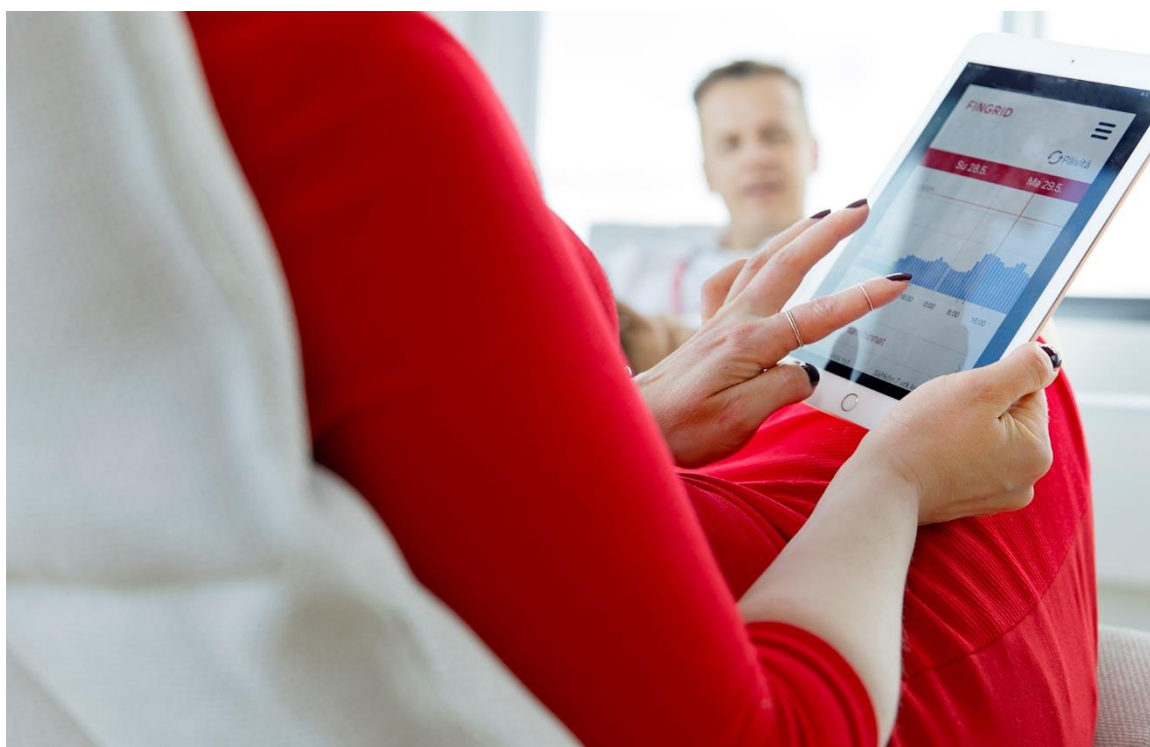


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**FINGRID OYJ**  
**HALF-YEAR REPORT**  
**1 JANUARY – 30 JUNE 2017**



## FINGRID GROUP'S HALF-YEAR REPORT 1 JANUARY - 30 JUNE 2017

Fingrid's consolidated financial statements have been drawn up in accordance with the International Financial Reporting Standards (IFRS). This Half-year report has been drawn up in accordance with the IAS 34 Interim Financial Reporting standard and complies with the same accounting principles as those presented in the Group's 2016 financial statements. This Half-year report is unaudited. Unless otherwise indicated, the figures in parentheses refer to the same period of the previous year.

Graphs can be seen in the PDF attachment to the Jan–Jun Half-year report.

Fingrid is responsible for electricity transmission in Finland's nationwide grid, which Fingrid owns and which is an integral part of the power system in Finland. The transmission grid is the high-voltage trunk network which covers all of Finland. Major power plants, industrial plants and electricity distribution networks are connected to the grid. Finland's main grid is part of the Nordic power system, which is connected to the systems of Central Europe, Russia and Estonia. Fingrid is in charge of grid operation, and for the planning and monitoring of grid operation, as well as for maintaining and developing the system. An additional task is to participate in work carried out by ENTSO-E, the European Network of Transmission System Operators for Electricity, and in preparing European market and operational codes as well as network planning. Fingrid offers grid, cross-border transmission and balance services to its contract customers: electricity producers, network operators and the industry. Fingrid serves the electricity market by maintaining adequate electricity transmission capacity, by removing bottlenecks cross-border transmission links and by providing market data. Fingrid's turnover is made up of the service charges it collects for its services and from the revenue received from the sale of imbalance and balancing power.

KEY FIGURES		1-6/17	1-6/16	change %	1-12/16
Turnover	MEUR	326.1	297.3	9.7	586.1
Capital expenditure, gross	MEUR	58.3	75.4	-22.7	146.7
- of turnover	%	17.9	25.4		25.0
Salaries and bonuses, total	MEUR	12.1	11.5	4.8	22.7
Operating profit excluding the change in the fair value of derivatives	MEUR	107.2	90.1	19.1	156.6
- of turnover	%	32.9	30.3		26.7
Operating profit	MEUR	103.7	100.4	3.3	192.0
- of turnover	%	31.8	33.8		32.8
Profit before taxes	MEUR	92.5	96.7	-4.4	173.9
- of turnover	%	28.4	32.5		29.7
Profit for the period	MEUR	73.9	77.4	-4.5	138.7
Comprehensive income for the period	MEUR	74.1	80.5	-8.0	144.8
Net cash flow from operations, after capital expenditure	MEUR	85.8	73.7	16.4	93.6
Equity ratio	%	35.7	33.5		36.4
Interest-bearing net borrowings	MEUR	1,039.7	1,041.0	-0.1	1,028.0
Net gearing		1.4	1.5		1.3
Earnings per share	€	22,229.41	23,285.31	-4.5	41,706.12
Dividend, Series A shares	€				37,536.09
Dividend, Series B shares	€				16,038.49
Equity per share	€	223,112.96	210,971.41	5.8	230,300.55
Dividend payout ratio, A shares	%				90.0

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Dividend payout ratio, B shares	%				38.5
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: “Significant national and cross-national measures in the energy industry”

“In financial terms, Fingrid’s first half of 2017 overall has been as expected and the company’s finances are on a stable footing.

We have succeeded well in our mission: the reliability of electricity transmission has been excellent and there were no major disturbances in our grid during the first half of 2017. With the winter being mild, sufficient electricity supply was not in jeopardy at any point. Peak electricity consumption was reached on 5 January 2017, reaching 14,300 MWh/h. Because of the market situation, the transmission connections with our neighbouring countries brought in more electricity to Finland than ever before. The new import record is 4,750 MWh/h. In May, we found ourselves faced with a new situation yet again: there was too much electricity production in relation to consumption in Finland. The markets functioned, and the price of electricity on the balancing power markets for a four-hour period was negative €–1,000/MWh and for a two-hour period €–500/MWh. These are the all-time lowest imbalance power prices in Finland. Electricity consumers were paid for increased electricity consumption.

Jorma Ollila’s report for the Nordic Council on the development of Nordic energy co-operation was published in June. The report highlights the need to co-ordinate national energy policies and the importance of well-functioning electricity markets. Ollila’s report steers the development of Nordic energy co-operation in the right direction. The transition to a green, carbon-free power system requires close regional co-operation and leveraging the markets. The proposals are based on well-functioning markets and on strengthening them. Functioning markets will play a key role in the transformation to a more environmentally friendly electricity system with a higher share of renewables. We have been very active and have presented measures to cost-effectively renew the electricity system to meet the needs of future generations. In April, Fingrid published “Our Shared Journey – a roadmap towards achieving a green power system”, and like Ollila’s report, it contains similar initiatives and measures, as well as ongoing projects to develop the markets

Over the coming decade, we will implement several nationally significant investments in Finland’s transmission grid. In co-operation with Sweden’s TSO, we have launched the development of a third 400 kilovolt AC connection between Finland and Sweden. The project, which costs EUR 200 million, is due to be completed by 2025 at the latest. The connection will increase the transmission capacity between the two countries by 800 megawatts, representing an increase of 30 per cent from the current transmission capacity.

Electricity produced in northern Finland and northern Sweden must be transferred to the south to serve the needs of industry and consumers. We have begun planning a north–south transmission connection, called the Forest Line, from Oulu to Petäjävesi. In addition to the above, we are preparing for the increased transmission needs between north and south by launching plans to double the “Lake Line” in eastern Finland. In addition to preparing for the future, major upgrades to the grid are under way: this year we will realise a total of 32 investment projects.

At the start of May, we adopted joint balance settlement for the electricity markets of Finland, Sweden and Norway. Joint balance settlement strengthens the markets across national market borders and is a step closer to the deeper integration of the Nordic electricity markets. Cross-border co-operation in balance settlement is new in entire Europe. The balance

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27.7.2017, at 12:15  
EET

settlement will be prepared in future by eSett Oy, which is jointly owned by the TSOs and operates out of Finland.

The Swedish and Norwegian TSOs presented a proposal to the Danish and Finnish TSOs on a balance management model for developing the real-time markets in the Nordic countries. In Fingrid's view, it is unfortunate that the proposal, which will have an impact on Nordic TSO collaboration, was not prepared jointly by the TSOs. In our view, it is important that the key principles are prepared jointly by the key stakeholders. Our goal is to enable open, effective electricity markets based on fair principles in the best interest of the entire Baltic Sea region and all electricity market parties. We will continue the discussion with Nordic TSOs."

## Financial result

The Group's turnover in January–June was EUR 326,1 (297,3) million. Grid service income increased during the period under review to EUR 220.2 (198.0) million, as a result of the change in grid pricing enacted at the start of the year. Other operating income totalled EUR 1,1 (8,3) million. Costs during January–June amounted to EUR 219.9 (215.5) million.

Fingrid's congestion income from connections between Finland and Sweden decreased to EUR 10.4 (29.9) million. This is a consequence of the weakening hydrological situation in the Nordic countries and the rise in the Nordic price level following the strengthening price of coal, which has reduced the regional price differences between Finland and Sweden. Fingrid's congestion income from the links between Finland and Estonia amounted to EUR 0.1 (2.3) million. In accordance with the regulation on congestion income, Fingrid has booked the congestion income it received during the reporting period to the Hirvisuo–Pyhäselkä grid investment project, which supports the transmission of electricity from northern Sweden to Finland.

Between January and June, electricity consumption totalled 43.5 (43.6) terawatt hours. Imbalance power sales amounted to EUR 85.0 (74.6) million. The growth in sales is largely due to the higher price of imbalance power. Cross-border transmission income from the connection between Finland and Russia remained at the previous year's level, i.e. EUR 10.8 (10.8) million.

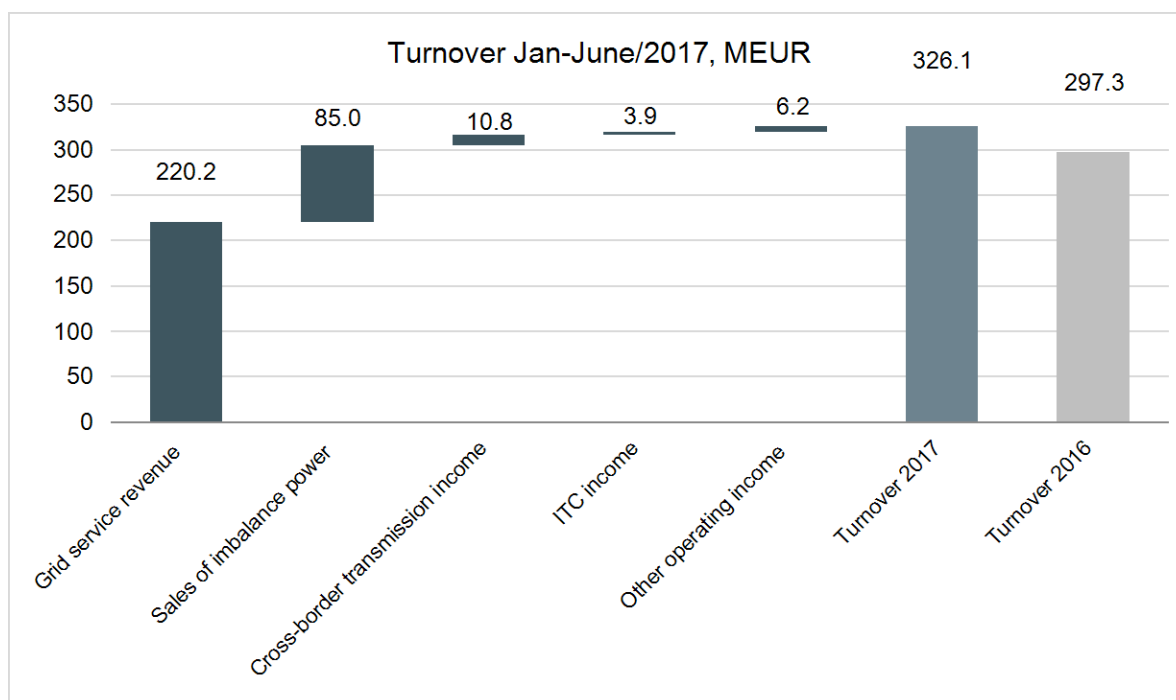
Imbalance power costs increased from the previous year's level to EUR 69.7 (58.2) million, mainly as a consequence of the rise in prices. Loss power costs amounted to EUR 21.2 (30.7) million. The declining loss power costs have been affected by the lower price of loss power procurement and the lower volume of loss power. At the end of June, approximately 105 (100) per cent of Fingrid's projected loss power procurement for the remainder of 2017 was hedged at an average price of EUR 31.1 (35.9) per megawatt hour.

The cost of reserves to safeguard the grid's system security increased slightly to EUR 24.9 (24.1) million. The growth in reserve costs was affected by the procurement of automatic frequency regulating reserve, which was not activated at all during the first half of the previous year. Depreciation amounted to EUR 48.4 (48.2) million. Grid maintenance costs have remained nearly at the previous year's level, at EUR 9.6 (9.5) million. Personnel costs amounted to EUR 14.7 (14.3) million.

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27.7.2017, at 12:15  
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Turnover and other income, MEUR	1-6/17	1-6/16	change %
Grid service income	220.2	198.0	11.2
Imbalance power sales	85.0	74.6	13.9
ITC income	3.9	7.9	-50.5
Cross-border transmission income	10.8	10.8	0.0
Peak load capacity income*	3.5	3.5	1.5
Other turnover	2.7	2.6	3.5
Other operating income	1.1	8.3	-86.9
<b>Turnover and other income total</b>	<b>327.2</b>	<b>305.6</b>	<b>7.1</b>



<b>Costs, MEUR</b>	<b>1-6/17</b>	<b>1-6/16</b>	<b>change %</b>
Purchase of imbalance power	69.7	58.2	19.8
Loss energy costs	21.2	30.7	-30.9
Depreciation	48.4	48.2	0.5
Cost of reserves	24.9	24.1	3.4
Personnel costs	14.7	14.3	3.0
Peak load capacity costs*	3.4	3.3	2.2
Maintenance costs	9.6	9.5	1.3
ITC charges	6.6	5.8	14.0
Other costs	21.4	21.5	-0.7
<b>Costs total</b>	<b>219.9</b>	<b>215.5</b>	<b>2.0</b>
<b>Operating profit, excl. the change in the fair value of derivatives</b>	<b>107.2</b>	<b>90.1</b>	<b>19.1</b>
<b>Consolidated operating profit, IFRS</b>	<b>103.7</b>	<b>100.4</b>	<b>3.3</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.

The Group's operating profit in the first half of the year was EUR 103,7 (100,4) million. Profit before taxes was EUR 92,5 (96,7) million. The differences from the corresponding period of the previous year are explained by changes in the market value of derivatives (EUR -23.3 million), and the growth in grid service income (EUR +22.2 million). Profit for the period was EUR 73,9 (77,4) million and comprehensive income was EUR 74,1 (80,5) million. The Group's net cash flow from operations, with net capital expenditure deducted, was EUR 85.8 (73.7) million during the review period. The equity to total assets ratio was 35.7 (33.5) per cent at the end of the review period.

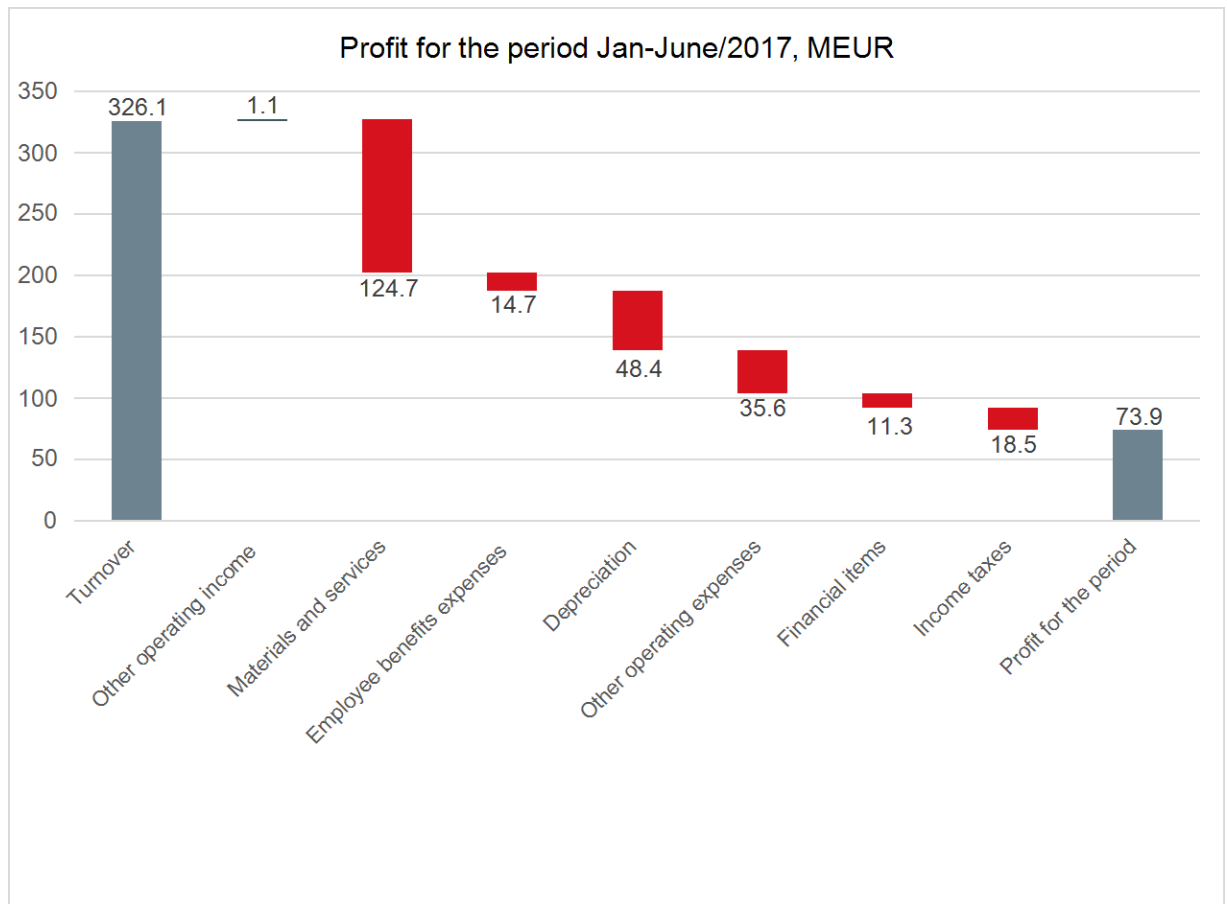
The Group's profit for the financial period is characterised by seasonal fluctuations, because the higher tariff on grid service income during the winter period is valid from the first day of December until the last day of February, in addition to which, electricity transmission is higher during the cold period in question, due to the higher consumption of electricity. Since much of the Group's operating profit for the review period is accumulated during the winter tariff months, the profit for the entire year cannot be directly estimated based on the profit from the period under review.

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>	<b>1 Jan - 30 June, 2017</b>	<b>1 Jan - 30 June, 2016</b>	<b>1 Jan - 31 Dec, 2016</b>
	<b>MEUR</b>	<b>MEUR</b>	<b>MEUR</b>
<b>TURNOVER</b>	<b>326.1</b>	<b>297.3</b>	<b>586.1</b>
Other operating income	1.1	8.3	12.7
Materials and services	-124.7	-122.1	-248.4
Employee benefits expenses	-14.7	-14.3	-28.6
Depreciation	-48.4	-48.2	-99.2
Other operating expenses	-35.6	-20.6	-30.6
<b>OPERATING PROFIT</b>	<b>103.7</b>	<b>100.4</b>	<b>192.0</b>
Finance income	0.3	0.4	0.7
Finance costs	-12.4	-4.4	-19.4
Finance income and costs	-12.1	-4.0	-18.7
Share of profit of associated companies	0.9	0.3	0.5
<b>PROFIT BEFORE TAXES</b>	<b>92.5</b>	<b>96.7</b>	<b>173.9</b>
Income taxes	-18.5	-19.3	-35.2
<b>PROFIT FOR THE PERIOD</b>	<b>73.9</b>	<b>77.4</b>	<b>138.7</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that may subsequently be transferred to profit or loss			
Cash flow hedges		3.6	7.2
Translation reserve	0.2	0.2	0.3
Available-for-sale investments	0.0	0.0	0.0
Taxes related to other items in total comprehensive income	0.0	-0.7	-1.4
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>74.1</b>	<b>80.5</b>	<b>144.8</b>
<b>Profit attributable to:</b>			
Equity holders of parent company	73.9	77.4	138.7
<b>Total comprehensive income attributable to:</b>			
Equity holders of parent company	74.1	80.5	144.8
<b>Earnings per share for profit attributable to the equity holders of the parent company:</b>			
Undiluted and diluted earnings per share, €	22,229	23,285	41,706
Weighted average number of shares, quantity	3,325	3,325	3,325



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## CONSOLIDATED BALANCE SHEET

<b>ASSETS</b>	<b>30 June 2017</b>	<b>30 June 2016</b>	<b>31 Dec 2016</b>
	<b>MEUR</b>	<b>MEUR</b>	<b>MEUR</b>
<b>NON-CURRENT ASSETS</b>			
Intangible assets:			
Goodwill	87.9	87.9	87.9
Other intangible assets	98.4	95.1	96.6
	186.4	183.0	184.5
Property, plant and equipment:			
Land and water areas	15.7	15.6	15.7
Buildings and structures	195.7	175.9	193.7
Machinery and equipment	562.3	567.1	578.3
Transmission lines	812.8	794.2	825.0
Other property, plant and equipment	7.4	7.4	7.6
Prepayments and purchases in progress	93.8	144.0	69.8
	1,687.6	1,704.2	1,690.2
Investments in associated companies	14.1	12.3	14.2
Available-for-sale investments and receivables	0.1	0.1	0.1
Derivative instruments	25.2	36.0	29.7
Deferred tax assets	6.6	13.8	6.2
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,920.0</b>	<b>1,949.5</b>	<b>1,924.7</b>
<b>CURRENT ASSETS</b>			
Inventories	13.1	12.1	12.3
Derivative instruments	0.9	3.2	2.9
Trade receivables and other receivables	59.3	51.4	82.2
Financial assets recognised in the income statement at fair value	62.9	53.9	57.8
Cash in hand and cash equivalents	20.8	25.6	21.9
<b>TOTAL CURRENT ASSETS</b>	<b>157.0</b>	<b>146.3</b>	<b>177.0</b>
<b>TOTAL ASSETS</b>	<b>2,077.0</b>	<b>2,095.7</b>	<b>2,101.8</b>

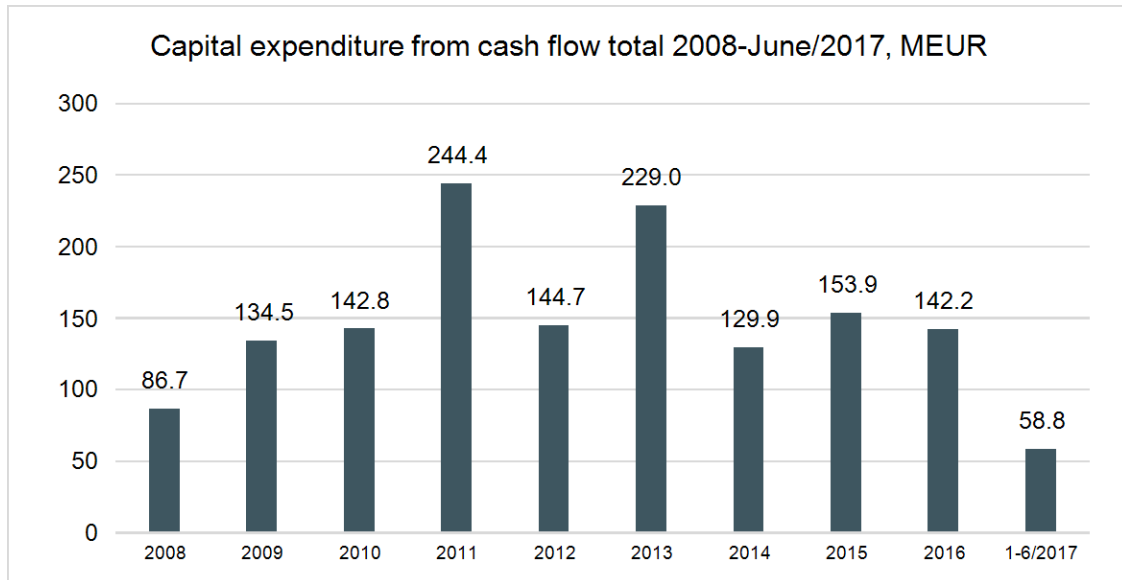
## CONSOLIDATED BALANCE SHEET

<b>EQUITY AND LIABILITIES</b>	<b>30 June 2017</b>	<b>30 June 2016</b>	<b>31 Dec 2016</b>
	<b>MEUR</b>	<b>MEUR</b>	<b>MEUR</b>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>			
Share capital	55.9	55.9	55.9
Share premium account	55.9	55.9	55.9
Revaluation reserve	0.1	-2.8	0.1
Translation reserve	-0.2	-0.5	-0.4
Retained earnings	630.2	593.0	654.3
<b>TOTAL EQUITY</b>	<b>741.9</b>	<b>701.5</b>	<b>765.7</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	125.9	127.7	125.8
Borrowings	834.0	800.3	842.9
Provisions	1.5	1.7	1.5
Derivative instruments	21.9	43.8	18.6
	<b>983.3</b>	<b>973.5</b>	<b>988.7</b>
<b>CURRENT LIABILITIES</b>			
Borrowings	289.3	320.2	264.9
Derivative instruments	6.3	19.3	7.9
Trade payables and other liabilities	56.3	81.2	74.6
	<b>351.9</b>	<b>420.7</b>	<b>347.3</b>
<b>TOTAL LIABILITIES</b>	<b>1,335.1</b>	<b>1,394.3</b>	<b>1,336.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,077.0</b>	<b>2,095.7</b>	<b>2,101.8</b>

Grid assets represent the majority of the company's property, plant and equipment. Grid assets include 400-, 220-, 110-kilovolt transmission lines, DC lines, transmission line right-of-ways, substations and the areas they encompass (buildings, structures, machinery and equipment, substation access roads), gas turbine power plants, fuel tanks, generators and turbines. These assets are valued in the balance sheet at the original acquisition cost less accumulated depreciation and potential impairment. If an asset is made up of several parts with useful lives of different lengths, the parts are treated as separate items and are depreciated over their separate useful lives. Intangible assets consist of computer software and land use and emission rights. Computer software is valued at its original acquisition cost and depreciated on a straight line basis during its estimated useful life. Land use rights, which have an indefinite useful life, are not depreciated but are tested annually for impairment. 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 continues to be extensive.

CHANGES IN PROPERTY, PLANT AND EQUIPMENT, MEUR	1-6/2017	1-6/2016	Change	1-12/2016
<b>Carrying amount at beginning of period</b>	<b>1,690.2</b>	<b>1,677.0</b>	<b>13.2</b>	<b>1,677.0</b>
Increases	45.2	76.6	-31.3	113.1
Decreases	0.0	-1.9	1.9	-2.1
Depreciation and amortisation expense	-47.7	-47.5	-0.2	-97.8
<b>Carrying amount at end of period</b>	<b>1,687.6</b>	<b>1,704.2</b>	<b>-16.5</b>	<b>1,690.2</b>

INVESTMENTS, MEUR	1-6/2017	1-6/2016	Change	1-12/2016
<b>Grid investments</b>	<b>47.5</b>	<b>69.9</b>	<b>-22.4</b>	<b>135.8</b>
Substations	33.3	41.5	-8.2	88.0
Transmission lines	14.2	28.4	-14.2	47.8
<b>Gas turbine investments</b>	<b>7.1</b>	<b>0.8</b>	<b>6.3</b>	<b>3.3</b>
Existing gas turbine plants	7.1	0.8	6.3	3.3
<b>Other investments</b>	<b>3.7</b>	<b>4.7</b>	<b>-1.0</b>	<b>7.7</b>
ICT	3.7	4.7	-1.0	7.5
Other	0.0	0.0	0.0	0.2
<b>Total investments</b>	<b>58.3</b>	<b>75.4</b>	<b>-17.1</b>	<b>146.7</b>



COMMITMENTS CONTINGENT LIABILITIES, MEUR	30 June 2017	30 June 2016	Change	31 Dec 2016
Pledged cash assets	0.5	0.3	0.2	0.3
Rental liabilities	32.5	25.0	7.4	32.2
Right-of-use agreements for reserve power plants	76.5	85.2	-8.7	80.3
Credit facility commitment fees	1.4	1.3	0.1	1.5
<b>Total</b>	<b>110.9</b>	<b>111.8</b>	<b>-1.0</b>	<b>114.3</b>
<b>Investment commitments</b>	<b>85.1</b>	<b>102.4</b>	<b>-17.3</b>	<b>84.6</b>

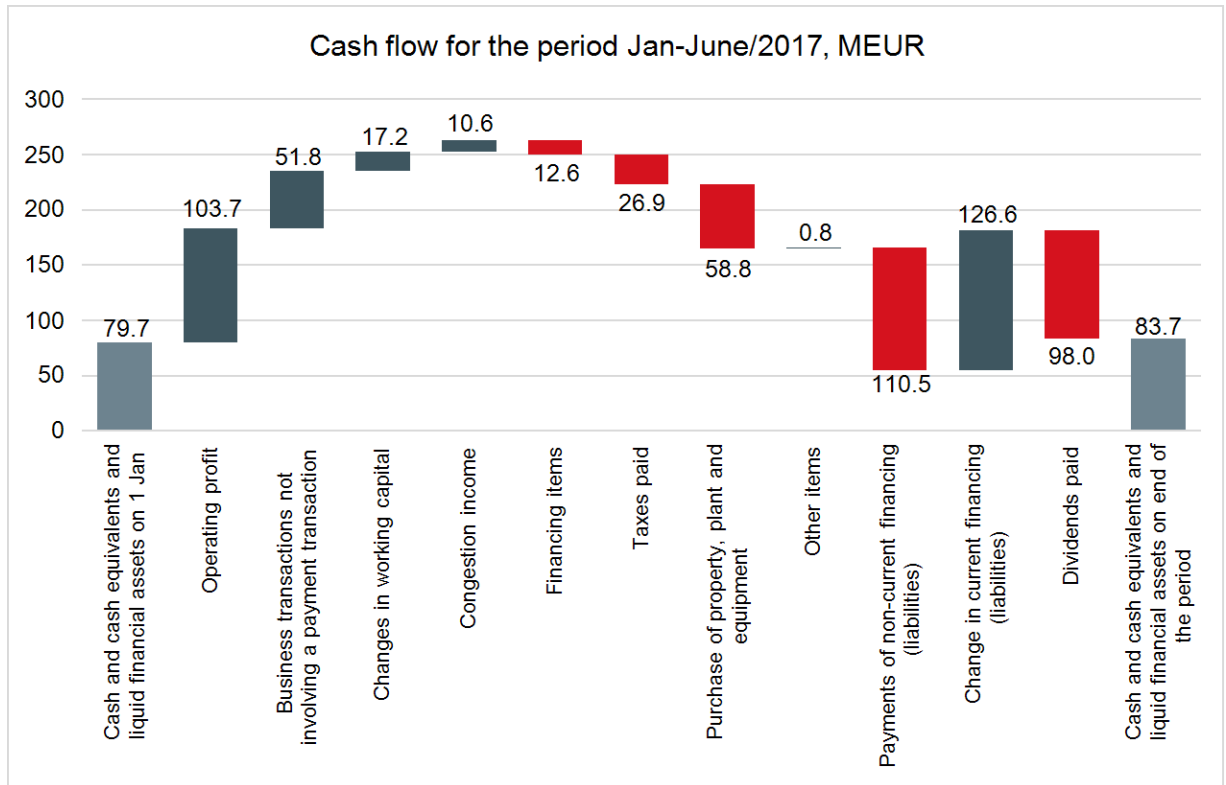
Related parties are presented in the notes to Fingrid's 2016 financial statements. All transactions between Fingrid and related parties take place on market terms. The company has not lent money to the top management, and the company has no transactions with the top management. At the close of the reporting period, the Republic of Finland owned 53.1 per cent of the company's shares. The Finnish Parliament has authorised the Ministry of Finance to reduce the state's ownership in Fingrid Oyj to no more than 50.1 per cent of the company's shares and votes.

TRANSACTIONS WITH ASSOCIATED COMPANIES, MEUR	1-6/2017	1-6/2016	Change	1-12/2016
Sales	0.3	0.2	0.1	0.5
Interest income	0.0	0.0	0.0	0.0
Purchases	1.2	0.4	0.8	0.8
Trade receivables	0.4	0.4	0.1	0.3
Trade payables	0.3	0.2	0.1	0.2
Loan receivables	4.0	2.5	1.5	4.0

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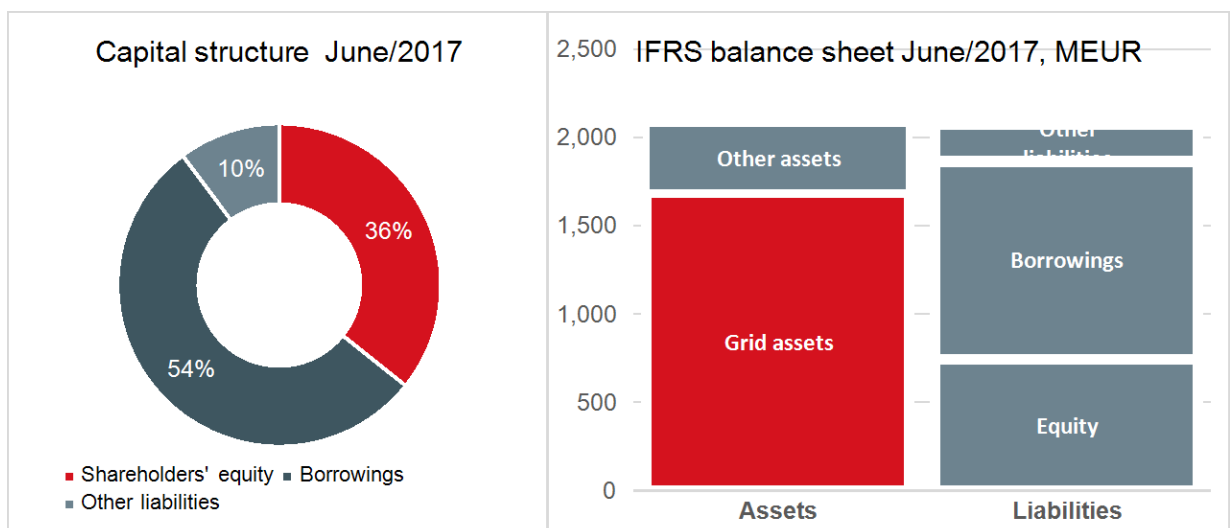
<b>Consolidated statement of changes in total equity, MEUR</b>						
Equity attributable to shareholders of the parent company	Share capital	Share premium account	Revaluation reserves	Translation reserve	Retained earnings	Shareholders' equity total
<b>Balance on 1 January 2016</b>	<b>55.9</b>	<b>55.9</b>	<b>-5.7</b>	<b>-0.7</b>	<b>605.6</b>	<b>711.0</b>
<b>Comprehensive income for the review period</b>						
Profit or loss					77.4	77.4
<b>Other comprehensive income</b>						
Cash flow hedges			2.9			2.9
Translation reserve				0.2		0.2
Items related to long-term asset items available for sale			0.0			0.0
<b>Total other comprehensive income adjusted by tax effects</b>			<b>2.9</b>	<b>0.2</b>		<b>3.1</b>
<b>Total comprehensive income</b>			<b>2.9</b>	<b>0.2</b>	<b>77.4</b>	<b>80.5</b>
<b>Transactions with owners</b>						
Dividend relating to 2015					-90.0	-90.0
<b>Balance on 30 June 2016</b>	<b>55.9</b>	<b>55.9</b>	<b>-2.8</b>	<b>-0.5</b>	<b>593.0</b>	<b>701.5</b>
<b>Comprehensive income for the review period</b>						
Profit or loss					61.2	61.2
<b>Other comprehensive income</b>						
Cash flow hedges			2.9			2.9
Translation reserve				0.1		0.1
Items related to long-term asset items available for sale			0.0			0.0
<b>Total other comprehensive income adjusted by tax effects</b>			<b>2.9</b>	<b>0.1</b>		<b>3.0</b>
<b>Total comprehensive income</b>			<b>2.9</b>	<b>0.1</b>	<b>61.2</b>	<b>64.3</b>
<b>Balance on 1 January 2017</b>	<b>55.9</b>	<b>55.9</b>	<b>0.1</b>	<b>-0.4</b>	<b>654.3</b>	<b>765.7</b>
<b>Comprehensive income for the review period</b>						
Profit or loss					73.9	73.9
<b>Other comprehensive income</b>						
Translation reserve				0.2		0.2
Items related to long-term asset items available for sale			0.0			0.0
<b>Total other comprehensive income adjusted by tax effects</b>			<b>0.0</b>	<b>0.2</b>		<b>0.2</b>
<b>Total comprehensive income</b>			<b>0.0</b>	<b>0.2</b>	<b>73.9</b>	<b>74.1</b>
<b>Transactions with owners</b>						
Dividend relating to 2016					-98.0	-98.0
<b>Balance on 30 June 2017</b>	<b>55.9</b>	<b>55.9</b>	<b>0.1</b>	<b>-0.2</b>	<b>630.2</b>	<b>741.9</b>

<b>CONSOLIDATED CASH FLOW STATEMENT</b>	<b>1 Jan - 30 June, 2017 MEUR</b>	<b>1 Jan - 30 June, 2016 MEUR</b>	<b>1 Jan - 31 Dec, 2016 MEUR</b>
<b>Cash flow from operating activities:</b>			
Profit for the period	73.9	77.4	138.7
Adjustments:			
Business transactions not involving a payment			
Depreciation	48.4	48.2	99.2
Capital gains/losses (-/+) on tangible and intangible	-0.2	-3.7	-3.8
Share of profit of associated companies	-0.9	-0.3	-0.5
Gains/losses from the assets and liabilities recognised in the income statement at fair value	3.5	-10.3	-35.4
Interest and other finance costs	12.4	4.4	19.4
Interest income	-0.3	-0.4	-0.7
Taxes	18.5	19.3	35.2
Impact from changes in the fair value of the investment	0.1	0.1	0.2
Changes in working capital:			
Change in trade receivables and other receivables	29.6	19.3	-13.1
Change in inventories	-0.8	0.5	0.4
Change in trade payables and other liabilities	-11.6	-10.2	7.4
Congestion income	10.6	32.2	39.9
Change in provisions			-0.2
Interests paid	-21.1	-14.1	-20.5
Interests received	8.5	0.3	0.4
Taxes paid	-26.9	-23.5	-33.9
<b>Net cash flow from operating activities</b>	<b>143.8</b>	<b>139.1</b>	<b>232.7</b>
<b>Cash flow from investing activities:</b>			
Purchase of property, plant and equipment	-54.9	-69.4	-138.1
Purchase of intangible assets	-3.8	-1.2	-4.1
Proceeds from sale of other assets		0.2	0.2
Proceeds from sale of property, plant and equipment	0.2	5.6	5.9
Loans granted			-1.5
Dividends received	1.1	0.6	0.6
Contributions received			
Capitalised interest paid	-0.6	-1.2	-2.0
<b>Net cash flow from investing activities</b>	<b>-58.0</b>	<b>-65.4</b>	<b>-139.1</b>
<b>Cash flow from financing activities:</b>			
Proceeds from non-current financing (liabilities)			80.0
Payments of non-current financing (liabilities)	-110.5	-15.7	-164.8
Change in current financing (liabilities)	126.6	-5.0	44.4
Dividends paid	-98.0	-90.0	-90.0
<b>Net cash flow from financing activities</b>	<b>-81.9</b>	<b>-110.7</b>	<b>-130.4</b>
<b>Change in cash as per the cash flow statement</b>	<b>3.9</b>	<b>-37.0</b>	<b>-36.8</b>
<b>Opening cash as per the cash flow statement</b>	<b>79.7</b>	<b>116.6</b>	<b>116.6</b>
<b>Closing cash as per the cash flow statement</b>	<b>83.7</b>	<b>79.6</b>	<b>79.7</b>



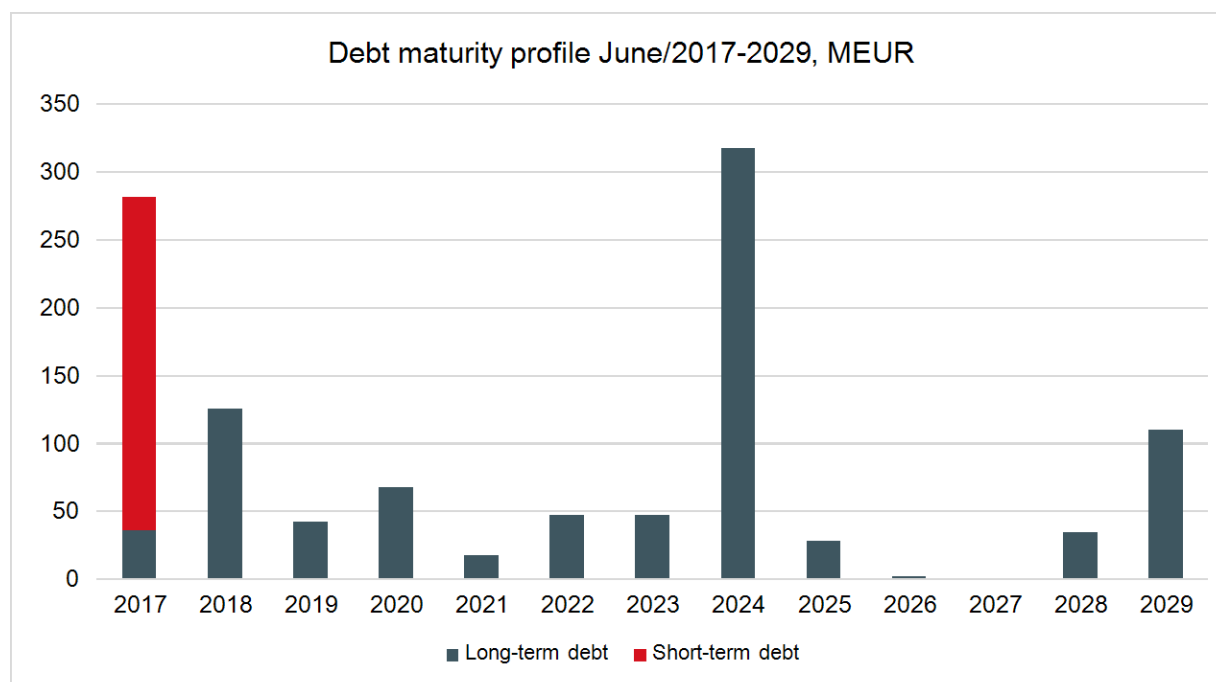
## Financing

Equity and liabilities as shown in the balance sheet are managed by the Group as capital. The principal aim of Fingrid's capital management is to ensure that the Group is capable of uninterrupted operations and can rapidly recover from any exceptional circumstances. Additional key goals include maintaining an optimal capital structure such that Fingrid Oyj's credit rating remains solid, cost of capital remains reasonable, and the Group can pay dividends to its shareholders.





Fingrid Oyj's credit rating remained high, reflecting the Group's strong overall financial situation and debt service capacity. Between January and June the Group's net financial costs amounted to EUR 12,1 (4,0) million, including the change in the fair value of derivatives of EUR 4,0 million negative (EUR 5,5 million positive).



Interest-bearing borrowings totalled EUR 1,123.4 (1,120.5) million, of which non-current borrowings accounted for EUR 834.0 (800.3) million and current borrowings for EUR 289.3 (320.2) million. The Group did not issue new long-term debt during the reporting period.

## RECONCILIATION OF DEBT, MEUR

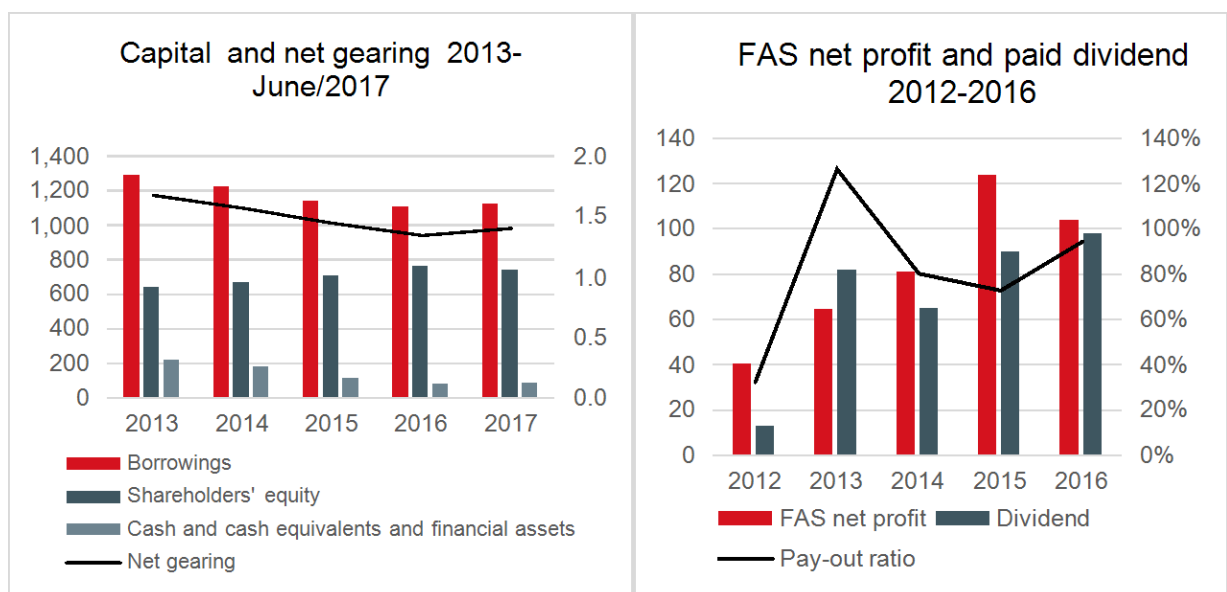
	Borrowings due within 1 year	Borrowings due after 1 year	Total
<b>Debt on 1 Jan 2016</b>	<b>237.3</b>	<b>920.1</b>	<b>1,157.4</b>
Cash flow from financing activities	-119.9	80.0	-39.9
Exchange rate adjustments	-1.2	5.2	4.1
Accrual of effective interest rates	0.4	1.5	1.8
Other changes not involving a payment transaction	149.8	-149.6	0.1
<b>Debt on 31 Dec 2016</b>	<b>266.3</b>	<b>857.2</b>	<b>1,123.5</b>
Cash flow from financing activities	16.1		16.1
Exchange rate adjustments	2.0	-2.6	-0.6
Accrual of effective interest rates	-0.9	-4.6	-5.4
Other changes not involving a payment transaction	6.3	-6.2	0.1
<b>Debt on 30 Jun 2017</b>	<b>289.9</b>	<b>843.8</b>	<b>1,133.7</b>

Financial assets recognised in the income statement at fair value are liquid investments traded on active markets.

RECONCILIATION OF NET DEBT, MEUR	1-6/2017	2016
Cash in hand and cash equivalents	20.8	21.9
Financial assets recognised in the income statement at fair value	62.9	57.8
Borrowings - repayable within one year	289.3	264.9
Borrowings - repayable after one year	834.0	842.9
<b>Net debt</b>	<b>1,039.7</b>	<b>1,028.0</b>

Net debt is the difference between the company's debt and its cash in hand and cash equivalents

The Group's liquidity remained good. Cash and cash equivalents, and financial assets recognised at fair value through profit or loss on 30 June 2017 were EUR 83.7 (79.6) million. The Group 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.

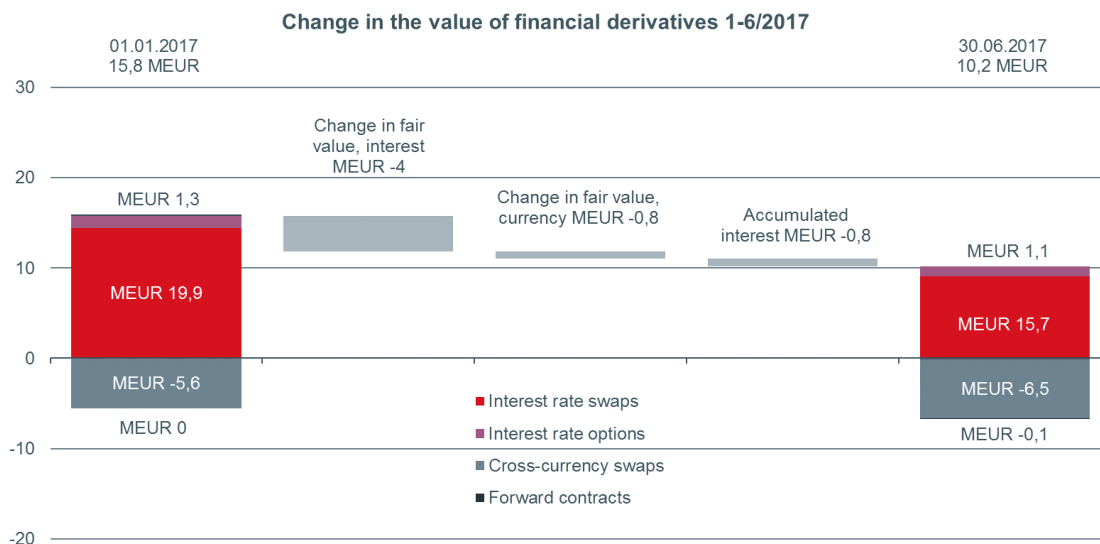


The annual general meeting decided on a dividend payment of EUR 37,536.09 for each Series A share and EUR 16,038.49 for each Series B share, representing a total dividend payout of EUR 97,999,992.05. EUR 77,954,261.01 remains in the distributable funds.

The net fair value of financial derivatives was EUR 10.2 (14.7) million. The Group's foreign exchange and commodity price risks are mainly hedged. Changes in the market value of the underlying assets of the derivatives may affect the Group's earnings as changes in fair value of derivatives.

The exposure of the loan portfolio to interest rate risk is measured by using a Cash Flow at Risk (CFaR) type of model. According to the model, there is a 95% (99%) probability that Fingrid's interest expenditure will amount to no more than EUR 20 (21) million during the next 12 months.

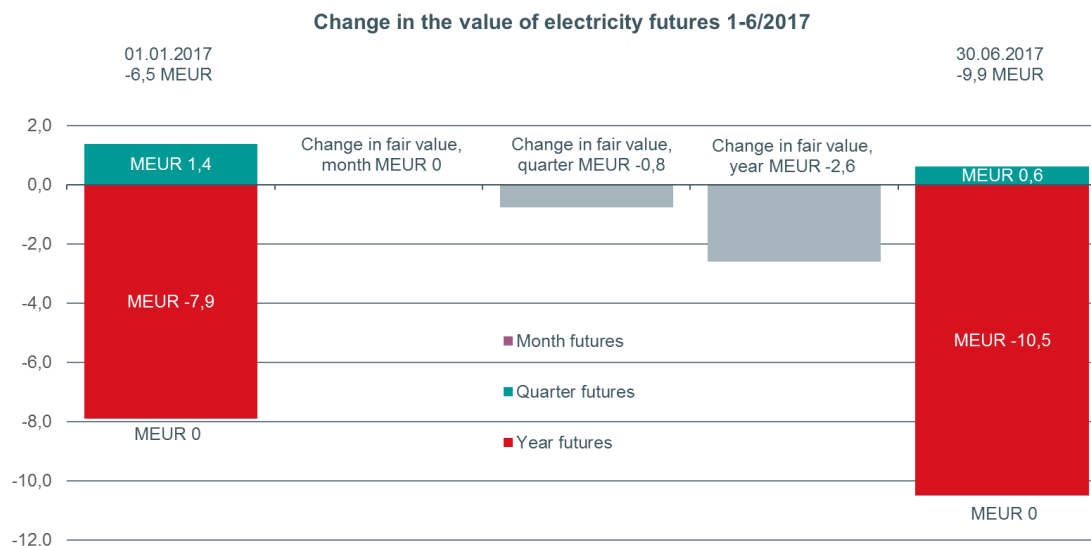
	30 June 2017				30 June 2016				31 Dec 2016				Hierarchy level
	Fair value pos.	Fair value neg.	Net fair value	Nominal value	Fair value pos.	Fair value neg.	Net fair value	Nominal value	Fair value pos.	Fair value neg.	Net fair value	Nominal value	
<b>Interest rate and currency derivatives</b>													
Cross-currency swaps	6.2	-12.8	-6.5	167.3	13.0	-19.9	-6.9	330.8	6.9	-12.5	-5.6	196.4	Level 2
Forward contracts		-0.1	-0.1	1.6		-0.1	-0.1	3.0	0.0		0.0	2.3	Level 2
Interest rate swaps	21.3	-5.6	15.7	330.0	30.4	-9.8	20.6	430.0	26.7	-6.7	19.9	360.0	Level 2
Bought interest rate options	1.1		1.1	518.8	1.0		1.0	458.8	1.3		1.3	518.8	Level 2
<b>Total</b>	<b>28.7</b>	<b>-18.5</b>	<b>10.2</b>	<b>1,017.7</b>	<b>44.4</b>	<b>-29.8</b>	<b>14.7</b>	<b>1,222.6</b>	<b>35.0</b>	<b>-19.2</b>	<b>15.8</b>	<b>1,077.5</b>	
<b>Electricity derivatives</b>	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	0.9	-10.7	-9.9	4.41	0.7	-35.8	-35.1	4.12	1.6	-8.2	-6.5	4.07	Level 1
<b>Total</b>	<b>0.9</b>	<b>-10.7</b>	<b>-9.9</b>	<b>4.41</b>	<b>0.7</b>	<b>-35.8</b>	<b>-35.1</b>	<b>4.12</b>	<b>1.6</b>	<b>-8.2</b>	<b>-6.5</b>	<b>4.07</b>	



The purpose of Fingrid's loss power price hedging is to reduce the effect of volatility in market prices to the loss power purchase costs and to give adequate predictability in order to keep the pressure to change transmission fees moderate. The change in the fair value of electricity futures used in Fingrid's loss power price hedging was EUR 3.4 million negative (EUR 10.4 million positive). The volatility in the fair value of electricity futures can be significant. The negative impact on profit was caused by the impact of decreased spot price of electricity to the fair value of electricity futures. Fingrid holds its bought futures to maturity.

The sensitivity of electricity price to the fair value of electricity futures is measured as the difference a 10 per cent fluctuation in market price would have on outstanding electricity

futures on the reporting date. A positive/negative change of 10 per cent in the market price of electricity would have an impact of EUR 8.6 million/EUR -8.6 million on the Group's profit before taxes



## Management of system security

In January–June, electricity consumption in Finland amounted to 43.5 (43.6) terawatt hours. Inter-TSO transmission in the same period amounted to 0.8 (2.6) terawatt hours. The total electricity transmission in Finland was 44.3 (46.2) terawatt hours. Fingrid transmitted a total of 32.8 (35.3) terawatt hours in its grid, representing 74.0 (76.5) per cent of the total electricity transmission in Finland. During this period, the electricity Fingrid transmitted to its customers amounted to 31.9 (32.7) terawatt hours, which represents 73.4 (75.0) per cent of Finland's total consumption.

Between January and June, 7.5 (8.9) terawatt hours of electricity were imported from Sweden to Finland, and 0.2 (0.1) terawatt hours were exported from Finland to Sweden. Transmission capacity between the countries was partly limited for brief periods during the review period, due to grid maintenance work.

In January–June, 0.6 (2.4) terawatt hours of electricity were exported to Estonia. Transmission capacity between the countries was partly limited between 5–10 June, during the EstLink1 connection's annual maintenance.

Between January and June, 3.0 (3.0) terawatt hours of electricity were imported from Russia to Finland. Transmission capacity from Russia to Finland was fully available during the reporting period, with the exception of some brief disturbances due to maintenance work on the Russian side which limited electricity transmission. Electricity imports from Russia were relatively low, as in the previous years. There are major intraday variations in import volumes, however. Electricity transmission capacity from Finland to Russia was fully available during the period under review, except for the period of 4–30 June, when maintenance work was being carried out in Russia.

Winter 2016–2017 was mild, which reduced the need for electricity. The peak in winter electricity consumption was reached on 5 January 2017, during a brief period of cold

temperatures. Consumption reached a maximum of 14,273 MWh/h, with Finland's electricity production contributing 9,963 MWh/h and net imports amounting to 4,309 MWh/h. Peak consumption in the winter of 2016–2017 fell short of the record consumption of winter 2015–2016, which was 15,105 MWh/h.

There were no major disturbances with extensive consequences in the grid during the period under review. There were exceptionally few outages on the international DC links.

Transmission system operator Fingrid and nuclear power company Teollisuuden Voima (TVO) have begun preparations to connect Olkiluoto 3 (OL3), which is under construction in Eurajoki, to the national grid. According to the supplier's schedule, the reactor unit's regular power production will begin at the end of 2018. The connection requires special arrangements, because once completed, OL3 will be considerably larger than previous electricity production units. Fingrid and TVO have now agreed on the practical implementation of system protection for OL3 which will allow the unit to be connected to the electricity system

<b>Power system operation</b>	<b>1-6/17</b>	<b>1-6/16</b>
Electricity consumption in Finland, TWh	43.5	43.6
TSO transmission in Finland, TWh	0.8	2.6
Transmission within Finland, TWh	44.3	46.2
Fingrids electricity transmission volume, TWh	32.8	35.3
Fingrid's electricity transmission to customers, TWh	31.9	32.7
Fingrid's loss energy volume, TWh	0.6	0.7
<b>Electricity transmission Finland - Sweden</b>		
Exports to Sweden TWh	0.2	0.1
Imports from Sweden, TWh	7.5	8.9
<b>Electricity transmission Finland - Estonia</b>		
Exports to Estonia, TWh	0.6	2.4
Imports from Estonia, TWh	0.6	0.1
<b>Electricity transmission Finland - Russia</b>		
Exports to Russia, TWh		
Imports from Russia, TWh	3.0	3.0

## Developing the electricity market

In January–June the average day-ahead market price for the Nordics was EUR 29.28 (23.97) per megawatt hour and Finland's area price was EUR 31.92 (30.32) per megawatt hour. Between January and June, congestion income between Finland and Sweden totalled EUR 20.9 (59.8) million.

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The substantial decrease in congestion income was affected by the lower area price difference between Finland and Sweden. This was partly a consequence of the weakening hydrological situation in the Nordic countries and the rise in the Nordic price level following the strengthening price of coal. The reliable operation of transmission connections between Finland and Sweden and the improved availability of the NordBalt connection between Sweden and Lithuania helped reduce regional price differences.

In April, Fingrid published a roadmap for developing the electricity markets. "Our Shared Journey – a roadmap towards achieving a green power system" sparked extensive debate and received positive feedback from stakeholders.

Joint balance settlement for the electricity markets of Finland, Sweden and Norway was introduced at the start of May. Joint balance settlement strengthens the markets across national market borders and is a step closer to the deeper integration of the Nordic electricity markets. The balance settlement will be prepared by eSett Oy, which is jointly owned by the TSOs and operates out of Finland.

During the period, Fingrid became the first European TSO to introduce an open data service that centrally distributes information about Finland's electricity system and market. The open data opens up opportunities for external operators to develop new services and applications.

<b>Electricity market</b>	<b>1-6/17</b>	<b>1-6/16</b>
Nord Pool system price, average €/MWh	29.28	23.97
Area price Finland, average €/MWh	31.92	30.32
Congestion income between Finland and Sweden, €M*	20.9	59.8
Congestion hours between Finland and Sweden %*	21.5	46.3
Congestion income between Finland and Estonia, €M*	0.3	4.6
Congestion hours between Finland and Estonia %*	1.5	17.8

\* 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 in the financial result section.

Fingrid used EUR 1.6 (2.3) million for countertrade during the review period. The majority of the countertrade costs arose in connection with outages in the Inkoo–Espoo 400 kV power line in April. Countertrade was used to ensure system security in southwest Finland.

<b>Countertrade</b>	<b>1-6/17</b>	<b>1-6/16</b>
Countertrade between Finland and Sweden, €M	0.3	1.4
Countertrade between Finland and Estonia, €M	0.1	0.1
Countertrade between Finland's internal connections, €M	1.3	0.9
<b>Total countertrade, €M</b>	<b>1.6</b>	<b>2.3</b>

## Ensuring transmission capacity

The modernisation of the oldest part of the national grid, from Forssa to Lieto and Ylikkälä to Koria, is proceeding according to plan. The total cost of the Forssa–Lieto project is EUR 28 million, and the cost of the Ylikkälä–Koria project is EUR 14 million. Detailed planning of the Forest Line, which runs through central Finland, has also begun.

Olkiluoto's 400 kilovolt switching station, which is outdated and has insufficient system security, will be modernised in Eurajoki. The Olkiluoto substation is one of the most important grid nodes, with three nuclear power plants connected to it. The procurement contract is valued at approximately EUR 9.4 million. A procurement decision was also made on the modernisation of the 400 kilovolt substation at Inkoo; the value of the project is roughly EUR 9.1 million. Five other procurement decisions have also been made during 2017, with a total value of approximately EUR 15 million. A total of 15 substation projects and 17 power line projects or transmission line arrangements are under way in 2017.

A competitive tender process for three-year contracts covering basic maintenance on substations and power lines, as well as basic and special maintenance on secondary equipment, has begun. The new contractual periods will begin on 1 January 2018. The combined value of the contracts is roughly EUR 28 million.

The grid experienced very few disturbances and failures. The measures launched to improve the reliability and availability of HVDC connections between Sweden and Estonia have produced excellent results since early 2017. Sweden's Fenno-Skan connections have been 100% available, and there were three brief interruptions on Estonia's EstLink connections.

By international standards, Fingrid's grid asset management is world-class. In spring, Fingrid placed at the top in the International Transmission Asset Management Study (ITAMS), as it has for several years now.

In June, Fingrid published a draft of its grid development plan for 2017–2027. The draft is based on the regional grid plans drawn up together with customers. The plan also takes into account the Baltic Sea region's development plan and the ten-year grid plan covering all of Europe. Fingrid's stakeholders have the opportunity to give feedback and comment on the draft until 8 September 2017.

Planning has begun on a third AC connection to be built between Finland and Sweden. With the support of the Swedish TSO, Svenska Kraftnät, Fingrid has applied for Project of Common Interest (PCI) status for the project from the EU. Such status is granted to projects that are essential to the EU's internal energy markets and to achieving the targets of the EU's energy

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27.7.2017, at 12:15  
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policies. Projects with PCI status can benefit from, among other things, faster permit processing, and they are entitled to later apply for financial support from the EU. An environmental impact assessment (EIA) procedure was also launched at Fingrid related to the construction of a power line.

Fingrid received positive feedback on the responsibility of its operations when the Finnish Association for Impact Assessment granted the company their annual award for good EIA activities for the environmental assessment procedure carried out on the power lines required to connect the Hanhikivi 1 nuclear power plant to the grid.

## Personnel

The total number of personnel employed by the Group averaged 347 (332), of which 296 (284) were in a permanent employment relationship. Personnel's wages and salaries amounted to EUR 12,1 (11,5) million i.e. 3,7 (3,9) per cent of the turnover.

Fingrid ranked second in the survey Finland's Most Inspiring Workplaces 2017. According to the survey, Fingrid's personnel are dedicated to and satisfied with their work. Fingrid received the rating of AAA in Corporate Spirit's survey; only around six per cent of all the surveyed organisations annually achieve the rating of AAA. According to Fingrid's personnel, the company's future looks bright, the operating culture is healthy, management is trusted and the strategy is well-communicated.

Personnel satisfaction is also reflected in the low rate of absences due to illness: in January–June, the sick-leave rate was 1 (1) per cent.

## Other matters

Fingrid Oyj's Annual General Meeting was held in Helsinki on 24 May 2017. The Annual General Meeting approved the financial statements for 2016 and discharged the members of the Board of Directors and the CEO from liability.

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 continues as Chair of the Board of Directors. The other Board members are Juha Majanen (Vice Chair), Anu Hämäläinen, Sanna Syri and Esko Torsti.

The Annual General Meeting decided to pay dividends in accordance with the Board's proposal.

PricewaterhouseCoopers Oy, which appointed Heikki Lassila as the principal auditor, was elected as the auditor of the company.

## Legal proceedings and proceedings by authorities

Fingrid appealed to the Helsinki Administrative Court on the Tax Administration's preliminary ruling on income taxation regarding the treatment of congestion income. The appeal and its ruling do not have an impact on Fingrid's result.



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

Fingrid Group's profit for the 2017 financial period, excluding changes in the fair value of derivatives and before taxes, is expected to improve somewhat from the previous year. Grid service pricing for 2017 is set in such a way as to achieve a regulatory-allowed financial result in 2017. Based on the current estimate, it appears that the year will show a slight deficit. 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 power costs. In the Nordic countries, these are dependent on temperature variations as well as changes in precipitation and the hydrological situation, 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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Jan Montell, Chief Financial Officer, tel. +358 30 395 5213 or +358 40 592 4419

The consolidated financial statements are drawn up in accordance with the IFRS in a situation where the company management needs to make estimates and assumptions which have an impact on the amounts of assets, liabilities, income and expenses recorded and conditional items presented. These estimates and assumptions are based on historical experience and other justified assumptions which are believed to be reasonable under the conditions which constitute the foundation for the estimates of the items recognised in the financial statements. The actual amounts may differ from these estimates. In the financial statements, estimates have been used, for example, when specifying the economic lives of tangible and intangible asset items, and in conjunction with deferred taxes and provisions. Critical estimates and judgements by management are described in greater detail by topic in the notes to Fingrid's 2016 financial statements. 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.

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.

There have been no changes in the Group structure during the review period.