account in calculating the average rate of interest of the loans. The average rate of interest on the Group's interest-bearing loans was 1.93 per cent at the end of the year. The average maturity of the interest-bearing loans was 11.5 years. All of Finavia's long-term loans still have state guarantees.

The Group has a loan decision for EUR 45 million by the EIB for financing its share of the Ring Rail Line. The loan has not been taken out yet. The loan is guaranteed by the company's financial covenants.

The Group's subsidiaries did not take out any new loans from the financial markets during the year. The amount of sureties issued by the parent company to its subsidiaries decreased during 2011. The subordinated loans granted by the parent company to its subsidiaries stood at EUR 4.2 million.

The Group's leasing liabilities increased from EUR 54.4 million to EUR 65.5 million.

During the period being reported, the Group's cash flow from operations strengthened and amounted to EUR 68.4 million (60.5). Cash flow after investments stood at EUR 34.3 million (29.4). The opening balance of cash and cash equivalents was EUR 54.1 million and the closing balance EUR 50.4 million.

The balance of cash and cash equivalents was strengthened by divestments of assets and the growth of business. The net effect of depositing and investing cash and cash equivalents in 2011 was EUR 0.8 million. All cash investments have been measured in the financial statements in profit or loss at the lower of the acquisition price or probable redemption price.

The Group's financial risk management has focussed on reducing the fluctuations of result, balance sheet and cash flow with a view to securing competitive financing for the Group in the changing markets.

The company has sought to identify risk concentrations, such as interest, counter-



part, and liquidity risks, and to hedge them appropriately.

### SHARE CAPITAL AND OWNERSHIP

Finavia Corporation is a fully state-owned company. The Ministry of Transport and Communications is responsible for corporate governance. The company's share capital is made up of 7,400,000 shares of equal value. The company does not have any treasury shares. The company has not had any share issues, option issues, or other issues of rights entitling to shares. The company's Board of Directors has no valid authorisations to issue shares or option rights.

### ADMINISTRATION AND AUDITORS

The Chairman of the company's Board of Directors from the beginning of the period being reported until 29 June 2011 was Honorary Councillor Seppo Paatelainen, with Master of Laws Pirkko Juntti, Special Advisor Rita Linna, Director Erja Takala, and Logistics Director Antti Vehviläinen as members. Pauli Manninen was the personnel representative in the Board of Directors. The Board elected Antti Vehviläinen as the Deputy Chairman.

The Ordinary General Meeting of Shareholders of Finavia Corporation was held on 29 June 2011, and the GM elected Honorary Councillor Soili Suonoja as its chairperson. The persons elected for the Board of Directors were Pirkko Juntti, Master of Laws; Rita Linna, Special Advisor; Antti Vehviläinen, Vice President, Logistics; and Pauli Manninen, Service Supervisor, who was re-elected as an employee representative. The Board elected Antti Vehviläinen as the Deputy Chairman. More information on the meetings and committees of the Board of Directors is available on pages 65–67 of the Annual Report.

Ernst & Young Oy, Chartered Accountants, were elected as the company's auditors. Tiina Lind, CPA, is the auditor in charge.

Samuli Haapasalo, Master of Laws, was the company's CEO until 22 August 2011.

Juha-Pekka Pystynen, Director of Helsinki Airport, was the acting CEO of Finavia from 22 August. In November, the company's Board of Directors appointed Kari Savolainen, M.Sc., as the new CEO of Finavia. He started in his new position on 16 January 2012.

### PERSONNEL

At the end of the year, the Group employed 3,001 (2,938) persons. The average number of Group employees was 2,267 (2,407). At the end of the year, the parent company employed 1,808 (1,827) persons. The average number of parent company employees was 1,639 (1,680).

The Group does not have any employees abroad.

The salaries, wages and fees paid during the period being reported amounted to EUR 117,894,431 (104,855,127).

The result for 2011 has a provision of EUR 2.3 million for paying a profit bonus to the personnel fund. No profit bonus was accrued in 2010.

HR issues are reported in closer detail on pages 58–59 of the Annual Report.

### EVENTS AFTER THE FINANCIAL PERIOD

Kari Savolainen started as the company's CEO on 16 January 2012.

### OUTLOOK FOR 2012

Finavia expects that the first quarter will develop positively regarding passenger volumes. The forecast is based on the new routes introduced in 2011 and the increased offering of the new airlines. The outlook is expected to become weaker during the second quarter, and Finavia expects growth to peter out. The passenger numbers for the whole year are expected to remain at the 2011 level.

During the last few years, the company has focused on improving the efficiency of its operations, and its level of investments had been adapted to suit the cash flow from operations. The costs will still be controlled particularly closely in 2012, and the

level of investments will remain moderate.

Provided that no essential changes take place on the Finnish air traffic market and that the global economic uncertainty does not result in the collapse of air traffic demand, the company expects the operative result for 2012 to be close to the level of 2011.

### BOARD OF DIRECTORS' PROPOSAL REGARDING DISTRIBUTION OF PROFIT

The parent company's loss for 2011 was EUR 10,155,314.26.

The Board of Directors proposes to the General Meeting of shareholders that

- the loss for 2011 is recognised in Retained earnings. After this entry, the company has EUR 8,317,326.00 in retained earnings;
- the company will not pay dividends for the financial result of 2011;
- the company distributes funds to the shareholder as a distribution of assets from reserves of unrestricted equity as referred to in Chapter 13, section 1 of the Limited Liability Companies Act so that the weather observation systems owned by Finavia Corporation are transferred to the possession of the Finnish State on 1 June 2012 at their fair value EUR 187,105 shown on the financial statements in accordance with the provisions of Chapter 13 of the Limited Liability Companies Act regarding the prerequisites for distributing assets, the amount of distribution and the assets to be distributed; and
- the company prepares to distribute, in the manner to be decided later in the General Meeting, funds up to a maximum amount of EUR 6 million from reserves of unrestricted equity so that the weather observation equipment, software and their associated agreements owned by Finavia Corporation are transferred to the Finnish State to the possession of the Ministry of Transport and Communications at a time to be separately decided.

## INCOME STATEMENT 1 JAN 2011–31 DEC 2011

1000 €	GROUP 2011	GROUP 2010	FINAVIA CORP. 2011	FINAVIA CORP. 2010
<b>REVENUES</b>	<b>364,003</b>	<b>318,047</b>	<b>317,895</b>	<b>282,458</b>
Other operating income	12,308	23,434	4,994	18,700
<b>MATERIALS AND SERVICES</b>				
Materials and supplies				
Purchases during the financial period	42,019	35,666	39,038	33,517
Change in inventories; increase(-)/decrease(+)	-36	-414	215	-402
External services	48,109	46,041	58,601	56,911
<b>MATERIALS AND SERVICES</b>	<b>90,092</b>	<b>81,293</b>	<b>97,855</b>	<b>90,026</b>
<b>STAFF EXPENSES</b>				
Salaries and bonuses	117,894	104,855	88,329	84,135
<b>Indirect staff expenses</b>				
Pension expenses	21,471	18,521	16,479	14,667
Other indirect staff expenses	6,474	5,784	4,859	4,524
<b>TOTAL STAFF EXPENSES</b>	<b>145,839</b>	<b>129,160</b>	<b>109,667</b>	<b>103,326</b>
<b>DEPRECIATION, AMORTISATION AND IMPAIRMENT</b>				
<b>According to plan</b>				
Buildings and structures	18,446	14,789	15,478	11,981
Machinery and equipment	11,993	11,695	11,223	10,902
Other tangible assets	10,146	10,094	9,422	8,871
Intellectual property rights	560	311	539	297
Other non-current expenditure	9		3	
Amortisation of Group goodwill	4,275	565		
<b>DEPRECIATION AND AMORTISATION</b>	<b>45,430</b>	<b>37,454</b>	<b>36,665</b>	<b>32,051</b>
<b>OTHER OPERATING EXPENSES</b>	<b>62,113</b>	<b>51,871</b>	<b>56,084</b>	<b>46,358</b>
<b>OPERATING PROFIT</b>	<b>32,837</b>	<b>41,703</b>	<b>22,619</b>	<b>29,397</b>
<b>FINANCING INCOME AND EXPENSES</b>				
Share of associated company profits (losses)	-313	-7		
Income from other non-current investments		5		2,005
Other interest and financial income	1,795	2,063	2,027	1,965
Impairment of non-current investments	161	70	161	70
Interest expenses and other financial expenses	-7,088	-7,512	-4,960	-4,904
	<b>-5,446</b>	<b>-5,381</b>	<b>-2,772</b>	<b>-864</b>
<b>PROFIT BEFORE EXTRAORDINARY ITEMS</b>	<b>27,392</b>	<b>36,322</b>	<b>19,847</b>	<b>28,533</b>
<b>EXTRAORDINARY COST ITEMS</b>	<b>-22,500</b>		<b>-22,500</b>	
<b>PROFIT BEFORE APPROPRIATIONS AND TAXES</b>	<b>4,892</b>	<b>36,322</b>	<b>-2,653</b>	<b>28,533</b>
<b>Appropriations</b>				
Change in depreciation differences			-8,512	-11,549
<b>Income taxes</b>				
Taxes for the financial period and earlier periods	-2,631	-2,140		-4
Deferred taxes	894	2,265	1,009	1,493
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	<b>3,154</b>	<b>36,447</b>	<b>-10,155</b>	<b>18,473</b>

## BALANCE SHEET 31.12.2011

1000 €	GROUP 2011	GROUP 2010	FINAVIA CORP. 2011	FINAVIA CORP. 2010
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Intangible assets				
Intellectual property rights	2,383	2,401	2,336	2,339
Other non-current expenditure	1,454	5	160	
Goodwill				
Group goodwill		4,275		
	3,837	6,681	2,495	2,339
Tangible assets				
Land and water areas	46,816	46,901	43,998	43,895
Buildings and structures	308,330	310,321	218,555	220,710
Machinery and equipment	72,060	78,493	67,786	72,878
Other tangible assets	150,131	158,419	149,956	145,784
Advance payments and work in progress	19,934	21,949	19,432	14,488
	597,272	616,084	499,727	497,755
Investments				
Holdings in associated companies	1,137	1,331		
Holdings in Group subsidiaries			9,323	20,424
Shares and investments		344		336
Other investments	342	0	334	0
	1,479	1,674	9,657	20,760
<b>CURRENT ASSETS</b>				
Inventories				
Materials and supplies	3,103	2,509	2,658	2,337
Finished goods	1,804	2,355	1,747	2,277
	4,907	4,864	4,406	4,614
Non-current receivables				
From Group companies			15,770	13,700
Deferred tax asset	4,795	4,224		
	4,795	4,224	15,770	13,700
Current receivables				
Accounts receivable	32,323	30,736	27,145	24,167
From Group companies	0		1,130	2,670
Deferred tax assets	2,503	1,493	2,503	1,493
Other receivables	5,254	7,346	5,249	6,862
Prepaid expenses and accrued income	10,828	6,294	10,534	5,601
	50,908	45,869	46,560	40,793
Marketable securities				
Other securities	29,050	40,799	29,050	40,799
Cash and cash equivalents	21,333	13,337	13,687	4,443
	713,581	733,533	621,353	625,203

## BALANCE SHEET 31.12.2011

1000 €	GROUP 2011	GROUP 2010	FINAVIA CORP. 2011	FINAVIA CORP. 2010
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital	185,000	185,000	185,000	185,000
Other reserves:				
Invested unrestricted equity reserve	92,229	102,689	92,229	102,689
Profit brought forward	36,072	1,126	18,473	
Profit for the period	3,154	36,447	-10,155	18,473
	316,455	325,262	285,547	306,162
<b>MINORITY INTERESTS</b>				
<b>UNTAXED RESERVES</b>				
Depreciation difference			20,137	11,549
<b>STATUTORY PROVISIONS</b>				
Other statutory provisions	19,571	11,905	19,571	11,905
<b>LIABILITIES</b>				
Non-current				
Loans from financial institutions	232,626	275,850	172,005	198,168
Other liabilities	21,060	35,061	21,060	35,060
Deferred tax liability	7,150	5,218		
	260,837	316,129	193,065	233,228
Current				
Loans from financial institutions	15,906	19,350	12,413	11,310
Advance payments received	1,204	936	514	430
Accounts payable	19,517	16,731	17,720	13,862
Debts to other Group companies			1,719	1,560
Other liabilities	11,675	8,480	9,956	7,108
Accrued liabilities	68,416	34,740	60,712	28,088
	116,718	80,237	103,034	62,358
	713,581	733,533	621,353	625,203

## CASH FLOW STATEMENT

1000 €	GROUP 2011	GROUP 2010	FINAVIA CORP. 2011	FINAVIA CORP. 2010
<b>CASH FLOW FROM BUSINESS OPERATIONS</b>				
Payments received from sales	365,167	320,907	319,275	285,648
Payments from operating costs	-283,386	-253,214	-252,546	-230,588
Cash flow from business operations before financial items and taxes	81,781	67,692	66,730	55,060
Interest and financial expenses paid	-6,351	-6,797	-3,898	-4,084
Interest received from business operations	457	558	677	427
Dividends received		5	0	2,005
Other financial items from operations	107	592	107	593
Direct taxes paid	-7,564	-1,591	-4,420	7
Cash flow before extraordinary items	68,430	60,459	59,197	54,009
<b>Cash flow from operations</b>	<b>68,430</b>	<b>60,459</b>	<b>59,197</b>	<b>54,009</b>
<b>CASH FLOW FROM INVESTMENTS</b>				
Investments in tangible and intangible assets	-43,169	-51,627	-34,182	-43,229
Income from disposal of tangible and intangible assets	9,142	20,889	1,669	17,338
Subsidiary shares acquired	-78	-3,642		-1,915
Subsidiary shares divested		1,877		6,771
Income from disposal of other investments	2	1,401	2	1
Loans granted to subsidiaries			-2,570	-14,200
Repayments of loan receivables			500	
<b>Cash flow from investments</b>	<b>-34,105</b>	<b>-31,102</b>	<b>-34,582</b>	<b>-35,234</b>
<b>FINANCING CASH FLOW</b>				
Short-term loans drawn		403		
Repayments of short-term loans	-3,555	-940		
Long-term loans drawn				
Repayments of long-term loans	-31,704	-16,293	-27,355	-11,310
Profit / return of capital paid		-6,000		-6,000
<b>Financing cash flow</b>	<b>-35,260</b>	<b>-22,830</b>	<b>-27,355</b>	<b>-17,310</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>				
Cash and cash equivalents January 1	54,137	48,954	45,242	43,777
Cash and cash equivalents held by acquired and merged companies		5	235	
Cash and cash equivalents held by divested subsidiaries	-2,819	-1,350		
Cash and cash equivalents 31 December	50,383	54,137	42,738	45,242
	-934	6,532	-2,739	1,465

# NOTES TO THE FINANCIAL STATEMENTS

## FINAVIA CORPORATION

Business ID 2302570-2

Vantaa

### 1. CONSOLIDATED ACCOUNTING PRINCIPLES

All Group companies are included in the consolidated financial statements.

Associate Taxi Point Oy was disregarded due to its negligible impact on Group equity.

There were many changes in Group structure during 2010–2011:

- on 1 January 2010, Finavia's Vantaa energy business was sold to Vantaan Energia.
- following the share swaps carried out in June 2010, Finavia Corporation's holding in Koyj Lentäjätie 1 was reduced to 37.1%, while its holding in Koyj Lentäjätie 3 increased to 100%. Consequently, the Group no longer has any minority holdings.
- In December 2010, Koyj Lentäjätie 3 was merged with Lentoasemakiinteistöt Oy (LAK).

- In July 2010, Airpro Oy acquired 100% of RTG Ground Handling Oy.
- In September 2010, Koyj Lentokentän palvelutalo was merged with Lentoasemakiinteistöt Oy.
- in December 2010, Koy Turun lentorahti was de-merged, and its freight terminals were merged with LAK.
- Turun lentoaseman kunnossapitokeskus Oy, the company created in the de-merger, remained Finavia's subsidiary and was merged with the parent company on 30 June 2011.
- the ownership of IP-Kiinteistöt Oy was transferred outside the Group on 1 September 2011.
- the operations of Skyhow Oy, a subsidiary established in 2010, began in early 2011, but the decision was taken at the end of the year to close down its operations.

More detailed information on Group companies is provided in Note 12. Group Companies.

Internal transactions within the Group, including internal receivables and liabilities,

have been eliminated. Cross-ownership of shares was eliminated using the acquisition cost method.

The deferred tax liability on appropriations has been shown as a separate item.

### MEASUREMENT PRINCIPLES USED IN PREPARING THE FINANCIAL STATEMENTS

Capital assets are measured at direct acquisition cost. Planned depreciations are calculated within the Group using uniform principles on the basis of the useful life of each asset.

The securities included in financial securities were measured at acquisition cost or market price, whichever is lower.

The acquisition cost of inventories has been calculated according to market averages.

### NOTES TO THE INCOME STATEMENT

The figures in the tables are in thousands of euros, unless otherwise stated.

## 2. BREAKDOWN OF REVENUES AND OPERATING INCOME, EUR MILLIONS

	REVENUES 2011	REVENUES 2010	OPERATING INCOME 2011	OPERATING INCOME 2010
<i>The Group revenues and operating income are broken down by business operation as follows:</i>				
Airport	253.1	224.0	62.3	62.1
Air Navigation Services	60.8	54.6	-4.6	-8.6
Real estate operations	16.8	14.0	12.4	6.6
Airpro Sub-Group	53.6	42.4	-0.5	3.5
Other operations	4.0	3.9	-35.1	-24.4
Eliminations	-24.3	-20.8	-1.7	2.5
	<b>364.0</b>	<b>318.0</b>	<b>32.8</b>	<b>41.7</b>

### 3. OTHER OPERATING INCOME

	GROUP 2011	GROUP 2010	FINAVIA CORP. 2011	FINAVIA CORP. 2010
Divestment of energy business	0	8,390	0	8,390
Profits from sale of land areas	8,642	4,261	1,541	757
Profits from sale of apartments	0	1,929	0	1,929
Profits from sale of other assets	31	331	39	336
Profits from sale of subsidiaries and associates	0	701	0	2,494
Credited internal margins and Group adjustments due to changes in Group structure	98	2,978	0	0
Supplementary pension contribution credited *)	0	3,998	0	3,998
Earnings from forest and land areas	651	595	651	595
Release of statutory provision / Eurocontrol's uncovered pension obligation	2,535	0	2,535	0
Other earnings	350	251	227	202
	<b>12,308</b>	<b>23,434</b>	<b>4,994</b>	<b>18,700</b>

\*) When Finavia was incorporated, it took out supplementary pension insurance for its personnel. The amount was estimated at EUR 35 million, which was taken into account in the company's opening balance and equity. Following detailed calculations, the final one-off payment for the supplementary pension on 1 January 2010 was determined to be about EUR 31 million. The difference, EUR 4 million, was recognised in Other operating income.

### 4. REMUNERATION TO EXECUTIVE MANAGEMENT

	GROUP 2011	GROUP 2010	FINAVIA CORP. 2011	FINAVIA CORP. 2010
CEO and Deputy CEO	1,348	518	785	298
Members of the Board of Directors	138	91	137	91

### 5. PERSONNEL EMPLOYED BY FINAVIA GROUP

	GROUP 2011	GROUP 2010	FINAVIA CORP. 2011	FINAVIA CORP. 2010
Average number of employees (man-years)	2,267	2,407	1,639	1,680
Employees at the end of the year	3,001	2,938	1,808	1,827
permanent	2,214	2,195	1,479	1,521
fixed-term	787	743	329	306

Fixed-term personnel also includes individuals asked to work when needed, both in the parent company and the Group.

### 6. AUDITOR'S FEES

	GROUP 2011	GROUP 2010	FINAVIA CORP. 2011	FINAVIA CORP. 2010
Ernst & Young Oy				
Audit fees	21	0	18	0
Certificates and statements	2	0	2	0
Tax consultancy	0	0	0	0
Other services	4	57	2	57

## 7. CHANGE OF STATUTORY PROVISION IN THE INCOME STATEMENT

	GROUP 2011	GROUP 2010	FINAVIA CORP. 2011	FINAVIA CORP. 2010
Other operating income	2,535	0	2,535	0
Other operating expenses	-10,655	-9,370	-10,655	-9,370

The largest item in statutory provisions consists of provisions related to the environmental permits of airports. In addition, a provision of EUR 5 million was made in 2011 for expanding the safety zones of runways. The changes in these provisions is shown in the income statement under Other operating expenses.

A provision was made in 2004 for Finavia's share amounting to EUR 3.8 million of the uncovered pension liability for Eurocontrol, which will be paid to the Eurocontrol Pension Fund (established on 1 January 2005) during the coming years. Following the instalments paid in 2005–2009, EUR 2.5 million of the provision was outstanding on 31 December 2010, and this was released in 2011. When Finavia was incorporated, the obligation to pay Eurocontrol's membership fee was transferred to the Government. The release of this provision is shown under Other operating income.

## 8. FINANCIAL INCOME AND EXPENSES

	GROUP 2011	GROUP 2010	FINAVIA CORP. 2011	FINAVIA CORP. 2010
Share of associated company loss	-313	-7		
Dividend income				
From Group companies			0	2,000
From others	0	5	0	5
Other interest and financial income				
From Group companies			326	41
From others	1,795	2,063	1,700	1,924
Impairment of investments	161	70	161	70
Interest expenses and other financial expenses				
To others	-7,088	-7,512	-4,960	-4,904
<b>FINANCIAL INCOME AND EXPENSES, TOTAL</b>	<b>-5,446</b>	<b>-5,381</b>	<b>-2,772</b>	<b>-864</b>

## 9. EXTRAORDINARY COST ITEMS

	GROUP 2011	GROUP 2010	FINAVIA CORP. 2011	FINAVIA CORP. 2010
Finavia Corporation will have to pay EUR 22.5 million towards the excess costs of constructing the Ring Rail Line to the Finnish Transport Agency.	-22,500	0	-22,500	0



## Notes to the balance sheet

### 10. INTANGIBLE AND TANGIBLE ASSETS AND AMORTISATION AND DEPRECIATION

	VUOTTA	
The useful lives are as follows:		
<b>Intangible assets</b>		
Intellectual property rights	5	Straight-line depreciation
Other non-current expenditure	5 - 20	Straight-line depreciation
Group goodwill	5	Straight-line depreciation
<b>Tangible assets</b>		
Buildings and structures	10 - 40	Straight-line depreciation
Machinery and equipment	3 - 15	Straight-line depreciation
Ground structures	10 - 40	Straight-line depreciation

Goodwill amounting to EUR 1,448,639.61 has been allocated to buildings; it will be amortised in 28 years. The amortisation period is the same as the remaining depreciation period of the building of the merged company Koyj Lentäjätie 3.

CHANGES IN BALANCE SHEET ITEMS:	GROUP 2011	GROUP 2010	FINAVIA CORP. 2011	FINAVIA CORP. 2010
<b>Intellectual property rights</b>				
Acquisition cost January 1	11,719	10,939	11,632	10,921
+ Transfers between items	538	1,595	536	1,526
- Deductions during the financial period	-57	-816	-48	-815
Acquisition cost December 31	12,199	11,719	12,120	11,632
Accumulated depreciation and amortisation according to plan January 1	-9,318	-9,823	-9,294	-9,811
Accrued depreciation and amortisation for deductions	57	816	48	815
Depreciation for the year	-555	-310	-539	-297
- Accrued depreciation and amortisation according to plan December 31	-9,816	-9,318	-9,784	-9,294
Book value December 31	2,383	2,401	2,336	2,339
<b>Other non-current expenditure and goodwill</b>				
Acquisition cost January 1	341	608	335	608
+ Additions	1,463	6	163	0
- Deductions during the financial period	-341	-273	-335	-273
Acquisition cost December 31	1,463	341	163	335
Accrued depreciation and amortisation January 1	-336	-608	-335	-608
Accrued depreciation and amortisation for deductions	341	273	335	273
Depreciation for the year	-14	-2	-3	0
- Accrued depreciation and amortisation according to plan December 31	-9	-336	-3	-335
Book value December 31	1,454	5	160	0
<b>Group goodwill</b>				
Acquisition cost January 1	4,840	0		
+ Increases during the financial period	0	4,840		
- Deductions during the financial period	0	0		
Acquisition cost December 31	4,840	4,840		
Accrued depreciation and amortisation January 1	-565	0		
Accrued depreciation and amortisation for deductions	0	0		
Depreciation for the year	-4,275	-565		
- Accrued depreciation and amortisation according to plan December 31	-4,840	-565		
Book value December 31	0	4,275		

CHANGES IN BALANCE SHEET ITEMS:	GROUP 2011	GROUP 2010	FINAVIA CORP. 2011	FINAVIA CORP. 2010
<b>Land and water areas</b>				
Acquisition cost January 1	43,672	43,448	43,165	42,606
+ Increases during the financial period	87	652	87	652
- Deductions during the financial period	-172	-428	-46	-93
Acquisition cost December 31	43,587	43,672	43,206	43,165
<b>Utility charges for real estates</b>				
Acquisition cost January 1	3,230	2,253	730	638
+ Transfers between items	154	1,701	104	92
- Deductions during the financial period	-155	-723	-42	0
Acquisition cost December 31	3,229	3,230	792	730
<b>Land and water areas (total)</b>	<b>46,816</b>	<b>46,901</b>	<b>43,998</b>	<b>43,895</b>
<b>Buildings and structures</b>				
Acquisition cost January 1	638,854	644,287	517,449	493,565
+ Increases during the financial period	0	1,442	0	0
+ Transfers between items	23,003	31,785	13,323	28,544
- Deductions during the financial period	-38,132	-38,659	-13,233	-4,661
Acquisition cost December 31	623,726	638,854	517,539	517,449
Accumulated depreciation and amortisation according to plan January 1	-328,533	-328,780	-296,739	-288,893
Accrued depreciation and amortisation for deductions	31,614	15,036	13,233	4,135
Depreciation for the year	-18,476	-14,789	-15,478	-11,981
- Accrued depreciation and amortisation according to plan December 31	-315,395	-328,533	-298,984	-296,739
Book value December 31	308,330	310,321	218,555	220,710
<b>Machinery and equipment</b>				
Acquisition cost January 1	401,833	414,352	390,515	398,388
+ Transfers between items	7,125	7,249	6,131	6,178
- Deductions during the financial period	-20,818	-19,768	-17,177	-14,051
Acquisition cost December 31	388,140	401,833	379,469	390,515
Accrued depreciation and amortisation January 1	-323,340	-325,702	-317,637	-315,823
Accrued depreciation and amortisation for deductions	19,263	14,057	17,177	9,088
Depreciation for the year	-12,003	-11,695	-11,223	-10,902
- Accrued depreciation and amortisation according to plan December 31	-316,080	-323,340	-311,683	-317,637
Book value December 31	72,060	78,493	67,786	72,878
<b>Ground structures</b>				
Acquisition cost January 1	448,866	448,971	419,884	419,441
+ Transfers between items	13,324	8,139	13,594	8,178
- Deductions during the financial period	-28,515	-8,243	0	-7,736
Acquisition cost December 31	433,675	448,866	433,477	419,884
Accrued depreciation and amortisation January 1	-290,447	-285,516	-274,099	-270,170
Accrued depreciation and amortisation for deductions	17,069	5,147	0	4,924
Depreciation for the year	-10,166	-10,078	-9,422	-8,854
- Accrued depreciation and amortisation according to plan December 31	-283,544	-290,447	-283,521	-274,099
Book value December 31	150,131	158,419	149,956	145,784
<b>Advance payments and incomplete acquisitions</b>				
Acquisition cost January 1	21,949	21,405	14,488	19,015
+ Increases during the financial period	39,844	51,151	39,465	39,992
- deductions	-1,166	-139	-834	0
- Transfers between items	-40,693	-50,468	-33,688	-44,519
Acquisition cost December 31	19,934	21,949	19,432	14,488

CHANGES IN BALANCE SHEET ITEMS:	GROUP 2011	GROUP 2010	FINAVIA CORP. 2011	FINAVIA CORP. 2010
<b>Shares and holdings (subsidiaries and other shares)</b>				
Acquisition cost January 1	1,674	353	20,759	23,122
+ Increases during the financial period	78	1,322	0	2,118
- Deductions during the financial period	-274	-1	-11,102	-4,481
Acquisition cost December 31	1,479	1,674	9,657	20,759
<b>Other non-current investments</b>				
Acquisition cost January 1	0	1,400	0	0
+ Increases during the financial period	0	0	0	0
- Deductions during the financial period	0	-1,400	0	0
Acquisition cost December 31	0	0	0	0
<b>TOTAL</b>				
Acquisition cost January 1	1,576,978	1,588,016	1,418,957	1,408,304
+ Increases during the financial period	41,472	59,413	39,715	42,762
Transfers between items	3,452	0	0	0
- Deductions during the financial period	-89,630	-70,451	-42,816	-32,109
Acquisition cost December 31	1,532,273	1,576,978	1,415,856	1,418,957
Accrued depreciation and amortisation January 1	-952,538	-950,430	-898,104	-885,305
Accrued depreciation and amortisation for deductions	68,344	35,330	30,792	19,235
Depreciation for the year	-45,490	-37,438	-36,665	-32,034
- Accumulated depreciation and amorti- sation according to plan December 31	-929,684	-952,538	-903,977	-898,104
Book value December 31	602,588	624,440	511,879	520,853

## 11. OTHER SHARES AND HOLDINGS

	SHARES / GROUP COMPANIES	SHARES/ ASSOCIATED COMPANIES	OTHER SHARES AND HOLDINGS	OTHER INVESTMENTS
<b>Group</b>				
Acquisition cost January 1		1,331	344	0
+ Increases during the financial period		78	0	0
- Deductions during the financial period		-272	-2	0
Acquisition cost December 31	0	1,137	342	0
<b>Parent Company</b>				
Acquisition cost January 1	20,424		336	0
+ Increases during the financial period	0		0	0
- Deductions during the financial period	-11,101		-2	0
Acquisition cost December 31	9,323	0	334	0

## 12. GROUP COMPANIES

	GROUP HOLDING (%)	PARENT COMPANY HOLDING (%)
Airpro Oy, Vantaa	100.0	100.0
RTG Ground Handling Oy, Vantaa	100.0	0.0
Lentoasemakiinteistöt Oyj, Vantaa	100.0	100.0
Skyhow Oy, Vantaa	100.0	100.0
Happy Landings Finland Oy, Vantaa	100.0	100.0
Safranum Oy, Vantaa	100.0	0.0

	BALANCE SHEET FOR THE FINANCIAL PERIOD IN EURO	SHAREHOLDERS' EQUITY 31.12.2011 IN EURO	REVENUES IN EURO	DURING THE FINANCIAL PERIOD: PROFIT/LOSS IN EURO
Airpro Oy, Vantaa	16,361,619.69	8,793,370.65	40,501,298.48	2,674,320.28
RTG Ground Handling Oy, Vantaa	3,750,161.11	-4,239,666.98	14,054,171.34	147,312.30
Lentoasemakiinteistöt Oy, Vantaa	107,263,182.15	18,118,872.92	14,517,100.09	4,601,463.43
Skyhow Oy, Vantaa	1,495,462.53	52,120.45	22,800.00	49,620.45
Happy Landings Finland Oy, Vantaa	2,500.00	2,500.00		
Safranum Oy, Vantaa	2,500.00	2,500.00		

HOLDINGS IN ASSOCIATED COMPANIES	GROUP HOLDING (%)	PARENT COMPANY HOLDING (%)	SHAREHOLDERS' EQUITY 31.12.2011 IN EURO	DURING THE FINANCIAL PERIOD: PROFIT/LOSS IN EURO
Kiinteistö Oyj Lentäjäntie 1, Vantaa	37.1	0.0	7,086,003.07	-733,902.47
Taxi Point Oy, Vantaa	25.0	0.0	670,556.90	237,753.32

### 13. DEFERRED TAX ASSETS

	GROUP 2011	GROUP 2010	FINAVIA CORP. 2011	FINAVIA CORP. 2010
Long term				
For accrual differences and temporary differences	4,795	4,224	0	0
Short term				
For accrual differences and temporary differences	2,503	1,493	2,503	1,493

According to advance information from the tax authorities, the supplementary pension plan related to Finavia's incorporation is tax deductible. The additional pension contribution was recognised directly in the company's opening balance, so it has no profit or loss implications, but Finavia's taxable result for 2010 is negative. Therefore a deferred tax asset was recognised in the financial statements for 2010. Likewise, a deferred tax asset has been recognised due to the negative taxable result in 2011. A tax asset has been recognised for the Group due to Finavia's statutory provisions (the largest item being environmental provisions).

### 14. RECEIVABLES FROM GROUP SUBSIDIARIES

	FINAVIA CORP. 2011	FINAVIA CORP. 2010
Accounts receivable	516	2,125
Loans receivable	16,270	14,200
Prepaid expenses and accrued income	114	44
At the end of the financial period	16,900	16,369

The loan receivables include a subordinated loan of EUR 4.2 million to Group subsidiary RTG Ground Handling Oy. The interest charged for the loan is 10 years euro swap rate that is checked on the day preceding repayment of loan capital. No margin is charged. The loan capital does not accrue interest during the financial periods for which the adopted financial statements do not show any distributable funds. In case of liquidation or bankruptcy of the company, the loan capital and interest may only be paid at a lower priority than that of all other creditors. The loan capital may only be repaid and interest paid to the extent that the sum total of the company's unrestricted equity and all subordinated loans at the moment of payment exceeds the loss included in the balance sheet adopted for the last ended financial period or in more recent financial statements. Neither Finavia nor the subsidiary issue any collateral guarantee for the loan capital or interest.

## 15. MATERIAL ITEMS CONTAINED IN ACCRUED INCOME

	GROUP 2011	GROUP 2010	FINAVIA CORP. 2011	FINAVIA CORP. 2010
Rent receivables	2,808	2,098	2,799	2,073
Portion of investments to be financed by external investors (T&E Centres, EU, municipalities)	1,849	2,451	1,849	2,451
Receivables from occupational health care (KELA)	659	801	383	380
Tax asset (Corporate Tax Act)	4,420		4,420	0
Other	1,092	942	1,083	696
At the end of the financial period	10,828	6,291	10,534	5,600

## 16. INCREASE AND DECREASE IN EQUITY ITEMS

	GROUP 2011	GROUP 2010	FINAVIA CORP. 2011	FINAVIA CORP. 2010
Share capital				
At the beginning of the financial period	185,000	185,000	185,000	185,000
At the end of the financial period	185,000	185,000	185,000	185,000
Invested unrestricted equity reserve	102,689	102,689	102,689	102,689
+ increases / - deductions	-10,460	0	-10,460	0
At the end of the financial period	92,229	102,689	92,229	102,689
Profit/loss brought forward	37,573	960	18,473	
Adjustment of an entry made in the previous financial period -cancellation of a deferred tax asset	-1,788	0	0	
The portion of depreciation difference recognised in equity changed due to a change in tax rate	286			
Cancellation of minority interest 2010	0	166	0	0
	36,071	1,126	18,473	0
Profit (+)/Loss (-) for the financial period	3,154	36,447	-10,155	18,473
<b>Total equity</b>	<b>316,455</b>	<b>325,262</b>	<b>285,547</b>	<b>306,162</b>

The entire share capital of IP-Kiinteistöt Oy was transferred to LVM as a balance sheet transfer; this reduced the invested unrestricted equity of Finavia Corporation by EUR 10,454,000. The merger of Turun lentoaseman kunnossapitokeskus Oy reduced equity by EUR 5,633.13.

The sum of EUR 22,033,824 of the depreciation difference was recognised in equity (EUR 14,851,600 in 2010).

### Distributable non-restricted equity:

Invested unrestricted equity reserve	92,229	102,689
Retained earnings	8,318	18,473
	100,547	121,162

## 17. PROVISIONS

	GROUP 2011	GROUP 2010	FINAVIA CORP. 2011	FINAVIA CORP. 2010
Statutory provisions	19,571	11,905	19,571	11,905

The major items in statutory provisions on 31.12.2011:

An environmental provision of EUR 14.6 million (EUR 9.4 million in 2010) is associated with the pending environmental permit processes pending of different airports. A provision of EUR 5 million has been made for expanding the safety zones of runways to compliance with EASA's new aviation regulations. A provision was made in 2004 for Finavia's share amounting to EUR 3.8 million of the uncovered pension liability for Eurocontrol, which will be paid to the Eurocontrol Pension Fund (established on 1 January 2005) during the coming years. Following the instalments paid in 2005–2009, EUR 2.5 million of the provision was outstanding on 31 December 2010, and this was released in 2011. When Finavia was incorporated, the obligation to pay Eurocontrol's membership fee was transferred to the Government.

## 18. LONG-TERM LIABILITIES

Loans maturing after five years or more.

	GROUP 2011	GROUP 2010	FINAVIA CORP. 2011	FINAVIA CORP. 2010
Loans from financial institutions	159,199	199,568	112,943	136,458

## 19. OTHER LONG-TERM LIABILITIES

	GROUP 2011	GROUP 2010	FINAVIA CORP. 2011	FINAVIA CORP. 2010
Other liabilities	21,060	35,060	21,060	35,060
At the end of the financial period	21,060	35,060	21,060	35,060

Other liabilities include an item of EUR 21 million that Finavia Corporation will use to finance the construction of Ring Rail Line Oyj during 2013–2014. The estimated portion of 2012, EUR 14 million, is included in Accrued liabilities.

## 20. DEFERRED TAX LIABILITY

	GROUP 2011	GROUP 2010
For appropriations	7,150	5,218

## 21. DEBT TO OTHER GROUP SUBSIDIARIES

	FINAVIA CORP. 2011	FINAVIA CORP. 2010
Accounts payable	479	386
Accrued liabilities	1,240	1,174
At the end of the financial period	1,719	1,560

## 22. MATERIAL ITEMS OF ACCRUED LIABILITIES

	GROUP 2011	GROUP 2010	FINAVIA CORP. 2011	FINAVIA CORP. 2010
Holiday bonuses with social security contributions	19,966	19,887	16,409	16,484
Periodic salaries with social security contributions	4,305	3,451	3,268	2,810
Interest payable	608	1,323	-164	126
The Ring Rail Line project (2012 portion)	14,089	3,968	14,089	3,967
Additional bill regarding the Ring Rail Line project	22,500	0	22,500	0
Tax liabilities	566	1,079	0	0
Other	6,383	4,835	4,610	4,523
At the end of the financial period	68,416	34,542	60,712	27,910

## 23. GUARANTEES, PLEDGES AND LIABILITIES

The numbers listed are in accordance with the remaining equity values.

	GROUP 2011	GROUP 2010	FINAVIA CORP. 2011	FINAVIA CORP. 2010
<b>Loans of the subsidiaries and associates for which a pledge was given:</b>				
Loans from financial institutions	50,985	54,717	0	0
Bank account overdraft facility	0	1000	0	0
Commercial Paper Programme	10,000	10,000	0	0
Total guarantees given	60,985	65,717	60,985	65,717
<b>Other guarantees on behalf of subsidiaries</b>				
Special guarantee for leasing liabilities	0	0	1,888	2,006
<b>Loans of the subsidiaries for which the pledge was given (charge on the subsidiary's building)</b>				
Loans from financial institutions	39,797	32,500		
Pledges on own behalf, total:	36,000	36,000		
<b>Finavia Corporation and its subsidiaries have agreed on covenants with the provider of financing for securing the following loans:</b>				
Kiinteistö Oy Turun Lentorahti	0	5,373		
Kiinteistö Oy Turun Lentoaseman kunnossapitokeskus				
In the covenants, an undertaking has been given to maintain the subsidiary's solvency ratio at the agreed level. The debtor cannot pledge or otherwise use its assets as collateral without the bank's written permission. Finavia Corporation has undertaken to maintain its current holding in the subsidiaries.				
IP-Kiinteistöt Oy	0	11,845		
In the covenants, IP-Kiinteistöt Oy has undertaken to maintain its solvency ratio at the agreed level, and Finavia Corporation has undertaken to maintain its holding of IP-Kiinteistöt Oy.				
<b>Other pledges on own behalf</b>				
Business mortgages	1,200	2,000	0	0
<b>Other guarantee liabilities</b>				
	213	460	150	460
<b>Leasing liabilities</b>				
Payable during the 2012 financial period	10,407	9,120	8,589	7,569
Payable later	55,071	45,293	51,626	42,465
<b>Guarantees, pledges and liabilities given (total)</b>	<b>163,876</b>	<b>175,807</b>	<b>123,238</b>	<b>118,217</b>

OTHER LIABILITIES	GROUP		FINAVIA CORP.	
	Value of the underlying asset	Fair value	Value of the underlying asset	Fair value
<b>Derivative contracts</b>				
Forward contracts on electricity	9,160	-1,321	9,160	-1,321
Interest swaps	325,331	-34,794	293,275	-32,675
Interest and currency swaps	39,535	-1,079	0	0

Finavia has hedged the electricity purchase prices through derivative contracts (forward contracts). Interest swaps as well as interest and currency swaps are used to hedge the open interest rate risk of Finavia Group in line with the financial policy approved by the Board of Directors.

The Finnish State is liable for all loans taken out by Finavia Corporation. The loans of subsidiary companies are guaranteed by the parent company or have an absolute guarantee.

# SIGNATURES FOR THE BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS

Vantaa, 9 March 2012

Soili Suonoja  
Chairman of the Board of Directors

Pirkko Juntti

Rita Linna

Pauli Manninen

Harri Pynnä

Antti Vehviläinen

Kari Savolainen  
CEO

An auditor's report on the accounts has today been issued.

Vantaa, 14 March 2012

Ernst & Young Oy  
Authorised Public Accountants

Tiina Lind  
APA, CPFA



# AUDITOR'S REPORT

To the AGM of Finavia Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Finavia Corporation of Finland Ltd. for the financial period 1 January–31 December 2011. The financial statements comprise the consolidated balance sheet, consolidated income statement and consolidated cash flow statement and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

## Responsibility of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of financial statements and report of the Board of Directors that give a true and fair view in accordance with the regulations governing the preparation of financial statements and report of the Board of Directors in force in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

## Auditor's responsibilities

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the President and CEO are guilty of an act or negligence which may result in liability for damages towards the company or have violated the Limited Liability Companies Act or the Articles of Association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view. The auditor assesses internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for the audit opinion.

## Audit opinion regarding the financial statements and report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of the financial performance and financial position of the Group and the parent company in accordance with the regulations governing the preparation of financial statements and report of the Board of Directors in force in Finland.

The information in the report of the Board of Directors is consistent with the information in the financial statements.

## Other opinions

We are in favour of adopting the financial statements. The Board of Directors' proposal regarding the application of profits shown on the balance sheet and regarding the distribution of other unrestricted equity is compliant with the Finnish Limited Liability Companies' Act. We are in favour of discharging the members of the Board and the CEO from liability for the financial period we have audited.

Helsinki, 14 March 2012

Ernst & Young Oy  
Authorised Public Accountants

Tiina Lind  
APA, CPFA

# CALCULATION OF KEY FIGURES

$$\text{Return on investment (\%)} = \frac{\text{Profit + interest charges and other financing costs}}{\text{Equity + interest-bearing financial liabilities, average of opening and closing balance}} \times 100$$

$$\text{Return on equity (\%)} = \frac{\text{Profit, surplus or loss before extraordinary items less taxes}}{\text{Equity + minority interest, average of opening and closing balance}} \times 100$$

$$\text{Equity ratio, \%} = \frac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total – advances received}} \times 100$$

$$\text{Gearing ratio, \%} = \frac{\text{Interest-bearing liabilities, net}}{\text{Shareholders' equity}}$$

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