

FINGRID OYJ
 www.fingrid.fi

4 May 2011, at 11.00 EET

FINGRID GROUP'S INTERIM REPORT 1 JANUARY - 31 MARCH 2011
Financial result

The Group's revenue in the first quarter of 2011 was 152 million euros (145 million euros during the corresponding period in 2010). The other operating income was 0.5 million euros (0.5 million euros).

Grid revenue grew on the previous year to 78 million euros (75 million euros) as a result of the tariff increase of 4.5 per cent. Income from cross-border transmissions from Russia remained almost at the same level as in the previous year. Fingrid's share of the European inter-TSO compensations grew in net terms by 4 million euros to 5 million euros during the first quarter of the year. Fingrid's congestion income was 2 million euros (6 million euros). Fingrid's share of the congestion income is currently calculated on the cross-border transmission connection between Finland and Sweden. Fingrid and the Estonian transmission system operator Elering AS have rented the cross-border transmission capacity of the Estlink 1 transmission connection between Finland and Estonia for use by the electricity market. Fingrid's rental costs of 6 million euros for the connection were covered by the congestion income earned on the connection. The sales of imbalance power were 49 million euros (48 million euros) and purchases 44 million euros (44 million euros).

The loss energy costs decreased to 19 million euros (23 million euros). The reserve costs increased slightly from the previous year.

Fingrid ceased to administer the feed-in tariff for peat at the end of 2010.

Revenue (million euros)	1-3/11	1-3/10
Grid service revenue	77.8	74.8
Sales of imbalance power	48.8	48.3
ITC income	7.0	2.8
Cross-border transmission	6.1	6.3
Estlink congestion income	6.0	0.0
Peak load reserve	2.5	4.6
Nordic congestion income	1.6	5.7
Other revenue	1.7	2.8
Other operating income	0.5	0.5
Revenue and other income total	152.1	145.7

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Costs (million euros)	1-3/11	1-3/10
Purchase of imbalance power	43.8	44.1
Purchase of loss energy	18.9	22.8
Depreciation	16.8	16.6
Estlink grid rents	5.7	0.0
Reserves	5.5	5.1
Personnel	5.5	4.8
Peak load reserve	3.7	3.5
Maintenance management	3.0	3.6
ITC charges	2.3	2.1
Other costs	5.3	4.7
Costs total	110.4	107.3
Operating profit*	41.7	38.5

* Excluding the change in the fair value of electricity derivatives

The operating profit of the Group was 42 million euros (41 million euros), which contains 0 million euros (2 million euros) of changes in the fair value of electricity derivatives. The profit before taxes was 36 million euros (35 million euros), and the total comprehensive income was 16 million euros (22 million euros). The equity ratio was 29.7 (27.9) per cent at the end of the review period.

The Group's income flow is characterised by seasonal fluctuations, which is why the financial result for the entire year cannot be directly estimated on the basis of the three-month result.

Capital expenditure

The Group's gross capital expenditure between January and March was 40.3 million euros (23.2 million euros during the corresponding period in 2010).

Fingrid's ongoing major projects have progressed as planned. Half of the submarine cable has been manufactured at the factory for the Fenno-Skan 2 high-voltage direct current link to be built between Finland and Sweden. Significant progress has also been made in the preparations for EstLink 2, the second HVDC connection between Finland and Estonia, and site operations have commenced in both countries. The construction of a new reserve power plant in Forssa progressed to the laying of the cornerstone in January.

The third 400/110 kilovolt main transformer in Rauma, securing electricity supply in the Satakunta region, was introduced in the spring.

A number of procurement decisions were made in early 2011. Among the most significant of these were the renewal of the Huutokoski 400 kilovolt substation, renewal of the Kuninkoja - Röntämäki 2 x 110 kilovolt transmission line, line arrangements related to the substation project at Uusnivala, and overhaul of the 400 MVA main transformer at Alapitkä.

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External service providers are a strategically vital resource for Fingrid. In the early part of 2011, the supplier register was updated in terms of the capital investment projects, and the supplier register was also expanded to cover substation and transmission line maintenance and the general planning of transmission lines. Fingrid uses the supplier register to ensure the sufficiency, expertise, quality and availability of construction and maintenance resources.

Power system operation

From the beginning of 2011 to the end of March, 25.3 terawatt hours of electricity was consumed in Finland (25.4 TWh in the corresponding period in 2010). A total of 18.7 TWh of electricity was transmitted in Fingrid's grid during the same period, representing 74 per cent of the electricity consumption in Finland.

Electricity consumption in Finland rose close to the all-time high during the period of cold weather in mid-February. The peak consumption of the winter was attained on Friday 18 February between 9 and 10 in the morning, when the hourly consumption exceeded 14,800 megawatt hours (MWh). Finland is dependent on electricity imports during peak consumption situations. During the peak consumption hour in the past winter, imports accounted for about 2,800 MWh and domestic production for just over 12,000 MWh of the electricity consumption in Finland. Despite disturbances on the cross-border transmission lines during the peak consumption week, the sufficiency of electricity in Finland was not jeopardised.

Much of the electricity transmissions between Finland and Sweden consisted of exports from Finland to Sweden during the early part of the year. Between January and March, 0.3 TWh of electricity was imported from Sweden to Finland (0.4 TWh), and 2.0 TWh (2.0 TWh) was exported from Finland to Sweden.

Almost the full import capacities from Russia and Estonia were in use during the first quarter. Electricity imports from Russia from January to March were 3.0 TWh (3.1 TWh) and from Estonia 0.7 TWh (0.7 TWh).

There were no serious faults in the Finnish grid during the review period. From the beginning of 2011, procurement from the annual and hourly market has been applied to the purchase of frequency controlled reserves. This revised procurement method facilitates the predictability and optimisation of the volume of reserves.

Power system operation	1-3/11	1-3/10
Electricity consumption in Finland TWh	25.3	25.4
Fingrid's transmission volume TWh	18.7	19.2
Fingrid's loss energy volume TWh	0.4	0.4
Electricity transmissions Finland-Sweden		
exports to Sweden TWh	2.0	2.0
imports from Sweden TWh	0.3	0.4
Electricity transmissions Finland-Estonia		

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exports to Estonia TWh	0.0	0.0
imports from Estonia TWh	0.7	0.7
Electricity transmissions Finland-Russia		
imports from Russia TWh	3.0	3.1

Electricity market

The average price (system price) in Nord Pool's spot market during the first quarter in 2011 was 66.10 euros per megawatt hour, and the area price for Finland was 64.80 euros per megawatt hour. Limited water reservoirs and increased consumption of electricity in the Nordic countries as a result of the cold weather raised the price of electricity in the Nordic electricity market. Unlike in the previous year, the area price for Finland was lower than the Nordic system price in the early part of the year.

The hourly area price of electricity for Finland peaked at over 250 euros per megawatt hour. However, price spikes like those encountered in 2010 were avoided. Electricity transmitted to the Nordic market from Continental Europe, Russia and the Baltic countries secured electricity supply and balanced the prices in the Nordic countries.

A new market mechanism introduced at the end of 2010 has intensified the cross-border transmissions of electricity in Europe. The mechanism allows a more efficient allocation of cross-border transmission capacity and always ensures that electricity flows from a cheaper area to a more expensive area between Continental Europe and the Nordic countries. As a result of insufficient transmission capacity between these areas, however, the price level of electricity in the Nordic countries rose clearly above that in Continental Europe in the early part of 2011.

In the first quarter of 2011, congestions in the transmission grid on the border between Finland and Sweden restricted electricity trade between these countries for approx. 20 per cent of the time. The transmission capacity limited by maintenance work has not been sufficient to meet the high demand for exports from Finland to the other Nordic countries, resulting from the scarce water reservoirs. This is why the prices of electricity in Finland and Sweden in the first quarter were different from each other on considerably more occasions than in the previous years.

The area prices of electricity in Finland and Estonia were different from each other for more than 80 per cent of the time even though it was not necessary to restrict the transmission capacity between the two countries. The transmission connection between Finland and Estonia has been the most congested bidding area boundary within the Nordic electricity exchange area.

In early 2011, Fingrid used 0.8 million euros for counter trade (0.0 million euros in 2010). This was mostly due to counter trading during disturbances on the transmission connection between Estonia and Finland and due to counter trading required by the transmission connections between Southern and Northern Finland.

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Electricity market	1-3/11	1-3/10
Nord Pool system price, average €/MWh	66.10	59.78
Area price Finland, average €/MWh	64.80	71.57
Congestion income in the Nordic countries million €	66.4	111.2
Congestion income between Finland and Sweden million €	3.3	5.0
Congestion hours between Finland and Sweden %	20.2	13.8
Fingrid's share of the congestion income in the Nordic countries million €	1.6	5.7
Congestion income between Finland and Estonia million €	12.0	
Congestion hours between Finland and Estonia %	81.9	
Fingrid's share of the congestion income between Finland and Estonia million €*	6.0	

* With the exception of interruptions on the Estlink connection, this was paid as grid rent to the owners of the connection.

Financing

The financial position of the Group continued to be good. The net financial costs of the Group during the review period were 6 million euros (6 million euros). The net financial costs excluding the change in the fair value of derivatives were 4 million euros (3 million euros). Financial assets recognised at fair value in the income statement, and cash and cash equivalents amounted to 206 million euros (204 million euros) at 31 March 2011. Moreover, the company has an undrawn revolving credit facility of 250 million euros.

The interest-bearing borrowings totalled 1,047 million euros (1,004 million euros), of which 840 million euros (637 million euros) were long-term and 207 million euros (367 million euros) were short-term.

The counterparty risk involved in the derivative contracts relating to financing was 50 million euros (37 million euros).

Personnel

The total personnel of the Fingrid Group averaged 260 (257) during the review period.

Auditing

The consolidated figures in this Interim Report are unaudited.

Outlook for the remaining part of the year

Fingrid Oyj signed a multicurrency revolving credit facility of 250 million euros on 18 April 2011. The loan period of the credit facility is 5 years. This credit facility replaces the earlier revolving credit facility of 250 million euros signed in 2005. The mandated lead arrangers and bookrunners are Barclays Capital, Danske Bank, Handelsbanken Capital Markets, ING Bank, Nordea Bank Finland and Pohjola Bank.

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Pohjolan Voima Oy and Fortum Power and Heat Oy divested their holding in Fingrid to the State of Finland and Mutual Pension Insurance Company Ilmarinen on 19 April 2011. The ownership arrangements are based on the EU's directive concerning the internal electricity market. The directive requires that transmission system companies are unbundled from electricity generating and selling companies by March 2012.

The State of Finland acquired approx. 81 per cent and Ilmarinen approx. 19 per cent of the shares held previously by Fortum and Pohjolan Voima. After the share transaction, the holding of the State of Finland in Fingrid is 53.1 per cent and that of Ilmarinen 19.9 per cent. The other shareholders, which are mainly Finnish pension insurance and insurance companies, have a holding of 27 per cent.

The international rating agency Standard & Poor's Rating Services (S&P) updated Fingrid Oyj's credit opinions on 20 April 2011. The credit ratings were raised due to an increase in government ownership in Fingrid. The long-term credit rating rose from level A+ to level of AA-, and the short-term rating rose from level A-1 to A-1+. The outlook is stable.

The profit of the Fingrid Group for the entire year without the change in the fair value of derivatives is expected to remain at the same level as in 2010.

Board of Directors

Appendices: Tables for the interim report 1 January - 31 March 2011

Further information:

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Appendices: Tables for the Interim Report 1 January - 31 March 2011

Condensed consolidated statement of comprehensive income, million euros	2011 Jan-Mar	2010 Jan-Mar	Change	2010 Jan-Dec
Revenue	151.6	145.2	6.4	456.3
Other operating income	0.5	0.5	0.0	7.0
Depreciation and amortisation expense	-16.8	-16.6	-0.2	-66.8
Operating expenses	-93.6	-88.3	-5.4	-322.1
Operating profit	41.7	40.9	0.9	74.4
Finance income and costs	-6.1	-5.9	-0.2	-18.5
Portion of profit of associated companies	0.2	0.1	0.0	0.4
Profit before taxes	35.8	35.1	0.7	56.3
Income taxes	-9.3	-9.1	-0.2	-14.6
Profit for the period	26.5	26.0	0.5	41.8
Other comprehensive income				
Cash flow hedges	-9.9	-4.5	-5.5	31.2
Translation reserve	-0.2	0.1	-0.3	0.2
Available-for-sale financial assets				0.0
Total comprehensive income for the year	16.4	21.6	-5.3	73.2
Profit attributable to:				
Equity holders of the company	26.5	26.0	0.5	41.8
Total comprehensive income attributable to:				
Equity holders of the company	16.4	21.6	-5.3	73.2
Earnings per share (euros)* belonging to the owners of the parent company, calculated from profit	7 979	7 818	160	12 562

* no dilution effect

Condensed consolidated balance sheet, million euros	2011 31 Mar	2010 31 Mar	Change	2010 31 Dec
ASSETS				
Non-current assets				
Goodwill	87.9	87.9	0.0	87.9
Intangible assets	89.7	89.4	0.3	89.7
Property, plant and equipment	1 276.0	1 186.7	89.3	1 253.3
Investments	8.0	7.7	0.4	8.1
Receivables	68.2	29.3	38.9	90.3
Current assets				
Inventories	6.0	5.4	0.6	6.1
Receivables	55.4	51.3	4.1	57.9
Financial assets recognised in income statement at fair value	206.2	203.6	2.6	217.9
Cash and cash equivalents	0.2	0.9	-0.7	3.8
Total assets	1 797.7	1 662.3	135.4	1 814.9
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity belonging to the owners of the parent company				
Shareholders' equity	530.6	462.7	67.9	514.2
Non-current liabilities				
Non-current interest-bearing liabilities	839.6	637.2	202.4	877.5
Other non-current liabilities	154.8	153.9	0.9	151.3
Current liabilities				
Current interest-bearing liabilities	207.4	367.0	-156.8	199.8
Trade and other payables	65.3	41.5	21.1	72.1
Total shareholders' equity and liabilities	1 797.7	1 662.3	135.4	1 814.9

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Key indicators, million euros	2011	2010	2010
	Jan -Mar	Jan - Mar	Jan - Dec
Revenue	151.6	145.2	456.3
Capital expenditure, gross	40.3	23.2	144.1
- % of revenue	25.8	16.0	31.6
Research and development expenses	0.4	0.3	1.6
- % of revenue	0.3	0.2	0.3
Personnel, average	260	257	260
Operating profit	41.7	40.9	74.4
- % of revenue	27.5	28.1	16.3
Profit before taxes	35.8	35.1	56.3
- % of revenue	23.6	24.2	12.3
Interest bearing liabilities, net*	843.4	799.7	855.2
Equity ratio, %*	29.7	27.9	28.6
Shareholders' equity, million euros*	530.6	462.7	514.2
Equity per share, euros*	159 578	139 163	154 654
Earnings per share, euros*	7 979	7 818	12 562

* end of period

Consolidated statement of changes in total equity, million euros						
Attributable to equity holders of the parent company	Share capital	Share premium account	Revaluation reserve	Translation reserve	Retained earnings	Total equity
Capital and reserves 1 Jan 2010	55.9	55.9	-11.4	0.1	347.3	447.8
Comprehensive income						
Profit or loss					26.0	26.0
Other comprehensive income						
Cash flow hedges			-4.5			-4.5
Translation reserve				0.1		0.1
Total other comprehensive income			-4.5	0.1		-4.4
Total comprehensive income			-4.5	0.1	26.0	21.6
Transactions with owners						
Dividends relating to 2009					-6.7	-6.7
Capital and reserves 31 Mar 2010	55.9	55.9	-15.9	0.2	366.5	462.7
Comprehensive income						
Profit or loss					15.8	15.8
Other comprehensive income						
Cash flow hedges			35.6			35.6
Translation reserve				0.1		0.1
Available-for-sale financial assets			0.0			0.0
Total other comprehensive income			35.6	0.1		35.7
Total comprehensive income			35.6	0.1	15.8	51.5
Capital and reserves 1 Jan 2011	55.9	55.9	19.8	0.3	382.3	514.2
Comprehensive income						
Profit or loss					26.5	26.5
Other comprehensive income						
Cash flow hedges			-9.9			-9.9
Translation reserve				-0.2		-0.2
Total other comprehensive income			-9.9	-0.2		-10.2
Total comprehensive income			-9.9	-0.2	26.5	16.4
Capital and reserves 31 mar 2011	55.9	55.9	9.8	0.1	408.8	530.6

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Condensed consolidated cash flow statement, million euros	2011	2010	2010
	Jan-Mar	Jan-Mar	Jan-Dec
Cash flow from operating activities			
Profit for the financial year	26.5	26.0	41.8
Adjustments	31.9	29.1	96.7
Changes in working capital	6.1	0.5	-4.5
Impact of changes in fair value of investments	0.2	-0.1	-0.1
Interests paid	-3.9	-7.1	-19.5
Interests received	0.5	0.6	2.2
Taxes paid	-0.4	-0.5	-1.8
Net cash flow from operating activities	60.8	48.5	114.8
Cash flow from investing activities			
Purchase of property, plant and equipment	-53.6	-32.0	-138.0
Purchase of intangible assets	-0.6	-1.8	-4.8
Purchase of other assets	0.0	0.0	0.0
Proceeds from other investments	0.0	0.0	0.0
Proceeds from sale of property, plant and equipment	0.0	0.0	0.9
Repayment of loans receivable	0.0	0.0	0.0
Dividends received	0.0	0.0	0.0
Contributions received	0.0	0.0	15.0
Net cash flow from investing activities	-54.1	-33.9	-126.9
Cash flow from financing activities			
Withdrawal of loans	99.9	93.4	475.7
Repayment of loans	-121.9	-100.7	-439.1
Dividends paid	0.0	-6.7	-6.7
Net cash flow from financing activities	-22.0	-14.0	29.9
Net change in cash and cash equivalents	-15.3	0.6	17.8
Cash and cash equivalents 1 Jan	221.7	203.9	203.9
Cash and cash equivalents 31 Mar	206.4	204.5	221.7

Derivative agreements, million euros	31 Mar 2011		31 Mar 2010		31 Dec 2010	
	Net fair value	Notional value	Net fair value	Notional value	Net fair value	Notional value
Interest and currency derivatives						
Cross-currency swaps	38	419	20	391	48	426
Forward contracts	0	1	0	8	0	2
Interest rate swaps	1	231	0	181	-1	241
Call options, bought	11	880	8	830	8	880
Total	49	1 531	29	1 410	56	1 549
	Net fair value	Volume TWh	Net fair value	Volume TWh	Net fair value	Volume TWh
Electricity derivatives						
Electricity forward contracts, Nord Pool Clearing designated as hedge accounting	13	3.65	-22	3.59	26	3.66
Electricity forward contracts, Nord Pool Clearing	0	0.02	0	-0.01	0	0.03
Forward contracts of electricity, others	0	0.00	0	0.00	0	0.02
Total	13	3.67	-22	3.58	27	3.69

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Commitments and contingencies, million euros	31 Mar 2011	31 Mar 2010	31 Dec 2010
Pledges / bank balances	0	0	0
Rental liabilities	27	7	28
Commitment fee of revolving credit facility	0	0	0
Total	28	8	30
Capital commitments	378	252	385
Other financial liabilities	2	2	2

Changes in property, plant and equipment, million euros	31 Mar 2011	31 Mar 2010	31 Dec 2010
Carrying amount at beginning of period	1 253	1 181	1 181
Increases	39	22	137
Decreases			0
Depreciation and amortisation expense	-16	-16	-64
Carrying amount at end of period	1 276	1 187	1 253

Related party transactions and balances, million euros	31 Mar 2011	31 Mar 2010	31 Dec 2010
Sales	43	35	111
Purchases	52	44	144
Receivables	10	8	12
Liabilities	0	1	2

Accounting principles. This interim report has been drawn up in accordance with standard IAS 34, Interim Financial Reporting. In this interim report, Fingrid has followed the same principles as in the annual financial statements for 2010.

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

Corporate rearrangements. There have been no changes in the Group structure during the period reviewed.

Seasonal fluctuation. The Group's operations are characterised by extensive seasonal fluctuations.

General clause. Certain statements in this release concern the future and are based on the present views of management. Due to their nature, they contain some risk and uncertainty and are subject to changes in economy and the relevant business.