

FINGRID OYJ
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28.4.2016, at 11:00 a.m
EET

FINGRID GROUP'S INTERIM REPORT 1 JANUARY - 31 MARCH 2016

Fingrid's consolidated financial statements have been drawn up in accordance with the International Financial Reporting Standards (IFRS). Unless otherwise indicated, the figures in parentheses refer to the same period of the previous year.

Financial development in January–March 2016

- The Group's turnover in January–March was EUR 183.9 (179.9) million
- The Group's operating profit was EUR 74.2 (72.8) million
- The Group's profit for January–March was EUR 59.0 (55.4) million
- Cash flow from the Group's operations, after capital expenditure, was EUR 92.4 (52.4) million
- Interest-bearing net borrowings amounted to EUR 934.8 (999.3) million
- Capital expenditure totalled EUR 27.3 (24.1) million
- The equity ratio was 35.5 (33.5) per cent
- Earnings per share totalled EUR 17,730 (16,656)

KEY FIGURES		1-3/16	1-3/15	change %	1-12/15
Turnover	€M	183.9	179.9	2.2	600.2
Capital expenditure, gross	€M	27.3	24.1	13.5	147.5
- of turnover	%	14.9	13.4		24.6
Research and development expenses	€M	0.6	0.4	53.0	1.8
- of turnover	%	0.3	0.2		0.3
Average number of employees		321	313	2.6	319
Number of employees at end of period		322	312	3.2	315
Salaries and bonuses, total	€M	5.6	5.5	2.6	21.3
Operating profit	€M	74.2	72.8	1.8	162.6
- of turnover	%	40.3	40.5		27.1
Profit before taxes	€M	73.6	69.2	6.5	129.3
- of turnover	%	40.0	38.5		21.5
Profit for the period	€M	59.0	55.4	6.5	103.6
Comprehensive income for the period	€M	60.5	57.0	6.1	109.1
Equity ratio	%	35.5	33.5		33.5
Interest-bearing net borrowings	€M	934.8	999.3	-6.5	1,026.6
Net gearing		1.2	1.4		1.4
Earnings per share	€	17,730.10	16,655.62	6.5	31,150.79
Dividend, Series A shares	€				33,686.24
Dividend, Series B shares	€				16,038.49
Equity per share	€	232,021	217,721	6.6	213,822
Number of shares					
– Series A shares	qty	2,078	2,078		2,078
– Series B shares	qty	1,247	1,247		1,247
Total	qty	3,325	3,325		3,325

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CEO Jukka Ruusunen: “The electricity system remained up and running during peak cold weather – the price of electricity continues to decline in the Nordic countries”

In early January, Finland’s electricity consumption exceeded 15,000 megawatts for the first time. The peak consumption situation clearly demonstrated Finland’s strong dependence on electricity imports and how the electricity system’s margins shrink during peak consumption periods. The electricity system functioned reliably, however, and the supply of electricity was not in jeopardy. The electricity market’s Europe-wide market mechanism proved its effectiveness by steering the Baltic Sea area power plants and electricity transmission across borders in the most efficient way possible, which, considering the circumstances, led to affordable electricity prices.

The low wholesale price of electricity will hamper market-based investments and lead many current production plants to close down prematurely in Finland and the neighbouring countries. The Nordic market price declined 21 per cent from the price one year ago. The main reason for the low price level was the high hydropower production in Sweden and Norway, and increased wind power production in the Nordic countries. Finland was not able to take full advantage of the strong production situation of the neighbouring countries due to the limited transmission capacity.

We are rapidly modernising the transmission connection between eastern and western Finland, i.e. the “Iron Lady”, Finland’s first high-voltage power line from Turku to Imatra. The section between Hikiä and Forssa was commissioned in March. The costs of the power line project amounted to EUR 25 million. During the period under review, we made investment and procurement decisions valued at altogether EUR 34 million.

We are preparing for the future by developing our leadership and corporate culture. As the outcome of this determined work, we ranked tenth in the Great Place to Work list among mid-sized companies in Finland.

FINGRID GROUP’S INTERIM REPORT 1 JANUARY - 31 MARCH 2016

Accounting principles

Fingrid’s interim report has been drawn up in accordance with the standard IAS 34 Interim Financial Reporting. In preparing this report, where the recognition of congestion income is concerned, Fingrid changed its accounting principles from those applied in its annual financial statements for 2015. The change was implemented as of the beginning of 2016. In other respects, the interim report complies with the same accounting principles as those used for Fingrid’s 2015 financial statements.

As a consequence of the change in the regulation governing Fingrid’s grid pricing, the company will include the congestion income received after 1 January 2016 as accruals in the item other liabilities in the balance sheet. Of the accruals, congestion income will be recognised in the income statement as other operating income when their corresponding costs, as defined in the regulation, accrue as annual expenses in the income statement. Alternatively, they are entered in the balance sheet against investments, as defined by regulation, to lower the acquisition cost of property, plant and equipment, which lowers the depreciation of the property, plant and equipment in question.

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Financial result

The Group's turnover for January–March was EUR 183.9 (179.9) million. Grid service income grew in the first quarter to EUR 127.8 (115.4) million, as a result of the change in grid pricing enacted at the start of the year and due to the growth in electricity consumption. Other operating income totalled EUR 2.3 (0.8) million. Other operating income includes recognition of EUR 1.3 million in congestion income, which relates to the use of congestion income as prescribed in the regulation to cover the expenses for maintaining transmission capacity between Finland and other EU countries. Expenses in January–March amounted to EUR 109.2 (103.9) million.

Between January and March, electricity consumption totalled 24.7 (23.4) terawatt hours. Imbalance power sales amounted to EUR 41.8 (40.2) million. Cross-border transmission income from the connection between Finland and Russia increased to EUR 7.1 (5.6) million. This was due to the new tariff structure that was introduced.

Fingrid's congestion income from connections between Finland and Sweden grew to EUR 19.9 (11.0) million as a result of the low price level for electricity in Sweden. Fingrid's congestion income from the links between Finland and Estonia amounted to EUR 1.7 (0.4) million. As a consequence of the change in the way congestion income is recognised, it is no longer reported in Fingrid's turnover as of the beginning of 2016; instead, congestion income is entered directly in the balance sheet as accruals, from where they are used in the manner prescribed by regulation to maintain or increase the transmission capacity between Finland and other EU countries.

Imbalance power costs increased from the previous year's level to EUR 33.0 (27.8) million, largely due to the increase in the price of imbalance power. Loss energy costs increased to EUR 16.6 (15.9) million due to the higher volume of loss energy than in the comparison period. At the end of March, approximately 99 (101) per cent of Fingrid's projected loss energy procurement for the remaining part of 2016 was hedged at an average price of EUR 36.2 (40.1) per megawatt hour.

The cost of reserves to safeguard the grid's system security decreased to EUR 10.6 (12.0) million. The reasons for the decline in costs were the interruption of the procurement of an automatic frequency control reserve and the lowering of the maintenance costs of Fingrid's reserve power plants, which serve as rapid response disturbance reserves. Depreciation amounted to EUR 23.7 (22.9) million. Grid maintenance costs grew to EUR 3.7 (2.7) million, due to higher spending on cutting down trees along power line roads and preventive maintenance on power lines compared to the same period in 2015. Personnel costs remained close to the previous year's level and totalled EUR 6.9 (6.6) million.

Turnover and other income (€M)	1-3/16	1-3/15	change %	1-12/15
Grid service income	128	115	10.8	333
Imbalance power sales	42	40	4.0	137
Cross-border transmission income	7	6	25.2	11
Finland-Estonia congestion income*	0	0	-100.0	4
Finland-Sweden congestion income*	0	11	-100.0	87
Peak load capacity income**	2	2	-13.8	8
ITC income	4	4	6.9	15
Other turnover	1	1	-6.8	5
Other operating income	2	1	200.1	5
Turnover and other income total	186	181	3.1	605
Costs (€M)	1-3/16	1-3/15	change %	1-12/15
Purchase of imbalance power	33	28	18.7	98
Loss energy costs	17	16	4.7	69
Depreciation	24	23	3.6	94
Cost of reserves	11	12	-11.5	55
Personnel costs	7	7	4.9	26
Maintenance costs	4	3	35.3	19
Peak load capacity costs**	2	2	-12.2	7
ITC charges	3	4	-8.7	9
Other costs	10	11	-7.7	41
Costs total	109	104	5.1	419
Operating profit, excl. the change in the fair value of commodity derivatives	77	77	0.4	187
Consolidated operating profit, IFRS	74	73	1.8	163

*A change was made in how congestion income is reported, and it is not reported in the turnover as of the beginning of 2016.

** Peak load capacity income and costs are related to the securing of sufficient electricity supply during peak consumption hours in compliance with the Finnish Peak Load Capacity Act.

The Group's operating profit in the first quarter of the year was EUR 74.2 (72.8) million. Profit before taxes was EUR 73.6 (69.2) million. The biggest differences from the corresponding period last year are explained by the growth in grid service income (EUR +12.4 million), changes in the market value of derivatives (EUR +4.0 million), and the elimination of congestion income from the turnover (-11.4 million), due to the change in how congestion income is reported. Profit for the financial period was EUR 59.0 (55.4) million and comprehensive income was EUR 60.5 (57.0) million. The Group's net cash flow from operations, with net capital expenditure deducted, was EUR 92.4 (52.4) million in the first quarter of the year. The equity ratio was 35.5 (33.5) per cent at the end of the review period.

The Group's profit for the financial period is characterised by seasonal fluctuations, which is why the profit for the entire year cannot be directly estimated on the basis of profit from the period under review. The good result of the period under review is due to the higher electricity consumption during winter compared to the rest of the year and the higher transmission price collected for weekdays during the winter.

Investments and maintenance

Fingrid's investment programme is progressing as planned. Fingrid is modernising the "Iron Lady", Finland's first high-voltage power line from Turku to Imatra, in order to reinforce the transmission connection between eastern and western Finland. The Hikiä–Forssa section of this major project was completed and commissioned in March. The costs of the project amounted to EUR 25 million. Modernisation of the Iron Lady continues between Lieto and Forssa, where foundation work for the pylons is under way. The project is expected to be completed in its entirety by 2020.

The renewal of the Hirvisuo–Pyhänselkä transmission connection is proceeding as planned and will be completed in 2016. Once completed, the transmission connection will ensure the supply of electricity in western Finland and enable wind and nuclear power to be connected to the grid. The transmission capacity between northern and southern Finland will also improve considerably.

The grid in western Finland will also be reinforced by the modernisation of the Alajärvi substation and the expansion of the Kristinestad substation, in connection with which Fingrid has concluded procurement contracts. The Alajärvi substation project is valued at approximately EUR 7.5 million, and it will reach completion at the end of 2017. The expansion of the Kristinestad substation will allow hundreds of megawatts of wind power to be connected to the grid, and it will improve the reliability of the electricity network in Southern Ostrobothnia. The project will be completed in 2017 and its estimated value is EUR 4.5 million.

With the aim of securing the electricity supply for both residents of the capital city region and functions that are vital to society, Fingrid will reinforce the Länsisalmi substation. A procurement decision on the modernisation and expansion of the substation was made. The total value of the contracts is roughly EUR 13 million and the project will be completed at the end of 2017.

The Inkoo substation that was built in the 1970s secures the electricity supply in western Uusimaa. Fingrid has come to an investment decision concerning the modernisation of the ageing station. The project, with an estimated cost of EUR 9 million, is due for completion in 2018.

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Development work on the Elvis ERP system is nearing completion. In 2006, Fingrid launched a project aimed at building a complete, modern IT system to support asset management operations. In March 2016, most of the functions were taken into use, and the system will be in full use in 2016.

To improve the reliability of cross-border transmission connections, Fingrid has made major changes to its operating model and increased the expert resources on its DC connections. A 24/7 standby system was taken into use as of the beginning of 2016.

Power system

During the winter, Finland's electricity consumption exceeded 15,000 megawatts for the first time: The hourly average power rating of Finland's electricity consumption rose to 15,100 megawatts between 5 pm and 6 pm on the 7th of January 2016. During that peak consumption hour, Finland generated 10,800 megawatts of electricity and the remaining 4,300 megawatts was imported from neighbouring countries. In peak consumption situations, Finland is dependent on electricity imports. The electricity system functioned reliably during the consumption peak, and the supply of electricity was not in jeopardy. Peak-load capacity was not used.

Between January and March, electricity consumption in Finland totalled 24.7 (23.4) terawatt hours. Inter-TSO transmission in the same period amounted to 1.4 (1.3) terawatt hours. The total electricity transmission in Finland was thus 25.1 (24.7) terawatt hours. Fingrid transmitted a total of 19.3 (17.9) terawatt hours in its grid, representing 76.9 (72.5) per cent of the total electricity transmission in Finland. During this period, Fingrid transmitted 17.8 (16.6) terawatt hours of electricity to its customers, which amounts to 72.3 (71.0) per cent of Finland's total consumption.

Between January and March, 5.0 (4.2) terawatt hours of electricity were imported from Sweden to Finland, and 0.0 (0.05) terawatt hours were exported from Finland to Sweden. A high volume of electricity continued to be imported from Sweden throughout the review period.

In January–March, 1.4 (1.2) terawatt hours of electricity were exported to Estonia. In January–March, 0.06 (0.01) terawatt hours of electricity were imported from Estonia.

Between January and March, 1.7 (2.1) terawatt hours of electricity were imported from Russia to Finland. Electricity imports from Russia were relatively low, as in the previous year. There are major intraday variations in import volumes, however. No electricity was exported to Russia during the reporting period.

The transmission capacity between Finland and its neighbouring countries was fully available in the electricity markets, with the exception of a few brief planned maintenance jobs and restrictions caused by disturbances.

There were no major disturbances in the grid during the period under review.

Power system	1-3/16	1-3/15	1-12/15
Electricity consumption in Finland, TWh	24.7	23.4	82.5
TSO transmission in Finland, TWh	1.4	1.3	3.9
Transmission within Finland, TWh	25.1	24.7	87.2
Fingrids electricity transmission volume, TWh	19.3	17.9	67.2
Fingrid's electricity transmission to customers, TWh	17.8	16.6	63.3
Fingrid's loss energy volume, TWh	0.4	0.3	1.4
Electricity transmission Finland - Sweden			
Exports to Sweden TWh	0.0	0.0	0.2
Imports from Sweden, TWh	5.0	4.2	17.8
Electricity transmission Finland - Estonia			
Exports to Estonia, TWh	1.4	1.2	5.0
Imports from Estonia, TWh	0.1	0.0	0.0
Electricity transmission Finland - Russia			
Imports from Russia, TWh	1.7	2.1	3.9

Electricity market

The average Nordic price (system price) of electricity in the day-ahead market January–March 2016 was EUR 23.99 (28.13) per megawatt hour.

Congestion income between Finland and Sweden totalled EUR 39.8 (22.0) million. Compared to the first quarter of 2015, congestion income was further increased by the lower price level in Sweden. The main reason for the low price level was the high hydropower production in Sweden and Norway, and increased wind power production in the Nordic countries.

The imbalance price of power reached an all-time high of EUR 3,000 per megawatt hour for one hour on 22 January 2016. In the hour of 7–8 am, Fingrid took advantage of all available market-based upward capacity to balance electricity production and consumption.

Electricity market	1-3/16	1-3/15	1-12/15
Nord Pool system price, average €/MWh	23.99	28.13	20.98
Area price Finland, average €/MWh	30.43	32.10	29.66
Congestion income between Finland and Sweden, €M*	39.8	22.0	173.5
Congestion hours between Finland and Sweden %**	55.3	38.8	47.1
Congestion income between Finland and Estonia, €M*	3.5	0.7	8.4
Congestion hours between Finland and Estonia %**	20.8	6.6	12.0

* The congestion income between Finland and Sweden and between Finland and Estonia is divided equally between the relevant TSOs.

** Congestion hours (%) indicate the share of congestion hours of all hours during the period. Congestion hour refers to an hour between Finland and Sweden during which Finland's day-ahead area price differs from both Sweden's SE1 and its SE3 area price, and between Finland and Estonia, an hour during which Finland's day-ahead area price differs from Estonia's area price.

In the first quarter of the year, the cost of countertrade was EUR 1.1 (1.0) million. Countertrade costs mostly consisted of costs resulting from disturbances in the transmission connections between Finland and Sweden.

Countertrade	1-3/16	1-3/15	1-12/15
Countertrade between Finland and Sweden, €M	1.0	0.2	0.8
Countertrade between Finland and Estonia, €M	0.1	0.0	0.8
Countertrade between Finland's internal connections, €M	0.0	0.8	2.2
Total countertrade, €M	1.1	1.0	3.8

Financing

The company's credit rating remained high, reflecting the company's strong overall financial situation and debt service capacity. The company's net financial costs between January and March were EUR 0.8 (3.9) million, including the change in the fair value of derivatives of EUR 4.2 million positive (EUR 1.3 million positive). Interest-bearing borrowings totalled EUR 1,096.7 (1,182.8) million, of which non-current borrowings accounted for EUR 906.4 (955.2) million and current borrowings for EUR 190.3 (227.6) million.

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The company's liquidity remained good. Financial and cash assets recognised at fair value through profit or loss on 31 March 2016 were EUR 161.9 (183.4) million. The company additionally has an undrawn revolving credit facility of EUR 300 million to secure liquidity and a total of EUR 50 million in uncommitted overdraft facilities.

The change in the fair value of electricity derivatives during the period under review includes EUR 1.8 million from a dismantled hedge fund resulting from the discontinuation of hedge accounting, as an item reducing the Group's result.

The counterparty risk arising from derivative contracts relating to financing was EUR 17 (37) million. Fingrid's foreign exchange and commodity price risks were, as a general rule, fully hedged.

On 15 January 2016, the international credit rating agency Fitch Ratings (Fitch) affirmed the rating 'A+' for Fingrid Oyj's unsecured senior debt, 'A' for its long-term issuer rating and 'F1' for its short-term issuer rating, with a stable outlook.

On 1 February 2016, Fingrid finalised a competitive tender for rating services. Fingrid continued its rating service agreements with Standard & Poor's Ratings Services and Fitch Ratings and terminated its rating service agreement with Moody's Investors Service. The ratings service agreement with Moody's Investors Service ended on 1 February 2016.

Personnel

The total number of personnel employed by the Group averaged 321 (313), of which 283 (282) were in a permanent employment relationship.

Other matters

The Energy Authority decided on the regulation methods for electricity grid operations for the regulatory periods 2016–2019 and 2020–2023. The regulation methods entered into force on 1 January 2016 and the appeal period ended on 4 January 2016. Fingrid did not appeal the decision.

On 16 February 2016, Fingrid established Fingrid Datahub Oy. The task of the subsidiary, wholly owned by Fingrid, is to implement a centralised information exchange system for the electricity markets, in which the exchange of information between retail sellers and transmission system operators is concentrated into a single service.

Auditing

This Interim Report is unaudited.

Events after the review period and outlook for the rest of the year

Fingrid Oyj's Annual General Meeting was held in Helsinki on the 6th of April 2016. The Annual General Meeting approved the financial statements for 2015, confirmed the income statement and balance sheet, and discharged the members of the Board of Directors and the CEO from liability.

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The AGM elected Fingrid Oyj's Board of Directors for the term that ends at the close of the next Annual General Meeting. Juhani Järvi was appointed Chairman of Fingrid's Board of Directors. The other Board members are Juha Majanen, (Vice Chairman), Esko Torsti, and Sanna Syri, as well as Anu Hämäläinen, who was elected as a new Board member at the AGM. A more detailed presentation of the board members is available on the company's website.

The AGM decided to pay a dividend of EUR 33,686.24 for each Series A share and EUR 16,038.49 for each Series B share, for a total of EUR 90,000,003.75.

PricewaterhouseCoopers Oy, which appointed Jouko Malinen as the principal auditor, was elected as the auditor of the company.

Fingrid Group's profit for the 2016 financial period, excluding changes in the fair value of derivatives and before taxes, is expected to decline from the previous year. Grid service pricing for 2016 is set in such a way as to balance out the surplus that was generated in the previous regulatory period with a corresponding deficit. Comparability is also affected by the different way of recognising congestion income as of the start of 2016. Results forecasts for the full year are complicated especially by the uncertainty related to grid income, ITC income and cross-border transmission income, and to reserve and loss energy costs. In the Nordic countries, these are dependent on temperature variations and precipitation and changes in water levels, which affect electricity consumption and electricity prices in Finland and its nearby areas, and thereby also the volume of electricity transmission in the grid. The company's debt service capacity is expected to remain stable.

Notes: Tables for Fingrid's Interim Report 1.1.–31.3.2016

Further information:

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Notes: Tables for Fingrid's Interim Report 1 January - 31 March 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME €M	1-3/2016	1-3/2015	Change	1-12/2015
Turnover	183.9	179.9	4.0	600.2
Other operating income	2.3	0.8	1.6	5.2
Depreciation	-23.7	-22.9	-0.8	-94.1
Operating expenses	-88.4	-84.9	-3.4	-348.7
Operating profit	74.2	72.8	1.3	162.6
Finance income and costs	-0.8	-3.9	3.1	-33.7
Share of profit of assoc. companies	0.2	0.2	0.0	0.4
Profit before taxes	73.6	69.2	4.5	129.3
Income taxes	-14.7	-13.8	-0.9	-25.7
Profit for the period	59.0	55.4	3.6	103.6
Other comprehensive income				
Cash flow hedges	1.4	1.4	0.0	5.8
Translation reserve	0.1	0.2	-0.1	-0.3
Items available for sale	0.0	0.0	0.0	0.0
Total comprehensive income for the financial period	60.5	57.0	3.5	109.1
Profit attributable to:				
Shareholders of the company	59.0	55.4	3.6	103.6
Comprehensive income attributable to:				
Shareholders of the company	60.5	57.0	3.5	109.1
Earnings per share on profit attributable to shareholders of the parent company (EUR)*:	17,730	16,656	1,074	31,151

* no dilution effect

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CONDENSED CONSOLIDATED BALANCE SHEET, €M	1-3/2016	1-3/2015	Change	1-12/2015
ASSETS				
Non-current assets				
Goodwill	87.9	87.9	0.0	87.9
Intangible assets	95.2	95.2	0.0	95.4
Property, plant and equipment	1,681.4	1,627.0	54.4	1,677.0
Investments	10.4	11.0	-0.6	10.2
Derivatives	36.7	42.9	-6.2	32.1
Receivables	19.6	13.6	6.1	19.0
Total non-current assets	1,931.2	1,877.6	53.6	1,921.6
Current assets				
Inventories	12.5	12.3	0.2	12.7
Derivatives	2.1	10.3	-8.3	3.4
Receivables	64.4	76.7	-12.4	69.9
Financial assets recognised in income statement at fair value	87.2	115.9	-28.6	93.5
Cash and cash equivalents and financial assets	74.7	67.6	7.1	23.4
Total current assets	240.8	282.8	-42.0	202.8
Non-current assets held for sale	0.0	0.2	-0.2	0.0
Total assets	2,171.9	2,160.6	11.4	2,124.4
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity attributable to shareholders of the parent company				
Shareholders' equity	771.5	723.9	47.5	711.0
Non-current liabilities				
Interest-bearing	906.4	955.2	-48.8	907.2
Derivatives	54.0	43.0	11.0	47.0
Non-interest-bearing	128.8	125.5	3.3	126.9
Total non-current liabilities	1,089.3	1,123.7	-34.4	1,081.1
Current liabilities				
Interest-bearing	190.3	227.6	-37.2	236.2
Derivatives	22.7	14.1	8.6	30.3
Non-interest-bearing	98.2	71.3	26.9	65.8
Total current liabilities	311.2	313.0	-1.7	332.4
Total shareholders' equity and liabilities	2,171.9	2,160.6	11.4	2,124.4

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Consolidated statement of changes in total equity, €M						
Equity attributable to shareholders of the parent company	Share capital	Share premium account	Revaluation reserves	Translation reserve	Retained earnings	Shareholders' equity total
Balance on 1 January 2015	55.9	55.9	-11.5	-0.4	567.0	666.9
Comprehensive income for the financial period						
Profit or loss					55.4	55.4
Other comprehensive income						
Cash flow hedges			1.4			1.4
Translation reserve				0.2		0.2
Items related to long-term asset items available for sale			0.0			0.0
Total other comprehensive income adjusted by tax effects			1.4	0.2		1.7
Total comprehensive income			1.4	0.2	55.4	57.0
Transactions with owners						
Balance on 31 March 2015	55.9	55.9	-10.1	-0.2	622.4	723.9
Comprehensive income for the financial period						
Profit or loss					48.2	48.2
Other comprehensive income						
Cash flow hedges			4.3			4.3
Translation reserve				-0.5		-0.5
Items related to long-term asset items available for sale			0.0			0.0
Total other comprehensive income adjusted by tax effects			4.4	-0.5		3.8
Total comprehensive income			4.4	-0.5	48.2	52.0
Balance on 1 January 2016	55.9	55.9	-5.7	-0.7	605.6	711.0
Comprehensive income for the financial period						
Profit or loss					59.0	59.0
Other comprehensive income						
Cash flow hedges			1.4			1.4
Translation reserve				0.1		0.1
Items related to long-term asset items available for sale			0.0			0.0
Total other comprehensive income adjusted by tax effects			1.4	0.1		1.6
Total comprehensive income			1.4	0.1	59.0	60.5
Transactions with owners						
Balance on 31 March 2016	55.9	55.9	-4.3	-0.6	664.5	771.5

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28.4.2016, at 11:00 a.m
EET

CONSOLIDATED CASH FLOW STATEMENT, €M	1-3/2016	1-3/2015	Change	1-12/2015
Cash flow from operating activities				
Profit for the financial period	59.0	55.4	3.6	103.6
Adjustments	41.2	44.0	-2.8	175.2
Changes in working capital	24.2	-25.0	49.2	-19.7
Interest paid	-1.2	-1.2	0.0	-23.7
Interest received	0.1	0.4	-0.4	0.8
Taxes paid	-5.0	-4.3	-0.8	-20.5
Net cash flow from operating activities	118.2	69.4	48.9	215.7
Cash flow from investing activities				
Purchase of property, plant and equipment	-25.7	-30.6	4.9	-150.4
Purchase of intangible assets	-0.5	-0.9	0.4	-3.4
Purchase of other assets				
Proceeds from sale of other assets	0.1		0.1	0.5
Proceeds from sale of property, plant and equipment	0.8	0.1	0.8	5.1
Loans granted				-0.9
Dividend received				0.6
Contributions received		15.0	-15.0	15.0
Interest paid	-0.6	-0.5	-0.1	-1.7
Net cash flow from investing activities	-25.8	-17.0	-8.8	-135.3
Cash flow from financing activities				
Proceeds from non-current financing (liabilities)				107.4
Payments of non-current financing (liabilities)	-12.4	-2.0	-10.4	-104.2
Change in current financing (liabilities)	-35.0	-46.2	11.2	-81.0
Dividends paid				-65.0
Net cash flow from financing activities	-47.4	-48.2	0.8	-142.8
Change in cash and cash equivalents and financial	45.0	4.2	40.9	-62.4
Cash and cash equivalents 1 Jan	116.9	179.3	-62.4	179.3
Cash and cash equivalents 31 Mar.	161.9	183.4	-21.5	116.9

QUARTERLY FIGURES							
		Q1/2016	Q4/2015	Q3/2015	Q2/2015	Q1/2015	Q4/2014
Turnover	€M	183.9	172.5	134.6	113.2	179.9	148.2
Operating profit	€M	74.2	57.4	23.1	9.3	72.8	26.5
Operating profit	%	40.3	33.3	17.1	8.2	40.5	17.9

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INVESTMENTS, €M	1-3/2016	1-3/2015	Change	1-12/2015
Grid investments	24.5	22.5	2.0	138.4
Substations	14.5	10.7	3.9	77.1
Transmission lines	9.9	11.8	-1.9	61.3
Gas turbine investments	0.3	0.0	0.3	0.7
Existing gas turbine plants	0.3		0.3	0.3
New gas turbine plants		0.0	0.0	0.4
Other investments	2.6	1.6	1.0	8.4
ICT	2.5	1.5	1.0	8.4
Total investments	27.3	24.1	3.3	147.5

RESEARCH AND DEVELOPMENT EXPENSES, €M	1-3/2016	1-3/2015	Change	1-12/2015
Research and development expenses	0.6	0.4	0.2	1.8

DERIVATIVE CONTRACTS, €M												
	31 March 2016				31 March 2015				31 Dec 2015			
Interest and currency derivatives	Fair value pos.	Fair value neg.	Net fair value	Nominal value	Fair value pos.	Fair value neg.	Net fair value	Nominal value	Fair value pos.	Fair value neg.	Net fair value	Nominal value
Currency swaps	15	-19	-4	331	32	-13	19	321	15	-20	-5	341
Forward contracts	0	0	0	4	0		0	1		0	0	5
Interest rate swaps	31	-10	21	430	31	-12	18	435	24	-9	15	430
Call options bought	1		1	359				150	1		1	359
Total	46	-29	17	1,123	63	-26	37	907	40	-30	11	1,135
Electricity derivatives	Fair value pos.	Fair value neg.	Net fair value	Volume TWh	Fair value pos.	Fair value neg.	Net fair value	Volume TWh	Fair value pos.	Fair value neg.	Net fair value	Volume TWh
Electricity forward contracts, NASDAQ OMX Commodities	0	-50	-50	4.13	0	-34	-34	4.18		-49	-49	4.22
Total	0	-50	-50	4.13	0	-34	-34	4.18		-49	-49	4.22

The Group terminated hedge accounting for derivatives at the start of 2014. As a result, the entire change in the fair value of the derivatives in question was recorded and will, in future as well, be recorded in the income statement. The hedge fund in the balance sheet will be dismantled in the income statement during 2015 and 2016 in fixed instalments such that it decreases the result by EUR 11.6 million.

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Fair value hierarchy of financial instruments, €M	31 March 2016		
	Level 1	Level 2	Level 3
Financial assets recognised at fair value			
Available-for-sale investments	0		
Interest and currency derivatives		46	
Financial assets recognised at fair value	40	48	
Electricity forward contracts. NASDAX OMX Commodities	0		
Financial assets recognised in the income statement at fair value	40	94	
Financial liabilities held at fair value			
Interest and currency derivatives, liabilities		29	
Electricity forward contracts. NASDAX OMX Commodities	50		
Total financial liabilities held at fair value	50	29	

In the presentation of fair value, assets and liabilities measured at fair value are categorised into a three-level hierarchy. The appropriate hierarchy is based on the input data of the instrument. The level is determined on the basis of the lowest level of input for the instrument that is significant to the overall fair value measurement.

Level 1: inputs are publicly quoted in active markets.

Level 2: inputs are not publicly quoted and are based on observable market parameters either directly or indirectly.

Level 3: inputs are not publicly quoted and are unobservable market parameters.

Commitments Contingent liabilities, €M	31 March 2016	31 March 2015	Change	31 Dec 2015
Pledged cash assets	0	1	-1	1
Rental liabilities	25	27	-1	26
Right-of-use agreements for reserve power plants	87	97	-10	89
Credit facility commitment fees	1	1	0	1
Total	114	126	-12	118
Investment commitments	123	134	-12	124
Other financial liabilities		2	-2	

Changes in property, plant and equipment, €M	31 March 2016	31 March 2015	Change	31 Dec 2015
Carrying amount at beginning of period	1,677	1,640	37	1,640
Increases	28	9	19	133
Decreases	0	0	0	-3
Depreciation and amortisation expense	-23	-23	-1	-93
Carrying amount at end of period	1,681	1,627	54	1,677

Transactions with associated companies, €M	31 March 2016	31 March 2015	Change	31 Dec 2015
Sales	0	3	-2	1
Purchases	10	10	0	40
Trade receivables	2	3	-1	3
Loan receivables	3	2	1	3

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Transactions with owners, €M	31 March 2016	31 March 2015	Change	31 Dec 2015
Owners				
Purchases	6	6	0	6
Trade payables		0	0	0
Other related parties				
Sales	15	14	1	29
Purchases	16	19	-3	70
Trade receivables	2	1	1	1
Trade payables	1	3	-2	2

Accounting principles

This Interim Report has been drawn up in accordance with standard IAS 34, Interim Financial Reporting. In preparing this report, where the recognition of congestion income is concerned, Fingrid changed its accounting principles from those applied in its annual financial statements for 2015. The change was implemented as of the beginning of 2016. In other respects, the interim report complies with the same accounting principles as those used for Fingrid's 2015 financial statements. As a consequence of the change in the regulation governing Fingrid's grid pricing, the company will include the congestion income received after 1 January 2016 as accruals in the item other liabilities in the balance sheet. Of the accruals, congestion income will be recognised in the income statement as other operating income when their corresponding costs, as defined in the regulation, accrue as annual expenses in the income statement. Alternatively, they are entered in the balance sheet against investments, as defined by regulation, to lower the acquisition cost of property, plant and equipment, which lowers the depreciation of the property, plant and equipment in question.

Segment reporting

The entire business of the Fingrid Group is deemed to comprise transmission grid operation in Finland with system responsibility, constituting a single segment. There are no material differences in the risks and profitability of individual products and services. For that reason, segment reporting in accordance with the IFRS 8 standard is not presented.

Corporate restructuring

On 16 February 2016, Fingrid established Fingrid Datahub Oy. The task of the subsidiary, wholly owned by Fingrid, is to implement a centralised information exchange system for the electricity markets in which the exchange of information between retail sellers and transmission system operators is concentrated into a single service.

Seasonal fluctuations

The Group's operations are characterised by substantial seasonal fluctuations.

General clause

Certain statements in this report are forward-looking and are based on the current views of the company's management. Due to their nature, they contain some risks and uncertainties and are subject to general changes in the economy and the business sector.