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Fingrid Oyj
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Fingrid Group's financial statements and annual report 2011: Capital investments at a record-high level, profit decreased

- operating profit of the Group 57 million euros (74 million euros in 2010)
- operating profit of the Group in the last quarter 17 (23) million euros
- revenue 438 (456) million euros
- capital expenditure 244 (144) million euros
- equity ratio 25.7 (28.6) %
- interest-bearing net borrowings 1,020 (855) million euros
- the Board of Directors proposes that a dividend of 2,018.26 euros per share be paid.

Jukka Ruusunen, Fingrid's President & CEO, on the financial statements:

"A decrease in electricity consumption in Finland together with a rise in market-based costs undermined Fingrid's financial performance. Especially the costs of reserves which safeguard the system security of the transmission system and the financial costs due to an elevated interest rate level were on the increase as compared to 2010.

Net borrowing by the company is growing due to our sizeable capital investment programme. During 2011, Fingrid issued a bond valued at 1 billion Swedish krona under the company's international Medium Term Note Programme and signed a long-term loan of 20 million euros with the Nordic Investment Bank, NIB.

Fingrid's capital expenditure was at a record-high level in 2011. The extraordinarily high level of capital investments in euros is explained by the fact that several large-scale construction projects were in progress concurrently. It appears that the capital expenditure level in 2011 is the highest within the company's ten-year capital investment programme, in accordance with which we are going to spend 1,700 million euros in the transmission system and reserve power in the next 10 years. The capital investments will require additional borrowing and also increases to the transmission tariffs in the coming years. At the beginning of 2012, Fingrid raised the transmission tariffs by an average of 30 per cent. Despite this, Fingrid's transmission tariffs are among the most inexpensive in Europe.

The system security of the Finnish transmission system continued to stay at a good level in 2011. However, the disturbance duration per a grid customer's connection point was above the average. The disturbance duration was increased especially by faults in some customers' branch lines connected to the grid, encountered during the storms at Christmas time. The impacts of these faults were also reflected in Fingrid's grid. The transmission grid itself survived the storms very well, considering their intensity.

Congestions in the transmission grid restricted electricity trade between Finland and the other Nordic countries. The available transmission capacity was about

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normal, but the scant rainfall in the early part of the year increased the demand for electricity exports from Finland, and abundant hydropower capacity in the autumn boosted the demand for imports into Finland. In many cases, the area prices between Finland and Sweden differed from each other by dozens of euros per megawatt hour. The situation levelled off towards the late autumn, which was partly due to the fact that the Fenno-Skan 2 transmission link was made available to the electricity market a month ahead of schedule. The link increased the transmission capacity between Finland and Sweden by 40 per cent.”

Financial result

The Group’s revenue between October and December was 108 million euros (138 million euros during the corresponding period in 2010). Grid revenue was 59 (64) million euros and sales of imbalance power 25 (49) million euros. The IFRS profit before taxes between October and December was 8 (14) million euros.

Revenue of the Fingrid Group in 2011 was 438 (456) million euros. Other operating income was 3 (7) million euros.

Grid revenue remained at the same level as in 2010 despite the tariff increase of 4.5 per cent. This was due to a decrease of 3.8 per cent in electricity consumption in Finland from 2010. The sales of imbalance power decreased to 146 (160) million euros mainly as a result of lower electricity market prices. Cross-border transmission income on the connection between Finland and Russia decreased by 2 million euros from the previous year. Fingrid’s congestion income on the Nordic interconnectors was 16 (9) million euros.

Revenue and other operating income (million €)	1-12/11	1-12/10	10-12/11	10-12/10
Grid service revenue	210	211	59	64
Sales of imbalance power	146	160	25	49
Cross-border transmission	22	24	5	6
Estlink congestion income	10	9	1	6
Nordic congestion income	16	9	4	1
Peak load capacity	7	14	5	2
ITC income	22	19	7	5
Feed-in tariff for peat	0	1		0
Other revenue	5	9	2	4
Other operating income	3	7	1	4
Revenue and other income total	441	463	109	142

The purchases of imbalance power were 131 (145) million euros. The loss energy costs decreased by 2 million euros from the previous year due to the significantly lower average area price for Finland. The costs of reserves which safeguard the system security of the transmission system increased by 7 million

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euros and the depreciation costs rose by 1 million euros. The maintenance management costs and personnel costs remained at the same level as in 2010.

Costs (million €)	1-12/11	1-12/10	10-12/11	10-12/10
Purchase of imbalance power	131	145	22	49
Purchase of loss energy	63	65	16	19
Depreciation	68	67	18	17
Reserves	28	22	7	6
Personnel	20	20	6	6
Maintenance management	18	18	6	5
Peak load capacity	7	13	5	3
ITC charges	12	10	4	2
Estlink grid rents	9	9	1	6
Feed-in tariff for peat		1		0
Other costs	23	21	7	7
Costs total	380	391	90	120
Operating profit excluding the change in the fair value of commodity derivatives	62	72	19	22
Operating profit of Group	57	74	17	23

The operating profit of the Group was 57 (74) million euros. Of the change in the fair value of commodity derivatives, -5 (+2) million euros were recognised in the income statement.

The operating profit in the last quarter was 17 (23) million euros.

The consolidated profit for the year was 33 (42) million euros. The cash flow from the operations of the Group deducted by capital expenditure was 148 million euros negative (-12 million euros). The company's Board of Directors will propose to the Annual General Meeting of Shareholders that 2,018.26 euros of dividend per share be paid.

The return on investment was 3.6 (5.1) per cent and the return on equity 6.5 (8.7) per cent. The equity ratio was 25.7 (28.6) per cent at the end of the review period.

The Fingrid Group and Fingrid Oyj employed 266 persons, including temporary employees, at the end of 2010. The corresponding figure a year before was 263. The number of permanent personnel was 252 (249).

Capital expenditure

Fingrid's gross capital expenditure in 2011 was 244 million euros (144 million euros in 2010). Of this amount, a total of 173 (109) million euros were used for the transmission grid and 68 (31) million euros for reserve power. IT-related capital expenditure was approximately 3 (4) million euros.

Research and development were allocated a total of 1.8 (1.5) million euros.

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Some 50 research and development projects were in progress in 2011. The foremost R&D input was placed on the development of new transmission line tower types and control methods for system security.

Power system

Electricity consumption in Finland decreased by 3.8 per cent on the previous year as a result of declining industrial production and the warm latter part of 2011. Electricity consumption in Finland in 2011 totalled 84.4 terawatt hours (87.7 terawatt hours in 2010). A total of 64.2 (68.1) terawatt hours of electricity was transmitted in Fingrid's grid, representing 76 per cent of the electricity consumption in Finland.

A total of 5.9 (2.8) terawatt hours of electricity was imported from Sweden to Finland during 2011, and 4.0 (5.7) terawatt hours was exported from Finland to Sweden.

The volume of electricity imports from Estonia to Finland on the Estlink connection was 1.6 (2.0) terawatt hours, and 0.5 (0.2) terawatt hours of electricity was exported from Finland to Estonia.

Electricity imports from Russia to Finland totalled 10.8 (11.6) terawatt hours in 2011.

Electricity market

The price level in the spot market of electricity was clearly lower than in 2010. The average system price was 47 euros per megawatt hour (53 €/MWh in 2010), and the average area price for Finland was 49 €/MWh (57 €/MWh).

Fingrid accumulated 15.8 million euros of Nordic congestion income during the year under review (9.0 million euros in 2010). Congestions were encountered on the border between Finland and Sweden in 23 per cent of the time, and in many cases the market prices between the two countries differed from each other by dozens of euros per megawatt hour.

In 2011, Fingrid used 1.6 (0.2) million euros for counter trade. This mainly resulted from disturbances on the cross-border connections and partly from transmission restrictions within Finland.

Events after the closing of the financial year and estimate of future outlook

On 17 January 2012, the international rating agency Standard & Poor's Rating Services (S&P) affirmed Fingrid Oyj's long-term credit rating AA- and short-term rating A-1+. The outlook changed from stable to negative. The change was associated with S&P's decision to change the outlook of the Republic of Finland from stable to negative.

Fingrid will continue the implementation of its capital expenditure programme of 1,700 million euros. The capital investments will be financed by increasing

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external financing. Furthermore, the company raised the transmission tariffs by 30 per cent from 1 January 2012.

In other respects, there have been no material events or changes in Fingrid's business or financial situation after the closing of the financial year.

These financial statements have been audited.

The financial statements and annual review are appended to this stock exchange release, and a separate corporate governance statement of Fingrid Oyj has also been provided.

Key figures	1-12/11	1-12/10	10-12/11	10-12/10
Turnover, million €	438.5	456.3	107.9	138.0
Capital expenditure, gross, million €	244.4	144.1	76.4	56.7
- of revenue %	55.7	31.6	70.9	41.1
Research and development expenses, million €	1.8	1.6	0.7	0.7
- of revenue %	0.4	0.3	0.6	0.4
Personnel, average	263	260		
Personnel, end of year	266	263		
Salaries and bonuses, total, million €	17.2	17.2	4.6	5.0
Operating profit, million €	56.6	74.4	17.1	23.1
- of revenue %	12.9	16.3	15.8	16.7
Profit before taxes, million €	34.2	56.3	8.3	14.4
- of revenue %	7.8	12.3	7.7	10.4
Return on investment (ROI), %	3.6	5.1		
Return on equity (ROE), %	6.5	8.7		
Equity ratio, %	25.7	28.6		
Interest-bearing net borrowings, million €	1,020.2	855.2		
Earnings per share, €	9,924	12,562	4,163	3,217
Dividends per share, €	2,018.26*	2,018.26		
Equity per share, €	152,573	154,654		
Number of shares at 31 Dec				
- Series A shares	2,078	2,078		
- Series B shares	1,247	1,247		
Total	3,325	3,325		

*The Board of Directors' proposal to the Annual General Meeting.

Appendices

Fingrid Oyj's financial statements and annual report 2011

Fingrid Oyj's corporate governance statement

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