

FINGRID OYJ  
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19 February 2016, at  
11:00 a.m. EET

## Fingrid Group's Financial Statements Bulletin January–December 2015. Strong financials – investments continued systematically

Unless otherwise indicated, the figures in parentheses refer to the same period of the previous year.

### Financial development in October - December 2015

- The Group's turnover in October - December was EUR 172.5 (148.2) million
- The Group's operating profit in October - December was EUR 57.4 (26.5) million

### Financial development in January - December 2015

- The Group's turnover in January - December was EUR 600.2 (567.2) million
- The Group's operating profit was EUR 162.6 (142.8) million
- The consolidated profit for the year was EUR 103.6 (106.5) million
- Cash flow from the Group's operations, after capital expenditure, was EUR 80.4 (94.9) million
- Interest-bearing net borrowings totalled EUR 1,026.6(1,046.1) million
- Capital expenditure totalled EUR 147.5 (129.5) million
- The equity ratio was 33.5 (31.0) per cent
- Earnings per share totalled EUR 31,151 (32,028)

KEY FIGURES		1-12/15	1-12/14	change %	10-12/15	10-12/14	change %
Turnover	€M	600.2	567.2	5.8	172.5	148.2	16.4
Capital expenditure, gross	€M	147.5	129.5	13.9	47.1	42.4	11.1
- of turnover	%	24.6	22.8		27.3	28.6	
Research and development expenses	€M	1.8	1.7	5.1	0.7	0.5	38.1
- of turnover	%	0.3	0.3		0.4	0.4	
Average number of employees		319	305	4.6	315	314	0.3
Number of employees at end of period		315	313	0.6	315	313	0.6
Salaries and bonuses, total	€M	21.3	20.5	4.2	5.6	5.5	1.9
Operating profit	€M	162.6	142.8	13.8	57.4	26.5	116.2
- of turnover	%	27.1	25.2		33.3	17.9	
Profit before taxes	€M	129.3	132.9	-2.7	45.1	23.8	89.4
- of turnover	%	21.5	23.4		26.2	16.1	
Profit for the period	€M	103.6	106.5	-2.7	36.2	19.1	89.4
Comprehensive income for the period	€M	109.1	106.1	2.8	37.5	18.5	102.6
Return on investments (ROI)	%	8.7	7.6				
Return on equity (ROE)	%	15.0	16.3				
Equity ratio	%	33.5	31.0		33.5	31.0	
Interest-bearing net borrowings	€M	1,026.6	1,046.1	-1.9	1,026.6	1,046.1	
Net gearing		1.4	1.6		1.4	1.6	
Earnings per share	€	31,150.79	32,027.89	-2.7	10,872.71	5,739.47	89.4
Dividend, Series A shares	€	33,686.24 *	21,655.44				
Dividend, Series B shares	€	16,038.49 *	16,038.49				
Equity per share	€	213,822	200,568	6.6			

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Dividend payout ratio, A shares	%	108.1	67.6				
Dividend payout ratio, B shares	%	51.5	50.1				
Number of shares							
– Series A shares	qty	2,078	2,078		2,078	2,078	
– Series B shares	qty	1,247	1,247		1,247	1,247	
Total	qty	3,325	3,325		3,325	3,325	

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

### **Jukka Ruusunen, President & CEO of Fingrid, on the year 2015:**

From an operational point of view, Fingrid had a successful year 2015. Finland's national grid achieved excellent operational reliability. Our ten-year grid development programme for the 2016–2025 period includes investments totalling EUR 1.2 billion. The focal areas of our investment programme are currently western Finland, where we are investing roughly EUR 250 million to develop the grid between 2007 and 2016, and the modernisation of the "Iron Lady" transmission line, which connects eastern and western Finland, by the year 2020 at a cost of EUR 135 million. We also made decisions on investments to develop substations in Espoo and in Länsisalmi, Vantaa. This will help us to improve the supply of electricity and keep system security at a high level in the capital city area.

Our finances are in good shape, despite significant capital expenditure and operational development in recent years. Fingrid's profitability was stronger than projected. The consolidated turnover amounted to EUR 600.2 (567.2) million and profit for the financial period to EUR 103.6 (106.5) million. The exceptionally high congestion income has a positive impact on the result. We have used our congestion income from past years to maintain cross-border transmission capacity and for additional investments. We lowered grid fees at the start of the year, and kept them the same all year long. Due to the exceptionally high congestion income in 2015, we generated surplus revenue, in terms of the financial regulation model, for the four-year regulatory period that ended in 2015. This surplus was taken into account in the grid fees for 2016. Our customers have communicated to us that they appreciate stability in grid service fees, and with this operating model we are striving for the most customer-orientated solution possible.

The company's dividend payout capacity is good, and our grid service fees are among the lowest in Europe. Fingrid's credit ratings are among the top company ratings in Finland. We are also one of the best corporate income tax payers in Finland. At the end of the year, the Energy Authority published a new financial regulatory model that will support our long-term operations.

The energy industry is undergoing a great transformation. We are doing our part to ensure reasonably priced electricity for citizens and industry – now and for years to come. We are carrying out this work together, in one of Finland's best places to work.

### **Accounting principles**

The information published in this report is based on Fingrid's audited financial statements for 2015, published in connection with this bulletin.

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## Financial result

In preparing these consolidated financial statements, the Group has followed the same accounting principles as in 2014.

The Group's turnover was EUR 600.2 (567.2) million. Other operating income totalled EUR 5.2 (4.6) million.

Grid service income totalled EUR 333.0 (326.3) million. A two-per cent reduction in grid service fees was enacted at the start of 2015. Grid service income grew slightly compared to the previous year, as grid fees were lowered in December 2014. Electricity consumption in Finland decreased by 1.1 per cent (0.8) compared with the previous year. Fingrid transmitted 67.9 (67.1) terawatt hours of electricity in its grid, which represents 82.5 (80.7) per cent of all electricity transmitted in Finland. Sales of imbalance power decreased to EUR 137.1 (150.7) million due to lower imbalance power prices. Fingrid's congestion income between Finland and Sweden increased significantly, to EUR 86.8 (48.9) million. The increase in congestion income resulted from the growing area price difference between Finland and Sweden. Both Finland's and Sweden's area prices declined, but the decline was more pronounced in Sweden. The main reason for the low price level in Sweden was the high hydropower production in Sweden and Norway, as well as the growth in subsidised energy production in the Nordic countries and northern Europe. Congestion income between Finland and Estonia also increased as a result of the market situation, to EUR 4.2 (2.4) million. ITC income increased to EUR 15.3 (12.2) million mainly due to increased exports to Estonia. Cross-border transmission income between Finland and Russia increased to EUR 11.2 (9.4) million as a consequence of increased exports from Russia.

Imbalance power costs decreased from the previous year, to EUR 98.2 (107.2) million, due to lower imbalance power prices. Loss energy costs grew to EUR 68.6 (65.8) million. The average price of loss energy procurement was EUR 48.22 (49.98) per megawatt hours, but the volume of losses grew slightly. Depreciation costs increased by EUR 94.1 (91.5) million euros as new capital investment projects were completed. The cost of reserves to safeguard the grid's system security decreased to EUR 54.7 (62.4) million. With regard to reserve costs, the favourable market situation and lower maintenance costs of Fingrid's own reserve power plants, which act as rapid-response disturbance reserves, lowered the procurement costs of frequency-controlled reserves. Correspondingly, frequency-controlled disturbance reserve costs grew as a consequence of the problematic spring floods and high volumes of water in the autumn. Personnel costs grew somewhat and totalled EUR 25.8 (25.0) million. Maintenance costs, which amounted to EUR 19.2 (18.8) million, remained at the previous year's level. ITC costs decreased to EUR 9.4 (10.8) million.

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### Turnover and other operating income, € million

	Jan-Dec/15	Jan-Dec/14	Oct-Dec/15	Oct-Dec/14
Grid service revenue	333.0	326.3	100.8	82.8
Sales of imbalance power	137.1	150.7	37.9	40.5
Cross-border transmission income	11.2	9.4	2.9	3.5
Finland-Estonia congestion income	4.2	2.4	0.8	0.5
Finland-Sweden congestion income	86.8	48.9	22.0	13.1
Peak load capacity income*	7.6	8.0	1.8	2.0
ITC income	15.3	12.2	4.5	3.8
Other turnover	5.1	9.3	1.8	1.9
Other operating income	5.2	4.6	3.0	2.5
<b>Turnover and other income total</b>	<b>605.4</b>	<b>571.8</b>	<b>175.5</b>	<b>150.7</b>

### Costs, € million

	Jan-Dec/15	Jan-Dec/14	Oct-Dec/15	Oct-Dec/14
Purchase of imbalance power	98.2	107.2	29.6	31.4
Cost of loss energy	68.6	65.8	17.8	16.9
Depreciation	94.1	91.5	24.2	23.2
Cost of reserves	54.7	62.4	12.6	16.7
Personnel costs	25.8	25.0	6.8	7.3
Maintenance management costs	19.2	18.8	7.9	7.4
Cost of peak load capacity*	7.2	7.8	1.4	1.9
ITC charges	9.4	10.8	2.0	2.6
Other costs	41.3	45.9	11.4	11.3
Costs total	418.6	435.1	113.7	118.7
<b>Operating profit excluding the change in the fair value of commodity derivatives</b>	<b>186.8</b>	<b>136.6</b>	<b>61.9</b>	<b>32.0</b>
<b>Operating profit of Group, IFRS</b>	<b>162.6</b>	<b>142.8</b>	<b>57.4</b>	<b>26.5</b>

\* 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.

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The Group's operating profit was EUR 162.6 (142.8) million. Of the changes in the fair value of electricity derivatives, EUR -24 (6) million was recognised in the income statement.

Net financial costs in accordance with IFRS were EUR 33.7 (10.7) million, including a change of EUR 13.3 million negative (10.9 positive) in the fair value of derivatives.

The consolidated profit for the year was EUR 103.6 (106.5) million. The return on investments was 8.7 (7.6) per cent and the return on equity was 15.0 (16.3) per cent. The equity ratio improved and was 33.5 (31.0) per cent at the end of the review period.

The parent company's turnover was EUR 592.4 (559.4) million, profit for the financial year EUR 123.7 (81.0) million and the distributable funds EUR 162.1 million.

By the company's own calculations, the return according to the regulatory model that governs grid operations amounts to a surplus of some EUR 60 million for the 2012–2015 regulatory period. This has been taken into account in the grid service pricing for 2016, which has been set to generate a corresponding deficit in 2016.

### **Investments and maintenance**

Fingrid's grid investment programme promotes the national climate and energy strategy, improves system security, increases transmission capacity and promotes the electricity markets. The annual capital expenditure in the grid has remained extensive.

The company's total capital expenditure in 2015 amounted to EUR 147.5 (129.5) million, including a total of EUR 138.4 (117.5) million invested in the transmission grid and EUR 0.4 (1.0) million for reserve power. ICT investments totalled EUR 8.4 (11.1) million. A total of EUR 1.8 (1.7) million was used for R&D projects during the year under review.

At the end of 2015, Fingrid had eight 400 kilovolt substation sites and more than 370 kilometres of 400 kilovolt power line contracts as well as a significant number of 110 kilovolt substation and power line projects under construction.

The replacement of the ageing Ostrobothnian grid system, with its insufficient transmission capacity, continued in 2016. The 400 kilovolt ring network from Pori to Oulu, seven new substations and a 400 kilovolt transmission line spanning 380 kilometres will be completed on Finland's west coast by 2017. The projects in Ostrobothnia will secure the supply of electricity in the region and create the conditions for connecting wind and nuclear power to the grid. The new transmission connection will also improve the transmission capacity between northern and southern Finland and thus promote effective electricity markets. The related Hirvisuo–Pyhänselkä project has proceeded according to plan. The new 400/110/20 kilovolt substation for Jylkkä in Kalajoki, which is part of the overall project in Ostrobothnia, has been started and will be completed in autumn 2016. Two 400 kilovolt series capacitors will be built for the substation under construction in Hirvisuo. The project will be completed at the end of 2016.

The major project between Hikiä and Forssa is in the final stages of completion. The Forssa substation was completed in October and the project will be fully completed in early 2016. The project involves replacing the aging 110 kilovolt power line that connects eastern and western Finland and which dates back to the 1920s with new 400 and 110 kilovolt power lines. Of the power line, 230 kilometres has been replaced or is in the process of being replaced, and the remaining roughly 190 kilometres will be replaced by 2020. In the next phase, the 68-kilometre-long power line between Lieto and Forssa

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will be renewed. The construction work will start up in late 2016 with foundation work for the transmission line pylons, and the line is expected to be completed in spring 2018. The upgrading and expansion of the related Lieto substation will start up in 2016.

In June, the 117-kilometre-long, 110 kilovolt transmission line between Huutokoski and Kontiolahti was taken into use. The project is valued at some EUR 15 million.

A number of new investment decisions were made during the period under review. The main busbar of the switchgear of the 400 kilovolt Alajärvi substation, a significant substation in the main grid, is being modernised. The total costs of the projects due for completion in 2017 are estimated at roughly EUR 15 million.

The expansion of the Kristinestad substation will allow hundreds of megawatts of wind power to be connected to the grid and will improve the reliability of the electricity network in southern Ostrobothnia. The project, valued at around EUR 10 million, will be completed in autumn 2017.

An investment to develop the Länsisalmi substation in Vantaa will improve the supply of electricity into Helsinki and secure functions that are vital to society in the capital region. Construction work on the investment project, valued at some EUR 20 million, will begin in 2016 and the project is due for completion in 2017. The Espoo substation will be developed further. The investment will secure the electricity supply of western Uusimaa, particularly the areas of Espoo, Kirkkonummi and Kauniainen. The future investments in Espoo and Länsisalmi will keep the system security of the capital region's electricity supply at a high level, despite the reduction of local electricity generation.

A decision made in October to modernise the Huutokoski substation will help to ensure eastern Finland's electricity supply. The Huutokoski substation near Varkaus is important for eastern Finland's system security. In addition, Fingrid's reserve power plant, which ensures sufficient electricity in the event of disturbances to the grid, has been connected to the Huutokoski substation's 110 kilovolt switchgear. Construction work on the investment project, valued at some EUR 12 million, will begin in summer 2016 and the project will be completed by the end of 2017.

A decision was made on the modernisation of Korja's 400 kilovolt substation and the renovation of its 110 kilovolt switching gear. Korja's 400/110 kilovolt transformer substation is a central grid node in Southeast Finland. The project's investment costs are estimated at EUR 13 million and the targeted completion is early 2019.

Cross-border connections were a key focus of basic grid maintenance. The goal is to improve, in particular, the system security of four DC connections. The implemented measures are part of the company's multi-year strategic project. Substation maintenance agreements on cross-border connections were concluded for the 2016–2020 contractual period with the goal of improving availability and reliability. Particular attention was paid to ensuring the system security of our cross-border transmission connections, and multi-year maintenance agreements were concluded with two service providers. The objective is to improve the systematic maintenance of cross-border connections and to speed up the work related to settling disturbances.

Fingrid once again placed at the top in the International Transmission Asset Management Study (ITAMS). ITAMS is a qualitative study that seeks to find good operating models for managing grid companies' assets. Lloyd's Register carried out the annual on-site audit for the PAS 55 (Publicly Available Specification) certification. According to the audit results, Fingrid's asset management is at an excellent level.

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The multi-year programme to develop the grid information and ERP system (Elvis) progressed to the second phase of implementation, and the goal is to have the system fully up and running this year.

Special attention was paid to preventing accidents at work sites. The ongoing occupational safety development project continued during the year under review. Its main focuses are occupational safety management, the creation of a virtual learning environment, and the introduction and further development of mobile reporting. The accident frequency rate and average severity of workplace accidents increased in 2015 compared to 2014. A total of 13 (8) absences due to accidents were recorded among Fingrid's service providers.

### Power system

In 2015, electricity consumption in Finland amounted to 82.5 (83.4) terawatt hours. A total of 67.9 (67.1) terawatt hours of electricity was transmitted in Fingrid's grid, representing 82.5 (80.7) per cent of the total transmission volume in Finland (consumption and inter-TSO).

Electricity import and production capacity was well sufficient to cover the peak consumption, which amounted to a maximum of 13,500 (14,288) megawatts. During the consumption peaks early in the year, electricity production in Finland totalled approximately 11,200 (12,100) megawatts.

Electricity transmissions between Finland and Sweden consisted mostly of large imports to Finland. During 2015, 17.8 (18.2) terawatt hours of electricity was imported from Sweden to Finland, and 0.2 (0.2) terawatt hours were exported from Finland to Sweden.

The electricity transmission between Finland and Estonia was dominated by exports from Finland to Estonia, which amounted to 5.0 (3.5) terawatt hours.

Similar to previous years, electricity imports from Russia were at a low level. Nearly the full transmission capacity was available, however. Electricity imports from Russia totalled 3.9 (3.3) terawatt hours. Electricity was exported commercially from Finland to Russia for the first time on 7 June 2015, at the power rating of 140 megawatts. Previously, the transfer of electricity along 400 kilovolt cross-border transmission lines was only possible in one direction, from Russia to Finland.

With a transmission reliability rate of 99.9998 per cent, the reliability of the transmission grid was at an excellent level during the year under review. The number of disturbances in the Finnish grid was lower than normal during summer, and at the average level during the rest of the year.

Counter trade	Jan- Dec/15	Jan- Dec/14	Oct- Dec/15	Oct- Dec/14
Counter-trade between Finland and Sweden, €M	0.8	7.6	0.2	1.0
Counter-trade between Finland and Estonia, €M	0.8	0.8	0.0	0.2
Counter-trade between Finland's internal connections, €M	2.2	1.7	0.6	0.0
<b>Total counter-trade, €M</b>	<b>3.8</b>	<b>10.1</b>	<b>0.9</b>	<b>1.2</b>

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Reserves required to maintain the power balance of the power system were procured from Finland, the other Nordic countries, the Baltic countries and Russia. Countertrade costs totalled EUR 3.8 (10.1) million. Countertrade refers to special adjustments made in the management of electricity transmission which are used to eliminate short-term bottlenecks (an area where electricity transmission is congested) from the grid. Fingrid guarantees the cross-border transmission it has confirmed by carrying out countertrades, i.e. purchasing and selling electricity, up until the end of the 24-hour usage period. The need for countertrade can arise from, for example, a power outage or disruption in a power plant or in the grid.

An outage in a connection point in the grid caused by a disturbance in Fingrid's electricity network lasted an average of 2.1 minutes, which is well below the ten-year average of 3.3 minutes. The estimated cost of the disturbances was EUR 3.5 (4.1) million.

<b>Power system operation</b>	<b>Jan-Dec/15</b>	<b>Jan-Dec/14</b>	<b>Oct-Dec/15</b>	<b>Oct-Dec/14</b>
Electricity consumption in Finland TWh	82.5	83.4	22.1	22.5
Fingrid's transmission volume TWh	67.9	67.1	17.7	17.5
Fingrid's loss energy volume TWh	1.4	1.3	0.3	0.4
<b>Electricity transmission Finland - Sweden</b>				
Exports to Sweden TWh	0.2	0.2	0.1	0.1
Imports from Sweden TWh	17.8	18.2	4.7	4.1
<b>Electricity transmission Finland - Estonia</b>				
Exports to Estonia TWh	5.0	3.5	1.2	0.9
Imports from Estonia TWh	0.0	0.1	0.0	0.0
<b>Electricity transmission Finland - Russia</b>				
Imports from Russia TWh	3.9	3.3	1.0	1.4

## Electricity market

The average market price of spot electricity on the electricity exchange (system price) was EUR 20.98 (29.61) per megawatt hour. The price level of electricity in the Nordic electricity market has been declining for some time, but at the same time, area price differences have grown. The increase in congestion income resulted from the growing area price difference between Finland and Sweden due to the low level of Sweden's area price. The low price level can be directly attributed to the low demand caused by the economic recession and the high hydropower production in Sweden and Norway. The subsidised production of renewable energy in the Nordic countries and northern Europe have also affected the market. This type of production has increased substantially in many countries, and it affects price levels in the entire region.

In 2015, prices on the Finnish wholesale market were higher than they were in other Nordic countries. In Sweden, for example, the average price was EUR 8 (5) lower per megawatt hour than in Finland. This was due to the structure of and significant deficit of electricity production in Finland, as the completion of Olkiluoto 3 has been delayed and other electricity production has been shut down due to unprofitability. Market demand for imports would have been higher than the cross-border transmission capacity allowed.

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Transmission capacity was in full use and limited cross-border trade with Sweden for more than half of all the hours in 2015, which is historically a high amount. As a result, Fingrid accrued EUR 86.8 (48.9) million in congestion income. In addition, the links between Finland and Estonia generated EUR 4.2 (2.4) million in congestion income. Congestion income is used to maintain cross-border transmission capacity and for additional investments, as is also required by law.

Imports from Russia remained at the low level of 3.9 (3.3) terawatt hours. Electricity imports from Russia to Finland have decreased significantly in recent years, and the hourly import volumes from Russia have varied considerably. The reduction in electricity trade is attributed not only to Russia's capacity mechanism, but also to increased energy prices in the country. In June, a new cross-border transmission tariff was introduced, whereby the tariff is dependent on the difference between Finland's area price and north-western Russia's area price. The objective of the new tariff structure was to boost electricity trade between Finland and Russia particularly during periods of low price differences. At the end of 2014, an agreement concerning electricity exports from Finland to Russia was concluded. The first transmission to Russia took place in June 2015. Previously, it has only been possible to import electricity from Russia to Finland.

The possibility of an electricity shortage in Finland was prominently featured in the headlines in 2015. In January, Pöyry Management Consulting Oy released a study commissioned by Fingrid and other energy industry operators on the sufficiency of electricity. According to the study, Finland does not, nor will it in future, generate enough electricity to meet demand during peak consumption periods. By Fingrid's estimation, approximately 15,000 megawatts of electricity is needed during peak consumption on a cold winter's day. In such cases, 3,400 megawatts of electricity must be imported from neighbouring countries. There is not much room for defects among power plants and transmission connections.

The completion of Olkiluoto 3 will boost capacity towards the end of the decade, but electricity will need to be imported into Finland during extended periods of freezing temperatures also in the future. Electricity import connections and production capacity that exceeds the demand for electricity in neighbouring countries will, however, be sufficient to cover the deficit, but the likelihood of short-term consumption limits has grown. Fingrid's goal is to increase the transmission connections with Sweden, but that will not happen until the 2020s. Fingrid already has the capabilities for it.

In spring, on the request of the Ministry of Employment and the Economy, Fingrid began developing a solution for electronic information exchange in the markets. The centralised solution, called Datahub, will be realised under a separate subsidiary. The Datahub will facilitate the processing of measurement data, simplify and speed up client agreement events, and enhance the reliability of the service. Data exchange among retail markets is needed in managing the various business processes of the electricity markets.

The European Union's first network code was published in August, with the entry into force of the Capacity Allocation and Congestion Management (CACM) network code. The entry into force of network codes is a major step towards creating an internal European electricity market, as it lays the foundation for establishing common ground rules for promoting effective electricity markets in Europe. The main players drawing up the network codes are the European Commission, European transmission system operators and energy sector control authorities. Fingrid actively participates in this work via ENTSO-E, the European Network of Transmission System Operators for Electricity.

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The Finnish, Norwegian and Swedish TSOs continued with the switchover to shared Nordic balance settlement. The jointly owned company eSett Oy, which Fingrid owns one third of, aims to start up operations in October 2016.

<b>Electricity market</b>	<b>Jan-Dec/15</b>	<b>Jan-Dec/14</b>	<b>Oct-Dec/15</b>	<b>Oct-Dec/14</b>
Nord Pool system price, average €/MWh	20.98	29.61	21.92	30.73
Area price Finland, average €/MWh	29.66	36.02	30.59	36.44
Congestion income between Finland and Sweden, € million*	173.5	97.7	44.1	26.3
Congestion hours between Finland and Sweden %**	47.1	46.1	47.4	41.6
Congestion income between Finland and Estonia, € million*	8.4	4.8	1.6	1.0
Congestion hours between Finland and Estonia %	12.0	9.3	9.1	6.4

\* The congestion income between Finland and Sweden and between Finland and Estonia is divided equally between the relevant TSOs. The income and costs of the transmission connections are presented in the tables under 'Financial result'. Congestion income is used for investments aimed at eliminating the cause of congestion.

\*\* The calculation of a congestion hour between Finland and Sweden refers to an hour during which Finland's day-ahead area price differs from both Sweden's SE1 and its SE3 area prices.

## Financing

The company's credit rating remained high, reflecting the company's strong overall financial situation and debt service capacity. The high credit rating and good bank and investor relations enable ready access to the debt capital market and thus minimises the company's debt refinancing risks and financing costs. Interest-bearing borrowings totaled EUR 1,143.4 (1,225.4) million, of which non-current borrowings accounted for EUR 907.2 (962.3) million and current borrowings for EUR 236.2 (263.0) million.

The company's liquidity remained good. Financial and cash assets on 31 December 2015 were EUR 116.9 (179.3) million. The company additionally has an undrawn revolving credit facility of EUR 300 million to secure liquidity and EUR 50 million in uncommitted overdraft facilities.

The counterparty risk arising from currency and interest rate derivative contracts (receivables) was EUR 11 (28) million. Fingrid's foreign exchange and commodity price risks were, as a general rule, fully hedged.

Of the international credit rating agencies, the company's credit rating was updated by Standard & Poor's Rating Services (S&P) and Fitch Ratings. The valid credit ratings are as follows:

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- On 9 December 2014, Moody's Investors Service (Moody's) affirmed the rating 'A1' for Fingrid Oyj's long-term debt and company rating and 'P-1' for its short-term debt and company rating, with a stable outlook.
- On 15 January 2016, Fitch Ratings (Fitch) affirmed the rating 'A+' for Fingrid Oyj's unsecured senior debt, 'A' for its long-term company rating and 'F1' for its short-term company rating, with a stable outlook.
- On 26 October 2015, S&P affirmed the rating 'A+' for Fingrid Oyj's unsecured senior debt and long-term company rating and 'A-1' for its short-term company rating. S&P updated Fingrid's outlook to positive.

The company signed a five year revolving credit facility agreement of EUR 300 million on 11 December 2015. The facility has two one-year extension options. The revolving credit facility agreement replaces the EUR 250 million revolving credit facility signed in 2011.

In 2015, the company issued a three year SEK 1,000 million floating rate bond to refinance its current loans. The exchange rate risk and interest rate risk of the SEK-denominated bond are fully hedged.

### **Share capital and shareholders**

The company's share capital is EUR 55,922,485.55. Fingrid shares are divided into Series A shares and Series B shares. The number of Series A shares is 2,078 and the number of Series B shares is 1,247. The voting and dividend rights related to the shares are described in more detail in the notes to the financial statements and in the articles of association available on the company's website.

LocalTapiola General Mutual Insurance Company and LocalTapiola Mutual Life Insurance Company sold their Fingrid shares to the State Pension Fund. The transaction was finalised on 9 April 2015.

In a share transaction completed on 7 May 2015, the Finnish State transferred a total of 443 of its Fingrid shares to the National Emergency Supply Agency. The State's total ownership in the company was thus not changed.

In an arrangement completed on 1 July 2015, Pohjola Insurance Ltd transferred a total of 149 of its Fingrid Series B Shares to Aino Holdingyhtiö Ky. Also on 1 July 2015, the State Pension Fund sold altogether 181 of its Fingrid Series B Shares to Aino Holdingyhtiö Ky.

In an arrangement completed on 25 September 2015, the State Pension Fund and Elo Mutual Pension Insurance Company invested the majority of their Fingrid Series B shares in Aino Holdingyhtiö Ky.

Aino Holdingyhtiö Ky is owned by OP Insurance and pension entities (Pohjola Insurance Ltd, OP Life Assurance Ltd., OP Pension Fund and OP Pension Foundation), the State Pension Fund and Elo Mutual Pension Insurance Company.

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<b>Shareholders, 31 Dec 2015</b>	Number of shares qty	Of all shares %	Of votes %
Republic of Finland, represented by the Ministry of Finance	939	28.24	37.66
Aino Holding Ky	878	26.41	11.74
National Emergency Supply Agency	828	24.90	33.20
Mutual Pension Insurance Company Ilmarinen	661	19.88	17.15
Imatran Seudun Sähkö Oy	10	0.30	0.13
Fennia Life	6	0.18	0.08
Elo Mutual Pension Insurance	1	0.03	0.01
Pohjola Insurance Ltd	1	0.03	0.01
The State Pension Fund	1	0.03	0.01
<b>Total</b>	<b>3,325</b>	<b>100.00</b>	<b>100.00</b>

#### Share transfers

In a transaction completed on 17 June 2015, Fingrid Oyj sold its shares in Porvoon Alueverkko Oy to Porvoon Sähköverkko Oy, which is part of the Porvoon Energia Oy - Borgå Energi Ab Group. The transaction covered Fingrid's entire ownership in the company, i.e. 1/3 of all of Porvoon Alueverkko Oy's shares and votes. The transaction did not have a significant financial impact.

#### Personnel and remuneration systems

Fingrid Oyj employed 315 (313) persons, including temporary employees, at the end of the year. The number of permanent personnel was 282 (282).

Of the personnel employed by the company, 24.4 (23.0) per cent were women and 75.6 (77.0) per cent were men. The average age of the personnel was 44 (44).

During 2015, personnel received a total of 11,794 (9,797) hours of training, with an average of 37.4 (31.3) hours per person. Employee absences due to illness accounted for 2 (2) per cent of the total working hours. In addition to a compensation system that is based on the requirements of each position, Fingrid applies incentive bonus schemes.

#### Board of Directors and corporate management

Fingrid Oyj's Annual General Meeting was held in Helsinki on 14 April 2015. Helena Walldén, M.Sc. (Tech.) was elected Chair of the Board. Juha Majanen, Budget Counsellor and Head of the Fiscal Policy Unit of the Ministry of Finance, was elected Vice Chairman. Other members elected to the Board were Juhani Järvi (M.Sc. Finance.), Aalto University Professor Sanna Syri, and Esko Torsti, Head of Non-Listed Investments, Ilmarinen Mutual Pension Insurance Company.

The Board members until 14 April 2015 were Helena Walldén, Juha Majanen, Juhani Järvi, Sirpa Ojala and Esko Torsti.

PricewaterhouseCoopers Oy was elected as the auditor of the company, with Jouko Malinen serving as the responsible auditor.

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The Board of Directors has two committees: the Audit Committee and the Remuneration Committee. As of 14 April 2015, the Audit Committee consists of Juha Majanen (Chairman), Juhani Järvi and Helena Walldén. The members of the Audit Committee until 14 April 2015 were Juha Majanen (Chairman), Juhani Järvi and Helena Walldén.

As of 14 April 2015, the Remuneration Committee consists of Helena Walldén (Chair), Sanna Syri and Esko Torsti. The members of the Remuneration Committee until 14 April 2015 were Helena Walldén (Chair), Sirpa Ojala and Esko Torsti.

Jukka Ruusonen serves as President & CEO of the company. Fingrid has an executive management group which supports the CEO in the company's management and decision-making.

A corporate governance statement, required by the Finnish Corporate Governance Code, has been provided separately. The statement and other information required by the Code are also available on the company's website at [www.fingrid.fi](http://www.fingrid.fi).

### **Internal control and risk management**

Fingrid's internal control is a natural component of the company's operations and deals with all those operating methods and procedures whose objective it is to ensure

- effective and profitable operations that are in line with the company's strategy,
- the reliability and integrity of the company's financial and management information,
- that assets are protected,
- that applicable legislation, guidelines, regulations, agreements and the company's own governance and operating guidelines are complied with, and
- a risk management to a high standard.

Risk management is planned as a whole with the objective of comprehensively identifying, assessing, monitoring and safeguarding the company's operations, the environment, personnel and assets from various threats and risks. Due to the nature of the company's basic mission, risks are also assessed from the perspective of society in general.

Continuity management is a part of risk management. Its objective is to improve the organisation's capacity to prepare and to react in the best possible way should risks occur, and to ensure the continuity of operations in such situations.

Well-functioning internal control is founded on good management, a healthy corporate culture, appropriate procedures and processes, sufficient monitoring procedures, open and transparent distribution of information, continuous monitoring and development of functions and processes and independent verification.

Further information on internal control, risk management and the foremost risks and factors of uncertainty is available on the company's website at [www.fingrid.fi](http://www.fingrid.fi).

### **Board of Directors**

The company's Board is responsible for organising internal control and risk management, and it approves the principles of internal control and risk management on an annual basis. The Board decides

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on the company's strategic risks and related management procedures as part of the company's strategy and action plan, and monitors their occurrence. The Board decides on the operating model for the company's internal audit. The Board regularly receives internal audit and financial audit reports, as well as a status update at least once a year on the strategic risks and continuity threats relating to the company's operations and their management and occurrence.

### **Line management and other organisation**

Assisted by the executive management group, the CEO is responsible for executing and steering the company's governance, decision-making procedures, control and risk management, and for the assessment of strategic risks and continuity threats at the company level, and their related risk management.

The heads of functions are responsible for the practical implementation of the governance, decision-making procedures, controls and risk-management for their areas of responsibility, as well as for the reporting of deviations and the sufficiency of more detailed guidelines. Directors appointed in charge of the threats to continuity management are responsible for drawing up and maintaining continuity management plans and guidelines, and for arranging sufficient training and practice.

The CFO is responsible for arranging procedures, controls and monitoring at the company level as required by the harmonised operating methods of internal control and risk management. The company's general counsel is responsible for assuring the legality and regulation compliance of essential contracts and internal guidelines, as well as for the procedures these require. Each Fingrid employee is obligated to identify and report any risks or control deficiencies she or he observes and to carry out the agreed risk management procedures.

### **Internal auditor and auditor**

The Board decides on the operating model for the company's internal audit. The internal audit acts on the basis of plans processed by the Audit Committee and approved by the Board. Audit results are reported to the object of inspection, the CEO, the Audit Committee and the Board. Upon decision of the Board, an internal audit outsourced to an authorised public accounting company acts within the company. From an administrative perspective, the internal audit is subordinate to the company's CEO. The internal audit provides a systematic approach to the assessment and development of the efficacy of the company's risk management, monitoring, management and administrative processes and ensures their sufficiency and functionality as an independent party. The internal audit has the authority to carry out reviews and to access all information that is essential to the audit. The company's internal audit carries out risk-based auditing on the company's various processes.

An authorised public accounting company selected by the general meeting acts as auditor for the company. The company's financial auditor inspects the accounting, financial statements and financial administration for each financial period and provides the general meeting with reports required by accounting legislation or otherwise stipulated in legislation. The financial auditor reports on his or her work, observations and recommendations for the Board and may also carry out other authorisation-related tasks commissioned by the Board or management.

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### **Foremost risks and uncertainty factors for society and Fingrid**

One of the company's biggest business risks and the biggest risk where society is concerned is a major disturbance related to the functioning of the power system. A major disturbance or other electrical system disruption can cause significant financial and physical damage to Fingrid and society in general.

Other major risks for Fingrid and society are a loss of confidence in the electricity market, environmental risks and electricity and occupational health and safety risks.

The risks to Fingrid's operations are risks related to the unfavourable trend in official regulation, capital investments which have become unnecessary - an unexpected increase in costs or reduction in income, financing risks, personnel risks, risks related to ICT and data transfer, asset risks and reputation risks.

Risks to society arising from Fingrid's operations are unsuccessful timing of capital investments and long-term restrictions in transmission capacity.

The most significant of the above-mentioned risks to Fingrid are explored in greater detail in the company's annual report. Fingrid's financing risks are described in more detail in note 35 to the consolidated financial statements (IFRS). No substantial risks were realised in 2015.

### **Corporate responsibility**

Fingrid's strategy and its various perspectives form the starting point also for its corporate responsibility. Key targets have been set by identifying matters that are essential to Fingrid's strategy and the company's basic operations.

Corporate responsibility is managed as an integrated part of Fingrid's management system. Corporate responsibility is a systematic, targeted component of the company's basic operations and annual cycle of management. Corporate responsibility is part of the annual planning of operations and an integral, strategy-based component in assessing development opportunities and risks and devising measures for the subsequent year.

Responsible operations are ensured through shared values and, among other things, Fingrid's Code of Conduct, which is based on the UN Global Compact Initiative. Managers and the entire work community ensure that behaviour is in line with the Code of Conduct. An online induction programme on Fingrid's Code of Conduct was introduced in 2015, as well as an external 'whistleblowing' channel for reporting behaviour that is in violation of the Code of Conduct.

Responsible behaviour is also promoted throughout the supply chain. Service and goods suppliers must comply with a Supplier Code of Conduct or with their own similar code. Fulfilment of the requirements is monitored on a risk basis. The corporate responsibility standards are also criteria for entry into Fingrid's supplier registers, which are in use for regular substation and power line procurements. In addition, contractual partners are subject to separate contract conditions related to the use of sub-contractors and workforce, and to occupational safety and environmental matters. In 2015, audits to ensure the realisation of responsibility requirements were continued on the grid's work sites and in the international operating environment.

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In order to ensure transparency and comparability, Fingrid reports on its corporate responsibility in accordance with the international Global Reporting Initiative (GRI) framework. The reporting complies with the G4 core level guidelines of the latest GRI G4 framework. Requirements for corporate responsibility reporting by state-owned companies are also taken into account.

Fingrid continues with the balanced development of responsibility in all its strategic perspectives and processes, ensuring good leadership and management of corporate responsibility issues. The goal remains to encourage the participation of both personnel and the company's other stakeholders in the continuous development of practices and procedures.

### **Environmental matters**

Changes to the landscape, restrictions on land use and ecological impacts caused by power lines, as well as the consumption of natural resources during the building and maintenance of the grid represent Fingrid's key areas of environmental responsibility. Fuel leaks at substations and reserve power plants may have an impact on soil and water in exceptional circumstances.

When designing, building and maintaining power lines, substations and reserve power plants, one of Fingrid's main objectives is to make sure that environmental and land-use issues are taken into account for the long term. Fingrid's principles for reducing its environmental impacts are contained in the company's land use and environmental policy, which can be found on the company website. The environmental impacts of the company's operations are carefully assessed, with special attention paid to managing environmental risks. In 2015, an Environmental Impact Assessment (EIA) was started up on the power lines required for the connection of the Hanhikivi 1 nuclear power plant to the grid, and the EIA procedure for the power line project between Hikiä and Orimattila was concluded. In addition to Fingrid's personnel, the company's contractors and service suppliers participating in grid construction and maintenance are also engaged in environmental sustainability with the help of contractual terms, auditing and environmental training.

Environmental aspects are monitored as part of work site monitoring. During the year under review, the company succeeded in its goal of completing grid investment projects and maintenance without any environmental deviations. In questionnaires of landowners after the completion of power line projects, Fingrid received a general score of good.

Fingrid's reserve power plants are subject to an environmental permit and covered by the EU's emissions trading scheme. A total of 6,697 (10,993) units (tCO<sub>2</sub>) of emission allowances were returned, all of which consisted of acquired emission rights units. Fingrid has not been granted free-of-charge emission rights for the emissions trade period 2013–2020. No emission rights were purchased in 2015. Emissions trading had minor financial significance for Fingrid.

### **Legal proceedings and proceedings by authorities**

On 19 January 2015, the Energy Authority granted Fingrid a licence to operate the electricity transmission system in the national grid and appointed Fingrid Oyj as the distribution system operator responsible for the transmission grid.

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In its verdict on 29 June 2015, the Supreme Administrative Court rejected Fingrid's appeal concerning the Market Court's decision of 21 January 2013. The Market Court had rejected Fingrid's appeal concerning the methods confirmed by the Energy Authority which are applied in determining the grid owner's income from grid operations and payments for transmission service for the 2012–2015 regulatory period. The decision did not have financial impacts on the company.

In its decision of 30 June 2015, the Energy Authority demanded that Fingrid change its decision of 31 March 2015 on the naming of the grid. Fingrid appealed this decision to the Market Court on 24 July 2015. This was the first time a naming decision was made, and it is based on the Electricity Market Act, amended in 2013, according to which Section 31 stipulates that the grid owner must name the transmission lines, electricity substations and other devices which fall under the scope of its grid network for the regulatory period. The Energy Authority's change request concerns the eastern capital city region and the 400 kV Ulvila–Meri–Pori transmission line, which the Energy Authority requests be named to the national grid. Helen Sähköverkot Oy, Vantaan Energian Sähköverkot Oy have also appealed the Energy Authority's decision on the naming of the grid.

The Group is not aware of any other ongoing legal proceedings or proceedings by authorities that would have a significant impact on Fingrid's operations.

### **Events after the review period and estimate of future outlook**

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 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 company rating and 'F1' for its short-term company 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.

On 16 February 2016, Fingrid established Fingrid Datahub Oy. The task of the subsidiary, wholly owned by Fingrid, is to implement an information exchange system for the electricity market in which information between retailers and grid companies is centralised in one service.

Fingrid Group's profit for the 2016 financial period, excluding changes in the fair value of derivatives and before taxes, is expected to decline clearly 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. Due to a regulatory amendment, the company has changed the manner in which it recognises congestion income. Congestion income received by Fingrid will, in future, be entered directly in the company's balance sheet as accruals and will be recognised when their corresponding costs accrue as annual expenses or are entered against completed capital expenditure.

Results forecasts for the full financial 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. These are particularly dependent on temperature variations and precipitation and changes in water

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levels in the Nordic countries, 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.

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### **Board of Directors' proposal for the distribution of profit**

Fingrid updated its dividend policy in 2014. The guiding principle for Fingrid's dividend policy is to distribute substantially all of the parent company profit as dividend. When making the decision, however, the economic conditions, the company's near term investment and development needs as well as any prevailing financial targets of the company are always taken into account.

Fingrid Oyj's distributable funds in the financial statements total EUR 162,087,956.09. Since the close of the financial year, there have been no material changes in the company's financial position and, in the Board of Directors' view, the proposed dividend distribution does not threaten the company's solvency.

The company's Board of Directors will propose to the Annual General Meeting of Shareholders that

- a dividend of EUR 33,686.24 per share be paid for Series A shares and EUR 16,038.49 per share be paid for Series B shares, for a total of EUR 90,000,003.75.

- EUR 72,087,952.34 be retained in unrestricted equity.

Annual General Meeting 2016

Fingrid Oyj's Annual General Meeting is preliminarily scheduled for 6 April 2016 in Helsinki.

Helsinki, 19 February, 2016  
Fingrid Oyj  
Board of Directors

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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	1 Jan - 31 Dec, 2015 € 1000	1 Jan - 31 Dec, 2014 € 1000
<b>TURNOVER</b>	2	<b>600,224</b>	<b>567,155</b>
Other operating income	3	5,199	4,619
Raw materials and consumables used	4	-240,643	-264,304
Employee benefits expenses	5	-25,804	-24,993
Depreciation	6	-94,119	-91,511
Other operating expenses	7,8,9	-82,288	-48,149
<b>OPERATING PROFIT</b>		<b>162,570</b>	<b>142,817</b>
Finance income	10	706	1,172
Finance costs	10	-34,401	-11,910
Finance income and costs		-33,695	-10,738
Share of profit of associated companies		447	854
<b>PROFIT BEFORE TAXES</b>		<b>129,321</b>	<b>132,934</b>
Income taxes	11	-25,745	-26,441
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>103,576</b>	<b>106,493</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that may subsequently be transferred to profit or loss			
Cash flow hedges	12	5,785	
Translation reserve	12	-309	-419
Available-for-sale financial assets	12	18	16
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>		<b>109,070</b>	<b>106,090</b>
<b>Profit attributable to:</b>			
Equity holders of parent company		103,576	106,493
<b>Total comprehensive income attributable to:</b>			
Equity holders of parent company		109,070	106,090
Earnings per share, €	13	31,151	32,028
<b>Earnings per share for profit attributable to the equity holders of the parent company:</b>			
Undiluted earnings per share, €	13	31,151	32,028
Diluted earnings per share, €	13	31,151	32,028

Income tax related to other comprehensive income is presented in note 12.  
Notes are an integral part of the financial statements.

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## Consolidated balance sheet

ASSETS	Notes	31 Dec 2015 € 1 000	31 Dec 2014 € 1 000
<b>NON-CURRENT ASSETS</b>			
Intangible assets:			
Goodwill	15	87,920	87,920
Other intangible assets	16	95,428	95,016
		183,348	182,937
Property, plant and equipment: 17			
Land and water areas		15,349	14,974
Buildings and structures		167,280	156,541
Machinery and equipment		567,627	576,891
Transmission lines		789,614	798,120
Other property, plant and equipment		7,548	7,906
Prepayments and purchases in progress		129,566	86,023
		1,676,984	1,640,454
Investments: 18			
Equity investments in associated companies		9,888	10,515
Available-for-sale investments		284	262
		10,173	10,777
Receivables:			
Derivative instruments	30	32,148	42,063
Deferred tax assets	27	16,479	10,674
Loan receivables from associated companies	20	2,500	1,600
Other receivables	20	991	991
		51,127	55,328
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,921,632</b>	<b>1,889,496</b>
<b>CURRENT ASSETS</b>			
Inventories	19	12,665	12,843
Derivative instruments	30	3,353	11,208
Trade receivables and other receivables	21	69,909	57,699
Financial assets recognised in the income statement at fair value	22	93,451	116,694
Cash in hand and cash equivalents	23	23,403	62,566
<b>TOTAL CURRENT ASSETS</b>		<b>202,782</b>	<b>261,010</b>
<b>TOTAL ASSETS</b>		<b>2,124,414</b>	<b>2,150,507</b>

Notes are an integral part of the financial statements.

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## CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES	Notes	31 Dec 2015 € 1 000	31 Dec 2014 € 1 000
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>			
Share capital	26	55,922	55,922
Share premium account	26	55,922	55,922
Revaluation reserve	26	-5,740	-11,543
Translation reserve	26	-731	-422
Retained earnings	26	605,585	567,009
<b>TOTAL EQUITY</b>		<b>710,960</b>	<b>666,889</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	27	125,240	123,048
Borrowings	28	907,232	962,324
Provisions	29	1,668	1,685
Derivative instruments	30	46,952	44,974
		<b>1,081,092</b>	<b>1,132,032</b>
<b>CURRENT LIABILITIES</b>			
Borrowings	28	236,217	263,033
Derivative instruments	30	30,331	16,968
Trade payables and other liabilities	31	65,815	71,585
		<b>332,363</b>	<b>351,586</b>
<b>TOTAL LIABILITIES</b>		<b>1,413,455</b>	<b>1,483,617</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,124,414</b>	<b>2,150,507</b>

Notes are an integral part of the financial statements.

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## Consolidated statement of changes in equity

Attributable to equity holders of the parent company, € 1,000

	Notes	Share capital	Share premium account	Revaluation reserves	Translation reserve	Retained earnings	Total capital equity
<b>Balance on 1 Jan 2014</b>		<b>55,922</b>	<b>55,922</b>	<b>-11,559</b>	<b>-3</b>	<b>542,416</b>	<b>642,699</b>
<b>Comprehensive income</b>							
Profit or loss	26					106,493	106,493
<b>Other comprehensive income</b>							
Translation reserve	12				-419		-419
Items related to long-term asset items available-for-sale	12			16			16
<b>Total other comprehensive income adjusted by tax effects</b>				<b>16</b>	<b>-419</b>		<b>-403</b>
<b>Total comprehensive income</b>				<b>16</b>	<b>-419</b>	<b>106,493</b>	<b>106,090</b>
<b>Transactions with owners</b>							
Dividend relating to 2013	26					-81,900	-81,900
<b>Balance on 31 Dec 2015</b>		<b>55,922</b>	<b>55,922</b>	<b>-11,543</b>	<b>-422</b>	<b>567,009</b>	<b>666,889</b>
<b>Balance on 1 Jan 2015</b>		<b>55,922</b>	<b>55,922</b>	<b>-11,543</b>	<b>-422</b>	<b>567,009</b>	<b>666,889</b>
<b>Comprehensive income</b>							
Profit or loss	26					103,576	103,576
<b>Other comprehensive income</b>							
Cash flow hedges	12			5,785			5,785
Translation reserve	12				-309		-309
Items related to long-term asset items available-for-sale	12			18			18
<b>Total other comprehensive income adjusted by tax effects</b>				<b>5,803</b>	<b>-309</b>		<b>5,494</b>
<b>Total comprehensive income</b>				<b>5,803</b>	<b>-309</b>	<b>103,576</b>	<b>109,070</b>
<b>Transactions with owners</b>							
Dividend relating to 2014	26					-65,000	-65,000
<b>Balance on 31 Dec 2015</b>		<b>55,922</b>	<b>55,922</b>	<b>-5,740</b>	<b>-731</b>	<b>605,585</b>	<b>710,960</b>

Notes are an integral part of the financial statements.

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**CONSOLIDATED CASH FLOW STATE-  
MENT**

		1 Jan - 31 Dec, 2015	1 Jan - 31 Dec, 2014
	Notes	€ 1,000	€ 1,000
<b>Cash flow from operating activities:</b>			
Profit for the financial year	26	103,576	106,493
Adjustments:			
Business transactions not involving a payment transaction	36	115,978	83,495
Interest and other finance costs		34,401	11,910
Interest income		-701	-1,163
Dividend income		-5	-9
Taxes		25,745	26,441
Financial assets recognised in the income statement at fair value		-233	-192
Changes in working capital:			
Change in trade receivables and other receivables		-11,517	19,605
Change in inventories		178	-1,446
Change in trade payables and other liabilities		-8,332	974
Change in provisions	29	-18	-50
Interests paid		-23,734	-21,687
Interests received		821	1,225
Taxes paid	11	-20,470	-19,677
Net cash flow from operating activities		215,690	205,919
<b>Cash flow from investing activities:</b>			
Purchase of property, plant and equipment	17	-150,449	-124,479
Purchase of intangible assets	16	-3,421	-5,377
Purchase of other assets			
Proceeds from sale of other assets	18	500	57
Proceeds from sale of property, plant and equipment	17	5,066	1,389
Loans granted		-900	-1,600
Dividends received	10.18	556	346
Contributions received		15,000	19,935
Interests paid	10	-1,690	-1,326
Net cash flow from investing activities		-135,339	-111,055
<b>Cash flow from financing activities:</b>			
Proceeds from non-current financing (liabilities)		107,424	110,000
Payments of non-current financing (liabilities)		-104,220	-103,003
Change in current financing (liabilities)		-80,961	-58,012
Dividends paid	26	-65,000	-81,900
Net cash flow from financing activities		-142,757	-132,915
<b>Change in current financing (liabilities)</b>		<b>-62,406</b>	<b>-38,051</b>
<b>Cash and cash equivalents 1 Jan</b>		<b>179,261</b>	<b>217,311</b>
<b>Cash and cash equivalents 31 Dec</b>		<b>116,855</b>	<b>179,261</b>

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## CONSOLIDATED KEY FIGURES

		2015 IFRS	2014 IFRS	2013 IFRS	2012 IFRS	2011 IFRS
<b>Extent of operations</b>						
Turnover	MEUR	600.2	567.2	543.1	522.1	438.5
Capital expenditure, gross	MEUR	147.5	129.5	225.3	139.0	244.4
- % of turnover	%	24.6	22.8	41.5	26.6	55.7
Research and development expenses	MEUR	1.8	1.7	1.8	1.5	1.8
- % of turnover	%	0.3	0.3	0.3	0.3	0.4
Personnel, average		319	305	277	269	263
Personnel at the end of period		315	313	287	275	266
Salaries and remunerations total	MEUR	21.3	20.5	19.0	18.2	17.2
<b>Profitability</b>						
Operating profit	MEUR	162.6	142.8	115.3	94.6	56.5
- % of turnover	%	27.1	25.2	21.2	18.1	12.9
Profit before taxes	MEUR	129.3	132.9	87.3	88.3	34.2
- % of turnover	%	21.5	23.4	16.1	16.9	7.8
Return on investments (ROI)	%	8.7	7.6	6.3	5.6	3.6
Return on equity (ROE)	%	15.0	16.3	15.0	12.4	6.5
<b>Financing and financial position</b>						
Equity ratio	%	33.5	31.0	29.5	27.3	25.7
Interest-bearing net borrowings	MEUR	1,026.6	1,046.1	1,076.7	1,030.3	1,020.2
<b>Share-specific key figures</b>						
Profit/share	€	31,150.8	32,027.9	27,277.9	20,159.2	9,924.1
Dividend/A shares	€	33,686.24 *	21,655.44	29,788.26	5,115.89	3,962.52
Dividend/B shares	€	16,038.49 *	16,038.49	16,038.50	2,018.26	2,018.26
Dividend payout ratio A shares	%	108.1	67.6	109.2	25.4	39.9
Dividend payout ratio series B shares	%	51.5	50.1	58.8	10.0	20.3
Equity/share	€	213,822	200,568	193,293	171,365	152,573
Number of shares at 31 Dec						
– Series A shares	shares	2,078	2,078	2,078	2,078	2,078
– Series B shares	shares	1,247	1,247	1,247	1,247	1,247
Total	shares	3,325	3,325	3,325	3,325	3,325

\* The Board of Directors proposal to the Annual General Meeting

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**CALCULATION OF KEY FIGURES**


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Return on investment, %	=	$\frac{\text{Profit before taxes + interest and other finance costs}}{\text{Balance sheet total - non-interest-bearing liabilities (average for the year)}} \times 100$
Return on equity, %	=	$\frac{\text{Profit for the financial year}}{\text{Shareholders' equity (average for the year)}} \times 100$
Equity ratio, %	=	$\frac{\text{Shareholders' equity}}{\text{Balance sheet total - advances received}} \times 100$
Earnings per share, €	=	$\frac{\text{Profit for the financial year}}{\text{Average number of shares}}$
Dividends per share, €	=	$\frac{\text{Dividends for the financial year}}{\text{Average number of shares}}$
Dividend payout ratio, %	=	$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$
Equity per share, €	=	$\frac{\text{Equity}}{\text{Number of shares at closing date}}$
Interest-bearing net borrowings, €	=	Interest-bearing borrowings - cash and cash equivalents and financial assets

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

INVESTMENTS, €M	1-12/2015	1-12/2014	Change	1-12/2014
<b>Grid investments</b>	<b>138.4</b>	<b>117.5</b>	<b>20.9</b>	<b>117.5</b>
Substations	77.1	63.0	14.2	63.0
Transmission lines	61.3	54.6	6.7	54.6
<b>Gas turbine investments</b>	<b>0.7</b>	<b>0.8</b>	<b>-0.1</b>	<b>0.8</b>
Existing gas turbine plants	0.3	-0.2	0.5	-0.2
New gas turbine plants	0.4	1.0	-0.6	1.0
<b>Other investments</b>	<b>8.4</b>	<b>11.2</b>	<b>-2.7</b>	<b>11.2</b>
ICT	8.4	11.1	-2.7	11.1
<b>Total investments</b>	<b>147.5</b>	<b>129.5</b>	<b>18.0</b>	<b>129.5</b>

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RESEARCH AND DEVELOPMENT EXPENSES, €M	1-12/2015	1-12/2014	Change	1-12/2014
Research and development expenses	1.8	1.7	0.1	1.7

Number of salaried employees in the company during the financial year: **2015**                      **2014**

Personnel, average	319	305
Personnel, 31 Dec	315	313

Shareholders by category	Number of shares	Of all shares %	Of votes %
Public organisations	1,768	53.17	70.87
Financial and insurance institutions	1,557	46.83	29.12
<b>Total</b>	<b>3,325</b>	<b>100.00</b>	<b>100.00</b>

Shareholders, 31 Dec 2015	Number of shares	Of all shares %	Of votes %
Republic of Finland, represented by the Ministry of Finance	939	28.24	37.66
Aino Holding Ky	878	26.41	11.74
National Emergency Supply Agency	828	24.90	33.20
Mutual Pension Insurance Company Ilmarinen	661	19.88	17.15
Imatran Seudun Sähkö Oy	10	0.30	0.13
Fennia Life	6	0.18	0.08
Elo Mutual Pension Insurance	1	0.03	0.01
Pohjola Insurance Ltd	1	0.03	0.01
The State Pension Fund	1	0.03	0.01
<b>Total</b>	<b>3,325</b>	<b>100.00</b>	<b>100.00</b>

## DERIVATIVE AGREEMENTS. 1 000 €

	2015				2014			
	Fair value pos. 31.12.15	Fair value neg. 31.12.15	Net fair value 31.12.15	Nominal value 31.12.15	Fair value pos. 31.12.14	Fair value neg. 31.12.14	Net fair value 31.12.14	Nominal value 31.12.14
<b>Interest and currency derivatives</b>								
Cross-currency swaps	15,286	-20,297	-5,011	341,205	28,599	-19,758	8,841	321,383
Forward contracts		-88	-88	4,505	3,308		3,308	55,401
Interest rate swaps	24,348	-9,442	14,905	430,000	27,480	-11,894	15,585	435,000
Bought interest rate options	862		862	358,820				310,000

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<b>Total</b>	<b>40,496</b>	<b>-29,827</b>	<b>10,668</b>	<b>1,134,531</b>	<b>59,386</b>	<b>-31,652</b>	<b>27,734</b>	<b>1,121,783</b>
<b>Electricity derivatives</b>	Fair value pos. 31.12.15	Fair value neg. 31.12.15	Net fair value 31.12.15	Volume TWh 31.12.15	Fair value pos. 31.12.14	Fair value neg. 31.12.14	Net fair value 31.12.14	Volume TWh 31.12.14
Electricity forward contracts. NASDAQ OMX Commodities not designated as hedge accounting		-49,060	-49,060	4.22	6	-32,171	-32,165	4.19
<b>Total</b>		<b>-49,060</b>	<b>-49,060</b>	<b>4.22</b>	<b>6</b>	<b>-32,171</b>	<b>-32,165</b>	<b>4.19</b>

The net fair value of derivatives indicates the realised profit/loss if they had been reversed on the last trading day of 2015. The net fair value cannot be used for deriving the net derivative liabilities or receivables in the balance sheet, as accrued interest is taken into account here.

The company uses electricity derivatives to hedge the price risk of future loss energy purchases.

**Maturity of derivative contracts:**

<b>Nominal value, €1,000</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2020+</b>	<b>Total</b>
Interest rate swaps	70,000	30,000	105,000	60,000		165,000	<b>430,000</b>
Interest rate options	90,000		108,820	160,000			<b>358,820</b>
Cross-currency swaps	144,809	52,852	107,308	23,725		12,512	<b>341,205</b>
Forward contracts	2,432	2,074					<b>4,505</b>
<b>Total</b>	<b>307,241</b>	<b>84,926</b>	<b>321,127</b>	<b>243,725</b>		<b>177,512</b>	<b>1,134,531</b>

<b>TWh</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2020+</b>	<b>Total</b>
Electricity derivatives	1.41	1.23	0.79	0.53	0.26		<b>4.22</b>
<b>Total</b>	<b>1.41</b>	<b>1.23</b>	<b>0.79</b>	<b>0.53</b>	<b>0.26</b>		<b>4.22</b>

**COMMITMENTS AND CONTINGENT LIABILITIES, 1 000 €**

	<b>2015</b>	<b>2014</b>
<b>Pledges</b>		
Pledge covering property lease agreements	9	9
Pledge covering customs credit account	280	280
Pledge covering electricity exchange purchases	863	991
	<b>1,151</b>	<b>1,279</b>
<b>Unrecognised investment commitments</b>	<b>124,314</b>	<b>143,527</b>
<b>Other financial commitments</b>		

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Counterguarantee in favour of an associated company		1,700
Rent security deposit, guarantee	38	38
Credit facility commitment fee and commitment fee:		
Commitment fee for the next year	326	355
Commitment fee for subsequent years	1,154	815
	<b>1,518</b>	<b>2,907</b>

The item 'Prepayments and purchases in progress' contains the prepayments of noncurrent property, plant and equipment and intangible assets, and acquisition costs caused by capital expenditure in progress.

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Notes:

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Financial statements and Report of the Board of Directors 2015