

FINGRID OYJ  
www.fingrid.fi

24.4.2019, at 10:30 a.m  
EET

## **Fingrid Group – Management’s Review 1 January - 31 March**

Fingrid follows a six-month reporting period, as referred to in the Securities Markets Act, and publishes management’s reviews for the first three and nine months of the year; the management’s reviews contain key information illustrating the company’s financial and other development. The information presented in the Management’s Review relates to the Fingrid Group’s performance in January-March 2019 and the corresponding period of 2018, unless otherwise indicated. The figures presented here have been drawn up in accordance with International Financial Reporting Standards (IFRS). The Management’s Review is not an interim report in accordance with the IAS 34 standard. The figures are unaudited.

- Fingrid’s January-March went according to expectations.
- Turnover during the period under review amounted to EUR 256.1 (260.6) million and operating profit, excluding the change in the fair value of derivatives, amounted to EUR 78.7 (95.4) million.
- The company’s profitability and liquidity remained at a good level.

### **Review by the President & CEO: “Finland’s electricity system functions reliably”**

Fingrid’s financial development in the first quarter of the year has proceeded according to plan. Grid service income and cross-border transmission income were lower than they were in the previous year, due to the lower grid service fees. We lowered grid service fees by an average of eight per cent at the start of the year. As previously reported by us, the profit for the 2019 financial period, excluding changes in the fair value of derivatives and before taxes, is expected to decrease significantly from the previous year’s level.

Despite the variable weather conditions, Finland’s main grid operated reliably throughout the winter, with no major disturbances. The country’s electricity consumption peaked at approximately 14,542 megawatts on 28 January. Although peak consumption grew by roughly 500 megawatts compared to the previous year, it fell short of the all-time record consumption reached in 2016 by approximately 600 megawatts, due to the mild winter. The electricity supply was not in jeopardy during the peak consumption period. At the monthly level, Finland’s highest electricity consumption ever was recorded in January.

On 16 January, Finland’s main grid turned 90 years. The renewal of the oldest sections of the grid will be completed this year. Our joint project with the Swedish TSO, Svenska kraftnät, involving a third AC connection between the countries, was granted more than EUR 4 million in support from the EU for the technical assessment phase. The project is due for completion in 2025. Alongside that project, we have been preparing for the launch of the Forest Line project, which will significantly increase transmission capacity between northern and southern Finland.

European legislation aims to develop the single electricity market. Practical implementation of the legislation will entail major international collaboration on IT projects, the schedules for which have proved to be more challenging than previously anticipated. At the European level, new trading platforms for the balancing power markets are being created. In relation to this, the Nordic countries are building IT systems for the introduction of the new imbalance settlement model. The electricity markets should be brought from the one-hour trading period down to a fifteen-minute period, but the risk that the intended December 2020 date of adopting the fifteen-minute imbalance period will be delayed is obvious. Fingrid’s datahub project is, however, proceeding according to the agreed schedule, and the goal is to commission it in 2021. The changes to the Electricity Market Act that the datahub requires entered into force at the start of February.

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Fingrid was included in the list of Finland's Most Inspiring Workplaces for the third year in a row. This year, we ranked in second place in the mid-sized companies category. The recognition is granted annually to organisations that receive excellent results in Corporate Spirit's employee survey.

## Key figures

€M	1-3/19	1-3/18	change %	1-12/18
Turnover	<b>256.1</b>	260.6	-1.8	852.8
Operating profit*	<b>78.7</b>	95.4	-17.5	204.6
Profit before taxes	<b>59.4</b>	95.6	-37.9	229.0
Profit for the period	<b>47.4</b>	76.3	-37.8	183.2
Capital expenditure, gross	<b>23.3</b>	21.6	7.5	92.7
Net cash flow from operations**	<b>97.3</b>	106.3	-8.5	203.9
Interest-bearing net debt	<b>1,049.0</b>	888.9	18.0	974.3
Balance sheet total	<b>2,101.0</b>	2,198.7	-4.4	2,109.9
Equity ratio %	<b>33.3</b>	32.6		36.6

\* Operating profit excluding the change in the fair value of derivatives

\*\* Net cash flow from operations, after capital expenditure

- Operating profit, excluding the change in the fair value of derivatives, decreased due to the lower grid service fees and cross-border transmission fees.
- Profit before taxes declined considerably. This is due to the reduced transmission fees and the change in the market value of electricity derivatives.

## Main business events

- There were no major disturbances with extensive consequences in Fingrid's transmission grid in January-March.
- Between January through March, electricity consumption in Finland totalled 25.3 (25.8) terawatt hours. In the same period, Fingrid transmitted a total of 18.6 (18.8) terawatt hours in its grid, representing 71.5 (71.2) per cent of the total electricity transmission in Finland. During this period, the electricity Fingrid transmitted to its customers amounted to 17.8 (18.1) terawatt hours, which represents 70.2 (70.3) per cent of Finland's total consumption.
- Finland's peak consumption for the winter, approximately 14,542 megawatts, fell on 28 January 2019.
- Fingrid and the European Investment Bank (EIB) have signed a EUR 100 million loan agreement to reinforce and develop Finland's transmission grid.
- Fingrid Oyj's debt issues are listed on Ireland's stock exchange (Euronext Dublin) and the London Stock Exchange. On 26 February, Fingrid Oyj announced that its Home Member State is Ireland.
- Timo Kiiveri (M.Sc., MBA) was appointed to Fingrid's executive management group as Director of Asset Management. On 26 February 2019, Fingrid Oyj's Board of Directors appointed Senior Vice President of Markets Asta Sihvonon-Punkka as the company's Executive Vice President. The

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changes will enter into effect on 1 July 2019, when Kari Kuusela, the company's current Executive Vice President and Director of Asset Management, retires.

- Fingrid will construct a new substation in Imatra. The substation will be commissioned in 2020. In addition to Fingrid will carry out a digital substation pilot at Pernoonkoski, in Kotka, and seek to gain experience in utilising digital technology in the substation environment. The substation will be completed in 2020.

The transmission line planned jointly by Fingrid Oyj and the Swedish TSO Svenska kraftnät, from northern Finland to northern Sweden, proceeded to an environmental impact assessment.

Construction on the Hikiä–Orimattila 400 + 110 kilovolt transmission line is focussed on the Hikiä–Metsämarttila section. The transmission line will be completed in December 2019.

- On 21 March 2019, Fingrid Oyj's Annual General Meeting approved the financial statements for 2018 and decided on the dividend payment. The first dividend instalment totaling EUR 120,506,700.00 was paid on March 26, 2019. Juhani Järvi continues as Chair of the Board of Directors, and Päivi Nerg continues as Vice Chair of the Board. The other Board members are Anu Hämäläinen, Sanna Syri and Esko Torsti.

**The company has not changed its earnings guidance from what is stated in the financial statements of 26th February 2019.**

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*Fingrid is Finland's transmission system operator. We secure reliable electricity for our customers and society and we shape the clean and market-oriented electricity system of the future.*

Fingrid delivers. Responsibly.  
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